





HIGHLIGHTS

- Premium credit to all mutual members and a new members' performance bonus approved by Skuld's AGM
- Positive six-month result of USD 14 million
- Combined ratio of 95% at half year

POSITIVE HALF-YEAR RESULT

Skuld ended the first six months of the 2018/19 policy year with a positive result of USD 14 million compared with USD 8 million at the half year in 2017.

The result is mainly derived from Skuld's P&I book of business and a low number of reported claims from members.

Skuld's written premium decreased slightly compared with the same period last year, due to de-selection and rates suffering the effects of a challenging market.

Net investment income for the period contributed positively with USD 4.6 million, in spite of the difficult investment conditions created by rising interest rates and some geopolitical instability. The increased interest rates have had a negative effect on Skuld's fixed income portfolio but have been offset by positive currency effects. However, Skuld's long term investment strategy remains unchanged, with a majority weighting in low-risk bonds to reduce volatility and to ensure sufficient capital for a healthy operation in the future.

One pool claim has been reported so far but with an absence of other large claims being reported. Skuld's policy of attracting quality tonnage and risk diversification continues to create stability in the operational performance for the club. The combined ratio at the half year is 95%.

We are very pleased with this result, particularly given the challenging environment in which we are operating. In a market

with these pressures, it is crucial for Skuld to continue its diversification strategy and our strong focus on maintaining a sustainable balance between financial strength, risk and growth. This is key to reduce volatility for our members and to create the strong foundation we aim for, thereby remaining a stable and robust partner for our members also in the future.

As a token of our appreciation and given our positive underwriting result, we will continue to return a premium credit to all mutual members, which, following the Annual General Meeting (AGM) approval, will be effectuated in November. In addition, we have launched the Skuld performance bonus which rewards members with more than 12 months in Skuld and with a premium contribution higher than own claims.

Our number one focus is, and will be, our members', brokers' and clients' interests and we will continue to provide them with service and competence they can rely on.

STÅLE HANSEN
President and CEO

KEY FIGURES

CONSOLIDATED INCOME STATEMENT AS AT 20 AUGUST

MUSD	2018 (6 MONTHS)	2017 (6 MONTHS)
TECHNICAL ACCOUNT		
Premiums and calls	191.8	194.6
Reinsurance premiums	-25.9	-32.1
Premiums for own account	165.9	162.5
Claims incurred for own account	-109.9	-140.4
Acquisition costs	-37.6	-34.8
Administrative expenses	-9.3	-9.4
Net operating expenses	-46.9	-44.3
Balance carried to non-technical account	9.1	-22.2
NON TECHNICAL ACCOUNT		
Balance from technical account	9.1	-22.2
Net investment income	4.6	30.3
Taxes	0.0	-0.3
Balance carried to contingency reserve	13.7	7.8

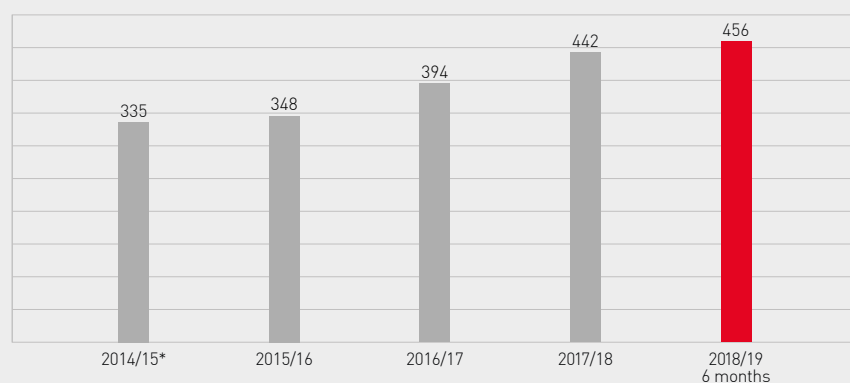
BALANCE SHEET AS AT 20 AUGUST

MUSD	2018 (6 MONTHS)	2017 (6 MONTHS)
ASSETS		
Financial investments	835.2	759.0
Debtors	108.6	123.3
Other assets	176.0	259.0
Prepayment and accrued income	34.0	50.9
Total assets	1 153.8	1 192.2
LIABILITIES		
Provision for outstanding claims for own account	505.8	540.4
Contingency reserve	455.5	401.8
Minority interest	-3.4	-2.5
Technical provisions for own account	957.8	939.7
Provisions for other liabilities	7.1	17.2
Creditors	35.9	53.7
Accruals and deferred income	153.0	181.5
Total liabilities	1 153.8	1 192.2

In the consolidated income statement, a relevant portion of overhead expenses are allocated to claims-, acquisition- and investment expenses respectively.

CONTINGENCY RESERVE

USD mill.



* Contingency reserve for 2014/15 has been restated to recognise an actuarial loss of USD 12 mill.