

# Q1 2020 Interim Results

Investor presentation

Oslo, April 30<sup>th</sup> 2020



«Olemme erilaisia»

«Vi är annorlunda»

**PROTECTOR**  
insurance

## 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

Open

Bold

Committed

«Vi er annerledes»

«Vi er anderledes»

«We are different»



# Result highlights

## Combined ratio 98.3% – large unrealized loss on investments

- Net combined ratio at 98.3% (105.9%)
- GWP growth at 4% (0% in local currency)
- Net claims ratio at 89.7% (99.3%) incl. 0.3% run-off gains (6.9%)
- Price increases Nordics  $\approx$  13.5%
- Investment return<sup>1</sup> of MNOK -452, or -3.9%
  - Market turmoil due to a combination of COVID-19 and oil price collapse
- Increased allocation towards High Yield bonds – added BNOK 1.7
- Loss in period MNOK -385 vs. profit of MNOK 92 in Q1 2019
- Solvency Capital Ratio<sup>2</sup> at 142%
- April investment result so far amounting to  $\approx$  MNOK 324
- Added another MNOK 500 in HY in April – current yield portfolio at  $\approx$  4.2%, before cost of risk

<sup>1</sup> Investment return post allocated costs, pre-tax and inclusive of return on investments linked to COI

<sup>2</sup> Solvency capital requirement ratio based on standard formula incl. volatility adjustment

# Volume update

Gross written premium growing 4% – zero growth in local currencies

- MNOK 115 (4%) gross written premium (GWP) growth in Q1
  - Adjusted for currency effects, overall GWP is flat
- Renewal rate of 87.5%
  - Supported by price increases in the Nordics
  - Client churn somewhat too high
- We expect negative Nordic volume growth in Q2
  - Due to client churn and COVID-19
  - 'Risk capital' allocation towards investments more attractive
- Significant growth coming from UK in Q2
  - April 1<sup>st</sup> UK inception date with significant growth
    - Approx. £10m in GWP growth (April 1<sup>st</sup> 2019 volume of £20m)
    - Margins expected to be similar to existing portfolio

in MNOK

Business unit	Q1 '20	Q1 '19	Growth	NOK % Growth	LCY % Growth
Norway	820	804	16	2 %	2 %
Sweden	789	786	3	0 %	-4 %
Denmark	813	761	52	7 %	0 %
UK <sup>3</sup>	192	175	17	10 %	1 %
Finland	213	187	26	14 %	6 %
Protector	2.828	2.713	115	4 %	0 %

<sup>3</sup> Include approx. MNOK 50 reduction in volume due to substantial deductible increase with our biggest client.

# Claims development

**Claims ratio 85.5%**

- Gross claims ratio at 85.5% (93.4%)
- Net claims ratio at 89.7% (99.3%)
- Underlying improvement stronger, as Q1 '19 include a 6.9% run-off gain vs. 0.3% in Q1 '20.
- Run-off loss in Denmark amounting to MNOK 31, and gain in Finland of MNOK 28.

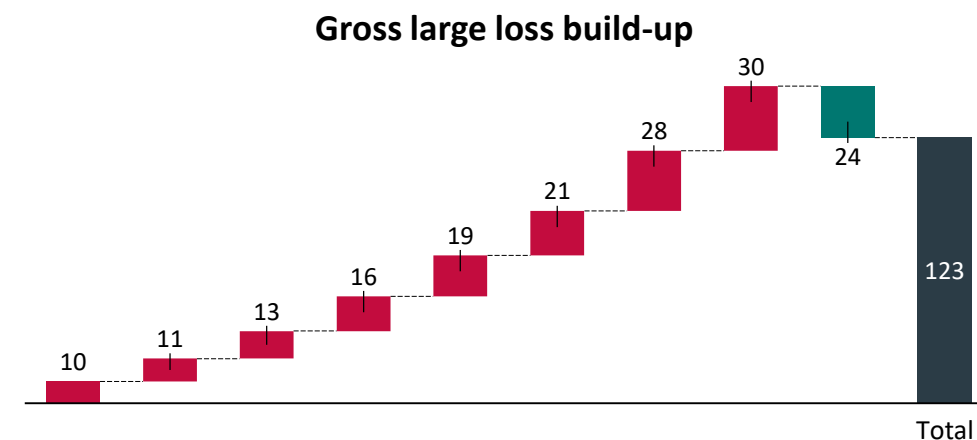
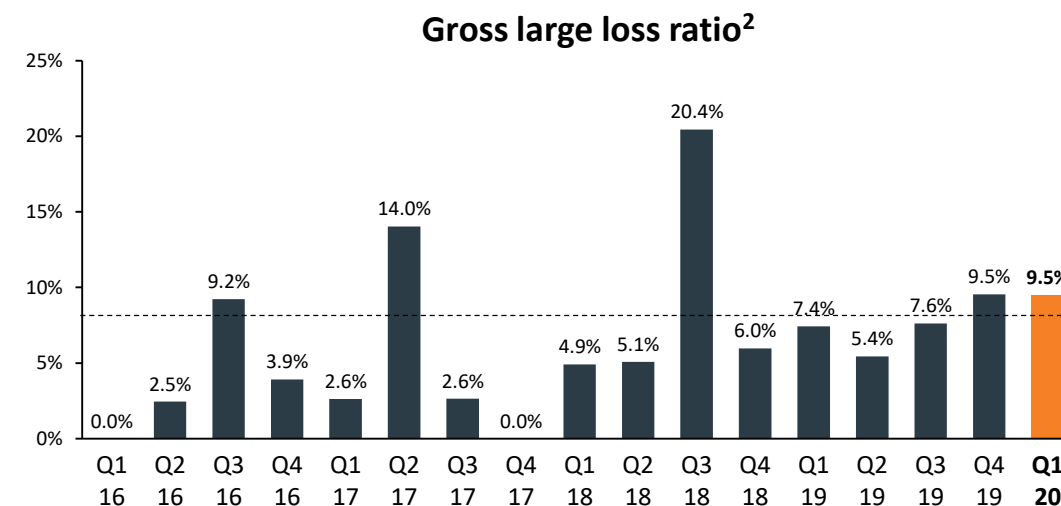
Business unit	Q1 '20 Gross	Q1 '19 Gross	Q1 '20 Net	Q1 '19 Net
Norway	94.3 %	88.5 %	96.1 %	95.1 %
Sweden	80.3 %	94.3 %	78.8 %	93.0 %
Denmark	105.0 %	107.2 %	112.7 %	112.4 %
UK	65.7 %	81.9 %	80.1 %	107.1 %
Finland	67.6 %	100.7 %	69.0 %	100.2 %
Protector	85.5 %	93.4 %	89.7 %	99.3 %

# Large losses and run-off

## Gross large losses<sup>1</sup> of MNOK 123 (9.5%)

- Gross large losses of MNOK 123, or 9.5%.
  - Including flood losses in UK of MNOK 30 (Storm Dennis & Ciara)
- Gross large loss definition changed; > MNOK 10 (MNOK 7.5)
  - Very large claims capped at MNOK 100 (MNOK 50)
  - Normalized large loss rate increased to 8% (7%)

- Net run-off at 0.3% vs. run-off gain 6.9% Q1 2019
  - Denmark: MNOK 31 in run-off losses
  - Finland: MNOK 28 in run-off gains
  - NO/SE/UK: +/- 0
- Some volatility in reserves must be expected within certain products/segments.



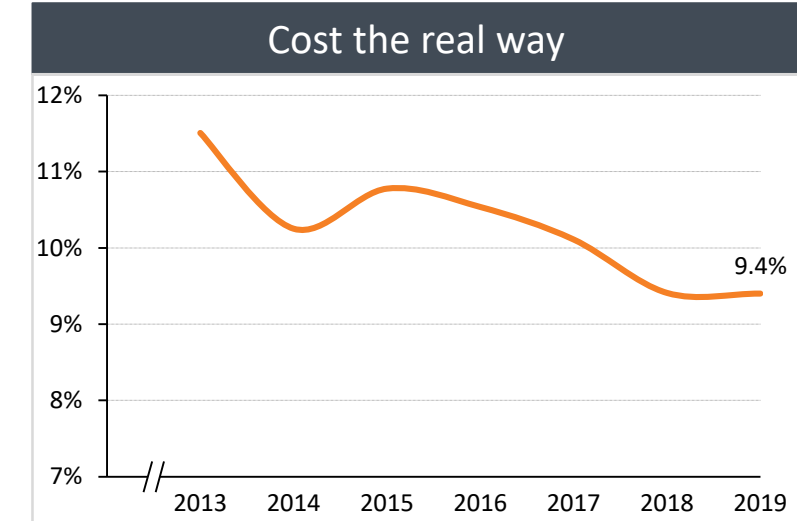
<sup>1</sup> Gross large losses defined as losses or loss adjustments > MNOK 10

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

# Cost development

## Still number 1

- Cost the real way<sup>1</sup> – this is what matters
  - Will trend somewhat upwards during 2020
- Gross cost ratio 9.3% (7.6%)
  - Higher broker commission going forward due to growth coming from UK
- Net cost ratio 8.6% (6.6%)



<sup>1</sup> Gross cost incl. claims handling ex. broker commissions

# Protector Combined Ratio

Significant improvement

in MNOK





	Norway		Sweden		Denmark		UK		Finland		Protector	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019
Gross premium written	820	804	789	786	813	761	192	175	213	187	2.828	2.713
Gross premium earned	367	376	397	346	234	208	227	153	68	65	1.293	1.147
Net premium earned	328	315	349	262	204	174	181	84	61	57	1.122	891
Gross claims ratio	94.3 %	88.5 %	80.3 %	94.3 %	105.0 %	107.2 %	65.7 %	81.9 %	67.6 %	100.7 %	85.5 %	93.4 %
Gross cost ratio	7.6 %	6.2 %	12.1 %	10.3 %	5.7 %	6.5 %	12.4 %	7.2 %	3.9 %	5.7 %	9.3 %	7.6 %
<b>Gross combined ratio</b>	<b>101.9 %</b>	<b>94.7 %</b>	<b>92.3 %</b>	<b>104.6 %</b>	<b>110.8 %</b>	<b>113.7 %</b>	<b>78.1 %</b>	<b>89.1 %</b>	<b>71.5 %</b>	<b>106.4 %</b>	<b>94.8 %</b>	<b>101.0 %</b>
Net claims ratio	96.1 %	95.1 %	78.8 %	93.0 %	112.7 %	112.4 %	80.1 %	107.1 %	69.0 %	100.2 %	89.7 %	99.3 %
Net cost ratio	4.8 %	6.9 %	11.3 %	6.5 %	8.3 %	4.3 %	13.5 %	11.9 %	1.0 %	4.9 %	8.6 %	6.6 %
<b>Net combined ratio</b>	<b>100.8 %</b>	<b>101.9 %</b>	<b>90.1 %</b>	<b>99.5 %</b>	<b>121.0 %</b>	<b>116.8 %</b>	<b>93.5 %</b>	<b>119.0 %</b>	<b>70.0 %</b>	<b>105.1 %</b>	<b>98.3 %</b>	<b>105.9 %</b>

- Norway: Good start; significant underlying improvement (> 10%-points)
- Sweden: Very good start; significant improvement Q1/Q1 and underlying
- Denmark: Poor start; run-off losses of MNOK 31, underlying profitability unclear
- UK: Good start; gross CR 78.1% – no ‘large losses’, underlying profitability looks good
- Finland: Good, but uncertain start; run-off gain of MNOK 28



# Price increases

- will support further profitability improvements

		2019	Q1 2020
	Significant price increases driving growth. Other Illness, Group Life and Motor – general uplift	≈ 11.4%	≈ 13.6%
	Most significant price increases on Property.	≈ 8.1%	≈ 12.4%
	Most significant price increases on Workmen's Compensation and Motor.	≈ 13.1%	≈ 12.5%
	Most significant price increases on Motor and Property, especially in the Commercial segment	≈ 7.4%	≈ 21.1%
<b>PROTECTOR</b>	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%

# UK – One team

## Strengthened team and significant Q2 growth

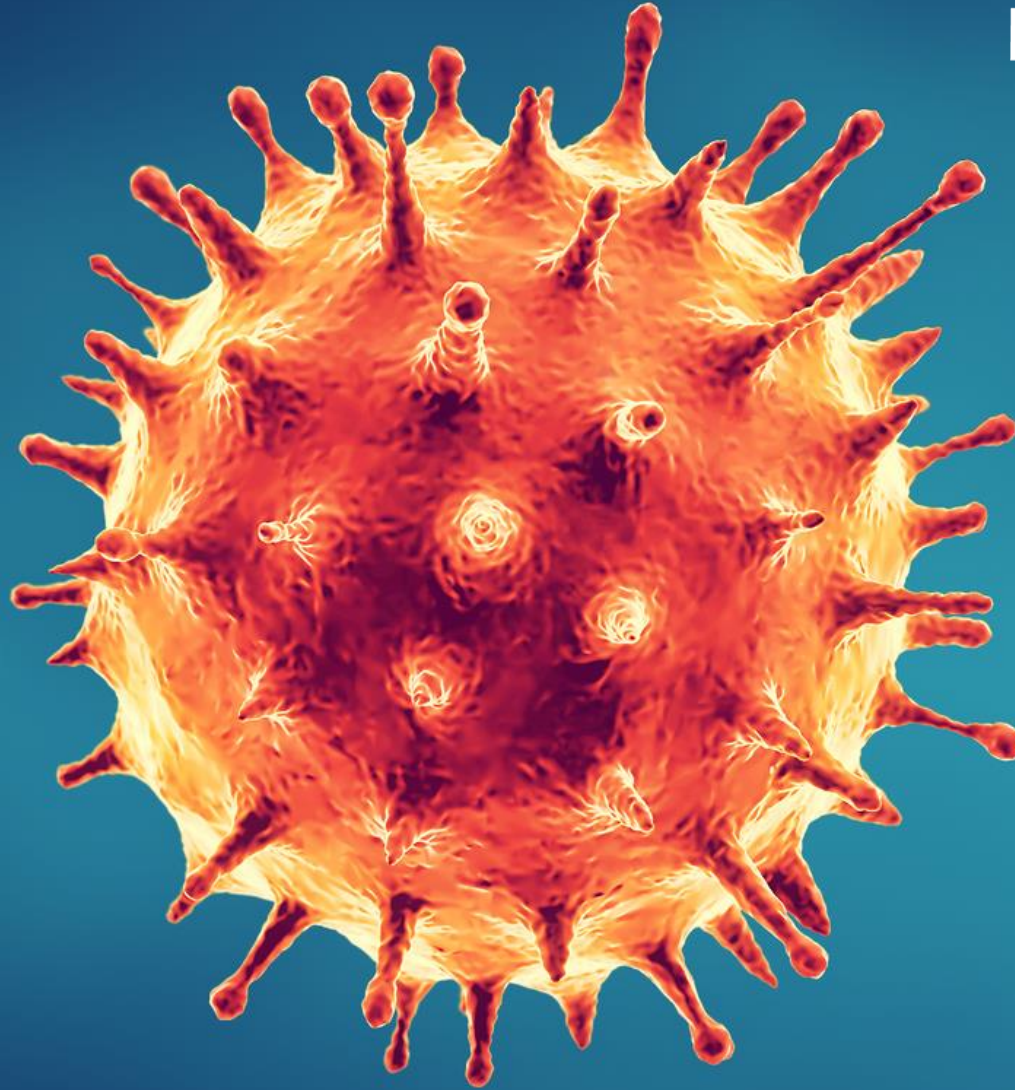


- 60 employees fully operative while working from home
- Strengthened team in Claims Handling
  - Additional capacity, incl. Business Controller. Management group established
- Strengthened renewal process in commercial sector
- Implementation of broker panels
- UW Public Sector and Housing completed the large April 1<sup>st</sup> inception date
  - More than 100 renewals, with increased prices where necessary
  - Approx. £50m in quoted volume
- April 1<sup>st</sup> with significant growth
  - Approx. £10m in GWP growth (April 1<sup>st</sup> 2019 volume of £20m)
  - Margins expected to be similar to existing portfolio
  - Profitability in existing portfolio expected to have slight improvement due to rate strengthening



# Project Corona Momentum (CM)

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Goal:

- Minimize effect of the Covid-19 disease for employees and society

Project aim to:

- Minimize spreading of the coronavirus disease amongst colleagues and fellowman.
- Provide unified information to all employees
- Minimize the coronavirus disease effect for the work environment

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Project  
Corona Momentum

Goal:

- 4-zero; zero loss surprises, zero new unwanted Covid-19 exposure, zero reinsurance uncertainty, and zero stakeholder uncertainty

Project aim to:

- Gain understanding and control of Covid-19 insurance exposure
  - Act as one company internally and towards the markets
  - Mitigate challenges and act on opportunities



*Involve*



*Communicate*



*Keep calm and carry on*



*Do less, then obsess*



Goal:

- All Corona-related Claims covered according to T&C
- All relevant risks identified – no surprises (direct/indirect)

Project aim to:

- Documented and consistent handling of all Corona-claims
- Prepare in due time



Goal:

- Outline capital allocation alternatives and their relative attractiveness.

Project aim to:

- Establish documented control on capital situation (solvency) and solvency-based reinsurance contract effect in different scenarios.
- Identify most attractive capital allocation alternatives and act on them.
- Establish best estimate combined ratio prognosis for Q1 and FY 2020.
- Establish best estimate investment return prognosis Q1 and FY 2020.

# COVID-19 – Insurance Perspective

Neutral expected impact on Combined Ratio longer term

Line of business <i>Descending premium</i>	Potential directly related Claims				Total	Indirect impact
	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
  - Small effect in Q1, effect in Q2 dependent on length of lock-down
- Some accumulation risk (parked vehicles)

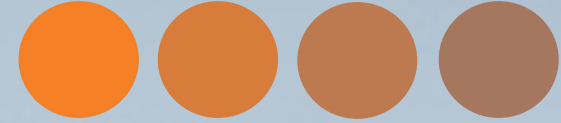
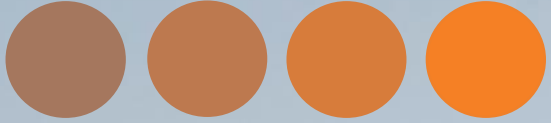
## Business Interruption

- 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

## Accident, Fatalities & Disabilities

- New legislations passed in NO & DK; COVID-19 included as occupational illness / injury
  - Untested ground, authorities to be involved
- Disability rate (Norway) often increase in times of unemployment
- Reduced accident frequency

19 areas of potential exposure identified – Preventive guidance issued to Brokers & Customers, where applicable



## Investments

Significant losses and opportunities

**PROTECTOR**

# Investment summary – significant losses and opportunities

Bond portfolio yielding  $\approx 4.3\%$  as of March 31<sup>st</sup> – significantly improved earnings base going forward

- Reducing risk in bond portfolio last 3 years,
  - AAA from 10-15% allocation to 50%, with BBB risk removed
  - HY reduced from >30% to 15%
  - Significant risk reduction from lower credit duration
- Market turmoil during March, resulting in especially attractive HY prices
  - Resilient bond portfolio performance of -1.5%
  - Increased allocation towards HY bonds for BNOK 1.7, at attractive levels (avg. 1124 bps)
- SCR effect of spread widening, counteracted by volatility adjustment
- Equities with poor development in Q1 with a loss at -28.8% inclusive of hedging instruments
  - Limited corona impact, record high discount to estimated underlying value
  - Put options provide significant downside protection from current levels
- Added another MNOK 500 in HY in April – current yield portfolio at  $\approx 4.2\%$ , before cost of risk
- April investment result so far amounting to  $\approx$  MNOK 324



-Warren Buffett



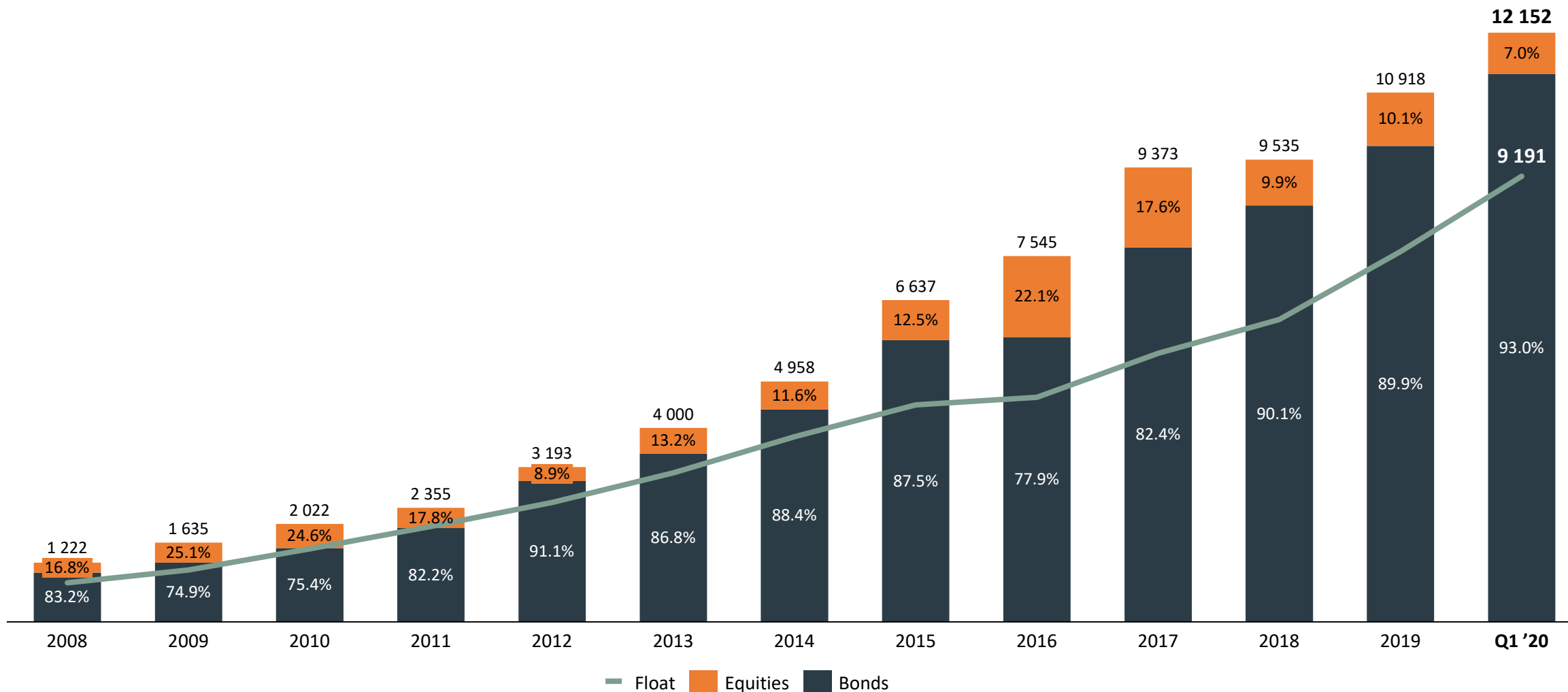
Opportunities come infrequently. When it rains gold, put out the bucket, not the thimble.



# Investments

AUM, as well as float, is increasing.

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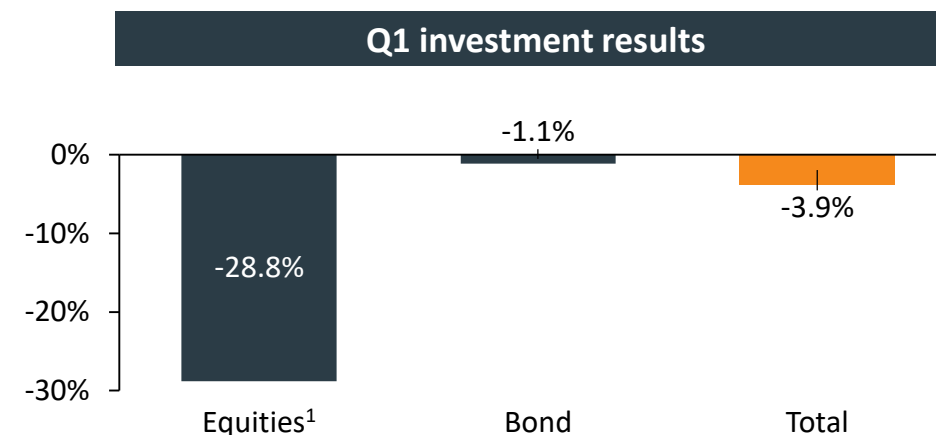




# Investment performance

Net loss of MNOK 452 on investments

- Return on investment portfolio at -3.9%, net loss of MNOK 452
- Equity return at -28.8% or MNOK -331, including hedging instruments
  - Excl. of put options: -33.3%
- Bond portfolio return at -1.1%, or MNOK -121



- YTD return on investment portfolio as of April 29<sup>th</sup> at  $\approx$  -1.3%, or MNOK -128, including hedging instruments

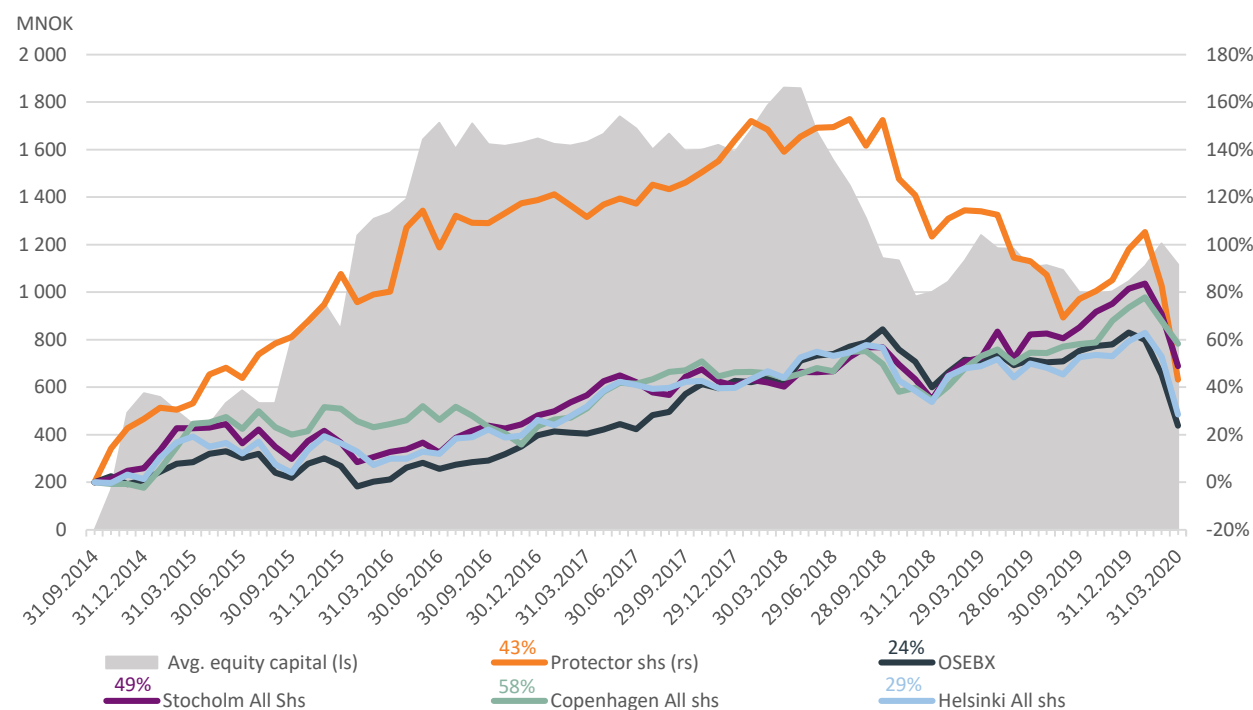
<sup>1</sup> Including put options

# Equity portfolio statistics

No companies directly hit by COVID-19 or low oil price, but still a weak quarter

- Good downside protection from put options if market turns down again. (MNOK 610 secured at March 31<sup>st</sup> -levels)
- Goal to beat market over time
- Return of 43% after insourcing
  - OSEBX 24% in same period
- Equity share of 6.7%, down from 10.1% in Q4 19
- Discount to estimated intrinsic value 57%
- Intrinsic value downward adjusted with 5-6% due to COVID-19.
  - No travel-, oil- or oil service companies in the portfolio

Cumulative TWR in % – Equity portfolio vs. benchmarks (08.10.2014 – 31.03.2020)



# Bond portfolio statistics

Yield at 4.3% and avg. IG-rated portfolio – Added BNOK 1.7 to HY in quarter

Portfolio data	31.12.19	31.03.2020
Size bond & cash eq. (MNOK) <sup>1</sup>	9 757	11 091
Avg. ref. rate (NIBOR, STIBOR, etc.)	1.2%	0.6%
Avg. spread/risk premium (bps)	89	366
Yield	2.1%	4.3%
Duration	0.4	0.4
Credit duration <sup>2</sup>	2.2	2.2
Avg. rating <sup>3</sup>	A+	A

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

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

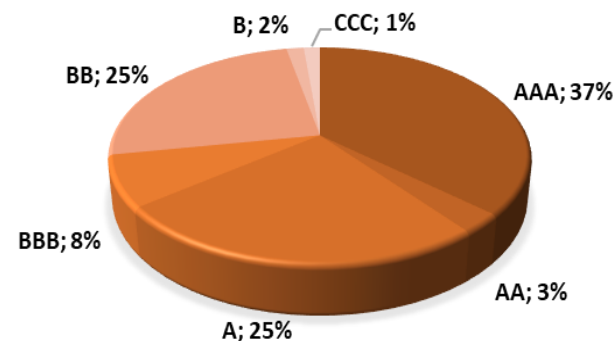
<sup>3</sup> Avg. based on official rating (>60%) and Protector rating (<40%) & is based on linear rating (as usual).  
WARF methodology would give a lower rating.

- Yield up to 4.3% (2.1% in Q4 '19), before cost of risk
  - Spread up 277bps, underlying ref. rate -59bps
- HY portfolio totalling BNOK 3.4
  - MNOK 1 200 invested in-house, MNOK 500 in High Yield fund
- Linear and WARF-score avg. investment grade rating
  - Avg. rating down due to HY investments, but also some rating downgrades

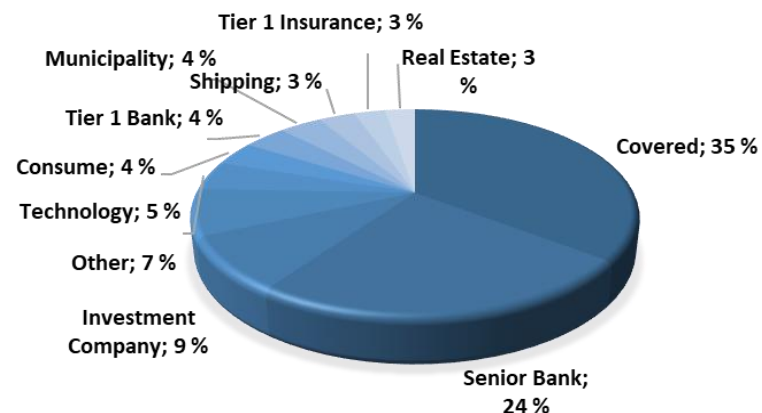
# In-house bond portfolio statistics<sup>1</sup>

>50% covered and bank deposit. Low real estate and oil & oil service HY exposure

RATING COMPOSITION – TOTAL IN-HOUSE PORTFOLIO<sup>2</sup>



SECTOR COMPOSITION - TOTAL IN-HOUSE PORTFOLIO



- Covered bonds and bank deposits make up >50% of total bond portfolio
- HY portfolio heavily weighted towards BB-segment / higher graded bonds
  - 5 largest HY investments in March: Bonheur, Mowi, DNB T1, Millicom and Scatec Solar
  - 4 HY positions (≈ MNOK 160) assessed as high risk of default NTM
    - All 4 positions downgraded to CCC-rating in quarter
    - Recovery assessment >70% as of Q120
- Low exposure to Real Estate and Oil & Oil Service relative to overall Nordic HY market<sup>3</sup>
  - Oil & Oil Service: Protector 2% vs 21% in Nordic Corporate HY market
  - Real Estate: Protector 9% vs 20% in Nordic Corporate HY market

<sup>1</sup> Excludes DNB HY fund

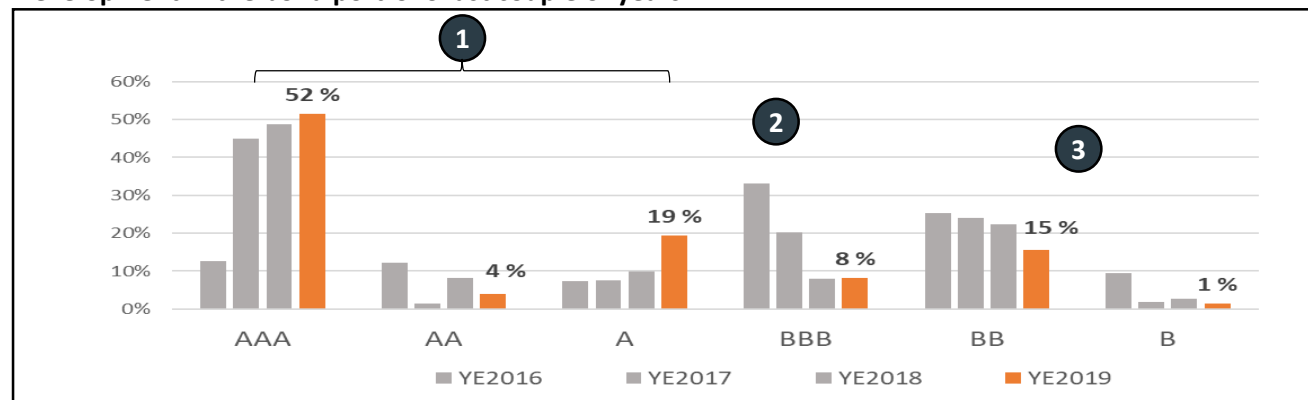
<sup>2</sup> Based on official rating (>60%) and Protector rating (<40%) for unrated bonds.

<sup>3</sup> Nordic Trustee: Nordic Corporate Bond Market Report 2019

# Bond portfolio reallocation last 3 years

Wait for distressed markets

Development in the bond portfolio last couple of years



1

- Increased AAA portfolio, with shorter credit duration (4yrs in 2017 to 2.2yrs today)
- Bank deposit used frequently as alternative to AAA-rated bonds for liquidity portfolio

2

- Removed all long BBB risk (ex. subord. financials) – very poor return vs. capital consumption (SII+ Stress).

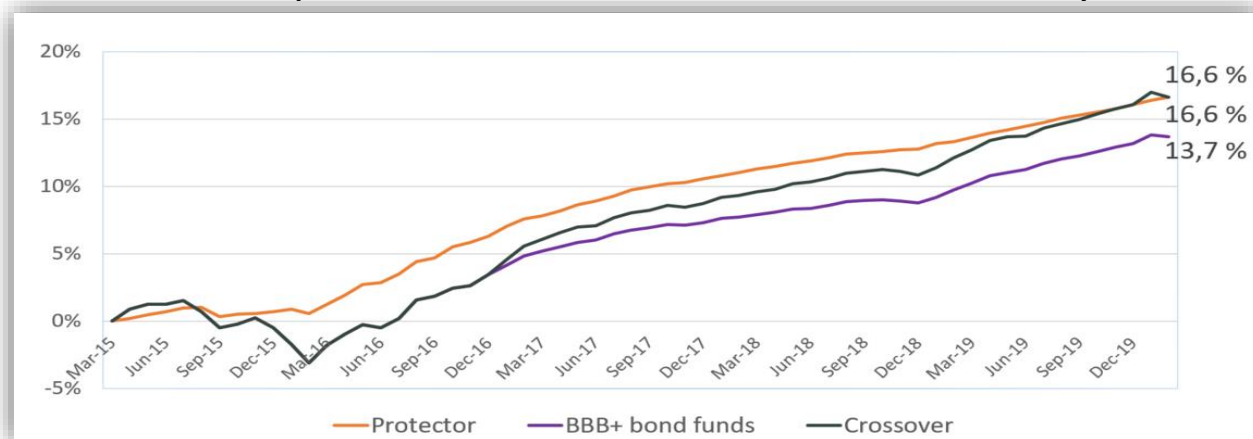
3

- Decreased overall HY allocation from 30% in 2016 to 16% year-end 2019. Duration down from  $\approx$  3yrs to 1.9yrs.
- High discipline on credit quality at historically low compensation for risk-taking.

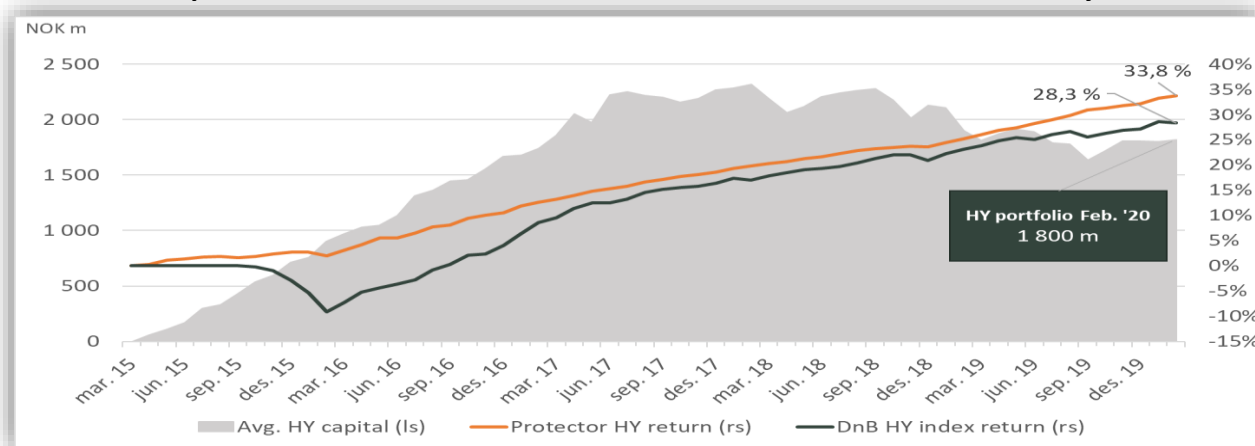
# Protector vs. «peers» until February 2020

Stable, with lower capital consumption

Protector Total bond portfolio return vs. benchmarks<sup>1,2</sup> – March 2015 to February 2020



Protector HY portfolio return and size vs. DNB HY Index – March 2015 to February 2020



- Consistent positive returns for both total- and HY portfolio
- Significantly lower risk and capital consumption
- Very limited losses last 5yrs
- Few HY investments meeting our hurdle rate

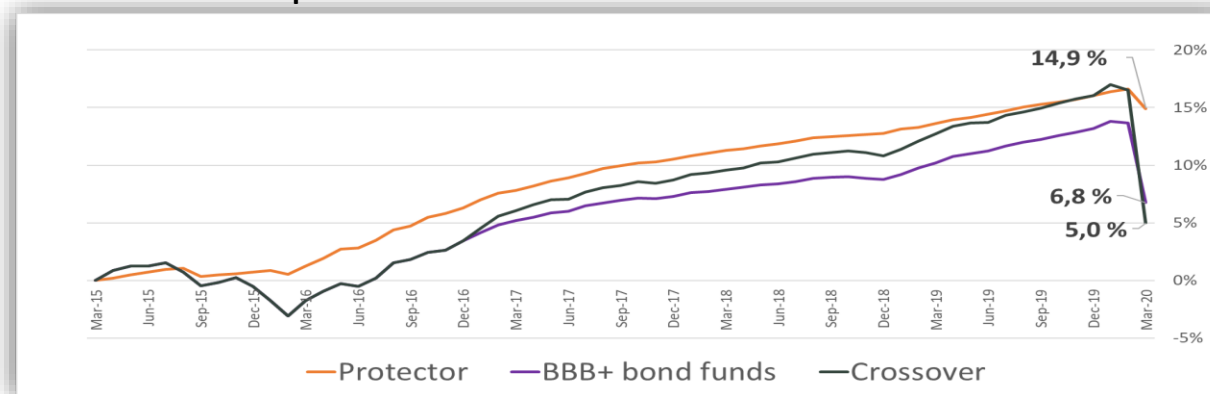
<sup>1</sup> Crossover fund benchmark consist of: Storebrand Rente +, Arctic Return Class I, Carnegie Corp. Bond, Handelsbanken Høyrente, Holberg Kreditt, Pareto Høyrente, Alfred Berg Income, Eika Kreditt, Landkreditt Høyrente

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# Protector vs. «peers» today

## MNOK 968 in “outperformance” in 1 month

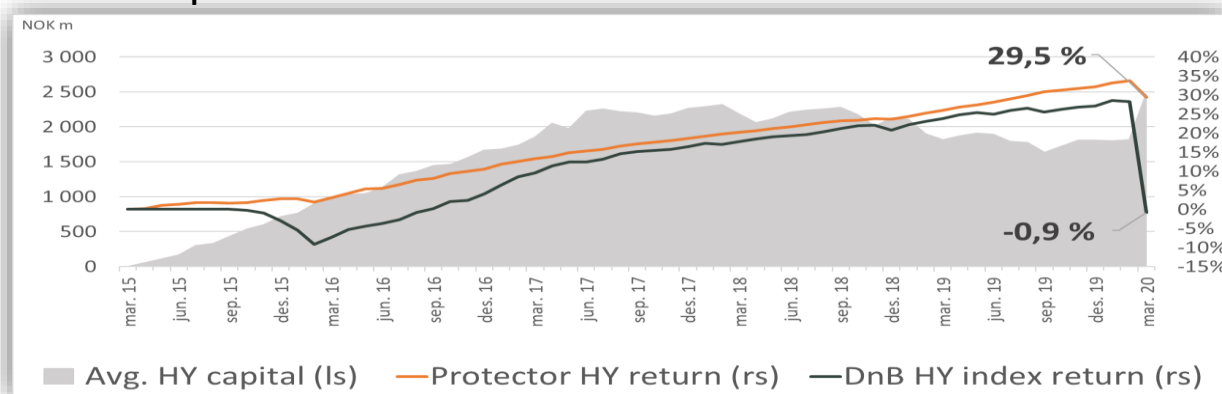
Protector total bond portfolio return vs. benchmarks<sup>1,2</sup> – March 2015 to March 31<sup>st</sup> 2020



«Outperformance» of MNOK 968 in March on  $\approx$  BNOK 11.4 avg. value-weighted total bond portfolio

- Protector return: -1.4%
- Crossover return: -9.9%

Protector HY portfolio return and size vs. DNB HY Index – March 2015 to March 31<sup>st</sup> 2020



«Outperformance» of MNOK 482 in March on  $\approx$  BNOK 2.5 HY portfolio

- Protector HY return: -3.2%
- DNB HY Index March 2020 return: -22.8%

**Discipline of lower risk allocation and severe stress testing paying off – in a position to increase allocation**

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# Market turmoil – COVID-19 and oil collapse

Daily meeting structure established – monitor risk and act on opportunities

## Daily CM capital meetings - CEO, CFO, CRO, CIO and team



## April:

- Fixed income still looks more attractive than equities in a 'return on solvency capital' and risk point of view
- Less HY volume available at attractive prices when market stabilizes – continued allocation towards HY bond funds
- Net MNOK 500 invested in the HY segment in April



# Investment summary – significant losses and opportunities

Bond portfolio yielding  $\approx 4.3\%$  as of March 31<sup>st</sup> – significantly improved earnings base going forward

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# Profit & loss excl. COI

Profit before tax of MNOK -320 (MNOK 13)

in MNOK	Q1 2020	Q1 2019	FY 2019
Gross premiums written	2828	2713	5100
Gross premiums earned	1293	1147	4996
Gross claims incurred	(1106)	(1072)	(4724)
Earned premiums, net of reinsurance	1122	891	4148
Other insurance related income	4	3	11
Claims incurred, net of reinsurance	(1006)	(884)	(3949)
Sales cost	(72)	(49)	(234)
Administration cost	(48)	(38)	(180)
Commission from reinsurer	23	28	57
Other insurance related expenses	(4)	(5)	(16)
<b>Technical result</b>	<b>19</b>	<b>(55)</b>	<b>(163)</b>
Other income/costs	(16)	(14)	(50)
Net financial income	(323)	81	141
<b>Profit before tax</b>	<b>(320)</b>	<b>13</b>	<b>(72)</b>

Claims ratio, net of ceded business	(1)	89.7 %	99.3 %	95.2 %
Expense ratio, net of ceded business	(2)	8.6 %	6.6 %	8.6 %
<b>Combined ratio, net of ceded business</b>	<b>(3)</b>	<b>98.3 %</b>	<b>105.9 %</b>	<b>103.8 %</b>
Gross claims ratio	(4)	85.5 %	93.4 %	94.6 %
Gross expense ratio	(5)	9.3 %	7.6 %	8.3 %
<b>Gross combined ratio</b>	<b>(6)</b>	<b>94.8 %</b>	<b>101.0 %</b>	<b>102.8 %</b>
Retention rate	(7)	86.8 %	77.7 %	83.0 %
Earnings per share	(8)	(4.8)	0.8	(3.5)

Higher broker commission going forward due to growth coming from UK

Increased office capacity in Manchester and London relative to Q1 '19

Loss on investments excl. return on invested capital allocated to COI (based on reserve volume)

Underlying reality better due to differences in run-offs

Significant profitability improvement

New reinsurance structure

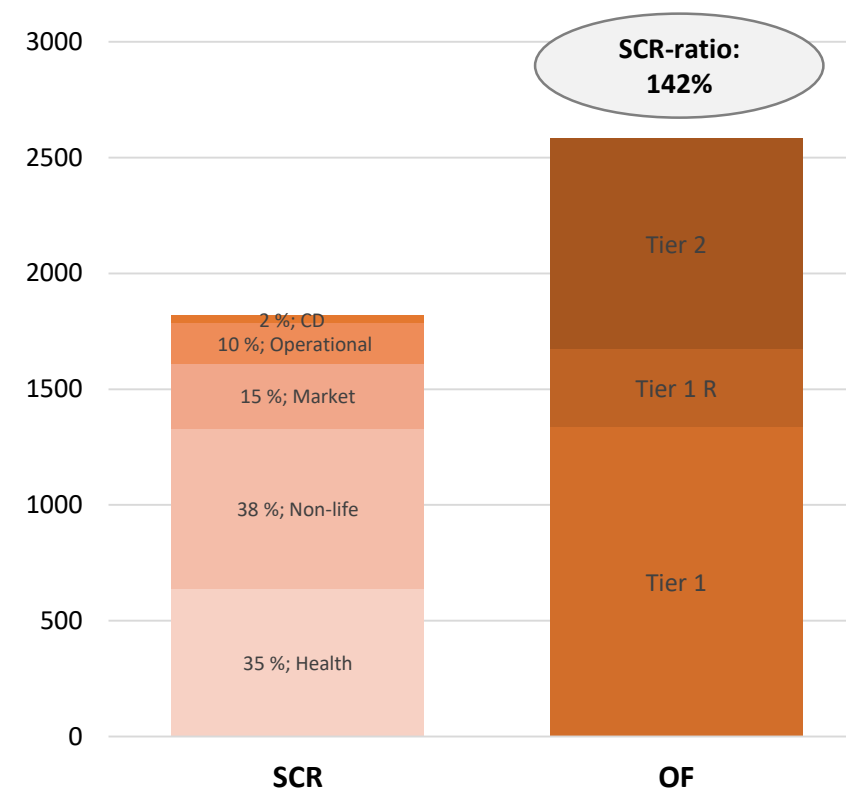
# Balance sheet

SCR-ratio 142% based on standard formula

In millions	31.03.2020	31.03.2019	31.12.2019
Owner-occupied property	12.7	13.3	12.8
Financial assets	10,337.6	8,816.4	9,219.8
Derivatives	300.9	14.6	32.6
Bank deposits	182.9	152.1	343.3
Other assets	3,480.4	3,322.0	2,705.2
Discontinued operations	2,301.9	2,134.2	2,428.5
<b>Total assets</b>	<b>16,616.4</b>	<b>14,452.6</b>	<b>14,742.2</b>
Total equity	1,630.4	2,114.5	2,019.3
Subordinated loan capital	1,243.3	1,243.3	1,243.3
Total reserves	10,662.0	8,734.2	8,339.2
Derivatives	150.6	9.4	45.5
Other liabilities	1,414.4	1,214.8	1,542.6
Discontinued operations	1,515.7	1,136.5	1,552.2
<b>Total equity and liabilities</b>	<b>16,616.4</b>	<b>14,452.6</b>	<b>14,742.2</b>

- SCR coverage ratio 142% pr. 31.03.2020 compared to 172% pr. 31.12.2019 driven by Q1 investment results:
  - Includes volatility adjustment (VA) implemented in 2020; mitigation of short-term spread volatility effect on balance
  - SCR-ratio exc. VA: 130%
- Full Tier 2 and Tier 1 restricted utilization

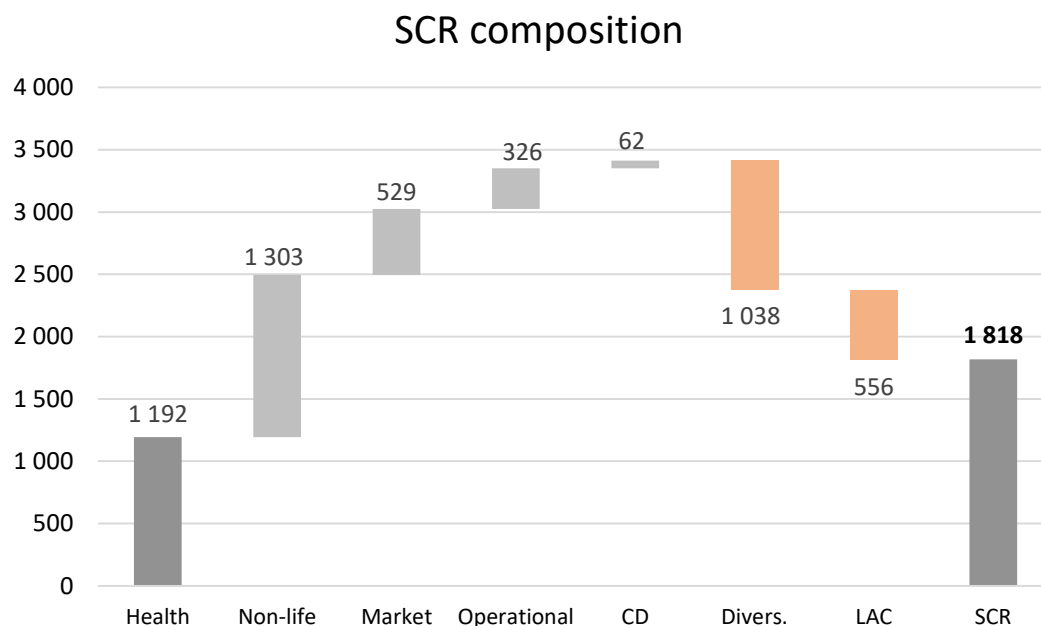
## SCR-ratio composition



# Solvency II

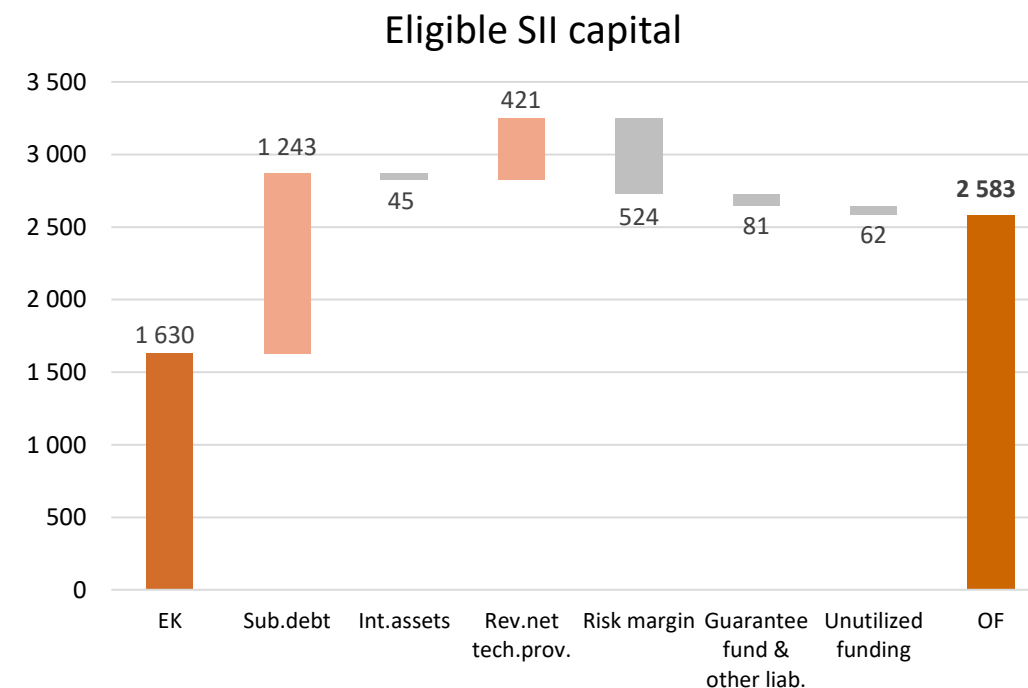
## Composition of SCR:

- Net insurance risk 73%
- Net market risk 15%
- Other risks 12%



## Eligible SII capital:

- No dividend
- Guarantee provision subtracted from own funds



# Shareholder's matters

Per 28.04.2020

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SHAREHOLDER NAME	# SHARES	%
AWILHELMSSEN CAPITAL HOLDINGS AS	7.435.437	8.63 %
STENSHAGEN INVEST AS	7.126.353	8.27 %
VERDIPAPIRFOND ODIN NORDEN	5.637.817	6.54 %
CITIBANK EUROPE PLC	4.616.123	5.36 %
HVALER INVEST AS*	3.186.809	3.70 %
CLEARSTREAM BANKING S.A.	2.273.712	2.64 %
OJADA AS	2.156.842	2.50 %
VERDIPAPIRFONDET ALFRED BERG GAMBA	2.014.534	2.34 %
ARTEL AS	1.800.000	2.09 %
UBS AG	1.677.675	1.95 %
PERSHING LLC	1.529.667	1.78 %
UTMOST PANEUROPE DAC	1.360.405	1.58 %
AS TANJA	1.228.942	1.43 %
JOHAN VINJE AS	1.187.841	1.38 %
VERDIPAPIRFONDET ALFRED BERG NORGE	1.145.787	1.33 %
VERDIPAPIRFONDET PARETO INVESTMENT	1.047.000	1.22 %
DEUTSCHE BANK AKTIENGESELLSCHAFT	1.041.596	1.21 %
DYVI INVEST AS	1.040.933	1.21 %
ALSØY INVEST AS**	1.002.751	1.16 %
AVANZA BANK AB	861.329	1.00 %
<b>20 LARGEST</b>	<b>49.378.266</b>	<b>57.30 %</b>
TREASURY SHARES	4.370.538	5.07 %
OTHER	32.406.801	37.63 %
<b>TOTAL SHARES</b>	<b>86.155.605</b>	<b>100.00 %</b>

\*CEO Sverre Bjerkeli

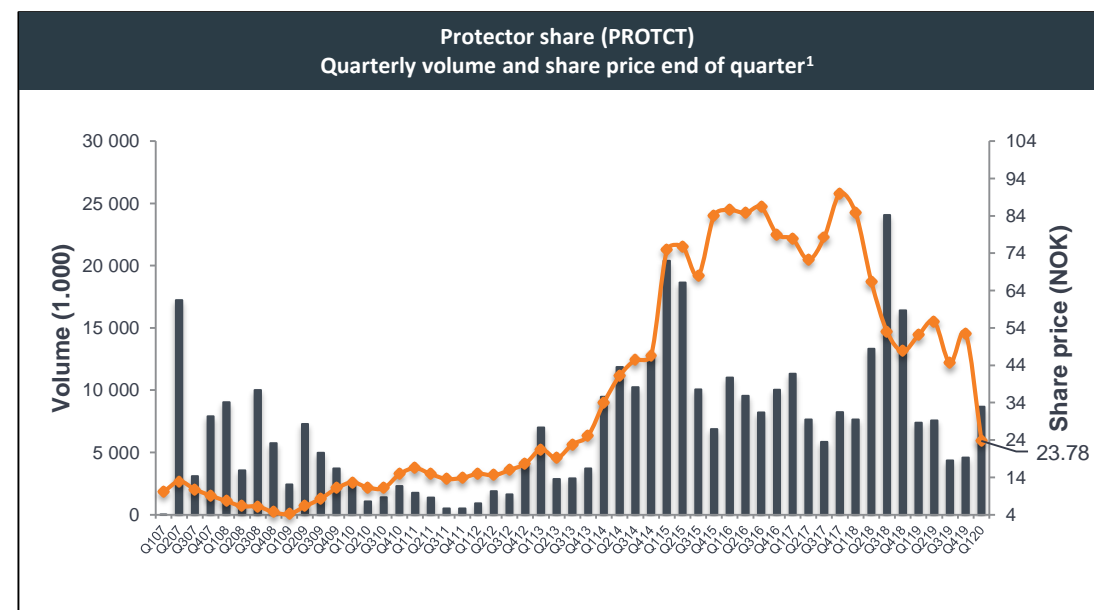
\*\* COB Jostein Sørvoll

## Related parties shareholding

- Management's direct and indirect shareholding totals 3.7m shares or 4 % of current outstanding shares
- Board members directly own a total of 1.6m shares or 2 % of current outstanding shares.

## Primary insider trades this quarter

- Country Manager Sweden, Hans Didring, has bought 14,903 shares
- Chief Investment Officer, Dag Marius Nereng, has bought 1,500 shares
- Executive Assistant & IR, Amund Skoglund, has bought 1,000 shares



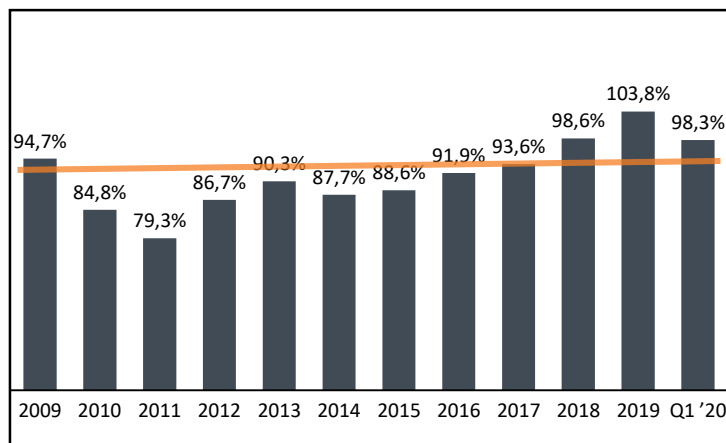
<sup>1</sup> Share price adjusted for dividends, no reinvestment of dividends.  
Data pr. 31.03.2020

# Long term financial objectives

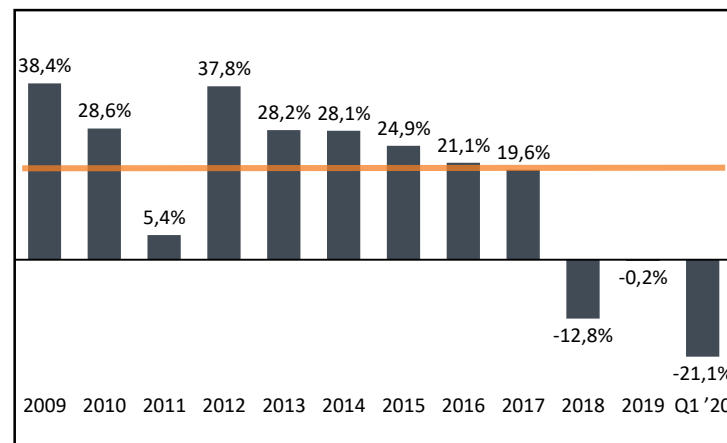
## Looking 3 year ahead – Continued disciplined growth

	Old	As of February 6 <sup>th</sup> 2020
Net Combined Ratio	94 %	94 %
Solvency Capital Ratio	>150 %	>150 %
Return of Equity (excl. COI)	> 20 %	> 20 %
GWP Growth Rate	10 – 15 %	5 %

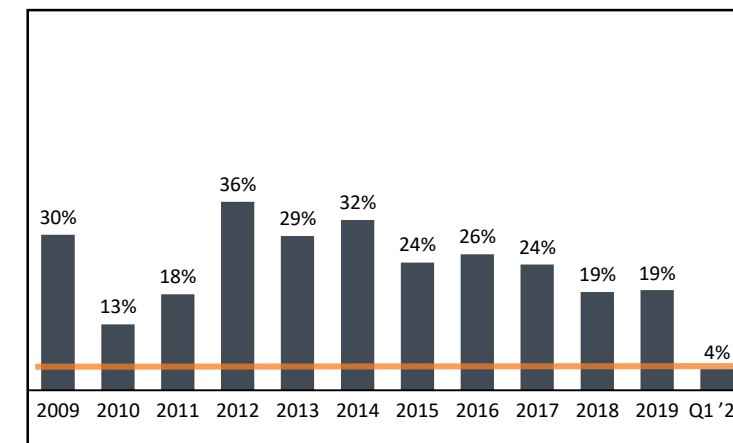
**Net Combined Ratio**



**Return on Equity (incl. COI)<sup>1</sup>**



**GWP Growth**



<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

# Summary and Q&A

## Improved combined ratio and responsive capital allocation

- Net combined ratio at 98.3% (105.9%)
- Price increases Nordics  $\approx$  13.5%
  - Double digit price increases in H2 expected
- Investment return of MNOK -452, or -3.9% in Q1. April investment result so far amounting to  $\approx$  MNOK 324
  - Market turmoil due to a combination of COVID-19 and oil price collapse
- Increased allocation towards High Yield bonds – added BNOK 1.7 in March and another MNOK 500 in April
  - Yield as of March 31<sup>st</sup>  $\approx$  4.3% – as of April 29<sup>th</sup>  $\approx$  4.2%
    - Some gains related to spread tightening realized.
- Loss in period of MNOK -385 vs. profit of MNOK 92 in Q1 2019
- Solvency Capital Ratio at 142%



«Olemme erilaisia»

«Vi är annorlunda»

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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

Open

Bold

Committed

«Vi er annerledes»

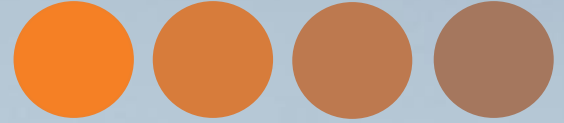
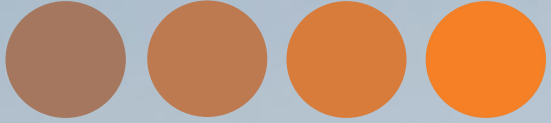
«Vi er anderledes»

«We are different»





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## Appendix

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# COI results

CR 92.9% – discontinuation progressing in a good way

in MNOK

	COI <sup>1</sup>		Protector incl. COI	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019
Gross premium written	63	89	2.891	2.802
Gross premium earned	63	89	1.356	1.236
Net premium earned	34	80	1.156	971
Gross claims ratio	92.5 %	1.4 %	85.8 %	86.8 %
Gross cost ratio	0.0 %	4.6 %	8.8 %	7.4 %
Gross combined ratio	92.5 %	6.0 %	94.6 %	94.2 %
Net claims ratio	93.3 %	1.4 %	89.8 %	91.2 %
Net cost ratio	-0.5 %	-4.9 %	8.4 %	5.7 %
Net combined ratio	<b>92.9 %</b>	-3.5 %	98.2 %	96.9 %

- Volume somewhat higher than expected – could reach MNOK 150 in 2020
- CR 92.9%
- Discontinuation progressing in a good way and according to plan.

<sup>1</sup> Q1 '19 numbers for COI heavily affected by reserve gains following ruling in The Court of Appeal

# Profit & loss – including COI

Profit before tax of MNOK -451 (MNOK 122)

in MNOK	Q1 2020	Q1 2019	FY 2019
Gross premiums written	2891	2802	5457
Gross premiums earned	1356	1236	5352
Gross claims incurred	(1164)	(1073)	(4994)
Earned premiums, net of reinsurance	1156	971	4372
Other insurance related income	4	3	11
Claims incurred, net of reinsurance	(1038)	(885)	(4079)
Sales cost	(72)	(50)	(239)
Administration cost	(48)	(41)	(180)
Commission from reinsurer	23	36	66
Other insurance related expenses	(6)	(5)	(22)
<b>Technical result</b>	<b>19</b>	<b>28</b>	<b>(72)</b>
Other income/costs	(18)	(17)	(62)
Net financial income	(452)	111	157
<b>Profit before tax</b>	<b>(451)</b>	<b>122</b>	<b>23</b>

Claims ratio, net of ceded business	(1)	89.8 %	91.2 %	93.3 %
Expense ratio, net of ceded business	(2)	8.4 %	5.7 %	8.1 %
<b>Combined ratio, net of ceded business</b>	<b>(3)</b>	<b>98.2 %</b>	<b>96.9 %</b>	<b>101.4 %</b>
Gross claims ratio	(4)	85.8 %	86.8 %	93.3 %
Gross expense ratio	(5)	8.8 %	7.4 %	7.8 %
<b>Gross combined ratio</b>	<b>(6)</b>	<b>94.7 %</b>	<b>94.2 %</b>	<b>101.1 %</b>
Retention rate	(7)	85.3 %	78.5 %	81.7 %
Earnings per share	(8)	(4.8)	(0.8)	(3.5)

# 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

## 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

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