

Q2 2018 Interim Results

Investor presentation
Oslo, 13.06.2018



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 Q2 2018

14,3% growth, Combined Ratio 99,5%



- Growth of 14,3% (16,4 % local currency)
- Gross cost ratio 7,4% down from 7,5%
- Net Combined ratio 99,5% up from 90,7%
- Profit before tax of NOK 97,4m down from NOK 169,4m
- Investment return 1,1 %, NOK 112,3m
- AUM NOK 10,5 bn, float NOK 6,6 bn.
- Solvency ratio of 196,5 %

Guiding 2018 – old

Net combined ratio	>94 %
Volume growth	20 %
Cost ratio	≈7,5 %

Guiding 2018 – changed

Net combined ratio	significantly higher than 94 %
Volume growth	16 %
Cost ratio	≈7,5 %

Guiding changed

Changed due to a poor profitability start on H1 2018



	Result per H1 18	Guiding per Q4 17 for 18	Guiding per Q1 for 18	Guiding per Q2 for 18
Growth Rate	16,80 %	20 %	20 %	16 %
Net Combined Ratio	97,50 %	92-94%	>94%	Significantly higher than 94%
Gross Cost Ratio	7,80 %	≈7,5 %	≈7,5 %	≈7,5 %

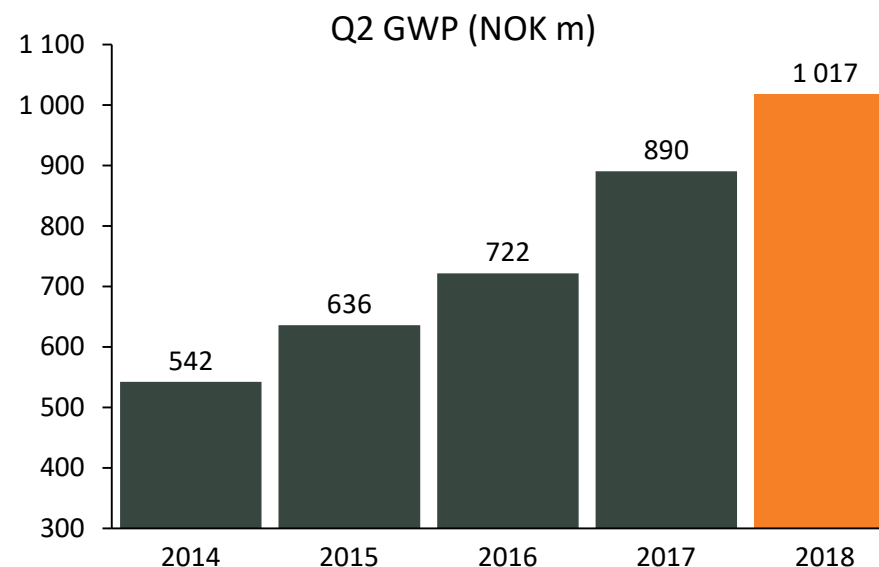
Our long term growth target earlier communicated to be 15 % over a 3-year cycle is maintained, but for 2019 we expect a lower than 15% growth rate since price increases will lead to a higher customer turnover rate

Gross written premiums Q2 2018

Growth of 14,3% (16,4% LCY) - as signaled in Q1



- GWP total NOK 1017,5m up 14,3%
- Strong growth in Sweden and UK
- Volume slightly down Com. & Publ. Norway and Denmark
 - One large non-renewal (NOK 40m) in Norway
 - Profitability measures influencing
- COI in line with market
 - Seasonality influencing



Business unit	Q2 18 NOK m	Q2 17 NOK m	NOK % growth	LCY % growth
Norway Commercial & Public sector	289,8	365,5	-20,7 %	-20,7 %
Change of Ownership (COI)	179,2	151,5	18,3 %	18,3 %
Sweden	294,1	204,0	44,2 %	53,1 %
Denmark	10,4	17,7	-41,6 %	-39,4 %
UK	230,3	140,8	63,5 %	63,5 %
Finland	13,7	10,9	25,5 %	25,5 %
Group	1 017,5	890,5	14,3 %	16,4 %

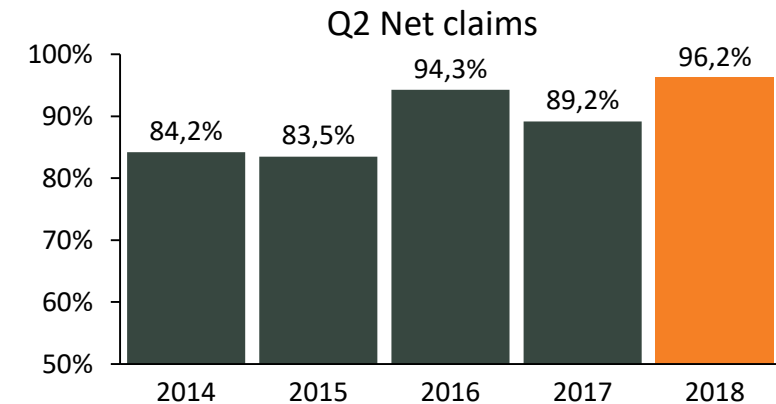
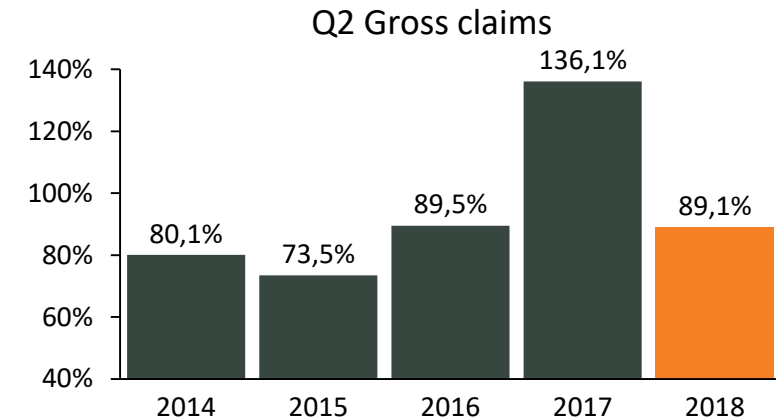
Claims development Q2 2018

Poor claims quarter – further actions necessary



- Gross claims ratio 89,1%, down from 136,1 %
- Net claims ratio 96,2%, up from 89,2 %
- Run-off losses f.o.a amounted to NOK 30,1m or 3,5%
 - Change of Ownership Norway
- Poor Claims ratio in Norway (incl. Finland)

Business unit	Gross			Net		
	Q2 18 Claims	Q2 17 Claims	Q2 18 Earned	Q2 18 Claims	Q2 17 Claims	Q2 18 Earned
Norway (incl. Finland)	99,1 %	64,6 %	595,4	102,7 %	72,2 %	479,9
Sweden	75,0 %	84,3 %	319,6	79,4 %	88,3 %	216,2
Denmark	95,1 %	108,5 %	187,1	103,7 %	133,0 %	121,8
UK	61,4 %	1426,6 %	92,9	87,5 %	238,7 %	43,2



Further actions necessary

Stronger price increases going forward

- One very large distribution deal not renewed (with GWP > NOK 120m and CR>100%) in COI
 - Additional non-renewal of one small distribution deal (GWP ~ NOK 15m, CR >100%)
- General price increases related to some products in Commercial Norway
- Price increases in Scandinavian Public sector motor
 - Claims ratio increasing rapidly
- Ongoing price increases in relation to WC portfolio in Denmark
 - Individual clients and chosen segments (facilities) are effectively prized up
- Most actions will have a limited effect on 2018, full effect from 2019
- Will influence growth rate negatively in Q4 2018 and in 2019
 - Growth rate 2020 and onwards expected to stay on a high level

Communicated after Q1

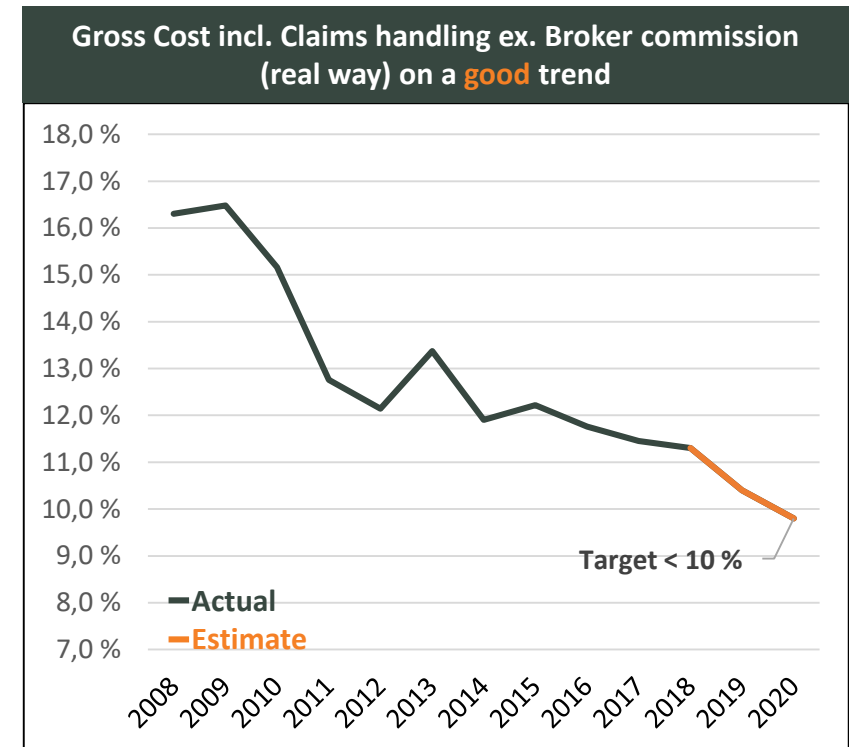
- **Rolls Royce**
 - Culture of thoroughly searching for cost Reductions and Recourses in every single claim
 - Well established – good results
- Individual and general price increases
- Improved UW-methodology
- Stronger UW discipline in some markets and/or product and segments
 - Continued UW discipline might lead to reduced volume
- Capital allocation per product will be more closely monitored since margins are under pressure and risk free rate is historically low
- Margin Management
- Falcon (Claims Handling efficiency and other improvements)

Cost ratio Q2 2018

World Cost leadership maintained



- Gross cost ratio 7,4%, down from 7,5%
- Net cost ratio 3,3%, up from 1,5%
- Gross cost the real way 10,5% down from 11,5%
 - Including claims handling ex. broker commission
 - Broker commission neutral in a competitive point of view



Business unit update Q2 2018

Price increases initiated for Q4 18 and Q1 19 – stronger price increases going forward



Public & Commercial sector

- Volume down -20,7 %, one large non-renewal
- Poor claims quarter
- Strong KPIs in Claims Handling
- 67 full time employees

Sweden

- Volume up 44,2 %, very good hit ratios
- Profitable growth continues
- Good claims efficiency KPIs
- 80 full time employees

Finland

- Volume up 25,5 %, driven by WC
- Profitability too early to say, very high combined ratio
- Good CleanDesk and Recourse, efficiency behind
- 21 full time employees

Change of Ownership Insurance

- Volume up 18,3 % - seasonality influencing
- Very large distribution deal with not renewed (with GWP > NOK 110m and CR>100%)
- 8-10 man year reduction will happen gradually
- Claims handling efficiency and CleanDesk very good, Recourse and reduction OK
- 58 full time employees

Denmark

- Volume down -41,6 % in a small quarter
- Individual and chosen segments (facilities) are facing price increases in WC. All LOBs are profitability monitored through internal profitability project “Microscope”
- Poor CleanDesk, good efficiency, very good Recourse and reduction
- 35 full time employees

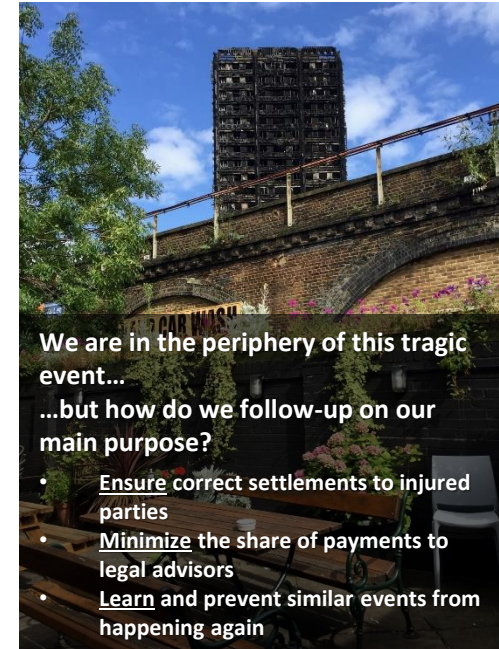
UK business unit update Q2 2018

Profitable, but slow Growth (1st April), good activity level



- Gross Written premium up 63,5 %
- Gross claims ratio 61,4 % down from 1426,6%
 - Grenfell Tower tragedy
- Net claims ratio 73,2 % down from 228,5 %
- High activity, but poor new sales in **Public Sector**
 - Low hit ratio 1st April, due to price
- Good new sales in **Commercial Sector**
- Small inbox, but good hit ratio in **Housing Sector**
- Arbitration claim sent and statement of defence received
 - Protector working on arbitration proceedings, still no booking of potential losses as we consider the probability to lose to be less than 50 %
 - The arbitration tribunal will reach its verdict primo November
- Property reinsurance proposal submitted 13th July
 - In line with Protector's communicated increased retention
 - Expecting good terms and conditions from 01.01.2019
- We are prepared and on schedule for a hard Brexit - will be in order in due time

14th June 2018 marked one year since the tragic Grenfell Tower fire in London.

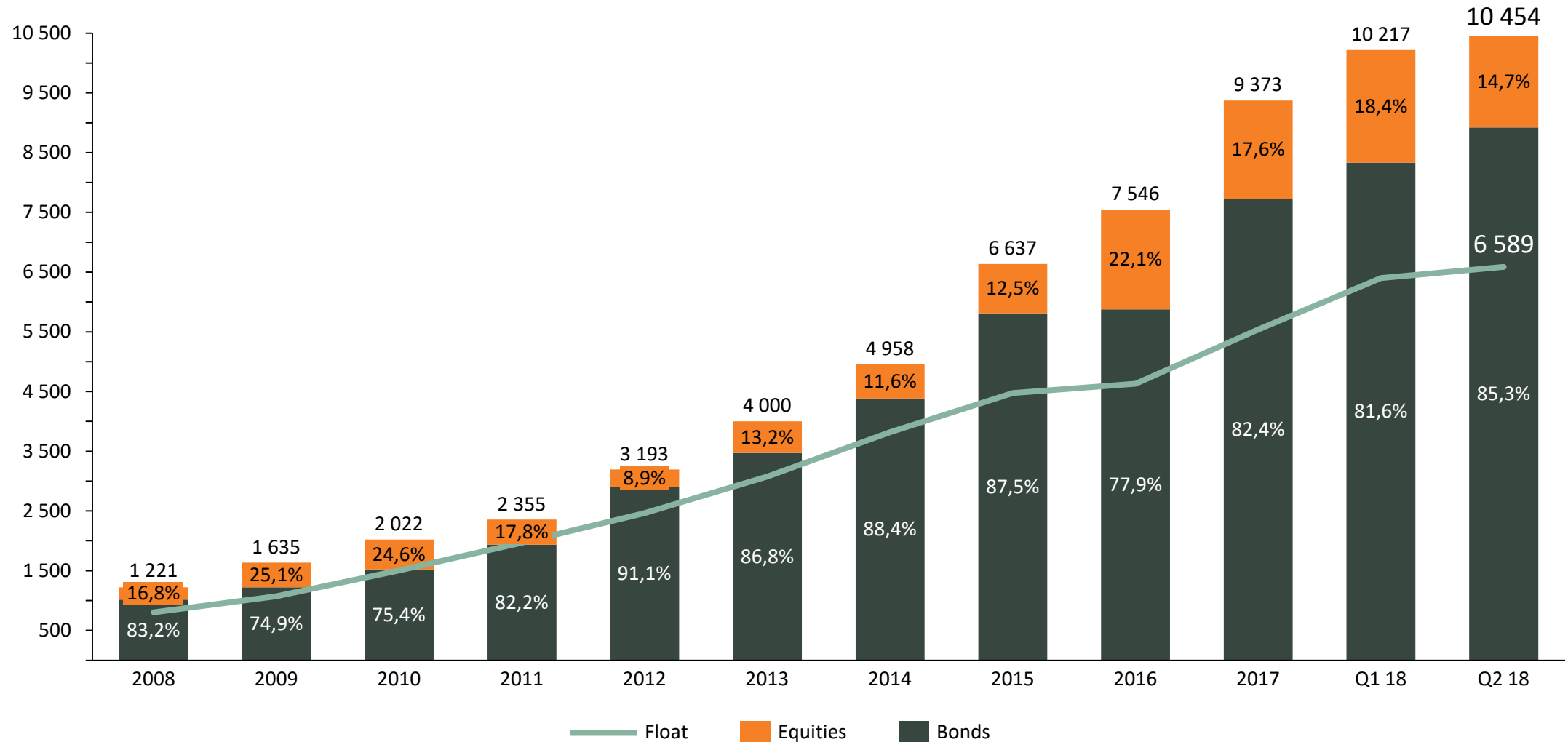


Total insurance reserves still unchanged at £75m

- Site not released and tower not likely to be reinstated. Protector aims to finalise the process of indemnifying the client within 2018 (property)
- Liability is yet to be decided, however we are making payments without prejudice; Paid out loss of contents to the GFT survivors and Established a rehabilitation program for GFT survivors, 85 referrals so far

Investments

Net financial assets > NOK 10 bn, float increasing



Equity portfolio statistics

15 % of total investment portfolio

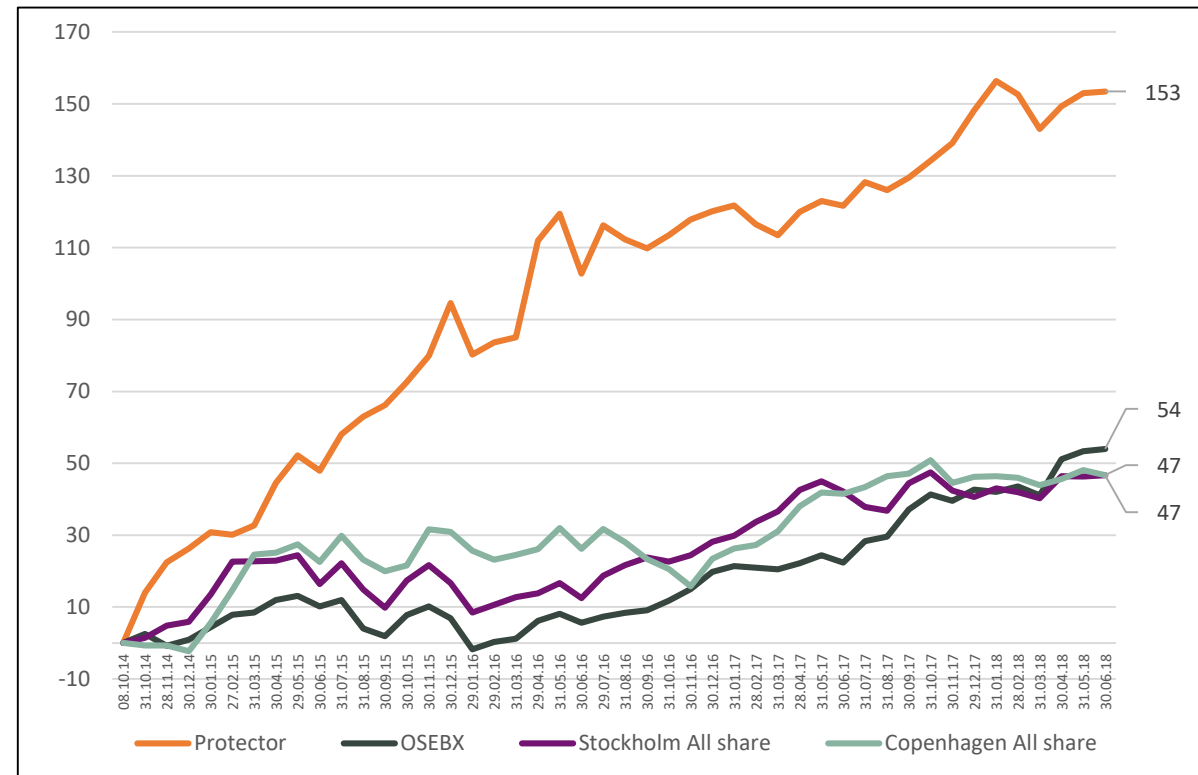


Key Figures	In-house Managed Portfolio	OSEBX
Performance	153,4%	54,0%
Dividend yield	2,1%	3,5%
P/E NTM*	17,7	15,8
3 yr sales CAGR	19,7%	1%
3 yr EPS CAGR	16,7%	1,3%

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

- Comfortable with periods of underperformance as long as underlying performance is good
- Goal to beat market over time
- Equity share of 14,7%, down from 18,4% in Q1

Performance – In-house managed equity portfolio vs. benchmarks (08.10.2014 – 30.06.2018)



Bond portfolio statistics

85% of total investment portfolio

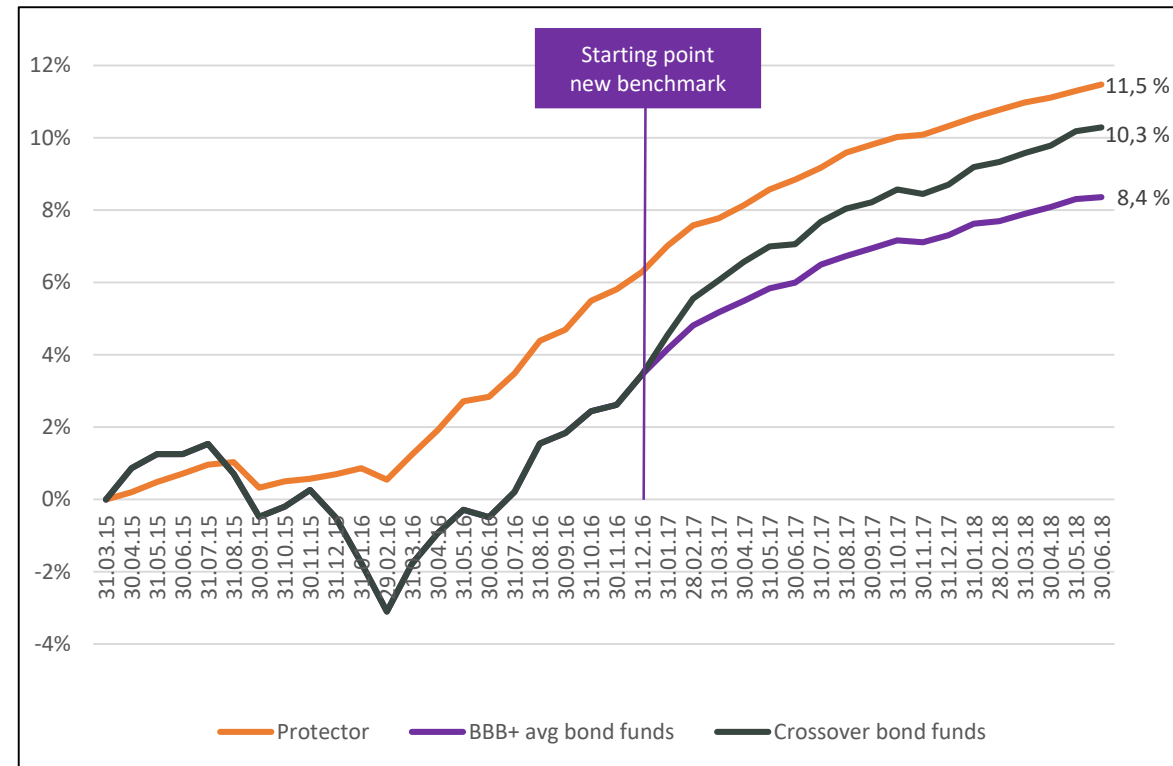


Portfolio data 30.06.2018	
Size bond & cash eq. (NOK m)	8 922
Avg. ref. rate (NIBOR, STIBOR etc.)	0,6%
Avg. spread/risk premium (bp)	115
Yield	1,7%
Duration	0,3
Credit duration	2,4
Avg. rating ¹	A+

¹ Average based on official rating (>65%) and Protector rating (<35%) & is based on linear rating (as usual). WARF methodology would give a lower rating.

- Navigating in a low yielding market
- Goal to beat benchmark over time
- Yield slightly down from Q1, mainly due to NIBOR down -19bp in quarter
- Risk premium is similar as in Q1

Performance – In-house managed bond portfolio vs. benchmarks (31.03.2015 – 30.06.2018)^{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

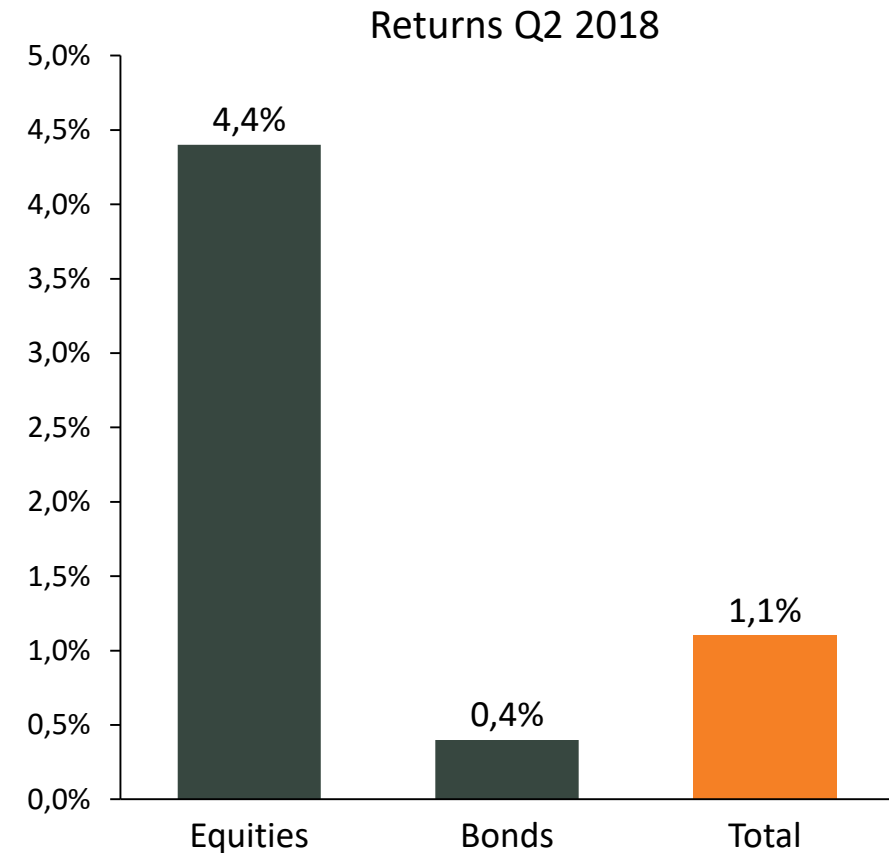
³ Protector graph adjusted for the difference between NIBOR, STIBOR and CIBOR from February and March '17 when portfolios were created in Sweden and Denmark, respectively

Investment performance Q2 2018

Good absolute return for equities - stable spreads for bond portfolio



- 1,1% return on investment portfolio, net investment result of NOK 112,3m
- Equity portfolio return of 4,4%
 - Benchmark: OSBX (9,2%), OMXSGI (4,6%), OMXCGI (2,0%)
 - Portfolio consist of 16 companies
- Bond portfolio return of 0,4%
 - Overall stable spread levels for our portfolio & similar to Nordic bond market
 - Some general spread widening outside Nordic bond market



Profit & loss Q2 2018

14,3 % growth, Combined Ratio 99,5%



[1.000.000 NOK]	Q2 2018	Q2 2017	H1 2018	H1 2017	FY 2017	
Gross premiums written	1 017,5	890,5	3 478,5	2 977,9	4 163,2	Growth of 14,3% (16,4% LCY)
Gross premiums earned	1 195,0	927,3	2 265,8	1 785,9	3 805,5	
Gross claims incurred	(1 064,7)	(1 262,0)	(2 055,3)	(2 046,3)	(4 054,2)	
Earned premiums, net of reinsurance	861,1	757,8	1 631,8	1 468,0	2 925,9	
Claims incurred, net of reinsurance	(828,4)	(675,7)	(1 571,1)	(1 334,0)	(2 647,5)	
Net commission income	30,4	51,1	98,3	137,6	100,2	
Internal sales cost	(21,8)	(17,9)	(44,5)	(34,6)	(70,9)	
Operating expenses	(37,4)	(44,9)	(73,1)	(74,4)	(105,7)	
Other income/costs	(15,7)	(16,2)	(30,6)	(25,2)	(55,9)	
Net financial income	112,3	116,1	114,8	142,6	419,5	ROI 1,1%
Profit before tax	97,4	169,5	122,3	276,8	562,2	
Tax	(25,0)	(22,9)	(2,5)	(60,5)	(85,5)	
Profit before components of comp.income	72,4	146,6	119,8	216,4	476,7	
Components of comprehensive income	(24,7)	24,5	(30,1)	39,5	53,1	
Profit for the period	53,8	165,0	89,7	246,0	516,5	
Claims ratio, net of ceded business	(1) 96,2 %	89,2 %	96,3 %	90,9 %	90,5 %	
Expense ratio, net of ceded business	(2) 3,3 %	1,5 %	1,2 %	-2,0 %	2,6 %	
Combined ratio, net of ceded business	(3) 99,5 %	90,7 %	97,5 %	88,9 %	93,1 %	
Gross claims ratio	(4) 89,1 %	136,1 %	90,7 %	114,6 %	106,5 %	
Gross expense ratio	(5) 7,4 %	7,5 %	7,8 %	7,4 %	7,4 %	
Gross combined ratio	(6) 96,5 %	143,6 %	98,5 %	121,9 %	113,9 %	

Balance sheet Q2 2018

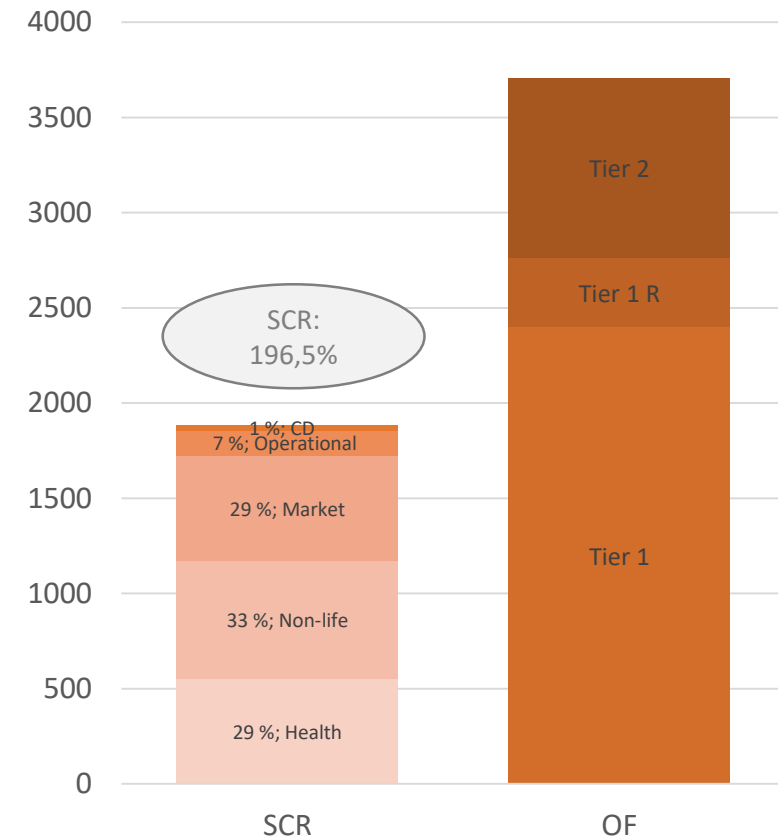
SCR 196,5 % based on standard formula



[1.000.000 NOK]	30.06.2018	30.06.2017	31.12.2017
Owner-occupied property	13,7	13,7	13,5
Financial assets	10 457,9	9 209,5	9 379,4
Derivatives	13,7	2,4	2,5
Bank deposits	213,6	285,5	327,5
Other assets	3 358,5	2 173,8	2 629,5
Total assets	14 057,4	11 685,0	12 352,3
Total equity	2 622,2	2 317,2	2 591,3
Subordinated loan capital	1 243,3	1 241,4	1 243,3
Total reserves	8 565,7	7 282,6	7 049,4
Derivatives	4,6	0,0	9,2
Other liabilities	1 621,6	843,7	1 459,2
Total equity and liabilities	14 057,4	11 685,0	12 352,3

- SCR coverage ratio 196,5% pr. 30.06
- SCR fully covered by Tier 1 capital only
- Full Tier 2 utilization; some Tier 1 restricted capacity
- Total SCR slightly down from 31.03 driven by reduced market risk

SCR ratio composition

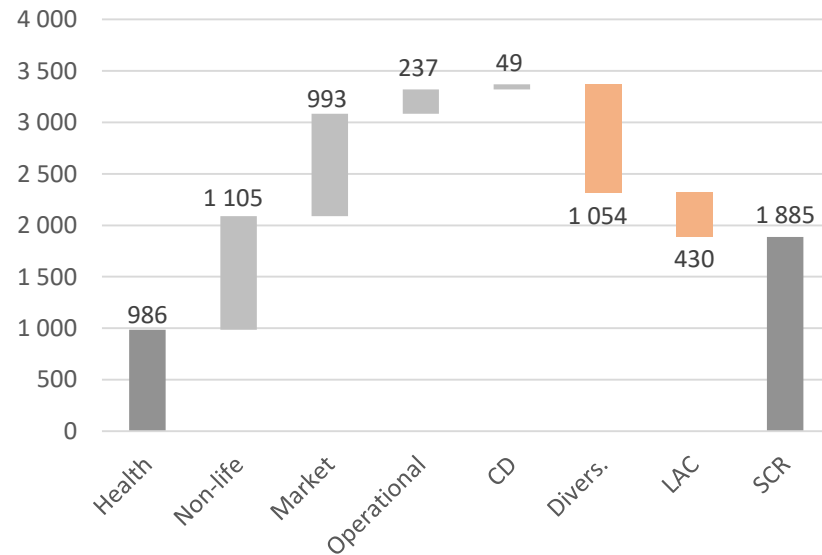


Solvency II

Composition of SCR:

- Net insurance risk 62%
- Net market risk 29%
- Other risks 9%

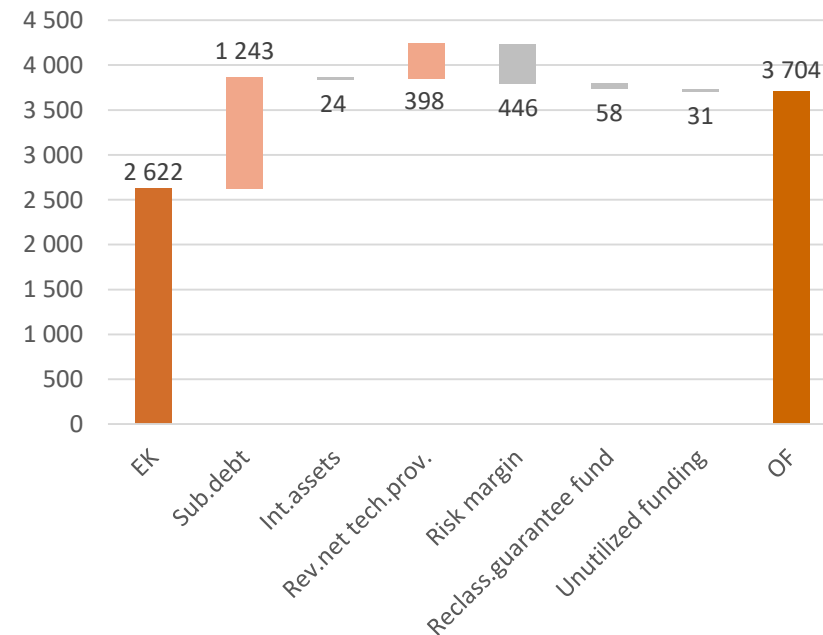
SCR composition



Eligible SII capital:

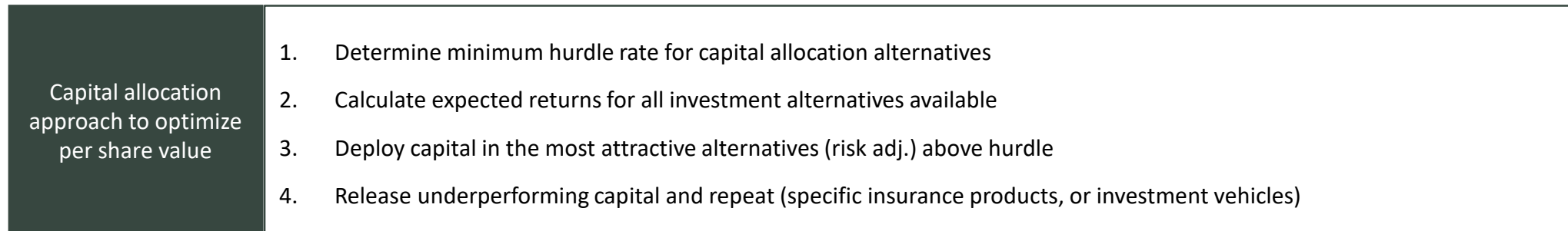
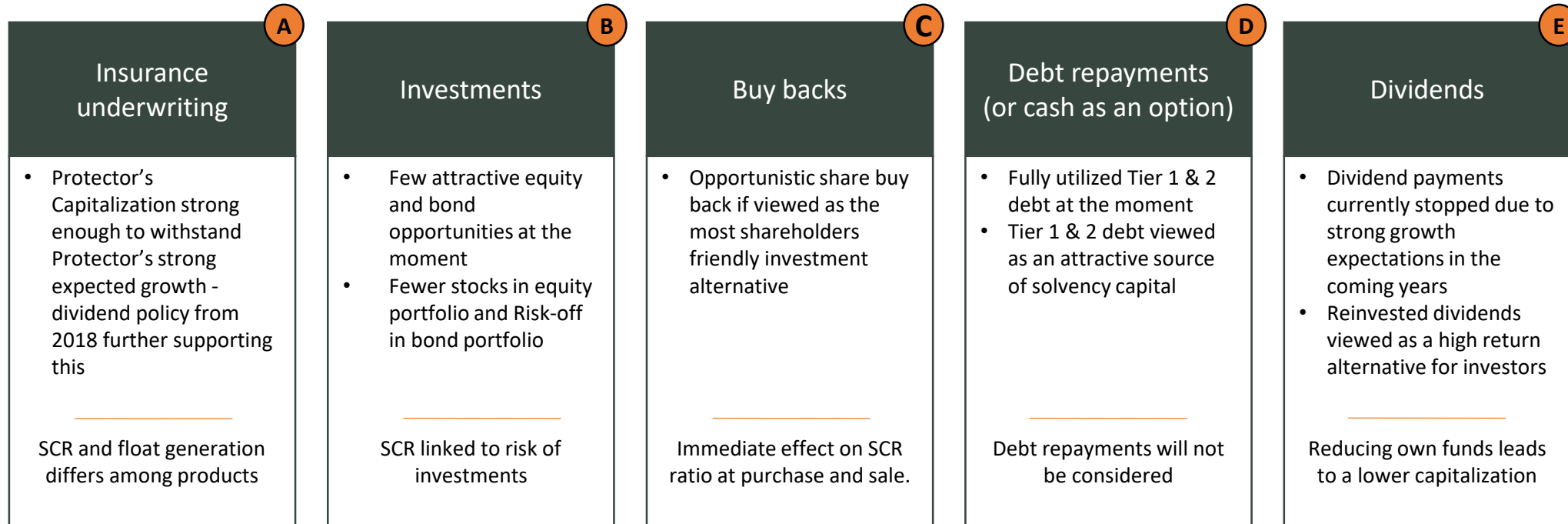
- No dividend
- Guarantee provision subtracted from own funds

Eligible SII capital



Capital situation very strong – significantly above target

Capital allocation alternatives to meet ROE target



Shareholder's matters

Per 30.06.2018

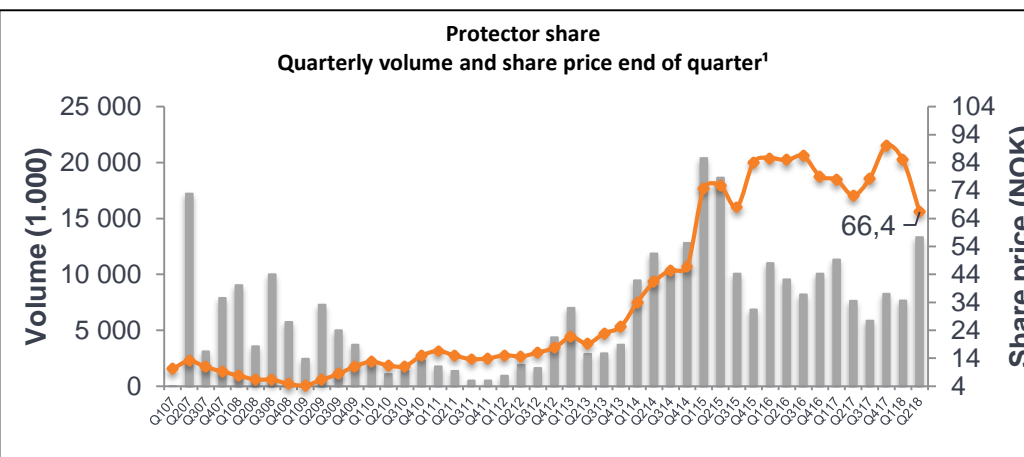


SHAREHOLDER NAME	# SHARES	%
STENSHAGEN INVEST AS	6 550 000	7,60 %
GLOBAL PORTFOLIO INVESTMENTS, S.L.	4 478 076	5,20 %
ODIN NORDEN	3 969 697	4,61 %
OJADA AS	3 563 116	4,14 %
HVALER INVEST AS*	3 186 809	3,70 %
SWEDBANK ROBUR SMABOLAGSFOND	2 833 193	3,29 %
STATE STREET BANK AND TRUST COMP	2 190 728	2,54 %
AWILHELMOSEN CAPITAL HOLDINGS AS	1 867 833	2,17 %
ARTEL AS	1 800 000	2,09 %
MORGAN STANLEY & CO. LLC	1 553 425	1,80 %
FROGNES AS	1 499 916	1,74 %
STATE STREET BANK AND TRUST COMP	1 450 374	1,68 %
NORDNET BANK AB	1 438 804	1,67 %
GENERALI PANEUROPE LTD -GP11940006	1 415 450	1,64 %
SWEDBANK ROBUR NORDENFON	1 350 000	1,57 %
MP PENSJON PK	1 333 301	1,55 %
TANJA A/S	1 225 918	1,42 %
JOHAN VINJE AS	1 187 841	1,38 %
VERDIPAPIRFONDET PARETO INVESTMENT	1 102 731	1,28 %
ODIN NORGE	1 031 201	1,20 %
20 LARGEST	45 028 413	52,26 %
OTHER	41 127 192	47,74 %
TOTAL SHARES	86 155 605	100,00 %

*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
- Chief Investment Officer, Dag Marius Nereng, acquires 2000 shares
- Director Commercial and Public, Henrik Høyve, acquires 2000 shares
- IT Director, Leonard Bijl, acquires 7000 shares
- Protector owns a total of 2465 own shares



¹ Share price adjusted for dividends, no reinvestment of dividends
Data pr. 30.06.2018

Summary Q2 2018

Guiding changed - stronger price increases going forward



- Growth of 14,3% (16,4 % local currency)
- Net Combined ratio 99,5% up from 90,7%
- Multiple unprofitable clients sized NOK 250m not renewed
 - Distribution deals COI and Publ. & Comm. Norway and Denmark
- Stronger price increases will only have partial effect 2018, full effect from 2019
- Unchanged total reserves for Grenfell Tower claim (£75m)
 - Arbitration verdict expected primo November. No potential losses booked
- According to plan in UK, good activity level
- Very strong balance sheet with a SCR ratio of 196,5 % based on standard formula

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



Q&A

Q2 2018 interim 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

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