

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Statement of comprehensive income

| | Q3 | | YTD 20.11 | |
|---|---|--|---|--|
| | Current year 21.08.20 to 20.11.20 | Previous year 21.08.19 to 20.11.19 | Current year 21.02.20 to 20.11.20 | Previous year 21.02.19 to 20.11.19 |
| Amounts in USD 000's | | | | |
| Technical account | | | | |
| Gross written premium | 24,961 | 19,241 | 92,741 | 71,594 |
| Gross earned premium | 29,269 | 23,368 | 81,695 | 69,735 |
| Ceded reinsurance | (21,454) | (17,043) | (59,560) | (51,606) |
| Earned premium for own account | 7,815 | 6,325 | 22,135 | 18,128 |
| Other insurance related income | (11) | (2) | (12) | 32 |
| Gross incurred claims | 16,254 | 32,719 | 57,352 | 80,487 |
| Reinsurers' share of gross incurred claims | (9,865) | (18,967) | (38,259) | (52,366) |
| Claims incurred for own account | 6,389 | 13,752 | 19,093 | 28,120 |
| Acquisition costs | 1,170 | 1,548 | 3,308 | 4,461 |
| Agents' commission | 3,568 | 2,856 | 10,093 | 8,308 |
| Commission received | (5,097) | (4,154) | (14,686) | (12,302) |
| Insurance related expenses for own account | (359) | 250 | (1,285) | 467 |
| Other insurance related expenses | 187 | 169 | 528 | 486 |
| Technical result | 1,587 | (7,848) | 3,786 | (10,914) |
| Non-technical account | | | | |
| Interest and similar income/(expenses) | 2 | (359) | 2,108 | (502) |
| Change in unrealised gain on investments | 210 | 304 | 1,039 | 683 |
| Gain/(loss) on realisation of investments | 0 | 0 | 0 | 0 |
| Other investment expenses | 1 | (3) | (4) | (3) |
| Non-technical result | 213 | (58) | 3,143 | 178 |
| Profit before tax | 1,800 | (7,906) | 6,930 | (10,736) |
| Taxation | (11) | (559) | 1,266 | (701) |
| Net result | 1,811 | (7,347) | 5,664 | (10,034) |

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Balance sheet

| Amounts in USD 000's | As at 20.11.20 | As at 20.02.20 |
|---|-------------------|-------------------|
| Assets | | |
| Investments | | |
| <i>Financial investments at fair value through profit or loss</i> | | |
| Equities and investment funds | 2,476 | 2,475 |
| Interest-bearing securities and funds | 56,424 | 44,223 |
| Other financial investments | 1 | 1 |
| Total investments | 58,901 | 46,699 |
| Reinsurers' share of technical provisions | | |
| Reinsurers' share of gross premium reserve | 42,645 | 34,382 |
| Reinsurers' share of gross claims reserve | 80,917 | 79,378 |
| Total reinsurers' share of technical provisions | 123,562 | 113,760 |
| Receivables | | |
| <i>Receivables from direct insurance operations</i> | | |
| Policyholders | 1,027 | 1,200 |
| Intermediaries | 63,158 | 57,767 |
| <i>Receivables from reinsurance operations</i> | | |
| Receivables from reinsurance operations | 811 | 2,489 |
| Receivables from group companies | 0 | 7,579 |
| <i>Other receivables</i> | | |
| Other receivables | 10 | 10 |
| Other receivables from group companies | 199 | 48 |
| Total receivables | 65,204 | 69,093 |
| Other assets | | |
| Cash and cash equivalents | 10,454 | 8,538 |
| Deferred tax asset | 2,298 | 2,223 |
| Other financial assets | 5,400 | 0 |
| Total other assets | 18,152 | 10,761 |
| Prepayments and accrued income | | |
| Accrued income and other prepayments | 7,567 | 6,402 |
| Total prepayments and accrued income | 7,567 | 6,402 |
| Total assets | 273,387 | 246,715 |

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Balance sheet

| Amounts in USD 000's | As at 20.11.20 | As at 20.02.20 |
|--|-------------------|-------------------|
| Equity and liabilities | | |
| Equity | | |
| Statutory reserve | 53,183 | 53,183 |
| Other equity | 3,160 | (2,504) |
| Total equity | 56,344 | 50,680 |
| Technical provisions | | |
| Gross premium reserve | 59,732 | 48,686 |
| Gross claims reserve | 111,122 | 108,189 |
| Total technical provisions | 170,855 | 156,876 |
| Provisions for other liabilities | | |
| Income tax payable | 1,266 | 0 |
| Total provisions for other liabilities | 1,266 | 0 |
| Payables | | |
| Payables arising out of direct insurance operations | 306 | 3,271 |
| Payables arising out of reinsurance operations | 2,439 | 1,512 |
| Payables arising out of reinsurance operations - group companies | 31,375 | 24,409 |
| Payables to group companies | 0 | 209 |
| Other payables | 252 | 307 |
| Total payables | 34,372 | 29,709 |
| Accruals and deferred income | | |
| Accruals and deferred income | 10,551 | 9,451 |
| Total accruals and deferred income | 10,551 | 9,451 |
| Total liabilities | 217,043 | 196,036 |
| Total equity and liabilities | 273,387 | 246,715 |

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Statement of changes in equity

| Amounts in USD 000's | Statutory reserve | Other equity | Total |
|--------------------------------|----------------------|-----------------|---------------|
| Equity as at 21.02.2019 | 43,449 | 5,717 | 49,166 |
| Net result | 0 | (8,221) | (8,221) |
| Capital increase | 9,734 | 0 | 9,734 |
| Equity as at 20.02.2020 | 53,183 | (2,504) | 50,680 |
| Equity as at 21.02.2020 | 53,183 | (2,504) | 50,680 |
| Net result | 0 | 5,664 | 5,664 |
| Equity as at 20.11.2020 | 53,183 | 3,160 | 56,344 |

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Statement of cash flow

| Amounts in USD 000's | 21.02.20 to 20.11.20 | 21.02.19 to 20.11.19 |
|---|-------------------------|-------------------------|
| Cash flow from operating activities | | |
| Profit before tax | 6,930 | (10,736) |
| Tax paid | 0 | (1,334) |
| Change in unrealised gain/(loss) on investments | 1,039 | (683) |
| Change in receivables and payables | 3,151 | 4,118 |
| Change in technical provisions and other accruals | 4,112 | 12,616 |
| Financial investments | (13,241) | (5,363) |
| Change in valuation due to change in exchange rates | (75) | 9 |
| Net cash flow from operating activities | 1,916 | (1,373) |
| Cash flow from financial activities | | |
| Increase of share capital | 0 | 0 |
| Net cash flow from financial activities | 0 | 0 |
| Net change in cash and cash equivalents | 1,916 | (1,374) |
| Cash and cash equivalents at beginning of period | 8,538 | 10,670 |
| Cash and cash equivalents at end of period | 10,454 | 9,297 |

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Notes to the accounts

Note 1 - Accounting policies

Corporate information

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

Gard Marine & Energy Insurance (Europe) AS is consolidated into the accounts of Gard M&E Ltd. and the consolidated accounts are available at the office of Gard M&E Ltd's management company Lingard Ltd in Bermuda.

The Company has established a branch in UK.

Basis of preparation of the Accounts

The quarterly accounts includes activity from 21 February 2020 to 20 November 2020.

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

The financial statements of insurance companies with operation in Norway are subject to regulations established by the Norwegian Ministry of Finance. According to a resolution from the Financial Supervisory Authority of Norway the Company has been given dispensation to present the financial statements in the English language and in USD currency.

The accounts as at 20 November 2020 has not been audited.

Use of accounting estimates when preparing the accounts

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

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.

Note 2 – Related party transactions

Reinsurance agreements

The Company cedes to Gard M&E Ltd by way of reinsurance 70 per cent of the Company's Marine & Energy risk underwritten by the Company that is not reinsured elsewhere.

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. Gard (UK) Ltd. and Oy Gard Baltic Ab are fully owned by Gard AS. Gard AS is a fully owned subsidiary of Gard P. & I. (Bermuda) Ltd.

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Notes to the accounts

Note 3 – Capital Requirements

| Amounts in USD 000's | As at 20.11.20 |
|---|-------------------|
| Own funds | |
| Ordinary share capital | 52,307 |
| Share premium account | 4,037 |
| Reconciliation reserve | (4,049) |
| Net deferred tax assets | 2,298 |
| Excess of assets over liabilities | 54,592 |
| Tier 1 - Unrestricted | 52,294 |
| Tier 1 - Restricted | 0 |
| Tier 3 - Net deferred tax assets | 2,298 |
| Total basic own funds / (equal to Excess of assets over liabilities) | 54,592 |
| Total available own funds to meet the SCR | 54,592 |
| Total available own funds to meet the MCR | 52,294 |
| Total eligible own funds to meet the SCR | 54,592 |
| Total eligible own funds to meet the MCR | 52,294 |
| SCR | 38,711 |
| MCR | 9,678 |
| Ratio of eligible own funds to SCR | 141% |
| Ratio of eligible own funds to MCR | 540% |
| Minimum Capital Requirement (MCR) | |
| Linear MCR | 9,663 |
| SCR | 38,711 |
| MCR cap (45% of SCR) | 17,420 |
| MCR floor (25% of SCR) | 9,678 |
| Combined MCR | 9,678 |
| Absolute floor of the MCR | 4,127 |
| MCR | 9,678 |
| Solvency Capital Requirement (SCR) | |
| Market risk | 3,586 |
| Counterparty default risk | 11,841 |
| Non-life underwriting risk | 26,301 |
| Diversification | (7,221) |
| Basic SCR | 34,508 |
| Calculation of SCR | |
| Adj - Loss Absorbing Capacity of Deferred Tax | (615) |
| Operational risk | 4,818 |
| SCR | 38,711 |

The eligible own funds are calculated based on a partial internal model approved by the Financial Supervisory Authority of Norway (Finanstilsynet) as from 20 February 2019.

Board of Directors

Gard Marine & Energy Insurance (Europe) AS

25 January 2021

Trond Eilertsen

Chairman

Jane Sy

Deputy-chairman

Yngvil Åsheim

Nils Aden

Ian Beveridge

Rolf-Thore Roppestad

Managing Director