

# Q3 2021 Interim results

Investor Presentation

Oslo, 28 October 2021



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Chief Executive Officer



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## Our DNA

### Vision

The Challenger

### Business Idea

This will happen through unique relationships, best in class decision-making and cost effective solutions

### Main targets

Cost and quality leadership

Profitable growth

Top 3

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Innovative/Open

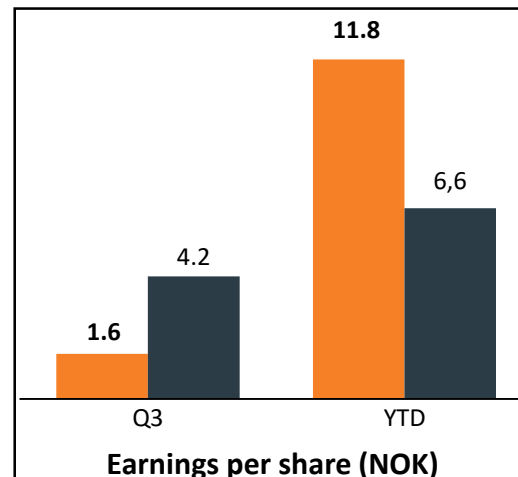
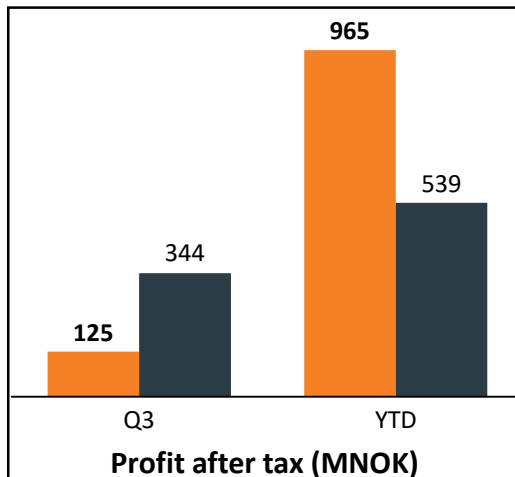
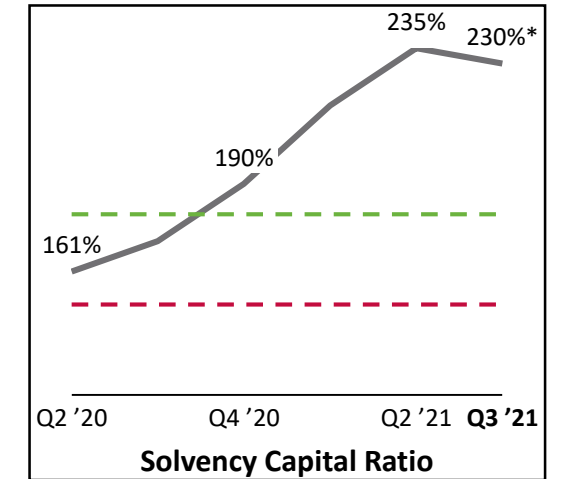
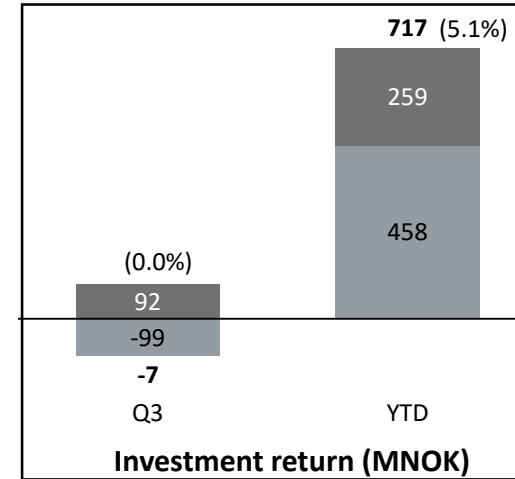
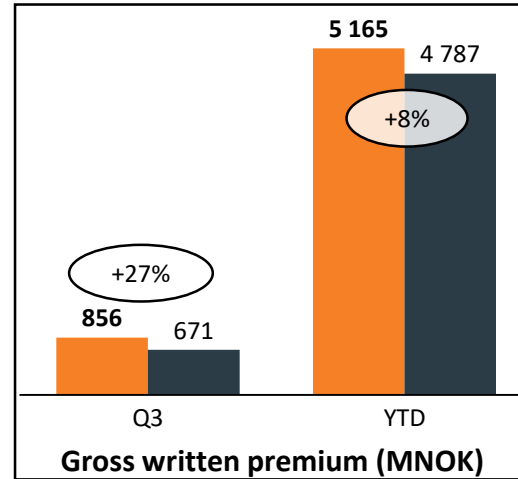
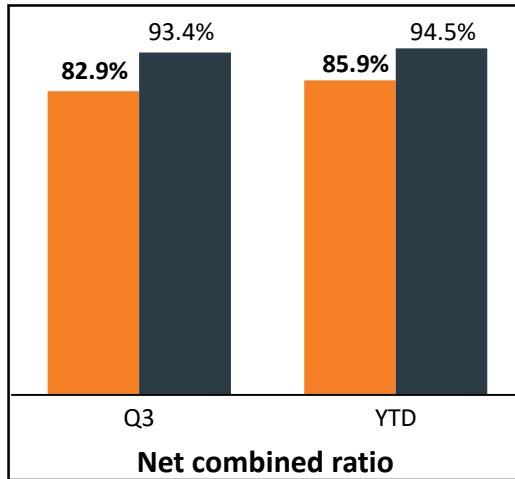
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# Result highlight Q3 & YTD 2021

Q3: Combined ratio at 82.9% | Investment return at 0.0% | EPS at NOK 1.6



## Other highlights:

- Change in profitability guiding; CR 2021 88%
- Continued profitability measures
  - Price increases at 13.2% (Q3) and 9.3% (YTD)
- Special dividend of NOK 1.67 per share

# Claims update

Q3 claims ratio at 73.9%, 9.1%-points down from last year

- Net run off gains at 4.9 % in Q3 21 (-3.5% in Q3 20)
- Large losses<sup>1</sup> at 9.4% (12.0%), 2.4%-points higher than normalized
- Aggregated COVID-19 effects in quarter at 0%
- Change made to guided profitability for full-year 2021
  - Net combined ratio for 2021 88%

Business unit	Q3 '21 Gross	Q3 '21 Net	Q3 '20 Gross	Q3 '20 Net
Norway	73 %	74 %	75 %	72 %
Sweden	59 %	61 %	78 %	80 %
Denmark	82 %	74 %	116 %	117 %
UK	84 %	88 %	65 %	74 %
Finland	85 %	86 %	66 %	68 %
<b>Protector</b>	<b>73.4 %</b>	<b>73.9 %</b>	<b>80.6 %</b>	<b>83.0 %</b>

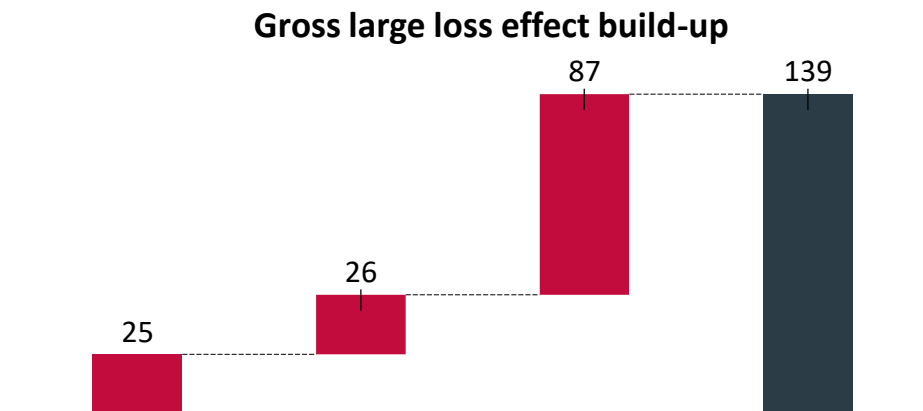
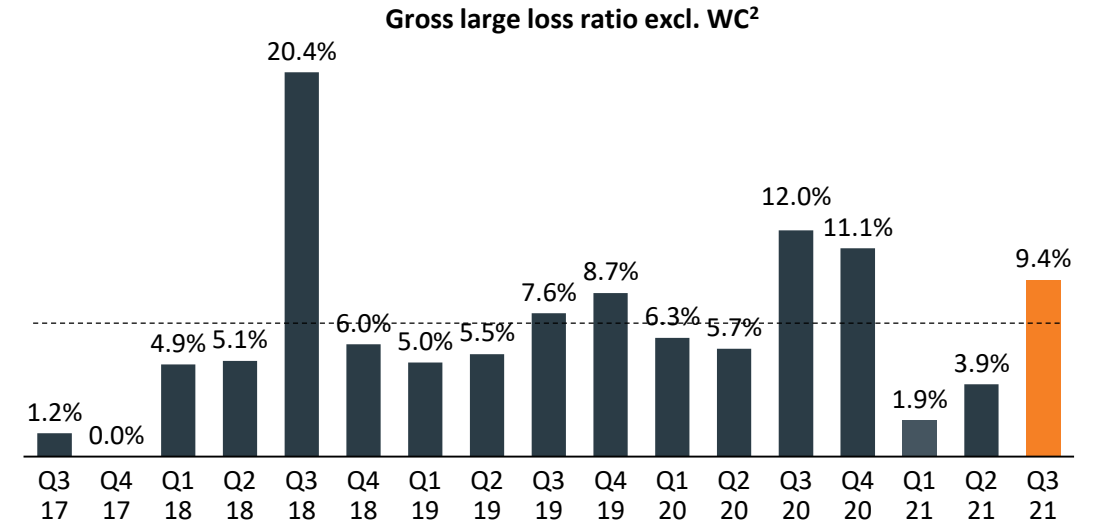
Business unit	YTD '21 Gross	YTD '21 Net	YTD '20 Gross	YTD '20 Net
Norway	71 %	80 %	83 %	83 %
Sweden	60 %	63 %	83 %	83 %
Denmark	101 %	81 %	106 %	109 %
UK	81 %	86 %	62 %	71 %
Finland	81 %	82 %	62 %	64 %
<b>Protector</b>	<b>75.1 %</b>	<b>76.2 %</b>	<b>82.2 %</b>	<b>84.8 %</b>

<sup>1</sup> Large losses defined as gross losses or gross absolute loss adjustments > MNOK 10

# Large losses and run-off

Gross large losses<sup>1</sup> of MNOK 139 (9.4%), net run off gains at 1.7%

- Gross large losses of MNOK 139 or 9.4% in Q3 21
  - Cloud burst claim event in Gävle, Sweden (26 claims in total)
  - One very large claim in UK (>50 MNOK net effect)
- Net run off gains at 4.9 % in Q3 21 (loss of 3.5% in Q3 20)
  - Driven by run off gains in Sweden at 3.7%
- Some volatility in reserves & large losses must be expected



<sup>1</sup> Large losses defined as gross losses or gross absolute loss adjustments > MNOK 10

<sup>2</sup> Two very large claims capped at MNOK 100

# Volume update

**GWP up 27.5% in quarter, 25.8% in local currencies**

- Q3: a small volume-quarter
  - GWP growth at 27.5% (25.8% in LCY)
  - Renewal rate at 99.4 %
    - Realized price increases at 13.2%
    - Low and stabilized churn
  - Underlying UK growth MNOK 50 lower; change of inception date for large account
- YTD:
  - GWP growth at 7.9% (9.7% in LCY)
  - Realized price increases at 9.3%
- Current price increases and underwriting account for increased inflation due to Covid
- In line with guiding for 2021; 10% in LCY

in MNOK

Business unit	Q3 '21	Q3 '20	Growth
Norway	174	162	12
Sweden	248	207	41
Denmark	61	58	3
UK	368	238	130
Finland	6	7	-1
<b>Protector</b>	<b>856</b>	<b>671</b>	<b>184</b>
COI	44	64	-20
<b>Protector incl. COI</b>	<b>900</b>	<b>735</b>	<b>165</b>

Business unit	YTD '21	YTD '20	Growth
Norway	1.293	1.249	44
Sweden	1.545	1.358	187
Denmark	827	913	-86
UK	1.327	1.051	276
Finland	173	217	-43
<b>Protector</b>	<b>5.165</b>	<b>4.787</b>	<b>377</b>
COI	151	191	-40
<b>Protector incl. COI</b>	<b>5.316</b>	<b>4.978</b>	<b>337</b>

# Country-by-country key metrics

Q3 combined ratio at 82.9% | Quarterly country volatility must be expected

## Q3 2021

	Norway		Sweden		Denmark		UK		Finland		Protector	
	Q3 2021	Q3 2020	Q3 2021	Q3 2020	Q3 2021	Q3 2020	Q3 2021	Q3 2020	Q3 2021	Q3 2020	Q3 2021	Q3 2020
Gross premium written	174	162	248	207	61	58	368	238	6	7	856	671
Gross premium earned	354	345	450	400	227	246	390	298	54	51	1.475	1.340
Net premium earned	316	314	394	349	195	216	303	224	48	45	1.257	1.147
Gross claims ratio	73.1 %	75.0 %	58.9 %	77.8 %	81.5 %	115.5 %	84.0 %	64.6 %	85.0 %	65.9 %	73.4 %	80.6 %
Gross cost ratio	8.0 %	9.7 %	11.1 %	11.3 %	7.1 %	5.3 %	13.5 %	12.8 %	4.7 %	5.2 %	10.1 %	9.9 %
<b>Gross combined ratio</b>	<b>81.1 %</b>	<b>84.8 %</b>	<b>70.0 %</b>	<b>89.1 %</b>	<b>88.6 %</b>	<b>120.8 %</b>	<b>97.5 %</b>	<b>77.5 %</b>	<b>89.8 %</b>	<b>71.1 %</b>	<b>83.5 %</b>	<b>90.5 %</b>
Net claims ratio	74.1 %	71.8 %	61.1 %	80.2 %	74.4 %	116.6 %	88.2 %	73.9 %	85.7 %	67.8 %	73.9 %	83.0 %
Net cost ratio	6.3 %	8.0 %	8.4 %	11.8 %	5.2 %	8.5 %	15.6 %	14.7 %	3.9 %	3.5 %	8.9 %	10.4 %
<b>Net combined ratio</b>	<b>80.4 %</b>	<b>79.7 %</b>	<b>69.5 %</b>	<b>91.9 %</b>	<b>79.6 %</b>	<b>125.1 %</b>	<b>103.8 %</b>	<b>88.6 %</b>	<b>89.6 %</b>	<b>71.3 %</b>	<b>82.9 %</b>	<b>93.4 %</b>

## YTD 2021

	Norway		Sweden		Denmark		UK		Finland		Protector	
	YTD 2021	YTD 2020	YTD 2021	YTD 2020	YTD 2021	YTD 2020	YTD 2021	YTD 2020	YTD 2021	YTD 2020	YTD 2021	YTD 2020
Gross premium written	1.293	1.249	1.545	1.358	827	913	1.327	1.051	173	217	5.165	4.787
Gross premium earned	1.047	1.085	1.307	1.194	650	731	1.076	805	198	160	4.278	3.975
Net premium earned	932	973	1.133	1.045	562	640	847	625	177	143	3.652	3.425
Gross claims ratio	71.2 %	83.4 %	59.8 %	82.7 %	101.0 %	106.2 %	80.7 %	62.2 %	81.3 %	62.2 %	75.1 %	82.2 %
Gross cost ratio	7.3 %	8.3 %	12.1 %	11.9 %	8.1 %	6.1 %	14.7 %	12.8 %	5.3 %	5.1 %	10.7 %	9.8 %
<b>Gross combined ratio</b>	<b>78.4 %</b>	<b>91.7 %</b>	<b>71.9 %</b>	<b>94.6 %</b>	<b>109.1 %</b>	<b>112.4 %</b>	<b>95.4 %</b>	<b>75.0 %</b>	<b>86.6 %</b>	<b>67.3 %</b>	<b>85.8 %</b>	<b>92.0 %</b>
Net claims ratio	79.9 %	82.8 %	63.1 %	82.9 %	80.6 %	109.0 %	85.5 %	71.3 %	82.3 %	63.9 %	76.2 %	84.8 %
Net cost ratio	6.8 %	6.6 %	10.0 %	12.0 %	5.9 %	8.5 %	15.8 %	13.6 %	4.2 %	2.2 %	9.6 %	9.7 %
<b>Net combined ratio</b>	<b>86.7 %</b>	<b>89.4 %</b>	<b>73.1 %</b>	<b>94.9 %</b>	<b>86.6 %</b>	<b>117.5 %</b>	<b>101.4 %</b>	<b>84.9 %</b>	<b>86.5 %</b>	<b>66.1 %</b>	<b>85.9 %</b>	<b>94.5 %</b>



# Status vs. 2021 guiding

Renewed guiding on profitability, premium growth as expected

	Guiding 2021	Results H1	Results Q3	Results YTD	New guiding
Net Combined Ratio:	90-92%	87.4%	<b>82.9%</b>	<b>85.9%</b>	<b>88%</b>
Return on Equity (ROE):	>20%	49.1%*	<b>14.8%*</b>	<b>37.7%*</b>	Unchanged
Gross Written Premium (GWP) growth:	10% (LCY)	7.0% (LCY)	<b>25.8% (LCY)</b>	<b>9.7% (LCY)</b>	Unchanged
Solvency II Capital Ratio (SCR):	> 150%	235%	<b>230%</b>	<b>230%</b>	Unchanged

\* Annualized

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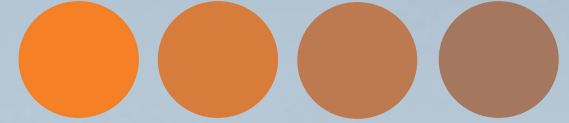
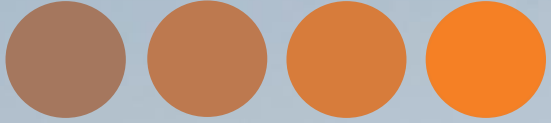
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# Investments

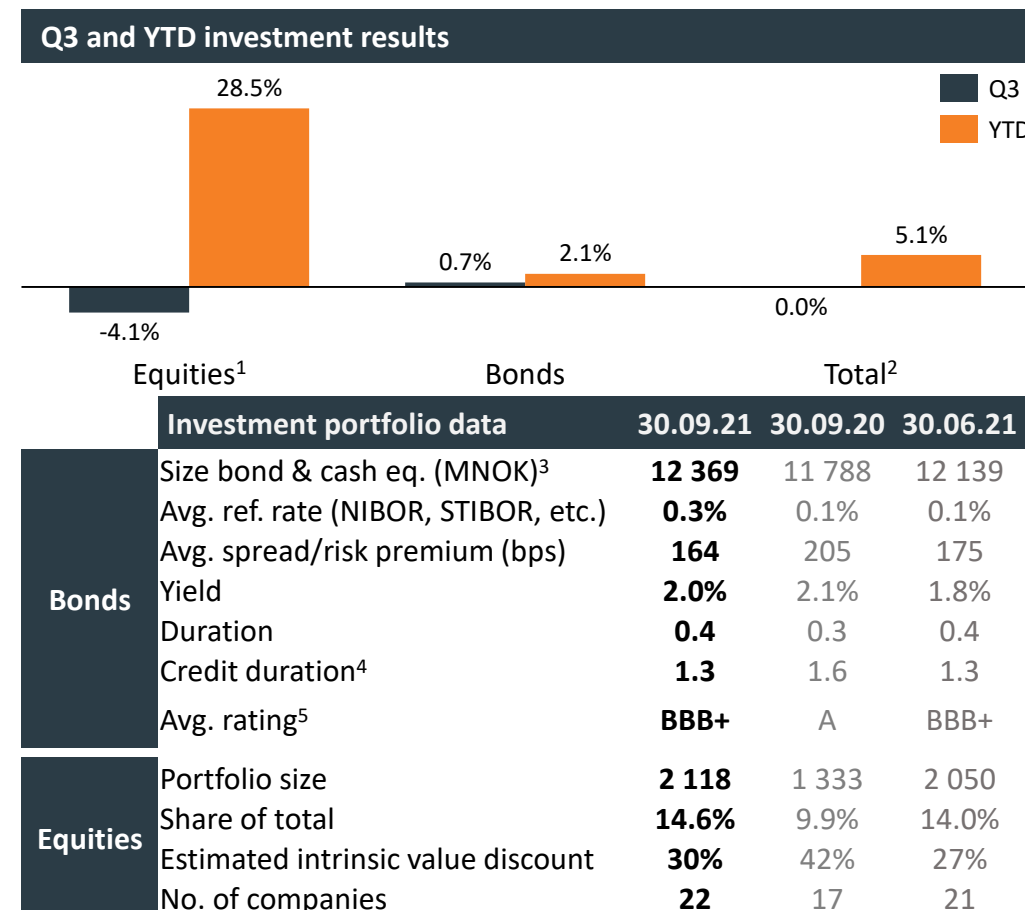
Investment is core

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# Investment performance and statistics

0.0% return in Q3 | Bond portfolio yield at 2.0%, before cost of risk

- **Q3** return on investment portfolio at **0.0%**, or **MNOK -7**
  - Equity portfolio, ex. put options, returning -4.1%, or MNOK -88
  - Bond portfolio returning 0.7%, or MNOK 92
  - Return of put options MNOK -11
- **YTD** return on investment portfolio at **5.1%**, or **MNOK 717**
  - Equity portfolio, ex. put options, returning 28.5%, or MNOK 502
  - Bond portfolio returning 2.1%, or MNOK 259
  - Return of put options MNOK -44
- Equity share at **14.6%**, up from 14.0% in Q2 '21
- Bond portfolio's average rating at **BBB+**
  - HY portfolio totalling BNOK 4.0 vs BNOK 4.3 in Q2 '21
- Strong, albeit more balanced Nordic HY bond market in quarter
  - DNB Markets Nordic HY index return +1.7%



<sup>1</sup> Equity portfolio return excluding put options

<sup>2</sup> Total portfolio return including put options

<sup>3</sup> Size excludes currency swap contracts

<sup>4</sup> Avg. includes bank deposits

<sup>5</sup> Avg. linear rating based on official rating (>55%) and 'Protector rating' (<45%)

<sup>1</sup> Equity portfolio return excluding put options

<sup>2</sup> Total portfolio return including put options

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# Profit and loss Q3 (&YTD)

Profit of MNOK 125 (965) – EPS at NOK 1.6 (11.8)

NOKm	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	FY 2020
Gross premiums written	856	671	5 165	4 787	5 516
Earned premiums, net of reinsurance	1 257	1 147	3 652	3 425	4 614
Claims incurred, net of reinsurance	(930)	(952)	(2 783)	(2 905)	(3 901)
Sales cost	(89)	(86)	(267)	(238)	(331)
Administration cost	(61)	(46)	(189)	(150)	(221)
Commission from reinsurer	37	14	104	55	82
Other insurance related income/expenses	(4)	5	(23)	6	5
<b>Technical result</b>	<b>211</b>	<b>81</b>	<b>493</b>	<b>193</b>	<b>247</b>
Other income/costs	(11)	(14)	(41)	(48)	(67)
Net financial income	(0)	265	658	452	865
<b>Profit before tax</b>	<b>200</b>	<b>331</b>	<b>1 110</b>	<b>597</b>	<b>1 045</b>
Tax	(68)	(44)	(209)	(124)	(160)
<b>Discontinued operations</b>	<b>(3)</b>	<b>60</b>	<b>67</b>	<b>63</b>	<b>94</b>
Net comprehensive income	(4)	(3)	(3)	3	2
<b>Profit for the period</b>	<b>125</b>	<b>344</b>	<b>965</b>	<b>539</b>	<b>982</b>
Claims ratio, net of reinsurance	73.9 %	83.0 %	76.2 %	84.8 %	84.6 %
Expense ratio, net of reinsurance	8.9 %	10.4 %	9.6 %	9.7 %	10.2 %
<b>Combined ratio, net of reinsurance</b>	<b>82.9 %</b>	<b>93.4 %</b>	<b>85.9 %</b>	<b>94.5 %</b>	<b>94.8 %</b>
Gross claims ratio	73.4 %	80.6 %	75.1 %	82.2 %	82.2 %
Gross expense ratio	10.1 %	9.9 %	10.7 %	9.8 %	10.3 %
<b>Gross combined ratio</b>	<b>83.5 %</b>	<b>90.5 %</b>	<b>85.8 %</b>	<b>92.0 %</b>	<b>92.5 %</b>
Retention rate	85.2 %	85.6 %	85.4 %	86.1 %	85.8 %
Earnings per share	1.6	4.2	11.8	(4.8)	12.0

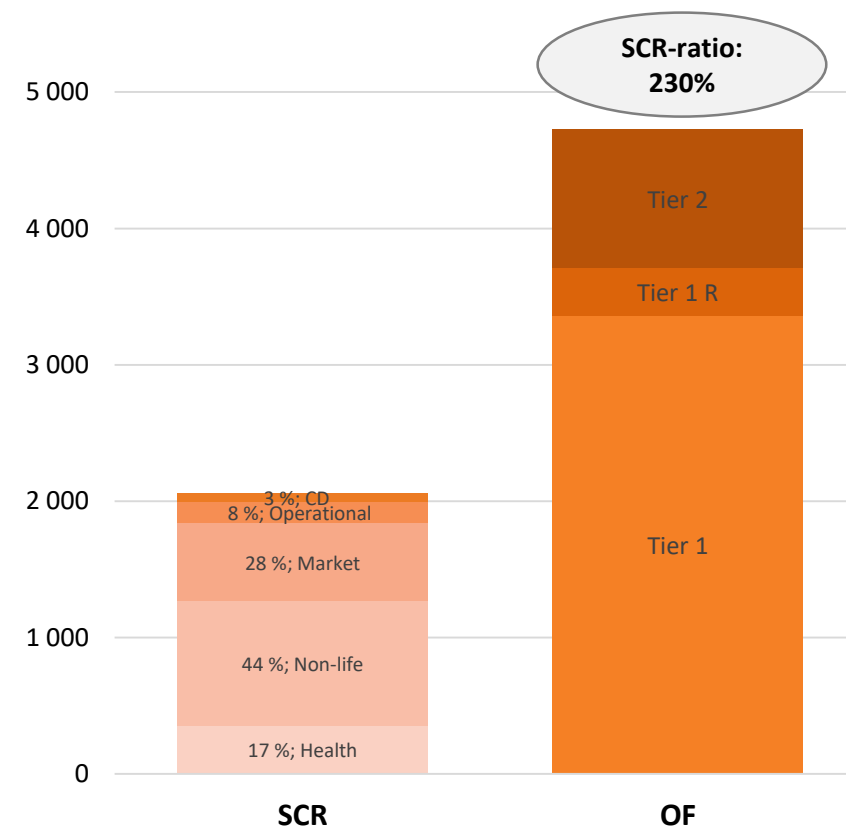
# Balance Sheet

SCR-ratio at 230% post Q3 special dividend

In millions	30.09.2021	30.09.2020	31.12.2020
Financial assets	13 291.1	11 757.0	11 988.6
Derivatives	64	99.3	47.9
Bank deposits	101.4	65.5	263.2
Other assets	4 420.7	2 679.3	2 554.9
Discontinued operations	1 516.3	2 132.2	1 895.7
<b>Total assets</b>	<b>19 393.5</b>	<b>16 733.4</b>	<b>16 750.3</b>
Total equity	3 467.1	2 574.6	3 030.5
Subordinated loan capital	1 244.2	1 243.3	1 473.0
Total reserves	10 494.9	10 052.7	9 185.1
Derivatives	70.1	47.6	61.4
Other liabilities	3 246.2	1 554.6	1 888.7
Discontinued operations	870.9	1 260.6	1 111.6
<b>Total equity and liabilities</b>	<b>19 393.5</b>	<b>16 733.4</b>	<b>16 750.3</b>

- Strong technical result, weak investment result:
  - Change in SCR-ratio driven by proposed dividend for Q3

SCR-ratio composition

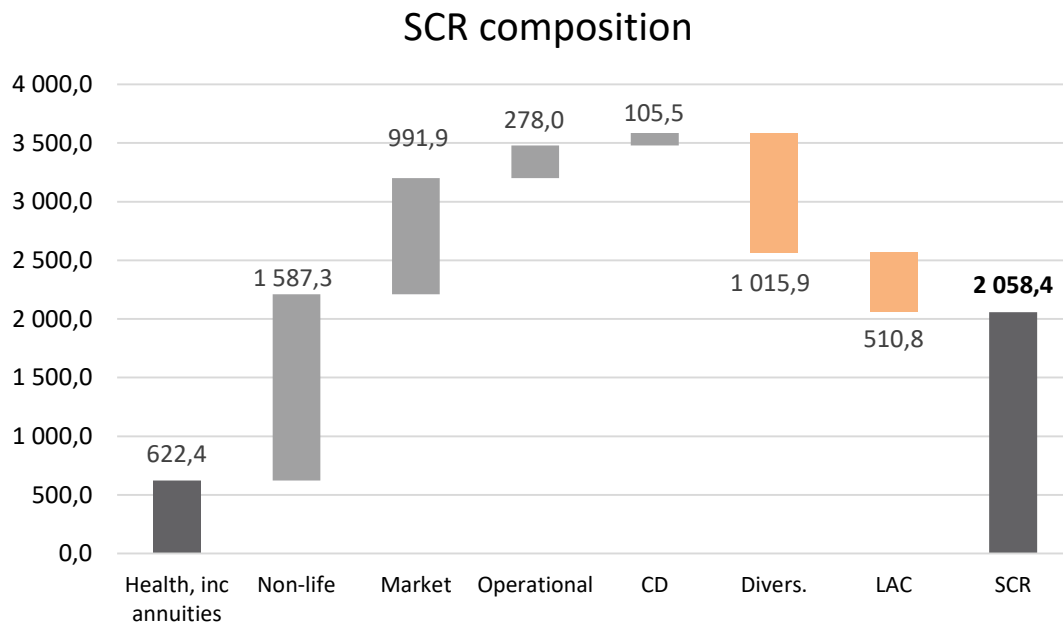


# Solvency II

SCR ratio at 230%

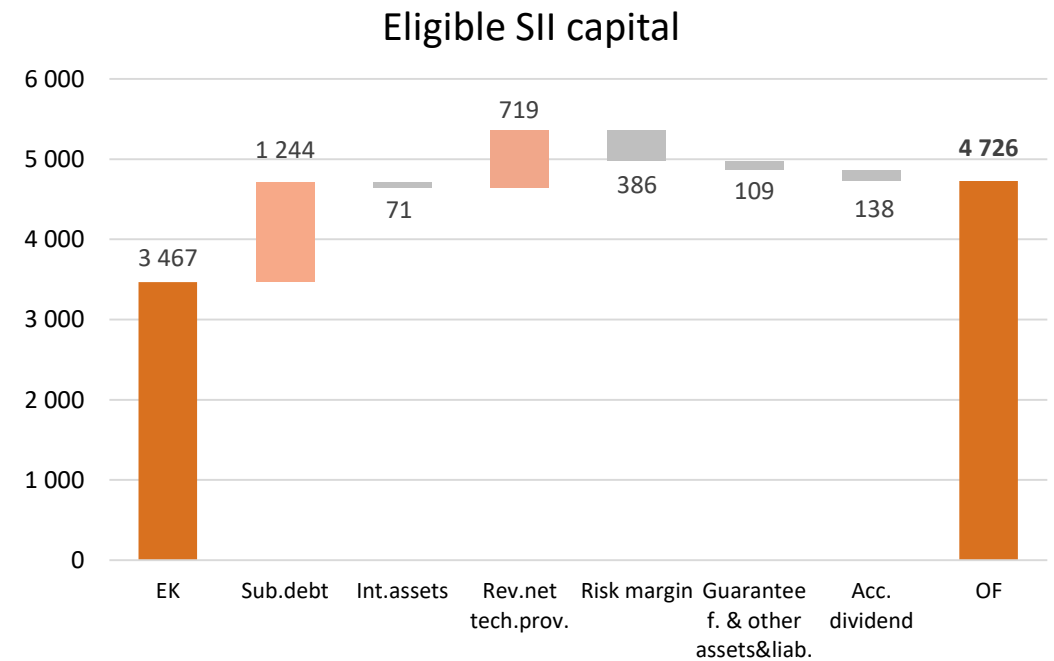
## Composition of SCR:

- Net insurance risk 62%
- Net market risk 28%
- Other risks 10%



## Eligible SII capital:

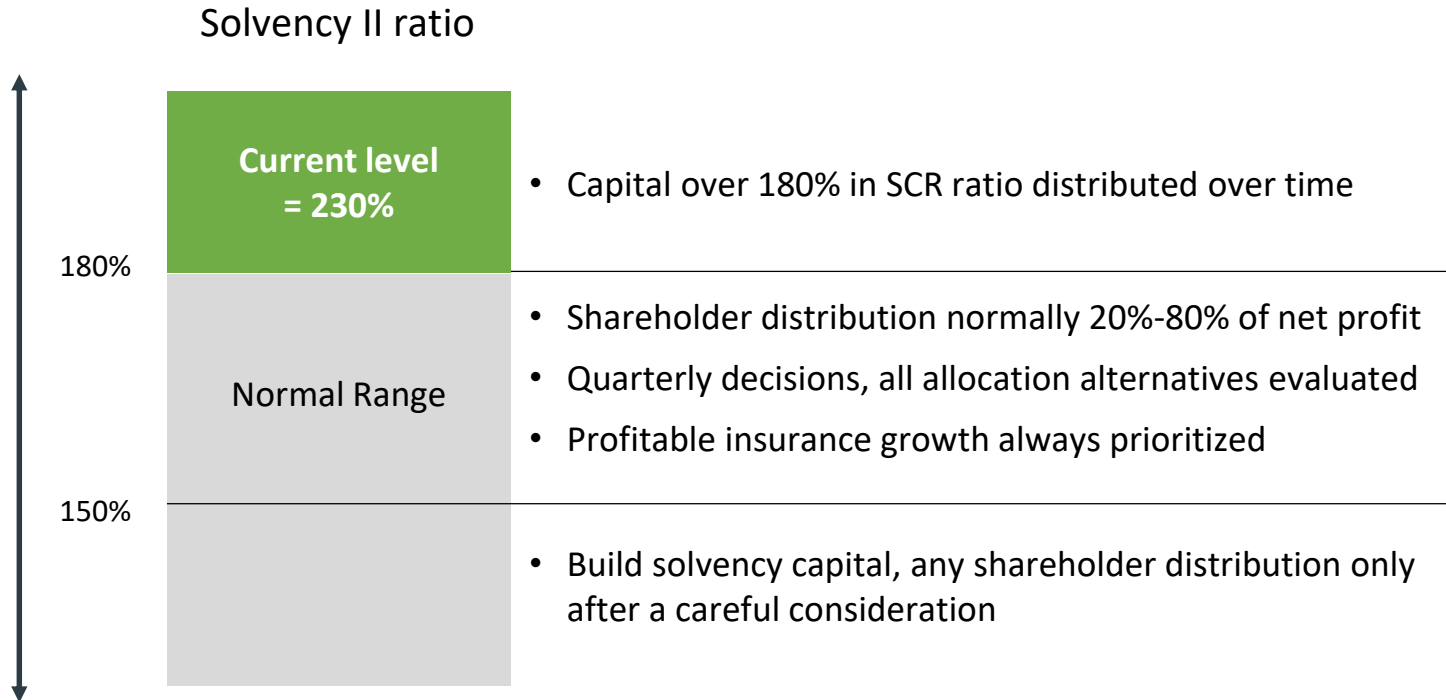
- Accumulated dividend subtracted from eligible capital
- Guarantee provision subtracted from own funds





# Dividend policy

A new special dividend of NOK 1.67 per share – Flexible shareholder distribution policy



• Special dividend of MNOK 137.5 (NOK 1.67 per share); to be paid out around 10 November (ex. dividend 3 November)

• Quarterly assessment continued going forward

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# Result summary Q3 & YTD 2021

Q3: Combined ratio at 82.9% | Investment return at 0.0% | EPS at NOK 1.6

	Q3	YTD
• Net combined ratio	82.9%	85.9%
• Gross written premium	MNOK 856 (+27%)	MNOK 5 165 (+8%)
• Investment return	MNOK -7 (0.0%)	MNOK 717 (5.1%)
• Profit for the period	MNOK 125	MNOK 965
• Earnings per share	NOK 1.6	NOK 11.8
• Dividend	NOK 1.67 pr. share	NOK 8.01 pr. share
• Solvency Capital Ratio	230%	230%





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