

An aerial photograph of a rugged coastal landscape. A winding road or path leads through a series of small, rocky islands and peninsulas. The water is dark, and a bright, shimmering reflection of the sun stretches across the right side of the frame. The sky is overcast with soft, diffused light.

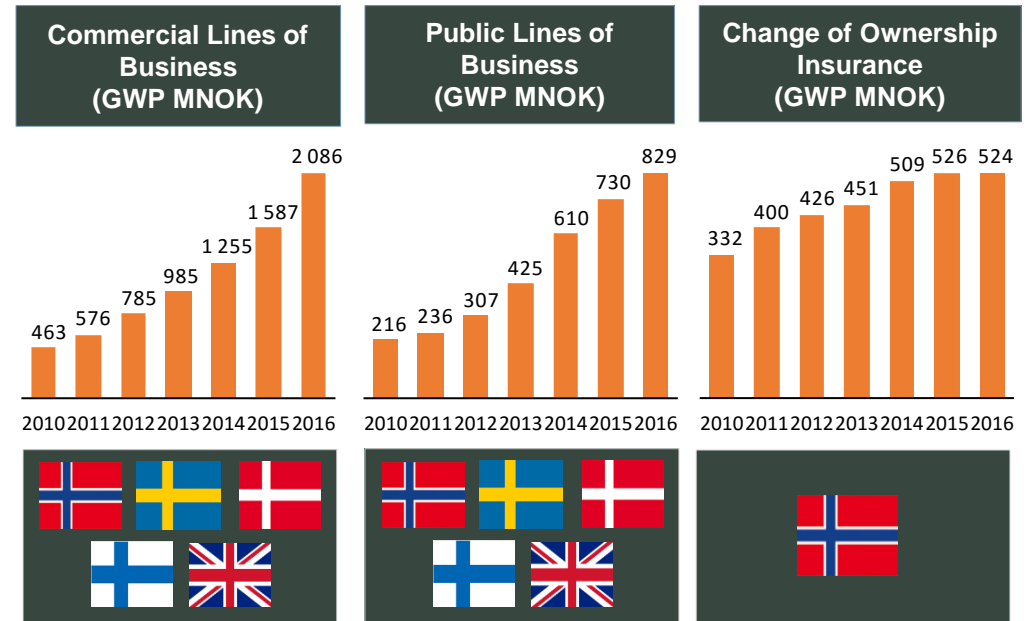
**PROTECTOR**  
forsikring

Preliminary year-end results 2016

Investor presentation

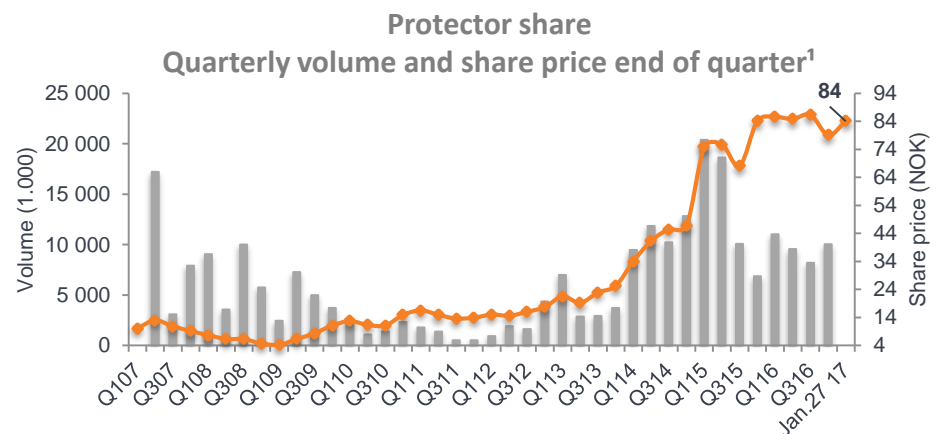
# Facts about Protector

- Protector was established in 2004
- Listed on Oslo Stock Exchange May 2007
- Entered Swedish market in 2011, Denmark in 2012, Finland & UK in 2016
- Ownership: Robur, Stenshagen, ODIN, Ojada AS, CEO, Handelsbanken
- Average combined ratio 2005 – 2016: 88.3%
- GWP 2016: NOK 3.4bn.
- Investment portfolio ~ NOK 8.0bn.



## Long-term financial objectives:

GWP growth rate 2017-19	15%
Net combined ratio	92%
Solvency II capital ratio	125% - 160%
Return on equity*	>20%



<sup>1</sup> Share price adjusted for dividends, no reinvestment of dividends  
Data pr. 27.01.2017



# 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*



# Highlights 2016 results

21% growth, 21% ROE

- Operating profit of NOK 541m (NOK 536m)
- GWP growth +21% (17% local currency)
  - GWP growth Q4 +20.6% (18.4% local currency)
- Net Combined ratio 97.0% (88.7%)
  - Q4 109.4% (96.6%)
- Gross expense ratio 6.8% (7.5%)
  - Q4 6.9% (9.6%)
- Very strong investment result
  - Return NOK 499m, 7.0%
- ROE of 21.1%
- Dividend of NOK 2.25 per share suggested

From Norwegian, to Scandinavian, to...



**Guiding 2017: CR 92%, growth 16% (18% local), cost ratio <7.0%**

# Operational summary



## 2016 highlights

- Commercial and public line of business Norway
  - Very profitable and single digit volume growth
- Change of ownership (COI)
  - Unprofitable year, Q3-Q4 back on track
- Denmark
  - Poor results in Denmark with Net CR 113.2%
- Sweden and Finland
  - Very profitable and 57% volume growth
- UK
  - Well prepared for a good 2017 with breakthrough in public sector
- Investments
  - Strong underlying and actual performance
  - Bond portfolio with avg. BBB+ rating at year end

## 2017 guiding

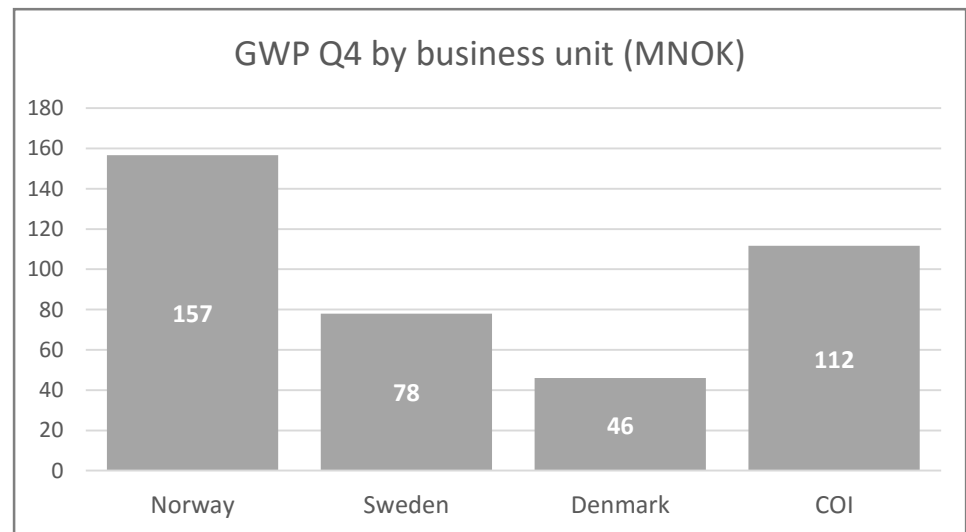
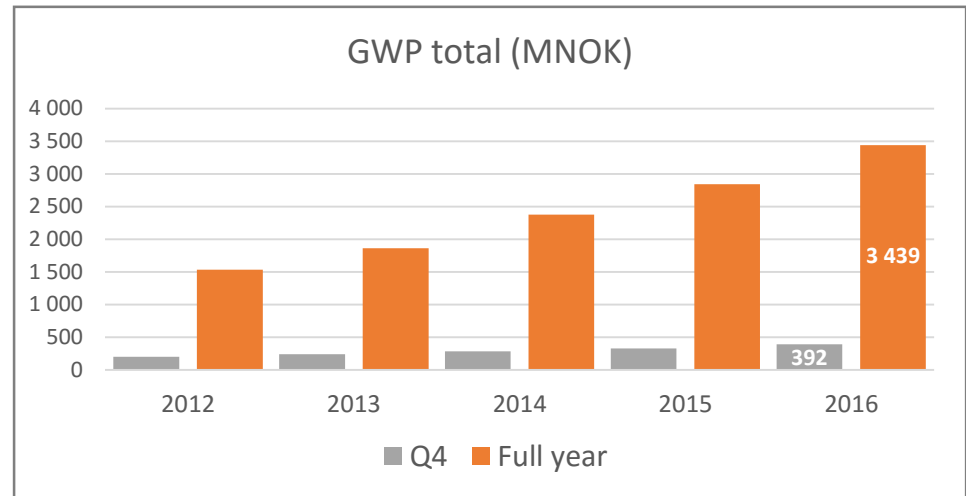
- Commercial and public line of business Norway
  - Good profitability and single digit volume growth
- Change of ownership (COI)
  - Back on track, back in black 2017
  - Single-digit growth
- Denmark
  - Change of country manager
  - Actions already taken with positive profitability impact in 2017 sized NOK 80-100m
- Sweden and Finland
  - Good profitability and strong volume growth
- UK
  - Strong growth primarily from public sector, but increasing opportunities in commercial sector
- Investments
  - More conservative HY bond allocation
  - Bond portfolio with avg. A- rating at end of Jan '17

# Gross written premiums 2016

- Nordic growth leader

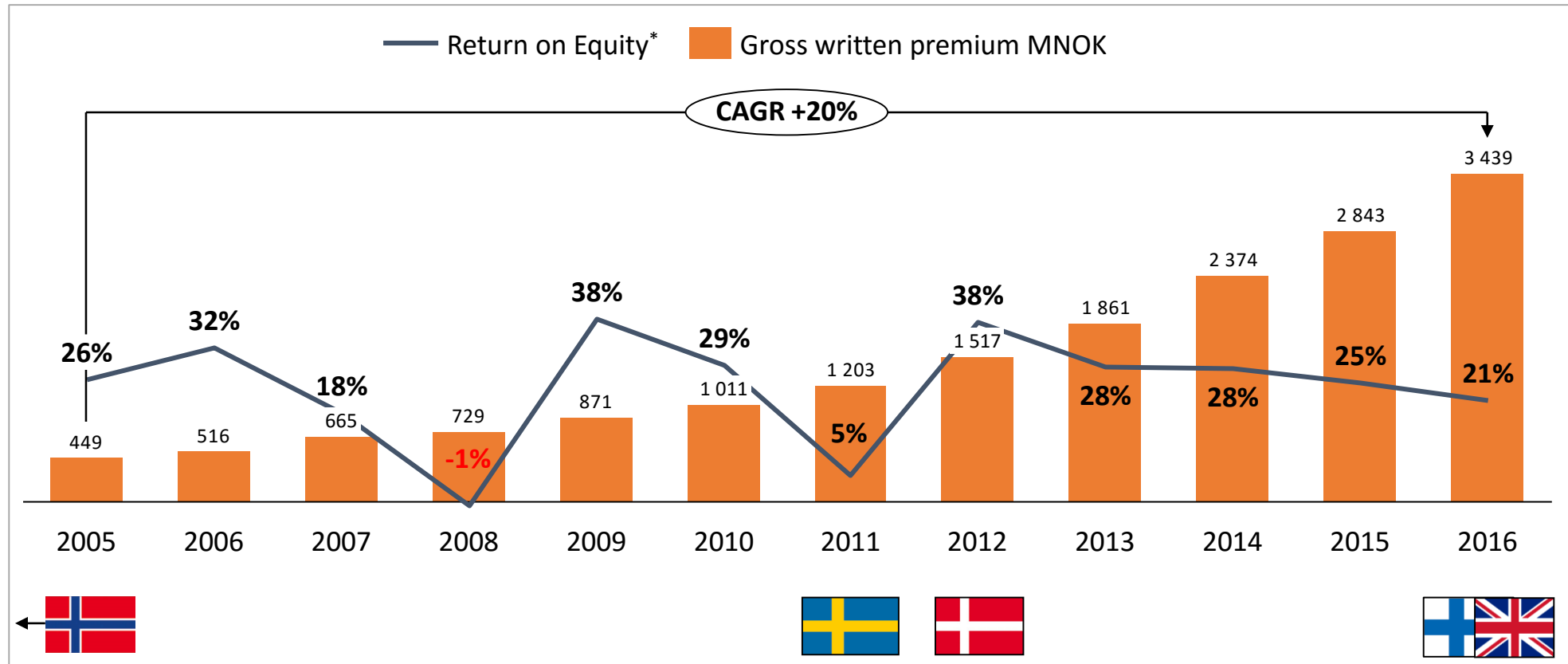


- GWP total NOK 3 439m, +21%
- Commercial sector Scandinavia +26%
  - Norway +6%
  - Sweden +57%
  - Denmark +52%
- COI GWP level in line with 2015
- UK and Finland volume is minor in 2016\*
- Continued geographical diversification
- New sales distributed more evenly between quarters in future
- Expected net growth of 16% in 2017
  - NOK 100 million (5%) in Q1
  - NOK 200 million (28%) in Q2
  - NOK 150 million (36%) in Q3
  - NOK 100 million (25%) in Q4



# Protector Forsikring

- A history of profitable growth

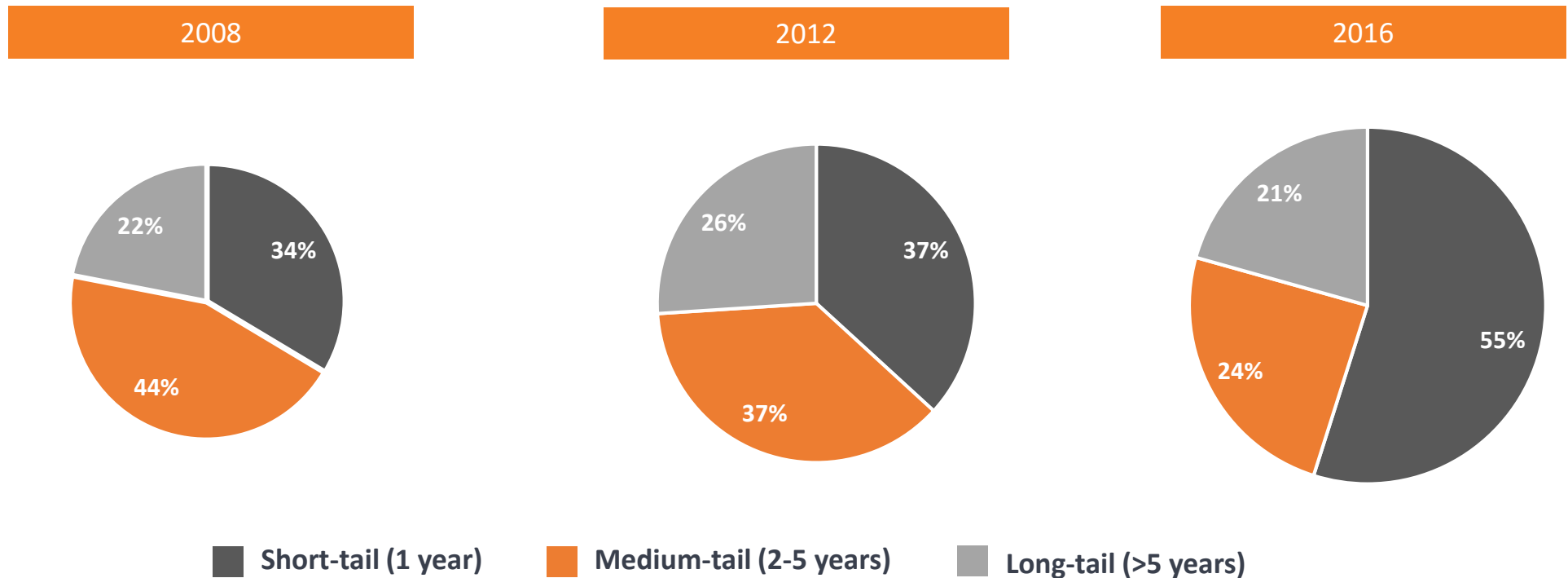


- GWP has grown 3.7 times in period 2008-2016
- Avg. Return on Equity\* in period 2005-2016 = 24.0%

# Reduced product risk



- Short tail from 34% in 2008 to 55% in 2016
- Medium tail significantly reduced from 44% in 2008 to 24% in 2016
- Property and Auto from 26% of GWP in 2008 to 40% in 2016



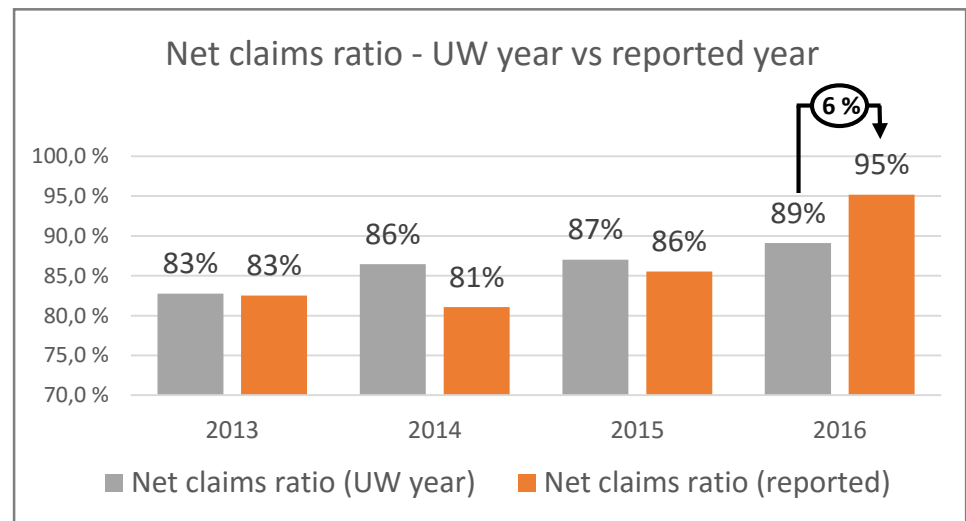
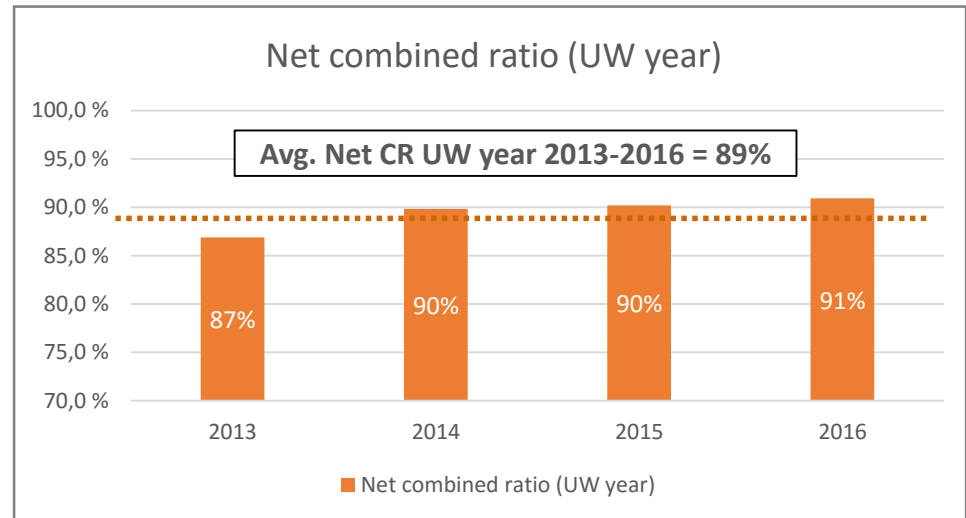


# Combined ratio 2016

- Poor claims year, underwriting reality not a problem



- Gross claims ratio 92.5%, up from 81.8% in 2015
- Net run-off losses of 6.2%
  - Run-off gains in commercial/public sector NO/SE
  - Run-off losses in Workers Compensation DK
  - Run-off losses in change of ownership
- Net claims ratio 95.2%, up from 85.5%
  - Higher claims ratio than peers
- Q4 gross claims ratio 96.3% (88.3%)
- Q4 net claims ratio 101.3% (88.9%)
  - Further run-off losses in DK and some reserve strengthening also in 2016 underwriting year
- Net cost ratio 2013 – 2016
  - 2013 = 4.1%
  - 2014 = 3.4%
  - 2015 = 3.2%
  - 2016 = 1.8%

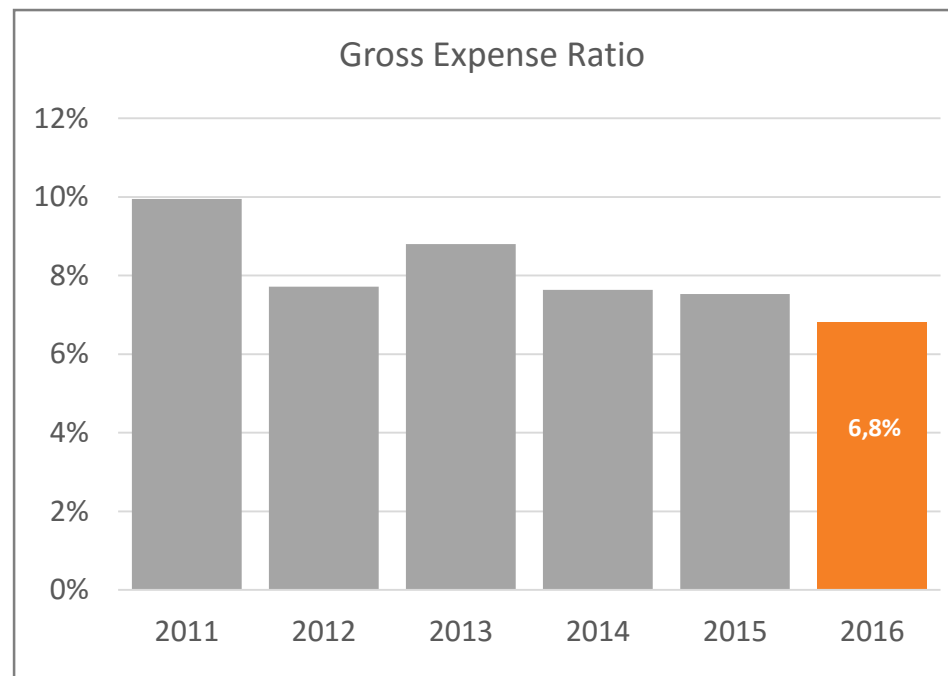


# Cost ratio 2016

- Cost leader in the Nordic insurance market



- Gross expense ratio 6.8%, down from 7.5%
  - 6.9% in Q4 16, down from 9.6% Q4 15
  - Underlying expense ratio slightly higher than 6.8%
- Net expense ratio 1.8%, down from 3.2%
- Cost on a normal, low level
  - Higher cost due to UK and significant employee development investments in claims handling
  - Relatively low incentive programme accrual due to slight share price fall in 2016



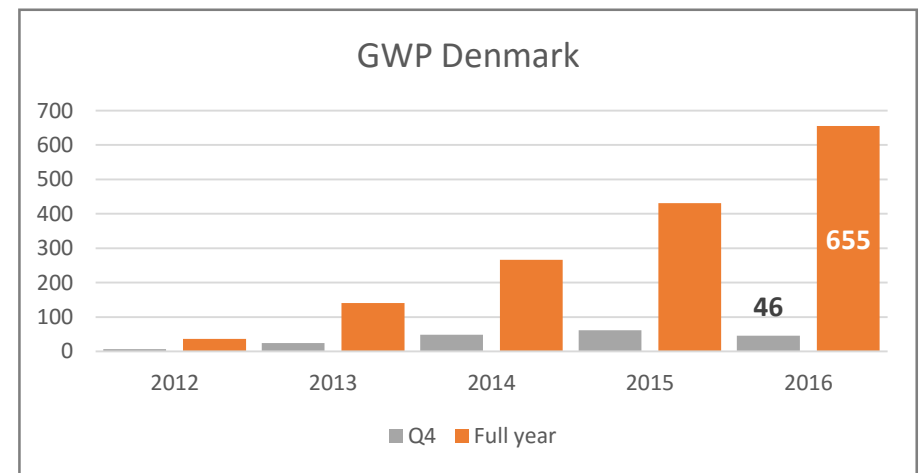
Cost level expected to be similar in 2017 as in 2016

# Denmark results 2016



- Perfect storm as expected in Q4, but we will ComeBack '17

- Net combined ratio 113.2%
  - Very poor WC result in 2016
  - Q4 delivered very poor profitability (as expected)
    - Influenced by reserve strengthening in WC
    - Good claims result for other products
- Gross claims ratio 101.5%
- +52% GWP growth in 2016 (+39% in DKK)
  - Renewal rate 94%
    - Strong Q4 renewal rate of 101%
  - Small Q4 and negative volume growth, especially within Commercial/Affinity
- Quality setback among some brokers, still Top 3 on quality



# Denmark operations

## - Executing ComeBack '17



- Change of Country Manager
  - Erik Sand appointed new country manager and will operate from Copenhagen office
  - Flemming Conrad will continue in new role at least until end of 2017
  - Recruitment of new country manager will start at once, will probably take 9 months
- Some other organizational changes done and fully implemented
- Profitability actions taken through 2016 will lead to profitability improvements sized approx. NOK 80-100m with effect from Jan. 1<sup>st</sup> 2017
  - Price increases in affinity and commercial sector
  - Customers and some affinity groups priced out
  - Some other actions taken
- Reduced risk appetite in some segments leads to single-digit growth in 2017
- Strong sales season Jan. 1<sup>st</sup> in public sector, very close to nr. 1 position also in Denmark
  - 95% of public business is short-tail only
- Task Force implemented in order to increase quality and business control
- Our Danish team is ready for a ComeBack

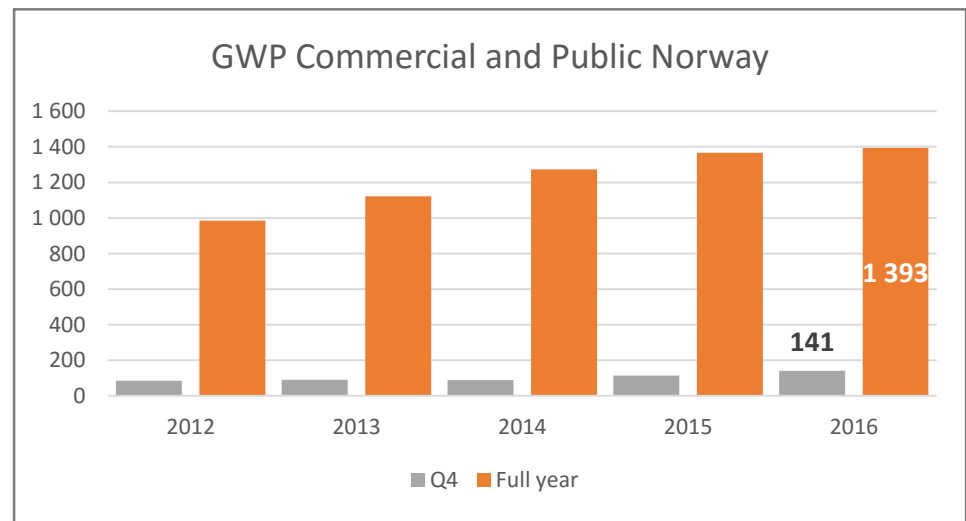


# Norwegian public and commercial line

## - Highlights 2016



- Volume +4.1%
- No wins top 10 tenders
- Renewal rate 88%
  - Significant rate pressure on personal lines of business
  - Rate increase started for 2017
- High level of large property claims
- Increased activity and volume in facilities
- Large potential in improving value chains
- Quality leader (9<sup>th</sup> year in a row\*)

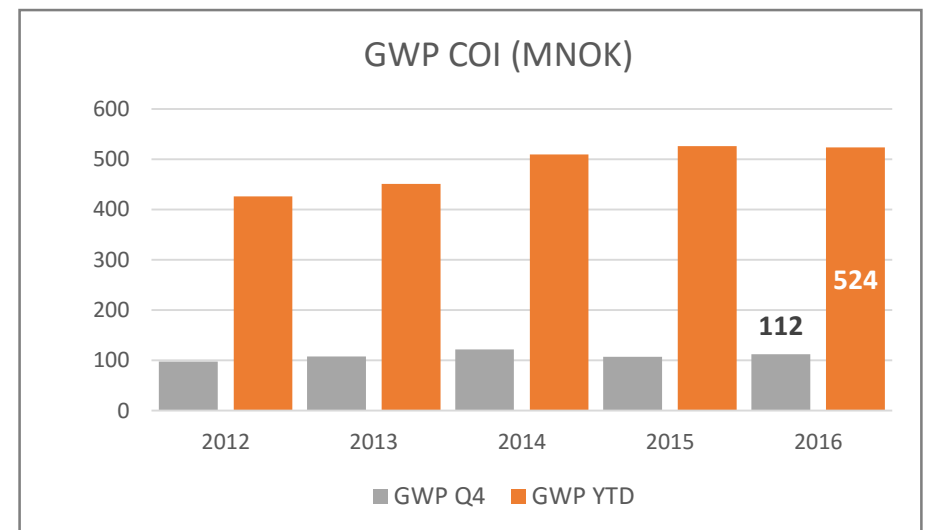


# Change of ownership insurance (COI)

## - Highlights 2016



- Volume in 2016 in line with 2015
  - Real-estate prices high (+8.3%)
  - Lower turnover (-6.0%)
- Court results improved
  - 45% - 20% - 35% (Win, Draw, Loss)
- Sales & services delivered to real estate brokers and clients still on a very good level
- Claim reduction on a very good level
- Recovery level behind schedule, good in Q4
- Strong Broker KPI results in line with earlier years\*
  
- New technical report & IT solution based on NS3600 released in Q4
- Price increases expected to be higher than claims inflation in 2017



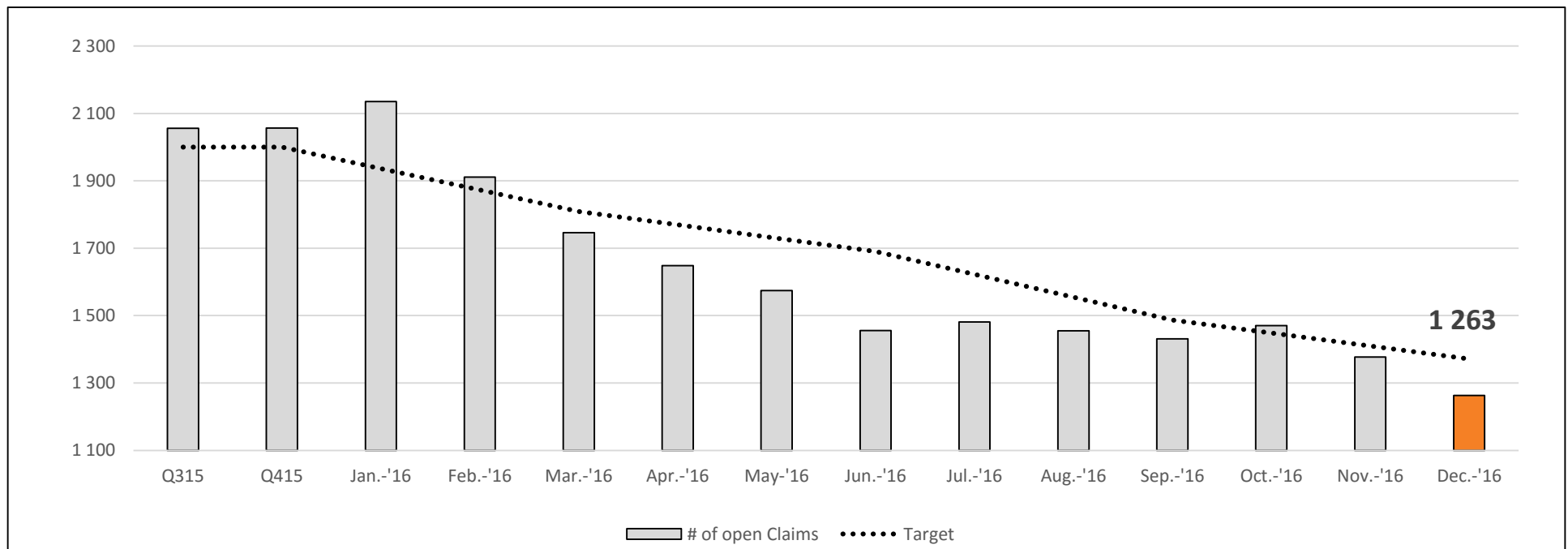
\* TNS Gallup Survey

# Change of ownership insurance (COI)

## - Best ever Claims Handling in Q4 2016



- “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
- “Best ever” Claims Handling Q4 2016
- ... but aiming higher – “Next level” 2017



# Sweden

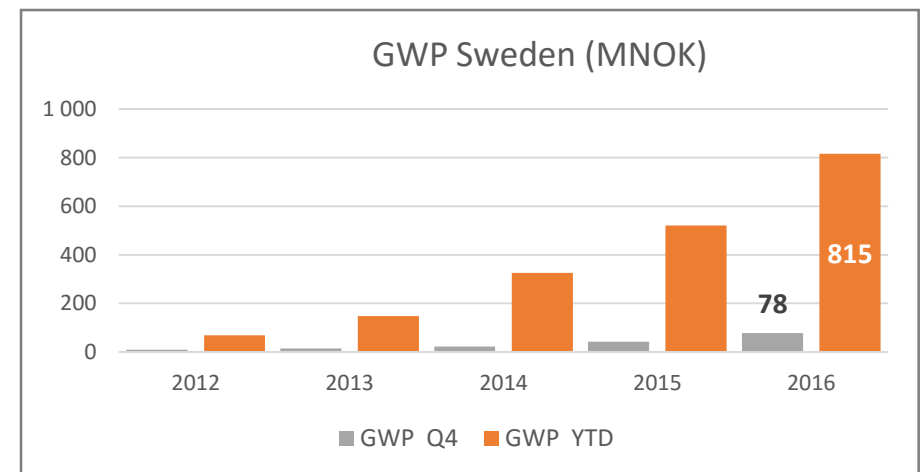
## - Highlights 2016



- Volume +57% (+47% in SEK)
  - High hit-ratio in Q4, 39% on number
- Claims ratio net of 75.5% (75.7%)
  - All segments and products are very good
  - Low level of property claims
  - Q4 net claims ratio of 94.5% (69.6%)
    - affected by one large claim
    - change of accounting principles related to one product leads to some Q4 changes. zero effect on long term profitability
- Cultural lead in Protector



- Strong start on new volume 2017



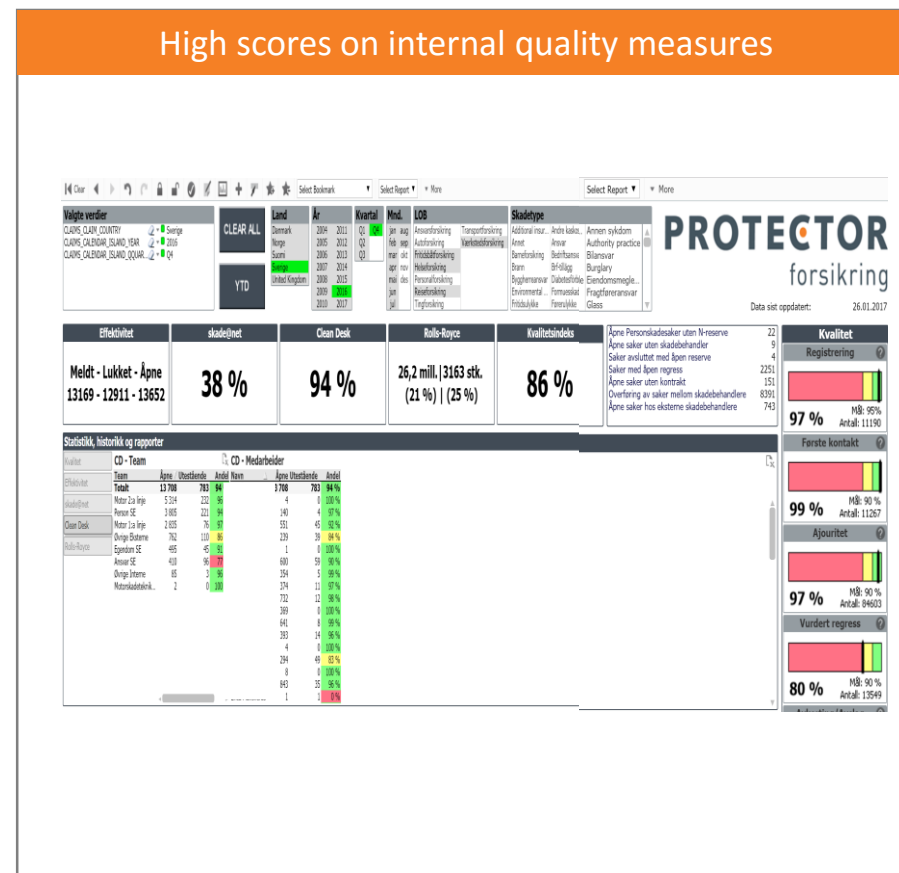


# Claims service Sweden

## - Solid foundation to reach Next Level



- Increased efficiency for all lines of business
  - 38% of claims reported online
  - Further digitalisation of value chains started
- All-time high on recourses and claims cost reductions
- In-house specialist competence in all lines of business
- Setting new quality standard for Sweden
- Quality leader (4<sup>th</sup> year in a row\*)
- Best ever broker satisfaction survey score relative to competitors
  - 25pts better than average and 12pts to closest competitor



\*Source: TNS Gallup survey

# Finland

- Open for business in all segments



- Low tender volume but good hit-ratio, 29%
  - Few municipalities on public tender
- In-house claims service for Motor and WC
  - 95% first response within 24h in Q4
- Claims online registration operational
  - 24% of claims reported online in Q4
  
- Next step is further growth for critical mass



# Operational update



## Entering UK



# UK – Public Sector Breakthrough

- Good start to 2017



- People and processes - very good progression
  - Good people on board in Manchester
    - Utilizing local product expertise and Scandinavian UW expertise

- Extensive database built – bigger than Scandinavia

- Careful entry in 2016

- Poor hit-ratios, 11 clients won
- Learning quickly

- Very good start to 2017

- Very good initial hit-ratios, 14 clients won

### UW process at level with Scandinavia

Sums insured		Summary other factors										Claim volume k€			Frequency			Consequence	
EMLKE	Sums insured - P- years	Claim years	Type of Claims	Public stat	Research/google	Property occupat	Street-View	First hand inspect	Total	Want	Current insurer	Volume	Reduced	Per Year	Per sum insured	BCR+ marg ed B*	Weight	Large loss	
18700	1322077	5.00	Green	Yellow	White/Yell	White			White	Yes	2M	177	177	17.00	12.85				
na	1102678	5.00	Green		White			Green	Yes	Travelers	1	1	0.60	0.50					
341932	1057996	5.00	Yellow	Red	Red	Yellow	Yellow/white	Red	No	2M	68	68	1.80	1.59					
22595	1070992	10.68	White	Green	Green	White		Green	Yes	2M	142	129	18.82	17.57					
24000	809205	5.00	Red	Yellow	White	Yellow/Red	White	Yellow	Yes	2M	91	50	3.80	3.71					
46505	581337	4.00	Yellow	White	Green	White		White	Yes	Travelers	6	6	1.80	2.58					
15889	288641	4.00	Red	White	Green	Yellow	White	Red	No	Self-insure	126	126	19.75	109.92					
39464	489245	5.00	Green	Yellow	Green	White	White		Yes	2M	34	32	3.60	7.36					
	280534	11.00	White	Green	White	White		Green	Yes	Travelers	120	54	4.73	16.85					
<b>7 002 705</b>		<b>55</b>									<b>766</b>	<b>643</b>	<b>81</b>	<b>11.54</b>					

Sums insured		Summary other factors										Comment		Type of Claims
EMLKE	Sums insured - P- years	Claim years	Type of Claims	Arson	Fire	Water	Vandalism	Other	Large losses					
18700	1322077	5.00	Green	Green	Green	White	Green	Green	Green	Green	Green	Green	Some storm damage, but not	
na	1102678	5.00	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Very few claims in total (high ex	
341932	1057996	5.00	Yellow	White	White	Yellow	Red	Yellow	White	White	White	White	Generally a lot of vandalism at	
22595	1070992	10.68	White	Green	Green	White	Yellow	Green	White	White	White	White	Vandalism and escape of water	
24000	809205	5.00	Red	Yellow	White	Yellow	Green	Green	Yellow	Yellow	Yellow	Yellow	A lot of arson at schools. One ve	
46505	581337	4.00	Yellow	White	Green	White	Green	Green	White	Green	White	Green	Several arson attacks in the cit	
15889	288641	4.00	Red	Red	Red	Green	Green	Green	Yellow	Yellow	Yellow	Yellow	Several arson attacks in the cit	
39464	489245	5.00	Green	White	Green	Green	Green	Green	White	White	White	White	One arson attack the last 5 yes	
	280534	11.00	White	Green	Green	Red	Green	Green	Yellow	Yellow	Yellow	Yellow	One large fire 780k. Also a clai	
<b>7 002 705</b>		<b>55</b>												

**Team hit ratio (volume) per main line of business per grading per inception date**  
 Goal: Green/white 50%, Yellow 30%, Red 0%

	2016				2017			
	Won	Lost	Hit ratio	Won	Lost	Hit ratio		
<b>Total</b>	1 916 639	15 609 767	11 %	3 964 295	4 326 431	48 %		
<b>Green</b>	836 868	1 972 174	30 %	1 473 100	1 018 790	59 %		
<b>White</b>	1 025 521	8 177 141	11 %	1 662 768	1 025 003	62 %		
<b>Yellow</b>	54 250	3 482 189	2 %	828 427	493 580	63 %		
<b>Red</b>	-	1 978 262	0 %	-	1 789 058	0 %		

	2016				2017			
	Won	Lost	Hit ratio	Won	Lost	Hit ratio		
<b>PDBI</b>	546 043	1 009 363	35 %	304 788	90 820	77 %		
<b>Green</b>	885 878	2 853 890	24 %	825 483	657 062	56 %		
<b>White</b>	-	1 874 357	0 %	828 427	-	100 %		
<b>Yellow</b>	-	1 978 262	0 %	-	1 789 058	0 %		
<b>Red</b>	-	-	-	-	-	-		
<b>Total</b>	1 431 921	7 715 873	16 %	1 958 698	2 536 940	44 %		

	2016				2017			
	Won	Lost	Hit ratio	Won	Lost	Hit ratio		
<b>Casualty</b>	183 201	169 797	52 %	1 030 671	822 692	56 %		
<b>Green</b>	-	2 787 634	0 %	805 810	216 102	79 %		
<b>White</b>	-	1 146 000	0 %	-	243 321	0 %		
<b>Yellow</b>	-	-	-	-	-	-		
<b>Red</b>	-	-	-	-	-	-		
<b>Total</b>	183 201	4 103 431	4 %	1 836 481	1 282 115	59 %		

	2016				2017			
	Won	Lost	Hit ratio	Won	Lost	Hit ratio		
<b>Motor</b>	107 624	793 014	12 %	137 641	105 278	57 %		
<b>Green</b>	139 643	2 535 617	5 %	31 475	151 839	17 %		
<b>White</b>	54 250	461 832	11 %	-	250 259	0 %		
<b>Yellow</b>	-	-	-	-	-	-		
<b>Red</b>	-	-	-	-	-	-		
<b>Total</b>	301 517	3 790 463	7 %	169 116	507 376	25 %		

# UK – Building relationships in Commercial sector



- First panel arrangement signed, opportunities increasing

- Manchester team building existing and new relationships
  - Joining forces with Scandinavian resources
  - Selected broker approach (5x20)
  - Good market activity
  - Approaching central and local management as well as brokers
- UW methodology aligned with Scandinavian practice
  - Good progression in project
  - Small databases from start, will increase quickly
- Pipeline of clients building up
  - Waiting for increased activity
- Behind schedule on quotes and clients, but...
  - Ahead of Sweden and Denmark at same time

4 clients on board



Willis Towers Watson



# UK opportunity – Housing Associations

- £300m market with small existing margins and little competition



## Cost leadership

Competitors: ~ 25 % (incl claims)  
Broker & PRF: < 20 % over time

- One direct insurer
- Other insurer(s) with «Agent» and broker in value chain

*Fat competitive landscape, homogenous client base leads to efficiency over time*

## Quality leadership

Market: Good claims handling, poor service  
Broker & PRF: Preferred partner for HA's from start?

- Claims handling specialized from all providers
- Large part of value chain delivered by «agent» & broker

*Indications of lazy competitive landscape (excl claims handling)*

## Profitable Growth

Market: ~ £300m, ~80 % loss ratio  
Broker & PRF: Risk selection and rate increase

- Small existing margins
- Risk selection on flood exposure and fire possible

*Profitability measures possible, significant growth potential*

## Top 3

Market: 3 main competitors, one «monopolist»  
Broker & PRF: Top 3 within 18 months

- «Oligopoly» similar to Public sector
- Critical mass quickly obtained

*A joint housing expert challenging #1 and #2*

- Relationship established with professional partner
- Large dataset collected, good understanding established
- Potentially 10 % market share by 2019

# UK – Insuring parts of London

- An example of traction in Public Sector UK



- Insurance London Consortium (ILC) – 9 London Boroughs
  - Camden, Croydon, Haringey, Harrow, Islington, Kingston upon Thames, Lambeth, Sutton and Tower Hamlets
  - ~ 2,5 million inhabitants
  - 3 year contract incepting 1<sup>st</sup> April 2017
  - Property and liability (EL & PL)
- We expect more Boroughs to arrive
- Very good reference supporting credibility in UK market
- Insuring more than 1/3 of Greater London By 1<sup>st</sup> April 2017



# Volume estimates UK



Volume full year 2016

Estimate 2017

Preliminary estimate 2018

Volume 25 MNOK

150 - 200 MNOK

400 – 500 MNOK





# Profit & loss 2016

- Best “profit ever”, but poor technical result



[1.000.000 NOK]	Q4 2016	Q4 2015	FY 2016	FY 2015
Gross premiums written	392,3	325,3	3 439,0	2 843,4
Gross premiums earned	768,6	698,7	3 250,4	2 791,1
Gross claims incurred	(740,3)	(617,0)	(3 005,0)	(2 283,6)
Earned premiums, net of reinsurance	624,7	535,1	2 669,0	2 176,0
Claims incurred, net of reinsurance	(632,6)	(475,7)	(2 540,4)	(1 861,0)
Net commission income	(9,7)	15,6	118,5	112,9
Operating expenses	(41,1)	(56,9)	(167,0)	(182,0)
Other income/costs	(20,8)	(4,4)	(38,3)	(13,5)
Net financial income	149,9	152,8	499,3	303,8
<b>Profit before tax</b>	<b>70,5</b>	<b>166,5</b>	<b>541,1</b>	<b>536,1</b>
Tax	(1,4)	(16,4)	(88,4)	(71,9)
<b>Profit before components of comprehensive income</b>	<b>69,1</b>	<b>150,1</b>	<b>452,7</b>	<b>464,2</b>
Claims ratio, net of ceded business	(1) 101,3 %	88,9 %	95,2 %	85,5 %
Expense ratio, net of ceded business	(2) 8,1 %	7,7 %	1,8 %	3,2 %
<b>Combined ratio, net of ceded business</b>	(3) 109,4 %	96,6 %	97,0 %	88,7 %
Gross claims ratio	(4) 96,3 %	88,3 %	92,5 %	81,8 %
Gross expense ratio	(5) 6,9 %	9,6 %	6,8 %	7,5 %
<b>Gross combined ratio</b>	(6) 103,3 %	97,9 %	99,2 %	89,4 %
Retention rate	(7) 81,3 %	76,6 %	82,1 %	78,0 %
Earnings per share	(8) 0,80	1,74	5,25	5,48

GWP growth 21% in 2016, 21% in Q4 2016

Strong investment result of 7.0% in 2016  
Best full-year operating profit ever

Very poor

Satisfactory development

Some reinsurance contributions in 2016

(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

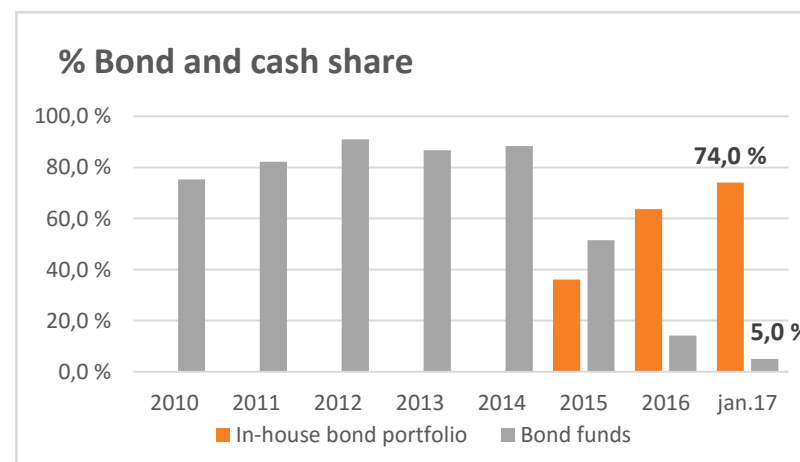
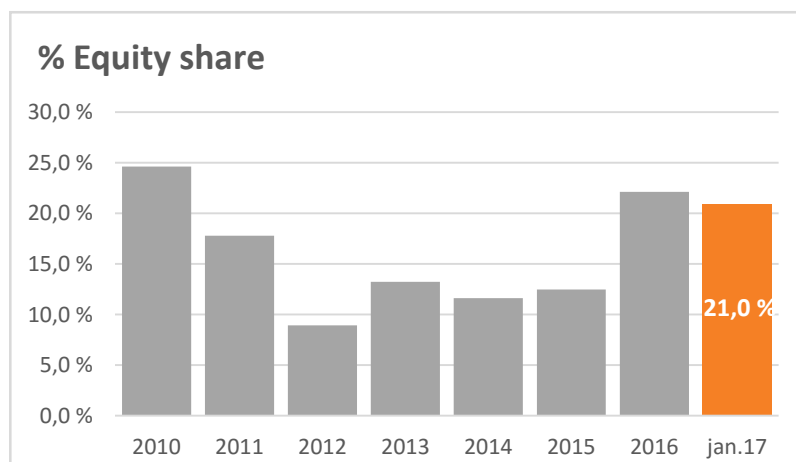
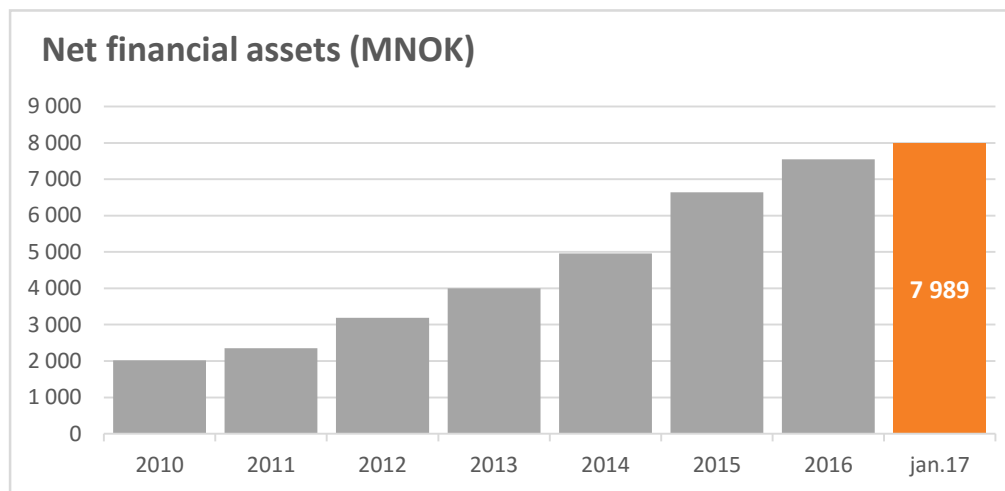
(6) Gross claims ratio + gross expense ratio

(7) Earned premiums, net of reinsurance in % of gross earned premiums

(8) Profit before other comprehensive income divided by weighted number of shares

# Investments

## - Asset allocation



Priority 1 is to never allow any risk for solvency issues or fire sale

# Bond portfolio allocation

- Reduced risk in Fixed Income portfolio



- Reduced High-Yield exposure in 2016 and beginning of 2017
  - Sale of Nordea Global HY
- Average total bond portfolio rating from BBB at Q2 2016 to A- in Q1 2017
- Bond portfolio yield expectation of roughly 3.0% in 2017



# Portfolio statistics

- In-house managed equity portfolio vs. OSEBX year-end 2016

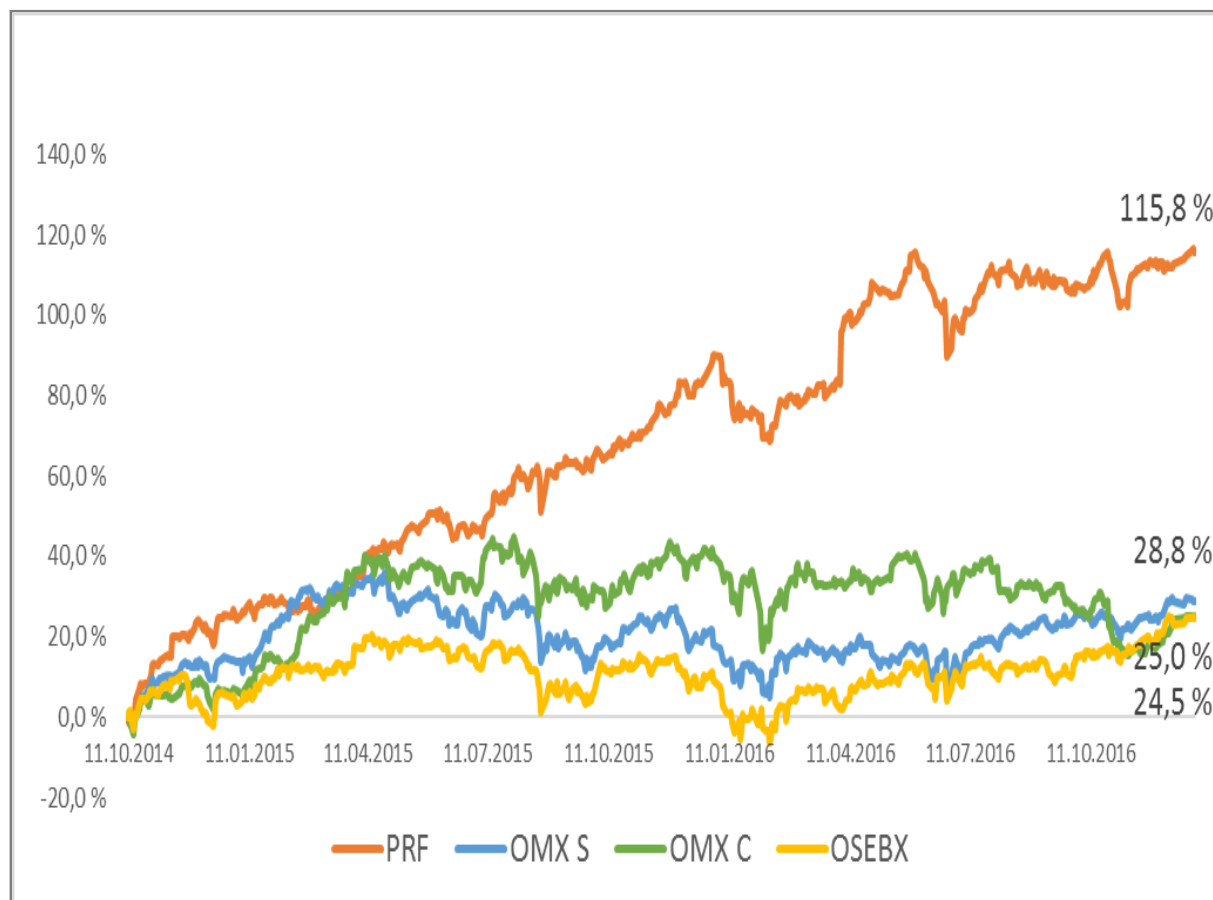


Key Figures	In-house Managed Portfolio	OSEBX
Performance	116 %	25 %
Dividend yield	1.8 %	3.6%
P/E NTM*	17.5	16.7
3 yr sales CAGR	24 %	-2 %
3 yr EPS CAGR	30 %	-19 %

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

- Extreme outperformance in period
- Cannot, and will not expect similar outperformance in the future
- Comfortable with periods of underperformance as long as underlying performance is good
- Goal to beat market over time

Performance – In-house managed portfolio vs. OSEBX (08.10.2014 – 31.12.2016)



Investment performance evaluated over the long term

# Portfolio statistics

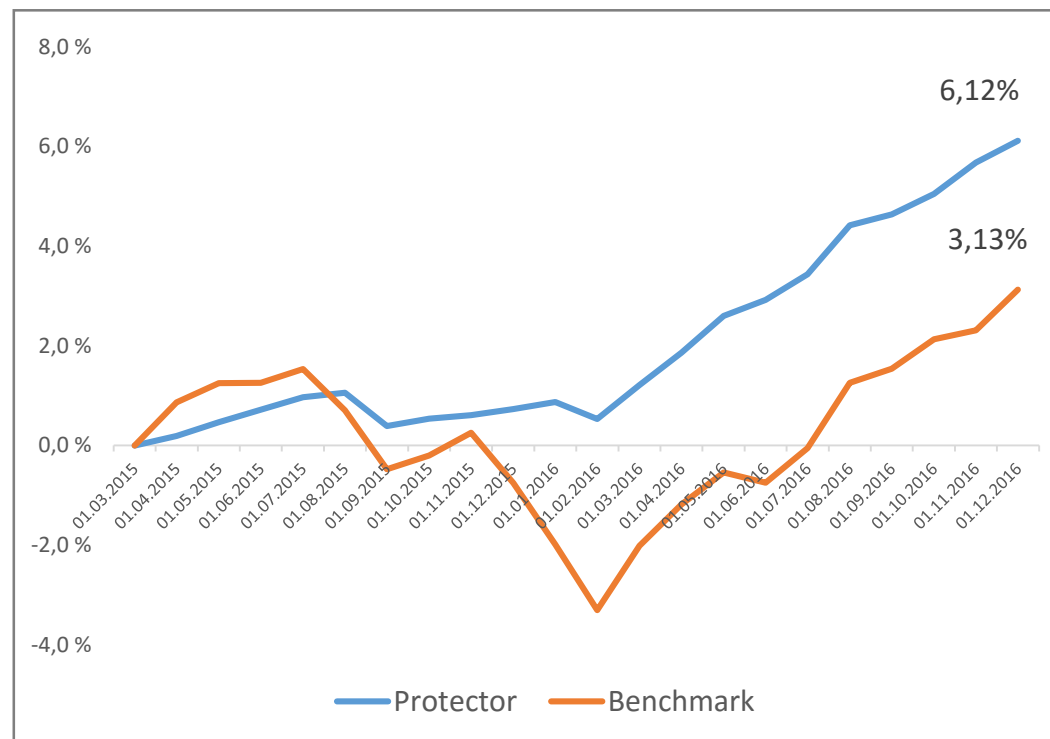
- In-house managed portfolio vs. benchmark year-end 2016\*



Portfolio data 31.12.2016	
Size MNOK	4 781
Yield	3.2
Duration	0.4
Credit duration	2.8
Average rating	BBB+

- Significant outperformance in the period
- Cannot, and will not expect similar outperformance in the future
- Goal to beat benchmark over time

Performance – In house managed portfolio vs. benchmark\*  
(31.03.2015 – 31.12.2016)



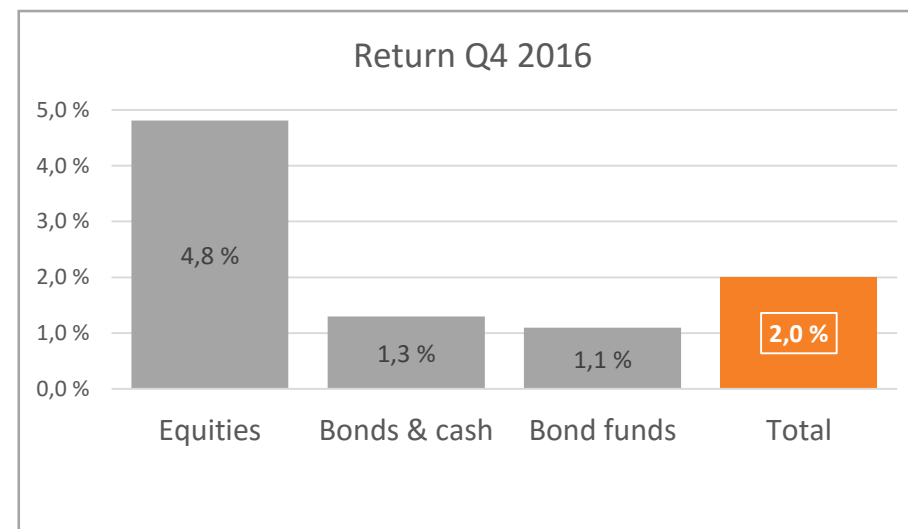
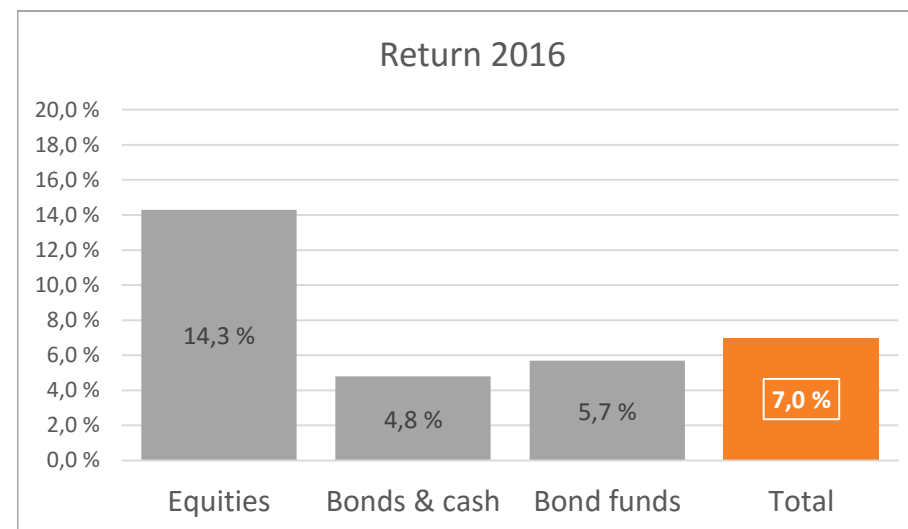
Investment performance evaluated over the long term

# Investment performance 2016

- Very strong investment result



- 7.0% return on investment portfolio, net investment result of 499 MNOK
- 2.0% Q4 result, net investment result of 150 MNOK
- Equities 14.3% (OSEBX 12.1%)
  - Q4 return of 4.8% (OSEBX 9.8%)
- Bond portfolio; return of 5.1% (benchmark<sup>1</sup> 3.9%)
  - Q4 return of 1.2% (benchmark<sup>1</sup> 1.6%)



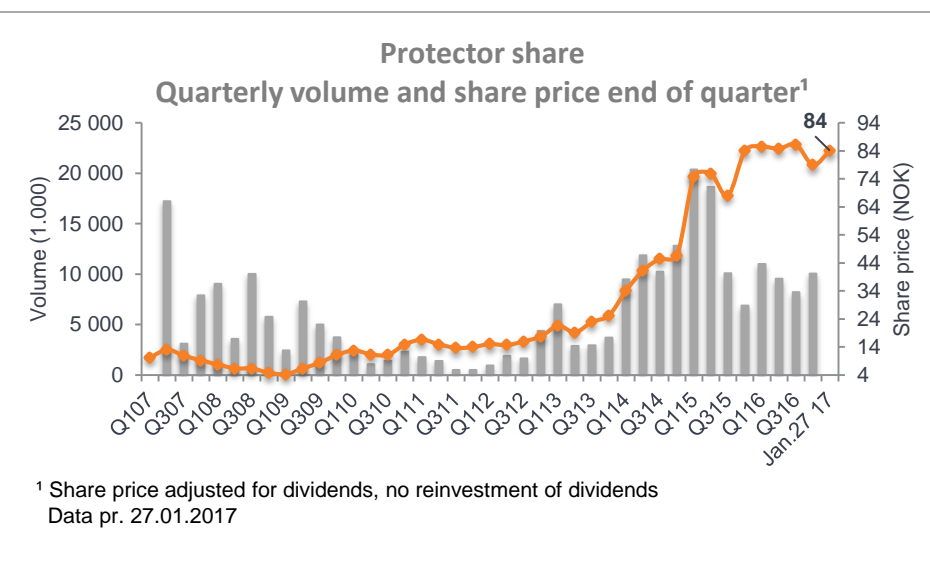
# Shareholder matters 31.12.2016



Shareholder	No. Shares	Percent
SWEDBANK ROBUR NORDEN AND EUROPA	7 898 936	9.17 %
STENSHAGEN INVEST AS	6 500 000	7.54 %
ODIN NORGE AND NORDEN	5 917 058	6.73 %
OJADA AS	3 563 116	4.14 %
TJONGSFJORD INVEST AS <sup>1</sup>	2 811 809	3.26 %
VERDIPAPIRFONDET HANDELSBANKEN	2 800 000	3.25 %
ARTEL HOLDING A/S	1 873 451	2.17 %
MP PENSJON PK	1 845 379	2.14 %
FROGNES AS	1 649 916	1.92 %
VEVLEN GÅRD AS	1 550 000	1.80 %
GENERALI PANEUROPE LTD	1 492 250	1.73 %
JOHAN VINJE AS	1 437 841	1.67 %
AVANZA BANK AB	1 333 727	1.55 %
VERDIPAPIRFONDET ALFRED BERG GAMBA	1 324 220	1.54 %
PETROSERVICE AS	1 283 815	1.49 %
NORDNET BANK AB	1 125 872	1.31 %
DYVI INVEST AS	1 030 933	1.20 %
AAT INVEST AS	1 005 000	1.17 %
ALSØY INVEST AS <sup>2</sup>	1 002 751	1.16 %
NORE-INVEST AS	930 637	1.08 %
20 LARGEST	47 676 711	55.34 %
OTHERS	38 478 894	44.66 %
TOTAL SHARES	86 155 605	100.00 %
<sup>1</sup> CEO, Sverre Bjerkeli		
<sup>2</sup> 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
- 30 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



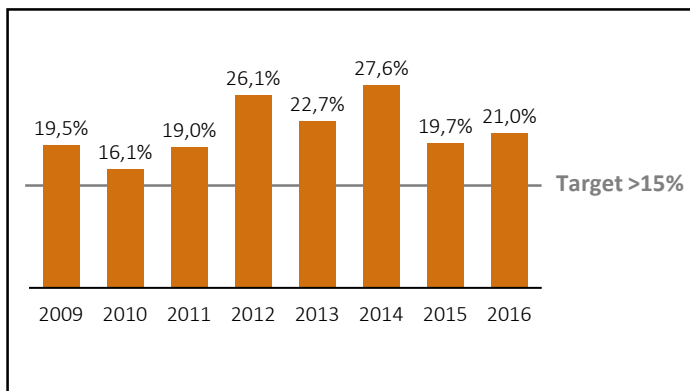
# Long-term financial objectives



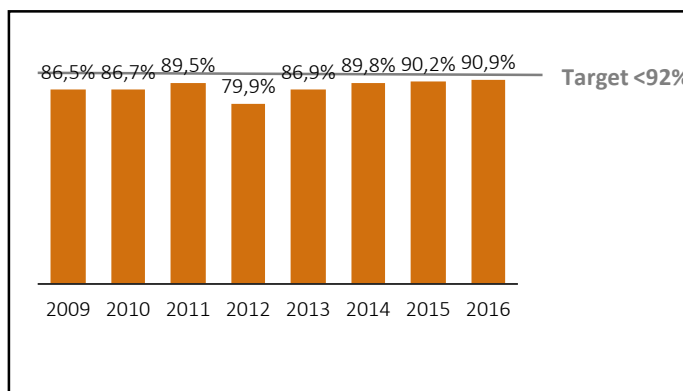
## Long term financial objectives

- GWP growth rate 2017-2019: **15%**
- Net combined ratio: **92% (new up from 90%)**
- Solvency II capital ratio: **125%-160%**
- Return on Equity: **>20%**

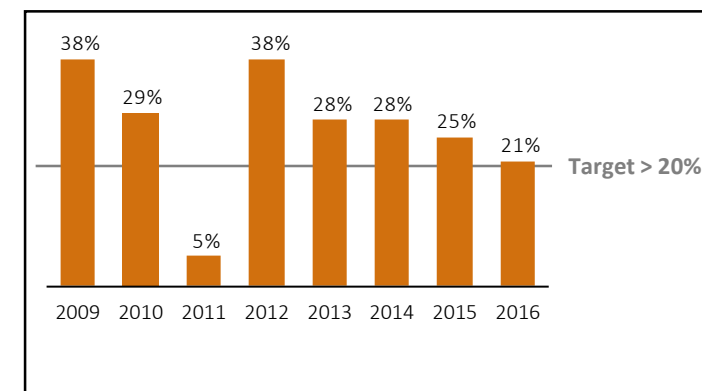
### GWP Growth



### Net Combined Ratio (UW year)



### Return on Equity\*





# Balance sheet Q4 2016

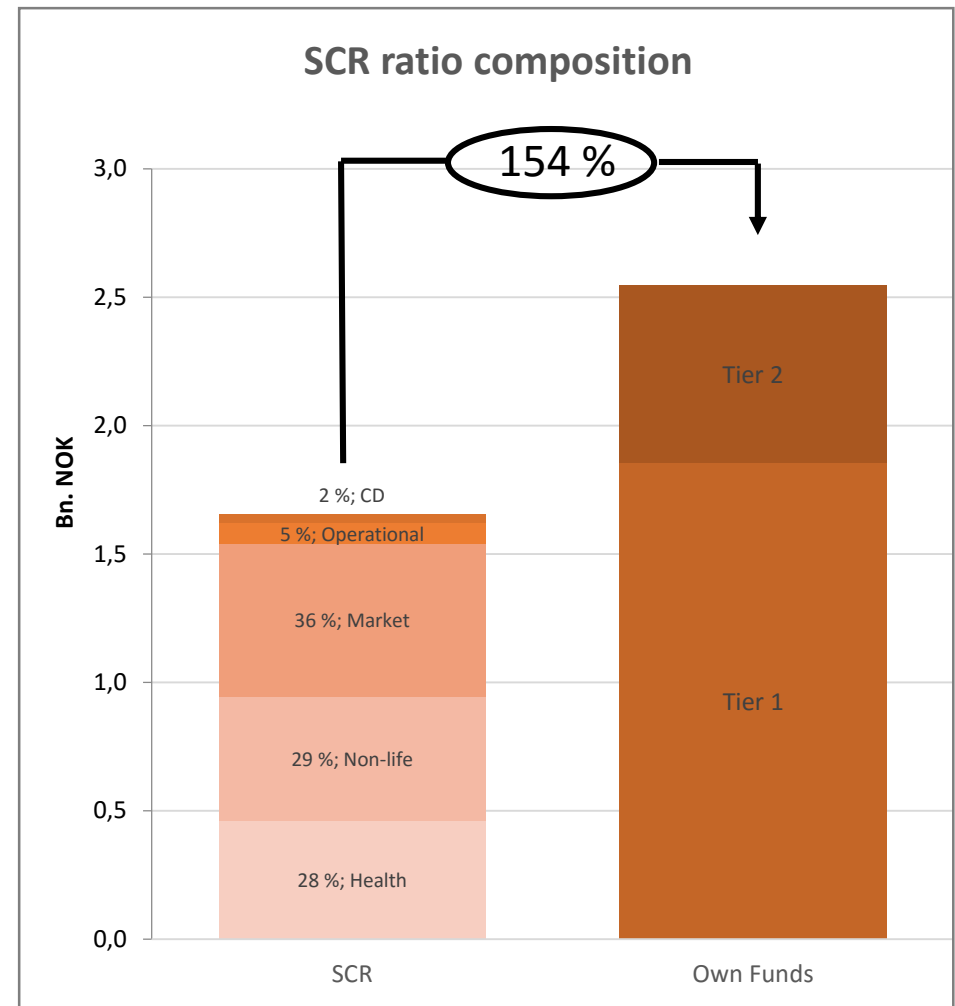
- Strong & growing fast



[1.000.000 NOK]	31.12.2016	31.12.2015
Owner-occupied property	13,7	13,6
Financial assets	8 537,6	6 623,1
Financial derivatives*	990,7	252,6
Bank deposits	204,3	144,0
Other assets	1 091,7	924,4
<b>Total assets</b>	<b>9 847,4</b>	<b>7 705,1</b>
Total equity	2 259,4	2 012,7
Subordinated loan capital	645,9	148,1
Total reserves	5 148,0	4 306,5
Other liabilities*	1 794,2	1 237,7
<b>Total equity and liabilities</b>	<b>9 847,4</b>	<b>7 705,1</b>

## Strong capital position:

- SCR coverage ratio stable at 154 % pr. 31.12
  - Planed further strengthening of solvency through issuance of subordinated debt
- SCR fully covered by Tier 1 capital only
- Dividend of NOK 2.25 per share suggested



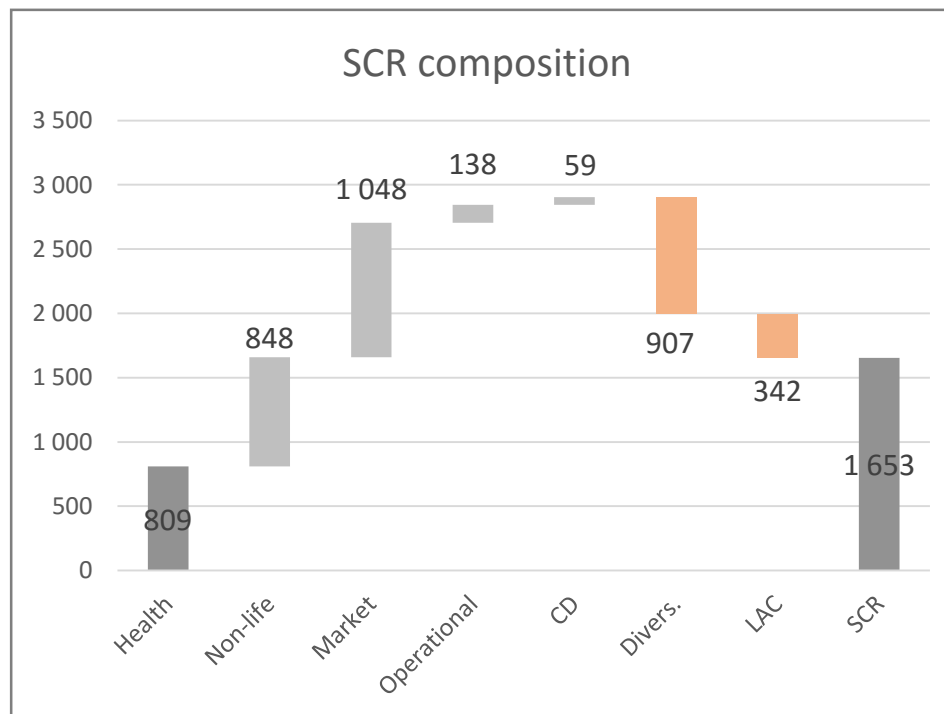
\*Derivatives include currency hedged contracts for fixed income portfolio

# Solvency II



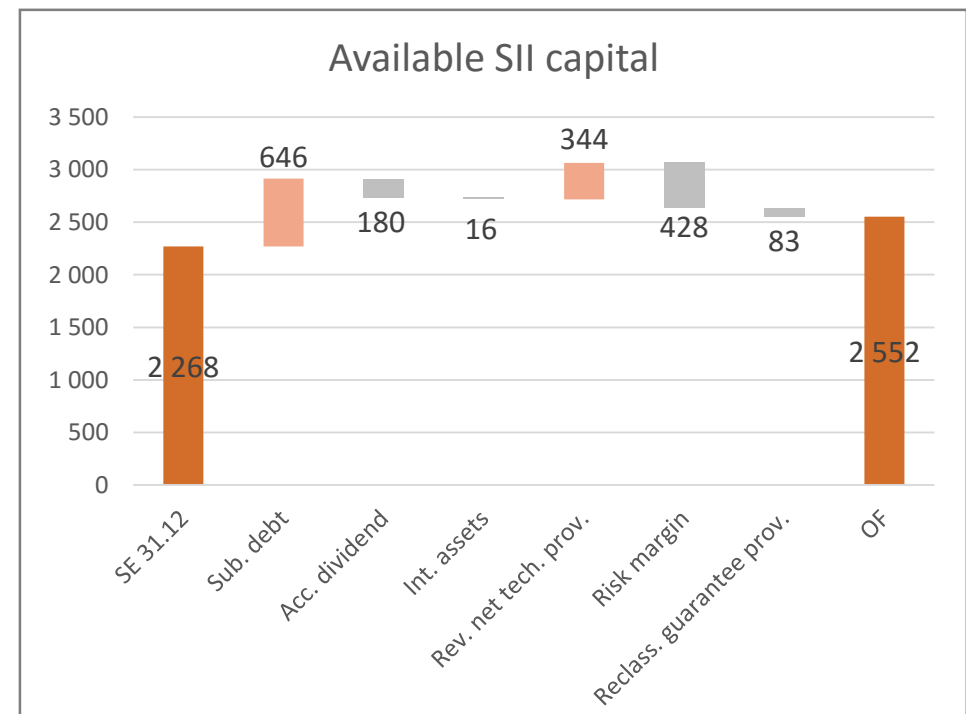
## Composition of SCR:

- Net insurance risk 57 %
- Net market risk 36 %
- Other risks 7 %



## Available SII capital:

- Assumed suggested dividend for 2016
- Guarantee provision subtracted from own funds



# CEO summary of risk outlook 2016



- + Sweden/Denmark deliver better than guided volume
- + Upside volume UK relative to guiding
- + Balance sheet growing leads to increased financial income
- + Cost ratio Gross & Net going down
- Rate pressure driving claims ratio above guiding
- Volume downside in Norway relative to guiding
- Profitability behind guiding in Sweden
- Profitability behind guiding in Denmark
- Start up in UK creates profitability problems
- Reserve challenges COI Norway

Risk	Result
Medium	✓
Low	✓
No	✓
No	✓
Low	✓
Medium	✓
Low	✓
Medium	Worse
Low	✓
(New)	Worse

# CEO summary of risk outlook 2017



- Slightly reduced risk due to a more diversified portfolio and reserve strengthening in 2016

	Risk
<b>1. Volume (GWP up 16% (18 local))</b>	
• Upside and downside in UK	Medium
• Downside in Denmark	Low
<b>2. Cost (gross cost ratio &lt;7.0%)</b>	
• Cost outside guiding	No
<b>3. Profitability (Net Combined Ratio 92%)</b>	
• Behind guiding in Norway, Sweden and Finland commercial segment (67% of volume)	Low
• Behind guiding for COI (15% of volume)	Low
• Behind guiding in Denmark (15% of volume)	Medium
• Profitability issues in UK (3% of volume)	Medium
<b>4. Investments (No guiding)</b>	
• Investment volatility	Of course
<b>Four levels of defense;</b> Competent investment team, Mandate given by board FSA stress tests, Even stronger internal stress tests	

# Result 2016 and guiding 2017



## Guiding for full year 2016

## Result 2016

## Guiding 2017

Volume up 22 %

21 %

16 % (18 % local)

Gross expense ratio < 7.5 %

6.8 %

< 7.0 %

Net Combined ratio 90 %

97 %

92 %

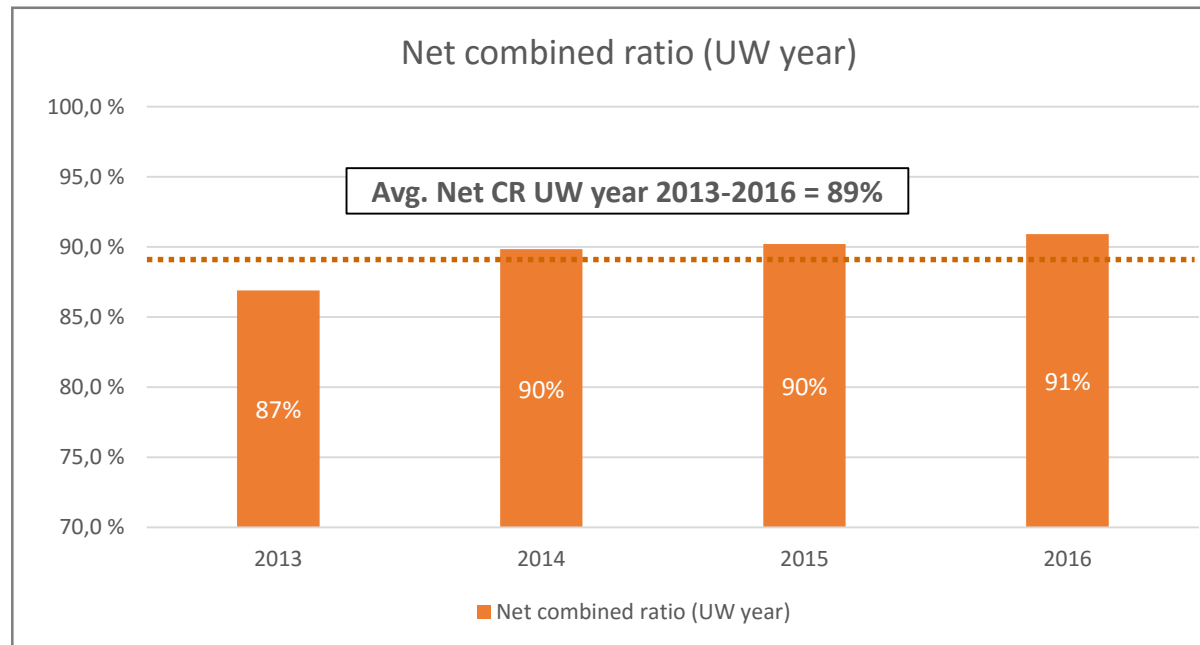
No guiding will be given on investment income

ROE 2016 is 21.1 % > LT ROE target of 20.0%

**Profitable growth expected also in 2017**

# Combined ratio guiding 2017 – 92%

- 2016 underwriting year with combined ratio 91%



# Summary 2016

21% growth, 21% ROE



- Operating profit of NOK 541m (NOK 536m)
- GWP growth +21% (17% local currency)
- Net Combined ratio 97.0% (88.7%), underlying reality is 91% (UW year 2016)
- Gross expense ratio 6.8% (7.5%)
- Very strong investment result of NOK 499m, 7.0%
- ROE of 21.1%
- Dividend of NOK 2.25 per share suggested
- Our Nordic home market will perform very well in 2017
- UK breakthrough expected
- Profitable growth story continues



**Guiding 2017: CR 92%, growth 16% (18% local), cost ratio <7.0%**

**Q&A**

Preliminary year-end result 2016



# 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