

Borealis Insurance A/S

c/o Gorrissen Federspiel,

H. C. AndersensBoulevard 12

DK-1553 Copenhagen V

Annual report 2016

21st. Financial year

Approved at the annual general meeting

Date: 27th April 2017

Chairman of the meeting:

CVR Registration no. 19 32 32 93

Content

Statements Statement by the Management on the Annual Report	2
<i>Independent Auditors' Report</i>	3
Management's review	6
<i>Primary activities</i>	7
Annual accounts for 1 January – 31 December	11
<i>Income statement</i>	11
Balance sheet	12
Statement of changes in equity	14
<i>NOTES</i>	
1 <i>Accounting policies</i>	15
2 <i>Financial highlights and key figures</i>	18
3 <i>Premiums written</i>	20
4 <i>Premiums earned at own account</i>	20
5 <i>Insurance Technical interest at own account</i>	21
6 <i>Claims paid</i>	22
7 <i>Losses incurred at own account</i>	23
8 <i>Administrative expenses</i>	24
9 <i>Value adjustments</i>	25
10 <i>Taxes</i>	25
11 <i>Investment assets</i>	25
12 <i>Equity</i>	25
13 <i>Collateralisation, contract of suretyship, contingent liabilities</i>	26
14 <i>Insurance technical result distributed by insurance class</i>	26
15 <i>Related parties</i>	27
16 <i>Sensitivity information</i>	27

Statements

Statement by the Management on the Annual Report

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Borealis Insurance A/S for the financial year 1 January - 31 December 2016, which comprises Management's Statement, Management's Review, income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, and statement of comprehensive income.

We declare that the Annual Report of Borealis Insurance A/S is prepared in accordance with the Danish Financial Business Act and requirement of regulations or agreement, and the annual accounts gives a true and fair view of the financial position at 31 December 2016 of the Company and of the results of the Company's operations for the financial year, and we believe that Management's Review gives a true and fair view of the development of the Company's activities and financial situation and describes the most material risks and uncertainties by which the Company may be affected. We recommend that the Annual Report be approved at the Annual General Meeting.

Copenhagen, April 27, 2017

Executive Board:


Peter Rienckens
Director


Nikolaj Boysen
Director

Supervisory Board:


Markku Korvenranta
Chairman


Katja Tautscher


Niels Bang

Statements

Independent Auditors' Report

To the shareholders of Borealis Insurance A/S

Our opinion

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January to 31 December 2016 in accordance with the Danish Financial Business Act.

What we have audited

Borealis Insurance A/S's Financial Statements for the financial year 1 January to 31 December 2016 comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements, including summary of significant accounting policies. Collectively referred to as 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Statements

Independent Auditors' Report

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.

The key figure Solvency ratio

Management is responsible for the key figure Solvency ratio, included in Financial highlights and key figures (note 2) of the financial statements.

As disclosed in Financial highlights and key figures in note 2, the key figure is exempt from audit requirement. Accordingly, our opinion on the financial statements does not cover the key figure Solvency ratio, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to consider, whether the key figure Solvency ratio is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on this, we conclude that the key figure Solvency ratio is materially misstated, we are required to report that fact. We have nothing to report in this respect.

Management's Responsibility 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 judgment and maintain professional skepticism throughout the audit. We also:

Statements

Independent Auditors' Report

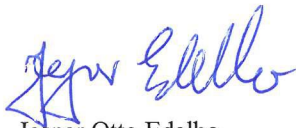
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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.
- 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 content 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.

Copenhagen, 27 April 2017

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 3377 1231



Jesper Otto Edelbo
State Authorised Public Accountant



Per Rolf Larssen
State Authorised Public Accountant

Management's review

Borealis Insurance A/S
c/o Gorrissen Federspiel

H. C. Andersens Boulevard 12
DK-1553 Copenhagen V

Registration no: 19 32 32 93

Founded: 1996

Registered office: Municipality of Copenhagen

Supervisory Board

Markku Tapani Korvenranta

Katja Tautscher

Niels Bang

Executive Board

Peter Guy Emiel Rienckens, Belgium

Nikolaj Boysen, Denmark

Auditor

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR no 3377 1231

General meeting

Ordinary general meeting will be held on April 27, 2017

Management's Review

Primary activities

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

Borealis Insurance A/S has licence 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.

In 2016, business involved companies of the Borealis group located in Austria, Belgium, Finland, France, Germany, Italy, Sweden, The Netherlands and USA. Borealis Insurance A/S fixing of the premium is made at market prices, based on a general evaluation of the market level made by international insurance consultants.

In 2016, the company has as in previous years – after permission from the Danish Financial Supervisory authorities (Finanstilsynet) - granted a loan to a Borealis group company.

Due to the size and complexity of the company, combined with the business model (Captive), the supervisory board has decided that internal audit and internal audit committee is not necessary. In addition the Company is included in the parent company's request for a group internal audit committee,

Uncertainty in connection with recognition and measurement

The Company is exposed to uncertainty when determining claims provisions and credit risk with counterparties, first and foremost reinsurance companies.

The Company has limited these risks by using professional handlers for determination of provisions and by requiring at least A-rating of the reinsurance companies, unless approved by the Board.

Unusual matters

It is the opinion of the Company that no unusual matters materially affect the Company's earnings and equity. The profit of KEUR 6,278 is satisfactory compared with expected profit of EUR 2-3 million.

Development in activities and financial development

The company's result for 2016 amounts to a profit of KEUR 6,278, (2015: loss of KEUR 121) which is entered under equity.

The liquidity of the company has been satisfactory in 2016.

Borealis Insurance A/S' Solvency Capital Requirement (SCR) is EUR 22,269,000 as at 31 December 2016, corresponding to a base capital of EUR 63,682,342 (2015: EUR 58,348,069). Consequently, the Danish Financial Supervisory authorities' requirement for the solvency margin is observed 2.86 times. The Company's individual solvency requirement as of 31.12.2015 was EUR 19,270,000 using the LTGA (Long Term Guarantee Assessment) model and Danish regulation.

The introduction of Solvency II as of 1.st January 2016, will increase the company's solvency requirement significantly compared with Solvency I, but due to the high solvency

Management's Review

capital, the company will still be very solvent. There was no change in solvency requirement compared with the individual solvency requirement. The Supervisory Board believes that the company has fully adjusted to the new regulation. In December 2015, the company has appointed key persons responsible for the functions Risk Management, Compliance, Actuary and Internal Audit.

Development in losses

Total losses incurred for own account amount to KEUR 74.

The claims result in 2016 equal app. 0.43 % of the gross premiums which is satisfactory. The company's reinsurers have not been affected by any losses in 2016.

Reinsurance

Borealis Insurance A/S' risk is limited to claims within risk classes to which the company has licence. Net risk retentions are limited per loss and in the annual aggregate.

Other information

The Annual Report for 2016 is denominated in EUR.

The company has no commitments or collateralisations, cf. section 78 in the Danish Act on Financial Business and relating executive orders etc.

The company's Executive Board has no duties, cf. section 80 in the Danish Act on Financial Business and relating executive orders etc. Alpha Consulting A/S, Denmark conducts the administration of the company.

The Company expect a profit for 2017 of EUR 2-3 million.

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 affect the financial position of the company.

Specific risks, including business and financial risks which can affect the company

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 than these 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.

Management's Review

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 procedures such as the "Rules for Internal Transactions and Underwriting" and the "Investment Policy". The Executive Board is responsible for the implementation of and compliance with these policies.

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

Objective for the management

The Company uses LTGA 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 this risk. The calculation of risk is related to the determined budgets.

Financial risk **Description**

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.

Policies

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.

Management's Review

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 a Borealis Group company against a parental guarantee, 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.

Other assignments:

Markku Korvenranta:

Borealis AG, Borealis Polymers Oy, Borealis Technology Oy, Finphenol Oy, Borealis Agrolinz Melamine GmbH, Borealis LAT GmbH, Borealis Plasticos S.A. de C.V, Borealis US Holdings LLC, GCA Holdings LLC.

Niels Bang:

Advance A/S, Advance Holding ApS, Andreas Duckert Holding ApS, Aqvilø Danmark A/S, Faxø Kalk A/S, GFJura 883 A/S, Gorrissen Federspiel Holding ApS, Henning Larsen A/S, Holdingselskabet af 8. Maj 2002 A/S, J. Duckert Holding A/S, PeopleGroup A/S, PeopleGroup Production A/S, RelationsPeople A/S, RetailPeople A/S, Tenneco Holdings Danmark ApS, Upatfive A/S, W & L 1991 ApS, W&D 1990 A/S, Walker Danmark ApS, Wibroe, Duckert & Partners A/S, Winther's A/S. Dapsi International ApS, First Treasury A/S, FT International ApS, Goodman Rock ApS, PeopleGroup II A/S, Viniportugal A/S

Katja Tautscher:

Borealis Polska Sp.z o.o, Borealis Polyolefine GmbH, Borouge Pte Ltd.

Peter Rienckens:

None

Nikolaj Boysen:

Alpha Consulting A/S, Nikolaj Boysen ApS

Annual accounts for 1 January – 31 December

Income statement and statement of comprehensive income

	Note	2016 EUR'000	2015 EUR'000
Gross premiums written	3	16,726	17,972
Reinsurance premiums ceded		(10,283)	(10,324)
Change in gross premium provisions		414	(526)
Change in reinsurers' share of premium provisions		(39)	(224)
	4		
Premiums earned at own account, total		6,818	6,898
Insurance technical interest at own account	5	(7)	(21)
Gross claims paid	6	(624)	(4,374)
Received reinsurance coverage		0	0
Change in gross claims provisions		550	(4,500)
Change in reinsurers' share of gross claims provisions		0	0
Change in Risk Margin		0	0
Losses incurred at own account, total	7	(74)	(8,874)
Administrative expenses	8	(209)	(265)
Operating insurance expenses at own account, total		(209)	(265)
Insurance technical result		6,528	(2,262)
Interest income and dividends etc.		1,099	1,148
Value adjustments	9	197	933
Return on investments, total		1,296	2,081
Transfer to insurance technical interest	5	7	21
Return on investments after insurance technical interest and value adjustment of technical provisions		1,303	2,102
Results before tax		7,831	(160)
Tax	10	(1,553)	39
Result for the year		6,278	(121)
Other comprehensive income		0	0
Total comprehensive income for the year		6,278	(121)

Balance sheet

	Note	2016 EUR'000	2015 EUR'000
ASSETS			
Mutual Funds		9,332	8,885
Bonds		12,366	11,168
Bank deposits		17,436	9,736
		<hr/>	<hr/>
Total other financial investment assets	11	39,134	29,789
Total investment assets		39,134	29,789
		<hr/>	<hr/>
Reinsurers' share of premium provisions		3,641	3,681
Reinsurer's share of claims provisions		0	0
		<hr/>	<hr/>
Total reinsurers' share of insurance provisions		3,641	3,681
		<hr/>	<hr/>
Premiums receivables		269	2,270
Receivables from affiliated companies		40,000	40,000
		<hr/>	<hr/>
Total receivables		40,269	42,270
		<hr/>	<hr/>
Deferred tax assets		0	222
		<hr/>	<hr/>
Total other assets		0	222
		<hr/>	<hr/>
Interest receivable		140	136
		<hr/>	<hr/>
Other prepayments and accrued income		0	685
		<hr/>	<hr/>
Total prepayments and accrued income		140	821
		<hr/>	<hr/>
TOTAL ASSETS		83,184	76,783
		<hr/>	<hr/>

Annual accounts for 1 January – 31 December

Balance sheet

	Note	2016 EUR'000	2015 EUR'000
EQUITY & LIABILITIES			
Share capital		7,092	7,092
Retained earnings		56,812	50,534
Total equity	12	63,904	57,626
Premium provisions		5,941	6,355
Claims provisions		11,200	11,750
Risk Margin		944	944
Total technical provisions		18,085	19,049
Liabilities in connection with reinsurance		98	95
Tax liabilities	10	1,047	0
Other liabilities		50	13
Total liabilities		1,195	108
TOTAL EQUITY AND LIABILITIES			
		83,184	76,783
Collateralisation, contract of suretyship, contingent liabilities	13		
Insurance technical result distributed on insurance class	14		
Related parties	15		
Sensitivity information	16		

Statement of changes in equity

EUR'000	Share Capital	Retained earnings	Total
Equity at 31 December 2014	7,092	51,377	58,469
Transferred, cf. distribution of profit 2015		(121)	(121)
Adjustments due to new accounting rules		(944)	(944)
Tax effect hereof		222	222
Equity at 1 January 2016	7,092	50,534	57,626
Proposed dividends	0	0	0
Transferred, cf. profit appropriation	0	6,278	6,278
Equity at 31 December 2016	7,092	56,812	63,904

The equity as of 1.1.2015 has been adjusted to reflect the new accounting rules (see note 1).

The Company has no "Other Total Income" (comprehensive income).

Annual accounts for 1 January – 31 December

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

In 2016, the company makes use of the simplified method for calculating premium provisions, as described in §69a of the order. This also has some effect in the calculation of insurance technical interest – see below for details.

The change in accounting policies related to risk margin, has been incorporated retroactively as at 1 January 2015, with effect of KEUR 722 after tax.

Apart from the above, the accounting policies remain unchanged from the financial statement for 2015.

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 recognised 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 2016. The difference is recognised in the Income Statement.

Income Statement

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

Premiums earned at own account

Gross premiums written consists of due premiums for the year.

Annual accounts for 1 January – 31 December

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.

Losses incurred at own account

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 at own account

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 at own account

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

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 recognised 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 recognised 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 recognised 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 Borealis Insurance A/S 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.

Annual accounts for 1 January – 31 December

Reinsurance

Reinsurers share of premium provisions has been calculated as gross provisions. Reinsurers share of claims provisions are nil.

Receivables

Receivables are measured at amortised cost corresponding to nominal value. Provisions made for bad debts reduce the value.

Prepayments

Prepayments recognised 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 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 recognised 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.

Financial liabilities

Debt is recognised at amortized value.

Annual accounts for 1 January – 31 December

2. Financial highlights and key figures

EUR'000.	2016	2015	2014	2013	2012
Gross premium income	17,140	17,446	16,301	16,236	14,666
Premium earned at own account	6,818	6,898	5,134	4,480	5,113
Gross claims incurred	(74)	(8,874)	(5,656)	491	(57)
Operating insurance expenses	(209)	(265)	(186)	(251)	(221)
Profit or loss of reinsurance	(10,322)	(10,548)	(11,270)	(11,148)	(10,284)
Insurance technical results	6,528	(2,263)	(696)	4,732	4,856
Return on investments after insurance technical interest	1,303	2,102	2,410	949	2,178
Result for the year	6,278	(121)	1,235	4,233	5,264
Run off results	5,382	200	101	529	0
Total technical provisions	18,085	19,049	13,079	8,284	8,575
Insurance assets	3,641	3,681	3,905	4,224	3,758
Total equity	63,904	57,626	58,469	57,234	53,001
Total assets	83,184	76,783	72,317	67,665	65,328

Annual accounts for 1 January – 31 December

	2016	2015	2014	2013	2012
Key figures:					
Gross claims ratio	0.43	50.87	34.70	(3.0)	0.4
Gross expense ratio	1.22	1.52	1.14	1.50	1.40
Gross combined ratio	61.87	112.9	105.0	67.2	68.6
Gross operation ratio	61.91	112.9	105.0	70.0	68.5
Relative run off results	42.4	0	4.3	16.2	0
Return on equity in per cent	10.3	(0.21)	2.1	7.7	10.5
Solvency coverage Solvency I		15.8	15.8	15.5	15.1
Solvency coverage Solvency II (not audited *)	2.86				

Figures for 2015 and 2016 has 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: $(\text{Combined ratio where premium income is added to the allocated return on investments})$

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

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

Solvency coverage: $(\text{Base capital} / \text{capital requirement})$

*)

The key figure Solvency coverage Solvency II is exempt from audit requirement, cf. executive order no. 937 dated 27 July 2015 on Financial Reporting on Insurance Companies and cross-sectorised Pension Funds, and therefore is unaudited.

Annual accounts for 1 January – 31 December

	<i>2016</i>	<i>2015</i>
	<u>EUR'000</u>	<u>EUR'000</u>
3 Gross premiums written		
Premium Property Damage and Business Interruption Insurance	13,167	14,406
Premium liability insurance	3,339	3,338
Premium marine cargo insurance	<u>220</u>	<u>228</u>
Total gross premiums written	<u>16,726</u>	<u>17,972</u>
Geographical division of gross premiums written:		
Denmark	0	0
Other EU-countries	16,646	17,906
Other countries (USA)	<u>80</u>	<u>66</u>
Total	<u>16,726</u>	<u>17,972</u>
4 Premiums earned at own account		
Premium Property Damage and Business Interruption Insurance	6,254	6,308
Premium liability insurance	564	590
Premium marine cargo insurance	<u>0</u>	<u>0</u>
Premiums earned at own account, total	<u>6,818</u>	<u>6,898</u>

Annual accounts for 1 January – 31 December

	2016 <u>EUR'000</u>	2015 <u>EUR'000</u>
5 Insurance Technical interest at own account		
Gross premium provisions	5,941	6,355
Reinsurers' share of premium provisions	(3,642)	(3,681)
Gross claims provisions	12,144	11,750
Reinsurers share of claims provisions	<u>0</u>	<u>0</u>
	<u>14,443</u>	<u>14,424</u>
Insurance technical interest has been calculated of the average balance of net premium provisions according to changed accounting rules		
Insurance technical interest -0.3% of 4,973 / 2 (-0.18% for 2015)	<u>(7)</u>	<u>(21)</u>
Insurance technical interest at own account	<u>(7)</u>	<u>(21)</u>

Annual accounts for 1 January – 31 December

	2016 <u>EUR'000</u>	2015 <u>EUR'000</u>
6 Gross claims paid		
Paid claims Property Damage and Business Interruption Insurance, etc.	(468)	(4,307)
Claims paid liability insurance	(156)	(67)
Claims paid marine cargo insurance	<u>0</u>	<u>0</u>
Gross claims paid	<u>(624)</u>	<u>(4,374)</u>
Number of claims	2	2
Average claims for damage occurred	2,650	4,500
Claims rate	0.08	0.08

Annual accounts for 1 January – 31 December

	2016 EUR'000	2015 EUR'000
7 Losses incurred at own account		
Claims incurred Property Damage and Business Interruption Insurance at own account	82	(8,807)
Claims incurred liability insurance at own account	(156)	(67)
Claims incurred marine cargo insurance at own account	<u>0</u>	<u>0</u>
Change in Risk Margin	0	0
Losses incurred at own account	<u>(74)</u>	<u>(8,874)</u>
Allocation of claims incurred and run-off losses with regard to previous years:		
Claims - losses in the year	(5,456)	(9,074)
Claims - run-off losses previous years	<u>5,382</u>	<u>200</u>
Total gross losses	<u>(74)</u>	<u>(8,874)</u>
Claims incurred at own account - losses in the year	(5,456)	(9,074)
Claims incurred at own account - run-off losses previous years	<u>5,382</u>	<u>200</u>
Total losses at own account	<u>(74)</u>	<u>(8,874)</u>

Annual accounts for 1 January – 31 December

	2016 EUR'000	2015 EUR'000
8 Administrative expenses		
Audit fee:		
PricewaterhouseCoopers (Ernst & Young in 2015)	22	22
Assurance engagements other than audit	<u>3</u>	<u>3</u>
Total	<u>25</u>	<u>25</u>
Other services	<u>7</u>	<u>7</u>
Total	<u>7</u>	<u>7</u>

Staff costs:

The company had no employees in the financial year, except from the directors, and no remuneration has been paid to the Supervisory Board and Executive Board except for EUR 6,000 to Nikolaj Boysen (fixed salary).

Annual accounts for 1 January – 31 December

	2016 EUR'000	2015 EUR'000
9 Value adjustments		
Realised and unrealised profits and losses on bonds and mutual funds	197	933
Currency adjustment	0	0
Value adjustments	197	933
 10 Taxes		
Tax of the year	1,723	38
Prior years adjustment tax	52	1
Change in deferred tax	(222)	0
	1,553	39
Tax on the result for the year specified as follows:		
Calculated 2016; 22.0% (2015; 23.5%) tax of the result before tax	1,553	38
	1,553	38
Effective tax rate	22%	23.5%
 11 Investment assets		
Mutual fund holdings, market value	9,332	8,885
Bonds, market value	12,366	11,168
Bank deposits	17,436	9,736
	39,134	29,789
 12 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.		

Annual accounts for 1 January – 31 December

13 Collateralisation, contract of suretyship, contingent liabilities

The Company's investment assets KEUR 19,555 are registered as collateral security for liabilities to policyholders, cf. the Danish Financial Business Act, section 167 (Bonds KEUR 11,598, investment funds KEUR 7,957).

14 Insurance technical result distributed by insurance classes EUR '000

	Property Insurance		Marine Cargo Insurance		Liability Insurance	
	2016	2015	2016	2015	2016	2015
Gross premiums written	13,167	14,406	220	228	3,339	3,338
Gross premium income	13,580	13,821	222	230	3,339	3,395
Gross claims incurred	82	(8,807)	0	0	(156)	(67)
Change in Risk Margin	0	0	0	0	0	0
Gross operating expenses	(165)	(212)	(3)	(2)	(41)	(51)
Result of reinsurance business ceded	(7,327)	(7,513)	(222)	(230)	(2,773)	(2,805)
Insurance technical interest at own account	(7)	(20)	0	0	0	(1)
Insurance technical result	<u>6,163</u>	<u>(2,718)</u>	<u>(3)</u>	<u>(2)</u>	<u>369</u>	<u>471</u>

Annual accounts for 1 January – 31 December

15 Related parties

Transactions between related parties and Borealis Insurance A/S in 2016:

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

Borealis Insurance A/S 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), Borealis Insurance A/S grants a loan to Borealis Funding Company Ltd., Isle of Man, a company of the Borealis group.

The loan carries interest calculated according to EURIBOR interest rate and the loan amounted to EUR 40 million as at 31 December 2016.

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

Borealis Insurance A/S is a subsidiary of Borealis AG and is consolidated in the Borealis Group's Annual Report. Consolidated financial statements are obtainable at Borealis AG.

16 Sensitivity information

EUR'000

<u>Event</u>	<u>Effect on Equity</u>
Interest rate increase of 0.7 percentage points	(799)
Interest rate decrease of 0.7 percentage points	799
Share price drop of 12 percent	(165)
Property price drop of 8 percent	0
Currency risk (VAR 99)	0
Loss in counterparties of 8 percent	(76)