

RESULTS Q3 2015

Investor presentation

29th October 2015



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: Stenshagen Invest, ODIN, Robur, Ojada AS, Handelsbanken, CEO, MP Pensjon
- Strong results, average combined ratio 2004 - 2014, 88.4%
- GWP in 2014: MNOK 2.374
- Solvency capital of MNOK 2.007, investment portfolio ~ NOK 6.2 bn.
- Market cap. 19 October 2015, NOK 5,26 bn.

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

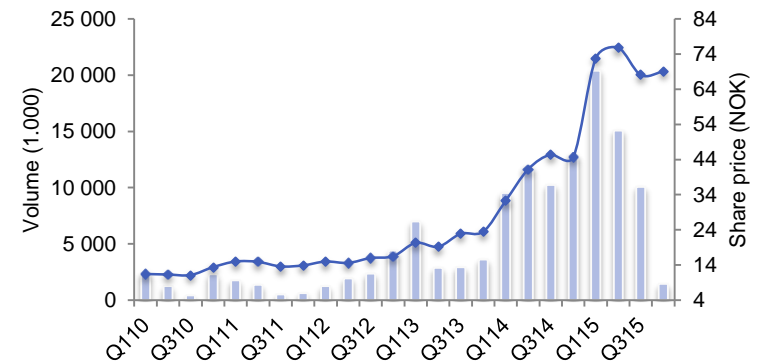
Outlook 2015:

GWP up 22 %
CR 86 %

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/ sale not included in the volume figures
Share price adjusted for dividends
Data pr. 19.10.2015

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

(Troverdig) Credible

(Imøtekommende) Open

(Modig) Brave

(Engasjert) Committed





Highlights Q3 2015

7% growth, Combined ratio on track

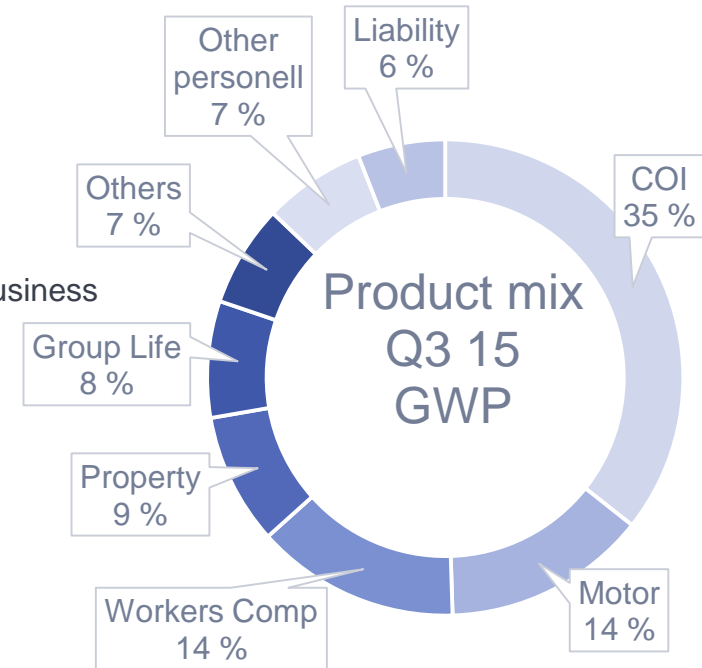
- GWP up 7%
 - 6% in local currency
 - Small quarter with seasonality effects
- Net combined ratio 88.7% (89.0%)
- -0.3 % return on the investment portfolio (0.6%)
 - Poor investment result, but better than peers
 - Yield in bond portfolio increase despite lower interest rate level
- Operating profit of NOK 40.7m (75.3m)
- UK - first 3 recruitments done
- Guiding down – operating profit 550 mnok
 - Spreads per 26.10. have gone in a lot
 - Return on investments will determine final result



Gross written premium Q3 2015

GWP up 7%, from NOK 342 m to NOK 367 m

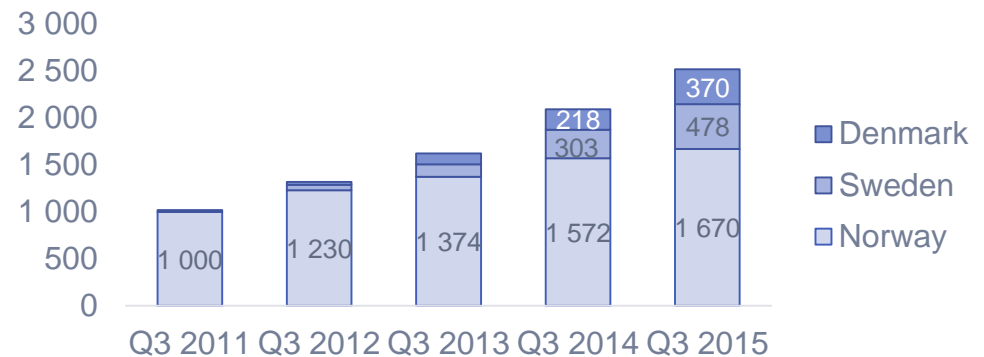
- Commercial sector Scandinavia: 13% growth
 - Norway: -2% growth within the commercial and public lines of business
 - Sweden: 39% growth
 - Denmark: 53% growth
- Change of ownership insurance: -1% growth
 - Lower number of sales, prices up 9%
- Continued product diversification



GWP Q3 2011-2015
(MNOK)



GWP YTD 2011-2015
(MNOK)

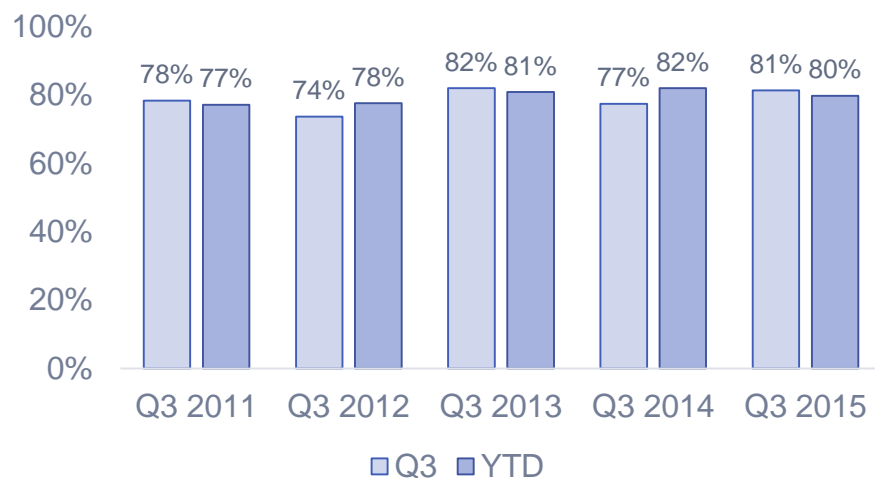




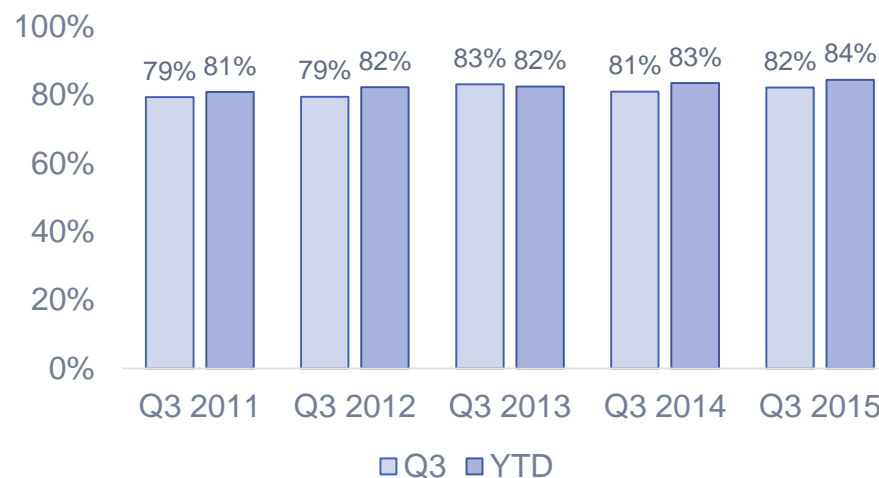
Claims development Q3 2015

- Gross claims ratio 81.3%, up from 77.4% in Q3 2014
- Net run-off-gains of 2.8%, against net run-off-gains of 4.5% in Q3 2014
 - Run-off gains in motor insurance
- Net claims ratio 82.1%, up from 80.9%. Higher claims ratio than peers.

Gross Claims Ratio 2011-2015



Net Claims Ratio 2011-2015





Cost ratio Q3 2015

- Gross cost ratio 6.4%, down from 8.4%

Q1-Q3 2015

Norway	4,7%
Sweden	12,3%
Denmark	10,6%

High sales commissions in Sweden. Ex. Commission ~7,4% Q1-Q3 15

- Net cost ratio 6.6%, down from 8.1%

Gross Cost Ratio 2011 - 2015



Net Cost Ratio 2011 - 2015





Highlights Norwegian Commercial/Public Lines Q3 2015

- Volume down 2% (small quarter)
 - 37% growth in the public sector
 - 0 large wins, 0 large non-renewals
 - -4% growth in the commercial sector
 - 2 large wins and 1 large non-renewal
- Personal lines of business, 66% of total volume
 - -3 % growth in Q3
 - -1 % growth other lines
- Renewal rate 83 %, down from 99% Q3 2014
- Recovery levels very good
- Growth in Q4 looks good. Good access to new business and high hit-ratio.
- Well prepared for hunting and renewal season

GWP 2011-2015
(MNOK)

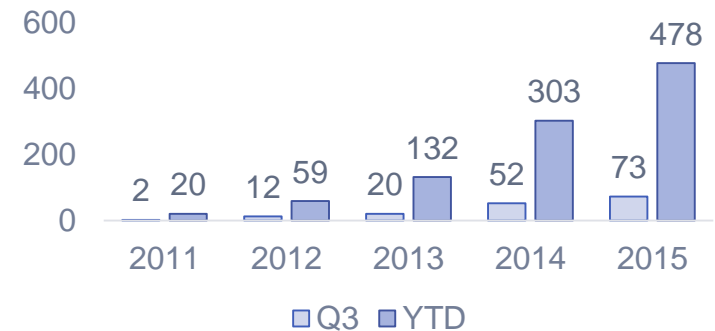




Highlights Q3 2015 – Sweden

- **39 % growth**
 - 1 very large win, one large non-renewal
 - No. 2 in the municipality segment
- **Net combined 79.3%, 88.2% YTD 2015**
 - Run-off gains, but good underlying profitability
- **First customer on board in Finland (January 1st)**
- **Growth in Q4 expected to be low**
- **Look forward to hunting and renewal season**

GWP 2011-2015
(MNOK)





Highlights Q3 2015 – Denmark

- 53% growth in a small quarter
 - Higher level of public business out in market compared to last two years (2016 potential)
- Net combined 108.2%, 98.4% YTD 2015
- Slow start in Q4 – one large non-renewal
- January 1st hunting season started very well

GWP 2011-2015
(MNOK)



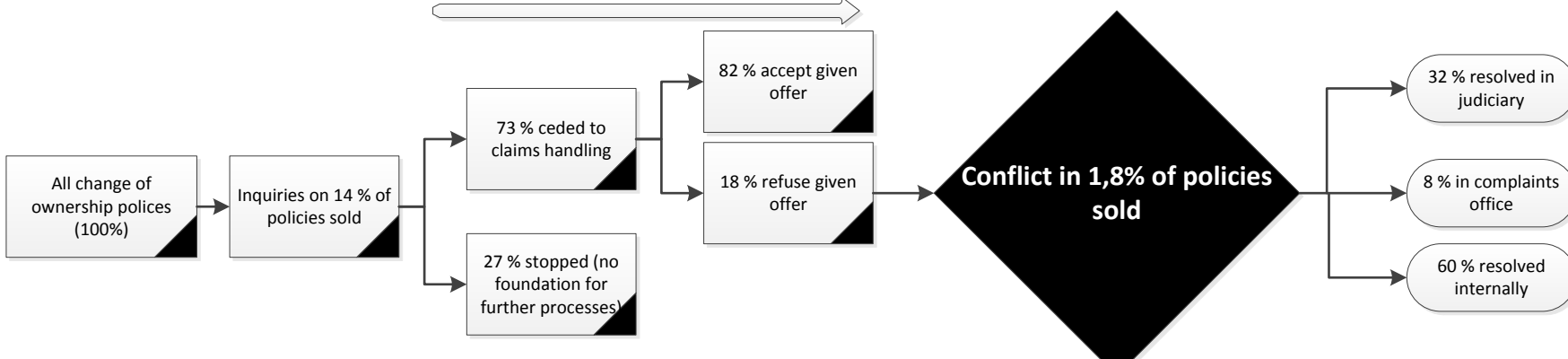
Highlights Q3 2015 - Change of ownership

- Volume down 1%
 - Strong decline in no. of policies vs. Q3 2014
 - Slightly reduced market share due to distribution mix
 - Prices in real estate market are strong
- Unprofitable quarter – full year profitable
 - Incurred claims at a very high level
 - Some challenges in claims handling
- Improved results in court
 - Win – draw – losses: 46% - 21% - 32 %
- Conflict level 2% (not 1 of 5)
 - These remaining claims are of course demanding

GWP 2011-2015
(MNOK)



80 % of reported issues are answered within 10 days





Entry in the UK going according to plan

- First 3 employees recruited
 - Further recruitments ongoing
- Established relationship with top five brokers in public sector
- Property reinsurance contract agreed
- First 100 building inspections done
- IT project started, plenty of time...
- Manchester is still our location ...and doing well in Premier League
- Start up-costs included in the 2015 guiding, no capex will be booked
- First customer expected April 1st





Results Q3 2015

NOKm	Q3 2015	Q3 2014	YTD 2015	YTD 2014
Premiums written gross	366,5	341,8	2 518,1	2 092,6
Premiums earned gross	719,9	591,5	2 092,4	1 713,1
Claims incurred gross	(585,2)	(457,7)	(1 666,6)	(1 402,9)
Premiums earned for own account	562,4	458,0	1 640,9	1 321,9
Claims incurred for own account	(461,5)	(370,6)	(1 385,3)	(1 101,8)
Operating costs for own account	(37,1)	(36,9)	(27,8)	(22,9)
Other income/costs	(3,0)	(3,1)	(9,1)	(8,2)
Net financial income	(19,9)	27,9	151,0	223,3
Profit before change in security provision etc	40,7	75,3	369,6	412,3
Change in security provision etc.	(20,7)	(12,5)	(57,9)	(53,3)
Profit after change in security provision etc.	20,0	62,8	311,8	358,9
Tax	12,3	(17,7)	(39,9)	(78,9)
Profit before comprehensive income	32,3	45,2	271,8	280,1
Comprehensive income inc. tax	9,4	(1,8)	13,8	(9,1)
Profit for the period	41,7	43,3	285,7	271,0
Gross claims ratio	81,3 %	77,4 %	79,7 %	81,9 %
Gross expense ratio	6,4 %	8,4 %	6,9 %	7,4 %
Gross combined ratio	87,6 %	85,7 %	86,5 %	89,3 %
Net claims ratio	82,1 %	80,9 %	84,4 %	83,4 %
Net expense ratio	6,6 %	8,1 %	1,7 %	1,7 %
Net combined ratio	88,7 %	89,0 %	86,1 %	85,1 %
Retention rate	78,1 %	77,4 %	78,4 %	77,2 %
Return on investment assets	0,6 %	2,0 %	4,1 %	4,7 %
Earnings per share	0,6	0,7	3,8	3,9

- GWP up 7% - underlying growth stronger

- Down due to negative financial income

- Negative tax due to composition of investment income

- Reduced due to sale of own shares

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)



Balance Sheet Q3 2015

NOKm 30.09.2015 30.09.2014 31.12.2014

Financial assets	6 382,7	4 834,8	4 957,9
Bank deposits	56,3	138,1	207,9
Other assets	1 098,2	899,4	786,9
Total assets	7 537,2	5 872,4	5 952,7
Total equity	1 364,6	903,7	991,4
Subordinated loan capital	148,1	148,1	148,1
Total reserves	5 181,6	4 290,6	4 113,3
Other liabilities	842,8	530,0	699,8
Total equity and liabilities	7 537,2	5 872,4	5 952,7

Solvency capital	2 006,9	1 515,1	1 575,9
Return on solvency capital, after tax	18 %	26 %	28 %
Solvency capital per share, end of period	23,3	18,3	19,1
Solvency ratio	101 %	94 %	85 %
Solvency margin	424 %	373 %	296 %
Capital adequacy ratio (risk weighted)	22 %	18 %	18 %
NAV	1 833,5	1 350,0	1 418,1
NAV per share, end of period	21,3	16,3	17,2

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 plus 73% of the total security provision etc.

No. of shares = total outstanding shares ex own shares

- 28% growth in investment portfolio
- Est. 20 % ex.sales of own shares
- Solvency margin 424 %, NOK 1.244 mill above the minimum requirement

Solvency II, UK & future growth → capital discussions

- Introduction of Solvency II makes other capital structures possible and attractive
- Protector has low level of debt compared with peers
- UK entry on track, up-side scenarios will be discussed
- The company is considering raising new subordinated loan capital
 - Low cost of capital
 - Prudent should growth be in excess of 10% the next 3-5 years
- Will use Tryg's placement to gauge market appetite...

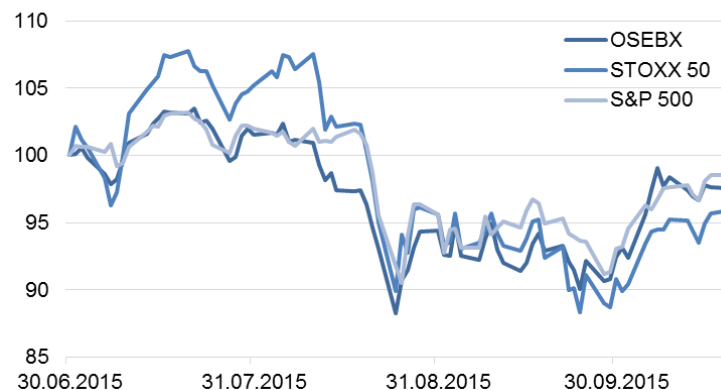


Development in financial markets in Q3

Volatile financial markets in Q3 due to concern about global economy growth:

- Equity markets down 7%-9%
- Global HY spreads out 155-177 ppt, and significant spread increases both in IG and bank
- Norwegian capital markets affected by 22% fall in oil prices and 25 bp cut in key interest rate

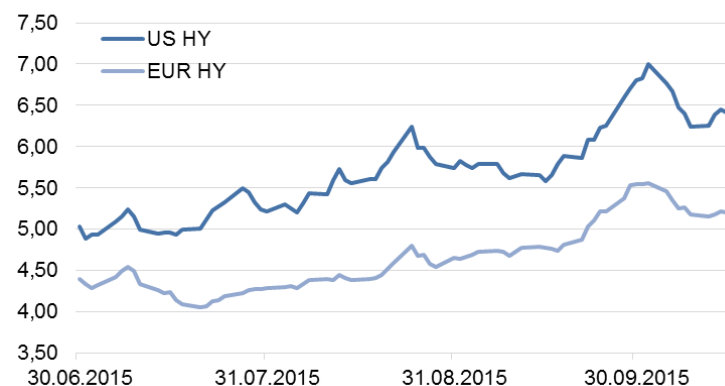
Development in equity markets Q3



Oil price development Q3



Development in HY spreads Q3



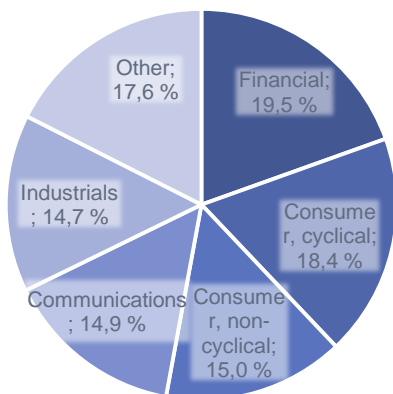


Protector HY update

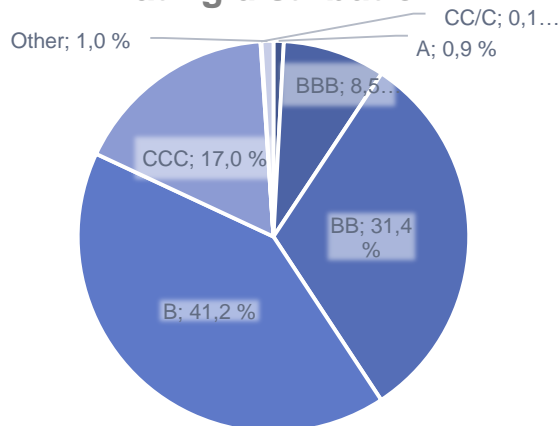
Exposure through Nordea Global HY fund:

- Managed by MacKay Shields
 - Over 40-year investment management history
 - Strong track record last 8 years
 - Total AUM USD 90 bn/ HY – USD 21bn/ Global HY fund
- Interest duration 4,6; credit duration 4,4
- Yield 8,0% in local currency; hedged 8,7% pr. 30.09, up from 6,2% (7,3% hedged) pr. 30.06
- Limited exposure to oil-services and raw materials
- Risk/reward attractive at present pricing levels

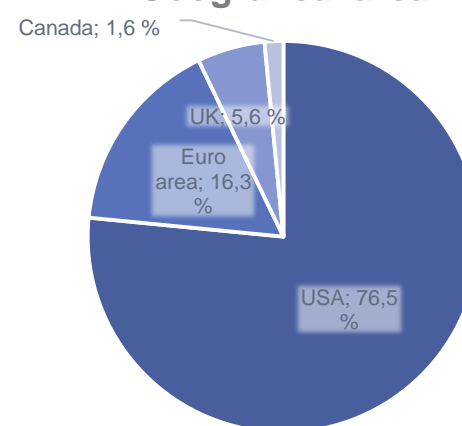
Sector exposure



Rating distribution



Geographical area

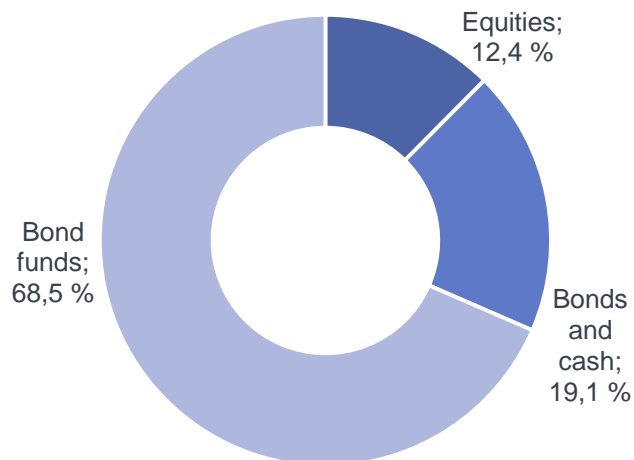




Asset allocation

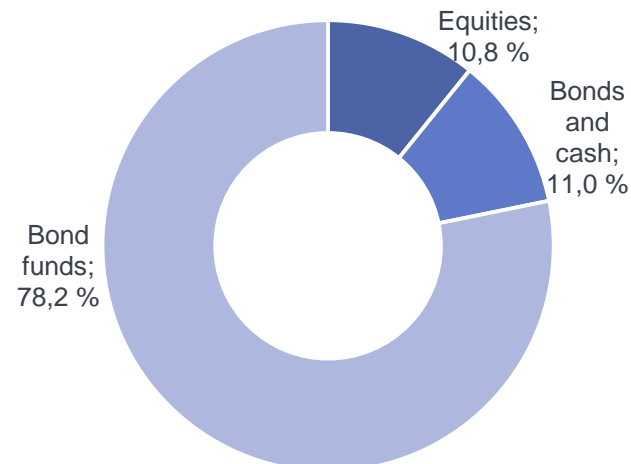
- End of Q3 2015; Bonds 86,5% of portfolio, equities 13,5%
- No Norwegian HY
- Exposure in equities increased medio Q3

Money-weighted allocation of investments 30.09.2015



Total net financial assets end of Q3 2015; NOK 6.199m

Money-weighted allocation of investments 31.12.2014



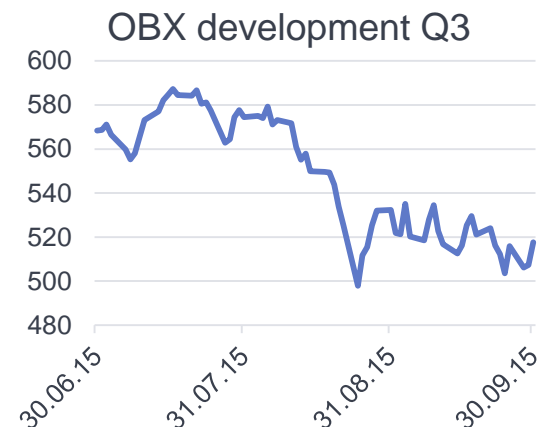
Total financial assets end year; NOK 4.894m



Investment performance Q3 2015

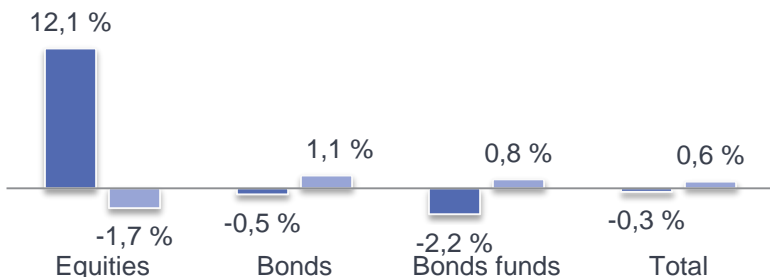
-0.3% return on the investment portfolio

- Net investment result of NOK -19.9m, -0.3% return (NOK 27.9m, 0.6%)
 - YTD; Net investment result of NOK 151.0m, 2.7% return (NOK 223.3m, 4.9%)
- Equities, return of 12.1% (-1.7%), 24.2% YTD
 - OBX -8,9% in Q3, YTD -1,1%
- Bond portfolio, return of -1.8% (0.8%), -0.5% YTD
 - Yield end of Q3; 4.3% - up from 3.7% end of Q2
- Net investment portfolio of NOK 6,199m (NOK 4,835m), 28% growth
 - Ex proceeds from sale of treasury shares growth was 23%



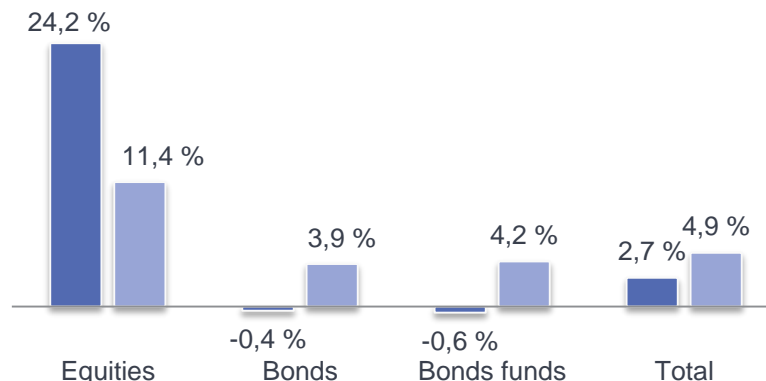
Return Q3

■ 2015 ■ 2014



Return YTD

■ 2015 ■ 2014



Investment return compared with competitors

Better than peers - again

	2008	2009	2010	2011	2012	2013	2014	H1 '15	Q1-Q3 '15	Avg. 2008-2014
PRF	-2,1 %	16,1 %	9,7 %	-2,3 %	8,9 %	7,0 %	5,3 %	3,0 %	2,7%	6,0 %
KLP skade	0,4 %	8,3 %	7,2 %	4,5 %	6,5 %	6,5 %	6,5 %	2,3 %	na	5,8 %
If	-3,1 %	12,4 %	7,4 %	1,8 %	6,1 %	5,0 %	4,1 %	2,1 %	na	4,8 %
Tryg	3,5 %	6,6 %	4,3 %	4,8 %	5,1 %	2,5 %	4,3 %	0,6 %	0,2%	4,5 %
Gjensidige	-0,6 %	5,5 %	5,2 %	4,4 %	5,4 %	4,3 %	4,3 %	1,8 %	1,5%	4,2 %
Codan	5,6 %	5,9 %	3,5 %	3,0 %	3,9 %	-0,4 %	3,9 %	0,7 %	na	3,7 %
Top	-6,9 %	7,3 %	4,8 %	3,1 %	6,9 %	4,1 %	3,4 %	0,7 %	na	3,2 %
LF	-14,0 %	10,0 %	6,0 %	-2,0 %	5,0 %	0,0 %	6,5 %	3,8 %	1,9%	1,8 %
Avg. ex. PF	-2,8 %	8,9 %	5,7 %	2,4 %	5,5 %	3,2 %	4,5 %	1,8 %	na	4,0 %

Our assessment is that Protector also is doing well when we risk adjust the investment income



Shareholder matters 10 October 2015

Shareholder	No. Shares	Percent
STENSHAGEN INVEST AS	6 550 000	7,60 %
ODIN NORGE & NORDEN	5 755 035	6,68 %
SWEDBANK ROBUR SMABOLAGSFOND	5 631 835	6,54 %
OJADA AS	3 563 116	4,14 %
VERDIPAPIRFONDET HANDELSBANKEN	3 032 384	3,52 %
TJONGSFJORD INVEST AS ¹	2 811 809	3,26 %
MP PENSJON PK	2 037 379	2,36 %
VEVLEN GÅRD AS	1 888 000	2,19 %
ARTEL HOLDING A/S	1 873 451	2,17 %
AVANZA BANK AB	1 860 059	2,16 %
JP MORGAN CHASE BANK, NA	1 773 835	2,06 %
GABLER RÅDGIVNING AS ²	1 702 751	1,98 %
FROGNES AS	1 649 916	1,92 %
NORDNET BANK AB	1 506 070	1,75 %
JOHAN VINJE AS	1 437 841	1,67 %
GENERALI PANEUROPE LTD -GP11940006	1 421 250	1,65 %
ARCTIC FUNDS PLC	1 390 237	1,61 %
J.P.MORGAN SECURITIES PLC	1 364 535	1,58 %
PETROSERVICE AS	1 333 815	1,55 %
JP MORGAN BANK LUXEMBOURG S.A	1 186 895	1,38 %
20 LARGEST	49 770 213	57,77 %
OTHERS	36 385 392	42,23 %
TOTAL SHARES	86 155 605	100,00 %

No. Of shareholders 1.779

¹ CEO, Sverre Bjerke

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 12,3m shares or 14,3% of current outstanding shares
- 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

Notifications of trade in Q3 2015

- No notifications of trades

Other changes in shareholding

- No significant changes



Guiding June; reduced due to financial income

	Res 2014	Feb 2015	June 2015	Oct 2015
Premium growth in NOK (%)	28	18	22	22
Investment Income (NOKm)	237	225	300	270
Operating profit (NOKm)	502	500	600	550
Gross cost ratio (%)	7.6	<7.5	<7.5	<7.5
Net combined ratio (%)	84.5	88-90	86	86
Change in Security prov. (NOKm)	26.3	100	50	50
Tax rate ¹	20%	n/a	20 %	16-17%
Return on solvency capital (%) ²	28	25	28	24
Earnings per share (NOK) ³	4.9	4.8	5.6	5.3

Return assumptions 2015*:

Equity allocation approx. <15 % (15%)

Return equities: 15% p.a. (15% p.a.)

Return bonds: 3.7 % p.a. (3.7% p.a.)

Average inv. capital: NOK 5.900'' (5.650'')

*Figures in brackets; Guiding 10th July 2015

Return from equities tax-free

Sale of own shares

¹ Tax rate; Tax divided on profit before tax

² Return on solvency capital: (Operating profit – tax) / average solvency capital

³ Earnings per share; (Profit before comp. income + Change in security provision - 27% tax on change in security provision) / (no. of outstanding shares - own shares)



Outlook 2015 – reduced due to lower financial income

Guiding 1st July

- GWP up 22%; slightly behind
- Combined ratio 86; on schedule
- Gross cost ratio < 7.5 %; on schedule
- Operating profit NOK 600 m; behind due to lower financial return
- Return on solvency 28 % (after tax); slightly behind due to increased capital and slightly decreased earnings per share



Highlights Q3 2015

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 - Yield in bond portfolio increase despite lower interest rate level
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