

---

# FINANCIAL STATEMENTS 2017

## GARD MARINE & ENERGY INSURANCE (EUROPE) AS

*for the year to 20 February 2017*



# Gard Marine & Energy Insurance (Europe) AS

## Board of Directors' Report

### INTRODUCTION

The Board of Directors hereby submits the report and accounts of Gard Marine & Energy Insurance (Europe) AS for the 2017 financial year, covering the 12 month period to 20 February 2017. This is Gard Marine & Energy Insurance (Europe) AS (the "Company") third year of operation.

In the opinion of the Board of Directors the report and accounts for the year to 20 February 2017 gives a true and fair picture of the Company and its activities and result.

The Company is complying with all statutory solvency and capital requirements.

Beyond what has been dealt with in this report, and the risks and uncertainties the marine insurance industry in general is faced with, the Board of Directors does not consider there to be any special risks or uncertainties connected to the business activities of the Company.

The Company is a wholly owned subsidiary of Gard Marine & Energy Limited.

### CHANGES IN EXTERNAL CONDITIONS

The Solvency II requirements came into force from 1 January 2016 through the new Norwegian Finance Institutions Act of 2015 no. 17. Solvency II means harmonized EU regulations for calculating capital requirements and eligible capital, requirements for risk management as well as reporting requirements for risk and capital situation.

### THE OPERATION IN GENERAL

#### Marine & Energy insurance

The Company is a joint stock company established in Arendal on 26 June 2014. As from 1 January 2015, the Company has offered marine and energy insurance to its customers in countries where there is a requirement that the insurer is domiciled within the European Union/European Economic Area. The customers are shipowners, shipyards, contractors and oil companies.

#### The Company's branch office in the United Kingdom

With effect from 1 January, 2017 Gard Marine & Energy Insurance Europe AS established a branch in the United Kingdom.

#### Gard AS

Gard AS is the general agent for the Company. All insurance products are offered through Gard AS on basis of delegation of authority. Gard AS is registered as insurance agent for Gard P. & I. (Bermuda) Ltd, Assuranceforeningen Gard - gjensidig -, Gard Marine & Energy Limited (the Norwegian branch of the parent company), and the Company in accordance with the Norwegian legislation on insurance intermediary activities based on the EU insurance mediation directive.

Gard AS has offices in Arendal, Bergen and Oslo. Further, Gard AS has wholly owned subsidiaries in London (Gard (UK) Limited), New York (Gard (North America) Inc.), Hong Kong (Gard (HK) Ltd), Helsinki (Oy Gard (Baltic) Ab), Piraeus (Gard (Greece) Ltd), Tokyo (Gard (Japan) K.K.) and Singapore (Gard (Singapore) Pte. Ltd). The subsidiaries main function is to be the local representative of the parent company.

### Personnel and organisation

As a result of the appointment of Gard AS as the agent of the Company there are at the end of the year only 14 persons employed in the Company. These persons include, *inter alia*, the Managing Director, the Legal Director (Company Secretary) and the Accounting Manager.

In the period from 21 February, 2016 to 20 February, 2017 the level of absence due to sickness has been below the corresponding average in the insurance industry. The total number of days of absence due to sickness corresponded to a percentage of 2.9 per cent against 4.8 per cent for the insurance industry in general. The organisation is focusing on preventing occupational injuries as a result of long time use of PCs and other office equipment. There have been no injuries or accidents in connection with the operations.

The Company's objective is to promote gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, descent, skin color, language, religion and faith.

The working environment in the Company has in the period to 20 February 2017 been good.

### Environmental damage

The Company is an insurance provider and the environmental footprint is therefore limited as the products, in the form of insurance cover, do not have an environmental impact. The Company's impact on climate and the environment is therefore primarily connected to business travel made by the limited number of staff.

The Company fully supports the UN Principles of Responsible Investment and actively encourage the fund managers to sign up to them. These Principles recognise that long term sustainable returns are dependent on stable, well-functioning and well governed social, environmental and economic systems.

### Research and development

The Company does not carry out research and development activities.

## **FUND MANAGEMENT**

A major part of the Company's investment portfolio is invested through a "Common Contractual Fund" structure established in Ireland. The investment structure represents a common legal framework for the management of the funds belonging to all risk carriers in the Gard group consisting of Assuranceforeningen Gard - gjensidig -, Gard P. & .I (Bermuda) Ltd, Gard Marine & Energy Limited, Gard Marine & Energy Insurance (Europe) AS and Gard Reinsurance Co Ltd. The objective of the investment structure is saving of management costs and optimizing the total returns within the investment guidelines. The portfolio managers in the Common Contractual Fund structure are all specialists within the class of assets the individual manager has been given a mandate to manage.

The general investment guidelines for the management of the funds of the Company are determined by the Board of Directors. The general guidelines determined by the Board of Directors contain, *inter alia*, provisions as to the currency composition of the investments and the types of financial instruments that can be used. The percentage of the investment held in US dollar must be in the range between 30 per cent and 75 per cent. Each portfolio manager employed shall not manage more than 30 per cent of the total fund. The guidelines permit also investments in real estate funds, futures, options and other derivatives for the purpose of improving risk management, efficiency and liquidity of the portfolio. The individual portfolio manager's mandate is composed on the basis of an index enabling the Company to measure the individual manager's performance against a benchmark.

The Administration reports on the performance and composition of the portfolio at each Board of Directors meeting. For each meeting, a compliance report is produced showing whether there are non-conformities in relation to the investment guidelines.

In the view of the Board of Directors the Company's investments can be described as having a medium risk profile.

## **INSURANCE BUSINESS**

### Market share

At the inception of the accounts for the year 2017, the global market share for the parent company Gard Marine & Energy Limited including its subsidiaries was 5 per cent for the business area Marine and 3 per cent for the business area Energy. The market shares were unchanged at the end of the year.

### Reinsurance

The insurance activities of the Company is reinsured in the commercial reinsurance market. The retention for any one event any one vessel was in accounts for the year to 20 February 2017, USD 40 million.

The Company has entered into a separate reinsurance treaty with its parent company. The reinsurance treaty covers a proportion of the risks retained under the above market reinsurance arrangements. Pursuant to this separate reinsurance treaty 90 percent of the insurance liabilities of the Company not covered by the market reinsurance arrangements was ceded to the parent company as reinsurance in the accounts for the year to 20 February 2017.

The quota share reinsurance treaty between the Company and Gard Marine & Energy Limited has been amended. With effect from 20 February 2017, the quota share to be ceded to the Gard Marine & Energy Limited is reduced from 90 to 70 percent.

## **FINANCIAL RISK**

### Insurance risk

The Company has the benefit of Gard group's external reinsurance programs in addition to the internal reinsurance contracts.

A set of extreme events for insurance risk have been identified and the realistic possible loss to the Company has been calculated. The highest insurance loss for own account from the identified extreme events is USD 6 million, which is 17 percent of the company's equity.

Reverse stress testing has been conducted. A net insurance loss of USD 17 million will endanger the Company's solvency. This corresponds to 2 losses in excess of USD 40 million. The expected number of claims in the same size order is below one.

### Market risk

The Company has increased the equity exposure during the year, but still has low exposure to risky assets compared to the Gard group strategic asset allocation. The entity remains overweighted to developed government bonds and investment grade corporates.

The economic capital required for the market risk is up from last year due to gain in equity exposure. Equity risk is the main contributor to increased economic capital this year. According to the stress tests, the highest estimated market loss to the Company is USD 3 million due to a 25 percent increase in exchange rates of USD.

A reverse stress test demonstrates that a market loss of USD 18 million will endanger the company's solvency.

With the increase in the assets held by the Company, the market risk profile is likely to be changed during the next 12 months to be more in line with the market risk profile of the Gard group overall.

#### Counterparty default risk

The main sources of counterparty default risk are the parent company Gard Marine & Energy Limited, reinsurers, cash deposits at banks, and receivables from policyholders. In addition, the company is exposed to counterparty default risk on claims recoveries, claims paid for co-insurers and fronting for direct insurers. Counterparty default risk on securities is included in market risk.

The main reinsurer of the Company is Gard Marine & Energy Limited, which covers 70 percent as from 20 February 2017 (earlier 90 percent) of all risks undertaken not reinsured elsewhere. The counterparty exposure against the intra-group reinsurer is large compared to the overall operation and the capitalization.

Gard Marine & Energy Limited has issued a parent company guarantee covering the Company's obligations arising out of or in connection with any policy of insurance, contract of reinsurance or surety bond issued by the Company

#### Liquidity risk

The duration of investable assets shall meet the pay-out profile of the Association's liabilities. The investable asset consist of a liquid portfolio that can be liquidated in a short period of time. The liquidity risk is deemed low.

#### Operational risk

The operational risk of the Gard group is assessed annually through the internal self-assessment. Results of the self-assessment are used to quantify the operational risk of the group. Based on the business volume, a share of the group wide operational risk has been attributed to the Company.

#### Capital and solvency position

The Company is complying with all statutory solvency and capital requirements.

The parent company, Gard Marine & Energy Limited, is well capitalized and is expected to be in a position to inject capital in the Company in the event this would be required to meet strategic goals.

### **ACCOUNTS FOR THE YEAR 2017**

The Company has been granted dispensation by the Norwegian Financial Supervisory Authority and the Tax Authority from the requirements to present the annual accounts in Norwegian currency and in the Norwegian language. In accordance with this the annual accounts are presented in United States Dollar (USD) and in the English language. Comparing figures as per 20 February 2016 are included in brackets.

#### Result

The net result was a profit of USD 2.5 million (deficit of USD 4.4 million).

The technical result was a profit of USD 1.5 million (deficit of USD 4.1 million).

#### Premiums

The gross earned premium in the year ending 20 February 2017 was USD 84.9 million (USD 69.6 million). Earned premium for own account was USD 7.2 million (USD 5.8 million) and

below plan. A softer market has resulted in falling rate levels and corresponding decrease in expected profitability, increasing share of business not being renewed and lower new acquisition ratio. There is also low demand in some segments.

#### Claims

Gross incurred claims during the period was USD 57.4 million (USD 57.1 million). Net incurred claims for own account was USD 5.3 million (USD 7.9 million). The claims development has been better than plan and with no large claims in the year to 20 February, 2017.

#### Non-technical result

The net income derived from assets was a profit of USD 0.9 million in the year ending 20 February 2017 (USD 0.1 million).

#### Total equity

Total equity has increased to USD 35.5 million (USD 33.0 million). The equity shall meet unforeseen fluctuations in claims exposure, possible catastrophes, extraordinary claims patterns that fall within the Company's liabilities and to meet capital requirements

#### Technical provisions

As at 20 February 2017 the Company's net premium reserve was USD 3.3 million (USD 4.2 million) as provision for the part of agreed premium written that exceeds the end of the financial year.

As at 20 February 2017 the Company's net provision to cover reported and unreported claims amounted to USD 7.1 million (USD 5.7 million).

The Board of Directors are of the opinion that the equity and technical provisions are sufficient to cover all technical liabilities for year to 20 February 2017 and earlier.

#### Cash flow analysis

The Company's bank deposit as of 20 February 2017 amounted to USD 18.0 million (USD 22.8 million). Net cash flows from operating activities consist primarily of incoming payments in the form of premiums and outgoing payments in the form of claims and operating expenses. Operating liquidity (cash) is balanced by transfers to and from the investment portfolio.

### **CONTINUED OPERATION AND THE FUTURE DEVELOPMENT**

The Board of Directors expects a moderate and stable premium growth over the next three years. A stable combined ratio net around 100 percent is expected and a positive return from the investment portfolio of around 2 to 4 percent per year.

Against this background and pursuant to the Norwegian Accounting Act of 1998, section 3-3a, the Board of Directors is of the opinion that it is basis for continued operation. The year-end accounts are based on these premises.

### **GOVERNING CORPORATE BODIES**

The Board of Directors of the Company are composed as shown on page 1.

#### Board of Directors

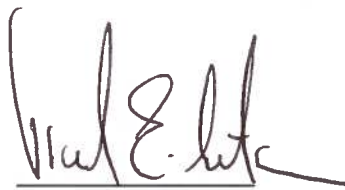
Ian Beveridge, Morten Høegh and Yngvil Åsheim shall retire by rotation at the forthcoming Annual General Meeting but can be re-elected.

\* \* \*


The Board of Directors wishes to express its gratitude to customers, business associates and correspondents for their participation and support to the Company, and thanks all employees of Gard AS for their loyalty and interest throughout the year.

Arendal, 24 April 2017

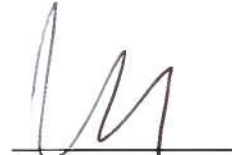
Board of Directors  
Gard Marine & Energy Insurance (Europe) AS



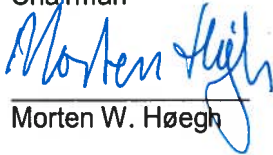
Trond Eilertsen  
Chairman



Jane Sy



Ian Beveridge



Morten W. Høegh



Yngvil Asheim



Rolf Thore Roppstad  
Managing Director

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Statement of comprehensive income

Amounts in USD 000's	Notes	21.02.16 to 20.02.17	Restated* 21.02.15 to 20.02.16
<b>Technical account</b>			
Gross earned premium	4, 5	84,879	69,553
Ceded reinsurance		(77,710)	(63,737)
<b>Earned premium for own account</b>		<b>7,168</b>	<b>5,816</b>
<b>Other insurance related income</b>		<b>25</b>	<b>0</b>
Gross incurred claims		57,434	57,092
Reinsurers' share of gross incurred claims		(52,134)	(49,152)
<b>Claims incurred for own account</b>	3, 5	<b>5,300</b>	<b>7,940</b>
Acquisition costs		6,329	3,766
Agents' commission		9,788	7,727
Commission received		(16,225)	(9,569)
<b>Insurance related expenses for own account</b>	3, 7	<b>(109)</b>	<b>1,925</b>
<b>Other insurance related expenses</b>	7	<b>475</b>	<b>86</b>
<b>Technical result</b>	5	<b>1,527</b>	<b>(4,135)</b>
<b>Non-technical account</b>			
Interest and similar income	8	88	396
Change in unrealised gain/(loss) on investments		981	(210)
Gain/(loss) on realisation of investments		(114)	(49)
Investment management expenses		(37)	(28)
<b>Non-technical result</b>		<b>918</b>	<b>110</b>
<b>Profit before tax</b>		<b>2,445</b>	<b>(4,025)</b>
Taxation	9	(101)	332
<b>Net result</b>		<b>2,546</b>	<b>(4,357)</b>

\*See note 2.2.



# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Balance sheet

Amounts in USD 000's	Notes	As at 20.02.17	Restated* As at 20.02.16
<b>Assets</b>			
<b>Investments</b>			
<i>Financial investments at fair value through profit or loss</i>			
Equities and investment funds	10, 11	1,876	1,512
Bonds	11	17,408	16,956
Other financial investments	11	259	191
<b>Total investments</b>		<b>19,542</b>	<b>18,659</b>
<b>Reinsurers' share of technical provisions</b>			
Reinsurers' share of gross premium reserve		32,218	40,071
Reinsurers' share of gross claims reserve	3, 5	50,197	43,896
<b>Total reinsurers' share of technical provisions</b>		<b>82,415</b>	<b>83,968</b>
<b>Receivables</b>			
<i>Receivables from direct insurance operations</i>			
Policyholders	12	953	76
Intermediaries	12	33,912	40,056
<i>Receivables from reinsurance operations</i>			
Receivables from reinsurance operations		1,705	0
Receivables from group companies		16	3,772
Other receivables	13	9	9
<b>Total receivables</b>	11	<b>36,595</b>	<b>43,913</b>
<b>Other assets</b>			
Cash and cash equivalents	14	18,006	22,825
Deferred tax asset	9	275	820
<b>Total other assets</b>		<b>18,281</b>	<b>23,645</b>
<b>Prepayments and accrued income</b>			
Accrued income and other prepayments		4,178	5,302
<b>Total prepayments and accrued income</b>		<b>4,178</b>	<b>5,302</b>
<b>Total assets</b>		<b>161,011</b>	<b>175,486</b>

\*See note 2.2.

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Balance sheet

Amounts in USD 000's	Notes	As at 20.02.17	Restated* As at 20.02.16
<b>Equity and liabilities</b>			
<b>Equity</b>			
Statutory reserve	15	33,268	33,268
Other equity	16	2,236	(310)
<b>Total equity</b>		<b>35,504</b>	<b>32,958</b>
<b>Technical provisions</b>			
Gross premium reserve		35,525	44,255
Gross claims reserve	5	57,336	49,582
<b>Total technical provisions</b>		<b>92,861</b>	<b>93,838</b>
<b>Provision for other liabilities</b>			
Income tax payable	9	0	645
<b>Total provisions for other liabilities</b>		<b>0</b>	<b>645</b>
<b>Payables</b>			
Payables arising out of direct insurance operations		154	706
Payables arising out of reinsurance operations		24,615	38,391
Payables to group companies		272	0
Other payables	10, 11, 13	143	108
<b>Total payables</b>		<b>25,184</b>	<b>39,205</b>
<b>Accruals and deferred income</b>			
Accruals and deferred income		7,462	8,839
<b>Total accruals and deferred income</b>		<b>7,462</b>	<b>8,839</b>
<b>Total liabilities</b>		<b>125,507</b>	<b>142,528</b>
<b>Total equity and liabilities</b>		<b>161,011</b>	<b>175,486</b>

\*See note 2.2.

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Statements of changes in equity

Amounts in USD 000's	Statutory reserve	Other equity	Total
<b>Equity as at 20.02.2015</b>	<b>13,833</b>	<b>0</b>	<b>13,833</b>
Change in accounting policies related to contingency reserve		3,843	3,843
Tax effect on change in accounting policies		205	205
<b>Equity as at 21.02.2015</b>	<b>13,833</b>	<b>4,048</b>	<b>17,881</b>
Net result		(4,357)	(4,357)
Capital increase	19,435	0	19,435
<b>Equity as at 20.02.2016</b>	<b>33,268</b>	<b>(310)</b>	<b>32,958</b>
<b>Equity as at 20.02.2016</b>	<b>33,268</b>	<b>(310)</b>	<b>32,958</b>
Net result		2,546	2,546
<b>Equity as at 20.02.2017</b>	<b>33,268</b>	<b>2,236</b>	<b>35,503</b>

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Cash flow analysis

Amounts in USD 000's	Notes	21.02.16 to 20.02.17	Restated* 21.02.15 to 20.02.16
<b>Cash flow from operating activities</b>			
Profit before tax		2,445	(4,025)
Tax paid	8	0	(732)
Change in unrealised (gain)/loss on investments		(981)	210
Change in receivables and payables		(6,704)	(5,092)
Change in technical provisions and other accruals		323	8,829
Financial investments		97	(10,222)
<b>Net cash flow from operating activities</b>		<b>(4,820)</b>	<b>(11,032)</b>
<b>Cash flow from investment activities</b>			
<b>Net cash flow from investment activities</b>		<b>0</b>	<b>0</b>
<b>Cash flow from financial activities</b>			
Increase of share capital		0	19,435
<b>Net cash flow from financial activities</b>		<b>0</b>	<b>19,435</b>
Net change in cash and cash equivalents		(4,820)	8,403
Cash and cash equivalents at beginning of year		22,825	14,422
<b>Cash and cash equivalents at end of year</b>		<b>18,006</b>	<b>22,825</b>

# GARD M&E INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 1 – Corporate information

**Gard Marine & Energy Insurance (Europe) AS** (“the Company”) is a wholly owned subsidiary of Gard Marine & Energy Ltd (“Gard M&E”). 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.

### Note 2 - Accounting policies

#### 2.1 Basis of preparation of the Accounts

This year’s accounts include the activity from 21 February 2016 to 20 February 2017.

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

#### 2.2 Changes to presentation and classification

As a result of change in Norwegian accounting regulations for insurance companies, the Company has applied the following changes to accounting principles:

1. Contingency reserve has been reclassified to other equity. Related deferred tax asset has been recognized as applicable depending on tax jurisdiction. As a result, the Statement of comprehensive income no longer includes the line item “change in contingency reserve”. See Note 17 for further details.
2. Gross written premium and Change in gross premium reserve is presented net as Gross earned premium while Gross settled claims and Change in gross claims reserve is presented net as Gross incurred claims.

Comparative information has been restated accordingly.

#### 2.3 Use of accounting estimates when preparing the accounts

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

#### Insurance contract liabilities

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.

#### 2.4 Foreign currency

##### Functional currency and presentation currency

The accounts are prepared in USD, which is both the functional currency and presentation currency of the Company.

##### Transactions in foreign currency

Transactions in foreign currencies are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are retranslated into USD using the exchange rate applicable on the balance sheet date. The currency exposure of the provision for claims is assessed to be equivalent to the same currency exposure as claims paid. The opening and closing balances of the provision for claims in foreign currency are translated into USD based on the same method as for monetary items. Non-monetary items that are measured at fair value expressed in foreign currency are translated into USD using the exchange rate applicable on the transaction date. Translation differences are recognised in the income statement as they occur during the accounting period. Foreign exchange gains and losses that relate to borrowings, cash and cash equivalents and financial investments are presented as part of the non-technical result as interest and similar income and Change in unrealised gain/loss on investments respectively. All foreign exchange gains and losses relating to technical operations are presented in the income statement as part of the technical result.

#### 2.5 Revenue and expense recognition

##### Premiums

Premiums are based on the insurance contracts where one party (the insurer) has accepted a significant risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Premiums are recognised over the insurance policy period. Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as gross premium reserve.

##### Reinsurance premiums

Reinsurance premiums are recognised as an expense over the underlying policy period.

##### Claims expenses

Expenses regarding incurred claims and other administrative expenses are recognised in the period in which they are incurred. Paid claims include an allocated portion of both direct and indirect claims handling cost.

##### Insurance related expenses for own account

Insurance related expenses for own account consist of broker and agent commissions, sales and administrative expenses, less commission received on ceded reinsurance premiums. Sales expenses are recognised in the period in which they are incurred. The administrative expenses and commission received are expensed over the underlying policy period.

##### Other

Other income and expenses are accounted for in the period they are incurred.

# GARD M&E INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 2 - Accounting policies continued

#### 2.6 Income tax

The tax expense consists of tax payable and changes in deferred tax.

Deferred tax/tax asset is calculated on all differences between the book value and the tax value of assets and liabilities. Deferred tax is calculated at the nominal tax rate of temporary differences and the tax effect of tax losses carried forward at the tax rate at the end of the accounting year. Changes in tax rates are accounted for when the new rate has been approved and changes are presented as part of the tax expense in the period the change has been made. A deferred tax asset is recorded in the balance sheet, when it is more likely than not that the tax asset will be utilised.

#### 2.7 Financial instruments

##### Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and held to maturity investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial assets at initial recognition.

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivative financial instrument are also categorised as held for trading.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as receivables and payables in the balance sheet.

##### Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets

are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

Unrealised gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within Change in unrealised gain (loss) on investments in the period in which they arise. Realised gains or losses are presented within gains on realisation of investments. Dividends and

interest income from financial assets at fair value through profit or loss is recognised in the income statement as part of interest and similar income when the right to receive payments is established. Dividend from investments is recognised when the Company has an unconditional right to receive the dividend.

Dividend paid is recognised as a liability at the time when the General Meeting approves the payment of the dividend.

##### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

#### 2.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks, brokers and fund managers. In the balance sheet, cash and cash equivalents that relate to investment management is presented as other financial investments. All other cash is presented as cash and cash equivalents. In the cash flow statement, cash and cash equivalents do not include cash and cash equivalents presented as other financial investments.

#### 2.9 Technical provisions

Technical provisions are calculated in accordance with the Regulations for annual accounts for insurance companies.

##### Gross premium reserve

The gross premium reserve is amortised over the risk period and is calculated and accounted for in the balance sheet as a provision for the part of premium written that exceeds the end of the financial year. Changes in the provision are charged to the income statement.

##### Gross claims reserve

The gross claims reserve comprises estimates of the expected remaining exposure from claims that have been reported to the Company (RBNS), and from claims that have been incurred but which have not yet been reported (IBNR).

Provisions for reported claims are made by assessing the liability of each claim. Actuarial methods are used in estimating the total cost of outstanding claims. The claim provisions have not been discounted.

In accordance with the Norwegian regulations for insurance companies provisions for internal claims handling expenses (unallocated loss adjustment expenses, or ULAE) and binary events are included in the 'Gross claims reserve'.

# GARD M&E INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 2 - Accounting policies continued

#### **2.10 Provisions, contingent liabilities and assets**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. For potential obligations whose likelihood is neither remote nor not probable (i.e. not 'more likely than not'), a contingent liability is disclosed.

There is no provision for contingent liabilities recognised in the balance sheet.

Contingent assets are not recognised in the financial statements but are disclosed if it is likely that resources embodying economic benefits will flow to the Company.

#### **2.11 Events after the reporting period**

New and material information on the Company's financial position at the end of the reporting period, which becomes known after the end of the reporting period, is recorded in the annual accounts. Events after the reporting period that do not affect the Company's financial position at the end of the reporting period but which will affect the financial position in the future are disclosed if significant.

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 3 - Intra-group transactions

#### Reinsurance agreement with Gard M&E Ltd.

The Company cedes to Gard M&E Ltd. by way of reinsurance 90 percent of the Company's Marine & Energy risk underwritten by the Company that is not reinsured elsewhere.

	Ceded to Gard M&E Ltd.	
	21.02.16	21.02.15
Amounts in USD 000's	to 20.02.17	to 20.02.16
Reinsurance	64,516	52,189
Reinsurers' share of gross settled claims	36,846	22,914
Reinsurance commission	14,827	8,621

	Ceded to Gard M&E Ltd.	
	21.02.16	21.02.15
Amounts in USD 000's	to 20.02.17	to 20.02.16
Reinsurers' share of claims reserve	4,517	4,997

#### 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. All mentioned companies are fully owned by Gard AS. Gard AS is a fully owned daughter company of Gard P. & I. (Bermuda) Ltd.

	Insurance services invoiced	
	21.02.16	21.02.15
Amounts in USD 000's	to 20.02.17	to 20.02.16
Gard AS	5,828	5,919
Gard (Sweden) AB.	0	259
Gard (UK) Ltd.	605	717
Oy Gard Baltic Ab	452	465

### Note 4 - Gross written premium by geographical areas

	21.02.16	21.02.15
	to 20.02.17	to 20.02.16
EEA	67,891	81,570
Norway	(85)	(1,144)
Other areas	8,342	9,103
<b>Total gross written premium</b>	<b>76,148</b>	<b>89,528</b>

The geographical split is made based on the location of the individual Member or client.



# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 5 - Technical result and technical provisions

			21.02.16 to 20.02.17
Amounts in USD 000's	Marine	Energy	Total
<b>Technical result</b>			
Gross written premiums	71,194	4,954	76,148
Gross earned premium	78,884	5,994	84,879
Ceded reinsurance	(72,192)	(5,519)	(77,710)
<b>Earned premium for own account</b>	<b>6,693</b>	<b>476</b>	<b>7,169</b>
<b>Claims incurred, gross</b>			
Incurred this year	27,885	728	28,613
Incurred previous years	27,340	1,482	28,821
<b>Total claims incurred, gross</b>	<b>55,225</b>	<b>2,209</b>	<b>57,434</b>
Reinsurers' share of gross incurred claims	(50,209)	(1,925)	(52,134)
<b>Claims incurred for own account</b>	<b>5,016</b>	<b>284</b>	<b>5,300</b>
			As at 20.02.17
Amounts in USD 000's	Marine	Energy	Total
<b>Technical provisions gross</b>			
Provisions, at the beginning of the year	(49,045)	(537)	(49,582)
Claims paid	48,079	1,601	49,680
Claims incurred - gross this year	(27,885)	(728)	(28,613)
Claims incurred - gross previous years	(27,340)	(1,482)	(28,821)
<b>Provisions, at the end of the year</b>	<b>(56,190)</b>	<b>(1,145)</b>	<b>(57,335)</b>
Reinsurers' share of claims provision	49,173	1,024	50,197
<b>Provisions net, at the end of the year</b>	<b>(7,017)</b>	<b>(121)</b>	<b>(7,138)</b>
Provision for unearned premiums, gross	(32,164)	(3,361)	(35,525)
Reinsurers' share of premium provision	29,188	3,030	32,218
<b>Provision for unearned premiums, net</b>	<b>(2,976)</b>	<b>(331)</b>	<b>(3,307)</b>
<b>Provision for outstanding claims</b>			
Technical provision gross	(88,355)	(4,507)	(92,861)
Technical provision net	(9,993)	(452)	(10,445)

Sensitivity analysis has been performed in order to evaluate how sensitive gross claims reserve is dependent on the actuarial methods applied. The Company applied the following methods: Development factor method, Bornhuetter Ferguson, a priori reduced method and Benktander. Based on these methodologies the gross claim reserve range between USD 57.3 million and USD 58.0 million. (Between USD 48.6 million to USD 50.6 million as at 20.02.16).

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 6 - Differences between Solvency II and balance valuation

As at 20.02.17

Amounts in USD 000's	Solvency II	Balance sheet	Differences
<b>Assets</b>			
<b>Reinsurance recoverables from non-life excluding health:</b>			
Reinsurers' share of gross premium reserve	0	32,218	(32,218)
Reinsurers' share of expected cash flow for unexpired cover net of reinsurer commission provision	24,492	0	24,492
Reinsurers' share of gross claims reserves	50,197	50,197	0
Discounting effect of reinsurers' share of gross claims reserves	(1,693)	0	(1,693)
Reinsurers' share of Bound but not incepted (BBNI) - net	(68)	0	(68)
Losses occurring during - net	(339)	0	(339)
<b>Reinsurance recoverables from non-life excluding health</b>	<b>72,589</b>	<b>82,415</b>	<b>(9,826)</b>
<b>Liabilities</b>			
<b>Technical provisions - non life</b>			
Gross premium reserves	0	35,525	(35,525)
Gross expected cash flow for unexpired cover net of commission provision	30,320	0	30,320
Gross claims reserves	57,336	57,336	0
Discounting effect of gross claims reserves	(1,934)	0	(1,934)
Risk Margin	1,358	0	1,358
Other equity	0	2,236	(2,236)
<b>Technical provisions - non life</b>	<b>87,080</b>	<b>95,097</b>	<b>(8,017)</b>

#### Reinsurance recoverables

Reinsurers' share of expected cash flow for unexpired cover net of reinsurer commission provision claims covers the combined ratio share of reinsurers' share of gross premium reserves less reinsurance commission provisions.

Discounting effect of reinsurers' share of gross claims reserve shows the reduction in reinsurers' share of gross claims reserve, in order to arrive at net present value of the reserves as at balance sheet date.

Reinsurers' share of Bound but not incepted (BBNI) – net, covers the net of reinsurers' share of premiums, claims and commission based on agreements with customers entered into but not incepted as at the balance sheet date.

Losses occurring during is covering expected cash flow of extended reinsurance in order to align the coverage period with the premium reserve period.

#### Technical provisions - non-life

Bound but not incepted (BBNI) – net is covering the net of gross premiums, claims and commission from customer agreements entered into, but not incepted as at the balance sheet date.

Gross expected cash flow for unexpired cover net of commission provision is covering the combined ratio share of gross premium reserve less commission provisions. This represents the expected claims costs related to the gross premiums reserve as at balance sheet date.

Discounting effect of gross claims reserve is showing the reduction in gross claims reserve, in order to arrive at net present value of the reserves as at balance sheet date.

The risk margin is calculated as a 6% charge on future yearly cash flows, which is based on Solvency Capital Requirement in respect of non-hedgeable risks. The risk margin represents cost of capital an insurance company would require to take on the obligations of a given company. Other equity is covering retained reserves to meet unforeseen fluctuations in claims exposure, possible catastrophes and extraordinary claims patterns that fall within the Company's liabilities. For Balance values other equity is included in the Technical provisions – non-life, while other equity is included in Excess of assets over liabilities for Solvency II values.

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 7 - Other insurance related expenses and number of staff

A 5 percent Finance tax has been implemented from 1 January 2017. This tax will apply for earned holiday allowance for 2016 to be paid in 2017 on pensions and on wage cost January and February 2017. This has been accrued for in the accounts.

Amounts in USD 000's	21.02.16 to 20.02.17	21.02.15 to 20.02.16
<b>Acquisition costs and commissions</b>		
Sales related salaries and wages	(625)	47
Other acquisition costs	6,954	3,719
Agents' commission	9,788	7,727
Commission received	(16,225)	(9,569)
<b>Insurance related expenses for own account</b>	<b>(109)</b>	<b>1,925</b>
<b>Number of staff</b>	<b>14</b>	<b>14</b>

### Remuneration to Group Leadership Team, Board of Directors and Committees

The Group Leadership Team consists of the Group Directors.

Amounts in USD 000's	Salary incl. bonus	Board remuneration	Total remuneration
<b>Group Leadership Team</b>			
Rolf Thore Roppestad (CEO)	67		67
Bjørnar Andresen (SVP)	35		35
Steinar Bye (SVP)	37		37
Kristian Dalene (SVP)	26		26
Kjetil Eivindstad (SVP)	30		30
<b>Members of the Board of Directors of the Company</b>			
Trond Eilertsen (Chairman)		20	20
Morten Høegh (Member)		15	15
Jane Sy (Member)		15	15
Yngvil Åsheim (Member)		15	15
Ian Beveridge (Member)		15	15
<b>Members of the Supervisory Committee of the Company</b>			
Stephen Knudtzon (Chairman)		7	7
Arne Falkanger Thorsen (Member)		5	5
Claus Theodor Mørch (Member)		5	5
Helge Aamodt (Member)		5	5
<b>Total</b>	<b>195</b>	<b>101</b>	<b>297</b>

### Remuneration auditor

Amounts in USD 000's	21.02.16 to 20.02.17	21.02.15 to 20.02.16
Statutory audit	24	30
Non audit services	10	2
<b>Total auditors' fee</b>	<b>34</b>	<b>32</b>

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 8 - Financial income and expenses

	21.02.16	21.02.15
Amounts in USD 000's	to 20.02.17	to 20.02.16
<b>Interest and similar income</b>		
Interest income	0	16
Income from financial instruments held for trading (portfolio investments)	374	284
Foreign exchange gains/(losses)	(329)	96
Dividend	42	0
<b>Total interest and similar income</b>	<b>88</b>	<b>396</b>

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 9 - Tax

	21.02.16 to 20.02.17	Restated* 21.02.15 to 20.02.16
Amounts in USD 000's		
<b>Basis for income tax expenses, changes in deferred tax and tax payable</b>		
<b>Profit before tax</b>	<b>2,445</b>	<b>(4,025)</b>
Permanent differences	(161)	23
<b>Basis for the tax expenses for the year</b>	<b>2,284</b>	<b>(4,002)</b>
Change in temporary differences	(2,177)	4,025
<b>Basis for payable taxes in the income statement</b>	<b>107</b>	<b>23</b>
Change in tax losses carried forward	107	23
<b>Taxable income (basis for payable taxes in the balance sheet)</b>	<b>0</b>	<b>0</b>
<b>Income tax expenses</b>		
Correction of deferred tax last year	0	303
Implementation of deferred tax on contingency reserve	544	(616)
Accrual for foreign withheld tax	(645)	645
<b>Tax expenses ordinary result</b>	<b>(101)</b>	<b>332</b>
<b>Income tax payable</b>		
Tax at the beginning of the period	645	732
Tax payable related to the period (accrual for foreign withheld tax)	(645)	645
Tax paid during the period	0	(732)
<b>Tax payable at the end of the period</b>	<b>0</b>	<b>645</b>
<b>Deferred tax asset</b>		
<b>Specification of tax effect resulting from temporary differences</b>		
Portfolio investments	172	(23)
Tax loss carried forward	171	23
Other temporary differences	(196)	0
Contingency reserve*	956	3,280
<b>Total temporary differences</b>	<b>1,103</b>	<b>3,280</b>
Deferred tax asset, 25 percent of total temporary differences	276	820
Currency effect posted to Non-technical result	(1)	0
<b>Net deferred tax asset of total temporary differences*</b>	<b>275</b>	<b>820</b>
<b>Reconciliation of the tax expense</b>		
Basis for calculation tax	0	0
<b>Calculated tax 25%</b>	<b>0</b>	<b>0</b>
Tax expense	(101)	332
<b>Difference</b>	<b>101</b>	<b>(332)</b>
<b>The difference consist of:</b>		
Changes in temporary differences subject to deferred tax	544	303
Implementation of deferred tax on other equity	0	(616)
Accrual for foreign withheld tax	(645)	645
<b>Sum explained differences</b>	<b>(101)</b>	<b>332</b>

\* As a result of changes to the Norwegian accounting regulations for insurance companies, contingency reserve has been reclassified to other equity. Related deferred tax asset has been recognized as applicable depending on tax jurisdiction. Deferred tax liability has been calculated as the difference between the treatment of contingency reserve in the financial statements and in the tax accounts, and is deemed to be a temporary difference.

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 10 - Financial instruments and fair values through profit or loss

#### Determination of fair value

The following describes the methodologies and assumptions used to determine fair values.

#### Financial instruments at fair value through profit or loss

The fair value of financial assets classified as financial instruments at fair value through profit or loss and the fair value of bonds included is determined by reference to published price quotations in an active market. For unquoted financial assets the fair value has been estimated using a valuation technique based on assumptions that are supported by observable market prices.

#### Assets for which fair value approximates carrying value

For financial assets and liabilities that have a short-term maturity, it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits, and savings accounts without a specific maturity.

#### Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

#### Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the last trade price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily listed equity common stocks, futures, US, UK and Germany listed government bonds.

#### Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value of an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- \* Quoted market prices or dealer quotes for similar instruments;
- \* The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- \* The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- \* Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Note that all of the resulting fair value estimates are included in Level 2 except for financial investments explained below.

#### Financial instruments in Level 3

Level 3 includes securitised debt instruments and investments in less liquid fund structures.

Amounts in USD 000's	As at 20.02.17				As at 20.02.16			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial investments</b>								
Equities and investment funds	1,876	0	0	1,876	1,512	0	0	1,512
Bonds	12,300	4,872	236	17,408	13,429	3,217	310	16,956
Cash incl. in other financial investments	171	0	0	171	91	0	0	91
Other financial investments	88	0	0	88	100	0	0	100
<b>Total financial investments</b>	<b>14,434</b>	<b>4,872</b>	<b>236</b>	<b>19,542</b>	<b>15,132</b>	<b>3,217</b>	<b>310</b>	<b>18,659</b>
<b>Financial liabilities</b>								
Financial liabilities incl. in other payables	0	0	0	0	26	0	0	26
<b>Total financial liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26</b>	<b>0</b>	<b>0</b>	<b>26</b>

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 10 - Financial instruments and fair values through profit or loss continued

The Company possesses only minority interests in quoted companies. The Company has an equity exposure of 9.6 percent of its total investments.

#### Equities at market value

Amounts in USD	As at 20.02.17
AGL Energy Limited	1,453
Amcor Limited	1,024
AMP Limited	1,099
Aurizon Holdings Limited	834
Australia and New Zealand Banking Group	5,622
Bendigo and Adelaide Bank Limited	478
BHP Billiton Limited	8,988
Brambles Limited	589
Caltex Australia Ltd.	706
Commonwealth Bank of Australia	6,468
Fortescue Metals Group Ltd	2,129
Insurance Australia Group Limited	817
Macquarie Group Limited	1,543
National Australia Bank Limited	4,359
Newcrest Mining Limited	389
Origin Energy Limited	2,106
QBE Insurance Group Limited	1,534
Rio Tinto Limited	1,455
Santos Limited	673
Scentre Group Limited	1,189
Suncorp Group Limited	1,818
Telstra Corporation Limited	1,510
Wesfarmers Limited	1,854
Westfield Corporation Limited	941
Westpac Banking Corporation	5,714
Woodside Petroleum Ltd.	1,836
Woolworths Ltd.	2,566
<b>Australia Total</b>	<b>59,692</b>
Erste Group Bank AG	752
OMV Aktiengesellschaft	1,348
Raiffeisen-Landesbanken-Holding GmbH	1,000
Voestalpine AG	870
<b>Austria Total</b>	<b>3,970</b>
Ageas N.V.	1,068
Anheuser-Busch InBev	2,176
KBC Groep	1,366
Proximus NV	590
Solvay	741
Umicore	479
<b>Belgium Total</b>	<b>6,420</b>
Agrium Inc.	829
Alimentation Couche-Tard Inc.	703
ARC Resources Ltd.	280
Bank of Montreal	3,408
Barrick Gold Corporation	1,331
BCE Inc.	1,212
Bank of Nova Scotia	5,561

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 10 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.17
Brookfield Asset Management Inc	1,195
Canadian Pacific Railway Limited	299
Canadian Imperial Bank of Commerce	2,580
Canadian Tire Corporation, Limited	962
Canadian National Railway Company	1,505
Canadian Natural Resources Limited	3,307
Cenovus Energy Inc.	1,680
Crescent Point Energy Corp.	1,153
Enbridge Inc.	1,469
Encana Corporation	4,169
Fairfax Financial Holdings Limited	472
First quantum Minerals Ltd.	2,142
Fortis Inc.	429
George Weston Limited	507
Goldcorp Inc.	869
Great-West Lifeco Inc	828
Husky Energy Inc.	1,036
Intact Financial Corporation	886
Loblaw Companies Limited	729
Magna International Inc.	1,821
Manulife Financial Corporation	2,598
Metro Inc.	522
National Bank of Canada	1,779
Pembina Pipeline Corporation	884
Potash Corporation of Saskatchewan Inc.	1,516
Power Corporation of Canada	1,231
Power Financial Corporation	680
RioCan Real Estate Investment Trust	513
Rogers Communications Inc.	1,362
Royal Bank of Canada	7,265
Shaw Communications Inc.	1,156
SNC-Lavalin Group Inc.	925
Sun Life Financial Inc.	1,181
Suncor Energy Inc.	4,151
Teck Resources Ltd.	4,039
TELUS Corporation	403
Thomson Reuters Corporation	1,304
The Toronto-Dominion Bank	6,152
TransCanada Corporation	1,664
Valeant Pharmaceuticals International	32
Yamana Gold Inc.	287
<b>Canada Total</b>	<b>81,004</b>
Yum China Holdings Inc.	452
<b>China Total</b>	<b>452</b>
A.P. Moller - Maersk A/S	3,338
Carlsberg A/S	788
Danske Bank A/S	2,028
Novo Nordisk A/S	633
TDC A/S	572
<b>Denmark Total</b>	<b>7,359</b>



# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 10 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.17
Fortum Oyj	809
KONE Oyj	617
Nokia Oyj	1,439
Sampo Oyj	1,111
Stora Enso Oyj	732
UPM-Kymmene Oyj	1,594
<b>Finland Total</b>	<b>6,303</b>
ACCOR	452
Air France - KLM	633
Air Liquide SA	2,228
Airbus Group	1,908
Alstom SA	638
ArcelorMittal S.A.	5,395
Arkema	1,125
AXA	5,675
BNP Paribas	8,154
Bouygues	997
Capgemini	614
Carrefour	1,706
Casino Guichard-Perrachon	1,477
Christian Dior SA	636
Compagnie De Saint-Gobain	2,821
Federation Nationale du Credit Agricole	1,923
Danone	1,748
Electricité de France S.A.	434
Eiffage	515
Engie	3,168
Essilor International SA	458
Kering	725
Lagardere SCA	455
Legrand SA	469
L'Oreal	733
LVMH Moet Hennessy Louis Vuitton	1,798
Michelin Group	1,902
Natixis SA	596
Orange	3,079
Permod Ricard	1,261
Peugeot SA	1,030
Publicis Groupe SA	535
Renault	1,561
Rexel	969
Safran	832
Sanofi	6,844
Schneider Electric SE	2,353
SCOR SE	343
SES S.A.	377
Societe Generale	5,950
Sodexo	772
STMicroelectronics N.V.	1,140
SUEZ Environnement Company	747
Thales	574
Total SA	14,906
Unibail-Rodamco SE	937
Valeo	1,063
Vallourec	377

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 10 - Financial instruments and fair values through profit or loss continued

	As at
Amounts in USD	20.02.17
Veolia Environnement-VE	1,156
VINCI	2,402
Vivendi	2,700
<b>France Total</b>	<b>101,290</b>
Adidas AG	1,576
Allianz SE	9,060
Aurubis AG	472
BASF SE	8,759
Bayer Aktiengesellschaft	3,643
Bayerische Motoren Werke Aktiengesellschaft	4,174
Brenntag AG	640
COMMERZBANK Aktiengesellschaft	1,635
Continental Aktiengesellschaft	1,421
Daimler AG	6,912
Deutsche Bank Aktiengesellschaft	5,147
Deutsche Borse Aktiengesellschaft	1,165
Deutsche Lufthansa Aktiengesellschaft	1,015
Deutsche Post AG	3,500
Deutsche Telekom AG	4,867
E.ON SE	5,819
Fresenius Medical Care AG & Co. KGaA	489
Fresenius SE & Co. KGaA	1,205
HeidelbergCement AG	1,091
Henkel AG & Co. KGaA	927
Infineon Technologies AG	594
K+S Aktiengesellschaft	529
LANXESS Aktiengesellschaft	931
Linde Aktiengesellschaft	1,961
Metro Ag	1,799
Munchener Ruckversicherungs-Gesellschaft	2,646
Porsche Automobil Holding SE	516
ProSiebenSat.1 Media SE	290
RWE Aktiengesellschaft	3,072
Sap Se	2,498
Siemens Aktiengesellschaft	7,743
ThyssenKrupp AG	1,656
TUI AG	339
Uniper SE	1,095
Volkswagen AG	6,201
<b>Germany Total</b>	<b>95,388</b>
AIA Group Limited	2,758
Bank of Ching (Hong Kong) Limited	1,175
CK Hutchison Holdings Limited	992
Cheung Kong Property Holdings Limited	626
CLP Holdings Limited	379
Hang Seng Bank Limited	967
Henderson Land Development Company Limited	499
Hongkong Land Holdings Ltd	790
Jardine Matheson Holdings Limited	511
Link Real Estate Investment Trust	818
New World Development Company Limited	1,020
Sands Chine Ltd	608

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 10 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.17
Sun Hung Kai Properties Limited	1,160
Swire Pacific Ltd	600
Wharf (Holdings) Limited	1,636
<b>Hong Kong Total</b>	<b>14,539</b>
Bank of Ireland Rg	765
CRH PLC	1,771
Smurfit Kappa Group PLC	504
<b>Ireland Total</b>	<b>3,040</b>
Bank Hapoalim B.M.	792
Bezeq The Israel Telecommunication Corp.	105
Teva Pharmaceutical Industries Limited	1,045
<b>Israel Total</b>	<b>1,942</b>
Assicurazioni Generali S.P.A.	2,801
Atlantia S.p.A.	746
Banco BPM	264
BCA MPS	240
BPER Banca	265
CNH Industrial N.V.	1,104
ENEL - SPA	4,782
Eni S.p.A.	7,174
Fiat Chrysler Automobiles N.V.	3,874
Intesa Sanpaolo S.p.A.	2,722
Italgas S.p.A.	181
Leonardo S.p.A	202
Mediobanca S.p.A	813
Snam S.p.A.	906
Telecom Italia S.p.A. DI RISP	820
Telecom Italia S.p.A.	1,643
Tenaris	1,267
Terna - Rete Elettrica Nazionale S.p.A.	637
UniCredit S.p.A.	3,196
Unione Di Banche Italiane Societa' Per A	936
Unipol Gruppo Finanziario S.p.A.	406
<b>Italy Total</b>	<b>34,978</b>
Aeon Co., Ltd.	2,002
Aisin Seiki Co., Ltd.	1,551
Ajinomoto Co., Inc.	390
Alfresa Holdings Corporation	371
Asahi Glass Co., Ltd.	1,566
Asahi Group Holdings, Ltd.	1,054
Asahi Kasei Corp.	561
Astellas Pharma Inc.	963
Bridgestone Corporation	1,930
Canon Inc.	2,123
Central Japan Railway Company	988
Chubu Electric Power Co., Inc.	1,220
Chugoku Electric Power Co., Inc.	584
Concordia Financial Group	418
Dai-ichi Life Holdings, Inc.	2,672
Daiichi Sankyo Company, LTD	1,042
Daikin Industries, Ltd.	1,232
Daito Trust Construction Co., Ltd.	837

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 10 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.17
Daiwa House Industry Co., Ltd.	1,209
Daiwa Securities Group Inc.	968
DENSO Corporation	1,708
Dentsu Inc.	686
East Japan Railway Company	2,634
Eisai Co., Ltd.	540
Electric Power Development Co., Ltd.	404
FANUC Corporation	1,185
Fast Retailing Co., Ltd.	619
Fuji Heavy Industries, Ltd.	871
FUJIFILM Holdings Corporation	1,349
Fujitsu Limited	2,811
Fukuoka Financial Group, Inc.	688
Hankyu Hanshin Holdings, Inc.	765
Hitachi, Ltd.	4,166
Honda Motor Co., Ltd.	6,951
Hoya Corporation	1,118
Idemitsu Kosan Co., Ltd.	1,037
IHI Corporation	1,501
INPEX Corp.	1,374
Isetan Mitsukoshi Holdings Ltd.	636
Isuzu Motors Limited	654
ITOCHEU Corporation	2,779
J.Front Retailing Co., Ltd.	502
Japan Post Bank Co., Ltd.	756
Japan Post Holdings Co., Ltd.	1,134
Japan Tobacco Inc.	1,335
JFE Holdings, Inc.	2,632
JX Holdings Inc.	950
Kajima Corporation	380
KANI Electric Power	956
Kao Corporation	861
Kawasaki Heavy Industries, Ltd.	301
Kawasaki Kisen Kaisha, Ltd.	858
KDDI Corporation	2,154
Kintetsu Group Holdings Co., Ltd.	431
Kirin Holdings Company, Limited	1,400
Kobe Steel, Ltd.	1,359
Komatsu Ltd.	2,154
Konica Minolta Holdings, Inc.	664
Kubota Corporation	1,259
KYOCERA Corporation	1,707
Kyushu Electric Power Co Inc	385
Marubeni Corporation	2,144
Mazda Motor Corporation	814
Meiji Holdings Co., Ltd.	613
Mitsubishi Chemical Holdings Corporation	395
Mitsubishi Corporation	3,599
Mitsubishi Electric Corporation	2,571
Mitsubishi Estate Co., Ltd.	1,158
Mitsubishi Heavy Industries, Ltd.	909
Mitsubishi Materials Corporation	849
Mitsubishi Motors Corporation	289
Mitsubishi UFJ Financial Group, Inc.	11,579
Mitsui & Co., Ltd.	3,222
Mitsui Chemicals, Inc.	469
Mitsui Fudosan Co., Ltd.	1,345

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 10 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.17
Mitsui O.S.K. Lines, Ltd.	1,055
Mizuho Financial Group, Inc.	5,260
MS&AD Insurance Group Holdings, Inc.	1,700
Murata Manufacturing Co., Ltd.	1,159
NEC Corp.	1,176
NH Foods Ltd.	515
Nidec Corporation	1,134
Nikon Corporation	438
Nintendo Co., Ltd.	817
Nippon Express Co., Ltd.	583
Nippon Steel & Sumitomo Metal Corporatio	2,342
Nippon Telegraph and Telephone Corporati	1,856
Nippon Yusen Kabushiki Kaisha	758
Nissan Motor Co., Ltd.	2,487
Nitto Denko Corporation	842
Nomura Holdings, Inc.	2,287
NTT DoCoMo, Inc.	1,475
Oji Holdings Corporation	533
OMRON Corporation	429
ORIX Corporation	1,495
Osaka Gas Co., Ltd.	1,102
Otsuka Holdings Co.,Ltd.	684
Panasonic Corporation	2,778
Resona Holdings, Inc.	1,608
Ricoh Company, Ltd.	1,028
SECOM Co., Ltd.	435
Sekisui Chemical Co., Ltd.	215
Sekisui House, Ltd.	922
Seven & I Holdings Co Ltd	2,257
Sharp Corporation	1,475
Shin-Etsu Chemical Co., Ltd.	2,006
Shiseido Company, Limited	584
Showa Denko K.K.	613
Showa Shell Sekiyu K.K.	383
SMC Corporation	560
Softbank Group Corp.	3,885
Sojitz Corporation	601
Sompo Japan Nipponkoa Holdings, Inc.	2,119
Sony Corporation	2,822
Sumitomo Chemical Co., Ltd.	1,416
Sumitomo Corporation	2,035
Sumitomo Electric Industries Ltd.	1,978
Sumitomo Metal Mining Co., Ltd.	544
Sumitomo Mitsui Financial Group, Inc.	7,037
Sumitomo Mitsui Trust Holdings, Inc.	1,494
Sumitomo Realty & Development Co., Ltd.	545
Suzuken Co., Ltd.	712
Suzuki Motor Corporation	1,635
T&D Holdings, Inc.	1,422
Taisei Corporation	684
Takeda Pharmaceutical Co Ltd	2,317
TDK Corporation	693
Tohoku Electric Power Co., Inc.	764
Tokio Marine Holdings, Inc.	2,969
Tokyo Electric Power Co. Holdings Inc.	1,684
Tokyo Electron Limited	593

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 10 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.17
Tokyo Gas Co., Ltd.	967
Tonengeneral Sekiyu K.K.	675
Toppan Printing Co., Ltd.	769
Toray Industries, Inc.	825
Toshiba Corporation	2,255
Toyota Industries Corporation	589
Toyota Motor Corporation	12,964
Toyota Tsusho Corp	973
West Japan Railway Company	1,235
Yamaha Motor Co., Ltd.	572
Yamato Holdings Co., Ltd.	616
<b>Japan Total</b>	<b>215,671</b>
Hana Financial Group Inc.	822
Hyundai Heavy Industries Co., Ltd.	647
Hyundai Mobis Co., Ltd.	455
Hyundai Motor Company	2,353
Hyundai Steel Company	777
Industrial Bank of Korea	445
KB Financial Group Inc.	1,444
KIA Motors Corporation	1,021
Korea Electric Power Corp.	1,050
KT Corporation	661
LG Chem, Ltd.	728
LG Corp.	221
LG Display Co., Ltd.	931
LG Electronics Inc.	1,081
POSCO	2,479
Samsung Electronics Co., Ltd.	14,815
Samsung Fire & Marine Insurance Co., Ltd	674
Samsung Life Insurance Co., Ltd.	458
Shinhan Financial Group Co Ltd	769
SK Hynix Inc.	2,435
SK Innovation Co., Ltd.	1,338
Sk Telecom Co Ltd	395
<b>Korea (South) Total</b>	<b>35,999</b>
Aegon N.V.	2,997
Akzo Nobel N.V.	1,071
Asml Holding N.V.	880
Coca-Cola European Partners PLC	354
Delta Lloyd N.V.	550
Heineken Holding N.V.	683
Heineken N.V.	735
ING Groep N.V.	4,630
Koninklijke Ahold N.V	1,406
Koninklijke DSM N.V.	972
Koninklijke KPN N.V.	870
Koninklijke Philips N.V.	2,042
NN Group N.V.	1,535
Randstad Holding N.V.	531
Relx N.V	193
Stichting Administratiekantoor Unilever	3,024
<b>Netherlands Total</b>	<b>22,473</b>

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 10 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.17
DNB ASA	1,708
Marine Harvest ASA	422
Norsk Hydro ASA	591
Orkla ASA	462
Seadrill Limited	1,277
Statoil ASA	3,010
Subsea 7 S.A.	1,471
Telenor ASA	968
Yara International ASA	667
<b>Norway Total</b>	<b>10,576</b>
EDP- Energias de Portugal, S.A.	1,009
Galp Energia, SGPS, S.A.	814
<b>Portugal Total</b>	<b>1,823</b>
CapitalLand Limited	476
DBS Group Holdings Ltd	1,409
Keppel Corp Ltd.	1,072
Oversea-Chinese Banking Corporation Limited	1,518
Singapore Telecommunications Limited	1,456
United Overseas Bank Limited	1,489
Wilmar International Limited	264
<b>Singapore Total</b>	<b>7,683</b>
Abertis Infraestructuras, S.A.	530
ACS, Actividades de Construccion y Servi	1,564
Amadeus IT Holding, S.A.	553
Banco Popular Espanol, S.A.	478
Banco Santander, S.A.	17,487
Bankia SA	690
Banco Bilbao Vizcaya Argentaria, S.A.	4,498
Banco de Sabadell, S.A.	1,169
CaixaBank	1,056
Distribuidora Internacional De Alimentac	376
Endesa SA	1,059
Ferrovial, S.A.	794
Gas Natural SDG, S.A.	867
Iberdrola, S.A.	2,173
Industria de Diseno Textil, S.A.	953
International Airlines Group S.A.	490
Mapfre S.A.	727
Red Electrica Corporacion, S.A.	515
Repsol, S.A.	4,255
Telefonica S.A.	6,670
<b>Spain Total</b>	<b>46,906</b>
ASSA ABLOY AB	610
Atlas Copco AB A	786
Atlas Copco AB B	442
Boliden AB	853
Aktiebolaget Electrolux	717
Ericsson	1,273
H & M Hennes & Mauritz AB	1,120
Aktiebolaget Industrivarden	577
Nordea Bank AB	3,556
Sandvik AB	1,566

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 10 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.17
Skandinaviska Enskilda Banken AB	1,494
Skanska AB	511
SKF AB	537
Svenska Cellulosa Aktiebolaget SCA	880
Svenska Handelsbanken AB	1,560
Swedbank AB	1,294
Tele2 AB	322
TeliaSonera AB	737
Volvo AB	2,078
<b>Sweden Total</b>	<b>20,915</b>
ABB Ltd.	3,253
Adecco S.A.	1,136
Baloise-Holding AG	648
Credit Suisse Group AG	3,330
Lafargeholcim Ltd	1,476
Nestle S.A.	10,452
Novartis AG	6,582
Compagnie Financiere Richemont SA	1,970
Roche Holding AG	5,600
Swatch Group AG	679
Swiss Life Holding AG	1,260
Swiss Re AG	3,252
Swiss AG	902
Syngenta AG	1,704
Transocean Ltd.	1,370
UBS Group AG	2,325
Zurich Insurance Group AG	5,292
<b>Switzerland Total</b>	<b>51,230</b>
Amec Foster Wheele PLC	628
Anglo American PLC	6,039
Antafagasta PLC	739
Associated British Foods PLC	512
AstraZeneca PLC	4,275
Aviva PLC	2,856
BAE Systems PLC	1,618
Barclays PLC	6,935
BHP Billiton PLC	4,732
BP p.l.c.	18,137
British American Tobacco p.l.c.	4,599
British Land Company PLC	526
BT Group PLC	1,347
Bunzl Public Limited Company	435
Capita PLC	173
Carnival PLC	812
Centrica PLC	2,528
Compass Group PLC	1,159
DCC PLC	763
Diageo PLC	1,895
Direct Line Insurance Group PLC	573
Experian PLC	702
G4S PLC	380
GKN PLC	448
GlaxoSmithKline PLC	6,165
Glencore PLC	10,426



# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 10 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.17
Hammerson PLC	308
HSBC Holdings PLC	21,590
Imperial Brands PLC	2,051
International Consolidated Airlines Group	774
Johnson Matthey PLC	611
Kingfisher PLC	1,051
Land Securities Group PLC	713
Legal & General Group PLC	1,306
Lloyds Banking Group PLC	3,905
Marks and Spencer Group P.L.C.	673
Mondi plc	465
National Grid PLC	2,984
NEXT PLC	240
Old Mutual Public Limited Company	1,472
Pearson PLC	898
Prudential Public Limited Company	3,408
Reckitt Benckiser Group PLC	1,493
Relx PLC	148
Rio Tinto PLC	5,230
Rolls-Royce Holdings plc	1,139
Royal Bank of Scotland	1,892
Royal Dutch Shell PLC	28,646
Royal Mail PLC	394
RSA Insurance Group PLC	987
Sainsbury (J) plc	1,087
Severn Trent PLC	632
Shire PLC	359
Sky PLC	671
Smith & Nephew PLC	285
Smiths Group PLC	416
SSE PLC	1,776
Standard Chartered PLC	4,122
Standard Life PLC	993
TechnipFMC PLC	1,015
Tesco PLC	2,789
Unilever PLC	1,593
United Utilities Group PLC	687
Vodafone Group Public Limited Company	6,997
WM Morrison Supermarkets P L C	1,110
Wolseley Limited	1,251
WPP PLC	1,767
<b>United Kingdom Total</b>	<b>189,332</b>
3M Company	3,476
5th Third Bancorp	2,066
Abbott Laboratories	2,190
AbbVie Inc.	2,038
Accenture Public Limited Company	1,576
Activision Blizzard, Inc.	1,224
Adient PLC	64
Adobe Systems Incorporated	957
AdvanSix Inc	29
AES Corporation	1,238
Aetna Inc.	1,503
AFLAC Incorporated	2,204

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 10 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.17
AGCO Corporation	512
AGNC Investment Corp.	819
Air Products and Chemicals, Inc.	1,415
Allergan Public Limited Company	1,731
Alliant Energy Corporation	724
Allstate Corp.	2,494
Ally Financial Inc.	2,228
Alphabet Inc. A	3,386
Alphabet Inc. C	3,312
Altria Group, Inc.	4,013
Amazon.com, Inc.	1,690
American Electric Power Company, Inc.	1,859
Ameren Corporation	1,014
American Express Company	3,029
American International Group, Inc.	6,500
American Tower Corporation	432
American Water Works Company, Inc.	443
Ameriprise Financial, Inc.	1,419
AmerisourceBergen Corporation	1,906
Amgen Inc.	2,079
Anadarko Petroleum Corporation	3,472
Analog Devices, Inc.	1,072
Annaly Capital Management, Inc.	1,277
Anthem, Inc.	2,564
Aon PLC	1,175
Apache Corporation	2,162
Apple Inc.	17,915
Applied Materials, Inc.	1,926
Arch Capital Group Ltd.	752
Archer-Daniels-Midland Company	2,815
ARINC Incorporated	1,645
Arrow Electronics, Inc.	1,250
Assurant, Inc.	387
AT&T Inc.	16,260
Autoliv, Inc.	635
Automatic Data Processing, Inc.	1,495
Avis Budget Group, Inc.	405
Avnet, Inc.	789
Avon Products, Inc.	433
Baker Hughes Incorporated	2,552
Bank of New York Mellon Corporation	2,451
Bank of America Corporation	19,837
Baxter International Inc.	1,144
BB&T Corporation	2,590
Becton, Dickinson and Company	1,266
Bed Bath & Beyond Inc.	494
Berkshire Hathaway Inc.	11,463
Best Buy Co., Inc.	1,810
Biogen Inc.	1,156
Bioverativ Inc.	95
BlackRock, Inc.	2,333
Boeing Company	3,972
Boston Scientific Corporation	914
Bristol-Myers Squibb Company	2,675
Boston Properties, Inc.	1,098
Bunge Limited	2,256

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 10 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.17
C.H. Robinson Worldwide, Inc.	474
CA, Inc.	481
Calpine Corporation	401
Capital One Financial Corporation	3,672
Cardinal Health, Inc.	1,695
CarMax, Inc.	871
Carnival Corporation	831
Caterpillar Inc.	4,547
CBS Corporation	1,511
Celgene Corporation	969
CenterPoint Energy, Inc.	1,219
CenturyLink, Inc.	2,064
CF Industries Holdings, Inc.	341
Charter Communications, Inc.	2,286
Chesapeake Energy Corporation	2,245
Chevron Corporation	19,418
Chubb Limited	2,179
Cigna Corporation	1,723
Cincinnati Financial Corporation	291
Cisco Systems, Inc.	5,837
CIT Group Inc.	525
Citigroup Inc.	15,223
Citizens Financial Group Inc.	2,270
CME Group Inc.	2,330
Community Health Systems Inc.	414
Coach, Inc.	726
Coca-Cola Enterprises, Inc.	4,865
Cognizant Technology Solutions Corporati	696
Colgate-Palmolive Company	1,080
Alcoa Inc.	652
Comcast Corporation	7,080
Comerica Incorporated	941
Conagra Brands, Inc.	1,149
Conduent Inc.	330
ConocoPhillips	8,077
Consolidated Edison, Inc.	1,397
CONSOL Energy Inc.	1,338
Corning Incorporated	1,770
Costco Wholesale Corporation	2,990
Crown Castle International Corp.	446
CSX Corporation	2,524
Cummins Inc.	1,835
CVS Health Corporation	3,347
Danaher Corporation	672
Darden Restaurants, Inc.	614
DaVita HealthCare Partners Inc.	803
Deere & Company	2,757
Dell Technologies Inc.	452
Delphi Automotive PLC	755
Devon Energy Corporation	4,019
Discover Financial Services	1,783
Discovery Communications, Inc.	421
Dish Network Corporation	252
Dollar General Corporation	1,165
Dominion Resources, Inc.	1,770
Donnelley Financial Solutions Inc.	148
Donnelley R. R & Sons Company	299

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 10 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.17
Dover Corporation	640
DOW Chemical Company	4,227
Dr Pepper Snapple Group, Inc.	376
DTE Energy Company	1,276
E. I. du Pont de Nemours and Company	3,565
Duke Energy Corporation	3,134
Eastman Chemical Company	883
Eaton Corporation Public Limited Company	1,719
eBay Inc.	1,182
Ecolab Inc.	1,240
Edison International	1,298
Eli Lilly and Company	3,376
Emerson Electric Co.	1,671
Ensco PLC	1,105
Entergy Corporation	1,692
EOG Resources, Inc.	2,476
Equity Residential	801
Eversource Energy	842
Exelon Corporation	3,416
Express Scripts Holding Company	2,589
Exxon Mobil Corporation	23,302
Facebook, Inc.	1,869
Fedex Corporation	2,518
Fidelity National Financial, Inc.	489
Fidelity National Information Services,	1,067
FirstEnergy Corp.	837
Fiserv, Inc.	224
Flextronics International Ltd.	1,611
Fluor Corporation	564
Ford Motor Company	4,554
Fortive Corporation	231
Freeport-McMoRan Inc.	4,294
Franklin Resources, Inc.	1,403
Frontier Communications Corporation	503
Gap Inc.	612
General Motors Company	4,392
General Dynamics Corporation	2,458
General Electric Company	13,454
General Mills, Inc.	1,244
Genuine Parts Company	604
Genworth Financial, Inc.	1,688
GGP Inc.	300
Gilead Sciences, Inc.	1,607
Goldman Sachs Group Inc.	6,760
Goodyear Tire & Rubber Company	757
Grainger W. W. Inc.	510
Halliburton Company	2,900
Harley-Davidson, Inc.	683
Hartford Financial Services Group Inc.	1,838
HCA Holdings, Inc.	2,116
HCP, Inc.	1,025
Helmerich & Payne Inc.	819
Henry Schein, Inc.	672
Herc Holdings Inc.	396
Hershey Company	429
Hertz Global Holdings, Inc.	460
Hess Corporation	1,397

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 10 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.17
Hewlett Packard Enterprise Company	4,856
HollyFrontier Corporation	1,227
Home Depot Inc.	3,861
Honeywell International Inc.	2,865
Host Hotels & Resorts, Inc.	497
HP Inc.	2,887
Humana Inc.	2,046
Huntington Bancshares Incorporated	1,031
Illinois Tool Works Inc.	1,694
Ingersoll-Rand Public Limited Company	810
Intel Corporation	8,938
Intercontinental Exchange, Inc.	642
International Business Machines Corporat	9,034
International Paper Company	2,399
Invesco Ltd.	748
Iron Mountain Inc.	483
Jabil Circuit, Inc.	544
Jacobs Engineering Group Inc.	576
Johnson & Johnson	11,411
Johnson Controls, Inc.	587
JPMorgan Chase & Co.	20,753
Kellogg Company	875
KeyCorp	758
Kimberly-Clark Corporation	1,583
Kinder Morgan, Inc.	2,917
Kohl's Corporation	630
Kraft Heinz Company	967
Kroger Company	2,347
L Brands, Inc.	518
L3 Technologies Inc.	1,178
Laboratory Corporation of America Holding	558
Lamb Weston Holdings Inc.	396
Las Vegas Sands Corp.	624
Lear Corporation	1,139
Leucadia National Corporation	537
L-3 Communications Holdings, Inc.	860
Liberty Global PLC C	1,322
Liberty Interactive Corporation	695
Liberty Media SiriusXM Group	151
Liberty Media Braves Group	21
Liberty Media Corporation	32
Lincoln National Corporation	2,366
Lockheed Martin Corporation	2,919
Loews Corporation	1,691
Lowe's Companies, Inc.	2,072
LSC Communications Inc.	161
LyondellBasell Industries N.V.	2,880
M&T Bank Corporation	1,679
Macy's, Inc.	808
Manpowergroup Inc.	876
Marathon Oil Corporation	4,268
Marathon Petroleum Corporation	4,102
Marsh & McLennan Companies, Inc.	1,691
MasterCard Incorporated	1,313
Mattel, Inc.	261
Maxim Integrated Products, Inc.	180

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 10 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.17
McDonald's Corporation	3,451
McKesson Corporation	3,155
Medtronic Public Limited Company	2,682
Merck Sharp & Dohme Corp.	8,239
MetLife, Inc.	4,820
MGM Resorts International	505
Micron Technology, Inc.	2,685
Microsoft Corporation	11,890
Mondelez International, Inc.	2,720
Monsanto Company	1,853
Morgan Stanley	4,292
Mosaic Company	1,209
Motorola Solutions, Inc.	714
Murphy Oil Corporation	1,770
Murphy USA Inc.	521
Mylan Group B.V.	421
Nabors Industries Ltd	352
National Oilwell Varco, Inc.	1,966
Navient Corporation	1,035
New York Community Bancorp, Inc.	258
Newmont Mining Corporation	1,221
News Corporation A	249
News Corporation B	81
NextEra Energy, Inc.	1,649
Nielsen Holdings PLC	496
NIKE, Inc.	1,192
Noble Corporation PLC	314
Nordstrom, Inc.	366
Norfolk Southern Corporation	1,473
Northern Trust Corporation	1,046
Northrop Grumman Corporation	1,705
NRG Energy, Inc.	1,402
Nucor Corporation	1,598
O'Reilly Automotive, Inc.	536
Occidental Petroleum Corporation	2,386
Office Depot, Inc.	236
Omnicom Group Inc.	1,109
ONEOK, Inc.	1,019
Oracle Corporation	4,038
Owens-Illinois, Inc.	234
PACCAR Inc	1,584
Parker-Hannifin Corporation	1,231
Paychex, Inc.	769
PayPal Holdings Inc	671
Penney (JC) Corporation, Inc.	527
Pentair Public Limited Company	407
PepsiCo, Inc.	4,759
Pfizer Inc.	10,288
PG&E Corporation	1,214
Philip Morris International Inc.	5,805
Phillips 66	2,910
Pioneer Natural Resources Company	384
PNC Financial Services Group	3,679
PPG Industries, Inc.	921
PPL Corporation	819
Praxair, Inc.	1,526
Principal Financial Group, Inc.	1,180

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 10 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.17
Procter & Gamble Company	9,838
Progressive Corporation	1,041
Prologis, Inc.	853
Prudential Financial, Inc.	3,667
Public Service Enterprise Group Incorpor	1,348
Public Storage	452
QUALCOMM Incorporated	3,501
Quality Care Properties Inc.	132
Quanta Services Inc.	1,303
Quest Diagnostics Inc.	956
Raytheon Company	1,987
Regions Financial Corporation	1,984
Reinsurance Group of America, Incorporat	1,033
Reliance Steel & Aluminum Co.	1,038
Republic Services, Inc.	911
Reynolds American Inc.	1,032
Rockwell Automation, Inc.	912
Ross Stores, Inc.	548
Royal Caribbean Cruises Ltd	571
S&P Global Inc.	1,043
Schlumberger Ltd.	3,952
Charles Schwab Corporation	1,288
Seagate Technology Public Limited Compan	1,556
Sempra Energy Inc.	1,270
Sherwin-Williams Company	623
Simon Property Group, Inc.	1,087
SLM Corporation	1,150
The J M Smucker company	816
Southern Company	2,677
Southwestern Energy Company	903
Spectra Energy Corp.	1,972
Stanley Black & Decker, Inc.	760
Staples, Inc.	754
Starbucks Corporation	746
State Street Corporation	1,533
Stryker Corporation	1,011
SunTrust Banks, Inc.	2,264
Supervalu Inc.	251
Symantec Corporation	950
Synchrony Financial	2,164
Sysco Corporation	1,728
Target Corporation	2,566
TE Connectivity Ltd.	1,579
Tech Data Corporation	523
Tenet Healthcare Corporation	232
Tesoro Corporation	1,126
Texas Instruments Incorporated	2,217
Textron Inc.	822
The Priceline Group Inc.	1,637
Thermo Fisher Scientific Inc.	1,586
Time Warner Inc.	4,438
TJX S INC	1,467
T-MOBILE US INC	1,278
TRAVELERS S INC	3,049
Twenty-First Century Fox, Inc.	1,153
TYSON FOODS INC	914

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 10 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.17
UGI Corporation	712
Union Pacific Corporation	3,404
United Parcel Service, Inc.	2,245
United States Steel Corporation	3,065
United Technologies Corporation	4,486
UnitedHealth Group Incorporated	5,359
Unum Group	1,795
U.S. Bancorp	3,622
V.F. Corporation	421
Valero Energy Corporation	2,882
Ventas, Inc.	932
Verizon Communications, Inc.	9,789
Versum Materials Inc	155
Viacom Inc.	1,056
Visa Inc.	1,137
Vornado Realty Trust	878
Voya Financial, Inc.	922
Walgreens Boots Alliance, Inc.	2,748
Wal-Mart Stores, Inc.	8,949
Walt Disney Co	3,852
Waste Management, Inc.	1,666
Weatherford International Ltd.	1,106
WEC Energy Group Inc.	288
Wells Fargo & Company	13,942
Welltower Inc.	857
Western Union Company	614
Western Digital Corporation	1,948
Westrock Company	316
Weyerhaeuser Company	1,676
Whirlpool Corporation	1,063
Whiting Petroleum Corporation	1,178
Whole Foods Market, Inc.	525
Williams Companies Inc.	2,284
World Fuel Services Corporation	728
Wynn Resorts, Limited	767
Xcel Energy Inc.	966
Xerox Corporation	818
Xi Group Public Limited Company	1,024
Yahoo! Inc.	2,435
Yum! Brands, Inc.	1,163
Zimmer Biomet Holdings, Inc.	701
<b>USA Total</b>	<b>856,662</b>
<b>Total equities at market value</b>	<b>1,875,647</b>



# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 11 - Financial risk

#### Risk management framework

The purpose of the risk management system is to ensure that material risks are managed in accordance with the Company's corporate objectives and risk carrying capacity. The risk management system consists of the following components:

*Risk appetite and limits:* Overall Risk Appetite and Comfort Zone (target range for capitalisation) are defined in accordance with risk carrying capacity and corporate objectives. This cascades into limits by risk type and legal entities. This forms the basis for all risk management, monitoring and reporting.

*Risk policies:* There are group policies describing the processes and procedures for managing material risk exposures. The purpose of the policies is to ensure consistent and adequate risk and capital management.

*Risk management cycle:* Material risks are identified, assessed regularly, managed proactively, monitored regularly and reported to relevant responsible body.

#### Main financial risks

##### Insurance risk

Insurance risk arises from the underwriting activities ("premium risk") and existing insurance liabilities ("reserve risk"). The Gard group is a high capacity provider of risk mitigation products and services to industrial customers. While parts of the Gard group's portfolio are high frequency and low severity, many of the covers provided by the Gard group are "catastrophic" in their nature: High exposures and therefore potentially very high severity. A small number of claims represent a large share of the claims cost in any year. The insurance risk profile is managed by having limits on the risks written and mitigated through reinsurance.

##### Market risk

Market risk consists of equity risk, interest rate risk, credit risk, currency risk, property risk, and alternatives risk.

##### *Equity beta risk*

The risk of economic losses resulting from deviations in the value of market indices from their expected values. The equity portfolio is broadly diversified. Compared to a global benchmark portfolio based on market capitalizations, the equity portfolio is skewed towards emerging markets and smaller companies, which is expected to have a higher volatility than the global market as a whole. Through a portable alpha program, parts of the equity market exposure are hedged into fixed income exposure through a rolling equity futures program.

##### *Interest rate risk*

The risk of economic losses resulting from deviations in actual interest rates from expected interest rates. The term structure of interest bearing assets in the Gard group is matched to the expected duration of the liabilities. The sensitivity analysis of the bond assets of the Gard group has been modelled by reference to a reasonable approximation of the weighted average interest rate sensitivity of the investments held.

##### *Credit risk*

The risk of economic losses resulting from the default of third parties.

The following tables shows information regarding credit risk exposure as at 20.02.2017, by classifying assets according to the median rating amongst the three market leading providers, Standard & Poor's, Moody's and Fitch. This principle is in line with new Solvency II requirements. AAA is the highest possible rating. The US long-term sovereign credit rating is considered to be AAA due to an applied median approach.

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 11 - Financial risk continued

#### Credit risk exposure in balance sheet

Amounts in USD 000's	As at 20.02.17	As at 20.02.16
<b>Bonds</b>		
AAA	14,019	13,491
AA	312	133
A	866	636
BBB	2,043	2,397
BB	135	239
B	32	60
<b>Total bonds</b>	<b>17,408</b>	<b>16,956</b>
<b>Cash included in other financial investments</b>		
A	171	91
<b>Total cash included in other financial investments</b>	<b>171</b>	<b>91</b>
<b>Other financial investments</b>		
A	88	100
<b>Total other financial investments</b>	<b>88</b>	<b>100</b>
<b>Reinsurers' share of gross premium reserve</b>		
A	32,218	40,071
<b>Total reinsurers' share of gross premium reserve</b>	<b>32,218</b>	<b>40,071</b>
<b>Reinsurers' share of gross claim reserve</b>		
A	45,658	36,748
BBB	3,287	7,148
Not rated	1,252	0
<b>Total reinsurers' share of gross claim reserve</b>	<b>50,197</b>	<b>43,896</b>
<b>Receivables</b>		
A	0	4
Not rated	36,595	40,141
<b>Total receivables</b>	<b>36,595</b>	<b>43,913</b>
<b>Cash and cash equivalents</b>		
AA	18,006	22,825
<b>Total cash and cash equivalents</b>	<b>18,006</b>	<b>22,825</b>

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 11 - Financial risk continued

#### Alternatives risk

The risk that the actual return of investments due to alternatives decisions by the asset managers will be lower than expected.

Active asset managers, who are aiming to outperform a given benchmark, manage most of Gard's investment mandates. The ability to outperform also comes with the risk of significant underperformance versus the benchmark, which is referred to as alternatives risk.

Through the portable alpha programme, most of the alternatives risk is skewed towards active equity managers, but also include a global tactical allocation fund, which is exposed to different types of asset classes on a macro-based approach.

#### Real estate risk

The risk of economic losses resulting from deviations in the value of real estate investments from their expected values. The global property exposure includes own buildings and both indirect and direct investments in real estates. The indirect investment is through purchasing equities of listed real estate companies whereas through the direct exposure we own real estate properties through a pool together with other investors.

#### Currency risk

The risk of economic losses resulting from actual currency rates differing from expected currency rates. The currency exposure on the asset side is matched to the assumed currency exposure of liabilities. The assumed currency exposure to liabilities differs from the accounting exposure to currencies because the reserving currency is not always the actual currencies of the future cash flow. There is an acceptable mismatch between the currency exposure on assets and on liabilities. The currency exposure is managed through a rolling forward program.

#### Currency split balance sheet

	As at	Restated*
	20.02.17	20.02.16
Amounts in USD 000's		
<b>Assets</b>		
USD	117,562	108,343
EUR	37,960	31,760
GBP	2,338	1,947
Other	3,150	33,436
<b>Total assets</b>	<b>161,011</b>	<b>175,486</b>
<b>Equity and liabilities</b>		
USD	130,421	113,033
EUR	30,349	28,201
GBP	(6)	49
Other	247	34,204
<b>Total equity and liabilities</b>	<b>161,011</b>	<b>175,486</b>
<b>Net currency exposure</b>		
USD	12,859	4,690
EUR	(7,611)	(3,559)
GBP	(2,345)	(1,899)
Other	(2,903)	768
<b>Net exposure in %</b>		
USD	8%	3%
EUR	-5%	-2%
GBP	-1%	-1%
Other	-2%	0%

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 11 - Financial risk continued

#### Counterparty default risk

The risk that actual credit losses will be higher than expected due to the failure of counterparties to meet their contractual debt obligations. The main sources of counterparty default risk are reinsurers, cash deposits at banks, derivative counterparties, and receivables from policyholders.

The credit exposure on the Gard group's reinsurance programme is in line with the guidelines of only accepting reinsurers with an A- or higher rating. The Gard group is, however, faced with BBB rating exposure through the IG Pooling Agreement. Among the thirteen clubs, four have ratings of BBB.

Banks and custodians are in line with the guidelines with a credit rating of at least A/stable.

The Gard group also has counterparty risk towards counterparties through the financial derivative overlay programme used to manage market risk exposures. Common risk mitigation techniques are exercised in order to minimise the counterparty risk in relation to the holding of derivative contracts. The credit risk in respect of receivables is handled by group policies and by close follow up. Outstanding receivables can be netted off against outstanding claims payments to reduce the risk of doubtful debts.

#### Operational risk

The risk that actual economic losses arising from inadequate or failed internal processes, personnel and systems, or external events exceed expected losses. The most important internal processes concerning operational risk are underwriting including pricing, claims handling, reserving, reinsurance, and investments.

#### Liquidity risk

The risk that cash resources are insufficient to meet financial obligations when they fall due. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries. Liquidity risk arises primarily due to the unpredictability of the timing of payment of insurance liabilities and the illiquidity of the assets held or when market depth is insufficient to absorb the required volumes of assets to be sold, resulting in asset sale at a discount.

#### Age analysis of receivables after provision for bad debt

Amounts in USD 000's	As at	As at
	20.02.17	20.02.16
Not due	32,386	33,071
0-60 days	2,367	6,529
61-90 days	0	794
Above 90 days	1,843	3,519
<b>Total</b>	<b>36,595</b>	<b>43,913</b>

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 11 - Financial risk continued

#### Analysis of provision for bad debt

	As at 20.02.17	As at 20.02.16
Amounts in USD 000's		
Balance as at the beginning of the period	0	0
Provision for receivables impairment	13	0
Receivables written off during the year as uncollectable	(8)	0
Unused amounts reversed	8	0
Exchange adjustment	0	0
<b>Balance as at the end of the period</b>	<b>13</b>	<b>0</b>

The creation and release of provision for impaired receivables has been included in 'other insurance related expenses' in the income statement. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

#### Maturity profile

The following tables set out the maturity profile of liabilities combining amounts expected to be recovered within one year, between one and five years and more than five years. Liabilities not covered by IFRS 7 are classified as other liabilities in the table below.

The Company maintains highly marketable financial instruments and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. This, combined with the credit facility and cash pool to meet liquidity needs, gives a presentation of how assets and liabilities have been matched.

	As at 20.02.2017				
Amounts in USD 000's	Within 1 year	1-5 years	More than 5 years	No maturity date	Total
Payables and accruals	25,040	0	0	0	25,040
Other payables	143	0	0	0	143

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 11 - Financial risk continued

#### Portfolio asset allocation

The table below sets out the portfolio allocation by exposure to asset classes and the balance sheet categories. Equities and investment funds are divided among the asset classes in the interest of two important assumptions; Investment funds include mutual funds in asset classes such as real estate, corporate bonds and absolute return. Equities include common stocks and an adjustment for a derivative overlay programme. Equity market exposure is sold out through equity index future derivatives in order to maintain total equity market exposure within the desired range, and simultaneously bond exposure is gained through buying interest rate swap contracts.

Amounts in USD 000's	Fair value			As at
	20.02.17			20.02.17
		Equity	Fixed income	Other
<b>Financial investments</b>				
Equities and investment funds	1,876	1,876	0	0
Bonds	17,408	0	17,408	0
Other financial investments *	259	2	0	257
<b>Total financial investments</b>	<b>19,542</b>	<b>1,877</b>	<b>17,408</b>	<b>257</b>
<b>Financial liabilities</b>				
Financial liabilities incl. in other payables	0	0	0	0
<b>Total financial liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net financial investments</b>	<b>19,542</b>	<b>1,877</b>	<b>17,408</b>	<b>257</b>
<b>Net percent</b>	<b>100%</b>	<b>10%</b>	<b>89%</b>	<b>1%</b>

#### Financial instruments - sensitivity analysis

The analysis below is performed for reasonably possible movements in key market variables with all other variables held constant.

Amounts in USD 000's	As at	As at
	20.02.17	20.02.16
Impact on fixed income portfolio investments given an increase of 50 basis points	(167)	(134)
Impact on equity portfolio given a 10 percent drop in quoted market prices	(188)	(151)
Impact on total investment portfolio given a change of 10 percent in foreign exchange rates against USD	(235)	(256)

The sensitivity analysis assumes no correlation between equity price, property market and foreign currency rate risk. It also assumes that all other receivables and payables remain unchanged and that no management action is taken. The Company has no significant risk concentrations which are not in line with the overall investment guidelines set by the Company's Board of Directors. Any impact from risk tested in the table above is not, due to tax regulations, assumed to have any taxable impact.

The methods used above for deriving sensitivity information and significant variables have not changed from the previous period.

\* Other includes cash and cash equivalents, accrued income/expense.

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 12 - Receivables from direct insurance operations

	As at 20.02.17	As at 20.02.16
Amounts in USD 000's		
Direct and received premium	1,397	912
Direct and received premium through broker	18,792	27,570
Not closed premium	7,333	9,119
Claims related debtors, co-insurers	7,357	2,530
Provision for bad debts	(13)	0
<b>Receivables from direct insurance operations</b>	<b>34,866</b>	<b>40,132</b>

### Note 13 - Other receivables and other payables

	As at 20.02.17	As at 20.02.16
Amounts in USD 000's		
<b>Other receivables</b>		
Other receivables	9	9
<b>Total other receivables</b>	<b>9</b>	<b>9</b>
<b>Other payables</b>		
Other payables	143	82
Financial liabilities incl. in other payables*	0	26
<b>Total other payables</b>	<b>143</b>	<b>108</b>

\*Investment transactions in progress refers to sales and purchases of investments at the balance sheet date, where settlements are executed after the balance sheet date.

### Note 14 - Cash and cash equivalents

Cash and cash equivalents includes bank deposits and cash in hand, of which USD 21,789 as at 20.02.2017 is restricted cash. (Restricted cash previous year; USD 20,744).

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 15 - Statutory reserve

Amounts in USD 000's	Shares	Percent
<b>Owners equity</b>		
Gard Marine & Energy Ltd.	300	100

Par Value is NOK 866.703,- per share.

All shares have the same rights in the Company.

All shares are owned by Gard Marine & Energy Ltd.

The Company is consolidated into the accounts of Gard Marine & Energy Ltd. as at 20.02.2017 and the consolidated accounts are available at the office of Gard Marine & Energy Ltd's management company Lingard Ltd. in Bermuda.

### Note 16 - Capital requirements

Amounts in USD 000's	As at 20.02.17
<b>Own funds</b>	
Ordinary share capital	32,392
Share premium account	877
Reconciliation reserve	589
Net deferred tax assets	856
<b>Excess of assets over liabilities</b>	<b>34,713</b>
Tier 1 - Unrestricted	33,857
Tier 3 - Net deferred tax assets	856
<b>Total basic own funds / (equal to Excess of assets over liabilities)</b>	<b>34,713</b>
Total available own funds to meet the SCR	34,713
Total available own funds to meet the MCR	33,857
Total eligible own funds to meet the SCR	34,713
Total eligible own funds to meet the MCR	33,857
SCR	21,645
MCR	5,411
<b>Ratio of eligible own funds to SCR</b>	<b>160 %</b>
<b>Ratio of eligible own funds to MCR</b>	<b>626 %</b>
<b>Minimum Capital Requirement (MCR)</b>	
Linear MCR	2,233
SCR	21,645
MCR cap (45% of SCR)	9,740
MCR floor (25% of SCR)	5,411
Combined MCR	5,411
Absolute floor of the MCR	4,050
<b>MCR</b>	<b>5,411</b>
<b>Solvency Capital Requirement (SCR)</b>	
Market risk	3,590
Counterparty default risk	7,360
Non-life underwriting risk	12,853
Diversification	(4,747)
<b>Basic SCR</b>	<b>19,056</b>
<b>Calculation of SCR</b>	
Operational risk	2,589
<b>SCR</b>	<b>21,645</b>



# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

### Note 17 - Change in accounting policy

As a result of a change in Norwegian accounting regulations for insurance companies the contingency reserve has been reclassified to other equity. Related deferred tax asset has been recognized as applicable depending on tax jurisdiction. As a result, the Statement of comprehensive income no longer includes the line item "change in contingency reserve".

#### Impact of change in accounting policy on balance sheet

Amounts in USD 000's	As at 20.02.16 as previously stated	Change in accounting policy	As at 20.02.16 Restated	As at 20.02.15 as previously stated	Change in accounting policy	As at 20.02.15 Restated
<b>Assets</b>						
<b>Other assets</b>						
Deferred tax asset	0	820	820	303	205	508
<b>Total other assets</b>	<b>0</b>	<b>820</b>	<b>820</b>	<b>303</b>	<b>205</b>	<b>508</b>
<b>Total assets</b>	<b>174,666</b>	<b>820</b>	<b>175,486</b>	<b>91,772</b>	<b>205</b>	<b>91,977</b>
<b>Equity and liabilities</b>						
<b>Equity</b>						
Statutory reserve	33,268	0	33,268	13,833	0	13,833
Other equity	0	(310)	(310)	0	4,048	4,048
<b>Total equity</b>	<b>33,268</b>	<b>(310)</b>	<b>32,958</b>	<b>13,833</b>	<b>4,048</b>	<b>17,881</b>
<b>Contingency reserve</b>						
Contingency reserve	(1,130)	1,130	0	3,843	(3,843)	0
<b>Total contingency reserve</b>	<b>(1,130)</b>	<b>1,130</b>	<b>0</b>	<b>3,843</b>	<b>(3,843)</b>	<b>0</b>
<b>Total liabilities</b>	<b>141,397</b>	<b>1,130</b>	<b>142,528</b>	<b>77,938</b>	<b>(3,843)</b>	<b>74,095</b>
<b>Total equity and liabilities</b>	<b>174,666</b>	<b>820</b>	<b>175,486</b>	<b>111,207</b>	<b>205</b>	<b>111,412</b>

#### Impact of change in accounting policy on statement of comprehensive income

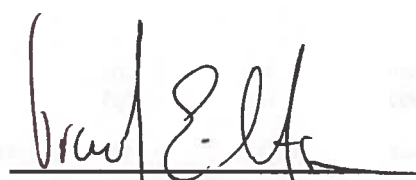
Amounts in USD 000's	As at 20.02.16 as previously stated	Change in accounting policy	As at 20.02.16 Restated
<b>Technical result before change in contingency reserve</b>	<b>(4,135)</b>	<b>0</b>	<b>(4,135)</b>
Change in contingency reserve	(4,973)	4,973	0
<b>Technical result</b>	<b>838</b>	<b>(4,973)</b>	<b>(4,135)</b>
<b>Profit before tax</b>	<b>948</b>	<b>0</b>	<b>(4,025)</b>
Taxation	948	(616)	332
<b>Net result</b>	<b>0</b>	<b>(4,357)</b>	<b>(4,357)</b>

# GARD MARINE & ENERGY INSURANCE (EUROPE) AS

## Notes to the accounts

Arendal, 24 April 2017

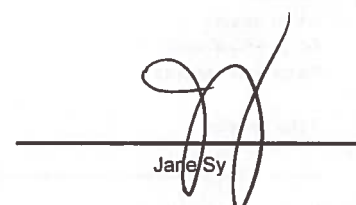
The Board of Directors  
Gard Marine & Energy Insurance (Europe) AS




Trond Eilertsen  
Chairman



Morten W. Hægh



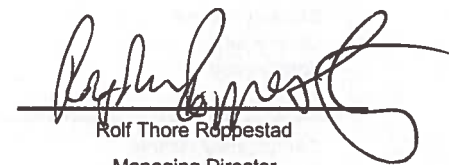
Jare/Sy



Yngvil Asheim



Ian Beveridge



Rolf Thore Røppestad  
Managing Director



To the General Meeting of Gard Marine & Energy Insurance (Europe) AS

## *Independent Auditor's Report*

### *Report on the Audit of the Financial Statements*

---

#### *Opinion*

We have audited the financial statements of Gard Marine & Energy Insurance (Europe) AS showing a profit of USD 2 546 thousand. The financial statements comprise the balance sheet as at 20 February 2017, the statement of comprehensive income, statement of changes in equity and cash flow analysis for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 20 February 2017, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

---

#### *Basis for Opinion*

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

---

#### *Other information*

Management is responsible for the other information. The other information comprises the Board of Directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

---

PricewaterhouseCoopers AS, Postboks 748 Sentrum, NO-0106 Oslo

T: 02316, org.no.: 987 009 713 VAT, [www.pwc.no](http://www.pwc.no)

State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

---

### *Responsibilities of The Board of Directors and the Managing Director for the Financial Statements*

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

---

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

## *Report on Other Legal and Regulatory Requirements*

---

### *Opinion on the Board of Directors' report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption is consistent with the financial statements and complies with the law and regulations.

---

### *Opinion on Registration and Documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 9 May 2017

**PricewaterhouseCoopers AS**

A handwritten signature in blue ink, appearing to read 'Magne Sem', is written over a light blue horizontal line.

Magne Sem

State Authorised Public Accountant