Gjensidige

Annual report 2015

Superior customer experiences and efficient operations in 2015 contributed to record-high customer satisfaction and the best-ever underwriting result for Gjensidige.

The year 2015

Acquisition in Denmark
Gjensidige acquired the general insurance company Mondux.

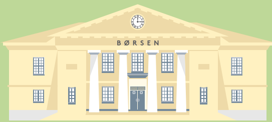
Acquisition in Lithuania
Gjensidige acquired the general insurance company PZU Lietuva.

Traffic safety campaign
Launch of "Stay focused" traffic safety campaign in cooperation with the Norwegian Council for Road Safety. The campaign contributed to increased awareness of the dangers of using mobile phones while driving and won several prizes for innovative use of social media.

Customer dividend
Gjensidige's general insurance customers in Norway received customer dividend for the sixth consecutive year. The Gjensidige Foundation paid approximately NOK 1.8 billion in dividend, for the customers representing 13 per cent of premiums paid.

Record-high customer satisfaction
Customer satisfaction continued to improve in 2015, scoring reaching the highest level since the survey was introduced in 2009. Customers who had a claim or were in touch with us for other reasons were the most satisfied.

Digital customers
The share of customers who accepted digital communication increased from 57 to 62 per cent.



Five years of value creation since listing of the company
Gjensidige's market value increased from NOK 29 billion from December 2010 to NOK 71 billion at year end 2015. The total return over the period was 255 per cent.

Risk scoring for commercial customers
9,000 small and medium-sized companies performed risk evaluation based on digital solutions tailormade for specific industries.

Claims reported online
The share of claims reported online by private customers in Norway increased from 26 to 34 per cent in 2015.

App for teenagers learning to drive
Tventy thousand young drivers downloaded Gjensidige's new app, which makes it easy to register the distance driven and offers helpful hints about traffic safety. Drivers who drive 2,000 kilometers qualify for discounted car insurance from Gjensidige when getting their driver's licence.

Financial calendar 2016

General Meeting	7 April
Ex dividend date	8 April
Q1-result	28 April
Q2-result	15 July
Q3-result	26 October

About the reporting

Gjensidige publishes a web-based annual report on www.gjensidige.no/reporting. The annual report 2015 will not be printed.

Find further information about the Group on www.gjensidige.no/group

In case of any discrepancies, the Norwegian version of the annual report shall prevail.

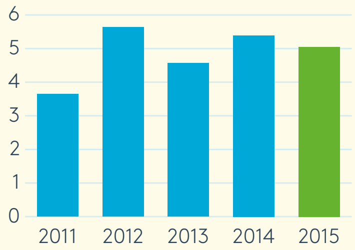
Content

Gjensidige recorded a profit after tax of NOK 3.8 billion in 2015, corresponding to a return on equity of 17.4 per cent. For the general insurance operation the premium growth was 4.3 per cent and the combined ratio was 83.7 per cent. The earnings per share was NOK 7.57 and the Board has proposed a dividend of NOK 8.40 per share.

Key figures

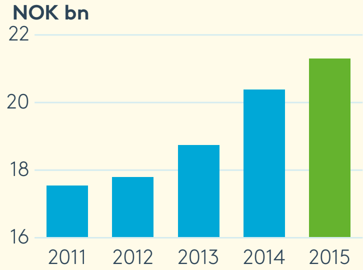
Profit before tax

NOK bn



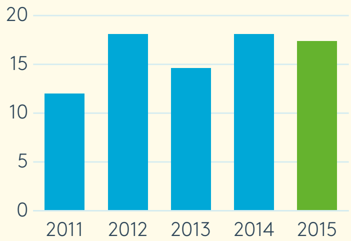
Earned premiums general insurance

NOK bn



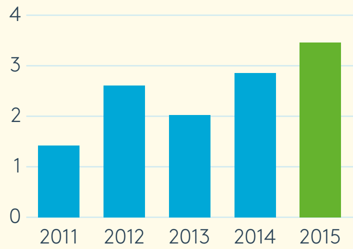
Return on equity

%



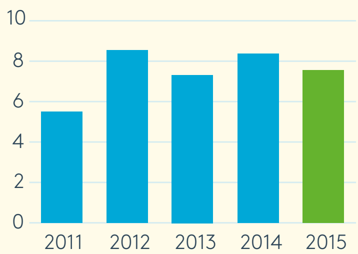
Underwriting result general insurance

NOK bn



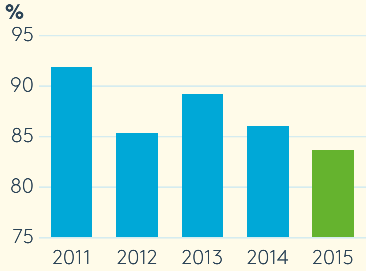
Earnings per share

NOK



Combined ratio general insurance

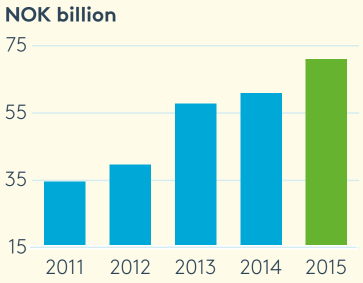
%



8.40..

...NOK per share in proposed dividend

Market value as at 31.12.

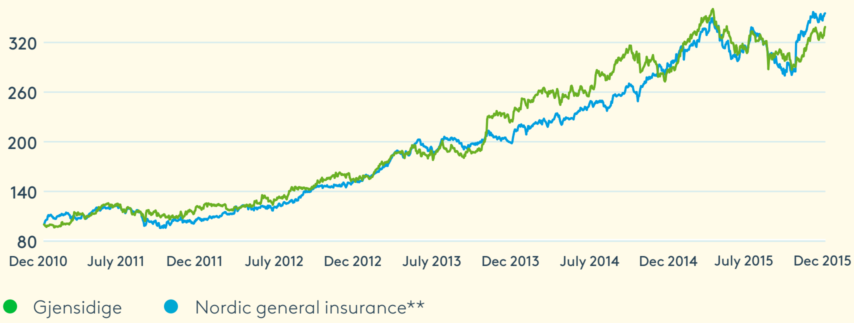


Dividend per share

	Based on profit for the year	Distribution of excess capital
2015*	NOK 6.40	NOK 2.00
2014	NOK 5.90	
2013	NOK 6.80	NOK 10.00
2012	NOK 6.85	
2011	NOK 4.55	

* Proposed

Total return*



* Dividend reinvested
** Non-weighted average in local currency for Tryg, Topdanmark, Sampo and Alm.Brand.

Total return *	Last year	Last two years	Since IPO 10.12.2010
Gjensidige	22%	48%	255%
Nordic general insurance**	19%	58%	239%

* Dividend reinvested
** Non-weighted average in local currency for Tryg, Topdanmark, Sampo and Alm.Brand.

Financial key figures

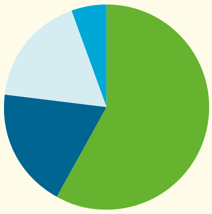
Results		2015	2014	2013	2012	2011
Earned premiums, general insurance	NOK million	21,272.0	20,386.8	18,736.9	17,797.3	17,548.1
Other operating income	NOK million	2,883.4	2,711.9	2,147.6	1,720.4	1,833.4
Net income from investments	NOK million	1,473.3	2,475.6	2,538.1	3,055.8	2,375.6
Claims incurred, general insurance	NOK million	(14,597.5)	(14,470.4)	(13,859.6)	(12,437.7)	(13,249.3)
Other claims incurred, losses etc.	NOK million	(1,927.8)	(1,892.4)	(1,435.7)	(1,150.0)	(987.9)
Operating expenses, general insurance	NOK million	(3,217.6)	(3,054.0)	(2,857.8)	(2,751.8)	(2,877.9)
Other operating expenses	NOK million	(836.0)	(758.0)	(695.4)	(600.4)	(994.6)
Tax expense	NOK million	(1,265.0)	(1,210.0)	(903.5)	(1,353.5)	(899.5)
Profit for the year	NOK million	3,784.7	4,189.6	3,670.6	4 ,280.1	2,747.9
Underwriting result, general insurance [1]	NOK million	3,456.9	2,862.3	2,019.6	2,607.8	1,421.0
Run-off results, general insurance [2]	NOK million	724.8	493.7	299.6	342.0	366.3
Combined ratio [3]	%	83.7	86.0	89.2	85.3	91.9
Loss ratio [4]	%	68.6	71.0	74.0	69.9	75.5
Cost ratio [5]	%	15.1	15.0	15.3	15.5	16.4

Balance sheet		2015	2014	2013	2012	2011
Investment portfolio [6]	NOK million	57,173.9	56,538.8	58,148.2	56,296.0	54,486.7
Provisions for unearned premiums, gross	NOK million	13,097.2	11,944.6	11,049.2	10,141.6	9,531.4
Claims provisions, gross	NOK million	33,178.5	32,926.9	31,749.6	29,562.3	29,961.6
Equity	NOK million	23,330.6	21,656.8	26,287.8	25,617.7	23,228.6
Total equity and liabilities	NOK million	129,264.4	113,982.0	108,946.3	94,207.1	88,491.9
Solvency margin capital [7]	NOK million	12,806.7	12,312.9	12,905.2	16,288.6	15,179.3
Solvency margin [8]	%	351.6	366.5	423.8	545.1	535.2
Capital adequacy ratio [9]	%	17.1	18.1	13.4	16.8	16.2

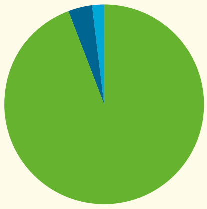
Return		2015	2014	2013	2012	2011
Return on financial assets [10]	%	2.6	4.3	4.3	5.4	4.4
Return on equity [11]	%	17.4	18.1	14.6	18.1	12.0

1 Underwriting result, general insurance = earned premiums - claims incurred etc. - operating expenses
2 Run-off gains/(losses) = changes in estimates from earlier periods. Reserving is based on best estimate, and expected run-off result over time is zero.
3 Combined ratio = claims ratio + cost ratio
4 Loss ratio = claims incurred etc. /earned premium
5 Cost ratio = operating expenses/earned premium
6 Investment portfolio includes all investment funds in the Group, except Pension and Savings and Retail Bank
7 Solvency margin capital is the sum of Gjensidige Forsikring ASA's primary capital, according to the capital ratio calculation, and other solvency margin capital, which in Gjensidige Forsikring is security provision above 55 per cent of minimum requirement, 25 per cent of natural perils fund and a deduction for relevant discounting effects in claims provision. This year's solvency margin capital is adjusted for the Board's proposed dividend for the financial year 2015.
8 Solvency margin is solvency margin capital in per cent of solvency margin minimum requirement, where solvency margin minimum requirement is a measure of the inherent risk in the insurance related liabilities (in Gjensidige Forsikring ASA).
9 Capital adequacy ratio = net subordinated capital/risk-weighted calculation basis, calculated on the basis of NGAAP for the Group. This year's capital adequacy ratio is adjusted for the Board's proposed dividend for the financial year 2015.
10 Return on financial assets = net financial income as a percentage of the average financial assets including property (excluding Pension and Savings and Retail Bank)
11 Return on equity = profit after tax expense for the period/average equity for the period

Employees per country as at 31.12.2015



Employees per business area as at 31.12.2015



Health, safety and the environment		2015	2014	2013	2012	2011
Sickness absence (Self-certified and doctor-certified), Gjensidige Forsikring Norway	%	4.1	4.7	5.1	4.6	5.2
Injuries, Gjensidige Forsikring	Number	0	0	0	0	0
Turnover of employees, Gjensidige Forsikring	%	9.6	8.7	9.7	16.6	11.6

Employees		2015	2014	2013	2012	2011
Number of employees in the Group	Persons	3,908	3,525	3,377	3,377	3,163
Average age Gjensidige Forsikring	Years	44.3	43.1	44.4	44.4	44.3
Average amount spent on skills development per employee	NOK	17,500 [1]	17,500[1]	15,800 [1]	15,800 [1]	13,200
Participation in a training programme	Days	5,524	7,400	8,900	8,900	6,200

[1] Starting in 2013, the amount refers to the Group as a whole. Figures for 2012 are adjusted accordingly.

Tiden går
Gjensidige består

Solid position entering Gjensidige's 200th anniversary year

In 2015, Gjensidige achieved new record-strong underwriting results. The market position in Norway remained stable, whereas some strengthening was seen outside Norway. The customer satisfaction at year-end was higher than ever. The finance market was demanding, but relevant products and services, good customer and risk selection, correct risk pricing and a favourable weather situation contributed to the best underwriting result in Gjensidige's history. The Retail Bank and Pension and Savings also delivered record results.

We maintained our position as market leader in Norway despite tough competition throughout 2015 in both the private and commercial markets.

Customer loyalty remained high, and the company enjoyed the best reputation among Norwegian financial players last year as well. We have succeed in offering our customers a wide range of relevant products and services in combination with good customer experiences throughout the value chain. Moreover, our unique customer dividend model had a positive effect on our competitiveness in Norway in 2015 as well.

During the year, we took important steps to strengthen our foundation for further growth in the Nordic region and the Baltic states. After the acquisitions of the companies Mondux in Denmark and PZU in Lithuania, almost 30 per cent of our earned premiums come from markets outside Norway. We further consolidated our position in the Danish market, where growth and profitability have shown positive development for several years. In Sweden, we have implemented measures to transfer best practice and improve profitability going forward. Under the new management in the Baltics, we started the work of integrating PZU in autumn 2015, and Gjensidige will be a key player in the further development of the Baltic insurance market in the time ahead.

Digitalisation had a central place in our work in 2015, both internally and in relation to our customers. Our technology and development resources were merged in a new organisational entity to ensure speedier development and the use of best practice across departments and national borders. A new phone system was introduced in summer 2015, and further development of the system in 2016 and 2017 will contribute to rationalisation and better customer experiences. The launch of our new online shop, a new app for insurance and banking services, value-adding services and digital marketing contributed to increased online sales in the Norwegian private market. More and more customers used our self-service solutions. At year-end, 62 per cent of our customers in Norway had consented to electronic communication, and 34 per cent of frequency claims from private customers in Norway were reported online in 2015. Our private customers now get advice and tips tailored to their individual insurance needs when they log into gjensidige.no. Better use of customer and market data also helps us to offer even better advice when customers choose to contact us by telephone.

Digital solutions are becoming more and more important also in the commercial market, as more and more enterprises now prefer to make changes to their insurance policies themselves online. In 2015, nearly 9,000 commercial customers used our new solution to map industry-specific risks. The solution provides better insight into possible loss prevention and risk-reduction measures and will also be used for risk selection and portfolio management going forward.

Changes in customer behaviour and better utilisation of technology and data mean many new opportunities for the general insurance industry, among other things through products and services relating to smart homes and cars, health and lifestyle, and participation in new ecosystems. Gjensidige is closely monitoring developments. Many people ask us how Gjensidige will be affected by the sharing economy, where internet-based companies help customers and users to find each other and share the transaction costs associated with buying, hiring or exchanging services. We see many opportunities in this context. We will continue our work on digitalisation, product simplification and the development of value-adding services, and we will be open to new forms of partnership and collaboration. Furthermore, it is becoming more and more clear to me that Gjensidige actually has 200 years' experience of the sharing economy; our business model has always been based on customers sharing the risk if something were to happen.

In 2016, Gjensidige will celebrate that it has a history in Norway dating back 200 years. We are well prepared for the next 200. Time passes – Gjensidige endures.

Helge Leiro Baastad

Helge Leiro Baastad
CEO

**Gjensidige is a Nordic general insurer.
The Group safeguards life, health and assets for private and commercial customers in Norway, Denmark, Sweden, Lithuania, Latvia and Estonia. In Norway, products within banking, pension and savings are also offered.**

Operations in brief

Gjensidige is market leader in the Norwegian general insurance market, where the Group has very high brand recognition and preference. Gjensidige was the leading player in Norwegian non-marine general insurance in 2015 as well, and has a solid position for further growth in the Nordic countries and Baltic states.

The Group's activities are divided into six segments. Management of the investment portfolio comes in addition.

Strategy

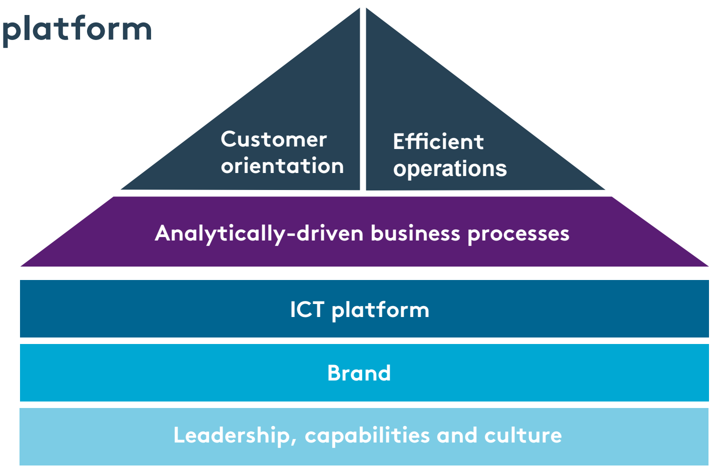
A strong focus on customers is the core of Gjensidige's strategy. Backed by a down-to-earth business culture and analytically-driven core operations, this will give Gjensidige a competitive advantage.

Gjensidige is working systematically to become the most customer-oriented general insurance company in the Nordic region. It is a bold ambition that requires continuous improvement of the customer experience in all channels and in connection with all events. The customer perspective shall also form the basis for the efficiency and improvement agenda throughout the Group.

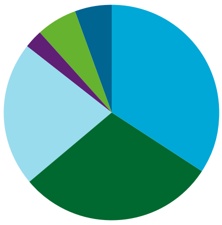
Further development of seamless multi-channel distribution and a shift in focus from products to services are crucial to realising the Group's ambition for customer orientation.

- Changes in technology and customer behaviour mean that increasingly close cooperation is required between the channels. For example, more and more customers expect to be served via call centres, while also being able to contact Gjensidige on the internet.
- A good understanding of customers' everyday processes is fundamental if we are to succeed in developing new, relevant services.

Strategic platform



Income per segment



The distribution is based on earned premiums /income, excluding corporate center and other income including eleminations.

- Customers' needs and behaviour are changing faster than ever. It is therefore paramount to reduce the time it takes to develop and launch new customer-oriented services.

Good self-service solutions combined with more automated processes will underpin the focus on customer orientation and ensure continued cost-efficiency and competitiveness.

Information is a strategic resource for Gjensidige. The work on ensuring good data quality, efficient data collection processes, availability, reporting and analysis will therefore be strengthened.

Without motivated and enthusiastic managers and employees who have the right expertise and attitudes, the strategic ambitions cannot be realised. A higher pace of change – not least as regards technology and customer behaviour – means that a transition must be made from traditional training-based competence-raising measures to a dynamic learning culture driven by individual managers and employees. Competence-sharing shall increasingly take place through data-driven work processes, and an overall understanding is created through internal rotation of managers and staff.

Gjensidige Bank and Gjensidige Pensjon og Sparing play an important strategic role in relation to Gjensidige's position in the Norwegian market. Customer solutions and concepts for customers holding a broad product range will continue to be important in both the private and commercial markets.

Financial targets

Area	Target	Achievement 2015
Group		
Return on equity	>15 per cent	17.4 per cent
Dividend*	Nominal high and stable. Payout ratio >70 per cent	Nominal +8.5 per cent Payout ratio 84.5 per cent
Rating	Maintain A rating from S&P	A rating confirmed in July
General insurance		
Combined ratio	86-89 per cent**	83.7 per cent
Cost ratio	~15 per cent	15.1 per cent

* Dividends based on profit for the year. Excess capital distribution not included.
** Combined ratio target on an undiscounted basis, assuming ~4 pp run-off gains next 3-5 years and normalised large losses impact. Beyond the next 3-5 years, the target is 90-93 given 0 pp run-off.

General Insurance Private

Private Norway offers a wide range of general insurance products and services in the Norwegian private market. The products are sold mainly through own distribution channels. With loyal customers and a strong brand Gjensidige is the market leader in the general insurance market for private customers.

2015

Customer orientation and measures aimed at retaining customers were the main priorities in the Private segment in 2015. At the same time, continuous work on the tariffs and improved customer and risk selection contributed to better quality in the customer portfolio, solid growth and good profitability.

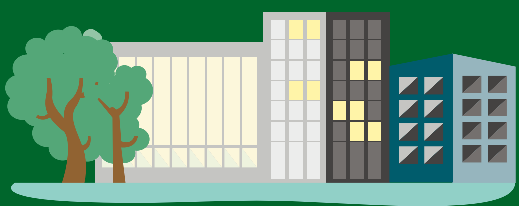
Outlook

Continuous work is being done in the Private segment on measures aimed at retaining customers and improving the quality of all customer processes. Improved availability, simplification of products and processes and more digitalisation are prioritised in order to support the Group's financial targets and improve customer orientation.

Competition is strong, both from established financial players and from some smaller niche players, but Gjensidige's competitiveness in the Norwegian private market is still good.

General Insurance Commercial

Commercial Norway offers a wide range of general insurance products to the commercial, agriculture and municipality markets in Norway. The sale is primarily through own distribution channels, and only 20 per cent of the premium volume is brokered business. Gjensidige is the market leader within general insurance to the commercial market. The main part of the customer portfolio consists of small and medium-sized enterprises and agricultural customers.



2015

Digital solutions, better risk pricing and more efficient service processes were the main priorities in the Commercial segment in 2015. In connection with the work on increasing customer satisfaction and improving risk pricing, the methodology for systematic risk management was further refined.

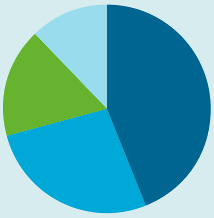
Increased automation and simplification of the distribution model improved the customer experience and led to improved operational efficiency in the organisation.

Outlook

The Commercial segment is particularly focused on efforts to improve risk pricing and processes relating to simplification and automation. Continuous focus on delivering the best customer experience in combination with analytically-driven and efficient operations will help to ensure that the Company is forward-looking and customer-oriented.

There is increasing competition for commercial customers among established and new insurance companies, at the same time as the growth rate in the market is slowing down. The pressure on prices is expected to continue. Seen in light of the market conditions, Gjensidige is pleased with the renewals into 2016.

Distribution earned premiums



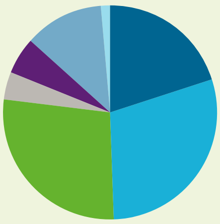
Key figures Private

NOK million	2015	2014	2013
Earned premiums	8,152.3	8,124.1	7,799.0
Underwriting result	**2,208.1**	**1,624.0**	**1,305.5**
Loss ratio	60.2%	67.3%	70.1%
Cost ratio	12.7%	12.7%	13.2%
Combined ratio	72.9%	80.0%	83.3%

Market shares

Source: Finance Norway, based on written premiums 4th quarter 2015

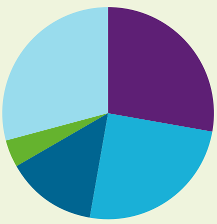
Distribution earned premiums



Key figures Commercial

NOK million	2015	2014	2013
Earned premiums	7,076.8	6,847.2	6,564.7
Underwriting result	**1,440.8**	**1,285.4**	**1,030.7**
Loss ratio	68.2%	70.0%	72.9%
Cost ratio	11.4%	11.3%	11.4%
Combined ratio	79.6%	81.2%	84.3%

Market shares



Source: Finance Norway, based on written premiums 4th quarter 2015

General Insurance Nordic

The Nordic segment comprises the Group's operations in the Danish and Swedich private, commercial and municipality markets. Gjensidige has own distribution in these markets, as well as distribution through a series of partners and via brokers. In Denmark the Nykredit Group is a central distribution partner. Gjensidige has a scalable business model in the Nordics, which gives a good position for further growth.

2015

Important priorities in 2015 included integration activities relating to companies and portfolios acquired in the last few years. Further, work has been done towards continuous strengthening of the distribution collaborations. The focus on continuous development of the business model, portfolio management and repricing contributed to maintaining good quality in the portfolios and a satisfactory profitability development.

Outlook

Gjensidige's Nordic operations shall contribute to economies of scale, diversification of risk and increased competitiveness. The Nordic general insurance markets are relatively consolidated, but Gjensidige expects that it will be possible to grow selectively through a patient, rational approach to new opportunities. The implementation of new tariffs and steps to achieve a higher proportion of self-service will be prioritised in 2016. Focus on integrating and capitalising on business synergies in connection with portfolio acquisitions and distribution collaborations will continue, and the volatility in the Swedish portfolio will be reduced.

There is strong competition in the markets Gjensidige operates in, and the pressure on prices seems to have intensified in the motor insurance market in general, as well as in the market for commercial customers and the municipal market.

General Insurance Baltics

Gjensidige's Baltic operations offer general insurance products to private and commercial customers in Lithuania, Latvia and Estonia. The products are distributed through own channels, agents and brokers. In 2015 Gjensidige aqcuired PZU's business in Lithuania, and is now the 4th largest player pan-Baltic. The Baltics insurance market is immature, and Gjensidige is well positioned for future growth.

2015

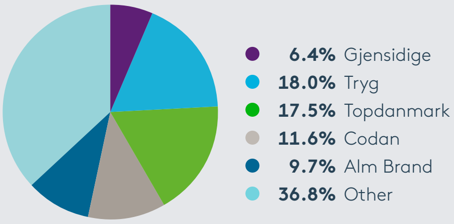
Gjensidige bought PZU Lietuva in 2015 and almost doubled its size in the Baltics. Profitability is given priority in a market with considerable price competition, and targeted efforts to rationalise operations and restructure and reprice portfolios were prioritised in 2015.

Outlook

Gjensidige's target is to be one of the leading insurance companies in the Baltic states. The market is relatively immature, and a significant proportion of both the private and the commercial segments is still uninsured. Growth is expected in step with the improvement in the general economic situation and increase in the standard of living.

Following the acquisition of PZU Lietuva, Gjensidige is the second-largest general insurance company in Lithuania and the fourth largest player in the Baltic region. An improvement programme including investments in IT systems, product development, tariff programmes, distribution, CRM and claims operation is launched in order to position the Company for expected future growth and improved profitability. The Baltic operation is expected to break-even during 2017 and be profitable from 2018.

Market shares Denmark

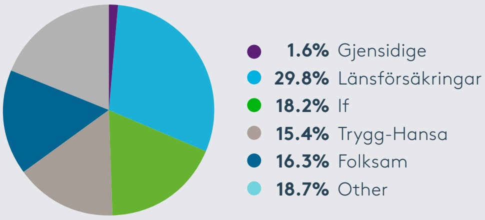


Source: The Danish Insurance Association, based on gross premiums earned 4th quarter 2014

Key figures Nordic

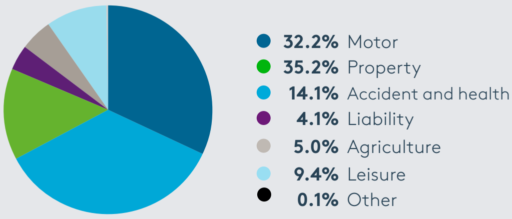
NOK million	2015	2014	2013
Earned premiums	5,233.3	4,762.9	3,783.5
Underwriting result	**509.1**	**384.3**	**304.5**
Loss ratio	74.6%	75.4%	75.0%
Cost ratio	15.6%	16.6%	16.9%
Combined ratio	90.3%	91.9%	92.0%

Market shares Sweden



Source: Insurance Sweden, based on earned premiums 2015

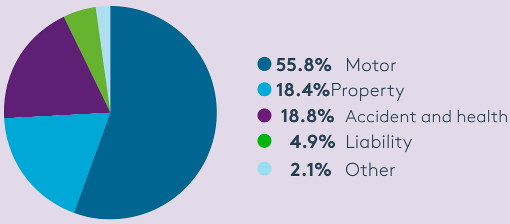
Distribution earned premiums



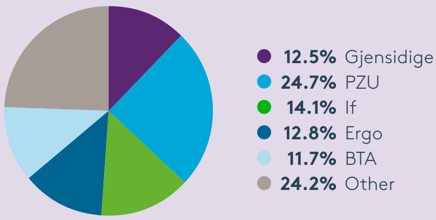
Key figures Baltics

NOK million	2015	2014	2013
Earned premiums	642.0	523.0	510.8
Underwriting result	**(98.9)**	**0.6**	**35.7**
Loss ratio	81.8%	72.1%	67.1%
Cost ratio	33.6%	27.8%	25.9%
Combined ratio	115.4%	99.9%	93.0%

Distribution earned premiums



Market shares



Source: Baltics Insurance Supervisory Authorities of Latvia and Lithuania, Estonia Statistics, competitor reports, and manual corrections. Based on gross written premiums for 2015.

Pension and Savings

Pension and Savings shall contribute to sales of a wide range of products to general insurance customers in Norway by offering pension and savings products, mainly to the Norwegian commercial market. The products are distributed directly by Gjensidige and via selected cooperation partners. Gjensidige is the fourth largest player in the market for defined contribution unit linked products.

2015

Pension and Savings is a growth area for Gjensidige in Norway. As many as 85 per cent of the customers were also general insurance customers at year-end 2015. Further development of competitive products and customer solutions was prioritised in 2015, and portfolio growth was good.

Outlook

Pension and Savings is a priority area that helps to make Gjensidige a complete supplier of insurance and pension products. The business contributes to stronger customer relations and loyalty among the general insurance customers.

The market for defined contribution pensions is growing and Gjensidige is well-positioned to participate in it. The positive growth rate is expected to continue.

Retail Bank

Gjensidige Bank is a pure internet bank which shall contribute to sales of a wide range of products to general insurance customers in Norway. The bank offers mortgages, car financing, unsecured lending, savings, credit cards and day-to-day banking services. Distribution is mostly online, and customer service may be reached on the phone, via chat and at Gjensidige's financial offices. Car financing is also distributed through car dealers.

2015

The work to secure product broadening, particularly towards the affinity customers in the general insurance operation, was central in 2015. Lending growth was high, and lending to the Group's general insurance customers consisted 77 per cent of the total lending volume in the bank at the end of the year.

Outlook and priorities

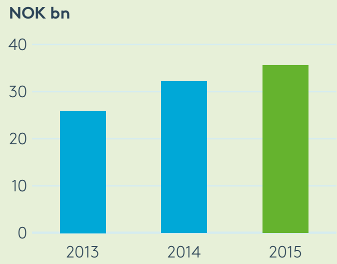
Gjensidige Bank shall primarily underpin the Norwegian general insurance business by making a wider product range available to existing general insurance customers in Norway. The bank will continue to offer a wide range of financial services through customer-friendly online solutions, Gjensidige's financial offices and cooperating car dealers.

Based on a full range of banking products and attractive terms for the private market, the bank shall contribute to the Group's growth and profitability.

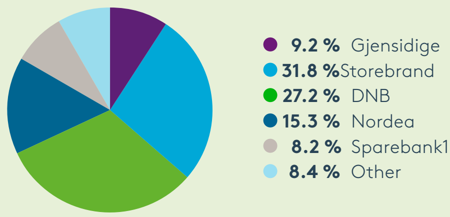
Key figures Pension and Savings

NOK million	2015	2014	2013
Net insurance revenue	155.9	136.0	124.4
Net operating income	**53.4**	**12.7**	**24.6**
Profit/(loss) before tax expence	**84.2**	**43.9**	**49.9**

Assets under management



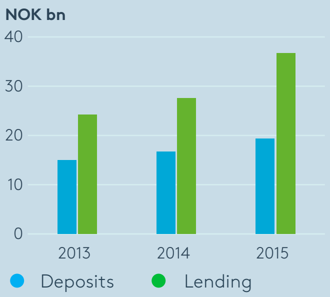
Market shares defined contribution*



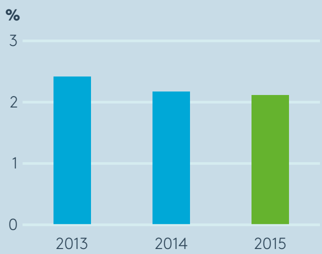
Source: Finance Norway, 3rd quarter 2015, Assets under management

* Unit linked

Deposits and lending as at 31.12.



Net interest margin



Net interest margin = net interest income/average total assets

Key figures Retail Bank

NOK million	2015	2014	2013
Net interest income	721.2	613.8	546.1
Total income	**725.2**	**663.2**	**599.5**
Write-downs and losses	(62.3)	(51.8)	(67.1)
Profit/(loss) before tax expense	**303.6**	**253.5**	**191.0**

The purpose of the investment portfolio is primarily to cover the actuarial liabilities and to achieve the Group target return on equity. At the end of 2015, the portfolio totalled NOK 57.2 billion.

Asset management

The Group's investment portfolio includes all investment funds in the Group, except for investment funds in the Pension and Savings and Retail Bank segments. A large part of the management is outsourced to external managers, while the Group's investment function concentrates on asset allocation, risk management and the selection of managers. Direct property investments are made via the 50% owned property company Oslo Areal.

The investment portfolio is split into two parts: a match portfolio and a free portfolio. The match portfolio is intended to correspond to the Group's technical provisions. It is invested in fixed-income instruments with a duration matched to the duration of the technical provisions.

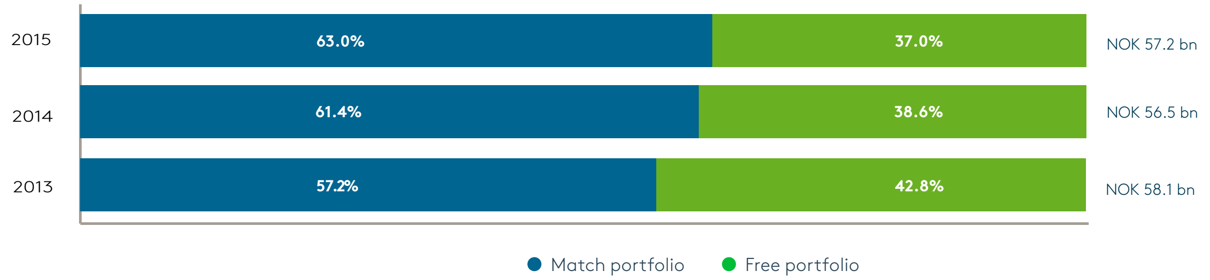
The free portfolio consists of various assets. The allocation of assets in this portfolio must be seen in connection with the Group's capitalisation and risk capacity, as well as the Group's risk appetite at all times. Generally, currency risk in the investment portfolio is hedged close to 100 per cent, within a permitted limit of +/- ten per cent per currency.

At year-end 2015, the investment portfolio totalled NOK 57.2 billion. The financial result was NOK 1.5 billion, which corresponds to a return on financial assets of 2.6 per cent.

Financial assets and properties

NOK million	Return in per cent 2015	2014	2013	Result 2015	2014	2013
Match portfolio	2.8	3.2	3.6	982.0	1,071.2	1,201.9
Free portfolio	2.3	5.8	5.4	510.4	1,355.1	1,279.0
Financial result from the investment portfolio	**2.6**	**4.3**	**4.3**	**1,492.4**	**2,426.3**	**2,480.9**
Net income from investments				**1,473.3**	**2,475.6**	**2,538.1**

Portfolio composition as at 31.12.



Additional information

		2015	2014	2013
Group				
Return on financial assets [1]	%	2.6	4.3	4.3
Equity	NOK million	23,330.6	21,656.8	26,287.8
Return on equity before tax [2]	%	23.2	23.3	18.3
Return on equity after tax [2]	%	17.4	18.1	14.6
Equity per share	NOK	46.7	43.3	52.6
Capital adequacy ratio [3]	%	17.1	18.1	13.4
Solvency margin capital Gjensidige Forsikring [4]	NOK million	12,806.7	12,312.9	12,905.2
Solvency margin Gjensidige Forsikring [5]	%	351.6	366.5	423.8
Share capital				
Issued shares at the end of the period	Number	500,000,000	500,000,000	500,000,000
Earnings per share in the period, basis and diluted [6]	NOK	7.57	8.38	7.34
General insurance				
Market share non-marine insurance Norway (Finance Norway)	%	25.3	25.3	25.3
Gross premiums written				
Private	NOK million	8,269.1	8,296.3	8,013.8
Commercial	NOK million	7,434.9	7,250.3	6,930.2
Nordic	NOK million	5,430.0	4,961.4	3,991.3
Baltics	NOK million	702.9	512.5	532.7
Corporate Centre/reinsurance	NOK million	138.7	143.3	163.4
Total	NOK million	21,975.6	21,163.8	19,631.4
Premiums, net of reinsurance [7]	%	97.9	97.7	97.1
Earned premiums				
Private	NOK million	8,152.3	8,124.1	7,799.0
Commercial	NOK million	7,076.8	6,847.2	6,564.7
Nordic	NOK million	5,233.3	4,762.9	3,783.5
Baltics	NOK million	642.0	523.0	510.8
Corporate Centre/reinsurance	NOK million	167.7	129.6	78.9
Total	NOK million	21,272.0	20,386.8	18,736.9
Loss ratio [8]				
Private	%	60.2	67.3	70.1
Commercial	%	68.2	70.0	72.9
Nordic	%	74.6	75.4	75.0
Baltics	%	81.8	72.1	67.1
Total	%	68.6	71.0	74.0
Cost ratio [9]				
Private	%	12.7	12.7	13.2
Commercial	%	11.4	11.3	11.4
Nordic	%	15.6	16.6	16.9
Baltics	%	33.6	27.8	25.9
Total	%	15.1	15.0	15.3

		2015	2014	2013
Combined ratio [10]				
Private	%	72.9	80.0	83.3
Commercial	%	79.6	81.2	84.3
Nordic	%	90.3	91.9	92.0
Baltics	%	115.4	99.9	93.0
Total	%	83.7	86.0	89.2
Combined ratio discounted [11]	%	82.3	83.4	85.9
Pension and Savings				
Assets under management pension, at the end of the period	NOK million	20,033.0	17,196.3	13,953.8
of which the group policy portfolio	NOK million	4,877.5	4,186.8	3,553.2
Assets under management savings, at the end of the period	NOK million	15,555.1	15,018.2	11,896.4
Operating margin [12]	%	19.37	5.43	11.89
Recognized return on paid-up policy portfolio [13]	%	5.43	4.63	4.57
Value-adjusted return on paid-up policy portfolio [14]	%	5.42	4.63	4.67
Customers with insurance agreements at the end of the period	%	84.5	84.6	84.6
Return on equity before tax [2]	%	14.1	7.8	9.7
Return on equity after tax [2]	%	10.0	5.7	6.8
Retail Bank				
Gross lending, addition in the period	NOK million	9,189.0	3,352.6	6,869.7
Deposits, addition in the period	NOK million	2,653.9	1,765.1	3,357.8
Gross lending, at the end of the period	NOK million	36,735.5	27,546.5	24,193.9
Deposits at the end of the period	NOK million	19,357.2	16,703.4	14,938.3
Deposit-to-loan ratio at the end of the period [15]	%	52.7	60.6	61.7
Net interest margin [16]	%	2.12	2.17	2.42
Write-downs and losses [17]	%	0.20	0.20	0.32
Cost/income ratio [18]	%	49.5	54.0	56.9
Customers with insurance agreement at the end of the period	%	45.2	45.7	44.6
Capital adequacy [19]	%	16.1	15.9	14.6
Core capital adequacy [20]	%	14.2	14.1	14.6
Return on equity before tax	%	13.8	13.2	12.0
Return on equity after tax [2]	%	10.3	9.6	8.6

1 Return on financial assets = net financial income in per cent of average financial assets including property, excluding Pension and Savings and Retail Bank
2 Return on equity before/after tax expense = profit before/after tax expense for the period/average equity for the period
3 Capital adequacy ratio = net subordinated capital/risk-weighted calculation basis, calculated on the basis of NGAAP for the Group. This year's capital adequacy ratio is adjusted for the Board's proposed dividend for the financial year 2015.
4 Solvency margin capital is the sum of Gjensidige Forsikring ASA's primary capital, according to the capital ratio calculation, and other solvency margin capital, which in Gjensidige Forsikring is security provision above 55 per cent of minimum requirement, 25 per cent of natural perils fund and a deduction for relevant discounting effects in claims provision. This year's solvency margin capital is adjusted for the Board's proposed dividend for the financial year 2015.
5 Solvency margin is solvency margin capital in per cent of solvency margin minimum requirement, where solvency margin minimum requirement is a measure of the inherent risk in the insurance related liabilities (in Gjensidige Forsikring ASA).
6 Earnings per share in the period = the shareholders' share of the profit or loss for the period/average number of outstanding shares in the period
7 Premiums, net of reinsurance = gross premiums written, net of reinsurance/gross premiums written (general insurance)
8 Loss ratio = claims incurred etc./earned premiums
9 Cost ratio = operating expenses/earned premiums
10 Combined ratio = loss ratio + cost ratio
11 Combined ratio discounted = combined ratio if claims provisions had been discounted
12 Operating margin = operating result/(net insurance-related income + management income etc.)
13 Recognised return on the paid-up policy portfolio, in per cent = realised return of the portfolio
14 Value-adjusted return on the paid-up policy portfolio, in per cent = total return of the portfolio
15 Deposit-to-loan ratio = deposits as a per centage of gross lending
16 Net interest margin = net interest income/average total assets
17 Write-downs and losses = write-downs and losses/average gross lending
18 Cost/income ratio = operating expenses/total income
19 Capital adequacy = primary capital/basis of calculation for credit risk, market risk and operational risk
20 Core capital adequacy = core capital/basis of calculation for credit risk, market risk and operational risk.

The Gjensidige share yielded a total return of 22 per cent in 2015. At year-end Gjensidige was the seventh largest company listed on Oslo Stock Exchange, with a market cap of NOK 71 billion. Earnings per share was NOK 7.57 in 2015, and the Board has proposed a dividend of NOK 8.40 per share.

Investor information

Gjensidige shall maintain an open dialogue with all stakeholders and complies with the Oslo Børs Code of Practice for IR. Established guidelines for investor relations can be found on www.gjensidige.no/ir

Every quarter, the results and business operations are discussed in meetings with analysts and investors. As a main principle, investor relations is always present at these meetings, possibly in addition to the CEO and/or CFO or other relevant senior management from the company.

Dividend and dividend policy

Gjensidige targets high and stable nominal dividends, over time a minimum of 70 per cent of the profit after tax. When determining the size of the dividend, the expected future capital need will be taken into account. Over time, Gjensidige will also pay out excess capital above the targeted capitalisation.

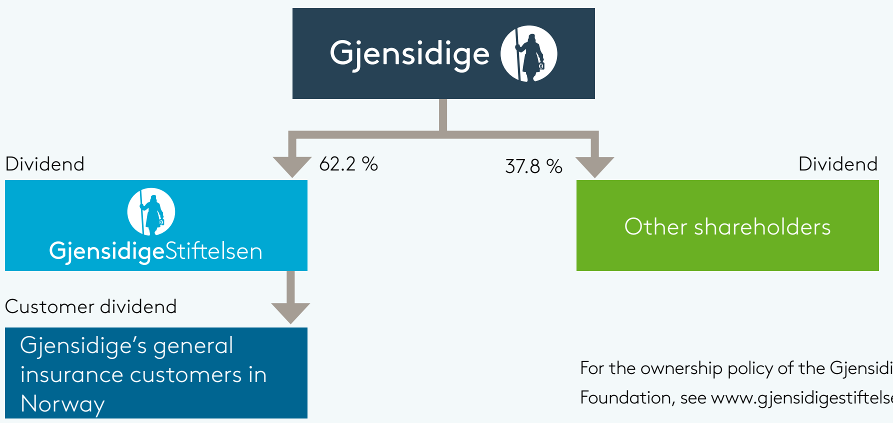
A total dividend of NOK 8.40 per share is proposed for the 2015 financial year. Of this amount, NOK 6.40 is based on the profit for the year after tax. This corresponds to 84.5 per cent of the profit after tax. The remaining NOK 2.00 per share is related to distribution of excess capital and contributes to ensuring an optimal capital structure.

Dividend will be approved by the Annual General Meeting on 7 April 2016 and paid to shareholders registered on the date of the General Meeting. The Gjensidige share is traded ex dividend on 8 April 2016, the record date is 11 April 2016, and dividend is to be paid on 19 April 2016.

Customer dividend

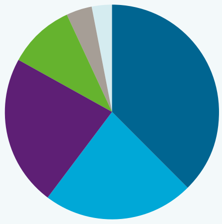
The Gjensidige Foundation is the largest shareholder in Gjensidige. It distributes the share dividends it receives from Gjensidige, to Gjensidige's general insurance customers in Norway. The customer dividend is based on dividends related to the annual result, whereas dividends related to distribution of excess capital is managed by the Gjensidige Foundation.

The customer dividend is distributed to the customers based on insurance premiums paid for the accounting year the share dividend relates to. It is paid to those who are still customers of Gjensidige at the time of the Gjensidige Foundation's General Meeting approving the customer dividend.



For the ownership policy of the Gjensidige Foundation, see www.gjensidigestiftelsen.no

Geographical distribution of shares as at 31.12 2015



Distribution of shares excluding shares owned by the Gjensidige Foundation

The customer dividend for 2014 represented around 13 per cent of premiums paid. The Board of the Gjensidige Foundation has proposed that the dividend for 2015 be distributed to Gjensidige's general insurance customers in Norway.

Ownership

At the end of 2015, Gjensidige had about 33,000 shareholders. The 20 largest shareholders held a total of 85.1 per cent of the shares in Gjensidige.

The Gjensidige Foundation is the largest shareholder, with a holding of 62.2 per cent. In its Articles of Association, the Gjensidige Foundation has stipulated to have an ownership in Gjensidige of at least 60 per cent, and shall contribute to stable ownership and predictability.

The Foundation expresses a willingness to consider reducing the holding in the event of any acquisitions or capital increases that are in accordance with Gjensidige's overall strategy.

The Gjensidige Foundation manages the ownership of Gjensidige on behalf of Gjensidige's general insurance customers in Norway. The Foundation has an ownership policy that focuses on high value creation over time, and expects a competitive dividend.

20 largest shareholders 31 Desember 2015[1]

		Per cent
1	Gjensidigestiftelsen	62.2
2	Folketrygdfondet	4.4
3	Deutsche Bank	4.2
4	Caisse de Depot et Placement du Quebec	2.5
5	Danske Bank	2.3
6	BlackRock	1.5
7	DNB	0.9
8	Safe Investment Company	0.9
9	Thornburg Investment Mgt	0.8
10	State Street Corporation	0.8
11	Vanguard Group	0.7
12	JPMorgan Chase & Co	0.6
13	Fidelity Worldwide Investment (FIL)	0.5
14	Storebrand	0.5
15	KLP	0.5
16	Genossenschaftliche FinanzGruppe Volksbanken Raiffeisenbanken	0.4
17	Nordea	0.4
18	Crux Asset Mgt	0.4
19	Unigestion Asset Mgt	0.3
20	Capital Group	0.3

[1] The list of shareholders is based on an analysis of the register of shareholders in the Norwegian Central Securities Depository (VPS) as at 31 December 2015, carried out by Orient Capital Ltd. The analysis maps the owners behind the nominee accounts. There is no guarantee that the list is correct. An overview of the 20 largest shareholders as specified in VPS's register of shareholders is available in Note 27 on page 142.

General Meeting

The next ordinary General Meeting will be held at Gjensidige's offices in Schweigaards gate 21, Oslo, on 7 April 2016, at 17:00 CET.

For more detailed information about the governing bodies and/or the General Meeting, see page 35-47 and/or www.gjensidige.no/ir.

Gjensidige's object is to create value for society through safeguarding life, health and assets and by relieving customers of risk. Gjensidige shall ensure that the Group's experience and expertise in loss prevention benefits society at large. Our activities shall contribute to a good, sustainable society characterised by respect for human rights and the environment we live in.

Corporate social responsibility

Gjensidige offers general insurance products to private and commercial customers in the Nordic region and the Baltic states. In Norway, we also offer banking and savings services to private customers and pension products to commercial customers.

Gjensidige's corporate social responsibility policy is based on our role as one of the biggest insurance companies in the Nordic region with significant engagement in investment activities with a global focus.

Corporate social responsibility is an integral part of our business operations – we are an insurance company and wish to use our expertise and influence in areas where we can play a significant role. Based on this, the Board has adopted guidelines that define goals and limits for the Company's commitment to social responsibility, including guidelines for socially responsible investments (SRI).

Socially responsible operations are a precondition for the Company's competitiveness, as regards attracting capable employees and customers and gaining society's trust.

In line with this, Gjensidige shall contribute to safe communities where we operate and make arrangements so that our employees can demonstrate social commitment. All aspects of our activities shall be based on respect for human rights and employees' right to meaningful work under safe conditions.

Gjensidige's employees must comply with laws and regulations in the societies in which we do business, and act in accordance with ethical norms. Ethics and compliance with laws and regulations are key aspects of the internal training of our staff.

We shall seek to engage in dialogue with all interest groups affected by our activities.

We shall ensure as little negative impact on the environment and climate as possible.

The Board and the management have adopted policies, guidelines and instructions that detail and specify the framework our employees must adhere to in different situations. Relevant documents are listed in the table on page 34.

A full version of the guidelines for corporate social responsibility and SRI is available at www.gjensidige.no.

Several other chapters in this annual report are relevant to understanding how Gjensidige exercises its corporate social responsibility. The most important are:

- Corporate governance. Page 35
- Note 3, Management of insurance risk and financial risk. Page 88
- Note 18, Pay and remuneration. Page 132
- Note 27, Share-based payment. Page 143

The Company's operations are described in more detail on page 8. Our strategy, financial targets and key figures are described on page 8 and 3, respectively. Asset management is described on page 16, and our policy for socially responsible investments is described below.

Social commitment

Gjensidige and the Company's employees support and are engaged in various social causes both locally and nationally. The purpose is to make a positive contribution in the communities where we do business, and to underpin our social mission, which is to contribute to a safer society.

In Oslo, Gjensidige cooperates with the Church City Mission on creating a better and safer environment in the city centre, where the Company's head office is located. On Gjensidige's part, this cooperation involves a financial contribution to the Church City Mission and participation by our employees. In 2015, employees from several offices all over the country contributed to the Church City Mission's knitting campaign, which is organised before Christmas every year to get people involved and raise money for a Christmas celebration for disadvantaged people.

The Company's employees also participate in various activities under the auspices of the Church City Mission, including homework help and chess courses for children.

In 2015, Gjensidige donated a total of NOK 1 million to the Norwegian and the Danish Refugee Council and to the Red Cross in Sweden, to contribute to mitigating the refugee crisis. Instead of giving the employees Christmas presents, the Company donated NOK 1 million as a Christmas gift to the Red Cross in support of the organisation's refugee work.

Starting from 2016, Gjensidige's employees will have a say in which humanitarian organisation should receive a Christmas donation from the Company.

In Denmark, Gjensidige supports the Christmas Seal Homes foundation (Julemærkehjemmene), which helps around 750 children every year who suffer from bullying or isolation.

In 2016, Gjensidige will be celebrating its 200th anniversary. Through the project 'Gode gjerninger' ('Good deeds'), all the Company's employees will be given an opportunity to spend one working day on a humanitarian cause in their local community.

Gjensidige's social commitment must be seen in conjunction with the Gjensidige Foundation, our biggest owner. The Foundation makes substantial donations that are funded by the return on the capital that was freed up in connection with the stock exchange listing of Gjensidige Forsikring in 2010.

The Foundation aims to contribute to a safer society and is particularly concerned with preventive measures and activities for children and young people throughout Norway.

Contributing to a safer society

Gjensidige helps to finance the public welfare system by paying direct and indirect taxes and pay to employees. In 2015, Gjensidige paid NOK 1,265.0 million in tax. A considerable amount of value added tax comes in addition. Pay and employee benefits amounted to NOK 2,545 billion.

Loss prevention

Our core business – insurance – gives customers security by reducing or removing negative financial consequences of damage, injuries and accidents. This is an important welfare need in modern societies. It is nonetheless better for the customer, the insurance company and society as a whole to prevent such events occurring. Loss prevention is therefore a natural and important part of Gjensidige's core activities and corporate social responsibility.

Through our operations, we have acquired extensive expertise in loss prevention. This know-how shall as far as possible be used for the benefit of society at large.

Most insurance policies are designed to motivate the customer to avoid losses, both through incentives to reduce risk and through the customers usually having to carry some of the financial risk themselves.

The price customers pay for their insurance is normally strongly affected by the financial risk the customer represents. This risk is affected by the customer's choice of house, car and behaviour, among other things. We reward a number of security measures by giving a discount on the insurance premium. Measures that contribute to reducing the risk for both us and the customers include burglar alarms, inspections of electrical systems in buildings, the installation of equipment that reduces the risk of water damage in buildings, and tracking systems for cars.

Young drivers are especially at risk of being involved in accidents. In order to reduce the number of such accidents, Gjensidige therefore has several measures targeting this group in particular.

They get a discount on their insurance in Norway if they have practised driving with an accompanying driver for a sufficient number of kilometres.

When they reach the age of 23, customers who have driven claim-free for the past year or longer will be paid an amount as a reward. The longer the claim-free period, the bigger the reward.

In 2015, we launched the 'Hold fokus' ('Stay focused') campaign in cooperation with the Norwegian Council for Road Safety. The campaign focuses on how dangerous it is to use a mobile phone while driving. The measure is important, because a third of all road accidents are wholly or partly due to the driver's inattentiveness.

The most important tool in the campaign is an interactive combination of video, Facebook and mobile phone, which gives the viewer a strong sense of taking part in the action. The video follows a driver who is texting, making calls and using social media while driving. Images from the viewer's Facebook page are shown on the video, which is thereby personalised for each viewer. The viewer also receives text messages and a phone call from the driver.

The campaign was shared more than 27,000 times on Facebook, and the video had 257,000 viewings. A survey shows that one-third of those who saw the video changed their attitude to using mobile phones in cars. The campaign also reached a large audience through marketing and editorial content in the media.

The campaign was followed up by the innovative concept 'digital lay-bys' ('tasteplass' in Norwegian) where selected lay-bys/roadside picnic areas get free Wi-Fi and are marked with the sign 'Tasteplass'. The purpose is to encourage drivers to take a break instead of using the mobile phone, the internet and social media while driving. The concept is a collaboration between Gjensidige, the Norwegian Council for Road Safety, the Norwegian Public Roads Administration and the mobile phone company OneCall.

We collaborate with the Norwegian Council for Road Safety (Trygg Trafikk) on awareness-raising campaigns in upper secondary schools several places in Norway.

We also collaborate with other insurance companies on road safety through the industry organisation Finance Norway.

In the Baltic states, Gjensidige contributes to improved road safety by distributing free safety reflectors to pedestrians.

With the help of weather data, we send text messages to customers likely to be affected by bad weather. The messages are based on official weather data and our customer data, so that we avoid distributing false alarms. We have received a lot of feedback from grateful customers who have had time to secure their assets thanks to these messages.

Fire is something that severely affects our customers, both financially and, not least, personally. Together with the Norwegian Fire Protection Association, the Directorate for Civil Protection and Emergency Planning (DSB) and local fire brigades, we organised the 'Aksjon Boligbrann' fire prevention campaign in autumn 2015. It involved visiting 40,000 homes. We also contributed to the development and marketing of educational material on fire prevention for schools. So far, Gjensidige has contributed to teaching more than 100,000 children about fire prevention.

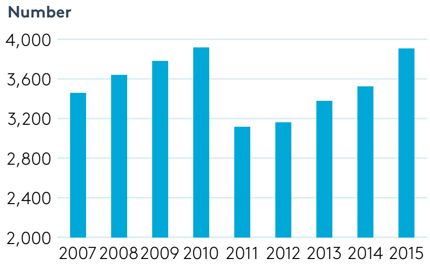
Dialogue with interest groups

Every year, Gjensidige is represented on a number of councils, committees and boards, both in Norway and abroad, that work on fire prevention, prevention of water damage and other initiatives for the benefit of society.

In 2015, the Company was represented on the Government-appointed 'Overvannsutvalget' ('surface water committee'), which presented a report on how society can strengthen its emergency response efforts against water damage as a result of climate change.

We were represented on the Norwegian Financial Services Complaints Board, a broadly composed independent body with members from Norwegian society that considers complaints from customers of Norwegian insurance companies.

Number of employees



Through the industry organisation Finance Norway, we coordinate our dialogue with the authorities on matters concerning the financial industry. Finance Norway is also engaged in extensive work targeting schools and the general public on providing information about personal finances, economics and statistics from the financial industry.

In addition to the formal contact with our customers, we seek dialogue through social media and email newsletters, and various customer events.

Our investor relations department is engaged in continuous dialogue with investors and analysts, via our web portal, at presentations of quarterly results, investor meetings and conferences.

For many years, we have been the main sponsor of the Norwegian women's national handball team, and we also sponsor the Norwegian men's national football team. We use these sponsorships to create activities for children and young people that can help to recruit new players into the sport and thereby promote a healthier lifestyle.

Responsible investments

Our investment activities are globally oriented, and we invest in countries where respecting human rights is not a matter of course. By doing so, we risk becoming part-owner of companies that contribute to violating human rights through their production of goods and services or their treatment of employees, suppliers, the local community or other interest groups.

The Board of Gjensidige Forsikring has adopted a group policy for ethical investments. It states that our investment portfolio shall comply with internationally recognised guidelines for socially responsible investments in the following areas:

- Human rights
- Labour standards
- The environment
- Corruption
- Weapons

The Group's Chief Investment Officer is responsible for ensuring compliance with the guidelines. Follow-up requires both time and special expertise. We have therefore hired the company GES – Global Engagement Services – to carry out continuous monitoring of companies in Gjensidige's investment portfolios. These investigations form the basis for deciding whether to exclude companies.

When a company is excluded, we will make sure that that company is not part of any of the portfolios we manage ourselves.

In the case of investments in funds managed by others and where Gjensidige does not decide the framework conditions, we will enter into dialogue with the fund manager with a view to excluding the company concerned. If the dialogue does not lead to a satisfactory outcome, we will terminate our investment in the fund.

Meetings on socially responsible investments are held every quarter and as needed. In 2015, it was decided to exclude six companies from Gjensidige's investment portfolio. At year-end, a total of 80 companies had been excluded.

Our employees

Gjensidige aims to be a health-promoting workplace where all employees are given opportunities for professional development and competence-raising. We believe that people thrive when they can use their abilities, develop and be part of a larger group. It is our responsibility to facilitate this, but it is also a sound investment if Gjensidige is to succeed in the time ahead.

At year-end 2015, the Group had a total of 3,908 employees.

Under Norwegian law, employees of the Group are entitled to be represented on the Company's governing bodies. Employee representatives are elected by and from among the employees.

The cooperation between the Company's management and the employees' trade unions is systematic and good, and it is based on a well-established structure, where various committees meet regularly. Rules have been adopted for what processes and decisions employee representatives shall be involved in. Employee representatives are paid by the Company.

In 2015, 63 per cent of the Company's employees in Norway were covered by collective agreements.

Diversity and discrimination

We work to ensure that all employees in the Group have equal opportunities for personal and professional development. We do not tolerate discrimination on the basis of such characteristics as

- gender
- age
- disabilities
- ethnic origin
- sexual orientation
- religion

Recruitment and HSE procedures ensure compliance with the Norwegian Anti-Discrimination and Accessibility Act.

One measure aimed at ensuring such compliance is the compilation of pay statistics to bring light to any wage differences for the same work or work of equivalent value. Any nonconformities will be followed up by actions. No special measures relating to equality or discrimination have been necessary in 2015.

At year-end 2015, the number of women and men among our employees was almost exactly the same.

The Group's Board had ten members in 2015, four of whom were women. Of the seven representatives who were not elected by and from among the employees, three were women.

Three of the Senior Group Management's ten members were women.

In addition to the Senior Group Management, the Group had 355 employees in executive positions in 2015. Thirty-seven per cent were women.

Gjensidige wishes to increase the proportion of women in executive positions, and this is well known among managers at all levels. This ambition has contributed to a higher proportion of female managers over time.

We have an equality and discrimination committee that meets when necessary. The committee comprises staff from the HR department and employee representatives. It is the Group's HSE manager who decides when to convene the committee. Employees reporting discrimination is a typical reason for holding a meeting. No meetings of the committee were held in 2015.

Gjensidige is an Inclusive Workplace (IW) enterprise and it cooperates with the Norwegian Labour and Welfare Administration (NAV) on job training for people who have been unemployed. NAV pays subsidies to employees who suffer from chronic illnesses but still manage to work. In 2015, we have had employees in job training programmes through such close cooperation with NAV.

All our big office buildings are of universal design in order to accommodate employees with disabilities.

Gjensidige has a number of measures aimed at helping to ensure that older employees can continue working until retirement age. The measures vary between countries. Examples of measures include the possibility of reduced working hours and extra holidays.

In Norway, these measures have contributed to an increase in the average retirement age.

A family-friendly company

By law, parents are entitled to paid leave in connection with childbirth in all the countries where Gjensidige has employees.

Parents are allowed to stay home from work when their children are ill, as long as this is necessary and reasonable.

We take steps to ensure that employees can work from home, out of consideration for their family or for other reasons.

Human capital and competence development

Good management and continuous competence-raising measures will give Gjensidige important competitive advantages. We also have a responsibility to each individual employee and to society to make sure that employees are sufficiently qualified to be attractive employees.

In 2015, Universum named Gjensidige Norway's most attractive employer for economists in the insurance industry. When including all professions and industries, we were number 44 on the list.

Management and employee development is attended to by the staff entity the Gjensidige Customer and Brand School and Organisational Development, which is organised under the EVP of Group Staff and General Services.

We work systematically on talent recruitment and have developed an employer branding strategy to this end. We make targeted efforts to highlight Gjensidige as an employer through digital channels. We visit relevant educational institutions with stands and presentations for students.

In 2015, we also participated in Norway's first virtual job fair, with more than 3,000 participants, where selected employees communicated with students via web chat.

Every year we organise the 'Gjensidige Day' at Gjensidige's head office, which offers a varied programme for students. In 2015, 60 students participated in presentations, workshops, group interviews and a social event in the afternoon.

The Gjensidige Customer and Brand School is the Group's tool for ensuring that all employees understand and have the necessary prerequisites for living up to the Group's customer orientation strategy. All competence-raising measures are aimed at this.

All new Gjensidige employees take part in an introduction day where the CEO and other key personnel talk about the Company's strategy, culture, brand, ethics and more practical information.

Employees who are to work with sales and customer advice take part in a more thorough program that leads to an exam where professional know-how, ethics and customer dialogue are tested. Advisers targeting the private market are certified in accordance with a national industry scheme for the sale of general insurance. The programmes are developed and organised by the Gjensidige Customer and Brand School.

The school had 5,524 course days in 2015. Almost 1,400 employees participated in courses organised by the Gjensidige Customer and Brand School in 2015.

E-learning is used to provide information about changes to products, procedures and other ongoing developments. In 2015, our staff have completed and passed 6,100 e-learning courses, divided between 110 titles. In addition, approximately 4,500 internal tests were organised for the purpose of competence mapping.

Customised management development programmes have been developed for groups of managers with different experience backgrounds, from newly appointed managers to the senior management group. In addition to the individual programmes, programmes have been created with a view to developing management teams, change competence and communication skills.

In all, we spent NOK 17,500 per employee on competence-raising measures in 2015, the same as in 2014.

We have an active career development programme in the Company. Among other things, it facilitates internal mobility for the purpose of broadening the employees' range of competence and experience.

Every year, we carry out a systematic process to map internal 'successors' and talents who have the potential to take over managerial or other key positions.

Health, safety and the environment (HSE)

Systematic health, safety and environmental work is given high priority in Gjensidige. Our goal is not only to prevent sickness absence and injuries, but also to ensure that Gjensidige is a health-promoting workplace.

We therefore work on preventing and following up sickness absence, measures for seniors aimed at encouraging older employees to continue working until retirement age, and making arrangements for employees with disabilities.

The work stations of all new employees are inspected as soon as possible by a physiotherapist or an ergonomist, if practically possible. The purpose of this is to adapt the work station with a view to avoiding repetitive strain injuries and to provide information about the prevention of health problems.

Our health-promoting measures include (varies from office to office):

- Arrangements to facilitate cycling to work in the form of bicycle parking and changing rooms
- Gym rooms
- Competitions that motivate moderate physical activity on a daily basis
- Short exercise breaks during working hours
- Company sports club that organises a range of activities

Special adaptation procedures have been adopted for employees who have health problems that are aggravated by computer work or who wish to prevent such problems arising. The Company has not been notified of any repetitive strain injuries in 2015.

Sickness absence was 4.1 per cent in Norway, Denmark and Sweden in 2015. Our goal was to reduce the absence to 4 per cent. A new goal has now been defined of 3 per cent by 2019.

In 2015, we carried out a joint Nordic HSE audit for the first time. The result shows that the Company takes a systematic approach to health, safety and the environment, and that relevant measures are successfully implemented. The nonconformities that were found have been assessed and closed.

No work accidents resulting in personal injuries or material damage occurred in 2015.

The HSE work is monitored through external audits and followed up internally by employees with special responsibility for HSE. All incidents that can represent a risk must be reported in the Company's nonconformity system.

Working environment issues are also a topic in the annual employee satisfaction survey.

The response rate in the annual employee satisfaction survey was high in 2015, as in previous years. The results of the survey indicate that the working environment is generally good and that employees are motivated. The survey is followed up at meetings between the HR department and the respective department managers. For each department, one improvement area is defined that it must focus on in particular in the coming year.

Ethical and customer-friendly business operations

Gjensidige shall have a corporate culture where each individual employee exercises good judgement and is able to handle difficult situations that may arise. Our value creation shall take place in accordance with our ethical guidelines. They are set out in a number of policy documents that are managed by the EVP of Group Staff and General Services.

Zero tolerance for corruption

Denmark, Sweden and Norway are all among the six countries in the world with the lowest perceived levels of corruption, according to Transparency International. In Estonia, Latvia and Lithuania, corruption is perceived as a bigger problem, according to the same ranking.

For Gjensidige, the risk of corruption will largely be related to the Company's sale of insurance and investment advice to the private and public sector, and to the procurement of goods and services in connection with claims payments.

In Gjensidige, we have adopted a wide definition of corruption: abusing one's position to obtain an advantage for the company, oneself or others. The work to combat corruption requires clearly defined rules and active enforcement of the rules.

Gjensidige's internal regulations state that the Company has zero tolerance for corruption, greasing and anything resembling corruption. The regulations consist of instructions and a group policy adopted by the Board. Group policies on ethical rules and a specification of ethical guidelines relating to hospitality activities, plus guidelines on welfare measures, seminars and gifts are also relevant in this context.

Giving and receiving bribes is prohibited. The same applies to gifts that can be regarded as improper. The rules apply to managers and employees at all levels of the Company, also in countries that are not covered by Norwegian law. Special rules have been stipulated for employees with responsibility for relations with customers and suppliers.

Other measures that, together with the regulations, make up our anti-corruption programme include:

- Risk assessments
- Internal control
- Anti-corruption manual
- Whistleblowing procedures
- Procedures for handling nonconformities and violations
- Dilemma training
- E-learning

The programme gives a detailed description of what is meant by corruption, examples of acceptable and unacceptable behaviour, and assignments intended to contribute to reflection on difficult situations.

All gifts worth less than NOK 500 from external business connections to employees of Gjensidige shall be registered in a gift and hospitality register. It is not permitted to accept gifts worth more than NOK 500. Regardless of the gift's value, it must not be accepted if the employee's partiality or independence can be placed in doubt. Hospitality activities must also be registered.

All managers are responsible for establishing procedures and processes in their area of responsibility in order to prevent and uncover irregularities and fraudulent acts, including corruption. The Group's Compliance function is tasked with uncovering corruption and it is responsible for investigating concrete cases where improper conduct is suspected. The Compliance function shall also contribute to establishing and developing procedures and processes that can prevent and uncover such matters.

The rules are available on the intranet and in an e-learning course, and managers shall contribute to ensuring that employees are aware of the rules. The purpose is to prevent and help to put a stop to activities that can entail a breach of the regulations at an early stage.

All new employees in the Group participate in an introductory course at which ethics and corruption are on the agenda.

Gjensidige does not make donations to politicians, political parties or organisations with a mainly political agenda.

Money laundering and financing of terrorism
In the field of insurance, Gjensidige is required to take a risk-based approach to money laundering and financing of terrorism. That means that we carry out a risk assessment in connection with the sale of insurance to new and existing customers, and the payment of claims. The risk assessment is comprehensive and is based on characteristics of the customer, the customer relationship, the product, the transaction and other matters of relevance.

The risk assessment may result in more extensive customer due diligence measures. Customer service staff are subject to clear guidelines for when such measures shall be initiated, and how to handle such a situation.

If such measures fail to clarify the situation, the Company will carry out more detailed investigations in order to clarify whether the transaction can be carried out. The investigations are carried out by the Company's Investigation department, which comprises employees who have previously worked in the police and have expertise in and experience of investigations.

In cases where there is a sufficiently strong suspicion of money laundering or financing of terrorism, Gjensidige will report the matter to the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (Økokrim).

If money laundering or financing of terrorism can be substantiated, the Company will refrain from taking out insurance or settling claims, to the extent that such sanctions are permitted by law.

Gjensidige does not sell insurance to customers outside its geographical core area, which is the Nordic region and the Baltic states. Any exceptions from this rule will be subject to a special assessment at management level in each individual case.

A solid defence against money laundering is not only necessary because of official instructions. In the insurance business, money laundering often goes hand in hand with insurance fraud. At Gjensidige, we look at the fight against money laundering as a natural part of good risk selection, based on the principle 'know your customers'.

The work to combat money laundering is prioritised at corporate management level. Internal regulations and risk analyses are managed by an executive vice president. Risk analyses are presented to the Senior Group Management once a year. The importance of combating money laundering is clearly communicated at all levels.

The money laundering regulations for banking and investment services deviate slightly from the insurance industry. Separate money laundering instructions have been prepared for Gjensidige Bank and Gjensidige Investeringsrådgivning, respectively. Both companies have established clear procedures for uncovering and handling suspicion of money laundering, and each of the companies has appointed a dedicated person responsible for the prevention of money laundering who follows up cases that the customer service staff cannot resolve themselves.

Employees who have contact with customers undergo thorough training in money laundering regulations and procedures. This applies in all parts of the Group.

Underwriting policy
Good risk selection is decisive for financial strength and profitability. Gjensidige's underwriting policy is intended to provide the Company with an overview and control of its risk exposure. It is also intended to ensure that

the Company complies with applicable laws and regulations, and that it acts in a way that is generally perceived as fair and reasonable, and that is in line with Gjensidige's guidelines for ethical business operations.

The underwriting policy explicitly states that the Company shall not enter into insurance contracts that form the basis for the payment of claims or other benefits to states or geographical areas subject to sanctions adopted by the UN or the EU.

Customer satisfaction and product quality

It is Gjensidige's goal to be the most customer-oriented company in the Nordic insurance industry. Customer orientation permeates our behaviour, priorities and communication at all levels of the organisation. The focus on customers is a key part of product and service development, the training of employees, advisory services, sales, claims settlement and the handling of complaints.

Customers' satisfaction with the Company and individual advisers is measured on a continuous basis, and improvement measures are initiated based on feedback from the customers. Gjensidige has defined clear goals for customer satisfaction. The level of goal attainment influences the payment of bonuses to executive personnel and collective bonuses to all employees.

In 2015, Gjensidige's customer satisfaction index (KTI) was 76.2 at group level, an increase of 1.4 from 2014. That is a very good result.

Gjensidige's customer centres for insurance and banking were awarded for good customer service in their respective business areas during the 'Kundeserviceprisen' award in 2015. The award is based on an annual 'mystery shopper' survey carried out by SeeYou.

The quality of insurance products is not directly measureable. Quality for the individual customer will depend on the extent to which their expectations are met in connection with claims settlements. It is Gjensidige's ambition that all customers shall receive the right settlement as soon as possible. Both factors are important to their perception of quality.

The possibility of efficient but thorough complaints handling is part of delivering high-quality claims settlements. Gjensidige has established a complaints system whereby customer complaints can be considered at three levels.

The first level is the case officer. If the case officer does not reverse his/her decision, the customer can complain to the second level – the customer ombudsman, which is the Company's internal complaints board. The customer ombudsman service is staffed by highly experienced case officers, who can take a fresh look at the case without being influenced by the case officer's personal assessment. The third level is the Norwegian Financial Services Complaints Board (Finansklagenemnda), which is a joint complaints board for the whole insurance industry that comprises representatives of the consumer authorities, the financial industry and independent experts. The composition ensures that the independent representatives decide the outcome of cases in which the consumer authorities and the financial industry disagree.

The number of complaints can provide an indication of how well Gjensidige succeeds in its ambition to deliver high-quality claims settlements.

The Financial Services Complaints Board received 398 complaints from Gjensidige customers in 2015. They accounted for 12 per cent of all insurance-related complaints to the board. This must be seen in conjunction with the fact that Gjensidige had a market share of 25 per cent in 2015.

Of the cases reported to the Financial Services Complaints Board, the Board found in favour of the customer in whole or in part in 25 per cent of the cases. A high percentage would indicate that the threshold for succeeding with a complaint internally in Gjensidige was high.

Innovation and technology development

In order to ensure that our products and customer service maintain a high international level at all times, we collaborate with research institutions on innovation. In the period 2015 to 2022, we participate in a research collaboration with, among others, the University of Oslo, the University of Bergen and the Norwegian Computing Centre on several projects that we expect will give us new insight into topics relating to extensive data. Examples include risk pricing, forecast and trend analyses and insurance fraud.

Other Norwegian companies and public bodies also participate in the project, which is called Big Insight.

Customers and data protection

Gjensidige's employees are bound by a statutory duty of secrecy about all matters relating to our customers.

A group policy and instructions provide detailed guidelines on the processing of personal data.

Data protection training is mandatory for all new employees and is also a part of the introductory programme. Access to personal customer data shall only be granted to employees who need it in the course of their work. The Company shall not obtain other personal data than what it needs to serve the individual customer. Personal data shall only be used and stored for as long as this is necessary, and they shall be deleted immediately when they are no longer needed, unless special exemptions are authorised by law.

The Senior Group Management has overriding responsibility for the processing of personal data and internal control relating thereto. Other managers are responsible for ensuring that employees who have access to personal data have the competence and other qualifications required to be able to comply with the regulations and protect the customer's personal data.

The Group has data protection officers for insurance, banking, and savings and pensions, respectively. The data protection officers have an independent role and are in contact with the Norwegian Data Protection Agency and with customers and employees who have enquiries about personal data. They also have an internal control function.

Customers can request access to the information stored about them at any time, and they can demand that incorrect information be corrected. The request for access may be rejected in special cases following a concrete assessment, for example in connection with the investigation of insurance fraud.

The requirements for information security are revised at least once a year. Risk assessments relating to personal data shall be carried out on a regular basis, as part of the Company's ordinary internal control process, and in connection with any change that can affect security.

Notification of matters warranting criticism

Employees are encouraged to report matters warranting criticism and matters they perceive as ethically dubious. Everyone has a duty to report criminal matters, or if life or health is at risk. A poster with instructions on the procedure for whistleblowing is easily accessible on our intranet site.

Whistleblowing is facilitated through two electronic mailboxes:

- An internal mailbox for reporting ethics-related matters
- An external mailbox for reporting irregularities and malpractices

Notifications to the internal mailbox are dealt with by the Company's HR department based on clear procedures. Relevant matters are reported to the Group's risk committee and the Board.

Whistleblowers are protected by Norwegian law and the Company's internal regulations, and employees who report such matters shall not be subjected to reprisals.

Notifications to the external mailbox are in principle anonymous, unless the whistleblower chooses to give his/her own name. Employees may submit notifications to this mailbox anonymously, as may customers, suppliers and other external stakeholders.

Notifications of irregularities or malpractices are dealt with by Gjensidige's Internal Investigation Unit. The department carries out a pre-investigation or assessment based on the content of the notification.

If the investigations uncover matters that warrant criticism, HR will take over the case and ensure that it is dealt with. The CEO will decide whether to report employees to the police.

Procurements and suppliers

We make equally strict ethical demands of our suppliers as of ourselves. Procurements over a certain size must be quality-approved by the Corporate Procurement department. Most purchasing agreements are the result of competitive tendering carried out in accordance with adopted guidelines. All our suppliers must sign a self-declaration on corporate social responsibility.

Companies that provide services in connection with claims payments for damaged buildings in Norway must be certified in Startbank. Startbank is a register of suppliers that is used by purchasers in the fields of building, construction, public administration, insurance and real estate. This ensures that qualified suppliers are law-abiding and that competition takes place on equal terms.

All material procurements are ordered electronically. As far as possible, all suppliers shall use electronic invoicing. Documents relating to invitations to tender, negotiations and agreements are stored electronically. Competitive tender procedures are carried out with the help of online portals.

The use of electronic tools ensures that all processes are documented and verifiable, and this prevents irregularities.

The environment and climate

Gjensidige's operations creates very little pollution. Our CRS policy states that the we shall ensure as little negative impact on the environment and climate as possible.

In order to ensure that we impact the environment as little as possible, all our 11 Norwegian offices that have more than 30 employees are certified Eco-Lighthouses. Eco-Lighthouse is a national environmental certification scheme run by the Eco-Lighthouse Foundation. The foundation was established by key organisations in the private and public sector.

The offices that are certified Eco-Lighthouses use an environmental management system for the handling and reduction of materials consumption, waste, energy consumption and transport.

An annual environmental report is prepared for all these offices that also addresses health and safety for employees. The report contains a total of 50 points.

The offices must be recertified every third year, which is a more extensive process that is carried out by an external adviser certified by the Eco-Lighthouse Foundation.

Annual reporting and regular recertification ensure that our offices live up to the highest standards for environmentally friendly operations.

At our Copenhagen office, systems and procedures for handling and sorting waste are approved by the City of Copenhagen's environmental authorities.

As a knowledge-based company, our direct emissions are largely related to the running of offices and to travel and transport.

We work systematically to reduce our impact on the natural environment by limiting our consumption of energy and the generation of various types of waste, such as paper, office supplies, electrical appliances and household waste.

The environmental measures focus on energy efficiency, reduced travel through increased use of video conferences, and responsible waste management with extensive use of separation at source.

The Group's energy consumption in 2015 was 11.1 MWh. Most of our energy consumption is related to lighting, heating and computers. The energy carriers are electricity, which in Norway is almost exclusively based on hydropower, district heating, which is largely based on waste incineration, and fuel oil.

The consumption breaks down as follows:

- Electricity: 8.0 MWh
- District heating: 2.4 MWh
- Fuel oil: 0.6 MWh

Approximately 70 per cent of the electricity was consumed in Norway.

In 2015, we generated 203 tonnes of waste at our offices in Norway and Denmark, 40 per cent of which was recycled.

We have established a company car policy that entails that CO_2 emissions from company cars cannot exceed 130 grams per kilometre. At head office, we have three electric cars that employees can use in connection with meetings and private errands, so that we reduce the use of taxis and private cars.

We help our employees to be environmentally friendly, both in the performance of their duties, as employees in general and in their free time, among other things through information published on our intranet site.

The information includes tips on

- how to reduce the generation of waste, and how to recycle as much as possible
- energy saving
- how to reduce the use of polluting transport and travel

The assets we insure, such as cars, buildings and companies, will cause pollution to a varying extent. Sensible risk-pricing will usually have a favourable environmental profile, in the sense that large objects that are demanding in terms of resources have a higher insurance premium than less demanding objects.

By their nature, losses have a negative impact on the environment, since resources are needed to repair the damage or replace the loss. The insurance premium is affected by the risk of loss, and, together with our loss prevention work, this contributes to fewer losses and less harm to the environment.

Gjensidige meets all statutory requirements relating to environmental emissions. The Company did not cause illegal emissions or receive fines or other sanctions relating to the environment in 2015.

Sustainable products

In cooperation with the Norwegian Automobile Federation (NAF), the member organisation for car owners, we have developed an environmentally friendly car loan for hybrid, hydrogen and electric cars. The loan is distributed by NAF and furnished by Gjensidige Bank.

We work continuously to increase the proportion of 'paperless' customers, meaning customers who choose to receive information from us through digital channels instead of on paper. With the exception of information that is required by law to be distributed on paper, 'paperless' customers receive all documentation and other information by email, text messages or when they log into our web portal.

Digital customer communication improves the customer experience and contributes to reducing costs and paper consumption.

In 2015, the proportion increased from 57 to 62 per cent.

Climate change and insurance

Global warming and climate change will affect our business, our customers and the society we are part of. In the countries where we do business, climate change will most likely lead to increased precipitation and more frequent storms. This will increase the risk of both personal injuries and material damage. Weather data and claims incurred in the last 35 years indicate that this is already happening.

We have funded and contributed to several studies of how this will affect Norway, and how well-prepared Norwegian society is for a 'wilder and wetter' climate. Together with other major insurance companies in the Nordic region, we have funded the development of the climate tool 'VisAdapt', which can help home owners and house builders in the Nordic countries to adapt to the climate in the best possible way.

Every year, we carry out an 'Emerging Risk' analysis that includes risk relating to climate change. We have quantified possible costs under different scenarios, including a worst case scenario that is statistically likely to occur once every thousand years.

The emission of greenhouse gases from our operations is very modest. We work continuously to reduce our emissions further, and we report our emissions to the Carbon Disclosure Project.

The use of electricity and district heating do not cause greenhouse gas emissions and must therefore be calculated on the basis of an assumed energy mix. The production of hydropower does not cause emissions either. We have calculated that our operations in 2015 caused emissions of 2,579 tonnes of CO_2 equivalents (scope 1 and 2), compared with 3,043 tonnes the year before. The change in reported emissions is largely due to improved data quality and better methods for calculating emissions.

Key figures Corporate social responsibility

Subject		2015	2014
Value creation and resource use			
Return on equity	Per cent	17.4	18.1
Dividend*	NOK million	4,200	2,950
Payout ratio**	Per cent	84.5	70.4
Tax	NOK million	1,057	853
Salaries and employee benefits	NOK million	2,545	2,263
Customer satisfaction		76.2	74.8
Environment			
Energy consumption	MWh	11,131	8,060
CO2 Emission, Scope 1 and 2**	Tonnes	2,579	3,043
Produced waste	Tonnes	203	
Recycled waste	Per cent	40	
Share of Paperless customers	Per cent	62	57
Employees			
Women	Per cent	48	50
Female managers	Per cent	37	41
Skills upgrade per employee	NOK	17,500	17,500
Average retirement age	Year	64.4	63.5
Sickness abscence	Per cent	4.1	4.5
Socially responible investments			
Number of excluded companies	Number	80	85

* Based on the Board's proposal for 2015.
** Payout ratio for 2015 is exclusive of the NOK 1 billion of the proposed dividend which is related to distribution of excess capital.
*** Emissions for 2014 differs from that reported in the annual report for 2014, when only Norwegian emissions were reported.

This statement follows from the Norwegian Accounting Act Section 3-3b and Oslo Børs's requirement that listed companies must report on corporate governance and explain any deviations from the Norwegian Code of Practice for Corporate Governance as last amended on 30 October 2014.

The Board's statement on Corporate Governance

This statement forms part of the Company's annual report.

The Board bases its corporate governance on:
- Optimising the Company's assets in a long-term perspective
- Equal treatment of all shareholders
- Equal and assured access to reliable, relevant and up-to-date information about the Company's business

Statement on corporate governance in accordance with the Norwegian Accounting Act

The statement on corporate governance follows the structure set out in the Act.

1. The Company complies with the Norwegian Code of Practice for Corporate Governance.
2. The Code of Practice is available at http://www.nues.no/
3. The Board has provided a statement on the Company's corporate governance.
4. The main elements in the systems for internal control and risk management relating to financial reporting processes are described in section 10 of the statement.
5. The Company's Articles of Association do not contain provisions that in whole or in part expand on or deviate from the provisions of Chapter 5 of the Public Limited Liability Companies Act.
6. The annual report describes the composition of the Board, the Supervisory Board, the control committee and the Board's select committees. The main elements of the currently applicable instructions and guidelines for these bodies are described in sections 8 and 9 of the statement.
7. The provisions in the Articles of Association that regulate the appointment and replacement of board members are described in section 8 of the statement.
8. The provisions in the Articles of Association and authorisations that empower the Board to decide that the Company shall buy back or issue own shares are described in section 3 of the statement.

1. Statement on corporate governance

Corporate governance is subject to an annual evaluation and discussion by the Board. The Board discussed and prepared this statement at a meeting on 2 February 2016 and adopted it at a meeting on 9 March 2016. Gjensidige's compliance with the individual items is also described.

The Board's statement on corporate governance in Gjensidige Forsikring ASA is available at https://www.gjensidige.no/group/investor-relations/corporate-governance.

Core values and social responsibility

Gjensidige's core values lie in its core business operations – a social mission to safeguard life, health and assets through relieving customers of financial risk and providing assistance when there is a risk of loss or a claim has arisen. Gjensidige also displays important social responsibility through contributing its expertise in the prevention of loss. This benefits society as a whole within commercially responsible limits.

This social responsibility shall be practised in line with society's expectations of Gjensidige's social role.

On this basis, the Board has adopted guidelines for ethics and social responsibility. Gjensidige's commitment will be further developed on the basis of the expertise that it accumulates through conducting its core business.

Traffic and fire are especially important areas in which the Company's expertise in loss prevention can help to save lives and assets. Other important areas are awareness-raising campaigns aimed at combating fraud and other crime, and efforts to promote physical and mental health in the population. The company's efforts in the area of social responsibility will therefore be concentrated on loss prevention in the broadest sense.

Gjensidige's internal control systems include the Company's core values and guidelines for ethics and social responsibility. A dedicated ethics suggestion box has been established for reporting relevant matters. Effective notification procedures have also been established to ensure that whistleblowers are protected and that matters that are raised receive relevant follow-up.

The Group shall be characterised by high ethical standards. Its corporate governance shall be in accordance with best practice. A good corporate governance policy will improve the Group's potential for value creation and increase the trust and respect it enjoys in society over time.

The Company's work on social responsibility is described in more detail on pages 22-34 of the annual report and at https://www.gjensidige.no/group. Quantitative goals have been adopted for socially responsible operations in relation to owners, customers, employees and the environment. The goals and goal attainment are presented in the table on page 34 of the annual report.

The Group's efforts in relation to the working environment, equal opportunities and integration are described in more detail in the annual report.

The Company's financial investments shall comply with generally accepted guidelines for socially responsible investments (SRI). Gjensidige's guidelines for SRI cover human rights, labour rights, the environment, corruption and weapons production. Companies that fail to meet the requirements set out in the guidelines will be excluded from Gjensidige's investment universe.

Deviations from the Code of Practice: None

2. The business

Operations

Pursuant to its Articles of Associations, Gjensidige can engage in direct and indirect general and life insurance operations, including taking on pure risk insurance with a duration of no more than one year in the area of life insurance, owning companies that engage in general insurance, life insurance, banking, financing and securities activities, taking over risk insurance and reinsurance in general and life insurance to the extent permitted by law, and other related business.

Vision and goals

Gjensidige's vision is to know the customer best and care the most. Its mission is to safeguard life, health and assets, which has been the Company's value basis for almost two hundred years.

Gjensidige's goal is to become the most customer-oriented general insurance company in the Nordic region, based on profitable operations and a leading position.

Strategy

A strong focus on customers is at the very core of Gjensidige's strategy. Backed by a down-to-earth business culture and analysis-based core operations, this will give Gjensidige a competitive advantage.

Gjensidige is working systematically to become the most customer-oriented general insurance company in the Nordic region. It is a bold ambition that requires continuous improvement of the customer experience in all channels and in connection with all events. The customer perspective shall also form the basis for the whole Group's rationalisation and improvement agenda.

Further development of seamless multi-channel distribution and a shift in focus from products to services are crucial to realising the Group's customer orientation ambition.

- Changes in technology and customer behaviour mean that increasingly close cooperation is required between the channels. For example, more and more customers expect to be served via call centres while also being able to contact Gjensidige on the internet.
- A good understanding of the customers' everyday processes is fundamental to succeed in developing new, relevant services.
- Customers' needs and behaviour are changing faster than ever. It is therefore decisive to reduce the time it takes to develop and launch new customer-oriented services.

Good self-service solutions combined with more automatic processes will underpin the focus on customer orientation and ensure continued cost-efficiency and competitiveness.

Information is a strategic resource for Gjensidige. The work on ensuring good data quality, efficient data collection processes, availability, reporting, analysis and security shall therefore be strengthened.

Without motivated, committed managers and employees who possess the right expertise and attitudes, the strategic ambitions cannot be realised. A higher pace of change – not least as regards technology and customer behaviour – means that a transition is needed from traditional training-based competence-raising measures to a dynamic learning culture driven by individual managers and employees. Competence-sharing shall increasingly take place through computer-driven work processes, and an overall understanding created through internal rotation of managers and staff.

The strategic role that Gjensidige Bank and Gjensidige Pensjon og Sparing play is important in relation to Gjensidige's position in the Norwegian market. Exclusive customer solutions and concepts, in both the private and commercial markets, will continue to be important.

Deviations from the Code of Practice: None

3. Equity and dividends

Equity

The Gjensidige Group's equity amounted to NOK 23.3 billion (IFRS) at the end of 2015. The capital adequacy ratio was 17.1 per cent (for the Group), and the solvency margin was 351.6 per cent (for Gjensidige Forsikring ASA). Both capital adequacy and the solvency margin have been adjusted to take account of the Board's proposed dividend for the 2015 financial year. The statutory capital adequacy requirement was eight per cent until 1 January 2016, when the Solvency II regulations entered into force.

The Board has adopted the following three perspectives to assess the Group's capital needs:

- Statutory requirements from the authorities (capital adequacy and solvency margin)
- The rating agencies' requirement for own funds necessary in order to maintain the target rating
- Requirement for own funds based on internal risk models

At the turn of the year, the rating perspective resulted in the lowest excess capital.

Dividend

Gjensidige's goal is to distribute high, stable nominal dividends to its shareholders. It is also a goal that, over time, at least 70 per cent of the profit after tax expense will be distributed as dividend. When determining the size of the dividend, consideration will be given to expected future capital needs.

In addition, any future excess capital over and above the capitalisation target will be distributed to the owners over time. By the capitalisation target is meant capitalisation that is adapted to Gjensidige's strategic targets and appetite for risk at all times. The Group shall maintain its financial freedom of action, without this being at the expense of capital discipline.

Adopted dividend for 2014

It was decided that a total dividend of NOK 3.0 billion was to be distributed for the 2014 financial year, corresponding to NOK 5.90 per share.

Proposed dividend for 2015

The proposed dividend for the 2015 financial year is NOK 4.2 billion. This corresponds to NOK 8.40 per share, of which NOK 6.40 is based on the profit for the year and NOK 2.00 represents the distribution of excess capital. The proposed dividend based on the profit for the year corresponds to 84.5 per cent of the Group's profit after tax expense. The Board's proposal for the distribution of dividend for the 2015 financial year is explained in more detail in the directors' report.

Authorisations granted to the Board

Gjensidige's annual general meeting granted the following authorisations to the Board in 2015:

- Authorisation to purchase own shares in the market with a total nominal value of up to NOK 1,000,000. The authorisation is valid until the next general meeting, no longer, however, than until 30 June 2016. It can only be used for sale and transfer to employees of the Gjensidige Group as part of the Group's share savings programme as approved by the Board or to executive personnel in accordance with the remuneration regulations and the pay policy adopted by the Board. The minimum and maximum amounts that can be paid per share are NOK 20 and NOK 200, respectively. The purpose of this measure is to promote a good business culture and loyalty by making employees part-owners in the Company. The authorisation was used to buy shares in 2015. The authorisation was considered as a separate item at the Company's annual general meeting.
- Authorisation to the Board to decide the distribution of dividend on the basis of the Company's annual accounts for 2014. The authorisation is valid until the next annual general meeting, no longer, however, than until 30 June 2016. The authorisation is in accordance with the Company's adopted capital strategy and dividend policy. It gives the Company flexibility and will mean that the Company can distribute additional dividends without having to call an extraordinary general meeting. The authorisation was not used in 2015. The authorisation was considered as a separate item at the Company's annual general meeting.
- Authorisation to raise subordinated loans and other external financing limited upwards to NOK 3 billion and on the conditions stipulated by the Board. The authorisation was not used in 2015.

When the Board proposes new authorisations to the general meeting, they shall, in the same way as the existing authorisations, be considered as separate items at the Company's annual general meeting, be limited to defined purposes and be valid during the period until the next annual general meeting.

Deviations from the Code of Practice: None

4. Equal treatment of all shareholders

The Company has only one class of shares and all shares carry equal rights in the Company.

Each share carries one vote at the general meeting, unless otherwise stipulated by law or other official decision.

Existing shareholders have pre-emption rights when new shares are issued. With the approval of at least two-thirds of the total number of votes represented at the general meeting, the general meeting can decide to set aside the pre-emption rights. Grounds must be stated for any proposal to set aside pre-emption rights, and this must be documented in the case document submitted to the general meeting.

In cases where the Board decides to issue new shares and the pre-emption rights are set aside on the basis of an authorisation, the grounds will be disclosed in a stock exchange announcement in connection with the share issue.

The Board shall ensure that the Company complies with the Public Limited Liability Companies Act Sections 3-8 and 3-9 in agreements between the Company and parties mentioned there. On entering into not immaterial agreements between the Company and shareholders, closely-related parties, board members or members of the management or close associates of such members, the Board shall obtain an assessment from an independent third party. The same applies to agreements with group companies that have minority shareholders. This follows from the rules of procedure for the Board, which are available at https://www.gjensidige.no/group/

All board members and members of management shall immediately notify the Board if they, directly or indirectly, have an interest in a transaction or agreement that the Company is considering entering into. This applies even if the board member is deemed to be disqualified from considering the matter on grounds of partiality. These provisions are laid down in the rules of procedure for the Board. The objective is to avoid harming the Company's reputation in connection with investments where there may be circumstances that can be perceived as an unfortunate close involvement, or a close relationship between the Company and a board member or executive personnel.

The Company's trading in own shares must take place through a stock exchange or in other ways at the listed price.

Deviations from the Code of Practice: None

5. Freely negotiable shares

The shares in the Company are freely negotiable pursuant to the Articles of Association. Gjensidige is a Norwegian financial institution. Norwegian framework legislation contains general licensing provisions that apply to all Norwegian financial institutions in connection with large acquisitions of shares (ten per cent or more).

Deviations from the Code of Practice: None

6. New Financial Institutions Act

As a consequence of the new Financial Institutions Act that entered into force on 1 January 2016, the general meeting decided on 27 April 2015 to dispense with the Supervisory Board and control committee. The changes apply from 1 January 2016. In addition, the general meeting decided to make necessary changes to other provisions as a result of the changes. This statement describes the situation as it was in 2015 before the above-mentioned changes entered into force. Consequently, the description will not be the same on all points in 2016.

7. General meeting

The general meeting is Gjensidige's supreme body.

The general meeting is open and available to all shareholders. The annual general meeting shall be held every year before the end of May. The Company's Articles of Association do not contain provisions that expand on or deviate from the provisions of the Public Limited Liability Companies Act Chapter 5.

The general meeting is conducted in accordance with the Code of Practice:

- The Articles of Association stipulate that three weeks' notice must be given. The notice of the meeting and case documents will be made available on the Group's website https://www.gjensidige.no/group/. Shareholders may nonethe-

less demand that the case documents be sent to them by post free of charge. The minutes will be published at https://www.gjensidige.no/group/ as soon as they are available.
- The case documents shall be sufficiently detailed to provide a basis for considering the matters raised.
- Shareholders who wish to attend the general meeting must notify the Company in writing at least five days before the meeting. The registration deadline is based on practical considerations in connection with the organisation of the general meeting.
- In connection with elections at the general meeting, it will be possible to vote for one candidate at a time.
- The CEO, the Chairman of the Board, the Chair of the Supervisory Board and the chair of the nomination committee are required to be present unless this is obviously unnecessary or they have valid grounds for not attending.
- The Company's auditor will be present at the meeting.
- If necessary, and if the nature of the matter so requires, the whole Board and the whole nomination committee will be present at the meeting.
- Pursuant to the Articles of Association, the general meeting will be chaired by the Chair of the Supervisory Board, or by the Deputy Chair, or, if they are both absent, by the Chairman of the Board or another person designated by the Board.
- Shareholders may be represented by proxy. The notice of the meeting will contain more detailed information about the procedure for representation by proxy, including an authorisation form. In addition, a person will be appointed who can vote by proxy on behalf of shareholders.
- Shareholders can vote electronically in advance before the general meeting. Voting in advance can be done via the Company's website www.gjensidige.no, and via VPS Investor Services.

More information about the use of proxy and shareholders' right to have matters considered by the general meeting is provided in the notice of the meeting and at https://www.gjensidige.no/group/.

Pursuant to the Articles of Association, the Board may decide that shareholders can attend the general meeting by means of electronic aids, including exercising their rights as shareholders electronically.

Members of the Board are present at the general meeting. The Chairman of the Board and the CEO are normally present to answer questions.

Deviations from the Code of Practice: Pursuant to the Code of Practice, the whole Board, the whole nomination committee and the auditor should be present at the general meeting. Based on the matters that have been submitted to the general meeting for consideration, it has not been necessary so far for the whole Board to attend. The Chairman of the Board, the chair of the nomination committee, the Company's auditor and the CEO are always present to answer any questions, however.

8. Nomination committee

Gjensidige has decided in its Articles of Association that the Company shall have a nomination committee consisting of four to six members elected by the general meeting. The Chair of the Supervisory Board is a permanent member if he or she has not already been elected by the general meeting. The chair and members of the nomination committee are elected by the general meeting every year.

At present, Gjensidige's nomination committee consists of four members, including the Chair of the Supervisory Board. All members are independent of the Board and other executive personnel. Three of the members are also members of the Supervisory Board, including the Chair of the Supervisory Board. According to the rules of procedure for the nomination committee, the members should reflect the interests of the shareholders as a whole, and the Gjensidige Foundation should be represented by two members. This recommendation was followed in 2015.

As of 31 December 2015, the nomination committee consisted of the following members:
- Bjørn Iversen (chair)
- Mai-Lill Ibsen
- Ivar Kvinlaug
- John Ove Ottestad

Two representatives elected by and from among the employee members of the Supervisory Board shall take part in the nomination committee's work on preparing the election of the Chairman of the Board and the Chair and Deputy Chair of the Supervisory Board.

The nomination committee started work on preparing for the election in 2015 already in autumn 2014. A total of 10 meetings were held in the period leading up to the elections, which were held by the general meeting and the Supervisory Board. In order to arrive at the best possible basis for its assessments, the nomination committee has had conversations with the Chairman of the Board, the board members and the CEO.

The nomination committee shall contribute to the election of competent, committed officers who focus on value creation. The objective is that together the elected officers shall be capable of challenging and inspiring the day-to-day management in the company's business areas.

The nomination committee shall propose candidates – with the exception of the employee representatives – for:

- the Supervisory Board
- the general meeting's proposals for the election of a Chair and Deputy Chair of the Supervisory Board
- the Supervisory Board's election of a Chair and Deputy Chair
- the Board, including the Chairman of the Board
- the control committee, including the chair of the committee
- the nomination committee, including the chair of the committee
- external auditor

A reasoned recommendation containing relevant personal details shall be enclosed with the notice of the election meeting to which the nomination is submitted.

The nomination committee wishes to ensure that the shareholders' views are taken into account when qualified members are nominated for the governing bodies of Gjensidige Forsikring ASA. In addition to the nomination committee consulting relevant shareholders for proposals for candidates and support for its recommendations, all shareholders are invited to propose candidates for governing bodies via a request on the Company's website. The deadline for submitting proposals is normally set at the turn of the year to ensure that proposed candidates are considered at the start of the process.

The nomination committee shall recommend all remuneration to be decided by the general meeting or the Supervisory Board, including the remuneration of members of the nomination committee to be decided by the general meeting, and submit a recommendation concerning whether the proposal for the auditor's fee shall be approved.

Rules of procedure for the nomination committee's work have been drawn up and adopted by the general meeting. The rules of procedure are available at https://www.gjensidige.no/group/.

Further information about shareholders' right to submit proposals to the nomination committee is available at https://www.gjensidige.no/group/.

Deviations from the Code of Practice: None

9. Supervisory Board and Board, composition and independence

Composition of the Supervisory Board

The Supervisory Board of Gjensidige consists of 21 members or a higher number divisible by three. The employee representatives are elected for two years at a time, while the remaining representatives are elected for one year. The Chair and Deputy Chair of the Supervisory Board are elected by the Supervisory Board for one year.

In 2015, the Supervisory Board comprised 21 members, 14 elected by the shareholders and 7 elected by the employees.

The Supervisory Board's independence

The Supervisory Board has had a diverse composition, and the majority of the members have been independent of special interests (directly, indirectly or through employment) in the Company. Seven of the 14 shareholder-elected representatives have been independent of the Gjensidige Foundation.

In line with the new Financial Institutions Act, the general meeting of Gjensidige Forsikring ASA decided on 27 April 2015 to dispense with the Supervisory Board with effect from 1 January 2016. https://www.gjensidige.no/group/.

Composition of the Board

The Board of Gjensidige shall consist of ten members, three of whom are elected by the employees. Until the new Financial Institutions Act entered into force, the Board was required to be elected by the Supervisory Board. The shareholder-elected board members are elected for one year at a time. The Chairman of the Board was directly elected by the Supervisory Board. Board members elected by and from among the employees are elected for two years at time, but such that at least one member is up for election every year.

The Board of Gjensidige shall be broadly composed, and consideration shall be given to the Board being able to work well as a collective. In the rules of procedure for the nomination committee, the general meeting sets out the following guidelines for the nomination committee's work:

- The nomination committee shall emphasise that all proposed candidates to the Board have the necessary experience, qualifications and capacity to carry out the duties of the office in a satisfactory manner.

- When nominating members to the Board, the principles for good corporate governance mean that emphasis should be given to the overall interests of the shareholders and to reflecting the composition of the shareholders.
- The members of the Board should be independent of the Company's day-to-day management.

Information about the members of the Board:

	Number of board meetings attended	Number of Gjensidige shares
Inge K. Hansen	13 of 13	12,253
Gunnhild H. Andersen (1 Jan 2015–28 May 2015)	7 of 7	785
Trond Vegard Andersen	13 of 13	1,805
Hans-Erik F. Andersson	13 of 13	1,778
Per Arne Bjørge	13 of 13	10,542
Kjetil Kristensen	12 of 13	578
Gisele Marchand	12 of 13	1,481
Gunnar Mjåtvedt	13 of 13	1,907
Mette Rostad	13 of 13	1,550
Lotte Kronholm Sjøberg (28 May 2015–31 Dec. 2015)	5 of 6	283
Tine Gottlob Wollebekk	12 of 13	0

Today, 43 per cent of the shareholder-elected members of the Board are women. For a more detailed presentation of the board members, see pages 51 to 69 in the annual report and the Company's website https://www.gjensidige.no/group/.

The Board's independence

No member of the Company's general management is a member of the Board. All shareholder-elected board members are independent of executive personnel. Board members Trond Andersen, Per-Arne Bjørge and Mette Rostad are appointed by the Company's biggest owner, the Gjensidige Foundation. All board members are independent of important business associates.

Board members' shareholdings

Nine of the board members own shares in the Company; see the overview in the table. The board members follow the general rules concerning primary insiders, but they have all voluntarily accepted and informed their closely related parties that trading in the Gjensidige share or derivative instruments will only take place within a reasonable time frame after submission of the quarterly report, so that trading can take place on the basis of the same information about the Company and the Company's financial position as is available to the market in general.

Deviations from the Code of Practice: None

10. The work of the Board

The work of the Board follows a fixed annual plan and is conducted in accordance with established rules of procedure. The rules of procedure are available at https://www.gjensidige.no/group/. They set out more detailed rules for the work of the Board and how it handles matters, including what matters shall be considered by the Board, rules concerning notices of meetings and the conducting of meetings. The Board has also issued instructions for the CEO, which regulate the internal division of responsibility and tasks.

The Board holds regular physical board meetings and holds nine fixed meetings every year. Additional meetings may be held depending on matters at hand and the situation. They can be held by phone or electronically using the board portal. In 2015, a total of 13 board meetings were held, 3 of which were extraordinary board meetings. One of the ordinary meetings was an annual two-day strategy meeting. At the extraordinary meetings, the Board considered, among other things, strategic initiatives and amendments of the Articles of Association.

In matters where the Chairman of the Board is or has been actively involved, another board member shall chair the Board's discussion of the matter.

The Board carries out an annual self-evaluation that is also submitted to the nomination committee for use as documentation in connection with the committee's work. In 2015, the Board carried out this self-evaluation with external assistance from the Administrative Research Institute (AFF).

The Board of Gjensidige Forsikring ASA has appointed two select committees – an audit committee and a remuneration committee. All members of the two committees are independent of the Company and its general management.

The audit committee

The audit committee is a preparatory and advisory select committee that consists of board members elected by the Board. The audit committee is tasked with preparing the Board's follow-up of the financial reporting process and improving the Board's follow-up of the Group, among other things by contributing to thorough and independent consideration by the Board of matters relating to financial reporting. The committee shall also monitor the systems for internal control and risk management, as well as the Company's internal audit function. The committee is also in continuous contact with the Company's elected auditor about the auditing of the annual accounts, and it assesses and monitors the auditor's independence; cf. Chapter 4 of the Auditors Act. The committee shall state its opinion on the election of the auditor and the auditor's fee. The committee held seven meetings in 2015.

As of 31 December 2015, the audit committee consisted of the following members:
- Gisele Marchand (chair 30.6.-31.12.)
- Hans-Erik F. Andersson (chair 1.1.-30.6.)
- Per Arne Bjørge
- Kjetil Kristensen
- Gunnar Mjåtvedt

The remuneration committee
The remuneration committee shall, within the limits of the Board's responsibility, strengthen the Board's follow-up of the remuneration policy vis-à-vis the CEO, the senior management team and key personnel.

The committee shall prepare matters for the Board. It is primarily responsible for:
- Drafting proposals for and following up compliance with the Group's guidelines and framework for remuneration
- Annually preparing and proposing the remuneration of the CEO
- Annually drafting proposals for the CEO's scorecard
- Acting as adviser to the CEO in connection with the annual assessment of the remuneration of other executive personnel
- Drafting proposals for principles and a declaration on the stipulation of pay and other remuneration for executive personnel, employees and officers of the Company who have duties that are of material importance to the Company's risk exposure, and other employees and officers with control tasks
- Considering other important personnel matters relating to executive personnel

Reference is otherwise made to the Board's declaration on remuneration in Note 18 on page 132 of the annual report.

The committee is an advisory body to the Board. It held one meeting in 2015.

As of 31 December 2015, the remuneration committee consisted of the following members:
- Inge K Hansen (chair)
- Trond Vegard Andersen
- Tine Gottlob Wollebekk

The Board's impartiality
The Group's rules of procedure for the Board regulate matters concerning board members' impartiality. A board member is disqualified from participating in considering or deciding matters that are of such great importance to the board member or his/her related parties that he or she must be deemed to have a direct or indirect personal or financial interest in the matter. The same applies to the CEO. Board members are also disqualified when other special circumstances could undermine trust in their motives for participating in deciding a matter.

Individual board members are obliged to ensure they are not disqualified from considering a matter on grounds of partiality. In cases of doubt, the matter shall be presented to the Chairman of the Board. The Chairman of the Board shall present cases of doubt relating to his or her own impartiality to the whole Board.

The Board shall approve agreements between the Company and a board member or the CEO. The Board shall also approve agreements between the Company and a third party in which a board member or the CEO must be deemed to have a particular interest.

Introduction programme for new board members
Relevant information about the Company and the work of the Board is made available to new board members on the Company's web-based portal for board members. In addition, new board members will, by meeting key members of the management, be given an introduction to the organisation and running of the Company.

Deviations from the Code of Practice: None

11. Risk management and internal control
The Board focuses on risk management and internal control, and this is an integral part of the Board's systematic work. The Board has adopted a group policy for risk management and internal control. Among other things, the document describes the main principles for risk management and internal control, in addition to describing the division of responsibility. The document is available at https://https://www.gjensidige.no/group/.

The main purpose of risk management and internal control is to provide reasonable assurance of goal attainment through the following methods:

- Goal-oriented, efficient and expedient operations.
- Reliable internal and external reporting.
- Compliance with laws and regulations, and internal regulations.

Gjensidige's internal control system includes the Company's core values, guidelines for ethics and social responsibility and other governing documents.

The Board carries out an annual review of the Group's most important risk areas and its internal control. The Board also receives quarterly reports on the risk situation in the Group. The division of responsibility between the Board and the CEO is as follows:

The Board's responsibilities:

- The Board has overall responsibility for ensuring that Gjensidige has established expedient, effective processes for risk management and internal control in accordance with recognised frameworks.
- The Board shall ensure that such processes are satisfactorily established, implemented and followed up, among other things by considering reports prepared by the Risk Management and Compliance function that are submitted to the Board by the CEO and the internal audit function as direct reports to the Board.
- The Board shall ensure that risk management and internal control are integrated in the Group's strategy and business processes.

The CEO's responsibilities:

- The CEO shall ensure that Gjensidige's risk management and internal control are implemented, documented, monitored and followed up in a satisfactory manner. The CEO shall issue instructions and guidelines for how the Group's risk management and internal control shall be carried out in practice and establish expedient control processes and functions.

Centralised control functions have been established that are independent of business operations: the Risk Management and Compliance function and the Actuary function. In addition, the internal audit function serves as an additional, independent control level that reports directly to the Board.

The Compliance function is independent in relation to operations, and it identifies, assesses, monitors, advises and reports on the Group's compliance risk. Assessing compliance risk is part of the Group's annual risk assessment process.

The Risk Management and Compliance function is responsible for monitoring the overall risk situation and the framework for risk management, including internal control and the quantification and aggregation of risk.

The internal audit function is an independent, objective confirmatory and advisory function that shall contribute to the organisation achieving its goals. The head of the internal audit function is appointed and dismissed by the Board and submits reports on the Group's risk management and internal control to the Board and the CEO at least once a year. The Board approves resources and plans for the internal audit function annually. The Group Audit Director reports quarterly to the Board and the CEO on the results of the audit work. The audit work is carried out in accordance with international internal auditing standards (IIA).

The Group's control functions are organised on the basis of the principle of three lines of defence.

Control committee

Until 1 January 2016, financial institutions were required to have a separate, elected control committee, but this will discontinue from and including 2016. The control committee is independent of the board and management, and is elected by the general meeting. The committee holds regular meetings, and it is tasked with ensuring that the Company operates in an expedient and appropriate manner in accordance with legislation, the Articles of Association, guidelines adopted by the Supervisory Board and instructions from the Financial Supervisory Authority of Norway. The committee shall in particular ensure that the Company has satisfactory management systems and internal control systems. The control committee is identical for all companies in the Group that are obliged to have such a committee. The committee shall also supervise other companies in the Group.

The control committee held seven meetings in 2015.

In 2015, the control committee consisted of the following members:

- Sven Iver Steen (chair)
- Liselotte Aune Lee
- Hallvar Strømme
- Vigdis Myhre Næsseth (attending deputy member)

Rules of procedure for the control committee's work have been drawn up and adopted by the general meeting. The rules of procedure are available at https://www.gjensidige.no/group/.

Financial reporting and financial management
Among other things, the CFO is responsible for asset management, risk and capital management, the Actuary function, the planning process and financial performance. Among other things, the Executive Vice President of Group Staff and General Services is responsible for financial reporting and follow-up of limits on the investment activities. This organisation is intended to ensure independence between the leading premise setter for profit performance and those who report the results.

The Gjensidige Group publishes four interim reports in addition to the ordinary annual accounts. The accounts shall meet the requirements in laws and regulations and be prepared in accordance with adopted accounting principles.

Publishing deadlines are stipulated by the Board. The tasks that are carried out in the concluding phase are set out in a schedule that specifies the person responsible and the deadline for ensuring timely reporting. The schedule is reviewed prior to each quarter to ensure that any new circumstances are identified and that the schedule continues to be expedient.

As part of Gjensidige's governing documents, an overall description has been prepared of the process relating to the closing of the accounts. Reporting instructions have also been prepared, including accounting principles that subsidiaries and branch offices must use in their reporting. The internal control is based on the principle of division of labour and dualism, and it is documented through descriptions of processes and procedures in material areas. Authorisation structures, reconciliations and management reviews have been established.

As part of the Board's above-mentioned annual review of the Group's risk areas and internal control, an evaluation is also carried out of risk and control in the financial reporting process, and of whether measures are necessary.

Consolidated accounts are prepared every month and reported to the Board on a monthly basis, with comments on and explanations of each business segment. In this connection, Group Accounts cooperates with the Actuary function, Group Performance Management, reinsurance and the controllers in the business areas on quality assurance of figures and comments. The insurance provisions are assessed monthly by the Actuary function and reviewed annually by an external actuary. Accounting items that entail a varying degree of discretionary judgement and assessment are reviewed and documented in advance of the quarterly closing of accounts. Discretionary accounting items are reviewed by the Board's audit committee at quarterly meetings. The audit committee also considers the interim reports, company accounts and consolidated accounts. The processes are identical for the Group and the parent company. The annual accounts are adopted by the respective general meetings.

The Group has established a planning process for financial management whereby the CEO, the CFO and the Chief Performance Officer meet with business and support areas at least every quarter and review financial performance and goal attainment as well as events that affect future development. Among other things, they assess risks relating to financial reporting, in both the short and long term. The Senior Group Management reviews monthly financial reporting, including developments in profit/loss and balance sheet items, goal attainment, the forecast for the year, risk assessment and analysis of and comments on results in business and support areas.

In connection with the outsourcing of material work processes, such as payroll and ICT services, the Group obtains statements in accordance with ISA3402 in order to assess the contracting party's internal control. The purpose of this is to ensure that the contracting party has satisfactory internal control.

The Group is concerned with ensuring that processes relating to financial reporting and financial management are carried out by personnel with the right expertise for the different tasks. Professional updating in the form of self-studies, courses and continuing education takes place on the basis of the needs and complexity of the position in question. The goal is that the Group shall have sufficient expertise and resources at all times to be able to carry out timely closing of the accounts without there being material errors in the consolidated and company accounts. This involves fields such as IFRS, NGAAP and the Annual Accounts Regulations for Insurance Companies etc. Gjensidige participates actively in various industry organisations for banks and life and general insurance companies where topical issues are discussed.

Deviations from the Code of Practice: None

12. Remuneration of the Board
The nomination committee proposes the remuneration of the Board, which is decided by the Supervisory Board. This remuneration is not dependent on the

Group's performance, and none of the board members have share options issued by the Company.

The remuneration of individual board members is described on page 134 of the annual report. The amount of the remuneration reflects the Board of Director's responsibility, expertise, time consumption and the complexity of the business. In addition, board members are paid a separate fee for participating in the Board's audit committee and remuneration committee. As a rule, board members or companies with which they are associated shall not take on specific assignments for the Company in addition to their office as board member. If such assignments nonetheless arise, the whole Board shall be informed of this. No such assignments were carried out in 2015, and no fees have therefore been paid to board members over and above the fee they receive as members of the Board.

Deviations from the Code of Practice: None

13. Remuneration of executive personnel

The Group has established a remuneration system that applies to all employees. The system is intended to ensure that Gjensidige attracts and retains employees who perform, develop, learn and share. The remuneration 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 Group's remuneration systems 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.

Guidelines for remuneration and career development shall be linked to achievement of the Group's strategic and financial goals and core values, and both quantitative and qualitative targets shall be taken into consideration. The measurement criteria shall promote the desired corporate culture and long-term value creation, 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, insurance policies and payments in kind. Variable pay shall be used to reward achievements that exceed expectations, where both results and behaviour in the form of compliance with core values, brand and management principles will be assessed.

Variable pay shall be performance-based without being a risk driver, and it shall reflect the results and contributions of both the Company, the division, the department and the individual employee. Other remuneration elements that are offered shall be perceived as attractive by both new and current employees.

There is a ceiling on all variable remuneration.

The Board's guidelines for stipulating the remuneration of the Senior Group Management and executive personnel meet the requirements of the Regulations relating to remuneration systems in financial institutions of 1 December 2010, most recently amended on 22 August 2014.

The remuneration of the CEO is stipulated by the Board on the basis of an overall assessment that takes into account Gjensidige's remuneration system and the market salary for corresponding positions. The fixed salary is assessed and stipulated annually on the basis of wage growth in society in general and in the financial industry in particular. Variable remuneration (bonus) is decided by the Board on the basis of agreed goals and deliveries. It can amount to up to 50 per cent of the fixed salary including holiday pay. Variable remuneration is earned annually and is based on an overall assessment of financial and non-financial performance over the past two years. Half of the variable remuneration is in the form of a promise of shares in Gjensidige Forsikring ASA, one third of which are allocated in each of the following three years. Restricted variable remuneration that has not yet been disbursed may be reduced if subsequent results and developments indicate that it was based on incorrect assumptions.

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

The overall remuneration is decided on the basis of the need to offer competitive terms in the different business areas. It shall contribute to attracting and retaining executive personnel with the desired expertise and experience who promote the Group's core values and development.

The fixed salary is assessed and stipulated annually on the basis of wage growth in society in general and in the financial industry in particular. Variable remuneration (bonus) for executive personnel is earned annually and is based on an overall assessment of financial and non-financial performance over the past two years. Individual variable pay, including holiday pay, may amount to up to 30 per cent of the annual salary. Variable pay is not included in the pension basis. Half of the variable remuneration is in the form of a promise of shares in Gjensidige Forsikring ASA, one third of which are allocated in each of the following three years. Restricted variable remuneration that has not yet been disbursed may be reduced if subsequent results and developments indicate that it was based on incorrect assumptions.

The guidelines are submitted to the general meeting as a separate item in accordance with the Public Limited Liability Companies Act Section 16-6 a). The general meeting's decision on the guidelines in the statement on remuneration of executive personnel is advisory to the Board, except the part of the document that concerns share-based remuneration, which is binding. As a result, the general meeting holds an advisory vote on the Board's statement on the stipulation of pay and other remuneration and the Board's guidelines for the stipulation of pay for executive personnel, as well as a binding vote on the new guidelines for the allocation of shares, subscription rights etc. that the Board proposes pursuant to the Public Limited Liability Companies Act Section 6-16a first paragraph third sentence 3.

The Board's complete declaration on remuneration of executive personnel is available on page 132 of the annual report.

Deviations from the Code of Practice: None

14. Information and communication

Gjensidige shall maintain an open dialogue with all stakeholders. All financial market participants shall have simultaneous access to correct, clear, relevant and detailed information about the Group's historical results, operations, strategy and outlook. The information shall be consistent over time. The Board has adopted guidelines for the reporting of financial information and other information in the form of an IR policy. The guidelines are available at https://www.gjensidige.no/group/investor-relations.

Gjensidige has published all relevant ownership information about the Group at https://www.gjensidige.no/group/.

This is the most important means of providing identical, simultaneous and relevant information to all stakeholders. A financial calendar is also published on the website, containing dates for the announcement of financial information and information about the Company's general meetings.

The Company has a dedicated IR (investor relations) function that has a central place in the Company's management, and that ensures that there is regular contact with the Company's owners, potential investors, analysts and the financial market. The goal is that the Company's information work shall be in accordance with best practice at all times.

In connection with quarterly financial reporting, open presentations are held for investors, analysts and other stakeholders. The presentations are also made available at https://www.gjensidige.no/group/ via webcast.

A capital market day shall be held when it is considered expedient in order to keep the market up-to-date about the Group's development, goals and strategies.

The Company most recently held a capital market day on 25 November 2014 in London.

Deviations from the Code of Practice: None

15. Corporate takeovers

The Company has one big owner, the Gjensidige Foundation. The Foundation has laid down in its Article of Associations that its ownership interest shall at least amount to 60 per cent of the shares issued in Gjensidige.

This means that a takeover bid for the Company is unlikely to arise.

Guidelines have nonetheless been adopted for corporate takeovers. These guidelines ensure that all shareholders' interests are attended to, and they contribute to equal treatment of shareholders. The guidelines are in compliance with the Norwegian Code of Practice for Corporate Governance. The Board will obtain independent valuations and draft a recommendation on whether or not the shareholders should accept the bid.

In conversations with the bidder and in its other actions, the Board shall endeavour to safeguard the interests of the Company and the shareholders as a whole. The Board shall ensure that all the Company's shareholders are treated equally and kept up-to-date about relevant matters relating to the bid. The shareholders must receive information as early as possible, to give them time to consider the bid. Endeavours will otherwise be made to avoid undue disruption of other activities during a takeover process.

The Board shall not attempt to prevent bids being made, and, as a rule, it shall seek to facilitate the implementation of bids that may be in the interests of the shareholders. The Board shall not take action as described in the Securities Trading Act Section 6-17 without obtaining instructions from the general meeting. The Company shall not use authorisations to issue shares to prevent a bid.

In order to safeguard the shareholders' interests, the Board shall consider whether to initiate processes that trigger competing bids in a manner that safeguards the shareholders' interests.

As a rule, the Company shall engage the services of an independent legal adviser and an independent financial adviser in the work of assessing a submitted or notified serious bid. These advisers cannot represent the Company's shareholders in connection with the transaction. Grounds shall be stated for the experts' valuation.

Deviations from the Code of Practice: None

16. The external auditor

Until 1 January 2016, the external auditor was elected by the Supervisory Board on the recommendation of the Company's nomination committee. The external auditor normally performs an interim audit every autumn in addition to auditing the annual accounts. The interim audit focuses on the Company's internal control relating to the presentation of the accounts. The accounting department will have regular contact with the auditor throughout the year to discuss the result of the external auditor's work, consequences of new laws and regulations etc.

A number of regular meetings are held between the external auditor and the Company's governing bodies during the course of the year:

The auditor presents the main elements in the audit plan to the audit committee on an annual basis. In addition, the audit committee considers the auditor's assessment of internal control in relation to financial reporting. The auditor attends board meetings when the annual accounts are considered.

At least one meeting is held every year between the Board and the auditor, and between the audit committee and the auditor, at which the CEO and other executive personnel are not present. The elected auditor shall attend meetings of the Company's control committee at least twice a year.

The Board has adopted a policy and guidelines for relations with the elected auditor. At least every five years, several accounting companies will normally be invited to tender for the contract for the statutory auditing.

Guidelines have been drawn up for the management's right to use an external auditor for services other than auditing.

The auditor shall under no circumstances carry out advisory tasks or other services if this could affect or give rise to doubts about the auditor's independence and objectivity. Nor shall the auditor act in a manner that entails a risk that he/she will have to audit the result of his/her own advisory services or other services, or that entails a risk that he/she will perform functions that are part of the Group's internal decision-making process.

The audit committee shall also monitor the auditor's independence, including what services other than auditing the auditor has provided. The breakdown between the auditor's fee and consultancy fees for 2015 is described in Note 17 to the annual report. Until 2016, the Supervisory Board approved the auditor's fee. Information will be provided about the auditor's fee broken down by auditing and other services at the meeting.

Deviations from the Code of Practice: None

The Board's Report and annual accounts 2015

The Gjensidige Group achieved its best-ever underwriting result in 2015. Customer satisfaction increased to a new record-high level, and competitiveness remained good.

Board's report 2015

The profit from insurance operations was record-strong in 2015, while the return on the investment portfolio was satisfactory given the prevailing market conditions. The profit after tax expense was NOK 3.8 billion, corresponding to NOK 7.57 per share.

The underwriting result increased by more than 20 per cent from 2014, ending at NOK 3.5 billion. The result was positively influenced by a solid growth of 4.3 per cent in premiums and a good underlying frequency claims development, among other things as a result of good customer and risk selection and risk pricing, in addition to a favourable weather situation. Higher run-off gains also made a positive contribution to the improvement in the result. The financial result was NOK 1.5 billion, which was 28 per cent lower than in 2014. The Retail Bank and Pension and Savings also made a positive contribution to the good profit performance by the Group. The Board is satisfied that the Group delivered on its financial targets in 2015.

The Board proposes a dividend of NOK 4.2 billion for the 2015 financial year. This corresponds to NOK 8.40 per share, NOK 6.40 of which is based on the profit for the year and the expected dividend capacity going forward. This corresponds to an increase in nominal dividend of 8.5 per cent compared with 2014, and a payout ratio of 84.5 per cent. The nominal dividend flow shall be high and stable over time and grow in periods of growth in earnings. The remaining NOK 2.00 per share is related to the distribution of excess capital as part of the process of ensuring an optimal capital structure.

The Gjensidige Foundation's share of the total dividend amounts to NOK 2.6 billion, of which NOK 2.0 billion is related to the profit for the year. The board of the Gjensidige Foundation has proposed that this part of the dividend, after a deduction for expenses, be distributed to Gjensidige's general insurance customers in Norway as customer dividend.

The business

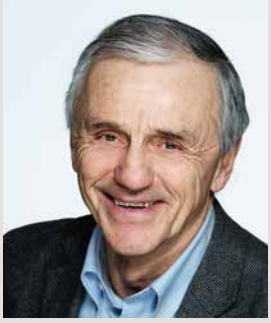
Gjensidige Forsikring ASA (Gjensidige Forsikring) is a Nordic general insurance company with its head office in Oslo in Norway. The object of the business is to safeguard life, health and assets for customers in the private and commercial markets by offering competitive insurance products and services. In Norway, Gjensidige also offers banking, pension and savings products and services, which means that the Group's customers have a wide range to choose from and helps to build strong customer relations. Gjensidige Forsikring is the parent company of the Gjensidige Group (Gjensidige).

Gjensidige is market leader in Norway, and it is the biggest Norwegian-owned general insurance company in the Nordic countries and the Baltic states. These markets are Gjensidige's defined market area for further growth. The general insurance operations include general insurance and accident and health insurance. The Norwegian general insurance operations also include life insurance, which is pure risk insurance with a duration of up to one year. Group life insurance is the biggest product in this category.

Gjensidige's business model is based on an integrated value chain that includes the production of financial services and products, a high degree of direct distribution, service and customer dialogue, and efficient claims settlements. Distribution in cooperation with partners is an important part of the model, especially in Denmark and Sweden.

Customer orientation

Gjensidige is working systematically to become the most customer-oriented company in the Nordic general insurance field. The vision is to 'know the customer best and care the most'. The customers should feel that Gjensidige knows them, cares about them, makes things easy for them and helps them. Customer satisfaction is measured systematically, at group level and down to the individual employee level, and improvement measures are implemented continuously. Customer satisfaction was record-high in 2015. The training of staff, development of digital services and use of data and insight to ensure relevance to the customers' everyday lives are important tools in this context.



Inge K. Hansen
Chairman

Inge K Hansen (1946) has been Chairman of the Board of Gjensidige since 2008. He is also Chairman of the Board of Siriusungen AS, World Championships Biathlon 2016, Harding AS, Troms Kraft AS, Hotel and Restaurant Continental AS, Core Energi AS, Nets AS, Arctic Securities AS and NorSun AS. Further he is Deputy Chairperson of the Board of Hydro and board member of Fram Museum and Sissener AS. He was elected Chair of the Year in Norway and the Nordic Countries in 2012.

Hansen has previously been an executive vice president in Statoil and CEO of Aker Kværner. He is a graduate of the Norwegian School of Economics (NHH).

Hansen is up for election to the Board in 2016. Hansen holds 12,253 shares in Gjensidige Forsikring ASA, including any shares held by closely related parties (last change 10 December 2012).

User-friendly self-service solutions are being developed to ensure that customers, at their convenience, can take out and change insurance policies, seek advice and report claims online using a computer, mobile phone or tablet. At the same time, continuous efforts are being made to rationalise internal work processes so that Gjensidige can continue to improve the service to customers. In addition to offering traditional insurance products, Gjensidige has developed several value-adding services in the Norwegian private market that contribute to brand preference and loyalty.

Market position

Gjensidige was the leading player in Norwegian non-marine general insurance in 2015 as well, with a market share of 25.3 per cent of a total market of NOK 55.7 billion. The market share was stable from 2014 despite strong competition, and the market position relative to the biggest competitors was further strengthened in 2015 (source: Finance Norway). The Company prioritises profitability ahead of growth, and the development of the market share therefore confirms Gjensidige's good competitiveness.

The Company had a market share of 23.8 per cent in the private market at the end of 2015. The market share in the commercial market was 27.7 per cent (source: Finance Norway). This includes the agricultural market, where Gjensidige has historically had a high market share.

The market shares in Denmark and Sweden were 6.4 per cent (based on the most recent statistics from the Danish Insurance Association as of 31 December 2014) and 1.6 per cent, respectively (source: Insurance Sweden, as of 31 December 2015).

In the Baltic general insurance market, Gjensidige had a market share of 12.5 per cent at year-end (source: Insurance Supervisory Commission of the Republic of Lithuania, Latvian Insurers Association, Statistics Estonia). The acquisition of PZU Lietuva largely explains the increase in the market share from 6.9 per cent in 2014.

The market share for group unit-linked defined contribution pensions was 9.2 per cent, while the market share for individual unit-linked pensions was 8.7 per cent. The market share of transferred defined contribution pension agreements was 15.7 per cent. The corresponding market share for private pension assets was 14.2 per cent (source: Finance Norway, third quarter 2015).

Distribution

Norway

Gjensidige has approximately 780,000 customers in the Private segment and slightly less than 150,000 customers in the Commercial segment in Norway .

Gjensidige's own distribution network is largely responsible for sales and advisory services, but agents and brokers are also used in some cases. Gjensidige also cooperates with several local mutual fire insurers. Gjensidige has cooperation agreements with several large national trade unions and interest organisations. These agreements give members of the organisations advantages as customers of Gjensidige. Gjensidige's commercial customers in Norway are primarily serviced through own sales channels (around 80 per cent of the premium volume). In addition, some customers are serviced via brokers.

Both the Private and Commercial segments distribute products and services through a combination of telephony, web-based solutions and local branch offices. The customers can choose their point of contact

[1] The numbers are updated after moving some customers between the two segments. Total number of customers increased by around 10,000 in 2015

Trond Vegard Andersen
Board member

Trond Vegard Andersen (1960) has been a member of the Board of Gjensidige since 2009. He is CEO of Fredrikstad Energi AS (FEAS), a board member in Nettpartner Holding AS and Værste AS, and an elected member to the General Meeting of the Gjensidige Foundation.

Among other things, Andersen has been an auditor with Pricewaterhouse-Coopers. He is a state-authorised public accountant and holds an MBA from the Norwegian School of Economics (NHH).

Andersen is up for election to the Board in 2016. Andersen holds 1,805 shares in Gjensidige Forsikring ASA, including any shares held by closely related parties (last change 16 October 2014).

and the service they want, and they shall experience the same quality and service regardless of channel. The multi-channel model contributes to both good customer experiences and cost-efficient distribution.

The sales centres and customer service centres are responsible for external sales and for serving customers who contact Gjensidige to buy or change insurance policies or to seek advice. Gjensidige has 33 local branch offices that offer advisory services in the fields of insurance and banking. The offices can refer customers to other departments if the queries concern pensions and saving.

The customer portal gjensidige.no plays an increasingly important role in relations with the customers. There, private and commercial customers can see their own insurance policies and can manage their customer relationship themselves, for example by reporting a claim or tracking the processing of a claim online. A considerable proportion of sales to private customers in Norway is now initiated at gjensidige.no. Almost 50 per cent of customers use the internet at one or several points in the sales process and roughly a third of frequency claims are reported online.

Nordic

Gjensidige distributes general insurance products in Denmark through its own sales network and in cooperation with the Nykredit group. In addition, private insurance products are sold through a number of partners, especially travel agents, mobile telephony companies, car dealers and estate agents. Otherwise, the private market is served directly via underwriters, call centres and the internet.

In the Danish commercial market, sales are made in cooperation with brokers and call centres and dedicated underwriters in the market for small and medium-sized enterprises and agricultural customers.

Distribution in the municipal market takes place either directly or through brokers. The market is to a large extent based on competitive tendering.

In Sweden, general insurance products are distributed to private customers both directly via telephone and the internet and through insurance mediators (partners and agents). In the commercial market, distribution mainly takes place through insurance brokers and partners.

Baltics

The most important distribution channels in the Baltic states are direct sales and sales through insurance agents and brokers. Sales via the internet are increasing. Gjensidige aims to develop cost-efficient, multi-channel distribution models also in the Baltic market, with the emphasis on web-based solutions and telephony. Customer focus, increased sales of a wider range of products and access to customers through strategic partners will be important growth drivers.

Other matters

Gjensidige is also positioned to deliver products adapted to other distribution channels, both in Norway and in the other Nordic countries. Distribution largely takes place through agents and via business partners such as shops and car dealers that wish to expand their product range with insurance products under their own label ('white label').

Gjensidige Bank and the general insurance business are cooperating closely in the Norwegian private market. Digital solutions have been developed that make it simple for car dealers to offer financing and insurance products to their customers, and products and concepts are being developed that target younger customers in particular. Gjensidige Pensjon og Sparing cooperates closely with the Commercial segment on the distribution of pension and savings products to small and medium-sized enterprises in Norway.

Technology and development

The world is becoming increasingly digital, both for private individuals and for enterprises. Gjensidige needs to adapt and change to keep up with developments. Striking a balance between continuity and renewal will continue to be important. New technology is providing more and more opportunities to collect and utilise market and customer data, and to assess risk even better. Gjensidige is investing in technology and expertise on a continuous basis in order to generate and utilise relevant insight.

In 2015, the development, technology and ICT resources were merged to form a single effective entity: Technology and Development. The entity will be a driving force for the realisation of projects in Gjensidige's five strategic focus areas and will also play a central role in the work on ensuring competitiveness going forward. High on the agenda are the development and testing of products and services based on customer and market insight and 'the internet of things' in the fields of health, motor and property insurance. Robot technology is being tested on selected processes as a basis for further automation of internal work processes.

Products and customer data are available on the same system platform, which helps to ensure uniform customer service across channels and standardisation of work processes, and results in cost-efficient operation of ICT systems. A flexible service architecture enables Gjensidige to use functionality from the core-system and information from the customer system for self-service solutions, common user interfaces for customer advisers and in the work on optimising risk selection and tariff setting.

Digitalisation of business and customer-processes is given high priority. An improved online shop adapted to mobile phone and tablet users, a new app for insurance and banking services and personalised advice on log-on pages were among the services launched in 2015. This has contributed to increased sales and increased use of self-service solutions through digital channels. The work on digitalising the business will continue in the years ahead.

The year 2015

Leading position in Norway strengthened

Gjensidige strengthened its leading position in the Norwegian market in 2015 relative to the biggest competitors, despite a more demanding macroeconomic situation and intense competition. Customer satisfaction was higher than ever before, and, combined with record-strong profitability, this confirms Gjensidige's good competitiveness in Norway.

Stronger basis for further profitable growth in the Nordic region and Baltic states

Throughout 2015, Gjensidige strengthened its platform for further growth in the Nordic region and the Baltic states. At the beginning of 2016, the premium volume from this part of the business accounted for approximately 30 per cent of the total premium volume in general insurance operations. Gjensidige has a scalable business model, and the use of best practice across national borders represents a potential for growth and profitability going forward. Gjensidige has consolidated its position as a true and rational challenger in the Danish market. In Sweden and the Baltic states, measures have been introduced to ensure the implementation of best practice and good profitability in the longer term. New opportunities for growth, both organically and structurally, are continuously assessed.

Goal attainment – financial and operational targets

The financial targets for 2015 were achieved by a wide margin.

Area	Target	Target attainment 2015
Group		
Return on equity	>15 per cent	17.4 per cent
Dividend*	Nominal high and stable. Payout ratio >70 per cent	Nominal +8.5 per cent Payout ratio 84.5 per cent
Rating	Maintain A-rating from S&P	A-rating confirmed July 2015
General insurance		
Combined ratio	86-89 per cent**	83.7 per cent
Cost ratio	~15 per cent	15.1 per cent

* Dividends based on profit for the year. Excess capital distribution not included.
** Combined ratio target on an undiscounted basis, assuming ~4 pp run-off gains next 3-5 years and normalised large losses impact. Beyond the next 3-5 years, the target is 90-93 given 0 pp run-off.

The Board has decided to uphold the current targets, but has made a technical adjustment of the CR target for the next three to five years from 90–93 to 86–89. The adjustment reflects that average annual run-off gains for the period are expected to be in the region of NOK 800 million.

At the end of 2014, Gjensidige launched six operational key targets for the period up until 2018. The development has been positive for all the parameters throughout 2015.

KPIs	CSI	Digital customers	Claims reported online	Claims cost reduction	Customer retention	Customers with >4 GI products
2014	74.8	57%	26%			
2015	76.2	62%	34%	On track	Maintained	Maintained
Target 2018	77.0	75%	>50%	NOK 400m-500m	Maintain high	Maintain

Gradual development and adaptation to a digitalised world through the five strategic focus areas

Gjensidige's Board has defined five strategic focus areas that will play a central role in achieving the financial and operational targets in the period up to 2018. See page 38 for a more detailed description of Gjensidige's strategy. A selection of measures and initiatives that have been implemented in 2015 relating to each of the five focus areas are presented in the following.

Value-adding services

Value-adding services shall contribute to increased brand preference and customer loyalty. In 2015, Gjensidige launched a new solution for risk selection in the commercial market. Almost 9,000 commercial customers in Norway participated in a systematic risk check based on industry-specific digital modules. This gives customers valuable insight, while also providing Gjensidige with information about the risk situation and loss prevention possibilities. Increased insight will enable Gjensidige to better predict customer profitability and ensure that the Company has access to and retains the most attractive customers. A preliminary goal is that further 10,000 commercial customers in the SME segment and agricultural customers undergo a risk check during 2016.

Further digitalisation

Gjensidige will develop digital service solutions in step with changed customer preferences and meet the need for continuously more efficient operations. For example, the proportion of claims reported online or via mobile phone increased from 26 per cent to 34 per cent in 2015. In addition, self-service sales increased by more than 30 per cent after introducing new online shop adapted for mobile phone and tablet users and with a simplified purchasing process. In 2016, among other things, self-service solutions in Denmark will be improved.

Seamless multichannel distribution

In 2015, Gjensidige established a new group-wide contact centre solution that ensures increasingly customised dialogue with customers across telephony, web-based and chat solutions. This solution will be developed further and new functions added during 2016 and 2017.

Business intelligence and analytics

With increased digitalisation comes an exponential growth in data quantity. For example, Gjensidige has come far in utilising publicly available geographical and building data across all processes. This contributes to better pricing, customer and risk selection and more efficient claims settlements. In 2015, several pricing tariffs outside Norway were modernised and improved. The development of different products and services based on insight via 'the internet of things' and telematics in the fields of health, motor and property insurance are on the agenda going forward.

Organisational capabilities

Increased technological understanding and mobility in the organisation are preconditions for the capacity for change and development. During 2015, about 30 top-managers and many more employees changed jobs internally in the Group. Transfer of best practice and improved cooperation in combination with training and education, for example via the Gjensidige Customer and Brand School, will help to ensure having the right expertise in the right place also in the years ahead.

Satisfied and loyal customers

Brand recognition and preference for Gjensidige in the Norwegian market is stable and higher than among competitors, and, according to Ipsos MMI's annual surveys, the Company had the best reputation of all the biggest companies in the Norwegian financial sector. In Denmark, determined efforts are being made to increase familiarity with Gjensidige, and unaided familiarity in the Danish market was 13 per cent on average.

The customer satisfaction rate showed positive development and increased from 74.8 in 2014 to a record-strong 76.2 in 2015. Satisfaction is highest among customers who have had a claim or been in dialogue with Gjensidige for other reasons.

Gjensidige's customers show strong loyalty. Private customers in Norway have a customer relationship lasting more than ten years on average. Around 70 per cent of the private customers are members an organisational or loyalty programme and, among these customers, the average customer relationship has been more than 15 years. Commercial customers in Norway had a customer relationship lasting around eight years on average. Loyalty among customers in Denmark is developing positively, but there is still a potential for longer customer relationships in both the private and commercial markets.

Broad range of products boosts loyalty

Gjensidige's most loyal insurance customers are those who have the most products. In addition to a broad range of insurance products, banking, pension and

Hans-Erik F. Andersson
Board member

Hans Erik F. Andersson (1950) has been a member of the Board of Gjensidige since 2008. He is an adviser, Chairman of the Board of SinterCast AB and of Skandia, Board member of JLT Risk Solutions AB and Anticimex International AB.

Among other things, Andersson has previously been managing director of Skandia Insurance Company Ltd, Nordic manager for Marsh & McLennan, and Executive Director of Mercantile & General Re plc. Among other things, he studied economics, statistics and business law at Stockholm University, and has completed the INSEAD Executive Programme.

Andersson is up for election to the Board in 2016. Andersson holds 1,778 shares in Gjensidige Forsikring ASA, including any shares held by closely related parties (last change 10 December 2012).

savings products are offered to Norwegian general insurance customers as part of the efforts to increase the product range and the number of products individual customers buy. As much as 77 per cent of the bank's lending volume at the end of 2015 consisted of loans to insurance customers, and most of the growth in volume comes from insurance customers who are members of organisations or loyalty programmes.

The customer dividend model boosts loyalty
The unique arrangement whereby the customers receive customer dividend from Gjensidige's biggest owner, the Gjensidige Foundation, makes a positive contribution to both loyalty and attractiveness. Every year since the Company was listed on the stock exchange, the Gjensidige Foundation has paid customer dividend to Gjensidige's general insurance customers in Norway based on how much they pay in insurance premiums. During this period, customers have received an annual amount corresponding to 11–15 per cent of their premium. A survey carried out by Ipsos MMI for Gjensidige in the autumn of 2015 confirmed previous surveys showing that 90 per cent of the customers are familiar with the customer dividend model and that more than 70 per cent say that the model is one of the reasons why they continue to be Gjensidige customers. Familiarity with the customer dividend model among potential customers has increased significantly as a result of targeted marketing in recent years, reaching a record-high 57 per cent in November 2015.

Renewal of partnership agreements
Gjensidige has many years' experience of partnership agreements, and at the turn of the year, the partner organisations had a total of 1.6 million members. In 2015, Gjensidige renewed its agreements with Tekna (the Norwegian Society of Graduate Technical and Scientific Professionals), the Norwegian Farmers' Union and the Norwegian Trekking Association. The agreement with the Norwegian Association of Hunters and Anglers was extended. Members of organisations are Gjensidige's most loyal customers and those with the widest range of products. Gjensidige works closely with its strategic partners, and good management of partnership agreements will be given priority also in the time ahead.

Two acquisitions
Gjensidige's platform for future growth was further strengthened in 2015 through two acquisitions. The acquisition of Mondux in Denmark, with an annual premium volume of around DKK 250 million, took effect from the second half-year 2015. The acquisition strengthens Gjensidige's position in the Danish motor insurance market and gives greater insight into the product insurance market.

In addition, the Lithuanian company PZU Lietuva, which has an annual premium volume of around EUR 50 million, was acquired with effect from the fourth quarter 2015. The acquisition almost doubles Gjensidige's premium volume in the Baltic market. It lays the foundation for growth and the implementation of more efficient tariff setting, distribution and claims settlement procedures in the years ahead.

Further capital and balance sheet optimisation
In addition to the proposed dividend NOK of 3.2 billion based on the profit for the year 2015, Gjensidige's Board has also proposed distributing excess capital corresponding to NOK 1.0 billion. The Board has also decided to consider issuing subordinated debt under the Tier 1 criteria in the Solvency II regulations in 2016, provided that market terms are satisfactory. Both these measures will contribute to further capital and balance sheet optimisation.

An attractive share
The Gjensidige share yielded a total return for the shareholders of 22 per cent in 2015. The return on Oslo Stock Exchange was 6 per cent in the same period. Since the Company was listed on the stock exchange in December 2010, the Gjensidige share has yielded a total return of 255 per cent. The average number of shares traded daily on Oslo Stock Exchange was around

Per Arne Bjørge
Board member

Per Arne Bjørge (1950) has been a member of the Board of Gjensidige since 2011. He is Chairman of the Board and general manager of PAB Consulting AS, a board member of the Gjensidige Foundation and of 3D Perception AS, and Chairman of the Board of Borgund Invest AS, Tanux Shipping KS, Tanux Shipping AS, Havskjer AS, Havstål AS and in the co-ownership Øvre Volsdalsberga.

Among other things, Bjørge has previously been a bank director with Kredittkassen (Nordea) and worked as an auditor. He has a bachelor in economics and is a qualified auditor.

Bjørge is up for election to the Board in 2016. Bjørge holds 10,542 shares in Gjensidige Forsikring ASA, including any shares held by closely related parties (last change 10 December 2012).

510,000 in 2015, and the share is among the 25 most liquid shares listed on the stock exchange. In addition, a substantial number of shares are traded in other marketplaces. Gjensidige pursues a shareholder-friendly capital and dividend policy, and the Gjensidige share is and should be a dividend-paying share.

Changes in framework conditions
Solvency II
Preparations for the Solvency II regulations have been prioritised in 2015. Solvency II entails new rules for calculating capital requirements and qualifying funds, risk management requirements and requirements for the reporting of the risk and capital situation. The regulations entered into force on 1 January 2016. The Group is well-prepared for the regulatory changes.

During the first half-year 2016, Gjensidige plans to apply for approval of an internal model for calculating the regulatory capital requirement for parts of its operations. Gjensidige's internal model gives a good picture of the Group's risk and capital need.

There is still some uncertainty about how the calculation of capital requirements and qualifying funds will take place under the new rules. On 19 February 2016 the instruction for the Natural Perils Pool was changed. The purpose of the amendment was that the natural perils capital shall be considered eligible as solvency capital. Gjensidige is of the opinion that the change that has now been made is sufficient for the capital to be deemed eligible. There is currently no final confirmation from the Norwegian Financial Supervisory Authority that this will be the outcome. For Gjensidige, the main remaining uncertainty is then whether provisions for the guarantee scheme will be included in qualifying funds. The Financial Supervisory Authority takes the view that the guarantee provision shall be treated as a liability. In Gjensidige's opinion, special Norwegian provisions that are actually an equity element must be treated as solvency capital. The Company will continue to make endeavours to ensure that the regulations are in line with this view. The final decision is expected in 2016.

Further, a proposal was submitted in 2015 to change the tax deduction right with effect from 1 January 2016. The proposal entailed that the deduction right would be limited to provisions calculated in accordance with the Solvency II regulations. In its original form, the proposal could have had significant negative tax consequences for Gjensidige, both upon its introduction and in the future. As a result of the consultation submissions received, the decision was postponed. The Ministry of Finance decided that a more thorough assessment is needed of the factors that were pointed out during the consultation round. The Ministry has indicated that new rules will not be introduced until 2017 at the earliest because of this work. It is still unclear whether the new deduction rules will be introduced and, if so, how they will be worded. Until such time, a tax deduction is granted for technical provisions calculated on the basis of the applicable provision rules for 2015, provided that the provisions are deemed to be necessary.

VAT on financial services
In 2015, the Ministry of Finance stated that it wishes to expand the VAT basis to include financial services provided in return for a concrete consideration. In order to prevent an unintended switch from concrete considerations to other types of consideration, including interest, a tax will also be introduced on margin income. The Ministry of Finance plans to submit a proposal for necessary changes in the national budget, at the earliest in the proposed national budget for 2017. The effect of such an extension is uncertain, as a concrete proposal for changes is not yet available.

Proposal for changes in the telephone sales rules
In July 2015, the Ministry of Children, Equality and Social Inclusion distributed a bill concerning telephone sales for consultation. The point of departure is that consumers are currently entitled to opt out of receiving telephone sales calls, subject to some exceptions. One of the exceptions states that you can be phoned by companies with which you have a customer relationship, even though you have opted out. The proposed legislative amendment will mean that enterprises are

no longer allowed to call existing customers who have opted out if the purpose of the call is sales. Gjensidige has argued strongly against the proposal through the industry organisation Finance Norway.

Gjensidige believes that the customer relationship exception should be upheld. Such exception is a precondition for good customer follow-up, and it facilitates compliance with the financial industry's duty to provide information and guidance, and, in practice, strengthens the consumers' position. Especially in the insurance context, it will be a disadvantage for customers if companies are not allowed to give them the necessary information and guidance about their insurance coverage when customer needs, regulations or services change.

Statement on the annual accounts

Gjensidige reports consolidated financial information pursuant to International Financial Reporting Standards (IFRS).

Pursuant to the requirements of Norwegian accounting legislation, the Board confirms that the requirements for the going concern assumption have been met and that the annual accounts have been prepared on this basis.

The preparation of the accounts and application of the chosen accounting principles involve using assessments and estimates and necessitate the application of assumptions that affect the carrying amount of assets and liabilities, income and expenses. The estimates and the pertaining assumptions are based on experience and other factors. The uncertainty associated with this means that the actual figures may deviate from the estimates. It is especially the insurance liabilities that are associated with this type of uncertainty.

Profit performance group

NOK million	**2015**	**2014**
General Insurance Private	2,208.1	1,624.0
General Insurance Commercial	1,440.8	1,285.4
General Insurance Nordic	509.1	384.3
General Insurance Baltics	(98.9)	0.6
Corporate Centre/costs related to owner	(331.8)	(311.4)
Corporate Centre/reinsurance [1]	(270.5)	(120.5)
Underwriting result general insurance [2]	**3,456.9**	**2,862.3**
Pension and Savings	84.2	43.9
Retail Bank	303.6	253.5
Financial result from the investment portfolio [3]	1,492.4	2,426.3
Amortisation and impairment losses of excess value – intangible assets	(209.6)	(170.0)
Other items	(77.7)	(16.5)
Profit/(loss) for the period before tax expense	**5,049.7**	**5,399.6**
Key figures general insurance		
Large losses [4]	880.3	823.3
Run-off gains/(losses) [5]	724.8	493.7
Loss ratio [6]	68.6%	71.0%
Cost ratio [7]	15.1%	15.0%
Combined ratio [8]	83.7%	86.0%

1 Large losses in excess of NOK 30.0 million are charged to the Corporate Centre, while claims of less than NOK 30.0 million are charged to the segment in which the large losses occured. The segment Baltics has a retention level of EUR 0.5 million. Large losses allocated to the Corporate Centre amounted to NOK 388,5 million (207,2). Moreover, accounting items related to written reinsurance and reinstatement premium are included.
2 Underwriting result general insurance = earned premiums - claims incurred etc. - operating expenses
3 Excluding return on financial assets in Pension and Savings and Retail Bank.
4 Large losses = loss events in excess of NOK 10.0 million.
5 Run-off gains/(losses) = changes in estimates from earlier periods. Reserving is based on best estimate, and expected run-off result over time is zero.
6 Loss ratio = claims incurred etc./earned premiums
7 Cost ratio = insurance related operating expenses/earned premiums
8 Combined ratio = loss ratio + cost ratio

Profit/loss

The Group recorded a profit before tax expense of NOK 5,049.7 million (5,399.6). The profit from general insurance operations measured by the underwriting result was NOK 3,456.9 million (2,862.3).

For the investment portfolio, the return on financial assets was 2.6 per cent (4.3), or NOK 1,492.4 million (2,426.3).

The tax expense was NOK 1,265.0 million (1,210.0), corresponding to an effective tax rate of 25.1 per cent (22.4). The effective tax rate was influenced to a large extent by realised and unrealised gains from equity investments in the EEA, especially the gain on the sale of 50 per cent of the shares in Oslo Areal. The effective tax rate was also influenced by a reduction in deferred tax and the deferred tax asset resulting from a change in the Norwegian corporate tax rate from 27 to 25 per cent from 2016.

The profit after tax expense was NOK 3,784.7 million (4,189.6), corresponding to NOK 7.57 (8.38) per share.

The underwriting result was positively influenced by solid growth in premiums of 4.3 per cent and a good underlying frequency claims development, among other things as a result of a favourable weather situation. In addition, run-off gains increased in the second half-year 2015 according to the adjusted expectation of an average annual run-off gain of NOK 800 million over the next 3-5 years period. The result reflects continued good control of customer and risk selection and risk pricing.

The financial result was weaker than in 2014 because of a widening of credit spreads and a weak return on equity investments. The sale of 50 per cent of Oslo Areal made a positive contribution. The return in 2014 was positively affected by a gain on the sale of the shares in Storebrand and the reclassification of SpareBank1 SR-Bank from associated company to an ordinary equity investment. The Retail Bank and Pension and Savings also made a positive contribution.

With the exception of claims provisions relating to the Danish workers' compensation portfolio, Gjensidige's claims provisions are recognised at nominal value (not discounted). In preparation for expected changes in IFRS and the introduction of Solvency II, Gjensidige has, with effect from the second quarter 2010, calculated but not recognised the effect on the combined ratio of discounting the claims provisions. For 2015, the combined ratio on a discounted basis would have been 82.3, compared with 83.7 based on the recognised nominal amount.

Expenses for research and development have not been charged to income in Gjensidige's consolidated accounts in 2015 or 2014. Nor have such expenses been capitalised during these two financial years. The parent company has continued its collaboration with the Norwegian Computing Centre and SFI (Statistics for Innovation), which are carrying out projects relating to risk assessment and data analysis.

Balance sheet and capital base

The Group's balance sheet total at the end of 2015 was NOK 129,264.4 million (113,982.0). The increase was mainly attributable to volume growth in the Retail Bank and Pension and Savings segments. Gjensidige's equity amounted to NOK 23,330.6 million (21,656.8) as of 31 December 2015. The increase was due to the fact that the profit for 2015 exceeded the dividend paid in 2015 for the accounting year 2014.

The return on equity was 17.4 per cent (18.1). The capital adequacy ratio was 17.1 per cent (18.1), and the solvency margin[2] was 351.6 per cent (366.5). The year's figures for capital adequacy and the solvency margin have been adjusted to take account of the Board's dividend proposal for the 2015 financial year. The statutory capital adequacy requirement is 8 per cent.

Available capital in excess of the risk-based requirement calculated using the Group's partial internal model constitutes the Group's economic excess capital. In addition, a deduction is made for the higher of the calculated supplementary capital required to maintain the current rating and the capital required to meet the statutory solvency requirements. Excess capital above and beyond this constitutes the strategic buffer. At the end of the year, the buffer amounted to NOK 0.9 billion, after the Board's proposed dividend of NOK 4.2 billion for the 2015 financial year had been deducted.

Off-balance sheet commitments and derivatives

As part of the Group's investment activities, an agreement has been entered into for the investment of up to NOK 1,643.6 million (2,278.6) in debt funds and various private equity and commercial real estate funds, in addition to the amounts recognised in the balance sheet. In order to increase the effectiveness of its capital and risk management, the Group enters into financial derivative contracts on a regular basis. They are described in more detail in the notes to the accounts.

Cash flow

Gjensidige is an insurance company in which investments are part of the operational cash flow and therefore largely affected by strategic decisions. The Company's ability to

2 Solvency margin for Gjensidige Forsikring ASA

self-finance investments is good. The net cash flow from operational activities mainly consists of payments in the form of premiums and net payments/disbursements in connection with sales of investment assets, including lending from banking operations, plus disbursements in the form of claims settlement costs, purchases of reinsurance, administration expenses and tax.

The net cash flow from operational activities was negative in the amount of NOK 6,396.4 million (plus 3,428.3) in 2015. There is a large positive cash flow from the insurance operations. The difference between the operating profit and the cash flow from operational activities is due to the nature of the business, whereby investments in financial assets are part of operations. The change in the cash flow in 2015 can largely be explained by the fact that more was invested in securities as a consequence of a lower dividend paid in 2015 compared with 2014. In addition the growth rate in the bank was somewhat higher.

The net cash flow from investment activities mainly consists of payments made/received in connection with the acquisition of subsidiaries and associated companies, owner-occupied property, plant and equipment, plus dividend from associated companies. The net cash flow from investment activities was NOK 2,463.8 million (2,955.1) in 2015.

The net cash flow from financing activities mainly consists of payments made/received in connection with external debt financing and the payment of dividend to shareholders. The net cash flow from financing activities was NOK 4,647.7 million (minus 6,745.3) in 2015. The change is largely due to a lower dividend paid and more lending from credit institutions.

The segments

Gjensidige's business is organised in six operational segments. Management of the investment portfolio comes in addition. A summary of the results for the individual segments follows below.

General Insurance Private

The Private segment offers a wide range of general insurance products and services in the Norwegian private market, including insurance for motor vehicles, property, travel/leisure and accident and health. The products are largely sold through own distribution network.

Profit performance

The underwriting result was NOK 2,208.1 million (1,624.0) in 2015. The improvement was driven by a favourable claims development. The combined ratio was 72.9 (80.0).

Earned premiums increased to NOK 8,152.3 million (8,124.1) driven by premium increases. The total number of customers at the end of the year was around the same as in 2014, demonstrating Gjensidige's strong competitiveness in a highly competitive market showing signs of a somewhat slower growth. The previously announced changes to the structure of a partnership agreement had a negative effect of NOK 118.1 million on the premium volume during the year. The underwriting result was not affected by the changes in the agreement, however.

General Insurance Private

NOK million	2015	2014
Earned premiums	8,152.3	8,124.1
Claims incurred etc.	(4,908.5)	(5,468.5)
Operating expenses	(1,035.7)	(1,031.5)
Underwriting result	**2,208.1**	**1,624.0**
Amortisation and impairment losses of excess value – intangible assets	(12.0)	(34.6)
Large losses [1]	45.1	81.6
Run-off gains/(losses) [2]	261.0	181.9
Loss ratio [3]	60.2%	67.3%
Cost ratio [4]	12.7%	12.7%
Combined ratio [5]	72.9%	80.0%

1 Large losses = loss event in excess of NOK 10.0 million.
Claims incurred in excess of NOK 30.0 million per event are charged to the Corporate Centre.
2 Run-off gains/(losses) = changes in estimates from earlier periods
3 Loss ratio = claims incurred etc./earned premiums
4 Cost ratio = operating expenses/earned premiums
5 Combined ratio = loss ratio + cost ratio

Claims incurred amounted to NOK 4,908.5 million (5,468.5). The loss ratio was 60.2 (67.3). The weather situation was relatively favourable during the year, resulting in a much lower impact from underlying frequency claims than can normally be expected, especially in property and motor insurance. The underlying development in motor insurance was better compared with 2014, also when adjusting for an effect of around NOK 70 million from a revised actuarial model for calculating claims provisions. The development in property insurance was positive due to lower claims from fires and water damage. Accident and health products recorded a stable loss ratio, while the leisure product showed an increased loss ratio compared with the year before. In both 2015 and 2014, large losses mainly affected the property product.

Operating expenses amounted to NOK 1,035.7 million (1,031.5), and the cost ratio was 12.7 (12.7).

General Insurance Commercial

The segment offers general insurance products in the areas of liability, property, agriculture, accident and health and motor insurance, as well as aquaculture, marine and transport insurance in Norway.

Profit performance

The underwriting result amounted to NOK 1,440.8 million (1,285.4) in 2015. The improved underwriting result was mainly due to growth in earned premiums and increased run-off gains, partly offset by higher large losses. The combined ratio was 79.6 (81.2).

Earned premiums increased to NOK 7,076.8 million (6,847.2), driven by growth in the main product lines, particularly property, business interruption and motor insurance. Premium growth is slowing down as a result of generally weaker macroeconomic trends and softening market conditions for commercial lines of business.

Claims incurred amounted to NOK 4,826.7 million (4,791.1), and the loss ratio was 68.2 (70.0). Adjusted for increased run-off gains and impact from large losses, the underlying frequency claims development was somewhat weaker than in 2014, particularly in agriculture and business interruption insurance. In general, the underlying frequency claims development was more normal than in 2014.

Operating expenses amounted to NOK 809.3 million (770.6), corresponding to a cost ratio of 11.4 (11.3). The increase in operating expenses was partly due to higher commission expenses and non-recurring reorganisation costs.

Gjensidige has entered into a new agreement with a premium volume of around NOK 195 million with effect from 1 January 2016.

General Insurance Commercial

NOK million	2015	2014
Earned premiums	7,076.8	6,847.2
Claims incurred etc.	(4,826.7)	(4,791.1)
Operating expenses	(809.3)	(770.6)
Underwriting result	**1,440.8**	**1,285.4**
Large losses [1]	384.7	350.4
Run-off gains/(losses) [2]	341.8	132.2
Loss ratio [3]	68.2%	70.0%
Cost ratio [4]	11.4%	11.3%
Combined ratio [5]	79.6%	81.2%

1 Large losses = loss event in excess of NOK 10.0 million.
Claims incurred in excess of NOK 30.0 million per event are charged to the Corporate Centre.
2 Run-off gains/(losses) = changes in estimates from earlier periods
3 Loss ratio = claims incurred etc./earned premiums
4 Cost ratio = operating expenses/earned premiums
5 Combined ratio = loss ratio + cost ratio

Kjetil Kristensen
Board member

Kjetil Kristensen (1970) has been a member of Gjensidige's Board as an employee representative since 2008. He is a senior customer adviser in Gjensidige and the senior employee representative for the Private segment.

Kristensen has previously been general manager of Alta IF Football. He has an education in IT and economics from Finnmark University College.

Kristensen is up for election to the Board in 2016. Kristensen holds 578 shares in Gjensidige Forsikring ASA, including any shares held by closely related parties (last change 9 November 2015)

General Insurance Nordic

The segment includes the Group's operations in the Danish and Swedish private and commercial markets. The segment offers general insurance products in the areas of motor, property, accident and health, liability, agriculture and leisure insurance, among other things.

Profit performance

The underwriting result was NOK 509.1 million (384.3) in 2015. The improvement was mainly due to a lower proportion of large losses. The combined ratio was 90.3 (91.9).

Earned premiums increased to NOK 5,233.3 million (4,762.9). NOK 298.3 million of the increase was related to currency effects. The Mondux acquisition with accounting effect from 1 July 2015 affected earned premiums by NOK 128.5 million. Underlying premiums grew moderately, particularly in the Danish portfolio. The Swedish portfolio also contributed positively. Growth rates gradually slowed down during the year, particularly in the Danish commercial portfolio as a result of a soft market in the large customer segment, combined with the non-renewal of a large portfolio in accident and health insurance early in 2015. Re-pricing, focus on profitability and less volatile exposure in the commercial portfolio contributed to growth levelling out also in Sweden. Underlying growth was good for most product groups, particularly property insurance and accident and health when adjusted for the above-mentioned portfolio.

Claims incurred amounted to NOK 3,905.2 million (3,589.8). NOK 226.7 million of the increase was due to currency effects. The loss ratio was 74.6 (75.4). The lower loss ratio was mainly due to a lower proportion of large losses. The underlying frequency claims development was negatively impacted by property products due to a more normal claims development than in the year before. The underlying frequency claims development for other product lines was almost unchanged. The profitability of the Danish portfolio was satisfactory. Profitability was generally weak in the Swedish portfolio, but improved significantly during the year. Measures are introduced to gradually re-price the Swedish portfolio and achieve a less volatile exposure in the commercial portfolio.

Operating expenses amounted to NOK 819.0 million (788.9). NOK 50.3 million of the increase was due to currency effects. The cost ratio was 15.6 (16.6).

General Insurance Nordic

NOK million	2015	2014
Earned premiums	5,233.3	4,762.9
Claims incurred etc.	(3,905.2)	(3,589.8)
Operating expenses	(819.0)	(788.9)
Underwriting result	**509.1**	**384.3**
Amortisation and impairment losses of excess value – intangible assets	(175.2)	(130.2)
Large losses [1]	68.0	182.5
Run-off gains/(losses) [2]	145.8	153.8
Loss ratio [3]	74.6%	75.4%
Cost ratio [4]	15.6%	16.6%
Combined ratio [5]	90.3%	91.9%

[1] Large losses = loss event in excess of NOK 10.0 million.
Claims incurred in excess of NOK 30.0 million per event are charged to the Corporate Centre.
[2] Run-off gains/(losses) = changes in estimates from earlier periods
[3] Loss ratio = claims incurred etc./earned premiums
[4] Cost ratio = operating expenses/earned premiums
[5] Combined ratio = loss ratio + cost ratio

Gisele Marchand
Board member

Gisele Marchand (1958) has been a member of the Board of Gjensidige since 2010. She is CEO in the lawfirm Haavind AS, a board member and chair of the audit committee of Selvaag Bolig ASA, a board member of Eiendomsspar AS and Victoria Eiendom AS. Further she is av board member and chair of the audit committee of Norgesgruppen ASA. She has previous experience from several Boards, e.g Norske Skog ASA and Oslo Børs AS.

Marchand has previously been CEO of Eksportfinans AS, the Norwegian Public Service Pension Fund, the Bates Group and EVP with Den norske Bank. She is a graduate of Copenhagen Business School.

Marchand is up for election to the Board in 2016. Marchand holds 1,481 shares in Gjensidige Forsikring ASA, including any shares held by closely related parties (last change 10 December 2012).

General Insurance Baltics

Gjensidige's Baltic operations offer general insurance products to the private and commercial markets in Latvia, Lithuania and Estonia. The target customers are people with medium to high income in the private market, and small and medium-sized enterprises in the commercial market.

Profit performance

The underwriting result was minus NOK 98.9 million (plus 0.6) in 2015. The weakening of the result was due to a combination of weak underlying growth, an unfavourable claims development and the consolidation of PZU Lietuva with effect from the fourth quarter. Strengthening of claims provisions and restructuring measures also had a negative effect on the result. The combined ratio was 115.4 per cent (99.9).

Earned premiums amounted to NOK 642.0 million (523.0).NOK 36.9 million of the increase was due to currency effects. The consolidation of PZU Lietuva from the fourth quarter 2015 led to an increase in earned premiums of NOK 109.7 million. The underlying premium growth was negative, especially due to a weak development in motor product lines, where competition is fierce. New customer concepts have contributed to a higher number of products per customer.

Claims incurred amounted to NOK 524.8 million (377.2). Of the increase, NOK 26.6 million was due to currency effects. The loss ratio was 81.8 per cent (72.1). The claims provisions in motor third-party liability were considerably strengthened in the period. Adjusted for negative run-off, the underlying frequency claims development was negatively impacted by motor products in particular. Measures are being taken to improve the quality of the portfolio, and tariffs based on best practice from Norway were introduced in Latvia at the end of 2015.

Nominal operating expenses amounted to NOK 216.0 million (145.1). NOK 10.2 million of the increase was due to currency effects. The cost ratio increased to 33.6 per cent (27.8). The increase was mainly due to a higher run rate in the acquired company, combined with increased investments in IT systems and distribution turnaround.

General Insurance Baltics

NOK million	2015	2014
Earned premiums	642.0	523.0
Claims incurred etc.	(524.8)	(377.2)
Operating expenses	(216.0)	(145.1)
Underwriting result	**(98.9)**	**0.6**
Amortisation and impairment losses of excess value – intangible assets	(22.4)	(5.2)
Large losses [1]		1.7
Run-off gains/(losses) [2]	(30.1)	(11.8)
Loss ratio [3]	81.8%	72.1%
Cost ratio [4]	33.6%	27.8%
Combined ratio [5]	115.4%	99.9%

1 Large losses = loss event in excess of EUR 0.5 million.
Claims incurred in excess of this per event are, as a main rule, charged to the Corporate Centre.
2 Run-off gains/(losses) = changes in estimates from earlier periods
3 Loss ratio = claims incurred etc./earned premiums
4 Cost ratio = operating expenses/earned premiums
5 Combined ratio = loss ratio + cost ratio

Gunnar Mjåtvedt
Board member

Gunnar Mjåtvedt (1960) has been a member of Gjensidige's Board as an employee representative since 2007. He is also Gjensidige's senior employee representative.

Mjåtvedt has previously held positions as a sales consultant and senior consultant, and he has nearly 20 years' experience of the insurance sector. He studied mathematics and science subjects at upper secondary school.

Mjåtvedt is up for election to the Board in 2016. Mjåtvedt holds 1.907 shares in Gjensidige Forsikring ASA, including any shares held by closely related parties (last change 9 November 2015).

Pension and Savings

Pension and Savings shall contribute to sales of a wide range of products to Norwegian general insurance customers and offer various pension and savings products, mainly to the commercial market. The pension products include defined contribution plans in the field of group occupational pensions, individual pensions, individual disability pensions and the management of paid-up policies and pension capital certificates. Gjensidige Investeringsrådgivning is an independent fund provider that offers saving and investment solutions to the private and commercial markets.

Profit performance

The profit before tax expense was NOK 84.2 million (43.9) in 2015, a significant improvement compared with 2014, also when adjusted for the extraordinary VAT payment of NOK 28.6 million in the fourth quarter 2014.

The business developed positively in 2015, driven by a growing customer portfolio and increasing assets under management. As a result, net insurance revenues increased to NOK 155.9 million (136.0) and management income to NOK 119.5 million (98.1).

Operating expenses amounted to NOK 222.0 million (221.4). The expenses in 2014 included the above-mentioned VAT effect. The underlying cost base increased as a result of increased business volume and a stronger focus on distribution.

Net financial income, including the return on both the group policy portfolio and the corporate portfolio, amounted to NOK 30.8 million (31.2). The company's share of the profit relating to the paid-up policy portfolio was allocated in its entirety as a provision for longevity.

At year-end, pension assets under management amounted to NOK 20,033.0 million (17,196.3). Of this amount, the group policy portfolio accounted for NOK 4,877.5 million (4,186.8).

The recognised return on the paid-up policy portfolio was 5.43 per cent (4.63). The average annual interest guarantee was 3.5 per cent.

Assets under management for the savings operation amounted to NOK 15,555.1 million (15,018.2) at year-end.

Pension and Savings

NOK million	2015	2014
Earned premiums	1,431.5	1,262.4
Claims incurred etc.	(1,275.7)	(1,126.4)
Net insurance revenue	**155.9**	**136.0**
Management income etc.	119.5	98.1
Operating expenses	(222.0)	(221.4)
Net operating income	**53.4**	**12.7**
Net financial income	30.8	31.2
Profit/(loss) before tax expense	**84.2**	**43.9**
Operating margin [2]	19.37%	5.43%
Recognised return on the paid-up policy portfolio [3]	5.43%	4.63%
Value-adjusted return on the paid-up policy portfolio [4]	5.42%	4.63%

1 Run-off gains/(losses) = changes in estimates from earlier periods
2 Operating margin = net operating income/(net insurance revenue + management income etc.)
3 Recognized return on the paid-up policy portfolio = realised return of the portfolio
4 Value-adjusted return on the paid-up policy portfolio = total return of the portfolio

For 2015 as a whole, assets under management increased by NOK 3,373.6 million (6,364.3) to NOK 35,588.1 million (32,214.5) at year-end.

Gjensidige Bank

Gjensidige Bank is an online bank that mainly targets the Norwegian private market. The bank offers day-to-day banking services, mortgages, savings products and car and consumer financing. By offering competitive banking products, Gjensidige Bank will contribute to the sale of a wide range of products to general insurance customers in Norway.

Profit performance

The profit before tax expense amounted to NOK 303.6 million (253.5). The positive development was mainly the result of increased net interest income.

Net interest income amounted to NOK 721.2 million (613.8). The improvement was driven by business growth combined with lower financing costs. A change in the accrual of the fee for the deposits guarantee scheme gave a positive none-recurring effect of NOK 12.6 million in 2015. According to the letter from the FSA dated 19 November 2015, the fee will instead be accrued in full in the first quarter 2016. Net commission income and other income amounted to NOK 4.1 million (49.4). The decrease was primarily driven by losses on financial instruments. The widening of credit spreads in the bond market resulted in mark-to-market losses in the liquidity reserve portfolio. Commission costs relating to car financing also increased.

The net interest margin was 2.12 per cent (2.17). The development was the result of an increased share of secured loans in the total lending portfolio.

Operating expenses amounted to NOK 359.3 million (357.9). The increase in expenses driven by business growth was offset by decreased depreciation expenses and no write-offs of fixed assets. In 2014, the bank wrote off fixed assets relating to systems replacements and changes in the contract with the bank's systems and technology provider. The cost/income ratio was 49.5 per cent (54.0).

Total write-downs and losses amounted to NOK 62.3 million (51.8), mainly relating to the unsecured lending portfolio. The increase was driven by growth in car financing. The portfolio continues to be of high quality. Write-downs and losses as a percentage of average gross lending were 0.20 per cent (0.20).

The weighted average loan-to-value ratio[3] was estimated to be 63.7 per cent (62.4) for the mortgage portfolio.

Gross lending increased by 33.4 per cent year-on-year, amounting to NOK 36,735.5 million (27,546.5) at the end of 2015. Deposits increased by 15.9 per cent year-on-year, reaching NOK 19,357.2 million (16,703.4) at the end of 2015.

The deposits to loans ratio was reduced to 52.7 per cent (60.6), driven by higher growth in the lending portfolio than for deposits.

Retail Bank

NOK million	2015	2014
Interest income and related income	1,311.0	1,327.9
Interest expenses and related expenses	(589.8)	(714.1)
Net interest income	**721.2**	**613.8**
Net commission income and other income	4.1	49.4
Total income	**725.2**	**663.2**
Operating expenses	(359.3)	(357.9)
Write-downs and losses	(62.3)	(51.8)
Profit/(loss) before tax expense	**303.6**	**253.5**
Net interest margin [1]	2.12%	2.17%
Write-downs and losses [2]	0.20%	0.20%
Cost/income ratio [3]	49.5%	54.0%

1 Net interest margin = net interest income/average total assets
2 Write-downs and losses = write-downs and losses/avarage gross lending
3 Cost/income ratio = operating expenses/total income

3 The Loan to value ratio estimate is calculated based on the exposure on the reporting date and the property valuation, including any higher priority pledge(s), at the time the loan was approved.

Mette Rostad
Board member

Mette Rostad (1964) has been a member of the Board of Gjensidige since 2012. She is self-employed, a board member of Gjensidigestiftelsen and of Innherred Renovasjon, Visit Innherred, Mesta Konsern, NTE Elektro, Helse Nord-Trøndelag, Kunnskapsparken in Steinkjer, Verdal Næringsforum, Innerred Vekst and Stiklestad Golfklubb.

Rostad has previously been CFO of Aker Verdal, managing director of Aker FDV, and managing director of Clean-Tech Mid-Norway. She is a graduate of the Norwegian Business School BI.

Rostad is up for election to the Board in 2016. Rostad holds 1,550 shares in Gjensidige Forsikring ASA, including any shares held by closely related parties (last change 10 November 2015).

As a result of portfolio growth and more stringent capital requirements from 1 July 2015, the bank increased its capital by a total of NOK 520.0 million. The bank issued two perpetual Tier 1 capital instruments with a total nominal value of NOK 300.0 million, and one Tier 2 subordinated bond with a nominal value of NOK 100.0 million. Equity was increased by NOK 120.0 million through capital injections from the parent company.

In the second half of 2015, bond markets experienced widening credit spreads, which impacted the bank's cost of funding from such markets.

Management of financial assets and properties

The Group's investment portfolio includes all investment funds in the Group, except for investment funds in the Pension and Savings and Retail Bank segments. The investment portfolio is split into two parts: a match portfolio and a free portfolio. The match portfolio is intended to correspond to the Group's technical provisions. It is invested in fixed-income instruments with a duration matched to the duration of the technical provisions. The free portfolio consists of various assets. The allocation of assets in this portfolio must be seen in connection with the Group's capitalisation and risk capacity, as well as the Group's risk appetite at all times. Generally, currency risk in the investment portfolio is hedged close to 100 per cent, within a permitted limit of +/- ten per cent per currency.

At year-end 2015, the investment portfolio totalled NOK 57.2 billion (56.5). The financial result was NOK 1,492.4 million (2,426.3), which corresponds to a return on financial assets of 2.6 per cent (4.3).

Match portfolio

The match portfolio amounted to NOK 36.0 billion (34.7). The portfolio yielded a return of 2.8 per cent (3.2), excluding changes in the value of bonds recognised at amortised cost.

Bonds recognised at amortised cost amounted to NOK 18.7 billion (18.8). Unrealised excess value amounted to NOK 1,416.3 million (2,193.8) at year-end. The reinvestment rate of new investments in the portfolio of bonds held at amortised cost was approximately 3.1 per cent on average in 2015, and the running yield was 4.5 per cent.

The average duration of the match portfolio was 3.5 years. The average term to maturity for the corresponding insurance liabilities was 3.7 years. The distribution of counterparty risk and credit rating is shown in the charts on page 67. Securities without an official credit rating amounted to NOK 11.5 billion (11.0). Of these securities, 13.5 per cent (16.5) were issued by Norwegian savings banks, while the remainder were mostly issued by Norwegian power producers and distributors, property companies or government-guaranteed companies. A third-party internal rating existed for 67.4 per cent (71.5) of the portfolio without an official rating. Bonds with a coupon linked to the development in the Norwegian consumer price index accounted for 11.2 per cent (12.5) of the match portfolio.

The geographical distribution[4] of the match portfolio is shown in the chart on page 67.

Free portfolio

The free portfolio amounted to NOK 21.1 billion (21.8) at the end of the year. The return was 2.3 per cent (5.8).

Fixed-income instruments

The fixed-income instruments in the free portfolio amounted to NOK 11.7 billion (8.3), of which money market investments including cash accounted for NOK 4.1 billion (3.6). The rest of the portfolio was invested in international bonds (investment grade, high yield and convertible bonds). The total fixed-income portfolio yielded a return of 1.2 per cent (2.7), negatively affected by the widening of credit spreads in the second half-year.

The average duration in the portfolio was approximately 3.4 years at the end of 2015. The distribution of counterparty risk and credit rating is shown in the charts on page 67. Securities without an official

[4] The geographical distribution is related to issuers and does not reflect actual currency exposure

credit rating amounted to NOK 2.1 billion (1.7). Of these securities, 11.1 per cent (1.1) were issued by Norwegian savings banks, while the remainder were mostly issued by Norwegian power producers and distributors, property companies or government-guaranteed companies. A third-party internal rating existed for 65.7 per cent (71.2) of the portfolio without an official rating.

The geographical distribution[5] of the fixed-income instruments in the free portfolio is shown on page 67.

Equity portfolio

The total equity exposure at the end of the period was NOK 4.6 billion (5.5), of which NOK 3.3 billion (3.8) consisted of current equities and NOK 1.4 billion (1.7) of PE funds. The return on current equities was minus 10.3 per cent (plus 6.7). The low return was mainly due to weak performance for the investment in SpareBank 1 SR-Bank. The market value of the investment in SpareBank 1 SR-Bank amounted to NOK 1,053.6 million at year-end, and the return was minus 22.5 per cent in 2015. The return on PE funds was minus 6.8 per cent (plus 15.1). The negative return was particularly driven by a fall in the value of funds exposed to the oil sector.

Property portfolio

At the end of the period, the exposure to commercial real estate in the portfolio amounted to NOK 3.2 billion (6.5). The property portfolio yielded a return of 16.6 per cent (9.9)

In the fourth quarter, Gjensidige entered into an agreement with AMF Pensionsförsäkring to sell 50 per cent of the shares in Oslo Areal. Part of the agreement was that Gjensidige, through a price-adjustment mechanism, will be exposed to the property market development in an amount corresponding to half of the proceeds during the period until 31 December 2016. Gjensidige will therefore have higher property exposure in this period than the 50 per cent holding in Oslo Areal. The intention is to reinvest the proceeds so that the total property exposure gradually increases to a level close to the level prior to the transaction. The strategic rationale behind the agreement is to enhance Oslo Areal's ability to utilise attractive investment opportunities in the market, and to take part in larger transactions and development projects.

A gain of NOK 379.1 million was recorded from the transaction, of which around NOK 250 million was due to reversal of net deferred tax relating to temporary differences. From the fourth quarter 2015, the investment in Oslo Areal is classified as a joint venture.

Total return swaps have been entered into between Gjensidige Forsikring ASA (GF), Gjensidige Pensjonskasse (GPK) and Gjensidige Pensjon og Sparing AS (GPS), whereby GPK and GPS will receive a return on property, while GF will receive a return on money market instruments plus a margin. The underlying amount in the agreements was NOK 0.9 billion. The total return swap with GPK (NOK 0.3 billion) was terminated at year-end 2015.

Risk factors

Risk is defined as the possibility of a potential event affecting the Group's goal attainment. In order to understand and manage risk, an assessment is therefore carried out of both the probability of the event occurring and its consequences. Through the Group's risk management and internal control framework, a structure has been established that systematically identifies, assesses, communicates and manages risk throughout the Group. The risk assessment process is coordinated with the Group's strategy processes.

Risk management is based on specified goals and strategies and the limits on risk exposure stipulated by the Board. Responsibility for good risk management and internal control primarily rests with the first-line management, i.e. the CEO and all managers and employees in the operational units, through the work they carry out in accordance with the authorisations, instructions and guidelines that apply to each of them. A Risk Management function has been established at group level. It is responsible for monitoring the Group's risk management system and for maintaining an overview of the risks that the Group is or may be exposed to.

The Risk Management function shall ensure that the Senior Group Management and the Board have sufficient information about the Group's risk profile at all times. The Group has a moderate risk profile whereby, in the Board's view, no individual events will be capable of seriously harming the Company's financial position.

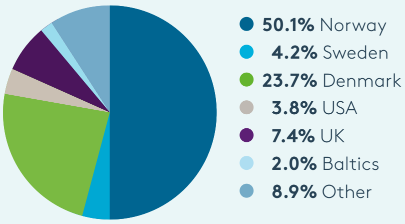
[5] The geographical distribution is related to issuers and does not reflect actual currency exposure

Financial assets and properties

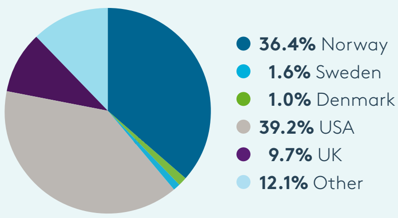
NOK million	Return in per cent 2015	Return in per cent 2014	Result 2015	Result 2014	Carrying amount 31.12 2015	Carrying amount 31.12 2014
Match portfolio						
Money market	0.8	2.3	48.4	119.8	6,836.6	6,144.1
Bonds at amortized cost	4.9	4.7	929.5	893.0	18,747.7	18,760.5
Current bonds [1]	0.0	0.6	4.1	58.3	10,454.4	9,784.8
Match portfolio total	**2.8**	**3.2**	**982.0**	**1,071.2**	**36,038.7**	**34,689.3**
Free portfolio						
Money market	0.7	1.8	26.5	94.0	4,066.4	3,570.9
Other bonds [2]	1.4	3.6	68.8	147.3	6,551.3	3,964.0
Convertible bonds [3]	2.5	5.0	20.8	34.7	1,066.4	790.9
Current equities [4]	(10.3)	6.7	(376.5)	286.8	3,250.3	3,832.7
PE funds	(6.8)	15.1	(102.0)	259.7	1,383.7	1,710.9
Property [5]	16.6	9.9	974.8	547.2	3,188.1	6,516.2
Other [6]	(6.1)	(0.8)	(102.0)	(14.5)	1,628.9	1,463.8
Free portfolio total	**2.3**	**5.8**	**510.4**	**1,355.1**	**21,135.2**	**21,849.5**
Financial result from the invesment portfolio	**2.6**	**4.3**	**1,492.4**	**2,426.3**	**57,173.9**	**56,538.8**
Financial income in Pension and Savings and Retail Bank			15.9	58.9		
Interest expenses subordinated loan Gjensidige Forsikring ASA			(35.0)	(9.5)		
Net income from investments			**1,473.3**	**2,475.6**		

1 The item includes the discounting effects of insurance obligations in Denmark and mismatch between interest rate adjustments on the liability side in Denmark, versus the interest rate hedge.
2 The item consist of total investment grade, high yield and current bonds. Investment grade and high yield are investments in internationally diversified funds externally managed.
3 Investments in internationally diversified funds externally managed.
4 The item includes the investment in SpareBank 1 SR-Bank and effect on profit of the sale of shares in Storebrand.
5 Gjensidige halved its property exposure through the sale of 50 per cent of Oslo Areal AS during the fourth quarter 2015. In addition there is a forward contract on the IPD index, further increasing Gjensidige's property exposure of approximately NOK 1.6 billion throughout 2016.
6 The item includes currency hedging of Gjensidige Sverige, Gjensidige Baltic and Gjensidige Danmark, and lendings, paid-in capital in Gjensidige Pensjonskasse, profit or loss effects from total return swaps with Gjensidige Pensjonskasse and Gjensidige Pensjonsforsikring AS, hedge funds and finance related expenses.

Geographic distribution match portfolio at the end of 2015



Geographic distribution fixed incom instruments in free portfolio at the end of 2015



Credit rating fixed income instruments at the end of 2015

Counterparty risk fixed income instruments at the end of 2015

Lotte Kronholm Sjøberg
Board member

Lotte Kronholm Sjøberg (1972) has been a member of Gjensidige's Board as an employee representative since 2015. She is chair of the staff union in Gjensidige Forsikring Denmark.

Among other things, Kronholm Sjøbrg has previously held position as a consultant in the change og ownership-departement in Nykredit Forsikring. Among other things, she has studied at Copenhagen Business School and has an Master Degree in mediation and conflict resolution from Faculty of Law, Copenhagen University.

Kronhold Sjøberg is up for election to the Board in 2017. Andersen holds 283 shares in Gjensidige Forsikring ASA, including any shares held by closely related parties (last change 9 November 2015).

Strategic risk
Gjensidige's strategy is monitored continuously in relation to changes in performance, developments in the market and competition, and changes in framework conditions. Factors that have been identified as critical to the Company's goal attainment are monitored particularly closely. To ensure that Gjensidige is ahead of developments, strategic risk is managed through continuous monitoring of competitors and the market, follow-up of profitability, and through product development and planning processes.

In the insurance market, Gjensidige faces challenges from both traditional Norwegian financial players and new companies. Increased digitalisation and new business models entail new challenges. Emphasis is therefore placed on Gjensidige's ability to quickly adapt to consumers' wishes for new service channels, and its ability to utilise modern technology and support systems in an efficient manner. Continuous efforts are made to develop new, customer-adapted products and service solutions, at the same time as the organisation, processes and value chains are reviewed and standardised to reduce costs and achieve greater efficiency. There is a risk that Gjensidige will not succeed in adapting to the changes in time and in line with market expectations. In order to reduce this risk, Gjensidige keeps close track of developments in the insurance market. Making incorrect judgements can lead to lasting competitive disadvantages, a significant loss of premium volume and a weakened capital position.

More and more is expected of staff and managers in terms of expertise. There is a risk that inadequate or insufficiently adapted expertise will reduce the chances of realising commercial and strategic ambitions. There is also competition to attract and retain capable employees. Targeted efforts are therefore being made to ensure the right expertise at all levels of the organisation, including through systematic staffing and succession planning and arrangements that ensure good internal employee mobility.

The Gjensidige Customer and Brand School is responsible for competence-raising and management development in Gjensidige. The school offers training for sales personnel, claims handlers and managers based on the Group's strategic focus and development areas. New employer branding measures have been implemented and recruitment processes have been further developed and refined. Performance-based remuneration models have been introduced for groups of employees, and individual scorecards have also been introduced. Systematic work is being done on developing the corporate culture and on management development, as well as on firmly establishing requirements and expectations of managers and staff.

Insurance risk
The insurance risk relating to special types of major risks or exposure is managed through authorisations and lines of reporting for ordinary operations. Clear guidelines have been established for what insurance policies can be taken out. The risk of a generally unsatisfactory premium level is monitored on a continuous basis by the product and actuary department, and increasingly precise methods for pricing are being developed.

The Board stipulates annual limits for the Group's reinsurance programme. The limits are defined based on the need to protect equity against large loss events or other significant negative developments. Reinsurance is also used to safeguard the underwriting result and provide protection against the frequency of medium-sized and large losses. The reinsurance programme is described in more detail in Note 3 to the consolidated annual accounts.

The Group's actuary function is responsible for coordinating the calculation and control of technical provisions in the insurance companies. This responsibility has been centralised to the Group's actuary department. The department carries out calculations and assessments of the technical provisions and develops and maintains adequate models and methods for estimating losses that have occurred, but that have not yet been reported to the Group. There is a considerable inherent risk that the provisions will be insufficient, but continuous efforts are made to improve the actuarial methods. External actuaries are used from time to time to conduct independent reviews of the provisions.

The insurance risk is deemed to be moderate based on the reinsurance coverage the Group has purchased.

Financial risk
Gjensidige had NOK 57.2 billion in financial investments in the insurance operations as of 31 December 2015. The counter entry in the balance sheet consists of the actuarial liabilities and equity. The investments mainly consisted of fixed-income investments, property and equity investments. The value of the investments can be affected by changes in macroeconomic factors.

Through the Board's adoption of strategic allocation of assets, with pertaining limits for the different risk types, and a dynamic risk management model, limits are set that make it possible to rapidly adjust risk to changed macroeconomic assumptions. Price, interest rate and currency risk is also followed up through stress tests, where the buffer capital must be sufficient at all times to be able to withstand sharp simultaneous falls in equity and bond prices.

For more detailed information about financial risk and stress tests, see Note 3 to the consolidated annual accounts.

Limits have been defined for the necessary access to liquid assets. They are taken into account in the strategic allocation of assets. The liquidity risk is considered to be very low. The Group is exposed to credit risk through investments in the bond and money market and through lending. The Board has defined limits for the credit operations. Credit losses have been insignificant to date. Outstanding claims against the Group's reinsurers may also represent a substantial credit risk. Counterparty risk in the reinsurance market is continuously assessed. The Group's reinsurers shall at least have an A rating from Standard & Poor's or an equivalent rating from one of the other reputable rating companies.

The Board has assessed the risk of losses on loans, guarantee liabilities and other receivables, and necessary provisions have been made in the accounts.

Tine Gottlob Wollebekk
Board member

Tine Gottlob Wollebekk (1962) has been a member of the Board of Gjensidige since 2014. She is a Senior Vice President responsible for Global Financial Services in Telenor ASA, Chair of the board of MicroEnsure Asia Ltd and Tameer Micro Finance Bank. Board member of PM Retail, Goodtech ASA, Tybring Gjedde, Møller Gruppen AS, Idea Foundation, Aars AS, Telenor Kapitalforvaltning AS, Finn Clausen Gruppen ASA.

Among other things, Wollebekk has previously had several managing positions in Skandinaviska Enskilda Banken, latest as CEO in SEB Kort and Country Manager for SEB Norway. She holds a Master of Science degree in International Business from Copenhagen Business School.

Wollebekk is up for election to the Board in 2016. Wollebekk does not hold any shares in Gjensidige Forsikring ASA, including any shares held by closely related parties.

Operational risk
Operational risk is the risk of losses due to weaknesses or faults in processes and systems, errors made by employees, or external events. In order to reduce the risk, emphasis has been placed on having well-defined and clear lines of reporting and a clear division of responsibility in the organisation of the business. Set procedures have been established for conducting risk assessments, and the Board evaluates the status annually as part of the Company's internal control system. An independent Compliance function has been established to help the Group to avoid official sanctions, financial losses or a loss of reputation as a result of failure to comply with laws, regulations and standards. The Compliance function identifies, assesses, advises on, monitors and reports on the Group's risk of non-compliance with laws, regulations and internal guidelines. An incidents database has been created in order to close, handle and, not least, learn from undesirable incidents.

Ethical issues are discussed at training courses for new employees and they are also discussed regularly by management groups and at departmental staff meetings. This is intended to reduce the risk of breaches of procedures and guidelines, while also contributing to a good working environment. Employees have also signed a personal data discipline statement relating to the use of the Group's information and IT systems.

Gjensidige works actively to combat corruption, and a dedicated anti-corruption programme has been established to reduce the risk of irregularities and corruption. The programme comprises a combination of preventive activities, control and detection activities and clear and consistent follow-up and sanction patterns. On behalf of the Board, Gjensidige's internal audit function has been assigned the role of monitoring and assessing whether the risk management and internal control systems function as intended.

For a more detailed description of risk management, reference is made to Note 3 to the consolidated annual accounts.

Corporate governance

Good corporate governance is a priority for the Board. The Board has based the Group's corporate governance on the Norwegian Code of Practice for Corporate Governance as most recently amended on 30 October 2014, and it has made adjustments to ensure that it complies with the Code in all areas. A more detailed account of how Gjensidige complies with the Code of Practice and the Norwegian Accounting Act's requirements for reporting on corporate governance is provided on pages 35-47 of the annual report and in a separate document that is available on the Group's website www.gjensidige.no/foretaksstyring.

Employees, corporate social responsibility and the environment

Gjensidige's work on corporate social responsibility is described in a separate statement on pages 22-34 of the annual report. The Board of Gjensidige has adopted guidelines for how the Company shall exercise social responsibility. The guidelines and the group policy for ethical investments are available at www.gjensidige.no/konsern.

Gjensidige aims to be a developing and health-promoting workplace. Systematic work is carried out on competence-raising measures for managers and employees, and a number of measures and processes have been established relating to employees' health, safety and working environment. Information about the working environment, equality, discrimination and the natural environment, cf. the Accounting Act Section 3-3 (ninth to twelfth paragraphs), is provided on pages 22-34 of the report on corporate social responsibility.

Outlook

The Group targets a 15 per cent return on equity after tax from and including 2015. The Board is confident of delivering solid earnings and dividend growth over time, and strong underwriting profitability is expected to offset the more challenging environment as regards achieving investment returns. It is emphasised that there is always considerable uncertainty attached to the assessment of future developments.

- Firstly, organic growth is expected to be in line with nominal GDP growth in Gjensidige's market areas in the Nordic countries and the Baltic states over time. In addition, profitable growth will be achieved by pursuing a disciplined acquisition strategy, as has been done successfully over the past ten years.
- Secondly, the annual combined ratio is expected to be at the lower end of the target corridor of 90–93 (undiscounted and given zero run-off effects). The target cost ratio is around 15 per cent. A reduction is expected in the underlying cost ratio and loss ratio, but Gjensidige will endeavour to strike a balance between good profitability and increased investments in order to ensure strong competitiveness in future. Extraordinary circumstances relating to the weather and the proportion of large losses can bring the combined ratio outside the target range in both directions.
- Thirdly, over the next 3–5 years, average annual run-off gains are expected to double from the average level reported over the past five years, moving the expected reported combined ratio to the lower end of the 86–89 corridor (undiscounted).
- Finally, regulatory uncertainty relating to Solvency II has decreased, and is expected to decrease further in 2016. All else being equal, this will support the already strong capital position.

Over time, dividend payouts will reflect Gjensidige's policy not to build capital in excess of the targeted capitalisation. Given reasonable market conditions, Gjensidige will consider utilising capacity for issuing Tier 1 compatible hybrid capital to further optimise the capital structure.

It is Gjensidige's ambition to become the most customer-oriented general insurance company in the Nordic region, based on profitable operations and a leading position.

In order to ensure strong competiveness in future, investments will primarily be increased in the fields of IT, competence development, brand strength and marketing in order to support the five strategic focus areas described on page 54.

Competition is strong and increasing in the Norwegian general insurance market, partly driven by a more challenging macroeconomic environment. Gjensidige's competitiveness is regarded as good. Solid growth in premiums and volume is combined with good profitability and high customer satisfaction in the Norwegian market. The growth rate is expected to slow down somewhat. Continued efforts to retain and strengthen Gjensidige's position in the Norwegian market are given priority. At the same time, new, profitable opportunities for growth will be considered in the Nordic region and the Baltic states in order to ensure good utilisation of a scalable business model and best practice. Great emphasis will also be placed on further developing cooperation with partners and distributors.

Uncertainty about the domestic and international economic situation, combined with low interest rates and financial challenges in several key economies, remains a source of uncertainty. Gjensidige has a robust investment strategy, although returns are affected by challenging market conditions. The Group is financially sound and has a high proportion of its business in the Norwegian general insurance market. Although the macroeconomic situation is more challenging, the outlook for the Norwegian and Nordic general insurance operations is still regarded as good in a relative perspective.

There is still uncertainty, although it is diminishing, relating to changes to the regulatory framework conditions for the financial sector in Norway and internationally. The Solvency II regulations were implemented in Norway on 1 January 2016. Gjensidige will submit an application for using its own partial internal model (PIM) during the first half-year 2016. Endeavours have been made to win acceptance for inclusion of the guarantee provision as solvency capital. This matter is expected to be clarified in 2016.

The Group has satisfactory capital buffers in relation to internal risk models, statutory capital adequacy requirements and its target rating. The Board considers the Group's capital situation and financial strength to be good.

Events after the balance sheet date

No significant events have occurred after the balance sheet date.

Allocation of the profit before other income and expenses

The Group's profit after tax expense amounted to NOK 3,784.7 million. The Board has adopted a dividend policy that forms the basis for the dividend proposal submitted to the general meeting. The Board proposes a dividend of NOK 4.2 billion for the 2015 financial year. This corresponds to NOK 8.40 per share, NOK 6.40 of which is based on the profit for the year and the expected dividend capacity going forward. This corresponds to an increase in nominal dividend of 8.5 per cent compared with 2014, and a payout ratio of 84.5 per cent. The dividend flow shall be high and stable over time in nominal terms and grow in periods of growth in earnings. The remaining NOK 2.00 per share is related to the distribution of excess capital as part of the process of ensuring an optimal capital structure.

Gjensidige's goal is to distribute high and stable nominal dividends to its shareholders in future, and at least 70 per cent of the profit after tax expense over time. When determining the size of the dividend, consideration will be given to expected future capital needs. In addition, any future excess capital over and above the capitalisation target will be distributed to the owners over time. By the capitalisation target is meant capitalisation that is adapted to Gjensidige's strategic targets and appetite for risk at all times. The Group shall maintain its financial freedom of action, without this being at the expense of capital discipline.

It is proposed that the parent company's profit before other components of income and expense of NOK 3,741.6 million be allocated as follows:

NOK million	
Dividend (after a deduction for dividend on own shares)	(4,199.4)
Transferred from undistributable reserves	108.5
Transferred from other retained earnings	349.3
Allocated	**(3,741.6)**

Other components of income and expense as presented in the income statement are not included in the allocation of profit.

The Board has decided to pay employees of Gjensidige Forsikring ASA a collective bonus of NOK 22,500 including holiday pay per full-time employee. The bonus is based on the combined ratio achieved and on the development of the portfolio and customer satisfaction in 2015.

The Board wishes to thank all employees for their efforts and their contribution to Gjensidige's good results in 2015.

Oslo, 9 March 2016
The Board of Gjensidige Forsikring ASA

Inge K. Hansen Chair	Trond Vegard Andersen	Hans-Erik F. Andersson	Per Arne Bjørge	Kjetil Kristensen
Gisele Marchand	Gunnar Mjåtvedt	Mette Rostad	Lotte Kronholm Sjøberg	Tine Gottlob Wollebekk

Helge Leiro Baastad
CEO

Financial statements and notes

Gjensidige Insurance Group

Notes

Gjensidige Forsikring ASA

Notes

Consolidated income statement

NOK millions	Notes	1.1.-31.12.2015	1.1.-31.12.2014
Operating income			
Earned premiums from general insurance		21,272.0	20,386.8
Earned premiums from pension		1,431.5	1,262.4
Interest income etc. from banking operations		1,311.0	1,327.9
Other income including eliminations		140.8	121.6
Total operating income	**4**	**24,155.4**	**23,098.7**
Net income from investments			
Results from investments in associates and joint ventures	6	49.7	192.0
Operating income from property		366.7	348.7
Interest income and dividend etc. from financial assets		1,199.3	1,351.6
Net changes in fair value on investments (incl. property)		189.0	685.8
Net realised gain and loss on investments		(102.7)	96.8
Expenses related to investments	17	(228.8)	(199.3)
Total net income from investments	**19**	**1,473.3**	**2,475.6**
Total operating income and net income from investments		**25,628.7**	**25,574.3**
Claims, loss etc.			
Claims incurred etc. from general insurance		(14,597.5)	(14,470.4)
Claims incurred etc. from pension		(1,275.7)	(1,126.4)
Interest expenses etc. and write-downs and losses from banking operations		(652.2)	(765.9)
Total claims, interest expenses, losses etc.		**(16,525.4)**	**(16,362.8)**
Operating expenses			
Operating expenses from general insurance		(3,217.6)	(3,054.0)
Operating expenses from pension		(222.0)	(221.4)
Operating expenses from banking operations		(359.3)	(357.9)
Other operating expenses		(45.1)	(8.7)
Amortisation and impairment losses of excess value - intangible assets		(209.6)	(170.0)
Total operating expenses	**17**	**(4,053.6)**	**(3,812.0)**
Total expenses		**(20,578.9)**	**(20,174.8)**
Profit/(loss) for the year before tax expense	**4**	**5,049.7**	**5,399.6**
Tax expense	16	(1,265.0)	(1,210.0)
Profit/(loss) for the year		**3,784.7**	**4,189.6**
Profit/(loss) for the year attributable to:			
Owners of the company		3,788.8	4,189.6
Non-controlling interests		(4.1)	
Total		**3,784.7**	**4,189.6**
Earnings per share, NOK (basic and diluted)	**29**	**7.57**	**8.38**

Consolidated statement of comprehensive income

NOK millions	Notes	1.1.-31.12.2015	1.1.-31.12.2014
Profit/(loss) for the year		**3,784.7**	**4,189.6**
Components of other comprehensive income			
Items that are not reclassified subsequently to profit or loss			
Remeasurements of the net defined benefit liability/asset	14	69.0	(410.2)
Share of other comprehensive income from associates and joint ventures			(50.9)
Tax on items that are not reclassified to profit or loss		(17.5)	110.8
Total items that are not reclassified subsequently to profit or loss		**51.5**	**(350.3)**
Items that may be reclassified subsequently to profit or loss			
Exchange differences from foreign operations		438.4	281.2
Share of exchange differences from associates and joint ventures			(142.4)
Exchange differences from hedging of foreign operations		127.5	(237.0)
Investments available for sale		17.0	
Tax on items that may be reclassified to profit or loss		(114.3)	27.3
Total items that may be reclassified subsequently to profit or loss		**468.5**	**(70.9)**
Total components of other comprehensive income		**520.0**	**(421.2)**
Total comprehensive income for the year		**4,304.7**	**3,768.4**
Total comprehensive income for the year attributable to:			
Owners of the company		4,308.8	3,768.4
Non-controlling interests		(4.1)	
Total		**4,304.7**	**3,768.4**

Consolidated statement of financial position

NOK millions	Notes	31.12.2015	31.12.2014
Assets			
Goodwill	5	3,224.5	2,819.0
Other intangible assets	5	1,343.6	1,123.5
Deferred tax assets	16	12.9	5.0
Investments in associates and joint ventures	6	1,547.8	44.3
Interest-bearing receivables from associates and joint ventures	6	1,538.0	
Owner-occupied property	7	34.8	280.7
Plant and equipment	7	289.4	321.0
Investment properties	9		6,104.0
Pension assets	14	93.1	71.8
Financial assets			
Financial derivatives	8	486.5	470.2
Shares and similar interests	8, 12	7,202.3	7,499.8
Bonds and other securities with fixed income	8	30,626.4	23,748.3
Bonds held to maturity	8	2,635.6	2,955.9
Loans and receivables	8, 10	55,837.3	46,969.5
Assets in life insurance with investment options	8	15,109.6	12,950.3
Reinsurance deposits		0.9	0.8
Reinsurers' share of insurance-related liabilities in general insurance, gross	13	533.0	551.8
Receivables related to direct operations and reinsurance	10	4,997.4	4,629.8
Other receivables	10	502.7	823.6
Prepaid expenses and earned, not received income	10	96.7	209.0
Cash and cash equivalents	11, 26	3,151.9	2,403.8
Total assets		**129,264.4**	**113,982.0**
Equity and liabilities			
Equity			
Share capital		999.9	999.9
Share premium		1,430.0	1,430.0
Other equity		20,876.5	19,226.9
Total equity attributable to owners of the company		**23,306.3**	**21,656.8**
Non-controlling interests		24.3	
Total equity	**1**	**23,330.6**	**21,656.8**
Provision for liabilities			
Subordinated loan	21	1,547.2	
Premium reserve in life insurance	13	3,867.2	3,408.3
Provision for unearned premiums, gross, in general insurance	13	9,230.0	8,536.3
Claims provision, gross	13	33,178.5	32,926.9
Other technical provisions	13	230.5	168.0
Pension liabilities	14	558.8	590.4
Other provisions	15	345.6	247.6
Financial liabilities			
Financial derivatives	8	403.5	527.2
Deposits from and liabilities to customers	8, 15	19,357.2	16,703.4
Interest-bearing liabilities	8, 15	17,804.7	10,300.3
Other liabilities	8, 15	1,065.4	1,006.5
Current tax	16	1,295.1	1,172.6
Deferred tax liabilities	16	835.8	1,289.1
Liabilities related to direct insurance and reinsurance	8, 15	619.4	626.3
Liabilities in life insurance with investment options	15	15,109.6	12,950.3
Accrued expenses and deferred income	8, 15	485.3	424.9
Total liabilities		**105,933.8**	**92,325.2**
Total equity and liabilities		**129,264.4**	**113,982.0**

Oslo, 9 March 2016 – The Board of Gjensidige Forsikring ASA

Inge K. Hansen
Chair

Trond Vegard Andersen

Hans-Erik F. Andersson

Per Arne Bjørge

Kjetil Kristensen

Gisele Marchand

Gunnar Mjåtvedt

Mette Rostad

Lotte Kronholm Sjøberg

Tine Gottlob Wollebekk

Helge Leiro Baastad
CEO

Consolidated statement of changes in equity

NOK millions	Share capital	Own shares	Share premium	Other paid-in capital	Perpetual Tier 1 capital instrument	Exchange differences	Remeasure-ment of the net defined benefit liab./asset	Other earned equity	Total equity
Equity as at 31.12.2013	**1,000.0**	**(0.1)**	**1,430.0**	**19.8**		**(84.8)**	**(1,328.2)**	**25,251.1**	**26,287.8**
1.1.-31.12.2014									
Profit/(loss) for the year								4,189.6	4,189.6
Components of other comprehensive income									
Items that are not reclassified subsequently to profit or loss									
Remeasurement of the net defined benefit liability/asset							(410.2)		(410.2)
Share of other comprehensive income from associates								(50.9)	(50.9)
Tax on items that are not reclassified to profit or loss							110.8		110.8
Total items that are not reclassified subsequently to profit or loss							**(299.4)**	**(50.9)**	**(350.3)**
Items that may be reclassified subsequently to profit or loss									
Exchange differences from foreign operations						281.3	(0.1)		281.2
Share of exchange differences from associates								(142.4)	(142.4)
Exchange differences from hedging of foreign operations						(237.0)			(237.0)
Tax on items that may be reclassified to profit or loss									27.3
Total items that may be reclassified subsequently to profit or loss						**71.6**	**(0.1)**	**(142.4)**	**(70.9)**
Total components of other comprehensive income						**71.6**	**(299.6)**	**(193.2)**	**(421.2)**
Total comprehensive income for the year						**71.6**	**(299.6)**	**3,996.4**	**3,768.4**
Own shares		(0.0)						(6.3)	(6.3)
Paid dividend								(8,398.8)	(8,398.8)
Equity-settled share-based payment transactions				5.8					5.8
Equity as at 31.12.2014	**1,000.0**	**(0.1)**	**1,430.0**	**25.6**		**(13.2)**	**(1,627.8)**	**20,842.3**	**21,656.8**
1.1.-31.12.2015									
Profit/(loss) for the year (the controlling interests' share)					4.5			3,784.3	3,788.8
Components of other comprehensive income									
Items that are not reclassified subsequently to profit or loss									
Remeasurement of the net defined benefit liability/asset							69.0		69.0
Tax on items that are not reclassified to profit or loss							(17.5)		(17.5)
Total items that are not reclassified subsequently to profit or loss							**51.5**		**51.5**
Items that may be reclassified subsequently to profit or loss									
Exchange differences from foreign operations						438.4			438.4
Investments available for sale								17.0	17.0
Exchange differences from hedging of foreign operations						127.5			127.5
Tax on items that may be reclassified to profit or loss						(114.3)			(114.3)
Total items that may be reclassified subsequently to profit or loss						**451.5**		**17.0**	**468.5**
Total components of other comprehensive income						**451.5**	**51.5**	**17.0**	**520.0**
Total comprehensive income for the year					**4.5**	**451.5**	**51.5**	**3,801.2**	**4,308.8**
Own shares		(0.0)						(9.9)	(9.9)
Paid dividend								(2,949.6)	(2,949.6)
Remeasurement of the net defined benefit liability/asset of sold companies							(6.7)	6.7	
Equity-settled share-based payment transactions				6.0					6.0
Perpetual Tier 1 capital instrument					298.2				298.2
Perpetual Tier 1 capital instrument - interest paid					(3.9)				(3.9)
Equity as at 31.12.2015 attributable to the owners of the company		**(0.1)**	**1,430.0**	**31.6**	**298.8**	**438.3**	**(1,584.1)**	**21,690.7**	**23,306.3**
Non-controlling interests									24.3
Equity as at 31.12.2015									**23,330.6**

Consolidated statement of cash flow

NOK millions	1.1.-31.12.2015	1.1.-31.12.2014
Cash flow from operating activities		
Premiums paid, net of reinsurance	25,539.7	24,091.4
Claims paid, net of reinsurance	(16,314.5)	(15,127.2)
Net payment of loans to customers	(9,167.6)	(3,352.6)
Net payment of deposits from customers	2,653.9	1,765.1
Payment of interest from customers	1,283.8	1,251.5
Payment of interest to customers	(311.0)	(472.3)
Net receipts/payments on premium reserve transfers	(759.2)	(598.7)
Net receipts/payments from financial assets	(4,947.7)	1,028.4
Net receipts/payments from properties	285.0	297.6
Net receipts/payments from sale/acquisition of investment property	130.2	(1,190.5)
Operating expenses paid, including commissions	(3,785.8)	(3,460.9)
Taxes paid	(1,056.9)	(852.7)
Net other receipts/payments	53.6	49.3
Net cash flow from operating activities	**(6,396.4)**	**3,428.3**
Cash flow from investing activities		
Net receipts/payments from sale/acquisition of subsidiaries and associates	2,521.7	3,198.6
Net receipts/payments on sale/acquisition of owner-occupied property, plant and equipment	(58.0)	(285.9)
Dividends from associated companies		42.4
Net cash flow from investing activities	**2,463.8**	**2,955.1**
Cash flow from financing activities		
Payment of dividend	(2,949.6)	(8,348.9)
Net receipts/payments on subordinated loans Gjensidige Forsikring ASA	(36.9)	1,197.1
Net receipts/payments regarding perpetual Tier 1 capital instrument and non-controlling interests	297.1	
Net receipts/payments on loans to credit institutions	7,554.7	635.5
Net receipts/payments on other short-term liabilities	40.7	(26.8)
Net receipts/payments on interest on funding activities	(248.5)	(195.9)
Net receipts/payments on sale/acquisition of own shares	(9.9)	(6.3)
Net cash flow from financing activities	**4,647.7**	**(6,745.3)**
Effect of exchange rate changes on cash and cash equivalents	33.1	36.2
Net cash flow for the period	**748.1**	**(325.6)**
Cash and cash equivalents at the start of the period	2,403.8	2,729.4
Cash and cash equivalents at the end of the period	3,151.9	2,403.8
Net cash flow for the period	**748.1**	**(325.6)**
Specification of cash and cash equivalents		
Deposits with central banks	548.7	79.7
Cash and deposits with credit institutions	2,603.2	2,324.1
Total cash and cash equivalents	**3,151.9**	**2,403.8**

Accounting policies

Reporting entity

Gjensidige Forsikring ASA is a publicly listed company domiciled in Norway. The company's head office is located at Schweigaardsgate 21, Oslo, Norway. The consolidated financial statements of the Gjensidige Insurance Group (the Group) as at and for the year ended 31 December 2015 comprise Gjensidige Forsikring ASA and its subsidiaries and the Group's interests in associates and joint ventures. The activities of the Group consist of general insurance, pension and savings and banking. The Group does business in Norway, Sweden, Denmark, Latvia, Lithuania and Estonia.

The accounting policies applied in the consolidated financial statements are described below. The policies are used consistently throughout the entire Group with the exception of one difference that is permitted in accordance with IFRS 4 about insurance contracts. See description under the section Claims provision, gross.

Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRSs endorsed by EU, and interpretations that should be adopted as of 31 December 2015, and additional disclosure requirements in accordance with the Norwegian Financial Reporting Regulations for Insurance Companies (FOR 1998-12-16 nr 1241) pursuant to the Norwegian Accounting Act.

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 2015. They have not been applied when preparing these consolidated financial statements. Those that may be relevant to Gjensidige are mentioned below. Gjensidige does not plan early implementation of these standards.

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

IFRS 9 contains three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income, and fair value through profit or loss. Financial assets will be classified 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. IFRS 9 replaces an 'accrued loss model' with an 'expected loss model', which means that the loss no long has to have been incurred for it to be recognised as an impairment loss. The expected loss model is a two-step measurement model where the provision for loss is either measured as the 12-month expected loss or as the lifetime expected loss, depending on whether there has been a significant increase in the credit risk since it was first recognised. IFRS 9 introduces new requirements for hedge accounting that are more in accordance with the actual risk management. This means that the documentation requirements in IFRS are less rigid and that more hedging instruments and objects can qualify for hedge accounting. IFRS 9 will enter into force on 1 January 2018. Our provisional assessment is that the standard is expected to have an effect on Gjensidige's financial statements.

IFRS 15 Revenue from contracts with customers (2014)
IFRS 15 covers all contracts with customers, but insurance contracts, among others, are exempted. Insofar as such contracts cover the provision of several services or other services closely related to the insurance operations are carried out, this may have a bearing on how Gjensidige recognises revenues in its accounts. IFRS 15 is effective 1 January 2018. Our preliminary assessment is that services beyond what is covered by IFRS 4 about insurance contracts comprise an insignificant part of the income. Our preliminary assessment is that the standard is not expected to have a significant effect on Gjensidiges's financial statements.

IFRS 16 Leasing (2016)
IFRS 16 requires all contracts that qualify under its definition as a lease to be reported on a lessee's balance sheet as right of use assets and lease liabilities. Earlier classification of leases as either operating leases or finance leases are removed. Short-term leases (less than 12 months) and leases of low-value assets are exempt from the requirements. A lessee shall recognise right-of-use assets and lease liabilities. Interest expense on the lease liability shall be presented separately from the depreciation charge for the right-of-use asset. Interest expense is a component of finance costs. IFRS 16 is effective 1 January 2019. The standard will increase the total balance and split the leasing expense in operating expenses and financial expenses.

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

Basis of measurement

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

- derivatives are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value
- financial assets available for sale are measured at fair value
- investment properties are measured at fair value

Functional and presentation currency

The consolidated financial statements are presented in NOK. The mother company and the different branches have respectively Norwegian, Swedish, Danish kroner and Euro as functional currency. All financial information is presented in NOK, unless otherwise stated.

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

Segment reporting

According to IFRS 8, the operating segments are determined based on the Group's internal organisational management structure and the internal financial reporting structure to the chief operating decision maker. In Gjensidige Insurance Group the Senior Group Management is responsible for evaluating and following up the performance of the segments and is considered the chief operating decision maker within the meaning of IFRS 8. Gjensidige reports on six operating segments, which are independently managed by managers responsible for the respective segments depending on the products and services offered, distribution and settlement channels, brands and customer profiles. Identification of the segments is based on the existence of segment managers who report directly to the Senior Group Management/CEO and who are responsible for the performance of the segment under their charge. Based on this Gjensidige reports the following operating segments

- General insurance Private
- General insurance Commercial
- General insurance Nordic
- General insurance Baltics
- Pension and Savings
- Retail Bank

The recognition and measurement principles for Gjensidige's segment reporting are based on the IFRS principles adopted in the consolidated financial statements.

Inter-segment pricing is determined on arm's length distance.

Consolidation policies

Subsidiaries

Subsidiaries are entities controlled by Gjensidige Forsikring. Gjensidige Forsikring controls an investee when it is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of the subsidiaries have been changed when necessary, to align them with the policies adopted by the Group.

Associates

Associates are entities in which the Group has a significant, but not a controlling, influence over the financial and operating policies. Normally this will apply when the Group has between 20 and 50 per cent of the voting power of another entity. Associates are accounted for using the equity method, and are recognised initially at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of income, expenses, and movements in equity, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that the significant influence ceases.

Joint ventures

Joint ventures are defined as companies where there exists a contractual agreement giving joint control together with one or more parties. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Joint ventures are accounted for using the equity method and initial recognition is at cost. The investor's share of the investee's profit or loss is recognised in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment.

See note 6 for a further description of the Group's joint venture.

Transactions eliminated on consolidation

Intra-group balances and transactions, and unrealised income and expenses arising from intra-group transactions, are eliminated in the consolidated financial statements. Unrealised gains arising from transactions with equity accounted companies are eliminated against the investment to the extent of the Group's interest. Unrealised losses are eliminated in the same way, but only to the extent that there is no evidence of impairment.

Business combinations

Business combinations are accounted for by applying the purchase method. The cost of the business combination is the fair value at the date of exchange of assets acquired, liabilities incurred and equity instruments issued by the Group, in exchange for control of the acquired company, and any expenses directly attributable to the business combination.

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

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

Operating income and operating expenses consist of income and expenses in relation to the business in the different business areas, see below.

Earned premiums from general insurance

Insurance premiums are recognised over the term of the policy. Earned premiums from general insurance consist of gross premiums written and ceded reinsurance premiums.

Gross premiums written include all amounts the company has received or is owed for insurance contracts where the insurance period starts before the end of the accounting period. At the end of the period provisions are recorded, and premiums written that relate to subsequent periods are adjusted for.

Ceded reinsurance premiums reduce gross premiums written, and are adjusted for according to the insurance period. Premiums for inward reinsurance are classified as gross premiums written, and are earned according to the insurance period.

Earned premiums from pension

Earned premiums from pension consist of earned risk premium and administration expenses in relation to the insurance contracts.

Interest income and credit commission income from banking operations

Interest income and interest expenses are calculated and recognised using the effective interest method. The calculation takes into account arrangement fees and direct marginal transaction costs that form an integral part of the effective interest rate. Interest is recognised in profit or loss using the effective interest method both for balance sheet items that are measured at amortised cost and those that are measured at fair value through profit and loss. Interest income on impaired loans is calculated as the effective interest on the impaired value.

Commission income from various customer services is recognised depending on the nature of the commission. Charges are recognised as income when the services have been delivered or when a significant proportion have been completed. Charges that are received for services provided are recognised as income in the period in which the service was performed. Commissions received as payment for various services is recognised as income when the service has been performed. Commission expenses are transaction based, and are recognised in the period in which the service was received.

Claims incurred

Claims incurred consist of gross paid claims less reinsurers' share, in addition to a change in provision for claims, gross, also less reinsurers' share. Direct and indirect claims processing costs are included in claims incurred. The claims incurred contain run-off gains/losses on previous years' claims provisions.

Operating expenses

Operating expenses consist of salaries and administration and sales costs.

Insurance-related operating expenses consist of insurance-related administration expenses including commissions for received reinsurance and sales expenses, less received commissions for ceded reinsurance and profit share.

Net income from investments

Financial income consist 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 recognised in profit or loss using the effective interest method.

Financial expenses consist of interest expenses on loans that are not part of the banking operations, 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.

Foreign currency

Foreign currency transactions

Every company in the Group determines its functional currency, and transactions in the entities' financial statements are measured in the functional currency of the subsidiary.

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

At the reporting date monetary items are retranslated to the functional currency at exchange rates at that date. Non-monetary items denominated in foreign currencies that are measured at historical cost, are retranslated using the exchange rates at the date of the transaction. Non-monetary items denominated in foreign currencies that are measured at fair value, are retranslated to the functional currency at the exchange rates at the date when the fair value was determined.

Exchange differences arising on retranslations are recognised in profit or loss, except for differences arising on the retranslation of financial instruments designated as hedge of a net investment in a foreign operation that qualifies for hedge accounting. These are recognised in other comprehensive income.

Foreign operations

Foreign operations that have other functional currencies are translated to NOK by translating the income statement at average exchange rates for the period of activity, and by translating the balance sheet at exchange rates at the reporting date. Exchange differences are recognised as a separate component of equity. On disposal of the foreign operation, the cumulative amount of the exchange difference recognised in other comprehensive income relating to that foreign operation is recognised in profit of loss, when the gain or loss on disposal is recognised.

Exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form a part of the net investment in the foreign operation and are recognised in other comprehensive income.

Goodwill arising on the acquisition of a foreign operation and fair value adjustments of the carrying amount of assets and liabilities arising on the acquisition of the foreign operation are treated as assets and liabilities of the foreign operation.

Tangible assets

Owner-occupied property, plant and equipment

Recognition and measurement

Items of owner-occupied property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the item. In cases where equipment or significant items have different useful lives, they are accounted for as separate components.

Owner-occupied property is defined as property that is used by Gjensidige for conducting its business. If the properties are used both for the company's own use and as investment properties, classification of the properties is based on the actual use of the properties.

Subsequent costs

Subsequent costs are recognised in the asset's carrying amount when it is probable that the future economic benefits associated with the asset will flow to the Group, and the cost of the asset can be measured reliably. If the subsequent cost is a replacement cost for part of an item of owner-occupied property, plant and equipment, the cost is capitalized and the carrying amount of what has been replaced is derecognised. Repairs and maintenances are recognised in profit or loss in the period in which they are incurred.

Gjensidige may engage in refurbishment, major upgrades or new property projects. The costs for these are recognised using the same principles as for an acquired asset.

Depreciation

Each component of owner-occupied property, plant and equipment are depreciated using the straight-line method over estimated useful life. Land is not depreciated. The estimated useful lives for the current and comparative periods are as follows

- owner-occupied property 10-50 years
- plant and equipment 3-10 years

Depreciation method, expected useful life and residual values are reassessed annually. An impairment loss is recognised if the carrying amount of an asset is less than the recoverable amount.

Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation, or for both. These properties are not used in production, deliveries of goods and services, or for administrative purposes.

Investment properties are measured initially at cost, i.e. the purchase price including directly attributable expenses associated with the purchase. Investment properties are not depreciated.

Subsequent to initial recognition investment properties are measured at fair value, and any changes in fair value are recognised in profit or loss.

Fair value is based on market prices, after consideration of any differences in type, location or condition of the individual property. Where market prices are not available, the properties are individually assessed by discounting the expected future net cash flow by the required rate of return for each investment. The net cash flow takes into account existing rental contracts and expectations of future rental income based on the current market situation. The required rate of return is determined based on the expected future risk-free interest rate and an individually assessed risk premium, dependent on the rental situation and the location and standard of the building. An observation of yields reported from market transactions is also performed. The valuation is carried out both by external and internal expertise having substantial experience in valuing similar types of properties in geographical areas where the Group's investment properties are located.

In cases of change of use and reclassification to owner-occupied property, fair value at the date of the reclassification is used as cost for subsequent reporting.

In 2015 the Group sold 50 per cent of its investment in Oslo Areal AS. The investment is after the sale classified as a joint venture and hence the investment properties are not presented in a separate line in the statement of financial position.

Intangible assets

Goodwill

Goodwill acquired in a business combination represents cost price of the acquisition in excess of the Group's share of the net fair value of identifiable assets, liabilities and contingent liabilities in the acquired entity at the time of acquisition. Goodwill is recognised initially at cost and subsequently measured at cost less accumulated impairment losses.

Goodwill acquired in a business combination is not amortised, but is tested for impairment annually or more frequently, when indications of impairment losses exist.

For investments accounted for according to the equity method, carrying amount of goodwill is included in the carrying amount of the investment.

Other intangible assets

Other intangible assets which consist of customer relationships, trademarks, internally developed software and other intangible assets 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 Group 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

- customer relationships 10 years
- trademarks 10 years
- internally developed software 5–8 years
- other intangible assets 5–10 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.

Impairment of non-financial assets

Indicators of impairment of the carrying amount of tangible and intangible assets are assessed at each reporting date. If such indicators exist, then recoverable amount of an assets or a cash generating unit is estimated. Indicators that are assessed as significant by the Group and might trigger testing for an impairment loss are as follows

- significant reduction in earnings in relation to historical or expected future earnings
- significant changes in the Group's use of assets or overall strategy for the business
- significant negative trends for the industry or economy
- other external and internal indicators

Goodwill is tested for impairment annually. The annual testing of goodwill is performed in the third quarter.

Recoverable amount is the greater of the fair value less costs to sell and value in use. In assessing value in use, estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets generating cash inflows that are largely independent of cash inflows from other assets or groups of assets (cash-generating unit). Goodwill is allocated to the cash-generating unit expecting to benefit from the business combination.

Impairment losses are recognised in profit or loss if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to the carrying amount of goodwill and then proportionally to the carrying amount of each asset in the cash-generating unit. Previously recognised impairment losses are for assets except for goodwill, reversed if the prerequisites for impairment losses are no longer present.

Impairment losses will only be reversed if the recoverable amount does not exceed the amount that would have been the carrying amount at the time of the reversal if the impairment loss had not been recognised.

Impairment losses recognised for goodwill will not be reversed in a subsequent period. On disposal of a cash generating unit, the goodwill attributable will be included in the determination of the gain or loss on disposal.

Technical provisions

Provision for unearned premiums, gross

The provision for unearned premiums, gross reflects the accrual of premiums written. The provision corresponds to the unearned portions of the premiums written. No deduction is made for any expenses before the premiums written are accrued.

In the case of group life insurance for the commercial market, the provision for unearned premiums, gross also includes provisions for fully paid whole-life cover (after the payment of disability capital).

Claims provision, gross

The claims provision comprise provisions for anticipated future claims payments in respect of claims incurred, but not fully settled at the reporting date. These include both claims that have been reported to the company (RBNS – reported but not settled) and those that have not yet been reported (IBNR – incurred but not reported). The provisions related to reported claims are assessed individually by the Claims Department, while the IBNR provisions are calculated based on empirical data for the time it takes from a loss or claim occurring (date of loss) until it is reported (date reported). Based on experience and the development of the portfolio, a statistical model is prepared to calculate the scope of post-reported claims. The appropriateness of the model is measured by calculating the deviation between earlier post-reported claims and post-reported claims estimated by the model.

Claims provisions are not normally discounted. For contracts in Denmark with annuity payments over a long horizon, discounting is performed. IFRS 4 permits the use of different policies within the Group in this area.

Claims provisions contain an element that is to cover administrative expenses incurred in settling claims.

Adequacy test

A yearly adequacy test is performed to verify that the level of the provisions is sufficient compared to the company's liabilities. Current estimates for future claims payments for the company's insurance liabilities at the reporting date, as well as related cash flows, are used to perform the test. This includes both claims incurred before the reporting date (claims provisions) and claims that will occur from the reporting date until the next annual renewal (premium provisions). Any negative discrepancy between the original provision and the liability adequacy test will entail provision for insufficient premium level.

Provisions for life insurance

Technical provisions regarding life insurance in Gjensidige Pensjonsforsikring are premium reserve, claims provision and additional provision.

The technical provisions related to the unit linked contracts are determined by the market value of the financial assets. The unit linked contracts portfolio is not exposed to investment risk related to the customer assets since the customers are not guaranteed any return. In addition there is a portfolio of annuity contracts which have an average 3.5 per cent annually guaranteed return on assets.

Reinsurers' share of insurance-related liabilities in general insurance, gross

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, gross. The reinsurers' share is less expected losses on claims based on objective evidence of impairment losses.

Financial instruments

Financial instruments are classified in one of the following categories

- at fair value through profit or loss
- available for sale
- investments held to maturity
- loans and receivables
- financial derivatives
- financial liabilities at amortised cost
- financial liabilities classified as equity

Recognition and derecognition

Financial assets and liabilities are recognised when Gjensidige 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 initial recognition 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

Gjensidige holds an investment portfolio that is designated at fair value at initial recognition, and that is managed and evaluated regularly at fair value. This is according to the Board's approved risk management and investment strategy, and information based on fair value is provided regularly to the Senior Group Management and the Board.

The banking operation has established a liquidity portfolio which is continuously measured and reported at fair value. The bank has a goal of having low interest rate risk and plans and manages the interest rate risk so that one aggregates fixed-rate positions on deposits, loans and placements in a model, and then use interest rate swaps to balance out potential remaining risk. Interest rate swaps are measured at fair value, and in order to avoid inconsistent measurement, bonds and certificates with fixed interest-rates issued before 2013 subject to interest rate hedging are measured at fair value. Hedge accounting is used for new bonds and certificates with fixed interest-rates subject to interest rate hedging.

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.

Available for sale

Financial assets available for sale are non-derivative financial assets that have been recognised initially in this category, or are not recognised initially in any other category. Subsequent to initial recognition financial assets in this category are measured at fair value, and gain or loss is recognised in other comprehensive income except for impairment losses, which are recognised in profit or loss.

The Group has no financial assets in this category.

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.

Interest-free loans are issued to finance fire alarm systems within agriculture for loss prevention purposes. These loans are repaid using the discount granted on the main policy when the alarm system is installed.

The category loans and receivables comprises the classes loans, receivables related to direct operations and reinsurance, other receivables, prepaid expenses and earned, not received income and cash and cash equivalents and obligations classified as loans and receivables.

Financial derivatives

Financial derivatives are used in the management of exposure to equities, bonds and foreign exchange in order to achieve the desired level of risk and return. The instruments are used both for trading purposes and for hedging of other balance sheet items. Any trading of financial derivatives is subject to strict limitations.

The Group uses financial derivatives, amongst other to hedge foreign currency exchanges arising from the ownership of foreign subsidiaries with other functional currency.

Transaction expenses are recognised in profit or loss when they incur. Subsequent to initial recognition financial derivatives are measured at fair value and changes in fair value are recognised in profit or loss.

Hedge accounting is applied on the largest branches and subsidiaries. Gains and losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income, while any gains or losses relating to the ineffective portion are recognised in profit or loss. If subsidiaries are disposed of, the cumulative value of such gains and losses recognised in other comprehensive income is transferred to profit or loss. Where hedge accounting is not implemented, this implies a divergent treatment of the hedged object and the hedge instrument used. Hedge accounting of the largest branches and subsidiaries was terminated in the second half-year of 2015.

Fair value hedging has in 2015 been carried out to hedge the currency in fixed agreements of acquisition of operations. Gains and losses on the hedging instrument are recognised in profit or loss, together with the change in fair value of the fixed agreement. The change in fair value of the fixed agreement is recognised in goodwill when the acquired operation is accounted for.

The bank uses fair value hedging on interest rate risk. Changes in the fair value of the hedged object dedicated to the hedged risk are adjusting the hedged objects carrying amount and is recognised in profit or loss.

The category financial derivatives comprise the classes financial derivatives at fair value through profit or loss and financial derivatives used as hedge accounting.

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 classes subordinated loan, deposits from and liabilities to customers, interest-bearing liabilities, other liabilities, liabilities related to direct insurance and accrued expenses and deferred income. Interest-bearing liabilities consist mainly of issued certificates and bonds, and buy-back of own issued bonds.

Financial liabilities classified as equity

The bank classifies perpetual tier 1 capital as equity. The instruments are perpetual, but the bank can repay the capital on specific dates, for the first time five years after it was issued. The agreed terms for the instruments meet the requirements in the EU's CRR regulations and it is included in the Group's Tier 1 capital for capital adequacy purposes. This means that the bank has a unilateral right not to repay interest or the principal to the investors. As a consequence of these terms, the instruments do not meet the requirement for a liability in IAS 32 and are therefore presented on the line perpetual Tier 1 capital under equity. Further, it implies that the interest is not presented under Total interest expenses but as a reduction in other equity. Correspondingly, seen in isolation, the benefit of the tax deduction for the interest will lead to an increase in other equity and not be presented as a deduction under the line Tax expense, since it is the shareholder who benefits from the tax deduction.

Definition of 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.

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 input that is significant to the fair value measurement in its entirety.

Quoted prices in active markets are considered the best estimate of an asset/liability's fair value. When quoted prices in active markets are not available, the fair value of financial assets/ liabilities is preferably estimated on the basis of valuation techniques based on 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.

For further description of fair value, see note 8.

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.

Impairment of financial assets

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.

Impairment losses are reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Available for sale

For financial assets available for sale, an assessment to whether the assets are impaired is carried out quarterly.

If a decline in fair value of an available-for-sale financial asset, compared to cost, is significant or has lasted longer than nine months, the cumulative loss, measured as the difference between the historical cost and current fair value, less impairment loss on that financial asset that previously has been recognised in profit or loss, is removed from equity and recognised in profit or loss even though the financial asset has not been derecognised.

Impairment losses recognised in profit or loss are not reversed through profit or loss, but in other comprehensive income.

Dividend

Dividend from investments is recognised when the Group has an unconditional right to receive the dividend. Proposed dividend is recognised as a liability from the point in time when the General Meeting approves the payment of the dividend.

Provisions

Provisions are recognised when the Group 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.

Restructuring

Provision for restructuring are recognised when the Group has approved a detailed and formal restructuring plan which has commenced or has been announced. Provisions are not made for future expenses attributed to the operations.

Pensions

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

The defined contribution plan is a post-employment benefit plan under which Gjensidige pays fixed contributions into a separate entity and there is no legal or constructive obligation to pay further amounts. Obligatory contributions are recognised as employee benefit expenses in profit or loss when they are due.

The defined benefit plan is a post-employment benefit plan that entitles employees to contractual future pension benefits. Pension liabilities are determined on the basis of linear earning and using assumptions of length of service, discount rate, future return on plan assets, future growth in wages, pensions and social security benefits from the National Insurance, and estimates for mortality and staff turnover, etc.

Plan assets are measured at fair value, and are deducted from pension liabilities in the balance sheet. Any surplus is recognised if it is likely that the surplus can be used. An overfunding in a funded plan cannot be offset against an underfunding in an unfunded plan.

Any actuarial gains and losses related to defined benefit plan is recognised in other comprehensive income.

Share-based payment

The fair value of share-based payment arrangements allocated to employees is at the time of allocation recognised as personnel costs, with a corresponding increase in equity. 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 charged as expenses is done upon failing to meet such conditions.

Share-based payment transactions in which the company receives goods or services as payment for the company’s own equity instruments is recognised as share-based payment transactions with settlement in equity, regardless of how the company has acquired the equity instruments. 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 28 for a further description of the Group’s share-based payment arrangements.

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.

Deferred tax liabilities are recognised for temporary differences resulting from investments in subsidiaries and associates, except in cases where the Group is able to control the reversal of temporary differences, and it is probable that the temporary difference will not be reversed in foreseeable future. Deferred tax assets that arise from deductible temporary differences for such investments are only recognised to the extent that it is probable that there will be sufficient taxable income to utilise the asset from the temporary difference, and they are expected to reverse in the foreseeable future.

Current and deferred tax

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. For business combinations, deferred tax is calculated on the difference between fair value of the acquired assets and liabilities and their carrying amount. Goodwill is recognised without provision for deferred tax.

Related party transactions

Intra-group balances and transactions are eliminated in preparing the consolidated financial statements.

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 a Cost Contribution Arrangement as described in OECD Guidelines chapter 8 and on the basis of paragraph 13-1 in the Norwegian Tax Act.

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.

Transactions with affiliated companies

The Fire Mutuals operate as agents on behalf of Gjensidige. For these services commission is paid. The Fire Mutuals are also independent insurance companies with fire and natural damage on their own account. Gjensidige delivers support for this insurance operation. For handling this, and to reinsure the Fire Mutuals’ fire insurance Gjensidige receives payment based on arm’s length distance. The same applies to other services delivered to the Fire Mutuals.

Notes

1. Equity

Share capital
At the end of the year the share capital consisted of 500 million ordinary shares with a nominal value of NOK 2, according to the statutes. All issued shares are fully paid in.

The owners of ordinary shares have dividend and voting rights. There are no rights attached to the holding of own shares.

In thousand shares	2015	2014
Issued 1 January	500,000	500,000
Issued 31 December	500,000	500,000

Own shares
In the column for own shares in the statement of changes in equity the nominal value of the company's holdings of own shares is presented. Amounts paid in that exceeds the nominal value is charged to other equity so that the cost of own shares reduces the Group's equity.

At the end of the year the number of own shares was 68,175 (63,579).

A total of 259,515 (208,030) own shares at an average share price of NOK 128.51 (120.02) have in 2015 been acquired to be used in Gjensidige's share-based payment arrangements. Of these 173,499 (152,960) shares have been sold to employees, at the same price, but with a discount in the form of a contribution, see note 28. In addition 48,579 (31,662) shares have been allocated to executive personnel within the share-based remuneration scheme and 32.841 (19,644) bonus shares have been allocated to employees in the share savings programme in 2015. Own shares are increased by 4,596 (3,764) through the year.

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

Other paid-in capital
Other paid in equity consists of wage costs that are recognized in profit and loss as a result of the share purchase program for employees.

Perpetual Tier 1 capital instrument
Perpetual Tier 1 capital instrument consists of a perpetual hybrid instrument in Gjensidige Bank, classified as equity.

Exchange differences
Exchange differences consist of exchange differences that occur when converting foreign subsidiaries and branches, and when converting liabilities that hedge the company's net investment in foreign subsidiaries and branches.

Remeasurement of the net defined benefit liability/asset
Remeasurement of the net defined benefit liability/asset consists of the return of plan assets beyond interest income and gains/losses occurring by changing the actuarial assumptions used when calculating pension liability.

Other earned equity
Other earned equity consists of this year's and previous year's retained earnings that are not disposed to other purposes and includes provisions for compulsory funds (natural perils fund, guarantee scheme).

Natural perils fund
Operating profit/loss from the compulsory natural perils insurance shall be adjusted against a Natural perils fund. The provision can only be used for claims related to natural perils. Natural peril is defined as claim in direct relation to natural hazard, such as landslide, storm, flood, storm surge, earthquake or eruption.

Guarantee scheme
The provision for guarantee scheme shall provide security to the insured for the right fulfilment of claims covered by the agreement even after the agreement is terminated in Norway.

Dividend
Proposed and approved dividend per ordinary share

NOK millions	2015 [1]	2014
As at 31 December		
NOK 6.40 (5.90) based on profit for the year	3,200.0	2,950.0
NOK 2.00 (0) based on excess capital distribution	1,000.0	

[1] Proposed dividend for 2015 is not recognised at the reporting date, and it does not have any tax consequences.

2. Use of estimates

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

The accounting policies that are used by Gjensidige in which the assessments, estimates and prerequisites may deviate significantly from the actual results are discussed below.

Investment properties

Fair value is based on market prices and generally accepted valuation models where there are no market prices. A key parameter of the valuation is the long-term required rate of return for the individual property. A further description of the real estate price risk and a sensitivity analysis of investment properties are given in note 9.

Plant and equipment, owner-occupied property and intangible assets

Plant and equipment, owner-occupied property and intangible assets are assessed annually to ensure that the depreciation method and the depreciation period used are in accordance with useful life. The same applies to residual value. Impairment losses will be recognised if impairment exists. An ongoing assessment of these assets is made in the same manner as investment properties.

Goodwill is tested for impairment annually or more often if there are indications that the amounts may be subject to impairment. The testing for impairment entails determining recoverable amount for the cash-generating unit. Normally recoverable amount will be determined by means of discounted cash flows based on business plans. The business plans are based on prior experience and the expected market development. See note 5 and 7.

Financial assets and liabilities

The fair value of financial assets and liabilities that are not traded in an active market (such as unlisted shares) is determined by means of generally accepted valuation methods. These valuation methods are based primarily on the market conditions at the reporting date. See note 8.

Loans and receivables

For financial assets that are not measured at fair value, it is assessed whether there is objective evidence that there has been a reduction in the value of a financial asset or a group of financial assets on each reporting date. See note 10.

Individual write-downs are assessed before the write-down on groups is determined. If there is objective evidence that a financial asset is impaired, a write-down is made for the estimated loss. Objective evidence means evidence of occurrences indicating that the loan is impaired. This may be information about damaged credit histories, bankruptcy or defaults. For a closer description of the bank, see note 3 in the consolidated group accounts.

Insurance-related liabilities

Use of estimates in calculation of insurance-related liabilities is primarily applicable for claims provisions.

Insurance products are divided in general into two main categories; lines with short or long settlement periods. The settlement period is defined as the length of time that passes after a loss or injury occurs (date of loss) until the claim is reported and then paid and settled. Short-tail lines are e.g. property insurance, while long-tail lines primarily involve accident and health insurances. The uncertainty in short-tail lines of business is linked primarily to the size of the loss.

For long-tail lines, the risk is linked to the fact that the ultimate claim costs must be estimated based on experience and empirical data. For certain lines within accident and health insurances, it may take ten to 15 years before all the claims that occurred in a calendar year are reported to the company. In addition, there will be many instances where information reported in a claim is inadequate to calculate a correct provision. This may be due to ambiguity concerning the causal relationship and uncertainty about the injured party's future work capacity etc. Many personal injury claims are tried in the court system, and over time the level of compensation for such claims has increased. This will also be of consequence to claims that occurred in prior years and have not yet been settled. The risk linked to provisions for lines related to insurances of the person is thus affected by external conditions. To reduce this risk, the company calculates its claims liability based on various methods and follows up that the registered provisions linked to ongoing claims cases are updated at all times based on the current calculation rules. See note 3 (in the consolidated group accounts) and 13.

Pension

The present value of pension liabilities is calculated on the basis of actuarial and financial assumptions. Any change in the assumptions affects the estimated liability. Change in the discount rate is the assumption most significant to the value of the pension liability. The discount rate and other assumptions are normally reviewed once a year when the actuarial calculations are performed unless there have been significant changes during the year. See note 14.

3. Management of insurance and financial risk

Overview

Managing risk is an integral part of Gjensidige's day-to-day operations. Identification, assessment, management and control of risk exposure as well as analyses of the effects of potential strategic decisions on the risk profile are an essential part of operations. The aim is to ensure that the level of risk-taking is in keeping with the approved risk appetite and to enhance value creation.

Overall management of risks ensures that risks are assessed and handled in a consistent way throughout the Group.

General insurance is Gjensidige's core business and it accounts for the major part of its operations and risks in the Group. Gjensidige offers different insurance products aimed at private customers, and agriculture and commercial markets through Gjensidige Forsikring in Norway and its branches and subsidiaries in Sweden, Denmark and the Baltic region. Gjensidige also offers pension, investment and savings products through the subsidiaries Gjensidige Pensjonsforsikring (GPF) and Gjensidige Investeringsrådgivning (GIR). In addition, Gjensidige offers banking services through Gjensidige Bank.

The basis of insurance is the transfer of risk, from the insured to the insurer. Gjensidige receives insurance premiums from a large number of policy holders whom it is committed to compensating in the event that a loss occurs. Hence, insurance risk is a major component of risk in the Group. Insurance premiums are received in advance and set aside in order to cover future claims. These technical provisions and the Company's equity are invested, which means that the Group is exposed to market and credit risk as well.

The subsidiary Gjensidige Pensjonsforsikring (GPF) takes insurance and financial risk in the areas of pensions, savings and investment advice in the Norwegian market. In the commercial market GPF offers defined-contribution occupational pensions with related risk coverage such as disability insurance, disability pensions and child and spouse pensions. In addition GPF manages funds relating to paid-up policy portfolios. In the private market, GPF offers life and pension products and pure risk products, such as disability pensions. Mortality and disability risks are the two main insurance risks in GPF, whereas the greatest financial risk is related to the guaranteed return on the paid-up policies.

The subsidiary Gjensidige Bank primarily offers banking products to private individuals and organisations in the Norwegian market. Gjensidige Bank is mainly exposed to credit and liquidity risk.

Given the division of operations into operative and reporting segments, the Group has chosen to divide the information in this note on the basis of the business areas general insurance, life insurance/savings and banking, with the exception of certain contexts where it has been natural to present these areas together. The description of the management of financial risk in general insurance operations focuses on the Group's total general insurance operations and separate tables have not been produced for Gjensidige Forsikring ASA. This reflects the way in which the financial risk is managed.

Figure 1 – Operational structure

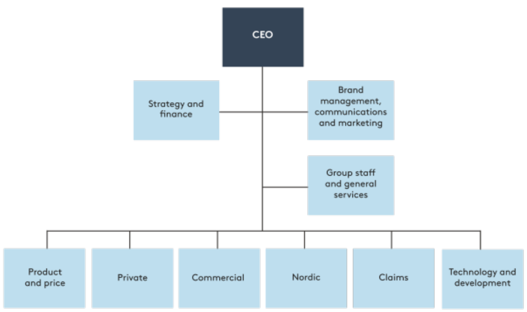
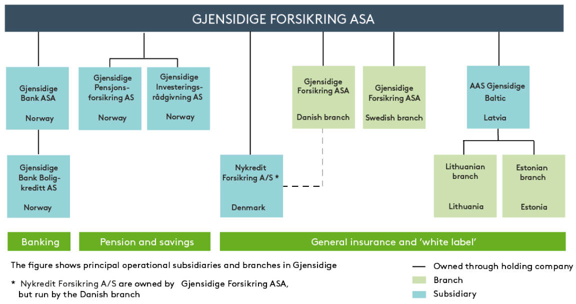


Figure 2 – Business structure



Organisation

The Board has overall responsibility for ensuring that the level of risk-taking in the Group is satisfactory relative to the Group's financial strength and willingness to take risks, and it 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 and compliance with laws and regulations and that the risk management and internal control efforts are appropriately organised and documented.

The group CEO is responsible for overall risk management in the Group. The Group's capital committee has an advisory role with regard to the assessment and proposal of changes in use of capital. Similarly the Group's risk committee has a supervisory role with regard to the Group's total risk situation and an advisory role in relation to the group CEO with regard to risk management. Both committees are chaired by the group CEO. Responsibility for ongoing risk management is delegated to the responsible line managers in their respective areas. Gjensidige has centralised risk control functions, such as risk management, compliance and actuarial functions.

The risk management function is responsible for monitoring and developing Gjensidige risk management and internal control system. In addition, the function shall have an overview of the risks Gjensidige is or may be exposed to, and what this means for the group solvency. The compliance function shall detect and prevent risks related to compliance with external and internal regulations. The risk management function and compliance function is headed by the Chief Risk Officer, and reports to Group CEO when it comes to subject matters.

The actuary function is responsible for coordinating the calculation and control of the technical provisions of insurance companies. The responsibility is centralised in the Group 's Actuary department.

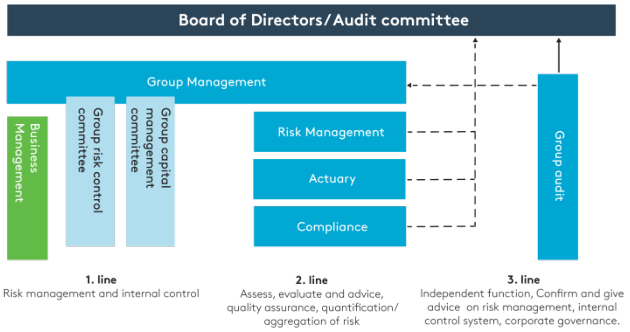
In addition, the Group has an independent internal audit function, which monitors that the risk management and internal control systems function. The audit function reports directly to the Board.

Responsibility for the execution of investments for the insurance operations is vested in the CFO's organisation. The function for monitoring and reporting financial returns and compliance with investment risk limits reports to the Executive Vice President, Group staff and general services in order to ensure independent follow-up. Chief Risk Officer has overall responsibility for risk management and monitors the Board approved limits. The Chief Risk Officer has an independent reporting line to the CEO.

Responsibility for all investment management is centralised in the Group's investment centre. A group-wide credit committee chaired by the CFO has been established in order to set credit limits for individual issuers of credit and general guidelines for counterparty risk.

All internal guidelines and requirements concerning risk taking are based on comprehensive group policies and are subject to approval by the Board of each company based on local legislation.

Figure 3 – The management system is organised with three lines of defence



Capital management

The core function of insurance is the transfer of risk, and the Group is exposed to risk in both its insurance and investment operations. Identification, measurement and management of risk are essential parts of the operations. All insurance companies must adapt their risk exposure to their capital base. On the other hand, solvency capital, or equity, has a cost. A key objective of capital management is to balance these two aspects. Gjensidige's overall capital management objectives are to ensure that the capitalisation of the Group can sustain an adverse outcome without giving rise to a financially distressed situation and that the Group's capital is used in the most efficient way.

Gjensidige's minimum capitalisation is determined on the basis of the strictest of three criteria: Regulatory requirements, rating requirements and internal risk-based requirements. For all three, board-approved buffers are in place for management purposes. In the calculations of excess capital, consideration was given to an assumed dividend of NOK 4,200 million. The Group has a strong capitalisation seen from all three of these perspectives.

The desired capitalisation level will be measured against the most binding capital requirement, including a buffer approved by the Board. Excess capital is held to assure financial stability with regards to organic growth, a stable dividend policy and smaller acquisitions, which are not financed by retained profit. Gjensidige Forsikring intends to maintain high dividend payments to its shareholders. The Group's goal is that over time, 70 per cent of the company's earnings after taxes should be used to pay out dividends. Dividend decisions will take into account expected future capital requirements.

Insurance operations and the banking business are subject to capital requirements specified by the authorities. Capital adequacy and solvency positions are reported for the Group and its subsidiaries to the financial supervisory authorities. Based on the capital adequacy rules (BIS rules) as at 31 December 2015 the excess capital was NOK 5,558.4 million, equivalent to a capital adequacy ratio of 17.1 per cent The Group's excess capital above the solvency margin requirements was NOK 8,156.2 million as at 31 December 2015. The rating requirement results in the lowest excess capital at group level. Gjensidige Forsikring's target financial strength rating is 'A' (single A) from Standard & Poor's or the equivalent from another rating institution. This target has been achieved by an actual rating of A' (Stable) from Standard & Poor's (unchanged since 1999, last updated on 22 July 2015). The rating is subject to annual review. Standard & Poor's capital model is used as an approximation of the capital requirements from this perspective, even though a number of other factors also play an important role in determining the Group's rating. Based on data as of 31 December 2015, the excess capital relative to the targeted A rating is estimated at NOK 850.6 million. Gjensidige Bank ASA has its own rating of A- from Standard & Poor's (last updated on 18 August 2015) while covered bonds issued by Gjensidige Bank Boligkreditt are rated AAA (updated on 22 May 2015).

Table 1 – Capital in excess of legal requirements per company

NOK millions	2015	2014	Requirement
Gjensidige Forsikring	7,636.5	7,834.9	Capital adequacy (8%)
Nykredit Forsikring	189.4	157.2	Individual solvency test
Gjensidige Baltic	118.7	133.4	Solvency I requirement (100%)
Gjensidige Bank Holding Group	503.6	359.5	Capital adequacy (13.5%)
Gjensidige Pensjon og Sparing Holding Group	124.9	144.8	Capital adequacy (8%)

The solvency margin in Gjensidige Baltic does not include the profit for the year until completion of the auditing of the financial statements for 2015. In Denmark, an individual solvency calculation was introduced as an adaptation to the upcoming Solvency II regulations. Gjensidige Forsikring ASA and all subsidiaries met all regulatory capital requirements in 2015. From 2016, Solvency II rules will be the legal capital requirement for all insurance entities and the group itself.

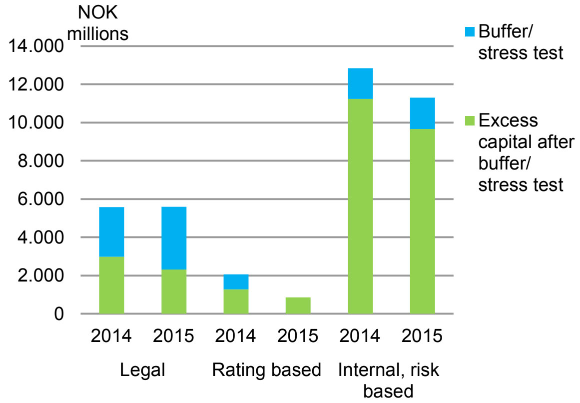
The internal risk based capital requirement is determined as part of the Group's capital management policy, which is approved by the Board. It is defined as the capital that is necessary in order to have a probability of 99.5 per cent of not using up all capital measured over one year, including all of the general insurance group's assets and liabilities and not counting the expected profit performance during the period as available capital. The Board has adopted an additional buffer of 20 per cent on top of this requirement. In this context both profit/loss and available capital are measured according to Solvency II principles that deviate from the accounting principles. The most significant differences are that intangibles assets are not recognised, bonds are measured at fair value (instead of amortised cost) and technical provisions are assessed at their discounted value corrected for a risk margin. The premium provision is corrected for future profit.

Over several years, Gjensidige has been developing an internal stochastic simulation model for its insurance operations, based on state-of-the-art modelling technology. The model is customised to fit Gjensidige's risk profile and it provides fully stochastic simulations of both insurance and investment operations. This model is a key tool for aggregated risk measurement and capital management since it provides an overview of the aggregated risk profile. The internal model's main areas of use are

- Overall risk profile and capital needs, both present and during the planning period
- Capital allocation to lines of business and products
- Capital consequences of asset allocation
- Requirements for and optimisation of reinsurance

Using the internal model and the definition of internal capital stated above, the internal capital requirement for the insurance group was set at NOK 11,072 (10,850) million at the end of 2015. Excess capital over and above the internal capital requirement is NOK 9,671 million.

Figure 4 – Excess capital in the group from different perspectives



The necessary capital for the insurance business is allocated to the insurance products in order to set a more correct cost of capital for pricing and assessments of profitability.

Change in regulatory framework

Solvency II took effect 1 January 2016. Gjensidige will initially calculate the Solvency II position based on the standard formula. An application for a partial internal model is expected to be submitted during the first half-year 2016, and approval is expected before year-end.

The following will be the target solvency margin ranges for the Gjensidige Insurance Group:

- Standard Formula (SF): 115 -140 per cent
- Partial Internal Model (PIM): 120 -175 per cent

The Solvency II regulation is based on principles. Based on Gjensidige's current understanding of the Solvency II regulation and how it will be implemented in Norway, the solvency margins at the end of 2015 were calculated to be:

- Standard Formula (SF): 145 per cent
- Partial Internal Model (PIM): 187 per cent.

There is still some uncertainty about how capital requirements and eligible capital should be calculated under the new rules. In a letter of June 2014 the Norwegian FSA took up processing of technical provisions under Solvency II regulations. Of greatest importance to general insurance companies was tax consequence of the transition to Solvency II principles for calculating technical provisions, the treatment of the Norwegian Natural perils fund and the guarantee scheme provision as capital items. In August 2015 the Ministry of Finance withdrew a draft proposal on tax on insurance reserves. This case was postponed; earliest implementation will be 2017. According to Gjensidige's assessment transition to Solvency II will not materially alter the tax position, and Gjensidige expects that the final regulations will reflect this. In August 2015 the Ministry of Justice and Public Security forwarded a proposal for changes in the Norwegian Natural Perils insurance scheme, implying that the Natural perils fund should be included as capital under Solvency II. On 19 February 2016 the regulation for Norwegian Natural Perils insurance Pool was changed. The purpose of the change was that the Natural perils fund shall be considered eligible solvency capital. After Gjensidige's perception the mentioned change that has been carried out in the regulation, is sufficient for the Natural perils fund to be considered eligible capital. There is currently no final confirmation from the Financial Supervisory Authority that this will be the outcome. FSA argues that the guarantee scheme provision shall be treated as a liability. Gjensidige is of the opinion that the high level of domestic deposits which are actually equity elements should be treated as eligible solvency capital. The company will continue to pursue a regulatory framework in line with this.

Insurance risk

The risk under any insurance contract is the probability of the insured event occurring and the uncertainty concerning the amount of the resultant claim. By the very nature of an insurance contract, this risk is random and must therefore be estimated. For a portfolio of insurance contracts where the theory of probability is applied in the calculation of prices and technical provisions, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency and/or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level calculated using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability around the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio.

Gjensidige has developed its steering documents for insurance risk to diversify the types of insurance risks and, within each of these categories, achieve a sufficiently large population of risks to reduce the fluctuation in the expected outcome.

The Group has an overall underwriting policy, approved by the Board of Gjensidige Forsikring ASA, with more detailed underwriting guidelines for each of the product segments, supported by strictly defined authorisation rules.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered. Unexpected rise in inflation rate will also have negative effect on claims and benefit payments. Gjensidige writes general insurance in Norway, Sweden, Denmark and the Baltics. General insurance in these countries has many similarities. The description of risks to the insurance business is, with a few exceptions, common for the Group. In case of significant deviations between the countries, these are commented separately.

General insurance

Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The different factors will depend on the products, or lines of business (LOB) considered.

An increase in the frequency of claims can be due to seasonal effects and more sustainable effects. During the winter season snow and cold weather will cause an increase in the frequency of claims in Motor insurance. In Property insurance, a cold winter will cause an increase in the frequency of claims due to frozen water pipes and increased use of electrical power and open fire places for heating of the houses. More permanent shifts in the level of claims frequency may occur due to e.g. change in customer behaviour and new types of claims. The effect on the profitability of a permanent change in the level of claims frequency will be high. In Motor insurance in Norway, for example, an increase of one percentage point in the level of claims frequency will increase the loss ratio by four to five percentage points.

The severity of claims is affected by several factors. In some LOB, with relatively few claims, the severity may be heavily influenced by large claims. The number of large claims incurred during a year varies significantly from one year to another. This is typical of the commercial market. In most LOB the underlying development of the severity of claims is influenced by inflation.

Growth in severity of claims may be driven by the development of consumer price index (CPI), salary increases, social inflation and the price of materials and services purchased in connection with claims settlement. In Property insurance the inflation will consist of CPI and an increase in building costs, which in the past has been slightly higher than CPI. For accident and health the insurance policies are divided into two main groups, one with fixed sum insured and another part where the compensation is adjusted in accordance with a public/government index (in Norway: 'G' - the basic amount in the National Insurance Scheme). This is the case in Workers' Compensation, for instance. The Group writes Workers' Compensation insurance in Norway and Denmark. The regulation of this LOB is quite different in these countries. In Norway Workers' Compensation covers both accident and diseases, while in Denmark diseases are covered by a governmental body. The compensation in Norway is exclusively in the form of lump sums, while in Denmark the compensation consists of both lump sums and annuity payments. Annuity payments are calculated on the basis of assumptions about mortality, interest rate and retirement age. For bodily injuries the severity of claims is also influenced by court awards, which tend to increase the compensation more than the general inflation. This is also a significant factor, due to the long period typically required to settle these cases.

Gjensidige manages these risks mainly through close supervision of the development for each LOB, underwriting guidelines and proactive claims handling. The monthly supervision of the results for each LOB contains an overview of both premium and loss development. If there is an adverse development of the profitability, sufficient measures will be put in force. This includes necessary premium increases to ensure that the profitability is within the accepted level.

The analysis of the profitability can be traced further to different groups of customers and portfolios. The underwriting guidelines endeavour to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and location of the risks. Underwriting limits are in place to enforce appropriate risk selection criteria and to ensure that accepted risks are within the limits of the reinsurance contracts.

Premiums, deductibles and elements in the conditions may be changed at the yearly renewal of policies. Insurance companies have the right to reject the payment of a fraudulent claim. Gjensidige has the right not to renew individual policies in cases of insurance fraud, and in some instances legislation or policy conditions give the company the right to terminate or not to renew individual policies where special reasons indicate that such termination is reasonable. In cases where a claim has been paid, Gjensidige is entitled to pursue any third parties liable for the damage for payment of some or all costs (recourse claim). The underwriting policy and guidelines in all companies are within the Group's approved risk level.

The claims handling procedures also include a clear strategy and routines for the purchase of goods and services in an optimal manner. The routines are to use purchase agreements to ensure the quality of our benefits to our customers and to reduce the inflation risk.

Concentration of insurance risk

The insurance portfolio of the Gjensidige Group is still concentrated in the Norwegian general insurance market, with operations in other Nordic countries and the Baltic.

Table 2 – Gross premiums written per segment

NOK millions	Gross premiums written 2015	Per cent of total	Gross premiums written 2014	Per cent of total
General insurance Private	8,269.1	33.0%	8,296.3	34.7%
General insurance Commercial	7,434.9	29.7%	7,250.3	30.4%
General insurance Nordic	5,430.0	21.7%	4,961.4	20.8%
General insurance Baltics	702.9	2.8%	512.5	2.1%
Pension and savings	3,078.0	12.3%	2,711.8	11.4%
Corporate Center-/reinsurance	138.7	0.6%	143.3	0.6%
Total	**25,053.6**	**100.0%**	**23,875.6**	**100.0%**
Total Gjensidige Forsikring ASA	**21,251.1**	**84.8%**	**20,458.1**	**85.7%**

Table 3a – Gross premiums written per line of business, Gjensidige Group

NOK millions	Gross premiums written 2015	Per cent of total	Gross premiums written 2014	Per cent of total
Accident and health - workers' compensation	1,068.6	4.3%	1,129.4	4.7%
Accident and health - others/default	3,140.3	12.5%	3,042.7	12.7%
Motor, third party liability	3,300.9	13.2%	3,191.8	13.4%
Motor, other classes	4,128.3	16.5%	3,980.1	16.7%
Marine, aviation and transport	257.9	1.0%	234.6	1.0%
Fire and other damage to property	8,438.3	33.7%	8,211.4	34.4%
Third-party liability	673.4	2.7%	604.0	2.5%
Other general insurance	967.8	3.9%	769.7	3.2%
Pension and savings	3,078.0	12.3%	2,711.8	11.4%
Total	**25,053.6**	**100.0%**	**23,875.6**	**100.0%**

Table 3b – Gross premiums written per line of business, Gjensidige Forsikring ASA

NOK millions	Gross premiums written 2015	Per cent of total	Gross premiums written 2014	Per cent of total
Accident and health - workers' compensation	1,058.7	5.0%	1,121.8	5.5%
Accident and health - others/default	2,852.6	13.4%	2,808.2	13.7%
Motor, third party liability	2,972.2	14.0%	2,838.8	13.9%
Motor, other classes	3,718.1	17.5%	3,680.6	18.0%
Marine, aviation and transport	254.3	1.2%	232.5	1.1%
Fire and other damage to property	7,910.5	37.2%	7,626.6	37.3%
Third-party liability	625.0	2.9%	564.6	2.8%
Other general insurance	1,859.7	8.8%	1,585.0	7.7%
Total	**21,251.1**	**100.0%**	**20,458.1**	**100.0%**

Other concentration risk is mainly related to aggregation of fire risks and Workers' Compensation. These risks are assessed by analysing historical events and studying the insurance values exposed. They are managed through reinsurance programmes.

The reinsurance programme for the Gjensidige Group, primarily non-proportional reinsurance, is based on calculated exposure, claims history and capitalisation. The limits for the reinsurance programme for each year are set by the Board. In Norway the exposure to natural perils is limited through Gjensidige's compulsory membership in the Norwegian Natural Perils Pool. Insurance risk is deemed to be moderate with the reinsurance cover the Group has in place.

Subsidiaries are reinsured by Gjensidige Forsikring ASA, and the subsidiaries' reinsurance exposure is included in the reinsurance programme for the Group.

Sources of uncertainty in the estimation of future claims payments

Gjensidige is liable for insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term, and claims are paid according to the policy conditions valid at the time of occurrence. As a result, claims are settled over a long period of time, and an element of the claims provision relates to incurred but not reported claims (IBNR).

There are several variables that affect the amount and timing of cash flows from the insurance contracts. These variables mainly relate to the characteristics of the different types of risks covered and the risk management procedures applied. The compensation paid is according to the terms specified in the insurance contract. Compensation for claims with respect to bodily injuries is calculated as the present value of lost earnings, rehabilitation expenses and other expenses that the injured party will incur as a result of the accident or disease. In most cases in Norway, and also in the other countries where Gjensidige operates, personal injury claims are paid as a lump-sum. An exception from this is Workers' Compensation claims in Denmark, where claims may be paid as annuity payments. The calculations for such claims will include information about the severity of the loss, mortality rates, the number of years until retirement age and assumptions about future social welfare inflation. Mortality rates are taken from tables approved by the supervisory authorities.

The estimated cost of claims includes expenses to be incurred in settling claims, net of the expected recourse amount and other recoveries. Gjensidige takes all reasonable steps to ensure that it has appropriate information regarding its claims exposure. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liabilities established. The liabilities in the financial statements relating to these contracts comprise a provision for IBNR, a provision for reported claims not yet paid (RBNS) and a provision for unexpired risks as of the balance sheet date (provision for unearned premiums). The amount for bodily injury claims is influenced by the level of court awards, particularly by the development of legal precedence on matters of contract and tort.

Liability insurance contracts are also subject to the emergence of new types of latent claims, but no allowance is included for this on the balance sheet date.

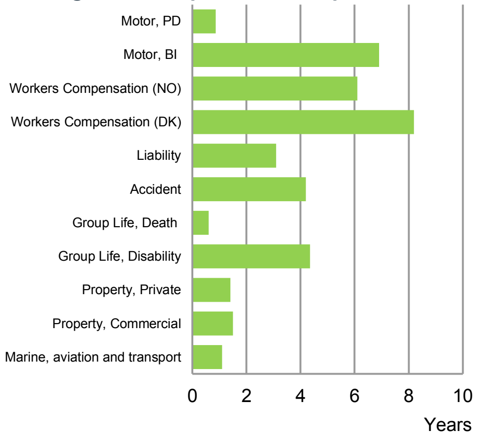
The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified (RBNS), where information about the claim is available. There may be cases where certain claims may not be apparent to the insured until many years after the event that gave rise to the claims.

In estimating the liability for the cost of reported claims not yet paid, Gjensidige considers any information available from claims reports, loss adjusters, medical certificates and information about the costs of settling claims with similar characteristics in previous periods. All claims are assessed on a case-by-case basis by a claims handler. Claims with potential for distortive effects of their development are handled separately and projected to their ultimate by an additional provision (e.g. bodily injury claims in Motor insurance). Where possible, Gjensidige applies multiple techniques to estimate the required level of provision. This provides a greater understanding of the trends inherent in the experience being projected. The projections resulting from the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year. The development of the estimate of ultimate claim cost for claims incurred in a given year is presented in Tables 6a and b. This gives an indication of the accuracy of Gjensidige's estimation techniques for claims payments.

Insurance contracts are often classified as risks that are short-tail and risks that are long-tail. Short-tail risk is characterised by the period between the occurrences, reporting and final settlement of claims being short. Long-tail risk is the opposite. The period between the occurrence, reporting and settlement of claims is long. In Property and Motor insurance (excluding bodily injury claims) the claims are reported soon after occurrence, while for Accident and Health insurance the claims may be reported several years after the occurrence and settled several years after they were reported. The provisions for IBNR for short-tail risks are relatively small, while for long-tail risks the provisions for IBNR may constitute a substantial part of the total claims provision.

The duration (average time between the date of loss until the claim is finally settled) differs significantly between the types of risk considered. Long duration will increase the company's exposure to inflation. In Motor insurance, physical damage, the duration is less than one year, while in Motor bodily injury claims the average duration is almost eight years. In Property insurance the average duration is one to two years. In Workers' Compensation in Norway the average duration is six years. In Group life insurance the duration differs significantly between death and disability coverage. Workers' Compensation in Denmark has a particularly long duration due to the annuity part. For the other lines of businesses (LOB) in Gjensidige's Nordic branches and subsidiaries the duration is in line with the similar LOB in Norway. In the Baltic the duration is significantly shorter due to few bodily injury claims.

Figure 5 – Average duration per insurance product



Process used to decide on assumptions

The risks associated with insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis.

Gjensidige uses standard actuarial models based on statistical information.

The provisions related to reported claims are assessed individually by a claims handler and registered in the claims system. The development of provisions for notified claims is supervised by the claims managers. In case of adverse development necessary efforts are put in force.

Calculation of claims provisions is based on empirical data, where the basis is the development of claims cost over time. This includes development for both reported claims (RBNS provisions) and incurred, but not reported claims (IBNR provisions). Based on experience and the development of the portfolio statistical models are prepared to calculate the claims provisions. The fit of the model is measured by looking at the deviation between earlier post-reported claims and those estimated by the model.

The key statistical methods used are

- Chain ladder methods, which use historical data to estimate the proportions of the paid and incurred to date of the ultimate claim costs.
- Expected loss ratio methods (e.g. Bornhuetter-Ferguson), which use Gjensidige's expectation of the loss ratio for a line of business in the estimation of future claims payments.
- Methods where "Chain ladder" and "Expected loss ratio" methods are used in combination. One advantage of the use of these methods is that more weight can be given to experience data when the run-off development of the actual claim year has become more stable.

The methods used will depend on the LOB and the time period of data available. To the extent that these methods use historical claims development information, they assume that the historical claims development pattern will occur in the future. There are reasons why this may not be the case, which, insofar as they can be identified, have been allowed for by modifying model parameters.

Such reasons include

- Economic, legal and social trends and social inflation - (e.g. a shift in court awards)
- Changes in the mix of insurance contracts incepted
- The impact of large losses

IBNR provisions and provisions for outstanding claims are initially estimated at a gross level, and a separate calculation is carried out to estimate the size of reinsurance recoveries. Gjensidige purchases almost exclusively non-proportional reinsurance contracts with sufficiently high retentions for only relatively few, large claims to be recoverable.

The actuarial function in Gjensidige is centralised, and the actuaries in the Gjensidige Group working with technical provisions meet regularly, as a part of keeping a high professional level.

Gjensidige has regular processes where external actuarial firms calculate best estimates of the technical provisions. This is done to get a second opinion on the level of the provision from independent, recognised actuarial firms. The deviation between the internal and external estimates of the claims provisions has been within normal range for calculations of this type.

Sensitivity analysis – underwriting risk

Underwriting risk is the risk that an insurer does not charge premiums appropriate for the insurance contracts. The pricing processes for the different insurance products involve estimates of future frequency and severity of claims, based on statistics from internal and external sources. Even if the underwriting criteria are adequate and the premium calculations are performed on a good statistical basis, the claims cost may deviate from the expected level, due to large claims, natural catastrophes etc.

Gjensidige Forsikring ASA and its subsidiaries have detailed underwriting guidelines, intended to ensure good quality in the assessment and quantification of insured risks, and to define risk types and limits for sums insured that can be accepted, thus ensuring control of the risk exposure in the insurance portfolio.

Table 4 below shows the impact on profit or loss for the year and thereby on equity at year-end, of changes in Combined Ratio (CR). Tax impact is not included in the calculations. CR is the key measure of profitability in the general insurance business. The calculations show the effect of a change of one per cent in CR for each segment. An increase in CR can be caused by an increase in the loss frequency and/or an increase in the severity. In some LOB there is a risk that the loss frequency and the severity of claims are correlated so that an increase in the underlying insurance risk may affect both the frequency and severity of claims.

Table 4 – Sensitivity analysis insurance

NOK millions	2015	2014
Change in CR (1%-point)		
General insurance Private	81.5	81.2
General insurance Commercial	70.8	73.4
General insurance Nordic	52.3	42.7
General insurance Baltics	6.4	5.2
Pension and savings	14.3	12.6
Corporate Centre/reinsurance	1.7	1.3
Total	**227.0**	**216.5**
Total Gjensidige Forsikring ASA	**205.8**	**196.7**
Change in loss frequency (1%-point)		
General insurance Private	467.6	559.2
General insurance Commercial	1044.5	1,237.5
Total	**1512.1**	**1,796.7**
Change in severity of claims (+10%)		
General insurance Private	490.9	546.9
General insurance Commercial	482.7	535.0
Total	**973.6**	**1,081.8**

Changes in the composition of the insurance portfolio will also have impact on changes in the frequency and severity of claims. In times when there are changes in the composition of the insurance portfolio, the effect of changes in the frequency and severity of claims will be influenced by the percentage share of the different insurance product types in the total portfolio.

Sensitivity analysis – provision risk

The estimation of technical provisions for an insurance portfolio represents an approximation of future cash flow for the claims payments, and there will always be an element of uncertainty in such calculations. Provision risks relate to this kind of uncertainty. The uncertainty depends on the nature of the risk. Risk with a short duration is less exposed to changes that will affect the future payments. Bodily injury claims are on the other hand very sensitive regarding changes in e.g. inflation and court awards. The effects of court awards are taken into account as soon as they are known. In cases when a judgement is not yet final and legally binding, the effect on the claims provision is based on a probability weighted estimate of the possible outcomes.

Inflation is an underlying risk in most insurance products. The effect will be different, depending on the characteristics of each product and the terms and conditions that apply to the claims settlement. For LOB with nominal long-tailed provisions the effect of a one percentage point increase in inflation will be significant, proportional to the average duration (in number of years).

Interest risk is a significant risk factor associated with Workers' Compensation business in Denmark. This risk is an expression for loss/profit due to changes in market rates. There is both interest and inflation risk associated with the liabilities (technical provisions). The risk is hedged by use of interest and inflation swaps.

The sensitivity analysis shows the effect of a change in inflation rate of one percentage point on the claim provision. The calculations do not include the effect of inflation swaps.

Table 5 – Sensitivity analysis claims provision

Change in inflation (+/- 1%-point)

NOK millions	2015	2014
General insurance Private	312.7	321.2
General insurance Commercial	374.1	397.3
General insurance Nordic	556.6	532.4
General insurance Baltics	2.2	1.8
Total	**1,245.6**	**1,252.7**
Total Gjensidige Forsikring ASA	**1,235.9**	**1,244.6**

Table 6a – Analysis of claims development, Gjensidige Group

NOK millions	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Gross												
Estimated claims cost												
At the end of the accident year	12,132.0	12,157.3	12,637.4	12,781.3	12,340.0	14,503.0	15,612.1	13,531.8	14,410.3	14,063.5	14,499.9	
- One year later	12,090.9	12,017.5	12,672.3	12,858.2	12,284.1	14,374.3	15,846.7	13,489.4	14,304.3	13,694.3		
- Two years later	12,079.8	11,945.2	12,548.8	12,766.6	12,127.8	14,400.1	15,889.3	13,414.2	14,130.0			
- Three years later	12,028.1	11,760.3	12,489.3	12,743.7	12,134.8	14,327.0	15,712.4	13,247.6				
- Four years later	11,857.7	11,749.6	12,508.1	12,702.2	11,996.7	14,248.3	15,516.3					
- Five years later	11,847.8	11,763.7	12,431.8	12,576.7	11,936.4	14,141.9						
- Six years later	11,850.1	11,719.1	12,342.4	12,533.4	11,891.4							
- Seven years later	11,736.4	11,618.4	12,304.9	12,487.7								
- Eight years later	11,634.0	11,581.5	12,256.7									
- Nine years later	11,634.8	11,632.8										
- Ten years later	11,703.9											
Estimated amount as at 31.12.2015	11,703.9	11,632.8	12,256.7	12,487.7	11,891.4	14,141.9	15,516.3	13,247.6	14,130.0	13,694.3	14,499.9	
Total disbursed	10,705.5	10,504.7	11,016.6	11,025.1	10,229.6	12,349.7	13,615.7	10,761.4	11,747.8	11,198.1	8,122.6	121,276.7
Claims provision	998.4	1,128.1	1,240.1	1,462.7	1,661.8	1,792.2	1,900.6	2,486.2	2,382.2	2,496.2	6,377.3	23,925.8
Prior-year claims provision and loss adjustment provision												7,765.2
Gjensidige Baltic												595.2
Total												**32,286.2**
Net of reinsurance												
Estimated claims cost												
At the end of the accident year	11,576.6	12,045.5	12,370.2	12,618.3	12,311.3	14,016.9	14,697.4	13,049.7	14,349.2	13,952.9	14,477.6	
- One year later	11,533.8	11,901.9	12,405.8	12,704.9	12,255.7	13,914.1	14,871.0	13,001.6	14,205.3	13,583.7		
- Two years later	11,519.2	11,787.5	12,265.0	12,618.7	12,105.0	13,937.9	14,966.5	12,941.5	14,115.9			
- Three years later	11,474.7	11,595.9	12,209.6	12,591.0	12,112.0	13,865.7	14,849.8	12,774.6				
- Four years later	11,305.1	11,580.1	12,228.5	12,549.7	11,974.4	13,786.1	14,656.8					
- Five years later	11,294.2	11,594.2	12,154.8	12,424.6	11,913.0	13,679.7						
- Six years later	11,296.5	11,552.5	12,065.3	12,380.1	11,868.0							
- Seven years later	11,183.5	11,450.8	12,027.8	12,334.5								
- Eight years later	11,080.2	11,413.8	11,979.6									
- Nine years later	11,081.0	11,467.3										
- Ten years later	11,150.7											
Estimated amount as at 31.12.2015	11,150.7	11,467.3	11,979.6	12,334.5	11,868.0	13,679.7	14,656.8	12,774.6	14,115.9	13,583.7	14,477.6	
Total disbursed	10,155.3	10,339.9	10,752.2	10,945.6	10,210.7	11,897.7	12,820.0	10,479.1	11,693.1	11,183.5	8,122.6	118,599.6
Claims provision	995.4	1,127.4	1,227.4	1,388.9	1,657.3	1,782.1	1,836.9	2,295.6	2,422.8	2,400.2	6,355.0	23,488.8
Prior-year claims provision and loss adjustment provision												7,709.8
Gjensidige Baltic												595.2
Total												**31,793.9**

Table 6b – Analysis of claims development, Gjensidige Forsikring ASA

NOK millions	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Gross												
Estimated claims cost												
At the end of the accident year	11,767.1	11,685.8	12,241.2	12,223.7	11,695.5	13,641.6	14,441.7	12,639.4	14,361.5	14,087.5	13,857.9	
- One year later	11,733.2	11,561.7	12,254.2	12,324.8	11,624.3	13,557.8	14,677.7	12,644.3	14,176.2	13,717.7		
- Two years later	11,719.6	11,505.3	12,144.7	12,230.8	11,480.8	13,578.8	14,710.4	12,584.0	14,012.2			
- Three years later	11,670.0	11,323.9	12,084.6	12,195.6	11,483.0	13,505.7	14,537.4	12,429.2				
- Four years later	11,497.9	11,314.0	12,090.6	12,154.5	11,348.7	13,410.1	14,344.2					
- Five years later	11,490.1	11,317.4	12,010.3	12,029.7	11,282.9	13,301.1						
- Six years later	11,492.2	11,269.5	11,923.9	11,985.9	11,234.9							
- Seven years later	11,371.2	11,167.5	11,884.3	11,939.0								
- Eight years later	11,268.7	11,129.5	11,835.9									
- Nine years later	11,265.2	11,178.0										
- Ten years later	11,337.5											
Estimated amount as at 31.12.2015	11,337.5	11,178.0	11,835.9	11,939.0	11,234.9	13,301.1	14,344.2	12,429.2	14,012.2	13,717.7	13,857.9	
Total disbursed	10,339.1	10,052.9	10,597.9	10,479.8	9,581.8	11,518.4	12,463.1	10,241.2	11,306.1	10,688.0	7,777.3	115,045.7
Claims provision	998.4	1,125.0	1,238.0	1,459.1	1,653.1	1,782.7	1,881.1	2,188.0	2,706.1	3,029.8	6,080.6	24,141.8
Prior-year claims provision and loss adjustment provision												7,510.7
Total												**31,652.5**
Net of reinsurance												
Estimated claims cost												
At the end of the accident year	11,346.7	11,574.0	11,974.0	12,060.8	11,668.3	13,155.5	13,527.0	12,436.4	13,514.6	13,954.6	13,846.1	
- One year later	11,311.0	11,446.1	11,987.7	12,171.7	11,597.4	13,097.5	13,702.1	12,435.7	13,411.0	13,587.9		
- Two years later	11,294.1	11,347.6	11,861.0	12,083.1	11,459.5	13,116.6	13,787.6	12,390.4	13,331.8			
- Three years later	11,251.6	11,159.5	11,804.9	12,043.1	11,461.8	13,044.4	13,674.8	12,235.3				
- Four years later	11,080.3	11,144.5	11,811.0	12,002.0	11,327.8	12,947.9	13,484.8					
- Five years later	11,071.5	11,147.9	11,733.2	11,877.7	11,260.9	12,839.0						
- Six years later	11,073.6	11,103.0	11,646.8	11,832.7	11,212.9							
- Seven years later	10,953.3	10,999.8	11,607.2	11,785.7								
- Eight years later	10,849.9	10,961.8	11,558.8									
- Nine years later	10,846.4	11,012.5										
- Ten years later	10,919.3											
Estimated amount as at 31.12.2015	10,919.3	11,012.5	11,558.8	11,785.7	11,212.9	12,839.0	13,484.8	12,235.3	13,331.8	13,587.9	13,846.1	
Total disbursed	9,923.9	9,888.1	10,353.4	10,398.3	9,567.4	11,067.7	11,563.7	10,158.9	10,578.7	10,673.2	7,775.2	111,948.7
Claims provision	995.4	1,124.4	1,205.3	1,387.4	1,645.5	1,771.2	1,921.1	2,076.4	2,753.1	2,914.7	6,070.9	23,865.4
Prior-year claims provision and loss adjustment provision												7,425.4
Total												**31,290.8**

Life insurance

Insurance risk

Gjensidige Pensjonsforsikring AS (GPF) offers products, such as occupational pensions, including disability protection and survivor benefit, individual disability protection and pension saving products. Their purpose is to provide financial security after retirement, and protection in case of disability or death.

Risk is transferred from the customer to GPF, and GPF is compensated by charging a risk premium. The risk premium is based on tariffs that reflect the actual risk. GPF use reserving techniques to estimate future obligations. If data is scarce, simplified reserving techniques may be used. Sufficient reserving is the foundation of GPF's business. This is especially challenging for the paid-up policies that GPF also has on its balance sheet. GPF has no possibility of charging additional premium so the premium reserve must suffice.

Risk of insufficient premium reserve can arise when mortality and disability rates do not develop as expected. This is called insurance risk.

(Life) Insurance risk can be divided into three elements:

- Longevity risk - when mortality is lower than assumed
- Mortality risk - when mortality is higher than assumed
- Disability risk - when disability is higher than assumed

GPF is exposed to mortality, longevity and disability risk respectively because of the products survivor benefits, defined benefit pensions (with guaranteed payments until a given age, or lifelong payments) and disability protection. The greatest risk contributor is disability, followed by longevity and mortality.

Furthermore, GPF makes assumptions about the likelihood of survivors, their age and benefit amounts. If empirical data deviates from the assumptions, the premium reserve may be insufficient. The liability duration, likelihood of claims and insured amounts create the time span of cash out-flow, but also affect the risk. The following section describes the products that represent the greatest insurance risk for GPF.

GPF's main business focus is occupational pension products. This can be mandatory pension plans, defined contribution plans exceeding the minimum level and supplementary pensions such as disability protection and survivor benefits. Furthermore, GPF administers a portfolio of paid-up policies, and offers individual disability pension and other pension savings products. Among these products, the occupational pension's supplementary coverage, paid-up policies and individual disability protection represent the greatest insurance risk for GPF.

The tables below show the number of members and contracts for mandatory occupational pension and other defined contribution pension plans, respectively. The reduction in number of contracts is primarily due to clearing up in the administration system for about 1,000 contracts which should have been closed in 2014 and earlier.

Table 7a – Number of members and contracts 2015

	Number of members	Number of contracts
Compulsory occupational pensions	62,022	8,750
Other defined contribution pensions	61,822	7,248
Total	**123,844**	**15,998**
Compulsory occupational pensions	50%	55%
Other defined contribution pensions	50%	45%

Table 7b – Number of members and contracts 2014

	Number of members	Number of contracts
Compulsory occupational pensions	68,539	9,668
Other defined contribution pensions	54,674	6,640
Total	**123,213**	**16,308**
Compulsory occupational pensions	56%	59%
Other defined contribution pensions	44%	41%

Occupational pensions are defined contribution plans which are usually paid out within 10 years. For this reason, occupational pensions hardly expose GPF to any longevity risk. Most of the paid-up policies which have been transferred to GPF have lifelong payment for the old-age pensioners and thus represent longevity risk.

As from 1 January 2014 GPF applies the mortality tariff «K2013» [1], for the calculation of reserves for products that expose GPF to mortality and longevity risk. The tariff assumes that mortality changes over time (thus being a dynamic tariff). Hence, life expectancy is higher for those born this year compared to last year. K2013 assumes lower mortality than the previous calculation basis K2005; thus there is a need for GPF to increase its reserves. GPF has reported to the FSA and got the approval for a reserve building plan where the reserves will be increased gradually over a period of 6 years. A large part of the company's surplus this year and the coming years will be withheld for this purpose. One of the basic principles for this plan is that reserves need to be built individually per contract, and the company is required to contribute at least 20 per cent from own funds to the needed increase in reserves. On this basis GPF has registered a plan with a total calculated need for increase in reserves of NOK 215 million; after the 2015 year end NOK 35 million remain. GPF's estimated contribution is NOK 10 million, excluding contribution from the owner's share of surplus. Approximately 60 per cent of the portfolio (in reserves) is fully reserved as per 1.1.2016. For this case surplus will be distributed as normal which means that surplus will be used to build supplementary reserves, increase benefits and increase own funds.

Occupational pensions may include a waiver of premium for disability [2] and disability cover, which expose GPF to disability risk. Mandatory occupational coverage requires some disability coverage, so a large proportion of disability risk is connected to these plans where annual payment is two per cent of the salary. Some paid-up policies also include disability coverage where benefits originally were linked to salary. Disability risk premiums are based on a tariff which is developed in collaboration with Gjensidige Forsikring ASA (GF). It is based on national statistics from social security and insurance claims primarily from GF. GPF has lately increased its reserves by NOK 116.6 million and further by NOK 59.8 million in 2015 to cover disability claims.

Mortality risk is caused by survivor benefit as part of occupational pension. This can be a widow/widower pension or survivor pension to children. Survivor pension is most common supplementary coverage to defined contribution plans which exceed minimum levels (a contribution of 2 per cent of salary). The paid-up policies also contain some survivor benefit, but these benefits are generally lower. The duration of survivor benefit linked to an occupational pension is often limited. However, the duration of survivor benefit linked to paid-up policies is longer and benefits are often guaranteed for lifetime.

Insurance risk is satisfactory per December 2015, and provisions for claims are considered to be sufficient to account for uncertainty. GPF protects itself against fluctuations in claims by a reinsurance contract where GF is the reinsurer. In addition, GPF benefits from exchanging knowledge with GF. Increasing data material enables GPF to observe significant changes in disability trends, for insured and uninsured, in early stages.

Mortality and disability claims in 2015 amount to NOK 71.9 million (NOK 54.7 million in 2014). IBNR is NOK 863.7 million at end of year 2015 (NOK 680.4 million in 2014), and contributes to 60.7 per cent (63.0 per cent in 2014) of all disability and survivor benefit provisions (excluding paid-up policies).

[1] K2013 is based on predictions about life expectancy performed by Statistisk Sentralbyrå (Statistics Norway, SSB). Three different life expectancy alternatives were made, "High", "Medium" and "Low". K2013 uses the medium alternative. FSA required insurance companies to add safety margins to account for higher life expectancy in insured population and their deviating dynamic development in mortality (compared to uninsured).

[2] A waiver of premium for disability states that the insurance company will not charge the usual defined contribution premium in case of disability.

Reported and settled claims (premium reserve) amount to NOK 558.6 million (NOK 399.3 million in 2014). They are estimated as the present value of future obligation and contribute to 39.3 per cent (37.0 per cent in 2014) of all provisions.

Paid claims, reserves and IBNR continue to increase as expected, due to an increasing number of insured lives and risk years [3]. The number of retirees is expected to stay low, and benefits originate from defined contribution plans, paid-up policies or individual pension saving products.

Paid-up policies require a minimum return every year [4]. The rate of minimum return is also used as the discount rate, and the FSA regulate the level of this rate. If a minimum return is not achieved, GPF must add funding, or supplementary reserves can be used. The average level of minimum return is approximately 3.5 per cent for paid-up policies in GPF. This yearly guarantee exposes GPF to market risk. This is discussed further under the chapter "Management of financial risk".

Sensitivity analysis pension insurance

GPF has been in business for ten years. Since the data material is increasing, GPF has adjusted the premium tariffs; one of the changes has been an increase in the premium for disability coverage. The reserves have also increased, partly because the discount rate has been reduced. The current discount rate is 2.0 per cent.

Mortality risk

Mandatory occupational pension contracts are signed on a yearly basis, so GPF is able to adjust survivor pension premium tariffs at renewal if needed. Survivor pension claims are reported fairly quickly, which makes it possible to adjust the premium tariffs in time. Survivor pension only accounts for minor part of the business and the majority of the risk premium is used for reserving. In addition, GPF is exposed to mortality risk in paid-up policies.

Longevity risk

The new K2013 mortality tariff is dynamic, which means that GPF will hold premium reserve for future development in mortality. Considering this, the new mortality tariff is considered a strong tariff.

Longevity sensitivity testing is performed for several purposes, and Solvency II calculations reveal a potential loss of NOK 125 million per Q4 2015, if the mortality rate decreases by 20 per cent. It is first and foremost the paid-up policies that require extra provisions in case of increased longevity.

Disability risk

Disability risk varies greatly within the insured population. Because of this, the price tariff for mandatory occupational pension groups businesses by hazard categories. Provisions are dependent on recovery rates (rate of insured receiving disability benefit that recover), and varying the recovery rate greatly vary the provisions.

Calculations show that disability provisions need to increase by NOK 72 million if the disability rate increases by 25 per cent the first year and then 15 per cent the following years.

Cash flow

Figure 6 displays the compounded cash flow of the insurance obligations. Increased liabilities as a result of reduced mortality (20 per cent reduction of mortality rate) and increased disability (25 per cent first year, then 15 per cent of disability rate) are also illustrated.

Figure 6 – Cash flow before and after the "stress scenario"

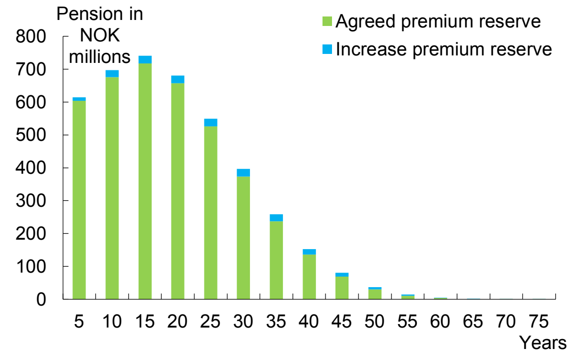
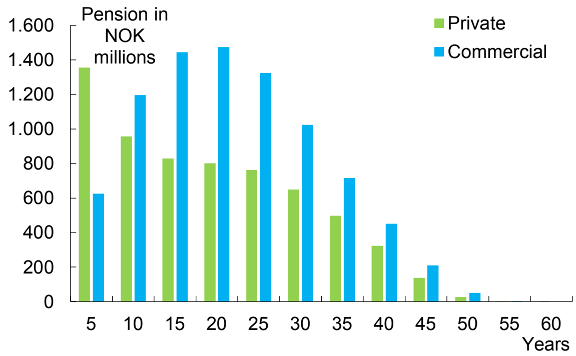


Figure 7 shows how the amounts saved in connection with funded agreements will be paid out in the coming years, based on an assumed retirement age of 62 and a ten year payment period.

Figure 7 – Cash flow for funded pensions



Reinsurance

Gjensidige purchases reinsurance to protect the Group's equity capital and reinsurance is a capital management tool. The Group's established models and methodologies for evaluation of the internal risk based capital allocation are used to analyse and purchase reinsurance. The maximum retention is set by the Board. Gjensidige's reinsurance programme consists of non-proportional reinsurance. The maximum retention level for the Group was NOK 400 million in 2015, increased from NOK 390 million in 2014. As a general rule, Gjensidige purchases reinsurance to limit any single claim or claim event per insurance product to NOK 100 million. For some industries Gjensidige purchases reinsurance coverage that will reduce the retention level to under 100 million. Decisions concerning the reinsurance programme are based on an analysis of exposure, claims history, model simulations and Gjensidige's capitalisation.

Gjensidige Forsikring ASA acts as reinsurer for group subsidiaries, and their exposure is included in the outward reinsurance coverage for the Group. The reinsurance programme for property insurance also includes cooperating mutual fire insurers. The subsidiaries' reinsurance programmes generally have a lower retention level, as they are smaller entities than Gjensidige Forsikring ASA. In Norway the exposure to natural perils disasters is handled through compulsory membership of the Norwegian Natural Perils Pool. Through this arrangement, Gjensidige is exposed to its market share of the total claims for the Norwegian market as a whole. On behalf of its members the pool has its own reinsurance programme in place, which further reduces the risk exposure. Gjensidige participates as a reinsurer for about 25 per cent of the pool's programme in 2015, unchanged from last year. This exposure is included in the outwards reinsurance programme. In Gjensidige's other geographies natural perils claims are included in the ordinary property reinsurance coverage. An event resulting in claims in several countries where Gjensidige does business will be aggregated into one event with respect to reinsurance.

[3] Risk year is the year where GPF has underwritten the insurance risk. First risk year for GPF is 2006

[4] The rate of minimum return is also used as discount rate for the reserves and premiums. The FSA regulate the level of the rate. It has been reduced several times the last few years, but changes usually just apply for future contracts. This means that reserves belonging to old contracts (contract made before a change in the discount rate) can use another discount rate than current contracts. The average discount rate can because of this deviate from the current discount rate.

Management of financial risk – general insurance operations

Financial risk is a collective term for various types of risk relating to financial assets and liabilities. The different types of financial risk are described in greater detail below. Operational risk is monitored and controlled. Requirements for operational risk management are included in the guidelines for asset management approved by the Board.

Equity price risk is defined as a loss in value resulting from a fall in equity prices. This is analogous to real estate price risk. See the amounts in the stress test and sensitivity analysis below. Interest rate risk is defined as the loss in value resulting from a change in interest rates, and it is viewed both from an asset-only perspective and in relation to the interest rate sensitivity of the liabilities. Foreign exchange risk is defined as the loss resulting from a movement in exchange rates. Credit risk is defined as the loss arising from an issuer defaulting on its obligations or from increased risk premiums for bonds with credit risk. Liquidity risk is defined as the inability to meet payments on the due date, or the need to realise investments at a high cost in order to meet payments. The insurance operations are exposed to these types of risk through the Group's investment activities. They are managed at the aggregate level and handled through the guidelines for asset management and investment strategies, which have been drawn up for the Gjensidige Group and its subsidiaries, and through resolutions by the Group's credit committee.

There has been one material change in Gjensidige's handling of financial risks during 2015 compared to previous periods. Previously, the currency hedging strategy focused on stable book equity. As of mid-2015, the strategy changed to focus on stable surplus capital for the Group in accordance to the capital requirement (Rating, Internal Model or Standard Formula) which is the most binding at any time (currently Rating). The investment strategy and risk management policies are approved by the Board of each company, but are closely coordinated with the parent company's overarching strategy and policies. The general rule is that the asset allocation in the subsidiaries in general insurance will only be used to hedge the technical provisions against interest rate and foreign exchange risk, with excess funds being invested in interest-bearing securities with low risk. Exposures to market risk are recognised in the balance sheet of Gjensidige Forsikring ASA. This is done in order to improve the efficiency of investment management and capitalisation in the Group.

The table below shows an overview of the asset allocation for the insurance business at year-end 2015 and 2014. The asset allocation is divided between a match portfolio, which purpose is to cover insurance liabilities and the subordinated loan, and a free portfolio that can be viewed as the Group's invested equity. The actual allocation will vary throughout the year and follow movements in the market, tactical allocation and risk situation.

In terms of concentration risk, one of the main risks for the Group is the investments in SpareBank 1 SR-Bank ASA. Furthermore, the portfolio involves substantial concentration in the fixed-income portfolio towards Norwegian financial institutions, as well as exposure to office properties in the Oslo area through the joint venture Oslo Areal AS. Concentration risk is further analysed under the various market risk factors.

Table 8 – Asset allocation general insurance

	31.12.2015		31.12.2014	
	NOK millions	**Per cent**	**NOK millions**	**Per cent**
Match portfolio				
Money market	6,836.6	12.0%	6,144.1	10.9%
Bonds at amortised cost	18,747.7	32.8%	18,760.5	33.2%
Current bonds [1]	10,454.4	18.3%	9,784.8	17.3%
Match portfolio total	**36,038.7**	**63.0%**	**34,689.3**	**61.4%**
Free portfolio				
Money market	4,066.4	7.1%	3,570.9	6.3%
Other bonds [2]	6,551.3	11.5%	3,964.0	7.0%
Convertible bonds [3]	1,066.4	1.9%	790.9	1.4%
Current equities [4]	3,250.3	5.7%	3,832.7	6.8%
PE-funds	1,383.7	2.4%	1,710.9	3.0%
Property [5]	3,188.1	5.6%	6,516.2	11.5%
Other [6]	1,628.9	2.8%	1,463.8	2.6%
Free portfolio total	**21,135.2**	**37.0%**	**21,849.5**	**38.6%**
Investment portfolio total	**57,173.9**	**100.0%**	**56,538.8**	**100.0%**

[1] The item includes the market value of the interest rate hedge in Denmark.

[2] The item consists of total investment grade, high yield and current bonds. Investment grade and high yield are investments in international diversified funds externally managed.

[3] Investments in international diversified funds externally managed.

[4] The item includes the investment in SpareBank 1 SR-Bank ASA.

[5] Gjensidige Forsikring ASA halved its property exposure through the sale of 50 per cent of Oslo Areal AS during the last quarter. In addition, there is a forward contract on the IPD index further increasing the property exposure by NOK 1.6 billion throughout 2016, and total return swaps with Gjensidige Pensjonskasse and Gjensidige Pensjonsforsikring AS reducing the property exposure in total by NOK 900.0 million.

[6] The item includes currency hedging related to Gjensidige Sverige and Gjensidige Denmark, and loans, paid-in capital in Gjensidige Pensjonskasse and hedge funds.

The development of the financial results is measured continuously relative to the targets and risk limits set by the Board. In the liquid part of the free portfolio, risk is measured daily against limits in accordance with Tail Value at Risk (TVaR); see the table below. As of 31 December 2015, NOK 62.9 million of the risk capacity measured by TVaR was used. TVaR is a statistical measure of maximum loss in NOK million per day given a 95 per cent confidence level. TVaR has fluctuated between NOK 40 and 65 million throughout the year. In the event of a significant negative development in the financial results, the limit on investments in risky assets will be lowered. The development in the financial results and asset allocation are measured and reported regularly to the Group management and the Board.

Table 9 – TVaR utilization of risk limits in the liquid part of the free portfolio

	31.12.2015		31.12.2014	
NOK millions	**Risk**	**Limit**	**Risk**	**Limit**
TVaR	62.9	75.0	40.4	110.0

Stress testing

Stress testing is performed on the value of the investment assets relative to the market, credit, interest rate and foreign exchange risk and to negative scenarios for the insurance activities measured relative to the buffer capital (defined as capital in excess of statutory minimum requirements) and reported regularly to the Board.

This stress test based on figures at year-end is shown below (Group figures). The capital buffer here is relative to the capital adequacy requirement for the Gjensidige Group, which is calculated in accordance with Norwegian GAAP. Interest rate risk and credit spread risk in the stress test are calculated exclusive of bonds at amortised cost. Changes to SpareBank 1 SR-Bank ASA and insurance risks are modelled through Gjensidige's internal model. The risk in the subsidiaries outside general insurance (Gjensidige Pension and Savings, Gjensidige Bank) are taken into account through stress scenarios from the recommendations in the Norwegian FSA's "risk-based supervision" (RBT) for Gjensidige Pensjonsforsiking and the ICAAP process for Gjensidige Bank. Stress parameters for asset risk are closely aligned with the recommendations in the RBT, and correlation matrices are used to calculate diversification effects both between asset classes, and market and insurance risk. The only deviation from the RBT is that private equity (PE) and commodities are stressed by 25 per cent and their correlation with shares and hedge funds is set to 0.75.

The precise figures will generally vary with changes in asset allocation and year-to-date profit. A rule for management actions with escalation to the CEO or the Board is implemented if the total decrease in value/buffer capital is above the predefined levels.

Table 10a – Stress test financial assets 2015

NOK millions	Scenario	Decrease in value
Assets/risk		
Equities and hedge funds	20% drop	(576.0)
Interest rate risk	150 bps change	(837.0)
Property	12% drop	(496.7)
Private equity	25% drop	(345.9)
Currency	12% change towards NOK	(763.8)
Credit spread	Spread widening	(690.6)
Total undiversified market risk		**(3,709.9)**
Diversification effect		1,312.6
Total market risk		**(2,397.3)**
Insurance risk General insurance	Internal model	(404.5)
SpareBank 1 SR-Bank ASA	Internal model	(301.0)
Capital subsidiaries		(285.2)
Pension commitments		(298.0)
Total undiversified insurance risk, major company investments, subsidiaries and pension commitments		**(1,288.7)**
Diversification effect market/insurance risk		418.1
Total decrease in value in stress scenario		**(3,267.9)**
Buffer capital		5,589.1
Capital/surplus in stress scenario		**2,321.2**

Table 10b – Stress test financial assets 2014

NOK millions	Scenario	Decrease in value
Assets/risk		
Equities and hedge funds	20% drop	(641.2)
Interest rate risk	150 bps change	(252.4)
Property	12% drop	(697.9)
Private equity	25% drop	(427.7)
Currency	12% change towards NOK	(19.3)
Credit spread	Spread widening	(470.2)
Total undiversified market risk		**(2,508.7)**
Diversification effect		537.4
Total market risk		**(1,971.3)**
Insurance risk General insurance	Internal model	(404.5)
SpareBank 1 SR-Bank ASA	Internal model	(441.8)
Capital subsidiaries		(251.0)
Total insurance risk		**(1,097.3)**
Diversification effect market/insurance risk		469.3
Total decrease in value in stress scenario		**(2,599.3)**
Buffer capital		5,583.7
Capital/surplus in stress scenario		**2,984.4**

Equity price risk

The largest exposure is to SpareBank 1 SR-Bank ASA. The concentration risk is shown in the table below. The exposure at year-end is evenly distributed among Norwegian equities and international equity funds.

Table 11a – Largest equity exposures 2015

NOK millions	31.12.2015
SpareBank 1 SR-Bank ASA	1,053.6
SOS International A/S	54.4
Atlantica Tender Driling	42.6
Core Energy	34.1
READ Well Services	32.4
Total five largest	**1,217.0**
Total equities	**4,634.0**

Table 11b – Largest equity exposures 2014

NOK millions	31.12.2014
SpareBank 1 SR-Bank ASA	1,404.3
Spotify	98.1
SOS International A/S	51.4
Ocean Installer AS	51.4
Hafslund ASA	51.0
Total five largest	**1,656.2**
Total equities	**5,543.6**

To illustrate the sensitivity of the equity portfolio to a fall in equity prices, the table below shows the effect of a possible scenario. The figures show the effect on equity, but do not take taxation effects into account. As shown in the table, the sensitivity is reduced since 2014.This is mainly due to reduced investment in equities and contribution from equity derivatives.

Table 12 – Sensitivity analysis equity portfolio

NOK millions	31.12.2015	31.12.2014
10 per cent drop in equity prices	(266.5)	(365.3)

Gjensidige Forsikring invests in a number of private equity funds as well as fund of funds. The focus is on the Nordic region, and Gjensidige will seek to play an active role through a place on the board or advisory committees of the different funds. The portfolio consists of a mixture of venture and buy-out funds.

Table 13a – Largest private equity funds 2015

NOK millions	31.12.2015
HitecVision Private Equity V LP	125.0
Argentum Secondary III	98.5
HitecVision Asset Solution KS	74.1
HitecVision VI LP	64.6
Energy Ventures III LP	59.9
Total five largest	**422.1**
Total private equity	**1,383.7**

Table 13b – Largest private equity funds 2014

NOK millions	31.12.2014
HitecVision Private Equity V LP	152.3
Northzone V KS	116.6
Argentum Secondary III	100.2
HitecVision Private Equity IV LP	94.1
HitecVision Asset Solution KS	90.4
Total five largest	**553.6**
Total private equity	**1,710.9**

In addition to the invested amounts, Gjensidige had committed capital, not invested, amounting to NOK 659.9 million as at 31 December 2015.

Interest rate risk

In the Group's insurance companies, overall exposure to interest rate risk will be reduced by matching a portfolio of fixed income instruments to the overall duration and the pay-out pattern of the insurance liabilities. Since the insurance liabilities are generally not discounted in the balance sheet, this means that, from an accounting perspective, insurance liabilities will be exposed to changes in inflation (but not directly to interest rates). An economic perspective, however, calls for hedging interest rate risk, because the present value of the provisions will be exposed to changes in the real interest rate. From an accounting perspective, the risk of choosing this hedging strategy is reduced because a large part of the bond portfolio is recognised at amortised cost. Furthermore, from an economic perspective, the inflation risk is partly reduced since some of these bonds carry a coupon linked to the development of the consumer price index.

In the Danish Workers' Compensation operations, the long-tail Workers' Compensation line of business is hedged against changes in the real interest rate through swap agreements. The real interest rate risk relates to outstanding premium and claims provisions of approximately NOK 5,150 million (discounted value), where a large percentage of the claims are paid out as annuities, the payments of which are linked to the yearly increase in Danish workers compensation awards determined by the authorities (a function of wage growth). The risk to the present value of these annuities is hedged through a series of swap agreements spread over approximately 40 years and covering inflation and interest rate risk separately, so that the real interest rate risk is reduced. Most swap agreements have yearly coupon payments and security is provided for the outstanding market value between the parties, which reduces counterparty risk. The fixed-income portfolio in the Danish branch is invested with a low duration in Danish covered mortgage bonds and loan funds. The loan funds are senior secured debt with and without security in real estate. In addition to the invested amount, Gjensidige had committed capital, not invested, amounting to NOK 953.6 million, in loan fund with security in real estate, as at 31 December 2015.

The table below shows the maturity profile of the Group's fixed--income portfolio.

Table 14 – Maturity profile (number of years) fixed-income portfolio

NOK millions	31.12.2015	31.12.2014
Maturity		
0-1	10,061.2	9,561.7
1-2	6,135.8	6,060.7
2-3	6,180.5	4,194.5
3-4	4,956.9	6,085.4
4-5	3,313.1	3,074.3
5-6	2,956.4	1,454.5
6-7	3,320.6	2,068.0
7-8	2,746.5	2,319.6
8-9	1,295.4	2,648.7
9-10	2,293.5	1,067.5
>10	4,558.9	4,499.9
Total	**47,818.9**	**43,034.8**

The interest rate sensitivity of the fixed-income portfolio is also shown in the table below. This table does not include the amortised cost portfolio, and the effect of the swap agreements in the Danish branch, because they have a reciprocal effect on the liabilities. Tax effects have been disregarded. The Board has set a limit of NOK 700 million for the interest rate sensitivity for a 1 per cent point shift in the yield curve.

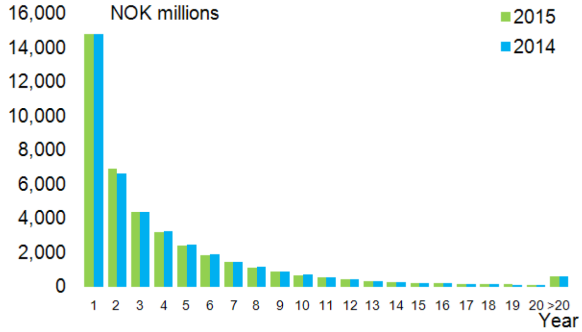
Table 15 – Sensitivity fixed-income portfolio

NOK millions	31.12.2015	31.12.2014
100 bps parallel shift up	(558.0)	(168.2)

Asset and liability management (ALM) risk fixed income

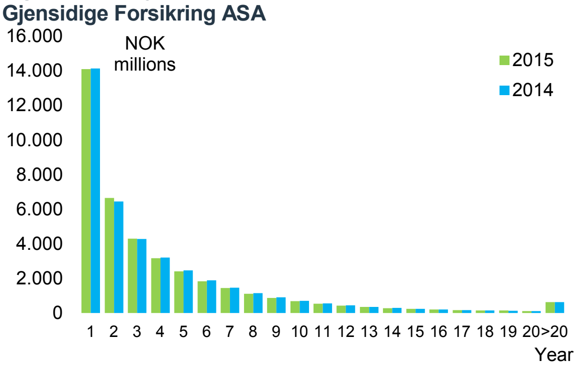
Figure 8a shows the expected pay-out pattern for the Group's premium and claims provisions at year-end 2015 and 2014, respectively. Approximately one third of the provisions are expected to be paid out within one year.

Figure 8a – Payout pattern insurance liabilities, Gjensidige Group



The next figure shows the corresponding pay-out pattern for Gjensidige Forsikring ASA. The average duration for Gjensidige Forsikring ASA is similar to that of the Group.

Figure 8b – Payout pattern insurance liabilities, Gjensidige Forsikring ASA



The match portfolio will match these cash flows, as well as the cash flows related to the issued subordinated loan, with a duration mismatch limit, which as of 2015 includes total pension commitments and the investment portfolio of Gjensidige Pensjonskasse, of maximum one year and a maximum net interest rate sensitivity of NOK 370 million. The table below shows this as of 30 November 2015.

Table 16a – ALM risk 2015

	Total	Sub-ordinated loan	Total (included sub-ordinated loan)	Limit
Hedge requirement	38,104.2	1,200.0	39,304.2	
Duration hedge requirement	4.5	0.3	4.3	
Match portfolio	40,050.3		40,050.3	
Duration match portfolio	3.5		3.5	
Duration mismatch in years			(0.8)	1.0
Duration mismatch in NOK			(317.0)	370.0
Mismatch in match portfolio and hedge requirement	5.1%			10.0%

Table 16b – ALM risk 2014

	Total	Sub-ordinated loan	Total (included sub-ordinated loan)	Limit
Hedge requirement	35,388.3	1,200.0	36,588.3	
Duration hedge requirement	3.8	0.3	3.6	
Match portfolio	37,680.2		37,680.2	
Duration match portfolio	3.4		3.4	
Duration mismatch in years			(0.2)	1.0
Duration mismatch in NOK			(57.0)	345.0
Mismatch in match portfolio and hedge requirement	6.5%			10.0%

Property price risk
Real estate constitutes a significant part of Gjensidige Forsikring's portfolio. 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, and that there is a modest correlation with both of them.

The Group owns most of its properties through Oslo Areal AS, although a small part of the portfolio is invested in property funds outside Norway. In addition to the amounts invested through funds, an additional NOK 30.1 million is committed, but has not been called up. The joint venture Oslo Areal AS manages the real estate portfolio. The portfolio consists of investment properties. The real estate portfolio has its largest concentration in offices in the Oslo area, but it also contains property in other major cities in Norway. In addition, there is approximately a NOK 1,600 million forward contract on the IPD index which runs throughout 2016. Total exposure to real estate decreased during the year due to the sale of 50 per cent of Oslo Areal AS.

Hedge fund
Hedge fund is a generic term for funds that invest in most types of asset classes with few limitations on the use of derivatives, shorting or leverage in order to earn a return that is partly independent of (has a low correlation with) traditional market indexes. Gjensidige utilises hedge funds to gain exposure to active risk in the individual asset classes and to take allocation risk between the individual asset classes and/or risk premiums. Individual funds are used.

Table 17a – Largest hedge funds 2015

NOK millions	31.12.2015
Goldman Sachs Global Opportunities Offshore	432.4
Sector Healthcare - A USD	267.1
Winton Futures Fund- Lead Series	162.5
Sector EuroPower Fund Class A EUR	123.6
Trient Global Macro Fund USD A-Class	114.6
Total five largest	**1,100.2**
Total hedge funds	**1,294.4**

Table 17b – Largest hedge funds 2014

NOK millions	31.12.2014
Goldman Sachs Global Opportunities Offshore Fund	462.8
Sector Healthcare - A USD	199.2
Sector EuroPower Fund Class A EUR	104.0
Trient Global Macro Fund USD A-Class	102.9
Sector Zen Fund	83.8
Total five largest	**952.6**
Total hedge funds	**1,027.2**

Foreign exchange risk
Foreign exchange risk is defined as the financial loss resulting from fluctuations in exchange rates. Generally, foreign exchange risk in the investment portfolio is hedged close to 100 per cent, within a permitted limit of +/- ten per cent per currency, except for smaller mandates where active currency management is included.

The Group underwrites insurance in the Scandinavian and Baltic countries, so it has insurance liabilities in these currencies. The foreign exchange risk, at both the group and company levels, is generally hedged by matching technical provisions with investments in the corresponding currency. The currency hedging strategy changed mid-2015, from focusing on stable book equity to focus on stable surplus capital for the Group in accordance to the capital requirement which is the most binding at any time. This is done by adjusting assets in foreign branches and subsidiaries such that surplus capital in foreign currency is minimized, which minimizes currency risk in the surplus capital for the Group. The effect of exchange rate movements on available capital and the capital requirement will be of the same magnitude. This minimizes fluctuations in surplus capital. The strategy has been efficient post implementation.

The table below shows the foreign currency exposure by currency type. The gross positions show exposure from investments. Currency positions related to the new currency hedging strategy, where the surplus capital of the subsidiaries are minimised, are not included. A ten per cent strengthening of NOK against all other currencies will increase surplus capital by NOK 9.8 million, decrease profit or loss by NOK 10.3 million and decrease book equity by NOK 636.5 million. A weakening of NOK will have the opposite effect.

Currency transactions are performed within strictly defined limits and are employed in both ordinary management and to hedge financial instruments. The table below shows both gross and net positions. Currency hedging is done primarily by using forward contracts or swaps. Currency positions are continuously monitored against exposure limits per currency.

Table 18a – Currency exposure 2015

NOK millions	Gross position in currency	Gross position in NOK	Currency contracts	Net position in currency	Net position in NOK
USD	679.6	6,008.2	(651.4)	28.2	247.3
EUR	149.9	1,441.4	(146.4)	3.5	33.4
GBP	101.6	1,323.4	(97.9)	3.7	47.6
CNY	(119.1)	(162.4)		(119.1)	(162.4)

Table 18b – Currency exposure 2014

NOK millions	Gross position in currency	Gross position in NOK	Currency contracts	Net position in currency	Net position in NOK
EUR	364.7	3,308.4	(372.1)	(7.3)	(67.1)
DKK	2,648.4	3,226.7	(2,583.3)	65.1	79.3
USD	410.1	3,073.2	(382.0)	28.1	209.5
SEK	247.5	237.1	(226.4)	21.2	20.3

Credit risk

Gjensidige is exposed to credit risk, i.e. the risk that a counterparty is not able or willing to settle its liability on the due date or the risk that the credit spreads will increase (credit risk premium). The Group is primarily exposed to credit risk in the investments in the insurance companies, and through receivables from insurance customers and reinsurers. Credit risk in Gjensidige Bank is covered in a separate section.

For investments, risk limits for credit risk are set in several ways. As a starting point a credit limit is set for designated counterparties. For issuers with an official credit rating from a recognised rating agency, this is generally utilised as a criterion. The list of credit limits is approved by the CFO and used for all separate mandates and for derivative counterparties. In addition, the board-approved asset allocation sets limits on global bonds, both bonds with high financial strength ratings (investment grade) and other bonds (high yield). In addition, there is a maximum limit on credit duration measured as a one per cent change in credit spreads that include all fixed-income assets in the balance sheet. This limit was NOK 2,000 million in 2015.The Group's total fixed-income portfolio of NOK 47,818.9 million as at 31 December 2015 (including the amortized cost portfolio, other bonds, certificates and deposits) consisted of NOK 5,736.6 million issued by government sector entities and NOK 42,082.3 million issued by non-public entities. Most of the latter category was financial institutions. The distribution is shown in the table below.

Table 19a – Credit spread risk 2015

NOK millions	Credit duration, years	Risk	Limit
Risk by 100 bps change in credit spread	3.4	(1,719.9)	(2,000.0)

Table 19b – Credit spread risk 2014

NOK millions	Credit duration, years	Risk	Limit
Risk by 100 bps change in credit spread	3.4	(1,449.2)	(1,500.0)

Table 20 – Allocation of fixed-income portfolio per sector

	31.12.2015	31.12.2014
Government	12.0%	10.6%
Banks and financial institutions	52.9%	59.9%
Corporates	35.1%	29.5%
Total	**100.0%**	**100.0%**

The following tables show the allocation of the fixed-income portfolio by rating category at year-end in 2015 and 2014.

Table 21 – Fixed-income portfolio per rating category

NOK millions	31.12.2015	31.12.2014
AAA	11,687.6	10,743.6
AA	4,707.8	1,774.8
A	11,070.4	13,775.4
BBB	3,201.2	2,526.9
BB	1,789.9	760.9
B	1,684.9	607.3
CCC or lower	126.0	110.9
Not rated	13,551.2	12,735.1
Total	**47,818.9**	**43,034.8**

Table 22 – Fixed-income portfolio per rating category, internal rating included.

NOK millions	31.12.2015	31.12.2014
AAA	11,699.0	10,743.6
AA	6,147.6	4,020.3
A	14,411.0	16,833.2
BBB	7,442.6	6,313.1
BB	1,860.1	775.7
B	1,684.9	607.3
CCC or lower	126.0	110.9
Not rated	4,447.8	3,630.7
Total	**47,818.9**	**43,034.8**

A large part of the Norwegian fixed-income portfolio consists of issuers without a rating from an official rating company. However, many asset managers and brokerages conduct their own internal rating, assigning rating categories in the same way as the rating companies. For completeness, the second table also includes the allocation using the internal rating of Gjensidige's main asset manager, Storebrand Asset Management. The following tables show the largest issuers as of 31 December 2015 and 31 December 2014, respectively.

Table 23a – Top ten issuers 2015

NOK millions	31.12.2015
Nordea Bank AB	3,161.0
DNB ASA	2,799.1
Nykredit Realkredit A/S	2,272.6
Danske Bank A/S	1,650.3
Kongeriket Norge	1,452.6
BKK AS	1,280.5
JPMorgan Chase & Co.	1,257.9
NIAM V Kjøpesenter I Holding AS	1,227.5
Lloyds Bank Covered	1,062.5
Realkredit Danmark A/S	974.5
Total ten largest	**17,138.5**
Total fixed-income portfolio	**47,818.9**

The overview of the largest issuers also includes the fixed-income portfolio for GPF and Gjensidige Bank because the individual counterparty risk is monitored at group level. Total fixed-income portfolio is only for general insurance. Exposures also include mortgage bonds and covered bonds for groups that have issued these.

Tabell 23b – Top ten issuers 2014

NOK millions	31.12.2014
Nordea Bank AB	2,888.9
Nykredit Realkredit A/S	2,725.4
DNB ASA	2,677.0
Danske Bank A/S	2,511.5
JPMorgan Chase & Co.	1,658.4
NIAM V Kjøpesenter I Holding AS	1,263.2
Lloyds Bank Covered	1,093.4
Realkredit Danmark A/S	940.2
BKK AS	935.2
BRFkredit A/S	914.4
Total ten largest	**17,607.7**
Total fixed-income portfolio	**43,034.8**

Credit risk in the insurance operation

The table below presents the age distributions of the receivables arising from direct insurance operations and of the reinsurance receivables.

Table 24 – Age distribution receivables insurance

NOK millions	Direct insurance	Reinsurance
31.12.2015		
Instalments not due	4,514.4	28.7
<35 days	220.1	0.5
35-90 days	122.3	0.2
> 90 days	110.6	0.6
Total	**4,967.4**	**30.0**
31.12.2014		
Instalments not due	4,157.2	49.2
<35 days	255.8	16.7
35-90 days	74.4	0.5
> 90 days	75.4	0.5
Total	**4,562.8**	**66.9**

Reinsurance is used to manage insurance risk. However, this does not discharge Gjensidige of its liability as primary insurer. If a reinsurer fails to pay a claim for any reason, Gjensidige remains liable for the payment to the policyholder. The creditworthiness of reinsurers is assessed by reviewing their financial strength prior to finalisation of any contract. As a general requirement, all reinsurers need to be rated 'A-'or better by Standard & Poor's (or the equivalent from other rating agencies) when entering into a contract with Gjensidige. The figure below shows the breakdown of the purchased reinsurance capacity for 2015 and 2014, i.e. the rating of the reinsurers that would have been drawn on if the losses had occurred.

Figure 9a – Potential credit exposure reinsurance per rating category 2015

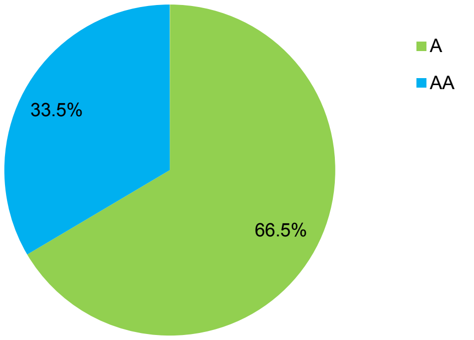
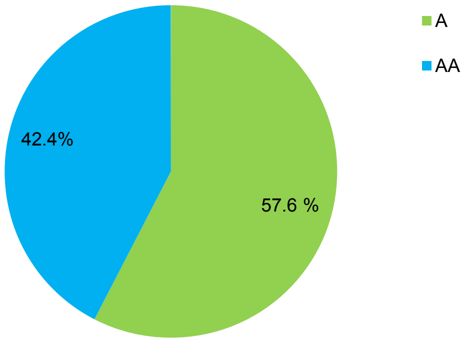


Figure 9b – Potential credit exposure reinsurance per rating category 2014



The following table provides an overview of the breakdown of reinsurance receivables and the reinsurers' share of outstanding claims per rating category. The exposure in the not-rated category primarily relates to run-off business and is broken down between numbers of counterparties. The companies in run-off no longer have a rating.

Table 25 – Reinsurance receivables and reinsurers' share of claims provisions

	2015		2014	
Rating	**NOK millions**	**Per cent**	**NOK millions**	**Per cent**
AAA				
AA	235.9	45.4%	243.8	41.3%
A	251.0	48.3%	317.0	53.7%
BBB	3.6	0.7%	0.4	0.1%
BB	0.4	0.1%	0.3	0.1%
B	0.6	0.1%	0.4	0.1%
Not rated	28.2	5.4%	28.3	4.8%
Total	**519.8**	**100.0%**	**590.3**	**100.0%**

Liquidity risk

For most general insurers, the liquidity risk is quite limited. Premium income is paid up front, and claims are paid out at a later stage. Future payments are not based on contractual payment dates, but rather on when claims arise and how long the claims handling takes. See the expected pay-out pattern presented in the previous figure 8a and b. The liquidity risk in Gjensidige Bank is described separately.

For a going concern, this will result in a positive net cash flow under normal circumstances. Large net outflows would generally only arise as a result of acquisitions or recapitalisation of subsidiaries. In the event of a large claim or catastrophic event, the payments will take place sometime after the event, and the reinsurers will cover most of the amount within a short time of the payments having been made to the claimants. In an extreme scenario, reinsurers could fail to honour their obligations after a catastrophic event.

Based on this kind of scenario, the Board has set a liquidity requirement for 2015 of at least NOK 3,000 million in the most liquid assets, which includes deposits in banks, covered bonds (OMF), bonds and certificates issued by OECD countries or guaranteed by these countries and money market instruments rated A or better that have a due date within six months. The current allocation meets these requirements. The table below shows the classification used and the amounts as of 31 December 2015 and 2014 for Gjensidige Forsikring ASA.

Table 26a – Liquid investment assets 2015, Gjensidige Forsikring ASA

NOK millions	Total	Minimum level	Excess over limit
Bank deposits	1,704.8		
Money market instruments	1,373.5		
Bonds and certificates coupons with maturity less than 6 months	303.6		
OECD-bonds with less than 5 years to maturity	512.8		
Covered bonds	1,160.4		
Total	**5,055.1**	**3,000.0**	**2,055.1**

Table 26b – Liquid investment assets 2014, Gjensidige Forsikring ASA

NOK millions	Total	Minimum level	Excess over limit
Bank deposits	1,576.3		
Money market instruments	1,236.8		
Bonds and certificates coupons with maturity less than 6 months	372.8		
OECD-bonds with less than 5 years to maturity	571.6		
Covered bonds	2,423.7		
Total	**6,181.2**	**3,000.0**	**3,181.2**

Management of financial risk – Gjensidige Pensjonsforsikring

Gjensidige Pensjonsforsikring (GPF) has separate guidelines for asset management and investment strategy approved by the Board. They specify targets and limits for the organisation of the investment management activities. A separate investment committee with representatives from GPF, Gjensidige Investeringsrådgivning (GIR) and the Group's investment and capital management departments advise the CEO on matters pertaining to asset and risk management. The portfolio management is outsourced to GIR. Asset manager selection and asset allocation are based on advice from the Group's Investment Centre.

GPF has separate strategies for the funds in each portfolio, unit-linked, paid-up policy, other group policy and company portfolios. GPF does not carry investment risk for the unit-linked portfolio. Both positive and negative returns are passed on in full to the customers. The other portfolios expose the Company's equity to risk. For the company and other group policy portfolios, little risk is taken, since the funds are mainly invested in bank deposits and fixed-income instruments with high creditworthiness. The company portfolio is financed by the Company's equity and, in addition to bank deposits, it also includes a small trading portfolio to support incoming capital in the customer portfolios. The other group policy portfolio is funded by premium reserves, claims provisions for unreported and/or unsettled claims and the risk equalisation fund. The paid-up policies pay a minimum guaranteed interest to customers at the same time as the customers receive a percentage of any excess return above this amount. Therefore, for the paid-up policy portfolio, the objectives are to be able to offer the customers a competitive return over a period of time, at the same time as the risk relative to the strain on equity is kept at a targeted low level.

The portfolios are stress tested in accordance with the recommendations from the Financial Supervisory Authority of Norway in order to measure whether the company can stand a given decline in value. The paid-up policy portfolio amounted to NOK 3,335.6 million as of 31 December 2015 with an average guaranteed interest rate of 3.5 per cent. The other group policy portfolio amounted to NOK 1,452.6 million, whereas the company portfolio had NOK 463.7 million in financial assets.

Table 27 – Asset allocation excluding the unit-linked portfolio, Gjensidige Pensjonsforsikring

NOK millions	31.12.2015	31.12.2014
Money market [1]	1,756.1	1,233.5
Bank deposits	363.8	263.3
Bonds held to maturity	61.1	103.5
Loan and receivables	3,122.6	3,013.2
Current bonds	26.4	17.5
Equities	11.9	23.7
Other	5.6	4.9
Total	**5,347.4**	**4,659.6**

[1] The money market exposure is reduced and property exposure increased through a total return swap with Gjensidige Forsikring ASA with notional value of NOK 600.0 million.

The investment portfolio of GPF, excluding the unit-linked portfolio, amounted to NOK 5,347.4 million as of 31 December 2015. This is mainly invested in fixed income instruments and bank deposits, but also contains a small proportion of equities from the trading portfolio of GPF.

Table 28 – Sensitivity fixed-income and equity portfolio, Gjensidige Pensjonsforsikring

NOK millions	31.12.2015	31.12.2014
100 bps parallell shift up	(2.4)	(1.5)
10% drop in equity prices	(1.2)	(2.4)

The accounting interest rate risk in GPF's assets is extremely limited as bonds are classified as bonds held to maturity and loans and receivables, and the remaining fixed-income instruments are of short duration. GPF also has a small exposure to equity risk through a minor investment in equities in the trading portfolio.

The table above shows the effect of a ten per cent fall in the stock market and a one percentage point increase in the interest rate level of equity in GPF. The calculations do not take tax effects into consideration, neither that a share of the return is normally allocated to the customers.

Table 29 – Fixed-income portfolio per rating, Gjensidige Pensjonsforsikring

NOK millions	2015	2014
AAA	1,145.7	929.2
AA	807.3	513.4
A	1,801.5	1,408.2
BBB	1,277.1	980.1
BB	13.2	14.7
B	8.8	15.6
CCC or lower		
Not rated	276.5	769.9
Total	**5,330.0**	**4,631.0**

A large part of the fixed-income portfolio in GPF does not have an official rating. These fixed-income securities are mainly invested in Norwegian banks and financial institutions.

The largest individual exposures per counterparty are included in the Group's table above.

Changes in the regulatory framework

Important changes that Solvency II will lead to is that Gjensidige Pensjonsforsikring will get a common solvency requirement for the combined asset and liability risk. The effect of this is that the capital requirement will basically become more risk-driven than under the current regulatory regime. The capital requirement will also be closely linked to the business strategy and risk profile.

Gjensidige Pensjonsforsikring has applied to the Financial Supervisory Authority of Norway to use the transition rules for technical provisions and got this approved by the Financial Supervisory Authority of Norway.

Management of credit and financial risk – Gjensidige Bank

Gjensidige Bank ASA is exposed to credit risk, market risk, liquidity risk and operational risk. The Board approves the risk appetite statement and the strategy and policies for managing the bank's risks. The largest risk is the credit risk. The Board of Gjensidige Bank ASA has final responsibility for limiting and following up the risks in the bank. The bank's management is responsible for implementing and adhering to strategy, policies, management and reporting related to the bank's risk management.

The bank's risk areas are evaluated continuously, and the strategy for the risk areas is reviewed annually by the Board. The bank uses statistical modelling to calculate capital requirements given the chosen level of confidence for most of the risk categories. The capital requirements are calculated for the risk areas for the entire strategy period in the current strategy plan, shown in the bank's ICAAP document, and capital adequacy is reported to the Board quarterly.

Credit risk

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

The Board sets the overall limit for the bank's credit risk appetite through its Credit Strategy and Policy and risk appetite statement. Gjensidige Bank ASA offers a wide range of lending products including secured as well as unsecured loans and credit to meet a variety of needs of consumers in Norway. Secured lending mainly comprises loans and credits secured by residential property. The bank also recently launched car finance business which includes loans and leasing secured by vehicles.

The bank also has a sizable portfolio of unsecured consumer finance lending. The bank has a higher return on this portfolio that is proportionate to the level of credit risk in the portfolio. A large part of the credit losses are related to the unsecured consumer finance lending portfolio. The bank uses risk-based pricing models driven by credit scores, and the portfolio shows healthy profitability.

With the launch of the car finance, the bank has also started commercial lending in a limited basis to support the growth of the standard loans and leasing offered within the car finance business and creates awareness in the market of our products. This includes products like dealer floor finance, fleet finance to key players in the car dealer market and loans and leasing to a few corporates related to car business. Lending in the commercial segment is normally secured exposures.

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

Models for monitoring credit risk

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

With the help of these scoring models, the lending portfolios in the bank are grouped into several risk categories starting from the best (lowest) risk to the highest (worst) risk segments based on their probability of default. These risk categorisations are mainly intended to assist in various credit decisions. They are then further grouped into three main risk classes: Low Risk, Medium Risk and High Risk which are used in the bank's monthly portfolio monitoring, reporting and follow-up of the customer base.

The Board considers the credit risk levels in the bank's portfolio to be satisfactory.

The bank's maximum exposure to credit risk is NOK 42,693.3 million.

The weighted average portfolio loan to value ratio is estimated at 63.7 per cent for the mortgage portfolio. This is estimated based on the exposure on the reporting date as a ratio of the property value as estimated upon loan approval, including any higher priority pledge(s). The bank's credit policy is in accordance with the new regulation for mortgage loans set by the Ministry of Finance on 15 June 2015.

The table below shows the portfolio and write-downs as of 31 December 2015 and 31 December 2014 segmented by risk classes.

Table 30a – Risk classification banking operations 2015

NOK millions	Gross lending	Guarantees	Total off balance commitments to customers	Individual write-downs	Other non-customer exposure	Maximum credit exposure
Low	28,635.6		4,954.1			33,589.7
Medium	5,928.3		1,185.2			7,113.5
High	998.5		68.0			1,066.5
Not classified	46.1	83.0	14.3			143.4
Past due and impaired	1,127.0			6.1		1,133.2
Total	**36,735.5**	**83.0**	**6,221.6**	**6.1**		**43,046.3**
Group write-downs	352.9					352.9
Total net	**36,382.6**	**83.0**	**6,221.6**	**6.1**		**42,693.3**

Table 30b – Risk classification banking operations 2014

NOK millions	Gross lending	Guarantees	Total off balance commitments to customers	Individual write-downs	Other non-customer exposure	Maximum credit exposure
Low	22,102.9		4,244.2			26,347.1
Medium	3,796.4		944.9			4,741.4
High	1,095.1		72.3			1,167.4
Not classified	1.0	5.0	11.4			17.4
Past due and impaired	551.1			3.3		554.4
Total	**27,546.5**	**5.0**	**5,272.8**	**3.3**		**32,827.7**
Group write-downs	351.8					351.8
Total net	**27,194.7**	**5.0**	**5,272.8**	**3.3**		**32,475.8**

Table 31 – Payments overdue

NOK millions	31.12.2015	31.12.2014
0-30 days	555.9	383.0
30-90 days	163.1	95.0
Over 90 days	339.2	300.9
Total	**1,058.2**	**778.9**

Gross lendings in default for more than 90 days amounted to NOK 339.2 million by the end of the year, compared to NOK 300.9 million in 2014. The total written-down balance on loans in 2015 amounted to NOK 359.1 million compared with NOK 355.2 million in 2014. Gross lendings in default for more than 90 days amounted for 0.9 per cent of gross lending as of the end of the year, compared to 1.1 per cent in 2014.

Market risk

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

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

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

Interest-rate risk arises when the bank's assets and liabilities have different remaining fixed-rate periods. The interest-rate risk is managed by adopting fixed-interest rate periods for assets and liabilities. In addition, derivatives are used for hedging. Fixed-interest assets and liabilities in millions multiplied by the remaining interest rate period are used to measure interest-rate risk exposure. This is known as 'milli years' (MY).

The limit for the interest-rate risk under one year is a negative exposure of up to 500 milli years (MY). A limit is also set for interest rate risks for all time periods plus/minus 300 MY. The bank's limit for cumulative exposure to interest-rate risk is 500 MY. Interest rate risk under three months is measured and reported, but the exposure is not included in the interest risk limits. When the limit is fully utilised, the loss for the bank in the event of a one percentage point change in the yield curve will be NOK 5 million. Utilisation of this limit is reported monthly to the Board.

As of 31 December 2015 the bank has a negative interest rate exposure in the three months to one year interval of 206 MY. The net accumulated interest rate exposure over three months is a positive 234 MY as at 31 December 2015.

By investing in sound securities with short-term maturity and with expectations that the value will be less exposed to changes in the credit spread, the bank limits its spread risk on its assets. The market value of the bank's own bonds varies with changes in the credit spreads.

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

As of 31 December 2015 the bank has outstanding bonds in Swedish krone of 800 million.

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

Concentration risk

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

As of 31 December 2015, the portfolio is geographically diverse, with the greatest lending in the most populous areas of the country. The largest loan is about NOK 240.0 million. The exposure related to the ten largest loans (limit) is about NOK 515.0 million. The bank's liquidity reserves are mainly placed in securities issued by the Norwegian government and Norwegian covered bonds (OMF).

Operational risk

Operational risk is the risk of losses resulting from inadequate or failing internal processes or systems, human error or external events. The bank has its own loss and event database for the evaluation, follow-up and storage of operational incidents.

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

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

Liquidity risk

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

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

The liquidity risk due to lack of access to liquidity is managed by having sufficient liquid assets to cover liabilities that reach maturity. The bank shall have a liquidity reserve (buffer) in short-term deposits, liquid securities and/or committed credit facilities that, in an acute liquidity freeze in the market, allow sufficient time to implement the necessary measures.

As of 31 December 2015, the liquidity reserve was NOK 4,663.2, divided between NOK 626.2 million in bank deposits and NOK 4,037.0 million in debts securities. Of these assets NOK 851.7 million were investments in covered bonds issued by Gjensidige Bank Boligkreditt AS (eliminated in the consolidated accounts). The net liquid assets were at an adequate level that covers the bond debt that will fall due in the next 32 months. Stress tests have also been carried out to demonstrate the bank's needs for a liquidity reserve based on future scenarios involving a recession and/or financial crisis.

Table 32a – Liquidity profile banking operations 2015

NOK millions	< 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Without maturity	Total
Debt to credit institutions							
Deposits from and liabilities to customers	16,702.4	536.8	2,118.1				19,357.2
Debt incurred through the issue of securities	10.2	454.1	822.3	13,948.1	2,927.0		18,161.7
Loan approvals and unused drawing rights	7,527.2						7,527.2
Derivatives - gross outflows [1]	0.7	16.3	61.4	216.8	74.8		369.9
Total liabilities	**24,240.4**	**1,007.1**	**3,001.8**	**14,164.9**	**3,001.8**		**45,416.0**
[1] Derivatives gross inflows	1.5	6.8	97.7	327.0	145.5		578.5
Financial derivatives - net settlement (negative figures yield net payment)	(0.8)	9.5	(36.3)	(110.2)	(70.7)		(208.6)

Table 32b – Liquidity profile banking operations 2014

NOK millions	< 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Without maturity	Total
Debt to credit institutions	350.0						350.0
Deposits from and liabilities to customers	15,904.7	335.0	463.7				16,703.4
Debt incurred through the issue of securities	11.5	35.8	292.9	8,362.6	2,165.2		10,867.9
Loan approvals and unused drawing rights	6,760.4						6,760.4
Derivatives - gross outflows [1]	0.7	11.4	39.3	167.5	86.7		305.4
Total liabilities	**23,027.3**	**382.1**	**795.9**	**8,530.0**	**2,251.8**		**34,987.1**
[1] Derivatives gross inflows	0.7	2.3	65.7	248.9	151.5		469.1
Financial derivatives - net settlement (negative figures yield net payment)	(0.1)	9.1	(26.4)	(81.5)	(64.8)		(163.7)

4. Segment information

The group has six reportable segments, as described below, which offers different products and services within different geographical areas. The Group CEO holds regular meetings with its reporting managers concerning performance management, which focuses on future measures to ensure performance and deliveries. Commercial Sweden was moved from Commercial Norway to Nordic as from 1 January 2015. Comparable figures are restated accordingly.

General insurance is the Group's core activity. General insurance is divided into four segments, mainly based on the customer's geographical placement. Other operational segments deliver products and services mainly to customers in Norway.

Description of the segments

General Insurance Private

The Private segment offers a wide range of general insurance products and services in the Norwegian private market, including insurance relating to motor veichles, property, travel/leisure and accident and health.

General Insurance Commercial

The Commercial segment offers a wide range of general insurance products to the commercial and municipality markets in Norway.

General Insurance Nordic

The Nordic segment includes the Group's operations in the Danish and Swedish private, commercial and municipal markets.

General Insurance Baltics

Gjensidige's Baltic operations provide general insurance products to the private and commercial markets in Latvia, Lithuania and Estonia.

Pension and Savings

Pension and Savings is a growth area for Gjensidige in Norway. The segment offers various pension and savings products, mainly to the commercial market. The pension products include defined contribution plans in the field of group occupational pensions, individual pensions, individual disability pensions and the management of paid-up policies and pension capital certificates. Gjensidige Investeringsrådgivning is an independent fund provider that offers saving and investment solutions to the private and commercial markets.

Retail Bank

Gjensidige Bank is an online bank that mainly targets the Norwegian private market. The bank offers day-to-day banking services, mortgages, savings products and car and consumer financing.

Description of the segments income and expenses

Segment income is defined as earned premiums for general insurance, earned premiums and management income etc. for Pension and Savings and interest income and other income for Retail Bank.

Segment expenses are defined as claims incurred for general insurance and for Pension and Savings, interest expenses etc. for Retail Bank, operating expenses for all segments, and net income for investments for Pension and Savings as well as Retail Bank.

The segment result is defined as the underwriting result for general insurance, and the profit before tax expense for Pension and Savings and Retail Bank.

	General insurance															
	Private		Commercial		Nordic		Baltics		Pension and Savings		Retail Bank		Eliminations etc. [1]		Total	
NOK millions	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Segment income																
Segment income – external	8,152.3	8,124.1	7,076.8	6,847.2	5,233.3	4,762.9	642.0	523.0	1,551.0	1,360.6	1,330.0	1,349.6	170.0	131.4	24,155.4	23,098.7
Segment income – group [2]																
Total segment income	**8,152.3**	**8,124.1**	**7,076.8**	**6,847.2**	**5,233.3**	**4,762.9**	**642.0**	**523.0**	**1,551.0**	**1,360.6**	**1,330.0**	**1,349.6**	**170.0**	**131.4**	**24,155.4**	**23,098.7**
- Claims, interest expenses, loss etc.	(4,908.5)	(5,468.5)	(4,826.7)	(4,791.1)	(3,905.2)	(3,589.8)	(524.8)	(377.2)	(1,275.7)	(1,126.4)	(652.2)	(765.9)	(432.4)	(243.8)	(16,525.4)	(16,362.8)
- Operating expenses	(1,035.7)	(1,031.5)	(809.3)	(770.6)	(819.0)	(788.9)	(216.0)	(145.1)	(222.0)	(221.4)	(359.3)	(357.9)	(592.3)	(496.5)	(4,053.6)	(3,812.0)
+ Net income from investments									30.8	31.2	(15.0)	27.7	1,457.4	2,416.8	1,473.3	2,475.6
Segment result/profit/(loss) before tax expense	**2,208.1**	**1,624.0**	**1,440.8**	**1,285.4**	**509.1**	**384.3**	**(98.9)**	**0.6**	**84.2**	**43.9**	**303.6**	**253.5**	**602.8**	**1,807.9**	**5,049.7**	**5,399.6**
Impairment loss goodwill		**(22.5)**					**(13.5)**								**(13.5)**	**(22.5)**

[1] Eliminations etc. consist of internal eliminations and other income and expenses not directly attributable to one single segment and large losses of NOK 382.5 million (207.2).

[2] There is no significant income between the segments at this level in 2015 and 2014.

5. Intangible assets

NOK millions	Goodwill	Customer relationship	Trademark	Internally developed software	Other intangible assets	Total
Cost						
As at 1 January 2014	2,796.1	924.5	46.5	906.6	286.1	4,959.8
Additions				60.4	4.5	64.9
Additions through business combinations	147.2	36.8	0.8	0.1	27.0	211.9
Additions from internal development				147.3		147.3
Disposals/ reclassifications	(36.7)	(10.3)	(4.7)	(18.0)	(41.3)	(111.0)
Exchange differences	177.9	72.5	2.3	26.0	22.8	301.4
As at 31 December 2014	**3,084.4**	**1,023.5**	**44.9**	**1,122.4**	**299.1**	**5,574.4**
Uncompleted projects				109.8		109.8
As at 31 December 2014, including uncompleted projects	**3,084.4**	**1,023.5**	**44.9**	**1,232.2**	**299.1**	**5,684.2**
Amortisation and impairment losses						
As at 1 January 2014	(233.8)	(484.6)	(30.9)	(525.7)	(116.2)	(1,391.2)
Amortisations		(98.0)	(9.7)	(147.0)	(31.0)	(285.8)
Disposals/ reclassifications		10.2	4.7	10.4	9.6	35.1
Impairment losses recognised in profit or loss during the period	(22.5)					(22.5)
Exchange differences	(9.2)	(43.3)	(1.8)	(11.2)	(11.8)	(77.3)
As at 31 December 2014	**(265.4)**	**(615.7)**	**(37.7)**	**(673.5)**	**(149.4)**	**(1,741.7)**
Carrying amount						
As at 1 January 2014	2,562.2	439.9	15.6	512.7	169.9	3,700.4
As at 31 December 2014	**2,819.0**	**407.8**	**7.2**	**558.7**	**149.7**	**3,942.4**
Cost						
As at 1 January 2015	3,084.4	1,023.5	44.9	1,122.4	299.1	5,574.4
Additions				73.5	56.0	129.5
Additions internal		16.5				16.5
Additions through business combinations	497.1	75.4			184.3	756.8
Additions from internal development				156.2		156.2
Disposals/reclassifications	(227.5)	(5.8)	(0.8)	(244.9)	(2.5)	(481.5)
Exchange differences	177.1	59.2	2.1	25.3	28.8	292.5
As at 31 December 2015	**3,531.1**	**1,168.8**	**46.2**	**1,132.6**	**565.7**	**6,444.4**
Uncompleted projects				118.0		118.0
As at 31 December 2015, including uncompleted projects	**3,531.1**	**1,168.8**	**46.2**	**1,250.6**	**565.7**	**6,562.4**
Amortisation and impairment losses						
As at 1 January 2015	(265.4)	(615.7)	(37.7)	(673.5)	(149.4)	(1,741.7)
Amortisations		(104.7)	(7.0)	(171.1)	(71.7)	(354.6)
Disposals/reclassifications	(17.6)	5.8	0.8	199.8	2.5	191.4
Impairment losses recognised in profit or loss during the period	(13.5)					(13.5)
Exchange differences	(10.2)	(38.3)	(2.2)	(12.1)	(13.2)	(75.9)
As at 31 December 2015	**(306.6)**	**(752.9)**	**(46.0)**	**(656.9)**	**(231.8)**	**(1,994.3)**
Carrying amount						
As at 1 January 2015	2,819.0	407.8	7.2	558.7	149.7	3,942.4
As at 31 December 2015	**3,224.5**	**415.9**	**0.2**	**593.7**	**333.9**	**4,568.0**
Amortisation method	I/A	Straight-line	Straight-line	Straight-line	Straight-line	
Useful life (years)	I/A	10	10	5-8	5-10	

The Group's intangible assets are either acquired or internally developed. Goodwill, customer relationships, trademarks and parts of other intangible assets are all acquired through business combinations, and are a result of a purchase price allocation of initial cost of the acquisition. Internally developed software is developed for use in the insurance business. External and internal assistance used in relation with implementation or substantial upgrade of software, including adjustment of standard systems, are capitalized as intangible assets. Amortization is included in the accounting line Expenses.

The group has in 2015 acquired the company PZU Lietuva in Lithuania and Mondux in Denmark. In addition 50 percent of Oslo Areal is sold in the fourth quarter. The remaining investment is after the sale classified as joint venture and recognised according to the equity method. None of the intangible assets has indefinite useful life.

Impairment testing of goodwill

The carrying amount of goodwill in the Group as at 31 December 2015 is NOK 3,224.5 million. See table.

NOK millions		2015	2014
Cash-generating units	**Segment**		
Gjensidige Forsikring, Danish branch	Nordic	1,254.0	1,194.0
Workers' compensation insurance in Denmark	Nordic	121.1	114.5
Nykredit Forsikring	Nordic	876.2	840.7
Gjensidige Forsikring, Swedish branch	Nordic	158.2	144.4
Gouda Portfolio	Nordic	85.8	73.2
Mondux Portfolio	Nordic	173.1	
Gjensidige Baltic	Baltics	67.1	76.9
PZU	Baltics	358.7	
Oslo Areal	Other		245.1
Gjensidige Bank	Retail Bank	1.5	1.5
Gjensidige Forsikring, White label	Private	128.7	128.7
Total		**3,224.5**	**2,819.0**

Each of the units above is the smallest identifiable group of assets that generates cash inflows and are considered as separate cash-generating units. The annual assessment of impairment losses was carried out in the third quarter of 2015. An indication assessment was also carried out in the other quarters in order to assess whether new circumstances calls for new impairment testing of goodwill.

In the fourth quarter there has been an impairment loss on goodwill of NOK 13.5 million related to an underlying business in Baltics. A new assessment of impairment loss was conducted due to a negative underlying business development. The impairment loss is included in the line amortization and impairment losses of excess value on intangible assets. Value in use is used for the valuation.

Recoverable amount for the cash-generating units is determined based on an assessment of the value in use. The value in use is based on a discounting of future cash flows, with a relevant discount rate that takes into account maturity and risk.

Budgets/prognoses and the period for which the cash flows are projected

The projection of cash flows is based on budget and forecast for the next five years reviewed by the management and approved by the Board. In the period after 2019 a lower annual growth has been used than in the budget period. The terminal value is calculated in 2024. The growth is grounded in the fact that the companies are small with a solid parent company, which gives them good chances of increasing market shares. In the forecast period the Swedish branch has a higher premium growth than the other cash generating units because several measures are established in 2015 to increase growth and improve profitability. The cash flows are estimated to a normal level before a terminal value is calculated. Gjensidige normally has a ten-year horizon on its models, as the acquired companies are in a growth phase and a shorter period will give a less correct view of expected cash flows.

The management's method

As far as possible, the management has sought to document the assumptions upon which the models are based through external information. External information is first and foremost used in the assessment of discount rate and exchange rates. When it comes to future cash flows, the management has also considered the degree of historical achievement of budgets. If expected budgeted results are not achieved, the management has conducted a deviation analysis. These deviation analyses are reviewed by the Board of the respective subsidiaries, as well as the management in Gjensidige Forsikring.

Level of combined ratio (CR)

The expected CR level is both in the growth period and when estimating the terminal value considered to be from 80.6 to 112.2.

Cash-generating units	CR-level in growth period	CR-level when calculating terminal value
Gjensidige Forsikring, Danish branch	90.5-95.8%	91.6%
Workers' compensation insurance in Denmark	84.7-86.7%	86.7%
Nykredit Forsikring	87.7-91.0%	91.0%
Gjensidige Forsikring, Swedish branch	91.7-112.2%	91.7%
Gjensidige Baltic	93.0-103.8%	93.0%
Gouda portfolio	80.6-90.6%	90.6%

Growth rate in terminal value calculation

The growth rate is determined to 2.5 per cent in Scandinavia and 3.0 per cent in Baltics. In 2014 3.0 per cent were used for all cash generating units.

Discount rate

The discount rate is before tax, and is composed of a risk-free interest rate, a risk premium and a market beta. The risk-free rate is equivalent to a ten-year interest rate on government bonds in the respective countries where the subsidiaries and branches operate in and in addition a risk premium is added. The risk premium is higher in Baltic than in Sweden and Denmark and is increased somewhat from 2014 due to the decline in interest rate on government bonds. The discount rate that has been used is 7.5 per cent for Denmark and Sweden and 8.5 per cent for Baltic.

Sensitivity analysis to key assumptions

The excess values related to the acquisitions are based on different key assumptions. If these assumptions change significantly from expected in the impairment models, a need for impairment may arise. See table.

Sensitivity table	Discount rate increases by 1%	Growth reduces by 2% compared to expected next 3 years	CR increases by 2% next 3 years	All circumstances occur simultaneously
Gjensidige Forsikring, Danish branch	Need for impairment app. NOK 395 million	Need for impairment app. NOK 54 million	No need for impairment	Need for impairment app. NOK 611 million
Workers' compensation insurance in Denmark [1]	Need for impairment app. NOK 96 million	No need for impairment	No need for impairment	Need for impairment app. NOK 118 million
Nykredit Forsikring	Need for impairment app. NOK 171 million	No need for impairment	No need for impairment	Need for impairment app. NOK 292 million
Gjensidige Forsikring, Swedish branch	No need for impairment	No need for impairment	No need for impairment	No need for impairment
Gjensidige Baltic	No need for impairment	No need for impairment	No need for impairment	No need for impairment
Gouda porfolio	No need for impairment	No need for impairment	No need for impairment	No need for impairment
Mondux porfolio	No need for impairment	No need for impairment	No need for impairment	No need for impairment
PZU	No need for impairment	No need for impairment	No need for impairment	No need for impairment

6. Shares in associates and joint ventures

NOK millions	Registered office	Interest held	Cost 31.12.2015	Carrying amount 31.12.2015	Cost 31.12.2014	Carrying amount 31.12.2014
Associates						
Vervet AS including subordinated loan [1, 2]	Tromsø, Norway	25.0%	35.3	11.2	35.3	5.2
FDC A/S	Ballerup, Denmark	33.3%	5.2	27.7	5.2	39.1
Joint ventures						
Oslo Areal AS	Oslo, Norge	50,0 %	1,086.9	1,509.0		
Total shares in associates and joint ventures			**1,127.4**	**1,547.8**	**40.5**	**44.3**

[1] Reversal of impairment loss resulted in a gain of NOK 6.0 million.
[2] Subordinated loan of NOK 24.0 million is included in cost.

NOK millions	Assets	Equity	Liabilities	Revenues	Profit/(loss)	Profit/(loss) recognised [3]	Share of stock value
For the whole company 2015							
Associates - additional information							
Bilskadeinstituttet AS (liquidated in 2014)						2.0	
Vervet AS	100.0	4.3	95.7	0.7	(1.7)	6.0	N/A
FDC A/S	249.3	80.1	169.2	432.3	(12.2)	(12.8)	N/A
Joint ventures - additional information							
Oslo Areal AS (November-December 2015) [3]						54.6	
Total shares in associates and joint ventures	**349.2**	**84.4**	**264.8**	**433.0**	**(13.9)**	**49.7**	

[3] Profit recognised for the period as a joint venture.

NOK millions	Assets	Equity	Liabilities	Revenues	Profit/(loss)	Profit/(loss) recognised	Share of stock value
For the whole company 2014							
Associates - additional information							
Storebrand ASA						110.3	I/A
SpareBank 1 SR-Bank ASA						82.0	I/A
Bilskadeinstituttet AS						(0.2)	N/A
Vervet AS	102.1	6.1	96.0	0.5	(2.9)		N/A
FDC A/S	188.8	88.1	100.8	396.3	0.7	(0.1)	N/A
Total shares in associates	**291.0**	**94.2**	**196.8**	**396.9**	**(2.2)**	**192.0**	

For the whole company 2015

Joint ventures - additional information

NOK millions	Oslo Areal AS
Income statement	
Operating income	419.8
Operating expenses	(75.5)
Interest income	1.5
Interest expenses	(71.5)
Fair value adjustments property	271.7
Gains/losses on sale of property	3.7
Depreciation and amortisation	(8.8)
Profit/(loss) before tax expense	**540.9**
Tax expense	(92.0)
Profit/(loss) before components of OCI	**448.9**
Other income and expenses	0.1
Total comprehensive income	**449.0**
Balance sheet items	
Current assets	93.0
Fixed assets	6,821.5
Cash and cash equivalents	30.7
Short term liabilities	820.6
Long term liabilities	3,076.1
Equity	3,018.0

Receivables from joint ventures

NOK millions	Oslo Areal AS
Gjensidige's share of loan	1,538.0
Total receivables on joint ventures	**1,538.0**

Percentage of votes held is the same as percentage of interest held for all investments.

In November, Gjensidige sold 50 per cent of the shares in Oslo Areal to AMF Pensionsforsäkring (AMF). The transaction implies that Gjensidige and AMF will own Oslo Areal together as a joint venture, as each party has rights to its share of the net assets of the arrangement. The parties will make joint investments in the Norwegian real estate market through Oslo Areal. The investment is recognised according to the equity method at NOK 1.5 billion at year end. Principles for valuation of real estate investments are disclosed in Note 9 Investment property. Gjensidige Forsikring has granted a loan to Oslo Areal amounting to NOK 1.5 billion at year end. The loan is interest-bearing.

Part of the agreement is that Gjensidige, through a price-adjustment mechanism, will be exposed to the property market development with an amount corresponding to half of the proceeds during the period until 31 December 2016. Gjensidige will therefore have a higher property-exposure in this period than the 50 per cent holding in Oslo Areal. The exposure that this agreement represents is not recognised. The agreement is recognised at fair value and the unrealised gain was NOK 16.2 million at December 31. 2015.

There are contractual commitments regarding development of investment properties in Oslo Areal AS amounting to NOK 71.0 million (80.0). The commitment falls due during the period until December 31. 2017.

Gjensidige Forsikring ASA is no longer represented on SpareBank 1 SR-Bank's board and the bank is no longer classified as an associated company for accounting purposes. Since the second quarter 2014, the shareholding in the bank is recognised at market value.

Gjensidige sold on 26 February 2014 the holding in Storebrand ASA. Accounting gain from the transaction was NOK 114.7 million in the consolidated accounts. The sales amount on sale of 20.1 percent was NOK 3,256.5 million and was received in cash. Following the completion of the sale, Gjensidige will not hold any shares in Storebrand ASA.

There are some restrictions on Gjensidige Forsikring ASA's ability to access or use the Group's assets, as well as settling its obligations. Group contributions added together with dividends must not exceed justifiable payment of dividend based on a company's financial strength and operations. Distributions from life insurance companies must be within profit for the year. Is it desired to distribute more than this then it has to be approved in advance by the Financial Supervisory Authority. The regulatory framework for capital adequacy and solvency margin must be complied, as well as asset management regulations that set requirements which must be met in order to cover the technical provisions. In addition, Gjensidige shall fulfil the capital requirements for an A rating, which ties additional capital.

An insurance company may not grant loans or provide guarantees for another company in the Group beyond settlement accounts in the Group bank unless there exist exceptions based on regulations and/or individual decisions by the Financial Supervisory Authority.

7. Owner-occupied property, plant and equipment

NOK millions	Owner-occupied property	Plant and equipment [1]	Total
Cost			
As at 1 January 2014	330.7	484.9	815.6
Transferred from/(to) investment property	3.2		3.2
Additions through business combinations		5.0	5.0
Additions	9.0	220.7	229.8
Disposals	(16.7)	(108.7)	(125.4)
Exchange differences	0.2	7.1	7.4
As at 31 December 2014	**326.5**	**609.1**	**935.6**
Uncompleted projects		98.7	98.7
As at 31 December 2014, including uncompleted projects	**326.5**	**707.8**	**1,034.3**
Depreciation and impairment losses			
As at 1 January 2014	(42.4)	(371.5)	(413.9)
Depreciation for the year	(11.0)	(49.1)	(60.1)
Disposals	6.9	39.0	45.9
Impairment losses reversed during the period	0.8		0.8
Exchange differences	(0.2)	(5.2)	(5.4)
As at 31 December 2014	**(45.8)**	**(386.8)**	**(432.6)**
Carrying amount			
As at 1 January 2014	288.5	249.5	537.9
As at 31 December 2014	**280.7**	**321.0**	**601.8**
Cost			
As at 1 January 2015	326.5	609.1	935.6
Transferred from/(to) investment property	6.4		6.4
Additions through business combinations	11.0	5.7	16.7
Additions	6.5	102.0	108.4
Disposals	(308.9)	(43.3)	(352.2)
Exchange differences	0.9	8.5	9.4
As at 31 December 2015	**42.6**	**682.1**	**724.7**
Uncompleted projects		27.6	27.6
As at 31 December 2015, including uncompleted projects	**42.6**	**709.6**	**752.3**
Depreciation and impairment losses			
As at 1 January 2015	(45.8)	(386.8)	(432.6)
Depreciation for the year	(11.7)	(59.2)	(70.9)
Disposals	50.1	31.3	81.3
Exchange differences	(0.2)	(5.4)	(5.5)
As at 31 December 2015	**(7.8)**	**(420.2)**	**(428.0)**
Carrying amount			
As at 1 January 2015	280.7	321.1	601.8
As at 31 December 2015	**34.8**	**289.4**	**324.2**
Depreciation method	Straight-line	Straight-line	
Useful life (years)	10-50	3-10	

[1] Plant and equipment consist mainly of machinery, vehicles, fixtures and furniture.

NOK millions	2015	2014
Market value of land and owner-occupied property	46.1	338.6
Carrying amount of land and owner-occupied property	34.8	280.7
Excess value beyond carrying amount	**11.3**	**57.9**

Each component of owner-occupied property, plant and equipment are depreciated using the straight-line method over estimated useful life. Land is not depreciated. Estimated useful life for the period and comparable periods are between ten and 50 years for property, with technical installations having the highest depreciation rate, and between three and ten years for plant and equipment.

Following the sale of two owner-occupied properties to Oslo Areal, the owner-occupied property in Gjensidige Group mainly consists of leisure houses and cottages, in addition to owner-occupied property in the Baltic.

There are no restrictions on owner-occupied property, plant and equipment. Owner-occupied property, plant and equipment are not pledged as security for liabilities.

The market value of land and owner-occupied property exceeds the carrying amount as shown above. For plant and equipment there is no material difference between the carrying amount and the market value. Some equipment, such as furniture, is fully depreciated, but still in use.

8. 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 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 following financial assets are classified as level three in the valuation hierarchy

- Unlisted private equity investments. The private equity investments that are not organized as funds are valued using cash flow analysis, price multiples and recent market transactions. The private equity investments that are organized as funds are valued based on NAV (Net Asset Value) as reported by the fund administrators in accordance with IPEV guidelines (International Private Equity and Venture capital Valuation. The NAV are estimated by the fund administrators by using the valuation techniques best suited to estimate fair value, given the actual circumstances of each underlying investment. Because of late reporting from the funds, the NAV from the previous quarterly reporting are used in estimating fair value. The NAV is then assessed for discretionary adjustments based on objective events since the last reporting date. Objective events may be the development in underlying values of listed companies since the last reporting, changes in regulations or substantial market movements. By substantial market movements in general or in individual sectors, as measured by the development in various stock market indices, it is predictable that the value of PE investments will be affected as well. On the basis of what this produces of information a final valuation is made.
- Real estate funds. The real estate funds are valued based on reported NAV values as reported by the fund administrators. Because of late reporting from the funds, the NAV values from the previous quarterly reporting are used in estimating fair value.
- Gjensidige's paid-in capital in Gjensidige Pensjonskasse. The paid-in capital is valued at nominal value.

The valuation process for financial assets classified as level three

In consultation with the Investment Performance and Risk Measurement department, the Chief Investment Officer decides which valuation models will be used when valuing financial assets classified as level three in the valuation hierarchy. The models are evaluated as required. The fair value and results of the investments and compliance with the stipulated limits are reported weekly to the Chief Financial Officer and Chief Executive Officer, and monthly to the Board.

Sensitivity financial assets level three

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

NOK millions	Notes	Carrying amount as at 31.12.2015	Fair value as at 31.12.2015	Carrying amount as at 31.12.2014	Fair value as at 31.12.2014
Financial assets					
Financial derivatives					
Financial derivatives at fair value through profit or loss		434.3	434.3	470.2	470.2
Financial derivatives subject to hedge accounting		52.2	52.2		
Financial assets at fair value through profit or loss, initial recognition					
Shares and similar interests	12	7,202.3	7,202.3	7,499.8	7,499.8
Bonds and other fixed income securities		30,626.4	30,626.4	23,748.3	23,748.3
Shares and similar interests in life insurance with investment options		13,720.6	13,720.6	11,725.2	11,725.2
Bonds and other fixed income securities in life insurance with investment options		1,389.0	1,389.0	1,225.1	1,225.1
Financial assets held to maturity					
Bonds held to maturity		2,635.6	2,800.5	2,955.9	3,185.7
Loans and receivables					
Bonds and other fixed income securities classified as loans and receivables	10	16,173.2	17,439.1	19,596.2	21,911.7
Loans	10	39,664.1	39,973.7	27,373.2	27,402.8
Receivables related to direct operations and reinsurance	10	4,997.4	4,997.4	4,629.8	4,629.8
Other receivables	10	502.7	502.7	823.6	823.6
Prepaid expenses and earned, not received income	10	96.7	96.7	209.0	209.0
Cash and cash equivalents	11, 26	3,151.9	3,151.9	2,403.8	2,403.8
Total financial assets		**120,646.4**	**122,386.8**	**102,660.2**	**105,235.0**
Financial liabilities					
Financial derivatives					
Financial derivatives at fair value through profit or loss		403.5	403.5	317.9	317.9
Financial derivatives subject to hedge accounting				209.3	209.3
Financial liabilities at fair value through profit or loss, designated upon initial recognition					
Debt in life insurance with investment options		15,109.6	15,109.6	12,950.3	12,950.3
Financial liabilities at amortised cost					
Subordinated debt	21	1,547.2	1,485.5	1,447.1	1,448.6
Deposits from and liabilities to customers, bank	15	19,357.2	19,357.2	16,703.4	16,703.4
Interest-bearing liabilities	15	17,804.7	17,616.7	10,300.3	10,405.6
Other liabilities	15	1,065.4	1,065.4	1,006.5	1,006.5
Liabilities related to direct insurance	15	619.4	619.4	626.3	626.3
Accrued expenses and deferred income	15	485.3	485.3	424.9	424.9
Total financial liabilities		**56,392.3**	**56,142.7**	**31,035.7**	**31,142.4**
Gain/(loss) not recognised in profit or loss			**1,990.0**		**2,468.1**

Valuation hierarchy 2015

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 Quoted prices in active markets	Level 2 Valuation techniques based on observable market data	Level 3 Valuation techniques based on non-observable market data	Total
Financial assets				
Financial derivatives				
Financial derivatives at fair value through profit or loss		434.3		434.3
Financial derivatives subject to hedge accounting		52.2		52.2
Financial assets at fair value through profit or loss, initial recognition				
Shares and similar interests	1,139.8	4,118.8	1,943.7	7,202.3
Bonds and other fixed income securities	11,440.1	17,011.7	2,174.6	30,626.4
Shares and similar interests in life insurance with investment options	13,709.6	11.0		13,720.6
Bonds and other fixed income securities in life insurance with investment options	1,377.7	11.3		1,389.0
Financial assets at amortised cost				
Bonds held to maturity	810.2	1,990.3		2,800.5
Bonds and other fixed income securities classified as loans and receivables		17,437.5	1.6	17,439.1
Loans		3,364.6	36,609.1	39,973.7
Financial liabilities				
Financial derivatives				
Financial derivatives at fair value through profit or loss		403.5		403.5
Financial liabilities at fair value through profit or loss, designated upon initial recognition				
Debt in life insurance with investment options	15,087.3	22.3		15,109.6
Financial liabilities at amortised cost				
Subordinated debt		1,485.5		1,485.5
Interest-bearing liabilities		17,616.7		17,616.7

Valuation hierarchy 2014

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 Quoted prices in active markets	Level 2 Valuation techniques based on observable market data	Level 3 Valuation techniques based on non-observable market data	Total
Financial assets				
Financial derivatives				
Financial derivatives at fair value through profit or loss		470.2		470.2
Financial assets at fair value through profit or loss, initial recognition				
Shares and similar interests	1,450.3	3,918.0	2,131.5	7,499.8
Bonds and other fixed income securities	10,607.0	12,735.2	406.1	23,748.3
Shares and similar interests in life insurance with investment options	11,716.3	8.9		11,725.2
Bonds and other fixed income securities in life insurance with investment options	1,212.0	13.1		1,225.1
Financial assets at amortised cost				
Bonds held to maturity	556.6	2,629.1		3,185.7
Bonds and other fixed income securities classified as loans and receivables		21,910.6	1.1	21,911.7
Loans			27,402.8	27,402.8
Financial liabilities				
Financial derivatives				
Financial derivatives at fair value through profit or loss	19.6	298.3		317.9
Financial derivatives subject to hedge accounting		209.3		209.3
Financial liabilities at amortised cost				
Subordinated debt		1,448.6		1,448.6
Interest-bearing liabilities		10,405.6		10,405.6

Reconciliation of financial assets valued based on non-observable market data (level 3) 2015

NOK millions	As at 1.1.2015	Net realised/ unrealised gains recognised in profit or loss	Purch-ases	Sales	Settle-ments	Transfer s into/out of level 3	As at 31.12.201 5	Amount of net realised/ unrealised gains recognised in profit or loss that are attributable to instruments held as at 31.12.2015
Shares and similar interests	2,131.6	(132.5)	278.3	(333.6)			1,943.7	(226.9)
Bonds and other fixed income securities	406.1	56.0	1,749.7	(37.3)			2,174.6	32.8
Total	**2,537.7**	**(76.5)**	**2,028.0**	**(370.9)**			**4,118.3**	**(194.1)**

Sensitivity of financial assets valued based on non-observable market data (level 3) 2015

NOK millions		Sensitivity
Shares and similar interests	Decrease in value 10%	194.4
Bonds and other fixed income securities	Decrease in value 10%	217.5
Total		**411.8**

Reconciliation of financial assets valued based on non-observable market data (level 3) 2014

NOK millions	As at 1.1.2014	Net realised/ unrealised gains recognised in profit or loss	Purch-ases	Sales	Settle-ments	Transfer s into/out of level 3	As at 31.12.201 4	Amount of net realised/ unrealised gains recognised in profit or loss that are attributable to instruments held as at 31.12.2014
Shares and similar interests	2,305.4	68.7	279.2	(521.9)			2,131.6	(85.7)
Bonds and other fixed income securities	1.2	(5.4)	410.3				406.1	
Total	**2,306.6**	**63.4**	**689.6**	**(521.9)**			**2,537.6**	**(85.7)**

Sensitivity of financial assets valued based on non-observable market data (level 3) 2014

NOK millions		Sensitivity
Shares and similar interests	Decrease in value 10%	213.2
Bonds and other fixed income securities	Decrease in value 10%	40.6
Total		**253.8**

Hedge accounting

Net investment in the foreign operation

Gjensidige Forsikring utilized hedge accounting of currency exchange differences on the net investment in the foreign operation until the second half-year of 2015. The net investments were hedged through designated currency-related contracts that were renewed every quarter at a principal equal to the value of the investment. In this way, the hedging efficiency was measured per hedging object. The credit risk associated with the hedging derivatives was within the limits of Gjensidige's credit policy.

Fair value hedging

Gjensidige Bank utilizes fair value hedge accounting to manage its interest rate risk. Hedging is performed to prevent from valuation variations of issued fixed rate obligations due to changes in the rate level. Interest rate swaps designed as hedging instruments are measured at fair value through profit or loss. The changes in fair value for the hedging object linked to the hedged risk are accounted as addition or deduction to the carrying value and in profit or loss. Interest rates swaps are renewed every quarter.

Fair value hedging has in 2015 been carried out to hedge the currency in fixed agreements of acquisition of the operations Mondux and PZU. Gains and losses on the hedging instrument are recognised in profit or loss, together with the change in fair value of the fixed agreement. The change in fair value of the fixed agreement is recognised in goodwill when the acquired operation is accounted for.

Net investment in the foreign operation		**Market value as at 31.12.2015**		
NOK millions	**Principal**	**Asset**	**Liability**	**Inefficiency recognised in profit or loss**
Gjensidige Forsikring ASA, Danish branch				
Currency-related contracts - hedging instruments	0.0		0.0	0.0
Hedging object	0.0			
Nykredit Forsikring A/S				
Currency-related contracts - hedging instruments	0.0		0.0	0.7
Hedging object	0.0			

Fair value hedging		**Gain/loss 2015**	
NOK millions	**Fair value**	**Gain**	**Loss**
Gjensidige Bank ASA, group			
Interest rate swaps - hedging instruments	144.7	8.1	
Obligation debt - hedging object			(8.1)
Net gain/loss recognised in profit or loss		**0.0**	

Fair value hedging	**Gain/loss 2015**	
NOK millions	**Gain**	**Loss**
Mondux Assurance Agentur A/S		
Currency futures - hedging instruments	2.1	
Acquisition liability - hedging object		(2.5)
Net gain/loss recognised in profit or loss		**(0.4)**

Fair value hedging	**Gain/loss 2015**	
NOK millions	**Gain**	**Loss**
PZU Lietuva SA		
Currency futures - hedging instruments	48.3	
Acquisition liability - hedging object		(47.8)
Net gain/loss recognised in profit or loss	**0.5**	

Net investment in the foreign operation		**Market value as at 31.12.2014**		
NOK millions	**Principal**	**Asset**	**Liability**	**Inefficiency recognised in profit or loss**
Gjensidige Forsikring ASA, Danish branch				
Currency-related contracts - hedging instruments	1,415.0		74.4	1.6
Hedging object	1,449.0			
Nykredit Forsikring A/S				
Currency-related contracts - hedging instruments	980.2		55.8	(9.8)
Hedging object	992.9			

Fair value hedging		**Gain/loss 2014**	
NOK millions	**Fair value**	**Gain**	**Loss**
Gjensidige Bank ASA, group			
Interest rate swaps - hedging instruments	145.7	150.9	
Obligation debt - hedging object			(151.4)
Net gain/loss recognised in profit or loss			**(0.5)**

9. Investment properties

Gjensidige Insurance Group sold 50 percent of Oslo Areal in the fourth quarter (see note 6) .The investment is accounted for as a joint venture using the equity method amounting to 1.5 billion at year end, in addition Gjensidige Forsikring has provided a loan to Oslo Areal of 1.5 billion. Information about investment properties relate to 50 percent of the underlying properties in Oslo Areal.

The investment properties are mainly commercial property located in Oslo and the surrounding area, as well as Drammen, Fredrikstad and Stavanger. The average rental period is 5.1 years and the portfolio of investment properties includes principally offices.

The investment properties are valued at fair value.The valuation model is developed by Oslo Areal AS over multiple years. The valuation model has been used both in the quarterly financial statements and at year end. In addition, by half year and year end independent valuations from external advisors are gathered for selected parts of the portfolio. The assumptions in the model are reconciled against external observable property transactions.

The valuation model values each property separately. The valuation model relies on a quarterly in arrears cash flow method. The most important inputs are yield, market rent, contractual rent, potentially vacant premises, the properties' long-term normalized operating costs and any investment requirements. The method maps all incomes and all expenses in a given investment horizon so that the net cash flow is given yearly for each property. Thereafter, the present value is calculated using this cash flow based on real yield adjusted for expected inflation. The present value of the cash flow and the present value of the remaining value compose the cash flow value of the property, and this is considered as the market value, as it would appear in an orderly transaction between market participants at the measurement date under current market conditions.

Yield is determined based on a normal required rate of return adjusted for the location of the property, type, technical standard and the contracts. The normal required rate of return is determined from the required rate of return that can be derived from transactions in the market, and expectations of interest level and risk adjustment. The market rent is determined from existing contracts on the property and comparable properties, observations from contractual negotiations, requests for offers and information from realtors and Arealstatistikk’s database. For the fourth quarter of 2015 parameters used for the portfolio are presented in the table below.

Determination of parameters implies a significant level of judgment. Emphasis is put on this judgment being consistent with that observed in the market and that the judgment is applied consistently from period to period. The table below shows how the sensitivity of the yield and the market rent affects the value of the portfolio, as it stands as at 31 December 2015.

The yield and market rent are the two most significant parameters with regard to the valuation. If the yield increases with 0.25 percentage points, the total property value is reduced by NOK 143.5 million. If the market rent is reduced by ten per cent, total property value is reduced by NOK 295.3 million.

There are no restrictions with regard to the sale of the investment properties or how income and cash flows generated by the investment properties can be used.

The Group has no investment properties for leasing or classified as available for sale.

There are no loans with collateral in investments properties in 2014 or 2015.

Investment properties (level 3)

NOK millions	2015	2014
As at 1 January	6,104.0	4,644.3
Additions	79.6	767.5
Additions through business combinations		565.9
Disposals	(3,275.8)	(150.0)
Net gains/(losses) from fair value adjustments	198.2	279.5
Transfer from/(to) owner-occupied property	(6.4)	(3.2)
Transfer to joint ventures	(3,099.7)	
As at 31 December	**0.0**	**6,104.0**

Parameters

NOK	Yield	Average market rent	Average contractual rent	Average value per sqm.
Offices	5.9%	1,746.0	1,710.0	32,341.0

Sensitivity (level 3)

NOK millions	Market rent reduced by 10%	Market rent as at 31.12.2015	Market rent increased by 10%
Yield increases by 0.25 percentage points	2,871.5	3,154.2	3,437.0
Yield 5,9 per cent	3,002.4	3,297.7	3,593.9
Yield decreases by 0.25 percentage points	3,145.4	3,455.4	3,765.4

10. Loans and receivables

NOK millions	2015	2014
Loans and receivables		
Mortgage loans	31,256.4	23,817.4
Bonds classified as loans and receivables	19,295.8	19,596.2
Other loans	163.2	181.0
Subordinated loans	3.7	2.6
Provision for impairment losses	(360.9)	(358.0)
Loans for consumer goods	5,479.1	3,730.1
Total loans and receivables	**55,837.3**	**46,969.5**
Receivables related to direct operations and reinsurance		
Receivables from policyholders	4,967.4	4,562.8
Receivables related to reinsurance	30.0	66.9
Total receivables related to direct operations and reinsurance	**4,997.4**	**4,629.8**
Other receivables		
Receivables in relation with asset management	279.4	629.9
Other receivables and assets	223.2	193.7
Total other receivables	**502.7**	**823.6**
Prepaid expenses and earned, not received income		
Earned, not received interest income	46.7	147.8
Other prepaid expenses and earned, not received income	50.0	61.2
Total prepaid expenses and earned, not received income	**96.7**	**209.0**

Mortgage loans consist mainly of loans from the Gjensidige Bank Group. Primarily this is loans with floating rate to customers in the private segment.

Bonds are securities classified as loans and receivables in accordance with IAS 39.

Of other loans NOK 101.6 million (123.3) are loans given to agricultural customers. The loans are in their entirety intended for installment of fire detection systems with these customers. There is no mortgage attached to the loans, and the terms vary from one year to over 20 years. Gjensidige Forsikring has not offered this type of loan to its customers since 2008. The default rate is 1.00 (1.00) per cent at year end.

Included in other loans are also NOK 60.7 million (53.8) in loans given with regard to sale of subsidiaries.

Consumer loans are loans without a collateral requirement offered to private customers. The loans are given with floating rate.

Gjensidige considers the credit and liquidity risk associated with receivables to policyholders to be small, since the outstanding amount per policyholder is relatively small. Provisions for potentially irrecoverable amounts have been made.

Receivables related to reinsurance arise when Gjensidige issues claims towards reinsurers in accordance with reinsurance contracts. Provision for potentially irrecoverable amounts has been made.

Note 3 table 24 shows the age distribution of these receivables

A considerable amount of receivables in relation with asset management as at 31 December 2015 is short-term receivables in relation with sale of securities.

11. Cash and cash equivalents

NOK millions	2015	2014
Deposits with financial institutions	960.6	594.3
Cash and bank deposits	2,191.3	1,809.5
Total cash and cash equivalents	**3,151.9**	**2,403.8**

Cash and bank deposits are cash and bank deposits available for day to day business. Deposits with financial institutions consist of short-term currency deposits and other short-term credit deposits.

Weighted average rate for interest earned on cash, bank deposits and deposits with financial institutions is approximately 0.8 per cent (2.4). The interest rate is calculated at company level and we are regarding this as directly attributable to group level as well.

12. Shares and similar interests

NOK millions	Interest beyond 10%	31.12.2015
Gjensidige Forsikring ASA		
Norwegian financial shares		
SpareBank1 SR-bank		1,053.6
Sparebanken Midt-Norge		14.9
Sparebank 1 Nord-Norge		15.4
Sparebanken Vest		10.6
Indre Sogn Sparebank		0.3
Total Norwegian financial shares		**1,094.7**
Other Norwegian shares		
Petroleum Geo-Services		4.7
Austevoll Seafood		4.5
Solstad Offshore		3.4
Norsk Hydro		3.3
Total other Norwegian shares		**15.9**
Other foreign shares		
Volvo		11.9
Grand City Properties SA		8.4
LEG Immobilien AG		7.8
Deutsche Wohnen AG		7.7
Vonovia SE		7.5
Total other foreign shares		**43.3**
Equity funds		
Nordea Stabile Aksjer Global		404.0
INVESTEC GS GLOBAL EQTY		392.5
Winton UCITS Funds plc - Winton Global Equity Fund		255.1
DB Platinum CROCI World ESG Fund		244.2
Nordea 1 SICAV Stable Emg. Market Equity B1- USD		151.7
Fisher Emerging Markets Equity Fund USD		149.2
Sector Global Equity Kernel Fund Class P USD		143.2
Iridian US Equity Fund		136.8
Danske Invest Norske Aksjer Institusjon I		58.5
Storebrand Norge		55.2
Storebrand Global Indeks I		31.2
Wells Fargo Lux Worldwide EM Equity Fund		0.1
Total equity funds		**2,021.6**
Private equity investments		
HitecVision Private Equity V LP		125.0
Argentum Secondary III		98.5
HitecVision Asset Solution KS		74.1
HitecVision VI LP		64.6
Energy Ventures III LP		59.9
Norvestor V LP		56.0
SOS International A/S		54.4
Altor Fund II LP		52.4
BaltCap PEF LP		50.6
Verdane Capital VII KS		48.8
HitecVision Private Equity IV LP		47.0
Partners Group European Buyout 2005 (A) LP		41.1
Argentum Secondary II		40.1
Energy Ventures II B IS		37.6
FSN Capital II LP		37.5
Norvestor VI LP		36.3
Norvestor IV LP		35.0
CapMan BO IX LP		32.3
Viking Venture III DIS		29.3
CapMan Buyout X		28.1
LGT Crown European Private Equity PLC		22.5
Northzone VI L.P.		22.2
Partners Group Direct Investments 2006 LP		19.8
NPEP1 IS (Altor fund III)		18.6

NOK millions	Interest beyond 10%	31.12.2015
Verdane Capital VI KS		17.7
Teknoinvest VIII C IS		17.4
Energy Ventures IV LP		17.2
Northzone VII L:P		17.2
Nordic Additonal Funding Programme IS		16.5
Viking Venture II AS		14.2
NPEP Triton IV IS		14.1
HitecVision VII		14.1
Axcel IV		12.3
Procuritas Capital Investor V		9.7
Teknoinvest VIII KS (inkl. Teknoinv. VIII (GP) KS)		8.3
Scalepoint Technologies Limited		7.9
Energy Ventures II KS		7.4
Teknoinvest VIII B DIS		7.2
Sector Asset Management AS		6.9
NPEP NeoMed V (Neomed V LP og N5 invest IS)		6.8
Viking Venture II B IS		6.2
Nord II IS		5.2
NPEP Accent Equity 2012 IS		4.5
Northzone IV KS		4.3
Fjord Invest AS		4.2
Helgeland Invest		4.0
Tun Media AS		3.7
BTV Investeringsfond AS		3.0
Norinnova		2.1
Midvest I A		2.1
NeoMed Innovation IV LP		1.5
Verdane Capital V B KS		1.4
Midvest II A		1.3
Norinnova Invest AS		1.3
Other private equity investments		5.7
Total private equity investments		**1,376.9**
Hedge funds		
Goldman Sachs Global Opportunities Offshore S1		325.9
Sector Healthcare - A USD		267.1
Winton Futures Fund- Lead Series		162.5
Sector EuroPower Fund Class A EUR		123.6
Trient Global Macro Fund USD A-Class		114.6
Goldman Sachs Global Opportunities Offshore S105		106.5
Incentive Active Value Fund Class A		57.0
Sector Zen Fund Class L NOK		45.8
Sector Zen Fund Class A NOK		43.7
Sector Global Investments Fund Class A USD		21.6
Sector Speculare IV Fund Class A USD		12.4
Sector Global Investments Fund Class A1 USD		10.1
Sector Speculare II Fund Class A USD		3.2
Sector Spesit I Fund Class A USD		0.6
Total hedge funds		**1,294.4**
Real estate funds		
CEREP III		84.3
La Salle		21.8
Total real estate funds		**106.1**
Combination funds		
Parvest Convertible Bond World (USD) - SICAV		655.5
Shenkman Finsbury Global		410.8
Total combination funds		**1,066.4**
Other investments		
Gjensidige Pensjonskasse	94.7 %	111.0
Total other investments		**111.0**
Shares and similar interests owned by branches		
Shares and similar interests owned by Gjensidige Forsikring ASA, Danish branch		0.4
Total shares and similar interests owned by branches		**0.4**
Total shares and similar interests owned by Gjensidige Forsikring ASA		**7,130.6**
Total shares and similar interests owned by other group companies		
Aksjer og andeler eid av PZU Lietuva		36.3
Aksjer og andeler eid av Gjensidige Bank ASA		17.1
Aksjer og andeler eid av Gjensidige Pensjonsforsikring AS		11.9
Aksjer og andeler eid av Nykredit Forsikring A/S		6.2
Aksjer og andeler eid av Gjensidige Baltic AAS		0.2
Total shares and similar interests owned by other group companies		**71.6**
Total shares and similar interests owned by the Gjensidige Insurance Group		**7,202.3**

13. Insurance-related liabilities and reinsurers' share

NOK millions	2015	2014
Insurance-related liabilities, gross		
Premium reserve in life insurance	3,867.2	3,408.3
Provision for unearned premiums, gross from general insurance	9,230.0	8,536.3
Claims reported and claims handling costs	18,331.2	16,709.4
Claims incurred, but not reported	14,847.2	16,217.5
Total claims provision, gross	**33,178.5**	**32,926.9**
Other insurance-related provisions	230.5	168.0
Total insurance-related liabilities, gross	**42,639.0**	**41,631.2**
Insurance-related liabilities, reinsurers' share		
Reinsurers' share of unearned premiums, gross	40.7	28.7
Claims reported and claims handling costs	486.5	523.1
Claims incurred, but not reported	5.9	
Total reinsurers' share of claims provision, gross	**492.3**	**523.1**
Total reinsurers' share of insurance-related liabilities, gross	**533.0**	**551.8**
Insurance-related liabilities net of reinsurance		
Premium reserve in life insurance	3,867.2	3,408.3
Provision for unearned premiums from general insurance	9,189.3	8,507.6
Claims reported and claims handling costs	17,844.8	16,186.3
Claims incurred, but not reported	14,841.4	16,217.5
Total claims provision, net of reinsurance	**32,686.2**	**32,403.7**
Other insurance-related provisions	230.5	168.0
Total insurance-related provisions, net of reinsurance	**42,106.0**	**41,079.4**

Movements in insurance-related liabilities and reinsurers' share	2015 Gross	2015 Reinsurers' share	2015 Net of re-insurance [1]	2014 Gross	2014 Reinsurers' share	2014 Net of re-insurance [1]
Claims and claims handling costs						
Claims reported and claims handling costs	16,709.4	(523.1)	16,186.3	14,720.3	(608.6)	14,111.7
Claims incurred, but not reported	16,217.5		16,217.5	17,029.4	(103.2)	16,926.1
Total as at 1 January	**32,926.9**	**(523.1)**	**32,403.7**	**31,749.6**	**(711.8)**	**31,037.8**
Acquisitions through business combinations	283.3	(60.4)	222.9	184.3	(127.1)	57.3
Claims paid, prior year claims	(7,085.1)	333.3	(6,751.8)	(6,688.6)	448.0	(6,240.6)
Increase in liabilities						
Arising from current year claims	16,564.7	(140.2)	16,424.5	16,140.8	(132.6)	16,008.2
- of this paid	(8,632.0)	2.2	(8,629.8)	(8,196.8)	(2.3)	(8,199.1)
Arising from prior year claims (run-off)	(653.3)	(71.4)	(724.8)	(520.7)	26.9	(493.8)
Other changes, including effects from discounting	(806.1)		(806.1)	(363.7)		(363.7)
Exchange differences	580.2	(32.7)	547.5	621.9	(24.2)	597.7
Total as at 31 December	**33,178.5**	**(492.3)**	**32,686.2**	**32,926.9**	**(523.1)**	**32,403.7**
Claims reported and claims handling costs	18,331.2	(486.5)	17,844.8	16,709.4	(523.1)	16,186.3
Claims incurred, but not reported	14,847.2	(5.9)	14,841.4	16,217.5		16,217.5
Total as at 31 December	**33,178.5**	**(492.3)**	**32,686.2**	**32,926.9**	**(523.1)**	**32,403.7**
Provisions for unearned premiums in general insurance						
As at 1 January	8,536.3	(28.7)	8,507.6	7,984.6	(16.0)	7,968.6
Additions through acquisitions				88.0		88.0
Increase in the period	22,255.4	(464.8)	21,790.7	21,192.5	(493.7)	20,698.8
Release in the period	(21,724.8)	452.8	(21,272.0)	(20,867.8)	481.0	(20,386.8)
Exchange differences	163.0		163.0	139.0		139.0
Total as at 31 December	**9,230.0**	**(40.7)**	**9,189.3**	**8,536.3**	**(28.7)**	**8,507.6**

[1] For own account.

NOK millions	2015	2014
Discounted claims provision, gross - workers' compensation insurance in Denmark	5,067.4	4,844.4
Nominal claims provision, gross - workers' compensation insurance in Denmark	5,794.7	5,458.6

The claims provisions shall cover future claims payments. The claims provisions for workers' compensation insurance in Denmark are converted to present value (discounted), whereas other provisions are nominal.

The reason why the claims provisions for workers' compensation insurance in Denmark are discounted is that this portfolio consists exclusively of Danish workers' compensation business with very long payment flows and substantial future interest income. The claims for occupational injuries in Denmark are paid either as annuities or as lump-sum indemnities (which are calculated mainly as discounted annuities). Therefore, it is most expedient to regard the whole portfolio as annuities. The discount rate used is the swap rate.

14. Pension

Gjensidige Forsikring 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.

The defined benefit pension plan is a closed plan. New employees become members of the defined contribution pension plan.

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 67.

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

In Gjensidige Forsikring, contributions are paid for employees corresponding to the limit on tax-free contributions, currently five per cent of their salary from 1 to 6 times the National Insurance basic amount (G) and eight per cent from 6 to 12 G.

Branches of Gjensidige Forsikring and some of its subsidiaries have a defined contribution pension plan corresponding to the plan in Gjensidige Forsikring.

Contributions to the defined contribution plan are recognised as an expense in the year the contribution is paid.

As from 2016 Gjensidige has changed its contribution rates and breakpoint in order to adjust to the new Norwegian Act relating to Company Pensions. The new rates are seven per cent between 0 and 7.1 G and 20 per cent between 7.1 and 12 G.

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 67, but it is 65 for underwriters.

Disability pension, spouse/cohabitant pension and child's pension are also included in the plan subject to more detailed rules. In addition, Gjensidige Forsikring 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 payments to pension funds. Pension beyond the common collective agreement is an unfunded plan paid from operations.

Recognition

Pension liabilities are valued at the present value of the future pension benefits that, for accounting purposes, are deemed to have been accrued on the reporting date. Future pension benefits are calculated on the basis of the expected salary at the time of retirement. The estimated liability on the reporting date is used when measuring the accrued pension liability. Pension assets are valued at market value (transfer value). The estimated value on the reporting date is used for the valuation of pension assets. The net pension liability is the difference between the present value of the pension liability and the value of the pension assets. A provision is made for employer's National Insurance contributions during periods when underfunding arise. The net pension liability is shown in the balance sheet on the line for Pension liabilities. If there is a net overfunding in the funded plan, this is recognised as Pension assets.

The difference between the estimated pension liability and the estimated value of pension assets as of the previous financial year and the actuarial pension liability and the fair value of the pension assets as of the beginning of the year is recognised under Other comprehensive income. In 2015 this yielded a positive effect on equity of approximately NOK 70 million and was mainly due to a increased discount rate. In the calculation for 2014 this difference amounted to more than NOK 400 million, and was mainly due to a reduced discount rate.

Actuarial assumptions

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 discount rate for a pension payment is 2.55 per cent (2.06) in year 10, 2.89 per cent (2.48) in year 15, 3.05 per cent (2.76) in year 20, 3.16 per cent (2.94) in year 25, 3.22 per cent (3.06) in year 30, and 3.30 per cent (3.19) in year 40.

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. Because the average age of the employees who are members of the defined contribution plan is above 55 years, wage growth does not contain a career supplement, and the determined wage growth may therefore be lower than is otherwise normal in the market. The decreasing wage trend applied to Gjensidige Forsikring for 2015 shows an average salary increase of 1.6 per cent (2.0) in Gjensidige's population.

Gjensidige uses GAP07, which is a dynamic mortality model that takes account of the expected development in life expectancy. The assumptions on which the model is based are tested at regular intervals.

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. The sensitivity analysis has been prepared using the same method as the actuarial calculation of the pension liability in the balance sheet is based on.

Risk

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

Gjensidige's pension assets are invested in Gjensidige Pensjonskasse. Gjensidige's pension assets are managed as an investment choice portfolio. This means that Gjensidige decides itself how the pension assets are invested within a set of limits that are approved by the board of the pension fund. Gjensidige has a separate investment committee that decides how the pension assets are allocated. The investment choice portfolio entails a financial risk for Gjensidige Forsikring.

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.

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 largest risk factor is interest rate risk.

Interest rate risk
The pension assets' exposure to interest rate risk is deemed to be moderate because the market value-weighted duration is 4.5 years. The portfolio value will fall by approximately NOK 103 million in the event of a parallel shift in the yield curve of plus one percentage point. The value will increase correspondingly in the event of a fall in the interest rate.

The pension liabilities are exposed to interest rate risk. The discount rate is composed of market interest rates for ten years, while, from year 20, it is based on long-term equilibrium interest rates, and between year ten and year 20, it is interpolated linearly between market interest rates and long-term equilibrium interest rates. A shift in the market interest rates will thereby directly affect the value of the cash flows until year ten and then have a falling effect for the next ten years. From year 20, the market interest rates will only have a marginal effect.

Credit risk
The pension assets' exposure to credit risk is deemed to be moderate. The credit risk is managed by limits on the biggest commitment and rating for individual investments. Most of the pension fund's fixed-income investments shall be within investment grade.

The pension liabilities are exposed to credit risk since the covered bond yield is used as the basis for determining the discount rate. The credit mark-up for covered bond exposure is composed of the market mark-up for ten years, while from year 20 it is based on long-term equilibrium mark-ups, and between year ten and year 20, it is interpolated linearly between the market mark-up and the long-term equilibrium mark-ups. A shift in the credit mark-ups will thereby directly affect the value of the cash flows until year ten and then have a falling effect for the next ten years. From year 20, the market mark-ups will only have a marginal effect.

Average credit mark-up (versus ten years' swap) has been 0.57 per cent since 2010. As at 31 December 2015 the mark-up was 0.79 per cent.

Stock market risk
Over the year, the pension fund has been exposed to stock market risk through unit trusts and purchase options. The exposure was 3.7 per cent (6.0) at the end of the year. The pension assets have low exposure to the stock market. The greatest stock market risk is deemed to be the risk of a fall in the stock market.

Currency risk
All investments in foreign fixed-income funds are currency hedged. Investments have been made in currency-hedged funds. Foreign equity investments shall as a rule be currency hedged. Amounts due to the pension assets in Norwegian kroner shall at all times correspond to at least 70 per cent of the actuarial provisions. At year end, approximately one per cent of the pension assets were exposed to currency risk.

The pension liabilities are only exposed to Norwegian kroner (NOK).

Liquidity risk
The liquidity risk in the pension assets is deemed to be low, since there are short-term investments at all times that exceed short-term liabilities. The investments are deemed to be sufficiently liquid.

Life expectancy and disability
The life expectancy assumptions are based on the table GAP07 developed by Gabler AS, a firm of actuarial consultants. This table has been used since 31 December 2007. The assumptions on which the table is based are systematically followed up every year. The table is unbiased and dynamic, so that life expectancy is improved every year.

No information has become available in 2015 to indicate that GAP07 should be changed. There is uncertainty about how life expectancy will develop, especially for men. The Financial Supervisory Authority of Norway has adopted separate minimum requirements for life expectancy prices (K2013) for pension plans. These requirements concern the minimum price a life insurance company or pension fund shall charge to insure benefits. These minimum prices thus affect the size of the contributions that must be made towards the annual earnings and for the minimum requirement for pension assets.

GAP07 has a shorter life expectancy than K2013. Everything else being equal, this will mean that payment of the minimum requirement for pension assets will be based on a higher life expectancy than the corresponding measurement of the liability. This means that a future increase in pensions will be included in the liability as a result of the payment being based on a longer life expectancy.

The disability frequency is based on table IR73. It measures disability in the long term. The prevalence of disability is low compared with many other employers.

The Group's employees can 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. The Group 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 for the Company's employees is lower than the increase in G, the benefits will be reduced. The Group assumes that wage growth is age-dependent. A younger employee can expect higher annual wage growth than an older employee.

Wage growth is based on expectations of growth in real wages in Norway and inflation in Norway. Inflation is also part of the interest rate. An increase in inflation will thus influence both wage growth and the increase in the interest rate. Normally, this could reduce the pension liability somewhat.

Real wage growth is estimated for Norway and is largely based on macroeconomic projections. The prevailing consensus in macroeconomic circles is that it should be in the range of 1.5 to 2 per cent. The average for the last 20 years has been 1.9 per cent.

Real wage growth is corrected for the age effect, so that the real wage growth for younger employees is stronger than for older employees. A pension plan rarely has the same age composition as the economy as a whole. This is particularly the case for Gjensidige's pension plan, which is closed for new entrants.

A real wage growth will increase the liabilities. An increase in inflation will increase wage, pension regulations and discount rate.

In the long term, inflation will be in the range of 1.5 to 2.5 per cent. Norges Bank has an inflation target of 2.5 per cent. KPI is set to 1.9 per cent, in line with last year's assumption.

Gjensidige manages employees' wage growth based on collective agreements and individual agreements. From year to year shifts in wage levels may occur.

Operational risk
The management of the pension plans has been transferred to Gjensidige Pensjonskasse. Gjensidige Pensjonskasse has its own employees and makes substantial purchases of services from professional suppliers of pension fund management and asset management services. The pension fund is subject to internal control. Gjensidige considers the operational risk as low.

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, Gjensidige will have to pay extra pension contributions to bring them up to the lower limit. On certain conditions, the Group will also be repaid pension assets.

In 2016, a number of changes in the Norwegian regulation are carried out, and the FSA's practice of the rule changes is uncertain. Thus, the pension funds run into a period of political risk.

Low interest rates can lead to the FSA imposes the Pensjonskasse to lower interest rates from 2 per cent to 1.5 per cent, or 1 per cent for new accrued benefits. Gjensidige expects that there is a high risk that interest rates will be lowered to 1 per cent if long-term government bond yields will remain at 1.3 per cent level.

The minimum level of the pension assets is also affected by capital adequacy requirements and solvency margin requirements. The regulations relating to pension funds (IORP) are currently under development in the EU, but Norway has decided that life insurance companies and pension funds shall be subject to the same capital requirements to protect future pensions through Solvency II regulations or an adjusted version.

Gjensidige resumes that a continued low interest rates in future and changes in EU based rules might entail an increase in future contributions to the funded pension plan.

Collective pension (AFP)

As a member of Finance Norway, Gjensidige has a collective (AFP) pension agreement for its employees. AFP is a defined benefit plan that is financed jointly by very 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. Gjensidige 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 Group. An allocation key based on the Group's share of total annual pay will not be acceptable since such a key is too simple and will not reflect the financial liabilities in a good manner. Given the way the financing structure relating to the AFP plan is organised, invoiced premiums are expected to increase in the years ahead. If, or when, sufficient data are made available for calculations to be made, it cannot be ruled out that the liability that must be recognised will be substantial.

The liability to pay a contribution pursuant to the old scheme is recognised as a company-specific defined benefit plan. A contribution still has to be paid in connection with the Company's own early retirement pensioners who choose the old AFP plan until the pension promise has been fully honoured. The pension promise to former employees who have chosen to retire on a pension before 1 January 2011 will thus be honoured as originally agreed until they have all reached the age of 67. As a result, there will be no reduction or settlement for this group of employees.

All employees who reached the age of 62 on or after 1 January 2011 could draw a pension under the new AFP plan from 1 January 2011. This means that the liability relating to earned entitlements in the old AFP plan has lapsed in full.

NOK millions	Funded 2015	Unfunded 2015	Total 2015	Funded 2014	Unfunded 2014	Total 2014
Present value of the defined benefit obligation						
As at 1 January	2,335.5	588.1	2,923.7	2,019.5	481.8	2,501.4
Correction of the opening balance		0.8	0.8			
Current service cost	35.9	11.3	47.1	31.9	8.6	40.6
Employers' national insurance contributions of current service cost	5.1	1.6	6.6	4.5	1.2	5.7
Interest cost	57.3	13.0	70.3	81.1	18.1	99.1
Actuarial gains and losses	(63.0)	(11.8)	(74.8)	283.8	127.9	411.6
Benefits paid	(90.2)	(41.7)	(131.9)	(85.3)	(46.4)	(131.7)
Employers' national insurance contributions of benefits paid		(5.9)	(5.9)		(6.5)	(6.6)
Business combinations	(4.8)	(2.0)	(6.8)			
Foreign currency exchange rate changes		2.5	2.5		3.5	3.5
As at 31 December	**2,275.7**	**555.9**	**2,831.6**	**2,335.5**	**588.1**	**2,923.7**
Amount recognised in the balance sheet						
Present value of the defined benefit obligation	2,275.7	555.9	2,831.6	2,335.5	588.1	2,923.7
Fair value of plan assets	(2,366.0)		(2,366.0)	(2,405.0)		(2,405.0)
Net defined benefit obligation/(benefit asset)	**(90.3)**	**555.9**	**465.6**	**(69.5)**	**588.1**	**518.6**
Fair value of plan assets						
As at 1 January	2,405.0		2,405.0	2,391.6		2,391.6
Interest income	60.2		60.2	96.3		96.3
Return beyond interest income	(5.4)		(5.4)	2.3		2.3
Contributions by the employer		5.9	5.9	0.2	6.5	6.7
Benefits paid	(90.2)		(90.2)	(85.3)		(85.3)
Employers' national insurance contributions of benefits paid		(5.9)	(5.9)		(6.5)	(6.6)
Business combinations	(3.7)		(3.7)			
As at 31 December	**2,366.0**		**2,366.0**	**2,405.0**		**2,405.0**

NOK millions	Funded 2015	Unfunded 2015	Total 2015	Funded 2014	Unfunded 2014	Total 2014
Pension expense recognised in profit or loss						
Current service cost	35.9	11.3		31.9	8.6	40.6
Interest cost	57.3	13.0		81.1	18.1	99.1
Interest income	(60.2)			(96.3)		(96.3)
Employers' national insurance contributions	5.1	1.6		4.5	1.2	5.7
Total defined benefit pension cost	**37.9**	**25.9**	**63.8**	**21.2**	**27.9**	**49.1**
The expense is recognised in the following line in the income statement						
Total operating expenses	37.9	25.9	63.8	21.2	27.9	49.1
Remeasurements of the net defined benefit liability/asset recognised in other comprehensive income						
Cumulative amount as at 1 January			(2,229.8)			(1,819.4)
Return on plan assets			(5.4)			2.3
Changes in demographic assumptions			1.3			(37.9)
Changes in financial assumptions			73.0			(374.5)
Sold companies			(6.7)			
Exchange rate differences						(0.3)
Cumulative amount as at 31 December			**(2,167.5)**			**(2,229.8)**
Actuarial assumptions						
Discount rate			2.80%			2.50%
Future salary increases [1]			3.10%			3.40%
Change in social security base amount			3.10%			3.10%
Future pension increases			1.90%			1.90%
Other specifications						
Amount recognised as expense for the defined contribution plan			150.7			130.6
Amount recognised as expense for Fellesordningen LO/NHO			25.5			22.4
Expected contribution to Fellesordningen LO/NHO next year			25.5			22.9
Expected contribution to the defined benefit plan for the next year			0.1			101.4

[1] 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 1.6 per cent (2.0). See explanation under Actuarial assumptions.

Per cent	Change in pension benefit obligation 2015	Change in pension benefit obligation 2014
Sensitivity		
10% increased mortality	(4.3%)	(4.3%)
10% decreased mortality	3.3%	3.3%
+ 1% point discount rate	(11.1%)	(11.3%)
- 1% point discount rate	14.7%	15.0%
+ 1% point salary adjustment	4.3%	4.5%
- 1% point salary adjustment	(3.3%)	(3.4%)
+ 1% point social security base amount	(1.6%)	(1.7%)
- 1% point social security base amount	1.8%	1.9%
+ 1% point future pension increase	11.9%	12.2%
- 1% point future pension increase	(9.4%)	(9.5%)

Valuation hierarchy 2015	Level 1	Level 2	Level 3	
NOK millions	Quoted prices in active markets	Valuation techniques based on observable market data	Valuation techniques based on non-observable market data	Total as at 31.12.2015
Shares and similar interests		88.5		88.5
Bonds	965.8	1,169.3		2,135.1
Bank		54.9		54.9
Derivatives		87.5		87.5
Total	**965.8**	**1,400.2**		**2,366.0**

Valuation hierarchy 2014	Level 1	Level 2	Level 3	
NOK millions	Quoted prices in active markets	Valuation techniques based on observable market data	Valuation techniques based on non-observable market data	Total as at 31.12.2014
Shares and similar interests		144.3		144.3
Bonds	178.0	1,974.5		2,152.5
Bank		33.7		33.7
Derivatives		74.6		74.6
Total	**178.0**	**2,152.5**		**2,405.0**

15. Provisions and other liabilities

NOK millions	2015	2014
Other provisions and liabilities		
Restructuring cost [1]	85.8	7.1
Other provisions	259.8	240.5
Total other provisions and liabilities	**345.6**	**247.6**
Deposits from and liabilities to customers		
Deposits from and liabilities to customers without maturity date, bank	16,233.4	15,563.0
Deposits from and liabilities to customers with maturity date, bank	3,123.8	1,140.3
Deposits from and liabilities to customers	**19,357.2**	**16,703.4**
Interest-bearing liabilities		
Cash credit		350.0
Liabilities to bond debt, bank	17,804.7	9,950.3
Total interest-bearing liabilities	**17,804.7**	**10,300.3**
Other liabilities		
Outstanding accounts Fire Mutuals	40.0	15.1
Accounts payable	185.7	163.6
Liabilities in relation with properties	1.2	2.3
Liabilities to public authorities	354.1	301.7
Other liabilities	484.4	523.9
Total other liabilities	**1,065.4**	**1,006.5**
Liabilities related to insurance		
Liabilities related to direct insurance	531.6	530.2
Liabilities related to reinsurance	87.8	96.0
Total liabilities related to insurance	**619.4**	**626.3**
Liabilities in life insurance with investment options		
Liabilities in life insurance with investment options	15,109.6	12,950.3
Total liabilities in life insurance with investment options	**15,109.6**	**12,950.3**
Accrued expenses and deferred income		
Liabilities to public authorities	28.3	25.5
Accrued personnel cost	276.3	249.6
Other accrued expenses and deferred income	180.7	149.7
Total accrued expenses and deferred income	**485.3**	**424.9**
Restructuring cost [1]		
Provisions as at 1 January	7.1	25.4
New provisions	84.9	
Provisions used during the year	(7.1)	(18.3)
Exchange rate difference	0.9	
Provision as at 31 December	**85.8**	**7.1**

[1] In 2015, NOK 85.8 million is allocated to restructuring provision, due to a decision of changes in processes in Norway, Denmark and Sweden. The processes have been communicated to all entities affected by the changes.

16. Tax

NOK millions	2015	2014
Specification of tax expense		
Tax payable	(1,139.3)	(1,203.7)
Correction previous years	(9.9)	(8.6)
Change in deferred tax	(115.7)	2.3
Total tax expense	**(1,265.0)**	**(1,210.0)**

Deferred tax liabilities and deferred tax assets

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

	2015	2014
Taxable temporary differences		
Properties	0.8	2,377.1
Plant and equipment and intangible assets	465.3	
Shares, bonds and other securities	119.2	
Profit and loss account	229.5	287.8
Security provisions etc.	3,439.6	3,415.0
Total taxable temporary differences	**4,254.4**	**6,079.9**
Deductible temporary differences		
Plant and equipment and intangible assets		(231.4)
Shares, bonds and other securities		(237.9)
Loans and receivables	(98.5)	(98.1)
Provisions for liabilities	(332.1)	(245.5)
Pension liabilities	(362.4)	(457.1)
Insurance-related liabilities	(17.8)	(4.0)
Other deductible temporary differences	(95.8)	(36.8)
Total deductible temporary differences	**(906.6)**	**(1,310.8)**
Loss carried forward	(71.4)	(7.5)
Valuation allowance of deferred tax assets	9.2	
Net temporary differences	**3,285.6**	**4,761.6**
Net deferred tax liabilities/(deferred tax assets)	**822.9**	**1,284.1**
Of this non-assessed deferred tax assets	12.9	5.0
Gross deferred tax liabilities	**835.8**	**1,289.1**
Reconciliation of tax expense		
Profit before tax	5,049.7	5,399.6
Estimated tax of profit before tax expense (27%)	(1,363.4)	(1,457.9)
Tax effect of		
Different tax rate in foreign subsidiaries	(9.2)	2.4
Change in tax rate	76.6	(8.6)
Valuation allowance and reversal of loss carried forward in subsidiaries	(7.6)	(0.6)
Dividend received	18.9	61.9
Tax exempted income and expenses	42.7	165.8
Associates and joint ventures	23.4	51.9
Impairment loss on goodwill and recognition of negative goodwill	(2.0)	(6.1)
Non tax-deductible expenses	(34.5)	(10.2)
Correction previous years	(9.9)	(8.6)
Total tax expense	**(1,265.0)**	**(1,210.0)**
Effective rate of income tax	25.1 %	22.4 %
Loss and dividend tax deduction carried forward		
2016		
2017		
2018		
2019		
2020		
Later or no due date	71.4	7.5
Total loss and dividend carried forward	**71.4**	**7.5**

NOK millions	2015	2014
Change in deferred tax		
Deferred tax liabilities as at 1 January	1,284.1	1,335.7
Change in deferred tax recognised in profit or loss	115.7	(2.3)
Change in deferred tax recognised directly in the balance sheet		
Pensions	17.5	(110.8)
Hedge accounting		(34.5)
Companies sold and purchased	(593.9)	87.7
Exchange rate differences	(0.5)	8.4
Net deferred tax liabilities as at 31 December	**822.9**	**1,284.1**
Tax recognised in other comprehensive income		
Deferred tax pensions	(17.5)	110.8
Deferred tax on hedge accounting		34.5
Tax payable on hedge accounting	(34.4)	29.4
Tax payable on exchange rate differences	(79.9)	(36.7)
Total tax recognised in other comprehensive income	**(131.8)**	**138.0**

Tax cost

In connection with the conversion of Gjensidige Forsikring BA to a public limited company the Ministry of Finance has consented to an exemption from capital gains taxation on the transfer of business to the newly formed public limited company under certain conditions. The consequences of the tax relief decision have been incorporated into the tax expense and tax liabilities from the fourth quarter 2010. The tax relief decision involves greater complexity and discretionary assessments, which entails a greater degree of uncertainty with respect to the tax expense and tax liabilities until all the effects have ultimately been evaluated by the tax authorities.

In February 2015, Gjensidige received a decision from the Central Tax Office for Large Enterprises in connection with the calculation of a tax gain as a result of the conversion of Gjensidige Forsikring BA into a public limited company (ASA) in 2010. The decision means that the tax payable for 2010 is reduced by around NOK 35 million. The tax will be further reduced for the ensuing years, by a total of around NOK 137 million at known tax rates. Gjensidigestiftelsen received a similar decision, and we have been informed that they have appealed the decision on the grounds that there is no basis for the change and that the tax office has based its decision on an incorrect valuation. Gjensidige agrees with Gjensidigestiftelsen's assessment. Changing the decision concerning Gjensidigestiftelsen will have tax consequences for Gjensidige in relation to the above-mentioned figures, which will then not materialize. The appeal is still being processed by the tax office.

17. Expenses

NOK millions	2015	2014
Operating expenses		
Depreciation and value adjustments (note 5 and note 7), excl. depreciation properties	426.7	404.7
Employee benefit expenses (note 18)	2,545.0	2,263.4
Fee for customer representatives	6.7	6.3
Software costs	470.9	421.6
Auditor's fee (incl. VAT)	5.2	6.0
Consultants' and lawyers' fees	114.1	94.3
Commissions	789.6	617.5
Other expenses [1]	(304.5)	(2.0)
Total operating expenses	**4,053.6**	**3,812.0**

NOK millions	2015	2014
Expenses related to investments		
Depreciation and value adjustments (note 5 and note 7)	11.8	11.4
Employee benefit expenses (note 18)	14.4	15.6
Software costs	0.4	0.5
Auditor's fee (incl. VAT)	1.1	0.7
Consultants' and lawyers' fees	2.9	3.6
Other expenses	198.3	167.5
Total expenses related to investments	**228.9**	**199.3**

NOK millions	2015	2014
Other specifications		
Employee benefit expenses		
Wages and salaries	1,922.9	1,735.3
Social security cost	383.9	328.7
Pension cost - defined contribution plan (note 14 incl. social security cost)	176.2	153.0
Pension cost - defined benefit plan (note 14 incl. social security cost)	63.3	49.1
Share-based payment	13.0	13.0
Total employee benefit expenses	**2,559.4**	**2,279.1**
Auditor's fee (incl. VAT)		
Statutory audit	5.0	4.8
Other assurance services	0.1	0.6
Other non-assurance services	0.5	1.3
Tax consultant services	0.7	0.1
Total auditor's fee (incl. VAT)	**6.3**	**6.7**

[1] Other expenses include cost reductions for Gjensidige Forsikring ASA in connection with duties performed for subsidiaries and cost allocations to claims and finance.

18. Salaries and remuneration

The average number of employees in the Group was 3,970 (3,634).

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

Gjensidige's remuneration policy

The Group has established a remuneration system that applies to all employees. The system shall secure that Gjensidige attracts and keeps colleagues who performs, develops, learns and shares. The remuneration 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 Group's remuneration systems 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.

Guidelines for remuneration and career development shall be linked to achievement of the Group's strategic and financial goals and core values, and both quantitative and qualitative targets shall be taken into consideration. The measurement criteria shall promote the desired corporate culture and long-term value creation, 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 payments in kind. Variable remuneration shall be used to reward performances beyond the expected, where both results and behaviour in form of compliance of with the company values, brand and management principles are to be assessed.

Variable remuneration shall be performance-based without being a risk driver, and shall reflect the results and contributions on company, division, department and individual level. Other elements of compensation offered should be considered attractive from both new and current employees.

The senior group management should always be regarded as executive employees. By decision of which functions of the company that shall be defined as employees with tasks of crucial importance for the company's risk exposure, both qualitative criteria related to the role and quantitative criteria related to the level of remuneration is to be taken into account. There must also be an individual assessment of each employee's impact on company risk.

Decision-making process

The Board has established a remuneration committee consisting of three members; the Chairman of the Board and two board members.

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

- Drafting proposals for and following up compliance with the Group's guidelines and framework for remuneration
- Annually considering and proposing the remuneration of the CEO
- Annually considering and drafting proposals for the CEO's scorecard
- Acting as adviser to the CEO in connection with the annual assessment of the remuneration of the senior group management
- Considering the management's proposed 'Statement on the stipulation of pay and other remuneration for executive personnel' cf. the Public Limited Liability Companies Act section 6-16a
- Considering other important personnel matters relating to executive personnel

Guidelines for the upcoming financial year

Remuneration of the CEO

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

The fixed salary is assessed and stipulated annually on the basis of the wage growth in society in general and in the financial industry in particular. Variable remuneration (bonus) is decided by the Board on the basis of agreed goals and deliveries. It can amount to up to 50 per cent of the fixed salary including holiday pay. Variable remuneration is earned annually and is based on an overall assessment of financial and non-financial performance over the last two years. Variable pay is not included in the pension basis. The assessment takes into account the enterprise's overall performance targets for return on equity adjusted for extraordinary dividends and transactions and combined ratio, as well as developments in customer satisfaction. In addition, it emphasizes the CEO's personal contribution to the Group's development and results, compliance with the Group's vision, values, ethical guidelines and management principles.

Variable remuneration relating to Gjensidige's performance is decided on the basis of the past two years' performance. Half of the variable remuneration is paid in the form of a promise of shares in Gjensidige Forsikring ASA, 1/3 of which will be released in each of the following three years. Restricted variable remuneration that has not yet been disbursed may be reduced if subsequent results and developments indicate that it was based on incorrect assumptions. The CEO does not receive performance-based benefits over and above the above-mentioned bonus, but may receive payments in kind such as a company car and the coverage of costs for electronic communication. Payments in kind shall be related to the CEO's function in the Group, and otherwise be in line with market practice.

The retirement age of the CEO is 62. It is possible to step down after reaching the age of 60 if the Board or CEO so wishes. The CEO has pension rights pursuant to Gjensidige's closed defined-benefit pension scheme. Pursuant to the CEO's employment contract, he is entitled to a pension corresponding to 100 per cent of his annual salary on retirement at the age of 62, which is then reduced in steps to 70 per cent upon reaching the age of 67 at full vesting period.

On retirement at the age of 60, a corresponding agreed reduction applies from 100 per cent upon retirement to 70 per cent upon reaching the age of 67. From the age of 67, the pension is calculated on the basis of the Company's ordinary entitlement earning period of 30 years and is 70 per cent of the fixed salary with a full earning period. Company car arrangements and other benefits are retained until the age of 67.

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

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

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

The overall remuneration is decided on the basis of the need to offer competitive terms in the various business areas. It shall contribute to attracting and retaining executive personnel with the desired expertise and experience who promote the Group's core values and development.

The fixed salary is assessed and stipulated annually on the basis of wage growth in society in general and in the financial industry in particular. Variable remuneration (bonus) to executive personnel is earned annually, and is based on an overall assessment of financial and non-financial performance over the two last years. The assessment takes into account a combination of the enterprise's overall performance targets for return on equity adjusted for extraordinary dividends and transactions and combined ratio, as well as developments in customer satisfaction. In addition, it evaluates the target achievement of the business unit in question, as well as personal contribution relating to compliance with the Group's vision, values, ethical guidelines and management principles. Half of the variable remuneration is in the form of a promise of shares in Gjensidige Forsikring ASA, one third of which are released in each of the following three years. Restricted variable remuneration that has not yet been disbursed may be reduced if subsequent results and developments indicate that it was based on incorrect assumptions.

The individual variable remuneration may amount to up to 30 per cent of the annual salary including holiday pay. Variable pay is not included in the pension basis.

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

The retirement age for members of the senior group management is 62, but one member of the group management has a retirement age of 70, in accordance with the national labour legislation. Of the current members of the senior group management, four are members of the closed Norwegian defined-benefit pension scheme. Given the full earnings period, they are entitled to a pension of 70 per cent of final salary at the full vesting period of 30 years. Five members are part of the Company's defined-contribution pension scheme. The Company continues a previously agreed individual pension agreement for one member of the senior group management.

Members of the senior group management have a period of notice of six months. One of the members has an agreement of up to 12 months payment if the person concerned has been given notice, given that the termination of employment is not due to a substantial breach of contract. Other members of the senior group management have no such agreements of severance pay or payment of pay after termination of employment.

With exception from one employee in the Group, there are no severance pay arrangements for executive personnel who leave their position in Gjensidige Forsikring ASA. In accordance with practice in Denmark and the Baltic, there are certain individual agreements on severance pay in connection with resignation in Gjensidige Forsikring ASA in Denmark and the Baltic.

Remuneration of personnel with supervisory tasks

The remuneration of personnel with supervisory tasks shall be independent of the performance of the business area they are in charge of.

None of the executive personnel with supervisory tasks currently has variable bonus schemes, but they get to participate in the collective bonus scheme in the same manner as other employees. The fixed salary is based on the Group's general principles of competitively, but not leading wages.

Pension benefits and payments in kind follow the Group's general arrangement.

Remuneration of officers of the Company and other employees with remuneration corresponding to executive personnel

The remuneration shall follow the guidelines set out above. There are currently no such employees.

Binding guidelines for shares, subscription rights etc. for the upcoming financial year

Of the variable pay earned in 2015 by the CEO and other employees covered by the Regulations relating to remuneration in financial institutions, 50 per cent of the gross earned variable pay will be given in the form of a promise of shares in Gjensidige Forsikring ASA. One third of the shares will be released in each of the following three years.

Share savings programme

The Board has decided to continue the Group's share savings programme for employees in 2016. The CEO and executive personnel are entitled to take part in the programme on a par with other Gjensidige employees. Under the current programme, employees can save through deductions from their salary for the purchase of shares in Gjensidige Forsikring ASA for up to NOK 75,000 per year. Purchases take place quarterly following publication of the results. A discount of 20 per cent of the purchase price is offered, limited upwards to NOK 1,500. For those who keep the shares and are still employed in the Group, one bonus share is awarded for every four share they have owned for more than two years.

Report on executive remuneration in the preceding financial year

In accordance with the guidelines, one employee in the finance department has been offered up to 50 per cent variable remuneration. The Board confirms that the guidelines on the remuneration of executive personnel for 2015 set out in last year's statement have been complied with.

Key management personnel compensation
2015

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 [6]	Annual vesting share-based payment	Number of shares assigned, not released	Number of shares released	Number of shares not redeemed [7]	Number of shares held	Retirement conditions
The senior group management										
Helge Leiro Baastad, CEO	4,800.4	1,006.1	65.8	1,897.6	1,152.6	7,943	13,703	20,438	36,851	2
Jørgen Inge Ringdal, Executive Vice President	2,521.1	285.7	175.4	851.6	345.7	2,621	4,598	6,931	17,167	2
Martin Danielsen, Executive Vice President [12]	2,425.1	275.4	160.3	670.3	334.2	2,400	4,434	6,236	17,863	3
Kim Rud-Petersen, Executive Vice President	2,882.0	515.3	223.6	583.0	522.9	2,869	3,997	7,194	7,463	
Hege Yli Melhus Ask, Executive Vice President (11.5.15-31.12.15) [1, 10]	2,572.6	111.1	158.4	255.5	150.2	1,422	4,604	5,286	9,366	3
Catharina Hellerud, Executive Vice President	2,838.8	340.6	163.1	268.2	407.3	3,088	5,154	7,931	12,135	3
Cecilie Ditlev-Simonsen, Executive Vice President	2,266.3	272.5	176.6	299.2	328.8	2,376	2,688	5,973	6,389	3
Sigurd Austin, Executive Vice President	2,618.5	337.4	75.3	711.9	377.9	2,785	4,354	7,000	6,805	3
Kaare Østgaard, Executive Vice President	2,625.2	302.7	169.0	921.0	364.8	2,792	4,556	7,052	8,926	3
Mats C. Gottschalk, Executive Vice President	2,838.8	378.5	156.4	255.0	449.7	3,243	3,269	8,092	7,621	3
Hans G. Hanevold, Executive Vice President (1.1.15-11.5.15) [1, 11]	912.9		66.4	385.0	10.6	886	37	1,064	7,508	
The Board										
Inge K. Hansen, Chairman	538.5		4.8						12,253	
Trond V. Andersen	282.5		9.3						1,805	
Hans-Erik Andersson [8]	416.5		1.5						1,778	
Gisele Marchand [9]	369.5		1.5						1,481	
Gunnhild H. Andersen, staff representative (1.1.15-28.5.15) [1, 5]	230.8									
Kjetil Kristensen, staff representative [5, 9]	369.5								578	
Gunnar Mjåtvedt, staff representative [5, 9]	369.5								1,907	
Per Arne Bjørge [9]	369.5		3.1						10,542	
Mette Rostad	275.5		6.8						1,550	
Tine Wollebekk	268.5		1.5							
Lotte Kronholm Sjøberg, staff representative (28.5.15-31.12.15) [1, 5]	88.3								283.0	
The Board, deputies										
Tore Vågsmyr, staff representative [5]									655	
Ellen Kristin Enger, staff representative (28.5.15-31.12.15) [1, 5]									495	
Control committee										
Sven Iver Steen, Chairman	172.5								1,778	
Hallvard Strømme	108.0		1.7							
Lieslotte Aune Lee	108.0									
Vigdis Myhre Næsseth, Deputy	97.5									
Supervisory board [4]										
Bjørn Iversen, Chairman	171.3		1.5						890	
Christina Stray, Deputy Chairman	41.8									

In addition

19 representatives from the company/Fire Mutuals/organisations/employees.

[1] The stated remuneration applies to the period the individual in question has held the position/office.
[2] Age 62, 100 per cent salary reducing gradually to 70 per cent at age 67 according to time of earning, then Gjensidige Forsikring's ordinary pension terms will take effect.
[3] Age 62, 70 per cent salary until age 67 according to time of earning, then Gjensidige Forsikring's ordinary pension terms will take effect.
[4] Annual fee of NOK 93.5 thousand for Chairman and NOK 41.8 thousand for Deputy Chairman. In addition, fee as Chairman of the Nominating committee.
[5] For staff representatives only remuneration for the current position is stated.
[6] Everyone in the senior group management except for one has pension plans, benefit or contribution based.
[7] Including bonus shares in the share saving's programme for employees. See note 28 for terms and further description of the scheme.
[8] Remuneration includes participation as Chairman in the Audit Committee honored with NOK 141.0 thousand for 2015.
[9] Remuneration includes participation in the Audit Committee honored with NOK 94.0 thousand for 2015.
[10] Hege Yli Melhus Ask has been on leave from 1 January to 11 May. Her remuneration is presented for the whole year.
[11] Constituted Executive Vice President for Hege Yli Melhus Ask from 1 January to 11 May.
[12] Borrower in Gjensidige Bank ASA with NOK 4,474.0 thousand outstanding. Applicable conditions are 2.40% in interest rate and loan maturity 31.01.2021.

Key management personnel compensation
2014

NOK thousand	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 [6]	Annual vesting share-based payment	Number of shares assigned, not released	Number of shares released	Number of shares not redeemed [7]	Number of shares held	Retirement conditions
The senior group management										
Helge Leiro Baastad, CEO	4,662.1	1,041.5	172.9	1,601.7	1,064.4	8,615	9,073	25,345	28,928	2
Jørgen Inge Ringdal, Executive Vice President	2,442.7	330.5	155.5	706.9	353.4	3,141	3,009	8,631	14,052	2
Martin Danielsen, Executive Vice President [12]	2,358.9	300.9	163.4	479.8	323.8	2,603	3,046	8,021	14,835	3
Kim Rud-Petersen, Executive Vice President	2,512.0	314.2	186.9	527.1	318.3	3,042	2,483	8,028	5,333	
Hege Yli Melhus Ask, Executive Vice President (1.1.14-4.8.14) [1, 10]	2,498.3	175.3	215.7	189.6	198.2	2,630	3,143	8,252	6,397	3
Catharina Hellerud, Executive Vice President	2,750.4	392.9	162.6	223.5	415.8	3,517	3,365	9,676	8,726	3
Cecilie Ditlev-Simonsen, Executive Vice President	2,204.1	297.8	170.7	256.7	313.1	2,443	1,537	6,049	4,291	3
Sigurd Austin, Executive Vice President	2,463.8	357.3	93.3	382.3	357.3	3,002	2,769	8,279	4,062	3
Kaare Østgaard, Executive Vice President	2,469.6	358.2	169.3	496.6	381.1	3,049	2,961	8,526	5,982	3
Mats C. Gottschalk, Executive Vice President	2,750.4	413.6	158.0	220.2	436.4	3,517	1,732	7,791	5,207	3
Hans G. Hanevold, Executive Vice President (4.8.14-31.12.14) [1, 11]	1,117.7	280.8	121.7	160.4	116.4	24.0	9.0	179.0	7,111.0	
The Board										
Inge K. Hansen, Chairman	535.7		8.2						12,253	
Trond V. Andersen	281.2		13.8						1,805	
Hans-Erik Andersson [8]	411.4		5.9						1,778	
Mari T. Skjærstad (1.1.14-27.5.14) [1]	188.4		4.7							
Gisele Marchand [9]	359.1		3.0						1,481	
Gunnhild H. Andersen, staff representative [5]	274.4								785	
Kjetil Kristensen, staff representative [5, 9]	365.9								526	
Gunnar Mjåtvedt, staff representative [5, 9]	365.9								1,838	
Per Arne Bjørge [9]	365.9		6.7						10,542	
Mette Rostad	267.6		8.9						2,794	
Tine Wollebekk (27.5.14-31.12.14) [1]	64.5		1.2							
The Board, deputies										
Tore Vågsmyr, staff representative [5]									655	
Lotte Kronholm Sjøberg, staff representative [5]									170	
Control committee										
Sven Iver Steen, Chairman	167.5		2.9						1,778	
Hallvard Strømme	104.5		4.9							
Lieslotte Aune Lee	104.5		2.9							
Vigdis Myhre Næsseth, Deputy	94.5		2.9							
Supervisory board [4]										
Bjørn Iversen, Chairman	194.7		4.0						890	
Hilde Myrberg, Deputy Chairman (1.1.14-24.4.14) [1]	16.8									
Christina Stray, Deputy Chairman (24.4.14-31.12.14) [1]	34.6									

In addition

20 representatives from the company/Fire Mutuals/organisations/employees.

[1] The stated remuneration applies to the period the individual in question has held the position/office.
[2] Age 62, 100 per cent salary reducing gradually to 70 per cent at age 67 according to time of earning, then Gjensidige Forsikring's ordinary pension terms will take effect.
[3] Age 62, 70 per cent salary until age 67 according to time of earning, then Gjensidige Forsikring's ordinary pension terms will take effect.
[4] Annual fee of NOK 96.3 thousand for Chairman and NOK 23.0 thousand for Deputy Chairman. In addition, fee as Chairman of the Nominating committee.
[5] For staff representatives only remuneration for the current position is stated.
[6] Everyone in the senior group management except for one has pension plans, benefit or contribution based.
[7] Including bonus shares in the share saving's programme for employees. See note 28 for terms and further description of the scheme.
[8] Remuneration includes participation as Chairman in the Audit Committee honored with NOK 137.0 thousand for 2014.
[9] Remuneration includes participation in the Audit Committee honored with NOK 91.5 thousand for 2014.
[10] Hege Yli Melhus Ask has been on leave from 3 August to 31 December. Her remuneration is presented for the whole year.
[11] Constituted Executive Vice President for Hege Yli Melhus Ask from 4 August to 31 December.
[12] Borrower in Gjensidige Bank ASA with NOK 4,477.6 thousand outstanding. Applicable conditions are 3.25% in interest rate and loan maturity 31.12.2021.

19. Net income from investments

NOK millions	2015	2014
Net income and gains/(losses) from investments in associated companies		
Net income from associated companies	47.7	77.5
Net gains/(losses) from sale of associated companies	2.0	114.5
Total net income and gains/(losses) from investments in associated companies	**49.7**	**192.0**
Net income and gains/(losses) from buildings and other real estate		
Investment properties		
Rental income from investment properties, excl. unrealised gains/(losses)	348.0	326.6
Net revaluation investment properties	208.0	279.3
Net gains/(losses) from sale of investment properties	355.9	0.5
Administration expenses related to investment properties	(52.7)	(61.9)
Total net income and gains/(losses) from investment properties	**859.1**	**544.5**
Owner-occupied properties		
Rental income from owner-occupied properties	18.6	22.0
Net gains/(losses) from sale of owner-occupied properties	33.8	3.1
Administration expenses related to owner-occupied properties	(16.4)	(16.9)
Total net income and gains/(losses) from owner-occupied properties	**36.0**	**8.3**
Total net income and gains/(losses) from buildings and other real estate	**895.1**	**552.8**
Net income and gains/(losses) from financial assets at fair value through profit or loss, designated		
Shares and similar interests		
Dividend income	72.1	12.7
Unrealised gains/(losses) from shares and similar interests	(493.5)	212.9
Realised gains/(losses) from shares and similar interests	615.7	732.0
Total net income and gains/(losses) from shares and similar interests	**194.3**	**957.6**
Bonds and other fixed-income securities		
Net interest income/(expenses) from bonds and other fixed-income-securities	289.5	475.8
Unrealised gains/(losses) from bonds and other fixed-income securities	(447.1)	156.7
Realised gains/(losses) from bonds and other fixed-income securities	81.5	182.1
Total net income and gains/(losses) from bonds and other fixed-income securities	**(76.1)**	**814.6**
Derivatives		
Net interest income/(expenses) from derivatives	(26.9)	(5.9)
Unrealised gains/(losses) from derivatives	156.3	(236.6)
Realised gains/(losses) from derivatives	(792.0)	(493.4)
Total net income and gains/(losses) from derivatives	**(662.6)**	**(735.9)**
Total net income and gains/(losses) from financial assets at fair value through profit or loss, designated	**(544.4)**	**1,036.4**
Net income and gains/(losses) from bonds held to maturity		
Net interest income from bonds held to maturity	132.3	173.5
Unrealised gains/(losses) from bonds held to maturity	(2.0)	0.8
Realised gains/(losses) from bonds held to maturity	0.3	(72.8)
Net gains/(losses) from changes in exchange rates on bonds held to maturity	376.7	
Total net income and gains/(losses) from bonds held to maturity	**507.3**	**101.4**
Net income and gains/(losses) from loans and receivables		
Net interest income/(expenses) from loans and receivables	741.1	806.1
Net gains/(losses) from loans and receivables	67.4	0.3
Net gains/(losses) from changes in exchange rates on loans and receivables	51.7	(152.0)
Total net income and gains/(losses) from loans and receivables	**860.1**	**654.4**
Net income and gains/(losses) from financial liabilities at amortised cost		
Net interest income/(expenses) from subordinated debt	(43.8)	(14.0)
Total net income and gains/(losses) from financial liabilities at amortised cost	**(43.8)**	**(14.0)**
Net other financial income/(expenses) [1]	(251.2)	216.2
Discounting of claims provision classified as interest expense	(57.1)	(80.7)
Change in discount rate claims provision	57.6	(182.8)
Total net income from investments	**1,473.3**	**2,475.6**
Specifications		
Interest income and expenses from financial assets and liabilities not recognised at fair value through profit or		
Interest income from financial assets not recognised at fair value through profit or loss	874.5	1,051.7
Interest expenses from financial assets not recognised at fair value through profit or loss	(309.3)	(319.7)
Specification of other financially related income and expenses not recognised in net income from investments		
Commission arising from the investment of assets on behalf of individuals	39.4	36.4

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

20. Contingent liabilities

NOK millions	2015	2014
Guarantees and committed capital		
Gross guarantees	0.1	0.1
Committed capital, not paid	1,643.6	2,278.6

As part of its ongoing financial management, the Company has undertaken to invest up to NOK 1,643.6 million (2,278.6) in bond funds and various private equity and real estate investments, over and above amounts recognized in the balance sheet.

The timing of the outflow of capital is dependent on when the funds are making capital calls from their investors. Average remaining operating time for the funds, based on fair value, is slightly above four years (four) and six years (six) in average including option for of extension.

Gjensidige Forsikring is liable externally for any insurance claim arising in the cooperating mutual fire insurers' fire insurance operations.

According to the agreement with Gjensidige Pensjonskasse the return, if not sufficient to cover the pension plans guaranteed interest rate, should be covered from the premium fund or through contribution from Gjensidige Forsikring.

21. Subordinated debt

	Notes	FRN Gjensidige Bank ASA 2015/2025 SUB	FRN Gjensidige Bank ASA 2014/2024 SUB	FRN Gjensidige Forsikring ASA 2014/2044 SUB
ISIN		NO0010735715	NO0010713118	NO0010720378
Issuer		Gjensidige Bank ASA	Gjensidige Bank ASA	Gjensidige Forsikring ASA
Principal, NOK millions		100	250	1,200
Currency		NOK	NOK	NOK
Issue date		5/21/2015	6/17/2014	10/2/2014
Maturity date		5/21/2025	6/17/2024	10/3/2044
First call date		5/22/2020	6/17/2019	10/2/2024
Interest rate	19	NIBOR 3M + 1,65%	NIBOR 3M + 1,55%	NIBOR 3M + 1,5%
General terms				
Regulatory regulation		CRD IV	CRD IV	Solvency II
Regulatory call		Yes	Yes	Yes

22. Related party transactions

Overview

Gjensidige Forsikring ASA is the Group's parent company. As at 31 December 2015 the following companies are regarded related parties.

	Registered office	Interest held
Ultimate parent company		
Gjensigestiftelsen holds 62.24 per cent of the shares in Gjensidige Forsikring ASA	Oslo, Norway	
Subsidiaries		
Försäkringshuset Amb & Rosèn AB	Stockholm, Sweden	100.0%
Försäkringsproduktion i Sverige AB	Piteå, Sweden	100.0%
Gjensidige Baltic AAS	Riga, Latvia	100.0%
Gjensidige Bank Holding AS	Oslo, Norway	100.0%
Gjensidige Norge AS	Oslo, Norway	100.0%
Gjensidige Pensjon og Sparing Holding AS	Oslo, Norway	100.0%
Lokal Forsikring AS	Oslo, Norway	100.0%
Mondux Affinity Aps	Copenhagen, Denmark	100.0%
Mondux Assurance Agentur A/S	Copenhagen, Denmark	100.0%
Mondux Service A/S	Copenhagen, Denmark	100.0%
Mondux AB	Malmö, Sweden	100.0%
NAF Forsikringsformidling AS	Oslo, Norway	66.0%
Nykredit Forsikring A/S	Copenhagen Denmark	100.0%
PZU Lietuva SA	Vilnius, Lithuania	99,9%
Samtrygd Eigedom AS	Oslo, Norway	100.0%
Associates		
Vervet AS	Tromsø, Norway	25.0%
Joint ventures		
Oslo Areal AS	Oslo, Norway	50.0%
Other related parties		
Fire Mutuals	All over the country, Norway	
Gjensidige Pensjonskasse	Oslo, Norway	94.7%

Percentage of votes held is the same as percentage of interest held.

Transactions

Income statement

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

	2015		2014	
NOK millions	Income	Expense	Income	Expense
Gross premiums written				
Gjensidige Baltic AAS	16.0		13.7	
Gjensidige Pensjonsforsikring AS (owned by Gjensidige Pensjon og Sparing Holding AS)	4.0		1.9	
Nykredit Forsikring A/S	1,037.2		819.1	
PZU Lietuva SA	2.8			
Gross paid claims				
Gjensidige Baltic AAS		3.9		20.2
Gjensidige Pensjonsforsikring AS (owned by Gjensidige Pensjon og Sparing Holding AS)		45.3		22.5
Nordisk Forsikrings Service AS				4.3
Nykredit Forsikring A/S		760.3		740.9
Change in gross provision for claims				
Gjensidige Baltic AAS		2.7	16.8	
Gjensidige Pensjonsforsikring AS (owned by Gjensidige Pensjon og Sparing Holding AS)		5.9		8.4
Nykredit Forsikring A/S	44.8		112.3	
Administration expenses				
Försäkringshuset Amb & Rosèn AB	0.4	7.3		
Gjensidige Baltic AAS	0.4			
Gjensidige Bank ASA owned by Gjensidige Bank Holding AS)	32.3		31.5	
Gjensidige Investeringsrådgivning AS (owned by Gjensidige Pensjon og Sparing Holding AS)	1.4		1.6	
Gjensidige Pensjon og Sparing Holding AS	8.6		9.3	
Gjensidige Pensjonsforsikring AS (owned by Gjensidige Pensjon og Sparing Holding AS)	42.2		47.7	
Gjensidigestiftelsen	4.6		4.1	

NOK millions	2015 Income	2015 Expense	2014 Income	2014 Expense
Mondux Affinity Aps		12.9		
Mondux Assurance Agentur A/S		25.4		
NAF Forsikringsformidling AS	0.5			
Nordisk Forsikrings Service AS				30.9
Nykredit Forsikring A/S	316.3	238.5		101.6
Oslo Areal AS	0.1	0.8	0.3	1.0
Tennant Assuranse AS (owned by Lokal Forsikring AS)	11.7		18.8	
Interest income and expenses				
Oslo Areal AS	66.2		73.6	
Co-operating companies [1]				
Fire Mutuals	18.6	140.1	17.7	130.0
Gjensidige Pensjonskasse		47.1		48.2
Total	**1,326.0**	**1,296.0**	**1,168.5**	**1,108.1**

[1] Cooperating companies are defined as companies with which Gjensidige Forsikring has entered into a long-term strategic alliance.

Loans

As at 31 December 2015 employees have loans in Gjensidige Bank amounting to NOK 1,225.3 million (1,364.1). The loans are offered on normal commercial conditions.

Income and losses

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

NOK millions	2015 Received	2015 Given	2014 Received	2014 Given
Group contributions				
Gjensidige Pensjon og Sparing Holding AS		0.9		1.5
Oslo Areal AS			22.0	
Tennant Assuranse AS (owned by Lokal Forsikring AS)	5.9		4.0	
Dividends				
Gjensidige Baltic AAS			41.0	
Gjensidige Pensjon og Sparing Holding AS	32.0			
Gjensidige Pensjonskasse	9.5			
Gjensidigestiftelsen		1,836.1		5,228.2
Nordisk Forsikrings Service AS			35.2	
Nykredit Forsikring A/S	58.2		83.0	
Oslo Areal AS			70.0	
Total group contributions and dividends	**105.5**	**1,837.0**	**255.2**	**5,229.7**

NOK millions	2015 Gains	2015 Losses	2014 Gains	2014 Losses
Gains and losses in connection with sale and liquidation				
Bilskadeinstituttet AS (liquidated in 2014)	2.0			(0.2)
Oslo Areal AS	379.1			
Storebrand ASA			114.7	
Impairment losses				
Gjensidige Baltic AAS		13.5		
Lokal Forsikring AS				20.1
Nordisk Forsikrings Service AS				27.4
Total gains and losses in connection with sale, liquidation and impairment losses	**381.1**	**13.5**	**114.7**	**47.3**

Intercompany balance

The table below shows a summary of receivables/liabilities from/to related parties.

	2015		2014	
NOK millions	**Receivables**	**Liabilities**	**Receivables**	**Liabilities**
Intercompany non-interest-bearing debts and receivables				
Byggeriet Forsikringsservice A/S			1.3	
Försäkringshuset Amb & Rosèn AB			1.3	
Gjensidige Baltic AAS	3.4			
Gjensidige Bank ASA (owned by Gjensidige Bank Holding AS)			0.3	
Gjensidige Pensjon og Sparing Holding AS	31.6	0.9		0.4
Gjensidige Pensjonsforsikring AS (owned by Gjensidige Pensjon og Sparing Holding AS)	3.1	21.1		10.3
Gjensidige Investeringsrådgivning AS (owned by Gjensidige Pensjon og Sparing Holding AS)		0.1		
Gjensidigestiftelsen	1.0		0.3	
Mondux Affinity Aps		11.6		
Mondux Assurance Agentur A/S		5.0		
NAF Forsikringsformidling AS	0.5			
Nordisk Forsikrings Service AS				49.8
Nykredit Forsikring A/S	31.1		32.5	
Oslo Areal AS			92.0	
Tennant Assuranse AS (owned by Lokal Forsikring AS)	7.3		5.4	(3.0)
Total intercompany non-interest-bearing debts and receivables	**77.9**	**38.7**	**133.1**	**57.4**
Intercompany interest-bearing debts and receivables				
Oslo Areal AS	1,538.0		3,430.5	
Total intercompany interest-bearing debts and receivables	**1,538.0**		**3,430.5**	
Reinsurance deposits				
Nykredit Forsikring A/S	523.7		576.7	
Total reinsurance deposits	**523.7**		**576.7**	
Claims provision				
Gjensidige Baltic AAS		11.0		7.5
Gjensidige Pensjonsforsikring AS (owned by Gjensidige Pensjon og Sparing Holding AS)		14.3		8.4
Nykredit Forsikring A/S		523.7		576.7
Total claims provision		**549.0**		**592.5**
Total intercompany balances within the Group	**2,139.6**	**587.7**	**4,140.3**	**650.0**
Cooperating companies				
Fire Mutuals		39.9		15.7
Gjensidige Pensjonskasse [2]	111.0		111.0	
Total intercompany balances with cooperating companies	**111.0**	**39.9**	**111.0**	**15.7**
Total intercompany balance	**2,250.6**	**627.6**	**4,251.3**	**665.7**

[2] Gjensidige Forsikring ASA is a sponsor of Gjensidige Pensjonskasse and has contributed with funds equivalent to NOK 111.0 million.

NOK millions	Purchaser	Seller	2015	2014
Other transactions				
Interest on bank deposits	Gjensidige Bank ASA	Brannkassene	0.3	0.5
Interest on bank deposits	Gjensidige Bank ASA	Gjensidigestiftelsen		3.9
Portfolios	Gjensidige Forsikring ASA	Byggeriet Forsikringsservice A/S	48.1	
Portfolios	Gjensidige Forsikring ASA	Nordisk Forsikrings Service AS		78.3
Interest on mortgage loans	Gjensidigestiftelsen	Gjensidige Bank ASA	0.6	0.4
Management fees	Gjensidigestiftelsen	Gjensidige Investeringsrådgivning AS	6.7	4.3
Management fees	Gjensidige Pensjonskasse	Gjensidige Investeringsrådgivning AS	1.4	2.1

NOK millions	Claimant	Debtor	2015	2014
Other intercompany balances				
Bank deposits	Brannkassene	Gjensidige Bank ASA	15.5	14.2
Management fees	Gjensidige Investeringsrådgivning AS	Gjensidigestiftelsen	2.2	1.0
Management fees	Gjensidige Investeringsrådgivning AS	Gjensidige Pensjonskasse	0.1	0.3

Guarantees

Gjensidige Forsikring is responsible externally for any insurance claim arising from the cooperating mutual fire insurers' fire insurance business, see note 20.

23. Events after the balance sheet date

No significant events have occurred after the balance sheet date.

24. Capital ratio

NOK millions	2015	2014
Equity	23,330.6	21,656.8
Security provision	(2,823.4)	(2,818.0)
Dividend	(4,200.0)	(2,950.0)
Tax effects	859.9	922.0
Equity NGAAP	**17,167.1**	**16,810.8**
Effect of guarantee scheme provision and Natural perils fund	(2,790.2)	(2,902.2)
Goodwill	(3,224.5)	(2,819.0)
Deferred tax assets	(12.9)	(5.0)
Other intangible assets	(1,343.6)	(1,123.5)
Investment properties, unrealised gains, proportion		(367.4)
Reinsurance provision, minimum requirement	(4.8)	(11.5)
Core capital before 50/50-deductions	**9,791.1**	**9,582.3**
Proportion 50/50-deductions	(413.6)	(588.9)
Core capital	**9,377.5**	**8,993.3**
Subordinated term debt	1,547.2	1,447.1
45% of investment properties, unrealised gains, proportion		165.3
Additional capital before 50/50-deductions	**1,547.2**	**1,612.4**
Proportion 50/50-deductions	(413.6)	(588.9)
Additional capital	**1,133.6**	**1,023.5**
Net primary capital (A)	**10,511.1**	**10,016.8**
Assets with 0% risk weight	3,596.6	2,761.7
Assets with 10% risk weight	3,037.0	4,089.0
Assets with 20% risk weight	46,213.7	40,543.7
Assets with 35% risk weight	30,298.9	23,559.8
Assets with 50% risk weight	923.4	962.8
Assets with 100% risk weight	38,517.9	35,699.1
Assets with 150% risk weight	1,609.3	1,948.3
Other non-weighted assets		
Goodwill	3,224.5	2,819.0
Deferred tax assets	12.9	5.0
Other intangible assets	1,343.6	1,123.5
Derivatives	486.5	470.2
Total assets	**129,264.4**	**113,982.0**
Assets with 0% risk weight	0.0	0.0
Assets with 10% risk weight	303.7	408.9
Assets with 20% risk weight	9,242.7	8,108.7
Assets with 35% risk weight	10,604.6	8,245.9
Assets with 50% risk weight	461.7	481.4
Assets with 100% risk weight	38,517.9	35,699.1
Assets with 150% risk weight	2,414.0	2,922.4
Total risk weighted assets	**61,544.7**	**55,866.5**
Weighted reinvestment cost derivatives	1,169.2	1,077.3
Primary capital in other financial institutions	(827.2)	(1,177.9)
Loss provisions	(352.9)	(351.8)
Risk weighted calculation base (B)	**61,533.8**	**55,414.1**
Capital ratio (A/B)	17.1%	18.1%
FSAN minimum requirement	*8.0%*	*8.0%*
FSAN minimum requirement (C)	*4,922.7*	*4,433.1*
Primary capital surplus (A-C)	**5,588.4**	**5,583.7**

25. Solvency margin

NOK millions	2015	2014
Net primary capital	10,511.1	10,016.8
Proportion of security provision	1,270.5	1,268.1
Proportion of Natural perils fund (up to 25% of the Natural perils fund is included)	542.7	576.3
Deduction due to discounting effects	(72.7)	(61.4)
Solvency margin capital	**12,251.7**	**11,799.8**
Solvency margin minimum requirement	*4,095.5*	*3,774.6*
In excess of requirement	**8,156.2**	**8,025.2**
Solvency margin capital in per cent of requirement	**299.2%**	**312.6%**

26. Restricted funds

NOK millions	2015	2014
Restricted bank deposits		
Source-deductible tax accounts	85.6	79.9
Total restricted bank deposits	**85.6**	**79.9**

27. Shareholders

The 20 largest shareholders as at 31 December 2015

Investor		Number of shares	Ownership in %
Gjensidigestiftelsen		311,200,115	62.24%
Folketrygdfondet		18,741,225	3.75%
State Street Bank And Trust Co.	Nominee	13,819,654	2.76%
State Street Bank And Trust Co.	Nominee	13,793,631	2.76%
Clearstream Banking S.A.	Nominee	6,027,249	1.21%
State Street Bank & Trust Company	Nominee	5,125,180	1.03%
State Street Bank And Trust Co.	Nominee	3,702,319	0.74%
State Street Bank And Trust Co.	Nominee	3,693,254	0.74%
Danske Invest Norske Instit. II.		3,487,340	0.70%
State Street Bank And Trust Co.	Nominee	2,795,979	0.56%
Fidelity Funds - Global Dividend		2,587,000	0.52%
State Street Bank And Trust Co.	Nominee	2,447,221	0.49%
JPMorgan Chase Bank, N.A	Nominee	2,433,703	0.49%
J.P. Morgan Chase Bank N.A. London	Nominee	2,128,751	0.43%
State Street Bank & Trust Co.	Nominee	1,909,098	0.38%
JP Morgan Bank Luxenbourg S.A	Nominee	1,904,959	0.38%
Danske Invest Norske Aksjer Inst.		1,852,409	0.37%
Skandinaviska Enskilda Banken Ab	Nominee	1,797,384	0.36%
Klp Aksje Norge Indeks		1,744,145	0.35%
Verdipapirfondet DNB Norge (Iv)		1,654,105	0.33%
Number of shares 20 largest shareholders		**402,844,721**	**80.57%**
Total number of shares		**500,000,000**	**100.00%**

The shareholder list is based on the VPS shareholder registry as of 31 December 2015. A shareholder list showing the owners behind nominee accounts can be found on page 21.

28. Share-based payment

Description of the share-based payment arrangements

As at 31 December 2015, Gjensidige 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 18, half of the variable remuneration is paid in the form of shares in Gjensidige Forsikring ASA, one third of which can be sold in each of the following three years. Of this, rather on the big side 50 per cent is distributed as equity and only just 50 per cent is distributed as cash in order to pay tax liabilities (net of tax settlement).

The fair value at the grant date is measured based on the market price. The amount is recognised as payroll expenses at grant date. 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. The value of the cash-settled share is adjusted at each reporting period based on the share price at this time. The number of shares is adjusted for dividend paid.

Equity-settled share savings program for employees
Gjensidige has established a share savings programme for employees of the Group with the exception of employees of Gjensidige Baltic. All employees are given an opportunity to save an annual amount of up to NOK 75,000. Saving take the form of fixed deductions from salary that is used to buy shares four times a year. The employees are offered a discount in the form of a contribution of 20 per cent, limited upwards to NOK 1,500 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.

The fair value at grant date is based on the market price. The discount is recognised as payroll expenses at the time of allocation. The value of the bonus shares is recognised as payroll expenses over the vesting period, which is two years.

Fair value measurement

The fair value of the shares allocated through the share-based payment for executive personnel is calculated on the basis of the share price at grant date. The amount is recognised immediately. The cash-settled share is adjusted consecutively based on the share price at the reporting time.

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	
	2015	**2014**	**2015**	**2014**
Weighted average share price (NOK)	131.40	119.30	128.91	119.85
Expected turnover	N/A	N/A	10%	10%
Expected sale	N/A	N/A	5%	5%
Lock-in period (years)	3	3	2	2
Expected dividend (NOK per share) [1]	5.41	6.88	5.41	6.88

[1] The expected return is based on the Group's actual profit/loss after tax expense as of the third quarter, grossed up to a full year, plus the maximum distribution of dividend corresponding to 80 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	2015	2014
Share-based remuneration for key personnel	8.3	9.3
Share savings programme for employees	4.7	3.7
Total expenses (note 17)	**13.0**	**13.0**

Share savings programme

	2015	2014
The number of bonus shares		
Outstanding 1 January	72,144	57,487
Granted during the period	43,012	37,957
Released during the period	(32,841)	(19,644)
Cancelled during the period	(923)	(905)
Forfeited during the period	(4,737)	(2,751)
Outstanding 31 December	**76,655**	**72,144**
Exercisable 31 December	**0**	**0**
Average remaining life of outstanding bonus shares	1.00	0.96
Weighted average fair value of bonus shares granted	112.88	100.79
Weighted average share price of bonus shares released during the period	128.75	119.60

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

Remuneration scheme

	Number of shares 2015	Number of cash-settled shares 2015	Number of shares 2014	Number of cash-settled shares 2014
The number of shares				
Outstanding 1 January	87,603	80,907	77,879	72,749
Granted during the period	26,861	24,527	29,763	26,881
Forfeited during the period	(48,579)	(43,903)	(31,662)	(29,575)
Quantity adjusted during the period	601	(601)		
Modification dividend during the period	2,826	2,743	11,623	10,852
Outstanding 31 December	**69,312**	**63,673**	**87,603**	**80,907**
Exercisable 31 December	**0**	**0**	**0**	**0**
Average remaining life of outstanding shares	0.85	0.85	1.08	1.08

	2015	2014
Weighted average fair value of shares granted [2]	131.40	119.30
Weighted average share price of shares released during the period	126.87	120.03
Fair value of shares granted that are to be settled in cash	142.10	122.00

[2] 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.

29. Earnings per share

NOK millions	2015	2014
Profit/(loss) for the year	3,784.7	4,189.6
Weighted average number of shares [1]	499,933,831	499,935,704
Weighted average number of diluted shares share-based payment	123,852	137,306
Weighted average number of shares, diluted [1]	500,057,683	500,073,010
Earnings per share (NOK), basis	**7.57**	**8.38**
Earnings per share (NOK), diluted	**7.57**	**8.38**

[1] Holdings of own shares are not included in the calculations of the number of shares.

30. Acquisition of PZU

On 2 February 2015, Gjensidige signed a contract with PZU SA relating to the purchase of 99.88 per cent of the shares in PZU Lietuva. The acquisition price was adjusted on closing from the previously announced EUR 54 million to EUR 66 million due to a corresponding increase in net asset value (NAV) in PZU Lietuva. Consequently, the capital effect is unchanged from what was previously announced.

PZU Lietuva offers general insurance products primarily within the motor, property and personal lines in Lithuania. The voting share is equal to the ownership share. Through its voting rights and in the absence of any contractual arrangements, Gjensidige has control over PZU Lietuva.

All terms and conditions related to the acquisition were clarified and the payment was transferred by the end of September, so the acquisition date was set at 30 September 2015. PZU Lietuva is recognised in the consolidated accounts of Gjensidige Forsikring as from that date.

The acquisition is a result of the Group's intention to increase its market share in the Baltics. As a result of the acquisition, Gjensidige's market share in general insurance in the Baltics will increase from about seven to about 13 per cent. The market share in general insurance in Lithuania increases from about seven to about 21 per cent. The acquired business has gross earned premiums of about EUR 50 million, divided between 40 per cent in the Private market and 60 per cent in the Commercial market. Through PZU Lietuva, Gjensidige has got 334 new employees.

The accounting of the acquisition was based on the acquisition method. The analysis of acquired assets and liabilities is presented in the table below and is considered to be temporary. The difference between the acquisition price and the identifiable acquired assets and assumed liabilities is recognised as goodwill in the consolidated financial statement.

Excess value is identified for customer relationships and databases for claims history. Provisions were made for deferred tax liability for excess value with the exception of goodwill. Goodwill consists of expected synergies from the merging of the Private and Commercial business areas and optimization of the reinsurance cover for the Group as a whole.

Gross premiums written for PZU Lietuva for the period 1 January 2015 to 30 September 2015 amounted to EUR 39.2 million, whereas the loss before tax expense in this period was EUR 1.3 million.

Fair value of each major class of transaction price

EUR millions	Carrying amount before the transaction	Fair value adjustment	Fair value at the acquisition date
Goodwill		37.6	37.6
Intangible assets	1.1	9.5	10.6
Financial assets	55.3		55.3
Receivables	9.2		9.2
Other assets	2.6		2.6
Cash and marketable securities	2.7		2.7
Total assets	**71.0**	**47.1**	**118.1**
Liabilities related to direct insurance	45.2		45.2
Deferred tax liabilities		1.4	1.4
Other liabilities	5.4		5.4
Total liabilities	**50.7**	**1.4**	**52.1**
Net defined assets and liabilities	20.3	45.7	66.0
Transaction price			66.0

Income statement

Gjensidige Forsikring ASA

NOK millions	Notes	1.1.-31.12.2015	1.1.-31.12.2014
Premiums			
Gross premiums written	4	21,251.1	20,458.1
Ceded reinsurance premiums		(450.1)	(494.1)
Premiums written, net of reinsurance		**20,801.1**	**19,964.1**
Change in gross provision for unearned premiums		(226.8)	(311.7)
Change in provision for unearned premiums, reinsurers' share		2.9	12.6
Total earned premiums, net of reinsurance		**20,577.2**	**19,665.1**
Allocated return on investments transferred from the non-technical accounts		289.8	589.4
General insurance claims			
Gross paid claims	4	(14,919.7)	(14,209.1)
Paid claims, reinsurers' share		201.9	446.9
Change in gross provision for claims	4	916.3	103.9
Change in provision for claims, reinsurers' share		(148.1)	(351.0)
Total claims incurred, net of reinsurance		**(13,949.5)**	**(14,009.3)**
Premium discounts and other profit agreements		(51.9)	(76.2)
Insurance-related operating expenses			
Insurance-related administration expenses incl. commissions for received reinsurance and sales expenses	4, 17	(3,117.5)	(2,888.6)
Received commission for ceded reinsurance and profit share		4.6	5.8
Total insurance-related operating expenses		**(3,112.9)**	**(2,882.8)**
Profit/(loss) of technical account before security provisions		**3,752.6**	**3,286.2**
Change in security provisions etc.			
Change in security provision		(5.4)	(53.1)
Total change in security provisions etc.		**(5.4)**	**(53.1)**
Profit/(loss) of technical account general insurance		**3,747.3**	**3,233.1**
Net income from investments			
Income from investments in subsidiaries, associates and joint ventures		777.3	1,407.5
Impairment losses investments in subsidiaries, associates and joint ventures			(47.5)
Interest income and dividend etc. from financial assets		1,275.8	1,500.5
Net operating income from property		11.9	14.8
Changes in fair value on investments		8.6	790.8
Realised gain and loss on investments		(365.4)	66.7
Administration expenses related to investments, including interest expenses		(272.0)	(324.6)
Total net income from investments	**19**	**1,436.2**	**3,408.3**
Allocated return on investments transferred to the technical accounts		(289.8)	(589.4)
Other income		11.2	20.6
Other expenses	17	(9.7)	(4.9)
Profit/(loss) of non-technical account		**1,147.8**	**2,834.5**
Profit/(loss) before tax expense		**4,895.1**	**6,067.6**
Tax expense	16	(1,153.5)	(946.3)
Profit/(loss) before components of other comprehensive income		**3,741.6**	**5,121.3**
Components of other comprehensive income			
Items that are not reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability/asset	14	69.0	(403.1)
Tax on items that are not reclassified to profit or loss		(17.1)	108.8
Total items that are not reclassified subsequently to profit or loss		**51.9**	**(294.2)**
Items that may be reclassified subsequently to profit or loss			
Exchange differences from foreign operation		293.9	144.3
Exchange differences from hedging of foreign operation		62.7	(142.5)
Tax on items that may be reclassified to profit or loss		(96.7)	1.8
Total items that may be reclassified subsequently to profit or loss		**259.9**	**3.6**
Total comprehensive income		**4,053.3**	**4,830.7**

Statement of financial position

Gjensidige Forsikring ASA

NOK millions	Notes	31.12.2015	31.12.2014
Assets			
Goodwill		1,676.7	1,568.6
Other intangible assets		846.9	795.5
Total intangible assets	**5**	**2,523.6**	**2,364.1**
Investments			
Buildings and other real estate			
Investment properties			169.7
Owner-occupied property	7	19.0	79.2
Subsidiaries and associates			
Shares in subsidiaries	6	5,421.2	6,344.7
Shares in associates and joint ventures	6, 9	1,098.4	5.5
Interest bearing receivables within the group incl. joint ventures	22	1,538.0	3,430.5
Financial assets measured at amortised cost			
Bonds held to maturity	8	1,797.1	2,421.7
Loans and receivables	8, 10	16,338.3	16,089.9
Financial assets measured at fair value			
Shares and similar interests (incl. shares and similar interests measured at cost)	8, 12	7,130.6	7,469.5
Bonds and other fixed-income securities	8	24,205.7	19,888.5
Financial derivatives	8	327.8	324.4
Reinsurance deposits		524.6	577.4
Total investments		**58,400.7**	**56,801.1**
Reinsurers' share of insurance-related liabilities in general insurance, gross			
Reinsurers' share of provision for unearned premiums, gross	13	32.0	28.7
Reinsurers' share of claims provision, gross	13	361.7	501.0
Total reinsurers' share of insurance-related liabilities in general insurance, gross		**393.7**	**529.7**
Receivables			
Receivables related to direct operations	8	4,671.0	4,362.7
Receivables related to reinsurance	8	25.7	64.8
Receivables within the group	22	61.0	133.2
Other receivables	10	367.2	669.3
Total receivables		**5,124.8**	**5,230.0**
Other assets			
Plant and equipment	7	274.7	312.3
Cash and cash equivalents	8, 11, 26	1,704.5	1,652.1
Deferred tax assets	16		31.2
Pension assets	14	93.1	70.5
Total other assets		**2,072.4**	**2,066.0**
Prepaid expenses and earned, not received income			
Earned, not received interest income		22.2	14.1
Other prepaid expenses and earned, not received income		3.5	36.7
Total prepaid expenses and earned, not received income		**25.7**	**50.8**
Total assets		**68,540.9**	**67,041.7**

NOK millions	Notes	31.12.2015	31.12.2014
Equity and liabilities			
Paid in equity			
Share capital		1,000.0	1,000.0
Own shares		(0.1)	(0.1)
Share premium		1,430.0	1,430.0
Other paid in equity		29.3	22.8
Total paid in equity		**2,459.2**	**2,452.7**
Retained equity			
Funds etc.			
Natural perils fund provision		2,171.0	2,305.3
Guarantee scheme provision		616.2	596.9
Other retained earnings		10,768.2	10,809.3
Total retained earnings		**13,555.4**	**13,711.6**
Total equity	**1**	**16,014.6**	**16,164.2**
Subordinated loan	21	1,197.4	1,197.1
Insurance-related liabilities in general insurance, gross			
Provision for unearned premiums, gross	4, 13	8,238.4	7,836.7
Claims provision, gross	4, 13	31,652.5	31,981.9
Provision for premium discounts and other profit agreements		44.5	69.9
Security provision	4	2,823.4	2,818.0
Total insurance-related liabilities in general insurance, gross		**42,758.8**	**42,706.5**
Provision for liabilities			
Pension liabilities	14	528.7	558.6
Current tax	16	1,145.6	1,030.1
Deferred tax liabilities	16	229.1	
Other provisions	15	335.8	245.5
Total provision for liabilities		**2,239.2**	**1,834.2**
Liabilities			
Liabilities related to direct insurance	8	392.1	330.1
Liabilities related to reinsurance	8	82.7	137.0
Financial derivatives	8	366.3	506.3
Accrued dividend		4,200.0	2,950.0
Other liabilities	8, 15	970.4	883.2
Liabilities to subsidiaries and associates	8, 22	22.2	57.4
Total liabilities		**6,033.7**	**4,864.1**
Accrued expenses and deferred income			
Other accrued expenses and deferred income	8, 15	297.2	275.6
Total accrued expenses and deferred income		**297.2**	**275.6**
Total equity and liabilities		**68,540.9**	**67,041.7**

The security provision will be reclassified from liabilities to equity and provision for deferred tax on the security provision will be recognised. These changes will be implemented from 1 January 2016. Discounting and risk margin are expected to be implemented at a later stage in Group and company accounts, in connection with the implementation of IFRS 4 phase II.

Statement of changes in equity

Gjensidige Forsikring ASA

NOK millions	Share capital	Own shares	Share premium	Other paid-in capital	Exchange differences	Remeasure-ment of the net defined benefit liab./asset	Other earned equity	Total equity
Equity as at 31.12.2013	**1,000.0**	**(0.1)**	**1,430.0**	**17.1**	**56.1**	**(1,317.3)**	**15,097.3**	**16,283.1**
1.1.-31.12.2014								
Profit/(loss) before components of other comprehensive income							5,121.3	5,121.3
Components of other comprehensive income								
Items that are not reclassified subsequently to profit or loss								
Remeasurement of the net defined benefit liability/asset						(403.1)		(403.1)
Tax on items that are not reclassified to profit or loss						108.8		108.8
Total items that are not reclassified subsequently to profit or loss						**(294.2)**		**(294.2)**
Items that may be reclassified subsequently to profit or loss								
Exchange differences from foreign operations					143.9	0.4		144.3
Exchange differences from hedging of foreign operations					(142.5)			(142.5)
Tax on items that may be reclassified to profit or loss					1.8			1.8
Total items that may be reclassified subsequently to profit or loss					**3.1**	**0.4**		**3.6**
Total components of other comprehensive income					**3.1**	**(293.9)**		**(290.7)**
Total comprehensive income for the period					**3.1**	**(293.9)**	**5,121.3**	**4,830.7**
Own shares		(0.0)					(6.3)	(6.3)
Accrued and paid dividend							(4,948.9)	(4,948.9)
Equity-settled share-based payment transactions				5.7				5.7
Equity as at 31.12.2014	**1,000.0**	**(0.1)**	**1,430.0**	**22.8**	**59.3**	**(1,611.2)**	**15,263.4**	**16,164.2**
1.1.-31.12.2015								
Profit/(loss) before components of other comprehensive income							3,741.6	3,741.6
Components of other comprehensive income								
Items that are not reclassified subsequently to profit or loss								
Remeasurement of the net defined benefit liability/asset						69.0		69.0
Tax on items that are not reclassified to profit or loss						(17.1)		(17.1)
Total items that are not reclassified subsequently to profit or loss						**51.9**		**51.9**
Items that may be reclassified subsequently to profit or loss								
Exchange differences from foreign operations					293.9			293.9
Exchange differences from hedging of foreign operations					62.7			62.7
Tax on items that may be reclassified to profit or loss					(96.7)			(96.7)
Total items that may be reclassified subsequently to profit or loss					**259.9**			**259.9**
Total components of other comprehensive income					**259.9**	**51.9**		**311.8**
Total comprehensive income for the period					**259.9**	**51.9**	**3,741.6**	**4,053.3**
Own shares		(0.0)					(9.9)	(9.9)
Accrued and paid dividend							(4,199.6)	(4,199.6)
Equity-settled share-based payment transactions				6.5				6.5
Equity as at 31.12.2015	**1,000.0**	**(0.1)**	**1,430.0**	**29.3**	**319.2**	**(1,559.3)**	**14,795.4**	**16,014.6**

Statement of cash flow

Gjensidige Forsikring ASA

NOK millions	1.1.-31.12.2015	1.1.-31.12.2014
Cash flow from operating activities		
Premiums paid, net of reinsurance	20,709.6	19,934.8
Claims paid, net of reinsurance	(14,629.4)	(13,582.4)
Net receipts/payments from financial assets	(2,025.6)	2,628.5
Net receipts/payments from properties		32.4
Operating expenses paid, including commissions	(2,988.9)	(2,683.6)
Taxes paid	(891.3)	(765.5)
Net other receipts/payments	22.1	
Net cash flow from operating activities	**196.5**	**5,564.1**
Cash flow from investing activities		
Net receipts/payments from sale/acquisition of subsidiaries and associates	931.7	3,199.9
Net receipts/payments on sale/acquisition of owner-occupied property, plant and equipment	(75.5)	(214.5)
Dividends from subsidiaries	58.2	124.0
Dividends from associated companies		42.4
Group contributions received	26.0	76.0
Group contributions paid	(1.5)	(1.7)
Net cash flow from investing activities	**938.8**	**3,226.1**
Cash flow from financing activities		
Payment of dividend	(2,949.6)	(8,348.9)
Net receipts/payments on bonds and commercial papers issued	(36.9)	1,197.1
Net receipts/payments on other short-term liabilities	1,532.7	
Payments regarding intra-group equity transactions	369.1	(1,006.3)
Net receipts/payments on sale/acquisition of own shares	(9.9)	(6.3)
Net cash flow from financing activities	**(1,094.6)**	**(8,164.3)**
Effect of exchange rate changes on cash and cash equivalents	11.7	24.0
Net cash flow for the period	**52.4**	**649.8**
Cash and cash equivalents at the start of the period	1,652.1	1,002.2
Cash and cash equivalents at the end of the period	1,704.5	1,652.1
Net cash flow for the period	**52.4**	**649.8**

Accounting policies

Reporting entity

Gjensidige Forsikring ASA is a publicly listed company domiciled in Norway. The company's head office is located at Schweigaardsgate 21, Oslo, Norway. The activities of the company consist of general insurance. The company does business in Norway, Sweden and Denmark.

The accounting policies applied in the financial statements are described below. The policies are used consistently throughout the entire Group with the exception of one difference that is permitted in accordance with IFRS 4 about insurance contracts. See description under the section Claims provision, gross.

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 1998-12-16 nr 1241). The Norwegian Financial Reporting Regulations for Insurance Companies is to a great extent based on IFRSs endorsed by EU, and interpretations.

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 2015. They have not been applied when preparing these financial statements. Those that may be relevant to Gjensidige are mentioned below. Gjensidige does not plan early implementation of these standards.

IFRS 9 Financial instruments (2014)

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

IFRS 9 contains three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income, and fair value through profit or loss. Financial assets will be classified 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. IFRS 9 replaces an 'accrued loss model' with an 'expected loss model', which means that the loss no long has to have been incurred for it to be recognised as an impairment loss. The expected loss model is a two-step measurement model where the provision for loss is either measured as the 12-month expected loss or as the lifetime expected loss, depending on whether there has been a significant increase in the credit risk since it was first recognised. IFRS 9 introduces new requirements for hedge accounting that are more in accordance with the actual risk management. This means that the documentation requirements in IFRS are less rigid and that more hedging instruments and objects can qualify for hedge accounting. IFRS 9 will enter into force on 1 January 2018. Our provisional assessment is that the standard is expected to have an effect on Gjensidige's financial statements.

IFRS 15 Revenue from contracts with customers (2014)

IFRS 15 covers all contracts with customers, but insurance contracts, among others, are exempted. Insofar as such contracts cover the provision of several services or other services closely related to the insurance operations carried out, this may have a bearing on how Gjensidige recognises revenues in its accounts. IFRS 15 is effective 1 January 2018. Our preliminary assessment is that services beyond what is covered by IFRS 4 about insurance contracts comprise an insignificant part of the income. Our preliminary assessment is that the standard is not expected to have a significant effect on Gjensidige's financial statements.

IFRS 16 Leasing (2016)

IFRS 16 requires all contracts that qualify under its definition as a lease to be reported on a lessee's balance sheet as right of use assets and lease liabilities. Earlier classification of leases as either operating leases or finance leases are removed. Short-term leases (less than 12 months) and leases of low-value assets are exempt from the requirements. A lessee shall recognise a right-of-use assets and a lease liabilities. Interest expense on the lease liability shall be presented separately from the depreciation charge for the right-of-use asset. Interest expense is a component of finance costs. IFRS 16 is effective 1 January 2019. The standard will increase the total balance and split the leasing expense in operating expenses and financial expenses.

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

Basis of measurement

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

- derivatives are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value
- financial assets available for sale are measured at fair value
- investment properties are measured at fair value

Functional and presentation currency

The financial statements are presented in NOK. The mother company and the different branches have respectively Norwegian, Swedish and Danish kroner as functional currency. All financial information is presented in NOK, unless otherwise stated.

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

Segment reporting

According to IFRS 8, the operating segments are determined based on the Group's internal organisational management structure and the internal financial reporting structure to the chief operating decision maker. In Gjensidige Insurance Group the Senior Group Management is responsible for evaluating and following up the performance of the segments and is considered the chief operating decision maker within the meaning of IFRS 8. Gjensidige reports on two operating segments, General insurance Private and General insurance Norway, which are independently managed by managers responsible for the respective segments depending on the products and services offered, distribution and settlement channels, brands and customer profiles. Identification of the segments is based on the existence of segment managers who report directly to the Senior Group Management/CEO and who are responsible for the performance of the segment under their charge. In addition the company comprises a Swedish and Danish branch that is reported as a part of the segment Nordic in the consolidated financial statements.

The recognition and measurement principles for Gjensidige's segment reporting are based on the IFRS principles adopted in the consolidated financial statements. Inter-segment pricing is determined on arm's length distance.

Subsidiaries, associated companies and joint ventures

Subsidiaries, associated companies and joint ventures are recognised using the cost method.

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

Insurance premiums are recognised over the term of the policy. Gross premiums written include all amounts the company has received or is owed for insurance contracts where the insurance period starts before the end of the accounting period. At the end of the period provisions are recorded, and premiums written that relate to subsequent periods are adjusted for in Change in gross provision for unearned premiums in the income statement.

Ceded reinsurance premiums reduce gross premiums written, and are adjusted for according to the insurance period. Premiums for inward reinsurance are classified as gross premiums written, and are earned according to the insurance period.

Allocated return on investments

The allocated return on investments is calculated based on the average of the technical provisions throughout the year. The average yield on government bonds with three years remaining until maturity is used for the calculation. The Financial Supervisory Authority of Norway has calculated the average technical yield for 2015 and 2014 to be 0.76 and 1.55 per cent respectively. The allocated return on investments is transferred from the non-technical account to the technical account.

Claims incurred in general insurance

Claims incurred consist of gross paid claims less reinsurers' share, in addition to a change in gross provision for claims, also less reinsurers' share. Direct and indirect claims processing costs are included in claims incurred. The claims incurred contain run-off gains/losses on previous years' claims -provisions.

Insurance-related operating expenses

Insurance-related operating expenses consist of insurance-related administration expenses including commissions for received reinsurance and sales expenses, less received commissions for ceded reinsurance and profit share.

Net income from investments

Financial income consist 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 recognised 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.

Foreign currency

Foreign currency transactions

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

At the reporting date monetary items are retranslated to the functional currency at exchange rates at that date. Non-monetary items denominated in foreign currencies that are measured at historical cost, are retranslated using the exchange rates at the date of the transaction. Non-monetary items denominated in foreign currencies that are measured at fair value, are retranslated to the functional currency at the exchange rates at the date when the fair value was determined.

Exchange differences arising on retranslations are recognised in profit or loss, except for differences arising on the retranslation of financial instruments designated as hedge of a net investment in a foreign operation that qualifies for hedge accounting. These are recognised in other comprehensive income.

Foreign branches

Foreign branches that have other functional currencies are translated to NOK by translating the income statement at average exchange rates for the period of activity, and by translating the balance sheet at exchange rates at the reporting date. Exchange differences are recognised as a separate component of equity. On disposal of the foreign operation, the cumulative amount of the exchange difference recognised in other comprehensive income relating to that foreign branch is recognised in profit of loss, when the gain or loss on disposal is recognised.

Exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form a part of the net investment in the foreign branch and are recognised in other comprehensive income.

Goodwill arising on the acquisition of a foreign portfolio and fair value adjustments of the carrying amount of assets and liabilities arising on the acquisition of the foreign branch are treated as assets and liabilities of the foreign operation.

Tangible assets

Owner-occupied property, plant and equipment

Recognition and measurement

Items of owner-occupied property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the item. In cases where equipment or significant items have different useful lives, they are accounted for as separate components.

Owner-occupied property is defined as property that is used by Gjensidige for conducting its business. If the properties are used both for the company's own use and as investment properties, classification of the properties is based on the actual use of the properties.

Subsequent costs

Subsequent costs are recognised in the asset's carrying amount when it is probable that the future economic benefits associated with the asset will flow to the Company, and the cost of the asset can be measured reliably. If the subsequent cost is a replacement cost for part of an item of owner-occupied property, plant and equipment, the cost is capitalized and the carrying amount of what has been replaced is derecognised. Repairs and maintenances are recognised in profit or loss in the period in which they are incurred.

Gjensidige may engage in refurbishment, major upgrades or new property projects. The costs for these are recognised using the same principles as for an acquired asset.

Depreciation

Each component of owner-occupied property, plant and equipment are depreciated using the straight-line method over estimated useful life. Land is not depreciated. The estimated useful lives for the current and comparative periods are as follows

- owner-occupied property 10-50 years
- plant and equipment 3-10 years

Depreciation method, expected useful life and residual values are reassessed annually. An impairment loss is recognised if the carrying amount of an asset is less than the recoverable amount.

Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation, or for both. These properties are not used in production, deliveries of goods and services, or for administrative purposes.

Investment properties are measured initially at cost, i.e. the purchase price including directly attributable expenses associated with the purchase. Investment properties are not depreciated.

Subsequent to initial recognition investment properties are measured at fair value, and any changes in fair value are recognised in profit or loss.

Fair value is based on market prices, after consideration of any differences in type, location or condition of the individual property. Where market prices are not available, the properties are individually assessed by discounting the expected future net cash flow by the required rate of return for each investment. The net cash flow takes into account existing rental contracts and expectations of future rental income based on the current market situation. The required rate of return is determined based on the expected future risk-free interest rate and an individually assessed risk premium, dependent on the rental situation and the location and standard of the building. An observation of yields reported from market transactions is also performed. The valuation is carried out both by external and internal expertise having substantial experience in valuing similar types of properties in geographical areas where the Company's investment properties are located.

In cases of change of use and reclassification to owner-occupied property, fair value at the date of the reclassification is used as cost for subsequent reporting.

Intangible assets

Goodwill

Goodwill acquired in acquisition of portfolios represents cost price of the acquisition in excess of the company's share of the net fair value of identifiable assets, liabilities and contingent liabilities in the acquired portfolio at the time of acquisition. Goodwill is recognised initially at cost and subsequently measured at cost less accumulated impairment losses.

Goodwill acquired in acquisition of portfolios is not amortised, but is tested for impairment annually or more frequently, when indications of impairment losses exist.

Other intangible assets

Other intangible assets which consist of customer relationships, trademarks, internally developed software and other intangible assets 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

• customer relationships	10 years
• trademarks	10 years
• internally developed software	5–8 years
• other intangible assets	5–10 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.

Impairment of non-financial assets

Indicators of impairment of the carrying amount of tangible and intangible assets are assessed at each reporting date. If such indicators exist, then recoverable amount of an assets or a cash generating unit is estimated. Indicators that are assessed as significant by the Group and might trigger testing for an impairment loss are as follows

- significant reduction in earnings in relation to historical or expected future earnings
- significant changes in the Company's use of assets or overall strategy for the business
- significant negative trends for the industry or economy
- other external and internal indicators

Goodwill is tested for impairment annually. The annual testing of goodwill is performed in the third quarter.

Recoverable amount is the greater of the fair value less costs to sell and value in use. In assessing value in use, estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets generating cash inflows that are largely independent of cash inflows from other assets or groups of assets (cash-generating unit). Goodwill is allocated to the cash-generating unit expecting to benefit from the acquisition.

Impairment losses are recognised in profit or loss if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated- first to the carrying amount of goodwill and then proportionally to the carrying amount of each asset in the cash-generating unit. Previously recognised impairment losses are for assets except for goodwill, reversed if the prerequisites for impairment losses are no longer present. Impairment losses will only be reversed if the recoverable amount does not exceed the amount that would have been the carrying amount at the time of the reversal if the impairment loss had not been recognised.

Impairment losses recognised for goodwill will not be reversed in a subsequent period. On disposal of a cash generating unit, the goodwill attributable will be included in the determination of the gain or loss on disposal.

Technical provisions

Provision for unearned premiums, gross

The provision for unearned premiums, gross reflects the accrual of premiums written. The provision corresponds to the unearned portions of the premiums written. No deduction is made for any expenses before the premiums written are accrued.

In the case of group life insurance for the commercial market, the provision for unearned premiums, gross also includes provisions for fully paid whole-life cover (after the payment of disability capital).

Claims provision, gross

The claims provision comprise provisions for anticipated future claims payments in respect of claims incurred, but not fully settled at the reporting date. These include both claims that have been reported to the company (RBNS – reported but not settled) and those that have not yet been reported (IBNR – incurred but not reported). The provisions related to reported claims are assessed individually by the Claims Department, while the IBNR provisions are calculated based on empirical data for the time it takes from a loss or claim occurring (date of loss) until it is reported (date reported). Based on experience and the development of the portfolio, a statistical model is prepared to calculate the scope of post-reported claims. The appropriateness of the model is measured by calculating the deviation between earlier post-reported claims and post-reported claims estimated by the model.

Claims provisions are not normally discounted. For contracts in Denmark with annuity payments over a long horizon, discounting is performed. IFRS 4 permits the use of different policies within the Company in this area.

Claims provisions contain an element that is to cover administrative expenses incurred in settling claims.

Adequacy test
A yearly adequacy test is performed to verify that the level of the provisions is sufficient compared to the company's liabilities. Current estimates for future claims payments for the company's insurance liabilities at the reporting date, as well as related cash flows, are used to perform the test. This includes both claims incurred before the reporting date (claims provisions) and claims that will occur from the reporting date until the next annual renewal (premium provisions). Any negative discrepancy between the original provision and the liability adequacy test will entail provision for insufficient premium level.

Reinsurers' share of insurance-related liabilities in general insurance, gross
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, gross. The reinsurers' share is less expected losses on claims based on objective evidence of impairment losses.

Financial instruments
Financial instruments are classified in one of the following categories

- at fair value through profit or loss
- available for sale
- investments held to maturity
- loans and receivables
- financial derivatives
- financial liabilities at amortised cost

Recognition and derecognition
Financial assets and liabilities are recognised when Gjensidige 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

Gjensidige holds an investment portfolio that is designated at fair value at initial recognition, and that is managed and evaluated regularly at fair value. This is according to the Board approved risk management and investment strategy, and information based on fair value is provided regularly to the Senior Group Management and the Board.

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.

Available for sale
Financial assets available for sale are non-derivative financial assets that have been recognised initially in this category, or are not recognised initially in any other category. Subsequent to initial recognition financial assets in this category are measured at fair value, and gain or loss is recognised in other comprehensive income except for impairment losses, which are recognised in profit or loss.

The company has no financial assets in this category.

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.

Interest-free loans are issued to finance fire alarm systems within agriculture for loss prevention purposes. These loans are repaid using the discount granted on the main policy when the alarm system is installed.

The category loans and receivables comprises the classes loans, receivables related to direct operations and reinsurance, other receivables, prepaid expenses and earned, not received income, cash and cash equivalents, bonds and other fixed income securities classified as loans and receivables and receivables within the Group.

Financial derivatives
Financial derivatives are used in the management of exposure to equities, bonds and foreign exchange in order to achieve the desired level of risk and return. The instruments are used both for trading purposes and for hedging of other balance sheet items. Any trading of financial derivatives is subject to strict limitations.

The company uses financial derivatives, amongst other to hedge foreign currency exchanges arising from the ownership of foreign subsidiaries with other functional currency.

Transaction expenses are recognised in profit or loss when they incur. Subsequent to initial recognition financial derivatives are measured at fair value and changes in fair value are recognised in profit or loss.

Hedge accounting is applied on the largest branches. Gains and losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income, while any gains or losses relating to the ineffective portion are recognised in profit or loss. If subsidiaries are disposed of, the cumulative value of such gains and losses recognised in other comprehensive income is transferred to profit or loss. Where hedge accounting is not implemented, this implies a divergent treatment of the hedged object and the hedge instrument used. Hedge accounting of the largest branches was terminated in the second half-year of 2015.

Fair value hedging has in 2015 been carried out to hedge the currency in fixed agreements of acquisition of operations. Gains and losses on the hedging instrument are recognised in profit or loss, together with the change in fair value of the fixed agreement. The change in fair value of the fixed agreement is recognised in the cost price of the share when the acquired operation is accounted for.

The category financial derivatives comprise the classes financial derivatives at fair value through profit or loss and financial derivatives used as hedge accounting.

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 classes subordinated loan, other liabilities, liabilities related to direct insurance and reinsurance, accrued expenses and deferred income and liabilities within the Group.

Definition of 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.

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 input that is significant to the fair value measurement in its entirety.

Quoted prices in active markets are considered the best estimate of an asset/liability's fair value. When quoted prices in active markets are not available, the fair value of financial assets/ liabilities is preferably estimated on the basis of valuation techniques based on 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.

For further description of fair value, see note 8.

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.

Impairment of financial assets

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.

Impairment losses are reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Available for sale

For financial assets available for sale, an assessment to whether the assets are impaired is carried out quarterly.

If a decline in fair value of an available-for-sale financial asset, compared to cost, is significant or has lasted longer than nine months, the cumulative loss, measured as the difference between the historical cost and current fair value, less impairment loss on that financial asset that previously has been recognised in profit or loss, is removed from equity and recognised in profit or loss even though the financial asset has not been derecognised.

Impairment losses recognised in profit or loss are not reversed through profit or loss, but in other comprehensive income.

Dividend

Dividend from investments is recognised when the company has an unconditional right to receive the dividend. Proposed dividend is recognised as a liability in accordance with the Accounting Act and Regulations on Simplified Application of International Accounting Standards (FOR 2008-01-21 nr. 57). This implies that dividend reduces equity in the fiscal year the dividend provision relates to.

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.

Restructuring

Provision for restructuring are recognised when the company has approved a detailed and formal restructuring plan which has commenced or has been announced. Provisions are not made for future expenses attributed to the operations.

Pensions

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

The defined contribution plan is a post-employment benefit plan under which Gjensidige pays fixed contributions into a separate entity and there is no legal or constructive obligation to pay further amounts. Obligatory contributions are recognised as employee benefit expenses in profit or loss when they are due.

The defined benefit plan is a post-employment benefit plan that entitles employees to contractual future pension benefits. Pension liabilities are determined on the basis of linear earning and using assumptions of length of service, discount rate, future return on plan assets, future growth in wages, pensions and social security benefits from the National Insurance, and estimates for mortality and staff turnover, etc.

Plan assets are measured at fair value, and are deducted from pension liabilities in the balance sheet. Any surplus is recognised if it is likely that the surplus can be used. An overfunding in a funded plan cannot be offset against an underfunding in an unfunded plan.

Any actuarial gains and losses related to defined benefit plan is recognised in other comprehensive income.

Share-based payment

The fair value of share-based payment arrangements allocated to employees is at the time of allocation recognised as personnel costs, with a corresponding increase in equity. 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.

Share-based payment transactions in which the company receives goods or services as payment for the company's own equity instruments is recognised as share-based payment transactions with settlement in equity, regardless of how the company has acquired the equity instruments. 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 28 for a further description of the Group's share-based payment arrangements.

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.

Deferred tax liabilities are recognised for temporary differences resulting from investments in subsidiaries and associates, except in cases where the Group is able to control the reversal of temporary differences, and it is probable that the temporary difference will not be reversed in foreseeable future. Deferred tax assets that arise from deductible temporary differences for such investments are only recognised to the extent that it is probable that there will be sufficient taxable income to utilise the asset from the temporary difference, and they are expected to reverse in the foreseeable future.

Current and deferred tax

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. For business combinations, deferred tax is calculated on the difference between fair value of the acquired assets and liabilities and their carrying amount. Goodwill is recognised without provision for deferred tax.

Related party transactions

Intra-group balances and transactions are eliminated in preparing the consolidated financial statements.

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 a Cost Contribution Arrangement as described in OECD Guidelines chapter 8 and on the basis of paragraph 13-1 in the Norwegian Tax Act.

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.

Transactions with affiliated companies

The Fire Mutuals operate as agents on behalf of Gjensidige Forsikring. For these services commission is paid. The Fire Mutuals are also independent insurance companies with fire and natural damage on their own account. For handling this and to reinsure the Fire Mutuals' fire insurance Gjensidige receives payment based on arm's length distance. The same applies to other services delivered to the Fire Mutuals.

Notes

1. Equity

Share capital

At the end of the year the share capital consisted of 500 million ordinary shares with a nominal value of NOK 2, according to the statutes. All issued shares are fully paid in.

The owners of ordinary shares have dividend and voting rights. There are no rights attached to the holding of own shares.

In thousand shares	2015	2014
Issued 1 January	500,000	500,000
Issued 31 December	500,000	500,000

Own shares

In the column for own shares in the statement of changes in equity the nominal value of the company's holdings of own shares is presented. Amounts paid in that exceeds the nominal value is charged to other equity so that the cost of own shares reduces the Group's equity.

At the end of the year the number of own shares was 68.175 (63,579).

A total of 259.515 (208,030) own shares at an average share price of NOK 128.51 (120.02) have in 2015 been acquired to be used in Gjensidige's share-based payment arrangements. Of these 173,499 (152,960) shares have been sold to employees, at the same price, but with a discount in the form of a contribution, see note 28. In addition 48,579 (31,662) shares have been allocated to executive personnel within the share-based remuneration scheme and 32,841 (19,644) bonus shares have been allocated to employees in the share savings programme in 2015. Own shares are increased by 4,596 (3,764) through the year.

Share premium

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

Other paid-in capital

Other paid in equity consists of wage costs that are recognized in profit and loss as a result of the share purchase program for employees.

Exchange differences

Exchange differences consist of exchange differences that occur when converting foreign branches, and when converting liabilities that hedge the company's net investment in foreign branches.

Remeasurement of the net defined benefit liability/asset

Remeasurement of the net defined benefit liability/asset consists of the return of plan assets beyond interest income and gains/losses occurring by changing the actuarial assumptions used when calculating pension liability.

Other earned equity

Other earned equity consists of this year's and previous year's retained earnings that are not disposed to other purposes and includes provisions for compulsory funds (natural perils fund, guarantee scheme).

Natural perils fund

Operating profit/loss from the compulsory natural perils insurance shall be adjusted against a Natural perils fund. The provision can only be used for claims related to natural perils. Natural peril is defined as claim in direct relation to natural hazard, such as landslide, storm, flood, storm surge, earthquake or eruption.

Guarantee scheme

The provision for guarantee scheme shall provide security to the insured for the right fulfilment of claims covered by the agreement even after the agreement is terminated in Norway.

Dividend

Proposed and approved dividend per ordinary share

NOK millions	2015	2014
As at 31 December		
NOK 6.40 (5.90) based on profit for the year	3,200.0	2,950.0
NOK 2.00 (0) based on excess capital distribution	1,000.0	2,950.0

2. Use of estimates

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

The accounting policies that are used by Gjensidige in which the assessments, estimates and prerequisites may deviate significantly from the actual results are discussed below.

Investment properties

Fair value is based on market prices and generally accepted valuation models where there are no market prices. A key parameter of the valuation is the long-term required rate of return for the individual property. A further description of the real estate price risk and a sensitivity analysis of investment properties are given in note 9.

Plant and equipment, owner-occupied property and intangible assets

Plant and equipment, owner-occupied property and intangible assets are assessed annually to ensure that the depreciation method and the depreciation period used are in accordance with useful life. The same applies to residual value. Impairment losses will be recognised if impairment exists. An ongoing assessment of these assets is made in the same manner as investment properties.

Goodwill is tested for impairment annually or more often if there are indications that the amounts may be subject to impairment. The testing for impairment entails determining recoverable amount for the cash-generating unit. Normally recoverable amount will be determined by means of discounted cash flows based on business plans. The business plans are based on prior experience and the expected market development. See note 5 and 7.

Financial assets and liabilities

The fair value of financial assets and liabilities that are not traded in an active market (such as unlisted shares) is determined by means of generally accepted valuation methods. These valuation methods are based primarily on the market conditions at the reporting date. See note 8.

Loans and receivables

For financial assets that are not measured at fair value, it is assessed whether there is objective evidence that there has been a reduction in the value of a financial asset or a group of financial assets on each reporting date. See note 10.

Insurance-related liabilities

Use of estimates in calculation of insurance-related liabilities is primarily applicable for claims provisions.

Insurance products are divided in general into two main categories; lines with short or long settlement periods. The settlement period is defined as the length of time that passes after a loss or injury occurs (date of loss) until the claim is reported and then paid and settled. Short-tail lines are e.g. property insurance, while long-tail lines primarily involve accident and health insurances. The uncertainty in short-tail lines of business is linked primarily to the size of the loss.

For long-tail lines, the risk is linked to the fact that the ultimate claim costs must be estimated based on experience and empirical data. For certain lines within accident and health insurances, it may take ten to 15 years before all the claims that occurred in a calendar year are reported to the company. In addition, there will be many instances where information reported in a claim is inadequate to calculate a correct provision. This may be due to ambiguity concerning the causal relationship and uncertainty about the injured party’s future work capacity etc. Many personal injury claims are tried in the court system, and over time the level of compensation for such claims has increased. This will also be of consequence to claims that occurred in prior years and have not yet been settled. The risk linked to provisions for lines related to insurances of the person is thus affected by external conditions. To reduce this risk, the company calculates its claims liability based on various methods and follows up that the registered provisions linked to ongoing claims cases are updated at all times based on the current calculation rules. See note 3 and 13.

Pension

The present value of pension liabilities is calculated on the basis of actuarial and financial assumptions. Any change in the assumptions affects the estimated liability. Change in the discount rate is the assumption most significant to the value of the pension liability. The discount rate and other assumptions are normally reviewed once a year when the actuarial calculations are performed unless there have been significant changes during the year. See note 14.

3. Management of insurance and financial risk

For information about insurance and financial risk please refer to note 3 in the consolidated financial statements that cover both Gjensidige Forsikring ASA and Gjensidige Insurance Group.

4. Premiums and claims etc. in general insurance

For segment information according to IFRS 8 please refer to note 4 in the consolidated financial statements. The information below is worked out based on the requirements in the Norwegian Financial Reporting Regulations for Insurance Companies.

Private insurances

NOK millions	Compre-hensive	Motor	Of which third party liability	Of which other classes	Small craft and pleasure craft	Accident	Travel	Other private	Total private
Underwriting result									
Gross premiums written	*2,693.9*	*5,090.2*	*2,356.4*	*2,733.8*	*220.2*	*537.3*	*916.0*	*385.1*	*9,842.6*
Gross premiums earned	2,510.3	5,080.4	2,338.7	2,741.8	219.2	529.6	903.4	327.8	9,570.8
Gross claims incurred	(1,844.8)	(2,870.5)	(1,100.1)	(1,770.5)	(153.2)	(275.4)	(654.2)	(283.2)	(6,081.2)
Operating expenses gross	(335.5)	(816.3)	(380.4)	(435.9)	(34.4)	(72.9)	(136.3)	(53.8)	(1,449.1)
Underwriting result	**330.0**	**1,393.6**	**858.2**	**535.4**	**31.7**	**181.4**	**112.9**	**(9.1)**	**2,040.4**
Gross claims incurred									
Incurred during the year	(1,838.2)	(3,154.3)	(1,367.3)	(1,787.0)	(146.7)	(358.9)	(584.2)	(263.6)	(6,345.9)
Incurred previous years	(6.6)	283.7	267.2	16.5	(6.5)	83.5	(69.9)	(19.6)	264.7
Gross claims incurred	**(1,844.8)**	**(2,870.5)**	**(1,100.1)**	**(1,770.5)**	**(153.2)**	**(275.4)**	**(654.2)**	**(283.2)**	**(6,081.2)**
Technical provisions									
Provision for unearned premiums, gross	1,517.1	2,643.6	1,192.3	1,451.3	90.0	323.7	418.5	109.5	5,102.4
Claims provision, gross	1,472.9	6,418.6	5,515.9	902.7	64.6	2,831.0	297.9	31.7	11,116.7
Gross loss liability	*1,403.9*	*5,255.0*	*4,231.5*	*739.7*	*62.6*	*2,816.4*	*280.8*	*25.4*	*9,560.3*
Security provision									1,471.8
FSAN [1] minimum requirement									*1,471.8*

[1] The Financial Supervisory Authority of Norway.

NOK millions	Provision for unearned premiums Gross	Provision for unearned premiums Net of reinsurance	Claims provision Gross	Claims provision Net of reinsurance
Pool arrangements				
Norwegian Natural perils fund	119.7	119.7	290.2	271.0
Norwegian Occupational Injury Insurers' Bureau			37.8	37.8
Norwegian Motor Insurers' Bureau			36.2	36.2
Norwegian Pharmapool			1.6	1.6
Total pool arrangements	**119.7**	**119.7**	**365.7**	**346.5**

Commercial insurances

NOK millions	Comprehensive industrial risks	Comprehensive other comm. risks	Motor	Of which third party liability	Of which other classes	General liability	Workers' compensation	Collective accident and health	Livestock	Aquaculture	Cargo	Danish workers' compensation	Other comm. non-marine	One-year risk life insurance	Total comm. non-marine
Underwriting result															
Gross premiums written	*2,543.8*	*1,243.3*	*1,600.0*	*615.8*	*984.2*	*625.0*	*624.9*	*282.8*	*117.5*	*50.8*	*63.2*	*433.7*	*107.7*	*2,032.5*	*9,725.3*
Gross premiums earned	2,368.1	1,517.8	1,589.0	631.7	957.4	603.2	620.1	277.1	116.1	52.5	62.8	435.9	107.4	2,032.2	9,782.2
Gross claims incurred	(1,585.8)	(1,082.2)	(1,270.9)	(501.2)	(769.7)	(348.7)	(303.7)	(219.1)	(103.0)	(98.3)	(14.0)	(221.6)	(80.9)	(1,335.1)	(6,663.3)
Operating expenses gross	(298.0)	(205.9)	(282.9)	(106.6)	(176.2)	(86.1)	(65.6)	(29.3)	(14.6)	(7.5)	(9.0)	(63.9)	(16.7)	(307.4)	(1,386.8)
Underwriting result	**484.3**	**229.7**	**35.2**	**23.8**	**11.4**	**168.4**	**250.8**	**28.8**	**(1.4)**	**(53.4)**	**39.8**	**150.3**	**9.9**	**389.6**	**1,732.1**
Gross claims incurred															
Incurred during the year	(1,664.5)	(1,101.1)	(1,260.9)	(490.7)	(770.1)	(373.5)	(443.4)	(211.2)	(106.8)	(99.1)	(20.0)	(322.0)	(81.1)	(1,345.9)	(7,029.5)
Incurred previous years	78.7	18.9	(10.1)	(10.5)	0.4	24.9	139.7	(7.8)	3.9	0.8	6.0	100.3	0.3	10.8	366.2
Gross claims incurred	**(1,585.8)**	**(1,082.2)**	**(1,270.9)**	**(501.2)**	**(769.7)**	**(348.7)**	**(303.7)**	**(219.1)**	**(103.0)**	**(98.3)**	**(14.0)**	**(221.6)**	**(80.9)**	**(1,335.1)**	**(6,663.3)**
Technical provisions															
Provision for unearned premiums, gross	602.7	707.5	523.0	189.3	333.7	226.5	190.1	70.8	53.0	14.8	22.0	87.7	2.2	500.5	3,000.8
Claims provision, gross	856.3	1,540.9	1,309.1	1,104.3	204.8	924.3	5,410.8	1,716.9	87.0	26.2	13.8	5,125.6	27.3	2,239.0	19,277.2
Gross loss liability	*850.9*	*1,531.0*	*834.7*	*704.0*	*130.7*	*825.9*	*4,264.5*	*912.9*	*85.3*	*18.6*	*12.4*	*5,125.6*	*27.3*	*2,239.0*	*16,728.1*
Security provision															1,225.9
FSAN [1] minimum requirement															*1,225.9*

[1] The Financial Supervisory Authority of Norway.

	Marine and energy insurances				Inward reinsurance			Other	
NOK millions	Blue water	Coastal hull	Energy	Total marine and energy insurances	Proportional	Non-proportional	Total inward reinsurance	Pool arrangements	Total Gjensidige Forsikring
Underwriting result									
Gross premiums written		*191.1*		*191.1*	*1,038.3*	*160.4*	*1,198.7*	*293.4*	*21,251.1*
Gross premiums earned		187.3		187.3	1,038.9	160.4	1,199.3	284.7	21,024.3
Gross claims incurred		(108.1)		(108.1)	(716.6)	(84.3)	(800.9)	(349.8)	(14,003.4)
Operating expenses gross		(26.9)		(26.9)	(247.0)	(7.6)	(254.6)		(3,117.5)
Underwriting result		**52.3**		**52.3**	**75.3**	**68.5**	**143.8**	**(65.1)**	**3,903.5**
Gross claims incurred									
Incurred during the year		(126.9)		(126.9)	(687.2)	(30.9)	(718.1)	(380.8)	(14,601.3)
Incurred previous years		18.8		18.8	(29.4)	(53.4)	(82.8)	31.0	597.9
Gross claims incurred		**(108.1)**		**(108.1)**	**(716.6)**	**(84.3)**	**(800.9)**	**(349.8)**	**(14,003.4)**
Technical provisions									
Provision for unearned premiums, gross		15.5		15.5				119.7	8,238.4
Claims provision, gross	8.4	160.1	11.1	179.6	691.3		691.3	387.7	31,652.5
Gross loss liability	*8.4*	*140.7*	*10.8*	*159.9*	*665.9*		*665.9*	*387.7*	*27,501.9*
Security provision				26.3			99.4		2,823.4
FSAN [1] minimum requirement				*26.3*			*99.4*		*2,823.4*

[1] The Financial Supervisory Authority of Norway.

5. Intangible assets

NOK millions	Goodwill	Customer relationship	Trademark	Internally developed software	Other intangible assets	Total
Cost						
As at 1 January 2014	1,488.7	505.2	35.6	538.6	53.1	2,621.2
Additions				48.0	4.5	52.5
Additions through business combinations	79.5	36.1			2.7	118.3
Additions from internal development				129.3		129.3
Disposals/reclassifications				80.2	(37.9)	42.3
Exchange differences	100.4	36.2	2.1	25.5	1.4	165.7
As at 31 December 2014	**1,668.7**	**577.5**	**37.7**	**821.7**	**23.9**	**3,129.4**
Uncompleted projects				86.0		86.0
As at 31 December 2014, including uncompleted projects	**1,668.7**	**577.5**	**37.7**	**907.7**	**23.9**	**3,215.4**
Amortisation and impairment losses						
As at 1 January 2014	(100.0)	(217.5)	(20.2)	(231.1)	(11.8)	(580.5)
Amortisations		(56.7)	(9.5)	(111.2)	(2.6)	(180.0)
Disposals/reclassifications				(72.1)	11.4	(60.7)
Exchange differences		(17.1)	(1.6)	(11.1)	(0.2)	(30.1)
As at 31 December 2014	**(100.0)**	**(291.3)**	**(31.3)**	**(425.5)**	**(3.1)**	**(851.3)**
Carrying amount						
As at 1 January 2014	1,388.7	287.8	15.4	418.6	41.3	2,151.7
As at 31 December 2014	**1,568.6**	**286.2**	**6.4**	**482.2**	**20.7**	**2,364.1**
Cost						
As at 1 January 2015	1,668.7	577.5	37.7	821.7	23.9	3,129.4
Additions		16.5		41.0	50.1	107.6
Additions internal	15.6	24.4				40.0
Additions from internal development				156.2		156.2
Disposals/reclassifications				(244.9)		(244.9)
Exchange differences	92.4	31.9	1.5	25.0	4.8	155.5
As at 31 December 2015	**1,776.7**	**650.3**	**39.2**	**799.0**	**78.8**	**3,343.9**
Uncompleted projects				99.2		99.2
As at 31 December 2015, including uncompleted projects	**1,776.7**	**650.3**	**39.2**	**898.2**	**78.8**	**3,443.1**
Amortisation and impairment losses						
As at 1 January 2015	(100.0)	(291.3)	(31.3)	(425.5)	(3.1)	(851.3)
Amortisations		(60.5)	(6.2)	(143.0)	(25.8)	(235.5)
Disposals/reclassifications				199.8		199.8
Exchange differences		(17.1)	(1.6)	(11.9)	(1.9)	(32.5)
As at 31 December 2015	**(100.0)**	**(369.0)**	**(39.0)**	**(380.6)**	**(30.9)**	**(919.5)**
Carrying amount						
As at 1 January 2015	1,568.7	286.2	6.4	482.1	20.7	2,364.0
As at 31 December 2015	**1,676.6**	**281.3**	**0.2**	**517.5**	**47.9**	**2,523.6**
Amortisation method	I/A	Straight-line	Straight-line	Straight-line	Straight-line	
Useful life (years)	I/A	10	10	5-8	5-10	

The company's intangible assets are either acquired or internally developed. Goodwill, customer relationships and parts of other intangible assets are all acquired through business combinations or mergers, and are a result of a purchase price allocation of initial cost of the acquisition. Internally developed software is developed for use in the insurance business. External and internal assistance used in relation developed software is developed for use in the insurance business. External and internal assistance is used in relation with implementation or substantial upgrade of software, including adjustment of standard systems, are capitalized as intangible assets. Amortisation is included in Insurance-related administration expenses including commissions for received reinsurance and sales expenses.

The company has had a few minor additions through business combinations during 2015.

Impairment testing of goodwill

The carrying amount of goodwill in the company as at 31 December 2015 is NOK 1,676.7 million. See table.

NOK millions	2015	2014
Goodwill		
Gjensidige Forsikring, Danish branch	1,091.9	1,016.7
Workers' compensation insurance in Denmark	121.1	114.5
Gouda portfolio	85.8	81.4
Gjensidige Forsikring, Swedish branch	249.2	227.3
Gjensidige Forsikring, white label	128.7	128.7
Total	**1,676.7**	**1,568.6**

Each of the units above is the smallest identifiable group of assets that generates cash inflows and considered as separate cash-generating units.

The annual assessment of impairment losses was carried out in the third quarter of 2015. There has also been carried out indication assessments during other quarters in order to assess whether there is new evidence that calls for a new impairment assessment.

Recoverable amount for the cash-generating units is determined based on an assessment of value in use. The value in use is based on a discounting of future cash flows, with a relevant discount rate that takes into account maturity and risk.

Budgets/prognoses and the period for which the cash flows are projected

The projection of cash flows is based on budget and forecast for the next four years reviewed by the management and approved by the Board. In the period after 2019 an annual growth of two and a half and three per cent has been projected until 2024. The terminal value is calculated in 2024. The growth is grounded in the fact that the companies are small and with a solid parent company, which gives them good chances of increasing market shares. In the forecast period the Swedish branch has a higher premium growth than the other cash generating units because several measures are established in 2015 to increase growth and improve profitability. The cash flows are estimated to a normal level before a terminal value is calculated. Gjensidige normally has a ten-year horizon on its models, as the portfolios are in a growth phase and a shorter period will not give a correct view of expected cash flows.

The management's method

As far as possible, the management has sought to document the assumptions upon which the models are based through external information. External information is first and foremost used in the assessment of discount rate and exchange rates. When it comes to future cash flows, the management has also considered the degree of historical achievement of budgets. If expected budgeted results are not achieved, the management has conducted a deviation analysis. These deviation analyses are reviewed by the Board of the respective subsidiaries, as well as the management in Gjensidige Forsikring.

Level of combined ratio (CR)

The expected CR level is both in the growth period and when estimating the terminal value considered to be from 80.6 to 112.2.

Cash-generating units	CR-level in growth period	CR-level when calculating terminal value
Gjensidige Forsikring, Danish branch	90.5-95.8%	91.6%
Workers' compensation insurance in Denmark	84.7-86.7%	86.7%
Gjensidige Forsikring, Swedish branch	91.7-112.2%	91.7%
Gouda portfolio	80.6-90.6%	90.6%

The growth rate in terminal value calculation

The growth rate is determined to 2.5 per cent in Scandinavia, down from 3.0 that was used in 2014.

Discount rate

The discount rate is before tax, and is composed of a risk-free interest rate, a risk premium and a market beta. The risk-free rate is equivalent to a ten-year interest rate on government bonds in the respective countries where the subsidiaries and branches operate in and in addition a risk premium is added. The risk premium is increased somewhat from 2014 due to the decline in interest rate on government bonds. The discount rate that has been used is 7.5 per cent for Denmark and Sweden.

Sensitivity analysis to key assumptions

The excess values related to the acquisitions are based on different key assumptions. If these assumptions change significantly from what they are expected to be in the impairment models, a need for impairment may arise. See table.

Sensitivity table goodwill	Discount rate increase by 1%	Growth reduced by 2% compared to expected next 3 years	CR increases by 2% next 3 years	All circumstances occur simultaneously
Gjensidige Forsikring, Danish branch	Need for impairment app. NOK 289 million	No need for impairment	No need for impairment	Need for impairment app. NOK 505 million
Workers' compensation insurance in Denmark	Need for impairment app. NOK 96 million	No need for impairment	No need for impairment	Need for impairment app. NOK 118 million
Gjensidige Forsikring, Swedish branch	No need for impairment	No need for impairment	No need for impairment	No need for impairment
Gjensidige Forsikring, white label	No need for impairment	No need for impairment	No need for impairment	No need for impairment
Gouda portfolio	No need for impairment	No need for impairment	No need for impairment	No need for impairment

6. Shares in subsidiaries, associates and joint ventures

NOK millions	Registered office	Interest held	Cost 31.12.2015	Carrying amount 31.12.2015	Cost 31.12.2014	Carrying amount 31.12.2014
Subsidiaries						
Gjensidige Bank Holding AS	Oslo, Norway	100%	1,931.4	1,952.7	1,931.4	1,832.7
Gjensidige Norge AS	Oslo, Norway	100%	195.7	1.2	195.7	1.2
Gjensidige Pensjon og Sparing Holding AS	Oslo, Norway	100%	741.0	742.7	741.0	742.1
Oslo Areal AS [1]	Oslo, Norway	100%			1,828.8	1,828.8
Gjensidige Baltic AAS	Riga, Latvia	100%	351.5	347.8	351.5	347.8
Samtrygd Eigedom AS	Oslo, Norway	100%	6.9	6.9	6.9	6.9
Lokal Forsikring AS	Oslo, Norway	100%	31.4	11.3	31.4	11.3
Nykredit Forsikring A/S	Copenhagen, Denmark	100%	1,625.1	1,485.6	1,625.1	1,485.6
Byggeriets Forsikringsservice AS [2]	Copenhagen, Denmark	100%			35.4	35.4
Nordisk Forsikrings Service AS [3]	Copenhagen, Denmark	100%			65.5	38.1
Försäkringshuset Amb & Rosèn AB	Stockholm, Sweden	100%	5.1	5.1	5.1	5.1
Försäkringsproduktion i Sverige AB	Piteå, Sweden	100%	14.4	16.9	9.6	9.6
NAF Forsikringsformidling AS	Oslo, Norway	66%	47.0	54.9		
Mondux Affinity Aps	Copenhagen, Denmark	100%	77.2	77.2		
Mondux Assurance Agentur A/S	Copenhagen, Denmark	100%	129.0	137.2		
Mondux Service A/S	Copenhagen, Denmark	100%	0.6	0.6		
PZU Lietuva SA	Vilnius, Lithuania	99,9%	628.8	581.0		
Total shares in subsidiaries			**5,785.0**	**5,421.2**	**6,827.4**	**6,344.7**
Associates						
Vervet AS including subordinated loan [4, 5]	Tromsø, Norway	25%	35.3	11.5	35.3	5.5
Joint ventures						
Oslo Areal AS	Oslo, Norge	50%	1,086.9	1,086.9		
Total shares in associates and joint ventures			**1,122.2**	**1,098.4**	**35.3**	**5.5**

[1] Sold 50 per cent of the shares to AMF, see text at the end of the note.
[2] Byggeriet Forsikringsservice AS was liquidated during 2015.
[3] Nordisk Forsikrings Service AS was liquidated during 2015.
[4] Reversal of impairment loss resulted in a gain of NOK 6.0 million.
[5] Subordinated loan of NOK 24.0 million is included in cost.

NOK millions	Assets	Equity	Liabilities	Revenues [6]	Profit/(loss)	Share of stock value
For the whole company 2015						
Subsidiaries - additional information						
Gjensidige Bank Holding (group)	40,487.8	2,695.8	37,792.0	663.4	225.9	N/A
Gjensidige Norge AS	0.1	0.1				N/A
Gjensidige Pensjon og Sparing Holding (group)	20,770.0	596.2	20,173.8	1,431.5	59.9	N/A
Gjensidige Baltic AAS	935.5	277.7	657.8	532.3	(78.4)	N/A
Samtrygd Eigedom AS	6.3	6.2	0.1			N/A
Lokal Forsikring (group)	18.2	17.5	0.7	0.1	4.3	N/A
Nykredit Forsikring A/S	1,454.5	308.9	1,145.5	51.8	(14.9)	N/A
Försäkringshuset Amb & Rosèn AB	0.8	0.5	0.3		0.8	N/A
Försäkringsproduktion i Sverige AB	8.8	3.5	5.3			N/A
NAF Forsikringsformidling AS	4.6	(0.1)	4.7		(8.0)	N/A
Mondux Affinity Aps	21.9	9.9	12.0		4.5	N/A
Mondux Assurance Agentur A/S	18.2	13.0	5.2		7.2	N/A
Mondux Service A/S	0.7	0.7				N/A
Mondux AB	4.7	0.1	4.6		0.4	N/A
PZU Lietuva SA	787.8	157.0	630.9	109.7	(38.1)	N/A
Total shares in subsidiaries	**64,520.0**	**4,086.8**	**60,433.2**	**2,788.9**	**163.8**	

NOK millions	Assets	Equity	Liabilities	Revenues [6]	Profit/(loss)	Share of stock value
For the whole company 2014						
Subsidiaries - additional information						
Gjensidige Bank Holding (group)	29,521.2	2,038.9	27,482.3	612.0	184.6	N/A
Gjensidige Norge AS	0.1	0.1				N/A
Gjensidige Pensjon og Sparing Holding (group)	17,903.3	568.2	17,335.1	1,262.4	32.1	N/A
Oslo Areal AS	6,456.8	2,223.8	4,233.0	457.2	347.8	N/A
Gjensidige Baltic AAS	850.4	341.1	509.3	523.0	6.3	N/A
Samtrygd Eigedom AS	6.3	6.2	0.1	0.1	0.1	N/A
Lokal Forsikring (group)	25.9	17.5	8.4	0.2	(19.6)	N/A
Nykredit Forsikring A/S	1,542.6	368.1	1,174.5	199.2	80.4	N/A
Byggeriets Forsikringsservice AS	5.2	1.7	3.5		1.1	N/A
Nordisk Forsikrings Service AS	49.8	38.1	11.7	30.9	28.9	N/A
Försäkringshuset Amb & Rosèn AB	2.2	(0.4)	2.6		(2.1)	N/A
Försäkringsproduktion i Sverige AB	3.6	0.5	3.0			N/A
Total shares in subsidiaries	**56,367.3**	**5,603.8**	**50,763.6**	**3,085.0**	**659.5**	

NOK millions	Assets	Equity	Liabilities	Revenues [6]	Profit/(loss)	Share of stock value
For the whole company 2015						
Associates - additional information						
Vervet AS	100.0	4.3	95.7	0.7	(1.7)	N/A
Total shares in associates	**100.0**	**4.3**	**95.7**	**0.7**	**(1.7)**	
For the whole company 2014						
Associates - additional information						
Vervet AS	102.1	6.1	96.0	0.5	(2.9)	N/A
Total shares in associates	**102.1**	**6.1**	**96.0**	**0.5**	**(2.9)**	

[6] Operating income. For companies where financial income is operating income, financial income is included. For other companies financial income is not included.

For the whole company 2015

Joint ventures - additional information

NOK millions	Oslo Areal AS
Income statement	
Operating income	419.8
Operating expenses	(75.5)
Interest income	1.5
Interest expenses	(71.5)
Fair value adjustments property	271.7
Gains/losses on sale of property	3.7
Depreciation and amortisation	(8.8)
Profit/(loss) before tax expense	**540.9**
Tax expense	(92.0)
Profit/(loss) before components of OCI	**448.9**
Other income and expenses	0.1
Total comprehensive income	**449.0**
Balance sheet items	
Current assets	93.0
Fixed assets	6,821.5
Cash and cash equivalents	30.7
Short term liabilities	820.6
Long term liabilities	3,076.1
Equity	3,018.0

Receivables from joint ventures

NOK millions	Oslo Areal AS
Gjensidige's share of loan	1,538.0
Total receivables on joint ventures	**1,538.0**

Percentage of votes held is the same as percentage of interest held for all investments.

In November, Gjensidige sold 50 per cent of the shares in Oslo Areal to AMF Pensionsforsäkring (AMF). The transaction implies that Gjensidige and AMF will own Oslo Areal together as a joint venture, as each party has rights to its share of the net assets of the arrangement. The parties will make joint investments in the Norwegian real estate market through Oslo Areal. The investment is recognised at cost of NOK 1.1 billion at year end. Principles for valuation of real estate investments are disclosed in Note 9 Investment property. Gjensidige Forsikring has granted a loan to Oslo Areal amounting to NOK 1.5 billion at year end. The loan is interest-bearing.

Part of the agreement is that Gjensidige, through a price-adjustment mechanism, will be exposed to the property market development with an amount corresponding to half of the proceeds during the period until 31 December 2016. Gjensidige will therefore have a higher property-exposure in this period than the 50 per cent holding in Oslo Areal. The exposure that this agreement represents is not recognised. The agreement is recognised at fair value and the unrealised gain was NOK 16.2 million at 31 December 2015.

There are contractual commitments regarding development of investment properties in Oslo Areal AS amounting to NOK 71.0 million (80.0). The commitment falls due during the period until 31 December 2017.

Gjensidige Forsikring ASA is no longer represented on SpareBank 1 SR-Bank's board and the bank is no longer classified as an associated company for accounting purposes. Since the second quarter 2014, the shareholding in the bank is recognised at market value.

Gjensidige sold on 26 February 2014 the holding in Storebrand ASA. Accounting gain from the transaction was NOK 1,108.7 million in the consolidated accounts. The sales amount on sale of 20.1 per cent was NOK 3,256.5 million and was received in cash. Following the completion of the sale, Gjensidige will not hold any shares in Storebrand ASA.

There are some restrictions on Gjensidige Forsikring ASA's ability to access or use the Group's assets, as well as settling its obligations. Group contributions added together with dividends must not exceed justifiable payment of dividend based on a company's financial strength and operations. Distributions from life insurance companies must be within profit for the year. Is it desired to distribute more than this then it has to be approved in advance by the Financial Supervisory Authority. The regulatory framework for capital adequacy and solvency margin must be complied, as well as asset management regulations that set requirements which must be met in order to cover the technical provisions. In addition, Gjensidige shall fulfil the capital requirements for an A rating, which ties additional capital.

An insurance company may not grant loans or provide guarantees for another company in the Group beyond settlement accounts in the Group bank unless there exist exceptions based on regulations and/or individual decisions by the Financial Supervisory Authority.

7. Owner-occupied property, plant and equipment

NOK millions	Owner-occupied property	Plant and equipment [1]	Total
Cost			
As at 1 January 2014	117.0	443.2	560.3
Additions	5.4	220.4	225.8
Disposals	(14.3)	(106.1)	(120.4)
Exchange differences		4.2	4.2
As at 31 December 2014	**108.2**	**561.7**	**669.9**
Uncompleted projects		98.7	98.7
As at 31 December 2014, including uncompleted projects	**108.2**	**660.5**	**768.6**
Depreciation and impairment losses			
As at 1 January 2014	(32.8)	(335.5)	(368.3)
Depreciation for the year	(2.9)	(46.2)	(49.1)
Disposals	5.8	36.4	42.3
Impairment losses reversed during the period	0.8		0.8
Exchange differences		(2.9)	(2.9)
As at 31 December 2014	**(29.0)**	**(348.2)**	**(377.2)**
Carrying amount			
As at 1 January 2014	84.4	243.8	328.1
As at 31 December 2014	**79.2**	**312.3**	**391.5**
Cost			
As at 1 January 2015	108.2	561.7	669.9
Additions	0.4	99.0	99.3
Disposals	(86.0)	(42.0)	(128.0)
Exchange differences		5.8	5.8
As at 31 December 2015	**22.8**	**624.6**	**647.3**
Uncompleted projects		27.6	27.6
As at 31 December 2015, including uncompleted projects	**22.8**	**652.1**	**674.8**
Depreciation and impairment losses			
As at 1 January 2015	(29.0)	(348.2)	(377.2)
Depreciation for the year	(2.6)	(56.8)	(59.5)
Disposals	28.1	31.1	59.2
Exchange differences		(3.5)	(3.5)
As at 31 December 2015	**(3.8)**	**(377.4)**	**(381.2)**
Carrying amount			
As at 1 January 2015	79.2	312.3	391.5
As at 31 December 2015	**19.0**	**274.7**	**293.7**
Depreciation method	Straight-line	Straight-line	
Useful life (years)	10-50	3-10	

[1] Plant and equipment consist mainly of machinery, vehicles, fixtures and furniture.

NOK millions	2015	2014
Market value of land and owner-occupied property	34.6	97.6
Carrying amount of land and owner-occupied property	19.0	79.2
Excess value beyond carrying amount	**15.6**	**18.4**

Each component of owner-occupied property, plant and equipment are depreciated using the straight-line method over estimated useful life. Land is not depreciated. Estimated useful life for the period and comparable periods are between ten and 50 years for property, with technical installations having the highest depreciation rate, and between three and ten years for plant and equipment.

Following the sale of two owner-occupied properties to Oslo Areal, the owner-occupied property in Gjensidige Forsikring ASA mainly consists of leisure houses and cottages.

There are no restrictions on owner-occupied property, plant and equipment. Owner-occupied property, plant and equipment are not pledged as security for liabilities.

The market value of owner-occupied property exceeds the carrying amount as shown above. For plant and equipment there is no material difference between the carrying amount and the market value. Some equipment, such as furniture, is fully depreciated, but still in use.

8. 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 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 following financial assets are classified as level three in the valuation hierarchy

- Unlisted private equity investments. The private equity investments that are not organized as funds are valued using cash flow analysis, price multiples and recent market transactions. The private equity investments that are organized as funds are valued based on NAV (Net Asset Value) as reported by the fund administrators in accordance with IPEV guidelines (International Private Equity and Venture capital Valuation. The NAV are estimated by the fund administrators by using the valuation techniques best suited to estimate fair value, given the actual circumstances of each underlying investment. Because of late reporting from the funds, the NAV from the previous quarterly reporting are used in estimating fair value. The NAV is then assessed for discretionary adjustments based on objective events since the last reporting date. Objective events may be the development in underlying values of listed companies since the last reporting, changes in regulations or substantial market movements. By substantial market movements in general or in individual sectors, as measured by the development in various stock market indices, it is predictable that the value of PE investments will be affected as well. On the basis of what this produces of information a final valuation is made.
- Real estate funds. The real estate funds are valued based on reported NAV values as reported by the fund administrators. Because of late reporting from the funds, the NAV values from the previous quarterly reporting are used in estimating fair value.
- Gjensidige's paid-in capital in Gjensidige Pensjonskasse. The paid-in capital is valued at nominal value.

The valuation process for financial assets classified as level three

In consultation with the Investment Performance and Risk Measurement department, the Chief Investment Officer decides which valuation models will be used when valuing financial assets classified as level three in the valuation hierarchy. The models are evaluated as required. The fair value and results of the investments and compliance with the stipulated limits are reported weekly to the Chief Financial Officer and Chief Executive Officer, and monthly to the Board.

Sensitivity financial assets level three

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

NOK millions	Notes	Carrying amount as at 31.12.2015	Fair value as at 31.12.2015	Carrying amount as at 31.12.2014	Fair value as at 31.12.2014
Financial assets					
Financial derivatives					
Financial derivatives at fair value through profit or loss		275.6	275.6	324.4	324.4
Financial derivatives subject to hedge accounting		52.2	52.2		
Financial assets at fair value through profit or loss, initial recognition					
Shares and similar interests	12	7,130.6	7,130.6	7,469.5	7,469.5
Bonds and other fixed income securities		24,205.7	24,205.7	19,888.5	19,888.5
Financial assets held to maturity					
Bonds held to maturity		1,797.1	1,925.0	2,421.7	2,628.1
Loans and receivables					
Bonds and other fixed income securities classified as loans and receivables	10	16,173.2	17,439.1	15,908.1	17,865.2
Loans	10	165.1	165.1	181.9	181.2
Receivables related to direct operations and reinsurance		4,696.7	4,696.7	4,427.5	4,427.5
Receivables from Group companies	22	61.0	61.0	3,563.7	3,563.7
Other receivables	10	367.2	367.2	669.3	669.3
Prepaid expenses and earned, not received income		25.7	25.7	50.8	50.8
Cash and cash equivalents	11, 26	1,704.5	1,704.5	1,652.1	1,652.1
Total financial assets		**56,654.5**	**58,048.3**	**56,557.5**	**58,720.3**
Financial liabilities					
Financial derivatives					
Financial derivatives at fair value through profit or loss		366.3	366.3	297.0	297.0
Financial derivatives subject to hedge accounting				209.3	209.3
Financial liabilities at amortised cost					
Subordinated debt	21	1,197.4	1,135.7	1,197.1	1,198.6
Other liabilities	15	970.4	970.4	883.2	883.2
Liabilities related to direct insurance and reinsurance		474.8	474.8	467.2	467.2
Accrued expenses and deferred income	15	297.2	297.2	275.6	275.6
Liabilities within the group	22	22.2	22.2	57.4	57.4
Total financial liabilities		**3,328.3**	**3,266.6**	**3,386.8**	**3,388.3**
Gain/(loss) not recognised in profit or loss			**1,455.4**		**2,161.3**

Valuation hierarchy 2015

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 Quoted prices in active markets	Level 2 Valuation techniques based on observable market data	Level 3 Valuation techniques based on non-observable market data	Total
Financial assets				
Financial derivatives				
Financial derivatives at fair value through profit or loss		275.6		275.6
Financial derivatives subject to hedge accounting		52.2		52.2
Financial assets at fair value through profit or loss, initial recognition				
Shares and similar interests	1,092.2	4,110.6	1,927.9	7,130.6
Bonds and other fixed income securities	7,462.6	14,568.6	2,174.5	24,205.7
Financial assets at amortised cost				
Bonds held to maturity		1,925.0		1,925.0
Bonds and other fixed income securities classified as loans and receivables		17,437.5	1.6	17,439.1
Loans			165.1	165.1
Financial liabilities				
Financial derivatives				
Financial derivatives at fair value through profit or loss		366.3		366.3
Financial liabilities at amortised cost				
Subordinated debt		1,135.7		1,135.7

Valuation hierarchy 2014

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 Quoted prices in active markets	Level 2 Valuation techniques based on observable market data	Level 3 Valuation techniques based on non-observable market data	Total
Financial assets				
Financial derivatives				
Financial derivatives at fair value through profit or loss		324.4		324.4
Financial assets at fair value through profit or loss, initial recognition				
Shares and similar interests	1,426.8	3,917.8	2,124.9	7,469.5
Bonds and other fixed income securities	7,140.5	12,342.0	406.0	19,888.5
Financial assets at amortised cost				
Bonds held to maturity	109.8	2,518.3		2,628.1
Bonds and other fixed income securities classified as loans and receivables		17,864.1	1.1	17,865.2
Financial liabilities				
Financial derivatives				
Financial derivatives at fair value through profit or loss	19.6	277.4		297.0
Financial derivatives subject to hedge accounting		209.3		209.3
Financial liabilities at amortised cost				
Subordinated debt		1,198.6		1,198.6

Reconciliation of financial assets valued based on non-observable market data (level 3) 2015

NOK millions	As at 1.1.2015	Net realised/ unrealised gains recognised in profit or loss	Purch- ases	Sales	Settle- ments	Transfers into/out of level 3	As at 31.12.2015	Amount of net realised/unrealised gains recognised in profit or loss that are attributable to instruments held as at 31.12.2015
Shares and similar interests	2,124.9	(142.3)	278.3	(333.0)			1,927.9	(226.9)
Bonds and other fixed income securities	406.0	56.1	1,749.7	(37.3)			2,174.5	
Total	**2,530.9**	**(86.2)**	**2,028.0**	**(370.3)**			**4,102.4**	**(226.9)**

Sensitivity of financial assets valued based on non-observable market data (level 3) 2015

NOK millions		Sensitivity
Shares and similar interests	Decrease in value 10%	192.8
Bonds and other fixed income securities	Decrease in value 10%	217.4
Total		**410.2**

Reconciliation of financial assets valued based on non-observable market data (level 3) 2014

NOK millions	As at 1.1.2014	Net realised/ unrealised gains recognised in profit or loss	Purch- ases	Sales	Settle- ments	Transfers into/out of level 3	As at 31.12.2014	Amount of net realised/ unrealised gains recognised in profit or loss that are attributable to instruments held as at 31.12.2014
Shares and similar interests	2,305.2	68.7	281.7	(530.8)			2,124.9	(85.7)
Bonds and other fixed income securities	1.2	(5.5)	410.3				406.0	
Total	**2,306.4**	**63.3**	**692.0**	**(530.8)**			**2,531.0**	**(85.7)**

Sensitivity of financial assets valued based on non-observable market data (level 3) 2014

NOK millions		Sensitivity
Shares and similar interests	Decrease in value 10%	212.5
Bonds and other fixed income securities	Decrease in value 10%	40.6
Total		**253.1**

Hedge accounting

Net investment in the foreign operation

Gjensidige Forsikring utilized hedge accounting of currency exchange differences on the net investment in the foreign operation until the second half-year of 2015. The net investments were hedged through designated currency-related contracts that were renewed every quarter at a principal equal to the value of the investment. In this way, the hedging efficiency was measured per hedging object. The credit risk associated with the hedging derivatives was within the limits of Gjensidige's credit policy.

		Market value as at 31.12.2015		
NOK millions	**Principal**	**Asset**	**Liability**	**Inefficiency recognised in profit or loss**
Gjensidige Forsikring, Danish branch				
Currency-related contracts - hedging instruments	0.0		0.0	0.0
Hedging object	0.0			

		Market value as at 31.12.2014		
NOK millions	**Principal**	**Asset**	**Liability**	**Inefficiency recognised in profit or loss**
Gjensidige Forsikring, Danish branch				
Currency-related contracts - hedging instruments	1,415.0		74.4	1.6
Hedging object	1,449.0			

9. Investment properties

Gjensidige Forsikring sold 50 percent of Oslo Areal in the fourth quarter (see note 6). The investment is accounted for using the cost method at year end, in addition to Gjensidige Forsikring has provided a loan to Oslo Areal. Gjensidige Forsikring 's investment properties were sold in their entirety to Oslo Areal in the fourth quarter.

The investment properties were mainly located in Oslo and the surrounding area, as well as Drammen, Fredrikstad and Stavanger. The average rental period is 5.1 years and the portfolio of investment properties includes principally offices.

The valuation model is developed by Oslo Areal AS over multiple years. The valuation model has been used both in the quarterly financial statements and at year end. In addition, by half year and year end independent valuations from external advisors are gathered for selected parts of the portfolio. The assumptions in the model are reconciled against external observable property transactions.

The valuation model values each property separately. The valuation model relies on a quarterly in arrears cash flow method. The most important inputs are yield, market rent, contractual rent, potentially vacant premises, the properties' long-term normalized operating costs and any investment requirements. The method maps all incomes and all expenses in a given investment horizon so that the net cash flow is given yearly for each property. Thereafter, the present value is calculated using this cash flow based on real yield adjusted for expected inflation. The present value of the cash flow and the present value of the remaining value compose the cash flow value of the property, and this is considered as the market value, as it would appear in an orderly transaction between market participants at the measurement date under current market conditions.

Yield is determined based on a normal required rate of return adjusted for the location of the property, type, technical standard and the contracts. The normal required rate of return is determined from the required rate of return that can be derived from transactions in the market, and expectations of interest level and risk adjustment. The market rent is determined from existing contracts on the property and comparable properties, observations from contractual negotiations, requests for offers and information from realtors and Arealstatistikk’s database.

There are no restrictions with regard to the sale of the investment properties or how income and cash flows generated by the investment properties can be used.

Gjensidige Forsikring does not have any investment properties for leasing or classified as available for sale.

There are no loans with collateral in investments properties in 2014 or 2015.

Investment properties (level 3)

NOK millions	**2015**	**2014**
Statement of financial position		
As at 1 January	169.7	177.3
Disposals	(176.1)	(12.7)
Net gains/(losses) from fair value adjustments	6.4	5.1
As at 31 December	**0.0**	**169.7**

10. Loans and receivables

NOK millions	2015	2014
Loans and receivables		
Mortgage loans		1.0
Bonds classified as loans and receivables	16,173.2	15,908.1
Other loans	163.2	181.0
Subordinated loans	3.7	2.6
Provision for impairment losses	(1.8)	(2.8)
Total loans and receivables	**16,338.3**	**16,089.9**

	Nominal value		Cost		Market value	
NOK millions	2015	2014	2015	2014	2015	2014
Subordinated loans						
Midvest I	1.0	0.8	1.0	0.6	1.1	0.4
Midvest II	1.0	0.4	1.0	0.4	1.1	0.8
Norinnova Invest	1.5	1.4	1.5	1.2	1.5	1.4
Vervet AS [1]	24.0	24.0	24.0	24.0		
Total subordinated loans	**27.5**	**26.6**	**27.5**	**26.2**	**3.7**	**2.6**

[1] Vervet AS is 25 per cent owned by Gjensidige Forsikring and is classified as receivables from associates. The subordinated loan was recognised as impairment loss of associates in 2008. Interest accrues only on Midvest I og Midvest II.

NOK millions	2015	2014
Provision for impairment losses		
Provision for impairment losses as at 1 January	2.8	3.6
Change in provision for impairment losses for the period	(1.0)	(0.8)
Provision for impairment losses as at 31 December	**1.8**	**2.8**
Other receivables		
Receivables in relation with asset management	272.0	607.2
Receivables SOS International	21.3	29.9
Other receivables	73.9	32.2
Total other receivables	**367.2**	**669.3**

Bonds are securities classified as loans and receivables in accordance with IAS 39.

Of other loans NOK 101.6 million (126.3) are loans given to agricultural customers. The loans are in their entirety intended for instalment of fire detection systems with these customers. There is no mortgage attached to the loans, and the terms vary from one year to over 20 years. Gjensidige Forsikring has not offered this type of loan to its customers since 2008. The default rate is 1.00 per cent (1.00) at year end.

Included in other loans are also NOK 60.7 million (53.8) regarding loans given with regard to sale of subsidiaries.

The recognition of impairment losses is done on each loan individually on the basis of objective evidence. Impairment assessments are not done on groups of loans.

Beyond the liabilities that arise from insurance contracts, Gjensidige Forsikring has not issued guarantees for which provisions have been made.

11. Cash and cash equivalents

NOK millions	2015	2014
Deposits with financial institutions	737.1	471.0
Cash and bank deposits	967.5	1,181.0
Total cash and cash equivalents	**1,704.5**	**1,652.1**

Cash and bank deposits are cash and bank deposits available for day to day business. Deposits with financial institutions consist of short-term currency deposits and other short-term credit deposits.

Weighted average rate for interest earned on cash, bank deposits and deposits with financial institutions is approximately 0.8 per cent (2.4).

12. Shares and similar interests

NOK millions	Interest beyond 10%	31.12.2015
Gjensidige Forsikring ASA		
Norwegian financial shares		
SpareBank1 SR-bank		1,053.6
Sparebanken Midt-Norge		16.5
Sparebank 1 Nord-Norge		13.7
Sparebanken Vest		10.6
Indre Sogn Sparebank		0.3
Total Norwegian financial shares		**1,094.7**
Other Norwegian shares		
Petroleum Geo-Services		4.7
Austevoll Seafood		4.5
Solstad Offshore		3.4
Norsk Hydro		3.3
Total other Norwegian shares		**15.9**
Other foreign shares		
Volvo B		11.9
Grand City Properties SA		8.4
LEG Immobilien AG		7.8
Deutsche Wohnen AG		7.7
Vonovia SE		7.5
Total other foreign shares		**43.3**
Equity funds		
Nordea Stabile Aksjer Global		404.0
INVESTEC GS GLOBAL EQTY		392.5
Winton UCITS Funds plc - Winton Global Equity Fund		255.1
DB Platinum CROCI World ESG Fund		244.2
Nordea 1 SICAV Stable Emg. Market Equity B1- USD		151.7
Fisher Emerging Markets Equity Fund USD		149.2
Sector Global Equity Kernel Fund Class P USD		143.2
Iridian US Equity Fund		136.8
Danske Invest Norske Aksjer Institusjon I		58.5
Storebrand Norge		55.2
Storebrand Global Indeks I		31.2
Wells Fargo Lux Worldwide EM Equity Fund		0.1
Total equity funds		**2,021.6**
Private equity investments		
HitecVision Private Equity V LP		125.0
Argentum Secondary III		98.5
HitecVision Asset Solution KS		74.1
HitecVision VI LP		64.6
Energy Ventures III LP		59.9
Norvestor V LP		56.0
SOS International A/S		54.4
Altor Fund II LP		52.4
BaltCap PEF LP		50.6
Verdane Capital VII KS		48.8
HitecVision Private Equity IV LP		47.0
Partners Group European Buyout 2005 (A) LP		41.1
Argentum Secondary II		40.1
Energy Ventures II B IS		37.6
FSN Capital II LP		37.5
Norvestor VI LP		36.3
Norvestor IV LP		35.0
CapMan BO IX LP		32.3
Viking Venture III DIS		29.3
CapMan Buyout X		28.1
LGT Crown European Private Equity PLC		22.5
Northzone VI L.P.		22.2
Partners Group Direct Investments 2006 LP		19.8
NPEP1 IS (Altor fund III)		18.6
Verdane Capital VI KS		17.7

NOK millions	Interest beyond 10%	31.12.2015
Teknoinvest VIII C IS		17.4
Energy Ventures IV LP		17.2
Northzone VII L:P		17.2
Nordic Additonal Funding Programme IS		16.5
Viking Venture II AS		14.2
NPEP Triton IV IS		14.1
HitecVision VII		14.1
Axcel IV		12.3
Procuritas Capital Investor V		9.7
Teknoinvest VIII KS (inkl. Teknoinv. VIII (GP) KS)		8.3
Scalepoint Technologies Limited		7.9
Energy Ventures II KS		7.4
Teknoinvest VIII B DIS		7.2
Sector Asset Management AS		6.9
NPEP NeoMed V (Neomed V LP og N5 invest IS)		6.8
Viking Venture II B IS		6.2
Nord II IS		5.2
NPEP Accent Equity 2012 IS		4.5
Northzone IV KS		4.3
Fjord Invest AS		4.2
Helgeland Invest		4.0
Tun Media AS		3.7
BTV Investeringsfond AS		3.0
Norinnova		2.1
Midvest I A		2.1
NeoMed Innovation IV LP		1.5
Verdane Capital V B KS		1.4
Midvest II A		1.3
Norinnova Invest AS		1.3
Other private equity investments		5.7
Total private equity investments		**1,376.9**
Hedge funds		
Goldman Sachs Global Opportunities Offshore S1		325.9
Sector Healthcare - A USD		267.1
Winton Futures Fund- Lead Series		162.5
Sector EuroPower Fund Class A EUR		123.6
Trient Global Macro Fund USD A-Class		114.6
Goldman Sachs Global Opportunities Offshore S105		106.5
Incentive Active Value Fund Class A		57.0
Sector Zen Fund Class L NOK		45.8
Sector Zen Fund Class A NOK		43.7
Sector Global Investments Fund Class A USD		21.6
Sector Speculare IV Fund Class A USD		12.4
Sector Global Investments Fund Class A1 USD		10.1
Sector Speculare II Fund Class A USD		3.2
Sector Spesit I Fund Class A USD		0.6
Total hedge funds		**1,294.4**
Real estate fund		
CEREP III		84.3
La Salle		21.8
Total real estate funds		**106.1**
Combination funds		
Parvest Convertible Bond World (USD) - SICAV		655.5
Shenkman Finsbury Global		410.8
Total combination funds		**1,066.4**
Other investments		
Gjensidige Pensjonskasse	94.7%	111.0
Total other investments		**111.0**
Shares and similar interests owned by other branches		
Shares and similar interests owned by Gjensidige Forsikring ASA, Danish branch		0.4
Total shares and similar interests owned by other branches		**0.4**
Total shares and similar interests owned by Gjensidige Forsikring ASA		**7,130.6**

13. Insurance-related liabilities and reinsurers' share

NOK millions	2015	2014
Insurance-related liabilities, gross		
Provision for unearned premiums, gross	8,238.4	7,836.7
Claims reported and claims handling costs	17,038.3	15,930.5
Claims incurred, but not reported	14,614.3	16,051.4
Total claims provision, gross	**31,652.5**	**31,981.9**
Other insurance-related provisions	2,867.9	2,887.9
Total insurance-related liabilities, gross	**42,758.8**	**42,706.5**
Insurance-related liabilities, reinsurers' share		
Reinsurers' share of unearned premiums, gross	32.0	28.7
Claims reported and claims handling costs	356.1	501.0
Claims incurred, but not reported	5.7	
Total reinsurers' share of claims provision, gross	**361.7**	**501.0**
Total reinsurers' share of insurance-related liabilities, gross	**393.7**	**529.7**
Insurance-related liabilities, net of reinsurance		
Provision for unearned premiums	8,206.4	7,808.0
Claims reported and claims handling costs	16,682.2	15,429.5
Claims incurred, but not reported	14,608.6	16,051.4
Total claims provision, net of reinsurance	**31,290.8**	**31,480.9**
Other insurance-related provisions	2,867.9	2,887.9
Total insurance-related liabilities, net of reinsurance	**42,365.1**	**42,176.8**

		2015			2014	
Movements in insurance-related liabilities and reinsurers' share	**Gross**	**Reinsurers' share**	**Net of re-insurance [1]**	**Gross**	**Reinsurers' share**	**Net of re-insurance [1]**
Claims and claims handling costs						
Claims reported and claims handling costs	15,930.5	(501.0)	15,429.5	14,252.4	(591.3)	13,661.1
Claims incurred, but not reported	16,051.4		16,051.4	16,794.4	(103.2)	16,691.2
Total as at 1 January	**31,981.9**	**(501.0)**	**31,480.9**	**31,046.8**	**(694.6)**	**30,352.2**
Acquisitions through business combinations	50.5		50.5	184.3	(127.1)	57.3
Claims paid, prior year claims	(6,592.7)	199.8	(6,392.9)	(6,167.7)	432.6	(5,735.1)
Increase in liabilities						
Arising from current year claims	14,739.6	(2.6)	14,736.9	14,607.2	(133.0)	14,474.1
- of this paid	(8,327.0)	2.2	(8,324.8)	(8,041.4)	14.6	(8,026.8)
Arising from prior year claims (run-off)	(736.2)	(30.8)	(767.0)	(502.0)	28.5	(473.6)
Other changes, including effects from discounting	(0.5)		(0.5)	263.5		263.5
Exchange differences	536.9	(29.3)	507.6	591.2	(22.0)	569.1
Total as at 31 December	**31,652.5**	**(361.7)**	**31,290.8**	**31,981.9**	**(501.0)**	**31,480.9**
Claims reported and claims handling costs	17,038.3	(356.1)	16,682.2	15,930.5	(501.0)	15,429.5
Claims incurred, but not reported	14,614.3	(5.7)	14,608.6	16,051.4		16,051.4
Total as at 31 December	**31,652.5**	**(361.7)**	**31,290.8**	**31,981.9**	**(501.0)**	**31,480.9**
Provisions for unearned premiums						
As at 1 January	7,836.7	(28.7)	7,808.0	7,325.1	(15.5)	7,309.6
Additions through acquisitions				88.0		88.0
Increase in the period	21,320.2	(449.9)	20,870.3	20,486.7	(494.0)	19,992.7
Earned in the period	(21,024.4)	447.2	(20,577.2)	(20,146.5)	481.4	(19,665.1)
Exchange differences	105.9	(0.6)	105.3	83.4	(0.6)	82.7
Total as at 31 December	**8,238.4**	**(32.0)**	**8,206.4**	**7,836.7**	**(28.7)**	**7,808.0**

[1] For own account.

NOK millions	2015	2014
Discounted claims provision, gross - workers' compensation insurance in Denmark	5,067.4	4,844.4
Nominal claims provision, gross - workers' compensations insurance	5,794.7	5,458.6

The claims provisions shall cover future claims payments. The claims provisions for workers' compensation insurance in Denmark are converted to present value (discounted), whereas other provisions are nominal.

The reason why the claims provisions for workers' compensation insurance in Denmark are discounted is that this portfolio consists exclusively of Danish workers' compensation business with very long payment flows and substantial future interest income. The claims for occupational injuries in Denmark are paid either as annuities or as lump-sum indemnities (which are calculated mainly as discounted annuities). Therefore, it is most expedient to regard the whole portfolio as annuities. The discount rate used is the swap rate.

14. Pension

Gjensidige Forsikring 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.

The defined benefit pension plan is a closed plan. New employees become members of the defined contribution pension plan.

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 67.

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

In Gjensidige Forsikring, contributions are paid for employees corresponding to the limit on tax-free contributions, currently five per cent of their salary from 1 to 6 times the National Insurance basic amount (G) and eight per cent from 6 to 12 G.

Branches of Gjensidige Forsikring and some of its subsidiaries have a defined contribution pension plan corresponding to the plan in Gjensidige Forsikring in Norway.

Contributions to the defined contribution plan are recognised as an expense in the year the contribution is paid.

As from 2016 Gjensidige has changed its contribution rates and breakpoint in order to adjust to the new Norwegian Act relating to Company Pensions. The new rates are seven per cent between 0 and 7.1 G and 20 per cent between 7.1 and 12 G.

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 67, but it is 65 for underwriters.

Disability pension, spouse/cohabitant pension and child's pension are also included in the plan subject to more detailed rules. In addition, Gjensidige Forsikring 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 payments to pension funds. Pension beyond the common collective agreement is an unfunded plan paid from operations.

Recognition

Pension liabilities are valued at the present value of the future pension benefits that, for accounting purposes, are deemed to have been accrued on the reporting date. Future pension benefits are calculated on the basis of the expected salary at the time of retirement. The estimated liability on the reporting date is used when measuring the accrued pension liability. Pension assets are valued at market value (transfer value). The estimated value on the reporting date is used for the valuation of pension assets. The net pension liability is the difference between the present value of the pension liability and the value of the pension assets. A provision is made for employer's National Insurance contributions during periods when underfunding arise. The net pension liability is shown in the balance sheet on the line for Pension liabilities. If there is a net overfunding in the funded plan, this is recognised as Pension assets.

The difference between the estimated pension liability and the estimated value of pension assets as of the previous financial year and the actuarial pension liability and the fair value of the pension assets as of the beginning of the year is recognised under Other comprehensive income. In 2015 this yielded a positive effect on equity of approximately NOK 70 million and was mainly due to a increased discount rate. In the calculation for 2014 this difference amounted to more than NOK 400 million, and was mainly due to a reduced discount rate.

Actuarial assumptions

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 discount rate for a pension payment is 2.55 per cent (2.06) in year 10, 2.89 per cent (2.48) in year 15, 3.05 per cent (2.76) in year 20, 3.16 per cent (2.94) in year 25, 3.22 per cent (3.06) in year 30, and 3.30 per cent (3.19) in year 40.

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. Because the average age of the employees who are members of the defined contribution plan is above 55 years, wage growth does not contain a career supplement, and the determined wage growth may therefore be lower than is otherwise normal in the market. The decreasing wage trend applied to Gjensidige Forsikring for 2015 shows an average salary increase of 1.6 per cent (2.0) in Gjensidige's population.

Gjensidige uses GAP07, which is a dynamic mortality model that takes account of the expected development in life expectancy. The assumptions on which the model is based are tested at regular intervals.

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. The sensitivity analysis has been prepared using the same method as the actuarial calculation of the pension liability in the balance sheet is based on.

Risk

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

Gjensidige's pension assets are invested in Gjensidige Pensjonskasse. Gjensidige's pension assets are managed as an investment choice portfolio. This means that Gjensidige decides itself how the pension assets are invested within a set of limits that are approved by the board of the pension fund. Gjensidige has a separate investment committee that decides how the pension assets are allocated. The investment choice portfolio entails a financial risk for Gjensidige Forsikring.

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.

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 largest risk factor is interest rate risk.

Interest rate risk

The pension assets' exposure to interest rate risk is deemed to be moderate because the market value-weighted duration is 4.5 years. The portfolio value will fall by approximately NOK 103 million in the event of a parallel shift in the yield curve of plus one percentage point. The value will increase correspondingly in the event of a fall in the interest rate.

The pension liabilities are exposed to interest rate risk. The discount rate is composed of market interest rates for ten years, while, from year 20, it is based on long-term equilibrium interest rates, and between year ten and year 20, it is interpolated linearly between market interest rates and long-term equilibrium interest rates. A shift in the market interest rates will thereby directly affect the value of the cash flows until year ten and then have a falling effect for the next ten years. From year 20, the market interest rates will only have a marginal effect.

Credit risk
The pension assets' exposure to credit risk is deemed to be moderate. The credit risk is managed by limits on the biggest commitment and rating for individual investments. Most of the pension fund's fixed-income investments shall be within investment grade.

The pension liabilities are exposed to credit risk since the covered bond yield is used as the basis for determining the discount rate. The credit mark-up for covered bond exposure is composed of the market mark-up for ten years, while from year 20 it is based on long-term equilibrium mark-ups, and between year ten and year 20, it is interpolated linearly between the market mark-up and the long-term equilibrium mark-ups. A shift in the credit mark-ups will thereby directly affect the value of the cash flows until year ten and then have a falling effect for the next ten years. From year 20, the market mark-ups will only have a marginal effect.

Average credit mark-up (versus ten years' swap) has been 0.57 per cent since 2010. As at 31 December 2015 the mark-up was 0.79 per cent.

Stock market risk
Over the year, the pension fund has been exposed to stock market risk through unit trusts and purchase options. The exposure was 3.7 per cent (6.0) at the end of the year. The pension assets have low exposure to the stock market. The greatest stock market risk is deemed to be the risk of a fall in the stock market.

Currency risk
All investments in foreign fixed-income funds are currency hedged. Investments have been made in currency-hedged funds. Foreign equity investments shall as a rule be currency hedged. Amounts due to the pension assets in Norwegian kroner shall at all times correspond to at least 70 per cent of the actuarial provisions. At year end, approximately one per cent of the pension assets were exposed to currency risk.

The pension liabilities are only exposed to Norwegian kroner (NOK).

Liquidity risk
The liquidity risk in the pension assets is deemed to be low, since there are short-term investments at all times that exceed short-term liabilities. The investments are deemed to be sufficiently liquid.

Life expectancy and disability
The life expectancy assumptions are based on the table GAP07 developed by Gabler AS, a firm of actuarial consultants. This table has been used since 31 December 2007. The assumptions on which the table is based are systematically followed up every year. The table is unbiased and dynamic, so that life expectancy is improved every year.

No information has become available in 2015 to indicate that GAP07 should be changed. There is uncertainty about how life expectancy will develop, especially for men. The Financial Supervisory Authority of Norway has adopted separate minimum requirements for life expectancy prices (K2013) for pension plans. These requirements concern the minimum price a life insurance company or pension fund shall charge to insure benefits. These minimum prices thus affect the size of the contributions that must be made towards the annual earnings and for the minimum requirement for pension assets.

GAP07 has a shorter life expectancy than K2013. Everything else being equal, this will mean that payment of the minimum requirement for pension assets will be based on a higher life expectancy than the corresponding measurement of the liability. This means that a future increase in pensions will be included in the liability as a result of the payment being based on a longer life expectancy.

The disability frequency is based on table IR73. It measures disability in the long term. The prevalence of disability is low compared with many other employers.

The Group's employees can 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. The Group 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 for the Company's employees is lower than the increase in G, the benefits will be reduced. The Group assumes that wage growth is age-dependent. A younger employee can expect higher annual wage growth than an older employee.

Wage growth is based on expectations of growth in real wages in Norway and inflation in Norway. Inflation is also part of the interest rate. An increase in inflation will thus influence both wage growth and the increase in the interest rate. Normally, this could reduce the pension liability somewhat.

Real wage growth is estimated for Norway and is largely based on macroeconomic projections. The prevailing consensus in macroeconomic circles is that it should be in the range of 1.5 to 2 per cent. The average for the last 20 years has been 1.9 per cent.

Real wage growth is corrected for the age effect, so that the real wage growth for younger employees is stronger than for older employees. A pension plan rarely has the same age composition as the economy as a whole. This is particularly the case for Gjensidige's pension plan, which is closed for new entrants.

A real wage growth will increase the liabilities. An increase in inflation will increase wage, pension regulations and discount rate.

In the long term, inflation will be in the range of 1.5 to 2.5 per cent. Norges Bank has an inflation target of 2.5 per cent. KPI is set to 1.9 per cent, in line with last year's assumption.

Gjensidige manages employees' wage growth based on collective agreements and individual agreements. From year to year shifts in wage levels may occur.

Operational risk
The management of the pension plans has been transferred to Gjensidige Pensjonskasse. Gjensidige Pensjonskasse has its own employees and makes substantial purchases of services from professional suppliers of pension fund management and asset management services. The pension fund is subject to internal control. Gjensidige considers the operational risk as low.

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, Gjensidige will have to pay extra pension contributions to bring them up to the lower limit. On certain conditions, the Group will also be repaid pension assets.

In 2016, a number of changes in the Norwegian regulation are carried out, and the FSA's practice of the rule changes is uncertain. Thus, the pension funds run into a period of political risk.

Low interest rates can lead to the FSA imposes the Pensjonskasse to lower interest rates from 2 per cent to 1.5 per cent, or 1 per cent for new accrued benefits. Gjensidige expects that there is a high risk that interest rates will be lowered to 1 per cent if long-term government bond yields will remain at 1.3 per cent level.

The minimum level of the pension assets is also affected by capital adequacy requirements and solvency margin requirements. The regulations relating to pension funds (IORP) are currently under development in the EU, but Norway has decided that life insurance companies and pension funds shall be subject to the same capital requirements to protect future pensions through Solvency II regulations or an adjusted version.

Gjensidige resumes that a continued low interest rates in future and changes in EU based rules might entail an increase in future contributions to the funded pension plan.

Collective pension (AFP)

As a member of Finance Norway, Gjensidige has a collective (AFP) pension agreement for its employees. AFP is a defined benefit plan that is financed jointly by very 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. Gjensidige 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 Group. An allocation key based on the Group's share of total annual pay will not be acceptable since such a key is too simple and will not reflect the financial liabilities in a good manner. Given the way the financing structure relating to the AFP plan is organised, invoiced premiums are expected to increase in the years ahead. If, or when, sufficient data are made available for calculations to be made, it cannot be ruled out that the liability that must be recognised will be substantial.

The liability to pay a contribution pursuant to the old scheme is recognised as a company-specific defined benefit plan. A contribution still has to be paid in connection with the Company's own early retirement pensioners who choose the old AFP plan until the pension promise has been fully honoured. The pension promise to former employees who have chosen to retire on a pension before 1 January 2011 will thus be honoured as originally agreed until they have all reached the age of 67. As a result, there will be no reduction or settlement for this group of employees.

All employees who reached the age of 62 on or after 1 January 2011 could draw a pension under the new AFP plan from 1 January 2011. This means that the liability relating to earned entitlements in the old AFP plan has lapsed in full.

NOK millions	Funded 2015	Unfunded 2015	Total 2015	Funded 2014	Unfunded 2014	Total 2014
Present value of the defined benefit obligation						
As at 1 January	2,318.5	558.6	2,877.1	2,007.5	457.6	2,465.1
Current service cost	34.9	10.7	45.7	31.2	8.0	39.2
Employers' national insurance contributions of current service cost	4.9	1.5	6.4	4.4	1.1	5.5
Interest cost	56.8	12.3	69.1	80.6	17.1	97.6
Actuarial gains and losses	(63.6)	(11.1)	(74.7)	280.4	122.5	402.9
Benefits paid	(89.5)	(40.2)	(129.7)	(85.3)	(44.9)	(130.2)
Employers' national insurance contributions of benefits paid		(5.7)	(5.7)		(6.3)	(6.3)
Business combinations	(3.2)		(3.2)			
Curtailments and settlements				(0.3)		(0.3)
Foreign currency exchange rate changes		2.5	2.5		3.5	3.5
As at 31 December	**2,258.8**	**528.7**	**2,787.6**	**2,318.5**	**558.6**	**2,877.1**
Amount recognised in the balance sheet						
Present value of the defined benefit obligation	2,258.8	528.7	2,787.6	2,318.5	558.6	2,877.1
Fair value of plan assets	(2,352.0)		(2,352.0)	(2,389.0)		(2,389.0)
Net defined benefit obligation/(benefit asset)	**(93.1)**	**528.7**	**435.6**	**(70.5)**	**558.6**	**488.2**
Fair value of plan assets						
As at 1 January	2,389.0		2,389.0	2,378.1		2378.1
Interest income	59.9		59.9	95.8		95.8
Return beyond interest income	(5.3)		(5.3)	0.7		0.7
Contributions by the employer		5.7	5.7		6.3	6.3
Benefits paid	(89.5)		(89.5)	(85.3)		(85.3)
Employers' national insurance contributions of benefits paid		(5.7)	(5.7)		(6.3)	(6.3)
Business combinations	(2.1)		(2.1)			
Settlements				(0.3)		(0.3)
As at 31 December	**2,352.0**		**2,352.0**	**2,389.0**		**2,389.0**
Expense recognised in profit or loss						
Current service cost	34.9	10.7	45.7	31.2	8.0	39.2
Interest cost	56.8	12.3	69.1	80.6	17.1	97.6
Interest income	(59.9)		(59.9)	(95.8)		(95.8)
Employers' national insurance contributions	4.9	1.5	6.4	4.4	1.1	5.5
Total defined benefit pension cost	**36.8**	**24.5**	**61.4**	**20.4**	**26.2**	**46.6**
The expense is recognised in the following line in the income statement						
Insurance-related adm. expenses including provisions for received reinsurance and sales expenses	36.8	24.5	61.4	20.4	26.2	46.6

NOK millions	Funded 2015	Unfunded 2015	Total 2015	Funded 2014	Unfunded 2014	Total 2014
Remeasurements of the net defined benefit liability/asset recognised in other comprehensive income						
Cumulative amount as at 1 January			(2,207.1)			(1,804.8)
Return on plan assets			(5.3)			0.7
Changes in demographic assumptions			2.6			(35.9)
Changes in financial assumptions			71.7			(367.8)
Exchange rate differences						0.7
Cumulative amount as at 31 December			**(2,138.1)**			**(2,207.1)**
Actuarial assumptions						
Discount rate			2.80%			2.50%
Future salary increases [1]			3.10%			3.40%
Change in social security base amount			3.10%			3.10%
Future pension increases			1.90%			1.90%
Other specifications						
Amount recognised as expense for the defined contribution plan			142.1			123.7
Amount recognised as expense for Fellesordningen LO/NHO			23.3			20.7
Expected contribution to Fellesordningen LO/NHO next year			23.3			21.1
Expected contribution to the defined benefit plan for the next year						100.0

[1] 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 2.0 per cent (2.6). See explanation under Actuarial assumptions.

Per cent	Change in pension benefit obligation 2015	Change in pension benefit obligation 2014
Sensitivity		
10% increased mortality	(4.3%)	(4.3%)
10% decreased mortality	3.3%	3.3%
+ 1% point discount rate	(11.0%)	(11.2%)
- 1% point discount rate	14.7%	15.0%
+ 1% point salary adjustment	4.3%	4.5%
- 1% point salary adjustment	(3.3%)	(3.4%)
+ 1% point social security base amount	(1.6%)	(1.7%)
- 1% point social security base amount	1.8%	1.9%
+ 1% point future pension increase	11.9%	12.2%
- 1% point future pension increase	(9.4%)	(9.5%)

Valuation hierarchy 2015	Level 1	Level 2	Level 3	
NOK millions	Quoted prices in active markets	Valuation techniques based on observable market data	Valuation techniques based on non-observable market data	Total as at 31.12.2015
Shares and similar interests		88.0		88.0
Bonds	960.1	1,162.3		2,122.4
Bank		54.6		54.6
Derivatives		87.0		87.0
Total	**960.1**	**1,391.9**		**2,352.0**

Valuation hierarchy 2014	Level 1	Level 2	Level 3	
NOK millions	Quoted prices in active markets	Valuation techniques based on observable market data	Valuation techniques based on non-observable market data	Total as at 31.12.2014
Shares and similar interests		143.3		143.3
Bonds	176.8	1,961.3		2,138.1
Bank		33.4		33.4
Derivatives		74.1		74.1
Total	**176.8**	**2,138.1**		**2,389.0**

15. Provisions and other liabilities

NOK millions	2015	2014
Other provisions and liabilities		
Restructuring costs [1]	85.8	7.1
Other provisions	250.1	238.4
Total other provisions and liabilities	**335.8**	**245.5**
Other liabilities		
Outstanding accounts Fire Mutuals	40.0	15.1
Accounts payable	182.5	152.5
Liabilities in relation with properties	1.2	2.3
Liabilities to public authorities	340.7	292.9
Other liabilities	406.0	420.4
Total other liabilities	**970.4**	**883.2**
Other accrued expenses and deferred income		
Liabilities to public authorities	21.3	19.2
Accrued personnel costs	258.4	237.7
Other accrued expenses and deferred income	17.4	18.7
Total other accrued expenses and deferred income	**297.2**	**275.6**
Restructuring costs [1]		
Provision as at 1 January	7.1	25.4
New provisions	84.9	
Provisions used during the year	(7.1)	(18.3)
Exchange rate difference	0.9	
Provision as at 31 December	**85.8**	**7.1**

[1] In 2015 NOK 84.9 million is allocated to restructuring provision, due to a decision of changes in processes in Norway, Denmark and Sweden. The processes have been communicated to all entities affected by the changes.

16. Tax

NOK millions	2015	2014
Specification of tax expense		
Tax payable	(895.4)	(1,044.7)
Correction previous years	(14.5)	(20.5)
Change in deferred tax	(243.7)	118.8
Total tax expense	**(1,153.5)**	**(946.3)**

Deferred tax liabilities and deferred tax assets

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:

NOK millions	2015	2014
Taxable temporary differences		
Property, plant and equipment and intangible assets	1,214.1	708.8
Shares, bonds and other securities	227.6	
Profit and loss account	229.5	286.8
Total taxable temporary differences	**1,671.2**	**995.7**
Deductible temporary differences		
Loans and receivables	(97.9)	(97.0)
Shares, bonds and other securities		(342.0)
Provisions for liabilities	(231.5)	(245.5)
Pension liabilities	(425.5)	(426.6)
Total deductible temporary differences	**(754.9)**	**(1,111.1)**
Net temporary differences	**916.3**	**(115.4)**
Deferred tax liabilities/(deferred tax assets) 25% in 2015 and 27% in 2014	**229.1**	**(31.2)**
Reconciliation of tax expense		
Profit before tax	4,895.1	6,067.6
Estimated tax of profit before tax expense (27%)	(1,321.7)	(1,638.3)
Tax effect of		
Dividend received	43.2	116.4
Tax exempted income and expenses	170.8	601.3
Non tax-deductible expenses	(39.5)	(5.3)
Change in tax rate	8.1	
Correction previous years	(14.5)	(20.5)
Total tax expense	**(1,153.5)**	**(946.3)**
Effective rate of income tax	23.6%	15.6%
Deferred tax liabilities as at 1 January	(31.1)	212.7
Change in deferred tax recognised in profit or loss	243.7	(118.8)
Change in deferred tax recognised directly in the balance sheet		
Pensions	17.1	(108.8)
Hedge accounting		(20.1)
Exchange differences	(0.6)	3.9
Deferred tax liabilities/(deferred tax assets) as at 31 December	**229.1**	**(31.1)**
Tax recognised in other comprehensive income		
Deferred tax pensions	(18.4)	108.8
Change in tax rate on pensions from 27% to 25%	1.4	
Deferred tax on hedge accounting		20.1
Tax payable on hedge accounting	(16.9)	18.4
Tax payable on exchange rate differences	(79.8)	(36.7)
Total tax on items in other comprehensive income	**(113.8)**	**110.6**

Tax cost

In connection with the conversion of Gjensidige Forsikring BA to a public limited company the Ministry of Finance has consented to an exemption from capital gains taxation on the transfer of business to the newly formed public limited company under certain conditions. The consequences of the tax relief decision have been incorporated into the tax expense and tax liabilities from the fourth quarter 2010. The tax relief decision involves greater complexity and discretionary assessments, which entails a greater degree of uncertainty with respect to the tax expense and tax liabilities until all the effects have ultimately been evaluated by the tax authorities.

In February 2015, Gjensidige received a decision from the Central Tax Office for Large Enterprises in connection with the calculation of a tax gain as a result of the conversion of Gjensidige Forsikring BA into a public limited company (ASA) in 2010. The decision means that the tax payable for 2010 is reduced by around NOK 35 million. The tax will be further reduced for the ensuing years, by a total of around NOK 137 million at known tax rates. Gjensidigestiftelsen received a similar decision, and we have been informed that they have appealed the decision on the grounds that there is no basis for the change and that the tax office has based its decision on an incorrect valuation. Gjensidige agrees with Gjensidigestiftelsen's assessment. Changing the decision concerning Gjensidigestiftelsen will have tax consequences for Gjensidige in relation to the above-mentioned figures, which will then not materialize. The appeal is still being processed by the tax office.

17. Expenses

NOK millions	2015	2014
Insurance-related administration expenses incl. commissions for received reinsurance and sales expenses		
Depreciation and value adjustments (note 5 and note 7), excl. depreciation properties	292.2	273.4
Employee benefit expenses (note 18)	2,238.6	2,035.8
Fee for customer representatives	4.8	4.9
Software costs	350.2	345.2
Auditor's fee (incl. VAT)	3.9	3.0
Consultants' and lawyers' fees	93.5	82.1
Commissions	626.9	484.3
Other expenses [1]	(492.5)	(340.0)
Total insurance-related operating expenses incl. commissions for received reinsurance and sales expenses	**3,117.5**	**2,888.6**
Of which sales expenses		
Employee benefit expenses	679.3	675.1
Commission	315.4	373.4
Other sales expenses	446.7	393.5
Total sales expenses	**1,441.4**	**1,442.0**

NOK millions	2015	2014
Other costs		
Commodity costs and other expenses	9.7	4.9
Total other expenses	**9.7**	**4.9**

NOK millions	2015	2014
Other specifications		
Employee benefit expenses		
Wages and salaries	1,662.3	1,547.0
Social security cost	339.6	288.0
Pension cost - defined benefit plan (note 14 incl. social security cost)	165.4	144.4
Pension cost - defined contribution plan (note 14 incl. social security cost)	61.4	46.6
Share-based payment	10.0	9.9
Total employee benefit expenses	**2,238.6**	**2,035.8**
Auditor's fee (incl. VAT)		
Statutory audit	2.6	2.6
Other assurance services	0.1	
Other non-assurance services	0.5	0.3
Tax consultant services	0.7	0.1
Total auditor's fee (incl. VAT)	**3.9**	**3.0**
Administration expenses related to financial assets, excl. interest expenses, incl. administration expenses properties		
Depreciation and value adjustments (note 5 and note 7)	2.9	3.5
Other expenses	160.5	159.9
Total administration expenses related to financial assets, excl. interest expenses, incl. administration expenses properties	**163.4**	**163.4**

[1] Other expenses include cost reductions for Gjensidige Forsikring ASA in connection with duties performed for subsidiaries and cost allocations to claims and finance.

18. Salaries and remuneration

The average number of employees in the Group was 2,926 (2,881).

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

Gjensidige's remuneration policy

The Group has established a remuneration system that applies to all employees. The system shall secure that Gjensidige attracts and keeps colleagues who performs, develops, learns and shares. The remuneration 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 Group's remuneration systems 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.

Guidelines for remuneration and career development shall be linked to achievement of the Group's strategic and financial goals and core values, and both quantitative and qualitative targets shall be taken into consideration. The measurement criteria shall promote the desired corporate culture and long-term value creation, 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 payments in kind. Variable remuneration shall be used to reward performances beyond the expected, where both results and behaviour in form of compliance of with the company values, brand and management principles are to be assessed.

Variable remuneration shall be performance-based without being a risk driver, and shall reflect the results and contributions on company, division, department and individual level. Other elements of compensation offered should be considered attractive from both new and current employees.

The senior group management should always be regarded as executive employees. By decision of which functions of the company that shall be defined as employees with tasks of crucial importance for the company's risk exposure, both qualitative criteria related to the role and quantitative criteria related to the level of remuneration is to be taken into account. There must also be an individual assessment of each employee's impact on company risk.

Decision-making process

The Board has established a remuneration committee consisting of three members; the Chairman of the Board and two board members.

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

- Drafting proposals for and following up compliance with the Group's guidelines and framework for remuneration
- Annually considering and proposing the remuneration of the CEO
- Annually considering and drafting proposals for the CEO's scorecard
- Acting as adviser to the CEO in connection with the annual assessment of the remuneration of the senior group management
- Considering the management's proposed 'Statement on the stipulation of pay and other remuneration for executive personnel' cf. the Public Limited Liability Companies Act section 6-16a
- Considering other important personnel matters relating to executive personnel

Guidelines for the upcoming financial year

Remuneration of the CEO

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

The fixed salary is assessed and stipulated annually on the basis of the wage growth in society in general and in the financial industry in particular. Variable remuneration (bonus) is decided by the Board on the basis of agreed goals and deliveries. It can amount to up to 50 per cent of the fixed salary including holiday pay. Variable remuneration is earned annually and is based on an overall assessment of financial and non-financial performance over the last two years. Variable pay is not included in the pension basis. The assessment takes into account the enterprise's overall performance targets for return on equity adjusted for extraordinary dividends and transactions and combined ratio, as well as developments in customer satisfaction. In addition, it emphasizes the CEO's personal contribution to the Group's development and results, compliance with the Group's vision, values, ethical guidelines and management principles.

Variable remuneration relating to Gjensidige's performance is decided on the basis of the past two years' performance. Half of the variable remuneration is paid in the form of a promise of shares in Gjensidige Forsikring ASA, 1/3 of which will be released in each of the following three years. Restricted variable remuneration that has not yet been disbursed may be reduced if subsequent results and developments indicate that it was based on incorrect assumptions. The CEO does not receive performance-based benefits over and above the above-mentioned bonus, but may receive payments in kind such as a company car and the coverage of costs for electronic communication. Payments in kind shall be related to the CEO's function in the Group, and otherwise be in line with market practice.

The retirement age of the CEO is 62. It is possible to step down after reaching the age of 60 if the Board or CEO so wishes. The CEO has pension rights pursuant to Gjensidige's closed defined-benefit pension scheme. Pursuant to the CEO's employment contract, he is entitled to a pension corresponding to 100 per cent of his annual salary on retirement at the age of 62, which is then reduced in steps to 70 per cent upon reaching the age of 67 at full vesting period.

On retirement at the age of 60, a corresponding agreed reduction applies from 100 per cent upon retirement to 70 per cent upon reaching the age of 67. From the age of 67, the pension is calculated on the basis of the Company's ordinary entitlement earning period of 30 years and is 70 per cent of the fixed salary with a full earning period. Company car arrangements and other benefits are retained until the age of 67.

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

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

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

The overall remuneration is decided on the basis of the need to offer competitive terms in the various business areas. It shall contribute to attracting and retaining executive personnel with the desired expertise and experience who promote the Group's core values and development.

The fixed salary is assessed and stipulated annually on the basis of wage growth in society in general and in the financial industry in particular. Variable remuneration (bonus) to executive personnel is earned annually, and is based on an overall assessment of financial and non-financial performance over the two last years. The assessment takes into account a combination of the enterprise's overall performance targets for return on equity adjusted for extraordinary dividends and transactions and combined ratio, as well as developments in customer satisfaction. In addition, it evaluates the target achievement of the business unit in question, as well as personal contribution relating to compliance with the Group's vision, values, ethical guidelines and management principles. Half of the variable remuneration is in the form of a promise of shares in Gjensidige Forsikring ASA, one third of which are released in each of the following three years. Restricted variable remuneration that has not yet been disbursed may be reduced if subsequent results and developments indicate that it was based on incorrect assumptions.

The individual variable remuneration may amount to up to 30 per cent of the annual salary including holiday pay. Variable pay is not included in the pension basis.

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

The retirement age for members of the senior group management is 62, but one member of the group management has a retirement age of 70, in accordance with the national labour legislation. Of the current members of the senior group management, four are members of the closed Norwegian defined-benefit pension scheme. Given the full earnings period, they are entitled to a pension of 70 per cent of final salary at the full vesting period of 30 years. Five members are part of the Company's defined-contribution pension scheme. The Company continues a previously agreed individual pension agreement for one member of the senior group management.

Members of the senior group management have a period of notice of six months. One of the members has an agreement of up to 12 months payment if the person concerned has been given notice, given that the termination of employment is not due to a substantial breach of contract. Other members of the senior group management have no such agreements of severance pay or payment of pay after termination of employment.

With exception from one employee in the Group, there are no severance pay arrangements for executive personnel who leave their position in Gjensidige Forsikring ASA. In accordance with practice in Denmark, there are certain individual agreements on severance pay in connection with resignation in Gjensidige Forsikring ASA in Denmark.

Remuneration of personnel with supervisory tasks

The remuneration of personnel with supervisory tasks shall be independent of the performance of the business area they are in charge of.

None of the executive personnel with supervisory tasks currently has variable bonus schemes, but they get to participate in the collective bonus scheme in the same manner as other employees. The fixed salary is based on the Group's general principles of competitively, but not leading wages.

Pension benefits and payments in kind follow the Group's general arrangement.

Remuneration of officers of the Company and other employees with remuneration corresponding to executive personnel

The remuneration shall follow the guidelines set out above. There are currently no such employees.

Binding guidelines for shares, subscription rights etc. for the upcoming financial year

Of the variable pay earned in 2015 by the CEO and other employees covered by the Regulations relating to remuneration in financial institutions, 50 per cent of the gross earned variable pay will be given in the form of a promise of shares in Gjensidige Forsikring ASA. One third of the shares will be released in each of the following three years.

Share savings programme

The Board has decided to continue the Group's share savings programme for employees in 2016. The CEO and executive personnel are entitled to take part in the programme on a par with other Gjensidige employees. Under the current programme, employees can save through deductions from their salary for the purchase of shares in Gjensidige Forsikring ASA for up to NOK 75,000 per year. Purchases take place quarterly following publication of the results. A discount of 20 per cent of the purchase price is offered, limited upwards to NOK 1,500. For those who keep the shares and are still employed in the Group, one bonus share is awarded for every four share they have owned for more than two years.

Report on executive remuneration in the preceding financial year

In accordance with the guidelines, one employee in the finance department has been offered up to 50 per cent variable remuneration. The Board confirms that the guidelines on the remuneration of executive personnel for 2015 set out in last year's statement have been complied with.

Key management personnel compensation
2015

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 [6]	Annual vesting share-based payment	Number of shares assigned, not released	Number of shares released	Number of shares not redeemed [7]	Number of shares held	Retirement conditions
The senior group management										
Helge Leiro Baastad, CEO	4,800.4	1,006.1	65.8	1,897.6	1,152.6	7,943	13,703	20,438	36,851	2
Jørgen Inge Ringdal, Executive Vice President	2,521.1	285.7	175.4	851.6	345.7	2,621	4,598	6,931	17,167	2
Martin Danielsen, Executive Vice President [12]	2,425.1	275.4	160.3	670.3	334.2	2,400	4,434	6,236	17,863	3
Kim Rud-Petersen, Executive Vice President	2,882.0	515.3	223.6	583.0	522.9	2,869	3,997	7,194	7,463	
Hege Yli Melhus Ask, Executive Vice President (11.5.15-31.12.15) [1, 10]	2,572.6	111.1	158.4	255.5	150.2	1,422	4,604	5,286	9,366	3
Catharina Hellerud, Executive Vice President	2,838.8	340.6	163.1	268.2	407.3	3,088	5,154	7,931	12,135	3
Cecilie Ditlev-Simonsen, Executive Vice President	2,266.3	272.5	176.6	299.2	328.8	2,376	2,688	5,973	6,389	3
Sigurd Austin, Executive Vice President	2,618.5	337.4	75.3	711.9	377.9	2,785	4,354	7,000	6,805	3
Kaare Østgaard, Executive Vice President	2,625.2	302.7	169.0	921.0	364.8	2,792	4,556	7,052	8,926	3
Mats C. Gottschalk, Executive Vice President	2,838.8	378.5	156.4	255.0	449.7	3,243	3,269	8,092	7,621	3
Hans G. Hanevold, Executive Vice President (1.1.15-11.5.15) [1, 11]	912.9		66.4	385.0	10.6	886	37	1,064	7,508	
The Board										
Inge K. Hansen, Chairman	538.5		4.8						12,253	
Trond V. Andersen	282.5		9.3						1,805	
Hans-Erik Andersson [8]	416.5		1.5						1,778	
Gisele Marchand [9]	369.5		1.5						1,481	
Gunnhild H. Andersen, staff representative (1.1.15-28.5.15) [1, 5]	230.8									
Kjetil Kristensen, staff representative [5, 9]	369.5								578	
Gunnar Mjåtvedt, staff representative [5, 9]	369.5								1,907	
Per Arne Bjørge [9]	369.5		3.1						10,542	
Mette Rostad	275.5		6.8						1,550	
Tine Wollebekk	268.5		1.5							
Lotte Kronholm Sjøberg, staff representative (28.5.15-31.12.15) [1, 5]	88.3								283.0	
The Board, deputies										
Tore Vågsmyr, staff representative [5]									655	
Ellen Kristin Enger, staff representative (28.5.15-31.12.15) [1, 5]									495	
Control committee										
Sven Iver Steen, Chairman	172.5								1,778	
Hallvard Strømme	108.0		1.7							
Lieslotte Aune Lee	108.0									
Vigdis Myhre Næsseth, Deputy	97.5									
Supervisory board [4]										
Bjørn Iversen, Chairman	171.3		1.5						890	
Christina Stray, Deputy Chairman	41.8									

In addition

19 representatives from the company/Fire Mutuals/organisations/employees.

[1] The stated remuneration applies to the period the individual in question has held the position/office.
[2] Age 62, 100 per cent salary reducing gradually to 70 per cent at age 67 according to time of earning, then Gjensidige Forsikring's ordinary pension terms will take effect.
[3] Age 62, 70 per cent salary until age 67 according to time of earning, then Gjensidige Forsikring's ordinary pension terms will take effect.
[4] Annual fee of NOK 93.5 thousand for Chairman and NOK 41.8 thousand for Deputy Chairman. In addition, fee as Chairman of the Nominating committee.
[5] For staff representatives only remuneration for the current position is stated.
[6] Everyone in the senior group management except for one has pension plans, benefit or contribution based.
[7] Including bonus shares in the share saving's programme for employees. See note 28 for terms and further description of the scheme.
[8] Remuneration includes participation as Chairman in the Audit Committee honored with NOK 141.0 thousand for 2015.
[9] Remuneration includes participation in the Audit Committee honored with NOK 94.0 thousand for 2015.
[10] Hege Yli Melhus Ask has been on leave from 1 January to 11 May. Her remuneration is presented for the whole year.
[11] Constituted Executive Vice President for Hege Yli Melhus Ask from 1 January to 11 May.
[12] Borrower in Gjensidige Bank ASA with NOK 4,474.0 thousand outstanding. Applicable conditions are 2.40% in interest rate and loan maturity 31.01.2021.

Key management personnel compensation
2014

NOK thousand	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 [6]	Annual vesting share-based payment	Number of shares assigned, not released	Number of shares released	Number of shares not redeemed [7]	Number of shares held	Retirement conditions
The senior group management										
Helge Leiro Baastad, CEO	4,662.1	1,041.5	172.9	1,601.7	1,064.4	8,615	9,073	25,345	28,928	2
Jørgen Inge Ringdal, Executive Vice President	2,442.7	330.5	155.5	706.9	353.4	3,141	3,009	8,631	14,052	2
Martin Danielsen, Executive Vice President [12]	2,358.9	300.9	163.4	479.8	323.8	2,603	3,046	8,021	14,835	3
Kim Rud-Petersen, Executive Vice President	2,512.0	314.2	186.9	527.1	318.3	3,042	2,483	8,028	5,333	
Hege Yli Melhus Ask, Executive Vice President (1.1.14-4.8.14) [1, 10]	2,498.3	175.3	215.7	189.6	198.2	2,630	3,143	8,252	6,397	3
Catharina Hellerud, Executive Vice President	2,750.4	392.9	162.6	223.5	415.8	3,517	3,365	9,676	8,726	3
Cecilie Ditlev-Simonsen, Executive Vice President	2,204.1	297.8	170.7	256.7	313.1	2,443	1,537	6,049	4,291	3
Sigurd Austin, Executive Vice President	2,463.8	357.3	93.3	382.3	357.3	3,002	2,769	8,279	4,062	3
Kaare Østgaard, Executive Vice President	2,469.6	358.2	169.3	496.6	381.1	3,049	2,961	8,526	5,982	3
Mats C. Gottschalk, Executive Vice President	2,750.4	413.6	158.0	220.2	436.4	3,517	1,732	7,791	5,207	3
Hans G. Hanevold, Executive Vice President (4.8.14-31.12.14) [1, 11]	1,117.7	280.8	121.7	160.4	116.4	24.0	9.0	179.0	7,111.0	
The Board										
Inge K. Hansen, Chairman	535.7		8.2						12,253	
Trond V. Andersen	281.2		13.8						1,805	
Hans-Erik Andersson [8]	411.4		5.9						1,778	
Mari T. Skjærstad (1.1.14-27.5.14) [1]	188.4		4.7							
Gisele Marchand [9]	359.1		3.0						1,481	
Gunnhild H. Andersen, staff representative [5]	274.4								785	
Kjetil Kristensen, staff representative [5, 9]	365.9								526	
Gunnar Mjåtvedt, staff representative [5, 9]	365.9								1,838	
Per Arne Bjørge [9]	365.9		6.7						10,542	
Mette Rostad	267.6		8.9						2,794	
Tine Wollebekk (27.5.14-31.12.14) [1]	64.5		1.2							
The Board, deputies										
Tore Vågsmyr, staff representative [5]									655	
Lotte Kronholm Sjøberg, staff representative [5]									170	
Control committee										
Sven Iver Steen, Chairman	167.5		2.9						1,778	
Hallvard Strømme	104.5		4.9							
Lieslotte Aune Lee	104.5		2.9							
Vigdis Myhre Næsseth, Deputy	94.5		2.9							
Supervisory board [4]										
Bjørn Iversen, Chairman	194.7		4.0						890	
Hilde Myrberg, Deputy Chairman (1.1.14-24.4.14) [1]	16.8									
Christina Stray, Deputy Chairman (24.4.14-31.12.14) [1]	34.6									

In addition

20 representatives from the company/Fire Mutuals/organisations/employees.

[1] The stated remuneration applies to the period the individual in question has held the position/office.
[2] Age 62, 100 per cent salary reducing gradually to 70 per cent at age 67 according to time of earning, then Gjensidige Forsikring's ordinary pension terms will take effect.
[3] Age 62, 70 per cent salary until age 67 according to time of earning, then Gjensidige Forsikring's ordinary pension terms will take effect.
[4] Annual fee of NOK 96.3 thousand for Chairman and NOK 23.0 thousand for Deputy Chairman. In addition, fee as Chairman of the Nominating committee.
[5] For staff representatives only remuneration for the current position is stated.
[6] Everyone in the senior group management except for one has pension plans, benefit or contribution based.
[7] Including bonus shares in the share saving's programme for employees. See note 28 for terms and further description of the scheme.
[8] Remuneration includes participation as Chairman in the Audit Committee honored with NOK 137.0 thousand for 2014.
[9] Remuneration includes participation in the Audit Committee honored with NOK 91.5 thousand for 2014.
[10] Hege Yli Melhus Ask has been on leave from 3 August to 31 December. Her remuneration is presented for the whole year.
[11] Constituted Executive Vice President for Hege Yli Melhus Ask from 4 August to 31 December.
[12] Borrower in Gjensidige Bank ASA with NOK 4,477.6 thousand outstanding. Applicable conditions are 3.25% in interest rate and loan maturity 31.12.2021.

19. Net income from investments

NOK millions	2015	2014
Net income and gains/(losses) from investments in subsidiaries and associated companies		
Net income from investments in subsidiaries and associated companies	99.0	297.5
Impairment investments in subsidiaries and associated companies		(47.5)
Net gains/(losses) from sale of investments in subsidiaries and associated companies	681.4	1,110.0
Total net income and gains/(losses) from investments in subsidiaries and associated companies	**780.4**	**1,360.0**
Net income and gains/(losses) from buildings and other real estate		
Investment properties		
Rental income from investment properties, excl. unrealised gains/(losses)	12.0	15.2
Net revaluation investment properties	16.2	4.9
Net gains/(losses) from sale of investment properties	15.2	0.6
Administration expenses related to investment properties	(1.4)	(2.2)
Total net income and gains/(losses) from investment properties	**41.9**	**18.6**
Owner-occupied properties		
Rental income from owner-occupied properties	4.9	6.2
Net gains/(losses) from sale of owner-occupied properties	33.8	3.1
Administration expenses related to owner-occupied properties	(3.6)	(4.4)
Total net income and gains/(losses) from owner-occupied properties	**35.1**	**4.9**
Total net income and gains/(losses) from buildings and other real estate	**77.0**	**23.5**
Net income and gains/(losses) from financial assets at fair value through profit or loss, designated		
Shares and similar interests		
Dividend income	72.1	12.7
Unrealised gains/(losses) from shares and similar interests	(488.7)	646.2
Realised gains/(losses) from shares and similar interests	578.1	732.1
Total net income and gains/(losses) from shares and similar interests	**161.5**	**1,391.0**
Bonds and other fixed-income securities		
Net interest income/(expenses) from bonds and other fixed-income-securities	265.1	437.1
Unrealised gains/(losses) from bonds and other fixed-income securities	(415.6)	169.6
Realised gains/(losses) from bonds and other fixed-income securities	96.5	187.5
Total net income and gains/(losses) from bonds and other fixed-income securities	**(54.0)**	**794.3**
Derivatives		
Net interest income/(expenses) from derivatives	(26.9)	(5.9)
Unrealised gains/(losses) from derivatives	156.3	(164.0)
Realised gains/(losses) from derivatives	(721.5)	(668.6)
Total net income and gains/(losses) from derivatives	**(592.1)**	**(838.5)**
Total net income and gains/(losses) from financial assets at fair value through profit or loss, designated	**(484.6)**	**1,346.8**
Net income and gains/(losses) from bonds held to maturity		
Net interest income from bonds held to maturity	128.2	162.0
Unrealised gains/(losses) from bonds held to maturity	0.3	0.8
Net gains/(losses) from changes in exchange rates on bonds held to maturity	376.7	(72.8)
Total net income and gains/(losses) from bonds held to maturity	**505.2**	**90.0**
Net income and gains/(losses) from loans and receivables		
Net interest income/(expenses) from loans and receivables	800.5	866.6
Net gains/(losses) from loans and receivables	67.4	0.3
Net gains/(losses) from changes in exchange rates on loans and receivables	51.7	(152.0)
Total net income and gains/(losses) from loans and receivables	**919.5**	**714.9**
Net income and gains/(losses) from financial liabilities at amortised cost		
Net interest income/(expenses) from subordinated debt	(34.6)	(9.5)
Total net income and gains/(losses) from financial liabilities at amortised cost	**(34.6)**	**(9.5)**
Net other financial income/(expenses) [1]	(327.1)	146.1
Discounting of claims provision classified as interest expense	(57.1)	(80.7)
Change in discount rate claims provision	57.6	(182.8)
Total net income from investments	**1,436.2**	**3,408.3**
Specifications		
Interest income and expenses from financial assets and liabilities not recognised at fair value through profit or loss		
Interest income from financial assets not recognised at fair value through profit or loss	929.7	1,028.7
Interest expenses from financial assets not recognised at fair value through profit or loss	(35.7)	(9.5)

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

20. Contingent liabilities

NOK millions	2015	2014
Guarantees and committed capital		
Gross guarantees	0.1	0.1
Committed capital, not paid	1,643.6	2,278.6

As part of its ongoing financial management, the Company has undertaken to invest up to NOK 1,643.6 million (2,278.6) in bond funds and various private equity and real estate investments, over and above amounts recognized in the balance sheet.

The timing of the outflow of capital is dependent on when the funds are making capital calls from their investors. Average remaining operating time for the funds, based on fair value, is slightly above four years (four) and six years (six) in average including option for extension.

Gjensidige Forsikring is liable externally for any insurance claim arising in the cooperation mutual fire insurers' fire insurance operations.

According to the agreement with Gjensidige Pensjonskasse, the return, if not sufficient to cover the pension plans guaranteed interest rate, should be covered from the premium fund or through contribution from Gjensidige Forsikring.

21. Subordinated debt

	Notes	FRN Gjensidige Forsikring ASA 2014/2044 SUB
ISIN		NO0010720378
Issuer		Gjensidige Forsikring ASA
Principal, NOK millions		1,200
Currency		NOK
Issue date		10/2/2014
Maturity date		10/3/2044
First call date		10/2/2024
Interest rate	19	NIBOR 3M + 1,5%
General terms		
Regulatory regulation		Solvency II
Regulatory call		Yes

22. Related party transactions

Overview

Gjensidige Forsikring ASA is the Group's parent company. As at 31 December 2015 the following companies are regarded related parties.

	Registered office	Interest held
Ultimate parent company		
Gjensigestiftelsen holds 62.24 per cent of the shares in Gjensidige Forsikring ASA	Oslo, Norway	
Subsidiaries		
Försäkringshuset Amb & Rosèn AB	Stockholm, Sweden	100.0%
Försäkringsproduktion i Sverige AB	Piteå, Sweden	100.0%
Gjensidige Baltic AAS	Riga, Latvia	100.0%
Gjensidige Bank Holding AS	Oslo, Norway	100.0%
Gjensidige Norge AS	Oslo, Norway	100.0%
Gjensidige Pensjon og Sparing Holding AS	Oslo, Norway	100.0%
Lokal Forsikring AS	Oslo, Norway	100.0%
Mondux Affinity Aps	Copenhagen, Denmark	100.0%
Mondux Assurance Agentur A/S	Copenhagen, Denmark	100.0%
Mondux Service A/S	Copenhagen, Denmark	100.0%
Mondux AB	Malmö, Sweden	100.0%
NAF Forsikringsformidling AS	Oslo, Norway	66.0%
Nykredit Forsikring A/S	Copenhagen Denmark	100.0%
PZU Lietuva SA	Vilnius, Lithuania	99,9%
Samtrygd Eigedom AS	Oslo, Norway	100.0%
Associates		
Vervet AS	Tromsø, Norway	25.0%
Joint ventures		
Oslo Areal AS	Oslo, Norway	50.0%
Other related parties		
Fire Mutuals	All over the country, Norway	
Gjensidige Pensjonskasse	Oslo, Norway	94.7%

Percentage of votes held is the same as percentage of interest held.

Transactions

Income statement

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

	2015		2014	
NOK millions	**Income**	**Expense**	**Income**	**Expense**
Gross premiums written				
Gjensidige Baltic AAS	16.0		13.7	
Gjensidige Pensjonsforsikring AS (owned by Gjensidige Pensjon og Sparing Holding AS)	4.0		1.9	
Nykredit Forsikring A/S	1,037.2		819.1	
PZU Lietuva SA	2.8			
Gross paid claims				
Gjensidige Baltic AAS		3.9		20.2
Gjensidige Pensjonsforsikring AS (owned by Gjensidige Pensjon og Sparing Holding AS)		45.3		22.5
Nordisk Forsikrings Service AS				4.3
Nykredit Forsikring A/S		760.3		740.9
Change in gross provision for claims				
Gjensidige Baltic AAS		2.7	16.8	
Gjensidige Pensjonsforsikring AS (owned by Gjensidige Pensjon og Sparing Holding AS)		5.9		8.4
Nykredit Forsikring A/S	44.8		112.3	

	2015		2014	
NOK millions	**Income**	**Expense**	**Income**	**Expense**
Administration expenses				
Försäkringshuset Amb & Rosèn AB	0.4	7.3		
Gjensidige Baltic AAS	0.4			
Gjensidige Bank ASA owned by Gjensidige Bank Holding AS)	32.3		31.5	
Gjensidige Investeringsrådgivning AS (owned by Gjensidige Pensjon og Sparing Holding AS)	1.4		1.6	
Gjensidige Pensjon og Sparing Holding AS	8.6		9.3	
Gjensidige Pensjonsforsikring AS (owned by Gjensidige Pensjon og Sparing Holding AS)	42.2		47.7	
Gjensidigestiftelsen	4.6		4.1	
Mondux Affinity Aps		12.9		
Mondux Assurance Agentur A/S		25.4		
NAF Forsikringsformidling AS	0.5			
Nordisk Forsikrings Service AS				30.9
Nykredit Forsikring A/S	316.3	238.5		101.6
Oslo Areal AS	0.1	0.8	0.3	1.0
Tennant Assuranse AS (owned by Lokal Forsikring AS)	11.7		18.8	
Interest income and expenses				
Oslo Areal AS	66.2		73.6	
Co-operating companies [1]				
Fire Mutuals	18.6	140.1	17.7	130.0
Gjensidige Pensjonskasse		47.1		48.2
Total	**1,326.0**	**1,296.0**	**1,168.5**	**1,108.1**

[1] Cooperating companies are defined as companies with which Gjensidige Forsikring has entered into a long-term strategic alliance.

Loans

As at 31 December 2015 employees have loans in Gjensidige Bank amounting to NOK 1,225.3 million (1,364.1). The loans are offered on normal commercial conditions.

Income and losses

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

	2015		2014	
NOK millions	**Received**	**Given**	**Received**	**Given**
Group contributions				
Gjensidige Pensjon og Sparing Holding AS		0.9		1.5
Oslo Areal AS			22.0	
Tennant Assuranse AS (owned by Lokal Forsikring AS)	5.9		4.0	
Dividends				
Gjensidige Baltic AAS			41.0	
Gjensidige Pensjon og Sparing Holding AS	32.0			
Gjensidige Pensjonskasse	9.5			
Gjensidigestiftelsen		1,836.1		5,228.2
Nordisk Forsikrings Service AS			35.2	
Nykredit Forsikring A/S	58.2		83.0	
Oslo Areal AS			70.0	
Total group contributions and dividends	**105.5**	**1,837.0**	**255.2**	**5,229.7**

	2015		2014	
NOK millions	**Gains**	**Losses**	**Gains**	**Losses**
Gains and losses in connection with sale and liquidation				
Bilskadeinstituttet AS (liquidated in 2014)	2.0			
Byggeriet Forsikringsservice A/S		(0.8)		
Nordisk Forsikrings Service AS		(2.3)		
Oslo Areal AS	718.6			
Storebrand ASA			1,108.7	
Impairment losses				
Gjensidige Baltic AAS		13.5		
Lokal Forsikring AS				20.1
Nordisk Forsikrings Service AS				27.4
Total gains and losses in connection with sale, liquidation and impairment losses	**720.6**	**10.4**	**1,110.0**	**47.5**

Intercompany balance

The table below shows a summary of receivables/liabilities from/to related parties.

	2015		2014	
NOK millions	**Receivables**	**Liabilities**	**Receivables**	**Liabilities**
Intercompany non-interest-bearing debts and receivables				
Byggeriet Forsikringsservice A/S			1.3	
Försäkringshuset Amb & Rosèn AB			1.3	
Gjensidige Baltic AAS	3.4			
Gjensidige Bank ASA (owned by Gjensidige Bank Holding AS)			0.3	
Gjensidige Norge AS				
Gjensidige Pensjon og Sparing Holding AS	31.6	0.9		0.4
Gjensidige Pensjonsforsikring AS (owned by Gjensidige Pensjon og Sparing Holding AS)	3.1	21.1		10.3
Gjensidige Investeringsrådgivning AS (owned by Gjensidige Pensjon og Sparing Holding AS)		0.1		
Gjensidigestiftelsen	1.0		0.3	
Mondux Affinity Aps		11.6		
Mondux Assurance Agentur A/S		5.0		
NAF Forsikringsformidling AS	0.5			
Nordisk Forsikrings Service AS				49.8
Nykredit Forsikring A/S	31.1		32.5	
Oslo Areal AS			92.0	
Tennant Assuranse AS (owned by Lokal Forsikring AS)	7.3		5.4	(3.0)
Total intercompany non-interest-bearing debts and receivables	**77.9**	**38.7**	**133.1**	**57.4**
Intercompany interest-bearing debts and receivables				
Oslo Areal AS	1,538.0		3,430.5	
Total intercompany interest-bearing debts and receivables	**1,538.0**		**3,430.5**	
Reinsurance deposits				
Nykredit Forsikring A/S	523.7		576.7	
Total reinsurance deposits	**523.7**		**576.7**	
Claims provision				
Gjensidige Baltic AAS		11.0		7.5
Gjensidige Pensjonsforsikring AS (owned by Gjensidige Pensjon og Sparing Holding AS)		14.3		8.4
Nykredit Forsikring A/S		523.7		576.7
Total claims provision		**549.0**		**592.5**
Total intercompany balances within the Group	**2,139.6**	**587.7**	**4,140.3**	**650.0**
Cooperating companies				
Fire Mutuals		39.9		15.7
Gjensidige Pensjonskasse [2]	111.0		111.0	
Total intercompany balances with cooperating companies	**111.0**	**39.9**	**111.0**	**15.7**
Total intercompany balance	**2,250.6**	**627.6**	**4,251.3**	**665.7**

[2] Gjensidige Forsikring ASA is a sponsor of Gjensidige Pensjonskasse and has contributed with funds equivalent to NOK 111.0 million.

NOK millions	**Purchaser**	**Seller**	**2015**	**2014**
Other transactions				
Portfolios	Gjensidige Forsikring ASA	Byggeriet Forsikringsservice A/S	48.1	
Portfolios	Gjensidige Forsikring ASA	Nordisk Forsikrings Service AS		78.3

Guarantees

Gjensidige Forsikring is responsible externally for any insurance claim arising from the cooperating mutual fire insurers' fire insurance business, see note 20.

23. Events after the balance sheet date

No significant events have occurred after the balance sheet date.

24. Capital ratio

NOK millions	2015	2014
Equity	16,014.6	16,164.2
Effect of guarantee scheme provision and Natural perils fund	(2,790.2)	(2,902.2)
Goodwill	(1,676.7)	(1,568.6)
Deferred tax assets		(31.2)
Other intangible assets	(846.9)	(795.5)
Reinsurance provision, minimum requirement	(4.8)	(11.5)
Core capital before 50/50-deductions	**10,695.9**	**10,855.3**
Proportion 50/50-deductions	(413.6)	(588.9)
Core capital	**10,282.3**	**10,266.3**
Subordinated term debt	1,197.4	1,197.1
Proportion 50/50-deductions	(413.6)	(588.9)
Additional capital	**783.8**	**608.1**
Net primary capital (A)	**11,066.1**	**10,874.5**
Assets with 0% risk weight	2,295.9	4,620.7
Assets with 10% risk weight	1,967.9	1,894.6
Assets with 20% risk weight	23,017.2	24,283.9
Assets with 35% risk weight	0.5	0.5
Assets with 50% risk weight	661.2	793.1
Assets with 100% risk weight	36,363.3	30,996.1
Assets with 150% risk weight	1,383.5	1,733.1
Other non-weighted assets		
Goodwill	1,676.7	1,568.6
Deferred tax assets		31.2
Other intangible assets	846.9	795.5
Derivatives	327.8	324.4
Total assets	**68,540.9**	**67,041.7**
Assets with 0% risk weight	0.0	0.0
Assets with 10% risk weight	196.8	189.5
Assets with 20% risk weight	4,603.4	4,856.8
Assets with 35% risk weight	0.2	0.2
Assets with 50% risk weight	330.6	396.6
Assets with 100% risk weight	36,363.3	30,996.1
Assets with 150% risk weight	2,075.2	2,599.7
Total risk weighted assets	**43,569.5**	**39,038.7**
Weighted reinvestment cost derivatives	128.2	133.3
Primary capital in other financial institutions	(827.2)	(1,177.9)
Risk weighted calculation base (B)	**42,870.6**	**37,994.1**
Capital ratio (A/B)	25.8%	28.6%
FSAN minimum requirement	*8.0%*	*8.0%*
FSAN minimum requirement (C)	*3,429.6*	*3,039.5*
Primary capital surplus (A - C)	**7,636.5**	**7,834.9**

25. Solvency margin

NOK millions	2015	2014
Net primary capital	11,066.1	10,874.5
Proportion of security provision	1,270.5	1,268.1
Proportion of Natural perils fund (up to 25% of the Natural perils fund is included)	542.7	576.3
Deduction due to discounting effects	(72.7)	(61.4)
Limitation of additional capital which may be included	(447.8)	(344.6)
Solvency margin capital	**12,358.9**	**12,312.9**
Solvency margin minimum requirement	*3,514.8*	*3,359.3*
In excess of requirement	**8,844.1**	**8,953.6**
Solvency margin capital in per cent of requirement	**351.6%**	**366.5%**

26. Restricted funds

NOK millions	2015	2014
Restricted bank deposits		
Source-deductible tax accounts	70.5	67.1
Total restricted bank deposits	**70.5**	**67.1**

27. Shareholders

The 20 largest shareholders as at 31 December 2015

Investor		Number of shares	Ownership in %
Gjensidigestiftelsen		311,200,115	62.24%
Folketrygdfondet		18,741,225	3.75%
State Street Bank And Trust Co.	Nominee	13,819,654	2.76%
State Street Bank And Trust Co.	Nominee	13,793,631	2.76%
Clearstream Banking S.A.	Nominee	6,027,249	1.21%
State Street Bank & Trust Company	Nominee	5,125,180	1.03%
State Street Bank And Trust Co.	Nominee	3,702,319	0.74%
State Street Bank And Trust Co.	Nominee	3,693,254	0.74%
Danske Invest Norske Instit. II.		3,487,340	0.70%
State Street Bank And Trust Co.	Nominee	2,795,979	0.56%
Fidelity Funds - Global Dividend		2,587,000	0.52%
State Street Bank And Trust Co.	Nominee	2,447,221	0.49%
JPMorgan Chase Bank, N.A	Nominee	2,433,703	0.49%
J.P. Morgan Chase Bank N.A. London	Nominee	2,128,751	0.43%
State Street Bank & Trust Co.	Nominee	1,909,098	0.38%
JP Morgan Bank Luxenbourg S.A	Nominee	1,904,959	0.38%
Danske Invest Norske Aksjer Inst.		1,852,409	0.37%
Skandinaviska Enskilda Banken Ab	Nominee	1,797,384	0.36%
Klp Aksje Norge Indeks		1,744,145	0.35%
Verdipapirfondet DNB Norge (Iv)		1,654,105	0.33%
Number of shares 20 largest shareholders		**402,844,721**	**80.57%**
Total number of shares		**500,000,000**	**100.00%**

The shareholder list is based on the VPS shareholder registry as of 31 December 2015. A shareholder list showing the owners behind nominee accounts can be found on page 21.

28. Share-based payment

Description of the share-based payment arrangements

As at 31 December 2015, Gjensidige 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 18, half of the variable remuneration is paid in the form of shares in Gjensidige Forsikring ASA, one third of which can be sold in each of the following three years. Of this, rather on the big side 50 per cent is distributed as equity and only just 50 per cent is distributed as cash in order to pay tax liabilities (net of tax settlement).

The fair value at the grant date is measured based on the market price. The amount is recognised as payroll expenses at grant date. 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. The value of the cash-settled share is adjusted at each reporting period based on the share price at this time. The number of shares is adjusted for dividend paid.

Equity-settled share savings program for employees
Gjensidige has established a share savings programme for employees of the Group with the exception of employees of Gjensidige Baltic. All employees are given an opportunity to save an annual amount of up to NOK 75,000. Saving take the form of fixed deductions from salary that is used to buy shares four times a year. The employees are offered a discount in the form of a contribution of 20 per cent, limited upwards to NOK 1,500 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.

The fair value at grant date is based on the market price. The discount is recognised as payroll expenses at the time of allocation. The value of the bonus shares is recognised as payroll expenses over the vesting period, which is two years.

Fair value measurement

The fair value of the shares allocated through the share-based payment for executive personnel is calculated on the basis of the share price at grant date. The amount is recognised immediately. The cash-settled share is adjusted consecutively based on the share price at the reporting time.

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	
	2015	2014	2015	2014
Weighted average share price (NOK)	131.40	119.30	128.91	119.85
Expected turnover	N/A	N/A	10%	10%
Expected sale	N/A	N/A	5%	5%
Lock-in period (years)	3	3	2	2
Expected dividend (NOK per share) [1]	5.41	6.88	5.41	6.88

[1] The expected return is based on the Group's actual profit/loss after tax expense as of the third quarter, grossed up to a full year, plus the maximum distribution of dividend corresponding to 80 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	2015	2014
Share-based remuneration for key personnel	5.6	6.4
Share savings programme for employees	4.4	3.4
Total expenses (note 17)	**10.0**	**9.9**

Share savings programme

	2015	2014
The number of bonus shares		
Outstanding 1 January	67,370	53,923
Granted during the period	39,841	35,262
Released during the period	(30,770)	(18,497)
Cancelled during the period	(896)	(884)
Forfeited during the period	(4,008)	(2,410)
Expired during the period	0	(24)
Outstanding 31 December	**71,537**	**67,370**
Exercisable 31 December	**0**	**0**
Average remaining life of outstanding bonus shares	1.00	0.96
Weighted average fair value of bonus shares granted	112.88	100.79
Weighted average share price of bonus shares released during the period	128.75	119.60

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

Remuneration scheme

	Number of shares 2015	Number of cash-settled shares 2015	Number of shares 2014	Number of cash-settled shares 2014
The number of shares				
Outstanding 1 January	59,145	54,863	52,494	49,383
Granted during the period	17,824	16,435	19,717	17,884
Forfeited during the period	(32,211)	(29,225)	(20,961)	(19,728)
Quantity adjusted during the period	420	(420)		
Modification dividend during the period	1,953	1,861	7,895	7,324
Outstanding 31 December	**47,131**	**43,514**	**59,145**	**54,863**
Exercisable 31 December	**0**	**0**	**0**	**0**
Average remaining life of outstanding shares	0.85	0.85	1.08	1.08

	2015	2014
Weighted average fair value of shares granted [2]	131.40	119.30
Weighted average share price of shares released during the period	126.87	120.03
Fair value of shares granted that are to be settled in cash	142.10	122.00

[2] 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.

Declaration from the Board and the CEO

Today, the Board and the CEO have considered and approved the Board's Report and the Annual Accounts for Gjensidige Forsikring ASA, the Group and the parent company, for the calendar year 2015 and as per 31 December 2015.

The consolidated accounts have been prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS) and interpretations, together with the additional disclosure requirements that derive from the Regulations concerning annual accounts for insurance companies pursuant to the Norwegian Accounting Act and that shall be adopted as per 31 December 2015. The annual accounts for the parent company were submitted in accordance with the Accounting Act and the Regulations concerning annual accounts for insurance companies as per 31 December 2015. The Board's Report for the Group and the parent company, including The Boards statement on corporate governance and corporate social responsibility, is in accordance with the requirements of the Accounting Act and Norwegian Accounting Standard no. 16 as per 31 December 2015.

To the best of our knowledge:

- the annual accounts for 2015 for the Group and the parent company have been prepared in accordance with current accounting standards
- the information in the accounts gives a true and fair view of the Group's and the parent company's assets, liabilities and financial position and results as a whole as per 31 December 2015
- The Board's Report for the Group and the parent company gives a true and fair summary of:
  - the development, results and position of the Group and the parent company
  - the most important risk and uncertainty factors that the Group and parent company are currently facing

9 March 2016

The Board of Gjensidige Forsikring ASA

Inge K. Hansen
Chairman

Lotte K. Sjøberg
Board member

Trond Vegard Andersen
Board member

Hans-Erik Andersson
Board member

Per-Arne Bjørge
Board member

Gisele Marchand
Board member

Gunnar Mjåtvedt
Board member

Kjetil Kristensen
Board member

Mette Rostad
Board member

Tine G. Wollebekk
Board member

Helge Leiro Baastad
CEO

To the Annual Shareholders' Meeting of Gjensidige Forsikring ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Gjensidige Forsikring ASA, which comprise the financial statements of the parent company Gjensidige Forsikring ASA and the consolidated financial statements of Gjensidige Forsikring ASA and its subsidiaries. The parent company's financial statements comprise the balance sheet as at 31 December 2015, the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements comprise the statement of financial position as at 31 December 2015, and the income statement and the statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Group Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Group Managing Director are responsible for the preparation and fair presentation of the parent company financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and for the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the Board of Directors and the Group Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the separate financial statements

In our opinion, the parent company's financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Gjensidige Forsikring ASA as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Gjensidige Forsikring ASA and its subsidiaries as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the statements on Corporate Governance and Corporate Social Responsibility

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

Opinion on Accounting Registration and Documentation

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

Oslo, 9 March 2016
KPMG AS

Arne Frogner
State Authorized Public Accountant

[Translation has been made for information purposes only]

Foto: Jo Michael de Figueiredo • Illustrasjoner: byHands

Gjensidige is a leading Nordic insurance group listed on the Oslo Stock Exchange. We have about 3,900 employees and offer insurance products in Norway, Denmark, Sweden and the Baltic states. In Norway, we also offer banking, pension and savings. Operating income was NOK 24 billion in 2015, while total assets were NOK 129 billion.

Gjensidige Forsikring ASA
Schweigaardsgate 21, 0191 Oslo
P.O.box 700, Sentrum, 0106 Oslo
Phone +47 22 96 80 00