



PROTECTOR

forsikring

Q2 results 2011

Investor presentation

15 July 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

Outlook 2011:

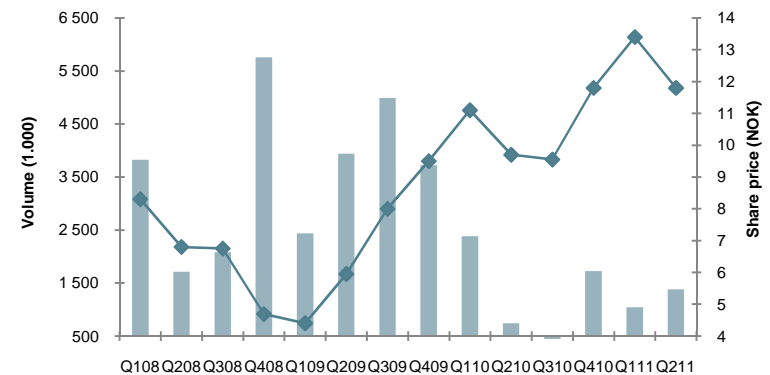
GWP + 18%
CR ~ 86

Dividend policy:

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

- 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 841, investment portfolio > 2,2bn.

Protector share
Quarterly volume and share price end of quarter¹



¹ Share buy back not included in the volume figures

Highlights Q2 2011

Another strong quarter

- 25 % growth in GWP
- Strong net combined ratio, 80.6%, down 4.5 percentage points
 - Pole position in the Norwegian market (H1)
- Operating profit, NOK 35.1m, up from NOK - 7.4m
- Return on investments, NOK - 11.8m (-0.5%), up from NOK - 38.7m (-2.1%)
 - 25% growth in the investment portfolio
- Gross cost ratio down from 14.2% to 12.6%
 - Administration costs lower than in Q2 2010 (in nominal value)
- Guiding changed, net combined ratio 86%, down from 88%

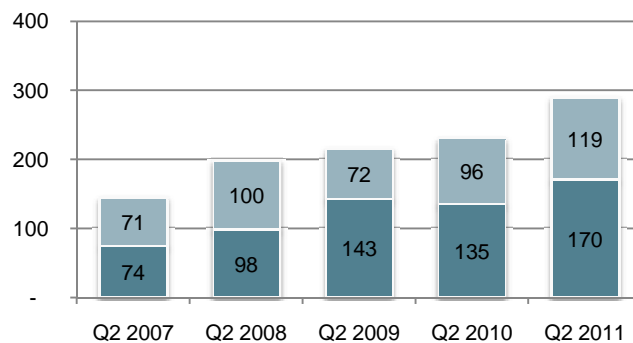
Gross written premium Q2 2011

GWP up 25%, from NOK 231.3m to NOK 289.1m

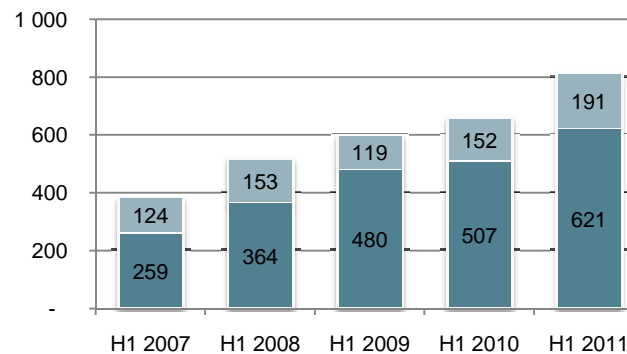
- GWP up 26% within the commercial and public lines of business
 - Underlying trend weaker
 - Renewal rate , 96%, up from 85% in Q2 2010
 - Renewal rate H1, 87%, up from 83% in H1 2010

- Change of ownership insurance, 25% growth
 - Increased real estate prices
 - Higher real estate turnover rate
 - Slightly increased hit-ratio

Gross written premium Q2 2007 – Q2 2011
NOKm



Gross written premium H1 2007 – H1 2011
NOKm



■ Commercial and public ■ Change of ownership

Claims development Q2 2011

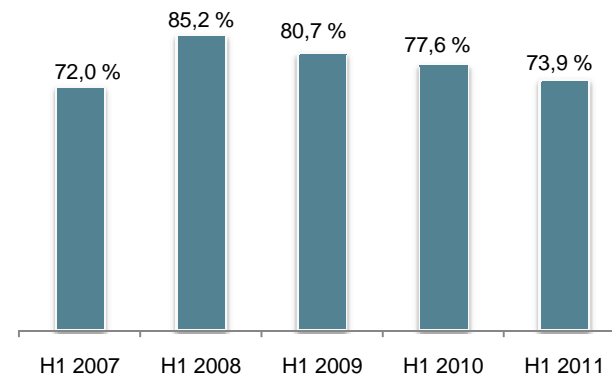
Net claims ratio 71.3%, up from 70.9%

- Gross claims ratio 70.4%, up from 67.9%
- Strong development within the commercial and public lines of business
 - Acceptable within change of ownership insurance
- Run-off-gains of NOK 10.4m
 - Stable reserves in H1 (Run-off-losses of NOK 1,2m)
- No large claims (> NOK 5m)

Net claims ratio Q2 2007 – Q2 2011



Net claims ratio H1 2007 – H1 2011

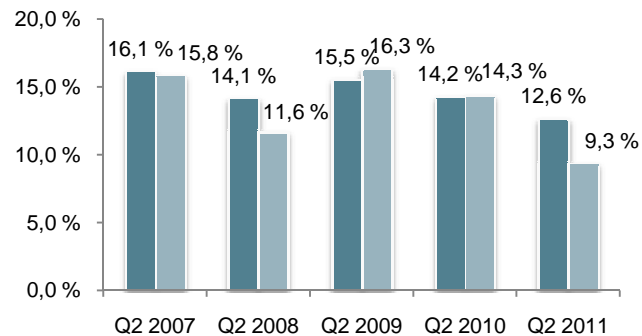


Cost ratio Q2 2011

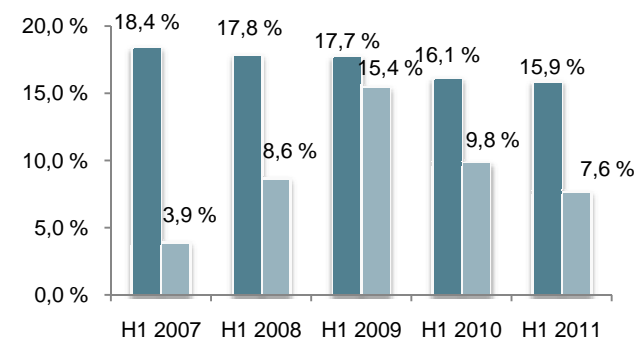
Gross cost ratio 12,6%, down from 14,2% in Q2 2010

- Administration costs lower than in Q2 2010 (in nominal value)
- Guided gross cost ratio 16%, ahead of schedule
 - New guiding; 15% year-end 2011
- Net cost ratio 7.6% (H1), seasonality effect and will increase
- Strong development in net cost ratio driven by 3 factors
 - Lower gross cost ratio
 - Higher level of ceded premiums
 - Higher reinsurance commissions

Cost ratio Q2 2007 – Q2 2011



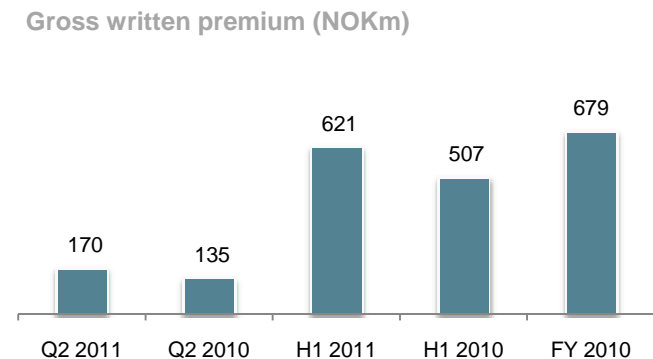
Cost ratio H1 2007 – H1 2011



■ Gross cost ratio ■ Net cost ratio

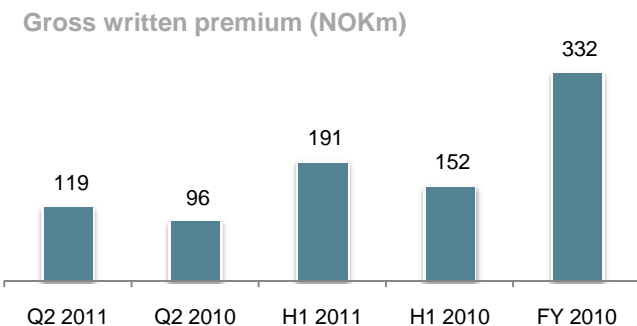
Highlights Q2 11 - Commercial and public lines of business

- Volume up 26%
 - Underlying trend 23%, one contract moved from Q4 10 to Q2 11
 - Norwegian municipality sector stabilized
 - 1 large win in the Swedish municipality sector
 - Still fast growing in the commercial sector, 31% growth
 - 3 large wins and 0 losses
- Personal lines of business 65% of totality
 - 42% growth within the personal lines of business
 - 10% growth within other lines of business
- Renewal rate 96%, above target
- Claims ratio average compared to Norwegian peers
- Slow volume start on Q3
 - 0 large wins (and 0 large losses)



Highlights Q2 2011 - Change of ownership insurance

- Strong real estate market
 - Real estate prices in June 11 up 8,8% from Dec 10 and 9,1% up from June 10
 - Average sales time down from 25 days in June 10 to 23 days in June 11
- Volume up 25%
 - Hit ratio stable on a high level, above 75%
- Still high conflict level, more conflicts to court
 - Increased manning (lawyers) necessary
- Profitability actions within claims handling on schedule
 - Recourse level increasing
 - Increased manning within technical surveys
 - Increased quality and reduced claims costs
- Black figures in Q2
- Strong Q3 volume expected due to a very strong market



Results Q2 2011

NOKm	Q2 2011	Q2 2010	YTD 2011	YTD 2010	2010
Premiums written gross	289,1	231,3	811,9	659,2	1 011,0
Premiums earned gross	314,3	256,4	575,9	465,1	987,7
Claims incurred gross	(221,2)	(174,2)	(406,4)	(339,2)	(743,7)
Premiums earned for own account	242,3	204,6	441,8	369,7	792,3
Claims incurred for own account	(172,7)	(145,0)	(326,6)	(286,8)	(608,4)
Operating costs	(22,5)	(29,1)	(33,7)	(35,8)	(125,9)
Net financial income	(11,8)	(38,7)	10,8	0,6	176,2
Other income/costs	(0,2)	0,9	0,3	1,8	(0,2)
Profit before change in security provision etc.	35,1	(7,4)	92,7	49,6	234,0
Change in security provision etc.	(20,1)	(13,0)	(27,1)	(20,1)	(92,2)
Profit after change in security provision etc.	15,0	(20,4)	65,5	29,4	141,8
Net claims ratio	71,3 %	70,9 %	73,9 %	77,6 %	76,8 %
Net cost ratio	9,3 %	14,2 %	7,6 %	9,7 %	15,9 %
Net combined ratio	80,6 %	85,1 %	81,5 %	87,3 %	92,7 %
Retention rate	77,1 %	79,8 %	76,7 %	79,5 %	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 Q2 2011

NOKm	30.06.2011	30.06.2010	31.12.2010
Financial assets	2 229,6	1 783,6	2 021,5
Bank deposits	143,0	123,5	99,9
Other assets	417,7	334,6	264,5
Total assets	2 790,3	2 241,7	2 386,0
Total equity	506,5	476,5	587,5
Total reserves	2 075,2	1 648,3	1 689,4
Other liabilities	208,6	117,0	109,2
Total equity and liabilities	2 790,3	2 241,7	2 386,0
Solvency capital	840,5	711,2	894,3
Return on solvency capital	11 %	8 %	28 %
Solvency capital per share, end of period	10,2	8,5	10,8
Solvency margin	141 %	139 %	109 %
Capital adequacy ratio (risk weighted)	18 %	25 %	20 %
NAV	747,0	645,5	808,4
NAV per share, end of period	9,0	7,7	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.

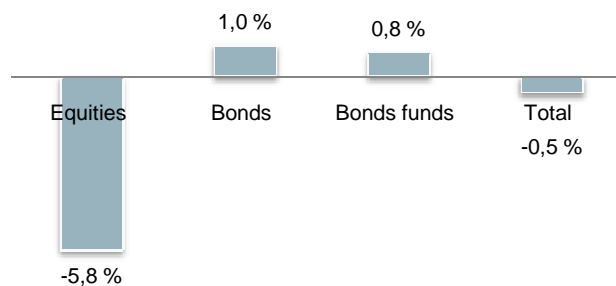
No. of shares = total outstanding shares ex own shares

- 25% growth in the investment portfolio

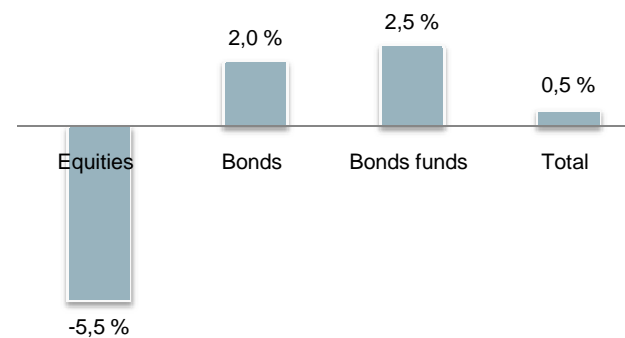
Investment performance Q2 2011

- Net investment result of NOK -11.8m, -0.5% return (NOK -38.7m, -2.2%)
- Equities, return of -5.8% (6.4%), OSEBX – 5.4%
- Bond portfolio, return of 1.0% (0.7%)
- Investment portfolio of NOK 2.230m (NOK 1.784m), 25% growth

Return Q2 2011 per asset class



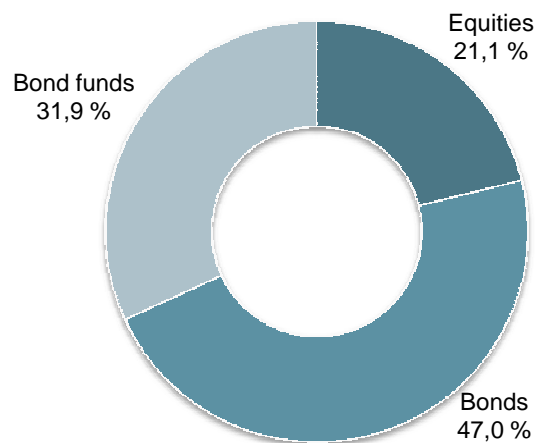
Return H1 2011 per asset class



Asset allocation

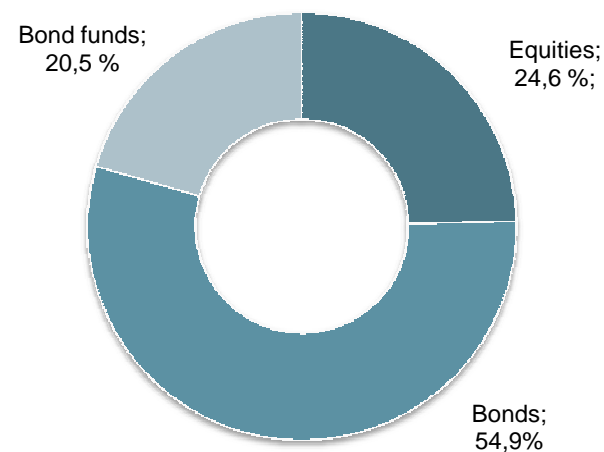
- Bonds 78.9% of portfolio, Norwegian equities 21.1%

Allocation of investments 30.06.2011



Total financial assets; NOK 2 230m

Allocation of investments 31.12.2010

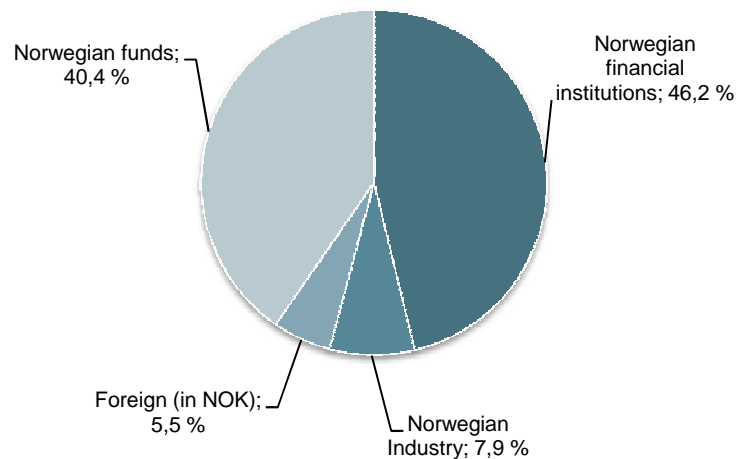


Total financial assets; NOK 2 022m

Portfolio structure and quality bond portfolio

- Duration (credit) of bond portfolio is 2,50 years (2,53 years)
- Interest duration 0,22 years (0,33 years)

Bond portfolio 30 June 2011



Quality bond portfolio 30 June 2011

Split of fixed income portfolio	NOK mill	%
Bonds	1 022 528	58 %
Bond funds	710 719	40 %
Bank deposits	25 833	1 %
Total	1 759 081	100 %
Rating including internal rating by Norwegian financial institutions		
Investmentgrade	973 655	55 %
High yield	74 707	4 %
Non rated (funds)	710 719	40 %
Total	1 759 081	100 %

Shareholder matters 8 July 2011

Shareholder	No. shares	Percent
ODIN NORDEN	7 189 155	8,34 %
MSF-MUTUAL FINANCIAL SERVICES FD	4 479 410	5,20 %
DNB NOR LUXEMBOURG SA	3 724 209	4,32 %
PROTECTOR FORSIKRING ASA	3 570 661	4,14 %
OJADA AS	3 563 116	4,14 %
ALFRED BERG GAMBAK VPF	3 457 642	4,01 %
BERGTOR AS	3 083 300	3,58 %
DNB NOR SMB VPF	3 050 000	3,54 %
TJONGSFJORD INVEST AS ¹	2 661 809	3,09 %
GABLER RÅDGIVNING AS ²	2 652 751	3,08 %
MP PENJON	2 375 706	2,76 %
VPF NORDEA NORGE	2 349 588	2,73 %
MORGAN STANLEY & CO	2 254 755	2,62 %
LETRA INVEST AS	1 873 451	2,17 %
ALFRED BERG NORGE + VPF	1 707 900	1,98 %
FROGNES AS	1 649 916	1,92 %
HATHON HOLDING AS	1 629 020	1,89 %
JOHAN VINJE AS	1 437 841	1,67 %
TRAFALGAR AS	1 403 938	1,63 %
PETROSERVICE AS	1 343 815	1,56 %
TOTAL 20 LARGEST	55 457 983	64,37 %
OTHERS	30 697 622	35,63 %
TOTAL SHARES	86 155 605	100,00 %

No. Shareholders 2.763

¹ CEO Sverre Bjerkeli

² Chairman of the Board, Jostein Sørvoll

Related parties shareholding

- Management's direct and indirect shareholding totals 4,4m shares or 5,2 % of current outstanding shares
- Board members directly and indirectly own a total of 6,5m shares or 7,5% of current outstanding shares
- 40 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 5 May 2011

- GWP up 18%
 - Status per Q2, ahead of schedule
- Combined ratio 88%
 - Status per Q2, ahead of schedule
- Return on investments 5,5%
 - Status per Q2, behind schedule
- Operating profit NOK 230m
 - Status per Q2, behind schedule
- Return on solvency capital 24%
 - Status per Q2, behind schedule



Guiding 15 July 2011

- GWP up 18%
- Combined ratio 86%
- Return on investments 4,6%
- Operating profit NOK 230m
- Return on solvency capital 24%

Outlook 2011, changed

- Combined ratio 86%, down from 88%

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

Return assumptions H2 2011:

Equity allocation approx. 20%
Return equities: 10%
Return bonds: 2,5%

Average invested capital: NOK 2.400m

Summary Q2 2011

- 25 % growth in GWP
- Strong net combined ratio, 80.6%, down 4.5 percentage points
 - Pole position in the Norwegian market (H1)
- Operating profit, NOK 35.1m, up from NOK - 7.4m
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