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# Q2 2024 Interim results

Investor Presentation

Oslo, 12 July 2024

Henrik Høye  
Chief Executive Officer



**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

# Highlights Q2 & H1 2024

Q2: Combined ratio at 94.5% | Total investment return of NOK 242m | EPS at NOK 3.1

## Q2

94.5%

Combined Ratio

3 551

Gross premiums written

16%

LCY GWP growth

242

Total investment return

254

Profit for the period

191%

Solvency Capital Ratio

3.1

Earnings per share

## H1

92.9%

Combined Ratio

7 981

Gross premiums written

12%

LCY GWP growth

614

Total investment return

710

Profit for the period

191%

Solvency Capital Ratio

8.6

Earnings per share

## Other highlights

- “Project France” start quotation in Q3 for January 1st 2025
- Dividend of NOK 165m or NOK 2 per share

# Claims update

**Q2: Net loss ratio at 83.9% | Gross loss ratio at 77.7%**

- Motor still behind target
  - Insufficient previous actions
  - Lagged premium increase effects
- Large losses<sup>1</sup> at 12.5% (4.7%)
  - Seven (7) large loss events only property claims
- Run-off gains at 2.1% (gains of 2.9%)
  - Run-off gains mainly driven by property Sweden
- H1: Large losses YTD<sup>2</sup> 9.5% (3.1%) driven by property, neutral run-off

Loss ratios

Segment	Q2 24 Gross	Q2 24 Net	Q2 23 Gross	Q2 23 Net
Norway	80%	81%	82%	84%
Sweden*	69%	71%	78%	82%
Denmark	139%	146%	82%	89%
UK	63%	73%	41%	55%
<b>Protector</b>	<b>77.7%</b>	<b>83.9%</b>	<b>65.2%</b>	<b>72.6%</b>

\*Includes Finland

Loss ratios

Segment	H1 24 Gross	H1 24 Net	H1 23 Gross	H1 23 Net
Norway	86%	87%	82%	85%
Sweden*	76%	77%	81%	85%
Denmark	112%	117%	100%	94%
UK	62%	72%	62%	59%
<b>Protector</b>	<b>77.0%</b>	<b>82.3%</b>	<b>77.4%</b>	<b>77.2%</b>

\*Includes Finland

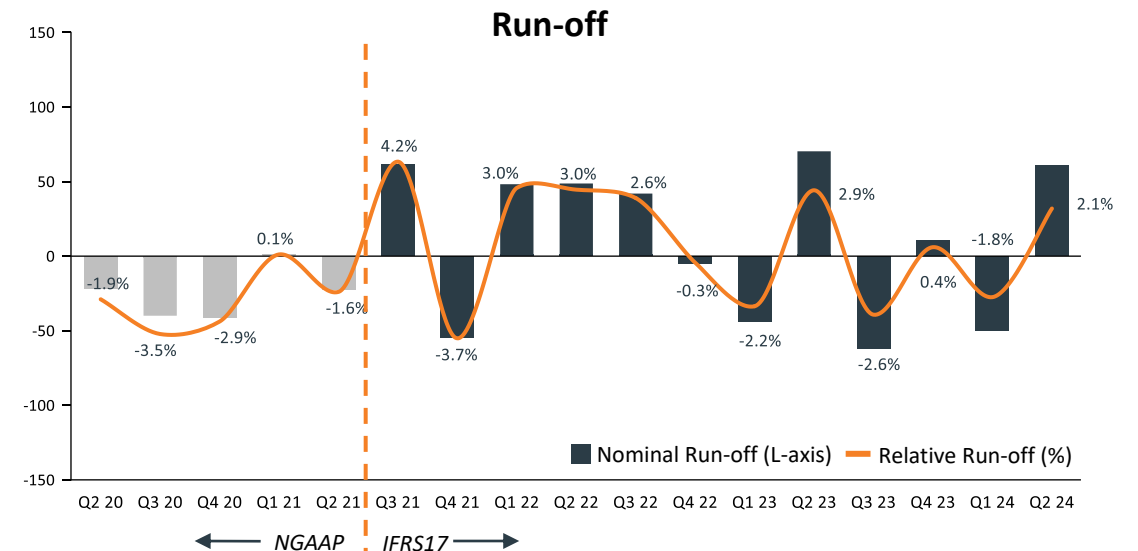
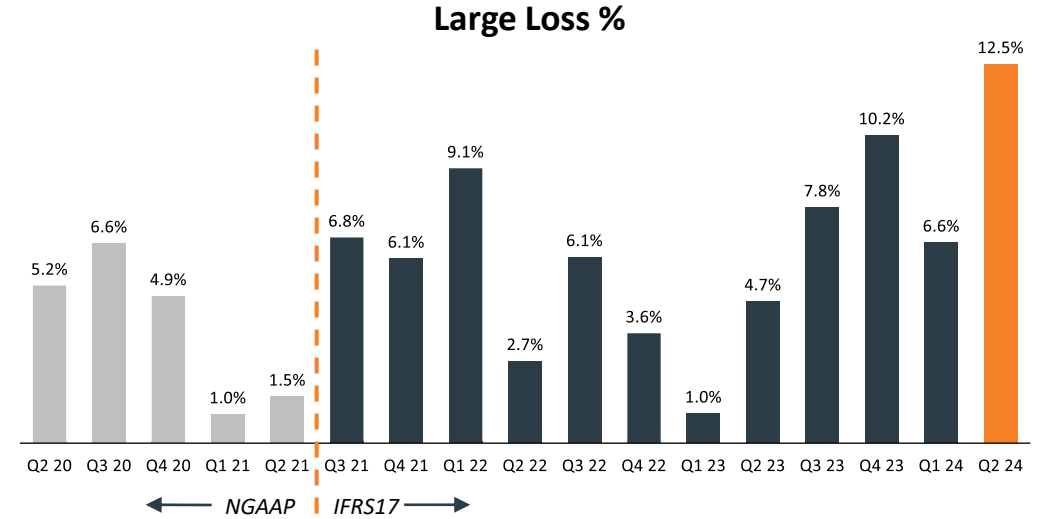
<sup>1</sup> Large losses defined as absolute net losses > MNOK 10

<sup>2</sup> Large losses YTD – defined as above, but evaluated over the cumulated time period. Further details can be found in a separate document on Alternative Performance Measures (APM) published at [protectorforsikring.no/investor](https://protectorforsikring.no/investor).

# Large losses<sup>1</sup> and run-off

Q2: Large losses of NOK 358m (12.5%), run-off gains at 2.1%

- Large loss of NOK 358m or 12.5% (111.7 or 4.7%)
  - Mainly driven by 3 large property claims, 2 in Denmark and 1 in the UK
- Run-off gains at 2.1% (gain of 2.9%)
  - Run-off gains in SE, DK and NO, loss in UK
- Some volatility in reserves & large losses must be expected
  - Best estimate reserving practice, run-off at 0% over time



<sup>1</sup> Large losses defined as absolute net losses > MNOK 10

# Volume update

Q2: GWP growth 16% | 16% in local currencies (LCY)

- Q2 growth at 16%
  - Renewal rate at 101%
  - Growth driven by low churn and new sales
- Negative growth in SE linked to consumer scheme run-of
  - Very limited in H2
- From Q1 presentation: April 1st is the largest inception date in the UK
  - NOK 477m growth in GWP (28% in LCY), driven by Public and Housing

NOKm, Gross written premiums

Segment	Q2 24	Q2 23	Growth	...NOK %	...LCY%
Norway	505	373	133	36%	36%
Sweden*	556	635	-79	-12%	-6%
Denmark	103	125	-22	-18%	-1%
UK	2 387	1 925	462	24%	20%
<b>Protector</b>	<b>3 551</b>	<b>3 057</b>	<b>494</b>	<b>16%</b>	<b>16%</b>

\*Includes Finland

NOKm, Gross written premiums

Segment	H1 24	H1 23	Growth	...NOK %	...LCY%
Norway	1 855	1 539	315	20%	20%
Sweden*	2 055	2 062	-7	-0%	-1%
Denmark	1 255	1 105	150	14%	12%
UK	2 816	2 294	521	23%	18%
<b>Protector</b>	<b>7 981</b>	<b>7 001</b>	<b>980</b>	<b>14%</b>	<b>12%</b>

\*Includes Finland

# Key metrics per segment

Quarterly volatility must be expected, especially by segment

## Q2 24

NOKm	Norway		Sweden*		Denmark		UK		Protector	
	Q2 24	Q2 23	Q2 24	Q2 23	Q2 24	Q2 23	Q2 24	Q2 23	Q2 24	Q2 23
Gross premium written	505	373	556	635	103	125	2 387	1 925	3 551	3 057
Insurance revenues	564	457	678	670	384	337	1 238	924	2 865	2 387
Insurance service result	63	50	101	26	(204)	14	198	293	157	384
Loss ratio, gross	79.9%	82.1%	68.6%	78.5%	139.4%	82.1%	62.5%	41.0%	77.7%	65.2%
Net reinsurance ratio	1.4%	1.6%	2.0%	3.6%	6.2%	6.4%	10.7%	13.6%	6.2%	7.5%
Loss ratio, net of reinsurance	81.2%	83.6%	70.6%	82.0%	145.6%	88.5%	73.2%	54.6%	83.9%	72.6%
Cost ratio	7.6%	5.5%	14.6%	14.0%	7.6%	7.2%	10.8%	13.7%	10.6%	11.3%
Whereoff commissions to brokers and agents	3.6%	1.1%	7.8%	7.0%	0.1%	0.0%	4.7%	5.1%	4.5%	4.1%
Combined ratio	88.8 %	89.1 %	85.1 %	96.1 %	153.2 %	95.7 %	84.0 %	68.3 %	94.5 %	83.9 %

\*Includes Finland

## H1 24

NOKm	Norway		Sweden*		Denmark		UK		Protector	
	H1 24	H1 23	H1 24	H1 23	H1 24	H1 23	H1 24	H1 23	H1 24	H1 23
Gross premium written	1 855	1 539	2 055	2 062	1 255	1 105	2 816	2 294	7 981	7 001
Insurance revenues	1 098	920	1 391	1 320	766	629	2 345	1 505	5 600	4 374
Insurance service result	61	87	130	29	(186)	(5)	393	408	398	520
Loss ratio, gross	85.9%	82.1%	76.5%	81.0%	111.8%	99.8%	61.9%	62.1%	77.0%	77.4%
Net reinsurance ratio	1.4%	2.5%	0.5%	3.6%	5.1%	-6.1%	9.9%	-2.8%	5.2%	-0.2%
Loss ratio, net of reinsurance	87.3%	84.6%	77.0%	84.6%	116.8%	93.7%	71.8%	59.4%	82.3%	77.2%
Cost ratio	7.2%	5.9%	13.7%	13.2%	7.5%	7.0%	11.4%	13.5%	10.6%	10.9%
Whereof commissions to brokers and agents	2.7%	1.1%	7.6%	6.7%	0.1%	0.0%	4.8%	5.4%	4.3%	4.0%
Combined ratio	94.5 %	90.5 %	90.7 %	97.8 %	124.3 %	100.7 %	83.2 %	72.9 %	92.9 %	88.1 %

\*Includes Finland



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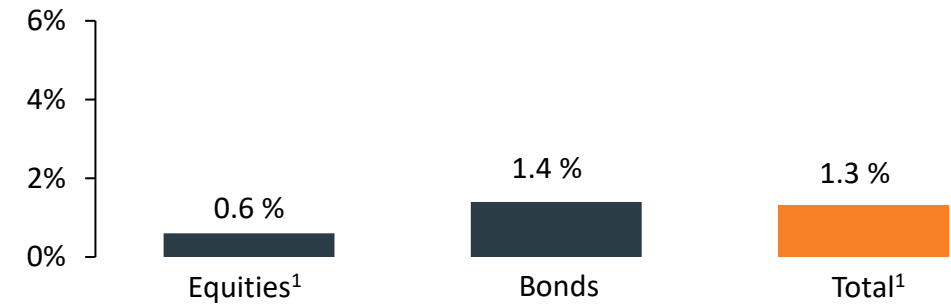
Committed

# Investment performance

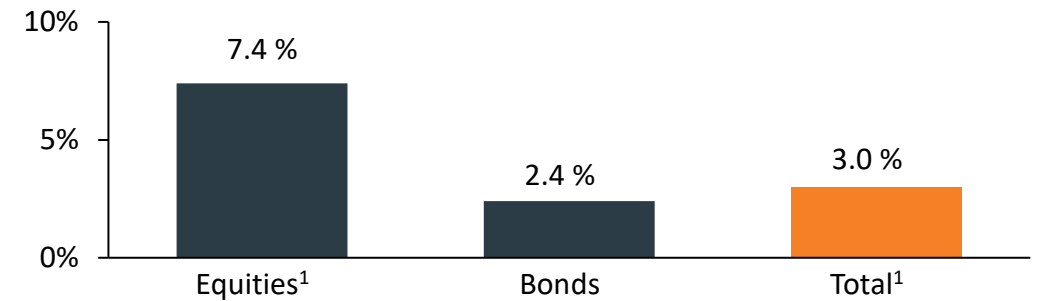
1.3 % return in Q2 | 3.0 % return in H1

- NOK 271m, or 1.3 % return in Q2
  - Equities: NOK 19m, or 0.6 %
  - *Put options: NOK -9m*
  - Bonds: NOK 261m, or 1.4 %
    - Interest rate swaps: NOK -50m
- NOK 621m, or 3.0 % return in H1
  - Equities: NOK 223m, or 7.4 %
  - *Put options: NOK -22m*
  - Bonds: NOK 420m, or 2.4 %
    - Interest rate swaps: NOK -162m
- High return in quarter for Nordic HY bonds
  - DNB Nordic HY index return 2.6 %

## Q2 investment results



## H1 investment results



<sup>1</sup> Put options included in total return and excluded in equity return

# Investment portfolio statistics

## Bond portfolio yield at 5.4 %, before cost of risk

- Bond portfolio yielding 5.4 %, before cost of risk
  - Avg. reference rate stable from Q1
  - Decreased risk for bonds during Q224
    - HY portfolio totalling ≈ NOK 4.1bn vs. NOK 4.7bn Q124
    - Credit duration decreased to 1.8, down from 1.9 Q124
    - Average rating A with stable outlook

Investment portfolio statistics		30.06.24	30.06.23	31.03.24
Bonds <sup>1</sup>	Size bond & cash eq. (NOKm) <sup>2</sup>	19 094	15 143	18 085
	Avg. ref. rate (NIBOR, STIBOR, etc.)	4.0 %	4.1 %	4.0 %
	Avg. spread/risk premium (bps)	141	204	183
	Yield <sup>3</sup>	5.4 %	6.1 %	5.8 %
	Duration <sup>3</sup>	2.3	2.6	2.3
	Credit duration	1.8	1.9	1.9
	Avg. rating <sup>4</sup>	A	A-	A

- Equity share at 14.1 %, down from 14.4 % Q1

Equities	Portfolio size (NOKm) <sup>2</sup>	3 136	2 777	3 047
	Share of total	14.1 %	15.5 %	14.4 %
	Estimated intrinsic value discount	37 %	27 %	35 %
	No. of companies	38	30	36

<sup>1</sup> Bank deposits included

<sup>2</sup> Size includes currency swaps

<sup>3</sup> Interest rate swap effect included

<sup>4</sup> Avg. linear rating based on official rating (>45%) and 'Protector rating' (<55%)

# Profit and loss H1 24 (& Q2 24)

Profit of NOK 254m (219) | EPS at NOK 3.1 (2.7)

NOKm	Q2 24	Q2 23	H1 24	H1 23	FY 23
Insurance revenue	2 865	2 387	5 600	4 374	9 386
Insurance claims expenses	(2 225)	(1 556)	(4 315)	(3 387)	(7 182)
Insurance operating expenses	(304)	(270)	(594)	(476)	(1 011)
<b>Insurance service result before reinsurance contracts held</b>	<b>335</b>	<b>562</b>	<b>691</b>	<b>511</b>	<b>1 193</b>
Reinsurance premium	(155)	(165)	(310)	(284)	(584)
Amounts recovered from reinsurance	(23)	(13)	16	292	471
<b>Net result from reinsurance contracts held</b>	<b>(178)</b>	<b>(178)</b>	<b>(293)</b>	<b>9</b>	<b>(113)</b>
<b>Insurance service result</b>	<b>157</b>	<b>384</b>	<b>398</b>	<b>520</b>	<b>1 080</b>
Net income from investments	271	(170)	621	465	1 328
Net insurance finance income or expenses	(29)	132	(7)	19	(384)
Other income/costs	(52)	(16)	(91)	(32)	(91)
<b>Profit before tax</b>	<b>348</b>	<b>330</b>	<b>921</b>	<b>972</b>	<b>1 933</b>
Tax	(94)	(104)	(211)	(135)	(439)
Discontinued operations	-	(8)	-	8	15
<b>Profit for the period</b>	<b>254</b>	<b>219</b>	<b>710</b>	<b>845</b>	<b>1 509</b>
Large losses, net of reinsurance	(358)	(112)	(534)	(135)	(551)
Run-off gains/losses, net of reinsurance	61.0	70.3	10.8	25.8	(25.5)
Change in risk adjustment, net of reinsurance	(53.6)	(48.8)	(98.9)	(64.2)	(136.9)
Discounting effect, net of reinsurance	126.8	149.6	239.3	208.6	390.9
Loss ratio	77.7%	65.2%	77.0%	77.4%	76.5%
Net reinsurance ratio	6.2%	7.5%	5.2%	-0.2%	1.2%
Loss ratio, net of reinsurance	83.9%	72.6%	82.3%	77.2%	77.7%
Cost ratio	10.6%	11.3%	10.6%	10.9%	10.8%
<b>Combined ratio</b>	<b>94.5%</b>	<b>83.9%</b>	<b>92.9%</b>	<b>88.1%</b>	<b>88.5%</b>
Earnings per share	3.1	2.7	8.6	10.3	18.3

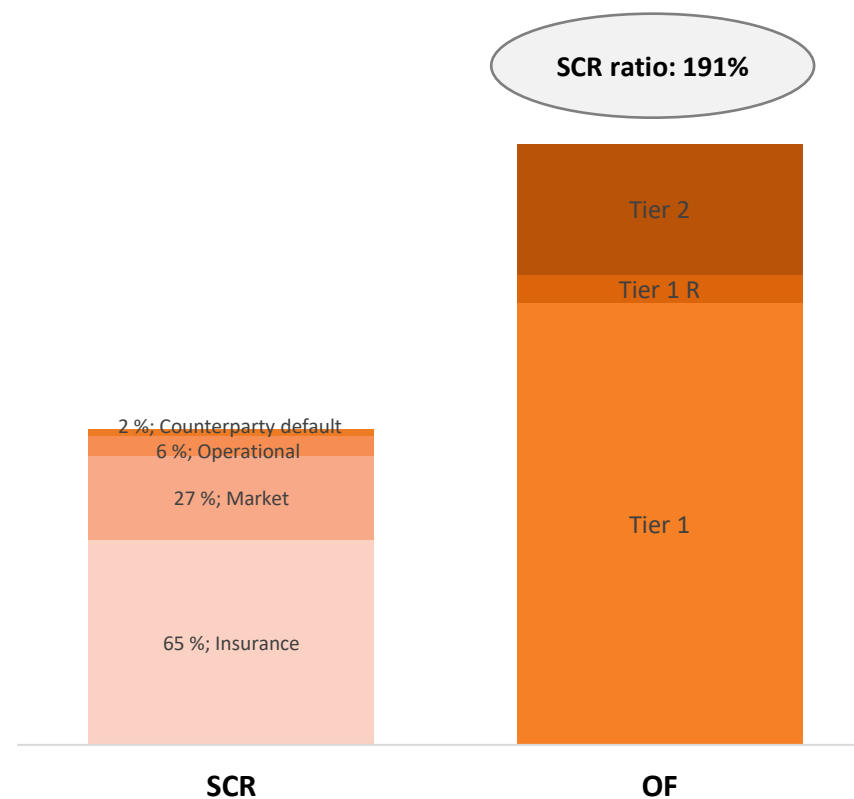
# Balance sheet

SCR ratio<sup>1</sup> at 191%

In NOKm	30.06.2024	30.06.2023	31.12.2023
Financial assets	22 252	17 345	18 042
Derivatives	79	27	265
Bank deposits	163	46	324
Other assets	1 847	1 837	1 589
Discontinued operations	0	517	655
<b>Total assets</b>	<b>24 341</b>	<b>19 772</b>	<b>20 874</b>
Total equity	4 688	4 045	4 529
Subordinated loan capital	1 892	1 245	1 892
Insurance contract liabilities	16 184	12 810	12 559
Derivatives	120	58	241
Other liabilities	1 457	1 284	1 396
Discontinued operations	0	330	258
<b>Total equity and liabilities</b>	<b>24 341</b>	<b>19 772</b>	<b>20 874</b>

- Positive technical and investment result
- Dividend of NOK 2 per share, NOK 165m in total:
  - Flat development in own funds
- Solvency capital requirement driven by growth

## SCR ratio composition



<sup>1</sup> Solvency Capital Requirement (SCR) ratio =  $\frac{\text{Eligible own funds (OF)}}{\text{SCR}}$

# Solvency II

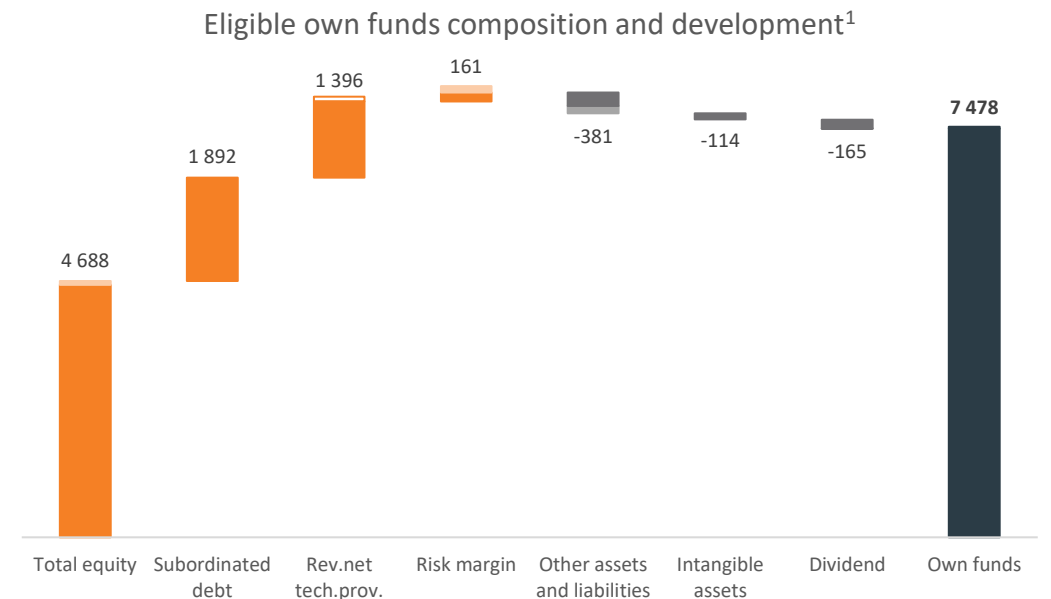
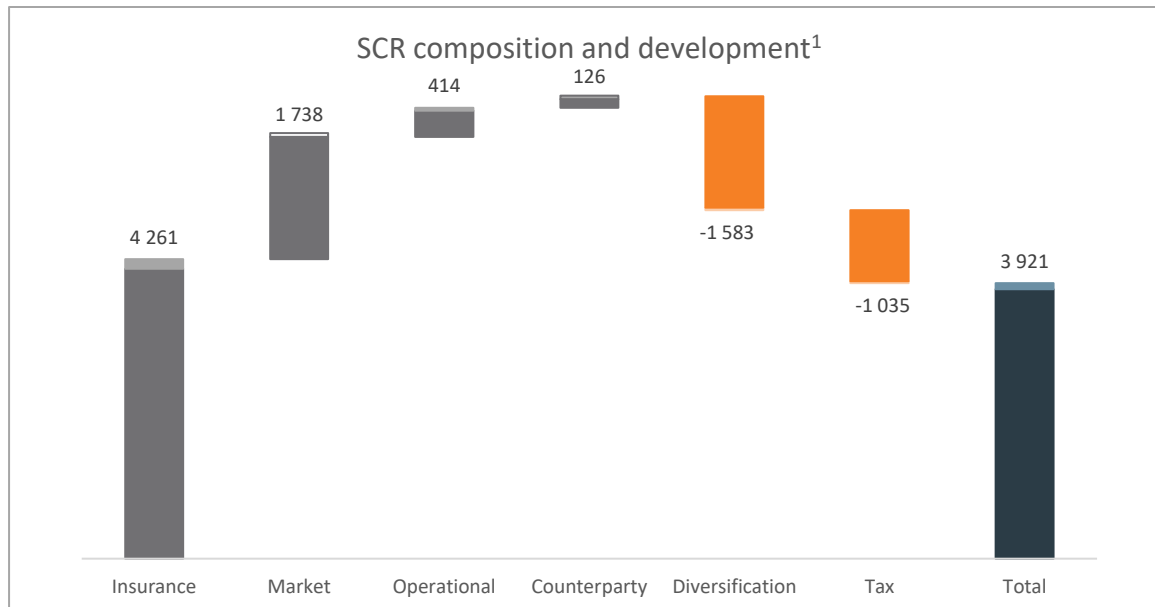
SCR ratio at 191%

## Composition of SCR:

- Net insurance risk 65%
- Net market risk 27%
- Other risks 8%

## Eligible solvency capital:

- Guarantee provision and proposed dividend subtracted from own funds



<sup>1</sup> Development since last quarter end highlighted in lighter colours per bar

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Earnings per share

## Other highlights

- “Project France” start quotation in Q3 for January 1st 2025
- Dividend of NOK 165m or NOK 2 per share



