

# EUROPEISKE REJSEFORSIKRING A/S ANNUAL REPORT 2022



**COMPANY NAME****EUROPÆISKE EJSEFORSIKRING A/S**

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Registered in: Copenhagen

Company Reg. No. CVR 62 94 05 14

**BOARD OF DIRECTORS:**

Richard Bader (Chairman)

Oliver Wild

Anja Berner,

Christof Flosbach

\*Peter Fobian

\* Sebastian Ambæk Laursen

\*Elected by the staff

**AUDIT COMMITTEE:**

Oliver Wild (Chairman), Anja Berner, Richard Bader

**BOARD OF MANAGEMENT:**

Beata Danuta Kalitowska-Zborowska

(Chief Executive Officer)

David Kraul (Chief Operating Officer)

Peter Steen Olsen (Chief Financial Officer)

**AUDIT:**

EY Godkendt Revisionspartnerselskab

Company Reg. No. CVR: 30 70 02 28

Thomas Hjortkjær Petersen

State Authorised Public Accountant

Allan Lunde Pedersen

State Authorised Public Accountant

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# Management review

## One ERV company in the Nordics

Since 2015 Europæiske Rejseforsikring A/S in Denmark and ERV Försäkringsaktiebolag (publ) Sweden have had one cross-company organizational structure. In 2017 we aligned the legal structure of the two companies and thereby cemented the position as one Nordic insurance company – ERV Nordic.

In legal terms, Europæiske Rejseforsikring A/S in Denmark was the continuing entity whereas ERV Försäkringsaktiebolag (publ) continued as a branch of Europæiske Rejseforsikring A/S by the legal name of Europeiska ERV Filial. Both the Danish and Swedish entities have locally continued with their brand names and logos; Europæiske ERV and Europeiska ERV.

In this annual report, we will use the term ERV Nordic when referring to both Europæiske ERV and Europeiska ERV. When only referring to Europæiske ERV we will use ERV Denmark and similarly with Europeiska ERV we will use the term ERV Sweden.

## Financial result in 2022 affected by Omicron wave, air traffic chaos and investment losses

Considering the extraordinary circumstances ERV Nordic delivered a reasonable financial result of DKK -43.4m in 2022. The Omicron wave and the actions taken by

authorities as well as air traffic chaos during 2022 had a significant negative impact in regards to travel insurance claims and customer service efforts. Further, investment result was negative based on lowered SEK currency exchange rate and realized and unrealized bond losses in a volatile market impacted by the war in Ukraine and rising inflation.

Our diversified Nordic market and product approach partially reduced the negative impact and enabled the company to maintain a solid financial position. Compared to 2021 we managed to increase the Gross Premium Written and despite increased future-proofing project costs, administrative expenses were kept stable.

## Travel Insurance of the year 2022

ERV Nordic won RejseforsikringsGuidens annual Travel Insurance of the Year award in 2022. The award is given based on best coverage, customer reviews and prices for travel insurance companies and agents in the Danish market. The award is presented as a guide to travel insurance customers. We won two of the three subcategories that together make up the winner, namely Best Price and Best Customer Reviews. In the Best Coverages category, we finished as second best.



# “We work to make customers feel safe under all circumstances”

## Our mission

“We work to make customers feel safe under all circumstances”

Our mission is to ensure that travelers and people with special, mostly free time related insurance needs always will be adequately insured by us.

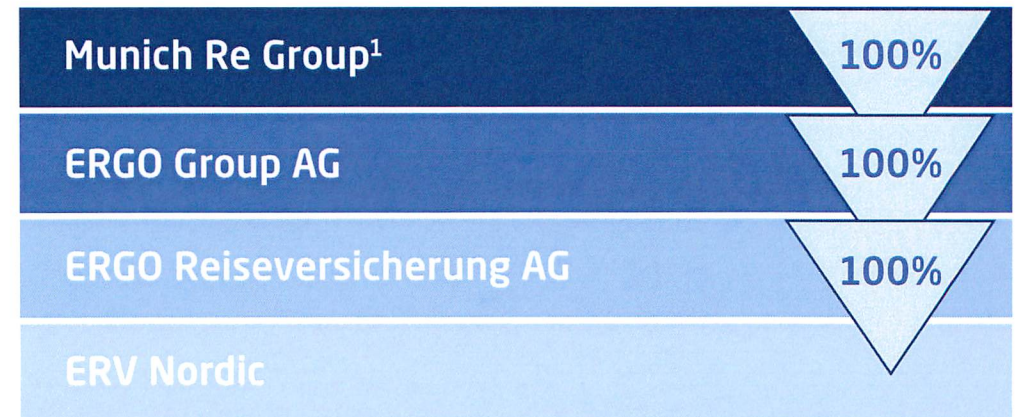
## Our vision

Our vision is to be the market leading, internationally capable, Nordic niche insurer that enhances quality of life of our customers with customized, simple, easy and quick solutions relating to travel and other free time related special risks. This vision is also reflected in the ERV Groups eight values, which are:

- **Customer focus**
- **Excellence**
- **Courage**
- **Passion**
- **Teamwork**
- **Forward looking & Sustainable**
- **Openness & Trust**
- **Leadership & Responsibility**

## Part of a strong Group

ERV Nordic is a subsidiary 100% owned by ERGO Reiseversicherung AG, which in turn is part of ERGO Group AG and Munich RE Group - the international reinsurance leader. Our financial system, investment portfolio management and some data reporting are outsourced to companies within the group. Furthermore, a part of the claims handling abroad is outsourced to ECH that is mainly owned by our group.



<sup>1</sup> The legal name of Munich RE Group is Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft

ERV Nordic is associated with the following companies:

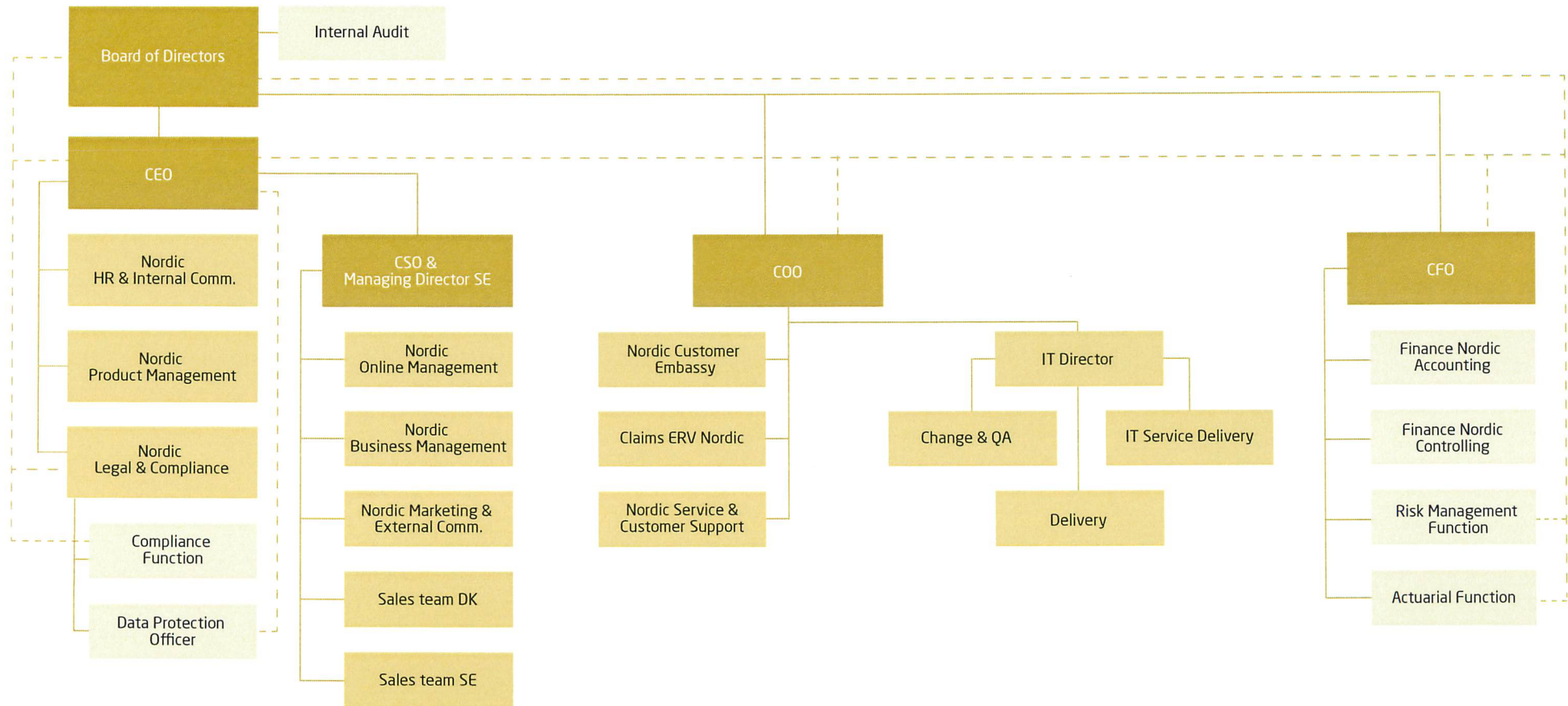
Associated company:

European Ass. Holding	Germany	Assistance	20.00 %
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ERV Nordic is member of the International Travel Insurance Alliance (ITIA) uniting specialized insurers from all around Europe with ambition to expand outside Europe as well. Via this association, we can closely co-operate with many travel insurers on an international level and deliver international solutions to our partners.

## Organizational chart

ERV Nordic has the below shown organizational structure:





### **Our core business**

ERV Nordic's primary business areas are providing travel insurance to private customers in the leisure market including BtC, BtBtC; as well as in the corporate market together with health insurance for employees stationed abroad. Our direct business is focused on the markets in Sweden and Denmark. Through insurance professionals and distribution partners, we are also active in Norway and Finland.

ERV Sweden offer travel insurance through Card schemes as well as more affinity group centred business especially in the areas of jewellery and watches.

The majority of travel insurance policies are sold either as trip-by-trip insurance or as annual travel insurance in connection with ERV Nordic's customers' holiday trips, business trips or expatriation. Main distribution channels for all travel insurance policies and health insurance policies are either direct business or brokers in the relevant markets. ERV Denmark also has a portfolio of international healthcare insurance that has been in run off since 2013.

### **Strong reputation, digitalization and customer focus**

ERV Nordic has a strong business-to-business and end-consumer reputation. As a well-established specialty insurance company, ERV Nordic focus on providing coverage customized to the policyholders needs, rather than offering products with the lowest premium. In addition, it has been a major priority in recent years to invest in

our digital platform where we interact with potential new customers (Sales) as well as existing customers (Policy Administration, Corporate Support and Claims) in state-of-the-art technical applications. Obviously, also, our distribution partners' sales approach has changed and we adjusted to that. Our broker relations mainly build on large international insurance brokers, strong domestic broker networks, or local travel agencies, both individual and organized in groups.

### **The Nordic insurance market**

The customer base consists mainly of cross-border travellers from Denmark and Sweden, both leisure and corporate trips. The small geographical size and northern location of the countries ensures the stability of the market potential as these two factors create a desire for the citizens to travel outside the country. The market competition in Leisure consists primarily of larger insurance companies, which offer the product as part of a package deal with family insurance. In addition to this, the Danish public healthcare system in 2014 changed from covering a part of the health risks related to travel insurance in Europe to cover none (from the yellow card to the blue card), which provided a larger market potential. Changes in the public healthcare system, both on local- and EU level, could contribute positively by increasing demand but also attracted new players to that segment increasing competition.

However, restrictions related to the COVID 19 had significant impact on travel segment and heavily reduced volumes in 2020, 2021

and 2022. A full recovery to levels from year 2019 is expected earliest in 2024.

Similar to Leisure in the business segment, market competition comes from larger insurance companies that cover several insurances outside travel, such as liability and property. In business segment there was also significant COVID 19 impact because majority of companies put on hold business travels.

### Business Travel Trends

Companies are reporting an increased number of travel days in their expectations for 2023 as 2022 has also shown a solid increase. In Copenhagen airport 8 out of 10 passengers are back in terms of 2019 levels, and we also see an increase in expat activity as only few COVID-19 restrictions remain, especially within Asia. The high inflation has not yet had negative impact on business travels, as it could potentially force companies to become more cost-conscious, and revert back to technological alternatives such as videoconferencing.

With more people being able to work remotely, because of the influence of the pandemic, 'bleisure' has seen tremendous growth. In relation to a conference or business meeting, people spend an extended vacation in the area while they work. In general men represent 70% of all bleisure travels. Most bleisure travelers work in the technology related sector and account for 26% of all trips. Currently large cities attracts most travelers in combined business and leisure travels.

More countries have been added to the 'war and risk zone list' in 2022, Ukraine, Belarus, Chad, Burkina Faso, Iraqe and latest Haiti showing a decrease in worldwide stability. To a higher degree, customers feel the need to address the security of their travels.

### Leisure Trends

The trends for leisure travel are under strong influence of war, inflation and climate change. Trend is few trips and travelling more close by due to worries about new viruses and higher prices on flight, accommodation etc. Especially airfares for long haul flights has increased and airlines expects the prices to increase further and not return back to the level before pandemic. Even though the inflation is very high consumers are prioritizing spending their income/savings on leisure travel. They will be using more due to higher price level but also more travellers will spend less money during their travel on restaurants and attractions. The COVID-19 pandemic have created a demand for more meaningful and authentic travel which reflects in the request for more meaningful activities at destination.

Still new entrants are disrupting all facets of the travel industry but also more acquisitions and mergers are taken place. New companies, products, and trends will alter the way we fly, drive, and stay. The development of internet based and mobile technologies drives the demand for a seamless travel experience. Seamless travel refers to travel utilising a variety of products and services organised through a single booking process. Younger travellers will have even higher expectations





that travel should be smooth and better connected and older travellers will need better mobility solutions. The continued growth of international families (where family members, e.g., parents and their children, live in different countries) will mean we travel more according to report done by Amadeus.

Sustainability is a collaborative effort aimed at creating long term impact. This means travellers, governments, businesses, and other organizations are aiming to reduce the negative impact of their travels on the planet. This will result in increased demand for sustainable travel and more efficient and sustainable modes of transport. During COVID 19 the need for security increased the demand for cancellation protection also due to COVID19 illness and more travellers are checking details of travel insurance conditions as a consequence of the pandemic

### **Trends for Travel insurance market**

The Nordic market for free-time and travel insurance is defined by fierce competition, and competitors include both general insurers and niche insurers. In travel insurance ERV Nordic plays a dominating role in the Swedish and Danish market.

In Sweden (different from DK) all large P&C insurers decided to package a travel insurance base cover into their existing home insurance offerings since 15-20 years. This changed the business model for ERV Sweden significantly and switched the offerings to become largely a supplement cover to the (new) market standard base cover. 97% of all Swedes have a home insurance cover. The

coverage is however only up to 45 days and is a basic travel insurance offering.

In Denmark, the P&C insurance companies have covers for travel included in more general insurance products, and increasingly offer extended travel insurance as ad-on.

Pandemic situation related to COVID19 has increased customers' awareness and demand for comprehensive insurance products that could provide customers 'peace of mind'.

### **Claims handling**

ERV Nordic's Assistance Network handles emergency assistance cases that occur in all parts of the world from small cases such as outpatient cases to bigger and more complex cases involving air transport. Many cases are complex medical cases, which are handled in close cooperation with our Groups specialized assistance company ECH. The Euro-Center Assistance office handles all ERV Nordic's assistance service and with service offices on six continents ERV Nordic's customers have one of the world's largest medical networks of experienced professionals and Nordic speaking staff available.

As part of ERV Nordic's strong digital focus, we offer our customers a smooth and convenient online claims handling process. The digital journey is constantly under development with new tools and simplified steps in order to secure a smooth, fast and convenient customer experience.

## ERV Nordic Strategy

In order to be a niche leader ERV Nordic continuously needs to improve operational setup and grow faster than market average. That is why ERV Nordic during COVID 19 times has prepared for market recovery by working on automation and process enhancement as well as new business opportunities. In this sense, we have continued our strategic initiatives in the following four focus areas:

- Sustainability
- New Business
- Efficiency & insights
- Digitalization & IT Landscape

## Sustainability

As a financial services provider, our direct impact on the environment is limited, since our business model is not energy- or resource-intensive. In the areas where we can have a tangible and beneficial influence, we strive to keep carbon emissions and energy and resource consumption as low as possible. Together with Munich Re and ERGO group we share common targets and initiatives regarding "Ambition 2025" climate targets. Here we aim to move our operational business processes across the ERGO Group to net-zero emissions by 2030. We will strive to sustain current business, customer base and revenues.

In the ERGO Group by 2030 at the latest, we will remove any remaining carbon emissions from the atmosphere, for example by financing reforestation or carbon storage projects, to reach net-zero emissions by that time. We aim to reduce our carbon emissions attributable to the insuring of thermal coal as well as oil and

gas production to net-zero by 2050. ERGO stopped underwriting oil and gas production in the spring of 2022. Since 2021, ERGO has implemented an underwriting ban for corresponding new business. In ERV Nordic we will position us as premium supplier through customized service and offerings, leading in quality as well as ease of use.

## New Business

We will develop new products and offerings within and outside our niche through advanced customer analytics and efficient development processes. This is to be done in close collaboration with customers in order to reflect their needs and demands.

## Efficiency & insights

We will increase our capability to be compliant towards stakeholders, and at the same time be efficient and customer focused. This will be achieved by using digital systems and tools aligned with clear responsibilities and objectives.

## Digitalization & IT Landscape

A basis for all initiatives above. IT and digitalization have to move from IT department to be the centre of everything we do. Digitalization is not just systems, but also requires a new way of working for all functions within ERV Nordic.

## ERV Nordic's financial result

In 2022, ERV Nordic realised a negative result after tax of DKK -43.4m, compared to a positive result of DKK 83.4m last year. The extraordinary effects of Omicron wave and the actions taken by authorities as well as





air traffic chaos during 2022 effected a significant negative impact in regards to travel insurance claims and customer service costs. Further, investment result was negative based on lowered SEK currency exchange rate and realized and unrealized bond losses in a volatile market impacted by the war in Ukraine and rising inflation.

Gross written premium amounts to DKK 357.2m compared to DKK 314.0m in 2021, an increase of DKK 43.2m. The increase is due to the positive impact by Leisure insurance sales through our Danish and Swedish travel industry partners and the relative higher Leisure and Corporate travel activity during the summer and autumn of 2022 compared to the same periods in 2021 that was heavier impacted by COVID 19 travel restrictions.

Gross claims incurred amount to DKK 159.1m against DKK 95.3m in 2021, an increase of DKK 63.9m. Compared to 2021 and in particular the first quarter of the year, impacted this year by the Omicron wave, mainly the Leisure and Card claims costs increased significantly. Further, our Corporate segment was also burdened by increased number of major claims related to the increase in travel activities. The gross claims ratio therefore also increased to 44.1%, which is approx. 12 percentage-points higher than in 2021.

The result of reinsurance recoveries and change of reinsurer's share of claim provisions shows a cost for ERV Nordic of DKK 19.2m in 2022 against a compensation of DKK 0.8m in 2021. The cost this year is

primarily due to release of reserves for major reinsured COVID 19 claims we received during 2020.

The claims costs net of reinsurance amount to DKK 178.3m against DKK 94.5m in 2021 which is an increase of DKK 83.8m. The claims ratio net of reinsurance is 49.7% against 32.2% in 2021.

Net operating expenses for 2022 amounted to DKK 201.1m against DKK 193.0m in 2021, an increase of DKK 8.1m.

Acquisition costs amount to DKK 126.9m against DKK 117.5m in 2021, an increase of DKK 9.4m. The increase is mainly due to the increased Leisure sales via our Danish and Swedish partners in the travel industry.

The administrative expenses amount to DKK 74.5m against DKK 75.9m in 2021, a decrease of DKK 1.4m. We have during the latest year's done technical and operational process improvements and adjustments that lowers our costs levels going forward. However, costs related to air traffic chaos during 2022 and increased future-proofing project costs partly counterbalanced the positive impact by these improvements.

Commissions and profit commissions from reinsurance amount to an income of DKK 0.3m compared to 0.4m in 2021. The reinsurance contracts with commission has almost the same volume in 2022 as in 2021 so therefore this income has been stable. The total result of business ceded shows a cost for ERV Nordic of DKK 23.3m in 2022 against a cost of DKK 3.3m in 2021. The cost in 2021 was as expected, while this year's extraordinary cost is due to the net impact of DKK 19.2m by reinsurance claim

recovery incl. reinsurer's share of change in claim provisions due to release of COVID 19 claim reserves from 2020. The above-described development in sales, claims and operating expenses results in a negative underwriting result of DKK 17.8m compared to a positive result of DKK 5.4m in 2021. The cost ratio including acquisition costs amount to 56.2% against 65.2% in 2021. Total combined ratio net of reinsurance (total costs measured in relation to earned premiums) is 106,7% against 98,6% in 2021.

The total result of investment activities before transfer of technical interest amounts to a loss of DKK 24.9m against a profit of DKK 78.1m in 2021. This year's loss is due to lowered SEK currency exchange rate and realized and unrealized bond losses compared to the one-time effect of selling of shares in affiliated and associated companies last year.

Income from affiliated companies is DKK 0m compared to DKK 72.9m in 2021. The reason for the development is that ERV Nordic no longer hold any shares in affiliated companies. In 2021 shares in affiliated companies was sold to ERGO Reiseversicherung AG giving a substantial investment result as well as simplification of formal governance, accounting and reporting related activities from local as well as Group perspective.

The result from associated companies is generated by 20% shareholding in the small assistance entity EAH that in 2022 did not

produce any result impact. Previously, until 2021, ERV Nordic also held shares in the associated company Euro-Center Holding SE (ECH). The sale of ECH in 2021 generated a profit of DKK 0.4m.

Income from investment properties amounts to DKK 3.4m against DKK 3.7m in 2021. The reduced result is due to increased real-estate agent costs in 2022 compared to the previous year.

Interest income etc. for the year amounts to DKK 3.4m compared to DKK 3.8m in 2021. As in 2021, our investment portfolio mainly consists of low-risk Danish and Swedish government bonds.

ERV Nordic is relatively sensitive to the development of the prices of bonds and exchange rates, etc. The company has had a net loss in connection with realised and unrealised gains & losses of bonds, bond-based unit trusts and exchange rates of a total of DKK 30.7m against a loss of DKK 1.8m in 2021. The significant increased loss compared to last year is mainly due to lowered SEK currency exchange rate and realized and unrealized bond losses in a volatile market impacted by the war in Ukraine and rising inflation.

Interest expenses amount to DKK 0.1m in 2022 compared to DKK 0.1m in 2021.

Administrative expenses related to investments amounts to DKK 0.8m compared to DKK 0.7m in 2021. These expenses are primarily triggered by the services delivered





by Munich Re (Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft) that is our appointed investment asset manager.

Interest on insurance provisions shows a negative impact of DKK 2.6m in 2022 compared to a positive impact of DKK 0.6m in 2021. The development is due to the change from negative to positive interest rates.

Other income amounts to DKK 6.1m in 2022 compared to DKK 7.3m in 2021 and other expenses amounts to DKK 5.1m in 2022 compared DKK 5.2m in 2021. Other income and expenses mainly stem from a number of administration agreements where we deliver our renowned claims handling and assistance services to customers that prefer to self-cover their insurance risks.

Due to our negative ERV Nordic result in 2022, we will have a tax income of DKK 0.9m compared to a tax cost in 2021 of DKK 2.9m.

Receivables from policyholders amount to DKK 8.6m against DKK 5.3m in 2021, whereas receivables from insurance brokers amount to DKK 7.6m against DKK 11.5m in 2021.

At 31 December 2022, the company's total capital and reserves amount to DKK 274.3m and total assets amount to DKK 541.6m.

### **Uncertainty in respect of recognition and measurement**

The statement of the accounted value of certain assets and liabilities is conditioned by applying accounting estimates. The estimates made are based on assumptions which the management finds justifiable but uncertain. The statement of the insurance provisions and domicile are in particular connected to estimates.

### **Events after 31 December 2022**

No events have occurred subsequent to the balance sheet date, which would have a material influence on the financial position of the company.

### **The result of the year compared to earlier statements**

The company expected earlier the following for 2022:

“The travel market recovery to a level from 2019 is not expected before year 2023 in Leisure market and in 2024 in the Corporate segment. That is why we for 2022 still expect a negative impact of COVID 19 on our revenues in both ERV Denmark and ERV Sweden. In line with the lowered travel activities by our customers, we will however also expect lower claim costs. Our investment portfolio consists mainly of low-risk Danish and Swedish government bonds, so stable performance is foreseen. Further result stabilization has also been ensured by sales of shares in the Czech companies ERV CZ and ECH.

In total, this means that the expectations for the 2022 result are in line with 2021, except

for the extraordinary investment result ERV Nordic delivered in 2021 based on the one-time effect of sale of our shares in the Czech companies ERV CZ and ECH.”

Considering the extraordinary circumstances in 2022, ERV Nordic delivered a reasonable financial result of DKK -43.4m in 2022. The Omicron wave and the actions taken by authorities as well as air traffic chaos during 2022 had a significant negative impact in regards to travel insurance claims and customer service efforts. Further, investment result was negative based on lowered SEK currency exchange rate and realized and unrealized bond losses in a volatile market impacted by the war in Ukraine and rising inflation.

### Outlook for 2023

The travel market is expected to continue recovering from COVID 19 effects but is on the other hand now impacted by the high inflation and economic stagnation. That is why we for 2023 only expect moderate growth for our Danish and Swedish travel insurance sales. We however expect lower claim costs compared to mainly the extraordinary negative impact of the Omicron wave in 2022. Finally, our investment portfolio, consisting mainly of Danish and Swedish government bonds, is expected to show a more stable performance in 2023 than in 2022.

In total, this means that the expectations for the 2023 result are above 2022.





## Management Positions

The Board of Management of ERV Nordic has the following management positions.

### Beata Danuta Kalitowska-Zborowska, Chief Executive Officer:

- Member of Board of Management of International Travel Insurance Alliance (ITIA), Munich, Germany

### David Kraul, Chief Operating Officer:

- Member of the Board of Management of Euro-Center Holding SE, Prague/Czech Republic

### Peter Steen Olsen, Chief Financial Officer:

- Deputy Managing Director Europeiska ERV Filial, Stockholm, Sweden

## The Board of Directors of ERV Nordic has the following management positions:

### Richard Bader, Chairman:

- Member of the Management Board of ERGO Digital Ventures AG, Dusseldorf/Germany
- Member of the Management Board of ERGO Direkt Versicherung AG, Nuremberg/Germany
- Chairman of the Management Board of ERGO Reiseversicherung AG, Munich/Germany
- Member of the Supervisory Board of Euro-Center Holding SE, Prague/Czech Republic
- Member of the Board of Directors of Globality S.A., Munsbach, Luxembourg
- President of the International Travel Insurance Alliance, Munich, Germany
- Member of the Supervisory Board of Europäische Reiseversicherungs Aktiengesellschaft, Vienna, Austria
- Member of the Supervisory Board of Europai Utazasi Biztosito Rt., Budapest, Hungary
- Chairman of the Advisory Board of Deutsche Reisesicherungsfonds GmbH, Berlin/Germany
- Vice President of Deutsch-Schwedische Handelskammer/Tysk-Svenska

Handelskammaren, Stockholm/Sweden

- Member of the Board of Trustees of Willy Scharnow-Stiftung für Touristik, Frankfurt/Germany
- Deputy Member of the managing Steering Committee of Bundesverband der Deutschen Tourismuswirtschaft e. V., Berlin/Germany
- Member of the Supreme Representation of Deutscher Reisepreis-Sicherungsverein VVaG, Munich/Germany
- Director of ERGO Travel Insurance Services, Horsham, United Kingdom
- Supervisor of ERGO (China) Travel Consulting Ltd., Beijing, China

### Christof Flosbach, Board Member:

- Managing Director of Globality S.A., Munsbach, Luxembourg
- Member of Supervisory Board of ERV Evropska pojistovna A.S., Prague, Czech Republic
- Member of Supervisory Board of ERV Travel Insurance, Moscow, Russia

### Oliver Wild, Board Member and Chairman of the audit committee:

- Vice Chairman of the Supervisory Board of Legial AG, Munchen, Germany
- Member of the Supervisory Board of ERV Pojistovna A.S., Prague, Czech Republic

### Anja Berner, Board Member and Member of the audit committee:

- Chairwoman of the Supervisory Board of ERGO Krankenversicherung AG, Nurnberg, Germany
- Chairwoman of the Board of Directors of Globality S.A., Munsbach, Luxembourg
- Member of the Board of Directors of Storebrand Helseforsikring AS, Lysaker, Norway

### Peter Fobian, Board Member:

- No other managing positions

### Sebastian Ambæk Laursen, Board Member:

- No other managing positions



### **Pay Policy**

In accordance with the executive order on pay policy and disclosure requirements on pay roll in financial companies and financial holding companies, ERV Nordic has prepared a pay policy which can be found at this link: <https://www.europaeiske.dk/privat/om-europaeiske/virksomheden/lonpolitik/> Please also see note 7.

### **Gender Composition in the Company's Governing Body**

Section 132a of the Executive Order issued by the Danish Financial Supervisory Authority on financial reports for insurance companies and profession-specific pension funds requires that companies of a certain size set targets for the gender composition of the Board of Directors and the composition of the management and report on the matter. Regarding composition of management, a policy for increasing representation of the

underrepresented gender must be established in case the requirements on composition are not met. On the Board of Directors as well as in management the composition should be a 40/60 pct. distribution or the number/pct. which is closest to 40/60 pct. in accordance to guidance from the Danish Business Authority.

Currently, the Board of Directors excl. the employee elected members consists of 1 woman and 3 men, ERV Nordic does therefore meet the gender distribution requirement to the guidance from the Danish Business Authority.

Regarding management level and the composition hereof, the Board of Management of ERV Nordic currently consists of 3 persons. One member is woman, and 2 members are men. Board of Management thereby meets the composition requirements for gender distribution.

### **Audit Committee**

The Board of Directors of ERV Nordic has established an Audit Committee. The Committee consists of three members of the Board of Directors.

The tasks of the Committee are set out in the "Audit Committee Charter" based on the Act on Approved Auditors and Audit Firms no. 1287 of 20 November 2018. The tasks of the Committee includes monitoring and control of the financial reporting process, the company's internal control system, risk management systems as well as the effectiveness of the internal audit function. Furthermore, the Committee monitors the statutory audit of the Annual Report and the independence of the auditors.

When performing its tasks, the Audit Committee ensures that due regard is given to matters important to the company. The

work of the Audit Committee is based on supervision of historical events and does therefore not include future events, expectations or forecasts.

The Audit Committee held four meetings during 2022. These meetings were spread out during the year and among other held in connection with the yearly reporting to the Company's Board of Directors and the Danish Financial Supervisory Authority.

### **Risk Management**

Risk management is an integral part of our corporate management and is based on the risk strategy and risk appetite decided by the Board of Directors. ERV Nordic is exposed to various types of risks in the daily business and is committed to turning risk into value. Our means of risk management assists in achieving this goal and includes all strategies, methods and processes to

identify, analyse, assess, control, monitor and report, both short- and long-term risks ERV Nordic face or may face in the future.

The Board of Directors has the ultimate responsibility for deciding on ERV Nordic's risk strategy, including the risk appetite. It is reviewed at least on a yearly basis and is considered in all strategic initiatives. Our aim of the risk strategy is to limit the impact of all risks in order to maintain a normal operation. ERV Nordic manages risks on a continuous basis to ensure that the risk exposure is within the risk appetite. If the risk exposure is assessed to be outside the approved risk appetite, then actions are taken to manage and/or mitigate the risks. The risk profile is reported on a quarterly basis to the Board of Management and the Board of Directors.

### Organisational set-up of risk management

Risk management is performed at all levels in the organization and is structured according to the three "lines of defence";

**1st line:** Risk takers

**2nd line:** Risk Management Function, Actuarial Function, Compliance Function

**3rd line:** Internal Audit Function

ERV Nordic, in accordance with Solvency II, defines the 2nd and 3rd line of defence as the "Key Functions".

### Risk situation

The risk situation at ERV Nordic has been within the Board of Directors risk tolerance

during 2022. Except for the corona crisis and related major claims, we have not faced any material, unexpected risks and the solvency situation has been above our internal trigger levels (yellow trigger equals 140%) as well as regulatory requirements. We acted in the light of the corona crisis and monitored the situation closely, both in terms of the claims development and in regards to our Business Continuity management.

Main risks of ERV Nordic:

- Underwriting risk
- Market risk

### Underwriting risk

Underwriting risk arises from inaccurate assessments of the compensations and other costs related to insurance policies. Significant underwriting risk are premium, if losses are higher than expected, and reserve risk, if the reserves set side are not sufficient to cover the ultimate losses.

Relevant policies exist which are set by the Board of Directors. The overarching policy for underwriting risk states that risks originating from the company's insurance business shall be covered or limited to such a level that the company will be able to maintain a normal operation and carry out planned initiatives even in case of a very unfavourable development. One measure taken to limit the underwriting risk, is reinsurance agreements. This limits the risk for most events to a certain level according to the risk appetite set by the Board of Directors.

In the Standard model, this risk is estimated to DKK 194.1m as of December 31 2022.

### Market risk

It is the aim of ERV Nordic to control the market risks in such a way that the company obtains a return corresponding to risks taken.

Main market risk:

- Currency risk
- Equity risk
- Property risk
- Market risk concentrations

Currency risk arises as a result of a mismatch in the value of assets and liabilities in the same foreign currency. Internal guidelines, set by the Board of Directors, limits the exposure to a certain level. In terms of the result, the company is sensitive towards the development in currency rates and the prices of bonds, shares and participations.

Currency risk for ERV Nordic is mainly related to the net assets in ERV Sweden denominated in Swedish krona ("SEK"). The merger with ERV Sweden is based on a strategic decision and in line with the risk appetite set by the Board of Directors.

The standard model calculation has been used to assess market risk and the necessary capital for this type of risk. This model demands a capital of DKK 32.4m in order to be able to cover the risk sufficiently with a confidence level of 99.5%, which means that ERV Nordic can meet the policyholders' claims for 199 years out of 200 years.

### Credit risk

Credit risk is defined as an economic loss that can arise if the financial situation of a counterparty changes. The credit risk includes both the risk of deterioration of the "rating" of the counterparty and the credit spread risk. Examples are the financial situation of an issuer of securities or a debtor with obligations to ERV Nordic.

In our fixed-income investments, we control the associated credit risk by selecting issuers with appropriate quality and respecting counterparty limits. The rating of external rating agencies is just one of several criteria that we take into account. The majority of our investments consist of securities issued by issuers with very good credit ratings.

In the Standard model, this risk is estimated to DKK 11.4m.

### Operational risks

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk is inevitably linked to the business activities of ERV Nordic. They are addressed in a comprehensive internal control system or through ad-hoc reporting.

ERV Nordic manages operational risk in accordance with internal guidelines and the risk appetite on an ongoing basis. It is reported to the Board of Directors as part of the risk report on a quarterly basis.

The standard model calculation demands a

capital of DKK 10.7m in order to be able to cover the operational risk sufficiently with a confidence level at 99.5%, which means that ERV Nordic can meet the policyholders' claims for 199 years out of 200 years.

### Other material risks

ERV Nordic is also exposed to strategic and reputational risk.

Strategic risk are risks arising from wrong business decisions or poor implementation of decisions already taken. ERV Nordic is exposed to a variety of strategic risk such as changes in the customer structure ("demography") and the buying behaviour ("digital disruption"). Additional risks may arise as a result of changes in the competitive environment. Strategic risks usually have an impact lasting over several years and when identified, they are analysed and remedial measures are taken when necessary.

Reputational risk is defined as the risk of damage that occurs if the value or brand name of ERV Nordic deteriorates. The impact ranges from reduced business opportunity to administrative additional expenses.

Ad hoc reporting and regular quarterly communication between the governance functions takes place. In addition, as part of the internal control system, a basic assessment of potential reputational loss for each operational risk is completed by both the Compliance Officer and the Risk Manager. If the risk is assessed as being above the process owner's acceptable range, then a measure is required and monitored.

Sensitivity Analysis as of 31.12.2022, SCR 125 pct.			Stress (Pct.)	SCR (Pct.)
1.	Interest rate risk		200 %	156%
2.	Equity risk		100%	167%
3.	Property risk		58%	125%
4.	Spread risk	Danish government bonds	30%	125%
		Other government bonds	82%	125%
		Other bonds	93%	125%
5.	Currency risk	Exposure 1 (USD)	100%	163%
		Exposure 2 (SEK)	76%	125%
		Exposure 3 (EUR)	100%	153%
6.	Counterparty default risk			101%

### Sensitivity Analysis

ERV Nordic has calculated sensitivity analysis on a quarterly basis. The sensitivity analysis done as of December 31 2022 shows that we are able to withstand changes in the significant risk categories.

There are no stresses to the risk categories that will lead to an MCR of 125% nor 100%.

### Capital management and requirements

ERV Nordic's Solvency II requirement is calculated on the basis the company's risk profile, and therefore takes into consideration the composition of ERV Nordic's insurance portfolio, cash flow profile, technical provisions, reinsurance program, investment mix and risk diversification.

The Board of Directors of the company has

estimated that a security level of 99.5% has to be used for the capital demands. ERV Nordic has calculated the capital requirement based on a security level of 99,5% and according to the Standard model under Solvency II which means that ERV Nordic can meet the policyholders' claims for 199 years out of 200 years. The model has been tested during the last 3 years and ERV Nordic has always had more than sufficient capital to meet the security level of 99.5%.

The solvency capital requirements (SCR) have been calculated to DKK 137.0m and shall be covered by the company's eligible own funds of DKK 229.2m as of December 31 2022 affecting a solvency ratio of 167%.

Below is shown a five-year overview of the solvency ratio. The main reason for the development of the SII ratio in 2022 compared to

2021 is decreased SII Own Funds due to realised and unrealised losses on bonds, bond-based unit trusts and exchange rates.

	Solvency ratio
2022	167%
2021	216%
2020	197%
2019	143%
2018	176%

### Fitch rating

ERV Nordic has an 'A+' (stable outlook) Insurer Financial Strength (IFS) Rating from Fitch.

Appropriation of profit	2022	2021
Available for appropriation Amount in DKK'000		
Total comprehensive income	<u>-39.287</u>	<u>91.353</u>
Recommended to be allocated as follows	2022	2021
To the Shareholder	0	85.000
Net revaluation reserve	2.054	-51.322
Profit brought forward	-41.341	57.675
	<b>-39.287</b>	<b>91.353</b>



## SIGNATURES OF THE BOARD OF MANAGEMENT AND THE BOARD OF DIRECTORS

We have today presented the annual report for 1 January – 31 December 2022 to ERV Nordic.

The annual report has been prepared in accordance with Financial Business Act.

The annual report gives a true and fair view of the company's assets, liabilities and financial position as of 31 December 2022 together with the results of the company's activities for the financial year 1 January – 31 December 2022.

The management report contains a fair and true review of the development of the company's activities and financial performance together with a description of the most significant risks and elements of uncertainty that may have an impact on the company.

We recommend the annual report to be approved at the annual general meeting.  
Copenhagen, 12th of April 2023

### BOARD OF MANAGEMENT:

**Beata Danuta Kalitowska-Zborowska**  
Chief Executive Officer

**David Kraul**  
Chief Operating Officer

**Peter Steen Olsen**  
Chief Financial Officer

### BOARD OF DIRECTORS:

**Richard Bader**  
Chairman of the Board and Member of the  
Audit Committee

**Oliver Wild**  
Board Member and  
Chairman of the Audit Committee

**Sebastian Ambæk Laursen**  
Board Member, elected by the  
employees

**Anja Berner**  
Board Member and  
Member of the Audit Committee

**Christof Flosbach**  
Board Member

**Peter Fobian**  
Board Member, elected by the  
employees

# Independent Auditor's report



## To the shareholder of Europæiske Rejseforsikring A/S

### Opinion

We have audited the financial statements of Europæiske Rejseforsikring A/S for the financial year 1 January – 31 December 2022, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements have been prepared in accordance with the Danish Financial Business Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022 in accordance with the Danish Financial Business Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of

Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

### Appointment of auditor

At the Annual General Meeting on 30 April 2020, we were elected as auditor for Europæiske Rejseforsikring A/S for the first time. We have been reelected annually by the Annual General Meeting for a total period of three years up to and including the financial year 2022..

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2022. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial



statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

## KEY AUDIT MATTERS

Measurement of claims provisions  
Claims provisions totaled to DKK 61 million at 31 December 2022.

The measurement of claims provisions is subject to significant management estimates, including expected losses for incurred claims in current and previous years, as well as unknown claims (IBNR and IBNER provisions).

Reference is made to note 1 for a description of the accounting policies.

### How our audit addressed the key audit matter

Our audit procedures performed in cooperation with our actuarial specialists included:

- ▶ Assessment of design and test of effectiveness of key controls in the processes for claims handling and provisions for claims reserves as well as actuarial models applied for calculating IBNR and IBNER provisions.
- ▶ Comparison of data, methods and assumptions used with generally accepted actuarial standards, historic developments and trends
- ▶ Assessment and analyses of the development of run-off results and changes to the models applied and assumptions used compared with last year as well as the development in industry standards.

- ▶ Test of accuracy and completeness of the underlying data on a sample basis as well as recalculation of claims provisions for selected lines of business.

Furthermore, we assessed whether the disclosures relating to risks and uncertainties in respect of claims provisions made meet the relevant accounting rules.

### STATEMENT ON THE MANAGEMENT'S REVIEW

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements of the Danish Financial Business Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not identify any material misstatement of the Management's review.



## MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the

Company or to cease operations, or has no realistic alternative but to do so.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance as to 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 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 the financial statements.

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

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

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- ▶  Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a

going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

► Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Based on the matters communicated to those charged with governance, we determine which matters were of most importance in our audit of the financial

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

Copenhagen, 12th of April 2023



# Profit and loss account

Note in DKK'000

	2022	2021
<b>Earned premiums</b>		
3 Gross premiums written	357.191	314.037
Ceded insurance premiums	-4.410	-4.437
Change in the provision for unearned premiums	6.225	-15.973
Change in the provision for unearned premiums, reinsurers' share	2	-47
<b>Total premium income, net of reinsurance</b>	<b>359.008</b>	<b>293.580</b>
4 <b>Technical interest, net of reinsurance</b>	<b>2.625</b>	<b>-619</b>
<b>Claims incurred</b>		
Claims paid	167.926	108.421
Reinsurance recoveries	-4.981	-4.796
Change in the provision for claims	-7.746	-12.014
Change in Risk margin	-1.055	-1.147
Change in the provision for claims, reinsurers' share	24.187	4.038
<b>Total claims incurred, net of reinsurance</b>	<b>178.331</b>	<b>94.502</b>
<b>Net operating expenses</b>		
5 Acquisition costs	126.871	117.511
6 Administrative expenses	74.535	75.938
Commission and profit share from reinsurers	-322	-402
7 <b>Total net operating expenses, net of reinsurance</b>	<b>201.084</b>	<b>193.047</b>
8 <b>UNDERWRITING RESULT</b>	<b>-17.782</b>	<b>5.412</b>
<b>Income from investment assets</b>		
9 Income from affiliated companies	0	72.928
Income from associated companies	0	373
10 Income from investment properties	3.418	3.662
11 Interest income and dividends etc.	3.357	3.814
12 Value adjustment	-30.706	-1.847
13 Interest expenses	-118	-182
Administrative expenses on investments	-847	-665
<b>Total return on investment activities</b>	<b>-24.896</b>	<b>78.083</b>

Note in DKK'000

	2022	2021
4 Interest on insurance provisions	-2.625	619
<b>TOTAL RETURN ON INVESTMENT ACTIVITIES AFTER TECHNICAL INTEREST</b>	<b>-27.521</b>	<b>78.702</b>
14 Other income	6.103	7.331
14 Other expenses	5.138	5.153
<b>PROFIT/LOSS BEFORE TAX</b>	<b>-44.338</b>	<b>86.292</b>
15 Tax	-913	2.933
<b>RESULT FOR THE PERIOD</b>	<b>-43.425</b>	<b>83.359</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>		
Other comprehensive income		
Exchange rate adjustment of foreign entities	0	1.847
Equity change per 1st January 2021, EuroCenter Holding	0	367
Revaluation of property	5.305	4.737
Revaluation of property, tax	-1.167	1.042
<b>Comprehensive income</b>	<b>4.138</b>	<b>7.994</b>
Result of the year	-43.425	83.359
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-39.287</b>	<b>91.353</b>

# Balance sheet as of 31 december 2022

Note in DKK'000

	31/12 2022	31/12 2021
<b>ASSETS</b>		
<b>Intangible assets</b>		
16 Software	20.039	21.686
<b>TOTAL INTANGIBLE ASSETS</b>	<b>20.039</b>	<b>21.686</b>
<b>Tangible assets</b>		
17 Operating equipment	1.626	1.487
Operating equipment, not used yet	0	0
Total operating equipment	1.626	1.487
18 Land and buildings	110.000	106.000
<b>TOTAL TANGIBLE ASSETS</b>	<b>111.626</b>	<b>107.487</b>
<b>Investments in affiliated and associated companies</b>		
19 Capital holdings (shares) in associated companies	44	45
<b>Total investments in affiliated and associated companies</b>	<b>44</b>	<b>45</b>
<b>Other financial investments</b>		
Participating interests	554	33
Unit trusts	23.991	50.842
27 Bonds	301.289	382.737
<b>Total other financial investments</b>	<b>325.834</b>	<b>433.612</b>
<b>TOTAL INVESTMENT ASSETS</b>	<b>325.878</b>	<b>433.657</b>
<b>Reinsurance share of technical provision</b>		
Reinsurance share of unearned premiums	35	38
Reinsurance share of claim provision	5.010	29.197
<b>Total reinsurance of technical provision</b>	<b>5.045</b>	<b>29.235</b>

Note in DKK'000

	31/12 2022	31/12 2021
<b>Debtors</b>		
Amounts owed by policy holders	8.648	5.304
Amounts owed by insurance brokers	7.598	11.536
<b>Debtors arising out of direct insurance contracts, in total</b>	<b>16.246</b>	<b>16.840</b>
<b>Other debtors</b>		
Amounts owed by insurance companies	1.556	0
Amounts owed by affiliated companies	6.945	8.553
Other debtors	18.604	15.869
<b>Total other debtors</b>	<b>27.105</b>	<b>24.422</b>
<b>TOTAL DEBTORS</b>	<b>48.396</b>	<b>70.497</b>
<b>Other assets</b>		
Cash in hand and cash equivalent	24.092	22.359
Tax assets	1.649	4.126
Deferred tax assets	4.922	4.619
Other	39	22
<b>TOTAL OTHER ASSETS</b>	<b>30.702</b>	<b>31.126</b>
<b>Prepayments and accrued income</b>		
Accrued interest	741	0
20 Other prepayments and accrued income	4.182	3.176
<b>TOTAL PREPAYMENTS AND ACCRUED INCOME</b>	<b>4.923</b>	<b>3.176</b>
<b>TOTAL ASSETS</b>	<b>541.565</b>	<b>667.629</b>

Note in DKK'000

	31/12 2022	31/12 2021
<b>LIABILITIES</b>		
<b>Capital and reserves</b>		
Shares capital	10.001	10.001
Revaluation provisions	19.022	16.969
<b>Reserves</b>		
Contingency reserve, untaxed	142.631	173.166
Net revaluation reserve	8	8
<b>Total reserves</b>	<b>142.639</b>	<b>173.174</b>
Profit brought forward	102.588	113.392
Proposed dividend for the accounting year	0	85.000
<b>21 TOTAL CAPITAL AND RESERVES</b>	<b>274.250</b>	<b>398.536</b>
<b>Provisions for insurance contracts</b>		
Provision for unearned premiums	113.491	121.375
Claim provisions	60.707	68.801
Risk margin on insurance contracts	6.573	7.628
<b>TOTAL PROVISION FOR INSURANCE CONTRACTS</b>	<b>180.771</b>	<b>197.804</b>
<b>Provisions for other risks and charges</b>		
<b>22 Deferred taxation</b>	<b>11.756</b>	<b>10.124</b>
Provisions affiliated companies	0	0
<b>TOTAL PROVISIONS FOR OTHER RISKS AND CHARGES</b>	<b>11.756</b>	<b>10.124</b>

Note in DKK'000

	31/12 2022	31/12 2021
<b>Creditors</b>		
Amounts owed in connection with direct insurance business	13.965	16.940
Amounts owed to reinsurance companies	355	430
Amounts owed to affiliated companies	1.223	1.940
Actual tax liabilities	3.047	0
Leasing liabilities	366	567
<b>23 Other creditors</b>	<b>45.449</b>	<b>34.565</b>
<b>TOTAL CREDITORS</b>	<b>64.405</b>	<b>54.442</b>
<b>TOTAL PREPAYMENTS</b>	<b>10.382</b>	<b>6.723</b>
<b>TOTAL LIABILITIES</b>	<b>541.565</b>	<b>667.629</b>
<b>1 Accounting policies applied</b>		
<b>2 Five-year review</b>		
<b>24 Contingency liabilities</b>		
<b>25 Group ownership</b>		
<b>26 Risk Management</b>		
<b>27 Fair value hierarchy of assets and liabilities</b>		
<b>28 Split of classes of insurance</b>		

# Equity Specification

Amount in DKK'000	Share Capital	Revaluation Provisions	Contingency Reserve	Net revaluation Reserve	Profit brought forward	Proposed Dividend	Total
<b>Equity as of 1st January 2021</b>	10.001	11.189	165.814	57.109	63.071	0	307.184
Equity change per 1st January 2021, EuroCenter Holding				367			367
<b>Restated equity as of 1st January 2022</b>							0
Profit for the year					83.359		83.359
Other comprehensive income, currency adjustment							0
Other comprehensive income, currency adjustment for foreign entities				1.847			1.847
Other comprehensive income, release of revaluation reserve for affiliated and associated companies entities				-55.361	55.361		0
Other comprehensive income Revaluation of property		4.737					4.737
Other comprehensive income Revaluation of property, tax		1.042					1.042
<b>Total comprehensive income</b>	<b>0</b>	<b>5.779</b>	<b>0</b>	<b>-53.146</b>	<b>138.720</b>	<b>0</b>	<b>91.353</b>
Currency adjustment Contingency Reserve			-1.831		1.831		0
Currency translation adjustment, foreign branch							0
Net increase of Contingency reserve			9.183		-9.183		0
Tax at items released or build up via equity Contingency reserve and Associated companies							0
Provisions for other reserves				-3.955	3.955		0
Dividend paid out							0
Proposed dividend					-85.000	85.000	0
<b>Equity as of 31st December 2021</b>	<b>10.001</b>	<b>16.968</b>	<b>173.166</b>	<b>8</b>	<b>113.394</b>	<b>85.000</b>	<b>398.536</b>

# Equity Specification

Amount in DKK'000	Share Capital	Revaluation Provisions	Contingency Reserve	Net revaluation Reserve	Profit brought forward	Proposed Dividend	Total
Equity as of 1st January 2022	10.001	16.968	173.166	8	113.394	85.000	398.536
Profit for the year					-43.425		-43.425
Other comprehensive income, currency adjustment							0
Other comprehensive income, currency adjustment for foreign entities							0
Other comprehensive income, release of revaluation reserve for affiliated and associated companies					0		0
Other comprehensive income Revaluation of property		5.305					5.305
Other comprehensive income Revaluation of property, tax		-3.251			2.084		-1.167
<b>Total comprehensive income</b>	<b>0</b>	<b>2.054</b>	<b>0</b>	<b>0</b>	<b>-41.341</b>	<b>0</b>	<b>-39.287</b>
Currency adjustment Contingency Reserve			-6.028		6.028		0
Currency translation adjustment, foreign branch							0
Net increase of Contingency reserve			-24.507		24.507		0
Tax at items released or build up via equity Contingency reserve and Associated companies							0
Provisions for other reserves					0		0
Dividend paid out						-85.000	-85.000
Proposed dividend							0
<b>Equity as of 31st December 2022</b>	<b>10.001</b>	<b>19.022</b>	<b>142.631</b>	<b>8</b>	<b>102.588</b>	<b>0</b>	<b>274.250</b>

# Notes

## NOTE 1 - ACCOUNTING POLICIES APPLIED

### General

The annual report has been prepared in accordance with the Danish Financial Business Act and the executive order issued by the Danish Financial Supervisory Authority on financial reports for insurance companies and profession-specific pension funds.

The company has received permission to prepare the annual report solely in English from the Danish Financial Supervisory Authority.

The annual report is presented in thousand DKK.

Accounting policies are unchanged from last year.

### Accounting estimate

The preparation of annual reports under the Danish Financial Supervisory Authority's executive order requires the use of certain critical accounting estimates and requires the management to exercise its judgment in the process of applying the company's accounting policies.

The statement of the accounted value of certain assets and liabilities is conditioned

by applying accounting estimates. The estimates made are based on assumptions which the management finds justifiable but uncertain. The statement of the insurance provisions and domicile are in particular connected to estimates. These estimates are described in more details in the below-mentioned under the individual accounting items.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when the company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the company, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at fair value, however tangible and intangible assets are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate

affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement as earned, whereas costs are recognised by the amounts attributable to this financial period. Value adjustments of financial assets and liabilities are recorded in the income statement unless otherwise described below.

### Intra-group transactions

The remuneration for the administration of the group's companies is based on the costs of such administration. The interest charged on intra-group accounts is the market rate when these accounts are not considered current business accounts.

Other services (including reinsurance) rendered as part of ordinary insurance operations to and from intra-group buyers are settled at market rates.

Intra-group trading in assets, including securities, is conducted at market prices. No significant intra-group trading with assets has taken place during the accounting year.

### Foreign currency transactions

The company's functional currency is DKK in respect of business and investments originating from Denmark. The functional

currency used by the company's branch in Sweden is SEK.

Receivables and payables recognised in foreign currency are translated at the exchange rate prevailing at the balance sheet date. The difference between the exchange rate prevailing at the balance sheet date and the exchange rate prevailing at the time when such receivables or payables arose or were recognised in the latest annual report is recognised in the income statement as value adjustments.

Profit and loss of the foreign branch is translated into the company's functional currency, DKK, at the exchange rate prevailing at the date of transaction. The value of the branch's balance sheet items are translated at the exchange rate prevailing at the balance sheet date.

### Consolidated accounts

The company has chosen not to prepare consolidated accounts in accordance with §134 in the executive order issued by the Danish Financial Supervisory Authority on financial reports for insurance companies and profession-specific pension funds, as the company's ultimate parent company, Münchener Rückversicherungsgesellschaft, Munich, Germany, prepares consolidated accounts in which the company and its subsidiaries are included.

## PROFIT AND LOSS ACCOUNT

### RESULT OF INSURANCE OPERATIONS

#### Premium income, net of reinsurance

Premium income, net of reinsurance consists of the premiums collected for the year less ceded reinsurance premiums, adjusted for movements in the unearned premium provision.

#### Technical interest, net of reinsurance

According to the Danish FSA's executive order, technical interest is presented as a calculated return on the year's average insurance liability provisions, net of reinsurance. The interest is applied according to the expected run-off pattern of the provisions.

Technical interest is reduced by the portion of the increase in net provisions that relates to unwinding of discounting.

#### Claims incurred, net of reinsurance

Claims incurred, net of reinsurance consist of the claims paid together with direct and indirect costs for claims handling less reinsurance recoveries, adjusted for movements in the outstanding claims reserve.

As a result, claims incurred, net of reinsurance consist of reported and expected claims for the accounting year. Furthermore, run-of gains or losses on previous years' provision for outstanding claims are included in claims incurred. The portion of the increase of the provisions that relates to reduction of term has been transferred to technical interest.

Changes in provisions of claims due to changes in the yield curve and exchange rates are recognized as a value adjustment.

#### Bonus and premium discounts

Bonus and premium discounts represent anticipated and reimbursed premiums where the amount reimbursed depends on the claims record, and for which the criteria for payment have been defined prior to the financial year or when the business was written.

#### Insurance operating expenses, net of reinsurance

Insurance operating expenses represent acquisition costs and administrative expenses less reinsurance commissions received. Expenses relating to acquiring and renewing the insurance portfolio are recognised at the time of writing the business. Administrative expenses are accrued to match the financial period.

#### Investment activities

Income from affiliated companies includes the company's share of the affiliates' net profit.

Income from associates includes the company's share of the associates' net profit.

Income from domicile properties before fair value adjustment represents the profit from property operations less property management expenses for the part of the property which is not used by the company. Profit from property operations derives from rental agreements with tenants. All tenants have less than one-year tenures.

Interest, dividends, etc. represent interest earned, dividends received, etc. during the financial period.

Realised and unrealised investment gains and losses are gains and losses on investments, value adjustment of land and buildings and exchange rate adjustments.

Investment management charges represent expenses relating to the management of investments.

### OTHER ITEMS

#### Other income and expenditure

Other income and expenditure contain income and expenses on administration agreements, which cannot be attributed to the insurance portfolio.

#### Taxation

Tax on the profit for the year is calculated on the basis of the profit for the year before tax, adjusted for non-taxable income and expenditure.

The company is jointly taxed with Danish group companies. Full intra-group tax equalisation is effected so that the company pays for the utilisation of contingent negative taxable income from the jointly taxed company and the company is refunded by the jointly taxed company for its utilisation of contingent taxable deficits of the company.

Deferred tax related to recapture of previously deducted deficits in foreign branches

or affiliates' entities is included based on an actual assessment of the purpose of the individual entity.

Deferred tax is measured according to the tax rules and at the tax rates in Denmark and Sweden which based on the legislation in force at the balance sheet date will apply when the deferred tax liability is expected to be settled or when the deferred tax asset is expected to be realised.

If deferred tax constitutes a tax asset, it is included in the assets, if it is most probably that it can be used in the future. The tax liable on the contingency reserve (contingent tax) is not provided for in the balance sheet.

The company has not made provisions for deferred tax on contingency funds as it is not likely that a situation will arise within the foreseeable future which will result in taxation.

### BALANCE SHEET

#### Intangible assets

The assets are measured at the acquisition costs with deductions of the write down. A straight-line write down is applied based on the following assessment of the assets' expected useful lives:

Software, presently 3-5 years

Costs that are directly associated with the production of identifiable and unique software products are recognised as intangible

assets. Direct costs include the software development team's employee costs and other directly related overheads. All other costs associated with developing or maintaining computer software are recognised as an expense when incurred.

After completion of the development the asset is written down on a straight-line basis over the expected useful life, however, presently with a maximum period of 5 years. The basis of writing down is reduced by any impairment write downs.

### **Operating equipment**

Furniture and operating equipment are measured at cost price less accumulated write down and any accumulated impairment losses. The cost price includes the purchase price and costs directly related to the purchase of the relevant assets until the time when the assets are ready for use.

The tangible assets are written down on a straight-line basis from the following assessment of the assets' expected useful lives, as follows:

- Furniture and other operating equipment, presently 5 years
- Computer hardware, presently 3 years
- Motor vehicles, presently 5 years

The assets' residual values and useful lives are reviewed at each balance sheet date and adjusted if appropriate.

Gains and losses on disposals and retirements are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

### **Leasing - Accounting policies before January 1, 2019**

Leases are divided into financial and operational leasing liabilities. A lease is recognised as financial when substantially all the risks and gains of owning the leased asset are transferred to the lessee. Other leases are classified as operational.

Leasing costs related to operating leases are recognized on a straight-line basis in the profit and loss statement over the lease period.

### **Leasing - Accounting policies after January 1, 2019**

Before start of a lease contract, the company assesses whether a contract can be determined as a right-of-use asset (ROU asset). A ROU asset has the following conditions:

- The asset is explicitly identifiable
- The company has the right to get almost all the economic benefits from use of the asset throughout the period of use
- The company has the right to choose how to use the asset

The company recognises ROU assets and corresponding lease liabilities with respect to all lease agreements in which it is the lessee, excluding short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. At start or on reassessment of a contract that contains lease components, the company allocates the consideration in the contract to each lease component based on their relative stand-alone prices.

ROU assets and lease liabilities are recognised at the lease commencement date. The ROU assets are initially measured at cost price, which is calculated as the present value of the lease obligation including prepaid lease payments, any direct costs associated with the acquisition and any costs for dismantle and disposal of the asset at the end of the lease period, which the lessee is obliged to pay. ROU assets are depreciated on a straight-line basis over the shortest period of the lease term and the useful life of the assets.

### **Lease liabilities**

Lease liabilities are measured at the present value of the lease payments that are not yet paid, discounted using the rate implicit in the lease. If this rate cannot be determined, the company uses its incremental borrowing rate. Subsequently, the lease liability is measured at amortised cost using the effective interest method and is presented as part of the amount shown under "Leasing liabilities" within Liabilities. It is re-measured when there is a change in future lease payments. An adjustment is made to the

carrying amount of the corresponding ROU asset.

### **Impairment of intangible assets and operating equipment**

Finalized development projects and development projects in progress are tested for impairment in connection with the annual report and during the year if there is any indication of impairment. The carrying amount of other intangible assets and operating equipment is reviewed at least annually to determine whether there is any indication of impairment.

If there are indications of impairment, the carrying amount is written down to the estimated recoverable amount of the asset if this is lower than the carrying amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the expected value in use.

### **Land and buildings**

Land and buildings are measured in the balance sheet at the revalued amount, being the fair value at the date of revaluation, less any subsequent accumulated depreciation. Revaluations are performed regularly to avoid the carrying amount differing from the domicile's fair value at the balance sheet date.

The fair value is calculated based on a market-determined rental income, as well as operating expenses in proportion to the property's required rate of return in percent.

Increases in the revalued carrying amount of land and buildings are credited in equity,

unless the increase corresponds to a decrease previously credited to the income statement. Decreases are credited to the income statement unless the decrease corresponds to an increase previously credited to equity.

The write downs are recognized in the profit and loss account over their useful lives. The expected useful life is measured regularly.

The company assessed at the time of the change-over to the rules of Danish Financial Supervisory Authority's executive order on financial reports that the useful life is 50 years and the scrap value is 70%.

### **Capital holdings (shares) in affiliated and associated companies**

Shareholdings are stated at their equity value using the equity method. As a result, the shareholdings are shown in the balance sheet as the pro rata share of the companies' equity value, and the company's share of the result is included in the profit and loss account under "income from affiliated or associated companies".

The total net revaluation of capital holdings in affiliated and associated companies are included in the net revaluation reserve in equity, if the book value is higher than the cost price.

### **Other financial assets**

Listed bonds and capital investments are stated at the price listed at closing time on the date of the balance sheet. However, drawn bonds are stated at fair value. Unlisted capital investments are stated as

the estimated market value, based on the last available annual accounts of the company in question.

Secured loans are stated as the estimated fair value at the balance sheet date.

The trade day is used as the time of calculation for all investment assets.

### **Reinsurers' share of provisions for insurance contracts**

Contracts entered into by the company with reinsurers under which the company is compensated for losses on one or more contracts issued by the company and that meet the classification requirements for insurance contracts are classified as reinsurance share of the technical provision.

Amounts recoverable from reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

The benefits to which the company is entitled under its reinsurance contracts held are recognised as assets and reported as reinsurers' share of claim provisions for insurance contracts.

The reinsurers' share of the provisions for claims is measured at discounted value if such discounting is material. The future payments will be discounted back according to the risk-free interest rates announced by EIOPA without volatility adjustment. The company assesses continuously its

reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, the company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement.

### **Debtors**

Debtors are stated net of a bad debt reserve calculated on the basis of an individual assessment of the debtors.

### **Accruals**

Accruals, reported under assets, comprise cost paid relating to the following financial period.

## **EQUITY**

### **Share capital**

Shares are classified as equity when there is no obligation to transfer cash or other assets.

### **Revaluation provisions**

Revaluation of owner-occupied property is recognized in other comprehensive income unless the revaluation offsets a previous impairment loss. Revaluation reserves show the net revaluation of the owner-occupied property.

### **Contingency reserves**

The Danish contingency reserve is recognized as part of retained earnings under equity. The reserve may be released in accordance to the specific regulations considering lowered insurance technical provisions or else only when so permitted by the Danish Financial Supervisory Authority and when it is for the benefit of the

policyholders. The funds allocated to the contingency reserve are not taxed and there has been no deferred tax allocated in the balance sheet.

The Swedish contingency reserve is reported as an untaxed reserve. Changes are recognized through equity. The basis for the calculation is based on a directive from the Swedish Financial Supervisory Authority. The directive indicates the maximum amount that may be allocated to the contingency reserve, based on written premiums and the provision for claims outstanding. ERV Sweden continuously calculates the maximum scope for provisions. At year-end the company had not utilized the maximum scope.

### **Other reserves**

The total net revaluation of capital holdings in affiliated and associated companies is recognized via appropriation of profit to the net revaluation reserve in equity (other reserves), if the book value is higher than the cost price.

Currency adjustments comprise exchange differences arising from translation of the contingency reserve and the equity of foreign entities at the beginning of the year to the exchange rate prevailing at the balance sheet date.

### **Proposed dividend**

The proposed dividend is recognized as a liability at the time of the adoption by the shareholders at the annual general meeting. Dividend to be paid out for the year is shown as a separate item under equity.

## TECHNICAL RESERVES

### Provisions for insurance contracts

The company have chosen to use the simplified calculation of premium provision according to the Danish Executive Order on Financial Statements § 69a.

Provisions for insurance contracts are recognised as future payments including payments for administration and claims handling regarding future events for in-force policies. However, as a minimum to the part of the premium calculated using the pro rata temporis principle until the next payment date. Adjustments are made to reflect any variations in the incidence of risk. For new annual insurance policies, where a considerable part of the risk is in the immediate continuation of the date they become effective, we add as income 50% of the premium within the first 2-3 weeks and then distribute the rest according to the pro rata temporis principle.

The provisions also include amounts reserved to cover risk in connection with increasing age. These provisions are reserved when there no longer is a natural premium and the risks covered increase with the insured person's age.

The provisions for insurance contracts are recognised, taking into account, the deductions for direct acquisition costs.

### Provisions for claims

Provisions for claims include direct and indirect claims handling costs arising from

events that have occurred up to the balance sheet date. Provisions for claims are estimated using the input of assessments for individual cases reported to the company and statistical analyses for the claims incurred but not reported and the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

Claims provisions are discounted, if such discounting is material. Discounting is based on the risk-free interest rates announced by EIOPA without volatility adjustment.

### Risk margin on insurance contracts

Risk margin on insurance contracts are the expected amount payable if the company's portfolio of insurance contracts were transferred to another company.

### Provisions for bonus and premium rebates

Provisions for bonus and premium rebates represent amounts expected to be paid to policyholders in view of the claims experience during the financial year.

### Liability adequacy test

Tests are continuously performed to ensure the adequacy of the technical provisions. In performing these tests, current best estimates of future cash flows of claims, gains and direct and indirect claims handling costs are used. Any deficiency is charged to the income statement by raising the relevant provision.

### Financial liabilities

Bond loans, debt to credit institutions, etc. are recognised at the raising of the loan at a fair value plus transaction costs incurred.

### Debt

Other liabilities are measured at net realisable value.

### Methods for calculating financial ratios

The financial ratios have been calculated in accordance to the Danish Financial Business Act. The ratios included in the five-year review have been calculated as described below:

**Gross claims ratio** is the relation between gross claims incurred and gross earned premiums, where earned premiums are reduced by bonuses and rebates.

**Gross expense ratio** is the relation gross operating expenses and gross earned premiums less bonuses and rebates.

**Reinsurance ratio** is the profit/loss from reinsurance in proportion to gross earned premiums less bonuses and rebates.

**Combined ratio** is the sum of the gross claims ratio, the gross expense ratio and the net reinsurance ratio.

**Operating ratio** is calculated as the combined ratio, but based on the claims ratio, the expense ratio and the net reinsurance ratio where the allocated investment return has been added to earned premiums in the denominator.

**Relative run-off result** is the run-off result in relation to the corresponding opening provision.

**Return on capital and reserves** is profit of the year in relation to average capital & reserves.

Note in DKK'000

2 Five-year review

Profit and Loss	2022	2021	2020	2019	2018
Gross premiums earned	363.416	298.064	324.198	674.370	393.880
Gross claims incurred	159.125	95.260	195.581	391.685	191.068
Total operating expenses	201.406	193.449	191.279	290.587	200.984
Result of reinsurance (-=net cost)	-23.292	-3.324	28.367	-4.908	-5.657
Underwriting result	-17.782	5.412	-35.296	-13.398	-4.823
Profit/loss of investment after transfer of technical interest	-27.521	78.702	-5.479	6.952	16.693
Profit for the year	-43.425	83.359	-30.296	-7.124	13.302
Gross run-off profit/loss	17.424	1.558	3.018	749	2.154
Run-off profit/loss, net of reinsurance	-3.444	2.274	4.636	540	2.741

Assets and Liabilities at	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018
Insurance assets	5.045	29.235	33.323	532	627
Technical provisions	180.771	197.804	196.785	253.413	184.376
Capital and reserves at year-end	274.250	398.536	307.184	338.954	343.207
Total assets	541.565	667.629	579.229	671.307	598.959

Key figures	2022	2021	2020	2019	2018
Gross claims ratio	44%	32%	60%	58%	49%
Gross expense ratio	56%	65%	59%	43%	51%
Reinsurance ratio	6%	1%	-9%	1%	1%
Combined ratio	107%	99%	111%	102%	102%
Operating ratio	105%	99%	111%	102%	101%
Relative run-off result	25%	2%	3%	1%	3%
Return on capital and reserves	-1.3%	24%	-9%	-2%	4%

Note	in DKK'000		2022	2021	2022	2021
3	<b>Gross earned premiums</b>					
	Gross premiums		357.191	314.037		
	Change in the gross provision for unearned premiums		6.225	-15.973		
	<b>Gross earned premiums for the year</b>		<b>363.416</b>	<b>298.064</b>		
	<b>Distribution:</b>					
	Direct business		363.416	298.064		
	Indirect business		0	0		
			<b>363.416</b>	<b>298.064</b>		
	<b>Geographic distribution of direct business:</b>					
	Denmark		142.087	108.725		
	EU countries		193.658	168.521		
	Non-EU countries		27.671	20.818		
			<b>363.416</b>	<b>298.064</b>		
4	<b>Technical interest, net of reinsurance</b>					
	Interest yield from the year's average technical provisions, net of reinsurance, transferred from investment business					
	Provision for insurance contracts, year start		197.804	196.785		
	Reinsurers share of technical provisions, year start		-29.235	-33.323		
	Provisions for insurance contracts, year end		180.771	197.804		
	Reinsurers share of technical provisions, year end		-5.045	-29.235		
	<b>Total</b>		<b>344.295</b>	<b>332.031</b>		
	<b>Average</b>					
	Interest rate in accordance with EIOPA		1,52%	-0,37%		
	<b>Interest on technical provisions</b>		<b>2.625</b>	<b>-619</b>		
	<b>Technical interest, net of reinsurance</b>		<b>2.625</b>	<b>-619</b>		
5	<b>Acquisition costs</b>					
	<b>Total acquisition costs</b>		<b>126.871</b>	<b>117.511</b>		
	of which:					
	Commission for direct business		58.119	52.053		
	Commission for indirect business		0	0		
			<b>58.119</b>	<b>52.053</b>		
6	<b>Administrative expenses</b>					
	Administrative expenses		52.629	50.719		
	Duties and contributions etc		9.381	8.694		
	Depreciation		12.545	16.525		
			<b>74.535</b>	<b>75.938</b>		

Note in DKK'000

7 Staff costs	2022	2021
Net operating expenses include the following staff costs:		
Wages and salaries	68.113	68.883
Other expenses for social security	5.604	6.224
Pension scheme contributions	7.756	9.001
Payroll tax	9.381	8.694
	<b>90.854</b>	<b>92.802</b>
<b>Total remuneration paid to:</b>		
<b>Board of Directors</b>		
Number	6	6
Fixed salary	6.891	10.118
Variable salary	0	0
	<b>6.891</b>	<b>10.118</b>
<b>Audit Comitee</b>	<b>0</b>	<b>0</b>

Board of Management *	2022	2021
Number	3	3
Wages and salaries ( Fixed remuneration )	7.862	6.043
Bonuses ( variable remuneration )	0	2.039
Pension benefits ( Fixed remuneration )	710	437
<b>Remuneration of the Board of Management</b>	<b>8.572</b>	<b>8.519</b>

**Other employees with activities of considerable influence on the company's risk profile:**

Number	6	6
Wages and salaries ( Fixed remuneration ) **	6.270	5.325
Bonuses ( variable remuneration )	478	650
Pension benefits ( Fixed remuneration )	1.040	1.012
	<b>7.788</b>	<b>6.987</b>

There is no pension obligations towards the BoD or the BoM.

\* Remuneration is the total remuneration for CEO or board positions within the Munich Re Group.

\*\* The entry fixed salary includes fixed salary and tax value of company car, telephone etc.

#### Incentive Schemes

The Board of Management have the possibility to receive a bonus of maximum TDKK 2.309 if specific targets are reached in accordance with contracts however meeting local legislation.

<b>The average of full-time staff</b>	<b>105</b>	<b>111</b>
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The company has been informed that the Board of Directors and Board of Management has not received any fees from other companies in the Group.

Note	In DKK'000	2022	2021		2022	2021
8	<b>Breakdown of underwriting result</b>					
	Earned premiums	363.416	298.064			
	Underwriting interest, net of reinsurance	2.625	-619			
	Claims incurred incl change in Risk Margin	-159.125	-95.260			
	Administrative expenses	-74.535	-75.938			
	Acquisition costs	-126.871	-117.511			
	<b>Profit from gross operations</b>	<b>5.510</b>	<b>8.736</b>			
	Cede insurance premiums	-4.408	-4.484			
	Reinsurance recoveries	-19.206	758			
	Reinsurance commissions and profit participation	322	402			
	<b>Result of ceded business</b>	<b>-23.292</b>	<b>-3.324</b>			
	<b>Underwriting profit</b>	<b>-17.782</b>	<b>5.412</b>			
	<b>Total claims incurred, net of reinsurance, run-off</b>					
	Gross run-off profit/loss	17.424	1.558			
	Run-off profit/loss, ceded	-20.869	715			
	<b>Total claims incurred, net of reinsurance, run-off, total</b>	<b>-3.444</b>	<b>2.274</b>			
9	<b>Income from affiliated companies</b>					
	The year's net result in Evropská Cestovni Pojistovna a.s. Czechia	0	26.528			
	Gain sale of Evropská Cestovni Pojistovna a.s. Czechia	0	46.400			
		0	72.928			
10	<b>Income from investment properties</b>					
	Profit from property operations	5.179	4.705			
	Expenses from property operations	-1.761	-1.043			
		<b>3.418</b>	<b>3.662</b>			
	Profit from property operations derives from rental agreements with tenants. All tenants have less than one-year tenures.					
11	<b>Interest income and dividends etc.</b>					
	Interest income	3.357	3.743			
	Dividend from participating interests	0	71			
		<b>3.357</b>	<b>3.814</b>			
12	<b>Realised and unrealised gains and losses, net</b>					
	Participating in unit trusts, bond based	-1.997	-173			
	Participating in unit trusts, share based	521	-2			
	Bonds	-24.620	-1.775			
	Capital loss on instalments and redemptions	42	-220			
	Exchange rate adjustments	-4.652	323			
		<b>-30.706</b>	<b>-1.847</b>			
13	<b>Interest expenses</b>					
	Interest expenses	-109	-166			
	Interest expenses leasing liabilities	-9	-16			
		<b>-118</b>	<b>-182</b>			
14	<b>Other income and expenses</b>					
	Income from administration arrangements	6.103	7.331			
	Expenses from administration arrangements	5.138	5.153			
		<b>965</b>	<b>2.178</b>			
15	<b>Tax of the profit for the year</b>					
	Current tax	-123	698			
	Change in deferred tax	-125	2.172			
	Adjustment regarding prior years	-665	63			
		<b>-913</b>	<b>2.933</b>			
	<b>Taxes paid on account for the current year</b>	<b>1.930</b>	<b>3.227</b>			
	<b>Effective tax rate</b>	%	%			
	Tax rate	22,0	22,0			
	Adjustment of tax from previous years	1,5	0,1			
	Deferred tax related to future increase in tax rate	-3,7	0,0			
	Exchange rate adjustment and Lower tax rate in Swedish branch	-4,8	0,1			
	Tax of non-taxable income and expenses	-13,0	-18,8			
		<b>2,1</b>	<b>3,4</b>			

Note	In DKK'000	2022	2021
16	<b>Software</b>		
	Cost at the beginning of the year	104.684	99.425
	Currency translation adjustment, foreign branch	0	0
	Disposals during the year	0	0
	Additions and improvements of the year	7.181	5.259
	<b>Cost at the end of the year</b>	<b>111.865</b>	<b>104.684</b>
	Depreciation and write-downs at beginning of year	82.999	70.735
	Currency translation adjustment, foreign branch depreciation	0	0
	Depreciation and write-downs of the year	8.828	12.263
	Disposals during the year	0	0
	<b>Total depreciation and write-downs at year-end</b>	<b>91.827</b>	<b>82.999</b>
	Revaluations of the year	0	0
	<b>Total revaluations at year-end</b>	<b>0</b>	<b>0</b>
	<b>Net book value</b>	<b>20.039</b>	<b>21.686</b>
17	<b>Operating Equipment</b>		
	Cost at the beginning of the year	32.550	32.346
	Disposals during the year	0	-510
	Additions and improvements of the year	1.130	713
	Currency adjustment	0	0
	<b>Cost at the end of the year</b>	<b>33.680</b>	<b>32.550</b>
	Depreciation and write-downs at beginning of the year	31.063	30.375
	Depreciation and write-downs of the year	959	959
	Disposals during the year	-1	-267
	Exchange rate adjustments	34	-5
	<b>Total depreciation and write-downs at year-end</b>	<b>32.054</b>	<b>31.063</b>
	<b>Net book value</b>	<b>1.626</b>	<b>1.487</b>

	2022	2021
<b>Of which ROU Assets</b>		
Cost at the beginning of the year	566	308
Additions and improvements of the year	0	573
Disposals during the year	0	72
Depreciation and write-downs of the year	169	239
Currency adjustment	34	5
<b>Cost at the end of the year</b>	<b>363</b>	<b>566</b>
<b>Leasing of assets with low cost</b>	<b>25</b>	<b>58</b>
Leasing liabilities maturities are 1-3 years		
18 <b>Land and buildings</b>		
Cost at the beginning of the year	127.502	127.502
Additions and improvements of the year	0	0
Currency adjustment	0	0
<b>Cost at the end of the year</b>	<b>127.502</b>	<b>127.502</b>
Depreciation and write-downs beginning of the year	42.607	39.698
Depreciation and write-downs of the year	1.305	2.909
<b>Total depreciation and write-downs at year-end</b>	<b>43.912</b>	<b>42.607</b>
Revaluations beginning the year	21.105	16.368
Revaluations via comprehensive income	5.305	4.737
Revaluations of the year that are included in the income statement	0	0
<b>Total revaluations at year-end</b>	<b>26.410</b>	<b>21.105</b>
<b>Net book value</b>	<b>110.000</b>	<b>106.000</b>
<b>Net book value of land and buildings used for company operations</b>	<b>45.430</b>	<b>47.265</b>
<b>Of which ROU Assets</b>		
Cost at the beginning of the year	0	1.752
Depreciation and write-downs of the year	0	-1.752
Currency adjustment	0	0
<b>Cost at the end of the year</b>	<b>0</b>	<b>0</b>
Leasing liabilities maturities are 0,5-5 years	1.305	1.157
The building value is calculated without support from external experts		
<b>The yield used for the assessment of the market value of the building is</b>	<b>5,67%</b>	<b>4,53%</b>

19 Affiliated and associated companies

	Affiliated company	Associated companies
Acquisition cost, balance, beginning of the year	0	36
Additions of the year	0	0
Disposals of the year	0	0
Acquisition cost, balance, year-end	0	36
Revaluations, balance, beginning of the year	0	8
Price adjustment of opening balance of capital and reserves	0	0
Share of profit for the year	0	0
Dividends paid	0	0
Disposals of the year	0	0
Revaluations, balance, year-end	0	8
Net book value, year-end 2022	0	44
Net book value, year-end 2021	0	44

Group Ownership

Europæiske ERV is associated with the following companies:

	Registered office	Activity	Shareholding	Capital & Reserves	Result
European Assistance Holding	Germany	Assistance	20.00 %	223	0

Note	In DKK'000	2022	2021
20	<b>Other prepayments and accrued income</b>		
	Prepaid wages and salaries	201	115
	Other prepayments and accrued income	2.869	2.335
	Pre paid commission from policyholders	1.110	726
		<b>4.180</b>	<b>5.484</b>
21	<b>Total capital and reserves</b>		
	The company's share capital consists of:		
	801 shares of DKK 500		
	200 shares of DKK 2,000		
	400 shares of DKK 8,000		
	6 shares of DKK 1,000,000		
	During the merger of Europæiske Rejseforsikring A/S and our Swedish sister company ERV Försäkringsaktiebolag (publ) in 2017, Europæiske Rejseforsikring A/S issued a share to the parent company ERV AG at DKK 500 into Europæiske Rejseforsikring A/S.		
	The shares are not divided into classes		
	DK contingency reserve	80.500	92.000
	SE contingency reserve	62.131	81.166
	<b>Total contingency reserve, untaxed</b>	<b>142.631</b>	<b>173.166</b>
	Base capital and solvency margin:		
	Total capital and reserves, according to annual report	274.250	398.536
	Intangible assets	-20.039	-21.686
	Deferred tax liability at Contingency reserve	-30.509	-36.960
	Lower technical provision in SII	-593	8.958
	Deferred tax at technical provision above	127	-1.912
	Deferred tax at at software	4.299	4.690
	Other minor valuation differences not specified	0	-60
	Proposed dividend for the financial year	0	-85.000
	<b>Eligible own funds (Solvency II)</b>	<b>227.535</b>	<b>266.566</b>

	2022	2021	
22	<b>Provisions for taxation</b>		
	Deferred tax is incumbent on the following items:		
	Owner-occupied property	11.755	9.068
	Affiliated companies owned by Swedish Branch	1	1
	Intangible fixed assets	-1.006	1.055
	Operating equipment	-488	-327
	Pension & similar obligations by Swedish Branch	-2.050	-2.792
	Tax loss carried forward	-644	-1.206
	Risk margin	-734	-294
	<b>Total provisions for deferred taxation</b>	<b>6.834</b>	<b>5.505</b>
	Is presented in the balance sheet as:		
	Deferred tax assets	-4.922	-4.619
	Reserves for deferred tax	11.756	10.124
		<b>6.834</b>	<b>5.505</b>
	<b>Contingency tax</b>		
	A release of the Danish contingency reserve will trigger a tax of	17.710	20.240
	A release of the Swedish contingency reserve will trigger a tax of	12.799	16.720
	<b>A total release of the contingency reserve will trigger a tax of</b>	<b>30.509</b>	<b>36.960</b>
	The technical provision for the Danish business is not expected to fall below the level of 70% of 31 December 1994. No provision for deferred tax on the Danish contingency reserve has therefore been made.		
	A directive from the Swedish Financial Supervisory Authority indicates the maximum amount that may be allocated to the Swedish contingency reserve. ERV Sweden continuously calculates the maximum scope for provisions. At yearend the comoanv had not utilized the maximum scooe.		

Note	In DKK'000	2022	2021
23	<b>Other creditors</b>		
	PAYE taxes and labour market contribution	3.490	4.234
	Holiday pay obligations, salaried staff	3.487	4.007
	Social security benefit and other duties	966	920
	Other accrued costs	37.506	25.404
		<b>45.449</b>	<b>34.565</b>

#### 24 Contingency liabilities

The Company has outsourced IT services and has in this regard contingency liabilities of approximately DKK 4.675t as of 31 December 2022.

The Company is jointly tax liable with the Danish enterprises in the Munich RE group and is administrating the joint taxation. The Company is liable jointly and severally with other enterprises in the joint taxation of Danish company tax, withholding taxes on dividends, interests and royalties in the joint taxation. The joint tax obligation represents nominal net payable of approximately DKK 1.458t as of 31 December 2022.

The Company has a rent contract in regards to the Swedish branch office and has in this regard contingency liabilities of approximately DKK 667t as of 31 December 2022.

#### 25 Ownership and related parties

Europæiske Rejseforsikring A/S is a 100% owned subsidiary of ERV AG, Munich, Germany

ERV AG, Munich, is a 100% owned subsidiary of ERGO Group AG, Düsseldorf, Germany.

ERGO Group AG, Düsseldorf, Germany, is 100% owned by Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft, Munich, Germany.

The annual report for ERGO Group AG can be ordered on <http://www.ergo.com/>

The annual report for Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft can be ordered on <http://www.munichre.com/>

#### Intra-group transactions

The remuneration for the administration of the group's companies is based on the costs of such administration. The interest charged on inter-company accounts is the market rate when these accounts are not considered current business accounts.

## 25 Ownership and related parties (continued)

Other services (including assistance services, asset management and reinsurance) rendered as part of ordinary insurance operations to and from inter-company buyers are settled at market rates.

Inter-company trading in assets, including securities, is conducted at market prices,

Note In DKK'000	2022	2021
Premium ceded to reinsurers	-3.534	-3.533
Claims paid, reinsurers share	3.313	4.714
Reinsurance commissions and profit participation	-30	398
Purchase of services from Group entities	-13.601	-7.091
Sales of services to Group entities	1.708	632
Dividend paid to ERGO Reiseversicherung AG	-85.000	0
Dividend received from Group entities	0	3.231
Sale of shares to ERGO Reiseversicherung AG	0	143.353
	<b>-97.145</b>	<b>141.703</b>

### Consolidated accounts

The company has chosen not to prepare consolidated accounts in accordance with §134 in the executive order issued by the Danish Financial Supervisory Authority on financial reports for insurance companies and profession-specific pension funds, as the company's ultimate parent company, MOnchener RÖckversicherungsgesellschaft, Munich, Germany, prepare consolidated accounts for the whole group.

Remuneration of the Board of Management and the Board of Directors is disclosed in note 7.

## 26 Risk Management

### Underwriting risks

Underwriting risk arises from inaccurate assessments of the compensations and other costs related to insurance policies. Significant underwriting risks are premium, if losses are higher than expected, and reserve risks, if the reserves set side are not sufficient to cover the ultimate losses,

Relevant policies exist which are set by the Board of Directors. The overarching policy for underwriting risks states that risks originating from the company's insurance business shall be covered or limited to such a level that the company will be able to maintain a normal operation and carry out planned initiatives even in case of a very unfavourable development. One measure taken to limit the underwriting risk, is reinsurance agreements. This limits the risks for most events to a certain level according to the risk appetite set by the Board of Directors.

### Market risks

It is the aim of ERV Nordic to control the market risks in such a way that the company obtains a return corresponding to risks taken.

### Main market risks:

- Currency risk
- Equity risk
- Property risk
- Market risk concentrations

Currency risk arises as a result of a mismatch in the value of assets and liabilities in the same foreign currency. Internal guidelines, set by the Board of Directors, limits the exposure to a certain level. In terms of the result, the company is sensitive towards the development in currency rates and the prices of bonds, shares and participations.

Currency risk for ERV Nordic is mainly related to the net assets in ERV Sweden denominated in Swedish krona ("SEK"). The merger with ERV Sweden are based on strategic decisions and in line with the risk appetite set by the Board of Directors

## 26 Risk Management (continued)

### *Credit risks*

Credit risk is defined as an economic loss that can arise if the financial situation of a counterparty changes. The credit risk includes both the risk of deterioration of the "rating" of the counterparty and the credit spread risk. Examples are the financial situation of an issuer of securities or a debtor with obligations to ERV Nordic.

In our fixed-income investments, we control the associated credit risk by selecting issuers with appropriate quality and respecting counterparty limits. The rating of external rating agencies is just one of several criteria that we take into account. The majority of our investments consist of securities issued by issuers with very good credit ratings.

### *Operational risks*

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk is inevitably linked to the business activities of ERV Nordic. They are addressed in a comprehensive internal control system or through ad-hoc reporting.

ERV Nordic manages operational risks in accordance with internal guidelines and the risk appetite on an ongoing basis. It is reported to the Board of Directors as part of the risk report on a quarterly basis.

### *Other material risks*

ERV Nordic is also exposed to strategic and reputational risks.

Strategic risks are risks arising from wrong business decisions or poor implementation of decisions already taken. ERV Nordic is exposed to a variety of strategic risks such as changes in the customer structure ("demography") and the buying behaviour ("digital disruption"). Additional risks may arise as a result of changes in the competitive environment. Strategic risks usually have an impact lasting over several years and when identified, they are analysed and remedial measures are taken when necessary.

Reputational risk is defined as the risk of damage that occurs if the value or brand name of ERV Nordic deteriorates. The impact ranges from reduced business opportunity to administrative additional expenses.

Ad hoc reporting and regular quarterly communication between the governance functions takes place. In addition, as part of the internal control system, a basic assessment of potential reputational loss for each operational risk is completed by both the Compliance Officer and the Risk Manager. If the risk is assessed as being above the process owner's acceptable range, then a measure is required and monitored.

## 27 Fair value hierarchy

“Quoted market prices and consolidated reference prices” (level 1) consists of financial instruments that are quoted and traded in an active market. Such instruments include mainly our Danish and Swedish government bonds. Valuation based on “observable input” (level 2) consists of financial instruments that are valued substantially on the basis of observable input other than quoted price or consolidated reference price for the instrument itself. Valuation based on significant “nonobservable input” (level 3) consist of certain financial instruments based substantially on non-observable input. Such instruments include our shares in affiliated and associated companies and our investment property.

Note in DKK'000

2022	Quoted market prices or consolidated reference price (level 1)	Observable input (level 2)	Non-observable input (level 3)	Total
Land and buildings			110.000	110.000
Bonds	301.289			301.289
Unit trusts	23.991			23.991
Participating interests			554	554
Cash in hand and cash equivalent	24.092			24.092
<b>Total</b>	<b>349.372</b>		<b>110.554</b>	<b>459.926</b>
2021	Quoted market prices or consolidated reference price (level 1)	Observable input (level 2)	Non-observable input (level 3)	Total
Land and buildings			106.000	106.000
Bonds	382.737			382.737
Unit trusts	50.842			50.842
Participating interests	33			33
Cash in hand and cash equivalent	22.359			22.359
<b>Total</b>	<b>455.971</b>		<b>106.000</b>	<b>561.971</b>

Note In DKK'000

27 Fair value hierarchy (continued)

Financial instruments measured at fair value in the statement of financial position on the basis of non-observable input:	2022	2021
Carrying amount at 1 January	106.000	102.420
Additions and improvements of the year	554	0
Depreciation and write-downs of the year	-1.305	-1.157
Revaluations via comprehensive income	5.305	4.737
<b>Carrying amount at 31 December</b>	<b>110.554</b>	<b>106.000</b>

Note In DKK'000 Split if classes of insurance in accordance with §113 in order on non-life insurance companies's annual reports

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		Accident and health insurance	Other direct and propotional indirect insurance	Fire and personal property (Leisure)	Marine, aviation and cargo	Liability	Total
	2022						
3	Gross premiums written	202.880	130.083	21.023	2.426	779	357.191
3	Gross premiums earned	204.547	133.062	22.467	2.561	779	363.416
2	Gross claims incurred	-108.329	-70.131	-2.447	-488	21.217	-160.180
4	Bonus and premium discounts	0	0	0	0	0	0
2	Change in Risk Margin	-142	1.197	0	0	0	1.055
6	<i>Administration costs</i>	-41.880	-27.351	-4.618	-526	-160	-74.535
5	Acquisition costs	-67.197	-42.273	-16.569	-550	-282	-126.871
7	Gross operating expenses	-109.077	-69.623	-21.187	-1.076	-442	-201.406
	Profit from gross operations	-13.001	-5.496	-1.167	997	21.553	2.886
8	Result of business ceded	-3.510	1.101	0	0	-20.883	-23.292
8	Change in equalisation provision						0
9	Technical interest o.o.a.	1.491	956	154	18	6	2.625
8	<b>Underwriting result</b>	<b>-15.020</b>	<b>-3.439</b>	<b>-1.013</b>	<b>1.014</b>	<b>676</b>	<b>-17.782</b>
	Number of compensations paid	11.114	11.472	486	247	902	24.221
	Average compensation for claims incurred	9,7	6,1	5,0	2,0	-23,5	6,6
	Compensation ratio	8,9%	1,9%	0,3%	10,3%	0,0%	2,7%

Note In DKK'000 Split if classes of insurance in accordance with §113 in order on non-life insurance companies's annual reports

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	2021	Accident and health insurance	Other direct and propotional indirect insurance	Fire and personal property (Leisure)	Marine, aviation and cargo	Liability	Total
3	Gross premiums written	173.924	114.683	22.743	2.687	0	314.037
3	Gross premiums earned	167.086	104.657	23.575	2.745	0	298.064
2	Gross claims incurred	-75.788	-17.582	-2.471	-106	-460	-96.407
4	Bonus and premium discounts	0					0
2	Change in Risk Margin	-894	2.042	0	0	0	1.147
6	<i>Administration costs</i>	-42.780	-26.495	-5.968	-695	0	-75.938
5	Acquisition costs	-44.198	-51.965	-20.702	-646	0	-117.511
7	Gross operating expenses	-86.978	-78.460	-26.670	-1.341	0	-193.449
	Profit from gross operations	3.426	10.657	-5.566	1.298	-460	9.356
8	Result of business ceded	-2.816	-488	0	0	-19	-3.324
8	Change in equalisation provision						0
9	Technical interest o.o.a.	-343	-226	-45	-5	0	-619
8	<b>Underwriting result</b>	<b>267</b>	<b>9.943</b>	<b>-5.611</b>	<b>1.293</b>	<b>-479</b>	<b>5.412</b>
	Number of compensations paid	9.259	1.287	2.335	31	60	12.972
	Average compensation for claims incurred	8,2	13,7	1,1	3,4	7,7	7,4
	Compensation ratio	8,9%	0,5%	1,6%	3,2%	0,0%	1,9%