

ANNUAL REPORT 2018

Borealis Insurance A/S (captive insurance company)

23rd financial year

Approved at the Annual General Meeting

held 11 April 2019

Chairman of the meeting:



CVR registration no. 19 32 32 93

Statement by the Executive and Supervisory Boards

Today, the Executive and Supervisory Boards have discussed and approved the Annual Report of Borealis Insurance A/S (captive insurance company) for the period 1 January to 31 December 2018, including Statement by the Executive and Supervisory Boards, Management's review, accounting policies, income statement, statement of other comprehensive income, balance sheet, statement of changes in equity and notes.

The Annual Report for Borealis Insurance A/S (captive insurance company) is prepared according to the Danish Financial Business Act. In our opinion, the accounting policies selected are appropriate and the annual report gives a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the accounting period 1 January to 31 December 2018.

Further, in our opinion, the Management's review gives a fair description of the development in the Company's activities and financial standing as well as a description of significant risks and uncertainties, which may affect the Company.

We recommend that the Annual Report is approved at the Annual General Meeting.

Copenhagen, April 11, 2019

Executive Board:

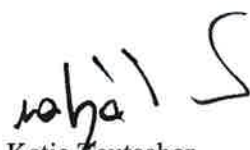


Peter Rienckens
Director



Claus Kirk
Director

Supervisory Board:



Katja Tautscher
Chairman



Niels Bang



Gernot Kriegbaum



Koen Timmermans

Independent Auditors' Report

To the shareholder of Borealis Insurance A/S (captive insurance company)

Our opinion

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Business Act.

Our opinion is consistent with our Auditor's Long-form Report to the Supervisory Board.

What we have audited

Borealis Insurance A/S (captive insurance company)'s Financial Statements of for the financial year 1 January to 31 December 2018 comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity and the notes, including summary of accounting policies (the "Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of Borealis Insurance A/S (captive insurance company) on 11 April 2016 for the financial year 2016. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 3 years including the financial year 2018.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2018. These matters were addressed in the context of our

audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Measurement of claims provisions</i></p> <p>The Company's claims provisions amounts to KEUR 5 205, which represents 6% of the total equity and liabilities.</p> <p>Claims provisions are calculated as the present value of the payments, which the Company is expected to be liable to pay in connection with insurance events that have taken place on or before the balance sheet date exceeding amounts already paid in connection with these events.</p> <p>Claims provisions are calculated as the best estimates of total claims cost, including direct and indirect costs related to the settlement of claims, less the amounts already paid on such events.</p> <p>Except for the Company's net risk retention, the insurance policies issued by the Company contain the same conditions as the reinsurance protection.</p> <p>The provisions are based on management estimates and actuarial methods using assumptions about future events.</p> <p>The most significant estimates and assumptions relates to extent of future payments of compensation, which is based on case-by-case loss estimation. Management estimates are based on reports by independent loss adjusters. We focused on the measurement of claims provisions because these are significant for the Financial Statements and are based on accounting estimates and actuarial methods that include assumptions about future events.</p> <p>Reference is made to the financial statements Management's Review and note 1 to the Financial Statements.</p>	<p>We reviewed and assessed the business processes and relevant internal controls implemented by the Company regarding claims processing and provisioning.</p> <p>We assessed and challenged the models, methods and assumptions used based on our experience in order to ensure that these are in line with regulatory and accounting requirements. This included an assessment of the continuity in the basis for the calculation of claims provisions.</p> <p>For a sample of claims we tested the data used to underlying documentation from the independent loss adjusters.</p>

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Business Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Business Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Borealis Insurance A/S (captive insurance company)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 11 April 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR NO 3377 1231



Jesper Otto Edelbo
State Authorised Public Accountant
mne10901

Company details

Borealis Insurance A/S (captive insurance company)

c/o Gorrissen Federspiel

Axeltorv 2

DK-1609 Copenhagen V

Registration no: 19 32 32 93

Founded: 1996

Registered office: Municipality of Copenhagen

Supervisory Board

Katja Tautscher

Gernot Kriegbaum

Niels Bang

Koen Timmermans

Executive Board

Peter Rienckens, Belgium

Claus Kirk, Denmark

Auditor

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR no 3377 1231

Management's Review

Primary activities

Borealis Insurance A/S (captive insurance company) was founded in 1996 as a captive reinsurance company for the Borealis Group and in 1998 the company began to write insurance as well.

The Company has license to reinsurance business as well as direct insurance business in the following classes "Property" (insurance class 8), "Marine Cargo" (insurance class 7), "Liability insurance" (insurance class 13), and "Financial losses" (insurance class 16). At the same time, the company is registered in respect of cross-border business in certain EU countries and in Norway.

Development in activities and financial development

In 2018, business involved companies of the Borealis group located in Austria, Belgium, Finland, France, Germany, Italy, Sweden, The Netherlands and USA. The Company's fixing of the premium is made at market prices, based on a general evaluation of the market level made by international insurance consultants.

The Company has maintained the investment activities in conservative investments with a low risk profile, in accordance with the Company's Investment policy.

The profit of KEUR 1,382 is at an acceptable level compared with an expected profit of EUR 2 -3 million in 2018. The profit is distributed to the equity.

Total losses incurred for own account, amounts to an expense of KEUR 5,063 due to increased claims costs for previous years and incurred claims in 2018. The Company's reinsurers have not been affected by any of the losses incurred.

The liquidity of the company has been satisfactory in 2018.

The Solvency Capital Requirement (SCR) is KEUR 41,170 as at 31 December 2018 (2017: EUR 32,207), corresponding to a base capital of KEUR 75,548 (2017: KEUR 74,166). Consequently, the Danish Financial Supervisory authorities' requirement for the solvency margin is observed 1.8 times. The company is using the standard formula in accordance with the Solvency II regulation. The solvency ratio for 2014 – 2018 is specified below:

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Solvency ratio	1.8	2.3	2.9	15.8	15.9

The Company expects a profit for 2019 of EUR 2-3 million.

Sensitivity analysis

In accordance with § 126 g of the Danish Financial Business Act, Borealis Insurance A/S (captive insurance company) has prepared a sensitivity analysis as of 31 December 2018. The analysis is

published on the company website www.borealisgroup.com/company/investor-relations/regulatory-filings

Reinsurance

The risks of the Company is limited to claims within risk classes to which the company has license. Net risk retentions are limited per loss and in the annual aggregate.

Unusual matters

It is of the opinion of the Company that the annual accounts are not affected by unusual matters, and no material uncertainty is related to the annual accounts or parts hereof.

The Company's salary policy

It is the Company's salary policy only to pay fixed salary, and only to external directors and board members. For a description of the Borealis Group's work in respect of social responsibility, reference is made to the website www.borealisgroup.com.

Events after the balance sheet date

No events occurred after the balance sheet date that materially affects the financial position of the company.

Risk management

It is the Company's opinion that no particular risks materially affect the Company.

Description

The company is the captive insurance company of the Borealis Group and does not write any third party business. Consequently, the company's risk profile is different from commercial or traditional insurance companies as there is no risk connected to competition, market conditions, reputation risk, strategic risk, business cycle and company size.

Insurance risk

Insurance risks include the acceptance of risks on a direct and reinsurance basis, issuance of policies and claims management. To limit the risk in this area, the company has only accepted risks in accordance with the procedure "Rules for Internal Transactions and Underwriting". Except for the company's net risk retention, the insurance policies issued by the company contain the same conditions as the reinsurance protection.

Policies

The Supervisory Board has determined that the Company must manage its risks in such way that the Company is at all times and under all circumstances able to meet its financial and other obligations to the insureds, i.e. Borealis Group companies.

The Supervisory Board has determined the overall risk strategy through the issuance of various policies and guidelines. The Executive Board is responsible for the implementation of and compliance with the policies and guidelines.

The company's risk management relates to the main area insurance risk.

Objective for the management

The Company uses the Solvency II standard model to calculate the Company's insurance risk and at every supervisory board meeting the Supervisory Board is up-dated about matters that affect the Company's assessment of the solvency capital requirement.

Financial risk

Investment risk represents the risk of losses due to changes in the market value of the company's assets and liabilities as a result of changes in market conditions. Investment risk includes changes in market value of investments, interest rate and currency risks. The Supervisory Board has established the company's Investment Policy in terms of type of investments or assets classes, currencies and limits. The company handles the investment both in relation to the liquidity as well as the long term investments in compliance with the Investment Policy. The investment risks are monitored through an investment portfolio agreement and reporting system.

Objective for the management

The Company's Supervisory Board ensures that the determined investment policy at any time is cautious even though bigger investment returns could be obtained through risky investments.

At each supervisory board meeting the actual returns are reviewed and the Supervisory Board receives continuous information of the Company's investment portfolio. Only professional portfolio administrators are used.

Credit risk

Credit risk is the risk of losses caused by one or more counter-parties' breach of their payment obligations. The company is exposed to credit risk in both its insurance and investment business. In respect of insurance, the company does not place any business with a (re)insurance company with a Standard & Poor (S&P) or equivalent financial strength rating of less than A-, unless specifically approved by the Supervisory Board. To limit the risk in the investment business, the investments are made by granting a loan to the parent company, Borealis AG, and in bonds and shares of high credit rating.

Operational risk

Operational risk is the risk of incurring a loss due to insufficient or faulty procedures or human or systematic errors. Operational risk includes the risk of breakdowns in the IT systems. For all main areas there are established procedures in the Borealis Group.

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Board memberships and other assignments for members of the Supervisory Board and Executive Board

Niels Bang:

Advance A/S, Advance Holding ApS, Andreas Duckert Holding ApS, Aqvilø Danmark A/S, Faxø Kalk A/S, FT International ApS, Fælles Cyber Holding ApS, GFJURA 883 A/S, Goodman Rock ApS, Gorrissen Federspiel Advokatpartnerselskab, Gorrissen Federspiel Komplementar Advokatpartnerselskab, Henning Larsen A/S, Holdingselskabet af 8. Maj 2002 A/S, J. Duckert Holding A/S, Julie Kierkegaard A/S, K/S Borgmester Christiansens Gade 55, Komplementarselskabet Borgmester Christiansens Gade 55 ApS under frivillig likvidation, Langkjaer Cyber Defence A/S, MJ Service A/S, Orchestra A/S, PeopleGroup A/S, PeopleGroup II A/S, RelationsPeople A/S, Tenneco Holdings Danmark ApS, Upatfive A/S, Viniportugal A/S, W&D 1990 A/S, WD Production A/S, Walker Danmark ApS and Wibroe, Duckert & Partners A/S.

Katja Tautscher:

Borouge Pte Ltd, Borealis Plásticos S.A. de C.V.

Peter Rienckens:

None

Gernot Kriegbaum:

None

Koen Timmermans:

Borealis Chimie Sarl, Borealis Financial Services N.V., Spaarfonds arbeiders Borealis Antwerpen

Claus Kirk:

RISK MAP ApS, Kirk Invest af 12. december 2016 ApS

Annual account 1 January – 31 December 2018**Income statement and statement of comprehensive income**

	<i>Note</i>	<i>2018</i> <i>EUR'000</i>	<i>2017</i> <i>EUR'000</i>
Gross premiums written	3	16 675	16 644
Reinsurance premiums ceded		(10 022)	(10 174)
Change in gross premium provisions		(11)	28
Change in reinsurers' share of premium provisions		(50)	(20)
	4	6 592	6 478
Total premium income net of reinsurance			
Insurance technical interest	5	(9)	(4)
Gross claims paid	6	(3 482)	(2 750)
Change in gross claims provisions		(1 750)	8 200
Change in risk margin		169	320
Total cost of claims net of reinsurance	7	(5 063)	5 770
Administrative expenses	8	(259)	(166)
Total operating insurance expenses		(259)	(166)
Insurance technical result		1 261	12 078
Interest income and dividends etc.		1 059	1 085
Value adjustments	9	(547)	236
Return on investments, total		512	1 321
Transfer to insurance technical interest	5	9	4
Return on investments after insurance technical interest and value adjustment of technical provisions		521	1 325
Results before tax		1 782	13 403
Tax	10	(400)	(2 955)
Result for the year		1 382	10 448
Other comprehensive income		0	0
Total comprehensive income for the year		1 382	10 448

Balance sheet

	Note	2018 EUR'000	2017 EUR'000
ASSETS			
Loan to group undertakings		48 000	50 000
Total investments in group undertakings		48 000	50 000
Mutual Funds		9 418	9 532
Bonds		12 510	12 426
Total other financial investment assets		21 928	21 958
Total investment assets		69 928	71 958
Reinsurers' share of premium provisions		3 571	3 621
Total reinsurers' share of insurance provisions		3 571	3 621
Premiums receivables		653	248
Total receivables		4 224	3 869
Cash at bank		12 742	7 978
Total other assets		12 742	7 978
Interest receivables		64	67
Total accruals and deferred income		64	67
TOTAL ASSETS		86 958	83 872

Borealis Insurance A/S (captive insurance company)

	Note	2018 EUR'000	2017 EUR'000
EQUITY & LIABILITIES			
Share capital		7 092	7 092
Retained earnings		68 456	67 074
Total equity	11	75 548	74 166
Premium provisions		5 924	5 913
Claims provisions		4 750	3 000
Risk Margin		455	624
Total technical provisions		11 129	9 537
Liabilities in connection with reinsurance		114	59
Tax liabilities	10	75	82
Other liabilities		92	28
Total liabilities		281	169
TOTAL EQUITY AND LIABILITIES		86 958	83 872

Asset register	12
Contracts of guarantee and contingent liabilities	13
Insurance technical result distributed on insurance classes	14
Related parties	15

Statement of changes in equity

	Share capital	Retained earnings	Total
2017			
Equity at 1 January 2017	7 092	56 626	63 718
Proposed dividends	0	0	0
Transferred, cf. profit appropriation	0	10 448	10 448
Equity at 31 December 2017	7 092	67 074	74 166
2018			
Equity at 1 January 2018	7 092	67 074	74 166
Proposed dividends	0	0	0
Transferred, cf. profit appropriation	0	1 382	1 382
Equity at 31 December 2018	7 092	68 456	75 548

The company has no "Other total income" (comprehensive income).

Notes

1 Accounting policies

The Annual Report has been prepared in accordance with the Danish Financial Business Act and the Danish Financial Supervisory Authority's Executive order on Financial Reports for Insurance Companies and Lateral Pension Funds.

Changes in applied accounting policies

The accounting principles are consistent with previous year.

With effect for 2019, a number of changes to the Executive Order on Financial Report come into force, which can be fully or partially implemented in 2018. Accordingly, it has been chosen to include the key figure solvency ratio coverage and sensitivity information in the Management's review against earlier in the notes.

Accounting estimates

When preparing the financial statements, estimates and assessments are applied which affect the size of assets and liabilities and therefore the profit/loss in current and future years. The most material estimates concern assessment of the claims provisions.

Foreign currency

The amounts in the Annual Report are denominated in EUR. Entries in foreign currencies are translated to the reporting currency exchange rate. Foreign exchange gains and losses arisen due to the difference between the reporting currency exchange rate and the exchange rate at the balance sheet date are recognized in the Income Statement. Translation to reporting currency exchange rate is done by using the exchange rate at the time of transaction. Receivables, liabilities and other monetary entries in foreign currencies that have not been settled before the balance sheet date are translated by applying the foreign exchange rate at the balance sheet date, 31 December 2018. The difference is recognized in the Income Statement.

Income Statement

Income and expenses are recognized in the Income Statement with the amounts related to the financial year.

Premium income net of reinsurance

Gross premiums written consists of due premiums for the year. Reinsurance premiums ceded consists of the share of gross premiums written for the year which are ceded to other insurance companies as a result of the reinsurance coverage.

Cost of claims net of reinsurance

Gross claims paid appear as paid claims for the year, including addition of internal and external expenses for inspection and assessment of claims and other direct and indirect costs connected to the treatment of occurred damages.

Received reinsurance coverage appear as a share of gross claims paid for the year which are received from other insurance companies as a result of the reinsurance coverage.

Insurance technical interest

Part of total result from financial operations relate to insurance operations and has been transferred to this part of the Income Statement. As the company makes use of the simplified method for calculating premium provisions, the insurance technical interest is calculated according to §36 of the order, and calculated as yield of average premium provisions for the year. The interest rate used is the curves published by EIOPA.

Operating insurance expenses

The operating insurance expenses comprise administrative expenses with deduction of received reinsurance commissions.

Return on investments

The company invests in bonds and investment funds, so the investment income is a combination of interest income and value adjustment.

Tax

Tax on results for the year which comprises current tax and changes in deferred tax is recognized in the Income Statement with the portion of taxes related to the taxable income for the year whereas the portion attributable to entries on equity is recognized directly in equity. The tax is calculated in accordance with the Danish Company Tax regulation § 11A (captive rules). Payable or receivable current tax, respectively, is recognized in the Balance Sheet stated as calculated tax on the taxable income for the year adjusted for tax paid on account.

Investment assets

Investments of the Company are bank deposits, government bonds and mutual fund holdings that have been measured at the closing price at the balance sheet date. Recognition of purchase and sale are made at the trading date.

Reinsurers share of insurance provisions

Reinsurer's share of premium provisions has been calculated as gross provisions. Reinsurers share of claims provisions are null.

Prepayments

Prepayments recognized under assets comprise incurred expenses relating to the following financial year. The prepayments are measured at cost.

Premium provisions

Premium provisions are calculated according to the pro rata temporis method, according to § 69a in the order.

Claims provisions

The claims provisions have in accordance with available information been calculated to be sufficient to cover all claims incurred before the balance sheet date, no matter if they have been notified or not. The claims provisions also include expenses for surveys and assessment of the claims by independent

Borealis Insurance A/S (captive insurance company)

loss adjusters. As claims are paid shortly after they occur, the claims provisions are in general calculated without consideration of interest (discounting). Gains or losses arising from the claims provisions from previous years are recognized in the income statement.

Risk Margin

Risk margin is such as to ensure that the value of the technical reserves is equivalent to the amount the insurers would be expected to require in order to take over the insurance obligations.

Risk margin is calculated by determining the cost of providing an amount eligible own funds equal to SCR necessary to support these obligations.

Liabilities

Debt is recognized at amortized value.

2 Financial highlights and key figures**Financial highlights**

	2018	2017	2016	2015	2014
Gross premium income	16 664	16 672	17 140	17 446	16 301
Premium income net of reinsurance	6 592	6 478	6 818	6 898	5 134
Gross claims	(5 063)	5 770	(74)	(8 874)	(5 656)
Operating insurance expenses	(259)	(166)	(209)	(265)	(186)
Profit or loss of reinsurance	(10 072)	(10 194)	(10 322)	(10 548)	(11 270)
Insurance technical result	1 261	12 078	6 528	(2 263)	(696)
ROI (return on investments) after insurance technical interest	512	1 325	1 303	2 102	2 410
Result of the year	1 382	10 448	6 278	(121)	1 235
Run-off results	(2 660)	5 779	5 382	200	101
Total technical provisions	11 129	9 537	18 085	19 049	13 079
Insurance assets	3 571	3 621	3 641	3 681	3 905
Total equity	75 548	74 166	63 718	57 626	58 469
Total assets	86 958	83 872	83 199	76 783	72 317

Borealis Insurance A/S (captive insurance company)

Key figures

	2018	2017	2016	2015	2014
Gross claims ratio	30.38	(34.61)	0.43	50.87	34.70
Gross expense ratio	1.55	0.99	1.22	1.52	1.14
Combined ratio	92.38	62.01	61.87	112.90	105.00
Operating ratio	92.46	62.05	61.91	112.90	105.00
Relative run-off results	-88.67	6.41	42.40	0.00	4.30
Return on equity in per cent	1.85	15.15	10.30	(0.21)	2.10

Figures from 2015 have been adjusted in order to reflect the new accounting rules. However, this has not been possible for previous years.

Claims ratio: $(\text{Gross claims incurred} / \text{Premium income}) * 100$

Expense ratio: $(\text{Total operating insurance expenses} / \text{total premium income}) * 100$

Combined ratio: $(\text{Claims ratio} + \text{Expense ratio} + \text{Net reinsurance ratio})$

Operating ratio: $(\text{Combined ratio where allocated return on investments is added to the premium income})$

Relative run off results: $(\text{Run off results compared to provisions as at 1 January})$

Return on equity: $(\text{Results for the year} / \text{the average equity}) * 100$

3 Gross premiums written

	2018	2017
Premium PDBI	13 095	13 082
Premium liability	3 340	3 340
Premium Cargo	240	222
Total gross premiums	16 675	16 644

Geographical division of gross premiums written

	2018	2017
Denmark	0	0
Other EU-countries	16 588	16 556
Other countries (USA)	87	88
Total	16 675	16 644

4 Premium income net of reinsurance

	2018	2017
Premium PDBI	6 181	5 984
Premium liability	411	494
Premium Cargo	0	0
Premiums earned at own account, total	6 592	6 478

5 Insurance technical interest

	2018	2017
Insurance technical interest is calculated as -0,35% of the average balance of net premium provisions in 2018		
Insurance technical interest -0.35% (2017 : -0,34%)	(9)	(4)
Insurance technical interest	(9)	(4)

6 Gross claims paid

	2018	2017
Claims paid PDBI	(3 432)	(2 741)
Claims paid liability	(50)	(9)
Claims paid Cargo	0	0
Gross claims paid	(3 482)	(2 750)
Number of claims	1	0
Average claims for damage	(2 500)	0
Claims rate	0	0

7 Cost of claims net of resuranc

	2018	2017
Claims incurred PDBI at own account	(5 182)	5 459
Claims incurred liability at own account	(50)	(9)
Claims incurred Cargo at own account	0	0
	(5 232)	5 450

Change in risk margin

169	320
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Losses incurred at own account

(5 063)	5 770
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Run-off result

	2018	2017
Run-off, gross	(2 660)	(9)
Run-off, net	(2 660)	5 779

8 Administrative expenses

	2018	2017
PricewaterhouseCoopers	22	22
Other opinions (*)	3	3
Total	25	25
Other services	7	7
Total	7	7

(*) Other opinions relate primarily to quarterly opinions on registered assets.

Staff costs:

The company had no employees in the financial year, except from the directors, no remunerations has been paid to the Supervisory Board and Executive Board.

9 Value adjustments

	2018	2017
Realised and unrealised profits and losses on bonds and mutual funds	(547)	236
Currency adjustments	0	0
Value adjustments	(547)	236

10 Taxes

	2018	2017
Tax of the year	(392)	(2 949)
Prior years adjustment tax	(8)	8
Change in deferred tax	0	(14)
	(400)	(2 955)

Tax on the result for the year specified as follow:

Calculated 2018; 22% (2017; 22%) tax of the result before tax	(392)	(2 949)
	(392)	(2 949)
Effective tax rate	22%	22%

11 Equity

The share capital consists of 52,795 shares of DKK 1,000 each. The shares are not divided into classes. The share capital has been unchanged during the last five years.

12 Asset register

The Company's investment assets KEUR 13,056 are registered as collateral security for liabilities to policyholders, cf. the Danish Financial Business Act, section 167 (Bonds KEUR 11,742, investment fund KEUR 1,314).

13 Contracts of guarantee and contingent liabilities

The company does not have any contracts of guarantee and contingent liabilities.

14 Insurance technical result distributed by insurance classes

	PDBI		CARGO		LIABILITY	
	2018	2017	2018	2017	2018	2017
Gross premiums written	13 095	13 082	240	222	3 340	3 340
Gross premium income	13 091	13 110	235	221	3 337	3 340
Gross claims incurred	(5 182)	5 459	0	0	(50)	(9)
Change in risk margin	169	320	0	0	0	0
Gross operating expenses	(203)	(131)	(4)	(2)	(52)	(33)
Result of reinsurance business ceded	(6 910)	(7 126)	(235)	(221)	(2 926)	(2 847)
Insurance technical interest at own account	(9)	(4)	0	0	0	0
Insurance technical result	956	11 628	(4)	(2)	309	452

15 Related parties

Transactions between related parties and Borealis Insurance A/S (captive insurance company) in 2018:

1. Loans granted at arm's length
2. Interest for this is paid at arm's length.

The Company insures companies in the Borealis group and related joint venture companies. The fixing of premiums takes place at arm's length. According to permission from the Danish Financial Supervisory Authorities (Finanstilsynet), The Company grants a loan to the parent company, Borealis AG.

The loan carries interest calculated according to EURIBOR interest rate and the loan amounted to EUR 48 million as at 31 December 2018.

The following shareholders are registered in the company's register of shareholders as being the owners of minimum 5% of the voting rights or minimum 5% of the share capital:

- Borealis AG, Wagramerstrasse 17-19, A-1220 Vienna, Austria

The Company is a subsidiary of Borealis AG and is consolidated in the Borealis Group's Annual Report. Consolidated financial statements are obtainable at Borealis AG.