

Interim report H1 2012

(Unaudited)

Highlights H1 2012

31% growth and a strong operating result

H1 2012 shows following development compared to H1 2011:

- Gross premiums written NOK 1.067,2m, up 31% from NOK 811.9m
- Net combined ratio, 78.6% down from 83.0%
- Operating profit of NOK 212.2m, up from NOK 86,0m
- Return on investments NOK 96.6m (3.7%), up from NOK 10.8m (0.5%)
- Gross cost ratio 11,4% down from 15,9%

Financial highlights and key ratios

| [1.000 NOK] | Q2 2012 | Q2 2011 | H1 2012 | H1 2011 | FY 2011 | |
|--|---------------|---------------|----------------|---------------|---------------|---------------|
| Gross premiums written | 398 672 | 289 149 | 1 067 152 | 811 866 | 1 202 479 | |
| Gross premiums earned | 386 272 | 314 319 | 713 765 | 575 860 | 1 176 965 | |
| Gross claims incurred | (292 152) | (225 023) | (530 232) | (413 021) | (839 243) | |
| Earned premiums, net of reinsurance | 299 567 | 242 272 | 546 347 | 441 810 | 903 478 | |
| Claims incurred, net of reinsurance | (221 854) | (176 582) | (419 668) | (333 220) | (670 290) | |
| Net commission income | 16 745 | 9 111 | 66 911 | 37 249 | 50 527 | |
| Operating expenses | (36 539) | (31 620) | (76 525) | (70 926) | (151 094) | |
| Other income/costs | (2 207) | (180) | (1 510) | 328 | 1 702 | |
| Net financial income | 7 852 | (11 782) | 96 624 | 10 781 | (51 388) | |
| Operating profit before security provision etc | 63 564 | 31 220 | 212 178 | 86 022 | 82 935 | |
| Claims ratio, net of ceded business | (1) | 74,1 % | 72,9 % | 76,8 % | 75,4 % | 74,2 % |
| Cost ratio, net of ceded business | (2) | 6,6 % | 9,3 % | 1,8 % | 7,6 % | 11,1 % |
| Combined ratio, net of ceded business | (3) | 80,7 % | 82,2 % | 78,6 % | 83,0 % | 85,3 % |
| Retention rate | (4) | 77,6 % | 77,1 % | 76,5 % | 76,7 % | 76,8 % |
| Solvency capital | (5) | | | 909 108 | 762 520 | 741 288 |
| Capital adequacy ratio (risk weighted) | (6) | | | 24 % | 18 % | 19 % |
| Operating profit before security provision etc per share | (7) | 0,77 | 0,38 | 2,57 | 1,04 | 1,00 |

(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 Scandinavia.

Protector entered the Swedish insurance market in 2011 and the Danish insurance market in 2012.

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

In H1, gross written premiums totalled NOK 1.067,2, representing 31% growth compared to H1 2011.

Gross premiums earned increased by NOK 137.9m to a total of NOK 713.8m. Premiums earned for own account were NOK 546.3m, an increase of 24% compared to H1 2011. Premiums earned for own account in H1 2012 represented 76.5% of gross premiums earned, compared to 76.7% in H1 2011.

Gross premiums written in H1 within the commercial and public sector totalled NOK 756.1m, corresponding to a growth of 46 % over H1 2011. The strong growth is driven by new customers and a high renewal rate. New business in Sweden and Denmark represented 10% percentage points of the growth. The renewal rate was in H1 strong 97%, up from 87% in H1 2011.

Within the affinity segment, gross premiums written in H1 amounted to NOK 311.1m, 6% growth compared H1 2011. Premium income within change of ownership insurance, the company's largest affinity programme, totalled NOK 220m, up 15% compared to H1 2011. The increase in premiums is due to higher real estate prices and a higher turn-over-rate in the real estate market.

In the second quarter of 2012, gross premiums written rose by NOK 109.5m, or 38 % compared to Q2 2011. Gross premiums written within the commercial/public sector totalled NOK 240.6m up from NOK 123.6m in Q2 2011. The renewal rate was 84% down from 96% in Q2 2011. Within the affinity segment, gross premiums written totalled NOK 158.1m, down 4% relatively to Q2 2011. The decline is due to a non renewal of a very large customer in the commercial sector. The premium growth within change of ownership insurance was 10%.

Results

Operating profit before changes in security provisions and tax totalled NOK 212.2m, up from NOK 86.0m in H1 2011. The increase is driven by a strong technical result and a high investment result. The technical result was NOK 118m before allocation of interest and changes in security provisions, against NOK 75.2m in H1 2011. In the second quarter, the operating result was NOK 63.6m against NOK 31.2m in the same period in 2011. The operating result was in Q2 as in Q2 2011 influenced by weak financial markets. The technical result in Q2 was NOK 58.2m before allocation of interest and changes in security provisions, against NOK 43m the year-earlier period.

The combined ratio net was in H1 78.6%, 4.4 percentage points lower than the 83.0% reported in H1 2011. Net claims ratio was 76.8%, up from 75.4% in H1 2011. A non renewal of a single contract (in Q1) with a very low claims ratio drives the claims ratio slightly upwards. In H1, net run-off-gains amounted to NOK 3.4m compared to run-off-losses of NOK 1.2m in H1 2011. The net cost ratio was in H1 2012 1.8%, down from 7.6% in H1 2011. The strong development in the net cost ratio is driven by a lower gross cost ratio, a higher level of ceded premiums and higher reinsurance commissions. Due to seasonality the net cost ratio will increase in H2.

The combined ratio net was in Q2 80.7% down from 82.2% in Q2 2011. Net claims ratio was 74.1% up from 72.9% in Q2 2011. In Q2, the company had run-off-gains of NOK 6.4m against run-off-gains of NOK 10.4m the year-earlier period.

Investment return

The investment portfolio amounted to a total of NOK 3.08b at 30 June 2012, up 38% compared to the portfolio end of H1 2011. 7 percentage points of the growth is due to a placement of a NOK 150m 10 year Tier 2 loan (subordinated loan capital). In H1 2012, investment activities yielded a total return of NOK 96.6m or 3.7% compared to a return of NOK 10.8m or 0.5% in H1 2011. Equities accounted for a gain of NOK 41.3m (10.8%) against a NOK 27.4m loss (-5.5%) in H1 2011.

In the second quarter of 2012, the investment result was NOK 7.9m (0.3%) against a loss of NOK 11.8m (-0.5%) in the same period of 2011. Equities accounted for a NOK 15.8m loss (-3.8%) in the second quarter of 2012 against a NOK 28.7m loss (-5.8%) in Q2 2011.

End of H1 2012, 12.9% 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 H1 increased by NOK 146.6m to NOK 909.1m. End of H1 the capital adequacy ratio was 17%, against a minimum requirement of 8%. In H1, the return on the solvency capital was 26%.

The company has end of Q1 made a successful placement of a 10 year Tier 2 loan, callable for issuer after 5 years. Gross proceeds are NOK 150m with a floating rate of 3 month NIBOR, plus 600 base points. The loan was issued in April and is reflected in the balance sheet. The subordinated loan capital strengthens the capital adequacy ratio with 7 percentage points.

The Board of Directors holds a mandate granted by Protector's AGM 25 April 2012 to purchase up to 8.615.560 own shares. The authorization is valid until the next AGM in 2013. End of H1 Protector has a holding of 3 570 661 own shares, unchanged from year-end 2011.

The Board is by the AGM 25 April 2012 authorised to implement a capital increase of up to 8 615 560 shares (10%). The authorisation is valid until the next AGM in 2013. The aim is to simplify and speed up

the process should it be necessary to expand the company's area of operation through acquisition against payment in shares or by otherwise increasing share capital by means of private placings.

Risk factors

Protector is exposed to various types of risk through its business. Continuous monitoring and active risk management is an integrated core area in Protector's activities and organisation. Claims development and substantial changes in capital markets are regarded as the most important risk factors that could affect the company's profit in the next six months.

Prospects

The Board of Directors is satisfied with the growth in premium income and operating result and expects continued growth and an improved operating profit for the full year.

Oslo, 12 July 2012

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 2011.

Income statement

| [1.000 NOK] | Q2 2012 | Q2 2011 | H1 2012 | H1 2011 | FY 2011 |
|---|------------------|------------------|------------------|------------------|------------------|
| Premium income | | | | | |
| Gross written premiums | 398 672 | 289 149 | 1 067 152 | 811 866 | 1 202 479 |
| Ceded insurance premiums | (69 141) | (61 417) | (263 407) | (215 276) | (272 868) |
| Change in provisions for unearned premiums | (12 400) | 25 170 | (353 387) | (236 007) | (25 514) |
| Change in reinsurers' share of provisions for unearned premiums | (17 563) | (10 630) | 95 988 | 81 226 | (619) |
| Earned premiums, net of reinsurance | 299 567 | 242 272 | 546 347 | 441 810 | 903 478 |
| Allocated return on investment transferred from non-technical account | 8 439 | 12 130 | 16 110 | 23 288 | 42 456 |
| Other income | 1 929 | 1 038 | 4 514 | 2 369 | 5 810 |
| Claims incurred | | | | | |
| Claims paid | (185 285) | (157 240) | (348 335) | (283 706) | (537 633) |
| Reinsurers' share of paid claims | 40 875 | 46 416 | 78 018 | 66 146 | 127 447 |
| Change in provisions for claims | (106 867) | (67 783) | (181 897) | (129 315) | (301 610) |
| Change in reinsurers' share of claims provisions | 29 423 | 2 025 | 32 546 | 13 655 | 41 506 |
| Claims incurred, net of reinsurance | (221 854) | (176 582) | (419 668) | (333 220) | (670 290) |
| Operating expenses | | | | | |
| Sales costs | (2 514) | (7 986) | (4 801) | (20 362) | (25 592) |
| Administration costs | (36 539) | (31 620) | (76 525) | (70 926) | (151 094) |
| Commission from reinsurers | 19 259 | 17 097 | 71 712 | 57 611 | 76 119 |
| Total operating expenses, net of reinsurance | (19 794) | (22 509) | (9 614) | (33 677) | (100 567) |
| Other expenses | (1 662) | (1 217) | (3 551) | (2 041) | (4 109) |
| Technical result before changes in security provision etc. | 66 625 | 55 132 | 134 137 | 98 529 | 176 779 |
| Changes in security provision etc. | (8 934) | (20 061) | (20 770) | (27 125) | (49 921) |
| Technical result | 57 691 | 35 071 | 113 368 | 71 404 | 126 858 |
| Net income from financial assets | 7 852 | (11 782) | 96 624 | 10 781 | (51 388) |
| Allocated return on investment transferred to technical account | (8 439) | (12 130) | (16 110) | (23 288) | (42 456) |
| Other costs | (2 473) | - | (2 473) | - | - |
| Non-technical result | (3 060) | (23 912) | 78 041 | (12 507) | (93 844) |
| Profit before tax | 54 630 | 11 159 | 191 408 | 58 897 | 33 014 |
| Tax | (21 373) | (10 760) | (44 358) | (22 442) | (40 587) |
| Profit before components of comprehensive income | 33 257 | 399 | 147 050 | 36 455 | (7 573) |
| Profit for the period | 33 257 | 399 | 147 050 | 36 455 | (7 573) |
| Earnings per share | 0,40 | 0,00 | 1,78 | 0,44 | (0,09) |
| Earnings per share, diluted | 0,40 | 0,00 | 1,78 | 0,44 | (0,09) |

Balance Sheet

| [1.000 NOK] | 30.06.2012 | 30.06.2011 | 31.12.2011 |
|---|------------------|------------------|------------------|
| Assets | | | |
| Intangible fixed assets | | | |
| Other intangible fixed assets | 9 689 | 9 682 | 9 720 |
| Total intangible fixed assets | 9 689 | 9 682 | 9 720 |
| Financial assets | | | |
| Financial assets at fair value through profit or loss | 3 079 808 | 2 229 603 | 2 354 751 |
| Total financial assets | 3 079 808 | 2 229 603 | 2 354 751 |
| Reinsurers share of gross technical provisions | | | |
| Reinsurers share of gross premium provisions | 164 558 | 130 577 | 56 334 |
| Reinsurers share of gross claims provisions | 188 727 | 128 356 | 156 207 |
| Total reinsurers share of gross technical provisions | 353 285 | 258 933 | 212 541 |
| Receivables | | | |
| Direct insurance receivables | 138 847 | 109 239 | 69 774 |
| Total receivables | 138 847 | 109 239 | 69 774 |
| Other assets | | | |
| Tangible fixed assets | 4 026 | 4 445 | 4 297 |
| Cash and bank deposits | 115 153 | 142 955 | 112 685 |
| Deferred tax benefit | - | - | 3 302 |
| Total other assets | 119 179 | 147 400 | 120 284 |
| Total prepaid expenses | 41 226 | 35 430 | 32 735 |
| Total assets | 3 742 033 | 2 790 288 | 2 799 804 |
| Equity and liabilities | | | |
| Shareholders' equity | | | |
| Share capital [86.155.605 shares] | 86 156 | 86 156 | 86 156 |
| Own shares | (3 571) | (3 571) | (3 571) |
| Other paid-in equity | 4 847 | 4 847 | 4 847 |
| Total paid-in equity | 87 432 | 87 432 | 87 432 |
| Earned equity | | | |
| Technical provisions | 67 930 | 85 109 | 76 074 |
| Other equity | 376 209 | 256 008 | 221 014 |
| Total earned equity | 444 139 | 341 117 | 297 088 |
| Total equity | 531 571 | 428 549 | 384 520 |
| Subordinated loan capital | 148 125 | - | - |
| Technical provisions | | | |
| Provisions for unearned premiums | 527 834 | 385 124 | 174 631 |
| Provisions for claims | 1 783 100 | 1 428 954 | 1 601 249 |
| Security provision etc. | 377 537 | 333 971 | 356 767 |
| Total technical provisions | 2 688 471 | 2 148 049 | 2 132 647 |
| Provisions for other risks and liabilities | | | |
| Pension liabilities | 9 787 | 8 388 | 9 787 |
| Total provisions for other risks and liabilities | 19 440 | 22 228 | 9 787 |
| Liabilities | | | |
| Liabilities in connection with insurance | 9 233 | 9 615 | 12 163 |
| Liabilities in connection with reinsurance | 156 455 | 118 119 | 116 320 |
| Other liabilities | 154 500 | 29 798 | 74 947 |
| Total liabilities | 320 187 | 157 532 | 203 430 |
| Incurred expenses and prepaid income | | | |
| Other incurred expenses and prepaid income | 34 239 | 33 929 | 69 420 |
| Total incurred expenses and prepaid income | 34 239 | 33 929 | 69 420 |
| Total equity and liabilities | 3 742 033 | 2 790 288 | 2 799 804 |

Cash flow statement

| [1.000 NOK] | Q2 2012 | Q2 2011 | YTD 2012 | YTD 2010 | FY 2011 |
|--|-----------|-----------|-----------|-----------|-----------|
| Net cashflow from operational activities | 223 918 | 53 001 | 534 716 | 383 706 | 599 077 |
| Net invested in financial assets | (248 661) | 31 110 | (558 661) | (202 319) | (436 733) |
| Net cashflow from investment activities | (1 415) | (2 419) | (3 084) | (4 073) | (7 718) |
| Net cashflow from financial activities | 148 125 | (123 877) | 148 125 | (123 877) | (123 877) |
| Net change in cash and cash equivalents | 121 967 | (42 186) | 121 097 | 53 437 | 30 749 |
| Cash and cash equivalents at the beginning of the period | 145 091 | 210 836 | 145 962 | 115 213 | 115 213 |
| Cash and cash equivalents at the end of the period | 267 058 | 168 650 | 267 058 | 168 650 | 145 962 |

Reconciliation of equity

| [1.000 NOK] | Share Capital | Own shares | Other paid-in equity | Technical provisions | Other equity | Total |
|---------------------------------|---------------|------------|----------------------|----------------------|--------------|-----------|
| Equity at 31.12.2010 | 86 156 | (3 571) | 4 847 | 79 782 | 348 757 | 515 971 |
| Profit for the period | | | | 7 513 | 31 324 | 38 837 |
| Change in accounting principles | | | | (2 790) | 9 | (2 781) |
| Equity at 31.03.2011 | 86 156 | (3 571) | 4 847 | 84 504 | 380 091 | 552 027 |
| Dividend | | | | | (123 877) | (123 877) |
| Profit for the period | | | | 3 947 | 164 | 4 110 |
| Change in accounting principles | | | | (3 343) | (369) | (3 711) |
| Equity at 30.06.2011 | 86 156 | (3 571) | 4 847 | 85 109 | 256 008 | 428 549 |
| Profit for the period | | | | 7 821 | (108 020) | (100 199) |
| Change in accounting principles | | | | (5 665) | (24) | (5 689) |
| Equity at 30.09.2011 | 86 156 | (3 571) | 4 847 | 87 265 | 147 964 | 322 660 |
| Profit for the period | | | | (11 190) | 73 051 | 61 860 |
| Equity at 31.12.2011 | 86 156 | (3 571) | 4 847 | 76 074 | 221 014 | 384 520 |
| Profit for the period | | | | (3 960) | 117 754 | 113 794 |
| Equity at 31.03.2012 | 86 156 | (3 571) | 4 847 | 72 114 | 338 768 | 498 314 |
| Profit for the period | | | | (4 184) | 37 441 | 33 257 |
| Equity at 30.06.2012 | 86 156 | (3 571) | 4 847 | 67 930 | 376 209 | 531 571 |

Quarterly outline

| [1.000 NOK] | Q2 2012 | Q1 2012 | Q4 2011 | Q3 2011 | Q2 2011 | Q1 2011 | Q4 2010 | Q3 2010 | Q2 2010 |
|--|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|
| Gross premiums written | 398 672 | 668 481 | 179 459 | 211 153 | 289 149 | 522 718 | 162 560 | 189 250 | 231 267 |
| Gross premiums earned | 386 272 | 327 494 | 300 133 | 300 972 | 314 319 | 261 541 | 267 670 | 254 906 | 256 354 |
| Gross claims incurred | (292 152) | (238 080) | (203 360) | (222 862) | (225 023) | (187 999) | (222 371) | (189 749) | (176 349) |
| Earned premiums, net of reinsurance | 299 567 | 246 779 | 229 464 | 232 204 | 242 272 | 199 538 | 217 020 | 205 620 | 204 611 |
| Claims incurred, net of reinsurance | (221 854) | (197 814) | (165 836) | (171 233) | (176 582) | (156 638) | (177 408) | (151 839) | (147 198) |
| Total operating expenses, net of reinsurance | (19 794) | 10 180 | (33 575) | (33 315) | (22 509) | (11 168) | (53 777) | (36 293) | (29 093) |
| Other income/costs | (2 207) | 696 | 797 | 577 | (180) | 508 | (2 281) | 254 | 874 |
| Net income from financial assets | 7 852 | 88 773 | 48 020 | (110 190) | (11 782) | 22 563 | 107 410 | 68 133 | (38 718) |
| Operating profit before changes in security provision | 63 564 | 148 614 | 78 870 | (81 958) | 31 220 | 54 802 | 90 964 | 85 875 | (9 523) |
| Changes in security provision etc. | (8 934) | (11 836) | 2 981 | (25 776) | (20 061) | (7 064) | (59 215) | (12 852) | (13 023) |
| Profit before tax | 54 630 | 136 778 | 81 851 | (107 734) | 11 159 | 47 738 | 31 748 | 73 023 | (22 546) |
| Tax | (21 373) | (22 985) | (19 991) | 1 845 | (10 760) | (11 682) | 16 046 | 231 | (12 820) |
| Net profit/loss | 33 257 | 113 794 | 61 860 | (105 889) | 399 | 36 056 | 47 795 | 73 254 | (35 366) |
| Key ratios | | | | | | | | | |
| Claims ratio, net of ceded business | 74,1 % | 80,2 % | 72,3 % | 73,7 % | 72,9 % | 78,5 % | 81,7 % | 73,8 % | 71,9 % |
| Cost ratio, net of ceded business | 6,6 % | -4,1 % | 14,6 % | 14,3 % | 9,3 % | 5,6 % | 24,8 % | 17,7 % | 14,2 % |
| Combined ratio, net of ceded business | 80,7 % | 76,0 % | 86,9 % | 88,1 % | 82,2 % | 84,1 % | 106,5 % | 91,5 % | 86,2 % |
| Gross cost ratio | 10,1 % | 12,9 % | 15,3 % | 13,1 % | 12,6 % | 19,8 % | 21,9 % | 16,9 % | 14,2 % |

Protector Forsikring ASA

- The Board of Directors and the CEO's statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2012 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the Company's assets, liabilities, financial position and profit and loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

Oslo, 12 July 2012

The Board of Directors of Protector Forsikring ASA

Jostein Sørvoll
(Chairman)

Rolf Tolle

Else Bugge Fougner

Eva Redhe Ridderstad

Erik G. Braathen

Giuditta Cordero-Moss

Jørgen Stang Heffermehl

Fredrik Øyan

Marianne Kvanvik

Sverre Bjerkeli
(CEO)