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# Preliminary year-end & Q4 2023 results

Investor Presentation

Oslo, 1 February 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 FY & Q4 2023

**FY: Combined ratio at 88.5% | Total investment return of 944 | EPS at NOK 18.3**

## FY

**88.5%**

Combined Ratio

**10 423**

Gross premiums written

**37%**

LCY GWP growth

**944**

Total investment return

**1 509**

Profit for the period

**195%**

Solvency Capital Ratio

**18.3**

Earnings per share

## Q4

**86.4%**

Combined Ratio

**2 060**

Gross premiums written

**48%**

LCY GWP growth

**504**

Total investment return

**676**

Profit for the period

**195%**

Solvency Capital Ratio

**8.2**

Earnings per share

*Amounts in NOKm, Earnings per share NOK*

## FY highlights

- Full IFRS accounting implemented
- Long-Term Issuer Credit rating of BBB+ affirmed, and outlook revised to positive from stable.
- We proceed with France. A branch application will be submitted shortly

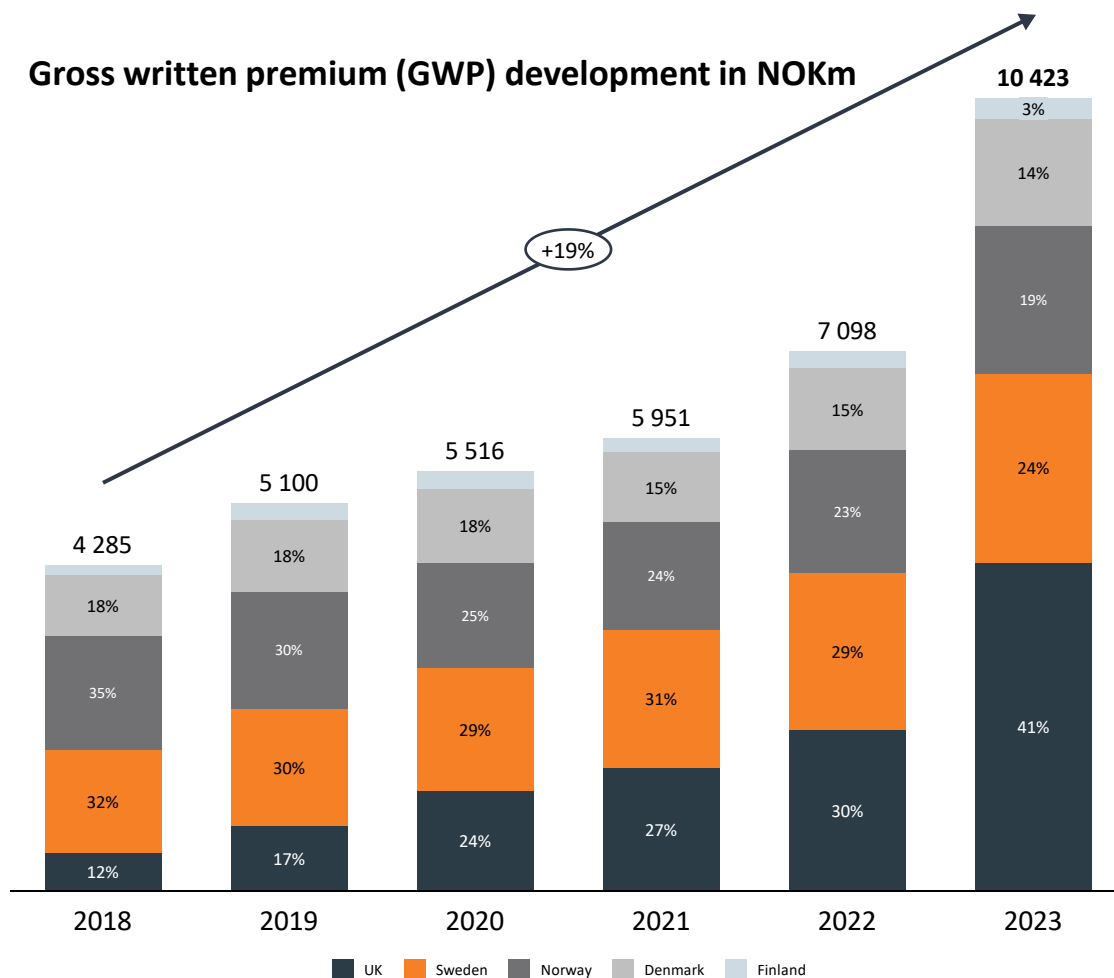
## Q4 highlights

- Successful placement of a new Solvency II compliant Tier 2 bond issue of NOK 650 million
- January 1st 2024 growth in GWP at 16 % in LCY
- The Board has decided to distribute a special dividend of NOK 412.2 million, corresponding to NOK 5.00 per share.
  - The payment will take place 14 February 2024

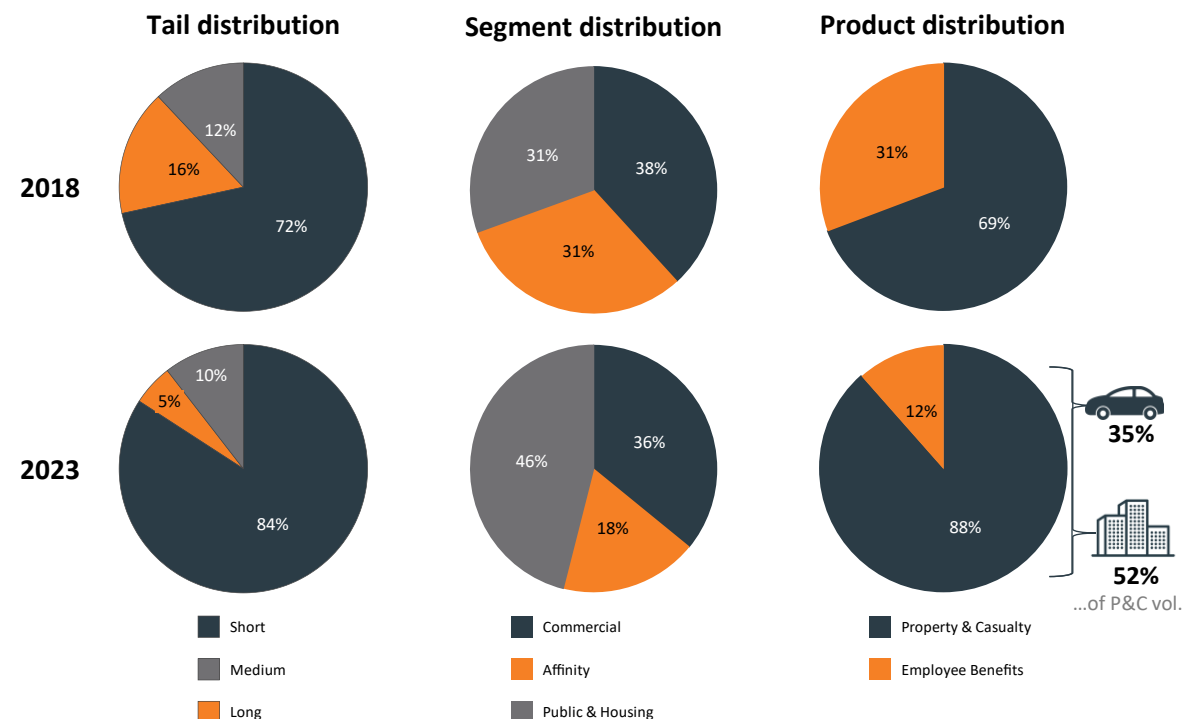
# Premium growth and composition

## Disciplined Underwriting and risk management

Gross written premium (GWP) development in NOKm



- 5-year and 10-year CAGR GWP at 19%



# Volume update

**FY: GWP growth 47% | 37% in local currencies (LCY)**

- FY growth at 47% – Renewal rate at 104%
  - Low churn and price increases to counter claims inflation
  - 60% of new sales originating from the UK
  - Increased new sales in the Nordics (20% increase from 22)
- UK growing 84% in 2023
  - Market conditions resulting in high hit ratios
  - Consistent and disciplined underwriting and risk appetite
- Q4 growth at 62% – Renewal rate at 105%
  - Low churn and price increases to counter claims inflation
  - Significant new sales in UK and NO
- January 1st 2024 growth in GWP at 16 % in LCY
  - Driven by high renewal rate in all units

NOKm, Gross written premiums

Business unit	FY 23	FY 22	Growth	...NOK%	...LCY%
Norway	1 941	1 610	331	21%	21%
Sweden	2 486	2 073	413	20%	14%
Denmark	1 407	1 077	330	31%	16%
UK	4 321	2 116	2 205	104%	84%
Finland	268	222	46	21%	7%
<b>Protector</b>	<b>10 423</b>	<b>7 098</b>	<b>3 325</b>	<b>47%</b>	<b>37%</b>

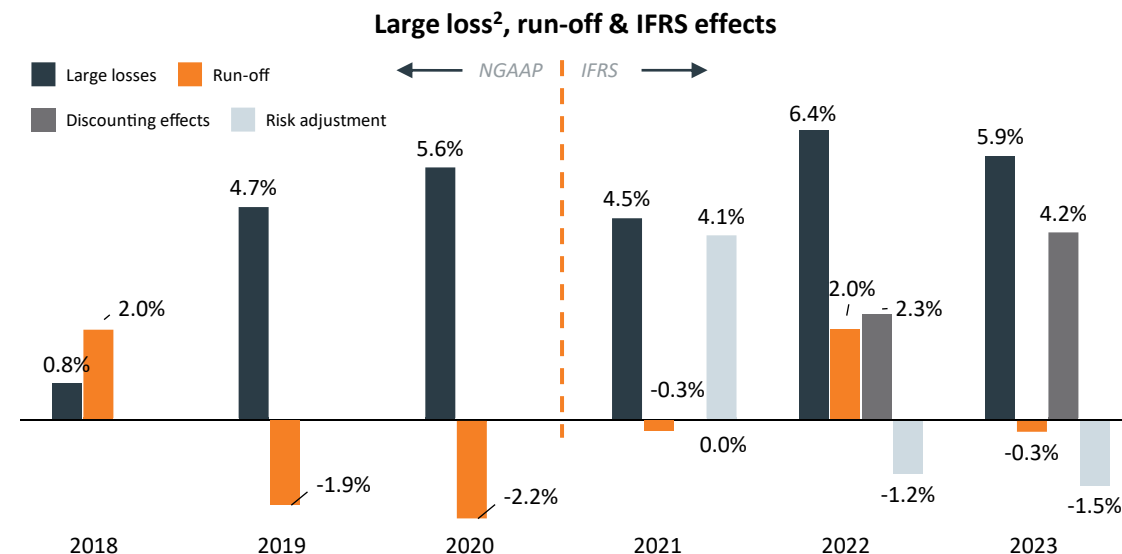
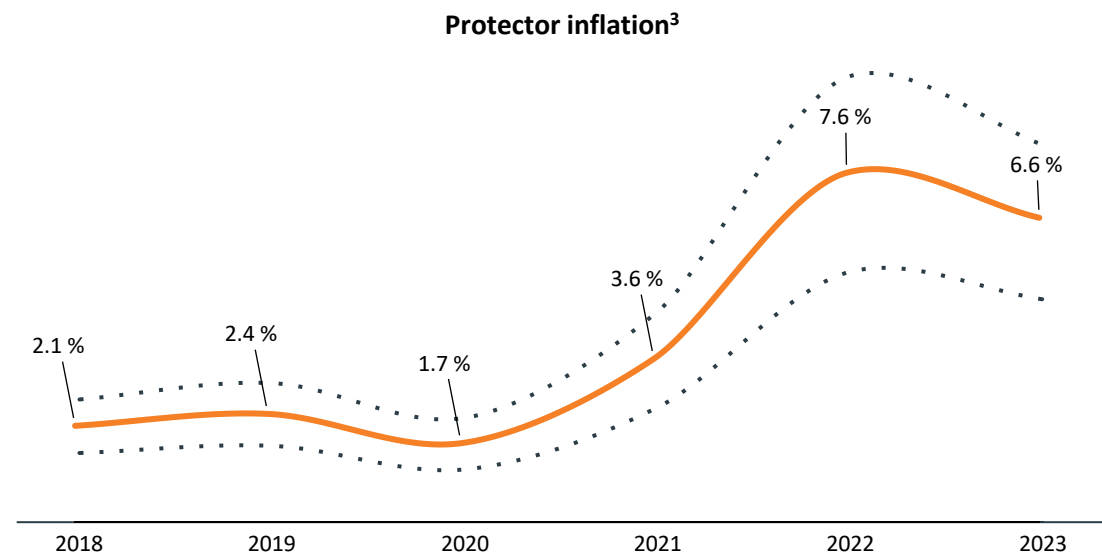
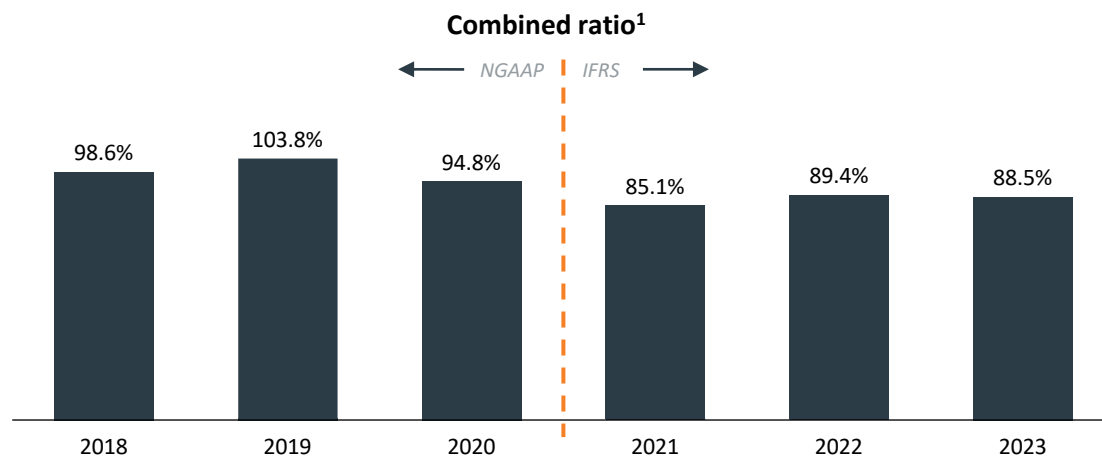
NOKm, Gross written premiums

Business unit	Q4 23	Q4 22	Growth	...NOK%	...LCY%
Norway	213	144	69	48%	48%
Sweden	453	383	69	18%	9%
Denmark	235	143	92	65%	51%
UK	1 132	597	535	90%	68%
Finland	27	8	19	229%	264%
<b>Protector</b>	<b>2 060</b>	<b>1 275</b>	<b>785</b>	<b>62%</b>	<b>48%</b>

# Profitability development

Underwriting discipline yields stable underlying profitability

**PROTECTOR**  
insurance



- External factors affects 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

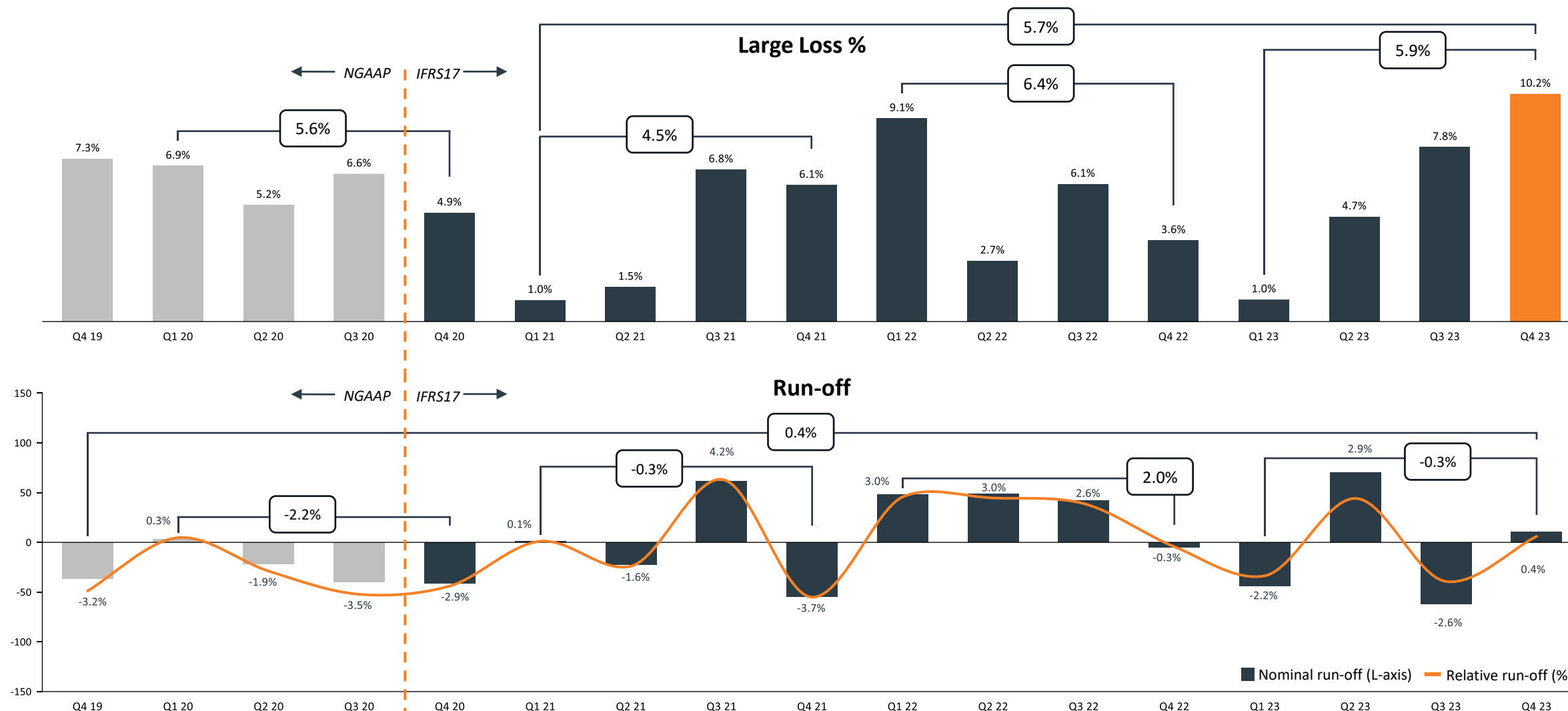
<sup>1</sup> Restated combined ratios as defined within IFRS from 2021 onwards. IFRS-figures are not audited.

<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

# Large losses and run-off

Normalised large loss level 7% | Best estimate reserving practice, run-off 0% over time



\* Lines in figures indicate large loss and run-off accumulations within outlined periods

# Claims update

**FY: Net loss ratio at 77.7% | Gross loss ratio at 76.5%**

- FY Large losses of NOK 550.7m, or 5.9% (425.9, or 6.4%)
  - 20 large loss events across four countries.
    - 60% of large losses from the UK, 20% from Norway (primarily Extreme weather Hans<sup>2</sup>)
- FY run-off losses at 0.3% (gain of 2.0%)
  - Run-off gains in the Nordics, losses in the UK
  - 1.1%-points of losses linked to large losses from previous years
- Q4 large loss of NOK 189.7m, or 10.2% (64.5, or 3.6%)
  - 13 large loss events across four countries.
    - 60% of large losses from Storms (UK) and Extreme weather (NO) events
- Q4 run-off gains at 0.4% (loss of 0.3%)
  - Run-off loss in the NO and FI, gains in SE, DK and the UK
  - 0.6%-points of losses linked to large losses from previous years

Loss ratios

Business unit	FY 23 Gross	FY 23 Net	FY 22 Gross	FY 22 Net
Norway	89%	90%	82%	82%
Sweden	74%	79%	72%	75%
Denmark	79%	79%	90%	86%
UK	70%	70%	68%	74%
Finland	72%	73%	75%	76%
<b>Protector</b>	<b>76.5%</b>	<b>77.7%</b>	<b>76.2%</b>	<b>78.3%</b>

Loss ratios

Business unit	Q4 23 Gross	Q4 23 Net	Q4 22 Gross	Q4 22 Net
Norway	92%	91%	106%	97%
Sweden	69%	73%	71%	78%
Denmark	52%	63%	98%	85%
UK	77%	75%	54%	64%
Finland	76%	77%	55%	57%
<b>Protector</b>	<b>74.2%</b>	<b>75.7%</b>	<b>77.7%</b>	<b>78.4%</b>

<sup>2</sup> Claims relating to extreme weather Hans in Norway covered by the Norwegian Natural Perils pool; Protector covering our share (based on market share within fire insurance (Property)) at 3.7415%

# Cost and quality leadership

Key focus leading to a competitive position supporting profitable growth

## Cost ratio and commissions to brokers and agents (%)

	2018	2019	2020	2021	2022	2023
			← <i>NGAAP</i>	<i>IFRS17</i> →		
Nordics	6.3 %	5.7 %	6.2 %	10.1 %	9.9 %	10.1 %
UK	16.9 %	11.7 %	12.9 %	16.8 %	14.7 %	11.9 %
<b>Protector</b>	<b>8.4 %</b>	<b>8.3 %</b>	<b>10.3 %</b>	<b>11.8 %</b>	<b>11.1 %</b>	<b>10.8 %</b>
Whereof comm.	3.0 %	2.9 %	3.7 %	3.8 %	3.9 %	4.4 %

- UK growth main driver for cost ratio improvement
- Commissions to brokers and agents an increasingly larger share of cost
  - Growth from the UK and SE
  - Cost excluding commissions from 8.0% in 2021 to 6.4% in 2023
- We invest in competence and quality, efficiency will come

## Broker satisfaction index<sup>(1)</sup>



## Other merits in 2023

**1st place** in the Norwegian Insurance Brokers' Association survey

**1st place** in the Norwegian Söderberg & Partners Quality Price

**1st place** in the Danish Willis Quality Index

# Cost update

**FY: Cost ratio at 10.8%, whereof 4.4% is linked to commissions to brokers and agents**

- FY cost ratio at 10.8% (11.1%), 6.4% exclusive of commissions to brokers and agents
  - 4.4% (3.9%) in commissions
- FY operational working FTEs on average 391 (338)
  - Increased by 15.7%

Business unit	FY 23 Cost %	FY 23 Comm%*	FY 22 Cost %	FY 22 Comm%*
Norway	7%	2%	6%	1%
Sweden	13%	8%	12%	7%
Denmark	7%	0%	8%	0%
UK	12%	5%	15%	6%
Finland	13%	0%	17%	0%
<b>Protector</b>	<b>10.8%</b>	<b>4.4%</b>	<b>11.1%</b>	<b>3.9%</b>

\*Commissions to brokers and agents

- Q4 cost ratio at 10.7% (12.3%), 6.0% exclusive of commissions
  - 4.7% (4.0%) in commissions
- Q4 operational working FTEs on average 421 (355)
  - Increased by 18.6%
  - Recruitment activity at a high level entering 2024

Business unit	Q4 23 Cost %	Q4 23 Comm%*	Q4 22 Cost %	Q4 22 Comm%*
Norway	9%	4%	6%	1%
Sweden	13%	8%	14%	7%
Denmark	8%	0%	12%	0%
UK	10%	5%	14%	6%
Finland	17%	0%	30%	0%
<b>Protector</b>	<b>10.7%</b>	<b>4.7%</b>	<b>12.3%</b>	<b>4.0%</b>

\*Commissions to brokers and agents

# Country-by-country key metrics

Quarterly volatility must be expected, especially by country

## FY 23

NOKm	Norway		Sweden		Denmark		UK		Finland		Protector	
	FY 23	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23	FY 22
Gross premium written	1 941	1 610	2 486	2 073	1 407	1 077	4 321	2 116	268	222	10 423	7 098
Insurance revenues	1 883	1 583	2 400	1 942	1 336	1 040	3 504	1 814	263	240	9 386	6 619
Insurance service result	55	186	193	237	176	56	618	203	37	17	1 080	701
Loss ratio, gross	89.2%	81.6%	74.4%	72.0%	79.3%	90.1%	70.4%	68.2%	72.3%	75.0%	76.5%	76.2%
Net reinsurance ratio	0.6%	0.3%	4.1%	3.4%	0.0%	-3.9%	0.0%	6.0%	0.6%	0.5%	1.2%	2.1%
Loss ratio, net of reinsurance	89.8%	81.9%	78.5%	75.4%	79.3%	86.2%	70.4%	74.2%	72.9%	75.5%	77.7%	78.3%
Cost ratio	7.3%	6.3%	13.4%	12.4%	7.5%	8.4%	11.9%	14.6%	13.2%	17.2%	10.8%	11.1%
Combined ratio	97.1%	88.2%	91.9%	87.8%	86.8%	94.6%	82.4%	88.8%	86.1%	92.8%	88.5%	89.4%

## Q4 23

NOKm	Norway		Sweden		Denmark		UK		Finland		Protector	
	Q4 23	Q4 22	Q4 23	Q4 22	Q4 23	Q4 22	Q4 23	Q4 22	Q4 23	Q4 22	Q4 23	Q4 22
Gross premium written	213	144	453	383	235	143	1 132	597	27	8	2 060	1 275
Insurance revenues	505	407	640	515	367	275	1 047	522	88	62	2 646	1 781
Insurance service result	2	(14)	90	46	109	8	155	119	6	8	361	167
Loss ratio, gross	91.8%	106.0%	68.8%	70.9%	51.5%	97.8%	76.8%	54.4%	76.3%	55.0%	74.2%	77.7%
Net reinsurance ratio	-1.1%	-8.9%	3.9%	6.7%	11.3%	-12.7%	-2.0%	9.2%	0.3%	1.6%	1.5%	0.7%
Loss ratio, net of reinsurance	90.6%	97.1%	72.7%	77.6%	62.8%	85.1%	74.8%	63.6%	76.6%	56.6%	75.7%	78.4%
Cost ratio	8.9%	6.3%	13.3%	13.6%	7.6%	12.0%	10.4%	13.6%	16.6%	30.1%	10.7%	12.3%
Combined ratio	99.5%	103.4%	86.0%	91.2%	70.4%	97.2%	85.2%	77.2%	93.2%	86.7%	86.4%	90.6%

**Vision**

The Challenger

**Business Idea**

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**Main targets**

Cost and quality leadership

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Top 3

**Values**

Credible

Innovative/Open

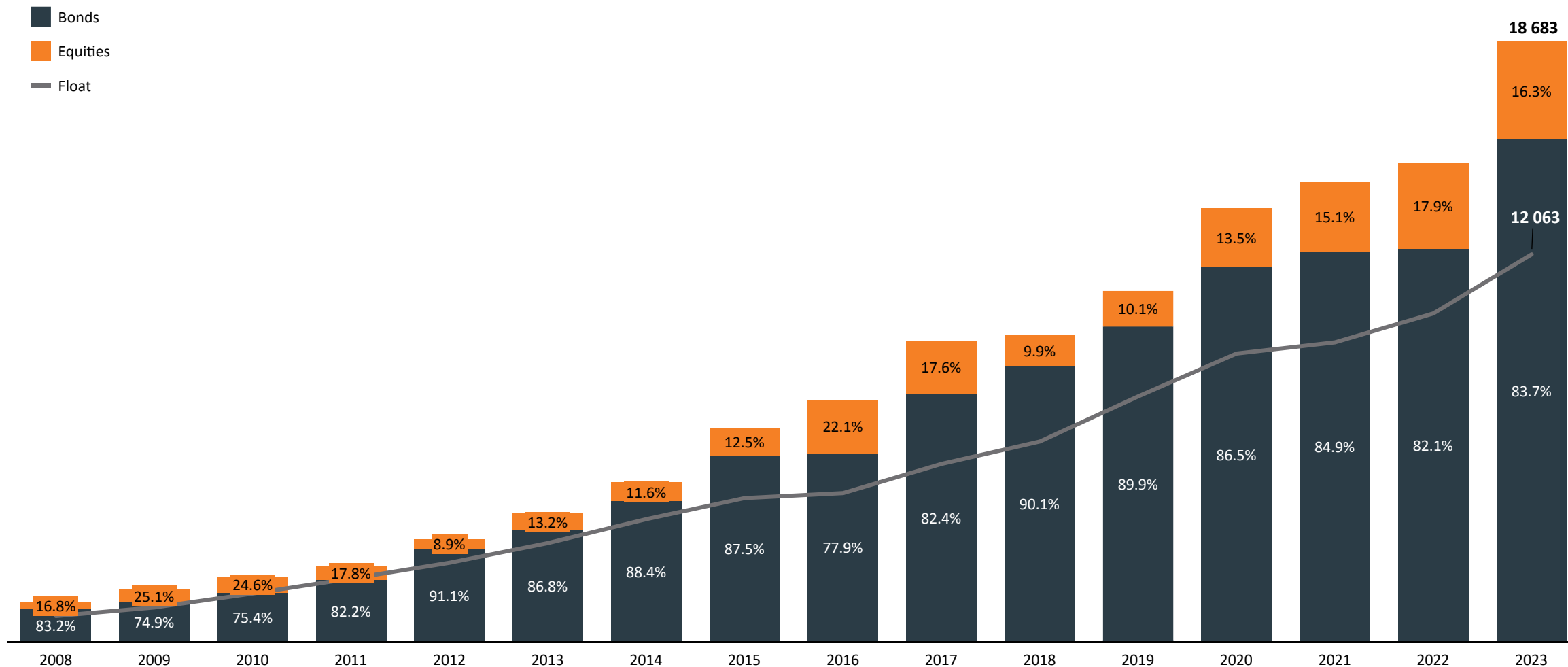
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Committed

# Investments

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

**PROTECTOR**  
insurance



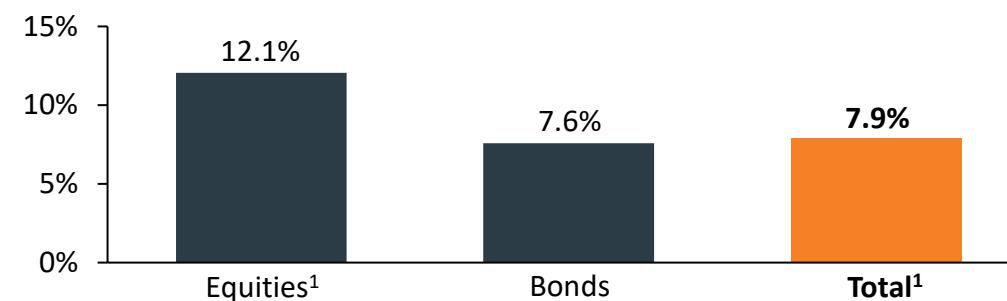
# Investment performance

7.9% return in 2023 | 5.1% return in Q4

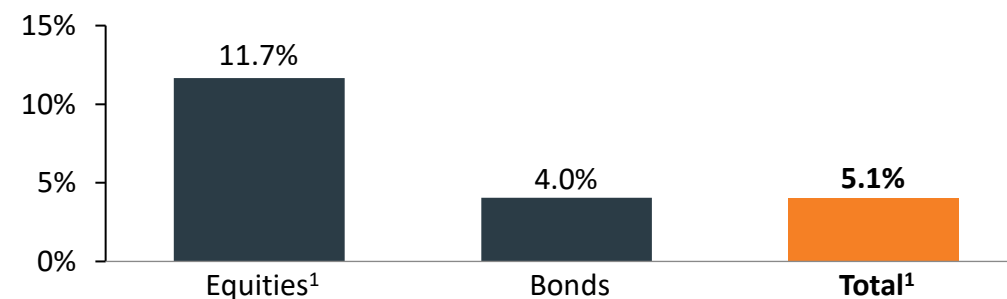
**PROTECTOR**  
insurance

- NOK 1 372m, or 7.9% gain in 2023
  - Equities: NOK 325m, or 12.1%
  - *Put options: NOK -60m*
  - Bonds: NOK 1 107m, or 7.6%
    - Interest rate swaps: NOK 87m
- Strong year for Nordic HY bonds
  - DNB Nordic HY index up 11.2% in 2023, and 2.8% in Q4
- NOK 890m, or 5.1% gain in Q4
  - Equities: NOK 309m, or 11.7%
  - *Put options: NOK -19m*
  - Bonds: NOK 600m, or 4.0%
    - Interest rate swaps: NOK 217m

## 2023 investment results



## Q4 investment results



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

# Investment portfolio statistics

**Bond portfolio yield at 5.8%, before cost of risk**

- Bond portfolio yielding 5.8%, before cost of risk (6.0% in YE22)
  - Underlying ref rate +0.6%-points, spread -87bps from YE22
- Slightly reduced bond risk YE23 compared to YE22
  - HY portfolio totalling BNOK ≈ 4.5 vs. BNOK 4.1 YE22
  - Credit duration decreased to 1.9, from 2.2 YE22
  - A- average rating, same as YE22
- Duration stable at 2.2, down from 2.5 YE22
  - Steering interest rate risk from solvency capital perspective
- Equity share at 16.0%, down from 17.8% YE22
  - Up from 14.6% in Q3

Investment portfolio statistics <sup>1</sup>		31.12.23	31.12.22	30.09.23
Fixed income	Size bond & cash eq. (NOKm) <sup>2</sup>	15 650	12 249	14 864
	Avg. ref. rate (NIBOR, STIBOR, etc.)	3.9%	3.3%	4.2%
	Avg. spread/risk premium (bps)	186	273	179
	Yield <sup>3</sup>	5.8%	6.0%	5.9%
	Duration <sup>3</sup>	2.2	2.5	2.4
	Credit duration	1.9	2.2	1.8
	Avg. rating <sup>4</sup>	A-	A-	A

Equities	Portfolio size <sup>5</sup>	2 983	2 648	2 544
	Share of total	16.0%	17.8%	14.6%
	Estimated intrinsic value discount	35%	30%	37%
	No. of companies	32	28	32

<sup>1</sup> Bank deposits included

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

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

<sup>4</sup> Avg. linear rating based on official rating (>50%) and 'Protector rating' (<50%)

<sup>5</sup> Size excludes currency swaps and put options

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# Profit and loss FY 23 (& Q4 23)

Profit of NOK 1 509m (1 379) | EPS at NOK 18.3 (16.7)

NOKm	FY 23	FY 22	Q4 23	Q4 22
Insurance revenue	9 386	6 619	2 646	1 781
Insurance claims expenses	(7 182)	(5 045)	(1 963)	(1 384)
Insurance operating expenses	(1 011)	(734)	(282)	(218)
<b>Insurance service result before reinsurance contracts held</b>	<b>1 193</b>	<b>840</b>	<b>401</b>	<b>179</b>
Reinsurance premium	(584)	(826)	(142)	(228)
Amounts recovered from reinsurance	471	687	102	216
<b>Net result from reinsurance contracts held</b>	<b>(113)</b>	<b>(139)</b>	<b>(40)</b>	<b>(12)</b>
<b>Insurance service result</b>	<b>1 080</b>	<b>701</b>	<b>361</b>	<b>167</b>
Net income from investments	1 328	477	860	631
Net insurance finance income or expenses	(384)	607	(356)	(85)
Other income/costs	(91)	(74)	(26)	(23)
<b>Profit before tax</b>	<b>1 933</b>	<b>1 711</b>	<b>840</b>	<b>690</b>
Tax	(439)	(341)	(182)	(90)
Discontinued operations	15	10	18	13
<b>Profit for the period</b>	<b>1 509</b>	<b>1 379</b>	<b>676</b>	<b>613</b>
Large losses, net of reinsurance	(550.7)	(425.9)	(268.7)	(64.5)
Run-off gains/losses, net of reinsurance	(25.5)	133.7	10.6	(5.2)
Change in risk adjustment, net of reinsurance	(136.9)	(79.6)	(42.7)	(27.5)
Discounting effect, net of reinsurance	390.9	154.5	116.9	76.7
Loss ratio	76.5%	76.2%	74.2%	77.7%
Net reinsurance ratio	1.2%	2.1%	1.5%	0.7%
Loss ratio, net of reinsurance	77.7%	78.3%	75.7%	78.4%
Cost ratio	10.8%	11.1%	10.7%	12.3%
<b>Combined ratio</b>	<b>88.5%</b>	<b>89.4%</b>	<b>86.4%</b>	<b>90.6%</b>
Earnings per share	18.3	16.7	8.2	7.4

# Balance sheet

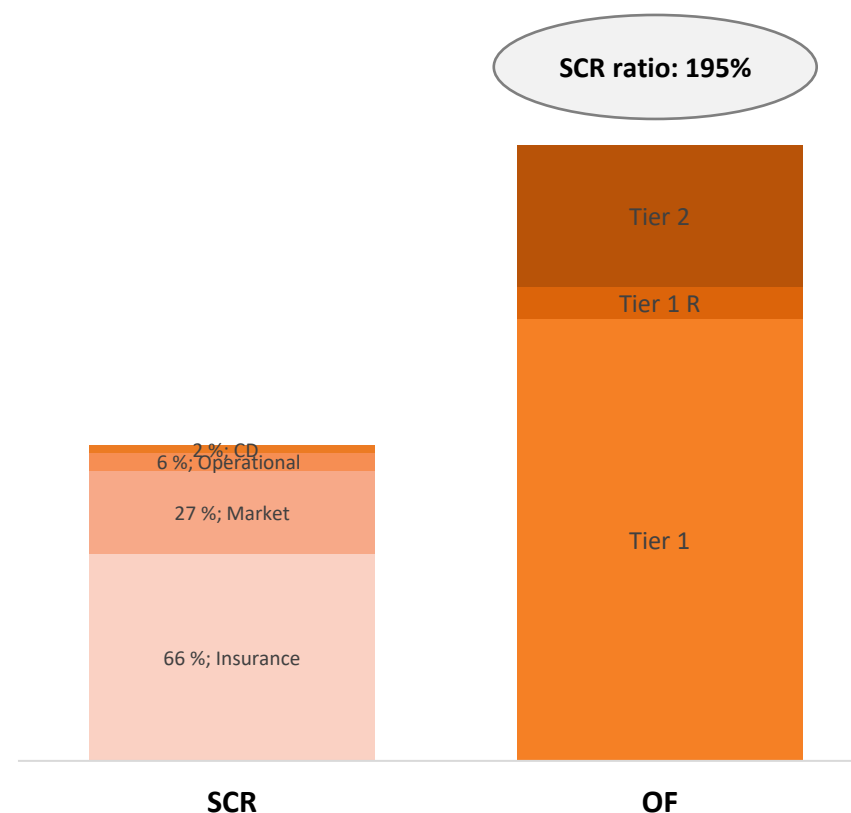
SCR ratio<sup>1</sup> at 195%

In NOKm	31.12.2023	31.12.2022
Financial assets	18 042	14 195
Derivatives	265	66
Bank deposits	324	198
Other assets	1 589	1 469
Discontinued operations	655	888
<b>Total assets</b>	<b>20 874</b>	<b>16 816</b>
Total equity	4 529	3 761
Subordinated loan capital	1 892	1 245
Insurance contract liabilities	12 559	10 042
Derivatives	241	55
Other liabilities	1 396	1 191
Discontinued operations	258	522
<b>Total equity and liabilities</b>	<b>20 874</b>	<b>16 816</b>

\*Numbers may not add up due to rounding

- New NOK 650m Tier 2 subordinated debt issued
- Positive technical and investment result
- Special dividend of NOK 5 per share, NOK 412m in total
- Increase in 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 195%

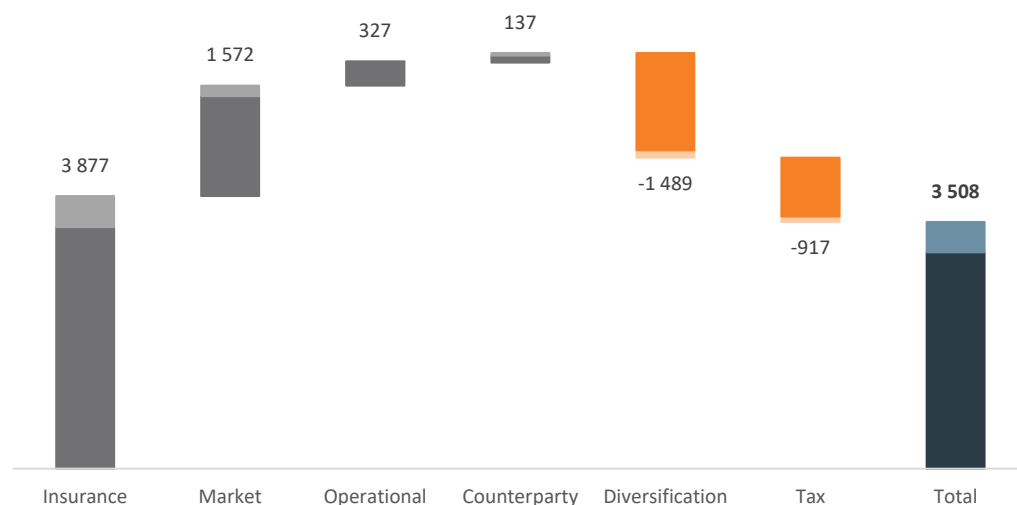
## Composition of SCR:

- Net insurance risk 66%
- Net market risk 27%
- Other risks 7%

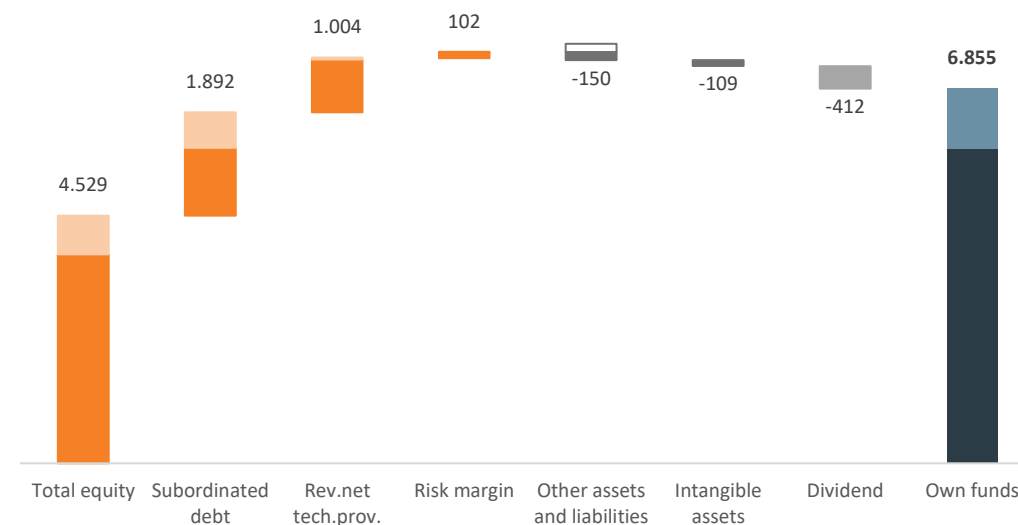
## Eligible solvency capital:

- Guarantee provision and proposed dividend subtracted from own funds

SCR composition and development<sup>1</sup>



Eligible own funds composition and development<sup>1</sup>



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

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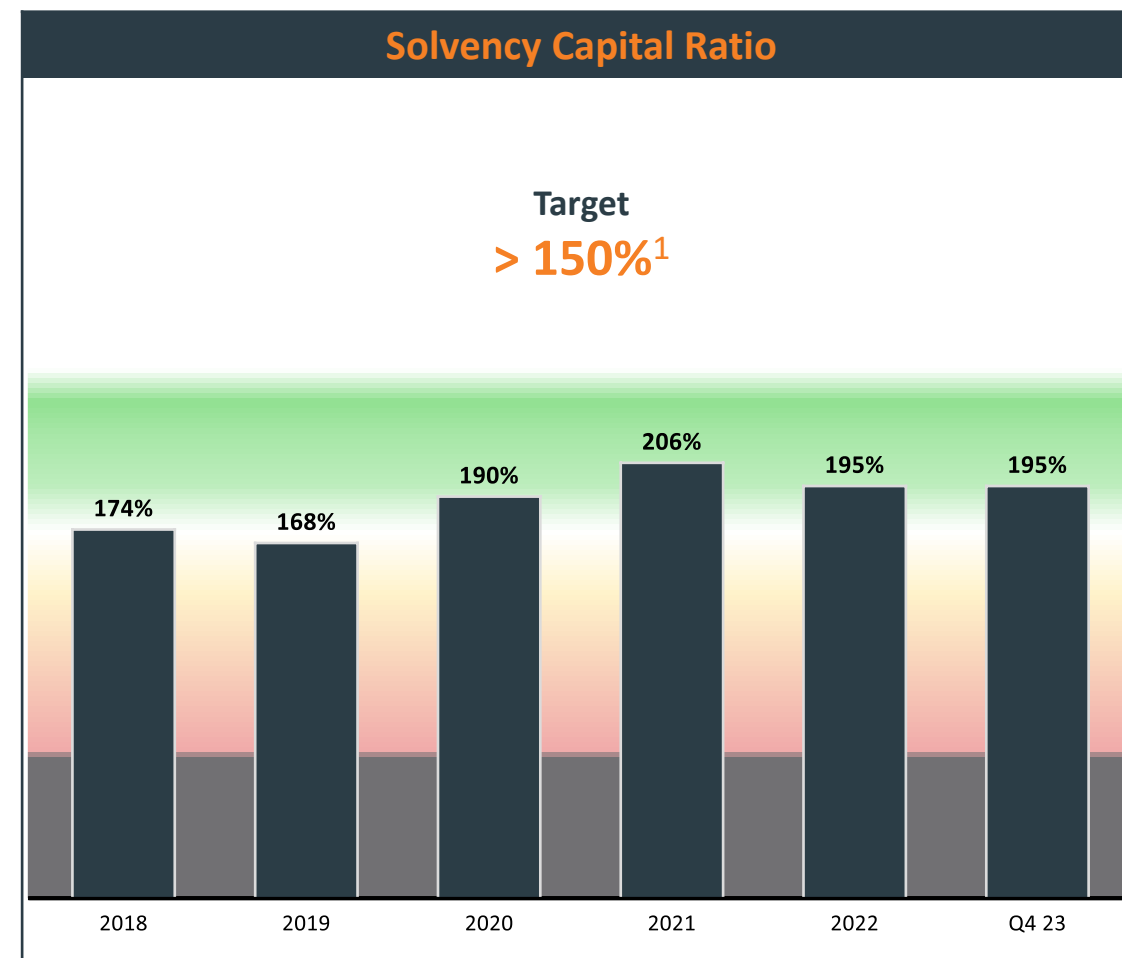
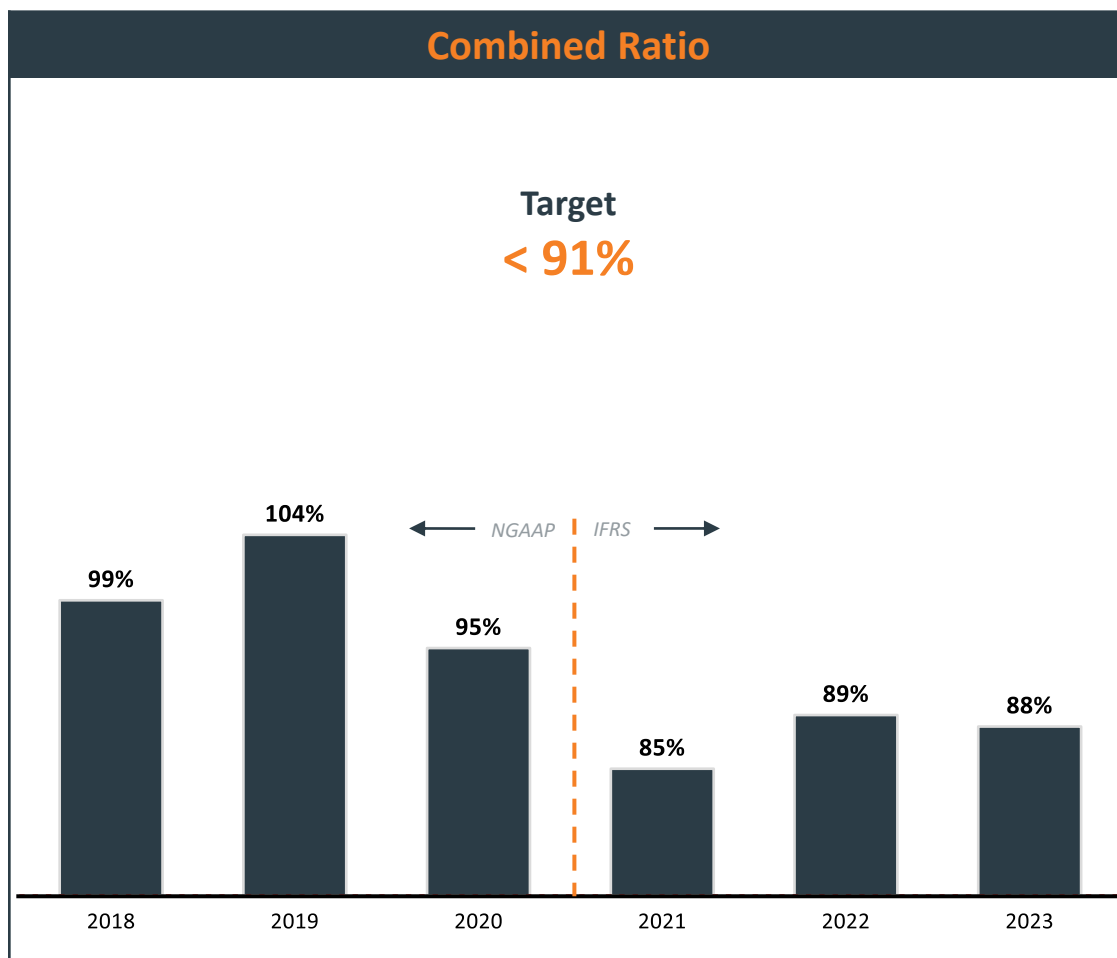
Innovative/Open

Bold

Committed

# Long term (3 years) financial targets

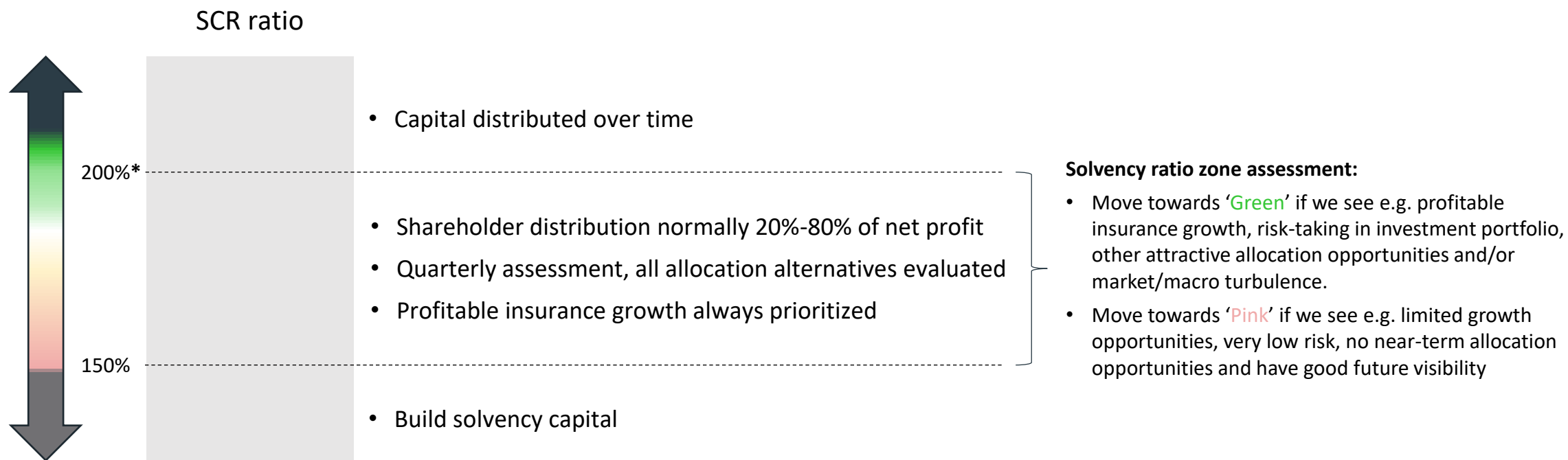
Disciplined growth



<sup>1</sup> See next slide

# Flexible shareholder distribution policy

## Quarterly assessment of capital position vs. capital need



- Following Q4 2023 the Board has decided to distribute a special dividend of NOK 412.2m, corresponding to NOK 5.00 per share.
  - To be paid February 14<sup>th</sup> (ex. date February 7<sup>th</sup>)

**\* Increase in upper level:**

- Prolonged changes in risk profile
- Solvency-based reinsurance agreement not renewed
- Stricter internal stress testing
- Near-future allocation opportunities/ turbulence

# Summary FY & Q4 2023

**FY: Combined ratio at 88.5% | Total investment return of 944 | EPS at NOK 18.3**

## FY

**88.5%**

Combined Ratio

**10 423**

Gross premiums written

**37%**

LCY GWP growth

**944**

Total investment return

**1 509**

Profit for the period

**195%**

Solvency Capital Ratio

**18.3**

Earnings per share

## Q4

**86.4%**

Combined Ratio

**2 060**

Gross premiums written

**48%**

LCY GWP growth

**504**

Total investment return

**676**

Profit for the period

**195%**

Solvency Capital Ratio

**8.2**

Earnings per share

*Amounts in NOKm, Earnings per share NOK*

## FY highlights

- Full IFRS accounting implemented
- Long-Term Issuer Credit rating of BBB+ affirmed, and outlook revised to positive from stable.
- We proceed with France. A branch application will be submitted shortly

## Q4 highlights

- Successful placement of a new Solvency II compliant Tier 2 bond issue of NOK 650 million
- January 1st 2024 growth in GWP at 16 % in LCY
- The Board has decided to distribute a special dividend of NOK 412.2 million, corresponding to NOK 5.00 per share.
  - The payment will take place 14 February 2024

