



## **FINANCIAL REPORT - 09M 2024**

Presented below are the detailed financial results for Den Norske Krigsforsikring for Skib (DNK) for the third 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 third quarter of 2024 (9M 2024) was USDt 59 023 (25 098). The technical (insurance) result for was USDt 7 476 (7 888), while the non-technical (financial) result improved significantly to USDt 51 547 (18 070). After accounting for an estimated tax expense of USDt -11 731 (-13 697), the profit for the period was USDt 47 292 (12 261). The tax calculation is based on the results in Norwegian kroner.

At the end of September 2024, total equity was USDt 824 786 (782 115).

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## FINANCIAL REPORT DNK

### INCOME STATEMENT

Amounts in USD 1 000

Q3 2024 Q3 2023 9M 2024 9M 2023

#### TECHNICAL ACCOUNT

Gross earned premiums	11 222	5 546	37 719	34 907
Ceded reinsurance on gross earned premiums	(6 750)	(5 872)	(18 534)	(16 721)
<b>Premiums for own account</b>	<b>4 472</b>	<b>(326)</b>	<b>19 186</b>	<b>18 185</b>
Gross claims expenses	(439)	(8 406)	(6 064)	(18 840)
Reinsurers' share of gross claim expenses	218	13 466	543	14 221
<b>Claims for own account</b>	<b>(221)</b>	<b>5 060</b>	<b>(5 521)</b>	<b>(4 619)</b>
<b>Insurance related administrative expenses</b>	<b>(3 888)</b>	<b>(3 841)</b>	<b>(6 189)</b>	<b>(5 678)</b>
<b>OPERATING RESULT OF TECHNICAL ACCOUNT</b>	<b>363</b>	<b>893</b>	<b>7 476</b>	<b>7 888</b>

#### NON-TECHNICAL ACCOUNT

##### Net income from financial assets

Interest and dividend from financial assets	1 634	2 675	8 449	7 942
Change in fair value of financial assets	21 327	(3 329)	31 571	20 619
Realised gains from financial assets	2 186	536	18 123	(4 840)
Administrative expenses related to financial assets	(2 271)	(1 919)	(6 595)	(5 652)
<b>Total net income from financial assets</b>	<b>22 876</b>	<b>(2 037)</b>	<b>51 547</b>	<b>18 070</b>
<b>OPERATING RESULT OF NON-TECHNICAL ACCOUNT</b>	<b>22 876</b>	<b>(2 037)</b>	<b>51 547</b>	<b>18 070</b>

**PRE-TAX RESULT** 23 238 (1 143) 59 023 25 958

Tax expenses (2 884) (1 076) (11 731) (13 697)

**PROFIT FOR THE PERIOD** 20 355 (2 220) 47 292 12 261

**TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** 20 355 (2 220) 47 292 12 261

**TOTAL RESULT** 20 355 (2 220) 47 292 12 261

#### PROFIT FOR THE PERIOD IS DISTRIBUTED AS FOLLOWS:

**EARNED OTHER EQUITY** 20 355 (2 220) 47 292 12 261

**TOTAL** 20 355 (2 220) 47 292 12 261



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### BALANCE SHEET

Amounts in USD 1 000	9M 2024	9M 2023	12M 2023
<b>ASSETS</b>			
Other intangible assets	389	0	465
Owner occupied properties	349	349	349
<b>Subsidiaries and associated companies</b>			
Investments in subsidiaries and associated companies	1 677	1 676	1 676
<b>Financial assets at amortised cost</b>			
Bank deposits investment portfolio	42 074	23 718	42 926
<b>Financial assets at fair value</b>			
Shares and other equity investments	196 475	175 373	191 586
Bonds and other fixed income securities	538 358	519 097	537 649
Financial derivatives	1 422	6 970	6 128
<b>Total investments</b>	<b>780 355</b>	<b>727 182</b>	<b>780 313</b>
<b>Reinsurers' share of gross claims provisions</b>			
Insurance related receivables	4 917	4 706	9 627
Reinsurers' receivables	17 001	8 400	11 374
Other receivables	658	148	312
<b>Total receivables</b>	<b>22 575</b>	<b>13 254</b>	<b>21 314</b>
Equipment and fixtures	2 119	2 522	2 122
Cash and bank deposits	8 660	25 747	17 728
<b>Total other assets</b>	<b>10 779</b>	<b>28 269</b>	<b>19 850</b>
<b>Total prepaid expenses and accrued income</b>	<b>1 410</b>	<b>830</b>	<b>1 460</b>
<b>TOTAL ASSETS</b>	<b>824 786</b>	<b>782 115</b>	<b>833 488</b>
<b>EQUITY &amp; LIABILITIES</b>			
Other equity	674 034	585 436	622 460
<b>Total equity</b>	<b>674 034</b>	<b>585 436</b>	<b>622 460</b>
Provision for unearned gross premiums	2 752	1 798	0
Gross claims provisions	17 768	13 800	19 241
<b>Total insurance reserves</b>	<b>20 520</b>	<b>15 597</b>	<b>19 241</b>
Pension liability provisions	1 304	954	1 098
Taxes payable	36 889	75 146	76 336
Deferred tax liability	55 725	73 288	69 101
Other provisions	3 770	2 920	2 200
<b>Total provisions</b>	<b>97 688</b>	<b>152 309</b>	<b>148 735</b>
Insurance related liabilities	19 981	20 328	10 734
Reinsurance liabilities	5 421	4 551	5 911
Financial derivatives	3 966	1 435	5 708
Other liabilities	1 586	818	18 364
<b>Total liabilities</b>	<b>30 954</b>	<b>27 133</b>	<b>40 718</b>
<b>Other accrued expenses and prepaid income</b>	<b>1 591</b>	<b>1 641</b>	<b>2 334</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>824 786</b>	<b>782 115</b>	<b>833 488</b>



## FINANCIAL REPORT DNK

### STATEMENT OF CHANGES IN EQUITY

Amounts in USD 1 000	9M 2024	9M 2023	12M 2023
<b>OTHER EQUITY</b>			
Other equity - Period start	622 460	560 768	560 768
Total result	47 292	12 261	55 721
Exchange rate effects	4 282	12 407	5 971
<b>Other equity - Period end</b>	<b>674 034</b>	<b>585 436</b>	<b>622 460</b>

### CASH FLOW STATEMENT

Amounts in USD 1 000	9M 2024	9M 2023	12M 2023
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers	54 428	53 332	60 315
Cash paid to reinsurers	(27 383)	(13 633)	(20 126)
Cash paid related to claims expenses	(7 538)	(19 278)	(22 520)
Cash receipts from reinsurers related to claims expenses	4 083	6 214	9 243
Paid insurance related administrative expenses	(38 777)	(11 601)	(15 923)
<b>Net cash flow from the technical account</b>	<b>(15 186)</b>	<b>15 034</b>	<b>10 989</b>
Net cash flow from interest, dividends and realised gains / losses on financial assets	26 253	5 350	4 468
Net cash flow from acquisition / disposal of financial assets	13 792	(27 761)	(20 191)
Paid administrative expenses related to financial assets	(33 415)	512	(9 925)
<b>Net cash flow from the non-technical account</b>	<b>6 630</b>	<b>(21 899)</b>	<b>(25 648)</b>
<b>Net cash flow from operating activities</b>	<b>(8 556)</b>	<b>(6 865)</b>	<b>(14 659)</b>
<b>CASH FLOW FROM NON-OPERATING ACTIVITIES</b>			
Cash receipts from the disposal of fixtures and fixed assets	0	3	3
Cash paid for the acquisition of fixtures and fixed assets	(512)	(1 357)	(1 583)
<b>Net cash flow from non-operating activities</b>	<b>(512)</b>	<b>(1 354)</b>	<b>(1 579)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Extraordinary dividend paid to members	0	0	0
<b>Net cash flow from financing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net cash flow in the period</b>	<b>(9 067)</b>	<b>(8 219)</b>	<b>(16 239)</b>
Cash and bank - Period start	17 728	33 967	33 967
Net cash flow in the period	(9 067)	(8 219)	(16 239)
<b>Cash and bank - Period end</b>	<b>8 660</b>	<b>25 747</b>	<b>17 728</b>



## FINANCIAL REPORT DNK

### 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 30 September 2024 was estimated USD 810,0 million (695,1). The solvency capital requirement was USD 408,0 million (387,8). The solvency margin was consequently 199 % (179 %).

**Note IV Financial assets – Fair value hierarchy**

<b>Amounts in USD 1 000</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Bank deposits investment portfolio	42 074	0	0	<b>42 074</b>
Shares and other equity investments	196 475	0	0	<b>196 475</b>
Bonds and other fixed income securities	364 486	173 872	0	<b>538 358</b>
Financial derivatives	0	1 422	0	<b>1 422</b>
<b>Financial liabilities</b>				
Financial derivatives	0	3 966	0	<b>3 966</b>

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.