



# Annual report 2020

Gjensidige Pensjonsforsikring AS



Gjensidige

# Annual report 2020

Gjensidige Pensjonsforsikring AS (GPF) is a wholly owned subsidiary of Gjensidige Forsikring ASA and is headquartered in Oslo. Its activities are aimed at the life- and pension business and the company offer products both to private and commercial customers. The company was established in 2005 and focuses on sales of defined contribution plans and risk coverage for both customer groups.

The company delivers products in the following main categories:

- Occupational pension - Defined contribution plans with associated risk coverage
- Management of paid-up certificates and paid-up policies
- Individual pension savings (unit linked)
- Individual disability pension

The company offers only externally managed funds for unit linked products.

Distribution of the company's occupational products takes place primarily through the parent company Gjensidige Forsikring ASA, in addition to other external distributors. Private pension products are distributed online and through a separate sales force.

## Covid-19

The Covid-19 pandemic has had a limited effect on the company's results. As the share prices fell in the first quarter, the company experienced a negative financial return and subsequently lower management income during the summer. The situation improved over the fall and the current level of assets under management and associated revenues are well above what they were before the pandemic. The company's other revenues are only to a small extent affected by the pandemic short term but is exposed to increased disability long term as a result of redundancies and bankruptcies and general reductions in number of customers. Due to a comprehensive assessment process, it normally takes one to two years before any increase in disability claims becomes visible. In order to be well prepared, GPF has since March this year capitalized all risk premiums related to the disability products.

The pandemic has pushed interest rates down which made it more demanding to meet guarantees, and low interest rates are also negative for the solvency margin. In order to strengthen the latter, reinsurance was taken out to mitigate lapse risk, which was important for maintaining the solvency margin at a satisfactory level. GPF has also managed to meet virtually all interest rate guarantee obligations and the use of additional provisions has been minor.

## This year's performance

GPF achieved a good result in 2020. The year was characterized by steady and good operations with growth in the customer portfolios and capital, that explains increased administration and management revenues. Last year, a positive risk result was realized related to the paid-up policies as a consequence of an increase in reactivations of previously reported disabled people. Such a development has not been repeated this year which explains the reduced insurance revenues. Good financial returns meant that the company's financial income remained at a satisfactory level.

Sales has also been good with a good influx of new members. However, the company's largest customer left at the beginning of 2020. Hence the total number of members for group defined contribution pensions is slightly below the entry value at the beginning of the year. The amount of new PKBs has been very

good and the number of members has increased by approx. 9 per cent.

GPF's market share relating to occupational defined contribution plans amounted per the third quarter to 9.2 per cent and to 6.9 per cent relating to individual pensions. The market share relating to transferred private pension funds amounted to 8.3 per cent and to 8.6 per cent relating to occupational pension funds. The market share relating to private disability pension was 22.0 per cent. (Source: Finans Norge, third quarter 2020).

## Income

Gross written premiums amounted to NOK 5,748.6 million in 2020. Of this NOK 3,913.4 million were written premiums and NOK 1,835.2 million were transferred funds. By comparison, in 2019 gross written premiums were NOK 5,623.0 million of which NOK 3,938.9 million were written premiums and NOK 1,684.1 million were transferred funds. Premiums written increased due to growth in the customer portfolio, both relating to occupational pensions and individual disability pensions.

The paid-up policy portfolio contributed with a net financial income of NOK 16.0 million above the guaranteed return. GPF follows a conservative investment strategy. The life companies are required to strengthen premium reserves by 2021 so that they can meet expected increasing future liabilities as a result of a generally increasing life expectancy. GPF started early with the reservation which was completed in 2018 after NOK 196.5 million was added to the reserves. Total additional provisions related to the paid-up policy portfolio where NOK 295.8 million at the end of the year, compared with NOK 284.0 million in 2019.

The other group portfolio contributed with a financial income of 87.9 NOK million. Of this NOK 57.9 million was allocated to the customers, of which NOK 55.0 million was guaranteed return. GPF's share of returns related to the other group portfolio totaled NOK 29.9 million.

Other financial income was NOK 6.2 million and represents the return on the company's own funds.

Claims, including transfers to other companies, amounted to NOK 3,479.3 million in 2020 and NOK 2,760.0 million in 2019.

Total operating costs amounted to NOK 291.1 million in 2020 inclusive charges billed for corporate services. Total operating costs in 2019 were NOK 275.6 million. The growth is due to increased business volume, increased headcount and an impairment on IT-systems. The costs are as expected.

For the fiscal year of 2020 total earnings were NOK 124.1 million, compared to NOK 147.7 million in 2019. The board confirms that the accounts have been submitted on the assumption of continued operations.

## Individual Pension Account

On 9 April 2019, the Norwegian Parliament resolved on changes in the defined contribution law (individual pension account).

According to the new rules, individual pension certificates will be transferred to, and managed by, either the employer's pension manager or a supplier decided by the employee's himself. The changes also apply to the so called 12-month rule which no longer applies, hence employees with defined contribution plans are viable for earned pension irrelevant of tenure.

The purpose of individual pension account is to reduce the expenses for management of pension funds in addition to improving employees' insight in earned pension. The new rules are to come in force on 1 January 2021.

It is uncertain how individual pension account will affect the market. The product opens for new providers not being traditional life companies, and competition will be intensified in an already tough market. GPF has worked intensively in order to be prepared to handle both the market and the product. Significant work has been accomplished to establish good customized solutions that will make the company an attractive supplier. Individual pension account creates new opportunities and GPF will actively seek to take a position in this new market.

## Return

GPF offers three main alternatives for managing defined contribution schemes, active, combined or index management. All options offer to choose between different risk profiles: "Trygg", "Balansert", "Offensive" and "Age-adjusted".

The year 2020 was a turbulent year in financial markets due to COVID-19 and the measures taken worldwide trying to prevent the pandemic from spreading. During the worst days in March the MSCI World Index fell 32 per cent, measured in USD. Stimuli from fiscal and monetary packages, as well as positive vaccine news, helped turn the markets, and MSCI World ended positive 15.9 per cent for 2020. The US S&P 500 Index rose 18.4 per cent, emerging economies (MSCI EM) rose 15.8 per cent, while Europe MSCI Europe (Price) ended down -4.3 per cent. Norway also had a relatively weaker development, and the Oslo Stock Exchange OSEBX ended up 4.6 per cent while the OSEFX fund index rose 7.3 per cent.

For the first time in history, the Norwegian Central Bank cut the key interest rate to 0 per cent in 2020. The US Federal Reserve also lowered the rate in the range of 0-0.25 per cent, and the European Central Bank (ECB) has kept the rate unchanged at -0.50 per cent. The outlook from the central banks is that interest rates will be kept low for a long time to come.

The active equity profile had a return of 13.4 per cent and the combined equity profile had a return of 8.9 per cent. The fixed income combined profile had a return of 7.6 per cent.

The booked return on the paid-up policy portfolios was 3.5 per cent, while the value-adjusted return was 3.0 per cent. The average interest rate guarantee for the paid-up policy portfolio was 3.4 per cent. For the other group portfolio, the booked return was 3.2 per cent and the value-adjusted return 3.2 per cent.

## Balance Sheet

Assets under management increased by NOK 5,026.5 million during 2020 amounting to NOK 42,361.7 million by year-end. At the end of the year GPF had a total balance of NOK 43,945.8 million, of this equity amounted to 2.3 per cent.

## Solvency

At the end of 2020 the reported solvency margin was 146.2 per cent. The reported solvency margin is at a satisfactory level and there is no need to take further actions.

## Organisation

At the end of 2020 the company had 85 full time employees who are all located at the Oslo headquarter. Most of the employees are engaged in contract and customer management. In addition, there are separate departments for product development and technical IT support/development.

Sales of occupational pension schemes are done through the parent company Gjensidige Forsikring ASA which employs 15 pension advisors who are spread throughout the country with Oslo, Kristiansand, Bergen, Stavanger, Trondheim and Tromsø as geographical centers. Sales are aimed primarily at the transfer market for defined contribution plans. In addition, it is established a sales center in Oslo for telemarketing to Gjensidige Forsikring's commercial customers. At the end of the year 8 employees were working at the center. GPF also employs

5 investment advisors for sale of private pension products. These are all located in the Oslo area.

## Operational risk

The company continuously assesses its own risk situation in accordance with approved procedures for internal control. As part of the annual planning and budgeting process a risk assessment is drawn up where the main short- and long-term risks are described together with necessary measures. The assessment is adopted by the board and followed up regularly throughout the year.

## Financial risk

Financial risk is a collective term for several types of risks associated with financial assets. Financial risk can be divided into market risk, credit risk and liquidity risk. These risks arise from GPF's investment activities. They are managed aggregated and handled through the company's asset management strategy.

GPF is exposed to financial risk through a small trading stock. This is a technical holding arising because of the internal processing time for buying and selling funds on behalf of clients.

The group portfolio consists of two portfolios:

- Paid-up policy portfolio
- Other group portfolio

The paid-up policy portfolio and part of the other group portfolio include a guaranteed interest liability which represents a financial risk. Average guaranteed return for the paid-up policies was 3.4 per cent per 31.12.2020. For the other group portfolio, the guaranteed return varied between 2.0 and 2.7 per cent. The main risk elements related to the group portfolio are share prices, interest rates and credit. Risk- and asset management is undertaken in accordance with applicable regulations through a management agreement with the parent company Gjensidige Forsikring ASA.

Company assets are held in the form of bank deposits in Norwegian kroner and investments in fixed income – short duration and bonds at amortised cost.

The risk of losses on receivables is minor.

## Insurance risk

GPF offers insurance products in the form of pensions, mainly group and individual disability pension. According to the regulations the company also needs to offer premium waivers related to occupational disability, included in the defined contribution schemes. There is also a limited portfolio of survivor pensions (spouse's pension / child pension).

The insurance risk situation is considered to be satisfactory and the uncertainty related to not reported cases are handled through the claim reserves.

The company has a reinsurance agreement both with the parent company Gjensidige Forsikring ASA and external vendors, which provides satisfactory coverage for handling major variations in occurred claims.

## Work environment

The working environment is good which is confirmed by employee satisfaction surveys. There have not been any injuries or accidents at the workplace in 2020. Sick leave amounted to 3.4 per cent.

## Equality

As a fully owned subsidiary, GPF is included in Gjensidige's work and routines for gender equality and the company is a part of the group's annual reporting.

At GPF, we work to make sure that we have an inclusive culture where everyone is treated equally and with respect. We must acknowledge our employees' knowledge, competencies and strengths, regardless of gender, pregnancy, leave of absence for childbirth or adoption, care responsibilities, ethnicity, religion, beliefs, functional impairment, sexual orientation, gender identity and gender expression, and combinations of the above.

At GPF, all employees are normally hired in full-time positions. An exception can be made if an employee applies for a temporary or a permanent reduction in working hours for social, health-related or other weighty welfare reasons. Some of our employees work less than 100 per cent of a full-time position, but they are positions of a temporary nature, such as student internships. On this basis, we believe we can say for certain that none of our employees work part-time involuntarily.

Emphasis is placed on having a most equal distribution between genders at all levels, and under the same circumstances underrepresented gender will be given priority when vacant positions are announced. Working hours complies with the various positions and is independent of gender.

	2020	2019
<b>Proportion of women by job level</b>		
Level 1	28.6 %	28.6 %
Level 2	60.0 %	40.0 %
Other level	61.3 %	56.9 %
<b>Number of employees by gender</b>		
Women	50	37
Men	35	33
<b>Proportion of women on the Board of Directors</b>		
	60.0 %	75.0 %
<b>Average pay (all employees)</b>		
Women	638,654	651,820
Men	849,171	832,271
<b>Women's pay as a proportion of men's (by job level) <sup>1</sup></b>		
Level		

<sup>1</sup> A pay review will be carried out for the first time for the 2021 financial year

	2020	2019
<b>Parental leave (number of person-days)</b>		
Women	41	162
Men	16	0
<b>Sickness absence</b>		
Women	4.0 %	5.4 %
Men	1.5 %	1.8 %
<b>Absence due to child sickness (total number of person-days)</b>		
Women	19	43
Men	14	31
<b>Proportion of part-time employment</b>		
Women	7.8 %	13.5 %
Men	0.0 %	0.0 %
<b>Proportion of temporary employment</b>		
Women	2.2 %	2.7 %
Men	3.3 %	2.7 %

## Efforts to ensure equality and non-discrimination

GPF emphasizes a good, inclusive corporate culture where everyone is treated equally and with respect. We wish to develop an organisation in which diversity characterises our activities and generates new ideas and perspectives. It should be possible for all our employees to balance their work and personal life, and we make arrangements to help them achieve this. We expect all employees to be respectful and considerate and to display common courtesy in relation to colleagues, competitors, customers and others.

We have zero tolerance for discrimination and harassment, and anyone who feels that they are being discriminated or harassed/bullied shall be taken seriously. In 2018, we adopted new and updated guidelines to prevent unwanted sexual attention.

Our principles and procedures for equality and anti-discrimination are aligned with the company's HR strategy and the pertaining guidelines, personnel policy and ethical rules (Code of Conduct).

Measures for work to promote equality and combat discrimination appear in note 28.

## Sustainability

GPF is part of the parent company's extensive work with sustainability. Especially for GPF, work is being done to label the investment products and to develop sustainability products so that customers can include this in their assessment when undertaking investment decisions.

## Environmental

The company does not pollute the environment more than usual and the company follows Gjensidige's environmental policy.

## Conclusion

The Board considers GPF's income statement, balance sheet and disclosures to give a true picture of the company's operations and position at the year-end.

Total earnings are NOK 124.1 million, where NOK 126.8 million is proposed to be added to other equity and NOK 2.7 million to be drawn from risk equalization fund. The Board is not aware of any circumstances that have occurred after the year end that affect the financial statements.

Oslo, 11 February 2021

The Board of Gjensidige Pensjonsforsikring AS

Catharina Hellerud  
Catharina Hellerud

Chair

Kari Østerud  
Kari Østerud

Ida Guldberg  
Ida Guldberg

Erik Ranberg  
Erik Ranberg

Joakim Gjersøe  
Joakim Gjersøe

  
Torstein Ingebretnsen  
CEO

# Income statement

NOK millions	Notes	1.1.-31.12.2020	1.1.-31.12.2019
<b>Technical account</b>			
Gross written premium		3,913.4	3,938.9
Ceded reinsurance premiums		(75.8)	(65.4)
Transfer of premium reserves from other insurance companies/pension funds	18	1,835.2	1,684.1
<b>Total premiums for own account</b>	17	<b>5,672.8</b>	<b>5,557.6</b>
Income from investments in associated companies		101.7	73.7
Interest income and dividends etc. from financial assets		173.2	170.4
Unrealised gains and losses on investments		(19.3)	17.7
Realised gains and losses on investments		(44.8)	18.3
<b>Total net income from investments in the group policy portfolio</b>	13/17	<b>210.8</b>	<b>280.2</b>
Income from investments in associated companies		153.3	66.2
Interest income and dividends etc. from financial assets		19.5	19.1
Unrealised gains and losses on investments		1,411.3	2,709.9
Realised gains and losses on investments		1,225.0	989.4
<b>Total net income from investments in the investment portfolio</b>	17	<b>2,809.2</b>	<b>3,784.7</b>
Other insurance related income	17	182.4	167.2
Gross claims paid	19	(690.4)	(635.5)
- Paid claims, reinsurers' share	19	15.9	19.2
Transfer of premium reserve and statutory reserves to other insurance companies/pension funds	18	(2,804.8)	(2,143.7)
<b>Total claims</b>	17	<b>(3,479.3)</b>	<b>(2,760.0)</b>
Change in premium reserve, gross		(455.6)	(513.5)
Change in premium reserves, reinsurers' share		69.3	63.1
Change in statutory reserves		(11.8)	(42.5)
Change in value adjustment fund		19.6	(15.5)
Change in premium fund, deposit fund and the pension surplus fund		1.9	1.5
<b>Total changes in reserves for the group policy portfolio</b>	17	<b>(376.6)</b>	<b>(506.9)</b>
Change in premium reserve		(6,842.8)	(7,455.2)
Change in premium reserves, reinsurers' share		1.6	
Change in premium fund, deposit fund and the pension surplus fund		2,275.2	1,426.5
<b>Total changes in reserves for investment portfolio</b>	17	<b>(4,565.9)</b>	<b>(6,028.7)</b>
Profit on investment result		(1.7)	(3.9)
Risk result allocated to insurance contracts			(22.1)
<b>Total funds allocated to the insurance contracts</b>		<b>(1.7)</b>	<b>(26.0)</b>
Management expenses		(8.6)	(14.7)
Sales expenses		(22.4)	(19.7)
Insurance-related administration expenses (incl. commision for reinsurance received)	4	(260.1)	(241.2)
<b>Total insurance-related operating expenses</b>		<b>(291.1)</b>	<b>(275.6)</b>
<b>Profit/(loss) of technical account</b>	17	<b>160.6</b>	<b>192.6</b>
<b>Non-technical account</b>			
Interest income and dividends etc. from financial assets		21.8	11.1
Unrealised gains and losses on investment		(10.7)	3.2
Realised gains and losses on investments		6.9	3.4
<b>Total net income from investments in the company portfolio</b>		<b>18.0</b>	<b>17.7</b>
Other expenses	11	(11.9)	(13.4)
<b>Profit/(loss) on non-technical account</b>		<b>6.2</b>	<b>4.3</b>
<b>Profit/(loss) for the period before tax expense</b>		<b>166.8</b>	<b>196.9</b>
Tax expense	15	(40.8)	(48.6)
<b>Profit/(loss) before other comprehensive income</b>		<b>126.0</b>	<b>148.3</b>
Remeasurement of the net defined benefit liability/asset		(2.5)	(0.8)
Tax on items that are not reclassified to profit or loss	15	0.6	0.2
<b>Total comprehensive income</b>		<b>124.1</b>	<b>147.7</b>

# Statement of financial position

NOK millions	Notes	31.12.2020	31.12.2019
<b>Assets</b>			
Intangible assets	6	22.2	48.1
<i>Buildings and other real estate</i>			
Right-of-use property	27	7.5	10.3
<i>Financial assets at amortised cost</i>			
Loans and receivables		251.0	225.9
<i>Financial assets measured at fair value</i>			
Shares and similar interests	7	3.7	6.3
Bonds and other securities with fixed income	7	856.0	751.5
<b>Total financial assets</b>	<b>7/12</b>	<b>1,118.2</b>	<b>993.9</b>
Receivables related to direct operations and reinsurance		6.1	7.8
Other receivables		184.4	232.3
<b>Total receivables</b>		<b>190.5</b>	<b>240.1</b>
Cash and cash equivalents	12	124.9	118.3
Pension assets	10	1.7	2.4
<b>Total other assets</b>		<b>126.6</b>	<b>120.7</b>
Prepaid expenses and earned, not received income		2.2	1.2
<b>Total assets in company portfolio</b>		<b>1,459.7</b>	<b>1,404.0</b>
<i>Subsidiaries and associates</i>			
Shares in associates	26	1,036.4	958.2
<i>Financial assets at amortized cost</i>			
Loans and receivables	12	5,467.7	5,020.4
<i>Financial assets measured at fair-value</i>			
Bonds and other securities with fixed income	9/12	722.3	824.0
Cash and cash equivalents		42.2	23.9
<b>Total investments in the group policy portfolio</b>		<b>7,268.5</b>	<b>6,826.5</b>
Reinsurers' share of insurance-related liabilities in group policy portfolio		518.3	454.2
<i>Subsidiaries and associates</i>			
Shares in associates	26	1,661.4	1,290.3
<i>Financial assets measured at fair value</i>			
Shares and similar interests	8/12	28,330.6	24,502.5
Bonds and other securities with fixed income	8/12	4,594.3	4,196.5
Loans and receivables		72.3	73.3
Cash and cash equivalents		38.8	68.2
<b>Total investments in the investment option portfolio</b>		<b>34,697.5</b>	<b>30,130.9</b>
Reinsurers' share of insurance-related liabilities in investment option portfolio		1.6	
<b>Total assets in the customer portfolio</b>		<b>42,485.9</b>	<b>37,411.6</b>
<b>Total assets</b>		<b>43,945.6</b>	<b>38,815.6</b>

NOK millions	Notes	31.12.2020	31.12.2019
<b>Equity and liabilities</b>			
<i>Paid in capital</i>			
Share capital	3	39.0	39.0
Other paid-in capital		82.8	82.3
<b>Total paid-in equity</b>		<b>121.8</b>	<b>121.3</b>
<i>Retained equity</i>			
Risk equalisation fund		35.2	38.0
Other earned equity		869.8	743.0
<b>Total earned equity</b>		<b>905.0</b>	<b>780.9</b>
<b>Total equity</b>		<b>1,026.8</b>	<b>902.2</b>
Subordinated loan	11/12	299.9	299.8
Premium reserves		7,364.1	6,896.1
Additional statutory reserves		295.8	284.0
Market value adjustment reserves		1.6	21.2
Premium Fund, Deposit Fund and Fund for Pension Adjustment, etc.		2.7	2.9
<b>Total insurance obligations in life insurance - the group policy portfolio</b>	16/23	<b>7,664.1</b>	<b>7,204.2</b>
Premium reserves		34,446.0	29,843.5
Premium fund, Deposit fund and fund for pension adjustment, etc.		251.5	287.4
<b>Total insurance obligations in life insurance - the investment option portfolio</b>	16/24	<b>34,697.5</b>	<b>30,130.9</b>
Pension liabilities etc.	10	4.0	2.5
<i>Tax liabilities</i>			
Period tax liabilities	15	50.8	57.5
Provisions for deferred taxes	15	28.8	39.4
<b>Total provisions for liabilities</b>		<b>83.6</b>	<b>99.5</b>
Liabilities related to direct insurance		88.2	52.7
Liabilities related to reinsurance		28.1	32.9
Other liabilities		39.8	76.9
<b>Total liabilities</b>	12	<b>156.0</b>	<b>162.5</b>
Other accrued expenses and deferred income		17.6	16.5
<b>Total equity and liabilities</b>		<b>43,945.6</b>	<b>38,815.6</b>

Oslo, 11 February 2021

The Board of Gjensidige Pensjonsforsikring AS

Catharina Hellerud  
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Chair

Kari Østerud  
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Ida Guldberg

Erik Ranberg  
Erik Ranberg

Joakim Gjersøe  
Joakim Gjersøe

Torstein Ingebretsen

CEO

# Statement of changes in equity

NOK millions	Share capital	Other paid-in capital	Remeasure- ment of the net defined benefit liab./asset	Risk equalisation fund	Other earned equity	Total equity
<b>Equity as at 1.1.2019</b>	39.0	81.8	(0.4)	15.3	618.3	<b>754.0</b>
<b>1.1.-31.12.2019</b>						
<b>Comprehensive income</b>						
Profit/(loss) before comprehensive income					148.3	148.3
Total components of other comprehensive income			(0.6)			(0.6)
<b>Total comprehensive income</b>			(0.6)		<b>148.3</b>	<b>147.7</b>
Risk equalisation fund				22.7	(22.7)	
<b>Transactions with owners of the company</b>						
Equity-settled share-based payment transactions		0.5				0.5
<b>Equity as at 31.12.2019</b>	<b>39.0</b>	<b>82.3</b>	<b>(1.0)</b>		<b>743.9</b>	<b>902.2</b>
<b>1.1.-31.12.2020</b>						
<b>Comprehensive income</b>						
Profit/(loss) before comprehensive income					126.0	126.0
Total components of other comprehensive income			(1.9)			(1.9)
<b>Total comprehensive income</b>			(1.9)		<b>126.0</b>	<b>124.1</b>
Risk equalisation fund				(2.7)	2.7	
<b>Transactions with owners of the company</b>						
Equity-settled share-based payment transactions		0.5				0.5
<b>Equity as at 31.12.2020</b>	<b>39.0</b>	<b>82.8</b>	<b>(2.9)</b>	<b>35.2</b>	<b>872.6</b>	<b>1,026.8</b>

# Statement of cash flows

NOK millions	1.1.-31.12.2020	1.1.-31.12.2019
<b>Cash flow from operating activities</b>		
Premiums paid, net of reinsurance	5,706.7	4,927.2
Claims paid, net of reinsurance	(674.5)	(616.3)
Net receipts/payments on premium reserve transfers	(2,804.8)	(2,143.7)
Net receipts/payments from financial assets	(1,927.2)	(1,895.7)
Operating expenses paid, including commissions	(231.7)	(261.3)
Taxes paid	(57.5)	(12.5)
<b>Net cash flow from operating activities</b>	<b>11.0</b>	<b>(2.4)</b>
<b>Cash flow from investing activities</b>		
Net receipts/payments on sale/acquisition of owner-occupied property, plant and equipment	(0.8)	(27.1)
Dividend between Group companies		(100.0)
<b>Net cash flow from investing activities</b>	<b>(0.8)</b>	<b>(127.1)</b>
<b>Cash flow from financing activities</b>		
Net receipts/payments on subordinated debt incl. Interest	(11.8)	(13.3)
Repayment of lease liabilities	(2.6)	(2.4)
Payment of interest related to lease liabilities	(0.3)	(0.7)
<b>Net cash flow from financing activities</b>	<b>(14.6)</b>	<b>(16.4)</b>
<b>Net cash flow for the period</b>	<b>(4.5)</b>	<b>(145.9)</b>
Cash and deposits with credit institutions at the start of the period	210.4	356.3
Net cash flow for the period	(4.5)	(145.9)
<b>Cash and deposits with credit institutions at the end of the period</b>	<b>205.9</b>	<b>210.4</b>
<sup>1</sup> Of these restricted bank deposits	18.5	16.6

# Notes

## 1. Accounting policies

### Reporting entity

Gjensidige Pensjonsforsikring AS (GPF) is a company domiciled in Norway. The company's head office is located at Schweigaardsgate 12, Oslo, Norway. The activities of the company are life and pension insurance. The company does business in Norway.

The accounting policies applied in the financial statements are described below.

### Basis of preparation

#### Statement of compliance

The financial statements have been prepared in accordance with the Norwegian Accounting Act and Norwegian Financial Reporting Regulations for Insurance Companies (FOR 2015-12-12-1824). The Norwegian Financial Reporting Regulations for Insurance Companies is to a great extent based on IFRSs endorsed by EU, and interpretations.

#### New standards adopted

GPF has not implemented any new standards with effect from 1 January 2020.

#### 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 2020. They have not been applied when preparing these financial statements. Those that may be relevant to GPF are mentioned below. GPF does not plan early implementation of these standards.

#### IFRS 9 Financial instruments (2014)

IFRS 9 addresses the accounting for financial instruments and is effective for annual periods beginning on or after 1 January 2018. The standard 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 as 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.

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 and interest rate instruments at fair value through other comprehensive income. In addition, loan commitments, financial guarantee contracts and lease receivables are within the scope of the standard. The measurement of the provision for expected credit losses on financial assets depends on whether the credit risk has increased significantly since initial recognition. At initial recognition and if the credit risk has not increased significantly, the provision shall equal 12-month expected credit losses. If the credit risk has increased significantly, the provision shall 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)

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 2023. The effect of such a deferral is that the entities concerned may continue to report under the existing standard, IAS 39 Financial Instruments.

GPF is an insurance company and has therefore decided to make use of this exception

#### IFRS 17 Insurance Contracts (2017)

IFRS 17 – Insurance Contracts, published on May 18, 2017 with effect from 1 January 2023. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance contracts. The new standard applies to insurance contracts issued, to all reinsurance contracts and to investment contracts with discretionary participating features provided the entity also issues insurance contracts. The standard defines the level of aggregation to be used for measuring the insurance contract liabilities and the related profitability. IFRS 17 requires identifying portfolios of insurance contracts, which comprise contracts that are subject to similar risks and are managed together. Each portfolio of insurance contracts issued shall be divided into three groups:

- contracts that are onerous at initial recognition
- contracts that at initial recognition have no significant possibility of becoming onerous subsequently
- and the remaining contracts in the portfolio

Contracts that are issued more than one year apart should not be in the same group.

IFRS 17 requires a general measurement model based on the following "building blocks":

- probability-weighted estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks associated with those future cash flows, and a risk adjustment for non-financial risk
- the Contractual Service Margin (CSM)

At the end of each subsequent reporting period the carrying amount of a group of insurance contracts is remeasured to be the sum of:

- the liability for remaining coverage, which comprises the fulfilment cash flows related to future services and the CSM at that date
- and the liability for incurred claims, which is measured as the fulfilment cash flows related to past services at that date

A simplified Premium Allocation Approach (PAA) is permitted for the measurement of the liability for the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period is one year or less. With the PAA, the liability for remaining coverage corresponds to premiums received at initial recognition less acquisition costs. However, the general model remains applicable for the measurement of incurred claims.

Insurance revenue, insurance service expenses and insurance finance income of expenses will be presented separately in the income statement. The standard will have an effect on the

group's financial statements, significantly changing the measurement and presentation of income and expenses. Calculations are carried out to determine the effects this will have on the financial statements.

IASB has decided to defer the effective date of IFRS 17 to the reporting periods beginning on January 1, 2023.

#### Basis of measurement

The consolidated financial statements have been prepared based on the historical cost principle with the following exceptions

- financial instruments at fair value through profit or loss are measured at fair value

#### Presentation currency

The financial statements are presented in NOK which are the functional currency in GPF. All financial information is presented in NOK, unless otherwise stated.

Due to rounding differences, figures and percentages may not add up to the total.

#### Associated companies

Associated companies are companies where GPF has significant influence, but not control over the financial and operational management.

Associated companies are accounted for using the equity method. Dividends reduce the carrying amount of the investment. Investor's share of excess value is recognized on a separate line in the income statement.

#### Cash flow statement

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

#### Recognition of revenue and expenses

##### Premiums

Gross premiums are recognized as income by the amounts due during the year. Premiums are normally collected in monthly installments, and accruals are not necessary. Policies that do not have monthly installments are initially accrued and subsequently added to the premium reserve.

##### Transfer of premium reserves

Premium reserves transferred from other companies are recognized in the income statement from the date the company has assumed the risks. Transferred additional statutory reserves are not considered as premiums but reported as changes in reserves for the group policy portfolio.

##### Claims

Claims show the annual claims paid in the form of pensions and are recognized at the time that payments incurred.

##### Reinsurance

Ceded reinsurance premiums reduce gross premiums written and are adjusted for according to the insurance period. Paid claims are reduced by reinsurance share.

##### Net income from investments

Financial income consists of interest income on financial investments, dividend received, realised gains related to financial assets, change in fair value of financial assets at fair value through profit or loss, and gains on financial derivatives. Interest income is recognized in profit or loss using the effective interest method.

Financial expenses consist of interest expenses on loans, realised losses related to financial assets, change in fair value of financial assets at fair value through profit or loss, recognised impairment on financial assets and recognised loss on financial

derivatives. All expenses related to loans are recognised in profit or loss using the effective interest method.

#### Policyholders' profit

Guaranteed return on premium reserves and pensioners' surplus fund is recognized under the item changes in reserves for the group policy portfolio.

#### Insurance-related operating expenses

Insurance related operating expenses consist of administration-, sales- and management expenses.

#### Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies at exchange rates at the date of the transaction.

#### Leases

GPF recognises all identifiable lease agreements as a lease liability and a corresponding right-of-use asset, with the following exemptions:

- short-term leases (defined as 12 months or less)
- low value assets

For these leases, GPF recognises the lease payments as other operating expenses in the statement of profit or loss when they incur.

The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term. The lease term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when GPF is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if GPF is reasonably certain not to exercise that option.

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment of lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

The lease liabilities are included in the accounting line Other liabilities in the financial statement.

The right-of-use asset is initially measured at cost, comprising the amount of the initial measurement of the lease liability.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses. Depreciations are according to IAS 16 Property, Plant and Equipment, except that the right-of-use asset is depreciated over the earlier of the lease term and the remaining useful life of the right-of-use asset. IAS 36 Impairment of Assets applies to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

The right-of-use assets are included in the accounting line Right-of-use property.

The interest effect of discounting the lease liability is presented separately from the depreciation charge for the right-of-use asset. The depreciation expense is presented with other depreciations, whereas the interest effect of discounting is presented as a financial item.

#### Intangible assets

##### Internally developed software

Internally developed software that are acquired separately or as a group are recognised at historical cost less accumulated amortisation and accumulated impairment losses. New intangible assets are capitalized only if future economic benefits

associated with the asset are probable and the cost of the asset can be measured reliably.

Development expenditures (both internally and externally generated) is capitalized only if the development expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete the development and to use or sell the asset.

#### **Amortisation**

Intangible assets, other than goodwill is amortised on a straight-line basis over the estimated useful life, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows

- internally developed software 1–3 years

The amortisation period and amortisation method are reassessed annually. An impairment loss is recognised if the carrying amount of an asset is less than the recoverable amount.

## **Technical provisions**

#### **Premium provision**

The premium reserve comprises income savings deposits, reserves to cover future liabilities for incurred insurance cases and premium reserves for pensions (defined benefit pension with guaranteed return) and unearned premiums. Claims reserves are provisions for claims incurred but not reported.

The premium reserve represents the present value of the company's total insurance obligations including future administration costs, less the present value of future premiums. Administration reserves are allocated and included in the premium reserve to cover future administrative costs related to pensions and waivers under payment. Likewise, a provision for administration cost are reserved related to the paid-up policy portfolio.

Claim reserves are to cover both anticipated future payments for occurrences that have incurred, but not approved. This includes both cases reported but not settled (RBNS) and claims incurred but not reported (IBNR). RBNS reserves are assessed individually, while IBNR provisions are based on empirical data.

IBNR provisions are determined by historical numbers and estimated reporting patterns. IBNR reserves may also be strengthened through the reinsurance agreements with Gjensidige Forsikring ASA.

In case of a claim occurrence a provision is made equal to the net present value of future payments.

#### **Provision in the investment option portfolio**

The premium reserves to cover liabilities related the investment option portfolio must always equal the value of the investment portfolio assigned to the contracts. The company is not exposed to investment risk on customers' funds as the company is not obliged to provide a minimum return.

#### **Value adjustment provision**

The current year's net unrealised gains/losses on financial assets at fair value in the group portfolio are allocated to/reversed from the market value adjustment reserve in the statement of financial position assuming the portfolio has a net unrealised excess value. Pursuant to accounting standard for insurance contracts (IFRS 4) the market value adjustment reserve is shown as a liability.

#### **Additional statutory provision**

The company is allowed to make allocations to the additional statutory reserves to ensure the solvency of its life insurance business. The reserves are a conditional allocation to policyholders, to be done when the financial return exceeds the

guaranteed interest, and may be used later to meet shortfall related to fulfilling guaranteed returns. Use of reserves for a year is limited to the equivalent of one year's interest guarantee for each contract.

#### **Premium Fund, Deposit Fund and Fund for Pension Adjustment**

Fund for Pension Adjustment comprises surplus assigned to the premium reserve related to group pensions in payments. The fund is applied each year as a single premium payment to secure additional benefits for pensioners.

#### **Risk equalisation fund**

The company is allowed to allocate up to 50 per cent of the risk result related to group pensions and paid-up policies to risk equalization fund to cover any future negative risk result. The risk equalization fund shall be classified as equity and is included as part of restricted equity.

#### **Reinsurers' share of gross insurance-related liabilities**

Reinsurers' share of insurance-related liabilities in general insurance, gross is classified as an asset in the balance sheet. Reinsurers' share of provision for unearned premiums, gross and reinsurers' share of claims provision, gross are included in reinsurers' share of insurance-related liabilities in general - insurance,

## **Financial instruments in the insurance business**

Financial instruments are classified in one of the following categories

- fair value through profit or loss
- loans and receivables
- financial liabilities at amortised cost

#### **Recognition and derecognition**

Financial assets and liabilities are recognised when GPF becomes a party to the instrument's contractual terms. Initial recognition is at fair value. For instruments that are not derivatives or measured at fair value through profit or loss, transaction expenses that are directly attributable to the acquisition or issuance of the financial asset or the financial liability, are included. Normally the initial recognition value will be equal to the transaction price. Subsequent to initial recognition the instruments are measured as described below.

Financial assets are derecognised when the contractual rights to cash flows from the financial asset expire, or when the Group transfers the financial asset in a transaction where all or practically all the risk and rewards related to ownership of the assets are transferred.

#### **At fair value through profit or loss**

Financial assets and liabilities are classified at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. All financial assets and liabilities can be designated at fair value through profit or loss if

- the classification reduces a mismatch in measurement or recognition that would have arisen otherwise as a result of different rules for the measurement of assets and liabilities
- the financial assets are included in a portfolio that is measured and evaluated regularly at fair value

Transaction expenses are recognised in profit or loss when they incur. Financial assets at fair value through profit or loss are measured at fair value at the reporting date. Changes in fair value are recognised in profit or loss.

The category at fair value through profit or loss comprises the classes shares and similar interests and bonds and other fixed income assets.

### Investments held to maturity

Investments held to maturity are non-derivative financial assets with payments that are fixed or which can be determined in addition to a fixed maturity date, in which a business has intentions and ability to hold to maturity with the exception of

- those that the business designates as at fair value through profit or loss at initial recognition
- those that meet the definition of loans and receivables

Investments held to maturity are measured at amortised cost using the effective interest method, less any impairment losses.

The category investments held to maturity comprises the class bonds held to maturity.

### Loans and receivables

Loans and receivables are non-derivative financial assets with payments that are fixed or determinable. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. The category loans and receivables comprises bonds classified as loans.

### Financial liabilities at amortised cost

Financial liabilities are measured at amortised cost using the effective interest method. When the time horizon of the financial liability's due time is quite near in time the nominal interest rate is used when measuring amortised cost.

The category financial liabilities at amortised cost comprises the subordinated debt.

### Definition of fair value

Subsequent to initial recognition, investments at fair value through profit or loss are measured at the amount each asset/liability can be settled to in an orderly transaction between market participants at the measurements date.

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. For financial instruments traded in active markets, listed market prices or traders' prices are used, while for financial instruments not traded in an active market, fair value is determined using appropriate valuation methods.

For further description of fair value, see note 12.

### Definition of amortised cost

Subsequent to initial recognition, investments held to maturity, loans and receivables and financial liabilities that are not measured at fair value are measured at amortised cost using the effective interest method. When calculating effective interest rate, future cash flows are estimated, and all contractual terms of the financial instrument are taken into consideration. Fees paid or received between the parties in the contract and transaction costs that are directly attributable to the transaction, are included as an integral component of determining the effective interest rate.

### Loans, receivables and investments held to maturity

For financial assets that are not measured at fair value, an assessment of whether there is objective evidence that there has been a reduction in the value of a financial asset or group of assets is made on each reporting date. Objective evidence might be information about credit report alerts, defaults, issuer or borrower suffering significant financial difficulties, bankruptcy or observable data indicating that there is a measurable reduction in future cash flows from a group of financial assets, even though the reduction cannot yet be linked to an individual asset.

An assessment is first made to whether objective evidence of impairment of financial assets that are individually significant exists. Financial assets that are not individually significant or that are assessed individually, but not impaired, are assessed in

groups with respect to impairment. Assets with similar credit risk characteristics are grouped together.

If there is objective evidence that the asset is impaired, impairment loss are calculated as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the original effective interest rate. The loss is recognised in profit or loss.

Impairment losses are reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal shall not result in the carrying amount of the financial asset exceeding the amount of the amortised cost if the impairment had not been recognised at the time the loss was reversed. Reversal of previous losses on impairment is recognised in profit or loss.

### Provisions

Provisions are recognised when the company has a legal or constructive obligation as a result of a past event, it is probable that this will entail the payment or transfer of other assets to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Information about contingent assets are disclosed where an inflow of economic benefits is probable. Information about a contingent liability is disclosed unless the possibility of an outflow of resources is remote.

### Events after the balance sheet date

New information of the financial position after the balance sheet date is taken into the annual accounts. Events after the balance sheet date that do not affect the company's financial position at the balance sheet date but which will affect the company's financial position in the future are disclosed if this is material

### Pensions

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

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

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

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

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

## Share-based payment

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

The share-based payment arrangements are measured at fair value at the time of allocation and are not changed afterwards. Fair value is accrued over the period during which employees acquire the right to receive the shares. Share-based payment arrangements which are recovered immediately are recognised as expenses at the time of allocation. Vesting conditions are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised shall be based on the number of equity instruments that eventually vest. Non-vesting conditions are reflected in the measurement of fair value, and no adjustment of the amount recognised as expenses is done upon failing to meet such conditions.

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

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

See note 25 for a further description of share-based payment arrangements and their measurement method.

## Tax

Income tax expense comprises the total of current tax and deferred tax.

### Current tax

Current tax is tax payable on the taxable profit for the year, based on tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

### Deferred tax

Deferred tax is determined based on differences between the carrying amount and the amounts used for taxation purposes, of assets and liabilities at the reporting date. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that they can be offset by future taxable income. If deferred tax arises in connection with the initial recognition of a liability or asset acquired in a transaction that is not a business combination, and it does not affect the financial or taxable profit or loss at the time of the transaction, then it will not be recognised.

### Recognition

Current tax and deferred tax are recognised as an expense or income in the income statement, with the exception of deferred tax on items that are recognised in other comprehensive income, where the tax is recognised in other comprehensive income, or in cases where deferred tax arises as a result of a business combination.

## Related party transactions

The provider of intra-group services, that are not considered core activities, will as a main rule, allocate its incurred net costs (all costs included) based on Cost Plus method, which includes direct and indirect costs, as well as a mark-up for profit.

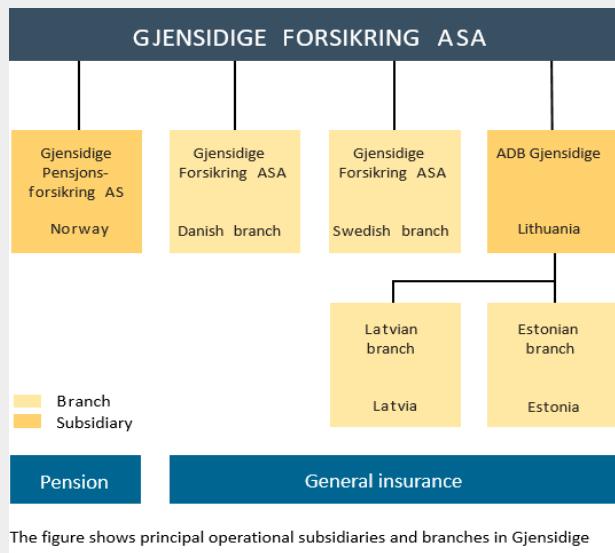
Identified functions that are categorized as core activities will be charged out with a reasonable mark up or alternatively at market price if identifiable, comparable prices exist.

## 2. Risk and capital management

### Introduction

Gjensidige Pensjonsforsikring's (GPF) core business is life insurance and its business are exposed to insurance risk and financial risk.

Figure 1 – Business structure



In this note, the effects of Covid-19 will be described first. Then the risk management system is presented. Then the different risks and the management of these risks, will be described. Finally, the capital requirement for these risks and the capital management will be described.

### Covid-19

The outbreak of the corona virus, Covid-19, and the measures taken to limit infection have had limited financial consequences for the financial year 2020. The pension business is mainly exposed to the effects of the outbreak through a reduction in assets under management, an increase in disability cases, dismissals and bankruptcies. In addition are the daily operations affected.

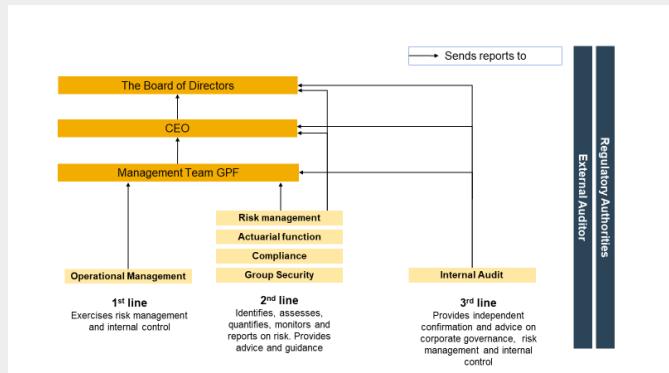
Changes in assets under management had an immediate impact on revenues. As the financial markets have recovered after the drop last spring, assets under management at the end of 2020 are at a higher level than before the outbreak. The effects of increased disability cases are usually visible first after more than a year due to an extensive assessment and treatment process. Terminations and bankruptcies have no significant immediate impact as the capital remains invested. Long term, both increased disability and an increase in redundancies / bankruptcies, may have a negative impact on the company's earnings.

The majority of the company's employees have worked from home throughout the covid-19 period. The daily operations have been running basically as normal, and there is reason to believe that this situation will persist going forward, even if the government measures are prolonged. Through extensive use of home offices, outbreaks are considered to have a limited effect. Should employees still be infected by covid-19, emergency plans have been prepared, and the company's emergency preparedness has been in full operation throughout the covid-19 period.

### Risk management system

The risk management system is organized on the basis of three lines and is an integrated part of the corporate governance system for GPF.

Figure 2 – The Corporate Governance system of Gjensidige Pensjonsforsikring AS



The primary responsibility for risk management and internal control is held by GPF's CEO and all employees and leaders in the company. This is called the first line. There are established procedures and guidelines that must be followed, and risk management and internal control are therefore performed as a part of all employee's daily work. Control functions in line management are incorporated into the overall internal control system. Such functions include risk and compliance coordinators, security, data privacy officer, anti-money laundry officer and quality functions reviewing distribution and claims handling.

The second line is carried through by centralized control functions for risk management, compliance, actuary and security.

The risk management function is responsible for monitoring and developing GPF's risk management and internal control system. In addition, the function has an overview of the risks GPF is or may be exposed to, and what this means for the company's solvency. The risk management function is headed by the Risk Manager. The Risk Manager has an independent reporting line to the CEO. Requirements for risk management are specified in the risk management and internal control policy and in the ORSA policy, both of which have been approved by the Board.

The compliance function shall detect and prevent risks related to compliance with external and internal regulations. The compliance function is headed by the Compliance Officer.

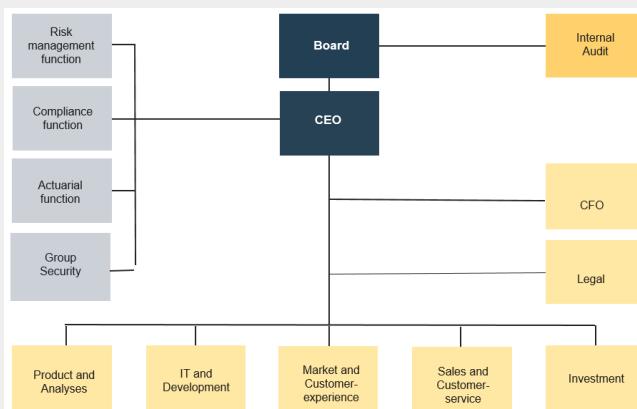
Group security is responsible for establishing, implementing, operating, monitoring, reviewing, maintaining and improving the information security management system. The security function is headed by the Chief Security Officer.

The actuarial function is responsible for coordinating the calculation and control of the technical provisions. The responsibility is centralized in the Group's Actuary department, which is headed by the Chief Actuary of Gjensidige Forsikring ASA. Even though the actuarial function is organized in the Group's Actuary department, its responsibility is limited to controlling activities. Group's Actuary department has no responsibility for developing claim provision models and regular claim provision calculations, which ensures independence of the actuarial function.

All control functions in the second line report directly to the CEO on subject matters.

The third line is the group's internal audit function, which monitors risk management and the internal control system. The audit function reports directly to the Board of GPF.

**Figure 3 – Operational structure**



The risk management system presented above is implemented and the Board has the overall responsibility for ensuring that the level of risk-taking in the company is satisfactory relative to GPF's financial strength and risk willingness. The Board has adopted a risk appetite statement that covers the most important types of risks. This entails ensuring that necessary governing documents, procedures and reporting are in place in order to secure satisfactory risk management, compliance with laws and regulations and the appropriate organization and documentation of risk management and internal control efforts.

GPF has established strategies, policies, guidelines, routines and authorization rules for main risk areas. Policies are subject to approval by the Board.

## Insurance risk

### Risk description

GPF is exposed to life insurance risk. GPF has a relatively large risk appetite within occupational defined contribution plans, collective disability and survivor benefits, moderate risk appetite within individual disability plans and low risk appetite within capital-intensive and complicated products (paid-up defined benefit policies). In order to describe life insurance risk, the most important components are elaborated below, and these are disability, longevity, mortality, catastrophe, lapse and expense risk.

### Disability risk

Disability risk is the risk that actual disability is higher than expected and/or that the recovery is lower than expected. Higher disability rates, but also lower recovery rates will increase the claim payments. Both individual and collective disability products expose GPF to disability risk. Apart from lapse risk disability risk is one of the major insurance risks for GPF.

### Longevity risk

Longevity risk is the risk of lower mortality rates than expected. Lower mortality will result in a higher total of pension payments for guaranteed products. The company cannot charge additional premium for contractual periods previously entered into. The risk for the company is that the provisions that shall cover all future claims are insufficient.

GPF is especially exposed to longevity risk linked to the paid-up policies, where GPF is liable to pay a defined benefit until death or other agreed upon period.

### Mortality risk

Mortality risk is the risk of higher mortality rates than expected. It is defined as a permanent increase in mortality rates for all ages. Higher mortality rates will result in higher claim payments to the surviving spouse or children. Mortality risk in GPF is low as there

is a limited amount of policies covering mortality risk. In addition, mortality rates are low, so increased mortality will have limited impact. This means that increased mortality is not the dominant risk for GPF, but the risk of decreased mortality; longevity risk.

### Catastrophe risk

Catastrophe risk is defined as the risk of an immediate increase in mortality due to a catastrophic event. Mortality risk is in general low, and the catastrophe scenario for catastrophe risk will have a very small impact on GPF's portfolio.

### Lapse risk

Lapse risk is the risk of an increase in lapse rates, i.e. the risk of an increase in customers leaving the company. This is mainly relevant in Solvency II aspects, because Solvency II takes into account expected future profit. Lapse risk reflects the risk of a potential reduction of the expected future profit if customers leave the company. Lapse risk is mainly related to unit linked products and represents an important risk for the company in Solvency II. If a large number of customers choose to leave the company it would lead to a loss of assets under management and expected future profit, but at the same time risk will be reduced.

### Expense risk

Expense risk is the risk of actual expenses being higher than expected. The risk is related to the administration result which is the expected administration income minus the expected expenses for the whole lifetime of the products that fall within the scope of the contract. Expense risk is greater in Solvency II aspects, because the contract boundary is longer. For some products, GPF cannot increase the administration fee if the expenses increase (e.g. guaranteed paid-up policies). For other products, the company can increase the administration fee for the future and thereby reduce the losses.

### Risk Exposure

GPF offers several disability pension products and for this reason disability risk is a material risk. In addition, longevity risk is a substantial risk because of the portfolio of paid up policies. If risk is measured according to Solvency II principles, then lapse risk is the dominating risk. This is the case in Solvency II because future profit is accounted for.

The table below shows the risk exposure to insurance risk of GPF in Solvency II.

**Table 1 – Risk exposure within insurance risk (based on the standard formula according to Solvency II principles)**

	2020	2019
<b>Type of insurance risk</b>		
Longevity risk	5.2 %	2.6 %
Disability risk	6.6 %	1.6 %
Lapse risk	82.7 %	93.5 %
Expenses risk	5.5 %	2.3 %
<b>Total</b>	<b>100.0 %</b>	<b>100.0 %</b>
<b>Insurance risk</b>	<b>1,067.0</b>	<b>1,867.6</b>

### Risk Concentration

Life insurance consists of policies in the Norwegian market. The portfolio mainly consists of small and medium-sized commercial customers all over the country, and in different industries. Risk concentration is therefore considered to be limited.

### Managing insurance risk

An underwriting policy approved by the Board gives guidelines for fundamental principles and responsibilities in product and tariff development, risk selection and determination of the terms and pricing of individual risks. The Product department has overall responsibility for the management of the underwriting policy.

GPF has an actuarial function, placed in Gjensidige Forsikring ASA. Having the actuarial function as a common second line of defense for the Group ensures that all parts of the organization use the same principles and models for the calculation of technical provisions.

The Product department is holding regular meetings together with the rest of GPF management and actuarial function to capture the level of technical provisions and changes in the development of reported claims. This includes communication in respect of product and process changes, etc., that could affect the level.

The main documents for managing insurance risks are:

- Underwriting policy
- Guidelines for product development
- Guidelines for underwriting
- Policy for technical provisions
- Guidelines for calculating and reporting technical provisions
- Capital management policy

In addition, more specific requirements on managing insurance risk are given in underlying guidelines and instructions.

#### Risk mitigation

GPF buys reinsurance for disability risk from Gjensidige Forsikring ASA as protection against large number of claims (stop loss) and high single claim (excess of loss).

In addition, GPF signed a quota share reinsurance contract with Swiss Re covering disability risk associated with child insurance.

In 2020 GPF entered into a reinsurance agreement with Gjensidige Forsikring which protects against loss in case of mass lapse.

## Financial risk

### Risk description

Financial risk is the risk of experiencing losses due to changes in macroeconomic conditions and/or changes in financial asset values and liabilities. GPF is exposed to these types of risk through the Company's investment activities. The risk is managed at the aggregate level and handled through the policy for investment activities and investment strategies.

GPF manages investment option portfolio, group policy portfolio and company portfolio, and those have various exposures to financial risk.

### Investment option portfolio

Defined contributions schemes are the core product of GPF, which offers three main options for its customers: active, combined and index asset management. In all options customers can choose between different risk profiles: safe, balanced, offensive and age-appropriate.

For Unit Linked products, the market risk is held by the customer, but GPF is indirectly exposed, since a part of the total income depends on the amount of assets under management.

### Group policy portfolio

For guaranteed products GPF carries the market risk, since these products have a guaranteed annual return rate, in accordance with Norwegian insurance rules. For some of the guaranteed products, certain future discretionary benefits (e.g. additional statutory reserves) have a loss absorbing effect as these assets can be used to cover the difference between the actual investment return and the guaranteed return. The main risk elements related to the group portfolio are interest rates, credit and property risk. There is no exposure to equity market risk. The portfolio exposes the company's equity for potential loss.

### Company portfolio

The risk profile in the company portfolio is conservative and consists mainly of short dated money market instruments, loan and receivables to amortized cost and bank deposits.

GPF has its own exposure in financial instruments through the trading book. This is a technically calculated portfolio that arises mainly as a result of internal processing time for the purchase and sale of fund units on behalf of the customers. The book value of this portfolio at the end of 2020 was NOK 0.3 million. Most of this is a result of the time it takes from the order being placed until it is executed. The real trading portfolio at the end of 2020 was NOK 1.8 million

**Table 2 – Asset allocation excluding the unit-linked portfolio**

NOK millions	2020	2019
Fixed income-short duration	1,493.4	1,325.6
Bank deposits	167.1	142.2
Loan and receivables	5,718.7	5,246.3
Current bonds	84.8	249.9
Equities	3.7	6.3
Real estate	1,036.4	958.2
<b>Total</b>	<b>8,504.1</b>	<b>7,928.5</b>

### Risk exposure

The table below shows the risk exposure to market risk of GPF in Solvency II.

**Table 3 – Risk exposure within market risk (based on the standard formula according to Solvency II principles)**

NOK millions	2020	2019
<b>Type of market risk</b>		
Interest rate risk	12.7%	11.2%
Equity risk	33.0%	36.7%
Property risk	17.0%	16.2%
Spread risk	37.2%	35.8%
Currency risk	0.0%	0.0%
Concentration risk	0.0%	0.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Markets risk</b>	<b>1,333.3</b>	<b>1,346.5</b>

### Spread risk

Spread risk measures sensitivity of the values of assets, liabilities and financial instruments to changes in the level or volatility of credit spreads over the risk-free interest rate term structure. It is the fixed income portfolio that is exposed to spread risk. For the Group portfolio a major part of the investments are in loans and receivables.

The tables below show allocation of the fixed-income portfolio per sector and per rating category as per December 31, 2020 for GPF.

**Table 4 – Allocation of the fixed-income portfolio per sector**

	2020	2019
Government bonds	16.5%	9.0%
Corporate bonds	83.5%	91.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

**Table 5 – Allocation of the fixed-income portfolio per rating category**

	2020	2019
AAA	33.6%	30.9%
AA	10.6%	7.9%
A	18.6%	18.0%
BBB	15.8%	12.1%
BB	0.0%	0.0%
B	0.0%	0.0%
CCC or lower	0.0%	0.0%
Not rated	21.4%	31.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

As can be seen from the table, a significant part of the Norwegian fixed-income portfolio consists of issuers without a rating from an official rating company.

#### Equity risk

Equity risk measures sensitivity of the values of assets, liabilities and financial instruments to changes in the level or volatility of market prices of equities.

There are no equities in the assets related to guaranteed business and thus no equity risk within these. Regarding Unit Linked products, approximately 60 % of the assets within these products are allocated to equities (mostly global equities), and an equity shock scenario would decrease the assets under management significantly. Since a part of the management fee is proportionate to the assets under management, an equity shock scenario would decrease the income of GPF and result in a reduction of future profits.

The equity exposures are mainly investments in internationally diversified funds, with the majority focusing on developed markets.

#### Property risk

Property risk measures sensitivity of value of assets, liabilities and financial instruments to changes in the level or volatility of market prices of property. Property constitutes a significant proportion of the group policy portfolios. Independently of the legal organization of the exposure, the underlying investments in property are assessed with respect to risk. The valuation principles in the fund are based on the guidelines laid down in international valuation standards IVS and EVS as well as generally recognized valuation principles. The valuation of an individual property is based on discounting estimated future cash flows, which in turn is estimated based on several specific analyzed market conditions in the real estate market, such as market rent, operating costs, investment level and expected vacancy in the real estate market, as well as individual properties. The discount rate is made up of long-term government interest rates, underlying property risk and a subjective risk adjustment that is intended to reflect deviations from the average for the individual property. Underlying property risk is measured as the gap between long-term government interest rates and "prime yield". Subjective risk adjustments are derived from known transactions with comparable properties. Finally, inflation estimates from Statistics Norway are used as a basis for deriving a nominal discount rate.

The motivation for investing in real estate is primarily that it enhances the risk-adjusted return of the asset portfolio through an expected rate of return that lies between bonds and equities with a modest correlation in returns with both of them.

The portfolio consists of investment properties. The real estate portfolio has its largest concentration of offices in the Oslo area.

#### Interest rate risk

Interest rate risk measures sensitivity of value of assets, liabilities and financial instruments to changes in the term structure of interest rates or interest rate volatility.

For GPF the interest rate risk is substantial in the management of the group policy portfolios. The exposure to interest rate risk is reduced by increasing the total duration of the portfolio of fixed-income instruments, including short-term bonds and loans and receivables. From an accounting perspective, the risk is reduced since a large part of the bond portfolio is classified as loans and receivables.

In a market value perspective on the asset and liability side, the interest rate risk will be considerable because of the duration deviation between the asset and liability sides.

Expected payout pattern for GPF's technical provisions is shown in the figure below.

**Figure 4 – Expected payout pattern for the insurance technical provisions****Table 6 – Maturity profile (year) on interest-bearing instruments**

NOK millions	2020	2019
Maturity		
0-1	913.1	977.6
1-2	444.4	148.4
2-3	170.6	444.2
3-4	117.3	170.3
4-5	96.7	117.5
5-6	321.6	96.6
6-7	1,476.7	321.8
7-8	508.6	1,446.7
8-9	468.1	508.6
9-10	656.8	468.1
>10	1,058.3	1,168.4
<b>Total</b>	<b>6,232.2</b>	<b>5,868.4</b>

The interest rate risk arises in the Group policy portfolio which guarantees an annual investment return. A decrease in the interest rate level increases the risk of not achieving the guaranteed investment return. Today's interest rate level is below the guaranteed interest rate. So far, GPF has achieved a satisfactory return, but as the investment portfolio matures, reinvestment will take place at the current low interest rate level, with a lower expected return. Further decrease in the interest rate will make it more difficult to find investments that provide a sufficient return to achieve the annual return guarantee.

Regarding unit linked products, an interest rate downward shock would increase the assets under management and thus increase the income from asset management. A change in the discount curve would also increase the net asset value of future profits. As a consequence, the unit linked portfolio has a somewhat positive effect in a scenario with a decrease in the interest rate curve, which compensates for some of the increased risk arising on the guaranteed products.

Following the financial crisis in 2008, efforts have been made to reform the structure around IBOR (Interbank Borrowing Rates) and replace it with other benchmark interest rates. Changes in benchmark interest rates are assumed to have little effect on GPF and the company does not have individual financial instruments and products priced with LIBOR as a benchmark.

As regards NIBOR, EURIBOR and CIBOR, a transition to new benchmark interest rates is further ahead. In any new agreements where either NIBOR, EURIBOR or CIBOR is used as a reference, formulations must be incorporated that take into account a possible transition to alternative reference rates. So far, no plan has been made for phasing out NIBOR, but the control mechanism around the banks' quotas of the NIBOR interest rate has been more formalized. Nor have the Eurozone countries, Sweden or Denmark made any decision to phase out their IBOR interest rates. GPF is following the development.

The risk exposure related to financial instruments as a result of the transition is considered to be very low. The IBOR reform will not change the risk management strategy.

#### **Foreign exchange risk**

Foreign exchange risk measures sensitivity of value of assets, liabilities and financial instruments to changes in the level of volatility of currency exchange rates.

Foreign exchange risk in the Group policy portfolio is hedged 100 per cent by using funds that are hedged to NOK.

For unit linked products the customers can choose between hedged and unhedged products. Fixed income products are always hedged.

#### **Counterparty default risk**

Counterparty default risk reflects possible losses due to unexpected default of the counterparties and debtors of GPF.

GPF are exposed to counterparty risk through the investments in securities, funds, bank deposits, and through receivables from intermediaries and reinsurance contracts.

#### **Liquidity risk**

Liquidity risk is defined as the inability to meet payments when due, or by the need to realise investments at a high cost to meet payments. Limits have been set for the necessary access to liquid funds. These are monitored continually and are taken into account in the strategic asset allocation. Liquidity risk is considered low. A liquidity strategy has been prepared, which is approved by the Board on an annual basis.

### **Risk Concentration**

The definition of risk concentrations regarding financial investments is risk regarding the accumulation of exposures within the same geographical area, industry sector etc.

For GPF sector concentration of fixed income securities are regulated by the Guidelines for credit exposure for GPF and the Group Credit policy. The Guidelines define a number of industry sectors together with allocation limits to each sector in order to ensure diversification in the total portfolio. The current allocation of fixed income securities in the Group portfolio meets the Guidelines requirement and in the unit link portfolios funds are used in the allocation.

In the unit link portfolios, the equity investments are investments in internationally diversified funds and Norwegian funds. Investments are mainly in developed markets. The degree of diversification, both for sector and geographical concentration, is thus dependent of the composition in the fund structure.

Fixed income funds consist of internationally and Norwegian diversified funds in asset classes like investment grade and high yield.

### **Managing financial risk**

Monitoring, quantification, management and control of risk exposure are an important part of GPF's business that is carried out to ensure that the risk level is reasonable and to support value creation. Overall risk management ensures that different risks are assessed and handled in a consistent manner. The purpose of risk management in GPF is twofold. Firstly, it is intended to ensure that the exposure does not exceed the capacity for risk. Secondly, overall risk management is intended to contribute to value creation for customers and the owner within the adopted risk appetite.

The Board yearly approves the investment strategy with limits for the various types of risk and asset allocation.

The Company has set limits for credit exposure based on Group credit limits. Credit limits are set for designated counterparties. The limits are based in either the official credit rating of the counterparty or internal analyses. These are monitored and reported monthly. The management of credit risk is defined in GPF's credit policy.

The investment strategy defines several risk limits in order to have a diversified investment portfolio for the Group policy Portfolio. The limits have been set to interest rate risk, ALM-risk, foreign exchange risk and allocation in the investment portfolio. These limits are reported monthly to the board and monitored.

The main governing documents for managing market, credit and liquidity risks are:

- Investment strategy for portfolios with equity risk
- Investment strategy for portfolios without equity risk
- Credit policy
- Liquidity Strategy
- Capital management policy
- Policy for investment activities

### **Risk Mitigation**

GPF is invested in fixed-income instruments with long duration to reduce the mismatched of the duration of the technical provisions.

The company intends to streamline the risk result and avoid taking financial risk in "portfolios" where one cannot get payed for the management and / or the explicit financial risk the company takes.

#### **Hedging exchange rate exposure**

Currency risk is defined as the risk of a financial loss as a result of changes in foreign exchange rates. In the group policy portfolio, all the investments are in fixed-income securities issued in NOK or in Norwegian money market funds. For the unit-linked portfolio for corporate customers, external agents and private customers, the equity exposure is normally not currency hedged. But because of market view the investments are currency hedged per 31.12.20. Interest rate exposure is currency hedged.

### **Risk Sensitivity**

The aim of the sensitivity analysis is to show the effect of different pre-defined scenarios.

The following assumptions are made for the different risk drivers for the unit link portfolio:

- Equities: It is assumed that the market value of equities increases/decreases
- Fixed Income: It is assumed that the market value of fixed income increases/decreases

For the group portfolio and the company portfolio the following assumptions are made for the different risk drivers:

- Equities: It is assumed that the market value of equities increases/decreases
- Interest rate: It is assumed that the yield curve taken as a whole changes with one percentage point

The tables below show the effect of the different sensitivities

**Table 7a – Potential change in value based on different sensitivities. The table is based on market values in Unit Link portfolio**

Sensitivity	2020	2019
Equity aum down 20 %	(21.9)	(19.3)
Equity aum up 20 %	21.9	19.3
Fixed income aum down 20 %	(14.6)	(13.3)
Fixed income aum up 20 %	14.6	13.3

**Table 7b – Potential change in value based on different sensitivities. The table is based on market values in Group portfolio and Company portfolio**

Sensitivity	2020	2019
Equity aum down 20 %	(0.7)	(1.3)
Equity aum up 20 %	0.7	1.3
Interest rate down 100 bps	6.5	10.0
Interest rate up 100 bps	(6.5)	(10.0)
Real estate down 20 %	(207.3)	(191.6)
Real estate up 20 %	207.3	191.6

## Operational risk

Operational risk is a potential event or circumstance that may arise in the business operation that might provide an economic impact and / or loss of reputation. Operational risk may be due to human error, weaknesses in systems, and errors in processes or external events. This includes compliance risk. There is a strong correlation between effective internal control and low operational risk, since internal control is particularly effective for managing operational risk.

All managers in GPF are responsible for risk within their areas of responsibility and shall be able to demonstrate that controls are adequate and functioning. Risks shall be regularly updated if there are changes or events that trigger the risk situation changes. Quarterly, the risk situation is tested through samples presented for the management group.

The major operational risks in the business are included in the own risk and solvency assessment (ORSA) and form a part of the annual risk assessment process.

Operational risk arising specifically from financial operations is monitored and controlled and described in the investment policy adopted by the Board.

GPF is subject to governing documents for management of operational risk:

- Policy for risk management and internal control
- Instructions for the management of operational risk
- Instructions for the registration, escalation and reporting of incidents
- Ethical rules for Gjensidige Forsikring Group

Management of specific types of risk embodied in these governing documents:

- Policy – handling of irregularities and fraud
- Policy for processing of personal data
- Policy for information security
- Anti-money laundering instructions

## Strategic and business risk

Strategic risk is the risk of loss due to the inability to establish and implement business plans and strategies, make decisions, allocate resources or respond to changes in the environment.

Strategic risk is recognised as a dedicated risk category in GPF's risk universe. The most viable tool for managing strategic risk is a robust strategy process and a dynamic performance management process integrated with the reporting processes.

Strategic risks in the business are covered in the own risk and solvency assessment (ORSA).

The main governing documents for managing strategic risk:

- Management Forecast – a yearly five-year projection of the business
- Risk appetite, updated and revised annually
- Policy for risk management and internal control

## Capital management

The core function of insurance is the transfer of risk, and GPF is exposed to risk through its insurance and investment operations. The identification and management of risk is an essential part of its operations. All insurance companies must adapt their risk exposure to their capital base whilst acknowledging that solvency capital, or equity, has a cost.

A key objective of capital management is to balance these two aspects. GPF's overall capital management objective is to ensure that the capitalization of the company can sustain an adverse outcome without giving rise to a financially distressed situation and that the company's capital is used in the most efficient way.

The capital management policy specifies the requirements for capital management. This includes a description of the capital management strategy, the organization of capital management and capital reporting.

The capital management policy has guidelines for the choice of tools within certain areas in order to maximize shareholder value through an optimal use of capital. The tools available are:

- Capitalization and capital structure of the company
- Dividend Policy
- Asset allocation
- Reinsurance
- Allocation of capital to products or business units to assess profitability or pricing

The company calculates the Solvency Capital Requirement (SCR) under the standard method defined by § 14-10 of the Act on financial undertakings. The company has established a traffic light system indicating different levels of solvency capital in relation to the SCR and associated measures. Goal for Solvency margin is 130 to 145 percent.

## Regulatory capital requirement

The regulatory capital requirement is calculated based on the standard formula specified in the Solvency II regulation. The capital requirement for GPF is NOK 1.4 billion. Eligible capital is NOK 2.1 billion. This gives a solvency margin of 146.2 per cent.

**Table 8 – Regulatory Solvency Capital Requirement**

NOK millions	2020	2019
Total eligible own funds to meet the SCR	2,080.7	2,678.6
SCR	1,423.5	1,909.6
Capital surplus	657.1	769.0
SCR margin	146.2 %	140.3 %

In addition to the Solvency Capital Requirement (SCR), there is a defined minimum level of capital (MCR). In the event of a breach of MCR, Finanstilsynet will be able to revoke the company's license if the company does not meet the requirement within three months.

**Table 9 – Regulatory Minimum Capital Requirement**

NOK millions	2020	2019
Available capital to meet MCR	1,906.9	2,500.0
Solvency capital requirement MCR	640.6	628.4
Solvency capital surplus	1,266.3	1,871.6
MCR margin	297.7 %	397.9 %

Total eligible own funds to meet the SCR is excess of assets over liabilities calculated according to Solvency II principles, adjusted for subordinated liabilities.

**Table 10 - Eligible capital to cover the Solvency Capital Requirement**

NOK millions	2020	2019
Assets over liabilities according to Solvency II principles	1,778.9	2,374.3
Subordinated liabilities	301.8	304.3
<b>Total eligible own funds to meet the SCR</b>	<b>2,080.7</b>	<b>2,678.6</b>

The main differences between Solvency II valuation and valuation according to accounting principles are:

- Intangibles are valued to zero under Solvency II
- Bonds are valued to fair value under Solvency II, while amortized cost is used for accounting purposes
- Technical provisions are valued differently (see below for more details)
- Different valuation of deferred tax as a result of the differences above

According to Solvency II principles, technical provisions are derived as the sum of a best estimate and a risk margin. The tables below show the technical provisions for GPF according to accounting principles and Solvency II principles.

**Table 11a - Technical provisions 2020**

NOK millions	Accounting	Solvency II	Difference
Technical provisions for life insurance (best estimate)	42,361.7	40,608.7	(1,752.9)
Risk margin		1,097.5	1,097.5
<b>Total technical provisions</b>	<b>42,361.7</b>	<b>41,706.2</b>	<b>(655.4)</b>

**Table 11b - Technical provisions 2019**

NOK millions	Accounting	Solvency II	Difference
Technical provisions for life insurance (best estimate)	37,335.1	34,148.4	(3,186.7)
Risk margin		1,296.4	1,296.4
<b>Total technical provisions</b>	<b>37,335.1</b>	<b>35,444.8</b>	<b>(1,890.3)</b>

Technical provisions for life insurance are based on a market value approach according to Solvency II principles, where future cash-flows are discounted using the Solvency II interest rate curve. This is different from accounting principles where the guaranteed interest rate is used. Also, for index- and unit-linked insurance, the main difference between accounting and Solvency II principles is the inclusion of future profits in Solvency II.

A risk margin is added to the technical provisions according to Solvency II principles. The risk margin is calculated as the cost

of holding the capital needed to cover the solvency capital requirement through the entire run-off, if all business was terminated.

Note that the Solvency II interest rate curves with volatility adjustment are used for determining the Solvency II technical provisions, and that no transitional measures are used for the calculations.

Eligible own funds are divided into three capital groups according to Solvency II regulations. GPF has mainly tier 1 capital, which is considered to be capital of best quality.

The tier 2 capital for GPF consists of a subordinated debt, with a nominal amount of NOK 300.0 million. The market value of the debt is NOK 301.8 million per 31.12.2020.

GPF has no tier 3 capital.

**Table 12 - Eligible own funds to meet the Solvency Capital Requirement, split by tiers**

NOK millions	2020	2019
Tier 1	1,778.9	2,374.3
Tier 2	301.8	304.3
<i>Of this; Subordinated liabilities from insurance</i>	301.8	304.3
<b>Total eligible own funds to meet SCR</b>	<b>2,080.7</b>	<b>2,678.6</b>

There are restrictions on the tier 2 capital that can be used to cover the MCR. Only 20 per cent of the MCR can be covered by tier 2 capital. The total eligible basic own funds to cover the MCR is therefore lower than total the eligible own funds to meet the SCR.

**Table 13 - Eligible own funds to meet Minimum Capital Requirement, split by tiers**

NOK millions	2020	2019
Tier 1	1,778.9	2,374.3
Tier 2	128.1	125.7
<b>Total eligible basic own funds to meet MCR</b>	<b>1,907.0</b>	<b>2,500.0</b>

The SCR is based on different sources of risks. The main risks for GPF are within life insurance risk and market risk. Life insurance risk is mainly related to future uncertainty in administration and insurance result. Counterparty default risk and operational risk also contribute to the capital requirement. A diversification benefit is accounted for as all risks will not occur at the same time. The capital requirement is also adjusted for future tax benefit which would occur if a loss equal to the solvency capital requirement should occur.

**Table 14 - Regulatory Solvency Capital Requirement, split by risks**

NOK millions	2020	2019
<b>Capital available</b>	<b>2,080.7</b>	<b>2,678.6</b>
Capital charge for life uw risk	1,067.0	1,867.6
Capital charge for market risk	1,333.3	1,346.5
Capital charge for counterparty risk	21.8	8.8
Diversification	(510.5)	(659.2)
<b>Basic SCR</b>	<b>1,911.5</b>	<b>2,563.7</b>
Operational risk	85.3	79.8
Adjustments (risk-reducing effect of deferred tax and technical provisions)	(573.3)	(733.9)
<b>Total capital requirement</b>	<b>1,423.5</b>	<b>1,909.6</b>
<b>Solvency ratio</b>	<b>146.2 %</b>	<b>140.3 %</b>

### 3. Share capital

The share capital of Gjensidige Pensjonsforsikring AS consists as at 31 December 2020 of 39.000 shares at NOK 1.000 in only one class of shares and is 100 per cent owned by Gjensidige Forsikring ASA.

With Gjensidige Forsikring ASA as sole owner there are no special provisions in the articles of association relating to voting rights.

### 4. Expenses

NOK millions	2020	2019
<b>Insurance-related administration expenses incl. commissions for received reinsurance and sales expenses</b>		
Depreciation and value adjustments	26.7	37.2
Employee benefit expenses	91.2	81.3
Software costs	36.6	29.8
Other expenses <sup>1</sup>	105.7	92.9
<b>Total insurance-related operating expenses incl. commissions for received reinsurance and sales expenses</b>	<b>260.1</b>	<b>241.2</b>
¹ Including in other expenses, are internal staff and operating reduction from related parties NOK millions 93.4 (75.1)		
<b>Other specifications</b>		
<b>Employee benefit expenses</b>		
Wages and salaries	69.1	61.1
Social security cost	10.0	9.2
Finance tax	3.7	3.2
Pension cost - defined benefit plan (excl. social security cost)	5.4	4.7
Pension cost - defined contribution plan (excl. social security cost)	0.8	0.8
Contractual pensions (excl. social security cost)	0.9	0.9
Share-based payment	1.3	1.5
<b>Total employee benefit expenses</b>	<b>91.2</b>	<b>81.3</b>
<b>Auditor's fee (incl. VAT)</b>		
Statutory audit	0.5	0.3
Other assurance services	0.2	
<b>Total auditor's fee (incl. VAT)</b>	<b>0.7</b>	<b>0.3</b>

### 5. Related party transactions

#### Overview

Gjensidige Forsikring ASA owns 100 per cent of shares in Gjensidige Pensjonsforsikring AS.

#### Transactions

##### Income statement

The table below shows transactions with related parties recognised in the income statement.

NOK millions	2020	2019
	Income	Expense
<b>Gross premiums written reinsurance</b>		
Gjensidige Forsikring ASA	9.5	3.4
<b>Change in premium reserves reinsurance</b>		
Gjensidige Forsikring ASA	1.6	
<b>Gross paid claims reinsurance</b>		
Gjensidige Forsikring ASA	9.9	17.2
<b>Change in gross provision for reinsurance claims</b>		
Gjensidige Forsikring ASA	1.1	3.1
<b>Administration expenses</b>		
Gjensidige Business Service, Norge	56.4	
Gjensidige Forsikring ASA	70.1	75.1
<b>Total</b>	<b>12.6</b>	<b>136.0</b>
		<b>20.3</b>
		<b>78.5</b>

**Intercompany**

The table below shows a summary of contributions/dividends from/to related parties as well as other gains and losses.

NOK millions	2020		2019	
	Receivables	Liabilities	Receivables	Liabilities
<b>Non-interest-bearing debts and receivables</b>				
Gjensidige Business Service, Norge		2.7		
Gjensidige Forsikring ASA	16.9		40.0	
<b>Total intercompany non-interest-bearing debts and receivables</b>	<b>16.9</b>	<b>2.7</b>	<b>40.0</b>	
<b>Total intercompany balances within the Group</b>	<b>16.9</b>	<b>2.7</b>	<b>40.0</b>	

Gjensidige Pensjonsforsikring AS (GPF) purchases a number of services from group companies. Gjensidige Forsikring ASA invoices premiums for two products on behalf of GPF. In addition, a number of corporate functions of a purely administrative nature (such as accounting, health assessment, market support, legal assistance, ICT) are provided, which are priced based on the cost-plus method. Essentially entered into one-year agreements for these services. GPF covers all costs related to the distribution of their products. GPF has also entered into a reinsurance agreement with Gjensidige Forsikring ASA based on market prices.

## 6. Intangible assets

NOK millions	Internally developed IT systems	
	2020	2019
<b>Cost</b>		
As at 1 January	219.5	195.5
Additions	14.8	24.0
Disposals/reclassifications	(154.6)	
<b>As at 31 December</b>	<b>79.8</b>	<b>219.5</b>
Uncompleted projects		27.1
<b>As at 31 December, including uncompleted projects</b>	<b>79.8</b>	<b>246.6</b>
<b>Amortisation and impairment losses</b>		
As at 1 January	(198.6)	(161.4)
Amortisations	(26.7)	(37.2)
Disposals/reclassifications	167.7	
<b>As at 31 December</b>	<b>(57.6)</b>	<b>(198.6)</b>
<b>Carrying amount</b>		
As at 1 January	48.1	58.1
<b>As at 31 December</b>	<b>22.2</b>	<b>48.1</b>
Amortisation method	Straight-line	Straight-line
Useful life (years)	1-3	1-3

## 7. Shares and similar interests in company portfolio

NOK millions	Org.number	Currency/Country	2020
<b>Equity funds</b>			
Delphi Global	989747746	NOK/NOR	0.8
KLP AksjeNorden Indeks	980854043	NOK/NOR	0.4
Landkreditt Utbytte A	999029280	NOK/NOR	0.4
KLP AksjeGlobal Indeks 4	988244163	NOK/NOR	0.3
Delphi Nordic	960058658	NOK/NOR	0.2
Skagen Global	979876106	NOK/NOR	0.1
Dnb Miljøinvest	971580496	NOK/NOR	0.1
Skagen Kon-Tiki	984305141	NOK/NOR	0.1
Skagen Vekst	879976052	NOK/NOR	0.1
Various funds			0.3
<b>Total equity funds</b>			<b>2.7</b>
<b>Total listed</b>			<b>2.7</b>
<b>Bond funds</b>			
Various funds			0.2
<b>Total bond funds</b>			<b>0.2</b>
<b>Total listed</b>			<b>0.2</b>

NOK millions	Org.number	Currency/Country	2020
<b>Fixed income - short duration</b>			
Storebrand Likviditet B		NOK/NOR	296.8
Nordea Kort Obligasjon 20		NOK/NOR	176.7
Holberg Likviditet		NOK/NOR	109.3
Danske Invest Norsk Likviditet I		NOK/NOR	107.6
Storebrand Likviditet B		NOK/NOR	107.5
Danske Invest Norsk Likviditet Institusjon D Class		NOK/NOR	57.5
Diverse fond			0.3
<b>Total money market funds</b>			<b>855.7</b>
<b>Total listed</b>			<b>855.7</b>
<b>Combination funds</b>			
Various funds		NOK/NOR	0.1
<b>Total combination funds</b>			<b>0.1</b>
<b>Total listed</b>			<b>0.1</b>
<b>Other financial investments</b>			
Pensjonsregisteret AS	946063940	NOK/NOR	0.7
Norsk Pensjon AS	890050212	NOK/NOR	0.2
<b>Total other financial investments</b>			<b>0.9</b>
<b>Total financial shares and similar interests</b>			<b>859.6</b>
<b>Total listed</b>			<b>858.7</b>

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## 8. Shares and similar interest in investment portfolio

NOK millions	Org. number	Currency/country	2020
<b>Equity funds</b>			
Kombinert Pensjonsprofil Aksjer		NOK/NOR	8,074.5
Kombinert Pensjonsprofil Aksjer Privat		NOK/NOR	2,109.3
Handelsbanken Pensjonsprofil 100		NOK/NOR	740.0
Indeksret Pensjonsprofil Aksjer		NOK/NOR	283.3
Landkredit Aksje Global	988849537	NOK/NOR	198.1
Kombinert Pensjonsprofil Aksjer VS		NOK/NOR	180.5
Skagen Global	979876106	NOK/NOR	129.4
Skagen Kon-Tiki	984305141	NOK/NOR	123.8
Dnb Miljøinvest	971580496	NOK/NOR	117.9
Schroder ISF Emerg Mkts A Acc		USD/NOR	103.3
Skagen Vekst	879876052	NOK/NOR	101.5
Landkredit Utbytte A	999029280	NOK/NOR	92.5
KLP AksjeVerden Indeks	996716716	NOK/NOR	88.9
KLP AksjeGlobal Indeks 4	988244163	NOK/NOR	77.0
Alfred Berg Norge Classic	957801412	NOK/NOR	73.0
Landkredit Norden Utbytte	-	NOK/NOR	61.7
Handelsbanken Global Criteria A1		NOK/NOR	45.3
C WorldWide Globale Aksjer	945434422	NOK/NOR	40.4
Pareto Aksje Norge B	883610512	NOK/NOR	36.0
Delphi Global	989747746	NOK/NOR	35.7
Holberg Norden	982371910	NOK/NOR	29.3
KLP AksjeNorden Indeks	980854043	NOK/NOR	28.6
Delphi Nordic	960058658	NOK/NOR	27.4
Storebrand Norge	938651728	NOK/NOR	26.9
Skagen m2	998738873	NOK/NOR	25.3
Handelsbanken Norge Index		NOK/NOR	23.2
Janus Henderson Global Equity Fund R E Acc		EUR/LUX	22.2
KLP AksjeFremvoksene Markeder Indeks II	996716678	NOK/NOR	17.9
KLP AksjeNorge Indeks II	992966092	NOK/NOR	15.7
Handelsbanken Norden Index		NOK/NOR	15.6
KLP AksjeUSA Indeks III	917232164	NOK/NOR	14.7
Man GLG European Equity D EUR		EUR/NOR	12.9

NOK millions	Org. number	Currency/country	2020
KLP AksjeEuropa Indeks IV	915845967	NOK/NOR	11.2
Handelsbanken Barekraftig Energi		NOK/NOR	10.6
Eika Norge	985682976	NOK/NOR	9.7
Danske Invest Norge I	968127799	NOK/NOR	8.4
Parvest Equity India		NOK/NOR	8.2
SKAGEN Select 100	918534741	NOK/NOR	6.5
Aktiv Pensjonsprofil Aksjer		NOK/NOR	6.3
KLP AksjeEuropa Indeks III	815846052	NOK/NOR	5.6
Skagen Focus	915294294	NOK/NOR	5.0
Candriam Equities L Australia C AUD Acc		AUD/LUX	3.4
KLP AksjeUSA Indeks IV	817232582	NOK/NOR	3.3
Vekterspar Aksjer		NOK/NOR	2.3
Global Equity Fund (USD)		USD/NOR	2.2
Parvest Real Estate Securities World		NOK/NOR	2.0
Handelsbanken Kina A1		NOK/NOR	1.8
Handelsbanken Norden Selektiv A1		NOK/NOR	1.7
Handelsbanken Asia		NOK/NOR	1.5
Handelsbanken America Small Cap A1		NOK/NOR	1.3
Handelsbanken Norden A1 NOK		NOK/NOR	1.3
Handelsbanken Norge A1 NOK		NOK/NOR	1.1
Sector Global Equity Kernel A NOK		NOK/NOR	1.0
Handelsbanken Tillväxtmarknad Tema A1 NOK		NOK/NOR	0.7
Handelsbanken Råvarefond A1		NOK/NOR	0.6
Handelsbanken Europa Tema A1 NOK		NOK/NOR	0.4
Handelsbanken Latin-Amerika A1 NOK		NOK/NOR	0.3
Handelsbanken Europa Selektiv A1		NOK/NOR	0.2
<b>Total equity funds</b>			<b>13,067.7</b>
<b>Total listed</b>			<b>13,067.7</b>

**Bond funds**

Kombinert Pensjonsprofil Renter		NOK/NOR	2,519.3
Kombinert Pensjonsprofil Renter Privat		NOK/NOR	739.8
Handelsbanken Pensjonsprofil Renter		NOK/NOR	303.6
Indeksret Pensjonsprofil Renter		NOK/NOR	80.9
Nordea Global High Yield	986224211	NOK/NOR	56.2
Skagen Avkastning	970876084	NOK/NOR	47.7
Danske Invest Norsk Obligasjon	968007009	NOK/USA	33.2
PIMCO GIS plc Global Bond Fund Hedged NOK Acc.		NOK/NOR	28.0
DNB Obligasjon A		NOK/NOR	21.8
Handelsbanken Obligasjon A1 NOK		NOK/NOR	15.2
Skagen Tellus	990009651	NOK/NOR	10.4
<b>Total bond funds</b>			<b>3,856.3</b>
<b>Total listed</b>			<b>3,331.3</b>

**Money market funds**

Alfred Berg Likviditet Pluss	966491167	NOK/NOR	257.0
Holberg Likviditet	982371929	NOK/NOR	111.3
Landkredit Høyrente	988437832	NOK/NOR	104.1
Gjensidige Likviditet		NOK/NOR	102.2
Landkredit Ekstra	999029302	NOK/NOR	94.5
Handelsbanken Kort Rente Norge		NOK/NOR	32.5
Skagen Høyrente	979876076	NOK/NOR	32.1
Danske Invest Norsk Likviditet 1	868006862	NOK/NOR	4.4
<b>Total money market funds</b>			<b>738.0</b>
<b>Total listed</b>			<b>738.0</b>

**Combination funds**

Kombinert Pensjonsprofil Balansert		NOK/NOR	2,454.1
Kombinert Pensjonsprofil Balansert Privat		NOK/NOR	1,906.3
Kombinert Pensjonsprofil Trygg		NOK/NOR	1,684.6
Kombinert Pensjonsprofil Trygg Privat		NOK/NOR	1,483.7
Aktiv Pensjonsprofil Balansert		NOK/NOR	1,196.2
Vekterspar Balansert		NOK/NOR	1,046.3
Vekterspar Trygg		NOK/NOR	989.8

NOK millions	Org. number	Currency/country	2020
Kombinert Pensjonsprofil Offensiv		NOK/NOR	1,059.9
Handelsbanken Pensjonsprofil 70		NOK/NOR	987.6
Aktiv Pensjonsprofil Trygg		NOK/NOR	642.0
Handelsbanken Pensjonsprofil 50		NOK/NOR	569.5
Kombinert Pensjonsprofil Offensiv Privat		NOK/NOR	402.1
Aktiv Pensjonsprofil Offensiv		NOK/NOR	379.1
Kombinert Pensjonsprofil Balansert VS		NOK/NOR	155.9
Vekterspar Offensiv		NOK/NOR	110.3
Indeksret Pensjonsprofil Balansert		NOK/NOR	92.1
Indeksret Pensjonsprofil Offensiv		NOK/NOR	33.5
Kombinert Pensjonsprofil Offensiv VS		NOK/NOR	31.5
Handelsbanken Pensjonsprofil 30		NOK/NOR	16.9
Kombinert Pensjonsprofil Trygg VS		NOK/NOR	13.2
Indeksret Pensjonsprofil Trygg		NOK/NOR	6.7
Handelsbanken Multi Asset 100		NOK/NOR	0.9
SKAGEN Select 60	818534752	NOK/NOR	0.6
<b>Total combination funds</b>			<b>15,262.9</b>
<b>Total listed</b>			<b>14,126.6</b>
<b>Total financial shares and similar interest investments in investment portfolio</b>			<b>32,925.0</b>
<b>Total listed</b>			<b>31,263.7</b>

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## 9. Shares and similar interests in group policy portfolio

NOK millions	Org.number	Currency/Country	2020
<b>Bond funds</b>			
Shenkman Finsbury High Income Fund A NOK		NOK / IRL	84.8
<b>Total bond funds</b>			<b>84.8</b>
<b>Total listed</b>			<b>84.8</b>
<b>Money market funds</b>			
Storebrand Likviditet B	977555779	NOK / NOR	562.8
Danske Invest Norsk Likviditet Institusjon	981582047	NOK / NOR	68.1
Alfred Berg Likviditet Pluss	966491167	NOK / NOR	0.2
Nordea Kort Obligasjon 20	885033822	NOK / NOR	6.5
<b>Total money market funds</b>			<b>637.5</b>
<b>Total listed</b>			<b>637.5</b>
<b>Total financial shares and similar interests</b>			<b>722.3</b>
<b>Total listed</b>			<b>722.3</b>

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## 10. Pension

Gjensidige Pensjonsforsikring AS (GPF) is required to have an occupational pension plan pursuant to the Norwegian Act relating to Mandatory Occupational Pensions. The Company's pension plans meet the requirements of the Act.

GPF has both defined contribution and defined benefit plans for its employees. The defined benefit plan has been placed in a separate pension fund and is closed to new employees. New employees be

### Defined contribution plan

Defined contribution pension is a private pension plan that supplements the National Insurance scheme. Benefits from the pension plan come in addition to retirement pension from the National Insurance scheme. The retirement age is 70.

The defined contribution plan is a post-employment benefit plan under which GPF pays fixed contributions into a separate entity and

there is no legal or constructive obligation to pay further amounts. The rates are seven per cent of earnings between 0 and 7.1 times the National Insurance basic amount (G) and 20 per cent of earnings between 7.1 and 12 G.

Disability pension, spouse/cohabitant pension and child's pension are also included in the plan subject to more detailed rules.

### Defined benefit plan

#### Description of the plan

Together with benefits from the National Insurance scheme and any paid-up policies from former employment relationships, the retirement pension amounts to approximately 70 per cent of the final salary, given a full earning period of 30 years. The retirement age is 70, but it is 65 for underwriters.

The defined benefit plan is a post-employment benefit plan that entitles employees to contractual future pension benefits. Disability pension, spouse/cohabitant pension and child's pension are also included in the plan subject to more detailed rules.

In addition, GPF has pension liabilities to some employees over and above the ordinary group pension agreement. This applies to employees with a lower retirement age, employees who earn more than 12 times the National Insurance basic amount (G) and supplementary pensions.

The ordinary retirement pension is a funded plan where the employer contributes by paying into the pension assets. Pension over and above the ordinary group pension agreement is an unfunded plan that is paid for through operations.

#### **Actuarial assumptions**

Actuarial assumptions are shown in the table. The discount rate is the assumption that has the greatest impact on the value of the pension liability. Wage growth, pension increases and the adjustment of the National Insurance basic amount are based on historical observations and expected future inflation. Wage growth is set at 2.7 per cent (3.1), and is adjusted for age based on a decreasing trend. The year-on-year nominal wage growth 2020/21 is calculated to be 0.83 per cent (1.55). The reason for the low wage growth is that the pension plan is closed to new members and that the average age of employee members is 57.8 years (56.5).

The discount rate is based on a yield curve stipulated on the basis of the covered bond yield. The discount rate is based on observed interest approximately ten years ahead. The market's long-term view of the interest rate level is estimated on the basis of the required real interest rate, inflation and future credit risk. An interpolation has been made in the period between the observed interest and long-term market expectations. A discount curve has thus been calculated for each year in which pensions will be disbursed.

The sensitivity analysis is based on only one assumption being changed at a time, while all the others remain constant. This is seldom the case, since several of the assumptions co-vary.

#### **Risk**

The risk in the net pension liability is a combination of the pension plan itself, the pension liability, pension assets, financing level and the co-variation between pension liabilities and pension assets.

GPF is exposed to financial risk since the pension assets are managed in Gjensidige Pensjonskasse as an investment choice portfolio. The financial risk is related to investments in equities, interest-bearing securities and property. Most of the investments are in securities funds and bonds. The financial risk comprises stock market, interest rate, credit, currency and liquidity risk, whereas the greatest risk factor is interest rate risk. Financial risk in pension assets is estimated using defined stress parameters for each asset class and assumptions about how the development of the different asset classes will co-vary.

The pension assets are higher than the calculated pension liabilities. However, it must be tested whether the use of pension assets has a limitation. It is expected that part of the overfunding will be used to finance new earnings or be returned to the sponsor. A reduction in the liabilities (for example due to a rise in interest rates) will be partially offset by an increase in potential overfunding. The risk factors below must therefore be seen in the light of the overfunding.

#### **Interest rate risk**

The pension assets' exposure to interest rate risk is deemed to be moderate because the market value-weighted duration is approximately 4.7 years (3.6). The portfolio value will fall by approximately 4.7 per cent in the event of a parallel shift in the yield curve of plus one percentage point.

The pension liability will increase by 17.9 per cent in the event of a parallel shift in the whole yield curve (fall in interest) of minus one

percentage point. The value will fall by 13.4 per cent in the event of an interest rate increase of one percentage point.

#### **Credit risk**

The pension assets' exposure to credit risk is deemed to be moderate. Most of the pension fund's fixed-income investments shall be within "investment grade". If the credit risk on a global basis were to increase by a factor corresponding to the factor used in stress tests for pension funds (equal to a deterioration in relation to the 99.5 percentile), this would lead to a fall of approximately nine per cent in the bond portfolio.

The pension liabilities are exposed to some credit risk because the Norwegian covered bond yield, which forms the basis for determining the discount rate, entails a certain credit risk.

#### **Equity and real estate risk**

The pension assets are exposed to the stock market and the real estate market through equity funds and real estate funds. At the end of the year, the exposure was 19.6 per cent, divided into 11.9 per cent shares and 7.7 per cent in real estate.

The market value of shares fluctuates sharply. Gjensidige Pensjonskasse continuously measures the equity risk in the pension assets based on the principles in Solvency II. The principles for measuring equity risk are based on the fact that the risk increases when shares rise in value and that the risk declines when shares have fallen in value. As at 31 December 2020, the risk (equal to a deterioration in relation to the 99.5 percentile) is set at 39 per cent. Property risk is set at 25 per cent based on the principles in Solvency II.

#### **Life expectancy and disability**

The life expectancy assumptions are based on the K2013BE table as reported by FNO (Finans Norge) AS.

The rate of disability is based on the IR73 table. This measures long-term disability. The incidence of disability is low compared to many other employers.

GPF's employees could be involved in big disaster-like events such as plane crashes, bus crashes, as spectators at sporting events or through incidents in the workplace. If such an event occurs, the pension liability could significantly increase. GPF has invested in disaster insurance that means that it will receive compensation if such an event occurs.

#### **Wage growth**

Future pension benefits depend on future wage growth and the development of the National Insurance basic amount (G). If wage growth in the Company is lower than the increase in G, the benefits will be reduced.

Wage growth will deviate from the path defined by employees getting higher or lower wage growth than what the job indicates. GPF manages employees' wage growth based on collective agreements and individual agreements. Salary levels can increase strongly from one year to the next.

If wage growth is one percentage point higher, it will lead to a 9.9 per cent increase in the liability. If wage growth is one percentage point lower, it will lead to a 7.9 per cent decrease in the liability. If G is one percentage point higher it will lead to a 4.3 per cent decrease in the liability.

#### **Minimum requirement for the level of pension assets**

The pension assets must meet certain minimum requirements defined in Norwegian laws, regulations and in orders issued by the Financial Supervisory Authority of Norway (FSA).

If the level of the pension assets falls below a lower limit, GPF will have to pay extra pension contributions to bring them up to the lower limit. On certain conditions, GPF will also be repaid pension assets.

Gjensidige Pensjonskasse measures risk based on requirements set by the Financial Supervisory Authority in the form of stress tests. These tests should reflect 99.5 per cent value at risk. The pension fund has a solvency capital margin of 138 per cent without the use of transitional rules, which indicates that there is no requirement to provide pension funds to improve the pension fund's solvency.

### Private collective pension (AFP)

As a member of Finance Norway, GPF has a collective (AFP) pension agreement for its employees. AFP is a defined benefit scheme funded jointly by many employers. The administrator of the pension plan has not presented calculations that allocate the

pension assets or liabilities in the plans to the individual member enterprises. GPF therefore recognises the plan as a defined contribution plan.

If the administrator of the AFP plan presents such allocation figures, this could result in the plan being recognised as a defined benefit plan. It is difficult, however, to arrive at an allocation key that is acceptable to the members. An allocation key based on the GPF's share of total annual pay will not be acceptable since such a key is too simple and will not adequately reflect the financial liabilities.

NOK millions	Funded 2020	Unfunded 2020	Total 2020	Funded 2019	Unfunded 2019	Total 2019
<b>Present value of the defined benefit obligation</b>						
As at 1 January	15.6	2.5	18.1	13.5	2.5	16.0
Current service cost	0.7	0.1	0.8	0.6	0.2	0.8
Employers' national insurance contributions of current service cost	0.1		0.2	0.1		0.2
Interest cost	0.3	0.1	0.4	0.4	0.1	0.5
Actuarial gains and losses	2.1	1.3	3.4	1.5	(0.2)	1.3
Benefits paid	(0.2)		(0.2)	(0.2)		(0.2)
Employers' national insurance contributions of benefits paid	(0.3)		(0.3)	(0.4)		(0.4)
Business combinations	3.4		3.4			-
<b>As at 31 December</b>	<b>21.8</b>	<b>4.0</b>	<b>25.7</b>	<b>15.6</b>	<b>2.5</b>	<b>18.1</b>
<b>Fair value of plan assets</b>						
As at 1 January	18.0		18.0	14.9		14.9
Interest income	0.4		0.4	0.5		0.5
Return beyond interest income	0.8		0.8	0.5		0.5
Contributions by the employer	2.0		2.0	2.7		2.7
Contributions by plan participants	(0.2)		(0.2)			
Benefits paid	2.7		2.7	(0.2)		(0.2)
Employers' national insurance contributions of benefits paid	(0.3)		(0.3)	(0.4)		(0.4)
<b>As at 31 December</b>	<b>23.5</b>		<b>23.5</b>	<b>18.0</b>		<b>18.0</b>
<b>Amount recognised in the balance sheet</b>						
Present value of the defined benefit obligation	21.8	4.0	25.7	15.6	2.5	18.1
Fair value of plan assets	23.5		23.5	18.0		18.0
<b>Net defined benefit obligation/(benefit asset)</b>	<b>(1.7)</b>	<b>4.0</b>	<b>2.3</b>	<b>(2.4)</b>	<b>2.5</b>	<b>0.1</b>
<b>Pension expense recognised in profit or loss</b>						
Current service cost	0.7	0.1	0.8	0.6	0.2	0.8
Interest cost	0.3	0.1	0.4	0.4	0.1	0.5
Interest income	(0.4)		(0.4)	(0.5)		(0.5)
Employers' national insurance contributions	0.1		0.2	0.1		0.2
<b>Total defined benefit pension cost</b>	<b>0.7</b>	<b>0.2</b>	<b>1.0</b>	<b>0.7</b>	<b>0.3</b>	<b>1.0</b>
<b>The expense is recognised in the following line in the income statement</b>						
Insurance-related administration expenses			1.0			1.0
<b>Remeasurements of the net defined benefit liability/asset recognised in other comprehensive income</b>						
Cumulative amount as at 1 January			(1.3)			(0.5)
Recognized in the period			(2.5)			(0.8)
<b>Cumulative amount as at 31 December</b>			<b>(3.8)</b>			<b>(1.3)</b>
<b>Actuarial assumptions</b>						
Discount rate			1.67%			2.21%
Future salary increases <sup>1</sup>			2.65%			3.14%
Change in social security base amount			2.77%			3.14%

NOK millions	Funded 2020	Unfunded 2020	Total 2020	Funded 2019	Unfunded 2019	Total 2019
<b>Other specifications</b>						
Amount recognised as expense for the defined contribution plan eksl VAT		5.4				4.7
Amount recognised as expense for Fellesordningen LO/NHO eksl VAT		0.9				0.9
Expected contribution to Fellesordningen LO/NHO next year		1.1				1.0
Expected contribution to the defined benefit plan for the next year		1.7				2.3

<sup>1</sup> Future salary increases represent our expected average future salary increase for the industry. Since Gjensidige has a closed plan, average future salary increase for our population is 1.91 per cent (1.55). See explanation under Actuarial assumptions.

Per cent	Change in pension benefit obligation 2019	Change in pension benefit obligation 2018
<b>Sensitivity</b>		
+ 1 %-point discount rate	17.9 %	19.0 %
- 1 %-point discount rate	(13.4 %)	(13.9 %)
+ 1 %-point salary adjustment	(7.9 %)	(8.4 %)
- 1 %-point salary adjustment	9.9 %	11.8 %
+ 1 %-point social security base amount	5.1 %	5.8 %
- 1 %-point social security base amount	(4.3 %)	(4.6 %)
- 1 %-point future pension increase	12.6 %	13.2 %
10 % decreased mortality	2.3 %	2.7 %
10 % increased mortality	(3.2 %)	(3.7 %)

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 as at 31.12.2020
Shares and similar interests		4.6		4.6
Bonds		18.6		18.6
Others		0.3		0.3
<b>Total</b>	<b>23.5</b>			<b>23.5</b>

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 as at 31.12.2019
Shares and similar interests		1.5		1.5
Bonds		16.0		16.0
Derivatives		0.4		0.4
<b>Total</b>	<b>18.0</b>			<b>18.0</b>

## 11. Subordinated debt

FRN Gjensidige Pensjonsforsikring AS  
2016/2026 SUB

ISIN	NO0010767429
Issuer	Gjensidige Pensjonsforsikring AS
Principal, NOK millions	300.0
Currency	NOK
Issue date	6/23/2016
Maturity date	6/23/2026
First call date	6/23/2021
Interest rate	NIBOR 3M + 2.90 %
<b>General terms</b>	
Regulatory regulation	Solvency II
Regulatory call	Yes
Conversion right	No

## 12. 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 only financial assets classified as level three in the valuation hierarchy are shares in Norsk Pensjon AS and Pensjonsregisteret AS.

NOK millions	Carrying amount as at 31.12.2020	Fair value as at 31.12.2020	Carrying amount as at 31.12.2019	Fair value as at 31.12.2019
<b>Financial assets</b>				
<i>Financial assets at fair value through profit or loss, designated upon initial recognition</i>				
Shares and similar interests	3.7	3.7	6.3	6.3
Bonds and other fixed income securities	1,578.2	1,578.2	1,575.5	1,575.5
Shares and similar interests in life insurance with investment options	28,330.6	28,330.6	24,502.5	24,502.5
Bonds and other fixed income securities in life insurance with investment options	4,594.3	4,594.3	4,196.5	4,196.5
<i>Loans and receivables</i>				
Bonds and other fixed income securities classified as loans and receivables	5,718.7	6,090.8	5,246.3	5,372.8
Receivables related to direct operations and reinsurance	78.4	78.4	81.2	81.2
Other receivables	184.4	184.4	232.3	232.3
Cash and cash equivalents	205.9	205.9	210.4	210.4
<b>Total financial assets</b>	<b>40,694.3</b>	<b>41,066.3</b>	<b>36,050.9</b>	<b>36,177.5</b>
<b>Financial liabilities</b>				
<i>Financial liabilities at amortised cost</i>				
Subordinated debt	299.9	301.8	299.8	304.3
Other liabilities	39.8	39.8	76.9	76.9
Liabilities related to direct insurance	116.3	116.3	85.6	85.6
<b>Total financial liabilities</b>	<b>456.0</b>	<b>457.9</b>	<b>462.3</b>	<b>466.8</b>
<b>Gain/(loss) not recognised in profit or loss</b>		<b>370.2</b>		<b>122.0</b>

**Valuation hierarchy 2020**

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

NOK millions	Quoted prices in active markets	Level 1	Level 2	Level 3	Total		
		Valuation techniques based on observable market data	Valuation techniques based on non-observable market data				
<b>Financial assets</b>							
<i>Financial assets at fair value through profit or loss, designated upon initial recognition</i>							
Shares and similar interests		2.8	0.9	3.7			
Bonds and other fixed income securities		1,578.2		1,578.2			
Shares and similar interests in life insurance with investment options		28,330.6		28,330.6			
Bonds and other fixed income securities in life insurance with investment options		4,594.3		4,594.3			
<i>Financial assets at amortised cost</i>							
Bonds and other fixed income securities classified as loans and receivables		6,090.8		6,090.8			
<i>Financial liabilities at amortised cost</i>							
Subordinated debt		301.8		301.8			

Valuation hierarchy 2019

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

NOK millions	Level 1	Level 2	Level 3	Total
	Quoted prices in active markets	Valuation techniques based on observable market data	Valuation techniques based on non-observable market data	
<b>Financial assets</b>				
<i>Financial assets at fair value through profit or loss, designated upon initial recognition</i>				
Shares and similar interests		6.1	0.2	6.3
Bonds and other fixed income securities		1,575.5		1,575.5
Shares and similar interests in life insurance with investment options		24,502.5		24,502.5
Bonds and other fixed income securities in life insurance with investment options		4,196.5		4,196.5
<i>Financial assets at amortised cost</i>				
Bonds and other fixed income securities classified as loans and receivables		5,372.8		5,372.8
<i>Financial liabilities at amortised cost</i>				
Subordinated debt		304.3		304.3

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

NOK millions	As at 1.1.2020	Net realised/unrealised gains recognised in profit or loss	Transfers into/out of level 3				As at 31.12.2020	Amount of net realised/unrealised gains recognised in profit or loss that are attributable to instruments held as at 31.12.2020
			Purchases	Sales	Settlements	As at 31.12.2020		
Shares and similar interests	0.2	0.7					0.9	
<b>Total</b>	<b>0.2</b>	<b>0.7</b>					<b>0.9</b>	

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

NOK millions	As at 1.1.2019	Net realised/unrealised gains recognised in profit or loss	Transfers into/out of level 3				As at 31.12.2019	Amount of net realised/unrealised gains recognised in profit or loss that are attributable to instruments held as at 31.12.2019
			Purchases	Sales	Settlements	As at 31.12.2019		
Shares and similar interests	0.2						0.2	
<b>Total</b>	<b>0.2</b>						<b>0.2</b>	

Reconciliation of liabilities arising from financing activities 2019

NOK millions	As at 1.1.2020	Non-cash flows				As at 31.12.2020
		Cash flows	Aquisitions	Ex-change differences	Other changes	
Subordinated debt	299.8				0.1	299.9

Reconciliation of liabilities arising from financing activities 2018

NOK millions	As at 1.1.2019	Non-cash flows				As at 31.12.2019
		Cash flows	Aquisitions	Ex-change differences	Other changes	
Subordinated debt	299.7				0.1	299.8

## 13. Net income from investments

NOK millions	2020	2019
<b>Net income and gains/(losses) from investments in associates</b>		
Net income from associated companies	101.7	73.7
<b>Total net income and gains/(losses) from investments in associated companies</b>	<b>101.7</b>	<b>73.7</b>
<b>Net income and gains/(losses) from financial assets at fair value through profit or loss, designated</b>		
<i>Shares and similar interests</i>		
Realised gains/(losses) from shares and similar interests	(13.3)	
<b>Total net income and gains/(losses) from shares and similar interests</b>	<b>(13.3)</b>	
<i>Bonds and other fixed-income securities</i>		
Net interest income/(expenses) from bonds and other fixed-income-securities	23.6	20.6
Unrealised gains/(losses) from bonds and other fixed-income securities	(30.0)	21.0
Realised gains/(losses) from bonds and other fixed-income securities	(5.1)	7.5
<b>Total net income and gains/(losses) from bonds and other fixed-income securities</b>	<b>(11.5)</b>	<b>49.1</b>
<b>Total net income and gains/(losses) from financial assets at fair value through profit or loss, designated</b>	<b>(24.9)</b>	<b>49.1</b>
<b>Net income and gains/(losses) from bonds held to maturity</b>		
Net interest income from bonds held to maturity	0.2	
<b>Total net income and gains/(losses) from bonds held to maturity</b>	<b>0.2</b>	
<b>Net income and gains/(losses) from loans and receivables</b>		
Net interest income/(expenses) from loans and receivables	171.9	162.5
Net gains/(losses) from loans and receivables	(19.4)	14.2
<b>Total net income and gains/(losses) from loans and receivables</b>	<b>152.5</b>	<b>176.8</b>
<b>Net income and gains/(losses) from financial liabilities at amortised cost</b>		
Net interest income/(expenses) from subordinated debt	(11.9)	(13.4)
<b>Total net income and gains/(losses) from financial liabilities at amortised cost</b>	<b>(11.9)</b>	<b>(13.4)</b>
Net other financial income/(expenses) <sup>1</sup>	(0.5)	(1.8)
<b>Total net income from investments</b>	<b>217.0</b>	<b>284.5</b>
<b>Specifications</b>		
<b>Interest income and expenses from financial assets and liabilities not recognised at fair value through profit or loss</b>		
Interest income from financial assets not recognised at fair value through profit or loss	162.9	164.2
Interest expenses from financial assets not recognised at fair value through profit or loss	(11.8)	(13.4)

<sup>1</sup> Net other financial income/(expenses) include financial income and expenses not attributable to individual classes of financial assets or liabilities, and financial administration costs.

## 14. Salaries and remuneration

### The Board's statement on the stipulation of pay and other remuneration

The board of the Gjensidige Forsikring ASA has established a remuneration committee, which is common to the companies in the group that are subject to regulatory requirements for having remuneration schemes. Gjensidige Pensjonsforsikring is one of these

The remuneration policy has to be within the limits set by the Board.

The remuneration committee shall prepare matters relating to the remuneration system that will be determined by the Board.

#### General principles for remuneration policy

The remuneration that applies to all employees shall be competitive, but the Group shall not be a wage leader. Employees are expected to see the remuneration and benefits offered by the Group as an overall whole. The remunerations system shall be open and performance-based, so that they, as far as possible, are perceived as being fair and predictable.

The remuneration that is paid shall correspond to the agreed performance. Remunerations and career development shall be linked to achievement of spoken strategic and financial goals and core values, and both quantitative and qualitative targets shall be taken into consideration. The remuneration system shall

promote long-term values, and as far as possible take actual capital costs into account.

The remuneration system shall contribute to promoting and providing incentives for good risk management, prevent excessive risk-taking and contribute to avoiding conflicts of interest. A fixed basic salary shall be the main element of the overall remuneration, which also consists of variable pay, pension and payment in kind.

#### Decision-making process

The remuneration committee shall prepare matters for consideration by the Board. It is primarily responsible for:

- Drafting proposals for and follow up compliance with guidelines and framework for remuneration
- Prepare proposals and follow up the practice of guidelines and limits for compensation
- Annually considering and proposing the remuneration of the CEO
- Annually drafting proposals for the CEO's scorecard
- Acting as advisers to the CEO in connection with the annual assessment of the remuneration of other executive personnel
- Promote proposed statement regarding salaries and other remuneration to executive personnel, employees and representatives
- Considering other important personnel matters relating to executive personnel

#### Key management personnel compensation 2020

NOK thousands	Fixed salary/-fee	Earned variable salary	Calculated value of total benefits other than cash	Rights earned in the financial year according to defined benefit pension plan	Annual vesting share-based payment	Number of shares granted	Number of shares exercised	Number of shares not exercised	Number of shares held	Retirement conditions
<b>The senior group management</b>										
Torstein Ingebretsen, CEO <sup>4</sup>	2,479.2	296.5	164.2	162.1	398.0	1,940	1,986	3,969	6,470	<sup>1</sup>
Nils Andreas Brekke, CFO <sup>3</sup>	1,476.7	188.8	164.4	292.7	251.6	1,208	1,253	2,569	5,427	<sup>2</sup>
Helene Bjørkholt, Director product <sup>4</sup>	1,355.4	173.4	134.4	157.3	220.4	1,010	1,097	2,129	5,027	<sup>1</sup>
Lars Ingmar Eng, Director sales <sup>4</sup>	1,353.5	173.4	134.9	158.8	219.9	1,023	1,095	2,148	4,100	<sup>1</sup>
Steffan Lloyd, Director ICT <sup>4</sup>	1,267.3	165.7	134.2	183.4	231.3	1,059	1,157	2,218		<sup>1</sup>
Age Sætrevik, Chief investement <sup>4</sup>	1,470.1	186.2	165.5	173.4	28.5	1,200	1,298	2,498	8,997	<sup>1</sup>
Cathrine H. Saxeboel, Director marketing <sup>4</sup>	1,262.9	164.1	134.2	159.8	7.8	930	283	1,445	838	<sup>1</sup>

#### The Board

Catharina Elisabeth Hellerud, Chairman

Ida Berild Guldberg, Board member

Erik Ranberg, Board member

Joakim Gjersøe, Board member

Kari Østerud, Board member

<sup>1</sup> Age 67

<sup>2</sup> Age 65

<sup>3</sup> Pension plan is benefit based

<sup>4</sup> Pension plan is contribution based

## Key management personnel compensation 2019

NOK thousands	Calculate d value of total benefits other than cash			Rights earned in the financial year according to defined benefit pension plan	Annual vesting share-based payment	Number of shares assigned, not released	Number of shares released	Number of shares not redeemed	Number of shares held	Retirement conditions
	Fixed salary/-fee	Earned variable salary	Other							
<b>The senior group management</b>										
Torstein Ingebretsen, CEO <sup>4</sup>	2,334.5	284.5	162.3	158.5	233.9	2,318	1,628	4,015	5,234	1
Nils Andreas Brekke, CFO <sup>3</sup>	1,418.0	181.6	162.7	318.3	166.3	1,505	1,145	2,614	4,299	2
Helene Bjørkholt, Director product <sup>4</sup>	1,297.1	166.7	134.8	154.8	142.3	1,229	993	2,216	4,399	1
Lars Ingmar Eng, Director sales <sup>4</sup>	1,293.6	166.8	132.6	153.4	147.3	1,244	1,028	2,220	3,410	1
Steffan Lloyd, Director IKT <sup>4</sup>	1,215.7	159.3	132.4	167.1	160.2	1,271	1,100	2,316	7,637	1
Åge Sætrevik, Chief investement <sup>4</sup>	1,407.9	179.1	163.2	167.7	181.2	1,440	1,247	2,596	7,773	1
Cathrine H. Saxeboel, Director marketing <sup>4</sup>	1,201.6	113.3	132.3	159.3	4.4	758	27	798	536	1

**The Board**

Catharina Elisabeth Hellerud, Chairman
Ida Berild Guldberg, Board member
Erik Ranberg, Board member
Kari Østerud, Board member

<sup>1</sup> Age 67<sup>2</sup> Age 65<sup>3</sup> Pension plan is benefit based<sup>4</sup> Pension plan is contribution based

## 15. Tax

NOK millions	2020	2019
<b>Specification of tax expense</b>		
Tax payable	50.8	57.5
Change in deferred tax	(10.6)	(9.4)
<b>Total tax expense</b>	<b>40.8</b>	<b>48.6</b>
<b>Deferred tax liabilities and deferred tax assets</b>		
Deferred tax liabilities and deferred tax assets are offset when there is a legally enforceable right to offset those assets/liabilities and when deferred tax liabilities/deferred tax assets relate to the same fiscal authority. The amounts offset are as follows:		
<b>Taxable temporary differences</b>		
Profit and loss account	127.2	159.0
<b>Total taxable temporary differences</b>	<b>127.2</b>	<b>159.0</b>
<b>Deductible temporary differences</b>		
Shares, bonds and other securities	(12.0)	(1.3)
<b>Total deductible temporary differences</b>	<b>(12.0)</b>	<b>(1.3)</b>
<b>Net temporary differences</b>	<b>115.2</b>	<b>157.7</b>
<b>Net deferred tax liabilities/(deferred tax assets)</b>	<b>28.8</b>	<b>39.4</b>
<b>Reconciliation of tax expense</b>		
Profit before tax	166.8	196.9
Estimated tax of profit before tax expense (25%)	(41.7)	(49.2)
<b>Tax effect of</b>		
Tax exempted income and expenses	(0.1)	
Gain of shares not tax exempted	1.0	0.6
<b>Total tax expense</b>	<b>(40.8)</b>	<b>(48.6)</b>
Effective rate of income tax	24.5 %	24.7 %
<b>Change in deferred tax</b>		
Deferred tax liabilities/assets as at 1 January	(39.4)	(48.8)
Change in deferred tax recognised in profit or loss	10.6	9.4
<b>Deferred tax liabilities/(deferred tax assets) as at 31 December</b>	<b>(28.8)</b>	<b>(39.4)</b>

## 16. Insurance liabilities split by segment

NOK millions	Individual pension			Occupational pension					Total 2020
	Risk products	Unit Link	Total individual pension	Paid-up policies	Pension capital certificates	Defined contribution	Risk products	Total occupational pension	
Premium reserves	2,252.7		2,252.7	3,869.7			1,241.7	5,111.4	7,364.1
Additional statutory reserves	7.8		7.8	269.9			18.1	288.0	295.8
Market value adjustment reserves				1.6				1.6	1.6
Fund for Pension Adjustment							2.7	2.7	2.7
<b>Total insurance obligations in life insurance - the group policy portfolio</b>	<b>2,260.4</b>		<b>2,260.4</b>	<b>4,141.1</b>			<b>1,262.6</b>	<b>5,403.7</b>	<b>7,664.1</b>
Premium reserves	2,494.7		2,494.7		12,008.6	19,942.7		31,951.3	34,446.0
Deposit Fund						251.5		251.5	251.5
<b>Total insurance obligations in life insurance - the investment option portfolio</b>	<b>2,494.7</b>		<b>2,494.7</b>		<b>12,008.6</b>	<b>20,194.2</b>		<b>32,202.8</b>	<b>34,697.5</b>

NOK millions	Individual pension			Occupational pension					Total 2019
	Risk products	Unit Link	Total individual pension	Paid-up policies	Pension capital certificates	Defined contribution	Risk products	Total occupational pension	
Premium reserves	1,906.4		1,906.4	3,869.8			1,119.9	4,989.7	6,896.1
Additional statutory reserves	7.2		7.2	261.7			15.2	276.8	284.0
Market value adjustment reserves				21.2				21.2	21.2
Fund for Pension Adjustment							2.9	2.9	2.9
<b>Total insurance obligations in life insurance - the group policy portfolio</b>	<b>1,913.6</b>		<b>1,913.6</b>	<b>4,152.7</b>			<b>1,138.0</b>	<b>5,290.7</b>	<b>7,204.2</b>
Premium reserves	2,243.0		2,243.0		9,797.0	17,803.5		27,600.5	29,843.5
Deposit Fund					287.4		287.4	287.4	287.4
<b>Total insurance obligations in life insurance - the investment option portfolio</b>	<b>2,243.0</b>		<b>2,243.0</b>		<b>9,797.0</b>	<b>18,090.9</b>		<b>27,887.8</b>	<b>30,130.9</b>

## 17. Profit/(loss) of technical account

NOK millions	Individual pension			Occupational pension					Total 2020
	Risk products	Unit Link	Total individual pension	Paid-up policies	Pension capital certificates	Defined contribution	Risk products	Total occupational pension	
Premiums for own account	346.8	262.6	609.4	3.5	299.6	4,447.6	312.8	5,063.5	5,672.8
Income from investments in the group policy portfolio	56.6		56.6	123.0			31.2	154.2	210.8
Income from investments in the investment portfolio		202.3	202.3		128.1	2,478.8		2,606.9	2,809.2
Other insurance related income	19.7		19.7		91.6	71.2		162.7	182.4
Claims	(39.8)	(207.9)	(247.7)	(131.9)	(82.0)	(2,816.5)	(201.2)	(3,231.6)	(3,479.3)
Changes in reserves for the group policy portfolio	(271.5)		(271.5)	11.5			(116.7)	(105.1)	(376.6)
Changes in reserves for investment portfolio		(245.7)	(245.7)		(261.4)	(4,058.8)		(4,320.2)	(4,565.9)
Funds allocated to the insurance contracts							(1.7)	(1.7)	(1.7)
Insurance-related operating expenses	(27.2)	(30.8)	(58.0)	(19.9)	(63.6)	(99.7)	(49.9)	(233.1)	(291.1)
<b>Profit/(loss) of technical account</b>	<b>64.8</b>	<b>0.2</b>	<b>65.0</b>	<b>(13.9)</b>	<b>112.3</b>	<b>22.5</b>	<b>(25.4)</b>	<b>95.6</b>	<b>160.6</b>

NOK millions	Individual pension			Occupational pension					Total 2019
	Risk products	Unit Link	Total individual pension	Paid-up policies	Pension capital certificates	Defined contribution	Risk products	Total occupational pension	
Premiums for own account	323.4	270.4	593.7	19.5	219.4	4,399.9	325.1	4,963.9	5,557.6
Income from investments in the group policy portfolio	56.2		56.2	191.0			33.0	224.0	280.2
Income from investments in the investment portfolio		224.9	224.9		190.7	3,369.1		3,559.8	3,784.7
Other insurance related income		19.0	19.0		78.9	69.3		148.2	167.2
Claims	(33.5)	(253.4)	(286.9)	(109.6)	(349.8)	(1,897.5)	(116.3)	(2,473.1)	(2,760.0)
Changes in reserves for the group policy portfolio	(249.1)		(249.1)	(44.3)			(213.5)	(257.8)	(506.9)
Changes in reserves for investment portfolio		(230.5)	(230.5)		17.8	(5,816.0)		(5,798.2)	(6,028.7)
Funds allocated to the insurance contracts				(24.5)			(1.5)	(26.0)	(26.0)
Insurance-related operating expenses	(27.1)	(27.8)	(54.9)	(18.5)	(60.8)	(94.2)	(47.1)	(220.7)	(275.6)
<b>Profit/(loss) of technical account</b>	<b>69.8</b>	<b>2.6</b>	<b>72.5</b>	<b>13.6</b>	<b>96.3</b>	<b>30.5</b>	<b>(20.3)</b>	<b>120.1</b>	<b>192.6</b>

## 18. Premium reserves transferred to/from other companies

NOK millions	Individual pension			Occupational pension					Total 2020
	Risk products	Unit Link	Total individual pension	Paid-up policies	Pension capital certificates	Defined contribution	Risk products	Total occupational pension	
Premium reserves transferred from other companies		20.5	20.5	3.5	298.8	1,445.0	67.5	1,814.7	1,835.2
Premium reserves transferred to other companies		(14.5)	(14.5)		(335.8)	(2,328.3)	(126.2)	(2,790.3)	(2,804.8)
Number of contracts from others	242	242	4	2,577	501	501	501	3,082	3,324
Number of contracts to others	196	196		5,297	497	497	497	5,794	5,990

NOK millions	Individual pension			Occupational pension					Total 2019
	Risk products	Unit Link	Total individual pension	Paid-up policies	Pension capital certificates	Defined contribution	Risk products	Total occupational pension	
Premium reserves transferred from other companies		20.4	20.4	19.5	219.4	1,358.0	66.8	1,663.7	1,684.1
Premium reserves transferred to other companies		(51.4)	(51.4)		(615.5)	(1,430.8)	(46.0)	(2,092.3)	(2,143.7)
Number of contracts from others	92	92	16	2,399	504	504	504	2,919	3,011
Number of contracts to others	112	112		9,348	1,178	1,178	1,178	10,526	10,638

## 19. Claims split by segment

NOK millions	Individual pension			Occupational pension					Total 2020
	Risk products	Unit Link	Total individual pension	Paid-up policies	Pension capital certificates	Defined contribution	Risk products	Total occupational pension	
Gross claims paid	(50.2)	(193.4)	(243.6)	(143.9)	(10.5)	(223.8)	(68.5)	(446.7)	(690.4)
Claims paid - reinsurance	10.4		10.4				5.5	5.5	15.9
<b>Claims for own account</b>	<b>(39.8)</b>	<b>(193.4)</b>	<b>(233.2)</b>	<b>(143.9)</b>	<b>(10.5)</b>	<b>(223.8)</b>	<b>(63.0)</b>	<b>(441.2)</b>	<b>(674.5)</b>

NOK millions	Individual pension			Occupational pension					Total 2019
	Risk products	Unit Link	Total individual pension	Paid-up policies	Pension capital certificates	Defined contribution	Risk products	Total occupational pension	
Gross claims paid	(40.7)	(202.0)	(242.8)	(136.5)	(10.1)	(190.9)	(55.4)	(392.8)	(635.5)
Claims paid - reinsurance	7.3		7.3				12.0	12.0	19.2
<b>Claims for own account</b>	<b>(33.5)</b>	<b>(202.0)</b>	<b>(235.5)</b>	<b>(136.5)</b>	<b>(10.1)</b>	<b>(190.9)</b>	<b>(43.4)</b>	<b>(380.8)</b>	<b>(616.3)</b>

## 20. Analysis of administration-, risk- and financial result

NOK millions	Individual pension			Occupational pension				Total 2020
	Risk products	Unit Link	Total individual pension	Paid-up policies	Pension capital certificates	Defined contribution	Total occupational pension	
Administration income	67.3	28.8	96.2	8.8	175.8	137.0	321.7	417.8
Administration costs	(27.2)	(30.8)	(58.0)	(19.9)	(63.6)	(149.6)	(233.1)	(291.1)
<b>Administration result I</b>	<b>40.1</b>	<b>(1.9)</b>	<b>38.1</b>	<b>(11.1)</b>	<b>112.3</b>	<b>(12.6)</b>	<b>88.6</b>	<b>126.7</b>
Premium for guaranteed interest						5.5	5.5	5.5
Premium for risk profit						1.8	1.8	1.8
<b>Administration result II</b>	<b>40.1</b>	<b>(1.9)</b>	<b>38.1</b>	<b>(11.1)</b>	<b>112.3</b>	<b>(5.2)</b>	<b>96.0</b>	<b>134.1</b>
Risk premium	277.6	8.5	286.1	3.4		295.5	299.0	585.1
Claims	(276.0)	(6.4)	(282.4)	(7.4)		(299.9)	(307.4)	(589.8)
<b>Risk result</b>	<b>1.6</b>	<b>2.2</b>	<b>3.8</b>	<b>(4.0)</b>		<b>(4.4)</b>	<b>(8.4)</b>	<b>(4.6)</b>
Financial income	56.6		56.6	123.0		31.2	154.2	210.8
Guaranteed return		(32.9)	(32.9)	(126.6)		(22.1)	(148.7)	(181.6)
Market value adjustment				19.6			19.6	19.6
<b>Financial result</b>	<b>23.8</b>		<b>23.8</b>	<b>16.0</b>		<b>9.1</b>	<b>25.1</b>	<b>48.9</b>
<b>Total</b>	<b>65.4</b>	<b>0.2</b>	<b>65.6</b>	<b>0.9</b>	<b>112.3</b>	<b>(0.5)</b>	<b>112.7</b>	<b>178.3</b>
<b>Allocated to customer</b>								
Financial result	0.6		0.6	14.8		2.3	17.1	17.7
<b>Total</b>	<b>0.6</b>		<b>0.6</b>	<b>14.8</b>		<b>2.3</b>	<b>17.1</b>	<b>17.7</b>
<b>Allocated to owner</b>								
Administration result	40.1	(1.9)	38.1	(11.1)	112.3	(5.2)	96.0	134.1
Risk result	1.6	2.2	3.8	(4.0)		(4.4)	(8.4)	(4.6)
Financial result	23.2		23.2	1.2		6.8	8.0	31.2
<b>Profit of technical account</b>	<b>64.8</b>	<b>0.2</b>	<b>65.0</b>	<b>(13.9)</b>	<b>112.3</b>	<b>(2.8)</b>	<b>95.6</b>	<b>160.6</b>
NOK millions	Individual pension			Occupational pension				Total 2019
	Risk products	Unit Link	Total individual pension	Paid-up policies	Pension capital certificates	Defined contribution	Total occupational pension	
Administration income	62.0	28.8	90.8	8.9	157.1	135.0	300.9	391.7
Administration costs	(27.1)	(27.8)	(54.9)	(18.5)	(60.8)	(141.3)	(220.7)	(275.6)
<b>Administration result I</b>	<b>34.9</b>	<b>1.0</b>	<b>36.0</b>	<b>(9.7)</b>	<b>96.3</b>	<b>(6.4)</b>	<b>80.2</b>	<b>116.2</b>
Premium for guaranteed interest						4.5	4.5	4.5
Premium for risk profit						1.5	1.5	1.5
<b>Administration result II</b>	<b>34.9</b>	<b>1.0</b>	<b>36.0</b>	<b>(9.7)</b>	<b>96.3</b>	<b>(0.3)</b>	<b>86.2</b>	<b>122.2</b>
Risk premium	259.2	9.0	268.2	5.0		308.8	313.9	582.0
Claims	(249.9)	(7.4)	(257.4)	39.2		(309.2)	(270.1)	(527.4)
<b>Risk result</b>	<b>9.2</b>	<b>1.6</b>	<b>10.8</b>	<b>44.2</b>		<b>(0.4)</b>	<b>43.8</b>	<b>54.6</b>
Financial income	56.2		56.2	191.0		33.0	224.0	280.2
Guaranteed return		(28.4)	(28.4)	(126.1)		(18.5)	(144.6)	(173.0)
Market value adjustment				(15.5)		-	(15.5)	(15.5)
<b>Financial result</b>	<b>27.7</b>		<b>27.7</b>	<b>49.5</b>		<b>14.5</b>	<b>64.0</b>	<b>91.7</b>
<b>Total</b>	<b>71.9</b>	<b>2.6</b>	<b>74.5</b>	<b>84.0</b>	<b>96.3</b>	<b>13.8</b>	<b>194.0</b>	<b>268.5</b>
<b>Allocated to customer</b>								
Risk result				22.1			22.1	22.1
Financial result	2.0		2.0	48.3		3.5	51.8	53.8
<b>Total</b>	<b>2.0</b>		<b>2.0</b>	<b>70.4</b>		<b>3.5</b>	<b>73.9</b>	<b>75.9</b>
<b>Allocated to owner</b>								
Administration result	34.9	1.0	36.0	(9.7)	96.3	(0.3)	86.2	122.2
Risk result	9.2	1.6	10.8	22.1		(0.4)	21.7	32.5
Financial result	25.7		25.7	1.2		11.0	12.2	37.9
<b>Profit of technical account</b>	<b>69.8</b>	<b>2.6</b>	<b>72.5</b>	<b>13.6</b>	<b>96.3</b>	<b>10.3</b>	<b>120.1</b>	<b>192.6</b>

## 21. New contracts

NOK millions	Year	Individual pension			Occupational pension			Total
		Risk products	Unit Link	Total individual pension	Paid-up policies	Pension capital certificates	Defined contribution	
<b>Reserve/yearly instalment</b>								
	2020		105.8	105.8	3.3	1,954.0	295.8	2,253.1
	2019		132.8	132.8	19.6	1,737.2	238.8	1,995.6
<b>Risk premium</b>								
	2020	46.6		46.6			20.0	20.0
	2019	44.0		44.0			16.9	60.9

It is used different measurement concepts depending on the product insurance content. For savings-related products the agreed deposit or transferred reserves are used, and for risk-based products annual risk premium are used.

## 22. Return in portfolio

Portfolio	Year	Paid-up policy portfolio <sup>1</sup>	Other policy portfolio <sup>1</sup>	Total group policy portfolio <sup>1</sup>	Investement portfolio	Company portfolio
Recognised return	2020	3.48%	3.18%	3.33%	6.86%	1.92%
Value-adjusted return	2020	2.99%	3.19%	3.04%	9.18%	2.20%
Recognised return	2019	4.34%	3.74%	4.14%	4.46%	1.38%
Value-adjusted return	2019	4.72%	3.75%	4.38%	15.70%	2.08%
Recognised return	2018	5.61%	4.77%	5.20%	3.84%	1.35%
Value-adjusted return	2018	4.30%	3.61%	3.95%	-5.28%	1.31%
Recognised return	2017	3.75%	3.62%	3.68%	5.73%	1.52%
Value-adjusted return	2017	4.47%	3.78%	4.22%	11.05%	1.37%
Recognised return	2016	4.08%	2.99%	3.76%	3.64%	2.02%
Value-adjusted return	2016	4.87%	4.11%	4.66%	4.23%	2.24%
Recognised return	2015	5.43%	2.84%	4.67%	4.98%	2.19%
Value-adjusted return	2015	5.42%	2.89%	4.68%	6.30%	1.97%

<sup>1</sup> When calculating the return of group policy portfolio Dietz method is used, which is according to the regulations for calculating return on capital in life insurance.

## 23. Changes contractual insurance obligations

NOK millions	2020	2019
<b>Premium reserve</b>		
As at 1 January	6,896.1	6,336.2
Changes in insurance obligations recognised in the profit and loss account	455.6	513.5
Profit on investment result		2.4
Risk profit allocated to the insurance agreements		22.1
Adjustment of insurance obligations from comprehensive income	12.3	21.9
<b>As at 31 December</b>	<b>7,364.1</b>	<b>6,896.1</b>
<b>Additional statutory reserves</b>		
As at 1 January	284.0	241.5
Changes in insurance obligations recognised in the profit and loss account	11.8	42.5
<b>As at 31 December</b>	<b>295.8</b>	<b>284.0</b>
<b>Premium Fund, Deposit Fund and Fund for Pension Adjustment</b>		
As at 1 January	2.9	2.9
Changes in insurance obligations recognised in the profit and loss account	(1.9)	(1.5)
Profit on investment result	1.7	1.5
<b>As at 31 December</b>	<b>2.7</b>	<b>2.9</b>
<b>Market value adjustment reserve</b>		
As at 1 January	21.2	5.7
Changes in insurance obligations recognised in the profit and loss account	(19.6)	15.5
<b>As at 31 December</b>	<b>1.6</b>	<b>21.2</b>

## 24. Changes insurance obligations - investment choice portfolio separately

NOK millions	2020	2019
<b>Premium reserve</b>		
As at 1 January	29,843.5	23,796.2
Changes in insurance obligations recognised in the profit and loss account	6,842.8	7,455.2
Total changes in insurance obligations recognised in the profit and loss account	36,686.2	31,251.4
Transfers between funds	(2,240.3)	(1,407.9)
<b>As at 31 December</b>	<b>34,446.0</b>	<b>29,843.5</b>
<b>Premium Fund, Deposit Fund and Fund for Pension Adjustment</b>		
As at 1 January	287.4	305.6
Changes in insurance obligations recognised in the profit and loss account	(2,275.2)	(1,426.5)
Total changes in insurance obligations recognised in the profit and loss account	(1,987.8)	(1,120.9)
Transfers between funds	2,239.4	1,408.3
<b>As at 31 December</b>	<b>251.5</b>	<b>287.4</b>

## 25. Share-based payment

### Description of the share-based payment arrangements

As at 31 December 2020 Gjensidige Pensjonsforsikring AS has the following share-based payment arrangements:

#### Share-based remuneration for executive personnel with settlement in equity and cash (remuneration scheme)

Gjensidige has established equity-settled share-based payment for the group management and more explicitly defined executive personnel.

As described in the Board's statement on the stipulation of pay and other remuneration in note 14, half of the variable remuneration is paid in the form of shares in Gjensidige Forsikring ASA, one third of which will be available in each of the following three years. The part that is to cover the tax liability is withheld and settled in the form of cash (net settlement) and the remaining is distributed in the form of shares.

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

#### Equity-settled share savings program for employees

Gjensidige has established a share savings programme for employees of the Group with the exception of employees of Gjensidige Baltic. All employees are given an opportunity to save an annual amount of up to NOK 90,000. Saving take the form of fixed deductions from salary that is used to buy shares four times a year. The employees are offered a discount in the form of a contribution of 25 per cent, limited upwards to NOK 7,500 kroner per year, which corresponds to the maximum tax-exempt discount. Employees will receive one bonus share for every four shares they have owned for more than two years, provided that they are still employed by the Company or have become retired. No other vesting conditions exists in this arrangement.

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

#### Fair value measurement

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

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

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

	Remuneration scheme		Share savings programme	
	2020	2019	2020	2019
Weighted average share price (NOK)	189.00	143.00	192.65	163.02
Expected turnover	I/A	I/A	10%	10%
Expected sale	I/A	I/A	5%	5%
Lock-in period (years)	3	3	2	2
Expected dividend (NOK per share) <sup>1</sup>	6.45	10.92	6.45	10.92

<sup>1</sup> The expected return is based on the Group's actual profit/loss after tax expense as of the third quarter, grossed up to a full year, plus the maximum distribution of dividend corresponding to 00 per cent of the profit after tax expense. This was carried out as a technical calculation because the Company's forecast for the fourth quarter result was not available at the time the calculations were carried out.

#### Payroll expenses

NOK millions	2020	2019
Share-based remuneration for key personnel	1.0	1.2
Share savings programme for employees	0.3	0.3
<b>Total expenses</b>	<b>1.3</b>	<b>1.5</b>

#### Share savings programme

	2020	2019
<b>The number of bonus shares</b>		
Outstanding 1 January	3,359	2,812
Granted during the period	1,506	1,536
Forfeited during the period	(202)	-
Released during the period	(1,698)	(1,304)
Cancelled during the period	(103)	(65)
Movement to/(from) during the period	81	380
<b>Outstanding 31 December</b>	<b>2,943</b>	<b>3,359</b>
<b>Exercisable 31 December</b>		
Average remaining life of outstanding bonus shares	0.96	1.02
Weighted average fair value of bonus shares granted	175.94	135.53
Weighted average share price of bonus shares released during the period	192.65	163.02

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

#### Remuneration scheme

	Number of shares 2020	Number of cash-settled shares 2020	Number of shares 2019	Number of cash-settled shares 2019
<b>The number of shares</b>				
Outstanding 1 January	8,263	7,267	6,912	6,127
Granted during the period	3,682	3,219	4,545	3,972
Exercised during the period	(3,983)	(3,510)	(3,543)	(3,162)
Modification dividend during the period	516	450	349	330
<b>Outstanding 31 December</b>	<b>8,478</b>	<b>7,426</b>	<b>8,263</b>	<b>7,267</b>
<b>Exercisable 31 December</b>				
Average remaining life of outstanding shares	0.80	0.80	0.73	0.73
	2020	2019		
Weighted average fair value of shares granted <sup>2</sup>	189.00	143.00		
Weighted average share price of shares released during the period	201.02	143.00		
Fair value of shares granted that are to be settled in cash	191.40	184.25		

<sup>2</sup> The fair value is calculated based on the market value of the share at the time of allocation.

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

## 26. Interests in associates

NOK millions	Registered office	Interest held	Cost	Carrying amount	Cost	Carrying amount
			31.12.2020	31.12.2020	31.12.2019	31.12.2019
<b>Associates</b>						
Malling & Co Eiendomsfond IS - group policy portfolio	Oslo, Norway	24.0 %	803.2	1,036.4	792.3	958.2
Malling & Co Eiendomsfond IS - investment option portfolio	Oslo, Norway	38.4 %	1,466.8	1,661.4	1,116.6	1,290.3
<b>Total interests in associates</b>		<b>62.4 %</b>	<b>2,270.0</b>	<b>2,697.8</b>	<b>1,908.9</b>	<b>2,248.5</b>
NOK millions	Assets	Equity	Liabilities	Revenues	Profit/(loss)	Profit/(loss) recognised
<b>For the whole company 2020</b>						
<b>Associates - additional information</b>						
Malling & Co Eiendomsfond IS	3,727.4	3,618.2	109.2	103.5	96.6	
<b>For the whole company 2019</b>						
<b>Associates - additional information</b>						
Malling & Co Eiendomsfond IS	3,208.3	3,162.2	46.2	75.9	71.0	

## 27. Right of use property and lease liability

	2020	2019
<b>NOK millions</b>		
<b>Right of use property</b>		
Cost		
As at 1 January	13.1	
Implementation of IFRS 16	27.7	
Disposals	(14.6)	
<b>As at 31 December</b>	<b>13.1</b>	<b>13.1</b>
Depreciation and impairment losses		
As at 1 January	(2.8)	
Depreciation	(2.8)	(2.8)
<b>As at 31 December</b>	<b>(5.6)</b>	<b>(2.8)</b>
<b>Carrying amount as at 31 December</b>	<b>7.5</b>	<b>10.3</b>
Depreciation method	Straight-line	Straight-line
Useful life (years)	3	4
<b>Summary of the lease liability in the financial statements</b>		
As at 1 January	10.3	27.7
Change in lease liability	(15.0)	
New lease liabilities recognized in the year	10.3	12.8
Paid installment (Cash flow)	(2.9)	(3.1)
Paid interest (Cash flow)	0.3	0.7
<b>As at 31 December</b>	<b>7.7</b>	<b>10.3</b>
<b>Undiscounted lease liability and maturity of cash flows</b>		
Less than 1 year	2.9	2.9
1-2 years	2.9	2.9
2-3 years	2.3	2.9
3-4 years	2.2	
<b>Total undiscounted lease liability as at 31 December</b>	<b>8.0</b>	<b>10.9</b>
Interest rate	3.03%	3.03%

To determine whether a contract contains a lease, it is considered whether the contract conveys the right to control the use of an identified asset. This is for Gjensidige Pensjonsforsikring considered to only be the case for office leases. However, the main part of the latter group is exempted for recognition due to low value

The rental period is calculated based on the duration of the agreement plus any option periods if these with reasonable certainty will be exercised. Joint expenses etc. are not recognised in the lease liability for the rental contracts.

The discount rate for the rental contracts is determined by looking at observable borrowing rates in the bond market. The interest rates are adapted to the actual lease contracts duration.

Payment of interest related to lease liabilities is presented as cash flow from financing activities as this is best in accordance with the objective of the rental agreement.

Gjensidige Pensjonsforsikring AS has recognised its lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application, as well as the recognition of related right-of-use assets to an amount corresponding to the lease liability according to the modified retrospective approach.

GPF has not received a reduction in rental costs or other relief as a result of Covid-19, and therefore has no further information in accordance with IFRS 16.60A.

## 28. Work to promote equality and combat discrimination

HR area	Background for measure	Description of measure	Goal of measure	Responsibility	Deadline/ status	Result
Work-life balance	Seminars/meetings/courses are scheduled for evenings or weekends or in locations that require travel	Create awareness of how the choice of time and place for seminars/meetings/courses unintentionally can lead to discrimination and be an obstacle to equality.	Give everyone equal opportunities to attend	EVP Organisation, HR and Investigation	Postponed	Most activities have taken place online in 2020, which means we need to regain focus on this when society opens again.
Work-life balance	Higher turnover among those who have been on parental leave in the past two years than among other employees	Establish network (support group) for employees on parental leave. Establish interview template for managers to be used before, during and after leaves of absence.	Reduce turnover in the group. Help to ensure increase in the proportion of female employees.	EVP Organisation, HR and Investigation	Postponed	For practical reasons, this has been postponed, but the work will resume in 2021.
Prejudice/ attitudes	Attitudes and prejudice among the staff influence our dealings with colleagues, customers and partners.	Completed 'Rosa Kompetanse' webinar and pertaining podcast	Help to ensure that all employees are treated with respect and feel free be themselves in the workplace.	EVP Organisation, HR and Investigation	Initiated	A lot of good feedback. Approx. 130 employees participated. Corresponding webinar scheduled for Q1 2021

HR area	Background for measure What did the survey reveal about discrimination risks and obstacles to equality? Is the measure linked to one or more grounds for discrimination?	Description of measure What measures have been implemented?	Goal of measure How will the measures contribute to greater equality? How do we determine success?	Responsibility Who is responsible for following up and carrying out various measures?	Deadline/s status Deadline? Postponed, started or completed	Result How did the measure and the process work?
<b>Prejudice/attitudes</b>	Attitudes and prejudice among the staff influence our dealings with colleagues, customers and partners. Risk of prejudice and attitudes giving rise to discrimination and creating obstacles to equality	Highlight good examples of workplace inclusion.	Contribute to an inclusive environment in which we acknowledge, develop and capitalise on employees' diversity competence.	EVP Organisation, HR and Investigation	Initiated	Through best-practice interviews on the intranet and Gjensidige TV, we have helped to raise awareness of the importance of workplace inclusion, and that people with slightly different CVs also have a lot to contribute.
<b>Pro-motion</b>	All employees shall be given equal opportunities for career development and promotion	Ensure good gender balance in all personnel processes, including talent programmes, mentor programmes, management development, recruitment	Give all employees equal opportunities and help to raise the proportion of female managers	EVP Organisation, HR and Investigation	Implemented	By raising awareness of the importance of a good gender balance, we see that we have helped to achieve a good gender balance in the different processes that were carried out in 2020.
<b>Pro-motion</b>	All employees shall be given equal opportunities for career development and promotion	All employees shall have their own development plan, and vacancies shall be advertised internally	Give all employees equal opportunities for promotion/internal mobility	EVP Organisation, HR and Investigation	Implemented	According to the HR dashboard for Q4 2020, 72.9% of our employees have active development goals, compared with 69.9% in Q4 2019
<b>Inclusion</b>	Help to give opportunities to people excluded from the labour market (for example with gaps in their CVs)	Actively facilitate workplace inclusion through the inclusion agreement ('We include')	Give more people who are excluded from the labour market a chance with us and create an understanding of the importance of each person's diversity competence.	EVP Organisation, HR and Investigation	Initiated	The work has been demanding because so many of our employees have worked from home, which means we have had fewer work placements / less work training. Despite this, we have recruited employees with gaps in their CVs in 2020 and had candidates on work placements and in work training. Hopefully, the work can be intensified in 2021.

HR area	Background for measure What did the survey reveal about discrimination risks and obstacles to equality? Is the measure linked to one or more grounds for discrimination?	Description of measure What measures have been implemented?	Goal of measure How will the measures contribute to greater equality? How do we determine success?	Responsibility Who is responsible for following up and carrying out various measures?	Deadline/s status Deadline? Postponed, started or completed	Result How did the measure and the process work?
<b>Pay and working conditions</b>	Pay gap between men and women	Review the annual wage settlement to identify any gender-based wage disparities. From 2018, employees returning from at least five months' parental leave have been given an extra salary grade, or 1.3% pay increase.	Equal pay for equal work	EVP Organisation, HR and Investigation	Implemented	At the end of Q4 2020 (Q4 2019), women earned on average 87.4 per cent of what men earn total in Gjensidige Norge.
<b>Diversity</b>	A lot of good work is carried out in relation to diversity and inclusion, but a clear direction and objective is lacking.	Prepare and ensure support for instructions on diversity in the company.	Help to establish a clear direction in the diversity and inclusion work.	EVP Organisation, HR and Investigation	Initiated	Instructions for diversity have been drawn up that will be appended to the company's sustainability policy. Implementation will start in Q1 2021.
<b>Diversity</b>	Contribute to better diversity management	Certify diversity managers	Increasingly acknowledge, develop and capitalise on employees' diversity competence	EVP Organisation, HR and Investigation	Initiated	In 2020, we have certified two diversity managers under the auspices of the centre for diversity management (Seema) and Standards Norway.
<b>Recruitment</b>	Job advertisements appeal more to one of the genders.	Focus on the words used in job advertisements.	Ensure good gender balance and that we attract applicants from different backgrounds with different expertise and experience.	EVP Organisation, HR and Investigation	Implemented	We do not register the gender of applicants and cannot therefore refer to any specific gender balance figures in this context. We are nonetheless of the view that our gender balance has improved and see that more women have been recruited for positions dominated by men this year. By focusing more on the job than on desired qualifications, we see that we attract applicants from other backgrounds than has traditionally been the case. In 2020, we hired more men than women in total.

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<b>Recruit- ment</b>	Ensure fair and gender-neutral recruitment process.	Have at least one applicant from each gender in the final round of interviews for managerial positions.	Good gender balance on management teams.	EVP Organisation, HR and Investigation	Imple- mented	In 2020, the proportion of female managers increased to 39.3% in Q3, compared with 38.3% the same period the year before.
<b>Recruit- ment</b>	Screening and first-time interviews are conducted by the manager.	Use other methods for screening and first-time interviews to ensure it is not the manager's task alone.	Good gender balance and diversity in the further process.	EVP Organisation, HR and Investigation	Initiated	By involving more people, we ensure that the process is more objective and thereby help to reduce the possibility of discrimination.
<b>Social events</b>	All employees shall feel comfortable in social settings	Non-alcoholic beverages must be easily accessible. The same applies to food alternatives.	All employees shall feel that social events are 'open' to everyone.	EVP Organisation, HR and Investigation	Initiated	There have been few social events in 2020 and the work will be carried over to the next year.
<b>Harass- ment, sexual harass- ment and gender- based violence</b>	All employees shall feel that they are treated with respect, consideration and courtesy	Raise employees' awareness of the guidelines to prevent unwanted sexual attention through departmental meetings and ahead of annual parties/Christma s parties/big gatherings. The new guidelines were adopted in 2018, but we bring them up frequently.	Create a safe working environment . Measured through the HSE survey	EVP Organisation, HR and Investigation	Imple- mented	In line with the company's HSE action plan, all managers must have addressed the topic at departmental meetings and carried out risk assessments and pertaining measures. See also the chapter on HSE in the annual report.
<b>Develop- ment opport- unities/ training</b>	All employees shall be given equal opportunities for career development	Facilitate equal opportunities for competence-raising measures, for example by considering the time/place of courses. More continuous employee development with greater opportunity to influence one's own development.	Give all employees equal opportunities for career development	EVP Organisation, HR and Investigation	Initiated	Through the year, we have moved 65% of our competence-raising measures online to ensure the desired development.

## Declaration from the Board and CEO

The Board and the CEO have today discussed and approved the annual report and financial statements for Gjensidige Pensjonsforsikring AS for the calendar year 2020 and as of 31 December 2020 (Annual Report 2020).

We declare that, to the best of our knowledge, the financial statements for 2020 have been prepared in accordance with IFRS as adopted by the EU, and in accordance with additional

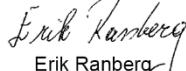
requirements set out in the Accounting Act, and taking into account the limitations of accounting regulations for life insurance. The accounting data provide a true and fair picture of the company's assets, liabilities, financial position and results as a whole, and the annual report gives a true picture of important events in the accounting period and their impact on the financial statements, related material transactions and the most important risks and uncertainties faced by the company in the next accounting period.

Oslo, 11 February 2021  
The Board of Gjensidige Pensjonsforsikring AS

  
Catharina Hellerud  
Chair

  
Kari Østerud

  
Ida Guldberg

  
Erik Ranberg

  
Joakim Gjersøe

  
Torstein Ingebrigtsen  
CEO

Gjensidige is a leading Nordic insurance group listed on the Oslo Stock Exchange. We have about 3,700 employees and offer insurance products in Norway, Denmark, Sweden and the Baltic states. In Norway, we also offer 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 26 billion in 2019, while total assets were NOK 112 billion.