

# 1st QUARTER REPORT

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## 2017



NORWEGIAN HULL CLUB

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1Q2017*

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# SUMMARY INTERIM REPORT 1Q2017

The result for Norwegian Hull Club (NHC) in the first three months of 2017 is USD 13.6 million. Technical result of insurance operations is USD 3.5 million while the result from investment income and other financial items is USD 10.1 million.

Gross premium income is in line with expectations. Profitability on insurance operations is above expectations due to favorable claims development this quarter. The combined ratio for the first three months is 90 %.

Return on the investment portfolio is 2.0 % both in local currencies and in USD. The USD return corresponds to USD 8.8 million. The balance of financial income items stems from interest earned on bank accounts and receivables as well as currency items.

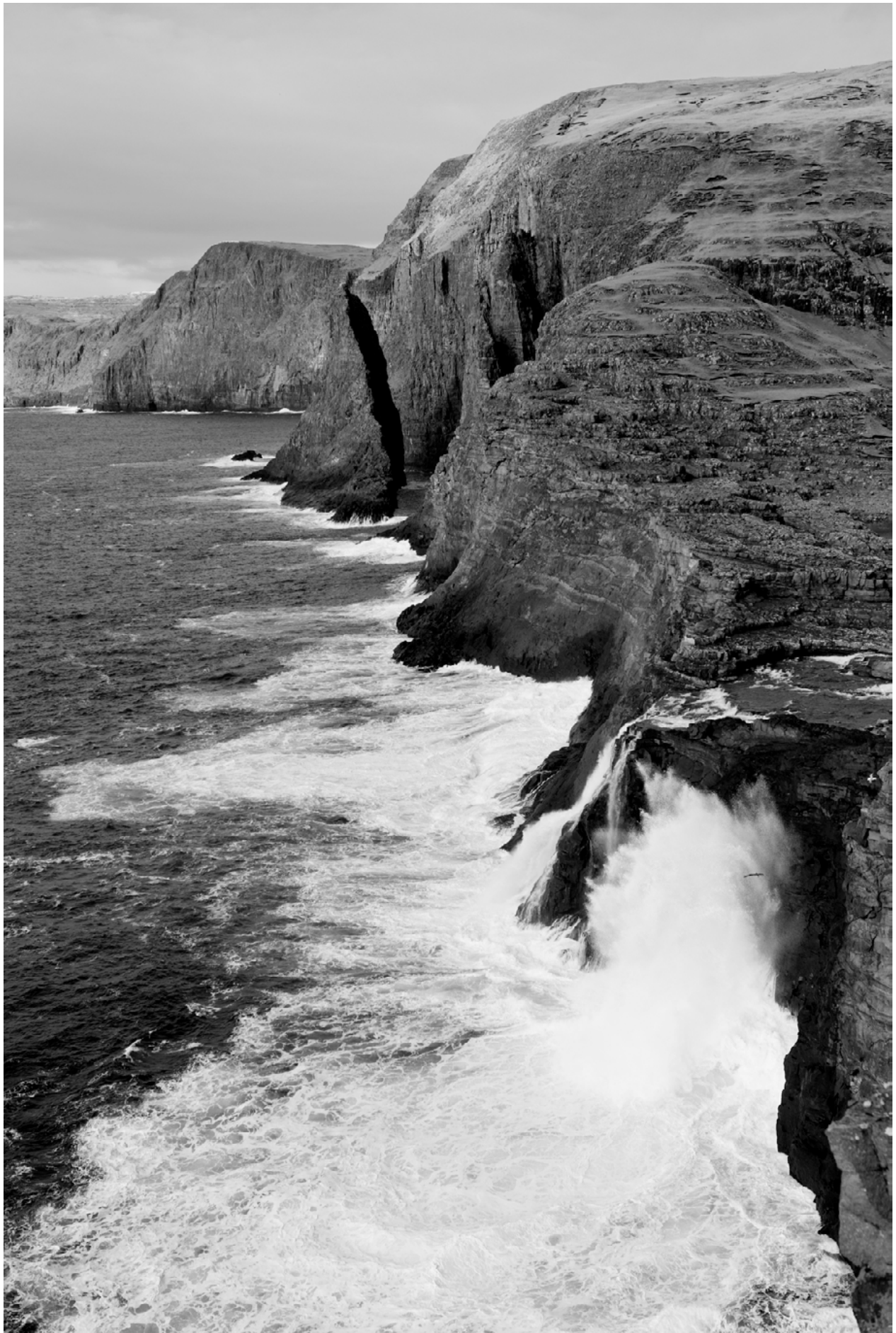
Equity is USD 284.1 mill at the end of March 2017.



# KEY FIGURES

*All figures in USD 000's*

	01.01.-31.03.2017	01.01.-31.03.2016	2016
Gross earned premiums	44 344	42 839	165 500
Gross claims	-39 327	-41 506	-135 466
<b>Gross result</b>	<b>5 018</b>	<b>1 333</b>	<b>30 034</b>
Premiums for own account	35 510	35 653	137 043
Claims for own account	-28 433	-39 335	-122 141
<b>Insurance result for own account</b>	<b>7 077</b>	<b>-3 682</b>	<b>14 903</b>
Net operating expenses	-3 593	-3 428	-15 447
<b>Technical result</b>	<b>3 484</b>	<b>-7 110</b>	<b>-545</b>
Net financial items	10 143	13 762	18 164
<b>Operating result</b>	<b>13 627</b>	<b>6 652</b>	<b>17 619</b>
Loss ratio for own account	80 %	110 %	89 %
Combined ratio	90 %	120 %	100 %
	<b>31.03.2017</b>	<b>31.12.2016</b>	
Investment portfolio	418 766	424 482	
Bank deposits	17 821	24 988	
Receivables	221 619	196 866	
Other assets	23 729	25 236	
<b>TOTAL ASSETS</b>	<b>681 936</b>	<b>671 572</b>	
Equity	284 135	270 508	
Claims provision	209 101	225 565	
Other provisions	91 067	74 809	
Payables and other liabilities	97 633	100 690	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>681 936</b>	<b>671 572</b>	



# STATEMENT OF COMPREHENSIVE INCOME

*All figures in USD*

	31.03.2017	31.03.2016
Gross earned premiums	44 344 245	42 838 884
Reinsurance premiums	-8 834 292	-7 185 615
<b>A Premiums for own account</b>	<b>35 509 953</b>	<b>35 653 269</b>
<b>B Other insurance related income</b>	<b>2 011 619</b>	<b>1 426 903</b>
Gross accrued claims	39 326 698	41 505 727
Reinsurers share of gross claims	-10 893 497	-2 170 834
<b>C Claims for own account</b>	<b>28 433 201</b>	<b>39 334 894</b>
Marketing expenses	2 892 898	2 515 869
Commissions earned	-414 620	-512 358
<b>D Total insurance related expenses for own account</b>	<b>2 478 278</b>	<b>2 003 511</b>
<b>E Other insurance related expenses</b>	<b>3 126 022</b>	<b>2 851 488</b>
<b>F Operating result technical accounts (A+B-C-D-E)</b>	<b>3 484 071</b>	<b>-7 109 720</b>
Financial income	2 641 300	2 769 989
Realised gains and losses	-2 350 248	2 557 887
Adjustment investment portfolio	10 187 711	9 036 663
<b>G Total financial income</b>	<b>10 478 763</b>	<b>14 364 539</b>
<b>H Administration expenses financial assets</b>	<b>335 578</b>	<b>602 349</b>
<b>I Result from ordinary operations (F+G-H)</b>	<b>13 627 255</b>	<b>6 652 470</b>
<b>J Tax expenses (income)</b>	<b>-</b>	<b>-</b>
<b>K Result before other result components (I-J)</b>	<b>13 627 255</b>	<b>6 652 470</b>



# BALANCE SHEET

## Assets

*All figures in USD*

	31.03.2017	31.12.2016
Shares in subsidiaries	2 356 629	2 356 629
Other shares	1 281 925	1 281 925
Mortgage loans	10 807 483	11 237 446
Stocks and shares	96 402 824	92 700 249
Bonds and foreign exchange contracts	319 783 496	321 048 685
Financial derivatives	866 530	1 233 759
Bank deposits investment portfolio	1 712 971	9 499 804
<b>Total financial assets</b>	<b>433 211 858</b>	<b>439 358 496</b>
Reinsured proportion of gross premium provisions	16 249 993	13 065 565
Reinsured proportion of gross claims provision	43 927 157	52 284 697
<b>Total reinsured proportion of insurance provisions</b>	<b>60 177 150</b>	<b>65 350 262</b>
Insurance related receivables	98 155 690	77 414 010
Reinsurance receivables	3 060 943	4 554 899
Disbursements	51 768 552	41 154 027
Other receivables	8 457 000	8 392 758
<b>Total receivables</b>	<b>161 442 185</b>	<b>131 515 694</b>
Properties	2 777 085	3 708 173
Equipment and fixtures	4 915 155	5 050 838
Cash and bank deposits	17 821 349	24 987 608
Deferred tax	-	-
<b>Total other assets</b>	<b>25 513 589</b>	<b>33 746 619</b>
Accrued interest	1 590 747	1 600 912
<b>TOTAL ASSETS</b>	<b>681 935 529</b>	<b>671 571 983</b>



## Equity and Liabilities

*All figures in USD*

	31.03.2017	31.12.2016
Equity	8 042 072	8 042 072
Other equity	276 093 019	262 465 764
<b>Total equity</b>	<b>284 135 091</b>	<b>270 507 836</b>
Unearned gross premium provision	90 297 566	74 069 727
Gross claims provision	209 100 654	225 565 149
Unearned commission provision	769 245	739 703
<b>Total gross insurance provisions</b>	<b>300 167 464</b>	<b>300 374 579</b>
Pension liability	3 729 225	3 729 225
Withheld payroll tax, social security etc.	2 894 742	2 723 830
Deferred tax	73 910 398	73 910 398
Taxes payable	-	-
<b>Total tax etc. payable</b>	<b>80 534 365</b>	<b>80 363 453</b>
Payables direct insurance accounts	3 880 045	3 906 416
Payables reinsurance	3 837 027	4 937 338
Payables other accounts	9 381 538	11 482 363
<b>Total payables</b>	<b>17 098 609</b>	<b>20 326 116</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>681 935 529</b>	<b>671 571 984</b>

# EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

## Note 1 - Accounting policies

Norwegian Hull Clubs interim financial report is presented in accordance with IAS 34 interim financial reporting and in compliance with the Norwegian Accounting Act, Finance Ministry's prescribed regulations on Financial Statements for Insurance companies and regulations on simplified IFRS.

The application of IAS 34 means that the report is limited relative to presentation of a full annual report.

The main accounting policies are unchanged from the annual report 2016 and the annual report contains the full description of the accounting policies.

A new accounting regulation was implemented in 2016 and the dissolution of the equalisation reserve is a change of accounting principle and has been booked against deferred tax and equity.

There is still discussions and uncertainty on how this change should be treated for tax purposes.

## Note 2- Claims expenses

	31.03.2017	31.03.2016
Gross claims	39 326 698	41 505 727
Claims for own account	28 433 201	39 334 894
<i>Run off gain (+) / loss (-) gross</i>	-10 178 242	63 094
<i>Run off gain (+) / loss (-) for own account</i>	995 478	978 286

## Note 3 - Market value adjustments

	31.12.2016		31.03.2017		Change	
	Book Value	Market Value	Book Value	Market Value	Book Value	Market Value
Bonds	321 048 685	321 048 685	319 783 496	319 783 496	(1 265 188)	(1 265 188)
Stocks and shares	92 700 249	92 700 249	96 402 824	96 402 824	3 702 575	3 702 575
Derivatives	1 233 759	1 233 759	866 530	866 530	(367 230)	(367 230)
<b>In total</b>	<b>414 982 693</b>	<b>414 982 693</b>	<b>417 052 850</b>	<b>417 052 850</b>	<b>2 070 157</b>	<b>2 070 157</b>

## Note 4 - Off balance items

	31.03.2017	31.12.2016
Guarantee liability regarding claims		
Gross guarantees issued	86 614 296	80 991 710
Counter-guarantees from co-insurers	63 137 219	58 572 592
Guarantees for own account	23 477 077	22 419 118

*All guarantees relate to clients` liabilities in connection with collisions, groundings etc. associated with the Club`s activities.*

## Note 5 - Material events subsequent to the end of the interim period

To our best knowledge there has been no material events subsequent to the end of the interim period

## Note 6 - Changes in equity

	Owners' funds	Other equity	Total equity
<b>Equity at 31.12.2016</b>	<b>8 042 072</b>	<b>262 465 764</b>	<b>270 507 836</b>
Allocation		13 627 255	
<b>Equity</b>	<b>8 042 072</b>	<b>276 093 019</b>	<b>284 135 091</b>

# STATEMENT OF CASH FLOW

*All figures in USD*

	31.03.2017	31.03.2016
Profit of the year before tax	13 627 255	6 654 177
Change in net technical reserves	4 965 997	14 712 796
Net profit on sale of fixed shares	-	-
Change in disbursements	-10 614 526	1 998 842
Net profit on sale of fixed assets	-58 805	-
Change in net pension funds	-	-5 004 892
Change in net receivables	-22 358 394	-2 935 226
Depreciation	202 872	134 807
Taxes paid	-22 887	-36 433
<b>Net cash flow from operations before financial assets</b>	<b>-14 258 488</b>	<b>15 524 072</b>
Change in net bonds	1 265 188	-11 735 682
Change in net stocks and shares	-3 702 575	-3 336 301
Change in net financial derivatives	367 230	2 210 587
	-	-
<b>Net cash flow from financial assets</b>	<b>-2 070 157</b>	<b>-12 861 396</b>
<b>A Net cash flow from operational activities</b>	<b>-16 328 645</b>	<b>2 662 676</b>
<b>Cash generated/used by investing activities</b>		
Net receipts/payments related to purchase/capitalization of subsidiaries and associated companies	-	-
Net receipts/payments related to sale/purchase of fixed assets	863 899	119 842
Change in mortgage loans	429 963	147 683
<b>B Net cash inflow/outflow from investment activities</b>	<b>1 293 861</b>	<b>267 526</b>
<b>C Net financing activities - dividend paid to members</b>	<b>-</b>	
<b>C Effect of changes in exchange rates on cash and cash equivalents</b>	<b>81 692</b>	<b>-4 639</b>
<b>A+B+C Net change in cash and cash equivalents</b>	<b>-14 953 091</b>	<b>2 925 562</b>
<b>Cash and cash equivalents 01.01</b>	<b>34 487 412</b>	<b>30 938 950</b>
<b>Cash and cash equivalents</b>	<b>19 534 320</b>	<b>33 864 512</b>





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