ANNUAL REPORT
2014

PROTECTOR
forsikring

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HIGHLIGHTS
2014

Total premiums amounted to NOK 2.375 million compared to NOK 1.861 million in 2013, an increase of 28 %. The growth occurred within the Norwegian commercial and public sector lines of business (30 % of growth), within Sweden and Denmark (59 % of growth) and within change of ownership insurance (11 % of growth).

In 2014, the cost ratio decreased compared to 2013. Gross cost ratio in 2014 was 7,6 %, down from 8,8% in 2013. Reduction was driven by great focus on costs in all three countries and is in line with the company's expectations.

The combined ratio was 84,5 % at the end of 2014 which is one of the best ratios among the Scandinavian non-life insurance companies.

The return of investment was 5,3 % down from 7,0 % in 2013. The change is related to the turmoil in credit markets in the second part of the year, resulting in a marginal positive result in the fixed income portfolio.

The operating profit amounted to NOK 502,0 million compared to NOK 430,3 in 2013.

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

The Board proposes a dividend of NOK 2,00 per share.

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

THIS IS PROTECTOR

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

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

VISION AND BUSINESS CONCEPT

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

BUSINESS GOALS AND STRATEGIES

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

The company's main goals are:

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

The company's long-term financial objectives are:

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

DISTRIBUTION STRATEGY

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

MARKET STRATEGY

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

Commercial Lines of Business

Protector's chosen segment consists of companies with annual insurance premiums above NOK 100,000. Most of the clients have an annual insurance premium below NOK 3 million, however, Protector also targets larger companies. The largest companies have annual insurance premiums in the tens of millions. By year end 2014 the customer list included approximately 4,000 companies.

Public Lines of Business

Protector has established itself as the largest insurer in the public sector in Scandinavia with 250, 120 and 15 municipalities on its client list in Norway, Sweden and Denmark respectively. The coverage varies from single products to total product packages. In addition, we insure 19 counties.

Sweden and Denmark

Protector has established an operational presence in Stockholm and Copenhagen with 24 and 20 employees respectively by the end of 2014. In addition we have Scandinavian resources located in Norway as well as some temporary staff. The company expects that significant parts of future growth will stem from outside of Norway. The company's entrance in the Swedish and Danish markets follows the same business model as in Norway and is well perceived by the insurance brokers.

Change of Ownership Insurance

Change of ownership insurance covers the seller's responsibility for the estate's material defects as specified by the sale of property law ("Avhendingsloven"). Protector is the market

leader within change of ownership insurance with more than 50 % market share. Protector has an effective value chain and the necessary critical mass to continue as a leading market player in years to come.

STRATEGY FOR CLAIMS HANDLING

Our claims handling team counts 75 employees in total, spread over the commercial line of business and change of ownership insurance. By using skills and competences across claims handling, underwriting and sales the company achieves high cost efficiency while maintaining high quality.

IT-STRATEGY

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

PERFORMANCE BASED CULTURE

Protector's organization is based upon highly qualified employees counting 178 people at the end of 2014. The majority have long experience from the insurance industry. In addition to the development of claims handling, large resources have been invested to increase the capacity in the areas of underwriting, analysis, sales and service.

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

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

LEADERSHIP DEVELOPMENT

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

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

KEY FIGURES

[1.000 NOK]		2014	2013	2012
Gross premiums written		**2 374 456**	**1 860 617**	**1 517 017**
Gross premiums earned		2 306 764	1 814 626	1 464 244
Gross claims incurred		(1 854 467)	(1 450 587)	(1 170 976)
Premiums earned for own account		1 775 274	1 373 555	1 107 433
Claims incurred for own account		(1 439 515)	(1 133 527)	(940 094)
Net commission income		98 369	94 338	90 269
Operating expenses		(158 696)	(151 279)	(104 481)
Other insurance income/costs		(719)	386	(127)
Net financial income		236 843	256 729	245 571
Other income/costs		(9 519)	(9 885)	(4 904)
Operating profit before security provision		**502 038**	**430 316**	**393 668**
Change in security provision		(26 311)	(54 839)	(146 531)
Profit before tax		475 727	375 477	247 137
Profit before other comprehensive income		382 766	286 973	198 772
Profit for the year		358 780	292 624	207 679
Gross claims ratio	(1)	80,4 %	79,9 %	80,0 %
Gross cost ratio	(2)	7,6 %	8,8 %	7,7 %
Gross combined ratio	(3)	88,0 %	88,7 %	87,7 %
Claims ratio for own account	(4)	81,1 %	82,5 %	84,9 %
Cost ratio for own account	(5)	3,4 %	4,1 %	1,3 %
Combined ratio for own account	**(6)**	**84,5 %**	**86,7 %**	**86,2 %**
Retention rate	(7)	77,0 %	75,7 %	75,6 %
Solvency capital	(8)	1 575 881	1 335 313	1 086 448
Solvency margin	(9)	296 %	315 %	304 %
Capital adequacy ratio (risk weighted)	(10)	18 %	20 %	20 %
Operating profit before security provision etc per share	(11)	6,08	5,21	4,77
Net profit after tax per share	(12)	4,63	3,47	2,41

(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 (48)
Chief Financial Officer

He started in Protector in 2005, and 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

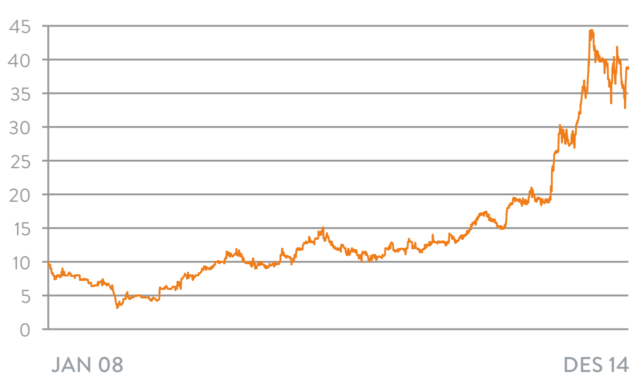
THE PROTECTOR SHARE

In 2014, Protector's share price increased by 110.2 % including dividends and 101,0 % excluding dividends. The Oslo Benchmark increased by 5.0 % during the same period. In 2013, Protector's share price increased 52.2 % including dividends and 43.3 % excluding dividends. The Oslo Benchmark index increased by 23.6 % during the same period.

The average trading volume of Protector's shares on the Oslo Stock Exchange was 177,644 shares in 2014, relative to 66,189 in 2013.

At the end of 2014, the Protector share was traded at NOK 38.60. The market value of total outstanding shares was NOK 3,187.8 million.

DIVIDEND POLICY



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

The company's goal is to maintain a solvency margin (calculated according to the regulations of the Financial Supervisory Authority of Norway) of at least 205 %. Unless the need of capital suggests otherwise, it is the board's target to distribute 30-50 % of the annual after-tax profit in a form of dividend. When the dividend is finalized, the decision will take into account the company's results and capital requirement including adequate financial buffers and the necessary flexibility for growth and development.

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

The board proposes dividend of NOK 2.00 per share for the fiscal year 2014, totaling NOK 165.2 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 1,75 per share, totaling NOK 144.5 million were distributed in 2014 for the fiscal year of 2013.

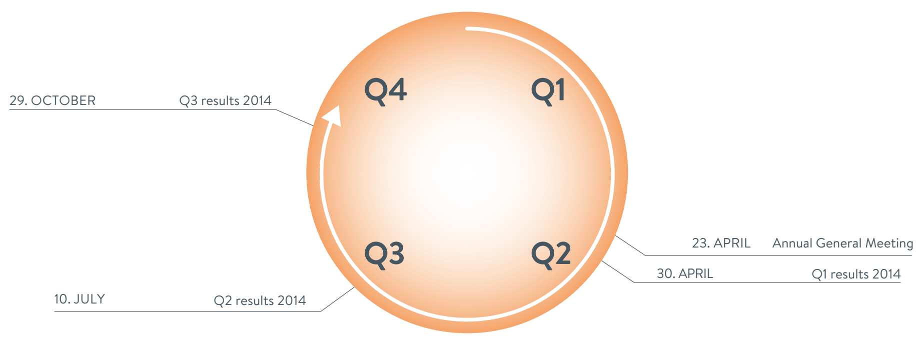
SHAREHOLDERS AND VOTING RIGHTS

The company has issued a total of 86,155,605 shares and there is only one class of shares with equal rights for all share-holders. A list of Protector's biggest shareholders is provided in note 10 in this report.

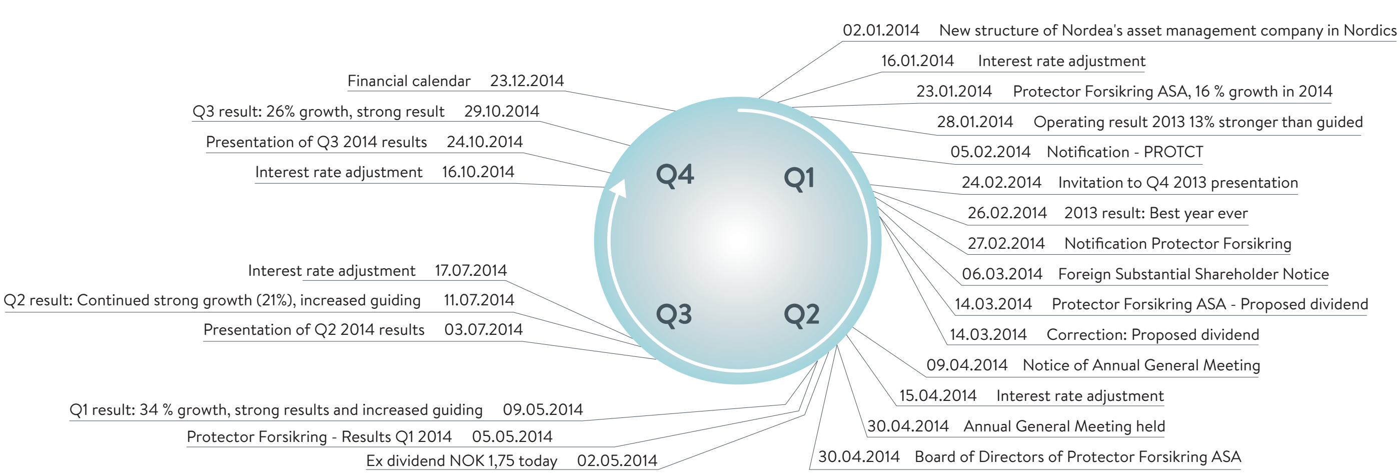
ANNUAL GENERAL MEETING

The Annual General Meeting of Protector Forsikring ASA will be held at the company's premises at Støperigata 2, Oslo, on Thursday 23 April at 4.00 pm. The notice will be sent to all shareholders and to the Oslo Stock Exchange. The notice to the Annual General Meeting will also be published on the company's website www.protectorforsikring.no.

FINANCIAL CALENDAR 2015



ANNOUNCEMENTS PUBLISHED IN 2014



Notification of trade 2014

22.12.2014	13.11.2014	12.05.2014	13.06.2014	26.03.2014	20.03.2014
16.12.2014	11.11.2014	26.06.2014	27.03.2014	25.03.2014	

2014 – BEST YEAR IN PROTECTOR'S HISTORY – SWEDEN AND DENMARK FULLY OPERATIONAL

2014 – DOUBLE DIGIT GROWTH CONTINUES

Going into 2014 we were optimistic and guided the market on 16 % top-line growth, a combined ratio of 90 % and a cost ratio below 8 %. The result: 28 % growth, a CR of 84,5 % and a gross cost percentage of 7,6. On top of that we had a strong financial result with 5,3 % return.

Our markets and our competitive situation developed slightly better than expected. The Norwegian real estate market experienced some price growth, but delivered through a very high turnover rate. We believe the market will continue to function well in 2015, with the possibility of a strong price development.

We keep on winning new customers and increase our market share in the commercial segment. Entering 2015 we are the number 1 in municipality insurance in Scandinavia! We insure 404 municipalities and regions in Scandinavia – but we aim for continued growth. Protector now has Scandinavia as its home market, and growth in 2015 will be driven by Copenhagen and Stockholm. Our organisations in Sweden and Denmark are now operational and we have started to see the scalability through reduced cost percentage, which will carry on falling in 2015. We expect continued profitable growth and increased market share in Norway, Sweden and Denmark in 2015. The collective company risk is falling, the biggest factor is Sweden and Denmark's increased diversification of the portfolio through increased positions in short-tail insurance products.

OUR RESULT in 2014 is characterized by 5 features:

› Very strong growth of 28 % in volume, driven by strong growth in Sweden & Denmark, as well as the Norwegian public sector.
› Financial result of 5,3 %
› Net Combined Ration of 84,5 %
› Sweden and Denmark profitable; net combined 98,5 % and 96,2%
› Reduced net cost percentage from 8,8 % to 7,6 %. The reduction owing to the scalability in Sweden and Denmark

We reinforce our position as a quality leader and maintain our position as a cost leader in our chosen segments. This translates to good 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 good 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 grew a combined 13 % to NOK 1.274 billion in revenue. As in 2013, the flow of tenders received from our insurance brokers has been strong. We see our competitivness as robust despite fierce competition in pricing in certain segments. Our corporate segment in Norway has furthered their development and is very effective with industry leading cost percentage.

In sum, 2015 has begun on a strong footing. We are guiding single digit growth with continued profitability.

SWEDEN IS GROWING VERY FAST

The premium volume ended at NOK 325 million, a growth of 121 % year on year. We are growing in all insurance segments, with the auto sector as our driving force. We also made a breakthrough in the Swedish bus market establishing us amongst the 3 largest insurers. We win customers both in the municipality sector and in the market for big/medium sized companies, and we maintain an excellent renewal rate.

Our sales and UW capacity is now at a good level looking for continued growth. At the same time, we are hunting for further improvements in quality and efficiency. We have conducted our annual quality survey among Swedish insurance brokers and Protector has a clear advantage – for the third year running. My impression is that our 24 Swedish employees really have made the Protector-culture their own. We see the first effects of scalability, with a cost percentage dropping 2,5 percentage points to 16,5 % in 2014. This will fall further during 2015.

DENMARK IS AHEAD OF THE CURVE and grows 89 % to NOK 266 million. Compared to Norway and Sweden at the corresponding time, Denmark is growing faster both in volume and in profitability. Growth through affinity programmes administrated by the brokerages, together with our great broker relations prove important.

In our annual quality survey among brokers we score 70 out of a possible 100, down from 76 owing to an increased amount of brokers participating. My assessment is that we have quality leadership in Denmark, which our team of 20 employees will strengthen throughout the year.

The cost percentage in Denmark fell from 15 % in 2013 to 14,3 % in 2014, but the scalability is now becoming visible, and our cost percentage will continue down in 2015.

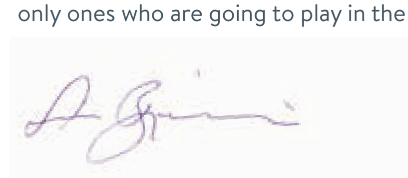
WITHIN CHANGE OF OWNERSHIP

We have maintained our market share of above 50 %. The volume was NOK 509 million. The increase is a result of a high turnover rate in the market, our estate agents winning market shares and the full effect of the ProAktiv-chain (won in 2013). We expect the volume to grow with the rise in prices and additional increase in turnover rates.

The number of claims are stable, above 4.500 annually, and a large amount of subpoenas and notices thereof counting approximately 600. We bettered our results in the courts in 2014 with wins, draws and losses at 55 %, 20 % and 25% respectively. The amount of claims classified as high claims and high degree of complexity is increasing, but we have achieved good results through correct use of experienced, technically sound appraisers. Our great results within change of ownership insurance is due to this work and our continued commitment to claims-reduction measures. Our perception is that our counterparties and partners experience us as constructive and professional, and that our reputation in the market is strenghetend further. The real estate sales report drew a lot of attention from the media at the end of 2014. Protector remain a strong advocate of a qualitative good report conducted by technical competent surveyors and our numbers show that this markedly reduces the level of conflict. We will continue to be a constructive partner for the surveyor associations and real estate agents in this area in 2015.

Our estate agents are extraordinarily pleased with our quality this year. On a scale of 0-100 we achieve 89, which is “all time high” - again. The feedback is very encouraging, and we are set to provide an equal or better service this year.

Finally, I want to take the opportunity to thank everyone who have contributed to our success. First, I would like to thank our cooperating insurance brokers and real estate brokers; we will work to keep your customers experience of us as commercially attractive and easy to deal with. Accordingly I would like to thank my 178 committed 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 (55)

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

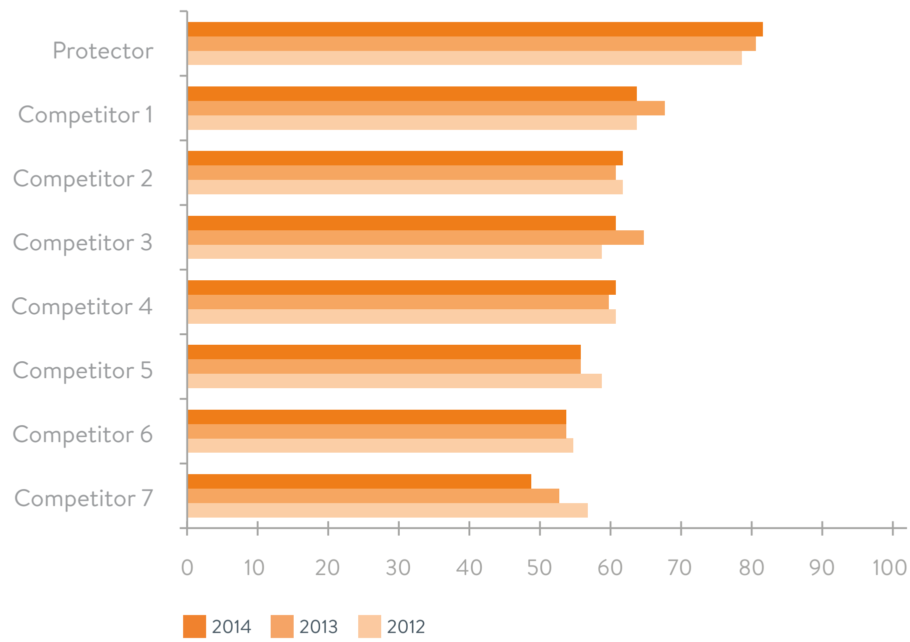
Gross premiums written amounted to NOK 1.274 million in 2014 compared to NOK 1.122 million in 2013, a growth of 13 %. The company has experienced strongest growth within public sector as a result of increased volume in the market and the company's competitiveness in the tender process. We observed growth within all product lines, but it was strongest within personnel insurance where new sales were especially good. The renewal rate was 95% in 2014, up 2 percent from 2013 in accordance with set goals. The company maintained its cost leadership in 2014 and achieved a good level of profitability. This opens the door for competitive pricing, positioning us well going forward especially regarding renewals and new sales.

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 are channelled through the "Top 5" firms. In 2014, brokers rated Protector as their most preferred insurance company for the eighth consecutive year. Protector's strategy of price differentiation and selective risk-taking on individual customers stands. It will ensure that the company can combine profitable growth

PROTECTOR IS THE PREFERRED INSURER AMONG BROKERS

Source: TNS Gallup 2014



through both sales and renewals. The intensity of market competition varies according to segments, and is strongest where we historically have experienced the thinnest economic margins.

In 2014, the insurance brokers rate Protectors quality in claims handling the highest in our annual survey among our brokers. This makes us proud, but we will improve further. Our high level of quality in our other core segments; sales, underwriting and service, is well documented from internal and external surveys.

Protector's low cost level is the key to acquiring profitable business in these segments. However, the key driver of profitable growth in 2014 has been the company's renewal rate and ability to win new large customers.

ORGANIZATION AND COMPETENCE

The commercial and public lines of business has completed a series of development and improvement projects in 2014. Both the implementation and results are good which has given clear results in our business.

We see the results especially within claims handling and underwriting, where the focus has been on developing our culture and efficiency, which has raised both the operational and technical level.

In 2014, the commercial department in Norway continued to support growth in Sweden and Denmark with core skills and resources. We are increasingly taking advantage of our expertise across borders.

HENRIK HØYE (33)
Director of commercial and public lines of business

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

KJERSTI K. MYKING (49)
Director of marketing

Employee since 2013. Diploma in Marketing & Economics from Norwegian School of Marketing. Experience as marketing director in Storebrand and Microsoft. Comes from position as client director in Carat Norge.

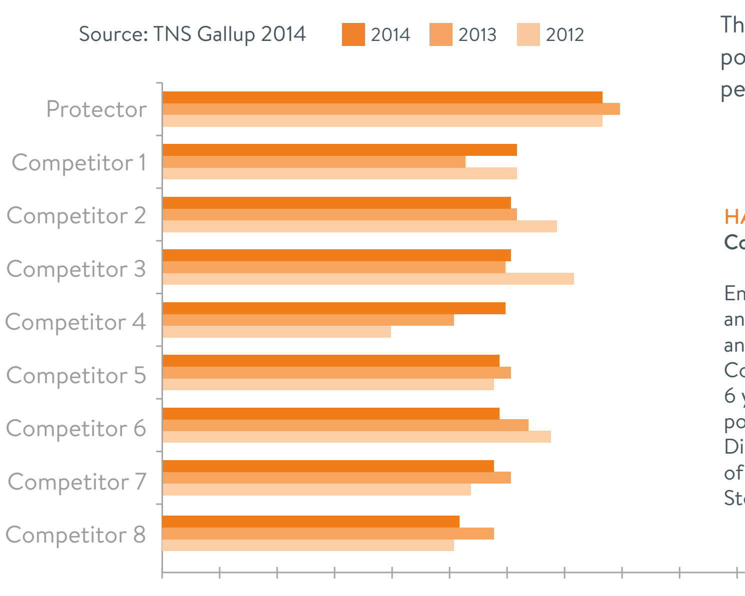
SWEDEN:
COMMERCIAL & PUBLIC LINES OF BUSINESS

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

121 % GROWTH

Gross premiums were NOK 325 million in 2014, an increase from NOK 147 million in 2013 – equivalent to 121 % growth. The growth was observed within all product lines, but was strongest within commercial and public lines of business backed up by strong levels of new sales and renewals. Protector is now second in the Swedish municipality market, and insure 120 municipalities and 7 regions.

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



DISTRIBUTION AND MARKET

Protector has been well received by the brokerages in Sweden. We measure annually how happy the insurance brokers are about the insurance companies' service and offers. In Sweden, Protector receives 77 out of 100 possible points in 2014. This is 15 points ahead of our closest competitor. As quality leader for the third year running we claim that we are setting a new standard of quality in Sweden.

ORGANISATION AND COMPETENCE

The cost percentage was 16,5 % in 2014, down from 19,0 % in 2013. Protector's Swedish branch consists of 24 employees and multiple temporary workers, altogether approximately 30 FTEs, where the majority works in underwriting and claims handling. This is up from 19 employees in 2013. We now consider the foundational investment in the organisation to be complete, i.e the staffing will increase slower than the premium volume in the future – with falling cost ratio as a result.

The organisation in Sweden is strong, and they grabbed the position as the foremost ambassador for Protector's performance culture and values in 2014.

HANS DIDRING (35)
Country Manager Sweden

Employee since 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. Didring's last position was as Head of Broker Sales and Service at If in Stockholm.

DENMARK: COMMERCIAL & PUBLIC LINES OF BUSINESS

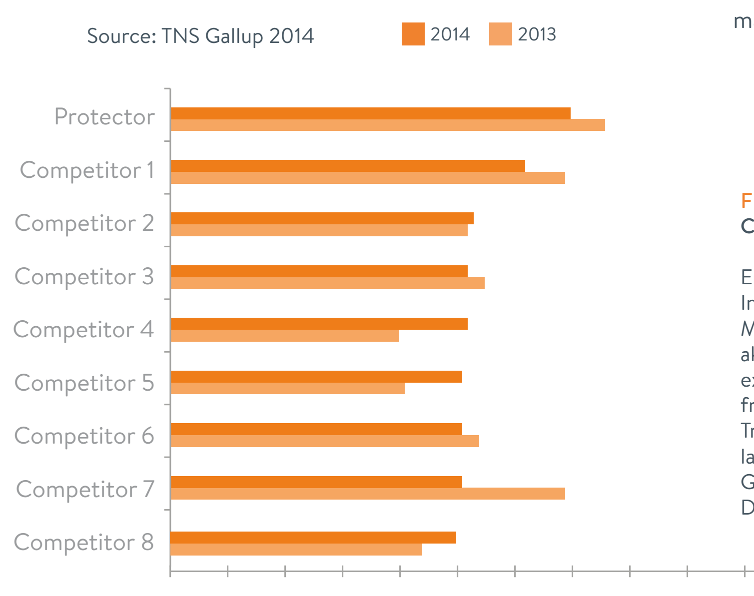
Protector follows the same business model in Denmark as in Norway and Sweden – distribution through insurance brokers.

89 % GROWTH

Gross premiums were NOK 266 million in 2014, an increase from NOK 141 million in 2013 – equivalent to 89 % growth. The growth was driven by 5 big new sales and a strong renewal rate (110 %). The growth is strongest within the affinity segment. Protector is now second in the Danish municipality market, and insure 15 municipalities and 1 regions. Personnel and property insurance constitutes just under 80 % of the volume.

DISTRIBUTION AND MARKET

Protector has been very well received by the brokerages in Denmark. We measure annually how happy the insurance brokers are about the insurance companies' service and offers. In Denmark, Protector receives 70 out of 100 possible points in 2014. This is 8 points ahead of our closest competitor. Protector is constantly working to develop their relationship with Danish insurance brokers, and will take quality leadership in Denmark as done in Norway and Sweden.



ORGANISATION AND COMPETENCE

The cost percentage was 14,3 % in 2014, down from 15,0 % in 2013. Protector's Danish branch consists of 20 employees, where the majority works in underwriting and claims handling. This is up from 14 employees in 2013. We now consider the foundational investment in the organisation to be complete, so that the staffing will increase slower than the premium volume in the future, with falling cost ratio as a result.

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

FLEMMING CONRAD (58)
Country Manager Denmark

Employee since 2012. IEP Insead, Handelshøjskolen, Merkonom (O), Forsikrings-akademiet. 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.

NORWAY: CHANGE OF OWNERSHIP INSURANCE

In 2014, Protector maintained its market share above 50 %, through good flow of information, efficient support routines and a high level of quality in claims handling. The company's most important brokers are Eiendomsmegler 1, Privamegleren and Krogsveen, whereof especially Privatmegleren has grown the total number of offices and brokers.

GOOD GROWTH IN VOLUME

The turnover of real estate in Norway was high in 2014. Both the amount of sales and turnover rates kept very high levels throughout the year. Prices increased by 2 % year-on-year and contributed to the growth of written premiums, which increased by 13 % from NOK 451 million in 2013 to NOK 509 million in 2014. Hit ratio was stable at ca 80 %.

PARTNER FOR THE BROKERS

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

During 2014, Protector offered professional courses and training to most of the 2,500 brokers that are the company's sales channels. Proficiency training in the sale of property law, broker responsibility and calculation of living areas are accepted as a part of the brokers' mandatory continuing education by the Financial Supervisory Authority of Norway. The reception to these training opportunities among the real estate agents have been very good.

HIGH QUALITY IN CLAIMS HANDLING

We received over 300 subpoenas and about the same number of notices, which is a slightly increase from 2013. The underlying trend is a high, but stable, level of conflict.

Quality in claims handling is a high priority, and the department has maintained a very high level in 2014. Near 80 % of reported claims are handled and communicated to the claimant within 10 days of the claim being documented. The share of claimants who do not accept the company's assessment is low.

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

The number of court ruling in 2014 is stable at approximately 300. The ratio of settlements to court rulings was approximately 50 %. The share of court rulings won completely or partially was 75 %. This is stable relative to 2013 and shows that the courts in a large extent agrees with Protectors assessments.

The share of real estate sales reports is stable, but the quality is still at a low level. Real estate appraiser branch at NTO and NTF launched a new status report in 01.01.2015. Protector has been a strong contributor in the development of a new sales report based on 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. Protector achieved good result from claims-reducing measures and recourse. We are evaluating the basis for allocating responsibility to the third party in over 90 % of the cases.

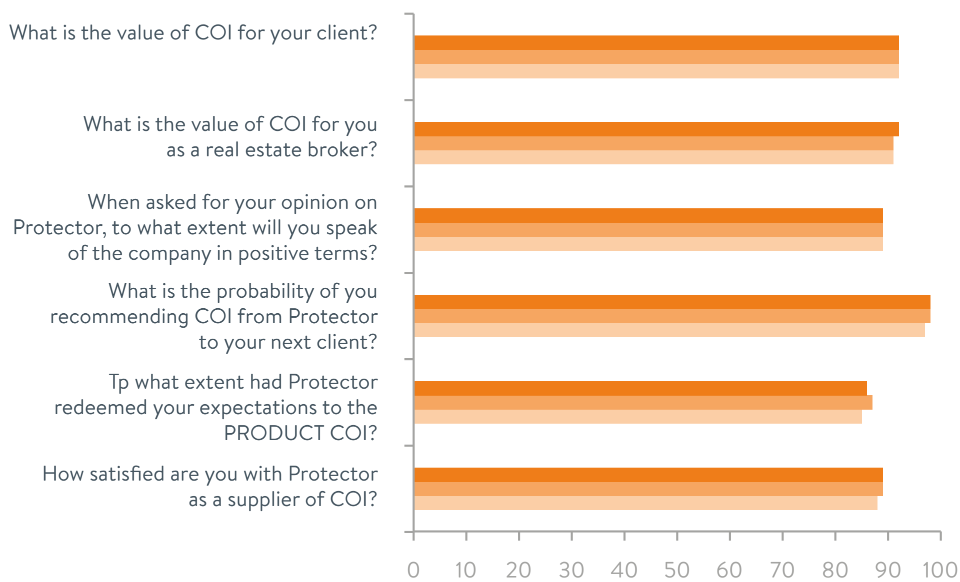
REPUTATION

Change of ownership insurance has since its inception received a lot of media attention, thus as a market leader Protector has received most of the media's attention. In 2014, Protector has been present in both national media as well as local newspapers. Our policy is that all media inquiries shall be treated factual, seriously and constructively. We wish to highlight facts, both in specific individual cases as well as in issues that are more of a general art.

Protector regularly evaluates, via TNS Gallup, how real estate brokers are valuing Protector. In the question “How are you satisfied with Protector as a supplier of COI?” the company is given a score of 89 of 100 possible. This is a new “all time high” from an already high level.

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



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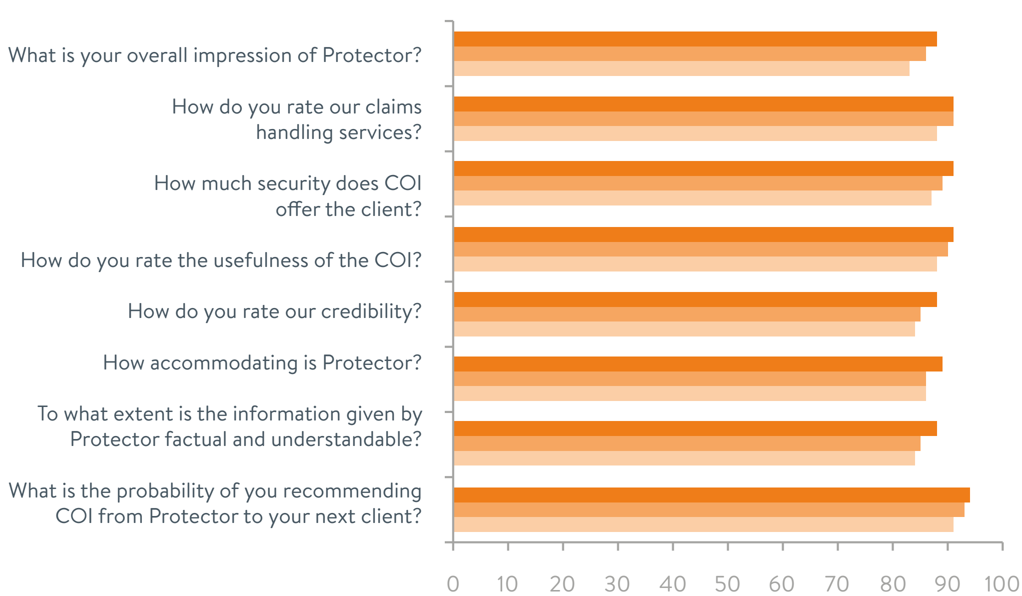

MERETE C BERNAU (48)
Director of change of ownership insurance

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

DIRECTORS' REPORT

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

JOSTEIN SØRVOLL
Chairman of the Board

Age: 65
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

THE MAIN FEATURES CHARACTERISING 2014 ARE:

- Strong growth within the commercial and public lines of business in all three countries
- Reduced cost ratio
- A strong technical result
- A strong return on investments

PREMIUM INCOME

In 2014, gross premiums written increased by 28% to a total of NOK 2.374,5 million. Gross premiums earned increased by NOK 492,2 million to a total of NOK 2.306,8 million. Premiums earned for own account were NOK 1.775,3 million, an increase of 29% compared to 2013.

The company had especially strong growth within commercial and public sectors, where gross premiums written amounted to NOK 1.707 million, compared to NOK 1.263 million in 2013 (35% growth). The growth is mainly due to high new sales within both the commercial and public sector. Norway contributed with 11 percentage points, Sweden with 14 percentage points and Denmark with 10 percentage points to the total growth within commercial and public sectors.

In 2014, growth in the municipality sector was 39%. Growth in Norway was 30%, in Sweden 79% and in Denmark 28%. In total, the growth was strongest within general insurance (P&C). The company has a number 2 position in each of the Scandinavian municipality markets and is number 1 as a whole. Gross written premiums constituted NOK 325 million in Sweden – whereof 51% from public sector – and NOK 266 million in Denmark, whereof 24% from public sector.

Within the affinity segment, gross written premiums amounted to NOK 667,7 million compared to NOK 597,2 million in 2013. 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 509,4 million, a growth of 13% compared to 2013. The growth is driven by increased property prices and increased total number of the insurance policies sold. Protector's market share has slightly increased in 2014 and is estimated to be well above 50%. The total number of the real estate sellers who buy change of ownership insurance is at a stable level. In 2014, hit-ratio was slightly above 80%.

RESULT

Operating profit before changes in security provisions and tax amounted to NOK 502,0 million, compared to NOK 430,3 million in 2013. The improvement of the result is due to a better technical result. The return on the company's average solvency capital after tax amounted to 28% in 2014 as well as in 2013.

The company's claims ratio for own account decreased from 82,5% in 2013 to 81,1% in 2014. Net cost ratio was 3,4%, down from 4,1% in 2013. The development in claims and cost ratio resulted in a combined ratio of 84,5% in 2014 compared to 86,7% in 2013.

Claims result is due to good profitability within short-tailed lines of business and change of ownership insurance, along with higher run-off gains in 2014 compared to 2013. Profitability in Norway is good, while profitability in Sweden and Denmark is ahead of the targeted development. The company is not aware of any profitability challenges in the portfolio.

The cost ratio in 2014 is reduced compared to 2013. Gross cost ratio amounted to 7,6% compared to 8,8% in 2013. Reduction was driven by great focus on costs in all three countries and is in line with the company's expectations. The cost ratio in 2015 is expected to further decrease through a good top line growth and continued focus on efficient cost management.

Net income from investments totaled NOK 236,8 million in 2014 or 5,3%, a reduction from NOK 256,7 million or 7,0% in 2013. The change is related to the turmoil in credit markets in the second part of the year, resulting in a marginal positive result in the fixed income portfolio. The return on the fixed income portfolio amounted to NOK 106,0 million or 2,6% in 2014. In 2013, the return on the fixed income portfolio was NOK 193,9 million or 5,9 %. Return on equities totaled NOK 130,8 million or 26,8% compared to NOK 62,8 million or 17,3% in 2013.

The growth in premiums for own account requires higher statutory security provisions. In 2014, the security provisions increased by NOK 26,3 million, from NOK 558,1 million in 2013 to NOK 584,4 million in 2014. At year end 2014, security provisions were NOK 179,1 million higher than the minimum requirements set by The Financial Supervisory

ERIK G. BRAATHEN
Board member, deputy chairman of the board

Age: 59
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

Authority of Norway

Net profit for Protector Forsikring ASA amounted to NOK 358,8 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 2014 was 296%. The capital adequacy ratio was 18% 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 2014, the company's solvency capital amounted to NOK 1.575,8 million, NOK 991,4 million in total equity (before proposed cash dividend) and NOK 584,4 million in security provision.

The company's free equity before the proposed cash dividend amounted to NOK 396,2 million at the end of 2014.

Net cash flow from operational activities, before investments in financial assets, was positive at NOK 895,5 million. Net cash flow was positive NOK 456,0 million. The company's cash holdings at year end 2014 was NOK 657,2 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 2014 the company has 3.570.661 own shares, which is unchanged from 2013.

Protector Forsikring ASA had 3.566 shareholders at 31.12.2014.

DIVIDEND

The Board of Directors proposes a cash dividend of NOK 2,00 per share for 2014, totalling NOK 165,2 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

ELSE BUGGE FOUGNER
Board Member

Age: 70
Education: Cand.jur. (Law degree) from the University of Oslo (1971)
Work experience: Partner in Advokatfirmaet Hjort DA (since 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

(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 initially be based on the company's results and capital requirement including 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 as interest and equity prices. At the end of 2014, the company's investment portfolio totalled NOK 5 billion, whereof 84,8% was placed in interest-bearing instruments, 14,0% was placed in equities and equity funds and 1,2% in other investments. The equity share has increased by 0,8 percentage point. 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 1,47 years at end 2014, an increase of 0,91 from end 2013. 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 mainly managed externally by Carnegie Kapitalforvaltning, Danske Capital, Handelsbanken, DNB Asset Management, Nordea Investment Management and Pareto Kapitalforvaltning. Protector has gradually established a discretionary portfolio during 2014.

Insurance Risk

The insurance risk is adjusted to the company's accessible risk

RANDI HELENE RØED

Board Member and leader of the Audit Committee

Age: 51
Education: MSc in Economics and Business Administration from the Norwegian School of Economics.
Work experience: CFO Norsk Tipping (since 2008), Director in Eidsiva Energi (2002-2008), Senior Associate in PWC (1999-2002), Controller in IBM (1997-1999), Controller NIT (1993-1997), Office Manager Group Accounting in DNB (1989-1993)
Director of Protector since: 2014
Other essential tasks in companies and organizations: Deputy chairman and chairman of audit committee in Bouvet ASA (since 2003)
Regarded as an independent director: Yes

JØRGEN STENSHAGEN

Board Member

Age: 38
Education: MSc in Economics and Business Administration from the Norwegian School of Economics, authorized financial analyst and portfolio manager (NFF)
Work Experience: CEO in Stenshagen Invest (since 2010), Analyst Norwegian equity management in Alfred Berg (2004-2010), Assistant to CEO Compliance Officer in Alfred Berg (2001-2004)
Director of Protector since: 2014
Regarded as an independent director: Yes

capital. Risk related to insurance operations is limited by the company's establishment of a comprehensive reinsurance 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 2014 the retention rate was 77,0% slightly up from 75,7% in 2013 as expected.

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 2014, the credit duration on the fixed income portfolio has increased from 3,23 to 3,29 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 2014, this work did not discover risks that were not satisfactorily controlled. The operational risk is regarded as low.

FREDRIK H. ØYAN

Board member
(elected by the employees)

Age: 34
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

CECILIE WESTBY

Board member
(elected by the employees)

Age: 47
Education: Cand. Jur. (Law degree) (1995)
Work experience: Professional leader Protector Forsikring Change of Ownership Insurance (since 2014), Lawyer in in Protector Forsikring ASA (since 2006), Line manager Claims Handling (since 2008), Lawyer in Advokatfirma Westby, King & Co (2002-2006)
Director of Protector since: 2014
Other essential tasks in companies and organizations: Board member in Hawest Holding AS.

Strategic Risk
Strategic risk relates to Protector's distribution, IT-strategy, flexibility relative to the market, business partners, reputation and changes in the market conditions (the list is not necessarily exhaustive). 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 178 employees at year end 2014. 24 of the company's 178 employees are working in its office in Sweden and 20 in Denmark. Great emphasis is placed on organisational development and further development of employees as well as recruitment of highly qualified personnel. Through 2014, the company's core competence and capacity are strengthened to enable continued growth.

Of the company's employees, 49% are women and 51% are men. The company's management team comprises one woman and five men. The Board of Directors comprises three women and four men. No special measures have been implemented to promote equal opportunities.

Sick leave amounted to 3,9% in 2014 compared to 4,6% in 2013. No occupational accidents or injuries were reported during 2014.

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 30 October 2014. For a more detailed description of the Protector's corporate governance, see a separate article in this report.

Outlook
The company expects continued growth in 2015 mainly driven by growth in Sweden and Denmark. The expected growth is based on a very good start in 2015 in all three geographical markets and a continued good access to new business.

The company's underlying profitability is expected to be maintained. Earlier insecurity related to claims development because of the company's expansion in Sweden and Denmark is reduced.

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 future.

Oslo, 11 March 2015
The Board of Directors of Protector Forsikring ASA
Translation – not to be signed

Jostein Sørvoll (Chairman)	Jørgen Stenshagen	Else Bugge Fougner
Erik G. Braathen	Randi Helene Røed	Fredrik Øyan
Cecilie Westby	Sverre Bjerkeli (CEO)	


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PROFIT AND LOSS ACCOUNT

[1.000 NOK]	Notes	2014	2013
PREMIUMS INCOME			
Gross premiums written		2 374 456	1 860 617
Premiums written ceded		(510 546)	(432 108)
Change in gross provision for unearned premiums		(67 692)	(45 991)
Change in reinsurers’ share of provision for gross unearned premiums		(20 944)	(8 963)
Earned premiums for own account	4	**1 775 274**	**1 373 555**
Allocation of investment return transferred from non-technical account	1	**55 292**	**47 376**
Other insurance related income		**3 749**	**3 368**
CLAIMS			
Gross claims paid		(1 242 963)	(940 341)
Reinsurers' share of claims paid		307 356	215 381
Change in provision for gross outstanding claims		(611 504)	(510 246)
Reinsurers' share of change in provision for gross outstanding claims		107 596	101 679
Claims incurred for own account	4	**(1 439 515)**	**(1 133 527)**
INSURANCE RELATED OPERATING EXPENSES			
Sales expenses	14	(17 442)	(7 545)
Insurance related administrative expenses	11, 15-17	(158 696)	(151 279)
Commissions from the reinsurers	4	115 812	101 882
Total operating expenses for own account		**(60 327)**	**(56 941)**
Other insurance related expenses		**(4 468)**	**(2 982)**
Technical result before changes in security provision etc.		**330 006**	**230 848**
CHANGES IN SECURITY PROVISIONS ETC.			
Change in security provision	4	(26 311)	(54 839)
Technical result		**303 694**	**176 009**
NET FINANCIAL INCOME			
Interest income and dividend from financial assets		70 458	108 810
Unrealised gains and reversed unrealised losses on financial assets		(97 681)	92 218
Gains and losses from realisation of financial assets		259 914	55 409
Administration expenses		4 153	292
Total net financial income	18	**236 843**	**256 729**
Allocated return on investment transferred to technical account	1	**(55 292)**	**(47 376)**
Other income		2 327	2 203
Other costs		(11 846)	(12 088)
Non-technical result		**172 033**	**199 468**
Profit before tax		**475 727**	**375 477**
Tax	12	(92 961)	(88 504)
Profit before other comprehensive income		**382 766**	**286 973**
Actuarial gain and loss from defined benefit pension plans- benefits to employees		(11 280)	(7 129)
Currency changes from foreign enterprise		(21 676)	15 077
Tax on other comprehensive income		8 969	(2 297)
Profit for the year		**358 780**	**292 624**
ALLOCATION OF PROFIT/LOSS			
Transferred to/from other equity		(358 780)	(292 624)
Total allocations		**(358 780)**	**(292 624)**
Earnings per share	19	4,63	3,47
Diluted earnings per share	19	4,63	3,47

BALANCE SHEET

[1.000 NOK]	Notes	2014	2013
ASSETS			
INTANGIBLE ASSETS			
Other intangible assets	5	13 291	11 224
Total intangible assets		**13 291**	**11 224**
FINANCIAL ASSETS			
Financial assets at fair value through profit or loss			
Shares		693 895	529 025
Securities, bonds etc		3 754 657	3 422 903
Financial derivatives		60 055	-
Other financial assets		449 341	47 884
Total financial assets	**3, 7**	**4 957 948**	**3 999 812**
REINSURERS' SHARE OF GROSS TECHNICAL PROVISIONS			
Reinsurers' share of provisions for unearned premiums		91 208	81 381
Reinsurers' share of provisions for claims		438 097	324 491
Total reinsurers share of gross technical provisions	**4**	**529 304**	**405 872**
RECEIVABLES			
Policyholders		33 204	39 469
Intermediaries		58 062	44 397
Other receivables		18 010	18 700
Total receivables	**8**	**109 276**	**102 566**
OTHER ASSETS			
Tangible fixed assets	6	8 245	8 483
Cash and bank deposits	3, 9	207 851	153 323
Deferred tax asset	12	20 084	-
Total other assets		**236 181**	**161 806**
PREPAID EXPENSES AND ACCRUED INCOME			
Other prepayments and accrued income		106 727	62 803
Total prepaid expenses and accrued income		**106 727**	**62 803**
TOTAL ASSETS		**5 952 728**	**4 744 083**

BALANCE SHEET

[1.000 NOK]	Notes	2014	2013
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		16 656	15 439
Guarantee scheme		70 491	61 594
Other equity		816 854	612 711
Total earned equity		**904 001**	**689 744**
Total equity	**20**	**991 433**	**777 176**
Subordinated loan	**3, 20**	**148 125**	**148 125**
GROSS TECHNICAL PROVISIONS			
Provision for unearned premiums		352 395	275 543
Provision for claims outstanding	2	3 176 506	2 535 109
Security provision		584 448	558 137
Total gross technical provisions	**4**	**4 113 350**	**3 368 789**
PROVISIONS FOR OTHER LIABILITIES			
Pension liabilities	11	18 956	8 627
Deferred tax	12	-	21 755
Total provisions for other liabilities		**18 956**	**30 382**
OTHER LIABILITIES			
Liabilities related to direct insurance operations	13	15 335	17 265
Liabilities related to reinsurance operations	13	197 397	182 439
Financial derivatives	3	63 884	-
Other liabilities	13	174 860	111 994
Total other liabilities	**3, 13**	**451 476**	**311 698**
ACCRUED EXPENSES AND DEFERRED INCOME			
Other accrued expenses and deferred income		229 389	107 912
Total accrued expenses and deferred income		**229 389**	**107 912**
TOTAL LIABILITIES AND EQUITY		**5 952 728**	**4 744 083**

Oslo, 11 March 2015
The Board of Directors of Protector Forsikring ASA
Translation – not to be signed

Jostein Sørvoll
(Chairman)

Jørgen Stenshagen

Else Bugge Fougner

Erik G. Braathen

Randi Helene Røed

Fredrik Øyan

Cecilie Westby

Sverre Bjerkeli
(CEO)

CASH FLOW STATEMENT

[1.000 NOK]	2014	2013
CASH FLOW FROM OPERATIONS		
Paid in premiums	2 434 233	1 853 654
Paid claims	(1 234 595)	(928 849)
Paid reinsurance	(75 691)	(89 608)
Paid operating expenses including commissions	(211 620)	(120 272)
Interest / dividend income	61 731	110 956
Payments in from financial instruments	6 040 655	1 916 950
Payments out from financial instruments	(6 312 283)	(2 592 398)
Payable tax	(78 519)	(34 421)
Net cash flow from operations	**623 911**	**116 013**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Invested in inventory	(3 068)	(2 151)
Invested in intangible assets	(8 652)	(7 777)
Net cash flow from investment activities	**(11 720)**	**(9 928)**
CASH FLOW FROM FINANCIAL ACTIVITIES		
Dividend paid	(144 524)	(99 102)
Interest payments on subordinated loan	(11 681)	(11 961)
Net cash flow from financial activities	**(156 205)**	**(111 063)**
NET CASH FLOW FOR THE PERIOD	455 985	(4 978)
Net change in cash and cash equivalents	455 985	(4 978)
Cash and cash equivalents opening balance	201 207	206 185
CASH AND CASH EQUIVALENTS CLOSING BALANCE	657 192	201 207

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 31.12.2012	**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 incomer						(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**
1.1- 31.12.2014							
Paid dividend						(144 524)	(144 524)
Total equity before the result of the year	86 156	(3 571)	4 847	15 439	61 594	468 187	632 653
Profit before other comprehensive income						382 766	382 766
Actuarial gain and loss from defined benefit penion plans- benefits to employees						(11 280)	(11 280)
Currency changes from foreign enterprise						(21 676)	(21 676)
Tax on other comprehensive incomer						8 969	8 969
Total equity before fund provisions	**86 156**	**(3 571)**	**4 847**	**15 439**	**61 594**	**826 967**	**991 433**
Provisions to obliged fund gross				1 217	8 896	(10 114)	-
Total equity at 31.12.2014	**86 156**	**(3 571)**	**4 847**	**16 656**	**70 491**	**816 854**	**991 433**

ACCOUNTS AND NOTES

NOTE 1 ACCOUNTING PRINCIPLES

Generelt
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 2014 and 2013 to be 1,55 and 1,62 per cent respectively.

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

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

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

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

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

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

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

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

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

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

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

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

Bank
Bank deposits are deposits used in the continuing operations.

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

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

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

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

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

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

Fixed assets and intangible assets

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

Dividend

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

Provisions

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

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

Pensions

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

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

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

The cost of the defined contribution pension scheme is equal to the period's payment for the pension's savings which amounts annually to 5% of the payment basis between 1 and 6 G (G=National Insurance Scheme basic amount which totaled NOK 88.370 per 31.12.2014), 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 2014, we have used 27% on deferred tax and on payable tax. Deferred tax is calculated of the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, together with tax loss carried forward at the end of the fiscal year. Temporary tax increases or decreases, which are reversed or may reverse within the same period, are balanced. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized.

Foreign currency

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

Cash flow statement

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

Change in accounting policy

No accounting policy changes in 2014.

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 2014, the claims provisions amounted to NOK 2.738 million for own account. The duration of the provisions, that is, the average duration of provisions being settled to clients, was 3,28 years at 31 December 2014. 1%-point increase in inflation will result in a growth in claims provisions of NOK 90 million. See below how future cash flow is related to provisions for outstanding claims for own account at 31 December 2014.

Cash flow connected to claims provisions for own account

		Future cash flow related to claims incurred			
[1.000 NOK] At 31 December 2014		0 - 5 years	5 - 10 years	10 - 15 years	15 - 20 years
Claims provisions for own account	2 738 409	2 165 603	432 260	109 229	31 317

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

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

GROSS CLAIMS DEVELOPMENT

[1.000 NOK]	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
GROSS – Estimated claims cost												
2004	62 952											62 952
2005	61 407	299 414										360 821
2006	68 503	253 356	299 485									621 344
2007	76 939	254 808	290 770	496 529								1 119 047
2008	74 235	260 642	312 225	496 175	522 126							1 665 402
2009	78 788	258 107	314 936	478 992	516 928	658 842						2 306 592
2010	78 669	271 963	327 909	497 981	509 203	625 905	711 482					3 023 111
2011	78 853	273 037	318 334	497 501	525 928	624 251	662 924	825 611				3 806 438
2012	79 845	275 401	321 391	512 527	563 829	620 136	669 016	784 480	1 077 231			4 903 858
2013	79 663	278 334	324 389	509 904	549 598	622 392	675 139	786 139	1 024 604	1 407 317		6 257 478
2014	80 659	278 101	328 494	510 713	541 374	603 159	671 979	794 104	1 024 641	1 391 281	1 747 204	7 971 710
Estimated amount as at 31.12.2014	80 659	278 101	328 494	510 713	541 374	603 159	671 979	794 104	1 024 641	1 391 281	1 747 204	7 971 710
Total disbursed	78 917	276 433	321 148	490 613	494 974	526 035	509 037	528 233	579 098	662 947	484 359	4 951 794
Claims provision	1 742	1 669	7 346	20 100	46 400	77 124	162 941	265 872	445 543	728 334	1 262 845	3 019 916
Provision for indirect claims handling costs												156 590
Total	80 659	278 101	328 494	510 713	541 374	603 159	671 979	794 104	1 024 641	1 391 281	1 747 204	7 971 710

The size of claims provisions

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

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

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

Sensitivity analysis

Effect on profit before tax (for own account)	2014	2013
1 % change in operating expenses[1]	603	569
1 % change in claims incurred[1]	14 395	11 335
1 % - point change in combined ratio	17 753	13 736
1 % - point change in inflation	89 820	71 845

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	449 341	-	-	449 341
Interest-bearing papers	29 094	877 254	-	906 349
Equities	-	-	574 557	574 557
Equity funds	-	-	119 338	119 338
Bond fund	-	-	2 848 309	2 848 309
Foreign exchange contracts	60 055	-	-	60 055
Total investments	**538 490**	**877 254**	**3 542 203**	**4 957 948**
Bank deposits	207 851	-	-	207 851
Total financial assets	**746 341**	**877 254**	**3 542 203**	**5 165 799**

Specification of financial obligations grouped by maturity	Less than one year	More than a year	No maturity	Total
Subordinated loan	-	148 125	-	148 125
Foreign exchange contracts	63 884	-	-	63 884
Other obligations	387 592	-	-	387 592
Total finacial obligations	**451 476**	**148 125**	-	**599 601**

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

Interest rate risk – An increase of 1% in interest will lead to a reduction in the portfolio of bonds and other investments with fixed returns by an estimate of NOK 44,9 million. This corresponds to interest rate sensitivity of ca 1,19 %.

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]	2014	2013	2014	2013
Bonds and other investments with fixed income				
AAA	35 536	-	35 536	-
AA	437 618	127	437 618	127
A	220 474	223 115	416 216	581 614
BBB	80 502	10 074	266 183	1 315 310
BB	12 407	25 456	82 673	61 833
B	-	-	117 464	-
No rating	3 417 462	3 212 015	2 848 309	1 511 904
Total	**4 203 999**	**3 470 787**	**4 203 999**	**3 470 787**
Foreign exchange forward				
A	60 055	-	60 055	-
Total foreign exchange forward	60 055	-	60 055	-

83 % (72 % in 2013) of the amount under the category "no rating" was bond funds. 2 % (24 %) 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 creditworthness 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 BB.

NOTE 4 TECHNICAL RESULT AND TECHNICAL PROVISIONS

	Non-marine Private			Non-marine Commercial									
[1.000 NOK]	Accident	Other1	Total Private	Combined	Auto	Liability	Workers compens-sation	Security	Cargo	Annual pure insurance	Total commercial	Pool-schemes	Total Protector
Premiums written [2]													
Gross premiums	43 784	520 632	564 416	351 571	346 568	120 710	413 278	189 770	6 746	350 753	1 779 397	30 643	2 374 456
Premiums ceded	(10 930)	(3 659)	(14 589)	(259 429)	0	-	-	(80 156)	-	(156 372)	(495 957)		(510 546)
Premiums written for own account	32 854	516 973	549 827	92 142	346 568	120 710	413 278	109 614	6 746	194 381	1 283 440	30 643	1 863 911
Gross business													
Premiums earned	40 770	521 131	561 901	337 228	315 313	112 408	409 892	187 905	6 537	345 692	1 714 976	29 887	2 306 764
Claims incurred	(30 285)	(337 189)	(367 474)	(232 702)	(257 228)	(59 793)	(385 257)	(198 163)	(2 362)	(309 471)	(1 444 977)	(42 015)	(1 854 467)
Insurance related operating expenses	(2 796)	(60 076)	(62 872)	(22 450)	(22 131)	(7 708)	(26 390)	(12 118)	(431)	(22 398)	(113 625)	359	(176 139)
Technical result	7 689	123 865	131 554	82 076	35 954	44 907	(1 756)	(22 376)	3 745	13 823	156 373	(11 769)	276 159
Reinsurers' share													
Premiums earned	(11 030)	(3 900)	(14 931)	(260 118)	(5 363)	(3 534)	(2 172)	(83 884)	-	(153 603)	(508 674)	(7 885)	(531 490)
Claims incurred	4 215	67	4 282	158 060	3 052	680	(248)	122 496	-	125 532	409 573	1 097	414 952
Reinsurance result	600	1 134	1 734	51 584	-	-	-	40 720	-	21 774	114 078		115 812
For own account	(6 215)	(2 700)	(8 915)	(50 474)	(2 312)	(2 854)	(2 420)	79 333	-	(6 297)	14 976	(6 787)	(726)
Technical result													
Claims incurred, gross	1 474	121 166	122 640	31 602	33 643	42 053	(4 176)	56 957	3 745	7 525	171 350	(18 556)	275 433
Occurred this year													
Occurred previous years	(36 690)	(355 370)	(392 060)	(264 050)	(285 048)	(66 875)	(397 313)	(143 899)	(2 424)	(311 859)	(1 471 468)	(27 172)	(1 890 700)
Total for the accounting year	6 404	18 181	24 586	31 347	27 820	7 082	12 056	(54 264)	63	2 387	26 491	(14 843)	36 233
Claims incurred for own account	(30 285)	(337 189)	(367 474)	(232 702)	(257 228)	(59 793)	(385 257)	(198 163)	(2 362)	(309 471)	(1 444 977)	(42 015)	(1 854 467)
Incurred during the year													
Incurred in previous years	(31 153)	(353 092)	(384 245)	(84 661)	(285 048)	(66 875)	(397 313)	(87 218)	(2 424)	(182 073)	(1 105 612)	(26 075)	(1 515 932)
Total for the accounting year	5 082	15 970	21 052	10 018	30 871	7 762	11 808	11 552	63	(1 867)	70 208	(14 843)	76 417
Technical provisions gross	(26 070)	(337 122)	(363 192)	(74 642)	(254 177)	(59 112)	(385 505)	(75 667)	(2 362)	(183 940)	(1 035 404)	(40 918)	(1 439 515)
Provision for unearned premiums													
NFSA minimum requirement	9 272	4 873	14 145	56 488	79 776	20 927	73 648	43 125	1 617	58 828	334 408	3 843	352 395
Provisions for outstanding claims	9 272	4 873	14 145	56 488	79 776	20 927	73 648	43 125	1 617	58 828	334 408	3 843	352 395
NFSA minimum requirement	55 438	779 905	835 343	224 274	195 045	118 355	1 296 386	401 070	1 649	79 850	2 316 629	24 534	3 176 506
Technical provisions for own account	49 911	779 735	829 645	129 112	145 506	113 985	1 018 361	318 532	1 254	79 850	1 806 600	24 534	2 660 779
Provision for unearned premiums													
NFSA minimum requirement	6 001	3 030	9 032	21 100	79 776	20 927	73 648	24 862	1 617	26 384	248 313	3 843	261 188
Provision for outstanding claims	6 001	3 030	9 032	21 100	79 776	20 927	73 648	24 862	1 617	26 384	248 313	3 843	261 188
NFSA minimum requirement	42 885	771 036	813 920	56 142	194 289	117 013	1 296 371	192 234	1 649	42 258	1 899 955	24 534	2 738 409
Security provision	36 730	608 563	807 903	39 898	141 459	113 752	1 018 265	180 384	1 112	42 258	1 537 128	24 534	2 369 564
NFSA minimum requirement	12 629	231 838	244 466	8 640	33 656	18 762	224 398	24 128	467	29 931	339 982	-	584 448
Finanstilsynets minstekrav	12 629	141 988	154 616	8 640	33 656	18 762	134 548	24 128	467	29 931	250 132	-	404 748

[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 325,4 million (13,7%) and Denmark constitute NOK 265,9 million (11,2%).

	PROVISION FOR UNEARNED PREMIUMS		CLAIMS	
NOK 1.000	Gross	For own account	Gross	For own account
Pool-schemes:				
Natural perils pool	3 843	3 843	19 048	19 048
Workers' Compensation Insurance Association	-	-	5 062	5 062
Auto Insurance Association	-	-	423	423
Total	3 843	3 843	**24 534**	**24 534**

NOTE 5 INTANGIBLE ASSETS

Intangible assets [1.000 NOK]	Software	IT- system	Total
Cost as at 01.01.2014	2 486	33 078	35 564
Additions	617	8 035	8 652
Disposals	-	-	-
Cost as at 31.12.2014	3 103	41 113	44 216
Accumulated depreciation at 31.12.2014	(1 690)	(29 235)	(30 925)
Net book value at 31.12.2014	**1 413**	**11 879**	**13 291**

Annual depreciation	378	6 157	6 535

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]	Cars	Office machinery	Furniture and fixtures	Art	Total
Cost as at 01.01.2014	-	13 435	4 620	216	18 271
Additions	966	1 624	478	-	3 068
Disposals	-	-	-	-	-
Cost as at 31.12.2014	966	15 059	5 099	216	21 339
Accumulated depreciation at 31.12.2014	(146)	(9 981)	(2 966)	-	(13 094)
Net Book value at 31.12.2014	**820**	**5 078**	**2 132**	**216**	**8 245**

Annual depreciation	146	2 489	667	-	3 303

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

Expected useful life (years)	5	4	7		

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		4 957 948	4 957 948	3 999 812	3 999 812
Total investments		**4 957 948**	**4 957 948**	**3 999 812**	**3 999 812**
Financial liabilities at fair value through profit or loss		63 884	63 884	-	-
Total financial liabilities		63 884	63 884	-	-

All financial liabilities were related to foreign currency contracts pr. 31.12.2014.
The company had no financial instruments that were accounted for net pr. 31.12.2014.

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	100 969	100 752	100 752	0,21
Total subordinated loan capital in other companies year 2014		**100 969**	**100 752**	**100 752**	**0,21**
Total subordinated loan capital in other companies year 2013		**7 220**	**9 708**	**9 708**	**0,11**

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

STOCKS AND SHARES

Investment [1.000 NOK]	Currency	Acquisition cost	Book value	Fair value	Duration
Equities	NOK	527 025	574 557	574 557	
Equity funds	NOK	114 000	119 338	119 338	
Total equities and equity funds year 2014		**641 026**	**693 895**	**693 895**	
Total equities and equity funds year 2013		**437 480**	**529 025**	**529 025**	

The equity funds (2014 and 2013) are not listed.

Investment [1.000 NOK]	Currency	Acquisition cost	Book value	Fair value	Risk weight
AF GRUPPEN ASA	NOK	10 128	10 922	10 922	100 %
BAKKAFROST ASA	NOK	68 577	70 310	70 310	100 %
LERØY SEAFOOD GROUP ASA	NOK	29 384	31 586	31 586	100 %
NORSK HYDRO ASA	NOK	50 162	50 504	50 504	100 %
NORWEGIAN AIR SHUTTLE ASA	NOK	49 187	60 902	60 902	100 %
NORWEGIAN FINANCE HOLDING ASA	NOK	57 708	59 740	59 740	100 %
OLAV THON EIENDOMSSELSKAP ASA	NOK	10 327	11 080	11 080	100 %
ROYAL CARIBBEAN CRUISES LTD. ASA	NOK	48 528	64 210	64 210	100 %
SCHIBSTED ASA	NOK	37 970	50 686	50 686	100 %
SPAREBANK 1 NORD-NORGE ASA	NOK	52 757	54 009	54 009	100 %
SPAREBANK 1 SMN ASA	NOK	24 132	24 699	24 699	100 %
TELENOR ASA	NOK	39 713	39 087	39 087	100 %
WILH. WILHELMSEN HOLDING SER. B ASA	NOK	48 452	46 822	46 822	100 %
	NOK	527 025	574 557	574 557	

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

BONDS AND OTHER FIXED INCOME SECURITIES

Investment [1.000 NOK]	Currency	Acquisition cost	Book value	Fair value	Duration
Subordinated loan capital in other companies	NOK	100 969	100 752	100 752	0,21
Financial institutions	NOK	253 554	254 184	254 184	0,16
Industry	NOK	454 876	449 532	449 532	0,60
Municipalities	NOK	61 257	61 350	61 350	0,13
Government bonds	NOK	40 508	40 532	40 532	0,17
Bond funds	NOK	2 864 230	2 848 309	2 848 309	1,82
Total bonds and other fixed income securities year 2014		3 775 394	3 754 657	3 754 657	1,47
- of this not quoted on the stock exchange year 2014		2 890 063	2 874 320	2 874 320	1,83
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

Average effective interest rate based on market value is 4.0%.
Average interest rate is future cash flows (coupon disbursements and payments on principal amount) discounted with expected market rate for the security concerned at the particular cash flow points in time. The effective interest rate on bond funds is estimated based on the bonds quotations.

OTHER FINANCIAL ASSETS

Investment [1.000 NOK]	Currency	Acquisition price	Book value	Fair value	Duration
Bank deposits related to investments	NOK	449 341	449 341	449 341	0,00
Foreign exchange contracts	NOK	59 852	60 055	60 055	0,00
Total other financial assets year 2014		**509 193**	**509 396**	**509 396**	**0,00**
Total other financial assets year 2013		**47 884**	**47 884**	**47 884**	**0,00**

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss [1.000 NOK]	Currency	Level 1	Level 2	Level 3	Total
Shares	NOK	514 817	179 078	-	693 895
Bonds and other fixed income securities	NOK	880 337	2 874 320	-	3 754 657
Bank deposits	NOK	449 342	-	-	449 342
Foreign exchange contracts	NOK	-	60 055	-	60 055
Total assets year 2014		**1 844 495**	**3 113 452**	**-**	**4 957 948**
Total assets year 2013		**1 309 486**	**2 685 506**	**4 820**	**3 999 812**
Financial liabilities at fair value through profit or loss [1.000 NOK]	**Currency**	**Level 1**	**Level 2**	**Level 3**	**Total**
Foreign exchange contracts	NOK	-	63 884	-	63 884
Total financial liabilities year 2014		-	63 884	-	63 884
Total financial liabilities year 2013		-	-	-	-

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

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

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

NOTE 8 RECEIVABLES

The company has (as in 2013) no receivables due later than one year.

NOTE 9 RESTRICTED BANK DEPOSITS

[1.000 NOK]	2014	2013
Employee withholding tax	5 480	5 979
Total	5 480	5 979

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 3.566 shareholders at 31.12.2014.			

List of the 20 major shareholders at 31.12.2014	No of shares	Face value	Capital
Stenshagen Invest AS	6 200 000	6 200 000	7,2 %
Odin Norden	5 531 904	5 531 904	6,4 %
Ojada AS	3 563 116	3 563 116	4,1 %
Hansard Europe LTD	3 270 374	3 270 374	3,8 %
Verdipapirfondet Handelsbanken	2 900 000	2 900 000	3,4 %
Tjongsfjord Invest AS	2 811 809	2 811 809	3,3 %
Avanza Bank AB	2 652 297	2 652 297	3,1 %
MP Pensjon PK	2 325 706	2 325 706	2,7 %
JP Morgan Chase Bank, NA	2 100 000	2 100 000	2,4 %
Artel Holding A/S	1 873 451	1 873 451	2,2 %
Gabler Rådgivning AS	1 702 751	1 702 751	2,0 %
Frognes AS	1 649 916	1 649 916	1,9 %
Nordnet Bank AB	1 580 707	1 580 707	1,8 %
Vevlen Gård AS	1 550 000	1 550 000	1,8 %
Johan Vinje AS	1 437 841	1 437 841	1,7 %
Petroservice AS	1 343 815	1 343 815	1,6 %
Verdipapirfondet Alfred Berg Norge	1 269 025	1 269 025	1,5 %
VPF Nordea Norge Verdi	1 259 854	1 259 854	1,5 %
Nordea Nordic Small Cap Fund	1 240 913	1 240 913	1,4 %
Verdipapirfondet Alfred Berg Gamba	1 102 706	1 102 706	1,3 %
Total	**47 366 185**	**47 366 185**	**55,0 %**
Protector Forsikring ASA	3 570 661	3 570 661	4,1 %
Other shareholders	35 218 759	35 218 759	40,9 %
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 31.12.2014	Identification	No. of shares	Face value	Ownership
Stenshagen Invest AS	Board member Jørgen Stenshagen	6 200 000	6 200 000	7,2 %
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	1 702 751	1 702 751	2,0 %
Ditlev de Vibe Vanay	CFO	225 800	225 800	0,3 %
Merete C. Bernau	Director for ownership change insurance	50 200	50 200	0,1 %
Kjersti Myking	Marketing director	50 000	50 000	0,1 %
Hawest Holding AS	Board member, employees' representative Cecilie Gretha Westby	27 000	27 000	0,0 %
Flemming Conrad	Country Manager Denmark	23 456	23 456	0,0 %
Henrik Wold Høye	Director for commercial insurance	10 100	10 100	0,0 %
Cecilie Gretha Westby	Board member, employees' representative	100	100	0,0 %
Total		**14 664 332**	**14 664 332**	**17,0 %**

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 0.9 million in net pension costs incl. employer's contribution in 2014.

[1.000 NOK]	2014	2013
Present value of this years acquired pension	7 256	6 607
Interest costs on the acquired pension	345	456
Net pension costs incl. employer's contribution	**7 601**	**7 063**
Present value of future pension liabilities as at 31.12.	57 342	41 917
Pension funds at 31.12.	38 386	33 290
Surplus/deficit at 31.12.	(18 956)	(8 627)
Net pension liabilities incl. employer's contribution	**(18 956)**	**(8 627)**

Composition of pension funds	2014	2013
Stocks	6,7 %	9,0 %
Alpha	0,0 %	1,0 %
Property	8,7 %	11,0 %
Term bonds	45,9 %	42,0 %
Bonds	10,6 %	19,0 %
Money Market	0,0 %	12,0 %
Credit	24,0 %	0,0 %
Other	4,1 %	6,0 %
Total pension funds	**100,0 %**	**100,0 %**
The actual return on plan assets in NOK	(11 280)	(7 129)
Economical assumptions		
Discount rate [1]	2,3 %	4,0 %
Expected return	2,3 %	4,0 %
Future increase in salaries	2,8 %	3,8 %
Change in social security base amount	2,5 %	3,5 %
Pension adjustment	0,0 %	0,6 %
Employer's contribution	14,1 %	14,1 %
Demographic assuptions		
Mortality	K2013BE	K2013BE
Disability	KU	KU

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

Recognised amount for defined contribution pension plans is NOK 6.927 thousand.

NOTE 12 TAX

[1.000 NOK]	2014	2013
This year's taxes are divided between		
Tax payable	131 142	75 681
Adjusted for tax in previous years	210	800
Change in deferred tax	(38 392)	12 022
Total taxes	**92 961**	**88 504**

Computation of this years tax		
Profit before taxes	475 727	375 477
Permanent differences	(118 656)	(59 955)
Changes in temporary differences	128 640	(45 232)
Basis for the tax expense of the year	485 711	270 290
Tax payable 27%	131 142	75 681
Tax on other comprehensive income	(3 572)	4 222
Payable tax in the balance sheet	**127 570**	**79 903**

TEMPORARY DIFFERENCES	2014	2013	Changes
Fixed assets	67	415	348
Receivables	(800)	(800)	-
Financial assets	(43 418)	89 587	133 004
Technical provisions	111 406	96 365	(15 041)
Pension liabilities	(18 956)	(8 627)	10 329
Net temporary differences	**48 300**	**176 940**	**128 640**
Differences which are not included in the calculation of deferred tax / deferred tax assets	111 406	96 365	(15 041)
Basis for deferred tax in the balance sheet	(63 107)	80 575	(143 681)
27 % deferred tax	(17 039)	21 755	(38 794)
Other differences	(3 045)	-	(3 045)
Deferred tax benefit in the balance sheet	**20 084**	**(21 755)**	**41 839**

RECONCILIATION OF TAX			
[1.000 NOK]		**2014**	**2013**
Profit before taxes 27% (28%)		128 446	105 133
Permanent differences 27% (28%)		(32 037)	(16 787)
Corrected tax earlier years		210	800
Differences which are not included in the calculation of deferred tax / deferred tax assets		(4 061)	(1 762)
Deferred tax earlier years		402	1 925
Effect of change in tax rate 1%		-	(806)
Tax from profit and loss account before OCI		92 961	88 504
Tax on other comprehensive income		(8 969)	2 297
Total tax		**83 991**	**90 800**

NOTE 13 OTHER LIABILITIES

[1.000 NOK]	**2014**	**2013**
Payables, operations	13 745	11 173
Payables, claims	1 590	6 092
Liabilities in connection to direct insurance	**15 335**	**17 265**
Reinsurance yet to be settled	197 397	182 439
Liabilities in connection to reinsurance	**197 397**	**182 439**
Allocation of vacation pay	14 402	11 815
Allocation of employers contribution	5 069	5 620
Advance tax deduction	5 553	6 307
Tax payable	127 570	79 903
Other liabilities	22 267	8 349
Other liabilities	**174 860**	**111 994**
Foreign currency contracts	63 884	-
Total liabilities	**451 476**	**311 698**

The company has no secured liabilities.

NOTE 14 SALES EXPENSES

[1.000 NOK]	2014	2013
Sales expenses	17 442	7 545
% of premium due	0,7 %	0,4 %

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]	2014	2013
Depreciations (notes 5 and 6)	9 838	8 253
Salary- and pensions costs (note 16)	203 656	168 969
Administrative costs	13 696	12 151
Remunerations	11 183	21 800
Change in accounting principles - claims handling costs	-115 821	-91 319
Other costs	36 145	31 425
Total	**158 696**	**151 279**

Auditing remuneration [1.000 NOK]	2014	2013
Auditing (inclusive VAT)	1 915	1 114
Other attestation services (inclusive VAT)	349	213
Services regarding tax (inclusive VAT)	271	-
Other services outside auditing (inclusive VAT)	1 744	1 325
Total	**4 279**	**2 652**

NOTE 16 LABOUR EXPENSES, PENSIONS, NUMBER OF EMPLOYEES

Labour- and pension costs [1.000 NOK]	2014	2013
Salaries [1]	149 553	126 084
Director's remuneration , control committee, nomination committee, audit committee, the board of representatives	2 647	2 525
Defined benefit pension costs [2]	6 544	4 931
Defined contribution pension costs [2]	6 927	4 537
Social security tax	22 457	19 494
Other payments	15 529	11 398
Total	**203 656**	**168 969**

[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 13,1 million for bonus in 2014. 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 2014, the provision for this plan is NOK 16 million

[2] Refer to note 11 for further information.

Number of employees	2014	2013
Number of employees at 31.12.	178,0	163,0
Number of man-labour years at 31.12.	176,6	162,0
Average number of employees at 31.12.	170,5	146,0
Average number of man-labour years at 31.12.	169,2	145,1

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 personnel related issues concerning senior executives

(i) Salary and other compensation to senior executives for the prior fiscal year are presented in the table below. The Board confirms that the guidelines for salary for senior executives for 2014 given in the previous year's statement have been followed.

(ii) Concerning the guidelines for the establishment of salary and other compensation for the senior executives for the upcoming fiscal year, the Board shall propose the following guidelines for advising reconciliation in 2015 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 conversation 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 two of the senior executives are members of the now-closed defined benefit pension scheme. At the full earning of the pension, they have right to the pension equal to the difference of 70% of the salary (salary over 12G are not taken into calculation) and the calculated (not guaranteed) social security pension. One senior executive is a participant in the company's defined contribution pension plan. CEO has in addition an agreement about top pension which totals maximum 70% of the salary up to 12G for the amount which exceeds 12G (i. e. 8.4G).

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

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

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

Of the variable salary earned in 2015 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	Varible salaries [3]	Other remunerations [2]	Paid-up pension premium	Total remunerations
Senior executives					
Sverre Bjerkeli, CEO[1]	4 954	673	118	282	6 027
Ditlev de Vibe Vanay, CFO	2 204	298	149	95	2 746
Merete C. Bernau, director of ownership change insurance	2 250	308	20	285	2 863
Henrik Wold Høye, director for commercial insurance	1 910	228	14	78	2 231
Hans Didring, Country Manager Sweden	1 643	103	-	382	2 129
Flemming Conrad, Country Manager Denmark	2 769	108	41	256	3 174
Total	**15 730**	**1 718**	**342**	**1 380**	19 170

[1] The CEO has an agreement about top-pension with a recognized cost of NOK 0,9 million in 2014.
[2] Other remunerations comprises of company car, telephone, insurance and other contractual benefits.
[3] Paid out bonus long term bonus plan. The provision for this long term bonus plan by the end of 2014 is NOK 21,6 million.

Payments and remunerations [1.000 NOK] [1]	Remunerations	Compensation commitee	Audit committee	Total remunerations
Board of Directors				
Jostein Sørvoll, the chairman of the board	400	47	-	447
Erik G. Braathen, deputy chairman	180	28	-	208
Else Bugge Fougner, board member[2]	180	-	-	180
Rolf Tolle, deputy chairman [-30.04.2014]	300	13	20	333
Eva Redhe Ridderstad, board member [-30.04.2014]	230	13	15	258
Giuditta Cordero-Moss, board member [-30.04.2014]	180	33	-	213
Jørgen Stang Heffermehl, board member[2] [-30.04.2014]	180	42	-	222
Fredrik Øyan, employees' representative	100	-	-	100
Marianne Langrind Kvanvik, employees' representative (-01.09.2014)	100	-	-	100
Total	**1 850**	**177**	**35**	**2 062**
Control Committee				
Anders Jørgen Lenborg, chairman	90	-	-	90
Tore G. Clausen, member	70	-	-	70
Kaare Oftedal, deputy	50	-	-	50
Others that left the committee in 2014	70	-	-	70
Total	**280**	**-**	**-**	**280**
Nomination Committee				
Truls Holthe, chairman	70	-	-	70
Nils Petter Hollekim, member	60	-	-	60
Per Ottar Skaaret, member	60	-	-	60
Total	**190**	**-**	**-**	**190**

[1] Remunerations paid out in accounting year 2014.
[2]Advokatfirmaet Hjort DA where board member Else Bugge Fougner is partner, has invoiced NOK 173 thousand to the company for services rendered during 2014. Advokatfirmaet Simonsen Vogt Wiik AS, where former board member Jørgen Stand Heffermehl is partner, has invoiced NOK 10 thousand to the company for services rendered in 2014. The Board of Representatives has recieved NOK 130 thousand in fees in 2014. Fixed fee to the board director is NOK 10 thousand and per meeting NOK 5 thousand per meeting. 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 2014, a provision is made of NOK 3,2 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]	2014	2013
Income from financial assets		
Interest income	62 808	102 459
Dividend	7 650	6 351
Unrealised gains on financial assets	113 865	119 321
Gains from realisation of financial assets	285 295	57 187
Total income from financial assets	**469 618**	**285 319**
Expenses from financial assets		
Unrealised losses on financial assets	(211 546)	(27 103)
Losses from realisation of financial assets	(25 381)	(1 778)
Administrations expenses on financial assets	4 153	292
Total expenses from financial assets	**(232 774)**	**(28 589)**
Net financial income	**236 843**	**256 729**
NET FINANCIAL INCOME DIVIDED BY ASSET CLASS		
Interest income and gains/ (loss) from financial assets at fair value through profit or loss		
Interest income from financial assets at fair value through profit or loss	62 808	102 459
Dividend	7 650	6 351
Net gains / (loss) from equity and shares	123 805	57 187
Net gains / (loss) from bonds and other fixed income securities	42 257	90 441
Net gains / (loss) from foreign exchange contracts	(3 830)	-
Administration expenses	4 153	292
Total net income and gains/ (loss) from financial assets at fair value through profit or loss	**236 843**	**256 729**

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]	2014	2013
Profit for the year assigned to the company's shareholders	382 766	286 973
Weighted average number of shares	82 584 944	82 584 944
Earnings per share	**4,63**	**3,47**

Diluted earnings per share
There were no share dilution in 2014 and 2013.

NOTE 20 CAPITAL RATIO AND SOLVENCY MARGIN

[1.000 NOK]	2014	2013
Total equity	991 433	777 176
Natural perils fund	(165 170)	(144 524)
Guarantee scheme	(16 656)	(15 439)
Deferred tax asset	(70 491)	(61 594)
Intangible assets	(20 084)	-
Core capital	(13 291)	(11 224)
Reinsurance provision	**705 741**	**544 396**
Subordinated loan	(24 260)	(19 332)
Net primary capital	148 125	148 125
Assets with weighted risk of 0%	**829 606**	**673 189**
Assets with weighted risk of 10%	529 304	405 872
Assets with weighted risk of 100%	35 536	-
Risk weighted total assets as at 31.12.	872 817	1 175 763
Capital ratio	4 421 640	3 151 224
Risk weighted total assets as at 31.12.	**4 599 757**	**3 386 377**
Capital ratio	**18 %**	**20 %**
Net primary capital	829 606	673 189
Proportion of security provision	361 837	377 497
Proportion of Natural perils fund (25%)	4 164	3 860
Solvency margin capital	**1 195 606**	**1 054 545**
Reduction of solvency margin capital, § 8a	56 160	74 146
Solvency margin minimum requirement	384 516	311 357
In excess of requirement	**754 930**	**669 043**
Solvency margin capital in percent of requirement	296 %	315 %

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

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

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 2014 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, 11 March 2015
The Board of Directors of Protector Forsikring ASA
Translation – not to be signed

Jostein Sørvoll (Chairman)	Jørgen Stenshagen	Else Bugge Fougner
Erik G. Braathen	Randi Helene Røed	Fredrik Øyan
Cecilie Westby	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 2014, and the income statement, showing a profit of NOK 358 780 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 2014, 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, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

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

Oslo, 11 March 2015
PricewaterhouseCoopers AS

Geir Julsvoll
State Authorised Public Accountant (Norway)

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

CONTROL COMMITTEE'S STATEMENT

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

CONTROL COMMITTEE'S STATEMENT FOR 2014

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 2014 annual report and the audit report of 11 March 2015. 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 2014.

Oslo, 12 March 2015
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 2014

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, 17 March 2015
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)
Edgar Ellingsen
Knut G. Aspelin
Jan Eiler Fleischer
Cathrine Vinje Muri
Anders J. Lenborg
Egil Stenshagen

Deputies
Egil Christian Dahl
Lars Martin Lunde

Elected by Employees
Line Kokkim
Atle Nikolaisen
Inge Hansen
Thomas Myran

CONTROL COMMITTEE

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

Deputy
Kaare Oftedal

NOMINATION COMMITTEE

Truls Holthe (chair)
Per Ottar Skaaret
Nils Petter Hollekim

CORPORATE GOVERNANCE

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

RECOMMENDATIONS AND REGULATIONS CONCERNING CORPORATE GOVERNANCE

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

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

Following the Accounting Act §3-3b, the company must in its annual report or documents being referred to in the annual report explain its 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 meeting 13 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 30 October 2014.

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

CORE VALUES, ETHICAL GUIDELINES AND SOCIAL RESPONSIBILITY

Protector sets out to be the challenger.The company will achieve this goal through unique business relations (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 2015. The Board of Directors' will purpose for the general meeting that the authorization is renewed. At year-end 2014, 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 2015. 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:

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

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

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