



Providing stability in a volatile business

HALF-YEAR REPORT 2023





Gard remains
financially strong and
well-positioned to
withstand volatility.

Rolf Thore Roppestad, Gard CEO

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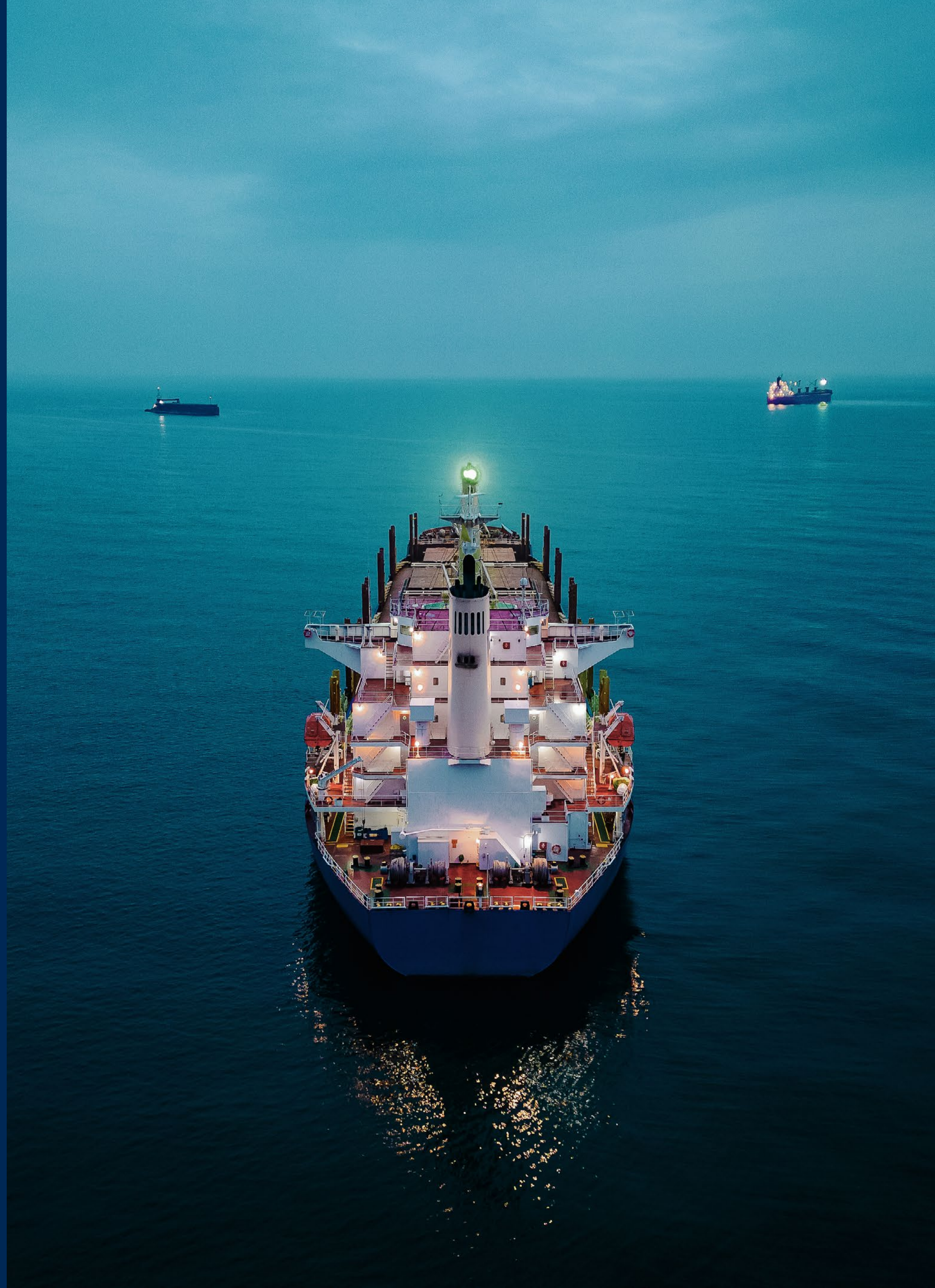
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CHAPTER 01

Highlights

Gard at a glance

Standard and Poor's rating

A+



Due to the change of financial year, the 2022 numbers cover a shorter period (21 February - 30 June) than the 2023 numbers (running from 1 January to 30 June).

<i>All amounts in USD</i>	2023 1 January to 30 June	2022 21 February to 30 June*
Gross earned premium <i>ETC basis</i>	559 m	407 m
Combined ratio <i>ETC basis</i>	99%	79%
Result <i>ETC basis</i>	58.7 m	-70.4 m
Investment return	2.9%	-5.7%
	30 June 2023	31 December 2022
Equity	1,307 m	1,260 m
Assets	3.7 bn	3.1 bn

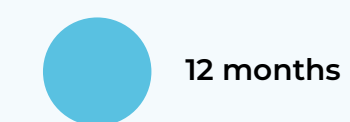
Annual comparison



As from 31 December 2022 the financial year was changed from a divergent financial year, running from 21 February to 20 February, to a financial year that coincides with the calendar year. Due to this there are two 2022 financial years, one running from 21 February 2021 to 20 February 2022, and one running from 21 February 2022 to 31 December 2022.



Due to the change of financial year, the 2022 numbers cover a shorter period (21 February - 30 June 2022) than the 2023 numbers, running from 1 January to 30 June.



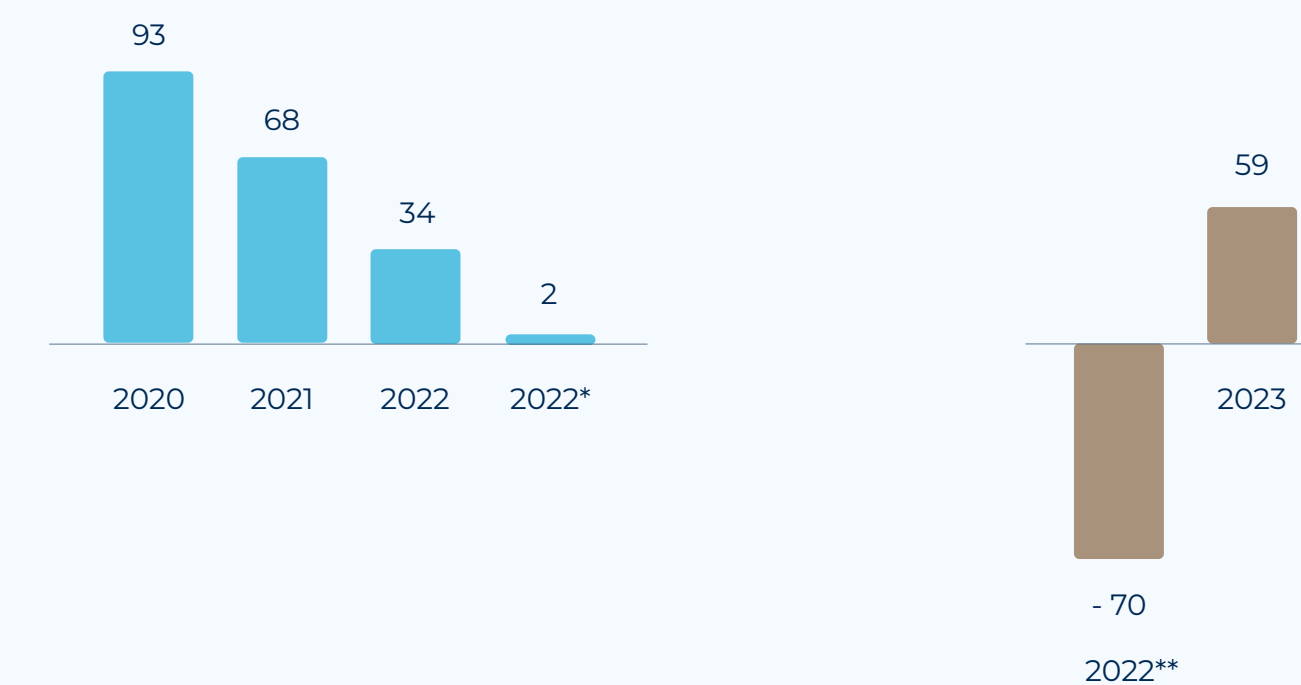
12 months



6 months

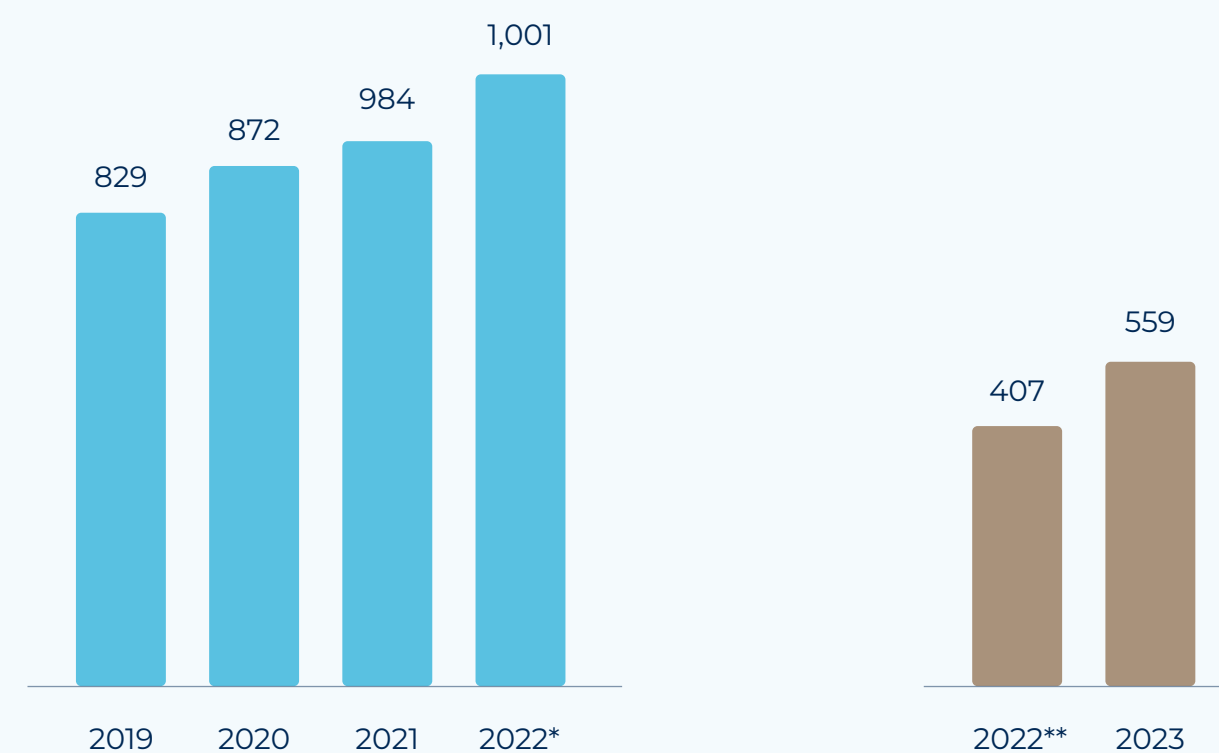
Result

USD millions, ETC basis



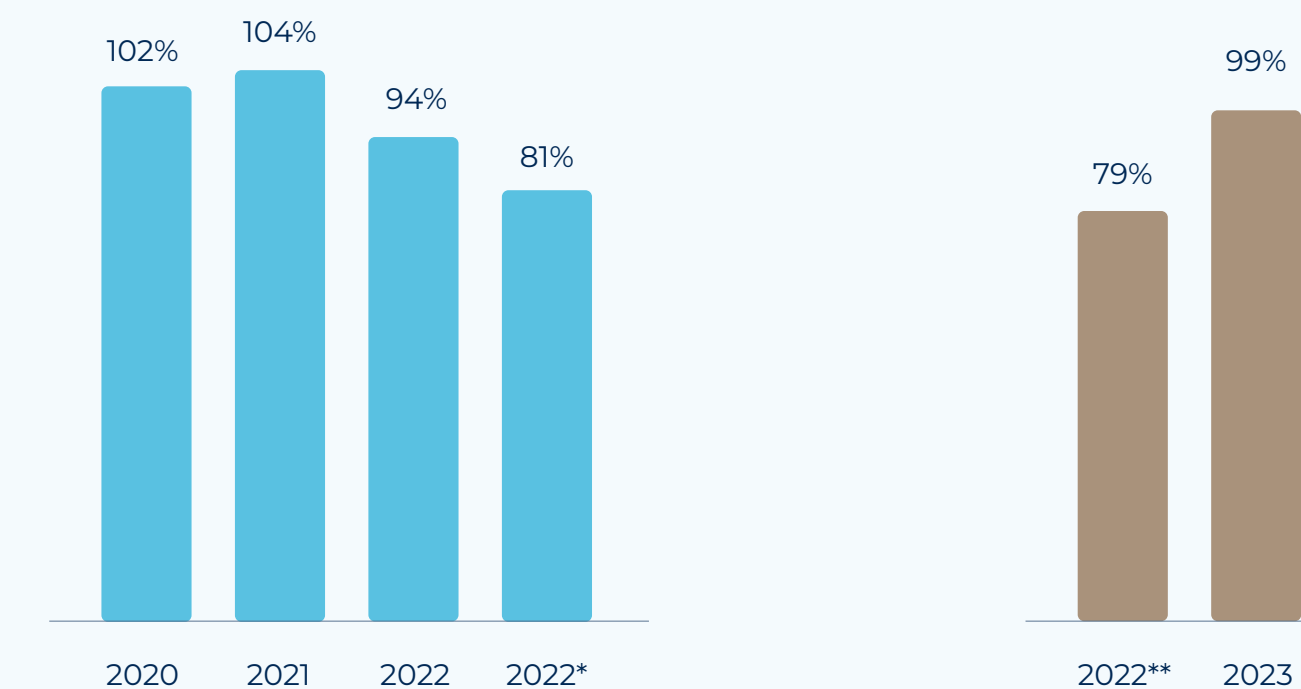
Gross earned premium

USD millions, ETC basis



Combined ratio

Per cent, ETC basis





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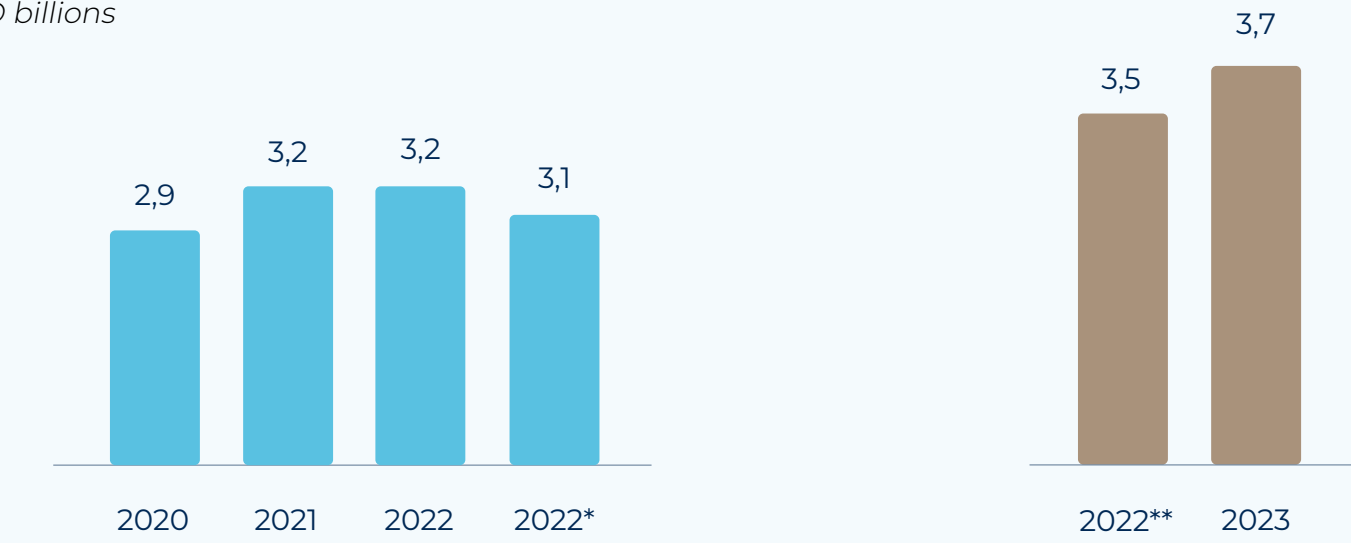


12 months

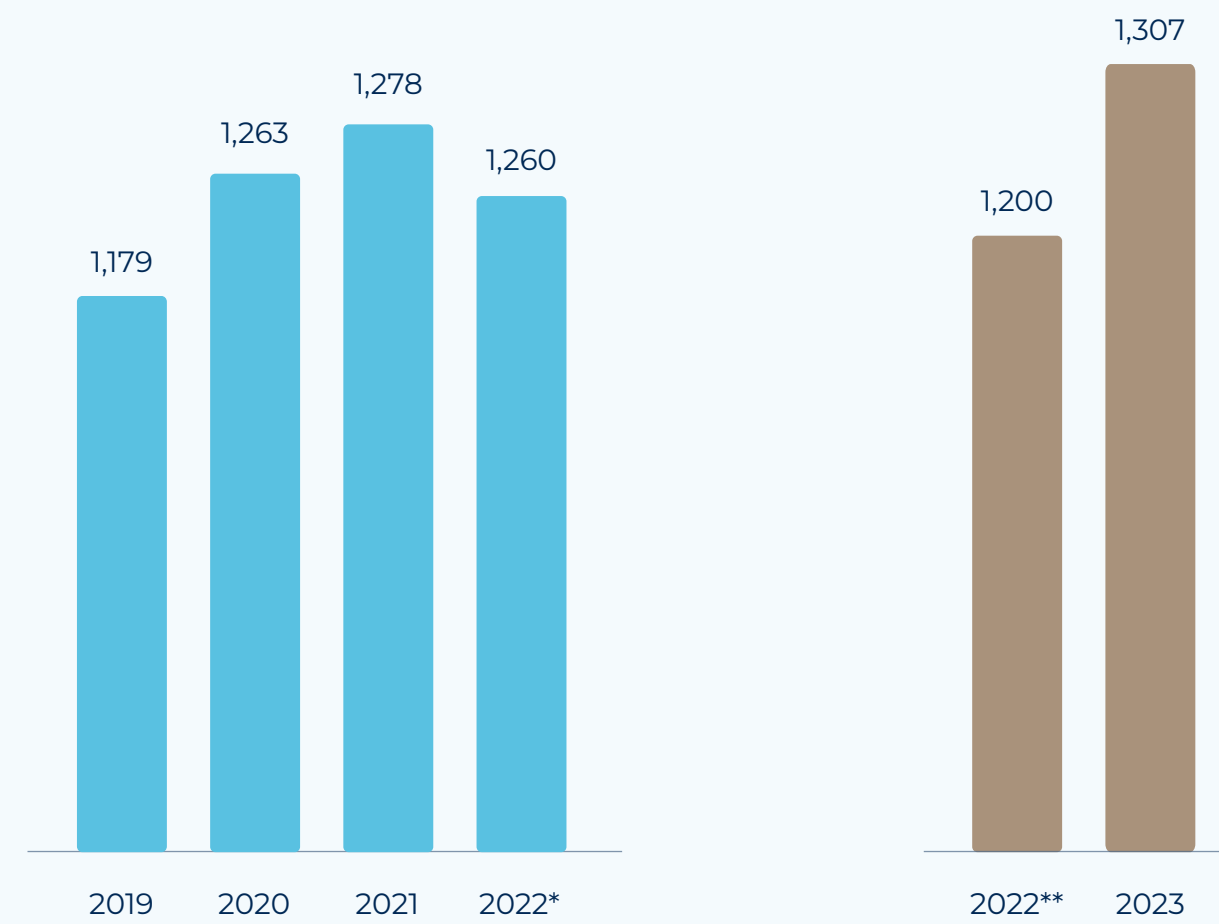


6 months

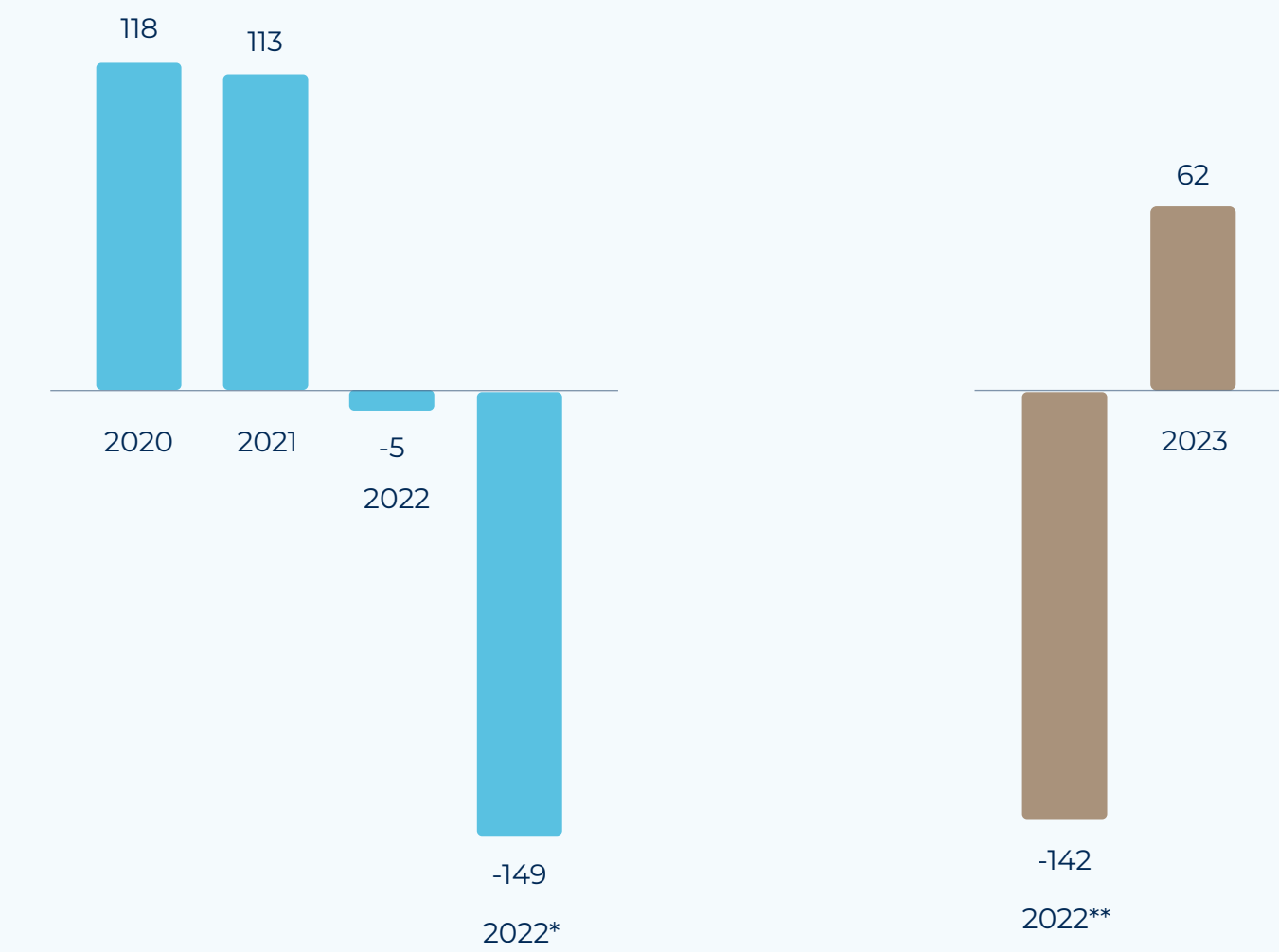
Assets
USD billions



Equity
USD millions



Non-technical result
USD millions





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CHAPTER 02

CEO operational review

Managing risks and providing stability



Rolf Thore Roppestad, Gard CEO

Gard delivers strong half-year results and continues to be well capitalised, despite the challenging economic climate and continued geopolitical tensions.

Given the circumstances, I am pleased with Gard's performance so far this year. Investments have started to recover after an exceptional period with high market volatility, and our insurance results – remarkably strong in 2022 – continue to be well within our expectations, albeit reflecting a more normalized claims picture. We have seen a strong inflow of business in all business areas, particularly from our existing Members, both as P&I renewal transfers at the 20th of February and for newbuildings delivered so far in 2023.

Looking ahead, our capital position remains robust. The increasing interest rates which caused a mark-to-market investment loss last year, are improving our economic outlook in the longer term. Being predominantly invested in bonds, further interest rate hikes will contribute positively to our returns in the long term. Gard remains financially strong and well-positioned to withstand future volatility.

Half-year results

The results for the Gard group as at 30 June 2023 on an Estimated Total Call (ETC) basis are:

Total comprehensive income:

USD 59 m

Technical profit:

USD 4 m

Combined Ratio Net (CRN):

99%

Non-technical profit, including taxation and other comprehensive loss:

USD 54 m

Equity, including accrued Owners' General Discount (OGD):

USD 1,307 m

Capital position

The Gard group continues to be very well capitalised. The probability that Gard would have to raise additional capital from its mutual Membership by way of unbudgeted supplementary calls is therefore very low.

We continue to deliver comparatively low, long-term insurance costs while at the same time providing a market-leading and comprehensive portfolio of products and services. As always, our main objective is to manage risks and ensure the long-term financial health of the group.

In November 2022 the Board decided to give a 5 per cent OGD to Members renewing with Gard for the 2023 policy year. This amounted to USD 12 million in savings for our Members for the first half year of 2023. In fact, for fourteen consecutive years, Gard has reduced the ETC, meaning that we have been able to offer Owners' P&I below cost in the period. In short: Gard strives to be financially robust while at the same time not holding more capital than is needed.

Looking ahead

With geopolitical tensions running high, the war in Ukraine well into its second year, and wide-reaching sanctions enforced across several jurisdictions, there is little doubt that running a global business has become increasingly challenging. Looking ahead, we should all prepare for continued turbulence. There will likely be more sanctions, more fragmentation of world markets, and more disruptions to global trade. Inflation adds another hurdle to the picture, increasing the risk of higher operational costs both for the maritime industry and for us as insurers.

In Gard, we will continue to work to make sure that we understand the emerging risks and prepare for a variety of scenarios. On behalf of our Members and clients, and together with the International Group of P&I Clubs (IG), we will also continue to promote fairness, consistency and regulatory alignment across different regions and jurisdictions. A level playing field has served both industry and society well for more than a century – and it should continue to do so in the years ahead.

Business review

Gard group results

The first six months of the 2023 financial year led to a total comprehensive income for the group on an Estimated Total Call (ETC) basis of:

USD 59 m

The 5 per cent OGD agreed for the year amounted to USD 12 million for the first half year, reducing the total comprehensive income to:

USD 46 m

The consolidated equity, which provides security and stability for the membership, was USD 1,307 million at the half year compared to USD 1,260 million as at 31 December 2022.

Gross earned premium on ETC basis was USD 559 million. The premium growth is driven by volume growth from P&I.

Claims incurred for own account totalled USD 383 million. The claims development is close to expectations when adjusted for changes in premium volume and exposure.

The technical result as at 30 June 2023, on ETC basis, was a profit of USD 4 million, equivalent to a CRN of 99 per cent.

The non-technical result was a profit of USD 54 million. The Gard group's investment portfolio returned a profit of USD 64 million or 2.9 per cent for the half year to 30 June 2023.

Protection & Indemnity results on ETC basis

For P&I, gross earned premium was:

USD 324 m

Claims incurred totalled USD 220 million. Our own claims were below expectations, but we have seen somewhat higher-than-expected adjustments to previous policy years' claims from other International Group Clubs.

The technical result as at 30 June 2023, on ETC basis, was a solid profit of USD 14 million and a CRN of 95 per cent. The 5 per cent OGD reduced the technical result to a profit of USD 2 million and a CRN 99 per cent.

Marine & Energy results

For Marine & Energy, gross earned premium was:

USD 235 m

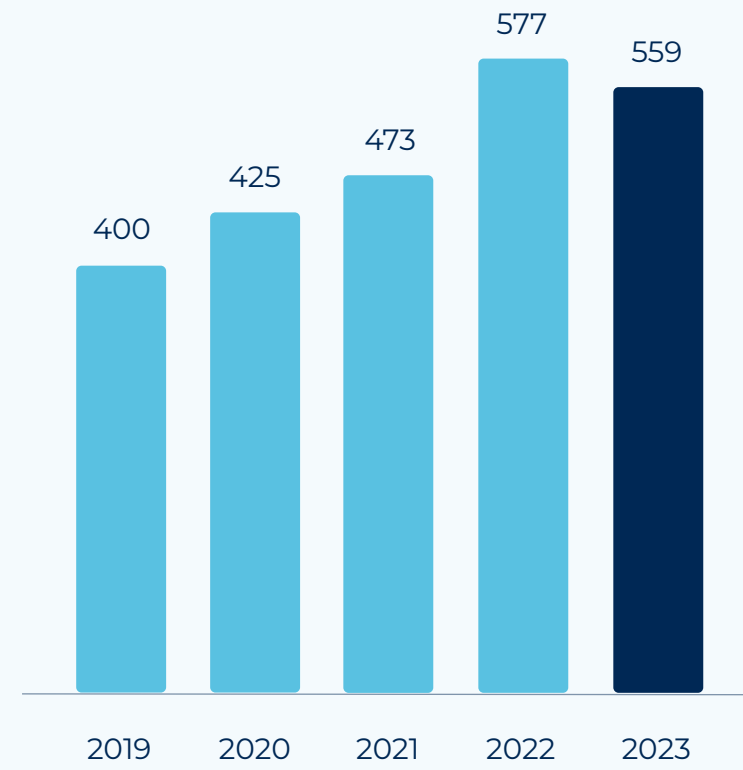
Claims incurred for own account totalled USD 163 million. The claims development for Marine was above expected, due to a couple of larger claims, while Energy claims were lower than expected.

The technical result for Marine & Energy was a loss of USD 10 million. The combined ratio net was 105 per cent. Keeping in mind the record-breaking 2022 result, this just goes to show the volatility of Marine & Energy insurance.

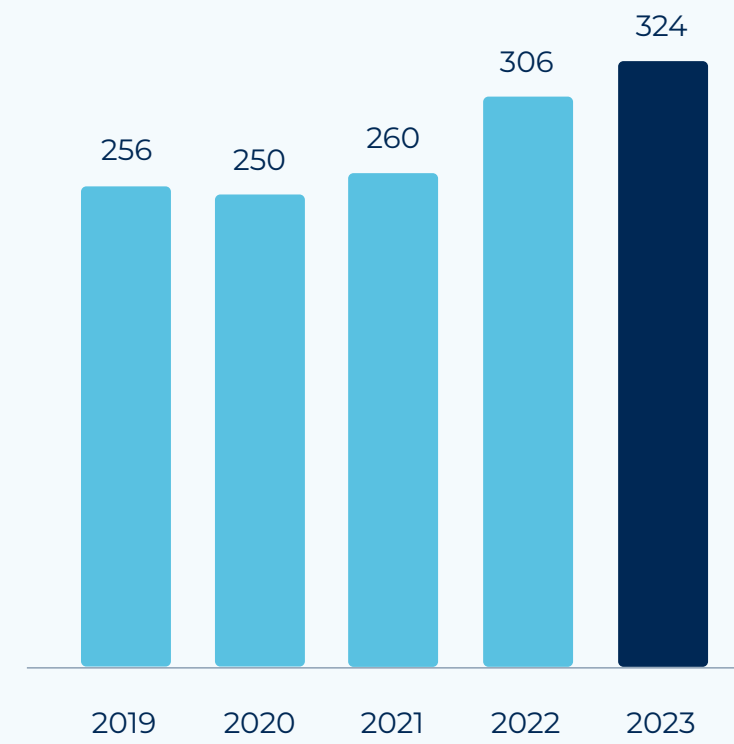
Five year developments as at half year

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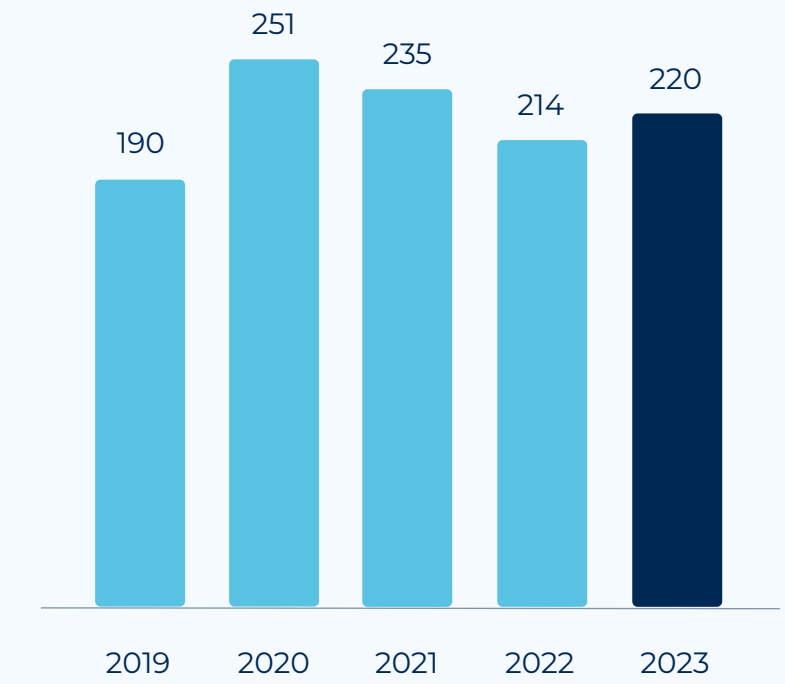
Development of group gross earned premium, on ETC basis
(USD million)



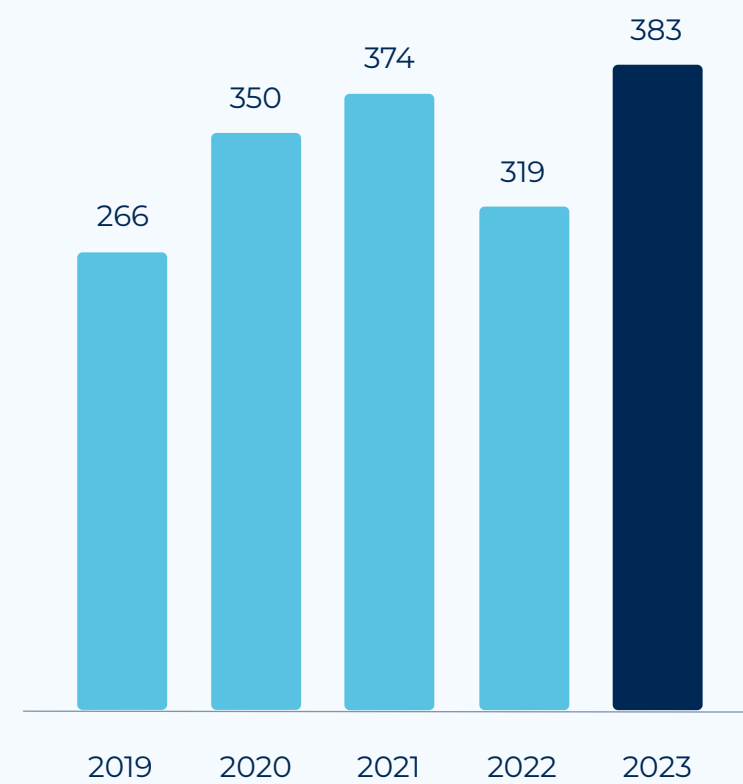
Development of gross earned P&I premium, on ETC basis
(USD million)



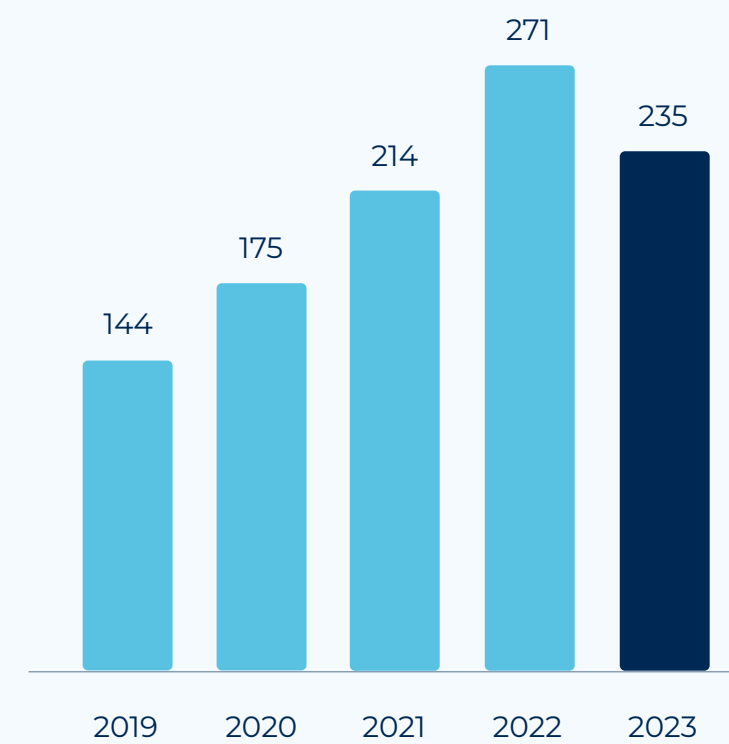
Development of P&I claims incurred for own account
(USD million)



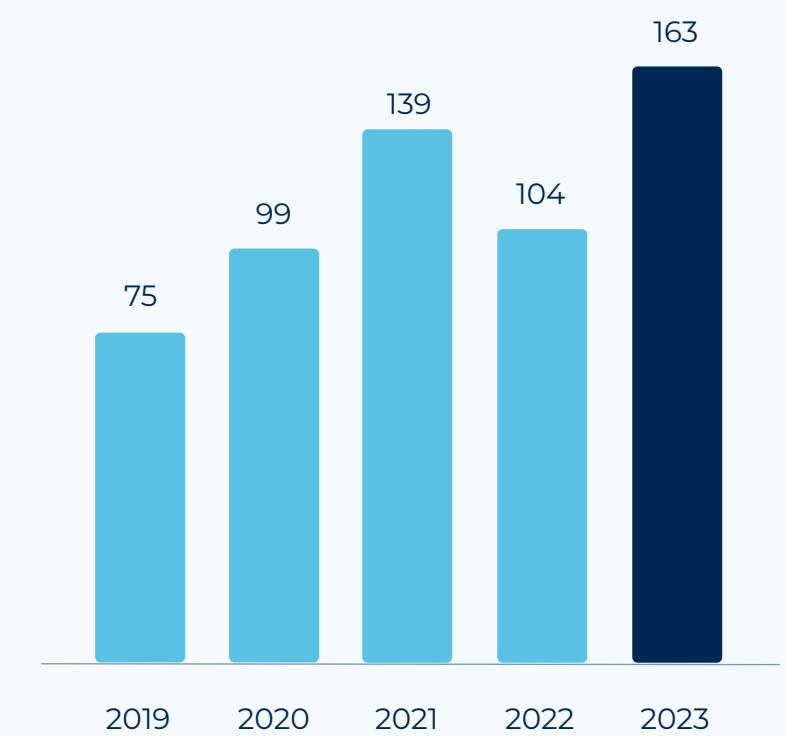
Development of group claims incurred for own account
(USD million)



Development of gross earned M&E premium
(USD million)



Development of M&E claims incurred for own account
(USD million)



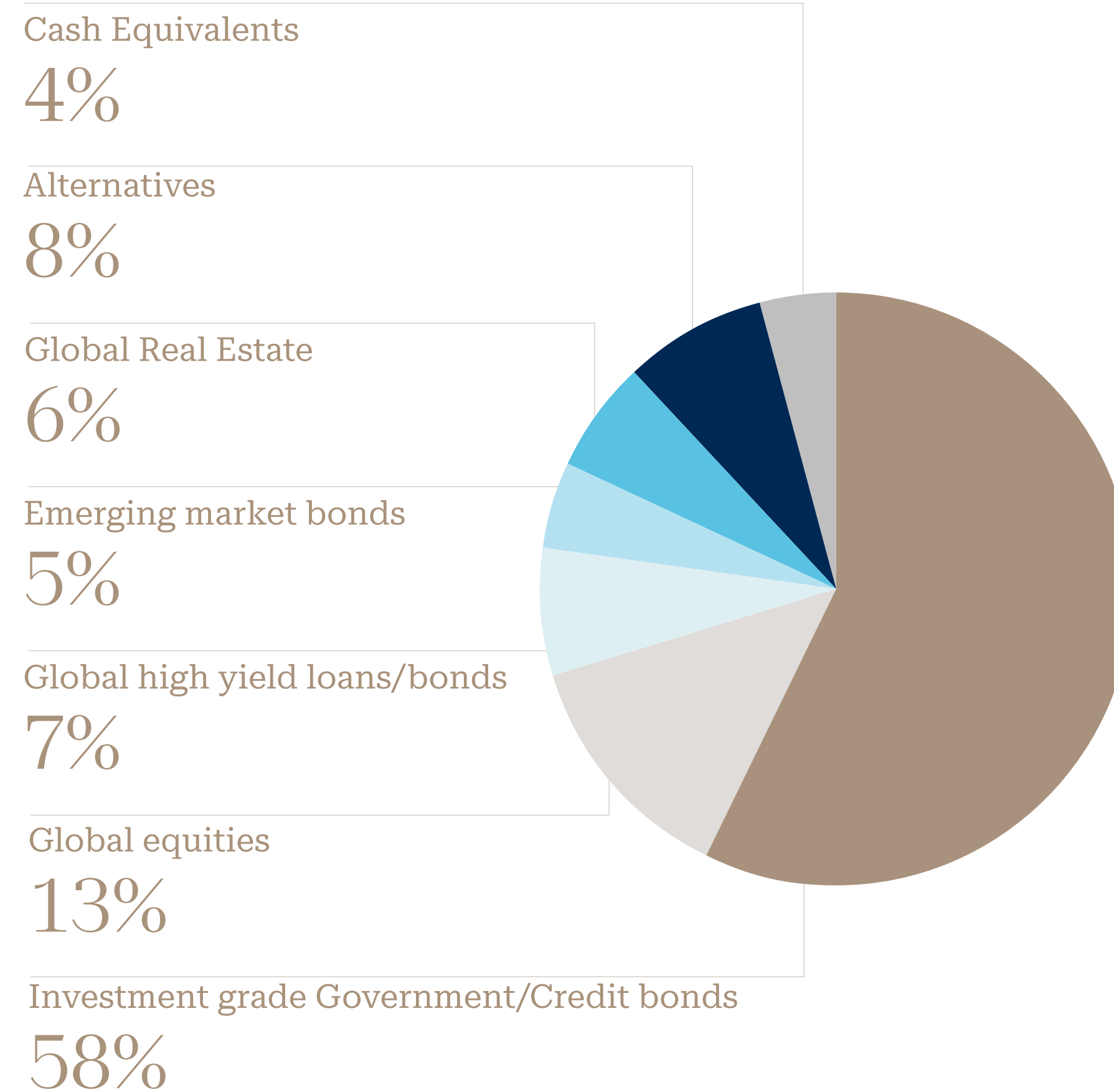
Capital and Risk Management

Gard's investments delivered a positive return of USD 64 million (2.9 per cent) for the half year to 30 June 2023.

The main drivers for the result were investments in equities (9.3 per cent) and corporate credit bonds (3.2 per cent). Government fixed-income portfolio also performed well during the period (1.4 per cent). The positive return reflects that the US economy performed better than expected and that a generally positive market sentiment drove prices up, especially in the second quarter.

On the downside, alternatives, real estate, and commodity investments delivered negative returns, detracting in total 0.3 per cent from the total return.

Investment allocation as of 30 June 2023



Capital and Risk Management

Gard has a simple capital structure consisting of Tier 1 capital through equity, which is earned and available, and high-quality Tier 2 capital, in the form of the ability to call unbudgeted supplementary calls. No deferred tax assets are included as Tier 3 capital as the maximum of 50 per cent of the solvency capital requirements of Tier 2 and Tier 3 combined is covered by Tier 2 capital. The solvency capital requirement is calculated based on a partial internal model.

The Gard group manages its capital in such a way that all its regulated entities always meet local regulatory capital requirements.

(USD million)

Eligible own funds	30 June 2023	31 December 2022
Tier 1 Basic own funds	1,237	1,160
Tier 2 Ancillary own funds	224	206
Tier 3 Other own funds	0	0
Eligible own funds	1,462	1,366
Solvency capital requirement	449	413
Solvency capital ratio	325.8%	331.2%

S&P rating

In April 2023, Standard & Poor's (S&P) re-affirmed the A+ financial strength rating of the Gard group and its direct writing subsidiaries Gard P. & I. (Bermuda) Ltd., Assuranceforeningen Gard - gjensidig -, Gard Marine & Energy Limited and Gard Marine & Energy Insurance (Europe) AS. Gard continues to be the only A+-rated club, reflecting our strong and market-leading position.

Standard and Poor's rating

A+

Gard continues to be the only A+-rated club, reflecting our strong and market-leading position.





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CHAPTER 03

Financial statements

Summary income statement

Amounts in USD 000s	Consolidated accounts	
	01.01.23 to 30.06.23	21.02.22 to 30.06.22
Gross earned premium*	546,642	398,457
Earned premium for own account	432,110	307,651
Other insurance related income	3,151	402
Claims incurred for own account**	383,105	210,790
Operating expenses	60,018	40,741
Technical result	(7,863)	56,522
Non-technical result***	54,275	(135,136)
Result	46,412	(78,614)
Combined Ratio Net (CRN), ETC basis	99%	79%

* Gross earned premium include a 5 per cent Owners General Discount for the P&I business for the half year to 30.06.23 and for the period to 30.06.22.

** Claims handling costs' share of Operating expenses are included in Claims incurred for own account.

*** Taxation and Other comprehensive income/(loss) are included in Non-technical result.

Balance sheet

Amounts in USD 000s	Consolidated accounts	
	As at 30.06.23	As at 31.12.22
Investments at fair value	2,412,848	2,317,501
Reinsurers' share of technical provisions	273,451	173,722
Cash and equivalents	240,455	234,978
Other assets	788,315	397,565
Total assets	3,715,069	3,123,766
Equity	1,306,864	1,260,451
Gross premium reserve	667,987	278,402
Gross claims reserve	1,495,781	1,427,846
Other liabilities	244,438	157,067
Total equity and liabilities	3,715,069	3,123,766

Income statement on lines of business

Amounts in USD 000s	P&I	M&E	Consolidated accounts
	01.01.23 to 30.06.23		
Gross earned premium on ETC basis	323,735	235,176	558,911
Earned premium for own account on ETC basis	259,890	184,490	444,379
Other insurance related income	2,919	232	3,151
Claims incurred for own account*	220,206	162,899	383,105
Operating expenses	28,470	31,549	60,019
Technical result on ETC basis	14,132	(9,726)	4,406
Non-technical result**	43,434	10,841	54,275
Result on ETC basis	57,566	1,115	58,681
Owners' General Discount	(12,269)	0	(12,269)
Total comprehensive income/(loss)	45,297	1,115	46,412
Combined ratio net at ETC basis	95%	105%	99%

* Claims handling costs' share of operating expenses are included in Claims incurred for own account

** Taxation and Other comprehensive income/(loss) are included in Non-technical result.