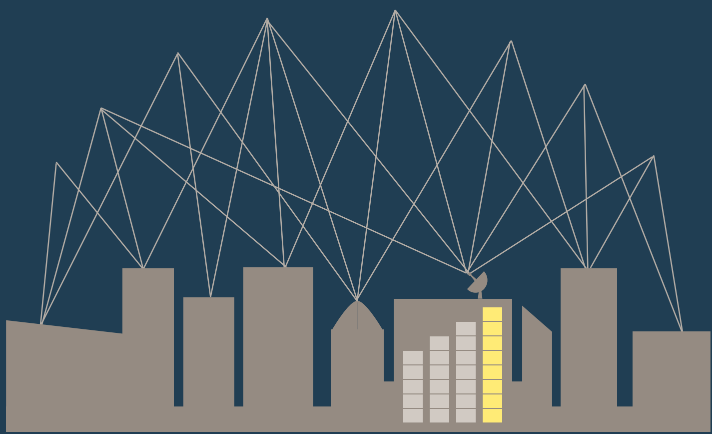
Gjensidige

4th Quarter and Preliminary Full Year 2018 Report

Gjensidige Bank



Gjensidige Bank Group highlights
4th Quarter and preliminary Full Year 2018 report

In the following, figures in brackets refer to the amount or percentage for the corresponding period the year before.

Year as a whole

- Pre-tax profit: NOK 447.3 million (612.3)
- Operating income: NOK 1,005.6 million (1,035.2)
- Operating expenses: NOK 488.4 million (412.5)
- Cost/income ratio: 48.6 per cent (39.8)
- Write-downs and losses: NOK 70.0 million (10.3)

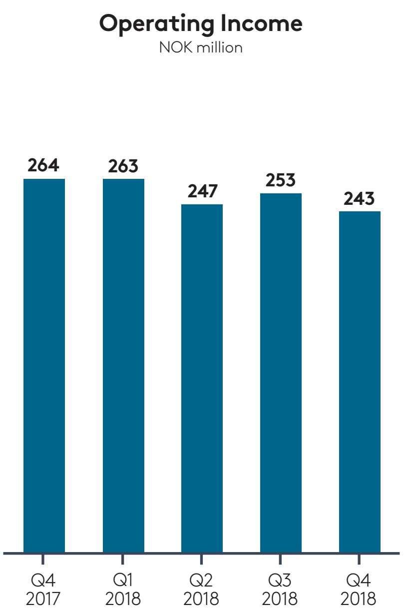
- Return on equity, annualised[1]: 8.6 per cent (14.2)
- Common equity Tier 1 capital: NOK 3.9 billion (3.5)
- Common equity Tier 1 capital ratio: 14.2 per cent (14.7)

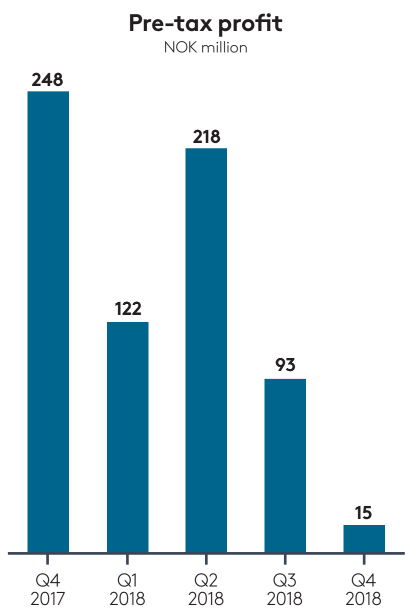
- Gross lending: NOK 51.6 billion (46.1)
- Customer deposits: NOK 23.1 billion (23.8)
- Asset under management: NOK 33.3 billion (45.7)

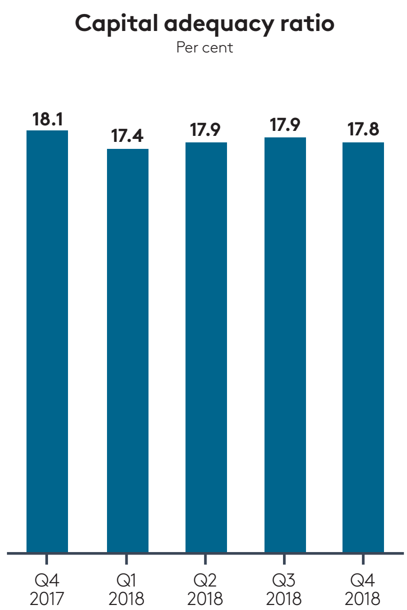
Fourth quarter

- Pre-tax profit: NOK 14.8 million (247.6)
- Operating income: NOK 243.0 million (263.7)
- Operating expenses: NOK 148.8 million (117.5)
- Write-downs and losses: NOK 79.4 million (positive 101.5)

- Return on equity, annualised[1]: 0.8 per cent (21.1)







[1] Return on equity, annualised = Shareholders' share of profit for the period / average shareholders' equity for the period, annualised

Development during the year

On 2 July 2018 Gjensidige Forsikring ASA entered into a share purchase agreement with Nordea for the sale of Gjensidige Bank ASA. The parties also entered into a strategic partnership agreement with respect to mutual distribution of non-life insurance and financing products in Norway. The agreed purchase price was NOK 5.5 billion, subject to certain adjustments based on the performance of the bank until closing of the transaction. Closing is expected to take place during Q1 2019, subject to customary regulatory approvals.

Earnings performance

The profit before tax expense decreased to NOK 447.3 million (612.3). Adjusted for non-recurring items in 2017 (impaired portfolio sale and change in probability of default and loss given default) and this year (impaired and written-off portfolio sale, termination of the distribution agreement, costs related to sale of the business to Nordea and a correction in individual loan loss provisioning[1]) profit before tax expenses amounted to NOK 384.2 million (445.0). The decrease was mainly driven by higher expenses and lower income.

Total income amounted to NOK 1,005.6 million (1,035.2).

Net interest income amounted to NOK 1,021.3 million (992.3). The improvement was driven by lending growth, partially offset by lower lending margins.

Net commission income and other income amounted to minus NOK 15.7 million (positive 42.9). The decrease was the result of higher acquisition costs driven by business growth and loss on financial instruments.

Net interest margin[2] was 1.89 per cent (2.03). The decrease was driven by the change in portfolio composition and increase in financing cost.

Operating expenses were NOK 488.4 million (412.5). The increase was driven by costs related to sale of the business to Nordea, termination of the distribution agreement with Gjensidige's Private division and business growth. Expenses, adjusted for non-recurring items were NOK 459.5 million (412.5). The increase is mainly due to business growth.

The cost/income ratio increased to 48.6 per cent (39.8), driven by the decreased income and increased expenses.

Total write-downs and losses amounted to NOK 70.0 million (10.3). The increase was driven by non-recurring items mentioned above. Excluding these items, total write-downs and losses amounted to NOK 156.4 million (156.0).

The new IFRS rules have been implemented and last year's financials are therefore not directly comparable. The transition from IAS 39 to IFRS 9 rules led to an increase of NOK 13.9 million in the losses and provisioning balance at the beginning of the year. The impact was charged directly to equity, after adjusting for the impact of tax.

Write-downs and losses were 0.14 per cent (0.02) of average gross lending. Adjusted for non-recurring items, write-downs and losses were 0.32 per cent (0.36) of average gross lending.

Gross lending in default over 90 days increased to NOK 553.6 million (254.4), driven by the sale of the impaired unsecured lending portfolio in 2017 and business growth. Gross loans in default over 90 days were 1.07 per cent (0.55) of total gross lending.

The weighted average loan-to-value ratio[3] was estimated to be 60.9 per cent (60.6) for the mortgage portfolio.

Lending, deposits and investments growth

Gross lending increased by 12.0 per cent and amounted to NOK 51,582.5 million (46,056.1) at the end of 2018. Deposits decreased by 2.7 per cent, reaching NOK 23,123.0 million (23,765.7). The deposits-to-loans ratio was 44.8 per cent (51.6).

Assets under management decreased to NOK 33.3 billion (45.7) at the end of 2018. The decrease was driven by the termination of an institutional mandate and lower assets from Gjensidige Pensjonsforsikring.

Capital adequacy

At the end of 2018, the Gjensidige Bank Group had a capital adequacy ratio of 17.8 per cent (18.1). The total capital held by the bank was NOK 4,904.0 million (4,319.1), of which NOK 3,909.3 million (3,499.7) was common equity Tier 1 capital. The common equity Tier 1 capital ratio was 14.2 per cent (14.7). The capital includes net profit for 2018.

Rating

As result of the Share Purchase Agreement between Gjensidige Forsikring ASA and Nordea, S&P Global Ratings placed its 'A' long-term and 'A-1' short-term issuer credit ratings for Gjensidige Bank ASA and its subsidiary Gjensidige Bank Boligkreditt AS, on CreditWatch with positive implications. The change took place on 4 July 2018.

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. This commitment was published on the bank`s website.

Debt securities issued

Net issues of debt securities, including subordinated debt, amounted to NOK 29,932.2 million (23,533.1) at the end of 2018. The total face value of the securities issued by the bank was NOK 29,860.5 million.

New issues in 2018 were NOK 8,800.0 million. Gjensidige Bank Boligkreditt AS issued covered bonds totalling NOK 4,500.0 million. Gjensidige Bank ASA issued senior and subordinated bonds

[1] Following a comprehensive loan-by-loan review of the impaired car loan portfolio, individual write-downs have been adjusted up. The increased individual provisions are partly offset by a reduction in group provisions, but net impact was NOK -30.9 million (negative earnings impacts).

[2] The net interest margin is calculated as net interest income as a percentage of average total assets, annualised.

[3] 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.

totalling NOK 4,300.0 million. Repayments through ordinary maturity and buy back of bond from investors were NOK 2,381.9 million in 2018.

Liquidity
At the end of 2018, the Gjensidige Bank Group had net liquid assets of NOK 6,933.5 million, divided between NOK 476.6 million in bank deposits and NOK 6,457.0 million in debt securities. Of the latter assets NOK 710.3 million 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 22 months.

Development during the quarter

Earnings performance
The profit before tax expense decreased to NOK 14.8 million (247.6). Adjusted for non-recurring items in 2017 (impaired portfolio sale and change in probability of default and loss given default) and this year (provision to cover disputes related to impaired and written-off portfolio sale, costs related to sale of the business to Nordea and a correction in individual loan loss provisioning[1]) profit before tax expenses amounted to NOK 75.3 million (100.2).The decrease was driven by lower income and higher expenses.

Total income in the quarter was NOK 243.0 million (263.7).

Net interest income amounted to NOK 261.1 million (271.6). The decrease was driven by lower lending margins, partially offset by lending growth.

Net commission income and other income amounted to minus NOK 18.1 million (minus 8.0). The decrease was a result of higher acquisition costs driven by business growth and loss on financial instruments.

Operating expenses amounted to NOK 148.8 million (117.5). The increase was driven by costs related to sale of the business to Nordea and business growth. Expenses, adjusted for non-recurring items were NOK 134.3 million (117.5). The increase is mainly explained by higher IT cost and marketing.

The cost/income ratio was 61.2 per cent (44.6), driven by the decreased income and increased expenses.

Total write-downs and losses amounted to NOK 79.4 million (minus 101.5). The increase was driven by non-recurring items mentioned above. Excluding these items, total write-downs and losses amounted to NOK 41.7 million (44.2). The new IFRS rules have been implemented and last year's financials are therefore not directly comparable.

Lending, deposits and investments growth
Gross lending growth was NOK 2,413.4 million (516.0). Deposits decreased by NOK 435.2 million (901.8).

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

Outlook
Going forward, Gjensidige Bank will continue to focus on a sustainable and profitable growth within strategic segments in the retail market.

The bank will continue to work on developing attractive products and digital services that support Gjensidige Bank's growth ambitions. Improving competitiveness through better efficiency is a priority and the bank will continue to focus on costs and increase the degree of automation in customer and work processes.

The bank aims to maintain its excellent cooperation with its partner organisations which are central to its development in both the retail banking and car finance markets. Strong partner agreements provide increased knowledge and access to new and existing customers. The unsecured lending brand OPP Finans will continue to be an important focus area, especially under the regulatory environment introduced in 2017. The bank will also carry on with supporting our customers with long term, flexible saving and investment opportunities.

Oslo, 23 January 2019
The Board of Gjensidige Bank ASA

Mats C. Gottschalk
Chair

Per Kumle

Marianne B. Einarsen

Anita Gundersen

Janneke Tranås Hjorth

Hans-Jacob Starheim

Krister G. Aanesen
CEO

Income statement

Gjensidige Bank Group

NOK thousands	Note	Q4 2018	Q4 2017	1.1.-31.12.2018	1.1.-31.12.2017
Interest income etc, amortised cost		438,808	419,121	1,681,970	1,584,208
Interest income etc, fair value		17,453	12,071	62,624	47,488
Interest costs etc.		(195,125)	(159,544)	(723,300)	(639,434)
Net interest income		**261,137**	**271,648**	**1,021,295**	**992,261**
Dividends from investments in shares and funds					
Commission income and income from bank services		38,148	20,212	119,032	101,490
Commission costs and costs of bank services		(49,382)	(24,686)	(145,752)	(85,841)
Net gains on financial instruments at fair value		(8,267)	(8,929)	1,709	11,056
Other operating income		1,383	5,409	9,359	16,187
Net commission income and other operating income		**(18,117)**	**(7,994)**	**(15,652)**	**42,891**
Total income		**243,020**	**263,654**	**1,005,642**	**1,035,152**
Personnel expenses		(55,328)	(50,456)	(189,325)	(170,155)
Depreciation		(5,068)	(4,074)	(19,063)	(15,064)
Other operating expenses		(88,418)	(63,008)	(280,035)	(227,258)
Total operating expenses		**(148,813)**	**(117,538)**	**(488,423)**	**(412,477)**
Profit / (loss) before loan losses		**94,207**	**146,116**	**517,219**	**622,675**
Write-downs and losses	5	(79,381)	101,477	(69,962)	(10,327)
Profit / (loss) before tax expense		**14,826**	**247,593**	**447,257**	**612,347**
Tax expense		(4,273)	(61,961)	(112,380)	(153,240)
Profit / (loss) for the period		**10,554**	**185,632**	**334,877**	**459,107**
Earnings per share (NOK) (basic and diluted)		12.0	211.9	382.3	524.1

Statement of comprehensive income

Gjensidige Bank Group

NOK thousands	Q4 2018	Q4 2017	1.1.-31.12.2018	1.1.-31.12.2017
Profit/ (loss) for the period	**10,554**	**185,632**	**334,877**	**459,107**
Components of other comprehensive income				
Items that are not reclassified subsequently to profit or loss				
Actuarial gains/ (loss) on pensions	119	(2,439)	119	(2,439)
Tax on items that are not reclassified to profit or loss	(30)	610	(30)	610
Total items that are not reclassified subsequently to profit or loss	**89**	**(1,829)**	**89**	**(1,829)**
Items that may be reclassified subsequently to profit or loss				
Tax on items that may be reclassified to profit or loss				
Total items that may be reclassified subsequently to profit or loss				
Total components of other comprehensive income	**89**	**(1,829)**	**89**	**(1,829)**
Total comprehensive income for the period	**10,643**	**183,803**	**334,966**	**457,278**

Balance sheet
Gjensidige Bank Group

NOK thousands	Note	31.12.2018	31.12.2017
Assets			
Cash and claims on central banks		53,932	229,633
Loans to and claims on credit institutions		422,648	200,496
Loans to and claims on customers	2,4	51,582,467	46,056,133
-Write-downs	5	(329,424)	(180,276)
Net loans to customers		51,253,043	45,875,857
Certificates, bonds and other interest-bearing securities		5,746,698	4,957,463
Shares (and other securities with variable yield)		7,386	4,645
Intangible assets		34,253	25,200
Deferred tax assets		14,126	
Fixed assets		3,982	3,823
Other assets		75,268	123,794
Advance payments and accrued income		287,443	113,883
Total assets		**57,898,780**	**51,534,794**
Liabilities and equity			
Deposits and liabilities to customers	2	23,122,977	23,765,670
Liabilities opened for the issue of securities	3,9	29,382,398	23,083,373
Other liabilities		59,777	77,713
Current tax		104,956	123,946
Deferred tax liabilities			6,798
Accrued costs and advance payment of income		271,505	103,671
Provision for commitments and costs		22,958	24,242
Subordinated debt	3	549,794	449,761
Total liabilities		**53,514,365**	**47,635,173**
Equity			
Share capital		979,368	978,492
Share premium		1,201,278	1,107,154
Perpetual Tier 1 capital	10	444,848	369,599
Other paid-in equity		3,779	3,779
Other equity		1,755,142	1,440,598
Total equity		**4,384,415**	**3,899,622**
Total liabilities and equity		**57,898,780**	**51,534,794**

Statement of changes in equity

Gjensidige Bank Group

NOK thousands	Share capital	Share premium	Perpetual Tier 1 capital	Other paid-in equity	Total paid-in equity	Other equity	Total equity
Equity 1.1.2017	**976,740**	**892,452**	**299,071**	**3,779**	**2,172,042**	**992,404**	**3,164,446**
Comprehensive income							
Profit/(loss)			11,414		11,414	447,693	459,107
Total components of other comprehensive income						(1,829)	
Total comprehensive income 1.1.-31.12.2017			**11,414**		**11,414**	**445,864**	**457,278**
Transactions with owners of the company							
Capital expansion	1,752	214,702			216,454	1,741	218,195
Share-based payment transactions settled in equity						589	589
Perpetual Tier 1 capital			69,825		69,825		69,825
Paid interest on Perpetual Tier 1 capital			(10,711)		(10,711)		(10,711)
Total transactions with owners of the company 1.1.-31.12.2017	**1,752**	**214,702**	**59,114**		**275,568**	**2,330**	**277,898**
Equity 31.12.2017	**978,492**	**1,107,154**	**369,599**	**3,779**	**2,459,024**	**1,440,598**	**3,899,622**
Adjustment due to amendment to IFRS 2						**2,193**	**2,193**
Adjustment on initial application of IFRS 9						**(10,390)**	**(10,390)**
Equity 1.1.2018	**978,492**	**1,107,154**	**369,599**	**3,779**	**2,459,024**	**1,432,401**	**3,891,425**
Comprehensive income							
Profit/(loss)			12,499		12,499	322,378	334,877
Total components of other comprehensive income						89	89
Total comprehensive income 1.1.-31.12.2018			**12,499**		**12,499**	**322,467**	**334,966**
Transactions with owners of the company							
Capital expansion	876	94,124			95,000		95,000
Share-based payment transactions settled in equity						274	274
Perpetual Tier 1 capital			74,719		74,719		74,719
Paid interest on Perpetual Tier 1 capital			(11,968)		(11,968)		(11,968)
Total transactions with owners of the company 1.1.-31.12.2018	**876**	**94,124**	**62,750**		**157,750**	**274**	**158,024**
Equity 31.12.2018	**979,368**	**1,201,278**	**444,848**	**3,779**	**2,629,273**	**1,755,142**	**4,384,415**
Number of shares at end of period	876,000						

Statement of cash flows
Gjensidige Bank Group

NOK thousands	1.1.-31.12.2018	1.1.-31.12.2017
Operating activities		
Net payment of loans to customers	(5,498,628)	(4,912,206)
Net payment of deposits by customers	(647,019)	2,495,318
Payment of interest from customers	1,612,136	1,508,986
Payment of interest to customers	(297,230)	(257,236)
Net payment of interest from credit institutions etc.	(10,286)	(19,351)
Taxes paid	(144,871)	(92,754)
Net other commission income	194,345	164,390
Payment to operations	(591,772)	(502,715)
Net received/paid (-) upon purchase and sale of financial instruments and interest-bearing securities	(778,711)	(1,418,987)
Net cash flow from operating activities	**(6,162,037)**	**(3,034,555)**
Investment activities		
Net purchase of intangible assets and fixed assets	(28,275)	(21,401)
Net cash flow from investment activities	**(28,275)**	**(21,401)**
Financing activities		
Net paid(-)/received when taking out loans with credit institutions and covered bonds	6,455,439	3,462,424
Net payment of interest on financing activities	(349,719)	(308,754)
Net received/paid (-) for other short-term positions	(26,707)	(41,872)
Tier 1 issuance	74,719	70,000
Tier 1 interest payments	(11,968)	(10,711)
Capital increases	95,000	195,000
Net cash flow from financing activities	**6,236,762**	**3,366,087**
Total cash flow	**46,451**	**310,131**
Cash flow for the period		
Liquid assets at start of period	430,129	119,998
Liquid assets at end of period	476,580	430,129
Net payment received/made(-) of cash	**46,451**	**310,131**
Specification of liquid assets		
Claims on central banks	53,932	229,633
Deposits with credit institutions	422,648	200,496
Liquid assets in statement of cash flow	**476,580**	**430,129**

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

Notes
Gjensidige Bank Group

1. Accounting policies

The consolidated financial statements as of the fourth quarter of 2018, concluded on 31 December 2018, 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 2017.

The consolidated financial statements as of the fourth quarter of 2018 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 2017.

IFRS 9 Financial instruments
IFRS 9 introduces new requirements for the classification and measurement of financial instruments, including a new expected loss model for the recognition of impairment losses, and changed requirements for hedge accounting.

Each financial instrument has been classified into one of the following categories:

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

Financial assets will be classified either at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss, depending on how they are managed and which contractual cash flow properties they have.

Financial liabilities:
- amortised cost
- fair value through profit or loss

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

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

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

Financial assets and liabilities at fair value through profit or loss:
Financial assets and financial liabilities at fair value through profit or loss are measured at fair value, excluding transaction costs. All changes in fair value are recognised directly in the income statement in the item "Net result from financial instruments at fair value". The category consists of two sub-categories; Mandatorily measured at fair value through profit or loss and Designated at fair value through profit or loss (fair value option).

Mandatorily measured at fair value through profit or loss contain the banks liquidity portfolio, managed and reported at fair value, and derivatives. The bank also applies fair value option on fixed interest loans to customers, to reduce accounting mismatch with the related interest rate swaps measured at fair value.

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

Impairment
Impairment provisions according to IFRS 9 shall be measured using an expected loss model, instead of an incurred loss model as in IAS 39. The impairment rules in IFRS 9 will be applicable to all financial assets measured at amortised cost or at fair value with the changes in fair value recognised in other comprehensive income. In addition, loan commitments, financial guarantee contracts and lease receivables are within the scope of the standard. The measurement of the provision for expected credit losses on financial assets depends on whether the credit risk has increased significantly since initial recognition. At initial recognition and if the credit risk has not increased significantly, the provision should equal 12-month expected credit losses. If the credit risk has increased significantly from the initial recognition or if the asset is classified as impaired, the provision should equal lifetime expected credit losses. This dual approach replaces today's collective impairment model.

1.1 Inputs, assumptions and techniques used for estimating impairment

1.1.1 Credit Scores and Risk Classes
The bank uses credit scores extensively in its credit assessment and monitoring process. Different credit scores are used for the different product groups in the bank depending on the nature of the exposure and the type of borrower. Credit scoring models are validated to be predictive of the risk of default on an annual basis.

The scores used for retail exposures are computed using application data declared by the customer, external bureau data, other external customer data and internal performance data (for example payment behavior). For commercial customers that the bank has in relation to its car finance business, the bank uses a combination of key measures including financial ratios (profit margins, equity ratio, financial leverage ratios, etc.) and non-financial (years in business, reputation of owners and management, type and amount of security where applicable) in addition to external credit ratings from the credit reference agencies.

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

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

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

1.1.2 Definition of Probability of Default (PD)
The probability of default is an statistically estimate of the likelihood that a default event will occur. The bank define an engagement as defaulted 90 days after contractual due (immaterial outstanding amounts are not considered) or if the bank is aware of any significant loss event has happened, for example legal debt settlement (gjeldsordning) or bankruptcy. Credit risk classes are a primary input into the determination of the PD for exposures. The bank collects performance and default information about its credit risk exposures analysed by type of product and borrower at an individual exposure level. For some portfolios, where there is not enough data or history to develop custom score, the credit score information purchased from external credit reference agencies is also used.

The bank employs statistical models to analyze the data collected and generates estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

For some of the smaller portfolios that have limited data and historical performance data, the bank utilizes information of similar portfolio if possible or judgment based on credit experience in determining the probability of defaults.

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

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

The bank considers accounts to be in low risk, if they have not met the definition of Significant Increase in Credit Risk as defined in section 1.3 below, or Impairment as defined in section 1.4 below. In addition, accounts that are in the Low Risk Group on the reporting date, these are considered to be Low Credit Risk accounts.

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

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

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

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

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

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

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

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

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

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

1.3.2 Incorporation of forward looking information
The bank uses forward-looking information that is available with-

out undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL.

The bank uses the analysis published by Norges Bank which establishes which macroeconomic factors drives the increase of problem loans in banks. Based on this analysis, the bank has taken PD to be impacted by increase in unemployment and increase in the interest rate levels. The external information used includes economic data and forecasts published by The Central Bureau of Statistics (SSB).

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

The table below summarises the principal macroeconomic indicators included in the economic scenarios used at 4.12.2018 for the years 2019 to 2022.

	2019	2020	2021	2022
Unemployment rate				
Alternative A	3.4%	3.4%	3.3%	3.3%
Base case	3.8%	3.8%	3.7%	3.7%
Alternative B	5.9%	5.9%	5.9%	5.9%
Household Lending Rates				
Alternative A	2.6%	2.9%	3.3%	3.3%
Base case	2.9%	3.2%	3.7%	3.7%
Alternative B	4.4%	4.8%	5.6%	5.6%
Housing prices				
Alternative A	1.5%	1.3%	0.7%	0.7%
Base case	1.4%	1.2%	0.6%	0.6%
Alternative B	0.7%	0.6%	0.3%	0.3%

Predicted relationships between the key indicators and default and loss rates are based on internal and external analysis.

1.4 Impairment
Definition of impairment – objective evidence

The bank considers a financial asset to be in default when:

- The bank becomes aware of significant financial difficulty of the borrower (bankruptcy/ Legal debt settlement).
- The bank for economic or contractual reasons relating to the borrower's financial difficulty, grants to the borrower a change in term that would not otherwise have been considered (for example a restructuring of the loan).
- It becomes probable that the borrower will enter bankruptcy or other financial reorganization (initiation of Legal Debt Settlement / Bankruptcy).

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

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

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

1.5 Measurement of Expected Credit Loss (ECL).

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

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

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

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

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

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

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

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

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

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

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

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

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

1.6 Derecognition and write-off
The bank considers an asset to be derecognised if:

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

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

Classification and measurement of financial instruments under IFRS 9

NOK thousands 1.1.2018	Amortised cost (AC)	Fair value through profit or loss (FVPL)	Fair value through other comprehensive income (FVOCI)	Non financial assets	Total
Cash and claims on central banks	229,633				229,633
Loans to and claims on credit institutions	200,496				200,496
Net loans to customers[1]	45,862,004				45,862,004
Certificates, bonds and other interest-bearing securities		4,957,463			4,957,463
Financial derivatives		124,721			124,721
Shares (and other securities with variable yield)		4,645			4,645
Intangible assets				25,200	25,200
Fixed assets				3,823	3,823
Other assets	66,763			46,192	112,955
Total assets	**46,358,896**	**5,086,829**		**75,216**	**51,520,941**

[1]Loans to customers in the parent company (Gjensidige Bank ASA) will satisfy the criteria for measurement at fair value over other comprehensive income, as loans can be held to maturity and sold to Gjensidige Bank Boligkreditt AS.

NOK thousands 1.1.2018	Amortised cost (AC)	Fair value through profit or loss (FVPL)	Non financial liabilities	Total
Liabilities to credit institutions				
Deposits and liabilities to customers	23,765,670			23,765,670
Liabilities opened for the issue of securities	23,083,373			23,083,373
Financial derivatives		16,272		16,272
Other liabilities	121,929		43,182	165,111
Current tax			123,946	123,946
Deferred tax liabilities			6,798	6,798
Provision for pension liability			24,242	24,242
Subordinated debt	449,761			449,761
Total liabilites	**47,420,733**	**16,272**	**198,168**	**47,635,173**

The following tables reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on 1 January 2018:

Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

Total negative impact on equity from IFRS 9 at transition amounts to NOK 10.4 million after tax.

NOK thousands	IAS 39 carrying amount 31. 12 2017	Re-classifications	Re-measurements	IFRS 9 carrying amount 1. 1. 2018
Net loans to customers at amortised cost	45,875,857		(13,853)	45,862,004
Financial assets	**45,875,857**		**(13,853)**	**45,862,004**

Reconciliation of provisions from IAS 39 to IFRS 9

NOK thousands	IAS 39 carrying amount 31.12.2017	Re-classifications	Re-measurements	IFRS 9 carrying amount 1.1.2018
Loans and advances to customers				
Opening balance under IAS 39	180,276			
Remeasurement ECL allowance			13,853	
Closing balance under IFRS 9				194,129
Total financial assets measured at amortised cost	**180,276**		**13,853**	**194,129**

New standards and interpretations not yet adopted

A number of new standards, changes to standards and interpretations have been issued for financial years beginning after 1 January 2018. 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.

- **IFRS 16 Leases (2016)**

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. It is assumed that the change will not have a material effect.

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

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 2017.

All amounts are shown in NOK thousands 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.

2. Segment information

NOK thousands	31.12.2018	30.9.2018	30.6.2018	31.3.2018	31.12.2017	30.9.2017	30.6.2017	31.3.2017
Deposit by sector and industry								
Retail market	15,248,247	15,575,702	16,348,016	16,340,758	16,447,371	16,345,414	16,488,898	16,018,478
Other	7,874,731	7,982,470	7,718,015	7,423,228	7,318,298	6,518,424	5,664,966	5,582,142
Total deposits	**23,122,977**	**23,558,173**	**24,066,031**	**23,763,986**	**23,765,670**	**22,863,837**	**22,153,865**	**21,600,619**
Loans to customers divided by sector and industry								
Private individuals	49,458,634	47,187,441	46,320,627	45,562,407	44,591,821	44,371,708	43,225,310	41,996,495
Commercial business	2,123,833	1,981,615	1,885,335	1,746,714	1,464,313	1,168,427	1,038,964	900,629
Gross loans	**51,582,467**	**49,169,056**	**48,205,962**	**47,309,121**	**46,056,133**	**45,540,136**	**44,264,273**	**42,897,124**

3. Liabilities on the issue of securities

	Nominal value		Carrying amount	
NOK thousands	**31.12.2018**	**31.12.2017**	**31.12.2018**	**31.12.2017**
Liabilities opened for the issue of securities				
Bond debt [1]	22,110,500	18,222,350	22,137,072	18,206,619
Subordinated debt	550,000	450,000	549,794	449,761
- Own non-amortised certificates/bonds		(280,000)		(280,584)
Total liabilities at amortised cost	**22,660,500**	**18,392,350**	**22,686,866**	**18,375,796**
Liabilities opened for the issue of securities				
Bond debt	7,200,000	5,050,000	7,245,326	5,157,338
Total liabilities included in fair value hedge	**7,200,000**	**5,050,000**	**7,245,326**	**5,157,338**
Total liabilities	**29,860,500**	**23,442,350**	**29,932,192**	**23,533,134**

[1] Minus covered bonds held by Gjensidige Bank ASA issued by Gjensidige Bank Boligkreditt AS with a nominal at NOK 708.0 million (689.0 million) as of 31 December 2018. The cover pool market value was NOK 898.5 million (884.0 million).

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

Maturity

Remaining maturity (nominal value)	**31.12.2018**	**31.12.2017**
2018		1,045,850
2019	2,264,000	3,600,000
2020	5,250,000	4,800,000
2021	7,100,000	5,100,000
2022	7,446,500	4,746,500
2023	5,950,000	2,800,000
2025	1,350,000	850,000
2027	500,000	500,000
Total	**29,860,500**	**23,442,350**

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

New issues in 2018	8,800,000	
Repayments in 2018	2,381,850	

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.

NOK thousands	**31.12.2018**	**31.12.2017**
Gross investment in finance leases, receivable:		
Less than 1 year	247,645	230,569
1 - 5 years	845,548	518,964
More than 5 years	1,272	1,242
Total	1,094,465	750,775
Unearned finance income	(68,638)	(41,942)
Net investment in finance leases	**1,025,827**	**708,833**
Net investment in finance leases, receivable:		
Less than 1 year	219,255	212,583
1 - 5 years	805,300	495,008
More than 5 years	1,272	1,242
Net investment in finance leases	**1,025,827**	**708,833**
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		

5. Write-downs and losses on loans

Write-downs and losses on loans

NOK thousands	31.12.2018	31.12.2017
Write-downs and losses for the period		
+/- Change in group write-downs for the period	91,737	(209,484)
+/- Change in individual write-downs for the period	43,558	2,209
+ Write-off during the period	7,049	228,429
- Payments on previously written-off accounts	(72,382)	(10,826)
Write-downs and losses for the period	**69,962**	**10,328**
Individual write-downs		
Individual write-downs at the start of the period	11,223	9,014
+/- Change in individual write-downs for the period	43,558	2,209
Individual write-downs at the end of the period	**54,782**	**11,223**
Group write-downs		
Group write-downs at the start of the period	182,906	378,537
+/- Change in group write-downs for the period	91,737	(209,484)
Group write-downs at the end of the period	**274,643**	**169,053**
Total write-downs at the end of the period	**329,424**	**180,276**
Defaulted loans		
Gross default over 90 days	553,643	254,362

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

Credit quality by risk group

1.1.2018 NOK thousands	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
Loans to and claims on customers				
Low	39,735,687	870,837	57,247	40,663,772
Medium	3,180,339	614,879	9,057	3,804,275
High	404,679	498,967	39,118	942,764
Not classified	368,163	14,045	1,131	383,339
Impaired and written down			265,472	265,472
Adjustment	(3,489)			(3,489)
Total	**43,685,379**	**1,998,729**	**372,026**	**46,056,133**
Loss allowance	35,772	51,543	106,814	194,129
Total net	**43,649,607**	**1,947,186**	**265,212**	**45,862,004**

31.12.2018 NOK thousands	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
Loans to and claims on customers				
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 [1]	(10,800)			(10,800)
Total	**49,829,961**	**1,069,305**	**683,200**	**51,582,467**
Loss allowance	46,377	40,302	242,745	329,424
Total net	**49,783,584**	**1,029,003**	**440,455**	**51,253,043**

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

Loans to and claims on customers by past due status

	31.12.2018		1.1.2018	
NOK thousands	**Gross carrying amount**	**Loss allowance**	**Gross carrying amount**	**Loss allowance**
0-29 days	50,657,522	80,151	45,457,656	74,525
30-59 days	254,235	20,822	239,126	24,998
60-89 days	117,066	15,191	104,990	17,059
90+ days	553,643	213,260	254,362	77,546
Total	**51,582,467**	**329,424**	**46,056,133**	**194,129**

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

NOK thousands	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total balance sheet allowance
Loss allowance as at 1.1.2018	**35,772**	**51,543**	**106,814**	**194,129**
Transfer to stage 1	804	(12,242)	(1,848)	(13,286)
Transfer to stage 2	(1,015)	19,291	(147)	18,129
Transfer to stage 3	(2,796)	(16,268)	135,636	116,572
New Finanicial assets originated during the period	22,392	10,986	17,136	50,514
Financial assets that have been derecognised	(7,411)	(14,259)	(54,931)	(76,602)
Changes in balance with no transfer between stages	(1,369)	1,251	40,086	39,967
Loss allowance as at 31.12.2018	**46,376**	**40,302**	**242,745**	**329,424**

NOK thousands	31.12.2018	1.1.2018
Stage 1	46,376	35,772
Stage 2	40,302	51,543
Stage 3	242,745	106,814
Total	**329,424**	**194,129**
Stage 1	14.1%	18.4%
Stage 2	12.2%	26.6%
Stage 3	73.7%	55.0%
Total	**100.0%**	**100.0%**

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

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

NOK thousands	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
Gross carrying amount as at 1.1.2018	**43,685,379**	**1,998,729**	**372,026**	**46,056,133**
Transfer to stage 1	808,028	(779,446)	(28,582)	
Transfer to stage 2	(357,004)	363,182	(6,178)	
Transfer to stage 3	(284,233)	(138,967)	423,201	
New financial assets originated	18,720,245	296,404	95,600	19,112,249
Financial assets that have been derecognised	(10,602,923)	(576,136)	(145,219)	(11,324,277)
Change in balances due to payments	(2,132,219)	(94,460)	(27,648)	(2,254,327)
Other Changes[1]	(7,311)			(7,311)
Gross carrying amount as at 31.12.2018	**49,829,961**	**1,069,305**	**683,200**	**51,582,467**
Loss allowance as at 31.12.2018	46,376	40,302	242,745	329,424

NOK thousands	31.12.2018	1.1.2018
Stage 1	49,829,961	43,685,379
Stage 2	1,069,305	1,998,729
Stage 3	683,200	372,026
Total	**51,582,467**	**46,056,133**
Stage 1	96.6%	94.9%
Stage 2	2.1%	4.3%
Stage 3	1.3%	0.8%
Total	**100.0%**	**100.0%**

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

6. Capital adequacy

NOK thousands	31.12.2018	31.12.2017
Primary capital		
Share capital and share premium	2,180,646	2,085,646
Other equity	1,758,921	1,444,377
Total equity (exclusive perpetual Tier 1 capital)	**3,939,567**	**3,530,023**
Deduction		
Profit not included in the calculation of net primary capital		
Goodwill and other intangible assets	(34,253)	(25,200)
Value adjustments due to the requirement for prudent valuation	(5,845)	(5,098)
Increase		
IFRS 9 transitional arrangements for credit loss provisioning	9,870	
Common equity Tier 1 capital	**3,909,340**	**3,499,725**
Perpetual Tier 1 capital	444,848	369,599
Tier 1 capital	**4,354,188**	**3,869,324**
Supplementary capital		
Subordinated debt	549,794	449,761
Net primary capital	**4,903,982**	**4,319,085**
Credit risk:		
Of which:		
Local and regional authorities		
Institutions	10,689	10,455
Enterprises	180,147	119,757
Mass market positions	628,711	553,873
Positions secured by mortgage	1,112,466	1,018,898
Overdue positions	47,024	30,005
Covered bonds	34,186	25,779
Shares in securities fund		3,238
Equity positions	591	372
Other positions	31,670	841
Total minimum requirement credit risk	**2,045,483**	**1,763,216**
Operational risk	145,619	131,598
CVA-risk	6,930	11,333
Minimum requirement for net primary capital	**2,198,033**	**1,906,147**
Basis of calculation of balance sheet items not included in trading portfolio	**24,406,273**	**21,204,109**
Basis of calculation of off-balance sheet items not included in trading portfolio	**1,162,270**	**836,094**
Risk-weighted assets (calculation basis for capital adequacy ratio)	**27,475,409**	**23,826,838**

6. Capital adequacy (cont.)

NOK thousands	31.12.2018	31.12.2017
Buffer requirements		
Systemic risk buffer	824,262	714,805
Conservation buffer	686,885	595,671
Countercyclical buffer	549,508	476,537
Total buffer requirement for common equity Tier 1 capital	**2,060,656**	**1,787,013**
Pillar 2 requirement 1.5% for common equity Tier 1 capital set by the Financial Supervisory Authority of Norway	**412,131**	**357,403**
Available common equity Tier 1 capital net min.requirement	**200,160**	**283,102**
Capital adequacy		
Capital adequacy ratio	17.8%	18.1%
Tier 1 capital ratio	15.8%	16.2%
Common equity Tier 1 capital ratio	14.2%	14.7%
Leverage ratio	7.3%	7.2%

For credit risk the standard method is used, while basis method is used for oparational risk. The Financial Supervisory Authority of Norway has set a Pillar 2 reguirement on additional 1.5 per cent 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 per cent and 17.0 per cent 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.

NOK thousands	31.12.2018	31.12.2017
Numbers without use of transitional arrangements:		
Common equity Tier 1 capital	3,899,470	
Tier 1 capital	4,344,318	
Net primary capital	4,894,112	
Common equity Tier 1 capital ratio	14.2%	
Tier 1 capital ratio	15.8%	
Capital adequacy ratio	17.8%	

7. Related parties

Gjensidige Bank ASA is a directly owned subsidiary of Gjensidige Forsikring ASA. Gjensidige Bank Boligkreditt AS is a wholly owned subsidiary of Gjensidige Bank ASA. All 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 December 2018, the credit limit of the agreement was NOK 1,095.0 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

NOK thousands	31.12.2018	31.12.2017
Interest expense Gjensidige Bank Boligkreditt AS deposit in Gjensidige Bank ASA	10,467	9,819
Interest income receivables Gjensidige Bank Boligkreditt AS	53,953	43,909
Interest income covered bonds Gjensidige Bank Boligkreditt AS	10,861	21,434
Services to Gjensidige Bank Boligkreditt AS	11,612	10,197
Purchase of services from Gjensidige Bank Boligkreditt AS	917	588
Purchase of services from Gjensidige Forsikring ASA	47,711	36,732
Services to Gjensidige Pensjonsforsikring AS	14,704	19,349
Services to Gjensidige Pensjonskasse	923	1,016
Services to Gjensidigestiftelsen	1,489	5,813

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

NOK thousands	31.12.2018	31.12.2017
Gjensidige Bank Boligkreditt AS's deposit in Gjensidige Bank ASA	694,837	804,455
Receivables Gjensidige Bank Boligkreditt AS	3,651,742	3,273,300
Placement of covered bonds from Gjensidige Bank Boligkreditt AS	710,265	693,378
Liability to Gjensidige Forsikring ASA	9,018	100
Receivables Gjensidige Pensjonsforsikring AS	1,739	911
Receivables Gjensidige Pensjonskasse		48
Receivables Gjensidigestiftelsen		999

8. Contingent liabilities and security

NOK thousands	31.12.2018	31.12.2017
Loan commitment	5,210,725	4,026,613
Unutilised credit facility	4,451,277	4,074,625
Total contingent liabilities	**9,662,002**	**8,101,238**
Securities provided as collateral for loans from/credit facility with Norges Bank	776,771	762,643
Total securities provided	**776,771**	**762,643**

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.

9. Fair value of financial instruments (cont.)

NOK thousands	31.12.2018 Carrying amount	31.12.2018 Fair value	31.12.2017 Carrying amount	31.12.2017 Fair value
Assets				
Cash to and receivables from central banks	53,932	53,932	229,633	229,633
Cash to and receivables from central banks	**53,932**	**53,932**	**229,633**	**229,633**
Loans to and receivables from credit institutions, amortised cost	422,648	422,648	200,496	200,496
Loans to and receivables from credit institutions	**422,648**	**422,648**	**200,496**	**200,496**
Loans to and receivables from customers, amortised cost	51,253,043	51,268,139	45,875,857	45,895,252
Loans to and receivables from customers, fair value				
Loans to and receivables from customers	**51,253,043**	**51,268,139**	**45,875,857**	**45,895,252**
Interest-bearing securities, fair value	5,746,698	5,746,698	4,957,463	4,957,463
Interest-bearing securities	**5,746,698**	**5,746,698**	**4,957,463**	**4,957,463**
Financial derivatives, fair value	69,629	69,629	124,721	124,721
Financial derivatives	**69,629**	**69,629**	**124,721**	**124,721**
Shares available for sale	7,386	7,386	4,645	4,645
Shares	**7,386**	**7,386**	**4,645**	**4,645**
Other financial assets, amortised cost	65,975	65,975	66,763	66,763
Total other financial assets	**65,975**	**65,975**	**66,763**	**66,763**
Total financial assets	**57,619,311**	**57,634,408**	**51,459,579**	**51,478,973**
Liabilities				
Deposits and liabilities to customers, amortised cost	23,122,977	23,122,612	23,765,670	23,767,791
Deposits and liabilities to customers	**23,122,977**	**23,122,612**	**23,765,670**	**23,767,791**
Liability incurred through the issue of securities, amortised cost	22,137,072	22,252,988	17,926,035	18,063,803
Liability incurred through the issue of securities, fair value hedge	7,245,326	7,265,790	5,157,338	5,194,677
Liability incurred through the issue of securities	**29,382,398**	**29,518,779**	**23,083,373**	**23,258,481**
Financial derivatives, fair value	28,174	28,174	16,272	16,272
Financial derivatives	**28,174**	**28,174**	**16,272**	**16,272**
Subordinated debt, amortised cost	549,794	553,018	449,761	457,534
Subordinated debt	**549,794**	**553,018**	**449,761**	**457,534**
Other financial liabilities, amortised cost	137,106	137,106	121,929	121,929
Other financial liabilities	**137,106**	**137,106**	**121,929**	**121,929**
Total financial liabilities	**53,220,450**	**53,359,689**	**47,437,005**	**47,622,007**
Off-balance sheet obligations and guarantees				
Guarantees	5,300	5,300	5,300	5,300
Mortgage assets [1]	784,462	784,462	762,643	762,643

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

9. Fair value of financial instruments (cont.)

	31.12.2018			
NOK thousands	Level 1	Level 2	Level 3	Total
Loans to and receivables from customers, fair value				
Interest-bearing securities, fair value	846,216	4,900,482		5,746,698
Shares			7,386	7,386
Financial derivatives, fair value		69,629		69,629
Total financial assets, fair value	**846,216**	**4,970,111**	**7,386**	**5,823,714**
Loans to and receivables from customers, amortised cost			51,268,139	51,268,139
Total financial assets, amortised cost			**51,268,139**	**51,268,139**
Financial derivatives, fair value		28,174		28,174
Total financial liabilities, fair value		**28,174**		**28,174**
Deposits and liabilities to customers, amortised cost			23,122,612	23,122,612
Liability incurred through the issue of securities, amortised cost		22,252,988		22,252,988
Subordinated debt, amortised cost		553,018		553,018
Total financial liabilities, amortised cost		**22,806,006**	**23,122,612**	**45,928,618**
Liability incurred through the issue of securities, fair value hedge		7,265,790		7,265,790
Total financial liabilities, fair value hedge		**7,265,790**		**7,265,790**

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

	31.12.2017			
NOK thousands	Level 1	Level 2	Level 3	Total
Interest-bearing securities, fair value	824,440	4,133,023		4,957,463
Shares			4,645	4,645
Financial derivatives, fair value		124,721		124,721
Total financial assets, fair value	**824,440**	**4,257,744**	**4,645**	**5,086,830**
Loans to and receivables from customers, amortised cost			45,895,252	45,895,252
Total financial assets, amortised cost			**45,895,252**	**45,895,252**
Financial derivatives, fair value		16,272		16,272
Total financial liabilities, fair value		**16,272**		**16,272**
Deposits and liabilities to customers, amortised cost			23,767,791	23,767,791
Liability incurred through the issue of securities, amortised cost		18,063,803		18,063,803
Subordinated debt, amortised cost		457,534		457,534
Total financial liabilities, amortised cost		**18,521,338**	**23,767,791**	**42,289,128**
Liability incurred through the issue of securities, fair value hedge		5,194,677		5,194,677
Total financial liabilities, fair value hedge		**5,194,677**		**5,194,677**

There were no major moves between levels 1 and 2 in 2017.

9. Fair value of financial instruments (cont.)

Reconciliation of financial assets valued based on non-observable market data (level 3) 31.12.2018

NOK thousands	As at 1.1.2018	Net realised/ unrealised gains recognised in profit orloss	Purchases	Sales	Transfer into/ out of level 3	As at 31.12.2018
Shares	4,645	2,741				7,386
Total financial assets measured at fair value	**4,645**	**2,741**				**7,386**

Sensitivity of financial assets valued based on non-observable market data (level 3) 31.12.2018

NOK thousands		Sensitivity
Shares	Decrease in value 10%	
Total financial assets measured at fair value		

Level 3 shares represent a total of NOK 7.386 thousand in unquoted shares in Visa Norge and Bank Axept AS. As these investments represent an immaterial value for the bank the purchase price is used as best estimate for fair value. A 10% change in valuations assumptions are assets to have limited effects on the banks' profits, and the sensitivity is presented as NOK 0

Reconciliation of financial assets valued based on non-observable market data (level 3) 31.12.2017

NOK thousands	As at 1.1.2017	Net realised/ unrealised gains recognised in profit orloss	Purchases	Sales	Transfer into/ out of level 3	As at 31.12.2017
Shares	4,645					4,645
Total financial assets measured at fair value	**4,645**					**4,645**

Sensitivity of financial assets valued based on non-observable market data (level 3) 31.12.2017

NOK thousands		Sensitivity
Shares	Decrease in value 10%	
Total financial assets measured at fair value		

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 repay interest or the principal to the investors. As a consequence of these terms, the instruments does not meet the requirement for a liability in IAS 32 and are therefore presented on the line perpetual Tier 1 capital under equity. Further, it implies that the interest is not presented under Total interest expenses but as a reduction in Other equity. 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

NOK thousands	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Interest income etc, amortised cost	438,808	422.288	416,965	403,910	419,121	405,633	391,651	367,803
Interest income etc, fair value	17,453	18.109	15,441	11,621	12,071	12,113	12,035	11,268
Interest costs etc.	(195,125)	(186.249)	(176,899)	(165,028)	(159,544)	(161,626)	(161,411)	(156,853)
Net interest income	**261,137**	**254.148**	**255,507**	**250,503**	**271,648**	**256,120**	**242,275**	**222,218**
Dividends from investments in shares and funds								
Commission income and income from bank services	38,148	27.881	27,754	25,249	20,212	27,938	28,648	24,692
Commission costs and costs of bank services	(49,382)	(35.242)	(34,170)	(26,958)	(24,686)	(21,776)	(23,942)	(15,437)
Net gains on financial instruments at fair value	(8,267)	5.613	(5,058)	9,420	(8,929)	7,180	5,021	7,784
Other operating income	1,383	590	3,028	4,358	5,409	3,877	3,562	3,338
Total income	**243,020**	**252.990**	**247,062**	**262,571**	**263,654**	**273,338**	**255,564**	**242,595**
Personnel expenses	(55,328)	(48.375)	(39,310)	(46,312)	(50,456)	(42,932)	(35,745)	(41,021)
Depreciations	(5,068)	(5.045)	(4,696)	(4,254)	(4,074)	(3,846)	(3,722)	(3,422)
Other operating costs	(88,418)	(75.008)	(63,558)	(53,051)	(63,008)	(41,218)	(60,859)	(62,173)
Total operating expenses	**(148,813)**	**(128.428)**	**(107,564)**	**(103,617)**	**(117,538)**	**(87,996)**	**(100,327)**	**(106,616)**
Profit / (loss) before loan losses	**94,207**	**124.561**	**139,497**	**158,954**	**146,116**	**185,343**	**155,237**	**135,978**
Write-downs and losses	(79,381)	(31.653)	78,215	(37,144)	101,477	(45,020)	(33,558)	(33,226)
Profit / (loss) before tax expense	**14,826**	**92.909**	**217,712**	**121,810**	**247,593**	**140,323**	**121,679**	**102,752**

Alternative Performance Measures

Gjensidige Bank Group

Gjensidige Bank ASAs Alternative Performance Measures (APMs) are presented to provide users of Gjensidige Bank ASAs financial reporting with relevant information and tools to be able to establish a view on Gjensidige Bank ASAs performance.

Average total assets are calculated based on daily observations of the total balance divided by the number of days in the period.

Net interest margin is calculated as annualised net interest income divided by average total assets. The measure reflects the margin between interest paid and interest received. It is an important measure to evaluate the profitability of the bank's lending operations.

Profit related measures

Profit related measures are provided for enhanced insight into the underlying performance of the business. Cost-to-income ratio and Return on Equity are commonly used by analysts and investors to evaluate the financial performance of banks and the banking industry.

Cost / income ratio is calculated as total expense divided by total income. The measure reflects the operating efficiency of the bank.

Return on Equity (ROE) is calculated as profit for the period as a percentage of average shareholder equity in the period. Tier-1 accrued interest have been included in the ROE calculation. For interim periods the profit for the period is annualised using the number of days in the period to the total number of days in the year. The average equity is calculated using a linear average over the reporting period. Average equity includes net profit for the period and dividend until paid and excludes Additional Tier 1 capital.

Average customer assets are calculated based on daily observations of gross loans to customers divided by the number of days in the period.

Loss rate is calculated as the loan losses of the period divided by the average customer assets of the period. The measure is commonly used by banks and industry analysts to indicate the performance and quality of the lending book. For interim periods the loan losses for the period is annualised using the number of days in the period to the total number of days in the year.

Deposit to loan ratio is calculated as deposits from customers divided by loans to customers at the end of the period. The measure reflects the average amount of customer lending funded by customer deposits and is commonly used by banks and industry analysts.

LTV (Loan to Value) 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. The LTV is provided as a measure of lending risk exposure.

The liquidity requirements are intended to guarantee satisfactory liquidity management by ensuring that the institutions have sufficient liquid assets to cover their liabilities on maturity and have stable and long-term financing at all times. **The Liquidity Coverage Ratio (LCR)** is intended to ensure that institutions can convert sufficient assets to cash to cover expected net liquidity outflows over the next 30 days in stressed situations in the money and capital markets. **The NetStable Funding Ratio (NSFR)** is intended to ensure that less liquid assets are financed over the long term.

Tier 1 capital of an institution consists of the sum of the Common Equity Tier 1 capital and Additional Tier 1 capital of the institution. Common Equity Tier 1 capital includes consolidated shareholders' equity excluding unaudited retained earnings, proposed dividend, deferred tax assets, intangible assets in the banking operations.

Common Equity Tier 1 (CET 1) capital ratio is calculated as Common equity tier 1 capital divided by total risk exposure amount.

Tier 1 capital ratio is calculated as Tier 1 capital divided by total risk exposure amount. Tier 1 capital consist of both CET 1 capital and Additional Tier 1 capital.

Capital adequacy ratio is total own funds divided by total risk exposure amount. Total own funds are the sum of Tier 1 and Tier 2 capital.

Key figures
Gjensidige Bank Group

		1.1.-31.12.2018	1.1.-31.12.2017
Net interest margin, annualised [1]	%	1.89	2.03
Loss rate [2]	%	0.14	0.02
Non-performing loans in per cent of gross lending [3]	%	1.07	0.55
Return on equity, annualised [4]	%	8.64	14.15
Deposit-to-loan ratio at the end of the period [5]	%	44.8	51.6
Capital adequacy ratio [6]	%	17.8	18.1
Tier 1 capital ratio [7]	%	15.8	16.2
Common equity Tier 1 capital ratio [8]	%	14.2	14.7
Cost/income ratio [9]	%	48.6	39.8
Liquditiy Coverage Ratio	%	289	216
Average total assets	NOK thousands	54,113,810	48,797,125
Number of employees	Number	171	169
Total deposit above NOK 2 million	NOK billion	8.13	7.84
Shared customers' share of gross lending [10]	%	69.43	75.0

1 Net interest margin, annualised = Net interest income/average total assets.
2 Loss rate = Write-downs and losses/average gross lending
3 Gross default over 90 days
4 Return on equity, annualised = Shareholders' share of profit for the period / average shareholders' equity for the period, annualised.
5 Deposit-to-loan ratio = Deposits in per cent of gross lending
6 Capital adequacy ratio= Net primary capital / risk-weighted assets. The result of the period is not included in the calculation for the quarters, with the exception of third and fourth quarter of 2017 and second and fourth quarter of 2018.
7 Tier 1 capital ratio = Tier 1 capital / risk-weighted assets. The result of the period is not included in the calculation for the quarters, with the exception of third and fourth quarter of 2017 and second and fourth quarter of 2018.
8 Common equity Tier 1 capital ratio = Common equity Tier 1 capital / risk-weighted assets. The result of the period is not included in the calculation for the quarters, with the exception of third and fourth quarter of 2017 and second and fourth quarter of 2018.
9 Cost/income ratio = Total operating costs/ total income.
10 Shared customer's share of gross lending = total lending balance of the customers shared with Gjensidige Forsikring ASA as per cent of the total lending balance of the bank

Income statement

Gjensidige Bank ASA

NOK thousands	Q4 2018	Q4 2017	1.1.-31.12.2018	1.1.-31.12.2017
Interest income etc, amortised cost	327,839	309,264	1,249,709	1,161,208
Interest income etc, fair value	19,216	16,526	71,788	66,995
Interest costs etc.	(122,411)	(108,165)	(467,307)	(417,568)
Net interest income	**224,644**	**217,625**	**854,191**	**810,635**
Dividends from investments in shares and funds				
Commission income and income from bank services	37,566	19,626	116,695	99,126
Commission costs and costs of bank services	(49,382)	(24,686)	(145,752)	(85,841)
Net gains on financial instruments at fair value	(8,135)	2,666	8,637	23,812
Other operating income	4,362	8,025	20,971	26,384
Net commission income and other operating income	**(15,589)**	**5,632**	**550**	**63,480**
Total income	**209,054**	**223,256**	**854,741**	**874,115**
Personnel expenses	(54,217)	(49,878)	(186,586)	(168,240)
Depreciation	(5,068)	(4,074)	(19,063)	(15,064)
Other operating expenses	(88,013)	(62,697)	(277,782)	(223,975)
Total operating expenses	**(147,298)**	**(116,649)**	**(483,432)**	**(407,279)**
Profit / (loss) before loan losses	**61,757**	**106,607**	**371,309**	**466,836**
Write-downs and losses	(79,000)	95,477	(69,671)	(15,868)
Profit / (loss) before tax expense	**(17,243)**	**202,084**	**301,638**	**450,968**
Tax expense	3,745	(50,584)	(75,976)	(112,896)
Profit / (loss) for the period	**(13,499)**	**151,500**	**225,662**	**338,073**
Earnings per share (NOK) (basic and diluted)	(15.4)	172.9	257.6	385.9

Statement of comprehensive income

Gjensidige Bank ASA

NOK thousands	Q4 2018	Q4 2017	1.1.-31.12.2018	1.1.-31.12.2017
Profit/ (loss) for the period	**(13,499)**	**151,500**	**225,662**	**338,073**
Components of other comprehensive income				
Items that are not reclassified subsequently to profit or loss				
Actuarial gains/ (loss) on pensions	119	(2,439)	119	(2,439)
Tax on items that are not reclassified to profit or loss	(30)	610	(30)	610
Total items that are not reclassified subsequently to profit or loss	**89**	**(1,829)**	**89**	**(1,829)**
Unrealised gain/(loss) on loans to customers, fair value over other comprehensive income	1,917		1,917	
Items that may be reclassified subsequently to profit or loss				
Tax on items that may be reclassified to profit or loss	(479)		(479)	
Total items that may be reclassified subsequently to profit or loss	**1,438**		**1,438**	
Total components of other comprehensive income	**1,527**	**(1,829)**	**1,527**	**(1,829)**
Total comprehensive income for the period	**(11,972)**	**149,671**	**227,189**	**336,244**

Balance sheet
Gjensidige Bank ASA

NOK thousands	31.12.2018	31.12.2017
Assets		
Cash and claims on central banks	53,932	229,633
Loans to and claims on credit institutions	4,058,578	3,462,258
Loans to and claims on customers	26,933,857	24,950,607
-Write-downs	(328,215)	(179,357)
Net loans to customers	26,605,643	24,771,250
Certificates, bonds and other interest-bearing securities	6,317,066	5,510,839
Shares (and other securities with variable yield)	7,386	4,645
Ownership interest in group companies	1,220,030	1,220,030
Intangible assets	34,253	25,200
Deferred tax assets	11,868	
Fixed assets	3,982	3,823
Other assets	8,965	23,454
Advance payments and accrued income	264,647	88,137
Total assets	**38,586,350**	**35,339,268**
Liabilities and equity		
Liabilities to credit institutions	382,327	496,271
Deposits and liabilities to customers	23,435,487	24,073,853
Liabilities opened for the issue of securities	10,106,188	6,700,750
Other liabilities	54,442	71,452
Current tax	66,397	80,285
Deferred tax liabilities		6,902
Accrued costs and advance payment of income	217,625	60,068
Provision for commitments and costs	22,958	24,242
Subordinated debt	549,794	449,761
Total liabilities	**34,835,219**	**31,963,586**
Equity		
Share capital	979,368	978,492
Share premium	1,201,278	1,107,154
Perpetual Tier 1 capital	444,848	369,599
Other paid-in equity	3,789	3,789
Other equity	1,121,848	916,649
Total equity	**3,751,131**	**3,375,682**
Total liabilities and equity	**38,586,350**	**35,339,268**

Statement of changes in equity

Gjensidige Bank ASA

NOK thousands	Share capital	Share premium	Perpetual Tier 1 capital	Other paid-in equity	Total paid-in equity	Other equity	Total equity
Equity 1.1.2017	**976,740**	**892,452**	**299,071**	**3,789**	**2,172,052**	**589,487**	**2,761,539**
Comprehensive income							
Profit/(loss)			11,414		11,414	326,659	338,073
Total components of other comprehensive income						(1,829)	
Total comprehensive income 1.1.-31.12.2017			**11,414**		**11,414**	**324,830**	**336,244**
Transactions with owners of the company							
Capital expansion	1,752	214,702			216,454	1,741	218,195
Share-based payment transactions settled in equity						590	590
Perpetual Tier 1 capital			69,825		69,825		69,825
Paid interest on Perpetual Tier 1 capital			(10,711)		(10,711)		(10,711)
Total transactions with owners of the company 1.1.-31.12.2017	**1,752**	**214,702**	**59,114**		**275,568**	**2,331**	**277,900**
Equity 31.12.2017	**978,492**	**1,107,154**	**369,599**	**3,789**	**2,459,034**	**916,649**	**3,375,682**
Adjustment due to amendment to IFRS 2						**2,059**	**2,059**
Adjustment on initial application of IFRS 9						**(10,390)**	**(10,390)**
Equity 1.1.2018	**978,492**	**1,107,154**	**369,599**	**3,789**	**2,459,034**	**908,318**	**3,367,352**
Comprehensive income							
Profit/(loss)			12,499		12,499	213,164	225,662
Total components of other comprehensive income						89	89
Total comprehensive income 1.1.-31.12.2018			**12,499**		**12,499**	**213,253**	**225,751**
Transactions with owners of the company							
Capital expansion	876	94,124			95,000		95,000
Share-based payment transactions settled in equity						277	277
Perpetual Tier 1 capital			74,719		74,719		74,719
Paid interest on Perpetual Tier 1 capital			(11,968)		(11,968)		(11,968)
Total transactions with owners of the company 1.1.-31.12.2018	**876**	**94,124**	**62,750**		**157,750**	**277**	**158,028**
Equity 31.12.2018	**979,368**	**1,201,278**	**444,848**	**3,789**	**2,629,283**	**1,121,848**	**3,751,131**
Number of shares at end of period	876,000						

Gjensidige Bank ASA, a wholly-owned subsidiary of Gjensidige Forsikring ASA, offers digital day-to-day-banking services, home lending, financing and savings.

Gjensidige is a leading Nordic insurance group listed on the Oslo Stock Exchange. We have about 3800 employees and offer insurance, banking and pension in Norway and insurance in Denmark, Sweden and the Baltic states. The Group's operating income was NOK 26 billion in 2018, while total assets were NOK 157 billion.

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