

# Disclaimer

This presentation and the information contained herein have been prepared by and is the sole responsibility of Protector Forsikring ASA (the "Company"). Such information is being provided to you solely for your information and may not be reproduced, retransmitted, further distributed to any other person or published, in whole or in part, for any purpose. Failure to comply with this restriction may constitute a violation of applicable securities laws. The information and opinions presented herein are based on general information gathered at the time of writing and are therefore subject to change without notice. The Company assumes no obligations to update or correct any of the information set out herein.

These materials may contain statements about future events and expectations that are forward-looking statements. Any statement in these materials that is not a statement of historical fact including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. The Company assumes no obligations to update the forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

This presentation does not constitute or form part of, and is not prepared or made in connection with, an offer or invitation to sell, or any solicitation of any offer to subscribe for or purchase any securities and nothing contained herein shall form the basis of any contract or commitment whatsoever. No reliance may be placed for any purposes whatsoever on the information contained in this presentation or on its completeness, accuracy or fairness. The information in this presentation is subject to verification, completion and change. The contents of this presentation have not been independently verified. While the Company relies on information obtained from sources believed to be reliable, it does not guarantee its accuracy or completeness. Accordingly, no representation or warranty, express or implied, is made or given by or on behalf of the Company or any of its owners, directors, officers or employees or any other person as to the accuracy, completeness or fairness of the information or opinions contained in this presentation. None of the Company, its affiliates or any of their respective advisors or representatives or any other person shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with the presentation. The Company's securities have not been and will not be registered under the US Securities Act of 1933, as amended (the "US Securities Act"), and are offered and sold only outside the United States in accordance with an exemption from registration provided by Regulation S of the US Securities Act.

This presentation should not form the basis of any investment decision. Investors and prospective investors in securities of any issuer mentioned herein are required to make their own independent investigation and appraisal of the business and financial condition of such company and the nature of the securities. Any decision to purchase securities in the context of a proposed offering of securities, if any, should be made solely on the basis of information contained in any offering documents published in relation to such an offering. For further information about the Company, reference is made public disclosures made by the Company, such as filings made with the Oslo Stock Exchange, periodic reports and other materials available on the Company's web pages.

# Protector Forsikring ASA

November 21<sup>st</sup>, 2024





## **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

Bold

Committed

# A focussed company

Cost and quality leadership lead to profitable growth and a top 3 position

## Our performance culture

### 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

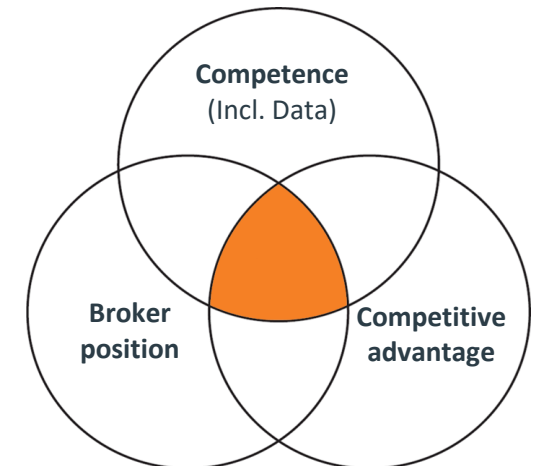
Bold

Committed

## Our strategy

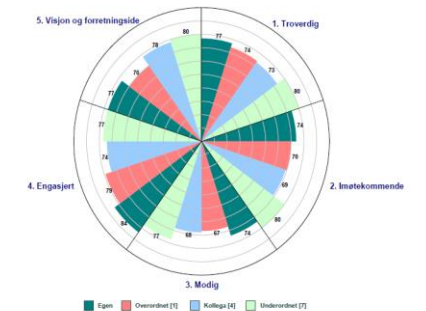
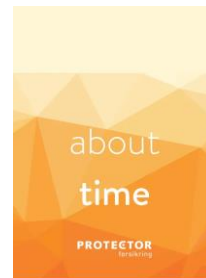
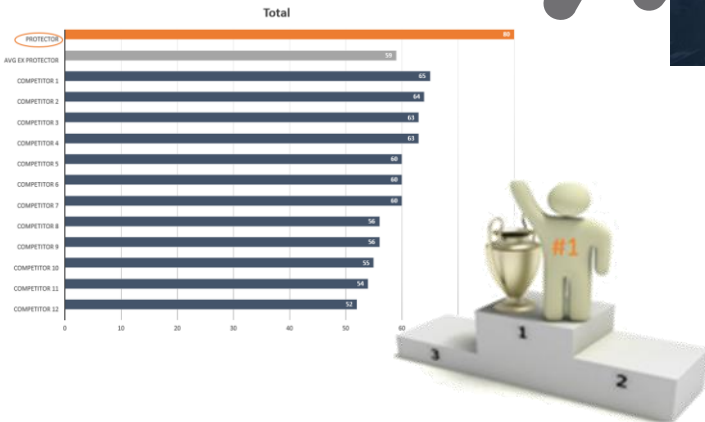
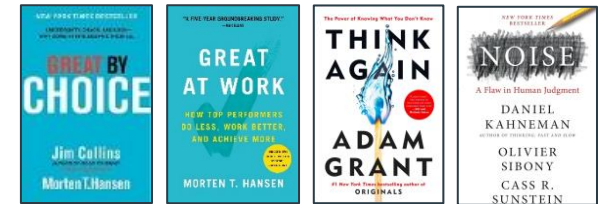
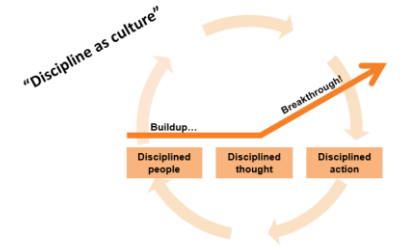
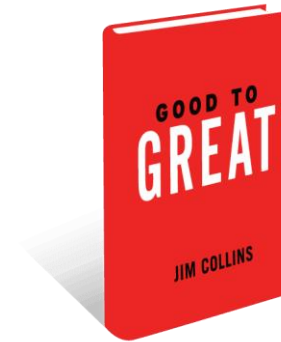
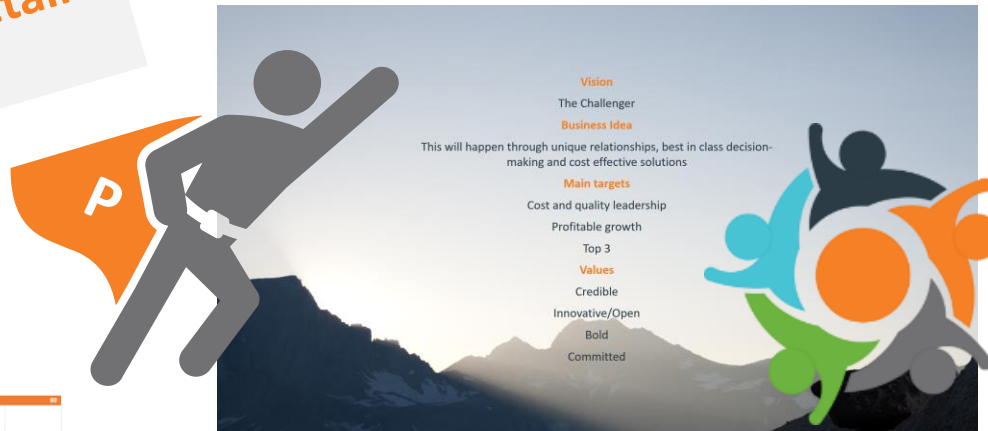
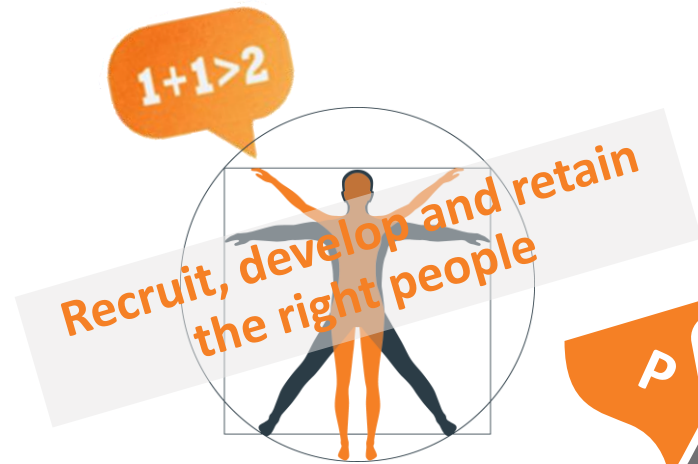
- All Property and Casualty products
- Market standard products
- Market segments – public sector, commercial and affinity
- Broker distribution only
- Attractive prices (supported by cost leadership)

## Our risk appetite



# Importance of culture

Culture of discipline and teamwork, live our DNA in order to achieve our main targets



# Protector's success story

## 20 year of disciplined risk and capital management

### Our performance culture

#### 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

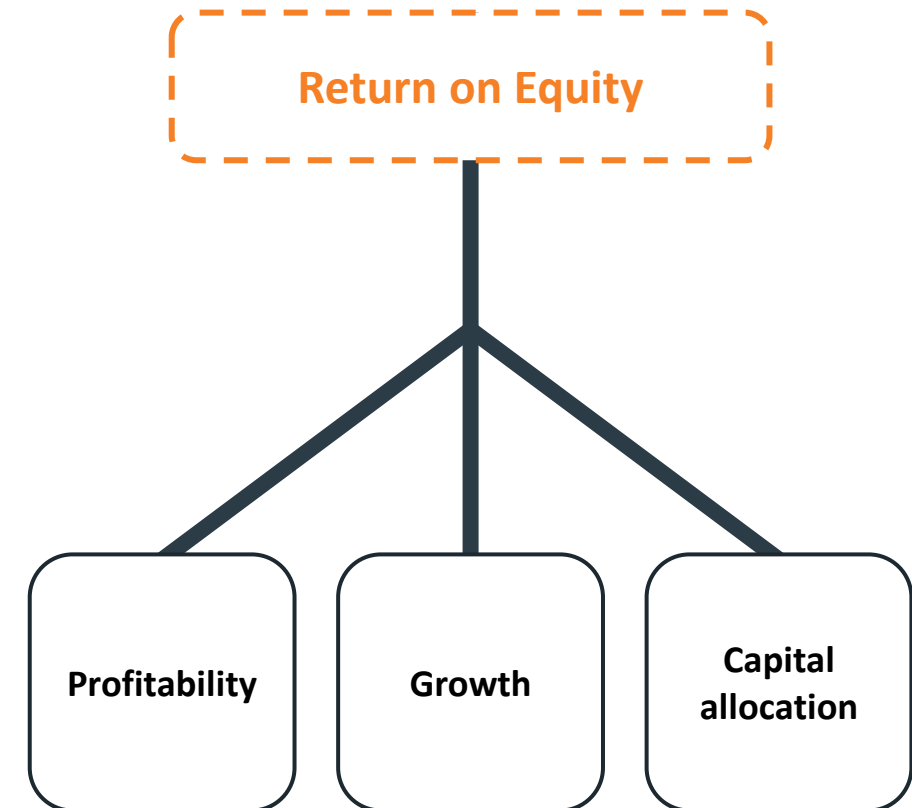
Credible

Innovative/Open

Bold

Committed

### ROE $\geq$ 20% a guiding principle for all



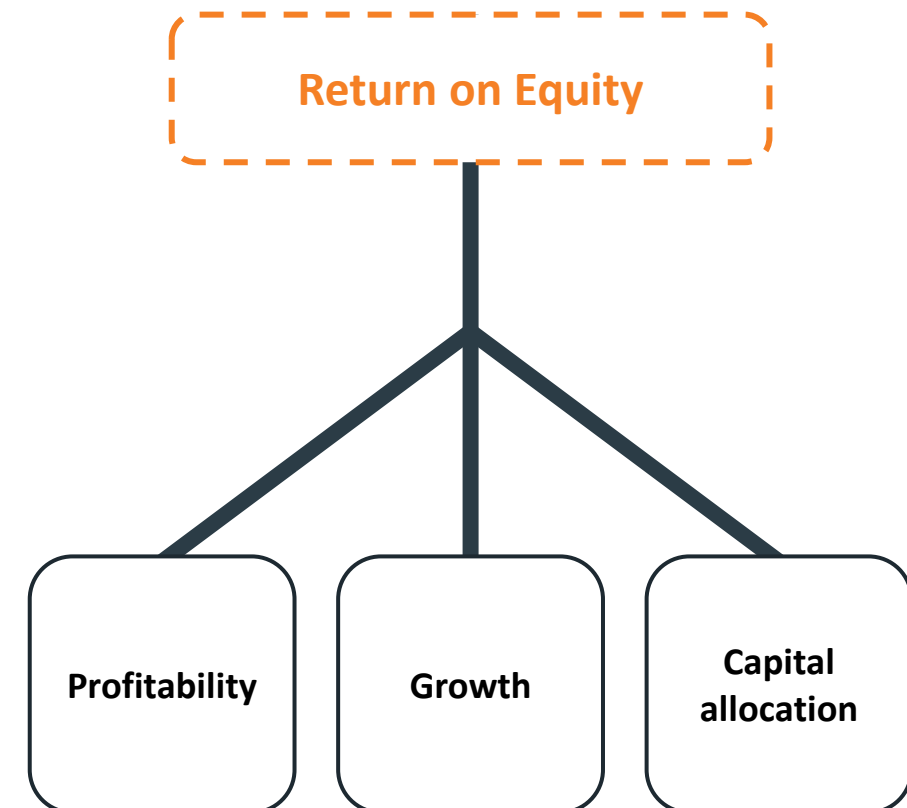
# Protector's success story

## 20 year of disciplined risk and capital management

### A focussed company over 20 years

- **Organic profitable growth from 0 to over NOK 10bn**
  - Copying a winning formula into new markets
  - Future growth coming from markets outside Norway
- **Profitability over time**
  - HTD<sup>(1)</sup> combined ratio<sup>(2)</sup> < 92%
  - Long-term target 90-92%
- **Cost leadership** in our core markets
- **Strong investment return HTD<sup>(1)</sup>**

### ROE ≥ 20% a guiding principle for all

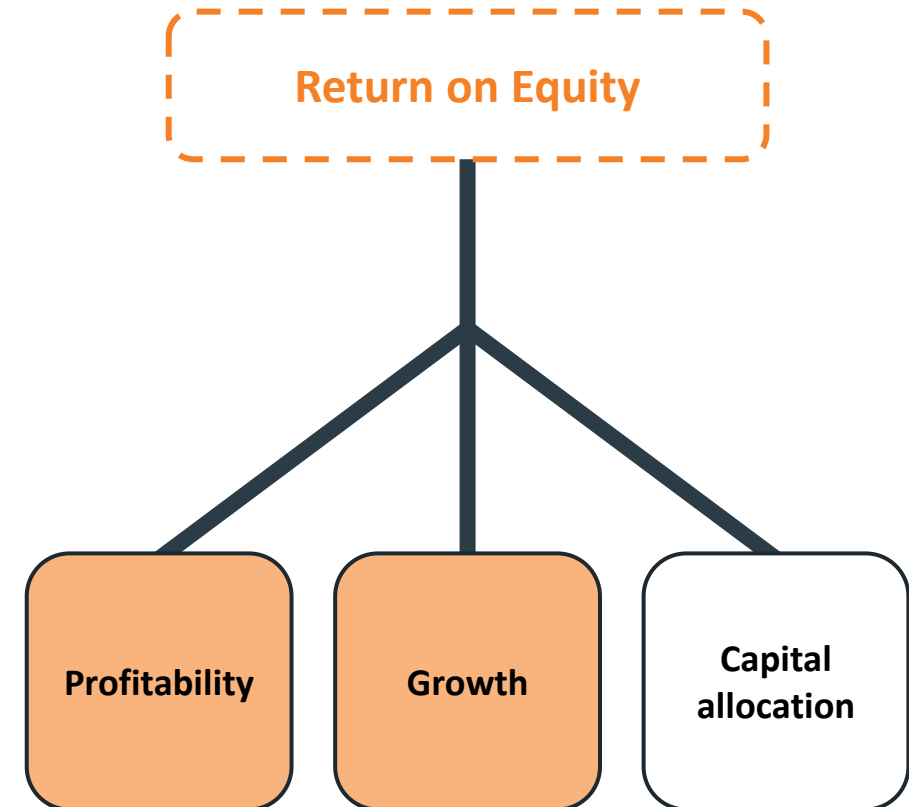
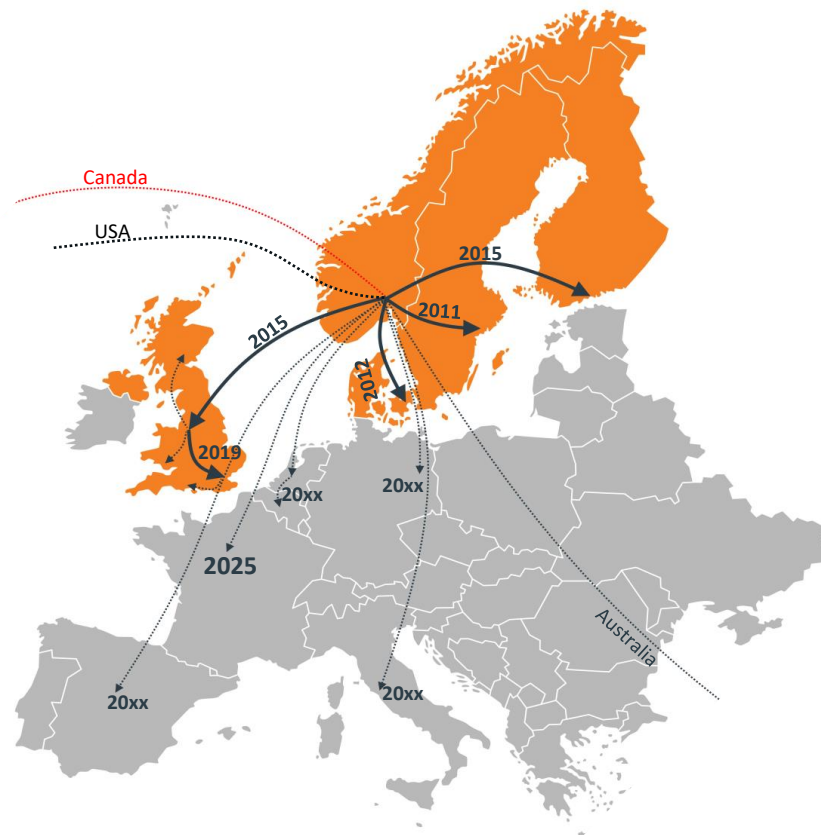


# Protector's success story

## 20 year of disciplined risk and capital management

Organic profitable growth from 0 to over NOK 10bn

ROE  $\geq$  20% a guiding principle for all

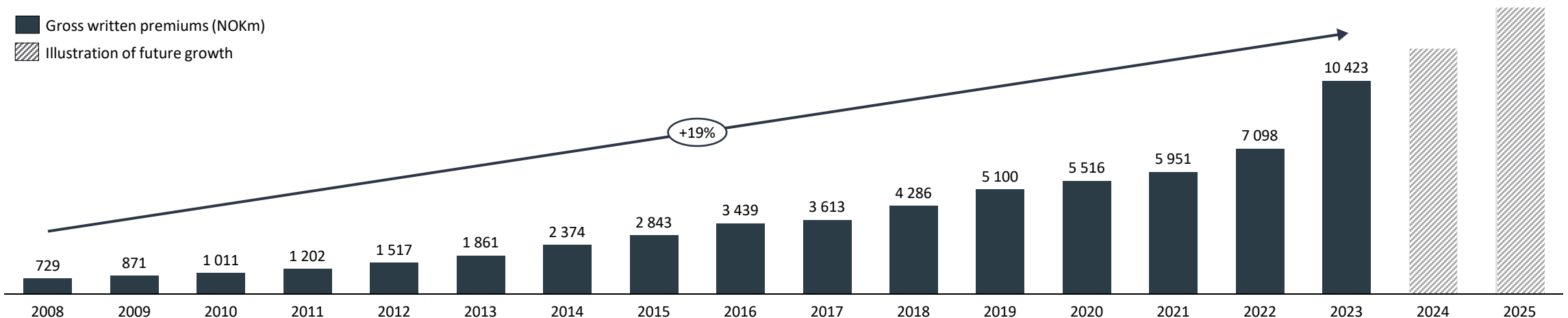
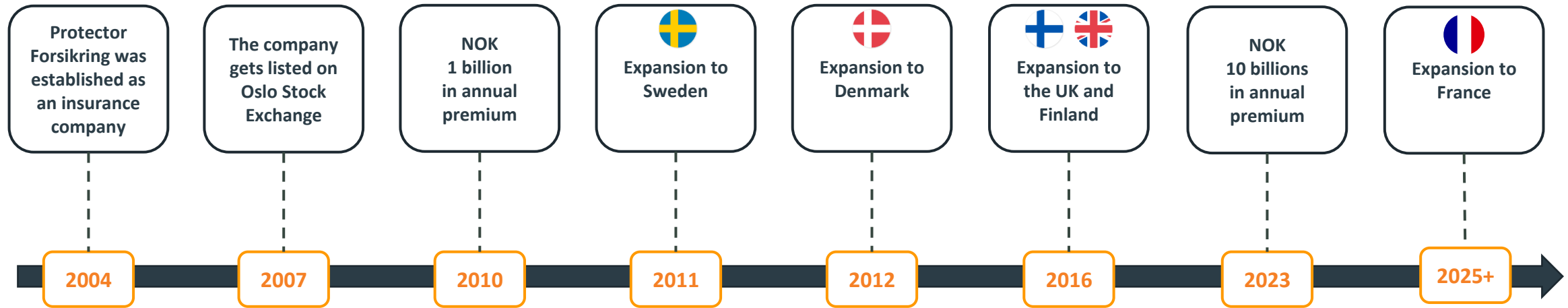


Notes: (1) Historical to date (2) Combined ratios as defined within NGAAP – figures from before 2021 not restated following IFRS implementation



# Growing organically from 0 to NOK 10bn since 2004

Operations in Norway, Sweden, Denmark, Finland, the UK and soon France



# Copying the winning formula

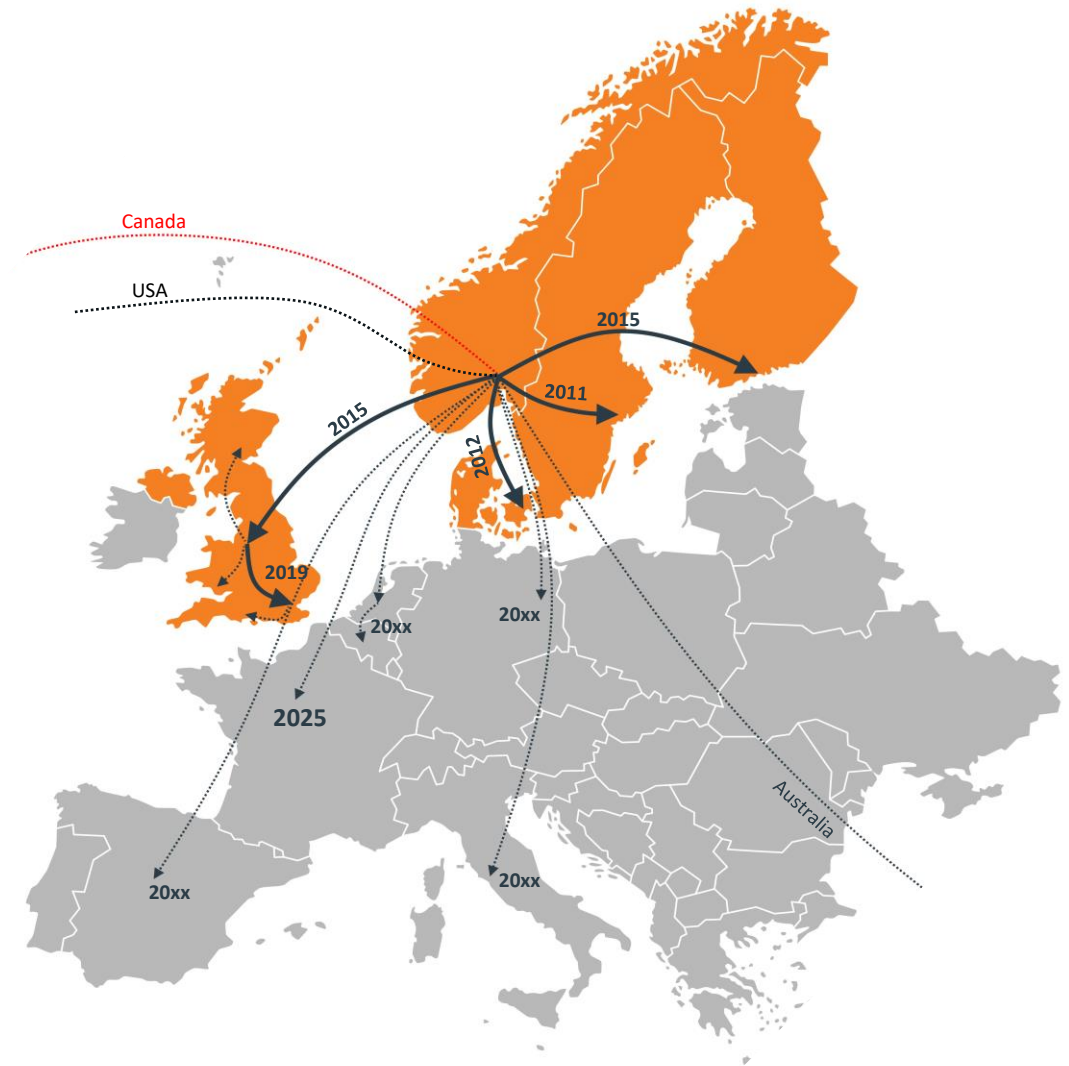
## Local implementation of our DNA for global growth

Focused approach until critical mass is reached:

- Public Sector including Housing
- Commercial Motor

Criteria for prioritising markets are:

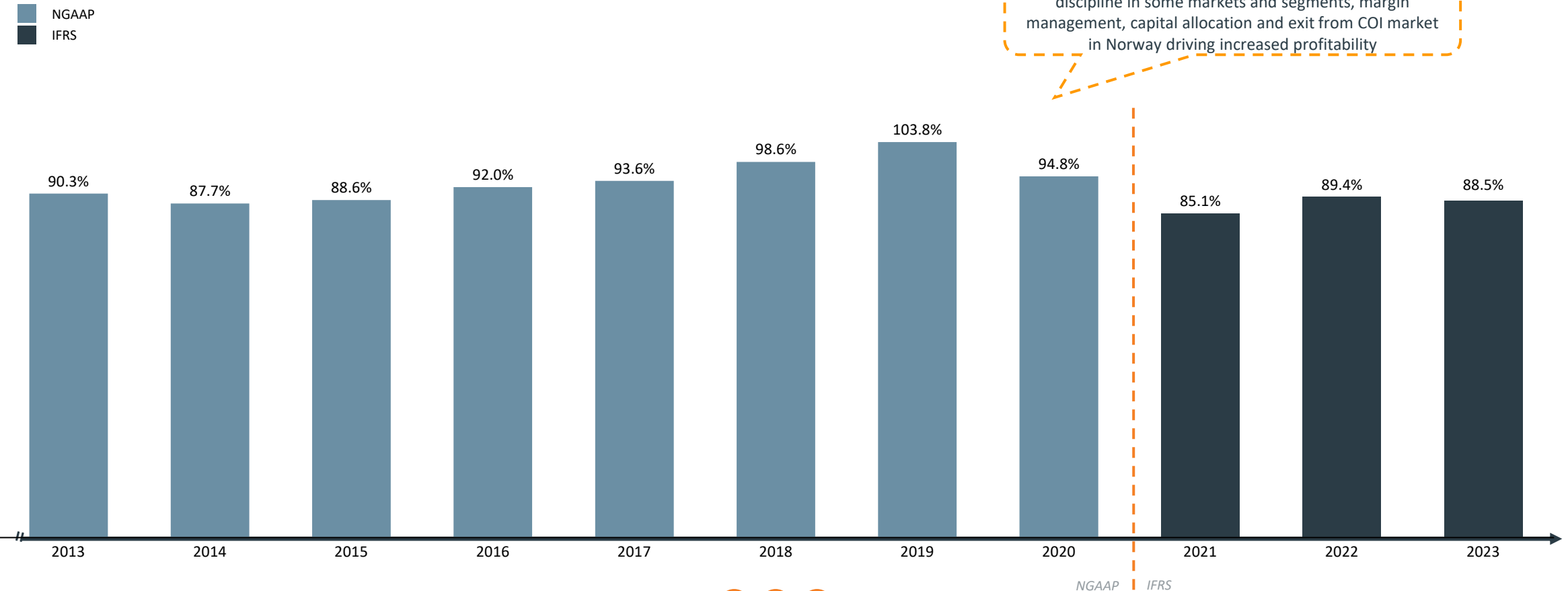
- Market size
- Data availability
- Broking dynamics
- Market situation
- *Currently France ranks highest among European alternatives*



# Profitability over time

Long-term target at 90-92%

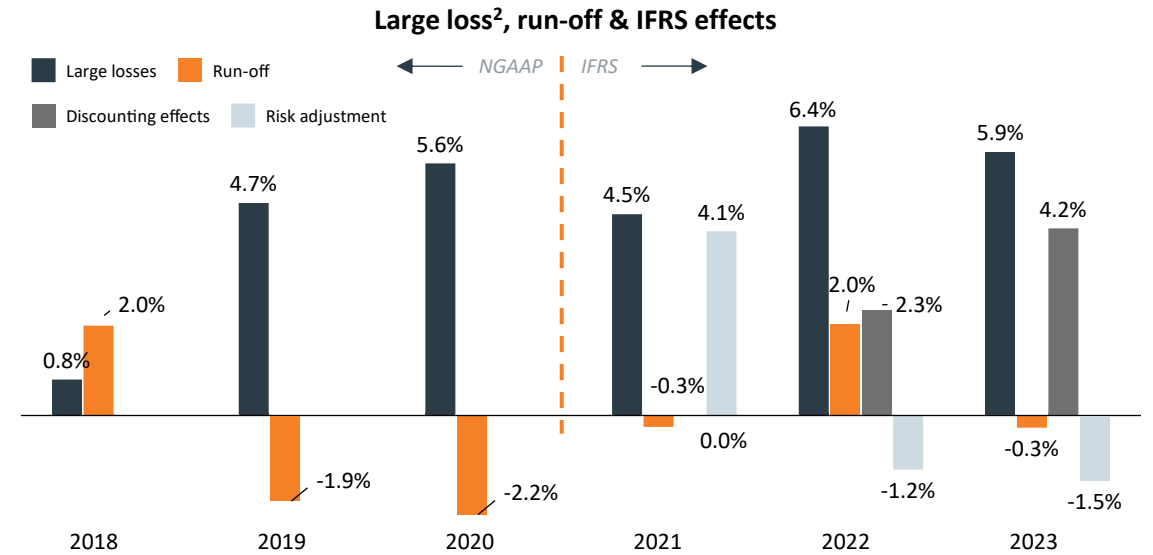
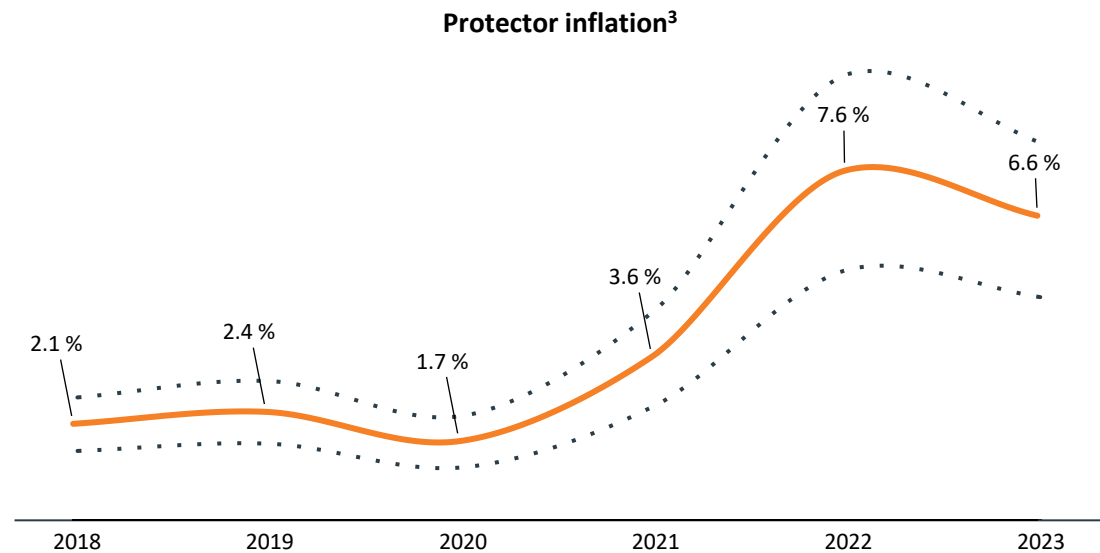
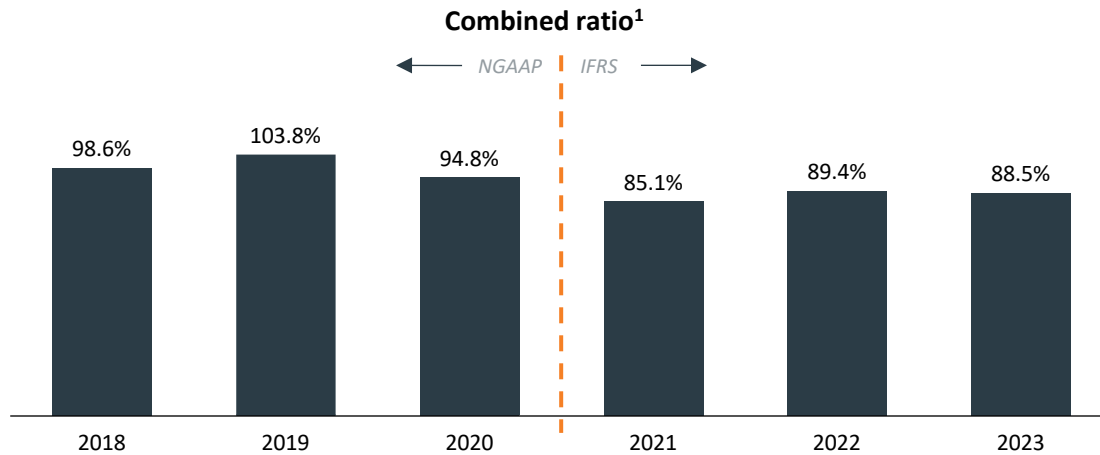
## Development in (net) combined ratio<sup>(1)</sup>



Notes: (1) Restated combined ratios as defined within IFRS from 2021 onwards. IFRS is not audited.

# Profitability development

Underwriting discipline yields stable underlying profitability



- External factors affect profitability development between quarters and even years
  - High inflation environment last couple of years
  - Interest rate fluctuations
- Disciplined underwriting enables us to adapt in due time

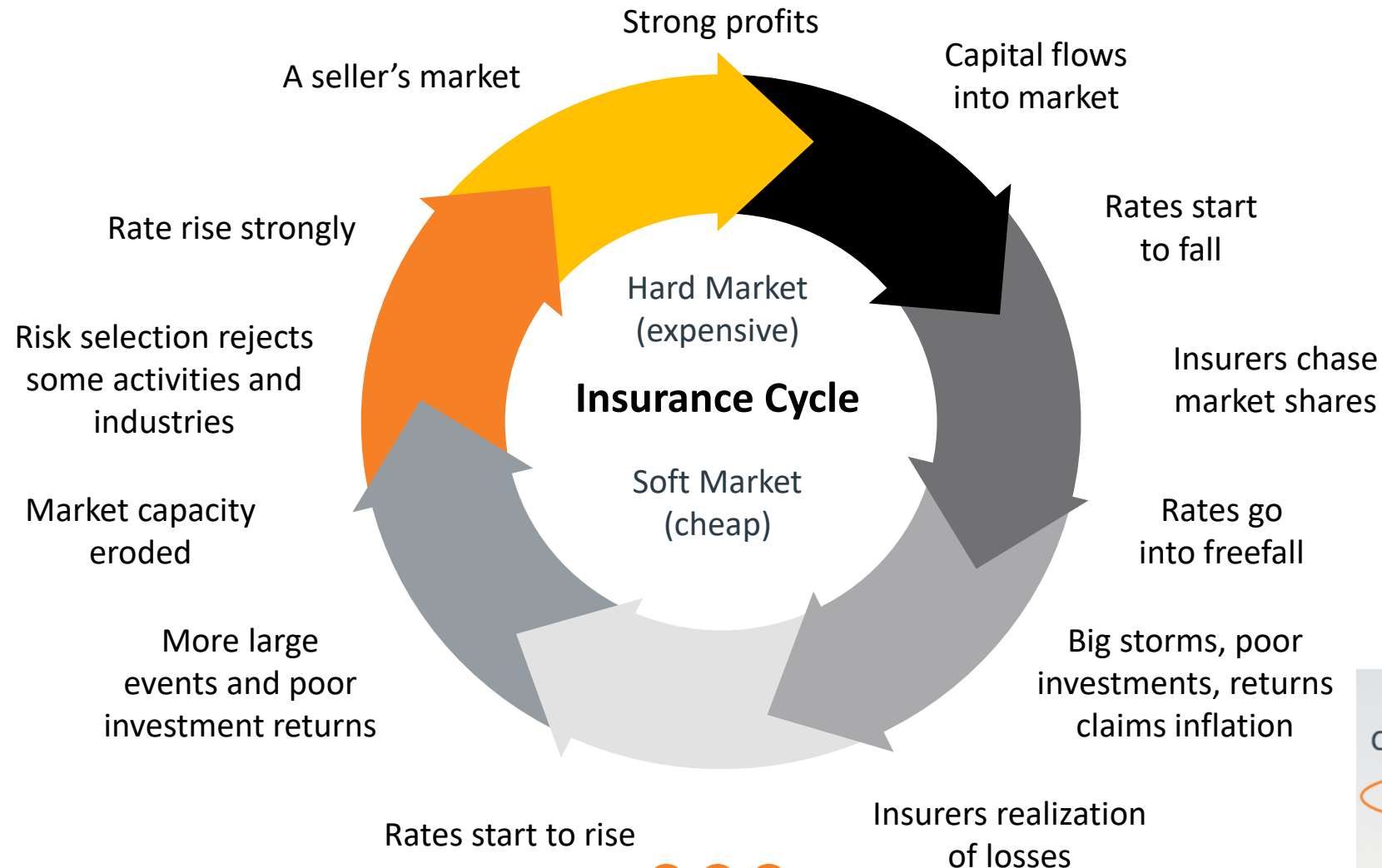
<sup>1</sup> Restated combined ratios as defined within IFRS from 2021 onwards. IFRS-figures are not audited.

<sup>2</sup> Large losses defined as absolute net losses > NOK 10m

<sup>3</sup> Accumulated inflation pr. Country/segment/product in terms of total GWP – currency adjusted

# A cyclical market

Consistency and discipline is fundamental for profitable growth in the long term



**Main targets**

- Cost and quality leadership
- Profitable growth**
- Top 3

# Quality Leadership

Easy to do business with, commercially attractive and trustworthy

## Why measure quality perceived by brokers?

- The brokers are our only distribution channel
  - Quality definition aligned with brokers' own surveys
    - Confirming our own surveys' result
  - Measured annually
- How to improve is the most important purpose
  - Understand brokers' and our roles
  - Quick response times
  - Right first time, on time, every time
  - Continuous evaluation of definition

## Achievements

### Broker satisfaction index 2024<sup>1</sup>

1st



<sup>1</sup> Our own broker satisfaction survey (handled by third party)

<sup>2</sup> 3<sup>rd</sup> place in Finland

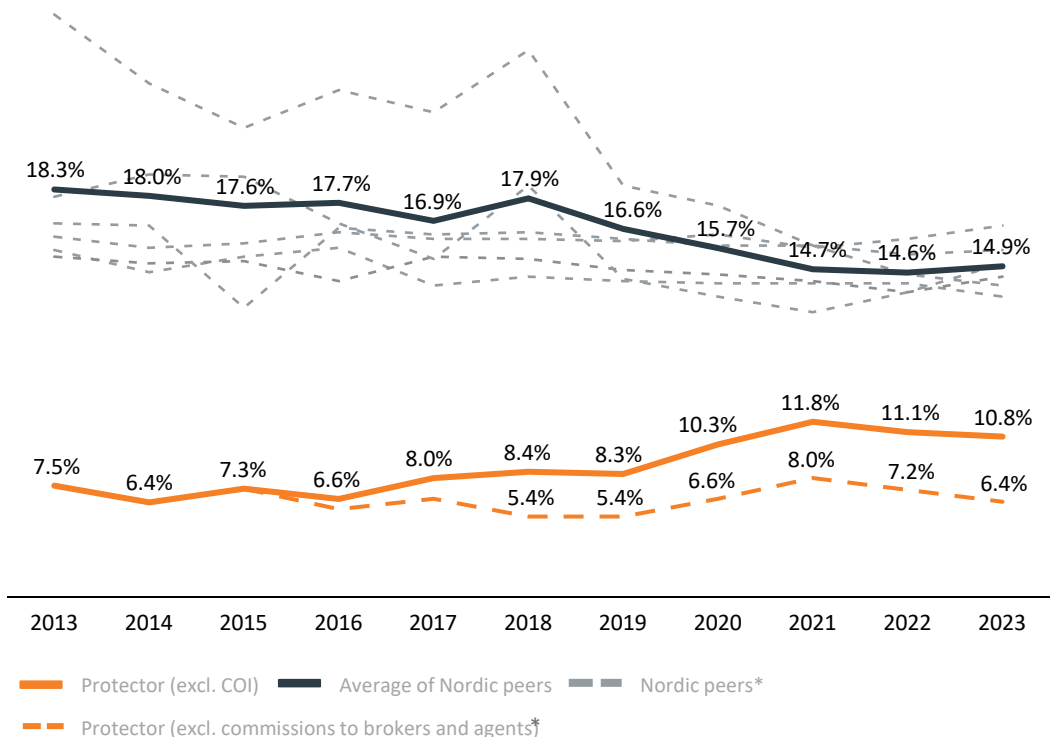
# Cost Leadership

Cost efficiency yielding flexibility relative to competitors

## Our drivers for low cost

- All IT systems developed in-house
  - IT with a cost ratio of  $\approx 1\%$  vs  $3.2\%$  for industry<sup>(1)</sup>
- Innovation to improve on quality and efficiency
  - Efficiency will gradually improve going forward. Economies of scale will come to effect as portfolio grows, but investments in quality will still be in focus
- A consistent strategy, well-designed value chains and great implementation is key to maintaining low costs
- The real secret to our cost leadership is **our performance culture**

## Gross expense ratio



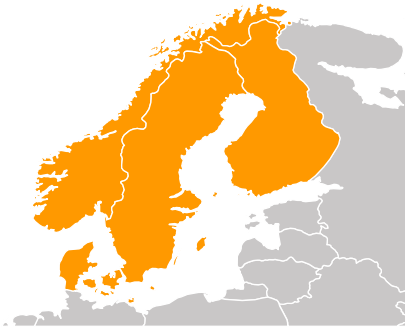
Note: (1) Gartner

\*Commissions to brokers and agents are mainly in UK and Sweden. Protector's cost development is better illustrated excl of commissions.

# Top 3 in any segment we enter

Brokered Insurance Nordics & Public Sector UK

## P&C Nordic



## Nordic municipalities



Bergen



Aarhus



Helsinki



Stavanger



Bærum

## Public Sector UK



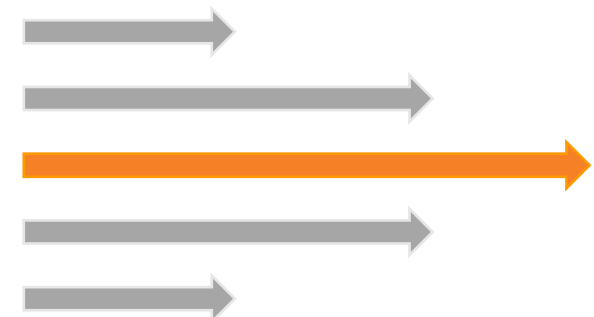
## Nordic motor fleet



## Nordic bus market



## Stay disciplined



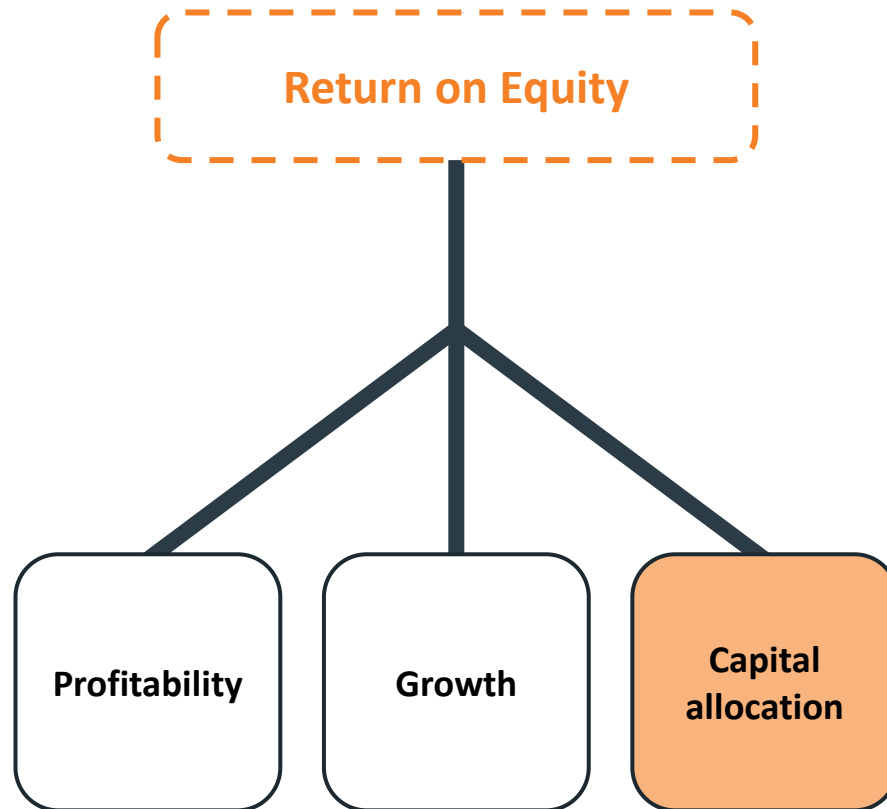


# Protector's success story

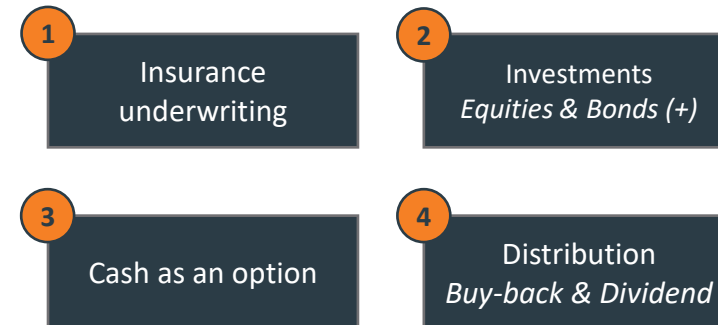
## 20 year of disciplined risk and capital management

ROE  $\geq$  20% a guiding principle for all

Allocation towards profitable growth is preferred



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 unknown events (opportunities and threats)?
- 4 Capital base discipline; flexible distribution of excess capital if allocation cannot be made elsewhere

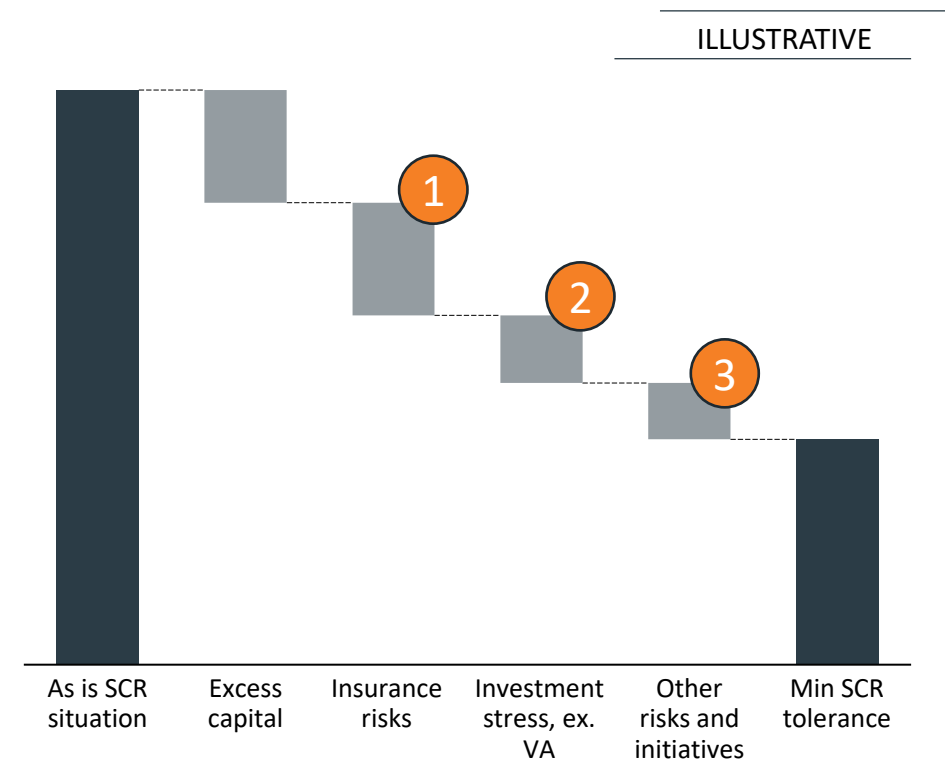
# Risk and capital management process

Controlling all company risks and historical investment stress

## Main objectives

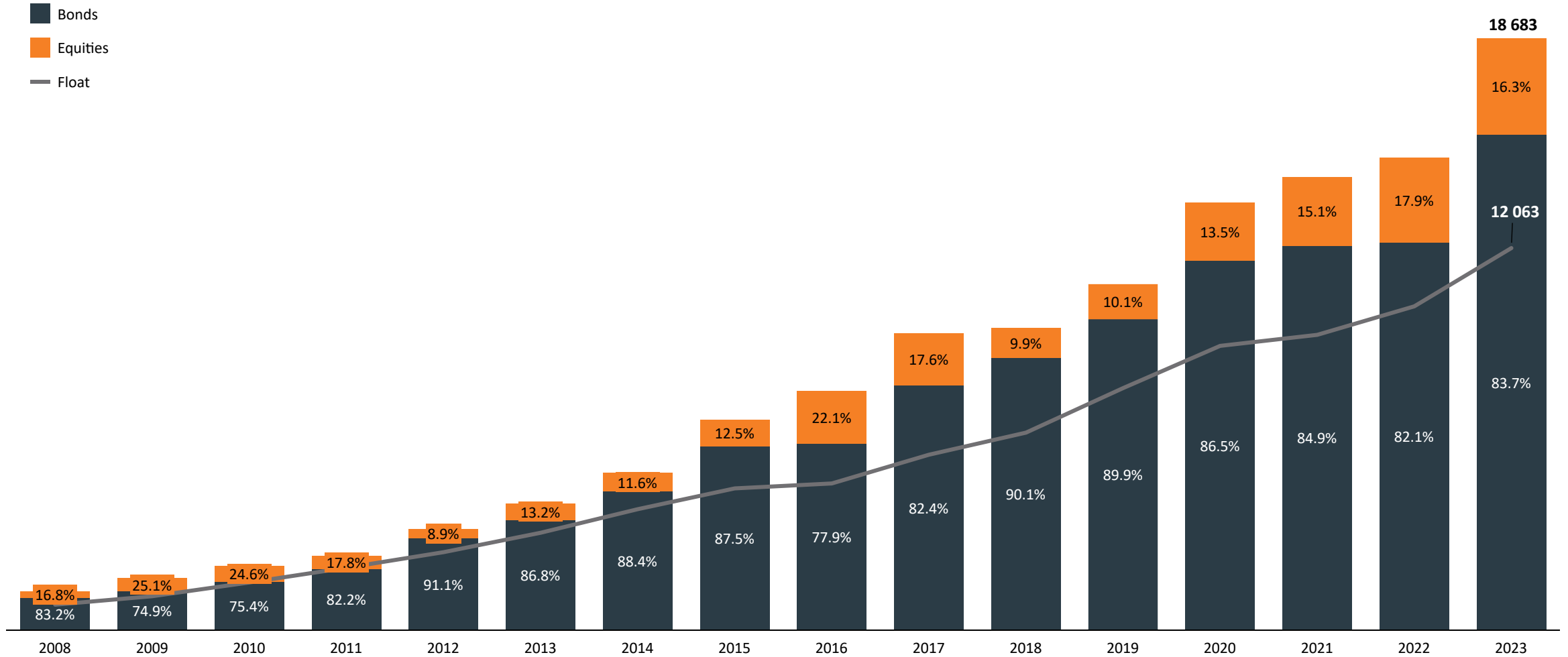
- a Identify all risks to Protector's solvency position
- b Continuously monitor risk development
- c Quarterly management assessment of capital position vs. capital need

## Three main risk categories



# Investments

AUM: NOK 18 683m at year-end | Float increasing



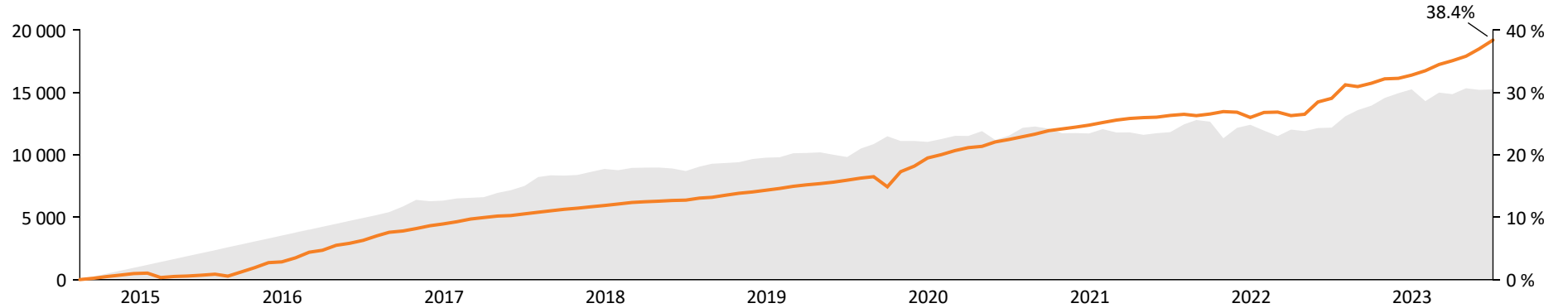
# Bond portfolio returns

Stable returns with low risk and low capital consumption

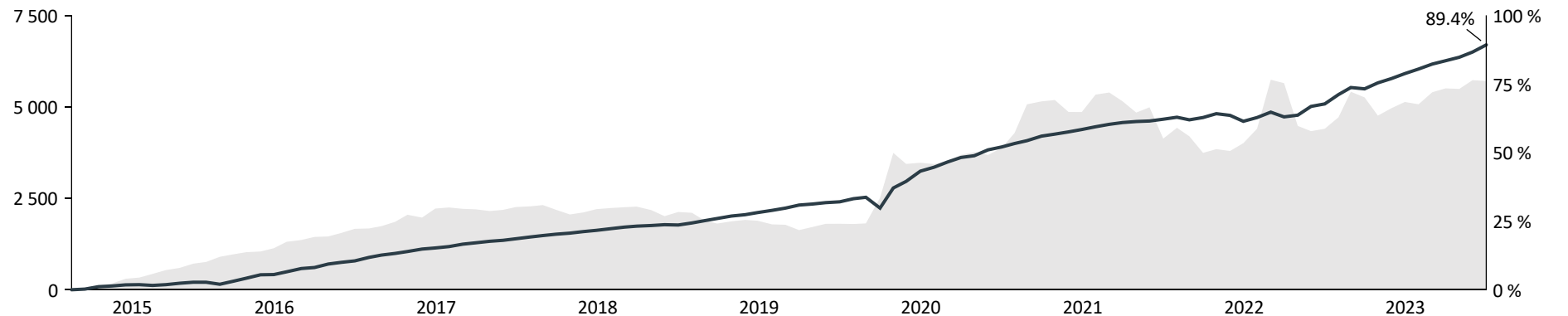
## Comments

- Investment in risk assets only at >20% ROE hurdle rate
- Return from bonds must be evaluated over a credit cycle
- Losses totalling NOK 27m / 0.03% annually Q315 – Q423
  - Unrealized or realized
- Historically performed well during periods of high volatility, e.g.:
  - H1 2022 (Ukraine invasion)
  - Q1 2020 (COVID outbreak)
  - Q1 2016 (oil price plunge)
- 8.0% annual HY-return Q315 – Q323
- Currently benefitting from higher underlying interest rates

## Total bond portfolio return (cumulative TWR) and average capital



## HY portfolio return (cumulative TWR) and average capital



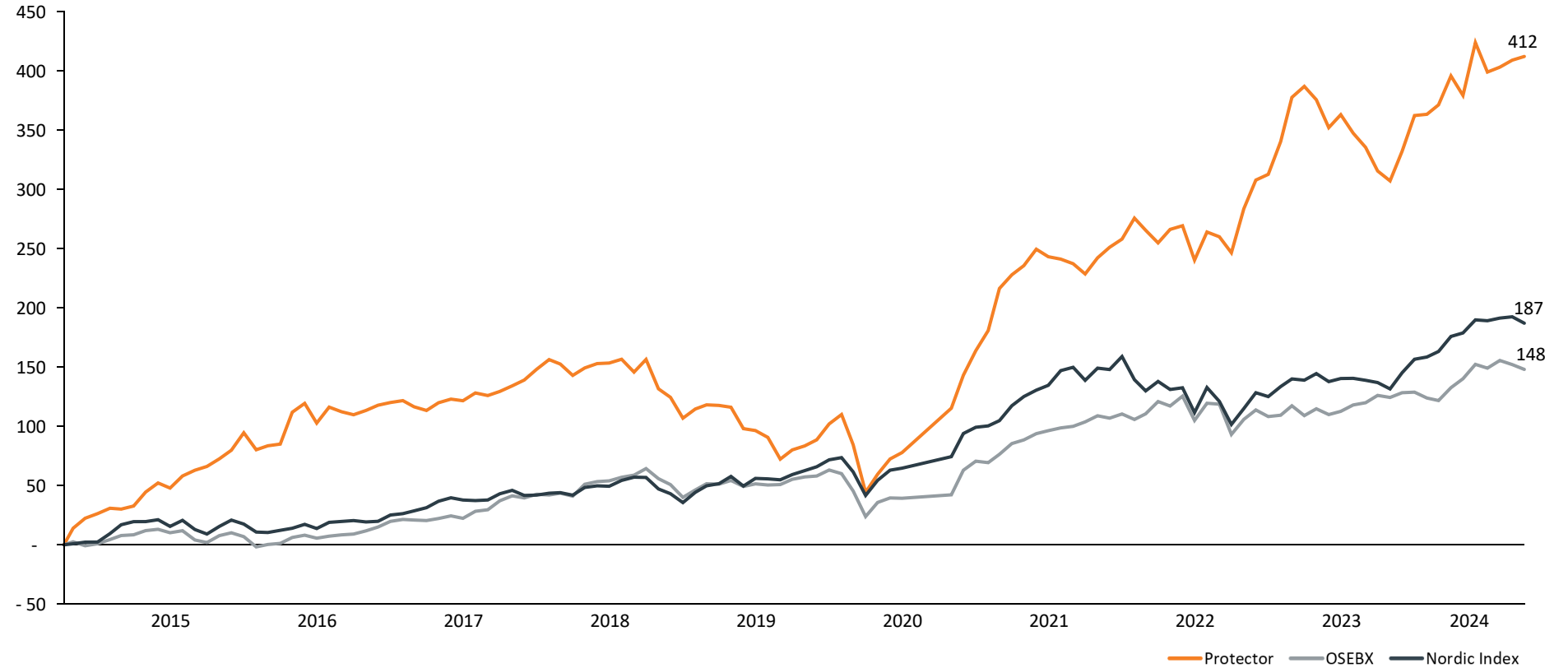
# Equity portfolio statistics

Strong results historically, volatility outside of benchmarks to be expected

## Q3 2024 comments

- 17.8% CAGR return Oct 14 – Sep 24
- 38% discount to estimated intrinsic value
- 36 companies in portfolio
- 15.1% equity share
- Put options used to limit market exposure

## Cumulative performance far above benchmarks (%)

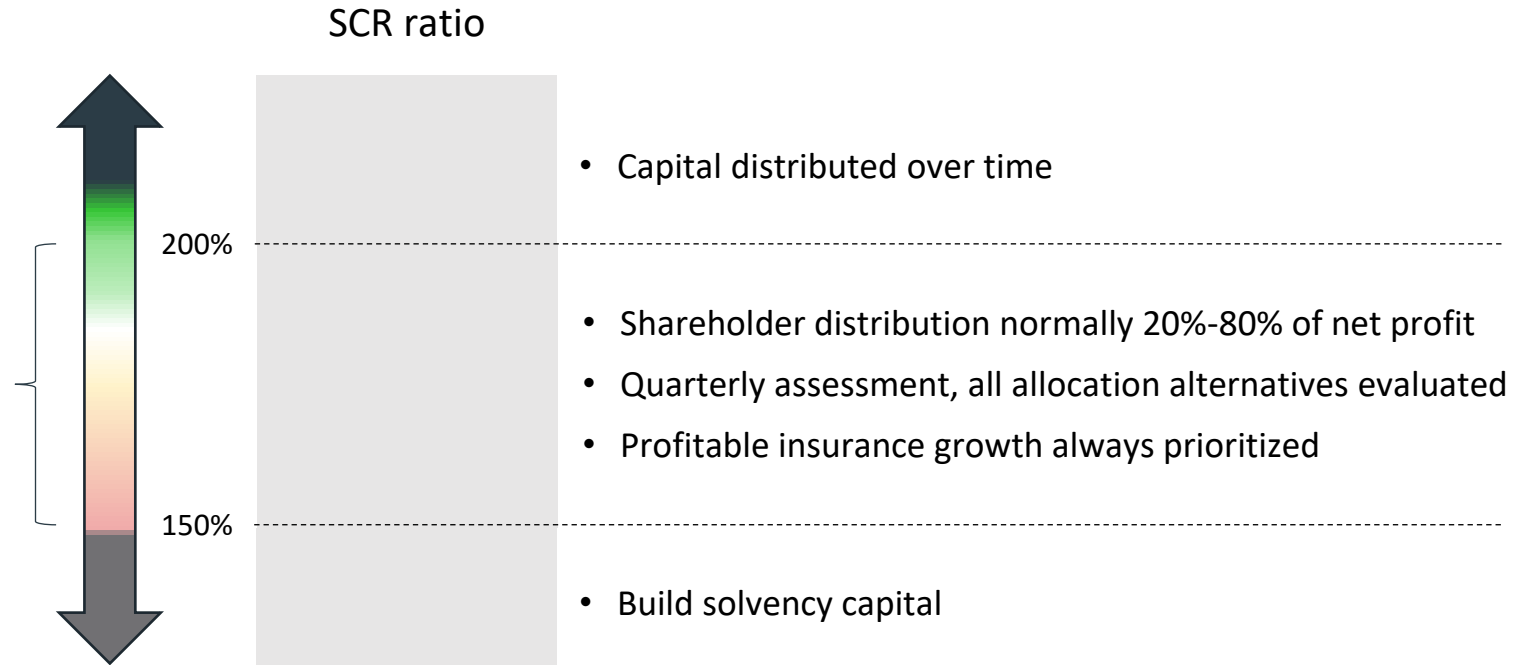


# Flexible shareholder distribution policy

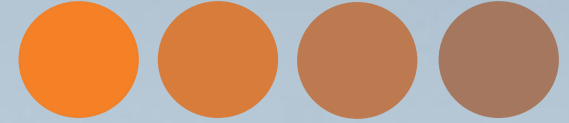
## Quarterly assessment of capital position vs. capital need

### Solvency ratio zone assessment:

- Move towards 'Green' if we see e.g. profitable insurance growth, risk-taking in investment portfolio, other attractive allocation opportunities and/or market/macro turbulence.
- Move towards 'Pink' if we see e.g. limited growth opportunities, very low risk, no near-term allocation opportunities and have good future visibility







# Appendix

**PROTECTOR**



# Protector aims to be a responsible, trusted and credible ESG actor

Accelerating our business through leveraging sustainability



We commit to **people value and employee engagement** in our organisation



We encourage and motivate our insured to choose **circular and climate efficient options** in claims



We focus on **climate resilience** to accommodate market needs, to adapt and mitigate climate change



We have **responsible business behaviour** at the heart of our operations

Priority Focus	<ul style="list-style-type: none"> <li>Diversity and inclusion in our workplace</li> <li>Labour and human rights in supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Circularity and use of residual values in claim settlements</li> <li>Climate footprint in claim settlements</li> <li>Safety precautions to prevent damages</li> </ul>	<ul style="list-style-type: none"> <li>Climate resilience factors in product development and pricing</li> <li>Climate risk management routines and processes</li> <li>Up-to-date climate-related reporting</li> </ul>	<ul style="list-style-type: none"> <li>Responsible business behaviour in our own operations</li> <li>Responsible business behaviour in our external relationships</li> <li>Responsible investments</li> </ul>
Priority Rationale	<ul style="list-style-type: none"> <li>Norwegian Equality and Anti-Discrimination Act, UK Gender Pay Gap Regulation</li> <li>Norwegian and EU corporate supplier due diligence reporting requirements</li> <li>Increased pressure and concern on diversity and equality commitment disclosures</li> </ul>	<ul style="list-style-type: none"> <li>Public demands to choose circular alternatives whenever possible in claims</li> <li>Customer expectations that circularity in claims will be of sufficient quality</li> <li>Requirements of minimum 30% environmental criteria in public procurement</li> </ul>	<ul style="list-style-type: none"> <li>EU mandatory climate related financial disclosure</li> <li>EU Taxonomy</li> <li>Confirmed physical consequences of climate change that will pose risk to Protector</li> </ul>	<ul style="list-style-type: none"> <li>EU Corporate Due Diligence</li> <li>Investors and banks are requesting standardized information and disclosures on risk management and business ethics compliance</li> </ul>

# Investment strategy - bonds

Higher risk requires higher margin of safety, hurdle rate = companies with ROE target > 20%

## Analysis / underwriting strategy

- Bottom-up analysis (underwriting) and quarterly follow up
  - Bond market often slow to react to deteriorating fundamentals
- Continuous development of process

## Focus areas

- Absolute attractiveness of individual risk, e.g.
  - Terms
  - Redundancy, low loss given default
  - Always ensure large margin on safety to intrinsic EV
- Selective, only entering ~5% of new deals with a willingness to sit on the sideline and act aggressively to “grab” good opportunities

## Return evaluations

- Capital consumption & return on risk capital
  - Company capital allocation alternatives evaluated
- Hurdle rate for investment = company ROE target > 20%
- Liquidity / ability to change our mind

# Investment strategy - equities

Focus on level of difficulty and risk/reward

<b>Horizon</b>	Long term ownership returns
<b>Type of investments</b>	Good long-term ownership returns through investment in easy and predictable businesses
<b>Hurdle rate and margin of safety</b>	High margin of safety in our investments
<b>Analysis</b>	Keeping the portfolio small, fewer companies allowing for deeper analysis and contrarian variant perception
<b>Intensity of competition</b>	Looking for companies with low intensity of competition – <i>“how to win, pick easy competition”</i>
<b>Focus</b>	Continuous learnings and improvement of process creating long-term results

# Key ratio description

## IFRS

### Ratio

- (1) Loss ratio (gross)
- (2) Net reinsurance ratio
- (3) Loss ratio, net of reinsurance
- (4) Cost ratio
- (5) Combined ratio
- (6) Retention rate
- (7) Earnings per share

### Ratio calculation

- (1) Insurance claims expenses / insurance revenue
- (2) Net result from reinsurance contracts held / Insurance revenue
- (3) (Insurance claims expenses + Net result from reinsurance contracts held) / Insurance revenue
- (4) Insurance operating expenses / Insurance revenue
- (5) Loss ratio, net of reinsurance + Cost ratio
- (6) Insurance revenue net of reinsurance premium / Insurance revenue
- (7) The shareholders' share of the profit (or loss) from continuing and discontinued operations in the period/average number of outstanding shares in the period

## NGAAP (old)

### 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) Earnings 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