

A black and white photograph of an office interior. In the foreground, a woman is seated at a desk, working on a computer. The desk is cluttered with various items, including a pen holder, a trash can, and some papers. In the background, other office workers are visible at their desks. A semi-transparent blue rectangular overlay covers the left and center portions of the image, serving as a background for the title text.

1st QUARTER REPORT

2019



NORWEGIAN HULL CLUB

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SUMMARY INTERIM REPORT 1Q 2019

The result for Norwegian Hull Club in the first three months of 2019 is minus USD 11.1 million. Technical result of insurance operations is minus USD 24.0 million while the result from investment income and other financial items is USD 13.0 million.

Profitability on insurance operations is below expectations due to adverse claims development. So far in 2019, the combined ratio is 181 %.

Return on the investment portfolio is 3.1 % in USD. The USD return corresponds to USD 12.9 million. The balance of financial income stems from interest earned on bank accounts and receivables as well as foreign exchange items.

Equity is USD 292.6 million at the end of March 2019.



KEY FIGURES

All figures in USD 000's			
	01.01.-31.03.2019	01.01.-31.03.2018	2018
Gross earned premiums	38 391	40 018	166 360
Gross claims	-52 386	-20 178	- 149 768
Gross result	-13 994	19 840	16 593
Premiums for own account	29 798	32 447	135 474
Claims for own account	-49 832	-17 103	-116 092
Insurance result for own account	-20 034	15 344	19 383
Net operating expenses	-4 005	-4 274	-16 882
Technical result	- 24 039	11 070	2 501
Net financial items	12 956	4 939	1 628
Operating result	-11 083	16 009	4 128
Loss ratio for own account	167 %	53 %	85.7 %
Combined ratio	181 %	66 %	98.2 %
	31.03.2019	31.12.2018	
Investment portfolio	425 426	410 220	
Bank deposits	14 259	25 741	
Receivables	267 830	258 142	
Other assets	26 510	26 288	
TOTAL ASSETS	734 024	720 390	
Equity	292 608	303 691	
Claims provision	239 230	227 475	
Other provisions	94 832	83 165	
Payables and other liabilities	107 354	106 059	
TOTAL EQUITY AND LIABILITIES	734 024	720 390	



STATEMENT OF COMPREHENSIVE INCOME

All figures in USD

	31.03.2019	31.03.2018
Gross earned premiums	38 391 438	40 017 636
Reinsurance premiums	-8 593 786	-7 570 883
A Premiums for own account	29 797 652	32 446 753
B Other insurance related income	1 336 611	1 719 663
Gross accrued claims	52 385 544	20 177 864
Reinsurers share of gross claims	-2 553 660	-3 074 873
C Claims for own account	49 831 883	17 102 991
Marketing expenses	2 746 501	2 891 393
D Total insurance related expenses for own account	2 746 501	2 891 393
E Other insurance related expenses	2 595 354	3 102 190
F Operating result technical accounts (A+B-C-D-E)	-24 039 476	11 069 842
Financial income	3 403 175	2 911 499
Realised gains and losses	185 673	-154 932
Adjustment investment portfolio	9 778 138	2 687 129
G Total financial income	13 366 986	5 443 696
H Administration expenses financial assets	410 878	504 575
I Result from ordinary operations (F+G-H)	-11 083 368	16 008 963
J Tax expenses (income)	0	0
K Result before other result components (I-J)	-11 083 368	16 008 963



BALANCE SHEET

Assets

All figures in USD		
	31.03.2019	31.12.2018
Shares in subsidiaries	3 313 685	2 734 715
Other shares	5 258 821	5 258 821
Mortgage loans	9 615 970	9 566 944
Stocks and shares	101 791 143	96 454 298
Bonds and foreign exchange contracts	320 694 084	311 086 141
Financial derivatives	102 940	450 602
Bank deposits investment portfolio	2 837 061	1 462 744
Total financial assets	443 614 080	428 358 966
Reinsured proportion of gross premium provisions	19 079 881	17 997 870
Reinsured proportion of gross claims provision	59 383 955	67 071 675
Total reinsured proportion of insurance provisions	78 463 835	85 069 545
Insurance related receivables	105 039 644	97 220 729
Reinsurance receivables	12 227 398	15 120 202
Disbursements	57 712 696	50 326 763
Other receivables	14 386 109	10 404 441
Total receivables	189 365 848	173 072 135
Properties	2 777 085	2 777 085
Equipment and fixtures	4 011 511	3 965 180
Cash and bank deposits	14 258 687	25 740 745
Total other assets	21 047 283	32 483 011
Accrued interest	1 532 545	1 406 340
TOTAL ASSETS	734 023 592	720 389 997

Equity and Liabilities

All figures in USD		
	31.03.2019	31.12.2018
Equity	8 042 072	8 042 072
Other equity	284 565 718	295 649 086
Total equity	292 607 790	303 691 158
Unearned gross premium provision	94 832 206	83 164 845
Gross claims provision	239 229 623	227 474 826
Total gross insurance provisions	334 061 828	310 639 671
Pension liability	4 040 684	4 040 684
Withheld payroll tax, social security etc.	2 217 862	2 940 432
Deferred tax	77 530 895	77 530 895
Taxes payable	527 142	566 629
Total tax etc. payable	84 316 582	85 078 639
Payables direct insurance accounts	6 434 646	6 361 220
Payables reinsurance	3 460 674	4 432 149
Payables other accounts	13 142 072	10 187 161
Total payables	23 037 392	20 980 529
TOTAL EQUITY AND LIABILITIES	734 023 592	720 389 997

STATEMENT OF CASH FLOW

All figures in USD

	31.03.2019	30.03.2018
Profit of the year before tax	- 11 083 368	29 832 794
Change in net technical reserves	30 027 867	-28 608 974
Net profit on sale of fixed shares	0	0
Change in disbursements	-7 385 933	-5 249 501
Net profit on sale of fixed assets	0	-78 766
Change in net pension funds	0	517 181
Change in net receivables	-7 699 691	-20 929 081
Depreciation	192 491	687 291
Taxes paid	-45 027	-53 903
Net cash flow from operations before financial assets	4 006 338	-23 882 958
Change in net bonds	-8 842 588	20 404 025
Change in net stocks and shares	-5 336 845	-12 360 472
Change in net financial derivatives	347 662	1 233 759
	0	0
Net cash flow from financial assets	-13 831 771	9 277 312
A Net cash flow from operational activities	-9 825 433	-14 605 646
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	-238 821	1 015 522
Change in mortgage loans	-49 026	908 569
B Net cash inflow/outflow from investment activities	-287 847	1 924 090
C Net financing activities - dividend paid to members	0	0
C Effect of changes in exchange rates on cash and cash equivalents	5 539	-245 418
A+B+C Net change in cash and cash equivalents	-10 107 742	-12 926 974
Cash and cash equivalents 01.01	27 203 490	34 487 412
Cash and cash equivalents	17 095 748	21 560 438



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 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. 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. Because of this, Norwegian Hull Club has not calculated any tax expenses.

Note 2- Claims expenses

	31.03.2019	31.03.2018
Gross claims	52 385 544	20 177 864
Claims for own account	49 831 883	17 102 991
<i>Run off gain (+) / loss (-) gross</i>	<i>6 785 460</i>	<i>-8 202 970</i>
<i>Run off gain (+) / loss (-) for own account</i>	<i>6 027 664</i>	<i>-6 720 263</i>

Note 3 - Market value adjustments

	31.12.2018		31.03.2019		Change	
	Book Value	Market Value	Book Value	Market Value	Book Value	Market Value
Bonds	311 851 872	311 851 872	320 694 460	320 694 460	8 842 588	8 842 588
Stocks and shares	96 454 298	96 454 298	101 791 143	101 791 143	5 336 845	5 336 845
Derivatives	450 602	450 602	102 940	102 940	(347 662)	(347 662)
In total	408 756 772	408 756 772	422 588 543	422 588 543	13 831 771	13 831 771

Note 4 - Off balance items

	31.03.2019	31.12.2018
Guarantee liability regarding claims		
Gross guarantees issued	108 789 849	103 239 423
Counter-guarantees from co-insurers	78 872 241	74 388 129
Guarantees for own account	29 917 608	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

Note 6 - Changes in equity

	Owners' funds	Other equity	Total equity
Equity at 31.12.2017	8 042 072	295 649 086	303 691 158
Allocation		-11 083 368	-11 083 368
Equity	8 042 072	284 565 718	292 607 790



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