

OCIL CONSOLIDATED STATEMENT OF  
SHAREHOLDERS' EQUITY (UNAUDITED)

(\$'000)	31-May-17
<b>Capital</b>	
Common shares at beginning of period	280
Shares issued in period	-
Shares redeemed in period	-
Common shares outstanding at end of period	<u>280</u>
<b>Retained earnings</b>	
Retained earnings at beginning of period	538,841
Net income for period	<u>26,380</u>
Retained earnings at end of period	<u>565,221</u>
<b>Total shareholders' equity</b>	<u><u>565,501</u></u>



Bertil C. Olsson

*President & Chief Executive Officer*



SECOND  
QUARTER  
REPORT  
2017



OIL CASUALTY INSURANCE, LTD.

OIL CASUALTY INSURANCE, LTD.  
SECOND QUARTER REPORT FOR THE PERIOD  
ENDING MAY 31, 2017

OCIL CONSOLIDATED STATEMENTS OF  
OPERATIONS (UNAUDITED)

OCIL CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)

INSURANCE OPERATIONS:

Premiums written for the six months ended May 31, 2017, increased to \$96.5 million compared to \$73.7 million in the comparative period. The increase in premiums written is primarily due to an increase in the assumed reinsurance business and OCIL's Lloyd's corporate member business written in the period. Net premiums earned for the six months ended May 31, 2017 increased to \$66.4 million compared to \$40.9 million in the comparative period. The increase was primarily due to the increase in assumed reinsurance and Lloyd's corporate member business in the period, and lower reinstatement premiums accrued on the Company's ceded liability treaty relative to the 2016 comparative period.

During the six months ended May 31, 2017, losses and loss expenses incurred of \$49.3 million primarily related to: (i) net case reserves totaling \$27.9 million on the Company's direct liability and property books; (ii) net case reserves totaling \$18.8 million on the Company's assumed reinsurance book of business; and (iii) net reserves on OCIL's Lloyd's corporate member business of \$1.6 million.

During the six months ended May 31, 2017, the Company recorded net income of \$26.4 million compared to a net loss of \$37.7 million in the comparative period.

INVESTMENTS:

During the six month period ended May 31, 2017, bond, fund of hedge funds and global equity markets continued to post solid gains. For the six months ended May 31, 2017, returns on the Company's global equity, global fixed income and fund of hedge fund portfolios were approximately, 13.7%, 2.7% and 4.7%, respectively. Including cash, the Company's invested assets returned 3.3% over the six month period.

(\$'000)	THREE MONTHS ENDED		SIX MONTHS ENDED		(\$'000)	31-May-17	30-Nov-16
	31-May-17	31-May-16	31-May-17	31-May-16			
<b>Income</b>							
Premiums written	50,351	42,118	96,525	73,736	Cash and cash equivalents	123,020	93,058
Change in unearned premiums written	(4,087)	(4,530)	(8,511)	1,487	Investments at fair value	724,655	765,712
Premiums earned	46,264	37,588	88,014	75,223	Other investments	88,558	85,203
Premiums ceded	(4,556)	(12,416)	(9,081)	(16,088)	Restricted assets	178,209	150,244
Change in prepaid reinsurance premiums	(7,529)	(10,966)	(12,541)	(18,208)	Investment sales pending settlement	24,921	52,882
Net premiums earned	34,179	14,206	66,392	40,927	Accrued investment income	3,982	4,132
Losses and loss expenses incurred	(40,069)	(47,847)	(49,340)	(61,106)	Losses recoverable from reinsurers	227,931	192,944
Commission and brokerage fees	(5,918)	(4,350)	(10,889)	(8,636)	Accounts receivable	106,896	81,514
<b>Net underwriting income (loss)</b>	<b>(11,808)</b>	<b>(37,991)</b>	<b>6,163</b>	<b>(28,815)</b>	Funds withheld	17,619	15,822
Interest income	4,926	3,633	9,291	7,543	Prepaid reinsurance premiums	5,472	17,968
Net gains (losses) on investments	9,803	22,317	25,688	(2,020)	Other assets	17,999	14,104
Dividend income	507	795	650	992	<b>Total assets</b>	<b>1,519,262</b>	<b>1,473,583</b>
Investment advisory and custodian fees	(863)	(1,005)	(1,689)	(2,059)	<b>Liabilities</b>		
Interest expenses	(2,933)	(2,980)	(5,835)	(5,997)	Outstanding losses and loss expenses	573,138	522,691
<b>Net investment income (loss)</b>	<b>11,440</b>	<b>22,760</b>	<b>28,105</b>	<b>(1,541)</b>	Unearned premiums	118,586	109,739
General and administrative expenses	(4,189)	(3,598)	(7,888)	(7,359)	Securities sold short	14,308	18,022
<b>Net income (loss)</b>	<b>(4,557)</b>	<b>(18,829)</b>	<b>26,380</b>	<b>(37,715)</b>	Investment purchases pending settlement	51,698	82,691
					Loan payable	139,238	141,144
					Reinsurance premium payable	26,549	36,616
					Amounts due to affiliates	2,374	949
					Accounts payable	27,870	22,610
					<b>Total liabilities</b>	<b>953,761</b>	<b>934,462</b>
					<b>Shareholders' equity</b>		
					Common shares	280	280
					Retained earnings	565,221	538,841
					<b>Total shareholders' equity</b>	<b>565,501</b>	<b>539,121</b>
					<b>Total liabilities and shareholders' equity</b>	<b>1,519,262</b>	<b>1,473,583</b>