



2ND QUARTER REPORT

2019



NORWEGIAN HULL CLUB

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SUMMARY INTERIM REPORT 2Q 2019

The result for Norwegian Hull Club in the first six months of 2019 is minus USD 4.3 million. The technical result of insurance operations is minus USD 26.0 million, while the result from investment income and other financial items is USD 21.7 million.

Profitability on insurance operations is below expectations due to adverse claims development. The combined ratio is 138 % so far in 2019.

Return on the investment portfolio is 5.3 % in USD. The USD return corresponds to USD 21.5 million. The balance of financial income stems from interest earned on bank accounts and receivables as well as foreign exchange items.

Equity is USD 299.4 million at the end of June 2019.

Hans Christian Seim, CEO of Norwegian Hull Club, commented: "The result for the first half of 2019 is significantly impacted by claims. In our industry, claims figures will always be volatile. In 2019, gross claims are higher than what we expect long term but, more importantly, there are a larger number of medium-sized claims for own retention.

"On the positive side, premium income is up in the second quarter as rate increases are materialising. Coupled with strong investment income, the result for the second quarter only is plus USD 6.8 million."

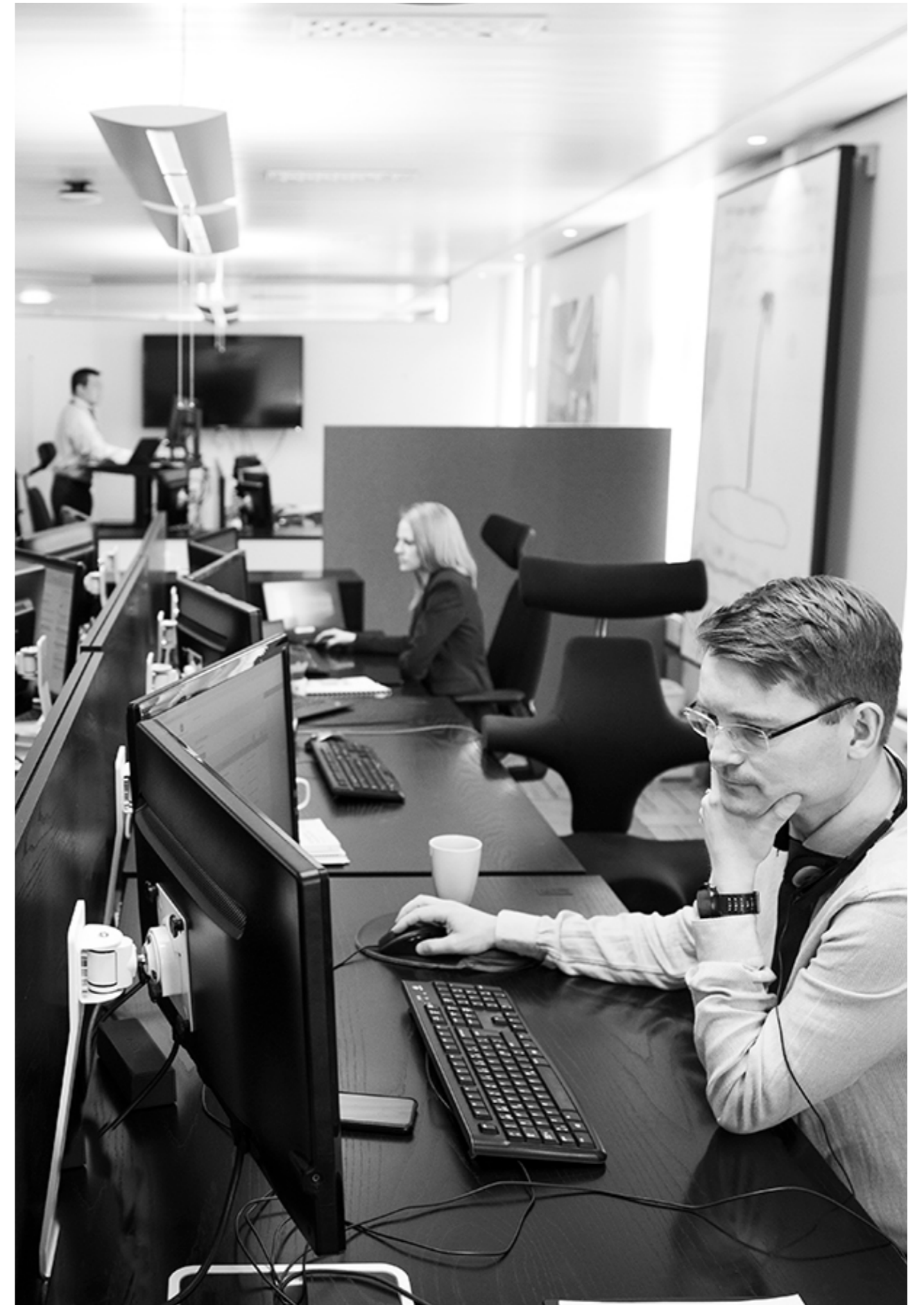


KEY FIGURES

All figures in USD 000's

	01.01.-30.06.2019	01.01.-30.06.2018	2Q 2019	2Q 2018	2018
Gross earned premiums	86 238	84 829	47 847	44 811	166 360
Gross claims	-87 683	-44 800	- 35 297	-24 622	- 149 768
Gross result	-1 444	40 029	12 550	20 189	16 593
Premiums for own account	67 583	69 445	37 785	36 998	135 474
Claims for own account	-85 985	-41 565	-36 153	-24 462	-116 092
Insurance result for own account	-18 402	27 880	1 632	12 536	19 383
Net operating expenses	-7 617	-7 853	-3 612	-3 580	-16 882
Technical result	-26 019	20 026	-1 980	8 957	2 501
Net financial items	21 749	1 062	8 793	-3 877	1 628
Operating result	-4 270	21 088	6 813	5 079	4 128
Loss ratio for own account	127 %	60 %	95.7 %	66.1 %	85.7 %
Combined ratio	138 %	71 %	105.2 %	75.8 %	98.2 %

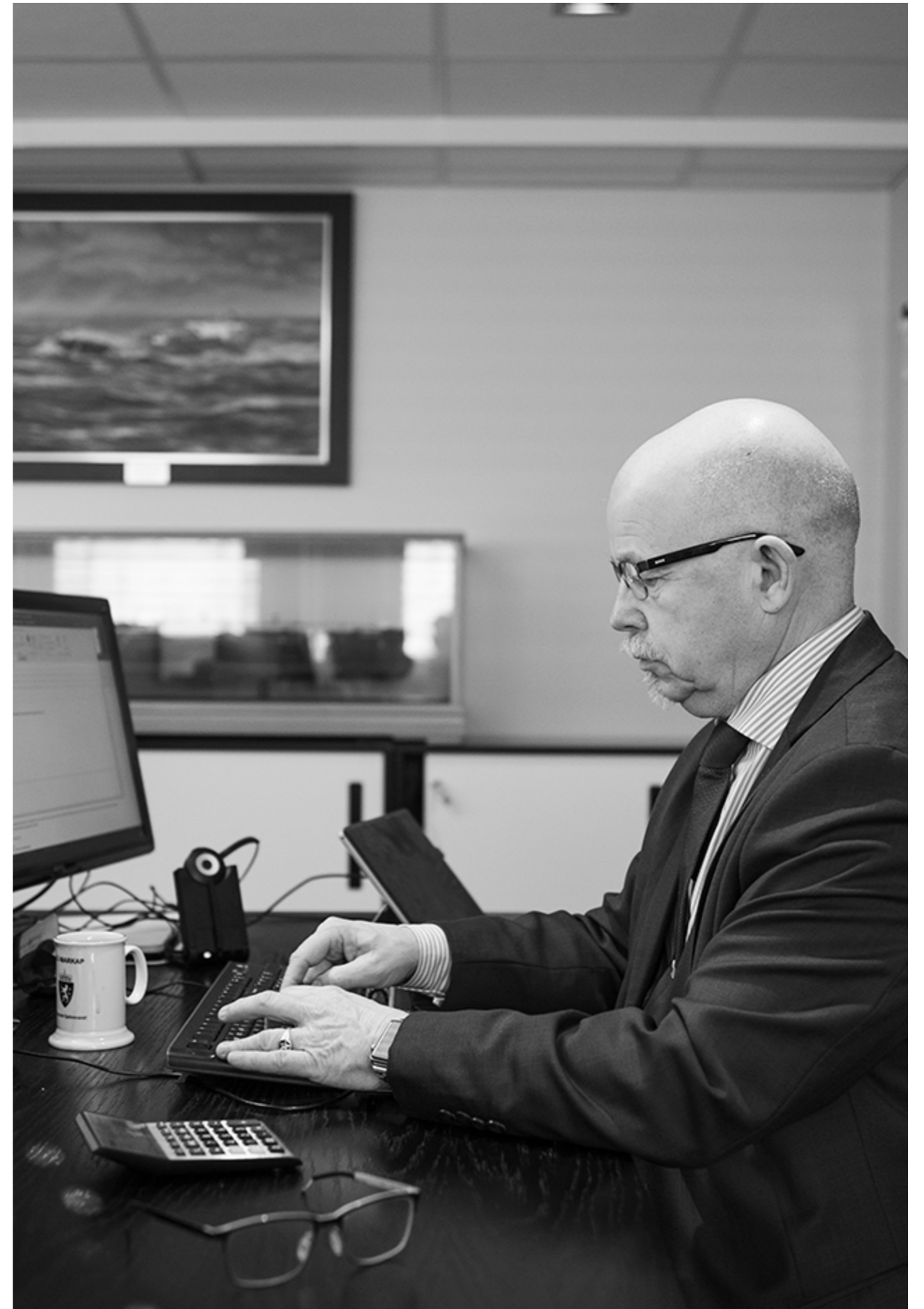
	30.06.2019	31.12.2018
Investment portfolio	422 527	410 220
Bank deposits	27 669	25 741
Receivables	237 125	258 142
Other assets	25 898	26 288
TOTAL ASSETS	713 219	720 390
Equity	299 421	303 691
Claims provision	207 040	227 475
Other provisions	102 141	83 165
Payables and other liabilities	104 616	106 059
TOTAL EQUITY AND LIABILITIES	713 219	720 390



STATEMENT OF COMPREHENSIVE INCOME

All figures in USD

	30.06.2019	30.06.2018
Gross earned premiums	86 238 376	84 828 877
Reinsurance premiums	-18 655 568	-15 384 329
A Premiums for own account	67 582 807	69 444 549
B Other insurance related income	3 250 325	3 684 620
Gross accrued claims	87 682 535	44 800 310
Reinsurers share of gross claims	-1 697 486	-3 235 663
C Claims for own account	85 985 049	41 564 647
Marketing expenses	5 274 973	5 154 884
D Total insurance related expenses for own account	5 274 973	5 154 884
E Other insurance related expenses	5 592 129	6 383 196
F Operating result technical accounts (A+B-C-D-E)	-26 019 019	20 026 441
Financial income	6 040 307	5 509 727
Realised gains and losses	2 575 090	503 759
Adjustment investment portfolio	14 203 168	-3 878 786
G Total financial income	22 818 565	2 134 701
H Administration expenses financial assets	1 069 623	1 072 745
I Result from ordinary operations (F+G-H)	-4 270 077	21 088 397
J Tax expenses (income)	0	0
K Result before other result components (I-J)	-4 270 077	21 088 397



BALANCE SHEET

Assets

<i>All figures in USD</i>		
	30.06.2019	31.12.2018
Shares in subsidiaries	3 313 685	3 313 685
Other shares	5 258 821	5 258 821
Mortgage loans	9 199 440	9 566 944
Syndicated loans	996 032	765 732
Stocks and shares	99 752 034	96 454 298
Bonds and foreign exchange contracts	320 774 767	311 086 141
Financial derivatives	288 734	450 602
Bank deposits investment portfolio	715 636	1 462 744
Total financial assets	440 299 150	428 358 966
Reinsured proportion of gross premium provisions	20 782 561	17 997 870
Reinsured proportion of gross claims provision	36 659 270	67 071 675
Total reinsured proportion of insurance provisions	57 441 831	85 069 545
Insurance related receivables	106 269 194	97 220 729
Reinsurance receivables	16 198 506	15 120 202
Disbursements	42 119 525	50 326 763
Other receivables	15 095 967	10 404 441
Total receivables	179 683 193	173 072 135
Properties	2 777 085	2 777 085
Equipment and fixtures	3 827 978	3 965 180
Cash and bank deposits	27 669 002	25 740 745
Total other assets	34 274 065	32 483 011
Accrued interest	1 520 999	1 406 340
TOTAL ASSETS	713 219 238	720 389 997

Equity and Liabilities

<i>All figures in USD</i>		
	30.06.2019	31.12.2018
Equity	8 042 072	8 042 072
Other equity	291 379 009	295 649 086
Total equity	299 421 081	303 691 158
Unearned gross premium provision	102 141 407	83 164 845
Gross claims provision	207 040 328	227 474 826
Total gross insurance provisions	309 181 736	310 639 671
Pension liability	4 040 684	4 040 684
Withheld payroll tax, social security etc.	2 443 994	2 940 432
Deferred tax	77 530 895	77 530 895
Taxes payable	532 024	566 629
Total tax etc. payable	84 547 597	85 078 639
Payables direct insurance accounts	6 525 248	6 361 220
Payables reinsurance	1 323 769	4 432 149
Payables other accounts	12 219 808	10 187 161
Total payables	20 068 825	20 980 529
TOTAL EQUITY AND LIABILITIES	713 219 238	720 389 997

STATEMENT OF CASH FLOW

All figures in USD

	30.06.2019	2018
Profit of the year before tax	- 4 270 077	4 128 495
Change in net technical reserves	26 169 778	19 154 784
Net profit on sale of fixed shares	0	0
Change in disbursements	8 207 238	-3 923 236
Net profit on sale of fixed assets	0	0
Change in net pension funds	0	-205 722
Change in net receivables	-16 341 096	-10 389 037
Depreciation	372 682	812 936
Taxes paid	-45 027	-45 013
Net cash flow from operations before financial assets	14 093 498	9 533 207
Change in net bonds	-9 918 927	-11 207 213
Change in net stocks and shares	-3 297 736	8 606 423
Change in net financial derivatives	161 868	-450 602
	0	0
Net cash flow from financial assets	-13 054 795	-3 051 391
A Net cash flow from operational activities	1 038 703	6 481 815
Cash generated/used by investing activities		
Net receipts/payments related to purchase/capitalization of subsidiaries and associated companies	0	-578 970
Net receipts/payments related to sale/purchase of fixed assets	-238 821	-499 003
Change in mortgage loans	367 504	761 933
B Net cash inflow/outflow from investment activities	128 683	-316 039
C Net financing activities - dividend paid to members	0	0
C Effect of changes in exchange rates on cash and cash equivalents	13 763	-522 725
A+B+C Net change in cash and cash equivalents	1 181 149	5 643 051
Cash and cash equivalents 01.01	27 203 490	21 560 439
Cash and cash equivalents	28 384 639	27 203 490

DEVELOPMENT IN EQUITY

All figures in USD

	Owners' funds	Other equity	Total equity
Equity at 31.12.2018	8 042 072	295 649 086	303 691 158
Allocation		-4 270 077	-4 270 077
Equity at 30.06.2019	8 042 072	291 379 009	299 421 081

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

Note 1 - Accounting policies

Norwegian Hull Club's 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 the presentation of a full annual report.

The main accounting policies are unchanged from the annual report 2018 and the annual report contains the full description of the accounting policies.

Note 2- Claims expenses

	30.06.2019	30.06.2018
Gross claims	87 682 535	44 800 310
Claims for own account	85 985 049	41 564 647
<i>Run off gain (+) / loss (-) gross</i>	-3 326 856	-8 202 970
<i>Run off gain (+) / loss (-) for own account</i>	-124 258	-6 720 263

Note 3 - Market value adjustments

	31.12.2018		30.06.2019		Change	
	Book Value	Market Value	Book Value	Market Value	Book Value	Market Value
Bonds	311 851 872	311 851 872	321 770 799	321 770 799	9 918 927	9 918 927
Stocks and shares	96 454 298	96 454 298	99 752 034	99 752 034	3 297 736	3 297 736
Derivatives	450 602	450 602	288 734	288 734	(161 868)	(161 868)
In total	408 756 772	408 756 772	421 811 567	421 811 567	13 054 795	13 054 795

Note 4 - Off balance items

	30.06.2019	31.12.2018
Guarantee liability regarding claims		
Gross guarantees issued	115 700 814	103 239 423
Counter-guarantees from co-insurers	85 108 641	74 388 129
Guarantees for own account	30 592 173	28 851 294

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



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