

Report for the first quarter 2008

Highlights

Strong growth and an acceptable technical result

Q1 2008 shows following development compared to Q1 2007;

- Gross premiums written NOK 318.5 million, up 34% from NOK 238.2 million.
- Operating profit of NOK 11.2 million, down 74% from NOK 43.2 million.
 - Changes in reinsurance structure have a negative NOK 15 million effect in Q1, but operating profit will be improved with a corresponding amount in Q2 – Q4.
 - The investment return is NOK 20 million weaker than a normalized return and NOK 10 million weaker than in Q1 2007.
- Net combined ratio 93.2%, up from 49.3%
- Return on investments -0.4%, down from 0.86%

Financial highlights and key ratios

[1.000 NOK]	Q1 2008	Q1 2007	FY 2007
Gross premiums written	318 506	238 152	664 941
Gross premiums earned	164 271	138 659	649 635
Gross claims incurred	(127 735)	(101 698)	(533 555)
Earned premiums, net of reinsurance	205 752	71 797	375 778
Claims incurred, net of reinsurance	(178 498)	(42 998)	(268 807)
Net commission income	15 587	29 373	47 125
Operating expenses	(28 924)	(21 800)	(101 070)
Other income/costs	1 841	1 115	6 926
Net financial income	(4 575)	5 720	40 152
Operating profit before security provision etc	11 183	43 205	100 104
Claims ratio, net of ceded business	(1) 86,8 %	59,9 %	71,5 %
Expense ratio, net of ceded business	(2) 6,5 %	-10,5 %	14,4 %
Combined ratio, net of ceded business	(3) 93,2 %	49,3 %	85,9 %
Retention rate	(4) 125,3 %	51,8 %	57,8 %
Solvency capital	(5) 613 505	353 470	642 572
Capital adequacy ratio (risk weighted)	(6) 96 %	89 %	121 %
Operating profit before security provision etc per share	(7) 0,11	0,53	1,06

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

(5) Equity + security provision etc

(6) Net primary capital in % of risk weighted assets

(7) Operating profit before security provision etc. divided by weighted number of shares

Protector's operations

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

Premium income

Gross premiums written totalled NOK 318.5 million, representing a 34% growth compared to Q1 2007. Gross premiums written within the commercial/public sector totalled NOK 243 million, corresponding to growth of 48 % over Q1 2007. Within the affinity segment, gross premiums written totalled NOK 75.5 million, a 3 % growth relatively to Q1 2007.

Premiums earned for own account totalled NOK 205.8 million, corresponding to growth of 187% over the same period in 2007. 129 percentage points of the growth is a one-off due to changes in the reinsurance structure. Premiums earned for own account, adjusted for the one-off, represented 68.8% of gross premiums earned compared to 61.6% in Q1 2007. Protector will gradually increase the premiums retained for own account.

Change in reinsurance structure

With effect from January 1st 2008 Protector has reduced the level of risk transfer (at Dec 31 2007) by NOK 92.7 million. The reduction in ceded business has no effect on the operating result or solvency capital. In the income statement, both the reinsurers' share of provisions for unearned premiums and the reinsurers' share of gross claims provisions are reduced by NOK 92.7 million. In the balance sheet, the liabilities in connection with reinsurance are reduced by NOK 92.7 million with a corresponding reduction of NOK 92.7 million in the reinsurers' share of gross claims provisions.

Other changes in the reinsurance structure have a NOK 15 million negative effect on the technical result in Q1. However, the technical result in Q2-Q4 will be improved with a corresponding amount.

Results

Operating profit before changes in security reserve etc. and tax totalled NOK 11.2 million, compared to NOK 43.2 million in Q1 2007. The company's growth in premium income makes higher demands of statutory security provisions etc., which in Q1 increased by 14.6 million. Net loss for Q1 amounted to NOK 3.1 million, compared to a net profit of NOK 24.9 million in Q1 2007.

The combined ratio net was in Q1 93.2%, compared with 49.3% in Q1 2007. Net claims ratio was 86.8% compared to 59.9% in Q1 2007. In Q1, net run-off-losses amounted to NOK 11 million against run-off-gains of NOK 1.7 million in Q1 2007. The run-off-losses had a negative impact on the claims ratio of 5.5 percentage points.

Within the commercial and public sector the technical result in the first quarter is acceptable considering the seasonal fluctuations. Within the affinity segment the technical result is acceptable.

The weak development in the Norwegian stock market the first quarter and the unrest in the Norwegian interest market in March had a negative impact on the returns. The investment return was a negative NOK 4.6 million (-0.4%) compared to a return of NOK 5.7 million (0.86%) in Q1 2007.

Protector has in the first quarter increased the exposure in the equity market. End of Q1 15.2 % of Protector's financial assets were invested in equities.

Capital and shareholder issues

The solvency capital, defined as the total equity and total security provision, has in 2008 decreased by NOK 29.1 million to NOK 613.5 million, this due to the company's increased holding of own shares.

The capital adequacy ratio was end of Q1 96%, which exceeds the minimum requirement by NOK 440.2 million.

Protector purchased 5.221.900 own shares in Q1 at an average price of NOK 8.02. End of Q1 Protector holds 7.674.037 own shares.

The AGM April 2nd 2008 resolved to reduce the share capital by NOK 7.674.047 by means of the cancellation of 7.674.047 own shares.

The Board of Directors holds a mandate granted by Protector's AGM April 2nd 2008 to purchase up to 9 569 000 own shares. The authorization is valid until the next AGM in 2009.

Prospects

The Board of Directors is satisfied with the strong growth and the technical result in Q1 and expects in 2008 further growth and improved operating profit.

Oslo, April 29th 2008

The Board of directors of Protector Forsikring ASA

Accounting principles

These interim accounts have been prepared in accordance with Norwegian Accounting Standard (NRS) 11 on interim reporting, and in line with the accounting principles described in the annual report for 2007, with the following amendments: With effect from 1 January 2008 accounting regulations for Norwegian insurance companies was changed. The changes in the regulations were made to harmonize the valuation principles in the Norwegian regulations with International Financial Reporting Standards (IFRS) in certain areas. The most important changes to Protector were that the administration provision, natural perils fund and guarantee scheme was reclassified from liabilities (security provision etc) to equity (earned equity) as those provisions was not considered to satisfy the definition of a liability under IFRS. Comparable figures for 2007 are restated. The implementation effect in the balance sheet at 1 January 2007 was a reduction of security provisions etc of NOK 33.7 million, an increase in equity of NOK 24.3 million and an increase in the deferred tax liabilities of NOK 9.4 million. The comparable figures for profit after tax 2007 increased by NOK 19.4 million from NOK 18.3 million to NOK 37.7 million.

From January 1st 2008 Norwegian insurance companies was required to implement the classification and valuation principles of International Accounting Standard (IAS) 39 in relation to financial instruments. This is not considered to have any effect on the accounts of Protector as the relevant principles of valuation in IAS 39 agree with the existing accounting practice for Protector.

Income statement

[1.000 NOK]	Q1 2008	Q1 2007	FY 2007
Premium income			
Gross written premiums	318 506	238 152	664 941
Ceded insurance premiums	(7 096)	(151 211)	(266 559)
Change in provisions for unearned premiums	(154 236)	(99 493)	(15 307)
Change in reinsurers' share of provisions for unearned premiums	48 577	84 349	(7 297)
Earned premiums, net of reinsurance	205 752	71 797	375 778
Allocated return on investment transferred from non-technical account	5 821	2 924	15 528
Claims incurred			
Claims paid	(100 523)	(85 362)	(307 086)
Reinsurers' share of paid claims	34 598	56 604	152 091
Change in provisions for claims	(27 212)	(16 336)	(226 468)
Change in reinsurers' share of claims provisions	(85 361)	2 095	112 657
Claims incurred, net of reinsurance	(178 498)	(42 998)	(268 807)
Operating expenses			
Sales costs	(8 002)	(7 307)	(13 215)
Administration costs	(28 924)	(21 800)	(101 070)
Commission from reinsurers	23 589	36 680	60 340
Total operating expenses, net of reinsurance	(13 337)	7 572	(53 945)
Technical result before changes in security provision etc.	19 738	39 295	68 554
Changes in security provision etc.	(14 628)	(8 613)	(51 891)
Technical result	5 110	30 682	16 663
Net income from financial assets	(4 575)	5 720	40 152
Allocated return on investment transferred to technical account	(5 821)	(2 924)	(15 528)
Other income	1 841	1 115	6 926
Non-technical result	(8 556)	3 911	31 550
Profit before tax	(3 446)	34 593	48 213
Tax	394	(9 686)	(10 533)
Profit before components of comprehensive income	(3 052)	24 907	37 680
Profit for the period	(3 052)	24 907	37 680
Earnings per share	(0,03)	0,30	0,40
Earnings per share, diluted	(0,03)	0,29	0,39

Balance Sheet

[1.000 NOK]	31.03.2008	31.03.2007	31.12.2007
Assets			
Intangible fixed assets			
Goodwill	985	1 343	1 074
Other intangible fixed assets	2 307	2 606	2 422
Total intangible fixed assets	3 292	3 949	3 496
Financial assets			
Financial fixed assets			
Bonds held to maturity	144 503	145 755	144 809
Financial current assets			
Shares	186 025		151 666
Bonds, money market funds	890 133	516 624	841 861
Other financial current assets	5 244	4 917	4 637
Total financial assets	1 225 905	667 297	1 142 973
Reinsurers share of gross technical provisions			
Reinsurers share of gross premium provisions	104 589	147 297	55 574
Reinsurers share of gross claims provisions	269 312	244 111	354 674
Total reinsurers share of gross technical provisions	373 902	391 408	410 248
Receivables			
Direct insurance receivables	86 515	117 015	33 433
Total receivables	86 515	117 015	33 433
Other assets			
Tangible fixed assets	3 752	3 731	3 658
Cash and bank deposits	94 376	125 797	91 214
Pensionfunds	-	41	-
Total other assets	98 128	129 569	94 872
Total prepaid expenses and accrued interest	22 011	11 719	23 699
Total assets	1 809 753	1 320 956	1 708 720
Equity and liabilities			
Shareholders' equity			
Share capital [103.364.052 shares]	103 364	83 224	103 364
Own shares [7.674.047 shares]	(7 674)		(2 452)
Share premium account	242 204	109 475	242 204
Other paid-in equity	7 860	1 769	6 645
Total paid-in equity	345 754	194 468	349 761
Earned equity			
Funds etc.	77 794	39 071	60 610
Other equity	77 180	59 187	134 053
Total earned equity	154 974	98 258	194 663
Total equity	500 728	292 726	544 424
Technical provisions			
Provisions for unearned premiums	243 289	173 239	89 053
Provisions for claims	672 460	435 116	645 248
Total security provision etc.	112 777	60 744	98 148
Total technical provisions	1 028 526	669 099	832 450
Provisions for other risks and liabilities			
Pension liabilities	1 992	-	1 992
Deferred tax liability	18 038	17 586	18 431
Total provisions for other risks and liabilities	20 030	17 586	20 423
Liabilities			
Liabilities in connection with insurance	14 667	14 417	10 012
Liabilities in connection with reinsurance	224 818	313 791	276 883
Other liabilities	17 693	9 524	9 724
Total liabilities	257 178	337 732	296 619
Incurred expenses and prepaid income			
Other incurred expenses and prepaid income	3 291	3 813	14 804
Total incurred expenses and prepaid income	3 291	3 813	14 804
Total equity and liabilities	1 809 753	1 320 956	1 708 720

Statement of changes in equity

[1.000 NOK]	Share Capital	Own shares	Share Premium Account	Unregistered reductions in share premium account	Other paid-in equity	Funds	Other equity	Total
Equity at 31.12 2006	81 792		136 991	(27 516)	1 769		53 544	246 581
Change in accounting principles						33 710	(9 439)	24 271
Equity at 01.01.2007	81 792		136 991	(27 516)	1 769	33 710	44 106	270 851
Change in accounting principles							(4 464)	(4 464)
Capital raising related to exercised subscription rights	1 432							1 432
Capital write-down			(27 516)	27 516				-
Profit for the period						5 361	19 545	24 907
Equity at 31.03 2007	83 224	-	109 475	-	1 769	39 071	59 187	292 726
Option cost, effect on equity					4 876			4 876
Capital raising related to exercised options	140		188					328
Capital write-down			(109 475)				109 475	
Private placement in May	20 000		242 016					262 016
Own shares		(2 452)					(25 844)	(28 297)
Profit for the period 01.04 - 31.12.						21 539	(8 766)	12 774
Equity at 31.12 2007	103 364	(2 452)	242 204	-	6 645	60 610	134 053	544 424
Option cost, effect on equity					1 215		-	1 215
Own shares		(5 222)					(36 637)	(41 859)
Profit for the period						17 183	(20 236)	(3 052)
Equity at 31.03 2008	103 364	(7 674)	242 204	-	7 860	77 794	77 180	500 728

Cash flow statement

[1.000 NOK]	Q1 2008	Q1 2007	FY 2007
Net cashflow from operational activities	136 782	42 014	231 750
Net invested in financial assets	(91 155)	-	(457 320)
Net cashflow from investment activities	(41 859)	-	(29 622)
Net cashflow from financial activities	-	1 432	263 776
Net change in cash and cash equivalents	3 769	43 446	8 583
Cash and cash equivalents at the beginning of the period	95 851	87 268	87 268
Cash and cash equivalents at the end of the period	99 620	130 714	95 851