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ANNUAL REPORT
2017

The Board of Directors and CEO of Nordic Guarantee Försäkringsaktiebolag hereby present the Annual Report for the financial year ended 31 December 2017.

The undersigned CEO of Nordic Guarantee Försäkringsaktiebolag, corporate identity number 516406-0112, hereby certifies that the income statement and balance sheet for the period 01/01/2017 – 31/12/2017 were adopted at the Annual General Meeting on 14 March 2018. The meeting also approved the Board's proposal concerning the profit.

Stockholm, 14 March 2018

Donnell Gouveia

DIRECTORS' REPORT

Nature of business

Nordic Guarantee Försäkringsaktiebolag ('the company') is a wholly owned subsidiary of Manzillo Holdings Limited, corporate identity number 528963, domiciled in the British Virgin Islands. Manzillo Holdings Limited is the parent company of an insurance group with several insurance businesses operating in Europe. The company has a close cooperation with Lombard Insurance Company Limited, the leading provider of guarantee insurance in Southern Africa.

The company's main activities are the issuance of guarantees into the construction and travel industries and the company has been in operation since December 2003 and is licenced to write non-life insurance risks, classes 15 (surety) and 9 (other material damage). Nordic Guarantee Försäkringsaktiebolag's head office is located in Kista, outside Stockholm, Sweden and its operations are carried out in Sweden and through branches in Norway, Finland and Denmark. Since 2006, only class 15 (surety) insurance has been written.

Review of financial results and activities Sales, performance and financial position

Premium income increased to TSEK 180,099 (2016:152,446). Guarantees to the construction industry are the company's main focus and the development of the construction industry in the various Nordic countries has been positive, however there has been a slowdown from the previous year. The Swedish construction market has increased significantly, mainly in the housing sector even though a slowdown was experienced towards the end of the year. A similar trend was experienced with the Norwegian construction industry in which housing construction dominated. Finland's economy has developed better than in previous years and general construction has increased significantly. The company's dependence on Denmark remained limited during the year and the cooperation with Lombard Insurance Company Limited continued to develop.

Claim costs for own account increased during the year to TSEK 44,942 (2016:25,696). It must be noted that TSEK 43,827 (2016:11,647) is attributable to claims which existed in previous years and the current year was characterized by a number of old claims that developed negatively, resulting in a higher than expected claims cost. The work in previous years to tighten the underwriting has yielded results and the number of new claims has been significantly reduced.

The technical (loss)/profit closed at TSEK -4,772 (2016:4,746) and the (loss)/profit before appropriations at TSEK -8,457 (2016:6,280). In line with the company's strategic plan, costs have increased during the year mainly due to investments made in resources and knowledge.

The company's capital base is subject to the statutory minimum requirements according to Solvency II. On the balance sheet date, the minimum capital requirement was calculated at TSEK 36,044 (2016:36,500), the solvency capital requirement was TSEK 98,236 (2016:105,073) and own funds was TSEK 154,675 (2016:135,034).

Employee benefits

The total amount for remuneration and benefits paid to employees was TSEK 28,208 (2016:28,015). For additional information on remuneration and benefits paid to employees, refer to note 6 in the notes to the annual financial statements.

Risks and risk management

The company's claims outcome is greatly affected by economic trends in the countries in which it operates. Insurance risk is mitigated through careful assessment of individual customers' financial position and profitability. In addition, emphasis is placed on strict enforcement of internal policies and guidelines for underwriting and claims settlement. The company's reinsurance cover is designed to limit the impact of losses per individual risk. Further information on risks can be found in note 1 in the notes to the annual financial statements.

Financial administration

The company has a low level of risk in its financial investments. The yield during the year was -0.8% (2016: 0.2%) and only comprised interest-bearing investments at year-end.

Outlook

The prospects for the company to achieve an increased premium volume and lower claims costs are still considered good. The Nordic Banks still dominate the guarantee/surety market. The company's product provides an attractive alternative to the banking solution, primarily due to banks' requirements for collateral and the , but also because of the simpler administrative functions employed by the company.

The work in recent years to change the risk profile of the company's exposures has begun to yield results. However, the long duration of the insurance contracts does take time before changes in the insurance portfolio can be seen. Profitability in the company's operations is expected to improve over the next few years.

Proposal for appropriation of profit

The balance sheet shows that the Annual General Meeting has SEK 60,551,639 at its disposal.

Profit brought forward	67,276,351
Profit for the year	-6,724,711
Profit available	**60,551,639**

The Board of Directors proposes that SEK 60,551,639 be carried forward.

Five-year financial summary

SEK thousand		2017	2016	2015	2014	2013
Profit						
Premium income		180,099	152,446	125,555	99,412	118,630
Premium revenue		160,369	121,483	123,060	109,082	122,014
Net return on capital in insurance business		2,740	1,616	1,245	1,509	1,875
Claims cost, on own account		-44,942	-25,696	-27,479	-91,016	-59,049
Technical profit from insurance business		-4,772	4,746	7,937	-65,297	-33,302
Profit for the year		-6,725	4,796	13,162	-59,197	-24,906
Financial position						
Investment assets at fair value		171,267	62,795	61,318	78,875	72,100
Actuarial provisions (including reinsurer's share)		106,759	96,246	102,310	179,827	146,067
Capital strength according to Solvency 1 regulation						
Capital base				110,888	58,180	59,971
Solvency requirement				34,730	34,188	32,560
Capital strength according to Solvency 2 regulation						
Capital base		154,773	135,034			
- Tier 1		145,967	127,852			
- Tier 3		8,806	7,181			
SCR		98,236	105,073			
MCR		36,044	36,500			
Key ratios						
Loss ratio	1	46%	29%	33%	114%	69%
Operating costs ratio	2	62%	68%	59%	70%	66%
Total costs ratio	3	108%	97%	92%	184 %	135%
Yield in percent	4	-0,8%	0,2%	-0,1%	0,6%	0,7%
Total return in percent	5	-0,7%	0,4%	0,2%	0,4%	0,5%
Capital base/SCR	6	157,55%	128,51%			

Definitions

1 Insurance compensation as a percentage of premium income on own account
2 Total operating costs as a percentage of premium income on own account
3 Loss ratio plus operating costs ratio
4 Realised capital revenue as a percentage of financial assets
5 Realised capital profit as a percentage of financial assets
6 Capital base vs capital requirement according to Solvency 2 regulation

STATEMENT OF COMPREHENSIVE INCOME

SEK thousand	Note	2017	2016
TECHNICAL ACCOUNTS			
Premium revenue, ooa[1)]			
Premium income	2	180,099	152,446
Reinsurer's share of premium income		-83,588	-61,486
Change in provisions for unearned premiums and protracted risks		-19,730	-30,962
Reinsurer's share of change in provisions for unearned premiums and protracted risks		21,040	29,792
Premium revenue, ooa		**97,821**	**89,790**
Return on capital transferred from financial business	3	2,740	1,616
Other technical revenue		-86	384
Insurance compensation, ooa	4		
Insurance compensation paid		-45,588	-32,064
Reinsurer's share of insurance compensation paid		5,844	3,364
		-39,744	**-28,700**
Change in provisions for unsettled claims		-1,024	-1,058
Reinsurer's share of change in provisions for unsettled claims		1,863	9,539
		839	**8,481**
Claim handling costs		-6,038	-5,477
Insurance compensation, ooa		**-44,942**	**-25,696**
Operating costs	5,6,9	-60,304	-61,348
Technical profit from non-life insurance business		**-4,772**	**4,746**
NON-TECHNICAL ACCOUNTS			
Technical profit from non-life insurance business		**-4,772**	**4,746**
Return on capital, revenue	7	1,568	3,150
Return on capital, costs	7	-2,955	-
Return on capital transferred to non-life insurance business	3	-2,740	-1,616
Other income		2,153	-
Other costs		-1,712	-
Profit before allocations and tax		**-8,457**	**6,280**
Appropriations		-	-
Tax on profit for the year	10	1,733	-1,484
Profit for the year		**-6,725**	**4,796**

1) ooa = on own account.

STATEMENT OF OTHER COMPREHENSIVE INCOME

SEK thousand	2017	2016
Profit for the year	**-6,725**	**4,796**
Other comprehensive income		
Items that may be reclassified to profit or loss		
Translation differences for the year in foreign branches	1,257	-416
Tax, translation difference, foreign branches	-108	-780
Comprehensive income for the year	**-5,576**	**3,600**

STATEMENT OF FINANCIAL POSITION

SEK thousand	Note	31/12/2017	31/12/2016
ASSETS			
Intangible assets	8		
Other intangible assets		9,833	12,339
		9,833	**12,339**
Investment assets			
Financial investment assets	11	171,267	62,795
Reinsurer's share of actuarial provisions			
Unearned premiums and protracted risks		60,621	41,573
Unsettled claims		15,271	24,290
		75,892	**65,863**
Receivables			
Receivables concerning direct insurance	12	28,860	15,880
Receivables concerning reinsurers		17,229	2,631
Other receivables	13	10,678	8,876
		56,767	**27,387**
Other assets			
Tangible fixed assets	14	5,124	4,325
Cash and bank balances		32,600	155,293
		37,724	**159,618**
Prepaid expenses and accrued income			
Other prepaid expenses and accrued income	15	11,949	9,643
TOTAL ASSETS		**363,432**	**337,645**

STATEMENT OF FINANCIAL POSITION

SEK thousand	Note	31/12/2017	31/12/2016
EQUITY, PROVISIONS AND LIABILITIES			
Equity			
Share capital (500,000 shares) with quota value			
SEK 100 per share		50,000	50,000
Statutory reserve		10,000	10,000
Restricted equity		**60,000**	**60,000**
Profit brought forward		56,126	50,181
Share premium reserve		11,150	11,150
Profit for the year		-6,725	4,796
Non-restricted equity		**60,551**	**66,127**
Total equity		**120,551**	**126,127**
Actuarial provisions			
Provisions for unearned premiums and			
protracted risks	16	126,178	107,266
Provisions for unsettled claims	17	56,473	54,843
		182,651	**162,109**
Liabilities	18		
Liabilities concerning direct insurance		6,202	5,185
Liabilities concerning reinsurers		10,636	11,265
Other liabilities		6,905	6,655
		23,743	**23,105**
Accrued expenses and deferred income			
Other accrued expenses and deferred income	19	36,487	26,305
TOTAL EQUITY, PROVISIONS AND LIABILITIES		**363,432**	**337,645**

STATEMENT OF CHANGES IN EQUITY

	Restricted equity		Non-restricted equity	
	Share capital	Statutory reserve	Profit brought forward, including profit for the year	Total equity
Opening balance 01/01/2016	50 000	10 000	62 527	122 527
Comprehensive income for the year				
Profit for the year			4 796	4 796
Translation differences for the year in foreign branches			-416	-416
Tax, translation difference, branches			-780	-780
Comprehensive income for the year			**3 600**	**3 600**
Closing balance, 31/12/2016	**50 000**	**10 000**	**66 127**	**126 127**

	Restricted equity		Non-restricted equity	
	Share capital	Statutory reserve	Profit brought forward, including profit for the year	Total equity
Opening balance 01/01/2017	50 000	10 000	66 127	126 127
Comprehensive income for the year				
Loss for the year			-6 725	-6 725
Translation differences for the year in foreign branches			1 257	1 257
Tax, translation difference, branches			-108	-108
Comprehensive income for the year			**-5 576**	**-5 576**
Closing balance, 31/12/2017	**50 000**	**10 000**	**60 552**	**120 552**

All components of Other comprehensive income will be reversed via the income statement.

STATEMENT OF CASH FLOWS

SEK thousand	31/12/2017	31/12/2016
CASH FLOW FROM OPERATING ACTIVITIES		
Result before financial transactions	**- 4,772**	**4,746**
Adjustment for items not included in cash flow:	**11,208**	**- 16,420**
Depreciations	5,951	5,301
Changes in provisions	8,579	- 21,662
Change in fair value in financial investments	- 84	- 1,478
	2,439	1,522
Interest received	- 5,695	- 40
Interest paid	17	- 65
Tax paid		
Cash flow from operating activities before changes in assets and liabilities	***6,436***	***- 11,674***
Cash flow from changes in assets and liabilities	**- 18,019**	**64,586**
Changes in receivables	- 28,765	57,094
Changes in short term liabilities	10,746	7,492
Cash flow from operating activities	**- 11,583**	**52,912**
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of tangible assets	- 2,282	-2,868
Acquisition of intangible assets	- 2,645	-5,107
	- 108,388	-
Sale of fixed assets	681	1,436
Cash flow from investing activities	**- 112,635**	**-6,539**
Cash flow of the year	***- 124,218***	***46,373***
Cash and equivalents at the beginning of the year	155,293	107,628
Currency translation difference in cash and cash equivalents	**1,525**	**1,293**
Cash and equivalents at the end of the year	32,600	155,293

PERFORMANCE ANALYSIS

	Note	Direct insurance, Swedish risks	Of which surety	Of which other material damage	Direct insurance, foreign risks	Total
Premium revenue, ooa	a	30,146	29,439	708	67,675	97,821
Return on capital transferred from financial business		956	956	0	1,784	2,740
Other technical revenue		-2	-2	0	-85	-86
Insurance compensation, ooa	b	-26,645	-26,645	0	-18,297	-44,942
Operating costs		-14,552	-14,552	0	-45,752	-60,304
Technical profit from non-life insurance business		**-10 096**	**-10 805**	**708**	**5 325**	**-4 772**
Actuarial provisions, before reinsurance						
Provisions for unearned premiums and protracted risks		-1,757	-1,757	0	-17,973	-19,730
Provisions for unsettled claims		6,289	6,289	0	-7,313	-1,024
Total actuarial provisions, before reinsurance		**4,532**	**4,532**	**0**	**-25,286**	**-20,754**
Reinsurer's share of actuarial provisions						
Provisions for unearned premiums and protracted risks		-17,531	-17,531	0	-45,016	-62,548
Provisions for unsettled claims		1,703	1,703	0	160	1,863
Total reinsurer's share of actuarial provisions		**-15,828**	**-15,828**	**0**	**-44,856**	**-60,685**
Notes to the performance analysis						
Note a, Premium revenue, ooa						
Premium revenue (before reinsurance)		47,678	46,970	708	112,691	160,369
Reinsurer's share of premium revenue		-17,531	-17,531	0	-45,016	-62,548
Premium revenue, ooa		**30,146**	**29,439**	**708**	**67,675**	**97,821**
Note b, Insurance compensation, ooa						
Insurance compensation paid						
-Before reinsurance		-32,280	-32,280	0	-13,308	-45,588
-Reinsurer's share		2,126	2,126	0	3,718	5,844
-Claims expenses		-4,483	-4,483	0	-1,555	-6,038
Change in provisions for unsettled claims						
-Before reinsurance		6,289	6,289	0	-7 313	-1 024
-Reinsurer's share		1,703	1,703	0	160	1,863
Insurance compensation, ooa		**-26,645**	**-26,645**	**0**	**-18,297**	**-44,942**

STATEMENT OF ACCOUNTING

General information

The annual report is submitted on 31 December 2017 and concerns Nordic Guarantee Försäkringsaktiebolag, an insurance company with its registered office in Stockholm. The address of the head office is Kista Science Tower, 164 51 Kista, Sweden, and the company’s corporate identity number is 516406-0112.

Compliance with standards and legislation

The annual report has been prepared in accordance with the Annual Accounts in the Insurance Companies Act and in accordance with the Swedish Financial Supervisory Authority’s regulations and general advice on annual reports in insurance companies (FFFS 2015:12), including the amending regulations of the Swedish Financial Supervisory Authority and recommendation RFR 2 issued by the Swedish Financial Reporting Board. The company applies statutory IFRS and this means that all IFRS and statements approved by the EU are applied where possible within the framework of Swedish law and in respect of the link between accounting and taxation.

New and amended standards and interpretations that have not yet entered into force

At the time of preparation of the company’s financial statements as at 31 December 2017, there are standards and interpretations that have been published by the International Accounting Standards Board (IASB) but have not yet come into force. Below is a preliminary assessment of the potential impact of the introduction of these standards and interpretations on the company’s financial statements.

<u>IFRS 9 Financial instruments</u>
As of January 1, 2018, IFRS 9 Financial Instruments replaces the previous Standard IAS 39 Financial Instruments. The company will apply IFRS 9 from the fiscal year beginning January 1, 2018. The new standard comprises the following three areas: Classification and Valuation of Financial Instruments, Impairment and General Hedge accounting. Below are the effects of Nordic Guarantee on the implementation of IFRS 9.

Classification and valuation of financial instruments
According to IFRS 9, financial instruments are classified according to the following categories, fair value through profit and loss, accrued acquisition value or fair value through other comprehensive income, which differs from the classification under IAS 39.
The starting point for the classification of debt instruments is the company's business model for managing the financial asset and whether the contractual cash flow of the instrument contains only interest and capital payments. Equity instruments shall be classified at fair value through profit and loss, unless the company has chosen to present such instruments at fair value through other comprehensive income at the first reporting date.

At the transition to IFRS 9, the company will apply the following classification:

Classification under IAS 39	New classification IFRS 9
Loans and other receivables	Accrued acquisition value
Instruments held to maturity	Accrued acquisition value
Instruments held for trading	Fair value through profit or loss
Available-for-sale financial assets.	Fair value through other comprehensive income
Liabilities to fair value	Fair value through profit or loss
Other financial liabilities	Accrued acquisition value

The transition will not cause any significant reclassifications between fair value and accrued acquisition value and thus will not have any impact on the financial statements.

Impairment
The new write-down requirements in accordance with IFRS 9 increase in comparison to the previous requirements of IAS 39. According to IAS 39, the requirements for write-downs on a model for credit losses are based on the requirements of IFRS 9, as the model for write-down requirements is based on expected losses. The assets that are tested for impairment testing under IFRS 9 are all those valued at accrued acquisition value, fair value through other comprehensive income including guarantees and credit commitments, lease assets and contractual assets.

Assets with a maturity of more than one year should be divided into three steps to assess how to make a reservation (basic job).
Expected loan losses
Step 1 refers to assets where there has been no significant increase in credit risk. The reservation shall correspond to the loss that is expected to occur within 12 months. Step 2 refers to assets where there has been a significant increase in credit risk since the first reporting date. The reservation shall correspond to the loss that is expected to occur during the entire remaining maturity of the asset. Step 3 refers to assets that are individually valued as doubtful receivables. The reservation shall correspond to the loss that is expected to occur during the entire remaining maturity of the asset, that is to say, the same reservation method used for Step 2. For assets with a maturity of less than one year, a simplified approach is applied where life expectancy losses are recognized directly.
In accordance with IFRS 9, the calculation of provisions shall consist of forward-looking factors, and reservations shall be based on probability-weighted outcomes, unlike IAS 39, where provisions are based on whether, on the balance sheet date, there were objective circumstances that a write-down requirement existed.
Credit losses for the period
Credit losses during the period consist of confirmed and expected losses for credits granted adjusted for recoveries and reversal of previously made impairment on losses for expected credit losses. Confirmed credit losses can consist of all or part of receivables and reported if there is no realistic possibility of recovering.
Interest
For step 1 and step 2, accounting for interest income is based on gross accounting, thus interest income is recognized to its total amount in net interest income. For step 3, interest income is recognized net, taking into account the write-down.
When transitioning to IFRS 9, reserves may vary more over time than under IAS 39. This depends on the factors that are defined as the significant increase in credit risk and how the forward-looking factors are weighted into the reservation calculation, thus increasing the assessment and subjectivity of provision amounts.
The bookings will increase in conjunction with the adoption of IFRS 9 by 0 SEK, and equity will decrease by 0 SEK, of which 0 SEK is attributable to provisions based on basic approach and 0 SEK attributable to provisions with a simplified approach.

Effect on equity as at 31 December 2017 (increases / (decreases) in 0 SEK:

Balance Adjustment	**Adjustment**
Assets	
Bonds and other interest-bearing securities	0
Lending to credit institutions	0
Lending to the public	0
Deferred tax asset	0
Other receivables	0
Equity	
Retained earnings	0

Hedge accounting
Nordic Guarantee has estimated that all current hedging conditions that are currently deemed effective will continue to be eligible for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles for how an entity reports an effective hedging relationship, the application will not have a material impact on the financial statements

IFRS 16 Leasing (not adopted by the EU)
On 13 January 2016 the IASB presented the new standard for lease accounting. Provided that the standard is adopted by the EU, it will be applicable from the financial year 2019. The company has not yet established the impact of this statement on its financial results.

IFRS 15 Income from agreements with customers
IFRS 15 replaces all previously published standards and interpretations that handle revenue with a single revenue recognition model. According to IFRS 15, an income must be reported when a promised item or service is transferred to a customer, which may occur over time or at a time. The income shall consist of the amount that the company expects to receive as compensation for goods or services transferred.

IFRS 15 will enter into force for fiscal years beginning on or after 1 January 2018.

During 2017, the company has worked on evaluating the effects of IFRS 15. No significant effects are expected to occur at the transition and no adjustment will be made to the opening balance sheet on January 1, 2018. This analysis is based on current available information and may change due to information available during 2018.

Assumptions for the preparation of financial statements

The functional currency is Swedish Krona (SEK) and the financial statements are presented in SEK. All amounts are rounded to the nearest thousand, unless specified otherwise. Assets and liabilities are recognised at cost, apart from certain financial assets that are valued at fair value. Financial assets that are valued at fair value are bonds and other interest-bearing securities. Changes in relation to book value are recognised in the income statement.

Estimates and valuations in the financial statements

Preparation of the financial statements in accordance with statutory IFRS requires the company's management to make assessments, estimates and assumptions that affect the application of the accounting policies and the carrying amounts for assets, liabilities, revenue and costs. The estimates and assumptions are based on past experience and a number of other factors that seem to be reasonable under the prevailing conditions. The result of these estimates and assumptions is then used to assess the carrying amounts for assets and liabilities that are not otherwise clear from other sources. Actual results may differ from these estimates and assessments.

Estimates and assumptions are reviewed regularly. Changes to estimates are recognised in the period in which the change is made if the change only affected this period, or in the period in which the change is made and future periods if the change affects both the current period and future periods.

Assessments made by the company management for the application of IFRS that have a significant effect on the financial statements and estimates made that may entail material adjustments in the financial statements for subsequent years are described in further detail in a separate note, where appropriate.

Estimates and assessments are made in the technical provisions, deferred taxes and intangible assets. Valuation principles are described below. The accounting policies indicated below were applied consistently to all periods presented in the financial statements, unless specified otherwise below.

Translation of foreign branches

Balance sheet items are translated using the exchange rate on the balance sheet date and items in the income statement are translated using the average exchange rate for the period in which the item occurred. When translating items in the balance sheet from foreign currency values, the following exchange rates were used as at 31 December:

Currency	2017	2016
NOK	1,01	1,06
EUR	9,91	9,60
DKK	1,33	1,29

Translation differences generated in connection with the translation of a foreign net investment are recognised in other comprehensive income in the translation reserve in equity.

Insurance contracts

Under IFRS 4, contracts that carry a significant insurance risk must be classified as insurance. Following a review of all products, the company decided that all products must be regarded as insurance.

<u>Revenue recognition/premium income</u>

The premium income recognised is the total gross premiums for direct insurance that are paid in or can be credited to the company for insurance contracts for which the insurance period began before the end of the financial year. Premium income recognised also includes premiums for insurance periods that began after the end of the financial year, if they were due for payment during the financial year in accordance with the contract. Gross premium means the contractual premium for the entire contract term. Policy cancellations reduce premium income as soon as the amount is known.

Premium revenue corresponds to that part of the premium income that is earned. Unearned premium is allocated to the provisions for unearned premiums.

Actuarial provisions
Actuarial provisions consist of provisions for unearned premiums and protracted risks, plus provisions for unsettled claims.

Provisions for unearned premiums and protracted risks
Provisions for unearned premiums correspond to the company's liability for claims, costs of administration and other costs during the remainder of the contract term for current insurance contracts. Current insurance means insurance under contracts that have been made, regardless of whether they concern subsequent insurance periods in full or in part. These provisions are calculated by estimating the expected costs of claims that may arise during the remaining term of this insurance, plus the costs of administration during this period. The estimation of costs is based on the company's experience, but the observed and forecast development of relevant costs is also taken into account.

Provisions for unearned premiums are recognised in total for all of the company's operations. Protracted risks means the risk that the claims and costs arising out of insurance contracts cannot be covered by unearned and expected premiums after the end of the financial year. For insurance with premium paid for several years, the provisions for unearned premiums are calculated on the basis of an estimate of the company's liability for current contracts and the expected pay-out pattern. Provisions for unearned premiums are estimated using the unearned proportion of premiums for current insurance. If the premium level for current insurance is considered to be insufficient, provisions are made for protracted risks. The period's change in provisions for unearned premiums and protracted risks is recognised in the income statement.

Provisions for unsettled claims
Provisions for unsettled claims consist of estimated undiscounted cash flows concerning final costs to meet all claims based on events that occurred before the end of the financial year, less amounts already paid out in connection with claims. The change in unsettled claims for the period is recognised in the income statement.

Loss check
The company's accounting and valuation policies applied to the balance sheet item 'Provisions for unearned premiums and protracted risks', automatically entails a check that the provisions are sufficient to cover expected future cash flows.

Operating costs
Operating costs are described in notes 5 and 6. Changes in actuarial provisions for insurance contracts are recognised in the income statement under the respective headings. Compensation paid out corresponds to payments to policyholders during the financial year on account of losses that have occurred, regardless of when the loss occurred.

Reinsurance purchased
The amount paid out during the financial year is recognised as the premium for reinsurance purchased. The premium is amortised so that the cost is allocated to the period covered by the insurance protection.

Recognition of return on capital

Return on capital transferred from financial business to non-life insurance business
The return on capital is transferred from the result of asset management to the result of insurance business based on average actuarial provisions on own account. The return on capital transferred is calculated on the basis of an interest rate equivalent to the company's long-term return on investment.

Net return on capital
The return on capital, revenue item concerns return on investment assets and includes interest income, exchange gains (net), reversed impairments and capital gains (net). The costs of investment assets are recognised under return on capital, costs. This item includes interest expenses, exchange losses (net), depreciation/amortisation, impairments and capital losses (net).

Realised and unrealised changes in value
For investment assets valued at fair value, the capital gain is the positive difference between the sales price and the cost of acquisition. For sales of investment assets, previously unrealised changes in value are entered as adjustment items under the items unrealised gains on investment assets and unrealised losses on investment assets.

Taxes
Income tax
Income tax comprises current tax and deferred tax. Income tax is recognised in the income statement, except where the underlying transaction is recognised directly in equity, in which case the associated tax effect is recognised in equity. Current tax is tax that must be paid or received for the current year, applying the tax rates adopted or adopted in practice as at the balance sheet date. This also includes adjustments of current tax attributable to prior periods. Deferred tax is calculated using the balance sheet method based on temporary differences between carrying amounts and tax bases of assets and liabilities. The valuation of deferred tax is based on how underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated applying the tax rates and tax rules adopted or adopted in practice as at the balance sheet date. Deferred tax assets for tax-deductible temporary differences and loss carry-forwards are recognised only to the extent it is likely that it will be possible to utilise these items. The value of deferred tax assets is derecognised when it is no longer deemed likely that they can be utilised. Any future income tax arising in connection with dividend is recognised at the same time as when the dividend is recognised as a liability.

Intangible assets
Other intangible assets
Other intangible assets are valued at cost less accumulated amortisation.

Amortisation methods
Amortisation is recognised in the income statement linearly over the estimated useful life of the intangible asset. Useful lives are reviewed annually. Amortisable intangible assets are amortised from the date on which they are available for use. The useful lives estimated are 5 and 3 years.

Financial instruments
Financial instruments recognised in the balance sheet include fund units and interest-bearing securities on the asset side. A financial instrument that is recognised in the balance sheet is any form of contract or agreement that gives rise to a financial asset in a company or a financial liability or equity instrument in another company. Financial instruments recognised among assets in the balance sheet include cash and equivalents, loan receivables, accounts receivable relating to reinsurance and direct insurance, and financial investments. Financial instruments recognised among liabilities in the balance sheet include accounts payable and other liabilities.

Cash and equivalents consist of bank balances.

Recognition in and derecognition from the balance sheet
A financial asset or financial liability is recognised in the balance sheet when the company becomes a party to the terms and conditions of the instrument. Accounts receivable are recognised in the balance sheet when an invoice has been sent. A liability is recognised when the counterparty has completed its undertaking and a contractual obligation to pay exists, even if no invoice has yet been received. Accounts payable are recognised when the invoice has been received.

A financial asset is derecognised from the balance sheet when the rights in the contract are realised or mature or the company loses control of them. This also applies to parts of financial assets. A financial liability is derecognised from the balance sheet when the obligation in the contract is performed or is otherwise extinguished. This also applies to parts of financial liabilities.

Acquisition and disposal of financial instruments
Acquisition and disposal of financial assets are recognised on the trade date, which is the date on which the company undertakes to acquire or dispose of the asset, except where the company acquires or disposes of listed securities, where settlement date recognition is applied.

Investment assets
Investment assets comprise fund units and interest-bearing securities, and are classified as financial instruments valued at fair value with changes in value via the income statement.

Financial instruments divided into classes and levels for valuation at fair value
Information must be provided on a method for determination of fair value using a valuation hierarchy consisting of three levels. The levels must reflect the extent to which fair value is based on observable market data or own assumptions.

Levels for valuation at fair value:

- Quoted prices on an active market (level 1)
- Valuation model based on observable market data (level 2)
- Valuation model based on own assumptions (level 3)

All of the company's financial instruments are valued at prices (bid rates on the balance sheet date) quoted on an active market. Any future transaction costs in connection with disposal are not taken into consideration. These instruments are recognised in the balance sheet item 'Bonds and other interest-bearing securities'. These securities are valued at prices that are quoted on an active market, which means that they are attributed to level 1. The categorisation is based on the company managing and evaluating all investment assets at fair value in accordance with its adopted investment policy.

Tangible fixed assets

Tangible fixed assets are recognised at cost after deduction of accumulated depreciation and any impairment, plus any appreciation. The carrying amount for a tangible fixed asset is removed from the balance sheet in the event of disposal or sale or when no future financial advantage is expected from the use or disposal/sale of the asset. Gains or losses realised upon the disposal or sale of an asset consist of the difference between the selling price and the carrying amount of the asset, less direct selling expenses. Gains and losses are recognised as other revenue/cost.

Depreciation is linear over the estimated useful life of the asset.

Estimated useful lives:

- Equipment 5 years
- Computers, vehicles 3 years

Impairment of tangible and intangible assets

Impairment test for tangible and intangible assets
The carrying amounts for the assets are tested on each balance sheet date. If there is an indication of a need for impairment, the asset's recoverable amount is calculated in accordance with IAS 36. For intangible assets that are not yet ready for use, the recoverable amount is calculated annually. An impairment is recognised when the carrying amount of an asset or cash generating unit exceeds the recoverable amount. An impairment is charged to the income statement. Impairment of assets attributable to a cash generating unit is distributed in proportion to the assets in the unit. The recoverable amount is the higher of fair value less selling expenses and value in use.

Reversal of impairment

An impairment is reversed if there is an indication that there is no longer a need for the impairment and there has been a change in the assumptions on which the calculation of the recoverable amount was based. However, impairment of goodwill arising from the purchase of the net assets of a business is never reversed. Reversal is only to the value the asset would have had, with the normal depreciation rate for the asset type, if no impairment had taken place.

Equity

Dividends are recognised as liabilities after the Annual General Meeting has approved the dividend.

Reinsurance

Nordic Guarantee buys reinsurance on a Policies Attaching-basis every year, i.e. all risks that are written during the year are covered throughout their period of exposure by the reinsurance programme for the underwriting year. The purchased cover comprise quota share reinsurance along with excess of loss cover which limits the company's costs in the event of a major loss. This provides the company with cover against high-frequency losses and limits the loss for each risk to a maximum self-retention value. The self-retention value is set at a level which the company's Board of Directors deems acceptable for a single risk. A risk may consist of one or more policies written for the same company or groups of companies that are linked in such a way that they can be regarded as the same risk. For really large risks, there is a further proportional reinsurance contract in place whereby most of the risk is ceded to another risk carrier.

Retirement via insurance

The company's pension plans for collective agreement occupational pensions are safeguarded via insurance contracts. The pension plan for the company's employees is partly a defined contribution plan and partly a defined benefit plan that covers several employers. The company considers that UFR 6 'Pension plans that cover several employers' is applicable to the company's pension plan. The company lacks sufficient information to allow it to report in accordance with IAS 19 and therefore reports these pension plans as defined contribution plans in accordance with UFR 6. The company's obligations are recognised as a cost in the income statement at the rate they are earned by the employees performing services for the company. According to recommendation RFR 2 issued by the Swedish Financial Reporting Board, IAS 19 does not need to be applied to a legal entity.

Shareholders' contributions

The company recognises Group contributions and shareholders' contributions in accordance with RFR 2. Shareholders' contributions are recognised directly in equity.

Approval and adoption of the annual report

The annual report was approved for publication by the Board of Directors and the CEO on 14 March 2018. The income statement and balance sheet will be presented for adoption to the Annual General Meeting on 14 March 2018.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Amounts in SEK thousand, unless stated otherwise

Note 1 – Information about risks

Objectives, principles and methods for risk management

The company's profit is derived partly from insurance business and the insurance risks that are managed there, and partly from investment business and financial risks. Risk and risk management are therefore a central part of the company's business. The note below comprises a description of the company's risk management organisation, plus quantitative and qualitative information about insurance risks and operational and financial risks. In separate instructions, the Board of Directors has delegated responsibility for risk management to various functions within the company. The Board of Directors has appointed three committees, the Underwriting Committee, the Risk & Audit Committee and the Remuneration Committee. The tasks of the committees include developing proposals, within their areas of responsibility, for policies and guidelines which the Board then adopts. The committees must also be responsible for implementation and follow-up of policies and procedures within their areas of responsibility. This work is continuous, and policies and procedures are checked and revised regularly. Recurring training programmes and clear processes and job descriptions are used to ensure that risk control functions throughout the organisation and that each employee understands their role and responsibility.

The aim of the company's risk management organisation is to identify, measure and manage all risks to which the company is exposed. Another important aim is to ensure that the company has adequate solvency in relation to the risks to which the company is exposed. The Board of Directors has the principal responsibility for management of the risks to which the company is exposed. The Board of Directors adopts the guidelines that will apply to risk management, risk reporting, internal control and follow-up. The Underwriting Committee consists of members of the Board of Directors and the company's CEO. The Underwriting Committee makes decisions on major insurance risks. The Risk & Audit Committee consists of members of the Board of Directors and the company's CEO and is responsible for ensuring that the company has functioning internal control and a framework for risk management. The coordinator for risk management is the company's Chief Risk Officer, whose tasks include checking that insurance risks written lie within the adopted risk appetite and risk tolerance limits, policies and guidelines, and that the reinsurance terms are complied with.

Risks in insurance business

During the year, the company wrote non-life insurance in the field of surety insurance. Insurance risks comprise both underwriting risks and reserve allocation risks. The meaning of these terms and the company's general methods for managing both types of risk are described below.

<u>Underwriting risks</u>
Underwriting risk is the risk that the calculated premium for the insurance will not match the actual claim and operating costs associated with the insurance. There are various methods for reducing underwriting risks. These include the company diversifying the portfolio over time and/or between different types of insurance risk. The company's principal method for managing underwriting risks is the business plan that is drawn up every year and adopted by the Board of Directors.

<u>Reserve allocation risks</u>
Reserve allocation risk, i.e. the risk that the actuarial provisions are not sufficient to settle claims that arise, is primarily managed by means of developed actuarial methods and careful continuous follow-up on claims reported and potential claims. Risk is also limited by means of reinsurance. The Board of Directors decides on the extent of reinsurance. Reinsurance purchased is used to limit the consequences of claims, making it possible to manage the size of exposure and to protect the company's equity. The company's maximum self-retention per claim is decided on by the Board of Directors.

Surety insurance
Risks attributable to surety insurance are managed primarily by means of pricing, product design, risk selection, investment strategy, rating and reinsurance.

The total aggregated risk the company is willing to assume is determined in relation to risk concentrations within the field of insurance. The company monitors this exposure, both when signing contracts and on an ongoing basis, by reviewing reports of significant risk concentrations. Various statistical methods, stress tests and simulations are used to prepare such reports and identify risk concentrations on an ongoing basis.

Operational risks
Operational risk means the risk that errors or deficiencies in administrative procedures lead to unexpected financial losses or losses of confidence. These may, for example, be caused by a lack of internal control, deficient systems or deficiencies in technical equipment. The risk of irregularities, whether internal or external, is also part of operational risk. The operational risks are counteracted by means of internal control. The maintenance of good internal control is an ongoing process in the company.

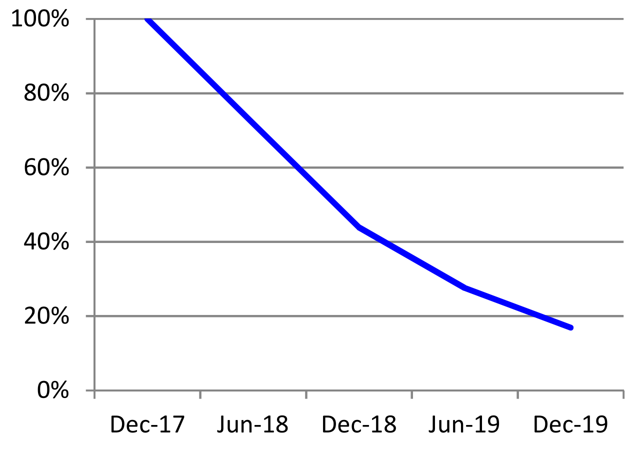
Concentration of insurance risk and sensitivity

The insurance risks to which the company is exposed to are directly related to the risks in the insurance contracts written. Surety insurance is used as security in business transactions. The insurance covers, up to a predetermined amount, the risk of one party (the customer) being unable to perform its obligations to another party (the beneficiary).

The company follows up on insurance risks, among other things via the customer's rating. At the year-end, the exposure was divided into the rating classes presented in the table below, where AAA is the best rating. Rating classification is obtained from an external party.

Rating	Percentage
AAA	50%
AA	22%
A	8%
B	5%
C	1%
Recently formed companies and companies without a rating class	14%
Total	**100%**

Economic fluctuations represent a major risk factor. The number of bankruptcies generally increases in a recession, which affects the company's claim costs. This means that it is important to follow the rate at which insurance risk decreases. The graph below shows how total exposure as at the year-end decreases over time.



Of total exposure, the ten largest exposures account for 30.7 percent (31.3), which is shown in the table below. Rating classification is obtained from an external party.

10 largest exposures	Rating	Percentage	10 largest exposures	Rating	Percentage
			b/f		21.3%
No. 1	A	5.8%	No. 6	AA	2.8%
No. 2	AA	5.0%	No. 7	AA	2.1%
No. 3	AAA	4.2%	No. 8	-	1.6%
No. 4	AAA	3.3%	No. 9	AAA	1.5%
No. 5	AA	3.0%	No. 10	A	1.4%
b/f		**21.3%**	**Total before reinsurance**		**30.7%**

Cost for claim years 2010-2016 ooa

The table below shows the estimated cost in 2017 of unsettled claims (net) related to prior years.

Claims	**2006-2013**	**2014**	**2015**	**2016**
Opening reserve	19,978	18,920	9,048	5,365
Out payments	36,439	3,184	6,879	-1,254
External claims handling costs	-	-	-	-
Currency translation impact			-	-497
Closing reserve	12,538	21,727	2,058	9,269
Gross settlement result	**-28,999**	**-5,991**	**111**	**-2,153**

Reinsurer's share	**2006-2013**	**2014**	**2015**	**2016**
Opening receivable	1,982	6,596	15,772	2,552
Paid in	5,150	1,718	2,213	-3,919
Currency translation impact				-2,221
Closing receivable	8,922	8,192	11,415	844
Settlement result	**12,090**	**3,313**	**-2,144**	**-7,848**
Net settlement result	***-16,909***	***-2,678***	***-2,033***	***-10,001***

Risks in financial operations

Various types of financial risk such as credit risks, market risks, currency risks, liquidity risks and operational risks arise in the company's operations. In order to limit and control risk-taking in its operations, the company's Board of Directors, as the body with ultimate responsibility for internal control, has adopted guidelines and instructions for financial operations.

Credit risks in financial management

Credit risk means the risk of the company not receiving payment as agreed and/or making a loss on account of the other party's inability to meet its obligations. The company has a financial management policy of only permitting investments in securities with a high credit rating. Consequently, the credit risks in this part of operations are considered to be low. The maximum risk to which the company is exposed in various classes of financial asset is shown in the table below. The rating classification is based on information from Standard & Poor's. At the year-end, there were no assets which were subject to impairment.

Maximum credit risk exposure

Asset class	**2017**
Bonds and other interest-bearing securities	171,267
Bank balances	32,600
Total	**203,867**

Financial Investment Assets	Credit quality AAA	AA	A	BBB	BB	No rating	Total
Bonds and other intrest bearing securities:							
- Swedish government	4%	1%					**5%**
- Other Swedish issuers	2%	12%	11%	5%		22%	**51%**
- Foreign governments		1%		1%			**1%**
- Other foreign issuers		6%	4%	5%		8%	**24%**
Bank balances			19%				**19%**
Total	**6%**	**20%**	**34%**	**10%**	**0%**	**30%**	**100%**

Credit risks concerning reinsurers

The company's reinsurance policy requires that all reinsurance is conducted with reinsurers with strong credit ratings. Reinsurers' credit ratings are reviewed regularly to ensure that the reinsurance cover adopted is maintained. The distribution of credit ratings for reinsurers is reproduced below. The rating classification is based on information from Standard & Poor's. As at 31/12/2017, there were receivables from reinsurers amounting to TSEK 17,230.

Percentage	AA	A	Total
Underwriting year 2007	66%	34%	**100%**
Underwriting year 2008	60%	40%	**100%**
Underwriting year 2009	58%	42%	**100%**
Underwriting year 2010	34%	67%	**100%**
Underwriting year 2011	39%	61%	**100%**
Underwriting year 2012	41%	59%	**100%**
Underwriting year 2013	33%	67%	**100%**
Underwriting year 2014	37%	63%	**100%**
Underwriting year 2015	37%	64%	**100%**
Underwriting year 2016	63%	37%	**100%**
Underwriting year 2017	59%	41%	**100%**

Liquidity risks

The company's strategy for managing liquidity risks aims to match expected in-payments and out-payments to each other to the greatest possible extent. This is done by means of a liquidity analysis of financial assets and insurance liabilities. Liquidity is managed on an ongoing basis. For insurance liabilities, the estimated time of the cash outflow is shown in the table below.

Branch of insurance	Total provisions	Duration, years
Surety	176,692	2,5
Other material damage	959	1,5

The company's liquidity exposure in respect of remaining durations of financial assets is shown in the table below.

Remaining terms	<3 months	3-12 months	1-5 years	>5 years	Without term	Average term (years)
Bonds and other interest-bearing securities	0	8,993	0	162,274	0	2,5
Bank balances	0	0	0	0	32,600	-
Total	**0**	**8,993**	**0**	**162,274**	**32,600**	

Market risks

The Company is exposed to interest rate risk through the risk that the market value of the Company's assets, liabilities and financial instruments will be deducted when market interest rises respectively drops. The level of interest rate risk increases with the duration of the asset or the liability.

Furthermore, the company is also exposed to currency risks, which arises as a result of assets and liabilities in the same foreign currency in terms of size are inconsistent. The Company's net exposure to currency risk is limited with respect to the Company's strategy to manage currency risks is to as far as possible match insurance liabilities in foreign currencies with the corresponding assets. As the Company has operations in the Nordic countries is currency exposures against these countries' currencies. As of 31/12/2017, the net exposure related to insurance liabilities TSEK 2,852. A general change of 10 percent of the SEK against the foreign currencies has been calculated to affect the Company's equity and profit by TSEK 285. The calculation assumes that changes in the exchange rate hasn't affected other risk parameters such as the interest rate.

Solvency
The company calculates the solvency capital requirement according to the Insurance Business Act (2010: 2043) and the standard model in the Solvency 2 regulations. According to calculations by the balance sheet date, the minimum capital requirement is TSEK 36,044 (36,500) and the solvency capital requirement TSEK 98,236 (105,073). The Company's own funds according to Solvency 2 regulatory valuation rules were TSEK 154,773 (135,034). Own funds development in relation to solvency capital is monitored quarterly during the year.

Note 2 – Premium income ooa	**2017**	**2016**
Direct insurance, Sweden	18 875	23 036
Direct insurance, foreign	77 636	67 924
Premium income ooa	**96 511**	**90 959**

Note 3 – Return on capital transferred from financial business

The return on the assets that correspond to actuarial provisions was transferred from the non-technical account to the technical account. The amount was calculated on the net average actuarial provisions. As interest rate applied an interest rate equivalent to the long-term return on investment assets. The interest rate used in 2017 was 1.5 (2) percent.

Note 4 – Insurance compensation, ooa	**2017**	**2016**
Claim costs attributable to the business for the year:		
Insurance compensation paid	-340	-11,786
Reinsurer's share of insurance compensation paid	85	
Change in provisions for unsettled claims	-1,016	-5,197
Reinsurer's share	156	2,933
	-1,115	-14,050
Claim costs attributable to the business for previous years:		
Insurance compensation paid	-45,248	-21,363
Reinsurer's share of insurance compensation paid	5,759	
Change in provisions for unsettled claims	-7	5,224
Reinsurer's share	1,707	9,969
	-37,789	-6,170
Claims handling costs	-6,038	-5,477
	-44,942	**-25,696**

Comment: The company changed its financial system during the year, which enabled a further specification of the reinsurers' share of insurance compensations paid for 2017

Note 5 – Operating costs	**2017**	**2016**
Acquisition costs	10,336	15,098
Administrative expenses	49,968	46,250
	60,304	**61,348**

Operating costs divided into cost types	**2017**	**2016**
Staff	47,228	44,887
Premises	4,273	3,725
Depreciation/amortisation	6,280	5,338
Other operational costs	2,523	7,397
	60,304	**61,348**

Note 6 – Operating costs, staff	**2017**		**2016**	
	Average number of employees	Gender distribution proportion of women %	Average number of employees	Gender distribution proportion of women %
Sverige	20	25%	19	21%
Norge	6	33%	5	40%
Finland	7	29%	6	33%
Danmark	1	0%	0	0%
Totalt	**34**	**26%**	**30**	**27%**

	2017	**2016**
Gender distribution, Board of Directors. Proportion of women	14%	14%
Gender distribution, CEO and senior executives. Proportion of women	14%	14%

	2017	**2016**
Recognized remunerations, pensions and social fees		
Remunerations	28,208	28,015
Pensions	6,592	4,737
Social fees	8,529	7,689
	43,329	40,441
Recognized remunerations		
Charirman of the board	250	180
-where of variable remuneration	*0*	*0*
Board and senior executives	8,257	8,346
-where of variable remuneration	*0*	*1,764*
Other employees	19,701	19,489
	28,208	28,015

Remuneration of senior executives - The members of Chair of the Board receives fixed annual remuneration, Remuneration of the CEO consists of fixed and variable salary, other benefits and pension. The Board of Directors determines the annual remuneration of the CEO.

Pension - During the year, TSEK 2,451 in pension contributions, excluding employer's contribution, was carried as an expense for the CEO and other senior executives.

Notice of termination and severance pay - The notice of termination for employees varies from country to country and is longest in Sweden. For individuals in Sweden who have been employed for at least 30 months, the notice of termination is 12 months in the event of termination by the company. The notice of termination for the CEO is 18 months in the event of termination by the company.

Note 7 – Return on capital, net	**2017**	**2016**
Interest income, bonds and other interest-bearing securities	858	1,692
Other interest income	1	-25
Realised profit on bonds and other securities	-2,539	0
Unrealised profit on investment assets	293	1,487
Financial expenses	0	-4
	-1,387	**3,150**

Note 8 - Intangible assets	**2017**	**2016**
Intangible assets:		
Opening accumulated cost	20,979	15,872
Purchases for the year	2,645	5,107
Disposal/sale	0	0
Closing accumulated cost	**23,624**	**20,979**
Opening accumulated amortisation	-8,640	-4,232
Amortisation for the year	-5,152	-4,408
Disposal/sale	0	0
Closing accumulated amortisation	**-13,792**	**-8,640**
Closing residual value according to plan	**9,833**	**12,339**

Note 9 – Auditors' fees	**2017**	**2016**
EY, auditors' fees	618	353
Deloitte, auditors' fees	194	0
EY, fees for tax consultancy	0	120
Deloitte, fees for tax consultancy	13	89
Other consultancy fees	144	0
Total	**969**	**562**

Note 10 – Tax on profit for the year	**2017**	**2016**
Tax on profit for previous years		-1,484
Deferred tax	1 733	
	1 733	**-1,484**
Reconciliation of effective tax		
Profit before tax	-8,457	6,280
Tax at current rate	1,861	-1,382
Non-deductible costs and non-taxable income, net	-128	-102
Recognised effective tax	**1,733**	**-1,484**

Note 11 – Other financial	**Acquisition Cost**		**Market value**		**Book value**	
investment assets	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Bonds and other interest-bearing securities	173,351	64,963	171,267	62,795	171,267	62,795
Total	**173,351**	**64,963**	**171,267**	**62,795**	**171,267**	**62,795**

All financial investment assets are quoted on an active market and belong to level 1 under IFRS 13.

Type of issuer	**Nom. value**	**%**	**Market value**	**%**	**Book value**	**%**
The Swedish government	8,313,507	5%	12,062,139	7%	12,062,139	7%
Other Swedish issuers	85,385,705	52%	115,481,163	67%	115,481,163	67%
Foreign governments	25,233,440	15%	26,563,580	16%	26,563,580	16%
Other foreign governments	44,164,762	27%	17,160,006	10%	17,160,006	10%
	163,097,415	**100%**	**171,266,888**	**100%**	**171,266,888**	**100%**

Note 12 – Receivables concerning direct insurance	**2017**	**2016**
Receivables from policyholders	28,860	15,880
	28,860	**15,880**

Note 13 – Other receivables	**2017**	**2016**
Deferred tax assets	8,806	7,181
Other receivables	1,872	1,695
	10,678	**8,876**

Note 14 – Tangible fixed assets	**2017**	**2016**
Equipment:		
Opening accumulated cost	5,772	7,838
Purchases for the year	2,282	2,868
Disposal/sale	-681	-2,865
Closing accumulated cost	**7,373**	**7,841**
Opening accumulated amortisation	-1,447	-4,052
Amortisation for the year	-1,102	-900
Disposal/sale	300	1,436
Closing accumulated amortisation	**-2,249**	**-3,516**
Closing residual value according to plan	**5,124**	**4,325**

Comment: During the implementation process of a new financial system, errors were noted between acquisition cost and depreciation, therefore adjustments of the opening balance were made.

Note 15 – Other prepaid expenses and accrued income	**2017**	**2016**
Accrued interest income	480	909
Prepaid rental charges	456	714
Reinsurance commission	9,536	5,120
Prepaid development costs, insurance system	0	1,123
Other	1,478	1,777
	11,949	**9,643**

Note 16 – Provisions for unearned premiums and protracted risks	**2017**	**2016**
Opening balance	107,266	83,907
Change in provisions for unearned premiums and protracted risks	18,911	23,359
Closing balance	**126,178**	**107,266**

Note 17 – Provisions for unsettled claims	**2017**	**2016**
Opening balance	54,843	51,439
Change in provisions for unsettled claims	1,630	-3,404
Closing balance	**56,473**	**54,843**

Note 18 – Liabilities	**2017**	**2016**
Liabilities to reinsurers	10,636	11,265
Liabilities to insurance intermediaries	90	105
Liabilities to policyholders	6,112	5,080
Accounts payable	4,981	4,891
Other	1,924	1,764
	23,743	**23,105**

Note 19 – Other accrued expenses and deferred income	**2017**	**2016**
Staff-related expenses	7,892	8,799
Premium paid to reinsurers	28,029	17,166
Other	566	340
	36,487	**26,305**

Note 20 – Expected recovery times for assets and liabilities	**No more than 1 year**	**Longer than 1 year**	**Total**
Other intangible assets	0	9,833	9,833
Other financial investment assets	8,993	162,274	171,267
Receivables concerning direct insurance	28,860		28,860
Reinsurers share of unearned premiums and protracted risks	41,553	19,068	60,621
Receivables from reinsurers, unsettled claims	15,271		15,271
Receivables concerning reinsurance, settled claims	17,229		17,229
Other receivables	10,678	0	10,678
Tangible fixed assets		5,124	5,124
Bank balances	32,600		32,600
Other prepaid expenses and accrued income	11,949	0	11,949
Total assets	**167,134**	**196,299**	**363,432**

	No more than 1 year	**Longer than 1 year**	**Total**
Provisions for unearned premiums and protracted risks	87,162	39,016	126,178
Provisions for unsettled claims	28,237	28,237	56,473
Liabilities concerning direct insurance	6,202		6,202
Liabilities concerning reinsurers	10,636		10,636
Other liabilities	6,905		6,905
Other accrued expenses and deferred income	36,487		36,487
Total provisions and liabilities	**175,629**	**67,252**	**242,881**

Note 21 – Class analysis	**Surety**	**Other**	**Total**
2017:			
Premium income	96,511	0	96,511
Premium revenue	159,661	708	160,369
Insurance compensation	-44,942	0	-44,942
Operating costs	-60,304	0	-60,304
2016:			
Premium income	90,959	0	90,959
Premium revenue	120,723	760	121,483
Insurance compensation	-19,196	-6,500	-25,696
Operating costs	-61,348	0	-61,348

Note 22 – Sheet items	**2017**	**2016**
Pledged assets		
Registered assets to cover actuarial provisions, ooa	204,346	218,997
Contingent liabilities	None	None
Commitments	None	None

Note 23 – Events after the balance date

Donnell Gouveia has replaced Johan Brinkenberg as CEO.

Stockholm 14 March 2018

Peter Lindblad *Chair*	Charlotta Carlberg *Director*	Robert John Symmonds *Director*
Donnell Gouveia *Director and CEO*	William Valentin *Director*	Per Nielsen *Director*

Our audit report was submitted on 14 March 2018
Ernst&Young

Daniel Eriksson
Authorised Public Accountant