



HIGHLIGHTS

- Net investment income of USD 36.1 million
- Positive result from Skuld commercial operations, including Skuld Hull
- Strong financial position

NINE-MONTH RESULT INDICATES NEED FOR IMPROVED P&I RATES

The first nine months of the 2019/20 financial year delivered a result of USD -12 million, compared with USD -16 million for the same period of 2018/19.

Net investment income for the period contributed positively to the improved result, by USD 36.1 million. This was driven mainly by buoyant equity markets and declining bond yields.

The nine-month technical result was again influenced by increased pool claims from other clubs, alongside several large own-claims within the club retention and prior-year deterioration. This activity contributed to a significantly lower technical result compared with the same period last year. The first nine months of the 2019/20 financial year show a combined ratio of 116%, compared to 101% for the same period last year. This clearly shows the need to bring the portfolio back into balance through improved P&I rates.

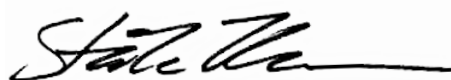
Skuld's Lloyd's syndicate 1897, which earlier this year began a three-year run-off, contributed with some negative development in the last quarter. However, the hull and machinery business now written on corporate paper under the Skuld Hull brand made a positive contribution.

In a challenging market, it is crucial for Skuld to continue its diversification strategy, and its strong focus on maintenance

of a sustainable balance between financial strength, risk, and growth. This is key to reducing volatility for our members, and maintaining our strong foundation, thereby remaining a stable and robust partner for our members long into the future.

Skuld's P&I renewals for the policy year starting 20 February 2020 will again be decided by individual assessments of the members' own statistical records and with no general increase.

I send all our members, clients, brokers, and business associates my very best wishes for the upcoming holiday season and the New Year. In 2020, we look forward to continuing to deliver service and competence that our members, clients and brokers can rely on.



STÅLE HANSEN
President and CEO

KEY FIGURES

CONSOLIDATED INCOME STATEMENT AS AT 20 NOVEMBER

MUSD	2019 (9 MONTHS)	2018 (9 MONTHS)
TECHNICAL ACCOUNT		
Premiums and calls	283.2	301.6
Reinsurance premiums	-37.4	-41.7
Premiums for own account	245.8	259.8
Claims incurred for own account	-226.8	-195.3
Acquisition costs	-51.5	-55.8
Administrative expenses	-14.1	-13.3
Net operating expenses	-65.6	-69.0
Balance carried to non-technical account	-46.5	-4.5
NON TECHNICAL ACCOUNT		
Balance from technical account	-46.5	-4.5
Net investment income	36.1	-11.0
Taxes	-1.7	-0.1
Balance carried to contingency reserve	-12.1	-15.7

BALANCE SHEET AS AT 20 NOVEMBER

MUSD	2019 (9 MONTHS)	2018 (9 MONTHS)
ASSETS		
Financial investments	792.8	781.2
Debtors	112.6	103.5
Other assets	234.1	200.1
Prepayment and accrued income	20.9	29.9
Total assets	1 160.4	1 114.8
LIABILITIES		
Provision for outstanding claims for own account	562.7	524.3
Contingency reserve	440.6	422.7
Technical provisions for own account	1 003.3	947.0
Provisions for other liabilities	7.9	7.0
Creditors	9.4	26.6
Accruals and deferred income	139.8	134.2
Total liabilities	1 160.4	1 114.8

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

CONTINGENCY RESERVE

USD mill.

