PROTECTOR forsikring

INVESTOR PRESENTATION

November 2014

10 YEARS WITH PROFITABLE GROWTH

PROTECTOR forsikring

Sverre Bjerkeli (55) – Chief Executive Officer

Relevant experience:

- Head of consumer/commercial division at Storebrand (*If*..)
- CEO Storebrand Bank.
- IT; Key positions in NOKIA/ICL and CEO Eterra/Ementor
- Last 10 years in Protector
- Handball player and trainer on international level
    - Marathon runner and Vasalopp skier “nowadays”

PROTECTOR forsikring

Vision, Business Idea, Main targets and Values

Vision

The challenger

Business Idea

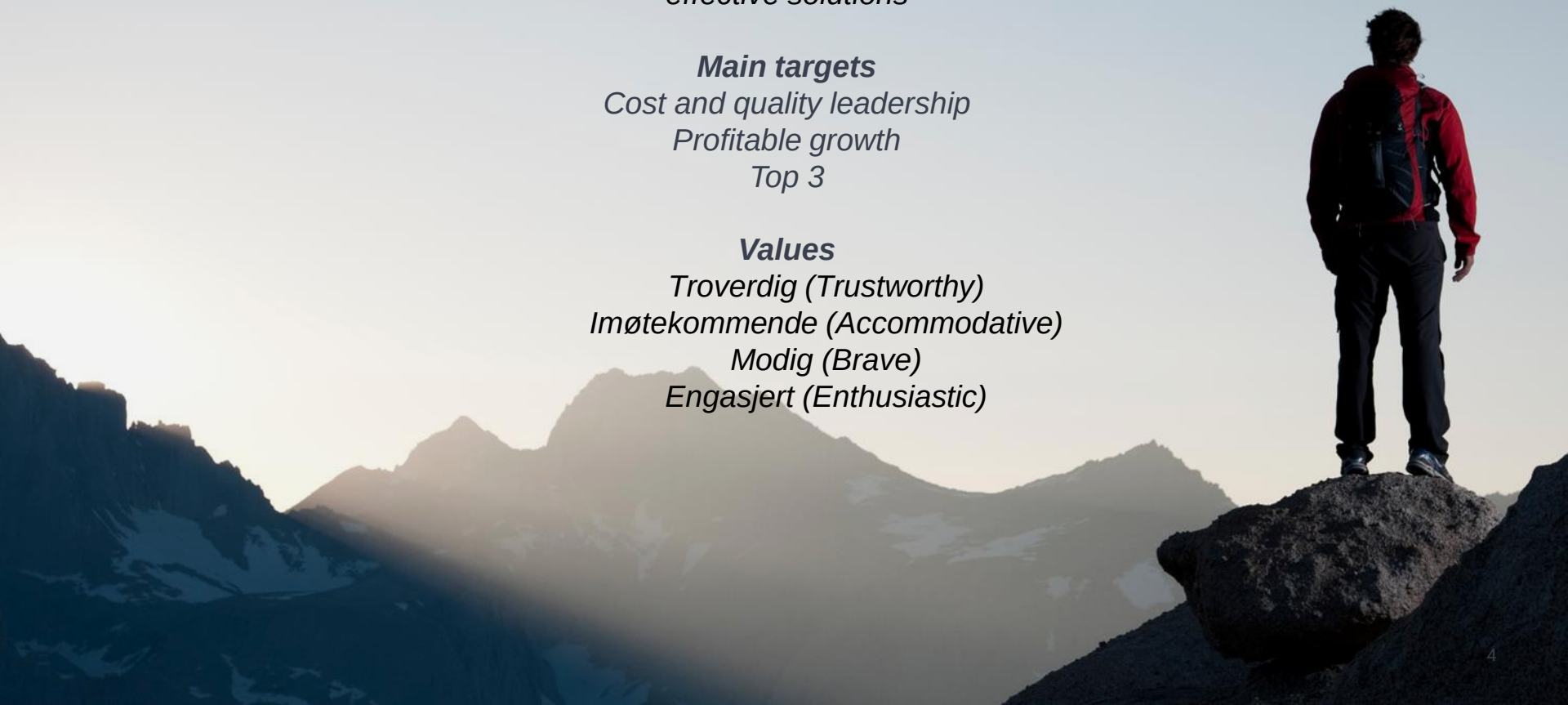
This will happen through unique relationships, state of the art decision making, and cost effective solutions

Main targets

Cost and quality leadership
Profitable growth
Top 3

Values

Troverdig (Trustworthy)
Imøtekommende (Accommodative)
Modig (Brave)
Engasjert (Enthusiastic)



PROTECTOR forsikring

Gross cost ratio – half the cost

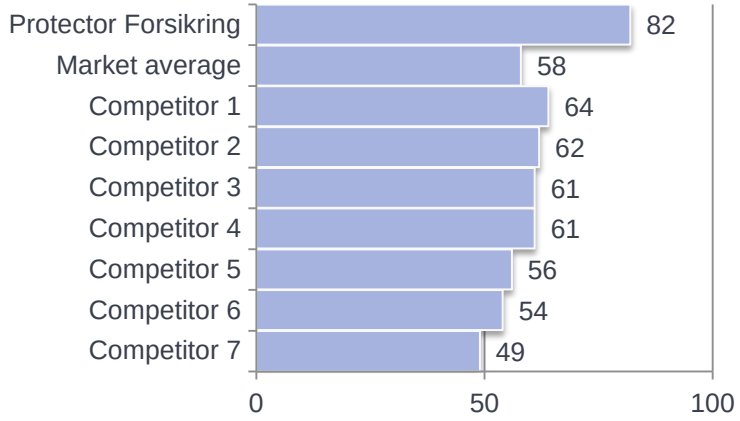
	2008	2009	2010	2011	2012	2013
PRF	11,2 %	12,1 %	11,9 %	10,0 %	7,7 %	8,8 %
Gjensidige	17,0 %	17,7 %	16,5 %	16,4 %	15,5 %	15,3 %
Tryg	17,1 %	17,2 %	17,0 %	16,6 %	16,4 %	15,6 %
Top	14,7 %	14,9 %	15,4 %	15,7 %	15,8 %	16,2 %
If	17,4 %	17,6 %	17,2 %	17,3 %	16,9 %	16,8 %
LF	21,0 %	22,0 %	22,0 %	21,0 %	21,0 %	19,0 %
Codan	20,2 %	20,4 %	19,9 %	21,5 %	22,4 %	21,2 %
KLP	26,7 %	29,1 %	30,4 %	26,5 %	26,4 %	26,2 %

- Protector’s low cost ratio is driven by cost effective operations in all areas (sales, UW, services, IT and admin.)

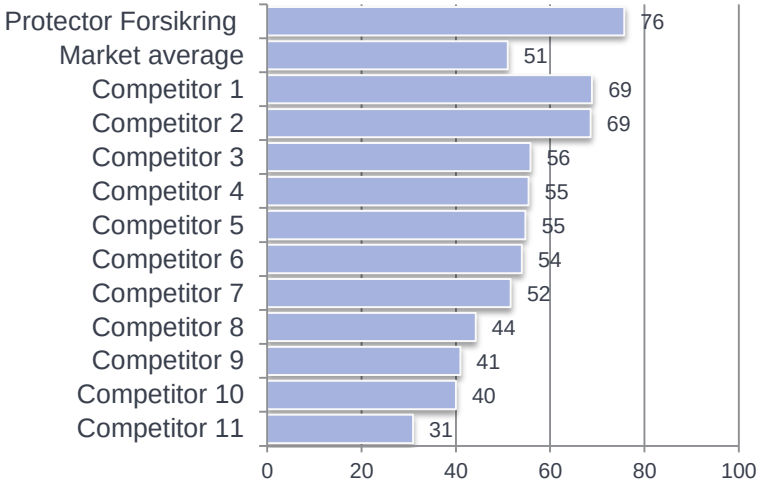
PROTECTOR forsikring

Quality leadership 8 years in a row

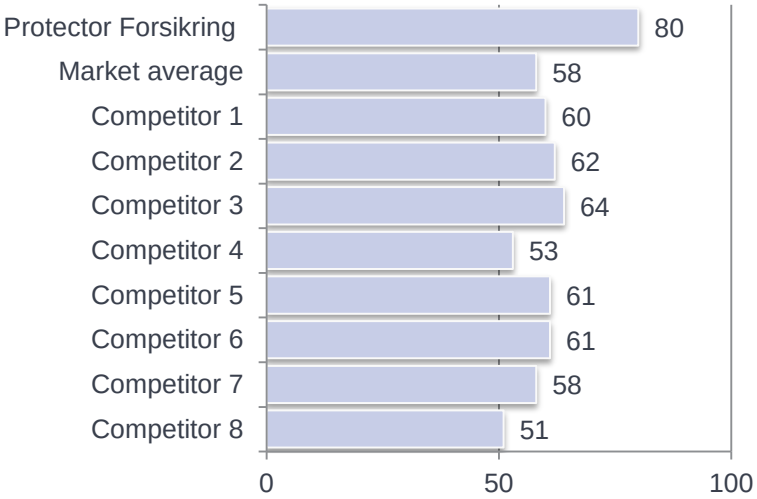
Commercial and publ.



Commercial and publ.



Commercial and publ.



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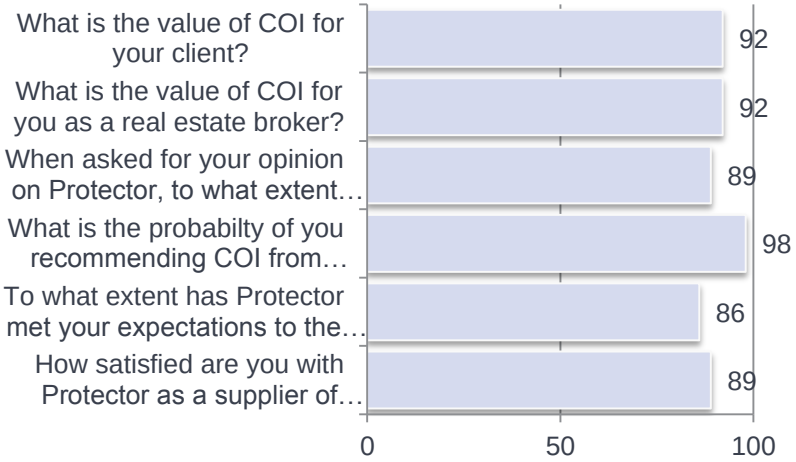


Source: TNS Gallup surveys. Market average is ex Protector

PROTECTOR forsikring

Volume growth (GWP) 2008 – 2013, accumulated

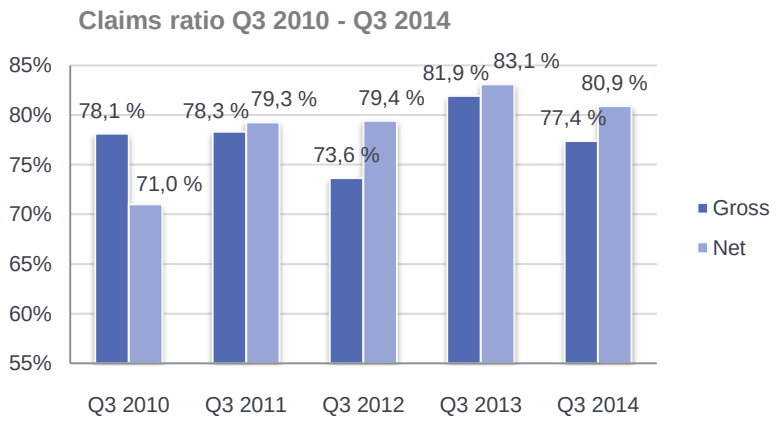
	2008	2009	2010	2011	2012	2013	Weight AVG 2008- 2013
PRF	9,6 %	31,0 %	52,0 %	80,9 %	128,1 %	179,8 %	20,1 %
KLP	3,4 %	8,3 %	13,7 %	17,1 %	35,1 %	49,9 %	7,6 %
Gjensidige	4,4 %	5,7 %	14,5 %	17,8 %	19,9 %	26,2 %	4,0 %
Codan	12,8 %	14,6 %	14,9 %	14,6 %	22,9 %	21,6 %	3,4 %
If	-0,5 %	-4,2 %	3,9 %	9,4 %	15,6 %	18,8 %	3,2 %
LF	4,2 %	6,6 %	9,0 %	12,6 %	16,2 %	20,2 %	3,1 %
Tryg	4,4 %	9,8 %	19,8 %	22,7 %	24,9 %	20,0 %	3,1 %
Top	0,8 %	-2,4 %	-3,7 %	-2,4 %	-1,4 %	0,1 %	0,0 %

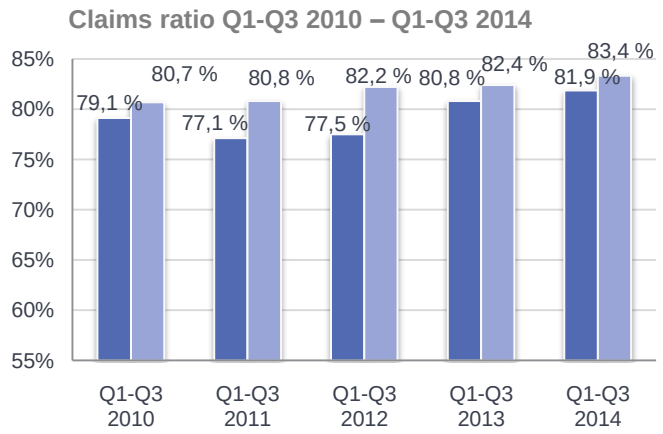
- Gjensidige, Codan, If, LF and Tryg are buying insurance portfolios in the period

PROTECTOR forsikring

… but higher claims ratio than peers

- Higher claims ratio than peers
- Claims ratio last 5 years around 80%
- No ambition to be lower than peers next 3-5 years





PROTECTOR forsikring

Combined ratio versus peers – Protector on Top

	2008	2009	2010	2011	2012	2013	Weight AVG CR 2008- 2013
Protector	95,8 %	97,8 %	94,2 %	85,3 %	86,2 %	86,7 %	89,7 %
Tryg	88,2 %	92,2 %	98,8 %	93,2 %	88,2 %	87,7 %	91,4 %
IF	91,8 %	92,1 %	92,8 %	92,0 %	89,3 %	88,1 %	90,9 %
Gjensidige	94,4 %	94,8 %	95,3 %	91,9 %	85,3 %	89,2 %	91,6 %
Top	82,4 %	91,1 %	93,3 %	90,3 %	88,0 %	91,5 %	89,4 %
Codan	98,5 %	100,4 %	101,8 %	102,4 %	94,3 %	95,3 %	98,7 %
LF	93,0 %	96,0 %	102,0 %	100,0 %	96,0 %	97,0 %	97,7 %
KLP	97,3 %	95,5 %	121,9 %	118,1 %	107,8 %	103,7 %	107,5 %

- Danish insurers included parts of their estimated future investment income (discounted) in their combined ratio. The effect is a 3-4% lower CR.

PROTECTOR forsikring

Investment return compared with competitors

	2008	2009	2010	2011	2012	2013	Average
Protector	-2,1 %	16,1 %	9,7 %	-2,3 %	8,9 %	7,0 %	6,2 %
KLP Skade	0,4 %	8,3 %	7,2 %	4,5 %	6,5 %	6,5 %	5,6 %
If	-3,1 %	12,4 %	7,4 %	1,8 %	6,1 %	5,0 %	4,9 %
Tryg	3,5 %	6,6 %	4,3 %	4,8 %	5,1 %	2,5 %	4,5 %
Gjensidige	-0,6 %	5,5 %	5,2 %	4,4 %	5,4 %	4,3 %	4,0 %
Codan	5,6 %	5,9 %	3,5 %	3,0 %	3,9 %	-0,4 %	4,0 %
Top	-6,9 %	7,3 %	4,8 %	3,1 %	6,9 %	4,1 %	3,2 %
LF	-14,0 %	10,0 %	6,0 %	-2,0 %	5,0 %	6,1 %	1,0 %
Average ex. PF	-3,2 %	7,5 %	5,1 %	2,5 %	5,3 %	3,9 %	3,4 %

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

Nordic Champion: PROTECTOR forsikring

PROTECTOR forsikring

WHAT CREATES COST- AND QUALITY LEADERSHIP?

Part I

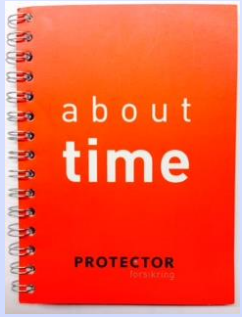
PROTECTOR forsikring

What creates cost- and quality leadership?

- A well defined and consistent strategy
- Value chains supporting strategy
- Competent people to implement
- This is a good start, but……

…..«the secret» is;

- *Vision, business idea, main targets and values*



- *Hard work to live vision, business idea, main targets and values every day*

PROTECTOR forsikring

Market, strategy and broker statements

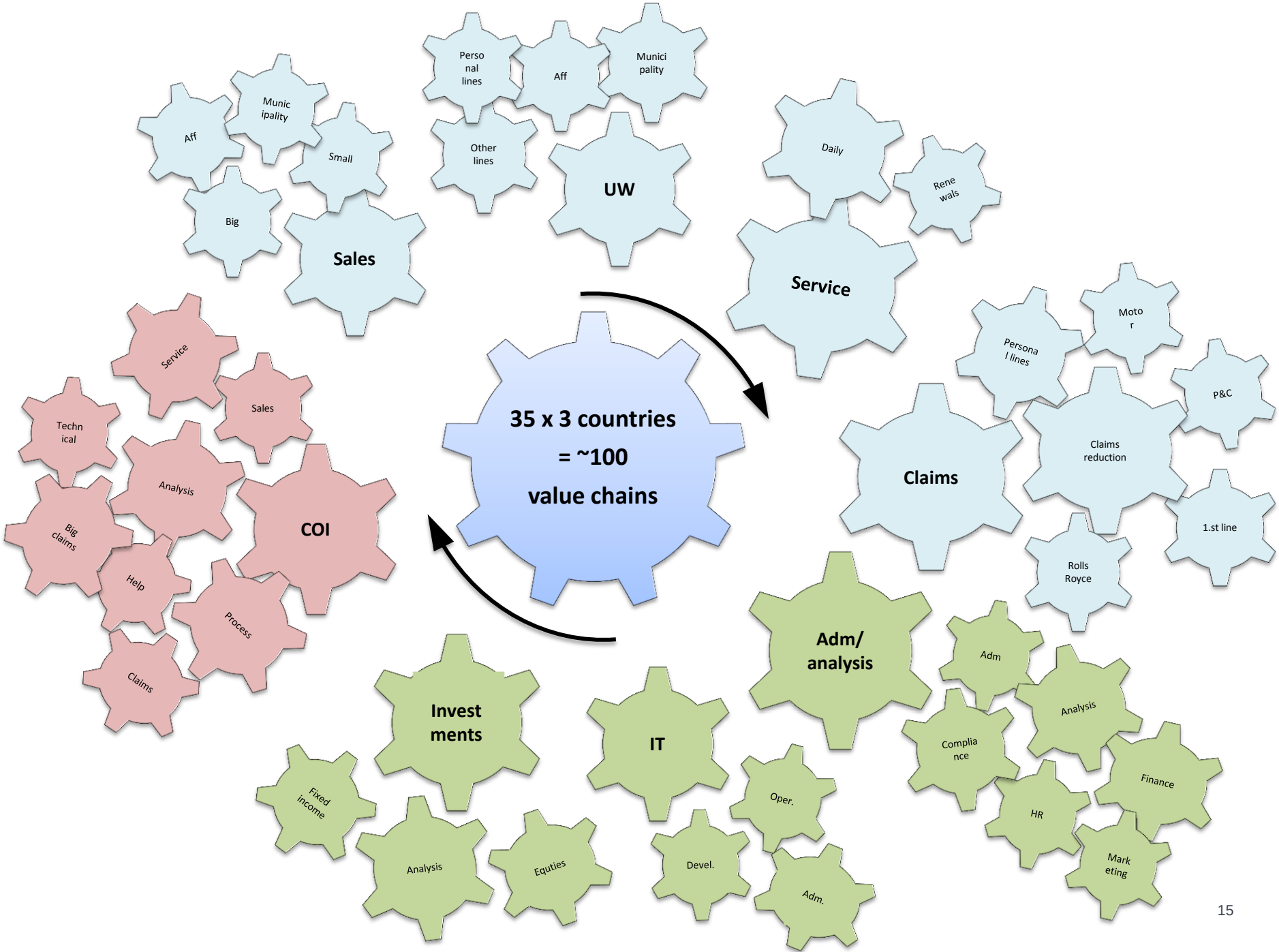
Our market; Land based, brokered business
Approx. 20 bn. in total

Strategy
(Kotler's 4 P"s)

- Standardized products...
- Competitive prices...
- Through insurance brokers only...
- Based on unique relations

Broker state-ments
(USP)

- We shall be:
  - Easy to do business with
  - Commercially attractive
  - Trustworthy


35 x 3 countries
= ~100
value chains
Sales
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Other lines
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P&C
Claims reduction
1.st line
Rolls Royce
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Finance
HR
Mark eting
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Oper.
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Invest ments
Fixed income
Analysis
Equties
COI
Service
Sales
Techn ical
Analysis
Big claims
Help
Process
Claims

PROTECTOR forsikring

100 development projects

PROTECTOR forsikring

WHAT CREATES COST- AND QUALITY LEADERSHIP?

Part II

PROTECTOR forsikring

Vision, Business Idea, Main targets and Values

Vision

The challenger

Business Idea

This will happen through unique relationships, state of the art decision making, and cost effective solutions

Main targets

Cost and quality leadership
Profitable growth
Top 3

Values

Troverdig (Trustworthy)
Imøtekommende (Accommodative)
Modig (Brave)
Engasjert (Enthusiastic)

PROTECTOR forsikring

INVESTOR PRESENTATION

Q3 results 2014

PROTECTOR forsikring

Highlights Q3 2014

26 % growth and strong result

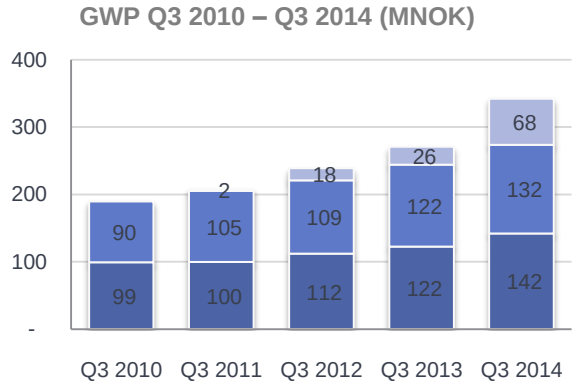
- GWP up 26 %
  - Scandinavian commercial and public lines 23 percentage points of total growth
    - Growth in Sweden/Denmark 16 percentage points of total growth
  - GWP up 29 % in local currencies
- Net combined ratio improved to 89.0% (93.4%)
- Gross cost ratio down to 8,4% (10,1%)
- Return on investments, NOK 27.9m (0.6%), down from NOK 75.6m (2.0%)
  - Driven by lower bond and equity return
- Operating profit of NOK 75.3m (NOK 96.7m) impacted by lower investment income
- Guiding 2014
  - 27 % growth and CR 88 %, ahead of schedule
  - Return on investments down from NOK 290 m to NOK 240m due to the turmoil in the financial markets

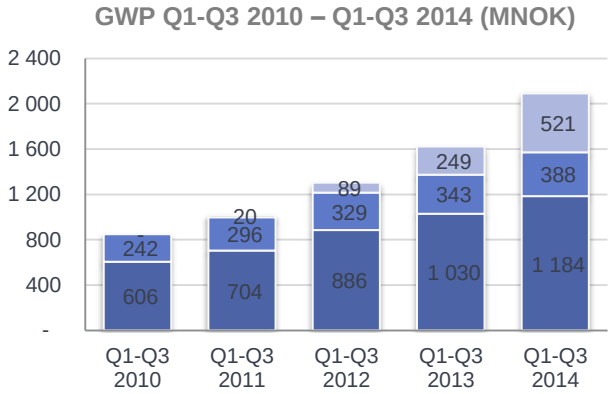
PROTECTOR forsikring

Gross written premium Q3 2014

GWP up 26 %, from NOK 270,4m to NOK 341,8m

- GWP up 41 % within the Scandinavian commercial and public lines
  - 23 percentage points of total growth
- GWP up 16 % within the Norwegian commercial and public lines of business
  - High renewal rate, 99%, up from 90 % in Q3 2013.
  - Very good access to quotations, hit-ratio improving in commercial sector
- GWP in Sweden and Denmark 160 % growth
  - 16 percentage points of total growth
  - High renewal rate, above 100 %
- Change of ownership insurance, 8 % growth
  - Increased no. of policies sold (up 5 %) and increased real estate prices
- Next volume guiding will as usual be communicated to the market ultimo January 2015



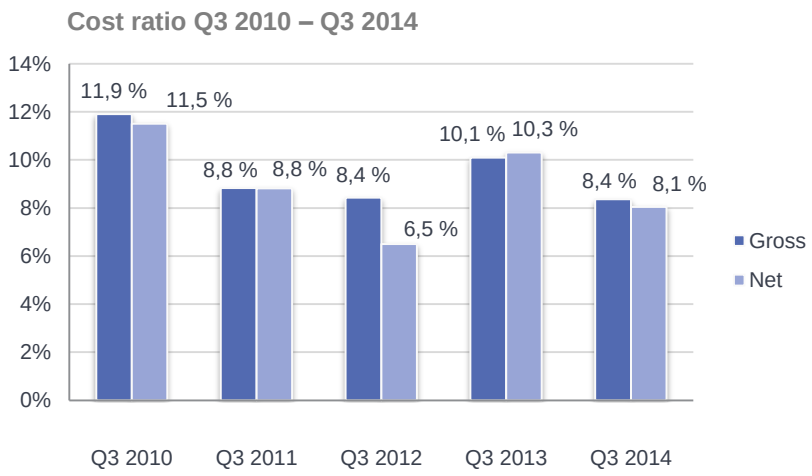


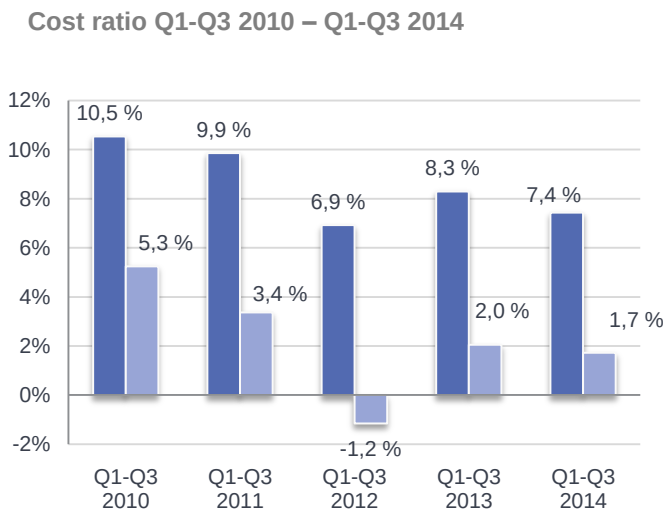
Sweden/Denmark ■ Change of ownership ■ Commercial & Publ Norway

PROTECTOR forsikring

Cost ratio Q3 2014

- Gross cost ratio 8.4 %, down from 10.1%
  - Gross cost ratio including claims handling 12.6% down from 14.6 %
  - Increased staffing in all 3 countries, but slowing down
  - Average no of employees Q3 2014 177 up from 152 in Q3 2013
- Net cost ratio 8.1 %, down from 10.3%
  - Driven by decreased gross costs
- Improved competitive position





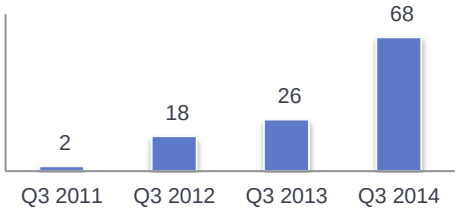
PROTECTOR forsikring

Highlights Q3 2014 – Sweden and Denmark

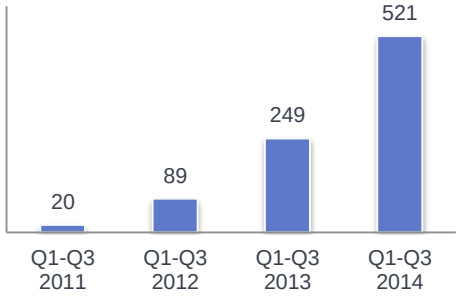
GWP > 500 mill YTD, critical mass reached

- 160 % growth, 16 percentage points of total company growth
  - 1 very large win in Sweden
  - No large non-renewals
  - Renewal rate above 100 %
- Well prepared for “hunting” and renewal season
  - 22 on board in Sweden per 30.09, 20 on board in Denmark
  - Minor increase in human capital in Q4
- Combined ratios above 100%
  - Claims development behind schedule, but no significant profitability issues
  - Cost ratios still high but will fall rapidly
  - A combined ratio slightly above 100 % expected in 2014 (up from < 100%)
- Sweden and Denmark will support double digit growth on company level in 2015 and 2016
- Country number 4, analytical work started

GWP Q3 2010-Q3 2014 (MNOK)



GWP Q1-Q3 2010 – Q1-Q3 2014 (MNOK)



Very large, GWP > 10 mill, large GWP > 3 mill

PROTECTOR forsikring

Results Q3 2014

NOKm	Q3 2014	Q3 2013	Q1-Q3 2014	Q1-Q3 2013	2013
Premiums written gross	**341,8**	**270,4**	**2 092,6**	**1 622,9**	**1 860,6**
Premiums earned gross	591,5	468,6	1 713,1	1 346,2	1 814,6
Claims incurred gross	(457,7)	(384,0)	(1 402,9)	(1 088,2)	(1 450,6)
Premiums earned for own account	458,0	357,9	1 321,9	1 021,1	1 373,6
Claims incurred for own account	(370,6)	(297,3)	(1 101,8)	(841,6)	(1 133,5)
Operating costs for own account	(36,9)	(36,9)	(22,9)	(20,9)	(56,9)
Other income/costs	(3,1)	(2,6)	(8,2)	(7,7)	(9,5)
Net financial income	27,9	75,6	223,3	172,9	256,7
Profit before change in security provision etc	**75,3**	**96,7**	**412,3**	**323,8**	**430,3**
Change in security provision etc.	(12,5)	(31,2)	(53,3)	(74,5)	(54,8)
Profit after change in security provision etc.	**62,8**	**65,5**	**358,9**	**249,3**	**375,5**
Tax	(17,7)	(9,5)	(78,9)	(56,1)	(88,5)
Profit before comprehensive income	**45,2**	**56,0**	**280,1**	**193,1**	**287,0**
Comprehensive income inc. tax	(1,8)	2,4	(9,1)	7,2	5,7
Profit for the period	**43,3**	**58,4**	**271,0**	**200,3**	**292,6**
Gross claims ratio	77,4 %	81,9 %	81,9 %	80,8 %	79,9 %
Gross expense ratio	8,4 %	10,1 %	7,4 %	8,3 %	8,8 %
Gross combined ratio	**85,7 %**	**92,0 %**	**89,3 %**	**89,1 %**	**88,7 %**
Net claims ratio	80,9 %	83,1 %	83,4 %	82,4 %	82,5 %
Net expense ratio	8,1 %	10,3 %	1,7 %	2,0 %	4,1 %
Net combined ratio	**89,0 %**	**93,4 %**	**85,1 %**	**84,5 %**	**86,7 %**
Retention rate	77,4 %	76,4 %	77,2 %	75,8 %	75,7 %
Return on investment assets	0,6 %	2,0 %	4,1 %	4,7 %	7,0 %
Earnings per share	**0,7**	**1,0**	**3,9**	**3,0**	**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 29% YTD
  - No. 1 Nordic

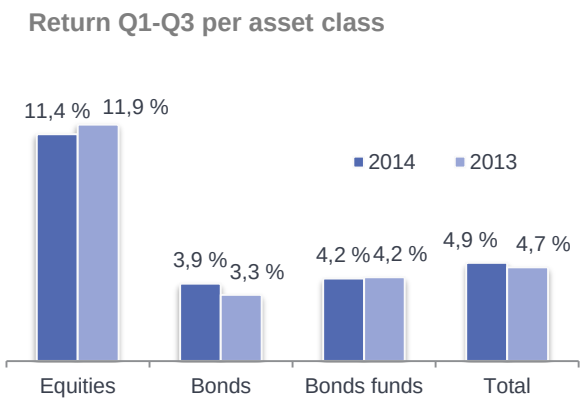
- CR YTD 85,1%
  - Top 3 Nordic

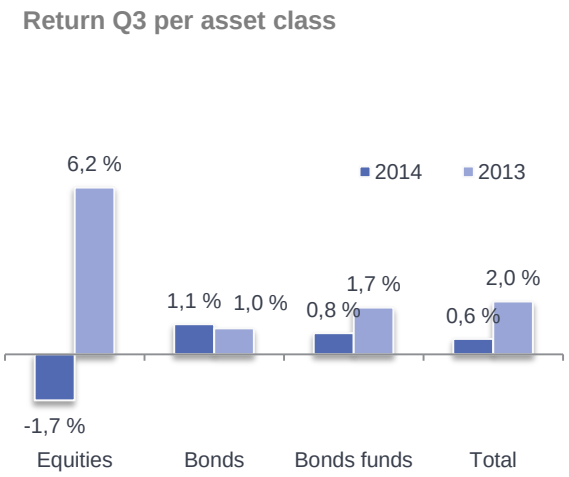
PROTECTOR forsikring

Investment performance Q3 2014

0,6% return on the investment portfolio

- Net investment result of NOK 27,9m, 0,6% return (NOK 75,6m, 2,0%)
  - Q1-Q3; Net investment result of NOK 223,3m, 4,9% return (NOK 172,9m, 4,7%)
- Equities, return of -1,7% (6,2%), OSEBX -1,4%, OSEFX -1,2%
- Fixed income portfolio, return of 0,8% (1,5%)
  - Yield end of Q3; 4,9 %
- Investment portfolio of NOK 4.835 m (NOK 3.943m), 23% growth





PROTECTOR forsikring

Outlook 2014

Guiding 11 July 2014	Guiding 29 Oct 2014
• GWP up 27% – Status per Q3, ahead of schedule	GWP up 27%
• Combined ratio 88% – Status per Q3, ahead of schedule – Gross claims ratio slightly behind schedule	Combined ratio 88 %
• Gross cost ratio < 8 %, on schedule	Gross cost ratio < 8 %
• Operating profit NOK 490m – Status per Q3, behind schedule	Operating profit NOK 440m
• Return on solvency capital 28% – Status per Q3, behind schedule	Return on solvency 25%

PROTECTOR forsikring

Summary 2004 - 2014

- Cost- and Quality Leadership
- 10 Years of profitable growth
- Average Return on Solvency Capital 21.5%
- Guiding 2014; 27 % growth, CR 88 % and operating profit 440 mill
- Double digit growth expected next 3 years
- We've only started

PROTECTOR forsikring

Q & A