Nordea

Annual report 2019

Gjensidige Bank

Gjensidige Bank ASA is part of the Nordea Group. Nordea build strong and close relationships through our engagement with customers and society. Whenever people strive to reach their goals and realise their dreams, we are there to provide relevant financial solutions. We are one of the largest banks in the Nordic region and among the ten largest financial groups in Europe in terms of total market capitalisation with around 10 million customers. The Nordea share is listed on the Nasdaq Helsinki, Nasdaq Copenhagen and Nasdaq Stockholm exchanges.

Read more about us on Nordea.com.

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About the reporting

A web-based annual report is published on www.nordea.com/en/investor-relations/. The annual report will not be printed.

Growth and strong operations in year of transition

We have succeeded in maintaining strong focus on giving our customers a strong value proposition in an unusual year. Gjensidige Bank has continued to deliver a strong digital offering, with attractive prices, and a friendly and effective service to our customers.

The mortgage- & retail market has been competitive throughout the year. Especially so, in the union and partnership segment, where Gjensidige Bank holds a strong position. We are very satisfied to have strengthened the relationship with key partners, to have entered into a new partnership with National Association of Norwegian Architects (NAL), and to have achieved net growth for the year despite losing some agreements at the onset of 2019.

The consumer finance market was characterized by regulatory changes and has been demanding in 2019. The team has placed significant effort into the adaptation to regulatory requirements, the introduction of the new debt registry, and the management of exposure to risk. Our new owner emphasizes the continuation of a cautious and prudent approach to this market. Our car financing business continued to grow, with the portfolio passing NOK 10 bn in 2019. Our long-term investment into the car dealership channel and in the direct digital sales channel combined with a continuous development of the business operation has been the foundation for the growth.

2019 was unquestionably shaped by the fact that Gjensidige Bank became part of Nordea on March 1st. Despite uncertainties associated with the transaction we have managed to keep the organisation has kept stable through the year. We have received a warm welcome from Nordea and settled in well in new premises at Majorstuen in Oslo. As an initial stage of the integration work our car finance business was transferred to Nordea Finans Norge AS on November 1st in a successfully manner for both customers and our colleagues. The timing for the transfer of remainder of our business is expected to be clarified over the next few months.

We look forward to new opportunities for us and our customers as a part of Nordea.

Krister Georg Aanesen

CEO

The Board's report for the Gjensidige Bank ASA Group

Business
Gjensidige Bank ASA is one of Norway's leading digital banks. Our vision is to be 'The customer-friendly bank' where customers feel welcome and have their banking needs well attended to. That means excellent service through digital channels and direct dialogue with our staff. It also means products and services that cater to the customers banking needs at competitive terms.

The bank offers a suite of digital banking services, mortgages, unsecured loans and cards aimed at private individuals.

Customers can access the bank at gjensidige.no and on mobile applications. Personal customer service is provided via chat or phone +47 915 03100. Unsecured loans are distributed via oppfinans.no and through selected partners.

Gjensidige Bank ASA is a wholly owned subsidiary of Nordea Bank Abp. The bank was established in 2007 and has administrative offices in Oslo and Førde. The sale of Gjensidige Bank ASA to Nordea Bank Abp was finalized on 1 March 2019. During autumn 2019, the company's car finance lending activities were transferred to Nordea Finans Norge AS.

The bank has access to funding through covered bonds via Gjensidige Bank Boligkreditt AS, a wholly owned subsidiary of Gjensidige Bank ASA.

The annual report is consolidated and consists of Gjensidige Bank ASA and Gjensidige Bank Boligkreditt AS.

Comments on the annual accounts
Profit and loss account
The financial statements have been prepared in compliance with IFRS (International Financial Reporting Standards).

Pursuant to the requirements of Norwegian accounting legislation, the Board confirms that the company will continue its operations and that the annual accounts have been prepared on that basis.

The figures disclosed are related to Gjensidige Bank ASA Group. The figures in brackets refer to Gjensidige Bank ASA, also referred to as the 'parent company' throughout the report. If no figure is given in brackets, the figure stated only applies to Gjensidige Bank ASA Group.

The result after tax expense was a profit of NOK 238.2m (NOK 161.6m) in 2019, compared to a profit of NOK 334.9m (225.7m) in 2018. Adjusted for impaired and written-off portfolio sale in June 2018 and other non-recurring items in both periods, profit after tax expenses amounted to NOK 263.7m, compared to NOK 287.7m in 2018. The decrease was mainly driven by higher write-downs and losses.

The return on equity[1] after tax in 2019 was 5.3%, compared to 8.6% in 2018.

Net interest income amounted to NOK 1,042.8m (NOK 926.2m) in 2019, compared to NOK 1,021.3m (854.2m) in 2018. The improvement was driven by lending growth, partially offset by lower lending margins.

Net interest margin[1] was 1.82% compared to 1.89% in 2018. The decrease was driven by the change in portfolio composition and increase in financing cost.

[1] Ref. separate APM document

Net commission income and other operating income was minus NOK 38.0m (minus NOK 28.8m) in 2019, compared to minus NOK 15.7m (positive NOK 0.6m) in 2018. The decrease was a result of higher acquisition costs driven by business growth.

Operating expenses were NOK 458.2m (NOK 453.4m) in 2019, compared to NOK 488.4m (NOK 483.4m) in 2018. The decrease was driven by lower acquisition and personnel expenses.

The cost/income ratio[1] was 45.6%, compared to 48.6% in 2018.

Write-downs and losses
Write-downs and losses are recognised in accordance with IFRS9 standards. According to the standards, impairment provisions are measured using an expected loss model. The measurement of provision for expected credit losses on financial assets is dependent on whether the credit risk has increased significantly since initial recognition. At initial recognition as well as at reporting date if the credit risk has not increased significantly, the provision is equal to 12-month expected credit losses. If the credit risk has increased significantly from the initial recognition or if the asset is classified as impaired, the provision equals lifetime expected credit losses. The bank also uses forward-looking information that is available, including macro-economic factors that are considered to drive increase in problem loans, in its assessment of significant increase of credit risk in its measurement of ECL.

Provisioning is done at a group level using credit risk models adapted the products in the bank.

A final write-off is recognised when it is highly likely that the loan will not be repaid. In such cases any corresponding previous write-down on the loan will be reversed.

In 2019 the bank recognised NOK 228.1m (NOK 227.7m) in write-downs and losses, compared to NOK 70.0m (NOK 69.7m) in 2018. The increase was mainly driven by the above mentionen portfolio sale but also an increase in the underlying losses. Excluding these non-recurring items, total write-downs and losses amounted to NOK 213.5m, compared to NOK 156.4m in 2018.

Write-downs and losses[1] were 0.45% of average gross lending, compared to 0.14% in 2018. Adjusted for non-recurring items, write-downs and losses were 0.42%, compared to 0.32% in 2018.

Gross lending in default over 90 days increased to NOK 580.3m (NOK 575.3m) at year-end, compared to NOK 553.6m (NOK 551.1m) in 2018. The total written-down balance on loans in 2019 was NOK 385.8m (NOK 384.2m), compared to NOK 329.4m (NOK 328.2m) in 2018. The balance was largely influenced by underlying factors where the net effect is minimal. This includes, on the one hand, the transfer of car finance lending activities to Nordea Finance Norway, which reduced defaults and write-downs and, on the other, an increase in defaults and write-downs on consumer loans following the sale of written-off portfolio portfolio in 2018. Gross lending in default over 90 days was 1.34% of gross lending at year-end compared to 1.07% in 2018.

In the Board's view, the credit risk and the provision levels are satisfactory.

Events after the balance sheet date
No significant events have occurred after the balance sheet date.

Balance sheet
At the end of 2019, the bank had total assets amounting to NOK 49,062.4m (NOK 32,404.7m), compared to NOK 57,898.8m (NOK 38,586.4m) in 2018.

Lending
At the end of 2019, the gross loans balance amounted to NOK 43,203.8m (NOK 21,339.1m), compared to NOK 51,582.5m (NOK 26,933.9m) in 2018. This translates into a decrease of 16.0% over the year. The decrease was mainly driven by transfer of the Car Finance loans. The portfolio mainly consists of loans with floating interest rates.

The weighted average loan to value ratio[1,2] was estimated at 60.4% for the mortgage portfolio compared to 60.9% in 2018.

[1] Ref. separate APM document
[2] The loan-to-value ratio estimate is calculated on the basis of the exposure on the reporting date and the property valuation, including any higher priority pledge(s), at the time the loan was approved.

Deposits
At the end of 2019 the deposits balance amounted to NOK 17,306.5m, compared to NOK 23,123.0m in 2018. This translates into a decrease of 25% over the year.

Rating
Gjensidige Bank ASA and its subsidiary Gjensidige Bank Boligkreditt AS had a long-term and short-term counterparty credit rating of A+/A-1, outlook 'positive'. The covered bonds portfolio issued by Gjensidige Bank Boligkreditt AS had a long-term rating of AAA and the outlook 'positive'.

Gjensidige Bank Boligkreditt AS will hold the amount of over-collateralisation required to maintain the current rating for Gjensidige Bank Boligkreditt AS`s covered bond program.

Debt securities issued
Net issues of debt securities, including subordinated debt, amounted to NOK 24,865.1m (NOK 8,500.1m) at the end of 2019, compared to NOK 29,932.2m (NOK 10,656.0m) at the end of 2018. The total face value of the securities issued by the bank was NOK 24,860.5m.

Repayments through ordinary maturity and buy back of bonds from investors were NOK 5,000.0m in 2019.

Liquidity
At the end of 2019, the Gjensidige Bank ASA Group had net liquid assets of NOK 8,420.1m, divided between NOK 610.5m in bank deposits and NOK 7,809.6m in debt securities. Of the latter assets NOK 2,495.9m were investments in covered bonds from Gjensidige Bank Boligkreditt AS (eliminated in the consolidated accounts). The net liquid assets were at an adequate level that covers the bond debt that is due in the next 21 months.

The deposit to loan ratio[1] was 40.1% (81.1%), compared to 44.8% (85.9%) in 2018.

Capital adequacy and equity[1]
At the end of 2019, the bank had a capital adequacy ratio of 19.9% (25.0%), compared to 17.8% (21.7%) in 2018. The total capital held by the bank was NOK 3,848.1m (NOK 3,118.9m) compared to NOK 4,904.0m (4,256.6m) in 2018. The common equity Tier 1 capital ratio was 16.0% (19.1%) compared to 14.2% (16.6%) at the end of 2018.

The Pillar 2 requirement for Gjensidige Bank ASA is set at 1.7% by the Financial Supervisory Authority of Norway, with effect from 31 December 2019. As of 31 December 2019, the regulatory requirements for Common equity Tier 1 capital ratio was 14.2%.

The bank's target level for the capital adequacy ratio was 18.7% at 31 December 2019.

At the end of 2019, equity was NOK 3,572.1m (NOK 2,862.2m), compared to NOK 4,384.4m (NOK 3,751.1m) in 2018; this is equivalent to 7.3% of total assets.

The Board evaluates the equity and capital adequacy ratio of the group and parent company to be satisfactory and sufficient in relation to the Group's operations.

Corporate social responsibility
For information about Nordea and Nordea's subsidiaries sustainability work, see the Annual Report of Nordea Bank Abp and Nordea's Sustainability report available on https://www.nordea.com/en/sustainability/.

Ownership and governance
Good corporate governance
Corporate governance is a priority for the Board. The board puts particular emphasis on the composition and structure of its governing bodies, the responsibilities of the Board, communication and information, and risk management and auditing. The Board of Gjensidige Bank ASA has approved ethical rules, and all employees have access to its policy, guidelines, ethical rules, instructions and other information on the Group's intranet.

[1] Ref. separate APM document

The Articles of Association, instructions and management and reporting systems establish clear roles and responsibilities within the bank.

A detailed statement on how Nordea Bank Abp fulfils the recommendation and statutory accounting requirements for corporate governance reporting is provided in the Group's annual report. It is also available at www.nordea.com/en/about-nordea/corporate-governance/.

Governing bodies
The Board
The Board is composed of six members. Five of the members are elected by the general assembly. One member and its deputy member are elected by and among the employees.

The Board supervises the management of the bank. It shall ensure that the bank's operations are organised in a satisfactory manner, which includes ensuring that business administration and controls are in accordance with the risk level in the business.

The sale of Gjensidige Bank ASA to Nordea Bank Abp was finalized on 1 March 2019 and at the same time a new board was appointed. See note 7. Mona Eek-Jensen replaced Marianne Broholm Einarsen from 15 October 2019.

External auditor
The external auditor performs the statutory audit and approves the annual financial statements and other financial information provided by the bank.

The general assembly has chosen PricewaterhouseCoopers AS as the bank's external auditor.

Internal auditor
The independent internal audit function monitors that the risk management and internal control systems function as intended. The audit function reports directly to the Board.

Key risk and uncertainty factors
Financial risk
Risk management
The board set the banks risk appetite and approves the policies for risk management. The banks risk management framework establishes a structure that systematically identifies, assesses, communicates and manages the risks facing the bank. The bank's 2nd line risk management function is responsible for monitoring the risk management and reviewing the risks that the banks is or may be exposed to and ensure that the management and the board is sufficient informed of the banks risk exposure.

The risk reporting for 2019 shows that the risk level is satisfactory and within the risk appetite approved by the board.

Financial risk
The main risks the bank is exposed to are credit, liquidity and market risks. Risks are monitored and reported regularly in accordance with the principles, strategies, limits and risk appetite statement adopted by the Board.

Credit risk
Credit risk represents the risk of losses arising as a result of customers or other counterparties failing to repay their debts or contractual obligations when they fall due. The bank's high-level credit strategy and credit policies are defined by the Board and approved on an annual basis. The credit strategy documentation includes guidelines on credit risk profiles and is the Board's most important tool in relation to managing the bank's credit risk. The credit strategy is reviewed each year. The Board follows up the credit strategy through monthly reports that monitor compliance with the Board's credit guidelines. The bank uses risk classification models to calculate the risk associated with its credit exposure.

Market risk
Market risk is the risk of losses associated with movements in market prices which, in this context, relate to positions and activities in the interest-, currency-, credit- and stock markets. The bank's financial strategy documents sets the limits and guidelines for managing market risk. Risk exposure and development is continuously monitored and reported to the Board. The group has no exposure in equities. The bank's exposure to currency risk and interest rate risk shall be kept low, and the spread risk is moderate in relation to its core capital.

Interest rate risk refers to the risk of a loss as a result of changes in the interest rate level. Risk limits are set to manage the interest rate risk by adjusting fixed interest rate periods for investments and borrowing. In addition, derivatives are used for hedging purposes.

At the end of the year, the bank had interest rate swaps with a nominal value of NOK 8,360m and it was exposed to a loss of about NOK 5.3m given an unexpected change in interest rates of one percentage point.

Spread risk refers to the risk of a loss as a result of changes in credit spreads. The bank limits the spread risk related to assets by investing in high-quality securities with limited maturity, where the value is less exposed to changes in the credit spread. The bank does not hedge the spread risk on its own bond issues.

Currency risk is the risk of loss due to changes in exchange rates. The risk arises from the bank's bonds in foreign currency. The bank manages this risk by using derivatives. The bank changes from foreign currencies into NOK with an approved counterparty on both principal and interest through "cross currency rate swaps".

Concentration risk
Concentration risk is the risk of losses due to the bank having large parts of its lending tied to a single borrower or to limited geographic or business areas. The concentration risk is managed using the bank's risk frameworks and is measured and assessed through annual stress tests / scenario analyses in the credit area.

As of 31 December 2019, the portfolio is geographically diverse, with the greatest lending being in the most populous areas of the country. The bank's liquidity reserves are mainly placed in securities issued by the Norwegian government and Norwegian covered bonds (OMF).

Liquidity risk
Liquidity risk is the risk of the bank not being able to meet its debt obligations when they fall due and/or not being able to finance growth of its assets without incurring a substantial increase in costs. The bank's financial strategy documents sets the limits and guidelines for managing the liquidity risk. The Board seeks to ensure that the bank's liquidity risk level is moderate.

As part of its liquidity management, the bank holds high quality liquid assets in accordance with regulatory requirements for liquidity risk management. The securities can be used as collateral for both short and long-term loans from the central bank of Norway.

To ensure that the group's liquidity risk is kept at a moderate level, the bank shall diversify its funding through both retail and commercial deposits, and both senior and covered bonds.

Gjensidige Bank Boligkreditt AS was established in the spring of 2009 and has a licence from the Financial Supervisory Authority of Norway to issue covered bonds. The covered bond company enables the group to diversify its funding sources. By the end of 2019, about 51.1% of total loans were transferred to the covered bond company. The bank has set limits for the maximum transferral of mortgages to the covered bond company in order to have a reserve for issuing covered bonds in a potential future crisis scenario.

Operational risk
Operational risk is the risk of losses resulting from inadequate or failing internal processes or systems, human error or external events.

Internal control is an integrated part of the daily operations. Quarterly internal control self-assessments (RCSA) are performed to ensure that procedures and processes are adhered to. The outcome of the RCSA is reported to the CEO and to the board at an aggregated level. Monthly operational risk meetings ('Operational Risk Reviews') are held where incidents, anti-money laundering (AML) activities, internal controls testing, fraud development, IT / Security and customer complaints are reviewed.

An annual assessment of operational risk and internal controls where the risk management function, in consultation with the bank's management team, assess operational risks and internal control for all business areas. The most significant risks and risk mitigating measures are raised to the Board.

For financial reporting, authorisations are in place to limit the number of people who can approve expenses. Daily controls are in place in the finance department to ensure that, at any given time, there are controls of all accounting entries and all payments made. Internal deadlines have been set for completion of reporting and reconciliations as well as corporate deadlines for reporting to the Group. For the quarterly/annual publication of accounts, the bank follows the Group's guidelines for board meetings to approve the financial reports.

Independent risk control is performed by risk management and compliance functions. Compliance is a group function, which also covers the bank, which has been established in order to avoid official sanctions, financial losses or a loss of reputation as a result of failure to comply with internal and external regulations. The Compliance function identifies, assesses, advises on, monitors and reports on the bank's risk of non-compliance with external and internal regulations.

The risk management function administrate and develops the banks methodology for operational risk management, including internal controls and incident management and monitor that control measures are implemented.

The bank's internal auditor evaluates whether the bank's internal control and risk management system functions satisfactorily and reports the results of the audits to the Board and management.

Working environment

Systematic health, safety and environmental work is given high priority in Gjensidige Bank ASA. Working environment issues are integrated in the annual employee satisfaction survey.

The bank participates in the government's inclusive workplace programme. It also encourages and promotes physical and cultural activities. The goal is to be a health-promoting workplace. Sickness absence (self-certified and doctor-certified) was 3.6% in 2019 compared to 3.4% in 2018.

Gjensidige Bank ASA has carefully monitored sickness absence in accordance with the rules for an inclusive workplace enterprise, and no negative circumstances have been identified that may be causing sickness absence. The HSE work is monitored through external audits and followed up internally by employees with special responsibility for HSE. All incidents that can represent a risk must be reported in the Groups nonconformity system.

There were no material personal injuries, property damage or accidents at the bank in 2019.

Gender equality and diversity

Ensuring equal opportunities is important for Gjensidige Bank ASA. Women and men shall have the same career development opportunities, personal development and compensation levels. The bank focuses on a fair remuneration policy, where women and men with the same competencies in the same position are rewarded equally. At the end of 2019, the bank had 69 male and 53 female permanent employees. At the end of the year, the bank's senior management team consisted of eight men and one woman. 28% of all line managers are women.

Gjensidige Bank ASA seeks to facilitate the balance between home and work and grants part-time positions at employees' request where this is possible. By the end of 2019, 4 employees had part-time positions at their own wish, of which 3 women. Working hours and the opportunity for flexible hours are distributed equally between the genders. For some operational positions where fixed working hours are necessary, flexible working hours are not granted.

Two of the Board's six permanent members are women.

Discrimination and accessibility

The bank is committed to promoting equality for all. As such, it aims to ensure that everyone is entitled and able to participate in society on an equal footing, regardless of any disability, and to prevent discrimination on the grounds of disability. The bank has hiring policies, ethical guidelines and HSE procedures designed to ensure compliance with the Anti-discrimination and Accessibility Act.

The natural environment

The bank's operations result in minimal pollution of the environment. Internal environmental measures focus on energy efficiency, reduced travel through increased use of video conferences, and responsible waste management with extensive use of separation at source.

Objectives and strategies
The bank's objectives are to:

Add value to our customers' lives by offering a long-term, competitive range of banking services through easy-to-use and intuitive online solutions and friendly service

Deliver sustainable growth with cost efficiency through improved value chains and automation

Outlook for 2020
After three interest rate hikes last year, we expect interest rates to be on hold in 2020. With more moderate economic growth ahead, the rate of increase in housing prices should also remain moderate in the years ahead and just about match income growth. Unemployment will remain stable at low levels while wage settlements will boost households' purchasing power.

Allocation of profit before other comprehensive income
It is proposed to transfer the parent company's profit before other comprehensive income of NOK 161.6m to other equity.

Gjensidige Bank ASA
Oslo, 12 February 2020

John Arne Sætre
Chairman

Sjur Loen
Board member

Marte Kopperstad
Board member

Mona Eek-Jensen
Board member

er Rumle
Board member

Hans-Jacob Starheim
Employee representative

Krister G. Aanesen
Chief Executive Officer

Financial statements and notes

Income statement

Parent Company				Consolidated	
2018	2019	NOKt	Note	2019	2018
1,249,709	1,376,207	Interest income etc, amortised cost	4	1,851,371	1,681,970
71,788	113,336	Interest income etc, fair value	4	81,592	62,624
467,307	563,376	Interest costs etc.	4	890,181	723,300
854,191	**926,167**	**Net interest income**		**1,042,782**	**1,021,295**
	1,053	Dividends from investments in shares and funds		1,053	
116,695	123,509	Fee and commission income	5	125,819	119,032
145,752	179,572	Fee and commission expense	5	179,572	145,752
8,637	13,296	Net gains on financial instruments at fair value	6	13,292	1,709
20,971	12,893	Other operating income		1,383	9,359
550	**-28,820**	**Net commission income and other operating income**		**-38,024**	**-15,652**
854,741	**897,347**	**Total income**		**1,004,758**	**1,005,642**
186,586	157,744	Staff costs	7	160,043	189,325
19,063	26,147	Depreciations	7,9,10	26,147	19,063
277,782	269,472	Other operating expenses	7	272,052	280,035
483,432	**453,362**	**Total operating expenses**		**458,241**	**488,423**
371,309	**443,985**	**Profit / (loss) before loan losses**		**546,517**	**517,219**
69,671	227,695	Loan losses	16	228,074	69,962
301,638	**216,290**	**Operating profit**		**318,442**	**447,257**
75,976	54,703	Income tax expense	8	80,241	112,380
225,662	**161,588**	**Net profit for the period**		**238,202**	**334,877**
213,164	144,926	Gjensidige Bank ASA 's shareholders		221,540	322,378
12,499	16,661	Perpetual Tier 1 capital holders		16,661	12,499
243.3	165.4	Earnings per share, NOK (basic and diluted)		252.9	368.0

Statement of comprehensive income

Parent Company				Consolidated	
2018	**2019**	**NOKt**	**Note**	**2019**	**2018**
225,662	**161,588**	**Net profit for the period**		**238,202**	**334,877**
		Components of other comprehensive income			
		Items that are not subsequently reclassified to profit or loss			
119	-5,492	Actuarial gains/ (loss) on pensions	23	-5,492	119
-30	1,373	Tax on items that are not reclassified to profit or loss	8	1,373	-30
89	**-4,119**	**Total items that are not subsequently reclassified to profit or loss**		**-4,119**	**89**
1,917	2,416	Unrealised gain/(loss) on loans to customers, fair value over other comprehensive income			
		Items that may be reclassified subsequently to profit or loss			
-479	-604	Tax on items that may be reclassified to profit or loss	8		
1,438	**1,812**	**Total items that may subsequently be reclassified to profit or loss**			
1,527	**-2,307**	**Total components of other comprehensive income**		**-4,119**	**89**
227,189	**159,281**	**Total comprehensive income for the period**		**234,083**	**334,966**

Gjensidige Bank ASA
Oslo, 12 February 2020

John Arne Sætre
Chairman

Sjur Loen
Board member

Marte Kopperstad
Board member

Mona Eek-Jensen
Board member

Per Rumle
Board member

Hans-Jacob Starheim
Employee representative

Krister G. Aanesen
Chief Executive Officer

Balance sheet

Parent Company				Consolidated	
31 Dec 2018	**31 Dec 2019**	**NOKt**	**Note**	**31 Dec 2019**	**31 Dec 2018**
		Assets			
53,932	60,668	Cash and balances with central banks		60,668	53,932
4,058,578	2,277,580	Loans to credit institutions	13	549,864	422,648
26,605,643	20,954,888	Loans to the public	14,15,16	42,818,003	51,253,043
6,317,066	7,645,186	Interest-bearing securities	11	5,313,708	5,746,698
3,326	9,918	Derivatives	12,29	50,547	69,629
7,386	11,934	Shares	30	11,934	7,386
1,220,030	1,220,030	Shares in subsidiaries	30		
34,253	25,714	Intangible assets	9	25,714	34,253
11,868	10,106	Deferred tax assets	8	10,349	14,126
3,982	2,289	Fixed assets	10	2,289	3,982
5,639	28,844	Other assets		28,844	5,639
264,647	157,513	Advance payments and accrued income		190,497	287,443
38,586,350	**32,404,670**	**Total assets**		**49,062,417**	**57,898,780**
		Liabilities and equity			
382,327	3,469,246	Deposits by credit institutions	13	2,956,000	
23,435,487	17,306,523	Deposits by the public	17	17,306,523	23,122,977
10,106,188	8,200,207	Debt securities in issue	18,20,34	24,565,210	29,382,398
23,018	51,890	Derivatives	12,29	55,976	28,174
66,397	46,212	Current tax liabilities	8	69,735	104,956
31,424	18,226	Other liabilities	22,36	18,354	31,603
217,625	122,498	Accrued expenses and prepaid income		190,792	271,505
22,958	27,815	Pension liability	23	27,815	22,958
549,794	299,887	Subordinated debt	21	299,887	549,794
34,835,219	**29,542,503**	**Total liabilities**		**45,490,290**	**53,514,365**
		Equity			
979,368	666,020	Share capital		666,020	979,368
1,201,278	1,115,866	Share premium		1,115,866	1,201,278
444,848	445,441	Perpetual Tier 1 capital	24	445,441	444,848
3,789	2,657	Other paid-in equity		2,647	3,779
1,121,848	632,183	Retained earnings		1,342,153	1,755,142
3,751,131	**2,862,167**	**Total equity**	1	**3,572,127**	**4,384,415**
38,586,350	**32,404,670**	**Total liabilities and equity**		**49,062,417**	**57,898,780**
876,000	876,000	Number of shares at the end of the period		876,000	876,000

Statement of changes in equity

Consolidated NOKt	Share capital	Share premium reserve	Perpetual Tier 1 capital	Other paid-in equity	Retained earnings	Total equity
Balance at 1 Jan 2019	**979,368**	**1,201,278**	**444,848**	**3,779**	**1,755,142**	**4,384,415**
Net profit for the period			16,661		221,540	238,202
Other comprehensive income, net of tax					-4,119	-4,119
Total comprehensive income			**16,661**		**217,421**	**234,083**
Capital expansion	876	399,124				400,000
Demerger car finance business	-314,224	-484,536		-1,132	-624,925	-1,424,817
Share-based payment transactions settled in equity					-2,022	-2,022
Tax payable and deferred tax relating to items recognised directly in equity					-3,463	-3,463
AT1 capital						
Paid interest on AT 1 capital			-16,068			-16,068
Balance at 31 Dec 2019	**666,020**	**1,115,866**	**445,441**	**2,647**	**1,342,153**	**3,572,127**

Consolidated NOKt	Share capital	Share premium reserve	Perpetual Tier 1 capital	Other paid-in equity	Retained earnings	Total equity
Balance at 1 Jan 2018	**978,492**	**1,107,154**	**369,599**	**3,779**	**1,432,401**	**3,891,425**
Net profit for the period			12,499		322,378	334,877
Other comprehensive income, net of tax					89	89
Total comprehensive income			**12,499**		**322,467**	**334,966**
Capital expansion	876	94,124				95,000
Share-based payment transactions settled in equity					274	274
AT1 capital			74,719			74,719
Paid interest on AT 1 capital			-11,968			-11,968
Balance at 31 Dec 2018	**979,368**	**1,201,278**	**444,848**	**3,779**	**1,755,142**	**4,384,415**

Statement of changes in equity (cont.)

Parent Company NOKt	**Share capital**	**Share premium reserve**	**Perpetual Tier 1 capital**	**Other paid-in equity**	**Retained earnings**	**Total equity**
Balance at 1 Jan 2019	**979,368**	**1,201,278**	**444,848**	**3,789**	**1,121,848**	**3,751,131**
Net profit for the period			16,661		144,926	161,588
Other comprehensive income, net of tax					-4,119	-4,119
Total comprehensive income			**16,661**		**140,807**	**157,469**
Capital expansion	876	399,124				400,000
Demerger car finance business	-314,224	-484,536		-1,132	-624,925	-1,424,817
Share-based payment transactions settled in equity					-2,085	-2,085
Tax payable and deferred tax relating to items recognised directly in equity					-3,463	-3,463
AT1 capital						
Paid interest on AT 1 capital			-16,068			-16,068
Balance at 31 Dec 2019	**666,020**	**1,115,866**	**445,441**	**2,657**	**632,183**	**2,862,167**

Parent company NOKt	**Share capital**	**Share premium reserve**	**Perpetual Tier 1 capital**	**Other paid-in equity**	**Retained earnings**	**Total equity**
Balance at 1 Jan 2018	978,492	1,107,154	369,599	3,789	908,318	3,367,352
Net profit for the period			12,499		213,164	225,662
Other comprehensive income, net of tax					89	89
Total comprehensive income			**12,499**		**213,253**	**225,751**
Capital expansion	876	94,124				95,000
Share-based payment transactions settled in equity					277	277
AT1 capital			74,719			74,719
Paid interest on AT 1 capital			-11,968			-11,968
Balance at 31 Dec 2018	**979,368**	**1,201,278**	**444,848**	**3,789**	**1,121,848**	**3,751,131**

Cash flow statement

Parent Company			Consolidated	
2018	2019	NOKt	2019	2018
		Operating activities		
-1,956,322	5,582,722	Net payment of loans to customers	8,366,688	-5,498,628
-638,366	-6,128,964	Net payment of deposits by customers	-5,816,454	-647,019
1,127,982	1,298,979	Payment of interest from customers	1,816,783	1,612,136
-296,756	-263,991	Payment of interest to customers	-264,687	-297,230
-21,199	-60,203	Net payment of interest from credit institutions etc.	-54,622	-10,286
-101,211	-69,860	Taxes paid	-108,419	-144,871
257,572	86,341	Net other commission income	31,183	194,345
-587,184	-675,166	Payment to operations	-682,419	-591,772
-808,430	-1,356,524	Net receiv./paid (-) upon purchase and sale of financial instruments and interest-bearing securities	411,919	-778,711
-3,023,914	**-1,586,667**	**Net cash flow from operating activities**	**3,699,972**	**-6,162,037**
		Investment activities		
-28,275	-16,941	Net purchase of intangible assets and fixed assets	-16,941	-28,275
	-1,424,817	Investments in subsidiary	-1,424,817	
-28,275	**-1,441,758**	**Net cash flow from investing activities**	**-1,441,758**	**-28,275**
		Financing activities		
-113,944	3,086,919	Net receipts/payments on deposits from credit institutions	2,956,000	
4,300,000		Receipts of interest-bearing securities		8,800,000
-766,850	-2,127,000	Payment of interest-bearing securities	-5,000,000	-2,381,850
-190,488	173,758	Interest payments on interest-bearing securities	-200,747	-425,479
99,950	-249,908	Receipts of subordinated debt	-249,908	99,950
-13,609	-13,537	Interest payments on subordinated debt	-13,537	-13,609
74,719		Issued Additional Tier 1 capital		74,719
-11,968	-16,068	Paid interest on Additional Tier 1 capital	-16,068	-11,968
95,000	400,000	Capital increases	400,000	95,000
3,472,809	**1,254,163**	**Net cash flow from financing activities**	**-2,124,261**	**6,236,762**
420,620	**-1,774,262**	**Total cash flow**	**133,953**	**46,451**
		Cash and cash equivalents		
3,691,890	4,112,510	Cash and cash equivalents at 1 January	476,580	430,129
4,112,510	2,338,248	Cash and cash equivalents at end of the period	610,533	476,580
420,620	**-1,774,262**	**Net payment made(-)/received of cash**	**133,953**	**46,451**
		The following items are included in cash and cash equivalents:		
53,932	60,668	Cash and balances with central banks	60,668	53,932
4,058,578	2,277,580	Loans to credit institutions	549,864	422,648
4,112,510	**2,338,248**	**Liquid assets in statement of cash flow**	**610,533**	**476,580**

The statement of cash flows shows payments of cash and cash equivalents made and received throughout the year. The statement has been adjusted for items that do not initiate cash flows, such as provisions, depreciation and write-downs of loans and guarantees. Cash flows are classified as operating activities, investment activities or financing activities. The liquid assets are defined as cash and claims on central banks and loans to and claims on credit institutions.

Accounting policies

General
Gjensidige Bank ASA is a wholly owned subsidiary of Nordea Bank Abp. It is domiciled in Norway. The company's head office is located at Essendropsgt. 7, Oslo, Norway. The main activity of the company is ordinary banking services for retail customers. The accounting policies applied in the company accounts are described below.

The financial statements per 31 December 2019 were approved by the Board on 12 February 2020.

The consolidated and parent company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU), as well as other Norwegian disclosure requirements laid down in legislation and regulations.

Changes in accounting policies
As a main rule, all income and expenses shall be shown in the income statement. The exception to this rule is the effect of changes to accounting principles. In the event of fundamental accounting reforms/ changes in accounting policies, figures for previous years must be recalculated to enable comparison. If items in the financial statement are reclassified, comparative figures must be calculated for the previous periods and reported in the financial statements.

Changed accounting policies and presentation
The following changes in accounting policies and presentation were implemented by Gjensidige Bank ASA at 1 January 2019:

- **IFRS 16 Leases (2016)**

IFRS 16 requires all contracts that qualify under its definition as a lease to be reported on a lessee's balance sheet as right of use assets and lease liabilities. Earlier classification of leases as either operating leases or finance leases are removed. Short-term leases (less than 12 months) and leases of low-value assets are exempt from the requirements. A lessee shall recognise a right-of-use asset and a lease liability. The interest effect of discounting the lease liability shall be presented separately from the depreciation charge for the right-of-use asset. The depreciation expense will be presented with other depreciations, whereas the interest effect of discounting will be presented as a financial item. IFRS 16 was effective from 1 January 2019.

In connection with the sale the business to Nordea the current rent contracts has been renegotiated and is short-term. The contract expires within 12 months. There is no option to extend the agreement. There are no right-to-use assets with associated obligations in the balance sheet as of 1.1.2019 that Gjensidige Bank ASA must recognise.

Based on our preliminary assessments and on the basis of current operations, other amendments to standards and interpretation statements will not have a material effect.

Consolidation policies
Subsidiaries
Subsidiaries are entities controlled by Gjensidige Bank ASA. Gjensidige Bank ASA controls a company when it is exposed or entitled, to variable returns from its involvement in the company and has the opportunity to influence these returns through its power over the company. Subsidiaries are included in the consolidated financial statements from the date that control commences until the date it ceases. The subsidiaries' accounting policies are altered as required in order to correspond with the policies chosen by the Group.

The following companies meet the criteria for subsidiaries and are included in the consolidated financial statement:

- Gjensidige Bank Boligkreditt AS, 100% shareholder and share of votes.

Investments in subsidiaries are included in the company's financial statements using the historical cost method.

Transactions eliminated through consolidation
Intra-group balances and transactions, together with unrealised income and expenses from intra-group transactions, are eliminated in the consolidated accounts.

Business combinations
Business combinations are accounted for using the acquisition method. The historical cost of the business combination is measured at the fair value (on the date of acquisition) of acquired assets, incurred liabilities and equity instruments issued by the Group in exchange for control of acquired companies, and it includes any costs directly attributable to the business combination.

If, after a reassessment of the Group's share in the net fair value of identifiable assets, liabilities and contingent liabilities, the value exceeds the acquisition cost of the business combination, the excess is immediately recognised in the income statement.

Cash flow statement
Cash flows from operating activities are presented according to the direct method, which gives information about material classes and payments.

Principles for recognising income and expenses
Net interest income
Interest income and expenses are calculated and recognised based on the effective interest rate method. The calculation takes into account establishment fees and direct marginal transaction costs that are an integral part of the effective interest rate.

Interest is recognised through profit or loss using the internal rate of return method for balance sheet items that are measured at amortised cost statement.

Interest income is calculated by applying the effective interest rate to the gross carrying amount except for financial assets that are credit impaired. For those financial assets, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset.

Commission income and expenses
The way in which commission income from various customer services is recognised depends on the nature of the commission. Fees are recognised as income when the services are delivered, or a significant part of the service has been completed. Charges received for completed services are recognised as income in the period the services were performed. Commissions received as payment for various tasks are recognised as income once the service has been completed. Commission costs are transaction-based and are recognised in the period the services were received. Management fees and subscription are recognised as income when they are earned.

Net gain/loss on items measured at fair value
Realised and unrealised gains and losses on financial instruments measured at fair value are recognised under the financial statement item "Net gains on financial instruments at fair value". Realised and unrealised gains and losses are the result of:

- Shares/ownership interests and other stock market-related instruments
- Interest-bearing securities and other interest rate instruments
- Currency gains/losses

Other operating income
Other operating income that is not related to any of the other lines of income is generally recognised when the transaction has been completed.

Operating expenses
Operating expenses consists of wages, administration and sales costs. These costs are accrued and expensed in the relevant accounting period.

Currency
The company and Group's presentation currency and functional currency is Norwegian kroner.
Transactions involving the purchase and sale of foreign currency-denominated securities and financial instruments are translated into NOK using the exchange rate on the date of the purchase/ sale. Holdings of foreign securities and financial documents are valued in Norwegian kroner at the exchange rate on the balance sheet date. Cash and cash equivalents are also valued at the exchange rate on the balance sheet date.

Segments
The bank's primary target group consists of retail customers. This segmentation best reflects the way the business is run by the management. Financial information relating to segments is presented in a separate note.

Inclusion of non-financial assets in the balance sheet
Fixed assets consist of fixtures, machinery and IT systems that are used within the company. Fixed assets are valued at acquisition cost with accumulated depreciation and write-downs. They are depreciated on a straight line basis over their anticipated useful life. Where operating assets or significant parts of an operating asset have different lifespans, they are capitalised and depreciated separately. Unless it is insignificant, the expected useful lifespan and the residual value are reviewed annually. The carrying value of an asset is written down if its recoverable value is less than its carrying value.

Intangible assets
Other intangible assets
Intangible assets, whether acquired separately or as a group, are carried in the balance sheet at acquisition cost. Intangible assets include customised software developed by the bank. This is carried in the balance sheet at its historical cost plus the cost of readying the software for use, minus accumulated depreciation and write-downs. When capitalising the

carrying amount of new intangible assets, the probability of the financial benefits accruing to the company from the asset must be demonstrated. In addition, it must be possible to reliably estimate the cost of the asset.

Capitalised software expenses are depreciated across their expected useful lifespan, which is normally three to five years. The depreciation period and method are assessed annually. An evaluation is carried out of the need for write-downs when there are indications of impairment. The write-down of intangible assets and the reversal of write-downs are otherwise done in the same manner as described for fixed assets.

Direct costs include expenses for employees who are directly involved in software development, materials and a number of relevant administrative expenses (overhead expenses). Expenses connected to the maintenance of software and IT systems are recognised directly over profit or loss.

Impairment of non-financial assets

The company reviews the carrying value of assets and identifiable intangible assets annually, or more frequently if there are events or changes in the assumptions that indicate that the carrying value is irrecoverable. Indicators that are assessed as significant by the company and that can trigger testing for impairment include:

- A significant drop in profitability in relation to past or expected future profitability
- Significant changes in the company's use of assets or overall strategy for its activities
- A significant downturn for the industry or the economy

Previous impairment losses, except for goodwill, will be reversed if the assumptions underlying the impairments no longer apply. Impairment losses are only reversed to the extent that the new carrying value does not exceed what would have been the carrying value after depreciation at the time of the reversal if there had been no impairment.

Financial instruments

IFRS 9 introduces new requirements for the classification and measurement of financial instruments, including a new expected loss model for the recognition of impairment losses, and changed requirements for hedge accounting. Gjensidige Bank ASA has chosen to continue to apply hedge accounting in accordance with IAS 39. The new requirement in IFRS 9 would not have resulted in any change to the accounts.

Classification and measurement:

Financial assets:

- amortised cost
- fair value through profit or loss
- fair value through other comprehensive income

Financial assets will be classified either at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss, depending on how they are managed and whether contractual cash flow are solely payments of principal and interest (SPPI).

Financial assets with cash flow that are not solely payment of principle and interest (SPPI) are measured at fair value through profit and loss. All other cash flows are classified based on the business model. In order to assess the business model, the bank has divided its financial assets into portfolios based on how they are managed to achieve a particular business goal.

Financial liabilities:

- amortised cost
- fair value through profit or loss

All financial assets and liabilities are initially measured at fair value. The classification of financial instruments into different categories for the basis form how each instrument is subsequently measured on the balance sheet and how changes in its value are recognised. In the below table "Classification and measurement of financial instruments under IFRS 9 " the classification of the financial instrument on the banks' balance sheet into different categories under IFRS 9 is presented.

For further information, see Note 29 Classification of financial instruments.

Amortised cost:

Financial assets and liabilities measured at amortised cost are initially recognised on the balance sheet at fair value, including transaction costs. Subsequent to initial recognition, the instruments within this category are measured at amortised cost. In an amortised cost measurement, the difference between acquisition cost and redemption value is amortised in the income statement over the remaining term using the effective interest rate method.

Interest on assets and liabilities classified at amortised cost is recognised in the items " Interest income etc, amortised cost" and " Interest costs etc." in the income statement. This category consists of mainly loans, deposits and liabilities opened for the issue of securities.

Financial assets and liabilities at fair value through profit or loss:

Financial assets and financial liabilities at fair value through profit or loss are measured at fair value, excluding transaction costs. Interest income is classified as interest in the income statement, all other changes in fair value are recognized in the income statement in the item "Net gains on financial instruments at fair value".

The banks liquidity portfolio, managed and reported at fair value, and derivatives are measured at fair value through profit and loss.

Financial assets at fair value through other comprehensive income:

Financial assets held to receive contractual cash flows and for sale shall be measured at fair value with changes in value taken over other comprehensive income. Interest income and write-downs should be recorded in the ordinary result. Mortgage loans to customers in the parent company (Gjensidige Bank ASA) is required to be measured at fair value over other comprehensive income, as loans can be held to maturity and sold to Gjensidige Bank Boligkreditt AS.

Impairment

Impairment provisions according to IFRS 9 are measured using an expected loss model. The impairment rules in IFRS 9 applies to financial assets measured at amortized cost and at fair value through other comprehensive income. In addition, loan commitments, financial guarantee contracts and lease receivables are within the scope of the standard. The measurement of the provision for expected credit losses on financial assets depends on whether the credit risk has increased significantly since initial recognition. At initial recognition and if the credit risk has not increased significantly, the provision should equal 12-month expected credit losses. If the credit risk has increased significantly from the initial recognition or if the asset is classified as impaired, the provision should equal lifetime expected credit losses.

1. Inputs, assumptions and techniques used for estimating impairment

1.1 Credit Scores and Risk Classes

The bank uses credit scores extensively in its credit assessment and monitoring process. Different credit scores are used for the different product groups in the banks depending on the nature of the exposure and the type of borrower. Credit scoring models are validated to be predictive of the risk of default on an annual basis.The scores used for retail exposures are computed using application data declared by the customer, external bureau data, other external customer data and internal performance data (for example payment behavior). For commercial customers that the bank has in relation to its car finance business, the bank uses a combination of key measures including financial ratios (profit margins, equity ratio, financial leverage ratios, etc.) and non-financial (years in business, reputation of owners and management, type and amount of security where applicable) in addition to external credit ratings from the credit reference agencies.

The bank determines a credit risk class to each exposure based on credit scoring models and by applying experienced credit judgement. Credit risk classes are defined using historical data which are indicative of risk of default. Credit risk classes are defined and calibrated such that the risk of default occurring increases by increasing risk class.

Credit risk class is defined at initial recognition based on the score at initial recognition which in turn is based on the available information about the borrower. Thereafter the scores are generated and monitored for the customer on a regular basis. When the scores are generated periodically during the life of the exposure, based on the credit history, the score may change and this may result in an exposure being moved to a different credit risk class compared to the initial recognition.

The risk-classed are further grouped in Risk Groups: Low Risk, Medium Risk, High Risk, Unclassified and already Defaulted accounts based on defined ranges of Probability of Default.

1.2 Low credit risk accounts

A financial exposure is considered to be a low credit risk account, if the financial exposure has a low risk of default and the borrower has a strong capacity to meet its contractual cash flow obligations in the near term. In addition, adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Financial exposure is not considered to have low credit risk simply because of the value of collateral and the financial instrument without that collateral would not be considered low credit risk.

The credit risk of a financial commitment will not be considered low based on the value of any collateral.

The bank considers accounts to be in low risk, if they have not met the definition of Significant Increase in Credit Risk as defined in section 1.3.

For accounts that are determined to be low credit risk at the time of reporting an Expected Credit Loss (ECL) over the next 12 months is estimated by the bank. The computation of 12-month ECLs is described in the section below.

1.3 Significant increase in credit risk
When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the bank's historical experience, credit assessment and includes forward-looking information.

For the bank's exposures, the historical analysis shows that default patterns are not concentrated at a specific point during the expected life of the financial instrument. Given this, changes in the risk of a default occurring over the next 12 months have been considered as approximation of the changes in the lifetime risk of a default occurring.

The bank uses a "point in time" process where the internal evaluation reflects an assessment of the borrower's current condition and/or most likely future condition over the next 12 months horizon from the assessment period. As such, the internal evaluation changes as the borrower's condition changes over the course of the credit/business cycle.

Significant increase in credit risk is determined for an exposure by comparing the estimated 12 months probability of default (PD) at the reporting date with the estimated 12 months PD at the time of initial recognition of the exposure. Accounts that are classified as low risk at the reporting date are excluded from this determination. If the risk class at reporting date is determined to have increased by greater than 2 classes compared to initial recognition, the exposure is classified as having a significant increase in credit risk.

The criteria for determining whether credit risk has increased significantly includes a "rebuttable presumption" i.e. a backstop based on delinquency. If the exposure is 30 days to 89 days past due at the reporting date, irrespective of the risk class or migration of risk, the exposure is classified as having significant increase in credit risk.

In addition, the bank may determine that an exposure has undergone a significant increase in credit risk based on qualitative indicators which may be indicative of increase in risk. For example, based on an individual assessment of a delinquent customer in the collections process the exposure may be classified as impaired. In such cases, an individual measurement of impairment is done based on the banks best estimate of the present value of the cash flows that is expected to be received, including from the repossession and sale of any assets if available. In estimating these cash flows, bank makes judgements about a debtor's financial situation and the net realisable value of any underlying collateral.

An engagement migrates to a lower stage when the terms of the original migration are no longer present.

1.3.1 Modified contractual assets and restructured assets
In limited cases, the bank may also change the terms of the loan to customers in financial difficulties (referred to as "restructuring" or "forbearance activities") to assist willing customer to repay and minimize the risk of default. Under the bank's policy, loan restructuring is granted on a selective basis if the debtor is currently unable to pay or if there is a high risk of default. In such cases, the bank assesses if there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, reducing the interest rate or changing the timing of interest or principal payments or other amendments to the terms of loan (but not including increase of the outstanding exposure) to make it possible for the customer to pay.

For financial assets modified as part of the bank's restructuring policy, the estimate of PD reflects whether the modification has improved or restored the bank's ability to collect interest and principal and the bank's previous experience of similar forbearance action. As part of this process, the bank evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

1.3.2 Incorporation of forward looking information
The bank uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL.

The bank uses the analysis published by Norges Bank which establishes which macroeconomic factors drives the increase of problem loans in banks.

Based on this analysis, the bank has taken PD to be impacted by increase in unemployment and increase in the interest rate levels. The external information used includes economic data and forecasts published by The Central Bureau of Statistics (SSB).

The bank applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the bank for strategic planning and budgeting.

The table below summarises the principal macroeconomic indicators included in the economic scenarios used at 31.12.2019 for the years 2020 to 2022.

	2020	2021	2022
Unemployment rate			
Alternative A	3.3%	3.3%	3.3%
Base case	3.7%	3.7%	3.7%
Alternative B	5.7%	5.7%	5.7%
Household Lending Rates			
Alternative A	3.1%	3.1%	3.2%
Base case	3.4%	3.4%	3.5%
Alternative B	5.1%	5.1%	5.3%
Housing prices			
Alternative A	2.0%	2.4%	2.4%
Base case	1.8%	2.2%	2.2%
Alternative B	0.9%	1.1%	1.1%

Predicted relationships between the key indicators and default and loss rates are based on the analysis published by Norges Bank: http://www.norges-bank.no/Publisert/Signerte-publikasjoner/Penger-og-Kreditt/Penger-og-Kreditt-12007/Faktorer-bak-bankenes-problemlan/.

Based on this analysis, the bank has taken PD to be impacted by increase in unemployment and increase in the interest rate levels. An increase of 1 percentage point in unemployment is assumed to give a 11% increase in PD. Increase in general interest rate will increase customers payments on both loans with the bank and with other banks. An increase of 1 percentage point in interest level is assumed to give a 7% increase in PD. These increases are applied to the PD at a portfolio level.

1.4 Impairment

Definition of impairment

The bank considers a financial asset to be in default when one or more events that have a negative impact on the financial asset's estimated future cash flows have taken place. Indications that a financial asset is impaired include observable data on the following events:

- The bank becomes aware of significant financial difficulty of the borrower (bankruptcy/ Legal debt settlement).
- Breach of contract, such as default or overdue payments as described below.
- The bank for economic or contractual reasons relating to the borrower's financial difficulty, grants to the borrower a change in term that would not otherwise have been considered (for example a restructuring of the loan).
- It becomes probable that the borrower will enter bankruptcy or other financial reorganization (initiation of Legal Debt Settlement / Bankruptcy)
- When an active market for the financial asset disappears due to financial difficulties

In addition, the bank has established a "rebuttable presumption" (backstop) that default does not occur later than when a financial asset is 90 days past due.

		ECL				
Product NOKt	**Gross asset**	**Alt. A**	**Base case**	**Alt. B**	**Weighted**	**Booked**
Mortgage	39,394,467	15,257	15,546	16,134	15,489	6,967
Unsecured Loans	3,578,282	328,624	332,733	353,281	333,144	333,357
Car Finance	1,617					
Credit Cards	169,195	37,214	37,667	39,931	37,712	37,869
Overdraft	60,250	5,176	5,359	5,674	5,317	7,016
Total	**43,203,811**	**386,271**	**391,306**	**415,019**	**391,663**	**385,209**
Compared to Weighted - I/(D)		-5,392	-357	23,356		-6,455
Compared to Weighted - I/(D) %		-1.4%	-0.1%	6.0%		-1.6%

Credit lines are also considered as being past due once the customer has breached an advised limit.

All exposures meeting the above requirement of default are classified as impaired.

An engagement migrates to a lower stage when the terms of the original migration are no longer present.

1.5 Measurement of Expected Credit Loss (ECL).
The key inputs into the measurement of ECL are the Probability of default (PD), Exposure at default (EAD) and Loss given default (LGD). These parameters are derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a given point in time, calculated based on statistical scoring models, and assessed using rating tools tailored to the various categories of counterparties and exposures.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. The EAD of a financial asset is its gross carrying amount. For lending commitments, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

LGD is the size of the likely loss if there is a default. The bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral and historical recovery costs of any related collateral. LGDs are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

For portfolios in respect of which the bank has limited historical data, either judgment using credit experience or external benchmark information is used to supplement the internally available data.

For accounts that are determined to be low credit risk at the time of reporting an Expected Credit Loss (ECL) over the next 12 months is estimated. 12-month ECLs is defined as a portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date.

For undrawn credit lines, bank estimates the 12-month ECLs based on its expectations of the portion of the loan commitment that will be drawn down within 12 months of the reporting date.

To estimate the 12 months ECL, the bank uses the historical data to see the performance of customers in low credit risk and derives the probability of default that results from all possible events over the 12 months from observation. Using historical data, the bank also estimates the Exposure at Default within 12 months of the observation dates for these accounts. To this the bank applies its historically observed net present value of cash flows using an effective interest rate for that group of accounts. The ECL is computed as the multiple of the PD, EAD and LGD thus derived.

For all exposures that meet the criteria of significant increase in credit risk or are classified as impaired on the reporting date, the bank computes a loss allowance ECL) over the lifetime of the loan. This is equal to the ECLs that result from all possible default events over the expected life of a financial instrument. In order to estimate the lifetime ECL, the bank estimates the risk of a default occurring on the financial instrument during its expected life.

The ECL is estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset, i.e., the difference between:

- The contractual cash flows that are due to an entity under the contractual terms and
- The cash flows that the bank expects to receive from the impaired asset

When estimating lifetime ECLs for undrawn credit line, the bank:

- Estimate the expected portion of the loan commitment that will be drawn down over the expected life of the loan commitment
- Calculate the present value of cash shortfalls between the contractual cash flows that are due to the entity if the holder of the loan commitment draws down that expected portion of the loan and the cash flows that the entity expects to receive if that expected portion of the loan is drawn down.

1.6 Derecognition and write-off

The bank considers an asset to be derecognised if:

- The contractual rights to the cash flows from the financial assets expire (example the loan reaches its end of term and is fully paid off, or the loan is pre-paid by the customer).
- The financial asset is transferred and the transfer qualifies for derecognition (example, sale of an asset or group of assets).
- When the bank has no reasonable expectation of recovering the financial asset in entirety or in part.

The last criteria includes a write-off event when the bank determines that it has no reasonable expectation of cash flows from the customer.

Hedge accounting

The Bank Group enters into hedging transactions to manage interest rate risk on fixed rate borrowings. These transactions are recognised as fair value hedges. Fair value hedges are used when derivatives hedge changes in the fair value of recognised assets or liabilities with a specific risk. Derivatives are recognised in the income statement. Changes in the value of the hedged item, attributable to the hedged risk, adjust the carrying amount of the asset and are recognised in the income statement.

Gjensidige Bank ASA has chosen to continue to apply hedge accounting in accordance with IAS 39. The requirement in IFRS 9 would not have resulted in any change to the accounts.

The use of hedge accounting requires that the hedge is effective. A hedge is regarded as highly effective if, at inception and throughout the hedge period, it can be expected that changes in the fair value of the hedged item essentially offset changes in the fair value of the hedged instrument. The effectiveness of the hedge is measured at the individual level. At inception, the hedging effectiveness is measured on the basis of an interest rate shock at the individual instrument level. When assessing the hedge effectiveness retrospectively, the fair value of the hedged instrument is measured and compared with the change in fair value of the hedged item. The result must be within the range of 80%-125%.

Leasing

IFRS 16 requires all contracts that qualify under its definition as a lease to be reported on a lessee's balance sheet as right of use assets and lease liabilities. Earlier classification of leases as either operating leases or finance leases are removed. Short-term leases (less than 12 months) and leases of low-value assets are exempt from the requirements. A lessee shall recognise a right-of-use asset and a lease liability. The interest effect of discounting the lease liability shall be presented separately from the depreciation charge for the right-of-use asset. The depreciation expense will be presented with other depreciations, whereas the interest effect of discounting will be presented as a financial itemFinancial derivatives.

Financial derivatives

Trading in financial derivatives is subject to strict limitations. All derivatives are measured at fair value on the contract date. Subsequent measurement is done at fair value with changes in value being recognised as they occur. The fair value of derivatives is measured based on listed prices whenever possible. When listed prices are not available, the company estimates fair value based on valuation models that use observable market data.

Derivatives that do not meet the criteria for hedge accounting are treated as financial instruments held for trading. The fair value of such derivatives is classified as either an asset or a liability with changes in fair value through profit or loss.

Dividends

Dividends from investments are recognised when the Company has an unconditional right to receive the dividends. Dividends payable are recognised as liabilities at the point in time when the General Meeting approves the payment of dividends.

Accounting provisions

A provision is made when the company has a legal or implicit liability as a result of a past event, and it is probable that this will lead to a payment or transfer of other assets to cover the liability.

Pensions

Pension liabilities are assessed at the present value of future pension benefits that are recognised as accrued at the reporting date. Future pension benefits are calculated on the basis of expected salary at the retirement date. Pension assets are valued at fair value. Net pension liability is the difference between the present value of future pension benefits and the fair value of the pension assets. Employer's social security cost is recognised during the period under which an underfunding occurs. Net pension liability is shown in the balance sheet on the line Pension liabilities. Any overfunding is recognised to the extent that it is likely that the overfunding can be utilised. An overfunding in a funded plan cannot be offset against an underfunding in an unfunded plan. If there is a net overfunding in the funded plan, it is recognised as Pension assets.

The period's pension cost (service cost) and net interest expense (income) are recognised in the income statement and are presented as an operating cost in the income statement. Net interest expense is calculated using the discount rate for the liability at the beginning of the period of the net liability. Net interest expense therefore consists of interest on the obligation and return on the assets.

Deviations between estimated pension liability and estimated value of pension assets in the previous financial year and actuarial pension liability and fair value of pension assets at the beginning of the year are recognised in other comprehensive income. These will never be reclassified through profit or loss.

Gains and losses on curtailment or settlement of a defined benefit plan are recognised in the income statement at the time of the curtailment or settlement.

Deductible grants to defined contribution plans are recognised as employee expenses in the income statement when accrued.

Variable remuneration programs
Nordea Executive Incentive Program (EIP) reward performance meeting agreed predetermined targets on Group, business unit and individual level. The effect on the long-term result is to be considered when determining the targets. EIP shall be paid in the form of cash over a five- year period. EIP shall not exceed annual fixed salary. The changes, including social expenses, are recognized in the income statement under staff costs.

A limited number of managers have been offered Variable Salary Part (VSP). EIP reward performance meeting agreed predetermined targets on Group, business unit and individual level. The effect on the long-term result is to be considered when determining the targets. EIP shall be paid in the form of cash. VSP shall not exceed annual fixed salary. The changes, including social expenses, are recognized in the income statement under staff costs.

Share-based payments
As at 31 December 2019, Gjensidige Bank Group has no share-based payment scheme.

As at 31 December 2018, Gjensidige Bank Group had, as part of Gjensidige Group, the following share-based payment arrangements as described below.

Gjensidige implemented amendments to IFRS 2 at 1 January 2018, and there was one implementation effect. The tax liability as at 31 December 2017 amounting to NOK 2.2 million was reclassified from liability to equity as at 1 January 2018.

Gjensidige has a share saving program for employees and a share-based remuneration scheme for senior executives. The share savings program is an arrangement with settlement in shares, while the remuneration scheme is an arrangement with settlement in both shares and cash.

The share-based payment arrangements are measured at fair value at the time of allocation. Fair value is accrued over the period during which employees acquire the right to receive the shares. Share-based payment arrangements which are recovered immediately are recognised as expenses at the time of allocation. Vesting conditions are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised shall be based on the number of equity instruments that eventually vest. Non-vesting conditions and possible market conditions are reflected in the measurement of fair value, and no adjustment of the amount charged as expenses is done upon failing to meet such conditions.

The cost of share-based transactions with employees is recognised as an expense over the average recovery period. For arrangements that are settled in shares, the value of the allocated shares in the period is recognised as a salary expense in the income statement with a corresponding increase in other paid-in equity. For arrangements settled in cash, the value of the options granted is recognised as a salary expense in the income statement with a corresponding increase in other paid-in equity. This applies to Gjensidige's obligation to withhold an amount for the employees' tax liability and transfer this amount in cash to the tax authorities on behalf of the employee. Employers' social security costs are calculated based on the fair value of the shares on each balance sheet date. The amount is recognised in the income statement over the expected vesting period and accrued according to IAS 37.

Share-based payment arrangements settled by one of the shareholders in the ultimate mother company is also recognised as a share-based payment transaction with settlement in equity.

If the entity is obliged to withhold an amount for an employee's tax obligation associated with a share-based payment, and transfer that amount in cash to the tax authority on the employee's behalf, then the entity shall account for that obligation as an equity-settled share-based payment transaction. The tax obligation will be accounted for as an equity-settled share-based payment transaction instead of cash-settled share-based payment transaction.

See note 36 for a further description of Gjensidige's share-based payment arrangements.

Taxation
The tax expense comprises tax payable and deferred tax. The income tax is recognised as an expense or income and is included in the income statement as a tax expense, with the exception of income tax on transactions that are recognised directly in equity.

Payable tax is based on the Company's taxable income and is calculated in accordance with Norwegian tax regulations and tax rates.

Deferred tax assets and liabilities are recognised using the balance method on all temporary differences that arise between the tax and accounting values of assets and liabilities. Deferred tax assets are calculated on unused loss carry forwards and unused tax credits. A tax asset is only recognised to the extent that it is probable that future taxable profits can be used to offset temporary differences, unused tax loss carry forwards and unused tax credits. The carrying values of deferred tax assets and deferred tax are subject to regular review. Deferred tax is calculated on temporary differences and untaxed provisions. Deferred tax assets and deferred tax liabilities are not discounted.

Assets and liabilities are measured at the current tax rate in the period when the asset is realised or the liability is settled, based on the tax rate on the balance sheet date. Payable tax assets and tax liabilities, as well as deferred tax assets and tax liabilities, are offset if legally possible.

1. Equity

Share capital
Gjensidige Bank ASA is a wholly owned subsidiary of Nordea Bank Apb domiciled in Norway. Share capital for Gjensidige Bank ASA as per 31 December 2019 was NOK 666.0m divided on 876,000 shares at 760.3 per share. As per 31 December 2018 share capital was NOK 979.4m divided on 876,000 shares at 1,118 per share.

Perpetual Tier 1 capital
The bank has issued perpetual Tier 1 capital instruments with a total nominal value of NOK 445 million. The instruments are perpetual but the bank can repay the capital on specific dates, for the first time five years after it was issued. The interest rate to be paid is floating 3-month NIBOR plus a fixed credit spread. The bank has an unconditional right not to pay interest on t perpetual Tier 1 capital.

Share premium
Payments in excess of the nominal value per share are allocated to share premium.

Other equity
Other earned equity consists of this year's and previous year's retained earnings.

2. Critical accounting estimates and judgements

General
The preparation of the financial statements under IFRS and the application of the adopted accounting policies require that the management makes assessments, prepares estimates and applies assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and the associated assumptions are based on historic experience and other factors that are assessed as being justifiable based on the underlying conditions. The actual figures may deviate from these estimates. The estimates and the associated assumptions are reviewed regularly. Changes in accounting estimates are recognised in the period the estimates are revised if the change only affects this period, or both in the period the estimates change and in future periods if the changes affect both existing and future periods.

Gjensidige Bank ASA's accounting principles, whereby assessments, estimates and assumptions may diverge significantly from the actual results, are discussed below.

Write-downs and losses
Impairment provisions according to IFRS 9 are measured using an expected loss model. The impairment rules in IFRS 9 applies to financial assets measured at amortized cost and at fair value through other comprehensive income. In addition, loan commitments, financial guarantee contracts and lease receivables are within the scope of the standard. The measurement of the provision for expected credit losses on financial assets depends on whether the credit risk has increased significantly since initial recognition. At initial recognition and if the credit risk has not increased significantly, the provision should equal 12-month expected credit losses. If the credit risk has increased significantly from the initial recognition or if the asset is classified as impaired, the provision should equal lifetime expected credit losses.

The write-down equals the difference between the outstanding balance of the loan and the net present value of estimated future cash flows, discounted by the financial asset's original effective interest rate (i.e. the effective interest rate calculated initially or subsequently agreed with the customer). Objective evidence means evidence of occurrences indicating that the loan is impaired. This can be information about bankruptcy or defaults.

A final write-off (loss) is recognised when it is evident that the loan will not be repaid and there is no collateral left to cover the loan. In such instances, any corresponding provision (write-down) will be reversed.

In certain instances, where there is a lacks data or sufficient information, the bank uses judgment based on credit experience in the assessment of expected credit loss. This includes, but is not limited to the following:

• For some portfolios, where there is not enough data or history to develop internal scoring models, the credit score information purchased from external credit reference agencies are used.
• In determining PDs, portfolio which are limited in size or have limited data, the estimate of expectation of default rates are computed as simple ratios based on historical observations at a total portfolio level rather than probabilities of default at a granular level.
• Expected life time of loan is determined by analysing historical performance in months on groups of loans taken from the initially recognition point to the time the cumulative bad rates flatten, i.e. none or limited loans turn bad incrementally. In cases, where portfolios have not reached sufficient number of months after initial recognition, historical performance of similar loan are taken.
• In determining LGD for portfolios which are limited in size, have limited data or historical performance data, the bank utilizes information of similar portfolio if possible or judgment.
• As the bank has relatively limited history, despite best efforts, the determination of the impact of changes in macro-economic variables on the bank's defaults rates was not possible and hence the bank has utilized analysis published by Norges Bank which establishes the macroeconomic factors that drives the increase of problem loans in banks.
• In the banks analysis it was seen that using the historical performance data, changes in risk levels between origination and reporting date did not conclusively indicate a significant increase in credit risk. As such the bank judgmentally uses increase by greater than 2 risk classes compared to initial recognition, as the definition of significant increase in credit risk.

For further information, see note 31 Risk and risk management on write-downs and losses.

Equipment and intangible assets
Equipment and intangible assets are reviewed annually to ensure that the depreciation method and period used match economic realities. The same applies to the residual value. Assets are written down if there is evidence of impairment.

Fair value of financial instruments
The fair value of financial instruments that are not traded in an active market (such as unlisted shares) is determined using valuation methods. These valuation methods are primarily based on the market conditions on the balance sheet date.

• Bonds are valued based on prices collected from Nordic Bond Pricing.
• Unlisted derivatives, including interest rate and foreign exchange instruments, are valued theoretically based on observable market data. Money market rates, swap rates, exchange rates and volatilities that form the basis for valuations are supplied by Bloomberg and Oslo Stock Exchange.

For further information, see note 25 Fair value of financial.

Amortised cost method
Market prices are used to price loans and receivables from credit institutions and loans to customers. The value of loans that have been written down is determined by discounting future cash -flows using the in-

ternal rate of return based on market conditions for equivalent loans that have not been written down. For further information, see note 25 Fair value of financial instruments.

Financial assets at fair value through other comprehensive income:
Financial assets held to receive contractual cash flows and for sale shall be measured at fair value with changes in value taken over other comprehensive income. Interest income and write-downs should be recorded in the ordinary result. Mortgage loans to customers in the parent company (Gjensidige Bank ASA) is required to be measured at fair value over other comprehensive income, as loans can be held to maturity and sold to Gjensidige Bank Boligkreditt AS.

Pension liabilities
The present value of pension liabilities is calculated on the basis of actuarial and financial assumptions. Any change in the assumptions affects the estimated liability. A change in the discount rate is the assumption of most significance to the value of the pension liability. The discount rate and other assumptions are normally reviewed once a year when the actuarial calculations are performed, unless there have been significant changes during the year.

3. Segment information

The bank's primary target group consists of retail customers. This segment is composed of members of partner organisations, loyalty customers, employees of Gjensidige Group and other customers.

The bank also offers deposit and loan products to the business market. The volume related to these products is currently of a size that it is not reported as a separate segment.

The bank only operates in Norway and the reporting of secondary geographical segments provides little additional information. Loan assets are broken down geographically, however, in a separate note.

4. Net interest income

Parent Company			Consolidated	
2018	2019	NOKt	2019	2018
		Interest income etc, amortised cost		
3,901	7,777	Loans to credit institutions	7,782	3,753
1,191,856	1,322,473	Loans to the public	1,843,589	1,678,217
53,953	45,958	Other income		
1,249,709	**1,376,207**	**Total interest income etc, amortised cost**	**1,851,371**	**1,681,970**
		Interest income etc, fair value		
71,788	113,336	Interest-bearing securities	81,592	62,624
71,788	**113,336**	**Total interest income etc, fair value**	**81,592**	**62,624**
		Interest expenses		
10,630	84,980	Deposits by credit institutions	71,993	163
285,057	251,708	Deposits by the public	251,708	285,057
		Debt securities in issue		
143,084	201,778	- valued at amortised cost	541,569	409,544
13,609	13,537	Subordinated debt	13,537	13,609
14,926	11,373	Other interest expenses	11,373	14,926
467,307	**563,376**	**Total interest costs etc[2]**	**890,181**	**723,300**
854,191	**926,167**	**Net interest income**	**1,042,782**	**1,021,295**

5. Net commission income

Parent Company			Consolidated	
2018	2019	NOKt	2019	2018
		Commission income		
35,169	24,074	Commissions from saving products	24,074	35,169
292	316	Interbank fees	316	292
22,120	21,482	Card fees	21,482	22,120
8,418	7,617	Payment transactions	7,620	8,422
7,607	7,481	Loan fees	9,788	9,941
43,088	62,541	Other commission income	62,541	43,088
116,695	**123,509**	**Total commission income**	**125,819**	**119,032**
		Commission expenses		
909	788	Interbank fees	788	909
3,714	4,074	Payment transactions	4,074	3,714
141,129	174,710	Other commission expenses	174,710	141,129
145,752	**179,572**	**Total commission expenses**	**179,572**	**145,752**
-29,057	**-56,063**	**Total net commission**	**-53,752**	**-26,720**

6. Net gains on financial instruments at fair value

Parent Company			Consolidated	
2018	2019	NOKt	2019	2018
-15,403	-17,484	Net income on foreign currency trading and financial derivatives	-37,119	-43,514
-15,403	**-17,484**	**Net income on financial instruments**	**-37,119**	**-43,514**
1,795	4,527	Net income on commercial paper and bonds	4,607	-5,131
2,741		Net income on shares/ ownership interests		2,741
19,504	26,254	Net income on financial liabilities	45,804	47,612
24,040	**30,780**	**Net income on financial instruments measured at fair value**	**50,411**	**45,223**
8,637	**13,296**	**Net gains on financial instruments measured at fair value**	**13,292**	**1,709**

7. Operating expenses

Parent Company			Consolidated	
2018	2019	NOKt	2019	2018
135,954	117,026	Wages, salaries, etc.	118,801	138,088
		Pension costs		
12,757	12,108	- defined contribution schemes	12,292	12,950
1,168	1,195	- defined benefit schemes	1,195	1,168
21,231	21,367	Employer's National Insurance contributions	21,655	21,557
15,476	6,046	Other staff-related costs	6,099	15,562
186,586	**157,744**	**Total staff costs**	**160,043**	**189,325**
99,478	115,227	IT expenses	115,682	100,113
82,632	67,997	Marketing etc.	67,997	82,632
17,701	22,657	Other administrative expenses	22,783	17,819
43,562	28,440	Consultancy fees	39,564	55,386
34,410	35,150	Other operating expenses	26,026	24,084
277,782	**269,472**	**Total other expenses**	**272,052**	**280,035**
19,063	26,147	Ordinary depreciation	26,147	19,063
483,432	**453,362**	**Total operating expenses**	**458,241**	**488,423**
		Auditor's fee (incl. VAT)		
534	950	Statutory audit	1,070	591
211	326	Other assurance services	445	305
		Other non-assurance services		61
		Tax consultant services		
744	**1,276**	**Total payments to auditor**	**1,515**	**957**
170	114	Number of employees	115	171
169	142	Average numbres of employees	143	170

7. Operating expenses (cont.)

Salary and other benefits paid to management and governing bodies in 2019

NOKt Name and position	Fixed salary/ fee	Earned variable salary	Other benefits	Rights earned in the financial year according to pension plan	Loans	Interest rate	The current Repayment schedule
Senior executives							
Krister Georg Aanesen, CEO	2,494	1,994	166	265			
Teemu Alaviitala, CFO	1,600	1,422	162	187			
Lene Steinum, Technology Director	1,294	763	204	173	4,301	2.59%	20.5.2044
Tor Egil Nedrebø, Retail Banking, Treasury and Branch Manager	1,451	928	164	178	2,807	2.30%	20.11.2039
Ole Bjørn Harang, Consumer Finance, Sales and Distribution	1,416	844	173	201			
Alexander von Hirsch, Marketing Director	1,081	581	164	149	5,974	2.65%	20.11.2046
Stig Heide, Deputy CEO	1,417	850	163	184	3,338	2.65%	20.10.2043
Mats Fjeldtvedt, Credit Risk Director	1,235	381	68	171			
Jan Kåre Raae, CEO Gjensidige Bank Boligkreditt AS	1,200	797	22	170			
Rajeev Prabhu, Credit Risk Director (1.1-30.4)	675	929	42	167	4,223	2.81%	20.7.2037
Nina Felicity Mydske, Operations Director (1.1-31.10)	1,093	764	138	166			
Trond Nyhus, Car Finance Director (1.1-31.10)	1,206	817	136	167			
The Board							
John Arne Sætre, Chairman (1.3-31.12)							
Sjur Loen (1.3-31.12)							
Marte Kopperstad (1.3-31.12)							
Per Kumle	45						
Mona Eek-Jensen (15.10-31.12)							
Marianne Broholm Einarsen (1.1-14.10)	192						
Hans Jacob Starheim, employee repr.[1]	19						
Mats Gottschalk, Chairman (1.1-28.2)							
Anita Gundersen (1.1-28.2)							
Janneke Tranås Hjorth (1.1-28.2)							
Total for senior executives and the Board	**16,419**	**11,068**	**1,602**	**2,178**	**20,643**		

The company pays no other remuneration to the CEO and has not committed itself to giving special consideration to the CEO or chair upon termination of their appointment.

The stated remuneration applies to the period in which he / she has held the position.

[1]For staff representatives only remuneration for the current position is stated.

7. Operating expenses (cont.)

Salary and other benefits paid to management and governing bodies in 2018

NOKt Name and position	Fixed salary/ fee	Earned variable salary	Calc. value of total benefits other than cash	Rights earned in the financial year according to pension plan	Annual vesting share based payment	Number of shares assigned, not redeemed	Number of shares released	Number of shares outstanding	Number of shares held	Loans	Interest rate	The current Repayment schedule
Senior executives												
Krister Georg Aanesen, CEO	2,268	254	155	285	282	1,729	193	2,222	2,050			
Teemu Alaviitala, CFO	1,562	185	161	203	390	1,084	1,381	2,546	2,343			
Lene Steinum, Technology Director	1,202	150	161	189	301	772	1,022	1,843	4,435	4,434	1.97%	20.5.2044
Tor Egil Nedrebø, Treasury Director and Branch manager	1,352	151	159	191	298	821	993	1,869	1,789	3,340	2.30%	20.11.2039
Ole Bjørn Harang, Sales & Distribution Director	1,382	156	161	224	340	967	1,244	2,277	6,865			
Alexander von Hirsch, Marketing Director	1,079	66	161	163	193	236	858	1,231	2,479	6,134	1.99%	20.11.2046
Stig Heide, Product Director	1,384	164	161	195	348	930	1,246	2,233	3,830	3,442	1.99%	20.10.2043
Rajeev Prabhu, Credit Risk Director	2,029	187	161	252	461	1,363	1,852	3,295	6,272	4,413	2.15%	20.7.2037
Nina Felicity Mydske, Operations Director	1,255	136	161	204	292	844	1,057	1,985	4,596	1,397	1.97%	20.7.2024
Trond Nyhus, Car Finance Director	1,411	149	157	198	239	979	607	2,081	2,572	3,407	1.99%	20.12.2046
Mats Fjeldtvedt, Chief Risk Officer[1]	1,187		21	192					3,379	1,387	1.97%	20.11.2045
Jan Kåre Raae, CEO Gjensidige Bank Boligkreditt AS	1,155	132	21	193	269	849	929	1,820	1,729			
The Board												
Mats C. Gottschalk, Chair									15,772			
Per Kumle	177											
Anita Gundersen									2,321			
Janneke Tranås Hjorth									1,097			
Marianne Broholm Einarsen	177											
Hans Jacob Starheim, employee repr.[2]	61								3			
Total for senior executives and the Board	**17,680**	**1,729**	**1,639**	**2,488**	**3,412**	**10,574**	**11,382**	**23,402**	**61,532**	**27,954**		
General assembly												
Helge Leiro Baastad									38,447			
Total									**38,447**			

The company pays no other remuneration to the CEO and has not committed itself to giving special consideration to the CEO or chair upon termination of their appointment.

Share-based payment / allocation in 2018 relates to Share-based pay scheme in the Gjensidige group.

[1]Entitled only to collective bonus in terms of role as CRO.

[2]For staff representatives only remuneration for the current position is stated.

7. Operating expenses (cont.)

Declaration from the board regarding salaries and other remuneration

Gjensidige Bank ASA remuneration policies

The bank has established a remuneration scheme that applies to all employees. The bank is covered by the Nordea Group's guidelines for remuneration scheme. The remuneration schemes are disclosed in more detail in the Nordea Group's annual report. The bank is also subject to the rules on remuneration schemes in the Financial Undertakings Regulations.

The Groups policy shall support the bank to attract, develop and retain motivated, competent and performance-oriented employees. Ensure that employees are offered a competitive and marked aligned total reward offering. The policy shall support sustainable results and the long-term interest of the shareholders and ensure that remunerations is aligned with efficient risk management, the groups purpose and values and regulations. Remuneration to employees shall not encourage excessive risk-taking or counteract the Groups long-term interest. An upper limit for variable remuneration applies.

The determination of which functions of the company that shall be defined as employees with tasks of crucial importance for the company's risk exposure, both qualitative criteria related to the role and quantitative criteria related to the level of remuneration is to be taken into account.

Decision-making process

The Board of Gjensidige Bank ASA serves as the bank's remuneration Committee. It is primarily responsible for:

- The Board's annual statement on Gjensidige Bank ASA's remuneration policy
- The annual evaluation of matters concerning salary and other remuneration to the CEO
- Guidelines for salary and other remuneration to executive personnel
- Statement of salary and other remuneration to executive personnel, including:
  o Guidelines for determining salary and other remuneration for the coming fiscal year
  o Statement of the remuneration policy that has taken place during the previous financial year, including how the guidelines for the remuneration of employees have been implemented
  o Statement of impact on the company and owners of implementation / changes in incentive schemes relating to shares
- Other important personnel matters relating to executive personnel
- Board's handling of completed HR processes, including talent and successor development and strategic staffing control

Guidelines for the upcoming financial year
Remuneration of the CEO

The CEO's salary and other benefits are stipulated by the Board on the basis of an overall assessment that takes into account Nordeas's remuneration scheme and market salary for corresponding positions.

The fixed salary is reviewed annually and determined on the basis of developments in society in general and in the financial sector in particular. The CEO takes part in Nordea Executive Incentive Program (EIP). EIP reward performance meeting agreed predetermined targets on Group, business unit and individual level. The effect on the long-term result is to be considered when determining the targets. EIP shall be paid in the form of cash over a five- year period. EIP shall not exceed annual fixed salary.

The retirement age for the CEO is 70 years, and he has pension rights in accordance with the company's current defined contribution pension scheme.

The CEO has a period of notice of six months and is not entitled to severance pay or termination benefits if he leaves the Company earlier.

Remuneration of executive personnel and employees who can materially influence the Group's risk

Remuneration of the senior group management is stipulated by the CEO, in accordance with limits discussed with the remuneration committee and on the basis of guidelines issued by the Board.
Correspondingly, Nordea's guidelines are used as the basis for other executive personnel and employees who can materially influence risk.

The overall remuneration is decided on the basis of the need to attract, develop and retain motivated, competent and performance-oriented employees and to rnsure that employees are offered a competitive and marked aligned total reward offering.

The fixed salary is assessed and stipulated annually on the basis of wage growth in society in general and in the financial industry in particular. A limited number of managers have been offered Variable Salary Part (VSP). EIP reward performance meeting agreed predetermined targets on Group, business unit and individual level. The effect on the long-term result is to be considered when determining the targets. EIP shall be paid in the form of cash. VSP shall not exceed annual fixed salary.

After consulting with the remuneration committee, the CEO may make exceptions for special positions if this is necessary to be able to offer competitive terms. Payments in kind to executive personnel shall be related to their function in the Group, and otherwise be in line with the Groups guidelines for remuneration.

The Company's executives have a retirement age of 70, except for the Director Distribution whose retirement age is 65 years.

The Director Distribution has a defined benefit pension scheme that has been carried over from previous employment in Gjensidige Forsikring ASA. For other employees, there is a defined contribution plan for salaries up to 12 G (the National Insurance basic amount).

8. Tax expense

Parent Company 2018	Parent Company 2019	NOKt	Consolidated 2019	Consolidated 2018
90,786	46,212	**Tax payable**	69,735	129,345
-18,770	1,762	Change in deferred tax/tax assets	3,777	-20,924
3,960	6,729	Recognised directly on equity	6,729	3,960
75,976	**54,703**	**Tax expense**	**80,241**	**112,380**
		Reconciliation of tax expense		
301,638	216,290	Profit/ (loss) before tax expense	318,442	447,257
75,409	54,073	Expected tax at nominal tax rate of 25%	79,611	111,814
87	26	Tax effect of permanent differences	26	87
479	604	Profit and loss OCI	604	479
75,976	**54,703**	**Tax expense**	**80,241**	**112,380**
25%	25%	The average effective tax rate	25%	25%
		Deferred tax assets		
		Deferred tax assets arising from temporary differences		
5,739	6,954	- Pension liabilities	6,954	5,739
4,511	5,479	- Current assets	5,489	4,525
1,617	-2,327	- Financial instruments	-2,093	3,862
11,868	**10,106**	**Net deferred tax assets**	**10,349**	**14,126**
		Net changes in deferred tax assets/ deferred tax through profit or loss are as follows:		
321	-1,214	Pension liabilities	-1,214	321
170	-968	Current assets	-964	176
-19,261	3,944	Financial instruments	5,955	-21,421
-18,770	**5,225**	**Total**	**7,240**	**-20,924**
		Tax payable and deferred tax recognised directly in equity		
-3,960	-6,729	Tax payable and deferred tax recognised directly in equity	-6,729	-3,960
-3,960	**-6,729**	**Total**	**-6,729**	**-3,960**

Deferred tax assets resulting from loss carryforwards are only recognised to the extent that it is probable that they will be realised. Deferred tax assets and deferred tax are offset and the net amount is entered when this is permitted by legislation and the amounts relate to the same tax authority.

9. Intangible assets

Consolidated **NOKt**	**Capitalised project costs**	**Capitalised software**	**Total**
Cost or adjusted value 1 Jan 2018	82,062	105,779	187,841
Acquired		27,842	27,842
Disposed of		-1,025	-1,025
Cost or adjusted value 31 Dec 2018	**82,062**	**132,596**	**214,658**
Accumulated depreciation and write-downs 1 Jan 2018	80,971	81,671	162,642
Depreciation for the year	1,091	16,673	17,764
Write-downs for the year			
Accumulated depreciation and write-downs 31 Dec 2018	**82,062**	**98,343**	**180,405**
Carrying value 31 Dec 2018		**34,253**	**34,253**
Cost or adjusted value 1 Jan 2019	82,062	132,596	214,658
Acquired		18,479	18,479
Disposed of		-6,835	-6,835
Cost or adjusted value 31 Dec 2019	**82,062**	**144,240**	**226,302**
Accumulated depreciation and write-downs 1 Jan 2019	82,062	98,343	180,405
Depreciation for the year		20,183	20,183
Write-downs for the year			
Accumulated depreciation and write-downs 31 Dec 2019	**82.062**	**118,526**	**200,588**
Carrying value 31 Dec 2019		**25,714**	**25,714**
Amortisation method	Straight-line	Straight-line	
Useful life	6-10 years	3 years	

9. Intangible assets (cont.)

Parent Company NOKt	Capitalised project costs	Capitalised software	Total
Cost or adjusted value 1 Jan 2018	82,062	103,855	185,917
Acquired		27,842	27,842
Disposed of		-1,025	-1,025
Cost or adjusted value 31 Dec 2018	**82,062**	**130,672**	**212,734**
Accumulated depreciation and write-downs 1 Jan 2018	80,971	79,746	160,717
Depreciation for the year	1,091	16,673	17,764
Write-downs for the year			
Accumulated depreciation and write-downs 31 Dec 2018	**82,062**	**96,419**	**178,481**
Carrying value 31 Dec 2018		**34,253**	**34,253**
Cost or adjusted value 1 Jan 2019	82,062	130,672	212,734
Acquired		18,479	18,479
Disposed of		-6,835	-6,835
Cost or adjusted value 31 Dec 2019	**82,062**	**142,316**	**224,378**
Accumulated depreciation and write-downs 1 Jan 2019	82,062	96,419	178,481
Depreciation for the year		20,183	20,183
Write-downs for the year			
Accumulated depreciation and write-downs 31 Dec 2019	**82.062**	**116,602**	**198,664**
Carrying value 31 Dec 2019		**25,714**	**25,714**
Amortisation method	Straight-line	Straight-line	
Useful life	6-10 years	3 years	

10. Fixed assets

(Figures relate to Gjensidige Bank ASA as there are no differences between the parent company and Group)

Parent Company NOKt	Improvements to leased premises	Machinery, fixtures, fittings and vehicles	Total
Cost or adjusted value 1 Jan 2018	5,834	8,626	14,459
Acquired		1,458	1,458
Disposed of			
Cost or adjusted value 31 Dec 2018	**5,834**	**10,083**	**15,917**
Accumulated depreciation and write-downs 1 Jan 2018	5,834	4,802	10,636
Depreciation for the year		1,299	1,299
Write-downs for the year			
Accumulated depreciation and write-downs 31 Dec 2018	**5,834**	**6,101**	**11,935**
Carrying value 31 Dec 2018		**3,982**	**3,982**
Cost or adjusted value 1 Jan 2019	5,834	10,083	15,917
Acquired		45	45
Disposed of		-515	-515
Cost or adjusted value 31 Dec 2019	**5,834**	**9,613**	**15,447**
Accumulated depreciation and write-downs 1 Jan 2019	5,834	6,101	11,935
Depreciation for the year		1,223	1,223
Write-downs for the year			
Accumulated depreciation and write-downs 31 Dec .2019	**5,834**	**7,325**	**13,158**
Carrying value 31 Dec 2019		**2,289**	**2,289**
Useful life	4 years	5 years	

11. Interest-bearing securities

Parent Company			Consolidated	
31 Dec 2018	**31 Dec 2019**	**NOKt**	**31 Dec 2019**	**31 Dec 2018**
784.462	842,432	Short-term government bonds	928,632	846.058
4.909.160	6,185,594	Covered bonds	3,767,916	4.277.197
623.443	617,160	Money market funds and other securities	617,160	623.443
6.317.066	**7,645,186**	**Total**	**5,313,708**	**5.746.698**
6.317.066	7,645,186	Stock exchange listed securities	5,313,708	5.746.698
		Unlisted securities		
6.317.066	**7,645,186**	**Total**	**5,313,708**	**5.746.698**

The maximum credit exposure of financial assets for Gjensidige Bank ASA and Gjensidige Bank Group valued at fair value through profit or loss constituted NOK 7,645.2m (NOK 3,313.7m) as of 31 December 2019 and NOK 6,317.1m (NOK 5,746.7m) as of 31 December 2018.

12. Financial derivatives

Financial derivatives are linked to underlying amounts which are not carried on the balance sheet. In order to quantify the volume of derivatives, reference is made to gross nominal volume and the like.

For interest derivatives, an asset position implies a positive change in value if interest rates are reduced . An asset position in a currency derivative generates a positive change in value if the exchange rate against the NOK sees an increase.

Consolidated **NOKt** **31 Dec 2019**	**Gross nominal volume**	**Carrying amount assets**	**Carrying amount liabilities**
Interest rate swaps	8,360,000	50,037	49,336
Currency swaps	195,600	510	6,640
Total	**8,555,600**	**50,547**	**55,976**

Consolidated **NOKt** **31 Dec 2018**	**Gross nominal volume**	**Carrying amount assets**	**Carrying amount liabilities**
Interest rate swaps	9,430,000	68,942	26,612
Currency swaps	195,600	687	1,562
Total	**9,625,600**	**69,629**	**28,174**

Parent company **NOKt** **31 Dec 2019**	**Gross nominal volume**	**Carrying amount assets**	**Carrying amount liabilities**
Interest rate swaps	6,910,000	9,408	45,250
Currency swaps	195,600	510	6,640
Total	**7,105,600**	**9,918**	**51,890**

Parent company **NOKt** **31 Dec 2018**	**Gross nominal volume**	**Carrying amount assets**	**Carrying amount liabilities**
Interest rate swaps	7,980,000	2,639	21,456
Currency swaps	195,600	687	1,562
Total	**8,175,600**	**3,326**	**23,018**

Net cash paid as security for derivative liability was NOK 28.8m as of 31. December 2019 and NOK 11.5m as of 31 December 2018.

13. Loans to and receivables from credit institutions

Parent Company			Consolidated	
31 Dec 2018	31 Dec 2019	NOKt	31 Dec 2019	31 Dec 2018
		Loans to credit institutions		
416,469	545,174	Loans without an agreed term to maturity	545,647	416,469
3,642,110	1,732,406	Loans with an agreed term to maturity	4,217	6,179
4,058,578	**2,277,580**	**Gross loans to credit institutions**	**549,864**	**422,648**
		Write-downs		
4,058,578	**2,277,580**	**Net loans to credit institutions**	**549,864**	**422,648**
		Deposits by credit institutions		
382,327	513,246	Deposits by credit institutions without agreed terms or notice periods		
312,510	2,956,000	Deposits by credit institutions with agreed terms or notice periods	2,956,000	
694,837	**3,469,246**	**Deposits by credit institutions**	**2,956,000**	

14. Loans to and receivables from customers

Parent Company			Consolidated	
31 Dec 2018	31 Dec 2019	NOKt	31 Dec 2019	31 Dec 2018
		Loans to the public		
16,008,998	6,766,941	Loans to the public, amortised cost	43,203,811	51,582,467
10,924,859	14,572,164	Loans to the public, fair value over other comprehensive income		
26,933,857	**21,339,106**	**Gross loans to and receivables from customers**	**43,203,811**	**51,582,467**
-325,006	-380,657	Write-downs on loans, amortised cost, collectively reviewed for impairment	-385,807	-329,424
-5,126	-5,977	Write-downs on loans, fair value over OCI		
1,917	2,416	Change in value, fair value over OCI		
26,605,642	**20,954,888**	**Loans to the public**	**42,818,003**	**51,253,043**

15. Loans by geographic area

Parent Company				NOKt	Consolidated			
31 Dec 2018		31 Dec 2019			31 Dec 2019		31 Dec 2018	
Loans	Per cent	Loans	Per cent	Loans by region	Loans	Per cent	Loans	Per cent
4,134,263	15.3%	4,031,198	18.9%	Oslo	9,230,828	21.4%	9,976,826	19.3%
4,000,123	14.9%	3,289,092	15.4%	Akershus	7,992,935	18.5%	8,959,905	17.4%
6,916,927	25.7%	5,174,891	24.3%	Eastern Norway	9,319,866	21.6%	11,597,524	22.5%
948,975	3.5%	570,194	2.7%	Southern Norway	958,075	2.2%	1,421,049	2.8%
5,847,224	21.7%	4,834,605	22.7%	Western Norway	8,924,471	20.7%	10,646,255	20.6%
2,911,281	10.8%	1,817,053	8.5%	Central Norway	3,957,184	9.2%	5,521,081	10.7%
2,119,641	7.9%	1,571,629	7.4%	Northern Norway, Svalbard	2,704,142	6.3%	3,338,440	6.5%
55,423	0.2%	50,443	0.2%	Abroad	116,308	0.3%	121,389	0.2%
26.33.857	**100.0%**	**21.339.106**	**100.0%**	**Total gross loans by geographic area**	**43,203,811**	**100.0%**	**51,582,467**	**100.0%**

Loans by sector and industry

Consolidated	Gross loan		Group write-downs		Net loans	
NOKt	2019	2018	2019	2018	2019	2018
Private individuals	43,203,811	49,458,634	-385,807	-315,711	42,818,003	49,142,923
Commercial business		2,123,833		-13,713		2,110,120
Total loans by sector and industry	**43,203,811**	**51,582,467**	**-385,807**	**-329,424**	**42,818,003**	**51,253,043**

Loans by sector and industry

Parent Company	Gross loan		Group write-downs		Net loans	
NOKt	2019	2018	2019	2018	2019	2018
Private individuals	21,339,106	24,810,024	-384,218	-314,501	20,954,888	24,495,522
Commercial business		2,123,833		-13,713		2,110,120
Total loans by sector and industry	**21,339,106**	**26,933,857**	**-384,218**	**-328,214**	**20,954,888**	**26,605,642**

16. Write-downs and losses on loans

Parent Company			Consolidated	
31 Dec 2018	31 Dec 2019	NOKt	31 Dec 2019	31 Dec 2018
		Write-downs and losses for the period		
135,005	195,599	+/- Change in write-downs for the period[1]	195,979	135,295
1,059	10,305	+ Losses on loans previously individually written down	10,305	1,059
5,990	22,001	+ Losses on loans not previously individually written down	22,001	5,990
-72,382	-211	- Payments on previously written-off accounts	-211	-72,382
69,671	**227,695**	**Write-downs and losses for the period**	**228,074**	**69,962**
		Loss allowance		
193,210	328,214	Loss allowance at the start of the period	329,424	194,129
135,005	56,003	+/- Change in loss allowance for the period[1]	56,383	135,295
328,214	**384,218**	**Loss allowance at the end of the period**	**385,807**	**329,424**
		Defaulted loans		
551,052	575,247	Gross default over 90 days	580,281	553,643

[1] NOK 139,597m transfered to Nordea Finans Norge AS

Parent Company			Consolidated	
31 Dec 2018	31 Dec 2019	NOKt	31 Dec 2019	31 Dec 2018
		Losses by sector and industry		
68,494	210,597	Private individuals	210,976	68,785
1,177	17,098	Commercial business	17,098	1,177
69,671	**227,695**	**Total losses by sector and industry**	**228,074**	**69,962**

16. Write-downs and losses on loans (cont.)

Credit quality by risk group

Consolidated

31 Dec 2019 NOKt	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
Loans to and claims on customers				
Low	39,433,026	342	17,965	39,451,332
Medium	1,141,656	426,291	8,531	1,576,478
High	521,011	981,161	58,839	1,561,011
Not classified	3,982	159	43	4,184
Impaired and written down	959	6	588,824	589,789
Adjustment	21,016			21,016
Total	**41,121,650**	**1,407,959**	**674,202**	**43,203,811**
Loss allowance	31,998	47,456	306,354	385,807
Total net	**41,089,652**	**1,360,503**	**367,848**	**42,818,003**

Consolidated

31 Dec 2018 NOKt	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
Loans to and claims on customers				
Low	44981,375	102,610	52,075	45136,060
Medium	4127,112	584,889	16,493	4728,494
High	547,681	369,887	30,988	948,556
Not classified	184,008	11,919	2	195,929
Impaired and written down	585		583,642	584,227
Adjustment [1]	-10,800			-10,800
Total	**49829,961**	**1069,305**	**683,200**	**51582,467**
Loss allowance	46,377	40,302	242,745	329,424
Total net	**49783,584**	**1029,003**	**440,455**	**51253,043**

[1]Market value adjustment for fixed interest loans and overaft facilities balance with credit balance.

Loans to and claims on customers by past due status

	31 Dec 2019		31 Dec 2018	
Consolidated NOKt	**Gross carrying amount**	**Loss allowance**	**Gross carrying amount**	**Loss allowance**
0-29 days	42,467,867	70,486	50,657,522	80,151
30-59 days	109,557	18,161	254,235	20,822
60-89 days	46,106	13,902	117,066	15,191
90+ days	580,281	283,258	553,643	213,260
Total	**43,203,811**	**385,807**	**51,582,467**	**329,424**

16. Write-downs and losses on loans (cont.)

Credit quality by risk group

Parent Company

31 Dec 2019 NOKt	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
Loans to and claims on customers				
Low	17,836,632	342	12,504	17,849,477
Medium	1,135,770	337,142	8,531	1,481,443
High	513,179	840,554	44,923	1,398,656
Not classified	3,533	159	43	3,735
Impaired and written down	959	6	583,790	584,755
Adjustment	21,039			21,039
Total	**19,511,112**	**1,178,203**	**649,791**	**21,339,106**
Loss allowance	31,518	47,342	305,358	384,218
Total net	**19,479,594**	**1,130,861**	**344,433**	**20,954,888**

Parent Company

31 Dec 2018 NOKt	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
Loans to and claims on customers				
Low	21,978,539	102,610	45,677	22,126,825
Medium	4,118,523	514,893	13,979	4,647,394
High	543,101	307,653	25,150	875,904
Not classified	-1,258,677	-28,722	3,980	-1,283,419
Impaired and written down	585		577,368	577,953
Adjustment [1]	-10,800			-10,800
Total	**25,371,270**	**896,433**	**666,154**	**26,933,857**
Loss allowance	45,497	40,217	242,500	328,214
Total net	**25,325,773**	**856,216**	**423,653**	**26,605,643**

[1]Market value adjustment for fixed interest loans and overaft facilities balance with credit balance.

Loans to and claims on customers by past due status

Parent Company NOKt	31 Dec 2019 Gross carrying amount	31 Dec 2019 Loss allowance	31 Dec 2018 Gross carrying amount	31 Dec 2018 Loss allowance
0-29 days	20,618,695	69,071	26,014,101	78,998
30-59 days	102,875	18,090	254,234	20,822
60-89 days	42,289	13,878	114,470	15,174
90+ days	575,247	283,179	551,052	213,220
Total	**21,339,106**	**384,218**	**26,933,857**	**328,214**

16. Write-downs and losses on loans (cont.)

The following tables reconcile the opening and closing balances for accumulated loan loss allowance on financial Instruments.

Reconciling items includes the following:
-Changes in allowance due to the origination of new financial instruments during the period.
-Changes in allowance due to the derecognition of financial instruments during the period.
-Transfers between stages due to changes in credit risk. This includes the difference in loan loss allowance balance from one period to another.
-Changes in balance with no transfer between stages are related to financial instruments that did not move between stages but had changes in balances and hence resulting in changes in loan loss allowance.

Balances shown are loan loss allowance balances as of end of period except for "financial assets that have been derecognised" which are as of the beginning of period.

Loss allowance

Consolidated NOKt	**Stage 1 12-month ECL**	**Stage 2 lifetime ECL**	**Stage 3 lifetime ECL**	**Total balance sheet allowance**
Loss allowance as at 1 Jan 2019	**46,376**	**40,302**	**242,745**	**329,424**
Transfer to stage 1	2,167	-7,126	-1,860	-6,819
Transfer to stage 2	-2,235	25,501	-140	23,126
Transfer to stage 3	-3,605	-14,751	122,530	104,175
New Finanicial assets originated during the period	5,724	19,050	25,844	50,618
Financial assets that have been derecognised	-22,534	-16,277	-41,900	-80,711
Changes in balance with no transfer between stages	6,103	756	-40,866	-34,006
Loss allowance as at 31 Dec 2019	**31,998**	**47,456**	**306,354**	**385,807**
of which mortgage	3,086	1,249	9,649	13,984
of which credit card	8,680	970	28,219	37,869

Consolidated NOKt	**Stage 1 12-month ECL**	**Stage 2 lifetime ECL**	**Stage 3 lifetime ECL**	**Total balance sheet allowance**
Loss allowance as at 1 Jan 2018	**35,772**	**51,543**	**106,814**	**194,129**
Transfer to stage 1	804	-12,242	-1,848	-13,286
Transfer to stage 2	-1,015	19,291	-147	18,129
Transfer to stage 3	-2,796	-16,268	135,636	116,572
New Finanicial assets originated during the period	22,392	10,986	17,136	50,514
Financial assets that have been derecognised	-7,411	-14,259	-54,931	-76,602
Changes in balance with no transfer between stages	-1,369	1,251	40,086	39,967
Loss allowance as at 31 Dec 2018	**46,376**	**40,302**	**242,745**	**329,424**
of which mortgage	3,298	474	7,371	11,143
of which car loan	16,778	11,160	13,305	41,243
of which credit card	9,027	1,407	21,612	32,046

16. Write-downs and losses on loans (cont.)

NOKt	31 Dec 2019	31 Dec 2018
Stage 1	31,998	46,376
Stage 2	47,456	40,302
Stage 3	306,354	242,745
Total	**385,807**	**329,424**
Stage 1	8.3%	14.1%
Stage 2	12.3%	12.2%
Stage 3	79.4%	73.7%
Total	**100.0%**	**100.0%**

Loss allowance

Parent Company NOKt	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total balance sheet allowance
Loss allowance as at 1 Jan 2019	**45,497**	**40,217**	**242,500**	**328,214**
Transfer to stage 1	2,157	-7,116	-1,860	-6,819
Transfer to stage 2	-2,193	25,453	-134	23,126
Transfer to stage 3	-2,708	-14,751	121,634	104,175
New Finanicial assets originated during the period	5,656	19,047	25,844	50,547
Financial assets that have been derecognised	-22,268	-16,223	-41,828	-80,319
Changes in balance with no transfer between stages	5,376	715	-40,797	-34,706
Loss allowance as at 31 Dec 2019	**31,518**	**47,342**	**305,358**	**384,218**
of which mortgage	2,606	1,134	8,654	12,394
of which credit card	8,680	970	28,219	37,869

Parent Company NOKt	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total balance sheet allowance
Loss allowance as at 1 Jan 2018	**35,222**	**51,447**	**106,541**	**193,210**
Transfer to stage 1	768	-12,200	-1,728	-13,159
Transfer to stage 2	-1,013	19,231	-147	18,071
Transfer to stage 3	-2,796	-16,268	135,455	116,392
New Finanicial assets originated during the period	22,040	10,969	17,113	50,122
Financial assets that have been derecognised	-7,311	-14,215	-54,824	-76,350
Changes in balance with no transfer between stages	-1,413	1,252	40,089	39,928
Loss allowance as at 31 Dec 2018	**45,497**	**40,217**	**242,500**	**328,214**
of which mortgage	2,418	389	7,126	9,933
of which car loan	16,778	11,160	13,305	41,243
of which credit card	9,027	1,407	21,612	32,046

16. Write-downs and losses on loans (cont.)

NOKt	31 Dec 2019	31 Dec 2018
Stage 1	31,518	45,497
Stage 2	47,342	40,217
Stage 3	305,358	242,500
Total	**384,218**	**328,214**
Stage 1	8.2%	13.9%
Stage 2	12.3%	12.3%
Stage 3	79.5%	73.9%
Total	**100.0%**	**100.0%**

The following tables reconcile the opening and closing balances on gross carrying amount.

Reconciling items includes the following:
- Transfers between stages due to changes in credit risk.
- Changes due to the origination of new financial instruments during the period.
- Changes due to the derecognition of loans during the period, including down-payment of loans, write-offs and sale of assets.

Balances shown are as of end of period except for "financial assets that have been derecognised" which are as of beginning of period and "down-payments" which are computed as the difference of the beginning of period and closing period balances.

Loans to and claims on customers

Consolidated NOKt	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
Gross carrying amount as at 1 Dec 2019	**49,829,961**	**1,069,305**	**683,200**	**51,582,467**
Transfer to stage 1	283,980	-273,912	-10,068	
Transfer to stage 2	-617,146	618,299	-1,154	
Transfer to stage 3	-229,100	-73,490	302,590	
New financial assets originated	14,074,160	602,351	64,354	14,740,865
Financial assets that have been derecognised	-20,563,522	-510,449	-355,370	-21,429,341
Change in balances due to payments	-1,688,499	-24,145	-19,601	-1,732,245
Other changes [1]	31,816		10,248	42,064
Gross carrying amount as at 31 Dec 2019	**41,121,650**	**1,407,959**	**674,202**	**43,203,811**
Loss allowance as at 31 Dec 2019	31,998	47,456	306,354	385,807

[1]Market value adjustment for fixed interest loans and overaft facilities balance with credit balance.

16. Write-downs and losses on loans (cont.)

Consolidated NOKt	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
Gross carrying amount as at 1 Dec 2018	**43,685,379**	**1,998,729**	**372,026**	**46,056,133**
Transfer to stage 1	808,028	-779,446	-28,582	
Transfer to stage 2	-357,004	363,182	-6,178	
Transfer to stage 3	-284,233	-138,967	423,201	
New financial assets originated	18,720,245	296,404	95,600	19,112,249
Financial assets that have been derecognised	-10,602,923	-576,136	-145,219	-11,324,277
Change in balances due to payments	-2,132,219	-94,460	-27,648	-2,254,327
Other changes [1]	-7,311			-7,311
Gross carrying amount as at 31 Dec 2018	**49,829,961**	**1,069,305**	**683,200**	**51,582,467**
Loss allowance as at 31 Dec 2018	46,377	40,302	242,745	329,424

[1]Market value adjustment for fixed interest loans and overaft facilities balance with credit balance.

Loans to and claims on customers

Consolidated NOKt	31 Dec 2019	31 Dec 2018
Stage 1	41,121,650	49,829,961
Stage 2	1,407,959	1,069,305
Stage 3	674,202	683,200
Total	**43,203,811**	**51,582,467**
Stage 1	95.2%	96.6%
Stage 2	3.3%	2.1%
Stage 3	1.6%	1.3%
Total	**100.0%**	**100.0%**

16. Write-downs and losses on loans (cont.)

Loans to and claims on customers

Parent Company NOKt	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
Gross carrying amount as at 1 Jan 2019	**25,371,270**	**896,433**	**666,154**	**26,933,857**
Transfer to stage 1	220,340	-213,946	-6,394	
Transfer to stage 2	-462,341	462,587	-246	
Transfer to stage 3	-208,425	-73,490	281,915	
New financial assets originated	10,239,083	574,131	64,354	10,877,569
Financial assets that have been derecognised	-13,440,871	-436,157	-347,996	-14,225,024
Change in balances due to payments	-700,768	-21,498	-18,244	-740,510
Other Changes [1]	-1,507,177	-9,857	10,248	-1,506,786
Gross carrying amount as at 31 Dec 2019	**19,511,112**	**1,178,203**	**649,791**	**21,339,106**
Loss allowance as at 31 Dec 2019	31,518	47,342	305,358	384,218

Parent Company NOKt	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
Gross carrying amount as at 1 Jan 2018	**23,078,480**	**1,515,744**	**356,383**	**24,950,607**
Transfer to stage 1	589,688	-567,358	-22,331	
Transfer to stage 2	-299,172	305,350	-6,178	
Transfer to stage 3	-278,351	-132,829	411,180	
New financial assets originated	8,842,341	240,653	94,829	9,177,823
Financial assets that have been derecognised	-5,267,438	-384,716	-140,563	-5,792,717
Change in balances due to payments	-1,286,966	-80,412	-27,166	-1,394,544
Other Changes [1]	-7,311			-7,311
Gross carrying amount as at 31 Dec 2018	**25,371,270**	**896,433**	**666,154**	**26,933,857**
Loss allowance as at 31 Dec 2018	45,497	40,217	242,500	328,214

[1]Market value adjustment for fixed interest loans and overaft facilities balance with credit balance.

Loans to and claims on customers

Parent Company NOKt	31 Dec 2019	31 Dec 2018
Stage 1	19,511,112	25,371,270
Stage 2	1,178,203	896,433
Stage 3	649,791	666,154
Total	**21,339,106**	**26,933,857**
Stage 1	91.4%	94.2%
Stage 2	5.5%	3.3%
Stage 3	3.0%	2.5%
Total	**100.0%**	**100.0%**

17. Customer deposits

	31 Dec 2019		31 Dec 2018	
NOKt	**Deposits**	**Per cent**	**Deposits**	**Per cent**
Deposits from/ debt to customers w/o agreed term to maturity	14,836,982	85.7 %	17,993,401	77.8%
Deposits from/ debt to customers with agreed term to maturity	2,469,541	14.3 %	5,129,577	22.2%
Total	**17,306,523**	**100.0 %**	**23,122,977**	**100.0%**
Average interest rate 31 Dec		1.2%		1.2%
Deposits covered by deposit guarantee	13,128,487	75.9 %	15,023,772	65.0%
Deposits by sector and industry				
Retail market	13,306,516	76.9 %	15,248,247	65.9%
Other	4,000,008	23.1 %	7,874,731	34.1%
Total deposits by sector and industry	**17,306,523**	**100.0 %**	**23,122,977**	**100.0%**
Deposits by region				
Oslo	3,815,380	22.0%	5,465,208	23.6%
Akershus	2,726,794	15.8%	3,795,988	16.4%
Eastern Norway	3,627,854	21.0%	4,490,768	19.4%
Southern Norway	489,401	2.8%	572,475	2.5%
Western Norway	3,967,146	22.9%	5,734,462	24.8%
Central Norway	1,403,046	8.1%	1,626,031	7.0%
Northern Norway, Svalbard	1,138,727	6.6%	1,304,876	5.6%
Abroad	138,177	0.8%	133,169	0.6%
Total deposits by region	**17,306,523**	**100.0%**	**23,122,977**	**100.0%**

Figures as per 31 December 2019 relates to Gjensidige Bank ASA as there are no differences between the parent company and Group. As per 31 December 2018 the parent companys total deposit was NOK 24,073.9m. NOK 308.2m relating to the subsidiary Gjensidige Bank Boligkreditt AS have been eliminated in the consolidated financial statements.

18. Liabilities opened for the issue of securities

Parent Company			Consolidated	
31 Dec 2018	**31 Dec 2019**	**NOKt**	**31 Dec 2019**	**31 Dec 2018**
		Liabilities opened for the issue of securities		
4,372,020	3,141,309	Bond debt[1]	18,019,689	22,137,072
	-250,000	- Own non-amortised certificates/bonds	-250,000	
4,921,814	**2,891,309**	**Total liabilities opened for the issue of securities**	**17,769,689**	**22,686,866**
		Liabilities opened for the issue of securities		
5,734,168	5,308,898	Bond debt[1]	6,795,521	7,245,326
5,734,168	**5,308,898**	**Total liabilities included in fair value hedge**	**6,795,521**	**7,245,326**
10,655,982	**8,200,207**	**Total liabilities opened for the issue of securities**	**24,565,210**	**29,932,192**

[1]Minus covered bonds held by Gjensidige Bank ASA issued by Gjensidige Bank Boligkreditt AS with a nominal value of NOK 2,486.0m as of 31 December 2019. The cover pool market value was NOK 2,891.3m.

The bank considers that changes in the value of the debt securities come from general changes in credit spreads and risk-free rate in the financial market.

The method used to assess the specific credit risk is to compare the pricing / credit spreads on the bank's commercial paper and bond debt with the pricing / credit spreads of other Norwegian certificate / bond equivalent issuers.

19. Liabilities from financing activitites

Consolidated NOKt	1 Jan 2019	Cash flow	Non cash flow Exchange rate changes	Non cash flow Other changes	31 Dec 2019
Deposits by credit institutions		2,956,000			2,956,000
Debt securities in issue	29,382,398	-5,200,747	4,992	378,567	24,565,210
Subordinated debt	549,794	-263,445		13,537	299,887
Total liabilities from financing activities	**29,932,192**	**-2,508,192**	**4,992**	**392,105**	**27,821,097**

Consolidated NOKt	1 Jan 2018	Cash flow	Non cash flow Exchange rate changes	Non cash flow Other changes	31 Dec 2018
Deposits by credit institutions					
Debt securities in issue	23,083,373	5,992,671	8,768	297,586	29,382,398
Subordinated debt	449,761	86,341		13,692	549,794
Total liabilities from financing activities	**23,533,134**	**6,079,012**	**8,768**	**311,278**	**29,932,192**

Parent Company NOKt	1 Jan 2019	Cash flow	Non cash flow Exchange rate changes	Non cash flow Other changes	31 Dec 2019
Deposits by credit institutions	382,327	3,086,919			3,469,246
Debt securities in issue	10,106,188	-1,953,242	4,992	42,269	8,200,207
Subordinated debt	549,794	-263,445		13,537	299,887
Total liabilities from financing activities	**11,038,309**	**870,232**	**4,992**	**55,806**	**11,969,339**

Parent Company NOKt	1 Jan 2018	Cash flow	Non cash flow Exchange rate changes	Non cash flow Other changes	31 Dec 2018
Deposits by credit institutions	496,271	-113,944			382,327
Debt securities in issue	6,700,750	3,342,662	8,768	54,008	10,106,188
Subordinated debt	449,761	86,341		13,692	549,794
Total liabilities from financing activities	**7,646,783**	**3,315,059**	**8,768**	**67,700**	**11,038,309**

20. Hedge accounting

The bank's criteria for classifying a derivative as a hedging instrument are as follows:

1. When entering into a hedge, the correlation between the hedge instrument and the hedged object is documented. In addition the hedge's goal and strategy is documented.
2. The hedge is expected to be highly effective by offsetting changes in the fair value of an identified object.
3. The effectiveness of the hedge can be reliably measured.
4. There is adequate documentation when entering into a hedge that, among other things, shows that the hedging is effective.
5.The hedge is evaluated regularly and has proven to be effective for the accounting period , i.e. within the range 80-125%.

Fair value hedges
The bank uses fair value hedges to manage its interest rate risk. Hedging is carried out to hedge against fluctuations in the value of issued fixed rate bonds due to changes in interest rates. Interest rate swaps designated as hedging instruments are measured at fair value, and changes in fair value are recognised in the income statement. For the hedged item, the fixed rate bond, the change in fair value attributable to the hedged risk is accounted for as an addition to or deduction from the carrying value in the balance sheet and in the income statement. If the hedge ceases, value changes in the carrying value of the hedged item are amortised over the remaining life using the effective interest method if the hedging instrument is a financial instrument recognised using the effective interest method.

Fair value interest rate risk

To hedge exposure to changes in the fair value of financial instruments with a fixed interest rate, the bank uses interest rate swaps.
The fair value of derivatives included in the fair value hedge are as follows:

Parent Company			Consolidated	
31 Dec 2018	**31 Dec 2019**	**NOKt**	**31 Dec 2019**	**31 Dec 2018**
		Hedge instrument:		
-15,606	-41,343	Interest rate swap	-4,800	45,542
5,750,000	**5,350,000**	**Interest rate swap nominal value**	**6,800,000**	**7,200,000**
		Hedge object		
9,123	35,377	Fixed rate bond issued	-1,038	45,804
5,750,000	**5,350,000**	**Fixed rate bond issued niminal value**	**6,800,000**	**7,200,000**

Gain/(loss) on fair value hedges

Gain/(loss) on hedging instruments and hedged items designated in fair value hedges are as follows:

Parent Company			Consolidated	
31 Dec 2018	**31 Dec 2019**	**NOKt**	**31 Dec 2019**	**31 Dec 2018**
		Hedging instrument:		
-19,127	-26,747	Interest rate swap	-46,382	-47,238
		Hedge item:		
19,504	26,254	Bond debt	45,804	47,612
377	**-493**	**Total**	**-576**	**375**

Gain (loss) is shown in the income statement under "Net gains on financial instruments at fair value"

Hedge effectiveness

The hedge is evaluated regularly and has proven to be effective for the accounting period , i.e. within the range 80-125%

Parent Company			Consolidated	
31 Dec 2018	**31 Dec 2019**	**Per cent**	**31 Dec 2019**	**31 Dec 2018**
102-110%	102-122%	Hedge effectiveness - prospektiv	100-122%	102-113%
96-106%	92-102%	Hedge effectiveness - retrospektiv	92-102%	96-106%

Fixed leg of the interest rate swap is 100% mached to the fixed rate covered bobnd bond cash flow. Ineficiency is caused by changes in value of the floating leg of the interest rate swap.

21. Subordinated debt

Name	Gjensidige Bank ASA 2015/2025 FRN C SUB	Gjensidige Bank ASA 2016/2026 FRN C SUB	Gjensidige Bank ASA 2018/2028 FRN C SUB
ISIN	NO0010735715	NO0010765027	NO0010832090
Issuer	Gjensidige Bank AS	Gjensidige Bank AS	Gjensidige Bank AS
Principal amount	100	100	100
Currency	NOK	NOK	NOK
Issue date	21.5.2015	19.5.2016	13.9.2018
Maturity date	21.5.2025	19.5.2026	13.9.2028
Next call date	22.5.2020	19.5.2021	13.9.2023
Interest rate	NIBOR 3M + 1,65%	NIBOR 3M + 2,55%	NIBOR 3M + 1.35%
General terms:			
Regulatory regulation	CRD IV	CRD IV	CRD IV
Regulatory call	Yes	Yes	Yes
Conversion right	No	No	No

22. Provisions and other liabilities

Parent Company			Consolidated	
31 Dec 2018	31 Dec 2019	NOKt	31 Dec 2019	31 Dec 2018
		Accounts payable		
-10,366	5,470	Liabilities to public authorities	5,598	-10,187
41,790	12,756	Other liabilities	12,756	41,790
31,424	**18,226**	**Total other liabilities**	**18,354**	**31,603**

23. Pensions

Gjensidige Bank ASA is required to have an occupational pension plan pursuant to the Norwegian Act relating to Mandatory Occupational Pensions. The Company's pension plans meet the requirements of the Act.

Gjensidige has both defined contribution and defined benefit plans for its employees. The defined benefit plan has been placed in a separate pension fund and is closed to new employees. New employees become members of the defined contribution pension plan.

Gjensidige Bank ASA has funded its pension obligations through Nordea Norge Pensjonskasse (pension fund), which is managed by Gabler AS, and are final salary and service based pension plans providing pension benefits on top of the statutory systems.

Gjensidige Bank ASA is also member of Fellesordningen for AFP (Avtalefestet Pensjon). Defined contribution plans are not reflected in the balance sheet, unless when earned pension rights have not been paid for.

Defined benefit plans may impact Gjensidige Bank ASA via changes in the net present value of obligations and/ or changes in the market value of plan assets. Changes in the obligation are most importantly driven by changes in assumptions on discount rates (interest rates and credit spreads), salary increases, turnover and mortality as well as relevant experience adjustments where the actual outcome differs from the assumption. Assets are invested in diversified portfolios as further disclosed below, with bond exposures mitigating the interest rate risk in the obligations and a fair amount of real assets (inflation protected) to reduce the long term inflationary risk in liabilities.

NOKt	2019	2018
Present value of the defined benefit obligation		
At 1. Jan	27,285	28,238
Current service cost	455	458
Employer's National Insurance contribution on current service cost	87	87
Interest cost	789	726
Actuarial gains and losses	7,004	-320
Benefits paid	-1,511	-1,531
Employer's National Insurance contribution on benefits paid	-294	-374
At 31. Dec	**33,815**	**27,285**
Amount recognised in the balance sheet		
Present value of unfunded plans	27,145	22,568
Present value of funded plans	6,669	4,716
Present value of the defined benefit obligation	**33,815**	**27,285**
Fair value of plan assets	-6,000	-4,327
Net defined benefit obligation	**27,815**	**22,958**
Net pension liability in the balance sheet	**27,815**	**22,958**

23. Pensions (cont.)

NOKt	2019	2018
Fair value of plan assets		
At 1. Jan	4,327	3,996
Expected return on plan assets	135	103
Actuarial gains and losses	1,512	-201
Contributions by plan participants	319	803
Employer's National Insurance contribution on benefits paid	-294	-374
At 31. Dec	**6,000**	**4,327**
Remeasurements of the net defined benefit liability/asset recognised in other comprehensive income		
Current service cost	455	458
Interest cost	789	726
Expected return on plan assets	-135	-103
Past service costs		
Employer's National Insurance contributions	87	87
Total defined benefit pension cost	**1,195**	**1,168**
The expense is recognised in the following line in the income statement		
Total operating expenses	1,195	1,168
Actuarial gains and losses recognised in other comprehensive income		
Cumulative amount at 1. Jan	-1,486	-1,367
Recognised during the period	5,492	-119
Cumulative amount at 31. Dec	**4,006**	**-1,486**

Per cent	2019	2018
Actuarial assumptions		
Discount rate	2.12%	2.98%
Expected return on plan assets	2.75%	3.20%
Change in National Insurance basic amount	3.00%	3.20%
Future pension increases	1.00%	0.00%

NOKt	2019	2018
Other specifications		
Amount recognised as expense for the defined contribution plan	9,770	11,057
Amount recognised as expense for Fellesordningen LO/NHO	2,027	1,481
Expected contribution to Fellesordningen LO/NHO next year	1,800	1,600
Expected contribution to the defined benefit plan for the next year	200	500

23. Pensions (cont.)

Per cent	Change in pension benefits 2019	Change in pension benefits 2018
Sensitivity		
10% increased mortality	-4.3%	-3.3%
10% decreased mortality	3.2%	2.4%
+ 1% point discount rate	-10.9%	-9.5%
- 1% point discount rate	13.4%	11.5%
+1% point salary adjustment	4.3%	3.6%
- 1% point salary adjustment	-3.7%	-2.0%
+ 1% point National Insurance basic amount	-2.5%	-0.8%
- 1% point National Insurance basic amount	2.5%	1.9%
+ 1% point future pension increase	11.6%	12.3%
- 1% point future pension increase	-9.8%	0.0%

Valuation hierarchy NOKt	Level 1: Quoted prices in active markets	Level 2: Valuation techniques based on observable market data	Level 3: Valuation techniques based on non-observable market data	Total as of 31 Dec 2019
Shares and similar interests		1,008		1,008
Bonds		4,074		4,074
Bank				
Derivatives		918		918
Total		**6,000**		**6,000**

Valuation hierarchy NOKt	Level 1: Quoted prices in active markets	Level 2: Valuation techniques based on observable market data	Level 3: Valuation techniques based on non-observable market data	Total as of 31 Dec2018
Shares and similar interests		255		255
Bonds		3,976		3,976
Bank				
Derivatives		95		95
Total		**4,327**		**4,327**

24. Perpetual Tier 1 capital

Perpetual Tier 1 capital instruments are perpetual but the bank can repay the capital on specific dates, for the first time five years after it was issued. The interest rate to be paid is floating 3-month NIBOR plus a fixed credit spread.

The agreed terms for the instruments meet the requirements in the EU's CRR regulations and it is included in the bank's Tier 1 capital for capital adequacy purposes. This means that the bank has a unilateral right not to repay interest or the principal to the investors. As a consequence of these terms, the instruments does not meet the requirement for a liability in IAS 32 and are therefore presented on the line perpetual Tier 1 capital under equity. Further, it implies that the interest is not presented under total interest expenses but as a reduction in other equity. The tax consequences are recognized in the income statement.

Name	**Gjensidige Bank ASA 15/ PERP FRN C HYBRID**	**Gjensidige Bank ASA 15/ PERP FRN C HYBRID**	**Gjensidige Bank ASA 17/ PERP FRN C HYBRID**	**Gjensidige Bank ASA 18/PERP FRN C HYBRID**
ISIN	NO0010735707	NO0010744295	NO0010797509	NO0010840036
Issuer	Gjensidige Bank ASA	Gjensidige Bank ASA	Gjensidige Bank ASA	Gjensidige Bank ASA
Principal amount	150	150	70	75
Currency	NOK	NOK	NOK	NOK
Issue date	21.05.2015	15.09.2015	20.06.2017	21.12.2018
Maturity date	Perpetual	Perpetual	Perpetual	Perpetual
Next call date	22.05.2020	15.09.2020	20.06.2022	21.12.2023
Interest rate	NIBOR 3M + 3.15%	NIBOR 3M + 3.40%	NIBOR 3M + 3.20%	NIBOR 3M + 3.60%
General terms:				
Regulatory regulation	CRD IV	CRD IV	CRD IV	CRD IV
Regulatory call	Yes	Yes	Yes	Yes
Conversion right	No	No	No	No

25. Fair value of financial instruments

Method used to calculate the fair value of financial instruments
Financial instruments measured at fair value (incl. financial instruments available for sale).

Fair value
Financial assets and liabilities measured at fair value are carried at the amount each asset/liability can be settled for in an orderly transaction between market participants on the measurement date. Different valuation techniques and methods are used to estimate fair value, depending on the type of financial instruments and the extent to which they are traded in active markets. Instruments are classified in their entirety in one of three valuation levels in a hierarchy on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Prices quoted in active markets are considered to be the best estimate of an asset/liability's fair value. When quoted prices in active markets are not available, the fair value of financial assets/ liabilities will preferably be estimated on the basis of valuation techniques based on observable market data . When neither quoted prices in active markets nor observable market data are available, the fair value of financial assets/ liabilities is estimated based on valuation techniques that are based on non-observable market data. For assets and liabilities for which amortised cost and fair value are virtually identical, book values and the fair value are presented with identical amounts.

Quoted prices in active markets
Quoted prices in active markets are considered the best estimate of an asset/liability's fair value. A financial asset/liability is considered valued based on quoted prices in active markets if fair value is estimated based on easily and regularly available prices and these prices represent actual and regularly occurring transactions at arm's length principle. Financial assets/liabilities valued based on quoted prices in active markets are classified as level one in the valuation hierarchy.

Valuation based on observable market data
When quoted prices in active markets are not available, the fair value of financial assets/ liabilities is preferably estimated on the basis of valuation techniques based on observable market data. A financial asset/liability is considered valued based on observable market data if fair value is estimated with reference to prices that are not quoted, but are observable either directly (as prices) or indirectly (derived from prices). Financial assets/liabilities valued based on observable market data are classified as level two in the valuation hierarchy.

Valuation based on non-observable market data
When neither quoted prices in active markets nor observable market data is available, the fair value of financial assets/liabilities is estimated based on valuation techniques which are based on non-observable market data. A financial asset/liability is considered valued based on non-observable market data if fair value is estimated without being based on quoted prices in active markets or observable market data. Financial assets/liabilities valued based on non-observable market data are classified as level three in the valuation hierarchy.

Sensitivity financial assets level three
The sensitivity analysis for financial assets that are valued on the basis of non-observable market data shows the effect on profits of realistic and plausible market outcomes. General market downturns or a worsening of the outlook can affect expectations of future cash flows or the applied multiples, which in turn will lead to a reduction in value. A fall in value of 10% is deemed to be a realistic and plausible market outcome for shares and similar interests, as well as bonds and other securities with a fixed return that are included in level three of the valuation hierarchy.

Financial instruments measured at amortised cost
Market prices are used to price loans and receivables from credit institutions and loans to customers. The value of loans that have been written down is determined by discounting future cash -flows using the internal rate of return based on market conditions for equivalent loans that have not been written down. Fair value is considered to be the carrying amount for loans and receivables measured at amortised

25. Fair value of financial instruments (cont.)

cost. No allowance has been made for any changes in credit risk over and above the changes in estimated future cash flows for loans that have been written down.

The fair value of short-term liabilities to credit institutions is estimated as being their amortised cost. Long-term liabilities to credit institutions are measured at fair value based on the equivalent interest rate the bank pays on its own bonds. Debt securities measured at amortised cost are valued in the same way as debt securities measured at fair value, cf. note 1.

Off-balancesheet obligations and guarantees
Mortgaged assets are measured at fair value, cf. note 1. Other off- balance sheet obligations and guarantees are measured at their nominal value. The fair value is shown in the balance sheet under provisions.

For assets and liabilities where amortised cost and fair value are identical, carrying amount and the fair value are presented as identical amounts equal to amortised cost, and not included in the fair value hierarchy below.

25. Fair value of financial instruments (cont.)

Consolidated	31 Dec 2019		31 Dec 2018	
NOKt	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and receivables from central banks	**60,668**	**60,668**	**53,932**	**53,932**
Loans to and receivables from credit institutions, amortised cost	549,864	549,864	422,648	422,648
Loans to and receivables from credit institutions	**549,864**	**549,864**	**422,648**	**422,648**
Loans to and receivables from customers, amortised cost	42,818,003	42,815,707	51,253,043	51,268,139
Loans to and receivables from customers, fair value				
Loans to and receivables from customers, fair value over other comprehensive income				
Loans to and receivables from customers	**42,818,003**	**42,815,707**	**51,253,043**	**51,268,139**
Interest-bearing securities, receivables and loans, amortised cost				
Interest-bearing securities, fair value	5,313,708	5,313,708	5,746,698	5,746,698
Interest-bearing securities	**5,313,708**	**5,313,708**	**5,746,698**	**5,746,698**
Derivatives	50,547	50,547	69,629	69,629
Derivatives	**50,547**	**50,547**	**69,629**	**69,629**
Shares available for sale	11,934	11,934	7,386	7,386
Shares	**11,934**	**11,934**	**7,386**	**7,386**
Other financial assets, amortised cost	105,457	105,457	65,975	65,975
Total other financial assets	**105,457**	**105,457**	**65,975**	**65,975**
Total financial assets	**48,910,182**	**48,907,886**	**57,619,311**	**57,634,408**
Liabilities				
Liability to credit institutions, amortised cost	2,956,000	2,956,000		
Liability to credit institutions	**2,956,000**	**2,956,000**		
Deposits and liabilities to customers, amortised cost	17,306,523	17,305,755	23,122,977	23,122,612
Deposits and liabilities to customers, fair value				
Deposits and liabilities to customers	**17,306,523**	**17,305,755**	**23,122,977**	**23,122,612**
Liability incurred through the issue of securities, amortised cost	17,769,689	17,894,405	22,137,072	22,252,988
Liability incurred through the issue of securities, fair value hedge	6,795,521	6,851,562	7,245,326	7,265,790
Liability incurred through the issue of securities, fair value				
Liability incurred through the issue of securities	**24,565,210**	**24,745,968**	**29,382,398**	**29,518,779**
Derivatives	55,976	55,976	28,174	28,174
Derivatives	**55,976**	**55,976**	**28,174**	**28,174**
Subordinated debt, amortised cost	299,887	304,064	549,794	553,018
Subordinated debt	**299,887**	**304,064**	**549,794**	**553,018**
Other financial liabilities, amortised cost	143,361	143,361	137,106	137,106
Other financial liabilities	**143,361**	**143,361**	**137,106**	**137,106**
Total financial liabilities	**45,326,956**	**45,511,123**	**53,220,450**	**53,359,689**
Off-balance sheet obligations and guarantees				
Guarantees			5,300	5,300
Mortgage assets[1]	842,432	842,432	784,462	784,462

[1] Securities provided as collateral for loans from/credit facility with Norges Bank.

25. Fair value of financial instruments (cont.)

Parent Company	31 Dec 2019		31 Dec 2018	
NOKt	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and receivables from central banks	**60,668**	**60,668**	**53,932**	**53,932**
Loans to and receivables from credit institutions, amortised cost	2,277,580	2,277,580	4,058,578	4,058,578
Loans to and receivables from credit institutions	**2,277,580**	**2,277,580**	**4,058,578**	**4,058,578**
Loans to and receivables from customers, amortised cost	6,386,285	6,383,988	15,683,993	15,699,090
Loans to and receivables from customers, fair value				
Loans to and receivables from customers, fair value over other comprehensive income	14,568,603	14,571,019	10,921,650	10,923,567
Loans to and receivables from customers	**20,954,888**	**20,955,008**	**26,605,643**	**26,622,657**
Interest-bearing securities, receivables and loans, amortised cost				
Interest-bearing securities, fair value	7,645,186	7,645,186	6,317,066	6,317,066
Interest-bearing securities	**7,645,186**	**7,645,186**	**6,317,066**	**6,317,066**
Derivatives	9,918	9,918	3,326	3,326
Derivatives	**9,918**	**9,918**	**3,326**	**3,326**
Shares available for sale	11,934	11,934	7,386	7,386
Shares	**11,934**	**11,934**	**7,386**	**7,386**
Other financial assets, amortised cost	72,536	72,536	43,603	43,603
Total other financial assets	**72,536**	**72,536**	**43,603**	**43,603**
Total financial assets	**31,032,710**	**31,032,830**	**37,089,534**	**37,106,548**
Liabilities				
Liability to credit institutions, amortised cost	3,469,246	3,469,246	382,327	382,327
Liability to credit institutions	**3,469,246**	**3,469,246**	**382,327**	**382,327**
Deposits and liabilities to customers, amortised cost	17,306,523	17,305,755	23,435,487	23,435,122
Deposits and liabilities to customers, fair value				
Deposits and liabilities to customers	**17,306,523**	**17,305,755**	**23,435,487**	**23,435,122**
Liability incurred through the issue of securities, amortised cost	2,891,309	2,902,569	4,372,020	4,378,002
Liability incurred through the issue of securities, fair value hedge	5,308,898	5,351,448	5,734,168	5,741,566
Liability incurred through the issue of securities, fair value				
Liability incurred through the issue of securities	**8,200,207**	**8,254,017**	**10,106,188**	**10,119,568**
Derivatives	51,890	51,890	23,018	23,018
Derivatives	**51,890**	**51,890**	**23,018**	**23,018**
Subordinated debt, amortised cost	299,887	304,064	549,794	553,018
Subordinated debt	**299,887**	**304,064**	**549,794**	**553,018**
Other financial liabilities, amortised cost	79,976	79,976	91,455	91,455
Other financial liabilities	**79,976**	**79,976**	**91,455**	**91,455**
Total financial liabilities	**29,407,729**	**29,464,949**	**34,588,270**	**34,604,508**
Off-balance sheet obligations and guarantees				
Guarantees			5,300	5,300
Mortgage assets[1]	842,432	842,432	784,462	784,462

[1] Securities provided as collateral for loans from/credit facility with Norges Bank.

25 Fair value of financial instruments (cont.)

Consolidated	31 Dec 2019			
NOKt	Level 1	Level 2	Level 3	Total
Interest-bearing securities, fair value	5,313,708			5,313,708
Shares			11,934	11,934
Derivatives		50,547		50,547
Total financial assets measured at fair value	**5,313,708**	**50,547**	**11,934**	**5,376,189**
Loans to and receivables from customers, amortised cost			42,815,707	42,815,707
Total financial assets measured at amortised cost			**42,815,707**	**42,815,707**
Derivatives		50,547		50,547
Total financial liabilities measured at fair value		**50,547**		**50,547**
Deposits and liabilities to customers, amortised cost			17,305,755	17,305,755
Liability incurred through the issue of securities, amortised cost		17,894,405		17,894,405
Subordinated debt, amortised cost		304,064		304,064
Total financial liabilities measured at amortised cost		**18,198,469**	**17,305,755**	**35,504,224**
Liability incurred through the issue of securities, fair value hedge		6,851,562		6,851,562
Total financial liabilities included in fair value hedge		**6,851,562**		**6,851,562**

Consolidated	31 Dec 2018			
NOKt	Level 1	Level 2	Level 3	Total
Interest-bearing securities, fair value	846,216	4,900,482		5,746,698
Shares			7,386	7,386
Derivatives		69,629		69,629
Total financial assets measured at fair value	**846,216**	**4,970,111**	**7,386**	**5,823,714**
Loans to and receivables from customers, amortised cost			51,268,139	51,268,139
Total financial assets measured at amortised cost			**51,268,139**	**51,268,139**
Derivatives		28,174		28,174
Total financial liabilities measured at fair value		**28,174**		**28,174**
Deposits and liabilities to customers, amortised cost			23,122,612	23,122,612
Liability incurred through the issue of securities, amortised cost		22,252,988		22,252,988
Subordinated debt, amortised cost		553,018		553,018
Total financial liabilities measured at amortised cost		**22,806,006**	**23,122,612**	**45,928,618**
Liability incurred through the issue of securities, fair value hedge		7,265,790		7,265,790
Total financial liabilities included in fair value hedge		**7,265,790**		**7,265,790**

Interest-bearing securities in the bank portfolio are moved from level 2 to level 1 in 2019.

If there are any transfers between levels of the fair value hierarchy, they are recognised at the end of the reporting period during which the change has occurred.

25. Fair value of financial instruments (cont.)

Parent Company		31 Dec 2019		
NOKt	Level 1	Level 2	Level 3	Total
Interest-bearing securities, fair value	7,645,186			7,645,186
Shares			11,934	11,934
Derivatives		9,918		9,918
Total financial assets measured at fair value	**7,645,186**	**9,918**	**11,934**	**7,667,038**
Loans to and receivables from customers, fair value over other comprehensive income			14,571,019	14,571,019
Total assets measured at fair value over other comprehensive income			**14,571,019**	**14,571,019**
Loans to and receivables from customers, amortised cost			6,383,988	12,576,170
Loans to and receivables from customers			**6,383,988**	**12,576,170**
Derivatives		51,890		51,890
Total financial liabilities measured at fair value		**51,890**		**51,890**
Deposits and liabilities to customers, amortised cost			17,305,755	17,305,755
Liability incurred through the issue of securities, amortised cost		2,902,569		2,902,569
Subordinated debt, amortised cost		304,064		304,064
Total financial liabilities measured at amortised cost		**3,206,633**	**17,305,755**	**20,512,388**
Liability incurred through the issue of securities, fair value hedge		5,351,448		5,351,448
Total financial liabilities included in fair value hedge		**5,351,448**		**5,351,448**

Parent Company		31 Des 2018		
NOKt	Level 1	Level 2	Level 3	Total
Interest-bearing securities, fair value	784,620	5,532,445		6,317,066
Shares			7,386	7,386
Derivatives		3,326		3,326
Total financial assets measured at fair value	**784,620**	**5,535,771**	**7,386**	**6,327,778**
Loans to and receivables from customers, fair value over other comprehensive income			10,923,567	10,923,567
Total assets measured at fair value over other comprehensive income			**10,923,567**	**10,923,567**
Loans to and receivables from customers, amortised cost			12,576,170	12,576,170
Loans to and receivables from customers			**12,576,170**	**12,576,170**
Derivatives		23,018		23,018
Total financial liabilities measured at fair value		**23,018**		**23,018**
Deposits and liabilities to customers, amortised cost			23,435,122	23,435,122
Liability incurred through the issue of securities, amortised cost		4,378,002		4,378,002
Subordinated debt, amortised cost		553,018		553,018
Total financial liabilities measured at amortised cost		**4,931,019**	**23,435,122**	**28,366,141**
Liability incurred through the issue of securities, fair value hedge		5,741,566		5,741,566
Total financial liabilities included in fair value hedge		**5,741,566**		**5,741,566**

Interest-bearing securities in the bank portfolio are moved from level 2 to level 1 in 2019

If there are any transfers between levels of the fair value hierarchy, they are recognised at the end of the reporting period during which the change has occurred.

25. Fair value of financial instruments (cont.)

Reconciliation of financial assets valued based on non-observable market data (level 3) 2019

Consolidated NOKt	As at 1 Jan	Net realised/ unrealised gains recognised in profit or loss	Purchases	Sales	Transfer into/ out of level 3	As at 31 Dec
Shares	7,386	4,548				11,934
Total financial assets measured at fair value	**7,386**	**4,548**				**11,934**

Sensitivity of shares 2019

Level 3 shares represent NOK 11.9m in unquoted shares in Visa Norge and Bank Axept AS. As these investments represent an immaterial value for the bank the purchase price is used as best estimate for fair value. A 10% change in valuations assumptions are assets to have limited effects on the banks' profits, and the sensitivity is presented as NOK 0.

Reconciliation of financial assets valued based on non-observable market data (level 3) 2018

Consolidated NOKt	As at 1 Jan	Net realised/ unrealised gains recognised in profit or loss	Purchases	Sales	Transfer into/ out of level 3	As at 31 Dec
Shares	4,645	2,741				7,386
Total financial assets measured at fair value	**4,645**	**2,741**				**7,386**

Sensitivity of shares 2018

Level 3 shares represent NOK 7.4m in unquoted shares in Visa Norge and Bank Axept AS. As these investments represent an immaterial value for the bank the purchase price is used as best estimate for fair value. A 10% change in valuations assumptions are assets to have limited effects on the banks' profits, and the sensitivity is presented as NOK 0.

Reconciliation of financial assets valued based on non-observable market data (level 3) 2019

Parent company NOKt	As at 1 Jan	Net realised/ unrealised gains recognised in profit or loss	Acquisitions/ Disposals	Sales to Gjensidige Bank Boligkreditt AS	Transfer into/ out of level 3	As at 31 Dec
Shares	7,386	4,548				11,934
Loans to and receivables from customers, fair value over other comprehensive income	10,923,567		10,121,205	-6,473,752		14,571,019
Total financial assets measured at fair value	**10,930,953**	**4,548**	**10,121,205**	**-6,473,752**		**14,582,953**

Reconciliation of financial assets valued based on non-observable market data (level 3) 2018

Parent Company NOKt	As at 1 Jan	Net realised/ unrealised gains recognised in profit or loss	Acquisitions/ Disposals	Sales to Gjensidige Bank Boligkreditt AS	Transfer into/ out of level 3	As at 31 Dec
Shares	4,645	2,741				7,386
Loans to and receivables from customers, fair value over other comprehensive income	14,029,473		8,243,528	-11,349,434		10,923,567
Total financial assets measured at fair value	**14,034,118**	**2,741**	**8,243,528**	**-11,349,434**		**10,930,953**

26. Related parties

Gjensidige Bank ASA is a directly owned subsidiary of Gjensidige Forsikring ASA. Gjensidige Bank Boligkreditt AS is a wholly owned subsidiary of Gjensidige Bank ASA. All companies in the group are to be regarded as related parties and will be specified to the extent that the Company has transactions or balances with them. All transactions and agreements with these parties are carried out in accordance with arm's length principles.

Gjensidige Bank Boligkreditt AS purchases services such as customer support and loan management, as well as day-to-day management and administrative services, from Gjensidige Bank ASA.

Gjensidige Bank Boligkreditt AS has access to strong credit facilities with Gjensidige Bank ASA. This ensure that the Company can pay interest and principal to the covered bonds owners, and finance the transferring of loans and the cover pool.

Further information about the credit agreements:
a) A long-term credit facility of up to NOK 1,000.0m. Expiry date 31 December 2021.
b) A short-term credit facility of up to NOK 6,000.0m. Expiry date 30 November 2020.
c) Credit facility agreement that enables Gjensidige Bank Boligkreditt AS to borrow money in order to repay its outstanding bond debt. The credit facility shall be sufficient to cover the total repayment of the outstanding bonds over the next 12 months. As of 31 December 2019, the credit limit of the agreement was NOK 3,700.0m.

NOK 6,473.8m in loans to and claims on customers was transferred from Gjensidige Bank ASA to Gjensidige Bank Boligkreditt AS in 2019.

All transactions between the parent company Gjensidige Bank ASA and the subsidiary Gjensidige Bank Boligkreditt AS have been eliminated in the consolidated financial statements.

For transactions with senior management and the Board, see note 7.

The list below shows the transactions with related parties that are recognised in the income statement

	2019				2018	
NOKt	Gjensidige Bank Boligkreditt AS	Nordea Bank Abp	Other Nordea companies	Gjensidige Group [1,2]	Gjensidige Bank Boligkreditt AS	Gjensidige Group [1]
Net interest income	65,169	77,161			54,347	
Other operating income	11,510		8,091	1,569	11,612	17,116
Other operating expenses	-917	-6,589		-4,064	-917	-47,711

The list below shows assets / liabilities with / to related parties

NOKt	31 Dec 2019				31 Dec 2018	
NOKt	Gjensidige Bank Boligkreditt AS	Nordea Bank Abp	Other Nordea companies	Gjensidige Group [1,2]	Gjensidige Bank Boligkreditt AS	Gjensidige Group [1]
Deposit	513,246	505,833			694,837	
Loans to credit institutions	1,736,594		7,109	1,243	3,651,742	2,090
Interest-bearing securities	2,495,854	660,107			710,265	
Deposits by credit institutions		2,964,484				
Other liabilities				41		9,018

[1] Companies in Gjensidige group consist of Gjensidige Forsikring ASA, Gjensidige Pensjonsforsikring AS, Gjensidige Pensjonskasse and Gjensidigestiftelsen.

[2] The sale of Gjensidige Bank ASA to Nordea Bank Abp was finalized on 1 March 2019. The list shows transactions for the period 1.1.2019-28.2.2019

Transactions between Gjensidige Bank ASA and other legal entities or branches in the Nordea Group are performed according to market based principles in conformity with OECD requirements on transfer pricing.

27. Events after the balance sheet day

No significant events have occurred after the balance sheet date.

28. Capital adequacy

Parent Company			Consolidated	
31 Dec 2018	**31 Dec 2019**	**NOKt**	**31 Dec 2019**	**31 Dec 2018**
2,180,646	1,781,886	Share capital and share premium	1,781,886	2,180,646
1,125,637	634,840	Other equity	1,344,800	1,758,921
3,306,283	**2,416,726**	**Total equity (exclusive perpetual Tier 1 capital)**	**3,126,686**	**3,939,567**
		Deductions		
-34,253	-25,714	Goodwill and other intangible assets	-25,714	-34,253
-19,989	-24,675	Value adjustments due to the requirement for prudent valuation	-5,432	-5,845
		Increase		
9,870	7,273	IFRS 9 transitional arrangements for credit loss provisioning	7,273	9,870
3,261,912	**2,373,609**	**Common equity Tier 1 capital**	**3,102,813**	**3,909,340**
		Perpetual Tier 1 capital		
444,848	445,441	Perpetual Tier 1 capital	445,441	444,848
3,706,760	**2,819,050**	**Tier 1 capital**	**3,548,253**	**4,354,188**
		Supplementary capital		
549,794	299,887	Subordinated debt	299,887	549,794
4,256,554	**3,118,937**	**Net primary capital**	**3,848,140**	**4,903,982**
		Minimum requirement for equity and subordinated debt		
		credit risk		
		Of which:		
	2,021	Local and regional authorities	2,070	
75,628	58,447	Institutions	12,997	10,689
180,147		Enterprises		180,147
625,603	211,346	Mass market positions	213,419	628,711
423,494	501,420	Positions secured by mortgage	1,112,847	1,112,466
46,813	47,310	Overdue positions	48,109	47,024
39,238	49,585	Covered bonds	30,268	34,186
		Shares in securities fund		
20,111	20,475	Equtiy positions	955	591
31,184	7,312	Other positions	7,317	31,670
1,442,219	**897,915**	**Total minimum requirement credit risk**	**1,427,981**	**2,045,483**
124,701	97,715	Operational risk	118,677	145,619
1,138	648	CVA-risk	3,280	6,930
1,568,058	**996,277**	**Minimum requirement for net primary capital**	**1,549,938**	**2,198,033**
16,779,731	**10,639,143**	**Basis of calculation of balance sheet items not included in trading portfolio**	**17,491,310**	**24,406,273**
1,248,008	**584,795**	**Basis of calculation of off-balance sheet items not included in trading portfolio**	**358,457**	**1,162,270**
19,600,729	**12,453,464**	**Risk-weighted assets (calculation basis for capital adequacy ratio)**	**19,374,227**	**27,475,409**

28. Capital adequacy (cont.)

Parent Company			Consolidated	
31 Dec 2018	31 Dec 2019		31 Dec 2019	31 Dec 2018
		Buffer requirements		
588,022	373,604	Systemic risk buffer	581,227	824,262
490,018	311,337	Conservation buffer	484,356	686,885
392,015	311,337	Countercyclical buffer	484,356	549,508
1,470,055	**996,277**	**Total buffer requirement for common equity Tier 1 capital**	**1,549,938**	**2,060,656**
294,011	**211,709**	**Pillar 2 requirement 1.7% for common equity Tier 1 capital set by The Financial Supervisory Authority of Norway (1.5% in 2018)**	**329,362**	**412,131**
615,813	**605,217**	**Available common equtiy Tier 1 capital net min.requirement**	**351,673**	**200,160**
		Capital adequacy		
21.7%	25.0%	Capital adequacy ratio	19.9%	17.8%
18.9%	22.6%	Tier 1 capital ratio	18.3%	15.8%
16.6%	19.1%	Common equity Tier 1 capital ratio	16.0%	14.2%
9.0%	8.1%	Leverage ratio	7.1%	7.3%

For credit risk the standard method is used, while basis method is used for oparational risk. The Financial Supervisory Authority of Norway has set a Pillar 2 requirement on additional 1.7% of risk-weighted assets for Gjensidige Bank Group, covered by Common equity Tier 1 capital. Total regulatory requirement for common equity Tier 1 capital is 14.2% and 17.7% for primary capital as of year end 2019.

Operational risk is based on income in the period 2017 to 2019, where one has reduced the basis for revenue related to the car portfolio which was transferred to Nordea Finans Norge AS in the fall of 2019. The Financial Supervisory Authority is required to approve a change in income for calculating operational risk, and an application is being processed by the Norwegian Financial Supervisory Authority.

New standard IFRS 9 guidelines for credit loss provisioning were implementet 1.1.2018. The bank use transitional arrangements for IFRS 9. The new rules for loss provisions increased the bank's loss and provision with NOK 13.9m. Equity was reduced by NOK 10.4m adjusted for tax. In accordance with transitional arrangements, the effect increased of loss and provision will be phased in over five years.

Parent Company			Consolidated	
31 Dec 2018	31 Dec 2019	NOKt	31 Dec 2019	31 Dec 2018
		Numbers without use of transitional arrangements:		
3,252,042	2,366,336	Common equity Tier 1 capital	3,095,540	3,899,470
3,696,890	2,811,777	Tier 1 capital	3,540,981	4,344,318
4,246,684	3,111,664	Net primary capital	3,840,867	4,894,112
16.6%	19.0%	Common equity Tier 1 capital ratio	16.0%	14.2%
18.9%	22.6%	Tier 1 capital ratio	18.3%	15.8%
21.7%	25.0%	Capital adequacy ratio	19.8%	17.8%

29. Classification of financial instruments

Consolidated NOKt Balance 31 Dec 2019	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through OCI	Financial assets and liabilities at amortised cost	Financial derivatives as hedging instruments	Non-financial assets and liabilities	Total
Assets						
Cash and claims on central banks			60,668			60,668
Loans to and claims on credit institutions			549,864			549,864
Loans to and claims on customers			42,818,003			42,818,003
Certificates, bonds and other interest-bearing securities	5,313,708					5,313,708
Derivatives	6,753			43,794		50,547
Shares and ownership interests	11,779		155			11,934
Intangible assets					25,714	25,714
Fixed assets					2,289	2,289
Deferred tax assets					10,349	10,349
Other assets			105,457		113,884	219,340
Total assets	**5,332,240**		**43,534,148**	**43,794**	**152,235**	**49,062,417**
Liabilities and equity						
Liabilities to credit institutions			2,956,000			2,956,000
Deposits and liabilities to customers			17,306,523			17,306,523
Liabilities opened for the issue of securities			24,565,210			24,565,210
Derivatives	7,382			48,593		55,976
Other liabilities			143,361		135,519	278,880
Deferred tax liabilities						
Provision for pension liability					27,815	27,815
Subordinated debt			299,887			299,887
Total liabilities	**7,382**		**45,270,981**	**48,593**	**163,334**	**45,490,290**
Total equity					**3,572,127**	**3,572,127**
Total liabilities and equity	**7,382**		**45,270,981**	**48,593**	**3,735,461**	**49,062,417**

29. Classification of financial instruments (cont.)

Parent Company NOKt Balance 31 Dec 2019	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through OCI	Financial assets and liabilities at amortised cost	Financial derivatives as hedging instruments	Non-financial assets and liabilities	Total
Assets						
Cash and claims on central banks			60,668			60,668
Loans to and claims on credit institutions			2,277,580			2,277,580
Loans to and claims on customers		14,568,603	6,386,285			20,954,888
Certificates, bonds and other interest-bearing securities	7,645,186					7,645,186
Derivatives	6,753			3,165		9,918
Shares and ownership interests	11,779		155			11,934
Shares in subsidiaries			1,220,030			1,220,030
Intangible assets					25,714	25,714
Fixed assets					2,289	2,289
Deferred tax assets					10,106	10,106
Other assets			72,536		113,821	186,357
Total assets	**7,663,718**	**14,568,603**	**10,017,254**	**3,165**	**151,930**	**32,404,670**
Liabilities and equity						
Liabilities to credit institutions			3,469,246			3,469,246
Deposits and liabilities to customers			17,306,523			17,306,523
Liabilities opened for the issue of securities			8,200,207			8,200,207
Derivatives	7,382			44,508		51,890
Other liabilities			79,976		106,960	186,936
Provision for pension liability					27,815	27,815
Subordinated debt			299,887			299,887
Total liabilities	**7,382**		**29,355,838**	**44,508**	**134,775**	**29,542,503**
Total equity					**2,862,167**	**2,862,167**
Total liabilities and equity	**7,382**		**29,355,838**	**44,508**	**2,996,941**	**32,404,670**

29. Classification of financial instruments (cont.)

Consolidated NOKt Balance 31 Dec 2018	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through OCI	Financial assets and liabilities at amortised cost	Financial derivatives as hedging instruments	Non-financial assets and liabilities	Total
Assets						
Cash and claims on central banks			53,932			53,932
Loans to and claims on credit institutions			422,648			422,648
Loans to and claims on customers			51,253,043			51,253,043
Certificates, bonds and other interest-bearing securities	5,746,698					5,746,698
Derivatives	24,087			45,542		69,629
Shares and ownership interests	7,231		155			7,386
Intangible assets					34,253	34,253
Fixed assets					3,982	3,982
Deferred tax assets					14,126	14,126
Other assets			65,975		227,107	293,082
Total assets	**5,778,017**		**51,795,753**	**45,542**	**279,468**	**57,898,780**
Liabilities and equity						
Deposits and liabilities to customers			23,122,977			23,122,977
Liabilities opened for the issue of securities			29,382,398			29,382,398
Derivatives				28,174		28,174
Other liabilities			137,106		270,957	408,064
Provision for pension liability					22,958	22,958
Subordinated debt			549,794			549,794
Total liabilities			**53,192,276**	**28,174**	**293,915**	**53,514,365**
Total equity					**4,384,415**	**4,384,415**
Total liabilities and equity			**53,192,276**	**28,174**	**4,678,330**	**57,898,780**

29. Classification of financial instruments (cont.)

Parent Company NOKt Balance 31 Dec 2018	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through OCI	Financial assets and liabilities at amortised cost	Financial derivatives as hedging instruments	Non-financial assets and liabilities	Total
Assets						
Cash and claims on central banks			53,932			53,932
Loans to and claims on credit institutions			4,058,578			4,058,578
Loans to and claims on customers		10,921,650	15,683,993			26,605,643
Certificates, bonds and other interest-bearing securities	6,317,066					6,317,066
Derivatives				3,326		3,326
Shares and ownership interests	7,231		155			7,386
Shares in subsidiaries			1,220,030			1,220,030
Intangible assets					34,253	34,253
Fixed assets					3,982	3,982
Deferred tax assets					11,868	11,868
Other assets					270,286	270,286
Total assets	**6,324,297**	**10,921,650**	**21,016,688**	**3,326**	**320,389**	**38,586,350**
Liabilities and equity						
Liabilities to credit institutions			382,327			382,327
Deposits and liabilities to customers			23,435,487			23,435,487
Liabilities opened for the issue of securities			10,106,188			10,106,188
Derivatives				23,018		23,018
Other liabilities			91,455		223,991	315,446
Provision for pension liability					22,958	22,958
Subordinated debt			549,794			549,794
Total liabilities			**34,565,252**	**23,018**	**246,949**	**34,835,219**
Total equity					**3,751,131**	**3,751,131**
Total liabilities and equity			**34,565,252**	**23,018**	**3,998,080**	**38,586,350**

30. Shares and ownership interests

Parent Company			Consolidated	
31 Dec 2018	31 Dec 2019	NOKt	31 Dec 2019	31 Dec 2018
7,386	11,934	Ownership interest/shares	11,934	7,386
1,220,030	1,220,030	Shares in subsidiaries		
1,227,416	**1,231,964**	**Total**	**11,934**	**7,386**
	4,548	Stock exchange listed securities	4,548	
1,227,416	1,227,416	Unlisted securities	7,386	7,386
1,227,416	**1,231,964**	**Total**	**11,934**	**7,386**

31 Dec 2019 Specification of ownership interest/shares	Norwegian registratin number	Acquisition cost	Carrying amount	Market value	Voting shares %
Vipps AS	918 713 867	155	155	na	0.16%
VN Norge AS	821 083 052	4,490	7,231	7,231	0.53%
Gjensidige Forsikring ASA	995 568 217	4,548	4,548	4,548	na

31 Dec 2019 Shares in subsidiaries	Registered office	Acqusi-tion year	Carrying amount	Share capital in company	Interest held	Controlling interest	Currency
Gjensidige Bank Boligkreditt AS	Essendrops gate 7, Oslo, Norway	2009	1,220,030	208,000	100%	100%	NOK

31 Dec 2018 Specification of ownership interest/shares	Norwegian registratin number	Acquisition cost	Carrying amount	Market value	Voting shares %
Vipps AS	Oslo, Norway	155	155	na	0.16%
Visa Norge	Oslo, Norway	4,490	7,231	7,231	0.53%

31 Dec 2018 Shares in subsidiaries	Registered office	Acqusi-tion year	Carrying amount	Share capital in company	Interest held	Controlling interest	Currency
Gjensidige Bank Boligkreditt AS	Schweigaards gt. 14, Oslo, Norway	2009	1,220,030	208,000	100%	100%	NOK

31. Risk and risk management

Gjensidige Bank ASA is mainly exposed to credit risk, market risk, liquidity risk and operational risk. The Board approves the strategy and policies for managing the bank's risks including limits for risk appetite. The largest risk is credit risk.

The Board of Gjensidige Bank ASA has the overall responsibility for ensuring efficient processes for risk management and internal control. The bank's management is responsible for implementing the guidelines issued by the Board for efficient risk management and internal control processes and keeping the board informed of the risk situation. The bank's 2nd line risk management functions (CRO and Compliance) is responsible for independent surveillance of the banks risk management and risk exposure and ensure that the Board at all time is adequately informed of the bank risk exposure.

Capital adequacy regulations

The capital regulations are built on three pillars:

- Pillar 1 Minimum capital requirements
- Pillar 2 ICAAP process for evaluation of the bank's total capital requirements
- Pillar 3 Requirements for the public disclosure of financial information

Pillar 1: The bank uses the standard method for reporting credit risk and the basic indicator approach for reporting operational risk.

Pillar 2: The bank prepares the ICAAP document in accordance with its own ICAAP process. Guidelines for ICAAP are Board-approved. The document is prepared with broad involvement of management and specialists in the bank, as well as the involvement of the Board.

Pillar 3: The bank has defined guidelines for the public disclosure of information, and they have been adopted by the Board.

The Pillar 3 document is presented together with the annual report.

Credit risk liquidity portfolio by counterparty:

31 Dec 2019

Consolidated NOKt	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	Unrated	Total
Cash and claims on central banks	60,668					60,668
Loans to and claims on credit institutions		487,879	61,986			549,864
State and government guaranteed bonds	928,632					928,632
Municipalities and counties	583,637	93,312				676,949
Covered bonds	3,334,374				189,524	3,523,898
Other	184,229					184,229
Total	**5,091,540**	**581,191**	**61,986**		**189,524**	**5,924,241**

31 Dec 2019

Parent company NOKt	AAA Fair value	AA Fair value	A Fair value	BBB Fair value	Unrated	Total
Cash and claims on central banks	60,668					60,668
Loans to and claims on credit institutions		487,879	61,986			549,864
State and government guaranteed bonds	842,432					842,432
Municipalities and counties	583,637	93,312				676,949
Covered bonds	5,752,052				189,524	5,941,576
Other	184,229					184,229
Total	**7,423,018**	**581,191**	**61,986**		**189,524**	**8,255,719**

31. Risk and risk management (cont.)

Credit risk liquidity portfolio by counterparty:

31 Dec 2018

Consolidated **NOKt**	**AAA** **Fair value**	**AA** **Fair value**	**A** **Fair value**	**BBB** **Fair value**	**Unrated**	**Total**
Cash and claims on central banks	53,932					53,932
Loans to and claims on credit institutions		366,424	56,223			422,648
State and government guaranteed bonds	846,216					846,216
Municipalities and counties	585,559	94,257				679,817
Covered bonds	3,843,376				190,552	4,033,928
Other	186,737					186,737
Total	**5,515,821**	**460,682**	**56,223**		**190,552**	**6,223,278**

31 Dec 2018

Parent company **NOKt**	**AAA** **Fair value**	**AA** **Fair value**	**A** **Fair value**	**BBB** **Fair value**	**Unrated**	**Total**
Cash and claims on central banks	53,932					53,932
Loans to and claims on credit institutions		366,424	56,223			422,648
State and government guaranteed bonds	784,620					784,620
Municipalities and counties	585,559	94,257				679,817
Covered bonds	4,475,339				190,552	4,665,891
Other	186,737					186,737
Total	**6,086,188**	**460,682**	**56,223**		**190,552**	**6,793,645**

Credit risk derivatives by counterparty 31 Dec 2019

Consolidated **NOKt**	**AAA** **Fair value**	**AA** **Fair value**	**A** **Fair value**	**BBB** **Fair value**	**Unrated**	**Total**
Credit risk by counterparty		4,363	37,596			41,959
Total		**4,363**	**37,596**			**41,959**

Parent company **NOKt**	**AAA** **Fair value**	**AA** **Fair value**	**A** **Fair value**	**BBB** **Fair value**	**Unrated**	**Total**
Credit risk by counterparty		4,363	1,053			5,416
Total		**4,363**	**1,053**			**5,416**

Credit risk derivatives by counterparty 31 Dec 2018

Consolidated **NOKt**	**AAA** **Fair value**	**AA** **Fair value**	**A** **Fair value**	**BBB** **Fair value**	**Unrated**	**Total**
Credit risk by counterparty			62,524			62,524
Total			**62,524**			**62,524**

Parent company **NOKt**	**AAA** **Fair value**	**AA** **Fair value**	**A** **Fair value**	**BBB** **Fair value**	**Unrated**	**Total**
Credit risk by counterparty			1,376			1,376
Total			**1,376**			**1,376**

31. Risk and risk management (cont.)

The bank's risk areas
The bank's risk areas are evaluated continuously, and the strategy for the risk areas is reviewed annually by the Board. As a part of the ICAAP-process the bank uses different models to calculate capital requirements. The capital requirements are calculated for the risk areas for the entire strategy period in the current strategy plan, shown in the bank's ICAAP document, and capital adequacy is reported to the Board quarterly. The capital plan is constantly updated based on actual growth and updated forecasts.

Credit risk
Credit risk refers to the risk the bank faces in the event of a borrower's failure to repay a loan or credit or to meet their contractual obligation to the bank. The bank's credit risk originates mostly from loans and credits to consumers in Norway. The bank is also exposed to credit risk derivatives and through placements in the liquidity reserve.

The Board sets the overall limit for the bank's credit risk appetite. Gjensidige Bank ASA offers a wide range of lending products, including secured as well as unsecured loans and credits, to meet a variety of needs of consumers in the country.

Secured lending mainly comprises loans and credits secured by residential property.

The bank also has a portfolio of unsecured consumer finance lending which is moderate in size compared to the total lending exposure in the bank. The bank has a higher return on this portfolio that is proportionate to the level of credit risk in the portfolio. A large part of the credit losses is consequently related to the unsecured consumer finance lending portfolio. The bank uses risk-based pricing models driven by scores.

The credit risk related to the bank's liquidity portfolio is assessed as low.

Models for monitoring credit risk
The bank uses application score models based on internal and external customer information for decisions relating to customers' applications for a loan. In addition, the bank uses behaviour score models that predict the probability of default on customers for decisions related to top-ups, collections, group write-downs and other portfolio management decisions.

	Parent Company		Loan-to-value, secured loans		Consolidateed	
Distribution as percentage	Gross carrying amounts	Unused credit lines	31 Dec. 2019 NOKt	Distribution as percentage	Gross carrying amounts	Unused credit lines
4.44%	780,163	192,971	0% - 40%	13.68%	5,398,196	632,746
14.28%	2,512,620	317,789	40% - 60%	29.47%	11,629,000	1,156,686
52.88%	9,301,405	148,655	60% - 80%	43.28%	17,077,014	806,542
26.16%	4,602,367	11,999	80% - 90%	12.28%	4,845,560	31,628
1.38%	242,131	6,611	90% - 100%	0.74%	290,376	13,547
0.86%	151,289	12,452	>100%	0.54%	214,535	20,595
100.00%	**17,589,975**	**690,477**	**Home Loans**	**100.00%**	**39,454,680**	**2,661,745**

	Parent Company		Loan-to-value, secured loans		Consolidateed	
Distribution as percentage	Gross carrying amounts	Unused credit lines	31 Dec. 2019 NOKt	Distribution as percentage	Gross carrying amounts	Unused credit lines
5.77%	834,043	223,762	0% - 40%	13.27%	5,188,200	635,723
17.92%	2,588,785	362,269	40% - 60%	28.99%	11,331,694	1,174,084
45.66%	6,595,041	156,120	60% - 80%	44.19%	17,276,391	862,178
29.13%	4,207,737	14,338	80% - 90%	12.56%	4,910,721	31,299
0.83%	120,007	8,876	90% - 100%	0.43%	169,307	14,841
0.68%	98,538	7,664	>100%	0.55%	216,447	17,800
100.00%	**14,444,151**	**773,029**	**Home Loans**	**100.00%**	**39,092,760**	**2,735,925**

31. Risk and risk management (cont.)

With the help of these score models, the lending portfolios in the bank are grouped into risk classes, from the lowest to highest risk, based on their probability of default. These risk categorisations are mainly intended to assist in various credit decisions and monitoring. They are then further grouped into three main risk groups: Low risk, Medium risk and High risk which are used in the bank's monthly portfolio monitoring and reporting. The loans that are already on the reporting date are included in a separate category – Impaired and Write-down. In addition, there are a small group of loans that may not have been classified into each of the above categories due to the fact that these are not scored or rated due to insufficient data on the reporting date.

The bank's maximum credit exposure related to lending portfolio is NOK 49,758.8m.

The weighted average portfolio loan to value ratio is estimated at 60.4% for the mortgage portfolio. This estimate is based on the exposure on the reporting date as a ratio of the property value as estimated upon loan approval, including any higher priority pledge(s). The bank regularly controls depotvalues and adjusts in case of significant change. The bank's credit policy is in accordance with the regulation for new mortgage loans set by the Ministry of Finance on 15 November 2019, and regulation for consumer lending set by the Ministry of Finance on 12 February 2019.

A final write-off is recognised when it is evident that the loan will not be repaid and there is no collateral left to cover the loan. In such instances, any corresponding provision will be reversed. In the event of a payment being received on a previously written-off loan, it is recognised as a recovery on a previously written-off loan. Contractual outstanding amounts for financial assets that were written down during the period and which are still subject to enforcement activities amount to approximately NOK 46 million.

During the year, the total increase in group provisions that has been reported is NOK 196.0m. The actual loss recognised by the bank during 2019 is NOK 32.3m.

The majority of the bank's lending to customers are lending secured by residential property. When calculating loan loss provisions on loans secured by residential property, a conservative assessment of the value of the property is used. The basis for the assessment of the collateral value is the estimated market value with a "haircut" at the time of granting the loan. The bank monitors the value of the individual properties using "Eiendomsverdi" model, and in cases where the value of the property has dropped significantly, the collateral value is adjusted down. When calculating loss provisions, it is also taken into account that a forced realization of the residential property will result in a net settlement that is considerably lower than the estimated market value of the home. No changes have been done to the methodology of assessing collateral values the last reporting period.

The general increase in residential property prices over the last year result in a general underestimation of the collateral values compared to the actual market values at the moment.

The Board considers the loss and the provision levels to be satisfactory.

Market risk
Market risk is the risk of losses associated with movements in market prices, which in this context relate to positions and activities in the interest-, currency-, credit- and stock markets.

The bank's finance strategy set by the Board provides guidelines and limits for managing market risk.

The bank's market risk is substantially related to currency risk, interest rate risk and spread risk (credit risk).

Interest rate risk arises when the bank's assets and liabilities have different remaining fixed-rate periods. The interest rate risk is managed by adopting fixed interest rate periods for assets and liabilities. In addition, derivatives are used for hedging. Interest rate risk is measured as loss potential with 1% change in interest rate level. Fixed interest assets and liabilities in millions multiplied by the remaining interest rate period multiplied with 1%.

The interest rate risk limit for all time periods are plus/minus NOK 15m. The bank's limit for cumulative exposure to interest rate risk is NOK 15m. Interest rate risk under three months is measured and reported, but the exposure is not included in the interest risk limits. When the limit is fully utilised, the loss for the bank given a one percentage point change in the

31. Risk and risk management (cont.)

yield curve will be NOK 15m. Utilization of this limit is reported monthly to the Board.

As of 31 December 2019, the bank has a negative interest rate exposure of NOK 9m in the 3 months to one year interval. The net accumulated interest rate exposure over three months is a positive NOK 5m as of 31 December 2019.

Spread risk is mainly related to the banks liquidity portfolio. By investing in sound securities with short-term maturity and with expectations that the value will be less exposed to changes in the credit spread, the bank limits the spread risk on its assets. Risk limit related to spread risk is defined and calculated based on FSA's simplified module for market- and credit risk. Utilization of this limit is reported monthly to the Board.

The market value of the bank's own bonds varies with changes in the credit spreads. The bank uses hedge accounting for fixed rate bond issued, but is not hedging the spread risk for own bonds issued.

Currency risk is the risk of loss due to changes in exchange rates. The risk arises from the bank's bond in foreign currency. The bank manages this risk by using derivatives. The bank changes from currencies into NOK with an approved counterparty on both principal and interest through "cross currency rate swaps". In practice, this means that a combination of a bond in currency and cross-currency rate swap rate swap, the bond is converted from currency into a bond in NOK based on NIBOR. Under IFRS the changes in the fair value of the derivative related to changes in cross currency basis swaps are recognised as value change in financial instruments.

A of 31 December 2019 the bank has outstanding bonds in Swedish krone of 200m.

Gjensidige Bank ASA does not have stock market risk. Gjensidige Bank ASA does not have market risk under Pillar 1, because the bank does not have a trading portfolio.

Concentration risk
Concentration risk is the risk of losses due to the bank having large parts of its lending tied to a single borrower or to limited geographic or business areas. The concentration risk is managed using the bank's risk frameworks and is measured and assessed through annual stress tests / scenario analyses in the credit area.

As of 31 December 2019, the portfolio is geographically diverse, with the greatest lending in the most populous areas of the country. The bank's liquidity reserves are mainly placed in securities issued by the Norwegian government and Norwegian covered bonds (OMF).

Operational risk
Operational risk is the risk of losses resulting from inadequate or failing internal processes or systems, human error or external events and compliance and reputational risk. The bank has its own loss and event database for the evaluation, follow-up and storage of operational incidents. In Mars 2019 the Bank converted to Nordea's operational risk management system "NORMS" for the assessment and management of undesirable incidents.

Departmental managers in the various operational areas are responsible for identifying, limiting and managing operational risks within their respective areas. Operational risk sources are identified and communicated via the bank's internal procedures, which are tested regularly. Responsibility for follow-up of the internal control testing rests with the internal control responsible.

The bank's management regularly reviews its internal controls. The bank has a complex IT infrastructure that must function at all times. There is therefore particular focus on risks related to ICT/ security.

Liquidity risk
Liquidity risk is the risk of the bank not being able to meet its debt obligations when due and/or not being able to finance growth of its assets without incurring a substantial increase in costs.

The bank's finance strategy adopted by the Board provides guidelines and limits on managing the banks liquidity risk. The bank has established guidelines and limits for liquidity risk and risk tolerance, guidelines for liquid assets, guidelines for stable long-term funding and contingency plans. Stress tests are used to test the tolerance of the bank's liquidity situation.

The liquidity risk due to lack of access to liquidity is managed by having sufficiently liquid assets to cover the liabilities that reach maturity.

The bank shall have a liquidity reserve (buffer) in short-term deposits, liquid securities and/or committed credit facilities that, in an acute liquidity freeze in

31. Risk and risk management (cont.)

the market, allow sufficient time to implement the necessary measures.

As of 31 December 2019, the liquidity reserve was NOK 8,420.1m, divided between NOK 650.1m in bank deposits and NOK 7,809.6m in debt securities. Of the latter assets NOK 2,495.9m were investments in covered bonds from Gjensidige Bank Boligkreditt AS (eliminated in the consolidated accounts). The net liquid assets were at an adequate level that covers the bond debt that is due in the next 21 months. Stress tests have also been carried out to demonstrate the bank's liquidity need based on future scenarios involving a general recession and/or a bank specific crisis.

The table below shows the lending portfolio and provisions as of 31 December 2019 and 31 December 2018 segmented by the risk groups:

Consolidated 31 Dec 2019 NOK million	**Gross lending**	**Guarantees**	**Total off-balance commitments**	**Other exposures**	**Maximum credit exposure**
Low	40,427		6,632		47,058
Medium	1,052		229		1,282
High	1,101		48		1,149
Not classified	5		18		23
Impaired and written down	619		13		632
Total	**43,204**		**6,940**		**50,144**
Loss allowance	385				385
Total net	**42,819**		**6,940**		**49,759**

Parent company 31 Dec 2019 NOK million	**Gross lending**	**Guarantees**	**Total off-balance commitments**	**Individual Provisions**	**Maximum credit exposure**
Low	18,825		10,261		29,086
Medium	957		769		1,726
High	939		281		1,220
Not classified	5		134		139
Impaired and written down	614		8		622
Total	**21,339**		**11,453**		**32,792**
Loss allowance	384				384
Total net	**20,955**		**11,453**		**32,409**

31. Risk and risk management (cont.)

Consolidated 31 Dec 2018 NOK million	Gross lending	Guarantees	Total off-balance commitments	Other exposures	Maximum credit exposure
Low	45,128	5	8,466		53,599
Medium	4,727		770		5,496
High	948		283		1,231
Not classified	196		135		331
Impaired and written down	584		8		592
Total	**51,582**	**5**	**9,662**		**61,250**
Loss allowance	329				329
Total net	**51,253**	**5**	**9,662**		**60,920**

Parent company 31 Dec 2018 NOK million	Gross lending	Guarantees	Total off-balance commitments	Individual Provisions	Maximum credit exposure
Low	20,679	5	9,257		29,942
Medium	4,643		769		5,412
High	836		281		1,117
Not classified	192		134		327
Impaired and written down	583		8		591
Total	**26,934**	**5**	**10,450**		**37,389**
Loss allowance	328				328
Total net	**26,606**	**5**	**10,450**		**37,061**

Based on the above development, the Board considers the credit risk levels in the bank's portfolio to be satisfactory.

32. Liquidity risk

Liquidity risk is the risk that the bank will be unable to meet all of its financial obligations when they fall due, or be unable to finance the assets, including desired growth, without significant additional costs. The banks financial strategy sets the framework and guidelines for managing the liquidity risk.

At the end of 2019, the Gjensidige Bank Group had net liquid assets of NOK 8,420.1m, divided between NOK 610.5m in bank deposits and NOK 7,809.6m in debt securities. Of the latter assets NOK 2,495.9m were investments in covered bonds from Gjensidige Bank Boligkreditt AS (eliminated in the consolidated accounts). The net liquid assets were at an adequate level that covers the bond debt that is due in the next 21 months.

The figures below are nominal amounts and include interest payments based on the interest rates on the reporting date.

Consolidated 31 Dec 2019 NOKt	**1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**More than 5 years**	**Perpetual loans**	**Total**
Cash and balances with central banks						60,668	60,668
Loans to credit institutions						549,864	549,864
Loans to the public	61,353	794,316	2,887,594	12,342,170	39,638,518	4,224,379	59,948,330
Interest-bearing securities	5,512	220,430	1,524,669	3,813,227			5,563,838
Other financial assets	105,457					11,934	117,391
Derivatives – gross inflows	1,673	5,831	194,709	608,498	82,450		893,161
Total financial assets	**173,995**	**1,020,577**	**4,606,971**	**16,763,895**	**39,720,968**	**4,846,846**	**67,133,253**
Deposits by credit institutions	6,750	9,839	49,405	3,054,522			3,120,516
Deposits by the public	15,677,475	425,153	1,237,574				17,340,202
Debt securities in issue	356	472,085	2,641,542	21,480,434	1,932,450		26,526,868
Loan offers and unused credit facilities	6,940,165						6,940,165
Derivatives – gross outflows	1,878	48,903	147,841	600,035	53,726		852,383
Total liabilities	**22,626,623**	**955,980**	**4,076,362**	**25,134,991**	**1,986,176**		**54,780,133**

Consolidated 31 Dec 2018 NOKt	**1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**More than 5 years**	**Perpetual loans**	**Total**
Cash and balances with central banks						53,932	53,932
Loans to credit institutions						422,648	422,648
Loans to the public	143,176	288,551	1,410,060	11,208,185	55,508,682	4,808,443	73,367,097
Interest-bearing securities	5,118	216,035	1,154,277	4,216,202	397,938		5,989,570
Other financial assets	65,975					7,386	73,362
Derivatives – gross inflows	925	4,380	210,872	727,035	138,400		1,081,612
Total financial assets	**215,195**	**508,967**	**2,775,208**	**16,151,422**	**56,045,019**	**5,292,410**	**80,988,221**
Deposits by the public	19,910,320	1,003,925	2,281,944				23,196,189
Debt securities in issue	132	100,075	2,744,568	27,012,734	1,988,400		31,845,910
Loan offers and unused credit facilities	9,662,002						9,662,002
Derivatives – gross outflows	1,728	40,975	125,730	618,812	79,755		867,001
Total liabilities	**29,574,182**	**1,144,976**	**5,152,242**	**27,631,547**	**2,068,155**		**65,571,102**

32. Liquidity risk (cont.)

Parent Company 31 Dec 2019 NOKt	1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Perpetual loans	Total
Cash and balances with central banks						60,668	60,668
Loans to credit institutions	3,131	6,262	755,719	1,022,800		549,864	2,337,777
Loans to the public	106,736	215,850	1,075,473	8,955,757	27,349,683	1,498,518	39,202,017
Interest-bearing securities	5,388	2,720,813	1,383,972	3,787,981			7,898,154
Other financial assets	72,536					11,934	84,470
Derivatives – gross inflows	1,673	5,831	142,084	522,098	60,850		732,536
Total financial assets	**189,464**	**2,948,756**	**3,357,249**	**14,288,636**	**27,410,533**	**2,120,985**	**50,315,622**
Deposits by credit institutions	519,995	9,839	49,405	3,054,522			3,633,761
Deposits by the public	15,677,475	425,153	1,237,574				17,340,202
Debt securities in issue	356	19,130	1,479,796	6,375,202	1,310,850		9,185,335
Loan offers and unused credit facilities	11,472,235						11,472,235
Derivatives – gross outflows	1,878	39,809	125,997	539,202	46,184		753,070
Total liabilities	**27,671,938**	**493,931**	**2,892,773**	**9,968,927**	**1,357,034**		**42,384,602**

Parent Company 31 Dec 2018 NOKt	1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Perpetual loans	Total
Cash and balances with central banks						53,932	53,932
Loans to credit institutions	4,838	9,677	1,678,247	2,034,000		422,648	4,149,410
Loans to the public	106,736	215,850	1,075,473	8,955,757	27,349,683	1,498,518	39,202,017
Interest-bearing securities	5,118	218,773	1,724,695	4,216,202	397,938		6,562,727
Other financial assets	43,603					10,712	54,315
Derivatives – gross inflows	925	4,380	158,247	609,610	95,200		868,362
Total financial assets	**161,221**	**448,681**	**4,636,662**	**15,815,569**	**27,842,821**	**1,985,809**	**50,890,763**
Deposits by credit institutions	382,327						382,327
Deposits by the public	19,910,320	1,003,925	2,281,944				23,196,189
Debt securities in issue	132	23,183	2,080,971	8,056,328	1,345,200		11,505,815
Loan offers and unused credit facilities	10,449,652						10,449,652
Derivatives – gross outflows	1,728	34,223	105,348	561,998	62,980		766,277
Total liabilities	**30,744,159**	**1,061,332**	**4,468,263**	**8,618,327**	**1,408,180**		**46,300,261**

33. Market risk

Market risk is the risk of losses associated with unfavourable movements in market prices, which, in this context, relate to posi- tions and activities in the interest-, currency-, credit- and stock markets.

Equity risk is the risk taken on by the bank through short-term and long-term investments in equities. Gjensidige Bank ASA has no such investments.

Interest rate risk is the risk that interest rates will move at a different rate or in a different direction than assumed by the bank when planning its financing structure. Gjensidige Bank ASA is exposed to interest rate risk through borrowings in the financial markets and fixed-rate loans to customers.

Currency risk is the risk of losses as a result of exchange rates moving at a different rate or in a different direction than assumed by the bank in its lanning. Gjensidige Bank ASA is not exposed to currency risk.

The capital need for market risk is calculated in the total risk model using statistical models. The model uses a simulation-based method that generates a probability distribution of market losses over a one-year period. The bank has chosen a 99.9% confidence level. The confidence level expresses the security level the bank wishes to maintain. For example, a confidence level of 99.9% means that there is only a 0.1% likelihood that the bank has not reserved sufficient capital to cover unexpected losses.

Financial capital 99.9% **NOK million**	**2019**	**2018**	**2017**
Interest-rate risk	12.8	5.5	11.0
Equity price risk			
Foreign-exchange risk			
Total	**12.8**	**5.5**	**11.0**

34. Contingent liabilites and security

Off balance sheet liabilities and contingent liabilities

Parent company			**Consolidated**	
31 Dec 2018	**31 Dec 2019**	**NOKt**	**31 Dec 2019**	**31 Dec 2018**
5,300		Guarantees		5,300
5,210,725	3,339,658	Loan commitment	3,339,658	5,210,725
5,238,927	8,113,435	Undrawn credit limits	3,600,507	4,451,277
10,454,952	**11,453,093**	**Total contingent liabilities**	**6,940,165**	**9,667,302**

Undrawn credit limits relate to the unused portion of credit limits approved on overdraft accounts and credit cards, as well as the unused portion of lending limits on flexible mortgages. Unutilised credit facilities for Gjensidige Bank Boligkreditt AS amounted to NOK 6,485.7m at the end of the year compared to 2,364.0 in 2018

Collateral

Parent company			**Consolidated**	
31 Dec 2018	**31 Dec 2019**	**NOKt**	**31 Dec 2019**	**31 Dec 2018**
784,462	842,432	Securities pledged as collateral for loans from/credit facility with Norges Bank	842,432	784,462
784,462	**842,432**	**Total securities pledged**	**842,432**	**784,462**

In order to receive a loan from/ credit facility with Norges Bank, collateral must be provided in the form of interest-bearing securities or deposits in Norges Bank.

35. Funds

NOKt	31 Dec 2019	31 Dec 2018
Financial instruments clients	1,388,231	7,934,490
Client account	15,925	62,764
Client obligations	15,841	11,879
Total	**1,419,997**	**8,009,134**

Figures relate to Gjensidige Bank ASA as there are no differences between the parent company and Group

36. Equity-based remuneration

Description of the share-based payment scheme
As at 31 December 2019, Gjensidige Bank ASA has no share-based payment scheme.

As at 31 December 2018, Gjensidige Bank ASA had, as part of Gjensidige Group, the following share-based payment arrangements:

Share-based remuneration for executive personnel with settlement in equity and cash (remuneration scheme)
As described in the Board's statement on salaries and other remuneration in Note 7, half of the variable remuneration should be given in form of shares in Gjensidige Forsikring ASA, one third of which can be sold in each of the following three years. Of this, rather on the big side 50% is distributed as equity and only just 5% is distributed as cash in order to pay tax liabilities (net of tax settlement).

The fair value at the grant date is measured based on the market price. The amount is recognised as payroll expenses at grant date with a corresponding increase in other paid-in equity, both for the part that is settled in equity and for the part that is settled in cash to cover the tax obligations. No specific company-related or market-related entitlement criteria apply to the shares, but the Company may carry out a reassessment if subsequent results and development suggest that the bonus was based on incorrect assumptions. The expected allocation is set to 100%. No adjustment is made to the value of the cash-settled share based on the share price at the reporting date. The number of shares is adjusted for dividend paid.

Equity-settled share savings program for employees
Gjensidige has established a share savings programme for employees of the Group with the exception of employees of Gjensidige Baltic. All employees are given an opportunity to save an annual amount of up to NOK 75,000. Saving take the form of fixed deductions from salary that is used to buy shares four times a year. The employees are offered a discount in the form of a contribution of 20%, limited upwards to NOK 3,000 kroner per year, which corresponds to the maximum tax-exempt discount. Employees will receive one bonus share for every four shares they have owned for more than two years, provided that they are still employed by the Company or have become retired. No other vesting conditions exists in this arrangement.

The fair value at grant date is based on the market price. The discount is recognised as payroll expenses at the time of allocation with a corresponding increase in other paid-in equity. The value of the bonus shares is recognised as payroll expenses over the vesting period, which is two years, with a corresponding increase in other paid-in equity.

Fair value measurement
The fair value of the shares allocated through the share-based payment for executive personnel and the cash to cover the tax obligations is calculated on the basis of the share price at grant date. The amount is recognised immediately.

Fair value of the bonus shares allocated through the share savings program is calculated on the basis of the share price at grant date, taking into account the likelihood of the employee still being employed after two years and that he/she has not sold his/her shares during the same two-year period. The amount is recognised during the vesting period which is two years.

36. Equity-based remuneration (cont.)

The following assumptions were used in the calculation of fair value at the time of calculation

	Remuneration scheme		Share savings programme	
	2019	**2018**	**2019**	**2018**
Weighted average share price (NOK)	142.00	149.10	142.00	130.55
Expected turnover	N/A	N/A		10%
Expected sale	N/A	N/A		5%
Lock-in period (years)	3	3		2
Expected dividend (NOK per share)[1]	9.56	4.50		4.50

[1]The expected return is based on the Group's actual profit/loss after tax expense as of the third quarter, grossed up to a full year, plus the maximum distribution of dividend corresponding to 70% of the profit after tax expense. This was carried out as a technical calculation because the Company's forecast for the fourth quarter result was not available at the time the calculations were carried out.

Personnel expenses

NOKt	2019	2018
Share-based remuneration	-122	1,010
Share savings programme for employees	928	519
Total	**806**	**1,529**

36. Equity-based remuneration (cont.)

Share savings programme	Number of bonus shares 2019	Number of bonus shares 2018
Outstanding 1 Jan	6,603	5,439
Granted during the period	53	3,615
Movement to (from) during the period	-5,524	
Released	-172	-2,217
Cancelled during the period		-146
Forfeited during the period	-960	-88
Exercised during the period		
Expired during the period		
Outstanding 31 Dec	**0**	**6,603**
Exercisable 31 Dec	**0**	**0**
Average remaining life on outstanding bonus shares	0,00	1.02
Weighted average fair value of allocated bonus shares	126.05	115.89
Weighted average share price of bonus shares exercised during the period	142.00	130.55

The weighted average exercise price will always be 0, since the scheme comprises bonus shares and not options.

Remuneration scheme	Number of shares 2019	Number of cash-settled shares 2019	Number of shares 2018	Number of cash-settled shares 2018
Outstanding 1 Jan	12,402	11,000	15,166	13,559
Granted during the period	6,492	5,677	5,641	4,933
Forfeited during the period				
Cancelled during the period				
Exercised during the period	-6,260	-5,578	-5,988	-5,394
Expired during the period				
Modification dividend during the period	544	536	-2,417	-2,098
Outstanding 31 Dec	**13,178**	**11,635**	**12,402**	**11,000**
Exercisable 31 Dec				
Average remaining life	**0.71**	**0.71**	**0.71**	**0.71**

	2019	2018
Weighted average fair value of allocated shares[2]	143.00	149.10
Weighted average share price of bonus shares exercised during the period	143.00	147.91
The value of shares granted that are to be cash-settled	184.25	135.20

[2]The fair value is calculated based on the market value of the share at the time of allocation.

Declaration from the Board and CEO

The Board and the CEO have today discussed and approved the annual report and financial statements for Gjensidige Bank ASA for the calendar year 2019 and as of 31 December 2019 (Annual Report 2019).

We declare that, to the best of our knowledge, the financial statements for 2019 have been prepared in accordance with IFRS as adopted by the EU, and in accordance with additional requirements set out in the Accounting Act, and taking into account the limitations of accounting regulations for banks, credit institutions and financing companies. The accounting data provide a true and fair picture of the company's assets, liabilities, financial position and results as a whole, and the annual report gives a true picture of important events in the accounting period and their impact on the financial statements, related material transactions and the most important risks and uncertainties faced by the bank in the next accounting period.

Gjensidige Bank ASA
Oslo, 12 February 2020

John Arne Sætre Chairman	Sjur Loen Board member	Marte Kopperstad Board member
Mona Eek-Jensen Board member	er Rumle Board member	Hans-Jacob Starheim Employee representative
	Krister G. Aanesen Chief Executive Officer	

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To the General Meeting of Gjensidige Bank ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Gjensidige Bank ASA, which comprise:

- The financial statements of the parent company Gjensidige Bank ASA (the Company), which comprise the balance sheet as at 31 December 2019, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Gjensidige Bank ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2019, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

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Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one

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resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

(3)

Independent Auditor's Report - Gjensidige Bank ASA

Oslo, 12 February 2020
PricewaterhouseCoopers AS

Erik Andersen
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

(4)

Gjensidige Bank ASA
Essendropsgt. 7
P.O. Box 1166 Sentrum
0107 Oslo , Norway
Phone +47 915 03100