

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Statement of comprehensive income

	Q1		YTD 20.05	
	Current year 21.02.20 to 20.05.20	Previous year 21.02.19 to 20.05.19	Current year 21.02.20 to 20.05.20	Previous year 21.02.19 to 20.05.19
Amounts in USD 000's				
Technical account				
Gross written premium	30,628	21,676	30,628	21,676
Gross earned premium	25,386	22,322	25,386	22,322
Ceded reinsurance	(18,431)	(16,857)	(18,431)	(16,857)
Earned premium for own account	6,955	5,465	6,955	5,465
Other insurance related income	8	18	8	18
Gross incurred claims	13,517	16,276	13,517	16,276
Reinsurers' share of gross incurred claims	(9,147)	(10,029)	(9,147)	(10,029)
Claims incurred for own account	4,370	6,247	4,370	6,247
Acquisition costs	1,181	1,617	1,181	1,617
Agents' commission	3,236	2,584	3,236	2,584
Commission received	(4,927)	(3,912)	(4,927)	(3,912)
Insurance related expenses for own account	(511)	289	(511)	289
Other insurance related expenses	188	176	188	176
Technical result	2,915	(1,229)	2,915	(1,229)
Non-technical account				
Interest and similar income/(expenses)	210	(143)	210	(143)
Change in unrealised gain on investments	116	148	116	148
Non-technical result	326	5	325	5
Profit before tax	3,240	(1,225)	3,240	(1,225)
Taxation	794	(51)	794	(51)
Net result	2,446	(1,174)	2,446	(1,174)

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Balance sheet

Amounts in USD 000's	As at 20.05.20	As at 20.02.20
Assets		
Investments		
<i>Financial investments at fair value through profit or loss</i>		
Equities and investment funds	2,031	2,475
Interest-bearing securities and funds	51,820	44,223
Other financial investments	1	1
Total investments	53,852	46,699
Reinsurers' share of technical provisions		
Reinsurers' share of gross premium reserve	39,537	34,382
Reinsurers' share of gross claims reserve	76,380	79,378
Total reinsurers' share of technical provisions	115,917	113,760
Receivables		
<i>Receivables from direct insurance operations</i>		
Policyholders	2,137	1,200
Intermediaries	62,369	57,767
<i>Receivables from reinsurance operations</i>		
Receivables from reinsurance operations	2,065	2,489
Receivables from group companies	0	7,579
<i>Other receivables</i>		
Other receivables	10	10
Other receivables from group companies	817	48
Total receivables	67,398	69,093
Other assets		
Cash and cash equivalents	8,915	8,538
Deferred tax asset	2,088	2,223
Total other assets	11,004	10,761
Prepayments and accrued income		
Accrued income and other prepayments	6,441	6,402
Total prepayments and accrued income	6,441	6,402
Total assets	254,612	246,715

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Balance sheet

Amounts in USD 000's	As at 20.05.20	As at 20.02.20
Equity and liabilities		
Equity		
Statutory reserve	53,183	53,183
Other equity	(58)	(2,504)
Total equity	53,126	50,680
Technical provisions		
Gross premium reserve	53,928	48,686
Gross claims reserve	104,218	108,189
Total technical provisions	158,146	156,876
Provisions for other liabilities		
Income tax payable	794	0
Total provisions for other liabilities	794	0
Payables		
Payables arising out of direct insurance operations	1,448	3,271
Payables arising out of reinsurance operations	3,832	1,512
Payables arising out of reinsurance operations - group companies	27,891	24,409
Payables to group companies	0	209
Other payables	323	307
Total payables	33,493	29,709
Accruals and deferred income		
Accruals and deferred income	9,053	9,451
Total accruals and deferred income	9,053	9,451
Total liabilities	201,486	196,036
Total equity and liabilities	254,612	246,715

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Statement of changes in equity

Amounts in USD 000's	Statutory reserve	Other equity	Total
Equity as at 21.02.2019	43,449	5,717	49,166
Net result	0	(8,221)	(8,221)
Capital increase	9,734	0	9,734
Equity as at 20.02.2020	53,183	(2,504)	50,680
Equity as at 21.02.2020	53,183	(2,504)	50,680
Net result	0	2,446	2,446
Equity as at 20.05.2020	53,183	(58)	53,126

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Statement of cash flow

Amounts in USD 000's	21.02.20 to 20.05.20	21.05.19 to 20.05.19
Cash flow from operating activities		
Profit before tax	3,240	(1,225)
Tax paid	0	0
Change in unrealised gain/(loss) on investments	116	(148)
Change in receivables and payables	5,480	1,370
Change in technical provisions and other accruals	(1,323)	(1,117)
Financial investments	(7,154)	888
Change in valuation due to change in exchange rates	18	(24)
Net cash flow from operating activities	377	(256)
Net change in cash and cash equivalents	377	(256)
Cash and cash equivalents at beginning of period	8,538	10,670
Cash and cash equivalents at end of period	8,915	10,414

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Notes to the accounts

Note 1 - Accounting policies

Corporate information

Gard Marine & Energy Insurance (Europe) AS ("the Company") is a wholly owned subsidiary of Gard Marine & Energy Ltd ("Gard M&E Ltd."). The Company is registered and domiciled in Norway and licensed by the Norwegian Ministry of Finance to carry out direct insurance of Marine and Energy risks.

Gard Marine & Energy Insurance (Europe) AS is consolidated into the accounts of Gard M&E Ltd. and the consolidated accounts are available at the office of Gard M&E Ltd's management company Lingard Ltd in Bermuda.

The Company has established a branch in UK.

Basis of preparation of the Accounts

The quarterly accounts includes activity from 21 February 2020 to 20 May 2020.

The quarterly accounts have been prepared in accordance with Regulations for annual accounts for general insurance companies approved by the Norwegian Ministry of Finance.

The financial statements of insurance companies with operation in Norway are subject to regulations established by the Norwegian Ministry of Finance. According to a resolution from the Financial Supervisory Authority of Norway the Company has been given dispensation to present the financial statements in the English language and in USD currency.

The accounts as at 20 May 2020 has not been audited.

Use of accounting estimates when preparing the accounts

The preparation of the accounts requires management to make estimates and assumptions that affect assets, liabilities, revenues, expenses and contingent liabilities. Due to unforeseen circumstances, these estimates may change in the future. Estimates and their assumptions are considered continuously, and accounts adjusted accordingly.

Insurance contract liabilities are the main items in the balance sheet based upon judgements and estimates. Estimates have to be made both for the expected total cost of claims reported and for the expected total cost of claims incurred but not reported at the balance sheet date. Standard actuarial methods are used in estimating the total cost of outstanding claims. The actuarial method uses historical data as one of the elements in the model to estimate the future claims costs. It can take a significant period of time before the ultimate claims cost can be established with certainty.

Note 2 – Related party transactions

Reinsurance agreements

The Company cedes to Gard M&E Ltd by way of reinsurance 70 per cent of the Company's Marine & Energy risk underwritten by the Company that is not reinsured elsewhere.

Insurance agency agreement

The operations and insurance activities of the Company are carried out by the insurance intermediaries Gard AS, Gard (UK) Ltd., and Oy Gard Baltic Ab. Gard (UK) Ltd. and Oy Gard Baltic Ab are fully owned by Gard AS. Gard AS is a fully owned subsidiary of Gard P. & I. (Bermuda) Ltd.

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Notes to the accounts

Note 3 – Capital Requirements

Amounts in USD 000's	As at 20.05.20
Own funds	
Ordinary share capital	52,307
Share premium account	819
Reconciliation reserve	(4,119)
Net deferred tax assets	2,088
Excess of assets over liabilities	51,095
Tier 1 - Unrestricted	49,007
Tier 1 - Restricted	0
Tier 3 - Net deferred tax assets	2,088
Total basic own funds / (equal to Excess of assets over liabilities)	51,095
Total available own funds to meet the SCR	51,095
Total available own funds to meet the MCR	49,007
Total eligible own funds to meet the SCR	51,095
Total eligible own funds to meet the MCR	49,007
SCR	34,675
MCR	8,689
Ratio of eligible own funds to SCR	147%
Ratio of eligible own funds to MCR	564%
Minimum Capital Requirement (MCR)	
Linear MCR	8,689
SCR	34,675
MCR cap (45% of SCR)	15,604
MCR floor (25% of SCR)	8,669
Combined MCR	8,689
Absolute floor of the MCR	4,127
MCR	8,689
Solvency Capital Requirement (SCR)	
Market risk	3,966
Counterparty default risk	11,129
Non-life underwriting risk	23,406
Diversification	(7,471)
Basic SCR	31,029
Calculation of SCR	
Adj - Loss Absorbing Capacity of Deferred Tax	(824)
Operational risk	4,470
SCR	34,675

The eligible own funds are calculated based on a partial internal model approved by the Financial Supervisory Authority of Norway (Finanstilsynet) as from 20 February 2019.

Board of Directors

Gard Marine & Energy Insurance (Europe) AS

19 June 2020

Trond Eilertsen

Chairman

Jane Sy

Deputy-chairman

Yngvil Åsheim

Nils Aden

Ian Beveridge

Rolf-Thore Roppestad

Managing Director