

Interim report Q2 2013

(Unaudited)

Highlights Q2 2013

13% growth, increased margins

Q2 2013 shows following development compared to Q2 2012:

- Gross premiums written NOK 448.5m, up 13% from NOK 398.7m
- Net combined ratio, 81.5% up from 80.7%
- Operating profit of NOK 87.2m, up from NOK 63.6m
- Return on investments NOK 19.4m (0.4%), up from NOK 7.9m (0.3%)

Financial highlights and key ratios

[1.000 NOK]	Q2 2013	Q2 2012	H1 2013	H1 2012	FY 2012
Gross premiums written	448 533	398 672	1 352 526	1 067 152	1 517 017
Gross premiums earned	477 406	386 272	877 603	713 765	1 464 244
Gross claims incurred	(354 413)	(312 102)	(704 185)	(567 739)	(1 170 976)
Earned premiums, net of reinsurance	362 793	299 567	663 220	546 347	1 107 433
Claims incurred, net of reinsurance	(288 831)	(241 804)	(544 306)	(457 175)	(940 094)
Net commission income	18 582	16 745	75 558	66 911	90 269
Operating expenses	(25 567)	(16 588)	(59 586)	(39 019)	(104 481)
Other income/costs	806	(2 207)	1 512	(1 510)	(5 030)
Net financial income	19 397	7 852	97 259	96 624	245 571
Operating profit before security provision etc	87 181	63 564	233 657	212 178	393 668
Claims ratio, net of ceded business	(1) 79,6 %	80,7 %	82,1 %	83,7 %	84,9 %
Expense ratio, net of ceded business	(2) 1,9 %	-0,1 %	-2,4 %	-5,1 %	1,3 %
Combined ratio, net of ceded business	(3) 81,5 %	80,7 %	79,7 %	78,6 %	86,2 %
Gross claims ratio	(4) 74,2 %	80,8 %	80,2 %	79,5 %	80,0 %
Gross expense ratio	(5) 5,9 %	4,9 %	7,3 %	6,1 %	7,7 %
Gross combined ratio	(6) 80,1 %	85,7 %	87,6 %	85,7 %	87,7 %
Retention rate	(7) 76,0 %	77,6 %	75,6 %	76,5 %	75,6 %
Solvency capital	(8)		1 171 471	899 167	1 085 415
Capital adequacy ratio (risk w eighted)	(9)		23 %	24 %	20 %
Solvency margin	(10)		360	285	304
Profit after tax per share	(11) 0,70	0,40	1,72	1,78	2,51

(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) Gross claims incurred in %of gross premiums earned

(5) Gross operating expenses in %of gross premiums earned

(6) Gross claims ratio + gross expense ratio

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

(8) Equity + security provision etc

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

(10) Solvency margin calculated according to regulations from the FSA of Norway (including net profit/loss for the period)

(11) Profit after tax 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 Q2, gross written premiums totalled NOK 448.5m, representing 13% growth compared to Q2 2012.

Gross premiums earned increased by NOK 91.1m to a total of NOK 477.4m. Premiums earned for own account were NOK 362.8m, an increase of 21% compared to Q2 2012.

Gross premiums written in Q2 within the commercial and public sector totalled NOK 276,4m, corresponding to a growth of 15% over Q2 2012. The growth is driven by new customers and a high renewal rate. New

business in Sweden and Denmark represented 3% percentage points of the growth. The renewal rate was in Q2 strong 99%, up from 84% in Q2 2012.

Within the affinity segment, gross premiums written in Q2 amounted to NOK 161.4m, 12% growth compared Q2 2013. Premium income within change of ownership insurance, the company's largest affinity programme, totalled NOK 139.1m, up 6% compared to Q2 2012. The increase in premiums is due to higher real estate prices and a high turn-over-rate in the real estate market.

In H1, gross premiums written rose by NOK 285.4m, or 27 % compared to H1 2012. New business in Sweden and Denmark represented 14 percentage points of the total growth. Gross premiums earned increased by NOK 163.8m to a total of NOK 877.6m. Premiums earned for own account were NOK 663.2m, an increase of 21% compared to H1 2012. Premiums earned for own account in H1 2013 represented 75.6% of gross premiums earned, compared to 76.5% in H1 2012. The retention rate is decreasing due to a strong growth within products with high reinsurance coverage.

Gross premiums written within the commercial/public sector totalled NOK 1.030.4m up from NOK 755.9m in H1 2012. The renewal rate was 97 %, unchanged from the renewal rate in H1 2012. Within the affinity segment, gross premiums written totalled NOK 322.2m, up 3% relatively to H1 2012. Within change of ownership insurance, premiums written were approximately unchanged from H1 2012 due to a decline in the number of policies sold.

Results

In Q2, the operating profit before changes in security provisions and tax totalled NOK 87.2m, up from NOK 63.6m in Q2 2012. The increase is driven by a strong technical result and an improved investment result.

In H1, the operating result was NOK 233.7m against NOK 212.2m in the same period in 2012. The net profit was in H1 NOK 141.9m against NOK 147.1m in H1 2012.

The combined ratio net was in Q2 81.5%, 0.8 percentage points higher than the 80.7% reported in Q2 2012. The increase is driven by an increase in the net cost ratio.

Net claims ratio was 79.6%, down from 80.7% in Q2 2012. In Q2, the company had run-off-gains related to Norwegian business of NOK 18m against run-off-gains of NOK 6.4m the year-earlier period. Run-off gains in the commercial sector are expected in the future because Protector's accounting in Norway is based on the FSA minimum requirements which are somewhat higher than indicated by claims experience. In Q2 the company experienced 3 large claims (2 property claims and 1 liability claim) which is slightly above normal (1-2).

Both the gross and the net cost ratio are increasing despite the strong growth in premiums. The gross cost ratio was 11.5% (including claims handling costs), up from 10.1% in Q2 2012, and the net cost ratio (including claims handling costs) was 9.2%, up 2.6 percentage points. The increased cost ratios are due to continued increased number of employees in the Norwegian commercial sector and increased number of employees in Sweden and Denmark. The number of employees will be further increased in Q3.

The combined ratio net was in H1 79.7% up from 78.6% in H1 2012. The increase is driven by an increase in the net cost ratio. Net claims ratio was 82.1% down from 83.7% in Q2 2012.

Investment return

The investment portfolio amounted to a total of NOK 3.79b at 30 June 2013, up 23% compared to the portfolio end of Q2 2012.

In Q2, investment activities yielded a total return of NOK 19.4m or 0.4% compared to a return of NOK 7.9m or 0.3% in Q2 2012. Equities accounted for a loss of NOK 4.8m (-1.2%) against a NOK 15.8m loss (-3.8%) in Q2 2012. Return on the fixed income portfolio totalled NOK 24.2m or 0.6% against NOK 23.7m or 1% in Q2 2012.

In H1, the investment result was NOK 97.3m (2.7%) against NOK 96.6m (3.7%) in H1 2012. Equities accounted for a NOK 18.9m gain (5.3%) against a NOK 41.3m gain (10.8%) in H1 2012. Return on the

fixed income portfolio totalled NOK 78.4m or 2.4% against NOK 55.3m or 2.5% in H1 2012.
End of Q2, 10.2% 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 Q2 decreased by NOK 39.1m to NOK 1,171.5m. The decline in solvency capital is due to the dividend-pay-out (NOK 99.1m) in May. In H1, the solvency capital has increased by NOK 86.1m.

End of H1 the capital adequacy ratio was 16%, against a minimum requirement of 8%. In H1, the return on the solvency capital was 16%.

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 premium growth and the operating profit and expects continued growth and an improved operating profit for the full year. However, the uncertainty in claims development is increasing due to the company's operations in Sweden and Denmark.

Oslo, 11 July 2013

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 2012, with the following amendments:

IAS 19 Employee Benefits was amended in June 2011 and has been adopted as of 1 January 2013. The changes have effected Protector's pension obligations in the balance sheet. The revised IAS 19 requires net actuarial losses (gains) to be recognized in other comprehensive income as they occur (no corridor), all costs related to previous periods' pensions contribution will now be reflected in the income statement, and interest cost and expected return on pension assets is replaced by a net interest amount that is calculated at the same discount rate as the net pension obligation (asset).

The changes in IAS 19 are adopted retrospectively. This retrospective adoption has increased the pension obligation with NOK 13.8 million, reduced the deferred tax asset by NOK 3.3 million, increased the deferred tax liability by NOK 0.6 million and reduced other equity by NOK 9.9 million as of 1 January 2012 (also 30 June 2012).

The 2012 reduction of actuarial effects is mainly related to changes in the discount rate (OMF-rate) and the gain will be classified as other comprehensive income for the fourth quarter of 2012. The change in IAS 19 has had limited effect on the pension cost.

Income statement

[1.000 NOK]	Q2 2013	Q2 2012	H1 2013	H1 2012	FY 2012
Premium income					
Gross written premiums	448 533	398 672	1 352 526	1 067 152	1 517 017
Ceded insurance premiums	(102 223)	(69 141)	(351 921)	(263 407)	(347 394)
Change in provisions for unearned premiums	28 873	(12 400)	(474 924)	(353 387)	(52 773)
Change in reinsurers' share of provisions for unearned	(12 390)	(17 563)	137 539	95 988	(9 417)
Earned premiums, net of reinsurance	362 793	299 567	663 220	546 347	1 107 433
Allocated return on investment transferred from non-technical account	9 836	8 439	20 447	16 110	24 663
Other income	5 688	1 929	11 072	4 514	3 929
Claims incurred					
Claims paid	(274 629)	(205 235)	(478 731)	(385 841)	(753 826)
Reinsurers' share of paid claims	59 328	40 875	103 441	78 018	166 453
Change in provisions for claims	(79 784)	(106 867)	(225 454)	(181 897)	(417 150)
Change in reinsurers' share of claims provisions	6 254	29 423	56 438	32 546	64 429
Claims incurred, net of reinsurance	(288 831)	(241 804)	(544 306)	(457 175)	(940 094)
Operating expenses					
Sales costs	(2 624)	(2 514)	(4 838)	(4 801)	(8 245)
Administration costs	(25 567)	(16 588)	(59 586)	(39 019)	(104 481)
Commission from reinsurers	21 206	19 259	80 396	71 712	98 515
Total operating expenses, net of reinsurance	(6 984)	156	15 971	27 893	(14 212)
Other expenses	(2 471)	(1 662)	(4 658)	(3 551)	(4 055)
Technical result before changes in security provi	80 031	66 625	161 747	134 137	177 663
Changes in security provision etc.	(2 369)	(8 934)	(43 250)	(20 770)	(146 531)
Technical result	77 663	57 691	118 497	113 368	31 132
Net income from financial assets	19 397	7 852	97 259	96 624	245 571
Allocated return on investment transferred to technical account	(9 836)	(8 439)	(20 447)	(16 110)	(24 663)
Other income	533	-	1 109	-	3 887
Other costs	(2 944)	(2 473)	(6 011)	(2 473)	(8 790)
Non-technical result	7 150	(3 060)	71 910	78 041	216 005
Profit before tax	84 813	54 630	190 407	191 408	247 137
Tax	(27 170)	(21 373)	(48 499)	(44 358)	(48 366)
Profit before components of comprehensive inc	57 643	33 257	141 908	147 050	198 772
Components of comprehensive income	-	-	-	-	12 372
Taxes on components of comprehensive income	-	-	-	-	(3 464)
Profit for the period	57 643	33 257	141 908	147 050	207 679
Earnings per share	0,70	0,40	1,72	1,78	2,51
Earnings per share, diluted	0,70	0,40	1,72	1,78	2,51

Balance Sheet

[1.000 NOK]	30.06.2013	30.06.2012	31.12.2012
Assets			
Intangible fixed assets			
Other intangible fixed assets	10 154	9 689	8 908
Total intangible fixed assets	10 154	9 689	8 908
Financial assets			
Financial assets at fair value through profit or loss	3 793 364	3 079 808	3 192 820
Total financial assets	3 793 364	3 079 808	3 192 820
Reinsurers share of gross technical provisions			
Reinsurers share of gross premium provisions	214 370	164 558	68 625
Reinsurers share of gross claims provisions	278 172	188 727	220 419
Total reinsurers share of gross technical provisions	492 542	353 285	289 045
Receivables			
Direct insurance receivables	147 602	138 847	74 967
Total receivables	147 602	138 847	74 967
Other assets			
Tangible fixed assets	9 165	4 026	9 336
Cash and bank deposits	111 956	115 153	141 890
Total other assets	121 121	119 179	151 226
Total prepaid expenses	65 361	41 226	48 596
Total assets	4 630 145	3 742 033	3 765 562
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	77 936	67 930	74 408
Other equity	459 555	366 268	420 278
Total earned equity	537 491	434 198	494 685
Total equity	624 923	521 630	582 117
Subordinated loan capital	148 125	-	148 125
Technical provisions			
Provisions for unearned premiums	703 782	527 834	226 786
Provisions for claims	2 247 307	1 783 100	2 017 886
Security provision etc.	546 548	377 537	503 298
Total technical provisions	3 497 636	2 688 471	2 747 969
Provisions for other risks and liabilities			
Pension liabilities	13 819	23 594	13 819
Deferred tax liability	16 839	5 788	11 061
Total provisions for other risks and liabilities	30 659	29 381	24 880
Liabilities			
Liabilities in connection with insurance	13 414	9 233	7 716
Liabilities in connection with reinsurance	218 788	156 455	130 515
Other liabilities	52 771	154 500	53 580
Total liabilities	284 972	320 187	191 812
Incurred expenses and prepaid income			
Other incurred expenses and prepaid income	43 830	34 239	70 659
Total incurred expenses and prepaid income	43 830	34 239	70 659
Total equity and liabilities	4 630 145	3 593 908	3 765 562

Cash flow statement

[1.000 NOK]	Q2 2013	Q2 2012	H1 2013	H1 2012	FY 2012
Net cashflow from operational activities	106 831	223 918	625 570	534 716	602 561
Net invested in financial assets	(94 393)	(248 661)	(603 707)	(558 661)	(672 788)
Net cashflow from investment activities	(3 512)	(1 415)	(5 191)	(3 084)	(11 354)
Net cashflow from financial activities	(102 046)	148 125	(105 113)	148 125	141 804
Net change in cash and cash equivalents	(93 121)	121 967	(88 440)	121 097	60 223
Cash and cash equivalents at the beginning of the period	210 865	145 091	206 185	145 962	145 962
Cash and cash equivalents at the end of the period	117 745	267 058	117 745	267 058	206 185

Reconciliation of equity

[1.000 NOK]	Share Capital	Own shares	Other paid-in equity	Technical provisions	Other equity	Total
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
Change in accounting principles					(9 941)	(9 941)
Equity at 31.03.2012	86 156	(3 571)	4 847	72 114	328 827	488 373
Profit for the period				(4 184)	37 441	33 257
Equity at 30.06.2012	86 156	(3 571)	4 847	67 930	366 269	521 630
Profit for the period				5 071	72 958	78 029
Equity at 30.09.2012	86 156	(3 571)	4 847	73 001	439 227	599 659
Profit for the period				1 407	(27 856)	(26 449)
Change in accounting principles					8 908	8 908
Equity at 31.12.2012	86 156	(3 571)	4 847	74 408	420 278	582 117
Profit for the period				4 990	79 274	84 265
Equity at 31.03.2013	86 156	(3 571)	4 847	79 398	499 552	666 382
Dividend pay out					(99 102)	(99 102)
Profit for the period				(1 462)	59 105	57 643
Equity at 30.06.2013	86 156	(3 571)	4 847	77 936	459 555	624 923

Quarterly outline

[1.000 NOK]	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011
Gross premiums written	448 533	903 993	198 240	251 625	398 672	668 481	179 459	211 153	289 149
Gross premiums earned	477 406	400 197	375 564	374 915	386 272	327 494	300 133	300 972	314 319
Gross claims incurred	(354 413)	(349 772)	(327 118)	(276 119)	(312 102)	(255 637)	(218 659)	(235 690)	(242 440)
Earned premiums, net of reinsurance	362 793	300 427	279 532	281 555	299 567	246 779	229 464	232 204	242 272
Claims incurred, net of reinsurance	(288 831)	(255 475)	(259 283)	(223 636)	(241 804)	(215 371)	(181 136)	(184 061)	(193 999)
Total operating expenses, net of reinsurance	(6 984)	22 955	(23 985)	(18 316)	156	27 736	(18 275)	(20 488)	(5 092)
Other income/costs	806	706	(705)	(2 815)	(2 207)	696	797	577	(180)
Net income from financial assets	19 397	77 862	61 151	87 796	7 852	88 773	48 020	(110 190)	(11 782)
Operating profit before changes in security provision	87 181	146 476	56 709	124 584	63 564	148 614	78 870	(81 958)	31 220
Changes in security provision etc.	(2 369)	(40 881)	(96 733)	(29 028)	(8 934)	(11 836)	2 981	(25 776)	(20 061)
Profit before tax	84 813	105 594	(40 023)	95 556	54 630	136 778	81 851	(107 734)	11 159
Tax	(27 170)	(21 329)	13 574	(17 527)	(21 373)	(22 985)	(19 991)	1 845	(10 760)
Net profit/loss	57 643	84 265	(26 449)	78 029	33 257	113 794	61 860	(105 889)	399
Key ratios									
Claims ratio, net of ceded business	79,6 %	85,0 %	92,8 %	79,4 %	80,7 %	87,3 %	78,9 %	79,3 %	80,1 %
Expense ratio, net of ceded business	1,9 %	-7,6 %	8,6 %	6,5 %	-0,1 %	-11,2 %	8,0 %	8,8 %	2,1 %
Combined ratio, net of ceded business	81,5 %	77,4 %	101,3 %	85,9 %	80,7 %	76,0 %	86,9 %	88,1 %	82,2 %
Gross expense ratio	5,9 %	9,1 %	10,0 %	8,4 %	4,9 %	7,5 %	10,2 %	8,8 %	7,1 %

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 2013 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, 11 July 2013

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)