





HIGHLIGHTS

- Mutual members' premium credit of 2.5% approved by Skuld's AGM
- Positive six-month result of USD 8 million
- 'A' (stable outlook) S&P rating reaffirmed

POSITIVE SIX-MONTH RESULT

Skuld ended the first six months of the 2017 policy year with a positive bottom line result of USD 8 million compared with USD 29 million at the half year in 2016.

The period has been marked by a small number of substantial claims experienced by mutual owner members. The pattern of large losses is unusual and three of the claims might end up as pool claims compared to Skuld's 5-year record with the pool which shows only five reported losses. The cost of these claims has been partly offset by the positive contribution from commercial operations which continue to produce a surplus. The technical result at the half year stage shows a negative outcome of USD 22 million and an overall combined ratio of 111%.

Skuld's diversification strategy continues to benefit members by reducing volatility, as Skuld's commercial activities provided a combined ratio of 94%. Skuld is committed to maintaining high levels of support and service to members and achieving the right balance between premium levels, sustainable growth and financial strength. The volatile claims environment emphasises the importance of a sustainable premium rate in order to achieve a balanced result.

Net investment income for the period ended at USD 30 million, driven by strong equity markets and lower interest rates. Further volatility is to be expected but the long-term conservative investment strategy places Skuld in a good position to absorb changes in the financial markets.

The positive bottom line result boosts contingency reserves to a total of USD 402 million.

Skuld remains in a strong financial condition as recently reaffirmed with an 'A' (stable outlook) Standard and Poor's rating.

Skuld will continue to reward members for their loyalty when the financial results allow for a distribution. For our mutual members, we will, as announced in 2016, show our commitment to them by offering a credit of 2.5 % on the individual member's premium for the 2017 policy year. The credit has been approved by Skuld's Annual General Meeting and will be deducted from the November premium instalment. We are pleased that the strong financial performance last year enables us to give something back to our mutual membership.

We look forward to continuing to deliver to our members, clients and brokers the service and competence they can rely on.

STÅLE HANSEN
President and CEO

KEY FIGURES

CONSOLIDATED INCOME STATEMENT AS AT 20 AUGUST

MUSD	2017 (6 MONTHS)	2016 (6 MONTHS)
TECHNICAL ACCOUNT		
Premiums and calls	194.6	195.6
Reinsurance premiums	-32.1	-29.8
Premiums for own account	162.5	165.8
Claims incurred for own account	-140.4	-124.4
Acquisition costs	-34.8	-36.7
Administrative expenses	-9.4	-10.1
Net operating expenses	-44.3	-46.8
Balance carried to non-technical account	-22.2	-5.4
NON TECHNICAL ACCOUNT		
Balance from technical account	-22.2	-5.4
Net investment income	30.3	34.8
Taxes	-0.3	0.0
Balance carried to contingency reserve	7,8	29.4

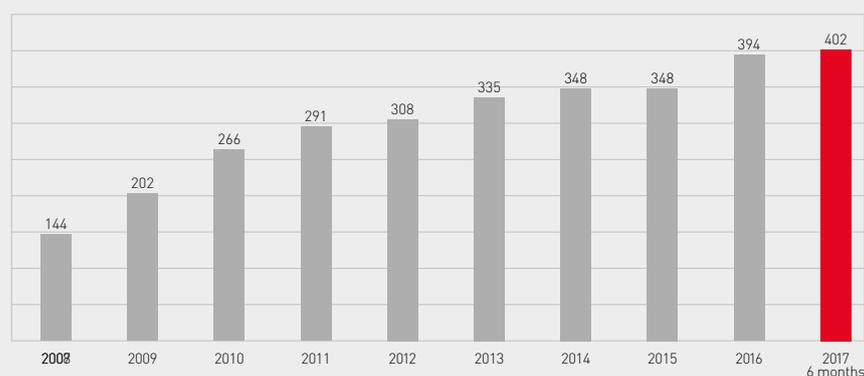
BALANCE SHEET AS AT 20 AUGUST

MUSD	2017 (6 MONTHS)	2016 (6 MONTHS)
ASSETS		
Total intangible assets	7.8	0.0
Financial investments	759.0	747.6
Debtors	123.3	128.1
Other assets	251.2	196.1
Prepayment and accrued income	50.9	46.8
Total assets	1,192.2	1,118.6
LIABILITIES		
Provision for outstanding claims for own account	540.4	527.7
Contingency reserve	401.8	379.7
Minority interest	-2.5	-0.9
Technical provisions for own account	939.7	906.6
Provisions for other liabilities	17.2	16.0
Creditors	53.7	21.0
Accruals and deferred income	181.5	175.1
Total liabilities	1,192.2	1,118.6

In the P&L, a relevant portion of overhead expenses are allocated to claims-, acquisition- and investment expenses respectively.

CONTINGENCY RESERVE

\ USD mill.



* Contingency reserves for 2014 have been restated to recognise an actuarial loss of USD 12 mill.