

2022 ANNUAL REPORT 2022 REPORT 2022 ANNUAL REPORT REPORT 2022 ANNUAL REPORT ANNUAL REPORT 2022 A

Gjensidige Pension

Gjensidige



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The board's annual report 2022

Business description and business model

Pension is a focus area that contributes to Gjensidige being a complete supplier of insurance and pension products to private and business customers. The business contributes to strengthening the customer relationship and loyalty across the Gjensidige Group's customers.

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

The company delivers products in the following main categories:

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

The company offers only externally managed funds.

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

The past year

GPF reported a result of NOK 217.0 million for 2022. This is well above expectations at the start of the year and, like last year, the best result in the company's history. As a consequence of the launch of the individual pension account last year, the financial performance were expected to be below last year's record result, but it turned out to be much better than feared. The main explanation is a significant increase in membership of approximately 45 per cent related to occupational pension. There are several reasons for this. In addition to generally good sales and low lapse, GPF has experienced a large effect from using the A-report. This is the employer's monthly reporting to the tax authorities, NAV and SSB. By retrieving data directly from the A-report, the company have automated salary changes and the registration and

deregistration of employees, which has given GPF a major competitive advantage and created many new customers. In addition, it has streamlined and automated the customers' and GPF's own processes.

In addition, the introduction of pension from the the first kroner means that all employees, including temps and other short-term employees, also receive pension and are registered as members.

The growth in number og pension members results in increased operating income. Administration fee and insurance income are directly affected, while the management income is affected through increase in assets under management as a result of increased insurance premium. Despite a troubled financial market and a negative return on investments of NOK 5.3 billion, the company's assets under management increased by NOK 3.4 billion. This is as a result of the mentioned membership growth and the fact that Handelsbanken's pension portfolio of NOK 2.3 billion was taken over in the 4th quarter. Financial income did also show progress compared to last year. This was due to good returns on money market funds towards the end of the year.

The Covid-19 pandemic has not had a significant negative effect on the company's results in 2022. Long term, the pandemic may increase unemployment, which in turn may lead to an increased amount of disability claims. Due to a comprehensive assessment process, it normally takes one to two years before any increase in claims becomes visible. In order to be well prepared GPF has capitalized all risk premiums related to the disability products and is continuously evaluating price measures.

The global economic outlook worsened in 2022 as a result of Russia's invasion of Ukraine, leading to increased uncertainty. Despite this, GPF does not expect to see any significant ripple effects from today's macroeconomic outlook and the business is not directly affected by the Russia-Ukraine conflict. GPF has a robust investment strategy, but the company's investment portfolios are of course exposed to the ongoing volatility in the global capital markets.

The market share relating to occupational defined contribution plans amounted to 9.8 per cent and to 6.4 per cent relating to individual pensions. The share relating to private disability pension was 21.7 per cent. (Source: Finans Norge, 31.12.2022).

Income

Gross written premiums amounted to NOK 14,594.1 million in 2022. Of this NOK 5,284.1 million were written premiums and NOK 9,310.0 million were transferred funds. By comparison, in 2021 gross written premiums were NOK 15,753.4 million of which NOK 4,440.6 million were written premiums and NOK 11,312.8 million were transferred funds. The main reason for the decline in relocated funds this year is that last year included an extraordinarily high level of relocation because of the launch of the individual pension account.

The paid-up policy portfolio contributed with a negative financial income of NOK 60.8 million after the allocation of guaranteed interest. Most of this is covered through use of additional provisions and only NOK 0.9 million was debited to equity. Total additional provisions at the end of the year were NOK 274.0 million versus NOK 332.1 million in 2021.

The other group portfolio contributed with a financial income of 105.7 NOK million. Of this NOK 80.6 million was allocated to the customers, of which NOK 73.8 million was guaranteed return. GPF's share of returns related to the other group portfolio totaled NOK 25.1 million.

Non-technical profit ended at NOK 18.4 million, of which NOK 12.8 million was return on company capital.

Claims incurred and funds transferred to other companies amounted to NOK 5,706.4 million in 2022 and NOK 11,398.5 million in 2021. Here, too, the launch of the individual pension account last year was the most important reason for the decline.

Total operating costs amounted to NOK 329.1 million in 2022 inclusive charges billed for corporate services. Total operating costs in 2021 were NOK 312.9 million. The growth is due to increased business volume and an increased headcount. The costs are as expected.

For the fiscal year of 2022 total earnings were NOK 159.3 million, compared to NOK 162.0 million in 2021.

The board confirms that the conditions for continued operation are met. The 2022 financial statement has been prepared based on this assumption. The market for defined contribution pension plans is growing and the year 2022 has shown that the company is well positioned to further develop and grow its business.

Return

GPF offers three main alternatives for managing defined contribution schemes, active, combined or index management. All options offer to choose between different risk profiles: "Trygg", "Balansert", "Offensiv" and "Age-adjusted". In addition, GPF launched a family of new pension profiles, Grønn Fremtid, in 2022 which has a strong focus on sustainability.

The year 2022 was a challenging year in the financial markets. Due to Russia's invasion of Ukraine and the bottlenecks after covid, the past year was characterized by record high inflation and sharp hikes in policy rates. The Norwegian central bank raised the key interest rate by a total of 2,25 per cent in 2022, up to 2,75 per cent. The Federal Reserve raised from 0 to 4,25 per cent. Inflation seems to have moderated somewhat towards the end of the year but is still at high levels, and indicators of global growth are weak. Due to the sharp rise in interest rates in Norway, Europe and USA this year, bonds and fixed income profiles gave a negative return in 2022.

There was also substantial decline on the world's stock exchanges and significant repricing in the stock market. The world index, MSCI World (USD) fell -18,1 per cent this year and the same did the US index S&P500 TR (USD). Emerging markets MSCI EM (USD) fell 22,4 per cent, while European equities MSCI Europe ended the year down 10,9 per cent. The Oslo Stock Exchange (OSEBX) outperformed most other stock exchanges and ended 2022 with a fall of 1 per cent. The reason for the OSEBX outperformance is the high oil and gas prices as a result of the war in Ukraine. The Oslo Stock Exchange Fund Index (OSEFX) fell 7,1 per cent.

The combined equity pension profile had a negative return of 12.9 per cent and the fixed income combined profile had a negative return of 9,0 per cent.

Balance Sheet

Assets under management increased by NOK 3,390.3 million during 2022 amounting to NOK 54,816.7 million by year-end. At the end of the year GPF had a total balance of NOK 56,619.6 million, of this equity amounted to 1.4 per cent.

Solvency

At the end of 2022 the reported solvency margin was 142.9 per cent after allocated a dividend of NOK 400.0 million. The reported solvency margin is at a satisfactory level and there is no need to take further actions.

Organisation

At the end of 2022 the company had 101 employees who are all located at the headquarter. Most of the employees are engaged in contract and customer management. In addition there are separate departments for market and digitalization, product development and technical IT support/development.

Sales of occupational pension schemes are done through the parent company Gjensidige Forsikring ASA which employs 18 pension advisors who are spread throughout the country with Oslo, Kristiansand, Bergen, Stavanger, Trondheim and Tromsø as geographical centers. Sales are aimed primarily at the transfer market for defined contribution plans and the transfer market from defined benefit to defined contribution plans. In addition it is established a sales center in Oslo for telemarketing to Gjensidige Forsikring's commercial customers. At the end of the year 15 employees were working at the center. GPF also employs 7 investment advisors for sale of private pension products. These are all located in Oslo and surroundings.

Operational risk

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

Financial risk

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

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

The group portfolio consists of two portfolios that have financial risk in the form of guaranteed interest rates:

- Paid-up policy portfolio
- Other group portfolio

The paid-up policy portfolio and part of the other group portfolio include a guaranteed interest liability which represents a financial risk. Average guaranteed return for the paid-up policies was 3.4 per cent as of 31.12.2022. For the other group portfolio the guaranteed return varied between 2.0 and 2.7 per cent. The main risk elements related to the group portfolio are share prices, interest rates and credit. Risk- and asset management is undertaken in accordance with applicable regulations through a management agreement with the parent company Gjensidige Forsikring ASA.

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

The risk of losses on receivables is minor.

Insurance risk

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

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

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

Work environment

The working environment is good which is confirmed by employee satisfaction surveys. There have not been any injuries or accidents at the workplace in 2022. Sick leave amounted to 3.7 per cent.

Equality

As a wholly owned subsidiary. GPF is included in Gjensidige's work and routines for gender equality, and the company is subject to the group's ongoing work and annual reporting.

GPF seeks to have an inclusive culture where everyone is treated with respect and equality. Emphasis is placed on recognizing each other's knowledge, competence and strengths regardless of gender, pregnancy, maternity leave or adoption, care responsibilities, ethnicity, religion, outlook on life, disability, sexual orientation, gender identity and gender expression and combinations thereof.

The table below show the state of gender equality.

	2022	2021
Proportion of women by job level		
Level 1	37.5 %	25.0 %
Level 2	33.3 %	33.3 %
No managerial responsibility	57.8 %	62.2 %
Total in the company, irrespective of position	53.5 %	56.6 %
Number of employees by gender		
Women	54	56
Men	47	43
Proportion of women on the Board of Directors	40.0 %	40.0 %
Average pay (all employees)		
Women	751,253	689,582
Men	860,770	840,415
Women's pay as a proportion of men's (by job level)		
Level 1	96.8 %	84.7 %
Level 2	110.5 %	117.1 %
No managerial responsibility	97.2 %	92.4 %
Parental leave (number of person-days)		
Women	620	380
Men	125	145
Sickness absence		
Women	4.0 %	5.4 %
Men	1.5 %	1.8 %

2022 2021

Absence due to child sickness (total number of person-days)

Women	35	48
Men	28	30

Proportion of part-time employment

Women	7.4 %	7.1 %
Men	2.1 %	0.0 %

Proportion of temporary employment

Women	1.8 %	1.8 %
Men	6.0 %	6.5 %

In GPF employees are basically employed in 100 per cent positions. The exceptions here are if employees for social, health or other important welfare reasons apply for a temporarily reduced position or that they apply for a permanently reduced position as a result of for example permanent degree of disability. The company also have some employees at lower vacancy rates, but these are vacancies of a temporary nature such as internships. Based on this the company believe we can say with certainty that no employees work involuntarily part-time.

With regard to work for gender equality and against discrimination reference is made to the Gjensidige Forsikring ASA Group's annual report which describes in detail the work in which GPF is included.

Responsible investments

GPF manages customer assets and is part of the parent company's extensive work with sustainability. GPF follows the group's policy for responsible investments.

Responsible investment is a collective term for investment strategies that incorporates environmental, social and governance (ESG) criteria. The consideration applies to investment decisions both before the investment is carried out and during the investment period. The board-approved group policy for responsible investments instructs the investment team to analyze ESG-related issues, including climate risk, in connection with investment decisions.

The investment horizon for managing pension products is long and an important prerequisite for success is to understand the connections between sustainable

development, risk and return. The company make systematic efforts to ensure that the management investments take place in a proper and sustainable way.

GPF integrate sustainability risk into investment decisions in pension-profiles by including ESG scores and carbon intensity in the analysis. Investments in sectors with significant climate and environmental effects can have a negative effect on sustainability factors. Gjensidige has engaged Sustainalytics to monitor the companies in the investment universe the company offer. GPF use exclusions, dialogue with external fund managers and quantitative analysis when working to avoid negative effects of the investments. The company work continuously to influence or change exclusion criteria, investment policies and mandates.

- Asset management is based on the 10 UN Global Compact principles, which promote human rights, labour standards, the environment and anti-corruption work. This is set out in Gjensidige's group policy for responsible investments with accompanying instructions, which is available at www.gjensidige.no
- The Gjensidige Group has signed the UN Principles for Responsible Investment (UN PRI)
- Gjensidige supports the Paris Agreement. Based on the IPCC reports, GPF consider it necessary to have a strategy of net zero emissions in the investment portfolio by 2050 in order to reach the agreement's goals. GPF participates in the group's work to set scientific targets to cut greenhouse gas emissions through application to the Science Based Target initiative (SBTi).

The table below show the carbonaccount

Relative Emission Exposure ^{1,3}	Unit	Target	2022
Stocks	WACI (against index) ^{2,4}	2050: Net zero ⁶	17,6 (17,2)
Corporate bonds	WACI (against index) ^{2,5}	2050: Net zero ⁶	10,0 (24,1)
PCAF data quality score	Scale 1-5	N/A	2.85
Total Emissions^{1,3,7}			
Stocks and corporate bonds	tCO2e	N/A	300,836

¹ Numbers as of 30.12.2022

² Ton CO2e per NOK 1 million sales. The number indicates weighted average carbon intensity (WACI)

³ Scope 1+2 excluding cash and derivatives

⁴ Measured index for stocks is the global S&P Developed LargeMidCap index. GPF's portfolio includes 20 per cent allocation to the Norwegian market and have the following index: 20 per cent OSEFX and 80 per cent MSCI World

⁵ Measured index for corporate bonds is Bloomberg Barclays Global Aggregate (S&P Dev Aggr Ex-Collateralized Bond Index-Corporate). GPF's portfolio have the following index: 50 per cent BB Global Agg and 50 per cent NORM123D3

⁶ Applies to investment portfolios where GPF makes investment decisions on behalf of the customer

⁷ Total financed emissions will vary with assets under management

Continuous efforts are made to improve existing processes and new measures in the area of responsible investments.

- In 2022, GPF launched a family of new pension profiles, Grønn Fremtid, which has a strong focus on sustainability. The profiles are composed of funds that have sustainable investments as their purpose, funds that promote environmental and/or social characteristics, or a combination of these.
- The funds and profiles GPF offer have requirements for ESG labeling. Documentation on sustainability and carbon risk is available on the company's website. In investment advice, the company provide customers with information on how well the funds and profiles the company offer integrate sustainability risk into the investment processes.
- In 2023, GPF will focus on further specifying the emission targets that are communicated to SBTi and operationalizing and managing the overall target of net zero emissions by 2050.
- The company will further improve and analyze the carbon footprint.
- Continue to increase the supply of sustainable funds and pension products.
- GPF consider that we can influence to the greatest extent through active dialogue about ESG with the company's external managers and incorporating ESG requirements into the mandates the company establish. This dialogue will, in addition to investments in individual companies and investment mandate, deal with the manager's exercise of ownership, reporting on ESG parameters and their work with the UN's sustainable development goals.

Reference is also made to the Gjensidige Forsikring ASA Group's annual report for a further description of the work done around sustainability that GPF is covered by.

Environmental

GPF did not significantly affect the external environment and is covered by Gjensidige's environmental policy.

Board liability insurance

Gjensidige Forsikring ASA has taken out board liability insurance for the Group and subsidiaries. The insurance covers the Board's and the CEO's legal personal liability for pure property damage caused by the performance of their duties.

Conclusion

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

The total result is NOK 159.3 million, of which NOK 6.4 million is transferred to the risk equalization fund and NOK 152.9 million is transferred to other equity. Dividend of NOK 400 million is allocated to the parent company Gjensidige Forsikring ASA, which is taken from other equity. At the end of the financial year no circumstances have arisen which in the Board's view are significant in assessing the accounts.

Oslo, 14 February 2023

The Board of Gjensidige Pensjonsforsikring AS


Erik Ranberg
Chair


Marianne Gjertsen Ebbesen


Ida Guldborg


Joakim Gjersøe


Truls Erik Aasen


Torstein Ingebretsen
CEO

Income statement

NOK millions	Notes	2022	2021
Technical account			
Gross written premium		5,284.1	4,440.6
Ceded reinsurance premiums		-87.2	-78.6
Transfer of premium reserves from other insurance companies	18	9,309.9	11,312.8
Total premiums for own account	17	14,506.8	15,674.7
Income from investments in associated companies		-4.6	115.5
Interest income and dividends etc. from financial assets		194.0	165.0
Unrealised gains and losses on investments		-13.7	10.0
Realised gains and losses on investments		-21.5	-1.9
Total net income from investments in the group policy portfolio	13/17	154.2	288.5
Income from investments in associated companies		-72.1	179.8
Interest income and dividends etc. from financial assets		18.5	10.2
Unrealised gains and losses on investments		-6,294.7	1,861.3
Realised gains and losses on investments		1,003.6	2,685.0
Total net income from investments in the investment portfolio	17	-5,344.7	4,736.3
Other insurance related income	17	220.7	223.9
Gross claims paid	19	-869.0	-765.8
- Paid claims, reinsurers' share	19	11.3	10.5
Transfer of premium reserve and statutory reserves to other insurance companies	18	-4,848.6	-10,643.2
Total claims	17	-5,706.4	-11,398.5
Change in premium reserve, gross		-639.5	-508.2
Change in premium reserves, reinsurers' share		93.5	47.8
Change in statutory reserves		58.2	-36.2
Change in value adjustment fund		11.8	-10.2
Change in the pension surplus fund		-0.1	1.6
Total changes in reserves for the group policy portfolio	17	-476.3	-505.2
Change in premium reserve		-3,929.8	-9,549.4
Change in premium reserves, reinsurers' share		0.8	-0.3
Change in deposit fund		1,111.7	1,062.4
Total changes in reserves for investment portfolio	17	-2,817.4	-8,487.4

NOK millions	Notes	2022	2021
Profit on investment result		-3.7	-3.7
Risk result allocated to insurance contracts		-5.6	-2.7
Total funds allocated to the insurance contracts		-9.3	-6.5
Management expenses		-10.8	-11.6
Sales expenses		-29.6	-26.6
Insurance-related administration expenses (incl. commission for reinsurance received)	4	-288.6	-274.7
Total insurance-related operating expenses		-329.1	-312.9
Profit or loss of technical account	17	198.6	213.2
Non-technical account			
Interest income and dividends etc. from financial assets		25.4	15.5
Unrealised gains and losses on investment		-7.6	-17.0
Realised gains and losses on investments		5.2	10.3
Total net income from investments in the company portfolio		22.9	8.8
Other income		5.6	
Other expenses	11	-10.1	-8.3
Profit or loss on non-technical account		18.4	0.5
Profit or loss for the period before tax expense		217.0	213.7
Tax expense	15	-53.0	-50.9
Profit or loss before other comprehensive income		164.0	162.7
Items that are not reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability/asset		-6.2	-1.0
Tax on items that are not reclassified to profit or loss	15	1.5	0.2
Total comprehensive income		159.3	162.0

Statement of financial position

NOK millions	Notes	2022	2021
Assets			
Intangible assets	6	18.8	8.0
<i>Buildings and other real estate</i>			
Right-of-use property	27	1.9	4.7
<i>Financial assets at amortised cost</i>			
Loans and receivables		229.5	282.6
<i>Financial assets measured at fair value</i>			
Shares and similar interests	7	15.3	19.3
Bonds and other securities with fixed income	7	1,136.5	1,017.4
Total financial assets	7/12	1,383.2	1,324.1
Receivables related to direct operations and reinsurance		74.6	13.9
Other receivables		143.7	276.8
Total receivables		218.2	290.6
Cash and cash equivalents	12	112.8	60.4
Pension assets	10	0.0	1.4
Total other assets		112.8	61.8
Prepaid expenses and earned, not received income		1.3	1.2
Total assets in company portfolio		1,734.4	1,685.7
<i>Subsidiaries and associates</i>			
Shares in associates	26	756.2	1,194.3
<i>Financial assets at amortized cost</i>			
Loans and receivables	12	7,090.1	5,619.9
<i>Financial assets measured at fair-value</i>			
Shares and similar interests		4.7	11.5
Bonds and other securities with fixed income	8/12	392.7	914.4
Cash and cash equivalents		5.9	2.2
Total investments in the group policy portfolio		8,249.7	7,742.3
Reinsurers' share of insurance-related liabilities in group policy portfolio		659.6	566.1
<i>Subsidiaries and associates</i>			
Shares in associates	26	2,099.6	1,805.9
<i>Financial assets measured at fair value</i>			
Shares and similar interests	9/12	36,256.4	34,538.2
Bonds and other securities with fixed income	9/12	7,560.2	6,645.6
Loans and receivables		-8.8	71.2
Cash and cash equivalents		66.5	123.5
Total investments in the investment option portfolio		45,973.8	43,184.4

NOK millions	Notes	2022	2021
Reinsurers' share of insurance-related liabilities in investment option portfolio		2.1	1.3
Total assets in the customer portfolio		54,885.1	51,494.2
Total assets		56,619.6	53,179.9
Equity and liabilities			
<i>Paid in capital</i>			
Share capital	3	39.0	39.0
Other paid-in capital		83.6	83.2
Total paid-in equity		122.6	122.2
<i>Retained equity</i>			
Risk equalisation fund		45.7	39.3
Other earned equity		630.6	877.7
Total earned equity		676.3	917.0
Total equity		798.9	1,039.2
Subordinated loan	11/12	300.5	300.3
Premium reserves		8,562.5	7,894.5
Additional statutory reserves		274.0	332.1
Market value adjustment reserves		0.0	11.8
Pension surplus fund		6.4	3.6
Total insurance obligations in life insurance - the group policy portfolio	16/23	8,842.9	8,242.0
Premium reserves		45,698.7	42,940.2
Deposit fund		275.1	244.2
Total insurance obligations in life insurance - the investment option portfolio	16/24	45,973.8	43,184.4
Pension liabilities	10	5.7	3.7
<i>Tax liabilities</i>			
Period tax liabilities	15	58.4	61.6
Provisions for deferred taxes	15	11.2	18.2
Total provisions for liabilities		75.3	83.5
Liabilities related to direct insurance		153.8	80.1
Liabilities related to reinsurance		29.3	29.0
Other liabilities		417.2	190.1
Total liabilities	12	600.2	299.2
Other accrued expenses and deferred income		27.9	31.4
Total equity and liabilities		56,619.6	53,179.9

Oslo, 14 February 2023

The Board of Gjensidige Pensjonsforsikring AS


Erik Ranberg
Chair


Marianne Gjertsen Ebbesen


Ida Guldberg


Joakim Gjersøe


Truls Erik Aasen


Torstein Ingebretsen
CEO

Statement of changes in equity

NOK millions	Share capital	Other paid-in capital	Remeasure-ment of the net defined benefit liab./asset	Risk equalisation fund	Other earned equity	Total equity
Equity as at 1.1.2020	39.0	82.8	-2.9	35.2	872.6	1,026.8
1.1.-31.12.2021						
Comprehensive income						
Profit or loss before comprehensive income					162.7	162.7
Total components of other comprehensive income			-0.7			-0.7
Total comprehensive income			-3.6		1,035.3	1,188.7
Risk equalisation fund				4.1	-4.1	
Transactions with owners of the company						
Accrued dividend					-150.0	-150.0
Equity-settled share-based payment transactions		0.4			0.0	0.4
Equity as at 31.12.2021	39.0	83.2	-3.6		881.3	1,039.1
1.1.-31.12.2022						
Comprehensive income						
Profit or loss before comprehensive income					164.0	164.0
Total components of other comprehensive income			-4.6			-4.6
Total comprehensive income			-4.6		164.0	159.3
Risk equalisation fund				6.4	-6.4	
Transactions with owners of the company						
Accrued dividend					-400.0	-400.0
Equity-settled share-based payment transactions		0.4				0.4
Equity as at 31.12.2022	39.0	83.6	-8.3	45.7	638.9	798.9

Statement of cash flow

NOK millions	2022	2021
Cash flow from operating activities		
Net premiums paid including receipts premium reserves	14,573.5	15,659.8
Claims paid, net of reinsurance	-857.7	-776.4
Payments on premiumreserves transferred out	-4,848.6	-10,643.2
Net receipts/payments from financial assets	-8,315.5	-3,883.2
Operating expenses paid, including commissions	-328.0	-315.2
Taxes paid	-61.6	-50.5
Net cash flow from operating activities	162.0	-8.7
Cash flow from investing activities		
Dividend between Group companies	-150.0	0.0
Net cash flow from investing activities	-150.0	0.0
Cash flow from financing activities		
Net receipts/payments on subordinated debt incl. Interest	-9.9	-8.2
Repayment of lease liabilities	-2.9	-2.7
Payment of interest related to lease liabilities	-0.1	-0.2
Net cash flow from financing activities	-12.9	-11.1
Net cash flow for the period	-0.9	-19.8
Cash and deposits with credit institutions at the start of the period	186.1	205.9
Net cash flow	-0.9	-19.8
Cash and deposits with credit institutions at the end of the period	185.2	186.1
¹ Of these restricted bank deposits	23.5	21.0

Notes

1. Accounting policies

Reporting entity

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

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

Basis of preparation

Statement of compliance

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

New standards adopted

GPF has not implemented any new standards with effect from 1 January 2022.

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 2022. They have not been applied when preparing these financial statements. Those that may be relevant to GPF are mentioned below. GPF does not plan early implementation of these standards.

IFRS 9 Financial instruments (2014) in insurance business

IFRS 9 addresses the accounting for financial instruments and is effective for annual periods beginning on or after 1 January 2018. The standard introduces new requirements for the classification and measurement of financial assets, including a new expected loss model for the recognition of impairment losses, and changed requirements for hedge accounting.

IFRS 9 contains three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income, and fair value through profit or loss. Financial assets will be classified as either at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss, depending on how they are managed and which contractual cash flow properties they have. IFRS 9 introduces a new requirement in connection with financial liabilities earmarked at fair value, where changes in fair value that can be attributed to the liabilities' credit risk are presented in other comprehensive income rather than over profit or loss.

Impairment provisions according to IFRS 9 shall be measured using an expected loss model, instead of an incurred loss model as in IAS 39. The impairment rules in IFRS 9 will be applicable to all financial assets measured at amortised cost and interest rate

instruments at fair value through other comprehensive income. In addition, loan commitments, financial guarantee contracts and lease receivables are within the scope of the standard. The measurement of the provision for expected credit losses on financial assets depends on whether the credit risk has increased significantly since initial recognition. At initial recognition and if the credit risk has not increased significantly, the provision shall equal 12-month expected credit losses. If the credit risk has increased significantly, the provision shall equal lifetime expected credit losses. This dual approach replaces today's collective impairment model.

On 19 October 2022, the Ministry of Finance determined regulatory rules for the pension providers. The changes allow the pension providers to use amortised cost in the valuation of certain investments, as an exception to the general rule that financial instruments must be valued in accordance with IFRS 9

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (2016)

The amendments to IFRS 4 permit entities that predominantly undertake insurance activities the option to defer the effective date of IFRS 9 until 1 January 2023. The effect of such a deferral is that the entities concerned may continue to report under the existing standard, IAS 39 Financial Instruments.

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

IFRS 17 Insurance Contracts (2017)

IFRS 17 – Insurance Contracts, published on May 18, 2017, with effect from 1 January 2021. IASB has decided to defer the effective date of IFRS 17 to the reporting periods beginning on January 1, 2023.

IFRS 17 establishes principles for recognition, measurement, presentation and disclosure of insurance contracts and replaces IFRS 4 Insurance Contracts

On 17 August 2022, the Ministry of Finance decided that pension providers were not allowed to implement IFRS 17 in the company accounts.

Basis of measurement

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

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

Presentation currency

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

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

Associated companies

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

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

Cash flow statement

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

Recognition of revenue and expenses

Premiums

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

Transfer of premium reserves

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

Claims

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

Reinsurance

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

Net income from investments

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

Policyholders' profit

Guaranteed return on premium reserves and claim reserves is recognized under the item changes in reserves for the group policy portfolio.

Insurance-related operating expenses

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

Foreign currency transactions

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

Leases

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

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

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

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

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

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

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

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

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

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

Intangible assets

Internally developed software

Internally developed software that are acquired separately or as a group are recognised at historical cost less accumulated amortisation and accumulated impairment losses. New intangible assets are capitalized only if future economic benefits associated with the asset are probable and the cost of the asset can be measured reliably.

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

Amortisation

Intangible assets, other than goodwill is amortised on a straight-line basis over the estimated useful life, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows

- internally developed software 1–3 years

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

Dividend

Dividend from investments is recognised when Gjensidige 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 no. 57). This implies that dividend reduces equity in the fiscal year the dividend provision relates to.

Technical provisions

Premium provision

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

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

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

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

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

Provision in the investment option portfolio

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

Value adjustment provision

The current year's net unrealised gains and losses on financial assets at fair value in the group portfolio are allocated to/reversed from the market value adjustment reserve in the statement of financial position assuming the portfolio has a net

unrealised excess value. Pursuant to accounting standard for insurance contracts (IFRS 4) the market value adjustment reserve is shown as a liability.

Additional statutory provision

The company is allowed to make allocations to the additional statutory reserves to ensure the solvency of its life insurance business. The reserves are a conditional allocation to policyholders, to be done when the financial return exceeds the guaranteed interest and may be used later to meet shortfall related to fulfilling guaranteed returns. Use of reserves for a year is limited to the equivalent of one year's interest guarantee for each contract.

Pension surplus fund

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

Risk equalisation fund

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

Reinsurers' share of gross insurance-related liabilities

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

Financial instruments

Financial instruments are classified in one of the following categories

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

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

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

At fair value through profit or loss

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

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

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.

Loans and receivables

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

Financial liabilities at amortised cost

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

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

Definition of fair value

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

Different valuation techniques and methods are used to estimate fair value depending on the type of financial instruments and to which extent they are traded in active markets. For financial instruments traded in active markets, listed market prices or traders' prices are used, while for financial instruments not traded in an active market, fair value is determined using appropriate valuation methods.

For further description of fair value, see note 12.

Definition of amortised cost

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

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. The loss is recognised in profit or loss.

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

Provisions

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

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

Events after the balance sheet date

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

Pensions

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

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

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

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

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

Share-based payment

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

The share-based payment arrangements are measured at fair value at the time of allocation and are not changed afterwards. Fair value is accrued over the period during which employees acquire the right to receive the shares. Share-based payment

arrangements which are recovered immediately are recognised as expenses at the time of allocation. Vesting conditions are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised shall be based on the number of equity instruments that eventually vest. Non-vesting conditions are reflected in the measurement of fair value, and no adjustment of the amount recognised as expenses is done upon failing to meet such conditions.

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

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

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

Tax

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

Current tax

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

Deferred tax

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

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.

Recognition

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

Related party transactions

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

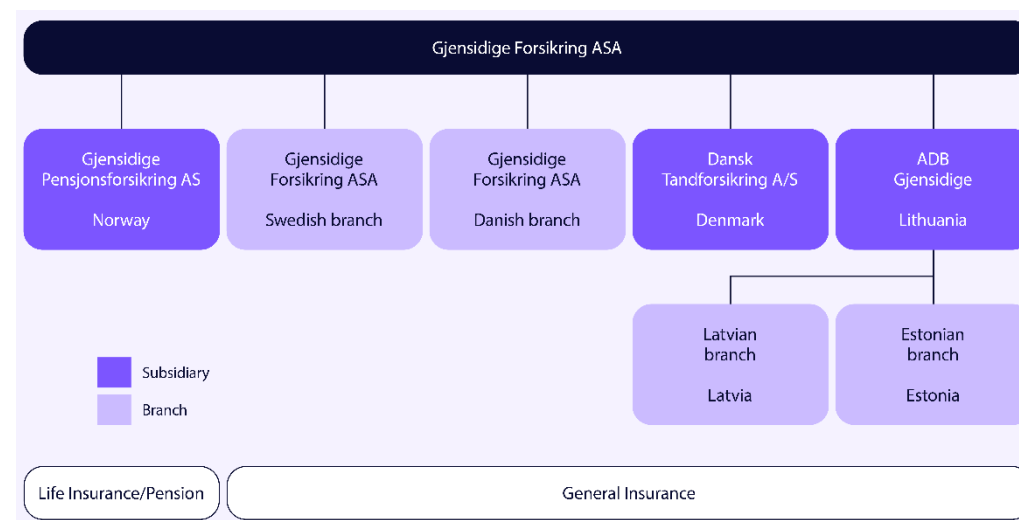
Identified functions that are categorized as core activities will be charged out with a reasonable mark up or alternatively at market price if identifiable, comparable prices exist.

2. Risk and capital management

Introduction

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

Figure 1 - Simplified group structure



Covid-19 and the war in Ukraine

The outbreak of the corona virus, Covid-19, and the measures taken to limit infection have had insignificant financial consequences for the financial year 2022. The pension business is mainly exposed to the effects of the outbreak through a reduction in assets under management, an increase in disability cases, dismissals and bankruptcies. In addition are the daily operations affected.

Changes in assets under management have an immediate impact on revenues. Impacts of increased disability are usually visible first after more than a year due to an extensive assessment and treatment process. Dismissals and bankruptcies have no material immediate impact as the assets remains invested. Long term, both increased disability and an increase in redundancies / bankruptcies, may have a negative impact on the company's earnings.

The majority of the company's employees have worked from home throughout the Covid-19 period. The daily operations have been running basically as normal since the outbreak in 2020. During spring 2022, the authorities eased the measures against Covid-19 and the employees gradually returned to the office and the work situation became normal. The pandemic is still not over and new mutations of the virus may occur. Should employees become infected on a large scale, emergency plans have been drawn up, and the company's crisis preparedness is prepared. It has not been

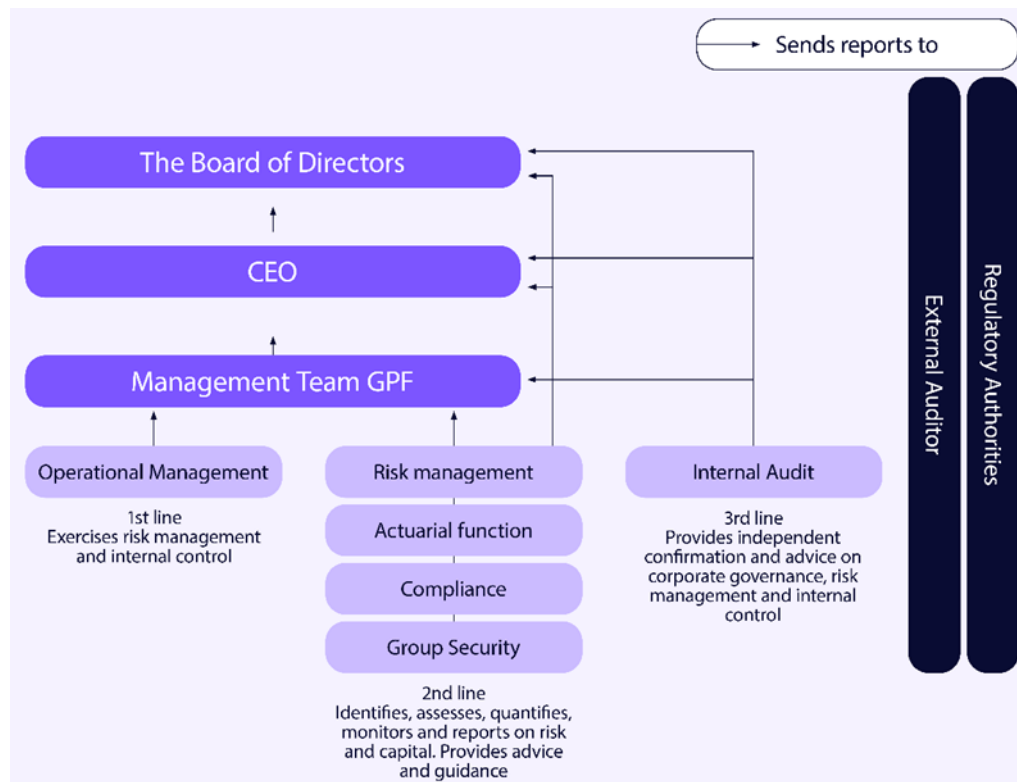
observed that changes in the work situation due to the Covid-19 period have affected the company's internal control.

Russia's invasion of Ukraine has increased uncertainty going forward. GPF is not directly affected by the conflict, hence the uncertainty lies in how the war generally affects the global economic climate and the risk of recession. A recession will, in the same way as with Covid-19, affect the assets under management, bankruptcies, unemployment and risk of increased disability. The Norwegian economy has recovered after the pandemic and appears to be strong. GPF does not expect any major negative effects from the war, but the company's investment portfolios are of course exposed to fluctuations in the global capital markets.

Risk management system

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

Figure 2 – The Corporate Governance system of Gjensidige Pensjonsforsikring



The board has the overall responsibility for the company's risk management and control and supervises that this works. The Board also approves the overall risk appetite for GPF.

The company has established strategies, policies and guidelines, routines, and authorizations for the main risk areas. Policies are adopted by the board.

The responsibility for risk management and internal control is delegated to the responsible line managers, who must ensure that this is established within their areas and that relevant risk management activities are carried out. Furthermore, the individual manager must ensure that risk owners are designated and that the necessary controls and measures are implemented.

The control measures shall contribute to ensuring the achievement of goals and capture undesirable development. Different types of controls and control activities take place at all levels in the company and are adapted to the current and acceptable level of risk.

Each employee must, within their areas, contribute to the company achieving its goals, and to the risk management in line with established guidelines. There are established procedures and guidelines that must be followed, and risk management and internal control are therefore performed as a part of all employee's daily work.

Control functions in line management are incorporated into the overall internal control system. Such functions include risk and compliance coordinators, security, data privacy officer, anti-money laundry officer and quality functions reviewing distribution and claims handling. Deviation management is part of risk management and shall take place in accordance with established routines.

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

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

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

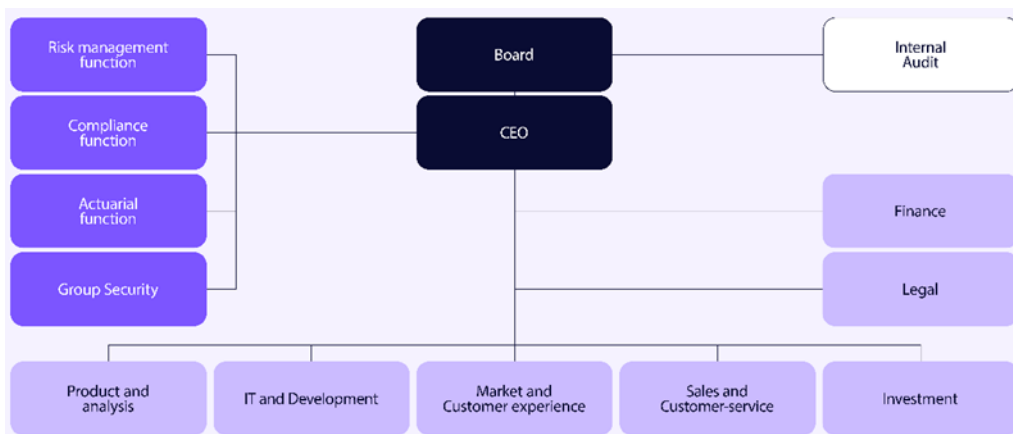
Group security is responsible for monitoring, reviewing and improving the information security management system. The security function is headed by the Chief Security Officer (CSO).

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

All control functions in the second line have a professional and independent reporting line to the CEO and the Board on subject matters.

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

Figure 3 – Operational structure



The board is the highest governing body in GPF and shall contribute to value creation and prevent impairment. The board usually meets 9 to 10 times a year where the

work follows an annual cycle and established routines. These routines provide guidelines for the work of the board, which issues are to be dealt with, how they are to be handled, as well as rules for writing minutes and conducting meetings. The board provides guidance to the CEO on the distribution of roles and responsibilities. As part of this work, it is ensured that the necessary governing documents and routines are in place.

Insurance risk

Risk description

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

Disability risk

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

Longevity risk

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

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

Mortality risk

Mortality risk is the risk of higher mortality rates than expected, and it is defined as a permanent increase in mortality rates for all ages. Higher mortality rates will result in higher claim payments to the surviving spouse or children. GPF offers mortality coverage that triggers pension for survivors in the event of the insured's death. These are linked to defined contribution. In addition, paid-up policies include mortality coverage. Mortality risk in GPF is low as there is a limited number of policies covering mortality risk is limited. In addition, mortality rates are low, so increased mortality will have limited impact. This means that increased mortality is not the dominant risk for GPF, but the risk of decreased mortality; longevity risk.

Catastrophe risk

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

Lapse risk

Lapse risk is the risk of an increase in lapse rates, i.e. the risk of an increase in customers leaving the company. This is mainly relevant in Solvency II aspects, because Solvency II takes into account expected future profit. Lapse risk reflects the risk of a potential reduction of the expected future profit if customers leave the company. Lapse risk is mainly related to unit linked products and represents an important risk for the company in Solvency II.

If a large number of customers should choose to leave the company the effect on the capital position is limited. Reduced expected future profit leads to a reduction in available capital. However this is balanced by a reduction in the capital requirement.

Expense risk

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

Risk Exposure

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

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

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

	2022	2021
Type of insurance risk		
Longevity risk	3.3 %	3.3 %
Disability risk	5.4 %	4.7 %
Lapse risk	85.0 %	86.9 %
Expenses risk	6.3 %	5.1 %
Total	100.0 %	100.0 %
Insurance risk (NOK million)	1,262.6	1,439.8

Risk Concentration

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

Managing insurance risk

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

GPF has an actuarial function, placed in Gjensidige Forsikring ASA. Having the actuarial function as a common second line of defense for the Group ensures that all

parts of the organization use the same principles and models for the calculation of technical provisions.

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

The main documents for managing insurance risks are:

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

In addition, more specific guidelines are given in underlying documents.

Risk mitigation

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

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

Since 2020 GPF has had a reinsurance agreement with Gjensidige Forsikring which protects against loss in case of mass lapse.

Financial risk

Risk description

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

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

Investment option portfolio

Defined contributions schemes are the core product of GPF, which offers three main options for its customers: active, combined and index asset management. In all options customers can choose between different risk profiles: safe, balanced, offensive and age-appropriate. In 2022, GPF launched a new family of pension profiles with a main focus on sustainability.

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

Group policy portfolio

For guaranteed products GPF carries the market risk, since these products have a guaranteed annual return rate, in accordance with Norwegian insurance rules. For some of the guaranteed products, certain future discretionary benefits (e.g. additional statutory reserves) have a loss absorbing effect as these assets can be used to cover the difference between the actual investment return and the guaranteed return. The main risk elements related to the group portfolio are interest rates, credit and property risk. The portfolio exposes the company's equity for potential loss.

Company portfolio

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

GPF has its own exposure in financial instruments through the trading book. This is a technically calculated portfolio that arises mainly as a result of internal processing time for the purchase and sale of fund units on behalf of the customers. The book value of this portfolio at the end of 2022 was NOK 19.6 million. Most of this is a result of the time it takes from the order being placed until it is executed. The real trading portfolio at the end of 2022 was NOK 2.0 million

Table 2 – Asset allocation excluding the unit-linked portfolio

NOK millions	2022	2021
Fixed income-short duration	1,520.4	1,660.2
Bank deposits	118.7	62.6
Loan and receivables	7,319.7	5,902.5
Current bonds	8.7	271.7
Equities	20.1	30.8
Real estate	756.2	1,194.3
Total	9,743.7	9,122.1

Risk exposure

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

Table 3 – Risk exposure within market risk (based on the standard formula according to Solvency II principles). Allocation of market risk is taking use of buffers into account

	2022	2021
Type of market risk		
Interest rate risk	11.6 %	14.9 %
Equity risk	44.4 %	41.0 %
Property risk	12.3 %	15.4 %
Spread risk	31.7 %	28.7 %
Total	100.0 %	100.0 %
Markets risk (NOK millions)	1,106.5	1,715.7

Spread risk

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

The tables below show allocation of the fixed-income portfolio per sector and per rating category as per 31 December 2022 for GPF.

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

	2022	2021
Government bonds	13.5 %	16.0 %
Corporate bonds	83.8 %	80.2 %
Structured securities	2.6 %	3.8 %
Total	100.0 %	100.0 %

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

	2022	2021
AAA	21.7 %	26.3 %
AA	21.7 %	17.0 %
A	29.8 %	19.2 %
BBB	16.1 %	19.9 %
Not rated	10.7 %	17.6 %
Total	100.0 %	100.0 %

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

Equity risk

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

The share of equities in the assets related to guaranteed business constitutes 0.07 per cent of the total portfolio, and thus equity risk is low within these portfolios. Regarding Unit Linked products, approximately 64.8 per cent of the assets within these products are allocated to equities (mostly global equities), and an equity shock scenario would decrease the assets under management significantly. Since a part of the management fee is proportionate to the assets under management, an equity shock scenario would decrease the income of GPF and result in a reduction of future profits.

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

Property risk

Property risk measures sensitivity of value of assets, liabilities and financial instruments to changes in the level or volatility of market prices of property. Property constitutes a significant proportion of the group policy portfolios. Independently of the legal organization of the exposure, the underlying investments in property are assessed with respect to risk. The valuation principles in the fund are based on the guidelines laid down in international valuation standards IVS and EVS as well as generally recognized valuation principles. The valuation of an individual property is based on discounting estimated future cash flows, which in turn is estimated based on several specific analyzed market conditions in the real estate market, such as market rent, operating costs, investment level and expected vacancy in the real estate market, as well as individual properties. The discount rate is made up of three elements; long-term government interest rates, underlying property risk and a subjective risk adjustment that is intended to reflect property-specific deviations. Underlying property risk is estimated as the difference between "prime yield" (real) plus expected inflation and long-term government interest rates. The subjective risk adjustment for the individual property is derived, among other things, from known comparable transactions so that the market's pricing of the risk is taken into account to the greatest possible extent. To derive the nominal discount rate, Norges Bank's inflation target is used in combination with inflation estimates from Statistics Norway.

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

Interest rate risk

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

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

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

Expected payout pattern for GPF's technical provisions is shown in the figure below. According to new legislative rules for paid-up policies from 01.01.2022 the yearly payout can be increased to 100 per cent of G if agreed with the customer. This can shorten the payout period and reduce the duration on the liability side.

Figure 4 - Expected payout pattern for the insurance technical provisions

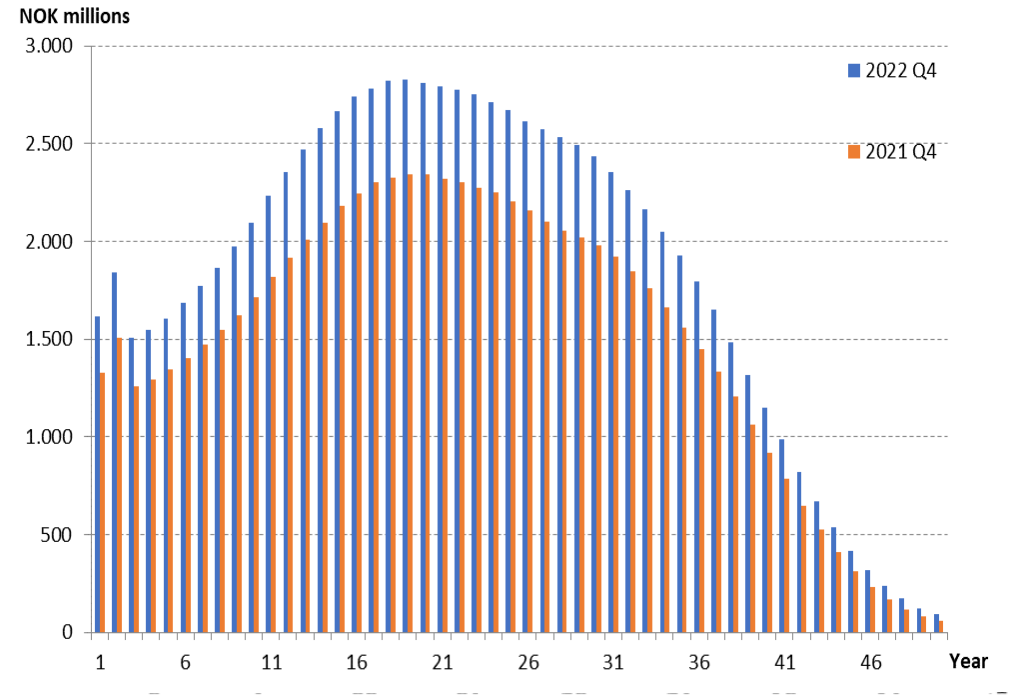


Table 6 – Maturity profile (year) on interest-bearing instruments

NOK millions	2022	2021
Maturity		
0-1	547.9	1,106.6
1-2	191.8	170.2
2-3	96.9	192.1
3-4	350.1	96.8
4-5	1,526.9	350.4
5-6	700.2	1,476.5
6-7	774.1	514.6
7-8	667.3	558.7
8-9	178.2	667.1
9-10	1,329.3	178.6
>10	1,126.0	1,225.0
Total	7,488.7	6,536.6

The interest rate risk arises in the Group policy portfolio which guarantees an annual investment return. Interest rates have risen over the past year, and this has made it possible to invest in interest-bearing papers that provide a satisfactory return. However, there have been major changes in the interest rate level in the past year, and the interest rate level will affect the expected return when new investments are to be made. In the event of a fall in interest rates, it will be more difficult to find investments that provide sufficient returns to achieve the annual return guarantee.

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

Foreign exchange risk

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

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

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

Counterparty default risk

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

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

Liquidity risk

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

Risk Concentration

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

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

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

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

Managing financial risk

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

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

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

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

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

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

Risk mitigation

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

Hedging exchange rate exposure

Currency risk is defined as the risk of a financial loss as a result of changes in foreign exchange rates. In the group policy portfolio, all the investments are in fixed-income securities issued in NOK or in Norwegian money market funds. For the unit-linked portfolio for corporate customers, external agents and private customers, the equity exposure in the largest portfolio is normally not currency hedged. But because of market view the investments are 68.4 per cent currency hedged per 31.12.22. Interest rate exposure is currency hedged.

Risk Sensitivity

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

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

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

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

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

The tables below show the effect of the different sensitivities

Table 7a - Potential change in value based on different sensitivities. The table is based on market values in Unit Linked portfolio

<u>Sensitivity</u>	<u>2022</u>	<u>2021</u>
Equity down 20 %	-28.6	-28.1
Equity up 20 %	28.6	28.1
Fixed income down 20 %	-15.5	-16.7
Fixed income up 20 %	15.5	16.7

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

Sensitivity	2022	2021
Equity down 20 %	-4.0	-6.2
Equity up 20 %	4.0	6.2
Interest rate down 100 bps	9.5	15.5
Interest rate up 100 bps	-9.5	-15.5
Real estate down 20 %	-151.2	-238.9
Real estate up 20 %	-151.2	238.9

Operational risk

Operational risk is a potential event or circumstance that may arise in the business operation that might provide an economic impact and / or loss of reputation. Operational risk may be due to human error, weaknesses in systems, and errors in processes or external events. This includes compliance and IT- risk. There is a correlation between effective risk management and internal control. Establishing of controls and risk mitigating measures is actively used to handle and manage operational risk.

The overall objective of managing operational risk in GPF is to ensure that the risk level is within the approved risk appetite. Risk management is done by identifying, analyzing, evaluating, managing, monitoring and reporting on the significant risks. Overall risk appetite provides guidelines for which risk strategy is chosen. The risk appetite is further operationalized in a risk matrix. It is this matrix that is used in the annual risk assessment process and in the ongoing follow-up that takes place in GPF. To manage risk in an efficient manner, the company is organized with well-defined and clear reporting lines and responsibilities.

All managers in GPF are responsible for managing risk within their areas of responsibility and shall be able to demonstrate that controls and risk mitigating measures are adequate and effective. The risk picture must be updated regularly to reflect changes or events that affect the risk situation. Risk level is assessed quarterly through, among other things, sample testing and the results are presented for the GPF's management.

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

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

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

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

Management of specific types of operational risk takes place through these governing documents:

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

Business and strategic risk

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

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

Strategic risks in the business are identified and assessed annually, as well as followed up and reported on a quarterly basis. Strategic risk is also covered in the own risk and solvency assessment (ORSA).

Strategic risk management is done using the following documents:

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

Climate risk

Climate risk is risk related to changes in climate. GPF has incorporated climate risk assessments into our ongoing risk monitoring and management.

Capital management

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

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

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

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

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

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

Regulatory capital requirement

The regulatory capital requirement is calculated based on the standard formula specified in the Solvency II regulation. The capital requirement for GPF is NOK 1.4 billion. Eligible capital is NOK 2.0 billion. This gives a solvency margin of 142.9 per cent.

Table 8 – Regulatory Solvency Capital Requirement

NOK millions	2022	2021
Total eligible own funds to meet the SCR	2,045.5	2,661.9
SCR	1,431.7	1,816.5
Capital surplus	613.8	845.3
SCR margin	142.9 %	146.5 %

In addition to the solvency capital requirement (SCR), a minimum capital requirement (MCR) has been defined. If the qualifying capital is lower than the MCR, the company's operations must cease immediately.

Table 9 – Regulatory Minimum Capital Requirement

NOK millions	2022	2021
Available capital to meet MCR	1,885.5	2,525.4
Solvency capital requirement MCR	644.3	817.4
Solvency capital surplus	1,241.2	1,707.9
MCR margin	292.7 %	308.9 %

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

Table 10 - Eligible capital to cover the Solvency Capital Requirement

NOK millions	2022	2021
Assets over liabilities according to Solvency II principles	1,756.6	2,361.9
Subordinated liabilities	288.9	300.0
Total eligible own funds to meet the SCR	2,045.5	2,661.9

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

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

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

Table 11a - Technical provisions 2022

NOK millions	Accounting	Solvency II	Difference
Technical provisions for life insurance (best estimate)	54,817.0	51,954.0	-2,862.0
Risk margin	0.0	1,056.0	1,056.0
Total technical provisions	54,817.0	53,010.0	-1,806.0

Table 11b - Technical provisions 2021

NOK millions	Accounting	Solvency II	Difference
Technical provisions for life insurance (best estimate)	51,426.4	48,472.7	-2,953.7
Risk margin	0.0	1,277.6	1,277.6
Total technical provisions	51,426.4	49,750.3	-1,676.1

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

A risk margin is added to the technical provisions according to Solvency II principles. The risk margin is calculated as the cost of holding the capital needed to cover the solvency capital requirement through the entire run-off, if all business was terminated.

GPF uses volatility adjustment for the valuation of technical provisions in Solvency II. No transition rules have been used in the calculations for GPF.

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

The tier 2 capital for GPF consists of a subordinated debt, with a nominal amount of NOK 300.5 million. The market value of the debt is NOK 288.9 million as of 31.12.2022.

GPF has no tier 3 capital.

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

NOK millions	2022	2021
Tier 1	1,756.6	2,361.9
Tier 2	288.9	300.0
<i>Of this, Subordinated liabilities from insurance</i>	<i>288.9</i>	<i>300.0</i>
Total eligible own funds to meet SCR	2,045.5	2,661.9

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

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

NOK millions	2022	2021
Tier 1	1,756.6	2,361.9
Tier 2	128.9	163.5
Total eligible basic own funds to meet MCR	1,885.5	2,525.4

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

The solvency capital requirement is reduced from 2021 to 2022 as a result of changed assumptions for individual pension account.

Table 14 - Regulatory Solvency Capital Requirement, split by risks

NOK millions	2022	2021
Capital available	2,045.5	2,661.9
Capital charge for life uw risk	1,262.6	1,439.8
Capital charge for market risk	1,106.5	1,715.7
Capital charge for counterparty risk	29.3	32.8
Diversification	-513.5	-677.4
Basic SCR	1,884.8	2,510.9
Operational risk	92.7	86.6
Adjustments (risk-reducing effect of deferred tax and technical provisions)	-545.8	-781.0
Total capital requirement	1,431.7	1,816.5
Solvency ratio	142.9 %	146.5 %

3. Share capital

The share capital of Gjensidige Pensjonsforsikring AS consists as of 31 December

2022 of 39.000 shares at NOK 1.000 in only one class of shares and is 100 per cent owned by Gjensidige Forsikring ASA. With Gjensidige Forsikring ASA as sole owner there are no special provisions in the articles of association relating to voting rights.

4. Expenses

NOK millions	2022	2021
Insurance-related administration expenses incl. commissions for received reinsurance and sales expenses		
Depreciation and value adjustments	8.0	14.3
Employee benefit expenses	104.3	110.7
Software costs	88.6	64.0
Other expenses ¹	87.7	85.7
Total insurance-related operating expenses incl. commissions for received reinsurance and sales expenses	288.6	274.7

¹ Including in other expenses, are internal staff and operating reduction from related parties NOK millions 69.8 (72.5)

Other specifications

Employee benefit expenses		
Wages and salaries	74.9	82.8
Social security cost	13.8	13.1
Finance tax	4.9	4.6
Pension cost - defined benefit plan (excl. social security cost)	7.0	6.7
Pension cost - defined contribution plan (excl. social security cost)	1.0	1.1
Contractual pensions (excl. social security cost)	1.4	1.2
Share-based payment	1.4	1.2
Total employee benefit expenses	104.3	110.7
Auditor's fee (incl. VAT)		
Statutory audit	0.6	0.5
Other assurance services	0.1	0.2
Total auditor's fee (incl. VAT)	0.7	0.7

5. Related party transactions

Overview

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

Transactions

Income statement

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

NOK millions	2022		2021	
	Income	Expense	Income	Expense
Gross premiums written reinsurance				
Gjensidige Forsikring ASA		12.0		8.7
Change in premium reserves reinsurance				
Gjensidige Forsikring ASA	0.8			0.2
Gross paid claims reinsurance				
Gjensidige Forsikring ASA	1.4		5.3	
Change in gross provision for reinsurance claims				
Gjensidige Forsikring ASA	28.1			9.1
Administration expenses				
Gjensidige Business Service, Norge		83.0		61.1
Gjensidige Forsikring ASA		69.8		72.5
Interest income/cost				
Gjensidige Forsikring ASA		10.1		3.3
Total	30.3	175.0	5.3	155.0

Balances

The table below shows a summary of dividends/receivables/liabilities from/to related parties .

NOK millions	2022		2021	
	Receivables	Liabilities	Receivables	Liabilities
Dividens				
Gjensidige Forsikring ASA		400.0		150.0
Interest-bearing debts and receivables				
Gjensidige Forsikring ASA		300.5		300.3
Non-interest-bearing debts and receivables				
Gjensidige Forsikring ASA	86,3		56.0	
Total intercompany	86.3	700.5	56.0	450.3

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

6. Intangibel assets

NOK millions	Internally developed IT systems 2022	Internally developed IT systems 2021
Cost		
As at 1 January	41.9	79.8
Disposals/ reclassifications	-27.1	-37.9
As at 31 December	14.8	41.9
Uncompleted projects	18.8	0.0
As at 31 December, including uncompleted projects	33.7	41.9
Amortisation and impairment losses		
As at 1 January	-34.0	-57.6
Amortisations	-8.0	-14.3
Disposals/ reclassifications	27.1	37.9
As at 31 December	-14.8	-34.0
Carrying amount		
As at 1 January	8.0	22.2
As at 31 December	18.8	8.0
Amortisation method	Straight-line	Straight-line
Useful life (years)	1-3	1-3

7. Shares and similar interest i company portfolio

NOK millions	Org. number	Curr./Country	2022
Equity funds			
Indeksert Pensjonsprofil Aksjer		NOK/NOR	4.5
Kombinert Pensjonsprofil Aksjer		NOK/NOR	3.8
Gjensidige Grønn Fremtid Kombinert Aksjer		NOK/NOR	0.5
Handelsbanken Global Utbytte		NOK/NOR	0.3
Aktiv Pensjonsprofil Aksjer		NOK/NOR	0.3
Handelsbanken Helse A1		NOK/NOR	0.3
Kombinert Pensjonsprofil Aksjer VS		NOK/NOR	0.2
Handelsbanken USA Index		NOK/NOR	0.2
Gjensidige Grønn Fremtid Core Aksjer		NOK/NOR	0.2
Handelsbanken Latin-Amerika A1 NOK		NOK/NOR	0.2
Various funds		NOK/NOR	0.5
Total equity funds			11.0
Total listed			11.0

NOK millions	Org. number	Curr./Country	2022
Combination funds			
Kombinert Pensjonsprofil Offensiv		NOK/NOR	1.3
Kombinert Pensjonsprofil Trygg		NOK/NOR	0.8
Kombinert Pensjonsprofil Balansert VS		NOK/NOR	0.8
Kombinert Pensjonsprofil Offensiv Privat		NOK/NOR	0.2
Various funds		NOK/NOR	0.4
Total combination funds			3.4
Total listed			3.4
Bond funds			
Kombinert Pensjonsprofil Renter		NOK/NOR	0.4
Gjensidige Grønn Fremtid Kombinert Renter		NOK/NOR	0.3
Gjensidige Grønn Fremtid Core Renter		NOK/NOR	0.2
Various funds		NOK/NOR	0.1
Total bond funds			0.9
Total listed			0.9
Fixed incom-short duration			
Danske Invest Norsk Likviditet Institusjon D		NOK/NOR	58.8
Nordea Kort Obligasjon 20		NOK/NOR	58.8
Storebrand Likviditet B		NOK/NOR	180.8
Danske Invest Norsk Likviditet I		NOK/NOR	672.1
Holberg Likviditet		NOK/NOR	109.5
Various funds		NOK/NOR	4.3
Total money market funds			1,135.4
Total listed			1,135.4
Other financial investments			
Pensjonsregisteret AS	946063940	NOK/NOR	0.7
Norsk Pensjon AS	890050212	NOK/NOR	0.2
Total other financial investments			0.9
Total financial shares and similar interests			1,151.7
Total listed			1,150.8

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8. Shares and similar interests in group policy portfolio

NOK millions	Org. number	Curr./Country	2022
Equity funds			
KLP Aksjglobal Indeks II		NOK / NOR	4.7
Total equity funds			4.7
Total listed			4.7
Bond funds			
Shenkman Finsbury High Income Fund A		NOK / IRL	7.7
Total bond funds			7.7
Total listed			7.7
Money market funds			
Storebrand Likviditet B	977555779	NOK / NOR	385.0
Total money market funds			385.0
Total listed			385.0
Total financial shares and similar interests			397.4
Total listed			397.4

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9. Shares and similar interest in investment portfolio

NOK millions	Org. number	Curr/country	2022
Equity funds			
Kombinert Pensjonsprofil Aksjer		NOK/NOR	14,407.8
Indeksert Pensjonsprofil Aksjer		NOK/NOR	1,931.0
Handelsbanken Aktiv 100 A14		NOK/NOR	1,671.2
Kombinert Pensjonsprofil Aksjer Privat		NOK/NOR	1,061.5
Handelsbanken Aktiv 100 A1		NOK/NOR	749.7
Kombinert Pensjonsprofil Aksjer VS		NOK/NOR	277.0
Landkreditt Aksje Global	988849537	NOK/NOR	215.5
Skagen Global	979876106	NOK/NOR	137.0
Handelsbanken Global Criteria A1		NOK/NOR	132.2
Dnb Miljøinvest	971580496	NOK/NOR	99.1
Landkreditt Utbytte A	999029280	NOK/NOR	97.4
Schroder ISF Emerg Mkts A Acc		USD/LUX	95.6
Skagen Vekst	879876052	NOK/NOR	95.1
Gjensidige Grønn Fremtid Kombinert Aksjer		NOK/NOR	86.8
Skagen Kon-Tiki	984305141	NOK/NOR	81.0

NOK millions	Org. number	Curr./Country	2022
Pareto Aksje Norge B	883610512	NOK/NOR	80.2
KLP AksjeVerden Indeks P	996716716	NOK/NOR	75.9
Landkreditt Norden Utbytte		NOK/NOR	72.2
Aktiv Pensjonsprofil Aksjer		NOK/NOR	66.1
Alfred Berg Norge Classic	957801412	NOK/NOR	62.9
Handelsbanken Berekraftig Energi		NOK/NOR	57.8
KLP AksjeGlobal Indeks Valutasikret P	988244163	NOK/NOR	54.6
Storebrand Norge	938651728	NOK/NOR	41.2
KLP AksjeNorge Indeks P	992966092	NOK/NOR	38.6
KLP AksjeNorden Indeks P	980854043	NOK/NOR	38.2
Delphi Global	989747746	NOK/NOR	32.6
Handelsbanken Norge A1 NOK		NOK/NOR	31.3
Handelsbanken Norge Index		NOK/NOR	29.0
C WorldWide Globale Aksjer	945434422	NOK/NOR	28.1
Handelsbanken Norden Index		NOK/NOR	26.0
Holberg Norden	982371910	NOK/NOR	23.9
KLP AksjeUSA Indeks Valutasikret P	817232582	NOK/NOR	23.9
KLP AksjeUSA Indeks P	917232164	NOK/NOR	23.6
KLP AksjeFremvoksende Markeder Indeks P	996716678	NOK/NOR	16.3
Handelsbanken USA Index		NOK/NOR	14.9
Janus Henderson Global Equity "A2" (EUR) Acc		EUR/LUX	13.9
KLP AksjeEuropa Indeks P	815846052	NOK/NOR	13.7
KLP AksjeEuropa Indeks Valutasikret P	915845967	NOK/NOR	13.6
Skagen m2	998738873	NOK/NOR	13.1
Parvest Equity India		NOK/NOR	11.7
Handelsbanken Helse A1		NOK/NOR	11.6
Handelsbanken Nordiske SMB		NOK/NOR	11.6
Handelsbanken Europafond Index		NOK/NOR	11.0
Delphi Nordic	960058658	NOK/NOR	11.0
Handelsbanken Norden A1 NOK		NOK/NOR	10.6
Danske Invest Norge I	968127799	NOK/NOR	10.1
Handelsbanken Multi Asset 100		NOK/NOR	9.9
Eika Norge	985682976	NOK/NOR	8.9
Handelsbanken Norden Selektiv A1		NOK/NOR	8.7
Handelsbanken Amerika Tema		NOK/NOR	7.8
Handelsbanken Latin-Amerika A1 NOK		NOK/NOR	6.6
Candriam Equities L Australia C AUD Acc		AUD/LUX	6.4
Handelsbanken America Small Cap A1		NOK/NOR	6.0
Handelsbanken Asia		NOK/NOR	5.8
Parvest Europe Real Estate Securities		NOK/NOR	5.3
Handelsbanken Tillvaxtmarknad Tema A1 NOK		NOK/NOR	5.3
Handelsbanken Global SMB Index Criteria		NOK/NOR	4.8
SKAGEN Select 100	918534741	NOK/NOR	4.6
Global Equity Fund (USD)		USD/LUX	4.6

NOK millions	Org. number	Curr./Country	2022
Handelsbanken Global Tema A1		NOK/NOR	4.5
Handelsbanken Europa Selektiv A1		NOK/NOR	4.3
Gjensidige Grønn Fremtid Aktiv Aksjer		NOK/NOR	3.4
Skagen Focus	915294294	NOK/NOR	3.1
Gjensidige Grønn Fremtid Core Aksjer		NOK/NOR	2.9
Handelsbanken Europa Tema A1 NOK		NOK/NOR	2.9
Handelsbanken Kina A1		NOK/NOR	2.8
Handelsbanken Global Utbytte		NOK/NOR	2.4
Handelsbanken EMEA Tema A1 NOK		NOK/NOR	2.4
Handelsbanken Emerging Market Index		NOK/NOR	2.2
Diverse fond		NOK/NOR	0.9
Total equity funds			22,227.9
Total listed			22,227.9
Combination funds			
Kombinert Pensjonsprofil Balansert		NOK/NOR	2,403.8
Kombinert Pensjonsprofil Trygg		NOK/NOR	1,856.4
Kombinert Pensjonsprofil Offensiv		NOK/NOR	1,574.1
Aktiv Pensjonsprofil Balansert		NOK/NOR	1,352.9
Aktiv Pensjonsprofil Trygg		NOK/NOR	978.6
Kombinert Pensjonsprofil Trygg Privat		NOK/NOR	892.1
Handelsbanken Aktiv 70 A14		NOK/NOR	906.3
Kombinert Pensjonsprofil Balansert Privat		NOK/NOR	832.9
Handelsbanken Aktiv 50 A14		NOK/NOR	727.7
Aktiv Pensjonsprofil Offensiv		NOK/NOR	413.5
Handelsbanken Aktiv 70 A1		NOK/NOR	338.2
Vektorspar Balansert		NOK/NOR	306.3
Vektorspar Trygg		NOK/NOR	232.5
Kombinert Pensjonsprofil Balansert VS		NOK/NOR	188.3
Indeksert Pensjonsprofil Balansert		NOK/NOR	200.5
Kombinert Pensjonsprofil Offensiv Privat		NOK/NOR	174.5
Handelsbanken Aktiv 50 A1		NOK/NOR	178.5
Indeksert Pensjonsprofil Offensiv		NOK/NOR	112.6
Handelsbanken Aktiv 30 A1		NOK/NOR	112.5
KLP AksjeGlobal Indeks P		NOK/NOR	80.8
Kombinert Pensjonsprofil Offensiv VS		NOK/NOR	44.6
Handelsbanken Aktiv 30 A14		NOK/NOR	39.3
Indeksert Pensjonsprofil Trygg		NOK/NOR	34.7
Kombinert Pensjonsprofil Trygg VS		NOK/NOR	24.3
Vektorspar Offensiv		NOK/NOR	22.1
Diverse fond		NOK/NOR	0.7
Total combination funds			14,028.5
Total listed			14,028.5

NOK millions	Org. number	Curr./Country	2022
Bond funds			
Kombinert Pensjonsprofil Renter		NOK/NOR	4,610.5
Kombinert Pensjonsprofil Renter Privat		NOK/NOR	565.9
Indeksert Pensjonsprofil Renter		NOK/NOR	587.5
Skagen Avkastning	970876084	NOK/NOR	34.2
Nordea Global High Yield	986224211	NOK/NOR	33.1
Handelsbanken Obligasjon A1 NOK		NOK/NOR	22.2
Danske Invest Norsk Obligasjon	968007009	NOK/NOR	20.6
PIMCO GIS plc Global Bond Fund Hedged NOK		NOK/USA	18.1
Gjensidige Grønn Fremtid Kombinert Renter		NOK/NOR	17.5
DNB Obligasjon A		NOK/NOR	9.6
Handelsbanken Kreditt		NOK/NOR	2.2
Diverse fond		NOK/NOR	1.2
Total bond funds			5,922.7
Total listed			5,922.7
Money market funds			
Handelsbanken Høyrente		NOK/NOR	700.1
Alfred Berg Likviditet Pluss	966491167	NOK/NOR	280.2
Gjensidige Likviditet		NOK/NOR	140.5
Landkreditt Høyrente	988437832	NOK/NOR	129.3
Holberg Likviditet	982371929	NOK/NOR	128.9
Landkreditt Ekstra	999029302	NOK/NOR	122.5
Handelsbanken Kort Rente Norge		NOK/NOR	79.2
Skagen Høyrente	979876076	NOK/NOR	50.2
Danske Invest Norsk Likviditet 1	868006862	NOK/NOR	6.4
Total money market funds			1,637.5
Total listed			1,637.5
Total financial shares and similar interest			43,816.5
Total listed			43,816.5

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10. Pension

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

GPF has both defined contribution and defined benefit plans for its employees. The defined benefit plan has been placed in a separate pension fund and is closed to new employees. New employees 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 70.

The defined contribution plan is a post-employment benefit plan under which GPF pays fixed contributions into a separate entity and there is no legal or constructive obligation to pay further amounts. The rates are seven per cent of earnings between 0 and 7.1 times the National Insurance basic amount (G) and 20 per cent of earnings between 7.1 and 12 G.

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

Defined benefit plan

Description of the plan

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

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

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

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

Actuarial assumptions

Actuarial assumptions are shown in the table. The discount rate is the assumption that has the greatest impact on the value of the pension liability.

Wage growth, pension increases, and the adjustment of the National Insurance basic amount are based on historical observations and expected future inflation. Wage growth in 2022 is set at 3.7 per cent for all members independent of age (3.0 adjusted for age based on a decreasing trend). The one-year nominal wage growth 2021/22 was calculated at 1.23 per cent due to an assumption that high age and a closed pension scheme gave a lower wage growth than the rest of the market. It has been shown that this connection was not significant.

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

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

Risk

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

GPF is exposed to financial risk since the pension assets are managed in Gjensidige Pensjonskasse as an investment choice portfolio. The financial risk is related to investments in equities, interest-bearing securities and property. Most of the investments are in securities funds and bonds. The financial risk comprises stock

market, interest rate, credit, currency and liquidity risk, whereas the greatest risk factor is interest rate risk. Financial risk in pension assets is estimated using defined stress parameters for each asset class and assumptions about how the development of the different asset classes will co-vary.

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

Interest rate risk

The pension assets' exposure to interest rate risk is deemed to be moderate because the market value-weighted duration is approximately 4.2 years (4.8). The portfolio value will fall by approximately 3.7 per cent in the event of a parallel shift in the yield curve of plus one percentage point.

The pension liability will increase by 18.5 per cent in the event of a parallel shift in the whole yield curve (fall in interest) of minus one percentage point. The value will fall by 13.9 per cent in the event of an interest rate increase of one percentage point.

Credit risk

The pension assets' exposure to credit risk is deemed to be moderate. Most of the pension fund's fixed-income investments shall be within "investment grade". If the credit risk on a global basis were to increase by a factor corresponding to the factor used in stress tests for pension funds (equal to a deterioration in relation to the 99.5 percentile), this would lead to a fall of approximately 6.8 per cent in the bond portfolio.

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

Equity risk

The pension assets are exposed to the stock market through equity funds. At the end of the year, the exposure was 6.1 per cent.

The market value of shares fluctuates sharply. Gjensidige Pensjonskasse continuously measures the equity risk in the pension assets based on the principles in Solvency II. The principles for measuring equity risk are based on the fact that the risk increases when shares rise in value and that the risk declines when shares have fallen in value. As of 31 December 2022, the risk (equal to a deterioration in relation to the 99.5 percentile) is set at 30.9 per cent.

Currency risk

All investments in foreign interest rate funds are currency hedged. It is invested in currency-hedged funds. At the end of the year, the pension assets were exposed to currency by approximately 3.4 per cent. A significant currency change on a global basis, based on a factor corresponding to the factor used in stress tests for pension funds (corresponding to a deterioration against the 99.5 percent percentile), means a loss of the currency position of 25 percent, or 1.5 percent of the pension assets.

Life expectancy and disability

The life expectancy assumptions are from 2022 based on the K2013FT, which has replaced K2013BE. The change is based on the historical results.

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

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

Wage growth

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

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

If wage growth is one percentage point higher, it will lead to a 7.9 per cent increase in the liability. If wage growth is one percentage point lower, it will lead to a 6.9 per cent decrease in the liability. If G is one percentage point higher it will lead to a 3.5 per cent decrease in the liability.

Minimum requirement for the level of pension assets

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

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

Gjensidige Pensjonskasse measures risk based on requirements set by the Financial Supervisory Authority in the form of stress tests. These tests should reflect 99.5 per cent value at risk. The pension fund has a solvency capital margin of 141 per cent without the use of transitional rules as of 30. September 2022, which indicates that there is no requirement to provide pension funds to improve the pension fund's solvency.

Private collective pension (AFP)

As a member of Finance Norway, GPF has a collective (AFP) pension agreement for its employees. AFP is a defined benefit scheme funded jointly by many employers.

The administrator of the pension plan has not presented calculations that allocate the pension assets or liabilities in the plans to the individual member enterprises. GPF therefore recognises the plan as a defined contribution plan.

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

NOK millions	Funded 2022	Unfunded 2022	Total 2022	Funded 2021	Unfunded 2021	Total 2021
Present value of the defined benefit obligation						
As at 1 January	24.2	3.7	27.9	21.8	4.0	25.7
Current service cost	0.9	0.1	1.0	0.9	0.2	1.1
Employers' national insurance contributions of current service cost	0.2		0.2	0.2		0.2
Interest cost	0.5	0.1	0.6	0.4	0.1	0.4
Actuarial gains and losses	2.7	0.9	3.6	1.4	-0.6	0.8
Benefits paid	-0.3		-0.3			0.0
Employers' national insurance contributions of benefits paid	-0.6		-0.6	-0.4		-0.4
As at 31 December	27.5	4.8	32.3	24.2	3.7	27.9
Fair value of plan assets						
As at 1 January	25.7		25.7	23.5		23.5
Interest income	0.5		0.5	0.4		0.4
Return beyond interest income	-2.6		-2.6	-0.2		-0.2
Contributions by the employer	3.9		3.9	2.3		2.3
Benefits paid	-0.3		-0.3	0.0		0.0
Employers' national insurance contributions of benefits paid	-0.6		-0.6	-0.4		-0.4
As at 31 December	26.6		26.6	25.7		25.7
Amount recognised in the balance sheet						
Present value of the defined benefit obligation	27.5	4.8	32.3	24.2	3.7	27.9
Fair value of plan assets	26.6		26.6	25.7		25.7
Net defined benefit obligation/-benefit asset	0.9	4.8	5.7	-1.4	3.7	2.2
Pension expense recognised in profit or loss						
Current service cost	0.9	0.1	1.0	0.9	0.2	1.1
Interest cost	0.5	0.1	0.6	0.4	0.1	0.4
Interest income	-0.5		-0.5	-0.4		-0.4
Employers' national insurance contributions	0.2		0.2	0.2		0.2
Total defined benefit pension cost	1.0	0.2	1.2	1.0	0.3	1.3
The expense is recognised in the following line in the income statement						
Insurance-related administration expenses			1.2			1.3
Remeasurements of the net defined benefit liability/asset recognised in other comprehensive income						
Cumulative amount as at 1 January			-4.8			-3.8
Return on plan assets			-2.6			-0.2
Changes in demographic assumptions			-3.9			-0.8
Changes in financial assumptions			0.3			
Cumulative amount as at 31 December			-11.0			-4.8

	2022	2021
Actuarial assumptions		
Discount rate	3.73%	1.98%
Future salary increases ¹	3.70%	3.00%
Change in social security base amount	3.70%	3.00%
Other specifications		
Amount recognised as expense for the defined contribution plan excl. VAT	7.0	6.7
Amount recognised as expense for Fellesordningen LO/NHO excl. VAT	1.4	1.2
Expected contribution to Fellesordningen LO/NHO next year	1.4	1.3
Expected contribution to the defined benefit plan for the next year	3.4	2.4

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 1.23 per cent (0.83). See explanation under Actuarial assumptions.

Per cent	Change in pension benefit obligation 2021	Change in pension benefit obligation 2020
Sensitivity		
+ 1 %-point discount rate	18.5 %	18.6 %
- 1 %-point discount rate	-13.9 %	-13.5 %
+ 1 %-point salary adjustment	-6.9 %	-5.5 %
- 1 %-point salary adjustment	7.9 %	7.9 %
+ 1 %-point social security base amount	3.5 %	4.1 %
- 1 %-point social security base amount	-3.1 %	-3.5 %
+ 1 %-point future pension increase	0.0 %	0.0 %
- 1 %-point future pension increase	0.0 %	13.8 %
10 % decreased mortality	2.6 %	2.6 %
10 % increased mortality	-3.5 %	-3.5 %

Valuation hierarchy 2022		Level 1	Level 2	Level 3	
NOK thousands		Quoted prices in active markets	Valuation techniques based on observable market data	Valuation techniques based on non-observable market data	Total as at 31.12.2022
Shares and similar interests			1.9		1.9
Bonds			24.7		24.7
Total			26.6		26.6

Valuation hierarchy 2021		Level 1	Level 2	Level 3	
NOK thousands		Quoted prices in active markets	Valuation techniques based on observable market data	Valuation techniques based on non-observable market data	Total as at 31.12.2021
Shares and similar interests			5.0		5.0
Bonds			20.2		20.2
Derivatives			0.5		0.5
Total			25.7		25.7

11. Subordinated debt

Gjensidige Pensjonsforsikring AS 2021/2031

Issuer	Gjensidige Pensjonsforsikring AS
Principal, NOK millions	300.0
Currency	NOK
Issue date	6/17/2021
Maturity date	6/17/2031
First call date	6/17/2026
Interest rate	NIBOR 3M + 1.65 %

General terms

Regulatory regulation	Solvency II
Regulatory call	Yes
Conversion right	No

12. Financial assets and liabilities

Fair value

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

Different valuation techniques and methods are used to estimate fair value depending on the type of financial instruments and to which extent they are traded in active markets. Instruments are classified in their entirety in one of three valuation levels in a hierarchy on the basis of the lowest level of input that is significant to the fair value measurement in its entirety.

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

Quoted prices in active markets

Quoted prices in active markets are considered the best estimate of an asset/liability's fair value. A financial asset/liability is considered valued based on quoted prices in active markets if fair value is estimated based on easily and regularly available prices and these prices represent actual and regularly occurring transactions at arm's length principle. Financial assets/liabilities valued based on quoted prices in active markets are classified as level one in the valuation hierarchy.

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

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

Valuation based on observable market data

When quoted prices in active markets are not available, the fair value of financial assets/ liabilities is preferably estimated on the basis of valuation techniques based on observable market data.

A financial asset/liability is considered valued based on observable market data if fair value is estimated with reference to prices that are not quoted but are observable either directly (as prices) or indirectly (derived from prices). Financial assets/liabilities valued based on observable market data are classified as level two in the valuation hierarchy.

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

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

Valuation based on non-observable market data

When neither quoted prices in active markets nor observable market data is available, the fair value of financial assets/liabilities is estimated based on valuation techniques which are based on non-observable market data.

A financial asset/liability is considered valued based on non-observable market data if fair value is estimated without being based on quoted prices in active markets or observable market data. Financial assets/liabilities valued based on non-observable market data are classified as level three in the valuation hierarchy.

The only financial assets classified as level three in the valuation hierarchy are shares in Norsk Pensjon AS, Pensjonsregisteret AS and internal subordinated debt to Gjensidige Forsikring ASA.

NOK millions	Carrying amount as at 31.12.2022	Fair value as at 31.12.2022	Carrying amount as at 31.12.2021	Fair value as at 31.12.2021
Financial assets				
<i>Financial assets at fair value through profit or loss, designated upon initial recognition</i>				
Shares and similar interests	20.1	20.1	30.8	30.8
Bonds and other fixed income securities	1,529.2	1,529.2	1,931.9	1,931.9
Shares and similar interests in life insurance with investment options	36,256.4	36,256.4	34,538.2	34,538.2
Bonds and other fixed income securities in life insurance with investment options	7,560.2	7,560.2	6,645.6	6,645.6
<i>Loans and receivables</i>				
Bonds and other fixed income securities classified as loans and receivables	7,319.7	6,793.3	5,902.5	5,997.6
Receivables related to direct operations and reinsurance	65.8	65.8	85.1	85.1
Other receivables	143.7	143.7	276.8	276.8
Cash and cash equivalents	185.2	185.2	186.1	186.1
Total financial assets	53,080.1	52,553.7	49,597.0	49,692.0
Financial liabilities				
<i>Financial liabilities at amortised cost</i>				
Subordinated debt	300.5	288.9	300.3	300.3
Other liabilities	417.2	417.2	190.1	190.1
Liabilities related to direct insurance	183.1	183.1	109.1	109.1
Total financial liabilities	900.8	889.1	599.5	599.5
Gain/(loss) not recognised in profit or loss		-514.7		95.0

Valuation hierarchy 2022

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

NOK millions	Level 1	Level 2	Level 3	Total
	Quoted prices in active markets	Valuation techniques based on observable market data	Valuation techniques based on non-observable market data	
Financial assets				
<i>Financial assets at fair value through profit or loss, designated upon initial recognition</i>				
Shares and similar interests		19.1	0.9	20.1
Bonds and other fixed income securities		1,529.2		1,529.2
Shares and similar interests in life insurance with investment options		36,256.4		36,256.4
Bonds and other fixed income securities in life insurance with investment options		7,560.2		7,560.2
<i>Financial assets at amortised cost</i>				
Bonds and other fixed income securities classified as loans and receivables		6,793.3		6,793.3
Financial liabilities				
<i>Financial liabilities at amortised cost</i>				
Subordinated debt			288.9	288.9

Valuation hierarchy 2021

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

NOK millions	Level 1	Level 2	Level 3	Total
	Quoted prices in active markets	Valuation techniques based on observable market data	Valuation techniques based on non-observable market data	
Financial assets				
<i>Financial assets at fair value through profit or loss, designated upon initial recognition</i>				
Shares and similar interests		29.9		30.8
Bonds and other fixed income securities		1,931.9		1,931.9
Shares and similar interests in life insurance with investment options		34,538.2		34,538.2
Bonds and other fixed income securities in life insurance with investment options		6,645.6		6,645.6
<i>Financial assets at amortised cost</i>				
Bonds and other fixed income securities classified as loans and receivables		5,997.6		5,997.6
Financial liabilities				
<i>Financial liabilities at amortised cost</i>				
Subordinated debt			300.3	300.3

Reconciliation of financial assets valued based on non-observable market data (level 3) 2022

NOK millions	As at 1.1.2022	Net realised/ unrealised gains recognised in profit or loss	Purch- ases	Sales	Settle- ments	Transfers into/out of level 3	As at 31.12.2022	Amount of net realised/ unrealised gains recognised in profit or loss that are attributable to instruments held as at
								31.12.2022
Shares and similar interests	0.9						0.9	
Total	0.9						0.9	

Reconciliation of financial assets valued based on non-observable market data (level 3) 2021

NOK millions	As at 1.1.2021	Net realised/ unrealised gains recognised in profit or loss	Purch- ases	Sales	Settle- ments	Transfers into/out of level 3	As at 31.12.2021	Amount of net realised/ unrealised gains recognised in profit or loss that are attributable to instruments held as at
								31.12.2021
Shares and similar interests	0.9						0.9	
Total	0.9						0.9	

Reconciliation of liabilities arising from financing activities 2022

NOK millions	As at 1.1.2022	Cash flows	Aqui-sitions	Non-cash flows Ex-change diffe-rences	Other changes	As at 31.12.2022
						As at 31.12.2022
Subordinated debt	300.3	0.2			-11.6	288.9

Reconciliation of liabilities arising from financing activities 2021

NOK millions	As at 1.1.2021	Cash flows	Aqui-sitions	Non-cash flows Ex-change diffe-rences	Other changes	As at 31.12.2021
						As at 31.12.2021
Subordinated debt	299.9	0.1			0.3	300.3

13. Net income from investments

NOK millions	2022	2021
Net income and expenses from investments in associates		
Net income from associated companies	-4.6	115.5
Total net income and gains and losses from investments in associated companies	-4.6	115.5
Net income and expenses from financial assets at fair value through profit or loss		
<i>Shares and similar interests</i>		
Unrealised gains and losses from shares and similar interests	-1.8	1.4
Realised gains and losses from shares and similar interests	4.9	9.3
Total net income and expenses from shares and similar interests	3.1	10.8
<i>Bonds and other fixed-income securities</i>		
Net interest income and expenses from bonds and other fixed-income-securities	25.2	13.0
Unrealised gains and losses from bonds and other fixed-income securities	-19.4	-8.5
Realised gains and losses from bonds and other fixed-income securities	-21.3	-1.0
Total net income and expenses from bonds and other fixed-income securities	-15.5	3.6
Total net income and gains and losses from financial assets at fair value through profit or loss	-12.4	14.4

NOK millions	2022	2021
Net income and expenses from loans and receivables		
Net interest income and expenses from loans and receivables	193.9	167.4
Net gains and losses from loans and receivables	0.0	0.0
Total net income and expenses from loans and receivables	193.8	167.4
Net income and expenses from financial liabilities at amortised cost		
Net interest income and expenses from subordinated debt	-10.1	-8.3
Total net income and expenses from financial liabilities at amortised cost	-10.1	-8.3
Net other financial income and expenses ¹	0.2	0.0
Total net income from investments	167.0	289.1

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	196.5	169.4
Interest expenses from financial assets not recognised at fair value through profit or loss	-10.1	-4.8

¹ Net other financial income and expenses include financial income and expenses not attributable to individual classes of financial assets or liabilities, and financial administration costs.

14. Salaries and remuneration

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

There is established a remuneration committee for Gjensidige Pensjonsforsikring AS.

The remuneration policy has to be within the limits set by the Board in Gjensidige Forsikring ASA.

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

General principles for remuneration policy

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

The remuneration that is paid shall correspond to the agreed performance. Remunerations and career development shall be linked to achievement of spoken strategic and financial goals and core values, and both quantitative and qualitative targets shall be taken into consideration. The remuneration system shall promote long-term values, and as far as possible take actual capital costs into account.

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

Decision-making process

The Board of Gjensidige Pensjonsforsikring AS has established a remuneration committee consisting of three members.

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

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

Key management personnel compensation 2022

NOK thousands	Fixed salary/fee	Earned variable salary	Rights earned in the		Annual vesting share-based payment	Number of shares granted	Number of shares exercised	Number of shares not exercised	Number of shares held	Retirement conditions
			Calculated value of total benefits other than cash	financial year according to defined benefit pension plan						
The senior group management										
Torstein Ingebretsen, CEO ⁴	2,638.9	372.5	173.6	184.8	442.2	2,102.0	2,077.0	3,824.0	10,053.0	¹
Nils Andreas Brekke, CFO ³	1,573.3	194.6	174.6	203.3	264.7	1,085.0	1,258.0	2,120.0	7,546.0	²
Helene Bjørkholt, Director product ⁴	1,443.2	178.7	132.8	177.0	228.7	894.0	1,059.0	1,742.0	5,798.0	¹
Lars Ingmar Eng, Director sales ⁴	1,442.5	178.8	133.0	176.8	234.9	899.0	1,091.0	1,797.0	6,143.0	¹
Åge Sætrevik, Chief investment ⁴	1,565.0	191.9	172.6	193.1	264.2	1,070.0	1,254.0	2,098.0	11,414.0	¹
Hilde Bech, IKT Director ⁴	400.0		40.2	41.2						¹
Christina Agdestein, Director marketing ⁴	955.6	26.8	40.3	99.1						¹
Rune Bakken, Chief Operating Officer ⁴	974.0	26.8	85.1	104.4	4.3	35.0	27.0	65.0	799.0	¹
The Board										
Erik Ranberg, Chairman										
Ida Berild Guldborg, Board member										
Truls Erik Aasen, Board member										
Joakim Gjersøe, Board member	127.5									
Marianne Gjertsen Ebbesen, Board member	86.0									

¹ Age 67

² Age 65

³ Pension plan is benefit based

⁴ Pension plan is contribution based

Key management personnel compensation 2021

NOK thousands	Fixed salary/- fee	Earned variable salary	Calculated value of total benefits other than cash	Rights earned in the financial year according to defined benefit pension plan	Annual vesting share-based payment	Number of shares assign-ed, not released	Number of shares released	Number of shares not redeem-ed	Number of shares held	Retire- ment con- ditions
The senior group management										
Torstein Ingebretsen, CEO ⁴	2,551.3	297.8	171.1	177.3	405.0	1,790.0	1,960.0	3,799.0	8,408.0	¹
Nils Andreas Brekke, CFO ³	1,536.3	173.5	171.5	303.0	273.1	1,043.0	1,319.0	2,293.0	6,198.0	²
Helene Bjørkholt, Director product ⁴	1,392.9	164.9	133.4	170.7	223.6	861.0	1,083.0	1,907.0	5,647.0	¹
Lars Ingmar Eng, Director sales ⁴	1,393.5	174.8	130.5	169.9	224.7	929.0	1,088.0	1,989.0	5,275.0	¹
Steffan Lloyd, Director ICT ⁴	1,300.9	163.5	131.1	194.9	232.1	973.0	1,123.0	2,068.0	9,921.0	¹
Åge Sætrevik, Chief investment ⁴	1,512.6	176.8	172.5	188.0	259.6	1,040.0	1,256.0	2,282.0	10,205.0	¹
Cathrine H. Saxebøl, Director marketing ⁴	1,306.6	165.5	131.1	169.9	118.8	874.0	575.0	1,744.0	1,303.0	¹

The Board

Erik Ranberg, Chairman

Ida Berild Guldberg, Board member

Truls Erik Aasen, Board member

Joakim Gjersøe, Board member 163.0

Kari Østerud, Board member 163.0

¹ Age 67

² Age 65

³ Pension plan is benefit based

⁴ Pension plan is contribution based

15. Tax

NOK millions	2022	2021
Specification of tax expense		
Tax payable	60.0	61.5
Change in deferred tax	-7.0	-10.6
Total tax expense	53.0	50.9
Deferred tax liabilities/assets		
<i>Taxable temporary differences</i>		
Profit and loss account	81.4	101.7
Total taxable temporary differences	81.4	101.7
<i>Deductible temporary differences</i>		
Shares, bonds and other securities	-36.6	-29.0
Total deductible temporary differences	-36.6	-29.0
Net temporary differences	44.8	72.8
Net deferred tax liabilities/assets	11.2	18.2
Reconciliation of tax expense		
Profit before tax	217.0	213.7
Estimated tax of profit before tax expense (25%)	-54.2	-53.4
<i>Tax effect of</i>		
Gain of shares not tax exempted	1.3	2.3
Tax previous year	0.0	0.1
Total tax expense	-53.0	-50.9
Effective rate of income tax	24.4%	23.8%
<i>Change in deferred tax</i>		
Deferred tax liabilities/assets as at 1 January	-18.2	-28.8
Change in deferred tax recognised in profit or loss	7.0	10.6
Deferred tax liabilities/assets as at 31 December	-11.2	-18.2

16. Insurance liabilities split by segment

NOK millions	Individual pension			Occupational pension					
	Risk products	Unit Link	Total individual pension	Paid-up policies	Pension capital certificates	Defined contribution	Risk occupational products	Total occupational pension	Total 2022
Premium reserves	3,043.9		3,043.9	3,854.3			1,664.2	5,518.5	8,562.5
Additional statutory reserves	10.2		10.2	242.6			21.2	263.8	274.0
Fund for Pension Adjustment							6.4	6.4	6.4
Total insurance obligations in life insurance - the group policy portfolio	3,054.1		3,054.1	4,096.9			1,691.8	5,788.8	8,842.9
Premium reserves		4,549.1	4,549.1		7,285.2	33,864.4		41,149.6	45,698.7
Deposit Fund						275.1		275.1	275.1
Total insurance obligations in life insurance - the investment option portfolio		4,549.1	4,549.1		7,285.2	34,139.6		41,424.8	45,973.8

NOK millions	Individual pension			Occupational pension					
	Risk products	Unit Link	Total individual pension	Paid-up policies	Pension capital certificates	Defined contribution	Risk occupational products	Total occupational pension	Total 2021
Premium reserves	2,627.9		2,627.9	3,885.9			1,380.7	5,266.6	7,894.5
Additional statutory reserves	8.2		8.2	305.3			18.6	323.9	332.1
Market value adjustment reserves				11.8				11.8	11.8
Fund for Pension Adjustment							3.6	3.6	3.6
Total insurance obligations in life insurance - the group policy portfolio	2,636.1		2,636.1	4,203.0			1,402.9	5,605.9	8,242.0
Premium reserves		2,921.1	2,921.1		7,192.7	32,826.4		40,019.1	42,940.2
Deposit Fund						244.2		244.2	244.2
Total insurance obligations in life insurance - the investment option portfolio		2,921.1	2,921.1		7,192.7	33,070.6		40,263.3	43,184.4

17. Profit(loss) of technical account

NOK millions	Individual pension			Occupational pension					Total 2022
	Risk products	Unit Link	Total individual pension	Paid-up policies	Pension capital certificates	Defined contribution	Risk products	Total occupational pension	
Premiums for own account	444.5	2,273.1	2,717.6	15.7	519.3	10,850.8	403.3	11,789.2	14,506.8
Income from investments in the group policy portfolio	68.0		68.0	48.5			37.7	86.2	154.2
Income from investments in the investment portfolio		-338.5	-338.5		-56.3	-4,950.0		-5,006.2	-5,344.7
Other insurance related income		21.5	21.5		51.0	148.3		199.2	220.7
Claims	-67.9	-285.0	-353.0	-157.2	-105.8	-4,939.2	-151.1	-5,353.4	-5,706.4
Changes in reserves for the group policy portfolio	-340.4		-340.4	114.0			-250.0	-135.9	-476.3
Changes in reserves for investment portfolio		-1,640.3	-1,640.3		-305.1	-872.0		-1,177.1	-2,817.4
Funds allocated to the insurance contracts				-6.6			-2.7	-9.3	-9.3
Insurance-related operating expenses	-35.6	-45.4	-81.0	-16.3	-50.4	-119.8	-61.7	-248.2	-329.1
Profit or loss of technical account	68.6	-14.5	54.1	-1.8	52.8	118.0	-24.5	144.5	198.6

NOK millions	Individual pension			Occupational pension					Total 2021
	Risk products	Unit Link	Total individual pension	Paid-up policies	Pension capital certificates	Defined contribution	Risk products	Total occupational pension	
Premiums for own account	392.7	292.3	685.0	27.6	135.9	14,522.3	303.9	14,989.8	15,674.7
Income from investments in the group policy portfolio	62.8		62.8	192.4			33.4	225.8	288.5
Income from investments in the investment portfolio		220.4	220.4		177.0	4,338.9		4,515.9	4,736.3
Other insurance related income		21.3	21.3		87.5	115.0		202.6	223.9
Claims	-50.7	-208.4	-259.1	-144.7	-1,416.0	-9,421.3	-157.3	-11,139.4	-11,398.5
Changes in reserves for the group policy portfolio	-305.9	0.0	-305.9	-57.8			-141.4	-199.3	-505.2
Changes in reserves for investment portfolio		-294.3	-294.3		1,188.5	-9,381.6	0.0	-8,193.1	-8,487.4
Funds allocated to the insurance contracts				-4.0			-2.4	-6.5	-6.5
Insurance-related operating expenses	-33.7	-39.1	-72.8	-15.5	-46.3	-110.3	-68.0	-240.1	-312.9
Profit or loss of technical account	65.1	-7.7	57.4	-2.1	126.7	63.0	-31.8	155.7	213.2

18. Premium reserves transferred to/from other companies

NOK millions	Individual pension			Occupational pension					Total 2022
	Risk products	Unit Link	Total individual pension	Paid-up policies	Pension capital certificates	Defined contribution	Risk products	Total occupational pension	
Premium reserves transferred from other companies		2,090.2	2,090.2	15.7	518.8	6,580.7	104.5	7,219.7	9,309.9
Premium reserves transferred to other companies		-67.1	-67.1		-94.2	-4,641.8	-45.5	-4,781.5	-4,848.6
Number of contracts from others		12,131.0	12,131.0	5.0	2,611.0	48,737.0	446.0	51,799.0	63,930.0
Number of contracts to others		4,295.0	4,295.0		826.0	19,927.0	633.0	21,386.0	25,681.0

NOK millions	Individual pension			Occupational pension					Total 2021
	Risk products	Unit Link	Total individual pension	Paid-up policies	Pension capital certificates	Defined contribution	Risk products	Total occupational pension	
Premium reserves transferred from other companies		18.6	18.6	27.6	134.3	11,087.8	44.4	11,294.2	11,312.8
Premium reserves transferred to other companies		-27.1	-27.1		-230.6	-10,318.2	-67.3	-10,616.1	-10,643.2
Number of contracts from others		145.0	145.0	19.0	1,337.0	139,799.0	483.0	141,638.0	141,783.0
Number of contracts to others		320.0	320.0		2,452.0	108,664.0	547.0	111,663.0	111,983.0

19. Claims split by segment

NOK millions	Individual pension			Occupational pension				Total 2022	
	Risk products	Unit Link	Total individual pension	Paid-up policies	Pension capital certificates	Defined contribution	Risk products		Total occupational pension
Gross claims paid	-78.1	-217.9	-296.0	-158.7	-11.7	-297.4	-105.1	-573.0	-869.0
Claims paid - reinsurance	10.1		10.1				1.1	1.1	11.3
Net paid claims	-67.9	-217.9	-285.9	-158.7	-11.7	-297.4	-104.0	-571.8	-857.7

NOK millions	Individual pension			Occupational pension				Total 2021	
	Risk products	Unit Link	Total individual pension	Paid-up policies	Pension capital certificates	Defined contribution	Risk products		Total occupational pension
Gross claims paid	-58.4	-181.3	-239.6	-150.4	-12.6	-275.8	-87.3	-526.2	-765.8
Claims paid - reinsurance	7.7		7.7				2.9	2.9	10.5
Net paid claims	-50.7	-181.3	-232.0	-150.4	-12.6	-275.8	-84.4	-523.3	-755.3

20. Analysis of administration, risk and financial result

NOK millions	Individual pension			Occupational pension			Total 2022	
	Risk products	Unit Link	Total individual pension	Paid-up policies	Pension capital certificates	Defined contribution		Total occupational pension
Administration income	82.7	29.7	112.4	9.0	103.1	258.8	370.9	483.4
Administration costs	-35.6	-45.4	-81.0	-16.3	-50.4	-181.5	-248.2	-329.1
Administration result I	47.1	-15.7	31.5	-7.3	52.8	77.3	122.8	154.2
Premium for guaranteed interest						15.5	15.5	15.5
Premium for risk profit						2.9	2.9	2.9
Administration result II	47.1	-15.7	31.5	-7.3	52.8	95.6	141.1	172.6
Risk premium	357.4	7.9	365.3	-0.2		371.9	371.7	736.9
Claims	-356.9	-6.7	-363.6	11.5		-378.1	-366.6	-730.3
Risk result	0.5	1.1	1.7	11.3		-6.2	5.0	6.7
Financial income	68.0		68.0	48.5		37.7	86.2	154.2
Undistributed reserve				5.1			5.1	5.1
Guaranteed return	-45.1		-45.1	-126.1		-28.8	-154.9	-199.9
Market value adjustment	0.0			11.8			11.8	11.8
Financial result	23.0		23.0	-60.8		8.9	-51.9	-28.9
Total	70.6	-14.5	56.1	-56.8	52.8	98.3	94.3	150.3
Allocated to customer								
Risk result				5.6			5.6	5.6
Financial result	2.0		2.0	-60.6		4.7	-55.9	-53.9
Total	2.0		2.0	-55.0		4.7	-50.3	-48.2
Allocated to owner								
Administration result	47.1	-15.7	31.5	-7.3	52.8	95.6	141.1	172.6
Risk result	0.5	1.1	1.7	5.6		-6.2	-0.6	1.1
Financial result	20.9		20.9	-0.1		4.2	4.0	25.0
Profit of technical account	68.6	-14.5	54.1	-1.8	52.8	93.5	144.5	198.6

NOK millions	Individual pension			Occupational pension			Total 2021	
	Risk products	Unit Link	Total individual pension	Paid-up policies	Pension capital certificates	Defined contribution		Total occupational pension
Administration income	73.5	30.4	103.9	9.0	172.9	196.7	378.6	482.5
Administration costs	-33.7	-39.1	-72.8	-15.5	-46.3	-178.3	-240.1	-312.9
Administration result I	39.8	-8.7	31.2	-6.4	126.6	18.4	138.5	169.7
Premium for guaranteed interest						9.2	9.2	9.2
Premium for risk profit						2.4	2.4	2.4
Administration result II	39.8	-8.7	31.2	-6.4	126.6	30.0	150.1	181.3
Risk premium	315.2	8.5	323.7	1.5		281.4	282.9	606.6
Claims	-315.0	-7.5	-322.5	3.9	0.1	-285.9	-281.8	-604.3
Risk result	0.2	1.0	1.2	5.5	0.1	-4.5	1.1	2.3
Financial income	62.8		62.8	192.4		33.4	225.8	288.5
Guaranteed return	-37.3		-37.3	-126.6		-25.0	-151.5	-188.9
Market value adjustment	0.0			-10.2			-10.2	-10.2
Financial result	25.5		25.5	55.6		8.4	64.0	89.5
Total	65.5	-7.7	57.8	54.6	126.7	34.0	215.3	273.1
Allocated to customer								
Risk result				2.7			2.7	2.7
Financial result	0.4		0.4	54.0		2.8	56.8	57.2
Total	0.4		0.4	56.7		2.8	59.5	59.9
Allocated to owner								
Administration result	39.8	-8.7	31.2	-6.4	126.6	30.0	150.1	181.3
Risk result	0.2	1.0	1.2	2.7	0.1	-4.5	-1.7	-0.5
Financial result	25.1		25.1	1.6		5.6	7.2	32.3
Profit of technical account	65.1	-7.7	57.4	-2.1	126.7	31.1	155.7	213.2

21. New contracts

NOK millions	Year	Individual pension		Occupational pension			Total		
		Risk products	Unit Link	Total individual pension	Paid-up policies	Pension capital certificates		Defined contribution	Total occupational pension
Reserve/yearly instalment	2022		222.3	222.3		2,103.7	535.9	2,639.6	2,861.9
	2021		225.4	225.4		1,956.3	290.3	2,246.6	2,472.0
Risk premium	2022	54.5		54.5			26.6	26.6	81.1
	2021	50.5		50.5			17.6	17.6	68.1

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

22. Return in portfolio

Portfolio	Year	Paid-up policy portfolio ¹	Other policy portfolio ¹	Total group policy portfolio ¹	Investment portfolio	Company portfolio ¹
Recognised return	2022	1.41%	2.79%	2.09%	-0.90%	1.77%
Value-adjusted return	2022	1.13%	2.79%	1.93%	-11.45%	1.77%
Recognised return	2021	4.38%	2.97%	3.77%	12.05%	1.20%
Value-adjusted return	2021	4.63%	2.97%	3.90%	13.07%	0.95%
Recognised return	2020	3.48%	3.18%	3.33%	6.86%	1.92%
Value-adjusted return	2020	2.99%	3.19%	3.04%	9.18%	2.20%
Recognised return	2019	4.34%	3.74%	4.14%	4.46%	1.38%
Value-adjusted return	2019	4.72%	3.75%	4.38%	15.70%	2.08%
Recognised return	2018	5.61%	4.77%	5.20%	3.84%	1.35%
Value-adjusted return	2018	4.30%	3.61%	3.95%	-5.28%	1.31%

¹ When calculating the return Dietz method is used, which is according to the regulations for calculating return on capital in life insurance.

23. Changes contractual insurance obligations

NOK millions	2022	2021
Premium reserve		
As at 1 January	7,894.5	7,364.1
Changes in obligation	639.5	508.2
Profit on investment result	0.9	1.3
Risk profit allocated to the insurance agreements	5.6	2.7
Total changes in obligations recognised in the profit or loss account	8,540.6	7,876.3
Transfers to/from company	21.9	18.2
Total changes in obligations not recognised in the profit or loss account	21.9	18.2
As at 31 December	8,562.5	7,894.5
Additional statutory reserves		
As at 1 January	332.1	295.8
Changes in obligation	-58.2	36.4
As at 31 December	274.0	332.1
Pension surplus fund		
As at 1 January	3.6	2.7
Changes in obligation	0.1	-1.6
Profit on investment result	2.7	2.4
Total changes in obligations recognised in the profit or loss account	6.4	3.6
As at 31 December	6.4	3.6
Market value adjustment reserve		
As at 1 January	11.8	1.6
Changes in obligation recognised in the profit or loss account	-11.8	10.2
As at 31 December	0.0	11.8

24. Changes insurance obligation – investment portfolio

NOK millions	2022	2021
Premium reserve		
As at 1 January	42,940.2	34,446.0
Changes in insurance obligations	3,929.8	9,549.4
Total changes in insurance obligations recognised in the profit and	46,870.0	43,995.4
Transfers between funds	-1,171.3	-1,055.2
Total changes in insurance obligations not recognised in the profit	-1,171.3	-1,055.2
As at 31 December	45,698.7	42,940.2
Deposit Fund		
As at 1 January	244.2	251.5
Changes in insurance obligations	-1,111.8	-1,062.4
Total changes in insurance obligations recognised in the profit and	-867.7	-810.8
Transfers between funds	1,142.8	1,055.0
Total changes in insurance obligations not recognised in the profit	1,142.8	1,055.0
As at 31 December	275.1	244.2

25. Share-based payment

Description of the share-based payment arrangements

As of 31 December 2022 Gjensidige Pensjonsforsikring AS has the following share-based payment arrangements:

- Share-based remuneration for executive personnel with settlement in equity and cash (remuneration scheme)
- Equity-settled share savings program for employees

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 remuneration on Gjensidige's website, half of the variable remuneration is paid in the form of shares in Gjensidige Forsikring ASA, one third of which will be available in each of the following three years. The part that is to cover

the tax liability is withheld and settled in the form of cash (net settlement) and the remaining is distributed in the form of shares.

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

Equity-settled share savings program for employees

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

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

Fair value measurement

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

Fair value of the bonus shares allocated through the share savings program is calculated on the basis of the share price at grant date, taking into account the

likelihood of the employee still being employed after two years and that he/she has not sold his/her shares during the same two-year period. The amount is recognised during the vesting period which is two years.

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

	Remuneration scheme		Share savings	
	2022	2021	2022	2021
Weighted average share price (NOK)	214.60	201.20	200.88	203.13
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	6.90	9.93	6.90	9.93

¹ The expected return is based on the Group's actual profit or 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 (80) 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	2022	2021
Share-based remuneration for key personnel	0.8	0.8
Share savings programme for employees	0.6	0.5
Total expenses	1.4	1.2

Share savings programme

	2022	2021
The number of bonus shares		
Outstanding 1 January	3,305	2,943
Granted during the period	2,177	1,836
Forfeited during the period	-55	
Released during the period	-1,355	-1,417
Cancelled during the period	-167	-57
Movement to/-from during the period	-82	
Outstanding 31 December	3,823	3,305
Exercisable 31 December	0	0
Average remaining life of outstanding bonus	1.01	1.04
Weighted average fair value of bonus shares	178.36	179.88
Weighted average share price of bonus shares released during the period	200.88	203.13

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

Remuneration scheme

	Number of shares 2022	Number of cash-settled shares 2022	Number of shares 2021	Number of cash-settled shares 2021,
The number of shares				
Outstanding 1 January	8,026	7,003	8,478	7,426
Granted during the period	3,475	3,140	3,369	2,946
Exercised during the period	-4,403	-3,842	-4,174	-3,661
Movement to/-from during the period	-870	-773		

	Number of shares 2022	Number of cash-settled shares 2022	Number of shares 2021	Number of cash-settled shares 2021,
Modification dividend during the period	361	315	353	292
Outstanding 31 December	6,589	5,843	8,026	7,003
Exercisable 31 December	0	0	0	0
Average remaining life of outstanding shares	0.77	0.77	0.78	0.79
			2022	2021
Weighted average fair value of shares			214.60	201.20
Weighted average share price of shares released during the period			216.43	206.41
Fair value of shares granted that are to be			192.80	214.00

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.

26. Interest in associates

NOK millions	Registered office	Interest held	Cost 31.12.2022	Carrying amount 31.12.2022	Cost 31.12.2021	Carrying amount 31.12.2021
Associates						
Malling & Co Eiendomsfond IS - group policy portfolio	Oslo, Norway	11.9 %	590.6	756.2	868.2	1,194.3
Malling & Co Eiendomsfond IS - investment option portfolio	Oslo, Norway	33.2 %	1,744.4	2,099.6	1,466.8	1,805.9
Total interests in associates		45.1 %	2,335.0	2,855.8	2,335.0	3,000.1

NOK millions	Assets	Equity	Liabilities	Revenues	Profit or loss
For the whole company 2022 ¹					
Associates - additional information					
Malling & Co Eiendomsfond IS	5,651.2	5,538.9	112.3	149.8	139.8
For the whole company 2021 ¹					
Associates - additional information					
Malling & Co Eiendomsfond IS	4,546.7	4,473.8	72.9	109.6	100.2

¹ The figures from the hole company are estimated figures

27. Right-to-use property and lease liabilities

NOK millions	2022	2021
Right-of-use property		
Cost		
As at 1 January	13.1	13.1
As at 31 December	13.1	13.1
Depreciation and impairment losses		
As at 1 January	-8.4	-5.6
Depreciation	-2.8	-2.8
As at 31 December	-11.2	-8.4
Carrying amount as at 31 December	1.9	4.7
Depreciation method	Straight-line	Straight-line
Useful life (years)	2	2
Summary of the lease liability in the financial statement		
As at 1 January	5.0	7.7
Accrued interest (Profit or loss)	0.1	0.2
Paid installment (Cash flow)	-2.9	-2.7
Paid interest (Cash flow)	-0.1	-0.2
As at 31 December	2.0	5.0
Undiscounted lease liability and maturity of cash flows		
Less than 1 year	2.4	2.9
1-2 years		2.3
Total undiscounted lease liability as at 31 December	2.4	5.2
Interest rate	3.03%	3.03%

To determine whether a contract contains a lease, it is considered whether the contract conveys the right to control the use of an identified asset. This is for GPF considered to only be the case for office leases. Lease agreements with a duration of less than 12 months at the time of entry into force of IFRS 16 are exempt from recognition due to their short duration.

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

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

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

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

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

Declaration from the Board and CEO

The Board and the CEO have today discussed and approved the annual report and financial statements for Gjensidige Pensjonsforsikring AS for the calendar year 2022 and as of 31 December 2022 (Annual Report 2022).

We declare that, to the best of our knowledge, the financial statements for 2022 have been prepared in accordance with IFRS as adopted by the EU, and in accordance with additional requirements set out in the Accounting act and taking into account the limitations of accounting regulations for life insurance. The accounting data provide a true and fair picture of the company's assets, liabilities, financial position and results as a whole, and the annual report gives a true picture of important events in the accounting period and their impact on the financial statements, related material transactions and the most important risks and uncertainties faced by the company in the next accounting period.

Oslo, 14 February 2023

The Board of Gjensidige Pensjonsforsikring AS


Erik Ranberg
Chair


Marianne Gjertsen Ebbesen


Ida Guldborg


Joakim Gjersøe


Truls Erik Aasen


Torstein Ingebretsen
CEO

To the General Meeting of Gjensidige Pensjonsforsikring AS

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Gjensidige Pensjonsforsikring AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and 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.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 6 years from the election by the general meeting of the shareholders on 27 March 2017 for the accounting year 2017.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of claims provision

Key audit matter	How the matter was addressed in the audit
Measurement of claims provisions is based on different methods and models and a number of assumptions and estimates related to future developments that are uncertain.	Gjensidige Pensjonsforsikring AS has established an actuarial function. The actuarial function performs different controls related to the measurement of claims provisions.

Measurement of claims provision

Key audit matter	How the matter was addressed in the audit
The accounting principles are described in note 1, insurance risk is described in note 2 and insurance provisions are specified in note 16. Management's estimates regarding the calculation models and assumptions are essential for the measurement of claims provisions and are therefore identified as a key audit matter.	We have obtained the actuarial function's annual report and assessed the results of the controls performed and reviewed the assessments performed by the actuarial function as they appear in the annual report. We challenged and evaluated the choice of models and the use of assumptions and estimates in the measurement of claims provisions. We have recalculated claims provisions regarding disability pension tied to defined contribution pension based on data received from the company and compared our estimate with the one from the company. We assessed whether the disclosure information related to claims provisions is adequate. We have involved our own actuaries in the work to assess choice of models and the use of assumptions.

IT systems: Controls relevant for financial reporting and data quality

Key audit matter	How the matter was addressed in the audit
Gjensidige has an extensive IT environment with a variety of different IT systems that support financial reporting. IT systems include both in-house developed and standardized systems with different degrees of adaptations and changes. A significant part of the IT operations and infrastructure is outsourced to service providers. The IT systems are essential to recording and reporting of transactions and to provide data for significant estimates and calculations as well to as obtain relevant additional information. Refer to note 3 for further information on operational risk in Gjensidige. Good governance and control of IT systems in Gjensidige and service providers are essential for ensuring accurate, complete and reliable financial reporting and is thus identified as a key audit matter.	Gjensidige has established an overall governance model and control activities related to its IT systems. We have obtained an understanding of the overall governance model for IT systems that are relevant for financial reporting. We have assessed the design of control activities related to IT operations that are relevant for financial reporting, change management and access controls. For a sample of these controls, we tested if they operated effectively in the reporting period. We assessed the third party confirmation (ISAE 3402) from several of Gjensidige's service providers to assess whether the service provider had adequate internal controls in areas that are important for Gjensidige's financial reporting. We used our own IT specialists to understand the overall governance model for IT systems and in the assessment and testing of control activities related to IT.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to

be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Oslo, 14 February 2023
Deloitte AS

Eivind Skaug
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.