

Interim report Q1 2015

(Unaudited)

Highlights Q1 2015

25 % growth and increased guiding

Q1 2015 shows the following development compared to Q1 2014:

- Gross premiums written NOK 1.515,8m, up 25% from NOK 1.208,6m
- Net combined ratio 82,4%, up from 79,9%
- Operating profit NOK 210,5m, up from NOK 162,4m
- Return on investments NOK 122,2m (2,2%), up from NOK 83,8m (1,9%)
- Gross expense ratio improved to 7,5% (8,1%)

Financial highlights and key ratios

[1.000.000 NOK]	Q1 2015	Q1 2014	FY 2014
Gross premiums written	1 515,8	1 208,6	2 374,5
Gross premiums earned	666,3	530,7	2 306,8
Gross claims incurred	(562,8)	(472,0)	(1 854,5)
Earned premiums, net of reinsurance	518,0	403,2	1 775,3
Claims incurred, net of reinsurance	(455,9)	(343,5)	(1 439,5)
Net commission income	76,0	62,8	98,4
Operating expenses	(46,8)	(41,5)	(158,7)
Other income/costs	(3,0)	(2,4)	(10,2)
Net financial income	122,2	83,8	236,8
Operating profit before security provision etc	210,5	162,4	502,0
Claims ratio, net of ceded business	(1) 88,0 %	85,2 %	81,1 %
Expense ratio, net of ceded business	(2) -5,6 %	-5,3 %	3,4 %
Combined ratio, net of ceded business	(3) 82,4 %	79,9 %	84,5 %
Gross claims ratio	(4) 84,5 %	88,9 %	80,4 %
Gross expense ratio	(5) 7,5 %	8,1 %	7,6 %
Gross combined ratio	(6) 92,0 %	97,0 %	88,0 %
Retention rate	(7) 77,7 %	76,0 %	77,0 %
Solvency capital	(8) 1 742,7	1 462,2	1 575,9
Capital adequacy ratio (risk weighted)	(9) 17 %	17 %	18 %
Solvency margin	(10) 341 %	348 %	296 %
Earnings per share	(11) 1,81	1,24	4,63

(1) Claims incurred, net of reinsurance in %of earned premiums, net of reinsurance

(2) Operating expenses in %of earned premiums, net of reinsurance

(3) Net claims ratio + net expense ratio

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

(5) Sales and administration costs in %of gross premiums earned

(6) Gross claims ratio + gross expense ratio

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

(8) Equity + security provision etc

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

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

(11) Profit before other comprehensive income divided by weighted number of shares

Protector's operations

Protector Forsikring ASA is a general insurance company (P&C) operating in Scandinavia. Protector entered the Swedish insurance market in 2011 and the Danish insurance market in 2012. The company has two business areas: commercial and public lines of business, and affinity arrangements for private and commercial clients. Protector is listed on the Oslo Stock Exchange.

Premiums

Gross premiums written totalled NOK 1.515,8m, representing a 25% growth compared to Q1 2014. Gross premiums earned increased by NOK 135,7m to a total of NOK 666,3 m. The growth was 11% in Norway, 39% in Sweden and 74% in Denmark compared to Q1 2014.

Gross premiums written within the commercial and public sector totalled NOK 1.323,8m, a 26% growth compared to the same period last year. The growth is due to high level of new sales in both the commercial and public sector markets.

In the affinity segment, gross premium written amounted to NOK 191,9m, a 22% growth compared to Q1 2014. Gross premiums written within the change of ownership insurance totalled NOK 125,8m, up 25% from Q1 2014. The growth is primarily driven by higher real estate prices and increased number of policies sold. In Q1 2015, the company experienced a hit ratio in excess of 80%.

Premiums earned for own account totalled NOK 518,0m, an increase of 29% compared to Q1 2014.

Results

The operating profit before changes in security provision and tax totalled NOK 210,5m, up from NOK 162,4m in Q1 2014. Operating profit in Norway was NOK 154,2m (147,4m), Sweden NOK 42,1m (4,7m) and Denmark NOK 14,1m (10,3m). The quarterly profit is due to a strong technical as well as financial result. Net profit was NOK 141,6m, against a net profit of NOK 98,4m in Q1 2014. The return on the company's average solvency capital was 11%.

The net combined ratio was 82,4%, 2,5 percentage points higher than the 79,9% reported in Q1 2014. The increase is primarily driven by an increase in the net claims ratio. Net combined ratio was 83,3% in Norway, 76,6% in Sweden and 84,1% in Denmark in Q1 2015.

Gross claims ratio was 84,5%, down from 88,9% in Q1 2014. The decrease is due to a stronger claims ratio within motor and property across Scandinavia, with the effects most pronounced in Sweden. Net claims ratio was 88,0%, up from 85,2% in Q1 2014, due to reinsurers share of claims being lower than usual in the period. The company had run-off losses of NOK 10,4m, compared to run-off gains of NOK 25,5m in Q1 2014. The run-off result, net of reinsurance, was -2,0% compared to 6,3% in Q1 2014.

Both gross expense ratio and net expense ratio are decreasing. The gross expense ratio was 7,5% down from 8,1% in Q1 2014, whilst the net expense ratio was -5,6%, down from -5,3 %.

Investment return

Net investment portfolio amounted to a total of NOK 5.886m at 31 March 2015, up 25,5 % compared to the portfolio end of Q1 2014.

Investment activities yielded a total return of NOK 122,2m or 2,2% compared to a return of NOK 83,8m or 1,9% in Q1 2014. Equities accounted for a NOK 72,3m gain (9,1 %) against a NOK 15,2m gain (2,9%) in Q1 2014. Return on the fixed income portfolio totalled NOK 49,9m or 1,0 % against NOK 68,5m or 1,8% in Q1 2014.

End of Q1 2015, 16,5 % of Protector's financial assets were invested in equities, up from 11,7% end of 2014. The increase is mainly due to new funds being invested in equities with European exposure.

Capital and shareholder issues

The solvency capital, defined as the total equity and total security provision, has in Q1 increased by NOK 167m to NOK 1.743m.

End of Q1 2015 the capital adequacy ratio was 14%, against a minimum requirement of 8%. Including the result for Q1 the capital adequacy ratio was 17%, on par with Q1 2014.

The AGM on 23 April 2014 approved the payment of a dividend of NOK 2,00 per share. This pay-out will reduce the equity and solvency capital by NOK 165,2m in the second quarter.

Prospects

The Board is satisfied with the premium growth and the operating profit for the first quarter and expects continued growth and an improved operating profit for the full year. The expected growth is based on a very good start in 2015 in all three geographic markets and continued good access to profitable business.

Claims development and substantial changes in capital markets are regarded as the most important risk factors that could affect the company's profit in 2015.

Oslo, 29th April 2015

The Board of Directors of Protector Forsikring ASA

Income statement

[1.000.000 NOK]	Q1 2015	Q1 2014	FY 2014
Premium income			
Gross written premiums	1.515,8	1.208,6	2.374,5
Ceded insurance premiums	(363,0)	(290,2)	(510,5)
Change in provisions for unearned premiums	(849,5)	(677,9)	(67,7)
Change in reinsurers' share of provisions for unearned premiums	214,6	162,7	(20,9)
Earned premiums, net of reinsurance	518,0	403,2	1.775,3
Allocated return on investment transferred from non-technical account	7,6	13,8	55,3
Other income	1,1	0,9	3,7
Claims incurred			
Claims paid	(420,4)	(315,0)	(1.243,0)
Reinsurers' share of paid claims	77,4	69,0	307,4
Change in provisions for claims	(142,4)	(156,9)	(611,5)
Change in reinsurers' share of claims provisions	29,6	59,5	107,6
Claims incurred, net of reinsurance	(455,9)	(343,5)	(1.439,5)
Operating expenses			
Sales costs	(3,1)	(1,2)	(17,4)
Administration costs	(46,8)	(41,5)	(158,7)
Commission from reinsurers	79,2	64,0	115,8
Total operating expenses, net of reinsurance	29,2	21,3	(60,3)
Other expenses	(1,6)	(0,9)	(4,5)
Technical result before changes in security provision etc.	98,4	94,9	330,0
Changes in security provision etc.	(25,2)	(28,5)	(26,3)
Technical result	73,2	66,4	303,7
Net income from financial assets	122,2	83,8	236,8
Allocated return on investment transferred to technical account	(7,6)	(13,8)	(55,3)
Other income	0,4	0,5	2,3
Other costs	(2,9)	(2,9)	(11,8)
Non-technical result	112,1	67,6	172,0
Profit before tax	185,2	133,9	475,7
Tax	(35,9)	(31,1)	(93,0)
Profit before components of comprehensive income	149,3	102,8	382,8
Actuarial gain and loss from defined benefit pension plans- benefits to employees	-	-	(11,3)
Currency changes from foreign enterprise	(7,7)	(6,0)	(21,7)
Taxes on components of comprehensive income	-	1,6	9,0
Profit for the period	141,6	98,4	358,8
Earnings per share	1,81	1,24	4,63
Earnings per share, diluted	1,81	1,24	4,63

Balance Sheet

[1.000.000 NOK]	31.03.2015	31.03.2014	31.12.2014
Assets			
Intangible fixed assets			
Other intangible fixed assets	14,5	11,4	13,3
Total intangible fixed assets	14,5	11,4	13,3
Financial assets			
Shares	966,6	545,5	693,9
Securities, bonds etc	4.768,2	4.123,9	3.754,7
Financial derivatives	273,5		60,1
Other financial assets	148,7	4,6	449,3
Total financial assets	6.156,9	4.674,0	4.957,9
Reinsurers share of gross technical provisions			
Reinsurers share of gross premium provisions	311,5	250,6	91,2
Reinsurers share of gross claims provisions	465,1	382,3	438,1
Total reinsurers share of gross technical provisions	776,6	632,9	529,3
Receivables			
Policyholders	92,3	76,2	33,2
Intermediaries	82,4	53,1	58,1
Other receivables	1,3	17,6	18,0
Total receivables	176,0	147,0	109,3
Other assets			
Tangible fixed assets	7,8	8,8	8,2
Cash and bank deposits	185,7	214,0	207,9
Deferred tax benefit	0,6	-	20,1
Total other assets	194,1	222,8	236,2
Total prepaid expenses	146,1	109,5	106,7
Total assets	7.464,1	5.797,5	5.952,7

Balance Sheet

[1.000.000 NOK]	31.03.2015	31.03.2014	31.12.2014
Equity and liabilities			
Shareholders' equity			
Share capital [86.155.605 shares]	86,2	86,2	86,2
Own shares	(3,6)	(3,6)	(3,6)
Other paid-in equity	4,8	4,8	4,8
Total paid-in equity	87,4	87,4	87,4
Earned equity			
Natural perils fund	(4,9)	15,6	16,7
Guarantee scheme	75,8	63,7	70,5
Other equity	974,7	708,8	816,9
Total earned equity	1.045,6	788,1	904,0
Total equity	1.133,0	875,5	991,4
Subordinated loan capital	148,1	148,1	148,1
Technical provisions			
Provisions for unearned premiums	1.198,4	952,5	352,4
Provisions for claims	3.303,8	2.686,3	3.176,5
Security provision etc.	609,7	586,7	584,4
Total technical provisions	5.111,8	4.225,5	4.113,3
Provisions for other risks and liabilities			
Pension liabilities	19,0	8,6	19,0
Deferred tax liability	-	32,5	-
Total provisions for other risks and liabilities	19,0	41,2	19,0
Liabilities			
Liabilities in connection with insurance	13,4	15,5	15,3
Liabilities in connection with reinsurance	486,9	333,9	197,4
Financial derivatives	270,7		63,9
Other liabilities	158,1	116,3	174,9
Total liabilities	929,1	465,7	451,5
Incurred expenses and prepaid income			
Other incurred expenses and prepaid income	123,1	41,5	229,4
Total incurred expenses and prepaid income	123,1	41,5	229,4
Total equity and liabilities	7.464,1	5.797,5	5.952,7

Cash flow statement

[1.000.000 NOK]	Q1 2015	Q1 2014	FY 2014
Cash flow from operations			
Paid in premiums	1.364,1	1.084,9	2.434,2
Paid claims	(446,9)	(315,0)	(1.234,6)
Paid reinsurance	(92,0)	(45,8)	(75,7)
Paid operating expenses including commissions	(29,6)	(45,9)	(211,6)
Interest / dividend income	7,5	8,1	61,7
Net payments from financial instruments	(1.081,9)	(646,4)	(271,6)
Payable tax	(37,9)	(17,2)	(78,5)
Net cash flow from operations	(316,6)	22,6	623,9
Cash flow from investment activities			
Invested in inventory	(0,5)	(1,2)	(3,1)
Invested in intangible assets	(2,8)	(1,1)	(8,7)
Net cash flow from investment activities	(3,4)	(2,3)	(11,7)
Cash flow from financial activities			
Dividend paid	-	-	(144,5)
Interest payments on subordinated loan	(2,9)	(3,0)	(12,0)
Net cash flow from financial activities	(2,9)	(3,0)	(156,5)
Net cash flow for the period	(322,9)	17,3	455,7
Net change in cash and cash equivalents	(322,8)	17,4	456,0
Cash and cash equivalents opening balance	657,2	201,2	201,2
Cash and cash equivalents closing balance	334,4	218,6	657,2

Statement of changes in equity

[1.000.000 NOK]	Share Capital	Own shares	Other paid-in equity	Natural perils fund	Guarantee scheme	Other equity	Total
Equity at 31.12.2013	86,2	(3,6)	4,8	15,4	61,6	612,7	777,2
Profit for the period				0,2	2,1	96,1	98,4
Equity at 31.03.2014	86,2	(3,6)	4,8	15,6	63,7	708,8	875,5
Dividend pay out						(144,5)	(144,5)
Profit for the period				3,6	2,3	123,4	129,3
Equity at 30.06.2014	86,2	(3,6)	4,8	19,2	66,0	687,7	860,3
Profit for the period				2,9	2,3	38,1	43,3
Equity at 30.09.2014	86,2	(3,6)	4,8	22,1	68,4	725,8	903,7
Profit for the period				(5,5)	2,1	91,1	87,8
Equity at 31.12.2014	86,2	(3,6)	4,8	16,7	70,5	816,9	991,4
Profit for the period				(21,5)	5,3	157,8	141,6
Equity at 31.03.2015	86,2	(3,6)	4,8	(4,9)	75,8	974,7	1.133,0

Accounting principles

These interim accounts have been prepared in accordance with IAS 34 and in line with the accounting principles described in the annual report for 2014. 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. For further information, please see the 2014 annual report.

Segment information

[1.000.000 NOK]	Norway			Sweden			Denmark			
	Q1 2015	Q1 2014	FY 2014	Q1 2015	Q1 2014	FY 2014	Q1 2015	Q1 2014	FY 2014	
Gross premiums written	908,8	818,4	1.783,2	290,8	208,7	325,4	316,2	181,5	265,9	
Gross premiums earned	457,4	401,5	1.770,1	107,3	73,7	298,9	101,6	55,5	237,8	
Gross claims incurred	(396,0)	(355,1)	(1.449,4)	(89,4)	(69,4)	(233,8)	(77,4)	(47,5)	(171,4)	
Earned premiums, net of reinsurance	356,6	296,3	1.369,4	83,7	59,8	229,7	77,7	47,1	176,1	
Claims incurred, net of reinsurance	(321,8)	(247,9)	(1.104,2)	(67,5)	(58,5)	(188,7)	(66,6)	(37,1)	(146,7)	
Net commission income	52,8	47,5	91,1	10,1	7,7	(3,8)	13,1	7,6	11,1	
Operating expenses	(28,3)	(26,5)	(91,1)	(6,7)	(7,5)	(33,7)	(11,9)	(7,5)	(33,9)	
Other income/costs	(3,0)	(2,4)	(10,0)	(0,0)	(0,1)	(0,6)	(0,0)	0,1	0,4	
Net financial income	97,8	80,4	225,0	22,6	3,3	11,6	1,9	0,0	0,3	
Operating profit before security provision etc	154,2	147,4	480,3	42,1	4,7	14,5	14,1	10,3	7,2	
Claims ratio, net of ceded business	(1)	90,2 %	83,7 %	80,6 %	80,6 %	97,8 %	82,1 %	85,7 %	78,7 %	83,3 %
Expense ratio, net of ceded business	(2)	-6,9 %	-7,1 %	0,0 %	-4,0 %	-0,3 %	16,3 %	-1,6 %	-0,3 %	13,0 %
Combined ratio, net of ceded business	(3)	83,3 %	76,6 %	80,6 %	76,6 %	97,5 %	98,5 %	84,1 %	78,5 %	96,2 %
Gross claims ratio	(4)	86,6 %	88,4 %	81,9 %	83,3 %	94,2 %	78,2 %	76,2 %	85,5 %	72,0 %
Gross expense ratio	(5)	6,3 %	6,7 %	5,3 %	8,8 %	11,1 %	16,5 %	11,7 %	13,4 %	14,3 %
Gross combined ratio	(6)	92,8 %	95,2 %	87,1 %	92,1 %	105,3 %	94,7 %	87,9 %	99,0 %	86,3 %

Financial assets, fair value estimation

Financial assets through profit or loss [1.000.000 NOK]	Currency	Level 1	Level 2	Level 3	Total
Shares	NOK	440	527	-	967
Bonds and other fixed income securities	NOK	719	4.049	-	4.768
Bank deposits	NOK	149	-	-	149
Foreign currency contracts	NOK	0	274	-	274
Total assets Q12015		1.307	4.850	-	6.157
Total assets Q12014		549	4.120	5	4.674

Financial liabilities at fair value through profit or loss [1.000 NOK]	Currency	Level 1	Level 2	Level 3	Total
Foreign exchange contracts	NOK	-	271	-	271
Total financial liabilities Q12015		-	271	-	271
Total financial liabilities Q12014		-	-	-	-

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 is determined by using valuation methods. These valuation methods maximise the use of observable data where available, and are based as little as possible on own estimates. The instrument is included in level 2 if all essential data are based on observable market data.

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

Quarterly outline

[1.000.000 NOK]	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Gross premiums written	1.515,8	281,8	341,8	542,2	1.208,6	237,7	270,4	448,5	904,0
Gross premiums earned	666,3	593,7	591,5	590,9	530,7	468,4	468,6	477,4	400,2
Gross claims incurred	(562,8)	(451,6)	(457,7)	(473,2)	(472,0)	(362,4)	(384,0)	(354,4)	(349,8)
Earned premiums, net of reinsurance	518,0	453,4	458,0	460,7	403,2	352,5	357,9	362,8	300,4
Claims incurred, net of reinsurance	(455,9)	(337,7)	(370,6)	(387,8)	(343,5)	(291,9)	(297,3)	(288,8)	(255,5)
Total operating expenses, net of reinsurance	29,2	(37,5)	(36,9)	(7,3)	21,3	(36,0)	(36,9)	(7,0)	23,0
Other income/costs	(3,0)	(2,0)	(3,1)	(2,7)	(2,4)	(1,8)	(2,6)	(2,3)	(2,8)
Net income from financial assets	122,2	13,6	27,9	111,6	83,8	83,9	75,6	19,4	77,9
Operating profit before changes in security provision	210,5	89,8	75,3	174,5	162,4	106,6	96,7	84,1	143,0
Changes in security provision etc.	(25,2)	27,0	(12,5)	(12,3)	(28,5)	19,6	(31,2)	(2,4)	(40,9)
Profit before tax	185,2	116,8	62,8	162,2	133,9	126,2	65,5	81,7	102,1
Tax	(35,9)	(14,1)	(17,7)	(30,1)	(31,1)	(32,4)	(9,5)	(26,3)	(20,4)
Profit before components of comprehensive income	149,3	102,7	45,2	132,1	102,8	93,8	56,0	55,4	81,8
Components of comprehensive income	(7,7)	(20,4)	(2,5)	(4,0)	(6,0)	(2,0)	3,4	3,1	3,5
Taxes on components of comprehensive income	-	5,5	0,7	1,1	1,6	0,5	(1,0)	(0,9)	(1,0)
Profit for the period	141,6	87,8	43,3	129,3	98,4	92,3	58,4	57,6	84,3
Key ratios									
Claims ratio, net of ceded business	88,0 %	74,5 %	80,9 %	84,2 %	85,2 %	82,8 %	83,1 %	79,6 %	85,0 %
Expense ratio, net of ceded business	-5,6 %	8,3 %	8,1 %	1,6 %	-5,3 %	10,2 %	10,3 %	1,9 %	-7,6 %
Combined ratio, net of ceded business	82,4 %	82,7 %	89,0 %	85,8 %	79,9 %	93,0 %	93,4 %	81,5 %	77,4 %
Gross expense ratio	7,5 %	8,2 %	8,4 %	6,0 %	8,1 %	10,0 %	10,1 %	5,9 %	9,1 %