

# Company presentation – T2 bond issue

December 2020



## 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

Bold

Committed



# Main points for presentation

**HTD Combined Ratio 95% and average ROE 16%**

- Historical to date success story with 2020 as best year ever (ROE annualized per Q3 31%)
- Risk going further down due to reduced long tail business and lower growth level
- Investments: low risk and prudently managed
- Capital position is very strong, SCR-ratio 171% (NOK 1.4 bn. above requirement)
  - And even stronger per 1.12.2020 (>180%) due to high investment income Quarter to date
- BBB+ rating from AM Best

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# Agenda

- 1 Introduction**
- 2 Business segments and customers**
- 3 Competitive landscape and risk evaluation**
- 4 Culture is a crucial part of success**
- 5 Living “The Challenger” / Expect the unexpected**
- 6 Investments**
- 7 Solvency position and YTD financial statements**
- 8 Summary**



# Historical to date success story

With further reduced risk going forward

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insurance

- Growing from 0 to BNOK 5.5 in premiums and building a significant investment portfolio
- World leading cost %
- Quality leader in Scandinavia & UK
- Sweden biggest country
- UK running very well – exceeding 1 bn in GWP
- HTD Combined ratio 95 %
- HTD Investment return among the best within Nordic insurance
  - COVID Financial Crisis demonstrated our investment capabilities
- HTD Average ROE 16 %



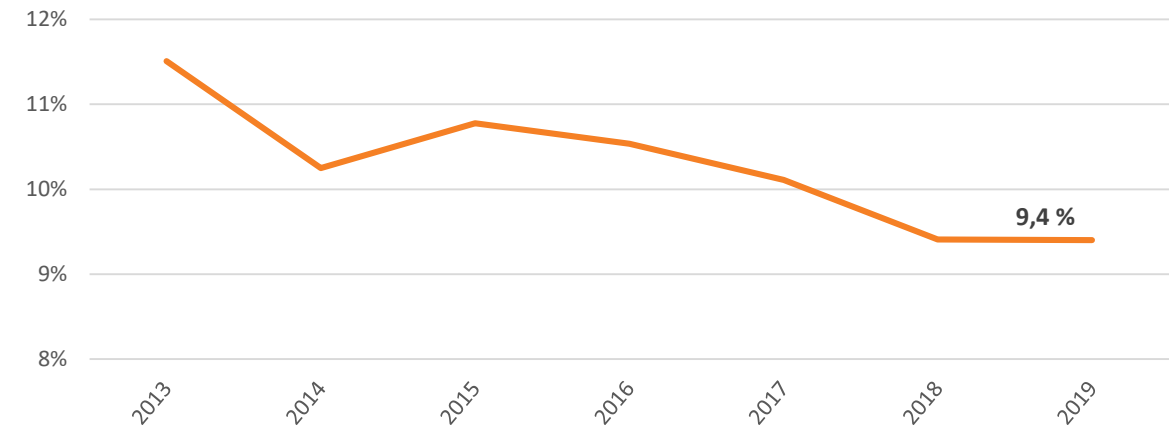
# Cost Leadership

## Competitive advantage

### Creating cost leadership

- Define strategy, design value chains and implement
- In-house IT with Cost ratio of  $\approx 1\%$  vs  $3.2\%$  for industry (Gartner Inc.)
- The real cost “secret” is a mix of culture and IT

### Cost the real way<sup>1</sup>



### Gross expense ratio

	2013	2014	2015	2016	2017	2018	2019	YTD 2020	'13-YTD '20
Protector Nordic (ex. COI)	7,5 %	6,4 %	7,3 %	6,0 %	7,3 %	7,6 %	7,7 %	9,0 %	7,3 %
Tryg Corporate	11,8 %	11,1 %	10,8 %	11,0 %	10,2 %	9,9 %	10,4 %	10,6 %	10,7 %
If Industrial	16,1 %	16,1 %	17,3 %	17,6 %	17,1 %	16,0 %	14,6 %	na	16,3 %

<sup>1</sup> Gross cost incl. claims handling ex. broker cost (Protector Totality)

# Quality leader in Scandinavia and UK

Humble and proud





# Profitability challenged last couple of years

2020 - A turning point, combined ratio 2021 expected to continue down

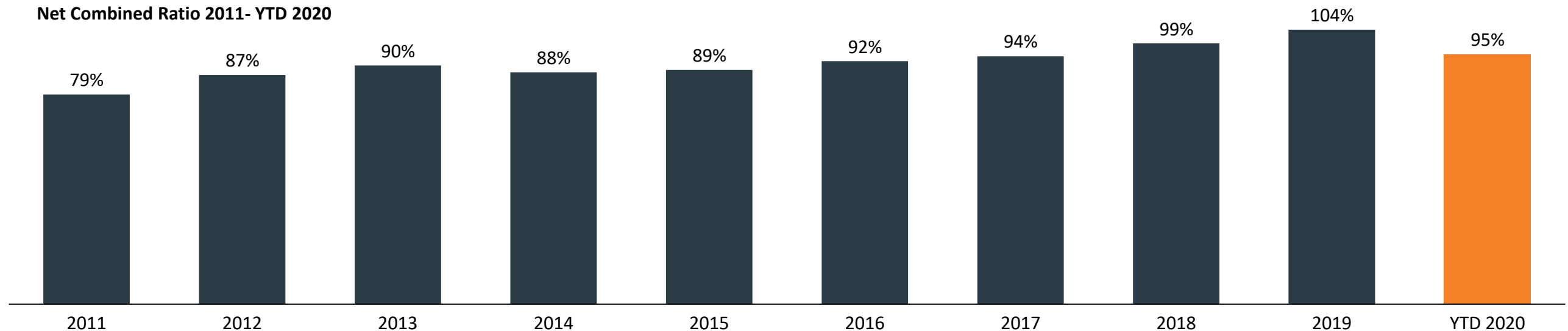
## Profitable 9 out the 10 last years

- Average Return on Equity previous 10 years at 16%
- Prudent and disciplined reserving methodology – on the positive side
- Some challenges entering 2018
  - Poor underwriting discipline in Norway & Finland
  - Claims inflation motor higher than expected
  - Grenfell Tower and Grey Silverfish

## Profitability improvements from 2018

- Significant Nordic price increases (14% YTD)
- Stronger underwriting discipline in some markets/segments
- Margin management and Capital allocation
- Exit Change of Ownership Insurance in Norway

Net Combined Ratio 2011- YTD 2020

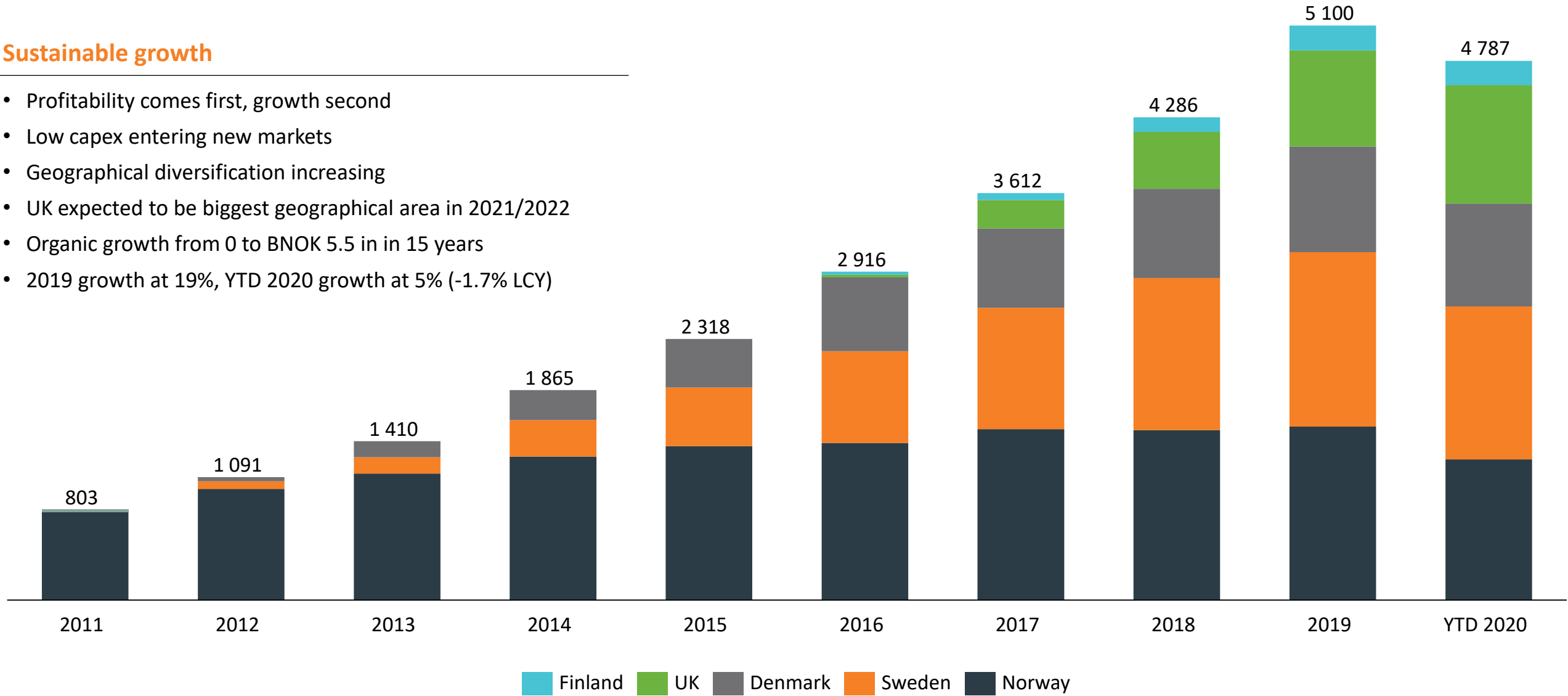


# Volume growth

26 % CAGR 2011-2019, single digit going forward

## Sustainable growth

- Profitability comes first, growth second
- Low capex entering new markets
- Geographical diversification increasing
- UK expected to be biggest geographical area in 2021/2022
- Organic growth from 0 to BNOK 5.5 in in 15 years
- 2019 growth at 19%, YTD 2020 growth at 5% (-1.7% LCY)



# Where are we top 3?

Brokered Insurance Nordic & Public sector UK

P&C Nordic



Nr. 1 Motor fleet Nordic



Nordic municipalities



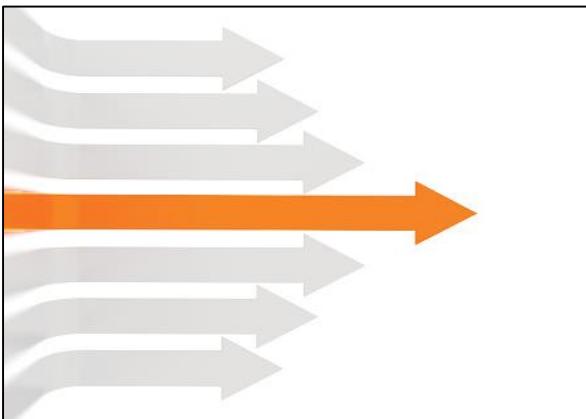
Nordic bus market



Public sector UK



Many others



# Long-term financial objectives

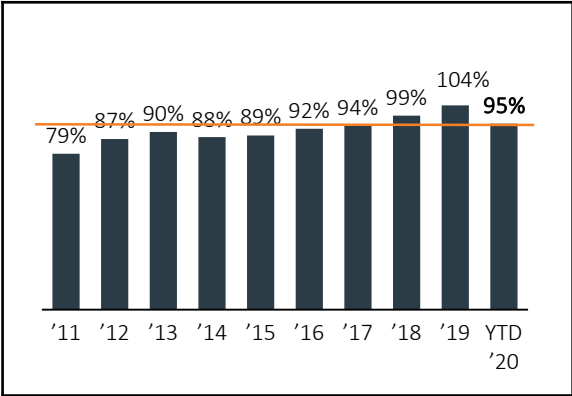
Profitability first. A balance sheet that can handle the unexpected



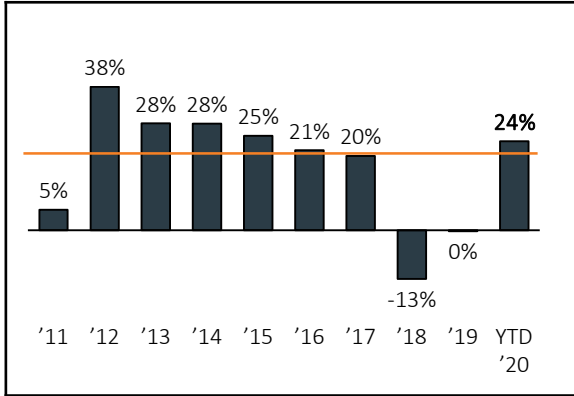
## Long-term financial objectives

Net Combined Ratio:	94 %
Return on Equity (ROE):	> 20 %
Gross Written Premium (GWP) growth:	5 %
Solvency II Capital Ratio (SCR):	> 150 %

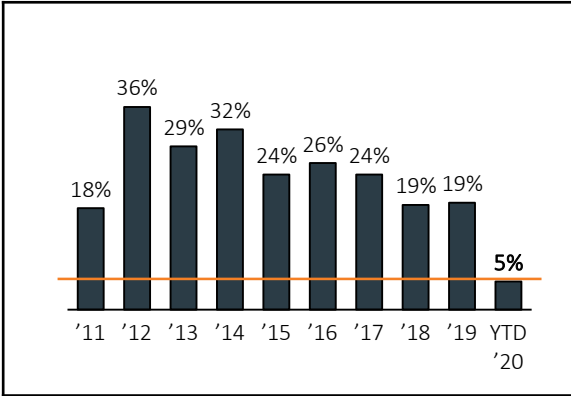
Net Combined Ratio



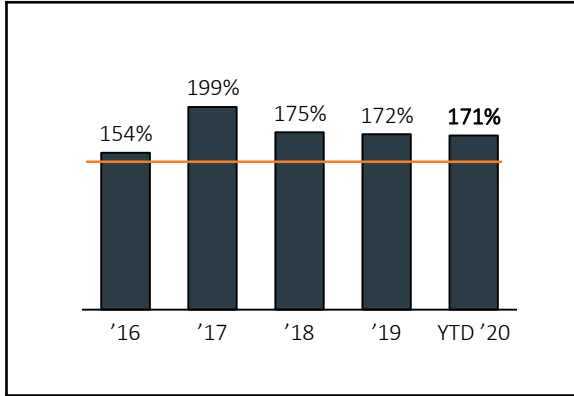
ROE<sup>1</sup>



GWP Annual Growth Rate



SCR<sup>2</sup>



<sup>1</sup> Return on Solvency Capital until 2016 when reflecting changes in accounting principles from Jan. 1<sup>st</sup> 2016 where Shareholder's Equity includes security provisions

<sup>2</sup> Volatility adjusted SCR 2019 and YTD 2020





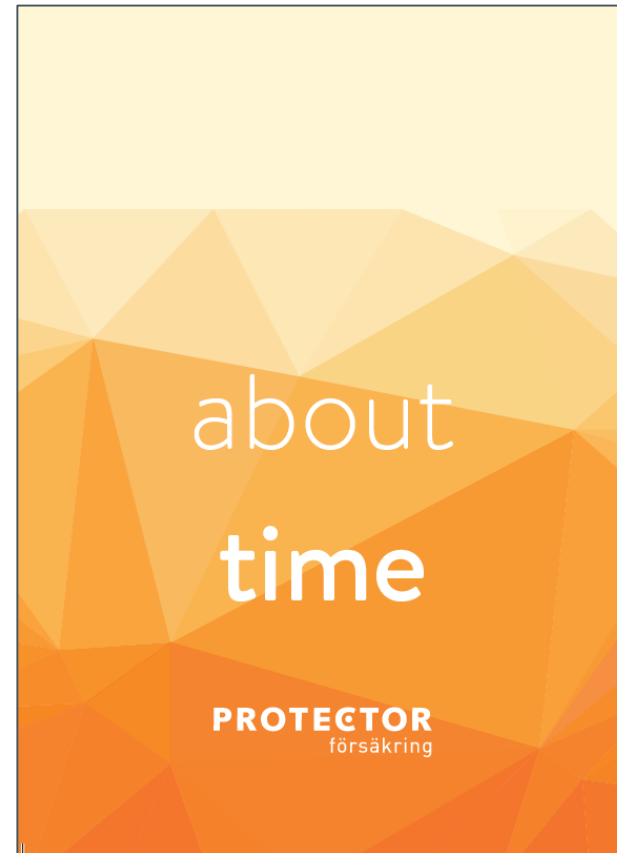
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Culture eats  
strategy for  
**breakfast!**

Never compromise on our DNA (TIME)

...the real secret

**PROTECTOR**  
insurance



Step forward

Lead by example

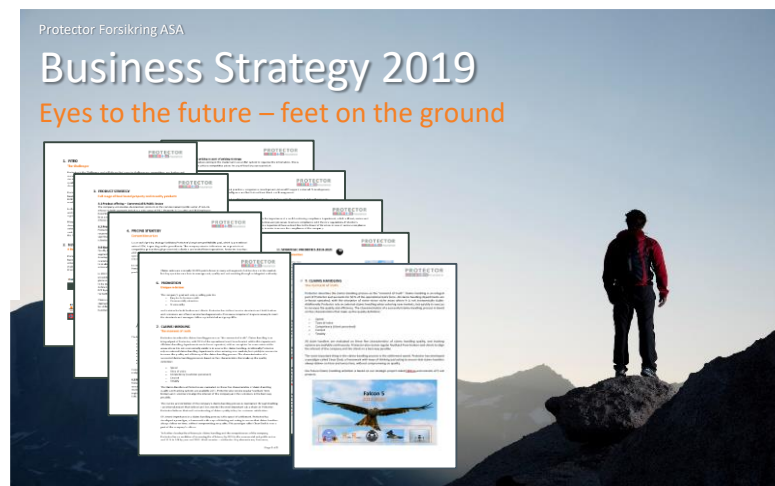
...and re-establish  
profitability

## Strategy – Well defined and consistent

**Like most international companies in the Nordics**

- All Property & Casualty products
- Competitive prices (supported by cost leadership)
- Broker distribution only
- USP: Easy to do business with, Commercially attractive and Trustworthy
- Market segments: Medium to large Companies & Public Sector

*Strategy remains unchanged,  
priorities are updated annually  
with a 3 year perspective*



# Environmental, Social and Governance (ESG) factors

Continued profitable growth with enhancing ESG activities

Environmental <b>E</b>	<ul style="list-style-type: none"><li>✓ Responsible production &amp; consumption</li><li>✓ Waste control</li><li>✓ Green solutions</li></ul>	<ul style="list-style-type: none"><li>• Property reparations and construction of new buildings in accordance with all mandatory regulations, including EHS and climate-directed restrictions</li><li>• RR-project (recourse- and damage reduction) initiative</li><li>• Centrally located energy efficient premises</li></ul>
Social <b>S</b>	<ul style="list-style-type: none"><li>✓ Human rights</li><li>✓ Employee rights and social conditions</li></ul>	<ul style="list-style-type: none"><li>• We seek to know our suppliers and avoid using suppliers who do not satisfy the company's core values or ethical guidelines</li><li>• Support to a Norwegian voluntary organization working to reduce illiteracy and give Gambian children a better start in life</li><li>• Working Environment Committee which strives for a good working environment</li></ul>
Governance <b>G</b>	<ul style="list-style-type: none"><li>✓ Social responsibility</li><li>✓ Value creation</li></ul>	<ul style="list-style-type: none"><li>• Core values, corporate and ethical guidelines</li><li>• Anti-money laundering and corruption prevention</li><li>• Responsible investments</li></ul>



For more details: refer to Protector's 2019 annual report



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# Nordic

## Segments – Public & Commercial

2004



26%

2011



28%

2012



19%

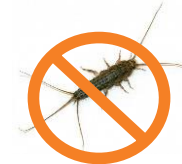
2016



5%



Exit COI 2020 (2025)



But we killed a bug

# Commercial sector

69 % of Nordic revenues

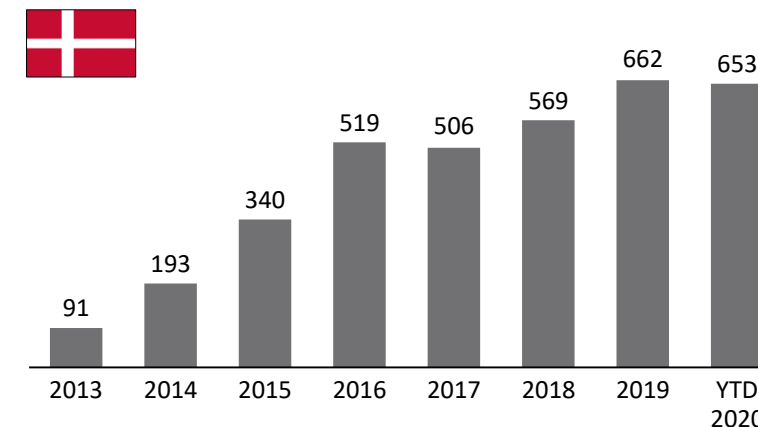
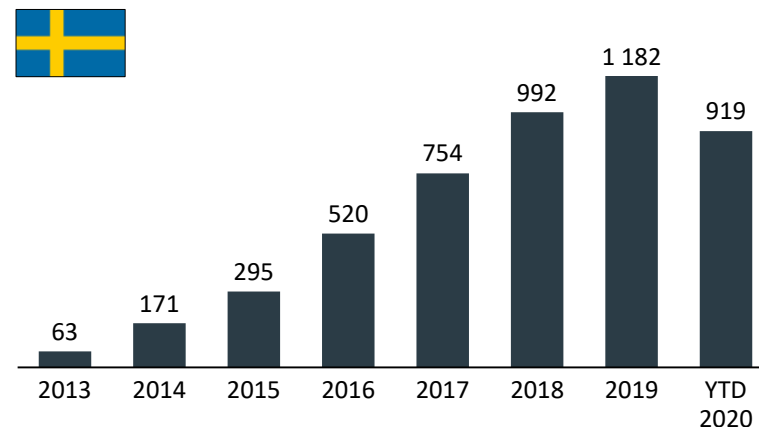
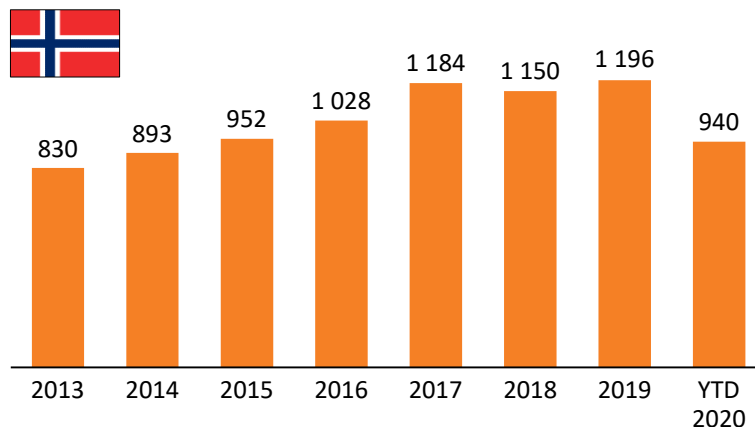
## Summary

- Corporate clients minimum size NOK 0.2m
- Standardized products; Workers Compensation, Group Life, Other Insurance, Accident, Health , Property, Motor, Liability & Cargo
- Similar underwriting process in all countries; securing efficiency and quality in decision-making
- Underwriters, risk-engineers, Key Account Managers and management present in underwriting meetings

## Market drivers

- Cost and quality leadership
- Protector's market appetite in Nordics is > NOK 15bn
- Market dominated by a few large players in each market with approximately 75% of the market

## Revenue development per country – GWP (MNOK)



# Public sector

31 % of Nordic revenues

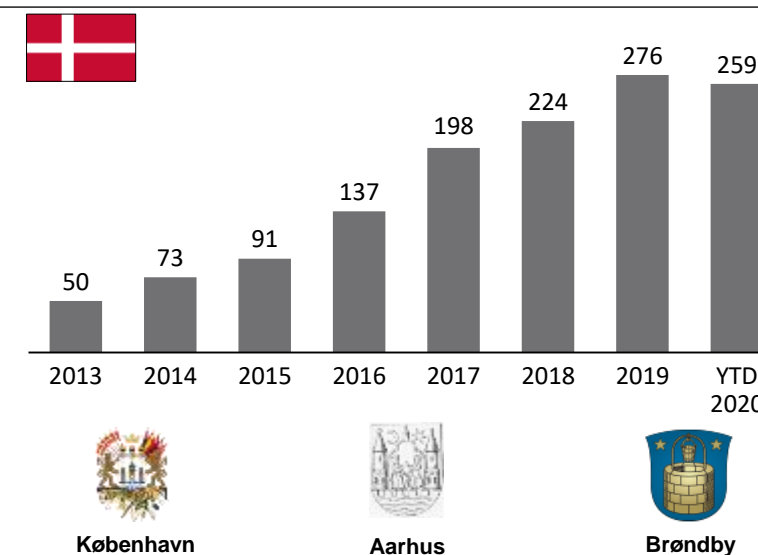
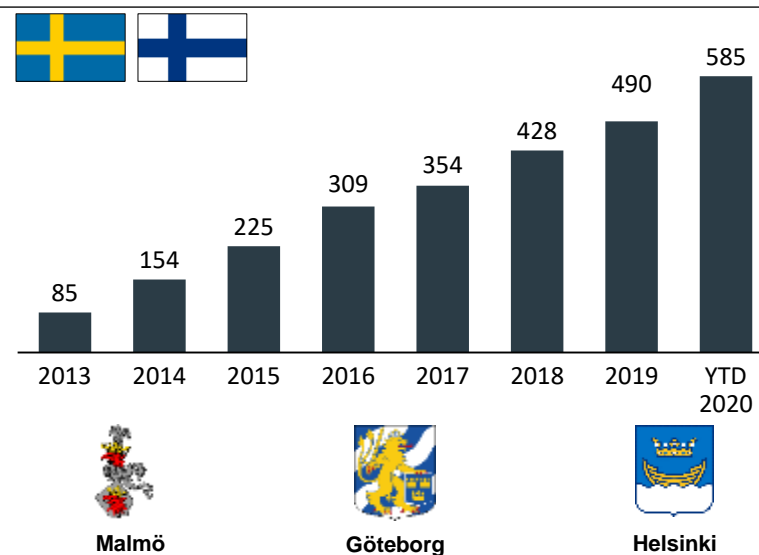
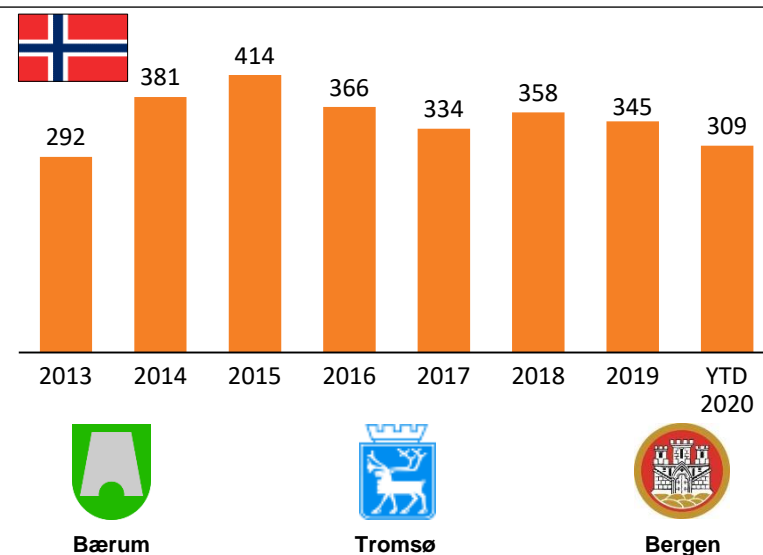
## Summary

- Protector is the market leader in the Nordics
- Insuring more than 600 municipalities
  - 280 Norwegian, 240 Swedish and 80 Danish clients
- Protector quotes all tenders and all product lines
- Underwriting in the Nordics centralized from Oslo
- Service and claims handling locally

## Market drivers

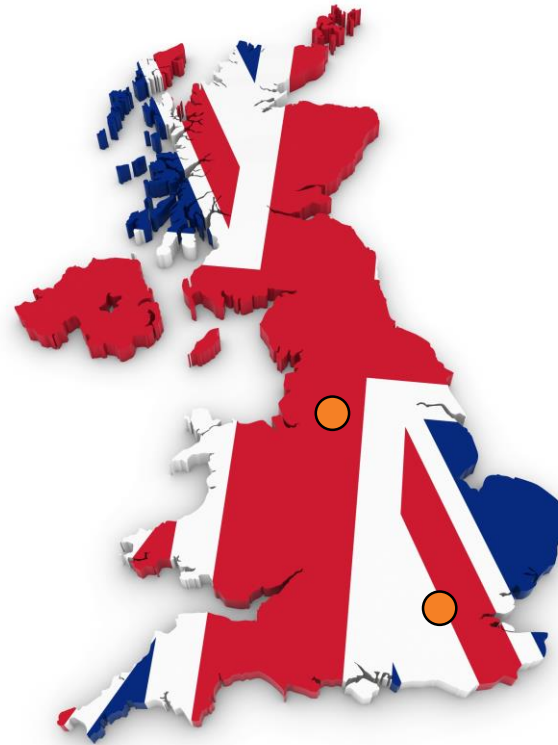
- Few players and tough market conditions
- Tender processes are governed by public procurement regulation
- Avg. tender evaluation criteria 30% quality and 70% price
- Nordic market appetite is more than NOK 2bn

## Revenue development per country – GWP (MNOK)



# UK

Entry decided in 2015



22%

# UK passed the first billion in written premium

## Disciplined growth in a very large market

- Established as a top 3 carrier in Public sector
- Selective growth in Housing sector
- Significant increase in opportunities, despite C-19, in Commercial sector



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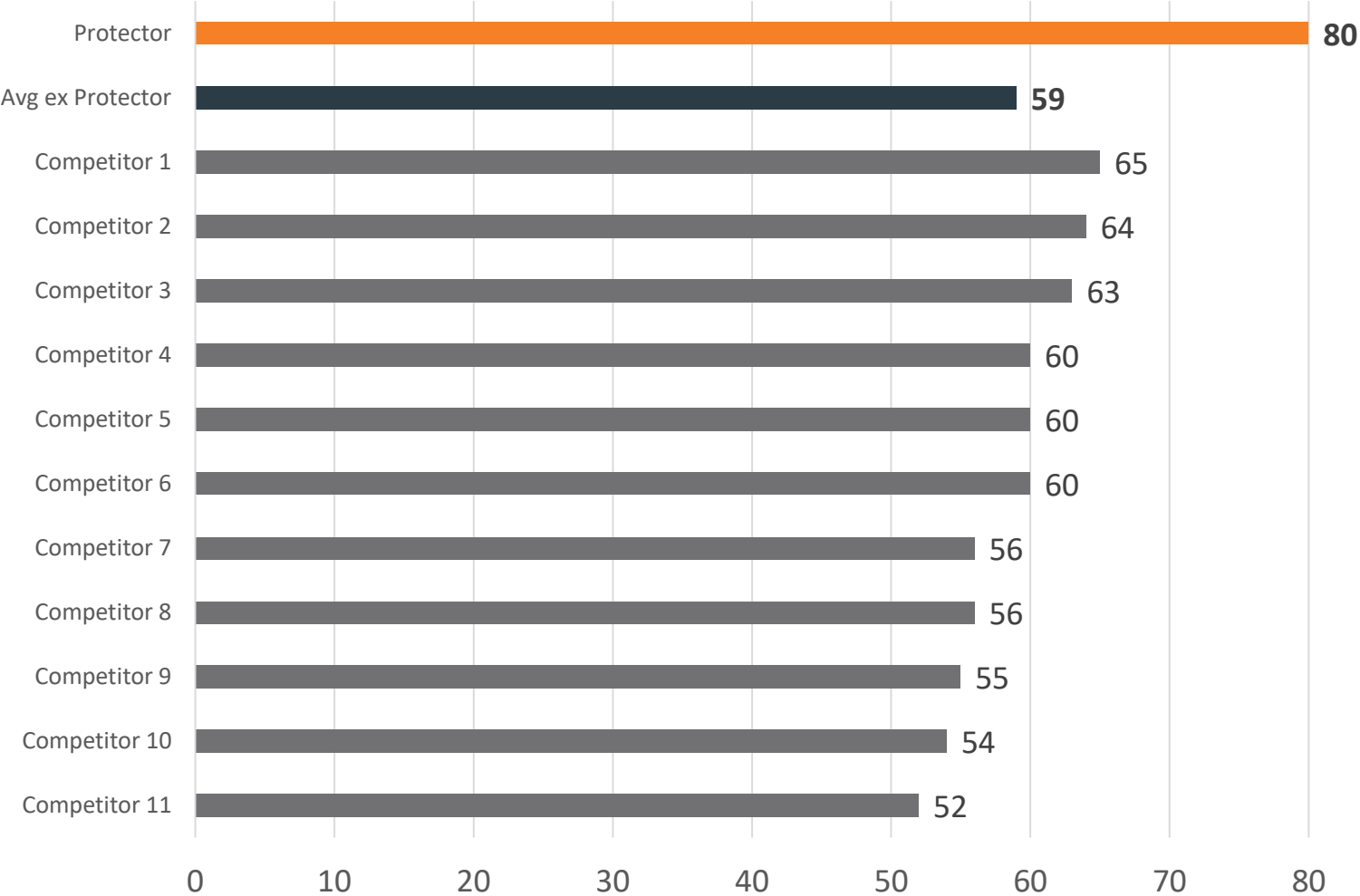




# The Quality Leader, three years in a row

Proud, but humble

BSI UK 2020 - Totality



- #1 on quality according to 120 respondents from broker partners
- 4th year running
- Feedback supported by Brokers' own surveys
- Measure, understand and improve

# 5 Years of Disciplined UW, 1 BNOK in Premium

We've come far, but have only started

Key figures	2016**	2017	2018	2019	2020*
<b>Gross Combined ratio</b>	<b>194,1 %</b>	<b>640,0 %</b>	<b>83,7 %</b>	<b>84,7 %</b>	<b>75,0 %</b>
- Gross claims ratio	41,2 %	618,0 %	66,8 %	73,1 %	62,2 %
- Gross expense ratio	153,0 %	22,1 %	16,9 %	11,7 %	12,8 %
<b>Net Combined ratio</b>	<b>-754,5 %</b>	<b>143,4 %</b>	<b>115,5 %</b>	<b>99,1 %</b>	<b>84,9 %</b>
- Net claims ratio	-78,9 %	130,7 %	102,4 %	86,4 %	71,3 %
- Net expense ratio	-675,6 %	12,7 %	13,1 %	12,7 %	13,6 %

\* YTD pr. Q3 2020

\*\* Negative net figures due to negative net earned premium. In 2016 the operating loss was NOK -19m

GWP in MNOK	2016	2017	2018	2019	2020*
Public	18	128	177	237	342
Housing	0	60	123	155	167
Commercial	7	65	204	461	543
<b>Protector UK</b>	<b>25</b>	<b>253</b>	<b>505</b>	<b>853</b>	<b>1 051</b>
- Property	16	108	192	313	522
- Motor	7	71	184	378	320
- Other (EL/PL)	2	74	129	162	209

\*YTD pr. Q3 2020

- Profitable year 4 and HTD
- Strong 2020 figures but large loss% some lower than normalized
- Huge market, continued disciplined growth



# Agenda

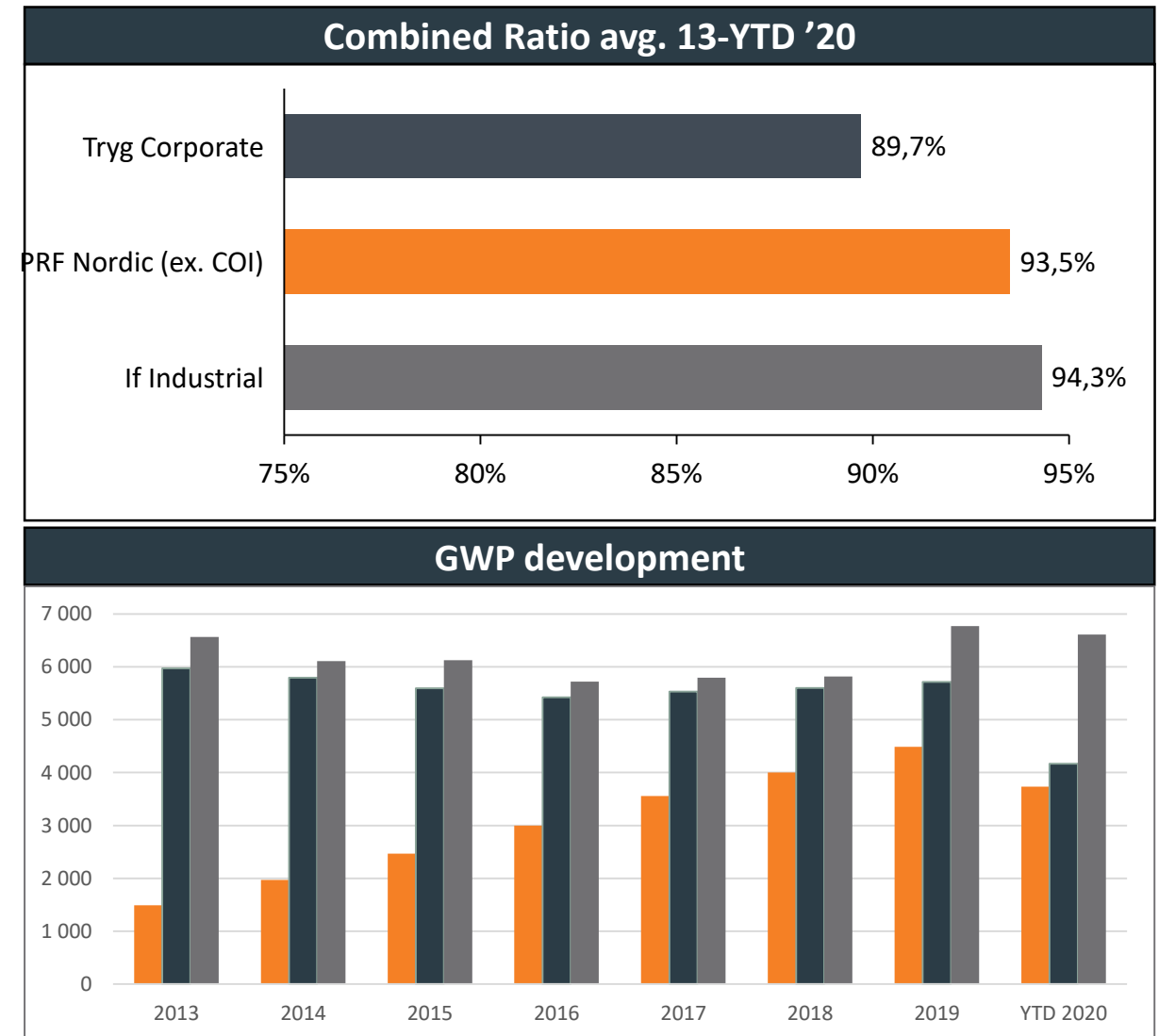
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# Protector Nordic vs If Industrial and Tryg Corporate

## Profitable growth at the expense of competitors'

- Protector vs. Peers
  - Same product mix
  - Same broker based sales channel
  - Same commission structure
  - Same average size of clients
- Profitable Nordic market
  - However with significant rate pressure 2013-17
  - Prices started to increase in 2018 and have continued in 2019 and 2020
- Protector with a competitive Combined ratio
  - Despite growing fast across borders

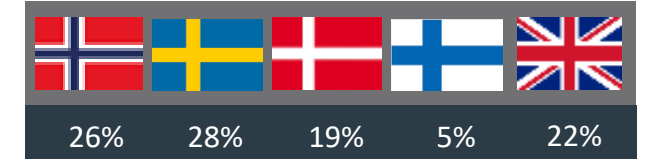


# Product mix development

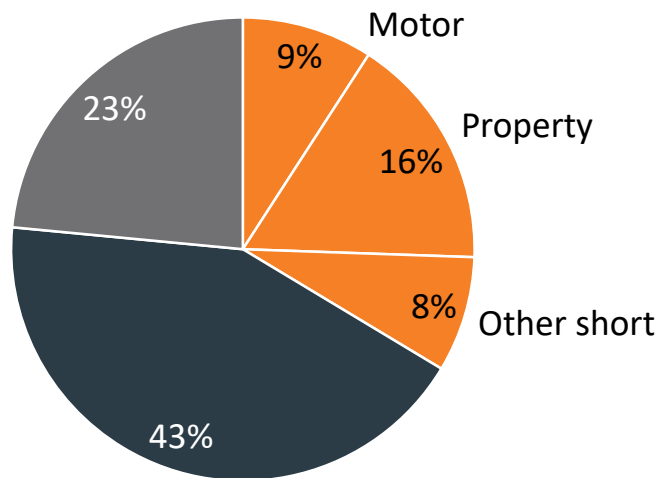
## Reduced risk profile and reduced capital consumption

- Short tail from **34%** in 2008 to **74%** now
- Geographical diversification increased further
- Motor increasing from 9% to 35%
- Avg. capital consumption per GWP at 32% in 2020, versus 46% in 2014

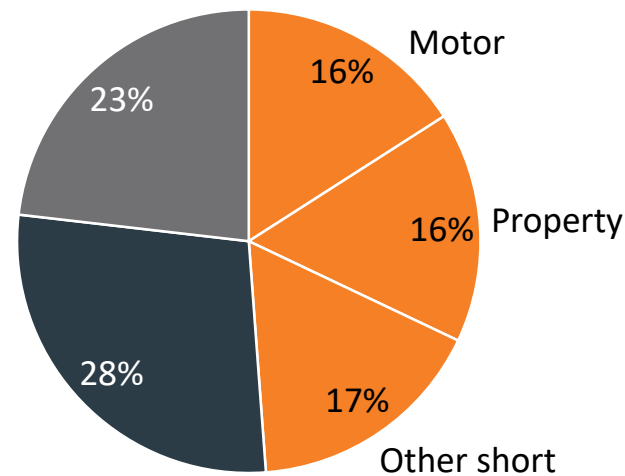
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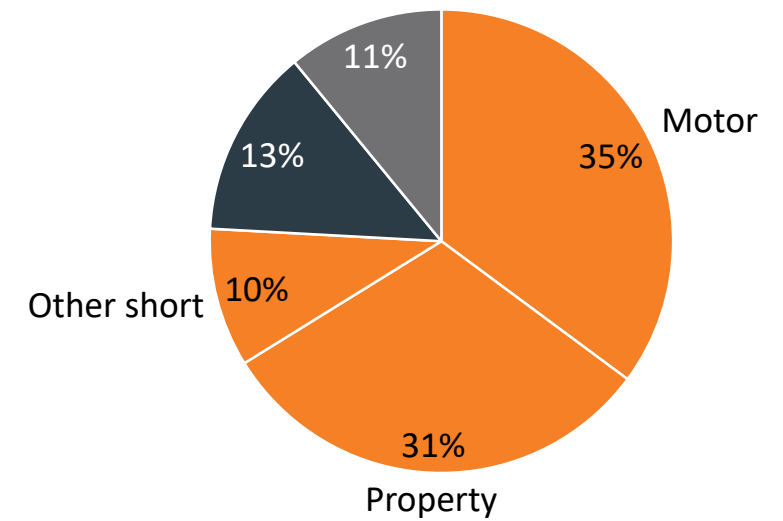
2008 – 100% in Norway



2014 - 72% in Norway



2020 – 26% in Norway



Short-tail (1 year)

Medium-tail (2-5 years)

Long-tail (>5 years)

# Reserve history

Prudent

- Protector does not expect run-off gains nor losses in our reserving
- Reserves are volatile in some products, but HTD Protector has run-off gains of  $\approx$  MNOK 425
  - Property & Motor Large gains
  - Workers Compensation Norway Some gains
  - Workers Compensation Denmark Some losses

## Reserve outlook next 10 years

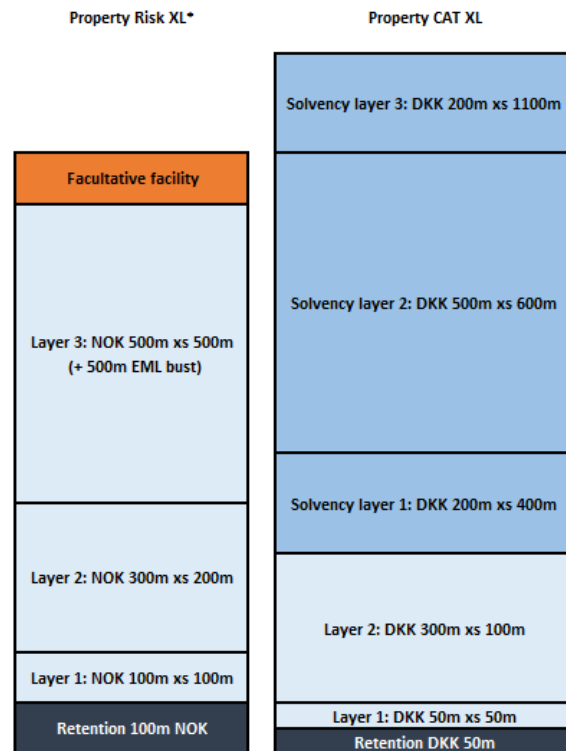
- Some volatility should be expected, especially on a quarterly basis
- UK disciplined growth with 80 % short tail and more reinsurance protection

# Protector Reinsurance Programs - 2020

Mostly XL programs – all with 01.01 renewal

- QS Change of ownership insurance and Whole Account QS in place (not illustrated).
- The facultative capacity on property is 1000m SEK/NOK/DKK xs 1000m SEK/NOK/DKK and 100m GBP/EUR xs 100m GBP/EUR
- The facultative capacity on UK liability is 25m GBP xs 25m GBP

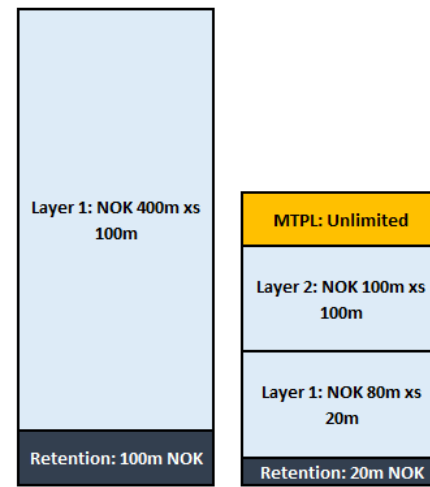
## Protector Property Programs



\* Program is written in local currencies (NOK/SEK/DKK and GBP/EUR)

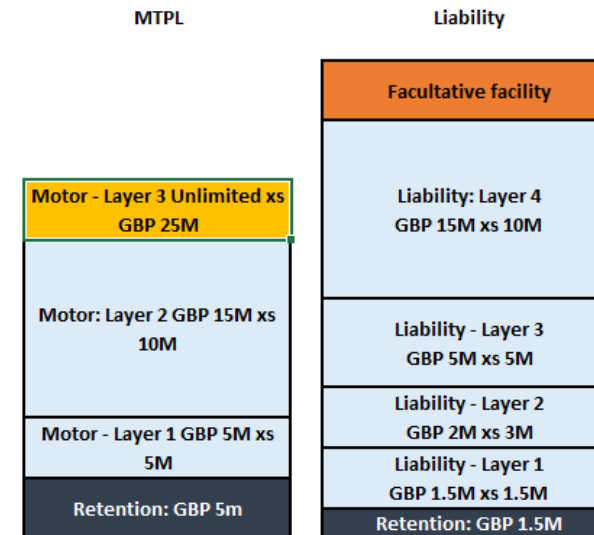
## Nordic XL Programs

Employee Benefits XL    Nordic Liability and MTPL XL\*

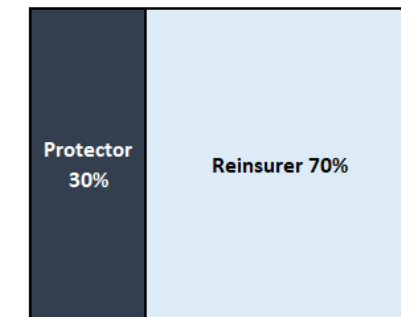


\* Program is written in local currencies (NOK/SEK/DKK and EUR)

## UK Motor and Liability XL



## Cyber Quota Share



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### 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

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The true secret is...  
...so simple, yet so difficult

«It all depends on me»

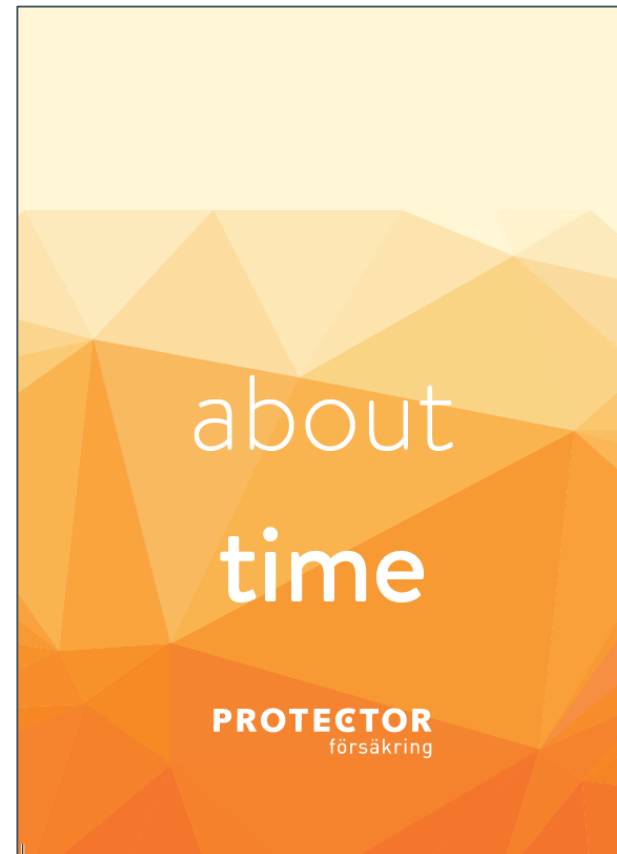




Never compromise on our DNA (TIME)

So much more than just a pretty book

**PROTECTOR**  
insurance



step forward and

lead by example

# Cultural development

Culture eats strategy for breakfast

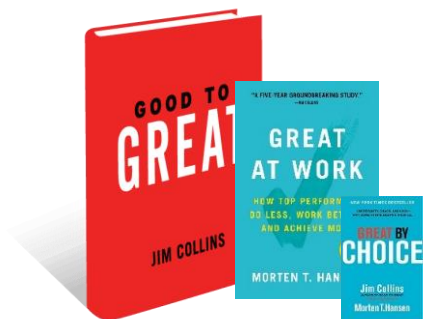


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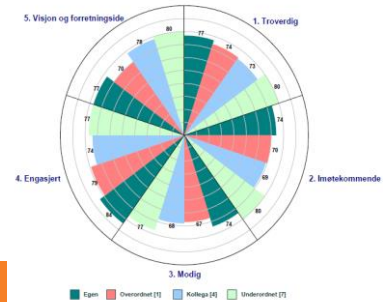
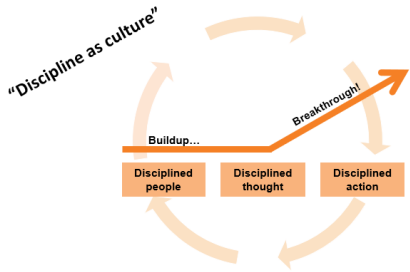
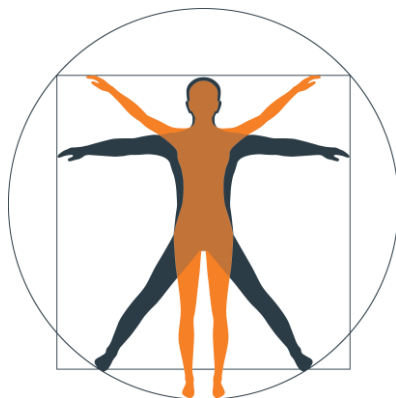
Values

Credible

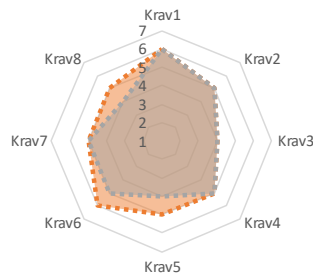
Innovative

Bold

Committed



Protector Profile



Scorecard-area 1	Målforankring	Scorecard-area 2
270/360	Miljø	STP + medarbeidersamtale
Scorecard-area 3	Personal idé	Scorecard-area 4



Medarb Qx 1x Leder Qx 1x

# Value creation in the long run

## Building on a strong foundation

- Growing from 0 to BNOK 5.5 in premiums and building a significant investment portfolio
- World leading cost %
- Quality leader in Scandinavia & UK
- Sweden biggest country
- UK running very well – exceeding 1 bn in GWP
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- HTD Investment return among the best within Nordic insurance
  - COVID Financial Crisis demonstrated our investment capabilities
- HTD Average ROE 16 %

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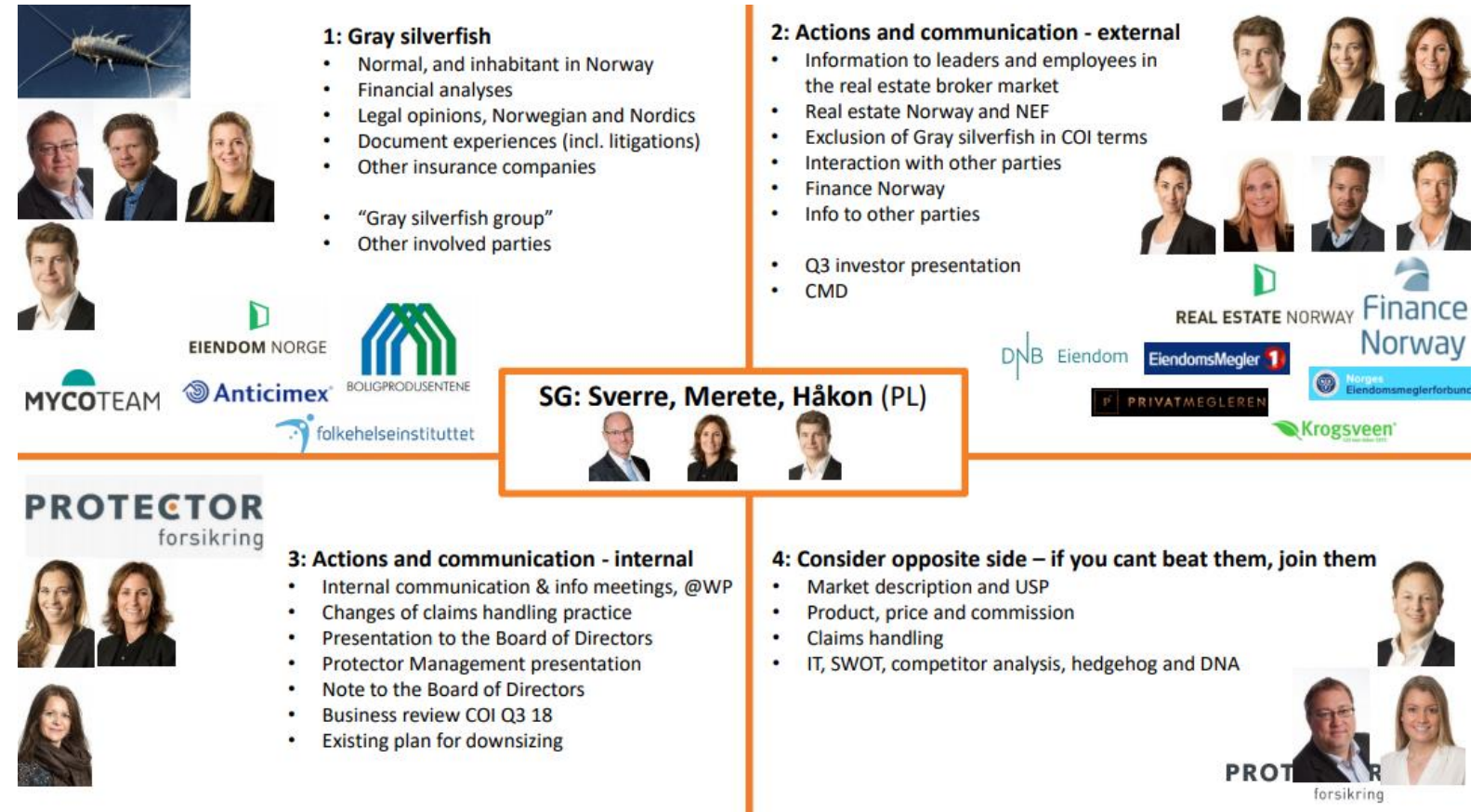
# Handling Gray Silverfish (Skjeggkre)

## Market exit – limited risk on reserves

- Exponential growth in claims during 2018
- Swiftly responded with task force including
  - Mapping and continuing risk evaluation
  - Communication; internal and external
- Exclusion of Gray silverfish in terms and conditions
- Won appeal court case in April 2019
- QS Darag 50% of COI business until 1.7.2020



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## A human tragedy



- **Property claim settlement finalized Aug 2018**
- Protector has published a 40-page Risk Management report
  - Focus on the Grenfell Tower and learning experience from the London-fire
  - The report is published on our website
- Arbitration loss (property claim) and arbitration aftermath, Summer 2019
  - 85% of the arbitration loss covered
- Ok final solution on an almost 2 year process
  - But releasing key resources for the right focus
- **Remaining liability claim will be 100% covered by reinsurance panel**





**Kennedy's**  
Legal advice in black and white

**dwf**  
Dewey, White & Flaherty LLP

### Claims handling

- Manage claim and client
- Keep legal cost at low level
- Process is key
- Align with reinsurance
- Proactive and professional communication
- Full property settlement 17.8.18
- Liability will take many years

### Protector's 4 Grenfell Tower Projects aims to

Ensure correct settlements to BSRs and Clients on valid claims

Minimize the expenditure on legal costs

Learn for the future – Use Risk Management to mitigate future events

### Media/Communication


- Reactive and open
  - On the spot and credible
- No media advisor
  - All requests handled internally
- Brokers, Reinsurance companies and "insurance industry" updated
- Potential Defendants




**Risk Management/ UW**

- RBKC still our client
- UW well done
- Lessons learned re Tower Blocks
- Post GT RM report released

**Inspection examples**





**World leading reinsurance partners**

Property Reinsurance & Casualty Reinsurance  
...In total 11 Reinsurance partners

# Covid-19

## Neutral expected impact on Combined Ratio longer term

Line of business	Potential directly related Claims				Indirect impact
<i>Descending premium</i>	NO	SE (incl. FI)	DK	UK	
Motor					
Property					
WC / EL					
Other products					
Liability					
Group life (NO)					
Other Illness (NO)					
Total					

Illustration of our internal summarized follow-up structure on COVID-19 exposure per country and line of business.

### Motor – Reduced utilisation

- Reduced claims frequency
  - Most present in Norway, UK, Denmark and Finland
  - Some effect in Q2, no effect in Q3.
  - Societies closing down again in Q4
- Some accumulation risk (parked vehicles)

### Business Interruption

- Epidemics cover not standard in Norway, Denmark, UK or Finland
- More normal in Sweden, but pandemics or any of the current legislative measures are not covered
- Some exposure in the UK
  - Case-based reserves posted in Q3

### Accident, Fatalities & Disabilities

- New legislations passed in NO; COVID-19 included as occupational illness / injury
  - Untested ground, authorities to be involved
  - Current legislation make it inexpedient to insure healthcare workers
- Disability rate (Norway) often increase in times of unemployment
- Reduced accident frequency

### • Organizational impacts

- Following advice and restrictions from government – secure health and safety for all employees and families.
- Meeting the challenge as “One Team” – get through the crisis as a stronger company
- Align processes across BU’s with consistent communication to brokers and clients

### • Investments

- Exceptional preparations by internal investment team – 4,3% return YTD
  - Bonds: Increased high yield share of investment portfolio when crisis emerged
  - Equites: No travel, no oil or oil service companies in portfolio.

# Some Nordic profitability issues 2018/2019

## Margin Management and TaskForce activities implemented

### Reason for poor profitability

Significant rate pressure in the Nordics 2013-2017 & underestimated claims inflation

Poor UW discipline in some markets/segments

New COI legislation in Norway underway

### Actions taken

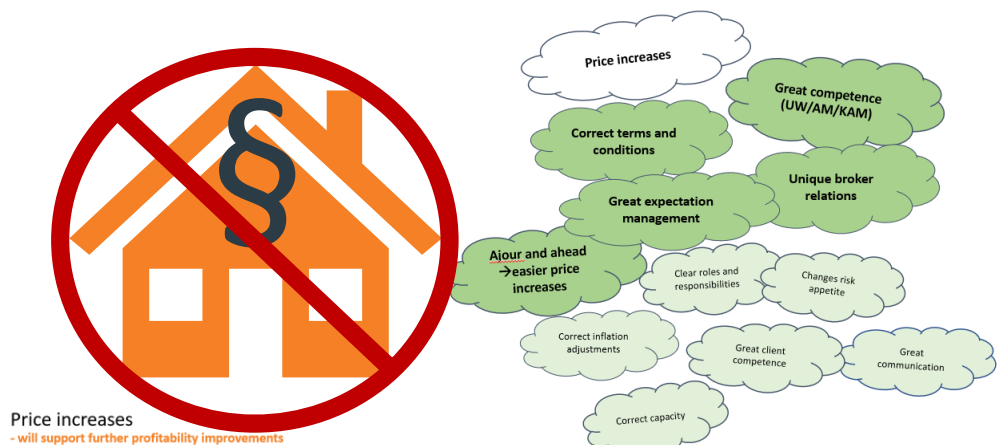
#### Margin Management:





Significant price increases throughout 2019 and 2020 (14 % YTD 2020). 2021 price increases > claims inflation.

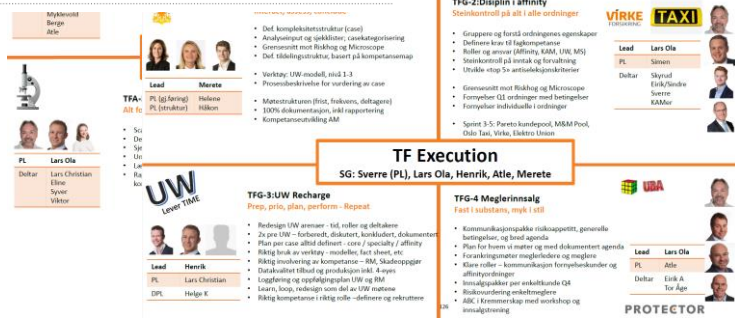
#### TaskForce:

- Clean-up of portfolios
- Process- and competence development

Sell off half the reserves and exit



		2019	H1 2020
	Significant price increases driving growth. Other illness, Group Life and Motor – general uplift	= 11.4%	= 14.1%
	Most significant price increases on Property.	= 8.1%	= 12.1%
	Most significant price increases on Workmen's Compensation and Motor.	= 13.1%	= 12.7%
	Most significant price increases on Motor and Property, especially in the Commercial segment	= 7.4%	= 21.3%
PROTECTOR	Strong increases continued in Q1. However, client churn too high April and Q2 price increases expected higher than Q1 Double digit price increases in H2	= 10.5%	= 13.5%





# Protector Combined Ratio

Back on track with acceptable profitability YTD, net CR of 94.5% – in line with long term target

## Quarter 3

MNOK	Norway		Sweden		Denmark		UK		Finland		Protector	
	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019
Gross premium written	162	307	207	170	58	67	238	178	7	11	671	732
Gross premium earned	345	412	400	381	246	239	298	189	51	70	1 340	1 291
Net premium earned	314	360	349	348	216	206	224	135	45	63	1 147	1 112
Gross combined ratio	84,8 %	101,5 %	89,1 %	99,2 %	120,8 %	87,7 %	77,5 %	76,3 %	71,1 %	114,9 %	90,5 %	95,3 %
Net claims ratio	71,8 %	96,2 %	80,2 %	84,6 %	116,6 %	85,7 %	73,9 %	35,1 %	67,8 %	111,8 %	83,0 %	84,1 %
Net cost ratio	8,0 %	5,5 %	11,8 %	11,2 %	8,5 %	4,1 %	14,7 %	9,0 %	3,5 %	6,7 %	10,4 %	7,5 %
<b>Net combined ratio</b>	<b>79,7 %</b>	<b>101,7 %</b>	<b>91,9 %</b>	<b>95,8 %</b>	<b>125,1 %</b>	<b>89,8 %</b>	<b>88,6 %</b>	<b>44,0 %</b>	<b>71,3 %</b>	<b>118,4 %</b>	<b>93,4 %</b>	91,6 %

- Large losses higher than normal in Q3, and slightly higher than normal YTD (9.8% vs. 8%)
- Some reserve losses in Q3 (3.5%) and YTD (1.6%)

## Year to date

MNOK	Norway		Sweden		Denmark		UK		Finland		Protector	
	YTD 2020	YTD 2019	YTD 2020	YTD 2019	YTD 2020	YTD 2019	YTD 2020	YTD 2019	YTD 2020	YTD 2019	YTD 2020	YTD 2019
Gross premium written	1 249	1 444	1 358	1 358	913	868	1 051	664	217	216	4 787	4 552
Gross premium earned	1 085	1 193	1 194	1 101	731	674	805	521	160	190	3 975	3 680
Net premium earned	973	1 022	1 045	917	640	572	625	334	143	169	3 425	3 015
Gross combined ratio	91,7 %	94,8 %	94,6 %	105,5 %	112,4 %	103,0 %	75,0 %	83,0 %	67,3 %	119,5 %	92,0 %	99,1 %
Net claims ratio	82,8 %	93,6 %	82,9 %	87,3 %	109,0 %	99,6 %	71,3 %	89,3 %	63,9 %	115,1 %	84,8 %	93,5 %
Net cost ratio	6,6 %	4,8 %	12,0 %	10,6 %	8,5 %	5,0 %	13,6 %	12,0 %	2,2 %	7,2 %	9,7 %	7,5 %
<b>Net combined ratio</b>	<b>89,4 %</b>	<b>98,3 %</b>	<b>94,9 %</b>	<b>97,9 %</b>	<b>117,5 %</b>	<b>104,6 %</b>	<b>84,9 %</b>	<b>101,3 %</b>	<b>66,1 %</b>	<b>122,3 %</b>	<b>94,5 %</b>	101,1 %

# Agenda

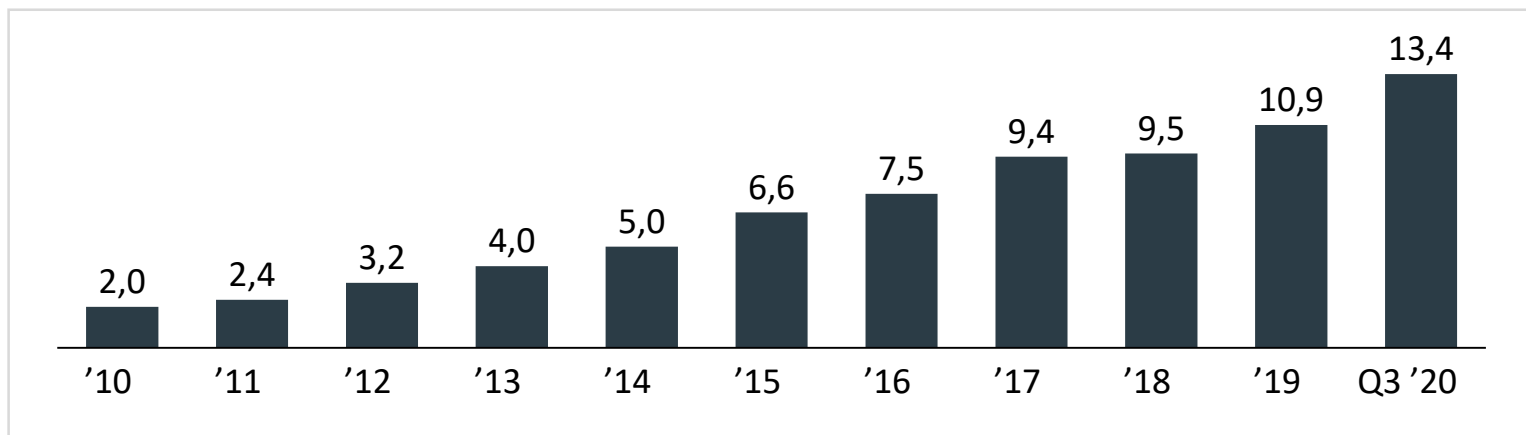
- 1 Introduction
- 2 Business segments and customers
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- 6 Investments**
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- 8 Summary



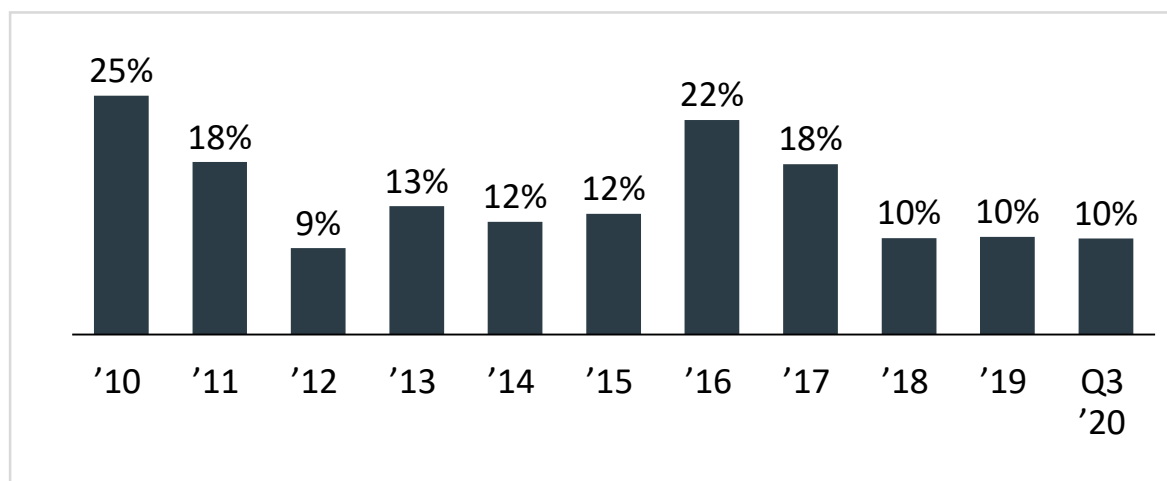
# Investments

Priority #1 is to never allow any risk for solvency issues or fire sale

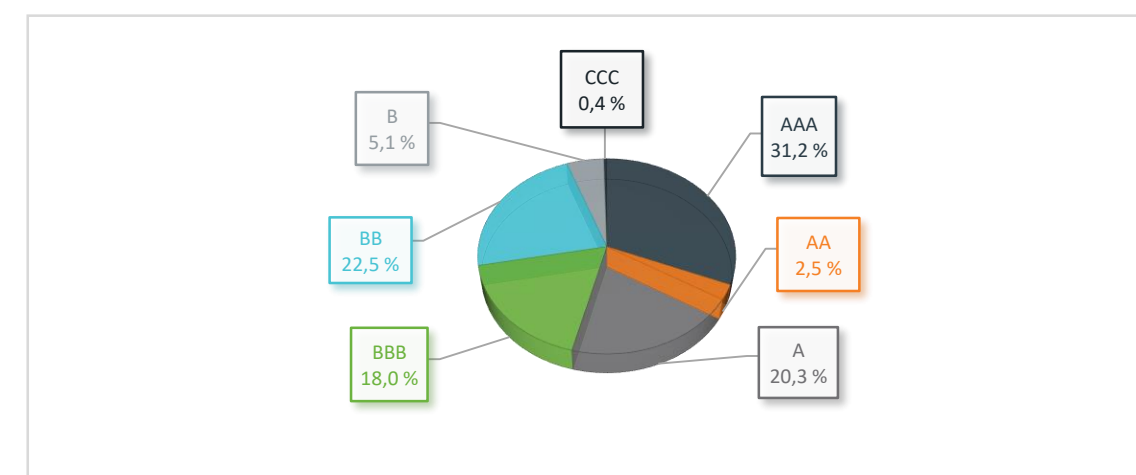
Investment portfolio (BNOK)



Equity share



Rating composition bond portfolio Q3 2020<sup>1</sup>



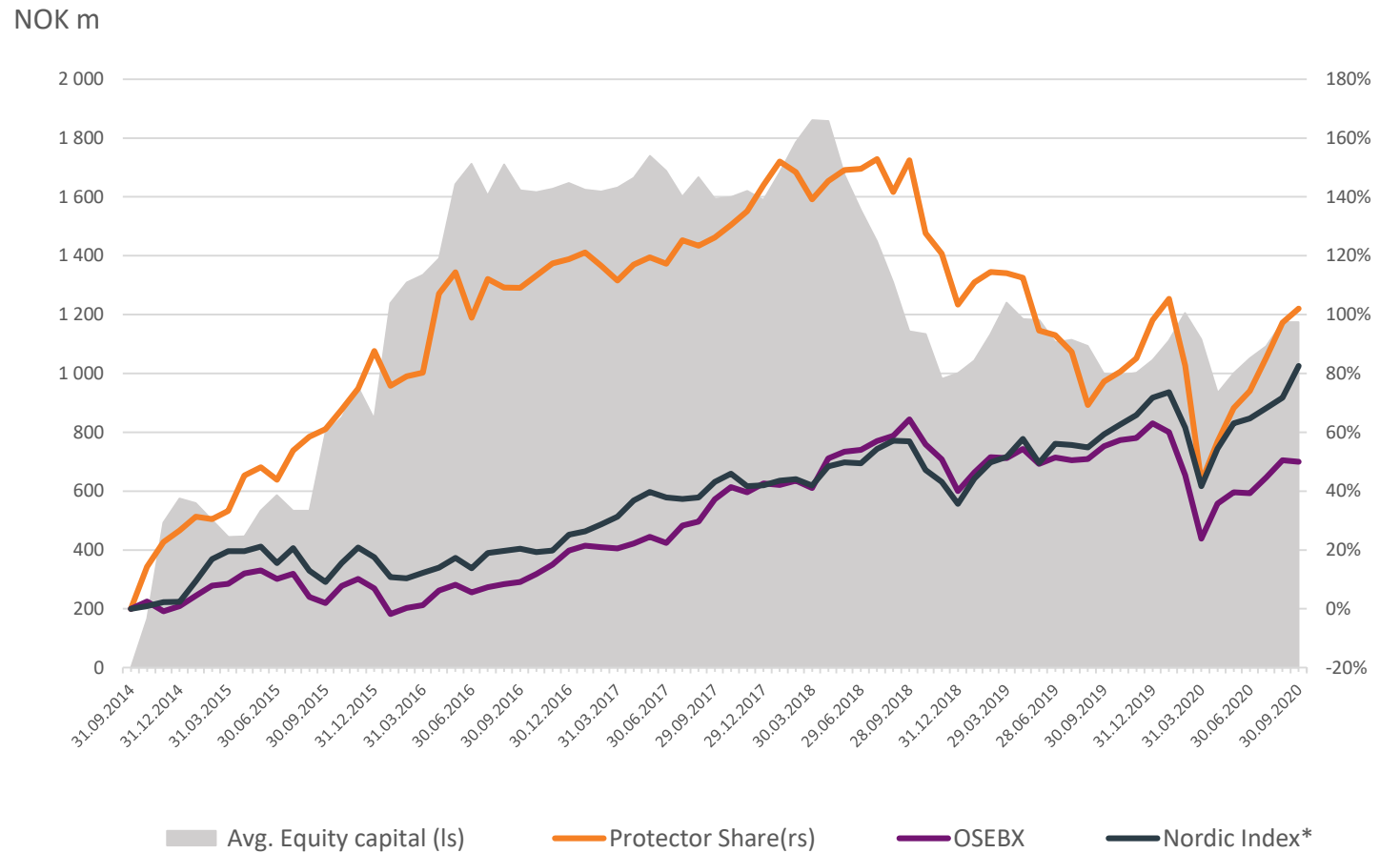
<sup>1</sup> >60% official rating and <40% 'Protector rating'

# Equity portfolio statistics

Strong results historically. Volatility outside of benchmarks to be expected

- Equity share at 9.8% at end of Q320
- Discount to estimated intrinsic value 42%
  - Intrinsic value upward adjusted with 5%-points following Q2 reporting
- Currently 17 companies in the portfolio
  - No travel-, oil- or oil service companies

Cumulative TWR in % – Equity portfolio vs. benchmarks (08.10.2014 – 30.09.2020)



\*40% Stockholm, 20% Copenhagen, Helsinki and Oslo

# Bond portfolio statistics

Avg. IG-rated portfolio with >50% in covered and senior bank bonds

- Bond portfolio Q1-Q3 2020 returning **4.3%**, or MNOK 478
  - Supported by well managed covid-19 crisis
- Yield of 2.1% before cost of risk by Q320
- HY portfolio totalling BNOK 3.6
- Very limited losses last 5yrs

- Linear and WARF-score avg. Investment Grade rating
- More than 50% of portfolio is Norwegian covered bonds, municipalities and senior bank
- Oil & gas (incl. oil service) + retail is less than 1% of portfolio

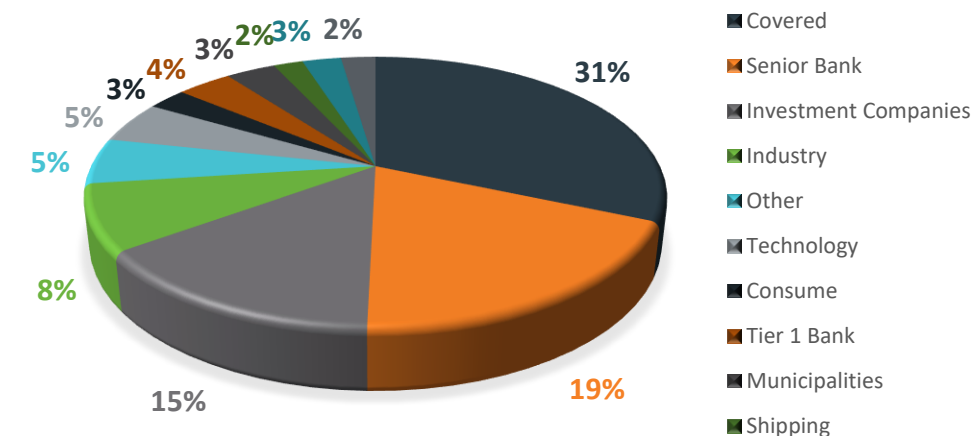
Portfolio data	30.06.20	30.09.20
Size bond & cash eq. (MNOK) <sup>1</sup>	11 857	11 788
Avg. ref. rate (NIBOR, STIBOR, etc.)	0.2%	0.1%
Avg. spread/risk premium (bps)	235	205
Yield	2.5%	2.1%
Duration	0.4	0.3
Credit duration <sup>2</sup>	1.9	1.6
Avg. rating <sup>3</sup>	A	A

<sup>1</sup> Size excludes forward foreign currency contracts

<sup>2</sup> Avg. includes bank deposits

<sup>3</sup> Avg. based on official rating (>60%) and 'Protector rating' (<40%) & is based on linear rating (as usual). WARF methodology would give a somewhat lower rating.

## Sector composition<sup>1</sup>

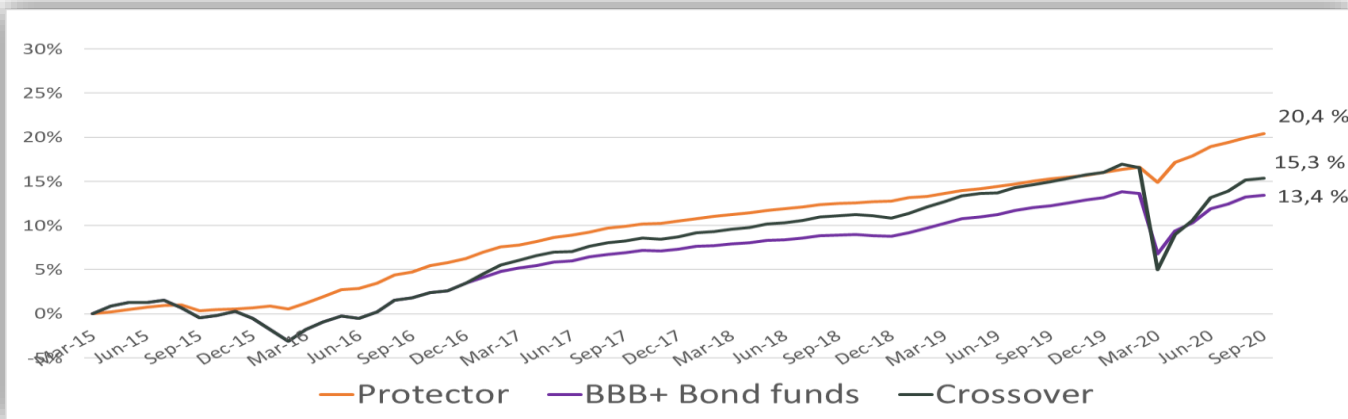


<sup>1</sup> Excluding bond funds

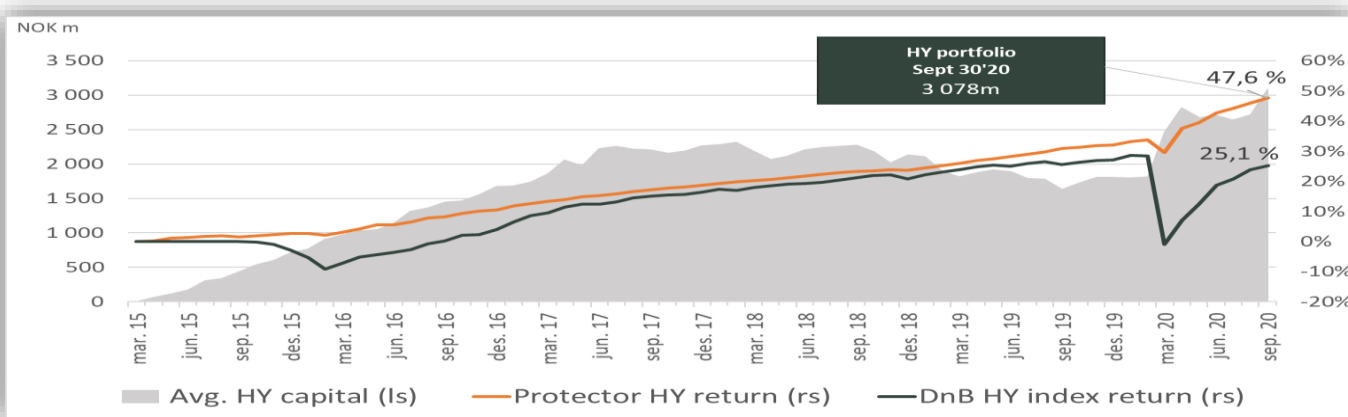
# Fixed income investments in Protector vs. «peers»

Strong performance with low risk and capital consumption

Protector bond port. return (ex bond funds) vs. benchmarks<sup>1,2</sup> – March '15 to Sept '20



Protector HY portfolio return (ex bond funds) vs. DNB HY Index – March '15 to Sept '20



- Return must be evaluated over a credit cycle
- Historically performed well during volatile periods
  - Q1 2016
  - Q1 2020
- Very limited losses last 5yrs
- Investment in risk assets only when meeting our hurdle rate

**Discipline of lower risk allocation and severe stress testing paying off**

<sup>1</sup> Crossover fund benchmark consist of: Storebrand Rente +, Arctic Return Class I, Carnegie Corp. Bond, Handelsbanken Høyrente, Holberg Kreditt, Pareto Høyrente, Alfred Berg Income, Eika Kreditt, Landkreditt Høyrente

<sup>2</sup> BBB+ rating benchmark consist of: Storebrand Rente +, Arctic Return Class I, Carnegie Corp. Bond, Handelsbanken Høyrente, Pareto Høyrente, Alfred Berg Income, Nordea OMF likviditet

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# Profit & loss Q1-Q3 2020

Profit for the period MNOK 539

in MNOK	Q1-Q3 2020	Q1-Q3 2019	FY '19
Gross premiums written	4 787,4	4 551,6	5 100,5
Gross premiums earned	3 975,1	3 680,2	4 995,8
Gross claims incurred	(3 269,3)	(3 360,8)	(4 723,9)
Earned premiums, net of reinsurance	3 424,5	3 014,6	4 147,5
Other insurance related income	12,1	8,6	10,5
Claims incurred, net of reinsurance	(2 905,0)	(2 819,4)	(3 949,1)
Sales cost	(238,0)	(168,2)	(233,5)
Administration cost	(150,3)	(118,9)	(179,9)
Commission from reinsurer	55,4	59,5	57,2
Other insurance related expenses	6,4	(10,1)	(5,2)
<b>Technical result</b>	<b>193,0</b>	<b>(42,5)</b>	<b>(163,0)</b>
Other income/costs	(47,8)	(42,1)	(50,3)
Net financial income	451,6	34,1	141,4
<b>Profit before tax</b>	<b>596,9</b>	<b>(50,4)</b>	<b>(71,9)</b>
Tax	(123,7)	(33,6)	(4,1)
<b>Discontinued operations</b>	<b>63,4</b>	<b>42,5</b>	<b>71,5</b>
Net comprehensive income	2,8	(0,6)	(0,3)
<b>Profit for the period</b>	<b>539,3</b>	<b>(42,1)</b>	<b>(4,9)</b>
Claims ratio, net of ceded business	(1) 84,8 %	93,5 %	95,2 %
Expense ratio, net of ceded business	(2) 9,7 %	7,5 %	8,6 %
<b>Combined ratio, net of ceded business</b>	<b>(3) 94,5 %</b>	<b>101,1 %</b>	<b>103,8 %</b>
Gross claims ratio	(4) 82,2 %	91,3 %	94,6 %
Gross expense ratio	(5) 9,8 %	7,8 %	8,3 %
<b>Gross combined ratio</b>	<b>(6) 92,0 %</b>	<b>99,1 %</b>	<b>102,8 %</b>
Retention rate	(7) 86,1 %	81,9 %	83,0 %
Earnings per share	(8) 6,6	(0,51)	(0,1)

Earned premium effect from previous price increases

Relatively more volume from markets with higher broker/agent costs

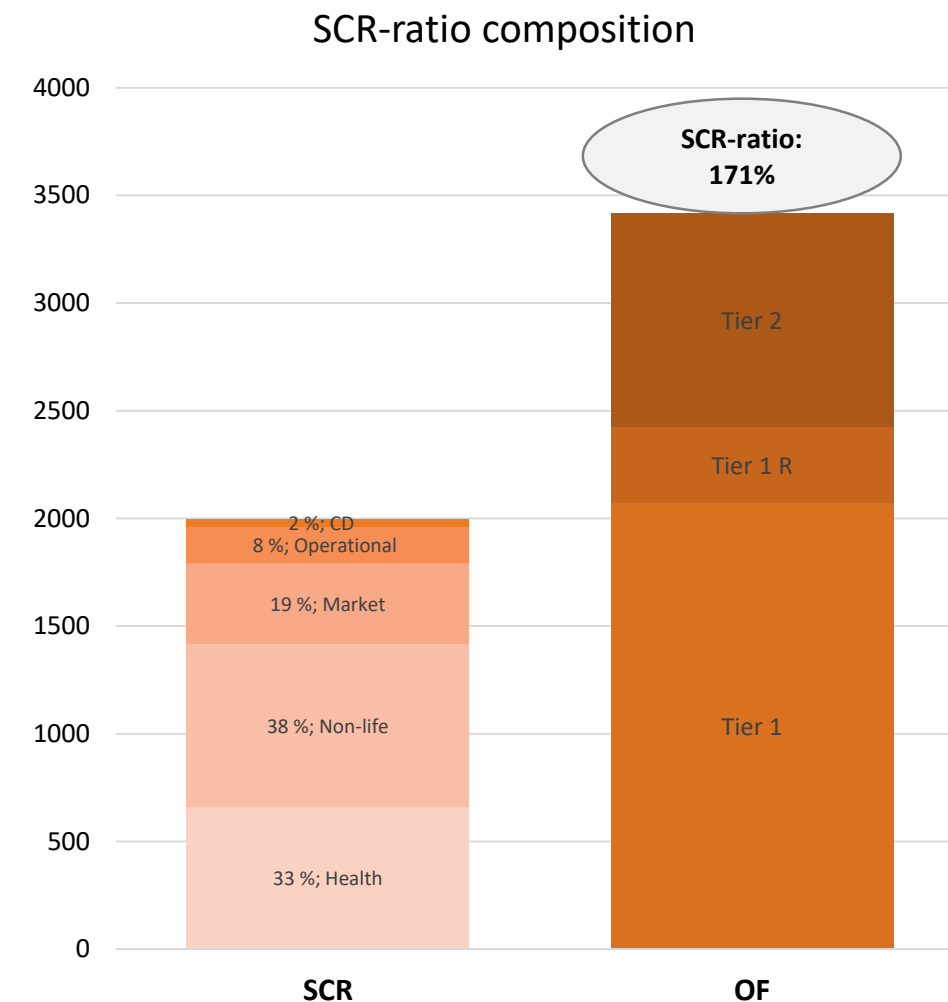
Here of MNOK 69.4 in net financial income

# Balance sheet per Q3 2020

SCR-ratio at 171%

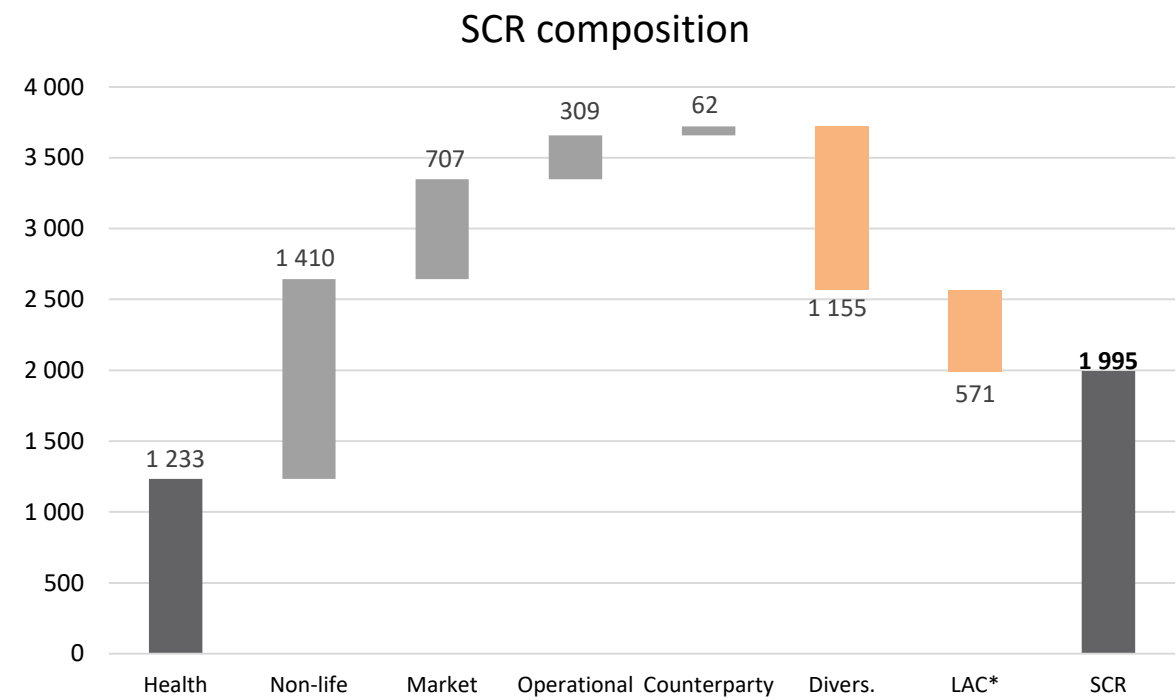
In millions	30.09.2020	30.09.2019	31.12.2019
Owner-occupied property	0.0	13.0	12.8
Financial assets	11,757.0	9,318.4	9,219.8
Derivatives	99.3	21.2	32.6
Bank deposits	65.5	103.5	343.3
Other assets	2,679.3	2,812.8	2,705.2
Discontinued operations	2,132.2	2,660.9	2,428.5
<b>Total assets</b>	<b>16,733.4</b>	<b>14,929.8</b>	<b>14,742.2</b>
Total equity	2,574.6	1,978.5	2,019.3
Subordinated loan capital	1,243.3	1,243.3	1,243.3
Total reserves	10,052.7	8,696.2	8,339.2
Derivatives	47.6	19.8	45.5
Other liabilities	1,554.6	1,417.4	1,542.6
Discontinued operations	1,260.6	1,574.6	1,552.2
<b>Total equity and liabilities</b>	<b>16,733.4</b>	<b>14,929.8</b>	<b>14,742.2</b>

- SCR-ratio at 171%
  - And even stronger per 1.12.2020 (>180%) due to high investment income Quarter to date
- Good investment result
- Technical results improving
- Options and Solvency-based reinsurance agreement protecting downside



## Composition of SCR:

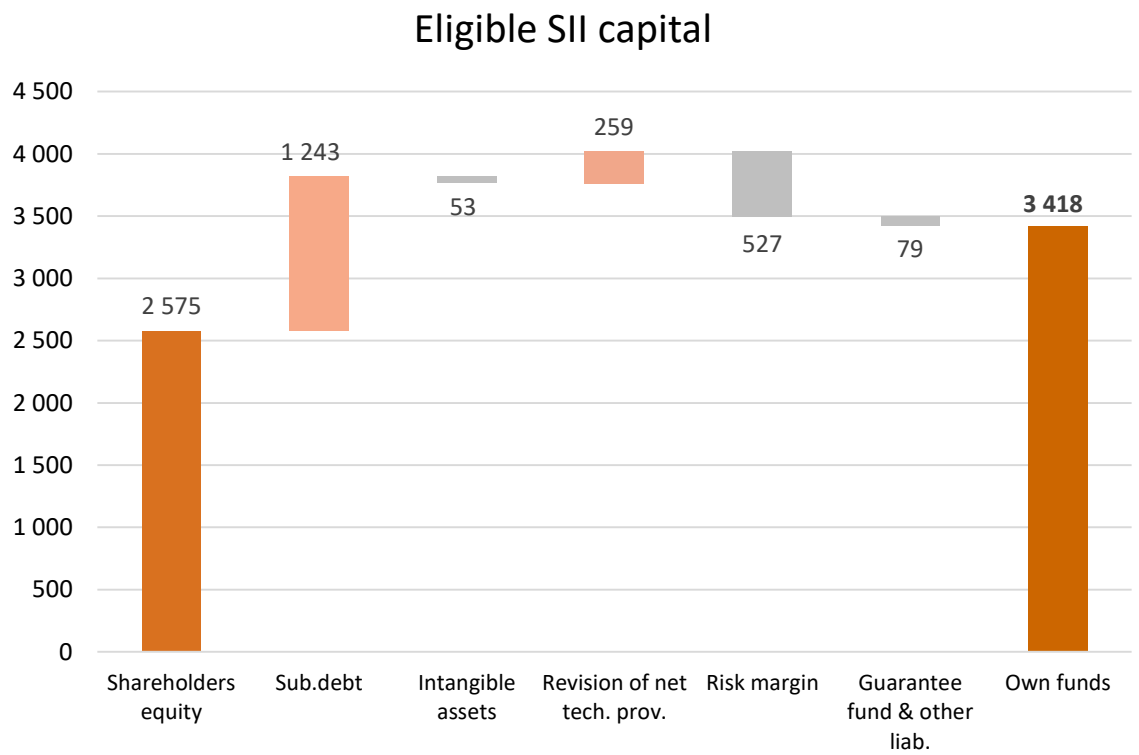
- Net insurance risk 71%
- Net market risk 19%
- Other risks 10%



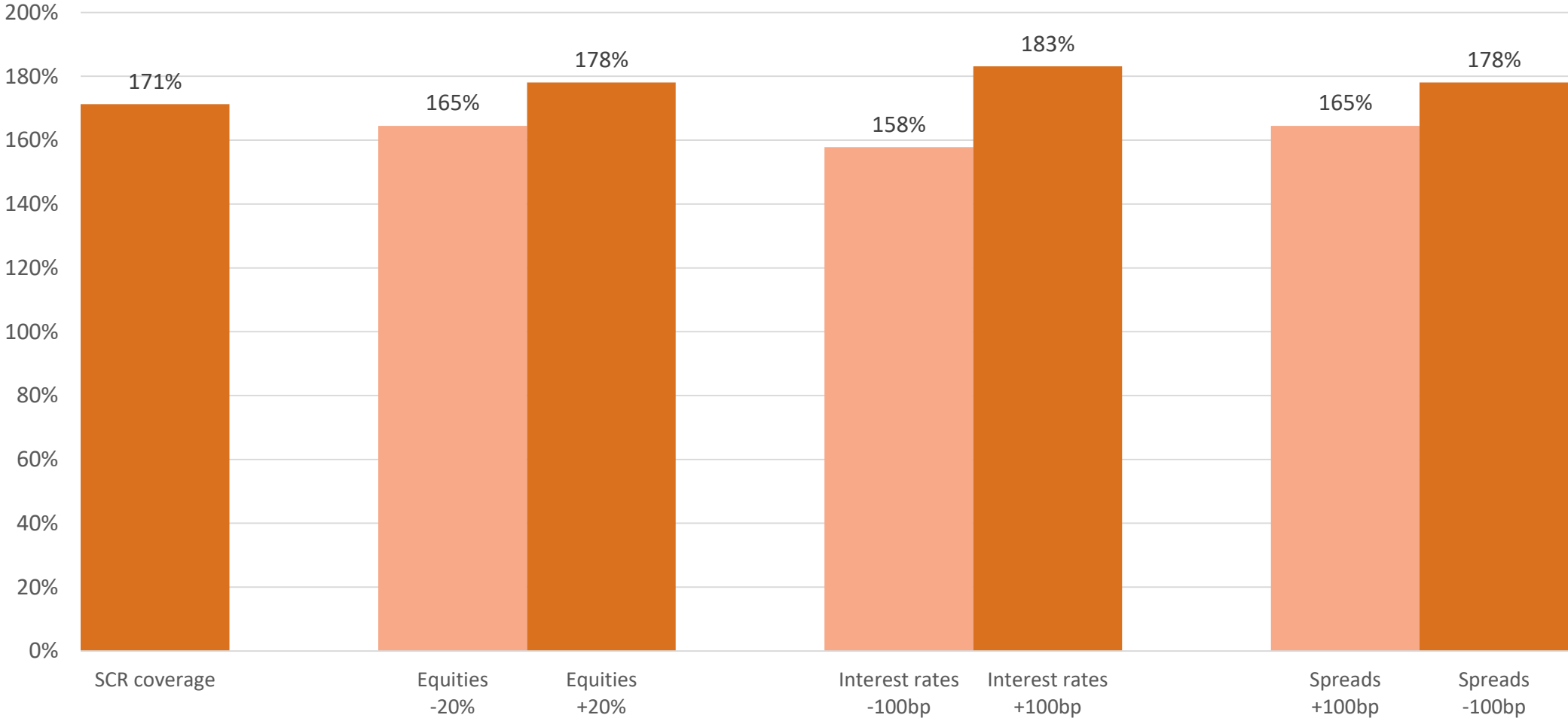
\* LAC: Loss Absorbing Capacity of Deferred Taxes

## Eligible SII capital:

- No dividend
- Guarantee provision subtracted from own funds



Solvency II sensitivities



# AM Best rating update

**BBB+ rating maintained April 30<sup>th</sup> 2020**

**PROTECTOR**  
insurance

## BBB+ rating revised from stable to negative outlook

AM Best has revised the outlook for Protector Forsikring's Long-Term Issuer Credit Rating (Long Term ICR) of BBB+ from stable to negative. The negative outlook on the Long-Term ICR reflects according to AM Best the deteriorating trend in risk-adjusted capitalisation seen over recent years and the potential for further decline in 2020 due to financial markets volatility. The outlook on the Financial Strength Rating (FSR) is stable.

For more information please see:

<http://ratings.ambest.com/SearchResults.aspx?AltSrc=9> (enter Protector in the search field)

Oslo, April 30th 2020  
Protector Forsikring ASA



- Covid-19 financial crisis; Q1-result NOK -385 mill., SCR-ratio 142%

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# Value creation in the long run

## Building on a strong foundation

- Growing from 0 to BNOK 5.5 in premiums and building a significant investment portfolio
- World leading cost %
- Quality leader in Scandinavia & UK
- Sweden biggest country
- UK running very well – exceeding 1 bn in GWP
- HTD Combined ratio 95 %
- HTD Investment return among the best within Nordic insurance
  - COVID Financial Crisis demonstrated our investment capabilities
- HTD Average ROE 16 %

**PROTECTOR**  
insurance





# Summary

**HTD Combined Ratio 95% and average ROE 16%**

- Historical to date success story with 2020 as best year ever (ROE annualized per Q3 31%)
- Risk going further down due to reduced long tail business and lower growth level
- Investments: low risk and prudently managed
- Capital position is very strong, SCR-ratio 171% (NOK 1.4 bn. above requirement)
  - And even stronger per 1.12.2020 (>180%) due to high investment income Quarter to date
- BBB+ rating from AM Best



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- 9 Appendix



# Cash flow statement

Q1-Q3 2020

NOKm	Q1-Q3 20	Q1-Q3 19	FY 2019	FY 2018
<b>Cash flow from operations</b>				
Premiums paid	4 912,9	4 246,6	5 343,9	4 903,0
Claims paid	(3 420,2)	(2 744,1)	(4 004,0)	(3 642,0)
Net reinsurance	167,7	409,4	659,2	(238,8)
Paid operating expenses including commissions	(424,5)	(474,4)	(581,5)	(348,8)
Interest / dividend income	189,4	193,6	268,9	247,8
Net payments from financial instruments	(1 570,9)	(458,1)	(278,3)	(117,0)
Payable tax	(50,5)	6,3	4,2	(119,1)
<b>Net cash flow from operations</b>	<b>(196,0)</b>	<b>1 179,3</b>	<b>1 412,5</b>	<b>684,9</b>
<b>Cash flow from investment activities</b>				
Investments in fixed assets	(16,1)	(38,5)	(47,8)	(39,0)
<b>Net cash flow from investment activities</b>	<b>(16,1)</b>	<b>(38,5)</b>	<b>(47,8)</b>	<b>(39,0)</b>
<b>Cash flow from financial activities</b>				
Interest payments on subordinated loan capital	(48,1)	(55,8)	(66,6)	(61,4)
Repayment of equity				(259,0)
<b>Net cash flow from financial activities</b>	<b>(48,1)</b>	<b>(55,8)</b>	<b>(66,6)</b>	<b>(320,5)</b>
<b>Net cash flow for the period</b>	<b>(260,3)</b>	<b>1 085,0</b>	<b>1 298,1</b>	<b>325,4</b>
Net change in cash and cash equivalents	(260,3)	1 085,0	1 298,1	325,4
Cash and cash equivalents opening balance	2 155,1	859,5	859,5	537,7
Effects of exchange rate changes on cash and cash equivalents	34,3	(7,3)	(2,5)	(3,6)
<b>Cash and cash equivalents closing balance</b>	<b>1 929,1</b>	<b>1 937,1</b>	<b>2 155,1</b>	<b>859,5</b>

# Shareholders' matters

As of 27.11.2020

SHAREHOLDER NAME	# SHARES	%
AWILHELMTSEN CAPITAL HOLDINGS AS	7 635 777	8,86 %
STENSHAGEN INVEST AS	7 126 353	8,27 %
VERDIPAPIRFOND ODIN NORDEN	6 747 599	7,83 %
CITIBANK EUROPE PLC	4 886 744	5,67 %
VERDIPAPIRFONDET ALFRED BERG GAMBA	3 600 053	4,18 %
HVALER INVEST AS*	3 186 809	3,70 %
CLEARSTREAM BANKING S.A.	2 295 868	2,66 %
VERDIPAPIRFONDET ALFRED BERG NORGE	1 816 182	2,11 %
ARTEL AS	1 800 000	2,09 %
UTMOST PANEUROPE DAC - GP11940006	1 573 905	1,83 %
PERSHING LLC	1 564 310	1,82 %
FROGNES AS	1 399 916	1,62 %
JOHAN VINJE AS	1 187 841	1,38 %
VERDIPAPIRFONDET ALFRED BERG AKTIV	1 161 943	1,35 %
VERDIPAPIRFONDET PARETO INVESTMENT	1 051 541	1,22 %
AS TANJA	1 036 342	1,20 %
NORE-INVEST AS	1 030 637	1,20 %
DYVI INVEST AS	1 000 933	1,16 %
VERDIPAPIRFONDET NORDEA NORGE VERD	948 143	1,10 %
AVANZA BANK AB	845 162	0,98 %
<b>20 LARGEST</b>	<b>51 050 896</b>	<b>59,25 %</b>
TREASURY SHARES	4 269 376	4,96 %
OTHER	30 835 333	35,79 %
<b>TOTAL SHARES</b>	<b>86 155 605</b>	<b>100,00 %</b>

\*CEO Sverre Bjerkeli

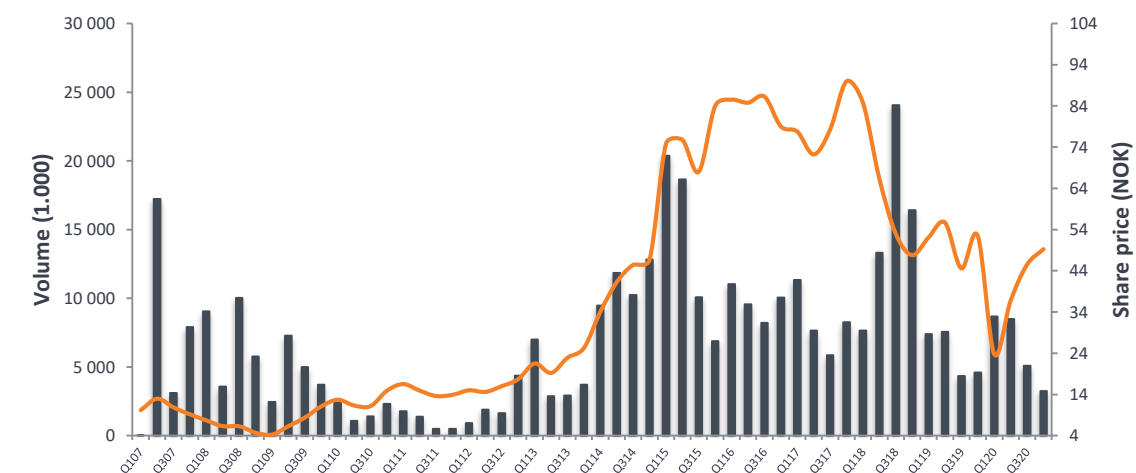
## Related parties shareholding

- Management's direct and indirect shareholding totals 3.7m shares or 4% of current outstanding shares
- Board members represent a total of 15.9m shares or 18.5% of current outstanding shares.

## Primary insider trades this quarter (Q4 2020)

- Awilhelmsen Capital Holding AS has bought 200,340 shares
- Executive Assistant & IR, Amund Skoglund, has bought 1,592 shares

## Protector share (PROTCT) Quarterly volume and share price end of quarter<sup>1</sup>



<sup>1</sup> Share price adjusted for dividends, no reinvestment of dividends.  
Data pr. 27.11.2020

# Management

## Sverre Bjerkeli – Chief Executive Officer



Bjerkeli has worked for Protector since 2004 and as CEO since 2006. Bjerkeli has more than 30 years of experience from the finance and insurance industry and served as the Director of Private and Small Business Insurance at Storebrand/If. He had an influential role with the establishment and leading Storebrand Bank and has international experience through CEO positions at Torino and Ementor Norge.

## Hans Didring – CM Sweden / Resp. for Finland



Employee since 2011. Didring holds an MSc in Business Administration and Economics and a BSc in Computer Engineering. He has 6 years of experience from various positions in IF and Länsförsäkringar. Didring's last position was as Head of Broker Sales and Service at If in Stockholm.

## Stuart Winter– Country Manager UK



Employee since 2019 (June). Winter has more than 30 years experience from the insurance industry. He joined Protector from the position as UK Retail CEO in JLT.

## Ditlev de Vibe Vanay– CFO



Employee since 2019. Vanay holds a MSc in Economics and Business Administration from BI. He has more than 20 years experience within insurance, finance, business controlling and IT, from Protector, Storebrand, If and Tinde. Vanay also held the CFO position in Protector in the period 2005-2015.

## Henrik Høye – Dir. UK and Public sector



Employee since 2007. Høye holds a Bsc in Finance, Leeds School of Business (University of Colorado), and a BSc in Economics. College of Arts and Sciences (University of Colorado). Høye comes from the position as Director Public sector, and has been responsible for building Protector's public sector initiative.

## Anders Blom Monberg– Country Manager Denmark



Starts 1.1.2021. Monberg has more than 15 years experience from the insurance industry; AON, Gjensidige and If.

## Vibeke Krane – Head of HR



Krane has been an employee since Dec. 2015. Krane is a State Authorized Public Accountant and holds an MSc in accounting from NHH. She has 20 years of experience within finance and accounting, including from KPMG, EY and Telenor ASA. Krane held the CFO position in Protector Aug 2016 – Jan 2019.

## Leonard Bijl– IT director



Employee since 2017. Bijl holds a BBA equivalent from Haarlem Business School and has 30 years experience in international IT management positions, 25 of which in Financial Services, including Storebrand and If.

## Dag Marius Nereng– CIO



Employee since 2015. MBA in finance from Handelshøyskolen in Bergen. Experienced investment and portfolio manager, most recently in Bankenes sikringsfond and Handelsbanken Kapitalforvaltning.



# Board of Director's

## Jostein Sørvoll – Chairman of the Board

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Jostein Sørvoll has been the Chairman of the Board since 2006. He is a Private investor and has previously been CEO at Gabler Wassum AS, Protector Forsikring ASA, Norske Liv AS and worked in leading positions at Storebrand.

## Arve Ree– Deputy Chairman of the Board

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Arve Ree has been a member of the Board since Apr. 2020. He is CEO of Awilhelmsen Capital Holdings (Protector's largest shareholder). He has extensive experience within Finance (analysis and asset management) and has several Board positions.

## Kjetil Garstad– Board Member

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Kjetil Garstad has been a member of the Board since Apr. 2020. Garstad has an extensive experience as a financial analyst and currently works as a portfolio manager at Stenshagen Invest (Protector's second largest shareholder). He has also experience as Board member in company's listed at Oslo Stock Exchange.

## Randi Helene Røed – Board Member

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Randi Helene Røed has been a member of the Board since 2014. She is currently Chief Adviser Sustainability at Norsk Tipping and has, among other things, earlier worked seven years as the CFO of Norsk Tipping. She has several Board positions in the Gudbrandsdal Energi group.

## Else Bugge Fougner – Board Member

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Else Bugge Fougner has been a member of the Board since 2011. She is a partner at the law firm Advokatfirmaet Hjort DA and serves as the Chairman of the Board at Eksportkreditt and is a member of the Board at Aker Kværner Holding AS.

## Employee elected board members

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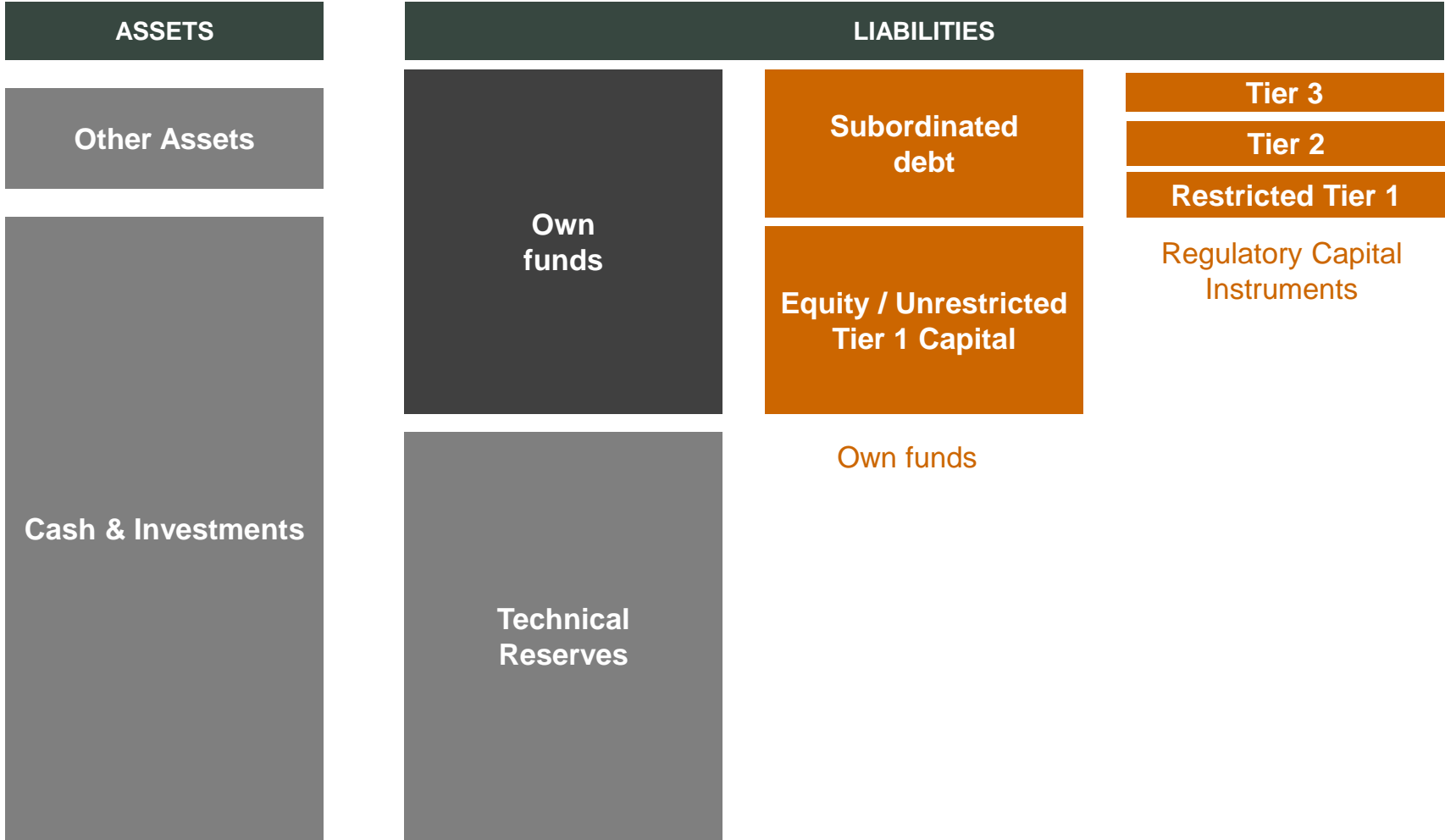
**Mathews Ambalathil**  
Payroll Manager



**Kristine R Nilsen**  
Lawyer



# Insurance company's balance sheets



## Key ratio description

### Ratio

- (1) Claims ratio, net of ceded business
- (2) Expense ratio, net of ceded business
- (3) Combined ratio, net of ceded business
- (4) Gross claims ratio
- (5) Gross expense ratio
- (6) Gross combined ratio
- (7) Retention rate
- (8) Earning per share

### Ratio calculation

- (1) Claims incurred, net of reinsurance in % of earned premiums, net of reinsurance
- (2) Operating expenses in % of earned premiums, net of reinsurance
- (3) Net claims ratio + net expense ratio
- (4) Gross claims incurred in % of gross premiums earned
- (5) Sales and administration costs in % of gross premiums earned
- (6) Gross claims ratio + gross expense ratio
- (7) Earned premiums, net of reinsurance in % of gross earned premiums
- (8) Profit before other comprehensive income divided by weighted number of shares