



FINANCIAL REPORT - 1 st QUARTER 2024

Presented below are the detailed financial results for Den Norske Krigsforsikring for Skib (DNK) for the first quarter of 2024. Financial figures are expressed in USD 1 000 (USDt). For comparative purposes, corresponding figures for 2023 are stated in parentheses. Comprehensive financial statements, including the income statement, the balance sheet, statement of changes in equity, and the cash flow statement, are attached. The tax provision for the period has been estimated, and the quarterly report is unaudited.

EXECUTIVE SUMMARY:

The pre-tax result for the first three months of 2024 (3M 2024) was USDt 18 533 (13 236). The technical (insurance) result for was USDt 2 585 (2 743), while the non-technical (financial) result improved significantly to USDt 15 948 (10 494). After accounting for an estimated tax expense of USDt -8 696 (-9 492), the profit for the period was USDt 9 837 (3 744). The tax calculation is based on the results in Norwegian kroner.

At the end of March 2024, total equity was USDt 640 244 (574 038).



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INCOME STATEMENT

Amounts in USD 1 000	Q1 2024	Q1 2023
TECHNICAL ACCOUNT		
Gross earned premiums	10 377	13 545
Ceded reinsurance on gross earned premiums	(6 002)	(5 330)
Premiums for own account	4 375	8 215
Gross claims expenses	29	(4 398)
Reinsurers' share of gross claim expenses	482	977
Claims for own account	511	(3 421)
Insurance related administrative expenses	(2 301)	(2 052)
OPERATING RESULT OF TECHNICAL ACCOUNT	2 585	2 743
NON-TECHNICAL ACCOUNT		
Net income from financial assets		
Interest and dividend from financial assets	3 338	2 507
Change in fair value of financial assets	6 881	19 285
Realised gains from financial assets	8 045	(9 244)
Administrative expenses related to financial assets	(2 316)	(2 055)
Total net income from financial assets	15 948	10 494
OPERATING RESULT OF NON-TECHNICAL ACCOUNT	15 948	10 494
PRE-TAX RESULT	18 533	13 236
Tax expenses	(8 696)	(9 492)
PROFIT FOR THE PERIOD	9 837	3 744
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	9 837	3 744
TOTAL RESULT	9 837	3 744



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BALANCE SHEET

Amounts in USD 1 000	3M 2024	3M 2023	12M 2023
ASSETS			
Other intangible assets	440	0	465
Owner occupied properties	349	349	349
Subsidiaries and associated companies			
Investments in subsidiaries and associated companies	1 676	1 676	1 676
Financial assets at amortised cost			
Bank deposits investment portfolio	53 170	43 309	42 926
Financial assets at fair value			
Shares and other equity investments	198 731	180 485	191 586
Bonds and other fixed income securities	525 966	486 700	537 649
Financial derivatives	2 763	894	6 128
Total investments	782 654	713 413	780 313
Reinsurers' share of gross claims provisions			
Insurance related receivables	5 012	2 309	9 627
Reinsurers' receivables	14 875	13 590	11 374
Other receivables	637	629	312
Total receivables	20 524	16 527	21 314
Equipment and fixtures	2 112	1 952	2 122
Cash and bank deposits	13 098	25 464	17 728
Total other assets	15 210	27 416	19 850
Total prepaid expenses and accrued income	1 339	1 404	1 460
TOTAL ASSETS	835 892	767 506	833 488
EQUITY & LIABILITIES			
Other equity	640 244	574 038	622 460
Total equity	640 244	574 038	622 460
Provision for unearned gross premiums	6 060	5 268	0
Gross claims provisions	15 989	14 636	19 241
Total insurance reserves	22 048	19 905	19 241
Pension liability provisions	1 129	895	1 098
Taxes payable	66 394	66 122	76 336
Deferred tax liability	65 983	82 569	69 101
Other provisions	2 620	675	2 200
Total provisions	136 125	150 261	148 735
Insurance related liabilities	10 048	3 453	10 734
Reinsurance liabilities	6 949	8 388	5 911
Financial derivatives	2 845	8 171	5 708
Other liabilities	15 690	1 758	18 364
Total liabilities	35 533	21 771	40 718
Other accrued expenses and prepaid income	1 942	1 531	2 334
TOTAL EQUITY AND LIABILITIES	835 892	767 506	833 488



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STATEMENT OF CHANGES IN EQUITY

Amounts in USD 1 000	3M 2024	3M 2023	12M 2023
OTHER EQUITY			
Other equity - Period start	622 460	560 768	560 768
Total result	9 837	3 744	55 721
Exchange rate effects	7 947	9 526	5 971
Other equity - Period end	640 244	574 038	622 460

CASH FLOW STATEMENT

Amounts in USD 1 000	3M 2024	3M 2023	12M 2023
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers	20 366	20 963	60 315
Cash paid to reinsurers	(15 435)	(7 637)	(20 126)
Cash paid related to claims expenses	(3 224)	(4 000)	(22 520)
Cash receipts from reinsurers related to claims expenses	1 811	849	9 243
Paid insurance related administrative expenses	(9 143)	(6 872)	(15 923)
Net cash flow from the technical account	(5 625)	3 304	10 989
Net cash flow from interest, dividends and realised gains / losses on financial assets	11 109	(4 888)	4 468
Net cash flow from acquisition / disposal of financial assets	(9 137)	(8 189)	(20 191)
Paid administrative expenses related to financial assets	(826)	1 724	(9 925)
Net cash flow from the non-technical account	1 145	(11 354)	(25 648)
Net cash flow from operating activities	(4 480)	(8 050)	(14 659)
CASH FLOW FROM NON-OPERATING ACTIVITIES			
Cash receipts from the disposal of fixtures and fixed assets	0	(3)	3
Cash paid for the acquisition of fixtures and fixed assets	(150)	(449)	(1 583)
Net cash flow from non-operating activities	(150)	(452)	(1 579)
CASH FLOW FROM FINANCING ACTIVITIES			
Extraordinary dividend paid to members	0	0	0
Net cash flow from financing activities	0	0	0
Net cash flow in the period	(4 630)	(8 502)	(16 239)
Cash and bank - Period start	17 728	33 967	33 967
Net cash flow in the period	(4 630)	(8 502)	(16 239)
Cash and bank - Period end	13 098	25 464	17 728



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Note I Basis of preparation

The interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting and in compliance with the «regulations on annual accounts for non-life insurance companies».

The interim report does not include the same amount of information as the full financial statement and should be read in conjunction with the annual report for the year ended 31 December 2023.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2023.

Amended standards adopted by DNK

From 1 January 2023 IFRS 9 Financial instruments replaced IAS 39. IFRS 9 introduces new measurement models and an expected credit loss model (ECL) which will affect the company's financial assets measured at amortised cost.

Under IFRS 9, financial assets are classified into three measurement categories: fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVTOCI), and amortised cost. In the case of financial assets, a distinction is made between debt instruments and equity instruments. The classification of debt instruments is determined by the contractual conditions governing the financial assets, and the business model applied in managing the portfolio of assets.

Financial assets that are debt instruments

The company's debt instruments with contractual cash flows that are solely payments of principal and interest on specified dates, and that are held in a business model with the objective of collecting contractual cash flows are measured at amortised cost. Other debt instruments are measured at FVTPL.

Derivatives and investments in equity instruments

Derivatives and equity instruments are measured at FVTPL.

Financial liabilities

The company's financial liabilities are measured at amortised cost except for financial derivatives, which are measured at FVTPL.

Note II Impairment model

The company's financial instruments subject to the new impairment model is limited to short-term accounts receivable and bank accounts. For short-term accounts receivable the company applies a simplified approach. Bank accounts are exclusively with banks that meet the standard's low credit risk assumption, and the company has considered that this, in conjunction with LGD and low exposure, will require insignificant provision for losses. The company has thus not made any provision for losses related to this balance sheet item.

Note III Solvency capital

DNK's solvency capital requirement (SCR) combines the capital requirement given by the standard model and the additional capital requirement set by the FSAN (Financial Supervisory Authority of Norway). The additional capital requirement covers catastrophe insurance risks that are not captured by the standard module in Solvency II, or any other meaningful statistical model. This is not surprising given the unsystematic risks inherent in covering war, piracy, and terrorism risks at sea. The additional capital requirement is set for one calendar year at a time. For 2024, the additional capital requirement is USD 293,0 million (303.9).

DNK's solvency capital as of 31 March 2024 was USD 770.6 million (726.1) The solvency capital requirement was USD 401.9 million (407.0). The solvency margin was consequently 192 % (178 %) at the end of the first quarter of 2024.



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Note IV Financial assets – Fair value hierarchy

Amounts in USD 1 000	Level 1	Level 2	Level 3	Total
Financial assets				
Bank deposits investment portfolio	53 170	0	0	53 170
Shares and other equity investments	198 731	0	0	198 731
Bonds and other fixed income securities	304 434	221 531	0	525 966
Financial derivatives	0	2 763	0	2 763
Financial liabilities				
Financial derivatives	0	2 845	0	2 845

Fair value is meant to be a representative price based on what similar assets or liabilities would be traded at given normal terms and market conditions.

Level 1 is the highest quality of fair value. It is based on listed prices in active markets. A financial instrument is considered listed in an active market if prices are easily and regularly accessible from the exchange, dealer, broker, pricing service or governing authority, and these prices represent actual and frequent transactions on an arm's length basis.

Level 2 is based on observable market data, but the instrument is not considered to be actively traded. This includes prices derived from identical instruments and prices of similar assets that can be confirmed through market data. Level 2 financial instruments are for example fixed income securities that are priced based on representative yield curves.

Level 3 is considered to represent an inactive market, where observable data is unavailable. Prices are primarily estimated out of internal assessments. Level 3 financial instruments can be private equity, real estate, and financial claims.