

# Q4 2021 and preliminary year end results

Investor Presentation

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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

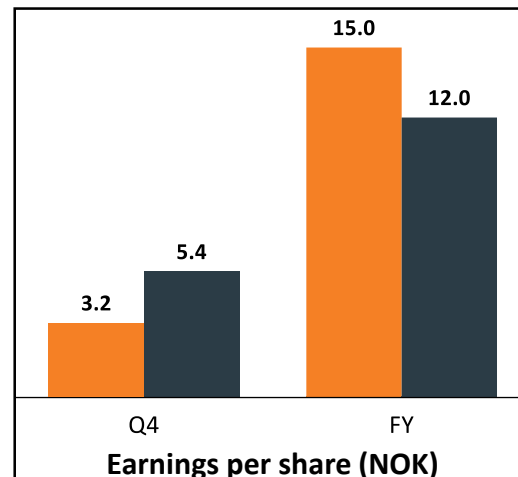
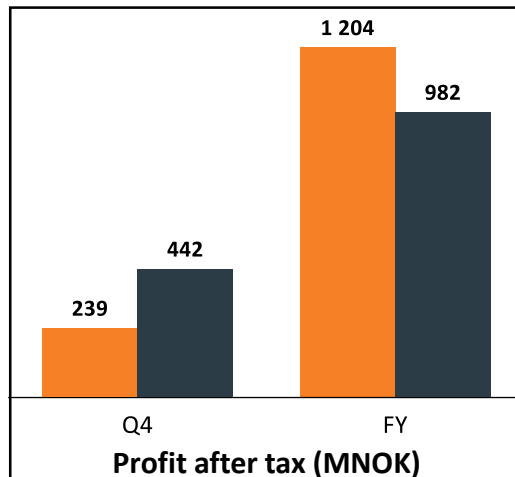
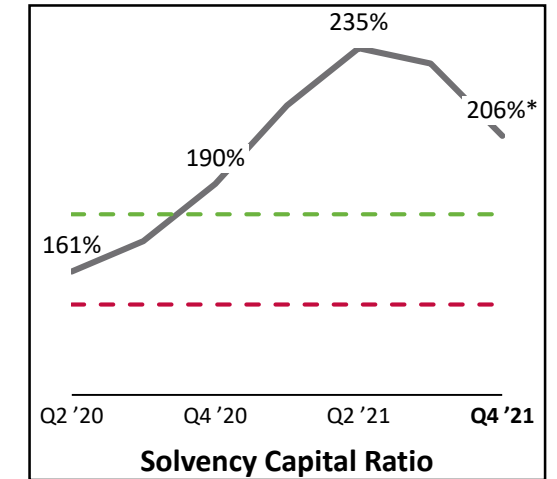
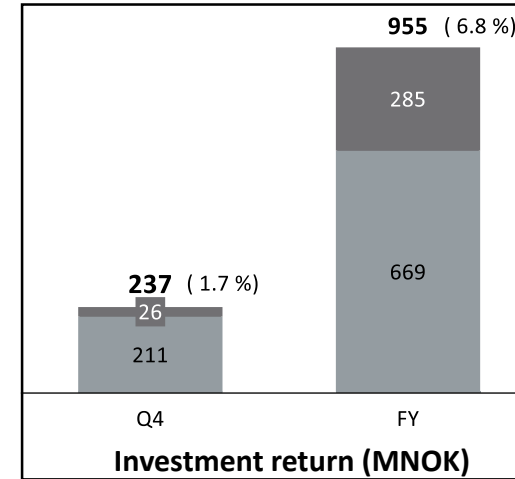
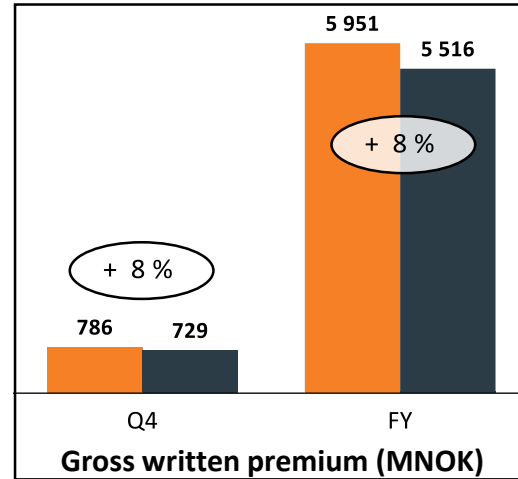
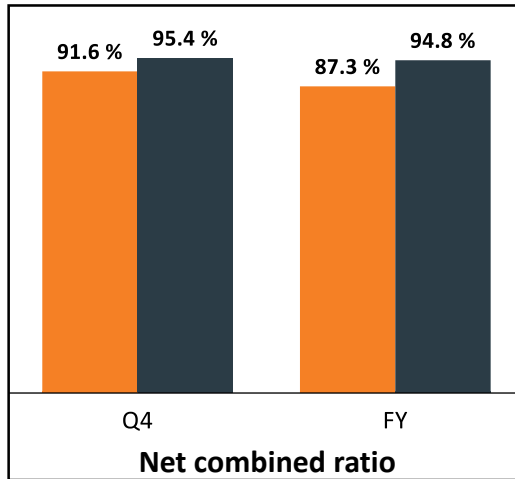
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Committed



# Result highlight Q4 & FY 2021

FY: Combined ratio at 87.3 % | Investment return at 6.8 % | EPS at NOK 15



## Other highlights:

- Best in UK broker satisfaction index 5<sup>th</sup> year running
- Concentration of large losses towards UK for FY and Q4
- Special dividend of NOK 3 per share (based on 2020 results)
- Ordinary dividend of NOK 7 per share for 2021 (subject to approval)

# Claims update

FY net claims ratio at 77.4 % | Q4 net claims ratio at 80.9 %

Business unit	FY 21 Gross	FY 21 Net	FY 20 Gross	FY 20 Net
Norway	78 %	82 %	81 %	80 %
Sweden	59 %	63 %	79 %	80 %
Denmark	103 %	83 %	113 %	115 %
UK	85 %	88 %	64 %	71 %
Finland	77 %	78 %	72 %	74 %
<b>Protector</b>	<b>77.8 %</b>	<b>77.4 %</b>	<b>82.2 %</b>	<b>84.6 %</b>

Business unit	Q4 21 Gross	Q4 21 Net	Q4 20 Gross	Q4 20 Net
Norway	98 %	89 %	74 %	72 %
Sweden	58 %	62 %	69 %	71 %
Denmark	108 %	89 %	131 %	133 %
UK	96 %	94 %	68 %	69 %
Finland	64 %	64 %	101 %	102 %
<b>Protector</b>	<b>85.6 %</b>	<b>80.9 %</b>	<b>82.3 %</b>	<b>83.8 %</b>

- Aggregated positive COVID-19 effect of 0.8 %p on combined ratio for 2021, no net effect in Q4

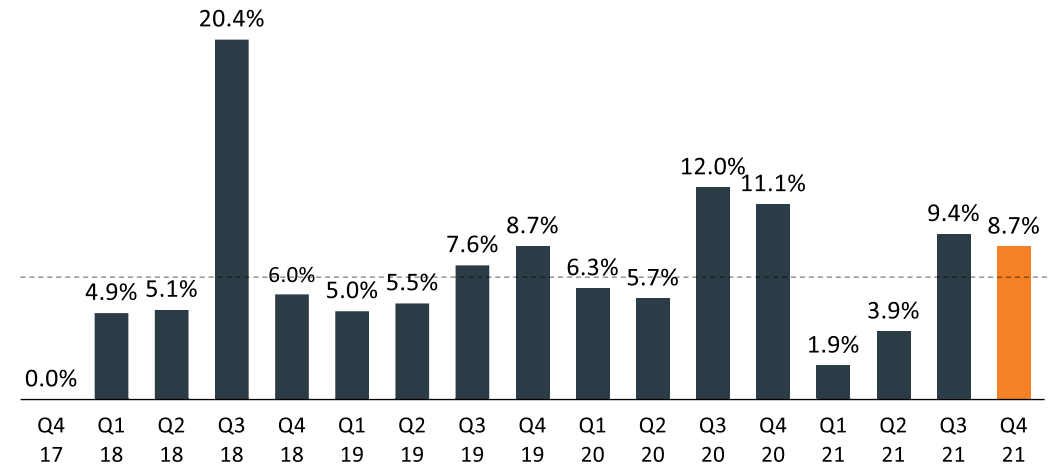
# Large losses and run-off

Gross large losses<sup>1</sup> at 6% in 2021 | Net run-off losses at 0.3%

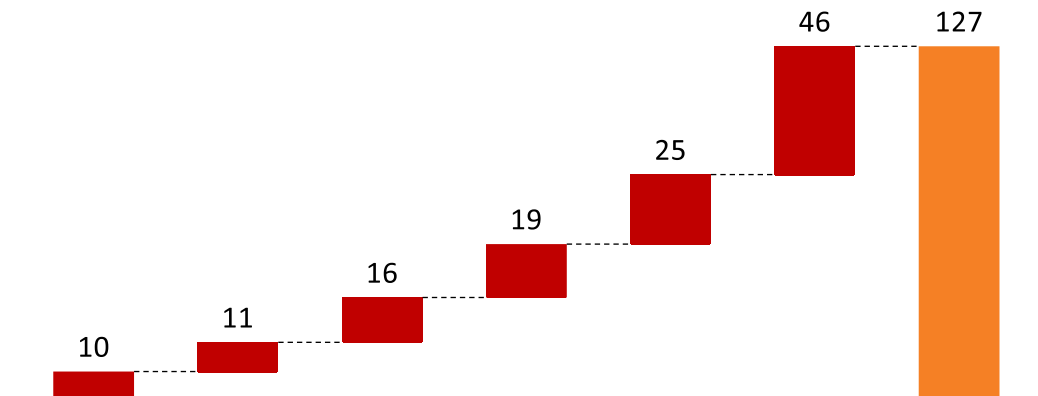
- Gross large losses at 6 % in 2021, whereof 4.3 %p from UK
  - UK large loss ratio at 17%
- Gross large losses of MNOK 127, or 8.7 % in Q4 21
  - UK Storm Arwen, 25-27<sup>th</sup> Nov
    - 53 claims (3 %p on company level in Q4)

- Net run-off losses at 0.3 % in 2021 (loss of 2.2 % in 2020)
- Net run-off losses at 4.3 % in Q4 21 (loss of 3.5 % in Q4 20)
  - Gain in SE & FI (24 MNOK), loss in NO, UK & DK (99 MNOK)

Gross large loss ratio<sup>2</sup> excl. WC, per quarter



Gross large loss effect build-up (Q4 21)



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

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

# Volume update

**GWP up 8 % in 2021 (10 % in local currencies (LCY))**

- YTD:
  - GWP growth at 8 % (10 % in LCY)
  - Renewal rate at 90 %
    - Realized price increases at 8.9 %
  
- Q4: a small volume-quarter (13 %)
  - GWP growth at 8 % (14 % in LCY)
  - Renewal rate at 84 %
    - Realized price increases at 5.2 %
  
- January 1<sup>st</sup> 2022 growth in GWP at 8 % (11 % in LCY)
  - Supported by price increases above inflation in Scandinavia and low client churn

NOKm

Business unit	FY 21	FY 20	Growth	...NOK %	...LCY%
Norway	1 415	1 383	32	2%	2%
Sweden	1 820	1 607	213	13%	16%
Denmark	919	973	-54	-6%	-1%
UK	1 618	1 328	290	22%	24%
Finland	178	226	-48	-21%	-17%
<b>Protector</b>	<b>5 951</b>	<b>5 516</b>	<b>434</b>	<b>8%</b>	<b>10%</b>
COI (in exit)	189	240	-52	-21%	-21%
<b>Protector incl. COI</b>	<b>6 139</b>	<b>5 757</b>	<b>383</b>	<b>7%</b>	<b>9%</b>

NOKm

Business unit	Q4 21	Q4 20	Growth	...NOK %	...LCY%
Norway	122	134	-12	-9%	-9%
Sweden	276	249	26	11%	22%
Denmark	92	60	32	54%	74%
UK	291	277	15	5%	6%
Finland	5	9	-4	-47%	-31%
<b>Protector</b>	<b>786</b>	<b>729</b>	<b>57</b>	<b>8%</b>	<b>14%</b>
COI (in exit)	38	49	-12	-23%	-23%
<b>Protector incl. COI</b>	<b>824</b>	<b>778</b>	<b>45</b>	<b>6%</b>	<b>11%</b>

# Country-by-country key metrics

UK net combined at 103.3 % (+ 18.4 %p) | Sweden net combined at 73.0 % (- 19.7 %p)

## YTD 2021

NOKm	Norway		Sweden		Denmark		UK		Finland		Protector	
	FY 21	FY 20	FY 21	FY 20	FY 21	FY 20	FY 21	FY 20	FY 21	FY 20	FY 21	FY 20
Gross premium written	1 415	1 383	1 820	1 607	919	973	1 618	1 328	178	226	5 951	5 516
Gross premium earned	1 398	1 443	1 749	1 605	880	983	1 461	1 131	258	217	5 746	5 380
Net premium earned	1 245	1 293	1 512	1 402	761	861	1 171	864	231	194	4 921	4 614
Gross claims ratio	77.8 %	81.1 %	59.3 %	79.1 %	102.8 %	112.5 %	84.7 %	63.8 %	77.3 %	72.3 %	77.8 %	82.2 %
Gross cost ratio	7.6 %	8.6 %	12.3 %	12.7 %	8.4 %	6.7 %	14.4 %	12.9 %	5.6 %	5.2 %	10.8 %	10.3 %
<b>Gross combined ratio</b>	<b>85.4 %</b>	<b>89.7 %</b>	<b>71.6 %</b>	<b>91.8 %</b>	<b>111.2 %</b>	<b>119.2 %</b>	<b>99.1 %</b>	<b>76.8 %</b>	<b>82.9 %</b>	<b>77.5 %</b>	<b>88.5 %</b>	<b>92.5 %</b>
Net claims ratio	82.1 %	80.2 %	62.8 %	79.8 %	82.9 %	115.1 %	87.8 %	70.7 %	78.1 %	74.0 %	77.4 %	84.6 %
Net cost ratio	7.2 %	6.1 %	10.2 %	12.8 %	6.9 %	9.6 %	15.5 %	14.2 %	4.0 %	3.5 %	9.9 %	10.2 %
<b>Net combined ratio</b>	<b>89.2 %</b>	<b>86.3 %</b>	<b>73.0 %</b>	<b>92.7 %</b>	<b>89.8 %</b>	<b>124.7 %</b>	<b>103.3 %</b>	<b>84.9 %</b>	<b>82.1 %</b>	<b>77.5 %</b>	<b>87.3 %</b>	<b>94.8 %</b>

## Q4 2021

NOKm	Norway		Sweden		Denmark		UK		Finland		Protector	
	Q4 21	Q4 20	Q4 21	Q4 20	Q4 21	Q4 20	Q4 21	Q4 20	Q4 21	Q4 20	Q4 21	Q4 20
Gross premium written	122	134	276	249	92	60	291	277	5	9	786	729
Gross premium earned	351	358	442	412	231	252	384	326	60	57	1 468	1 404
Net premium earned	313	320	379	357	199	222	324	239	53	52	1 269	1 189
Gross claims ratio	97.8 %	74.2 %	58.0 %	68.5 %	107.8 %	130.7 %	96.2 %	67.8 %	64.1 %	100.7 %	85.6 %	82.3 %
Gross cost ratio	8.4 %	9.7 %	12.6 %	15.1 %	9.3 %	8.5 %	13.4 %	13.3 %	6.3 %	5.4 %	11.0 %	11.7 %
<b>Gross combined ratio</b>	<b>106.2 %</b>	<b>83.8 %</b>	<b>70.6 %</b>	<b>83.6 %</b>	<b>117.1 %</b>	<b>139.2 %</b>	<b>109.5 %</b>	<b>81.1 %</b>	<b>70.5 %</b>	<b>106.1 %</b>	<b>96.6 %</b>	<b>94.0 %</b>
Net claims ratio	88.5 %	72.1 %	61.8 %	71.1 %	89.3 %	132.8 %	93.6 %	69.2 %	64.1 %	102.0 %	80.9 %	83.8 %
Net cost ratio	8.1 %	4.7 %	10.8 %	15.2 %	9.8 %	12.7 %	14.8 %	15.6 %	3.3 %	7.2 %	10.7 %	11.6 %
<b>Net combined ratio</b>	<b>96.6 %</b>	<b>76.8 %</b>	<b>72.6 %</b>	<b>86.2 %</b>	<b>99.1 %</b>	<b>145.5 %</b>	<b>108.4 %</b>	<b>84.8 %</b>	<b>67.4 %</b>	<b>109.1 %</b>	<b>91.6 %</b>	<b>95.4 %</b>



# Result vs. 2021 guiding

Technical result in line with guiding, higher than expected investment return pushing ROE

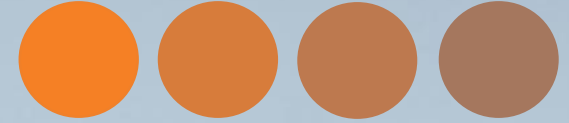
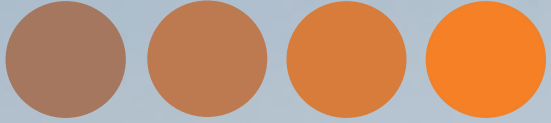
	Guiding 2021	Results Q1-Q3	Results Q4	Results FY
Net Combined Ratio:	88 % <sup>(1)</sup>	85.9 %	91.6 %	<b>87.3 %</b>
Return on Equity (ROE):	>20 %	37.7 %*	29.9 %*	<b>35.6 %</b>
Gross Written Premium (GWP) growth:	10 % (LCY)	9.7 % (LCY)	14 % (LCY)	<b>10.0 % (LCY)</b>
Solvency II Capital Ratio (SCR):	> 150 %	230 %	206 %**	<b>206 %**</b>

- We will continue to stay disciplined with regards to profitable growth

(1) Changed following Q3 '21 (from 90-92%)

\* Annualized

\*\* Post dividends (NOK 3+ NOK 7)

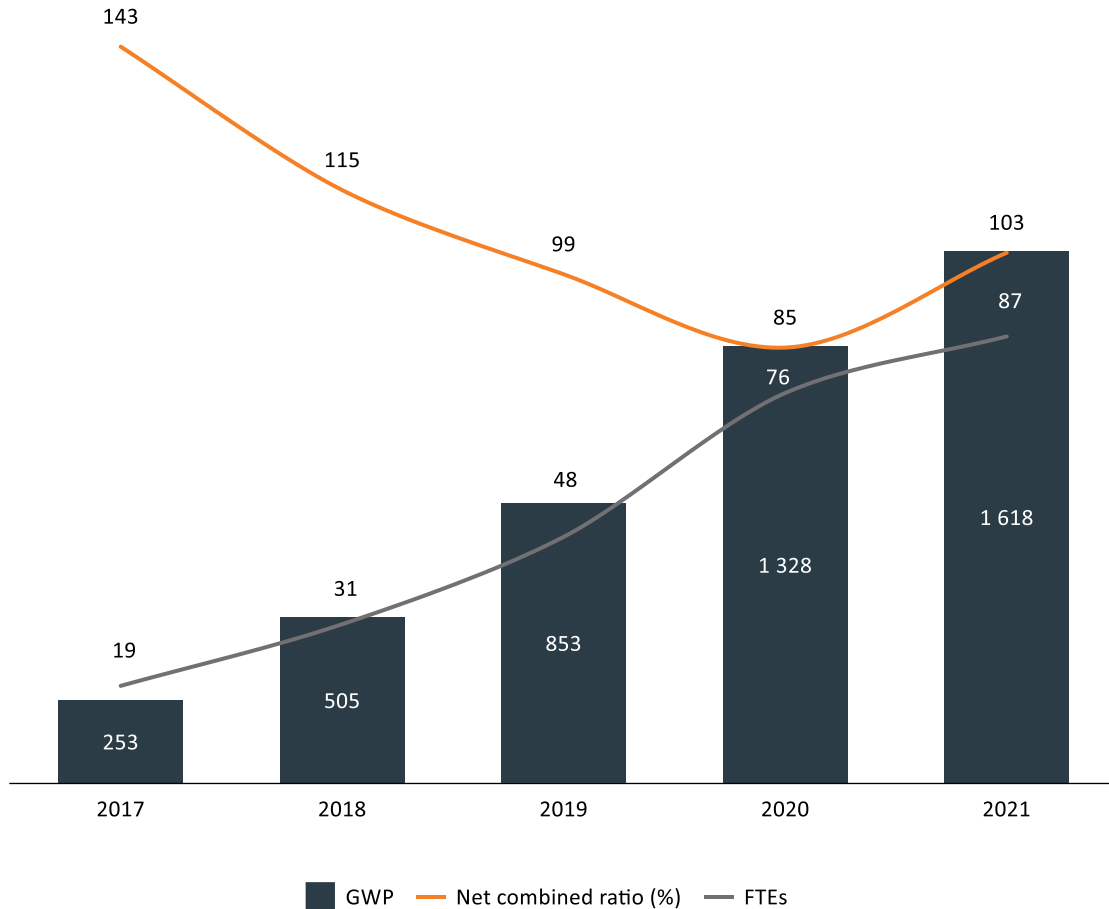


UK

**PROTECTOR**

# A disciplined Team journey

On target – optimistic & cautious



- Culture is key
  - Up-front investment in people for future
- Quality leader 5th time running
- Profitability impacted by large losses (LL) in 2021
  - Underlying profitability is within the expected range for the UK
- Disciplined growth
  - Selective Underwriting – under constant review
- Critical mass approaching
  - Early focus upon costs/scale

# Culture is key

## One Team UK

- Circa 90 employees - fully operative whilst working from home
  - 2 days WFH, 3 days in the office
  - Manchester & London – operate as ‘One Team’.
- Cultural Lead 2020 & 2021
  - A first in Protector’s history
- Management team, growing in strength and numbers with strong succession planning
- #1 (far ahead of #2) in the Broker Satisfaction Index (BSI)
  - 5th consecutive year
  - Supported by external surveys



Overall satisfaction (ranked out of 18)

1	Protector	7.7
2	Insurer 34	7.6
=3	Insurer 21	7.5
=3	Insurer 38	7.5
=5	Insurer 4	7.3

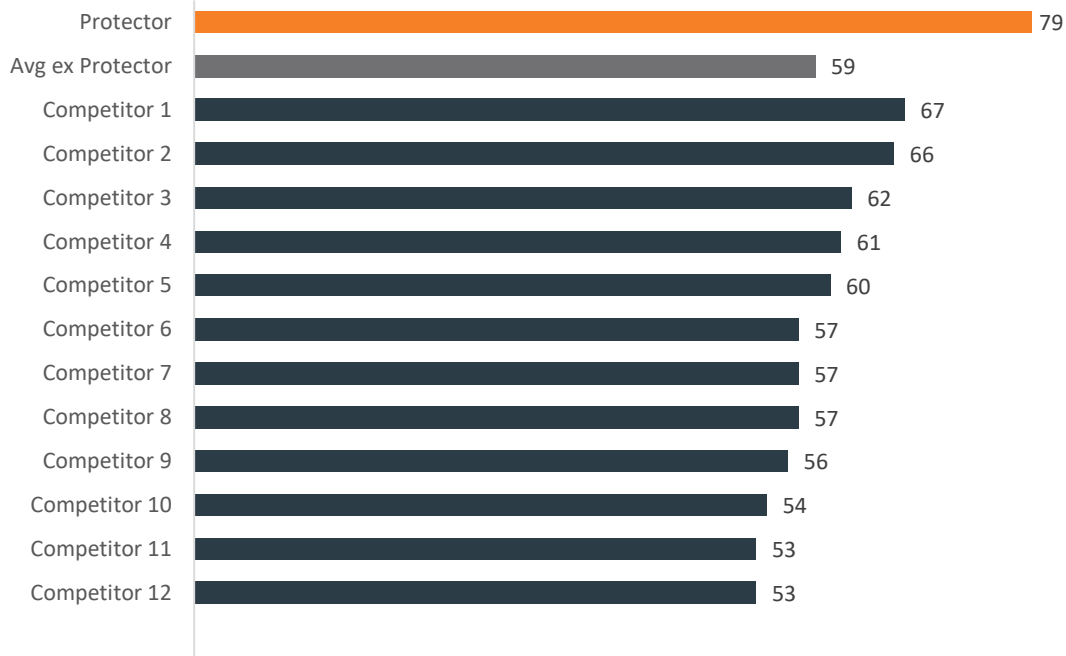
Retail Tier 2  
average: 6.9



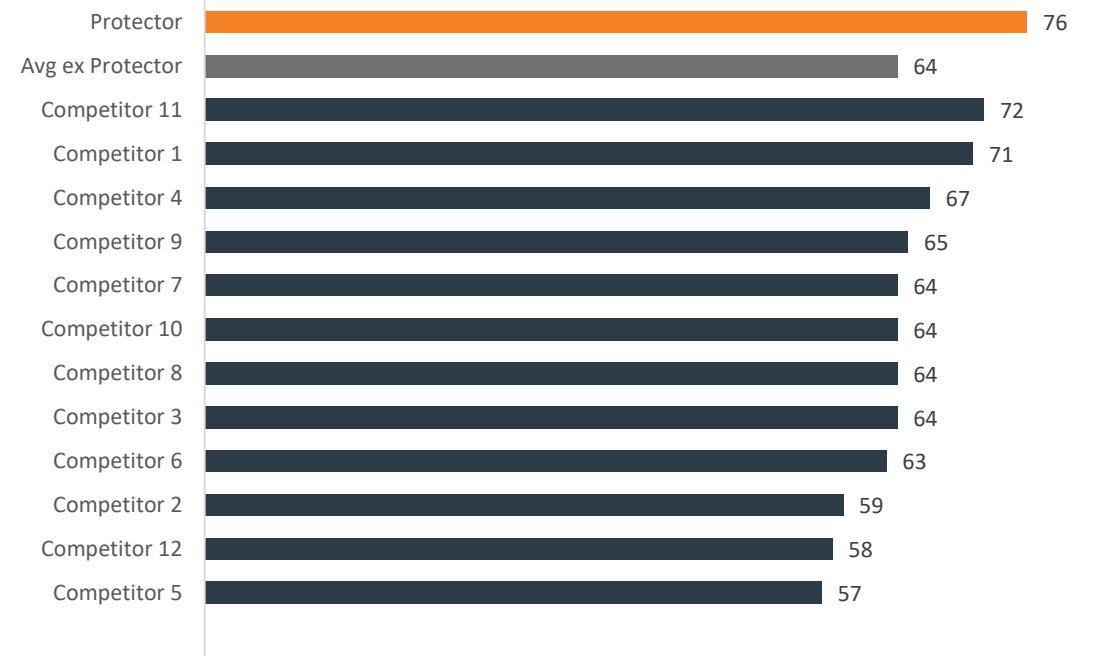
# BSI Results 2021

Number 1 Service Provider 5<sup>th</sup> year running

## Totality



## Claims



Listening to  
our brokers

Identifying areas  
of improvement

Further enhance the  
quality of our offering

Feedback for all  
business units

# Operational status 2021

## Disciplined Underwriting & focussed Claims Handling

### Volume:

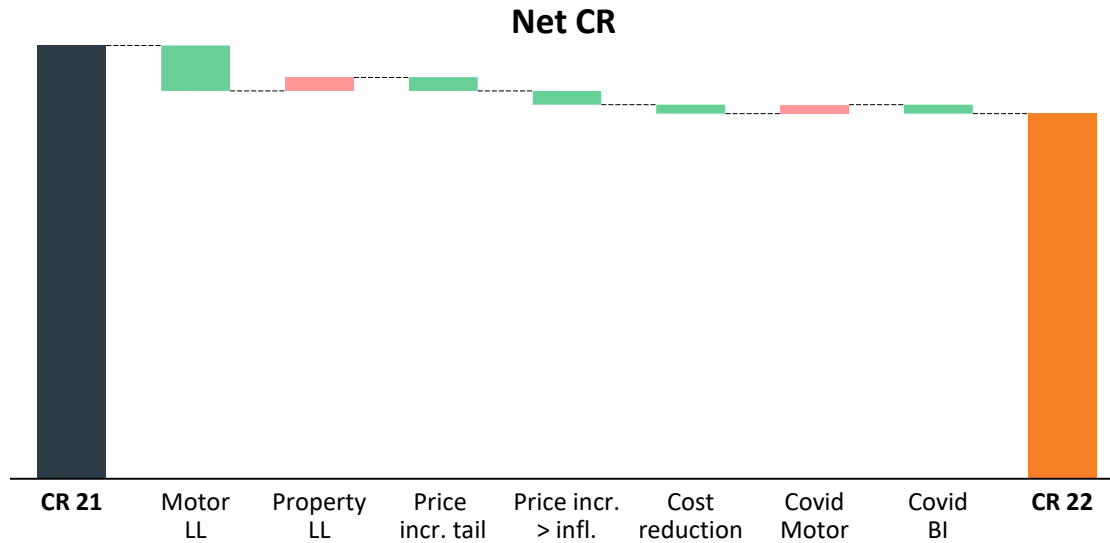
- £340m GWP of opportunities, £160m GWP quoted
- Very low hit rates (10 %) in public and housing (price driven)
- Ok hit rates (15 %) commercial – (motor more challenging)
- Very strong renewal rates in both segments, price increases at  $\approx 9\%$

### Claims handling:

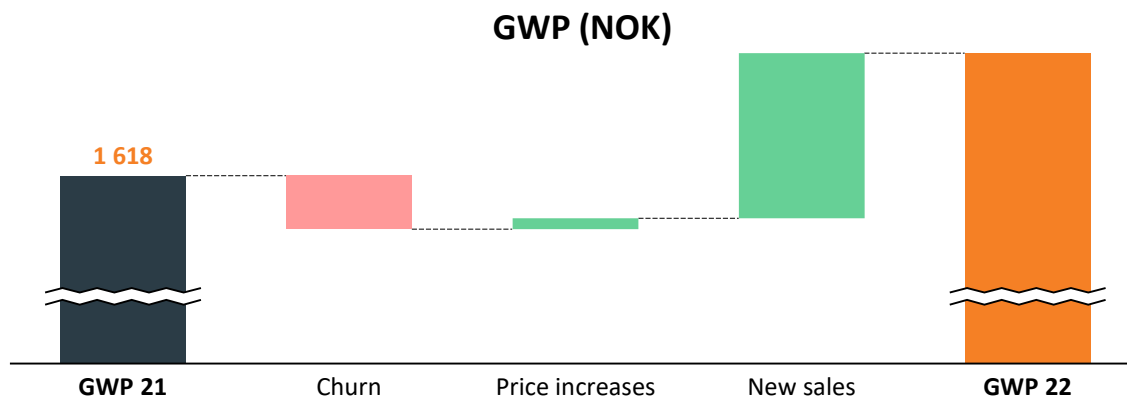
- Very strong clean desk (no backlog)
- Claims cost reduction becoming culture
  - Motor engineers
  - Counter Fraud
  - TP intervention
  - Recovery

# Back to profitable growth in 2022

Challenging market, but positive growth outlook



- 2021 was worse than history / benchmarks for LLs
  - It will normalise
- Residual impact of 2021 rate improvement & inflation
- Cost improvements = scale & efficiency



- Churn adjusted for market dynamics
- Rate strength will continue in some areas
- New Sales: Positive outlook
  - Commercial – Wider distribution / Hit rate focus
  - Public & Housing – Better opportunities – already material

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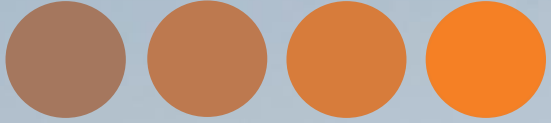
Innovative/Open

Bold

Committed







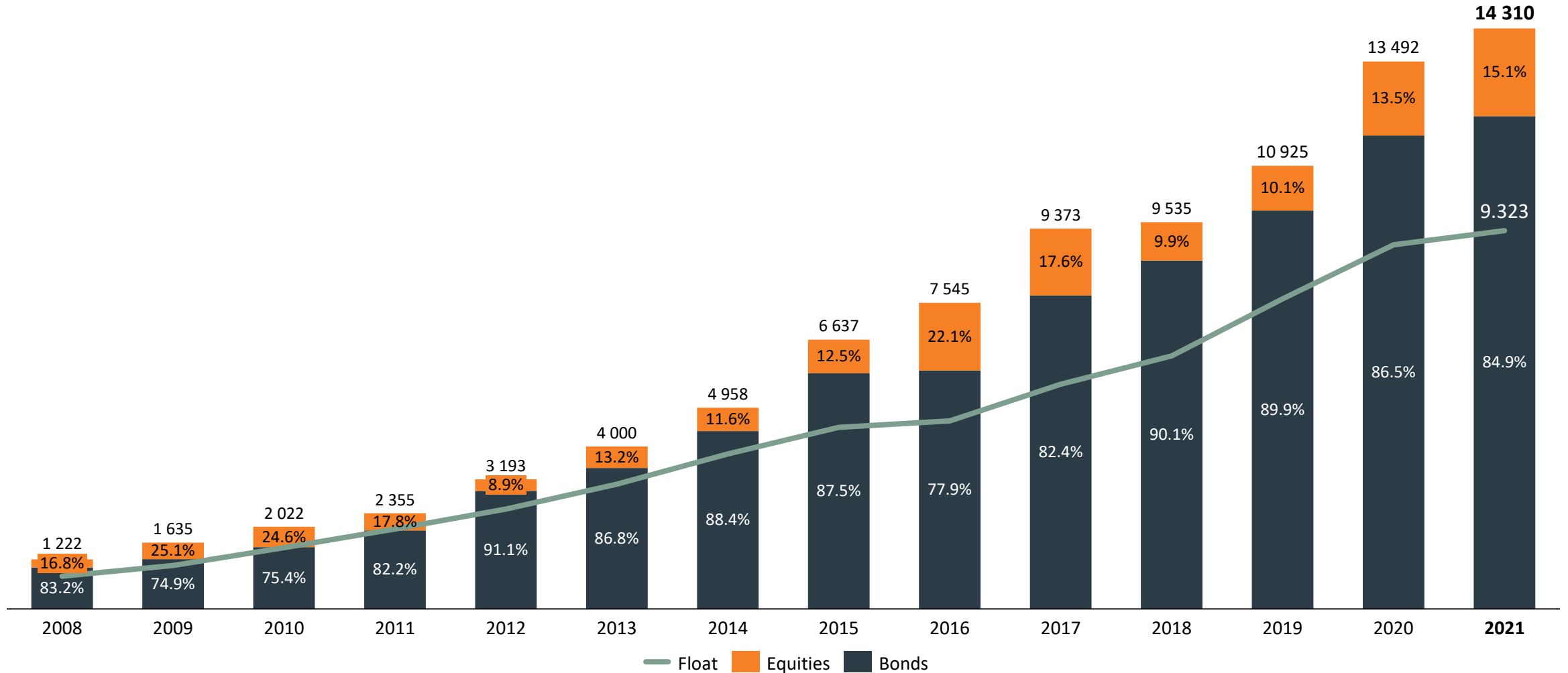
# Investments

Investment is core

**PROTECTOR**

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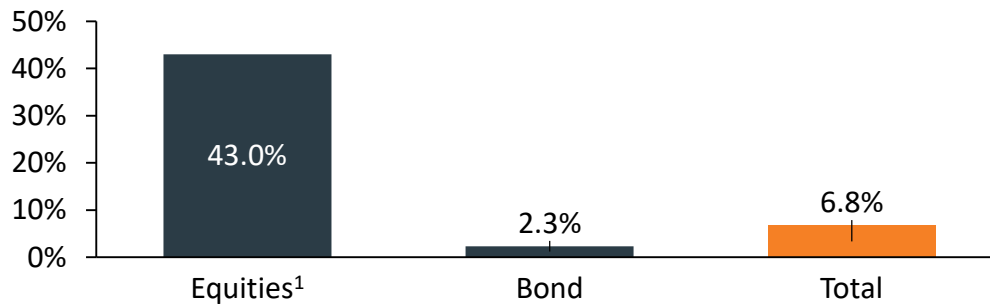
AUM is increasing



# Investment performance

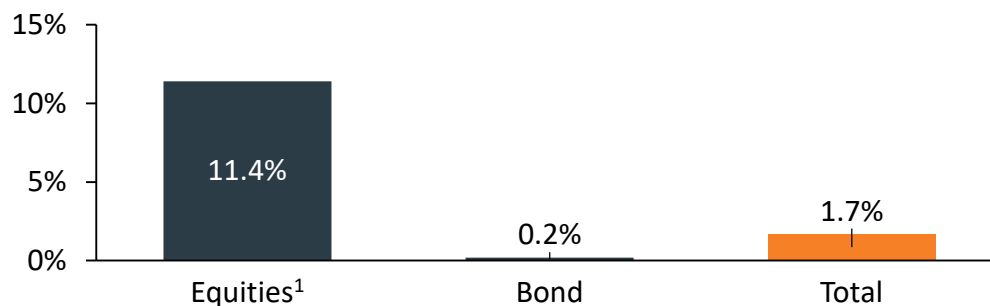
Gain of MNOK 955 in 2021, whereof MNOK 237 in Q4

## 2021 investment results



- **2021** return on investment portfolio at **6.8 %**, or **MNOK 955**
  - Equity portfolio, ex. put options, returning 43.0 %, or MNOK 730
  - Bond portfolio returning 2.3 %, or MNOK 285
  - Return of put options MNOK -61

## Q4 investment results



- **Q4** return on investment portfolio at **1.7 %**, or **MNOK 237**
  - Equity portfolio, ex. put options, returning 11.4 %, or MNOK 228
  - Bond portfolio returning 0.2 %, or MNOK 26
  - Return of put options MNOK -16

<sup>1</sup> Equity return excludes results from put options

# Bond portfolio statistics

Yield at 2.0 % | Avg. IG-rated portfolio by YE21 | No losses in 2021

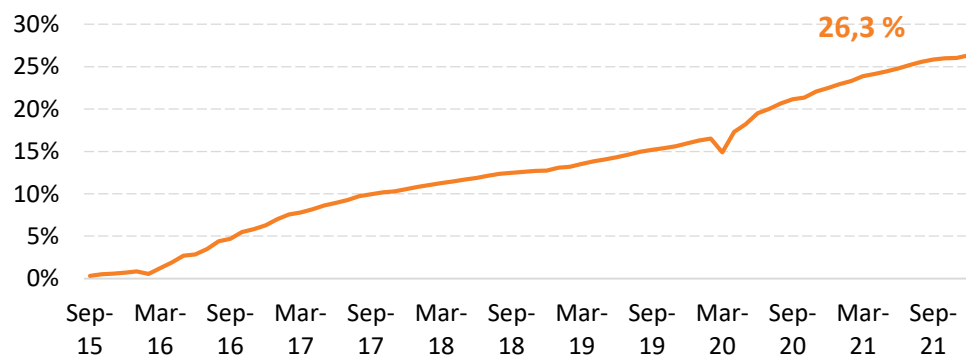
Investment portfolio data <sup>1</sup>		31.12.21	30.09.21	31.12.20
Bonds	Bond & cash eq. (MNOK) <sup>2</sup>	<b>12 003</b>	12 369	11 603
	Avg. ref. rate (NIBOR, STIBOR, etc.)	<b>0.5 %</b>	0.3 %	0.2 %
	Avg. spread/risk premium (bps)	<b>151</b>	164	210
	Yield	<b>2.0 %</b>	2.0 %	2.3 %
	Duration	<b>0.4</b>	0.4	0.4
	Credit duration	<b>1.3</b>	1.3	1.4
	Avg. rating <sup>3</sup>	<b>A-</b>	BBB+	A-

<sup>1</sup> Includes bank deposits

<sup>2</sup> Size excludes currency swap contracts

<sup>3</sup> Avg. linear rating based on official rating (>55%) and 'Protector rating' (<45%)

## Protector bond portfolio return



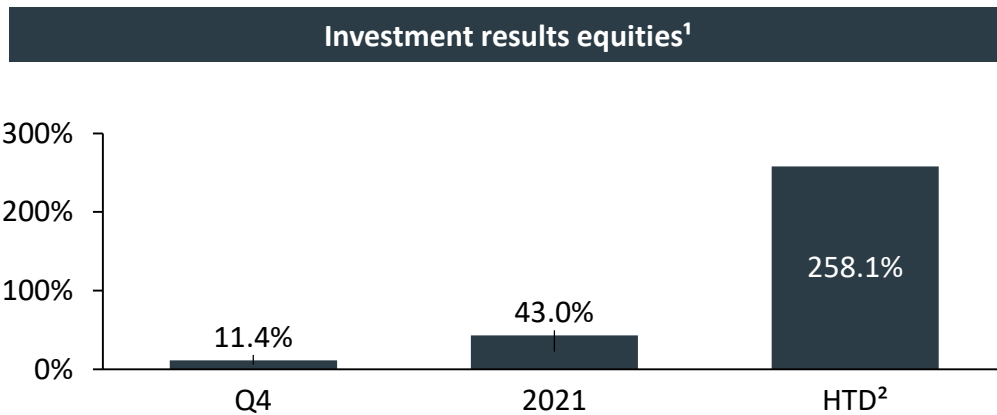
- Running yield at 2.0 % (2.3 % in YE'20), before cost of risk
  - Spread down 13bps, underlying ref. rate up 21bps from Q3 '21
- HY portfolio totalling BNOK ≈ 3.5, vs. BNOK 4.0 YE'20
- Protector with no losses, unrealized or realized, > MNOK 1 in 2021
- Strong Nordic HY bond market in 2021
  - DNB Markets Nordic HY index in NOK +8.7 % in 2021 and +0.9 % in Q4
- Protector with losses of MNOK 10, or 0.02 % annually Q315-Q421

# Equity portfolio statistics

Return of 43 % in 2021 | CAGR of 19.2 % since inception Q4 2014

Investment portfolio data		31.12.21	31.12.20	30.09.21
Equities	Portfolio size	2 166	1 823	2 118
	Share of total	15.1%	13.5%	14.6%
	Estimated intrinsic value discount	26%	26%	30%
	No. of companies	20	16	22

- Strong operational performance in portfolio companies
- Discount to estimated intrinsic value 26%
  - Flat Y/Y, despite return > 40%.
    - Multiconsult exit
    - Several new holdings purchased
      - Average holding period for existing portfolio companies lower



- Equity share at 15.1% (13.5%) due to valuation gains
  - Net sale of 160 MNOK in 2021
- CAGR of 19.2% since inception Q4 2014

<sup>1</sup> Equity return excludes results from put options

<sup>2</sup> HTD: History to date, from October 2014

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# Profit and loss FY (& Q4)

Profit of MNOK 1 204 (239) | EPS at NOK 15.0 (3.2)

NOKm	Q4 21	Q4 20	FY 21	FY 20
Gross premiums written	786	729	5 951	5 516
Earned premiums, net of reinsurance	1 269	1 189	4 921	4 614
Claims incurred, net of reinsurance	(1 027)	(996)	(3 810)	(3 901)
Sales cost	(95)	(93)	(362)	(331)
Administration cost	(67)	(71)	(257)	(221)
Commission from reinsurer	27	26	131	82
Other insurance related income/expenses	(5)	(1)	(29)	5
<b>Technical result</b>	<b>101</b>	<b>54</b>	<b>594</b>	<b>247</b>
Other income/costs	(15)	(19)	(56)	(67)
Net financial income	220	414	878	865
<b>Profit before tax</b>	<b>306</b>	<b>448</b>	<b>1 416</b>	<b>1 045</b>
Tax	(39)	(36)	(252)	(160)
<b>Discontinued operations</b>	<b>(3)</b>	<b>31</b>	<b>67</b>	<b>94</b>
Net comprehensive income	(25)	(0)	(28)	2
<b>Profit for the period</b>	<b>239</b>	<b>442</b>	<b>1 204</b>	<b>982</b>
Claims ratio, net of reinsurance	80.9 %	83.8 %	77.4 %	84.6 %
Expense ratio, net of reinsurance	10.7 %	11.6 %	9.9 %	10.2 %
<b>Combined ratio, net of reinsurance</b>	<b>91.6 %</b>	<b>95.4 %</b>	<b>87.3 %</b>	<b>94.8 %</b>
Gross claims ratio	85.6 %	82.3 %	77.8 %	82.2 %
Gross expense ratio	11.0 %	11.7 %	10.8 %	10.3 %
<b>Gross combined ratio</b>	<b>96.6 %</b>	<b>94.0 %</b>	<b>88.5 %</b>	<b>92.5 %</b>
Retention rate	86.4 %	84.7 %	85.6 %	85.8 %
Earnings per share	3.2	5.4	15.0	12.0

# Balance Sheet

SCR-ratio at 206% post dividend

In millions	31.12.2021	31.12.2020
Financial assets	13 067	11 989
Derivatives	94	48
Bank deposits	300	263
Other assets	4 338	2 555
Discontinued operations	1 448	1 896
<b>Total assets</b>	<b>19 246</b>	<b>16 750</b>
Total equity	3 582	3 030
Subordinated loan capital	1 385	1 473
Total reserves	9 980	9 185
Derivatives	26	61
Other liabilities	3 440	1 889
Discontinued operations	834	1 112
<b>Total equity and liabilities</b>	<b>19 246</b>	<b>16 750</b>

- Positive contribution from investments and technical result
- Downward shift in SCR-ratio driven by the proposed dividends
  - Approx. 4 %-points effect on SCR-ratio per 1 NOK dividend per share

SCR-ratio composition



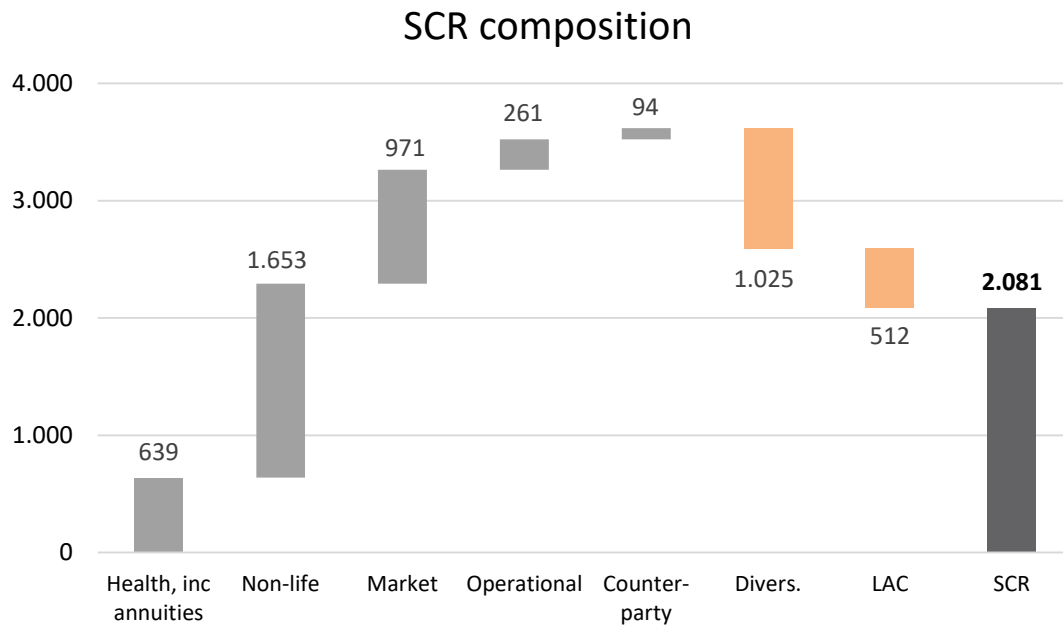


# Solvency II

SCR ratio at 206%

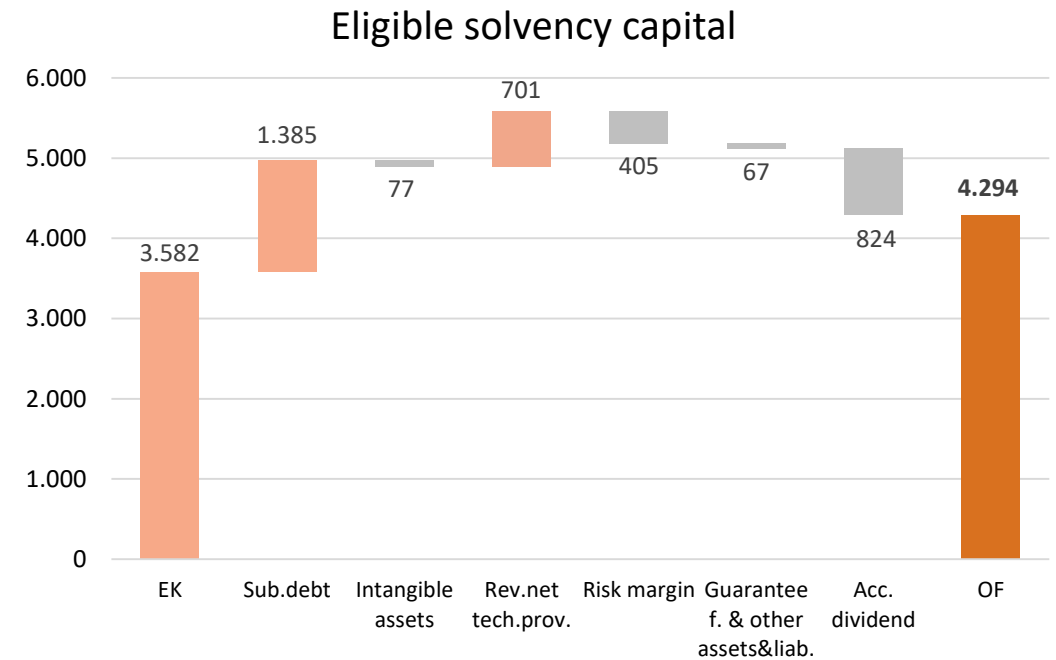
## Composition of SCR:

- Net insurance risk 63%
- Net market risk 27%
- Other risks 10%



## Eligible solvency capital:

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



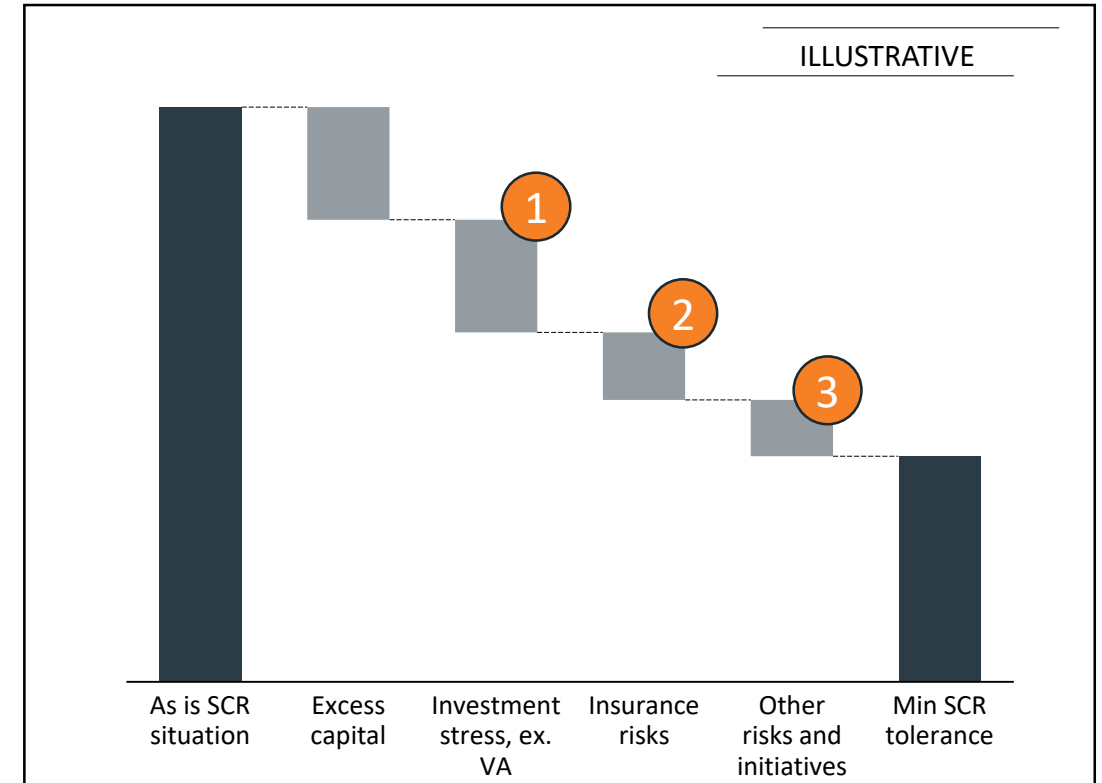
# Risk and capital management process

Dynamic to all company risks, in addition to historical investment stress

## Main objectives

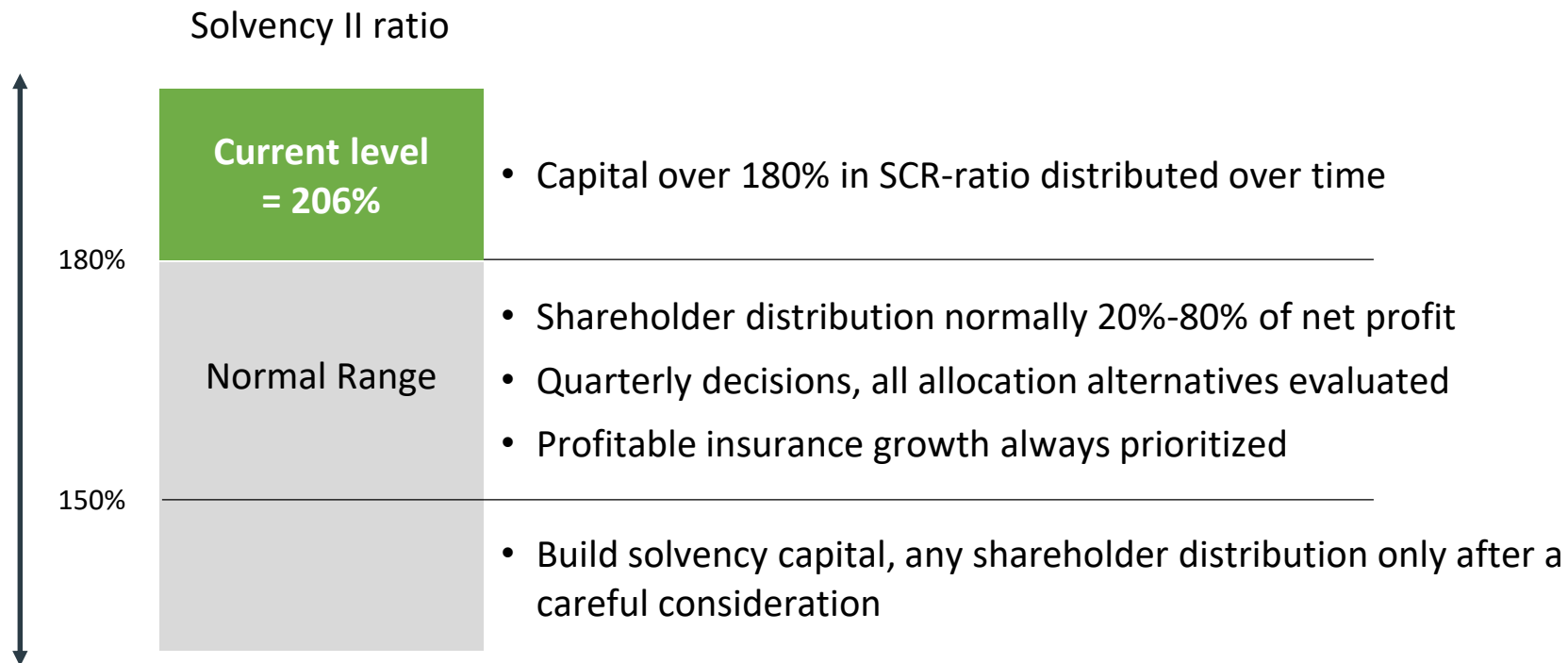


## Three main risk categories



# Flexible shareholder distribution policy

## Quarterly assessment of capital position vs. capital need



# Dividends

## Special dividend per share of NOK 3 | Ordinary dividend per share of NOK 7 for 2021

- The Board has resolved to distribute a special dividend of MNOK 247.1, corresponding to NOK 3.00 per share.
  - To be paid February 16<sup>th</sup> (ex. date February 9<sup>th</sup>)
- The Board proposes an ordinary dividend for 2021 of NOK 576.6m, corresponding to NOK 7.00 per share.
  - To be paid April 20<sup>th</sup> (ex. date April 8<sup>th</sup>)

## 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

Bold

Committed



# Result summary Q4 & FY 2021

**FY: Combined ratio at 87.3 % | Investment return at 6.8 % | EPS at NOK 15**

	Q4	FY
• Net combined ratio	91.6 %	87.3 %
• Gross written premium	MNOK 786 (+8 %)	MNOK 5 951 (+8 %)
• Investment return	MNOK 237 (1.7 %)	MNOK 955 (6.8 %)
• Profit for the period	MNOK 239	MNOK 1 204
• Earnings per share	NOK 3.2	NOK 15.0
• Solvency Capital Ratio	206 %*	206 %*

This presentation contains alternative performance measures (APMs).

APMs are described here: <https://protectorforsikring.no/en/investor/documents/spreadsheets/>

\* Post dividends





**PROTECTOR**  
insurance