Gjensidige

Interim Report 1st quarter 2018

Gjensidige Pensjonsforsikring

Gjensidige Pensjonsforsikring AS
First quarter 2018

In the following, figures in brackets indicate the amount or percentage for the corresponding period last year.

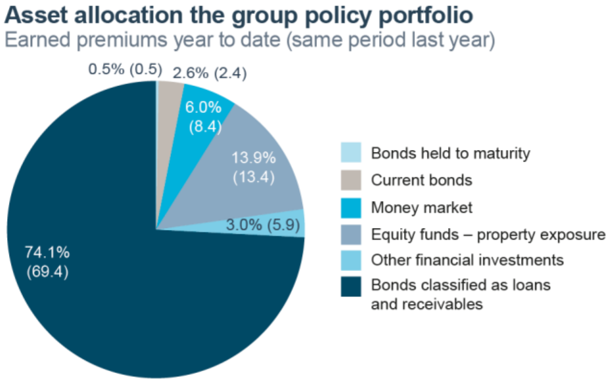
First quarter

- Profit/(loss) before tax expense: NOK 31.8 million (31.1)
- Operating income: NOK 84.7 million (77.1)
- Operating expenses: NOK 59.8 million (56.4)
- Operating margin: 29.37 per cent (26.91)
- Return on equity, annualised: 12.9 per cent (14.1)
- Solvency capital (SF): NOK 2,003.7 million (1,905.4)
- Solvency margin (SF): 139.0 per cent (130.6)
- Assets under management: NOK 28,979.6 million (24,993.1)

NOK millions	1.1.-31.3.2018	1.1.-31.3.2017	1.1.-31.12.2017
Administration fees	35.0	32.7	134.6
Insurance income	15.2	15.7	36.3
Management income etc.	34.5	28.7	130.4
Operating expenses	(59.8)	(56.4)	(227.3)
Net operating income	**24.9**	**20.8**	**74.0**
Net financial income	7.0	10.4	29.6
Profit/(loss) before tax expense	**31.8**	**31.1**	**103.6**
Operating margin [1]	29.37 %	26.91 %	24.56 %

[1] Operating margin = net operating income/total income

A promising first quarter characterized by solid growth in operating revenues



Year-to-date development

Earnings performance
The profit before tax expense was NOK 31.8 million (31.1). Increased operating income partly offset by reduced financial return and higher costs explained the profit growth.

Operating income
Total operating income amounted to NOK 84.7 million (77.1).

Administration fees were NOK 35.0 million (32.7) driven by a growing customer portfolio. Insurance income was NOK 15.2 million (15.7). Management income increased to NOK 34.5 million (28.7) as a consequence of growth in assets under management.

Operating expenses
Operating expenses were NOK 59.8 million (56.4) mainly as a consequence of increased sales commissions and IT-costs due to higher business volumes.

Net financial income
Net financial income, including returns both on the group policy portfolio and the corporate portfolio, amounted to NOK 7.0 million (10.4). The reduced income was due to extraordinary returns related to real estate and high yield investments last year. The company's share of the profit relating to the paid-up policy portfolio was allocated in its entirety as a provision for longevity.

Paid-up policy portfolio
The recognised return on the paid-up policy portfolio was 2.27 per cent (0,80). The improvement was mainly related to non-recurring effects due to changed classification of unrealized gains relating to property. The average annual interest guarantee was 3.3 per cent.

Assets under management
As of March, assets under management increased by NOK 280.7 million. Total pension assets under management amounted to NOK 28,979.6 million (24,993.1) including the group policy portfolio of NOK 6,195.5 million (5,577.3).

Solvency position
The solvency margin reported at the end of the period was 139,0 per cent, up from 132.8 per cent in the last quarter.

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

Outlook
Gjensidige Pensjonsforsikring AS shall support Gjensidige's sales to insurance customers in Norway. The company offers occupational pension and disability pension products to individuals. The defined contributions market remains competitive but highly active, creating ample business opportunities. The results achieved over the last few years substantiate the fact that the company is well positioned to further expand its business. The positive profit trend is expected to continue.

Oslo, 24 April 2018

The Board of Gjensidige Pensjonsforsikring AS

Mats C. Gottschalk Chair	Kari Østerud	Hans Aasnæs	Ida Berild Guldberg

Torstein Ingebretsen

CEO

Income statement

NOK thousands	1.1.-31.3.2018	1.1.-31.3.2017	1.1.-31.12.2017
Technical account			
Gross written premium	860,118	757,972	3,094,770
Ceded reinsurance premiums	(6,288)	(6,876)	(6,876)
Transfer of premium reserves from other insurance companies/pension funds	531,061	952,641	2,018,975
Total premiums for own account	**1,384,891**	**1,703,737**	**5,106,870**
Income from investments in subsidiaries, associated companies and joint-controlled companies	18,156		
Interest income and dividends etc. from financial assets	42,593	40,222	161,594
Unrealised gains and losses on investments	(2,148)	4,836	30,207
Realised gains and losses on investments	365	11,938	44,380
Total net income from investments in the group policy portfolio	**58,966**	**56,996**	**236,182**
Interest income and dividends etc. from financial assets	20,277	18,563	18,563
Unrealised gains and losses on investments	(828,587)	168,500	1,003,755
Realised gains and losses on investments	209,652	313,593	947,969
Total net income from investments in the investment portfolio	**(598,658)**	**500,655**	**1,970,287**
Other insurance related income	**34,504**	**28,747**	**130,359**
Gross claims paid	(130,491)	(112,730)	(464,111)
- Paid claims, reinsurers' share			36,089
Transfer of premium reserve and statutory reserves to other insurance companies/pension funds	(385,912)	(343,462)	(1,231,185)
Total claims	**(516,403)**	**(456,193)**	**(1,659,207)**
Change in premium reserve, gross	(161,928)	(153,967)	(552,432)
Change in premium reserves, reinsurers' share	4,716	5,157	(2,599)
Change in statutory reserves	(783)	(629)	(12,241)
Change in value adjustment fund	45,142	(6,373)	(27,836)
Change in premium fund, deposit fund and the pension surplus fund	1,018	261	
Total changes in reserves for the group policy portfolio	**(111,835)**	**(155,551)**	**(595,109)**
Change in premium reserve	(399,483)	(1,802,430)	(5,774,190)
Change in other provisions	296,902	215,242	917,803
Total changes in reserves for investment portfolio	**(102,581)**	**(1,587,188)**	**(4,856,388)**
Profit on investment result	(55,015)	(1,617)	(2,951)
Risk result allocated to insurance contracts	(1,997)	(2,277)	(41)
Total funds allocated to the insurance contracts	**(57,013)**	**(3,894)**	**(2,992)**
Management expenses	(4,418)	(5,710)	(22,937)
Sales expenses	(5,440)	(4,946)	(20,720)
Insurance-related administration expenses (incl. commissions for reinsurance received)	(49,970)	(45,715)	(183,622)
Total insurance-related operating expenses	**(59,827)**	**(56,371)**	**(227,279)**
Profit/(loss) of technical account	**32,043**	**30,939**	**102,723**
Net income from investments in the company portfolio			
Interest income and dividends etc. from financial assets	2,623	3,824	12,611
Unrealised gains and losses on investment	(534)	(775)	(2,503)
Realised gains and losses on investments	556	211	2,608
Total net income from investments in the company portfolio	**2,644**	**3,259**	**12,716**
Other expenses	(2,844)	(3,079)	(11,821)
Total management expenses and other expenses related to investments in the company portfolio	**(2,844)**	**(3,079)**	**(11,821)**
Profit/(loss) on non-technical account	**(200)**	**181**	**895**
Profit/(loss) before tax expense	**31,844**	**31,120**	**103,618**
Tax expense	(7,961)	(7,780)	(27,687)
Profit/(loss) before other comprehensive income	**23,883**	**23,340**	**75,931**
Remeasurement of the net defined benefit liability/asset			(925)
Tax on items that are not reclassified to profit or loss			231
Total items that are not reclassified subsequently to profit or loss			**(694)**
Total comprehensive income	**23,883**	**23,340**	**75,237**

Statement of financial position

NOK thousands	31.3.2018	31.3.2017	31.12.2017
Assets			
Other intangible assets	49,461	48,612	49,173
Total intangible assets	**49,461**	**48,612**	**49,173**
Financial assets measured at fair-value			
Shares and similar interests	19,709	10,126	5,458
Bonds and other securities with fixed income	805,478	589,650	746,444
Cash and cash equivalents	97,650	96,348	97,358
Total financial assets	**922,837**	**696,124**	**849,260**
Receivables related to direct operations	4,347	9,082	6,965
Other receivables	167,125	104,385	104,800
Total receivables	**171,471**	**113,466**	**111,765**
Cash and cash equivalents	20,531	205,953	175,727
Deferred tax assets		919	
Pension assets	1,609	2,438	1,609
Total other assets	**22,140**	**209,309**	**177,336**
Prepaid expenses and earned, not received income	21,228		
Total prepaid expenses and earned, not received income	**21,228**		
Total assets in the company portfolio	**1,187,137**	**1,067,512**	**1,187,534**
Equities and units in subsidiaries, associated companies and joint-controlled companies			
Equities and units in associated companies	859,642		
Financial assets at amortized cost			
Bonds held to maturity	29,222	29,194	30,536
Loans and receivables	4,593,965	3,872,167	4,536,001
Financial assets measured at fair-value			
Shares and similar interests		746,948	758,151
Bonds and other securities with fixed income	529,352	601,905	614,957
Receivables in collective portfolio		487	
Cash and cash equivalents	161,922	317,177	60,412
Total investments in the group policy portfolio	**6,174,103**	**5,567,877**	**6,000,056**
Reinsurers' share of insurance-related liabilities in general insurance, gross	**27,276**	**30,316**	**22,560**
Financial assets measured at fair value			
Shares and similar interests	19,953,328	17,327,245	20,034,279
Bonds and other securities with fixed income	2,775,224	2,020,463	2,531,180
Loans and receivables	32,330	46,309	52,445
Cash and cash equivalents	23,225	21,856	62,688
Total investments in the investment option portfolio	**22,784,107**	**19,415,873**	**22,680,592**
Total assets in the customer portfolio	**28,985,485**	**25,014,066**	**28,703,208**
Total assets	**30,172,622**	**26,081,577**	**29,890,742**

NOK thousands	31.3.2018	31.3.2017	31.12.2017
Equity and liabilities			
Paid in capital			
Share capital	39,000	39,000	39,000
Other paid-in capital	81,724	80,740	80,875
Total paid-in equity	**120,724**	**119,740**	**119,875**
Retained equity			
Other earned equity	608,923	533,686	532,992
Profit/(loss) before other comprenhensive income	23,883	23,340	75,931
Total earned equity	**632,806**	**557,026**	**608,923**
Total equity	**753,529**	**676,766**	**728,798**
Subordinated debt	299,599	299,485	299,571
Total subordinated debt capital etc.	**299,599**	**299,485**	**299,571**
Premium reserves	5,950,391	5,374,190	5,784,856
Additional statutory reserves	177,400	165,018	176,617
Market value adjustment reserves	9,588	33,268	54,730
Premium fund, deposit fund and the pension surplus fund	1,142	904	2,160
Unallocated surplus fond	57,013	3,894	
Total insurance obligations in life insurance - the group policy portfolio	**6,195,534**	**5,577,274**	**6,018,363**
Premium reserves	22,459,517	19,075,608	22,361,592
Premium fund, deposit fund and the pension surplus fund	324,590	340,265	319,000
Total insurance obligations in life insurance - the investment option portfolio	**22,784,107**	**19,415,873**	**22,680,593**
Pension liabilities etc.	1,877	1,455	1,877
Tax liabilities			
Period tax liabilities	8,341		15,796
Provisions for deferred taxes	20,464	10,200	20,464
Total provisions for liabilities	**30,682**	**11,654**	**38,136**
Liabilities related to direct insurance	69,603	46,477	89,264
Other liabilities	27,165	38,996	21,992
Total financial liabilities	**96,768**	**85,473**	**111,256**
Accrued expenses and deferred income	12,404	15,053	14,025
Total accrued expenses and deferred income	**12,404**	**15,053**	**14,025**
Total equity and liabilities	**30,172,622**	**26,081,577**	**29,890,742**

Statement of changes in equity

NOK thousands	Share capital	Other paid-in capital	Remeasure-ment of the net defined benefit liab./asset	Other earned equity	Total equity
Equity as at 31.12.2016	**39,000**	**80,722**	**1,341**	**532,345**	**653,408**
1.1.-31.12.2017					
Comprehensive income					
Profit/(loss) before comprehensive income				75,931	75,931
Total components of other comprehensive income			(694)		(694)
Total comprehensive income			**(694)**	**75,931**	**75,237**
Transactions with owners of the company					
Equity-settled share-based payment transactions		153			153
Equity as at 31.12.2017	**39,000**	**80,875**	**647**	**608,276**	**728,798**
Adjustment due to amendment to IFRS 2		848			848
Equity as at 1.1.2018	**39,000**	**81,724**	**647**	**608,276**	**729,647**
1.1.-31.3.2018					
Comprehensive income					
Profit/(loss) before comprehensive income				23,883	23,883
Total comprehensive income				**23,883**	**23,883**
Equity as at 31.3.2018	**39,000**	**81,724**	**647**	**632,159**	**753,529**
1.1.-31.3.2017					
Comprehensive income					
Profit/(loss) before comprehensive income				23,340	23,340
Total comprehensive income				**23,340**	**23,340**
Equity-settled share-based payment transactions		18			18
Equity as at 31.3.2017	**39,000**	**80,740**	**1,341**	**555,685**	**676,766**

Cash flows

NOK thousands	1.1.-31.3.2018	1.1.-31.3.2017	1.1.-31.12.2017
Cash flow from operating activities			
Premiums paid, net of reinsurance	1,387,944	1,658,868	5,090,891
Claims paid, net of reinsurance	(130,491)	(112,730)	(428,022)
Net receipts/payments of premium reserve transfers	(385,912)	(343,462)	(1,231,185)
Net receipts/payments from financial assets	(889.629)	(956,268)	(3,258,871)
Operating expenses paid, including commissions	(52,462)	(64,063)	(224,001)
Taxes paid	(15,416)	(23,363)	(14,664)
Net cash flow from operating activities	**(85,966)**	**158,981**	**(65,852)**
Cash flow from investing activities			
Net receipts/payments on sale/acquisition of owner-occupied property, plant and equipment	(4,075)	(3,067)	(14,728)
Net cash flow from investing activities	**(4,075)**	**(3,067)**	**(14,728)**
Cash flow from financing activities			
Net receipts/payments on subordinated debt	(2,816)	(3,052)	(11,707)
Net cash flow from financing activities	**(2,816)**	**(3,052)**	**(11,707)**
Net cash flow for the period	**(92,857)**	**152,862**	**(92,287)**
Cash and cash equivalents at the start of the period	396,185	488,472	488,472
Cash and cash equivalents at the end of the period	303,328	641,334	396,185
Net cash flow for the period	**(92,857)**	**152,862**	**(92,287)**
Specification of cash and cash equivalents			
Cash and deposits with credit institutions	303,328	641,334	396,185
Total cash and cash equivalents	**303,328**	**641,334**	**396,185**

Notes

1. Accounting policies

The financial statements as of the first quarter of 2018, concluded on 31 March 2018, comprise Gjensidige Pensjonsforsikring 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 financial statements as of the first quarter of 2018 have been prepared in accordance with the Norwegian Accounting Act and Norwegian Financial Reporting Regulations for Insurance Companies (FOR 2015-12-12-1824). 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.

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 Pensjonsforsikring AS are mentioned below. Gjensidige Pensjonsforsikring AS does not plan early implementation of these standards.

IFRS 9 Financial instruments (2014)
IFRS 9 introduces new requirements for the classification and measurement of financial assets, including a new expected loss model for the recognition of impairment losses, and changed requirements for hedge accounting.

IFRS 9 contains three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income, and fair value through profit or loss. 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. IFRS 9 introduces a new requirement in connection with financial liabilities earmarked at fair value: where changes in fair value that can be attributed to the liabilities' credit risk are presented in other comprehensive income rather than over profit or loss.

According to prevailing rules, impairment for credit losses shall only be recognised when objective evidence of impairment losses exists. 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, the provision should equal lifetime expected credit losses. This dual approach replaces today's collective impairment model.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (2016)
IFRS 9 addresses the accounting for financial instruments and is effective for annual periods beginning on or after 1 January 2018. The amendments to IFRS 4 permit entities that predominantly undertake insurance activities the option to defer the effective date of IFRS 9 until 1 January 2021. The effect of such a deferral is that the entities concerned may continue to report under the existing standard, IAS 39 Financial Instruments. In addition, the insurance sector of a financial conglomerate is allowed to defer the application of IFRS 9 until 1 January 2021, where all of the following conditions are met:

- no financial instruments are transferred between the insurance sector and any other sector of the financial conglomerate other than financial instruments that are measured at fair value with changes in fair value recognised through the profit of loss account by both sectors involved in such transfers;
- the financial conglomerate states in the consolidated financial statements which insurance entities in the group are applying IAS 39;
- disclosures requested by IFRS 7 are provided separately for the insurance sector applying IAS 39 and for the rest of the group applying IFRS 9.

Gjensidige Pensjonsforsikring has decided to make use of this exception.

IFRS 16 Leases (2016)
IFRS 16 requires all contracts that qualify under its definition as a lease to be reported on a lessee`s balance sheet as right of use assets and lease liabilities. Earlier classification of leases as either operating leases or finance leases are removed. Short-term leases (less than 12 months) and leases of low-value assets are exempt from the requirements. A lessee shall recognise a right-of-use asset and a lease liability. The interest effect of discounting on the lease liability shall be presented separately from the depreciation charge for the right-of-use asset. The depreciation expense will be presented with the group's other depreciations, whereas the interest effect of discounting will be presented as a financial item. IFRS 16 is effective 1 January 2019. The standard is expected to have an effect on the group's financial statements, significantly increasing the group's recognised assets and liabilities and potentially affecting the presentation and timing of recognition of charges in the income statement.

IFRS 17 Insurance Contracts (2017)
IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. IFRS 17 is a complex standard that includes some fundamental differences to current accounting for liability measurement and profit recognition. Insurance contracts will be recognised at a risk-adjusted present value of the future cash flows plus an amount representing the unearned profit in the group of contracts (the contractual service margin). If a group of contracts is or become loss-making, the loss will be recognised immediately. Insurance revenue, insurance service expenses and insurance finance income or expenses will be presented separately. IFRS 17 is effective 1 January 2021. The standard is expected to have an effect on the group's financial statements, significantly changing the measurement and presentation of income and expenses.

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

The preparation of interim accounts involves the application of assessments, estimates and assumptions that affect the use of accounting policies and the amounts recognised for assets and liabilities, revenues and expenses. The actual results may deviate from these estimates. The most material assessments involved in applying the accounting policies and the most important sources of uncertainty in the estimates are the same in connection with preparing the interim report as in the annual report for 2017.

Due to rounding-off differences, figures and percentages may not exactly add up to the exact total figures.

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

2. Financial assets and liabilities

Fair value

Financial assets and liabilities measured at fair value are carried at the amount each asset/liability can be settled to in an orderly transaction between market participants at the measurements date at the prevailing market conditions.

Different valuation techniques and methods are used to estimate fair value depending on the type of financial instruments and to which extent 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 of input that is significant to the fair value measurement in its entirety.

The different valuation levels and which financial assets/liabilities that are included in the respective levels are accounted for below.

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.

The following financial assets are classified as level one in the valuation hierarchy

- Listed shares
- Norwegian government/government backed bonds and other fixed income securities
- Exchange traded funds

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).

The following financial assets/liabilities are classified as level two in the valuation hierarchy

- Currency futures, equity options, forward rate agreements and currency swaps, in which fair value is derived from the value of underlying instruments. These derivatives are valued using common valuation techniques for derivatives (option pricing models etc.).
- Equity funds, bond funds, hedge funds and combination funds, in which fair value is estimated based on the fair value of the underlying investments of the funds.
- Bonds, certificates or index bonds that are unlisted, or that are listed but where transactions are not occurring regularly. The unlisted instruments in this category are valued based on observable yield curves and estimated credit spreads where applicable.
- Interest-bearing liabilities (banking activities) measured at fair value. These liabilities are valued based on observable credit spreads.
- Listed subordinated notes where transactions are not occurring regularly.

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.

The major part of the investments classified in level three (year 2017) in the valuation hierarchy is unleveraged exposure to real estate through single purpose vechicles.

- Real estate funds are valued based on reported NAV values as reported by the fund administrators. Because of late reporting from the funds, the NAV values from the previous quarterly reporting are used in estimating fair value.

The valuation process for financial assets classified as level three
The valuation of the fund is based the guidelines given in the European standard EVS (European Valuation Standard) made by TEGoVA (The European Group of Valuers' Associations) together with well recognised valuation principles in the real estate market

In line with EVS, the valuation of each individual asset will be based on discounting future estimated cash flow. The future estimated cash flow is based on several specific real estate market conditions, such as market rent, market cost / capex levels and expected vacancy levels in the future. The discount rate is derived from the mean of comparable property transactions. This collection of transactions is meant to reflects an average yield on similar properties. We also perform a subjective risk adjustment, which is meant to reflect the deviation from the mean for the specific property in particular. In addition, we add the net present value of the latest inflation estimates from Statistics Norway to derive a nominal discount rate.

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.

NOK thousands	Carrying amount as at 31.03.2018	Fair value as at 31.03.2018	Carrying amount as at 31.03.2017	Fair value as at 31.03.2017
Financial assets				
Financial assets at fair value through profit or loss, designated upon initial recognition				
Shares and similar interests	19,709	19,709	757,074	757,074
Bonds and other fixed income securities	1,334,830	1,334,830	1,191,555	1,191,555
Shares and similar interests in life insurance with investment options	19,953,328	19,953,328	17,327,245	17,327,245
Bonds and other fixed income securities in life insurance with investment options	2,775,224	2,775,224	2,020,463	2,020,463
Financial assets held to maturity				
Bonds held to maturity	29,222	30,380	29,194	31,689
Loans and receivables				
Bonds and other fixed income securities classified as loans and receivables	4,593,965	4,743,814	3,872,167	4,115,497
Receivables related to direct operations and reinsurance	36,676	36,676	55,877	55,877
Other receivables	167,125	167,125	104,385	104,385
Prepaid expenses and earned, not received income	21,228	21,228		
Cash and cash equivalents	303,328	303,328	641,334	641,334
Total financial assets	**29,234,635**	**29,385,642**	**25,999,293**	**26,245,118**
Financial liabilities				
Financial liabilities at amortised cost				
Subordinated debt	299,599	308,227	299,485	306,673
Other liabilities	27,165	27,165	38,996	38,996
Liabilities related to direct insurance	69,603	69,603	47,477	47,477
Accrued expenses and deferred income	12,404	12,404	15,053	15,053
Total financial liabilities	**408,770**	**417,398**	**401,010**	**408,198**
Gain/(loss) not recognised in profit or loss		**142,379**		**238,637**

Valuation hierarchy 2018

The table shows a valuation hierarchy where financial assets/liabilities are divided into three levels based on the method of valuation.

NOK thousands	Level 1 Quoted prices in active markets	Level 2 Valuation techniques based on observable market data	Level 3 Valuation techniques based on non-observable market data	Total
Financial assets				
Financial assets at fair value through profit or loss, designated upon initial recognition				
Shares and similar interests	19,476	34	200	19,709
Bonds and other fixed income securities	1,334,640	190		1,334,830
Shares and similar interests in life insurance with investment options	19,940,161	13,167		19,953,328
Bonds and other fixed income securities in life insurance with investment options	2,761,545	13,679		2,775,224
Financial assets at amortised cost				
Bonds held to maturity		30,380		30,380
Bonds and other fixed income securities classified as loans and receivables		4,743,814		4,743,814
Financial liabilities at amortised cost				
Subordinated debt		308,227		308,227

Valuation hierarchy 2017

The table shows a valuation hierarchy where financial assets/liabilities are divided into three levels based on the method of valuation.

NOK thousands	Level 1 Quoted prices in active markets	Level 2 Valuation techniques based on observable market data	Level 3 Valuation techniques based on non-observable market data	Total
Financial assets				
Financial assets at fair value through profit or loss, designated upon initial recognition				
Shares and similar interests	9,922	4	747,148	757,074
Bonds and other fixed income securities	1,191,555			1,191,555
Shares and similar interests in life insurance with investment options	17,317,427	9,818		17,327,245
Bonds and other fixed income securities in life insurance with investment options	2,006,024	14,439		2,020,463
Financial assets at amortised cost				
Bonds held to maturity		31,689		31,689
Bonds and other fixed income securities classified as loans and receivables		4,115,497		4,115,497
Financial liabilities at amortised cost				
Subordinated debt		306,673		306,673

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

NOK thousands	As at 1.1.2018	Net realised/ unrealised gains recognised in profit or loss	Purch-ases	Sales	Settle-ments	Transfers into/out of level 3	As at 31.03.2018	Amount of net realised/ unrealised gains recognised in profit or loss that are attributable to instruments held as at 31.03.2018
Shares and similar interests	758,351					(758,151)	200	
Total	**758,351**					**(758,151)**	**200**	

Sensitivity of financial assets valued based on non-observable market data (level 3) 2017

		Sensitivity
Shares and similar interests	Decrease in value 10%	20
Total		**20**

Reconciliation of financial assets valued based on non-observable market data (level 3) 2017

NOK thousands	As at 1.1.2017	Net realised/ unrealised gains recognised in profit or loss	Purch-ases	Sales	Settle-ments	Transfers into/out of level 3	As at 31.03.2017	Amount of net realised/ unrealised gains recognised in profit or loss that are attributable to instruments held as at 31.03.2017
Shares and similar interests	734,313	12,835					747,148	
Total	**734,313**	**12,835**					**747,148**	

Sensitivity of financial assets valued based on non-observable market data (level 3) 2017

		Sensitivity
Shares and similar interests	Decrease in value 10%	74,715
Total		**74,715**

3. Related parties

There have not been any significant transactions with related parties other than ordinary current agreements conducted at arm's length distance.

4. Contingent liabilities

As part of its ongoing financial management the company has committed, but not paid up to NOK 595.4 million (778.1) in commercial real estate debt funds.

Key figures

In addition to the financial statements according to IFRS, Gjensidige uses different alternative performance measures (APM) to present the business in a more relevant way for its different stakeholders. The alternative performance measures have been used consistent over time, and relevant definitions have been disclosed. Comparable figures are provided for all alternative performance measures.

		1.1.-31.3.2018	1.1.-31.3.2017	1.1.-31.12.2017
Assets under management pension, at the end of the period	NOK millions	28,979.6	24,993.1	28,699.0
of which the group policy portfolio	NOK millions	6,195.5	5,577.3	6,018.4
Operating margin [1]	%	29.37	26.91	24.56
Recognised return on the paid-up policy portfolio [2]	%	2.27	0.80	3.75
Value-adjusted return on the paid-up policy portfolio [3]	%	1.11	0.98	4.47
Share of shared commercial customers [4]	%	69.7	69.0	69.3
Return on equity, annualised [5]	%	12.9	14.1	11.0
Solvency capital (SF) [6]	NOK millions	2,003.7	1,905.4	1,913.7
Solvency margin (SF) [7]	%	139.0	130.6	132.8
Minimum capital requirement [8]	NOK millions	565.4	508.2	562.9

[1] Operating margin = net operating income/total income

[2] Recognised return on the paid-up policy portfolio = realised return on the portfolio

[3] Value-adjusted return on the paid-up policy portfolio = total return on the portfolio

[4] Shared customers = customers having both pension and general insurance products with Gjensidige

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

[6] Solvency capital (SF) = Solvency capital /Capital requirement under the Solvency II standard formula

[7] Solvency margin (SF) = Solvency capital available under the Solvency II standard formula

[8] Minimum capital requirement under the Solvency II standard formula

Gjensidige is a leading Nordic insurance group listed on the Oslo Stock Exchange. We have about 3,800 employees and offer insurance products in Norway, Denmark, Sweden and the Baltic states. In Norway, we also offer banking, pension and savings.

Gjensidige Pensjonsforsikring is a wholly owned subsidiary that mainly offers defined contribution pension plans and risk coverage. The Group's operating income was NOK 27 billion in 2017, while total assets were NOK 149 billion.

Gjensidige Pensjonsforsikring AS
Schweigaardsgate 14, 0185 Oslo
Postboks 101 Sentrum, 0102 Oslo
Phone +47 915 03100