

An aerial photograph of a rugged coastal landscape. A winding road or path leads through rocky terrain and small islands. The water is dark, with a bright, shimmering reflection of the sun on the right side. The sky is overcast with soft clouds.

PROTECTOR
forsikring

Results Q3 2016

Investor presentation



Preparing for another gold medal

Trondheim Oct. 28th – Oct. 30th



Sverre Bjerkeli (57) - CEO:

- Head of consumer/commercial division at Storebrand (If..)
- CEO Storebrand Bank
- IT; Key positions in NOKIA/ICL and CEO Eterra/Ementor
- Last 12 years in Protector
- Handball player and trainer on international level
 - Marathon runner and Vasalopp skier “nowadays”



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



Highlights Q3 2016

- Profitable growth continues

- Very strong investment result
 - Return Q3 161 MNOK, 2.2%
- Operating profit of 171 MNOK in Q3

- GWP +12.6% (11.9% local currency)
 - Commercial segment growth 16.0% (15.3% local currency)
 - +21% YTD (17% local currency)
- Change of ownership (COI) back on track
- Trouble in Denmark (Net CR 146.3%)
- Norway and Sweden doing very well
- Net combined ratio 97.1%
- ROE YTD is 18.3% (not annualized)

- New guiding
 - Combined ratio 95% up from 90%
 - Growth 22%, unchanged
 - Cost ratio < 7.5%, unchanged

From Norwegian, to Scandinavian, to...

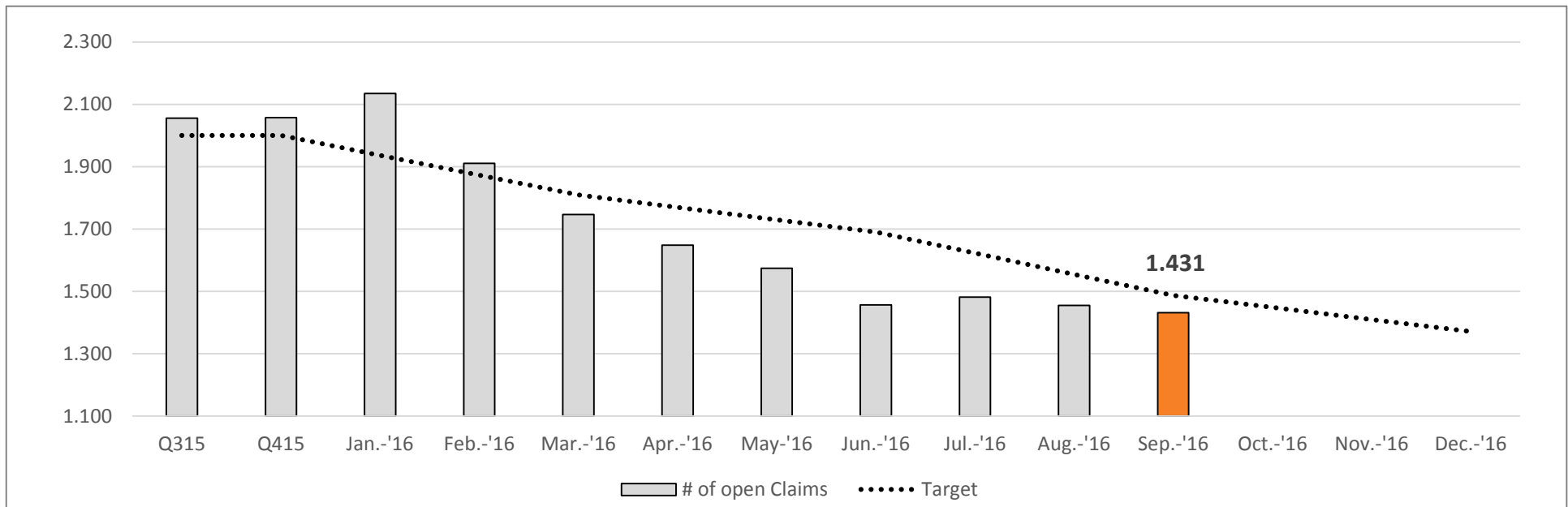


Change of ownership insurance (COI)

- Turn around complete – back in black



- “Clean desk” project speeding up claims handling, all new claims handled within 48hours
- Number of Open Claims on a very good level (historical low)
- Broker KPI survey 2016: Claims handling quality score historical high
- Turn around complete – we are back on track and back in black...
- ... but aiming higher – “Best ever” Claims handling Q4 2016 and “Next level” 2017

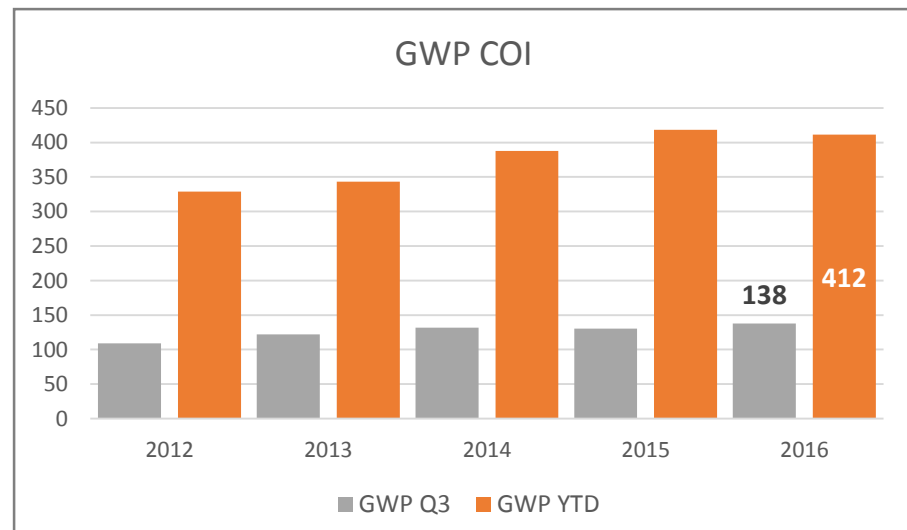


Change of ownership insurance (COI)

- Highlights Q3 2016



- Volume +5.8%
 - Driven by real-estate prices (+7.1%)
- Sales & services delivered to real estate brokers and clients still on a very good level
- Recovery level behind schedule
- Claim reduction on a very good level
- Court results improved
 - 48% - 22% - 30% (Win, Draw, Loss)
- Price increases expected to be higher than claims inflation in 2017
- New technical report & IT solution based on NS3600 will be released early Q4



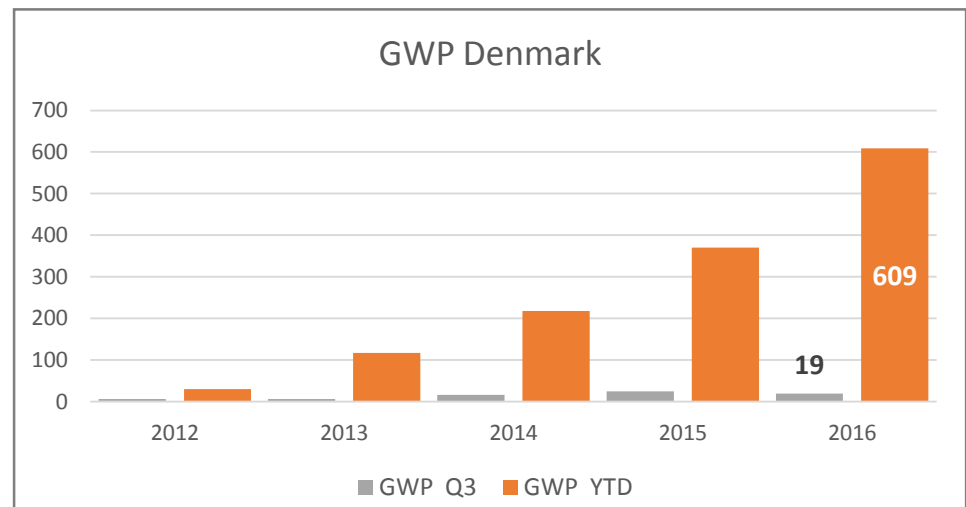
Denmark



- Perfect storm building up, but ...

- Small Q3, volume of low interest
- Claims ratio net of 139.2%
- Initiatives taken towards some facilities and affinity programs not running well
- Management changes are implemented
- “Clean desk” project in Claims handling
 - Improving Claims response time
- “Clean desk” project in Broker Service
 - Improving service level and premium payments
- Poor Q4 expected
- Negative volume growth likely in Q4 16 and Q1 17

... Norway commercial segment was profitable after 6 years - Denmark in line with Norway



Facilities / Affinity DK

- Significant part of Q3 losses



4 of 11 programs unprofitable

Insufficient control of programs

Program	Broker
Program 1	Broker 1
Program 2	Broker 2
Program 3	Broker 3
Program 4	Broker 4
Program 5	Broker 5
Program 6	Broker 6
Program 7	Broker 7
Program 8	Broker 8
Program 9	Broker 9
Program 10	Broker 10
Program 11	Broker 11
Program 12	Broker 12
Program 13	Broker 13

P&C								
Volume DKKm	Claims-% HTD - P&C (inkl. IBNR*)						Claims-% HTD - P&C (inkl. IBNR*)	
	Liability		Motor		Property		All LoB	Total
3	X		Y		Z		SUM	
2	X		Y		Z		SUM	
2	X		Y		Z		SUM	
2	X		Y		Z		SUM	
1	X		Y		Z		SUM	
1	X		Y		Z		SUM	
2	X		Y		Z		SUM	
3	X		Y		Z		SUM	
1	X		Y		Z		SUM	
1			Y				SUM	
1	X		Y		Z		SUM	

WC					
Volume DKKm	Duration # years claims stat Years	Claims ratio HTD - WC (Incl IBNR**)			
		Paid claims %		Est claims %*	Total
2	3,5	X		Y	
1	2,5	X		Y	
2	3,5	X		Y	
1	2,5	X		Y	
1	2,5	X		Y	
1	1,5	X		Y	
2	3,5	X		Y	
1	3,5	X		Y	
1	1	X		Y	
3	3,5	X		Y	
3	1,8	X		Y	
1	3,5	X		Y	

Category 1 (1-5)	Category 2 (1-5)	Category 3 (1-5)	Category 4 (1-5)	Total
2	2	2	2	1
2	3	2	3	2
4	3	2	3	2
4	3	2	3	2
3	2	3	2	2
2	3	4	4	2
2	3	2	3	3
4	3	2	3	3
3	3	3	2	3
3	2	3	3	3
3	3	4	4	3
3	3	4	4	3
4	3	2	3	4

Grand Total

SUM 2

SUM n/a

Volume categories: >20 MDKK = 3 10 MDKK to 20 MDKK = 2 <10 MDKK = 1

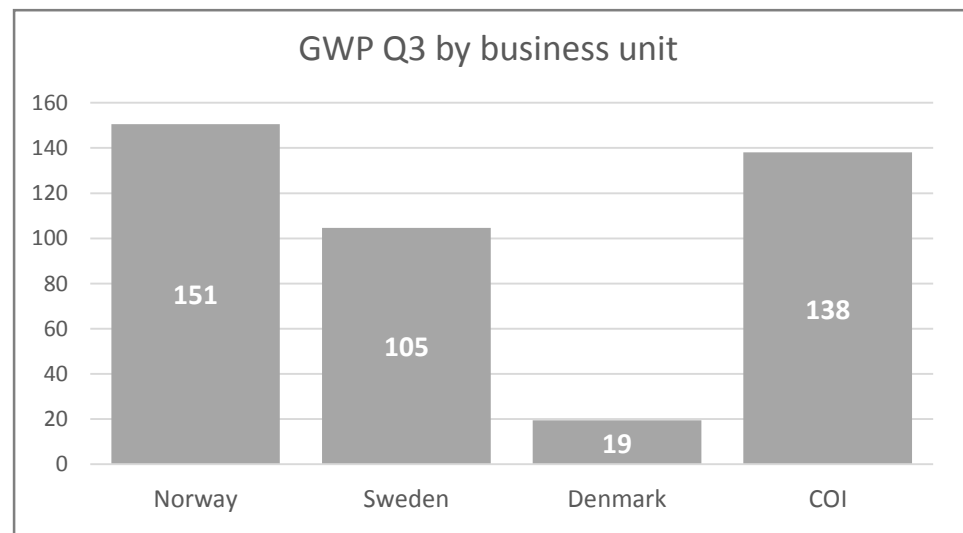
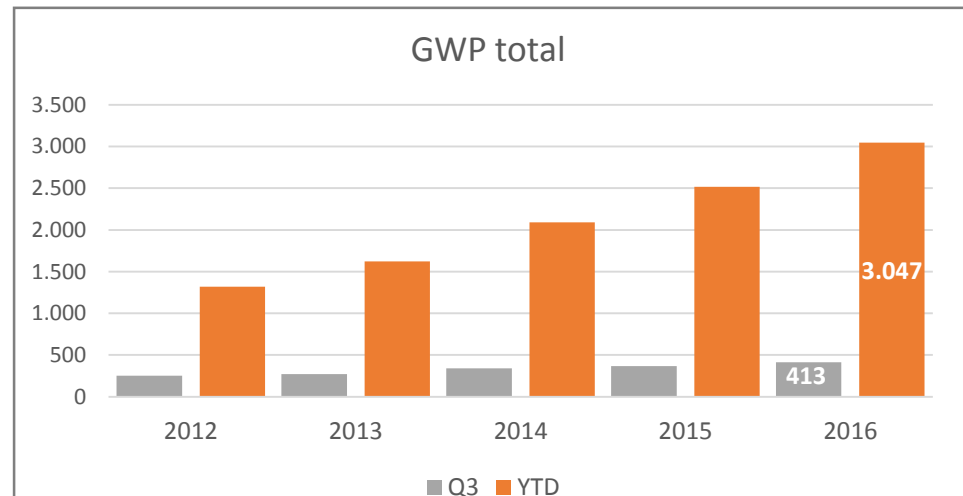
- Actions taken;
 - Some affinity groups are leaving either Q4 or first half-year 2017
 - Some affinity groups are priced up
 - Other control initiatives underway
- Poor results expected in Q4 2016
- Results will show in 2017

Gross written premiums Q3 2016

- Continued growth



- GWP total +12.6%, +21% YTD
 - Commercial segment growth 16.0%
- Norway commercial and public +7.2%
- COI +5.8%
- Sweden +43.6%
- Denmark -19.5%
- UK and Finland volume is minor in Q3
- Further growth expected in Q4



Claims Q3 2016

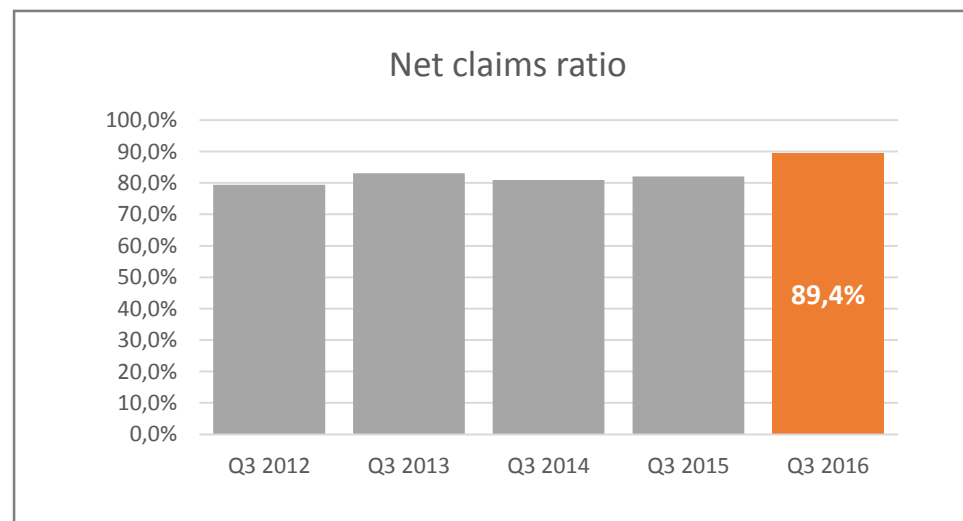
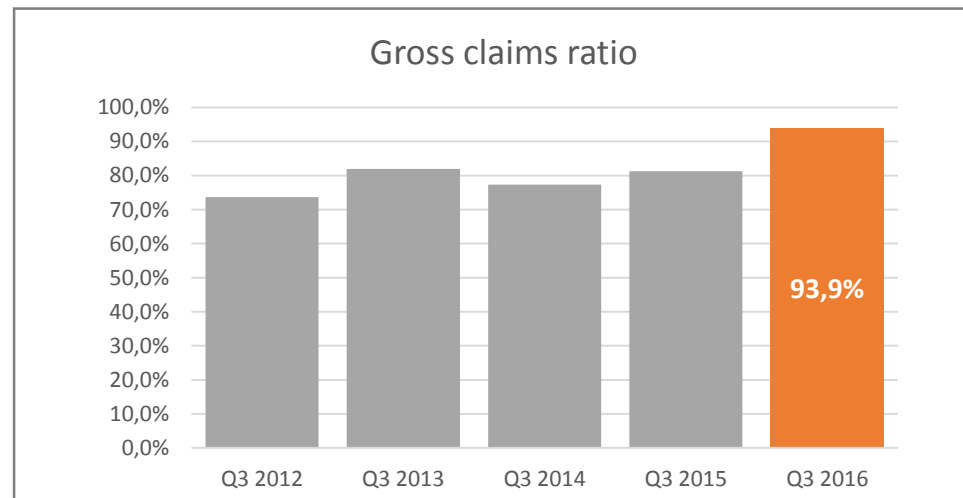
- Poor quarter



- Gross claims ratio of 93.9%
- Net claims ratio of 89.4%
- Norway with some large property claims
- COI back on track, no reserve losses
- Run off losses of 1.5%
 - Losses in Workers Comp. Denmark equals 30 MDKK in Q3
- Sweden very good
- Denmark very high

Cost ratio

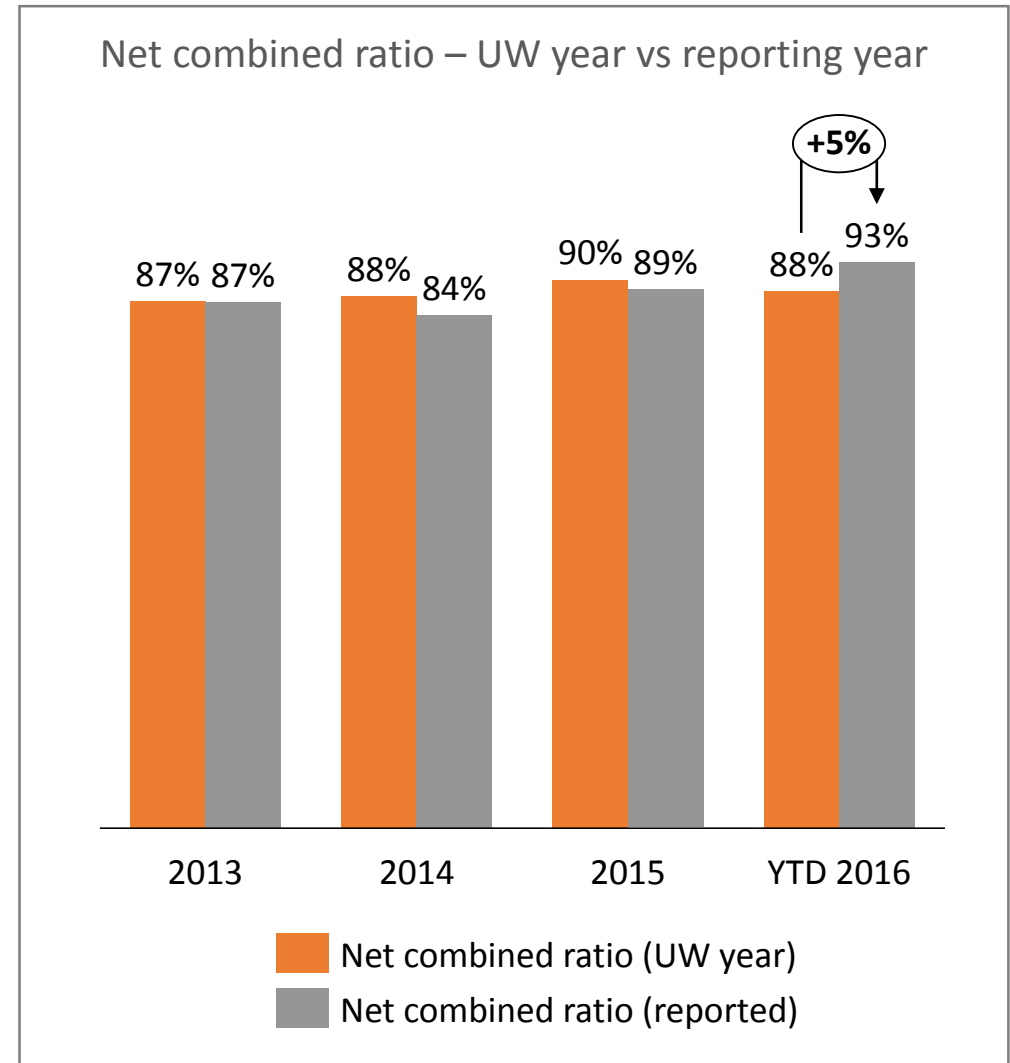
- Gross cost ratio YTD of 6.7%



Net combined ratio development 2013-2016

- UW year vs Reporting year

- UW year more relevant than reporting year in order to consider future CR development
- Slightly increased net combined ratio
 - Increased claims development
 - Reduced cost ratio
- New Combined ratio guiding 2016 is 95%
- Underlying CR trend is currently 90%; moving slightly upwards



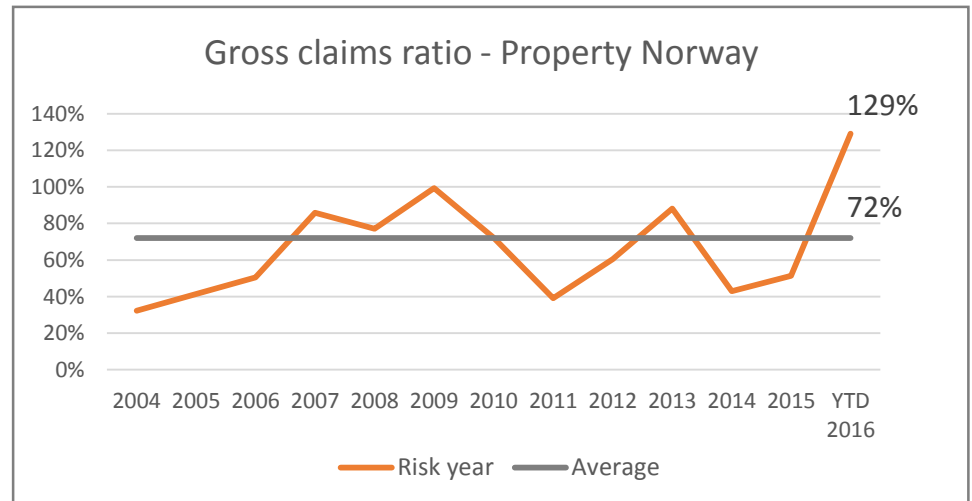
Norwegian public and commercial line

- Profitable growth



- Volume +7.2%
- Good hit-ratio
- Renewal rate 88%
 - Rate pressure as always
- High level of large property claims

- Renewal process 2017 initiated
- Restructured organization
 - More responsibilities for our talents
- Big opportunities in affinity segment
 - Hunting season started very well



Sweden

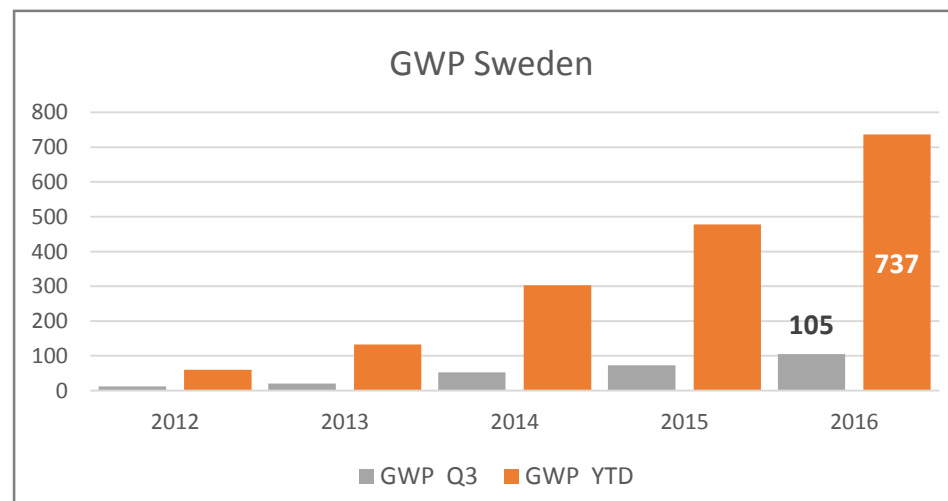
- Profitable growth



- Volume +43.6% (41.9% in SEK)
- Claims ratio net of 69.9%
 - All segments and products are very good
 - Low level of property claims
- 44 % of claims are reported online
- 95 % response to customers on reported claims within 24h (clean desk project)
- Cultural lead in Protector



- Strong start on new volume 1/1/2017



Finland

- Open for business




- Seven people on board
 - Experienced underwriters, claims handlers and account managers
- Ok hit ratio in Public sector but slow start on volume 1/1/2017
 - Tough competition from direct insurers
- Motor claims online registration will be launched in October



UK – Increased Operational Activity

- First commercial segment client on board



- 15 people on board
 - A good mix of experience and quickly developing talents
 - Broad commitment and contribution during team meeting at Hafjell
-  M6 progressing well (project portfolio)
 - First phase of UW projects (Public & Commercial) implemented
 - Claims handling operational
 - Target = quality leader UK
 - Focused broker activity
- Good opportunities in Public Sector
 - 8 clients, 10 quotes awaiting awards
 - Activity expected to be high in Q4
- 1st and 2nd breakthrough in commercial sector
 - Three first clients on board (earlier than SE and DK)
 - Several clients in process, careful start
 - Qualified to “exclusive panel of insurers” with first broker house

11 clients on board



Profit & loss Q3 2016

- Best 9 months operating profit ever



[1.000.000 NOK]	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	FY 2015	
Gross premiums written	412,8	366,5	3.046,7	2.518,1	2.843,4	GWP growth 12,6% in Q3, 21% YTD
Gross premiums earned	825,9	719,9	2.481,8	2.092,4	2.791,1	
Gross claims incurred	(775,5)	(585,2)	(2.264,7)	(1.666,6)	(2.283,6)	
Earned premiums, net of reinsurance	692,3	562,4	2.044,3	1.640,9	2.176,0	
Claims incurred, net of reinsurance	(618,8)	(461,5)	(1.907,8)	(1.385,3)	(1.861,0)	
Net commission income	8,6	0,7	128,2	97,2	112,9	
Operating expenses	(62,0)	(37,8)	(125,9)	(125,0)	(182,0)	
Other income/costs	(10,3)	(3,0)	(17,4)	(9,1)	(13,5)	
Net financial income	160,7	(19,9)	349,3	151,0	303,8	2,2% return in Q3, 4,9% return YTD
Profit before tax	170,5	40,7	470,6	369,6	536,1	Best 9 months operating profit ever
Tax	(27,3)	6,7	(87,0)	(55,5)	(71,9)	
Profit before components of comprehensive income	143,2	47,4	383,6	314,1	464,2	
Comprehensive income incl. tax	(9,6)	9,4	(17,6)	13,8	17,5	
Profit for the period	133,6	56,8	366,0	327,9	481,7	
Claims ratio, net of ceded business	(1) 89,4%	82,1 %	93,3%	84,4 %	85,5 %	
Expense ratio, net of ceded business	(2) 7,7%	6,6 %	-0,1%	1,7 %	3,2 %	
Combined ratio, net of ceded business	(3) 97,1%	88,7 %	93,2%	86,1 %	88,7 %	Very poor net combined ratio
Gross claims ratio	(4) 93,9%	81,3 %	91,3%	79,7 %	81,8 %	
Gross expense ratio	(5) 9,1%	6,4 %	6,7%	6,9 %	7,5 %	Going down despite investments in UK and Finland
Gross combined ratio	(6) 103,0%	87,6 %	98,0%	86,5 %	89,4 %	Even worse than net combined
Retention rate	(7) 83,8%	78,1 %	82,4%	78,4 %	78,0 %	
Earnings per share	(8) 1,66	0,55	4,45	3,80	5,48	

(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

Balance sheet Q3 2016

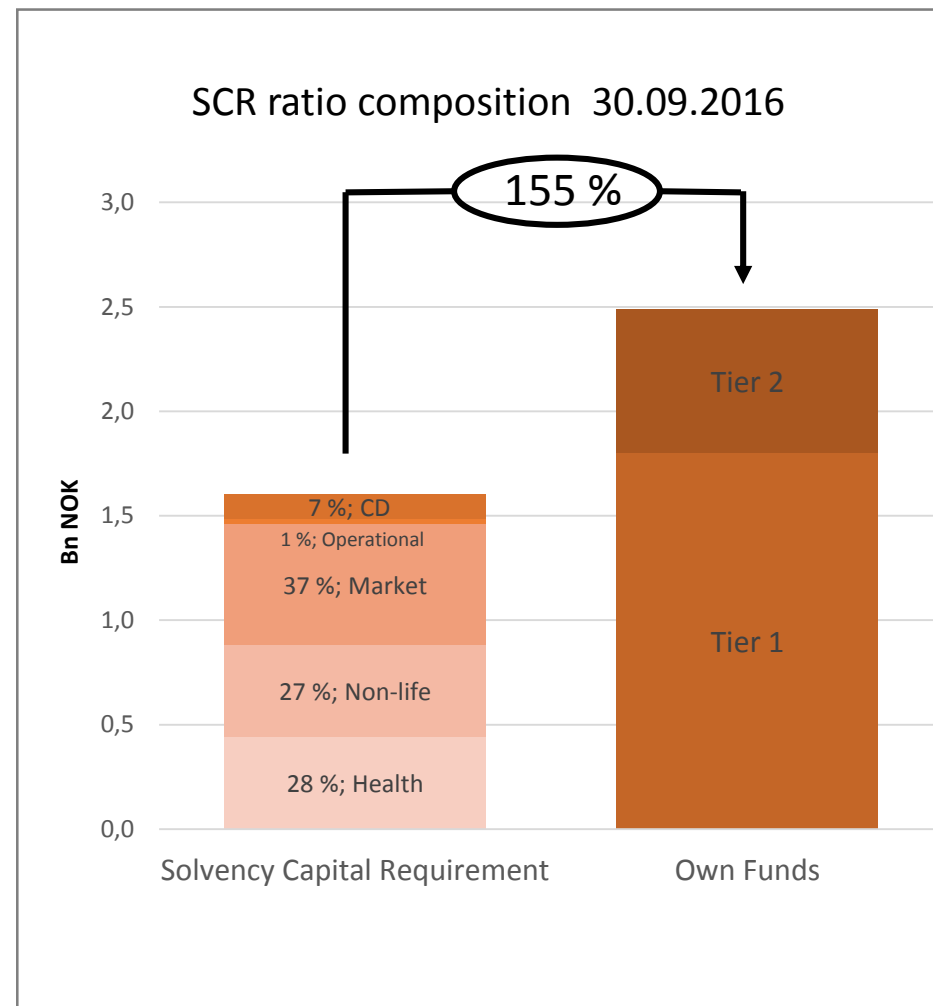
- Strong & growing fast



[1.000.000 NOK]	30.09.2016	30.09.2015	31.12.2015
Owner-occupied property	13,6	13,5	13,6
Financial assets	7 568,0	6 258,6	6 370,5
Derivatives ¹	858,9	110,6	252,6
Bank deposits	127,0	56,3	144,0
Other assets	1 167,0	1 010,2	924,4
Total assets	9 734,4	7 449,1	7 705,0
Total equity	2 184,9	1 833,5	2 012,7
Subordinated loan capital	645,9	148,1	148,1
Total reserves	5 360,0	4 539,3	4 306,5
Derivatives ¹	839,0	113,8	260,1
Other liabilities	704,6	814,5	977,6
Total equity and liabilities	9 734,4	7 449,1	7 705,0

Strong capital position:

- SCR coverage ratio stable at 155 % pr. 30.09
 - Standard formula
 - Within risk appetite
- SCR fully covered by Tier 1 capital only



¹Derivatives include currency hedged contracts for fixed income portfolio

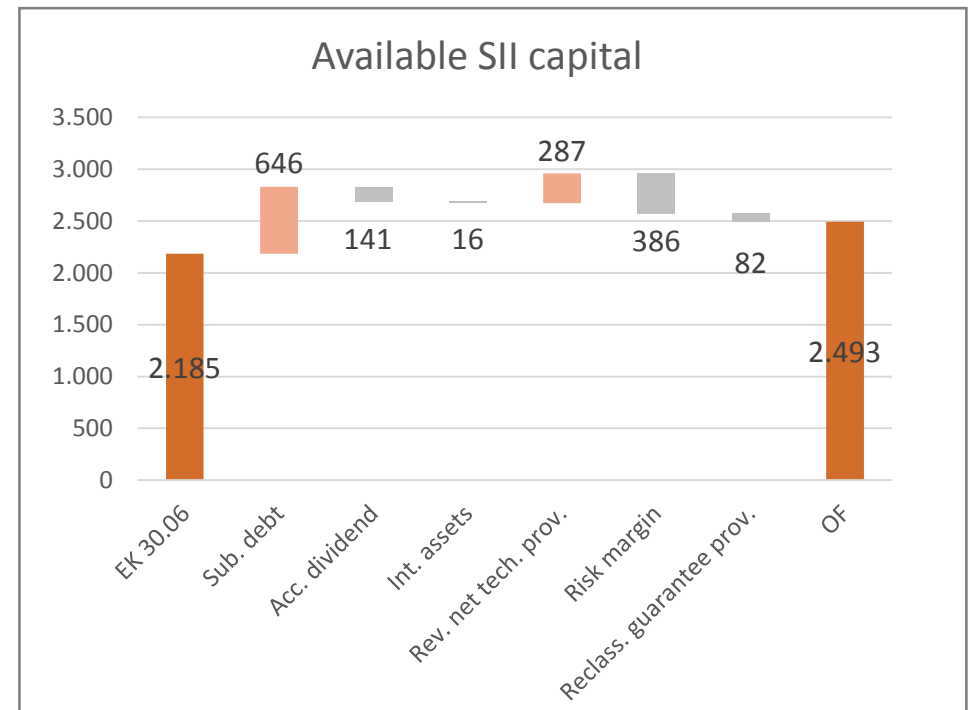
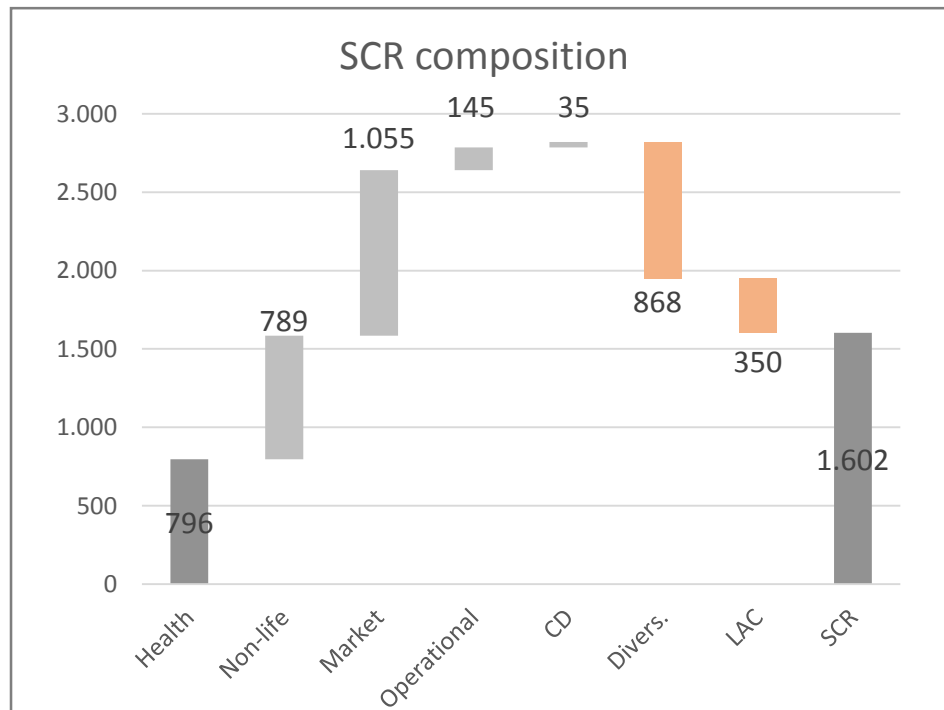
Solvency II

Composition of SCR:

- Net insurance risk 55 %
- Net market risk 37 %
- Other risks 8 %

Available SII capital:

- Assumed dividend of 40 % on YTD16 result
- Guarantee provision subtracted from own funds



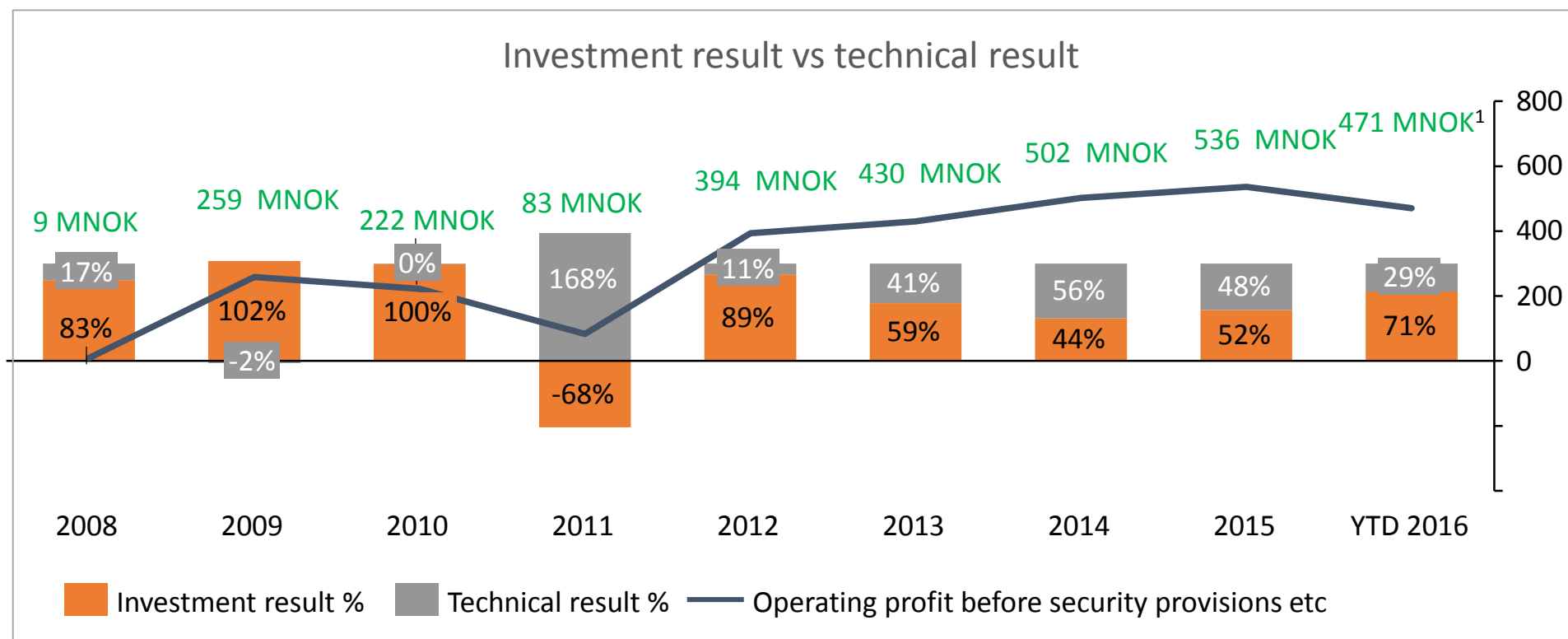
Investments

Core business

Investment as core business



- Significant portion of total profit comes from investments
- 60% of profit from investments in 2008 – Q3 2016
 - ROE in this period would have been 15% if combined ratio was 100%

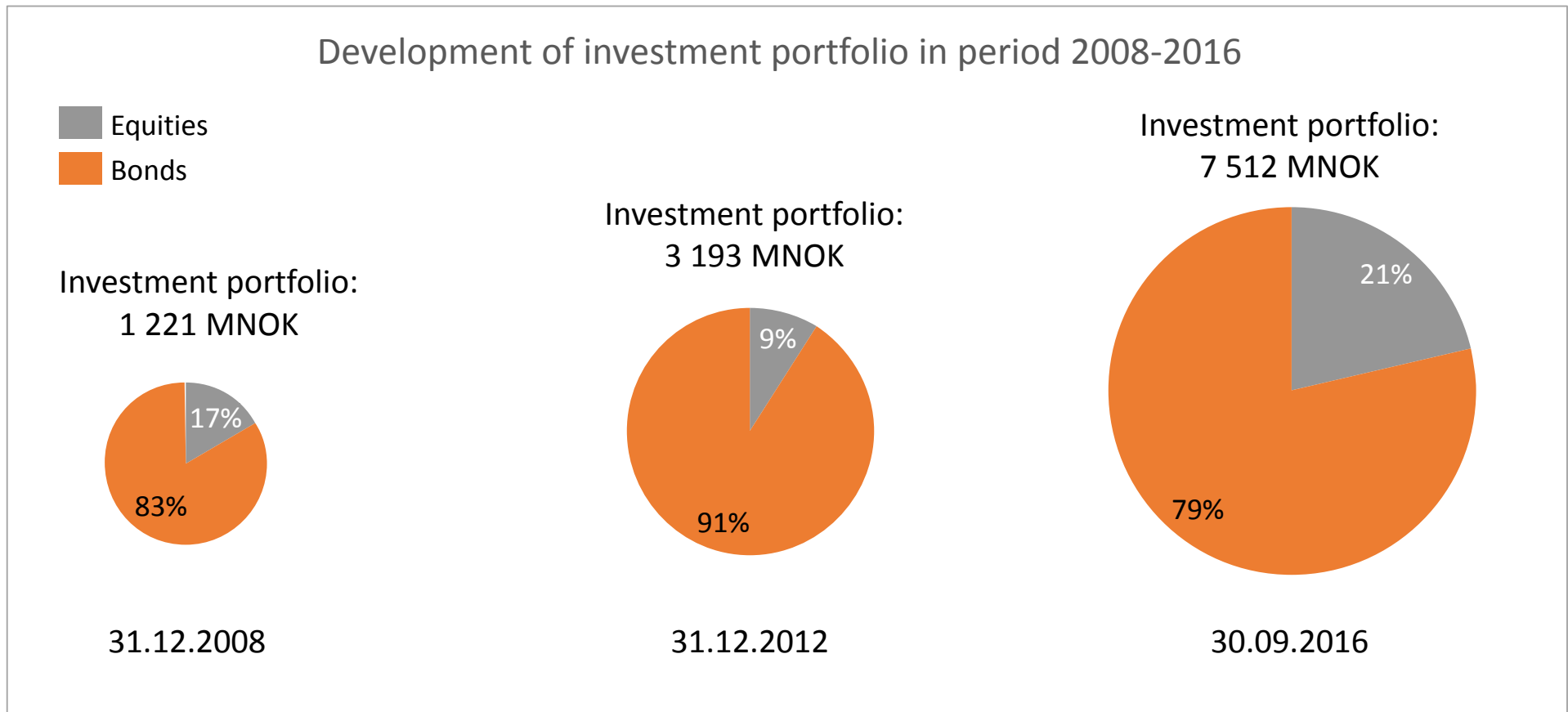


¹ Profit before tax for Q1-Q3 2016

Investment as core business



- Rapid growth of investment portfolio
 - Float (reserves and cash received, but not payed out)
 - Tier 1 and Tier 2 capital



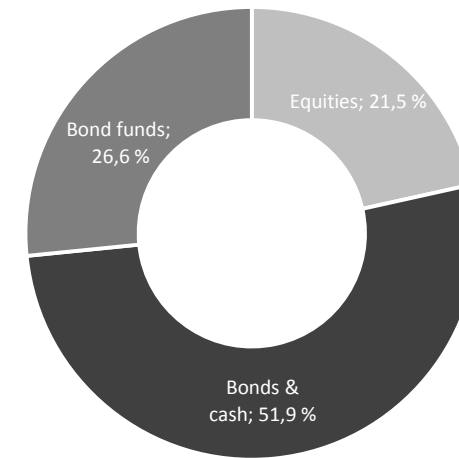
Asset allocation

- No significant changes

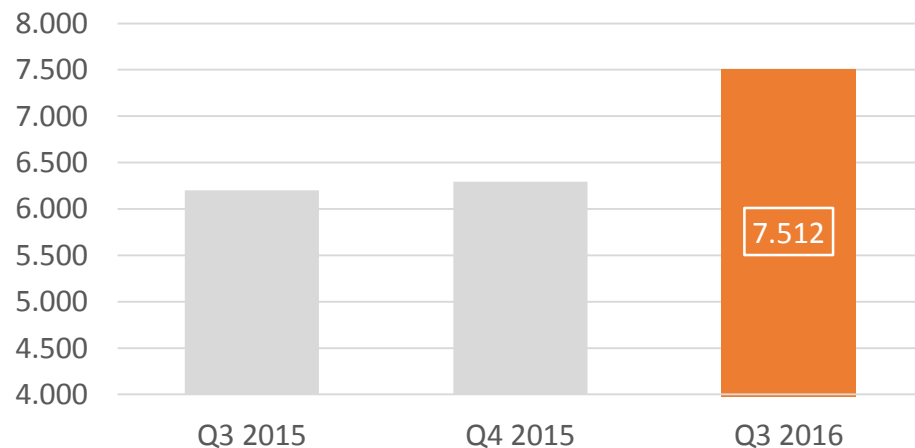
- Similar equity exposure % as in Q2 2016
- Bond and bond funds with average investment grade rating
- No exposure to Norwegian oil and oil service sector for in-house managed portfolios
- Continued build-up of in-house portfolio
- Net investment portfolio of 7 512 MNOK at Sept 30th, up 21.2% from Q3 2015



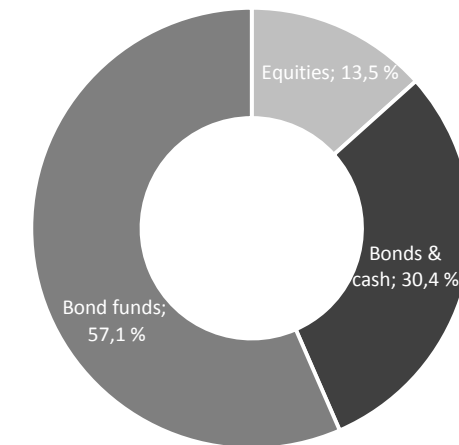
Asset allocation 30.09.2016



Net financial assets



Asset allocation 30.09.2015

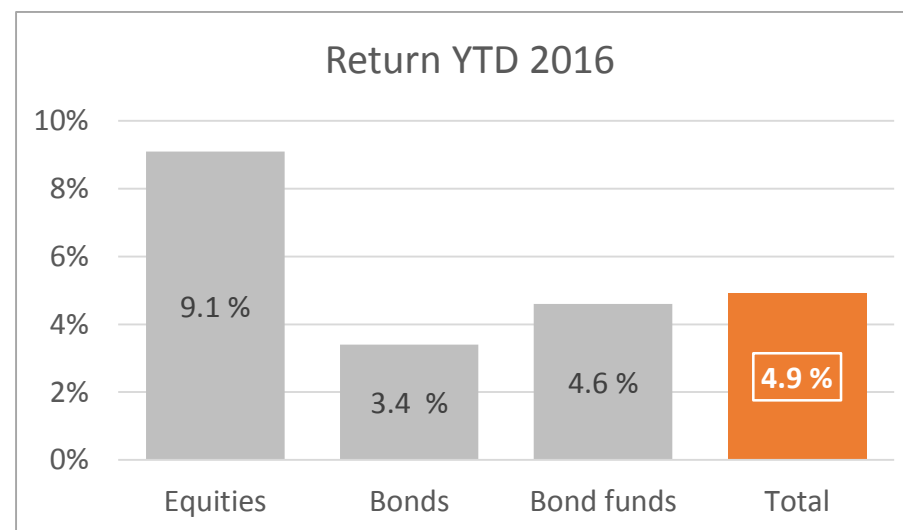
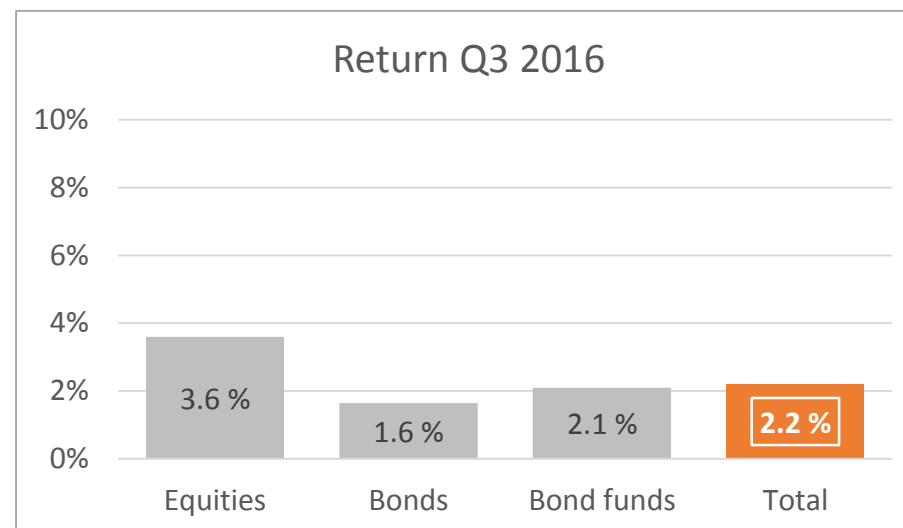


Investment performance Q3 2016

- Very strong investment result



- 2.2% return on investment portfolio, net investment result of 160.7 MNOK
 - 4.9% YTD, net investment result of 349.3 MNOK
 - Significant higher than Nordic peers
- Equity portfolio; return of 3.6% (OSEBX 3.3%)
 - Equities 9.1% YTD (OSEBX 2.0%)
- New benchmark will be established in Q4
- Bond portfolio; return of 1.8% (benchmark¹ 2.2%)
 - Spreads going in
 - Bond portfolio 3,9% YTD (benchmark¹ 2.3%)



Shareholder matters 30.09.2016

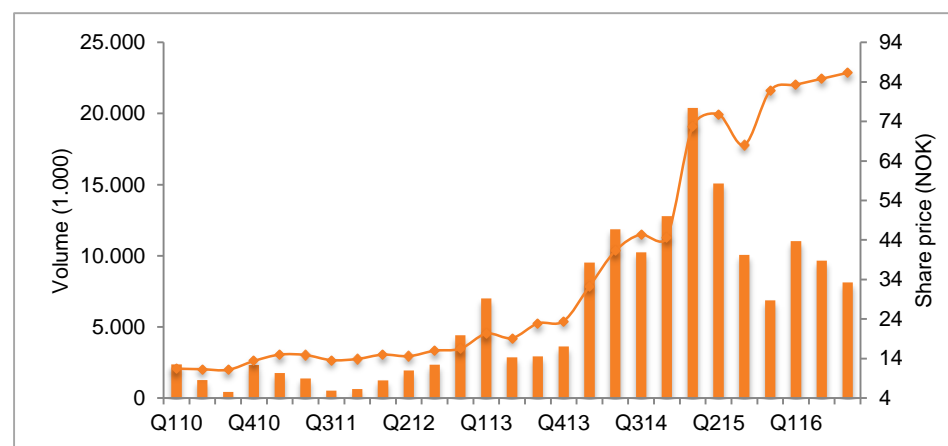


Shareholder	No. Shares	Percent
SWEDBANK ROBUR NORDEN OG EUROPA	7 162 367	8.31 %
STENSHAGEN INVEST AS	6 250 000	7.25 %
ODIN NORDEN	4 485 857	5.21 %
OJADA AS	3 563 116	4.14 %
TJONGSFJORD INVEST AS ¹	2 811 809	3.26 %
VERDIPAPIRFONDET HANDELSBANKEN	2 800 000	3.25 %
ARTEL HOLDING A/S	1 873 451	2.17 %
MP PENSJON PK	1 695 379	1.79 %
FROGNES AS	1 649 916	1.92 %
JOHAN VINJE AS	1 437 841	1.67 %
ODIN NORGE	1 431 201	1.66 %
GENERALI PANEUROPE LTD -GP11940006	1 422 250	1.65 %
VERDIPAPIRFONDET ALFRED BERG GAMBA	1 413 939	1.64 %
VEVLEN GÅRD AS	1 350 000	1.57 %
PETROSERVICE AS	1 283 815	1.49 %
AVANZA BANK AB	1 122 990	1.30 %
NORDNET BANK AB	1 119 027	1.30 %
J.P. MORGAN CHASE BANK NA, LONDON	1 048 835	1.22 %
AAT INVEST AS	1 005 000	1.17 %
ALSØY INVEST AS ²	1 002 751	1.16 %
20 LARGEST	45 929 544	54.7 %
OTHERS	40 226 061	45.3 %
TOTAL SHARES	86 155 605	100.0 %
All figures are exclusive of securities lending		
¹ CEO, Sverre Bjerkeli		
² Chairman of the Board, Jostein Sørvoll		

Related parties shareholding

- Management's direct and indirect shareholding totals 3,0m shares or 3.5% of current outstanding shares
- Board members directly and indirectly own a total of 11,4m shares or 13.3% of current outstanding shares
- 29 employees own directly a total of 3,4m shares or 3.9% of current outstanding shares (incl. management)
- Protector owns zero own shares or zero % of current outstanding shares

Protector share - Quarterly volume and share price end of quarter¹



¹ Share buy back/ sale not included in the volume figures
Share price adjusted for dividends
Data pr. 01.10.2016

Guiding 2016



July 2016

Status

New guiding Oct 2016

Volume up 22 %

21 %, slightly behind

22 %

Gross cost ratio < 7.5 %

6.7 %, slightly ahead

< 7.5 %

Net Combined ratio 90 %

93.2 %, behind

95 %

ROE YTD is 18.3% (not annualized)

Summary

- 21.6% YTD growth and best 9 months profit ever

- Very strong profitability Q3 and YTD
- Investment return better than peers
- Norway and Sweden doing very well
- Change of ownership (COI) back on track
- Perfect storm in Denmark
- UK Slightly ahead of plan
 - First two commercial clients on board
- Guiding; increased CR to 95%
 - ROE YTD is 18.3% (not annualized)
- Getting closer to 4 bn NOK annual premium 
 - Hunting season started very well

From Norwegian, to Scandinavian, to...

