



Interim report - 2nd quarter 2025

The Norwegian Shipowners' Mutual War Risks Insurance Association ("the Association" or "DNK") presents its unaudited results for the second quarter (Q2) and first half of 2025. All amounts in this section are presented in millions of US dollars, unless otherwise stated. Figures in parentheses indicate the comparative amount or percentage for the corresponding period in the previous year. Interim financial statements, including the income statement, the balance sheet, statement of changes in equity, and the cash flow statement, are attached. The tax expense for the period is estimated. While management commentary and summaries present figures in USD millions, the financial statements and notes are presented in thousands of US dollars (USD '000).

Executive summary:

- Premiums for own account was USD 4.8 million (10.4) in the second quarter and USD 9.2 million (14.7) in the first half of the year. The reduction in premium income is due to fewer trips in so-called conditional trading areas.
- Claims for own account were virtually zero in the quarter and USD 0.4 million in the first half of the year. The corresponding figures in 2024 were USD 5.8 million and USD 5.3 million, respectively.
- The technical result was USD 2.7 million (2.7) in Q2 and USD 5.0 million (5.2) year-to-date. The stability in the technical account comes as a net effect of reduced premium income and a reduction in claims and administrative expenses.
- The investment return in the second quarter was 4.2 % (1.7 %) and 4.8 % (4.7 %) by the end of June. Both equity and fixed income markets have contributed to the result, which was 0.2 percentage points ahead of the portfolio's benchmark. After administrative costs, the non-technical result was USD 28.6 million (12.7) in the second quarter and USD 34.3 million (28.7) in the first half of the year.
- The pre-tax result in the quarter was USD 31.3 million (15.4) and USD 39.3 million (28.7) in the first half of the year. The increase in the quarterly and half-year results can be attributed to the non-technical (investment) account.
- DNK's taxable income is calculated from the Norwegian krone results, in accordance with local tax regulations. The estimated tax expense for the second quarter and first half was negative USD 2.1 million and negative USD 9.6 million, respectively. This is in stark contrast to the tax expense of USD 8.8 million in H1 2024 and is due to the US dollar depreciating of USD vs. NOK in 2025.
- At the end of June 2025, total equity was USD 695.9 million (653.0), and the solvency ratio was 211 % (199 %).

INCOME STATEMENT

Amounts in USD 1 000

	Q2 2025 <i>Unaudited</i>	Q2 2024 <i>Unaudited</i>	6M 2025 <i>Unaudited</i>	6M 2024 <i>Unaudited</i>
TECHNICAL ACCOUNT				
Gross earned premiums	11 264	16 120	22 171	26 497
Ceded reinsurance on gross earned premiums	(6 491)	(5 782)	(12 994)	(11 784)
Premiums for own account	4 773	10 338	9 176	14 713
Gross claims expenses	(222)	(5 653)	(680)	(5 625)
Reinsurers' share of gross claim expenses	221	(157)	303	325
Claims for own account	(1)	(5 811)	(377)	(5 300)
Insurance related administrative expenses	(2 062)	(1 863)	(3 772)	(4 164)
OPERATING RESULT OF TECHNICAL ACCOUNT	2 709	2 665	5 027	5 249
NON-TECHNICAL ACCOUNT				
Net income from financial assets				
Interest and dividend from financial assets	4 424	3 477	8 198	6 815
Change in fair value of financial assets	37 068	3 363	34 376	10 244
Realised gains from financial assets	(10 160)	7 892	(3 171)	15 937
Administrative expenses related to financial assets	(2 768)	(2 008)	(5 126)	(4 324)
Total net income from financial assets	28 563	12 724	34 277	28 672
OPERATING RESULT OF NON-TECHNICAL ACCOUNT	28 563	12 724	34 277	28 672
PRE-TAX RESULT	31 273	15 388	39 305	33 921
Tax expenses	2 183	(152)	9 623	(8 847)
PROFIT FOR THE PERIOD	33 455	15 237	48 928	25 074
TOTAL OTHER COMPREHENSIVE INCOME	0	0	0	0
COMPREHENSIVE INCOME	33 455	15 237	48 928	25 074
Profit for the period is distributed as follows:				
Proposed dividend	0	0	0	0
Earned other equity	33 455	15 237	48 928	25 074
Total comprehensive income	33 455	15 237	48 928	25 074

BALANCE SHEET

Amounts in USD 1 000

	Notes	6M 2025 <i>Unaudited</i>	6M 2024 <i>Unaudited</i>	12M 2024 <i>Audited</i>
ASSETS				
Other intangible assets		315	415	365
Owner occupied properties		349	349	349
Subsidiaries and associated companies				
Investments in subsidiaries and associated companies		2 170	1 677	1 670
Financial assets at amortised cost				
Bank deposits investment portfolio	3	39 152	21 283	26 029
Financial assets at fair value				
Shares and other equity investments	3	197 108	188 695	188 951
Bonds and other fixed income securities	3	539 947	540 349	539 487
Financial derivatives	3	1 484	6 177	9 064
Total investments		780 209	758 531	765 549
Reinsurers' share of unearned gross premiums		5 524	4 662	221
Reinsurers' share of gross claims provisions		4 993	7 663	5 401
Reinsurers' share of gross reserves		10 517	12 325	5 623
Insurance related receivables		4 042	3 395	5 865
Reinsurers' receivables		15 588	15 812	17 944
Other receivables		1 070	615	612
Total receivables		20 700	19 822	24 421
Equipment and fixtures		2 717	2 156	2 365
Cash and bank deposits		13 960	5 866	12 708
Total other assets		16 677	8 023	15 073
Total prepaid expenses and accrued income		1 021	1 679	1 111
TOTAL ASSETS		829 438	800 795	812 143
EQUITY & LIABILITIES				
Other equity		695 909	652 979	654 288
Total equity		695 909	652 979	654 288
Provision for unearned gross premiums		5 750	4 113	379
Gross claims provisions	4	8 633	18 730	13 917
Total insurance reserves		14 383	22 843	14 296
Pension liability provisions		1 577	1 204	1 263
Taxes payable		14 532	28 026	32 932
Deferred tax liability		39 892	60 541	51 254
Other provisions		3 554	3 158	2 171
Total provisions		59 555	92 929	87 620
Insurance related liabilities		12 064	11 824	10 731
Reinsurance liabilities		7 710	6 893	5 746
Financial derivatives	3	9 705	1 077	2 580
Other liabilities		28 676	10 813	34 968
Total liabilities		58 156	30 607	54 024
Other accrued expenses and prepaid income		1 435	1 436	1 915
TOTAL EQUITY AND LIABILITIES		829 438	800 795	812 143

STATEMENT OF CHANGES IN EQUITY

Amounts in USD 1 000

	6M 2025	6M 2024	12M 2024
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
OTHER EQUITY			
Other equity - Period start	654 288	622 460	622 460
Total result	48 928	25 074	45 005
Proposed dividend	0	0	(22 500)
Exchange rate effects	(7 307)	5 446	9 324
Other equity - Period end	695 909	652 979	654 288

CASH FLOW STATEMENT

Amounts in USD 1 000

	6M 2025	6M 2024	12M 2024
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers	30 699	37 931	62 026
Cash paid to reinsurers	(13 976)	(19 902)	(32 710)
Cash paid related to claims expenses	(5 964)	(6 136)	(10 400)
Cash receipts from reinsurers related to claims expenses	711	2 747	4 993
Paid insurance related administrative expenses	(13 810)	(37 190)	(49 942)
Net cash flow from the technical account	(2 339)	(22 549)	(26 035)
Net cash flow from interest, dividends and realised gains / losses on financial as:	6 095	22 520	43 185
Net cash flow from acquisition / disposal of financial assets	19 275	19 549	20 081
Paid administrative expenses related to financial assets	(21 161)	(31 029)	(41 328)
Net cash flow from the non-technical account	4 209	11 041	21 938
Net cash flow from operating activities	1 869	(11 509)	(4 097)
CASH FLOW FROM INVESTING ACTIVITIES			
Cash receipts from the disposal of fixtures and fixed assets	0	0	0
Cash paid for the acquisition of fixtures and fixed assets	(617)	(353)	(923)
Net cash flow from investing activities	(617)	(353)	(923)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid to members	(0)	0	0
Net cash flow from financing activities	(0)	0	0
Net cash flow for the period	1 252	(11 861)	(5 020)
Cash and cash equivalents at the start of the period	12 708	17 728	17 728
Net cash flow for the period	1 252	(11 861)	(5 020)
Cash and cash equivalents at the end of the period	13 960	5 866	12 708

Note 1 Basis for 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» approved by the Norwegian Ministry of Finance.

The interim report does not include the same amount of information as the full financial statements and should be read in conjunction with the annual report for the year ended 31 December 2024.

The accounting policies adopted are described in the 2024 annual report, and the interim financial statements are prepared in accordance with those accounting policies.

There are no new or revised accounting standards in 2025 that influence the financial statements this year.

Note 2 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 is set for one calendar year at a time. For 2025, the additional capital requirement is USD 291.8 million (293.0).

DNK's solvency capital as of 30 June 2025 was USD 856.9 million (784.4), while the solvency capital requirement was USD 405.4 million (394.3). The solvency ratio, which scales the solvency capital to the capital requirements, was then 211 % (199 %).

Solvency II (USD '000)	6M25	6M24	FY 2024
Solvency capital	856,9	784,4	787,9
Solvency capital requirement (SCR)	405,4	394,3	397,7
Minimum capital requirement (MCR)	101,4	98,6	99,4
Solvency ratio	211 %	199 %	198 %

Note 3 Valuation of financial instruments

This note displays DNK's valuation of financial instruments in accordance with IFRS 13. DNK does not measure any financial instruments at fair value over OCI (FVOC), nor does the Association have any assets measured using unobservable inputs ("Level 3 assets").

Amounts in USD 1 000

	Fair value	Book value	Fair value	Book value
Financial instruments at amortised cost	6M 2025		6M 2024	
Bank deposits investment portfolio	39 152	39 152	21 283	21 283
Financial instruments at amortised cost	39 152	39 152	21 283	21 283

	Level 1 Quoted prices	Level 2 Observable inputs	Level 3 Unobservable inputs	Total fair value	
Financial instruments at fair value				6M 2025	6M 2024
Financial assets					
Shares and other equity investments	197 108	0	0	197 108	188 951
Bonds and other fixed income securities	386 502	153 445	0	539 947	539 487
Financial derivatives	0	1 484	0	1 484	9 064
Total financial assets at fair value	583 610	154 929	0	738 539	737 502
Financial liabilities					
Financial derivatives	0	9 705	0	9 705	2 580
Total financial liabilities at fair value	0	9 705	0	9 705	2 580

Note 4 Events after the reporting period

DNK has received a final verdict in favour of DNK in a private court case regarding a past claim. There is no asset recognised relating to the future reimbursement of legal costs. This contingent asset went from *probable* to *virtually certain* in the third quarter of 2025, at which any assets or income will be recognised. The Association expects to make a final calculation of settlement relating to the claim during the third quarter.