ANNUAL REPORT

PROTECTOR
forsikring

CONTENTS

HIGHLIGHTS 2019

In 2019, total premiums amounted to NOK 5,100 million against NOK 4,286 million in 2018, an increase of 19 %. The largest growth occurred in the UK, accounting for over 40 % of the company's growth.

The combined ratio in 2019 ended at 103.8 % against 98.6 % in 2018.

The technical result is weaker than expected. This is primarily due to weak results in Norway and Finland. In addition, the claims inflation within Motor has been underestimated in our Nordic market. The price measures have come too late and have not been sufficient. Strong profitability measures have been implemented through 2019 and into 2020, both through price increases and clean-ups in some customer portfolios.

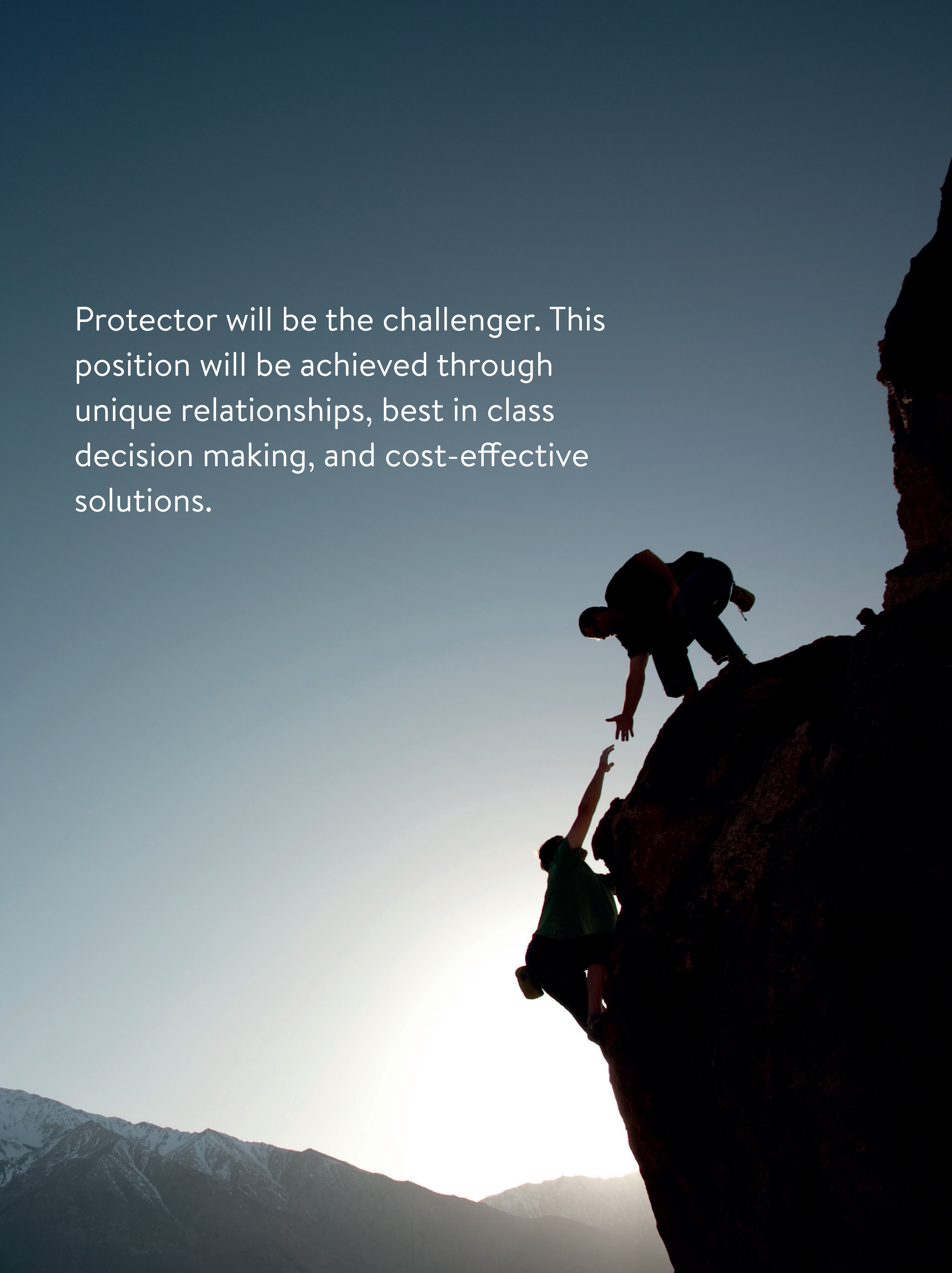
The return on the investment portfolio was 1.5 %, against a return of -0.6 % in 2018. The result is driven by a weak return on equities and a good return on the interest portfolio.

The technical result for discontinued business (change of ownership insurance) was NOK 71.5 million against NOK –274.7 million in 2018. The company still sells change of ownership insurance as a result of agreements with some real estate agents.

Profit for the year was NOK -4.9 million compared to NOK -295.2 million in 2018.

Our prices in the Nordic countries increased by 10.5 % in 2019, and at the large renewal date January 1st 2020, prices increased by 13.4 %. As a result of price increases and other profitability measures, an improved technical result is expected in 2020.

Protector will be the challenger. This position will be achieved through unique relationships, best in class 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. Protector entered the Swedish insurance market in 2011, the Danish in 2012 and the Finnish and British in 2016.

The company's "scalable business model" will be used as a foundation for growth. Well-developed competence and in-house developed systems contribute to the company's growth without further significant accrual of costs.

VISION AND BUSINESS CONCEPT

Protector is the challenger. This position will be achieved through unique relationships, best in class 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
- Profitable growth
- Top 3 in selected segments

The company's long-term financial objectives are:

- Growth rate of gross written premium: 5 %
- Combined ratio for own account: 94 %
- Return on equity: >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.

MARKET STRATEGY

Protector operates in non-marine insurance. The company has two business segments: the commercial lines of business and the public lines of business.

Commercial Lines of Business

Protector offers insurance for both small and large companies and affinity programs through brokers. We tailor insurance solutions for large companies, and can develop own concepts through affinity programs as well as facilitate solutions for multiple countries.

Public Lines of Business

Protector has established itself as the largest insurer in the public sector in the Nordics with more than 600 municipalities and over 30 county councils on its client list at the end of 2019.

Sweden, Denmark, UK and Finland

Protector has established an operational presence in Stockholm, Copenhagen, Manchester, London and Helsinki. The company expects that significant parts of future growth will stem from outside of Norway. The company's entrance in the these markets follows the same business model as in Norway and is well accepted by the insurance brokers.

STRATEGY FOR CLAIMS HANDLING

Our claims handling team counts 177 employees in total. We have chosen to have claims handling in-house and have gained substantial competence within this area. By using skills and competences across claims handling, underwriting and sales the company achieves high cost efficiency while maintaining high quality.

IT-STRATEGY

Going against the insurance industry standard of outsourcing, Protector's core insurance systems are developed, maintained and operated in-house. In-house IT enables us to recruit highly skilled resources and create a unique combination of advanced technology and deep business understanding. A well-functioning cooperation in the matrix, puts ownership of IT initiatives in the business units, and reduces time to market for innovations. Due to our lean DevOps organization, we are able to adapt to changes in our business in days, rather than months.

The in-house development and operations have also contributed to our cost- and quality leadership. Protectors main business is within the broker based industry and our investments within digitalization are primarily targeted to strengthening this value chain by producing flexible solutions that contribute to innovation and business development.

IT is a strong contributor, making it possible for Protector to be the challenger in the market by combining cost efficiency and technology enhanced innovation.

PERFORMANCE BASED CULTURE

Protector's organization is based upon highly qualified employees counting over 380 people at the end of 2019. 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. 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: Credible, Open, Bold and Committed.

EMPLOYEE AND LEADERSHIP DEVELOPMENT

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.

Protector believes in developing key skills through continuous learning. We have established Protector University, an virtual e-learning platform with the ambition to support training/ onboarding of new employees, support continuous development of senior employees, as well as give feedback and map competence. The "Protector Profile", a competence map to which it is continually referred to, was developed to continuously support the development agenda of each and every employee, as well as the leader.

"Great@Work" is our 8th 18-months leadership development program which started in February 2019. The program builds on experiences from previously held programs with continuity since 2013. Our goal with the leadership development programs is to further develop a unified leadership where the leaders develops a common understanding of the company's basic value-based management 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]		2019	2018
Gross premiums written[1]		5 100 457	4 286 080
Gross premiums earned		4 995 754	4 139 612
Gross claims incurred		(4 723 921)	(3 859 322)
Earned premiums, net of reinsurance		4 147 513	2 817 836
Other insurance related income		10 510	25 541
Claims incurred, net of reinsurance		(3 949 099)	(2 658 327)
Sales cost		(233 508)	(205 625)
Administration cost		(179 916)	(143 129)
Commission from reinsurer		57 188	229 161
Other insurance related expenses		(15 717)	(20 201)
Technical result		**(163 029)**	**45 257**
Other income/costs		(50 346)	(49 362)
Net financial income		141 439	(19 802)
Profit before tax		**(71 935)**	**(23 906)**
Discontinued operations		71 545	(274 669)
Net comprehensive income		(339)	163
Profit for the period		**(4 873)**	**(295 237)**
Claims ratio, net of reinsurance[1]	(1)	95,2 %	94,3 %
Expense ratio, net of reinsurance[1]	(2)	8,6 %	4,2 %
Combined ratio, net of reinsurance [1]	**(3)**	**103,8 %**	**98,6 %**
Gross claims ratio[1]	(4)	94,6 %	93,2 %
Gross expense ratio[1]	(5)	8,3 %	8,4 %
Gross combined ratio[1]	**(6)**	**102,8 %**	**101,7 %**
Retention rate[1]	(7)	83,0 %	68,1 %
Earnings per share[1]	(8)	(0,1)	(3,5)

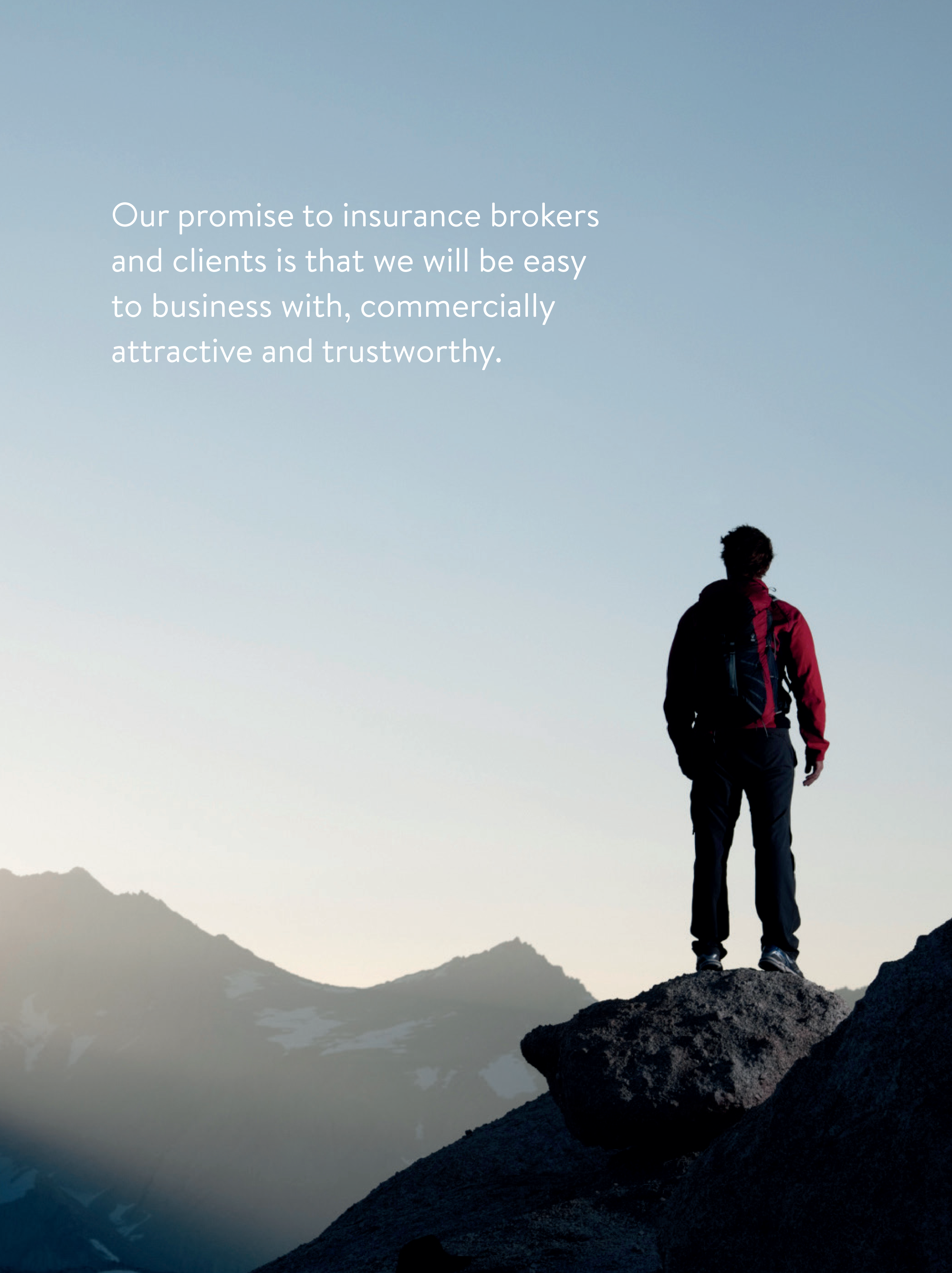
(1) Claims incurred, net of reinsurance in % of earned premiums, net of reinsurance
(2) Operating expenses in % of earned premiums, net of reinsurance
(3) Net claims ratio + net expense ratio
(4) Gross claims incurred in % of gross premiums earned
(5) Sales and administration costs in % of gross premiums earned
(6) Gross claims ratio + gross expense ratio
(7) Earned premiums, net of reinsurance in % of gross earned premiums
(8) Profit before other comprehensive income divided by weighted number of shares

[1] Defined as alternative performance measure (APM). APMs are described on www.protectorforsikring.no in document named APMs Protector Forsikring 2019

DITLEV DE VIBE VANAY

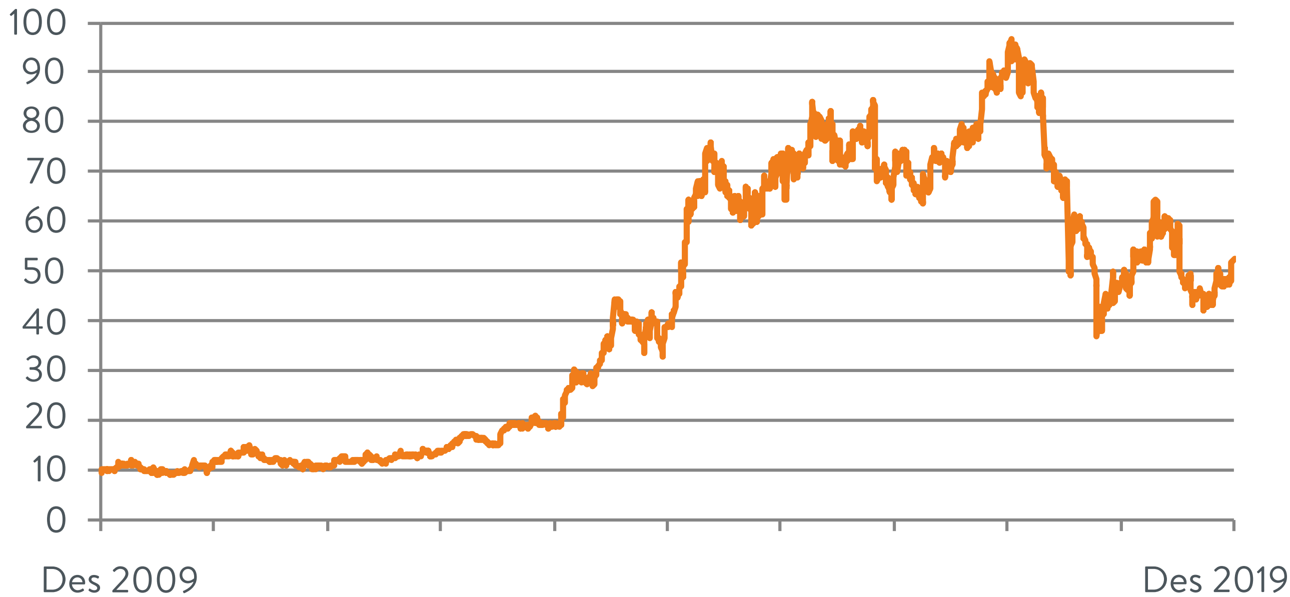
CFO

Employee since 2019. Ditlev de Vibe Vanay holds a MSc in Economics and Business Administration from BI. He has more than 20 years experience within insurance, finance, business controlling and IT, from Protector, Storebrand, If and Tinde. Vanay was also positioned as CFO in the period 2005-2015.



Our promise to insurance brokers and clients is that we will be easy to business with, commercially attractive and trustworthy.

SHAREHOLDER INFORMATION



THE PROTECTOR SHARE

In 2019 Protector's share price increased by 9.7 %. The Oslo Benchmark (OSEBX) increased by 16.5 % during the same period. In 2019, Protector's share price decreased – 46.9 %. The Oslo Benchmark index decreased by -1.8 % during the same period.

DEVELOPMENT IN PROTECTOR'S SHARE PRICE

The average trading volume of Protector's shares on the Oslo Stock Exchange, excluding the company's repurchase of own shares was 96.041 shares in 2019, relative to 230.010 in 2018. At the end of 2019, the Protector share was traded at NOK 52.45. The market value of total outstanding shares was NOK 4.288 million.

DIVIDEND POLICY

The company has continuous focus on ensuring that the solvency margin capital matches Protector's objectives, strategy and risk profile. The company will at all times seek 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 goal is to maintain a solvency margin above 150%.

Due to the company's strong growth and weak results, the Board of Directors proposes that no dividend be paid for the financial year 2019.

In the years ahead, lower growth is expected, and the payment of dividends and/or repurchase of own shares will be considered when the company delivers good results.

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 13 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 April 2nd, 2020 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

2019 POOR PROFITABILITY IN THE NORDICS, GOOD PROGRESS IN THE UK

POOR NORDIC RESULTS IN 2019 – CLEAN-UP NECESSARY

In 2019 we delivered a net combined ratio at 103.8 % particularly driven by poor results in Finland and Norway. Furthermore, we have underestimated the extent of motor claims inflation in all Nordic countries, and necessary price increases were realized too late. Throughout 2019 we have strengthened our focus on profitability. Renewals on existing clients and control on own portfolios have been given more attention relative to previous years. As a consequence, resources attributed towards new sales have been given lower priority.

SIGNIFICANT PRICE INCREASES IN THE NORDICS ENTERING 2020

We increased prices in the Nordics, on average, with about 10.5 % in 2019. At the important January 1st renewal date, where we turn over about half of our total annual premiums, average realized price increases were 13.4 %. Average expected claims inflation in 2020 is about 4 %; significantly higher on motor and somewhat lower on other products and segments. We, as an insurance company, each month book 1/12 of an annual premium (naturally). All else equal, profitability should improve significantly in 2020, relative to 2019, because of the price increases. Due to the price increases made throughout 2019 and on January 1st 2020, we should no longer be affected by a lag on the income side, characterising the company's result development. In the insurance business, "all else equal" is not a matter of course.

GOOD PROGRESS ON THE CHANGE OF OWNERSHIP INSURANCE RUN-OFF

The most important happening in 2019 was that reason prevailed as the Court of Appeals ruled in our favour on the matter of property value decrease in connection to Grey Silverfish. We "killed" the bug. Moreover, half of our reserves linked to COI were sold, the premiums decline more slowly than anticipated, necessary downsizing has been completed and our strong claims handling team is still intact. We stand well equipped to handle the portfolio run-off, and other attractive work assignments, within Protector, awaits those who gradually have less to on COI.

UK ON TRACK

The arbitration loss in connection with the property claim following the Grenfell Tower tragedy were finally settled and closed in the summer of 2019. 85 % of our losses were covered. This case has taken a lot of time and effort from key employees. The first phase of the public hearing linked to the Grenfell Tower tragedy is finalized and second phase has started, evaluating liability. It is not unlikely that legal processes following the tragedy will continue for many years to come. We will continue to work on this to protect the interests of our clients and reinsurers, as well as contribute to place the responsibility for the tragedy where it belongs.

For UK, 2019 ended with a volume (GWP) of about MNOK 850 and a net combined ratio at 99.1 %. This is according to plan. The UK team currently comprises 55 employees. Our London office has been opened, counting six employees, and the culture in Protector UK is Protector "all the way". Entering 2020 with relatively better reinsurance terms and conditions and an improved cost ratio, strengthen our competitiveness and our position of profitability.

INVESTMENTS AND BALANCE SHEET

The investment portfolio returned 1.5 % in 2019, driven by a poor equity return and a good fixed income result. Our assets under management have increased to BNOK 10.9 (up from BNOK 9.5). Currently, about 10 % is allocated towards equity placements and 90 % towards fixed income securities.

The 2019 balance sheet leaves us with a solid solvency capital requirement ratio (SCR-ratio) at 168 %. Our solvency based reinsurance solution has been renewed entering 2020, and the credit rating agency A.M Best has affirmed Protector's investment grade rating of BBB+.

ENTERING 2020

Following premium growth rates of about 20 % the last couple of years, we now lower our growth pace. UK will keep on growing, but simultaneously the Nordic churn is expected somewhat higher than normal due to price increases and clean-up in certain portfolios. At the same time, most of our Nordic peers are increasing prices significantly as well. Our long term targets (three years) have now been modified to five percent growth and a combined ratio (net) at 94 %.

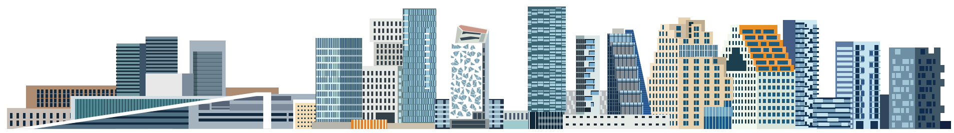
Considering our exceptionally strong cost position (lowest cost ratio in the World), great satisfaction on quality perceived by customers and significantly increased prices, we stand very steady entering 2020.

I would like to take this opportunity to thank our brokers for the great cooperation during 2019. We look forward to further develop our relationship in 2020.

SVERRE BJERKELI

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 CEO in Torinno and as CEO in Ementor Norge.

NORWAY



Poor results in 2019 - strong price increases entering 2020

Protector has a wide and good cooperation with insurance brokers and we are the proud and humble winner of the Quality price from the Norwegian Broker Association, awarded in June 2019.

PROFITABILITY

In Norway we delivered a net combined ratio (NCR) of 105.3 % in 2019 (96.5 % in 2018). “Too little, too late” is probably a fair comment when looking back on our profitability actions entering 2019.

For quite some years we have seen rates deteriorate to unsustainable levels in the Norwegian Corporate Client market and in Public sector. In 2019 the market turned, and rates started to increase. We increased prices on average with 11.4 % in 2019, and furthermore with 13.4 % on the important January 1st 2020 renewal date. Price increases will continue in 2020.

Moreover, policy terms and conditions have gradually been extended the last 2-3 years. Initiatives have been implemented in order to tighten these.

VOLUME AND GROWTH

Gross written premiums amounted to MNOK 1,540 in 2019 - up 2 %. Considering price increases above 10 %, this imply a higher client churn and slightly reduced market share.

The majority of our volume in 2019 came from Employee Benefit (EB) products, whereas about 2/5 came from Motor and Property.

DISTRIBUTION AND MARKET

Protector has a wide and good cooperation with insurance brokers and we are the proud and humble winner of the Quality price from the Norwegian Broker Association, awarded in June 2019.

ORGANISATION AND COMPETENCE

From our established quality platform, we will continue to strengthen and develop competences for our team of 123 employees. This will be done through internal training and education. Protector University 2.0 have a sky high ambition. Its basis is a written “profile” on every employee and an education ambition supporting our ability to live our values (Credible, Innovative, Bold and Committed) every day meeting with clients, brokers, claimants or other people. Would you like to know more, please ask , we are more than willing to share with brokers or other business partners.

MERETE CHRISTENSEN BERNAU
DIRECTOR

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.

SWEDEN

Profitable growth continues – prices increased

It is of utmost importance to provide information and explain renewal changes. Protector has invested time and effort into improving renewal information and process.

PROFITABILITY
Sweden delivered a net combined ratio (NCR) of 94.7 % in 2019 (95.4 % in 2018). NCR is an outcome of a net claims ratio of 83.7 % (88.1 %) and a net expense ratio of 11.0 % (7.3 %). Gross expense ratio was 11.4 % (11.2 %). Our Swedish business generated a technical result of MNOK 65.3 (MNOK 24.8).

Profitability on Motor and Property has been poor. During the last couple of years we have increased prices on an individual basis, determined by claims history and risk. Throughout 2019 prices were increase, on average, with 8.1 % in the Swedish market. January 1st 2020 we realized average price increases of 12.0 %.

VOLUME AND GROWTH
Our volume, defined as gross written premium, summed up to MNOK 1,550 in 2019. This is 15 % more than in 2018 (MNOK 1,350), and it is the first time we delivered a greater volume than the Norwegian business unit.

Volume growth is supported by price increases; increased churn pulls in the opposite direction. New sales are good, considering 2019 as a whole. However, new sales slowed down substantially in the second half of the year.

DISTRIBUTION AND MARKET
It is challenging to increase prices in brokered insurance. Insurance brokers represent their customers and have to consider benchmarking renewal quotes or even taking customers out to tender. Therefore, it is of utmost importance to provide information and explain renewal changes. Protector has invested time and effort into improving renewal information and process.

The renewals for January 1st 2020 were successful. Churn has been low in relation to historically high premium increases. Protector has been helped by a hardening market; we are not the only company raising prices at the moment.

ORGANISATION AND COMPETENCE
The average number of FTE's in 2019 were 96 in 2019. Underwriting and claims are handled in-house for all products, but external expertise will be used for claims handling when needed. Cross-border utilisation of competences is extensive for Public lines in general, and Casualty in particular.

HANS DIDRING
COUNTRY MANAGER SWEDEN

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

DENMARK

Prices continuing upwards – organisation strengthened

In a complicated market setting, the added value proposition from brokers serves clients well, navigating through their insurance needs.

PROFITABILITY

Net combined ratio (NCR) ended at 104.7 % in 2019 (97.8 % in 2018). Our NCR is an outcome of a net claims ratio of 98.8 % (100.0 %) and a net expense ratio of 5.9% (-2.2 %). Gross expense ratio was 6.4 % (5.7 %). Denmark delivered a technical result of MNOK -37.2 (MNOK 13.4).

For quite some years we have seen rates deteriorate to unsustainable levels in the Nordics. In 2018/2019 the market turned, and rates started to increase. Protector increased prices on average with 13.1 % in the Danish market in 2019, and furthermore we realized price increases of, on average, 12.6 % January 1st 2020.

VOLUME AND GROWTH

In 2019 gross written premiums amounted to MNOK 937. This is 18 % more than in 2018 (MNOK 793). Navigating in a market with high rate pressure, we saw, and still see, volume growth driven by price increases. Client churn has increased following substantial price increases, but we will not let perceived unprofitable volume compromise our profitability.

The Danish volume comprises about 2/3 Property and Workmens Compensation (WC). Motor business constitute a large part of the remaining 1/3.

DISTRIBUTION AND MARKET

We see the market as hardening for most lines of business, driven by Property, Motor and WC. Our distribution strategy through brokers and agents are unchanged – maintaining our unique relations. In a complicated market setting, the added value proposition from brokers serves clients well, navigating through their insurance needs.

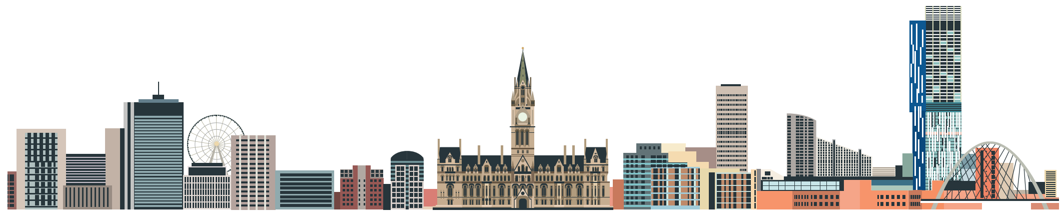
ORGANISATION AND COMPETENCE

In Denmark we employed an average of 46 FTE's in 2019, versus 40 in 2018. Technical resources linked to property claims handling have been partly insourced. Claims- and underwriting organisation alongside management competences have been strengthened. The link to other Protector entities have been developed significantly through specialty structures on P&C – as well as on motor business.

THOMAS BOUTRUP
COUNTRY MANAGER DANMARK

Employee since 2017. Boutrup holds a master in Finance from Copenhagen Business School, and has 12 years experience from the insurance industry in Denmark, including If Insurance, AIG and RiskPoint.

UK



Black bottom line – progress according to plan

2019 was the fourth year of Protector's operations in the UK market. The main focus has been to establish quality in a claims handling organisation which has doubled in size during the year. Most of the new sales come from the large Commercial market, while the Public and Housing sectors have experienced soft market conditions.

PROFITABILITY

Our net combined ratio (NCR) ended at 99.1 % in 2019 (115.6 % in 2018). NCR is the result of a net claims ratio at 86.4 % (102.4 %) and a net expense ratio at 12.7 % (13.1 %). The UK insurance business generated a technical result of MNOK 8.5 (MNOK -29.0).

VOLUME AND GROWTH

Gross written premiums summed up to MNOK 853 in 2019. This is 69 % more than in 2018 (MNOK 505). The portfolio in 2019 comprises 55 % commercial sector and 45 % Public & Housing sectors. Motor fleet and Property account for 80 % of the volume.

DISTRIBUTION AND MARKET

Protector has a focused cooperation with selected brokers. Relationships have been strengthened during 2019. The third broker survey in the UK market was conducted in Q4 2019. With a response rate of more than 50 % with all cooperating brokers, Protector was ranked more than 35 % better than competitors.

ORGANISATION AND COMPETENCE

Manchester is the main office, with all core competences. The London office was opened in Q1 2019 to support the geographical reach. In June 2019, Protector UK's Country Manager was appointed. Stuart Winter joined Protector following 27 years with JLT, most recently as the UK Retail CEO. By the end of 2019, the unit had 55 employees, an increase of 19 people since 2018. The UK continues to utilize expertise from the Nordic organisation and is gradually offering expertise in the opposite direction.

GRENFELL TOWER

The Grenfell tragedy has been in focus, also in 2019. Whilst the Liability claim will take several years to settle, the Property settlement and the arbitration with Munich Re have been concluded. Our focus therefore remains and is strengthened on the victims of this tragedy, and on analysing and implementing risk improvement measures working alongside brokers, clients and involved authorities.

STUART WINTER
COUNTRY MANAGER UK

Employee since 2019 (June). Winter has more than 30 years experience from the insurance industry. He joined Protector from the position as UK Retail CEO in JLT.

HENRIK HØYE
DIRECTOR UK AND PUBLIC SECTOR

Employee since 2007. BSc in Economics & Finance (University of Colorado). Høye comes from the position as Director Public Sector, and has been responsible for the building of Protector's public sector initiatives.

FINLAND

Poor profitability – clean-up underway

Due to poor performance, we made managerial shifts in Finland, and clean-up initiatives have been taken in our portfolios.

PROFITABILITY

In Finland our net combined ratio ended at 153.7 % in 2019 (115.6 % in 2018). This is the result of a net claims ratio of 143.1 % (107.2 %) and a net expense ratio of 10.6 % (8.4 %). Our gross expense ratio was 5.3 % (8.2 %). Protector Finland generated a technical result of MNOK -120.6 (MNOK -20.8).

Due to poor performance, we made managerial shifts in Finland, and clean-up initiatives have been taken in our portfolios. The Housing segment was exited starting November renewals.

Rates have been too low for Property, Health and Motor. A large majority of the portfolio renews on January 1st, and much too little increases were made in 2019. Prices were increased on average 7.4 %. Substantially higher price increases have been made on Jan 1 2020, with an average of 21.1 %.

VOLUME AND GROWTH

Gross written premiums summed up to MNOK 221 in 2019. This is 70 % more than in 2018 (MNOK 130). New sales were high on January 1st 2019. However, new sales were slowing down in summer and throughout the autumn they were close to zero. In 2019 more than half of our volume came from Employee Benefit products, whereas Property and Motor constituted about 2/5 of the volume.

DISTRIBUTION AND MARKET

Protector is still new in the Finnish market. The cooperation with brokers started out extremely well, but there has been a setback due to the exiting portfolios, clean-up and price increases on renewals.

ORGANISATION AND COMPETENCE

Our Helsinki office employed an average of 18 FTE's in 2019. We have local claims handling competence for all products and underwriting competence for mandatory products, i.e. MTPL and WC. Furthermore, extensive cross-border cooperation is established; Oslo support us in Public lines, whereas Stockholm support us on other segments – this support has intensified during 2019.

CONSTANZE BENN-IBLER
GENERAL AGENT & FINANCE MANAGER FINLAND

Employee since 2017. Benn-Ibler holds a master's in Finance and Tax Law from Vienna University of Business Administration as well as vocational training as a tax lawyer (member of the Austrian bar). She collected prior working experiences in four different countries among others with GE, Genworth as well as the United Nations.

INVESTMENTS

Weak in 2019, but ahead of all benchmarks after insourcing in 2014

The investment portfolio returned 157 MNOK in 2019. That is below our expectation of long term earnings power on the investment side, with current risk allocation and interest rate levels.

The performance has been good on the fixed income side. Here we are proceeding with caution in an environment where compensation for risk taking is at an historical low. Most of the portfolio is allocated towards the safest harbours in the market.

Also the equity weight have been reduced in recent years. The results was a disappointment in 2019, weighted down by too many unforced errors further discussed below.

Although 2019 investment performance is below what we consider normalized earnings power, one must expect volatility. Do not get too excited about strong returns in a single year nor too disappointed when the returns are poor. Instead, measure us on our long term performance.

BUILDING INVESTMENT IP

Protectors investment results has been strong long term, but weak on equities in recent times. Too poor “hit-ratio” in equities is one driver, as evident by a too high portfolio turnover.

Our follow-up processes (and sell decisions) has overall been good, but to improve “hit-ratio” we are migrating towards focusing on businesses and industries, with very limited risk of permanently impaired business performance. Such companies, which can be more reliably valued, usually has characteristics such as:

- Very high revenue/customer retention
- Durable and long lived, low balance sheet risk
- Strong market and competitive positions
- Good and stable historical performance (e.g. low variance in avg. margins and base rate support)

In investing there is no extra points for difficulty, and our migration should improve hit-ratio. Also, work done to identify and continuously learn about a watch list of such “sweet spot” companies, irrespective of current price, have value in 1, 3 and 5 years. This is an approach that is quite hard to do and hence hard to replicate, but yields intellectual property that builds over time.

Equity prices do, for whatever reason, vary a lot (~50% a year on average), often much more than underlying value. Statistical variance ensures that a large watch list of companies one can reliably assess, will provide layup type allocation alternatives most of the times.

Hence, instead of spending all the time on what looks cheap today, and consequently sorting through a lot of crappy and too-hard opportunities, we are focused on building a process that will yield repeatable and good long term results. Similar approach applies for bonds- and other allocation alternatives. Although we have seen a weak stretch overall for Protector, I am optimistic that the underlying strong insurance engine, combined with sensible capital allocation will yield good long term shareholder results.

If you as an owner or potential investor reading this have any relevant suggestions (books, cases etc.) on how we can improve feel free to reach out. The most valuable input we can get is a short thesis on any of the companies we are invested in.

DAG MARIUS NERENG
CHIEF INVESTMENT OFFICER (CIO)

Employee since 2015. MBA in finance from Handelshøyskolen in Bergen. Experienced investment and portfolio manager, most recently in Bankenes sikringsfond and Handelsbanken Kapitalforvaltning.

BOARD OF DIRECTORS

JOSTEIN SØRVOLL

CHAIRMAN OF THE BOARD

Chairman of the Compensation Committee
Member of the Audit Committee
Member of the Risk Committee

Education:
Actuary from the University of Oslo (1973)

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)

Board member of Protector since: 2006

Regarded as an independent board member: Yes

ANDERS J. LENBORG

DEPUTY CHAIRMAN OF THE BOARD

Education:
Cand. Jur. from the University of Oslo and Kings College, London

Experience:
Co-founder and CEO of Cloudberry Capital (2017-)
Partner and Head of Energy Sector Group, DLA Piper Norway (2014-2017)
Partner and Head of Trade & Industry, Torkildsen & Co. (2007-2014)
Lawyer, Simonsen Vogt Wiik (2000-2007)

Board member in Protector since: 2019

Other essential tasks in companies and organisations:
Chairman of the Board in Finnesetbekken Kraftverk AS and board member in Røyrmyra Vindpark AS, CB Nordic Renewable and Infrastructure Fund I AS

Regarded as an independent board member: Yes

ADELE BUGGE NORMAN PRAN

BOARD MEMBER

Member of the Audit Committee
Member of the Risk Committee

Education:
Cand. Jur. from the University of Oslo, MSA from NHH

Experience:
Prof. Member of the Board and strategic advisor (2017-)
Partner/CFO/IR Herkules Capital (2004-2016)
Manager/Senior Associate PwC Deals (1999-2004)

Board member of Protector since: 2019

Other essential tasks in companies and organisations:
Board member in ABG Sundal Collier ASA, Zalaris ASA, B2 Holding ASA, HitecVision AS, Yara International ASA and Motor Gruppen AS.

Regarded as an independent board member: Yes

ELSE BUGGE FOUGNER

BOARD MEMBER

Member of the Compensation Committee

Education:
Cand. Jur. from the University of Oslo (1971)

Experience:
Employee Partner Advokatfirmaet Hjort DA (2019-)
Lawyer at kontorfellesskap Advokatfirmaet Hjort DA (2016-2018), 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)

Board member of Protector since: 2011

Other essential tasks in companies and organisations:
Chairman of the Board, Eksportkreditt
Board member in Aker Kværner Holding AS

Regarded as an independent board member: Yes

JØRGEN STENSHAGEN

BOARD MEMBER

Member of the Audit Committee
Member of the Risk Committee
Member of the Compensation Committee

Education:
MSc in Economics and Business Administration from NHH
Authorized financial analyst and portfolio manager (NFF)
Has studied philosophy and history

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

Board member of Protector since: 2014

Regarded as an independent board member: Yes

RANDI HELENE RØED

BOARD MEMBER

Chairman Audit Committee
Chairman Risk Committee

Education:
MSc in Economics and Business Administration
NHH
AFF Solstrandprogrammet

Experience:
Chief Adviser Sustainability Norsk Tipping AS (2018-), EVP HR Norsk Tipping AS (2015-2018), CFO Norsk Tipping (2008-2015), Director in Eidsiva Energi (2002-2008), Senior Associate in PWC (1999-2002), Controller in IBM and NIT (1993-1999), Office Manager Group Accounting in DNB (1989-1993)

Board member of Protector since: 2014

Other essential tasks in companies and organisations:
Board member in Gudbrandsdal Energi Holding AS, Gudbrandsdal Energi Fornybar AS, Gudbrandsdal Energi Nett AS and Gudbrandsdal Energi Produksjon AS.

Regarded as an independent board member: Yes

LINE ENGELMANN-KOKKIM

BOARD MEMBER

(elected by and amongst the employees)

Education:
2005-2010: Master of Law, The University of Oslo

Experience:
Head of litigation team, senior lawyer, lawyer and associate, Protector Forsikring (2012-)
Real Estate Broker, DNB Eiendom (2011-2012)

Board member of Protector since: 2018

MATHEWS AMBALATHIL

BOARD MEMBER

(elected by and amongst the employees)

Education:
Bachelor in Hotel Management (1990)

Experience:
Protector Forsikring, Payroll Manager (fra 2012)
Kruse og Smith AS, Payroll and HR Manager (2010-2012)
Skutle AS, Pay roll and Personnel Manager (2008-2012)
Helios Grünerløkka AS, CEO (2004-2008)

Board member of Protector since: 2018

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. The insurances are sold through selected insurance brokers.

Protector was founded in 2003 and obtained a license to engage in general insurance the same year. The company commenced its operations in 2004 and was listed on the Oslo Stock Exchange in 2007. Protector entered the Swedish insurance market in 2011, the Danish in 2012 and the Finnish and British in 2016. In 2018, the company exited the Norwegian change of ownership insurance (COI) market.

The company has grown rapidly since its inception, and today counts over 380 employees, with offices in Stockholm, Copenhagen, Helsinki, London, Manchester and Oslo (head office).

After the decision to exit the COI market, COI is defined as "discontinued operations" in the accounts.

HIGHLIGHTS FOR 2019:

- 19 % growth in gross premiums written
- Combined ratio for own account of 103,8 %
- 1.5 % return on the investment portfolio
- -0.2 % return on equity
- Solvency margin 168 %

PREMIUM INCOME

In 2019, gross premiums written increased by 19 % to a total of NOK 5,100.5 million. In local currencies the growth was 18%.

Gross premiums earned increased by NOK 856.1 million to a total of NOK 4,995.8 million.

Premiums earned for own account amounted to NOK 4,147.5 million, an increase of 47 % compared to 2018. The growth in premiums earned for own account is driven by growth in gross premiums written and changes in the reinsurance structure.

In the UK, gross premiums written increased by 69 % to a total of NOK 852.7 million. The UK accounts for over 40 % of the company's growth. Premium growth in the other countries was 15 % in Sweden, 18 % in Denmark, 2 % in Norway and 70 % in Finland.

The company is the market leader in the Scandinavian municipal market. In 2019, total growth in the municipal sector was 13 %. Growth within the personal lines of business and other business was 12 % and 14 % respectively. Growth in Denmark was 23 %, in Sweden 2 % and in Norway -4 %. In the UK and Finland, growth was 33 % and 77 % respectively. In Denmark, the public sector accounted for 29 % of total premium volume, in Sweden 24 %, in Norway 22 %, in the UK 28 % and in Finland 56 %.

The company expects a lower growth rate going forward. The UK will continue to grow according to plan. However, the churn in the Nordic region is expected to be higher than normal due to price increases and clean-ups in some customer portfolios.

The company's growth target for the next 3-year period has been reduced from 10-15 % to 5 % per year.

RESULT

Profit before tax (operating profit) amounted to NOK -71.9 million compared to NOK -23.9 million in 2018. The weak result is due to a weak technical result and a weak investment result. Profit for discontinued operations (change of ownership insurance) was NOK 71.5 million against NOK -274.7 million in 2018. The return on equity was -0.2 %, against -12.8 % in 2018.

The claims ratio for own account increased from 94.3 % in 2018 to 95.2 % in 2019. The expense ratio for own account amounted to 8.6 %, up from 4.2 % in 2018. The development in claims and expense ratios results in a combined ratio for own account of 103.8 % in 2019, against 98.6 % in 2018.

The technical result in 2019 is weaker than expected. This is due to poor results primarily in Finland and Norway. In addition, the claims inflation within motor has been underestimated in our Nordic market. The price measures have come too late and have not been sufficient. Strong profitability measures have been implemented through 2019 and into 2020. Our prices in the Nordic countries increased by 10.5 % in 2019, and at the large renewal date January 1st 2020, prices increased by 13.4 %.

In connection with the Grenfell Tower fire in 2017, there was disagreement with our reinsurers regarding the interpretation of the reinsurance agreement. The disagreement was settled in the Arbitration court in May/ June 2019 where the arbitration panel decided against Protector's view. Following the arbitration decision, Protector entered into a settlement with other parties involved that covered 85 % of our loss.

Gross cost ratio has been reduced from 8.4 % in 2018 to 8.3 % in 2019. This is achieved through top line growth and a focus on efficiency and good cost management. The cost ratio is expected to increase in 2020. This is due to lower top line growth and increased broker commissions in the UK and Sweden.

The net result from investments for the company's total investment portfolio amounted to NOK 157.2 million in 2019, corresponding to 1,5 %, up from NOK -56.2 million, corresponding to -0.6 % in 2018. The result is driven by a weak return on equities and a good return on the interest portfolio.

The interest rate portfolio yielded a positive return of NOK 201.7 million in 2019, corresponding to 2.1 %. In 2018, the return on the interest rate portfolio was NOK 120.8 million, corresponding to 1.4 %.

The return on equities amounted to NOK - 44.5 million, corresponding to -3.9 %, against NOK -177.0 million, corresponding to -12.0 % in 2018.

The technical result for discontinued operations (change of ownership insurance) was NOK 90.9 million and the result was NOK 71.5 million. In 2019, the company continued to sell change of ownership insurance due to existing agreements with some real estate agents. In 2019, the company entered into a 50 % quota (reinsurance) contract for the entire change of ownership insurance portfolio. The quota contract covers the entire historical portfolio as well as new business.

The profit for the year 2019 in Protector Forsikring ASA was NOK -4.9 million up from NOK -295.2 million in 2018.

The annual accounts have been presented based on a going concern assumption and the Board confirms that the assumption is present. 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 capital requirement ratio (SCR-ratio) calculated in accordance with the Solvency II rules was 168 % at the end of 2019. The calculation of the SCR-ratio is described in further detail in Note 24.

The company's objective is to maintain a SCR-ratio above 150 %.

The company's equity amounted to NOK 2,019.3 million, a decrease of NOK 13.7 million.

The cash flow statement showed a positive cash flow from operating activities, before investments in financial assets, of NOK 1,690.8 million. Net cash flow was positive by NOK 1,298.1 million. Cash and cash equivalents amounted to NOK 2,155.3 million at the end of 2019.

The company's capital situa¬tion and solvency is considered as satisfactory.

The company had 1,987 shareholders as at 31.12.2019.

DIVIDEND

Due to the company's strong growth and weak results, the Board of Directors proposes that no dividend be paid for the financial year 2019.

In the years ahead, lower growth is expected, and the payment of dividends and/or repurchase of own shares will be considered when the company delivers good results.

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 organization. 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 losses due to changes in observable market variables such as interest rates and securities prices. At the end of 2019, the company had an investment portfolio of NOK 10.9 billion, of which 89.9 % was invested in interest-bearing instruments and 10.1 % in equities. The share invested in equities has increased by 0.2 percentage points during 2019. The duration in the fixed income portfolio at the end of 2019 was 0.4 years, compared with 0.3 years at the end of 2018. Interest rate risk is considered low.

The Board annually determines the company's investment strategy, including its risk profile and restrictions on investments in various instruments. The investment strategy sets a framework that is adapted to the company's risk bearing capacity. The consolidated market risk is measured and reported quarterly to the Board of Directors.

The total market risk for the company's financial investments is considered as acceptable.

For further information about interest-rate exposure and stress tests, see Note 4.

The company has built up expertise and capacity for its own management and the company's total assets are now managed internally.

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

The framework for the reinsurance program is laid down based on the need to protect the company's equity capital against loss occurrences in excess of an amount 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 program. The retention rate amounted to 83.0 % in 2019, an increase of 14.9 percentage point from 2018. The increase is due to changes in the company's reinsurance program. Within property, the company has replaced a Surplus agreement with a XL agreement and increased its own expense per claim from NOK 25 million to NOK 100 million. The change gives greater volatility in the property results.

Credit Risk
Credit risk is the risk of loss if the company's counterparty does not meet its 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. At the end of 2019, the credit duration in the interest-rate portfolio was 2.2 years, down from 2.3 years in 2018. The average credit rating for the issuers in the portfolio is A+ at the end of 2019.

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
In P&C insurance, the liquidity risk is general low since premiums are due for payment before claims have to be paid. 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 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 calculated and reported in accordance with Solvency II rules. The company also implements and documents operational risk in connection with internal control processes in the company.

The main features of this work are that the individual leader within his or her respective area carries out a process to identify the most significant risks before and after the measures implemented. The work revealed in 2019 no risk conditions that were not adequately controlled. The operational risk is considered to be low.

Strategic Risk
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.

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 the highest possible value creation over time for the shareholders 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. For a more detailed description of the Protector's corporate governance, see a separate statement in the annual report.

SOCIAL RESPONSIBILITY

Protector's mission is to indemnify lives and assets and relieve our customers of economic risk. The company's social responsibility also relates to other factors of importance for sustainable social development. By safeguarding the environment, ethics and social conditions, we will contribute to long-term value creation for both society and the company. For further information on social responsibility, see a separate statement in the annual report.

ORGANIZATION AND WORKING ENVIRONMENT

The company had 384 employees as at the end of 2019. This is an increase of 28 employees during the year. The increase is driven by the extending claims handling and growth in Sweden and the UK. Of the company's 384 employees, 175 are employed in Norway, 91 are employed in Sweden, 44 are employed in Denmark, 55 are employed in the UK and 19 are employed in Finland.

Significant importance is attached to managerial and competence development as well as to recruitment of highly competent personnel. In 2019, the company's capacity and competence have been further strengthened for continued growth in the UK and profitability focus in the Nordic countries.

Of the company's employees, 44 % are women and 56 % are men. The company's management team consists of one woman and seven men. In addition to the top management, the company has 57 managers, whereof 40 % are women. The Board of Directors has four female Board members and four male Board members. The Board is of the opinion that there are equal opportunities for both genders in the company.

Like the rest of society, the company has developed in the direction of increased cultural diversity. The company strives for equal treatment and equal opportunities in all internal and external recruitment and development processes.

Twice a year, the company conducts an employee survey (puls) to measure and chart the level and development of employee satisfaction. The survey from the second half of 2019 was at a good level, but shows a decline from the previous survey. In the spring of 2020, the company will conduct a more comprehensive working environment survey.

The rate of absence due to sickness in Protector Forsikring ASA was 2.9 % in 2019. No occupational accidents or occupational injuries occurred during 2019.

PROSPECTS

Profitability in the Nordic region is still under pressure and price increases and other profitability measures will continue. In January 2020, the large renewal month, the price increases were approx. 13%. The technical result is expected to improve in 2020. However, a lower growth rate must be expected going forward due to the significant profitability actions in the Nordics.

There is normally uncertainty related to future conditions, but the Board is of the opinion that the company is well equipped to meet the competition going forward.

Oslo, March 4th 2020
The Board of Directors of Protector Forsikring ASA
Translation – not to be signed

Jostein Sørvoll (Chairman)	Anders J. Lenborg (Deputy Chairman)	Adele Bugge Norman Pran
Else Bugge Fougner	Jørgen Stenshagen	Randi Helene Røed
Line Engelmann-Kokkim	Mathews Ambalathil	Sverre Bjerkeli (CEO)

INCOME STATEMENT

[1.000 NOK]	Notes	2019	2018
PREMIUM INCOME			
Gross premiums earned		4 995 754	4 139 612
Reinsurers' share of earned premiums		(848 241)	(1 321 776)
Earned premiums, net of reinsurance	6	4 147 513	2 817 836
Other insurance-related income		**10 510**	**25 541**
CLAIMS COST			
Gross claims incurred		(4 723 921)	(3 859 322)
Reinsurers' share of claims incurred		774 823	1 200 996
Claims incurred, net of reinsurance	6	(3 949 099)	(2 658 327)
OPERATING EXPENSES			
Sales costs	18	(233 508)	(205 625)
Administration costs	14,19-21	(179 916)	(143 129)
Commission from reinsurers		57 188	229 161
Total operating expenses, net of reinsurance		(356 236)	(119 593)
Other insurance-related expenses		**(15 717)**	**(20 201)**
Technical result		**(163 029)**	**45 257**
NET INCOME FROM FINANCIAL ASSETS			
Interest income and dividend from financial assets		228 256	187 413
Changes in value on investments		48 111	(345 213)
Realised gain and loss on investments		(115 057)	156 696
Administration expenses related to investments, including interest expenses		(19 871)	(18 698)
Total net financial income	22	141 439	(19 802)
Other income/expenses		1 709	1 358
Other expenses		(52 055)	(50 720)
Total other income and expenses		(50 346)	(49 362)
Non-technical result		91 093	(69 163)
Profit before tax		(71 935)	(23 906)
Tax	15	(4 143)	3 175
Profit from continued operations		(76 079)	(20 731)
Discontinued operations	27	71 545	(274 669)
Profit before components of comprehensive income		**(4 534)**	**(295 400)**
COMPONENTS OF COMPREHENSIVE INCOME			
Other comprehensive income that will not be reclassified subsequently to profit or loss			
Actuarial gain and loss from defined benefit pension plans		(1 759)	275
Tax on other comprehensive income that will not be reclassified subsequently to profit or loss	15	440	(69)
Total other comprehensive income that will not be reclassified subsequently to profit or loss		(1 319)	206
Other comprehensive income that will be reclassified subsequently to profit or loss			
Exchange differences from foreign operations		1 307	(59)
Tax on other comprehensive income that will be reclassified subsequently to profit or loss	15	(327)	15
Total other comprehensive income that will be reclassified subsequently to profit or loss		980	(44)
Total other comprehensive income		(339)	163
Profit for the period		**(4 873)**	**(295 237)**

STATEMENT OF FINANCIAL POSITION

[1.000 NOK]	Notes	31.12.2019	31.12.2018
ASSETS			
INTANGIBLE FIXED ASSETS			
Other intangible fixed assets	7	34 550	24 132
Total intangible fixed assets		**34 550**	**24 132**
BUILDINGS AND OTHER REAL ESTATES			
Owner-occupied property	8	12 814	13 433
Total buildings and other real estates		**12 814**	**13 433**
FINANCIAL ASSETS			
Shares		916 923	745 158
Securities, bonds etc		6 773 506	6 386 593
Financial derivatives		32 616	25 674
Bank deposits		1 529 412	460 064
Total financial assets	**4, 9**	**9 252 457**	**7 617 488**
REINSURERS SHARE OF GROSS TECHNICAL PROVISIONS			
Reinsurers share of gross premium provisions		130 287	292 641
Reinsurers share of gross claims provisions		1 686 916	1 899 778
Total reinsurers share of gross technical provisions	**6**	**1 817 204**	**2 192 419**
RECEIVABLES			
Policyholders		416 243	256 948
Intermediaries		5 128	4 970
Other receivables		48 309	65 718
Total receivables	**10**	**469 681**	**327 636**
OTHER ASSETS			
Tangible fixed assets	8	34 114	25 759
Cash and bank deposits	11	343 262	278 606
Total other assets		**377 375**	**304 365**
PREPAID EXPENSES			
Other prepaid expenses	12	349 666	235 399
Total prepaid expenses		**349 666**	**235 399**
Assets discontinued operations	27	2 428 459	2 117 180
Total assets		**14 742 205**	**12 832 053**

STATEMENT OF FINANCIAL POSITION

[1.000 NOK]	Notes	31.12.2019	31.12.2018
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital [86.155.605 shares]	13	86 156	86 156
Own shares	13	(4 394)	(4 407)
Other paid-in equity		267 677	267 677
Total paid-in equity		**349 439**	**349 426**
EARNED EQUITY			
Natural perils capital		76 876	54 814
Guarantee scheme		89 170	88 463
Other equity		1 503 850	1 540 371
Total earned equity		**1 669 896**	**1 683 648**
Total equity		**2 019 335**	**2 033 073**
SUBORDINATED LOAN CAPITAL			
Subordinated loan capital	9, 25	1 243 285	1 243 285
Total subordinated loan capital		**1 243 285**	**1 243 285**
TECHNICAL PROVISIONS			
Provisions for unearned premiums		1 211 486	1 104 716
Provisions for claims	3	7 127 697	5 997 399
Total technical provisions	**6**	**8 339 183**	**7 102 115**
PROVISIONS FOR OTHER RISKS AND LIABILITIES			
Pension liabilities	14	16 040	13 021
Deferred tax liability	15	103 149	105 421
Total provisions for other risks and liabilities		**119 189**	**118 443**
LIABILITIES			
Liabilities in connection with insurance	16	70 451	93 016
Liabilities in connection with reinsurance	16	727 728	393 301
Financial derivatives	4, 9, 16	45 512	8 583
Other liabilities	16	325 720	205 550
Total liabilities	4, 16	**1 169 412**	**700 450**
INCURRED EXPENSES AND PREPAID INCOME			
Other incurred expenses and prepaid income	17	299 553	328 203
Total incurred expenses and prepaid income		**299 553**	**328 203**
Liabilities discontinued operations	27	1 552 247	1 306 485
Total equity and liabilities		**14 742 205**	**12 832 053**

Oslo, March 4th 2020
The Board of Directors of Protector Forsikring ASA
Translation – not to be signed

Jostein Sørvoll (Chairman) | Anders J. Lenborg (Deputy Chairman) | Adele Bugge Norman Pran

Else Bugge Fougner | Jørgen Stenshagen | Randi Helene Røed

Line Engelmann-Kokkim | Mathews Ambalathil | Sverre Bjerkeli (CEO)

CASH FLOW STATEMENT

[1.000 NOK]	2019	2018
CASH FLOW FROM OPERATIONS		
Premiums paid	5 343 923	4 902 986
Claims paid	(4 003 992)	(3 642 048)
Net reinsurance	659 244	(238 836)
Paid operating expenses including commissions	(581 459)	(348 834)
Interest / dividend income	268 902	247 790
Net payments from financial instruments	(278 296)	(117 038)
Payable tax	4 225	(119 139)
Net cash flow from operations	**1 412 548**	**684 882**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Investments in fixed assets	(47 797)	(39 040)
Net cash flow from investment activities	**(47 797)**	**(39 040)**
CASH FLOW FROM FINANCIAL ACTIVITIES		
Repayment of equity		(259 039)
Interest payments on subordinated loan capital	(66 616)	(61 414)
Net cash flow from financial activities	**(66 616)**	**(320 453)**
Net cash flow for the period	**1 298 135**	**325 389**
Net change in cash and cash equivalents	1 298 135	325 389
Cash and cash equivalents opening balance	859 450	537 661
Effects of exchange rate changes on cash and cash equivalents	(2 459)	(3 600)
CASH AND CASH EQUIVALENTS CLOSING BALANCE	**2 155 126**	**859 450**

STATEMENT OF CHANGES IN EQUITY

[1.000 NOK]	Share Capital	Own shares	Other paid-in equity	Natural perils capital	Guarantee scheme provision	Other equity	Total equity
Equity as at 31.12.2017	**86 156**	**(1)**	**267 677**	**22 701**	**85 909**	**2 128 821**	**2 591 263**
1.1- 31.12.2018							
Purchase of own shares		(4 405)				(254 700)	(259 105)
Total equity before profit for the year	**86 156**	**(4 407)**	**267 677**	**22 701**	**85 909**	**1 874 121**	**2 332 157**
Profit before other comprehensive income						(295 400)	(295 400)
Actuarial gain and loss pensions						275	275
Currency changes from foreign enterprise						(59)	(59)
Tax on other comprehensive income						(54)	(54)
Other changes in equity						(3 846)	(3 846)
Total equity before fund provisions	**86 156**	**(4 407)**	**267 677**	**22 701**	**85 909**	**1 575 037**	**2 033 073**
Provisions to obliged fund gross				32 113	2 554	(34 666)	-
Equity as at 31.12.2018	**86 156**	**(4 407)**	**267 677**	**54 814**	**88 463**	**1 540 371**	**2 033 073**
1.1- 31.12.2019							
Purchase of own shares		13					13
Total equity before profit for the year	**86 156**	**(4 394)**	**267 677**	**54 814**	**88 463**	**1 540 371**	**2 033 087**
Profit before other comprehensive income						(4 534)	(4 534)
Actuarial gain and loss pensions						(1 759)	(1 759)
Currency changes from foreign enterprise						1 307	1 307
Tax on other comprehensive income						113	113
Other changes in equity						(8 879)	(8 879)
Total equity before fund provisions	**86 156**	**(4 394)**	**267 677**	**54 814**	**88 463**	**1 526 619**	**2 019 335**
Provisions to obliged fund gross				22 062	707	(22 769)	-
EQUITY AS AT 31.12.2019	**86 156**	**(4 394)**	**267 677**	**76 876**	**89 170**	**1 503 849**	**2 019 335**

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.

Foreign currency
The parent company and the various branches have Norwegian, Swedish, Danish kroner, Pound and Euro respectively as functional currency. All financial information is presented in NOK unless otherwise stated. Transactions in foreign currency are translated into functional currency at the exchange rate at the transaction date.

Profit and loss items related to Sweden, Denmark, Finland and UK are translated into NOK at transaction rate. Assets and liabilities are translated at the exchange rate at the reporting date. Exchange differences arising on currency translations are recognised in other comprehensive income.

Income and expenses in the profit and loss account
Revenue recognition occurs when the income is earned. Costs are recognised at the time incurred.

Prepaid income and accrued unpaid expenses at the end of the year are accrued and reported as liabilities in the financial statement. Accrued income at the end of the year is recorded as income and stated as a liability in the financial statement.

Premium income
Premium income consists of gross premiums earned and reinsurers' share of earned premiums. Gross premiums earned consists of gross written premiums and change in gross provision for unearned premiums. Reinsurers' share of earned premiums consists of premiums written ceded and change in reinsurers' share of provision for gross unearned premiums.

Insurance premiums are recognized over the term of the policy. Gross premiums written include all amounts received or due relating to insurance contracts incepting during the reported period. Adjustments are made for those premiums unearned at the reported date together with premiums earned in the current period from contracts incepting in prior periods. This adjustment is reported as gross premiums earned. For change of ownership insurance, the income is entered into the financial statement at the time of the risk transfer. Premiums for ceded reinsurance are recognised according to the insurance period on the same basis and reduce the overall premiums reported.

Claims incurred
Claims incurred consist of gross claims incurred and reinsurers' share of claims incurred. Gross claims incurred consists of claims paid and reinsurers' share of claims paid. Reinsurers' share of claims incurred consists of reinsurers' share of claims paid and reinsurers' share of change in provision for gross outstanding claims. The claims cost includes provision for indirect claims handling costs. The claims incurred also contains 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 in financial statement regulations for insurance companies §3-5.

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.

Claims provision
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.

Natural perils capital
Operating surplus from the mandatory Norwegian Natural Perils Pool must be allocated to a separate Natural Perils capital. 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 provision
The purpose of the guarantee scheme provision 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.

Reinsurers' share of gross technical provisions
Reinsurers' share of gross technical provisions is classified as an asset in the balance sheet. Reinsurers' share of gross premium provisions and reinsurers' share of gross claims provision are included in reinsurers share of gross technical provisions.

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.

Receivables
In the financial statement 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.

Financial assets and liabilities
Recognition and derecognition
Financial assets and liabilities are included in the statement of

financial position from the time Protector becomes party to the instrument's contractual terms and conditions. Normal purchases and sales of financial instruments are recorded on the transaction date. When a financial asset or a financial liability is initially recognised in the financial statements, it is valued at fair value.

Financial assets are derecognised when the contractual right to the cash flow from the financial asset expires, or when the company transfers the financial asset to another party in a transaction by which all, or virtually all, the risk and reward associated with ownership of the asset is transferred.

Financial liabilities are derecognised in the statement of financial position when they cease to exist, i.e. once the contractual liability has been fulfilled, cancelled or has expired.

Financial assets at fair value through profit or loss
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.

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. Financial assets with fair value through profit or loss are considered to represent fair value once they appear in the statement of financial position for the first time.

Financial liabilities at amortised cost
Financial liabilities are measured at amortised cost using an effective interest method. Transaction costs related to the issue of the loan are included in the amortised cost. Where the time horizon for the maturity date is relatively short, the nominal interest rate is used to calculate amortised cost.

In the category of financial liabilities at amortised cost, subordinated loan capital is included.

Dividend
Dividend from investments is recognised when the company has an unconditional right to receive the dividend. Dividend payments 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 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 7.1 G G=National Insurance Scheme basic amount which totalled NOK 99,858 as of 31.12.2019), as well as 8% of the payment basis between 7.1 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 of payable tax for the accounting period, and the period's changes in deferred tax. In the accounting period, we have used 25% on deferred tax and 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 statement of financial position when it is more likely than not that the tax assets will be utilized.

Tax is recognised in the income statement, except to the extent that it relates to items recognised in the total comprehensive income, when it is recognised it the total comprehensive income.

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

Discontinued operations
Protector presents discontinued operations on separate lines in the income statement and balance sheet when the relevant business on the reporting date has been decided to sell or liquidate. The comparative figures are restated accordingly. Specification of the individual items are included in a separate note.

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements IFRS and the application of the adopted accounting policies require that management make assessments, prepare estimates and apply assumptions that affect the carrying amounts of assets and liabilities, income and expenses. The estimates and the associated assumptions are based on experience and other factors that are assessed as being justifiable based on the underlying conditions. Actual figures may deviate from these estimates. Changes in accounting estimates are recognised in the period the estimates are revised if the change only affects this period, or both in the period the estimates change and in future periods if the changes affect both the existing and future periods.

The accounting policies that are used by Protector in which the assessments, estimates and prerequisites may deviate significantly from the actual results are discussed below.

Financial assets at fair value
There will be uncertainty associated with pricing of financial instruments particularly related to instruments that are not priced in an active market. See note 9.

Technical provisions
Use of estimates in calculation of technical provisions is primarily applicable for claims provisions. Insurance products are generally divided into two main categories: lines with short or long settlement periods. The settlement period is defined as the duration between a loss and/or notification date reported and settlement date. Products with short settlement periods are e.g. property insurance, while products with long settlement periods primarily involve personal and liability lines of business. The uncertainty in the estimates of claims provisions is highest for products with long settlement periods.

For products with long settlement periods 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 a consequence for 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 provisions consist of RBNS (Reported But Not Settled), IBNR (Incurred But Not Reported) and ULAE (Unallocated Loss Adjustment Expenses). RBNS are made on single claims level, and are based on standard reserves or claims handler's assessments, based on available information related to specific claims.

IBNR are estimated based on recognized actuarial models. Models applied are mainly variations based on Bornhuetter-Ferguson and Chain Ladder methodologies. Bornhuetter-Ferguson is mainly used for products with long settlement periods, while Chain Ladder is also used for products with short settlement periods. The volume and period of exposure are assumed to be sufficient for most lines of business in Norway, to estimate a run-off pattern based on company data. For some lines of business; i.e. Workers' Compensation, the exposure period is not assessed sufficient to estimate a complete run-off pattern based solely on company data. Market data and company data are combined to estimate a complete run-off pattern. Run-off patterns are estimated per line of business in Norway, and are applied on the corresponding line of business in other countries where we have insufficient company data. The models are used as guiding calculating tools and are always subject to a fairness assessment. Gross IBNR are estimated per combination of accident year / segment / line of business / country. Net IBNR are calculated proportionally to the net premium where there are ceded premium. IBNR are in general set on aggregated portfolio level. A few claims have explicit IBNR, set on a single claim basis.

ULAE are the company's estimate of the cost related to future claims handling, and is not yet allocated to the reserve for each case. ULAE are estimated based on methodology and parameters developed and distributed by the Norwegian FSA.

No discounted values are used for the accounting technical provisions.

Contingent liabilities
Protector operates an extensive business in Norway and abroad, and may become a party to litigations. Accounting for contingent liabilities is assessed in each case and based on legal assessments. See note 26.

NOTE 3 INSURANCE RISK

The risk in any 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 Scandinavian market and in Finland and UK. Protector covers all classes of business within general insurance. Protector seeks to diversify the insurance portfolio to reduce the variability of the expected results.

Premium risk
Premium 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 analysis of historical experience for the various lines of business. The insurance premium must be sufficient to cover expected claims, but 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 factors 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.

Reserve risk

Once the policy period expires, the insurance risk relates to the provisions which are set aside 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 and trigger further payments.

The size of the claims provisions is determined both through individual assessments and actuarial calculations. At 31 December 2019, the claims provisions amounted to NOK 5,441 million for own account. The duration of the provisions, that is, the average duration of provisions being settled to clients, was 3.1 years at 31 December 2019. 1%-point increases in inflation will result in a growth in claims provisions of NOK 166 million.

The table below shows how future cash flow is related to provisions for outstanding claims for own account at 31 December 2019.

CASH FLOW CONNECTED TO CLAIMS PROVISIONS FOR OWN ACCOUNT

		Future cash flow related to claims incurred				
[1.000 NOK] At 31. desember 2019		0 - 5 years	5 - 10 years	10 - 15 years	15 - 20 years	20 - 25 years
Claims provisions for own account	5 440 781	4 332 075	848 202	201 596	46 664	12 245

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 this may also 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]	2010	2011	2012	2013	2014	2015	2016	2017	2018	**2019**	**Total**
GROSS											
2010	491 984										491 984
2011	473 739	570 707									1 044 447
2012	467 778	569 696	808 829								1 846 303
2013	454 151	546 000	787 758	1 157 525							2 945 435
2014	456 377	554 969	788 515	1 144 521	1 435 072						4 379 454
2015	449 684	556 583	792 037	1 145 918	1 400 422	1 793 811					6 138 455
2016	431 778	531 567	711 408	1 124 848	1 447 439	1 744 304	2 288 759				8 280 103
2017	433 388	531 977	737 271	1 087 996	1 390 333	1 722 230	2 359 937	3 554 617			11 817 748
2018	420 761	523 594	727 217	1 074 835	1 353 262	1 708 699	2 341 456	3 483 932	3 882 631		15 516 387
Estimated amount as at 31.12.2019	416 048	526 852	705 575	1 065 100	1 330 017	1 728 158	2 410 805	3 505 709	3 991 883	4 318 733	19 998 880
Total disbursed	392 053	494 868	655 027	933 178	1 110 658	1 300 440	1 832 855	2 276 201	2 575 772	1 622 327	13 193 378
Provisions for claims	23 995	31 984	50 547	131 922	219 359	427 718	577 950	1 229 508	1 416 112	2 696 406	6 805 501
Provisions for claims from claims prior years (before 2010)											22 873
Provision for indirect claims handling costs (ULAE)											299 323

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.

EFFECT ON PROFIT BEFORE TAX (NOK 1.000)	2019	2018
1 % change in insurance-related operating expenses	3 562	1 196
1 % change in claims incurred	39 491	26 583
1 % - point change in combined ratio	41 475	28 178
1 % - point change in inflation	166 869	165 918

NOTE 4 FINANCIAL RISK

Liquidity risk

Liquidity risk in an insurance company is mainly related to the inability to meet payments when due. The company's financial assets are placed as bank deposits, interest-bearing papers and shares. Liquidity risk is quite limited, besides less liquid shares classified on level 2 and bonds with rating lower than BBB. Premium income is paid up front, and claims are paid out at a later stage. Future payments are not based on contractual payment dates, but rather when claims arise and how long the claims handling takes.

Cash flow for financial liabilities grouped by maturity

[1.000 NOK] At 31. desember 2019	Less than one year	1 - 3 years	More than 3 years	Total cash flow	Total carrying amount
Subordinated loan capital*)	70 625	141 250	1 102 829	1 314 704	1 243 285
Foreign exchange derivatives	45 512			45 512	45 512
Liabilities	1 232 080			1 232 080	1 232 080
Total financial liabilities	**1 348 217**	**141 250**	**1 102 829**	**2 592 296**	**2 520 878**

*)The cash flow from perpetual subordinated loan capital is calculated up to the first call

Market risk

Market risk is the risk of loss on open positions in financial instruments as a result of changes in market variables and / or market conditions within a specified time horizon. Market risk is therefore the risk of price changes in the financial markets, which affect the value of the company's financial instruments.

An increase of one percent in interest rates will lead to a reduction in the portfolio of bonds and other fixed-income securities by an estimate of NOK 37.4 million before tax. This corresponds to an interest rate sensitivity of about 0.38 percent.

Foreign exchange risk

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

Credit Risk

Rating	Investments allocated per rating category	
[1.000 NOK]	2019	2018
Bonds and other fixed-income securities		
AAA	5 002 516	4 094 011
AA	94 553	110 884
A	244 476	256 764
BBB	235 354	362 580
BB	334 804	248 505
No rating	2 173 781	2 933 999
Total bonds and other fixed-income securities	8 085 484	8 006 741
Cash and cash equivalents related to investment portfolio		
AA	1 825 648	576 772

The company manages the investment portfolio in compliance with Solvency II, cf. Art 132 ("Prudent Person Principle") and the Financial Undertakings Act, cf. § 13-10 which requires emphasis on prudent funding, safety, risk diversification and income, and adapting the investment management accordingly to changes in risk related to the different business areas.
Qualitative and quantitative limits for the company's AUM is specified in the investment management mandate is reviewed, updated and approved by the Board of Directors at least once a year, or with a higher frequency if needed.
The compliance of the requirements of investment management mandate is monitored internally, and is reported internal in the company and to the Board of Directors on regular basis.
The company have established an ORSA-process and risk reporting that among other things monitors and reports the company's risk exposure to the Board of Directors.

NOTE 5 SEGMENT INFORMATION

	Norway[2]		Sweden		Denmark		UK		Finland		TOTAL	
[1.000 NOK]	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Gross written premiums[1]	1 540 492	1 508 681	1 549 545	1 350 348	937 058	792 533	852 688	504 603	220 675	129 885	5 100 457	4 286 050
Gross premiums earned	1 583 931	1 520 819	1 491 939	1 277 010	921 528	784 951	744 386	380 440	253 970	176 393	4 995 754	4 139 612
Gross claims incurred	(1 591 525)	(1 583 169)	(1 343 331)	(1 124 431)	(885 105)	(713 724)	(543 892)	(254 067)	(360 069)	(183 932)	(4 723 921)	(3 859 322)
Earned premiums, net of reinsurance	1 367 102	1 161 805	1 264 815	820 314	786 018	513 034	504 947	184 656	224 631	138 027	4 147 513	2 817 836
Other insurance-related income	4 153	21 269	664	971	1 733	1 433	2 275	990	1 685	879	10 510	25 541
Claims incurred, net of reinsurance	(1 356 585)	(1 085 827)	(1 058 088)	(722 606)	(776 548)	(512 778)	(436 362)	(189 150)	(321 515)	(147 967)	(3 949 099)	(2 658 327)
Sales costs	(37 645)	(45 711)	(127 649)	(105 078)	(16 721)	(13 422)	(47 504)	(39 316)	(3 990)	(2 099)	(233 508)	(205 625)
Administration costs	(45 801)	(35 741)	(42 861)	(38 219)	(42 466)	(31 633)	(39 239)	(25 095)	(9 548)	(12 440)	(179 916)	(143 129)
Commission from reinsurers	546	46 421	31 348	83 265	12 893	56 297	22 690	40 164	(10 288)	3 013	57 188	229 161
Other insurance-related expenses	(7 126)	(4 161)	(2 962)	(13 895)	(2 081)	462	(2 011)	(2 393)	(1 537)	(214)	(15 717)	(20 201)
Technical result	**(75 357)**	**58 055**	**65 266**	**24 753**	**(37 173)**	**13 393**	**4 797**	**(30 143)**	**(120 562)**	**(20 800)**	**(163 029)**	**45 257**
Other income/expenses	(50 067)	(49 060)	(98)	(175)	2	(78)	11	0	(194)	(49)	(50 346)	(49 362)
Net financial income	84 851	(50 492)	39 960	29 026	2 222	(2 399)	3 689	1 155	10 718	2 908	141 439	(19 802)
Profit before tax	**(40 573)**	**(41 497)**	**105 128**	**53 604**	**(34 949)**	**10 916**	**8 497**	**(28 988)**	**(110 038)**	**(17 942)**	**(71 935)**	**(23 906)**
Claims ratio, net of reinsurance[1]	99,2 %	93,5 %	83,7 %	88,1 %	98,8 %	100,0 %	86,4 %	102,4 %	143,1 %	107,2 %	95,2 %	94,3 %
Expense ratio, net of reinsuranc[1]	6,1 %	3,0 %	11,0 %	7,3 %	5,9 %	-2,2 %	12,7 %	13,1 %	10,6 %	8,4 %	8,6 %	4,2 %
Combined ratio, net of reinsurance[1]	**105,3 %**	**96,5 %**	**94,7 %**	**95,4 %**	**104,7 %**	**97,8 %**	**99,1 %**	**115,6 %**	**153,7 %**	**115,6 %**	**103,8 %**	**98,6 %**
Claims ratio gross[1]	100,5 %	104,1 %	90,0 %	88,1 %	96,0 %	90,9 %	73,1 %	66,8 %	141,8 %	104,3 %	94,6 %	93,2 %
Cost ratio gross[1]	5,3 %	5,4 %	11,4 %	11,2 %	6,4 %	5,7 %	11,7 %	16,9 %	5,3 %	8,2 %	8,3 %	8,4 %
Combined ratio gross[1]	**105,7 %**	**109,5 %**	**101,5 %**	**99,3 %**	**102,5 %**	**96,7 %**	**84,7 %**	**83,7 %**	**147,1 %**	**112,5 %**	**102,8 %**	**101,7 %**

[1] Defined as alternative performance measure (APM). APMs are described on www.protectorforsikring.no in document named APMs Protector Forsikring 2019

[2] Does not include discontinued operations (change of ownership)

NOTE 6 PREMIUMS AND CLAIMS

[1.000 NOK]	General insurance										Life insurance	
	Medical expense insurance	Income protection insurance	Workers' compen-sation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Miscel-laneous financial loss	**Direct business and accepted proportional reinsurance**	Group life	**Total**
PREMIUM INCOME[1,2]												
Gross premiums written	192 697	238 156	637 642	685 044	1 058 256	15 029	1 572 394	390 369	1 569	**4 791 155**	309 302	**5 100 457**
Reinsurers' share of gross premiums written	-20 252	-28 098	-69 278	-113 847	-103 460	-1 528	-224 955	-64 145	-148	**-625 710**	-32 408	**-658 118**
Premiums written for own account	172 445	210 058	568 364	571 197	954 797	13 502	1 347 439	326 224	1 421	**4 165 445**	276 894	**4 442 339**
PREMIUM EARNED												
Gross premiums earned	188 301	235 754	681 261	632 076	1 034 599	15 278	1 509 935	376 311	1 477	**4 674 994**	320 760	**4 995 754**
Reinsurers' share of gross premiums earned	-20 252	-27 805	-69 278	-113 847	-103 460	-1 528	-414 597	-64 918	-148	**-815 833**	-32 408	**-848 241**
Premiums earned for own account	168 050	207 949	611 983	518 229	931 139	13 751	1 095 338	311 393	1 329	**3 859 161**	288 352	**4 147 513**
CLAIMS												
Gross claims incurred	143 442	290 909	723 718	631 220	785 423	13 621	1 506 664	330 415	1 363	**4 426 776**	297 146	**4 723 921**
Reinsurers' share of gross claims incurred	-13 915	-37 849	-72 291	-67 232	-78 519	-1 362	-432 705	-42 016	-136	**-746 025**	-28 798	**-774 823**
Claims incurred, net of reinsurance	129 528	253 059	651 427	563 988	706 903	12 259	1 073 960	288 400	1 227	**3 680 751**	268 348	**3 949 099**
GROSS CLAIMS INCURRED												
Occurred this year	180 107	226 806	683 207	652 077	803 316	13 110	1 368 989	328 110	1 640	**4 257 362**	297 336	**4 554 699**
Occurred previous years	-36 665	64 103	40 511	-20 857	-17 893	511	137 676	2 305	-277	**169 414**	-191	**169 223**
Total for the accounting year	143 442	290 909	723 718	631 220	785 423	13 621	1 506 664	330 415	1 363	**4 426 776**	297 146	**4 723 921**
CLAIMS INCURRED NET OF REINSURANCE												
Occurred this year	161 586	202 082	614 312	583 704	723 007	11 800	1 050 004	283 846	1 476	**3 631 818**	267 528	**3 899 346**
Occurred previous years	-32 058	50 977	37 114	-19 716	-16 104	460	23 956	4 553	-249	**48 933**	820	**49 753**
Total for the accounting year	129 528	253 059	651 427	563 988	706 903	12 259	1 073 960	288 400	1 227	**3 680 751**	268 348	**3 949 099**
TECHNICAL PROVISIONS GROSS												
Provisions for unearned premiums	27 818	76 957	(18 896)	190 858	273 470	3 298	491 858	111 362	108	**1 156 832**	54 654	**1 211 486**
Provisions for claims	234 391	602 160	2 711 828	655 534	209 340	11 208	1 477 211	1 095 659	821	**6 998 153**	129 544	**7 127 697**
Technical provisions gross	262 209	679 117	2 692 932	846 392	482 810	14 506	1 969 068	1 207 021	930	**8 154 985**	184 198	**8 339 183**
TECHNICAL PROVISIONS NET OF REINSURANCE												
Provisions for unearned premiums	24 667	67 825	(17 007)	171 772	246 123	2 968	435 993	99 571	98	**1 032 010**	49 189	**1 081 199**
Provisions for claims	208 463	477 102	2 438 653	583 196	188 406	10 087	861 394	558 088	739	**5 326 127**	114 654	**5 440 781**
Technical provisions net of reinsurance	233 130	544 927	2421647	754 968	434 529	13 055	1 297 387	657 658	837	**6 358 137**	163 843	**6 521 980**

[1] Premiums comprise of insurance premiums in Norway, Sweden, Denmark, Finland and UK. Gross written premiums in Norway constitute NOK 1,540.5 million (30.2%), Sweden NOK 1,549.5 million kroner (30.4%), Denmark NOK 937.1 million kroner (18.4%), UK NOK 852.7 million kroner (16.7%) and Finland NOK 220.7 million kroner (4.3%).

[2] Defined as alternative performance measure (APM). APMs are described on www.protectorforsikring.no in document named APMs Protector Forsikring 2019.

NOTE 7 INTANGIBLE ASSETS

Intangible assets [1.000 NOK]	2019	2018
Costs as at 01.01.	97 260	77 795
Convention difference	(150)	(46)
Additions	26 479	19 511
Costs as at 31.12	**123 589**	**97 260**
Accumulated depreciation at 31.12	**(84 535)**	**(69 192)**
Intangible assets connected to discontinued operations	**4 504**	**3 937**
Net book value as at 31.12	**34 550**	**24 132**
Annual depreciationr	15 415	12 192

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

Expected useful life (years)	3-5	3

NOTE 8 PROPERTY AND TANGIBLE FIXED ASSETS

Fixed assets [1.000 NOK]	Cars	Office machinery	Furniture and fixtures	Art	2019	2018
Cost as at 01.01	786	48 627	10 139	216	59 768	40 715
Convention difference		(79)	(74)		(153)	46
Additions		12 969	9 113		22 082	19 007
Disposals	(786)				(786)	
Cost as at 31.12	-	**61 517**	**19 179**	**216**	**80 912**	**59 768**
Accumulated depreciation at 31.12		**(39 495)**	**(7 303)**		**(46 798)**	**(34 009)**
Net book value as at 31.12	-	**22 022**	**11 876**	**216**	**34 114**	**25 759**
Annual depreciation		11 075	2 250		13 325	8 862

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

Expected useful life (years)	5	3-5	7			

Owner-occupied property [1.000 NOK]	2019	2018
Cost as at 01.01.	15 478	14 880
Additions		597
Cost as at 31.12.	**15 478**	**15 478**
Accumulated depreciation as at 31.12.	**(2 664)**	**(2 045)**
Net Book value as at 31.12.	**12 814**	**13 433**
Annual depreciation	**619**	**614**

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

Expected useful life (years)	25	25

NOTE 9 INVESTMENTS

Investment [1.000 NOK]	Book valuei 31.12.19	Fair value 31.12.19	Book value 31.12.18	Fair value 31.12.18
Shares	1 094 524	1 094 524	934 189	934 189
Bonds and other fixed-income securities	8 085 484	8 085 484	8 006 742	8 006 742
Bank deposits related to investments	38 933	38 933	25 674	25 674
Financial derivatives	1 825 648	1 825 648	576 772	576 772
Total financial assets at fair value	**11 044 589**	**11 044 589**	**9 543 377**	**9 543 377**
Financial assets discontinued operations	1 792 132	1 792 132	1 925 889	1 925 889
Financial assets continued operations	9 252 457	9 252 457	7 617 488	7 617 488
Financial derivatives	(45 512)	(45 512)	(8 583)	(8 583)
Other financial liabilities	(99 500)	(99 500)	-	-
Total financial liabilities at fair value	**(145 012)**	**(145 012)**	**(8 583)**	**(8 583)**

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

SHARES

Investment [1.000 NOK]	Currency	Fair value	Identification no. Norwegian companies
AF Gruppen ASA	NOK	2 476	938702675
B3 Consulting Group AB	SEK	66 844	
BankNordik P/F	DKK	93 621	
Elanders AB Class B	SEK	55 153	
eWORK Group AB	SEK	130 666	
ISS A/S	DKK	21 050	
Jobindex A/S	DKK	861	
Jyske Bank A/S	DKK	225 041	
Lehto Group PLC	EUR	51 040	
Multiconsult ASA	NOK	291 121	910253158
NilörnGruppen AB Class B	SEK	19 201	
Soft TopCo AS_Ord	NOK	168	921000367
Soft TopCo AS_Pref	NOK	16 669	921000367
Verkkokauppa.com Oyj	EUR	86 872	
Zalaris ASA	NOK	33 742	981953134
Total shares		**1 094 524**	

The share portfolio consist of shares listed on the stock exchange in Norway, Sweden and Finland. SoftTopCo is not listed. The share portfolio is diversified, but affected by fluctuations in the stock market, in addition to the regular development in each company.

BONDS AND OTHER FIXED-INCOME SECURITIES

Investment [1.000 NOK]	Fair value	Duration
Government bonds etc.	525 763	0,41
Corporate bonds etc.	7 559 720	0,41
Total bonds and other fixed-income securities year 2019	**8 085 484**	**0,41**
- of this, subordinated loan capital in other companies 2019	482 958	0,24
Total bonds and other fixed-income securities year 2018	8 006 741	0,26
- of this, subordinated loan capital in other companies 2018	214 668	1,02

Average yield adjusted for currency hedging effect is 2.1 %. 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

VALUATION OF FINANCIAL ASSETS AND LIABILITIES

The fair value of listed investments is based on the current sales price. Financial instruments measured at fair value are valued on a daily basis. Directly observable prices in the market are used as far as possible. The valuations for the different types of financial instruments are based on recognised methods and models.

Level 1: Financial instruments valued on the basis of quoted prices for identical assets in active markets
This category encompasses listed equities that over the previous three months have experienced average daily trading equivalent to approximately NOK 20 million or more. Based on this, the equities are regarded as sufficiently liquid to be included at this level. Bonds, certificates or equivalent instruments issued by national governments are generally classified as level 1.

Level 2: Financial instruments valued on the basis of observable market information not covered by level 1
This category encompasses financial instruments that are valued on the basis of market information that can be directly observable or indirectly observable. Market information that is indirectly observable means that the prices can be derived from observable related markets. Level 2 includes shares or equivalent equity instruments for which market prices are available, but where the volume of transactions is too limited to fulfil the criteria in level 1. Shares in this level will normally have been traded during the last month. Bonds and equivalent instruments are generally classified in this level. Foreign exchange derivatives are classified as level 2. Fund investments are generally classified as level 2.

Level 3: Financial instruments valued on the basis of information that is not observable in accordance with level 2
If one or more of the key parameters in a valuation model is not based on observable market data, the instrument must be reported in this category.

Financial assets at fair value through profit or loss [1.000 NOK]		**Level 1**	**Level 2**	**Level 3**	**Total**
Shares		246 091	831 597	**16 837**	**1 094 524**
Bonds and other fixed-income securities			8 085 484		8 085 484
Bank deposits		1 825 648			1 825 648
Derivatives:					
Foreign exchange contracts			32 928		32 928
Options			6 005		6 005
Total assets year 2019		**2 071 739**	**8 956 013**	**16 837**	11 044 589
Total assets year 2018		**590 980**	**8 915 559**	**36 837**	**9 543 377**

Financial liabilities at fair value through profit or loss [1.000 NOK]		**Level 1**	**Level 2**	**Level 3**	**Total**
Foreign exchange contracts			(45 512)		(45 512)
Other financial liabilities		(99 500)			(99 500)
Total financial liabilities year 2019		(99 500)	(45 512)		(145 012)
Total financial liabilities year 2018			(8 583)		(8 583)

Financial liabilities at amortized cost [1.000 NOK]	**Level 1**	**Level 2**	**Level 3**	**Total fair value**	**Total book value**
Subordinated loan capital		(1 243 285)		**(1 243 285)**	**(1 243 285)**
Total financial liabilities year 2019		(1 243 285)		(1 243 285)	(1 243 285)
Total financial liabilities year 2018		(1 243 285)		(1 243 285)	(1 243 285)

SECURITIES LENDING

Securities in the portfolio can be lent to optimize the expected returns. For lending, counterparty risk and possible collateral are assessed. As of today, the company's counterparties are consider to be solvent enough to not require any more collateral than a written agreement. The company only enter into agreements with counterparts with an official rating of A or better.

NOTE 10 RECEIVABLES

[1.000 NOK]	**2019**	**2018**
Receivable tax	11 009	60 561
External claims handlers	12 266	5 566
Other receivables	47 815	3 172
Total	71 090	69 299

NOTE 11 RESTRICTED BANK DEPOSITS

[1.000 NOK]	2019	2018
Restricted bank deposits in connection with claims settlement	12 965	12 827
Employee withholding tax	8 613	7 862
Total	21 578	20 689

NOTE 12 PREPAID EXPENSES AND DEFERRED INCOME

[1.000 NOK]	2019	2018
Prepaid expenses	135 486	27 185
Accrued unbilled premium	214 180	208 214
Total	**349 666**	**235 399**

NOTE 13 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 1 987 shareholders at 31.12.2019.

List of the 20 major shareholders at 31.12.2019	No.of shares	Face value	Ownership share in percent
Awilhelmsen Capital Holdings AS	7 435 437	7 435 437	8,6 %
Stenshagen Invest AS	7 126 353	7 126 353	8,3 %
Citibank Europe plc	4 616 123	4 616 123	5,4 %
Verdipapirfond Odin Norden	4 433 850	4 433 850	5,1 %
Hvaler Invest AS	3 186 809	3 186 809	3,7 %
Ojada AS	2 081 842	2 081 842	2,4 %
UBS AG	2 028 203	2 028 203	2,4 %
Verdipapirfondet Alfred Berg Gamba	2 000 000	2 000 000	2,3 %
Clearstream Bankin S.A.	1 847 780	1 847 780	2,1 %
Artel AS	1 800 000	1 800 000	2,1 %
Pershing LLC	1 604 912	1 604 912	1,9 %
Utmost Paneurope DAC - GP11940006	1 420 000	1 420 000	1,6 %
Swedbank Robur Nordenfond	1 350 000	1 350 000	1,6 %
Johan Vinje AS	1 187 841	1 187 841	1,4 %
Verdipapirfondet Alfred Berg Norge	1 145 787	1 145 787	1,3 %
Verdipapirfondet Pareto Investment	1 096 000	1 096 000	1,3 %
Dyvi Invest AS	1 040 933	1 040 933	1,2 %
Nore-Invest AS	1 030 637	1 030 637	1,2 %
Alsøy Invest AS	1 002 751	1 002 751	1,2 %
Nordnet Bank AB	919 648	919 648	1,1 %
Total	**48 354 906**	**48 354 906**	**56,1 %**
Protector Forsikring ASA	4 393 679	4 393 679	5,1 %
Other shareholders	33 407 020	33 407 020	38,8 %
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 31.12.2019	Identification	No.of shares	Face value	Ownership share in percent
Stenshagen Invest AS	Board member, Jørgen Stenshagen	7 126 353	7 126 353	8,3 %
Hvaler Invest AS	CEO Sverre Bjerkeli	3 186 809	3 186 809	3,7 %
Alsøy Invest AS	Chairman of the Board, Jostein Sørvoll	1 002 751	1 002 751	1,2 %
Anders Jørgen Lenborg	Deputy Chairman	168	168	0,0 %
Ditlev de Vibe Vanay	Chief Financial Officer	270 000	270 000	0,3 %
Dag Marius Nereng	Chief Investment Officer	102 000	102 000	0,1 %
Merete C. Bernau	Director of Commercial Norway	50 200	50 200	0,1 %
Hans Didring	Country Manager Sweden	43 122	43 122	0,1 %
Henrik Golfetto Høye	Director UK and public sector	20 100	20 100	0,0 %
Leonard Bijl	IT Director	7 000	7 000	0,0 %
Thomas Boutrup	Country Manager Denmark	5 000	5 000	0,0 %
Mathews Ambalathil	Employees' representative	1 289	1 289	0,0 %
Line Engelmann-Kokkim	Employees' representative	700	700	0,0 %
Arna Vikanes Sørheim Murray	Deputy employees' representative	1 100	1 100	0,0 %
Total		11 816 592	11 816 592	13,7 %

NOTE 14 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. All employees in Norway are assign to the defined contribution pension plan.

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 7.1 G (G=National Insurance Scheme basic amount), as well as 8% of the payment basis between 7.1 and 12 G..

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

The CEO has an agreement of top-pension. Maximum annual top pension is 8.4 G. Allocation to the top pension totalled NOK 1.32 million in net pension costs incl. employer's contribution. In total this scheme accounts for a liability of NOK 16 million at 31.12.2019.

NOTE 15 TAXES

[1.000 NOK]	2019	2018
THIS YEAR'S TAXES ARE DIVIDED BETWEEN		
Payable tax	30 729	210
Correction previous years	(579)	(328)
Change in deferred tax	(2 272)	(45 075)
Tax discontinued operations	23 848	(42 071)
Total tax continued operations	**4 030**	**(3 121)**

Computation of this years tax		
Profit before tax	23 458	(340 647)
Other comprehensive income	(452)	217
Permanent differences	147 382	158 112
Changes in temporary differences	(169)	182 318
Use of tax loss carried forward	(47 558)	
Basis for the tax expense of the year	122 661	-
Payable tax 25%	30 665	-
Payable tax foreign operations	64	108
Payable tax from previous years	(579)	(226)
Payable tax	30 150	(118)

Temporary differences	2019	2018	Changes
Fixed assets	(741)	(19)	723
Receivables	(894)	(897)	(3)
Financial assets	(37 285)	(41 193)	(3 907)
Technical provisions	467 559	526 003	58 445
Pension liabilities	(16 040)	(13 021)	3 019
Tax loss carry forward	-	(49 188)	(49 188)
Net temporary differences	**412 598**	**421 686**	**9 088**
Deferred tax 25 %	103 149	105 926	(2 776)
Deferred tax/ deferred tax assets in the balance sheet	(103 149)	(105 926)	2 776

RECONCILIATION OF TAX			
[1.000 NOK]		2019	2018
Profit before taxes 25%		5 864	(85 162)
Permanent differences 25%		22 234	39 582
Corrected tax previous years		(171)	225
Net paid tax for companies abroad		64	108
Calculated tax		27 992	(45 247)
Tax on other comprehensive income		(113)	54
Total tax according to income statement		**27 878**	**(45 193)**
Tax discontinued operations		23 848	(42 071)
Total tax continued operations		**4 030**	**(3 121)**

NOTE 16 OTHER LIABILITIES

[1.000 NOK]	2019	2018
Payables, operations	23 195	64 468
Payables, claims	47 257	28 548
Liabilities in connection to direct insurance	70 451	**93 016**
Reinsurance yet to be settled	727 728	393 301
Liabilities in connection to reinsurance	727 728	**393 301**
Allocation of employers contribution	8 846	8 181
Advance tax deduction	10 810	9 627
Unsettled within securities trades	99 500	
Other liabilities	206 565	187 742
Other liabilities	**325 720**	**205 550**
Financial derivatives	45 512	8 583
Total liabilities	**1 169 412**	**700 450**

The company has no secured liabilities.

NOTE 17 ACCRUED EXPENSES AND DEFERRED INCOME

[1.000 NOK]	2019	2018
Bonus	31 045	37 506
Accrued vacation pay	24 207	25 788
Deferred income	146 597	172 185
RTV tax	85 480	80 533
Other accrued expenses	12 224	12 191
Total	**299 553**	**328 203**

NOTE 18 SALES EXPENSES

[1.000 NOK]	2019	2018
Internal payroll expenses	88 030	79 553
Commissions	145 478	126 072
Total	**233 508**	**205 625**
in % of overdue premium	4,6 %	4,8 %

NOTE 19 INSURANCE-RELATED ADMINISTRATIVE EXPENSES

Insurance-related administrative expenses [1.000 NOK]	**2019**	**2018**
Depreciations (note 7 and 8)	29 359	21 668
Salary- and pensions costs (note 20)	395 163	348 783
Administrative costs	35 713	27 645
Remunerations	33 297	39 137
Claims handling costs (transferred to gross claims paid)	(200 040)	(166 831)
Internal sales expenses	(88 030)	(79 553)
Internal administrative costs	(24 318)	(21 887)
Other insurance-related administrative expenses in discontinued operations	-	(23 279)
Other insurance-related administrative expenses	(1 229)	(2 554)
Total	**179 916**	**143 129**

Auditing remuneration [1.000 NOK]	**2019**	**2018**
Auditing (inclusive VAT)	1 969	915
Other certification services (including VAT)	12	
Services regarding tax (inclusive VAT)	221	50
Other services outside auditing (inclusive VAT)	28	564
Total	**2 230**	**1 529**

NOTE 20 LABOUR EXPENSES, PENSIONS, NUMBER OF EMPLOYEES

Labour- and pension costs [1.000 NOK]	2019	2018
Salaries[1]	286 901	248 785
Fees to the Board of Directors, Compensation Committee, Nomination Committee, Audit Committee and the Risk Committee	3 238	2 893
Defined benefit pension costs[2]	1 260	3 791
Defined contribution pension costs[2]	19 930	12 026
Social security tax	61 394	56 608
Other payments	22 440	24 682
Total	**395 163**	**348 783**

[1] The company has an ordinary arrangement for performance-related pay. The company has reserved NOK 5.1 million for bonus in 2019. Whether performance-related pay is triggered depends on achievement of goals pursuant to concluded performance contracts.
[2] Refer to note 14 for further information.

Number of employees	2019	2018
Number of employees at 31.12.	384,0	356,0
Number of man-labour years at 31.12.	402,7	373,6
Average number of employees at 31.12.	366,1	332,3
Average number of man-labour years at 31.12.	389,4	328,0

NOTE 21 REMUNERATIONS TO SENIOR EXECUTIVES

The Board of Directors' statement of establishment of salary and other remuneration of senior executives

The Board of Directors shall issue a separate statement about establishment of salary and other remuneration of senior executives according to Public Limited Companies Act § 6-16a. In addition, an advisory voting on the Board's guidelines for establishment of salary for senior executives for the upcoming fiscal year shall take place at general meeting according to Public Limited Companies Act § 5-6 (3) (see (ii) below).

In case guidelines are related to share-based incentives schemes, these shall also be approved by general meeting (see (iii) below).

The Board of Directors has had a dedicated compensation committee since 2010. The compensation committee comprises three members: the chairman and two members.

The compensation committee shall prepare and propose the following to the Board of Directors:

- Total remuneration of CEO
- Guidelines for remuneration and assessment of payment of variable remuneration of these who report to CEO
- Statement from the Board of Directors about establishment of salary and other remuneration of senior executives
- Significant personnel-related matters linked to senior executives

(i) Information about salary and other remuneration of senior executives for the previous fiscal year is provided in the table below. The Board of Directors confirms that guidelines for remuneration of senior executives for 2019 provided in last year's statement were followed.

(ii) The Board of Directors put forward following guidelines for establishment of salary and other remuneration of senior executives for the upcoming fiscal year for an advisory vote at the general meeting:

The goal with Protector's remuneration policy is to attract employees with the necessary competence, further develop and maintain key competence as well as motivate long-term focus and continuous development in order to achieve Protector's business goals.

Protector's general policy is oriented to offering competitive total remuneration enabling the company to attract and maintain the best senior executives.

Salary and other remuneration of CEO are established by the Board of Directors based on proposition from the compensation committee. Terms and remuneration for other senior executives are established by CEO within limits approved by the Board of Directors.

Total remuneration of senior managers comprises fixed salary, variable remuneration, pension, and other benefits.

Fixed salary is reviewed annually based on salary level development in general and development in the financial sector in particular.

Total remuneration shall be competitive and shall reflect work efforts, responsibilities and professional challenges related to management responsibilities in a company of a comparable size and business sector.

Variable remuneration (bonus) to senior executives can be paid based on specific results measurements of defined targets derived from the company's strategies and goals. Assessment takes into account a combination of the company's total results, results in relevant business unit as well as personal achievements including total assessment related to adherence to the company's vision, values and management principles. Variable remuneration to senior executives is established by the Board of Directors based on the proposal from the compensation committee.

In 2013 the company established a long-term bonus scheme for the executive management and other key personnel where awarded bonus is converted to synthetic shares based on Protector's share price per 31.12. in the earnings year. Conversion to synthetic shares does not give right to an employee to acquire shares in the company. The synthetic shares held are divided into a cash part corresponding to 1/5 while remaining 4/5 are treated as conditional capital. The cash part is paid out based on weighted average share price of the company's shares during the first seven trading days after the latest of the dates of general meeting and publication of first quarter results. The conditional capital falls due for payment at 1/5 of the shares held during next four years after the cash part is paid. Payment is based on weighted average share price of the company's shares during the first seven trading days after the latest of the dates of general meeting and publication of first quarter results. When calculating share price for the cash part, adjustment for dividends paid in a period from conversion of bonus to shares (31.12 in the earnings year) and time of payment shall be done. The unpaid restricted variable remuneration can be reduced if subsequent results and development indicate that it was based on incorrect assumptions. Individual variable remuneration can constitute up to 100 % of annual salary. Variable remuneration is not included in pension schemes.

Other benefits shall be related to one's function in the company and in general shall be in line with market practice.

CEO has a retirement age of 62 years, other senior executives in Norway have a retirement age of 67 years. Pension age is 65 years in Sweden, the UK and Finland, and 70 years in Denmark. After retirement age, CEO has 12 month salary.

Senior executives in Norway have a defined contribution-based pension scheme. CEO has in addition an agreement for top-pension which can at most amount to 8,4G.

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

CEO has a 6-month termination notice and an agreement for salary up to 12 months after termination. Other senior executives have a termination notice of 6 to 12 months and some have an agreement for salary up to 12 months after termination. In case of agreement for salary after termination, senior executives have a salary for 6 months after termination both in case of termination by the company and if senior executives on own initiative resigns. If termination is initiated by the company, and the senior executive works during the termination period, the senior executive shall receive further salary after termination corresponding to the period the senior executive was working during termination period.

(iii) Regarding share-based incentives schemes for senior executives for upcoming fiscal year, the Board of Directors put forward following guidelines for approval at the general meeting:

Of variable remuneration earned in 2019 for CEO and other employees who are covered by Financial Institutions Regulations § 15-9 80% of the variable remuneration shall be awarded in a form of conditional capital which reflects the company's value development, which cannot be freely disposed by the individual earlier than equally distributed over a 4-year period. The period shall take into account the company's underlying business cycle and risk in the company. Such share of variable remuneration shall be reduced if either result development in the company or subsequent results indicate this. Basis for variable remuneration related to the company's results shall be a period of at least two years. Assessment criteria for the variable remuneration shall be based on predefined financial and non-financial criteria related to an individual employee, employee's business unit and the company in general.

The Board of Directors has approved establishment of a long-term bonus scheme for key personnel in the investment department where awarded bonus is converted to synthetic shares based on Protector's share price per 31.12 in the earnings year. Bonus is subject to outperformance of defined benchmark indices measured against 5-year rolling return targets. Conversion to synthetic shares does not give right to an employee to acquire shares in the company. Synthetic shares held are paid out each year based on bonus earnings last five years. First payment will be in year 2023 for years 2018-2022. Individual variable remuneration can constitute up to 200 % of annual salary. Variable remuneration is not included in the pension schemes. Limits for allocation can be changed discretionary after total assessment of the company's results.

The Board of Directors has approved establishment of a share purchase scheme for all permanent employees in Protector Forsikring ASA including CEO and senior executives. All permanent employees are given opportunity to buy shares up to NOK 50.000. Shares are bought once a year after annual general meeting is held. The company provides an interest-free loan for the invested amount which is payed back during 12 months through salary deductions. The employees receive a 20% discount on the purchase of shares, limited up to maximum tax-free discount, i.e. NOK 3.000. After two years the employee will receive one bonus share for each fifth share owned in the 2 year period, provided that the employee is not in a terminated position.

Payments and remunerations [1.000 NOK]	Salaries	Variable pay[3]	Other remu-nerations[2]	Paid-up pension premium	Total remune-rations
Executive management					
Sverre Bjerkeli, Adm. CEO[1]	7 286	1 736	468	72	9 562
Ditlev De Vibe Vanay, CFO	3 012	329	17	72	3 430
Merete C. Bernau, Director of Commercial Norway	3 585	662	191	75	4 513
Henrik Golfetto Høye, Director UK and public sector	3 977	855	12	72	4 916
Leonard Bijl , IT Director	2 544	73	17	72	2 706
Hans Didring, Country Manager Sweden	4 655	1 015	24	413	6 107
Thomas Boutrup, Country Manager Denmark	3 430	196	24	356	4 006
Dag Marius Nereng, CIO	3 095	441	3	72	3 611
Stuart Winter, Country Manager UK [03.06.2019 -]	1 337	0	0	181	1 518
Total	**32 922**	**5 307**	**755**	**1 385**	40 369

[1] The CEO has an agreement about top-pension with a recognized cost of NOK 1.3 million in 2019. In total this scheme accounts for a liability of NOK 16 million at 31.12.2019.
[2] Other remunerations comprises of company car, telephone, insurance and other contractual benefits.
[3] Paid out bonus long term bonus plan.

Payments and remunerations [1.000 NOK] [1]	Remunerations
The Board of Directors	
Jostein Sørvoll, Chairman of the board	735
Erik G. Braathen, Deputy Chairman [- 28.03.2019]	377
Else Bugge Fougner, Board member	337
Jørgen Stenshagen, Board member	437
Randi Helene Røed, Board member	447
Mathews Ambalathil, Employees' representative	150
Arna Vikanes Sørheim Murray, Deputy for Employees' representative	25
Line Engelmann-Kokkim, Employees' representative	112
Total	**2 620**
Nomination Committee	
Per Ottar Skaaret, Chairman	55
Anders Jørgen Lenborg, member [- 28.03.2019]	37
Nils Petter Hollekim, member	37
Total	**129**

[1] Remunerations paid out in accounting year 2019.

There were no loans granted or guarantees given to senior executives, other close related parties or members of governing bodies.

NOTE 22 NET FINANCIAL INCOME AND EXPENSES FROM FINANCIAL ASSETS

[1.000 NOK]	2019	2018
Net financial income from financial assets		
Interest income	260 077	218 980
Dividend shares	31 840	32 303
Unrealised gains/losses on financial assets	100 422	(514 575)
Gains/losses from realisation of financial assets	(209 785)	229 932
Administrations expenses on financial assets	(25 378)	(22 864)
Net financial income	**157 176**	**(56 224)**
Financial income discontinued operations	15 737	(36 422)
Financial income continued operations	141 439	(19 802)

NET FINANCIAL INCOME DIVIDED BY ASSET CLASS		
Interest income from financial assets at fair value through profit or loss	260 077	218 980
Dividend	31 840	32 303
Net gains / (loss) from shares	(64 334)	(225 141)
Net gains / (loss) from bonds and other fixed-income securities	(1 315)	(70 392)
Net gains / (loss) from foreign exchange contracts	(43 715)	10 890
Administration expenses	(25 378)	(22 864)
Total net income and gains/ (loss) from financial assets at fair value through profit or loss	**157 176**	**(56 224)**
Financial income discontinued operations	15 737	(36 422)
Financial income continued operations	141 439	(19 802)

NOTE 23 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]	2019	2018
Profit for the year assigned to the company's shareholders	(4 873)	(295 237)
Weighted average number of shares	81 760 085	83 929 590
Earnings per share	**(0,06)**	**(3,52)**

Earnings per share continued operations [1.000 NOK]	2019	2018
Profit for the year assigned to the company's shareholders	(67 792)	(20 568)
Weighted average number of shares	81 760 085	83 929 590
Earnings per share	**(0,83)**	**(0,25)**
Diluted earnings per share		

There were no share dilution in 2019.

NOTE 24 SOLVENCY POSITION

The company calculates solvency margin using standard formula. Solvency margin is ratio of the company's eligible solvency capital to its solvency capital requirement.

Solvency capital can be classified into three tiers. Solvency II regulations define if capital instruments belong to tier 1, 2 or 3 and any limits which apply for use of the capital in different tiers for coverage of solvency capital requirement. The company had no capital in tier 3 at 31.12.2019.

Available and eligible own fund

[1.000 NOK]	2019	2018
BASIC OWN FUNDS AS FORESEEN IN ARTICLE 68 IN THE ANEX OF 21ST DECEMBER 2015 REGULATION NR. 1807 REGARDING SUPLEMENTING RULES TO SOLVENCY II REGULATION		
Tier 1 - unrestricted	1 692 593	1 729 601
Tier 1 - restricted	351 551	350 821
Tier 2	988 851	969 171
Total basic own funds	**3 032 994**	**3 049 594**

The company's own funds consist of basic own funds only. Basic own funds consist of statutory equity adjusted for valuation difference between Solvency II and statutory value of assets and liabilities plus subordinated loan capital. Unrestricted T1 capital constituted 56 % (57 %) of the total capital. Tier 1 restricted capital constituted 11% (11 %). Tier 2 capital constituted 33% (32%). The company has no Tier 3 capital.

AVAILABLE OWN FUNDS TO MEET THE SOLVENCY CAPITAL REQUIREMENT (SCR)		
Tier 1 - unrestricted	1 692 593	1 729 601
Tier 1 - restricted	351 551	350 821
Tier 2	988 851	969 171
Total available own funds to meet SCR	**3 032 994**	**3 049 594**
AVAILABLE OWN FUNDS TO MEET THE MINIMUM CAPITAL REQUIREMENT (MCR)		
Tier 1 - unrestricted	1 692 593	1 729 601
Tier 1 - restricted	351 551	350 821
Tier 2	988 851	969 171
Total available own funds to meet the MCR	**3 032 994**	**3 049 594**
ELIGIBLE OWN FUNDS TO MEET THE SOLVENCY CAPITAL REQUIREMENT (SCR)		
Tier 1 - unrestricted	1 692 593	1 729 601
Tier 1 - restricted	351 551	350 821
Tier 2	866 644	829 682
Total eligible own funds to meet the SCR	**2 910 788**	**2 910 104**
ELIGIBLE OWN FUNDS TO MEET THE MINIMUM CAPITAL REQUIREMENT (MCR)		
Tier 1 - unrestricted	1 692 593	1 729 601
Tier 1 - restricted	351 551	350 821
Tier 2	155 996	149 343
Total eligible own funds to meet the MCR	**2 200 140**	**2 229 765**

Protector Forsikring has exposure to insurance, market, credit, counterparty and operational risks.

SOLVENCY CAPITAL REQUIREMENT (SCR)	2019	2018
Market risk	539 067	664 926
Counterparty default risk	61 750	108 554
Health underwriting risk	1 109 698	995 216
Non-life underwriting risk	1 249 970	1 143 868
Diversification	(997 742)	(994 689)
Basic Solvency Capital Requirement	1 962 744	1 917 875
Operational risk	260 584	223 210
Loss-absorbing capacity of deferred taxes	(490 040)	(481 721)
Total solvency capital requirement	**1 733 288**	**1 659 364**

Solvency capital requirement is calculated using standard formula with a 99,5% probability that total loss during 12 months will not exceed calculated capital requirement.

[1.000 NOK]	2019	2018
MINIMUM CAPITAL REQUIREMENT		
Linearly calculated MCR	1 088 819	874 798
Upper limit for MCR	779 980	746 714
MCR floor	433 322	414 841
Combined MCR	779 980	746 714
Absolute floor of the MCR	37 932	35 345
Minimum capital requirement	**779 980**	**746 714**

Minimum capital requirement is calculated using standard formula with a 85,0% probability that total loss during 12 months will not exceed calculated capital requirement. Minimum capital requirement is limited to minimum 25% and maximum 45% of the calculated SCR.

RATIO OF ELIGIBLE OWN FUNDS TO SCR	168 %	175 %
RATIO OF ELIGIBLE OWN FUNDS TO MCR	282 %	299 %

The difference between the balance sheet and the Solvency II-balance mainly due to:
- Both claims and premium reserves are discounted in the Solvency II-balance, while statutory reserves are not discounted
- In the fiscal balance the premium reserves equals unearned premium, and the Solvency II-balance is based on premium reserved on best estimate of future liabilities. Unearned premiums are therefore multiplied by the expected future CR (combined ratio) and estimated profit in future premiums are subtracted before discounting
- Solvency II risk margins is not included in the fiscal balance
- The Guarantee scheme provision is classified as a liability under the category “Other liabilities” in the Solvency II balance, while it is considered as equity in the fiscal balance

DIFFERENCES BETWEEN FINANCIAL AND SOLVENS II VALUATION

ELEMENT	BOOK VALUE	SOLVENCY II
Total assets	**14 742 205**	**14 753 161**
Intangible assets	39 054	-
Reinsurers’ share of gross technical provisions	2 373 897	2 195 418
Own shares	-	230 448

Total liabilities and total assets minus liabilities,	12 722 871	12 753 244
Total assets minus total liabilities	2 019 335	1 999 917
Technical provisions included risk margin	9 344 727	9 302 373
Liabilities related to reinsurance	1 266 236	1 231 512
Subordinated loan capital included in the basic capital	1 243 285	1 263 526
Other liabilities	633 470	722 640

NOTE 25 SUBORDINATED LOAN CAPITAL

The company has three subordinated loans at MNOK 500, MNOK 400 and MNOK 350. The subordinated loans were issued in order to strengthen the company's capital adequacy during the expected significant growth in the company's business. Table below provides a detailed overview of the loans.

SUBORDINATED LOAN MNOK 500

Name	Protector Forsikring ASA 16/46 FRN C SUB
Ticker	PROTCT02
ISIN	NO0010762917
Nominal value	MNOK 500
Interest rate	3-month NIBOR + 370 bp p.a.
Issue date	19.04.2016
Due date	19.04.2046
Callable	Yes

SUBORDINATED LOAN MNOK 400

Name	Protector Forsikring ASA 17/47 FRN C SUB
Ticker	PROTCT03
ISIN	NO0010790074
Nominal value	MNOK 400
Interest rate	3-month NIBOR + 290 bp p.a.
Issue date	31.03.2017
Due date	31.03.2047
Callable	Yes

SUBORDINATED LOAN MNOK 350

Name	Protector Forsikring ASA 17/PERP FRN C HYBRID
Ticker	PROTCT04
ISIN	NO0010790066
Nominal value	MNOK 350
Interest rate	3-month NIBOR + 500 bp p.a.
Issue date	31.03.2017
Due date	Perpetual
Callable	Yes

NOTE 26 CONTINGENT LIABILITIES

Protector has no contingent liabilities at 31.12.2019. In connection with the Grenfell Tower fire, there was a disagreement with the company's property reinsurer on the interpretation of the reinsurance contract.

Judgment in the case fell in 2019 and went into Protector's disfavour. Following the arbitration, Protector has entered into a settlement with other parties to the case, which covered approx. 85% of Protector's losses. The net effect for Protector is a cost of approx. NOK 15 million.

NOTE 27 DISCONTINUED OPERATIONS

Protector decided in 2018 to exit the change of ownership market (COI). COI is defined as "discontinued operations" in the accounts.

Protector has in July 2019 entered into a 50% quota share agreement (reinsurance) for the entire COI portfolio. The quota share agreement includes the historical portfolio as well as new business written.

Income statement		
[1.000 NOK]	2019	2018
PREMIUM INCOME		
Gross premiums earned	356 120	513 630
Reinsurers' share of earned premiums	(132 048)	(51 363)
Earned premiums, net of reinsurance	224 072	462 267
CLAIMS		
Gross claims incurred	(269 802)	(749 485)
Reinsurers' share of claims incurred	139 783	74 949
Claims incurred, net of reinsurance	(130 019)	(674 537)
OPERATING EXPENSES	**3 487**	**(55 239)**
Other insurance related expenses	**(6 610)**	**(20)**
Technical result	**90 930**	**(267 528)**
Total net financial income	15 737	(36 422)
Other income/expenses	**(11 274)**	(12 790)
Non-technical result	**4 463**	**(49 212)**
Profit before tax	95 393	(316 741)
Tax	(23 848)	42 071
Profit from discontinued operations	**71 545**	**(274 669)**

Earnings per share discontinued operations		
[1.000 NOK]	2019	2018
Profit for the year assigned to the company's shareholders	71 545	(274 669)
Weighted average number of shares	81 760 085	83 929 590
Earnings per share	0,88	(3,27)

Assets discontinued operations		
[1.000 NOK]	2019	2018
Intangible assets	4 504	3 937
Financial assets	1 792 132	1 925 889
Reinsurers' share of gross technical provisions	556 694	115 498
Receivables	67 878	67 600
Bank	7 251	4 256
Assets discontinued operations	2 428 459	2 117 180

Liabilities discontinued operations		
[1.000 NOK]	2019	2018
Provisions for claims	1 005 544	1 154 981
Liabilities related to reinsurance	538 508	142 278
Other liabilities	8 196	3 207
Other incurred expenses and prepaid income	-	6 018
Liabilities discontinued operations	1 552 247	1 306 485

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 2019 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 takes 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, March 4th 2020
The Board of Directors of Protector Forsikring ASA
Translation – not to be signed

Jostein Sørvoll (Chairman)	Anders J. Lenborg (Deputy Chairman)	Adele Bugge Norman Pran
Else Bugge Fougner	Jørgen Stenshagen	Randi Helene Røed
Line Engelmann-Kokkim	Mathews Ambalathil	Sverre Bjerkeli (CEO)

AUDITOR'S REPORT

Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Protector Forsikring ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Protector Forsikring ASA, which comprise the balance sheet as at 31 December 2019, the income statement, statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2019 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Provision for claims outstanding

As at 31 December 2019, gross provision for claims outstanding of MNOK 7 128 were recognised in the accounts for continuing operations, and MNOK 1 006 for discontinued operations. Claims provisions are an estimate for future claims for events incurred, but not finally settled at the reporting date (IBNS). The balance comprises provisions for claims incurred and reported to the Company (RBNS), claims incurred, but not reported (IBNR) and an estimate for indirect unallocated loss adjustment expenses (ULAE).

The use of a model, projection of claims history and determination of assumptions require management to exercise judgment. Claims provisions are sensitive for changes in assumptions and therefore a key audit matter.

We identified, assessed and tested internal control related to claims provisions. We reviewed the Company's processes and methods for calculating claims reserves across the insurance products, including the collection of the data basis for the calculations. Our audit included a comparison of models and assumptions applied by the Company in relation to industry standards and regulatory requirements. Based on the Company's data basis, we performed our own calculations of the reserves for a sample of the insurance segments with higher uncertainty and compared this with the Company's estimates.

Notes 1 and 2 have details on principles and estimation uncertainty concerning claims provisions, and the claims provisions are specified in notes 3 and 6.

Reinsurance share of claims provisions

The Company has a comprehensive reinsurance programme, and the reinsurance share of gross claims provisions as at 31 December 2019 constitutes MNOK 1 687 for continuing operations, and MNOK 557 for discontinued operations. Due to the extent and complexity of the reinsurance contracts, and the degree of judgment related to the determination of the reinsurance share of gross claims provisions, this was a key audit matter.

We reviewed reinsurance contracts for completeness and validity, and we assessed the Company's applied accounting principles related to various types of reinsurance contracts. We identified, evaluated and tested internal controls related to the accounting and measurement of reinsurance claims. We reviewed the recognition of the reinsurance share of gross provision for claims outstanding by considering reported claims against incurred claims and compared them with the terms in the reinsurance agreements.

The Company's accounting principles and note 6 have details on the reinsurance share of gross claims.

Valuation of financial assets measured at fair value

As at 31 December 2019, financial assets measured at fair value constitute MNOK 11 045, of which MNOK 8 973 are unlisted or less liquid financial instruments. Assets are measured at fair value on the basis of assumptions that are either directly or indirectly observable in the market. As unlisted or less liquid financial instruments are significant for the financial statements, and because of the degree of judgment involved, this was a key audit matter.

We assessed the design and tested internal controls related to the valuation process, including management's process for determining the assumptions. We reviewed the valuation of a sample of financial assets against external sources, including stock exchange prices, valuations obtained from independent external parties or other external information.

Notes 4 and 9 have information on financial assets measured at fair value.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the audit of the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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 Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statement 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 concerning the financial statements and the going concern assumption 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 ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 5 March 2020

ERNST & YOUNG AS

Finn Espen Sellæg
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

CORPORATE GOVERNANCE

The company's principles for corporate governance shall contribute to the highest possible value creation for the shareholders over time, increased confidence in the company through an open corporate culture and a good reputation. The principles are set in accordance with the Norwegian Code of Practice for Corporate Governance.

STATEMENT OF CORPORATE GOVERNANCE

The statement is in accordance with section 3-3b of the Accounting Act and the Norwegian Code of Practice for Corporate Governance. Protector complies with the Code of Practice without significant deviations. The statement below describes how the company complies with the 15 sections of the Code of Practice.

BUSINESS

The articles of association describe the company's business and objectives. Protector's objective is to provide general insurance and has a license to operate within all classes except credit insurance and guarantee insurance.

The company's P&C business includes the Nordic countries and the United Kingdom. Priority market segments are the corporate market, the public sector, as well as the market for grouped insurance schemes. The insurances are sold through selected insurance brokers and agents.

The Board sets goals, strategies and risk profile in connection with the company's annual budget process. Evaluation of goals, strategies and risk profile is carried out in connection with the management's and the board's strategy work in May / June or when needed, for example in the event of significant events or structural changes.

The company's annual report gives a more detailed description of the company's objectives, business strategy and business.

The Board of Directors has prepared ethical guidelines and guidelines for social responsibility in accordance with the company's values. The core of the company's guidelines for social responsibility is the company's responsibility for people, society and the environment that are affected by the business. The guidelines cover, among other things, human rights, anti-corruption, employee relations, discrimination, as well as environmental issues. This is described in more detail in the statement of social responsibility.

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 will at all times seek 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 goal is to maintain a solvency margin above 150 % (calculated according to Solvency II regulations).

Due to the company's strong growth and weak results, the Board of Directors proposes that no dividend be paid for the financial year 2019.

In the years ahead, lower growth is expected, and the payment of dividends and/or repurchase of own shares will be considered when the company delivers good results.

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 2020, however, no later than 30 June 2020. The Board of Directors' will propose for the general meeting that the authorization is renewed. At yearend 2019, the company holds 4,393,679 own shares.

The Board is authorized 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 authorization 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 authorization also applies to decisions to merge pursuant to section 13-5 of the Public Limited Liability Companies Act. This authorization is valid until the Annual General Meeting in 2020, however, no later than 30 June 2020. The Board will propose to the General Meeting that the authorization is renewed.

The Board is authorized to raise subordinated loans and other debt limited to NOK 2,500 million and under the conditions stipulated by the Board. The authorization is valid until the Annual Meeting 2020, however, no later than 30 June 2020. The Board will propose to the General Meeting that the authorization is renewed.

According to the Norwegian Code of Corporate Governance, the authorization 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 (will be changed to PROT). 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 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.
The company follows 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 and the Chief Executive Officer shall be present at the meeting. The external auditor shall be present in General Meetings if deemed necessary due to the nature of the matters being processed. The Chairman of the nomination committee shall be present in General Meetings when election and remuneration of board members are to be considered. An independent chairman shall be elected to conduct the meeting, the individual is not required to be a shareholder.

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 13 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

The duties of the Board

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.

Board members and senior executives are obliged to make the company aware of any significant interests they may have in matters that the Board of Directors is to handle.

A member of the board of directors may not participate in the discussion or decision of any matter which is of such particular importance to himself or any related party that he must be deemed to have a special and prominent personal or financial interest in the matter. This provision is similarly applicable to the CEO., cf. asal. § 6-27.

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.

The Board conducts an annual evaluation of its activities and, on this basis, discusses improvements in the organization and implementation of board work.

Board Committees

In accordance with the law, the Board has established a compensation committee, an audit committee and a risk committee. The committees consist of 3-4 board members and are preparatory committees for the board and do not have decision-making authority.

The Compensation Committee assists the Board in all matters relating to the remuneration of the CEO. The committee shall propose guidelines for the determination of remuneration to the executive management and prepare proposals for the board's statement on the remuneration of the executive management, which are presented annually to the general meeting.

The members of the Compensation Committee are independent of the company's management.

The Audit Committee assists the Board by reviewing, assessing and possibly proposing measures in relation to the control environment, financial and operational reporting, risk management / control and external and internal audit.

The main task of the risk committee is to prepare matters within the risk area to be dealt with by the board, with special attention to risk appetite and risk strategy, including investment strategy. The committee shall contribute with decision support related to the board's discussion of the company's risk taking, financial forecasts and processing of risk reporting.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors has overall responsibility for ensuring that the company has established appropriate and effective processes for risk management and internal control. The Board shall ensure that the aforementioned processes are satisfactorily established, implemented and followed up. Through the establishment of the company's goals, strategies and risk appetite, the Board sets limits for the types and extent of risks the company can be exposed to. The Board of Directors shall at least annually ensure that significant risks are continuously identified, assessed and handled in a systematic manner, and that the risks are acceptable and within specified limits. The above is ensured through internal control and ORSA processes.
The Company's Audit and Risk Committee supports the Board in the exercise of its responsibility for the Company's overall risk management and control.

The CEO ensures that the company's risk management and internal control are carried out, documented, monitored and followed up in a proper manner. For this purpose, the CEO establishes instructions and guidelines for how the company's risk management and internal control should be implemented in practice, and establishes appropriate control functions and processes.

The CEO monitors changes in the company's risk exposure on an ongoing basis and informs the board of material changes. The CEO ensures that the company's risks are hedged or complied with in accordance with the Board's guidelines, and ensures that managers for all significant areas of business continuously monitor the implementation of the internal control.

All managers are responsible for ensuring that risk management and internal control within their own area of responsibility are satisfactory. This implies:

- at all times have an overview of significant risk factors within their own area of responsibility;
- to follow up on implementation and compliance with associated control measures,
- adapt overall risk management and internal control requirements to the nature, scope and complexity of the area, including addressing the need for detailed instructions or guidelines.

Managers should be able to substantiate that appropriate risk control is established and functioning. Managers for significant business areas conduct and document an annual risk assessment in accordance with the company's requirements, and follow up previous control measures.

The company has established central control functions, including risk management function, compliance function, actuarial function and internal audit function, which are independent of daily operations. The functions' responsibilities and duties, as well as requirements for independence and authority, are laid down in the board-approved policy documents and position instructions in line with the requirements of the Solvency II regulations.

Protector publishes four quarterly accounts in addition to ordinary annual accounts. The accounts must satisfy the requirements of laws and regulations and follow the adopted accounting principles. The accounts must be presented in accordance with deadlines set by the board. The company's accounts are prepared by the finance department which reports to the CFO.

The Board's audit committee carries out a preparatory review of the quarterly accounts and of the annual accounts, with special emphasis on discretionary assessments and estimates made, prior to board review.

Protector's internal control over financial reporting includes guidelines and procedures that ensure that the accounts are presented in accordance with the Accounting Act, regulations for annual accounts, etc. for insurance companies and good accounting practice and ensures a correct picture of the company's operations and financial position.

REMUNERATION OF THE BOARD OF DIRECTORS (including sub committees)

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 according to limits set by the Board of Directors. Further information on compensation and loans and shareholdings for the executive management can be found in the notes to the financial statement. 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 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 are 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 pre-approved by the Board.

Information about the auditor's fees for a mandatory audit and other payments shall be presented in the annual report.

SOCIAL RESPONSIBILITY

Protector's social mission is to secure life and valuables and relieve our customers of economic risk, which is also our most important social responsibility. The company's social responsibility is also among other things about safeguarding human rights, working standards, environment, and anti-corruption.

The company has established guidelines for social responsibility which shall ensure that social responsibility is exercised in accordance with the company's core values, ethical guidelines, corporate governance guidelines, and the company's long-term value creation for customers, employees, owners and the society.

The guidelines apply to all employees in the company and to the members of the Board of Directors when they act on behalf of the company. The Board of Directors is responsible for ensuring compliance with the guidelines. Ensuring social responsibility shall be an integral part of the company's internal control framework.

EMPLOYEE RIGHTS AND SOCIAL CONDITIONS

The company's employees are the most important resource for achieving our goals. Protector shall be an attractive employer where employees thrive and have good opportunities for development. Twice a year the company conducts an employee survey to measure and map the level of and development in employee satisfaction. Protector has a Working Environment Committee, which strives for a good working environment. In addition to this the personnel handbook is continuously being revised to provide better information about and document the employees' rights and obligations.

Protector shall actively facilitate the development of each individual employee, and the company works internally with competence development on an ongoing basis. Protector believes in developing key skills through continuous learning. We have established Protector University, a virtual e-learning platform with the ambition to support training/onboarding of new employees and continuous development of all employees. In addition, University will be used to provide feedback as well as evaluate and map employees' competence. Further, quarterly employee appraisals are conducted to ensure individual development and follow-up.

Where equal opportunities and inclusion are concerned, work is being done for providing all employees with the same opportunities for personal and professional development. Existing and new employees shall be treated equally irrespective of gender, age, ethical origins or functional abilities. No form of discrimination is accepted.

As a part of Protector's social responsibility the company supports one Norwegian voluntarily organization working to reduce illiteracy and give Gambian children a better start in life. Protector also views it as a good social task to be able to provide work opportunities during summer months for many young people seeking job, where many of them have the opportunity to secure part-time employment alongside studying. In addition to this, Protector supports the local community by sponsoring a local handball club's young players.

HUMAN RIGHTS

Protector's fundamental guideline is respect for an individual. Everyone shall be treated with dignity and respect, without discrimination on the grounds of ethnicity, nationality, religion, age, gender, disability or sexual orientation. Children shall not be used as working force, and forced labour shall not occur. The company seeks to know its suppliers and shall avoid using suppliers whom do not satisfy the company's core values or ethical guidelines.

THE EXTERNAL ENVIRONMENT

Protector works to reduce the environmental impact of business activities, both through setting requirements for suppliers and through own operations.

Within the company's claims handling, Protector is actively committed to contributing to a sustainable business. For many years, Protector has had an RR-project (recourse- and damage reduction) where a key element of this initiative has been to secure the remaining value in the event of damage. This means that by using remaining values the company reduces the need for new production and makes sure that reusable values are not thrown away and wasted. At the same time, such processing provides economical gain for both the insured party and Protector.

In claims handling we have as a premise that only totally damaged goods shall be destroyed. Damaged goods are sold or given to charities.

Within property, approximately 80 % of our claims payments are larger than NOK 1 million. The way we handle our claims is of great economic significance. Therefore we are dedicated to using independent and skilful claims appraisers not only for claims appraisal but also for following up that reparations and construction of new buildings are carried out in accordance with all mandatory regulations, including EHS and climate-directed restrictions.

Within motor Protector has established a wide network of recommended car repair workshops. These are selected workshops, who can document satisfactory operations in accordance with all public requirements as well as quality standards that Protector demands. We have a limited number of workshops in each geographical area to ensure that we can offer a meaningful supply of repair business. Sustainable operations is one of our requirements for workshops, and we are especially focused on re-using used parts when they have not been damaged and satisfy requirements for functionality. Reusing parts from damaged cars or end-of-life cars is beneficial for the climate, while also reducing repair costs. This benefits both the external environment, the insured party and the insurance company.

Protector also works targeted with damage prevention measures and then especially within the property area. Reduction of damage risk contributes to protecting life, health and values.

As a white collar business type the company strives for green solutions where possible. The company has invested in double screens in all work places to among other things reduce the amount of paper print-outs. In order to reduce the need for travel , video conference rooms have been installed and phone and skype meetings are encouraged where it can be an alternative for physical meetings. Our offices have energy efficient lighting, and we work continuously with sorting, recycling and minimising waste so that the total waste amount is reduced. The company's offices are and will be located so that access to public transportation is good.

PREVENTION OF CORRUPTION AND MONEY LAUNDERING

Protector is a P&C insurance company and operates within a business area where the risk of corruption and money laundering is low. Protector's ethical guidelines state that the company has zero tolerance for corruption. No employees shall directly or indirectly offer, promise, give or receive bribes, illegal or unfortunate gifts or other inappropriate benefits or allowances to obtain benefits for the company or privately. Protector's employees shall not work on the behalf of the company on matters where they have personal interests, or where it may be perceived by others to have such interests. The company has also established separate guidelines for gifts and representation.

Protector is required to have a risk-based approach to money laundering and terror financing to customers based on customer relationship, the type of products and the type of transactions. The company carries out a risk assessment in connection with the sale of insurance to new and existing customers, and in the payment of claims. The risk assessment is comprehensive and based on the characteristics of the client, client relationship, product, transaction and other relevant factors. In insurance, money laundering will often occur in connection with claims payments. Fighting against money laundering occurs through good risk selection, i.e. good knowledge about the customers who acquire insurance in the company.

The company's guidelines for anti-money laundering and terror financing are approved by the Board of Directors.

All employees in the company must complete a mandatory e-learning course on anti-money laundering and anti-terror financing.

PERSONAL DATA SECURITY (GDPR)

Protector processes personal data in accordance with the laws and regulations governing collection, storage and use of such information. The company policy and guidelines for processing of personal data provide supplementary requirements for implementation throughout the organization. Privacy and information security are essential factors in securing the rights of individuals. Protector's Data Protection Officer works closely with the business units and IT to meet the requirements of the regulation for everyone's safety. The company has a well-functioning events registration database for recording and handling any breaches of personal data security for both customers and employees.

All employees of the company must complete an e-learning where they must confirm that they have read and understood the company's guidelines for processing of personal data.

RESPONSIBLE INVESTMENTS

Responsible investments is an integral part of the company's investment strategy. Guidelines for investments define exclusions from the investment universe based on business type and/or business activities. Protector's policy is not to invest in any companies that are responsible for or contribute to contributing to serious or systematic violation of human rights, environmental damage or corruption.

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