

SKIPET

1ST QUARTER REPORT

2021



NORWEGIAN HULL CLUB

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SUMMARY INTERIM REPORT 1Q 2021

The result for Norwegian Hull Club from ordinary operations for the first three months of 2021 is USD 17.5 million.

Technical result from insurance operations is USD 18.6 million, while the result from investments and other financial items is minus USD 1.1 million.

Profitability on insurance operations is above expectations due to positive claims development and higher premium income. The combined ratio is 67 % so far in 2021. There is no clear, negative net impact of the COVID-19 pandemic.

Return on the investment portfolio is 0.3 %. The USD return corresponds to USD 1.0 million. The balance of financial income stems from interest earned on bank accounts and receivables, as well as foreign exchange items. Capital adequacy has improved since the end of 2020.

Equity is USD 349.5 million at the end of March 2021.



Norwegian Hull Club's new head office on the top floor of the Skipet building, Bergen

KEY FIGURES

All figures in USD 000's

| | 01.01.-31.03.2021 | 01.01.-31.03.2020 | 2020 |
|---|-------------------|-------------------|---------------|
| Gross earned premiums | 69 125 | 63 640 | 229 959 |
| Gross claims | -35 681 | -29 779 | -175 733 |
| Gross result | 33 444 | 33 861 | 54 226 |
| Premiums for own account | 55 887 | 51 170 | 181 340 |
| Claims for own account | -32 738 | -27 958 | -146 109 |
| Insurance result for own account | 23 149 | 23 213 | 35 232 |
| Net operating expenses | -4 566 | -4 098 | -20 224 |
| Technical result | 18 583 | 19 115 | 15 007 |
| Net financial items | -1 059 | -20 723 | 28 281 |
| Operating result | 17 524 | -1 608 | 43 288 |
| Loss ratio for own account | 59 % | 55 % | 81 % |
| Combined ratio | 67 % | 63 % | 92 % |

| | 31.03.2021 | 31.12.2020 |
|-------------------------------------|----------------|----------------|
| Investment portfolio | 530 565 | 536 124 |
| Bank deposits | 26 981 | 25 493 |
| Receivables | 266 654 | 244 735 |
| Other assets | 26 365 | 26 781 |
| TOTAL ASSETS | 850 565 | 833 133 |
| Equity | 349 478 | 336 335 |
| Claims provision | 226 412 | 225 363 |
| Other provisions | 140 241 | 133 319 |
| Payables and other liabilities | 134 435 | 138 116 |
| TOTAL EQUITY AND LIABILITIES | 850 565 | 833 133 |



STATEMENT OF COMPREHENSIVE INCOME

All figures in USD

| | 31.03.2021 | 30.03.2020 |
|---|-------------------|--------------------|
| Gross earned premiums | 69 125 457 | 63 640 334 |
| Reinsurance premiums | -13 238 734 | -12 469 986 |
| A Premiums for own account | 55 886 723 | 51 170 348 |
| B Other insurance related income | 1 449 159 | 2 026 871 |
| Gross accrued claims | 35 681 445 | 29 779 123 |
| Reinsurers share of gross claims | -2 943 728 | -1 821 319 |
| C Claims for own account | 32 737 716 | 27 957 804 |
| Marketing expenses | 2 868 335 | 2 970 989 |
| D Total insurance related expenses for own account | 2 868 335 | 2 970 989 |
| E Other insurance related expenses | 3 146 871 | 3 153 805 |
| F Operating result technical accounts (A+B-C-D-E) | 18 582 960 | 19 114 622 |
| Financial income | 3 237 855 | 3 213 571 |
| Realised gains and losses | 39 991 | 6 001 716 |
| Adjustment investment portfolio | -3 784 042 | -29 591 242 |
| G Total financial income | -506 197 | -20 375 955 |
| H Administration expenses financial assets | 553 000 | 347 043 |
| I Result from ordinary operations (F+G-H) | 17 523 763 | -1 608 376 |
| J Tax expenses (income) | 4 380 941 | 0 |
| K Result before other result components (I-J) | 13 142 822 | -1 608 376 |



BALANCE SHEET

Assets

| All figures in USD | | |
|---|--------------------|--------------------|
| | 31.03.2021 | 31.12.2020 |
| Shares in subsidiaries | 3 432 104 | 3 432 104 |
| Other shares | 7 748 999 | 7 748 999 |
| Mortgage loans | 7 162 681 | 7 589 776 |
| Stocks and shares | 107 263 567 | 108 301 170 |
| Bonds and foreign exchange contracts | 417 800 025 | 424 273 589 |
| Financial derivatives | 499 941 | 0 |
| Bank deposits investment portfolio | 5 001 246 | 3 548 842 |
| Total financial assets | 548 908 563 | 554 894 479 |
| Reinsured proportion of gross premium provisions | 25 496 434 | 27 488 964 |
| Reinsured proportion of gross claims provision | 40 905 002 | 40 733 557 |
| Total reinsured proportion of insurance provisions | 66 401 437 | 68 222 522 |
| Insurance related receivables | 154 113 123 | 120 721 891 |
| Reinsurance receivables | 3 674 383 | 4 228 945 |
| Disbursements | 24 934 809 | 35 245 254 |
| Other receivables | 17 530 037 | 16 315 949 |
| Total receivables | 200 252 353 | 176 512 038 |
| Properties | 2 607 565 | 2 777 085 |
| Equipment and fixtures | 4 279 947 | 4 171 575 |
| Cash and bank deposits | 26 981 304 | 25 493 424 |
| Deferred tax | | |
| Total other assets | 33 868 816 | 32 442 084 |
| Accrued interest | 1 133 772 | 1 061 497 |
| TOTAL ASSETS | 850 564 940 | 833 132 621 |

Equity and Liabilities

| All figures in USD | | |
|--|--------------------|--------------------|
| | 31.03.2021 | 31.03.2020 |
| Equity | 8 042 072 | 8 042 072 |
| Guarantee provision | 347 | 0 |
| Other equity | 341 435 133 | 328 292 311 |
| Total equity | 349 477 552 | 336 334 730 |
| Unearned gross premium provision | 140 241 214 | 133 319 155 |
| Gross claims provision | 226 411 527 | 225 362 640 |
| Unearned commission provision | 0 | 0 |
| Total gross insurance provisions | 366 652 741 | 358 681 794 |
| Pension liability | 4 375 473 | 4 375 473 |
| Withheld payroll tax, social security etc. | 5 079 333 | 4 476 682 |
| Deferred tax | 65 495 002 | 61 114 061 |
| Taxes payable | 10 831 631 | 15 233 665 |
| Total tax and pension payable | 85 781 438 | 85 199 881 |
| Payables direct insurance accounts | 13 468 829 | 13 330 528 |
| Payables reinsurance | 16 202 958 | 18 617 804 |
| Financial derivatives | 727 675 | 2 293 849 |
| Payables other accounts | 18 253 747 | 18 674 035 |
| Total payables | 48 653 210 | 52 916 215 |
| TOTAL EQUITY AND LIABILITIES | 850 564 940 | 833 132 621 |



STATEMENT OF CASH FLOW

All figures in USD

| | 31.03.2021 | 2020 |
|---|-------------------|--------------------|
| Profit of the year before tax | 17 523 763 | 43 288 368 |
| Change in net technical reserves | 9 792 031 | 3 708 344 |
| Unrealised value change other shares | 0 | -697 148 |
| Net profit on sale of fixed shares | 0 | 0 |
| Change in disbursements | 10 310 445 | 10 779 494 |
| Net profit on sale of fixed assets | 0 | 0 |
| Change in net pension funds | 0 | 310 282 |
| Change in net receivables | -35 717 275 | 38 440 423 |
| Depreciation | 186 398 | 584 726 |
| Taxes paid | -4 399 101 | -3 983 666 |
| Net cash flow from operations before financial assets | -2 303 739 | 92 430 822 |
| Change in net bonds | 6 473 564 | -82 628 059 |
| Change in net stocks and shares | 1 037 604 | -5 735 630 |
| Change in net financial derivatives | -2 066 114 | 2 293 849 |
| | 0 | 0 |
| Net cash flow from financial assets | 5 445 053 | -86 069 839 |
| A Net cash flow from operational activities | 3 141 314 | 6 360 983 |
| 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 | 0 | 303 347 |
| Change in mortgage loans | 427 094 | -1 259 275 |
| B Net cash inflow/outflow from investment activities | 109 184 | -677 270 |
| C Net financing activities - dividend paid to members | 0 | 0 |
| D Effect of changes in exchange rates on cash and cash equivalents | -310 214 | 148 375 |
| A+B+C+D Net change in cash and cash equivalents | 2 940 285 | 5 832 088 |
| Cash and cash equivalents 01.01 | 29 042 265 | 23 210 177 |
| Cash and cash equivalents | 31 982 550 | 29 042 265 |

DEVELOPMENT IN EQUITY

All figures in USD

| | Owners' funds | Other equity | Guarantee provision | Total equity |
|-----------------------------|------------------|--------------------|---------------------|--------------------|
| Equity at 31.12.2020 | 8 042 072 | 328 292 311 | 347 | 336 334 730 |
| Allocation | | 13 142 822 | | 13 142 822 |
| Equity ar 31.03.2021 | 8 042 072 | 341 435 133 | 347 | 349 477 552 |



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 2020 and the annual report contains the full description of the accounting policies.

Note 2- Claims expenses

| | 31.03.2021 | 31.12.2020 |
|--|------------|-------------|
| Gross claims | 35 681 445 | 29 779 123 |
| Claims for own account | 32 737 716 | 27 957 804 |
| <i>Run off gain (+) / loss (-) gross</i> | -1 500 357 | -20 368 338 |
| <i>Run off gain (+) / loss (-) for own account</i> | -2 801 070 | -2 044 511 |

Note 3 - Market value adjustments

| | 31.12.2020 | | 31.03.2021 | | Change | |
|-------------------|-------------|--------------|-------------|--------------|-------------|--------------|
| | Book Value | Market Value | Book Value | Market Value | Book Value | Market Value |
| Bonds | 424 273 589 | 424 273 589 | 417 800 025 | 417 800 025 | (6 473 564) | (6 473 564) |
| Stocks and shares | 108 301 170 | 108 301 170 | 107 263 567 | 107 263 567 | (1 037 604) | (1 037 604) |
| Derivatives | 0 | 0 | 0 | 0 | 0 | 0 |
| In total | 532 574 759 | 532 574 759 | 525 063 591 | 525 063 591 | (7 511 167) | (7 511 167) |

Note 4 - Off balance items

| | 31.03.2021 | 31.12.2020 |
|--------------------------------------|-------------|-------------|
| Guarantee liability regarding claims | | |
| Gross guarantees issued | 133 973 730 | 112 428 237 |
| Counter-guarantees from co-insurers | 89 997 723 | 89 320 921 |
| Guarantees for own account | 43 976 007 | 23 107 316 |

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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NORWEGIAN HULL CLUB