

An aerial, black and white photograph of a rugged coastal landscape. A winding road or path leads from the bottom left, through rocky terrain and small islands, towards the horizon. The water is dark, and a bright, intense reflection of the sun stretches diagonally across the right side of the frame. The sky is overcast with soft clouds.

**PROTECTOR**  
forsikring

# Results Q2 2016

Investor presentation

# Highlights Q2 2016

## Very strong operating profit

- Operating profit of 255 MNOK in Q2
- GWP + 14% (12% local currency)
  - + 22% year to date (17% local currency)
- Gross claims ratio 89.5% (73.5%)
  - High level of larger claims
- Gross expense ratio 5.1% (6.7%)
- Net combined ratio 93.7% (87.0%)
- Very strong investment result
  - Return Q2 221 MNOK, 3.0% (0.8%)
- Guiding unchanged

From Norwegian, to Scandinavian, to...





# 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*

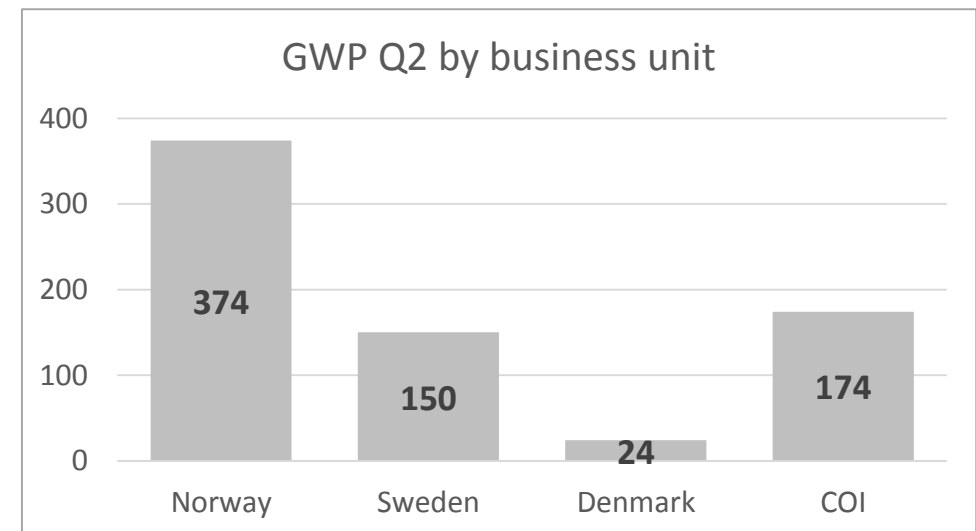
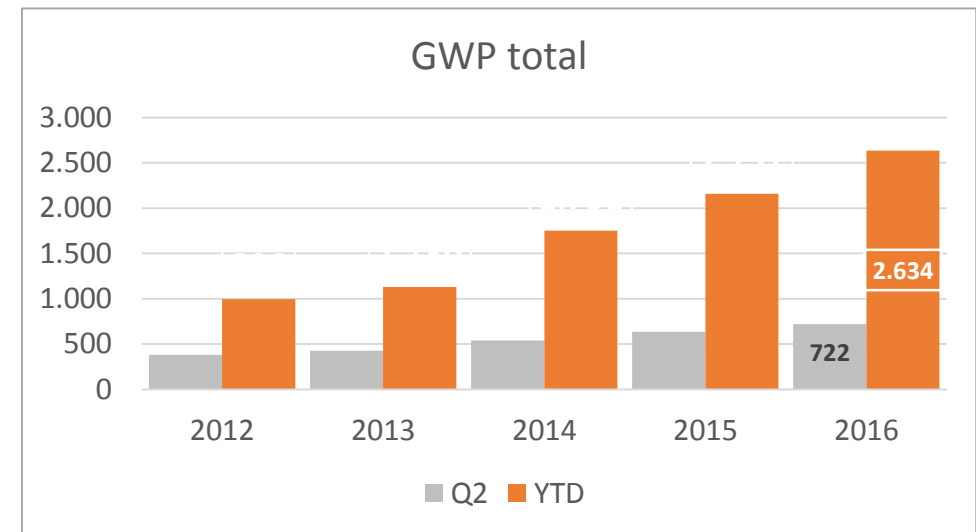


# Gross written premiums Q2 2016

- Continued growth



- GWP up 14% (22% YTD)
- Norway commercial and public up 7.4%
- COI up 7.1% in quarter
- Sweden 30.9%
- DK, UK and Finland volume is minor in Q2
- Further growth expected in Q3 and Q4



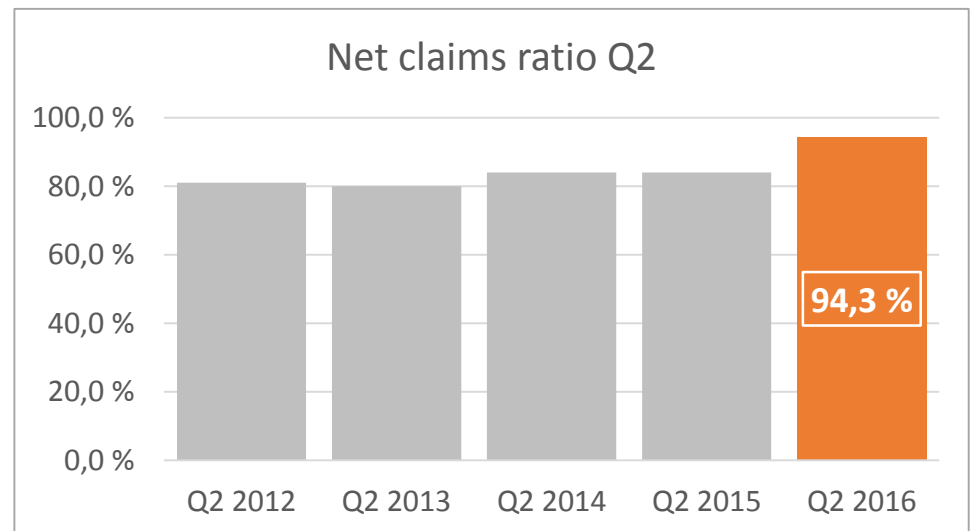
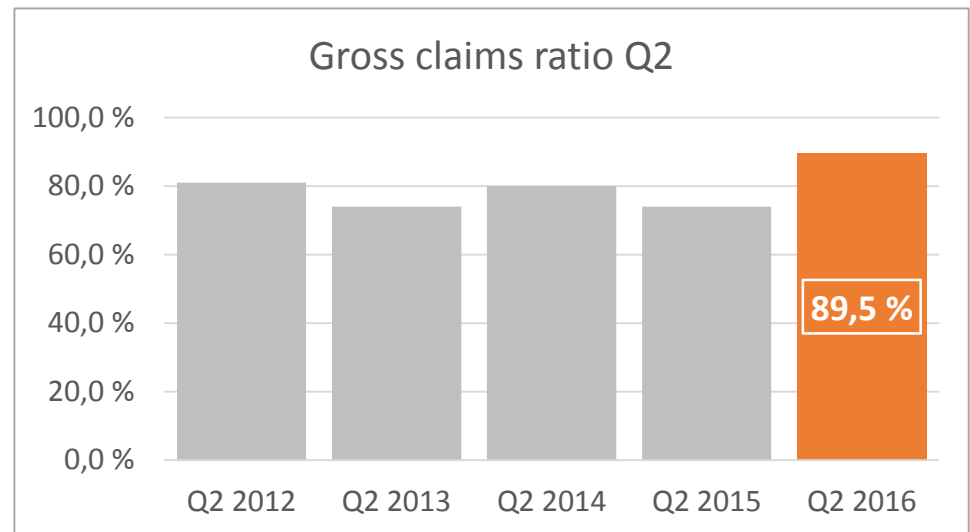


# Claims Q2 2016

- Poor quarter



- Gross claims ratio of 89.5%
- Net claims ratio of 94.3%
- Norway with weak claims quarter
  - Large number of medium and larger claims
- COI still high, but improved from Q1
- “Clean desk” influences negatively short term
- Run off gain of 0.6%
  - Reserve losses COI as expected
  - Gains WC and other products in Norway
- Sweden very good
- Denmark high (measures taken)
- Lower claims ratio expected in Q3/Q4



# Claims Q2 2016

- Higher level of larger claims in Q2



Turøy



E16 Voss



Porsgrunn



Smøla

Remember what we are, claims and handling them is an important part of our business.

# “Clean desk” project well underway



- No delays in claims handling
  - Answer within...
  - Handle within...
  - Settle within...
- Never compromise on quality
  - Right first time, on time, every time
- Some temporary effects in cost recognition
- Change of ownership and Sweden leading the way

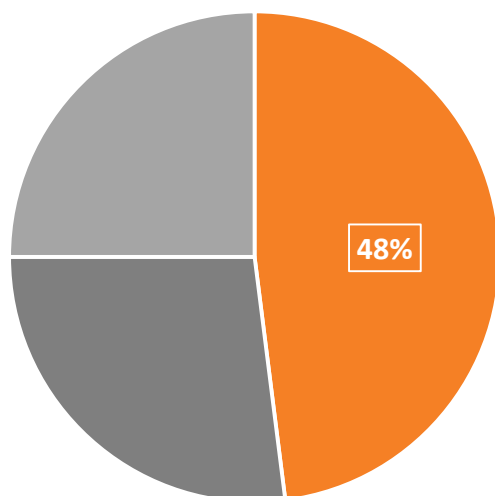


# Increased diversification and reduced risk



## Geographical diversification

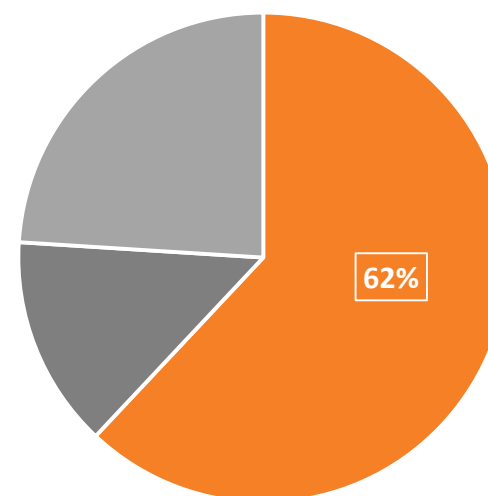
1H 2016



■ Norway ■ Sweden ■ Denmark

## Portfolio composition – short-, medium- and long tail

1H 2016



■ Short tail ■ Medium tail ■ Long tail

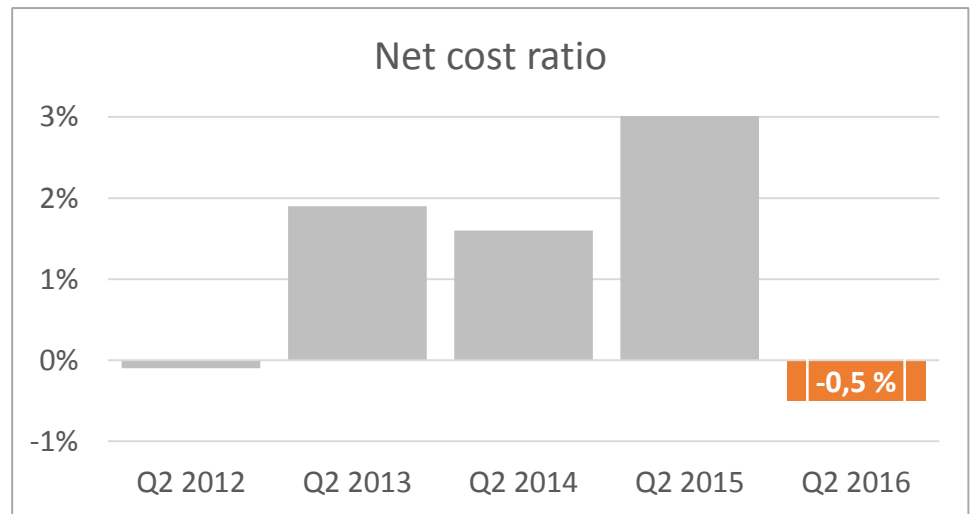
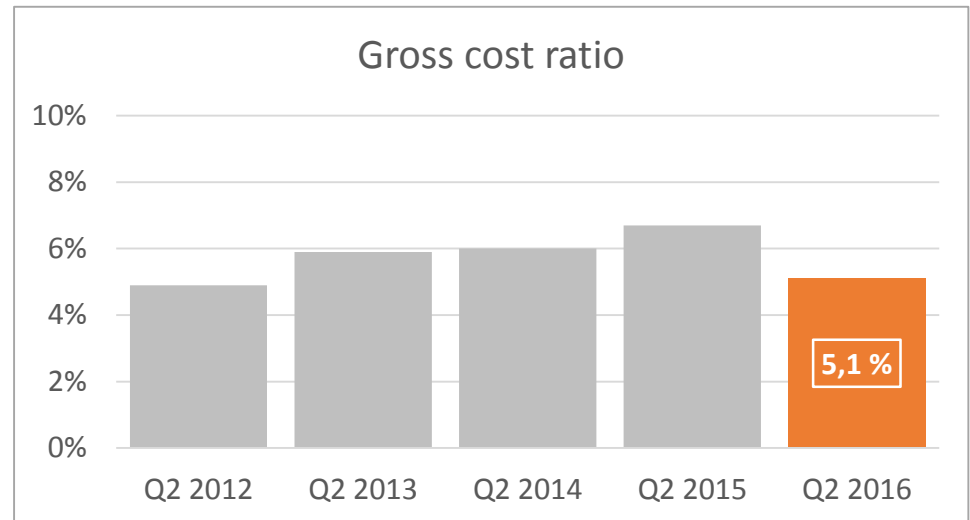
- True Nordic player with presence in Oslo, Stockholm, Copenhagen and Helsinki
- Sum of Sweden and Denmark now larger than Norway in commercial- and public lines of business
- Short tail from 38% in 2011, 58% in 2015 and further up to 62% in 2016
- Growth in Sweden and Denmark drives Property and Auto from 18% of GWP in 2011 to 43% in 2016



# Cost development Q2 2016



- Gross cost ratio of 5.1%, down from 6.7%
  - World leading
- FTE's now 249, 35% outside Norway
- All costs booked with regards to establishing UK and Finland, volume to follow
- Net cost ratio - 0.5%, down from 3.5%
  - High level of reinsurance commissions

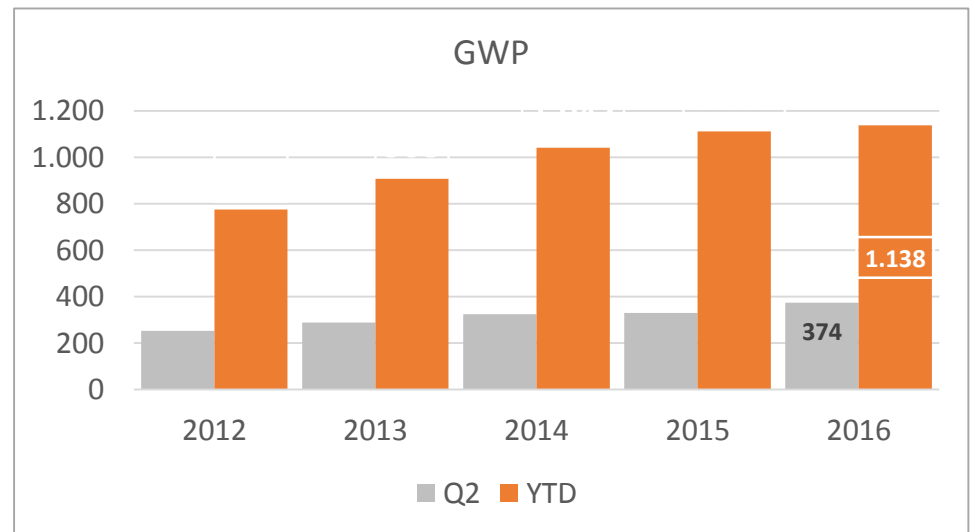


# Highlights Q2 2016

- Norwegian public and commercial line



- Volume up 7.4%
- High activity level in commercial sector
- Very good hit-ratio
- Renewal rate 82%
  - Rate pressure as always
- Focus on «clean desk» in claims handling
- Very large win in 2017 with volume Q1 and Q3 2017

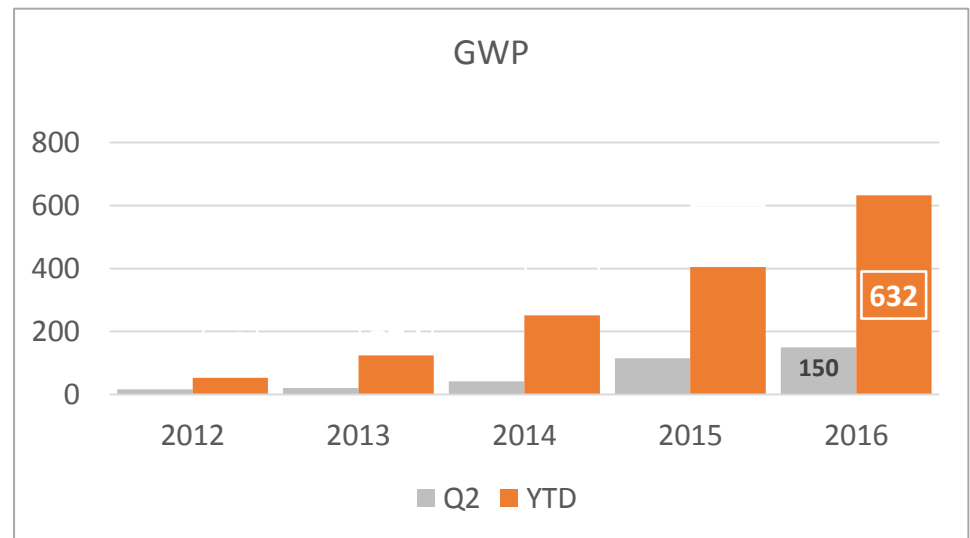


# Highlights Q2 2016

- Sweden



- Volume up 30.9% (20.7% in SEK)
- Claims ratio net of 76.3%
  - All segments and products are very good
- Renewal rate 106%
- Facilities/affinity programs running very well
- Improved quality and efficiency in claims handling and broker service processes
- “Clean desk” project doing very well



# Open for business

## - Finland



- Seven people on board
  - Experienced underwriters, claims handlers and account managers
- 3 public and 1 commercial customers won (8 public and 4 commercial in H1)
- Insourcing of claims handling 95% done

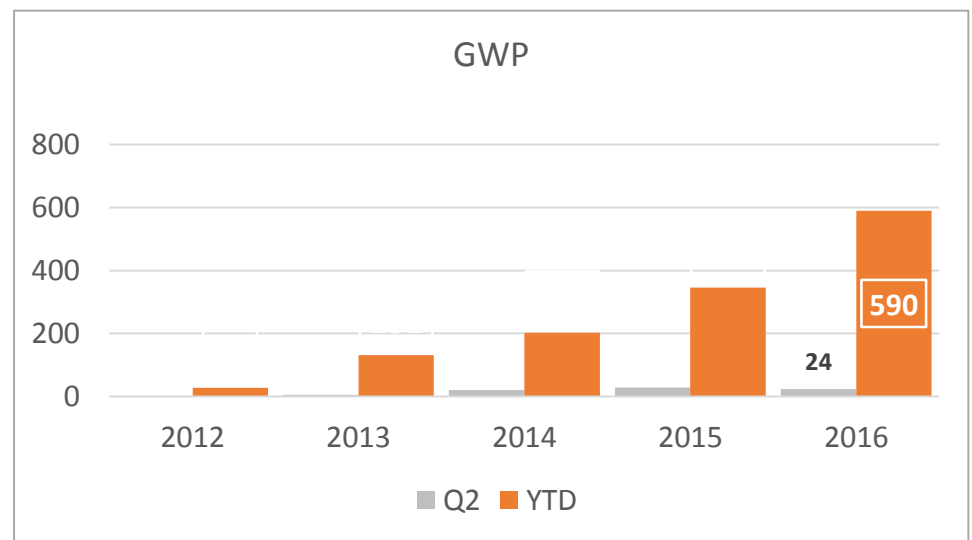


# Highlights Q2 2016

## - Denmark



- Small Q2, volume of low interest
- Claims ratio net of 106.0%
- Some facilities and affinity programs not running well
- Some management changes implemented
- “Clean desk” project in Claims handling
  - Improving response time





# Facilities / Affinity DK

## - Insufficient Control



4 of 11 programs  
unprofitable

Program	Broker
Program 1	Broker 1
Program 2	Broker 2
Program 3	Broker 3
Program 4	Broker 4
Program 5	Broker 5
Program 6	Broker 6
Program 7	Broker 7
Program 8	Broker 8
Program 9	Broker 9
Program 10	Broker 10
Program 11	Broker 11
Program 12	Broker 12
Program 13	Broker 13
Grand Total	

P&C								
Volume DKKm	Clams-% HTD - P&C (inkl. IBNR*)						Claims-% HTD - P&C (inkl. IBNR*)	
	Liability		Motor		Property		All LoB	Total
3	X		Y		Z		SUM	
2	X		Y		Z		SUM	
2	X		Y		Z		SUM	
2	X		Y		Z		SUM	
1	X		Y		Z		SUM	
1	X		Y		Z		SUM	
2	X		Y		Z		SUM	
3	X		Y		Z		SUM	
1	X		Y		Z		SUM	
1			Y				SUM	
1	X		Y		Z		SUM	
SUM								2

WC					
Volume DKKm	Duration # years claims stat	Claims ratio HTD - WC (Incl IBNR**)			
		Paid claims %		Est claims %*	Total
2	3,5	X		Y	
1	2,5	X		Y	
2	3,5	X		Y	
1	2,5	X		Y	
1	2,5	X		Y	
1	1,5	X		Y	
2	3,5	X		Y	
1	3,5	X		Y	
1	1	X		Y	
3	3,5	X		Y	
3	1,8	X		Y	
1	3,5	X		Y	
SUM					n/a

Insufficient control  
of programs

Category 1 (1-5)	Category 2 (1-5)	Category 3 (1-5)	Category 4 (1-5)	Total
2	2	2	2	1
2	3	2	3	2
4	3	2	3	2
4	3	2	3	2
3	2	3	2	2
2	3	4	4	2
2	3	2	3	3
4	3	2	3	3
3	3	3	2	3
3	2	3	3	3
3	3	4	4	3
3	3	4	4	3
4	3	2	3	4

Volume categories:

>20 MDKK = 3

10 MDKK to 20 MDKK = 2

<10 MDKK = 1

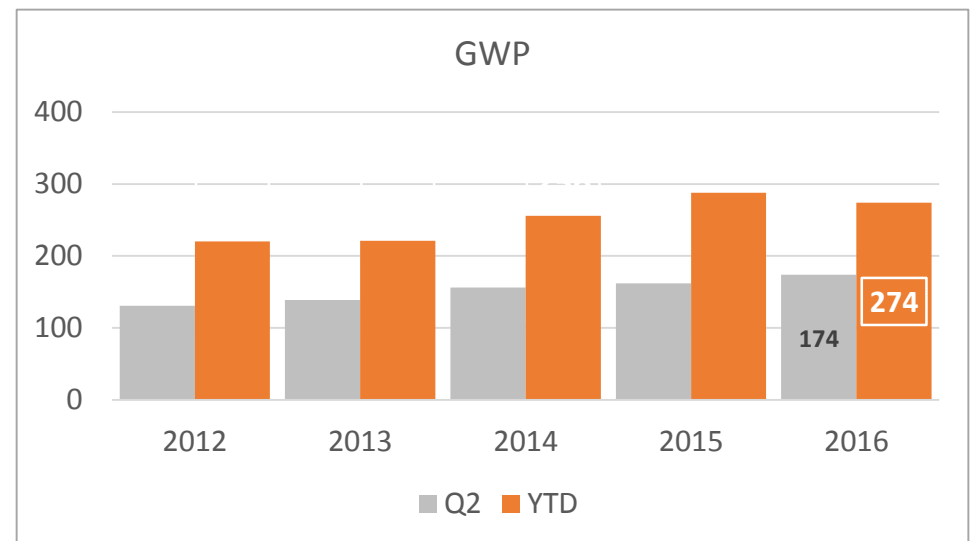
- Establishing an overview takes min. 18-24 months
- Actions taken, a few of them too late
- Results will show in 2017
- Success comes from low cost and tight administrative control

# Highlights Q2 2016

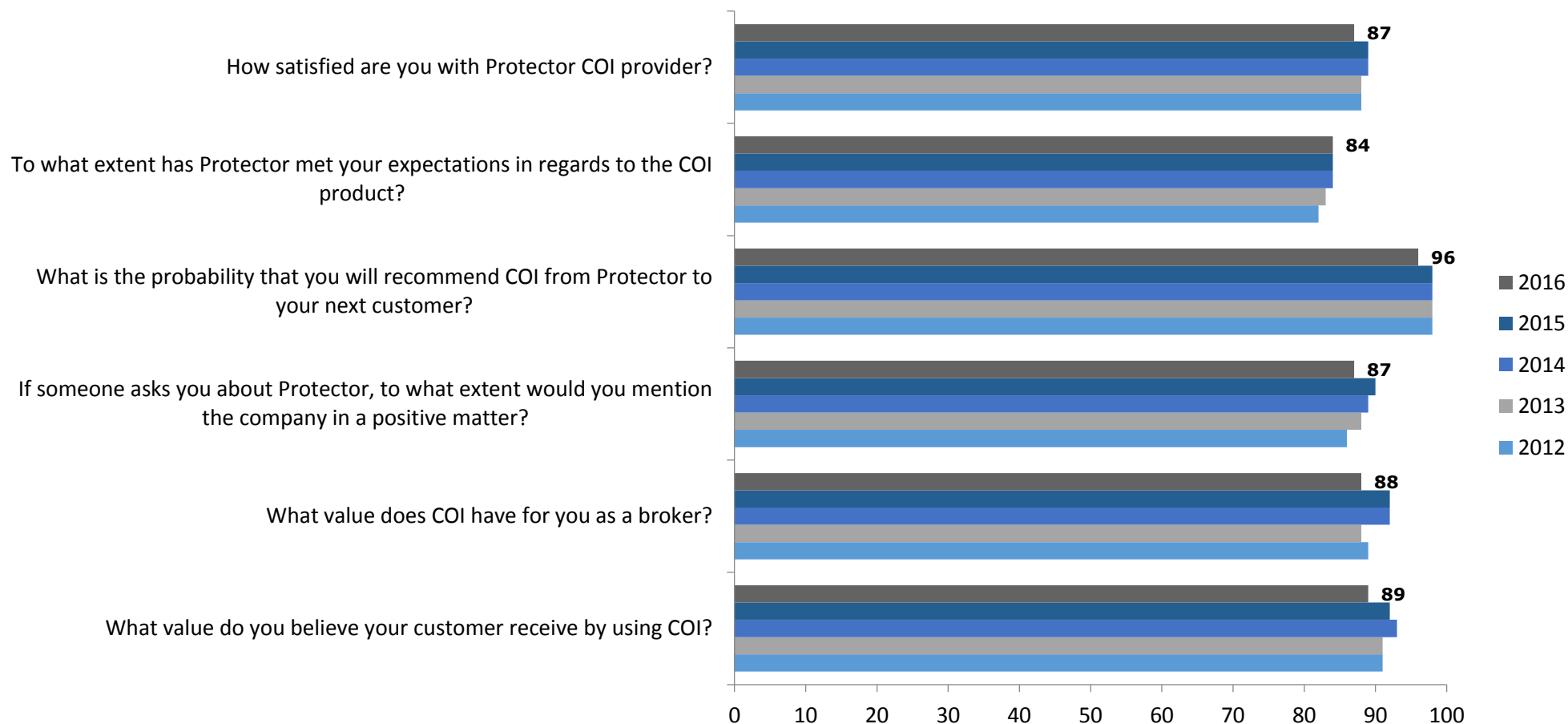
## - Change of ownership insurance (COI)



- Volume up 7.1%
  - Driven by real-estate prices (up 5.5%)
- Recovery level slightly behind schedule
- Claim reduction on a very good level
- Court results slightly weaker
  - 35% - 19% - 45% (Win, Draw, Loss)
- Sales & services delivered to real estate brokers and clients still on a very good level
- New technical report & IT solution based on NS3600 will be released early Q4



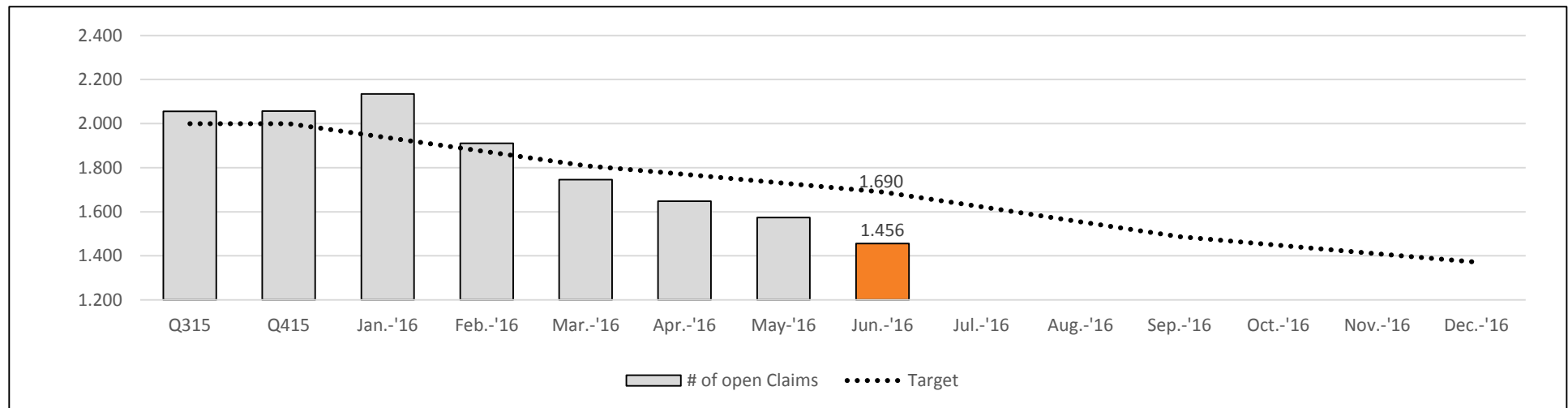
# Change of ownership insurance – Broker KPI Survey\*



# Change of ownership insurance – actions taken

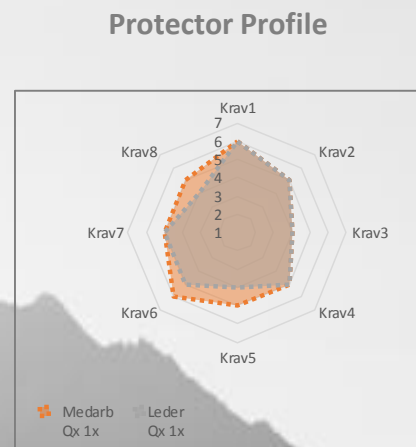
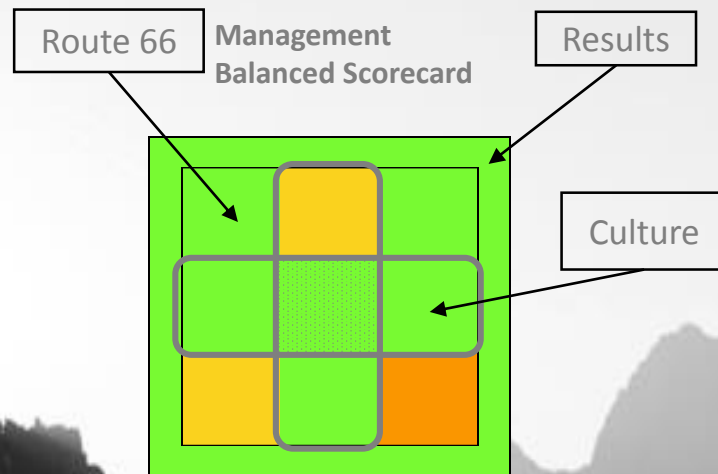
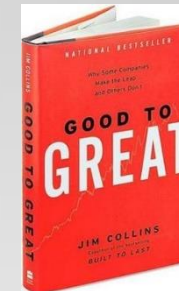


- “Clean desk” project speeding up claims handling, all new claims handled within 48hours
- Number of Open Claims on a very good level (historical low)
- Broker KPI survey 2016: Claims handling quality score historical high
- On schedule to “Best ever” claims handling in Q4 2016



# Cultural development

- Protector academy (new employees)
- New Generation Leader (NGL) programme started
- Protector Profile established and all employees evaluated
- Management Balanced Scorecard implemented
- 8-12 local cultural programmes running in parallel





# UK progressing according to Schedule

- Entry point Public Sector; ahead of schedule

- 20 meetings with 100 Public Sector brokers across the UK
  - Manchester, London, Bristol, Cardiff, Swindon, Leeds, Leicester
  - 85% of all brokers in Public Sector
  - Professional brokers, warm welcome
  - In addition; attendance at individual client meetings and conferences
- Claims databases larger than NO, SE, DK
  - ~ 1 000 000 reported claims
  - Good data quality
- 2 clients on risk, 3 additional clients confirmed
  - 20 quotes submitted, awaiting response from 5
  - Hit ratio 33%
  - Several tenders in process



# UK progressing according to Schedule

- Expertise on board, culture is key



- Experienced and good team in Manchester (City Tower)

- 9 people operational per Q2 (covering all areas of expertise)
- 6-7 people (4 signed) in progress
- UK management will be present at Capital Market Day 18th August

- Protector culture systematically implemented

- Continuous process involving all employees incl Norwegian resources
  - The team has arrived at 4 definitions per value
  - One value changed by the team; «Brave» → «Bold»
- Culture is an opportunity and a key factor for success
- When will UK take «cultural lead» in Protector?

- 6 main projects with good quality and progress

- Commercial sector in starting phase

- Good response from brokers
- Niche segments will be approached

- Brexit

- Uncertainty? Yes
- Change of plans? Not at all



# Profit & loss Q2 2016



[1.000.000 NOK]		Q2 2016	Q2 2015	H1 2016	H1 2015	FY 2015	
Gross premiums written		721,8	635,8	2 634,0	2 151,6	2 843,4	GWP growth 14% in Q2, 22% YTD
Gross premiums earned		873,0	706,1	1 655,9	1 372,5	2 791,1	
Gross claims incurred		(781,4)	(518,7)	(1 489,1)	(1 081,4)	(2 283,6)	
Earned premiums, net of reinsurance		720,4	560,5	1 352,0	1 078,5	2 176,0	
Claims incurred, net of reinsurance		(679,0)	(467,9)	(1 289,0)	(923,8)	(1 861,0)	eo. high in Q2 2016, eo. low in Q2 2015
Net commission income		34,3	20,5	119,6	96,6	112,9	
Operating expenses		(30,7)	(40,4)	(63,9)	(87,2)	(182,0)	
Other income/costs		(10,6)	(3,0)	(7,2)	(6,0)	(13,5)	
Net financial income		220,5	48,7	188,6	170,9	303,8	3.0% return in Q2, 2.6% return YTD
<b>Operating profit before security provision etc</b>		<b>254,9</b>	<b>118,4</b>	<b>300,1</b>	<b>328,9</b>	<b>536,1</b>	
Tax		(31,1)	(19,5)	(59,7)	(42,1)	(71,9)	Low tax due to zero tax on equity gains
<b>Profit before comprehensive income</b>		<b>223,8</b>	<b>98,9</b>	<b>240,4</b>	<b>286,8</b>	<b>464,2</b>	
Comprehensive income inc. tax		(1,1)	12,2	(8,0)	4,4	17,5	
<b>Profit for the period</b>		<b>222,7</b>	<b>111,1</b>	<b>232,4</b>	<b>291,2</b>	<b>481,7</b>	
Claims ratio, net of ceded business	(1)	94,3 %	83,5 %	95,3 %	85,7 %	85,5 %	
Expense ratio, net of ceded business	(2)	-0,5 %	3,5 %	-4,1 %	-0,9 %	3,2 %	
<b>Combined ratio, net of ceded business</b>	(3)	<b>93,7 %</b>	<b>87,0 %</b>	<b>91,2 %</b>	<b>84,8 %</b>	<b>88,7 %</b>	Slightly behind target of 90%
Gross claims ratio	(4)	89,5 %	73,5 %	89,9 %	78,8 %	81,8 %	
Gross expense ratio	(5)	5,1 %	6,7 %	5,6 %	7,1 %	7,5 %	"World leading" expense ratio
<b>Gross combined ratio</b>	(6)	<b>94,6 %</b>	<b>80,2 %</b>	<b>95,5 %</b>	<b>85,9 %</b>	<b>89,4 %</b>	
Retention rate	(7)	82,5 %	79,4 %	81,6 %	78,6 %	78,0 %	
Earnings per share	(8)	2,96	1,18	3,15	3,44	5,48	

- 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

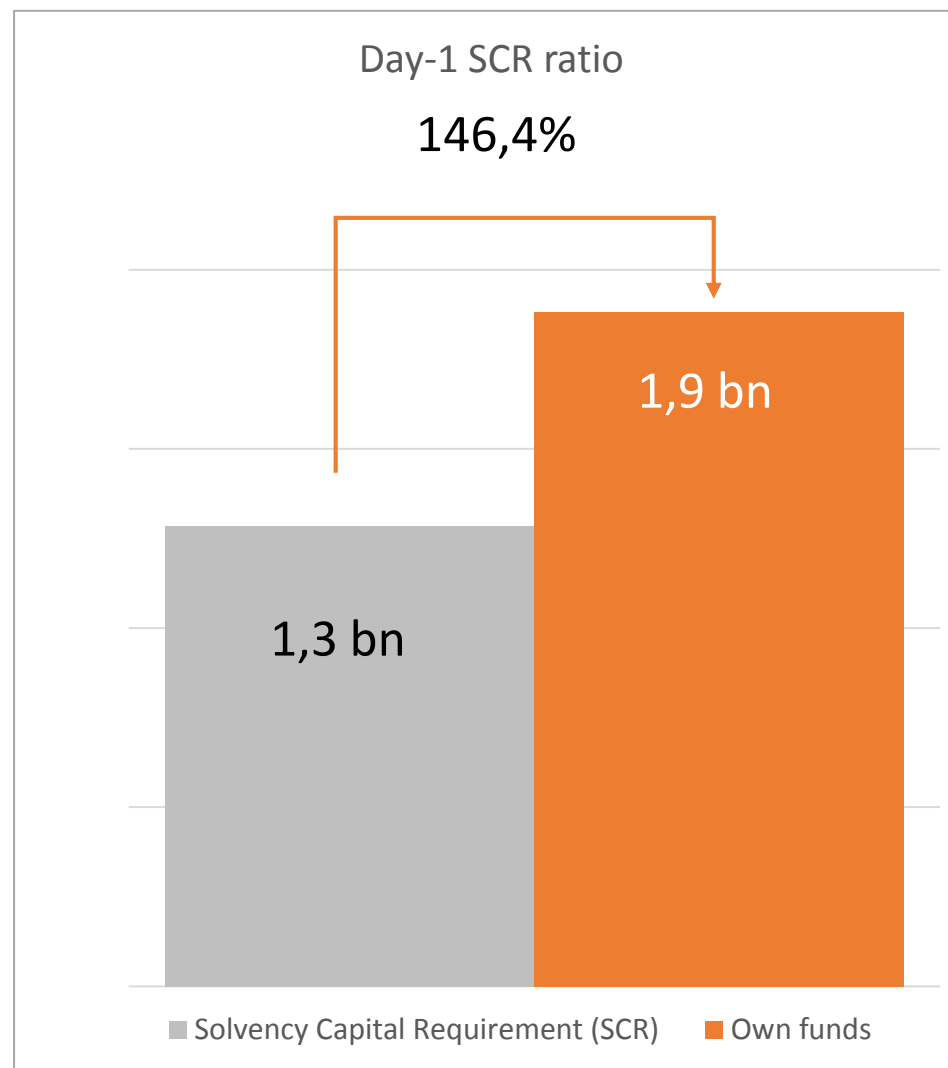
Return on equity H1 23.7%

# Balance sheet Q2 2016



[1.000.000 NOK]	30.06.2016	30.06.2015	31.12.2015
Owner-occupied property	13,6	-	13,6
Financial assets	8.261,5	6.191,4	6.623,1
Bank deposits	45,9	85,1	144,0
Other assets	1.372,1	1.184,7	924,4
<b>Total assets</b>	<b>9.693,1</b>	<b>7.461,2</b>	<b>7.705,0</b>
Total equity	2.051,3	1.790,4	2.012,7
Subordinated loan capital	648,1	148,1	148,1
Total reserves	5.551,4	4.624,2	4.306,5
Other liabilities	1.442,3	898,4	1.237,7
<b>Total equity and liabilities</b>	<b>9.693,1</b>	<b>7.461,2</b>	<b>7.705,0</b>

- Balance sheet strengthened with subordinated loan of 500 MNOK in the second quarter.
- Reported “Day-1” Solvency II ratio 146.4 % (Standard formula, and ex sub.loan Q2)
- “Day-1” Solvency II ratio including the subordinated loan is 176.1%

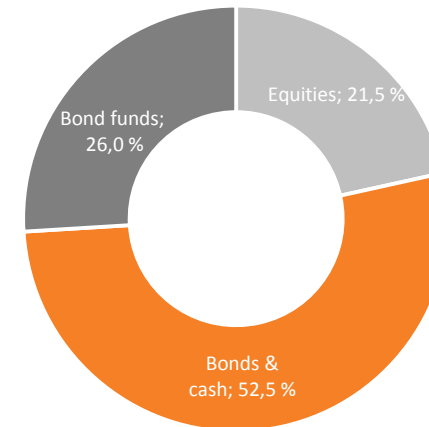


# Asset allocation

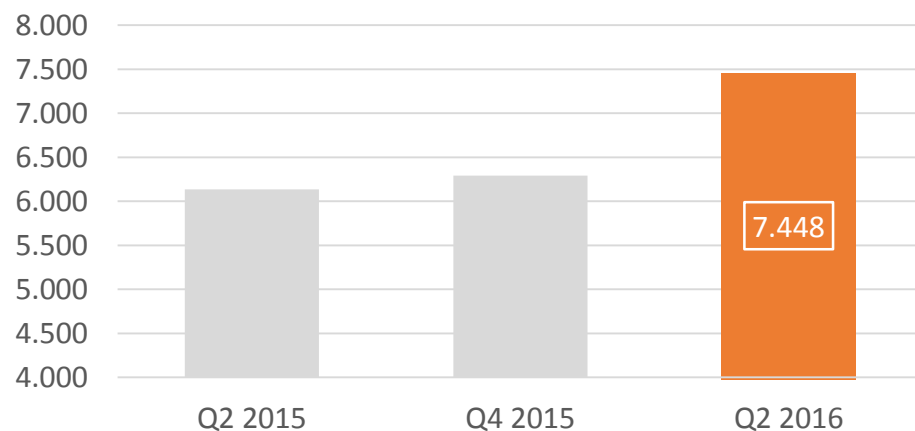


- Increased exposure in equities, reduced in high yield
  - Sold out US High Yield
    - Yields no longer in favour of US High Yield
    - Risk/Reward in Scandinavia ex. oil and oil service sector better
    - Reduce capital requirement
- No exposure to Norwegian oil and oil service sector for in-house managed portfolios
- Continued build-up of in-house portfolio
- Net investment portfolio of 7,448 MNOK at June 30<sup>th</sup> up 21.4% from Q2 2015.

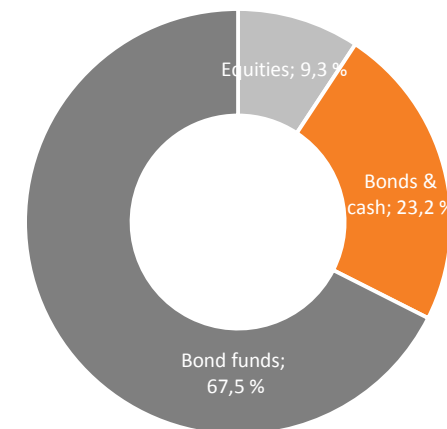
Asset allocation 30.06.2016



Net financial assets



Asset allocation 30.06.2015

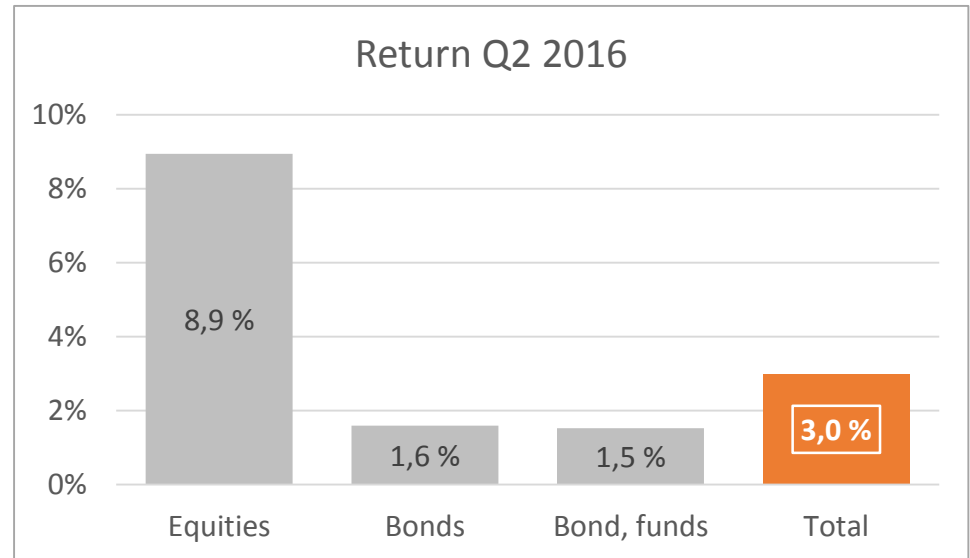




# Investment performance Q2 2016



- 3.0% return on investment portfolio, net investment result of 220.5 MNOK
- Equity portfolio; return of 8.9% (OSEBX 4,4%)
  - Equities 5.2% YTD
- Bond portfolio; return of 1.6%
  - Bonds 2.0% YTD
- Financial underwriting model introduced
  - Model and market update on CMD in August



# Shareholder matters 05.07.2016

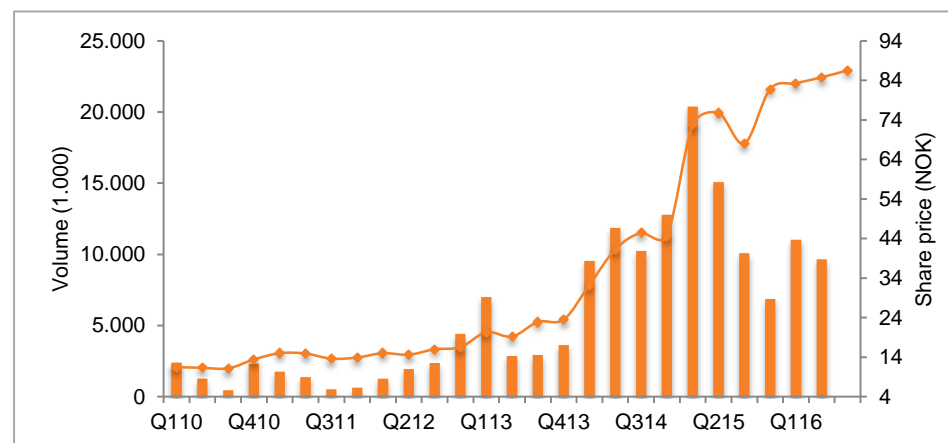


Shareholder	No. Shares	Percent
STENSHAGEN INVEST AS	6.550.000	7,60 %
SWEDBANK ROBUR SMABOLAGSFOND	6.175.308	7,17 %
ODIN NORDEN	4.485.857	5,21 %
OJADA AS	3.563.116	4,14 %
VERDIPAPIRFONDET HANDELSBANKEN	2.871.000	3,33 %
TJONGSFJORD INVEST AS <sup>1</sup>	2.811.809	3,26 %
ALFRED BERG	2.089.323	2,43 %
MP PENSJON PK	1.945.379	2,26 %
ARTEL HOLDING A/S	1.873.451	2,17 %
J.P.MORGAN SECURITIES PLC	1.662.619	1,93 %
FROGNES AS	1.649.916	1,92 %
JOHAN VINJE AS	1.437.841	1,67 %
ODIN NORGE	1.431.201	1,66 %
GENERALI PANEUROPE LTD -GP11940006	1.422.250	1,65 %
VEVLEN GÅRD AS	1.400.000	1,62 %
PETROSERVICE AS	1.283.815	1,49 %
BNP PARIBAS SEC. SERVICES S.C.A	1.248.142	1,45 %
NORDNET BANK AB	1.102.831	1,28 %
AVANZA BANK AB	1.085.410	1,26 %
JP MORGAN CHASE BANK, NA	1.048.835	1,22 %
20 LARGEST	47.138.103	54,71 %
OTHERS	39.017.502	45,29 %
TOTAL SHARES	86.155.605	100,00 %
<sup>1</sup> CEO, Sverre Bjerkeli		

## Related parties shareholding

- Management's direct and indirect shareholding totals 3,2 m shares or 3,7% of current outstanding shares
- Board members directly and indirectly own a total of 11,6m shares or 13,5 % of current outstanding shares
- On May 11<sup>th</sup> Chairman of the Board sold 700,000 of his shares through his company Alsøy Invest AS. After the transaction Alsøy Invest AS holds 1,002,751 shares in Protector Forsikring ASA.
- 24 employees own directly a total of 3.5 m shares or 4,1% of current outstanding shares (incl. management)
- Protector owns zero own shares or zero % of current outstanding shares

Protector share - Quarterly volume and share price end of quarter<sup>1</sup>



<sup>1</sup> Share buy back/ sale not included in the volume figures  
 Share price adjusted for dividends  
 Data pr. 01.07.2016

# Capital Market Day – Agenda



## “The Challenger”



See you at Restaurant DS Louise,  
Stranden 3, Aker Brygge on August 18<sup>th</sup>.

## Timetable:

10:00

Welcome and snack

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Company update  
In depth Swe & Fin  
In depth UK  
The investment challenger  
- Financial Underwriting

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13:15

Lunch and mingle

# Guiding 2016



April 2016

Status

July 2016

Volume up 22 %

22 %, on target

22 %

Gross cost ratio < 7.5 %

5.6 %, ahead

< 7.5 %

Net Combined ratio 90%

91.2 %, slightly behind

90 %

-> Guiding maintained from last update

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- Gross claims ratio 89.5% (73.5%)
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- Very strong investment result
  - Return Q2 221 MNOK, 3.0% (0.8%)
- Guiding unchanged

From Norwegian, to Scandinavian, to...





Wish you all a great summer...



- and look forward to seeing you again on our CMD August 18<sup>th</sup>