Gefion Forsikringsholding Aktieselskab

Østergade 10,4 1100 DK – Copenhagen K
CVR No. 35829474

Annual Report 2016

GEFION INSURANCE

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 27 April 2017

Per Bergmann
Chairman

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GEFION INSURANCE

Company Information

The Company	Gefion Forsikringsholding Aktieselskab Østergade 10, 4. DK-1100 Copenhagen K Telephone: +45 70 60 69 00 E-mail: info@gefioninsurance.com Web: www.gefioninsurance.com CVR No.: 35 82 94 74 Reg. No.: 96017 Established: 2 April 2014 Financial year: 1 January – 31 December
Board of Directors	Jørn Anker-Svendsen (Chairman) Troels Knut Rørbæk Askerud Robert Aron Robertson
Board of Executive	Tonny Anker-Svendsen
Auditor	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup
Banks	Nykredit A/S Danske Bank A/S Jyske Bank A/S

Management's Review

Main activity

Gefion Forsikringsholding Aktieselskab is a Scandinavian based investment company sourcing opportunities, primarily within insurance and asset management. Our expertise is in developing specialist insurance products, delivering services and funding for European agents, cover-holders and brokers. We combine the commercial benefits of access to international markets and bespoke coverage solutions.

Gefion Forsikringsholding Aktieselskab invested in the insurance company Gefion Insurance A/S in 2014 and it is currently the only investment made. Gefion Forsikringsholding Aktieselskab is the holding company of Gefion Insurance A/S, and holds a majority of the shares in Gefion Insurance A/S.

Gefion Forsikringsholding Aktieselskab will continue working to ensure access to sufficient capital for Gefion Insurance A/S to allow management of existing business and further growth of Gefion Insurance A/S in accordance with the agreed risk appetite of such company.

As there is currently no other business activity in Gefion Forsikringsholding Aktieselskab – Gefion Insurance A/S being the sole investment and portfolio activity - the Management review concerning 2016 mirrors the Management review from Gefion Insurance A/S for the same period.

Business model

Gefion Forsikringsholding Aktieselskab holds a majority of all issued and outstanding shares of Gefion Insurance A/S. The remainder is held by a Swiss investor. The main activity of such portfolio company is to write direct and assumed non-life insurance risks in the EU through insurance brokers and insurance agents. Gefion Insurance A/S is primarily targeting short tail business with low catastrophe exposure and attractive loss ratios.

The operational model is based on a high degree of outsourcing of labor intensive processes thus making it highly scalable. This is reflected in the fact that most of the sales and distribution of insurance products are carried out by insurance brokers and insurance agents – operating under and in compliance with strict guidelines from Gefion Insurance A/S. All outsourced activities are regularly audited by Gefion Insurance A/S and its advisors.

Gefion Insurance A/S can write business as published on the homepage of the Danish Financial Supervisory Authority (DFSA) (finanstilsynet.dk).

Development in 2016

After having filed an application to write non-life insurance risks, Gefion Insurance A/S received its concession from the Danish FSA on 12 May 2015. Hence, 2016 is the first full year of business.

The promising pipeline has been converted to actual business with reputable and established agents. The company continues to pursue the policy of entering into portfolios of insurance products with several years of proven records of accomplishment – both in terms of premium income and loss ratio.

This has led to gross premiums of 817.923 tDKK in 2016, which is well above the expectations for the year.

The result for the period shows a net operating income before tax of 8.654 tDKK However the company maintains a growth strategy and therefore, in compliance with Solvency II requirements, a statutory increase in Risk Margin of 11.875 tDKK has been reserved. This means that net income including risk margin ends at a loss of -3.019 tDKK. The balance sheet end of year shows equity of 17.692 tDKK and a subordinated loan of 37,917 tDKK.

The result for 2016 is satisfactory considering it has been the Company's first full year of business.

Solvency

The solvency capital requirement (SCR) of Gefion Insurance A/S is calculated based on a full implementation of the Solvency II regulation, using the standard model, and amounts to 67.038 tDKK at 31 December and eligible own funds to meet SCR of 68.317 tDKK. This results in a Solvency ratio of 1,0 . Please refer to note 0 for further information.

By year end 2015 SCR was 31.417 tDKK, own funds were 47.008 tDKK and hence the solvency ratio was 1,5 .

Uncertainties regarding the figures in this report

There are no significant uncertainties as to the values set out in the income statement and balance sheet.

Regarding accounting estimates and judgements reference is made to note 21.

Furthermore, it is an integral part of Gefion Insurance A/S's business model to protect the policyholders and the capital base by ceding 50-80% of its risk to quota share reinsurance and buy excess of loss reinsurance coverage limiting Gefion's maximum single claim loss to an amount of tEUR 500. Because of the company's very limited risk exposure, large claims will only affect the company's financial performance marginally.

Gefion Insurance A/S only buys reinsurance coverage from international reinsurance companies with a minimum rating of A- (S&P) and with local market knowledge.

Gefion Insurance A/S will only assume new business provided such opportunities have been assessed by and passed with the approval of the company's underwriting committee – an advisory panel. The underwriting committee consists of four external non-executives with substantial experience from direct insurance, assumed insurance, insurance agencies and actuarial knowledge.

Expectations for 2017

Gefion Insurance A/S and as such Gefion Forsikringsholding Aktieselskab expects a positive development of the company's activity level with a further increase in premium income and a positive result. However, the present budget reflects a continuation of the current situation, with possibilities to revise as the capital requirements permits. This is further explained in Note 0. The increase in premium income will be a combination of more business with existing agents and new agents to be on boarded in 2017. The company expects a positive net result for 2017.

Events after the balance sheet date

On 7 April 2017 the Company's share capital has been increased by 2 MEUR. The effect of this is elaborated on in Note 0. Besides from this, in the opinion of Management, from the balance sheet date to the present date, no other matters of major significance have arisen that are likely to materially influence the assessment of the company's financial position.

Risk information

Managing and minimizing business risks is an important and fundamental part of how Gefion Forsikringsholding Aktieselskab and Gefion Insurance A/S conduct their business and the Board of Directors determines the overall policies and guidelines.

The risk management can be divided into the following areas:

Financial risk: The company's target is to maintain adequate capital to absorb the risks that arise from the company's operations. The overall goal is to hedge against risks stemming from the company's activities or to limit such risks to a level that allows the company to maintain normal operations even in the case of adverse events in the outside world.

Insurance risk: Gefion Insurance A/S purchases both proportional and non-proportional reinsurance on the international reinsurance market. Therefore, large claims will only have limited effect on the company´s finances. The Board of Directors approves the reinsurance structure on a yearly basis. The company has a self-retention of maximum tEUR 500.

Market risk: It is the company policy to invest in assets with low risk profile. In 2016, the company has placed funds in bank deposits, government bonds and Danish mortgage bonds, all in accordance with the investment policy approved by the Board.

Credit risk: Credit risk is the risk of losses caused by one or more counter-parties' breach of their payment obligations. Gefion Insurance A/S is exposed to this risk regarding both insurance and investments. Within insurance, it is the cover holders and reinsurance companies' ability to pay that is the major risk factor. The risk is mitigated by strict follow up procedures on the cover holders holding Gefion Insurance A/S's funds and the payment thereof to the company. Furthermore, cover is only bought from reinsurance companies with a minimum rating of A- (S&P).

Operational risk: The risk arises from losses due to insufficient or faulty procedures and policies or human or systematic errors including breakdown in IT systems.

The company's operations are systematized through a structure of policies, procedures and guidelines that cover all main operational areas. The policies, procedures and guidelines are frequently controlled and tested for compliance and adjusted if necessary.

Employees

Gefion Forsikringsholding Aktieselskab has no employees. The Board of Directors is identical to the Board of Directors of Gefion Insurance A/S except for one member. The Boards of Directors and Executives of Gefion Insurance A/S and the core staff, the latter totaling 15 people, have collected more than 150 years of insurance and banking experience, and are actively empowered to share and utilize this knowledge to help its insurance brokers and insurance agents and thus their insurance customers.

Remuneration structure

Gefion Forsikringsholding Aktieselskab has no staff and pays no remuneration to its Board of Directors. Gefion Insurance A/S's remuneration policy is intended to optimize long-term value creation at a group level. In accordance with Section 77(d) of the Danish Financial Business Act and Section 139 of the Danish Companies Act the Annual General Meeting has adopted the "Remuneration policy".

Besides salary policy, the remuneration policy also includes pension policies. The remuneration policy covers Board of Directors and Board of Executive.

The remuneration of the Board of Executive is based upon a fixed basic salary without any pension contribution. Gefion Insurance A/S has standard pension commitments towards the Executive Management and no type of pension compensation on retirement is granted to any other staff.

Individual bonuses or other types of variable salary are as a general rule not paid. The determination of the fixed basic salary paid to Management is based on a specific assessment of the individual employee. In its assessment, Gefion Insurance A/S includes, among other factors, the employees position, characteristics and performance.

Management positions

Board of Directors

Chairman: Jørn Anker-Svendsen

- Gefion Insurance A/S (Chairman)

Troels Knut Rørbæk Askerud

- Kraken Ejendom A/S (Chairman)
- GICA Insurance Solutions ApS (Director)
- Sensa A/S (Director)
- Kraken A/S (Chairman)
- Selskabet af 15. September 2015 A/S (Director)
- A/S af 24. Juli 1995 (Director)
- Copenhagen Indoor Golf Center A/S (Director)
- A/S Codanova (Chairman)
- Gefion Insurance Global Solutions ApS (Director)
- Ejendomsselskabet Øresund Strandpark ApS (CEO)
- K/S Thoravej 28 (Director)
- Dance ApS (Chairman)
- Den Kongelige Danske Ballets Fond (Chairman)
- Gefion Insurance A/S (Director)
- Emporium 1 ApS (CEO)
- Vich 4918 A/S (Chairman)
- Esplanaden Invest ApS (Director)
- A/S af 1. Juli 2003 (Director & CEO)
- Pecunia MIIM Anpartsselskab (Director & CEO)
- Star Box A/S (Director)
- Ejendomsselskabet Esplananden 44 ApS (CEO)
- Star Box Holding A/S (Director)
- Selskabet af 31.12.2015 (Director & CEO)
- Ricco's Kaffe ApS (Chairman)
- Eye oh ApS (Director)

Robert Aron Robertson

- Asia Seafood Inc, S-Korea (Director)
- Kimi Sarl, Luxembourg (Director)
- Neptune Holding BV, The Netherlands (Director)
- Samskip Holding BV, The Netherlands (Director)
- Gefion Insurance A/S (Director)
- Urtusker ehf, Iceland (Director)
- Oryggismidstod Islands hf, Iceland (Director)
- ASI ehf, Iceland (Director)
- Lumar Seafood International S.L., Spain (Director)

Board of Executive

Chief Executive Officer: Tonny Anker-Svendsen

- Kraken Ejendom A/S (Director)
- GICA Insurance Solutions ApS (Chairman)
- Kraken A/S (Director)
- TAS Group ApS (Chairman & CEO)
- TAS Group Ejendomme ApS (CEO)
- UCAP Holding A/S (Director)
- Gefion Insurance Global Solutions ApS (Chairman)
- Anker-Svendsen ApS (Director & CEO)
- TAS 1 – Rudkøbing ApS (CEO)
- TAS 2 Toftebakken ApS (CEO)
- TAS 3 Bagsværd ApS (CEO)
- Gefion Insurance A/S (CEO)

Statement by the Management

Today the Board of Directors and the Board of Executive have considered and adopted the Annual Report of Gefion Forsikringsholding Aktieselskab for the financial year 1 January – 31 December 2016.

The Annual Report has been prepared in accordance with the Financial Business Act and the Danish Financial Supervisory Authority Order on financial reporting requirements for financial holding companies.

We consider the adopted accounting policies to be appropriate and in our opinion, the Annual Report gives a true and fair view of the Group and the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Group and the Company's operations for the financial year 1 January – 31 December 2016.

We believe that the management review contains a fair review of the development of the Company's activities and financial position.

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

Copenhagen 27 April 2017

Board of Executive

Tonny Anker Svendsen
CEO

Board of Directors

GEFION INSURANCE

Jørn Anker-Svendsen Chairman	Robert Aron Robertson IFLG. FULDMAGT	Troels Knut Rørbæk Askerud

Independent Auditor's Report

To the Shareholders of Gefion Forsikringsholding Aktieselskab

Our Opinion

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

What we have audited

Gefion Forsikringsholding Aktieselskab's consolidated financial statements and the parent company financial statements for the financial year 1 January - 31 December 2016 which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent Company ("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 Group 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 information required under the Danish Financial Business Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the consolidated financial statements and the parent company 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.

Solvency ratio

Management is responsible for the key figure "Solvency ratio" evident from the statement of financial highlights and key figures in note 20 of the annual report.

As disclosed in the statement of financial highlights and key figures, the solvency ratio is exempt from the requirement to be audited. Consequently, our opinion on the financial statements does not cover the 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 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 solvency ratio is materially misstated, we are required to report on this. We have nothing to report in this respect

Management's Responsibilities for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and the parent company 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 Group's and the Parent 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 Group or the Parent 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:

- 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 Group's and the parent 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 based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the parent 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 Group or the parent 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.
Hellerup 27 April 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jesper Otto Edelbo

State Authorised Public Accountant

Claus Christensen

State Authorised Public Accountant

Income statement for the period 1 January – 31 December 2016

Parent Company		DKK '000		Group	
2016	2015	Note		2016	2015
-	-	1-2	Gross premiums	817.923	20.274
-	-		Ceded premiums	-600.115	-11.071
-	-		Change in gross premium provisions	-319.387	-8.713
-	-		Change in risk margin	-8.626	-1.524
-	-		Changes in profit margin	-6.992	-
-	-		Change in ceded premium provisions	259.147	1.651
-	**-**		**Premium income net of reinsurance, total**	**141.950**	**617**
-	**-**	3	**Insurance technical interest**	**41**	**-2**
-	-		Gross paid claims	-51.197	-75
-	-		Ceded paid claims	36.480	53
-	-		Change in gross claims provisions	-133.273	-4.952
-	-		Change in risk margin	-3.250	-969
-	-		Change in ceded claim provisions	94.574	3.650
-	**-**	4	**Cost of claims net of reinsurance, total**	**-56.666**	**-2.293**
-	**-**		**Bonus and Premium Rebates**	**-**	**-**
-	-		Acquisition costs	-210.528	-6.655
-209	-54	5-6	Administrative expenses	-40.356	-23.452
-	-		Reinsurance commission and profit participations with reinsurers	161.783	4.789
-209	**-54**		**Insurance operating costs net of reinsurance, total**	**-89.100**	**-25.318**
-209	**-54**		**Insurance technical results**	**-3.775**	**-26.996**
-1.831	-12.653	12	Income from affiliated companies	-15	-
-	-		Interest income and dividend etc.	479	20
-1	-1	7	Currency and marketable securities adjustments	3.044	144
-0	-		Interest expenses	-3.055	-14
-	-		Administrative expenses relating to investment activities	-25	-3
-1.832	**-12.654**		**Return on investments, total**	**428**	**147**
-	-		Return and revaluations, insurance provisions	-35	2
-1.832	**-12.654**		**Return on investments after insurance technical interest**	**393**	**149**
-	-		Other income	160	-
-	-		Other expenses	-	-
-2.041	**-12.708**		**Net result before tax**	**-3.222**	**-26.847**
68	12	8	Tax on net result	203	6.009
-1.972	**-12.696**		**Net result for the year**	**-3.019**	**-20.838**
0	**0**		**Minority shareholders part**	**1.047**	**8.142**
-1.972	**-12.696**		**Total income statement**	**-1.972**	**-12.696**
			Statement of comprehensive income		
-1.972	-12.696		Net result for the year	-1.972	-12.696
-	-		Other comprehensive income	-	-
-1.972	**-12.696**		**Total comprehensive income for the year**	**-1.972**	**-12.696**
			Proposed distribution of profit		
-1.972	**-12.696**		**Transferred to retained profit or deficit**	**-1.972**	**-12.696**

Balance sheet as at 31 december 2016

Assets

Parent Company 2016	Parent Company 2015	Note	DKK '000	Group 2016	Group 2015
-	-		Software	1.951	1.176
-	-	9	**Intangible assets, total**	**1.951**	**1.176**
-	-	10	Office equipment etc.	2.559	872
-	-	11	Leasehold improvements	1.750	1.284
-	-		**Tangible assets, total**	**4.309**	**2.156**
17.849	19.680	12	Shares in affiliated companies	-	-
-	20		Loans to affiliated companies	-	-
17.849	**19.700**		**Investments in affiliated companies, total**	-	-
-	-		Equities	40.297	38.061
-	-		Bonds	136.473	15.696
-	-		**Other financial investments assets, total**	**176.770**	**53.757**
17.849	**19.700**		**Investment assets, total**	**176.770**	**53.757**
-	-		Reinsurers' share of premium provisions	257.725	1.651
-	-		Reinsurer's share of claim provisions	97.559	3.673
-	-		**Reinsurers' share of provision for insurance contracts, total**	**355.285**	**5.324**
-	-		Amounts receivable from policy holders	28.735	-
-	-		Amounts receivable from intermediaries	167.152	11.206
-	-		**Amounts receivable - direct insurance contracts, total**	**195.887**	**11.206**
-	-		Amounts receivable from affiliated companies	337	-
-	-		Other amounts receivable	1.182	1.612
-	-		**Amounts receivable, total**	**552.691**	**18.142**
58	12	13	Deferred tax assets	6.919	6.597
0	-		Cash and bank deposits	89.892	15.365
-	-		Other	154	-
59	**12**		**Other assets, total**	**96.965**	**21.962**
-	-		Accrued interest income	911	125
-	-		Other prepayments	9.099	168
-	-		**Prepayments and accrued income, total**	**10.011**	**293**
17.908	**19.712**		**Assets, total**	**842.697**	**97.486**

Liabilities and Equity

Parent Company 2016	Parent Company 2015	Note	DKK '000	Group 2016	Group 2015
		Note			
500	500		Share capital	500	500
-	-		Net revaluation according to the equity method	-	-
17.192	19.164		Retained earnings	17.192	19.164
17.692	**19.664**	14	**Equity, total**	**17.692**	**19.664**
-	-		**Minority shareholder part of equity**	**12.194**	**13.120**
-	-		Subordinated loan	37.917	38.061
-	-	14	**Subordinated loans, total**	**37.917**	**38.061**
-	-		Premium provisions, gross	320.656	8.713
-	-		Profit margin	6.992	-
-	-		Claims provisions, gross	137.200	4.975
-	-		Risk margin	14.368	2.493
-	-		**Technical provisions, total**	**479.216**	**16.181**
-	-		Amounts payable in connection with direct insurance	47.467	-
-	-		Amounts payable in connection with reinsurance	235.274	5.799
-	1		Amounts payable to credit institutions	96	1
166	-		Amounts payable to affiliated companies	-	-
50	47		Other payables	3.429	4.660
216	**48**		**Liabilities other than provisions, total**	**286.266**	**10.460**
-	-		**Accruals and deferred income**	**9.412**	-
17.908	**19.712**		**Liabilities and Equity, total**	**842.697**	**97.486**

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Statement of changes in equity

2016 (DKK'000)	**Share capital**	**Retained Earnings**	**Total**
Parent company			
Shareholders equity at 31. December 2015	500	19.164	19.664
Profit for the period	-	-1.972	-1.972
Other comprehensive income	-	-	-
Total comprehensive income	**500**	**17.192**	**17.692**
Increase in share capital in 2016	-	-	-
Allocation to the owners	-	-	-
Shareholders equity at 31. December 2016	**500**	**17.192**	**17.692**
Group			
Shareholders equity at 31. December 2015	500	19.164	19.664
Profit for the period	-	-1.972	-1.972
Adjustment, risk margin	-	-	-
Total comprehensive income	**500**	**17.192**	**17.692**
Increase in share capital in 2016	-	-	-
Allocation to the owners	-	-	-
Shareholders equity at 31. December 2016	**500**	**17.192**	**17.692**

2015 (DKK'000)			
Parent company			
Shareholders equity at 31. December 2014	50	-1.186	-1.136
Profit for the period	-	-12.696	-12.696
Other comprehensive income	-	-	-
Total comprehensive income	**50**	**-13.882**	**-13.832**
Increase in share capital in 2015	450	33.046	33.496
Allocation to the owners	-	-	-
Shareholders equity at 31. December 2015	**500**	**19.164**	**19.664**
Group			
Shareholders equity at 31. December 2014	50	-1.186	-1.136
Profit for the period	-	-12.696	-12.696
Adjustment, risk margin	-	-	-
Total comprehensive income	**50**	**-13.882**	**-13.832**
Increase in share capital in 2015	450	33.046	33.496
Allocation to the owners	-	-	-
Shareholders equity at 31. December 2015	**500**	**19.164**	**19.664**

Notes

Note 0 – Capital increases and expectations for capital requirement, going concern

By shareholder decision of 27 September 2016 Gefion Forsikringsholding Aktieselskab obtained commitment from its shareholders for an increase of the company's share capital in the amount of 2 MEUR. Such commitment of the shareholders was made in the context of a then pending and progressed negotiation with a third party institutional investor with a view to further increasing the capital of the company, which transaction would have rendered the need for further equity contributions from the shareholders redundant.

The capital increase is supplemented by other shareholders to increase the capital in Gefion Insurance A/S by a total of 5 MEUR.

For Gefion Insurance A/S the original expectation was, that such negotiations would have been finalized before end of 2016, but they were, however, delayed and are currently pending. Furthermore as the legal requirements for the inclusion of the shareholder commitment in the calculation of own funds were – as the result of a technical error - not met, the solvency ratio at 31 December 2016 came out at an unsatisfactory level of 1.02. The increase of the share capital was executed on April 7 2017. An execution of the shareholder commitment before 31 December 2016 would have increased the eligible own funds to 1.5 times SCR and 2.5 times MCR as of 31 December 2016.

The above contemplated investment by a third party institutional investor is expected to be finalized shortly. Accordingly, in addition to the above mentioned 5 MEUR an increase in solvency capital of 10 MEUR is scheduled to occur before the end of Q2/2017. The investment will take the form of Tier 1/Tier 2 debt and will hence not result in any change in the shareholder composition. Furthermore, average quota share reinsurance for 2017 can be increased from approximately 70% in 2016 to 80%. This will progressively improve the solvency ratio of Gefion Insurance A/S.

The additional capital and measures taken by management will ensure that the solvency ratio of Gefion Insurance A/S will remain well above 1.4 times SCR and 2.0 times MCR during 2017 and 2018.

Note 1 – Insurance technical result (Classes of business)

2016 (DKK'000)	Liability	Motor Liability	Motor Hull	Various	Total
Gross premiums	9.980	575.933	220.678	11.332	817.923
Gross premium income	7.264	343.635	121.478	10.541	482.918
Gross claims incurred	-1.478	-138.608	-44.889	-2.744	-187.719
Gross operating expenses	-2.984	-179.410	-63.711	-4.778	-250.884
Net ceded result	-2.251	-32.611	-11.913	-1.356	-48.131
Technical interest for own account	-1	27	9	6	41
Technical result	**551**	**-6.968**	**974**	**1.668**	**-3.775**
Number of claims incurred	8	8.682	3.068	52	11.810
Average value of claims incurred	185	16	15	53	16
Annual claims frequency	1,00%	1,89%	1,00%	1,83%	1,53%

2015 (DKK'000)	Liability	Motor Liability	Motor Hull	Various	Total
Gross premiums	7.245	5.926	4.971	2.132	20.274
Gross premium income	4.117	4.598	645	678	10.037
Gross claims incurred	-2.006	-2.248	-315	-330	-4.899
Gross operating expenses	-10.759	-8.800	-7.382	-3.166	-30.107
Net ceded result	-279	-439	-120	-90	-928
Technical interest for own account	-	-1	-1	-	-2
Technical result	**-8.927**	**-6.890**	**-7.173**	**-2.908**	**-26.996**
Number of claims incurred		33	14		47
Average value of claims incurred		15	26		18
Annual claims frequency		0.002%	3%		0.003%

Note 2 – Gross premium income

Parent Company 2016	Parent Company 2015	DKK '000	Group 2016	Group 2015
-	-	Gross premiums	817.923	20.274
-	-	Change in gross premium provisions incl. risk and profit margin	-335.005	-10.237
-	-	**Gross premium income incl. change in risk and profit margin**	**482.918**	**10.037**
		Gross premium income direct business by location of the risk		
-	-	Denmark	9.717	166
-	-	Other EU countries	473.201	9.871
-	-	Other countries	-	-
-	-	**Direct insurance**	**482.918**	**10.037**

Note 3 – Insurance technical interest, net of reinsurance

Parent Company 2016	Parent Company 2015	DKK '000	Group 2016	Group 2015
-	-	Calculated interest	494	-2
-	-	Discounting of technical provisions and reinsurers' share	-454	-
-	-	**Insurance technical interest, net of reinsurance**	**41**	**-2**

Note 4 – Run-off result, net of reinsurance

Parent Company 2016	Parent Company 2015	DKK '000	Group 2016	Group 2015
-	-	Gross business	815	-
-	-	Ceded business	-496	-
-	-	**Run-off result net of reinsurance**	**319**	-

Note 5 – Auditor's fee

Parent Company 2016	Parent Company 2015	DKK '000	Group 2016	Group 2015
		Fee for the auditors elected by the Annual General Meeting		
		PricewaterhouseCoopers:		
63	123	Fee for statutory audit of the annual accounts	306	696
-	24	Fee for other assurance services	-	24
-	-	Fee for tax advisory services	-	24
-	-	Fee for other advisory services	356	789
63	**146**	**Total fee**	**663**	**1.533**

Note 6 – Staff costs

Parent Company 2016	Parent Company 2015	DKK '000	Group 2016	Group 2015
		Total staff costs can be specified as follows:		
-	-	Wages and salaries	15.294	7.907
-	-	Pensions	427	-
-	-	Other expenses to social security	76	31
-	-	Payroll tax	2.086	1.003
-	-	**Staff costs total (excluding board fee)**	**17.883**	**8.941**
		Average number of employees	12	8
-	-	Board of Directors' fee (3/4 persons)	888	338
-	-	Board of Executive's fee (1/1 person)	2.324	1.546
-	-	**Total fee**	**3.212**	**1.884**

The Board of Executive and the Board of Directors do not receive any fee for their work in relation to Gefion Forsikringsholding Aktieselskab.

Significant risk takers

No other than the Board of Executive has a significant impact on the company's risk profile.

Note 7 – Currency and marketable securities adjustments

Parent Company 2016	Parent Company 2015	DKK '000	Group 2016	Group 2015
-	-	Unrealized marketable adjustments on bonds and equities	3.293	178
-	-	Realized marketable adjustments on bonds and equities	-37	-
-	-	Currency adjustments	-205	-34
-	-		**3.051**	**144**

Note 8 – Tax on net result

Parent Company 2016	Parent Company 2015	DKK '000	Group 2016	Group 2015
68	12	Adjustment of deferred tax	203	6.009
		Tax on net results can be specified as follows:		
68	12	Calculated 22.0% (23.5%) tax on net profit before tax	623	6.374
-	-	Tax value of not tax deductible costs	-	-
-	-	Adjustment as a consequence of future change in tax rate	-420	-365
68	**12**		**203**	**6.009**
22,0%	23,5%	Effective tax rate	6,3%	22,4%

Note 9 – Intangible assets - software

Parent Company 2016	Parent Company 2015	DKK '000	Group 2016	Group 2015
-	-	Cost at 1 January	1.411	-
-	-	Additions during the year	1.246	1.411
-	-	Cost at 31 December	2.657	1.411
-	-	Impairment and depreciation at 1 January	235	-
-	-	Depreciation for the year	471	235
-	-	Impairment and depreciation at 31 December	706	235
-	-	**Net asset value at 31 December**	**1.951**	**1.176**

Note 10 – Tangible assets – Office equipment etc.

Parent Company 2016	Parent Company 2015	DKK '000	Group 2016	Group 2015
-	-	Cost at 1 January	918	-
-	-	Additions during the year	1.979	918
-	-	Cost at 31 December	2.897	918
-	-	Impairment and depreciation at 1 January	46	-
-	-	Depreciation for the year	292	46
-	-	Impairment and depreciation at 31 December	338	46
-	-	**Net asset value at 31 December**	**2.559**	**872**

Note 11 – Tangible assets – Leasehold Improvements

Parent Company 2016	Parent Company 2015	DKK '000	Group 2016	Group 2015
-	-	Cost at 1 January	1.384	322
-	-	Additions during the year	631	1.062
-	-	Cost at 31 December	2.015	1.384
-	-	Impairment and depreciation at 1 January	100	16
-	-	Depreciation for the year	165	84
-	-	Impairment and depreciation at 31 December	265	100
-	-	**Net asset value at 31 December**	**1.750**	**1.284**

Note 12 – Shares in affiliated companies

DKK '000	**2016**	**2015**
Cost at 1 January	33.588	33.588
Additions during the year	-	-
Cost at 31 December	33.588	33.588
Revaluation at 1 January	-13.908	-1.255
Share of profit/loss for the year	-1.831	-12.653
Revaluation at 31 December	-15.739	-13.908
Carrying amount at 31 December	17.849	19.680

Shares in affiliated companies are specified as follows:

Name	Reg. Office	Ownership share	Share capital	Equity	Net profit/loss for the year
Gefion Insurance A/S	Copenhagen	60%	55.980	29.749	-3.051

Note 13 – Deferred tax

Parent Company 2016	Parent Company 2015	DKK '000	Group 2016	Group 2015
-1.972	-12.696	Financial result	-1.972	-12.696
68	12	Deferred tax	203	6.009
		Recognized as:		
58	12	Deferred tax assets	6.919	6.597

Note 14 – Equity

Parent Company 2016	Parent Company 2015	DKK'000	Group 2016	Group 2015
17.692	19.664	Equity at 31 December	17.692	19.664
-	-	Subordinated loan capital	37.917	21.969
-	-	Profit margin	6.992	-
-	-	Deferred tax assets	-4.448	-6.597
-	-	Minority shareholders part of equity	12.194	13.120
-	-	Intangible assets	-1.951	-1.176
17.692	19.664	Eligible own funds	68.396	46.980

Share capital

The company's share capital comprises of 500,000 shares of a nominal value of DKK 1, of which no shares carry any special rights.

Subordinated Loan

The subordinated loan of EUR 5,100,259 was established on 30 December 2015, with a fixed interest of 8% per annum. The interest shall be payable only in connection with the repayment of the principal.

The subordinated loan can only be redeemed prior to approval from the DFSA, and then at the earliest on 30 December 2021. The subordinated loan is included in Eligible own funds at 31 December 2016 with tDKK 37.917 .

Note 15 – Group Companies

DKK'000				2016	
Name	Registered Office	Share capital	Ownership %	Equity	Net income
Gefion Insurance A/S	Copenhagen	55.980	60%	29.749	-3.051
GICA Insurance Solutions ApS	Copenhagen	50.000	50%	589	689
Gefion Insurance Global Solutions	Copenhagen	50.000	100%	265	268

Note 16 - Related parties, etc.

Related parties to Gefion Insurance Forsikringsholding Aktieselskab comprise the following:

Ownership

The following shareholders are registered in the register of shareholders as owners of at least

5% of the voting rights or at least 5% of the share capital.

Anker-Svendsen ApS, Lille Fredensvej 12, 2920 Charlottenlund
Emporium 1 ApS, Nyhavn 53, 1051 København K
T. Kaaber Holding 2014 ApS, Sturlasgade 12N, 3., 2300 København S

Note 17 – Information on sensitivity

Parent Company		DKK '000	Group	
2016	2015	Effect on Equity in DKK '000	2016	2015
		Event		
-	-	Increase in interest rate of 0.7%	-336	-48
-	-	Decrease in interest rate of 0.7%	247	48
-	-	Decrease in share prices by 12%	-4.836	-4.567
-	-	Foreign currency risk (VaR 99.0%)	-1.349	-243

Note 18 – Securities

The company has registered the following assets as security for technical provisions:

Parent Company		DKK '000	Group	
2016	2015	Effect on Equity in DKK '000	2016	2015
-	-	Bonds	116.002	15.696
-	-	Deposits with credit institutions	89.397	465
-	-	Other	36.221	-
-	-	Reinsurance contracts	250.734	-
-	-		492.354	16.161

Note 19 – Contingent liabilities

The Company and affiliated companies are jointly liable for employee income tax, payroll tax etc. and company tax chargeable to the jointly registered companies.

The Group has entered into leasing contracts with accumulated leasing payments of tDKK 220 over the next 9 months.

The Group has entered into a tenancy agreement with accumulated rent payments of tDKK 310 over the next 6 months.

The Group has submitted an agreement of subordination as regards to the loan of 337 tDKK to Nordic Insurance Solutions ApS.

Note 20 - Financial highlights and key figures for the group

DKK'000	2016	2015	2014
Gross premium income	482.918	10.037	-
Gross claims incurred	-187.719	-5.996	-
Total insurance operating costs	-250.884	-30.107	-2.536
Result of ceded business	-48.131	-928	-
Insurance technical result	-3.775	-26.996	-2.536
Return on investments after insurance technical interest	393	149	-53
Net result for the year	-1.972	-12.696	-1.186
Run-off result, net of reinsurance	319	-	-
Total insurance technical provisions	479.216	16.181	-
Total insurance assets	551.172	16.530	-
Total equity and subordinated loan	55.609	57.725	-1.136
Total assets	842.697	97.486	56.941
Key ratios:			
Gross claims ratio	39%	60%	N/A
Gross expense ratio	52%	300%	N/A
Reinsurance ratio	10%	9%	N/A
Combined ratio	101%	369%	N/A
Operating ratio	101%	382%	N/A
Relative run-off result	0%	0%	N/A
Return on equity after tax	-11%	-65%	N/A
Solvency ratio (unaudited) *	1,0	1,5	N/A

Gross claims ratio	(Gross claims incurred/Gross premium income)*100
Gross expense ratio	(Total insurance operating costs/Gross premium income)*100
Reinsurance ratio	(Result of ceded business/Gross premium income)*100
Combined ratio	(Gross claims ratio+Expense ratio+Reinsurance ratio)
Operating ratio	(Combined ratio, where allocated return on investments is added to the Gross premium income)
Relative run-off results	(Run-off results compared to reserves at the beginning of the run-off)
Return on equity	(Result for the year/The average equity)*100
Solvency ratio	(Base capital/Capital requirement)

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

Note 21 - Accounting policies

The Annual Report is presented in accordance with the Financial Business Act and the accounting regulations stipulated for insurance companies that took effect on 1 January 2016.

The Annual report covers the period 1 January – 31 December 2016 and is presented in DKK 000.

In 2016, the company has implemented the Executive order on Financial Reports for Insurance Companies amended to comply with the European Solvency rules, Solvency II, which took effect on 1 January 2016.

Solvency II lays down the basic principles for calculation of insurance provisions:

- Best estimate of present value of expected future cash flows for insurance contracts concluded by the company
- A risk margin corresponding to the amount an acquirer of the company's insurance portfolio is expected to demand for taking on the risk of deviations between best estimate and final settlement of future cash flows
- A profit margin corresponding to the expected profits in the remaining part of the coverage period
- An interest rate curve adjusted to Solvency II. The company uses the volatility adjusted interest rate curve

In addition to the changes in the accounting policies, changes have been made in the presentation of the income statement and liabilities according to the new Executive order on Financial Reports.

Comparative figures including the key ratios have been adjusted effective from the 2015 opening balance.

The table below discloses the financial effect on result and shareholders' equity for 2015:

Parent Company		**DKK '000**	**Group**	
2015	**2015**		**2015**	**2015**
Result	Equity	Result and equity	Result	Equity
-11.553	20.807	Result and equity according to financial statement	-11.553	20.807
		Adjustments:		
-1.143	-1.143	Change in value of affiliated companies		
		New interest rate curve	2	2
		Risk margin	-2.493	-2.493
		Pre-tax effect	-2.491	-2.491
		Tax	585	585
-1.143	-1.143	Effect of adjustments, post-tax	-1.906	-1.906
		Minority share	-762	-762
-12.696	19.664	Result and equity, new accounting policy	-12.696	19.664

The transition to the new Executive Order on Financial Reports results in an increase of the post-tax loss for 2015 for the parent company as well for the Group of tDKK 1.143 from tDKK - 11.553 to tDKK - 12.696. At the end of 2015 the shareholders equity for the parent company as well for the Group was reduced by tDKK 1.143 from tDKK 20.807 to tDKK 19.664.

Furthermore the reporting for 2016 of the change in deferred acquisition costs has been changed from adjustment of the acquisition costs to adjustment of the premium income. The comparative numbers for 2015 have likewise been changed. This change in accounting policy has had no effect on the net income or equity.

Accounting estimates and judgments

In the preparation of the accounts for Gefion Forsikringsholding Aktieselskab, estimates and judgments have been used which affect the value of assets and liabilities and consequently the financial results.

Such estimates and judgments are most material to the following sections of the accounts:

- Measurement of equities and bonds
- Provisions regarding outstanding claims

Measurement of equities and bonds

The management makes estimates and assumptions when measuring financial investment assets primarily related to equities and bonds. Listed equities and bonds are valued at the market price whereas unlisted bonds and equities are valued based on reporting etc. from investment managers etc. or via the latest official annual reports.

Provisions regarding outstanding claims

The provisions risk is significant, in particular for lines with a long period of claims settlements.

Over the period of settlements, the levels of compensation could be significantly affected by any changes in legislation, case law or practice in the award of damages adopted. Claims provisions is in particular connected to estimates. The estimates made are based on assumptions and to a high degree calculated by benchmarking to market data which the management finds justifiable but uncertain.

Recognition and measurement

Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost are recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, write-downs, provisions and reversals due to changed accounting estimates of amounts previously recognized in the income statement.

Assets are recognized for in the balance sheet, when it is likely, that future financial advantages will flow to the company, and the values of the assets can be measured in a reliable way.

Liabilities are recognized for in the balance sheet, when the company has a legal or actual liability, as the consequence of an earlier occurrence, and when it is likely, that future financial benefits will be deducted by the company, and the value of the liability can be measured in a reliable way. Income is accounted for in the income statement when it is earned, whereas costs are accounted for with the amounts, which can be related to this accounting year.

Value adjustments of financial assets and liabilities are accounted for in the income statement, unless otherwise stated above.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report, which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognized directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognized in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Consolidated Financial Statements

The Consolidated Financial Statements comprise the Parent Company, Gefion Forsikringsholding Aktieselskab and subsidiaries in which Gefion Forsikringsholding Aktieselskab directly or indirectly holds more than 50% of the votes or in which the Parent Company otherwise exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

Investments in subsidiaries are set off against the proportionate share of the market value of net assets and liabilities of subsidiaries at the time of acquisition.

Newly acquired or newly founded enterprises are recognised in the Consolidated Financial Statements as from the date of acquisition. Sold or wound up enterprises are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated in respect of newly acquired, sold or wound up enterprises.

On acquisition of new enterprises, the acquisition method is applied under which identified assets and liabilities of the newly acquired enterprises are measured at fair value at the date of acquisition. Provision is made to cover costs relating to resolved and published restructurings of acquired enterprises in connection with the acquisition. The tax effect of the reassessments made is taken into consideration.

Positive differences (goodwill) between cost and fair value of identified assets and liabilities taken over, including provisions for restructuring, are recognised in intangible assets and annually tested for impairment. Any negative differences (negative goodwill) which correspond to expected unfavourable developments in the enterprises concerned are recognised in the income statement at the time om acquisition.

Profit or loss on sale or winding-up of subsidiaries and associates is stated as the difference between the selling price or the winding-up sum and the carrying amount of net assets at the time of sale as well as expected selling or winding-up costs.

Premium income net of reinsurance

Premium income are the premiums which the company in the accounting period has received, paid or has posted as receivables and payables for direct and indirect insurance contracts, and reinsurance contracts, where the insurance period has started before the end of the accounting year with deduction of premiums ceded to reinsurance companies. Changes in premium provision are part of this.

Insurance technical interest

Part of total results of financial operation relates to insurance operations and has been transferred to that part of the income statement.

Cost of Claims net of reinsurance

Claims expenses are calculated as the paid claims for the year with added internal and external expenses for claims handling and other direct and indirect expenses in connection with claims surveys with deduction of reinsurance companies' share. Changes in claims provisions are part of this.

Bonus and premium rebates

Includes bonus to customers who have had positive claims ratios for the period. The criteria are set and based on percentages of net premiums less claims incurred. These criteria are set prior to the accounting period or at purchase of the insurance.

Acquisition costs

Includes provisions for possible future profit commissions to be settled.

Administration Expenses

Administration expenses are used for the renewal and handling of the insurance portfolio including staff costs, rent, consulting fees etc. The administration costs are accounted for on an accrual basis. Depreciation is included in administration costs.

Reinsurance commission and profit participation with reinsurers

Includes commission from ceded business.

Investment income

Investment income is split on insurance and investment income. Herein are realized and unrealized gains and losses etc. and interest income.

Income from affiliated companies

The income statement includes the proportionate share of the net profits of the individual subsidiaries after full elimination of internal profit/loss.

Tax on net result and deferred tax assets

Tax for the period, which consists of current tax for the period and changes in deferred tax is recognized in the income statement by the portion attributable to the profit / loss for the year and recognized directly on equity by the portion attributable to entries directly on equity.

The current tax payable or receivable is recognized in the balance sheet, stated as tax calculated on this period's taxable income adjusted for prepaid tax.

Deferred tax is recognized on all temporary differences between the carrying amount and tax based value of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognized in the balance sheet at their estimated realizable value either as a set-off against deferred tax liabilities or as net tax assets.

The actual tax is distributed between any jointly taxed Danish subsidiaries in relation to their taxable income (full distribution with reimbursement of taxable losses). The jointly taxed companies are part of the on account tax system.

Balance sheet

Intangible assets

Intangible assets are measured at cost less accumulated depreciation/amortization and impairment losses calculated based on the expected useful lives of the assets.

The following useful lives are applied to the individual assets:

- Software 3 years

Tangible assets

Leasehold improvements and office furniture etc. are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labor, materials, components and sub-suppliers.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

- Leasehold improvements up to 10 years
- Office furniture etc. up to 10 years

Leases

Leases relating to property, plant and equipment in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognized in the balance sheet as assets. On initial recognition, the assets are measured at cost which corresponds to fair value or (if lower) the net present value of the future lease payments. When calculating the net present value, the interest rate implicit in the lease or an approximated value is applied as the discount rate. Finance leases are then depreciated under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalized and recognized in the balance sheet under debt, and the interest element in the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognized in the income statement over the term of the contract. The Company's total operating lease and rental obligations are disclosed under contingent assets and liabilities.

Shares in affiliated companies

Shares in affiliated companies are measured under the equity method according to the accounting policies of the Parent Company with deduction or addition of unrealized intercompany profits and losses and with addition or deduction of the remaining value of positive or negative goodwill stated under the acquisition method.

Investments in group enterprises are measured in the balance sheet at the proportionate share of the net asset value of the enterprises stated under the accounting policies of the Parent Company with deduction or addition of unrealized intercompany profits and losses.

Group enterprises with a negative net asset value are recognized at DKK 0, and any receivables from these enterprises are written down by the Parent Company's share of the negative net asset value to the extent they are considered irrecoverable. If the negative net asset value exceeds the receivables, the remaining amount is recognized under liabilities to the extent that the Parent Company has a legal or constructive obligation to cover the negative balance of the enterprise.

Net revaluation of investments in group enterprises is transferred to reserve for net revaluation in equity under the equity method to the extent the carrying amount exceeds cost less goodwill amortization.

On acquisition of investments in group enterprises, goodwill on consolidation is measured at cost less accumulated amortization and impairment losses. Goodwill is amortized on a straight-line basis over the expected useful life.

Equities and bonds

Securities recognized under financial investment assets comprise listed bonds measured at fair value (quoted price) at the balance sheet date. Unlisted equities are measured to the latest known financial reports from the asset managers or other available financial information.

Reinsurer's share of provision for insurance contracts

Reinsurers' share of the provisions for unearned premiums represents the proportion of reinsurance premiums paid which, net of commission received and based on the spread of risk during the period of cover, relate to the period after the end of the financial year.

Reinsurers' share of the provisions for outstanding claims has been calculated as the amounts expected to be received from reinsurance companies according to the reinsurance contracts concluded. The reinsurers' share is regularly assessed for impairment and written down to its recoverable amount, as required.

Receivables

Receivables are measured at amortized cost usually equaling nominal value less provisions for bad debts.

Prepayments and accrued income

Prepayments and accrued income comprise prepaid expenses relating to subsequent years and accrued interest income.

Cash and bank deposits

Deposits comprise investments in Money Market Accounts

Subordinated loan

The initial recognition of the subordinate loan capital is made at fair value less transaction costs and subsequently measured at amortized cost.

Premium provisions

Provisions for premiums are provided to cover obligations and amounts for unexpired risk periods for insurance contracts in force. The provisions are calculated prorated based on inception and expire dates. The provision for unearned premiums is still covering compensation for claims that have not yet incurred, but where the insurance company has taken on the risk through an insurance contract with an external party. The part of the provision that is attributable to the expected future profit on the provision for unearned premiums, shall be recognised in the new balance sheet item "Profit margin". A risk margin shall be recognised for the premium provision to cover the uncertainty regarding claims that occur after the balance sheet date. The risk margin is recognised in the new balance sheet item "Risk margin". Cash inflows related to not collected premiums are reclassified from receivables. The expected future payments is recognised at present value by discounting the payments with the risk free yield curve calculated by EIOPA.

Profit margin

Profit margin on insurance contracts is recognised as the expected future profit on bound, but not yet incepted insurance contracts, and incepted insurance contracts with remaining risk period, meaning the insurance contracts that today are covered by the provision for unearned premiums.

Profit margin on insurance contracts is measured as the difference between premiums related to bound but not yet incepted insurance contracts and incepted insurance contracts with remaining risk period and the expected claims payments included in the unearned premium reserve. In case the future claims payments for a line of business with homogenous risks are expected to exceed the future premiums, no profit margin will be recognised for this line of business.

Claims provisions

Provision for claims is the amount for covering claims and costs on insurance events occurred in the accounting year or prior to that year.

The claims reserves are calculated as the sum of the amounts, which the company to the best of its knowledge expects to be liable to pay in connection with the insurance events occurred until the day of the balance exceeding the amounts that have already been paid in connection with these insurance events.

The claims reserves also contain amounts which the company to the best of its knowledge expects to pay for direct and indirect costs in connection with the resolving of the claims reserves that year end is reserved for liability in connection with claims, that has not yet been paid. This also applies to direct and indirect costs in connection with these claims. The claims reserves are discounted, dependent on line of business and expected payment patterns. This is done using the risk free yield curve calculated by EIOPA.

Risk margin

Risk margin is the amount a business will have to pay any acquirer of an insurance portfolio for taking over the risk that that the actual expenses in connection with settlement of insurance provisions deviate from best estimate.

At Gefion Insurance A/S, the risk margin is calculated using the Solvency II standard formula.

Liabilities other than provisions

Financial liabilities are recognized initially at the proceeds received net of transaction expenses incurred. Subsequently, financial liabilities are measured at amortized cost corresponding to the capitalized value when applying the effective interest rate; the difference between the proceeds and the nominal value is recognized as an interest in the income statement over the loan period.

Financial liabilities also include the capitalized remaining lease obligation relating to finance leases.

Other debt is measured at amortized cost corresponding to nominal value.

Accruals and deferred income

Accruals and deferred income includes not yet paid expenses related to prior years, and income related to subsequent years.

Note 22 Risk Factors

This item is addressed in Management's review in the paragraph "Risk information" on page 6.