

## Third quarter 2009 report

### Strong premium growth, a good technical result and a strong operating profit

Q3 2009 shows following development compared to Q3 2008:

- Gross written premium NOK 141,8m, up 19% from NOK 119,2m
- Operating profit of NOK 65,2m, up from NOK -9,1m
- Net combined ratio 91,5%, up from 82,9%, but down from 96,1% in H1 2009.
- Return on investments 3,4%, up from -2,5%

The Board will consider proposing to the general meeting to pay out dividends at the high end of the company's dividend policy (5-15% of the solvency capital) for the fiscal year 2009, if the year-end results are in line with the YTD results.

### Financial highlights and key ratios

| [1.000 NOK]  | Q3 2009           | Q3 2008        | YTD 2009       | YTD 2008       | FY 2008        |
|--|-------------------|----------------|----------------|----------------|----------------|
| <b>Gross premiums written</b>                            | <b>141 834</b>    | <b>119 168</b> | <b>744 904</b> | <b>636 046</b> | <b>728 997</b> |
| Gross premiums earned                                    | 221 072           | 184 674        | 619 849        | 553 744        | 720 491        |
| Gross claims incurred                                    | (162 718)         | (110 040)      | (487 916)      | (391 588)      | (549 069)      |
| Earned premiums, net of reinsurance                      | 180 131           | 126 805        | 490 316        | 478 758        | 592 370        |
| Claims incurred, net of reinsurance                      | (133 072)         | (81 588)       | (383 243)      | (381 486)      | (477 063)      |
| Net commission income                                    | 2 352             | 3 879          | 21 211         | 29 491         | 32 727         |
| Operating expenses                                       | (34 138)          | (27 399)       | (100 901)      | (83 354)       | (117 921)      |
| Other income/costs                                       | 608               | 2 434          | 3 673          | 6 241          | 7 537          |
| Net financial income                                     | 49 311            | (33 270)       | 161 667        | 8 593          | (28 217)       |
| <b>Operating profit before security provision etc</b>    | <b>65 191</b>     | <b>(9 138)</b> | <b>192 724</b> | <b>58 243</b>  | <b>9 433</b>   |
| Claims ratio, net of ceded business                      | (1) 73,9 %        | 64,3 %         | 78,2 %         | 79,7 %         | 80,5 %         |
| Cost ratio, net of ceded business                        | (2) 17,6 %        | 18,5 %         | 16,3 %         | 11,3 %         | 14,4 %         |
| <b>Combined ratio, net of ceded business</b>             | <b>(3) 91,5 %</b> | <b>82,9 %</b>  | <b>94,4 %</b>  | <b>90,9 %</b>  | <b>94,9 %</b>  |
| Retention rate   | (4) 81,5 %        | 68,7 %         | 79,1 %         | 86,5 %         | 82,2 %         |
| Solvency capital   | (5)               |                | 677 621        | 575 000        | 508 866        |
| Capital adequacy ratio (risk weighted)                   | (6)               |                | 38 %           | 70 %           | 34 %           |
| Operating profit before security provision etc per share | (7) 0,79          | (0,10)         | 2,28           | 0,62           | 0,10           |

(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) Earned premiums, net of reinsurance in % of gross earned premiums

(5) Equity + security provision etc

(6) Net primary capital (including net profit/loss for the period) in % of risk weighted assets.

(7) Operating profit before security provision etc. divided by weighted number of shares

### Protector's operations

Protector Forsikring ASA is a general insurance company (P&C) operating in Norway only. The company has two business areas: commercial and public lines of business, and affinity arrangements for private and commercial clients. Protector is listed on the Oslo Stock Exchange.

### Premiums

Gross premiums written totalled NOK 141,8m in Q3, corresponding to a growth of 19% over Q3 2008. The growth is driven by a high level of new sales within the commercial sector and an improved real estate market with a corresponding improved sale within change of ownership insurance. The gross premiums written within the commercial/public sector totalled NOK 56,7m, a growth of 44% compared to Q3 2008. Within the affinity segment, gross premiums written totalled NOK 85.1m, a 7% growth relatively to Q3 2008. Premiums earned for own account totalled NOK 180,1m, corresponding to growth of 42% over the same period in 2008.

Year-to-date, gross premiums written totalled NOK 744,9m, representing a 17% growth compared to the same period last year. Premium growth within the commercial/ public sector was 33% and -1% within

affinity. Premiums earned for own account were NOK 490,3m compared to NOK 478,8m the year earlier period. Weak premium growth for own account is due to changes in the reinsurance structure in 2008.

## Results

In Q3 2009, the operating result was NOK 65,2m, compared to an operating loss of NOK 9,1m in Q3 2008. The performance is driven by a strong combined ratio and a strong investment return. In the first nine months, the operating profit was NOK 192,7m, an improvement of NOK 134,5m relatively to the same period in 2008.

The combined ratio net was in the third quarter 91,5%, up from 82,6% in Q3 2008, but down from 96,1% in H1 2009. Net run-off-losses in Q3 amounted to NOK 1,7m. Net claims ratio was 73,9% up from 64,3% in Q3 2008. Gross cost ratio was 15,8%, against 15,5% the same period last year. A 3-year bonus program for management was implemented in Q3 and NOK 5m was allocated to the program. This had a negative impact on the gross cost ratio of 2.3 percentage points.

Year-to-date, the combined ratio net was 94,4%, compared with 90,9% in the same period last year. Net claims ratio was 78,2% compared to 79,7% the year-earlier period. Year-to-date, net run-off losses amounted to NOK 24,2m compared to losses of NOK 37m in the year-earlier period. The gross cost ratio was 17% against 17,1% the year earlier period. The gross cost ratio is stable despite one-off costs sized NOK 7m in H1 (related to the Nemi process and CEO's pension plan) and the implementation of the bonus program in Q3.

## Investment return

In the third quarter of 2009, the investment result amounted to a net profit of NOK 49,3m against a net loss of NOK 33,3m in the same period of 2008. Equities accounted for a NOK 29,4m gain in the third quarter of 2009 against a NOK 45,3m loss in Q3 2008.

Year-to-date, investment activities yielded a total return of NOK 161,7m compared with NOK 8,6m in the first nine months of 2008. Equities accounted for a NOK 110,7m gain in aggregate, against a NOK 26m loss in the same period of 2008.

The investment portfolio amounted to a total of NOK 1.594m at 30 September. 19,8% of Protector's financial assets were invested in equities.

## Capital and shareholder issues

The solvency capital, defined as the total equity and total security provision, has in 2009 increased by NOK 168,8m to NOK 677,6m. Purchase of own shares in 2009 has a NOK 20,1m negative effect on the solvency capital.

End of Q3 2009 the capital adequacy ratio was 27%, against a minimum requirement of 8%..

The Board of Directors holds a mandate granted by Protector's AGM 15 April 2009 to purchase up to 8.615.560 own shares. The authorization is valid until the next AGM in 2010. End of Q3 2009, the company has a holding of 3.348.920 own shares..

## Prospects

The Board of Directors is well satisfied with the premium growth and the operating result for the first nine months and expects continued growth and an improved operating profit for the full year.

Oslo, November 4th 2009

*The Board of Directors of Protector Forsikring ASA*

## Accounting principles

These interim accounts have been prepared in accordance with IAS 34 and in line with the accounting principles described in the annual report for 2008.

## Income statement

| [1.000 NOK]   | Q3 2009          | Q3 2008         | YTD 2009         | YTD 2008         | FY 2008          |
|---|------------------|-----------------|------------------|------------------|------------------|
| <b>Premium income</b>   |                  |                 |                  |                  |                  |
| Gross written premiums  | 141 834          | 119 168         | 744 904          | 636 046          | 728 997          |
| Ceded insurance premiums  | (18 050)         | (23 965)        | (142 469)        | (88 785)         | (101 070)        |
| Change in provisions for unearned premiums                            | 79 239           | 65 506          | (125 055)        | (82 303)         | (8 506)          |
| Change in reinsurers' share of provisions for unearned premiums       | (22 891)         | (33 903)        | 12 937           | 13 800           | (27 051)         |
| <b>Earned premiums, net of reinsurance</b>                            | <b>180 131</b>   | <b>126 805</b>  | <b>490 316</b>   | <b>478 758</b>   | <b>592 370</b>   |
| Allocated return on investment transferred from non-technical account | 7 144            | 9 170           | 18 651           | 23 516           | 30 554           |
| <b>Claims incurred</b>  |                  |                 |                  |                  |                  |
| Claims paid   | (106 459)        | (81 854)        | (299 157)        | (294 398)        | (419 335)        |
| Reinsurers' share of paid claims                                      | 26 787           | 29 358          | 93 401           | 112 047          | 156 910          |
| Change in provisions for claims                                       | (56 259)         | (28 187)        | (188 759)        | (97 190)         | (129 734)        |
| Change in reinsurers' share of claims provisions                      | 2 859            | (906)           | 11 273           | (101 945)        | (84 903)         |
| <b>Claims incurred, net of reinsurance</b>                            | <b>(133 072)</b> | <b>(81 588)</b> | <b>(383 243)</b> | <b>(381 486)</b> | <b>(477 063)</b> |
| <b>Operating expenses</b>   |                  |                 |                  |                  |                  |
| Sales costs   | (794)            | (1 293)         | (4 633)          | (11 081)         | (11 952)         |
| Administration costs  | (34 138)         | (27 399)        | (100 901)        | (83 354)         | (117 921)        |
| Commission from reinsurers  | 3 146            | 5 173           | 25 844           | 40 572           | 44 678           |
| <b>Total operating expenses, net of reinsurance</b>                   | <b>(31 786)</b>  | <b>(23 520)</b> | <b>(79 690)</b>  | <b>(53 863)</b>  | <b>(85 194)</b>  |
| <b>Technical result before changes in security provision etc.</b>     | <b>22 417</b>    | <b>30 867</b>   | <b>46 034</b>    | <b>66 926</b>    | <b>60 667</b>    |
| Changes in security provision etc.                                    | (20 241)         | (10 313)        | (60 745)         | (33 181)         | (54 828)         |
| <b>Technical result</b>   | <b>2 176</b>     | <b>20 554</b>   | <b>(14 711)</b>  | <b>33 745</b>    | <b>5 839</b>     |
| Net income from financial assets                                      | 49 311           | (33 270)        | 161 667          | 8 593            | (28 217)         |
| Allocated return on investment transferred to technical               | (7 144)          | (9 170)         | (18 651)         | (23 516)         | (30 554)         |
| Other income  | 608              | 2 434           | 3 673            | 6 241            | 7 537            |
| <b>Non-technical result</b>   | <b>42 774</b>    | <b>(40 006)</b> | <b>146 690</b>   | <b>(8 682)</b>   | <b>(51 234)</b>  |
| <b>Profit before tax</b>  | <b>44 950</b>    | <b>(19 451)</b> | <b>131 979</b>   | <b>25 062</b>    | <b>(45 395)</b>  |
| Tax   | (4 762)          | (14 720)        | (7 237)          | (21 527)         | (9 730)          |
| <b>Profit before components of comprehensive income</b>               | <b>40 188</b>    | <b>(34 171)</b> | <b>124 741</b>   | <b>3 535</b>     | <b>(55 125)</b>  |
| <b>Profit for the period</b>  | <b>40 188</b>    | <b>(34 171)</b> | <b>124 741</b>   | <b>3 535</b>     | <b>(55 125)</b>  |
| Earnings per share  | 0,49             | (0,37)          | 1,48             | 0,04             | (0,60)           |
| Earnings per share, diluted   | 0,47             | (0,36)          | 1,42             | 0,04             | (0,58)           |

## Balance Sheet

| [1.000 NOK]   | 30.09.2009       | 30.09.2008       | 31.12.2008       |
|---|------------------|------------------|------------------|
| <b>Assets</b>   |                  |                  |                  |
| <b>Intangible fixed assets</b>                              |                  |                  |                  |
| Goodwill  | 448              | 806              | 716              |
| Other intangible fixed assets                               | 7 056            | 2 098            | 4 960            |
| <b>Total intangible fixed assets</b>                        | <b>7 504</b>     | <b>2 904</b>     | <b>5 676</b>     |
| <b>Financial assets</b>                                     |                  |                  |                  |
| Financial assets at amortised cost                          | 242 502          | 249 781          | 265 547          |
| Financial assets at fair value through profit or loss       | 1 351 696        | 1 021 233        | 955 719          |
| <b>Total financial assets</b>                               | <b>1 594 198</b> | <b>1 271 014</b> | <b>1 221 266</b> |
| <b>Reinsurers share of gross technical provisions</b>       |                  |                  |                  |
| Reinsurers share of gross premium provisions                | 57 240           | 73 605           | 34 336           |
| Reinsurers share of gross claims provisions                 | 281 043          | 252 728          | 269 770          |
| <b>Total reinsurers share of gross technical provisions</b> | <b>338 283</b>   | <b>326 333</b>   | <b>304 106</b>   |
| <b>Receivables</b>  |                  |                  |                  |
| Direct insurance receivables                                | 51 724           | 69 414           | 42 128           |
| <b>Total receivables</b>                                    | <b>51 724</b>    | <b>69 414</b>    | <b>42 128</b>    |
| <b>Other assets</b>   |                  |                  |                  |
| Tangible fixed assets                                       | 3 155            | 3 766            | 3 709            |
| Cash and bank deposits                                      | 95 052           | 122 665          | 37 216           |
| <b>Total other assets</b>                                   | <b>98 207</b>    | <b>126 432</b>   | <b>40 925</b>    |
| <b>Total prepaid expenses</b>                               | <b>26 684</b>    | <b>8 254</b>     | <b>6 785</b>     |
| <b>Total assets</b>   | <b>2 116 601</b> | <b>1 804 349</b> | <b>1 620 886</b> |
| <b>Equity and liabilities</b>                               |                  |                  |                  |
| <b>Shareholders' equity</b>                                 |                  |                  |                  |
| Share capital [86.155.605 shares]                           | 86 156           | 95 690           | 86 156           |
| Own shares  | (3 349)          | (9 534)          | -                |
| Other paid-in equity  | 13 569           | 9 139            | 10 171           |
| <b>Total paid-in equity</b>                                 | <b>96 376</b>    | <b>95 294</b>    | <b>96 327</b>    |
| <b>Earned equity</b>  |                  |                  |                  |
| Technical provisions  | 92 252           | 64 906           | 66 411           |
| Other equity  | 275 273          | 283 471          | 193 152          |
| <b>Total earned equity</b>                                  | <b>367 525</b>   | <b>348 377</b>   | <b>259 563</b>   |
| <b>Total equity</b>   | <b>463 900</b>   | <b>443 671</b>   | <b>355 890</b>   |
| <b>Technical provisions</b>                                 |                  |                  |                  |
| Provisions for unearned premiums                            | 222 614          | 171 356          | 97 559           |
| Provisions for claims                                       | 963 742          | 742 439          | 774 983          |
| Security provision etc.                                     | 213 721          | 131 329          | 152 976          |
| <b>Total technical provisions</b>                           | <b>1 400 076</b> | <b>1 045 124</b> | <b>1 025 517</b> |
| <b>Provisions for other risks and liabilities</b>           |                  |                  |                  |
| Pension liabilities   | 6 604            | 1 992            | 3 974            |
| Deferred tax liability                                      | 35 398           | 28 541           | 28 161           |
| <b>Total provisions for other risks and liabilities</b>     | <b>42 003</b>    | <b>30 533</b>    | <b>32 135</b>    |
| <b>Liabilities</b>  |                  |                  |                  |
| Liabilities in connection with insurance                    | 5 226            | 3 932            | 5 927            |
| Liabilities in connection with reinsurance                  | 154 857          | 198 511          | 152 221          |
| Other liabilities   | 39 810           | 77 918           | 41 991           |
| <b>Total liabilities</b>                                    | <b>199 893</b>   | <b>280 361</b>   | <b>200 139</b>   |
| <b>Incurred expenses and prepaid income</b>                 |                  |                  |                  |
| Other incurred expenses and prepaid income                  | 10 729           | 4 661            | 7 205            |
| <b>Total incurred expenses and prepaid income</b>           | <b>10 729</b>    | <b>4 661</b>     | <b>7 205</b>     |
| <b>Total equity and liabilities</b>                         | <b>2 116 601</b> | <b>1 804 349</b> | <b>1 620 886</b> |

## Cash flow statement

| [1.000 NOK]  | Q3 2009  | Q3 2008  | YTD 2009  | YTD 2008  | FY 2008   |
|--|----------|----------|-----------|-----------|-----------|
| Net cashflow from operational activities                 | 52 387   | 109 913  | 287 508   | 321 981   | 250 188   |
| Net invested in financial assets                         | (63 475) | (58 187) | (237 076) | (178 117) | (81 661)  |
| Net cashflow from investment activities                  | (1 550)  | (50 799) | (53 694)  | (107 909) | (112 782) |
| Net change in cash and cash equivalents                  | (12 638) | 928      | (3 263)   | 35 955    | 55 745    |
| Cash and cash equivalents at the beginning of the period | 160 970  | 130 878  | 151 596   | 95 851    | 95 851    |
| Cash and cash equivalents at the end of the period       | 148 333  | 131 806  | 148 333   | 131 806   | 151 596   |

## Reconciliation of equity

| [1.000 NOK]                   | Share Capital | Own shares | Share Premium Account | Other paid-in equity | Technical provisions | Other equity | Total    |
|-------------------------------|---------------|------------|-----------------------|----------------------|----------------------|--------------|----------|
| Equity at 31.12 2007          | 103 364       | (2 452)    | 242 204               | 6 645                | 43 639               | 151 024      | 544 424  |
| Option cost, effect on equity |               |            |                       | 1 215                |                      | -            | 1 215    |
| Own shares                    |               | (5 222)    |                       |                      |                      | (36 637)     | (41 859) |
| Profit for the period         |               |            |                       |                      | 12 372               | (15 424)     | (3 052)  |
| Equity at 31.03 2008          | 103 364       | (7 674)    | 242 204               | 7 860                | 56 011               | 98 963       | 500 728  |
| Option cost, effect on equity |               |            |                       | 1 279                |                      |              | 1 279    |
| Own shares                    |               | (1 843)    |                       |                      |                      | (12 781)     | (14 625) |
| Capital write-down            |               |            | (242 204)             |                      |                      | 242 204      | -        |
| Profit for the period         |               |            |                       |                      | 3 134                | 37 624       | 40 758   |
| Equity at 30.06 2008          | 103 364       | (9 517)    | -                     | 9 139                | 59 145               | 366 009      | 528 140  |
| Own shares                    | (7 674)       | (17)       |                       |                      |                      | (42 606)     | (50 297) |
| Profit for the period         |               |            |                       |                      | 5 761                | (39 932)     | (34 171) |
| Equity at 30.09 2008          | 95 690        | (9 534)    | -                     | 9 139                | 64 906               | 283 471      | 443 671  |
| Option cost, effect on equity |               |            |                       | 1 032                |                      |              | 1 032    |
| Own shares                    | (9 534)       | 9 534      |                       |                      |                      |              | -        |
| Dividend                      |               |            |                       |                      |                      | (30 154)     | (30 154) |
| Profit for the period         |               |            |                       |                      | 1 505                | (60 164)     | (58 659) |
| Equity at 31.12 2008          | 86 156        | -          | -                     | 10 171               | 66 411               | 193 152      | 355 890  |
| Option cost, effect on equity |               |            |                       | 1 252                |                      |              | 1 252    |
| Profit for the period         |               |            |                       |                      | 4 639                | 11 505       | 16 144   |
| Equity at 31.03 2009          | 86 156        | -          | -                     | 11 423               | 71 050               | 204 657      | 373 286  |
| Option cost, effect on equity |               |            |                       | 1 299                |                      |              | 1 299    |
| Own shares                    |               | (3 349)    |                       |                      |                      | (16 779)     | (20 128) |
| Profit for the period         |               |            |                       |                      | 10 665               | 57 745       | 68 409   |
| Equity at 30.06.2009          | 86 156        | (3 349)    | -                     | 12 722               | 81 715               | 245 622      | 422 865  |
| Option cost, effect on equity |               |            |                       | 847                  |                      |              | 847      |
| Profit for the period         |               |            |                       |                      | 10 665               | 29 523       | 40 188   |
| Equity at 30.09.2009          | 86 156        | (3 349)    | -                     | 13 569               | 92 379               | 275 145      | 463 900  |

## Quarterly outline

| [1.000 NOK]  | Q3 2009        | Q2 2009        | Q1 2009        | Q4 2008         | Q3 2008         | Q2 2008        | Q1 2008        | Q4 2007         | Q3 2007        |
|--|----------------|----------------|----------------|-----------------|-----------------|----------------|----------------|-----------------|----------------|
| <b>Gross premiums written</b>                                | <b>141 834</b> | <b>215 048</b> | <b>388 022</b> | <b>92 950</b>   | <b>119 168</b>  | <b>198 372</b> | <b>318 506</b> | <b>125 808</b>  | <b>156 305</b> |
| Gross premiums earned  | 221 072        | 217 945        | 180 831        | 166 747         | 184 674         | 204 799        | 164 271        | 173 454         | 180 434        |
| Gross claims incurred  | (162 718)      | (183 532)      | (141 667)      | (157 481)       | (110 040)       | (153 813)      | (127 735)      | (147 196)       | (107 508)      |
| Earned premiums, net of reinsurance                          | 180 131        | 170 599        | 139 585        | 113 612         | 126 805         | 146 201        | 205 752        | 107 521         | 109 983        |
| Claims incurred, net of reinsurance                          | (133 072)      | (134 033)      | (116 138)      | (95 577)        | (81 588)        | (121 400)      | (178 498)      | (76 694)        | (78 142)       |
| Total operating expenses, net of reinsurance                 | (31 786)       | (27 761)       | (20 143)       | (31 331)        | (23 520)        | (17 006)       | (13 337)       | (27 487)        | (20 356)       |
| Other income   | 608            | 1 433          | 1 633          | 1 296           | 2 434           | 1 966          | 1 841          | 1 733           | 1 597          |
| Net income from financial assets                             | 49 311         | 86 408         | 25 948         | (36 810)        | (33 270)        | 46 438         | (4 575)        | 11 456          | 16 251         |
| <b>Operating profit before changes in security provision</b> | <b>65 191</b>  | <b>96 648</b>  | <b>30 885</b>  | <b>(48 810)</b> | <b>(9 138)</b>  | <b>56 199</b>  | <b>11 183</b>  | <b>16 529</b>   | <b>29 333</b>  |
| Changes in security provision etc.                           | (20 241)       | (32 608)       | (7 896)        | (21 647)        | (10 313)        | (8 239)        | (14 628)       | (31 210)        | (4 499)        |
| Profit before tax  | 44 950         | 64 040         | 22 988         | (70 457)        | (19 451)        | 47 959         | (3 446)        | (14 681)        | 24 834         |
| Tax  | (4 762)        | 4 369          | (6 844)        | 11 798          | (14 720)        | (7 201)        | 394            | 2 142           | (6 954)        |
| <b>Net profit/loss</b>                                       | <b>40 188</b>  | <b>68 409</b>  | <b>16 144</b>  | <b>(58 659)</b> | <b>(34 171)</b> | <b>40 758</b>  | <b>(3 052)</b> | <b>(12 538)</b> | <b>17 880</b>  |
| <b>Key ratios</b>  |                |                |                |                 |                 |                |                |                 |                |
| Claims ratio, net of ceded business                          | 73,9 %         | 78,6 %         | 83,2 %         | 84,1 %          | 64,3 %          | 83,0 %         | 86,8 %         | 71,3 %          | 71,0 %         |
| Cost ratio, net of ceded business                            | 17,6 %         | 16,3 %         | 14,4 %         | 27,6 %          | 18,5 %          | 11,6 %         | 6,5 %          | 25,6 %          | 18,5 %         |
| <b>Combined ratio, net of ceded business</b>                 | <b>91,5 %</b>  | <b>94,8 %</b>  | <b>97,6 %</b>  | <b>111,7 %</b>  | <b>82,9 %</b>   | <b>94,7 %</b>  | <b>93,2 %</b>  | <b>96,9 %</b>   | <b>89,6 %</b>  |
| Gross cost ratio   | 15,8 %         | 15,5 %         | 20,3 %         | 21,3 %          | 15,5 %          | 14,1 %         | 22,5 %         | 19,0 %          | 14,9 %         |