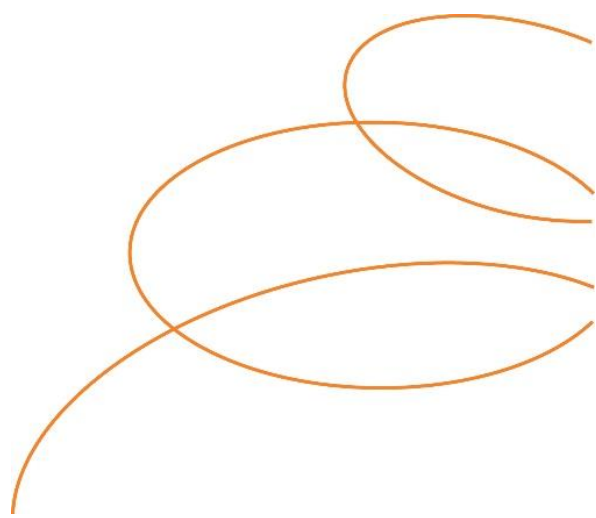




INTERIM REPORT Q1 2017

PROTECTOR FORSIKRING ASA

(UNAUDITED)
APRIL 2017



Highlights Q1 2017

Profitable growth continues

Protector delivers an operating profit before tax of NOK 107,3 million in the first quarter of 2017. Premium growth continues with gross written premiums up 9,2% compared to Q1 2016. A successful placing of Tier 1 and Tier 2 capital has contributed to a strengthening of the solvency capital ratio to 185% (under standard formula).

Q1 2017 shows following development compared to Q1 2016:

- Gross premiums written NOK 2.087,4m, up 9,2% from NOK 1.912,2m
- Net combined ratio 87,0%, down from 88,3%
- Net financial income of NOK 26,6 (0,4%), compared to NOK -31,9 (-0,5%)
- Operating profit before tax NOK 107,3, up from NOK 45,2m
- Gross expense ratio at 7,1% (6,1%)

Financial highlights and key ratios

[1.000.000 NOK]		Q1 2017	Q1 2016	FY 2016
Gross premiums written		2.087,4	1.912,2	3.439,0
Gross premiums earned		858,6	782,9	3.250,4
Gross claims incurred		(784,4)	(707,7)	(3.005,0)
Earned premiums, net of reinsurance		710,2	631,6	2.669,0
Claims incurred, net of reinsurance		(658,3)	(610,0)	(2.540,4)
Net commission income		86,6	85,3	118,5
Operating expenses		(46,3)	(33,2)	(167,0)
Other income/costs		(11,4)	3,4	(38,3)
Net financial income		26,6	(31,9)	499,3
Profit before tax		107,3	45,2	541,1
Claims ratio, net of ceded business	(1)	92,7 %	96,6 %	95,2 %
Expense ratio, net of ceded business	(2)	-5,7 %	-8,2 %	1,8 %
Combined ratio, net of ceded business	(3)	87,0 %	88,3 %	97,0 %
Gross claims ratio	(4)	91,4 %	90,4 %	92,5 %
Gross expense ratio	(5)	7,1 %	6,1 %	6,8 %
Gross combined ratio	(6)	98,5 %	96,5 %	99,2 %
Retention rate	(7)	82,7 %	80,7 %	82,1 %
Earnings per share	(8)	0,81	0,19	5,25

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

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

(3) Net claims ratio + net expense ratio

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

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

(6) Gross claims ratio + gross expense ratio

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

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

Protector's operations

Protector Forsikring ASA is a Norwegian general insurance company (P&C) operating in the Nordic region with presence in the UK.

Protector entered the Swedish insurance market in 2011, the Danish insurance market in 2012 and Finland and UK in 2016.

The company has three business segments: commercial lines of business, public lines of business and change of ownership insurance in Norway. Protector Forsikring ASA is listed on the Oslo Stock Exchange.

Premiums

Gross premiums written totalled NOK 2.087,4m, representing a 9,2% growth compared to Q1 2016. In Sweden GWP increased 18,0% to NOK 569,6m compared with Q1 2016. In Norway the increase was 5,2% to NOK 908,6m and Denmark 7,7% to NOK 609,3m.

Gross premiums earned increased by NOK 75,6m to a total of NOK 858,6m. The growth was 10,9% in Sweden and 14,1% in Norway while Denmark had a decrease of 2,6% compared to Q1 2016.

Gross premiums written within the commercial and public sector totalled NOK 1855,5m, up from NOK 1.746,7m in Q1 2016.

In the affinity segment, gross premium written amounted to NOK 561,2m, up 18,7% from 472,6m in Q1 2016. Gross premiums written within the change of ownership insurance totalled NOK 124,4m, a 23,9% growth compared to Q1 2016.

Premiums earned for own account totalled NOK 710,2, an increase of 12,4% compared to Q1 2016.

Results

The operating profit before tax totalled NOK 107,3m, up from 45,2m in Q1 2016.

In Q1 the net profit was NOK 81,0m against a net profit of NOK 9,7m in Q1 2016.

The net combined ratio was 87,0%, 1,3 percentage points lower than the 88,3% reported in Q1 2016. Net combined ratio for the quarter was 95,2% in Norway, 72,2% in Sweden and 76,4% in Denmark.

In Q1 the company had run-off gains of 1,6%.

Gross claims ratio was 91,4%, up from 90,4% in Q1 2016 and net claims ratio was 92,7%, down from 96,6% in Q1 2016.

The gross expense ratio was 7,1% up from 6,1% in Q1 2016, whilst the net expense ratio was -5,7%, up from -8,2%.

Investment return

Net investment portfolio amounted to a total of NOK 9.306m at 31 March 2017, up 30,0% compared to the portfolio end of Q1 2016.

Investment activities yielded a total return of NOK 26,6, or 0,3% compared to a return of NOK -31,9m or -0,5% in Q1 2016. Equities accounted for a NOK 51,4m loss (-3,1%) against a NOK -55,0m loss (-4,5%) in Q1 2016. Return on the fixed income portfolio totalled NOK 78,0m or 1,1% against NOK 23,1m or 0,4% in Q1 2016.

End of Q1 2017, 17,9% of Protector's financial assets were invested in equities, down from 22,1% at the end of 2016.

Capital and shareholder matters

The company is well capitalized under the Solvency II regime. Solvency capital requirement (SCR) ratio using standard formula was 185% as of 31.03.2017.

The Swedish branch is under investigation from the Swedish Competition Authority. The control seems to be grounded in a complaint and to be related to competition in tendering processes mainly in the public sector. Protector is cooperating closely with the authorities.

Prospects

Protector expects continued strong growth in 2017, despite strong competition in all markets. The expected growth is based on a good start in 2017 in most geographic markets and a high level of signed contracts in Norway, Sweden and UK, effective from Q2/Q3.

The Board is satisfied with the overall premium growth, the financial results, and the measures taken to improve our business in Denmark.

The uncertainty in claims development, and the inherent volatility of capital markets, are regarded as the most important risk factors that could affect the company's profit in 2017.

Oslo, 27th April 2017

The Board of Directors of Protector Forsikring ASA

Income statement

[1.000.000 NOK]	Q1 2017	Q1 2016	FY 2016
Premium income			
Gross premiums earned	858,6	782,9	3.250,4
Reinsurers' share of earned premiums	(148,4)	(151,3)	(581,3)
Earned premiums, net of reinsurance	710,2	631,6	2.669,0
Other insurance-related income	1,1	10,1	15,4
Claims incurred			
Gross claims incurred	(784,4)	(707,7)	(3.005,0)
Reinsurers' share of claims incurred	126,0	97,7	464,7
Claims incurred, net of reinsurance	(658,3)	(610,0)	(2.540,4)
Operating expenses			
Sales costs	(15,1)	(14,4)	(53,8)
Administration costs	(46,3)	(33,2)	(167,0)
Commission from reinsurers	101,6	99,6	172,3
Total operating expenses, net of reinsurance	40,3	52,0	(48,6)
Other insurance-related expenses	(3,6)	(4,1)	(25,8)
Technical result	89,8	79,7	69,7
Net income from financial assets	26,6	(31,9)	499,3
Other income	0,1	0,1	0,4
Other expenses	(9,1)	(2,8)	(28,2)
Non-technical result	17,6	(34,5)	471,4
Profit before tax	107,3	45,2	541,1
Tax	(37,5)	(28,6)	(88,4)
Profit before components of comprehensive income	69,8	16,6	452,7
Actuarial gain and loss from defined benefit pension plans	-	-	(1,2)
Currency changes from foreign enterprise	15,0	(9,2)	(3,3)
Taxes on components of comprehensive income	(3,7)	2,3	1,1
Profit for the period	81,0	9,7	449,3
Earnings per share	0,81	0,19	5,25
Earnings per share, diluted	0,81	0,19	5,25

Balance Sheet

[1.000.000 NOK]	31.03.2017	31.03.2016	31.12.2016
Assets			
Intangible fixed assets			
Other intangible fixed assets	15,7	15,7	15,8
Total intangible fixed assets	15,7	15,7	15,8
Buildings and other real estates			
Owner-occupied property	13,9	13,8	13,7
Total buildings and other real estates	13,9	13,8	13,7
Financial assets			
Shares	1.665,9	1.327,7	1.670,2
Securities, bonds etc	6.915,8	5.700,4	5.225,0
Financial derivatives	1.046,9	376,4	990,7
Other financial assets	712,4	155,2	651,8
Total financial assets	10.341,1	7.559,8	8.537,6
Reinsurers share of gross technical provisions			
Reinsurers share of gross premium provisions	341,3	320,8	66,0
Reinsurers share of gross claims provisions	614,6	564,4	638,2
Total reinsurers share of gross technical provisions	956,0	885,2	704,1
Receivables			
Policyholders	221,3	207,6	83,8
Intermediaries	101,0	76,3	76,4
Other receivables	4,1	1,1	16,3
Total receivables	326,4	285,0	176,4
Other assets			
Tangible fixed assets	18,7	13,2	12,4
Cash and bank deposits	150,4	52,0	204,3
Total other assets	169,1	65,2	216,7
Total prepaid expenses	321,9	213,2	182,9
Total assets	12.144,2	9.037,8	9.847,4

Balance Sheet

[1.000.000 NOK]	31.03.2017	31.03.2016	31.12.2016
Equity and liabilities			
Shareholders' equity			
Share capital [86.155.605 shares]	86,2	86,2	86,2
Own shares	(3,6)	-	-
Other paid-in equity	267,7	267,7	267,7
Total paid-in equity	350,2	353,8	353,8
Earned equity			
Natural perils fund	16,9	(8,6)	8,3
Guarantee scheme	84,7	79,1	83,3
Other equity	1.893,8	1.598,1	1.822,7
Total earned equity	1.995,4	1.668,7	1.914,4
Total equity	2.345,6	2.022,5	2.268,2
Subordinated loan capital	1.395,9	148,1	645,9
Technical provisions			
Provisions for unearned premiums	1.822,5	1.573,2	590,7
Provisions for claims	4.742,0	3.997,4	4.557,2
Total technical provisions	6.564,5	5.570,6	5.148,0
Provisions for other risks and liabilities			
Pension liabilities	10,9	10,9	10,9
Current tax liability	(38,9)	(11,9)	8,9
Deferred tax liability	157,9	122,5	156,9
Total provisions for other risks and liabilities	129,9	121,5	176,8
Liabilities			
Liabilities in connection with insurance	41,6	107,3	7,3
Liabilities in connection with reinsurance	452,5	530,4	196,8
Financial derivatives	1.035,0	375,7	992,3
Other liabilities	74,4	81,4	78,4
Total liabilities	1.603,5	1.094,9	1.274,8
Incurred expenses and prepaid income			
Other incurred expenses and prepaid income	104,8	80,3	333,7
Total incurred expenses and prepaid income	104,8	80,3	333,7
Total equity and liabilities	12.144,2	9.037,8	9.847,4

Cash flow statement

[1.000.000 NOK]	Q1 2017	Q1 2016	FY 2016
<u>Cash flow from operations</u>			
Paid in premiums	1.674,4	1.514,5	3.331,4
Paid claims	(684,0)	(565,6)	(2.218,0)
Paid reinsurance	81,3	33,0	(120,3)
Paid operating expenses including commissions	(130,0)	(82,0)	(276,0)
Interest / dividend income	47,1	23,0	179,5
Net payments from financial instruments	(1.709,2)	(939,0)	(490,9)
Payable tax	-	(61,0)	(107,8)
Net cash flow from operations	(720,4)	(77,3)	297,8
<u>Cash flow from investment activities</u>			
Net investments in equities	(3,6)	-	-
Invested in owner-occupied property	(0,3)	(0,4)	(0,7)
Invested in fixed assets	(7,9)	(1,4)	(4,3)
Invested in intangible assets	(2,2)	(1,9)	(9,0)
Net cash flow from investment activities	(14,0)	(3,6)	(14,0)
<u>Cash flow from financial activities</u>			
Dividend paid	-	-	(193,9)
Proceeds from subordinated loan	750,0	-	497,8
Interest payments on subordinated loan	(8,9)	(2,7)	(22,8)
Net cash flow from financial activities	741,1	(2,7)	281,1
Net cash flow for the period	6,8	(83,6)	564,9
Net change in cash and cash equivalents	6,8	(83,6)	564,9
Cash and cash equivalents opening balance	856,1	291,1	291,1
Cash and cash equivalents closing balance	862,8	207,6	856,1

Statement of changes in equity

	Share Capital	Own shares	Other paid- in equity	Natural perils fund	Guarantee scheme	Other equity	Total
Equity at 31.12.2015	86,2	-	267,7	0,2	77,7	1.580,9	2.012,7
Profit for the period	-	-	-	(8,8)	1,3	17,2	9,7
Equity at 31.03.2016	86,2	-	267,7	(8,6)	79,1	1.598,1	2.022,4
Dividend pay out						(193,9)	(193,9)
Profit for the period	-	-	-	5,8	1,7	215,3	222,7
Equity at 30.06.2016	86,2	-	267,7	(2,8)	80,7	1.619,5	2.051,3
Profit for the period	-	-	-	4,8	1,2	127,6	133,6
Equity at 30.09.2016	86,2	-	267,7	2,0	82,0	1.747,1	2.184,9
Profit for the period	-	-	-	6,3	1,3	75,6	83,3
Equity at 31.12.2016	86,2	-	267,7	8,3	83,3	1.822,7	2.268,2
Profit for the period	-		-	8,5	1,4	71,1	81,0
Own shares		(3,6)					(3,6)
Equity at 31.03.2017	86,2	(3,6)	267,7	16,9	84,7	1.893,8	2.345,6

Accounting principles

These interim accounts have been prepared in accordance with IAS 34 and in line with the accounting principles described in the annual report for 2016. The company's financial statements are prepared in accordance with the Norwegian Accounting Act, financial statement regulations for insurance companies and generally accepted accounting principles. For further information, please see the 2016 annual report.

The financial statement regulation for insurance companies has been revised effective as of January 1, 2016. These revisions led to a change in the accounting policies regarding the security provision, which is no longer required by the regulations. As of December 31, 2015, the provision, which was included in the balance sheet with NOK 584,4m, was restated with 75% as other (earned) equity and 25% as deferred tax liability. The comparative amounts for prior periods have been restated accordingly.

Furthermore, allocated return on investments are no longer transferred from non-technical to technical account due to the changes in the regulation. All comparative amounts for prior periods have been restated.

Segment information

	Norway			Sweden			Denmark		
[1.000.000 NOK]	Q1 2017	Q1 2016	FY 2016	Q1 2017	Q1 2016	FY 2016	Q1 2017	Q1 2016	FY 2016
Gross premiums written	908,6	864,0	1.968,5	569,6	482,5	815,4	609,3	565,6	655,1
Gross premiums earned	493,8	432,9	1.920,1	195,9	176,7	670,2	168,8	173,4	660,1
Gross claims incurred	(463,6)	(452,7)	(1.871,9)	(173,9)	(118,8)	(462,9)	(146,8)	(136,2)	(670,2)
Earned premiums, net of reinsurance	435,9	358,5	1.666,7	154,5	140,8	511,1	119,8	132,3	491,3
Other income	1,1	10,0	15,1	-	0,0	(0,0)	-	0,1	0,4
Claims incurred, net of reinsurance	(418,1)	(402,0)	(1.602,8)	(118,6)	(97,9)	(386,1)	(121,6)	(110,1)	(551,5)
Sales costs	(1,2)	(0,2)	(1,7)	(13,9)	(14,2)	(52,1)	-	-	-
Administration costs	(26,1)	(15,8)	(64,5)	(9,6)	(9,0)	(51,9)	(10,6)	(8,5)	(50,7)
Commission from reinsurers	30,6	44,6	86,4	30,5	23,4	39,8	40,6	31,6	46,1
Other expenses	(3,5)	(2,8)	(25,4)	(0,0)	(0,0)	(0,3)	(0,0)	(1,3)	(0,1)
Net financial income	12,7	(28,8)	437,0	8,1	(1,9)	29,6	5,8	(1,1)	32,7
Other income/costs	(8,7)	(2,6)	(27,7)	(0,2)	-	(0,1)	(0,1)	-	(0,1)
Operating profit before tax	22,7	(38,9)	483,0	50,7	41,1	90,1	33,9	43,0	(32,0)
Claims ratio, net of ceded business	95,9 %	112,1 %	96,2 %	76,8 %	69,6 %	75,5 %	101,5 %	83,2 %	112,3 %
Expense ratio, net of ceded business	-0,8 %	-8,0 %	-1,2 %	-4,5 %	-0,2 %	12,6 %	-25,1 %	-17,4 %	0,9 %
Combined ratio, net of ceded business	95,2 %	104,1 %	95,0 %	72,2 %	69,4 %	88,1 %	76,4 %	65,7 %	113,2 %
Gross claims ratio	93,9 %	104,6 %	97,5 %	88,8 %	67,2 %	69,1 %	87,0 %	78,6 %	101,5 %
Gross expense ratio	5,5 %	3,7 %	3,4 %	12,0 %	13,1 %	15,5 %	6,3 %	4,9 %	7,7 %
Gross combined ratio	99,4 %	108,3 %	100,9 %	100,8 %	80,3 %	84,6 %	93,2 %	83,5 %	109,2 %

Financial assets, fair value estimation

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets through profit or loss [1000.000 NOK]	Currency	Level 1	Level 2	Level 3	Total
Shares	NOK	1550	116	-	1666
Bonds and other fixed income securities	NOK	5.790	1126	-	6.916
Cash and cash equivalents	NOK	712	-	-	712
Foreign currency contracts	NOK	-	1047	-	1047
Total assets Q12017	NOK	8.053	2.288	-	10.341
Total assets Q12016	NOK	3.826	3.734	-	7.560

Financial liabilities at fair value through profit or loss [1000 NOK]	Currency	Level 1	Level 2	Level 3	Total
Foreign exchange contracts	NOK	-	-1035	-	-1035
Liabilities to credit institutions	NOK	0	-	-	0
Total financial liabilities Q12017		0	-1035	-	-1035
Total financial liabilities Q12016		-24	-376	-	-400

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

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

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

Quarterly outline

[1.000.000 NOK]	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Gross premiums written	2.087,4	392,3	412,8	721,8	1.912,2	325,3	366,5	635,8	1.515,8
Gross premiums earned	858,6	768,6	825,9	873,0	782,9	698,7	719,9	706,1	666,3
Gross claims incurred	(784,4)	(740,3)	(775,5)	(781,4)	(707,7)	(617,0)	(585,2)	(518,7)	(562,8)
Earned premiums, net of reinsurance	710,2	624,7	692,3	720,4	631,6	535,1	562,4	560,5	518,0
Other income	1,1	2,4	2,1	0,8	10,1	0,9	1,1	0,8	1,1
Claims incurred, net of reinsurance	(658,3)	(632,6)	(618,8)	(679,0)	(610,0)	(475,7)	(461,5)	(467,9)	(455,9)
Sales costs	(15,1)	(12,2)	(13,5)	(13,7)	(14,4)	(9,9)	(8,0)	(7,2)	(3,1)
Administration costs	(46,3)	(41,1)	(62,0)	(30,7)	(33,2)	(56,9)	(37,8)	(40,4)	(46,8)
Commission from reinsurers	101,6	2,5	22,0	48,1	99,6	25,5	8,7	27,7	79,2
Other expenses	(3,6)	(14,3)	(3,5)	(4,0)	(4,1)	(2,5)	(1,4)	(0,9)	(1,6)
Net financial income	26,6	149,9	160,7	220,5	(31,9)	152,8	(19,9)	48,7	122,2
Other income/costs	(9,0)	(9,0)	(8,9)	(7,4)	(2,6)	(2,8)	(2,8)	(2,8)	(2,5)
Profit before tax	107,3	70,5	170,5	254,9	45,2	166,5	40,7	118,4	210,5
Tax	(37,5)	(1,4)	(27,3)	(31,1)	(28,6)	(16,4)	6,7	(19,5)	(42,7)
Profit before components of comprehensive income	69,8	69,1	143,2	223,8	16,6	150,1	47,4	98,9	167,8
Components of comprehensive income	15,0	19,2	(13,0)	(1,5)	(9,2)	2,8	15,1	13,8	(7,7)
Taxes on components of comprehensive income	(3,7)	(4,9)	3,4	0,4	2,3	0,9	(5,7)	(1,6)	-
Profit for the period	81,0	83,3	133,6	222,7	9,7	153,8	56,8	111,1	160,1

Key ratios

Claims ratio, net of ceded business	92,7 %	101,3 %	89,4 %	94,3 %	96,6 %	88,9 %	82,1 %	83,5 %	88,0 %
Expense ratio, net of ceded business	-5,7 %	8,1 %	7,7 %	-0,5 %	-8,2 %	7,7 %	6,6 %	3,5 %	-5,6 %
Combined ratio, net of ceded business	87,0 %	109,4 %	97,1 %	93,7 %	88,3 %	96,6 %	88,7 %	87,0 %	82,4 %
Gross claims ratio	91,4 %	96,3 %	93,9 %	89,5 %	90,4 %	88,3 %	81,3 %	73,5 %	84,5 %
Gross expense ratio	7,1 %	6,9 %	9,1 %	5,1 %	6,1 %	9,6 %	6,4 %	6,7 %	7,5 %
Gross combined ratio	98,5 %	103,3 %	103,0 %	94,6 %	96,5 %	97,9 %	87,6 %	80,2 %	92,0 %