



## **Interim Report 1<sup>st</sup> quarter 2019**

Gjensidige Bank



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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 realize their dreams, we are there to provide relevant financial solutions. We are the largest bank in the Nordic region and among the ten largest financial groups in Europe in terms of total market capitalization with around 11 million customers. The Nordea share is listed on the Nasdaq Stockholm, Nasdaq Helsinki and Nasdaq Copenhagen exchanges.

Read more about us on [Nordea.com](https://www.nordea.com).

# Key financial figures

## Summary of income statement

| NOKt   | Jan-Mar 2019   | Jan-Mar 2018   | Year 2018        |
|--|----------------|----------------|------------------|
| Net interest income                              | 265,718        | 250,503        | 1,021,295        |
| Net commission income and other operating income | 3,274          | 12,069         | -15,652          |
| <b>Total income</b>                              | <b>268,992</b> | <b>262,571</b> | <b>1,005,642</b> |
| Staff costs                                      | 44,944         | 46,312         | 189,325          |
| Other expenses                                   | 85,820         | 57,305         | 299,098          |
| <b>Total operating expenses</b>                  | <b>130,764</b> | <b>103,617</b> | <b>488,423</b>   |
| Loan losses (negative figures are reversals)     | 58,946         | 37,144         | 69,962           |
| <b>Operating profit</b>                          | <b>79,282</b>  | <b>121,810</b> | <b>447,257</b>   |
| Income tax expense                               | 19,820         | 30,453         | 112,380          |
| <b>Net profit for the period</b>                 | <b>59,461</b>  | <b>91,358</b>  | <b>334,877</b>   |

## Summary of balance sheet

| NOKt                                    | 31 Mar 2019 | 31 Mar 2018 | 31 Dec 2018 |
|---|-------------|-------------|-------------|
| Loans to the public (gross)             | 50,590,786  | 47,309,121  | 51,582,467  |
| Allowance for loan losses               | -384,637    | -232,615    | -329,424    |
| Deposits and borrowings from the public | 21,757,970  | 23,763,986  | 23,122,977  |
| Total assets                            | 58,955,613  | 52,594,533  | 57,898,780  |
| Equity                                  | 4,439,767   | 3,993,368   | 4,384,415   |
| Assets under management                 | 31,511,183  | 45,188,729  | 30,315,081  |

## Ratios and key figures

|  |             | Jan-Mar 2019 | Jan-Mar 2018 | Year 2018  |
|--|-------------|--------------|--------------|------------|
| Net interest margin, annualised                                | %           | 1.87         | 1.96         | 1.89       |
| Loss rate  | %           | 0.47         | 0.32         | 0.14       |
| Non-performing loans in per cent of gross lending <sup>1</sup> | %           | 1.30         | 0.79         | 1.07       |
| Return on equity, annualised                                   | %           | 5.68         | 10.05        | 8.64       |
| Deposit-to-loan ratio at the end of the period                 | %           | 43.0         | 50.2         | 44.8       |
| Capital adequacy ratio <sup>2</sup>                            | %           | 17.5         | 17.4         | 17.8       |
| Tier 1 capital ratio <sup>2</sup>                              | %           | 15.5         | 15.6         | 15.8       |
| Common equity Tier 1 capital ratio <sup>2</sup>                | %           | 13.9         | 14.1         | 14.2       |
| Cost/income ratio  | %           | 48.6         | 39.5         | 48.6       |
| Liquidity Coverage Ratio                                       | %           | 856          | 165          | 289        |
| Average total assets   | NOKt        | 57,773,246   | 51,879,786   | 54,113,810 |
| Number of employees  | Number      | 167          | 166          | 171        |
| Total deposit above NOK 2 million                              | NOK billion | 7.54         | 7.89         | 8.13       |

<sup>1</sup> Gross default over 90 days

<sup>2</sup> The result of the period is not included in the calculation for the quarters, with the exception of fourth quarter.

For more detailed information regarding ratios and key figures defined as Alternative performance measures, see [www.nordea.com/en/investor-relations/](http://www.nordea.com/en/investor-relations/).

# Gjensidige Bank ASA

## Introduction

(Previous year comparable figures for the company are shown in brackets)

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.

## Income statement

The profit before tax expense decreased to NOK 79.3m (NOK 121.8m). The decrease was mainly driven by higher write-downs and losses and expenses.

Total income amounted to NOK 269.0m (NOK 262.6m).

Net interest income amounted to NOK 265.7m (NOK 250.5m). The improvement was driven by lending growth, partially offset by lower lending margins.

Net commission income and other income amounted to NOK 3.3m (NOK 12.1m). The decrease was a result of higher acquisition costs driven by business growth.

Net interest margin<sup>1</sup> was 1.87% (1.96%). The decrease was driven by the change in portfolio composition and increase in financing cost.

Operating expenses were NOK 130.8m (NOK 103.6m). The increase was driven by higher acquisition expenses and costs related to sale of the business from Gjensidige Forsikring ASA to Nordea Bank Abp.

The cost/income ratio increased to 48.6% (39.5%), driven by increase in expenses.

Total write-downs and losses amounted to NOK 58.9m (NOK 37.1m), primarily related to the unsecured lending portfolio.

Write-downs and losses were 0.47% (0.32%) of average gross lending.

Gross lending in default over 90 days increased to NOK 656.5m (NOK 372.0m). The increase is driven by a combination of portfolio growth, mainly in car finance, leading to higher impairment and a sale of impaired unsecured loans portfolio in 2018 and conse-

quently low outflow from 90+ relative to inflow. Gross loans in default over 90 days were 1.30% (0.79%) of total gross lending.

The weighted average loan-to-value ratio<sup>2</sup> was estimated to be 60.7% (60.5%) for the mortgage portfolio.

## Lending, deposits and investments growth

Gross lending increased by 6.9% and amounted to NOK 50,590.8m (NOK 47,309.1m) as of 31 March 2019. Deposits decreased by 8.4%, reaching NOK 21,758.0m (NOK 23,764.0m).

Assets under management decreased to NOK 31.5b (NOK 45.2b) as of 31 March 2019. The decrease was driven by the termination of an institutional mandate and lower assets from Gjensidige Pensjonsforsikring.

## Capital position

As of 31 March 2019, the Gjensidige Bank Group had a capital adequacy ratio of 17.5% (17.4%). The total capital held by the bank was NOK 4,898.4m (NOK 4,333.7m), of which NOK 3,903.6m (NOK 3,514.2m) was common equity Tier 1 capital. The common equity Tier 1 capital ratio was 13.9% (14.1%).

## 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 overcollateralisation 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 loan capital, amounted to NOK 29,737.3m (NOK 24,394.4m) as of 31 March 2019. The total face value of the securities issued by the bank was NOK 29,673.5m.

Repayments through buy back of bonds from investors were NOK 187.0m in 2019.

<sup>1</sup> The net interest margin is calculated as net interest income as a percentage of average total assets, annualised.

<sup>2</sup> 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.

### Liquidity

As of 31 March 2019, the Gjensidige Bank Group had net liquid assets of NOK 9,128.0m, divided between NOK 2,619.9m in bank deposits and NOK 6,508.1m in debt securities. Of the latter assets NOK 898.1m 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 26 months.

### Events after the balance sheet date

No significant events have occurred after the end of the quarter.

### Gjensidige Bank ASA

Oslo, 14 May 2019



John Arne Sætre  
Chairman



Sjur Loen  
Board member



Marte Kopperstad  
Board member



Marianne Broholm Einarsen  
Board member



Per Kumle  
Board member



Hans-Jacob Starheim  
Employee representative



Krister G. Aanesen  
Chief Executive Officer

# Income statement

## Gjensidige Bank Group

| NOKt  | Note | Jan-Mar 2019   | Jan-Mar 2018   | Year 2018        |
|---|------|----------------|----------------|------------------|
| Interest income etc, amortised cost                     |      | 451,198        | 403,910        | 1,681,970        |
| Interest income etc, fair value                         |      | 19,875         | 11,621         | 62,624           |
| Interest costs etc.                                     |      | 205,355        | 165,028        | 723,300          |
| <b>Net interest income</b>                              |      | <b>265,718</b> | <b>250,503</b> | <b>1,021,295</b> |
| Dividends from investments in shares and funds          |      |                |                |                  |
| Fee and commission income                               |      | 41,305         | 25,249         | 119,032          |
| Fee and commission expense                              |      | 49,000         | 26,958         | 145,752          |
| Net gains on financial instruments at fair value        |      | 10,276         | 9,420          | 1,709            |
| Other operating income                                  |      | 693            | 4,358          | 9,359            |
| <b>Net commission income and other operating income</b> |      | <b>3,274</b>   | <b>12,069</b>  | <b>-15,652</b>   |
| <b>Total income</b>                                     |      | <b>268,992</b> | <b>262,571</b> | <b>1,005,642</b> |
| Staff costs   |      | 44,944         | 46,312         | 189,325          |
| Depreciation  |      | 6,872          | 4,254          | 19,063           |
| Other operating expenses                                |      | 78,948         | 53,051         | 280,035          |
| <b>Total operating expenses</b>                         |      | <b>130,764</b> | <b>103,617</b> | <b>488,423</b>   |
| <b>Profit / (loss) before loan losses</b>               |      | <b>138,228</b> | <b>158,954</b> | <b>517,219</b>   |
| Loan losses   | 5    | 58,946         | 37,144         | 69,962           |
| <b>Operating profit</b>                                 |      | <b>79,282</b>  | <b>121,810</b> | <b>447,257</b>   |
| Income tax expense                                      |      | 19,820         | 30,453         | 112,380          |
| <b>Net profit for the period</b>                        |      | <b>59,461</b>  | <b>91,358</b>  | <b>334,877</b>   |
| Basic/diluted earnings per share, NOK                   |      | 67.9           | 104.3          | 382.3            |

# Statement of comprehensive income

## Gjensidige Bank Group

| NOKt  | Jan-Mar 2019  | Jan-Mar 2018  | Year 2018      |
|---|---------------|---------------|----------------|
| <b>Net profit for the period</b>                                      | <b>59,461</b> | <b>91,358</b> | <b>334,877</b> |
| <b>Components of other comprehensive income</b>                       |               |               |                |
| <b>Items that are not reclassified subsequently to profit or loss</b> |               |               |                |
| Actuarial gains/ (loss) on pensions                                   |               |               | 119            |
| Tax on items that are not reclassified to profit or loss              |               |               | -30            |
| <b>Items that may be reclassified subsequently to profit or loss</b>  |               |               |                |
| Tax on items that may be reclassified to profit or loss               |               |               |                |
| <b>Total components of other comprehensive income</b>                 |               |               | <b>89</b>      |
| <b>Total comprehensive income for the period</b>                      | <b>59,461</b> | <b>91,358</b> | <b>334,966</b> |

# Balance sheet

## Gjensidige Bank Group

| NOKt  | Note  | 31 Mar 2019       | 31 Mar 2018       | 31 Dec 2018       |
|---|-------|-------------------|-------------------|-------------------|
| <b>Assets</b>                                     |       |                   |                   |                   |
| Cash and balances with central banks              |       | 55,134            | 60,841            | 53,932            |
| Loans to credit institutions                      | 7     | 2,564,759         | 105,918           | 422,648           |
| Loans to the public                               | 2,4,5 | 50,206,149        | 47,076,506        | 51,253,043        |
| Interest-bearing securities                       | 9     | 5,609,968         | 4,995,668         | 5,746,698         |
| Derivatives                                       | 9     | 67,848            | 82,685            | 69,629            |
| Shares (and other securities with variable yield) |       | 7,386             | 4,645             | 7,386             |
| Intangible assets                                 |       | 34,844            | 25,755            | 34,253            |
| Deferred tax assets                               |       | 18,860            | 13,693            | 14,126            |
| Fixed assets                                      |       | 3,662             | 4,131             | 3,982             |
| Other assets                                      |       | -1,183            | 37,419            | 5,639             |
| Advance payments and accrued income               |       | 388,186           | 187,270           | 287,443           |
| <b>Total assets</b>                               |       | <b>58,955,613</b> | <b>52,594,533</b> | <b>57,898,780</b> |
| <b>Liabilities and equity</b>                     |       |                   |                   |                   |
| Liabilities to credit institutions                | 7     | 2,500,000         |                   |                   |
| Deposits and borrowings from the public           | 2     | 21,757,970        | 23,763,986        | 23,122,977        |
| Debt securities in issue                          | 3,7,9 | 29,187,443        | 23,944,652        | 29,382,398        |
| Derivatives                                       | 9     | 30,264            | 74,889            | 28,174            |
| Current tax liabilities                           |       | 55,804            | 137,146           | 104,956           |
| Other liabilities                                 |       | 99,899            | 43,891            | 31,603            |
| Accrued expenses and prepaid income               |       | 311,691           | 162,579           | 271,505           |
| Retirement benefit obligations                    |       | 22,958            | 24,242            | 22,958            |
| Subordinated loan capital                         | 3     | 549,817           | 449,781           | 549,794           |
| <b>Total liabilities</b>                          |       | <b>54,515,845</b> | <b>48,601,165</b> | <b>53,514,365</b> |
| <b>Equity</b>                                     |       |                   |                   |                   |
| Share capital                                     |       | 979,368           | 978,492           | 979,368           |
| Share premium reserve                             |       | 1,201,278         | 1,107,154         | 1,201,278         |
| Perpetual Tier 1 capital                          | 10    | 444,976           | 369,707           | 444,848           |
| Other paid-in equity                              |       | 3,779             | 3,779             | 3,779             |
| Retained earnings                                 |       | 1,750,905         | 1,442,878         | 1,755,142         |
| Net profit for the period                         |       | 59,461            | 91,358            |                   |
| <b>Total equity</b>                               |       | <b>4,439,767</b>  | <b>3,993,368</b>  | <b>4,384,415</b>  |
| <b>Total liabilities and equity</b>               |       | <b>58,955,613</b> | <b>52,594,533</b> | <b>57,898,780</b> |

# Statement of changes in equity

## Gjensidige Bank Group

| NOKt   | Share capital  | Share premium reserve | Perpetual Tier 1 capital | Other paid-in equity | Other equity     | Total equity     |
|--|----------------|-----------------------|--------------------------|----------------------|------------------|------------------|
| <b>Balance at 1 Jan 2019</b>                       | <b>979,368</b> | <b>1,201,278</b>      | <b>444,848</b>           | <b>3,779</b>         | <b>1,755,142</b> | <b>4,384,415</b> |
| Net profit for the period                          |                |                       | 3,942                    |                      | 55,520           | 59,461           |
| Other comprehensive income, net of tax             |                |                       |                          |                      |                  |                  |
| <b>Total comprehensive income</b>                  |                |                       | <b>3,942</b>             |                      | <b>55,520</b>    | <b>59,461</b>    |
| Share-based payment transactions settled in equity |                |                       |                          |                      | -295             | -295             |
| AT1 capital  |                |                       |                          |                      |                  |                  |
| Paid interest on AT 1 capital                      |                |                       | -3,813                   |                      |                  | -3,813           |
| <b>Balance at 31 Mar 2019</b>                      | <b>979,368</b> | <b>1,201,278</b>      | <b>444,976</b>           | <b>3,779</b>         | <b>1,810,366</b> | <b>4,439,767</b> |

| NOKt   | Share capital  | Share premium reserve | Perpetual Tier 1 capital | Other paid-in equity | Other equity     | Total equity     |
|--|----------------|-----------------------|--------------------------|----------------------|------------------|------------------|
| <b>Balance at 1 Jan 2018</b>                       | <b>978,492</b> | <b>1,107,154</b>      | <b>369,599</b>           | <b>3,779</b>         | <b>1,432,401</b> | <b>3,891,425</b> |
| Net profit for the period                          |                |                       | 12,499                   |                      | 322,378          | 334,877          |
| Other comprehensive income, net of tax             |                |                       |                          |                      | 89               | 89               |
| <b>Total comprehensive income</b>                  |                |                       | <b>12,499</b>            |                      | <b>322,467</b>   | <b>334,966</b>   |
| 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          |
| <b>Balance at 31 Dec 2018</b>                      | <b>979,368</b> | <b>1,201,278</b>      | <b>444,848</b>           | <b>3,779</b>         | <b>1,755,142</b> | <b>4,384,415</b> |

| NOKt   | Share capital  | Share premium reserve | Perpetual Tier 1 capital | Other paid-in equity | Other equity     | Total equity     |
|--|----------------|-----------------------|--------------------------|----------------------|------------------|------------------|
| <b>Balance at 1 Jan 2018</b>                       | <b>978,492</b> | <b>1,107,154</b>      | <b>369,599</b>           | <b>3,779</b>         | <b>1,446,947</b> | <b>3,905,971</b> |
| <b>Net profit for the period</b>                   |                |                       | 2,960                    |                      | 88,398           | 91,358           |
| Other comprehensive income, net of tax             |                |                       |                          |                      |                  |                  |
| <b>Total comprehensive income</b>                  |                |                       | <b>2,960</b>             |                      | <b>88,398</b>    | <b>91,358</b>    |
| AT1 capital  |                |                       |                          |                      | -1,109           | -1,109           |
| Share-based payment transactions settled in equity |                |                       |                          |                      |                  |                  |
| Paid interest on AT 1 capital                      |                |                       | -2,852                   |                      |                  | -2,852           |
| <b>Balance at 31 Mar 2018</b>                      | <b>978,492</b> | <b>1,107,154</b>      | <b>369,707</b>           | <b>3,779</b>         | <b>1,534,236</b> | <b>3,993,368</b> |

Number of shares at end of period 876,000

The difference in the balance at 1 Jan 2018 relates to accounting principle for fixed interest customer loans. When implementing the IFRS 9 accounting principle for fixed interest customer loans changed from amortised cost to fair value. A one time effect led to a positive impact of NOK 19.4 million before tax booked during 1st quarter 2018. The impact was charged directly against equity, after adjusting for the impact of the tax. After a re-evaluation during 4th quarter 2018 the accounting principle for fixed interest customer loans was changed back to amortised cost and the booking made 1st quarter 2018 was reversed.

# Cash flow statement

## Gjensidige Bank Group

| NOKt  | Jan-Mar 2019     | Jan-Mar 2018      | Year 2018         |
|---|------------------|-------------------|-------------------|
| Operating activities  |                  |                   |                   |
| Net payment of loans to customers   | 1,015,382        | -1,218,480        | -5,498,628        |
| Net payment of deposits by customers  | -1,369,334       | -1,684            | -647,019          |
| Payment of interest from customers  | 417,735          | 387,520           | 1,612,136         |
| Payment of interest to customers  | -20,973          | -26,070           | -297,230          |
| Net payment of interest from credit institutions etc.   | -47,511          | -30,985           | -10,286           |
| Taxes paid  | -72,436          | -49,570           | -144,871          |
| Net other commission income   | 11,524           | 28,750            | 194,345           |
| Payment to operations   | -277,182         | -169,612          | -591,772          |
| Net received/paid (-) upon purchase and sale of financial instruments and interest-bearing securities | 128,875          | -37,752           | -778,711          |
| <b>Net cash flow from operating activities</b>  | <b>-213,920</b>  | <b>-1,117,884</b> | <b>-6,162,037</b> |
| Investment activities   |                  |                   |                   |
| Net purchase of intangible assets and fixed assets  | -7,142           | -5,117            | -28,275           |
| <b>Net cash flow from investment activities</b>   | <b>-7,142</b>    | <b>-5,117</b>     | <b>-28,275</b>    |
| Financing activities  |                  |                   |                   |
| Net paid(-)/received when taking out loans with credit institutions and covered bonds                 | 2,310,125        | 964,840           | 6,455,439         |
| Net payment of interest on financing activities   | -71,909          | -41,954           | -349,719          |
| Net received/paid (-) for other short-term positions  | 129,972          | -60,401           | -26,707           |
| Issued Additional Tier 1 capital  |                  |                   | 74,719            |
| Paid interest on Additional Tier 1 capital  | -3,813           | -2,852            | -11,968           |
| Capital increases   |                  |                   | 95,000            |
| <b>Cash flow from financing activities</b>  | <b>2,364,376</b> | <b>859,632</b>    | <b>6,236,762</b>  |
| <b>Cash flow for the period</b>   | <b>2,143,313</b> | <b>-263,370</b>   | <b>46,451</b>     |
| Cash and cash equivalents   |                  |                   |                   |
| Cash and cash equivalents at 1 January  | 476,580          | 430,129           | 430,129           |
| Cash and cash equivalents at end of the period  | 2,619,893        | 166,759           | 476,580           |
| <b>Change</b>   | <b>2,143,313</b> | <b>-263,370</b>   | <b>46,451</b>     |
| The following items are included in cash and cash equivalents:  |                  |                   |                   |
| Cash and balances with central banks  | 55,134           | 60,841            | 53,932            |
| Loans to credit institutions  | 2,564,759        | 105,918           | 422,648           |
| <b>Total cash and cash equivalents</b>  | <b>2,619,893</b> | <b>166,759</b>    | <b>476,580</b>    |

The cash flow statement 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.



# Notes to the financial statements

## Gjensidige Bank Group

### Note 1 Accounting policies

The consolidated financial statements as of the first quarter of 2019, concluded on 31 March 2019, comprise Gjensidige Bank ASA and its subsidiary Gjensidige Bank Boligkreditt AS. With the exception of the changes described below, the accounting policies applied in the interim report is the same as those used in the annual report for 2018.

The consolidated financial statements as of the first quarter of 2019 have been prepared in accordance with IFRS and IAS 34 Interim Financial Reporting. The interim report does not include all the information required in a complete annual report and should be read in conjunction with the annual report for 2018.

#### **Changed accounting policies and presentation**

The following new and amended standards were implemented by Gjensidige Bank ASA at 1 January 2019:

##### **IFRS 16 Leases**

IFRS 16 requires all leases to be reported on a company's balance sheet as assets and liabilities. Earlier classification of leases as either operating leases or finance leases are removed. All leasing will be treated as finance leases. Short-term leases (less than 12 months) and leases of low-value assets are exempt from the requirements. IFRS 16 is effective 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 is no right-to-use assets with associated obligations in the balance sheet as of 1.1.2019 that Gjensidige Bank ASA must recognise.

#### **Changes in IFRSs not yet applied**

A number of new standards, changes to standards and interpretations have been issued for financial years beginning after 1 January 2019. They have not been applied when preparing these consolidated financial statements. Those that may be relevant to Gjensidige Bank ASA are mentioned below. Gjensidige Bank ASA does not plan early implementation of these standards.

#### **Other amendments to IFRS**

Other amendments to IFRS are not assessed to have any significant impact on Gjensidige Bank ASA's financial statements, capital adequacy or large exposures in the period of initial application.

Preparation of the interim accounts involves using assessments, estimates and assumptions that affect the use of accounting policies and recognised amounts for assets and liabilities, revenues and expenses. The actual results may deviate from these estimates. The most material assessments relating to the use of the company's accounting policies and the key sources of uncertainty in the estimates are the same when preparing the interim accounts as in the annual accounts for 2018.

All amounts are shown in NOK thousands (NOKt) unless otherwise indicated. Due to rounding off differences, figures and percentages may not add up exactly to the totals indicated.

A complete audit of the interim report has not been carried out.

## Note 2 Segment information

| NOKt  | 31 Mar 2019       | 31 Dec 2018       | 30 Sep 2018       | 30 Jun 2018       | 31 Mar 2018       | 31 Dec 2017       | 30 Sep 2017       | 30 Jun 2017       |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Deposit by sector and industry                    |                   |                   |                   |                   |                   |                   |                   |                   |
| Retail market                                     | 14,395,522        | 15,248,247        | 15,575,702        | 16,348,016        | 16,340,758        | 16,447,371        | 16,345,414        | 16,488,898        |
| Other   | 7,362,448         | 7,874,731         | 7,982,470         | 7,718,015         | 7,423,228         | 7,318,298         | 6,518,424         | 5,664,966         |
| <b>Total deposits</b>                             | <b>21,757,970</b> | <b>23,122,977</b> | <b>23,558,173</b> | <b>24,066,031</b> | <b>23,763,986</b> | <b>23,765,670</b> | <b>22,863,837</b> | <b>22,153,865</b> |
| Loans to customers divided by sector and industry |                   |                   |                   |                   |                   |                   |                   |                   |
| Private individuals                               | 48,350,696        | 49,458,634        | 47,187,441        | 46,320,627        | 45,562,407        | 44,591,821        | 44,371,708        | 43,225,310        |
| Commercial business                               | 2,240,090         | 2,123,833         | 1,981,615         | 1,885,335         | 1,746,714         | 1,464,313         | 1,168,427         | 1,038,964         |
| <b>Gross loans</b>                                | <b>50,590,786</b> | <b>51,582,467</b> | <b>49,169,056</b> | <b>48,205,962</b> | <b>47,309,121</b> | <b>46,056,133</b> | <b>45,540,136</b> | <b>44,264,273</b> |

## Note 3 Liabilities on the issue of securities

| NOKt  | Nominal value     |                   |                   | Carrying amount   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | 31 Mar 2019       | 31 Mar 2018       | 31 Dec 2018       | 31 Mar 2019       | 31 Mar 2018       | 31 Dec 2018       |
| Liabilities opened for the issue of securities        |                   |                   |                   |                   |                   |                   |
| Bond debt <sup>1</sup>                                | 21,923,500        | 19,082,350        | 22,110,500        | 21,940,222        | 19,046,961        | 22,137,072        |
| Subordinated loan capital                             | 550,000           | 450,000           | 550,000           | 549,817           | 449,781           | 549,794           |
| - Own non-amortised certificates/bonds                |                   | -280,000          |                   |                   | -280,119          |                   |
| <b>Total liabilities at amortised cost</b>            | <b>22,473,500</b> | <b>19,252,350</b> | <b>22,660,500</b> | <b>22,490,039</b> | <b>19,216,623</b> | <b>22,686,866</b> |
| Liabilities opened for the issue of securities        |                   |                   |                   |                   |                   |                   |
| Bond debt   | 7,200,000         | 5,150,000         | 7,200,000         | 7,247,221         | 5,177,810         | 7,245,326         |
| <b>Total liabilities included in fair value hedge</b> | <b>7,200,000</b>  | <b>5,150,000</b>  | <b>7,200,000</b>  | <b>7,247,221</b>  | <b>5,177,810</b>  | <b>7,245,326</b>  |
| <b>Total liabilities</b>                              | <b>29,673,500</b> | <b>24,402,350</b> | <b>29,860,500</b> | <b>29,737,260</b> | <b>24,394,433</b> | <b>29,932,192</b> |

<sup>1</sup> Minus covered bonds held by Gjensidige Bank ASA issued by Gjensidige Bank Boligkreditt AS with a nominal at NOK 895.0 million (2,229.0 million) as of 31 March 2019. The cover pool market value was NOK 1,098.0 million (2,778.0 million).

## Note 3 Liabilities on the issue of securities (cont.)

### Maturity

| Remaining maturity (nominal value) | 31 Mar 2019       | 31 Mar 2018       | 31 Dec 2018       |
|------------------------------------|-------------------|-------------------|-------------------|
| 2018                               |                   | 1,033,850         |                   |
| 2019                               | 2,232,000         | 3,072,000         | 2,264,000         |
| 2020                               | 5,095,000         | 4,800,000         | 5,250,000         |
| 2021                               | 7,100,000         | 5,100,000         | 7,100,000         |
| 2022                               | 7,446,500         | 5,146,500         | 7,446,500         |
| 2023                               | 5,950,000         | 3,900,000         | 5,950,000         |
| 2025                               | 1,350,000         | 850,000           | 1,350,000         |
| 2027                               | 500,000           | 500,000           | 500,000           |
| <b>Total</b>                       | <b>29,673,500</b> | <b>24,402,350</b> | <b>29,860,500</b> |

The maturity of subordinated loan capital is presented at first call date in the above table.

New issues in 2019

Repayments in 2019

187,000

## Note 4 Finance leases

Gjensidige Bank ASA presents finance leases in the financial statements under loans to and receivables from customers. The lease agreements only comprise cars.

The figures all refer to Gjensidige Bank ASA. Gjensidige Bank Boligkreditt AS does not engage in finance leasing.

| NOKt  | 31 Mar 2019      | 31 Mar 2018    | 31 Dec 2018      |
|---|------------------|----------------|------------------|
| Gross investment in finance leases, receivable: |                  |                |                  |
| Less than 1 year                                | 278,130          | 270,162        | 247,645          |
| 1 - 5 years                                     | 1,037,255        | 571,427        | 845,548          |
| More than 5 years                               | 3,362            | 605            | 1,272            |
| Total   | 1,318,747        | 842,194        | 1,094,465        |
| Unearned finance income                         | -81,474          | -45,732        | -68,638          |
| <b>Net investment in finance leases</b>         | <b>1,237,273</b> | <b>796,462</b> | <b>1,025,827</b> |
| Net investment in finance leases, receivable:   |                  |                |                  |
| Less than 1 year                                | 244,051          | 250,439        | 219,255          |
| 1 - 5 years                                     | 989,860          | 545,418        | 805,300          |
| More than 5 years                               | 3,362            | 605            | 1,272            |
| <b>Net investment in finance leases</b>         | <b>1,237,273</b> | <b>796,462</b> | <b>1,025,827</b> |

Non-guaranteed residual values accruing to the benefit of the lessor

Accumulated provision for uncollectible minimum lease payments receivable

Contingent rents recognised as income in the period

## Note 5 Write-downs and losses on loans

### Write-downs and losses on loans

| NOKt   | 31 Mar 2019    | 31 Mar 2018    | 31 Dec 2018    |
|--|----------------|----------------|----------------|
| <b>Write-downs and losses for the period</b>         |                |                |                |
| +/- Change in group write-downs for the period (ECL) | 55,213         | 38,486         | 135,295        |
| + Write-off during the period                        | 3,690          | 1,342          | 7,049          |
| - Payments on previously written-off accounts        | 44             | -2,684         | -72,382        |
| <b>Write-downs and losses for the period</b>         | <b>58,946</b>  | <b>37,144</b>  | <b>69,962</b>  |
| <b>Loss allowance</b>                                |                |                |                |
| Loss allowance at the start of the period            | 329,424        | 194,129        | 194,129        |
| +/- Change in loss allowance for the period          | 55,213         | 38,486         | 135,295        |
| <b>Loss allowance at the end of the period</b>       | <b>384,637</b> | <b>232,615</b> | <b>329,424</b> |
| Defaulted loans                                      |                |                |                |
| Gross default over 90 days                           | 656,454        | 372,043        | 553,643        |

### Credit quality by risk group

| 31 Mar 2019<br>NOKt                     | Stage 1<br>12-month ECL | Stage 2<br>lifetime ECL | Stage 3<br>lifetime ECL | Total             |
|---|-------------------------|-------------------------|-------------------------|-------------------|
| <b>Loans to and claims on customers</b> |                         |                         |                         |                   |
| Low                                     | 43,486,549              | 277,106                 | 51,537                  | 43,815,192        |
| Medium                                  | 4,363,235               | 600,279                 | 19,573                  | 4,983,087         |
| High                                    | 550,465                 | 361,777                 | 29,733                  | 941,975           |
| Not classified                          | 374                     |                         | 691,500                 | 691,874           |
| Impaired and written down               | 131,308                 | 37,503                  | 316                     | 169,128           |
| Adjustment <sup>1</sup>                 | -10,646                 | 176                     |                         | -10,470           |
| <b>Total</b>                            | <b>48,521,285</b>       | <b>1,276,842</b>        | <b>792,659</b>          | <b>50,590,786</b> |
| Loss allowance                          | 49,875                  | 49,895                  | 284,866                 | 384,637           |
| <b>Total net</b>                        | <b>48,471,410</b>       | <b>1,226,947</b>        | <b>507,793</b>          | <b>50,206,149</b> |

## Note 5 Write-downs and losses on loans (cont.)

| 31 Mar 2018<br>NOKt                     | Stage 1<br>12-month ECL | Stage 2<br>lifetime ECL | Stage 3<br>lifetime ECL | Total             |
|---|-------------------------|-------------------------|-------------------------|-------------------|
| <b>Loans to and claims on customers</b> |                         |                         |                         |                   |
| Low                                     | 39,831,734              | 50,578                  | 48,436                  | 39,930,747        |
| Medium                                  | 2,360,601               | 1,173,877               | 21,530                  | 3,556,008         |
| High                                    | 2,450,094               | 703,005                 | 45,430                  | 3,198,528         |
| Not classified                          | 230,325                 | 9,393                   | 3,262                   | 242,979           |
| Impaired and written down               |                         |                         | 372,043                 | 372,043           |
| Adjustment <sup>1</sup>                 | -7,715                  | -631                    | 17,161                  | 8,815             |
| <b>Total</b>                            | <b>44,865,038</b>       | <b>1,936,220</b>        | <b>507,862</b>          | <b>47,309,121</b> |
| Loss allowance                          | 36,963                  | 53,182                  | 142,470                 | 232,615           |
| <b>Total net</b>                        | <b>44,828,075</b>       | <b>1,883,038</b>        | <b>365,392</b>          | <b>47,076,506</b> |

| 31 Dec 2018<br>NOKt                     | Stage 1<br>12-month ECL | Stage 2<br>lifetime ECL | Stage 3<br>lifetime ECL | Total             |
|---|-------------------------|-------------------------|-------------------------|-------------------|
| <b>Loans to and claims on customers</b> |                         |                         |                         |                   |
| Low                                     | 44,981,375              | 102,610                 | 52,075                  | 45,136,060        |
| Medium                                  | 4,127,112               | 584,889                 | 16,493                  | 4,728,494         |
| 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 <sup>1</sup>                 | -10,800                 | 0                       | -0                      | -10,800           |
| <b>Total</b>                            | <b>49,829,961</b>       | <b>1,069,305</b>        | <b>683,200</b>          | <b>51,582,467</b> |
| Loss allowance                          | 46,377                  | 40,302                  | 242,745                 | 329,424           |
| <b>Total net</b>                        | <b>49,783,584</b>       | <b>1,029,003</b>        | <b>440,455</b>          | <b>51,253,043</b> |

<sup>1</sup>Market value adjustment for fixed interest loans and overaft facilities balance with credit balance.

### Loans to and claims on customers by past due status

| NOKt         | 31 Mar 2019           |                | 31 Mar 2018           |                | 31 Dec 2018           |                |
|--------------|-----------------------|----------------|-----------------------|----------------|-----------------------|----------------|
|              | Gross carrying amount | Loss allowance | Gross carrying amount | Loss allowance | Gross carrying amount | Loss allowance |
| 0-29 days    | 49,256,944            | 80,442         | 46,573,178            | 65,839         | 50,657,522            | 80,151         |
| 30-59 days   | 550,703               | 30,853         | 256,245               | 13,009         | 254,235               | 20,822         |
| 60-89 days   | 126,685               | 15,696         | 107,655               | 28,709         | 117,066               | 15,191         |
| 90+ days     | 656,454               | 257,646        | 372,043               | 125,058        | 553,643               | 213,260        |
| <b>Total</b> | <b>50,590,786</b>     | <b>384,637</b> | <b>47,309,121</b>     | <b>232,615</b> | <b>51,582,467</b>     | <b>329,424</b> |

## Note 5 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

| NOKt   | Stage 1<br>12-month ECL | Stage 2<br>lifetime ECL | Stage 3<br>lifetime ECL | Total<br>allowance |
|--|-------------------------|-------------------------|-------------------------|--------------------|
| <b>Loss allowance as at 1 Jan 2019</b>             | <b>46,377</b>           | <b>40,302</b>           | <b>242,745</b>          | <b>329,424</b>     |
| Transfer to stage 1                                | 631                     | -8,453                  | -2,769                  | -10,590            |
| Transfer to stage 2                                | -2,355                  | 33,817                  | -1,039                  | 30,423             |
| Transfer to stage 3                                | -953                    | -16,415                 | 42,238                  | 24,871             |
| New Financial assets originated during the period  | 9,396                   | 3,084                   | 276                     | 12,756             |
| Financial assets that have been derecognised       | -2,798                  | -2,107                  | -4,963                  | -9,868             |
| Changes in balance with no transfer between stages | -424                    | -333                    | 8,378                   | 7,621              |
| <b>Loss allowance as at 31 Mar 2019</b>            | <b>49,875</b>           | <b>49,895</b>           | <b>284,866</b>          | <b>384,637</b>     |

| NOKt   | Stage 1<br>12-month ECL | Stage 2<br>lifetime ECL | Stage 3<br>lifetime ECL | Total<br>allowance |
|--|-------------------------|-------------------------|-------------------------|--------------------|
| <b>Loss allowance as at 1 Jan 2018</b>             | <b>35,772</b>           | <b>51,543</b>           | <b>106,814</b>          | <b>194,129</b>     |
| Transfer to stage 1                                | 666                     | -9,698                  | -194                    | -9,226             |
| Transfer to stage 2                                | -1,481                  | 28,803                  | -548                    | 26,775             |
| Transfer to stage 3                                | -712                    | -18,987                 | 40,777                  | 21,079             |
| New Financial assets originated during the period  | 5,069                   | 849                     | 11,800                  | 17,717             |
| Financial assets that have been derecognised       | -1,618                  | -1,615                  | -2,092                  | -5,326             |
| Changes in balance with no transfer between stages | -733                    | 2,287                   | -14,087                 | -12,533            |
| <b>Loss allowance as at 31 Mar 2018</b>            | <b>36,963</b>           | <b>53,182</b>           | <b>142,470</b>          | <b>232,615</b>     |

| NOKt   | Stage 1<br>12-month ECL | Stage 2<br>lifetime ECL | Stage 3<br>lifetime ECL | Total<br>allowance |
|--|-------------------------|-------------------------|-------------------------|--------------------|
| <b>Loss allowance as at 1 Jan 2018</b>             | <b>35,772</b>           | <b>51,543</b>           | <b>106,814</b>          | <b>194,129</b>     |
| 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 Financial 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             |
| <b>Loss allowance as at 31 Dec 2018</b>            | <b>46,376</b>           | <b>40,302</b>           | <b>242,745</b>          | <b>329,424</b>     |

## Note 5 Write-downs and losses on loans (cont.)

| NOKt         | 31 Mar 2019    | 31 Mar 2018    | 31 Dec 2018    |
|--------------|----------------|----------------|----------------|
| Stage 1      | 49,875         | 36,963         | 46,377         |
| Stage 2      | 49,895         | 53,182         | 40,302         |
| Stage 3      | 284,866        | 142,470        | 242,745        |
| <b>Total</b> | <b>384,637</b> | <b>232,615</b> | <b>329,424</b> |
| Stage 1      | 13.0%          | 15.9%          | 14.1%          |
| Stage 2      | 13.0%          | 22.9%          | 12.2%          |
| Stage 3      | 74.1%          | 61.2%          | 73.7%          |
| <b>Total</b> | <b>100.0%</b>  | <b>100.0%</b>  | <b>100.0%</b>  |

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

| NOKt   | Stage 1<br>12-month ECL | Stage 2<br>lifetime ECL | Stage 3<br>lifetime ECL | Total             |
|--|-------------------------|-------------------------|-------------------------|-------------------|
| <b>Gross carrying amount as at 1 Jan 2019</b>  | <b>49,829,961</b>       | <b>1,069,305</b>        | <b>683,200</b>          | <b>51,582,467</b> |
| Transfer to stage 1                            | 310,959                 | -283,785                | -27,174                 |                   |
| Transfer to stage 2                            | -602,509                | 614,386                 | -11,877                 |                   |
| Transfer to stage 3                            | -79,442                 | -111,675                | 191,118                 |                   |
| New financial assets originated                | 4,994,658               | 115,903                 | 4,613                   | 5,115,173         |
| Financial assets that have been derecognised   | -4,980,617              | -100,926                | -23,602                 | -5,105,145        |
| Change in balances due to payments             | -951,878                | -26,542                 | -33,867                 | -1,012,288        |
| Other Changes <sup>1</sup>                     | 154                     | 176                     | 10,248                  | 10,579            |
| <b>Gross carrying amount as at 31 Mar 2019</b> | <b>48,521,285</b>       | <b>1,276,842</b>        | <b>792,659</b>          | <b>50,590,786</b> |
| Loss allowance as at 31 Mar 2019               | 49,875                  | 49,895                  | 284,866                 | 384,637           |

<sup>1</sup>Market value adjustment for fixed interest loans and overraft facilities balance with credit balance.

## Note 5 Write-downs and losses on loans (cont.)

### Loans to and claims on customers

| NOKt   | Stage 1<br>12-month ECL | Stage 2<br>lifetime ECL | Stage 3<br>lifetime ECL | Total             |
|--|-------------------------|-------------------------|-------------------------|-------------------|
| <b>Gross carrying amount as at 1 Jan 2018</b>  | <b>43,685,379</b>       | <b>1,998,729</b>        | <b>372,026</b>          | <b>46,056,133</b> |
| Transfer to stage 1                            | 495,026                 | -483,790                | -11,236                 |                   |
| Transfer to stage 2                            | -629,408                | 637,212                 | -7,804                  |                   |
| Transfer to stage 3                            | -58,354                 | -115,490                | 173,844                 |                   |
| New financial assets originated                | 4,534,303               | 54,238                  | 48                      | 4,588,589         |
| Financial assets that have been derecognised   | -2,496,708              | -117,095                | -9,358                  | -2,623,161        |
| Change in balances due to payments             | -677,502                | -37,583                 | -10,512                 | -725,597          |
| Other Changes <sup>1</sup>                     | 12,303                  |                         | 854                     | 13,157            |
| <b>Gross carrying amount as at 31 Mar 2018</b> | <b>44,865,038</b>       | <b>1,936,220</b>        | <b>507,862</b>          | <b>47,309,121</b> |
| Loss allowance as at 31 Mar 2018               | 36,963                  | 53,182                  | 142,470                 | 232,615           |

  

| NOKt   | Stage 1<br>12-month ECL | Stage 2<br>lifetime ECL | Stage 3<br>lifetime ECL | Total             |
|--|-------------------------|-------------------------|-------------------------|-------------------|
| <b>Gross carrying amount as at 1 Jan 2018</b>  | <b>43,685,379</b>       | <b>1,998,729</b>        | <b>372,026</b>          | <b>46,056,133</b> |
| 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 <sup>1</sup>                     | -7,311                  |                         |                         | -7,311            |
| <b>Gross carrying amount as at 31 Dec 2018</b> | <b>49,829,961</b>       | <b>1,069,305</b>        | <b>683,200</b>          | <b>51,582,467</b> |
| Loss allowance as at 31 Dec 2018               | 46,376                  | 40,302                  | 242,745                 | 329,424           |

<sup>1</sup>Market value adjustment for fixed interest loans and overraft facilities balance with credit balance.

| NOKt         | 31 Mar 2019       | 31 Mar 2018       | 31 Dec 2018       |
|--------------|-------------------|-------------------|-------------------|
| Stage 1      | 48,521,285        | 44,865,038        | 49,829,961        |
| Stage 2      | 1,276,842         | 1,936,220         | 1,069,305         |
| Stage 3      | 792,659           | 507,862           | 683,200           |
| <b>Total</b> | <b>50,590,786</b> | <b>47,309,121</b> | <b>51,582,467</b> |
| Stage 1      | 95.9%             | 94.8%             | 96.6%             |
| Stage 2      | 2.5%              | 4.1%              | 2.1%              |
| Stage 3      | 1.6%              | 1.1%              | 1.3%              |
| <b>Total</b> | <b>100.0%</b>     | <b>100.0%</b>     | <b>100.0%</b>     |



## Note 6 Capital adequacy

| NOKt   | 31 Mar 2019       | 31 Mar 2018       | 31 Dec 2018       |
|--|-------------------|-------------------|-------------------|
| Primary capital  |                   |                   |                   |
| Share capital and share premium  | 2,180,646         | 2,085,646         | 2,180,646         |
| Other equity   | 1,814,145         | 1,538,015         | 1,758,921         |
| <b>Total equity (exclusive perpetual Tier 1 capital)</b>                                 | <b>3,994,791</b>  | <b>3,623,661</b>  | <b>3,939,567</b>  |
| Deduction  |                   |                   |                   |
| Profit not included in the calculation of net primary capital                            | -59,461           | -88,398           |                   |
| Goodwill and other intangible assets   | -34,844           | -25,755           | -34,253           |
| Value adjustments due to the requirement for prudent valuation                           | -5,715            | -5,153            | -5,845            |
| Increase   |                   |                   |                   |
| IFRS 9 transitional arrangements for credit loss provisioning                            | 8,831             | 9,870             | 9,870             |
| <b>Common equity Tier 1 capital</b>  | <b>3,903,602</b>  | <b>3,514,225</b>  | <b>3,909,340</b>  |
| Perpetual Tier 1 capital   | 444,976           | 369,707           | 444,848           |
| <b>Tier 1 capital</b>  | <b>4,348,578</b>  | <b>3,883,932</b>  | <b>4,354,188</b>  |
| Supplementary capital  |                   |                   |                   |
| Subordinated loan capital  | 549,817           | 449,781           | 549,794           |
| <b>Net primary capital</b>   | <b>4,898,395</b>  | <b>4,333,713</b>  | <b>4,903,982</b>  |
| Credit risk:   |                   |                   |                   |
| Of which:  |                   |                   |                   |
| Central governments or central banks   | 3,772             |                   |                   |
| Institutions   | 48,954            | 8,750             | 10,689            |
| Enterprises  | 187,794           | 175,008           | 180,147           |
| Mass market positions  | 684,425           | 561,243           | 628,711           |
| Positions secured by mortgage  | 1,043,044         | 1,038,385         | 1,112,466         |
| Overdue positions  | 50,255            | 34,325            | 47,024            |
| Covered bonds  | 32,206            | 26,729            | 34,186            |
| Shares in securities fund  |                   | 2,842             |                   |
| Equity positions   | 591               | 372               | 591               |
| Other positions  | 35,278            | 6,025             | 31,670            |
| <b>Total minimum requirement credit risk</b>   | <b>2,086,319</b>  | <b>1,853,679</b>  | <b>2,045,483</b>  |
| Operational risk   | 145,619           | 131,598           | 145,619           |
| CVA-risk   | 8,568             | 9,345             | 6,930             |
| <b>Minimum requirement for net primary capital</b>                                       | <b>2,240,506</b>  | <b>1,994,622</b>  | <b>2,198,033</b>  |
| <b>Basis of calculation of balance sheet items not included in trading portfolio</b>     | <b>24,817,469</b> | <b>22,060,811</b> | <b>24,406,273</b> |
| <b>Basis of calculation of off-balance sheet items not included in trading portfolio</b> | <b>1,261,521</b>  | <b>1,110,171</b>  | <b>1,162,270</b>  |
| <b>Risk-weighted assets (calculation basis for capital adequacy ratio)</b>               | <b>28,006,331</b> | <b>24,932,769</b> | <b>27,475,409</b> |

## Note 6 Capital adequacy (cont.)

| NOKt   | 31 Mar 2019    | 31 Mar 2018    | 31 Dec 2018    |
|--|----------------|----------------|----------------|
| Buffer requirements  |                |                |                |
| Systemic risk buffer   | 840,190        | 747,983        | 824,262        |
| Conservation buffer  | 700,158        | 623,319        | 686,885        |
| Countercyclical buffer   | 560,127        | 498,655        | 549,508        |
| Total buffer requirement for common equity Tier 1 capital  | 2,100,475      | 1,869,958      | 2,060,656      |
| <b>Pillar 2 requirement 1.5% for common equity Tier 1 capital set by the Financial Supervisory Authority of Norway</b> | <b>420,095</b> | <b>373,992</b> | <b>412,131</b> |
| <b>Available common equity Tier 1 capital net min.requirement</b>  | <b>122,747</b> | <b>148,301</b> | <b>200,160</b> |
| Capital adequacy   |                |                |                |
| Capital adequacy ratio   | 17.5%          | 17.4%          | 17.8%          |
| Tier 1 capital ratio   | 15.5%          | 15.6%          | 15.8%          |
| Common equity Tier 1 capital ratio   | 13.9%          | 14.1%          | 14.2%          |
| Leverage ratio   | 7.1%           | 7.1%           | 7.3%           |

For credit risk the standard method is used, while basis method is used for operational risk. The Financial Supervisory Authority of Norway has set a Pillar 2 requirement on additional 1.5% 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 13.5% and 17% for primary capital.

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 13.9 million. Equity was reduced by NOK 10.4 million adjusted for tax. In accordance with transitional arrangements, the effect increased of loss and provision will be phased in over five years.

| NOKt  | 31 Mar 2019 | 31 Mar 2018 | 31 Dec 2018 |
|---|-------------|-------------|-------------|
| Numbers without use of transitional arrangements: |             |             |             |
| Common equity Tier 1 capital                      | 3,894,771   | 3,504,355   | 3,899,470   |
| Tier 1 capital                                    | 4,339,747   | 3,874,062   | 4,344,318   |
| Net primary capital                               | 4,889,563   | 4,323,843   | 4,894,112   |
| Common equity Tier 1 capital ratio                | 13.9 %      | 14.1 %      | 14.2 %      |
| Tier 1 capital ratio                              | 15.5 %      | 15.5 %      | 15.8 %      |
| Capital adequacy ratio                            | 17.5 %      | 17.3 %      | 17.8 %      |

## Note 7 Transactions with related parties

Gjensidige Bank ASA is a directly owned subsidiary of Nordea Bank Abp. Gjensidige Bank Boligkreditt AS is a wholly owned subsidiary of Gjensidige Bank ASA. All transactions and agreements with related parties are carried out in accordance with the arm's length principle.

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 ensures 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) long-term credit facility of up to NOK 2,000.0 million. Expiry date 31 December 2020.
- b) short-term credit facility of up to NOK 4,000.0 million. Expiry date 30 November 2019.
- 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 March 2019, the credit limit of the agreement was NOK 3,945.0 million.

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

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

| NOKt  | 31 Mar 2019 | 31 Mar 2018 | 31 Dec 2018 |
|---|-------------|-------------|-------------|
| Interest expense Gjensidige Bank Boligkreditt AS deposit in Gjensidige Bank ASA | 3,918       | 2,386       | 10,467      |
| Interest income receivables Gjensidige Bank Boligkreditt AS                     | 13,437      | 12,070      | 53,953      |
| Interest income covered bonds Gjensidige Bank Boligkreditt AS                   | 3,498       | 5,293       | 10,861      |
| Services to Gjensidige Bank Boligkreditt AS                                     | 2,979       | 2,821       | 11,612      |
| Purchase of services from Gjensidige Bank Boligkreditt AS                       | 229         | 229         | 917         |
| Interest expense Nordea Bank Abp  | 6,952       |             |             |
| Interest income deposit in Nordea Bank Abp                                      | 636         |             |             |

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

| NOKt   | 31 Mar 2019 | 31 Mar 2018 | 31 Dec 2018 |
|--|-------------|-------------|-------------|
| Gjensidige Bank Boligkreditt AS's deposit in Gjensidige Bank ASA | 993,620     | 764,003     | 694,837     |
| Receivables Gjensidige Bank Boligkreditt AS                      | 2,796,679   | 3,061,960   | 3,651,742   |
| Placement of covered bonds from Gjensidige Bank Boligkreditt AS  | 898,135     | 2,247,249   | 710,265     |
| Liability to Nordea Bank Abp                                     | 2,500,229   |             |             |
| Debt securities in issue Nordea Bank Abp                         | 541,520     |             |             |
| Gjensidige Bank ASA's deposit in Nordea Bank Abp                 | 2,539,883   |             |             |

## Note 8 Contingent liabilities and security

| NOKt  | 31 Mar 2019      | 31 Mar 2018      | 31 Dec 2018      |
|---|------------------|------------------|------------------|
| Guarantees  | 5,500            | 4,800            | 5,300            |
| Loan commitment   | 3,918,536        | 4,704,161        | 5,210,725        |
| Unutilised credit facility  | 4,495,950        | 4,501,739        | 4,451,277        |
| <b>Total contingent liabilities</b>   | <b>8,419,986</b> | <b>9,210,700</b> | <b>9,667,302</b> |
| Securities provided as collateral for loans from/credit facility with Norges Bank | 775,489          | 1,024,221        | 776,771          |
| <b>Total securities provided</b>  | <b>775,489</b>   | <b>1,024,221</b> | <b>776,771</b>   |

## Note 9 Fair value of financial instruments

### 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.

### 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 ten per cent 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.

## Note 9 Fair value of financial instruments (cont.)

| NOKt   | 31 Mar 2019       |                   | 31 Mar 2018       |                   | 31 Dec 2018       |                   |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | Carrying amount   | Fair value        | Carrying amount   | Fair value        | Carrying amount   | Fair value        |
| <b>Assets</b>  |                   |                   |                   |                   |                   |                   |
| Cash to and receivables from central banks                           | 55,134            | 55,134            | 60,841            | 60,841            | 53,932            | 53,932            |
| <b>Cash to and receivables from central banks</b>                    | <b>55,134</b>     | <b>55,134</b>     | <b>60,841</b>     | <b>60,841</b>     | <b>53,932</b>     | <b>53,932</b>     |
| Loans to and receivables from credit institutions, amortised cost    | 2,564,759         | 2,564,759         | 105,918           | 105,918           | 422,648           | 422,648           |
| <b>Loans to and receivables from credit institutions</b>             | <b>2,564,759</b>  | <b>2,564,759</b>  | <b>105,918</b>    | <b>105,918</b>    | <b>422,648</b>    | <b>422,648</b>    |
| Loans to and receivables from customers, amortised cost              | 50,227,348        | 50,239,140        | 47,076,506        | 47,076,506        | 51,253,043        | 51,268,139        |
| <b>Loans to and receivables from customers</b>                       | <b>50,227,348</b> | <b>50,239,140</b> | <b>47,076,506</b> | <b>47,076,506</b> | <b>51,253,043</b> | <b>51,268,139</b> |
| Interest-bearing securities, fair value                              | 5,609,968         | 5,609,968         | 4,995,668         | 4,995,668         | 5,746,698         | 5,746,698         |
| <b>Interest-bearing securities</b>                                   | <b>5,609,968</b>  | <b>5,609,968</b>  | <b>4,995,668</b>  | <b>4,995,668</b>  | <b>5,746,698</b>  | <b>5,746,698</b>  |
| Derivatives, fair value  | 67,848            | 67,848            | 82,685            | 82,685            | 69,629            | 69,629            |
| <b>Derivatives</b>   | <b>67,848</b>     | <b>67,848</b>     | <b>82,685</b>     | <b>82,685</b>     | <b>69,629</b>     | <b>69,629</b>     |
| Shares available for sale  | 7,386             | 7,386             | 4,645             | 4,645             | 7,386             | 7,386             |
| <b>Shares</b>  | <b>7,386</b>      | <b>7,386</b>      | <b>4,645</b>      | <b>4,645</b>      | <b>7,386</b>      | <b>7,386</b>      |
| Other financial assets, amortised cost                               | 125,249           | 125,249           | 102,113           | 102,113           | 65,975            | 65,975            |
| <b>Total other financial assets</b>                                  | <b>125,249</b>    | <b>125,249</b>    | <b>102,113</b>    | <b>102,113</b>    | <b>65,975</b>     | <b>65,975</b>     |
| <b>Total financial assets</b>  | <b>58,657,692</b> | <b>58,669,484</b> | <b>52,428,377</b> | <b>52,428,377</b> | <b>57,619,311</b> | <b>57,634,408</b> |
| <b>Liabilities</b>   |                   |                   |                   |                   |                   |                   |
| Liability to credit institutions, amortised cost                     | 2,500,000         | 2,500,000         |                   |                   |                   |                   |
| <b>Liability to credit institutions</b>                              | <b>2,500,000</b>  | <b>2,500,000</b>  |                   |                   |                   |                   |
| Deposits and liabilities to customers, amortised cost                | 21,757,970        | 21,757,822        | 23,763,986        | 23,765,497        | 23,122,977        | 23,122,612        |
| <b>Deposits and liabilities to customers</b>                         | <b>21,757,970</b> | <b>21,757,822</b> | <b>23,763,986</b> | <b>23,765,497</b> | <b>23,122,977</b> | <b>23,122,612</b> |
| Liability incurred through the issue of securities, amortised cost   | 21,940,222        | 22,097,243        | 18,766,842        | 18,936,642        | 22,137,072        | 22,252,988        |
| Liability incurred through the issue of securities, fair value hedge | 7,247,221         | 7,291,864         | 5,177,810         | 5,227,459         | 7,245,326         | 7,265,790         |
| <b>Liability incurred through the issue of securities</b>            | <b>29,187,443</b> | <b>29,389,106</b> | <b>23,944,652</b> | <b>24,164,101</b> | <b>29,382,398</b> | <b>29,518,779</b> |
| Derivatives, fair value  | 30,264            | 30,264            | 74,889            | 74,889            | 28,174            | 28,174            |
| <b>Derivatives</b>   | <b>30,264</b>     | <b>30,264</b>     | <b>74,889</b>     | <b>74,889</b>     | <b>28,174</b>     | <b>28,174</b>     |
| Subordinated loan capital, amortised cost                            | 549,817           | 554,599           | 449,781           | 458,267           | 549,794           | 553,018           |
| <b>Subordinated loan capital</b>                                     | <b>549,817</b>    | <b>554,599</b>    | <b>449,781</b>    | <b>458,267</b>    | <b>549,794</b>    | <b>553,018</b>    |
| Other financial liabilities, amortised cost                          | 232,212           | 232,212           | 210,847           | 210,847           | 137,106           | 137,106           |
| <b>Other financial liabilities</b>                                   | <b>232,212</b>    | <b>232,212</b>    | <b>210,847</b>    | <b>210,847</b>    | <b>137,106</b>    | <b>137,106</b>    |
| <b>Total financial liabilities</b>                                   | <b>54,257,706</b> | <b>54,464,004</b> | <b>48,444,154</b> | <b>48,673,601</b> | <b>53,220,450</b> | <b>53,359,689</b> |
| Off-balance sheet obligations and guarantees                         |                   |                   |                   |                   |                   |                   |
| Guarantees   | 5,500             | 5,500             | 4,800             | 4,800             | 5,300             | 5,300             |
| Mortgage assets <sup>1</sup>   | 783,348           | 783,348           | 1,024,220         | 1,024,220         | 784,462           | 784,462           |

<sup>1</sup> Securities provided as collateral for loans from/credit facility with Norges Bank.

## Note 9 Fair value of financial instruments (cont.)

| NOKt   | 31 Mar 2019      |                   |                   |                   |
|--|------------------|-------------------|-------------------|-------------------|
|  | Level 1          | Level 2           | Level 3           | Total             |
| Interest-bearing securities, fair value                              | 5,609,968        |                   |                   | 5,609,968         |
| Shares   |                  |                   | 7,386             | 7,386             |
| Derivatives, fair value  |                  | 67,848            |                   | 67,848            |
| <b>Total financial assets, fair value</b>                            | <b>5,609,968</b> | <b>67,848</b>     | <b>7,386</b>      | <b>5,685,202</b>  |
| Loans to and receivables from customers, amortised cost              |                  |                   | 50,239,140        | 50,239,140        |
| <b>Total financial assets, amortised cost</b>                        |                  |                   | <b>50,239,140</b> | <b>50,239,140</b> |
| Derivatives, fair value  |                  | 30,264            |                   | 30,264            |
| <b>Total financial liabilities, fair value</b>                       |                  | <b>30,264</b>     |                   | <b>30,264</b>     |
| Deposits and liabilities to customers, amortised cost                |                  |                   | 21,757,822        | 21,757,822        |
| Liability incurred through the issue of securities, amortised cost   |                  | 22,097,243        |                   | 22,097,243        |
| Subordinated loan capital, amortised cost                            |                  | 554,599           |                   | 554,599           |
| <b>Total financial liabilities, amortised cost</b>                   |                  | <b>22,651,842</b> | <b>21,757,822</b> | <b>44,409,664</b> |
| Liability incurred through the issue of securities, fair value hedge |                  | 7,291,864         |                   | 7,291,864         |
| <b>Total financial liabilities, fair value hedge</b>                 |                  | <b>7,291,864</b>  |                   | <b>7,291,864</b>  |

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

| NOKt   | 31 Mar 2018    |                   |                   |                   |
|--|----------------|-------------------|-------------------|-------------------|
|  | Level 1        | Level 2           | Level 3           | Total             |
| Interest-bearing securities, fair value                              | 699,699        | 4,295,969         |                   | 4,995,668         |
| Shares   |                |                   | 4,645             | 4,645             |
| Derivatives, fair value  |                | 82,685            |                   | 82,685            |
| <b>Total financial assets, fair value</b>                            | <b>699,699</b> | <b>4,378,654</b>  | <b>4,645</b>      | <b>5,082,998</b>  |
| Loans to and receivables from customers, amortised cost              |                |                   | 47,076,506        | 47,076,506        |
| <b>Total financial assets, amortised cost</b>                        |                |                   | <b>47,076,506</b> | <b>47,076,506</b> |
| Derivatives, fair value  |                | 74,889            |                   | 74,889            |
| <b>Total financial liabilities, fair value</b>                       |                | <b>74,889</b>     |                   | <b>74,889</b>     |
| Deposits and liabilities to customers, amortised cost                |                |                   | 23,765,497        | 23,765,497        |
| Liability incurred through the issue of securities, amortised cost   |                | 18,936,642        |                   | 18,936,642        |
| Subordinated loan capital, amortised cost                            |                | 458,267           |                   | 458,267           |
| <b>Total financial liabilities, amortised cost</b>                   |                | <b>19,394,910</b> | <b>23,765,497</b> | <b>43,160,406</b> |
| Liability incurred through the issue of securities, fair value hedge |                | 5,227,459         |                   | 5,227,459         |
| <b>Total financial liabilities, fair value hedge</b>                 |                | <b>5,227,459</b>  |                   | <b>5,227,459</b>  |

There were no major moves between levels 1 and 2 in 2018.

## Note 9 Fair value of financial instruments (cont.)

| NOKt   | 31 Dec 2018    |                   |                   |                   |
|--|----------------|-------------------|-------------------|-------------------|
|  | 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, fair value  |                | 69,629            |                   | 69,629            |
| <b>Total financial assets, fair value</b>                            | <b>846,216</b> | <b>4,970,111</b>  | <b>7,386</b>      | <b>5,823,714</b>  |
| Loans to and receivables from customers, amortised cost              |                |                   | 51,268,139        | 51,268,139        |
| <b>Total financial assets, amortised cost</b>                        |                |                   | <b>51,268,139</b> | <b>51,268,139</b> |
| Derivatives, fair value  |                | 28,174            |                   | 28,174            |
| <b>Total financial liabilities, fair value</b>                       |                | <b>28,174</b>     |                   | <b>28,174</b>     |
| 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 loan capital, amortised cost                            |                | 553,018           |                   | 553,018           |
| <b>Total financial liabilities, amortised cost</b>                   |                | <b>22,806,006</b> | <b>23,122,612</b> | <b>45,928,618</b> |
| Liability incurred through the issue of securities, fair value hedge |                | 7,265,790         |                   | 7,265,790         |
| <b>Total financial liabilities, fair value hedge</b>                 |                | <b>7,265,790</b>  |                   | <b>7,265,790</b>  |

There were no major moves between levels 1 and 2 in 2018.

| Reconciliation of financial assets valued based on non-observable market data (level 3) 31 Mar 2019 | Net realised/ unrealised gains |                              |           |       | Transfer into/ out of level 3 | As at 31 Mar 2019 |
|---|--------------------------------|------------------------------|-----------|-------|-------------------------------|-------------------|
|   | As at 1 Jan 2019               | recognised in profit or loss | Purchases | Sales |                               |                   |
| <b>NOKt</b>   |                                |                              |           |       |                               |                   |
| Shares  | 7,386                          |                              |           |       |                               | 7,386             |
| <b>Total financial assets measured at fair value</b>  | <b>7,386</b>                   |                              |           |       |                               | <b>7,386</b>      |

### Sensitivity of financial assets valued based on non-observable market data (level 3) 31 Mar 2019

| NOKt   | Sensitivity           |
|--|-----------------------|
| Shares   | Decrease in value 10% |
| <b>Total financial assets measured at fair value</b> |                       |

Level 3 shares represent a total of NOK 7.386 thousand in unquoted shares in Visa Norge and Bank Asept 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

## Note 9 Fair value of financial instruments (cont.)

| Reconciliation of financial assets valued based on non-observable market data (level 3) 31 Mar 2018 |                     | Net realised/<br>unrealised<br>gains |           |       |                                  |                      |
|---|---------------------|--------------------------------------|-----------|-------|----------------------------------|----------------------|
| NOKt  | As at<br>1 Jan 2018 | recognised in<br>profit or loss      | Purchases | Sales | Transfer into/<br>out of level 3 | As at<br>31 Mar 2018 |
| Shares  | 4,645               |                                      |           |       |                                  | 4,645                |
| <b>Total financial assets measured at fair value</b>  | <b>4,645</b>        |                                      |           |       |                                  | <b>4,645</b>         |

### Sensitivity of financial assets valued based on non-observable market data (level 3) 31 Mar 2018

| NOKt   | Sensitivity           |
|--|-----------------------|
| Shares   | Decrease in value 10% |
| <b>Total financial assets measured at fair value</b> |                       |

| Reconciliation of financial assets valued based on non-observable market data (level 3) 31 Dec 2018 |                     | Net realised/<br>unrealised<br>gains |           |       |                                  |                      |
|---|---------------------|--------------------------------------|-----------|-------|----------------------------------|----------------------|
| NOKt  | As at<br>1 Jan 2018 | recognised in<br>profit or loss      | Purchases | Sales | Transfer into/<br>out of level 3 | As at<br>31 Dec 2018 |
| Shares  | 4,645               | 2,741                                |           |       |                                  | 7,386                |
| <b>Total financial assets measured at fair value</b>  | <b>4,645</b>        | <b>2,741</b>                         |           |       |                                  | <b>7,386</b>         |

### Sensitivity of financial assets valued based on non-observable market data (level 3) 31 Dec 2018

| NOKt   | Sensitivity           |
|--|-----------------------|
| Shares   | Decrease in value 10% |
| <b>Total financial assets measured at fair value</b> |                       |

## Note 10 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 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 pay interest or repay 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. Correspondingly, seen in isolation, the benefit of the tax deduction for the interest will lead to an increase in Other equity and not be presented as a deduction under the line Tax expense, since it is the shareholder who benefits from the tax deduction.



# Quarterly earnings performance

## Gjensidige Bank Group

| NOKt   | Q1<br>2019     | Q4<br>2018     | Q3<br>2018     | Q2<br>2018     | Q1<br>2018     | Q4<br>2017     | Q3<br>2017     | Q2<br>2017     |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Interest income etc, amortised cost              | 451,198        | 438,808        | 422,288        | 416,965        | 403,910        | 419,121        | 405,633        | 391,651        |
| Interest income etc, fair value                  | 19,875         | 17,453         | 18,109         | 15,441         | 11,621         | 12,071         | 12,113         | 12,035         |
| Interest costs etc.                              | 205,355        | 195,125        | 186,249        | 176,899        | 165,028        | 159,544        | 161,626        | 161,411        |
| <b>Net interest income</b>                       | <b>265,718</b> | <b>261,137</b> | <b>254,148</b> | <b>255,507</b> | <b>250,503</b> | <b>271,648</b> | <b>256,120</b> | <b>242,275</b> |
| Dividends from investments in shares and funds   |                |                |                |                |                |                |                |                |
| Fee and commission income                        | 41,305         | 38,148         | 27,881         | 27,754         | 25,249         | 20,212         | 27,938         | 28,648         |
| Fee and commission expense                       | 49,000         | 49,382         | 35,242         | 34,170         | 26,958         | 24,686         | 21,776         | 23,942         |
| Net gains on financial instruments at fair value | 10,276         | -8,267         | 5,613          | -5,058         | 9,420          | -8,929         | 7,180          | 5,021          |
| Other operating income                           | 693            | 1,383          | 590            | 3,028          | 4,358          | 5,409          | 3,877          | 3,562          |
| <b>Total income</b>                              | <b>268,992</b> | <b>243,020</b> | <b>252,990</b> | <b>247,062</b> | <b>262,571</b> | <b>263,654</b> | <b>273,338</b> | <b>255,564</b> |
| Staff costs                                      | 44,944         | 55,328         | 48,375         | 39,310         | 46,312         | 50,456         | 42,932         | 35,745         |
| Depreciation                                     | 6,872          | 5,068          | 5,045          | 4,696          | 4,254          | 4,074          | 3,846          | 3,722          |
| Other operating costs                            | 78,948         | 88,418         | 75,008         | 63,558         | 53,051         | 63,008         | 41,218         | 60,859         |
| <b>Total operating expenses</b>                  | <b>130,764</b> | <b>148,813</b> | <b>128,428</b> | <b>107,564</b> | <b>103,617</b> | <b>117,538</b> | <b>87,996</b>  | <b>100,327</b> |
| <b>Profit / (loss) before loan losses</b>        | <b>138,228</b> | <b>94,207</b>  | <b>124,561</b> | <b>139,497</b> | <b>158,954</b> | <b>146,116</b> | <b>185,343</b> | <b>155,237</b> |
| Loan losses                                      | 58,946         | 79,381         | 31,653         | -78,215        | 37,144         | -101,477       | 45,020         | 33,558         |
| <b>Operating profit</b>                          | <b>79,282</b>  | <b>14,826</b>  | <b>92,909</b>  | <b>217,712</b> | <b>121,810</b> | <b>247,593</b> | <b>140,323</b> | <b>121,679</b> |

# Income statement

## Gjensidige Bank ASA

| NOKt  | Jan-Mar 2019   | Jan-Mar 2018   | Year 2018      |
|---|----------------|----------------|----------------|
| Interest income etc, amortised cost                     | 336,537        | 296,809        | 1,249,709      |
| Interest income etc, fair value                         | 22,998         | 16,687         | 71,788         |
| Interest costs etc.                                     | 127,924        | 112,122        | 467,307        |
| <b>Net interest income</b>                              | <b>231,610</b> | <b>201,373</b> | <b>854,191</b> |
| Dividends from investments in shares and funds          |                |                |                |
| Fee and commission income                               | 40,716         | 24,661         | 116,695        |
| Fee and commission expense                              | 49,000         | 26,958         | 145,752        |
| Net gains on financial instruments at fair value        | 10,168         | 8,956          | 8,637          |
| Other operating income                                  | 3,672          | 7,178          | 20,971         |
| <b>Net commission income and other operating income</b> | <b>5,556</b>   | <b>13,838</b>  | <b>550</b>     |
| <b>Total income</b>                                     | <b>237,167</b> | <b>215,212</b> | <b>854,741</b> |
| Staff costs   | 44,272         | 45,778         | 186,586        |
| Depreciation  | 6,872          | 4,254          | 19,063         |
| Other operating expenses                                | 78,831         | 52,164         | 277,782        |
| <b>Total operating expenses</b>                         | <b>129,974</b> | <b>102,195</b> | <b>483,432</b> |
| <b>Profit / (loss) before loan losses</b>               | <b>107,193</b> | <b>113,017</b> | <b>371,309</b> |
| Loan losses   | 59,266         | 36,777         | 69,671         |
| <b>Operating profit</b>                                 | <b>47,927</b>  | <b>76,240</b>  | <b>301,638</b> |
| Income tax expense                                      | 11,982         | 19,060         | 75,976         |
| <b>Net profit for the period</b>                        | <b>35,945</b>  | <b>57,180</b>  | <b>225,662</b> |
| Basic/diluted earnings per share, NOK                   | 41.0           | 65.3           | 257.6          |

# Statement of comprehensive income

## Gjensidige Bank ASA

| NOKt   | Jan-Mar 2019  | Jan-Mar 2018  | Year 2018      |
|--|---------------|---------------|----------------|
| <b>Profit/ (loss) for the period</b>   | <b>35,945</b> | <b>57,180</b> | <b>225,662</b> |
| <b>Components of other comprehensive income</b>  |               |               |                |
| <b>Items that are not reclassified subsequently to profit or loss</b>                    |               |               |                |
| Actuarial gains/ (loss) on pensions  |               |               | 119            |
| Tax on items that are not reclassified to profit or loss                                 |               |               | -30            |
| Unrealised gain/(loss) on loans to customers, fair value over other comprehensive income |               |               | 1,917          |
| Items that may be reclassified subsequently to profit or loss                            |               |               |                |
| Tax on items that may be reclassified to profit or loss                                  |               |               | -479           |
| <b>Total components of other comprehensive income</b>                                    |               |               | <b>1,527</b>   |
| <b>Total comprehensive income for the period</b>   | <b>35,945</b> | <b>57,180</b> | <b>227,189</b> |

# Balance sheet

## Gjensidige Bank ASA

| NOKt  | 31 Mar 2019       | 31 Mar 2018       | 31 Dec 2018       |
|---|-------------------|-------------------|-------------------|
| <b>Assets</b>                                     |                   |                   |                   |
| Cash and balances with central banks              | 55,134            | 60,841            | 53,932            |
| Loans to credit institutions                      | 5,345,224         | 3,153,521         | 4,058,578         |
| Loans to the public                               | 26,707,378        | 24,088,421        | 26,605,643        |
| Interest-bearing securities                       | 6,367,950         | 7,102,716         | 6,317,066         |
| Derivatives                                       | 5,156             | 7,765             | 3,326             |
| Shares (and other securities with variable yield) | 7,386             | 4,645             | 7,386             |
| Ownership interest in group companies             | 1,220,030         | 1,220,030         | 1,220,030         |
| Intangible assets                                 | 34,844            | 25,755            | 34,253            |
| Deferred tax assets                               | 16,602            | 13,589            | 11,868            |
| Fixed assets                                      | 3,662             | 4,131             | 3,982             |
| Other assets                                      | -1,183            | 37,419            | 5,639             |
| Advance payments and accrued income               | 351,792           | 149,773           | 264,647           |
| <b>Total assets</b>                               | <b>40,113,976</b> | <b>35,868,609</b> | <b>38,586,350</b> |
| <b>Liabilities and equity</b>                     |                   |                   |                   |
| Liabilities to credit institutions                | 3,181,110         | 455,820           | 382,327           |
| Deposits and borrowings from the public           | 22,070,480        | 24,072,169        | 23,435,487        |
| Debt securities in issue                          | 10,103,980        | 7,120,634         | 10,106,188        |
| Derivatives                                       | 25,371            | 68,956            | 23,018            |
| Current tax liabilities                           | 31,236            | 82,951            | 66,397            |
| Other liabilities                                 | 99,639            | 55,231            | 31,424            |
| Accrued expenses and prepaid income               | 246,421           | 103,636           | 217,625           |
| Retirement benefit obligations                    | 22,958            | 24,242            | 22,958            |
| Subordinated loan capital                         | 549,817           | 449,781           | 549,794           |
| <b>Total liabilities</b>                          | <b>36,331,011</b> | <b>32,433,420</b> | <b>34,835,219</b> |
| <b>Equity</b>                                     |                   |                   |                   |
| Share capital                                     | 979,368           | 978,492           | 979,368           |
| Share premium reserve                             | 1,201,278         | 1,107,154         | 1,201,278         |
| Perpetual Tier 1 capital                          | 444,976           | 369,707           | 444,848           |
| Other paid-in equity                              | 3,789             | 3,789             | 3,789             |
| Retained earnings                                 | 1,117,609         | 918,868           | 1,121,848         |
| Net profit for the period                         | 35,945            | 57,180            |                   |
| <b>Total equity</b>                               | <b>3,782,965</b>  | <b>3,435,189</b>  | <b>3,751,131</b>  |
| <b>Total liabilities and equity</b>               | <b>40,113,976</b> | <b>35,868,609</b> | <b>38,586,350</b> |

# Statement of changes in equity

## Gjensidige Bank ASA

| NOKt   | Share capital  | Share premium reserve | Perpetual Tier 1 capital | Other paid-in equity | Other equity     | Total equity     |
|--|----------------|-----------------------|--------------------------|----------------------|------------------|------------------|
| <b>Balance at 1 Jan 2019</b>                       | 979,368        | 1,201,278             | 444,848                  | 3,789                | 1,121,848        | 3,751,131        |
| Net profit for the period                          |                |                       | <b>3,942</b>             |                      | <b>32,003</b>    | <b>35,945</b>    |
| Other comprehensive income, net of tax             |                |                       |                          |                      |                  |                  |
| <b>Total comprehensive income</b>                  |                |                       | <b>3,942</b>             |                      | <b>32,003</b>    | <b>35,945</b>    |
| Share-based payment transactions settled in equity |                |                       |                          |                      | -298             | -298             |
| AT1 capital  |                |                       |                          |                      |                  |                  |
| Paid interest on AT 1 capital                      |                |                       | -3,813                   |                      |                  | -3,813           |
| <b>Balance at 31 Mar 2019</b>                      | <b>979,368</b> | <b>1,201,278</b>      | <b>444,976</b>           | <b>3,789</b>         | <b>1,153,554</b> | <b>3,782,965</b> |

| NOKt   | Share capital  | Share premium reserve | Perpetual Tier 1 capital | Other paid-in equity | Other equity     | Total equity     |
|--|----------------|-----------------------|--------------------------|----------------------|------------------|------------------|
| <b>Balance at 1 Jan 2018</b>                       | 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               |
| <b>Total comprehensive income</b>                  |                |                       | <b>12,499</b>            |                      | <b>213,253</b>   | <b>225,751</b>   |
| 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          |
| <b>Balance at 31 Dec 2018</b>                      | <b>979,368</b> | <b>1,201,278</b>      | <b>444,848</b>           | <b>3,789</b>         | <b>1,121,848</b> | <b>3,751,131</b> |

| NOKt   | Share capital  | Share premium reserve | Perpetual Tier 1 capital | Other paid-in equity | Other equity   | Total equity     |
|--|----------------|-----------------------|--------------------------|----------------------|----------------|------------------|
| <b>Balance at 1 Jan 2018</b>                       | 978,492        | 1,107,154             | 369,599                  | 3,789                | 922,864        | 3,381,898        |
| Net profit for the period                          |                |                       | 2,960                    |                      | 54,220         | 57,180           |
| Other comprehensive income, net of tax             |                |                       |                          |                      |                |                  |
| <b>Total comprehensive income</b>                  |                |                       | <b>2,960</b>             |                      | <b>54,220</b>  | <b>57,180</b>    |
| Share-based payment transactions settled in equity |                |                       |                          |                      | -1,037         | -1,037           |
| AT1 capital  |                |                       |                          |                      |                |                  |
| Paid interest on AT 1 capital                      |                |                       | -2,852                   |                      |                | -2,852           |
| <b>Balance at 31 Mar 2018</b>                      | <b>978,492</b> | <b>1,107,154</b>      | <b>369,707</b>           | <b>3,789</b>         | <b>976,047</b> | <b>3,435,189</b> |

Number of shares at end of period 876,000

The difference in the balance at 1 Jan 2018 relates to accounting principle for fixed interest customer loans. When implementing the IFRS 9 accounting principle for fixed interest customer loans changed from amortised cost to fair value. A one time effect led to a positive impact of NOK 19.4 million before tax booked during 1st quarter 2018. The impact was charged directly against equity, after adjusting for the impact of the tax. After a re-evaluation during 4th quarter 2018 the accounting principle for fixed interest customer loans was changed back to amortised cost and the booking made 1st quarter 2018 was reversed.

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