

1st QUARTER REPORT

2018



NORWEGIAN HULL CLUB

TABLE OF CONTENTS

3 *Summary Interim Report
Q1 2018*

4 *Key Figures*

6 *Statement of Comprehensive
Income*

8 *Balance Sheet*

10 *Explanatory Notes to the
Interim Financial Report*

12 *Statement of Cash Flow*



SUMMARY INTERIM REPORT Q1 2018

The result for Norwegian Hull Club in the first three months of 2018 is USD 16 million. Technical result of insurance operations is USD 11.1 million while the result from investment income and other financial items is USD 4.9 million.

The market situation - with depressed values of ships and other units insured, combined with an ample supply of capital to marine insurance putting downward pressure on premium income - continued in the first quarter. Gross premium income is therefore below the corresponding figure from 2017.

Profitability on insurance operations is above expectations. The combined ratio for the three-month period is 66 %.

Return on the investment portfolio is 0 % in local currencies (in which the portfolio is invested) and 0.9 % in USD. The USD return corresponds to USD 3.5 million. The balance of financial income stems from interest earned on bank accounts and receivables ,as well as foreign exchange items.

Equity is USD 306.8 million at the end of March 2018.

KEY FIGURES

All figures in USD 000's

	01.01.-31.03.2018	01.01.-31.03.2017	2017
Gross earned premiums	40 018	44 344	167 687
Gross claims	-20 178	-39 327	-237 356
Gross result	19 840	5 018	-69 668
Premiums for own account	32 447	35 925	136 965
Claims for own account	-17 103	-28 433	-126 026
Insurance result for own account	15 344	7 491	10 938
Net operating expenses	-4 274	-4 007	-16 958
Technical result	11 070	3 484	-6 020
Net financial items	4 939	10 143	35 853
Operating result	16 009	13 627	29 833
Loss ratio for own account	53 %	79 %	92 %
Combined ratio	66 %	90 %	104 %

	31.03.2018	31.12.2017
Investment portfolio	415 604	409 490
Bank deposits	21 057	17 776
Receivables	252 744	227 931
Other assets	23 921	22 714
TOTAL ASSETS	713 325	677 911
Equity	306 765	290 756
Claims provision	200 783	198 755
Other provisions	90 020	77 407
Payables and other liabilities	115 757	110 992
TOTAL EQUITY AND LIABILITIES	713 325	677 911



STATEMENT OF COMPREHENSIVE INCOME

All figures in USD

	31.03.2018	31.03.2017
Gross earned premiums	40 017 636	44 344 245
Reinsurance premiums	-7 570 883	-8 419 673
A Premiums for own account	32 446 753	35 924 573
B Other insurance related income	1 719 663	2 011 619
Gross accrued claims	20 177 864	39 326 698
Reinsurers share of gross claims	-3 074 873	-10 893 497
C Claims for own account	17 102 991	28 433 201
Marketing expenses	2 891 393	2 892 898
Commissions earned	0	0
D Total insurance related expenses for own account	2 891 393	2 892 898
E Other insurance related expenses	3 102 190	3 126 022
F Operating result technical accounts (A+B-C-D-E)	11 069 842	3 484 071
Financial income	2 911 499	2 641 300
Realised gains and losses	-154 932	-2 350 248
Adjustment investment portfolio	2 687 129	10 187 711
G Total financial income	5 443 696	10 478 763
H Administration expenses financial assets	504 575	335 578
I Result from ordinary operations (F+G-H)	16 008 963	13 627 255
J Tax expenses (income)	-	-
K Result before other result components (I-J)	16 008 963	13 627 255



BALANCE SHEET

Assets

All figures in USD

	31.03.2018	31.12.2017
Shares in subsidiaries	2 734 715	2 734 715
Other shares	1 281 925	1 281 925
Mortgage loans	11 299 680	10 328 877
Stocks and shares	105 502 350	105 060 721
Bonds and foreign exchange contracts	304 524 839	300 644 660
Financial derivatives	0	0
Bank deposits investment portfolio	5 576 583	3 784 382
Total financial assets	430 920 092	423 835 279
Reinsured proportion of gross premium provisions	20 476 182	14 397 660
Reinsured proportion of gross claims provision	54 123 281	55 349 537
Total reinsured proportion of insurance provisions	74 599 463	69 747 197
Insurance related receivables	103 263 887	90 246 484
Reinsurance receivables	10 503 450	12 396 722
Disbursements	54 583 567	46 403 527
Other receivables	9 793 510	9 137 339
Total receivables	178 144 414	158 184 072
Properties	2 777 085	2 777 085
Equipment and fixtures	4 493 291	4 279 113
Cash and bank deposits	21 056 575	17 776 057
Deferred tax	0	0
Total other assets	28 326 952	24 832 255
Accrued interest	1 333 979	1 312 040
TOTAL ASSETS	713 324 901	677 910 844

Equity and Liabilities

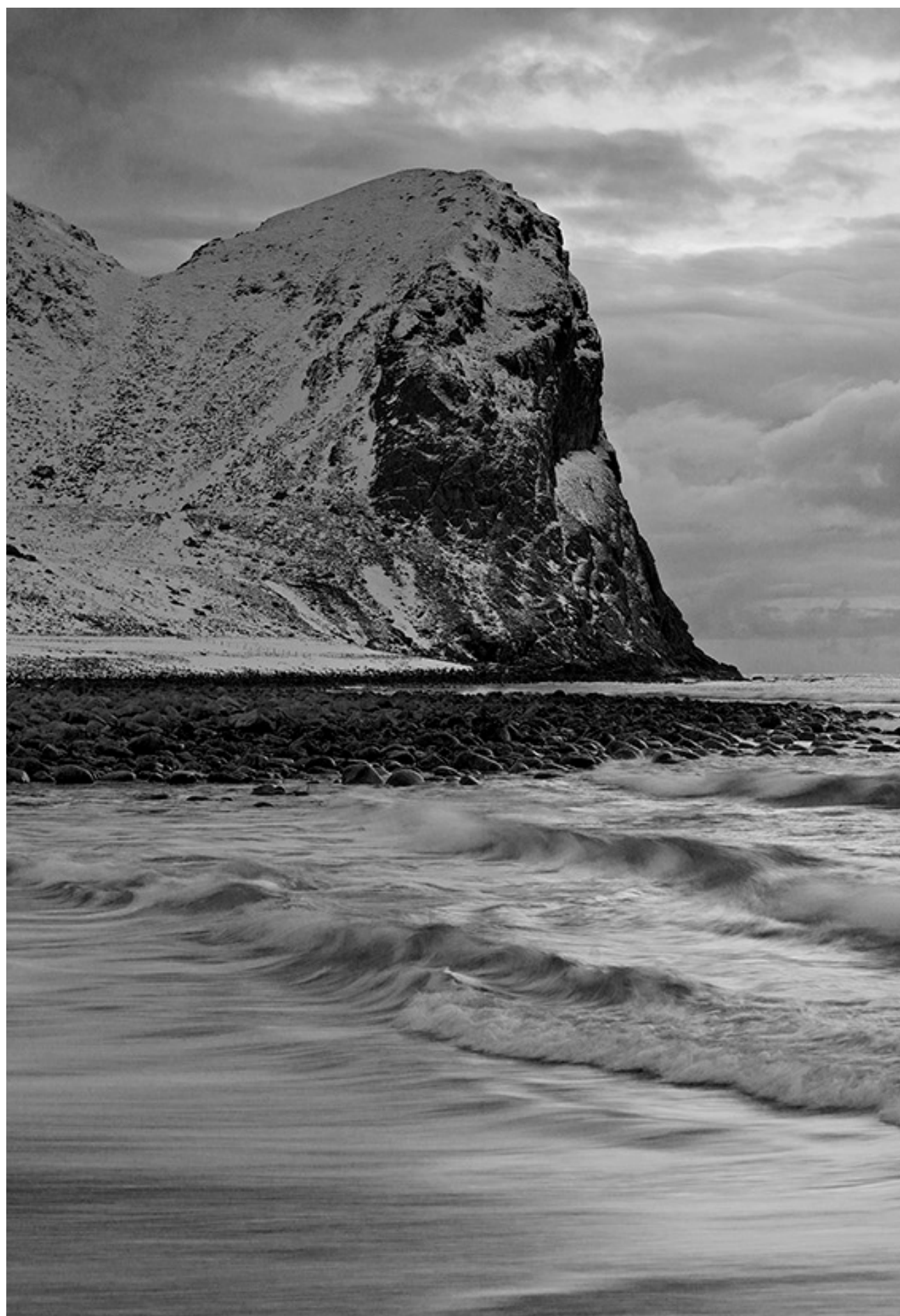
All figures in USD

	31.03.2018	31.12.2017
Equity	8 042 072	8 042 072
Other equity	298 723 077	282 714 115
Total equity	306 765 149	290 756 186
Unearned gross premium provision	90 019 619	77 407 114
Gross claims provision	200 783 119	198 755 426
Unearned commission provision	0	0
Total gross insurance provisions	290 802 738	276 162 540
Pension liability	4 246 406	4 246 406
Withheld payroll tax, social security etc.	2 550 200	3 187 549
Deferred tax	83 494 842	83 494 842
Taxes payable	0	0
Total tax etc. payable	90 291 447	90 928 797
Payables direct insurance accounts	675 555	629 909
Payables reinsurance	10 648 090	6 975 016
Payables other accounts	14 141 921	12 458 397
Total payables	25 465 566	20 063 321
TOTAL EQUITY AND LIABILITIES	713 324 901	677 910 845

STATEMENT OF CASH FLOW

All figures in USD

	31.03.2018	31.03.2017
Profit of the year before tax	16 008 963	13 627 255
Change in net technical reserves	9 787 932	4 965 997
Net profit on sale of fixed shares	0	0
Change in disbursements	-8 180 040	-10 614 526
Net profit on sale of fixed assets	-78 766	-58 805
Change in net pension funds	0	0
Change in net receivables	-7 037 346	-22 358 394
Depreciation	199 391	202 872
Taxes paid	-56 851	-22 887
Net cash flow from operations before financial assets	-10 643 284	-14 258 488
Change in net bonds	-3 880 179	1 265 188
Change in net stocks and shares	-441 629	-3 702 575
Change in net financial derivatives	0	367 230
Net cash flow from financial assets	-4 321 808	-2 070 157
A Net cash flow from operational activities	6 321 476	-16 328 645
Cash generated/used by investing activities		
Net receipts/payments related to purchase/capitalization of subsidiaries and associated companies	0	0
Net receipts/payments related to sale/purchase of fixed assets	-413 569	863 899
Change in mortgage loans	-970 803	429 963
B Net cash inflow/outflow from investment activities	-1 384 372	1 293 861
C Net financing activities - dividend paid to members	0	0
C Effect of changes in exchange rates on cash and cash equivalents	135 617	81 692
A+B+C Net change in cash and cash equivalents	5 072 720	-14 953 091
Cash and cash equivalents 01.01	21 560 439	34 487 412
Cash and cash equivalents	26 633 159	19 534 320



EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

Note 1 - Accounting policies

Norwegian Hull Clubs interim financial report is presented in accordance with IAS 34 interim financial reporting and in compliance with the Norwegian Accounting Act, Finance Ministry's prescribed regulations from December 16, 1998 on Financial Statements for Insurance companies and regulations from January 21, 2008 on simplified IFRS.

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

The main accounting policies are unchanged from the annual report 2017 and the annual report contains the full description of the accounting policies. A new accounting regulation was implemented in 2016 and the dissolution of the equalisation reserve is a change of accounting principle and has been booked against deferred tax and equity.

There are still discussions and uncertainty on how this change should be treated for tax purposes. Due to this, Norwegian Hull Club has not calculated any tax expenses.

Note 2- Claims expenses

	31.03.2018	31.03.2017
Gross claims	20 177 864	39 326 698
Claims for own account	17 102 991	28 433 201
<i>Run off gain (+) / loss (-) gross</i>	8 202 970	-10 178 242
<i>Run off gain (+) / loss (-) for own account</i>	6 720 263	995 478

Note 3 - Market value adjustments

	31.12.2017		31.03.2018		Change	
	Book Value	Market Value	Book Value	Market Value	Book Value	Market Value
Bonds	300 644 660	300 644 660	304 524 839	304 524 839	3 880 179	3 880 179
Stocks and shares	105 060 721	105 060 721	105 502 350	105 502 350	441 629	441 629
In total	405 705 381	414 982 693	410 027 189	410 027 189	4 321 808	4 321 808

	31.12.2017			31.03.2018		Change
Derivatives	0	0	0	0	0	0
In total	405 705 381	414 982 693	410 027 189	410 027 189	4 321 808	4 321 808

Note 4 - Off balance items

	31.03.2018	31.12.2017
Guarantee liability regarding claims		
Gross guarantees issued	101 669 683	90 412 424
Counter-guarantees from co-insurers	71 252 083	61 125 340
Guarantees for own account	30 417 600	29 287 084

All guarantees relate to clients' liabilities in connection with collisions, groundings etc. associated with The Club's activities.

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

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

Note 6 - Changes in equity

	Owners' funds	Other equity	Total equity
Equity at 31.12.2017	8 042 072	282 714 115	290 756 186
Allocation		16 008 963	16 008 963
Equity	8 042 072	298 723 077	306 765 149



Bergen

Visit address:

Olav Kyrresgate 11
NO-5014 Bergen

Postal address:

P.O. Box 75 Sentrum
NO-5803 Bergen
Norway

Oslo

Visit and postal address:

Dronning Eufemias gate 16
NO-0191 OSLO
Norway

Kristiansand

Visit address:

Rådhusgata 3
NO-4611 Kristiansand

Postal address:

P.O. Box 489
NO-4664 Kristiansand
Norway

London

Visit and postal address:

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

Web: www.norclub.com
Enterprise No: NO 910 508 334

Photography: Helge Skodvin