ANNUAL REPORT 2013

PROTECTOR
forsikring

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HIGHLIGHTS
2013

In 2013, total premiums amounted to NOK 1.861 million compared to NOK 1.517 million in 2012, an increase of 23 %. The growth occurred within the Norwegian commercial and public lines of business (40 % of growth), within Sweden and Denmark (53 % of growth) and within change of ownership insurance (7 % of growth).

In 2013, the cost ratio increased somewhat. Gross cost ratio in 2013 was 13,8%, compared to 12,7% in 2012. The increase is due to a large increase in number of employees in all three countries to handle the company's growth.

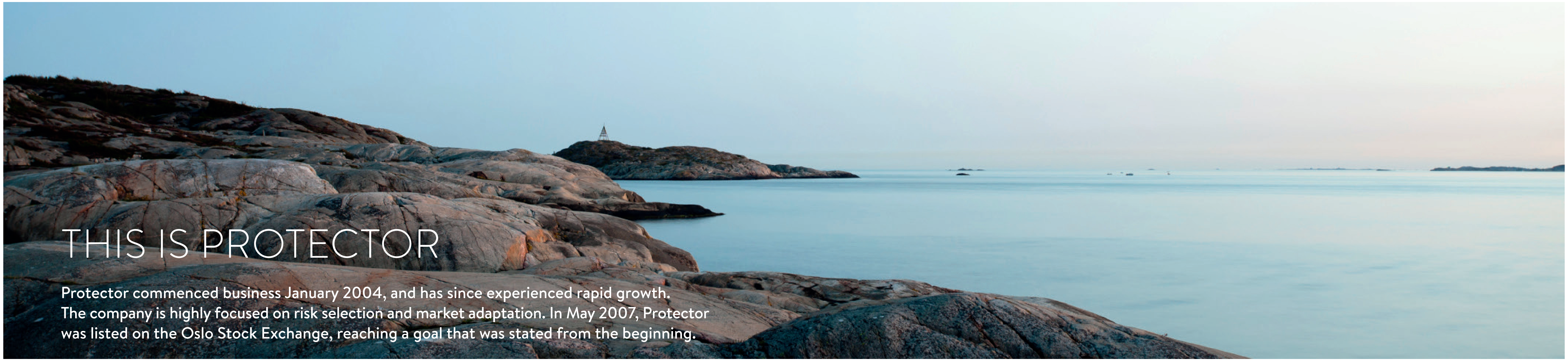
The combined ratio was 86,7 % at the end of 2013 which is one of the best ratios among the Scandinavian non-life insurance companies.

The return on investments was 7 % compared to 8,9 % in 2012. Tightening of credit spreads and strong markets for equities contributed to the strong result.

The operating profit amounted to NOK 430,3 million compared to NOK 393,7 million in 2012.

The company expects that underlying profitability will continue to be good. Nevertheless, as a result of the company's expansion in Sweden & Denmark, there is an increase in uncertainty concerning claims development.

The Board proposes a dividend of NOK 1,75 per share for financial year 2013.



THIS IS PROTECTOR

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

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

VISION AND BUSINESS CONCEPT
Protector shall be the challenger. This position will be achieved through unique relationships, good decision making and cost effective solutions.

BUSINESS GOALS AND STRATEGIES
Protector targets further profitable growth in the years ahead. Entering into Sweden and Denmark required somewhat more investments, however, combined with an increase in written premiums, the cost ratio is expected to remain stable in 2014 and decrease thereafter.

The company's ambition is to be:
- Top 3 in Protector's defined segments
- Cost and quality leadership
- Preferred by the brokers

The company's long-term financial objectives are:
- Growth rate of gross written premium: 10 %
- Combined ratio for own account: 91 %
- Return on solvency capital: 20 %

DISTRIBUTION STRATEGY
Protector has a distinct distribution strategy. All distribution is done through intermediaries. The commercial and public sector business is sold through insurance brokers. The same strategy applies for affinity programs. Change of ownership insurance is sold through selected real estate agents.

MARKET STRATEGY
Protector operates in non-marine insurance.
The company has clearly defined market segments:

COMMERCIAL LINES OF BUSINESS
Protector's chosen segment consists of companies with annual insurance premiums above NOK 100,000. Most of the clients have an annual insurance premium below NOK 3,000,000, however, Protector also targets larger companies. The largest companies have annual insurance premiums in the tens of millions. By year end 2013 the customer list included approximately 3,000 companies.

PUBLIC LINES OF BUSINESS
Protector has managed to establish itself as one of the three largest insurers in the Norwegian municipality sector. At the beginning of 2014 the customer list consisted of 228 Norwegian, 119 Swedish and 16 Danish municipalities. The insurance policies consist of both complete and single product coverage.

CHANGE OF OWNERSHIP INSURANCE
Change of ownership insurance covers the seller's responsibility for the estate's material defects as specified by the sale of property law ("Avhendingsloven"). Protector is the market leader within change of ownership insurance with more than 50 % market share. Protector has developed an effective value chain in change of ownership insurance and acquired the necessary critical mass to continue as a leading player in the years ahead.

SWEDEN AND DENMARK
Protector has established an operational presence in Stockholm & Copenhagen with 19 and 14 employees respectively by the end of 2013. The company expects that significant parts of future growth will stem from outside of Norway. The company's

entrance in the Swedish and Danish markets follow the same business model as in Norway and is well perceived by the insurance brokers.

STRATEGY FOR CLAIMS HANDLING
Protector has decided to have claims handling in-house and therefore have a substantial competence in this field. By using skills and competences across claims handling, underwriting and sales the company achieves high cost efficiency while maintaining high quality. Approximatley 60 employees were dedicated to claims handling at the end of 2013.

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

PERFORMANCE BASED CULTURE
Protector's organization is based on highly qualified and experienced employees, whom counted 163 people at the end of 2013. The majority have long experience from the insurance industry. In addition to the development of claims handling, large resources have been invested to increase the capacity in the areas of underwriting, analysis, sales and service.

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

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

LEADERSHIP DEVELOPMENT
Protector started a new leadership development program called "the Dream Team Leader" for the company's management and key personnel with management responsibility in 2013. The program contained specific development goals for each participant, and a strengthening of the company's management teams. The objective is to develop a congruent leadership in Protector. This involves understanding the company's basic core-value based philosophy for leadership, both for management and for the rest of the organization.

In addition, there has been a program for employees, "Dream Team Employee", where 32 co-workers, divided into 4 groups have contributed with suggestions and projects to improve our work environment and culture. The groups have focused on the following areas:
- Feed back in day to day business
- Performance based culture
- Discipline as culture
- Outstanding innovation and improvisation

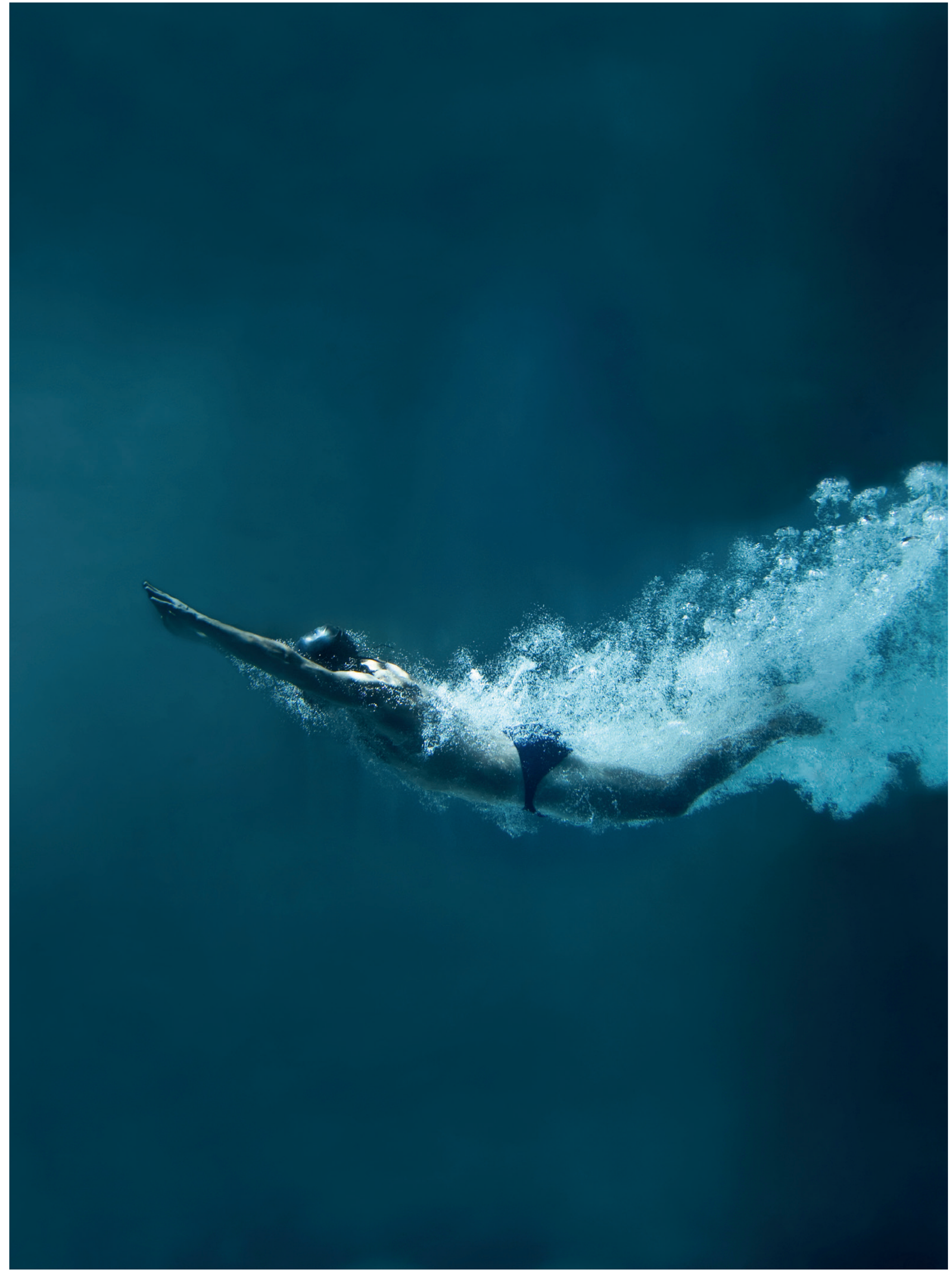
By creating awareness amongst all co-workers concerning the company's basic core values and beliefs, our ambitions and our business, Protectors vigour and ability to realize the company's objectives will be strengthened.

KEY FIGURES

[1.000 NOK]		2013	2012	2011
Gross premiums written		**1 860 617**	**1 517 017**	**1 202 479**
Gross premiums earned		1 814 626	1 464 244	1 176 965
Gross claims incurred		(1 450 587)	(1 170 976)	(898 796)
Premiums earned for own account		1 373 555	1 107 433	903 478
Claims incurred for own account		(1 133 527)	(940 094)	(729 843)
Net commission income		94 338	90 269	50 527
Operating expenses		(151 279)	(104 481)	(91 541)
Other insurance income/costs		386	(127)	(1 409)
Net financial income		256 729	245 571	(51 388)
Other income/costs		(9 885)	(4 904)	3 111
Operating profit before security provision		**430 316**	**393 668**	**82 935**
Change in security provision		(54 839)	(146 531)	(49 921)
Profit before tax		375 477	247 137	33 014
Profit before other comprehensive income		286 973	198 772	(7 573)
Profit for the year		292 624	207 679	(7 573)
Gross claims ratio	(1)	79,9 %	80,0 %	76,4 %
Gross cost ratio	(2)	8,8 %	7,7 %	10,0 %
Gross combined ratio	(3)	88,7 %	87,7 %	86,3 %
Claims ratio for own account	(4)	82,5 %	84,9 %	80,8 %
Cost ratio for own account	(5)	4,1 %	1,3 %	4,5 %
Combined ratio for own account	**(6)**	**86,7 %**	**86,2 %**	**85,3 %**
Retention rate	(7)	75,7 %	75,6 %	76,8 %
Solvency capital	(8)	1 335 313	1 086 448	741 288
Solvency margin	(9)	315 %	304 %	219 %
Capital adequacy ratio (risk weighted)	(10)	20 %	20 %	19 %
Operating profit before security provision etc per share	(11)	5,21	4,77	1,00
Net profit after tax per share	(12)	3,47	2,41	(0,09)

(1) Gross claims incurred in % of gross premiums earned
(2) Gross operating expenses in % of gross premiums earned
(3) Gross claims ratio + gross cost ratio
(4) Claims incurred for own account in % of premiums earned for own account
(5) Total operating expenses for own account in % of premiums earned for own account
(6) Claims ratio for own account + cost ratio for own account
(7) Premiums earned for own account in % of gross premiums earned
(8) Equity + security provision
(9) solvency margin is calculated according to the regulations of the Financial Supervisory Authority of Norway
(10) Net primary capital in % of risk weighted assets
(11) Operating profit before security provision divided by weighted number of shares
(12) Net profit after tax divided by weighted number of shares

DITLEV DE VIBE VANAY (47)
Chief Financial Officer. Mr Vanay holds an MSc in Economics and Business Administration from the Norwegian School of Management. He has more than 15 years of experience from the insurance and IT sectors, amongst others finance and business controlling in Storebrand, If and Tinde.



SHAREHOLDER INFORMATION

THE PROTECTOR SHARE
In 2013, Protector's share price increased by 52,2 % including dividends and 43,3% excluding dividends. The Oslo Benchmark increased by 23,6 % during the same period. In 2012, Protector's share price increased 24,1 %, while the Oslo Benchmark index increased by 15,4 %. No dividends were paid in 2012 for the fiscal year 2011.

DEVELOPMENT IN PROTECTOR'S SHARE PRICE


The average trading volume of Protector's shares on the Oslo Stock Exchange was 66,189 shares in 2013, relative to 39,698 shares in 2012.

At the end of 2013, Protector's share price was traded at NOK 19.20. The market value of total outstanding shares was NOK 1.654,2 million.

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

The company's goal is to maintain a solvency margin (calculated according to the regulations of the Financial Supervisory Authority of Norway) of at least 250 %. Unless the need for capital suggests otherwise, it is the board's target to distribute 30-50 % of the annual after-tax profit in a form of dividend. When the dividend is finalized, the decision will take into account the company's results and capital requirement including adequate financial buffers and the necessary flexibility for growth and development.

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

The board proposes dividend of NOK 1,75 per share for the fiscal year 2013, totaling NOK 144,5 million. The board considers the size of the dividend to be in line with the company's financial position and the position in the market. Dividends of NOK 1,20 per share, totaling NOK 99,1 million were distributed in 2013 for the fiscal year of 2012.

COMPANY ANNOUNCEMENTS PUBLISHED IN 2013

17.12.2013	Financial calendar 2014 - Protector Forsikring ASA
15.11.2013	Protector Forsikring achieved full victory in the West Tank case
31.10.2013	Result Q3 2013: Continued profitable growth, increased guiding
28.10.2013	Presentation of Results Q3 2013
17.10.2013	Interest rate adjustment
18.09.2013	Notification of trade
22.08.2013	Notification of trade
15.08.2013	Notification
17.07.2013	Interest rate adjustment
12.07.2013	Result Q2 2013: 13 % growth, increased margins and increased guiding
09.07.2013	Presentation of results Q2 2013
14.05.2013	Q1 result: 35 % growth, good results, increased gross claims ratio
08.05.2013	Presentation of results Q1 2013
26.04.2013	Protector Forsikring ASA – Ex dividend NOK 1,20 today
25.04.2013	Annual General Meeting held
17.04.2013	Interest rate adjustment
04.04.2013	Notice of Annual General Meeting
08.03.2013	Protector Forsikring ASA – Proposed dividend
28.02.2013	Best year ever – 26 % growth and CR 86,2 %
22.02.2013	Presentation of Results Q4 2012
24.01.2013	Protector Forsikring ASA, 18 % growth in 2013
17.01.2013	Interest rate adjustment

SHAREHOLDERS AND VOTING RIGHTS
The company has issued a total of 86.155.605 shares consisting of only one class of shares with equal rights for all shareholders. A list of Protector's shareholders is provided in note 10 in this report.

ANNUAL GENERAL MEETING
The Annual General Meeting of Protector Forsikring ASA will be held at the company's premises at Filipstad Brygge 1, Oslo, on Wednesday 30 April. 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 2014
30. APRIL
Annual General Meeting
9. MAY
Q1 results 2014
11. JULY
Q2 results 2014
29. OCTOBER
Q3 results 2014

2013 – NEW BEST YEAR EVER, SWEDEN AND DENMARK FULLY OPERATIONAL

2013 – DOUBLE DIGIT GROWTH CONTINUES
At the start of 2013 we were relatively up-beat. We guided the market on 18 % top-line growth, a combined ratio of 91 % and a stable cost ratio. The result: 23 % growth, a CR of 86,7 %, and a gross cost ratio of 13,8 %. In addition, we had a very strong financial result with 7 % return.

Our markets and our competitors have performed as expected. The real estate market is still functioning well, and despite some adjustments to the price level during autumn 2013, we expect a stable development in volume in 2014. We continuously win new customers and increase market share in the commercial segment – Protector now has Scandinavia as its home market, and growth outside of Norway will be the driving force in the coming years.

Our market share is now over 20 % in the market for land-based, brokered, insurance. We are strengthening our number 3 position in this market. When we now also have established robust & effective organizations in Sweden & Denmark, we are positioned well for strong growth in 2014. We expect a continued profitable growth and increased market share in Norway, Sweden and Denmark in 2014. At the same time our risk increases somewhat because it takes some time to ensure a profitable expansion in Sweden and Denmark as well as the continued rate pressure in the Norwegian market, especially in the personnel insurance sector.

OUR RESULT in 2013 is characterized by 4 features:

- A very strong growth of 23 % in volume, driven by strong growth in Sweden & Denmark, as well as the Norwegian public sector.
- A strong financial result at a 7 % return.
- A net combined ratio of 86.7 %.
- Increased gross cost ratio from 12.7% to 13.8%. The increase is driven by increased manning in Sweden & Denmark to deal with strong growth & to maintain our quality leadership.

We are at the same time reinforcing our position as both a quality and cost leader in our chosen segments. This translates to decent prices for brokers and end-customers as well as profitability for Protector. A true win-win-win situation.

WITHIN THE NORWEGIAN COMMERICAL SEGMENT
our position was strengthened through an impressive growth whilst still earning money. The municipality segment has the largest growth due to focused underwriting and good relationships with the brokers, in addition to a larger volume on tender. The two segments together grew 14 % and we pass the billion mark with NOK 1.122 billion in revenue. As in 2012, the flow of tenders received from the large and medium insurance brokers has been strong. We have also managed to win several larger customers in 2013 despite fierce competition in pricing. Our customers now include approximately 211 large/medium customers in the commercial segment, in addition to 228 municipalities.

In sum 2014 has begun on a strong footing. We are guiding single digit growth, but still continued good profitability.

VERY STRONG GROWTH IN SWEDEN
In 2013 our position in Sweden is strengthened and the volume is increasing rapidly. We are growing within all insurance products, with the auto sector as our driving force. We have far more insured cars in Sweden than in Norway. We win customers both in municipality sector and in the market for big/medium sized companies. The second quality survey is carried out among Swedish insurance brokers, and Protector is increasing its quality leadership. Our team now consists of 20 people and they desserve praise for their impressive effort.

VERY RAPID GROWTH IN DENMARK
Protector got its first 6 municipalities on the client list in 2012. Since then, Denmark has developed quickly – Denmark is growing at a faster rate than both Sweden & Norway did 1,5 years after the start of operations. In total we have a large number of commercial clients and 16 municipality's on the client list in Denmark.

Our first impression of the brokers wishing us a warm welcome is confirmed by our first quality survey amongst the brokers, where Protector scored 76 out of 100 possible points – whilst the industry average is much lower. Our team now consists of 14 people and will grow further in the coming year. The effort in Denmark has also been very good.

As in Sweden, the cost ratio is high as a result of the manning coming somewhat ahead of the volume. The cost ratio will decrease dramatically in 2014 and will continue rapidly downwards in 2015.

Sweden & Denmark will drive double -digit growth at a company level over the next 2-3 years. We are looking forward to that!

WITHIN CHANGE OF OWNERSHIP
we have maintained a market share somewhat above 50 %. Volume for 2013 was NOK 451 million, The increase is due to higher real estate prices, somewhat increased turnover rate, adjustment of our premium structure, in addition to our real estate agents winning market share. Volume is expected to be stable in 2014, as the real estate market is slowing down somewhat.

The number of claims is stable, but high at approximately 4,500 annually, and we still experience a very high number of law suits and 5.2 warnings – 500. We continue to achieve good results in the court where wins, draws, and losses are distributed at 46%, 24% and 30% respectively. Claims handling quality is very good, and the focus on claim mitigation and recourse has yielded further good results. Our better result within change of ownership insurance is attributable to this job. In 2014 our margins are expected to decrease somewhat, as claims inflation is expected to be higher than price inflation (a negative price development within residential property is probable). Our perception is that our counterparties and partners experience us as constructive and professional, and that our reputation in the market is further strengthened.

Market surveys show, as in previous years, that our customers – and in particular those who have experienced a claim – are extraordinarily pleased with our quality. On a scale of 0-100 we receive an impressive 94 which is "all time high"- again. Our partners the real estate brokers also give us "thumbs up" in similar surveys. To this we are extremely grateful and we start on a new year with a boost of energy and enthusiasm.

Finally, I want to take an opportunity to address my appreciation to all those whom have contributed to our success. First, I would like to thank our cooperating insurance brokers and real estate brokers. We will work even harder in 2014 to make sure that your customers are satisfied. Thanks to our strong team of 163 motivated employees in Oslo, Stockholm, and Copenhagen. I feel that we have been able to grow quickly- both as an organization and in the marketplace – whilst at the same time, new employees and brokers meet an organization where the winning culture has taken new strides. Our "leading star", Larvik Håndballklubb, are not the only ones who are going to play in the Champions League.

Sverre Bjerkeli
CEO

SVERRE BJERKELI (54)
Chief Executive Officer. He has worked for Protector since 2004 and as CEO since 2006. Bjerkeli has more than 15 years of experience from the finance and insurance industry where he among other positions was director of private and business insurance in Storebrand/If. He was central in establishing Storebrand Bank as well as being the executive manager and has international experience through CEO positions in Torrino and Ementor Norge.

NORWAY:
COMMERCIAL AND PUBLIC LINES OF BUSINESS

Protector offers all types of insurance to the commercial and public sector, with the exception of pension insurance.

STRONG GROWTH

Gross premiums written amounted to NOK 1.122 million in 2013 compared to NOK 985 million in 2012, a growth of 14 %. The company has experienced strongest growth within public sector as a result of increased volume in the market and the company's competitiveness in the tender process. The growth was observed within all product lines, but was strongest within personnel insurance where new sales were especially good. Renewal rate was 93% in 2013, slightly down from 2012, nevertheless, in accordance with set goals.

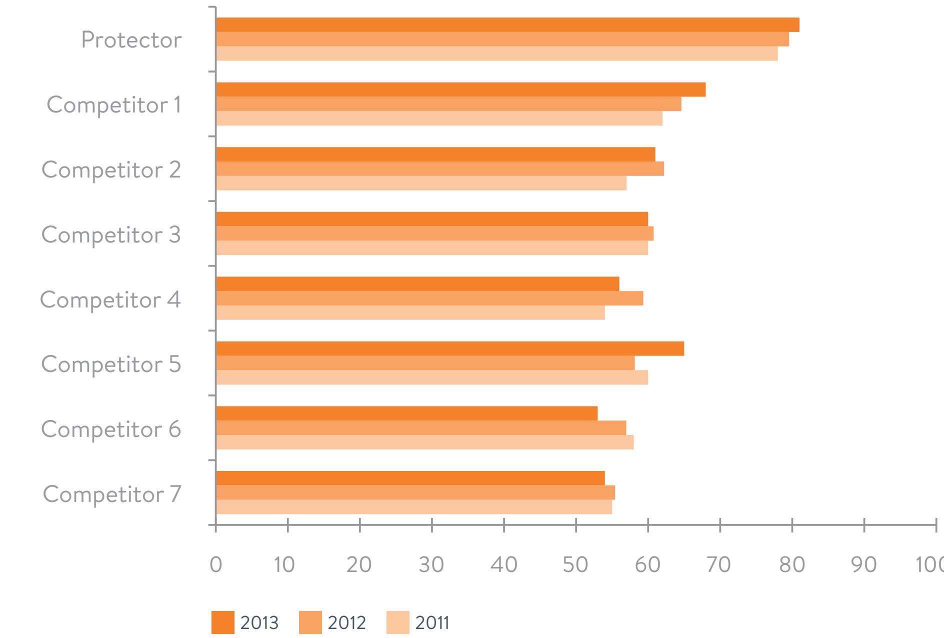
The company maintained its cost leadership in 2013 & achieved a good level of profitability. This gives more room for competitive pricing and better opportunities for winning new contracts as well as renewing the existing ones.

DISTRIBUTION AND MARKET

Protector cooperates extensively with the insurance brokers in the Norwegian market and has access to all relevant tenders through the year. A substantial share of tenders is channeled through the "Top 5" firms. In a survey conducted in the autumn of 2013 the brokers rated Protector as their most preferred insurance company for the seventh consecutive year.

Protector's strategy of price differentiation and selective risk-taking on individual customers stands. It will ensure that

PROTECTOR IS THE PREFERRED INSURER AMONG BROKERS (SATISFACTION SCALE 1-100)



the company can combine profitable growth both through sales and renewals. The intensity of market competition varies according to segments, and is strongest where we historically have experienced the thinnest economic margins. Protector's low cost level is the key to acquire profitable business in these segments. However, the key driver of profitable growth in 2013 has been the company's renewal rate and ability to win new large customers.

ORGANIZATION AND COMPETENCE

Protector continues its focus on increasing the competence of every employee and leader. The commercial and public lines of business have strengthened its leadership capacity during 2013 and are now equipped for further growth in its portfolio. This focus has also lead to a high level of operational and technical expertise in both the leadership and other amongst co-workers.

In 2013 the commercial department in Norway supported Protector's growth in Sweden and Denmark with core skills and resources. Increasingly, the focus now is on the transferring og expertise between our three geographical locations.

Own routines and processes were developed further in 2013 with an improved follow-up on claims handling as the main measure. Work yielded significant results with respect to culture, however, further work is being focused on tapping potential for improvements in effectiveness and quality. Brokers score Protector's claims handling at the top quality wise in the 2013 release of the company's established survey. We are proud of this, but we will continue to improve us further. Protector's high level of quality within sales, underwriting, service offerings and claims handling is documented through internal as well as external surveys.

HENRIK HØYE (32) –
DIRECTOR OF COMMERCIAL AND PUBLIC LINES OF BUSINESS
Employee since 01.07.2007. MSc in Finance & BSC in Economics from University of Colorado in Boulder, USA. Høye comes from the position as Director Public sector and has been responsible for the building of Protector's public sector initiative.

KJERSTI K. MYKING (48) –
DIRECTOR OF MARKETING
Employee since 01.04.2013. Diploma in Marketing & Economics from Norwegian School of Marketing. Experience as marketing director in Storebran and Microsoft. Comes from position as client director in Carat Norge.

SWEDEN AND DENMARK: COMMERCIAL & PUBLIC LINES OF BUSINESS

Gross written premiums in Sweden and Denmark was NOK 288 million in 2013, an increase of NOK 182 million from 2012 (174%). Sweden & Denmark are approximately the same size with regards to volume, with gross written premiums of NOK 147 million in Sweden & NOK 141 million in Denmark. Both countries have built significant portfolios within the commercial and public sectors. At the onset of 2014, Sweden had 119 municipalities, 7 counties and approximately 100 middle sized companies in the client list. Large clients in Sweden include Nibe, Nobina, PostNord, Bring & Securitas. Denmark had 16 municipalities and several hundred companies on the client list. Among the largest clients are Dansk Cater, Tedebus, FTZ, Berendsen, G4S and Tvillum, in addition to Danske Maskinstationer & Entreprenører og Danske Restauranter within the affinity segment.

Protector follows the same business model in Sweden and Denmark as in Norway. In both countries Protector has been well received by the brokers. In our Swedish & Danish quality survey in 2013, the brokers evaluated Protector ahead of all our competitors on quality both in Sweden & Denmark. In Sweden, a similar surcey was carried out in 2012, where Protector was ranked as number one by the brokers. In Denmark the survey was carried out for the first time in 2013. In spite of somewhat few respondents in the survey, we are very pleased with achieving the number one spot in Denmark as well.

Staffing in Sweden & Denmark increased significantly in 2013 to support the strong growth. In Sweden the staff has increased with 11 employees (from 8 employees in 2012) and in Denmark the staff has increased by 8 employees (from 6 employees in 2012). The increased staffing in both countries has for the most part been within underwriting and claims handling. In the start-up phase, Sweden & Denmark have utilized external claims handling agents until the number of claims justified in-house claims handling departments. At year end 2013, both countries have taken claims handling in-house.

Now that both Sweden & Denmark are becoming a significant part of the company, focus will be turned to the exchange of knowledge and experience across borders as a result of all three geographical locations now having built up extensive expertise within different insurance products and segments.

HANS DIDRING (34) – COUNTRY MANAGER SWEDEN
Employee since 01.07.2011. Didring holds an MSc in Business Administration and Economics and a BSc in Computer Engineering. He has 6 years of experience from various positions in If and Länsförsäkringar. Didrings last position was as Head of Broker Sales and Service at If in Stockholm.

FLEMMING CONRAD (57) – COUNTRY MANAGER DENMARK
Employee since 01.08.2012. IEP Insead, Handelshøjskolen, Merkonom (O), Forsikringsakademiet. He has 38 years of experience in insurance sector from Hafnia, Codan, Provinzial, Trekroner and Nykredit. His latest position was director in Gjensidige's branch in Denmark.

CHANGE OF OWNERSHIP INSURANCE

In 2013 Protector maintained its status as market leader. The company's most important brokers are Eiendomsmegler 1, Privatmegleren and Krogsveen. The larger real estate chains grew in line with or above the market trend- especially Krogsveen has expanded in number of offices and agents- while the smaller chains reduced their market share. The real estate agent ProA reached an agreement with Protector to distribute change of ownership insurance in September 2013. Change of ownership is sold solely through real estate brokers, and Protector has maintained the relationship through proper information, efficient support routines and a high level of quality in claims handling. Protector's market share exceeds 50 %.

GOOD GROWTH IN VOLUME

The turnover of real estate was high in 2013 and was in line with 2012. Both sales and turnover remained at a very high level in 2013, even though turnover slowed down slightly towards the end of the year. Prices increased by 5 % year-to-year and contributed further to the growth of written premiums which increased by 6 % from NOK 427 million in 2012 to NOK 450 million in 2013. Hit ratio was stable at approximately 80 %.

SALES AND SUPPORT

Protector takes the quality leader in the change of ownership insurance market. The company's goal is to provide our real estate brokers with a service that lets them focus on their clients. Protector's service includes proper information, best practices and a general availability in our service centre that answers any questions.

During 2013 Protector offered professional courses and training to most of the 2,500 brokers that are the company's sales channels. Professional courses within the area of the sale of property law, brokerage responsibility and area are accepted as a part of broker's mandatory continuing education by the Financial Supervisory Authority of Norway. We have seen a very good reception to these training opportunities among the real estate agents.

By the end of 2013 12 employees were working with sales and support towards the real estate brokers.

Protector regularly ask the real estate brokers to evaluate the company. In the latest survey the brokers score Protector highly in all areas. On the particular question, "How satisfied are you with Protector as a distributor of change of ownership insurance", Protector receives a score of 89 out of a possible 100. This high level has been stable over several years.

HIGH QUALITY IN CLAIMS HANDLING

Approximately 4,500 claims were reported through 2013, an increase of 4,7 % relative to 2012. The number of legal processes was over 500 which is stable compared to 2012. The underlying trend is a high, but stable, level of conflict.

Quality in claims handling is a high priority, and the department has reached a high level in 2013. 80 % of reported claims are determined and communicated to the claimant within 10 days of receiving their documentation along with a low share of claimants who do not accept the company's conclusion.

At the end of 2013 Protector had a running portfolio of 1,700 claims and strong operational control supported by monthly reporting on each claims handlers progress. This results in a positive development on time consumption and a better sale of conclusions to claimants.

The number of court ruling in 2013 has increased to over 300. The ratio of settlements to court rulings was ca 50 % in 2013, relatively stable compared to 2012. The share of court rulings won completely or partially was 70 % in 2013 relative to 81 % in 2012.

Protector's conclusion was upheld in 80 % of claims brought before the independent appeal bodies KKFE or FinKn in 2013. This is a strong result and supports our conclusion that the company's claims handling holds a high level of quality.

Work with technical surveys began to find its own form. Technical professional competence yields a better ground for decision within claims handling and better solutions –for claimants as well. Development within damage valuation is positive.

The share of real estate sales reports is stable, but the quality is still at a low level. Protector is active in several areas in order to effect the quality, among other things through the development of a new Norwegian standard.

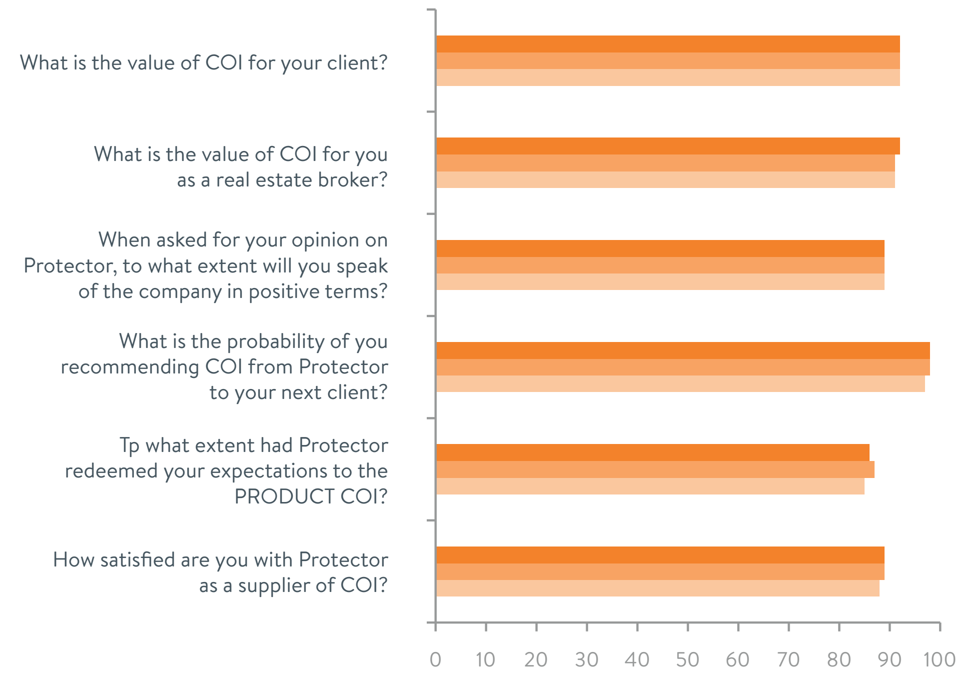
Protector focuses on correct claims handling. This means that costs shall be allocated to the third party who has the responsibility for the fact that a claim has arisen. In 2013 Protector has achieved very good results within claims reducing measures and recourse. We are evaluating the basis for allocating responsibility to the third party in over 90 % of the cases.

Protector regularly ask our end customers to evaluate the company. In the latest survey the home sellers score Protector highly in all areas. On the particular question, "What is the probability of choosing Protector in your next sale", Protector receives a score of 94 out of a possible 100.

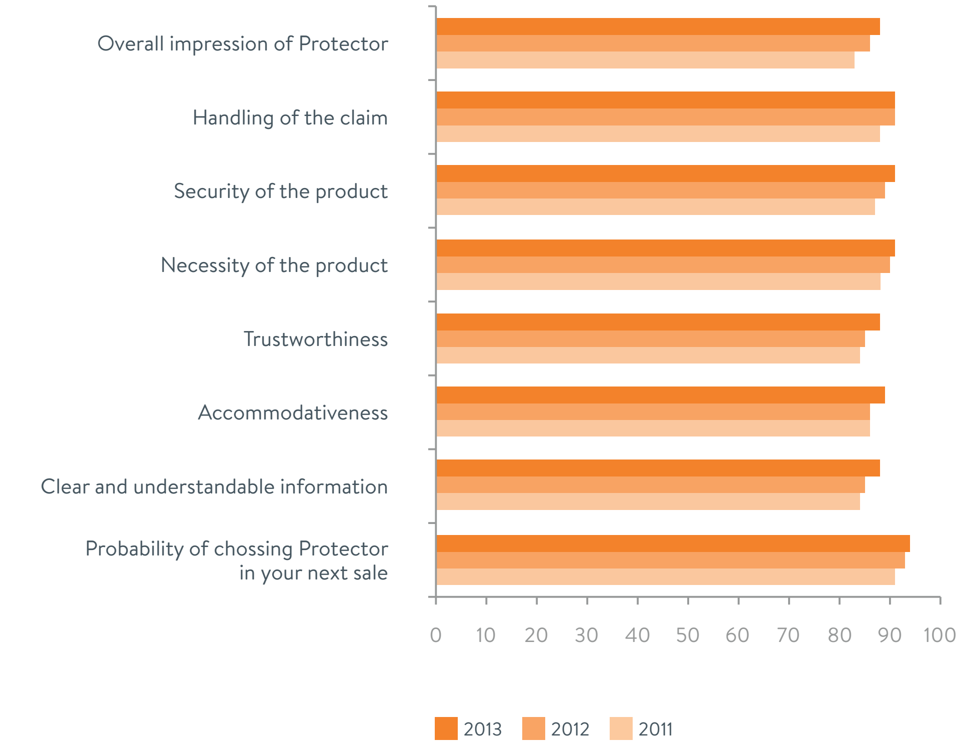
REPUTATION

Our surveys show that home sellers – who are purchasing the insurance, and thus are our customers – are extremely satisfied. The same can be said about the real estate brokers, whom again give Protector and the product a very high score.

THE REAL ESTATE BROKERS ARE VERY SATISFIED WITH PROTECTOR (SCALE 1-100)



HOME SELLERS ARE VERY SATISFIED WITH PROTECTOR (SCALE 1-100)



MERETE C BERNAU (47) – DIRECTOR OF CHANGE OF OWNERSHIP INSURANCE
Employee since 01.09.2005.
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. A board member in Finansklagenemda.

DIRECTORS' REPORT

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

THE MAIN FEATURES CHARACTERISING 2013 ARE:

> Strong growth within the commercial & public lines of business in all of the three countries the company has operations
> Increase in cost ratio due to substantial increase in manning
> A strong technical result
> A strong return on investments

PREMIUM INCOME

In 2013, gross premiums written increased by 23% to a total of NOK 1.860,6 million. Gross premiums earned increased by NOK 350,3 million to a total of NOK 1.814,6 million. Premiums earned for own account were NOK 1.373,6 million, an increase of 24% compared to 2012.

The company had especially strong growth within commercial and public sectors, where gross premiums written amounted to NOK 1.263 million, compared to NOK 959 million in 2012 (32% growth).The growth is mainly due to high new sales within both the commercial & public sector. The growth in Sweden and Denmark constituted 19% points of the total growth within commercial and public sector. In 2013 growth in the Norwegian municipality sector was 18%, and the company strengthens its position as number 3 in this market. In the public sector, Protector has continued to experienced strong competition, especially within personnel insurance products, where the pricing is more aggressive. In Sweden & Denmark, the company had 113 municipalities on the customer list at year end 2013. Gross written premiums in Sweden and Denmark constituted NOK 288 million, whereof 46% of business came from the public sector and 54% from the commercial sector.

Within the affinity segment, gross written premiums amounted to NOK 597,2 million, compared to NOK 558,2 million in 2012. This is an increased growth rate compared to last year. Premium income within change of ownership insurance, the company's largest affinity program, totaled NOK 450,9 million, a growth of 6% compared to 2012. The growth is driven by increased property prices and increased total number of insurance policies sold. Protector's market share is approximately unchanged in 2013 and is estimated to be above 50%. The total number of the real estate sellers who buy change of ownership insurance is at a stable level. In 2013 hit-ratio was slightly above 80%.

JOSTEIN SØRVOLL
CHAIRMAN OF THE BOARD

Age: 64
Education: Actuary from the University of Oslo (1973)
Work experience:
Private investor
CEO of Gabler Wassum AS (2009-2010)
CEO of Protector Forsikring ASA (2003-2006)
CEO of Norske Liv AS (1992-1998)
Executive positions in the Storebrand group (1976-1990)
Director of Protector since: 2006
Other essential tasks in companies and organizations: Chairman of the Board, Gabler Rådgivning AS
Regarded as an independent director: Yes

RESULT

Operating profit before changes in security provisions and tax amounted to NOK 430,3 million, compared to NOK 393,7 million in 2012. The return on the company's average solvency capital after tax amounted to 28%, compared to 38% in 2012. The improvement of the result is due to a strong technical result and strong investment returns.

The company's claims ratio for own account decreased from 84,9% in 2012 to 82,5% in 2013. The cost ratio was 4,1%, up from 1,3% in 2012. The development in claims and cost ratio resulted in a combined ratio of 86.7% in 2013, compared to 86,2% in 2012.

A stronger claims result is due to increased profitability in most products in Norway, along with higher run-off gains in 2013 compared to 2012. The profitability in all of the commercial lines of business is still satisfactory. The change of ownership insurance continues to develop nicely, and has a good level of profitability in 2013. The profitability in Sweden & Denmark is lower than set goals for 2013, however, there are no material profitability challenges in the portfolio.

The cost ratio has increased slightly compared to 2012. Gross cost ratio (including claims handling costs) was 13,8% compared to 12,7% in 2012.The increase is driven by increased manning in all three countries. The manning has equipped the company for future growth, and the rate of manning is to decrease in 2014, leading to an estimated reduction of cost ratio through a strong topline development as well as continued focus on efficiency and costs.

Net income from investments totaled NOK 256,7 million or 7,0% in 2013, compared to NOK 245,6 million or 8,9% in 2012. Credit spread tightening and a strong equities market contributed to the good result. Return on the fixed income portfolio totaled NOK 193,9 million or 5,9% in 2013. In 2012 the return on the fixed income portfolio was NOK 166,1 million or 6,8%. The return on equities was NOK 62,8 million or 17,3% compared to NOK 79,5 million or 25,2% in 2012.

The growth in premiums for own account requires higher statutory security provisions. In 2013, the security provisions increased by NOK 54,8 million, from NOK 503,3 million in 2012 to NOK 558,1 million in 2013. At year end 2013, security provisions were NOK 229,7 million higher than the minimum requirements set by The Financial Supervisory Authority of Norway

ROLF TOLLE
BOARD MEMBER, DEPUTY CHAIRMAN OF THE BOARD

Age: 66
Education: Dipl. Pol. Free University of Berlin (F.U)
Work experience: Franchise Performance Director forl Lloyds (2003-2009)
Chief Underwriting Officer Faraday Underwriting (2001-2003)
CEO of Europe Re (1990-2001)
CEO of Polaris (1987-1990)
Head of Reinsurance Storebrand Re (1975-1987)
Director of Protector since: 2011
Other essential tasks in companies and organizations: Board member in Beazley Furlonge Plc., Beazley Furlonge Ltd., member in an audit committee for Beazley Ltd. and Plc., leader in Risk and Reg committee in BFL
Regarded as an independent director: Yes

EVA REDHE RIDDERSTAD
BOARD MEMBER

Age: 51
Education: MSc in Economics and Business Administration, Stockholm School of Economics (1988)
Work experience: Senior advisor, Yggdrasil AB (2008-)
Executive Chairman, Erik Penser Fondkommission (2006-2008)
CEO, Erik Penser Fondkommission (2004-2006)
Founder and CEO, Mercurius Financial Communications AB (1994-2000)
Corporate finance, Equity research, Investor relations at Investor AB (1988-1994)
Director of Protector since: 2012
Other essential tasks in companies and organizations: Chairman of the Board, Spago AB and FTrack AB. Board member in Probi AB, Pled Pharma AB, Axel Christiernsson International AB, Temaplan Asset Management Holding AB and AP-Fonden
Regarded as an independent director: Yes

Net profit for Protector Forsikring ASA amounted to NOK 292,6 million.

The financial statements are presented on the assumption of meeting the requirement of a going concern. No circumstances which are material for the evaluation of the company's position and results have occurred following the end of the fiscal year.

CAPITAL AND SHAREHOLDER ISSUES

Protector's solvency margin at year-end 2013 was 315%. The capital adequacy ratio was 20% against a minimum requirement of 8%. A more detailed description of the calculation of the solvency margin and capital adequacy ratio is provided in note 20.

At the end of 2013, the company's solvency capital amounted to NOK 1.335,3 million, NOK 777,2 million in total equity (before proposed cash dividend) and NOK 558,1 million in security provision.

The company's free equity before the proposed cash dividend amounted to NOK 302,8 million at the end of 2013.

Net cash flow from operational activities, before investments in financial assets, was positive at NOK 791,5 million. Net cash flow was negative NOK 5 million. The company's cash holdings at year end 2013 was NOK 201,2 million.

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

The company actively works with the preparations for Solvency II. Current calculations indicate that Protector Forsikring also has a satisfactory solvency according to the new regulations.

At the end of 2013 the company has 3.570.661 own shares, which is unchanged from 2012.

Protector Forsikring ASA had 2.525 shareholders at 31.12.2013.

DIVIDEND

The Board of Directors proposes a cash dividend of NOK 1,75 per share for 2013, totalling NOK 144,5 million. The Board considers the size of the dividend to be in line with the company's financial position and the position in the market. The proposed dividend is included in other equity.

The company's target is to maintain a solvency margin (calculated according to the regulations of the Financial Supervisory Authority of Norway) of at least 250%. Unless the need for capital suggests otherwise, it is the board's target to distribute 30-50% of the annual after-tax profit in a form of dividend. The final determination will be initially based on the company's results and capital requirement inclusive satisfactory buffer and the necessary flexibility for growth and development in the company.

RISK FACTORS

Risk taking is core to the company's business. Continuous monitoring and active risk management is an integrated area in Protector's activities and organisation. The main risk factors, of which the company are exposed to, are: 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 variable market factors such as interest and equity prices. At the end of 2013, the company's investment portfolio totalled NOK 4 billion, where 86,8% was placed in interest-bearing instruments and 13,2 % was placed in equities and equity funds. The equity share was increased by 4,3 percentage-points. This is due to reallocation from the fixed income portfolio to equities as well as new investments being allocated to equities. The duration (interest rates) in the fixed income portfolio was 0,56 years (inclusive bank deposits) at end 2013, a decrease from 0,88 years from end 2012. The interest rate risk is considered to be low.

The Board of Directors determines the company's investment strategy annually. Limitations for the company's ability to carry risk are established in the investment strategy and the market risk is continuously measured against the company's risk capital. The consolidated market risk is measured and is reported to the Board each quarter. The total market risk on the company's financial position is considered to be acceptable.

View note 3 of the accounts for further information regarding interest risk and stress tests.

The company's securities are managed by Alfred Berg Kapital Forvaltning, Arctic Fund Management, Carnegie Kapitalforvaltning, Danske Capital, Nordea Investment Management and Pareto Kapitalforvaltning.

Insurance Risk

The insurance risk is adjusted to the company's accessible risk capital. Risk related to insurance operations is limited by the company's establishment of a comprehensive reinsurance

ELSE BUGGE FOUGNER
BOARD MEMBER

Age: 69
Education: Cand.jur. (Law degree) from the University of Oslo (1971)
Work experience: Partner in Advokatfirmaet Hjort DA (from 1991)
Amanuensis at the University of Oslo (1990-1991)
Minister of Justice, Justice Department (1989-1990)
Partner in Advokatfirmaet Hjort DA (1975-1989)
Lawyer in Advokatfirmaet Hjort DA (1972-1975)
Director of Protector since: 2011
Other essential tasks in companies and organizations: Chairman of the Board, Kommunalbanken and Eksportkreditt. Board member in Aberdeen Eiendomsfond Norge II ASA, Aker Kværner Holding AS
Regarded as an independent director: Yes

ERIK G. BRAATHEN
BOARD MEMBER

Age: 58
Education: Master of International Management
Work experience: Private investor (from 1999)
CEO Braathens Safe ASA (1989-1999)
Chairman of the Board, Norwegian Air Shuttle (2004-2009)
Director of Protector since: 2009
Other essential tasks in companies and organizations: Chairman of the Board, Holmen Fondsforvaltning ASA. Board member in Fly Leasing Ltd., Cenzia AS, Peer Gynt Tours AS, North Sea PSV, Opra Technologies ASA. Deputy board member in Pareto Bank ASA.
Regarded as an independent director: Yes

GIUDITTA CORDERO-MOSS
BOARD MEMBER

Age: 52
Education: Cand.Jur. (Law degree) from the University of La Sapienza, Roma (1984), Ph.D. in Law from the Russian Academy of Science, Moscow (1995), Dr.juris at the University of Oslo (1999)
Work experience: Leader of institute of Private Law, Univeristu of oslo (2012-).
Professor at the Institute of Private Law, at the University of Oslo. Legal practioner and partner in the law firm Lindh Stabell Horten DA (2002).
Legal practioner and partner in the law firm Hjort DA (1999-2001).
Lawyer at Norsk Hydro ASA, Norway (1989-1999).
Lawyer at FIAT S.p.A., Italy (1986-1989).
Director of Protector since: 2005
Other essential tasks in companies and organizations: Chairman of the Board, Norwegian Association for Comparative Law Judge, Administrative Tribunal, European Bank for Reconstruction and Development
Regarded as an independent director: Yes

JØRGEN STANG HEFFERMEHL
BOARD MEMBER

Age: 65
Education: Cand.Jur. (Law degree) from the University of Oslo (1975), Supreme Court Attorney
Work experience: Partner in Advokatfirmaet SIMONSEN Vogt Wiig AS (1980-present)
Extensive national and international experience within the field of business law.
Director of Protector since: 2003
Other essential tasks in companies and organizations: Chairman of the Board, Quorum Verdi Invest AS and Verpetangen AS. Member of the board in Quorum Invest AS, Nexen Exploration Norge AS, Agdesidens Rederi AS.
Regarded as an independent director: Yes

programme with well-established reinsurers. The limits for the reinsurance programme are determined by the need to protect equity against claims beyond an acceptable amount, as well as the need to reduce fluctuations of results over time. Through the reinsurance programmes, the company is satisfactory covered against catastrophic incidences and large losses. At the end of 2013 the retention rate was 75,7% slightly up from 75,6% in 2012.

Credit Risk
Credit risk is the risk of incurring losses when counterparties fail to meet their obligations. Furthermore, it includes the risk of changes in general credit prices, the so-called credit-spread risk. Protector is exposed to the credit risk through its investments in interest-bearing instruments and through reinsurance.

The company has established limits for various issuers of securities and defined a minimum level for the credit rating within the various groups of issuers. Limits for credit duration are also established. In 2013, the credit duration on the fixed income portfolio has been increased from 3,1 to 3.23 years. There have not been any significant changes in the average credit rating for the issuers in the portfolio, where the average rating is BBB.

Outstanding claims with the company's reinsurers represent a credit risk. All Protector's reinsurers have got a very good rating and their rating is monitored closely.

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

Liquidity Risk
In P & C insurance, the liquidity risk is in general low since premiums are due for payment before claims have to be paid. Protector's premium income is, in large, placed in cash accounts or liquid securities ensuring that Protector will be able to procure the necessary liquidity at all times. Thus, the company's liquidity risk is considered low.

Operational Risk
Operational risk is the risk of losses because of insufficient or failing internal processes or systems, human error or external events. Today, the operational risk is documented in connection with the work to fulfil the "regulation on risk management and internal control". The fundamental feature in this work is that the individual manager carries out a process to identify the main risks before and after measures have been implemented. In 2013, this work did not discover risks that were not satisfactorily controlled. The operational risk is regarded as low.

MARIANNE LANGRIND KVANVIK
BOARD MEMBER
(elected by the employees)

Age: 40
Education: Cand.jur. from University of Oslo (1999)
Work experience: Lawyer in Protector Forsikring ASA (2005 – d.d.)
Lawyer in Advokatfirma Hersløv Bull & Co (2001-2005)
Associate lawyer in Hersløv & Co (1999-2001)
Director of Protector since: 2012
Other essential tasks in companies and organizations: Member of Finansklagenemnda Eierskifte

FREDRIK H. ØYAN
BOARD MEMBER
(elected by the employees)

Age: 33
Education: B. Sc. Management (2005), M. Sc. Risk Management (2006)
Work experience:
Chief Underwriter P&C and Reinsurance in Protector Forsikring ASA (from 2009), Account Executive in Willis Ltd, London (2006 – 2008)
Director of Protector since: 2012
Other essential tasks in companies and organizations: None

Strategic Risk
Strategic risk relates to Protector's choice of strategic position, including distribution, IT-strategy, flexibility relative to the market, business partners, reputation and changes in the market conditions. Protector's strategy is continuously assessed against results, fluctuations in markets and competition and changes in framework conditions. Elements that are critical to the company's achievements are subject to special monitoring.

ORGANISATION AND WORK ENVIRONMENT
The company had 163 employees at year end 2013. This is an increase of 38 employees during the year, of which 19 are employed in Sweden & Denmark. 19 of the company's 163 employees are working in our office in Sweden and 14 in Denmark. Great emphasis is placed on organisational development and further development of employees as well as recruitment of highly qualified personnel. Through 2013, the company's core competence and capacity are strengthened, to enable continued growth.

Of the company's employees, 53% are women and 47% are men. The company's management team comprises two women and five men. The Board of Directors comprises four women and five men. No special measures have been implemented to promote equal opportunities.

Sick leave amounted to 4,6% in 2013, unchanged from 2012. No occupational accidents or injuries were reported during 2013.

The company's business activity does not pollute the external environment. For further information concerning Corporate Social Responsibility, please see the company's report on Corporate Governance.

CORPORATE GOVERNANCE
Protector established its own principles of corporate governance in 2007. The Board has an annual review of these principles. The principles will contribute to value maximizing for shareholders over time and increased confidence in the company through an open corporate culture and good reputation. The principles of corporate governance mainly follow the laws and regulations the company is subject to. Furthermore, the principles are based on the Norwegian Code of Corporate Governance of 23 October 2012. For a more detailed description of the Protector's corporate governance, see a separate article in this report.

OUTLOOK
The company expects continued growth in 2014 despite strong competition in all markets. The expected growth is based on a very good start in 2014 in all three geographical markets and a continued good access to new business.

The company expects that underlying profitability will continue to be good. Nevertheless, as a result of the company's expansion in Sweden & Denmark, there is an increase in uncertainty concerning claims development.

Normally there is a great deal of uncertainty regarding forward-looking matters, however, in the Board's opinion the company is well-equipped to meet the competition in the furture.

Oslo, 13 March 2014
The Board of Directors of Protector Forsikring ASA
Translation – not to be signed

Jostein Sørvoll (Chairman)	Rolf Tolle	Else Bugge Fougner
Erik G. Braathen	Eva Redhe Ridderstad	Giuditta Cordero-Moss
Jørgen Stang Heffermehl	Fredrik H. Øyan	Marianne Kvanvik
Sverre Bjerkeli (CEO)		

PROFIT AND LOSS ACCOUNT

[1.000 NOK]	Notes	2013	2012
PREMIUMS INCOME			
Gross premiums written		1 860 617	1 517 017
Premiums written ceded		(432 108)	(347 394)
Change in gross provision for unearned premiums		(45 991)	(52 773)
Change in reinsurers' share of provision for gross unearned premiums		(8 963)	(9 417)
Earned premiums for own account	4	**1 373 555**	**1 107 433**
Allocation of investment return transferred from non-technical account	1	**47 376**	**24 663**
Other insurance related income		**3 368**	**3 929**
CLAIMS			
Gross claims paid		(940 341)	(753 826)
Reinsurers' share of claims paid		215 381	166 453
Change in provision for gross outstanding claims		(510 246)	(417 150)
Reinsurers' share of change in provision for gross outstanding claims		101 679	64 429
Claims incurred for own account	4	**(1 133 527)**	**(940 094)**
INSURANCE RELATED OPERATING EXPENSES			
Sales expenses	14	(7 545)	(8 245)
Insurance related administrative expenses	11, 15-17	(151 279)	(104 481)
Commissions from the reinsurers	4	101 882	98 515
Total operating expenses for own account		**(56 941)**	**(14 212)**
Other insurance related expenses		**(2 982)**	**(4 055)**
Technical result before changes in security provision etc.		**230 848**	**177 663**
CHANGES IN SECURITY PROVISIONS ETC.			
Change in security provision	4	(54 839)	(146 531)
Technical result		**176 009**	**31 132**
NET FINANCIAL INCOME			
Interest income and dividend from financial assets		108 810	113 861
Unrealised gains and reversed unrealised losses on financial assets		92 218	43 118
Gains and losses from realisation of financial assets		55 409	89 798
Administration expenses		292	(1 205)
Total net financial income	18	**256 729**	**245 571**
Allocated return on investment transferred to technical account	1	**(47 376)**	**(24 663)**
Other income		2 203	3 887
Other costs		(12 088)	(8 790)
Non-technical result		**199 468**	**216 005**
Profit before tax		**375 477**	**247 137**
Tax	12	(88 504)	(48 366)
Profit before other comprehensive income		**286 973**	**198 772**
Actuarial gain and loss from defined benefit pension plans- benefits to employees		(7 129)	12 372
Currency changes from foreign enterprise		15 077	-
Tax on other comprehensive income		(2 297)	(3 464)
PROFIT FOR THE YEAR		**292 624**	**207 679**
ALLOCATION OF PROFIT/LOSS			
Transferred to/from other equity		292 624	207 679
Total allocations		**292 624**	**207 679**
Earnings per share	19	3,47	2,41
Diluted earnings per share	19	3,47	2,41

BALANCE SHEET

[1.000 NOK]	Notes	2013	2012
ASSETS			
INTANGIBLE ASSETS			
Other intangible assets	5	11 224	8 908
Total intangible assets		**11 224**	**8 908**
FINANCIAL ASSETS			
Financial assets at fair value through profit or loss			
Shares		529 025	285 059
Securities, bonds etc		3 422 903	2 843 465
Other financial assets		47 884	64 295
Total financial assets	**3, 7**	**3 999 812**	**3 192 820**
REINSURERS' SHARE OF GROSS TECHNICAL PROVISIONS			
Reinsurers' share of provisions for unearned premiums		81 381	68 625
Reinsurers' share of provisions for claims		324 491	220 419
Total reinsurers share of gross technical provisions	**4**	**405 872**	**289 045**
RECEIVABLES			
Policyholders		39 469	17 405
Intermediaries		44 397	54 395
Other receivables		18 700	3 167
Total receivables	**8**	**102 566**	**74 967**
OTHER ASSETS			
Tangible fixed assets	6	8 483	9 336
Cash and bank deposits	3, 9	153 323	141 890
Total other assets		**161 806**	**151 226**
PREPAID EXPENSES AND ACCRUED INCOME			
Other prepayments and accrued income		62 803	48 596
Total prepaid expenses and accrued income		**62 803**	**48 596**
TOTAL ASSETS		4 744 083	3 765 562

BALANCE SHEET

[1.000 NOK]	Notes	2013	2012
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital [86.155.605 shares at NOK 1]	10	86 156	86 156
Own shares	10	(3 571)	(3 571)
Other paid-in equity		4 847	4 847
Total paid-in equity		**87 432**	**87 432**
EARNED EQUITY			
Natural perils fund		15 439	21 240
Guarantee scheme		61 594	53 167
Other equity		612 711	421 814
Total earned equity		**689 744**	**496 222**
Total equity	**20**	**777 176**	**583 654**
Subordinated loan	**3, 20**	**148 125**	**148 125**
GROSS TECHNICAL PROVISIONS			
Provision for unearned premiums		275 543	226 786
Provision for claims outstanding	2	2 535 109	2 017 886
Security provision		558 137	503 298
Total gross technical provisions	**4**	**3 368 789**	**2 747 969**
PROVISIONS FOR OTHER LIABILITIES			
Pension liabilities	11	8 627	11 686
Deferred tax	12	21 755	11 658
Total provisions for other liabilities		**30 382**	**23 344**
OTHER LIABILITIES			
Liabilities related to direct insurance operations	13	17 265	7 716
Liabilities related to reinsurance operations	13	182 439	130 515
Other liabilities	13	111 994	53 580
Total other liabilities	**3, 13**	**311 698**	**191 812**
ACCRUED EXPENSES AND DEFERRED INCOME			
Other accrued expenses and deferred income		107 912	70 659
Total accrued expenses and deferred income		**107 912**	**70 659**
TOTAL LIABILITIES AND EQUITY		4 744 083	3 765 562

Oslo, 13 March 2014
The Board of Directors of Protector Forsikring ASA
Translation – not to be signed

Jostein Sørvoll (Chairman)	Rolf Tolle	Else Bugge Fougner
Erik G. Braathen	Eva Redhe Ridderstad	Giuditta Cordero-Moss
Jørgen Stang Heffermehl	Fredrik H. Øyan	Marianne Kvanvik
Sverre Bjerkeli (CEO)		

CASH FLOW STATEMENT

[1.000 NOK]	2013	2012
CASH FLOW FROM OPERATIONS		
Paid in premiums	1 853 654	1 496 208
Paid claims	(928 849)	(757 564)
Paid reinsurance	(89 608)	(91 039)
Paid operating expenses including commissions	(120 272)	(114 587)
Interest / dividend income	110 956	118 656
Payments in from financial instruments	1 916 950	1 498 886
Payments out from financial instruments	(2 592 398)	(2 171 674)
Payable tax	(34 421)	(49 113)
Net cash flow from operations	**116 013**	**(70 227)**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Invested in fixtures	(2 151)	(6 444)
Invested in intangible assets	(7 777)	(4 910)
Net cash flow from investment activities	**(9 928)**	**(11 354)**
CASH FLOW FROM FINANCIAL ACTIVITIES		
Dividend paid	(99 102)	-
Proceeds from subordinated loan	-	148 125
Interest payments on subordinated loan	(11 961)	(6 321)
Net cash flow from financial activities	**(111 063)**	**141 804**
NET CASH FLOW FOR THE PERIOD	(4 978)	60 223
Net change in cash and cash equivalents	(4 978)	60 223
Cash and cash equivalents opening balance	206 185	145 962
CASH AND CASH EQUIVALENTS CLOSING BALANCE	201 207	206 185

STATEMENT OF CHANGES IN EQUITY

[1.000 NOK]	Share Capital	Own shares	Other paid in equity	Natural perils fund	Guarantee scheme	Other equity	Total equity
Total equity at 31.12.2011	86 156	(3 571)	4 847	30 958	45 117	221 014	384 520
1.1- 31.12.2012							
Total equity before the result of the year	86 156	(3 571)	4 847	30 958	45 117	221 014	384 520
Total result after tax before fund provisions						198 630	198 630
Total equity before fund provisions	86 156	(3 571)	4 847	30 958	45 117	419 644	583 151
Provisions to obliged fund gross				(9 718)	8 051	1 667	-
Total equity at 31.12.2012	86 156	(3 571)	4 847	21 240	53 167	421 311	583 151
Change in accounting principle-pension						503	503
Corrected equity as per 31.12.2012	86 156	(3 571)	4 847	21 240	53 167	421 814	583 654
1.1- 31.12.2013							
Paid dividend						(99 102)	(99 102)
Total equity before the result of the year	86 156	(3 571)	4 847	21 240	53 167	322 712	484 552
Profit before other comprehensive income						286 973	286 973
Actuarial gain and loss from defined benefit penion plans- benefits to employees						(7 129)	(7 129)
Currency changes from foreign enterprise						15 077	15 077
Tax on other comprehensive income						(2 297)	(2 297)
Total equity before fund provisions	86 156	(3 571)	4 847	21 240	53 167	615 337	777 176
Provisions to obliged fund gross				(5 802)	8 427	(2 625)	-
Total equity at 31.12.2013	86 156	(3 571)	4 847	15 439	61 594	612 711	777 176

ACCOUNTS AND NOTES

NOTE 1 ACCOUNTING PRINCIPLES

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

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

Allocated investment return
When calculating the return on investments which is being transferred from non-technical accounts to technical accounts for non-life insurance, it will be on the basis of the sum of the average technical provisions during the year. The applicable technical interest rate is the average yield during the year on government bonds with a remaining maturity of three years. The Financial Supervisory Authority of Norway has calculated the average technical yield for 2013 and 2012 to be 1,62 and 1,44 per cent respectively.

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

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

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

Total operating expenses
Total insurance related operating expenses consist of sales- and administrative expenses, less commissions received on ceded reinsurance premiums. The administrative expenses are accrued and charged as an expense during the accounting period.

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

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

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

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

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

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

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

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

Bank
Bank deposits are deposits used in the continuing operations.

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

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

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

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

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

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

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

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

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

Pensions
The pension costs and pension liabilities are calculated on a straight-line earning profile basis, based on assumptions related to discount rates, projected salaries, the amount of pension and benefits from the National Insurance Scheme, future return on pension funds, and actuarial calculations relating to mortality rate, voluntary retirement, etc. Pension funds are recognised at fair value net of pension liability in the balance sheet. Changes in the pension liability due to changes in the pension plans are recognised over the estimated average remaining service period. Changes in and deviations from actuarial assumptions (changes in estimates) are recognised in the prfot & loss as other comprehensive income, along with any associated tax effects. Recognition as other comprehensive income is a new accounting principle adopted 01.01.2013. See "change in accounting principle" for more informasjon.

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

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

The cost of the defined contribution pension scheme is equal to the period's payment for the pension's savings which amounts annually to 5% of the payment basis between 1 and 6 G (G=National Insurance Scheme basic amount which totaled NOK 85,245 per 31.12.2013), as well as 8% of the payment basis between 6 and 12 G. The payments to the employees' pension savings accounts are made monthly. The future pension is dependent on the size of the contribution and return on the pension savings.

Tax
The tax expense in the income statement consists both of taxes payable for the accounting period, and the period's changes in deferred tax. In the accounting period for 2013, we have used the future rate of 27% on deferred tax and the current rate of 28% on payable tax as the tax rate for 2013 is unchanged. The effect of changes in taxation are considered changes in estimates and are therefore recognised in the tax expense for the period. Deferred tax is calculated of the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, together with tax loss carried forward at the end of the fiscal year. Temporary tax increases or decreases, which are reversed or may reverse within the same period, are balanced. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized.

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

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

Change in accounting policy
IAS 19R (changes to IAS 19) was ratifies in the EU in june 2012. Adoptation dato is 1. January 2013. The possibility of postponing recognition of changes in assumptions and estimates (the corridor method) has been removed. This means that pension liability in the balance sheet will coincide with best estimate of actual pension liabilities for the company.

The effect of adaptation in the balance sheet as per 1. January 2013 was a reduction of pension liabilities by NOK 699 thousang to NOK 11,7 million, and an increase in deferred tax asset with NOK 196 thousand and an increase in other equity by NOK 503 thousand.

From 1. January 2013, the company presents a line in the profit and loss called "actuarial gain and loss on defined benefit pension plans- benefits to employees" and "currency changes from foreign enterprise" under other comprehensive income. These are lines concerning the changes in estimates described above in addition to the foreign currenct effects of our Swedish & Danish operations. Other comprehensive income totaled NOK 5,7 million in gains after tax in 2013 and NOK 8,9 million after tax in 2012.

NOTE 2 INSURANCE RISK

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

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

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

Underwriting risk

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

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

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

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

Provisioning risk

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

The size of the claims provisions is determined both through individual assessments and actuarial calculations. At 31 December 2013, the claims provisions amounted to NOK 2.211 million for own account. The duration of the provisions, that is, the average duration of provisions being settled to clients, was 3.25 years at 31 December 2013. 1%-point increase in inflation will result in a growth in claims provisions of NOK 72 million. See below how future cash flow is related to provisions for outstanding claims for own account at 31 December 2013.

Cash flow connected to claims provisions for own account

[1.000 NOK] At 31 December 2013		Future cash flow related to claims incurred 0 - 5 years	5 - 10 years	10 - 15 years	15 - 20 years
Claims provisions for own account	2 210 618	1 755 288	343 625	86 521	25 184

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

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

GROSS CLAIMS DEVELOPMENT

[1.000 NOK]	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total
GROSS											
Estimated claims cost											
2004	62 952										62 952
2005	61 407	299 414									360 821
2006	68 503	253 356	299 485								621 344
2007	76 939	254 808	290 770	496 529							1 119 047
2008	74 235	260 642	312 225	496 175	522 126						1 665 402
2009	78 788	258 107	314 936	478 992	516 928	658 842					2 306 592
2010	78 669	271 963	327 909	497 981	509 203	625 905	711 482				3 023 111
2011	78 853	273 037	318 334	497 501	525 928	624 251	662 924	825 611			3 806 438
2012	79 845	275 401	321 391	512 527	563 829	620 136	669 016	784 480	1 077 231		4 903 858
2013	79 663	278 334	324 389	509 904	549 598	622 392	675 139	786 139	1 024 604	1 407 317	6 257 478
Estimated amount as at 31.12.2013	79 663	278 334	324 389	509 904	549 598	622 392	675 139	786 139	1 024 604	1 407 317	6 257 478
Total disbursed	77 955	275 540	316 668	480 304	471 459	501 241	457 593	436 048	459 538	370 777	3 847 122
Claims provision	1 708	2 795	7 721	29 600	78 139	121 151	217 546	350 091	565 066	1 036 539	2 410 356
Provision for indirect claims handling costs											124 753
Total	79 663	278 334	324 389	509 904	549 598	622 392	675 139	786 139	1 024 604	1 407 317	6 257 478

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. For bodily injuries the severity of claims is also influenced by court rulings, which tend to increase the compensation more than the general inflation.

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

Sensitivity analysis

Effect on profit before tax (for own account)	2013	2012
1 % change in operating expenses[1]	569	144
1 % change in claims incurred[1]	11 335	9 401
1 % - point change in combined ratio	13 736	11 074
1 % - point change in inflation	71 845	61 114

NOTE 3 FINANCIAL RISK

Specification of financial assets grouped by maturity [1.000 NOK]	Less than one year	More than a year	No maturity	Total
Bank deposits related to investments	47 884	-	-	47 884
Interest-bearing papers	20 332	-	-	1 103 762
Equities	-	-	178 007	178 007
Equity funds	-	-	351 018	351 018
Bond fund	-	-	2 319 140	2 319 140
Total investments	**68 216**	**1 083 431**	**2 848 165**	**3 999 812**
Bank deposits	153 323	-	-	153 323
Total financial assets	**221 539**	**1 083 431**	**2 848 165**	**4 153 135**

Specification of financial obligations grouped by maturity	Less than one year	More than a year	No maturity	Total
Subordinated loan	-	148 125	-	148 125
Other obligations	311 698	-	-	311 698
Total finacial obligations	**311 698**	**148 125**	**-**	**459 823**

Liquidity Risk

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

Interest Risk

An increase of 1% in interest will lead to a reduction in the portfolio of bonds and other investments with fixed returns by an estimate of NOK 19.6 million. This corresponds to interest rate sensitivity of ca 0.6 %.

Foreign exchange risk

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

CREDIT RISK

Rating	Investments categorised by credit rating		Investments categorised by credit rating, internal ratings included	
[1.000 NOK]	2013	2012	2013	2012
AA	127	33	127	33
A	223 115	240 342	581 614	494 075
BBB	10 074	20 289	1 315 310	655 996
BB	25 456	29 099	61 833	53 106
B	-	-	-	11 245
No rating	3 212 015	2 617 998	1 511 904	1 693 306
Total	**3 470 787**	**2 907 761**	**3 470 787**	**2 907 761**

72 % (72 % in 2012) of the amount under the category "no rating" was bond funds. 24 % (23 %) of the amount under the category "no rating" was Norwegian financial institutions. A significant proportion of the Norwegian fixed income portfolio consists of issuers without official rating. Therefore, many asset managers and brokers conduct their own creditworthiness assessment with the same rating categories as the rating agencies. To provide an overall picture, the two right-most columns in the table above include the internal rating set by Protectors asset managers. The category "no rating" consists only of bond funds. Calculated average rating of the funds, based on internal ratings of the underlying securities is BBB.

NOTE 4 TECHNICAL RESULT AND TECHNICAL PROVISIONS

	Non-marine Private			Non-marine Commercial									
[1.000 NOK]	Accident	Other[1]	Total rivate	Combined	Auto	Liability	Workers compens-sation	Security	Cargo	Annual pure insurance	Total commercial	Pool-schemes	Total Protector
Premiums written [2]													
Gross premiums	26 499	463 331	489 831	248 039	193 881	71 539	346 013	186 249	5 783	298 278	1 349 781	21 005	1 860 617
Premiums ceded	(9 939)	(4 118)	(14 057)	(189 692)	-	-	-	(95 423)	-	(132 935)	(418 050)	-	(432 108)
Premiums written for own account	16 560	459 214	475 774	58 347	193 881	71 539	346 013	90 825	5 783	165 343	931 730	21 005	1 428 509
Gross business													
Premiums earned	26 568	463 533	490 101	240 850	182 343	68 099	335 139	182 592	5 789	291 518	1 306 331	18 193	1 814 626
Claims incurred	(20 337)	(309 340)	(329 677)	(243 663)	(160 518)	(34 526)	(323 939)	(59 375)	(42)	(272 580)	(1 094 644)	(26 266)	(1 450 587)
Insurance related operating expenses	(1 952)	(57 616)	(59 569)	(18 275)	(14 285)	(5 271)	(25 494)	(13 723)	(426)	(21 977)	(99 451)	196	(158 824)
Technical result	4 278	96 576	100 855	(21 088)	7 540	28 302	(14 293)	109 495	5 321	(3 039)	112 237	(7 877)	205 215
Reinsurers' share													
Premiums earned	(10 162)	(4 231)	(14 393)	(189 170)	(1 335)	(1 661)	(1 346)	(93 947)	-	(132 137)	(419 595)	(7 082)	(441 071)
Claims incurred	4 735	863	5 598	179 066	(332)	(412)	219	26 504	9	101 949	307 002	4 459	317 060
Commissions	600	(149)	451	38 599	-	-	-	28 283	-	34 549	101 432	-	101 883
Reinsurance result	(4 828)	(3 517)	(8 344)	28 496	(1 667)	(2 073)	(1 127)	(39 159)	9	4 360	(11 161)	(2 623)	(22 128)
For own account													
Technical result	(549)	93 060	92 511	7 407	5 873	26 229	(15 420)	70 335	5 330	1 322	101 075	(10 499)	183 087
Claims incurred, gross													
Occurred this year	(23 794)	(292 253)	(316 047)	(247 402)	(172 708)	(42 544)	(341 053)	(111 513)	(1 598)	(283 086)	(1 199 905)	(26 266)	(1 542 218)
Occurred previous years	3 457	(17 087)	(13 630)	3 738	12 190	8 018	17 114	52 138	1 556	10 506	105 261	-	91 631
Total for the accounting year	(20 337)	(309 340)	(329 677)	(243 663)	(160 518)	(34 526)	(323 939)	(59 375)	(42)	(272 580)	(1 094 644)	(26 266)	(1 450 587)
Technical provisions gross													
Incurred during the year	(18 532)	(289 471)	(308 003)	(73 492)	(172 698)	(42 542)	(341 060)	(58 504)	(1 598)	(174 221)	(864 116)	(21 806)	(1 193 926)
Incurred in previous years	2 930	(19 006)	(16 076)	8 895	11 848	7 603	17 340	25 634	1 565	3 590	76 475	-	60 399
Total for the accounting year	(15 602)	(308 477)	(324 079)	(64 598)	(160 851)	(34 939)	(323 720)	(32 870)	(33)	(170 631)	(787 641)	(21 806)	(1 133 527)
Technical provisions gross													
Provision for unearned premiums	5 850	5 439	11 289	40 204	44 291	11 501	69 803	41 008	1 380	53 082	261 270	2 984	275 543
NFSA minimum requirement	5 850	5 439	11 289	40 204	44 291	11 501	69 803	41 008	1 380	53 082	261 270	2 984	275 543
Provisions for outstanding claims	39 092	680 254	719 346	210 723	125 924	81 158	1 032 688	270 897	1 597	72 143	1 795 130	20 633	2 535 109
NFSA minimum requirement	32 511	680 239	712 750	101 190	92 652	68 952	831 178	258 701	1 228	71 579	1 425 480	20 633	2 158 863
Technical provisions for own account													
Provision for unearned premiums	2 739	3 404	6 143	13 738	44 291	11 501	69 803	19 693	1 380	24 627	185 034	2 984	194 162
NFSA minimum requirement	2 739	3 404	6 143	13 738	44 291	11 501	69 803	19 693	1 380	24 627	185 034	2 984	194 162
Provision for outstanding claims	30 753	671 336	702 089	58 378	124 798	79 878	1 032 425	152 786	1 597	38 034	1 487 896	20 633	2 210 618
NFSA minimum requirement	23 472	608 563	695 047	34 980	89 971	68 677	831 058	141 585	1 098	37 886	1 205 255	20 633	1 920 936
Security provision	8 835	194 484	243 774	7 523	21 566	11 979	238 558	20 507	468	13 762	314 363	-	558 137
NFSA minimum requirement	8 835	127 834	136 669	7 523	21 566	11 979	115 962	20 507	468	13 762	191 767	-	328 437

[1]Other private includes children-, risk-, and change of ownership insurance [2] Premiums comprise of insurance premiums in Norway, Sweden & Denmark. Gross written premiums in Sweden constitute NOK 147,4 million (7,92%) and Denmark constitute NOK 140,7 million (7,56%).

	PROVISION FOR UNEARNED PREMIUMS		CLAIMS	
NOK 1.000	Gross	For own account	Gross	For own account
Pool-schemes:				
Natural perils pool	2 984	2 984	20 131	20 131
Workers' Compensation Insurance Association	-	-	352	352
Auto Insurance Association	-	-	150	150
Total	2 984	2 984	20 633	20 633

NOTE 5 INTANGIBLE ASSETS

Intangible assets [1.000 NOK]	Software	IT- system	Total
Cost as at 01.01.2013	1 198	26 589	27 787
Additions	1 288	6 490	7 777
Cost as at 31.12.2013	2 486	33 078	35 564
Accumulated depreciation at 31.12.2013	(1 263)	(23 077)	(24 340)
Net book value at 31.12.2013	**1 223**	**10 001**	**11 224**
Annual depreciation	210	5 344	5 554

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

Expected useful life (years)	4	3	

NOTE 6 TANGIBLE FIXED ASSETS

Fixed assets [1.000 NOK]	Office machinery	Furniture and fixtures	Art	Total
Cost as at 01.01.2013	12 342	3 563	216	16 120
Additions	1 093	1 057	-	2 151
Disposals	-	-	-	-
Cost as at 31.12.2013	13 435	4 620	216	18 271
Accumulated depreciation at 31.12.2013	(7 489)	(2 298)	-	(9 788)
Net Book value at 31.12.2013	**5 945**	**2 322**	**216**	**8 483**
Annual depreciation	2 167	532	-	2 699

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

Expected useful life (years)	4	7		

NOTE 7 INVESTMENTS

Investment [1.000 NOK]		Book value 31.12.13	Fair value 31.12.13	Book value 31.12.12	Fair value 31.12.12
Financial assets at fair value through profit or loss		3 999 812	3 999 812	3 192 820	3 192 820
Total investments		**3 999 812**	**3 999 812**	**3 192 820**	**3 192 820**

SUBORDINATED LOAN CAPITAL IN OTHER COMPANIES

Investment [1.000 NOK]	Currency	Acquisition cost	Book value	Fair value	Duration
Financial assets at fair value through profit or loss	NOK	7 220	9 708	9 708	0,11
Total subordinated loan capital in other companies year 2013		**7 220**	**9 708**	**9 708**	**0,11**
Total subordinated loan capital in other companies year 2012		**23 423**	**27 537**	**27 537**	**0,12**

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

STOCKS AND SHARES

Investment [1.000 NOK]	Currency	Acquisition cost	Book value	Fair value
Eguities	NOK	145 713	178 007	178 007
Equity funds	NOK	291 767	351 018	351 018
Total equities and equity funds year 2013		**437 480**	**529 025**	**529 025**
Total equities and equity funds year 2012		**247 474**	**285 059**	**285 059**

The equity funds (2013 and 2012) are not listed.

Investment [1.000 NOK]	Currency	Acquisition cost	Book value	Fair value	Risk weight
AKER SOLUTIONS ASA	NOK	4 667	5 192	5 192	100 %
ATEA ASA	NOK	1 898	1 798	1 798	100 %
AUSTEVOLL SEAFOOD ASA	NOK	1 140	1 576	1 576	100 %
DET NORSKE OLJESELSKAP ASA	NOK	3 363	2 508	2 508	100 %
DNB ASA	NOK	12 705	20 056	20 056	100 %
FRED OLSEN ENERGY ASA	NOK	3 695	3 950	3 950	100 %
GJENSIDIGE FORSIKRING ASA	NOK	4 800	7 937	7 937	100 %
HAFLSUND ASA	NOK	861	688	688	100 %
KONGSBERG GRUPPEN ASA	NOK	7 589	8 007	8 007	100 %
LERØY SEAFOOD GROUP ASA	NOK	1 288	2 266	2 266	100 %
MARINE HARVEST ASA	NOK	3 360	7 664	7 664	100 %
NORSK HYDRO ASA	NOK	5 994	5 080	5 080	100 %
NORWEGIAN AIR SHUTTLE ASA	NOK	2 698	5 288	5 288	100 %
PETROLEUM GEO-SERVICES ASA	NOK	4 089	3 658	3 658	100 %
PHOTOCURE ASA	NOK	928	596	596	100 %
PROSAFE SE	NOK	2 513	2 373	2 373	100 %
ROYAL CARIBBEAN CRUISES LTD	NOK	6 102	9 826	9 826	100 %
SCHIBSTED ASA	NOK	3 543	8 064	8 064	100 %
SEADRILL LIMITED (NO)	NOK	6 282	6 727	6 727	100 %
SIEM OFFSHORE	NOK	2 065	2 071	2 071	100 %
SOLSTAD OFFSHORE ASA	NOK	1 070	1 289	1 289	100 %
SPAREBANK 1 SMN	NOK	2 371	3 512	3 512	100 %
SPAREBANK 1 SR-BANK ASA	NOK	1 399	2 345	2 345	100 %

Investment [1.000 NOK]	Currency	Acquisition cost	Book value	Fair value	Risk weight
STATOIL ASA	NOK	18 005	17 373	17 373	100 %
SUBSEA 7 SA (NO)	NOK	12 773	11 502	11 502	100 %
TELENOR ASA	NOK	12 223	16 690	16 690	100 %
TGS NOPEC GEOPHYSICAL COMPANY ASA	NOK	5 415	5 530	5 530	100 %
VEIDEKKE ASA	NOK	1 833	2 022	2 022	100 %
WILH. WILHELMSEN ASA	NOK	2 909	4 404	4 404	100 %
YARA INTERNATIONAL ASA	NOK	8 132	8 014	8 014	100 %
		145 713	178 007	178 007	

All shares are listed on the Oslo Stock Exchange.

BONDS AND OTHER FIXED INCOME SECURITIES

Investment [1.000 NOK]	Currency	Acquisition cost	Book value	Fair value	Duration
Subordinated loan capital in other companies	NOK	7 220	9 708	9 708	0,11
Financial institutions	NOK	956 617	974 532	974 532	0,20
Industry	NOK	115 893	119 498	119 498	0,13
Bond funds	NOK	2 252 272	2 319 165	2 319 165	0,76
Total bonds and other fixed income securities year 2013		3 332 001	3 422 903	3 422 903	0,57
- of this not quoted on the stock exchange year 2013		2 271 046	2 339 308	2 339 308	0,75
Total bonds and other fixed income securities year 2012		**2 787 128**	**2 843 465**	**2 843 465**	**0,90**
- of this not quoted on the stock exchange year 2012		1 950 567	1 988 571	1 988 571	0,88

Average effective interest rate based on market value is 5.1 %.
Average interest rate is future cash flows (coupon disbursements and payments on principal amount) discounted with expected market rate for the security concerned at the particular cash flow points in time. The effective interest rate on bond funds is estimated based on the bonds quotations.

OTHER FINANCIAL ASSETS

Investment [1.000 NOK]	Currency	Acquisition cost	Book value	Fair value	Duration
Bank deposits related to investments	NOK	47 884	47 884	47 884	0,00
Total other financial assets year 2013		**47 884**	**47 884**	**47 884**	**0,00**
Total other financial assets year 2012		**64 295**	**64 295**	**64 295**	**0,00**

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss [1.000 NOK]	Currency	Level 1	Level 2	Level 3	Total
Shares	NOK	178 007	351 018	-	529 025
Bonds and other fixed income securities	NOK	1 083 595	2 334 488	-	3 422 903
Bank deposits	NOK	47 884	-	-	47 884
Total assets year 2013		**1 309 486**	**-**	**-**	**3 999 812**
Total assets year 2012		**1 064 499**	**2 123 593**	**4 728**	**3 192 820**

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

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

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

NOTE 8 RECEIVABLES

The company has (as in 2012) no receivables due later than one year.

NOTE 9 RESTRICTED BANK DEPOSITS

[1.000 NOK]	2013	2012
Employee withholding tax	5 979	5 021
Total	5 979	5 021

NOTE 10 SHARE CAPITAL AND SHAREHOLDER INFORMATION

Share capital consists of:	No. of shares	Face value	Capital
A-shares (each share has one vote)	86 155 605	1	86 155 605
Protector Forsikring ASA has 2.525 shareholders at 31.12.2013.			

List of the 20 major shareholders at 31.12.2013	No. of shares	Face value	Ownership
Odin Norden	6 780 422	6 780 422	7,9 %
MSF-Mutual Financial Services FD	4 479 410	4 479 410	5,2 %
Stenshagen Invest AS	3 789 873	3 789 873	4,4 %
Ojada AS	3 563 116	3 563 116	4,1 %
Hansard Europe LTD	3 325 875	3 325 875	3,9 %
Tjongsfjord Invest AS	2 811 809	2 811 809	3,3 %
Gabler Rådgivning AS	2 502 751	2 502 751	2,9 %
Verdipapirfondet Alfred Berg Gambak	2 391 136	2 391 136	2,8 %
MP Pensjon PK	2 375 706	2 375 706	2,8 %
Artel Holding A/S	1 873 451	1 873 451	2,2 %
Avanza Bank AB	1 729 918	1 729 918	2,0 %
VPF Nordea Norge Verdi	1 681 268	1 681 268	2,0 %
Frognes AS	1 649 916	1 649 916	1,9 %
Varma Mutual Pension Insurance	1 642 329	1 642 329	1,9 %
Verdipapirfondet Handelsbanken	1 604 734	1 604 734	1,9 %
Johan Vinje AS	1 437 841	1 437 841	1,7 %
Verdipapirfondet DnB SMB	1 390 000	1 390 000	1,6 %
Petroservice AS	1 343 815	1 343 815	1,6 %
Nordea Nordic Small Cap Fund	1 283 657	1 283 657	1,5 %
JP Morgan Chase Bank, NA	1 250 000	1 250 000	1,5 %
Total	48 907 027	48 907 027	56,8 %
Protector Forsikring ASA	3 570 661	3 570 661	4,1 %
Other shareholders	33 677 917	33 677 917	39,1 %
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 31.12.2013	Identification	No. of shares	Face value	Ownership
Ojada AS	Board member Erik G. Braathen	3 563 116	3 563 116	4,1 %
Tjongsfjord Invest AS	CEO Sverre Bjerkeli	2 811 809	2 811 809	3,3 %
Gabler Rådgivning AS	Chairman of the board Jostein Sørvoll	2 502 751	2 502 751	2,9 %
Ditlev de Vibe Vanay	CFO	225 800	225 800	0,3 %
Verpentangen AS	Board member Jørgen Stang Heffermehl	222 260	222 260	0,3 %
Merete C. Bernau	Director for ownership change insurance	65 200	65 200	0,1 %
Pia Almvang	Director for commercial insurance	51 200	51 200	0,1 %
Laila Stange	Board member Jørgen Stang Heffermehl	14 558	14 558	0,0 %
Henrik Wold Høye	Director for public sector insurance	10 100	10 100	0,0 %
Eva Redhe Ridderstad	Board member	10 000	10 000	0,0 %
Giuditta Cordero-Moss	Board member	5 000	5 000	0,0 %
Christel Friis Conrad	Country Manager Denmark, Flemming Conrad	4 222	4 222	0,0 %
Arvid Moss	Board member Giuditta Cordero-Moss	1 000	1 000	0,0 %
Marianne Langrind Kvanvik	Board member, employees' representative	100	100	0,0 %
Total		9 487 116	9 487 116	11,0 %

NOTE 11 PENSIONS

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

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

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

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

The CEO has an agreement of top-pension. Maximum annual top pension is 70% of the salary up to 12 G which exceeds 12 G. Allocation to the top pension totaled NOK 0.8 million in net pension costs incl. employer's contribution in 2013.

[1.000 NOK]	2013	2012
Present value of this years acquired pension	6 607	9 520
Interest costs on the acquired pension	456	596
Net pension costs incl. employer's contribution	**7 063**	**10 116**
Present value of future pension liabilities as at 31.12.	41 917	32 586
Pension funds at 31.12.	33 290	20 900
Surplus/deficit at 31.12.	(8 627)	(11 686)
Net pension liabilities incl. employer's contribution	**(8 627)**	**(11 686)**

COMPOSITION OF PENSION FUNDS	2013	2012
Stocks	9,0 %	11,0 %
Property	1,0 %	0,0 %
Property	11,0 %	16,0 %
Term bonds	42,0 %	36,0 %
Bonds	19,0 %	20,0 %
Money Market	12,0 %	12,0 %
Other	6,0 %	5,0 %
Total pension funds	**100,0 %**	**100,0 %**
Actuarial gain and loss from defined benefit pension plans- benefits to employees	(7 129)	12 372
ECONOMICAL ASSUMPTIONS		
Discount rate[1]	4,0 %	3,9 %
Expected return	4,0 %	3,9 %
Future increase in salaries	3,8 %	3,5 %
Change in social security base amount	3,5 %	3,3 %
Pension adjustment	0,6 %	0,2 %
Employer's contribution	14,1 %	14,1 %
DEMOGRAPHIC ASSUPTIONS		
Mortality	K2013BE	K2005
Disability	KU	KU

[1] The market interest rate for covered bonds is utilised when calculating discount rate
Recognised amount for defined contribution pension plans is NOK 7.193 thousand

NOTE 12 TAX

[1.000 NOK]	2013	2012
THIS YEAR'S TAXES ARE DIVIDED BETWEEN		
Tax payable	75 681	33 620
Effect of change in accounting principle	-	55
Adjusted for tax in previous years	800	-
Change in deferred tax	12 022	14 691
Total taxes	**88 504**	**48 366**

COMPUTATION OF THIS YEARS TAX		
Profit before taxes	375 477	246 941
Permanent differences	(59 955)	(71 405)
Changes in temporary differences	(45 232)	(55 463)
Basis for the tax expense of the year	270 290	120 072
Tax payable 28%	75 681	33 620
Tax on other comprehensive income	4 222	-
Payable tax in the balance sheet	**79 903**	**33 620**

TEMPORARY DIFFERENCES	2013	2012	Changes
Fixed assets	415	666	252
Receivables	(800)	(800)	-
Financial assets	89 587	53 455	(36 132)
Technical provisions	96 365	90 072	(6 293)
Pension liabilities	(8 627)	(11 686)	(3 059)
Net temporary differences	**176 940**	**131 708**	**(45 232)**
Differences which are not included in the calculation of deferred tax / deferred tax assets	96 365	90 072	(6 293)
Basis for deferred tax in the balance sheet	80 575	41 636	38 939
27 % deferred tax	21 755	11 658	10 097
Deferred tax benefit in the balance sheet	**(21 755)**	**(11 658)**	**(10 097)**

RECONCILIATION OF TAX			
[1.000 NOK]		2013	2012
28% profit before taxes		105 133	69 144
Permanent differences (28%)		(16 787)	(19 994)
Effect of change in accounting principle		-	55
Corrected tax earlier years		800	(74)
Differences which are not included in the calculation of deferred tax / deferred tax assets		(1 762)	(765)
Estimated tax		87 384	48 366
Effect of change in tax rate 1%		(806)	-
Tax on other comprehensive income		1 925	-
Tax from profit and loss account		**88 504**	**48 366**

NOTE 13 OTHER LIABILITIES

[1.000 NOK]	2013	2012
Payables, operations	11 173	3 880
Payables, claims	6 092	3 836
Liabilities related to direct insurance operations	**17 265**	**7 716**
Reinsurance yet to be settled	182 439	130 515
Liabilities related to reinsurance operations	**182 439**	**130 515**
Allocation of vacation pay	11 815	8 829
Allocation of employers contribution	5 620	2 437
Advance tax deduction	6 307	4 926
Tax payable	79 903	33 620
Other liabilities	8 349	3 768
Other liabilities	**111 994**	**53 580**
Total other liabilities	**311 698**	**191 812**

The company has no secured liabilities.

NOTE 14 SALES EXPENSES

[1.000 NOK]	2013	2012
Sales expenses	7 545	8 245
% of premium due	0,4 %	0,5 %

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

NOTE 15 INSURANCE RELATED ADMINISTRATIVE EXPENSES

Insurance related administrative expenses [1.000 NOK]	2013	2012
Depreciations (notes 5 and 6)	8 253	7 237
Salary- and pensions costs (note 16)	168 969	124 470
Administrative costs	12 151	8 881
Remunerations	21 800	12 985
Change in accounting principles - claims handling costs	-91 319	-73 277
Other costs	31 425	24 186
Total	151 279	104 481

Auditing remuneration [1.000 NOK]	2013	2012
Auditing (inclusive VAT)	1 114	1 460
Other attestation services (inclusive VAT)	213	121
Services regarding tax (inclusive VAT)	-	23
Other services outside auditing (inclusive VAT)	1 325	983
Total	2 652	2 587

NOTE 16 LABOUR EXPENSES, PENSIONS, NUMBER OF EMPLOYEES

Labour- and pension costs [1.000 NOK]	2013	2012
Salaries [1]	126 084	85 119
Director's remuneration , control committee, nomination committee, audit committee, the board of representatives	2 525	2 568
Defined benefit pension costs [2]	4 931	9 163
Defined contribution pension costs [2]	4 537	1 502
Social security tax	19 494	14 571
Other payments	11 398	11 548
Total	168 969	124 470

[1] The company has an ordinary arrangement for performance-related pay. The arrangement involves all employees with the exeption of the top management. The company has reserved NOK 8,5 million for bonus in 2013. Whether performance-related pay is triggered depends on achievement of goals pursuant to concluded performance contracts. Top level management has a long term bonus plan. In 2013, the provision for this plan is NOK 7,8 million

[2] Refer to note 11 for further information.

Number of employees	2013	2012
Number of employees at 31.12.	163,0	125,0
Number of man-labour years at 31.12.	162,0	124,8
Average number of employees at 31.12.	146,0	116,5
Average number of man-labour years at 31.12.	145,1	115,7

NOTE 17 REMUNERATIONS TO SENIOR EXECUTIVES

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

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

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

The compensation committee shall prepare and present to the Board:

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

(i) Salary and other compensation to senior executives for the prior fiscal year are presented in the table below. The Board confirms that the guidelines for salary for senior executives for 2013 given in the previous year's statement have been followed.

Employment contracts for CEO and his management team have been revised in 2013 in connection to the implementation of a long term bonus plan

(ii) Concerning the guidelines for the establishment of salary and other compensation for the senior executives for the upcoming fiscal year, the Board shall propose the following guidelines for advising reconciliation in 2014 general meeting:

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

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

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

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

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

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

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

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

Individual variable salary can total up to 50 per cent of the annual loan. The variable salary is not included in pension schemes.

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

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

In Norway, CEO and 2 of the senior executives are members of the now-closed defined benefit pension scheme. At the full earning of the pension, they have right to the pension equal to the difference of 70% of the salary (salary over 12G are not taken into calculation) and the calculated (not guaranteed) social security pension. 2 senior executive is a participant in the company's defined contribution pension plan. CEO has in addition an agreement about top pension which totals maximum 70% of the salary up to 12G for the amount which exceeds 12G (i. e. 8.4G).

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

CEO and his management team have an agreement for 6 months' termination notice and upto 12-month salary after termination of employment relationship.

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

Of the variable salary earned in 2014 by CEO and other employees that are covered by regulations for remuneration in financial institutions, 80% of the variable salary shall be paid in a form of contingent capital which reflects the company's value development which cannot be freely disposable earlier than equally divided over a period of four years. The period shall take into account the company's underlying business cycle and risk assessment. Such part of the variable salary shall be reduced if either later result development in the company or latter results indicated so. The basis for the variable remuneration shall be related to the company's results during minimum 2 years. Valuation criteria for the variable remuneration shall be based on financial and non-financial criteria related to the individual, one's business unit and the company as a whole and defined in advanced.

Payments and remunerations [1.000 NOK]	Salaries	Other remunerations [2]	Paid-up pension premium	Total remunerations
Senior executives				
Sverre Bjerkeli, CEO[1]	4 798	297	243	5 338
Ditlev de Vibe Vanay, CFO	2 132	166	18	2 316
Merete C Bernau, director for ownership change insurance	2 206	58	233	2 497
Pia Almvang, director for commercial insurance	3 336	26	163	3 525
Henrik Wold Høye, director for public sector insurance	1 707	110	75	1 891
Kjersti Myking, Marketing director[3]	834	21	89	943
Hans Didring, Country Manager Sweden	1 615	13	377	2 006
Flemming Conrad, Country Manager Denmark	2 424	47	225	2 696
Total	19 051	738	1 423	21 212

[1] The CEO has an agreement about top-pension with a recognized cost of NOK 0.8 million in 2013.
[2] Other remunerations comprises of company car, telephone, insurance and other contractual benefits.
[3] Employed 01.04.2013.

Payments and remunerations [1.000 NOK] [1]	Remunerations	Compensation committee	Audit committee	Total remunerations
Board of Directors				
Jostein Sørvoll, the chairman of the board	401	45	-	446
Rolf Tolle, deputy chairman	287	-	30	317
Eva Redhe Ridderstad, board member	221	-	30	251
Giuditta Cordero-Moss, board member	183	45	-	228
Jørgen Stang Heffermehl, board member[2]	180	-	40	220
Erik G. Braathen, board member	180	35	-	215
Else Bugge Fougner, board member [2]	180	-	-	180
Fredrik Øyan, employee's representative	102	-	-	102
Marianne Langrind Kvanvik, employee's representative	102	-	-	102
Total	1 835	125	100	2 060
CONTROL COMMITTEE				
Anders Jørgen Lenborg, chairman	90	-	-	90
Thorvald M. Haraldsen, member	70	-	-	70
Tore G Clausen, member	70	-	-	70
Kaare Oftedal, deputy	50	-	-	50
Total	280	-	-	280
NOMINATION COMMITTEE				
Truls Holthe, chairman	25	-	-	25
Per Ottar Skaaret, member	15	-	-	15
Nils Petter Hollekim, member	15	-	-	15
Total	55	-	-	55

[1] Remunerations paid out in accounting year 2013.

[2] Advokatfirmaet Hjort DA where board member Else Bugge Fougner is partner, has invoiced NOK 363.718 to the company for services rendered during 2013. Advokatfirmaet Simonsen Vogt Wiik AS, where board member Jørgen Stang Heffermehl is partner, has invoiced NOK 263.438 to the company for services rendered in 2013.

The Board of Representatives has recieved NOK 130 thousand in fees in 2013. Fixed fee to the board director is NOK 10 thousand and per meeting NOK 5 thousand. Fee to other representatives is NOK 5 thousand per meeting.

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

In the profit & loss for 2013, a provision is made of NOK 7,8 million concerning share-based remuneration (long term bonus plan for top level management and other key personell).

NOTE 18 NET FINANCIAL INCOME AND EXPENSES FROM FINANCIAL ASSETS

[1.000 NOK]	2013	2012
Income from financial assets		
Interest income	102 459	108 919
Dividend	6 351	4 942
Unrealised gains on financial assets	119 321	62 775
Gains from realisation of financial assets	57 187	101 380
Total income from financial assets	285 319	278 016
Expenses from financial assets		
Unrealised losses on financial assets	(27 103)	(19 658)
Losses from realisation of financial assets	(1 778)	(11 583)
Administration expenses on financial assets	292	(1 205)
Total expenses from financial assets	(28 589)	(32 445)
Net financial income	256 729	245 571
NET FINANCIAL INCOME DIVIDED BY ASSETS CLASS		
Net income and gains / (loss) from financial assets at fair value through profit or loss		
Interest income from financial assets at fair value through profit or loss	102 459	108 919
Dividend	6 351	4 942
Net gains / (loss) from equity and shares	57 187	74 526
Net gains / (loss) from bonds and other fixed income securities	90 441	58 389
Administration expenses	292	(1 205)
Total net income and gains / (loss) from financial assets at fair value through profit or loss	256 729	245 571

NOTE 19 EARNINGS PER SHARE

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

[1.000 NOK]	2013	2012
Profit for the year assigned to the company's shareholders	286 973	198 772
Weighted average number of shares	82 584 944	82 584 944
Earnings per share	3,47	2,41

Diluted earnings per share
There were no share dilution in 2013 and 2012.

NOTE 20 CAPITAL RATIO AND SOLVENCY MARGIN

[1.000 NOK]	2013	2012
Total equity	777 176	583 151
Proposed dividend	(144 524)	(99 102)
Natural perils fund	(15 439)	(21 240)
Guarantee scheme	(61 594)	(53 167)
Intangible assets	(11 224)	(8 908)
Core capital	**544 396**	**400 733**
Reinsurance provision	(19 332)	(15 664)
Subordinated loan	148 125	148 125
Net primary capital	**673 189**	**533 194**
Assets with weighted risk of 0%	405 872	289 045
Assets with weighted risk of 20%	1 175 763	981 055
Assets with weighted risk of 100%	3 151 224	2 486 554
Risk weighted total assets as at 31.12.	**3 386 377**	**2 682 765**
Capital ratio	**20 %**	**20 %**
Net primary capital	673 189	533 194
Proportion of security provision	377 497	341 819
Proportion of Natural perils fund (25%)	3 860	5 310
Solvency margin capital	**1 054 545**	**880 323**
Reduction of solvency margin capital, § 8a	74 146	88 214
Solvency margin capital in percent of requirement	311 357	260 882
In excess of requirement	**669 043**	**531 227**
Solvency margin capital in percent of requirement	315 %	304 %

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

Subordinated loan	
Name	Protector Forsikring ASA 12/22 FRN C SUB
Ticker	PROTCT01 PRO
ISIN	NO0010642127
Nominal value	MNOK 150
Interest rate	3 month NIBOR + 600 bp p.a.
Issue date	29-03-12
Due date	19-04-22
Callable	Yes

DECLARATION BY THE MEMBERS OF THE BOARD AND THE CEO

We confirm, to the best of our knowledge, that the financial statements for the period 1st of January to 31st of December 2013 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity taken as a whole. We also confirm that the Directors' Report includes a true and fair review of the development and performance of the business and the position of the entity, together with a description of the principal risks and uncertainties facing the entity.

Oslo, 13 March 2014
The Board of Directors of Protector Forsikring ASA
Translation – not to be signed

Jostein Sørvoll
(Chairman)

Rolf Tolle

Else Bugge Fougner

Erik G. Braathen

Eva Redhe Ridderstad

Giuditta Cordero-Moss

Jørgen Stang Heffermehl

Fredrik H. Øyan

Marianne Kvanvik

Sverre Bjerkeli
(CEO)

AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Protector Forsikring ASA

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Protector Forsikring ASA, which comprise the balance sheet as at 31 December 2013, and the income statement, showing a profit of NOK 292 624 thousand, statement of changes in equity and cash flow statement, for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Protector Forsikring ASA as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

PricewaterhouseCoopers AS, Postboks 748 Sentrum, NO-0106 Oslo
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report and in the statements on Corporate Governance and Corporate Social Responsibility 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 produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 13 March 2014
PricewaterhoouseCoopers AS

Geir Julsvoll
State Authorised Public Accountant (Norway)

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

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CONTROL COMMITTEE'S STATEMENT

To the Board of Representatives' and the Annual Shareholders' Meeting of Protector Forsikring ASA

CONTROL COMMITTEE'S STATEMENT FOR 2013

The Control Committee has examined the company's activities, including the Board's disposition, and confirms that the company has followed the laws, regulations and provisions as well as the articles of association and resolutions passed by the company's decision-making bodies.

The Control Committee has reviewed the Board of Director's proposals for the 2013 annual report and the audit report of 13 March 2014. With reference to the audit report, the Control Committee recommends full acceptance of the submitted annual statement as Protector Forsikring ASA's annual report for 2013.

Oslo, 14 March 2014
Translation – not to be signed

Anders J. Lenborg (chair) Thorvald M. Haraldsen Tore G. Clausen

BOARD OF REPRESENTATIVES' STATEMENT

To the Annual Shareholders' Meeting of Protector Forsikring ASA

THE BOARD OF REPRESENTATIVES' STATEMENT FOR 2013

The Board of Directors' proposed annual report and the annual accounts, together with the auditor's report and the Control Committee's statement have, in the manner required by law, been presented to the Board of Representatives. The Board of Representatives recommends that the Annual General Meeting approve the Board of Directors proposed Annual Report and Accounts of Protector Forsikring ASA.

The Board of Representatives raises no objections to the Board's proposal regarding the allocation of the profit for the year of Protector Forsikring ASA.

Oslo, 20 March 2014
Translation – not to be signed

Harald Elgaaen
Chair of the Board of Representatives

BOARD OF REPRESENTATIVES, CONTROL COMMITTEE AND NOMINATION COMMITTEE

BOARD OF REPRESENTATIVES

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

Deputies
Thorvald M. Haraldsen
Svein Garberg

Elected by Employees
Atle Nikolaisen
Elisabeth Kaspersen
Karoline Winnæss

CONTROL COMMITTEE

Anders J. Lenborg (chair)
Tore G. Clausen
Thorvald M. Haraldsen

Deputy
Kaare Oftedal

NOMINATION COMMITTEE

Truls Holthe (chair)
Nils Petter Hollekim
Per Ottar Skaaret

CORPORATE GOVERNANCE

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

RECOMMENDATIONS AND REGULATIONS CONCERNING CORPORATE GOVERNANCE

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

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

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

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

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

The company's principles for corporate governance were first agreed by the Board 4 May 2007 and revised at a board meeting13 March 2014. The principles shall contribute towards creating the greatest possible return on investment for shareholders over time, strengthened confidence in the company through a transparent corporate culture, and a good reputation. To a large degree, the principles follow the laws and regulations by which the company is governed. In addition, they are based on the Norwegian Code of Practice for Corporate Governance of 23 October 2012.

The following presentation of corporate governance in Protector Forsikring mainly follows the general structure and form of the Norwegian Code of Practice for Corporate Governance of 23 October 2012.

CORE VALUES, ETHICAL GUIDELINES AND SOCIAL RESPONSIBILITY

Protector sets out to be the challenger.The company will achieve this goal through unique business relations (easy to do business with, competitive, reliable and trustworthy), good decision-making and cost-effective solutions. Protector shall establish a reputation as a considerable and competent provider of risk-reducing solutions.

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

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

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

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

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

Protector has established a set of ethical guidelines to govern what is acceptable behaviour for employees and others who represent the company. The aim of the guidelines is to create a solid corporate culture as well as look after Protector's integrity by helping employees to exercise good business practice. The guidelines are also meant as a tool for evaluating our individual performances, as well as a means for developing our corporate identity.
Human rights: With exception of "employee rights" covered below, the company does not consider this an area major challenge in our daily operations. The company always strives to get to know our suppliers, and seek to avoid using suppliers whom do not satisfy our core values, which include not breaking human rights in their operations.

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

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

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

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

BUSINESS

The articles of association describe the company's business and objectives. Protector's objective is to provide general insurance and reinsurance and the company has a licence to operate within all classes except classes 14 credit insurance and 5 guarantee insurance. The company's prioritised market segments include the commercial and public sector and the market for affinity insurance. The company's annual report provides more information about the company's objectives, and the main features of its business strategy and activity. The articles of association can be found on the company's website www.protectorforsikring.no

SOLVENCY CAPITAL AND DIVIDENDS

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

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

The 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 2014. The Board of Directors' will purpose for the general meeting that the authorization is renewed. At year-end 2013, the company has a holding of 3,570,661 own shares.

The Board is authorised to increase share capital through the subscription of new shares with an aggregate nominal value of up to NOK 8,615,560 divided on 8,615,560 shares, each with a nominal value of NOK 1. The authorisation may be used for one or more share issues. The Board of Directors may decide to deviate from the pre-emptive right of shareholders to subscribe for shares pursuant to section 10-4 of the Public Limited Liability Companies Act. The Board of Directors may decide that payment for the shares shall be effected in assets other than cash, or the right to subject the company to special obligations pursuant to section 10-2 of the Public Limited Liability Companies Act. The authorisation also applies to decisions to merge pursuant to section 13-5 of the Public Limited Liability Companies Act. This authorisation is valid until the Annual General Meeting in 2014. The Board will propose to the General Assembly that the authorisation is renewed.

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

EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

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

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

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

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

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

FREELY NEGOTIABLE SHARES

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

GENERAL MEETINGS

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

The Chairman of the board, the Chairman of the committee of representatives, the Chairman of the nomination committee and the auditor shall be present at the meeting. An independent chairman shall be elected to conduct the meeting. By this is meant that a chairman and his/her close associates (Public Limited Liability Companies Act § 1-5) must not have substantial interest in orders of business being treated by the general meeting concerned.

NOMINATION COMMITTEE

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

The nomination committee is responsible for proposing candidates to the board of representatives, the board of directors, the control committee 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.

BOARD OF REPRESENTATIVES

The Board of Representatives in Protector is a legal requirement, and has 12 members, of which 8 are elected by the general meeting and 4 by the company's employees. Members are each elected for a two-year term of office so that half the members retire each year. It is a statutory requirement that the members elected by the general meeting shall reflect the company's interest groups, customer structure and its function in society.

The duties of the board of representatives include making recommendations to the AGM on the Board's proposal for the annual report and accounts, electing the shareholder nominated directors, including the chairman and deputy chairman, to the board of directors, determining the fees paid to the directors, electing the company's auditor and determining the auditor's fee, issuing the mandate for the work of the control committee and considering reports from the control committee. The board of representatives is entitled to make recommendations to the board of directors on any matter.

THE BOARD OF DIRECTORS

According to the company's articles of association the board of directors shall consist of minimum 3 and maximum 9 directors including the number of deputy directors decided by the board of representatives. 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 at page 20-24. Moreover, note 10 to the annual accounts states how many shares the individual shareholder owns in the company. Members of the board are encouraged to buy shares in the company.

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

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

CONTROL COMMITTEE

The Control Committee of Protector is a legal requirement, and has three members. The control committee shall ensure that the company carries out its business in an appropriate and reassuring manner in accordance with relevant laws, regulations and guidelines. The committee is entitled to look into any matter, and has access to all relevant documentation and information. The committee has the power to demand information from any employee and any member of the company's corporate bodies. The control committee has no decision making power.

THE WORK OF THE BOARD OF DIRECTORS

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

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

BOARD COMMITTEES

The Company shall, in accordance with Norwegian law have an audit committee. The Audit Committee consists of 3 members elected by and from the board members. The majority of the Audit Committee must be independent. The Audit Committee shall have the duties imposed by the Insurance Act §5-11.

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

The Compensation Committee shall prepare and present recommendations to the Board on the following:

- The annual evaluation of and matters regarding salary and other remuneration to the CEO.
- Guidelines for and matters regarding salary and other remuneration to senior executives.
- Declaration concerning the determination of salary and other remuneration to senior executives (cf Public Limited Companies Act § 6-16a), including:
    - o Guidelines concerning the determination of salary and other remuneration for the upcoming fiscal year.
    - o An account of the remuneration policy that has been conducted the previous fiscal year, including how the guidelines for executive salaries have been onducted.
    - o An account of the impact on the company and the owners of implementation / changes to incentive schemes linked to shares.
- Other significant employment issues for senior executives

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

RISK MANAGEMENT AND INTERNAL CONTROL

The company is subject to strict requirements for risk management and internal control. This includes a requirement for an annual review of the company's most important areas of exposure to risk and its internal control arrangements. This annul review is to be confirmed by an external auditor. In connection with the annual review of the company's internal control, a complete assessment of all routines and procedures is implemented, including an updating of the risk to which the management believes the company is exposed and accompanying control measures. As a finance institution the company is subject to Regulation no. 1057 of 20 June 1997 relating to the clarification of responsibility for control, documentation and review of the company's internal control. The company has established routines that are in accordance with the regulation.

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

REMUNERATION OF THE BOARD OF DIRECTORS

The board of representatives 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 Assembly for necessary treatment. The declaration is stated in the financial statement notes. The salary and other remuneration for the CEO are determined by the Board after the suggestion of the Compensation Committee. The determination of salary and other remuneration for other executive managers is determined by the CEO with boundaries discussed with the Compensation Committee. Further information concerning compensation, loans and share ownership of senior management is set out in note 17. The executive management is encouraged to buy shares in the company.

INFORMATION AND COMMUNICATIONS

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

TAKE-OVERS

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

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

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

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

AUDITOR

The auditor shall submit the main features of the plan for the audit of the company to the board of directors annually.

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

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

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

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

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