

Q3 2017 Results

Investor presentation
Oslo, 27.10.2017





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

Values tested in Grenfell Tower situation
...walk the talk or...



Grenfell Tower – a human tragedy

As the insurance provider for Royal Borough of Kensington and Chelsea, Protector Forsikring ASA is involved in the tragic fire in Grenfell Tower which occurred 14th of June, 2017.

Our thoughts go out to the people who lived in the building, their families and everyone directly or indirectly involved with this terrible event.



Grenfell Tower Fire

Claims Handling – The moment of truth



- Manage claim and client
- Keep legal costs at decent level
- Process is key
- Align with reinsurance companies
- Proactive and professional communication to involved parties and other stakeholders (brokers)



Kennedys
Legal advice in black and white



Grenfell Tower Fire

Status - Property

- London Resilience Team (LRT) and Gold Command (GC) in control of the site
- Building unlikely to be released to RBKC/Protector until April 2018
 - All information is secondary or rumors
- LRT has so far focused on stabilizing the building, securing and remove human remains and facilitate the investigations
- The damaged building will be sheeted this autumn, to enable instigations during the winter
- Protector in regular communication with LRT and GC and prepared to handle the site when released



Grenfell Tower Fire

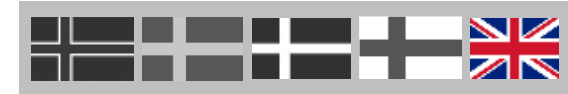
Status - Liability

- Victims from the fire have suffered, several with personal injuries and many have lost most of their belongings
- It will take a long time to establish the liability
- RBKC and Protector don't want to wait months or years, victims in focus
- RBKC and Protector working together on schemes to assist and help the victims
- Tenants' contents scheme is ongoing
 - Received positive feedback from claimants and their lawyers
- Victim rehabilitation scheme - special medical needs
 - Corpore and The Grove (PTSD-treatment), acknowledged suppliers



Grenfell Tower Fire

Risk Mangement/Underwriting



- Protector tower block exposure analysed
 - Identified 604 high rise buildings
 - Working closely with our clients
- 210 properties flagged for further inspection
 - 54 with high priority
- 96% of high priority inspections completed
 - 5 buildings (9 %) had ACM cladding
 - 52 % had non-combustible cladding and 39 % had no cladding
- We are advising clients with tower block exposure on fire safety
- Medium to low priority inspections on-going
- Preliminary post Grenfell Risk Management report will be completed ultimo 2017



Inspection examples



Construction

Cladding



Grenfell Tower Fire

Risk Mangement/**Underwriting**



- RBKC UW walk through – UW well done
 - UW/RM credibility has been rebuild with reinsurers and brokers
- UW improvements post Grenfell Tower tragedy
- Technical training provided to UWs by Risk Engineers
 - Good and bad RM of tower blocks – what to avoid
- Introduced tower block evaluations in our UW procedures
 - Street view of all high rises, first hand inspections on flagged properties, exposure benchmark model
- Created a new set of pre-quote questions
 - To fully understand any tower block exposure
- Compiled all our high rise properties into one document and created a risk management matrix



No. Tower Blocks	No. Units	Avg. No. of Units	Total Storeys	Average Storeys	Maximum Storeys	Total Sum Insured	Flagged for Inspection	No. Inspected	% Inspected	% High	% Med	% Low	StreetViewed	Street Viewed %
115	6,087	53	991	9	22	437,999,096	51	24	47%	100%	40%	0%	115	100%
131	3,140	24	1,265	10	27	985,729,757	45	9	20%	90%	0%	0%	131	100%
26	1,815	70	278	11	13	321,164,454	11	11	100%	100%	N/A	N/A	26	100%
184	7,680	42	1,496	8	22	1,360,827,445	48	3	6%	100%	0%	0%	184	100%
50	3,215	64	484	10	19	432,765,367	22	0	0%	N/A	0%	0%	50	100%
7	548	78	81	12	17	89,796,697	2	2	100%	100%	N/A	N/A	7	100%
7	603	86	119	17	22	61,548,237	5	1	20%	100%	0%	0%	7	100%
4	229	57	68	17	17	24,208,910	4	4	100%	100%	N/A	N/A	4	100%
										N/A	N/A	N/A		N/A
17	1,041	61	298	18	32	210,869,021	2	0	0%	N/A	N/A	0%	17	100%
15	1,305	87	250	17	25	199,964,035	11	5	45%	100%	0%	0%	15	100%
12	861	72	204	17	23	107,338,050	9	7	78%	88%	0%	N/A	12	100%
4	484	121	24	6	6	83,730,146	0	0	0%	N/A	N/A	N/A	4	100%
7	685	98	89	13	13	52,801,000	0	0	0%	N/A	N/A	N/A	7	100%
3	259	86	40	13	14	29,075,000	0	0	0%	N/A	N/A	N/A	3	100%
1	50	7	7	7	7	4,005,670	0	0	0%	N/A	N/A	N/A	1	100%
21	1,060	50	228	11	17	92,498,000	0	0	0%	N/A	N/A	N/A	21	100%
604	29,062	48	5,922	10	32	4,494,320,863	210	66	31%	96%	11%	0%	604	100%
604	29,062	48	5,922	10	32	4,494,320,863	210	66	31%	96%	11%	0%	604	100%

Protector's High Rise Exposure Overview Matrix, names anonymized

Grenfell Tower Fire

Reinsurance



- Claims handling involvement and support
- Align reinsurance with Risk Management, UW and renewal season
- UK Casualty Reinsurance contract renewal completed – acceptable terms
 - Challenging process also because “Ogden returned with a potential change in discount rate”
 - 8 out of 10 reinsurers in the casualty panel still on board
- Good dialogue and involvement from Reinsurers
 - Our credibility amongst reinsurers are strong



World leading reinsurance partners



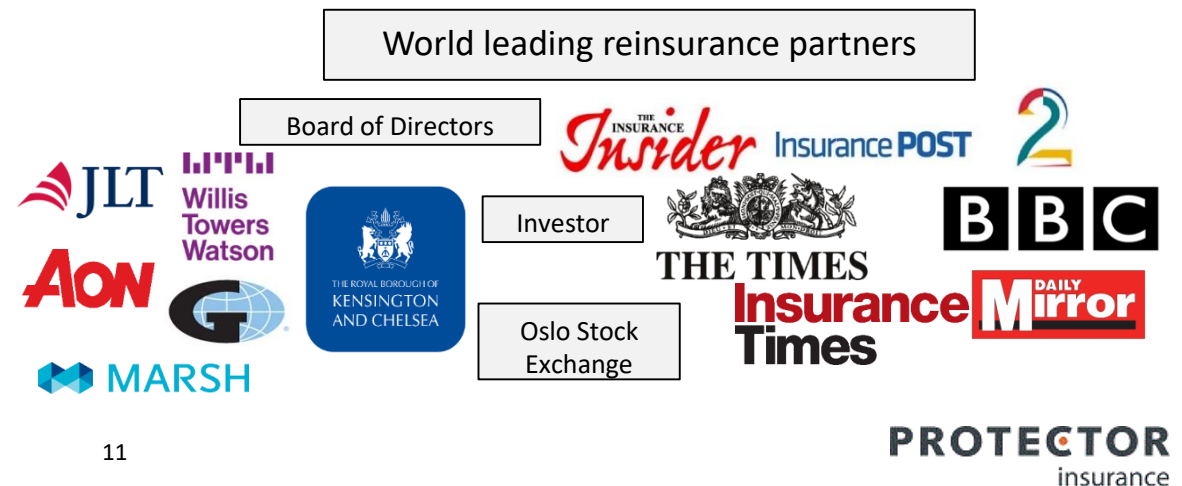
Property Reinsurance & Casualty Reinsurance
...In total 11 Reinsurance partners

Grenfell Tower Fire

Media/Communication



- Reactive and open
 - On the spot and credible
 - No media advisor - all requests handled internally
- We are in the periphery
 - Focus on the claims handling process
- Presentations held in Oslo, Copenhagen, Stockholm and Helsinki
 - Good reception in broker society
- Sverre Bjerke Keynote speaker at Post Claims summit in London
 - Claims handling and Grenfell in focus
 - 120 Claim handlers present



UK Summary

Ahead of schedule, more expertise on board

- Good new sales development and large opportunities
 - High number of clients won but several large non-wins
- Gross written premiums Q3 17 41,2 MNOK
 - YTD 17 198,6 MNOK
- Net Combined Ratio not affected by the increase in Grenfell Tower reserve
- Underlying trend claims development good, but too early to say
- Reinsurance contracts for 2018 signed
- High recruitment activity, good team of >25 people on board
 - More to come next 12 months



Q3 2017 Results

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Highlights Q3 2017 results

56,3 % growth – Combined ratio on track



- Grenfell Tower gross reserves increased to £75m
- GWP growth of 56,3% (57,0 % local currency)
- Gross cost ratio 7,3% (9,1%)
- Net Combined ratio 93,3% (97,1%)
- Operating profit before tax of NOK 149,1m (NOK 170,5m)
 - Investment return NOK 114,9m or 1,2 %
- Solvency ratio of 192,5 %, prepared for growth in 2018-2020
- Protector assigned BBB+ rating from A.M. Best
- UK Casualty Reinsurance contract renewal completed – acceptable terms

Guiding unchanged since CMD 22.08.2017

Net combined ratio	92%
Volume growth	22% (24% local)
Cost ratio	<7%

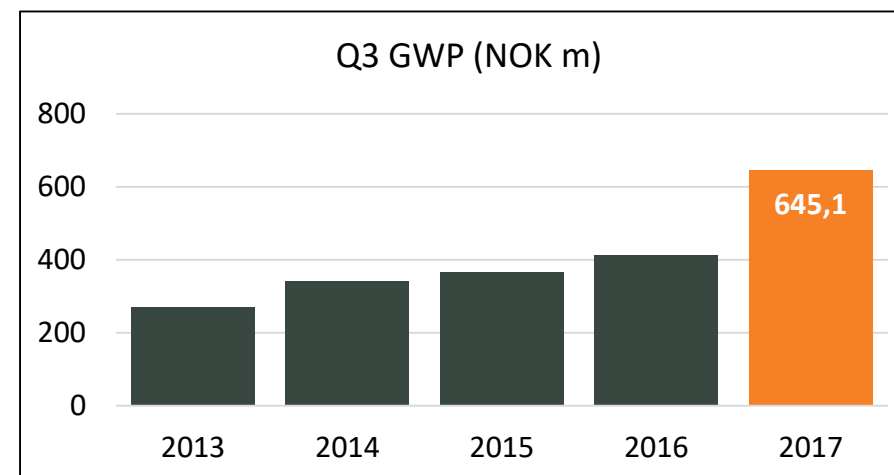
Guiding unchanged since CMD 22.08.2017

Gross written premiums Q3 2017

YTD growth 18,9 %



- GWP total NOK 645,1m up 56,3%
- Strong growth in Norway ex COI and Sweden (NOK 144,6m)
 - Largest client ever on board 01.07.2017
- Growth in UK materializing
- On schedule to 22 % growth in 2017



Business unit	Q3 17 NOK m	Q3 16 NOK m	YTD 17 NOK m	YTD 16 NOK m	Q3 NOK % growth	YTD NOK % growth
Norway Commercial & Public sector	232,6	149,0	1.328,4	1.252,8	56,1 %	6,0 %
Change of Ownership (COI)	158,9	137,7	434,8	411,6	15,4 %	5,7 %
Sweden	165,7	104,7	939,3	737,1	58,2 %	27,4 %
Denmark	41,0	19,4	668,0	609,0	111,1 %	9,7 %
UK	41,2	3,2	198,3	13,2	1184,6 %	1404,2 %
Finland	5,6	-1,3	54,1	23,1	-514,8 %	134,2 %
Group	645,1	412,8	3.623,0	3.046,7	56,3 %	18,9 %

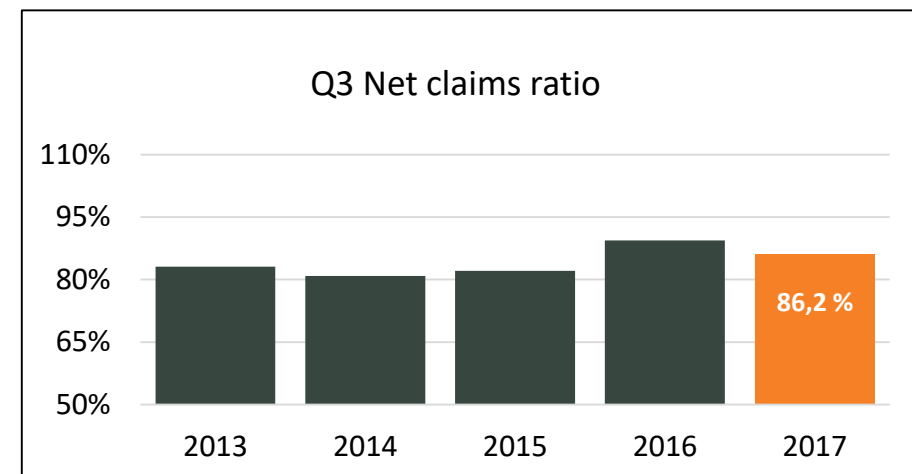
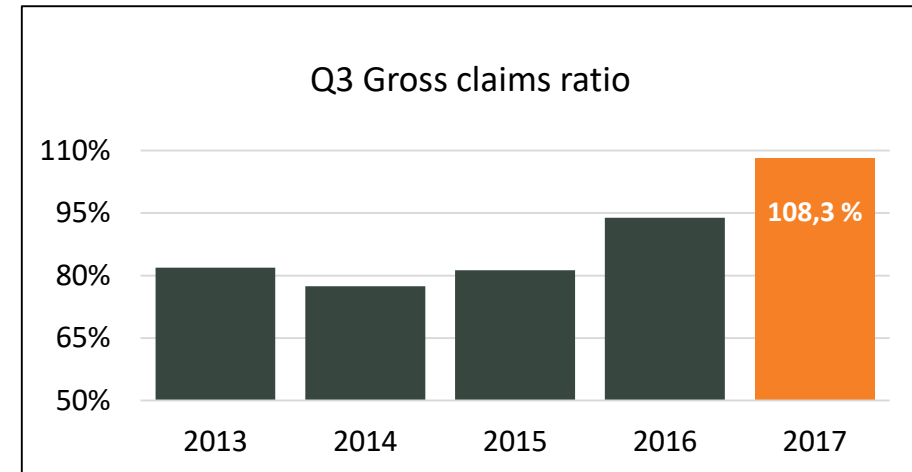
Claims development Q3 2017

Grenfell Tower reserves increased



- Grenfell Tower reserves adjusted to £75m up from £50m
- Gross claims ratio 108,3%, up from 93,9%
- Net claims ratio 86,2%, down from 89,4%
 - Net impact of Grenfell Tower reserve adjustment is 0
- Q3 run-off losses f.o.a amounted to NOK 29,9m or 4,0%
 - YTD run-off gains f.o.a. NOK 5,6m or 0,3 %

- GDPR Compliance in focus – prepare in due time
 - Inception date GDPR 25.05.2018

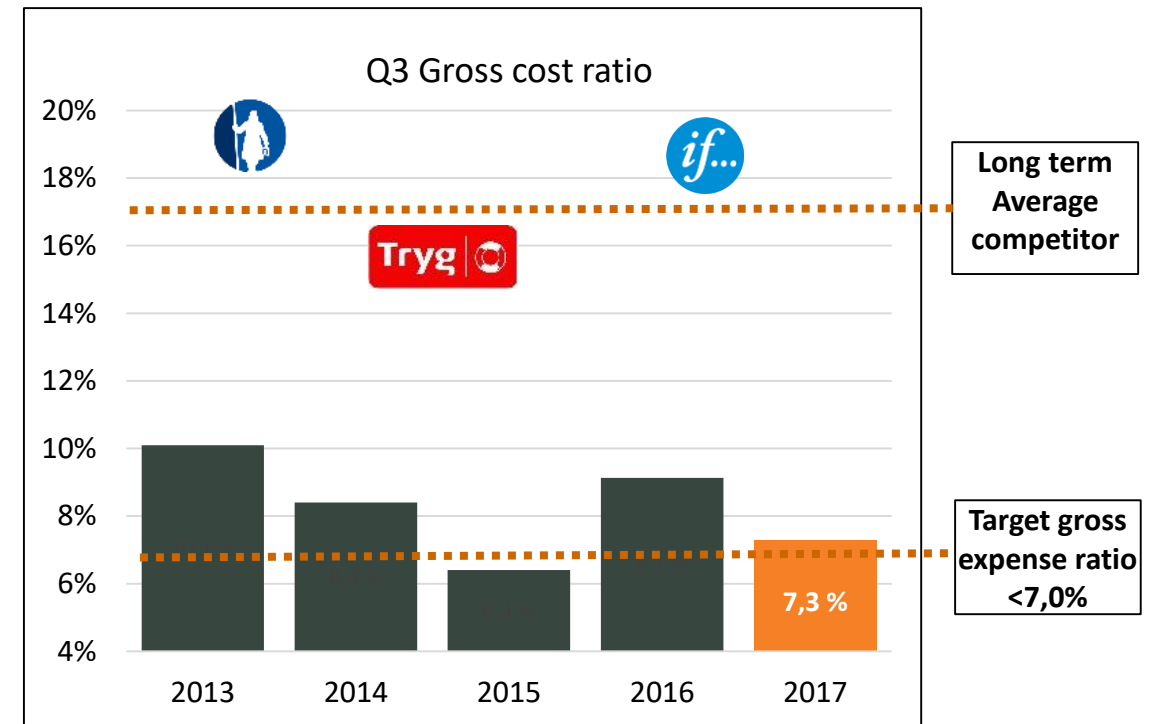


Cost ratio Q3 2017

World leading cost ratio



- Gross cost ratio 7,3%, down from 9,1%
- Net cost ratio 7,1%, down from 7,7%
- Cost on a normal, very low level
- Volume in UK & FI gradually kicking in, will lead to scalability and cost improvements
- Full-time employees 294 up from 269

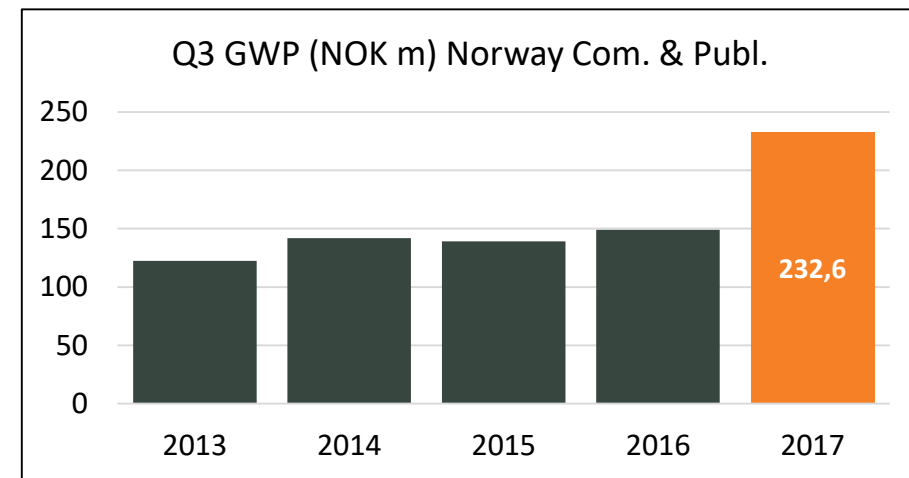


Commercial and Public sector Norway

Excellent volume growth - Largest client ever on board July 1st



- Volume up 56,1 %
- Good hit ratio both on volume and number of wins
- Renewal rate of 97 %
- Higher price increases than last three years will be implemented 01.01.2018
 - Continued rate pressure for a long time reduces profitability
- Strong team ready for “hunting season”
 - One large affinity renewal confirmed, January 1st inception

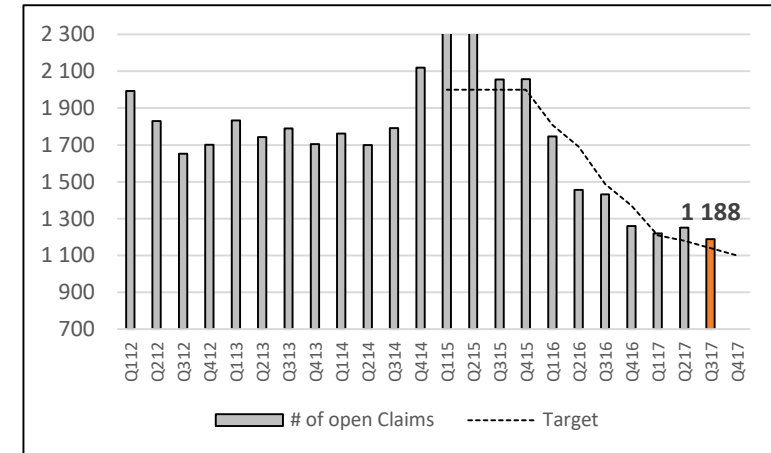


Change of ownership insurance (COI)

Real estate prices cooling down



- Number of open claims historically low – again
- OK volume development
- Court results slightly improved in Q3
 - 45 % - 16 % - 39 % (win, draw, losses)
- Very strong recourse results
- ProTakst (iPad-app) for technical surveys launched in H1
 - Market penetration is difficult but...
 - ...very good feedback from users
 - ... and new technical company “on board” from Q4
- Winner of Cultural Lead 2017
 - Internal award for living our DNA; The Challenger



Management Training & Cultural Development

Cultural development

Culture eats strategy for breakfast



akademiet



This will happen through unique relationships, best in class decision-making and cost effective solutions

Our DNA

Vision

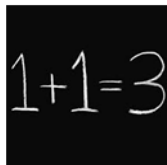
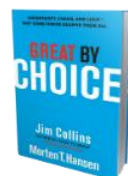
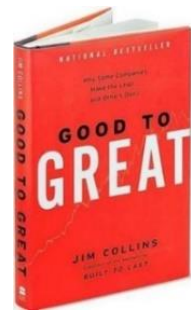
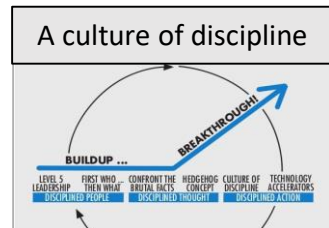
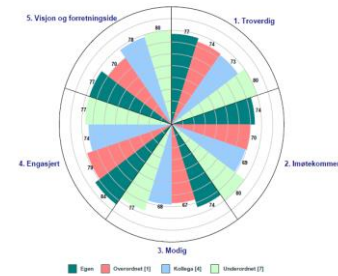
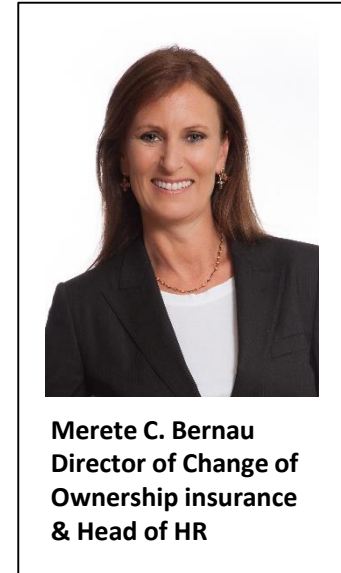
The Challenger

Business Idea

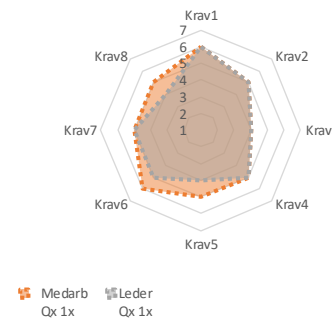
Cost and quality leadership
 Profitable growth
 Top 3

Values

Credible
 Open
 Bold
 Committed



Protector Profile





18 months management training program

Tools, management training and cultural development



	2017												2018					Comment					
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May		Jun	Jul	Aug	Sep	Oct
Next Level Events		3/2-5/2 Lysebu				7/6 Oslo				24/10 Oslo			25/1-26/1 Oslo					14/6 (TBD)		17/8-19/8 (TBD)			
Next Level - Track 2						8/6																	Central (orange) & Local (blue) events
Local follow ups (all)																							
UK Mgmt. training																							Dates and scope TBD

Next level themes

Breitling	<ul style="list-style-type: none"> Map, assess and define action plans to realize full potential of key value chains in Protector 	
Ch@mpion	<ul style="list-style-type: none"> How to secure that Protector is the digital champion within the insurance industry and realize full potential of IT? 	
Dream Team	<ul style="list-style-type: none"> Recruit, keep and develop. Focus on communication and team player – ranked 1 and 2 in our leader profile. 	
A culture of disciplin	<ul style="list-style-type: none"> Do we live a culture of discipline in Protector? Where are the greatest improvement opportunities? 	
Seasonal themes & other	<ul style="list-style-type: none"> Agenda points relevant for the period such as goal process, protector tools, «hunting season» etc. 	

- 4 main themes together with "seasonally" relevant topics
- Track 2 with additional training focusing on leadership basics for new managers
- Follow up locally is key
- **Team grows stronger than the sum of individuals**

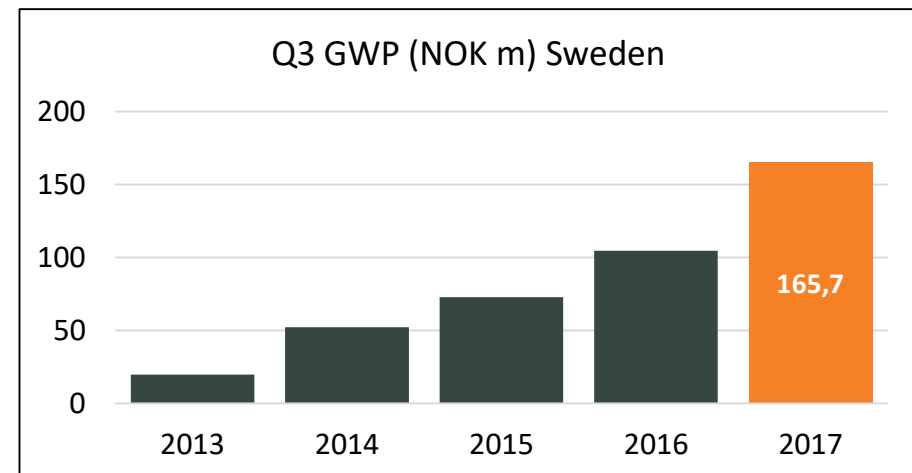
Q3 2017 results continued

Sweden

Another good quarter



- Volume up 58,2 % (57,6 % LCY)
- Very good hit-ratio (43%)
- Gross combined ratio of 85,9 % (81,5 %)
 - Gross combined YTD 95,0 %
- Net combined ratio of 88,8 % (86,5 %)
 - Net combined YTD 86,0 %
- Good momentum in all teams and all personnel contribute to create results

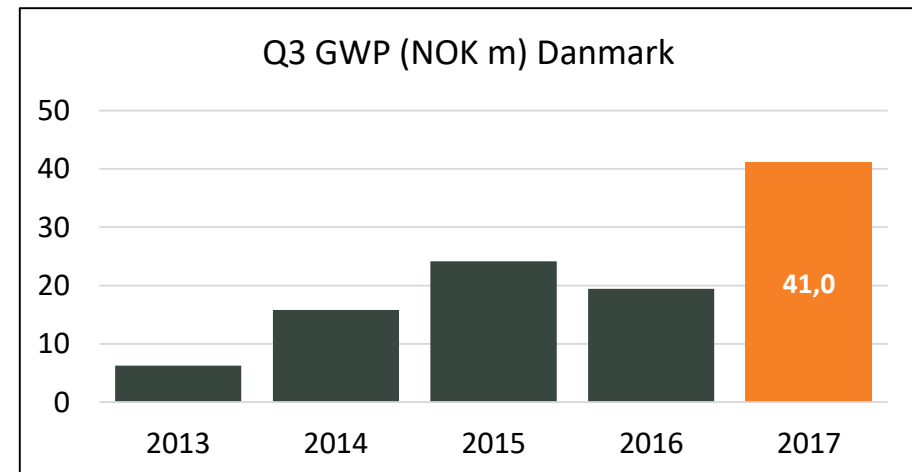


Denmark

Good volume development in a small quarter



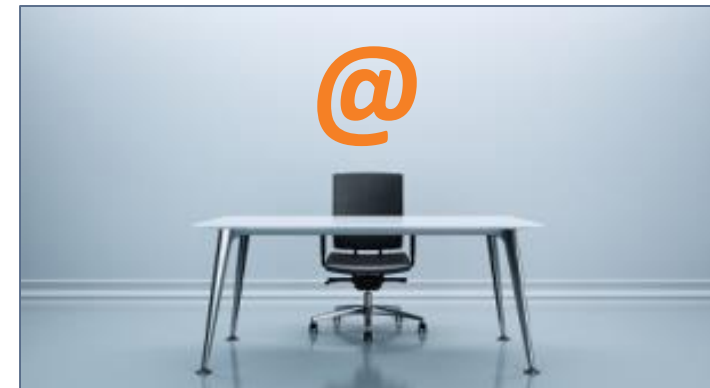
- Volume up 111,1 % (116,7 % LCY)
- Renewal rate 92 %
- New volume both from Commercial and Public sector
- Gross combined ratio of 90,8 % (151,3 %)
 - Gross combined YTD 99,6 %
- Net combined ratio of 97,9 % (146,3 %)
 - Net combined YTD 101,7 %
- Claims Ratio Workers comp. still too high and above 100%
 - Other lines performing well
- Poor volume start on Q1 2018



Finland

Small quarter, insignificant figures

- 40 new clients won for Jan 1 2018
- Good hit ratio
 - Very good hit ratio public sector
 - Poor hit ratio commercial sector so far
- Excellent claims service – Clean desk 97% in line with our high service standard
- Claims@net – most customers use e-services
 - Total 58%, Personal lines 84% and Motor 19%



Profit & loss Q3 2017

Profitable growth continues



[1.000.000 NOK]	Q3 2017	Q3 2016	YTD 2017	YTD 2016	FY 2016	
Gross premiums written	645,1	412,8	3.623,0	3.046,7	3.439,0	Q3 growth 56,3 %, YTD 18,9 %
Gross premiums earned	1.022,2	825,9	2.808,1	2.481,8	3.250,4	
Gross claims incurred	(1.106,6)	(775,5)	(3.152,9)	(2.264,7)	(3.005,0)	
Earned premiums, net of reinsurance	749,6	692,3	2.217,6	2.044,3	2.669,0	
Claims incurred, net of reinsurance	(646,0)	(618,8)	(1.980,0)	(1.907,8)	(2.540,4)	
Net commission income	2,3	8,6	122,1	128,2	118,5	
Operating expenses	(55,7)	(62,0)	(146,9)	(125,9)	(167,0)	
Other income/costs	(15,9)	(10,3)	(44,3)	(17,4)	(38,3)	
Net financial income	114,9	160,7	257,5	349,3	499,3	Q3 ROI 1,2 %, YTD 3%
Profit before tax	149,1	170,5	426,0	470,6	541,1	
Tax	(23,1)	(27,3)	(83,6)	(87,0)	(88,4)	
Profit before components of comprehensive income	126,0	143,2	342,4	383,6	452,7	
Comprehensive income incl. tax	(13,4)	(9,6)	16,2	(17,6)	(3,4)	
Profit for the period	112,6	133,6	358,6	366,0	449,3	
Claims ratio, net of ceded business	(1)	86,2%	89,4 %	89,3%	93,3 %	95,2 %
Expense ratio, net of ceded business	(2)	7,1%	7,7 %	1,1%	-0,1 %	1,8 %
Combined ratio, net of ceded business	(3)	93,3%	97,1 %	90,4%	93,2 %	97,0 %
Gross claims ratio	(4)	108,3%	93,9 %	112,3%	91,3 %	92,5 %
Gross expense ratio	(5)	7,3%	9,1 %	7,3%	6,7 %	6,8 %
Gross combined ratio	(6)	115,5%	103,0 %	119,6%	98,0 %	99,2 %
Retention rate	(7)	73,3%	83,8 %	79,0%	82,4 %	82,1 %
Earnings per share	(8)	1,46	1,66	3,97	4,45	5,25

Balance sheet Q3 2017

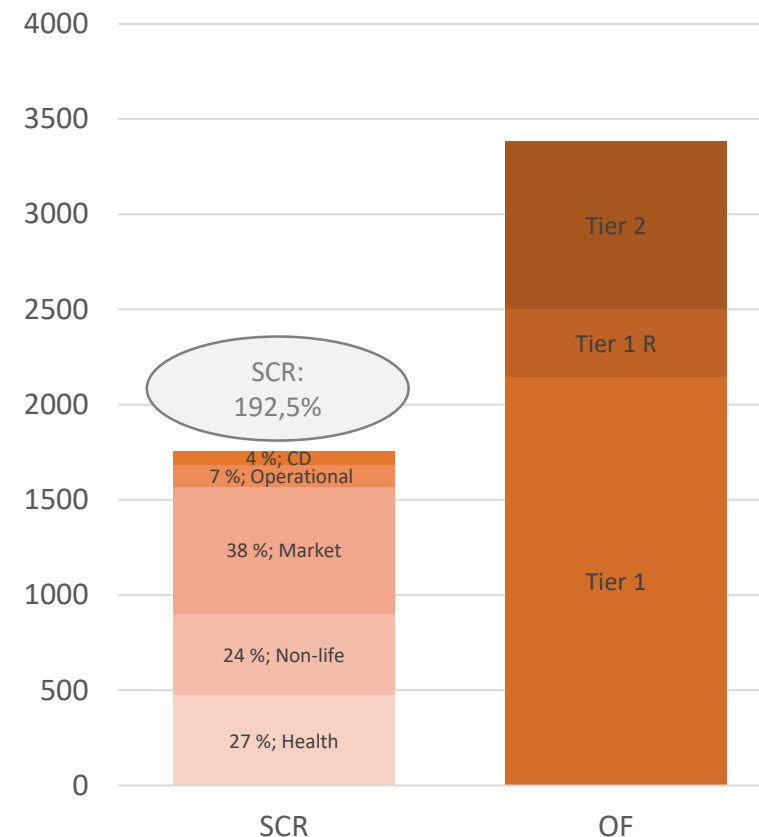
SCR 192,5 % based on standard formula



[1.000.000 NOK]	30.09.2017	30.09.2016	31.12.2016
Owner-occupied property	13,6	13,6	13,7
Financial assets	9.298,4	7.568,0	7.547,0
Derivatives	6,0	20,0	1,3
Bank deposits	268,1	127,0	204,3
Other assets	2.776,9	1.167,0	1.091,7
Total assets	12.362,9	8.895,6	8.858,0
Total equity	2.433,3	2.184,9	2.268,2
Subordinated loan capital	1.243,3	645,9	645,9
Total reserves	7.364,9	5.360,0	5.148,0
Derivatives	6,1	0,2	2,9
Other liabilities	1.315,3	704,6	793,1
Total equity and liabilities	12.362,9	8.895,6	8.858,0

- SCR coverage ratio 192,5% pr. 30.09
- SCR fully covered by Tier 1 capital only
- Full Tier 2 utilization; some Tier 1 restricted capacity
- As stated at CMD, the board will most likely not propose distribution of dividends for the fiscal year 2017 to the general meeting, to further strengthen the balance sheet and support growth in the UK

SCR ratio composition

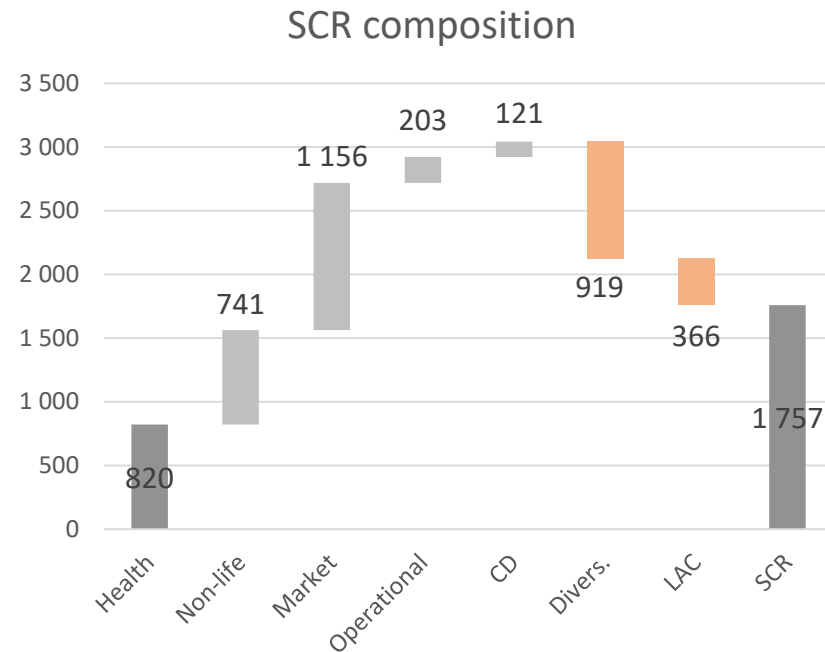


Solvency II



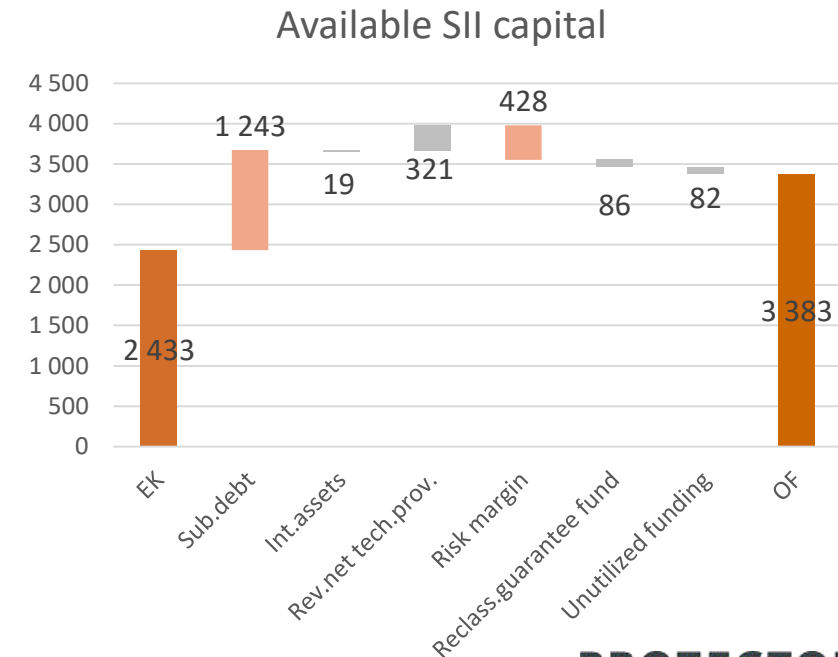
Composition of SCR:

- Net insurance risk 51%
- Net market risk 38%
- Other risks 11%



Available SII capital:

- Assumed no dividend
- Guarantee provision subtracted from own funds

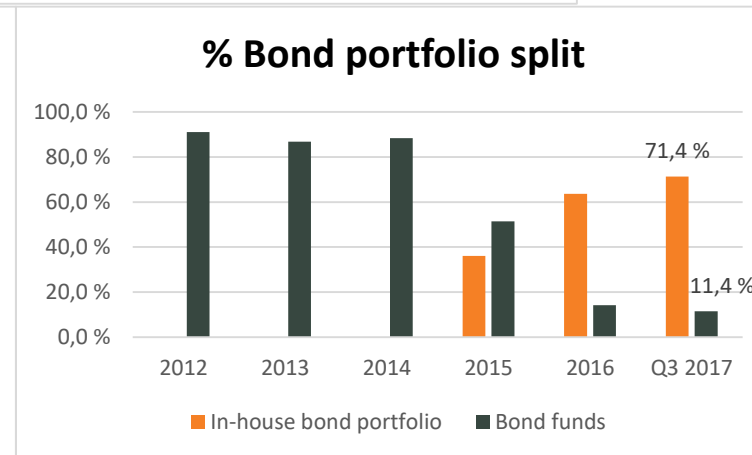
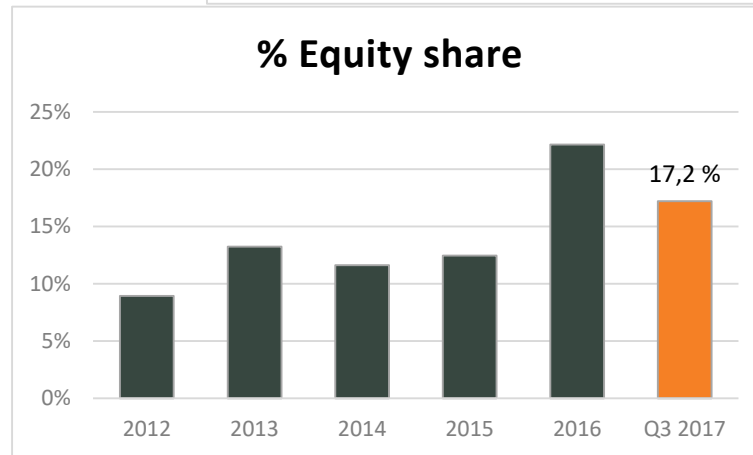
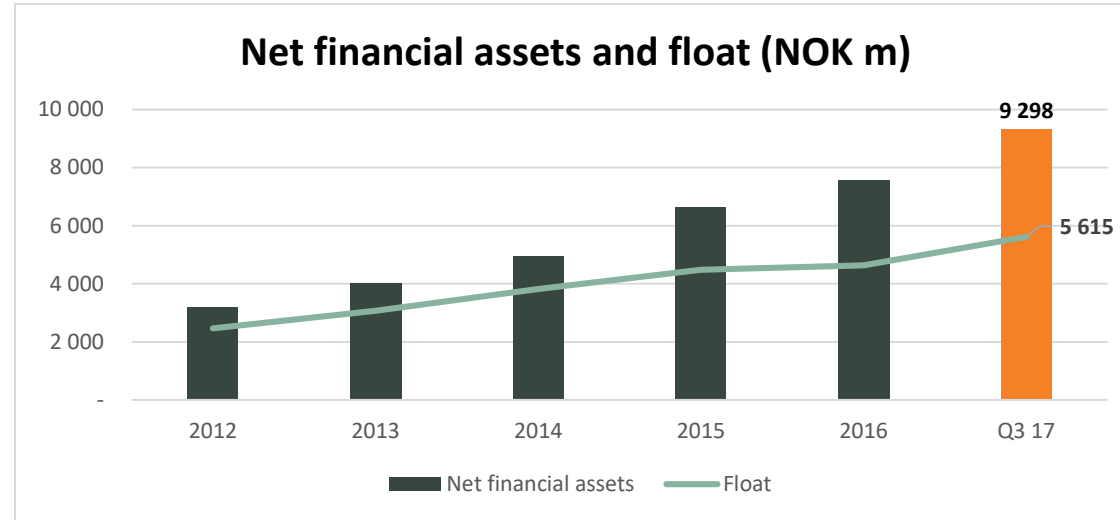


Core Business

-Investments

Investments

Net financial assets will pass 10 bn. in January 2018



Equity portfolio statistics

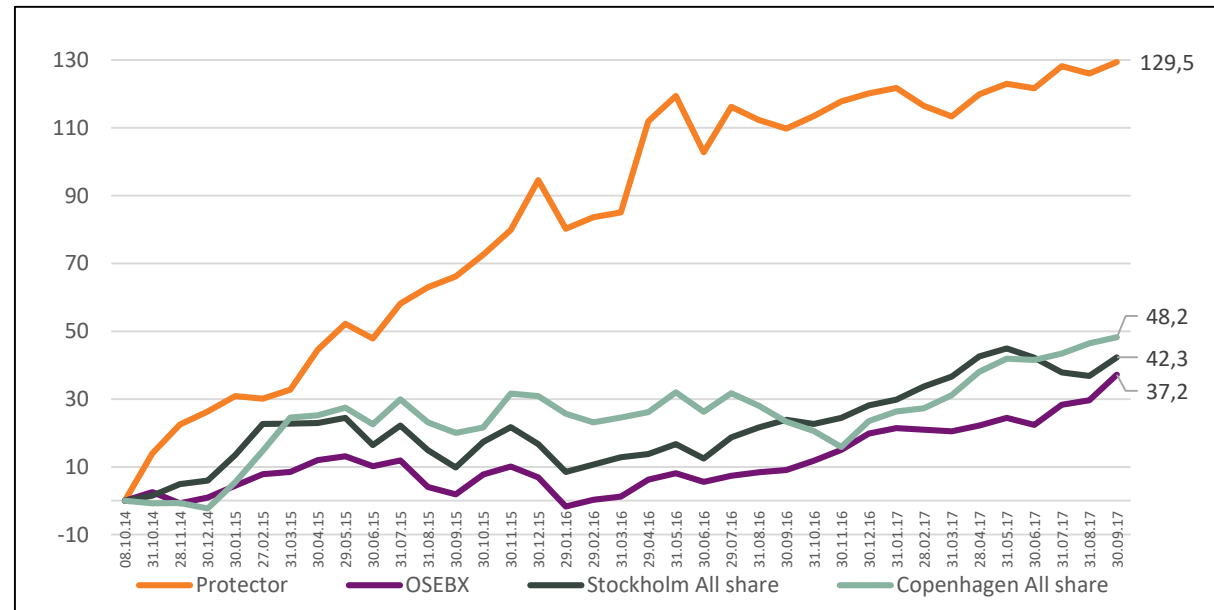


Key Figures	In-house Managed Portfolio	OSEBX
Performance	129,5 %	37,2 %
Dividend yield	2,4 %	3,7 %
P/E NTM*	15,9	16,4
3 yr sales CAGR	23,2 %	4,3 %
3 yr EPS CAGR	32,9 %	-5,7 %

*Factset estimates except for one company not listed where own estimates are used

- Extreme outperformance in period
- Comfortable with periods of underperformance as long as underlying performance is good
- Goal to beat market over time

Performance – In-house managed equity portfolio vs. benchmarks (08.10.2014 – 30.09.2017)



In-House bond portfolio statistics

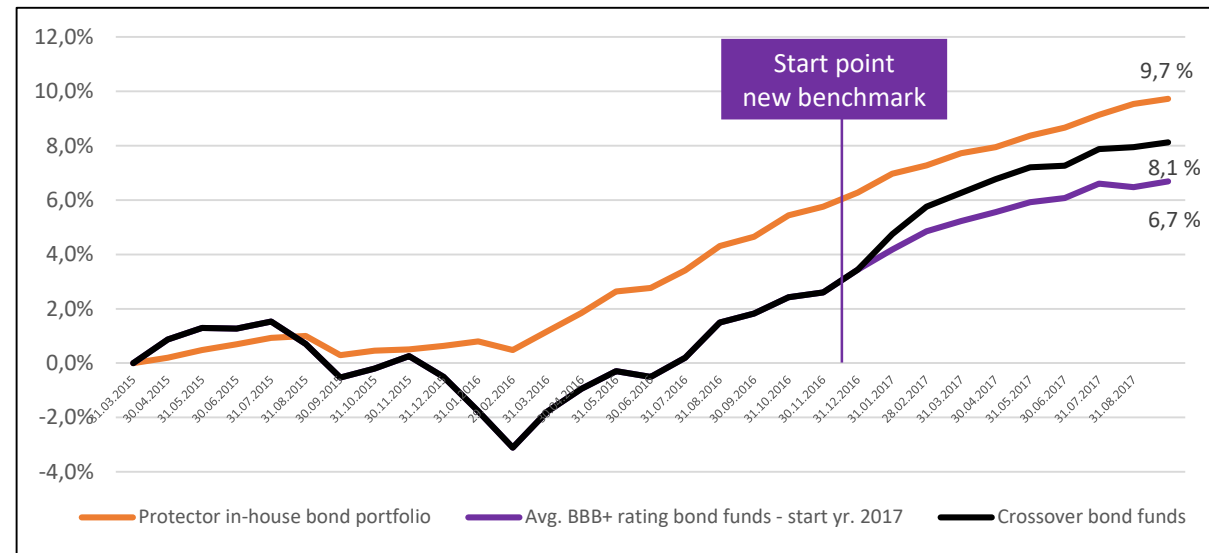


Portfolio data 30.09.2017	
Size NOK m	6 635
Yield	2,2%
Duration	0,4
Credit duration	3,2
Average rating	A- ¹

¹ Average rating based on official and Protector rating

- Navigating in a low yielding market
- Noteworthy risk reduction in 2017
- Lower risk than crossover bond funds avg.
- Similar risk to avg. BBB+ rating bond funds
- Significant outperformance in the period
- Goal to beat benchmark over time

Performance – In-house managed bond portfolio vs. benchmark
(31.03.2015 – 30.09.2017)^{1,2,3}



¹ 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

² BBB+ rating benchmark consist of: Storebrand Rente +, Arctic Return Class I, Carnegie Corp. Bond, Handelsbanken Høyrente, Pareto Høyrente, Alfred Berg Income, Nordea OMF likviditet

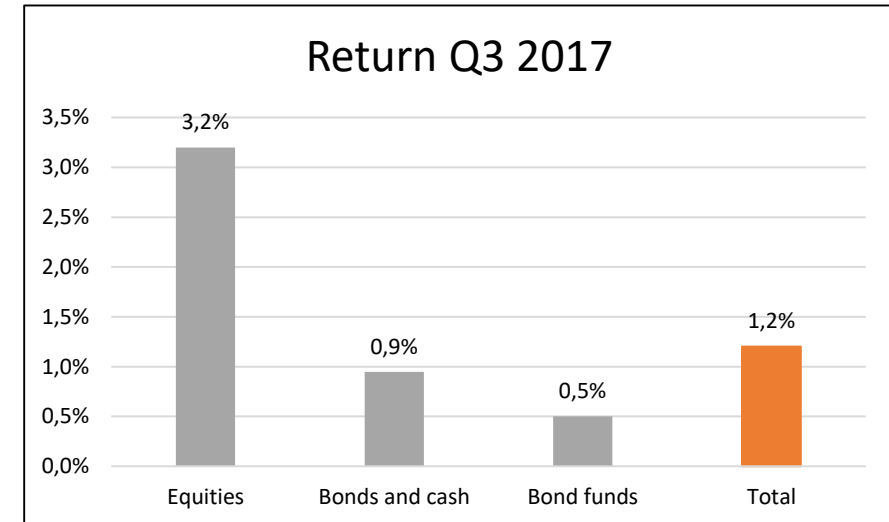
³ Protector graph adjusted for the difference between NIBOR, STIBOR and CIBOR from February and March '17 when portfolios were created in Sweden and Denmark, respectively

Q3 investment results

Continued risk reduction in fixed income portfolio



- 1,2% return on investment portfolio, net investment result of NOK 114,9m
- Equity return of 3,2%
 - Significant lower returns than the Oslo stock exchange in Q3
 - Portfolio consist of 16 companies
 - Good underlying development
 - One new company added to the portfolio in Q3 and Norwegian Finance Holding overweight reduced
- Bond portfolio; return of 0,8%
 - Good underlying development
 - Continued risk reduction
 - Relatively stable spreads in quarter



Shareholder's matters

Per 30.09.2017

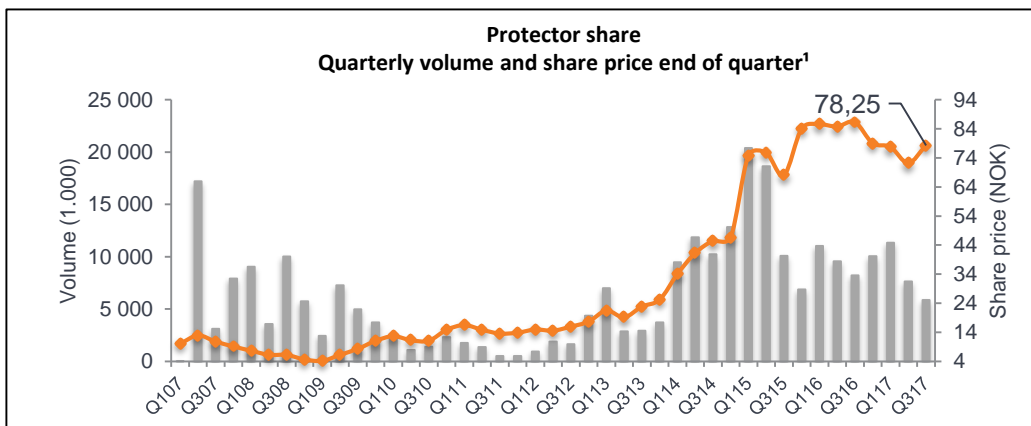


Shareholder	No. Shares	Percent
STENSHAGEN INVEST AS	6.550.000	7,6 %
ODIN NORDEN	4.485.857	5,2 %
SWEDBANK ROBUR SMABOLAGSFOND	3.963.756	4,6 %
OJADA AS	3.563.116	4,1 %
HVALER INVEST AS*	3.186.809	3,7 %
STATE STREET BANK AND TRUST COMP	2.459.967	2,9 %
ARTEL AS	1.873.451	2,2 %
SWEDBANK ROBUR NORDENFON	1.800.000	2,1 %
VEVLEN GÅRD AS	1.650.000	1,9 %
FROGNES AS	1.649.916	1,9 %
VERDIPAPIRFONDET DNB NORGE (IV)	1.624.461	1,9 %
JOHAN VINJE AS	1.437.841	1,7 %
SKANDINAVISKA ENSKILDA BANKEN AB	1.430.000	1,7 %
GENERALI PANEUROPE LTD -GP11940006	1.413.350	1,6 %
BNP PARIBAS SECURITIES SERVICES	1.372.405	1,6 %
AVANZA BANK AB	1.315.207	1,5 %
NORDNET BANK AB	1.290.522	1,5 %
PETROSERVICE AS	1.283.815	1,5 %
MP PENSJON PK	1.245.379	1,4 %
AWILHELMSSEN SPECIAL OPPORTUNITIES	1.152.000	1,3 %
20 LARGEST	44.747.852	51,9 %
OTHERS	41.407.753	48,1 %
TOTAL SHARES	86155605	100,0 %

*CEO, Sverre Bjerkeli

Related parties shareholding

- Management's direct and indirect shareholding totals 3,5m shares or 4,0% of current outstanding shares
- Board members directly own a total of 11,1m shares or 12,9% of current outstanding shares
- Protector owns a total of 1303 own shares



¹ Share price adjusted for dividends, no reinvestment of dividends
Data pr. 30.06.2017

Summary Q3 2017

56,3 % growth – Combined ratio on track



- GWP growth of 56,3% (57,0 % local currency)
 - On track 22 % growth
- Net Combined ratio 93,3% (97,1%)
 - YTD combined 90,4 %
- Solvency ratio of 192,5 %, prepared for growth in 2018-2020

Guiding unchanged since CMD 22.08.2017

Net combined ratio	92%
Volume growth	22% (24% local)
Cost ratio	<7%

- UK Casualty Reinsurance contract renewal completed – acceptable terms
- Strong volume growth expected in Q4

Q&A

Q3 2017 Results

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
- (8) Earnings per share
- (9) Return on Equity (ROE)
- (10) Return on Solvency Capital

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
- (8) Profit before other comprehensive income divided by weighted number of shares
- (9) Profit before other comprehensive income divided by average shareholder's equity
- (10) Profit before changes in security provisions less tax divided by sum of average shareholder's equity and security reserves