

PROTECTOR

forsikring

Q3 results 2011

Investor presentation

1 November 2011

Facts about Protector

- A focused non-life Norwegian insurance company
- Established Jan.1, 2004. (Listed on Oslo Stock Exchange May 2007)
- Vision: "Protector will be the challenger to the established insurance companies"
- Main targets:
 - Being top three in Protector's defined business segments
 - Cost leadership
 - Being preferred by the brokers

- Ownership; ODIN, Franklin Mutual Funds, Alfred Berg Norge/Gambak, DnB NOR SMB, Nordea, employees, etc.
- Strong results, average combined ratio 2004 - 2010, 92%
- GWP in 2010: MNOK 1.011, further growth in 2011
- Solid balance sheet, solvency capital of MNOK 766, investment portfolio > 2,2bn.

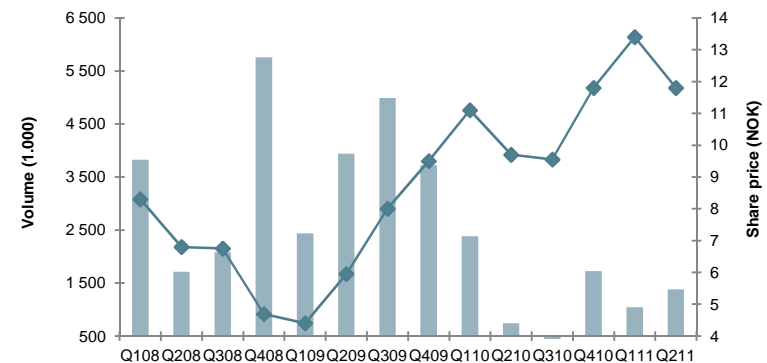
Outlook 2011:

GWP + 18%
CR ~ 86

Dividend policy:

5-15% of the solvency capital
Share buy backs for additional surplus capital

Protector share
Quarterly volume and share price end of quarter¹



¹ Share buy back not included in the volume figures

Highlights Q3 2011

Poor financial- but strong technical results

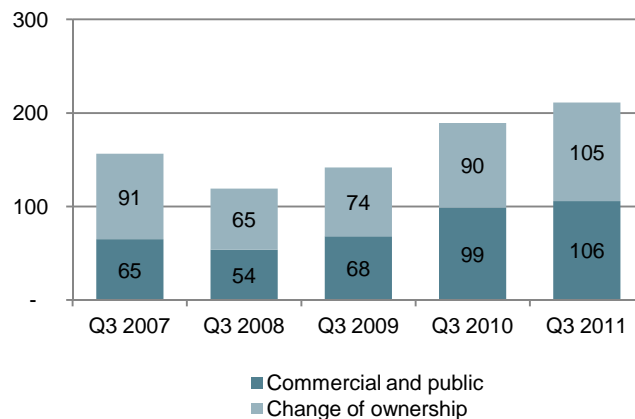
- Return on investments NOK – 110.2m (-4.9%)
 - Equities have in October increased by NOK 35m in value
- 12 % growth in GWP
- Net combined ratio, 85.6%, down 4.2 percentage points
Pole position in the Norwegian market (YTD)
- Operating loss, NOK 76.3m, down from a profit of NOK 89.4m
- Gross cost ratio down from 16.9% to 13.1%
 - Administration costs in line with Q3 2010 in nominal value
- Guiding changed – operating profit down from NOK 230m to NOK 90m due to the turmoil in the financial markets

Gross written premium Q3 2011

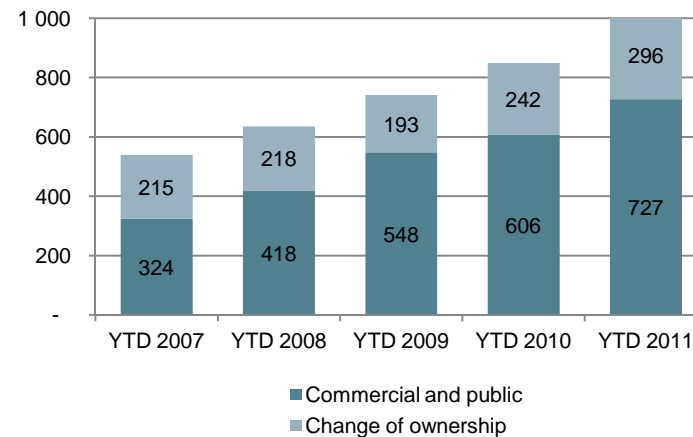
GWP up 12%, from NOK189.3m to NOK 211.2m

- GWP up 7% within the commercial and public lines of business
 - Renewal rate , 94%, up from 93% in Q3 2010
- Change of ownership insurance, 17% growth
 - Increased real estate prices and higher real estate turnover rate
- Next volume guiding will as usual be communicated to the market ultimo January 2012

GWP Q3 2007 – Q3 2011



GWP YTD 2007 – YTD 2011

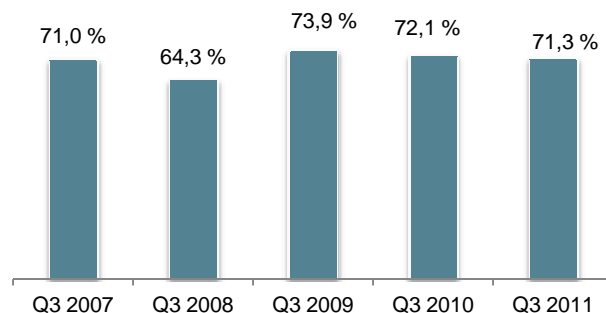


Claims development Q3 2011

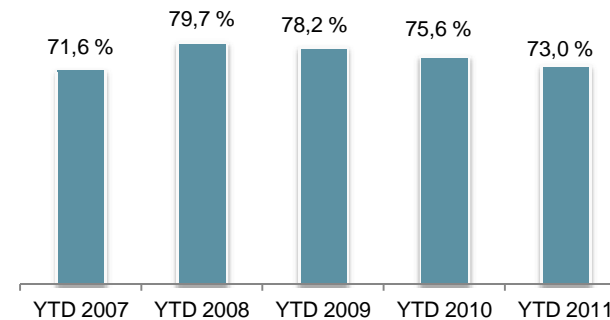
Net claims ratio 71.3%, down from 72.1%

- No large claims (> NOK 5m) last 3 quarters
- Stable reserves
 - Run-off gains of NOK 1m
- Gross claims ratio 72.2%, down from 73.1%

Net claims ratio Q3 2007 – Q3 2011



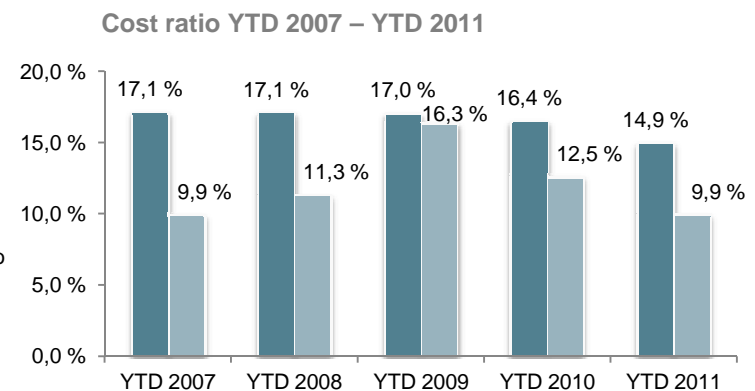
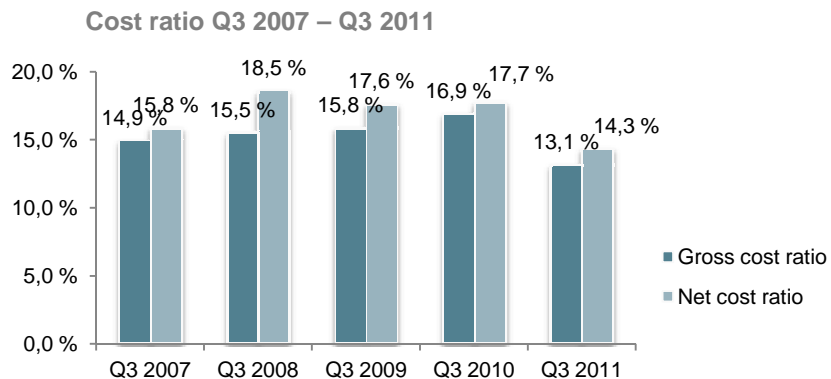
Net claims ratio YTD 2007 – YTD 2011



Cost ratio Q3 2011

Gross cost ratio 13.1%, down from 16.9% in Q3 2010

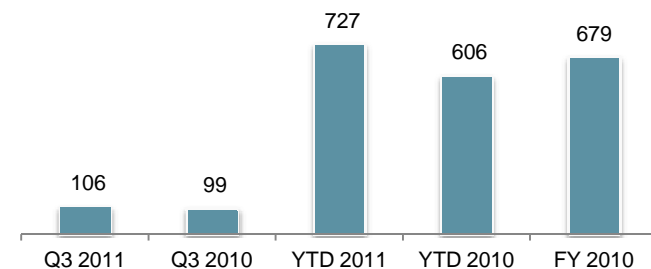
- Administration costs at the same level as of Q3 10 (in nominal value)
 - Increased manning in Q3-Q4 will increase nominal admin costs
- Net cost ratio 14.3%, seasonality effect and will increase in Q4
- Strong development in net cost ratio driven by;
 - Lower gross cost ratio
 - Higher level of ceded premiums and reinsurance commissions
 - Loss of a single high volume/very high cost ratio contract, drives the cost ratio in Q4 downwards
- Guided gross cost ratio 15%, ahead of schedule



Highlights Q3 2011 - Commercial and public lines of business

- Volume up 7%
 - 2.5 percentage points of the growth, Swedish municipalities
 - Still growing in the commercial sector, 5% growth
 - 0 large wins and 0 losses
 - Hit-ratio down compared to Q1 and Q2
- Renewal rate 94%, above target
- Swedish team with 4 people on board
- Entry in Denmark decided by the board
 - Focus on the municipality sector in 2012
- Slow volume start on Q4
 - 0 large wins and 1 large premium loss
- Well prepared for hunting season

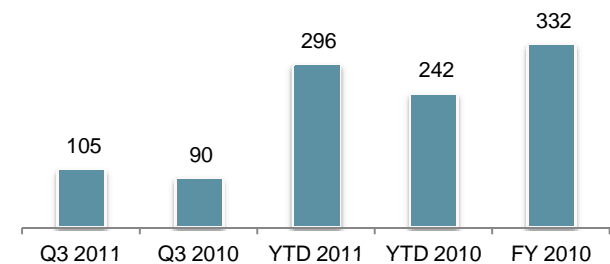
Gross written premium (NOKm)



Highlights Q3 2011 - Change of ownership insurance

- Strong real estate market
 - Real estate prices up 0.4% in Sept and up 9,7% from Sept 10
 - Average sales time down from 30 days to 25 days in Sept 11
- Volume up 17%
 - Hit ratio stable on a high level, above 75%
- Increased conflict level, more conflicts to court
 - Increased manning (lawyers) necessary
- Black figures in Q3
- Strong Q4 volume expected due to a strong market

Gross written premium (NOKm)



Results Q3 2011

NOKm	Q3 2011	Q3 2010	YTD 2011	YTD 2010	2010
Premiums written gross	211,2	189,2	1 023,0	848,4	1 011,0
Premiums earned gross	301,0	254,9	876,8	720,0	987,7
Claims incurred gross	(217,2)	(186,2)	(623,6)	(525,4)	(743,7)
Premiums earned for own account	232,2	205,6	674,0	575,3	792,3
Claims incurred for own account	(165,5)	(148,3)	(492,1)	(435,1)	(608,4)
Operating costs	(33,3)	(36,3)	(67,0)	(72,1)	(125,9)
Net financial income	(110,2)	68,1	(99,4)	68,8	176,2
Other income/costs	0,6	0,3	0,9	2,0	(0,2)
Profit before change in security provision etc.	(76,3)	89,4	16,4	138,9	234,0
Change in security provision etc.	(25,8)	(12,9)	(52,9)	(33,0)	(92,2)
Profit after change in security provision etc.	(102,0)	76,5	(36,5)	105,9	141,8
Net claims ratio	71,3 %	72,1 %	73,0 %	75,6 %	76,8 %
Net cost ratio	14,3 %	17,7 %	9,9 %	12,5 %	15,9 %
Net combined ratio	85,6 %	89,8 %	83,0 %	88,2 %	92,7 %
Retention rate	77,2 %	80,7 %	76,9 %	79,9 %	80,2 %

Note:

Net claims ratio = claims incurred for own account / NPE

Net cost ratio = (sales costs + admin costs + commission on reinsurance ceded)/NPE

Retention rate = NPE in % of GPE

Balance sheet Q3 2011

NOKm	30.09.2011	30.09.2010	31.12.2010
Financial assets	2 248,8	1 925,2	2 021,5
Bank deposits	103,5	70,8	99,9
Other assets	371,4	298,2	264,5
Total assets	2 723,7	2 294,1	2 386,0
Total equity	406,3	544,3	587,5
Total reserves	2 112,5	1 665,2	1 689,4
Other liabilities	204,9	84,6	109,2
Total equity and liabilities	2 723,7	2 294,1	2 386,0
Solvency capital	766,1	791,9	894,3
Return on solvency capital	2 %	20 %	28 %
Solvency capital per share, end of period	9,3	9,5	10,8
Solvency margin	99 %	117 %	109 %
Capital adequacy ratio (risk weighted)	12 %	25 %	20 %
NAV	665,4	722,6	808,4
NAV per share, end of period	8,1	8,7	9,8

Note:

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

Return on solvency capital: Operating profit / average solvency capital

Solvency margin = solvency capital / NPW

NAV = total equity pluss 72% of the total security provision etc.

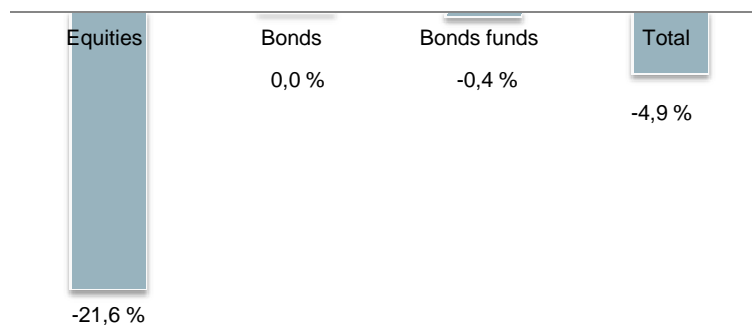
No. of shares = total outstanding shares ex own shares

- 17% growth in the investment portfolio

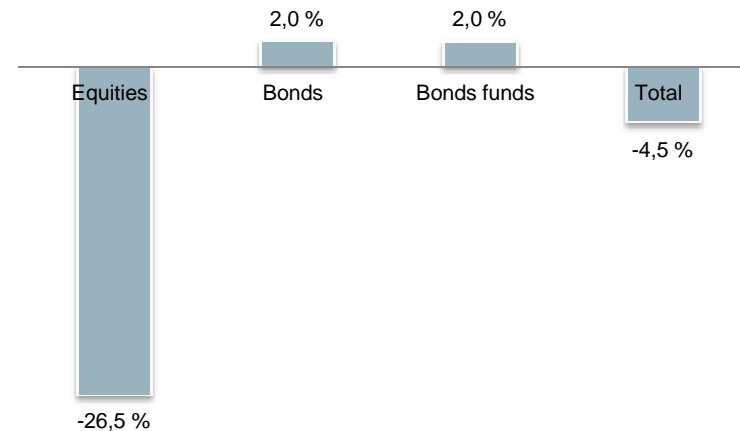
Investment performance Q3 2011

- Net investment result of NOK -110.2m, -4.9% return (NOK 68.1m, 3.7%)
- Equities, return of -21.6% (13.1%), OSEBX – 17.3%, OSEFX -20.2%
- Equities have in October increased by NOK 35m in value
- Bond portfolio, return of -0.2% (0.7%)
- Investment portfolio of NOK 2.248m (NOK 1.925m), 17% growth

Return Q3 2011 per asset class



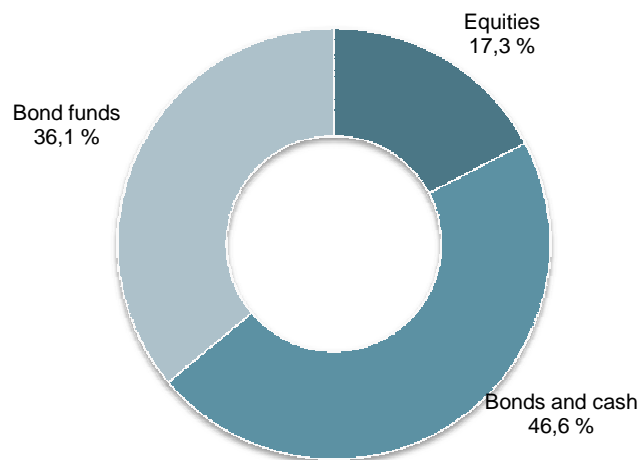
Return YTD 2011 per asset class



Asset allocation

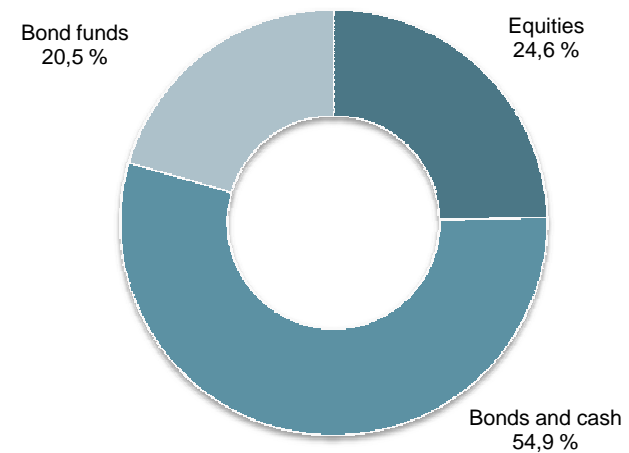
- Bonds 82.7% of portfolio, Norwegian equities 17.3%

Allocation of investments 30.09.2011



Total financial assets; NOK 2 249m

Allocation of investments 31.12.2010

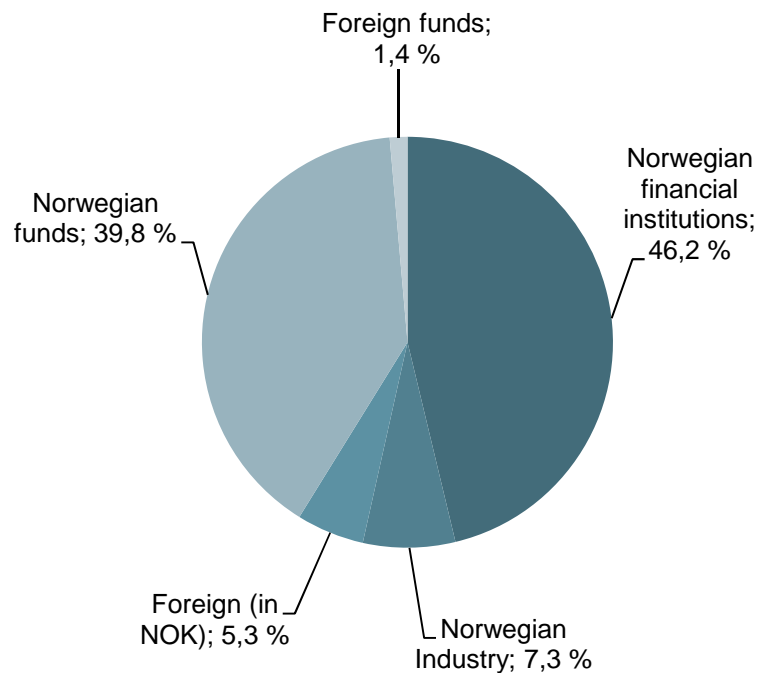


Total financial assets; NOK 2 022m

Portfolio structure and quality bond portfolio

- Duration (credit) of bond portfolio is 2,18years (2,91 years)
- Interest duration 0,23 years (0,34 years)

Bond portfolio 30 September 2011



Quality bond portfolio 30 Sept 2011

Split of fixed income portfolio	NOK mill	%
Bonds	1 014 045	55 %
Bond funds	812 761	44 %
Bank deposits	32 976	2 %
Total	1 859 781	100 %
Rating including internal rating by Norwegian financial institutions		
Investmentgrade	977 478	53 %
High yield	69 543	4 %
Non rated (funds)	812 761	44 %
Total	1 859 781	100 %

Shareholder matters 26 October 2011

Shareholder	No. shares	Percent
ODIN NORDEN	7 246 555	8,41 %
MSF-MUTUAL FINANCIAL SERVICES FD	4 479 410	5,20 %
DNB NOR LUXEMBOURG SA	3 699 523	4,29 %
PROTECTOR FORSIKRING ASA	3 570 661	4,14 %
OJADA AS	3 563 116	4,14 %
ALFRED BERG GAMBAK VPF	3 466 642	4,02 %
BERGTOR AS	3 083 300	3,58 %
DNB NOR SMB VPF	2 969 361	3,45 %
TJONGSFJORD INVEST AS ¹	2 661 809	3,09 %
GABLER RÅDGIVNING AS ²	2 652 751	3,08 %
VPF NORDEA NORGE	2 491 862	2,89 %
MP PENSJON	2 375 706	2,76 %
MORGAN STANLEY & CO	2 240 109	2,60 %
LETRA INVEST AS	1 873 451	2,17 %
ALFRED BERG NORGE + VPF	1 707 900	1,98 %
FROGNES AS	1 649 916	1,92 %
JOHAN VINJE AS	1 437 841	1,67 %
TRAFALGAR AS	1 403 938	1,63 %
PETROSERVICE AS	1 343 815	1,56 %
HATHON HOLDING AS	1 285 988	1,49 %
TOTAL 20 LARGEST	55 203 654	64,07 %
OTHERS	30 951 951	35,93 %
TOTAL SHARES	86 155 605	100,00 %

No. Shareholders 2.764

¹ CEO Sverre Bjerkeli

² Chairman of the Board, Jostein Sørvoll

Related parties shareholding

- Management's direct and indirect shareholding totals 3m shares or 3.5% of current outstanding shares
- Board members directly and indirectly own a total of 6,5m shares or 7,5% of current outstanding shares
- 41 employees own directly a total of 4.8 m shares or 5.6% of current outstanding shares (incl. management)
- Protector own 3.570.661 own shares or 4,14% of current outstanding shares

Outlook 2011, changed

Guiding 15 July 2011

- GWP up 18%
 - Status per Q3, on schedule
- Combined ratio 86%
 - Status per Q3, ahead of schedule
- Return on investments 4.6%
 - Status per Q3, far behind schedule
- Operating profit NOK 230m
 - Status per Q3, far behind schedule
- Return on solvency capital 24%
 - Status per Q3, far behind schedule



Guiding 1 Nov 2011

- GWP up 18%
- Combined ratio 86%
- Return on inv. – 1.6%
- Operating profit NOK 90m
- Return on solvency 10%

Outlook 2011, changed

- Investment income NOK -35m, down from 105m

NOKm	2010	Feb 2011e	May 2011e	July 2011e	Nov 2011e
Premium growth (%)	16	15	18	18	18
Operating profit	234	230	230	230	90
Investment Income	176.1	125	125	105	-35
Gross cost ratio (%)	17.9	16	16	15	15
Net combined ratio (%)	92.7	88	88	86	86
Return on solvency (%)	28	24	24	24	10

Return assumptions Q4 2011:

Equity allocation approx. 17%

Return equities: 10.4 %
- Actual return Oct (9%), 1.3% return Nov/Des

Return bonds: 1,25 %

Average invested capital: NOK 2.300m

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