

Q2 results 2014

Investor presentation

11 July 2014



Facts about Protector

- A focused Norwegian non-life insurance company
- Established Jan.1, 2004. (Listed Oslo Stock Exchange May 2007)
- Entered the Swedish market in 2011 and Denmark 1 Jan. 2012
- Ownership; ODIN, Alfred Berg Norge/Gambak, Franklin Mutual, DnB NOR SMB, Nordea, Stenshagen Invest, Ojada employees etc.
- Strong results, average combined ratio 2004 - 2013, 89.5%
- GWP in 2013: MNOK 1.861
- Solvency capital of MNOK 1.459, investment portfolio ~ NOK 4,8 bn.
- Market cap. 4 July 2014, NOK 3,15 bn.

- Vision: “The challenger”
- Main targets:
 - Profitable growth
 - Being top three in Protector’s defined business segments
 - Cost and quality leadership

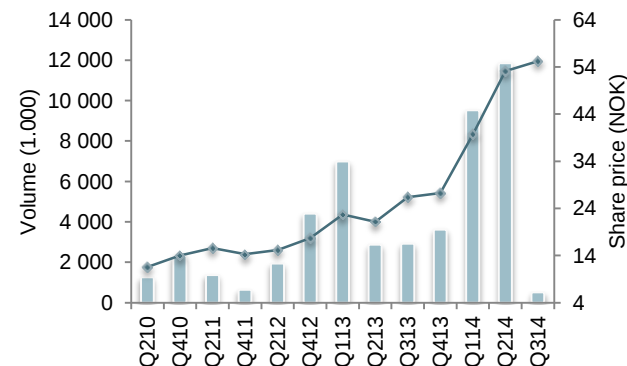
Outlook 2014:

GWP up 27 %
CR ~ 88 %

Dividend policy:

30 – 50% of profit after tax
Target solvency margin > 250%

Protector share
Quarterly volume and share price end of quarter¹



¹ Share buy back not included in the volume figures
Share price adjusted for dividends
Data pr. 04.07.2014



Highlights Q2 2014

Continued strong growth (21%), increased guiding

- GWP up 21% (both in NOK and local currencies)
- Net combined ratio 85,8%, up from 81,5%
- Return on investments, NOK 111,6m (2,4%), up from NOK 19,4m (0,4%)
 - 26 % growth in investment portfolio
- Best ever quarterly profit, NOK 174,5m, up from NOK 84,1m
- Outlook 2014 increased
 - Volume growth 27 %, up from 20 %
 - Operating profit NOK 490m, up from previously guided NOK 430m
 - CR 88%, unchanged

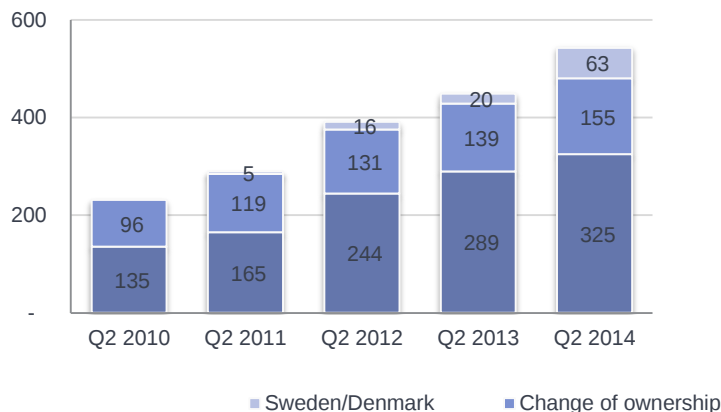


Gross written premium Q2 2014

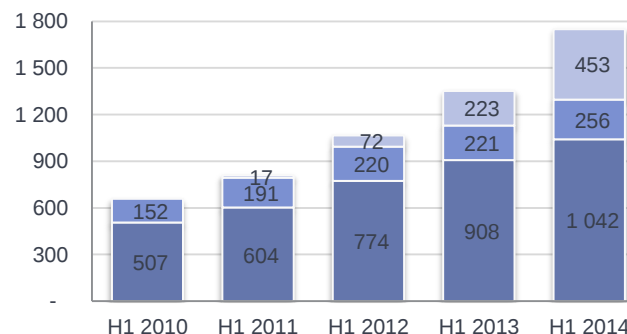
GWP up 21 %, from NOK 448,5m to NOK 542,2m

- GWP up 12 % within the Norwegian commercial and public lines of business
 - Strong renewal rate, 99%, in line with Q2 2013
 - Very good access to quotations, hit-ratio improving in commercial sector
- GWP in Sweden and Denmark 209% growth
 - 9 percentage points of total growth
 - Acceptable renewal rates, 86 %
 - Strong in Sweden and some weaker in Denmark
- Change of ownership insurance, 12 % growth
 - No. of policies sold up 9 % and slightly increased real estate prices

GWP Q2 2010 – Q2 2014 (NOKm)



GWP H1 2010 - H1 2014 (NOKm)

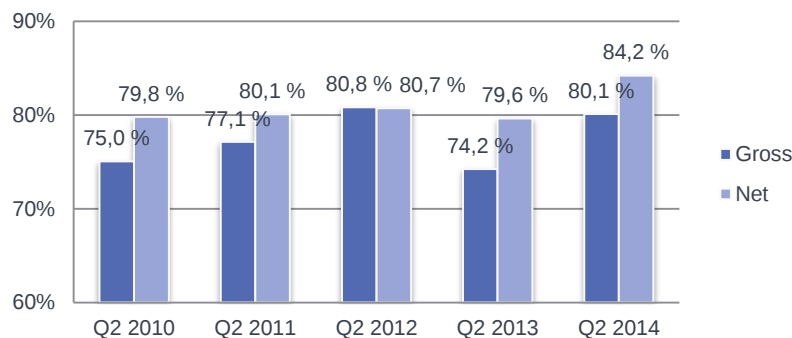




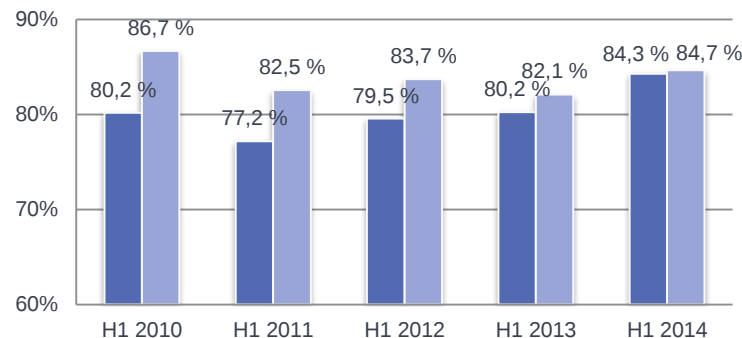
Claims development Q2 2014

- Gross claims ratio 80,1%, up from 74,2 % in Q2 2013
 - Good development within change of ownership insurance despite run-off-losses
 - All products within the commercial and public lines of business in Norway are doing well, some reserve strengthening within accident to be in line with the FSA minimum requirements
 - Sweden and Denmark slightly behind schedule, one large claim (> MNOK 5) in Sweden
- Net run-off-losses of 4,2% against 5 % gains in Q2 2013
 - Run-off-losses of MNOK 24 within change of ownership insurance (MNOK 9,7 in H1)
 - High level of paid claims increases the reserves
- Net claims ratio 84.2%, up from 79,6%. Higher claims ratio than peers.

Claims ratio Q2 2010 - Q2 2014



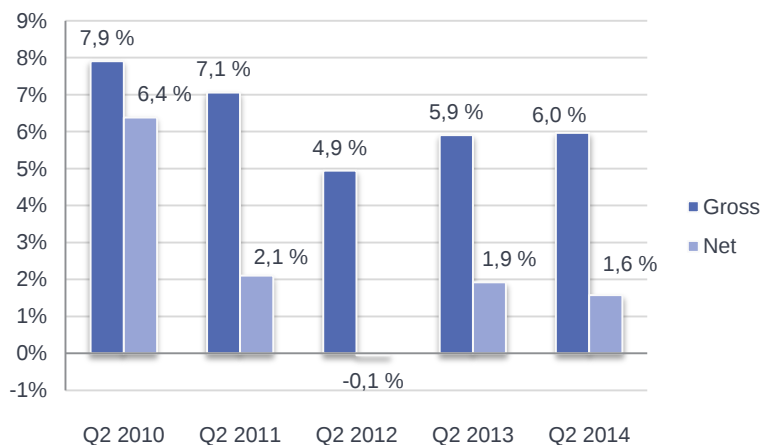
Claims ratio H1 2010 - H1 2014



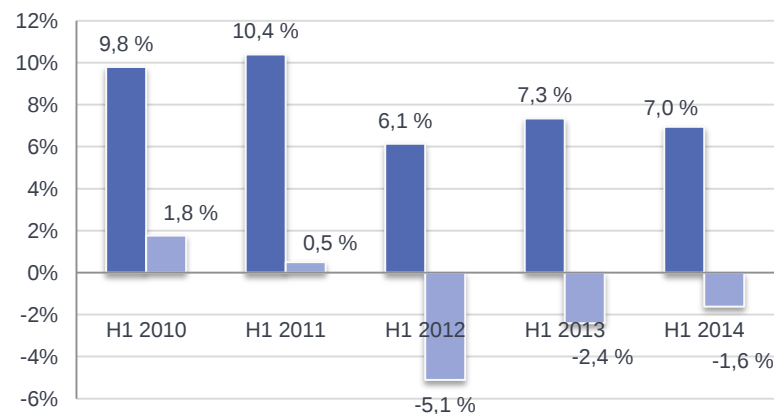
Cost ratio Q2 2014

- Gross cost ratio 6,0 %, unchanged
 - Gross cost ratio including claims handling 10,9% down from 11,5 %
 - Increased staffing in all 3 countries, but slowing down
 - Average no of employees Q2 2014 170, up from 139 in Q2 2013
- Net cost ratio 1,6 %, down from 1,9 %
 - Low costs due to high level of reinsurance commissions

Cost ratio Q2 2010 - Q2 2014



Cost ratio H1 2010 - H1 2014



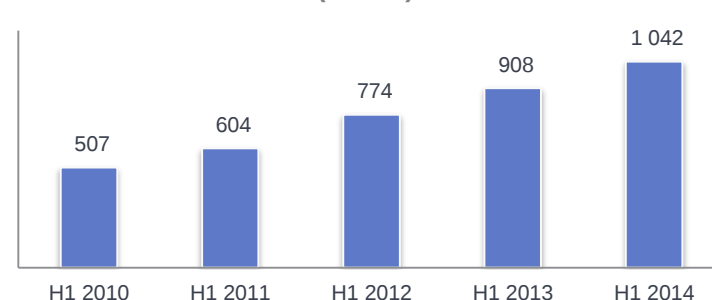
Highlights Q2 2014 – Norwegian Commercial/public lines

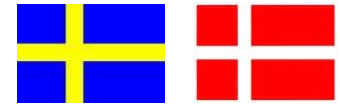
- Volume up 12 %
 - 7 % growth in the public sector
 - 1 large non-renewal
 - 13 % growth in the commercial sector
 - 3 large wins and 2 large non-renewals
- Renewal rate 99 % and in line with Q2 2013
- Rate pressure leads to reduced hit-ratio within the personal lines of business
- Value chain improvements continues
 - Will lead to claims reductions and quality improvements
- Well prepared for the hunting season
- Acceptable start on Q3

GWP Q2 2010 – Q2 2014 (NOKm)



GWP H1 2010 – H1 2014 (NOKm)

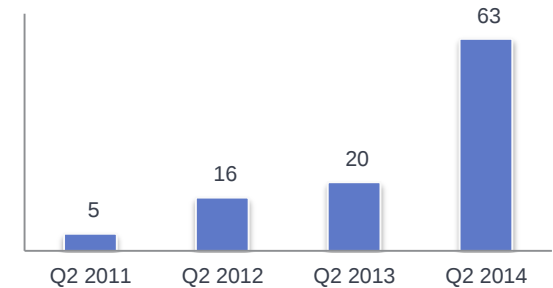




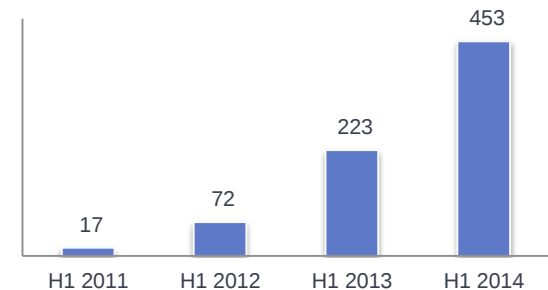
Highlights Q2 2014 – Sweden and Denmark

- 209 % growth, 9 percentage points of total company growth
 - 2 large wins in Sweden, no large non-renewals
 - 1 large and 1 very large wins in Denmark, no large non-renewals
 - Acceptable renewal rates, 86%
 - Protector takes a strong position in the Swedish bus-market
- Combined ratios above 100%
 - High cost ratios due to lack of critical mass
 - Critical mass will gradually occur in 2014
 - Very high level of Motor business in Sweden, less cost effective
 - 1 large claims in Sweden in Q2, no significantly profitability issues
 - Combined Ratio < 100% expected in 2014
- 36 people on board in Stockholm/Copenhagen
- Will support double digit growth on company level in 2015 and 2016
- Sweden develops Protector's culture to a new level
- Very good start on Q3
 - 2 very large and 1 large wins
 - Signed agreements in Denmark will support 2015 growth

GWP Q2 2011 – Q2 2014 (NOKm)



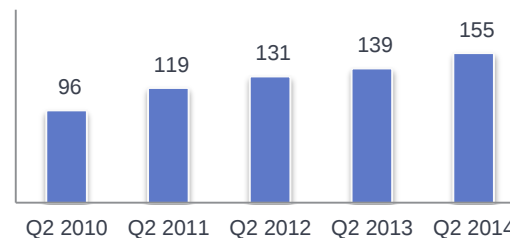
GWP H1 2011 – H1 2014 (NOKm)



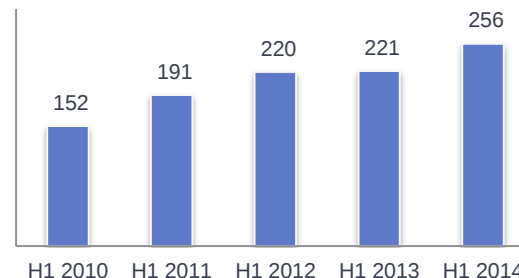
Highlights Q2 2014 - Change of ownership insurance

- Volume up 12%
 - No. of policies sold up 9 %
 - Real estate prices in H1 up 1 % relatively to 2013.¹
- Very high market activity level
 - Slightly increased hit-ratio
- Good profitability
 - Run-off-losses of MNOK 24
 - Cost ratio decreasing due to seasonality
- Very strong claims handling results
 - Win – draw – losses: 59% - 22% - 19%
 - Recovery level historical high
 - Team stronger than ever
- The real-estate prices are expected to increase in 2014
 - 10 % volume growth expected in 2014

GWP Q1 2010 – Q1 2014 (NOKm)



GWP H1 2010 – H1 2014 (NOKm)



¹ Source: NEF



Results Q2 2014

NOKm	Q2 2014	Q2 2013	H1 2014	H1 2013	2013
Premiums written gross	542,2	448,5	1 750,9	1 352,5	1 860,6
Premiums earned gross	590,9	477,4	1 121,5	877,6	1 814,6
Claims incurred gross	(473,2)	(354,4)	(945,2)	(704,2)	(1 450,6)
Premiums earned for own account	460,7	362,8	863,9	663,2	1 373,6
Claims incurred for own account	(387,8)	(288,8)	(731,3)	(544,3)	(1 133,5)
Operating costs for own account	(7,3)	(7,0)	14,0	16,0	(56,9)
Other income/costs	(2,7)	(2,3)	(5,1)	(5,1)	(9,5)
Net financial income	111,6	19,4	195,4	97,3	256,7
Profit before change in security provision etc.	174,5	84,1	336,9	227,1	430,3
Change in security provision etc.	(12,3)	(2,4)	(40,8)	(43,3)	(54,8)
Profit after change in security provision etc.	162,2	81,7	296,1	183,8	375,5
Tax	(30,1)	(26,3)	(61,2)	(46,7)	(88,5)
Profit before comprehensive income	132,1	55,4	234,9	137,2	287,0
Comprehensive income inc. tax	(2,8)	2,2	(7,2)	4,7	5,7
Profit for the period	129,3	57,6	227,7	141,9	292,6
Gross claims ratio	80,1 %	74,2 %	84,3 %	80,2 %	79,9 %
Gross expense ratio	6,0 %	5,9 %	7,0 %	7,3 %	8,8 %
Gross combined ratio	86,1 %	80,1 %	91,2 %	87,6 %	88,7 %
Net claims ratio	84,2 %	79,6 %	84,7 %	82,1 %	82,5 %
Net expense ratio	1,6 %	1,9 %	-1,6 %	-2,4 %	4,1 %
Net combined ratio	85,8 %	81,5 %	83,0 %	79,7 %	86,7 %
Retention rate	78,0 %	76,0 %	77,0 %	75,6 %	75,7 %
Return on investment assets	2,4 %	0,4 %	4,4 %	2,7 %	7,0 %
Earnings per share	1,7	0,7	3,2	0,7	4,0

Note:

Retention rate = NPE in % of GPE

Earnings per share = (Profit before comp. income + Change in security provision - 27% tax on Change in security provision)/

(No. of outstanding shares - own shares)

- GWP up 21% (13%)
- Best ever quarterly profit
- Top 3 Nordic



Balance Sheet Q2 2014

NOKm 30.06.2014 30.06.2013 31.12.2013

Financial assets	4 763,7	3 793,4	3 999,8
Bank deposits	161,4	112,0	153,3
Other assets	933,7	724,8	590,9
Total assets	5 858,7	4 630,1	4 744,1
Total equity	860,3	626,5	777,2
Subordinated loan capital	148,1	148,1	148,1
Total reserves	4 357,0	3 497,6	3 368,8
Other liabilities	493,2	357,9	450,0
Total equity and liabilities	5 858,7	4 630,1	4 744,1

Solvency capital	1 459,3	1 173,0	1 335,3
Return on solvency capital, after tax	20 %	19 %	28 %
Solvency capital per share, end of period	17,7	14,2	16,2
Solvency ratio	110 %	117 %	93 %
Solvency margin	392 %	360 %	315 %
Capital adequacy ratio (risk weighted)	19 %	23 %	20 %
NAV	1 297,6	1 025,4	1 184,6
NAV per share, end of period	15,7	12,4	14,3

Note:

Solvency Capital = shareholder's funds + security provision etc.

Return on solvency capital: Operating profit after tax / average solvency capital

Solvency ratio = solvency capital / NPW

Solvency margin calculated according to regulations from the FSA of Norway.

NAV = total equity pluss 73% of the total security provision etc.

No. of shares = total outstanding shares ex own shares

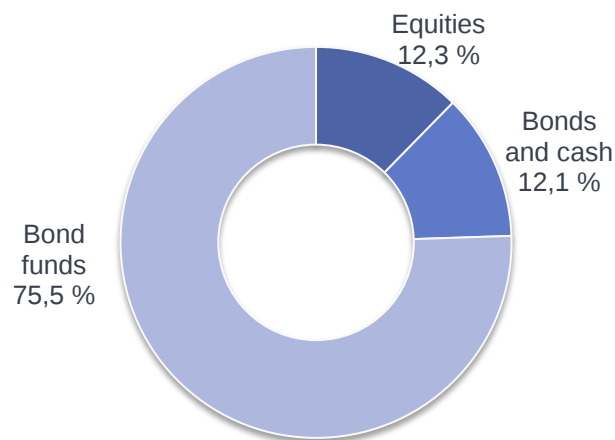
- 26% growth in investment portfolio
- Solvency margin 392 %,
 - NOK 909 mill above the minimum requirement
 - Minimum requirement will increase in H2
- Implementation of Solvency II
 - The Norwegian FSA has sent a letter¹ to the Norwegian Dep. of Finance discussing some country specific topics related to the implementation of Solvency II. Most important for Protector are the potential tax implications. The topics are not new and it's too early to predict the outcome of the discussions.

¹ Link to the letter: http://www.finanstilsynet.no/no/Artikkelarkiv/Aktuelt/2014/2_kvartal/Problemstillinger-knyttet-til-gjennomforingen-av-Solvens-II/

Asset allocation

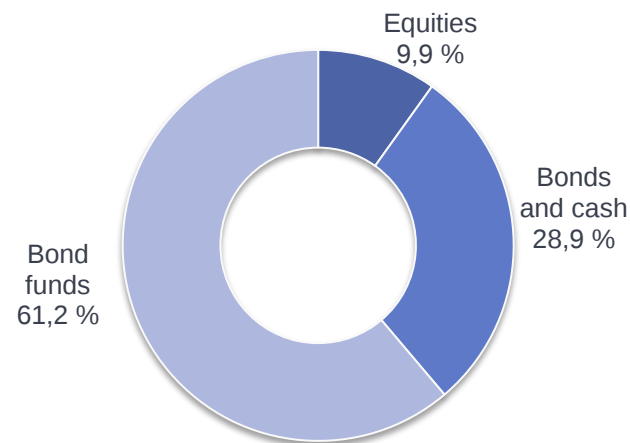
- End of Q2 2014; Bonds 89,6% of portfolio, Nordic equities 10,4%
- Decreased exposure in equities at the end of Q2
 - Re-allocation to bond funds

Money-weighted allocation of investments 30.06.2014



Total financial assets end of Q2 2014; NOK 4.763m

Money-weighted allocation of investments 31.12.2013



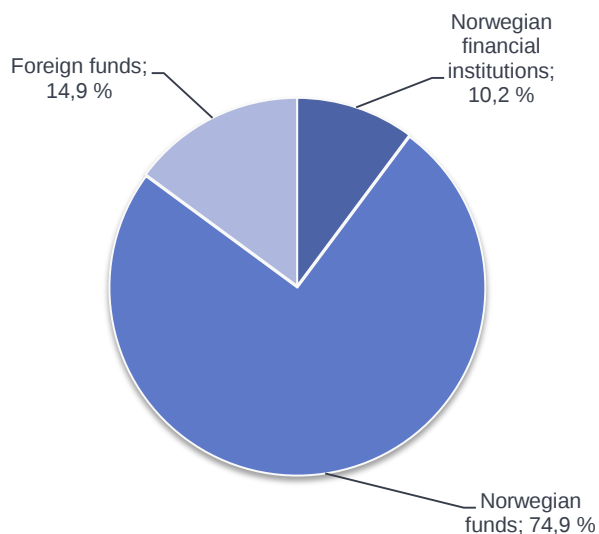
Total financial assets end year; NOK 3.999m



Portfolio structure and quality bond portfolio

- No currency risk
- Duration 0,74 years (0,97), average maturity is 3,42 years (3,42 years)

Bond portfolio 30 June 2014



Quality bond portfolio 30 June 2014

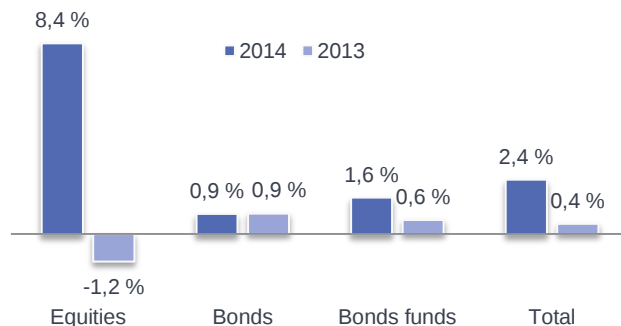
Split of fixed income portfolio	NOK mill	%
Bonds	422	10 %
Bond funds	3 837	90 %
Bank deposits	13	0 %
Total	4 273	100 %
Rating including internal rating by Norwegian financial institutions		
Investmentgrade	2 687	63 %
BB	10	0 %
B	-	0 %
Non rated (funds)	1 576	37 %
Total	4 273	100 %

Investment performance Q2 2014

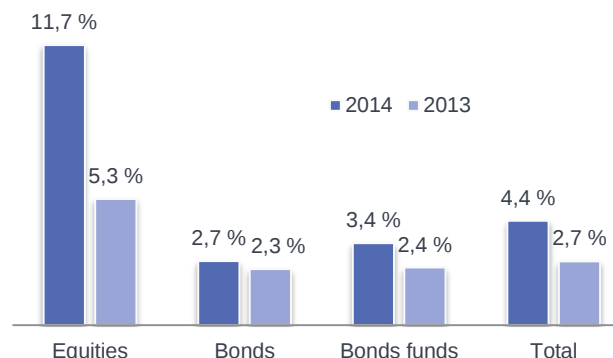
2,4% return on the investment portfolio

- Net investment result of NOK 111.6m, 2.4% return (NOK 19.4m, 0.4%)
 - H1; Net investment result of NOK 195.4m, 4.4% return (NOK 97.3m, 2.7%)
- Equities, return of 8.4% (-1.2%), OSEBX 10.0%, OSEFX 8.6%
- Bond portfolio, return of 1.5% (0.6%)
 - Yield end of Q2; 4,7 %
- Investment portfolio of NOK 4,764 m (NOK 3,793m), 26% growth

Return Q2



Return H1





Shareholder matters 7 July 2014

Shareholder	No. shares	Percent
ODIN NORDEN	6 611 211	7,67 %
STENSHAGEN INVEST AS	5 000 000	5,80 %
PROTECTOR FORSIKRING ASA	3 570 661	4,14 %
OJADA AS	3 563 116	4,14 %
AVANZA BANK AB	3 393 835	3,94 %
HANSARD EUROPE LTD	3 368 957	3,91 %
TJONGSFJORD INVEST AS ¹	2 811 809	3,26 %
MP PENSJON PK	2 375 706	2,76 %
VERDIPAPIRFONDET HANDELSBANKEN	2 300 000	2,67 %
JP MORGAN CHASE BANK, NA	1 900 000	2,21 %
ARTEL HOLDING A/S	1 873 451	2,17 %
NORDNET BANK AB	1 815 118	2,11 %
GABLER RÅDGIVNING AS ²	1 702 751	1,98 %
FROGNES AS	1 649 916	1,92 %
VARMA MUTUAL PENSION INSURANCE	1 642 329	1,91 %
JOHAN VINJE AS	1 437 841	1,67 %
PETROSERVICE AS	1 343 815	1,56 %
MSF-MUTUAL FINANCIAL SERVICES FD	1 303 467	1,51 %
VERDIPAPIRFONDET ALFRED BERG NORGE	1 295 092	1,50 %
NORDEA NORDIC SMALL CAP FUND	1 279 569	1,49 %
TOTAL 20 LARGEST	50 238 644	58,31 %
OTHERS	35 916 961	41,69 %
TOTAL SHARES	86 155 605	100,00 %

No. Shareholders 2.996

¹ CEO Sverre Bjerkeli

² Chairman of the Board, Jostein Sørvoll

Related parties shareholding

- Management's direct and indirect shareholding totals 3,2m shares or 3,7% of current outstanding shares
- Board members directly and indirectly own a total of 10,3m shares or 11,9% of current outstanding shares
- 33 employees own directly a total of 3,4m shares or 3,9% of current outstanding shares (incl. management)
- Protector own 3.570.661 own shares or 4,14% of current outstanding shares

Notifications of trade in Q2

- Stenshagen Invest AS has 12 May bought 89 820 shares in Protector at a price of NOK 29,00 per share. Jørgen Stenshagen, board member in Protector, is CEO in Stenshagen Invest.
- Kjersti Myking, Marketing director in Protector, has 13 June bought 50,000 shares in Protector at an average price of NOK 35,90 per share
- Flemming Conrad, Country Manager Denmark, has 25 June bought 19,234 shares in Protector at an average price of NOK 34,57 per share.



Outlook 2014

Guiding 9 May 2014

- GWP up 20%
 - Status per Q2, ahead of schedule
- Combined ratio 88%
 - Status per Q2, ahead of schedule
 - Gross claims ratio slightly behind schedule
- Gross cost ratio < 8 %, on schedule
- Operating profit NOK 430m
 - Status per Q2, ahead of schedule
- Return on solvency capital 24%
 - Status per Q2, ahead of schedule



Guiding 11 July 2014

- GWP up 27%
- Combined ratio 88 %
- Gross cost ratio < 8 %
- Operating profit NOK 490m
- Return on solvency capital 28%



Outlook 2014, increased

	Res 2013	26 Feb 2014e	9 May 2014e	New 2014e
Premium growth in NOK (%)	23	16	20	27
Investment Income (NOKm)	257	190	250	290
Operating profit (NOKm)	430	330	430	490
Gross cost ratio (%)	8.8	< 8	< 8	< 8
Net combined ratio (%)	86.7	90	88	88
Change in Security prov. (NOKm)	54.8	N/A	58	73
Return on solvency capital (%)	28	20	24	28
Earnings per share (NOK)	3,96	N/A	4	4,6

Return assumptions H2 2014:

Equity allocation approx. 10%

Return equities: 0%

Return bonds: 2,1 %

Average inv. capital: NOK 4.900m



Summary Q2 2014

Continued strong growth (21%), increased guiding

- 21 % growth
- Net combined ratio 85,8%, up from 81,5%
- Return on investments, NOK 111,6m (2,4%), up from NOK 19,4m (0,4%)
 - 26 % growth in investment portfolio
- Best ever quarterly profit, NOK 174,5m, up from NOK 84,1m
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