

ANNUAL REPORT

2022



NORWEGIAN HULL CLUB



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The Norwegian Hull Club Top Management Group - (l-r) Per Gustav Blom, Atle Fjeldstad, Hans Christian Seim, Hilde Førland, Aage Solberg and Ole Jørgen Eikanger

CEO'S REVIEW

A YEAR has passed since the Russian invasion of Ukraine, and 2022 will go down in history as the year when war returned to Europe. It affects us personally as well as professionally.

We grieve for the losses in Ukraine and continue to be caught off guard when faced with the brutality and cruelty of a war with no visible end in sight. Professionally, the wellbeing of seafarers has been a key concern and our industry has struggled with sanctions as well as with extraction from Russia. The effect on available energy and increasing prices hits both people and business.

We are therefore humble - and cautious - when concluding the books for what has largely been another successful year for Norwegian Hull Club. Despite financial markets that have experienced extreme and highly unusual losses at around 20% both in the stock market and on long-dated bonds, we have been able to grow our portfolio and avoid a significant frequency of major claims. 2022 has thus been another healthy financial year for The Club and, once again, we are in the position of having a profit that we can share with our members. The Board of Directors has proposed a return premium to Norwegian Hull Club's members of 7.5 % for the calendar year 2022.

Escalation

The first quarter of 2023 has, however, reminded us that our business is cyclical and we have already seen an escalation of larger claims. In the insurance market we have witnessed an increase in costs of reinsurance while inflation - along with an upturn in steel and power prices - and the general pressure on supply chains are expected to negatively impact claims costs going forward.

At the same time, geopolitics continue to provide uncertainty, whether it be the war in Ukraine, sanctions, China's increased attention towards Taiwan, North Korea flexing its muscles, or unstable democracies globally.

A healthy portfolio

In 2022 we made the difficult decision to cease our P&I business. Since it was established in 2008, we have not succeeded in making our P&I portfolio profitable. As such, we concluded to terminate the product and instead focus

on growing other segments. We are grateful that the market has shown understanding for this decision, while also expressing that our level of service will be missed; this is an acknowledgment we appreciate as a testament to our promise that clients can Expect More from Norwegian Hull Club.

Leading position

Focus on service and knowledge sharing is essential as we continue to successfully grow our Renewables portfolio. I am particularly proud to note that the market has welcomed the initiative, which has allowed Norwegian Hull Club to take a leading position within offshore wind.

We are also pleased to see a steady growth in vessels with battery propulsion, LNG-fuelled vessels, and vessels with hybrid power in our portfolio. We promise to continue doing our best to support you in your journey to zero emissions by tailoring insurance products to new propulsion systems, as well as maintaining constant focus on reducing the risk of accidents resulting from the introduction of new technology.

Transparency is key

In these efforts - and in our shared challenge - we truly believe that increased transparency will be key to reach the ambitious goals of a more sustainable tomorrow.

For that reason, we decided to be a founding member of the Poseidon Principles for Marine Insurance (PPMI) which saw its first - voluntary - reporting in 2022, with results presented in January this year. The Club also became a member of the Maritime Anti-Corruption Network (MACN). We believe such initiatives are requisite on the road to full transparency and that MACN will help provide the industry with more insight and the knowledge sharing necessary to make informed decisions. By taking a pro-active approach, remaining curious and gaining knowledge, we aim to support our clients on their sustainability journeys.

"We promise to continue doing our best to support you in your journey to zero emissions"

We thank our clients participating in this year's PPMI reporting, while still we hope such reporting will be replaced by full transparency on vessel emissions in the future. Climate change requires action

and ambition. Mindful that neither we, nor our clients, are apprehensive about being ambitious in business, we should not be any less ambitious when it comes to safeguarding the future of people and the planet.

'The difference? It's the people'

This is a saying that endures, regardless of the opportunities we utilise from digitalisation and artificial intelligence. People are our primary focus in loss prevention and emergency response. They are also a strength both in terms of our valuable relationships with clients and brokers, and when it comes to our dedicated, engaged and curious employees. Such curiosity leads our employees to challenge, to ask 'Is there a better way?', whether it is improving work processes, identifying new risks and insurance solutions, or developing enhanced claims support and service through experience gained and knowledge shared with clients, brokers and the wider industry. Our commitment to the promise 'Expect more' remains steadfast.

We are thankful for all the opportunities we receive from our clients to cooperate and to build a better understanding of tomorrow's challenges, together.

Our subsidiary Marine Benefits keep gaining and providing insight through their crew wellbeing surveys. Their 2022 survey resulted in responses from close to 25,000 seafarers and revealed that as many as 12% of the respondents are considering leaving the industry - a result that emphasises that this issue calls for immediate action, as crew shortage is already a challenge. We will contribute through offering services which focus specifically on seafarers' health and wellbeing which, subsequently, could also increase retention rate.

People can achieve great things when working together and, with this in mind, Norwegian Hull Club remains optimistic and motivated for the challenges ahead of both us and our industry.

As for The Club specifically, I am confident that our strong position, capital base and expertise in managing risks mean we will not only weather any storm, but that we have the courage to continue to support and grow our portfolio together with our clients both today and tomorrow.



A stylized, handwritten signature in black ink, likely belonging to Hans Christian Seim.

Hans Christian Seim
CEO

THIS IS NORWEGIAN HULL CLUB

Organisational Profile

Norwegian Hull Club is a mutual marine insurance company serving clients worldwide. As conveyed by the company slogan 'Expect More', The Club aims to be the 'number-one service provider'. Its service concept includes claims handling, emergency response support, prevention and mitigation training for clients' onshore and offshore personnel, benchmarking services for clients, operational, technical and legal advice, as well as knowledge sharing in general. The Club ranks as one of the world's largest marine and offshore energy underwriters and insures 10,639 unique vessels and units in total. Of these, 6,166 are on claims lead with The Club. The company employs 143 people and has offices in Bergen (main office), Oslo and London.

Norwegian Hull Club is not only dedicated to serving the needs of its clients today – it is also mindful of their needs tomorrow. The Club has therefore focused strongly on digital solutions ever since the foundation of its wholly owned subsidiary company Insurance Technology Solutions AS (Instech Solutions) in 1994. Instech Solutions develops innovative marine insurance software that supports the transformation of The Club's product and service provision, as well as the long-term needs of the industry, employing 21 people in Bergen.

Norwegian Hull Club's second wholly owned subsidiary, Marine Benefits AS, prides itself on being the shipping industry's leader in employment benefit solutions for seafarers, offering 'Medical Plan' as well as 'Crew P&I'

insurance. The company employs nine people in Bergen, 75 people in Manila, one person in Malmö and one in Singapore.

Ownership

The Club is owned by mutual members, representing owners and managers of insured units. The largest of these have less than 10 % ownership and there are, therefore, no holders of qualifying holdings in the undertaking.

Governance

Members of Norwegian Hull Club, clients that write business on a mutual basis, vote at the general meeting according to the Norwegian Limited Companies Act § 5-2, cf. Norwegian Financial Institutions Act § 8.1-8.3. Members have votes according to the members' share of The Club's mutual earned premium in the preceding calendar year. Joint Members have, together, as many votes as if the insurance agreement had been entered into by one member. The right to vote on behalf of the Joint Members shall be vested in the member named first in the insurance agreement.

The Committee elects the Board, recommends annual accounts to the General Meeting and supervises the Board and management. The members of the Committee are elected from the members, i.e. the owners, of Norwegian Hull Club.

The Board is responsible for setting out the strategy - including risk tolerance - and generally overseeing the management of Norwegian Hull Club. Up to two members of the Board can be independent; the others represent members



The Club's main office at Skipet, Bergen

143
employees

Locations
Bergen, Oslo, London

Poseidon Principles
for Marine Insurance
signatory

Committed to the UN's
Sustainable Development Goals

Instech Solutions
Dedicated Marine Insurance
Software development

Marine Benefits
Medical insurance for seafarers
and their families

of The Club. The Board has audit, risk and compensation sub-committees. The Chair of the Audit Committee is independent of Norwegian Hull Club. The Audit Committee is a subcommittee of the Board. Its responsibility is to discuss significant accounting issues with management and the external auditor, as well as assess procedures adopted for preparing the accounts. The Audit Committee shall further assess the independence of the external auditor, discuss audit issues with external and internal auditors, assess auditors’ work and make recommendations to the Board regarding election of external and internal auditors.

The Risk Committee is a subcommittee of the Board. It is responsible for supervising The Club’s total risk and regularly considers whether the management and control systems are adapted to the risk level and scope of operations. The Risk Committee also assesses continuous compliance with capital requirements and requirements for technical insurance provisions, as well as the appropriateness of the risk management system. It shall follow up the company’s actuary, as well as compliance and risk management.

The Compensation Committee is also a subcommittee of the Board. It makes recommendations to the Board regarding the compensation of the Chief Executive Officer, as well as the structure of general compensation, including compensation for the management team.

The Election Committee makes recommendations regarding candidates for the various governing bodies. The Election Committee shall have a minimum of five members. At least one member shall have served on the Board of Directors during the preceding five years. The Election Committee shall seek to replace members of governing bodies regularly and in a

well-planned manner. In general, members of the Board of Directors, the Election Committee and the Chair and Deputy Chair of the Committee shall step down after 10 years’ service.

The Club has established the four key independent control functions required under the Solvency II Directive - risk management, compliance, actuarial and internal audit. These functions are responsible for providing an overview of challenges to the business and for providing assurance to the Board in relation to Norwegian Hull Club’s control framework.

The company’s remuneration policy is adopted by the Board on an annual basis. In addition to fixed salary, a percentage of the operating result in any year may be allocated to employees by way of a bonus.

As a mutual insurance company, The Club will - by definition - enter into commercial agreements with member owners and with members of the Board of Directors. None of these transactions are considered material in relation to Norwegian Hull Club’s business volume.

Mission, vision and values
Norwegian Hull Club’s Mission is to secure lives, health, environment and property to help protect both people and the planet. The Club’s Vision is to be the leading insurance provider - not necessarily the largest. As such, being considered ‘the best’ is a more desirable, worthy ambition.

To help Norwegian Hull Club fulfil this ambition, the company’s core Values consist of Integrity, Sharing, Agile and Curious. By remaining curious and sharing knowledge, Norwegian Hull Club aims to help its clients and members

prevent accidents from occurring, while also being agile enough to react optimally in a crisis to mitigate losses.

Memberships of Associations
Norwegian Hull Club is a member of Cefor – The Nordic Association of Marine Insurers, as well as the International Underwriting Association (IUA). It is also a signatory to the Poseidon Principles for Marine Insurance, as well as being a member of Maritime London. In June of 2022, The Club became a member of the Maritime Anti-Corruption Network, which works towards a maritime industry free of corruption that enables fair trade to benefit society.

Market and market share
The Club writes a global book of covers including Hull & Machinery, Loss of Hire, Increased Value, War, Yacht, Builder’s Risks, Energy (fixed and floating) insurance - operation and construction. Marine and Energy insurance is placed and written globally, mainly through brokers.

A major amount of business is with international clients. Norwegian Hull Club has an approximate 25.5 % share (2021 figures, 2022 figures to be released by Cefor early April 2023) of the Nordic market (defined as business written by companies operating from the Nordic countries), which accounts for about 15.8 % of global hull premium. The Club, therefore, has a 4 % market share of global hull business. The Nordic market has its own conditions (<http://www.nordicplan.org/>), in which the role as claims leader is distinct and important. Norwegian Hull Club has long-held experience as claims leader and the role is an important part of its service offering. The Club has a branch office in London, writing business produced by London brokers as well as maintaining existing business relationships.

Insurance risk supply chain
Distribution, diversification and mitigation of risk is central to insurance. In marine insurance, the supply chain is reflected in the typical Scandinavian business model and market structure: the ship owner purchases insurance directly or through a broker, while Norwegian Hull Club mitigates parts of its own risk by purchasing reinsurance through reinsurance brokers.

The Club operates with clients such as shipping companies, insurance brokers and reinsurance brokers worldwide. It outsources and has outsourcing arrangements only where there is a sound commercial basis for doing so and where the risk can be effectively managed.

A due-diligence process is undertaken prior to any final decision being made as to whether to outsource a material business activity. This addresses all material factors that would impact on the potential service provider’s ability to perform the business activity.

The company has established an Outsourcing Policy to cover the requirements for identifying, justifying and implementing material outsourcing arrangements. This policy, adopted by the Board, sets out:

- Roles and responsibilities;
- Definition of outsourcing;
- Criteria for outsourcing;
- Assessing outsourcing risks;
- Contracts and confidentiality agreements;
- Assess controls;
- Security audits;
- Outsourcing audit.

For the time being, Norwegian Hull Club has outsourced the following operational functions or activities:

- Internal Audit – located in Norway
- IT Infrastructure – located in Norway
- Administrative support and service - located in Norway and the Philippines
- Asset/Fund management of three discretionary accounts – two located in the US and the other in the UK
- Underwriting of Medical Plan and Crew P&I – located in Norway
- Claims services of Medical Plan and Crew P&I – located in Norway, Singapore and the Philippines.
- Underwriting and Claims Service of H&M insurance (Small hull facility)

Integrity

We believe in doing ‘the right thing’ - in holding ourselves to the highest ethical, professional and sustainability standards. This belief is the foundation of everything we do: integrity forms the bedrock of our business and our long-term, valued relationships. It is a matter of trust.

Sharing

We are committed to knowledge sharing. By promoting such a culture, both internally and within the maritime industry, we better protect lives, health, the environment and assets. This approach is also the cornerstone of our social responsibility program, delivering greater opportunities through increased knowledge.

Agile

Our organisation is designed to adapt quickly - to assess conditions promptly and react optimally. This enables us to provide a superior, tailor-made service to our clients, featuring dedicated support and future-oriented solutions founded on nearly 200 years’ experience.

Curious

Our team members are not afraid to challenge convention; to ask, “Is there a better way?” for our clients and the industry we serve. We encourage such passionate curiosity - it has helped us become innovators in our field, setting new standards in solutions and services.

THE CLUB AT A GLANCE

141,390



People insured on Medical Plan

10,639



Vessels insured

337 MUSD



Gross earned premiums

117 BUSD



Total values insured



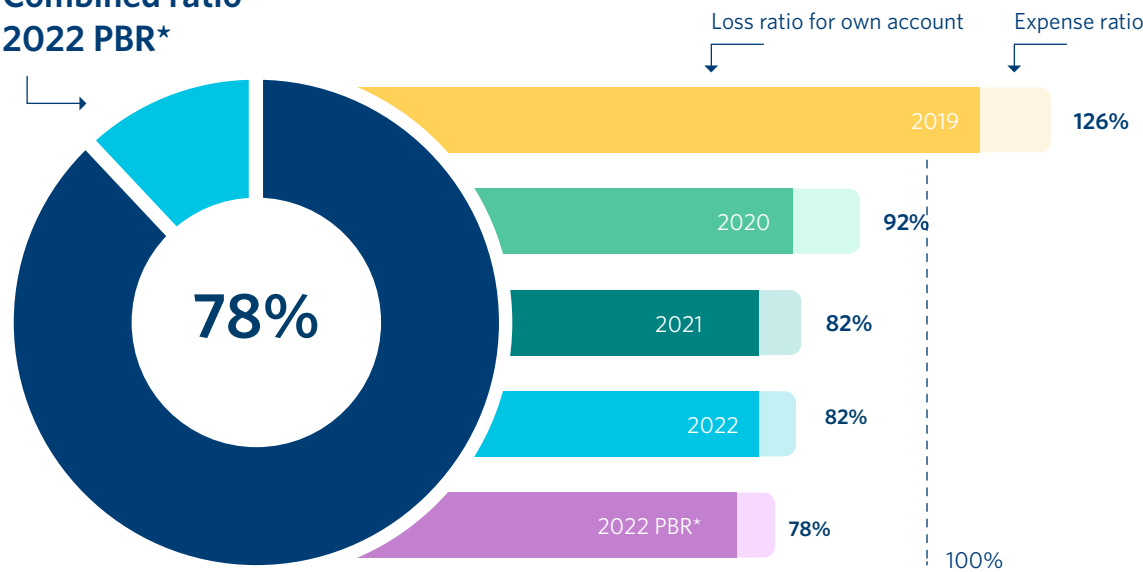
KEY FIGURES*

All figures in USD 000's

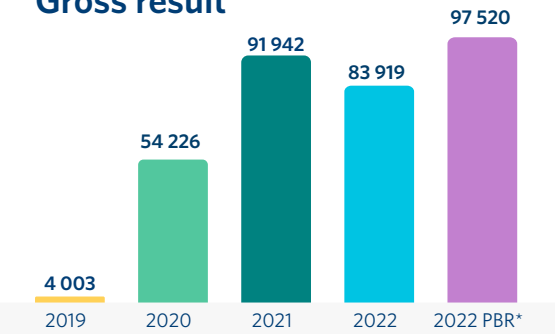
	2022 PBR*	2022	2021	2020	2019	2018
Gross earned premiums	337 260	323 659	267 642	229 959	203 153	172 105
Gross claims	239 740	239 740	175 700	175 733	199 150	149 768
Gross result	97 520	83 919	91 942	54 226	4 003	22 337
Premiums for own account	276 392	265 043	222 068	181 340	156 192	141 219
Claims for own account	190 641	190 641	159 067	146 109	-180 924	116 092
Insurance result f.o.a.	85 751	74 402	63 001	35 231	-24 732	25 127
Other income	6 838	6 838	7 284	8 363	6 760	7 168
Operating expenses	32 085	32 085	30 778	28 588	22 891	24 049
Technical result f.o.a.	60 504	49 155	39 507	15 007	-40 863	8 246
Net financial income	-28 153	-28 153	7 489	28 281	33 364	1 628
Operating result	32 351	21 002	46 996	43 288	-7 499	9 874
Total assets	1 009 048	1 009 048	905 162	833 133	746 955	720 390
Equity	383 144	383 144	374 396	336 335	301 263	303 691
Loss ratio for own account	69 %	72 %	72 %	81 %	116 %	82 %
Expense ratio	9 %	10 %	10 %	11 %	10 %	12 %
Combined ratio	78 %	82 %	82 %	92 %	126 %	94 %
Gross loss ratio	71 %	74 %	66 %	76 %	98 %	87 %
Return on investment portfolio	-4.4 %	-4.4 %	3 %	5 %	8 %	0
Deviation from benchmark	0.7 %	0.7 %	-0.5 %	0.4 %	-0.1 %	0.2 %

*Figures in tables are before Return Premium

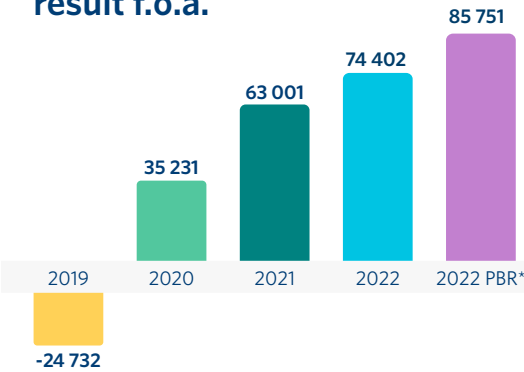
Combined ratio 2022 PBR*



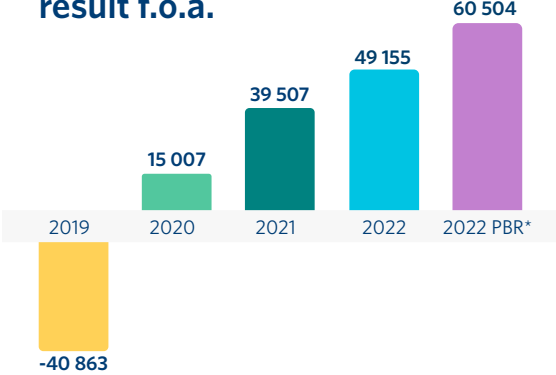
Gross result



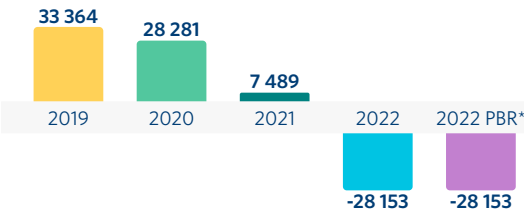
Insurance result f.o.a.



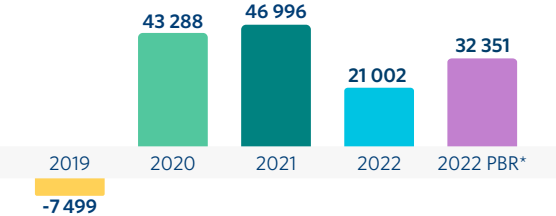
Technical result f.o.a.



Net financial income

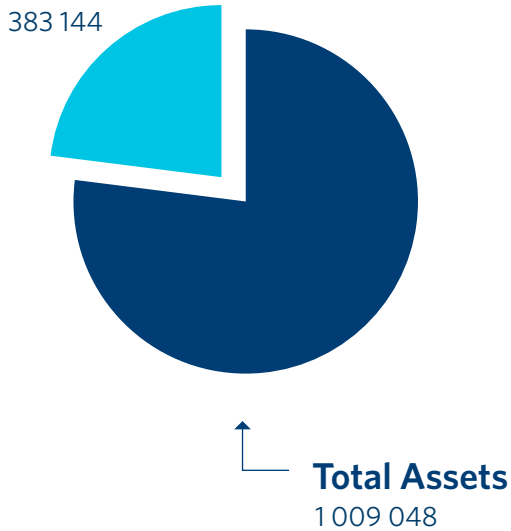


Operating result



*Figures in tables are before Return Premium
PRB = Premium Before Return

Equity

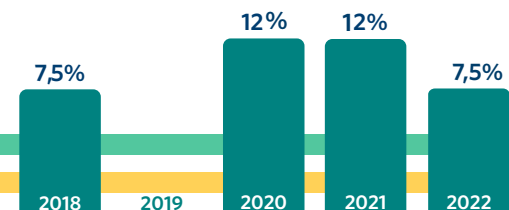




10 639

Vessels insured

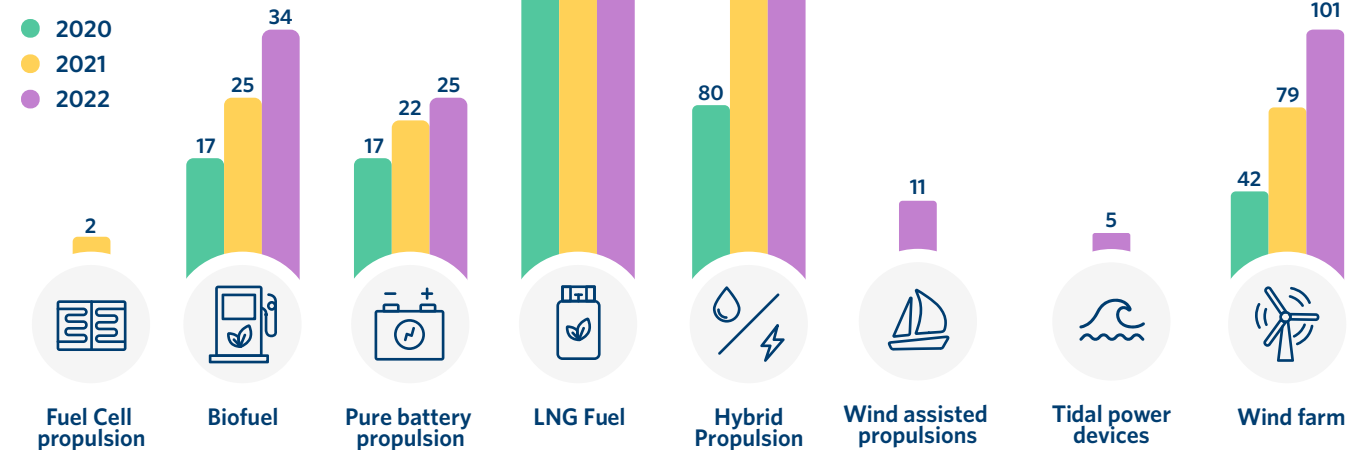
Return premium to members



141 390

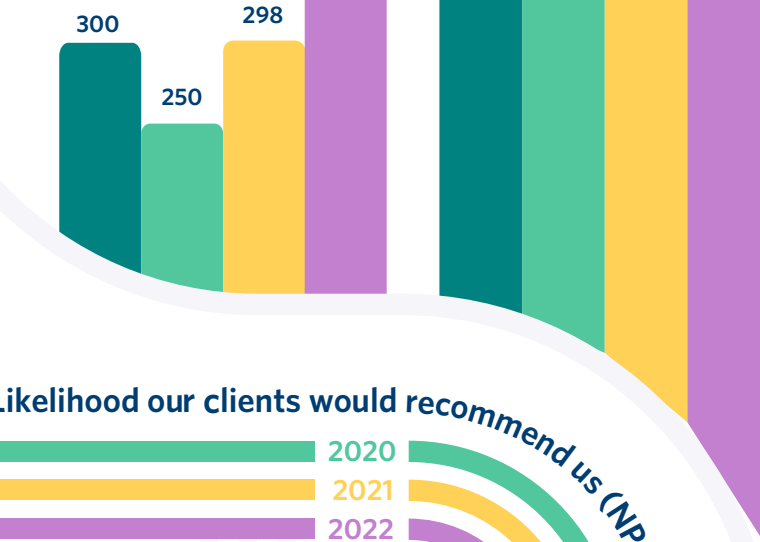
People insured on Medical Plan

Alternative fuels on The Club's books



Claims Lead vessels

Client activities



Likelihood our clients would recommend us (NPS*)



*Net promoter score

The Club's growing portfolio of renewable offshore energy units

Business air-travel emissions

A 39 % reduction on the 2019 total of 1.8m CO₂

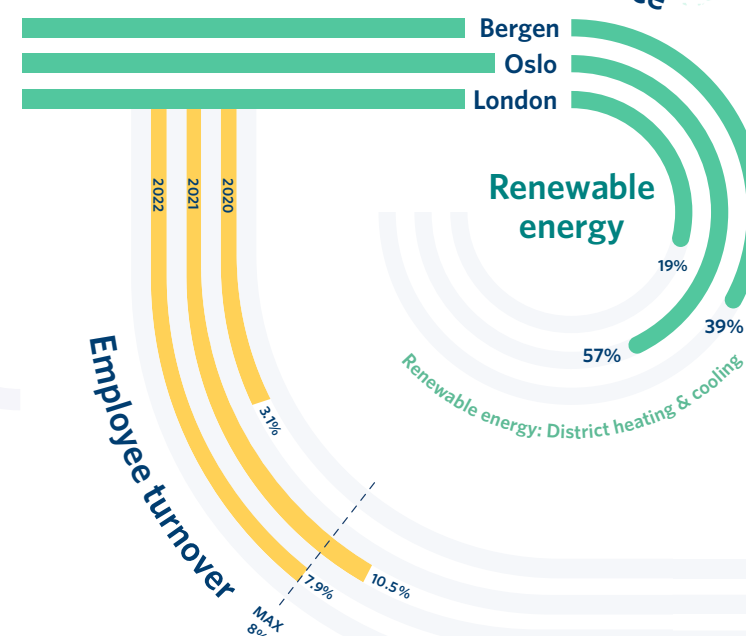


Office energy consumption 2022



Bergen 2589 m² Oslo 1211 m² London 173 m²

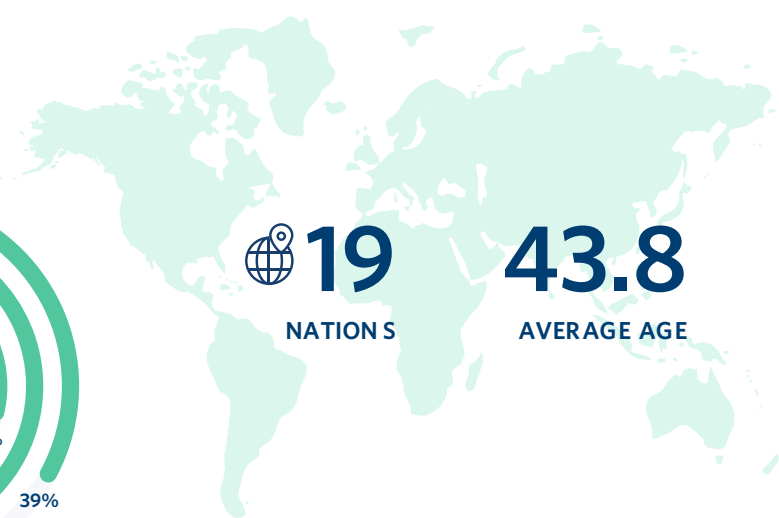
Total kWh consumption per office



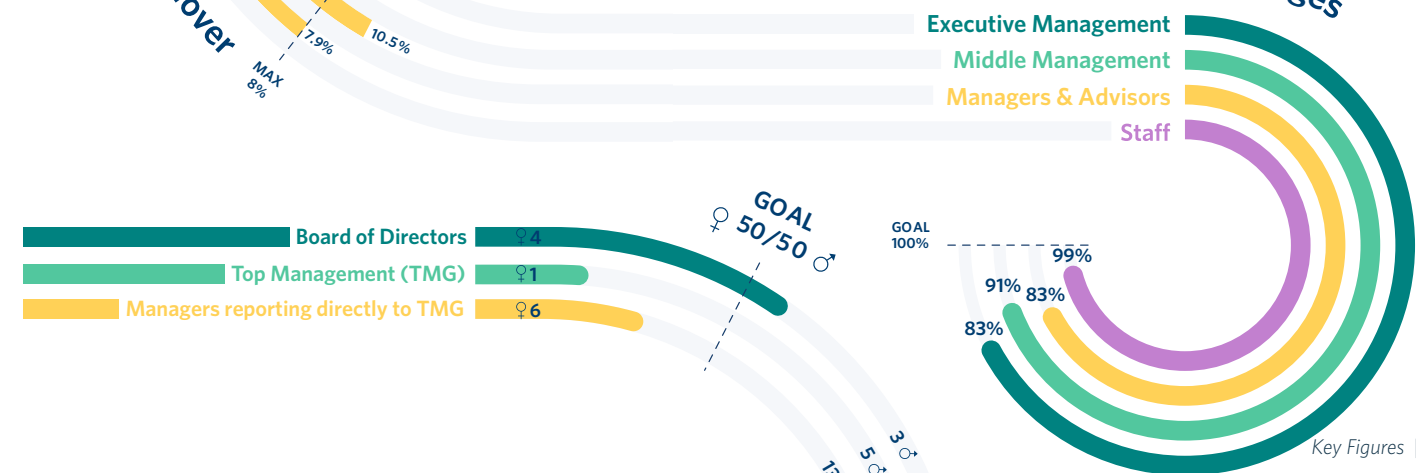
Renewable energy

Renewable energy: District heating & cooling

OUR PEOPLE & OFFICES



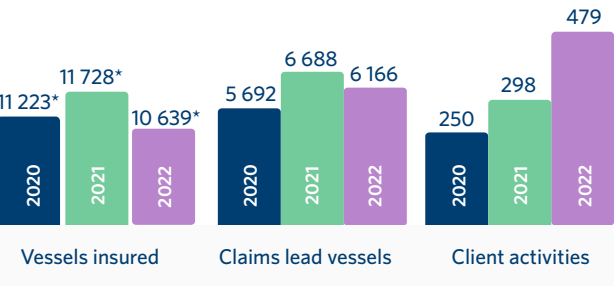
Women's share of men's wages



CONTINUOUS JOURNEY TOWARDS SUSTAINABILITY

Norwegian Hull Club's mission is to secure lives, health, environment and property - its business model reflects this. The Club believes that the claims experience and knowledge it has accumulated over almost 200 years provide a degree of insight and readiness that enable it to help prevent and reduce the negative outcome of unwanted incidents.

Norwegian Hull Club is committed to knowledge sharing and a pro-active approach to loss prevention, emergency response and the claims handling process. This is at the very heart of what The Club believes in and what it does. A 'curious' approach to every challenge is encouraged amongst employees, in keeping with the company's core values. Norwegian Hull Club believes that remaining curious will improve its ability to increase knowledge and assist clients when new risks emerge.



*H&M, LOH, Energy, Yacht and War insurance only

Preventive and mitigating contingency training

In its Loss Prevention programme, The Club works closely with clients to find ways to better safeguard and prevent loss or damage to life, health, environment and assets. Norwegian Hull Club receives and processes around 3,000 claims annually. These provide insight into what can go wrong on-board vessels and energy units, as well as experience of handling emergencies together with clients. Based on this insight and experience, Norwegian Hull Club organises a range of activities through which it can share and discuss issues related to preventing losses, as well as how best to respond when an incident occurs.

Amongst the initiatives is The Club's Loss Prevention Committee, where a broad spectrum of industry and relevant non-industry specialists, clients and members are united in the aim of improving best practice through knowledge sharing.

The committee, consisting of representatives from 35 of The Club's clients, meets biannually to discuss general safety and security challenges, as well as looking into emerging risks. These meetings also generate insight that can be used in The Club's general training programme in which the main activity is the planning and facilitation of tailor made, one-to-one training for clients. These activities include workshops, table-tops, larger training scenarios, seminars and courses for clients' office personnel. It also includes workshops, seminars and courses for clients' crew members at officers' conferences.

Hands-on emergency response and claims handling

When an incident occurs involving a client, The Club possesses both the expertise and the technology to provide experience-based, real-time support. From a dedicated Situation Room, the latest technology is utilised and combined with best practice and knowledge from both in-house experts and external strategic partners. Such real-time situational awareness capability - quickly generated via such channels as AIS-based tracking systems, weather monitoring, satellites and social media monitoring - helps Norwegian Hull Club ensure that its clients are better informed when they need to make crucial, early decisions.

Norwegian Hull Club has developed its toolbox over time and keeps including new resources, both open and subscription based, as well as in-house produced platforms to create swift situational awareness in order to provide a service that harnesses the latest technology. A dedicated team is continuously trained in using the tools in emergency situations



and is an important resource in The Club's emergency response team. This emergency response team also consists of in-house legal, technical and claims resources.

In case of an incident, Norwegian Hull Club will assist the client in managing the crisis, focusing on supporting the client with the aim of minimising the potential for loss of life, injury, pollution and damage to the environment, damage to the vessel, her cargo and other property. In addition to



in-house knowledge and support, Norwegian Hull Club assists by utilising its global network of correspondents, qualified surveyors, legal representatives and other experts as required. Immediate response together with mobilisation of professional salvors is of the utmost importance when handling a casualty, in order to mitigate the potential of loss of life, environmental impact and property damage. Consequently, Norwegian Hull Club is in constant dialogue with the few global salvors in order to secure immediate and timely mobilisation, as well as implementing structures to secure these.

Waste management has become an increasingly important factor in most major casualties handled in recent years. As such, it forms part of the initial strategic considerations conducted by Norwegian Hull Club - together with our members and salvors - immediately after an incident, in order to mitigate the negative potential at a later stage. A four-step waste management plan has been launched and is included in The Club's casualty response procedures.

As mentioned, Norwegian Hull Club typically handles in excess of 3,000 new claims of varying severity each year. This figure is steadily growing and overall severity differs from year to year. It is challenging, therefore, to find a solid, measurable target to aim for. It remains the ambition of The Club to grow its claims lead portfolio as it is strongly believed that the company's hands-on response affects the outcome of a claim

in a positive way. The latest client survey confirms that The Club's emergency response and claims handling service is regarded with satisfaction. A priority target is, therefore, to maintain client satisfaction with the overall claims handling experience. For those clients who have experienced a claim with Norwegian Hull Club as claims lead in the past two years, the satisfaction rate is at 4.57 out of 5, a slight increase on the average score of 4.52 from both 2020 and 2021.

Knowledge sharing

Sharing knowledge is also used as a preventive measure when The Club is called upon to provide operational advice on such challenges as heavy weather, trading in ice / Arctic conditions, war / piracy, cyber, passage planning and special risks. Norwegian Hull Club also provides operational warnings related to heavy weather and security risks. These warnings are shared with all clients and brokers through newsletters, as well as a one-by-one service for vessels sailing in areas with higher security risks.

It is difficult to measure the effect of these warnings, plus the frequency will also vary with the number of events imposing additional risk. The Club, however, has established routines and guidelines in order to ensure warnings of all risks above a certain threshold are distributed.

Additionally, knowledge-sharing is the foundation of The

Club's contributions to officers' conferences. At these, a two-way exchange of experiences and lessons learned between The Club and seafarers and management help increase understanding and learning, particularly in regard to new and emerging challenges.

The Club also has a well-established tradition of publishing Casualty Information Newsletters, which are founded upon The Club's experiences dealing with incidents and cases going back decades. A library of these knowledge sharing, awareness-focused newsletters – which often contain recommended best practices and actions for crew members - is available at www.norclub.com

Decarbonization

Owners and operators face challenges in meeting decarbonization requirements. Owners have to navigate unknown waters when deciding on measures to reduce their carbon footprint at sea. Huge investments are required and important choices have to be made. Many of these choices must be based on predictions, such as what types of fuels will be the optimal choice in years to come? Will it be biofuels, batteries, LNG, LPG, hydrogen, ammonia, methanol, fuel cells? And will these fuels / technical solutions be commercially available and sufficiently safe for crews and their surroundings? Norwegian Hull Club has chosen to support owners and operators in their pursuit of sustainable shipping. This requires The Club to pay attention to the development of future fuels, of the technology that is required to ensure they are safe energy carriers, and to be a proactive discussion partner for owners assessing the various risks they are facing. This is also the case for our participation in offshore wind, a contributor to a new sustainable energy supply with new technology, new suppliers and new operators, among other elements. This segment has a 'certification regime' for quality assurance and quality control, rather than the conventional 'classification regime' in the shipping and offshore sector. Norwegian Hull Club participates in supporting decarbonization by working to help ensure its safe development and operation.

The Club's commitment to the Poseidon Principles for Marine Insurance (PPMI), a framework to quantitatively assess and disclose the climate alignment of marine insurers' underwriting portfolios, is covered under the chapter 'Keeping our house in order'.

Battery power

Battery power in marine applications continues to develop. The Club sees the technology used on ferries on which battery power is the sole energy provider. Likewise, harbour tugs are built utilising the same technology, while hybrid solutions where battery power can be used for power reserves are found on both passenger and off-shore vessels. Ferries, car carriers and and ro-ro / ro pax vessels also add the risk of carrying electric vehicles with increasingly larger total capacities of electric-battery power on board. Lithium-ion batteries are also increasingly used for leisure craft and "toys" on yachts. Working with new technologies presents not only

opportunities but also considerable risks; Norwegian Hull Club continues to actively participate in forums and work to ensure systems, procedures and knowledge of challenges inherent in new technology is attended to on local, national and international levels.

Agile technology enables surveys during pandemic

Survey reports are crucial for proper claims handling and adjusting, as well as owners receiving their rightful compensation in a timely manner. At the beginning of the Covid-19 pandemic, Norwegian Hull Club introduced the "On-sight Connect" remote survey tool from the company Librestream. During the pandemic, this tool could sometimes be the only way for the surveyor to get direct "visual access" to the damage site. It is now becoming an increasingly, readily available tool for survey of damages, and for follow-up surveys during repairs. The tool is available to many of The Club's most-frequently used Survey Companies. The Club has also recently made the tools available to Owners / managers, enabling them to "participate" in the survey, or borrow the tool for their own remote follow/up should they not have the possibility to attend on board. Additionally, with more of a sustainability benefit, it can be used to avoid the travel otherwise required to get on board or to the location of damage repairs. The tool was used for 21 surveys in 2022. Collaboration is a key element where the Norwegian Hull Club Technical department, and / or the claims handler, can participate in the survey, increasing situational awareness, or being able to bring in required specialists necessary on significant and / or complex damages.

Vessel fires

Fires on vessels pose a huge risk to human lives, the environment and valuable assets. Unfortunately, The Club continues to see fires occurring due to leaks from low-pressure fuel pipes, as well as an increasing trend of fires on ro-ro / ro-pax vessels and on container vessels. Some of these are linked to batteries, others to dangerous goods and undeclared cargoes – together, these pose huge challenges to the marine industry. Norwegian Hull Club continues to raise these topics, particularly through Cefor and IUML, reaching out to key institutions such as classification societies represented in IACS, and to the IMO. However, rule-and-regulation based changes in the maritime industry take time and – as with the focus on batteries - focus on fires and their prevention is also highlighted through The Club's Loss Prevention Committee, Casualty Information Newsletters, and experience transfer.

Health insurance and studies

Norwegian Hull Club's fully owned subsidiary, Marine Benefits, offers employment benefit solutions for seafarers through its Medical Plan and related crew covers – being an advocate for innovative crew insurance solutions for the maritime industry. This insurance enables access to quality healthcare, for both crew members and their families, whether at home or at sea. These benefits have proven to bring about positive effects by providing peace of mind for the seafarer and their family, as well as for the ship owner / manager. The products meet all the requirements of the Maritime Labour Convention (MLC)



of 2006, the Amended Migrant Workers Act and the Data Protection Act. More than 140,000 seafarers and family members had medical plan insurance from Marine Benefits at the end of 2022, an increase of approximately 20,000 since 2021. The ambition is to keep increasing this number in the years to come, so more people without a medical welfare system gain access to quality healthcare.

Re:refresh

Marine Benefits also has its own loss-prevention programme. Besides providing access to health care for seafarers and their families, Marine Benefits promotes health and wellbeing for the international seafarer through the Re:refresh health-risk assessment programme. This involves appraising health from a holistic perspective, looking into areas such as living conditions, diet, employment satisfaction, as well as physical and psychological health risks. In this way, the client is given

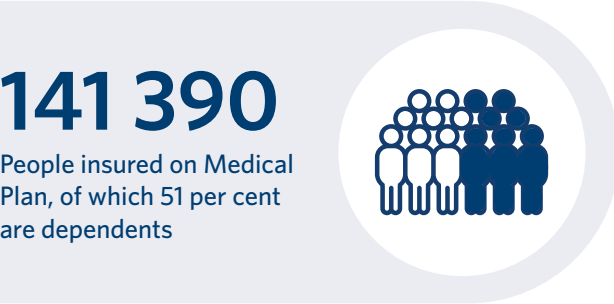
prematurely. By addressing these risks among seafarers, Marine Benefits is part of the global effort to combat such ailments by providing access to health care, promoting health, preventing disease, building awareness and empowering the seafarer and shipping company in regard to health and wellbeing.

Through Re:refresh, Marine Benefits has conducted studies on 20,000 seafarers from India, the Philippines and Myanmar. In October 2020 a similar study, primarily focusing on seafarers' mental wellbeing during COVID-19, was conducted. The input from 17,000 seafarers provided nuanced insight into how crew members have been affected by the ongoing pandemic.

In 2022, Marine Benefits conducted a follow-up study derived from open-ended answers relating to the experiences of seafarers during the COVID-19 pandemic. The results revealed valuable information regarding the health and wellbeing of seafarers two years into the pandemic:

- Approximately 25% of seafarers suffer from mild-to-moderate levels of depression, compared to around 20% in 2020.
- Anxiety among seafarers has increased since 2020, with 24% of seafarers reporting mild-to-severe levels of anxiety.
- Wellbeing levels are higher among those with high engagement scores.

The 2022 results further emphasise the importance of maintaining health and wellbeing within the shipping industry. As seafarers have recently been through difficult times, it is essential to give greater attention to the health and wellbeing components of occupational safety and health (OSH), as well as developing health-promoting mindsets to retain and attract seafarers. Marine Benefits will continuously delve into these results to further understand how to cultivate and maintain higher levels of wellbeing amongst seafarers.



the opportunity to address areas where possible risks are found, while creating awareness and better enabling the seafarer to make healthier choices. Safe, decent working conditions are crucial for a healthy workforce which will, in turn, contribute to economic growth – for the individual sea-farer, the shipping company and the shipping industry as a whole. Seafarers (and people in general) suffer needlessly from preventable diseases and too many are dying

E-psychologist

Due to the results from Re:fresh wellbeing 2022, Marine Benefits introduced improvements to E-psychologist to help increase mental wellbeing among crew members. E-psychologist is an add-on product to the Medical Plan, which gives seafarers all-in-one access to mental health solutions.

Marine Benefits has added new features such as individual psychological tests, digital courses, private consultations, captain and officer advice lines, webinars and workshops. By taking an individual test, seafarers can receive an overview of their mental wellbeing and get recommendations based on their results.

War in Ukraine – Impact on Seafarers

Since the Russian invasion of Ukraine, there has been increased uncertainty in the shipping industry. Marine Benefits expanded its medical plan coverage for Ukrainian members, allowing medical access across Europe, that same month.

A trusted companion on our clients’ sustainability voyages

Central to Norwegian Hull Club’s service concept is an unwavering dedication to providing exceptional solutions, service and support. This approach remains steadfast when faced with the challenges and opportunities that sustainability presents.

The Club strives to help its clients as they make choices for a better future through innovative, enabling insurance solutions. Norwegian Hull Club’s commitment to supporting the maritime and offshore energy industries in the drive towards zero emissions is laid out in its strategy. This commitment is realized through continual development of insurance products and services that cater to these increasingly sustainability-driven industries. This includes Prevention Through Awareness training, hands-on contingency support, as well as

the strengthening of our knowledge and understanding of new risks emerging from greener operations.

Transition through innovative technology

Norwegian Hull Club pledges to support clients with dedicated insurance solutions as they make the transition into new, greener operations - whether it be electrical power, eco-friendly fuel or other initiatives to reduce emissions. Innovation and development of new technology present a greater risk for incidents, whether it is the likelihood of them happening, or the lack of necessary means for mitigation, or the lack of facilities or necessary equipment for repair.

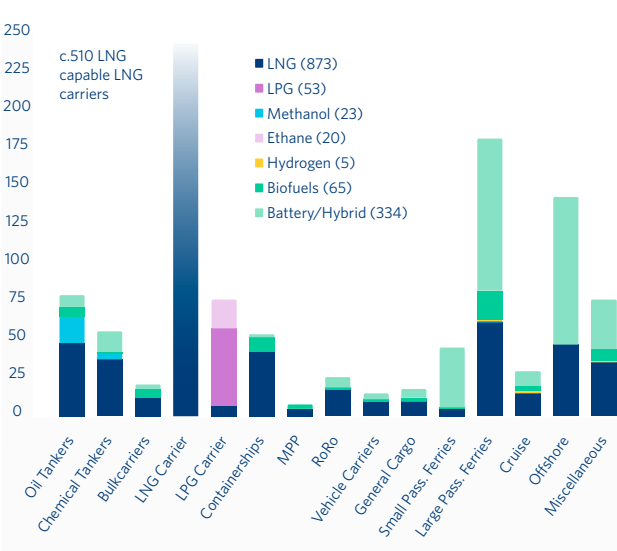
The road to a successful transition to a more sustainable future is filled with innovation and technology that have not yet been exposed to all possible scenarios of its normal operation. It is, however, the only feasible way forward, and the additional risk of developing the solutions for a better tomorrow for all of us shall not rest with the developers and forward-leaning operators, ship owners and managers alone. This is a risk shared by all industry players and Norwegian Hull Club is committed to playing its part in the journey by striving to develop the necessary insurance solutions that keep its clients covered.

The Club is building on its experience with exhaust gas scrubbers, battery propulsion and LNG fueled vessels. In 2022, 1,142 vessels in The Club’s portfolio had installed exhaust-gas scrubbers. Norwegian Hull Club insured 25 vessels with pure battery propulsion and another 180 vessels with hybrid power. Fires in batteries are hard to extinguish, making such blazes a particular concern. The Club has experience with two fires involving propulsion batteries, two electric cars on car carriers and two fires in batteries in cargo and fires in conventional battery rooms. As for LNG, most of The Club’s experience is based on LNG-tankers; however, LNG is increasingly being used as fuel on other types of vessels. The Club insured 175 vessels in 2022 that can be fueled by LNG in addition to LNG

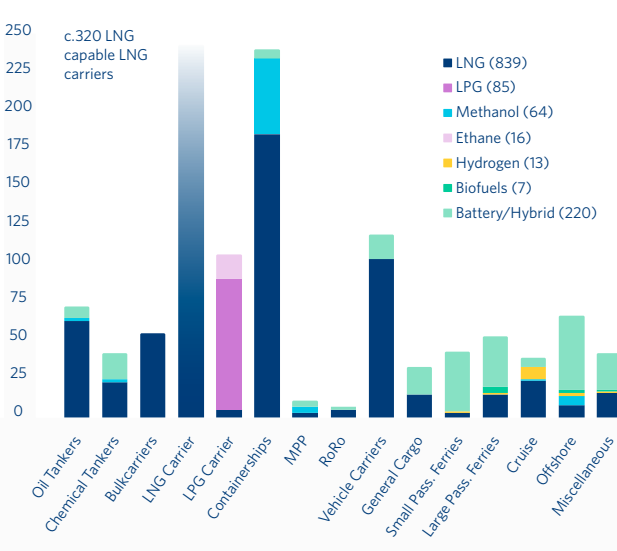
Alternative Fuels: Current Uptake by Sector

LNG Fuel Gaining Traction but huge uncertainty over longer-term ‘Solution’

Fleet (100+ GT) Using Alternative Fuels



Orderbook (100+ GT) Set to use alternative Fuels



Source: Clarksons Research, Data As of January 2023. Biofuel* includes vessels reported to be using or designed for biofuels; many other vessels in the fleet are also capable of using biofuel blends. All ethane fuelled vessels are ethane/LPG or 'multigas' carriers. Large ferries includes all RoPax vessels and passenger ferries above 200 passengers.



Fuelling Transition: Tracking the Economic Impact of Emission Reductions & Fuel Changes

tankers. It is, however, worth noting that with current LNG prices, there have been indications that many LNG-fuelled vessels are using fuel oil instead of LNG. Norwegian Hull Club has also been involved in members’ testing of biofuels and insured two vessels designed to use this fuel. Eleven vessels using wind assisted propulsion (Flettner Rotors, Kites, Sails and Wings) and 42 vessels using air-lubrication systems to reduce friction were also on The Club's books.

So far, the experience from a technical standpoint has been positive. Clarksons Research has strong focus on CO2 emissions and the ongoing energy transition and has produced statistics (see table above) on the update of alternative fuels by sector.

Transition through new regulations

Norwegian Hull Club pledges to develop new, innovative insurance solutions tailor-made to respond to the risks its Clients meet through new rules and regulations, or as a result of their choices on their journey towards zero emissions.

The transition to a more sustainable tomorrow will unfortunately not be possible if based solely on voluntary initiatives. Regradless of the good intentions, The Club is dependent on “carrots as well as sticks” to reach the zero-emission goals. The threats imposed by the risks of continuing to increase the global temperature have not had the impact necessary to make humanity change. We are dependent, therefore, on international, regional and national legislation to gently push us in the right direction. Such legislation might

impose additional risk to Norwegian Hull Club's clients as they adapt to and change operations to meet requirements.

A sustainable approach to conducting business requires taking a larger responsibility also for one's value chain. Norwegian Hull Club will develop insurance covers to support its clients as they take the necessary measures.

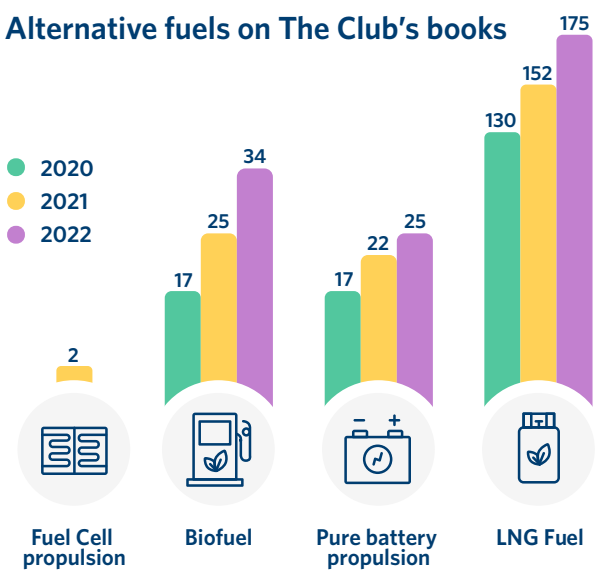
Transition through renewables

Norwegian Hull Club pledges to strive to follow its existing clients into new segments within marine and offshore energy, such as wind farms, solar or tidal energy. The Club shall also grow its Renewables portfolio.

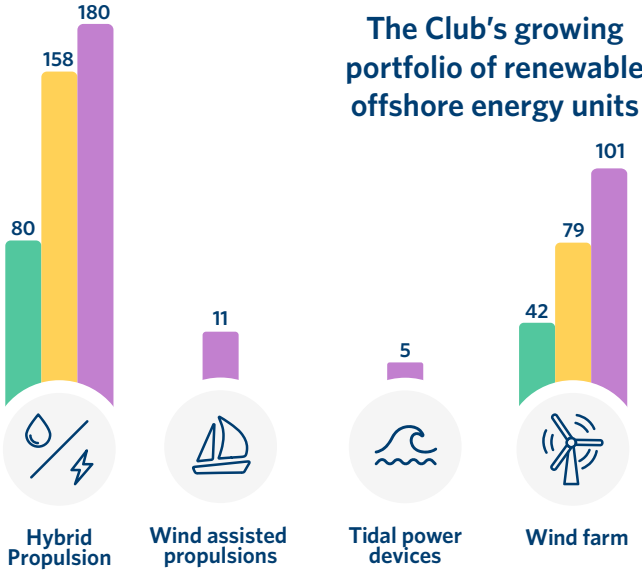
The need to transition to a more sustainable economy and low carbon future is a pressing one. The focus on developing a climate-neutral energy mix has gained substantial attention and support globally. Norwegian Hull Club, through its Offshore Renewables products and services, supports those clients and members involved in developing, establishing, operating and servicing the offshore energy industry - both for today and for tomorrow.

Working with new technologies presents opportunities but also considerable risks. Norwegian Hull Club utilises its substantial experience from offshore and marine operations to provide specialist risk-transfer knowledge through a tailor-made service concept for renewables. The Club continues to increase its Renewables portfolio and now insures 101 offshore wind farms either in operation or under construction.

Alternative fuels on The Club’s books



The Club's growing portfolio of renewable offshore energy units





Transition through insight

Norwegian Hull Club pledges to continue to explore statistics and delve into new technologies to better understand claims trends and possible emerging risks. The Club possesses a large amount of data and statistics generated from years of claims experience. Combined with information from databases containing vessel specifics, travel patterns and other data, these provide insight needed to identify patterns that can reveal claims trends such as manufacture errors, increased likelihood for specific claim types for specific propulsion, or increased fire risks. This insight is used for selection and pricing but is also used to generate benchmark reports to clients. The reports benchmark clients' claim frequency, claim type, detention frequency, RightShip rating, detention frequency, insured values and CO2 emissions to similar vessels in The Club's portfolio.

Aware that even the most valuable knowledge is worthless unless it is shared, Norwegian Hull Club has initiated several in-depth studies and knowledge sharing across the broader marine industry, and will continue to do so by remaining curious, and by exploring and investigating statistical facts. Statistical findings are often shared through the Cefor annual reports. More detailed findings are shared through The Club's casualty information library available on its website at www.norclub.com/insights

Transition through smarter solutions

Norwegian Hull Club and its subsidiary Instech Solutions pledge to utilise new technology and develop software solutions to simplify the placing of insurance, improve the claims handling process, ease the survey process, quickly provide critical information in emergency situations and reduce the complexity of compliance, such as Know Your Customer (KYC).

With safety, security, transparency and efficiency as drivers, Norwegian Hull Club and Instech Solutions are building upon almost three decades' experience of improving marine insurance processes through digital solutions. Although technology is always evolving and has an increasing effect on our daily lives, it has so far had limited development and impact on marine insurance business.

The challenge of a fragmented market with many stakeholders and little to no standardisation makes any digital initiative challenging. As there are few tailor-made solutions for marine insurance, Norwegian Hull Club has decided to take on the challenge to delve into new technologies to simplify placing of insurance and understand claims trends and possible emerging risks. To take development further, it is important to challenge the marine insurance value chain, and study where improvements can be made. This requires standardisation of data and processes prior to developing new solutions. Instech Solutions continues to develop a technical platform which promises to be "the smarter solution" for marine insurance. The solutions made available for Norwegian Hull Club are available on norclub.com, and will further be available on My Norwegian Hull Club which will provide ease of use,

transparency, collaboration and communication, all in one infinitely expandable future-proof toolbox. All development is carried out in close collaboration with clients, brokers and other stakeholders to ensure that software solutions are developed in line with their expectations. One example is placing war risk and improving claims handling. New emergency tools for swift overview of a critical situation are in place, improving Norwegian Hull Club's ability to act quickly and reduce the potential for huge losses that can have a detrimental environmental impact. Further tightening the bonds between stakeholders involved in a claim is crucial, and new solutions are underway. This provides the opportunity for remote survey and online reporting using standardised tools, reducing the need for travel, speeding up the claims process and increasing the quality of work for all involved parties.

Norwegian Hull Club has also automatised the placing of war risks to improve availability, quality and reduce manual work. Finally, Norwegian Hull Club is also committed to working with the marine industry to evaluate how it can work smarter, improving services and quality for those it serves while trying to solve one of the top priorities of various digital transformation efforts: data standards.

Transition through partnerships

Norwegian Hull Club pledges to be a trusted companion to its clients. We shall listen, ask questions and assess how we can best support their sustainability journeys. Through our Loss Prevention Committee, Cefor, IUMI and other partnerships, The Club shall work to fulfil its Mission and promote best practice and the importance of sustainability throughout the industry. Norwegian Hull Club is a signatory to the Poseidon Principles for Marine Insurance. Through this relatively recently launched initiative, The Club can help influence how the insurance industry contributes to the transition to greener operations.

Social responsibility - Cooperation for the future

Cooperation and partnerships are vital to reaching our shared goal of a more sustainable future. Voluntary organisations are driving forces for a more equal world. Norwegian Hull Club has a long tradition of engaging in partnerships and sponsorships that work towards global sustainability, with a particular focus on engaging in initiatives that support the company's knowledge-sharing concept, especially access to education. In addition, The Club invests time and knowledge sharing in various maritime organisations and projects.

Cefor: Norwegian Hull Club is a member of Cefor – The Nordic Association of Marine Insurers. Cefor's purpose is to represent members' common interests in the field of marine insurance, contributing to a sustainable ocean industry. The Club engages in Cefor's Board, various forums and working groups, as well as contributing to its educational programme through the provision of lecturers and lesson material. Together, the Nordic Marine Insurers support Cefor's efforts to influence industry framework conditions and share a vision for a sustainable insurance market. Cefor members have commonly entered into a long-term partnership to support the Scandinavian Institute of Maritime Law at the University of Oslo. Since 2019, the Cefor members secure an associate

professoriate position for ten years. The cooperation with the institute is important for upholding Maritime Law knowledge development in the Nordic countries. The institute contributes to revision of marine insurance conditions and special considerations for the industry.

Maritime Cyber Resilience Project (MarCy): The primary objective of this research project is to develop validated means for improving cyber resilience of maritime digital control systems and maritime operations. The project is run by the Norwegian University of Science and Technology (NTNU) Department of Information Security and Communication Technology, partnering with Norwegian Hull Club, Norwegian Defence University College, DNV and Kongsberg Defence and Aerospace AS.

Statsraad Lehmkuhl: In August 2021, the sailing ship Statsraad Lehmkuhl embarked on its first around-the-world voyage. The 19-month voyage - named “One Ocean” - is a national cooperation between a range of companies and educational institutions, and an official part of the UN’s Decade of Ocean Science for Sustainable Development. The ship will visit 35 ports around the globe with a focus on ocean sustainability and knowledge sharing. Norwegian Hull Club has had a long partnership with Statsraad Lehmkuhl and is also engaged in the main committee, the security committee and the PR committee for this voyage.

Vocational training in Garowe in Puntland, Somalia: Through Norwegian Church Aid (Kirkens Nødhjelp), Norwegian Hull Club contributes to a project that carries out preventive efforts on land to fight piracy in Somalia. The project creates an alternative career to piracy through information vocational training. The project also follows up on former pirates to help prevent a relapse into piracy.

Micro investing in Tanzania: Norwegian Hull Club also supports a second project run by the Norwegian Church Aid. Their micro investing project in Tanzania helps peasant farmers become profitable, thereby helping prevent poverty, hunger and malnutrition. Through the project, such farmers can invest in reasonable start kits for sustainable farming that are also better for the agricultural land. The project gives access to support and advice from agronomists, so that these farmers attain new knowledge while contributing to reducing hunger.

Thade School Project in Thade, Nepal: The Thade School Project offers all children in the district equal opportunities of primary education. Due to discrimination and social exclusion in Nepal, it has been difficult for children in poverty to acquire an education. In addition, the closest primary school outside of Thade is located more than two hours walk away, making it difficult for Thade children to attend school. As well as tuition and school supplies, the project also provides daily nutritious meals to all students. This is a strong incentive for those families suffering from poverty to enrol their children at the school. The Thade School Project is run by two sister organisations based in Sweden and Nepal.

The Church City Mission in Bergen, Norway: This is an inclusive, non-profit organisation, which works with people who face challenges in life for various reasons in towns and cities across Norway. The vision of the Bergen mission is that people in the city shall experience respect, justice and care. Norwegian Hull Club has chosen to directly support its initiatives that help people that have fallen out of working life to get job training and experience.

Mercy Ships: Mercy Ships runs and operates the world’s largest charity hospital fleet, with the mission to bring medical assistance to those with the least access to safe, affordable and timely surgical care. The organisation mainly operates in Africa due to the lack of professional surgery south of Sahara, with more than 1,300 volunteers representing over 50 nations. The diverse crews consist of medical staff, as well as many non-medical staff, enabling Mercy Ships to provide safe, free surgical care to people who need it most.

Gi Gaven Videre: Through a new software called Gi Gaven Videre (“Forward your gift”), Norwegian Hull Club started a new tradition at Christmas 2019. Rather than sending out Christmas gifts, all employees receive an electronic donation ‘gift card’ which they can forward to one of a number of good causes. Gi Gaven Videre is a new, non-profit initiative and the receiver of the gift card can choose amongst more than 100 local, national or global non-profit organisations. Norwegian Hull Club has continued using Gi Gaven Videre for Christmas gifts to employees, as well as for anniversary gifts to clients and relations. Encouraged by Norwegian Hull Club, Gi Gaven Videre launched its English version just before Christmas 2020, and The Club intends expanding on its use of this charitable gift solution.

YoungShip Bergen: This is a competence and network-building non-profit organisation for young professional maritime employees in the Bergen area of Norway. The organisation has more than 250 members from over 70 different companies within the maritime industry.



PEOPLE AND THE WORKPLACE

At Norwegian Hull Club, the ‘difference is the people’ – the success of company depends on dedicated, engaged, forward-leaning team-members. This is why The Club is committed to creating a fantastic company culture. A diverse, desirable work environment where knowledge, experience, potential and commitment combine to encourage innovation and superlative service will ultimately benefit our clients and members. People are at the very heart of fulfilling The Club’s ‘Expect more’ promise.

The Club’s talent

Norwegian Hull Club seeks to differentiate itself from its competitors via the skills, knowledge, experience and extraordinary dedication to service possessed by its employees. These qualities, when taken with the core value of ‘sharing’ - particularly when it comes to knowledge - have helped to forge the long-term client relationships that Norwegian Hull Club depends on at a strategic level. In doing so, they have also helped cement the company’s reputation within the marine and energy offshore insurance market, acting as the foundation for The Club’s ‘Expect more’ promise.

An attractive employer with dedicated employees

Attracting, developing and retaining highly competent employees is crucial for reaching The Club’s overarching objectives, for executing strategies and for implementing changes in the organisation. Through continuous development of its culture, knowledge and employee behaviour, The Club will continue to deliver on its ‘Expect more’ promise.

The overall policy for people in the organisation entails:

- Understanding that the company’s success depends on the skills, motivation and attitude of its employees;
- Offering good, stable working conditions, competitive terms

and equal opportunities for personal growth and development;

- Involving employees in the planning and efficient execution of activities;
- Promoting cooperation, knowledge sharing and team spirit throughout the organisation.

The Club will focus on developing a culture characterised by diversity, transparency, openness and trust, and ensure its employees are also relevant in the future. In 2021, employee turnover was 7.9% - lower than in 2022 and in line with the organisation’s goal (less than 8%). Focus on and actions to retain personnel will continue going forward.

Health, Safety and the Environment (HSE)

The company structures its HSE work around several processes and activities, with different tools for both identifying and assessing any HSE challenges. It has also developed a system that enables employees to “whistle-blow” anonymously.

The Club’s employees have full freedom of association. Employee representatives are engaged by the company on a regular basis. Employees are represented in the governing bodies, being voted for by their co-workers. Working environment issues, both physical and psychosocial, are also integrated in the employee satisfaction survey, which is conducted every two years among all employees to identify matters that require special attention. The response rate in 2022 was 95%, while the general satisfaction score was 4.4 (out of a possible 5.0).

To complement the biennial working environment survey, The Club also conduct more regular PULSE surveys. This is a tool for all managers to receive feedback from their employees on a more regular basis. PULSE surveys are run three times



a year, and The Club also considers this tool to be important for meeting and monitoring a more hybrid working life going forward. General measures to promote health and a good working environment also include:

- Annual medical check offered to all employees;
- Company Sports Club that organises a wide range of activities;
- Company Social Committee that organises social activities throughout the year;
- A yearly company contribution to employees for their individual physical training activities.

Learning and development philosophy

Norwegian Hull Club is a competence-based company. The office as a place to work and meet has traditionally been the most important arena for interaction, culture and competence building.

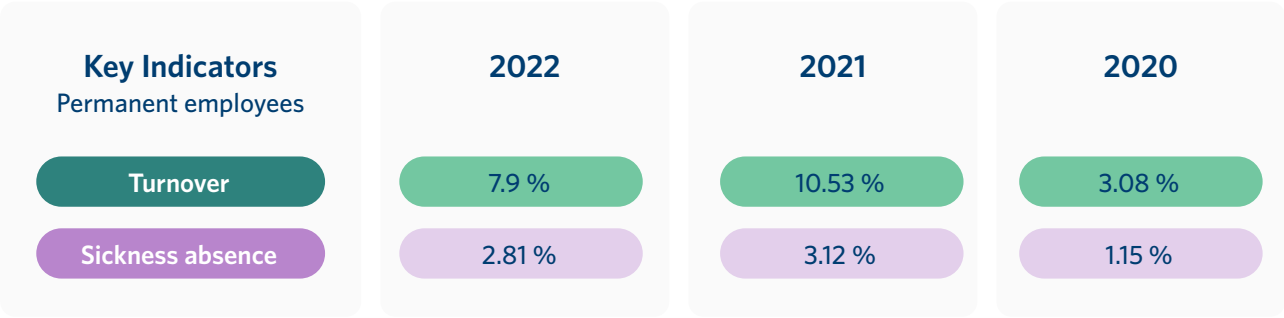
At the same time, The Club sees that working life going forward will increasingly be characterised by individual flexibility and the possibility to work from places other than permanent office spaces. The most essential elements regarding development happen daily in the workplace. The Club puts great efforts into such ‘development from within’, providing employees with career development and growth opportunities. This is an important leadership responsibility and, based on the feedback from the working environment survey in 2022, competence and development will continue to be a major company focus.

The Club will further strengthen, structure and communicate the various opportunities for learning and development, keeping in mind its learning philosophy based on findings that 90% of employees’ learning happens in the workplace.

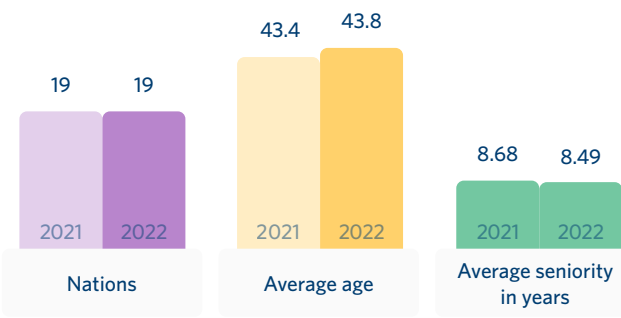
Career development opportunities are also important for promoting the attractiveness of the industry in general. Through the biannual appraisal process, development opportunities and goals are discussed and planned.

- In 2022, 22 employees were promoted (eight female, 14 male);
- The Club hired five students in 2022 on internship programmes;
- In 2022, The Club had eight employees on temporary contracts.

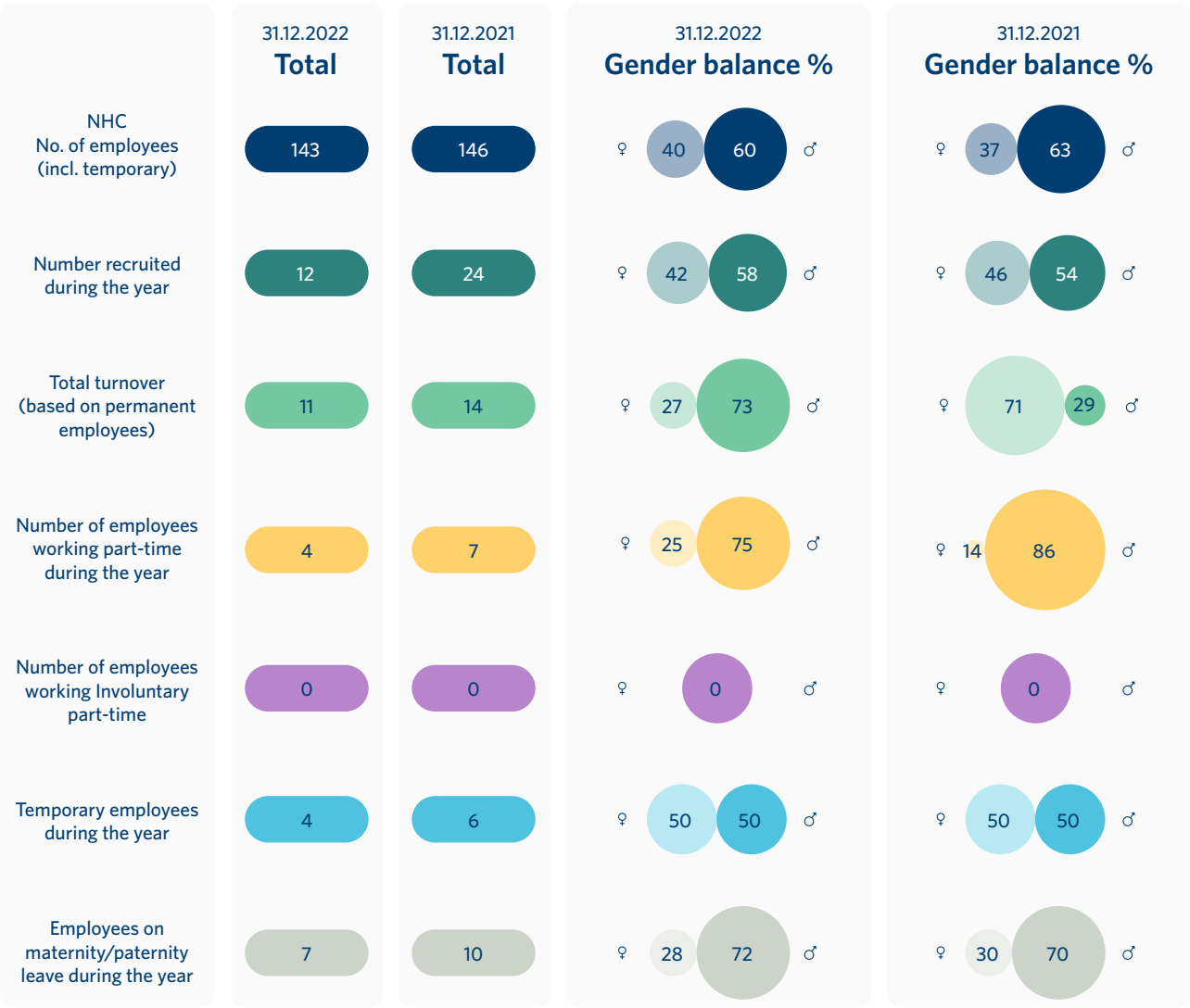
Norwegian Hull Club’s Internal Academy focuses on structuring and aligning leadership development and employee development. The Internal Academy is an arena for developing and strengthening a common culture across departments, as well as being an important arena for



Key Indicators Permanent employees



Employee overview / gender balance - 2021 / 2022



knowledge sharing. It is also an important part of The Club's onboarding and strategic competence development processes. Through the Internal Academy, a wide variety of training activities are organised and offered.

External development processes
External programmes have become an important, integral part of leadership succession pipeline planning, as well as the strategy for company development. External programmes must be compatible with the company's values and desired leadership culture standards. Each year, Norwegian Hull Club has participants on the AFF Accelerate programme as a structured element in developing leaders and, in 2022, The Club also participated at the Solstrand programme.

Through its agreement with AFF, The Club also offers coaching for individual development, aimed at both leaders and key personnel.

Equality and diversity work
In order for Norwegian Hull Club to achieve its goals of being an attractive employer and delivering the best service to its clients, it strives to build a diverse team with a wide variety of experience and educational backgrounds, ages, nationalities and gender. Differing viewpoints, together with the wide-ranging personal and professional skills that characterise such diverse teams, can offer new perspectives that inspire The Club to further innovate and evolve.

The Club's diversity and equality focus began in 2016, when the Top Management Group (TMG) took active action towards diversity and – in particular - gender equality. Today, employees have an age range spanning from 23 to 70, boasting a broad spectrum of educational backgrounds.

The Club has succeeded in recruiting motivated people from 19 different nations around the world. However, closing the gender gap - both in terms of representation of women on management levels and of salary imbalance- remains a challenge on which a dedicated focus is maintained.

The proportion of women in senior roles at Norwegian Hull Club has gradually increased in recent years but the goal to recruit and promote more women to senior positions remains. Increasing diversity and inclusion starts with management commitment and role modelling. Therefore, Norwegian Hull

Overview of men and women in management positions



Club works to increase awareness of unconscious bias, as well as mitigating bias, in business and people decisions. It is fundamental to have managers at all levels who are aware of the value that diverse, inclusive teams bring to the company. The role modelling of such teams is important for supporting The Club's development towards gender equality and further inclusivity.

Norwegian Hull Club embraces flexibility, realising that this is a necessary element in balancing and combining home-life and work. All employees are offered equipment and economic support to set up a well-functioning home office. Since 2019, Norwegian Hull Club has reported on gender equality and diversity by attending the SHE Index. The SHE Index is a catalyst for encouraging companies to focus on gender balance in leadership and the workforce, compensation and work / life balance. By joining the SHE Index, an active step towards gender equality has been taken. In 2022, Norwegian Hull Club scored 68 out of 100 – a seven -point increase from the year before.

Other concrete actions taken towards diversity relate to revising the entire recruitment process in order to appeal to a more diverse group of candidates. The Club also interviews all employees who resign from the company, systematically analysing the responses to identify the main motivation behind their decision.

During the spring of 2022, The Club also conducted a diversity survey among employees and discussed the results in a company-wide workshop. Norwegian Hull Club realises that building a completely gender-balanced workforce takes time, and the work towards this must be systematic and consistent. The eventual goal is a workforce with 50% women and 50% men. In addition, The Club's ambition is to continue to build diverse teams in terms of experience, nationality, age and background.

Norwegian Hull Club believes that its company culture and its policies, combined with a competitive benefits and reward package, will contribute to attracting diverse talent and build an organisation of even greater inclusivity.

Women's share of men's wages in %	
Executive Management	82.51 %
Middle Management	91.22 %
Managers & Advisors	83 %
Staff	99.1 %
Grand Total	74.15 %

IT STARTS AND ENDS WITH THE PEOPLE

SEAFAREERS represent the backbone of global trade and are, as such, its most valuable-yet-vulnerable element. Without qualified seafarers, global trade would be hugely impacted negatively, with accidents inevitably soaring.

In the current situation with a projected shortfall of seafarers, further escalated by the ongoing war in Ukraine and the impact of the COVID-19 pandemic, it is of paramount importance to ensure healthy, happy and loyal crews to safeguard global trade.

Accidents and shortage of crew

History has shown the significance of crew retention and loyalty within the shipping industry, particularly witnessed in the challenges that were faced between 2004 and 2009. During this period, H&M claims frequency reached an all-time high. The shortage of seafarers and the simultaneous expansion of the global commercial fleet made it increasingly difficult to hire qualified seafaring personnel. At this time, Marine Benefits was established to provide a tool with which to attract and retain seafarers.

The development of more advanced ships, coupled with a growing shortage

of crew, resulted in a high number of partial losses.

Typically, human error is the root cause of many accidents. Factors such as stress, depression, anxiety, fatigue and other aspects of wellbeing can also contribute. Investing in proactive wellbeing measures can therefore be a significant contributor to mitigating such accidents. Cultivating and maintaining the health and wellbeing of personnel is not only vital for crew retention but also for safety at sea.

Insights gained

During the COVID-19 pandemic, insights were gained regarding health, wellbeing and claims frequency. Due to COVID-19, crews worked more consistently together, which led to an improvement in communication, increased happiness, as well as a decrease in accidents according to Marine Benefits' Re:fresh wellbeing study. At the same time, the overall H&M accident frequency was at an all-time low. When compared to the attrition rate, the correlation is 81%, with a probability value of 0.001. The correlation between the shortage of officers and partial claims underscores the need to recruit and retain crew

**THE BACKBONE
OF GLOBAL
TRADE**
*Prioritising
the health and
wellbeing of
seafarers is essential*

members. As the current shortage of seafarers increases, it is imperative that the shipping industry prioritises the protection of this essential group. By 2027, there will be an estimated demand for at least 60,000 more seafarers, which will not be met by the current supply. Based on the recent study conducted by Marine Benefits, Re:fresh Wellbeing 2022, an additional 14% of seafarers are contemplating leaving the profession.

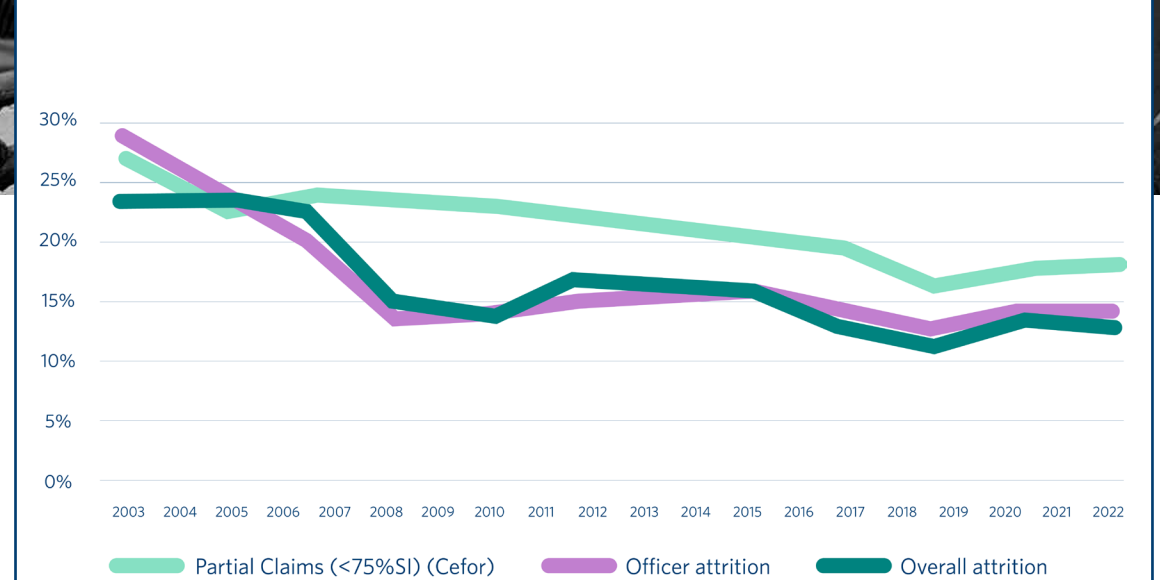
Key driver for retention

Fostering a healthy mindset, especially when family and dependents are included, can lead to increased crew retention, as well as reducing accidents.

Knowing that health benefits are considered a key driver for retention, the investment in such benefits may directly link to the ship's safety. When seafarers are holistically healthy – mind, body, and soul – there is less risk



Claims rate vs. seafarer attrition



onboard. Investing in the protection of the seafarers and their families does not only benefit crew retention but also aligns with the aims of The Sustainable Development Goals (SDG), Corporate Social Responsibility (CSR), and the Environment, Social, and Governance criteria (ESG). By taking care of the people at sea, the industry can work towards a more sustainable future while fulfilling its social responsibility to protect employees.

The Future

Looking ahead, prioritising the health and wellbeing of seafarers is essential. Due to the current global situation, there is a reduced interest in leaving home, an increased availability to work ashore, plus many seafarers from major labour-supplying nations are at stake due to the war in Ukraine. Re:refresh wellbeing also revealed that, in 2022, depression and anxiety increased amongst seafarers. As we continue

to face the largest shortage of crew in history, it is imperative that the shipping industry protects seafarers. Developing safe environments, both physically and mentally, is crucial. This will not only encourage seafarers to remain in the profession but also attract new and qualified talent.

We must take care of the people that are driving the shipping industry. It is time to act and look ahead – with people in mind.

KEEPING OUR HOUSE IN ORDER

As a financial institution subject to regulatory governance, Norwegian Hull Club complies with a number of requirements regarding governance and organizational structure, financial strength and operational issues, in addition to standard business enterprise considerations and compliance regulations.

The European Solvency II regulation defines the responsibilities of the Board and management. It has specific requirements for independent compliance and control functions.

Solvency II also has specific requirements regarding financial strength. The Club's capital is substantially above this requirement. In addition, Norwegian Hull Club has chosen to be rated by Standard & Poor's in order to obtain a financial strength rating that is widely acknowledged globally.

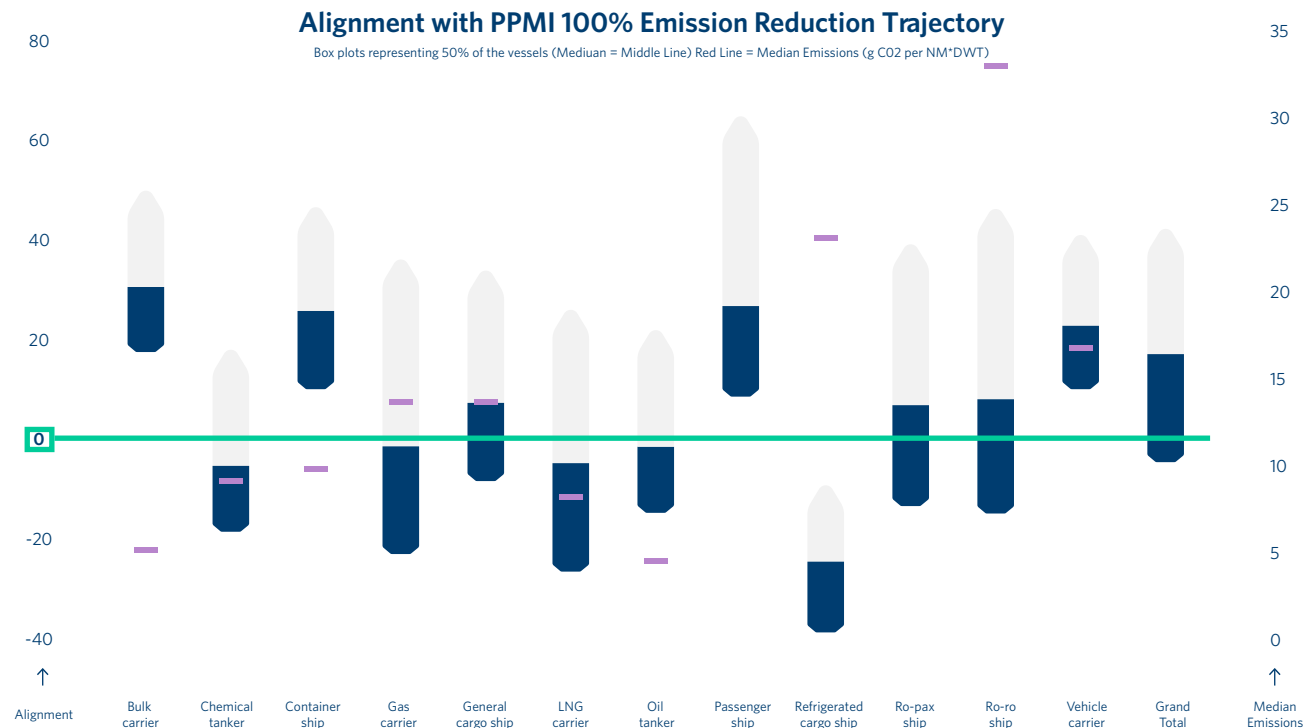
Managing financial strength is key to providing first-class insurance protection and other services to clients.

Over the past few years, awareness of sustainability and ESG (Environmental, Social and Governance) issues have increased substantially, both among businesses and governments. This is a wide and complex area but 'keeping our house in order' is an important part of The Club's sustainability efforts. Using as few resources as possible in the operation, knowing business partners - both clients and service providers - as well as limiting cyber risk and protecting business partners' data, are all important issues in a sustainability context and make sense commercially.

Geopolitical development in 2022, in particular the war in Ukraine, has clearly shown the importance of knowing the business partners and protecting against cyber risk.



The Club's premises in Lime Street, London



Corporate governance and compliance

Norwegian Hull Club conducts its business and operations with the greatest integrity and to the highest ethical standards. These elements are embraced by the entire organisation. Integrity is also one of the core values of the company. The Club has a comprehensive risk management and internal control framework to systematically identify, assess, manage and communicate risks throughout the organisation.

Clients and business partners can trust that Norwegian Hull Club conducts its business with a high level of responsibility, respect, and transparency and in accordance with the laws, legislations and standards presented in the model on the previous page.

Responsible investments

Norwegian Hull Club is - and aims to remain - a responsible investor. Active corporate governance, international conventions and integration of sustainability topics into asset management form the basis of responsible investments.

The foundation of Norwegian Hull Club's investment philosophy is the conviction that strong corporate governance, combined with a focus on environmental and social issues, is instrumental for long-term profitability. The best investments over time are those made in well-managed companies that - in addition to strong business performance - apply a systematic and integrated approach to sustainability to protect and grow future cashflows. Such companies will also be best able to manage risk associated with ESG issues. Sustainability and ESG are, therefore, integral parts of the investment manager screening and selection process.

Norwegian Hull Club uses third-party asset managers for

security selection, through funds and discretionary mandates. Responsible investment is a key consideration when selecting external asset managers. In general, asset managers continue to improve their abilities within the field of sustainable investments as clients and society increase expectations. Norwegian Hull Club primarily seeks external asset managers that:

- Are signatories to UN Principles for responsible investments (Norms-based screening)
- Are transparent about ESG issues
- Apply a systematic and integrated approach to sustainability factors in their investment processes (ESG integration)
- Report on ESG
- Seek investments with positive ESG effects that do not require financial trade-off

Climate risk

Globally, natural catastrophes are already the fifth biggest cause of marine insurance claims, by frequency and severity according to a recent AGCS analysis¹. It has been projected that extreme events, such as major tropical cyclones, flooding, wildfires and heatwaves, will increase in frequency and intensity going forward. Various statistics already that the number of extreme events is on the rise. Consequently, climate risks² are high on the agenda for Norwegian Hull Club and included in the Board's own annual risk and solvency assessment. The assessment concluded that the main short-term effect identified was related to inflation, which is likely to be exacerbated by the transition to a green economy. Longer term, the assessment acknowledges larger changes in risk, due to increased frequency, severity and volatility of extreme weather events.

Due to this and the possibility of increases in frequency and

size of claims, Norwegian Hull Club will continually monitor and assess climate risk together with the evolvement of guidelines/tools from external sources and supervisory authorities. The Club has also implemented various actions to better assess climate risk and its impact on business including the underwriting, claims handling, loss prevention and investment management processes.

Sustainable practices through the value chain

Poseidon Principles for Marine Insurance

The Poseidon Principles for Marine Insurance (PPMI) were launched in December 2021 and implemented in 2022. Norwegian Hull Club has signed up to the initiative together with Swiss Re, Gard, Hellenic Hull Management, SCOR, Victor Insurance, Fidelis, Navium, AXA XL and Skuld. Further affiliated members are Cefor, COSCO Shipping Captive Insurance, as well as several brokers.

The PPMI is a framework to quantitatively assess and disclose the climate alignment of marine insurers' underwriting portfolios. The initiative makes marine insurance the first line of business to establish a sector-specific methodology to support the ambition of the Net-Zero Insurance Alliance (NZIA), whereby members commit to transitioning their underwriting portfolios to net-zero GHG emissions by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100, in order to contribute to the implementation of the COP21 Paris Agreement.

CO² emissions from vessels with H&M covers with The Club are 12% higher than the IMO trajectory and 20% higher than the 2050 zero emission trajectory in 2021. The IMO target is designed to achieve a 50% reduction in overall emissions, from 2008 to 2050. Due to increased shipping demand this requires a 88% reduction in emission per nautical mile. The zero-emission trajectory is designed to achieve a 100% reduction in emissions by 2050. The calculation is based on emissions data collected from our members. According to the terms of data collection this data cannot be used for other purposes than calculating our portfolio's alignment with emission targets.

EU MRV database

Since 2018, the European Maritime Safety Agency has collected annual CO² emission data for cargo-carrying vessels over 5,000GT calling at European ports. Through the EU MRV database, this data is publicly available for download and covers approximately half of The Club's ships above 5,000 GT.

This database provides interesting insight into how the world fleet is aligned to emission targets. Targets are defined per vessel type and size and measured in emissions per distance X tonnage. This implies that vessels sailing very short distances are often poorly aligned to the targets, as vessels have emissions in port and waiting areas and these emissions are compared to a short distance. The absolute emissions of these vessels are often quite low. The table (*opposite page*) illustrates how the vessel types are aligned to the 2050 zero emission trajectory. The vertical axis shows the percentage

deviance from the target (+10% = 10% above the target). The boxes represent 50% of the vessels and the median is marked with the line inside the box. 25% of the vessels are better (below the box) and 25% are worse (above the box).

The graph shows that Bulk Carriers, Container ships, Passenger Ships and Vehicle Carriers are mostly poorly aligned to the target, whereas all tanker groups have a median better than the target. The best group in terms of alignment with the target are the Refrigerated Cargo Carriers. However, as the operation of these vessels requires a large amount of energy, this vessel group still has very high emissions - marked by the purple lines. Bulk carriers, on the other hand, have low emissions per nautical mile but poor alignment with the target. This is due to the fact that this vessel group has not reduced an already lower emissions level as the target has required since 2008. If the methodology is correctly calibrated and the EU data is representative of the world fleet, this implies that refrigerated cargo carriers have had the most favorable development since 2008.

Insights like those shown in the model opposite are important for assessing and improving reporting metrics, as well as to build knowledge around emission-reducing technology and operations. The Club is therefore hoping for increased transparency of the emissions of the individual vessels. A survey conducted among the members participating in last year's reporting showed that more than 50% were willing to share their data in an open database if such a database was established.

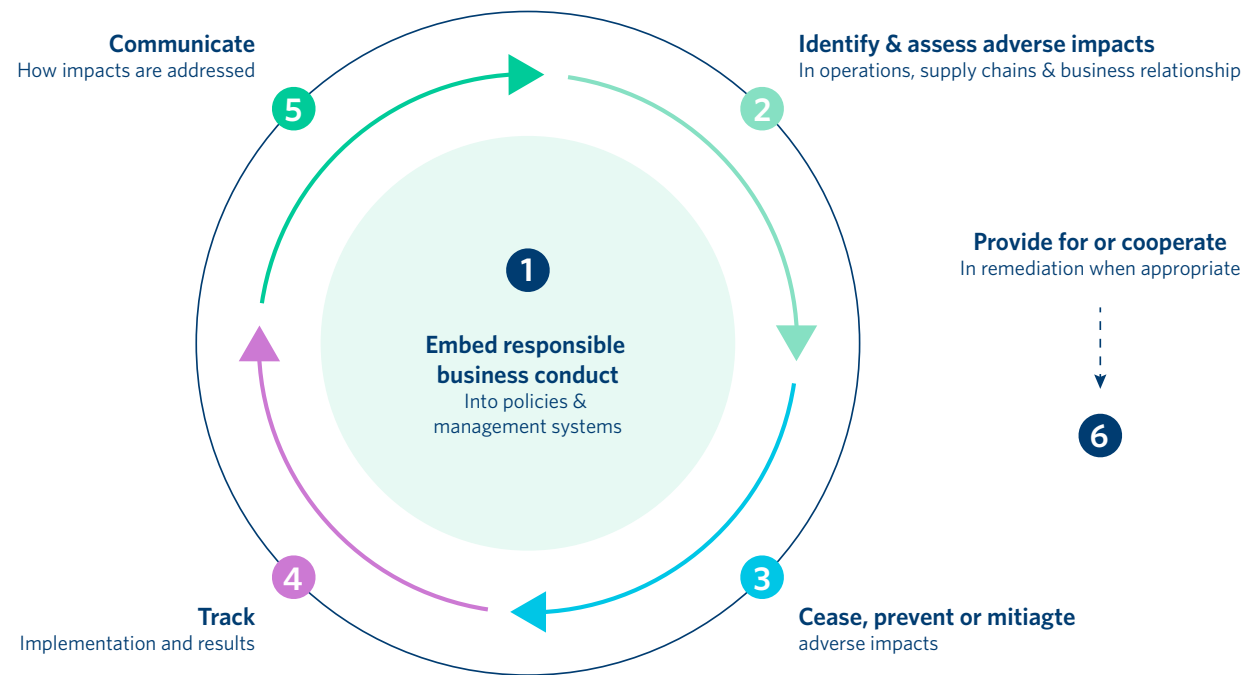
Transparency fosters progress

Norwegian Hull Club believes that full transparency on the individual vessel's global emissions will benefit maritime transport in general and the best vessels in particular, as all other modes of transportation (air, road, rail) have higher emissions. Further, transparency will help expose flaws in the reporting metrics, improve the quality of reported data and reduce the administrative burden of everyone involved - as there are currently many parties requesting the same data. Most importantly, The Club believes that transparency will foster academic research on the overall goal the industry is sharing: how to reduce emissions.

Openness may result in less focus on individual vessels and more on the effects of congestion, using the optimal type of vessels (large/small, bulk/container), optimising ballast voyages, optimising the mix between land/air/sea transport, reduce the overall need of transport and increase focus on the emissions involved in building vessels. Norwegian Hull Club believes that a proactive approach to transparency and knowledge sharing will be key to achieve net-zero GHG emissions by 2050.

Transparency Act

The Norwegian Transparency Act relates to companies' transparency and work on fundamental human rights and decent working conditions. The Act shall promote companies' respect for fundamental human rights and decent working conditions in connection with the provision of services. It will ensure that the general public has access to information regarding how companies address negative impacts on fundamental human rights and decent working conditions. The Act came into force on July 1, 2022.



The Transparency Act (see diagram above) requires companies to conduct due-diligence assessments into human rights and decent working conditions throughout their supply chain and business relationships. Due diligence shall be carried out in proportion to the size and nature of the company, the context of its operations, and the severity and probability of adverse impacts on fundamental human rights and decent working conditions.

Norwegian Hull Club has carried out a due diligence process in accordance with the Guidelines from Organisation for Economic Cooperation and Development (OECD). The Club has also implemented internal policy and guidelines regarding the Transparency Act. The internal policy describes how Norwegian Hull Club is systematically identifying and evaluating its supply chain's or business partners' actual and potential negative impact on fundamental human rights and labour conditions. It also describes what kind of measures The Club is implementing to reduce, prevent or mitigate negative impacts. In the light of the Transparency Act, Norwegian Hull Club has recently reviewed its procurement processes. The purpose of the review was to examine the overall principles and standards for the procurement process when purchasing administrative products and services, as well as to ensure that The Club has cost effective, consistent and prudent procurement process which is compliant with the Transparency act. Norwegian Hull Club will also implement a new Supply Chain Management policy that will focus on selection and management of insurance and investment-related service providers and business partners during the coming months.

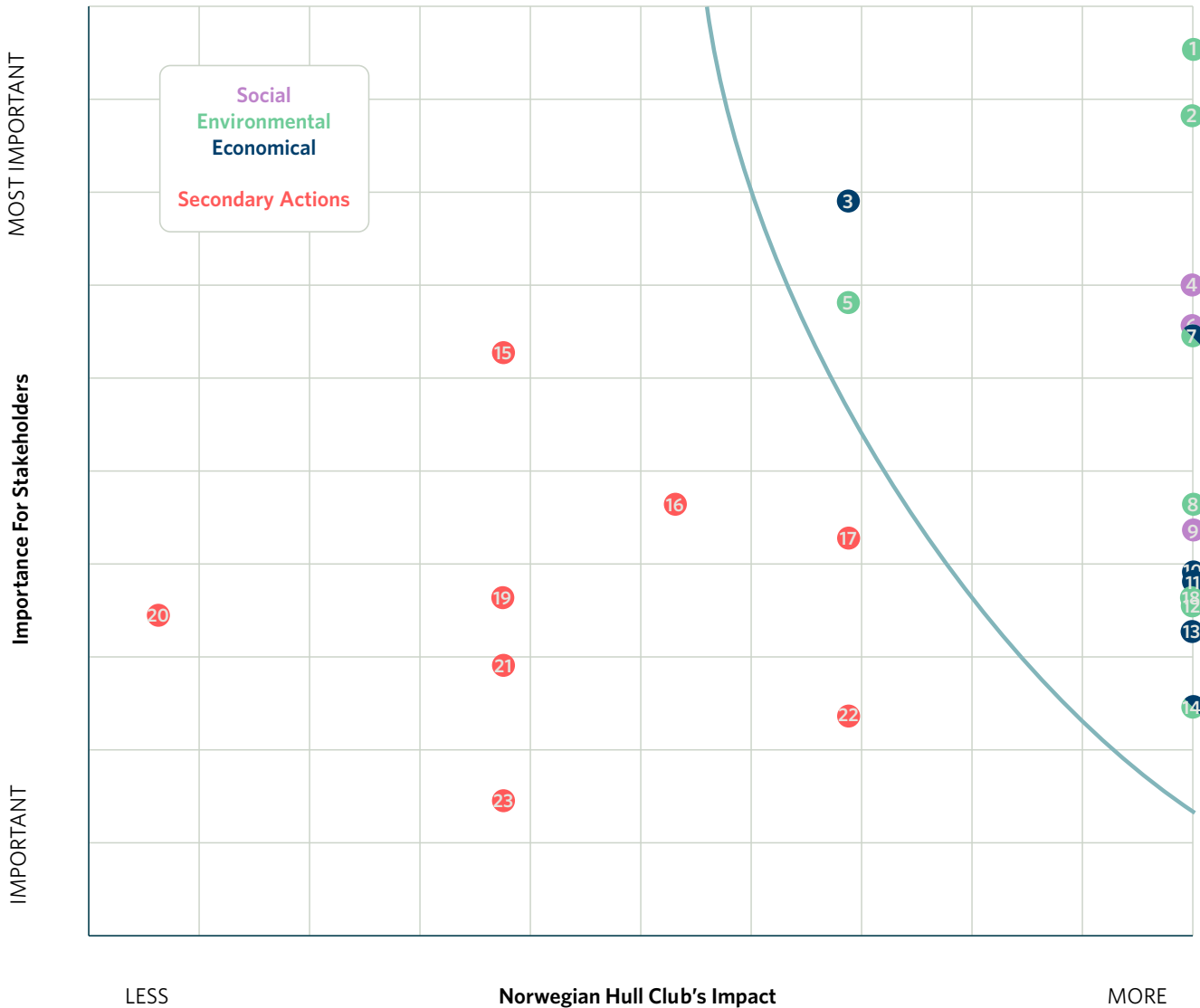
The Club has identified and assessed actual and potential negative impacts on human rights and working conditions that the organisation has either caused or contributed to, or that are directly linked with the its operations or services via the supply chain or business partners. As Norwegian Hull Club operates globally, it uses the Global Rights Index to identify

the high-risk areas. This index is based on identified violations of internationally recognised human and labour rights by governments and employers.

In the impact/risk assessment, all the process areas/ departments (i.e. Underwriting, Claims handling, Re-insurance, Investments, Business Operations, ICT, Office administration) have been covered. In general, the negative impact of The Club's value chain on human rights and working conditions can be considered low or moderate. The organisation aims to use regulated, rated, authorised and/ or audited counterparties in its underwriting, re-insurance and investment operations. Norwegian Hull Club has offices in Norway and in UK and it uses local providers for office administration related services.

In claims-handling related services, services might need to be bought in geographical areas which are assessed to be on high risk level regarding human rights and labors conditions. In these high-risk areas, several mitigating measures are done to reduce the risk. In general, Norwegian Hull Club aims to use long-term partners whose services are evaluated continuously. Potential new service providers or business partners will be screened during the customer due-diligence process, with service contracts put in place where relevant.

The Club requires that its business partners operate in accordance with its Business Partner Code of Conduct. In addition, it has been identified that there is a higher risk connected to shipyards due to detected breaches and negative media attention. New counterparties will be screened during the customer due-diligence process. The Club enjoys discussions and cooperation with industry forums where human rights and labour conditions are high on the agenda. Norwegian Hull Club has implemented measures to reduce, prevent or mitigate negative impacts based on its prioritisations and evaluations performed in impact assessment. Measures depend on the process area and the



- | | | |
|---|--|--|
| <ul style="list-style-type: none"> 1 Hands-on claims handling to mitigate injuries, spill and damage 2 Hands-on emergency response support to clients 5 Making use of data and technology to adapt for quicker decision making in emergencies 7 Provide clients with warnings related to operational risks 8 Preventive and mitigating emergency training for onshore and offshore crew 12 Reduce organisational/operational carbon footprint 14 Conducting studies on clients' crew members' physical and mental health (mapping of crew's working conditions) 18 Expanding its renewable energy portfolio | <ul style="list-style-type: none"> 3 Making use of data to identify new risks 7 Provide clients with warnings related to operational risks 10 Offering a health insurance (for of -hire periods) to seafarers from countries with low or no medical welfare system 11 Norms-based screening: screening of investments against minimum standards of business practice based on international norms, such as those issued for example by the OECD, ILO, UN and UNICEF. 13 ESG integration: the systematic and explicit inclusion of environmental, social and governance factors into the investment analysis. 14 Conducting studies on clients' crew members' physical and mental health (mapping of crew's working conditions) | <ul style="list-style-type: none"> 4 Secure equal rights and framework conditions for Norwegian Hull Club's employees 6 Develop employee skills and training 9 Focus on diversity in own organisation 15 Contribute to developing insurance conditions tailored to adapt for a more sustainable industry 16 Develop "green" insurance products to support expanded use of environmentally friendly technology 17 Contribute to due diligence and sustainability (compliance, working conditions and waste/spill management) assessment of common suppliers (e.g. yards) 19 Exclusionary screening: the exclusion of certain sectors, companies or practices based on specific ESG criteria 20 Best-in-class screening: invest in sectors, companies or projects selected for positive ESG performance relative to industry peers 21 Contribute to development of environmentally friendly technology 22 Sustainability themed investing: investing in assets specifically related to sustainability (e.g. clean energy, green technology or sustainable agriculture) 23 Corporate engagement and shareholder action: the use of shareholder power to influence corporate behaviour. |
|---|--|--|

type of the service provider/business partner. All observations, alerting signs or identified breaches on fundamental human rights and decent working conditions shall be reported in Norwegian Hull Club's quality management system and followed up by Management.

Sustainability assurance

Norwegian Hull Club strongly believes in the positive effects of transparency and drawing attention to topics for improvement. Sustainability reporting in the marine industry is both increasing and welcomed. However, the intention is not just to report - it is also the aim to internalise and improve The Club's commitment to sustainable development in a way that can be demonstrated to both internal and external stakeholders, ensuring that sustainability and profitability go together.

Norwegian Hull Club has chosen to base its reporting on the GRI Standards and the report is GRI inspired. The Club awaits the requirements related to sustainability reporting from the European Insurance and Occupational Pensions Authority (EIOPA) as it revises the Solvency II regime, and other requirements to come before deciding on the reporting framework for the future.

Norwegian Hull Club is a signatory to the Poseidon Principles for Marine Insurance (PPMI) and has implemented reporting of emissions from its client portfolio in accordance with PPMI. The first year of reporting was voluntarily for clients, and The Club is grateful that 40% of its H&M portfolio reported regardless.

Norwegian Hull Club's mission is to secure lives, health, environment and property; a sustainable approach to emergency response and the claims handling process is, therefore, at the very heart of what the company believes in and what it does. Integrity is the backbone of the business and one of The Club's four core values; business is conducted in accordance with strict ethical guidelines. The Club is also a valued workplace as well as a service provider likely to be recommended by clients. As such, Norwegian Hull Club rests upon a solid and sustainable foundation. However, to succeed in finding the more responsible solutions and make sustainable choices requires a clearly communicated focus that pervades the organisation. An internal committee is therefore responsible for driving the company's sustainability initiatives forward. The committee is headed by the CEO, supported by other members of the top management group, as well as key personnel from other departments.

Stakeholder involvement

Various representatives from Norwegian Hull Club's key stakeholders were involved in the process of selecting relevant material topics in 2019. Governing Bodies were represented by the Board of Directors (BoD) and the Committee. The BoD continues to play an active role in The Club's sustainability work through regular dialogue at Board meetings.

The members of Norwegian Hull Club's Committee contributed by means of a workshop. A survey was sent to The Club's clients and to the insurance brokers involved in Norwegian Hull Club's business both in 2019 and in 2022. In addition, all employees in Norwegian Hull Club and its two subsidiaries, Marine Benefits and Insurance Technology

Solutions, have contributed through an employee survey, a company-wide workshop and in informal meetings.

Furthermore, The Club's surveyor network has been approached for input in a seminar. The Club further discusses the topic with reinsurers, with clients and brokers in regular meetings and with its Nordic competitors in Cefor - The Nordic Association of Marine Insurers. The topic and how to contribute to a more sustainable future are also discussed with other key stakeholders, such as salvage companies, audit companies, and investment managers.

The Club will continue to conduct a survey every second year to systematically map out which material topics are important to the internal and external stakeholders.

Material topics

Norwegian Hull Club identified relevant material topics from the strategy and business model of the parent company and its subsidiaries. Other sources of inspiration in the process were global competitors, the general insurance industry, clients, media, governmental authorities, industry associations, GRI Standards and the GRI G4 Financial Services Sector Disclosures.

After assessing all the input, Norwegian Hull Club ended up with a list of 23 topics:

- Preventive and mitigating emergency training for onshore and offshore crew
- Providing clients with warnings related to operational risks
- Hands-on emergency response support to clients
- Hands-on claims handling to mitigate injuries, spill and damage
- Contributing to due diligence and sustainability (compliance, working conditions and waste/spill management) assessment of common suppliers (e.g. yards)
- Contributing to the development of insurance conditions tailored to adapt to a more sustainable industry
- Offering a health insurance (for off-hire periods) to seafarers from countries with low or no medical welfare system
- Conducting studies on clients' crew members' physical and mental health (mapping of a crew's working conditions)
- Expanding its renewable energy portfolio
- Developing "green" insurance products to support expanded use of environmentally friendly technology
- Contributing to the development of environmentally friendly technology
- Making use of data and technology to adapt for quicker decision making in emergencies
- Making use of data to identify new risks
- Reducing organisational/operational carbon footprint
- Developing employee skills and training
- Focusing on diversity in own organisation
- Securing equal rights and framework conditions for Norwegian Hull Club's employees
- Exclusionary screening: the exclusion of certain sectors, companies or practices based on specific ESG criteria
- Best-in-class screening: invest in sectors, companies or projects selected for positive ESG performance relative to industry peers.
- Norms-based screening: screening of investments against

The Club's premises in Dronning Eufemias gate, Oslo



- minimum standards of business practice based on international norms, such as those issued, for example, by the OECD, ILO, UN and UNICEF.
- ESG integration: the systematic and explicit inclusion of environmental, social and governance factors into the investment analysis.
 - Sustainability themed investments: investing in assets specifically related to sustainability (e.g. clean energy, green technology or sustainable agriculture).
 - Corporate engagement and shareholder action: the use of shareholder power to influence corporate behaviour.

As many topics related to company governance are legal requirements, they are not included amongst the material topics but are covered in a separate section in the report. The Club has identified a list of 15 material topics when summarising the importance for stakeholders and comparing this to the company's impact on the various topics.

¹Allianz Global Corporate & Specialty - Global Risk Dialogue (Nov. 2022)
²Climate risk includes transitional, physical and liability risks. Transitional risks (and opportunities) include the consequences of a tightening of climate policies and regulations to shift the economy away from fossil fuels. Physical risks (and opportunities) are linked to potential adverse impacts from climate change such as extreme weather, floods or droughts, and sea level rise. Liability risk refers to legal liability exposure arising directly or indirectly from a company's business activity and could include businesses that have suffered from physical events making claims against companies who they see as responsible for causing or contributing to climate change.

COMPANY OVERVIEW OF THE YEAR

Overall, 2022 was yet another successful year for Norwegian Hull Club. The results for the year are healthy, despite financial markets showing extreme losses (approximately 20 % in both the stock market and on long-dated bonds) of a kind not seen in 40 years.

The war in Ukraine very much characterised 2022 both globally and at Norwegian Hull Club, with the organisation affected on both a personal and professional level. The consequences that followed Russia's invasion of Ukraine - whether from that action itself or from the resulting sanctions imposed - continue to leave their mark on both The Club and the wider industry.

Against this backdrop - and in a year where polarisation, inflation and the demand for energy also fought for headline space - The Club is grateful for another 12 months with an absence of major claims, a continuous growth of its portfolio, as well as a business model and strategy resulting in a sustained, solid S&P rating. Norwegian Hull Club was founded to handle uncertainty and exceptional years; once again, its business model passed the test.

Business Strategy

Norwegian Hull Club is a global mutual marine and energy insurer. Its business model and strategy both focus on providing an integrated claims-leader service as well as diverse, innovative and competitive insurance solutions that cater to the needs of its clients and members. This integrated claims-leader service includes - but is not limited to - efficient claims handling, as well as emergency response and loss-prevention activities. Norwegian Hull Club covers vessels, offshore energy assets and yachts for the following traditional products: Hull & Machinery (H&M), Loss of Hire (LoH), Total Loss, War, and Builders'/Construction Risks. There is also a portfolio of Special Risks products, as well as covers for the Offshore Energy and Offshore Renewables segments. Additionally, The Club offers medical insurance for seafarers through its subsidiary Marine Benefits. The majority of The Club's premium income comes from international members and clients. The company's registered office is in Bergen, Norway.

Management

After careful consideration, Norwegian Hull Club decided to cease its P&I business in June 2022. Since P&I was set up in 2008, The Club did not succeed in establishing a profitable P&I portfolio. As a result, it was decided to terminate the product line in order to focus on continuing to build the service concept and grow business in other segments. The decision did not lead to any lay-offs and all employees were offered

new roles in the company. Norwegian Hull Club experienced an employee turnover rate of 7.9% in 2022. The aim of recruiting and retaining diverse, qualified and motivated employees to safeguard that the organisation continues to deliver on its promises remains, therefore, a key priority set by the CEO and the Board of Directors.

Following two years with limited travel activity, 2022 allowed for client visits and the hosting of seminars and events in major business hubs once again - accommodating knowledge sharing in line with The Club's business concept and clients' expectations. Travel increased, but the pandemic and the use of digital platforms seem to have established new habits and ways of working, leading to less travel compared to pre-pandemic levels.

Sustainability

Sustainability matters continue to be increasingly material for the marine insurance ecosystem and for The Club itself. Climate-change risks and The Club's shipping and energy clients' goals to reach zero emissions are high on the agenda and, clearly, impact the business model today and going forward.

The Club's sustainability strategy is closely linked to its Mission 'to secure lives, health, environment and property' and is embedded in the overall company strategy. In time, the aim is that members, clients, suppliers and business partners will recognise The Club's consideration for a sustainable future in all facets of its operation. Norwegian Hull Club aims to be at the forefront of sustainability within the marine insurance industry. The Poseidon Principles for Marine Insurance (PPMI) were launched in 2022, with Norwegian Hull Club one of six founding members. This initiative aims to map out the carbon footprint of the signatories' H&M portfolios, with the first report published by PPMI in January 2023.

Norwegian Hull Club continued to grow its Renewables portfolio in 2022. Furthermore, by becoming a member of the Maritime Anti-Corruption Network (MACN) in 2022, Norwegian Hull Club took another step in proving its commitment to promoting transparency and actively work against corruption.

Operational Review

Underwriting

Compared with the recovering years of 2018-2021, the Marine and Energy upcycle stagnated in 2022. The market saw new entrants enticed by the hope of higher profits

over the reality of previous year losses and consequent withdrawal of capacity. Nevertheless, new and old insurance markets alike needed to manage disruption, both in terms of reduced reinsurance capacity or restricted capacity due to implementation of new RUB (Russia, Ukraine, Belarus) exclusion clauses and inflation.

The question going forward will be how inflation will be factored in, both in underwriting models as well as in various business plans. Reinsurers have already included a factor of inflation in their models but it remains to be seen whether underwriters in the direct insurances market will do the same. Norwegian Hull Club continued to implement its strategy of selective growth, recognising that underwriting discipline remains key to achieving sound profitability.

Looking ahead, 2023 is likely to see a flattening in the premium volume growth for The Club on traditional core products such as H&M, LoH, IV (Increased Value) and War. A factor of inflation is likely to be included in evaluation and pricing of risks. Increased volume is likely to come from lines of business such as Renewables, Special Risks and Marine Benefits.

A new War-risk area in Europe as a result of the Russian-Ukrainian conflict saw a high activity of War Calls to the

aforementioned area. With a newly implemented Web-based platform for handling War Calls, The Club experienced more effective and smooth handling of the operation for all parties involved. Following restrictions in both reinsurance capacity and exclusionary wording for the War-risk area, in combination with the continuation of imposed sanctions, it is unlikely that this trade will continue to the same extent as 2022. Nevertheless, with first-class contingency and operational support, as well as a market-leading War platform and a solid portfolio of vessels, Norwegian Hull Club is well positioned to handle the volume within this segment.

In 2022, energy-supply security became a focal point in Europe and the rest of the world. Dependency on fossil fuels needs to be reduced, with one conclusion being that the transition to a fossil-free energy system needs to be accelerated. Several countries in Europe - as well as in Asia and the US - reserved large offshore areas for development of wind farms in 2022. These included areas with more than 70m water depth, making them suitable for floating wind farms. This is a prime focus area for Norwegian Hull Club, with its ambition to be the preferred underwriter and claims leader for the floating wind farm segment. During 2022, The Club took the role as lead insurer for the world's largest operating floating windfarm, Kincardine, 15km off the Scottish coast. The Club also took the lead on two floating farm construction

Members of the Board

**Rebekka
Glasser
Herlofsen**
Chair of the
Board



**Magne
Øvreås**
Deputy
Chair



**Øystein
Beisland**



**Marianne
Møgster**



**Siri P.
Strandenes**



**Anders
Furnes**



**Marlena
Truszczyńska**



NORWEGIAN HULL CLUB

projects in France. Norwegian Hull Club is dedicated to growing and developing insurance solutions for the Offshore Renewables industry, with particular focus on floating installations.

An improved portfolio, as well as increased top line, should indicate positive development in the years to come. However, external factors – such as the Russia-Ukraine war, inflation, uncertainty surrounding technology, the scarcity of repair facilities, as well as geopolitical instability - may very well impact the results.

Reinsurance

This year’s reinsurance renewal was an outlier compared to what has been seen for decades. In addition to discussions around the impact of climate change, ESG (Environmental, Social, and Governance), inflationary pressures and increasing interest rates, the major topic was Russia’s invasion of Ukraine and corresponding exclusionary wording. The result was that lead reinsurance terms and conditions were received much later than usual, creating an intense end to the renewal season. However, the panel of reinsurers remained more or less unchanged meaning that another year with a high degree of stability and continuity - in line with The Club’s strategy - was achieved.

Reinsurers, as with other large financial organisations, play a vital role in the shift towards a more sustainable future. By using their financial muscle , they actively identify and consider excluding to exclude business activities which they consider negative from an ESG perspective. For Norwegian Hull Club, one of the areas under review is Arctic drilling. Core reinsurance partners are already posing questions about The Club’s exposure within this segment.

At the same time, a keen interest in - and support of - the greener part of The Club’s book is visible. The organisation’s offshore wind-farm business, as well as more recent Clean Renewable Generation Devices, are prime examples of segments where reinsurers are increasing their support whilst balancing against risk-adequate terms and conditions.

Claims

A total of 3,136 new claims were registered as of December 31, 2022 - an average of 8.6 new claims daily. Total Lead claims stood at 1,105, with co-insurance claims at 1,257 and P&I claims at 774.

The Club’s Claims Department is set-up and staffed for the Claims Lead position under marine policies, in particular products such as H&M, LoH, IV, and War and – as of 2022 - as lead for the Renewables segment.

The number of Claims Lead vessels insured by The Club is stable compared to previous years, standing at 6,166 vessels as of 31 December 2022. A total of 1,526 adjustments were finalised on policies in 2022 where Norwegian Hull Club was Claims Lead. Reported claims costs for 2022, including increases from previous policy years, stood at USD 239.7 million, compared to USD 175.7 million in 2021.

During the pandemic, The Club launched several digital initiatives including the Emergency App, Remote Survey, Survey Without Attendance, as well as developing the

Norwegian Hull Club digital Survey platform. The new digital initiative “Statement of Claim” is scheduled for launch in Q2 2023, aimed at increasing efficiency in the claims-handling process.

Norwegian Hull Club’s role as Claims Lead enabled it to continue sharing valuable knowledge and experience with its stakeholders. The Loss Prevention & Emergency Response team maintained its focus on Pro-Active Method/Contingency training, promoting these extensively in crisis-handling training sessions. In addition, tools and products for risk assessment feature in The Club’s current service offering.

Norwegian Hull Club’s Claims and service concept continue to be well received, combining physical activities at members’ premises, hybrid solutions, as well as purely digital workshops and training. The state-of-the-art Situations Room in Bergen is fully operational, handling contingencies, monitoring global potential risks, as well as conducting exercises and training sessions for members worldwide.

Investments

The investment portfolio delivered -4.6 % return in 2022 against the benchmark return of -5.3 % (in local currencies). The US dollar return was - USD 23.7 million, including foreign exchange hedges.

The annual inflation rate for the US was 6.5% for the 12 months ending December 2022, implying a double-digit negative real (i.e. inflation-adjusted) return for the portfolio in 2022.

Norwegian Hull Club’s fixed income and listed equity investments both posted negative returns in 2022. Rising interest rates and widening credit spreads left few areas of the bond market unscathed, with long-duration credit being hit the hardest. As most of The Club’s fixed-income investments are held in short-to-medium term government and investment grade bonds, with average duration close to two years, losses were muted compared to the aggregate bond market which incurred double-digit losses. Illiquid investments such as private equity, private loans and real-estate investments were the only asset classes delivering positive returns in 2022. This came as no surprise, as valuations in these types of assets are generally slower to adapt to sudden changes in market conditions.

2022 was a bruising year in the financial markets and also one for the record books. The accumulative effects of one of the fastest rate-hiking cycles on record, the highest inflation in 40 years, disruptions in global trade and energy markets from the war in Ukraine, as well as labour/supply shortages, wreaked havoc on consumer and business confidence and led to significant wealth destruction in financial markets.

The bond market suffered a meltdown throughout the year. Historically, bonds have been a shock absorber, helping buoy portfolios when stock markets sell off. This relationship broke down in 2022. Numerous calculations based on historical records indicate that 2022 was possibly the worst year ever for US-bond investors. At the start of the year, bond yields were at their lowest in at least 150 years and bonds were valued close to their most expensive in historical terms. Coming from zero-interest rate, a decade long and highly

accommodative monetary policy regime, the US central bank reversed course in March 2022 with the goal of reducing inflation pressures. During 2022, it raised the benchmark interest rate seven times, by 4.25 %-points in aggregate, in what became its most aggressive policy move since the early 1980s. The result of the policy change was a steep revaluation of assets, particularly those with longer duration.

The S&P 500 was almost 20% down at the end of 2022, its worst calendar year performance since 2008. The breathtaking returns in 2021, fueled by post-Covid enthusiasm and historically loose fiscal and monetary policies, were abruptly reversed as a bear market took hold throughout the year. As usual, securities that were hyped, overbought and overvalued were reassessed and repriced the most. Crypto, SPACs and growth stocks, hereunder many tech stocks, were all decimated as changing risk preferences reigned in speculation. Some of today’s growth stocks are great businesses but they were priced for near-perfection and an assumption that the low-interest-rate environment was more or less a permanent condition.

Corporate profits withstood soaring inflation over much of the past year. S&P 500 earnings growth held up but weakened towards the end of 2022. This marks the end of a period of spectacular earnings growth. It is not uncommon in the early phases of inflationary periods that businesses boost the prices they charge customers faster than their production cost increases, leaving them with record profit margins and solid earnings growth. However, as cost inflation gradually pushes through - and companies refinance their debt based on higher interest rates - profit margins and earnings tend to be challenged.

In the midst of such market turmoil, central banks find themselves in a precarious position trying to stabilise prices without inflicting a severe economic recession. To a degree, governments and central banks work at cross-purposes: governments inject more money into economies just as central banks are withdrawing liquidity from the financial system via their tightening policies. The probability of recession escalates as businesses retrench and consumers adapt their spending budgets to cope with rising prices.

In the shorter term, the main issue is whether a potential recession will be shallow or deep - in essence, this depends on the subsequent development in the labour market. In the longer term, the backdrop continues to be challenging, with highly indebted western countries, ageing populations and subsequent reduction in the relative size of the labour force, the need for a capital intensive and costly energy transition, as well as a possible reversal of the globalisation trend witnessed over the past 40 years. These circumstances may contribute further to inflationary pressures and, therefore, increase the probability of higher interest rates for longer.

Other Activities

Marine Benefits AS

Marine Benefits AS (henceforth Marine Benefits) is a 100 %-owned subsidiary of Norwegian Hull Club. It provides employment-related benefit solutions, health insurance and

Crew Contractual Liability insurance for the global shipping community. Marine Benefits also performs third-party services for ship owners and managers on crew claims handling. More than 140,000 seafarers and family members had medical plan insurance from Marine Benefits at the end of 2022.

Insurance Technology Solutions AS

Insurance Technology Solutions AS (henceforth Instech Solutions) is a 100 %-owned subsidiary of Norwegian Hull Club. It develops and operates software systems for the marine insurance industry. At the end of 2022, the company had 13 clients.

Risk Management

Risk Management framework

The foundation of good internal governance is a strong risk-management framework, combined with delegation of authority to ensure the effective management and reporting of risks in the organisation. The Board of Directors defines The Club’s strategy and risk profile, including capital targets, risk tolerance and risk appetite. The primary responsibility for managing risks within applicable limits rests with the Chief Executive Officer and the respective operating units. Norwegian Hull Club has implemented Key Functions in line with Solvency II requirements, comprising independent risk management, compliance, actuary and internal audit functions.

Norwegian Hull Club is exposed to the following main risks:

Strategic risk

Strategic risk relates to external and internal factors such as geopolitical changes, market and product developments, required personnel skills, as well as risk to reputation. Developments in the marine and energy insurance markets in general, as well as The Club’s competitive situation, are monitored both in daily operations and through participation in industry forums. Requirements for new skills within the workforce are met through training, talent development or recruitment of new employees.

Insurance risk

Insurance risk relates to the likelihood that the premium charged is insufficient to cover claims incurred, and that provisions for claims already incurred are not enough to cover the ultimate cost. Clear limits are established for what level of insurance risk can be undertaken. The actuarial function continuously monitors the adequacy of both pricing and provisions made. The Board of Directors decides upon the reinsurance programme and structure each year. The primary objective is to protect capital and limit fluctuations in results. The benefits of buying reinsurance protection are weighed against the costs.

Financial risk

Financial risk refers to market, credit, liquidity and currency risks. Market risk covers risks related to investments and includes for example interest rate risk, equity risk, property risk and spread risk. Norwegian Hull Club seeks to expose the investment portfolio to systematic market risk and has,

therefore, implemented highly diversified asset portfolios in order to diversify unsystematic risks. All asset classes are highly diversified. Spread risk is the risk that market pricing of credit risk increases. To reduce the spread risk, the bond portfolio shall have an adequate rating level from a holistic point of view. Liquidity risk is considered low. The objective is, however, to have sufficient liquid assets to maintain a balanced investment portfolio - even following a severe, negative event where asset prices fall significantly and/or where assets may have to be sold.

The Board of Directors has adopted a strategic asset allocation and maximum exposure for each asset class of investments. Financial risk level is monitored and managed both for investments and as part of Norwegian Hull Club's overall risk. Stress tests are carried out to ensure that The Club can withstand the impact of severe negative scenarios.

Currency risk is a complex matter with several factors impacting result and capital position. Currency risk is managed with the aim of limiting the impact of any significant fluctuations in currency exchange rates on results and capital position. Market risk has not changed significantly in relation to Norwegian Hull Club's equity.

Operational risk
Operational risk is the risk of losses resulting from inadequate or failed internal processes and systems, mistakes made by employees, or as a result of external events. The Club's Operational risk policy describes how the company systematically identifies, assesses, mitigates and reports operational risks. The document also describes the ownership of the various operational risks and provides an overview of the control environment. The Operational risk policy, together with a set of other relevant policies and procedures, is retained in a quality management system accessible by all employees.

Climate risk
Norwegian Hull Club's operations do not generate significant direct environmental impact. The Club has a focus on the possible consequences of environmental risks (physical risks, liability risks and transition risks).

Measures taken to control and/or mitigate such consequences include but are not limited to environmental scanning and issues management workshops to identify threats, monitoring of natural catastrophes and corresponding concentration risks, as well as limiting risks through restricted wordings and exclusions in insurance policies, awareness warnings and daily portfolio screenings.

Indirectly, The Club may experience longer-term consequences through changes to the insurance portfolio composition, as activity in the traditional offshore energy sector is reduced in line with sustainability objectives.

Internal Control

Norwegian Hull Club's internal control is based on a three-lines-of-defence system, comprising primary risk owners (first line), independent risk management and control functions (second line), plus an independent internal and external audit (third line).

The system of internal control is a continuous process throughout the organisation, based on a set of established policies, procedures, controls and activities which are constantly assessed and – where possible – improved upon. The Audit and Risk committees oversee the internal control framework, while Risk Management and Compliance functions coordinate the processes, reporting to Management and the Board of Directors.

Directors' and Officers' liability insurance
Norwegian Hull Club purchases insurance for personal liabilities that members of the Board of Directors and members of senior management may incur in their respective capacities. The insurance is placed with an international insurance company with a strong rating. The insurance covers potential personal liabilities to compensate monetary losses that members of the Board of Directors and senior management may cause third parties through negligence in their positions. Monetary losses are defined as financial losses that are not a consequence of, or related, to damage to persons or physical objects.

Corporate Governance

Norwegian Hull Club is subject to supervision by the Financial Supervisory Authority of Norway. In addition, The Club's governing bodies have adopted separate internal regulations regarding corporate governance issues.

Accounts

Financial statements
In accordance with section 3-3 of the Norwegian Accounting Act, it is confirmed that the financial statements are prepared under the assumption that the enterprise is a going concern and that the conditions for this assumption are present.

Results
The 2022 result was USD 8.7 million (USD 38.1 million in 2021). The technical result from insurance was USD 49.2 million (USD 39.5 million in 2021), while investment income and other financial items contributed with minus USD 28.2 million (plus USD 7.5 million in 2021). Gross loss ratio was 74 %, loss ratio for own account was 72 % and combined ratio was 82 %.

Discount on mutual premium
The Board of Directors has proposed a 7.5 % return premium on mutual premium earned in the calendar year 2022. The return premium amounts to USD 13.6 million. Before return premium, both gross loss ratio was 71 % and loss ratio for own account was 69 %. Before return premium, the technical result from insurance was USD 60.5 million and the combined ratio was 78 %.

Premium income and claims
Gross premium earned (before return of mutual premium) was USD 337.3 million. The comparable figure for 2021 was USD 284.2 million. Premium earned for own account was USD 276.4 million (USD 236.6 million for 2021). The increase in premium was due to increases both in premium rates and business volume. Gross claims incurred in 2022 were USD

239.7 million (USD 175.7 million in 2021), while claims for own account for 2022 amounted to USD 191 million (USD 159.1 million in 2021).

Financial items
Financial income in 2022 was minus USD 23.5 million (USD 11.0 million in 2021). Of this, minus USD 30.3 million (USD 10.9 million in 2021) was related to the investment portfolio, with the balance comprising foreign exchange items and other financial income. Administration expenses related to financial assets and other financial expenses in 2022 were USD 4.6 million (USD 3.5 million in 2021).

Operating expenses
Personnel, marketing and other operating expenses amounted to USD 32.1 million in 2022, USD 1.3 million higher than in 2021.

Appropriation of result
After tax, the total comprehensive income for 2022 was USD 8 747 869. The Board of Directors proposes USD 8 747 312 to be transferred to Other Equity and USD 557 to Guarantee provision.

Balance sheet
As per 31 December 2022, Norwegian Hull Club's equity was USD 383.1 million (USD 374.4 million in 2021).

Cash flow
Cash flow generated by operating activities was USD 81.7 million in 2022. USD 57.4 million was cash flow from operations before financial assets and USD 24.3 million was net cash flow from financial assets. Cash flow generated by investments in fixed assets, subsidiaries and employee loans was minus USD 0.2 million in 2022. The change in the cash balance during the year was positive USD 82.1 million.

Rating

In July 2022, Standard & Poor's Global Ratings (S&P) reaffirmed its 'A with stable outlook' long-term counter-party credit and insurer financial strength rating of Norwegian Hull Club. S&P highlights Norwegian Hull Club's extremely strong capital adequacy and its established position in Marine Hull and Loss of Hire as key strengths. The Club targets a margin of

50 % to the AAA capital requirement in S&P's capital model. At the end of 2022, the margin was 53 %.

Organisation and environment

At the end of 2022, Norwegian Hull Club had 143 employees, including temporary employees. Personnel turnover was 7.9 %. Sick leave including long-term absence equated to 2.8 % of total working hours. Including the 100 %-owned subsidiaries Marine Benefits and Instech Solutions, the total number of employees amounted to 175.

Norwegian Hull Club values and strives towards improved diversity in the organisation. Amongst The Club's 143 employees, 19 nations were represented, while the gender ratio at the end of 2022 was 40.1 % female to 59.9 % male. The Club aims to be a workplace in which no discrimination occurs, in compliance with the Discrimination and Accessibility Act.

There were no accidents involving either The Club's employees or property during the year.

The Club has put a lot of effort and resources into supporting and facilitating a good physical and psychosocial environment in the organisation.

The biannual company working environment survey had an average satisfaction score of 4.4 (out of 5) and the employee loyalty score (eNPS) is high (37).

Day-to-day operations do not contaminate the external environment to any significant degree. However, The Club insures vessels and units that may contribute to environmental pollution.

Members

54 % of premium earned in 2022 was from mutual members. Members vote at the annual general meeting based on their share of mutual premium earned. The largest member had a 9.5 % share of mutual premium and the ten largest members a 32.9 % share in 2022.



Events After 2022 Year End

In February 2023, Norwegian Hull Club experienced an extraordinary increase in claims estimates concerning the claim year 2022. The 31.12.2022 accounts were thus adjusted to reflect this new information. No further major events have occurred in 2023 that significantly affect the capital of Norwegian Hull Club. However, the frequency and size of the claims experienced so far this year indicates that 2023 may see an increase in claims as well as higher costs than the preceding years. The Club is closely monitoring potential exposure and other potential consequences of the war in Ukraine and effects of inflation.

Prospects

Norwegian Hull Club has positioned itself as a preferred Claims Leader in a competitive market. Sustainability is incorporated in The Club's strategy and core business and is expressed through its mission 'to secure lives, health, environment and property' to help protect both people and the planet. Norwegian Hull Club's service concept is founded upon its mission and comes in the form of the delivery of a well-regarded service concept, with tailor-made loss prevention activities, hands-on emergency response services and efficient claims handling.

The Club further supports its members and clients' journeys towards zero emissions by tailoring products to new low-emission solutions and technologies. Increased use of technology and easier access to data also influence the way marine and energy insurance is structured and executed – and it will continue to do so in the future. Focus and resources are allocated to secure that The Club proactively

adapts to this digitalization and transformation phase. Such a landscape requires an agile and enthusiastic organisation with a curious mindset, prepared for tomorrow's challenges through an increased ability and willingness to embrace change. A constant for The Club, however, is the continuous effort to remain relevant for its members and clients.

Norwegian Hull Club will concentrate on securing its capital base and growing the business volume over time in a profitable and sustainable manner. Operational focus will be on profitability and growth, including diversifying into new profitable areas, reducing costs, continuously streamlining operations, quick and professional claims handling, and improving The Club's distribution network through geographical positioning. Members and clients will also be offered first-class service and financial security.

The war in Ukraine and its subsequent consequences are expected to continue having an impact on The Club and its clients, directly affecting crew retention, exposure, claims and both reinsurance and repair costs, and indirectly through sanctions.

Norwegian Hull Club is well capitalised and has a strong and expanding portfolio of products and services. In the short term, the challenge is to strike a balance between maintaining and developing the existing book of business in a recovering market, while also protecting capital in order to support further growth and offer members and clients sound protection and services in the longer term.

With the human, structural and financial capital in place, combined with a greater focus on increasing its business in international markets, the Board of Directors believes Norwegian Hull Club is well positioned for long-term profitable and sustainable growth.

Oslo, March 28, 2023



Rebekka Glasser Herlofsen
Chair of the Board



Magne Øvreås
Deputy Chair



Øystein Beisland



Marianne Møgster



Siri P. Strandenes



Marlena Truszczynska



Anders Furnes



Hans Christian Seim
CEO



STATEMENT OF COMPREHENSIVE INCOME

All figures in USD			
	Notes	2022	2021
Gross premiums earned	18	323 658 711	267 642 383
Reinsurance premiums	17	-58 615 748	-45 574 841
A Premiums for own account		265 042 963	222 067 542
B Other insurance related income		6 838 225	7 283 659
Gross accrued claims		239 740 392	175 700 225
Reinsurers share of gross claims	17	-49 098 950	-16 633 464
C Claims for own account	12	190 641 443	159 066 761
Marketing expenses	1	14 145 847	16 826 957
D Insurance related expenses for own account		14 145 847	16 826 957
E Other insurance-related expenses		17 939 208	13 950 579
F Operating result technical accounts (A+B-C-D-E)		49 154 691	39 506 903
Financial income		11 008 016	9 854 220
Realised gains and losses		9 256 936	6 931 611
Adjustment investment portfolio		-43 752 470	-5 763 283
G Total financial income		-23 487 517	11 022 548
H Administration expenses financial assets		4 665 217	3 533 574
I Profit before income tax (F+G-H)		21 001 956	46 995 878
J Tax expenses (income)	10	11 778 937	9 193 174
K Profit for the year (I-J)		9 223 019	37 802 703
L Other comprehensive income		-475 150	258 201
M Total comprehensive income for the year		8 747 869	38 060 904
Comprehensive income attributable to:			
Guarantee provision		557	
Other equity		8 747 312	38 060 904
Total		8 747 869	38 060 904



BALANCE SHEET

Assets

All figures in USD			
	Notes	31.12.2022	31.12.2021
Shares in subsidiaries	5	3 609 044	3 609 044
Other shares	5	7 110 598	7 738 052
Mortgage loans	2	5 741 396	6 158 067
Syndicated loans		1 960 297	3 766
Stocks and shares	8	97 759 136	112 288 883
Bonds	9	427 940 243	436 574 158
Financial derivatives	9	299 750	1 220 978
Bank deposits investment portfolio	1	3 487 225	2 575 924
Total financial assets		547 907 689	570 168 873
Reinsured proportion of gross premium provisions	13	28 543 309	29 240 468
Reinsured proportion of gross claims provision	13	69 984 127	35 609 546
Total reinsured proportion of insurance provisions		98 527 436	64 850 014
Insurance related receivables	6	166 475 870	164 833 941
Reinsurance receivables		1 745 905	3 874 862
Disbursements		41 422 074	36 917 927
Other receivables		17 142 571	19 424 668
Total receivables		226 786 420	225 051 398
Properties	3	2 089 030	2 089 030
Equipment and fixtures	3,4	13 201 334	4 003 946
Cash and bank deposits		119 161 766	38 012 302
Total other assets		134 452 131	44 105 278
Accrued interest		1 373 919	986 480
Total assets		1 009 047 595	905 162 043

Equity and Liabilities

All figures in USD			
	Notes	31.12.2022	31.12.2021
Equity		8 042 072	8 042 072
Other equity		375 098 791	366 351 479
Guarantee provision		2 640	2 084
Total equity		383 143 503	374 395 634
Unearned gross premium provision	13	166 430 661	162 179 692
Gross claims provision	13	332 758 898	247 704 327
Total gross insurance provisions		499 189 559	409 884 019
Pension liability	2	3 123 685	4 251 799
Withheld payroll tax, social security etc.	1	4 222 813	4 518 326
Deferred tax	10	37 384 352	47 905 911
Taxes payable	10	21 969 826	16 114 417
Total tax etc. payable		66 700 675	72 790 454
Payables direct insurance accounts		11 596 414	15 069 829
Payables reinsurance		24 307 830	17 779 957
Financial derivatives		2 492 768	324 696
Payables other accounts		21 616 846	14 917 454
Total payables		60 013 858	48 091 936
Total equity and liabilities		1 009 047 595	905 162 043

Oslo, March 28, 2023

		
Rebekka Glasser Herlofsen Chair of the Board	Magne Øvreås Deputy Chair	Øystein Beisland
		
Marianne Møgster	Siri P. Strandenes	
		
Marlena Truszczynska	Anders Furnes	Hans Christian Seim CEO

DEVELOPMENT IN EQUITY

	Owners' Fund	Other Equity	Guarantee provision	Total Equity
Equity at 01.01.2021	8 042 072	328 292 311	347	336 334 730
Profit for the year		37 800 967		37 800 967
Other comprehensive income		258 201		258 201
Guarantee provision			1 737	1 737
Equity at 31.12.2021	8 042 072	366 351 479	2 084	374 395 634
	Owners' Fund	Other Equity	Guarantee provision	Total Equity
Equity at 01.01.2022	8 042 072	366 351 479	2 084	374 395 634
Profit for the year		9 222 462		9 222 462
Other comprehensive income		-475 150		-475 150
Guarantee provision			556	556
Equity at 31.12.2022	8 042 072	375 098 791	2 640	383 143 503

STATEMENT OF CASH FLOW

All figures in USD		
	2022	2021
Profit for the year before tax	26 196 602	46 995 878
Change in net technical reserves	45 686 867	54 574 733
Unrealised value change other shares	627 454	10 947
Net profit on sale of fixed shares	-	-
Change in disbursements	-4 504 147	-1 672 673
Net profit on sale of fixed assets	-	-
Change in net pension liabilities	-1 128 115	-123 674
Change in net receivables	3 464 026	-49 605 152
Depreciations and impairment of assets	4 526 188	627 537
Taxes paid	-17 489 145	-21 192 281
Net cash flow from operations before financial assets	57 379 731	29 615 315
Change in net bonds	6 677 384	-12 304 336
Change in net stocks and shares	14 529 747	-3 987 713
Change in net financial derivatives	3 089 300	-3 190 131
Net cash flow from financial assets	24 296 431	-19 482 180
A Net cash flow from operational activities	81 676 162	10 133 136
Cash generated/used by investing activities		
Net receipts/payments related to purchase/capitalization of subsidiaries and associated companies	-	-176 940
Net receipts/payments related to sale/purchase of fixed assets	-598 482	-443 962
Change in mortgage loans	416 671	1 431 708
B Net cash inflow/outflow from investment activities	-181 811	810 806
C Net financing activities - dividend paid to members		-
D Effect of changes in exchange rates on cash and cash equivalents	566 415	602 018
A+B+C+D Net change in cash and cash equivalents	82 060 766	11 545 960
Cash and cash equivalents 01.01	40 588 225	29 042 265
Cash and cash equivalents	122 648 991	40 588 225

NOTES TO THE ACCOUNTS

Note 1 – Accounting Principles

Basic principles

The financial statements of Norwegian Hull Club have been prepared in accordance with the Norwegian Accounting Act and regulations for annual accounts for insurance companies approved by the Norwegian Ministry of Finance.

Principally this means that accounting recognition, measurements and disclosures to the financial statements comply with Norwegian generally accepted accounting standards, together with a limited use of certain International Financial Reporting Standards (IFRS) in accordance with the Finance Ministry's regulations on simplified application of the International Financial Reporting Standards.

The financial statements of Norwegian Hull Club as of 31 December 2022 consist of the Statement of Comprehensive Income, Balance Sheet, Statement of Cash Flow and Notes to the Accounts.

The financial statements have been prepared based on the fundamental principles governing historical cost accounting, comparability, continued operations and congruence. Transactions are recorded at their value at the time of the transaction. Income is recognised at the time it is earned. Costs are expensed in the same period as the income to which they relate is recognised. Costs that cannot be directly related to income are expensed as incurred. Hedging and portfolio management are taken into account.

Assets related to current business activities and accounts receivable due within one year of the closing are classified as current assets. The same applies to short-term debt and accounts payable. Current assets/short-term debts are recorded at the lowest/highest of acquisition cost and fair value. Monetary items in foreign currencies are recorded at fair value. Other assets are classified as fixed assets. Fixed assets are recorded at original cost, with deductions for depreciation. In the event of a decline in value, which is not temporary, a fixed asset will be subject to a write-down.

According to Norwegian generally accepted accounting principles, there are some exemptions to common assessment and valuation principles. Comments to these exemptions follow below.

Basis of consolidation

Norwegian Hull Club Group consists of Norwegian Hull Club, Insurance Technology Solutions AS and Marine Benefits AS. Norwegian Hull Club owns 100 % of the latter two companies. The turnover and equity in these companies are regarded as insignificant additions to the group's business and have therefore not been consolidated in the accounts.

Accounting principles for material items

Premium recognition / premium reserve

Premium and commission are recognised over the insurance policy period. Insurance premiums are due for payment in advance and provisions are made for the unearned portion of the premiums related to a period after the end of the fiscal year (premium reserve). Premium is reported net of broker commission and discounts. Provisions (premium reserves) are made to cover the unearned share of the written premium. The unearned premium is calculated per risk assuming linear earnings over the time of the policy. As some information related to the written premium is reported retroactively (adjustments for lay-up, war calls, value changes, performance bonuses etc.) the earned and unearned premium is adjusted to cover the expected future development based on previous aggregated experience. As of 31.12.2022, this leads to a small increase in both earned premium and unearned premium. If the premium is considered insufficient to cover future claims, additional reserves for unexpired risk are made. This

has not been considered necessary as of 31.12.2022. The insurance contracts that The Club issues are entered into the accounts in line with Norwegian accounting regulation ("Regulations for annual accounts for insurance companies approved by the Norwegian Ministry of Finance").

Line of business

Norwegian Hull Club operates in the ocean-marine line of business, including underwriting of medical insurance for seafarers.

Premium from multi-year policies

Norwegian Hull Club has written multi-year policies. The premium for the insurance years 2022 and later is not recorded in the accounts.

Claims incurred but not reported

The reserve for claims incurred but not reported is calculated according to the "Benktander Method" based on reported claims.

Cost recognition and matching / claims reserve

Claims are expensed as incurred. Other costs are expensed in the same period as the income to which they relate is recognised. Claims reserves are intended to cover anticipated future claims payments for losses incurred but not yet settled at the end of the fiscal year. These reserves comprise provisions for losses reported to The Club but not yet settled, as well as provisions for losses incurred but not yet reported at the end of the fiscal year. Provisions for known losses are assessed individually by the claims departments, while provisions for unknown losses are based on The Club's empirical data and future expectations as well as actuarial methods. Reinsurance contracts do not free the ceding Norwegian Club Hull from its obligations to the insured.

Reserve for unallocated loss adjustment expenses (ULAE) and indirect claims expenses related to paid claims

In line with regulations ("Regulations for annual accounts for insurance companies approved by the Norwegian Ministry of Finance") The Club has implemented a provision to cover unallocated loss adjustment expenses (ULAE) based on the claim department's share of operating expenses. Similarly, The Club has transferred a share of actual operating expenses to paid claims.

Accounts receivables

Receivables are accounted for at face value, with deductions for expected loss.

Employee loans

Employee loans are accounted for at face value with deductions for expected loss. At year-end, no deductions were made.

Fixed assets and depreciation

Fixed assets are recorded in the accounts at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisitions of the items. Depreciation is calculated using the straight-line method. Upgrading of rented office premises is depreciated over the rent period. If the fair value of a fixed asset is lower than book value, and the decline is not temporary, the fixed asset will be written down to fair value. Depreciation is classified as other insurance-related expenses.

Marketing expenses

Marketing expenses do not include any sales commissions.

Foreign exchange

USD is The Club's functional and presentation currency. The major part of Norwegian Hull Club's premium income and claim cost is in USD. The currency is also significant in respect of provisions in the marine-ocean line of business. Profit and loss transactions in foreign currencies are translated into USD using the average yearly rate of exchange.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income as financial income or costs.

Receivables and liabilities (including technical insurance obligations) in foreign currencies are translated into USD at the year-end exchange rates. Foreign exchange gains and losses that relate to payables, receivables and cash and cash equivalents are presented in the Statement of Comprehensive Income under financial income or costs as currency gain/loss. All other foreign

exchange gains and losses are posted in the statement of comprehensive income under items they relate to. Securities and financial instruments in other currencies are valued in USD at the year-end exchange rates.

The Norwegian krone is used in the official Norwegian regulatory reporting. The 2022 year-end exchange rate used for the balance sheet for the Norwegian financial reporting was 9.86 (NOK/USD). The average exchange rate used in the statement of comprehensive income was 9.63 (NOK/USD).

Cash and cash equivalents

Cash and bank deposits are included in cash and cash equivalents in the Statement of Cash Flow. The working capital credit facility amounts to USD 1 million and was not used at year-end. In addition, Norwegian Hull Club has another credit facility of USD 30 million covering both bank guarantees and ordinary credits. Restricted deposit amounted to USD 6.6 million at the end of the year. The Club has cash pooling arrangements together with subsidiaries. Liquidity is made available through cash pooling for the subsidiaries of Norwegian Hull Club to meet their obligations.

Exemptions to the Basic Assessment and Valuation Principles

Financial current assets

Norwegian Hull Club uses the opportunity that is given to insurance companies in “Regulations for annual accounts for insurance companies approved by the Norwegian Ministry of Finance” to present all financial assets at fair value through profit or loss in accordance with the fair value option, if not otherwise decided before investment in a financial asset is made. This means that the fair value adjustments on financial assets are recognised in income before other comprehensive income.

Financial instruments are valued at fair market value. Such financial instruments are equities (both listed and unlisted), bonds and other interest generating investments, real estate funds and money market funds. Foreign exchange contracts are valued at fair market value as well.

Regular purchases and sales of financial assets are recognised on the trade date. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction cost are expensed in the income statement. Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and The Club has transferred substantially all risks and rewards of ownership. Realised gains / losses on financial instruments are presented on a separate line in the statement of comprehensive income. Interest and dividends income are included in financial income for financial assets at fair value through profit and loss.

Shares in subsidiaries and associated companies

Shares in subsidiaries are valued using the cost method in the Norwegian Hull Club accounts. Cost increases when the parent gives the subsidiary increased equity capital by subscription for share issue or group contribution. Dividends / group contribution received are normally recognised as income, but only to the extent that dividends / group contribution received from subsidiary do not exceed the share of retained earnings in the subsidiaries after the purchase. Received dividends / group contributions in excess of this amount are recorded as a reduction of the acquisition cost. Norwegian Hull Club records received dividend / group contributions the same year as the subsidiary makes the provisions.

An associated company is an entity over which The Club has significant influence but not control or joint control. This is generally the case where The Club holds between 20% and 50% of the voting rights. Norwegian Hull Clun has one investment in an associated company that is accounted for using the equity method. The investments were initially recognised at cost and adjusted thereafter to recognise The Club's share of the post-acquisition profits or losses of the investee in profit or loss. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by The Club, including fair value adjustments according to IAS40. The associated company is Olav Kyrresgt 11 AS, and The Club's share is 33.3%.

Pension cost, funding and obligations

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. These are non-funded pension obligations for a limited number of pensioners. For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Club has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Deferred tax and tax expense

Deferred tax is calculated based on temporary differences between book values and tax basis for assets and liabilities at year-end. For the purpose of calculating deferred tax, nominal tax rates are used. Taxable and deductible temporary differences are offset to the extent that they reverse within the same time frame. However, deferred tax liabilities on net pension assets are treated separately. Temporary differences that will constitute a future tax deduction give rise to a deferred tax asset. Change in deferred tax liability and deferred tax asset, together with taxes payable for the fiscal year adjusted for errors in previous year’s tax calculations, constitute tax expenses for the year.

Risk equalisation

The opportunity to make provisions to the risk equalisation has been removed from 01.01.2017. At dissolution, the risk equalisation was divided into other equity and deferred tax.

IFRS 16 Leases

Norwegian Hull Club implemented IFRS 16 on 1 January 2022 and the effects on the balance sheet are described under note 4. IFRS 16 requires all contracts that qualify under its definition as a lease to be reported on a lessee’s statement of financial position as right-of-use assets and lease liabilities.

Norwegian Hull Club recognises all identifiable lease agreements as a lease liability and a corresponding right-of-use asset, with the following exemptions:

- Short-term leases (defined as 12 months or less)
- Low value assets

Norwegian Hull Club recognises the above payments as other operating expenses in the statement of profit or loss when they incur. The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term. The lease term represents the noncancellable period of the lease. The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability, reducing the carrying amount to reflect the lease payments made and subsequent measurement of the carrying amount to reflect any reassessment of lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate. Lease liabilities include the net present value of the following lease payments: fixed payments, variable lease payment that are based on an index or a rate, amounts expected to be payable by the group under residual value guarantees and the exercise price of a purchase option if the group is reasonably certain to exercise that option. The option will be taken into account in the cash flow, when it is likely that the option will be used.

The lease payments are discounted using the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Finance cost is presented in operating activities in the cash flow.

The right-of-use asset is initially measured at cost, comprising the amount of the initial measurement of the lease liability, plus any down payment. The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses. Depreciations are according to IAS 16 Property, Plant and Equipment, except that the right-of-use asset is depreciated over the earlier of the lease term and the remaining useful life of the right-of-use asset. The right-of-use asset is included in the accounting line Equipment and fixtures.

New standards not yet adopted

The IFRS 9 Financial instruments standard introduces new requirements for the classification and measurement of financial assets. IFRS 9 is based on the concept that financial instruments should be classified and measured at fair value, with changes in fair value recognised in profit or loss as they arise (FVTPL), unless restrictive criteria are met for classifying and measuring the assets at either amortised cost or fair value through other comprehensive income (FVOCI). The amendments to IFRS 4 give entities that predominantly undertake insurance activities the option to defer the effective date of IFRS 9 until January 1, 2023. The effect of such a deferral is that the entities concerned may continue to report under IAS 39 Financial Instrument. The Club has used this option, and IFRS 9 is effective from January 1, 2023.

IFRS 17 Insurance contracts were published on May 18, 2017 with effect from January 1, 2021. IASB has decided to postpone the effective date of IFRS 17, to the reporting period that begins on 1 January 2023. Norwegian Hull Club has decided not to implement IFRS 17 in line with the option in Regulations on annual accounts for non-life insurance companies S3-1.

Note 2 – Number of Employees / Benefits / Employee loans / Audit / Pensions

Number of employees	Norwegian Hull Club
31.12.2021	146
31.12.2022	143

Remuneration to executives, Board of Directors, Committee members and auditor per 31.12.2022:

	Salary	Other benefits	Loan	Bonus	Pension cost
Hans Christian Seim, CEO	477 947	15 585	211 104	136 511	74 759
Per Gustav Blom, CFO	212 767	15 585	-	53 970	43 668
Aage Solberg, CCO	205 743	15 585	98 590	59 433	40 006
Atle Fjeldstad, CUO	260 464	15 585	-	85 128	46 003
Hilde Førland, CHRO	181 688	15 585	-	37 355	34 472

The pension and profit sharing figures in the table above represent the actual payments in 2022.

Board of Directors with sub committees:	
Rebekka Glasser Herlofsen (Chair) **	57 665
Magne Øvreås **	36 366
Øystein Beisland	23 378
Siri Pettersen Strandenæs */***	58 704
Marianne Møgster */***	49 873
Martin Karset	11 689
Anna Erlandsen (employee repr.)	23 378
Anders Furnes (employee repr.) */***	49 873
Marlena Truszczynska (employee repr.)	3 896
Total remuneration	314 821

Sub committees:

* = member of Audit Committee

** = member of Remuneration Committee

*** = Member of Risk Committee

Election Committee	
Morten Ulstein (Chair)	8 312
Synnøve Seglem	3 117
Eli Vassenden	6 234
Nils P. Dyvik	3 117
Njål Sævik	3 117
Total remuneration to Election Committee	23 897

Committee	
Morten Ulstein (Chair) *****	5 195 per meeting
Other members	3 117 per meeting
Total remuneration to Committee	8 312

There are no loans to members of the Board of Directors, Election Committee and Committee.

Employee salary and loans

All employees	2022	2021
Salary	14 805 084	15 691 394
Payroll tax	3 384 360	4 284 384
Profit sharing	2 852 209	3 972 582
Other benefits	203 366	307 469
Pension cost	2 071 813	2 457 115
Total	23 316 833	26 712 944

The Club has extended ordinary loans to employees totalling USD 3.5 million. Interest rates equal the lowest rate allowable if the loans are not to be taxed as employee benefit. All real-estate loans are secured by real-estate collateral. The real-estate loans have repayment period of 20 years.

The Club does not expect any loss from employee loans. Therefore, no provisions have been made. The loans are secured within 80% of the market value of the real estate.

Variable remuneration

The Club has established the principles for remuneration of senior executives, employees with duties essential to the firm’s risk exposure, as well as employees with supervisory responsibilities. The scheme aims to promote good management and control of The Club’s risk and shall not encourage excessive risk taking. A remuneration committee is appointed, and it will annually assess the need for adjustment in the compensation scheme based on the changes of The Club’s risk exposure.

In addition to salary, all employees could be assigned a variable remuneration. The total share of profit available for variable remuneration is decided by The Board. The individual’s share of profit available for distribution is determined, among other things, on the basis of salary and individual performance criteria. Any extraordinary effort, large client / personnel responsibility, contributions to skills upgrading in The Club and any breach of internal guidelines or other relevant legislation are given weight. In addition, certain financial criteria could also be emphasised, including the achievement of objectives within the employee’s department.

Audit

	2022	2021
Audit Fee	78 059	69 019
Tax advice fee	8 312	5 815
Other services provided by auditor	-	2 617
In total	86 372	77 450
(The figures in the table above are presented inclusive of VAT).		

Pension cost, funding and obligations

The Club dissolved the defined benefit plan 31.12.2015, and the unfunded pension obligations were invested in Storebrand on behalf of the employees. The Club has established a defined contribution hybrid pension scheme for all employees from 01.01.2016. In addition, The Club has an individual top pension scheme for salaries above 12G. The cost for The Club in respect of the hybrid scheme for 2022 was USD 1.5 million. The total investment in Storebrand amounted to USD 5.2 million as per 31.12.2022, which is recognised in the balance sheet as an asset (other receivables) and a liability. The cost for AFP (early retire-ment pensions) for 2022 was USD 0.2 million.

Additionally, The Club has pension obligations for some pensioners. These are non-funded obligations. All pension schemes are valued in accordance with the IFRS (IAS 19). Changes in the pension obligations as a result of changes in the actuarial assump-tions and variations between actual and anticipated return on pension funds, are recognised in the balance sheet immediately, through Other Comprehensive Income (OCI).

Notes for IAS19 disclosures per 31.12.2022:

Non-funded obligations			
1.	Net pension cost	2021	2022
	Current service cost	28 954	25 821
+	Recognised past service cost	-	-
=	Service cost	28 954	25 821
+	Net interest expense/(income)	50 565	39 773
+	Administrative expenses related to management of plan assets	-	-
+	Payroll tax (PT)	11 212	9 249
+	Financial tax	3 976	3 280
=	Cost in financial statement	94 707	78 123
Non-funded obligations			
2.	Change in defined benefit obligation (DBO)	2021	2022
	DBO at the beginning of year	3 631 842	2 984 194
-	Currency effect DBO	-118 105	84 221
+	Service cost	28 230	25 211
+	Interest cost on DBO	49 302	38 834
+	Past service cost	-	-
+	Remeasurements	292 103	287 620
+	Acquisition/(disposals)	-	-
-	Benefits paid	453 856	363 069
=	DBO at end of year	3 429 517	2 481 770
	TBO at end of year	3 520 657	2 539 609
3.	Obligation in financial statement	2021	2022
	Net defined benefit obligation (asset)	3 429 517	2 481 770
-	Currency effect benefit obligation	-	-
+	Payroll tax	483 562	349 930
+	Financial tax on contribution	171 476	124 089
=	Obligation in financial statement	4 084 554	2 955 789
4.	Reconciliation	2021	2022
	Balance sheet provision (prepayment) at beginning of year	4 325 524	4 084 554
-	Currency effect balance sheet provision	140 663	430 073
+	Cost in financial statement	92 341	76 278
-	Contributions/benefits paid during year (including PT)	517 850	414 262
-	Financial tax on contribution	22 693	18 153
+	Remeasurements recognised in OCI	347 895	342 555
-	Impact of (acquisition) / disposals	-	-
-	Other movements in the balance sheet	-	-
=	Balance sheet provision (prepayment) at end of year	4 084 554	2 955 788

5.	Assumptions	01.01.2022	31.12.2022
	Number of employees	2	1
	Number of pensioners	7	6
	Contractual Pension Scheme (AFP) probability	-	-
	Resignation rate (over/under 40 years)	0-8 %	0-8 %
	Tariff	K2013/KU	K2013/KU
	Estimated return on plan assets	1.5 %	3.2 %
	Discount rate	1.5 %	3.2 %
	Salary increase	2.5 %	3.75 %
	Increase of pension from the Norwegian National Insurance	2.25 %	3.5 %
	Pension increase	fluctuating	fluctuating
	Payroll tax	14.1 %	14.1 %
	Financial tax	5 %	5 %

Note 3 – Fixed Assets

Depreciation is calculated using straight-line method. Equipment and fixtures are depreciated over a period of 3-7 years. Upgrading of rented office premises, which are part of the equipment and fixtures group are depreciated over the rent period (10 years). The Club has an option to extend the rent period beyond the fixed term. Properties are not depreciated. Depreciation is classified as other insurance related expenses.

31.12.2022	Equipment and fixtures	Properties	Total
Acquisition cost 1.1.2022	11 070 237	2 089 030	13 159 267
Additions	604 279	-	604 279
Disposals	-2 702	-	-2 702
Acquisition cost 31.12	11 671 814	2 089 030	13 760 845
Accumulated depreciation 1.1	7 066 291	-	7 066 291
Ordinary depreciation	875 882	-	875 882
Disposals depreciation	-	-	-
Accumulated depreciation 31.12	7 942 173	-	7 942 173
Book value 31.12.2022	3 729 642	2 089 030	5 818 672

31.12.2021	Equipment and fixtures	Properties	Total
Acquisition cost 1.1.2021	10 546 607	2 777 085	13 323 692
Additions	1 276 427	-	1 276 427
Disposals	-752 796	-688 055	-1 440 851
Acquisition cost 31.12.2021	11 070 237	2 089 030	13 159 268
Accumulated depreciation 1.1	6 397 096	-	6 397 096
Ordinary depreciation	738 714	-	738 714
Disposals depreciation	69 519	-	69 519
Accumulated depreciation 31.12	7 066 291	-	7 066 291
Book value 31.12.2021	4 003 946	2 089 030	6 092 977

Note 4 – Leasing

Norwegian Hull Clubs leasing agreements lease agreements apply to the head office in Bergen, as well as the offices in London and Oslo. The lease agreement associated with the head office has a duration of 8 years and expires on 31.12.2030. The lease agreement in London has a duration of 3 years and expires on 31.12.2025, while the lease agreement in Oslo has a duration of 4 years, and expires on 31.12.2026.

Right of use Property		Lease Liability	
Right of use Property as at 01.01.2022	13 122 600	Lease liability recognised	13 122 600
Additions	-	Change in lease liability	-
Disposals	-		
As at 31.12.2022	13 122 600	As at 31.12.2022	13 122 600
Accumulated depreciation 01.01.2022	2 278 244	Accumulated discount	2 075 857
Ordinary depreciation	1 372 664	Accumulated discount value	1 316 242
Disposals depreciation			
Accumulated depreciation 31.12.2022	3 650 908	Accumulated discounted	3 392 099
VALUE 31.12.2021	9 471 693	Lease liability 31.12.2022	9 730 501

Additional cost for IFRS 16 in the year 2022 was USD 230 840. Interest rate used were Nibor per 1st of September 2019 + 2% being 3.25%,Libor per 2nd of September 2020 + 2% being 2.25% and Nibor per 4th of January 2021 + 2% being 2.48%. As of 31.12.2022, no decision has been made regarding the use of option related to the lease contract.

Lease Liabilities	2022
Current (2023)	1 280 869
Additions	6 873 751
Total	8 154 620

Amounts recognised in the statement of profit and loss. The statement of profit or loss shows the following amounts relating to leases:

	2022
Interest expense	767 597
Principal payment	1 258 896

Note 5 – Subsidiaries and Associated Companies

In Norwegian Hull Club the cost method is used for the following companies:

Company	Insurance Technology Solutions AS	Marine Benefits AS
Business office	Bergen	Bergen
Ownership share/Voting share	100 %	100 %
Result in subsidiaries and associated companies	38 455	304 351
Book value in Norwegian Hull Club	1 548 385	2 060 659
Equity in subsidiaries	813 125	2 503 179

The turnover and equity in the subsidiaries are regarded as insignificant additions to the group's business and have therefore not

been consolidated in the accounts. Subsidiaries’ financial information has been included based on unaudited financial statements as of 31 December 2022. The figures presented in the table above are all results after tax.

IT services purchased from Instech amounts to USD 4.2 million for 2022. Third party assistance regarding claim handling is bought from Marine Benefits. This amounts to USD 2.3 million for 2022. In addition, The Club purchased documentation services from Marine Benefits for USD 0.2 million.

Associated company is accounted for using the equity method:

Associated company	2021	2022
Opening balance 1 January	7 748 148	7 738 052
Share of this year's profits	248 105	190 250
Exchange differences on translation reported as other comprehensive income	-258 201	-817 705
Closing Balance as of 31 December	7 738 052	7 110 598

The associated company is Olav Kyrresgate 11 AS, and The Club's share is 33.3%

Net receivables / liabilities to group and associated companies:

Balance due from Marine Benefits is USD 2.2 million (as of 31.12.2021 USD 3.2 million). This is a short-term claims fund. In addition, there is a long-term loan of USD 1.6 million due from Marine Benefits. The term and conditions for the loan comprise a floating rate of interest, 3-month LIBOR + 2.0 % p.a. The loan shall be repaid no later than 30 December 2023.

Balance due to Instech is a long-term loan of USD 6.6 million. The term and conditions for the loan comprise a floating rate of interest, 3-month NIBOR + 2.0 % p.a. The loan shall be repaid no later than 30 December 2025.

Balance due from Olav Kyrresgate 11 As is USD 1.2 million as of 31.12.2022 (USD 1.4 million as of 31.12.2021).

Note 6 – Risk

Underwriting risk

The risk that The Club's premium income will be insufficient to cover the estimated size and frequency of claims. The risk is managed through the use of actuarial models for pricing, risk assessment and adoption of a sound underwriting strategy.

Reserve risk

Reserve risk is the risk that The Club's technical provisions are insufficient to cover the underlying liabilities. Actuarial models are used to calculate sufficient provisions.

Reinsurance risk

The risk associated with the choice of reinsurance structure and its adequacy as well as the reinsurers’ ability to carry the losses. Experienced employees establish a reinsurance structure ahead of the insurance year, which is regarded as optimal for The Club on the basis of sensitivity analyses of various claims scenarios, the desired exposure of The Club's solvency capital in the event of a major claim and opportunities for transferring risk on the basis of the historical claim picture. The capital adequacy of reinsurers and their ability to meet their obligations are also carefully assessed.

Operational risk

The risk that The Club's operational guidelines are inappropriate or its employees deviate from the guidelines. A set of guide-lines has been established to manage the operational risk. The Club defines critical risks and establishes procedures to eliminate or reduce the risk. Estimated loss from operational failure has been calculated. The Club's capital is sufficient to cover such a provision. The operational procedures are subject to continuous monitoring and are reviewed annually by the internal auditor in connection with the assessment of The Club's internal control.

Financial risk

The investment portfolio is exposed to three main categories of risks, namely credit risk, market risk and liquidity risk. The Club seeks to develop an investment strategy that minimizes the potential consequences of the above listed risks for any defined risk

level. Routines have been established in order to make sure that The Club is in compliance with all relevant regulations in terms of capital management, capital adequacy and so forth at any given time. Norwegian Hull Club reviews the investment risk continuously. Furthermore, it has developed stress tests in order to calculate the sensitivity and potential write-down of the investment portfolio and will make sure that the results of these tests are within the risk tolerance limits and parameters adopted by the Board.

Credit risk

Credit risk is the risk that The Club’s clients or counterparties to financial instruments will cause The Club financial loss by failing to honour their obligations. Theoretically, The Club’s maximum credit exposure in terms of financial assets is the aggregated book value of debt investments. In order to reduce the credit risk, banks shall have a minimum rating of “A” (Standard & Poor’s), and the bond portfolios shall be sufficiently diversified and have an adequate rating level from a holistic point of view. The investment grade bond portfolio has on average an “A” rating (Standard & Poor’s). Banks had on average an “A+” rating as of 31 December 2022

The ocean-marine line of business is characterized as a mature market. A large share of the premium income is handled through brokers, and the business is characterized by a delay in terms of payment. The Club has premium income from clients with a reliable history in terms of payment and the bad debts figures are very low. However, USD 1.2 million is set as provision for bad debt at 31 December 2022 (2021: USD 0.8 million). The medical insurance for seafarer business has limited credit risk and is considered as not significant.

Overview of insurance-related receivables:

Direct insurance 2022			Direct insurance 2021		
		in % of total			in % of total
Not Due	137 024 181	82.3 %	Not due	139 240 168	84.5 %
Due 2022	25 530 324	15.3 %	Due 2020	23 876 596	14.5 %
Due 2021	2 407 277	1.4 %	Due 2019	(92 913)	-0.1 %
Due before 2021	1 514 087	0.9 %	Due before 2019	1 81 089	1.1 %
In total	166 475 870	100 %	In Total	164 833 941	100 %

The reinsurance structure is established ahead of the insurance year. The Club is liable towards the insured if a reinsurer does not honour its obligations. The creditworthiness of the reinsurers is therefore a part of the decision basis in the process of placing reinsurance. In order to reduce the credit risk, reinsurers participating on the core reinsurance programme shall have a minimum rating of “A” (Standard & Poor’s/ AM Best).

Market risk

Being a marine insurance company operating in a global business such as shipping, USD is the natural base currency for The Club. However, parts of The Club’s business are exposed to other currencies including, but not limited to, EUR, JPY, GBP and NOK. A portion of The Club’s insurance liabilities and premium income are in currencies other than the base currency, while most of the operating costs are in NOK. The Club seeks to match assets and liabilities in terms of currency. Its investment portfolio is, to a large extent, USD based but is also exposed to other currencies - reflecting both specific investment considerations and the currency composition of the liability side. The remaining structural currency mismatch between assets and liabilities is hedged using tcurrency-forward contracts. As the actual underlying currency risks in equity investments and insurance liabilities are highly complex matters, the hedging approach calls for simplification in monitoring and management. The currency balance is monitored and matched on a quarterly basis, with interim adjustments if there are significant currency events arising from the business. The currency risk in the operating margin, arising from operating costs in NOK, is perpetual in nature and difficult to hedge from a market and cost perspective.

In order to limit the interest rate risk, the investment-grade bond portfolio shall have an average interest rate duration between + / - 1 year relative to benchmark. The applied benchmark includes securities with a remaining term to final maturity between 1-3 years and reflects the duration of The Club’s insurance liabilities. At the end of 2022, the actual duration of the investment-grade bond portfolio was 1.9 years while benchmark duration was 1.8 years. The investment-grade bond portfolio was USD 397 million and 75 % of the investment portfolio. End of year 2022, The Club’s high-yield bond portfolio was USD 14.6 million, with an interest rate duration of 3.9 years. Meanwhile, the emerging market hard-currency sovereign bond portfolio, USD 18.4 million,

has a duration of 7.3 years. The overall bond portfolio, USD 430 million and 81.5 % of the investment portfolio, has an interest duration of 2.2 years. The value of the bond portfolio will increase / decrease by approximately 2.2 % if a parallel interest rate shift of + / - 1.0 % -point across the interest rate curve should occur. The effect on pre-tax earnings will be +/- USD 10 million.

At the end of 2022, the listed equity portfolio was USD 33.5 million, approximately 6.4 % of the investment portfolio. The portfolio is well diversified across countries and regions globally. The private markets portfolio was USD 27.4 million, approximately 5.2 % of the investment portfolio. The portfolio comprises private equity, private debt and infrastructure investments, and is well diversified across countries and regions globally. The commercial real estate portfolio was USD 36.8 million, approximately 7 % of the investment portfolio. The portfolio consists of Norwegian, unlevered commercial real estate investments, and is well diversified across different segments of the market.

Liquidity risk

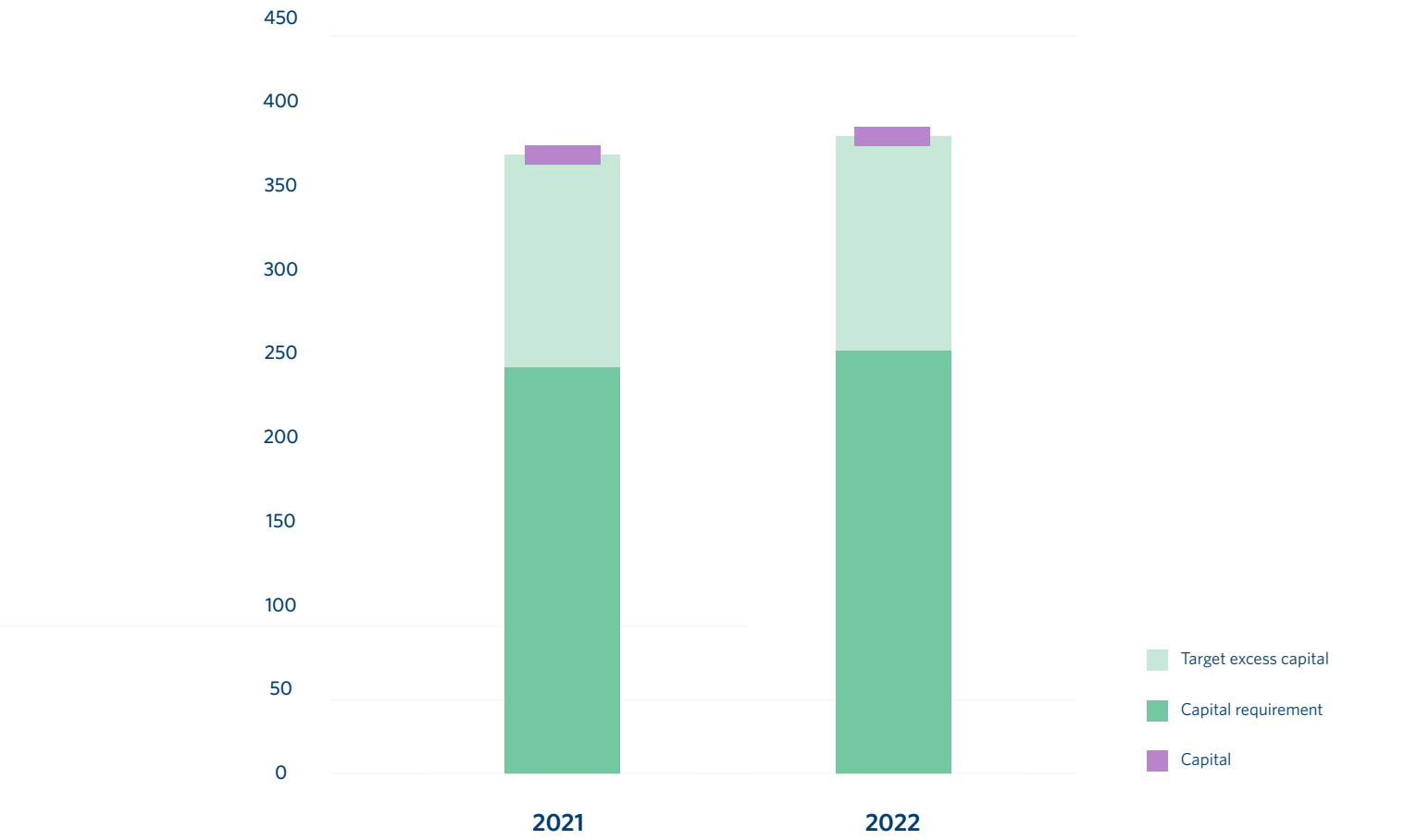
Liquidity risk is the risk that The Club will not be able to meet obligations when due. The liquidity risk in the investment portfolio is considered to be low.

The Club shall, over time, have a working capital (as a deposit in bank accounts) in the region of USD 10 million. In addition, The Club has established credit facilities of a minimum of USD 20 million. At least 70 % of the aggregated market value of the investment portfolio shall be invested in liquid securities or funds. Liquid investments are defined as investments that can be realised within five business days under normal market conditions.

Risk measures and stress testing

The Club monitors its risk taking on a quarterly basis, based on risk models developed by Standard and Poor’s. The model covers Market risk (i.e. investment risk and risk arising from asset/liability mismatch in terms of currency and/or interest rates), Counterparty credit risk, Underwriting risk and Operational risk. The Club has established internal targets in terms of capital in excess of the model requirements. As of 31.12.2022, The Club’s capital exceeds the S&P A-rating requirement by USD 129 million (2021: USD 124 million). The Club’s minimum capital requirement is determined as described above and the excess amounts are shown in the figure below. Formal capital and capital requirements under Solvency II regulations are set out in notes 14 and 15.

Capital and capital requirements



Note 7 – Financial Assets

The table below sets out an overview of the carrying and fair values of The Club’s financial instruments and the accounting treatment of these instruments as defined in IAS 39:

31.12.2022			31.12.2021	
			Book Value	Market Value
Stocks, shares, bonds and other financial instruments in total	525 999 129	525 999 129	550 064 019	550 064 019
Mortgage loans and receivables	7 701 693	7 701 693	6 161 833	6 161 833
Bank deposits investment portfolio	3 487 225	3 487 225	2 575 924	2 575 924
	537 188 047	537 188 047	558 801 776	558 801 776

31.12.2022	Book value		Market value	
	Mortgage loans & receivables	Asset at Fair Value through P&L	Mortgage loans & receivables	Asset at Fair Value through P&L
Stocks, shares, bonds and other financial instruments in total		525 999 129	-	525 999 129
Mortgage loans and receivables	7 701 693	-	7 701 693	-
Bank deposits investment portfolio	3 487 225	-	3 487 225	-
Total	11 188 918	525 999 129	11 188 918	525 999 129

31.12.2021	Book value		Market value	
	Mortgage loans & receivables	Asset at Fair Value through P&L	Mortgage loans & receivables	Asset at Fair Value through P&L
Stocks, shares, bonds and other financial instruments in total		550 064 019	-	550 064 019
Loans and receivables	6 161 833	-	6 161 833	-
Bank deposits investment portfolio	2 575 924	-	2 575 924	-
Total	8 737 757	550 064 019	8 737 757	550 064 019

Financial assets at fair value through P&L	31.12.2022	31.12.2021
Listed securities	435 416 308	445 564 992
Unlisted securities	90 283 071	104 552 794

For more detailed information on carrying and fair values for financial instruments, please see notes 8 and 9.

Fair value hierarchy

Government bonds, corporate bonds and other financial instruments that are traded in active markets where the fair value is determined on the basis of quoted market prices at the balance sheet date, are classified on level 1 in the pricing hierarchy. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to value an instrument are observable, the instrument is included in Level 2 Investments listed in the following have been classified on Level 2 in the pricing hierarchy:

- Equity funds, government bond funds, corporate bond funds and high-yield bond funds. Values are determined on the basis of the quoted market prices of the assets the funds have invested in.
- Currency futures, interest rate futures, stock and equity options, credit default swaps and currency swaps. Values are



determined on the basis of the price development on an underlying asset or instrument. The aforementioned categories of derivatives are being priced by using standard and well-recognised methods of pricing, such as option pricing models etc.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3 Investments. The following have been classified on Level 3 in the pricing hierarchy:

- Unlisted Private Equity investments. All of these are either investment in funds or in fund of funds. Values are determined on the basis of quarterly NAV (Net Asset Value) reports from the fund managers. These reports are prepared based on the IPEV (International Private Equity and venture capital Valuation) guidelines set forth by the Equity Venture Capital Association, or corresponding guidelines in the respective jurisdictions of the underlying funds. NAVs are calculated by the fund managers by making use of those methods of pricing in the IPEV and similar guidelines that are most suited to estimate actual value for each type of asset subject to all relevant factors. Due to late reporting, NAVs as per the last quarterly reports are used in the accounts. The NAV from the most recent quarterly report is adjusted for capital distributions and/or capital calls in the period until 31.12.22 and might be adjusted if incidents of material character have occurred during the period since last reporting date. An example in this respect could be a substantial change in the market value of a listed company a Private Equity fund has invested in.
- Real Estate funds. As for Private Equity, values are determined on the basis of quarterly NAV reports from the fund managers. Minimum yearly, the values of all properties in the funds are assessed by a publicly authorised real estate agent or valuator. The assessed values of the properties adjusted for other assets and liabilities, and if relevant expected cash flow (for example differentials due to future requirements and /or regulation that will impact the future cash flow of the properties) make up the basis for the NAVs.

The Club uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Per 31.12.2022	Level 1	Level 2	Level 3
	Quoted active market prices	Valuation techniques based on observable market data	Valuation techniques based on non-observable market data
Financial assets at fair value through profit or loss:			
Equity funds	-	33 521 557	-
Private equity funds	-	-	27 469 131
Real estate funds	-	-	36 768 450
Bonds	394 151 570	33 788 673	-
Loans	1 960 297		
Financial derivatives	-	299 750	-
In total	396 111 867	67 609 981	64 237 581

Financial debt			
Financial derivatives		-2 492 768	
In total		-2 492 768	

Per 31.12.2021	Level 1	Level 2	Level 3
	Quoted active market prices	Valuation techniques based on observable market data	Valuation techniques based on non-observable market data
Financial assets at fair value through profit or loss:			
Equity funds	-	45 473 474	-
Private equity funds	-	-	24 858 853
Real estate funds	-	-	41 956 557
Bonds	384 256 738	52 317 420	-
Loans	3 766	-	-
Financial derivatives	-	1 220 978	-
In total	384 260 505	99 011 872	66 815 410

Financial debt			
Financial derivatives		-324 696	
In total		-324 696	

The market value of the Private Market Investment portfolio has changed from USD 24.8 million per 31.12.21 to USD 27.4 million per 31.12.22. Drawdowns and new investments in the period were USD 4.6 million, while dividends and repaid investments amounted to USD 1 million.

The market value of the real estate funds has changed from USD 42 million per 31.12.21 to USD 37 million per 31.12.22. Draw-downs and new investments in the period were USD 1.2 million. Dividends and repaid investments amounted to USD 1.2 million. There were no drawdowns and new investments in 2022.



Note 8 – Stocks and shares

	Currency	ISIN	Org.number	Acquisition cost	Book value	Market value
Equity fund						
Cantillon FU	USD	IE00B3KF5S87		3 425 210	6 254 160	6 254 160
Egerton Capital Equity Fund Class I USD	USD	IE00B84H3N65		4 998 745	4 116 364	4 116 364
Sands Capital EMG Fund	USD	IE00BDFMDW42		263 760	345 812	345 812
Longview Global Equity Fund	USD	LU0507273943		3 014 440	4 562 556	4 562 556
Skagen Kon-Tiki A Nok	NOK	NO0010140502		1 069 375	931 020	931 020
Nordea Stabile Askjer Global Etisk	NOK	NO0010452782		6 670 111	12 294 046	12 294 046
Orbis SICA V Global Equity Fund	EUR	LU0334985271		3 257 681	5 017 596	5 017 596
Equity fund in total				22 699 322	33 521 554	33 521 554
Private investments						
Arcmont Senior Loan Fund II	EUR			2 916 715	2 871 111	2 956 333
Bluebay Direct Lending Fund II SLP	EUR			103 106	533 729	533 729
Barings Global Private Loan Fund II	EUR			2 613 483	2 451 617	2 451 617
Cubera International Private Equity 20	EUR			743 931	826 280	826 280
Cubera International Private Equity 21	EUR			440 730	463 571	463 571
Cubera International Private Equity 22	EUR			50 655	35 466	35 466
The Partners FD SICA V I-N USD	EUR			3 000 000	2 932 509	2 932 509
Nordea SIF Global Private Equity Fund	EUR			3 324 600	5 046 954	5 046 954
Nordea Private Equity III	EUR			1 139 490	304 714	304 714
PG Direct Mezzanine	USD			1 461 785	1 341 313	1 343 313
Partners Group Direct Infrastructure	EUR			876 359	894 518	894 518
Partners Group Life 2018 S.C.A., SICA V-RAI	EUR			3 594 244	3 760 741	3 760 741
Partners Group Secondary 2008, L.P.	EUR			1 118 647	684 440	684 440
Prime Office Germany	EUR	990 405 131		2 114 412	20 145	20 145
Storebrand International Private Equity	NOK			902 656	1 163 562	1 163 562
SI Private Equity VI	NOK			17 842	42 863	42 863
Union Real Estate Fund Holding AS	NOK			-188 045	93 935	93 935
Viking Global Opportunity Fund	USD			4 000 000	3 916 440	3 916 440
Private investments in total				28 230 610	27 383 909	27 469 131
Real estate fund						
API Eiendomsfond Norge AS	NOK		997 592 816	252 065	200 766	200 769
API Eiendomsfond Norge IS	NOK		090 068 733	24 752 507	19 875 400	19 875 400
Pareto Eiendomsfelleskap AS	NOK		992 043 415	141 440	132 159	132 159
Pareto Eiendomsfelleskap IS	NOK			12 862 769	13 083 770	13 083 770
Union Core REF AS	NOK		916 162 332	35 977	36 789	36 789
Union Core REF IS	NOK			3 530 718	3 439 562	3 439 562
Real estate in total				41 575 476	36 768 447	36 768 450
Stocks and shares in total						
				92 505 408	97 759 136	97 759 136

Remaining commitments (in local currency):		
Nordea Private Equity III	EUR	283 216
Partners Group Secondary 2008	EUR	1 157 463
Bluebay Direct Lending Fund II SLP	EUR	1 655 167
Barings Global Private Loan Fund II	EUR	330 000
Partner Group Infrastructur	EUR	360 501
Partner Group Mezzanine	USD	177 331
Partners Group Life 2018	EUR	1 764 979
Storebrand International Private Equity 19	NOK	2 000 000
Cubera International Private Equity 20	EUR	350 00
Cubera International Private Equity 21	EUR	600 000
Cubera International Private Equity 22	EUR	950 000
Acremont Senior Loan Fund II	EUR	1 530 170

Note 9 – Bonds and Foreign Exchange Contracts

	Currency	Nominal	Acquisition cost	Market value/Book value incl. acc. int.
<i>Bonds discretionary mandates</i>				
Government bonds	USD	234 422 000	228 563 819	221 443 938
Corporate bonds	USD	178 734 664	178 914 393	172 707 631
Bonds discretionary mandates in total		413 156 664	407 478 212	394 151 570
<i>Investment grade bond funds</i>				
Nordea SICA V 1 US Corporate Bond Fund	USD	-	716 627	774 438
Investment grade bond fund in total		-	716 627	774 438
High yield bond funds				
Barings Cap GlobalHY BondFund Tranche A	USD	-	1 494 864	2 030 145
Shenkman Finsbury High Income	USD	-	5 948 071	7 345 065
Nordea US High Yield	USD	-	4 732 945	5 265 945
High yield bond funds in total		-	12 175 880	21 678 507
Government Bond funds				
BlueBay EM Bond Fund	USD	-	11 988 023	12 246 735
Ashmore SICAV EM Sovereign Debt Fund	USD	-	8 333 041	6 126 347
Government bonds funds in total		-	20 321 064	18 373 081
Bonds in total		-	440 691 783	427 940 243
Other financial instruments				
Foreign currency exchange contracts		-	-	299 750
Foreign currency exchange contracts				-2 492 768
Interest rate swap			-	-
Loans	USD			
Syndicated loans		1 968 912	1 947 783	1 960 297
Loans in total		1 968 912	1 947 783	1 960 297

Currency swap contracts overview:

Amount sold (in millions)				
Due date	EUR	GBP	NOK	USD
25.01.2022	-	-	41.2	-
23.02.2022	-	-	44.5	-
24.02.2022	11.4	3.6	-	-
24.01.2022	-	1.9	-	-
07.02.2022	6	-	40.7	-
10.02.2022	1.7	-	148	17.3
16.02.2022	-	-	59.3	5.7
24.03.2022	-	5	-	-

Note 10 – Taxes

Tax expense for the year	2022	2021
Taxes payable	21 969 826	16 114 417
Correction previous years provision	330 670	6 237 017
Tax effect of group contribution	-	49 890
Change in deferred tax	10 521 559	-13 208 150
Total tax expense for the year	11 778 937	9 193 174
Specification of tax expense for the year		
Earnings before tax	21 001 956	46 995 878
Conversion effect	44 085 190	12 587 150
Earnings before tax	65 087 146	59 583 028
Permanent differences (due to none tax-deductible expenses)	1 267 417	649 190
Permanent differences (tax-except investment)	384 958	-17 830 848
Change in temporary differences	21 909 697	22 255 857
Basis taxes payable in statement of comprehensive income	87 879 302	64 657 226
Group Contribution with effect on taxable income	-	199 560
Taxable income	87 879 302	64 457 666
Taxes payable 25%	21 969 826	16 114 417
Taxes payable - balance sheet		
Tax payable in tax expense	21 969 826	16 164 307
Effect of Group Contribution	-	49 890
Tax payable - balance sheet	21 969 826	16 114 417
Specification of the basis for deferred tax		
Fixed Assets	1 675 776	1 388 630
Receivables	-1 231 000	-1 657 000
Pension liabilities	-3 123 685	-4 251 799
Bonds and financial derivatives	11 795 293	8 429 002
Risk provision	140 298 733	188 171 536
Stocks and shares	772 359	255 193
Depreciations office rentals	-373 429	-687 008
Leasing	-258 809	-
P/L Accounts	-17 828	-24 908
Net temporary differences	149 537 410	191 623 644
Loss carried forward	-	-
Basis for deferred tax in the balance	149 537 410	191 623 644
Deferred tax 25 %	37 384 352	47 905 911
Specification of tax expense for the year		
25% tax on net income	16 271 787	14 895 757
Correction previous year's provision	330 670	580 213
Currency effect deferred tax	5 044 134	1 987 382
Tax effect from permanent differences	220 615	4 295 415
Estimated tax expense	11 778 937	9 193 174

Note 11 – Guarantees Not Presented in Balance Sheet

As claims leader, Norwegian Hull Club may issue guarantees to third parties on behalf of clients to cover liabilities incurred in connection with collisions, salvage scenarios or other types of third-party claims. Such guarantees will be issued on 100 % basis, thereby including the liabilities of co-insurers that will counter-guarantee Norwegian Hull Club's liability for their respective shares.

Value of guarantee		
	Maximum value	Estimate net liabilities
Guarantees provided by the undertaking, including letters of credit	105 897 220	16 906 939

Note 12 – Claims Expenses

	31.12.2022	31.12.2021
Gross accrued claims	239 740 392	175 700 225
Reinsurers' share of gross claims	-49 098 950	-16 633 464
Claims for own account	190 641 443	159 066 761
Run off gain (+)/loss (-) gross	-9 447 075	-11 797 636
Run off gain (+)/loss(-) for own account	-5 754 124	-1 773 356
Accrued claims equals paid claim and changes in reserves.		

Note 13 – Technical Reserves for Own Account

	31.12.22	31.12.21
Unearned gross premium provision	166 430 661	162 179 692
Reinsured proportion of gross premium provision	-28 543 309	-29 240 468
Unearned premium provision for own account	137 887 352	132 939 224
Gross claims provision	332 758 898	247 704 327
Reinsured proportion of gross claims provision	-69 984 127	-35 609 546
Claims provision for own account	262 774 771	212 094 781
Total risk provision etc.	400 662 123	345 034 005

Note 14 – Solvency II Capital Requirements & Position

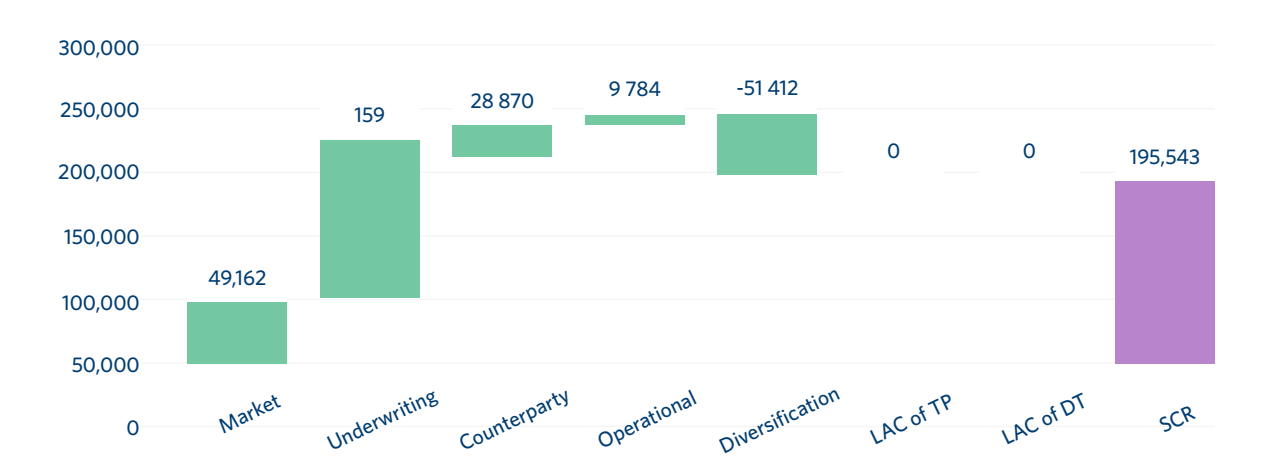
Norwegian Hull Club is a mutual insurance undertaking writing global marine and medical expense insurance. The gross premium earned in 2022 was USD 324 million, up 20.9 % from 2021. The operating result was USD 21 million.

The below table summarises the solvency conditions in terms of Solvency Capital Requirement (SCR), Minimum Capital Requirement (MCR) and Own Funds in USD 1000.

Solvency II - capital requirements and position

	2022		2021	
	SCR	MCR	SCR	MCR
Eligible own funds	499 243	401 471	486 424	391 240
Capital requirement	195 543	60 672	190 368	47 592
Difference	303 700	340 799	296 056	343 648
Ratio	255 %	662 %	256 %	822 %

The chart below shows how Solvency Capital Requirement (SCR) is built up:



Note 15 - Solvency II Balance Sheet

Due to different valuation principles there will be deviations between the Solvency II balance and Statutory accounts. A summary of the differences is shown below:

	Solvency II	Statutory Accounts	Comment
Unearned Gross Premium	166 430 661	166 430 661	
Expected Profit in unearned premium	-24 531 481	-	Negative = profit
Expected Profit in written 2023 business	-7 784 011	-	Negative = profit
Expected Profit in long-term policies	-4 081 860	-	Negative = profit
Non due premium receivables	-137 024 181	-	Reclassification
Discounting	-7 549 145	-	
Gross Premium Provision	-14 540 018	166 430 661	

	Solvency II	Statutory Accounts	Comment
Unearned Reinsurance Premium	28 543 309	28 543 309	
Expected Profit in unearned premium	-7 402 329	-	Negative = ceded
Expected Profit in written 2023 business	-2 272 056	-	Negative = ceded
Expected Profit in long-term policies	-1 469 809	-	Negative = ceded
Discounting	-998 663	-	
Payables reinsurance	-24 307 830	-	Reclassification
Reinsured proportion of gross premium provisions	-7 907 378	28 543 309	

Note 16 – Reinsurers’ Result

	31.12.2022	31.12.2021
Reinsurers' share of gross premiums	58 615 748	45 574 841
Reinsurers' share of gross claims	49 098 950	16 633 464
Reinsurers' result	9 516 798	28 941 377

Note 17 – Geographical Distribution of Gross Premium Earned from Direct Insurance

	31.12.2022	31.12.2021
Norway	57 432 496	52 651 652
Countries covered by the EEA agreement	137 172 612	102 119 266
Other countries	129 053 603	112 871 464
Total	323 658 711	267 642 383

Note 18 – Earned Premium and Claims Per Line of Business

	Marine	Medical	Total
Gross written premium	305 206 515	19 658 889	324 865 404
Gross earned premium	305 069 490	18 589 221	323 658 711
Reinsurance premiums	58 963 848	-348 100	58 615 748
In total	246 105 642	18 937 321	265 042 963
Gross claims	217 142 789	13 150 527	230 293 317
Run off gain (+) / loss (-) gross	-8 076 029	-1 371 047	-9 447 075
Gross accrued claims	225 218 818	14 521 574	239 740 392
Reinsurers share of gross claims	48 968 530	130 420	49 098 950
Claims for own account	176 250 288	14 391 154	190 641 442

Note 19 – Insurance Provisions Per Line of Business

	Marine	Medical	Total
Unearned gross premium provision	147 129 308	19 301 353	166 430 661
Gross claims provision	332 936 541	9 822 357	332 758 898

Note 20 – Events After 2022 Year End

In February 2023, Norwegian Hull Club experienced an extraordinary increase in claims estimates concerning the claim year 2022. The 31.12.2022 accounts were thus adjusted to reflect this new information. No further major events have occurred in 2023 that significantly affect the capital of Norwegian Hull Club. However, the frequency and size of the claims experienced so far this year indicates that 2023 may see an increase in claims as well as higher costs than the preceding years. The Club is closely monitoring potential exposure and other potential consequences of the war in Ukraine and effects of inflation.

AUDITOR'S REPORT



Deloitte AS
Lars Hilles gate 30
Postboks 6013 Postterminalen
NO-5892 Bergen
Norway

Tel: +47 55 21 81 00
www.deloitte.no

To the General Meeting of Norwegian Hull Club – Gjensidig Assuransforening

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Norwegian Hull Club – Gjensidig Assuransforening (the Company), which comprise the balance sheet as at 31 December 2022, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 3 years from the election by the meeting of representatives on the shareholders committee on 14 May 2020 for the accounting year 2020.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



side 2
Independent Auditor's Report -
Norwegian Hull Club – Gjensidig
Assuransforening

Measurement of claims provision

Key issues in the Audit	How the matter was addressed in the audit
Measurement of claims provisions is based on various calculation methods and a number of assumptions and estimates related to future developments that are associated with uncertainty.	Norwegian Hull Club - Gjensidig Assuransforening has established an actuarial function. The actuarial function performs various controls of the calculated claims provisions. We obtained the actuarial function's annual report and assessed the results of the controls and the actuarial function's assessments as they appear in the annual report.
Note 1 discusses the accounting principles used, note 5 discusses insurance risk and note 12 specifies the insurance obligations.	We challenged the measurement of claims provisions by re-estimating claims provisions for three business sectors based on data received from the company. We compared our estimates with the company's estimates.
Management's exercise of judgment related to the calculation models, assumptions and estimates are decisive for measuring the claims provisions and they are therefore a key audit matter.	We assessed whether note information on claims provisions is adequate.
	We have used our own actuary in the audit of the claims provisions.

The insurance system and controls relevant to financial reporting

Key issues in the Audit	How the matter was addressed in the audit
Norwegian Hull Club - Gjensidig Assuransforening's insurance system is key to the accounting and reporting of completed transactions, to provide a basis for important estimates and calculations, and to provide relevant disclosures. Parts of operation and maintenance of the IT infrastructure are outsourced to service providers.	Norwegian Hull Club - Gjensidig Assuransforening has established an overall management model and control activities related to insurance system. We have gained an understanding of the overall management model and control activities for the insurance system that is relevant for financial reporting.
Good management and control of insurance system is essential to ensure accurate, complete and reliable financial reporting and is therefore a key audit matter.	We have assessed and tested the design and implementation of selected control activities associated with the insurance system relevant to the financial reporting related to IT-operations, change management, information security and application controls. For a sample of these control activities, we tested whether they have been effective during the period.
	We have assessed the Service Auditor's Assurance Report (ISAE 3402) from service providers with regard to whether the service auditor's report provides sufficient appropriate audit evidence about the effectiveness of the controls in areas that may have an impact on financial reporting.
	We used our own IT-specialists in the work of understanding the overall management model for insurance system and in the assessment and testing of control activities.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on

the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Bergen, 28 March 2023

Deloitte AS

Jon-Osvold Harila

State Authorised Public Accountant

CORPORATE GOVERNANCE

Norwegian Hull Club is subject to supervision by the Financial Supervisory Authority of Norway. In addition, The Club's governing bodies have adopted separate internal regulations regarding corporate governance issues.

General Meeting

Members of The Club, clients that write business on a mutual basis, vote at the general meeting.

Committee

The Committee elects the Board of Directors and the Election Committee. The Committee also recommends the annual accounts to the General Meeting and supervises the Board of Directors and management. The members of the Committee are elected from the members, i.e. the owners, of The Club.

Board of Directors

The Board of Directors is responsible for setting out the strategy, including risk tolerance, and generally overseeing the daily management of The Club. Up to two members of the Board of Directors can be independent; the others represent members of The Club. The Board of Directors has audit, risk and compensation sub-committees. The Chair of the Audit Committee is independent of The Club.

Audit Committee

The Audit Committee is a sub committee of the Board of Directors. Its responsibility is to discuss significant accounting issues with management and the external auditor and to assess procedures adopted for preparing the accounts. The Audit Committee shall further assess the independence of the external auditor, discuss audit issues with external and internal auditors, assess the auditors' work and make

recommendations to the Board of Directors regarding election of external and internal auditors.

Risk Committee

The Risk Committee is a sub committee of the Board of Directors. Its responsibility is to supervise Norwegian Hull Club's total risk and regularly consider if The Club's management and control systems are adapted to the risk level and scope of the operations. The Risk Committee shall further regularly consider the continuous compliance with capital requirements and requirements for technical insurance provisions. Finally, the Risk Committee shall also regularly consider the appropriateness of the risk management system; it shall follow up the key actuary, compliance, risk management and functions.

Compensation Committee

The Compensation Committee is also a sub committee of the Board of Directors. The Compensation Committee makes recommendations to the Board of Directors on the compensation of the CEO as well as the structure of general compensation and oversees compensation for the management team.

Election Committee

The Election Committee makes recommendations on candidates for the various governing bodies. The Election Committee shall have at least five members. At least one member shall have served on the Board of Directors during the last five years. According to the instructions for the Election Committee, the Chair and deputy chair of the Committee, members of the Board and members of the Election Committee shall in general not be re-elected after ten years of service.



Bergen

Visiting address:

Solheimsgaten 5
5058 Bergen

Postal address:

P.O. 2404
5824 Bergen
Norway

Oslo

**Visiting and postal
address:**

Dronning Eufemias gate 16
NO-0191 Oslo
Norway

London

**Visiting and postal
address:**

5th Floor, 37-39 Lime Street
London, EC3M 7AY
United Kingdom

Web: www.norclub.com

Enterprise No: NO 910 508 334



NORWEGIAN HULL CLUB

www.norclub.com