Gjensidige

Dear GJF-analyst,
It is time to start preparing for Gjensidige's Q4'24 reporting.

<table>
<tr><td>
<u>Key dates</u>

Q4'24 earnings release: 24 January 2025
Start of silent period: 1 January 2025
Pre-close call: 18 December 2024, 14:00 CET

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<tr><td>
<u>Consensus estimates</u>
As always, we kindly ask you to forward to us your estimates, using the attached template. To be able to return to you and publish a consistent consensus for all lines, we kindly ask you to fill in all open (light blue) cells in the sheet.

Deadline for submitting your estimates to us: 13 January 2025
Publication of consensus on Gjensidige's web site: In the morning on 20 January 2025

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<u>Reminders</u>

Weather: Due to seasonality, the winter quarters Q1 and **Q4** normally have higher claims ratios than the summer quarters Q2 and Q3.

We had a mild winter in Norway earlier this quarter, with higher average temperatures than normal in October and November. December has been more normal in terms of temperatures. The South and Southeast regions were dry earlier in the quarter, while the regions in the middle and northern regions of Norway were very wet. We have had a winter storm (Jakob) during the quarter, primarily impacting the western coast of Norway.

We have had several days with slippery roads in Norway the past weeks due to snow, creating more challenging driving conditions than earlier in the quarter. Below are a few examples of press releases from Gjensidige and media coverage on the driving conditions:
Glatt føre - mange skademeldinger | Gjensidige Forsikring ASA
Nær dobling i trafikkuhell | Gjensidige Forsikring ASA
Trafikkuhell: 50 prosent økning | Gjensidige Forsikring ASA
Mange trafikkuhell i dag | Gjensidige Forsikring ASA
Status - Antall meldte flomskader etter ekstremværet Jakob | Gjensidige Forsikring ASA
Fullt trafikkaos: - Ekstremt glatt

Denmark has had a mild winter so far.

For statistics and reports on weather, please refer to the links in the section General information at the very end of this document.

Q4 2023 results
Bear in mind the Q4 2023 results – below are extracts from the report:
Gjensidige Forsikring Group: The underlying frequency loss ratio increased by 4.7 percentage points, mainly driven by the Private segment. The claims frequency for motor insurance in Norway increased significantly, reflecting the difficult driving conditions caused by several periods with heavy snowfall and low temperatures. In addition, the increase in underlying claims frequency for motor continued in the fourth quarter. This was met with targeted measures that will have full effect on the insurance service result over time. The weather conditions in the fourth quarter also impacted claims frequency for property insurance in Norway. In addition, the profitability for Norway was negatively impacted by a strengthening of reserves for claims incurred earlier in 2023. The profitability of property insurance in Denmark was negatively impacted by windstorms and cloudbursts during the quarter.

As communicated in connection with the presentation of the results, the reason for the year-on-year increase in underlying frequency loss ratio for Private Norway in Q4 2023 was threefold: ~30% weather, ~40% strengthening of reserves and the remaining ~30% due to a combination of elevated claims frequency for motor and volatility in medium-sized claims for property, mainly fires.

Please refer to the Q4 2023 financial report for further details.

ADB Gjensidige (Gjensidige's operations in the Baltics)
As communicated earlier, until completion of the transaction (expected at the latest in the beginning of 2026), the results for ADB Gjensidige will be presented separately in Gjensidige Forsikring Group's Consolidated income statement as 'Profit/loss from discontinued operations'. Please see note 9 in the Q3 2024 report for further details and the stock exchange release on 25 July for details on the sales agreement.

Acquisitions in Denmark in 2023:
- PenSam Forsikring, completed and included in the private portfolio in Denmark on 31 October 2023 (stock exchange release: NewsWeb (oslobors.no))
- Commercial portfolio from Sønderjysk Forsikring completed on 1 September 2023 (stock exchange release: NewsWeb (oslobors.no))

Large losses: Our general expectation for normalised large losses in 2024, defined as losses above NOK 10 million, is approximately NOK 476 million per quarter (appx. NOK 1.9 billion FY2024). Please note that this estimate is an undiscounted figure. Large losses in our IFRS 17 accounts are recognised at discounted values.

Excess reserves: According to IFRS 17, it is not possible to retain identified excess reserves on the balance sheet. Going forward we will continue to set reserves according to our best estimate. However, bearing history in mind, we expect run-off gains and losses also in the future.

Inflation: We will provide an update at our Q4 2024 earnings call. For the most recent comments on this topic, please refer to slides 3 and 4 in the Q3 2024 presentation for details on claims and pricing for Private motor and property, in addition to page 18 in the Q3 2024 report (Strategy and Outlook section).

Bonds – issue of a new T2 bond on 29 October 2024 (NewsWeb)
- MNOK 900 with a floating rate coupon equal to 3 months NIBOR + 1.45 per cent p.a.

Approval from the FSA for windstorm risk model in Partial Internal Model (PIM) on 15 November 2024 (NewsWeb)
- Reduces SCR in the approved PIM by ~BNOK 1.3
- Approved PIM as of 30/9/2024 would have been 185% assuming the reduction in SCR and ~MNOK 250 of the Tier 2 loan issued on 29 October 2024. The eligible amount of the loan will increase over time as SCR increases with growth in the business.

Solvency II (SII) calculations:
In general, the main items that explain quarterly changes in **eligible own funds** are as follows:
- Capital generation through SII operating earnings and return on the free portfolio. Usually more or less equivalent to profit after tax based on IFRS accounts. However, differences in valuation of assets and liabilities between IFRS accounts and SII calculations (although less after IFRS 17), mainly related to intangible assets and technical provisions, and the subsequent tax effects realised in the P&L.
  The effect of premium provisions is to some extent seasonal, reflecting the renewal pattern (usually a positive effect compared to IFRS results in Q1 and Q4, and a negative effect in Q2 and Q3). The effect of premium provisions is also driven by non-seasonal factors such as interest rates, currencies, profitability assumptions, product mix and maturity profiles.
- Subtraction of formulaic dividend (80 per cent of profit after tax – in accordance with our dividend policy). Replaced by actual proposed or declared dividend upon proposal/declaration.
- Regulatory/model changes, for example approval of internal model changes by the Norwegian FSA.
- Capital actions such as new loans or M&A-transactions (impact on eligible own funds dependent on intangible assets).

The main items that explain the quarterly changes in **solvency capital requirement** are as follows:

- Growth - the components are non-life and health UW risk, life UW risk, market risk, counter-party risk, diversification, operational risk, adjustments related to loss-absorbing capacity of deferred tax and regulatory changes.
- Non-life and health underwriting risks are generally relatively stable over time, increasing with growth in exposure and may change if there are changes in product composition.
- Life underwriting risk primarily reflects lapse risk for unit-linked products. Lapse risk depends on the size of the unit-linked portfolio as it is related to loss of expected future profit. Risk depends on growth in exposure and capital market developments, impacting assets under management.
- Market risk variations are driven by changes in asset allocation and asset values.
- Counterparty risk is limited as we have limited exposure to counterparties.
- Diversification depends on the development in the risks above.
- Operational risk is calculated as a percentage of the size of the business, and it is expected to increase gradually with growth in business volume.
- Loss-absorbing capacity of deferred tax reduces capital requirement. It represents the tax relief that will occur after a loss. The development is quite stable measured in percentage of the sum of basic capital requirement and operational risk.
- Regulatory changes and management actions such as changing reinsurance program, issuing new loans or M&A-transactions may affect own funds and capital requirement from time to time.

Investment portfolio:

- Bear in mind that all bonds are recognised at fair value from 1.1.2023, due to IFRS 9. While rising interest rates generate higher interest income over time, it is important to remember that rising rates have an immediate negative impact on the valuation of fixed-income assets. And of course, the impacts are opposite when interest rates decrease.

- Likewise, an increase in credit spreads has an immediate negative impact on the value of bonds with credit exposure, while a decrease in credit spreads will have a positive impact on bonds with a credit exposure. So far in Q4 (by mid-December), credit spreads in the Nordics are slightly wider compared with the average spreads in the third quarter 2024.

- As a reminder, please note that the net financial result for the Match portfolio consists of the return on the Match portfolio, minus unwinding and change in financial assumptions. The interest income from the Match portfolio is intended to equal interest expenses on liabilities over time. Hence, the net result on the Match portfolio, given a perfect match, should over time be zero, except for returns on credit exposure held in the Match portfolio. As commented earlier, the investments in the Match portfolio have an average credit spread of approximately 60 basis points.

- Bear in mind the presentation of the figures for ADB Gjensidige on a separate line as described above.

  For running yields and duration, please see extract from the Q3’24 financial report, page 16:

Yield and duration

	Yield in per cent 30.9.2024	Duration in years 30.9.2024
Match portfolio		
Fixed-income NOK	4.5	2.2
Fixed-income DKK	2.5	3.8
Fixed-income other currencies	3.1	3.5
Match portfolio	3.7	2.8
Free portfolio	4.4	1.4
Insurance liabilities general insurance		3.1

For details on relevant benchmarks for the Match and Free portfolios, please see list below: Note that we have a new index for the match portfolio line 'Fixed-income other currencies', reflecting that the match portfolio no longer includes assets matching liabilities for the Baltic operations. Also, the benchmark index for the line 'Other' is removed as it does not reflect the returns adequately, with the line including both finance related expenses and returns on hedge funds and commodities.

Asset class	Benchmark
Match portfolio	
Fixed-income NOK	NBP Norwegian RM1-RM3 Duration 3Y Index - NORM123D3 (Alternatively: a Norwegian IG fund with 3 year duration)
Fixed-income DKK	Nykredit Constant Maturity Index Bullet Covered Bonds 5Y - NYKRCMB5 Index
Fixed-income other currencies	NASDAQ OMRX Mortgage Bond 3-5Y Index - OMRXMT35 Index
Free portfolio	
Fixed-income – short duration	NBP Norwegian Government Duration 0.25 Index - NOGOVD3M (Alternatively: I36032NO Index Bloomberg Barclays Norway T-Bills)
Global investment grade bonds	Bloomberg Global Agg Corp - Hedged to NOK - H09805NO Index
Global high yield bonds	Bloomberg Global HY- Hedged to NOK - H00039NO Index
Other bonds	NBP Norwegian Government Duration 0.25 Index - NOGOVD3M (Alternatively: I36032NO Index Bloomberg Barclays Norway T-Bills)
Listed equities	MSCI World – Local Currency - NDDLWI Index
Private Equity funds	Oslo Børs - OSEBX index
Other	n.a.

IFRS 9 & 17: Bear in mind relevant material published on our web site (Reports and presentations – Gjensidige.com), under Other documents for 2023 and 2024. A few reminders on some of the items:

- Unwinding is the expense arising from release of discount as time passes on liabilities for incurred claims (LIC).
- Change in financial assumptions is the impact of changes of financial assumptions on LIC, herein mainly interest rates.
- For rules of thumb and other reminders on estimating discounting and the insurance finance items, please see an example spread sheet on our web site here, under Other documents for 2024 (remember to make the

necessary adjustments in the calculations due to the separate presentation of ADB Gjensidige's figures as explained above) and the slide from our 2023 Analyst Day below.

Some reminders on estimating new accounting items related to IFRS 17

Discounting

- Discounting of all claims reserves in General Insurance compared with ~20% under IFRS 4 (annuities)
- Applying swap interest rates for relevant currency, reflecting currency of liability
- Discounting performed on a monthly basis, based on interest rates at the end of the month

Insurance finance

- Rules of thumb for quarterly estimates:
  - Unwinding: LIC at end of previous quarter x (swap rates at end of previous quarter matching currency and duration of LIC/4).
  - Change in financial assumptions: LIC at end of previous quarter x change since previous quarter in swap rates matching currency x duration of LIC

Factors explaining deviation on estimates from rules of thumb

- Monthly calculations
- Geographic mix of liabilities
  - Duration
  - FX
- Interest rate volatility
  - Different movements in short and long interest rates
- FX volatility

Gjensidige Forsikring Group 10

- Duration of total general insurance liabilities (LIC) at 30.09.2024: 3.1 years (page 16 in the Q3 2024 financial report and extract table inserted in section about investments above). Bear in mind the separate presentation of ADB Gjensidige's figures as explained above.

- LIC distribution per currency: Please see the extract below, from page 185 in Gjensidige Forsikring ASA's annual report for 2023:

Table 3 – Liabilities for incurred claims per country for general insurance

	Liabilities for incurred claims	
NOK millions	**2023**	**2022**
Norway	19,508.1	17,378.2
Denmark	8,701.3	7,609.2
Sweden	2,271.0	2,028.1
Baltic	749.2	598.4
Corporate Center/reinsurance	145.6	260.4
Total	**31,375.2**	**27,874.4**

Swap rate currency	Swap rate maturity	Swap rates			
		30.09.24	**31.10.24**	**29.11.24**	**13.12.24**
NOK	2 years	3.75%	4.21%	3.82%	4.15%
DKK	5 years	2.35%	2.52%	2.22%	2.28%
SEK	4 years	1.99%	2.20%	1.97%	2.20%
EUR	3 years	2.22%	2.40%	2.09%	2.15%

General information

Weather is one of the most important indicators for understanding the seasonality in our insurance service result. Below are misc. sources for weather data and information in Norway. Bear in mind the complexity of several factors including duration and levels of precipitation, intra-quarter temperature variations, wind, geographical variations etc.

- https://www.met.no/en and https://www.met.no/publikasjoner/met-info
- www.varsom.no/en
- https://www.senorge.no/map
- Press releases from Finance Norway can be found here (in Norwegian only): https://www.finansnorge.no/aktuelt/nyheter/