

ANNUAL REPORT 2015



PROTECTOR
forsikring





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HIGHLIGHTS

2015

Total premiums amounted to NOK 2.843 million compared to NOK 2.375 million in 2014, an increase of 20 %. The growth occurred within the Norwegian commercial and public sector lines of business (20 % of growth), within Sweden and Denmark (77 % of growth) and within change of ownership insurance (3 % of growth).

In 2015, the cost ratio decreased compared to 2014. Gross cost ratio in 2015 was 7,5 %, down from 7,6 % in 2014. Reduction was driven by great focus on costs in all three countries and is in line with the company's expectations.

The combined ratio was 88,7 % at the end of 2015 which is one of the best ratios among the Scandinavian non-life insurance companies.

The return of investment was 5,2 % down from 5,3 % in 2014. The change is related to the turmoil in credit markets in the second part of the year, resulting in a marginal positive result in the fixed income portfolio.

The operating profit amounted to NOK 536,1 million compared to NOK 502,0 million in 2014 - an increase of 7 %.

The company's underlying profitability is very good. Existing and new profitability improvement measures are expected to result in a continued good technical results.

The Board proposes a dividend of NOK 2,25 per share.



Protector will be the challenger. This position will be achieved through unique relationships, state of the art decision making and cost effective solutions.





THIS IS PROTECTOR

Protector commenced business January 2004, and has since experienced rapid growth. The company is highly focused on risk selection and market adaptation. In May 2007, Protector was listed on the Oslo Stock Exchange, reaching a goal that was stated from the beginning.

The company's "scalable business model" will be used as a foundation for further growth. Growth will be achieved without significant accrual of costs due to the early investment in developing competence, routines and in-house developed IT-systems.

VISION AND BUSINESS CONCEPT

Protector will be the challenger. This position will be achieved through unique relationships, state of the art decision making and cost effective solutions.

BUSINESS GOALS AND STRATEGIES

Protector targets further profitable growth. This will be achieved by offering the lowest costs and best quality services. The growth will mainly come from new markets.

The company's main goals are:

- › Cost and quality leadership
- › To have profitable growth
- › Being top three in Protector's defined business segments

The company's long-term financial objectives are:

- › Growth rate of gross written premium: 10 %
- › Combined ratio for own account: 90 %
- › Return on solvency capital: 20 %

DISTRIBUTION STRATEGY

Protector has a distinct distribution strategy. All business is conducted through our selected brokers. The commercial and public sector business is sold through insurance brokers. The same strategy applies to our affinity programs. Change of ownership insurance is sold through selected real estate agents and lawyers.

MARKET STRATEGY

Protector operates in non-marine insurance.

The company has clearly defined market segments:

Commercial Lines of Business

Protector's chosen segment consists of companies with annual insurance premiums above NOK 100,000. Most of the clients have an annual insurance premium below NOK 3 million, however, Protector also targets larger companies. The largest companies have annual insurance premiums in the tens of millions. By year end 2015 the customer list included approximately 5,000 companies.

Public Lines of Business

Protector has established itself as the largest insurer in the public sector in Scandinavia with more than 500 municipalities on its client list. The coverage varies from single products to total product packages. In addition, we insure 30 counties.

Sweden and Denmark

Protector has established an operational presence in Stockholm and Copenhagen with 36 and 26 employees respectively by the end of 2015. The company expects that significant parts of future growth will stem from outside of Norway. The company's entrance in the Swedish and Danish markets follows the same business model as in Norway and is well perceived by the insurance brokers.

Change of Ownership Insurance

Change of ownership insurance covers the seller's responsibility for the estate's material defects as specified by the sale of property law ("Avhendingsloven"). Protector is the market leader within change of ownership insurance with more than 50 % market share. Protector has an effective value chain and



the necessary critical mass to continue as a leading market player in years to come.

STRATEGY FOR CLAIMS HANDLING

Our claims handling team counts 85 employees in total, spread over the commercial line of business and change of ownership insurance. By using skills and competences across claims handling, underwriting and sales the company achieves high cost efficiency while maintaining high quality.

IT-STRATEGY

Protector has a strategy of in-house development of IT solutions. The systems have been developed with standardized tools and are accessible through web-based solutions. This facilitates the distribution of data and functions to partners and customers. Protector continuously seeks to utilise IT to increase daily work efficiency.

PERFORMANCE BASED CULTURE

Protector's organization is based upon highly qualified employees counting 215 people at the end of 2015. The majority have long experience from the insurance industry. In addition to the development of claims handling, large resources have been invested to increase the capacity in the areas of underwriting, analysis, sales and service.

Clearly defined goals have been established for all employees, and these goals are linked to performance contracts. On all levels of the organization, a structure has been created for regular employee appraisals. Protector has defined four core values, which are part of the criteria on which employees are assessed in this process: Trustworthy, Accommodative, Brave and Enthusiastic.

In addition, Protector utilises a 270° and a 360° process where all employees have an opportunity to give feedback on the compliance with the company's values. The process has received great reviews and contributed to the further development of the company's performance-oriented culture. It also triggered further fine-tuning of the values in order to tailor them to our everyday life.

LEADERSHIP DEVELOPMENT

Protector started an 18 month leadership development program called "the Dream Team Leader" for the company's management and key personnel with management responsibility in 2013. The program contained specific development goals for each participant, and a strengthening of the company's management teams. The program concluded in August 2014. The next leadership development program, Lede®stjerne, started in March 2015. The objective is to develop a congruent leadership in Protector. This involves reaching a common understanding of the company's value based philosophy for leadership and performance culture.

We strongly believe that Protector's vigour and ability to realize its objectives will be strengthened through raising awareness amongst our employees of the company's core values, beliefs, ambitions and business.

KEY FIGURES

[1.000 NOK]	2015	2014	2013
Gross premiums written	2 843 364	2 374 456	1 860 617
Gross premiums earned	2 791 062	2 306 764	1 814 626
Gross claims incurred	(2 283 632)	(1 854 467)	(1 450 587)
Premiums earned for own account	2 175 953	1 775 274	1 373 555
Claims incurred for own account	(1 861 018)	(1 439 515)	(1 133 527)
Net commission income	112 860	98 369	94 338
Operating expenses	(181 963)	(158 696)	(151 279)
Other insurance income/costs	(2 626)	(719)	386
Net financial income	303 791	236 843	256 729
Other income/costs	(10 857)	(9 519)	(9 885)
Operating profit before security provision	536 140	502 038	430 316
Change in security provision	-	(26 311)	(54 839)
Profit before tax	536 140	475 727	375 477
Profit before other comprehensive income	464 237	382 766	286 973
Profit for the year	481 729	358 780	292 624
Gross claims ratio (1)	81,8 %	80,4 %	79,9 %
Gross cost ratio (2)	7,5 %	7,6 %	8,8 %
Gross combined ratio (3)	89,4 %	88,0 %	88,7 %
Claims ratio for own account (4)	85,5 %	81,1 %	82,5 %
Cost ratio for own account (5)	3,2 %	3,4 %	4,1 %
Combined ratio for own account (6)	88,7 %	84,5 %	86,7 %
Retention rate (7)	78,0 %	77,0 %	75,7 %
Solvency capital (8)	2 158 840	1 575 881	1 335 313
Solvency margin (9)	370 %	296 %	315 %
Capital adequacy ratio (risk weighted) (10)	25 %	18 %	20 %
Operating profit before security provision etc per share (11)	6,32	6,08	5,21
Net profit after tax per share (12)	5,48	4,63	3,47

(1) Gross claims incurred in % of gross premiums earned

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

(3) Gross claims ratio + gross cost ratio

(4) Claims incurred for own account in % of premiums earned for own account

(5) Total operating expenses for own account in % of premiums earned for own account

(6) Claims ratio for own account + cost ratio for own account

(7) Premiums earned for own account in % of gross premiums earned

(8) Equity + security provision

(9) solvency margin is calculated according to the regulations of the Financial Supervisory Authority of Norway

(10) Net primary capital in % of risk weighted assets

(11) Operating profit before security provision divided by weighted number of shares

(12) Net profit after tax divided by weighted number of shares



BJØRN J. BYE (42)

Chief Financial Officer (interim)

Employed since 2008. Graduate economist from Norwegian University of Science and Technology. Coming from the position of Chief Risk Officer of the company. Extensive experience in business controlling, finance, insurance and finance from Norway and Protector.



SHAREHOLDER INFORMATION

THE PROTECTOR SHARE

In 2015, Protector's share price increased by 96.2 % including dividends and 91.1 % excluding dividends. The Oslo Benchmark increased by 5.9 % during the same period. In 2014, Protector's share price increased 110.2 % including dividends and 101.1 % excluding dividends. The Oslo Benchmark index increased by 5.0 % during the same period.

DEVELOPMENT IN PROTECTOR'S SHARE PRICE

The average trading volume of Protector's shares on the



Oslo Stock Exchange was 208.837 shares in 2015, relative to 177.644 in 2014.

At the end of 2015, the Protector share was traded at NOK 73.75. The market value of total outstanding shares was NOK 6.354.0 million.

DIVIDEND POLICY

Protector's shareholders shall over time achieve competitive returns on their investment through a combination of cash dividends and an increase in the share price.

The company's goal is to maintain a solvency margin (calculated according to the regulations of the Financial Supervisory Authority of Norway) of at least 205 %. Unless the need of capital suggests otherwise, it is the board's target to distribute 30-50 % of the annual after-tax profit in a form of dividend. When the dividend is finalized, the decision will

take into account the company's results and capital requirement including adequate financial buffers and the necessary flexibility for growth and development.

Protector's board normally proposes a dividend per share in connection with the publication of Protector's preliminary annual results in February. The General Meeting then considers the proposition in April or May, and the approved dividend payout to shareholders takes place in April or May. For shareholders not domiciled in Norway, tax may be withheld from dividend payments in accordance with applicable regulations.

The board proposes dividend of NOK 2.25 per share for the fiscal year 2015, totaling NOK 193.9 million. The board considers the size of the dividend to be in line with the company's financial position and the position in the market. Dividends of NOK 2.00 per share, totaling NOK 165.2 million were distributed in 2015 for the fiscal year of 2014.

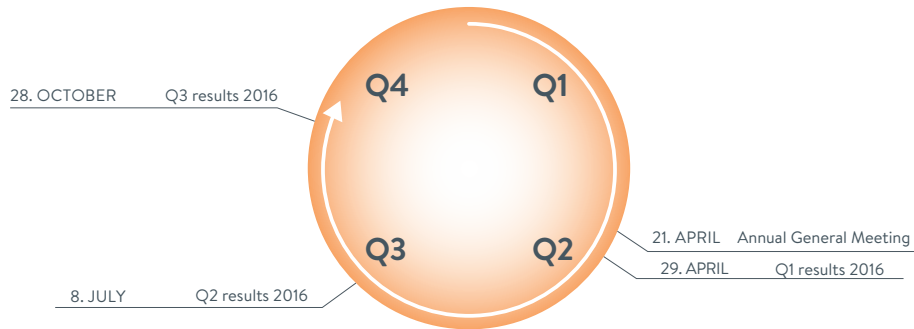
SHAREHOLDERS AND VOTING RIGHTS

The company has issued a total of 86.155.605 shares and there is only one class of shares with equal rights for all shareholders. A list of Protector's biggest shareholders is provided in note 10 in this report.

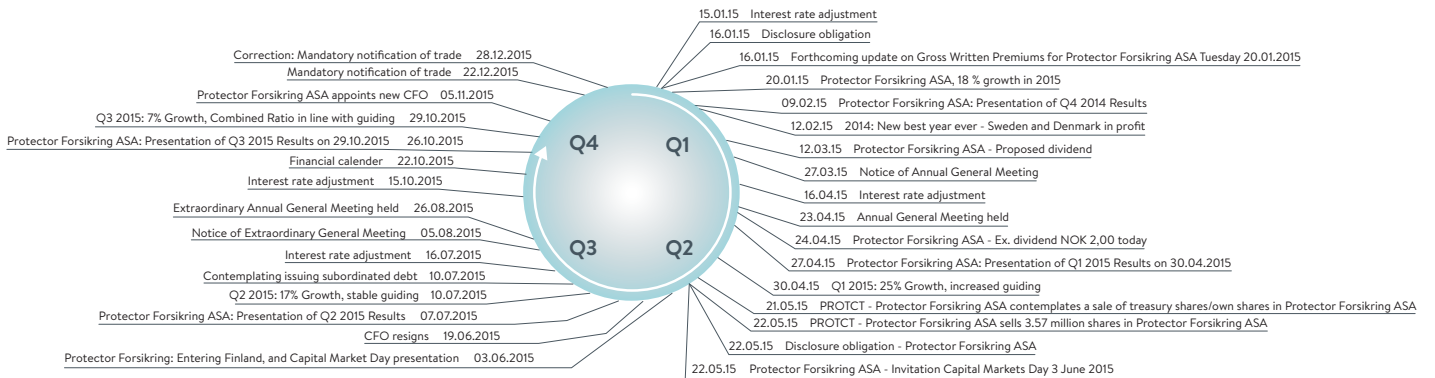
ANNUAL GENERAL MEETING

The Annual General Meeting of Protector Forsikring ASA will be held at the company's premises at Støperigata 2, Oslo, on Thursday 21 April at 4.00 pm. The notice will be sent to all shareholders and to the Oslo Stock Exchange. The notice to the Annual General Meeting will also be published on the company's website www.protectorforsikring.no.

FINANCIAL CALENDAR 2015



ANNOUNCEMENTS PUBLISHED IN 2015



Notification of trade 2015

28.12.2015	10.06.2015	21.05.2015	03.03.2015
22.12.2015	22.05.2015	13.03.2015	

2015 – BEST ANNUAL PROFIT TO DATE PROTECTOR IS NOW A SCANDINAVIAN COMPANY

2015 – DOUBLE DIGIT GROWTH CONTINUES

As at the beginning of 2015, our targets were:

- › 18 % growth rate
- › CR 90 %
- › Expense ratio <7.5%

We achieved a growth rate of 20 %, with a combined ratio of 88.7 %, of which the expense ratio constituted 7.5 %. In addition, the company's financial result was excellent – the rate of return of 5.2 % was almost exclusively generated from our own managed share portfolio and also gave us an unusually good tax result.

In the corporate segment, the development in the competitive situation was somewhat better than expected, and we generated a total growth rate of 26 %. The Norwegian property market is still very strong, and there have, in particular, been higher price increases than expected, but the market slowed down somewhat in the second half of the year. We believe that the overall property market will see growth in 2016, but that regional differences will become more pronounced.

In the corporate segment, we are continuing to capture new customers and market shares, and we are the market leader in municipal insurance in Scandinavia. We now insure 487 municipalities and county municipalities in Scandinavia – we should pass the 500 mark with a good margin at the next principal expiry date. We now have Scandinavia as our domestic market, and, in 2016, growth will be driven by Copenhagen and Stockholm. We also believe that the UK will contribute that little bit extra.

The scalability in Sweden and Denmark is now making itself felt with a significantly decreasing expense ratio, which we forecast last year. The expense ratio will decrease further in 2016, especially in Denmark. We expect continued profitable growth and increased market shares in Norway, Sweden and Denmark. The overall risk in the company is decreasing due to an increase in short-tail insurance business and increased geographical diversification.

THE PROFIT FOR THE YEAR IS CHARACTERISED BY FIVE PRINCIPAL FEATURES:

- › Volume growth of 20 % driven by extremely strong sales in Sweden and Denmark.
- › Financial result of 5.2 %

- › Net Combined Ratio of 88,7 %
- › Sweden and Denmark show an overall profit – an operating profit of MNOK 39
- › Gross expense ratio of 7.5%

We are strengthening our position as a quality leader and are maintaining our position as a cost leader in the segments in which we work. This means favourable prices for insurance brokers and end customers as well as a profit for us. Win – Win – Win, in other words.

ON THE NORWEGIAN CORPORATE MARKET

We are pleased with the growth rate and we are also very pleased with the profitability. The municipal and corporate segments are growing at more or less the same rate – the overall growth rate in the corporate and public sectors is 8 % and the volume is MNOK 1,371. We have had a very good inflow of inquiries about quotations and invitations to tender from the insurance brokers, but we are experiencing sharp competition, especially in personal insurance products. The organisation for the corporate and public sectors in Norway is highly efficient, with an industry-leading expense ratio.

The market and challenges with continued decreases in rates and a slump in the oil and oil service industries will provide negative growth impulses for both our competitors and Protector. Despite this, 2016 has started off well. We are forecasting low growth, but with continued good profitability.

SWEDEN IS GROWING VERY RAPIDLY – WITH GOOD PROFITABILITY

The volume of premiums ended at MNOK 521, up 60 % on the previous year. We are seeing growth in all general insurance products with motor insurance as the principal driving force, and we now write insurance for nearly half the Swedish bus market. We are capturing customers both in the municipal sector and on the market for large and medium-sized companies, and we have an excellent renewal rate.

Our capacity in sales and UW is now at a good level and augurs well for continued growth. At the same time, the claims settlement department is showing initiative and commitment in the search for quality improvement and efficiency enhancement gains.

We have performed our annual quality survey among Swedish insurance brokers, and Protector has a clear lead, for the fourth consecutive year. My experience is that our 36 Swedish employees have really made the Protector culture their own. There has been a very positive development in profitability in Sweden with a net CR of 87 %, which is 13 percentage points down on 2014. However, the underlying trend is somewhat weaker, as we have probably had some good luck in 2015. The year has started off at a good pace, and we expect that Sweden will deliver excellent results also in 2016.

DENMARK IS GROWING AT A VERY RAPID PACE

The volume of premiums has increased by 62 % to MNOK 431. The market growth has, to some extent, been characterised by an element of “post out” in connection with sales of new insurance policies, whereas the renewal rate of 99 % is very good. We are, in particular, seeing growth in affinity schemes that are managed by brokerage firms, an area with a large volume in Denmark and a segment in which we will achieve further growth.

The profitability situation is not equally positive, one reason being a few large claims and some one-off costs. I expect that Denmark will end 2016 with a positive contribution to Protector’s operating profit.

In our annual quality survey among brokers, Protector scores 73 out of a possible 100, up from a score of 70 in 2014. We are the market leader on quality in Denmark. Our team of 26 employees will improve this further and we will use this for further profitable growth.

WITHIN CHANGE OF OWNERSHIP

we have held on to our market share of well over 50 %. The volume amounted to MNOK 521. The increase is primarily due to price increases on the market, whereas the number of sales



were quite similar to 2014. The volume is expected to remain stable in 2016 with a slightly declining market share due to our distribution mix.

The number of claims is at a stable high level with more than 4,800 per annum and with a very high number of writs and Section 5-2 notices, totalling around 700. The outcome of cases brought before the courts was less successful in 2015 with 38 % won, 27 % drawn and 35 % lost.

Overall, we faced a number of claims settlement challenges and unusually high claims from claimants in 2015. Protector has had a CR > 100 % in 2015, but we expect a more normalised claims situation in 2016 and a positive result.

We are of the opinion that counterparties and partners see us as a constructive and professional company, and that our market reputation remains at the same very high level. The introduction of a new Report on Sales of Residential Properties has been a theme throughout 2015. Protector is a strong supporter of having a report of a high quality that is prepared by professionally competent valuers and surveyors. We feel that we have contributed to improving the quality of the report, and we will continue to be a constructive collaboration partner for associations of valuers and surveyors, insurance brokers, estate agents and politicians in this field also in the future.

Also this year, our brokers have been unusually pleased with our quality. On a scale from 0-100, we score 89, which is an all time high – once again. The feedback is incredibly inspiring, and we are ready to do at least just as well this year.

Finally, I would like to take this opportunity to thank all those who have contributed to our success. Firstly, I wish to thank the insurance brokers and estate agents with whom we collaborate – in return we will work determinedly to ensure that your customers see us as commercially attractive and easy to deal with. Secondly, I would like to thank my 215 highly committed employees in Oslo, Stockholm and Copenhagen. Our ability to generate profitable growth and a very strong financial rate of return, concurrently with establishing ourselves on the markets in the UK and Finland, shows that we have an organisation with a very strong winning culture.

A handwritten signature in blue ink, which appears to read "Sverre Bjerkeli". The signature is fluid and cursive.

SVERRE BJERKELI (57)

Chief Executive Officer. He has worked in Protector since 2004 and he has been CEO since 2006. Bjerkeli has more than 20 years’ experience in insurance and finance, including as a Director for the private and corporate markets in Storebrand/If. He was involved in the establishment and management of Storebrand Bank and has worked nationally and internationally as a CEO in Torino and as a CEO in Ementor Norge.



NORWAY: CORPORATE AND PUBLIC SECTORS

Protector writes insurance policies for large and medium-sized companies and for the public sector. The latter consists primarily of municipalities and county municipalities. We offer all types of insurance products except pension.

CONTINUED GROWTH IN 2015

Gross premium written amounted to MNOK 1,371 in 2015 against MNOK 1,274 in 2014, an increase of 8 %. The growth was more or less evenly distributed between corporate sector and public sector. The company has had its lowest growth in personal insurance, driven by high pressure on rates, an increasing share of a mature portfolio, which has been exposed to competition, and demanding as a result of financial and economic turbulence. The growth rate has been very good for general insurance and has especially been driven by excellent sales of new insurance policies. This result has been achieved based on focused commitment to increased competence and use of the company's competitiveness. The share of personal

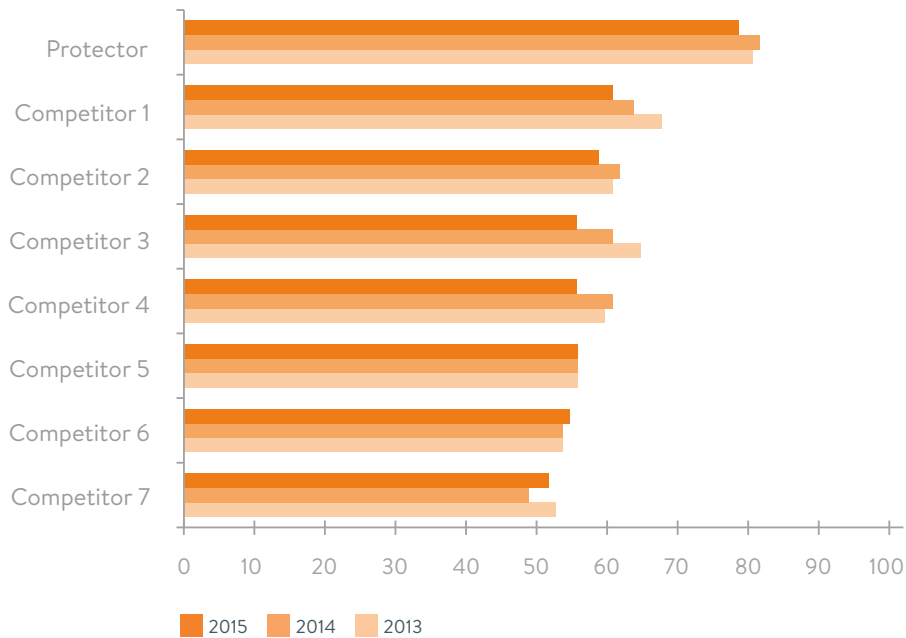
insurance has decreased and the portfolio has become more diversified. The renewal rate was 91 % in 2015, down 4 percentage points from 2014.

The company has maintained its cost leadership and achieved good profitability during 2015. This gives room for competitive pricing and a continued high success rate in connection with both insurance policy renewals and sales of new insurance policies in the future.

Despite this, the expectations for 2016 is of "low single-digit" growth, as both the slump in the oil sector and lower rates will make negative contributions.

PROTECTOR IS THE PREFERRED INSURER AMONG BROKERS

Source: TNS Gallup 2015



MARKET

Protector has wide and good cooperation with insurance brokers and has access to all relevant invitations to tender. A significant share of the tendering volume is channelled via the “top 5” brokerage firms. In 2015, the brokers ranked Protector as their preferred insurance company for the ninth consecutive year.

Protector’s strategy on price differentiation and focused customer selection ensures profitable volumes for both sales of new insurance policies and the existing customer portfolio. Competition on the corporate market and in the public sector is experienced as variable and is sharpest where the margins and value chains are historically already under pressure.

In the 2015 edition of the company’s regular survey among our brokers, the insurance brokers gave Protector’s claims settlement the highest rate in terms of quality. We are very proud of this, but we must improve further. Also in our other core areas – market, underwriting and service – our high quality level is well documented through both internal and external surveys and analyses.

Protector’s cost and quality leadership is essential to our ability to capture profitable business.

ORGANIZATION AND COMPETENCE

The business area implemented a number of development and improvement projects in 2015. Both the implementation and the results are regarded as very good and are giving clear business results. The results are especially felt in underwriting, where the focus on cultural development and efficiency enhancement has raised both the operational level and the professional level. The company has implemented a project on the establishment of Health Insurance as a product.

In 2015, the business in Norway has continued to support growth in Sweden and Denmark with core competence and resources. There is now increasing cross-border competence utilisation.



HENRIK HØYE (33)

Director of commercial and public lines of business

Employee since 2007. MSc in Finance, Leeds School of Business (University of Colorado), BSc in Economics, College of Arts and Sciences (University of Colorado). Høye comes from the position as Director Public sector, and has been responsible for the building of Protector’s public sector initiative.



SWEDEN: COMMERCIAL & PUBLIC LINES OF BUSINESS

Protector follows the same business model in Sweden as in Norway and Denmark – distribution through insurance brokers.

60 % GROWTH

Gross premiums were NOK 521 million in 2015, an increase from NOK 325 million in 2014 – equivalent to 60 % growth. The growth was observed within all product lines and segments, backed up by strong levels of new sales and 99% renewal rate. Protector is number one in the Swedish municipality market, and insure 199 municipalities and 7 regions. Protector is also number one in the bus market insuring 45% of buses in Sweden.

The portfolio has less long-tailed business in Sweden than in Norway and Denmark. Just under 80 % of our volume comes from auto and property insurance.

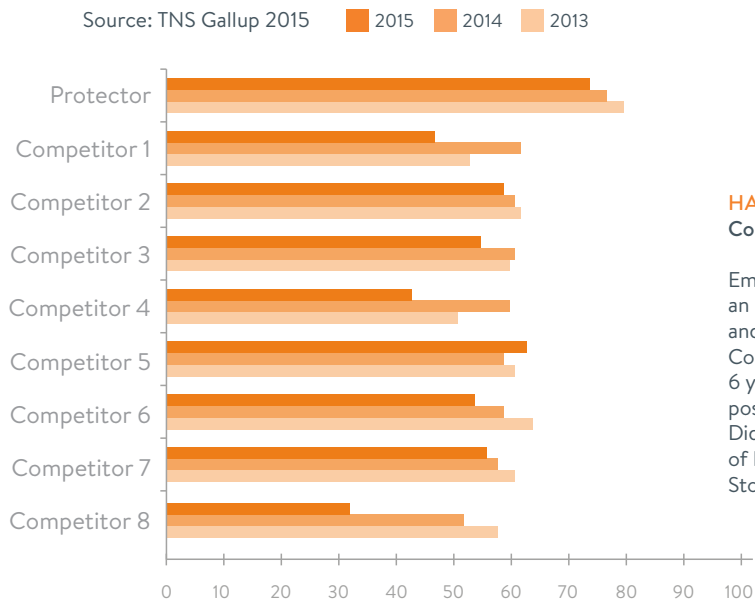
DISTRIBUTION AND MARKET

Protector has been well received by the brokerages in Sweden. We measure annually how happy the insurance brokers are about the insurance companies' service and offers. In Sweden, Protector receives 74 out of 100 possible points in 2015. The distance to market average increased in 2015 and is 23 points in 2015. As quality leader for the fourth year running we claim that we are setting a new standard of quality in Sweden.

ORGANISATION AND COMPETENCE

The cost percentage was 13,0 % in 2015, down from 16,5 % in 2014. Protector's Swedish branch consists of 36 FTEs, where the majority works in underwriting and claims handling. This is up from 24 employees in 2014. We now consider the investment in the organization to be complete, i.e. the staffing will increase slower than the premium volume in the future – with falling cost ratio as a result.

Source: TNS Gallup 2015



HANS DIDRING (36) Country Manager Sweden

Employee since 2011. Diding holds an MSc in Business Administration and Economics and a BSc in Computer Engineering. He has 6 years of experience from various positions in If and Länsförsäkringar. Diding's last position was as Head of Broker Sales and Service at If in Stockholm.





DENMARK: COMMERCIAL & PUBLIC LINES OF BUSINESS

Protector follows the same business model in Denmark as in Norway and Sweden – distribution through insurance brokers.

62 % GROWTH

Gross premiums were NOK 431 million in 2015, an increase from NOK 266 million in 2014 – equivalent to 62 % growth.

The growth was driven by 1 large new sales (affinity) and a strong renewal rate (99 %). The growth is strongest within the affinity segment. Protector is now second in the Danish municipality market, and insure 48 municipalities and 1 region.

DISTRIBUTION AND MARKET

Protector has been very well received by the brokers in Denmark. We measure annually how satisfied the insurance

brokers are about service and offer quality. In Denmark, Protector receives 73 out of 100 possible points in 2015. This is 13 points ahead of our closest competitor. Protector is constantly working to develop our relationship with Danish insurance brokers, and will take quality leadership in Denmark as we have done it in Norway and Sweden.

ORGANISATION AND COMPETENCE

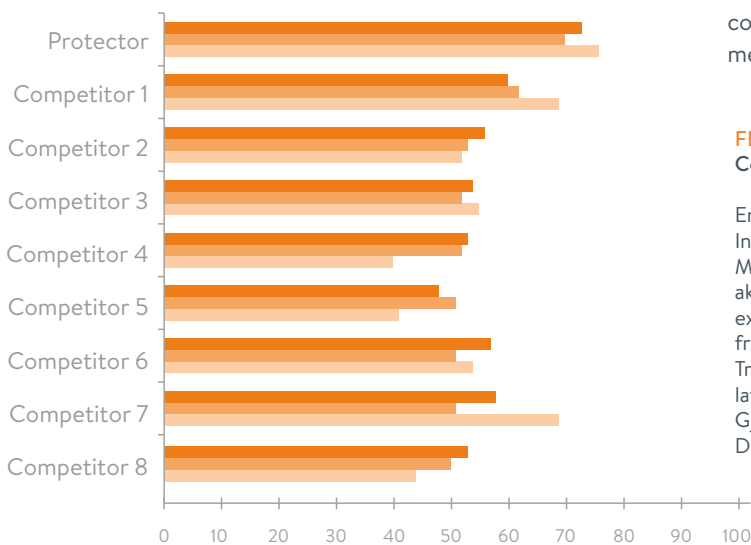
The cost percentage was 15,0 % in 2015, up from 14,3 % in 2014 partly due to on-off payments related to earlier years. Protector's Danish branch consists of 26 employees, where the majority works in underwriting and claims handling.

This is up from 20 employees in 2014. It is our opinion that we have reached a staff level, where we only partly have to employ additionally. Therefore we believe our staffing will increase slower than the premium volume in the future, with falling cost ratio as a result.

Protector in Denmark has a very experienced and competent set of employees, and the branch operates in line with the company's performance culture and value-based management.

Source: TNS Gallup 2015

■ 2015 ■ 2014 ■ 2013



FLEMMING CONRAD (59) Country Manager Denmark

Employee since 2012. IEP Insead, Handelshøjskolen, Merkonom (O), Forsikringsakademiet. He has 38 years of experience in insurance sector from Hafnia, Codan, Provinzial, Trekroner and Nykredit. His latest position was director in Gjensidige's branch in Denmark.





In 2015, Protector maintained its market share above 50 %, thanks to high quality in claims handling and high service level towards the brokers. The company's most important brokers are Eiendomsmeidler 1, Privatmegleren and Krogsveen.

GOOD GROWTH IN VOLUME

The turnover of real estate in Norway was high in 2015, yet with variances across regions and fluctuations throughout the year. The amount of sales and turnover rates kept very high levels first half, but slowed down last half of the year. Prices increased by 7 % year-on-year and contributed to the growth of written premiums, which increased by 3 % from NOK 509 million in 2014 to NOK 525 million in 2015. Hit ratio was stable at approx. 80 %.

PARTNER FOR THE BROKERS

Protector is the quality leader in the change of ownership insurance market. The company facilitates for the brokers through proper information and a general availability in our service center.

During 2015, Protector offered professional courses and training to most of the 2,500 brokers that are the company's sales channels. The Financial Supervisory Authority of Norway accepts proficiency training in the sale of property law, broker responsibility and information about the new real estate sales report ("Boligsalgsrapporten") as a part of the brokers' mandatory continuing education. The reception to these training opportunities among the real estate agents have been very good. Overall Protector has distributed more than 8.000 course credits to brokers, equivalent to about 8 million NOK in saved course fee.

SOME CHALLENGES IN CLAIMS HANDLING

About 4,800 claims were reported in 2015. We received nearly 350 subpoenas and about the same number of notices, which is a slightly increase from 2014.

Incurred claims have been on a high level in 2015, due to periodically fluctuations combined with some challenges in claims handling. Staffing was at a low level first half of 2015. This led to a backlog that had to be treated in second half.

Despite these challenges, quality in claims handling remained at a good level. Near 70 % of reported claims are handled and communicated to the claimant within 14 days of the claim being documented. The share of claimants who do not accept the company's assessment is low.

Among the appeals brought before the independent bodies KKFE or FinKN Protector's assessment was upheld in 80 %. This is a strong result and supports our conclusion that the company's claims handling holds a high level of quality.

The number of court ruling in 2015 was approximately 350. The ratio of settlements to court rulings was approximately 60 %. The share of court rulings won completely or partially was 65 %. This is slightly weaker than 2014.

Protector is concerned that qualitatively good sales reports will be made available for both seller and buyer, and is involved in both development and marketing of the new report. Inspectors industry launched a new home sales report in 2015, but its introduction has stranded repeatedly. The use of the existing home sales report is stable, but the quality is still low.

REPUTATION

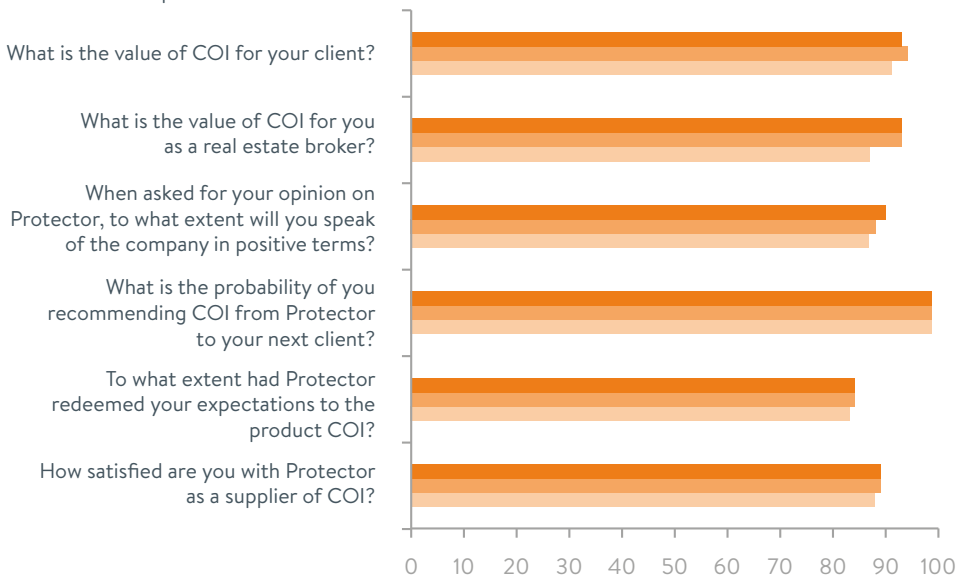
Change of ownership insurance has since its inception received a lot of media attention, thus as a market leader Protector has received most of the media's attention. In 2015, Protector has been present in both national media as well as local newspapers. Our policy is that all media inquiries shall be treated factual, seriously and constructively. We wish to highlight facts, both in specific individual cases as well as in issues that are more of a general art.

Protector regularly evaluates, via TNS Gallup, how real estate brokers are valuing the company. In the question "How are you satisfied with Protector as a supplier of COI?" the company is given a score of 89 of 100 possible. This high level has been stable over several years.

Similar surveys show that home sellers – who are purchasing the insurance, and thus are our customers – are very satisfied.

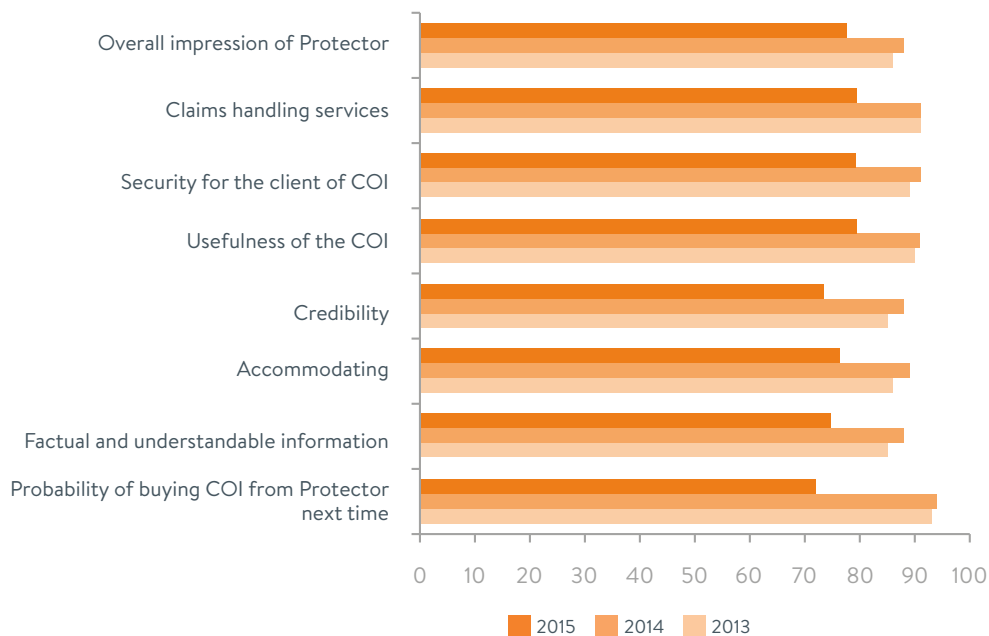
VERY HIGH SATISFACTION WITH PROTECTOR AMONG REAL ESTATE BROKERS

Source: TNS Gallup 2015



THE SELLERS ARE VERY SATISFIED WITH PROTECTOR COI

Source: TNS Gallup 2015



MERETE C BERNAU (49)
Director of change of ownership insurance

Employee since 2005. Bernau holds a Law degree from the University of Oslo and is an authorized lawyer. She has extensive experience from Storebrand/If as a lawyer within liability insurance.

DIRECTORS' REPORT

Protector Forsikring ASA is a general insurance company (P&C) serving non-marine industries. The company's focus is towards the commercial and public sectors and the affinity insurance market. Protector was founded 2003 and obtained a license to engage in general insurance the same year. The company commenced its operations in 2004 and was listed on Oslo Stock Exchange in May 2007. Protector entered the Swedish insurance market in 2011 and the Danish insurance market in 2012. Protector is operating from its head office in Oslo.

HIGHLIGHTS FOR 2015:

- > Strong growth in the corporate segment and in the public sector in all three countries
- > Reduced cost ratio
- > A strong technical result
- > A high rate of return on the investment portfolio

PREMIUM INCOME

The company's gross premium written increased by 20 % in 2015 to a total of MNOK 2,843.4. Gross premium earned increased by MNOK 484.3 to a total of MNOK 2,791.1. Net premium earned amounted to MNOK 2.176.0, up 23 % on 2014.

The company has had its highest growth rate in the corporate and public sectors, which increased by 24 % and which were especially driven by Sweden and Denmark. Gross premium written in Sweden amounted to MNOK 520.7, a growth rate of 60 % from MNOK 325.4 in 2014. Gross premium written in Denmark amounted to MNOK 430.9, a growth rate of 62 % from MNOK 265.9 in 2014. Gross premium written in Norway amounted to MNOK 1,368.0, a growth rate of 7 % from MNOK 1,273.8 in 2014. The growth is driven by high sales of new insurance policies and a good renewal rate on both the corporate market and in the public sector. Of the total growth in the corporate and public sectors, growth amounted to 5 percentage points in Norway, to 10 percentage points in Sweden and to 9 percentage points in Denmark.

The company is the market leader on the Scandinavian municipal market. In 2014, the growth rate for the municipal sector was 21 %. The growth rate was 9 % in Norway, 45 % in Sweden and 27 % in Denmark. The growth rate in personal insurance is somewhat higher than in general insurance. In Sweden, the public sector constituted 43 % of the total premium volume, whereas the corresponding figures for Norway and Denmark were 29 % and 22 % respectively.

Premium income from change of ownership insurance, the company's largest affinity programme, amounted to MNOK 523.3, up 3 % on 2014. The growth is driven by increased residential property prices, whereas the number of sales decreased somewhat in the second half of 2015. Protector's market share is well over 50 %, which is around the same level as in 2014. The number of home sellers who take out change of ownership insurance is at a stable level. The hit ratio was just over 80 % in 2015.



JOSTEIN SØRVOLL

Chairman of
the Board

Age: 66

Education:

Actuary from the
University of Oslo (1973)

Work experience:

Private investor
CEO of Gabler Wassum AS
(2009-2010)
CEO of Protector Forsikring
ASA (2003-2006)
CEO of Norske Liv AS
(1992-1998)
Executive positions in
the Storebrand group
(1976-1990)

Director of Protector since:
2006

**Other essential tasks in
companies and organizations:**

Vice Chairman Vátrygginga-
félag Íslands hf. (VÍS)

**Regarded as an independent
director:** Yes

RESULT

Profit before change in contingency reserves and tax (operating profit) amounted to MNOK 536.1 against MNOK 502.0 in 2014. The improvement in profit is due to a good technical result combined with strong financial returns. The rate of return on average solvency capital after tax amounted to 25 % in 2015.

Loss ratio, net of reinsurance increased from 81.1 % in 2014 to 85.5 % in 2015. Net expense ratio amounted to 3.2 %, down from 3.4 % in 2014. The development in loss and expense ratios results in a combined ratio of 88.7 % in 2015 against 84.5 % in 2014.

The loss ratio result combines good profitability in short-tail business, poor profitability in change of ownership insurance and lower settlement gains in 2015 compared with 2014. Profitability is good in Norway and Sweden, whereas there were a few medium-sized and large claims on the Danish market in 2015.

The expense ratio margin has been reduced in 2015 compared with 2014. On a gross basis, the expense ratio amounted to 7.5 % against 7.6 % in 2014. The decrease comes on top of an already good level and is in line with the company's expectations.

The expense ratio is expected to be reduced somewhat further in 2016 through solid top-line growth and continued strong focusing on efficient cost management.

Net result from investments amounted to MNOK 303.8 in 2015, corresponding to 5.2 %, and up from MNOK 236.8, corresponding to 5.3 %, in 2014. The return is characterised by turbulence on the credit markets combined with a good rate of return on the company's internally managed share and interest-rate portfolios.

The interest-rate portfolio yielded a negative return of MNOK -13.5 in 2015, corresponding to -0.3 %. In 2014, the return on the interest-rate portfolio was MNOK 106.0, corresponding to 2.6 %. The return on shares amounted to MNOK 317.3, corresponding to 43.8 %, against MNOK 130.8, corresponding to 26.8 % in 2014.

The company's growth in Sweden and Denmark results in greater diversification geographically and product-wise. For this reason, the company's contingency reserves have been



ERIK G. BRAATHEN

**Board member,
deputy chairman
of the board**

Age: 60

Education:

Master of International
Management

Work experience:

Private investor (from 1999)
CEO Braathens Safe ASA
(1989-1999)

Chairman of the Board,
Norwegian Air Shuttle
(2004-2009)

Director of Protector since:
2009

**Other essential tasks in
companies and organizations:**

Chairman of the Board,
Holmen Fondsforvaltning
ASA. Board member in Fly
Leasing Ltd., Cenzia AS,
Peer Gynt Tours AS, North
Sea PSV, Opra Technologies
ASA. Deputy board member
in Pareto Bank ASA.

**Regarded as an independent
director:** Yes

kept at a constant level of MNOK 584.4 for 2015. As at the end of 2015, contingency reserves were MNOK 152.6 above the minimum capital adequacy requirement of the Financial Supervisory Authority of Norway. The Norwegian Ministry of Finance has made it clear that insurance companies' contingency reserves will not become taxable in 2016. The total profit for the year in Protector Forsikring ASA was MNOK 481.7.

The annual accounts have been presented based on a going concern assumption.

No circumstances or events have occurred after the end of the financial year that are of significant importance to the assessment of the company's position and result.

CAPITAL AND SHAREHOLDER ISSUES

Protector's solvency margin was 370 % as at the end of 2015 and the capital adequacy ratio was 25 %. The statutory capital adequacy requirement is 8 %. The calculations of solvency margin and capital adequacy ratio are described in further detail in Note 20.

As at the end of 2015, the company's solvency capital amounted to MNOK 2,158.8. The solvency capital includes equity capital (before recommended dividend) of MNOK 1,574.4 and contingency reserves of MNOK 584.5.

The company strengthened its balance sheet in 2015 by selling 3,570,661 own shares. The company currently holds 0 own shares.

The cash flow statement showed a positive cash flow from operating activities, before investments in financial assets, of MNOK 877.7. There was a negative net cash flow of MNOK 366.1. The company's cash in bank and at hand amounted to MNOK 291.1 as at the end of 2015.

The Board of Directors regards the company's capital situation and solvency as satisfactory.

The company is working actively on the preparations to meet the Solvency II requirements, and the statutory framework will have a positive effect on the company's solvency. The company had 1,954 shareholders as at 31.12.2015.

DIVIDEND

The Board of Directors recommends that a dividend of NOK 2.25 per share, corresponding to MNOK 193.9, be distributed for 2015. The Board of Directors regards the company's capital situation and market position as being compatible with the size of the recommended dividend. The recommended dividend is included in other retained earnings. The company's objective is to maintain a solvency margin (calculated in accordance with the Financial Supervisory Authority of Norway's Solvency I rules) that is higher than 250 %. Unless otherwise warranted by the capital adequacy



ELSE BUGGE FOUGNER

Board Member

Age: 71

Education: Cand.jur. (Law degree) from the University of Oslo (1971)

Work experience:

Attorney at law/Of Counsel Advokatfirmaet Hjort DA (2016 -), Partner in Advokatfirmaet Hjort DA (1991-2015) Amanuensis at the University of Oslo (1990-1991) Minister of Justice, Justice Department (1989-1990) Partner in Advokatfirmaet Hjort DA (1975-1989) Lawyer in Advokatfirmaet Hjort DA (1972-1975)

Director of Protector since: 2011

Other essential tasks in companies and organizations:

Chairman of the Board, Kommunalbanken and Eksportkreditt. Board member in Aberdeen Eiendomsfond Norge II ASA liquidation board, Aker Kværner Holding AS.

Regarded as an independent director: Yes

requirement, the Board of Directors' objective is that 30 - 50 % of the profit for the year after tax is to be distributed as dividend. The final decision on the amount of dividend to be distributed will be based on the company's profit, capital requirements, including satisfactory buffers, and the necessary flexibility for growth and development in the company. The company will announce its targets for capital adequacy and solvency under the Solvency II framework during 2016.

RISK EXPOSURES

Risk-taking forms the core of the company's business activities. Continuous risk monitoring and active risk management are therefore an integrated area in the company's business and organisation. The company's risk exposure is essentially connected with market risk, insurance risk, credit risk, liquidity risk, operational risk and strategic risk.

Market risk

Protector is exposed to the risk of loss due to changes in observable market variables such as interest rates and securities prices. As at the end of 2015, the company had an investment portfolio of BNOK 6.6, 83.2 % of which was invested in interest-bearing instruments, 13.0 % in shares and unit trusts and 3.8 % in other investments. The percentage of shareholdings has been reduced by 1.0 percentage point during 2015. This is due to a reallocation of the portfolio. The duration (term) in the interest-rate portfolio is 1.25 years as at the end of 2015, a reduction of 0.22 from the end of 2014. The interest-rate exposure is regarded as low.

The Board of Directors lays down the company's investment strategy annually, including risk profile and restrictions on investments in various instruments. The investment strategy provides a framework that is geared to the company's risk-bearing capacity. The consolidated market risk is measured and reported to the Board of Directors on a quarterly basis. The total market risk for the company's financial investments is regarded as acceptable.

For further information about interest-rate exposure and stress tests, see Note 3.

The company's total assets are primarily managed internally. The largest external investment and asset managers are: Carnegie Kapitalforvaltning, Handelsbanken and Nordea Investment Management.

Insurance Risk

Like the market risk, the insurance risk is geared to the company's available risk capital. The risk is limited by the company having established an extensive reinsurance programme with well-established reinsurers.

The framework for the reinsurance programme is laid down based on the need to protect the company's equity capital against loss occurrences in excess of an amount



RANDI HELENE RØED

Board Member and leader of the Audit Committee

Age: 52

Education:

MSc in Economics and Business Administration from the Norwegian School of Economics.

Work experience:

EVP HR Norsk Tipping (since 2015), CFO Norsk Tipping (2008-2015), Director in Eidsiva Energi (2002-2008), Senior Associate in PWC (1999-2002), Controller in IBM (1997-1999), Controller NIT (1993-1997), Office Manager Group Accounting in DNB (1989-1993)

Director of Protector since: 2014

Other essential tasks in companies and organizations:

Deputy chairman and chairman of audit committee in Bouvet ASA (2003-2015)

Regarded as an independent director: Yes



JØRGEN STENSHAGEN

Board Member

Age: 39

Education:

MSc in Economics and Business Administration from the Norwegian School of Economics, authorized financial analyst and portfolio manager (NFF)

Work Experience:

CEO in Stenshagen Invest (since 2010), Analyst Norwegian equity management in Alfred Berg (2004-2010), Assistant to CEO and Compliance Officer in Alfred Berg (2001-2004)

Director of Protector since: 2014

Regarded as an independent director: Yes

that is regarded as sound and on the need to reduce result fluctuations. The company is satisfactorily protected against disasters and large-scale claims through its reinsurance programme. The retained risk ratio amounted to 78.0 % in 2015, an increase of one percentage point from 77.0 % in 2014.

Credit Risk

Credit risk is the risk of loss if the company's counterparty does not meet his obligations. This also includes a risk of changes in general credit prices, the so-called "spread risk". Protector is exposed to credit risk through its investments in the bond and money markets and through reinsurance. The company has established frameworks for the various securities issuers as well as defined minimum credit ratings for the various issuer groups for interest-bearing securities. Frameworks have also been established for the duration of credit. In 2015, the duration of credit for the interest-rate portfolio has been reduced to 2.8 years from 3.2 years in 2014. There has been no significant change in the average credit rating for the issuers in the portfolio, which is currently BBB.

Outstanding claims against the company's reinsurers represent a credit risk. Counterparty risk on the reinsurance market is assessed on a continuous basis. The reinsurers used by the company have a very good credit rating.

The total credit risk in the company is regarded as acceptable.

Liquidity Risk

The liquidity risk is generally low in general insurance, seeing that premium payments fall due before the payments of compensation.

Protector primarily deposits premium payments received in liquid accounts or invests them in liquid securities to ensure that the company can obtain the necessary liquid funds at any given time. The liquidity risk is regarded as having been further reduced with internal management of the financial portfolio.

Operational Risk

Operational risk is the risk of loss connected with inadequate or failing internal processes or systems, human errors or external events.

Operational risk is today documented in connection with the work to meet the "Norwegian Regulations on Risk Management and Internal Control". This work primarily entails that the individual manager implements a process in his or her respective area of responsibility aimed at mapping the most important risks before and after measures have been implemented. The work done in 2015 did not show any risk exposures that have not been satisfactorily managed. The operational risk is regarded as low.

Strategic Risk



FREDRIK H. ØYAN
Board member
(elected by the employees)

Age: 34

Education:

B. Sc. Management (2005),
M. Sc. Insurance and Risk
Management (2006)

Work experience:

Chief Underwriter P&C and
Reinsurance in Protector
Forsikring ASA (from 2009),
Account Executive in Willis
Ltd, London (2006 – 2008)

Director of Protector since:
2012

**Other essential tasks in
companies and organizations:**
None



CECILIE WESTBY
Board member
(elected by the employees)

Age: 48

Education:

Cand. Jur. (Law degree)
(1995)

Work experience:

Professional leader Protector
Forsikring Change of Owner-
ship Insurance (since 2014),
Lawyer in Protector
Forsikring ASA (since 2006),
Line manager Claims
Handling (since 2008),
Lawyer in Advokatfirma
Westby, King & Co (2002-
2006)

Director of Protector since:
2014

**Other essential tasks in
companies and organizations:**
Board member in Hawest
Holding AS.

The strategic risk is connected with Protector's distribution, IT solutions, market flexibility, cooperation partners, reputation and changes in market conditions (the list is not necessarily exhaustive). Protector's strategy is continuously assessed against results, market and competitive changes and changes in framework conditions. Factors that are of critical importance to the company's goal and target achievement are monitored separately.

Organisation, Working Environment, Social Responsibility

The company had 215 employees as at the end of 2015. This is an increase of 37 employees during the year. Out of the company's 215 employees, 36 are employed in Sweden and 26 are employed in Denmark. Significant importance is attached to managerial and competence development as well as to recruitment of highly competent personnel. The company is also in the process of establishing an organisation in the UK. In 2015, the company's capacity and competence have been further strengthened for continued growth.

The company's employees are distributed on 48 % women and 52 % men. The company's management team consists of one woman and five men. The Board of Directors has three female Board members and four male Board members. No special equality-promoting measures have been initiated.

The rate of absence due to sickness in Protector was 3,5 % in 2015 against 3,9 % in 2014.

There were no accidents at work or occupational injuries during 2015.

The company's business activities do not result in any significant pollution of the external environment. For further information about social responsibility, see the company's report on its corporate governance

Corporate Governance

Protector established its own principles of corporate governance in 2007. The Board has an annual review of these principles. The principles will contribute to value maximizing for shareholders over time and increased confidence in the company through an open corporate culture and good reputation. The principles of corporate governance mainly follow the laws and regulations the company is subject to. Furthermore, the principles are based on the Norwegian Code of Corporate Governance of 30 October 2014. For a more detailed description of the Protector's corporate governance, see a separate article in this report.

Outlook

The company expects continued strong growth in 2016, greatly driven by growth in Sweden and Denmark. The growth assumption is based on an excellent start to 2016 on all our three established markets and continued good inflow of new profitable business. The activities in the UK are expected to contribute to the growth, but to a limited degree.

The company's underlying profitability is expected to remain good. The company's investment returns will be subject to market volatility.

There is normally an element of uncertainty connected with assessments of future conditions, but the Board of Directors finds that the company is well equipped to meet the competition in the coming years.

Oslo, 17 March 2015

The Board of Directors of Protector Forsikring ASA
Translation – not to be signed

Jostein Sørvoll
(Chairman)

Jørgen Stenshagen

Else Bugge Fougner

Erik G. Braathen

Randi Helene Røed

Fredrik Øyan

Alexander Amsrud
(deputy)

Sverre Bjerkeli
(CEO)



PROFIT AND LOSS ACCOUNT

[1.000 NOK]	Notes	2015	2014
PREMIUMS INCOME			
Gross premiums written		2 843 364	2 374 456
Premiums written ceded		(592 075)	(510 546)
Change in gross provision for unearned premiums		(52 301)	(67 692)
Change in reinsurers' share of provision for gross unearned premiums		(23 034)	(20 944)
Earned premiums for own account	4	2 175 953	1 775 274
Allocation of investment return transferred from non-technical account	1	32 667	55 292
Other insurance related income		3 884	3 749
CLAIMS			
Gross claims paid		(1 657 514)	(1 242 963)
Reinsurers' share of claims paid		306 707	307 356
Change in provision for gross outstanding claims		(626 118)	(611 504)
Reinsurers' share of change in provision for gross outstanding claims		115 907	107 596
Claims incurred for own account	4	(1 861 018)	(1 439 515)
INSURANCE RELATED OPERATING EXPENSES			
Sales expenses	14	(28 224)	(17 442)
Insurance related administrative expenses	11,15-17	(181 963)	(158 696)
Commissions from the reinsurers	4	141 084	115 812
Total operating expenses for own account		(69 103)	(60 327)
Other insurance related expenses		(6 511)	(4 468)
Technical result before changes in security provision etc.		275 873	330 006
CHANGES IN SECURITY PROVISIONS ETC.			
Change in security provision	4	-	(26 311)
Technical result		275 873	303 694
NET FINANCIAL INCOME			
Interest income and dividend from financial assets		65 939	70 458
Unrealised gains and reversed unrealised losses on financial assets		95 389	(97 681)
Gains and losses from realisation of financial assets		148 997	259 914
Administration expenses		(6 534)	4 153
Total net financial income	18	303 791	236 843
Allocated return on investment transferred to technical account	1	(32 667)	(55 292)
Other income		505	2 327
Other costs		(11 362)	(11 846)
Non-technical result		260 267	172 033
Profit before tax		536 140	475 727
Tax	12	(71 903)	(92 961)
Profit before other comprehensive income		464 237	382 766
Actuarial gain and loss from defined benefit pension plans- benefits to employees		9 573	(11 280)
Currency changes from foreign enterprise		14 388	(21 676)
Tax on other comprehensive income		(6 470)	8 969
Profit for the year		481 729	358 780
ALLOCATION OF PROFIT/LOSS			
Transferred to/from other equity		(481 729)	(358 780)
Total allocations		(481 729)	(358 780)
Earnings per share	19	5,48	4,63
Diluted earnings per share	19	5,48	4,63

BALANCE SHEET

[1.000 NOK]	Notes	2015	2014
ASSETS			
INTANGIBLE ASSETS			
Other intangible assets	5	15 818	13 291
Total intangible assets		15 818	13 291
BUILDINGS AND OTHER REAL ESTATES			
Owner-occupied property	6	13 571	-
Total buildings and other real estates		13 571	-
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Shares		860 904	693 895
Securities, bonds etc		5 362 463	3 754 657
Financial derivatives		252 594	60 055
Other financial assets		147 062	449 341
Total financial assets	3,7	6 623 022	4 957 948
REINSURERS' SHARE OF GROSS TECHNICAL PROVISIONS			
Reinsurers' share of provisions for unearned premiums		102 502	91 208
Reinsurers' share of provisions for claims		563 479	438 097
Total reinsurers share of gross technical provisions	4	665 981	529 304
RECEIVABLES			
Policyholders		32 511	33 204
Intermediaries		59 821	58 062
Other receivables		3 531	18 010
Total receivables	8	95 863	109 276
OTHER ASSETS			
Tangible fixed assets	6	14 182	8 245
Cash and bank deposits	3,9	144 076	207 851
Deferred tax asset	12	30 844	20 084
Total other assets		189 102	236 181
PREPAID EXPENSES AND ACCRUED INCOME			
Other prepayments and accrued income		132 508	106 727
Sum forskuddsbetalte kostnader og opptjente, ikke mottatte inntekter		132 508	106 727
TOTAL ASSETS		7 735 865	5 952 728

BALANCE SHEET

[1.000 NOK]	Notes	2015	2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital [86.155.605 shares at NOK 1]	10	86 156	86 156
Own shares	10	-	(3 571)
Other paid-in equity		267 677	4 847
Total paid-in equity		353 833	87 432
EARNED EQUITY			
Natural perils fund		212	16 656
Guarantee scheme		77 743	70 491
Other equity		1 142 604	816 854
Total earned equity		1 220 559	904 001
Total equity	20	1 574 392	991 433
Subordinated loan	3, 20	148 125	148 125
GROSS TECHNICAL PROVISIONS			
Provision for unearned premiums		448 080	352 395
Provision for claims outstanding	2	3 858 422	3 176 506
Security provision		584 448	584 448
Total gross technical provisions	4	4 890 950	4 113 350
PROVISIONS FOR OTHER LIABILITIES			
Pension liabilities	11	10 853	18 956
Total provisions for other liabilities		10 853	18 956
OTHER LIABILITIES			
Liabilities related to direct insurance operations	13	28 987	15 335
Liabilities related to reinsurance operations	13	318 752	197 397
Financial derivatives	3	260 066	63 884
Other liabilities	13	217 062	174 860
Total other liabilities	3, 13	824 867	451 476
ACCRUED EXPENSES AND DEFERRED INCOME			
Other accrued expenses and deferred income		286 678	229 389
Total accrued expenses and deferred income		286 678	229 389
TOTAL LIABILITIES AND EQUITY		7 735 865	5 952 728

Oslo, 17 March 2016

The Board of Directors of Protector Forsikring ASA
Translation – not to be signed

Jostein Sørvoll
(Chairman)

Jørgen Stenshagen

Else Bugge Fougner

Erik G. Braathen
(deputy Chairman)

Randi Helene Røed

Fredrik Øyan

Sverre Bjerkeli
(CEO)

Alexander Amsrud
(deputy)

CASH FLOW STATEMENT

[1.000 NOK]	2015	2014
CASH FLOW FROM OPERATIONS		
Paid in premiums	2 849 516	2 434 233
Paid claims	(1 694 241)	(1 234 595)
Paid reinsurance	(60 880)	(75 691)
Paid operating expenses including commissions	(161 171)	(211 620)
Interest / dividend income	68 916	61 731
Payments in from financial instruments	8 053 900	6 040 655
Payments out from financial instruments	(9 354 733)	(6 312 283)
Payable tax	(124 477)	(78 519)
Net cash flow from operations	(423 170)	623 911
CASH FLOW FROM INVESTMENT ACTIVITIES		
Invested in shares (net)	262 830	-
Invested in owner-occupied property	(13 836)	-
Invested in inventory	(5 370)	(3 068)
Invested in intangible assets	(10 039)	(8 652)
Net cash flow from investment activities	233 585	(11 720)
CASH FLOW FROM FINANCIAL ACTIVITIES		
Dividend paid	(165 170)	(144 524)
Interest payments on subordinated loan	(11 299)	(11 681)
Net cash flow from financial activities	(176 469)	(156 205)
NET CASH FLOW FOR THE PERIOD	(366 055)	455 985
Net change in cash and cash equivalents	(366 055)	455 985
Cash and cash equivalents opening balance	657 192	201 207
CASH AND CASH EQUIVALENTS CLOSING BALANCE	291 138	657 192

STATEMENT OF CHANGES IN EQUITY

[1.000 NOK]	Share Capital	Own shares	Other paid in equity	Natural perils fund	Guarantee scheme	Other equity	Total equity
Total equity at 31.12.2013	86 156	(3 571)	4 847	15 439	61 594	612 711	777 176
01.01- 31.12.2014							
Paid dividend						(144 524)	(144 524)
Total equity before the result of the year	86 156	(3 571)	4 847	15 439	61 594	468 187	632 653
Profit before other comprehensive income						382 766	382 766
Actuarial gain and loss from defined benefit pension plans- benefits to employees						(11 280)	(11 280)
Currency changes from foreign enterprise						(21 676)	(21 676)
Tax on other comprehensive income						8 969	8 969
Total equity before fund provisions	86 156	(3 571)	4 847	15 439	61 594	826 967	991 433
Provisions to obliged fund gross				1 217	8 896	(10 114)	-
Total equity at 31.12.2014	86 156	(3 571)	4 847	16 656	70 491	816 854	991 433
01.01- 31.12.2015							
Paid dividend						(165 170)	(165 170)
Total equity before the result of the year	86 156	(3 571)	4 847	16 656	70 491	651 684	826 263
Profit before other comprehensive income						464 237	464 237
Sale of own shares		3 571	262 830			-	266 401
Actuarial gain and loss from defined benefit pension plans- benefits to employees						9 573	9 573
Currency changes from foreign enterprise						14 388	14 388
Tax on other comprehensive income						(6 470)	(6 470)
Total equity before fund provisions	86 156	-	267 677	16 656	70 491	1 133 413	1 574 392
Provisions to obliged fund gross				(16 444)	7 252	9 191	-
Total equity at 31.12.2015	86 156	-	267 677	212	77 743	1 142 604	1 574 392

ACCOUNTS AND NOTES

NOTE 1 ACCOUNTING PRINCIPLES

General

The company's financial statements are prepared in accordance with the Norwegian Accounting Act, financial statement regulations for insurance companies and generally accepted accounting principles.

Insurance premiums

Insurance premiums are recognised over the term of the policy. Gross premiums written include all the amounts the company has received or is owed for insurance contracts where the insurance period starts before the end of the period. At the end of the period accruals are recorded, and the premiums written that relate to subsequent periods will be accrued under "change in gross provision for unearned premiums". For change of ownership insurance the income is entered into the financial statement at the time of the risk transfer. Premiums for ceded reinsurance reduce the gross premiums written and are accrued according to the insurance period.

Allocated investment return

When calculating the return on investments which is being transferred from non-technical accounts to technical accounts for non-life insurance, it will be on the basis of the sum of the average technical provisions during the year. The applicable technical interest rate is the average yield during the year on government bonds with a remaining maturity of three years. The Financial Supervisory Authority of Norway has calculated the average technical yield for 2015 and 2014 to be 0,76 and 1,55 per cent respectively.

Claims incurred

Insurance products are generally divided into two main categories: long-tail and short-tail insurance products. The settlement period is defined as the duration between a loss or loss occurrence (date of loss) and the time when the claim is reported and then paid and settled. Short-tail insurance products are e.g. property insurance, while long-tail products primarily involve personal lines of business. The uncertainty in short-tailed lines of business is linked primarily to the size of the loss.

For long-tail lines of business the risk is linked to the fact that the total claim costs must be estimated based on experience and empirical data. For certain personal lines products, it may take 10 to 15 years before all the claims that occurred in a particular calendar year are reported to the company. In addition, there will be many instances where the reported information is inadequate to calculate correct claims provisions. This may be due to ambiguity concerning the causal relationship and uncertainty about the injured party's future work capacity etc. Many personal injury claims are tried in the court system, and the level of compensation for such claims has increased over time. This will also be of consequence to claims that occurred in previous years which have not yet been settled. The risk linked to provisions for personal lines of business is thus effected by external conditions. To reduce this risk, the company calculates its claims related liabilities based on various methods and ensures that the registered provisions linked to ongoing claims are updated at all times based on the current calculation rules.

Claims incurred consist of gross paid claims less the reinsurers' share, in addition to a change in provision for claims, gross, also less the reinsurers' share. The provision for claims includes provision for indirect claims handling costs. The claims incurred contain run-off gains / losses on previous years' claims provisions.

Total operating expenses

Total insurance related operating expenses consist of sales- and administrative expenses, less commissions received on ceded

reinsurance premiums. The administrative expenses are accrued and charged as an expense during the accounting period.

TECHNICAL PROVISIONS

The technical provisions are calculated in accordance with the principles established in the regulations of 10.05.1991 no. 301 for the minimum requirement for insurance technical provisions and non-life and reinsurance risk statistics and the supplementary regulations of 18.11.1992 no 1242 for the minimum requirement for insurance technical provisions and non-life and reinsurance risk statistics. The theoretical methods applied in the calculations are described in the 2nd chapter of the supplementary regulation.

Provision for unearned premiums

The premium provision represents the accrual of insurance premiums and comprises the unearned portion of premiums written during the year. The earned premiums are accrued linearly throughout the period of insurance.

Provision for outstanding claims

The claims provision comprises provisions for claims which are reported but not settled, and claims incurred but not reported at the end of the accounting year. The provisions in respect of known losses are individually assessed by the claims department, while the provisions for claims not yet reported are based on empirical data and the application of actuarial calculations. The provisions shall cover the company's expected future claims payments for risks covered to date.

Security provision

The security provisions are statutory and shall cover fluctuations in the company's premium and liabilities for own account.

Natural perils fund

Operating surplus from the mandatory Norwegian Natural Perils Pool must be allocated to a separate Natural Perils fund. These funds may only be drawn upon in respect of claims related to losses caused by natural perils. The fund is restricted equity.

Guarantee scheme

The purpose of the guarantee scheme is to guarantee that claims submitted under direct non-life insurance contracts entered into in Norway are settled in full. The fund is restricted equity.

Subordinated loan

Subordinated loan is accounted at amortized cost using effective interest rate method. Transaction costs related to the issue of the loan are included in the amortized cost.

Receivables

In the balance-sheet trade debtors and other receivables are accounted for at face value adjusted for provisions for expected losses. Provisions for expected losses are made based on evaluations of the individual receivables.

Bank

Bank deposits are deposits used in the continuing operations.

Investments

Financial assets and liabilities are classified at fair value through profit or loss if they are included in a portfolio that is measured and evaluated regularly at fair value.

Protector holds an investment portfolio that is designated at fair

value at initial recognition, and that is managed and evaluated regularly at fair value. This is according to the Board of Directors' approved risk management and investment strategy.

Ordinary purchases and sales of investments are booked at the time of settlement. All financial assets that are not booked at fair value through profit or loss are recognised in the balance sheet for the first time at fair value plus transaction costs. Financial assets that are booked at fair value through profit or loss are booked at fair value when acquired and transaction costs are allocated in the accounts. Investments are removed from the balance sheet once the right to receive gains from the investment terminates or once these rights are transferred and the company on the whole has transferred all risk and the entire profit potential inherent to the ownership. Financial assets with fair value through profit or loss are considered to represent fair value once they appear on the balance sheet for the first time.

Profit or loss from variations in fair value of assets is classified as "financial assets at fair value through profit or loss", including interest income and dividend, is included in the income statement under "Unrealised gains and reversed unrealised losses on financial assets" and "Gains and losses from realisation of financial assets" in the period they arise. Dividends from financial assets at fair value through income are included once the company's right to dividends are decided.

Fair value of listed investments is based on the prevailing bid price. Fair value of non-listed assets is determined by our management. The Norwegian Mutual Fund Association (VFF) weekly collects (credit-) spreads from 5 brokerages. The average is sent out to fund managers and used as a basis for valuation of the securities in their portfolios.

Financial derivatives only comprise foreign exchange contracts which traded OTC ("over-the-counter"). The contracts are tailored with respect to object, volume, price and duration. Financial derivatives are classified according to IAS 39 and valued at fair value in the profit and loss account. Change in the fair value of the derivatives' fair value (profit/loss) is recognized under "unrealized gains and reversed unrealized losses on financial assets". Contracts with unrealized gains are presented as assets and contracts with unrealized losses are presented as liabilities in the balance sheet. Long positions in the contracts are presented as assets and short positions in the contracts are presented as liabilities in the balance sheet.

Fixed assets and intangible assets

Fixed assets and intangible assets are recognised at acquisition costs, and are written down to actual value when the depreciation in value is not expected to be temporary. Depreciations are deducted from the durable business assets and intangible assets. Potential expenditures or improvements are added to the business assets acquisition cost and depreciate in line with the business asset. The immaterial assets comprise software and IT-systems. The Company's IT-systems are developed in-house.

Dividend

Dividend from investments is recognised when the company has an unconditional right to receive the dividend. Dividend paid is recognised as a liability at the time when the General Meeting approves the payment of the dividend.

Provisions

Provisions are recognised when the company has a legal or constructive obligation as a result of a past event, it is probable that this will result in the payment or transfer of other assets to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Information about contingent assets are disclosed where an inflow of economic benefits is probable. Information about a contingent liability is disclosed unless the possibility of a capital outflow is remote.

Pensions

The pension costs and pension liabilities are calculated on a straight-line earning profile basis, based on assumptions related to discount rates, projected salaries, the amount of pension and benefits from the National Insurance Scheme, future return on pension funds, and actuarial calculations relating to mortality rate, voluntary retirement, etc. Pension funds are recognised at fair value net of pension liability in the balance sheet. Changes in the pension liability due to changes in the pension plans are recognised over the estimated average remaining service period. Changes in and deviations from actuarial assumptions (changes in estimates) are recognised in the profit & loss as other comprehensive income, along with any associated tax effects.

Linear contribution and expected terminal pay form the basis of contribution when pensions are accounted. Plan changes are amortized over estimated remaining service period.

Employers' national insurance contributions are ascribed to net pension commitment.

The cost of the defined contribution pension scheme is equal to the period's payment for the pension's savings which amounts annually to 5% of the payment basis between 1 and 6 G (G=National Insurance Scheme basic amount which totaled NOK 90.068 per 31.12.2015), as well as 8% of the payment basis between 6 and 12 G. The payments to the employees' pension savings accounts are made monthly. The future pension is dependent on the size of the contribution and return on the pension savings.

Tax

The tax expense in the income statement consists both of taxes payable for the accounting period, and the period's changes in deferred tax. In the accounting period for 2015, we have used 25% on deferred tax and 27% on payable tax. Deferred tax is calculated of the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, together with tax loss carried forward at the end of the fiscal year. Temporary tax increases or decreases, which are reversed or may reverse within the same period, are balanced. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized.

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies at exchange rates at the date of the transaction. For transactions related to activities in Sweden and Denmark, the Swedish and Danish crowns are converted to Norwegian crowns by translating the profit and loss at average exchange rates for the period of activity, and by translating the assets and obligations on the balance sheet at exchange rates at the reporting date. Exchange differences arising on retranslations are recognised in profit or loss.

Cash flow statement

Cash flows from operating activities are presented according to the direct method, which gives information about material classes and payments.

Change in accounting policy

No accounting policy changes in 2015.

NOTE 2 INSURANCE RISK

The risk under any one insurance contract is the probability that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and must therefore be estimated.

Factors that have a negative impact on insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Protector operates primarily in the Norwegian market, but entered the Swedish insurance market January 2011 and the Danish insurance market in 2012. Protector writes all classes of business within general insurance. Protector seeks to diversify the insurance portfolio to reduce the variability of the expected results.

Underwriting risk

Underwriting risk is the risk related to whether charged premiums are sufficient to cover payable liabilities in respect of insurance contracts Protector enters into.

This risk is assessed and managed on the basis of statistical analyses of historical experience for the various lines of business. The insurance premium must be sufficient to cover expected claims, but must also comprise a risk premium equal to the return on the part of the company's capital that is used to protect against random fluctuations. All other things equal, this means that lines of business which, from experience, are subject to major fluctuations, must include a larger risk premium.

Reinsurance is used to reduce the underwriting risk in areas where this is particularly required.

The company has clearly specified guidelines for which types of insurance risks, as well as which limits of liability that can be written. Underwriting limits are in place to ensure that appropriate risk selection criteria are applied and to ensure that accepted risks are within the terms and conditions of the company's reinsurance contracts. Protector's reinsurance contracts which are a combination of quota share and XL agreements, further reduces the risk exposure. Insurance risks are considered moderate with the reinsurance cover

the company has in place.

Provisioning risk

Once the policy period expires, the insurance risk relates to the provisions to cover future payments on claims incurred. Clients may report claims with a certain delay. Depending on the complexity of the claim, a shorter or longer period of time may pass until the amount of the claim has been finally calculated. This may be a prolonged process particularly for personal injuries. Even when the claim has been settled, there is a risk that it will be resumed at a later date, triggering further payments.

The size of the claims provisions is determined both through individual assessments and actuarial calculations. At 31 December 2015, the claims provisions amounted to NOK 3,295 million for own account. The duration of the provisions, that is, the average duration of provisions being settled to clients, was 3,21 years at 31 December 2015. 1%-point increase in inflation will result in a growth in claims provisions of NOK 106 million. See below how future cash flow is related to provisions for outstanding claims for own account at 31 December 2015.

Cash flow connected to claims provisions for own account					
[1,000 NOK] At 31 December 2015	Future cash flow related to claims incurred				
	0 - 5 years	5 - 10 years	10 - 15 years	15 - 20 years	
Claims provisions for own account	3 294 943	2 612 297	521 913	124 283	36 450

The calculation of provisions for claims will always be subject to considerable uncertainty. Historically, many insurers have experienced substantial positive as well as negative impacts on profit (run-off) resulting from reserving risk and that may also be expected to happen in the future.

Reserving risk is managed by pursuing a reserving policy which ensures that the process for determining provisions for claims is updated and aligned at all times. This includes that it is based on an underlying model analysis, and that internal control calculations and evaluations are made.

GROSS CLAIMS DEVELOPMENT

[1,000 NOK]	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
GROSS – Estimated claims cost													
2004	62 952												62 952
2005	61 407	299 414											360 821
2006	68 503	253 356	299 485										621 344
2007	76 939	254 808	290 770	496 529									1 119 047
2008	74 235	260 642	312 225	496 175	522 126								1 665 402
2009	78 788	258 107	314 936	478 992	516 928	658 842							2 306 592
2010	78 669	271 963	327 909	497 981	509 203	625 905	711 482						3 023 111
2011	78 853	273 037	318 334	497 501	525 928	624 251	662 924	825 611					3 806 438
2012	79 845	275 401	321 391	512 527	563 829	620 136	669 016	784 480	1 077 231				4 903 858
2013	79 663	278 334	324 389	509 904	549 598	622 392	675 139	786 139	1 024 604	1 407 317			6 257 478
2014	80 659	278 101	328 494	510 713	541 374	603 159	671 979	794 104	1 024 641	1 391 281	1 747 204		7 971 710
2015	82 013	278 894	338 154	494 007	543 766	610 578	681 336	776 215	1 064 251	1 414 302	1 697 683	2 100 091	10 081 292
Estimated amount as at 31.12.2015	82 013	278 894	338 154	494 007	543 766	610 578	681 336	776 215	1 064 251	1 414 302	1 697 683	2 100 091	10 081 292
Total disbursed	80 177	276 421	332 780	476 227	509 913	549 702	564 227	595 125	709 420	856 667	858 669	601 254	6 410 581
Claims provision	1 836	2 473	5 374	17 780	33 853	60 876	117 109	181 090	354 832	557 635	839 015	1 498 837	3 670 711
Provision for indirect claims handling costs													187 711
Total	82 013	278 894	338 154	494 007	543 766	610 578	681 336	776 215	1 064 251	1 414 302	1 697 683	2 100 091	10 081 292

The size of claims provisions

Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques. Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability of the expected outcome will be.

The frequency and severity of claims can be affected by several factors. The different factors will depend on the products, or lines of business considered. An increase in the frequency of claims can be due to seasonal effects and more sustainable effects. In some lines of businesses, with relatively few claims, severe claims may heavily influence the result. In most lines of businesses the underlying development of the severity of claims is influenced by inflation.

See the effect on profit before tax (for own account) in the sensitivity analyses below for 1% change in operating expenses, 1% change in claims incurred, 1%-point change in combined ratio and 1%-point change in inflation.

SENSITIVITY ANALYSIS

Effect on profit before tax (for own account) [1000 NOK]	2015	2014
1% change in operating expenses ¹	691	603
1% change in claims incurred ¹	18 610	14 395
1% - point change in combined ratio	21 760	17 753
1% - point change in inflation	105 768	89 820

NOTE 3 FINANCIAL RISK

Specification of financial assets grouped by maturity [1.000 NOK]	Less than one year	More than a year	No maturity	Total
Bank deposits related to investments	147 062	-	-	147 062
Interest-bearing papers	186 012	2 192 276	-	2 378 288
Equities	-	-	860 904	860 904
Bond fund	-	-	2 984 175	2 984 175
Foreign exchange contracts	252 594	-	-	252 594
Total investments	585 667	2 192 276	3 845 079	6 623 022
Bank deposits	144 076	-	-	144 076
Total financial assets	729 743	2 192 276	3 845 079	6 767 098

Specification of financial obligations grouped by maturity [1.000 NOK]	Less than one year	More than a year	No maturity	Total
Subordinated loan	-	148 125	-	148 125
Foreign exchange contracts	260 066	-	-	260 066
Other obligations	564 801	-	-	564 801
Total financial obligations	824 867	148 125	-	972 992

Liquidity Risk – The company's financial assets are placed as bank deposits, liquid interest-bearing papers, shares and funds. The liquidity risk is limited. Upon the sale of financial assets, the settlement day will be within 3 days. 29 March 2012 the company issued subordinated loan with a face value of NOK 150 million. Subordinated loan is classified as an obligation on the balance sheet and is valued at an amortized cost. See note 20 for more information.

Interest rate risk – An increase of 1% in interest rates will lead to a reduction in the portfolio of bonds and other investments with fixed returns by an estimate of NOK 67,2 million. This corresponds to interest rate sensitivity of ca. 1,25 %.

Foreign exchange risk – Foreign exchange risk is defined as the financial loss resulting from a fluctuation in exchange rates. The company has an exposure to foreign exchange risk through its investments. Some investments in bonds and bond funds are in foreign currency, mainly in USD, SEK and DKK. Generally, exchange risk in the investment portfolio is hedged close to 100 percent, within permitted limit of +/- five percent per currency.

CREDIT RISK

Rating [1.000 NOK]	Investments categorised by credit rating	
	2015	2014
Bonds and other investments with fixed income		
AAA	574 657	35 536
AA	203 550	437 618
A	161 075	220 474
BBB	260 725	80 502
BB	21 191	12 407
No rating	4 288 351	3 417 462
Total bonds and other investments with fixed income	5 509 549	4 203 999
Foreign exchange forward		
A	252 594	60 055
Total foreign exchange forward	252 594	60 055

64 % (83 % in 2014) of the amount under the category "no rating" was bond funds. Calculated average rating of the funds, based on internal ratings of the underlying securities is BBB. 8 % (2 %) of the amount under the category "no rating" was Norwegian financial institutions.

NOTE 4 TECHNICAL RESULT AND TECHNICAL PROVISIONS

	Non-marine Private				Non-marine Commercial									
	Accident	Other ¹	Total Private	Combined	Auto	Liability	Workers compensation	Security	Cargo	Annual pure insurance	Total commercial	Pool-schemes	Total Protector	
Premiums written ²														
Gross premiums	78 311	531 638	609 949	442 401	495 602	117 116	519 572	188 996	7 321	428 251	2 199 258	34 157	2 843 364	
Premiums ceded	(11 521)	(3 425)	(14 946)	(342 120)	-	-	-	(74 105)	-	(160 903)	(577 129)	-	(592 075)	
Premiums written for own account	66 790	528 212	595 003	100 281	495 602	117 116	519 572	114 891	7 321	267 347	1 622 130	34 157	2 251 289	
Gross business														
Premiums earned	73 800	531 916	605 717	439 681	459 172	114 276	518 223	186 047	7 277	426 415	2 151 091	34 255	2 791 062	
Claims incurred	(43 570)	(424 861)	(468 431)	(259 543)	(362 583)	(44 444)	(474 680)	(197 120)	(2 748)	(426 083)	(1 767 201)	(48 001)	(2 283 632)	
Insurance related operating expenses	(4 885)	(68 257)	(73 142)	(27 596)	(30 915)	(7 305)	(32 410)	(11 789)	(457)	(26 714)	(137 186)	140	(210 188)	
Technical result	25 346	38 799	64 144	152 542	65 675	62 526	11 134	(22 862)	4 072	(26 382)	246 704	(13 606)	297 242	
Reinsurers' share														
Premiums earned	(11 254)	(3 553)	(14 807)	(352 481)	(2 139)	(1 564)	(1 971)	(73 529)	-	(160 592)	(592 276)	(8 026)	(615 109)	
Claims incurred	3 715	592	4 307	173 170	(280)	25	11	112 982	-	132 030	417 939	370	422 615	
Commissions	669	1 101	1 770	77 453	-	-	-	40 087	-	21 774	139 314	-	141 084	
Reinsurance result	(6 869)	(1 861)	(8 730)	(101 858)	(2 418)	(1 539)	(1 960)	79 540	-	(6 788)	(35 023)	(7 657)	(51 410)	
For own account														
Technical result	18 476	36 938	55 414	50 683	63 256	60 987	9 173	56 678	4 072	(33 170)	211 681	(21 263)	245 832	
Claims incurred, gross														
Occurred this year	(50 732)	(364 740)	(415 472)	(331 659)	(400 646)	(47 106)	(491 830)	(148 861)	(3 528)	(417 755)	(1 841 385)	(35 571)	(2 292 427)	
Occurred previous years	7 162	(60 121)	(52 959)	72 116	38 064	2 662	17 150	(48 259)	779	(8 328)	74 184	(12 430)	8 795	
Total for the accounting year	(43 570)	(424 861)	(468 431)	(259 543)	(362 583)	(44 444)	(474 680)	(197 120)	(2 748)	(426 083)	(1 767 201)	(48 001)	(2 283 632)	
Claims incurred for own account														
Incurred during the year	(35 114)	(485 804)	(520 918)	(73 034)	(325 078)	(41 732)	(457 508)	(79 010)	(1 969)	(304 128)	(1 282 458)	(59 966)	(1 863 342)	
Incurred in previous years	(4 741)	61 535	56 794	(13 339)	(37 784)	(2 687)	(17 161)	(5 128)	(779)	10 075	(66 804)	12 335	2 325	
Total for the accounting year	(39 854)	(424 270)	(464 124)	(86 373)	(362 862)	(44 419)	(474 669)	(84 138)	(2 748)	(294 053)	(1 349 262)	(47 631)	(1 861 018)	
Technical provisions gross														
Provision for unearned premiums	17 730	4 594	22 324	67 261	133 094	27 722	84 794	46 458	2 020	60 664	422 011	3 745	448 080	
NFSA minimum requirement	17 730	4 594	22 324	67 261	133 094	27 722	84 794	46 458	2 020	60 664	422 011	3 745	448 080	
Provisions for outstanding claims	88 673	776 308	864 980	281 118	241 734	129 161	1 620 544	499 315	1 592	188 896	2 962 359	31 082	3 858 422	
NFSA minimum requirement	84 565	776 160	860 726	186 043	211 420	109 200	1 275 838	352 234	1 322	153 299	2 289 355	31 082	3 181 163	
Technical provisions for own account														
Provision for unearned premiums	13 921	2 857	16 778	23 233	133 088	27 722	84 794	27 149	2 020	27 044	325 050	3 745	345 572	
NFSA minimum requirement	13 921	2 857	16 778	23 233	133 088	27 722	84 794	27 149	2 020	27 044	325 050	3 745	345 572	
Provision for outstanding claims	72 404	768 164	840 568	70 673	241 258	128 083	1 620 518	227 566	1 592	133 604	2 423 293	31 082	3 294 943	
NFSA minimum requirement	68 266	767 727	835 993	52 806	210 909	109 016	1 275 762	208 930	1 180	118 186	1 976 789	31 082	2 843 864	
Security provision	23 368	246 413	269 781	9 410	43 361	15 903	195 389	23 216	437	26 951	314 667	-	584 448	
NFSA minimum requirement	23 368	144 701	168 070	9 410	43 361	15 903	144 534	23 216	437	26 951	263 812	-	431 882	

¹Other private includes children-, risk-, and change of ownership insurance

²Premiums comprise of insurance premiums in Norway, Sweden & Denmark. Gross written premiums in Sweden constitute NOK 520,7 million (18,3%) and Denmark constitute NOK 430,9 million (15,2%).

[NOK 1 000]	PROVISION FOR UNEARNED PREMIUMS		CLAIMS	
	Gross	For own account	Gross	For own account
Pool-schemes:				
Natural perils pool	3 745	3 745	24 394	24 394
Workers' Compensation Insurance Association	-	-	6 124	6 124
Auto Insurance Association	-	-	564	564
Total	3 745	3 745	31 082	31 082

NOTE 5 INTANGIBLE ASSETS

Intangible assets [1.000 NOK]	Software	IT- system	Total
Cost as at 01.01.2015	3 103	41 113	44 216
Additions	4 615	5 643	10 259
Disposals	-	-	-
Cost as at 31.12.2015	7 718	46 757	54 475
Accumulated depreciation at 31.12.2015	(2 894)	(35 762)	(38 656)
Net book value at 31.12.2015	4 824	10 994	15 818
Annual depreciation	1 204	6 157	7 361

Intangible assets are depreciated on a straight-line basis over the assets expected useful life.

Expected useful life (years)	4	3
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NOTE 6 PROPERTY AND TANGIBLE FIXED ASSETS

Fixed assets [1.000 NOK]	Cars	Office machinery	Furniture and fixtures	Art	Total
Cost as at 01.01.2015	966	15 059	5 099	216	21 339
Additions	-	5 619	5 608	-	11 227
Disposals	-	(2 505)	(3 427)	-	(5 932)
Cost as at 31.12.2015	966	18 172	7 280	216	26 634
Accumulated depreciation at 31.12.2015	(340)	(10 683)	(1 429)	-	(12 452)
Net Book value at 31.12.2015	626	7 489	5 851	216	14 182
Annual depreciation	193	3 159	932	-	4 284

Fixed assets are depreciated on a straight-line basis over the assets expected useful life. Artworks are not depreciated.

Expected useful life (years)	5	4	7
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Owner-occupied property [1.000 NOK]	Cabin
Cost as at 01.01.2015	-
Additions	13 836
Cost as at 31.12.2015	13 836
Accumulated depreciation at 31.12.2015	(265)
Net Book value 31.12.2015	13 571

Annual depreciation	265
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The property is depreciated on a straight-line basis over the expected useful life.

Expected useful life (years)	25
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NOTE 7 INVESTMENTS

Investment [1.000 NOK]		Book value 31.12.15	Fair value 31.12.15	Book value 31.12.14	Fair value 31.12.14
Shares		860 904	860 904	693 895	693 895
Securities, bonds		5 362 463	5 362 463	3 754 657	3 754 657
Financial derivatives		252 594	252 594	60 055	60 055
Other financial assets		147 062	147 062	449 341	449 341
Total investments		6 623 022	6 623 022	4 957 948	4 957 948
Financial derivatives		260 066	260 066	63 884	63 884
Unsettled securities transactions		70 000	70 000	-	-
Total financial liabilities		330 067	330 067	63 884	63 884

All financial liabilities were related to foreign currency contracts pr. 31.12.2015.
The company had no financial instruments that were accounted for net pr. 31.12.2015.

SUBORDINATED LOAN CAPITAL IN OTHER COMPANIES

Investment [1.000 NOK]	Currency	Acquisition cost	Book value	Fair value	Duration
Financial assets at fair value through profit or loss	NOK	202 261	198 337	198 337	0,19
Total subordinated loan capital in other companies year 2015		202 261	198 337	198 337	0,19
Total subordinated loan capital in other companies year 2014		100 969	100 752	100 752	0,21

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

STOCKS AND SHARES

Investment [1.000 NOK]	Currency	Acquisition cost	Book value	Fair value	
Equities	NOK	617 817	860 904	860 904	
Total equities and equity funds year 2015		617 817	860 904	860 904	
Total equities and equity funds year 2014		641 026	693 895	693 895	

The equity funds (2014) are not listed. No equity funds were held as of 31.12.15.

Investment [1.000 NOK]	Currency	Acquisition cost	Book value	Fair value	Risk weight
ÅF AB SER. B	SEK	35 830	45 179	45 179	100 %
AF GRUPPEN	NOK	53 366	76 279	76 279	100 %
B2HOLDING AS	NOK	53 673	72 690	72 690	100 %
BAKKAFROST	NOK	17 653	26 180	26 180	100 %
BOUVET	NOK	33 250	39 200	39 200	100 %
INTRUM JUSTITIA AB	SEK	55 190	60 469	60 469	100 %
MEDI-STIM	NOK	20 934	26 687	26 687	100 %
MULTICONSULT ASA	NOK	68 997	80 357	80 357	100 %
NORWEGIAN AIR SHUTTLE	NOK	49 933	57 781	57 781	100 %
NORWEGIAN FINANCE HOLDING AS	NOK	97 762	224 598	224 598	100 %
OLAV THON EIENDOMSSKAP	NOK	36 767	35 975	35 975	100 %
UNIBET GROUP PLC	SEK	42 504	54 309	54 309	100 %
XXL ASA	NOK	51 959	61 200	61 200	100 %
		617 817	860 904	860 904	

Norwegian Finance Holding and B2Holding are traded OTC. The remaining shares are listed on the Oslo Stock Exchange.

BONDS AND OTHER FIXED INCOME SECURITIES

Investment [1.000 NOK]	Currency	Acquisition cost	Book value	Fair value	Duration
Subordinated loan capital in other companies	NOK	202 261	198 337	198 337	0,19
Financial institutions	NOK	911 238	911 928	911 928	0,26
Industry	NOK	1 154 462	1 159 189	1 159 189	0,37
Municipalities	NOK	66 132	64 449	64 449	0,15
Government bonds	NOK	45 178	44 387	44 387	0,14
Bond funds	NOK	3 084 909	2 984 175	2 984 175	2,01
Total bonds and other fixed income securities year 2015		5 464 179	5 362 463	5 362 463	1,25
- of this not quoted on the stock exchange year 2015		3 193 526	3 093 591	3 093 591	1,94
Total bonds and other fixed income securities year 2014		3 775 394	3 754 657	3 754 657	1,47
- of this not quoted on the stock exchange year 2014		2 890 063	2 874 320	2 874 320	1,83

Average effective interest rate based on market value is 4.1%.

Average interest rate is future cash flows (coupon disbursements and payments on principal amount) discounted with expected market rate for the security concerned at the particular cash flow points in time. The effective interest rate on bond funds is estimated based on the bonds quotations.

OTHER FINANCIAL ASSETS

Investment [1.000 NOK]	Currency	Acquisition price	Book value	Fair value	Duration
Bank deposits related to investments	NOK	147 062	147 062	147 062	0,00
Foreign exchange contracts	NOK	252 594	252 594	252 594	0,00
Total other financial assets year 2015		399 655	399 655	399 655	0,00
Total other financial assets year 2014		509 193	509 396	509 396	0,00

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss [1.000 NOK]	Currency	Level 1	Level 2	Level 3	Total
Shares	NOK	563 616	297 288	-	860 904
Bonds and other fixed income securities	NOK	2 244 144	3 118 318	-	5 362 463
Bank deposits	NOK	147 062	-	-	147 062
Foreign exchange contracts	NOK	-	252 594	-	252 594
Total assets year 2015		2 954 822	3 668 200	-	6 623 022
Total assets year 2014		1 844 495	3 113 452	0	4 957 948

Financial liabilities at fair value through profit or loss [1.000 NOK]	Currency	Level 1	Level 2	Level 3	Total
Foreign exchange contracts	NOK	-	260 066	-	260 066
Liabilities to credit institutions	NOK	70 000	-	-	70 000
Total financial liabilities year 2015		70 000	260 066	-	330 066
Total financial liabilities year 2014		-	63 884	-	63 884

Fair value of financial assets traded in active markets are based on market value on the accounting day. A market is considered active if the market rates are easily and regularly available from a stock exchange, distributor, broker, industrial classification, price-setting service or regulatory authority, and these prices represent actual and regularly occurring market transactions at arm's length. The market price applied to financial assets and liabilities is the existing buy and sell price. These instruments are included in level 1.

Fair value of financial instruments not traded in an active market is determined by using valuation methods. These valuation methods maximise the use of observable data where available, and are based as little as possible on own estimates. The instrument is included in level 2 if all essential data are based on observable market data.

The instrument is included in level 3 if one or more essential data are not based on observable market data.

NOTE 8 RECEIVABLES

The company has (as in 2014) no receivables due later than one year.

NOTE 9 RESTRICTED BANK DEPOSITS

[1.000 NOK]	2015	2014
Employee withholding tax	6 306	5 480
Total	6 306	5 480

NOTE 10 SHARE CAPITAL AND SHAREHOLDER INFORMATION

Share capital consists of:	No of shares	Face value	Capital
A-shares (each share has one vote)	86 155 605	1	86 155 605
Protector Forsikring ASA has 1.954 shareholders at 31.12.2015.			
List of the 20 major shareholders at 31.12.2015	No of shares	Face value	Capital
Stenshagen Invest AS	6 550 000	6 550 000	7,6 %
Odin Norden	4 473 484	4 473 484	5,2 %
Ojada AS	3 563 116	3 563 116	4,1 %
Verdipapirfondet Handelsbanken	3 032 384	3 032 384	3,5 %
Swedbank Robur Småbolagsfond Norden	2 915 425	2 915 425	3,4 %
Tjongsfjord Invest AS	2 811 809	2 811 809	3,3 %
Swedbank Robur Småbolagsfond Europa	2 716 410	2 716 410	3,2 %
Vevlen Gård AS	2 100 000	2 100 000	2,4 %
MP Pensjon PK	2 037 379	2 037 379	2,4 %
Artel Holding A/S	1 873 451	1 873 451	2,2 %
JP Morgan Chase Bank, NA	1 748 835	1 748 835	2,0 %
Alsøy Invest AS	1 702 751	1 702 751	2,0 %
Frognes AS	1 649 916	1 649 916	1,9 %
Avanza Bank AB	1 495 120	1 495 120	1,7 %
Johan Vinje AS	1 437 841	1 437 841	1,7 %
Generali PanEurope Ltd-GP11940006	1 421 250	1 421 250	1,6 %
Odin Norge	1 410 233	1 410 233	1,6 %
J.P.Morgan Securities PCL	1 373 361	1 373 361	1,6 %
Petroservice AS	1 333 815	1 333 815	1,5 %
Nordnet Bank AB	1 314 267	1 314 267	1,5 %
Total	46 960 847	46 960 847	54,5 %
Protector Forsikring ASA	0	0	0,0 %
Other shareholders	39 194 758	39 194 758	45,5 %
Total number of shares	86 155 605	86 155 605	100,0 %

Shares owned by the board of directors and their close relations, together with shares owned by other senior executives and their close relations at 31.12.2015	Identification	No. of shares	Face value	Ownership
Stenshagen Invest AS	Board member, Jørgen Stenshagen	6 550 000	6 550 000	7,6 %
Ojada AS	Board member, Erik G. Braathen	3 563 116	3 563 116	4,1 %
Tjongsfjord Invest AS	CEO, Sverre Bjerkeli	2 811 809	2 811 809	3,3 %
Alsøy Invest AS	Chairman of the Board, Jostein Sørvoll	1 702 751	1 702 751	2,0 %
Ditlev de Vibe Vanay	CFO	225 800	225 800	0,3 %
Merete C. Bernau	Director for ownership change insurance	50 200	50 200	0,1 %
Hawest Holding AS	Board member, employees' representative, Cecilie Gretha Westby	27 000	27 000	0,0 %
Flemming Conrad	Country Manager Denmark	23 456	23 456	0,0 %
Hans Didring	Country Manager Sweden	20 097	20 097	0,0 %
Henrik Wold Høye	Director for commercial insurance	10 100	10 100	0,0 %
Cecilie Gretha Westby	Board member, employees' representative	100	100	0,0 %
Total		14 984 429	14 984 429	17,4 %

NOTE 11 PENSIONS

Protector Forsikring is required to have an occupational pension plan pursuant to the Mandatory Occupational Pension Act. The company's pension plans meet the requirements of the Act. The defined benefit plan is closed (discontinued from 1 July 2012). New employees are enrolled in defined contribution pension plan.

Based on insurance technical principles, actuarial calculations have been carried out on future pension payments. The calculated liabilities are held together with the value of the paid in and accumulated pension funds. The difference is kept as long-term liabilities or pension funds under the assets.

The cost of the defined contribution pension scheme is equal to the period's payment for the pension's savings which amounts to 5% of the payment basis between 1 and 6 G (G=National Insurance Scheme basic amount), as well as 8% of the payment basis between 6 and 12 G.

The company has defined contribution pension scheme in Sweden and Denmark which is the standard for the branch.

The CEO has an agreement of top-pension. Maximum annual top pension is 70% of the salary up to 12 G which exceeds 12 G. Allocation to the top pension totaled NOK 1,1 million in net pension costs incl. employer's contribution in 2015.

[1.000 NOK]	2015	2014
Present value of this years acquired pension	8 149	7 256
Interest costs on the acquired pension	436	345
Net pension costs incl. employer's contribution	8 585	7 601
Present value of future pension liabilities as at 31.12.	51 613	57 342
Pension funds at 31.12.	40 760	38 386
Surplus/deficit at 31.12.	(10 853)	(18 956)
Net pension liabilities incl. employer's contribution	(10 853)	(18 956)

COMPOSITION OF PENSION FUNDS	2015	2014
Stocks	5,7 %	6,7 %
Property	12,1 %	8,7 %
Term bonds	45,3 %	45,9 %
Bonds	7,5 %	10,6 %
Money Market	2,3 %	0,0 %
Credit	22,1 %	24,0 %
Other	5,0 %	4,1 %
Total pension funds	100,0 %	100,0 %
The actual return on plan assets in NOK	(9 573)	(11 280)
ECONOMICAL ASSUMPTIONS		
Discount rate ¹	2,7 %	2,3 %
Expected return	2,7 %	2,3 %
Future increase in salaries	2,5 %	2,8 %
Change in social security base amount	2,3 %	2,5 %
Pension adjustment	0,0 %	0,0 %
Employer's contribution	14,1 %	14,1 %
DEMOGRAPHIC ASSUMPTIONS		
Mortality	K2013BE	K2013BE
Disability	KU	KU

¹ The market interest rate for covered bonds is utilised when calculating discount rate.

Recognised amount for defined contribution pension plans is NOK 6.196 thousand.

NOTE 12 TAX

[1.000 NOK]	2015	2014
THIS YEAR'S TAXES ARE DIVIDED BETWEEN		
Tax payable	90 089	131 142
Adjusted for tax in previous years	(4 347)	210
Change in deferred tax	(13 839)	(38 392)
Total taxes	71 903	92 961

Computation of this years tax		
Profit before taxes	536 140	475 727
Permanent differences	(268 951)	(118 656)
Changes in temporary differences	66 352	128 640
Changes in temporary differences previous years	124	-
Basis for the tax expense of the year	333 664	485 711
Tax payable 27%	90 089	131 142
Tax payable Denmark	(1 677)	-
Tax payable from previous years	76	-
Other differences	-	(3 572)
Payable tax in the balance sheet	88 488	127 570

TEMPORARY DIFFERENCES	2015	2014	Changes
Fixed assets	564	67	(498)
Receivables	(905)	(800)	105
Financial assets	(112 184)	(43 418)	68 766
Technical provisions	105 325	111 406	6 081
Pension liabilities	(10 853)	(18 956)	(8 103)
Net temporary differences	(18 052)	48 300	66 352
Differences which are not included in the calculation of deferred tax / deferred tax assets	105 325	111 406	6 081
Basis for deferred tax in the balance sheet	(123 377)	(63 107)	(60 271)
25 % (27 %) deferred tax	(30 844)	(17 039)	(13 806)
Other differences		(3 045)	3 045
Deferred tax benefit in the balance sheet	30 844	20 084	10 760

RECONCILIATION OF TAX

[1.000 NOK]	2015	2014
Profit before taxes 27%	144 758	128 446
Permanent differences 27%	(72 617)	(32 037)
Corrected tax earlier years	(6 058)	210
Differences which are not included in the calculation of deferred tax / deferred tax assets	1 642	(4 061)
Deferred tax earlier years	33	402
Tax payable Denmark	1 677	-
Effect of change in tax rate 2%	2 468	-
Calculated tax	71 903	92 961
Tax on other comprehensive income	6 470	(8 969)
Total tax according to P&L	78 373	83 991

NOTE 13 OTHER LIABILITIES

[1.000 NOK]	2015	2014
Payables, operations	10 469	13 745
Payables, claims	18 518	1 590
Liabilities in connection to direct insurance	28 987	15 335
Reinsurance yet to be settled	318 752	197 397
Liabilities in connection to reinsurance	318 752	197 397
Allocation of vacation pay	16 809	14 402
Allocation of employers contribution	6 286	5 069
Advance tax deduction	6 729	5 553
Tax payable	88 488	127 570
Other liabilities	98 751	22 267
Other liabilities	217 062	174 860
Foreign currency contracts	260 066	63 884
Total liabilities	824 867	451 476

The company has no secured liabilities.

NOTE 14 SALES EXPENSES

[1.000 NOK]	2015	2014
Sales expenses	28 224	17 442
% of premium due	1,0 %	0,7 %

The company's sales expenses consists of commission to the insurance brokers .

NOTE 15 INSURANCE RELATED ADMINISTRATIVE EXPENSES		
Insurance related administrative expenses [1.000 NOK]	2015	2014
Depreciations (notes 5 and 6)	11 910	9 838
Salary- and pensions costs (note 16)	252 169	203 656
Administrative costs	16 541	13 696
Remunerations	21 337	11 183
Claims handling costs (transferred to gross claims paid)	(159 050)	(115 821)
Other insurance related administrative expenses	39 056	36 145
Total	181 963	158 696

Auditing remuneration [1.000 NOK]	2015	2014
Auditing (inclusive VAT)	1 668	1 915
Other attestation services (inclusive VAT)	106	349
Services regarding tax (inclusive VAT)	180	271
Other services outside auditing (inclusive VAT)	935	1 744
Total	2 889	4 279

NOTE 16 LABOUR EXPENSES, PENSIONS, NUMBER OF EMPLOYEES

Labour- and pension costs [1.000 NOK]	2015	2014
Salaries ¹	179 874	149 553
Director's remuneration , control committee, nomination committee, audit committee, the board of representatives	2 502	2 647
Defined benefit pension costs ²	10 548	6 544
Defined contribution pension costs ²	6 196	6 927
Social security tax	26 331	22 457
Other payments	26 718	15 529
Total	252 169	203 656

¹ The company has an ordinary arrangement for performance-related pay. The arrangement involves all employees with the exception of the top management. The company has reserved NOK 12 million for bonus in 2015. Whether performance-related pay is triggered depends on achievement of goals pursuant to concluded performance contracts. Top level management has a long term bonus plan. In 2015, the provision for this plan is NOK 26,8 million

² Refer to note 11 for further information.

Number of employees	2015	2014
Number of employees at 31.12.	215,0	178,0
Number of man-labour years at 31.12.	213,5	176,6
Average number of employees at 31.12.	193,2	170,5
Average number of man-labour years at 31.12.	191,4	169,2

NOTE 17 REMUNERATIONS TO SENIOR EXECUTIVES

Board of Directors statement about determination of salary and other remuneration for senior executives

According to Public Limited Companies Act § 6-16a the Board will present a separate statement about determination of salary and other remuneration for senior executives. It follows further from the Public Limited Companies Act § 5-6 (3) that an advisory reconciliation of the Board's guidelines for senior executives' salary determination for the upcoming fiscal year will be held in general meeting (see (ii) below). As long as the guidelines are linked to the share-based initiatives, these will also be approved by general meeting (see (iii) below).

Since 2010 the Board has had a separate compensation committee. The compensation committee consists of three members: a chairman and two members.

The compensation committee shall prepare and present to the Board:

- The size of the CEO's total remuneration
- Guidelines for remuneration as well as estimates of payments of variable salary for those who report to the CEO
- The Board's statement about determination of salary and other compensation to senior executives
- Material personnel related issues concerning senior executives

(i) Salary and other compensation to senior executives for the prior fiscal year are presented in the table below. The Board confirms that the guidelines for salary for senior executives for 2015 given in the previous year's statement have been followed.

(ii) Concerning the guidelines for the establishment of salary and other compensation for the senior executives for the upcoming fiscal year, the Board shall propose the following guidelines for advising reconciliation in 2016 general meeting:

The purpose of Protector's salary policy is to attract employees with the necessary competence, further develop and maintain the key competence and motivate for long-term and continued progress in order to achieve Protector's business goals.

Protector's policy shall, first and foremost, be directed towards proposition of a total remuneration which is competitive so that the company can attract and maintain the best senior executives.

CEO's salary and other economic benefits are established by the Board based on the proposition from the compensation committee. Terms and approval for other senior executives are established by CEO within the framework approved by the Board.

The total remuneration to senior executives consists of fixed salary, variable salary, pension, and fringe benefits.

The fixed salary is reviewed annually and determined based on salary development in the society in general and financial sector in particular.

The total remuneration to senior executives shall be competitive and reflect work efforts, responsibilities and professional challenges that are related to the leadership responsibilities in a company of the size of Protector and the branch.

The variable salary (bonus) to senior executives can be paid based on a concrete result measurement of the defined goal areas derived from the company's strategy and goals. The review takes into account a combination of the company's total targeted result, relevant business unit as well as estimation of a personal contribution, thereof a total valuation with regards to the compliance with the company's vision, values and leadership principles. Variable salary for senior executives is set by the Board on the basis of levels set by the compensation committee.

The company in 2013 established a long-term bonus policy for the senior executives and other key persons where the distributed bonus is converted to synthetic shares based on the Protector's share price pr. 31.12 of the year earned. The conversion does not give separate employees the right to buy shares in the company. The synthetic share holdings are distributed with 1/5 in cash while the remaining 4/5 are accounted for as a contingent capital. The cash part is paid out based on the company's average share price during the first seven trading days after general meeting. The contingent capital is paid out by 1/5 of the share capital over four years effective from the year after the cash part is paid out. The payments are based on the weighted average company's share price during seven trading days after publishing quarterly results after the company's general meeting has approved annual accounts for the previous year. Share price calculation for the cash payment and contingent capital shall be adjusted for dividend paid out between the conversion of bonus to share holdings (31.12 of the year earned) and the payment date. The unpaid contingent variable remuneration can be reduced if later results and development indicate that it was based on wrong assumptions. Individual variable salary can total up to 50 per cent of the annual loan. The variable salary is not included in pension schemes.

Any fringe benefits shall have connection with one's functions in the company and shall be in line with general practices in the market.

Senior executives' pension age is 67 years in Norway, 65 years in Sweden and 70 years in Denmark.

In Norway, CEO and three of the senior executives are members of the now-closed defined benefit pension scheme. At the full earning of the pension, they have right to the pension equal to the difference of 70% of the salary (salary over 12G are not taken into calculation) and the calculated (not guaranteed) social security pension. One senior executive is a participant in the company's defined contribution pension plan. CEO has in addition an agreement about top pension which totals maximum 70% of the salary up to 12G for the amount which exceeds 12G (i. e. 8.4G).

Senior executives in Sweden and Denmark have defined contribution pension arrangement which is a standard for the branch.

CEO and his management team have an agreement for 6 months' termination notice and up to 12-month salary after termination of employment relationship. This salary after termination of employment relationship is established to ensure clear guidelines in case the wish of ending the employment.

(iii) With regards to the share-based incentives for the coming year, the Board shall propose the following guidelines for approval in General Meeting:

Of the variable salary earned in 2016 by CEO and other employees that are covered by regulations for remuneration in financial institutions, 80% of the variable salary shall be paid in a form of contingent capital which reflects the company's value development which cannot be freely disposable earlier than equally divided over a period of four years. The period shall take into account the company's underlying business cycle and risk assessment. Such part of the variable salary shall be reduced if either later result development in the company or latter results indicated so. The basis for the variable remuneration shall be related to the company's results during minimum 2 years. Valuation criteria for the variable remuneration shall be based on financial and non-financial criteria related to the individual, one's business unit and the company as a whole and defined in advanced.

Payments and remunerations [1.000 NOK]	Salaries	Variable salaries ³	Other remunerations ²	Paid-up pension premium	Total remunerations
Senior executives					
Sverre Bjerkeli, CEO ¹	5 143	2 506	510	303	8 462
Ditlev de Vibe Vanay, CFO	2 256	1 108	122	281	3 768
Bjørn Bye, Acting CFO	1 638	171	20	272	2 100
Merete C. Bernau, Director of ownership change insurance	2 411	1 147	76	317	3 951
Henrik Wold Høye, Director of commercial insurance	2 217	893	32	84	3 226
Hans Didring, Country Manager Sweden	2 474	558	16	457	3 505
Flemming Conrad, Country Manager Denmark	3 078	794	203	300	4 376
Total	19 217	7 178	980	2 013	29 387

¹ The CEO has an agreement about top-pension with a recognized cost of NOK 1,1 million in 2015.

² Other remunerations comprises of company car, telephone, insurance and other contractual benefits.

³ Paid out bonus long term bonus plan. The provision for this long term bonus plan by the end of 2015 is NOK 40,3 million.

Payments and remunerations [1.000 NOK] ¹	Remunerations	Compensation committee	Audit committee	Total remunerations
Board of Directors				
Jostein Sørvoll, Chairman of the Board	400	35	55	490
Erik G. Braathen, Deputy Chairman	250	25	-	275
Else Bugge Fougner, Board member ²	220	25	-	245
Jørgen Stenshagen, Board member	220	-	45	265
Randi Helene Røed, Board member	220	-	55	275
Fredrik Øyan, Employees' representative	110	-	-	110
Cecilie Westby, Employees' representative	73	-	-	73
Alexaner Amsrud, Deputy for Employees' representative	14	-	-	14
Others that have left the committee in 2015	37	-	-	37
Total	1 544	85	155	1 784
Control Committee				
Anders Jørgen Lenborg, Chairman	90	23	-	113
Tore G. Clausen, member	70	22	-	92
Ola Hverven, member	48	22	-	70
Kaare Oftedal, Deputy	50	-	-	50
Others that have left the committee in 2015	22	-	-	22
Total	280	67	-	347
Nomination Committee				
Per Ottar Skaaret, Chairman	25	-	-	25
Anders Jørgen Lenborg, member	-	-	-	-
Nils Petter Hollekim, member	25	-	-	25
Others that have left the committee in 2015	35	3	-	38
Total	85	3	-	88

¹ Remunerations paid out in accounting year 2015.

² The law firm Advokatfirmaet Hjort DA where board member Else Bugge Fougner is partner, has invoiced NOK 4 thousand to the company for services rendered during 2015. The Board of Representatives has received NOK 180 thousand in fees in 2015. The fixed fee to the board director is NOK 10 thousand and an additional NOK 5 thousand per meeting. Other representatives are compensated with NOK 5 thousand per meeting. There were no loans granted or guarantees given to senior executives, other close related parties or members of governing bodies.

NOTE 18 NET FINANCIAL INCOME AND EXPENSES FROM FINANCIAL ASSETS

[1.000 NOK]	2015	2014
Income from financial assets		
Interest income	34 708	62 808
Dividend equities	12 184	7 650
Dividend bond funds	19 048	-
Unrealised gains on financial assets	207 077	113 865
Gains from realisation of financial assets	202 094	285 295
Total income from financial assets	475 111	469 618
Expenses from financial assets		
Unrealised losses on financial assets	(111 688)	(211 546)
Losses from realisation of financial assets	(53 097)	(25 381)
Administrations expenses on financial assets	(6 534)	4 153
Total expenses from financial assets	(171 319)	(232 774)
Net financial income	303 791	236 843
NET FINANCIAL INCOME DIVIDED BY ASSET CLASS		
Interest income and gains/ (loss) from financial assets at fair value through profit or loss		
Interest income from financial assets at fair value through profit or loss	53 755	62 808
Dividend	12 184	7 650
Net gains / (loss) from equity and shares	305 685	123 805
Net gains / (loss) from bonds and other fixed income securities	(58 582)	42 257
Net gains / (loss) from foreign exchange contracts	(2 717)	(3 830)
Administration expenses	(6 534)	4 153
Total net income and gains/ (loss) from financial assets at fair value through profit or loss	303 791	236 843

NOTE 19 EARNINGS PER SHARE

Earnings per share

Earnings per share is calculated by dividing the profit for the year assigned to the company's shareholders at a weighted average number of outstanding ordinary shares throughout the year, net of treasury shares.

[1.000 NOK]	2015	2014
Profit for the year assigned to the company's shareholders	464 237	382 766
Weighted average number of shares	84 766 471	82 584 944
Earnings per share	5,48	4,63

Diluted earnings per share

There were no share dilution in 2015 and 2014.

NOTE 20 CAPITAL RATIO AND SOLVENCY MARGIN

[1.000 NOK]	2015	2014
Total equity	1 574 392	991 433
Proposed dividend	(193 850)	(165 170)
Natural perils fund	(212)	(16 656)
Guarantee scheme	(77 743)	(70 491)
Deferred tax asset	(30 844)	(20 084)
Intangible assets	(15 818)	(13 291)
Core capital	1 255 924	705 741
Reinsurance provision	(27 370)	(24 260)
Subordinated loan	148 125	148 125
Net primary capital	1 376 679	829 606
Assets with weighted risk of 0%	665 981	529 304
Assets with weighted risk of 10%	723 631	35 536
Assets with weighted risk of 20%	588 496	872 817
Eiendeler med risikovekt 50%	116 599	-
Assets with weighted risk of 100%	5 341 902	4 421 640
Risk weighted total assets as at 31.12.	5 590 264	4 599 757
Capital ratio	25 %	18 %
Net primary capital	1 376 679	829 606
Proportion of security provision	346 913	361 837
Proportion of Natural perils fund (25%)	53	4 164
Solvency margin capital	1 723 645	1 195 606
Reduction of solvency margin capital, § 8a	34 078	56 160
Solvency margin minimum requirement	456 402	384 516
In excess of requirement	1 233 166	754 930
Solvency margin capital in percent of requirement	370 %	296 %

The subordinated loan was issued 29 March 2012 in order to strengthen the company's capital adequacy during the expected significant growth in the company's business. The loan was listed on Oslo ABM 22 October 2012. Table below provides a detailed overview of the loan.

Subordinated loan

Name	Protector Forsikring ASA 12/22 FRN C SUB
Ticker	PROTCT01 PRO
ISIN	NO0010642127
Nominal value	MNOK 150
Interest rate	3 month NIBOR + 600 bp p.a.
Issue date	29.03.2012
Due date	19.04.2022
Callable	Yes

DECLARATION BY THE MEMBERS OF THE BOARD AND THE CEO

We confirm, to the best of our knowledge, that the financial statements for the period 1st of January to 31st of December 2015 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity taken as a whole. We also confirm that the Directors' Report includes a true and fair review of the development and performance of the business and the position of the entity, together with a description of the principal risks and uncertainties facing the entity.

Oslo, 17 March 2016
The Board of Directors of Protector Forsikring ASA
Translation – not to be signed

Jostein Sørvoll
(Chairman)

Jørgen Stenshagen

Else Bugge Fougner

Erik G. Braathen
(deputy Chairman)

Randi Helene Røed

Fredrik Øyan

Sverre Bjerkeli
(CEO)

Alexander Amsrud
(deputy)

AUDITOR'S REPORT



To the Annual Shareholders' Meeting of Protector Forsikring ASA

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Protector Forsikring ASA, which comprise the balance sheet as at 31 December 2015, and the income statement, showing a profit of NOK 481 729 thousand, statement of changes in equity and cash flow statement, for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Protector Forsikring ASA as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Report on Other Legal and Regulatory Requirements

PricewaterhouseCoopers AS,
T: , org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Opinion on the Board of Directors' report and the statements on Corporate Governance

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report and in the statements on Corporate Governance concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 17 March 2016
PricewaterhouseCoopers AS

Geir Julsvoll
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

BOARD OF REPRESENTATIVES, CONTROL COMMITTEE AND NOMINATION COMMITTEE

BOARD OF REPRESENTATIVES

Harald Elgaaen (chair)
Per Ottar Skaaret (deputy Chairman)
Edgar Ellingsen
Knut G. Aspelin
Jan Eiler Fleischer
Cathrine Vinje Muri
Anders J. Lenborg
Egil Stenshagen

Deputies

Egil Christian Dahl
Lars Martin Lunde

Elected by Employees

Line Kokkim
Atle Nikolaisen
Inge Hansen
Thomas Myran

CONTROL COMMITTEE

Anders J. Lenborg (chair)
Tore G. Clausen
Ola Hverven

Deputy

Kaare Oftedal

NOMINATION COMMITTEE

Per Ottar Skaaret (Chair)
Anders Jørgen Lenborg
Nils Petter Hollekim

CORPORATE GOVERNANCE

Protector Forsikring ASA is a Norwegian general insurance company (P&C) listed on the Oslo Stock Exchange. The company is required to hold a licence to engage in general insurance and is subject to legislation for finance institutions that ensures strict regulation and follow-up of its business activities. The continuous monitoring of Norwegian finance institutions is covered by Norwegian laws and regulations and implemented by The Financial Supervisory Authority of Norway.

RECOMMENDATIONS AND REGULATIONS CONCERNING CORPORATE GOVERNANCE

The company's corporate governance complements the Board's guidelines for the enterprise, cf. amongst others the Public Limited Companies Act §6-12 and the Board's instructions for executive management cf. the Public Limited Companies Act §6-13.

As a publicly listed company the annual report must account for its corporate governance, cf paragraph 7 "Continuing obligations for listed companies". Following the same rules, the company is obligated to provide an explanation when the Norwegian Code of Governance is not followed.

Following the Accounting Act §3-3b, the company must in its annual report or documents being referred to in the annual report explain its principles and practices regarding corporate governance, including a justification for any deviation from the recommendations and regulation for corporate governance.

The Norwegian Code of Practice for Corporate Governance is publicly available on NUESs website www.nues.no

Continuing obligations of listed companies is publicly available on the Oslo Stock Exchanges website www.oslobors.no

The company's principles for corporate governance were first agreed by the Board 4 May 2007 and revised at a board meeting 17 March 2016. The principles shall contribute towards creating the greatest possible return on investment for shareholders over time, strengthened confidence in the company through a transparent corporate culture, and a good reputation. To a large degree, the principles are derived directly the laws and regulations by which the company is governed. In addition, they are based on the Norwegian Code of Practice for Corporate Governance of 30 October 2014.

The following presentation of corporate governance in Protector Forsikring mainly follows the general structure and form of the Norwegian Code of Practice for Corporate Governance of 30 October 2014.

CORE VALUES, ETHICAL GUIDELINES AND SOCIAL RESPONSIBILITY

Protector sets out to be the challenger. The company will achieve this goal through unique business relations, good decisionmaking and cost-effective solutions. Protector shall establish a reputation as a considerable and competent provider of risk-reducing solutions.

Protector has defined 4 core values as the basis for developing a corporate culture and which will guide the day-to-day running of the business. These core values are: Trustworthy, Accommodative, Brave and Enthusiastic.

Trustworthy: Protector endeavours to develop competence at all levels, ensure that deadlines are kept, and that we are honest and upright in everything we do. By putting ourselves in the client's position we show that we take the client seriously and thus create confidence.

Accommodative: Protector's employees shall be positive, open and flexible. This means that we look for opportunities, not problems, and are solution-oriented in everything we do.

Brave: Protector's employees shall represent what the company believes in. Each and every one is urged to exercise the decision-making powers at their disposal. We shall never avoid the truth, and shall be transparent and clear in all our communication.

Enthusiastic: Protector's employees are urged to participate in company matters and take initiatives. We wish to provide a good and honourable service. We will achieve this by thoroughly getting to grips with cases and keeping the client continually informed. We shall also endeavour to give each other feedback internally.

Protector has established a set of ethical guidelines to govern what is acceptable behaviour for employees and others who represent the company. The aim of the guidelines is to create a solid corporate culture as well as look after Protector's integrity by helping employees to exercise good business practice. The guidelines are also meant as a tool for evaluating our individual performances, as well as a means for developing our corporate identity.

Human rights: With exception of "employee rights" covered below, the company does not consider this an area a major challenge in our daily operations. The company always strives to get to know our suppliers, and seek to avoid using suppliers whom do not satisfy our core values, which include not breaking human rights in their operations.

Employee rights and social conditions: The companies employees are the most important resource we have for achieving our goals. As a result, the company focuses on making sure that employees have rights and social conditions that make Protector an attractive place to work. In addition, the company has a Working Environment Committee, which in accordance with laws and regulations strive for a good working environment in the company and follow up on challenges or deviations from regulations within this area. There are also two employee representatives on the Board of Directors. The personnel handbook is consistently being revised to reflect and document the employees rights & obligations in the best possible manner.

The external environment: The company's operations are not considered to pollute the external environment. Nevertheless, the company strives to find green solutions wherever possible in its day to day operations. Such solutions can be exemplified by twin computer screens to employees to reduce paper print, and the use of video conference equipment as a substitute for traveling between our offices.

Combatting corruption: The company's industry is subject to strict rules & regulations concerning combatting of corruption. Due to the company being listed on the Oslo stock exchange, the company also has insider trading regulations that the employees must read and sign. In addition, we refer to the ethical guidelines for the company, which are ratified by the Board of Directors.

Protector's mission is to indemnify lives and assets and relieve the customers of economic risk, which is also our most important social responsibility. Specific policies or measures related to Protector's corporate social responsibility are not yet established, but it will be considered.

BUSINESS

The articles of association describe the company's business and objectives. Protector's objective is to provide general insurance and reinsurance and the company has a licence to operate within all classes except classes credit insurance and guarantee insurance. The company's prioritised market segments include the commercial and public sector and the market for affinity insurance. The company's annual report provides more information about the company's objectives, and the main features of its business strategy and activity. The articles of association can be found on the company's website www.protectorforsikring.no

SOLVENCY CAPITAL AND DIVIDENDS

The company has continuous focus on ensuring that the solvency margin capital matches Protector's objectives, strategy and risk profile. The company shall endeavour to optimize its capital while at the same time maintain sufficient capital to satisfy the regulatory capital requirements, shareholders' confidence and flexibility for growth and

development.

The Company's dividend policy is to distribute 30 – 50% of the solvency capital as cash dividends, after taken into consideration the profit for the year, capital requirements inclusive acceptable buffers and necessary flexibility for growth and development of the company. The company's goal is to maintain a minimum solvency margin (calculated according to the regulations of the Financial Supervisory Authority of Norway) of at least 250%.

The company will communicate new objectives adapted to Solvency II regulations in 2016.

The Board is also authorized to repurchase 8,615,560 own shares. This corresponds to approximately 10% of the company's total share capital. This authority expires with the ordinary general meeting in 2016. The Board of Directors' will propose for the general meeting that the authorization is renewed. At year-end 2015, the company holds 0 own shares.

The Board is authorised to increase share capital through the subscription of new shares with an aggregate nominal value of up to NOK 8,615,560 divided on 8,615,560 shares, each with a nominal value of NOK 1. The authorisation may be used for one or more share issues. The Board of Directors may decide to deviate from the pre-emptive right of shareholders to subscribe for shares pursuant to section 10-4 of the Public Limited Liability Companies Act. The Board of Directors may decide that payment for the shares shall be effected in assets other than cash, or the right to subject the company to special obligations pursuant to section 10-2 of the Public Limited Liability Companies Act. The authorisation also applies to decisions to merge pursuant to section 13-5 of the Public Limited Liability Companies Act. This authorisation is valid until the Annual General Meeting in 2016. The Board will propose to the General Meeting that the authorisation is renewed.

The Board is authorized to raise subordinated loans and other debt not exceeding NOK 500 million and under the conditions the Board. The authorization is valid until the Annual Meeting 2016. The Board will propose to the general meeting that it will be renewed.

According to the Norwegian Code of Corporate Governance, the authorisation should be restricted to defined purposes. The Board wants a mandate that gives flexibility, thus the recommendation is not followed.

EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

The company has only one class of shares and all shareholders are treated equally.

Existing shareholders have re-emption rights to subscribe for shares in the event of an increase in capital, unless the Board

finds it expedient and in the interest of the shareholders to waive this right. If the Board proposes to the general meeting to waive this pre-emption right, then such a proposal must be fully justified. If the board of directors resolves to carry out an increase in share capital and waive the pre-emption rights of existing shareholders on the basis of a mandate granted to the board, the justification shall be publicly disclosed in a stock exchange announcement issued in connection with the increase in share capital. Any transactions carried out by the company in its own shares shall be carried out through the stock exchange whenever possible. The company is listed on the Oslo Stock Exchange under the ticker PROTCT.

The company has established rules for trading in the company's shares by primary insiders or close associates of any such parties (defined as transactions that involve shareholders, board members, executive managers, members of the control committee or auditor and close associates of these). There are also insider rules for other employees in the company.

The company is generally reserved about transactions by shareholders, board members, executive managers and their close associates. To avoid damaging the company's reputation, the Board believes it essential to be open and cautious about transactions that could be perceived as doubtful in terms of the closeness between the parties. The members of the board and management shall therefore give the board by the chairman written notification if they have significantly direct or indirect interests in transactions undertaken by the company.

In general, the company will endeavour to follow the principles for equal treatment and transactions with close associates that are laid down in the Norwegian Code of Practice for Corporate Governance.

FREELY NEGOTIABLE SHARES

There is no restriction on negotiability of the company's shares beyond the provisions of the Financial Institutions Act.

GENERAL MEETINGS

Protector holds its AGM no later than the end of June each year. All shareholders with a known address receive written notice of the AGM by post, sent out no later than 21 days before the AGM. The notice calling the meeting and supporting papers are published on the company's website 21 days before the general meeting. All shareholders are entitled to attend general meetings, and arrangements are also made for proxy voting. The company should to the extent possible, prepare a form for the appointment of a proxy, which allows separate voting instructions to be given for each matter to be considered by the meeting and for each of the candidates nominated for election.

The Chairman of the board, the Chairman of the nomination committee and the auditor shall be present at the meeting. An independent chairman shall be elected to conduct the

meeting. By this is meant that a chairman and his/her close associates (Public Limited Liability Companies Act § 1-5) must not have substantial interest in orders of business being treated by the general meeting concerned.

NOMINATION COMMITTEE

Protector's articles of association regulate the company's nomination committee, which has three members. The shareholders at the general meeting elect the members of the committee. The nomination committee is independent of the company's board of directors and management, and its composition aims to ensure broad representation of shareholder interests.

The nomination committee is responsible for proposing candidates to the board of directors and the nomination committee, and the remuneration of the members of these bodies. The committee must give reasons for their recommendations. The committee shall operate in accordance with the Norwegian Code of Practice for Corporate Governance.

THE BOARD OF DIRECTORS

According to the company's articles of association the board of directors shall consist of minimum 5 and maximum 9 directors including the number of deputy directors decided by the general meeting. The company's employees shall appoint at least 1 member and one deputy director. If a director elected by the employees resigns from the company, the director shall resign from the board of directors. The directors of the board of directors and the deputy directors are elected for two – 2 – year terms. When retiring there will be a drawing of lots among those having served for an equal length of time. The Chairman of the board and Deputy Chairman are elected for one year at a time.

The company's intention with the composition of the company's board is that the members are elected in light of an evaluation of the company's needs for expertise, capacity and balanced decisions, and with an intention to ensure that the board can perform independent of any special interests and that the board can function effectively as a collegiate body. Moreover, majority of the board members shall be independent of the company's executive management and material business contacts. At least two of the board members elected by shareholders shall be independent of the company's main shareholders. The board of directors shall not include representatives of the company's executive management.

An assessment of independence shall take into consideration whether the board member; has been employed in the company, has share options in the company, has cross-relations with other board members or general management, has close family links or otherwise has represented or represents material business relations with the company. Information about the individual board member's qualifications, capacity and independence are given in the report. Moreover, note 10 to the annual accounts states how many shares the individual shareholder owns in the company. Members of the board are encouraged to buy shares in the company.

The nomination committee's proposals for individuals as board members will be based on the above-mentioned guidelines.

In the company's opinion the current board of directors satisfies the requirements set by the Norwegian Code of Practice for Corporate Governance to the members' independence of the company's executive management and material business relations.

THE WORK OF THE BOARD OF DIRECTORS

In accordance with Norwegian law, the board of directors has the ultimate responsibility for the management at the company and for supervising its day-to-day management and activities in general. In addition to the mandatory requirements, the board of directors shall operate in accordance with the company's written instructions for the board. The instructions stipulate rules for administrative procedure, confidentiality, competency and responsibility for establishing a control system to ensure that the company is run in accordance with relevant laws and regulations. A deputy chairman shall be elected for the purpose of chairing the board in the event that the chairman cannot or should not lead the work of the board. In accordance with its instructions, the board of directors shall, to the extent it is necessary, agree to strategies, business plans and budgets for the company. In addition, the board shall ensure that the company has a good management with a clear internal allocation of responsibilities and duties. In this connection, a set of instructions has been prepared for the CEO.

Each year, the board of directors agrees a concrete meeting and work plan for the following year. The plan includes strategy work, other relevant business problems and control work. Further information about the work of the board of directors is provided in the directors' report.

BOARD COMMITTEES

The Company shall, in accordance with Norwegian law have an audit committee. The Audit Committee consists of 3 members elected by and from the board members. The majority of the Audit Committee must be independent. The Audit Committee shall have the duties imposed by the Financial Corporations Act §8-19.

The Board shall, in accordance with Norwegian law have a Compensation Committee. The Compensation Committee consists of the Chairman of the board and two board members. The Committee shall be independent of the company management.

The Compensation Committee shall prepare and present:

- The annual evaluation of and matters regarding salary and other remuneration to the CEO.
- Guidelines for and matters regarding salary and other remuneration to senior executives.
- Declaration concerning the determination of salary and other remuneration to senior executives (cf Public Limited Companies Act § 6-16a), including:
 - o Guidelines concerning the determination of salary and other remuneration for the upcoming fiscal year.
 - o An account of the remuneration policy that has

been conducted the previous fiscal year, including how the guidelines for executive salaries have been conducted.

- o An account of the impact on the company and the owners of implementation / changes to incentive schemes linked to shares.
- Other significant employment issues for senior executives

RISK COMMITTEE

The Board shall, according to the Financial Corporations Act which came into force on 1.1.16 have a Risk Committee. Risk Committee consists of three directors, of whom at least one member shall have expertise in the assessment of insurance and / or financial risk.

The Risk Committee shall have the duties as the Law on financial institutions and financial (Finance Corporate Law) §13-6.

The board will not establish sub-committees beyond the legal requirements. The size of the board and the frequency of its meetings mean that such committees are not required.

RISK MANAGEMENT AND INTERNAL CONTROL

The company is subject to strict requirements for risk management and internal control. This includes a requirement for an annual review of the company's most important areas of exposure to risk and its internal control arrangements. This annual review is to be confirmed by an external auditor. In connection with the annual review of the company's internal control, a complete assessment of all routines and procedures is implemented, including an updating of the risk to which the management believes the company is exposed and accompanying control measures. As a finance institution the company is subject to a government issued regulation on risk management and internal control. The company has established routines that are in accordance with the regulation.

Protector's internal control of financial reporting encompasses guidelines and procedures that ensure that accounts are prepared according to the Accounting Act, regulations for annual accounts for insurance companies and good accounting practices and ensures a correct picture of the company's operations and financial position.

REMUNERATION OF THE BOARD OF DIRECTORS

The annual general meeting determines the fees paid to the board of directors following a proposal from the nomination committee. The remuneration shall reflect the board's responsibility, expertise, time commitment and the complexity of the company's business.

The chairman of the board has a higher fee than other board members as a result of the larger responsibility and time consumption connected to his position. The board receives a fixed annual fee for its work, and has no share options. Details of the amounts paid to the individual board members are provided in the annual report. As a rule, members of the board, or companies to whom they are linked, shall not take

on assignments beyond the work done by the board for the company. If they nevertheless take on such assignments, they must inform the entire board. Substantial payments from the company over and above the fixed board fees shall be presented to the general meeting for approval. Information about the scope and costs linked to such work shall also be provided in that payments beyond the normal fee shall be specified separately in the annual report. The company does not give loans to members of the board of directors.

REMUNERATION OF THE EXECUTIVE MANAGEMENT

The Board's statement of guidelines for the pay and other remuneration of the executive management has since 2007 been presented for the General Meeting for necessary treatment. The declaration is stated in the financial statement notes. The salary and other remuneration for the CEO are determined by the Board after the suggestion of the Compensation Committee. The determination of salary and other remuneration for other executive managers is determined by the CEO with boundaries discussed with the Compensation Committee. Further information concerning compensation, loans and share ownership of senior management is set out in note 17. The executive management is encouraged to buy shares in the company.

INFORMATION AND COMMUNICATIONS

For the communication of financial and other price-sensitive information, the board of directors has based its policy on the requirements of the stock market regulations and provisions of the Acts relating to accounting and securities trading. In addition, Protector has a corporate culture based on openness, which means that all relevant information about the company's business activity will be published on the company's website, including annual and quarterly reports. Annual and quarterly reports are also made available via the Oslo Stock Exchange's reporting system. The company also aims to provide open presentations in connection with the publishing of annual and quarterly reports. The company has a financial calendar on its homepage and will provide the same information via the Oslo Stock Exchange's reporting system. This overview will contain the date for the annual general meeting as well as dates for the publishing of quarterly reports. With the presentation of company information for individual shareholders or other interested parties, only publicly available information is presented.

TAKE-OVERS

In the event of a take-over bid for the company, the board of directors shall evaluate the situation thoroughly and with consideration for the rules relating to equal treatment of all shareholders. The board shall gather all relevant information, including the views of the employees, in order to undertake the best possible assessment of such an event. The board will thereafter give the individual shareholders the best possible advice with underlying information that ensures that each individual shareholder is able to take a position on an eventual bid. The board's statement on the offer shall make it clear whether the views expressed are unanimous, and if this is not the case it shall explain the basis on which specific members of the board have excluded themselves from the board's statement. The board shall arrange a valuation from an independent expert. The valuation shall include an explanation, and shall be made public no later than at the time

of the public disclosure of the board's statement.

The board of directors will not seek to hinder or obstruct takeover bids for the company's activities or shares unless there are particular reasons for this.

Any transaction that is in effect a disposal of the company's activities shall be decided by a general meeting.

The company has no clauses that can exclude it from the restrictions under the Securities Trading Act § 6-17 concerning "Restriction of the offeree company's freedom of action" in a take-over process. Nor has the general meeting given the board of directors or CEO any special authority for use in such situations.

AUDITOR

The auditor shall submit the main features of the plan for the audit of the company to the Board of Directors Audit Committee annually.

The auditor shall take part in meetings with the board of directors that deal with the annual accounts. At these meetings, the auditor shall review any material changes in the company's accounting principles, comment on any material estimated accounting figures and report all material matters on which there has been disagreement between the auditor and the executive management of the company.

The board of directors will meet the auditor at least once a year to go through a report on the auditor's views on areas of risk, internal control routines, etc. The board shall arrange an annual meeting with the auditor that excludes the executive management.

Significant services beyond the statutory audit must be approved by the Board.

Information about the auditor's fees for a mandatory audit and other payments shall be presented to the board



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