

Q2 2021 Interim results

Investor Presentation

Oslo, 9 July 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

Values

Credible

Innovative/Open

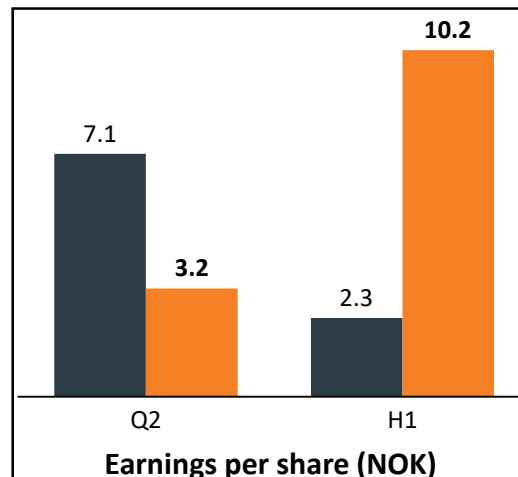
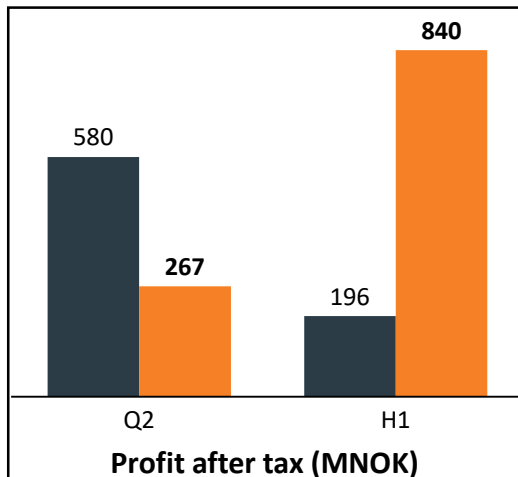
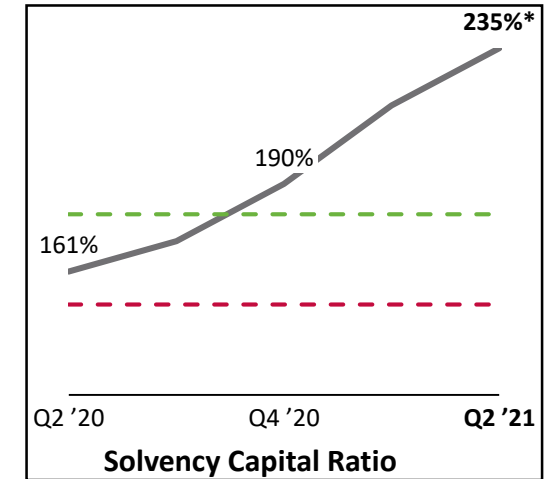
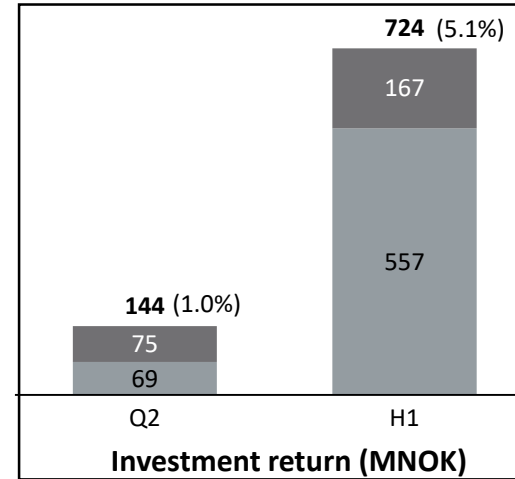
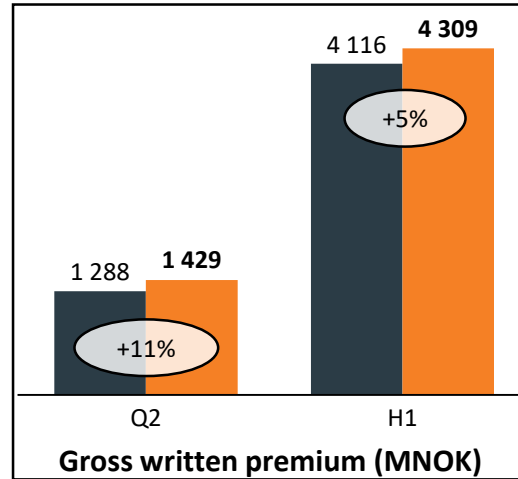
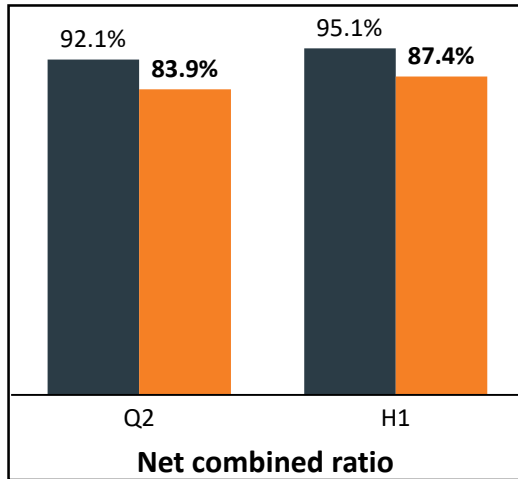
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Result highlight Q2 & H1 2021

Q2: Combined ratio at 83.9% | Investment return at 1.0% | EPS at NOK 3.2



Other highlights:

- Setback in Nordic Broker satisfaction
- Continued profitability measures
 - Price increases at 9.2% (Q2) and 8.8% (H1)
 - Cost still on the agenda
- Special dividend of NOK 1.67 per share

Claims update

Q2 claims ratio at 76.3%, 5.6%-points down from last year

- Net run off loss at 1.9 % in Q2 21 (-1.9% in Q2 20)
- Large losses¹ at 3.9% (5.7%), 3.1%-points lower than normalized
- Positive COVID-19 effects of 1.4%-points
 - Mainly driven by Motor

Business unit	Q2 '21 Gross	Q2 '21 Net	Q2 '20 Gross	Q2 '20 Net
Norway	72 %	82 %	80 %	80 %
Sweden	59 %	63 %	90 %	90 %
Denmark	119 %	84 %	98 %	98 %
UK	82 %	85 %	57 %	61 %
Finland	60 %	65 %	49 %	51 %
Protector	77.3 %	76.3 %	80.7 %	81.9 %

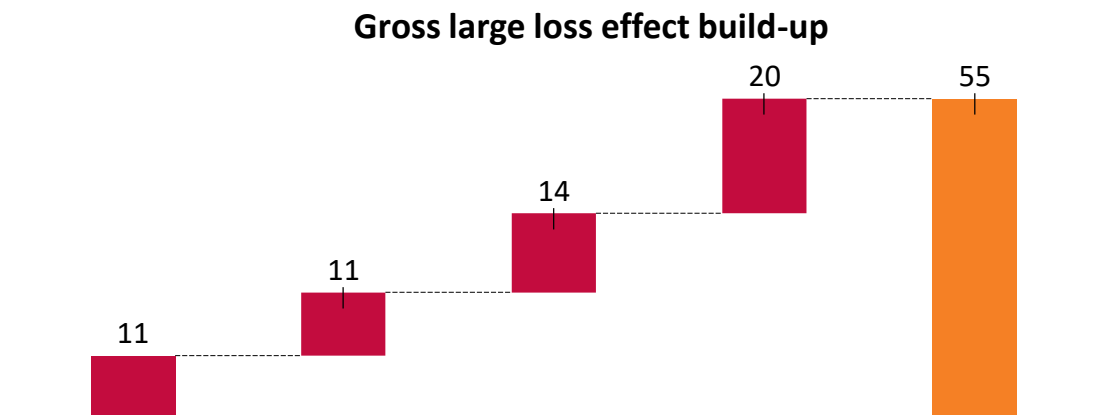
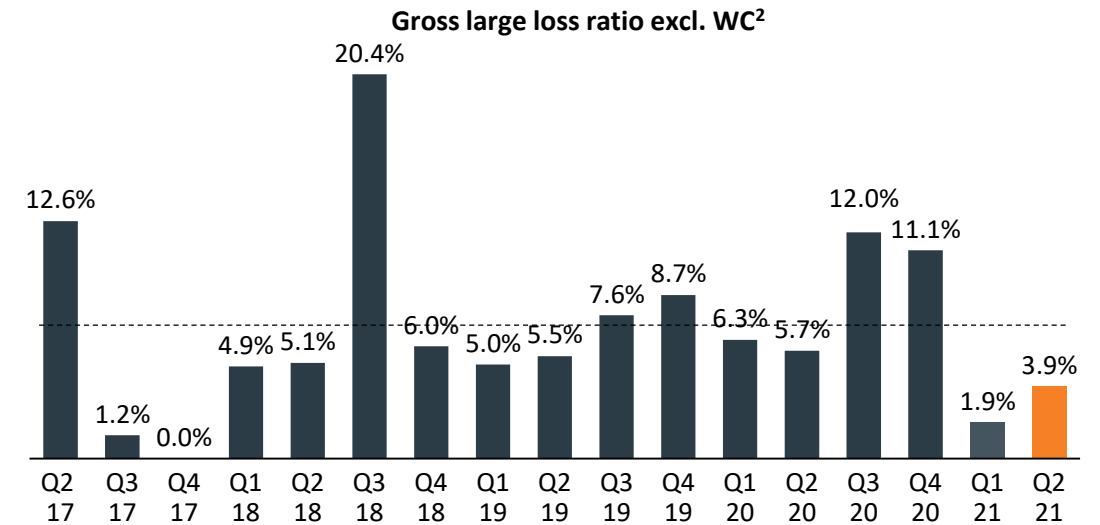
Business unit	H1 '21 Gross	H1 '21 Net	H1 '20 Gross	H1 '20 Net
Norway	70 %	83 %	87 %	88 %
Sweden	60 %	64 %	85 %	84 %
Denmark	111 %	84 %	102 %	105 %
UK	79 %	84 %	61 %	70 %
Finland	80 %	81 %	60 %	62 %
Protector	76.0 %	77.4 %	83.1 %	85.7 %

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

Large losses and run off in Q2

Large losses¹ of MNOK 55 (3.9%), run off loss at 1.9%

- Large losses¹ at 3.9% (5.7%), 3.1%-points lower than normalized
- Net run off loss at 1.9 % in Q2 21 (-1.9% in Q2 20)
 - Whereof a 2.3% run off loss is directly linked to large losses
 - Losses in UK & Denmark (MNOK 78)
 - Gains in Sweden (MNOK 61)



- Some volatility in reserves & large losses must be expected

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

² Two very large claims capped at MNOK 100

Volume update

GWP up 10.9% in quarter, 21.7% in local currency

- Q2: Second biggest quarter
 - 2021 growth 10.9% (21.7% in LCY)
 - Renewal rate at 94.9 %
 - Realized price increases at 9.2%
 - New sales at MNOK 213, mainly from UK and Sweden
- H1 comprises > 70 % of GWP
 - 2021 growth: 4.7% (7.0% in LCY)
 - Realized price increases at 8.8%
- Current price increases and underwriting account for increased inflation due to Covid
- Still behind guiding for 2021; no changes made
 - Strong start to Q3

in MNOK

Business unit	Q2 '21	Q2 '20	Growth
Norway	262	266	- 4
Sweden	402	362	40
Denmark	39	41	- 2
UK	721	621	100
Finland	4	- 3	6
Protector	1 429	1 288	141
COI	60	64	-4
Protector incl. COI	1 489	1 352	136

Business unit	H1 '21	H1 '20	Growth
Norway	1 119	1 087	32
Sweden	1 297	1 151	146
Denmark	766	855	- 88
UK	959	813	146
Finland	168	210	- 42
Protector	4 309	4 116	193
COI	107	127	- 20
Protector incl. COI	4 415	4 243	172

Cost development

Cost the real way 11.7% in H1 2021, actions taken across the Nordics

- Cost the real way 11.7% H1 2021, 8.9 % in Q2
 - Affected by high share price dev. in Q1²
- Gross cost ratio 8.7% (10.1%)
 - Higher broker commission going forward due to growth coming from UK & Sweden
- Net cost ratio 7.6% (10.1%)
- Cost situation has been addressed and is still in focus going forward
 - Balance cost & quality leadership – improve competitive position

¹Gross cost incl. claims handling ex. broker commission cost
²Long term bonus scheme linked to share price development

Country-by-country key metrics

Q2 combined ratio at 83.9% | Quarterly country volatility must be expected

Q2 2021

	Norway		Sweden		Denmark		UK		Finland		Protector		
	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020	
Gross premium written	262	266	402	362	39	41	721	621	4	-	3	1 429	1 288
Gross premium earned	350	373	422	397	216	251	352	280	75		41	1 415	1 342
Net premium earned	311	331	366	347	187	220	289	220	67		37	1 219	1 155
Gross claims ratio	72.2 %	80.3 %	59.4 %	90.0 %	119.0 %	98.3 %	82.1 %	56.9 %	59.8 %		48.8 %	77.3 %	80.7 %
Gross cost ratio	5.0 %	7.6 %	10.6 %	12.5 %	6.8 %	7.4 %	12.6 %	13.0 %	3.1 %		7.0 %	8.7 %	10.1 %
Gross combined ratio	77.2 %	87.9 %	70.1 %	102.5 %	125.8 %	105.7 %	94.7 %	70.0 %	62.9 %		55.8 %	86.1 %	90.8 %
Net claims ratio	82.0 %	80.2 %	63.1 %	89.6 %	83.9 %	98.1 %	84.8 %	61.5 %	64.9 %		50.8 %	76.3 %	81.9 %
Net cost ratio	3.8 %	7.1 %	8.4 %	13.0 %	6.2 %	8.8 %	13.2 %	12.7 %	-0.2 %		2.5 %	7.6 %	10.1 %
Net combined ratio	85.8 %	87.3 %	71.5 %	102.7 %	90.1 %	106.8 %	98.0 %	74.2 %	64.7 %		53.3 %	83.9 %	92.1 %

H1 2021

	Norway		Sweden		Denmark		UK		Finland		Protector		
	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	
Gross premium written	1 119	1 087	1 297	1 151	766	855	959	813	168		210	4 309	4 116
Gross premium earned	693	740	857	794	423	485	686	507	145		109	2 803	2 636
Net premium earned	616	659	739	696	367	424	543	401	129		97	2 395	2 277
Gross claims ratio	70.2 %	87.3 %	60.3 %	85.1 %	111.4 %	101.6 %	78.7 %	60.8 %	79.9 %		60.5 %	76.0 %	83.1 %
Gross cost ratio	6.9 %	7.6 %	12.7 %	12.3 %	8.6 %	6.6 %	15.5 %	12.8 %	5.6 %		5.1 %	11.0 %	9.7 %
Gross combined ratio	77.1 %	94.9 %	72.9 %	97.4 %	120.0 %	108.1 %	94.2 %	73.6 %	85.5 %		65.5 %	86.9 %	92.8 %
Net claims ratio	82.8 %	88.1 %	64.1 %	84.2 %	84.0 %	105.1 %	84.0 %	69.9 %	81.0 %		62.1 %	77.4 %	85.7 %
Net cost ratio	7.1 %	5.9 %	10.9 %	12.2 %	6.3 %	8.5 %	15.9 %	13.0 %	4.4 %		1.6 %	10.0 %	9.4 %
Net combined ratio	90.0 %	94.0 %	75.0 %	96.4 %	90.3 %	113.7 %	100.0 %	82.9 %	85.4 %		63.7 %	87.4 %	95.1 %

Status vs. 2021 guiding

Ahead on profitability, premium growth is picking up

	Guiding 2021	Result Q1	Results Q2	H1
Net Combined Ratio:	90-92%	91.1%	83.9%	87.4%
Return on Equity (ROE):	>20%	17.5%*	7.4%*	25.8%*
Gross Written Premium (GWP) growth:	10% (LCY)	1.5% (LCY)	21.7% (LCY)	7.0% (LCY)
Solvency II Capital Ratio (SCR):	> 150%	216%	235%	235%

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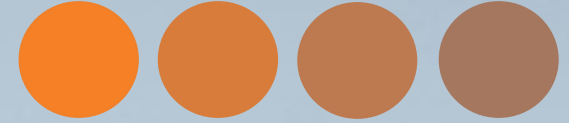
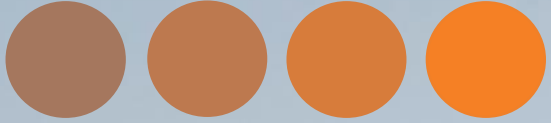
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Quality Leadership

Focus to regain no. 1 position

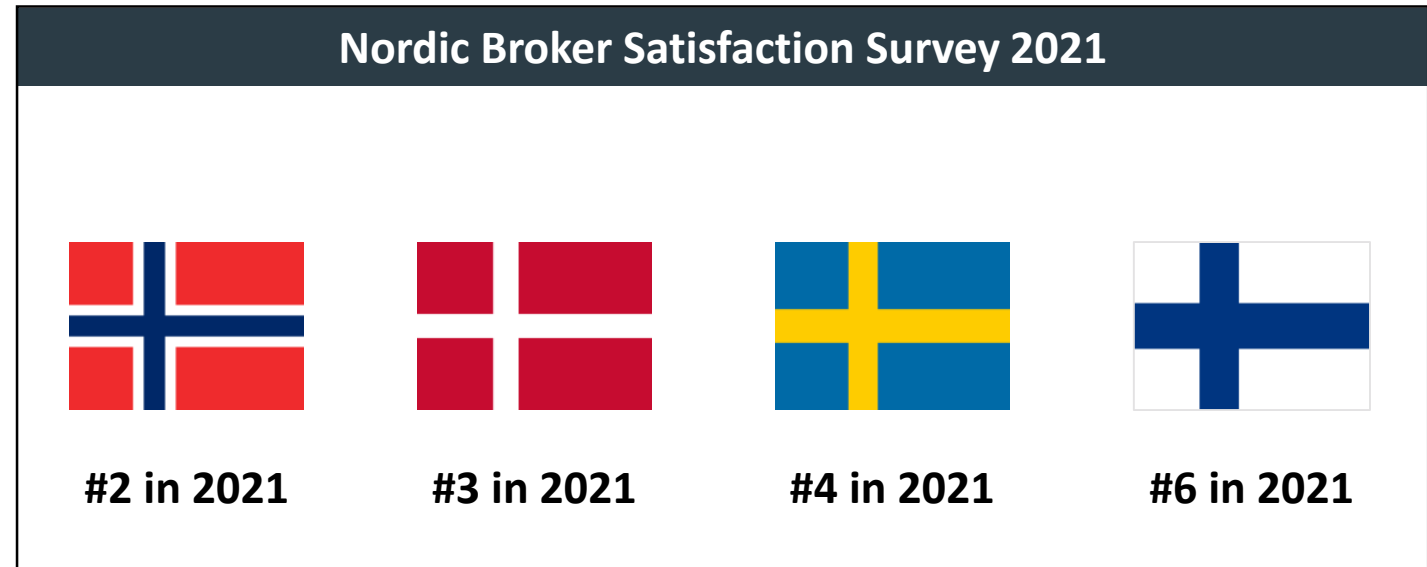
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Quality leader in UK, setback in the Nordics

UK far ahead | Focus to regain nr. 1 position in the Nordics

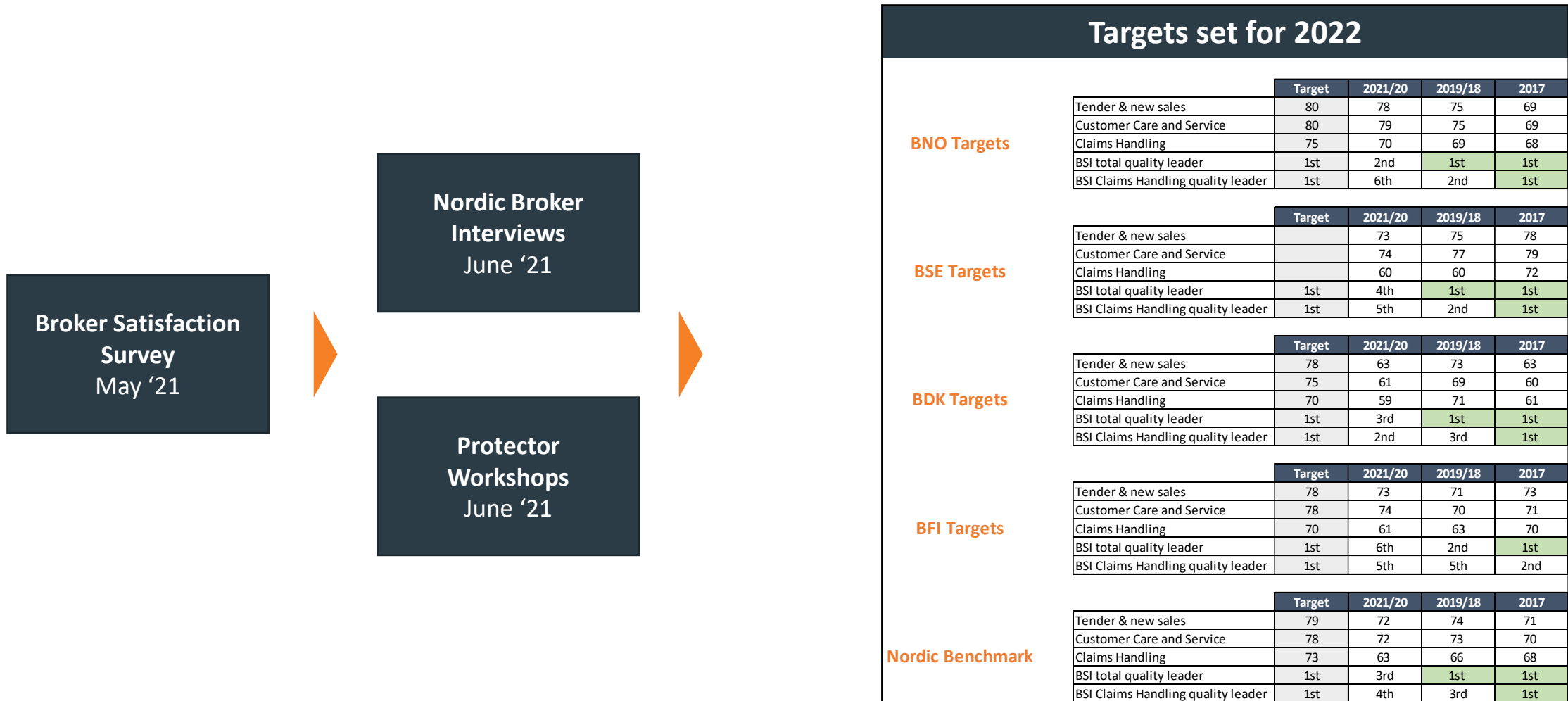


#1 in 2020



Quality Leadership in 2022

All employees involved in targets and actions



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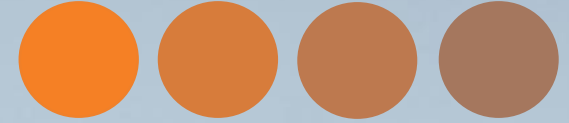
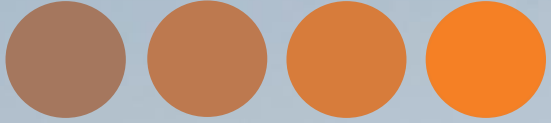
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Investments

Investment is core

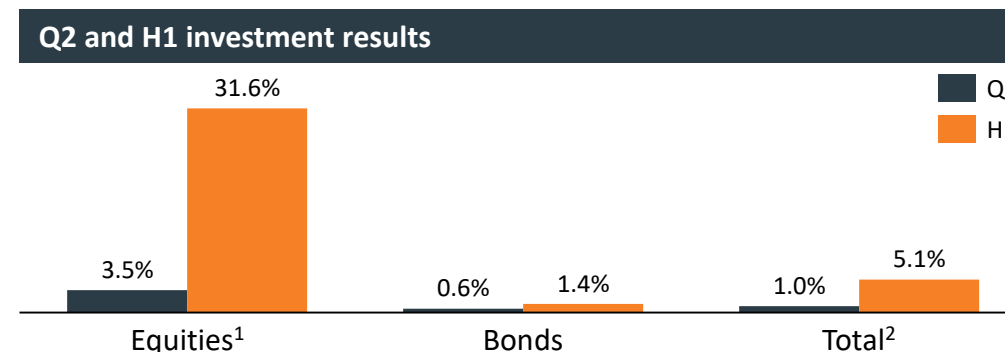
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Investment performance and statistics

1.0% return in Q2 | Bond portfolio yield at 1.8%, before cost of risk

- **Q2** return on investment portfolio at **1.0%**, or **MNOK 144**
 - Equity portfolio, ex. put options, returning 3.5%, or MNOK 82
 - Bond portfolio returning 0.6%, or MNOK 75
- **H1** return on investment portfolio at **5.1%**, or **MNOK 724**
 - Equity portfolio, ex. put options, returning 31.6%, or MNOK 590
 - Bond portfolio returning 1.4%, or MNOK 167

- Equity share at **14.0%**, down from 16.2% in Q1 '21
 - Largest position realized in full
- Bond portfolio's average rating at **BBB+**
 - HY portfolio totalling BNOK 4.3 vs BNOK 4.2 in Q1 '21
- Continued strong Nordic HY bond market in quarter
 - DNB Markets Nordic HY index return +2.4%



	Investment portfolio data	30.06.21	30.06.20	31.03.21
Bonds	Size bond & cash eq. (MNOK) ³	12 139	11 857	12 472
	Avg. ref. rate (NIBOR, STIBOR, etc.)	0.1%	0.2%	0.2%
	Avg. spread/risk premium (bps)	175	235	179
	Yield	1.8%	2.5%	2.0%
	Duration	0.4	0.4	0.4
	Credit duration ⁴	1.3	1.9	1.4
	Avg. rating ⁵	BBB+	A	A-
Equities	Portfolio size	2 050	1 063	2 355
	Share of total	14.0%	8.6%	16.2%
	Estimated intrinsic value discount	27%	37%	15%
	No. of companies	21	14	20

¹ Equity portfolio return excluding put options

² Total portfolio return including put options

³ Size excludes currency swap contracts

⁴ Avg. includes bank deposits

⁵ Avg. linear rating based on official rating (>60%) and 'Protector rating' (<40%)

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Profit and loss Q2 (&H1)

Profit of MNOK 267 (840) – EPS at NOK 3.2 (10.2)

NOKm	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
Gross premiums written	1 428,6	1 288,0	4 308,8	4 116,0	5 516,3
Earned premiums. net of reinsurance	1 219,3	1 154,9	2 394,6	2 277,3	4 613,5
Claims incurred. net of reinsurance	(930,7)	(946,3)	(1 853,5)	(1 952,7)	(3 901,4)
Sales cost	(76,9)	(79,8)	(178,4)	(151,5)	(331,3)
Administration cost	(46,8)	(56,0)	(128,6)	(104,3)	(221,3)
Commission from reinsurer	31,4	18,9	67,0	41,9	81,6
Other insurance related income/expenses	(6,4)	1,7	(19,2)	1,5	5,5
Technical result	189,8	93,4	281,9	112,1	246,6
Other income/costs	(12,7)	(17,1)	(30,0)	(33,4)	(67,0)
Net financial income	135,5	509,8	658,5	187,0	865,2
Profit before tax	312,6	586,0	910,4	265,7	1 044,8
Tax	(70,0)	(119,9)	(141,0)	(80,2)	(160,0)
Discontinued operations	19,6	118,5	70,3	3,8	94,3
Net comprehensive income	5,0	(4,2)	0,4	6,2	2,4
Profit for the period	267,3	580,4	840,1	195,5	981,6
Claims ratio. net of reinsurance	76,3 %	81,9 %	77,4 %	85,7 %	84,6 %
Expense ratio. net of reinsurance	7,6 %	10,1 %	10,0 %	9,4 %	10,2 %
Combined ratio. net of reinsurance	83,9 %	92,1 %	87,4 %	95,1 %	94,8 %
Gross claims ratio	77,3 %	80,7 %	76,0 %	83,1 %	82,2 %
Gross expense ratio	8,7 %	10,1 %	11,0 %	9,7 %	10,3 %
Gross combined ratio	86,1 %	90,8 %	86,9 %	92,8 %	92,5 %
Retention rate	86,2 %	86,0 %	85,4 %	86,4 %	85,8 %
Earnings per share	3,2	7,1	10,2	2,3	12,0

Balance Sheet

SCR-ratio at 235% post Q2 special dividend

In millions	30.06.2021	30.06.2020	31.12.2020
Owner-occupied property	0.0	12.6	0.0
Financial assets	13 379.0	11 168.1	11 988.6
Derivatives	63.3	25.9	47.9
Bank deposits	108.8	274.2	263.2
Other assets	4 795.6	3 296.1	2 554.9
Discontinued operations	1 712.1	2 401.8	1 895.7
Total assets	20 058.8	17 178.6	16 750.3
Total equity	3 483.2	2 231.9	3 030.5
Subordinated loan capital	1 244.2	1 243.3	1 473.0
Total reserves	10 853.0	10 410.1	9 185.1
Derivatives	37.5	51.2	61.4
Other liabilities	3 489.9	1 903.9	1 888.7
Discontinued operations	951.0	1 338.3	1 111.6
Total equity and liabilities	20 058.8	17 178.6	16 750.3

- Change in SCR-ratio driven by investment result, improved technical profitability and lower capital requirement for market risk
 - Own funds are adjusted for accumulated dividend

SCR-ratio composition

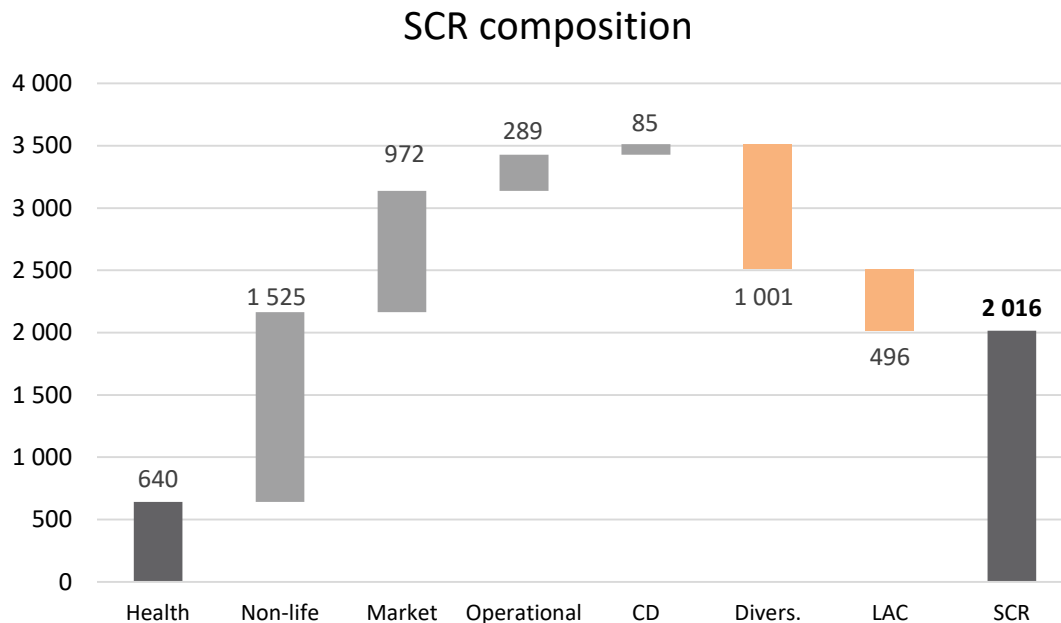


Solvency II

SCR ratio at 235%

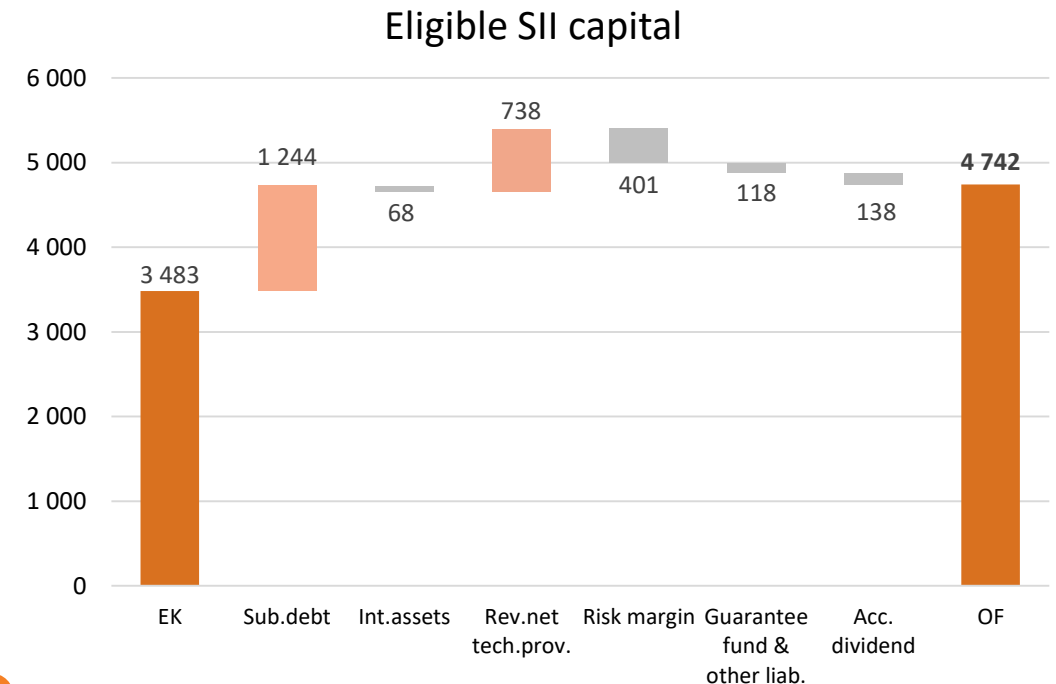
Composition of SCR:

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



Eligible SII capital:

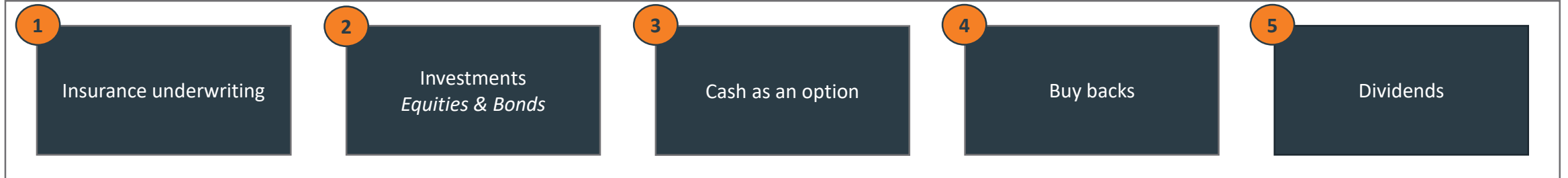
- Accumulated dividend subtracted from eligible capital
- Guarantee provision subtracted from own funds



Capital allocation – maximize shareholder return

Priority 1: Always profitable growth in insurance, if possible

Main capital allocation alternatives:

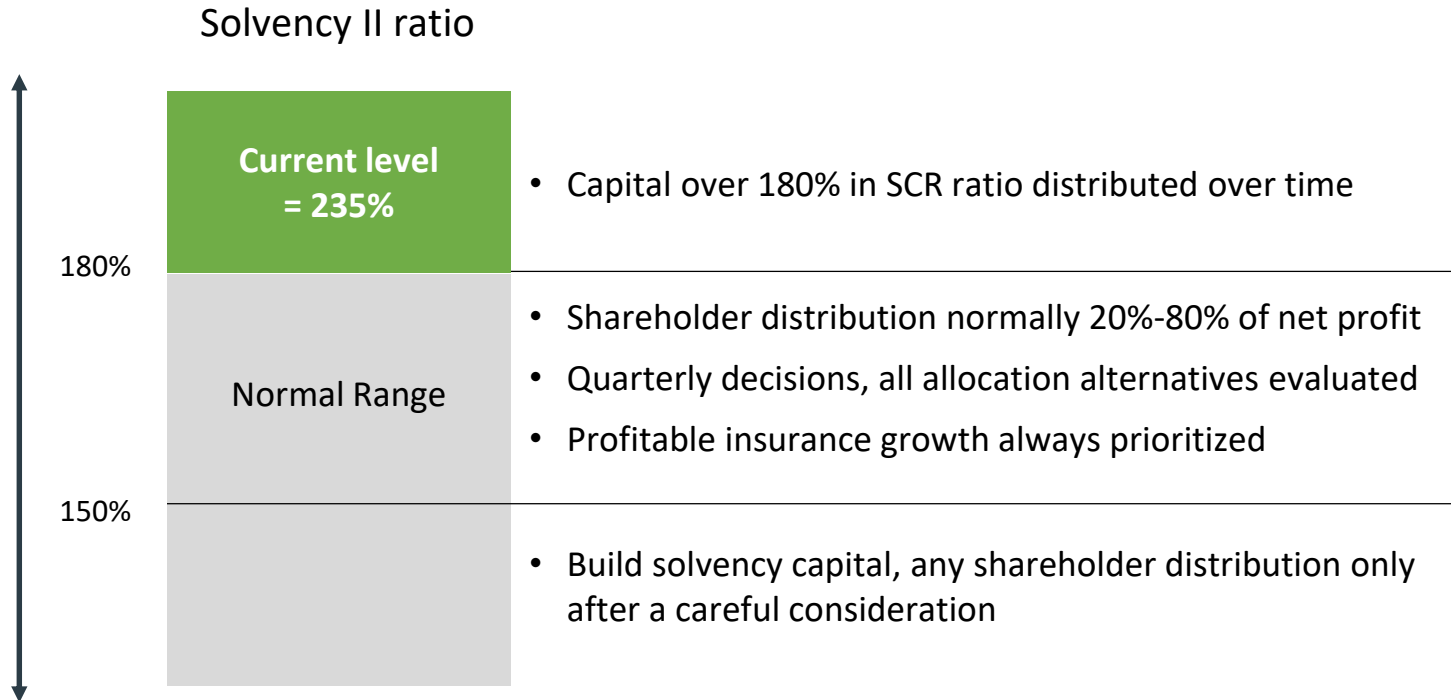


- 1 Allocation towards profitable growth is preferred; stay disciplined
- 2 Challenging to allocate capital in times of low credit spreads and all-time-high stock markets
- 3 How much capital should be kept for future financial market crises?
- 4 An attractive alternative if meeting hurdle; will normally have to bid with significant premium
- 5 Capital base discipline; flexible distribution of excess capital if allocation cannot be made elsewhere

Capital allocation approach	<ul style="list-style-type: none">• Determine minimum hurdle rate (RoE>20%)• Calculate returns for all internal and external allocation alternatives available, by return and risk• Deploy capital in the most attractive alternatives above hurdle.• Release underperforming capital (COI, Price increases, WC Denmark and Norway as example)
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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 21 July (ex. dividend 14 July)

• Quarterly assessment going forward

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Management transition – Deputy CEO in Hans Didring

Fredrik Landelius stepping up as Country Manager Sweden



Result summary Q2 & H1 2021

Q2: Combined ratio at 83.9% | Investment return at 1.0% | EPS at NOK 3.2

	Q2	H1
• Net combined ratio	83.9%	87.4%
• Gross written premium	MNOK 1 429 (+10.9%)	MNOK 4 309 (+4.7%)
• Investment return	MNOK 144 (1.0%)	MNOK 724 (5.1%)
• Profit for the period	MNOK 267	MNOK 840
• Earnings per share	NOK 3.2	NOK 10.2
• Dividend	NOK 1.67 pr. share	NOK 6.34 pr. share
• Solvency Capital Ratio	235%	235%



PROTECTOR
insurance