

Preliminary year end results

Investor presentation, Q4 2017

Oslo, 02.02.2017



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

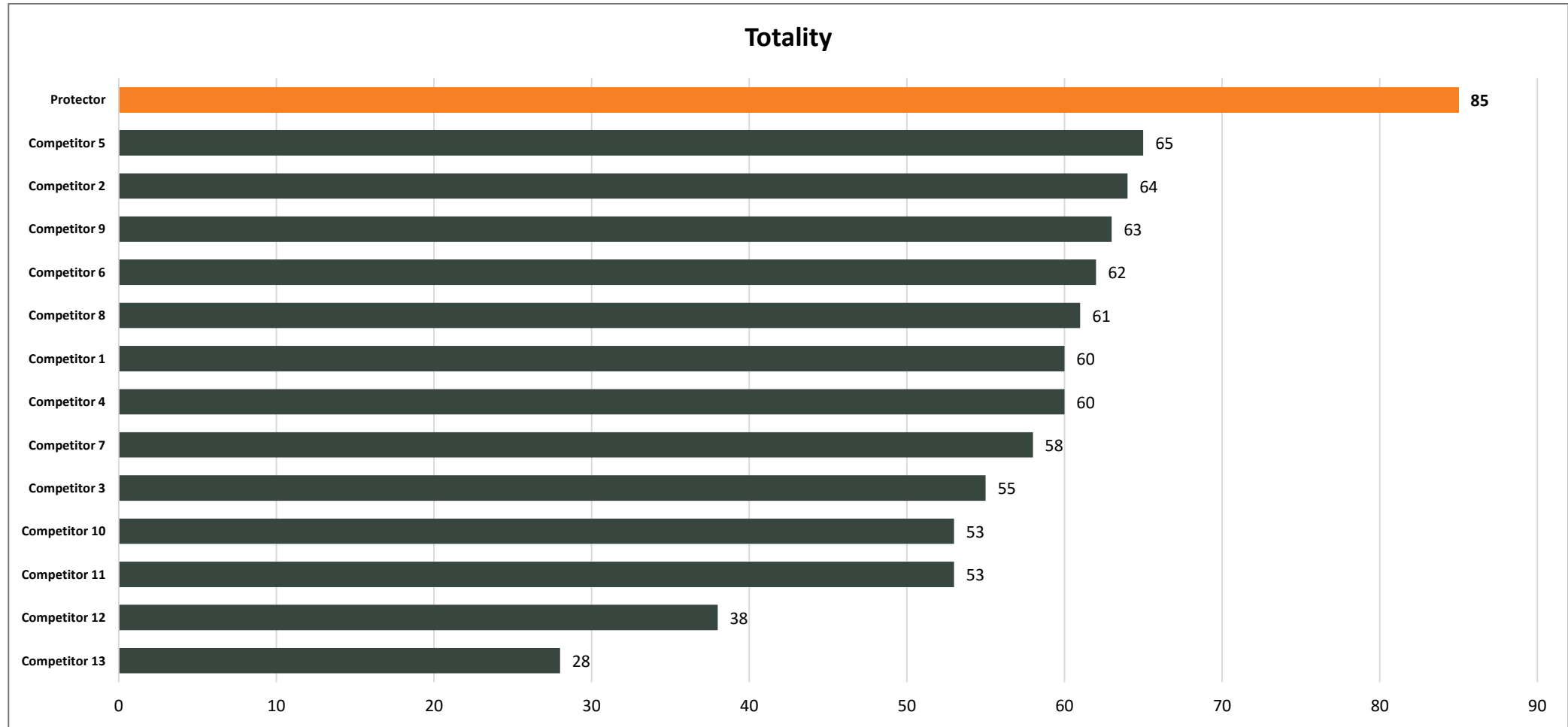
Bold

Committed



Voted the best Insurance company in the UK

Far ahead of #2

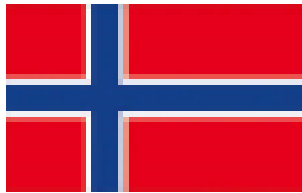


Protector - quality leader in all markets

Proud and humble



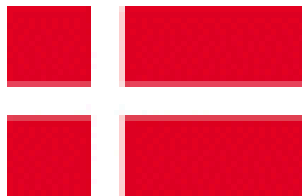
12 years in a row



6 years in a row



Back on top 2018



Far ahead of number two



Straight to the top



Easy to do business with, commercially attractive and trustworthy (our USP)

Highlights 2017 results

21,1 % growth and 19,6 % ROE



- GWP growth of 21,1% (23,1 % local currency)
 - Q4 37,7 % (37,4 % local currency)
- Gross cost ratio 7,4% up from 6,8 %
 - Q4 7,5 % up from 6,9 %
- Net Combined ratio 93,1% down from 97,1%
 - Q4 101,5 % down from 109,5 %
- Profit after tax of NOK 516,5m up from NOK 449,3m
 - Q4 NOK 157,9m up from NOK 83,3m
- Investment return NOK 419,5m or 4,8 %
- AUM NOK 9,4 bn, float NOK 5,5 bn.
- Solvency ratio of 199,4 %, prepared for growth in 2018-2020

Guiding 2018

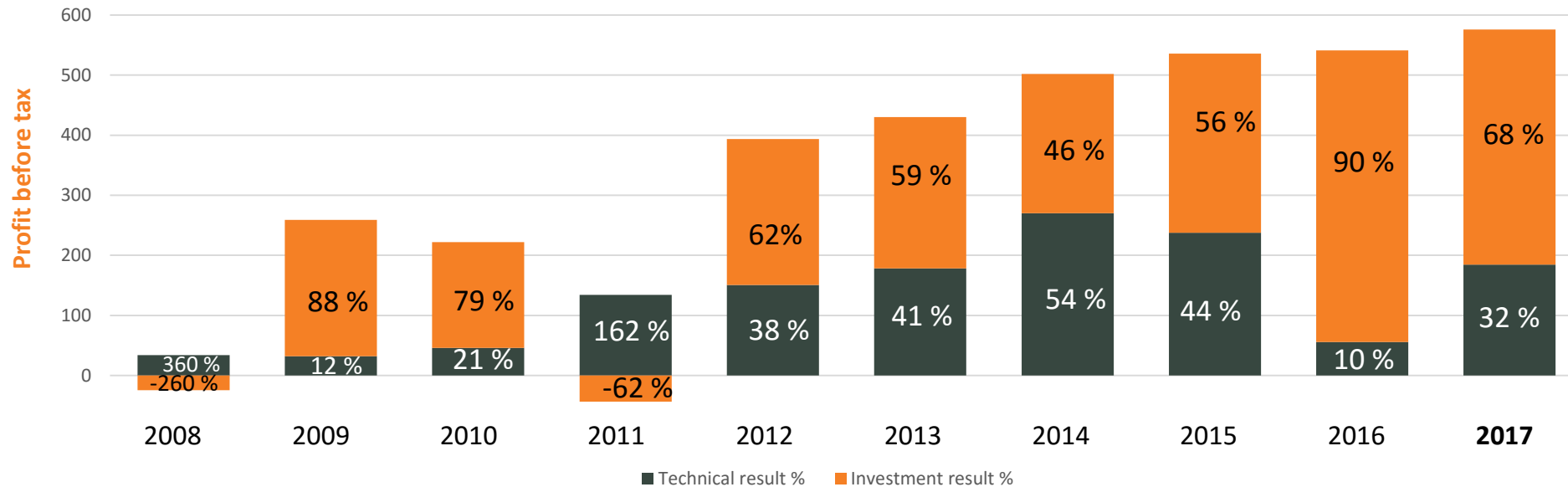
Net combined ratio	92-94 %
Volume growth	20 %
Cost ratio	≈7,5 %

#1

On quality in all countries

Investment result vs technical result – 2008 to 2017

Approx. 75 % of result after tax from investments



Gross written premiums 2017

Growth of 21,1 %

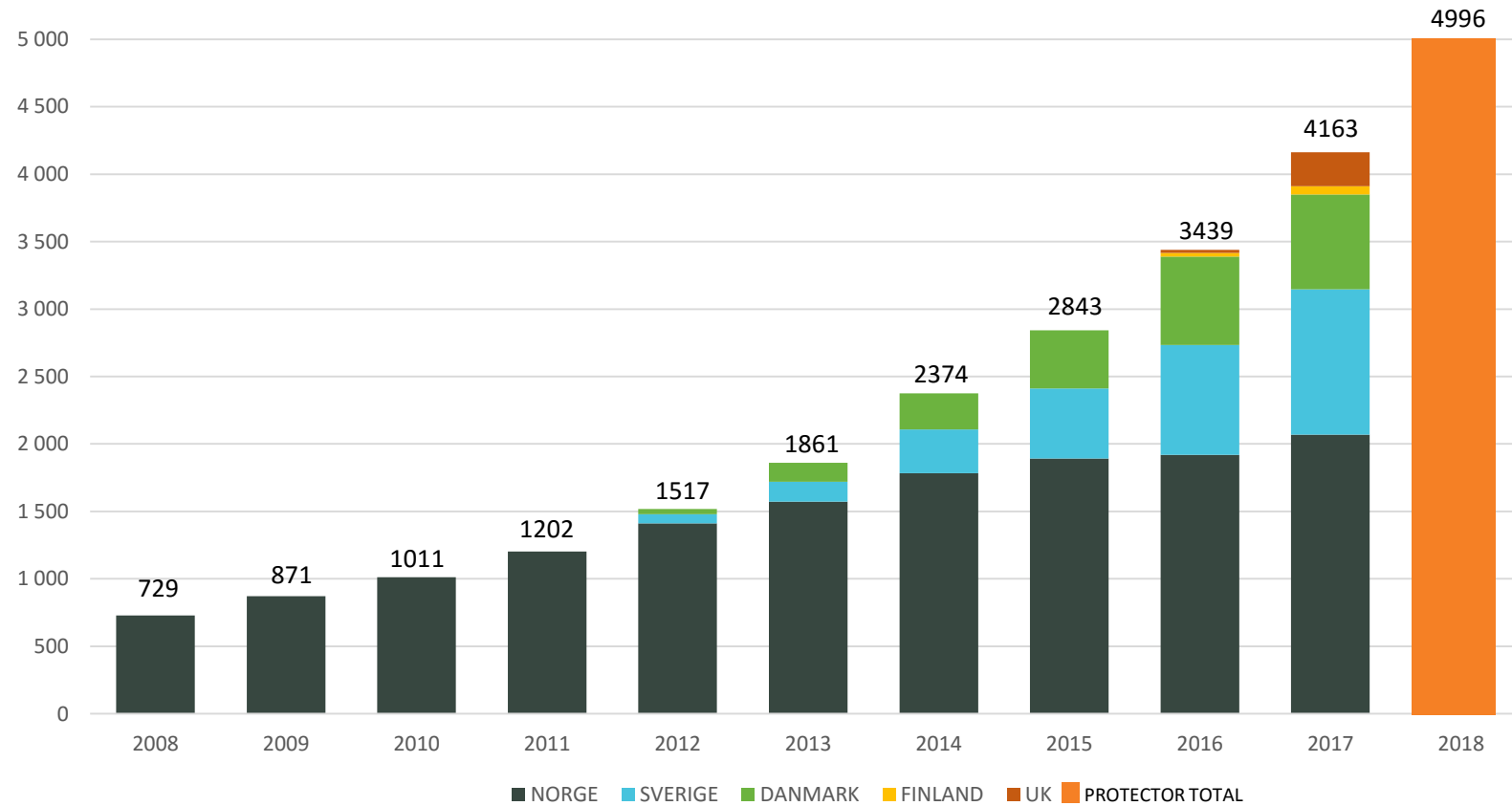


- GWP total NOK 4163,2m up 21,1 %
- Strong growth in Sweden
- Single digit in Norway – as expected
- UK ahead of schedule
- Strong volume start on 2018 - 20 % guiding for the full year

Business unit	17 NOK m	16 NOK m	NOK % growth
Norway Commercial & Public sector	1 517,4	1 393,4	8,9 %
Change of Ownership (COI)	550,6	523,7	5,1 %
Sweden	1 078,3	815,4	32,2 %
Denmark	703,6	655,1	7,4 %
UK	252,9	24,6	930,1 %
Finland	60,3	26,9	124,3 %
Group	4 163,2	3 439,0	21,1 %

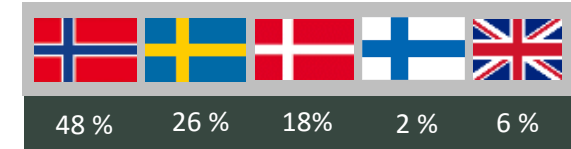
Gross written premiums

10 years in a row with 20 % growth

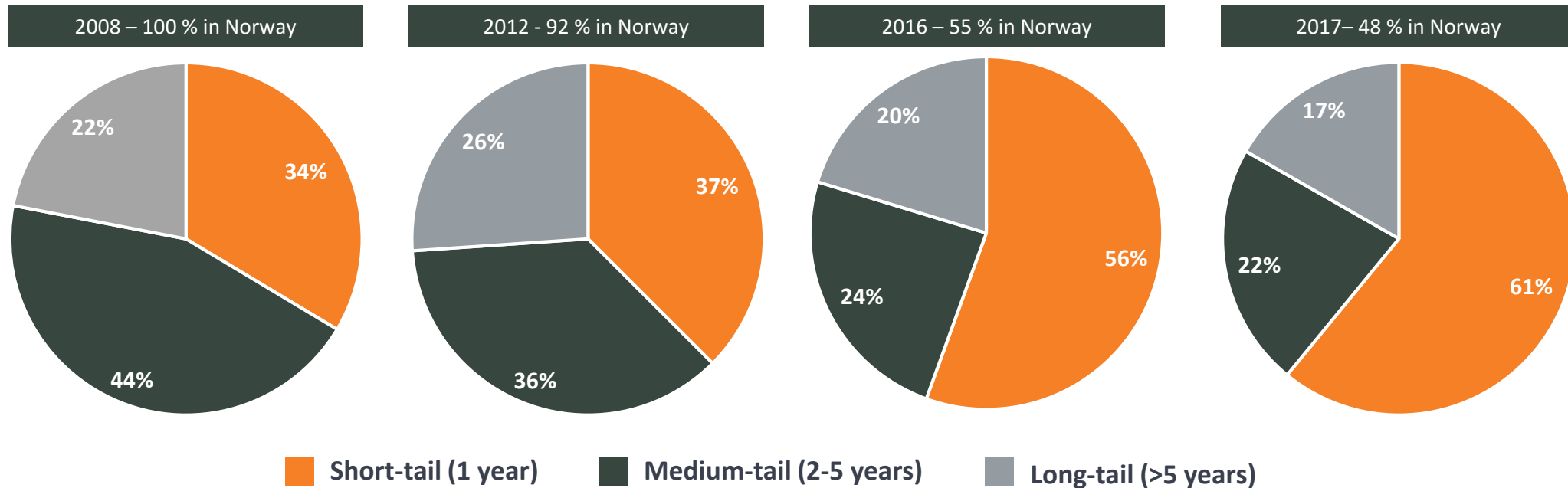


Reduced Risk Profile

Due to product and geographic diversification



- Short tail from **34%** in 2008 to **61%** in 2017
- Geographical diversification increased further in 2017
- Further risk reduction expected next 2-3 years
 - Positive seen from a risk point of view – negative seen from a float point of view

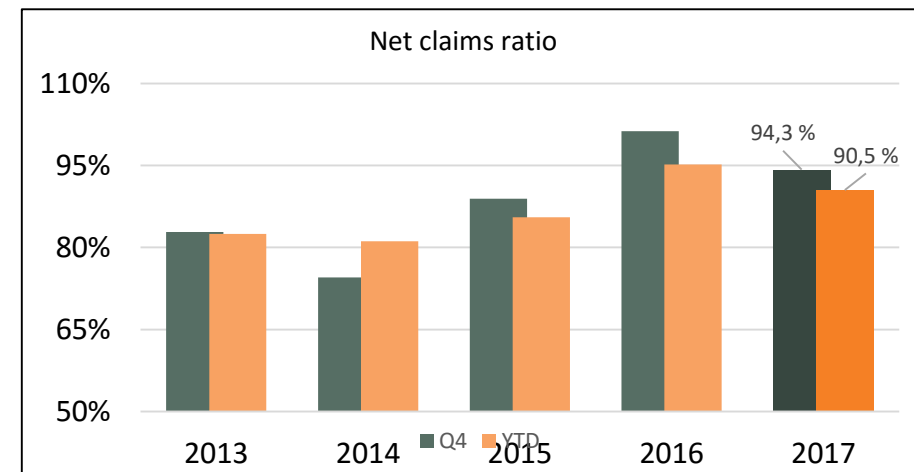
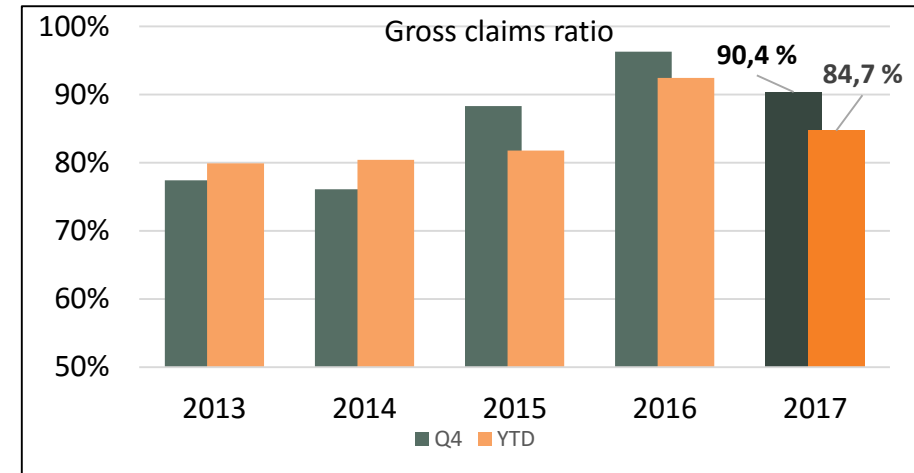


Claims development 2017

*Gross claims ratio exclusive of Grenfell Tower



- Gross claims ratio 84,7 %*, down from 92,8 %
 - Q4 90,4 % down from 96,3 %
- Net claims ratio 89,7 %, down from 95,2 %
 - Q4 94,3 % down from 101,3 %
- Q4 claims ratio in the higher end
 - Both in Norway and Denmark

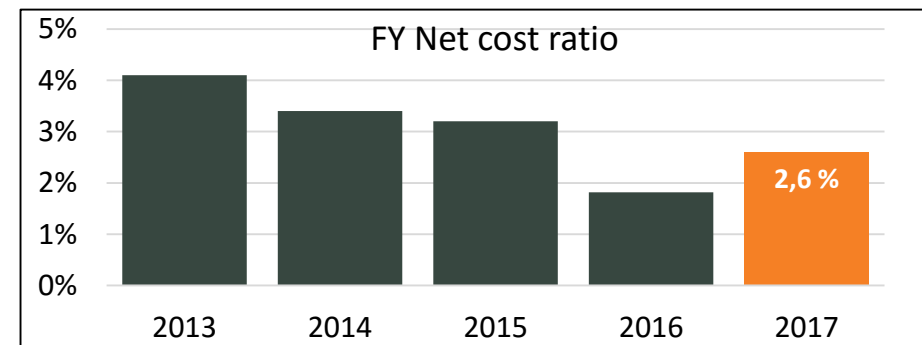
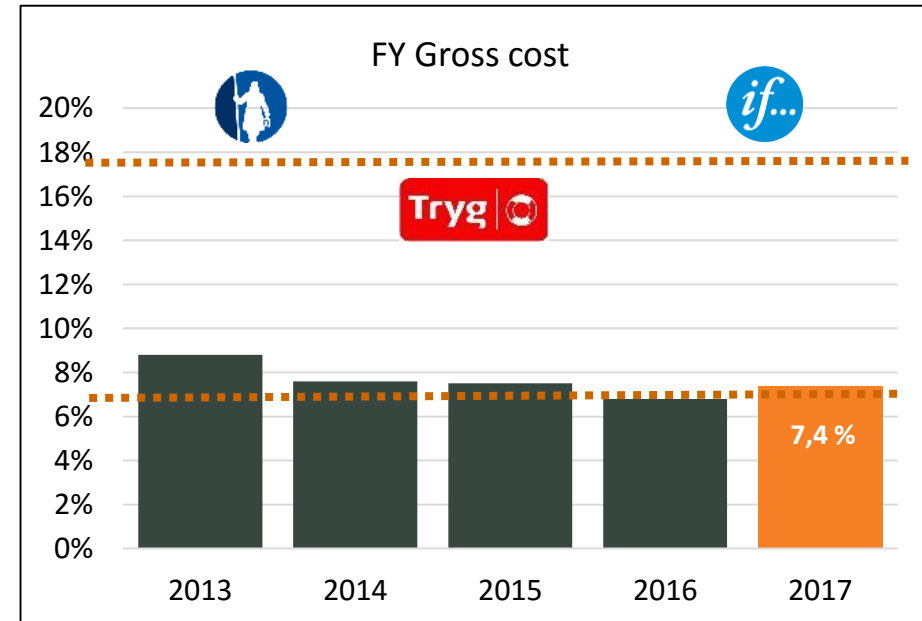


Cost ratio 2017

Cost leader in the world

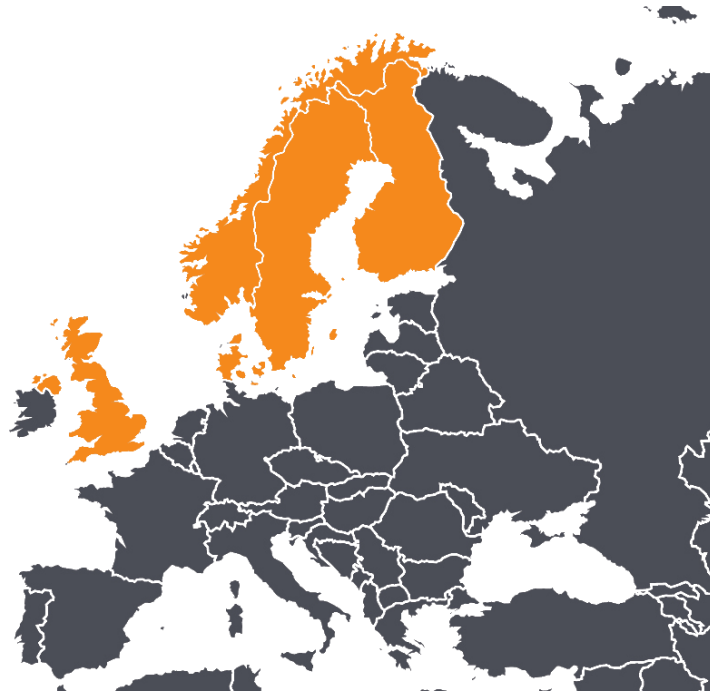


- Gross cost ratio 7,4%, up from 6,8%
 - Q4 7,5 % up from 6,9 %
- Net cost ratio 2,6%, up from 1,8%
 - Q4 7,3 % down from 8,1 %
- Cost on a low level, slightly behind guiding
 - Investments in claims handling, new countries and long term incentive plan driving cost upwards in 2017
- Cost level expected to be stable in 2018 and 2019, then reduced in 2020 and 2021
- Full-time employees 328 up from 273



Business Unit Updates

2017

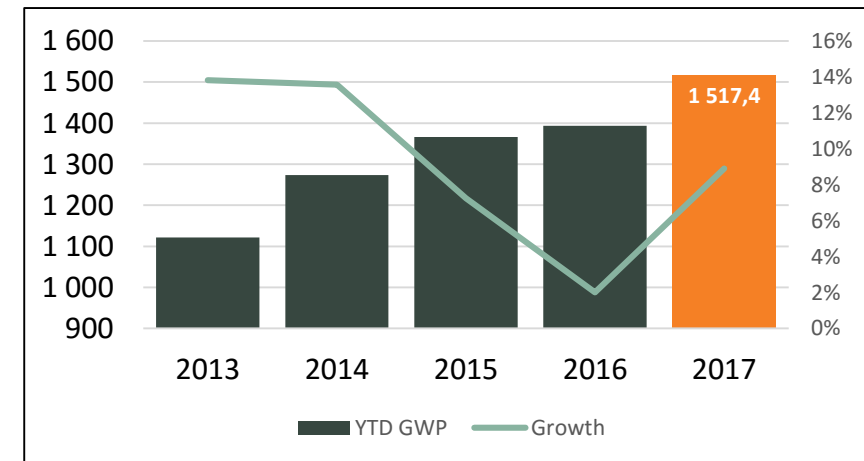


Commercial and Public sector Norway

Yet again voted #1 in broker satisfaction survey



- Volume up 8,9 %
 - Strong new sales during the year – after a slow January 1st
 - Renewal rate (89 %)
 - Continued rate pressure in the market
- Very good hit ratio both on volume and number of wins
- Good profitability, with big variations between products
 - Some price increases done – more to come
 - Public sector with unsustainable rates related to some products. Further price increases and/or volume reduction expected.
- Claims handling efficiency improving, quality on a high level
- Challenging but good hunting season, primarily on larger personal lines of business tenders
 - High activity and good UW-process

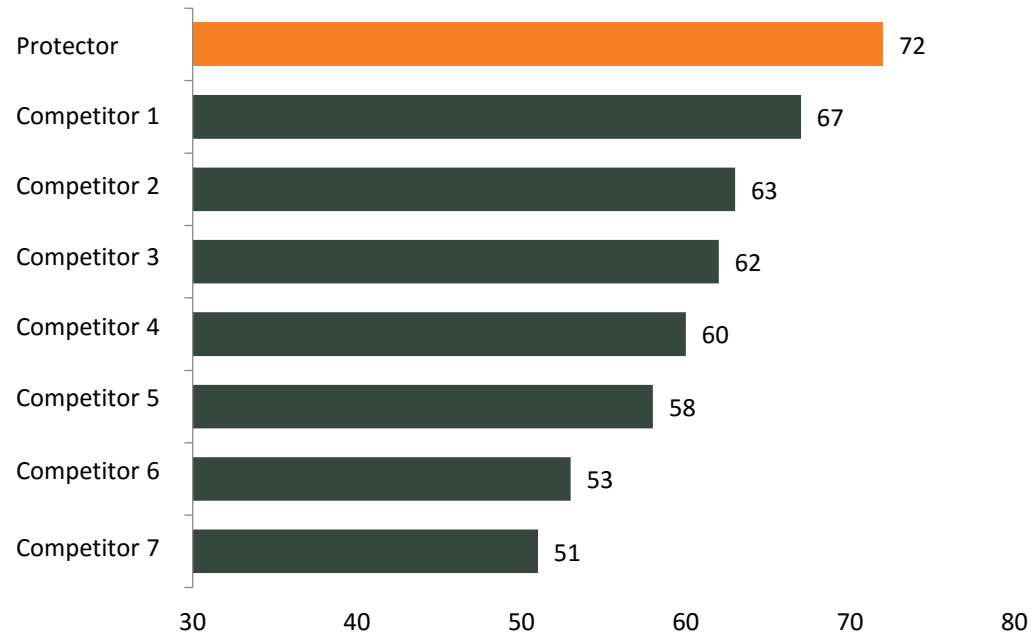


Commercial and Public sector Norway

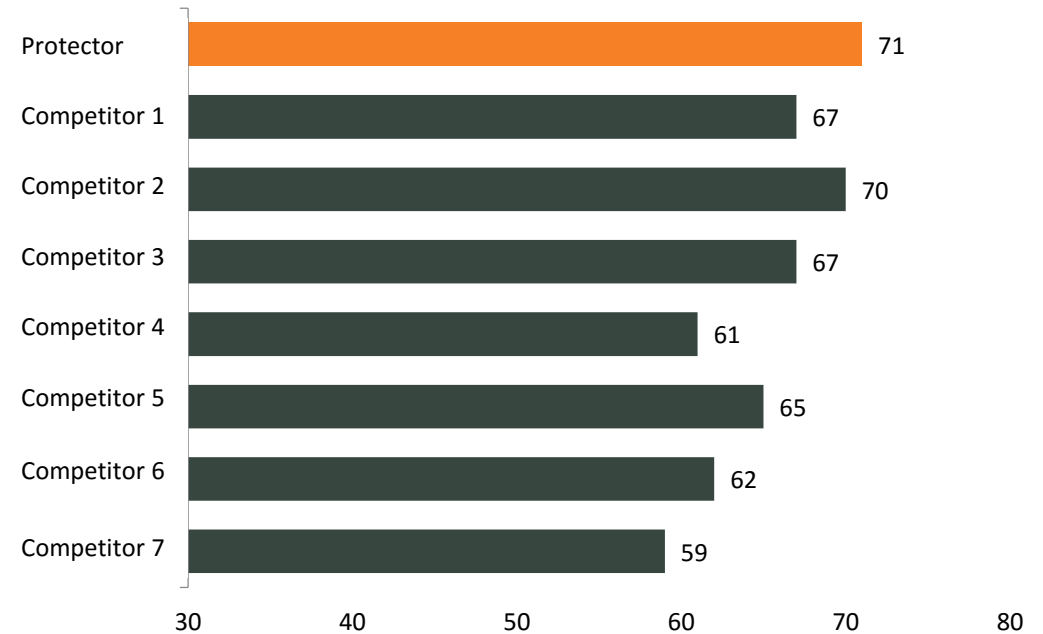
Protector quality leader 12 years in a row



Company totality



Claims handling

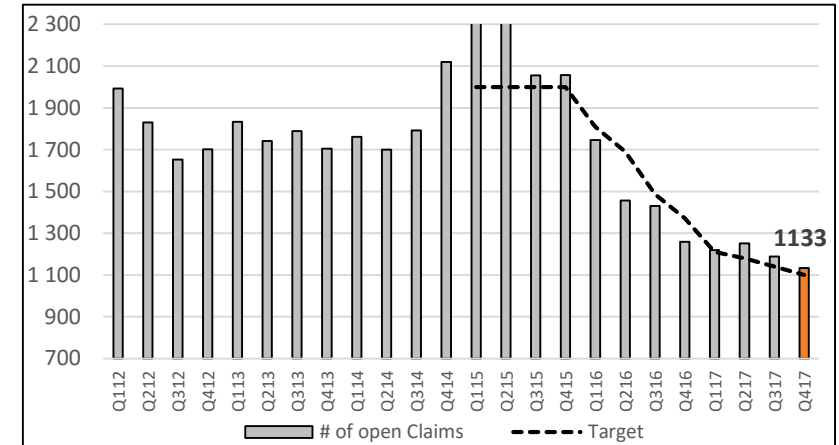


Change of ownership insurance (COI)

Number of open claims historically low

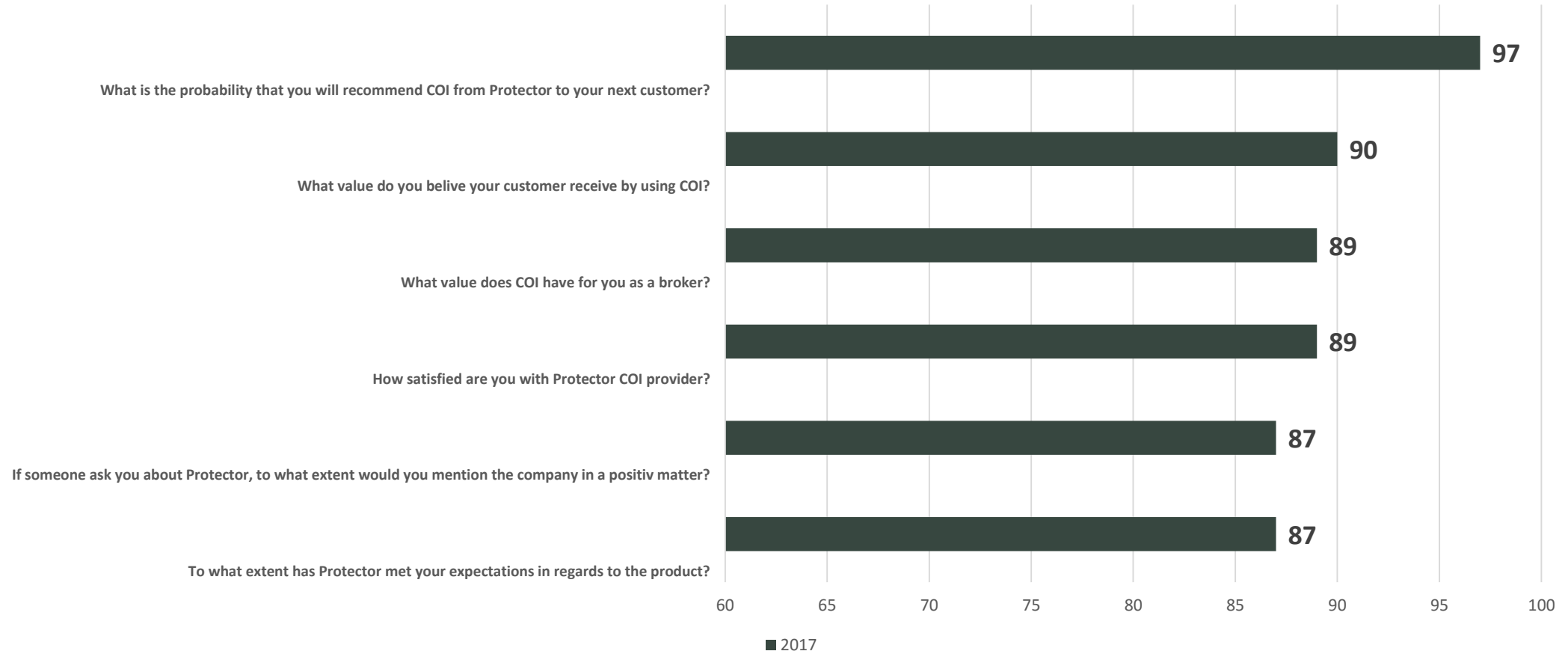


- Volume growth 5,1 %, 0 % growth expected in 2018
 - Real estate prices +5,7% (Y/Y growth)
 - Real estate prices going down last 8 months in 2017
- Strong court results in 2017, very strong in Q4
 - 2017: 44 % - 24 % - 32 % (win, draw, losses)
 - Q4: 50 % - 27 % - 23 % (win, draw, losses)
- Very strong recourse & risk management results – 65 MNOK
 - Recourse on large claims increased in 2017 with 100 % vs. avg. 12-16
- Poor ProTakst (iPad-app for technical surveys) market penetration
- Winner of Cultural Lead 2017 - great moral boost
- Historical high KPI's in all areas



Change of ownership insurance (COI)

Worlds best quality survey – year after year

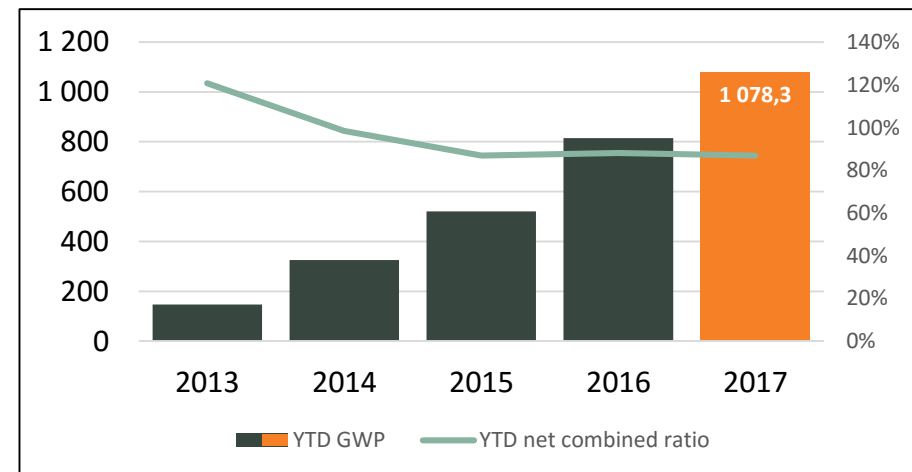


Sweden

GWP 1 bn NOK reached



- Volume up 32,2 % (37,9 % LCY)
 - Despite two very large non-renewals
- Very good hit-ratio both on number of accounts and volume
- Gross combined ratio of 92,0 % up from 84,6 %
 - Q4 80,6 % down from 113,5 %
- Net combined ratio of 87,0 % down from 88,1 %
 - Q4 89,6 % down from 124,1 %
- Efficiency increase in the Claims Handling 16 %
- Strong performance culture ready to stand in the forefront to reach 2020 efficiency target (+40 % efficiency increase)

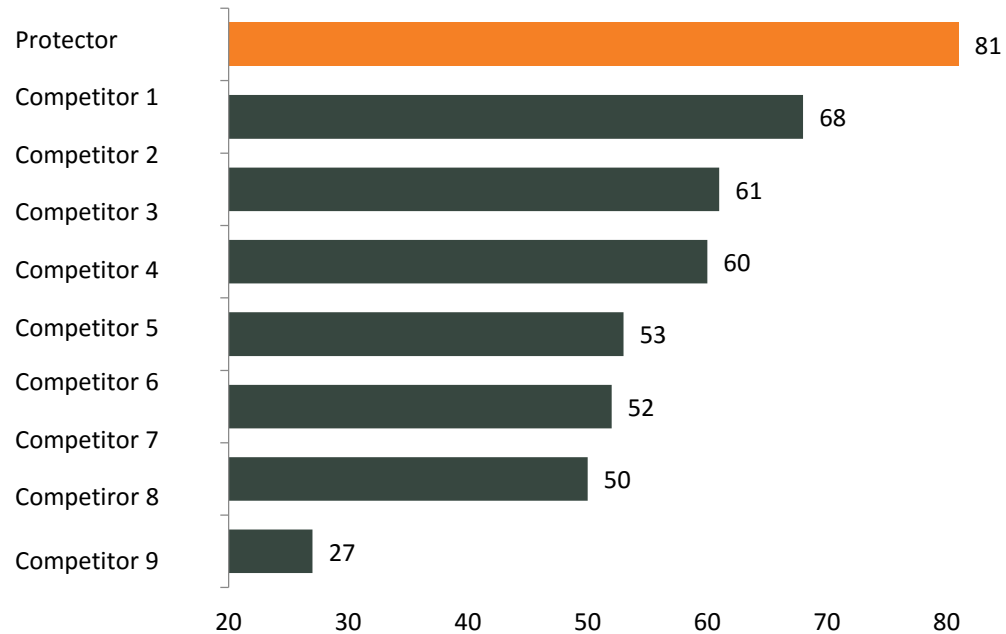


Sweden

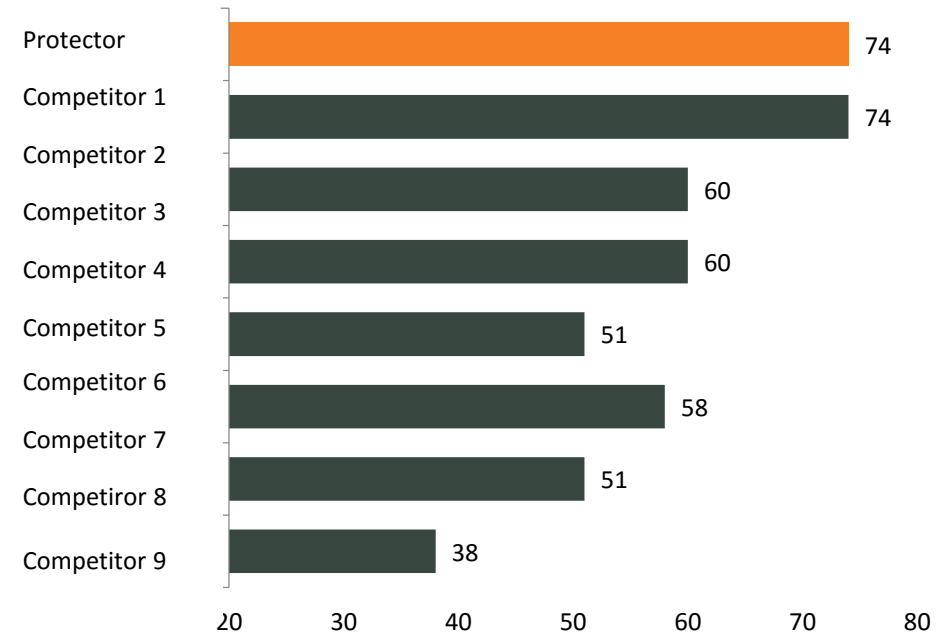
The quality leader setting new standards



Company totality



Claims handling

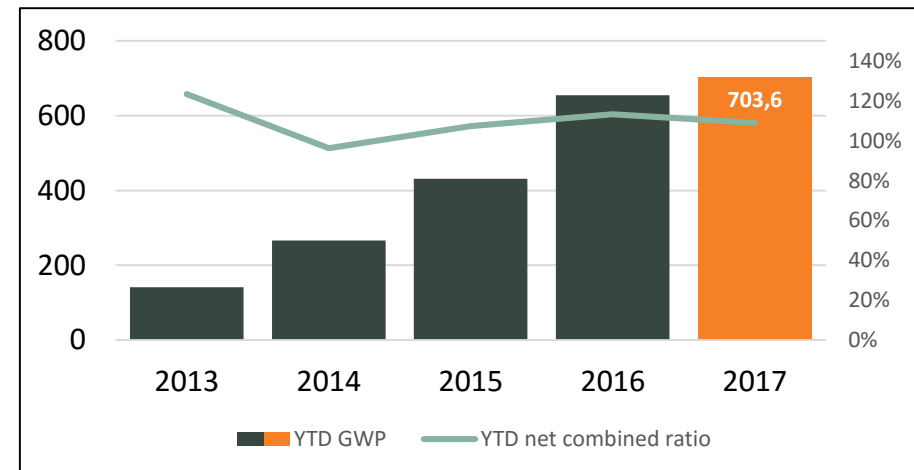


Denmark

Halfway in turn around process, on top of quality again



- Volume up 7,4 % (11,4 % LCY)
 - Portfolio «clean up» in action
 - Market leader in public sector – still growing
- Gross combined ratio of 102,7 % down from 109,2 %
 - Q4 poor claims quarter (111,8 %)
- Net combined ratio of 108,9 % down from 113,2 %
 - Poor Q4 driven by some medium/large sized claims
 - Further price increases and portfolio clean up already done
 - Claims Ratio WC around 100 % as expected and communicated
- Operating profit before tax NOK -30m
- Limited growth, but further profitability improvements expected in 2018
- New management team up and running, some recruitments on its way

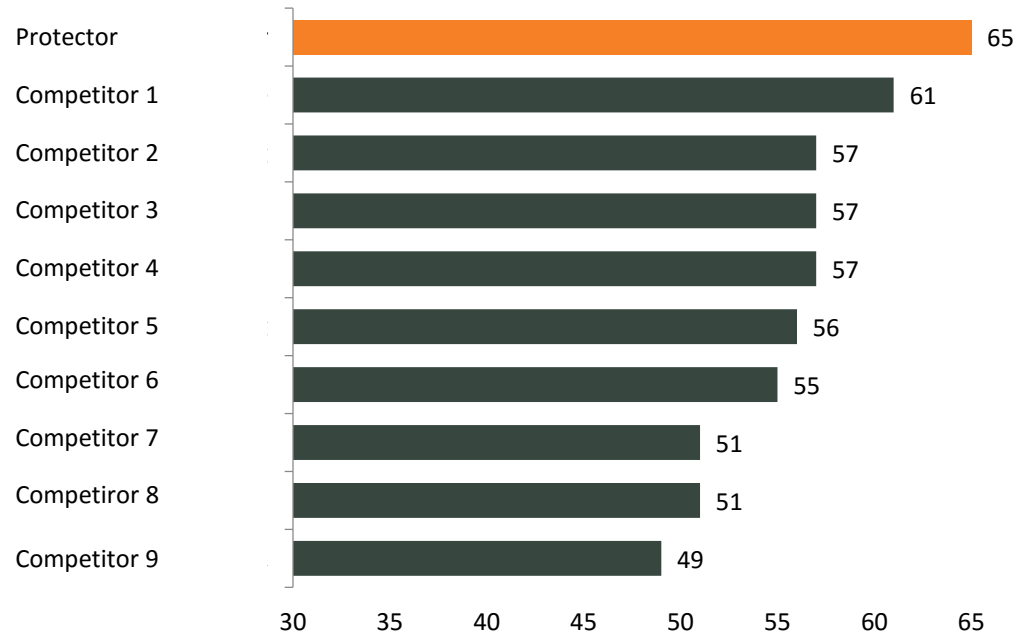


Denmark

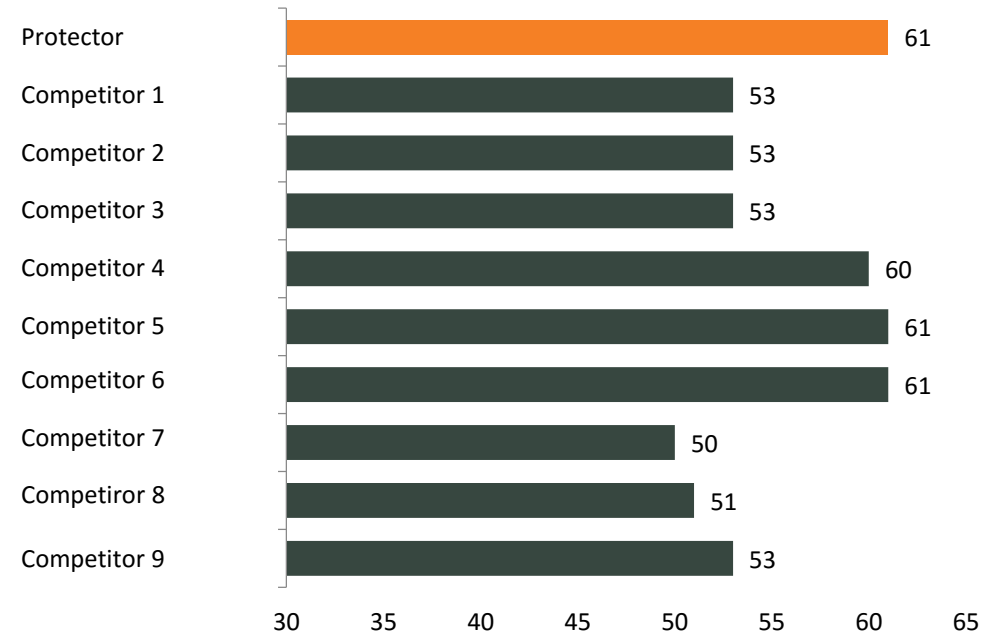
Back on top – Bravo



Company totality



Claims handling

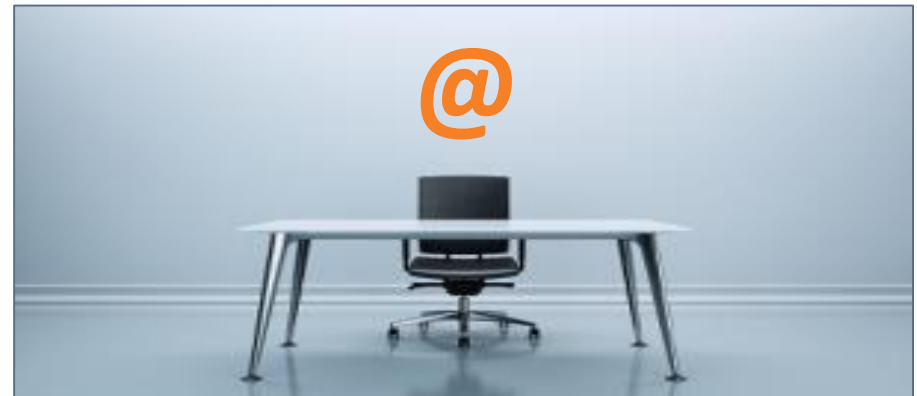


Finland

Good growth, but on a small volume – strong team ready for 2018



- Volume up 124,3 % - according to plan
 - Very good hit rate public, low in commercial
- Warmly welcomed by brokers
- Profitability - too early to say
- Very good claims service – in line with our high service standard
- Claims@net – most customers use e-services
 - 60 % of all claims are reported online

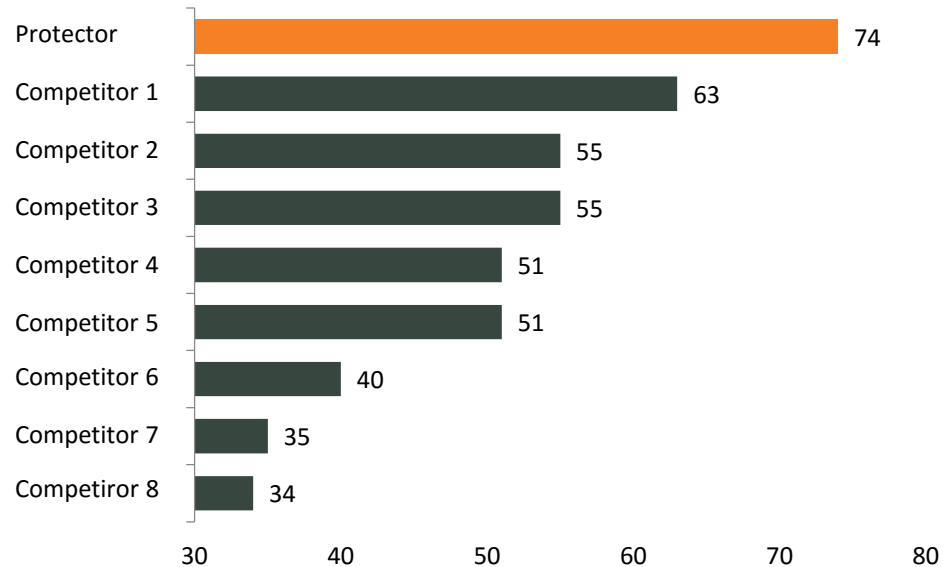


Finland

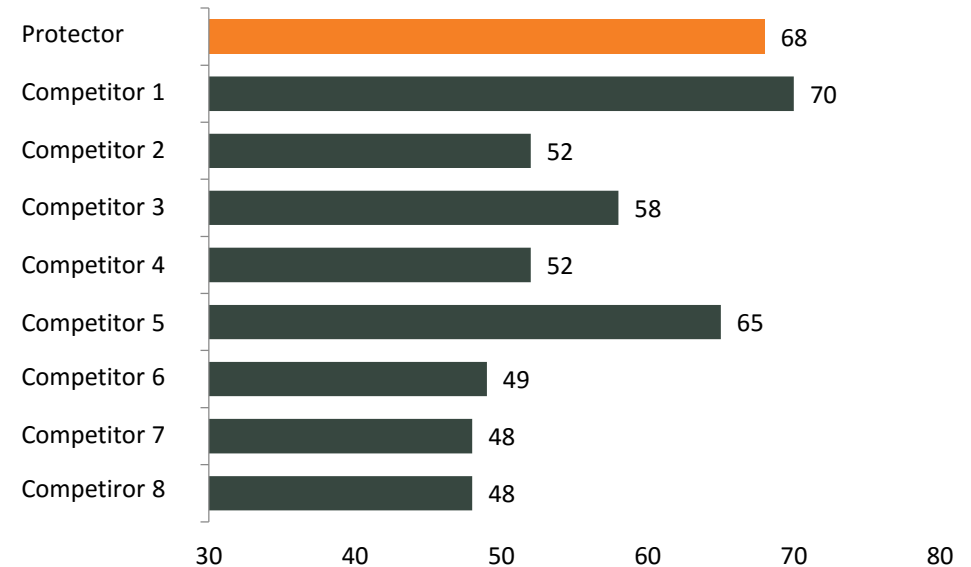
Straight to the top



Company totality



Claims handling



Important

There is a tendency in the second quality survey that Protector's quality score is reduced as a result of a combination of new standards and recalibrations

UK
Ahead of schedule



Claims handling

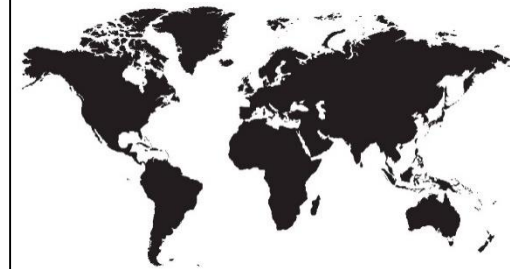
- Manage claim and client
- Keep lawyer cost at decent level
- Process is key
- Align with reinsurance companies
- Proactive and professional communication to involved parties and other stakeholders (brokers)

Reinsurance

- Claims handling involvement and support
- Challenging UK casualty renewal completed
- Align reinsurance with Risk Management, UW and renewal season
- UK Casualty Reinsurance contract renewal completed – acceptable terms

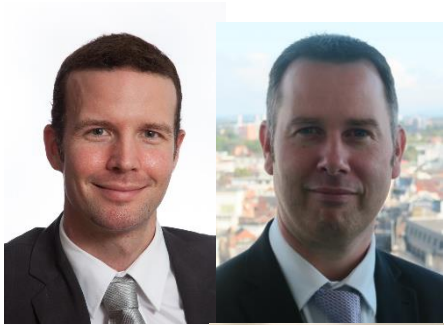


World leading reinsurance partners



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

The four Grenfell Tower projects



Risk Management/ UW

- RBKC walk-through
- Lesson learned from Grenfell Tower
- UW well done
- New broker and client initiatives incl. inspections



Inspection examples

Construction

Cladding

- A large number of risk improvements already implemented

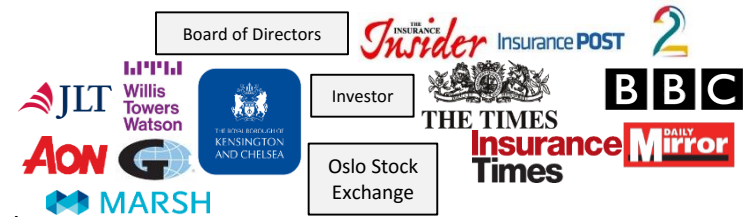
Media/Communication

- Reactive and open
 - On the spot and credible
- No media advisor
 - All requests handled internally
- We are in the periphery
- No scandals so far
- Sverre Bjerkeli Keynote speaker at Post Claims summit in London
 - 120 Claim handlers present



All media answered
All parties informed
Always

World leading reinsurance partners



Reinsurance dispute

Disagreement regarding the Grenfell Tower Property loss split



- Our property Reinsurer has raised questions regarding the Grenfell Tower loss split
- Background is further described in notification to the market 17.11.2017
- Three different legal opinions support Protector's position
- An acceptable compromise with the Reinsurer has not happened
 - Arbitration letter expected to be sent shortly
 - Arbitration will probably be finished late Q3
- If arbitration is lost, the maximum additional loss is estimated to be NOK 100m
 - Protector has not increased reserves of the claim based on today's situation

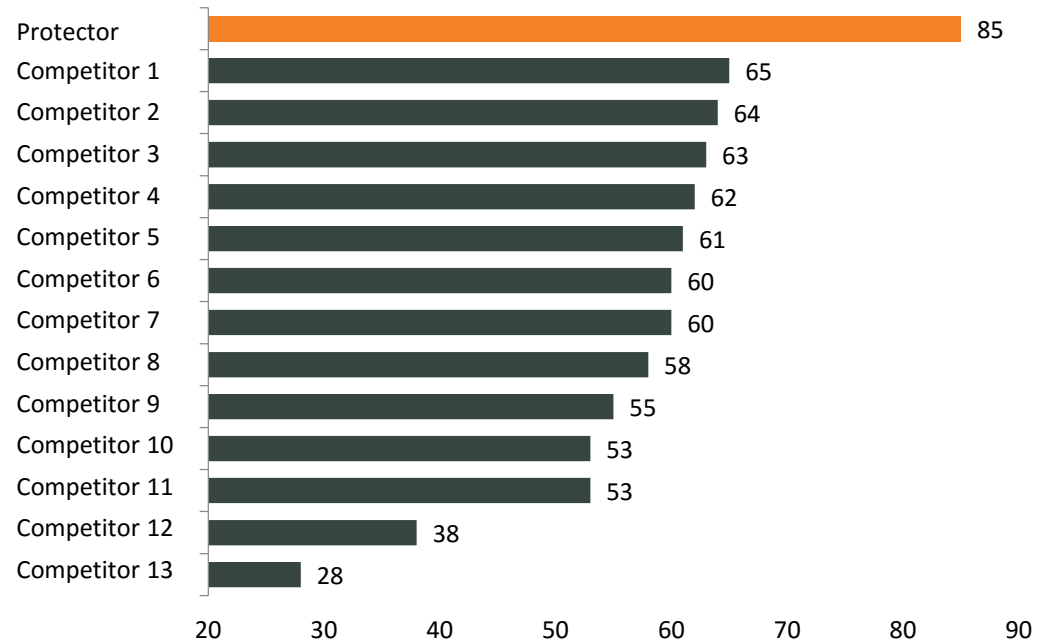


Broker Satisfaction UK

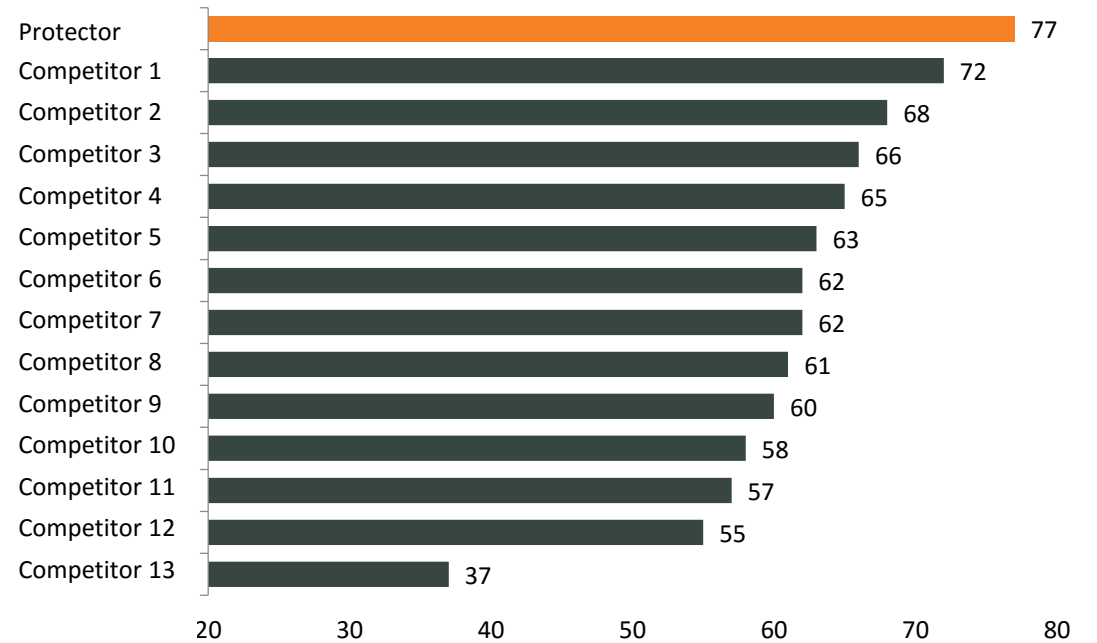
Far ahead of #2



Company totality



Claims handling



Important

There is a tendency in the second quality survey that Protector's quality score is reduced as a result of a combination of new standards and recalibrations

Broker Satisfaction Survey UK

Protector's Quality evaluated by professional Brokers - Perception is Reality



- Quality survey initiated by the Challenger, attacking the UK market
- Documented quality leadership in the Nordics
- Survey performed by Kantar TNS – a world leading insight and polling company
- 8 broker firms invited to respond, 5 responders, 63 %
- Of the 109 invited brokers, 51 responded, a response rate of 47 %



KANTAR TNS

UK Growth – Good progress in Three Segments

125 clients onboard, brokers appreciating The Challenger



- Fully operational and quoting “all” tenders in **Public Sector**
 - Warmly welcomed by brokers and local authorities, ~ 55 clients in portfolio
- Slowly gaining access to more opportunities in **Commercial Sector**
 - Focused broker approach, high market activity, ~ 35 clients on board
 - Motor largest line of business, property, EL and PL opportunities increasing in Q4
- The “youngest” segment, **Housing Associations**, proves to be Protector’s arena
 - Partnership with experienced broker, low excess levels, cost leadership is key differentiator
 - ~ 35 clients won

Volume estimates UK

Ahead of schedule



Volume full year 2016

25 MNOK



Volume full year 2017

252,9 MNOK

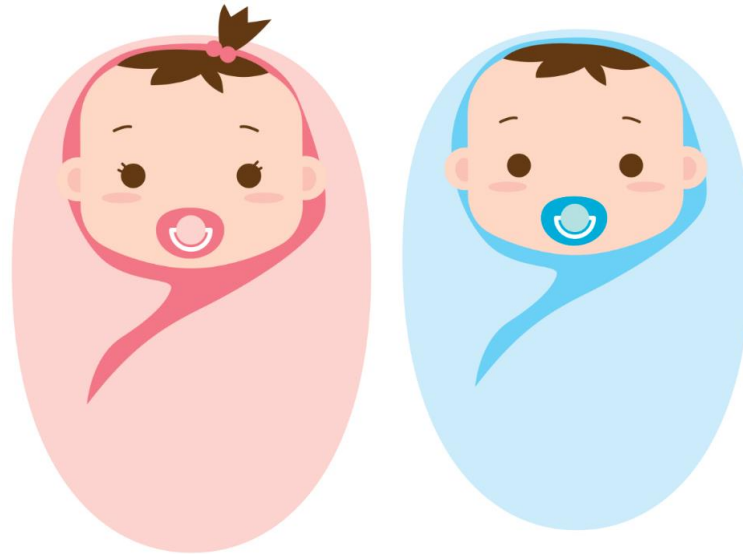


Updated estimate 2018

>500 MNOK

Investments

Core Business



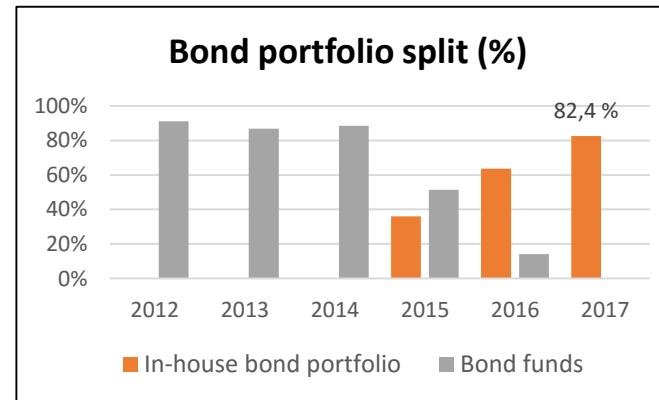
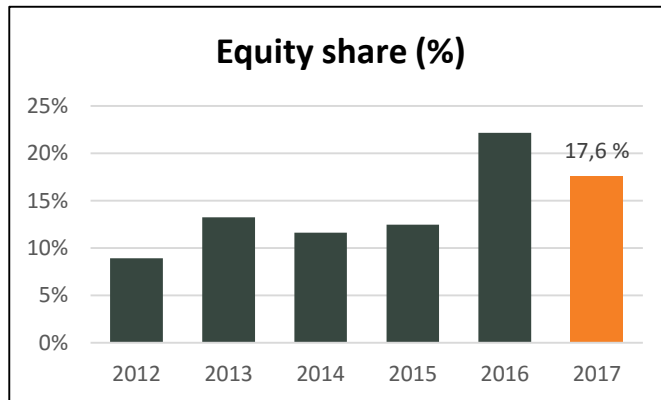
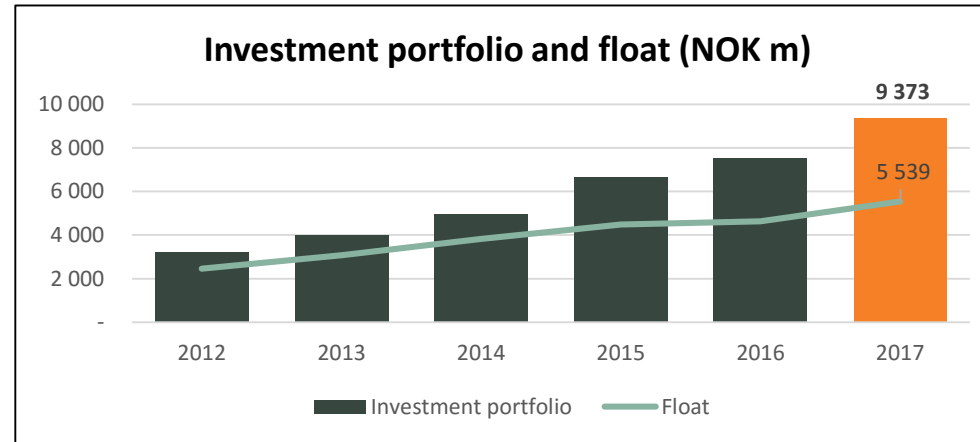
We consider Insurance and Investments as
twins

-

Remember 75 % of profit after tax from
Investments 2008-2017

Investments

Investment portfolio passed 10 bn. January 2018



Insourcing of bond portfolio completed – bond funds can be an alternative in certain market situations

Portfolio statistics equities

Behind benchmark in 2017 – satisfied with underlying company development



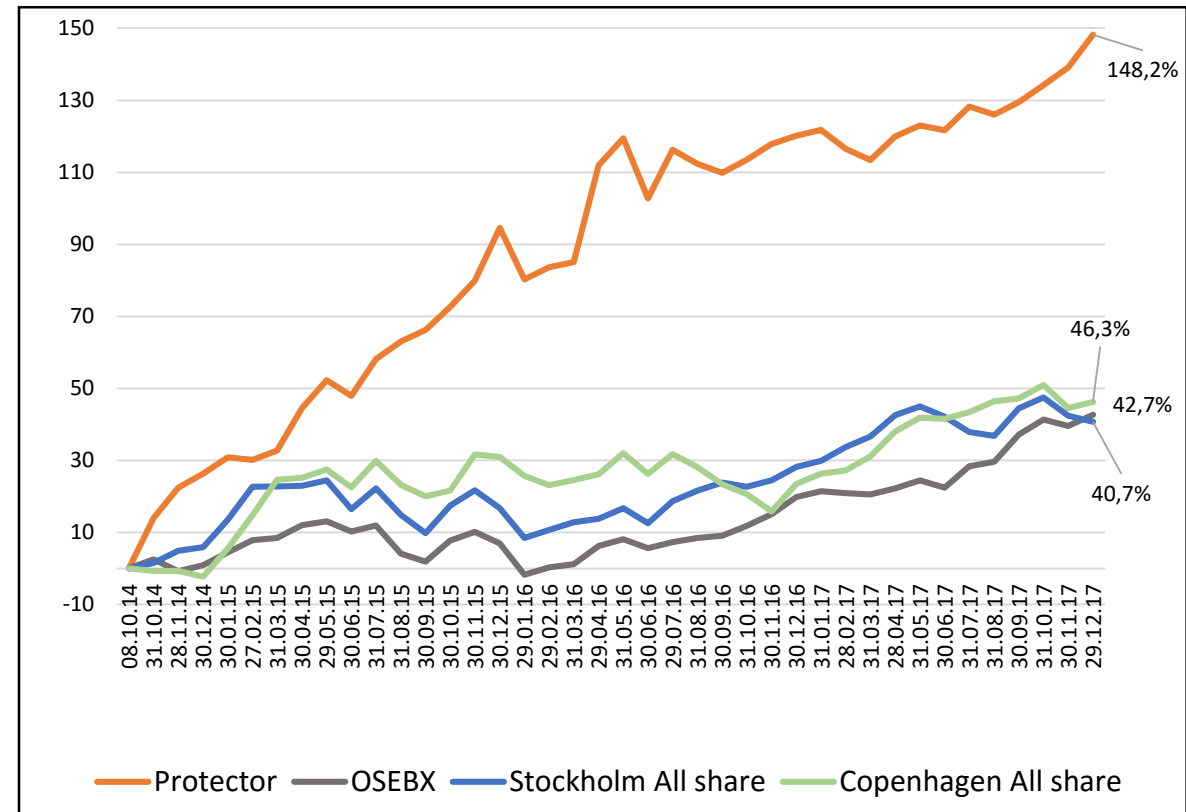
Key Figures	Protector portfolio	OSEBX
Performance	148,2 %	42,7 %
Dividend yield	2,2 %	3,2 %
P/E NTM*	19,5	17,0
3 yr sales CAGR	20,0 %	2,8 %
3 yr EPS CAGR	31,8 %	0,5 %

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

Comments

- Excellent result since inception
- 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 – 31.12.2017)



Portfolio statistics bonds

«Risk off» continued – average rating A



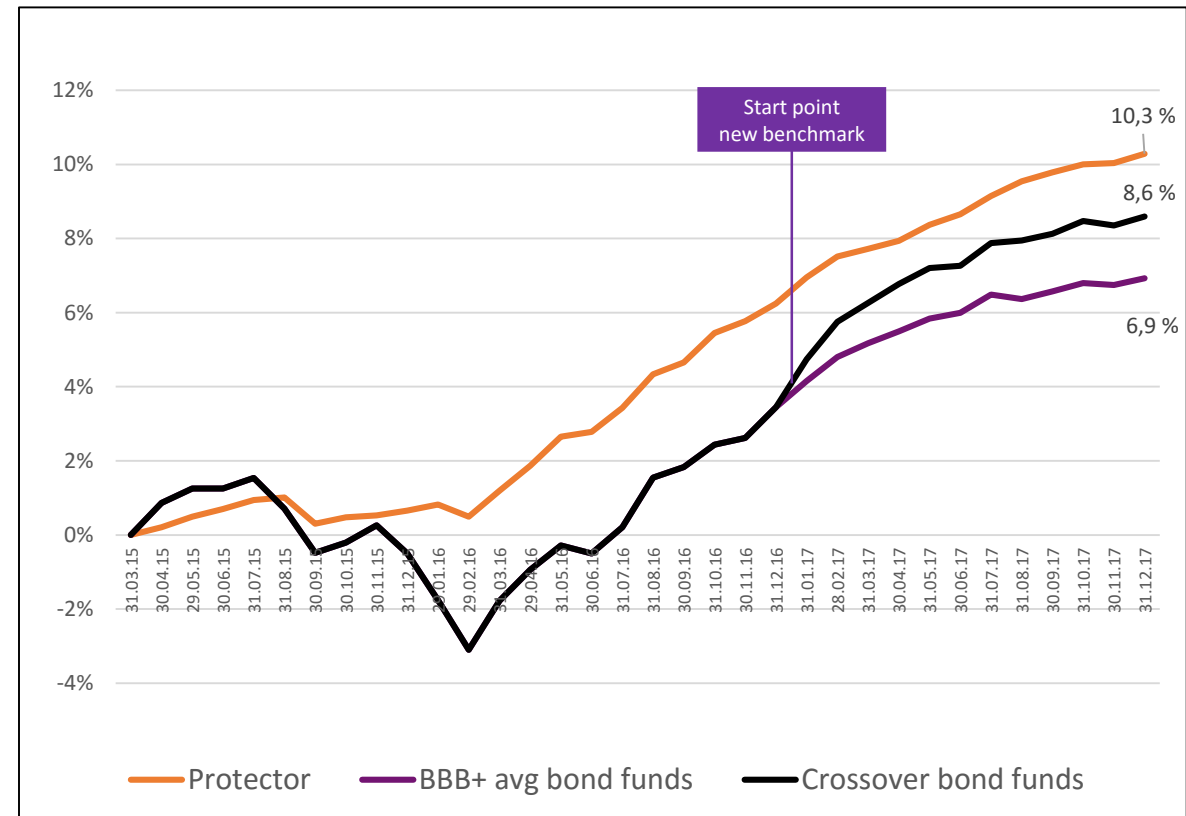
Portfolio data 31.12.2017	
Size NOK m	7 725
Yield	1,9%
Duration	0,3
Credit duration	3,0
Average rating ¹	A

¹ Factset estimates except for one company not listed where own estimates are used

Comments

- Navigating in a low yielding market
- Noteworthy risk reduction in 2017
- Lower risk than crossover bond funds avg.
- Similar/lower risk of 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 – 31.12.2017)^{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

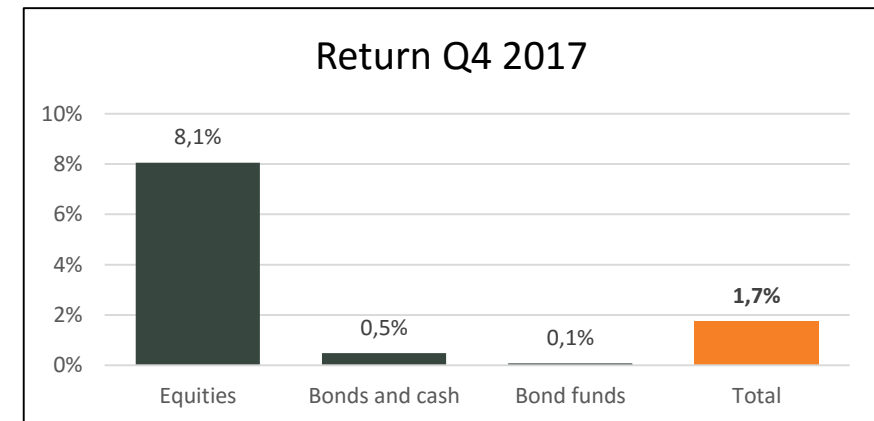
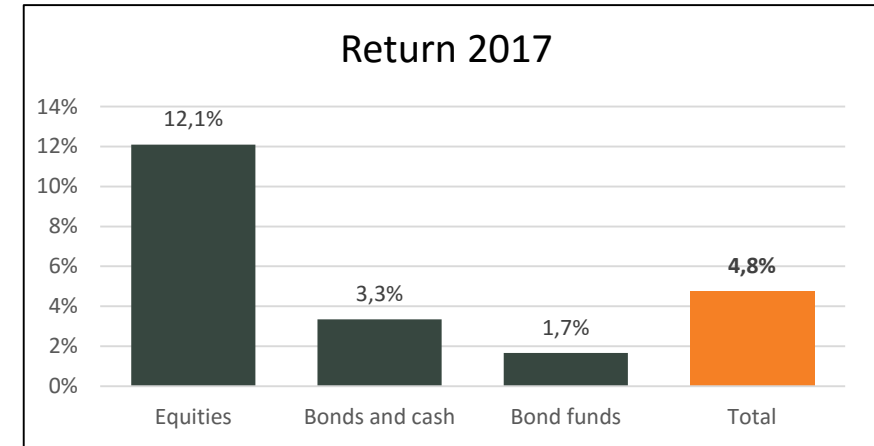
³ Protector graph adjusted for the difference between NIBOR, STIBOR and CIBOR from February and March '17 when portfolios were created in Sweden and Denmark, respectively

Investment performance 2017

ROI 4,8% - better than most peers again



- 4,8% return on investment portfolio, net investment result of NOK 420m
 - Q4 1,7% Q4 return, net investment result of NOK 163m
- Equity return of 12,1% (OSEBX of 19,1%)
 - Q4 return of 8,1%
 - Portfolio consist of 15 companies
 - Good underlying development
- Bond portfolio; return of 3,1%
 - Q4 return of 0,4%
 - Spread tightening in 2017 generally rewarded risk taking
 - Good underlying development
 - Continued risk reduction due to generally lower spread levels
 - Relatively stable spreads in Q4



Profit & loss 2017 – ROE 19,6 %

Profit for the full year up 17,2 %



[1.000.000 NOK]	Q4 2017	Q4 2016	FY 2017	FY 2016	
Gross premiums written	540,2	392,3	4 163,2	3 439,0	21,1 % growth FY, 37,7 % Q4
Gross premiums earned	1 000,0	768,6	3 808,1	3 250,4	
Gross claims incurred	(903,8)	(740,3)	(4 056,8)	(3 005,0)	
Earned premiums, net of reinsurance	710,9	624,7	2 928,4	2 669,0	
Claims incurred, net of reinsurance	(670,0)	(632,6)	(2 650,1)	(2 540,4)	
Net commission income	(5,1)	32,5	116,9	118,5	
Operating expenses	24,4	(20,4)	(122,5)	(104,2)	
Other income/costs	(14,9)	(20,8)	(59,2)	(38,3)	
Net financial income	161,9	149,9	419,5	499,3	
Profit before tax	136,2	70,5	562,2	541,1	NOK 562,2m - highest ever
Tax	(1,9)	(1,4)	(85,5)	(88,4)	
Profit before components of comprehensive income	134,3	69,1	476,7	452,7	
Comprehensive income incl. tax	23,6	14,3	39,8	(3,4)	
Profit for the period	157,9	83,3	516,5	449,3	Profit for the full year up 17,2 %
Claims ratio, net of ceded business	(1)	94,3 %	101,3 %	90,5 %	95,2 %
Expense ratio, net of ceded business	(2)	7,3 %	8,1 %	2,6 %	1,8 %
Combined ratio, net of ceded business	(3)	101,5 %	109,4 %	93,1 %	97,0 %
Gross claims ratio	(4)	90,4 %	96,3 %	106,5 %	92,5 %
Gross expense ratio	(5)	7,5 %	6,9 %	7,4 %	6,8 %
Gross combined ratio	(6)	97,9 %	103,3 %	113,9 %	99,2 %
Retention rate	(7)	71,1 %	81,3 %	76,9 %	82,1 %
Earnings per share	(8)	1,56	0,8	5,53	5,25

Gross and net claims ratio inc Grenfell Tower

Going down due to solvency reinsurance

Balance sheet 2017

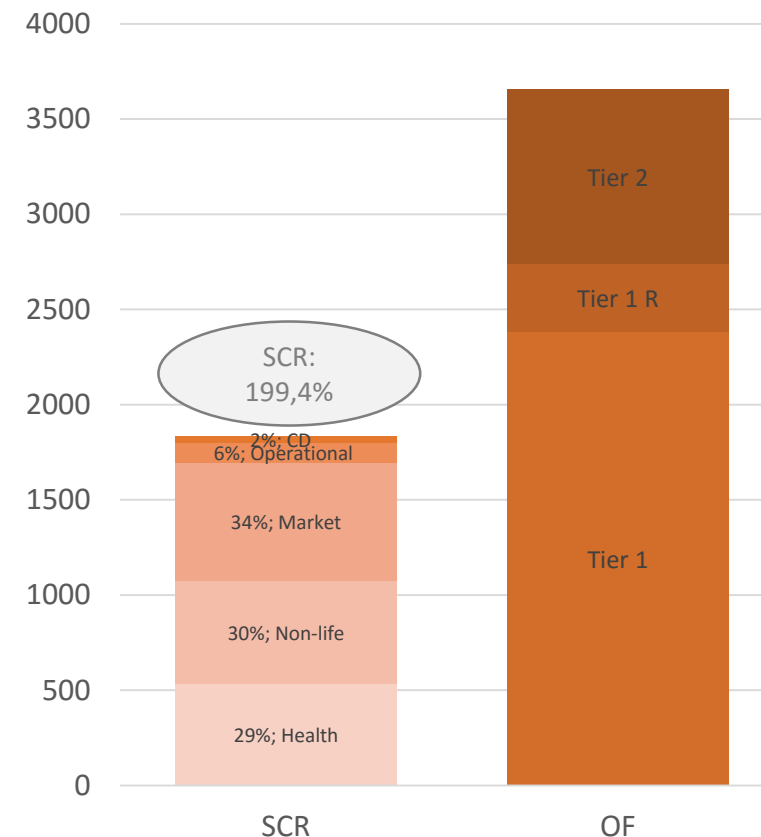
SCR 199,4 % pr. 31.12.17 based on standard formula



[1.000.000 NOK]	31.12.2017	31.12.2016
Owner-occupied property	13,5	13,7
Financial assets	9.379,4	7.547,0
Derivatives	2,5	1,3
Bank deposits	327,5	204,3
Other assets	2.629,5	1.091,7
Total assets	12.352,3	8.858,0
Total equity	2.591,3	2.268,2
Subordinated loan capital	1.243,3	645,9
Total reserves	7.049,4	5.148,0
Derivatives	9,2	2,9
Other liabilities	1.459,1	793,1
Total equity and liabilities	12.352,3	8.858,0

- 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
- Big increase in assets due to issued subordinated debt MNOK 600 net & Solvency II based reinsurance agreement (amongst others)

SCR ratio composition

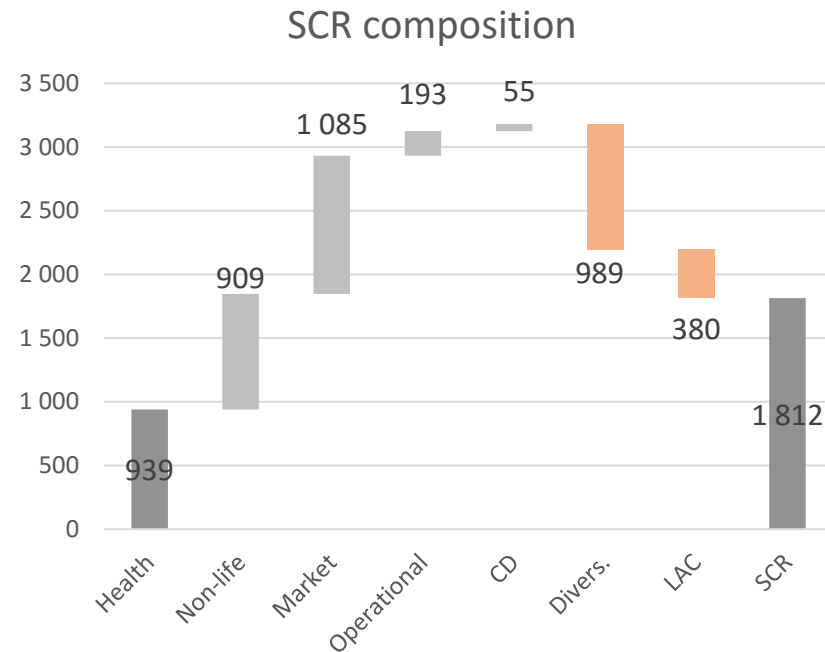


Solvency II



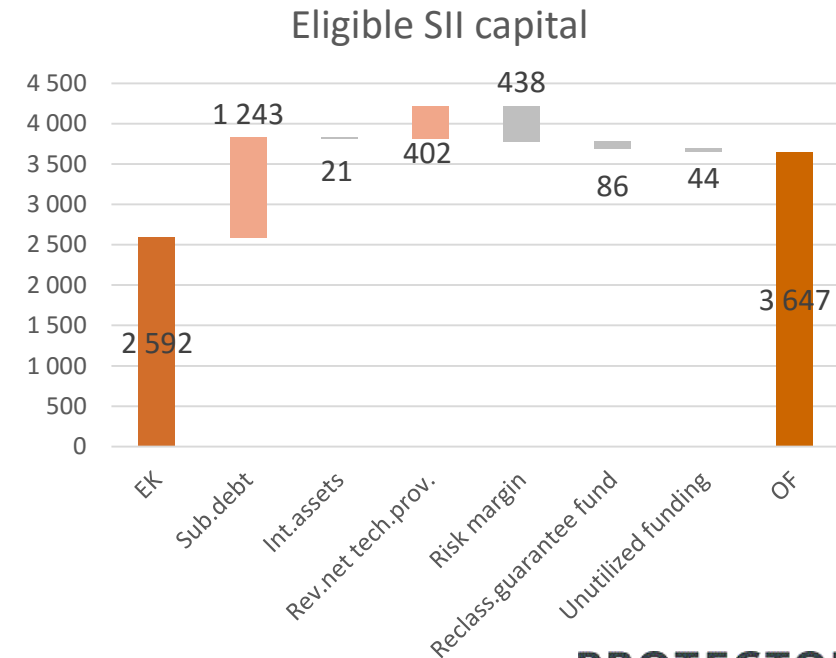
Composition of SCR:

- Net insurance risk 58%
- Net market risk 34%
- Other risks 8%



Eligible SII capital:

- Assumed no dividend
- Guarantee provision subtracted from own funds



Shareholder's matters

Per 31.12.2017

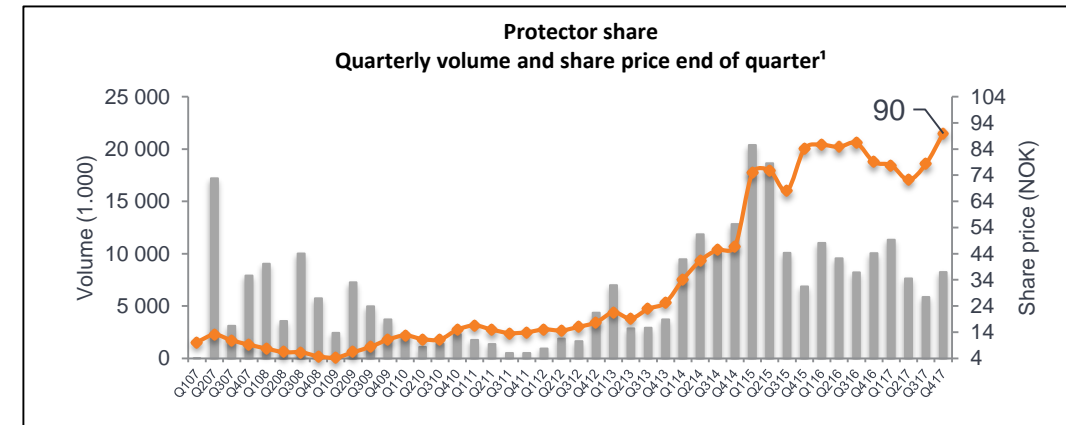


Shareholder	# shares	Percent
STENSHAGEN INVEST AS	6 550 000	7,6 %
ODIN NORDEN	4 485 857	5,2 %
SWEDBANK ROBUR SMABOLAGSFOND	3 963 756	4,6 %
OJADA AS	3 563 116	4,1 %
HVALER INVEST AS*	3 186 809	3,7 %
STATE STREET BANK AND TRUST COMP	2 481 341	2,9 %
AWILHELMOSEN CAPITAL HOLDINGS AS	1 867 833	2,2 %
VERDIPAPIRFONDET DNB NORGE (IV)	1 824 461	2,1 %
ARTEL AS	1 802 293	2,1 %
TINE PENSJONSKASSE	1 720 379	2,0 %
VEVLEN GÅRD AS	1 650 000	1,9 %
FROGNES AS	1 499 916	1,7 %
CITIBANK, N.A.	1 484 268	1,7 %
SKANDINAVISKA ENSKILDA BANKEN AB	1 450 000	1,7 %
GENERALI PANEUROPE LTD -GP11940006	1 413 350	1,6 %
SWEDBANK ROBUR NORDENFON	1 400 000	1,6 %
STATE STREET BANK AND TRUST COMP	1 378 171	1,6 %
JOHAN VINJE AS	1 187 841	1,4 %
NORDNET BANK AB	1 182 567	1,4 %
AVANZA BANK AB	1 182 535	1,4 %
20 LARGEST	45 274 493	52,5 %
OTHERS	40 881 112	47,5 %
TOTAL SHARES	86 155 605	100,0 %

*Sverre Bjerkeli, CEO

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. 31.12.2017

CEO summary of risk outlook 2017

Minor deviations



1. Volume (GWP up 16% (18 local))

- Upside and downside in UK
- Downside in Denmark

2. Cost (gross cost ratio <7.0%)

- Cost outside guiding

3. Profitability (Net Combined Ratio 92%)

- Behind guiding in Norway, Sweden and Finland commercial segment (67% of volume)
- Behind guiding for COI (15% of volume)
- Behind guiding in Denmark (15% of volume)
- Profitability issues in UK (3% of volume)

4. Investments (No guiding)

- Investment volatility

Risk	Result
------	--------

Medium	✓
Low	✓

No	✓
----	---

Low	✓
Low	✓
Medium	X
Medium	X

Of course

CEO summary of risk outlook 2018

Slightly increased risk since UK and Finland portfolio is growing



Volume (GWP up 20%)

- Upside and downside in UK
- Downside in the Nordics

Cost (gross cost ratio ≈7,5%)

- Cost outside guiding

Profitability (Net Combined Ratio 92-94%)

- Behind guiding in Norway and Sweden commercial segment (60% of volume)
- Behind guiding for COI (10% of volume)
- Behind guiding in Denmark and/or Finland (20% of volume)
- Profitability issues in UK (>10% of volume)

Investments (No guiding)

Risk

Medium
Low

No

Low
Low
Medium
Medium

Of course

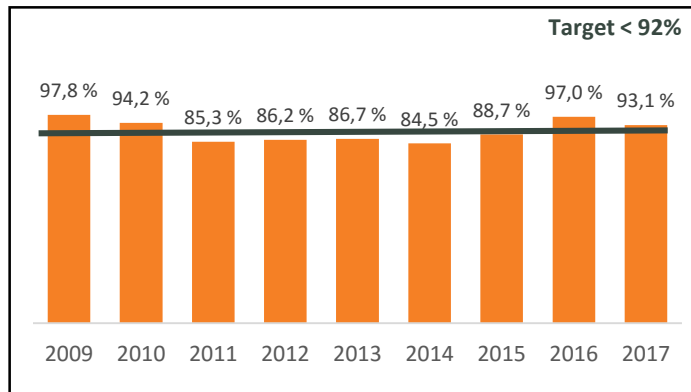
Long term financial objectives

Steady going

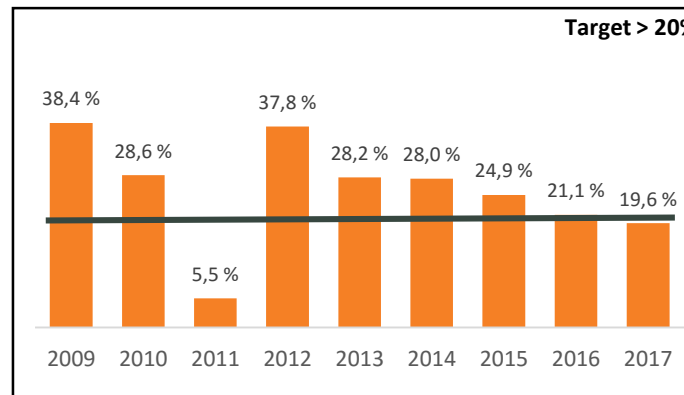


- Net Combined Ratio 92 %
- Solvency II Capital ratio >150 %
- Return on Equity >20 %
- GWP growth rate 2017-2019 15 %

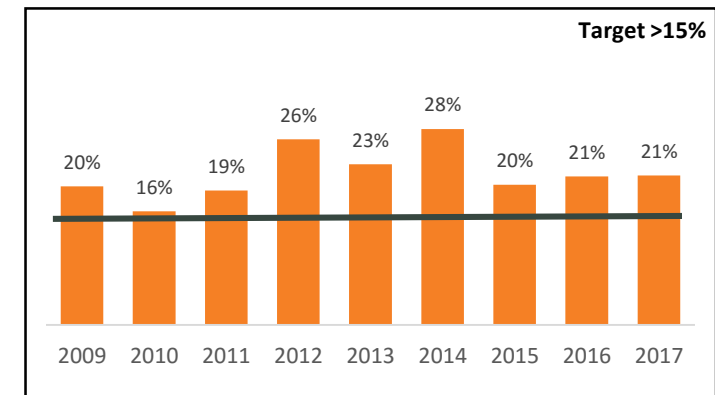
Net Combined Ratio



Return on Equity*



GWP Growth



*Return on Solvency Capital until 2016 when reflecting changes in accounting principles from Jan. 1st 2016 where Shareholder's Equity includes security provisions

**Annualized

Summary

#1 on quality in all countries ✓ ✓

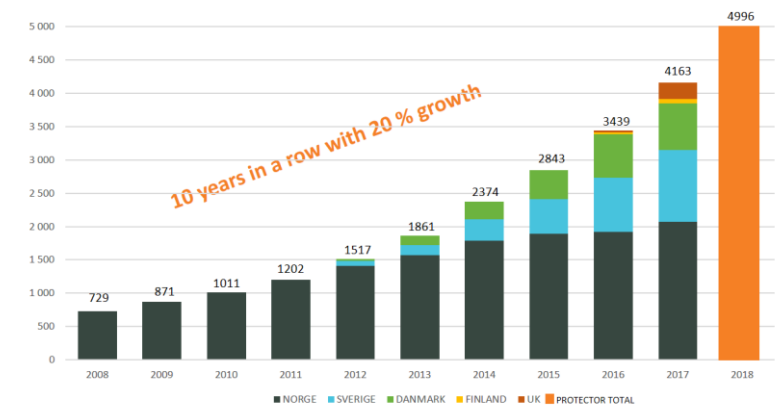
- Growth 21,1%, ROE 19,6 % ✓
- Gross cost ratio 7,4% ✓
- Net Combined ratio 93,1% X
- Profit after tax of NOK 516,5m ✓
- Investment return 4,8 % - better than peers again ✓
- Solvency ratio of 199,4 % - prepared for growth in 2018-2020 ✓

- UK ahead of schedule ✓
- Q1 2018 volume development will be better than last year ✓



Guiding 2018

Net combined ratio **92-94 %**
Volume growth **20 %**
Cost ratio **≈7,5 %**



Q&A

Preliminary 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

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