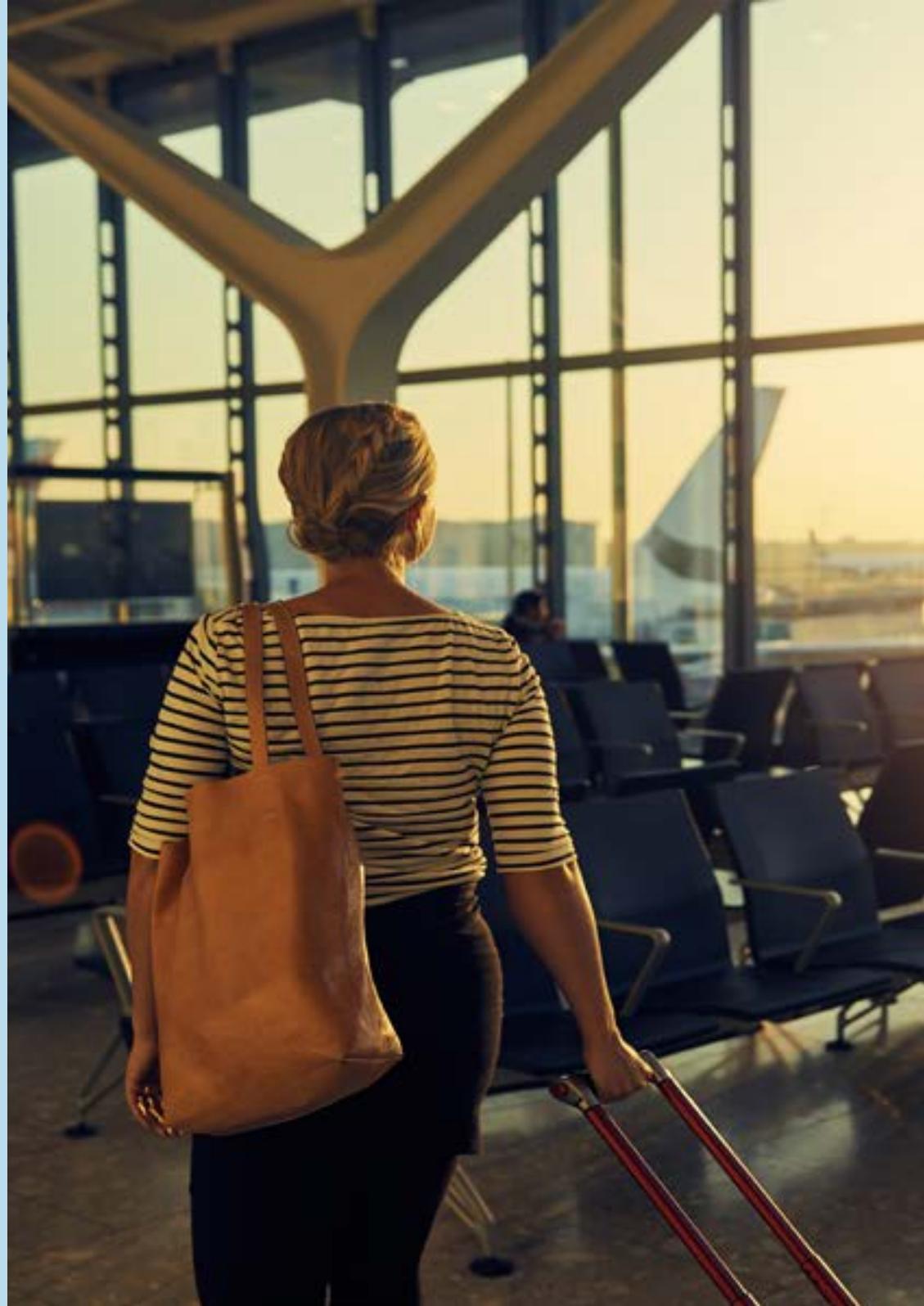


EUROPÆISKE REJSEFORSIKRING A/S ANNUAL REPORT 2020



COMPANY NAME**EUROPÆISKE REJSEFORSIKRING A/S**

Frederiksberg Allé 3

DK 1790 Copenhagen V

Tel.: +45 33 25 25 25

Registered in: Copenhagen

Company Reg. No. CVR 62 94 05 14

BOARD OF DIRECTORS:

Christof Flosbach (Chairman)

Oliver Wild

Anja Berner

Gabriele Bayer

Christian Søndergaard Larsen*

Peter Fobian*

*Elected by the staff

AUDIT COMMITTEE:

Oliver Wild (Chairman)

Anja Berner

Gabriele Bayer

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 H. Petersen

State Authorised Public Accountant

Allan Lunde Pedersen

State Authorised Public Accountant

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Management review

One ERV company in the Nordics

In 2015 Europæiske Rejseforsikring A/S in Denmark and ERV Försäkringsaktiebolag (publ) in Sweden implemented one cross-company organizational structure as a first major step towards acting as one Nordic company. 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.

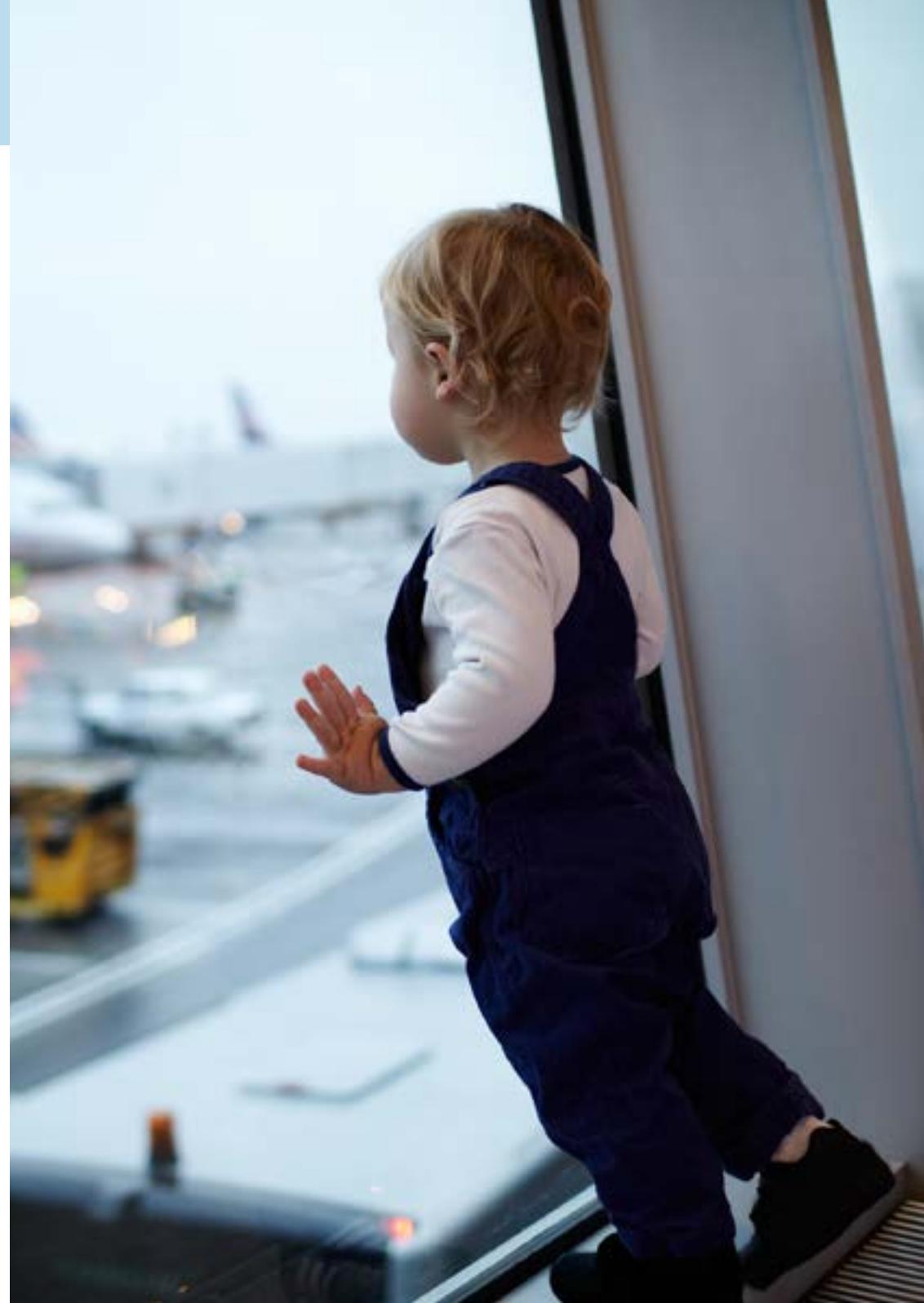
In this annual report, we use the term ERV Nordic when referring to both Europæiske ERV and Europeiska ERV. When only referring to Europæiske ERV we use ERV Denmark and similarly with Europeiska ERV we use the term ERV Sweden.

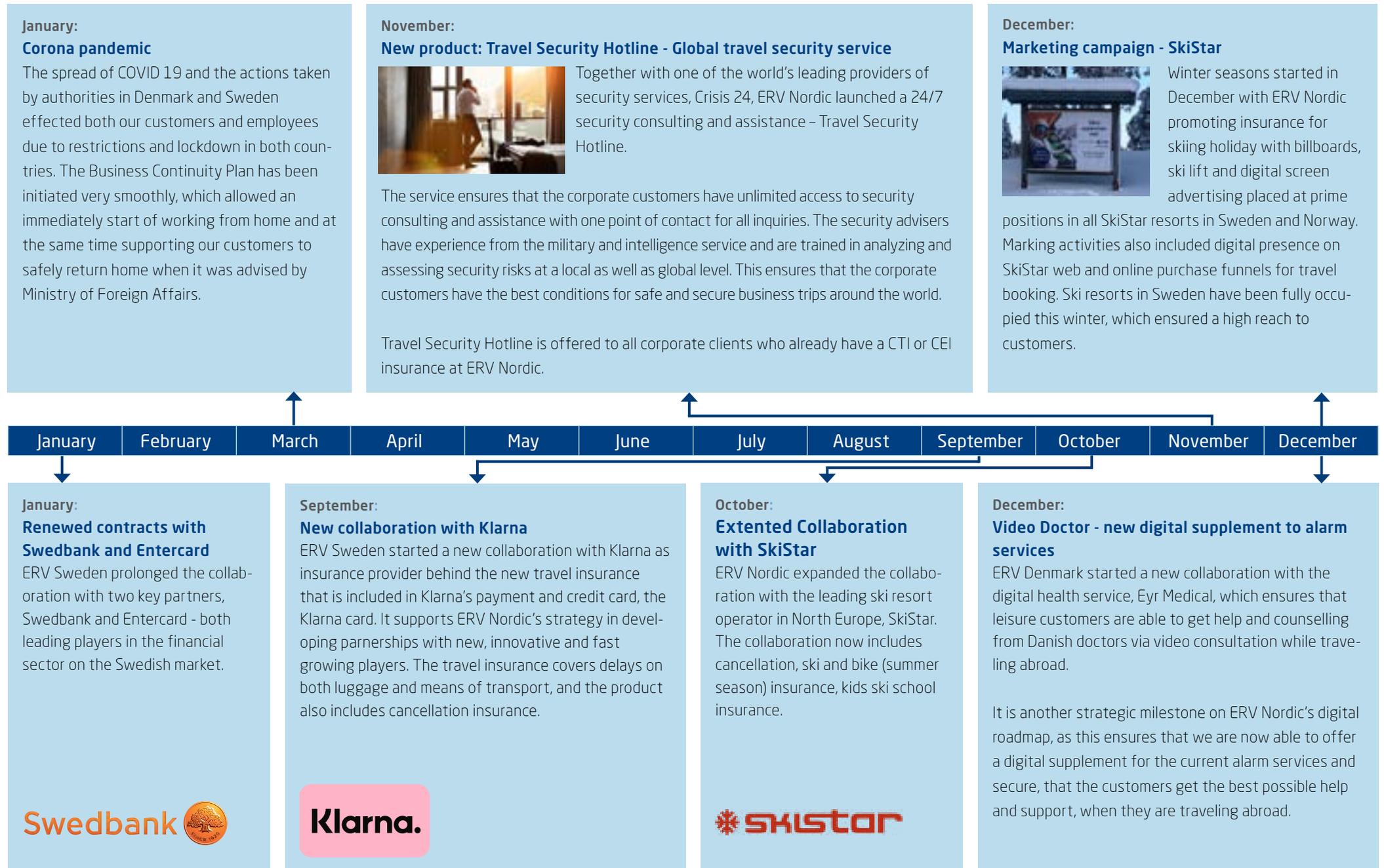
Financial result in 2020 impacted by the corona crisis

ERV Nordic delivered a negative financial result of DKK -30.3m in 2020. This was in line with expectations and explained by

the extraordinary negative impact of COVID 19. The spread of COVID 19 and the actions taken by authorities during 2020 had a significant negative impact in regards to travel insurance sales and claims. Furthermore, the coronavirus also affected negative results of our affiliated company.

Our diversified Nordic market and product approach together with a prudent reinsurance program have however partially reduced the negative impact and enabled the company to maintain a solid financial position.





“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 with 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 Group’s 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 Group¹ - 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 Euro-Center Holding SE that is mainly owned by our group.



¹ The legal name of Munich RE Group is Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft

ERV Nordic is associated with the following companies:

	Registered office	Activity	Shareholding
Affiliated company			
ERV Pojistovna a.s.	Czech Republic	Insurance	75 %
Associated company:			
Euro-Center Holding SE	Czech Republic	Assistance	33.34 %
European Ass. Holding	Germany	Assistance	20.00 %

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.



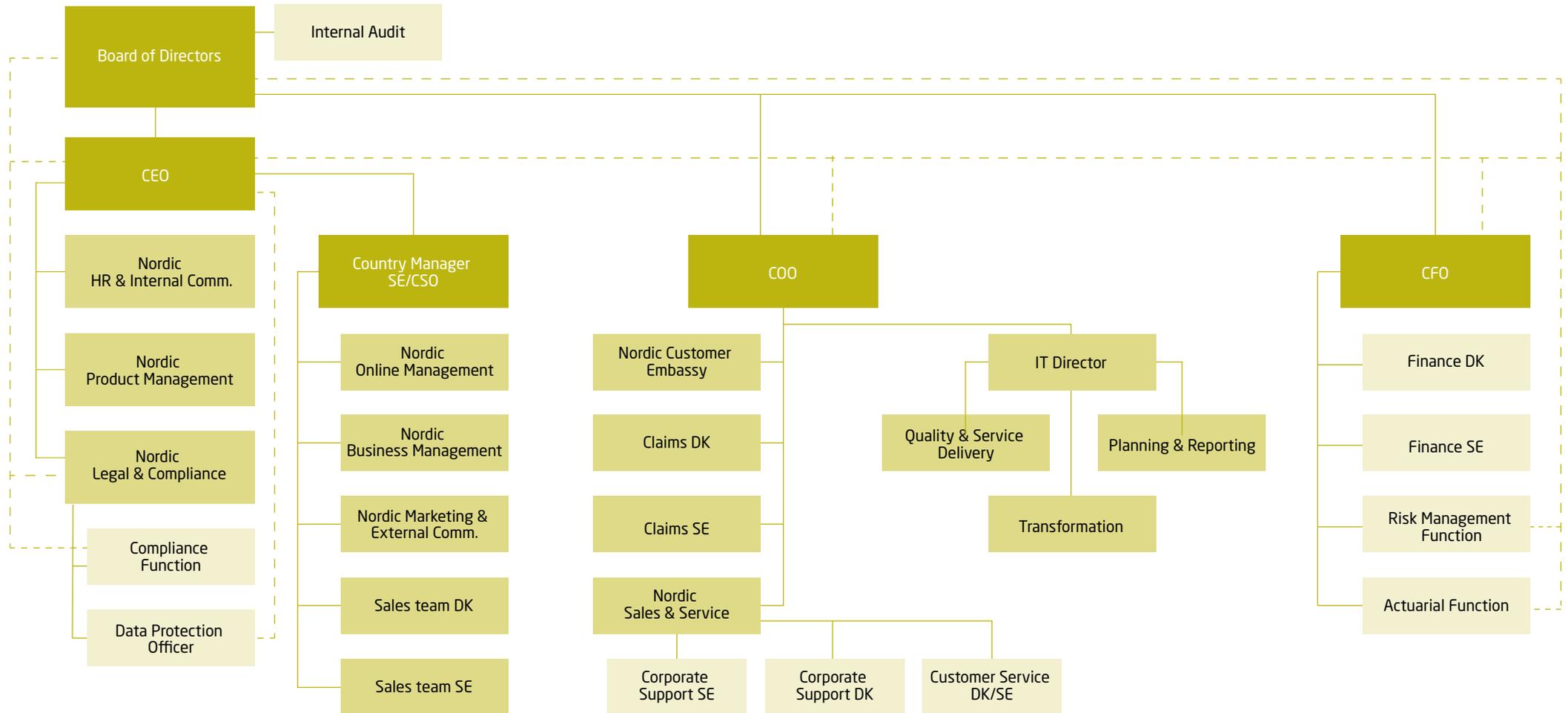
ITIA MEMBERS

- Austria
- Bulgaria
- Czech Republic
- Denmark
- Germany
- Hungary
- Italy
- Netherlands
- Norway
- Poland
- Russia
- Slovakia
- Spain
- Sweden
- Switzerland
- Turkey
- Ukraine
- United Kingdom



Organizational chart

ERV Nordic has this organizational structure:





Our core business

ERV Nordic's primary business areas are sale of 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.

In 2019 ERV Denmark cooperated with Dansk Sundhedssikring A/S and sold domestic healthcare insurances. This significantly added volume to our existing insurance portfolio in 2019 with minor impact in the 2020 run-off period.

ERV Denmark also has a health 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. 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, and 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 actually

has 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 attract new players to that segment increasing competition.

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

Travel budgets have always fluctuated in line with the economy. Firms are more relaxed about travel spend in the good times and tighten their belts in the bad. That is why when travel restrictions are waived it takes time before number of business trips come back to situation before COVID 19. In Europe companies have become more cost-conscious, introducing more sophisticated tools to control business expenses and got used to making smarter use of technological alternatives such as videoconferencing.

But as videoconferencing is increasingly a supplement, it will not replace business travel. For example in Asia direct face-to-face contact is a particularly important component of ongoing business relationships.

Most companies today have guidelines regarding how they shall reduce the environmental impact, giving directions to choose climate friendly transportation and usage of technical solutions to reduce number of travels.

Leisure Trends

The trends for leisure and travels are changing due to two big threats world population faces: pandemic and climate change. Contrary to the earlier trend to take more frequent, shorter trips, most likely people will limit number of trips abroad per year and focus more on longer vacations. This trend also becomes stronger because of some forward-thinking start-ups that are stressing the importance of work/life balance as part of their corporate culture. In addition, Millennials (who have shown themselves to value “recharging the batteries” and the “work hard play hard” ethos), now have the disposable income to shape travel trends.

Sustainable factors, for example environmental, are increasing in importance when it comes to impact on travel patterns. As an example, 23% of Swedes states (Vagabond Resebarometern 2019) that they will chose an environmental friendly way of travelling.





New entrants are disrupting all facets of the travel industry. 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.

Trends for Travel insurance market

The Nordic market for free-time and travel insurance is defined by fierce competition including both general insurers and niche insurers. In travel insurance ERV Nordic plays a dominating role in the Swedish and Danish market. Profitable growth opportunities are limited with the traditional products and channels.

In Sweden (different from DK) all four large P&C insurers decided to package a basic travel insurance cover into their existing home insurance offerings 15-20 ago. 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 COVID 19 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 specialized assistance company Euro-Center Holding SE. The Euro-Center Assistance office in Madrid 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 has used the time during COVID 19 lockdown to implement enhanced systems and

processes and prepare for development, launch and market penetration of future business. We have continued our strategic initiatives in the following four focus areas:

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

Sustainability

We will strive to sustain current business, customer base and revenues. This will be done by positioning ERV Nordic 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 func-

tions within ERV Nordic.

ERV Nordic's financial result

In 2020, ERV Nordic realised a negative result after tax of DKK -30.3m, compared to a negative result of DKK -7.1m last year. The spread of COVID 19 and the actions taken by authorities during 2020 had a significant negative impact in regards to travel insurance sales and claims. Furthermore, the coronavirus also affected negative results of our affiliated company.

Gross written premium amounts to DKK 295.2m compared to DKK 687.7m in 2019, a substantial decrease of DKK 392.5m. The decrease is due to negative impact by the corona crisis on our travel insurance sales and the discontinued sales of domestic healthcare insurances through the Danish partner Dansk Sundhedssikring A/S.

Gross claims incurred amount to DKK 195.6m against DKK 391.7m in 2019, a decrease of DKK 196.1m. As a direct effect of the decreased portfolio on mainly healthcare insurance, this development was expected. The gross claims ratio however increased to 60.4%, which is 2.5 percentage-points higher than in 2019. Corona crisis related claims mainly in ERV Denmark negatively affected the gross claims ratio. In the ERV Sweden Card and Corporate segments, we have on the other hand seen improved claims result compared to last year due to decreased travel activities by our customers. The result of reinsurance recoveries and change of reinsurer's share of claim





provisions shows a compensation for ERV Nordic of DKK 34.9m in 2020 against DKK 1.7m in 2019. The increase is primarily due to recoveries on major corona crisis claims we received during 2020.

The claims costs net of reinsurance amount to DKK 160.7m against DKK 390.0m in 2019 which is a decrease of DKK 229.3m. The claims ratio net of reinsurance is 50.6% against 58.4% in 2019.

Net operating expenses for 2020 amounted to DKK 190.9m against DKK 290.2m in 2019, a decrease of DKK 99.3m.

Acquisition costs amount to DKK 122.1m against DKK 221.8m in 2019, a decrease of DKK 99.7m. The decrease is mainly due to lowered acquisition costs because of the discontinued sales of domestic healthcare insurances through Danish partner Dansk Sundhedssikring A/S.

The administrative expenses amount to DKK 69.2m against DKK 68.8m in 2019, a slight increase of DKK 0.4m. We have during 2020 done significant operational savings in the light of the corona crisis and furthermore adjustments that lower our costs levels going forward, but also affected redundancy costs taken in 2020.

Commissions and profit commissions from reinsurance amount to an income of DKK 0.4m compared to 0.4m in 2019. The reinsurance contracts with commission had the same volume in 2020 as in 2019 so therefore this income has been stable.

The total result of business ceded shows an income for ERV Nordic of DKK 28.4m in 2020 against a loss of DKK 4.9m in 2019. The income is due to DKK 34.9m reinsurance claim recovery incl. reinsurer's share of claim provisions due to corona crisis claims.

The above-described development in sales, claims and operating expenses results in a negative underwriting result of DKK 35.3m compared to a negative result DKK 13.4m in 2019. The cost ratio including acquisition costs amount to 59.5% against 43.3% in 2019. Total combined ratio net of reinsurance (total costs measured in relation to earned premiums) is 111.1% against 101.9% in 2019.

The result of investment activities before transfer of technical interest amounts to a loss of DKK 6.5m against a profit of DKK 6.4m in 2019.

The result from affiliated company ERV Pojistovna a.s of which ERV Nordic owns 75% of the share capital, shows a loss of DKK 3.2m against a profit of DKK 9.4m in 2019 due to the negative result ERV Pojistovna a.s delivered in 2020.

The result from associated companies is generated by Euro-Center Holding SE of which ERV Nordic owns 33,33% of the share capital and by European Ass. Holding of which ERV Nordic owns 20,00% of the share capital. In 2020 the result of associated companies shows a loss of DKK 8.0m against a loss of DKK 2.0m in 2019. The reason for the development is the negative

2020 result of Euro-Center Holding SE.

Income from investment properties amounts to DKK 3.5m against DKK 1.8m in 2019. A shift in tenants affected a one-time cost that decreased income in 2019.

Interest income etc. for the year amounts to DKK 5.4m compared to DKK 7.2m in 2019. As in 2019, 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, 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 3.3m against a loss of DKK 9.2m in 2019. The improvement compared to last year is mainly due to less loss in connection with unrealised value write-down of bonds.

Interest expenses amount to DKK 0.1m in 2020 compared to DKK 0.3m in 2019.

Administrative expenses related to investments amounts to DKK 0.6m, which is same level as last year. 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 amounts to DKK 1.0m compared to DKK 0.6m in 2019. The increase is due to increased

interest rates.

Other income amounts to DKK 8.3m compared to DKK 5.7m in 2019 and other expenses amount to DKK 5.2m compared DKK 4.6m in 2019. Other income and expenses mainly stem from a number of administration agreements where we deliver our renowned claims handling and assistance services to customers who prefer to self-cover their insurance risks.

Due to our negative result that can be offset against future profits, we consider a deferred tax asset in our 2020 tax result and thereby a positive impact of DKK 7.3m compared to a tax cost of DKK 1.8m in 2019.

Receivables from policyholders amount to DKK 5.3m against DKK 7.0m in 2019, whereas receivables from insurance brokers amount to DKK 6.2m against DKK 12.0m in 2019.

At 31 December 2020, the company's total capital and reserves amount to DKK 307.2m and total assets amount to DKK 579.3m.

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 is in particular connected to estimates.





Events after 31 December 2020

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 2020:

"We expect significant decrease in gross written premium in ERV Denmark due to lowered sales through Dansk Sundhedssikring A/S. In addition the spread of the coronavirus and the actions taken by authorities during the first part of 2020 has a significant negative impact in regards to travel insurance sales and claims. Our investment portfolio consists mainly of low-risk Danish and Swedish government bonds, but we expect that the coronavirus will also negatively impact the result of our affiliated company.

In total, this means that the expectations for the result for 2020 are below the result ERV Nordic delivered in 2019."

The result of 2020 was in line with expectations. However, our diversified Nordic market and product approach together with a prudent reinsurance program enabled the company to maintain a solid financial position despite the negative impact by COVID 19.

Outlook for 2021

We expect continued negative impact by COVID 19 on our sales in both ERV Denmark and ERV Sweden. In line with the lowered travel activities by our customers, we will however also expect low claim costs. Our investment portfolio consists mainly of low-risk Danish and Swedish government bonds, but we expect that the corona crisis will also negatively affect the result of our affiliated and associated companies.

In total, this means that the expectations for the result for 2021 are at the same level as the result ERV Nordic delivered in 2020.



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

Beata Danuta Kalitowska-Zborowska, Chief Executive Officer:

- Managing Director Europeiska ERV Filial, Stockholm, Sweden
- Member of Board of Management of International Travel Insurance Alliance (ITIA), Munich, Germany

David Kraul, Chief Operating Officer:

- Member of the Supervisory Board 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:

Christof Flosbach, Chairman:

- Member of Management Board of ERGO Reiseversicherung AG, Munich, Germany
- Managing Director of Globality S.A., Munsbach, Luxembourg
- Chairman of Supervisory Board of ERV Evropska pojistovna A.S., Prague, Czech Republic
- Chairman of Supervisory Board of ETI International Travel Protection, London, UK
- 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, München, Germany
- Member of the Supervisory Board of ERV Pojistovna A.S., Prague, Czech Republic

Gabriele Bayer, Board Member and Member of the audit committee:

- No other managing positions

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

- Chairwoman of the Supervisory Board of ERGO Krankeversicherung AG, Nürnberg, Germany
- Chairwoman of the Board of Directors of Globality S.A., Munsbach, Luxembourg
- Member of the Supervisory Board of ERGO Direkt Versicherung AG, Nürnberg, Germany
- Member of the Supervisory Board of Nexible Versicherung AG, Nürnberg, Germany
- Member of the Board of Directors of Storebrand Helseforsikring AS, Lysaker, Norway
- General Manager Munich Health Alpha GmbH, München, Germany
- Proxy Holder Munich Health Holding AG, München, Germany

Christian Søndergaard Larsen, Board Member:

- No other managing positions

Peter Fobian, 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/virksomhedspolitik/> 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 consists of 2 women and 4 men. ERV Nordic does, therefore, meet the gender distribution requirement of 40/60 pct. since 2 women out of 6 board members is considered a fulfilment of the 40/60 pct. requirement according 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 even 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 three meetings during 2020. 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 2020. 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 risks
- Market risks
- Operational risks

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 aside 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.

In the Standard model, this risk is estimated to DKK 147.3m.

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 investment in affiliated and

associated companies denominated in Czech koruna ("CZK") and the net assets in ERV Sweden denominated in Swedish krona ("SEK"). The investments in foreign entities and merger with ERV Sweden are based on strategic decisions and in line with the risk appetite set by the Board of Directors.

The standard model calculation has been used to assess the risks and the necessary capital for this type of risks. This model demands a capital of DKK 56.8m 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.

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.

The standard model calculation demands a capital of DKK 10.3m 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 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.

Sensitivity Analysis

In accordance with the rules stipulated in BEK no. 615 of May 25th 2018, ERV Nordic

Sensitivity Analysis as of 31.12.2019, SCR 125 pct.			Stress (Pct.)	SCR (Pct.)
1.	Interest rate risk		200 basis points	190%
2.	Equity risk		100%	152%
3.	Property risk		100%	125%
4.	Spread risk	Danish government bonds	97%	125%
		Other government bonds	100%	173%
		Other bonds	63%	125%
5.	Currency risk	Exposure 1 (CZK)	100%	157%
		Exposure 2 (SEK)	100%	195%
		Exposure 3 (USD)	100%	189%
6.	Counterparty default risk			101%

has calculated sensitivity analysis on a quarterly basis. The sensitivity analysis done as of 31st December 2020 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%. The MCR ratios with maximum stress leads to MCR ratios between 583% to 984%.

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 126.1m and shall be covered by the company's eligible own funds of DKK 249.0m as of 31st December 2020 affecting a solvency ratio of 197%.

Below is shown a five-year overview of the solvency ratio.

	Solvency ratio
2020	197%
2019	143%
2018	176%
2017	185%
2016	249%

Fitch rating

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

Appropriation of profit	2020	2019
Available for appropriation Amount in DKK'000		
Total comprehensive income	-33,289	-4,253
Recommended to be allocated as follows	2020	2019
To the Shareholder	0	0
Net revaluation reserve	-14,278	1,850
Profit brought forward	-19,011	-6,058
	-33,289	-4,253



SIGNATURES OF THE BOARD OF MANAGEMENT AND THE BOARD OF DIRECTORS

We have today presented the annual report for 1 January – 31 December 2020 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 2020 together with the results of the company's activities for the financial year 1 January – 31 December 2020.

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, 16th of April 2021

BOARD OF MANAGEMENT:

Beata Danuta Kalitowska-Zborowska
Chief Executive Officer

David Kraul
Chief Operating Officer

Peter Steen Olsen
Chief Financial Officer

BOARD OF DIRECTORS:

Christof Flosbach
Chairman of the Board

Oliver Wild
Board Member and
Chairman of the Audit Committee

Gabriele Bayer
Board Member and
Member of the Audit Committee

Anja Berner
Board Member and
Member of the Audit Committee

Peter Fobian
Board Member, elected by the
employees

Christian Søndergaard Larsen
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 2020, 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 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020 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.

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 2020. 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.

MEASUREMENT OF CLAIMS PROVISIONS

At 31 December 2020, claims provisions amounted to DKK 81 million.

Measurement of claims provisions involves management estimates and assumptions regarding future events which materially affect the carrying amount. Consequently, we consider it a key audit matter.

Significant management estimates regarding claims provisions include:

- Determination of calculation methods and models

- Expected future payments for claims that occurred before the balance sheet date and expected closing of claims, including claims handling expenses. Management has described the methods, models and key assumptions for measurement of claims provisions as part of the accounting policies in note 1.

Our audit of claims provisions

Based on our risk assessment, we have examined the measurement of claims provisions performed by Management.

Our audit has comprised assessing the models, methods, assumptions and data applied by Management in connection with the calculation of the claims provisions. The audit procedures performed in cooperation with our actuarial specialists included:

- Assessment and test of design, implementation and performance of key controls in the actuarial models, data collection and data analysis as well as processes for determination of assumptions
- Assessment of the methods applied using our industry knowledge and experience, focusing on changes compared to last year and look-back analysis on run-off results and assumptions previously applied by Management
- Assessment of assumptions about expected loss ratios compared with historical data and market practice
- Re-calculation of selected parts of the claims provisions

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 16th of April 2021

EY
Godkendt Revisionspartnerselskab
Company Reg. No. CVR: 30 70 02 28

Thomas Hjortkjær Petersen
State Authorised Public Accountant
MNE: 33748

Allan Lunde Pedersen
State Authorised Public Accountant
MNE: 34495

Profit and loss account

Note in DKK'000

	2020	2019
Earned premiums		
3 Gross premiums written	295,184	687,724
Ceded insurance premiums	-6,915	-6,958
Change in the provision for unearned premiums	29,014	13,354
Change in the provision for unearned premiums, reinsurers' share	38	-3
Total premium income, net of reinsurance	317,321	667,409
4 Technical interest, net of reinsurance	-1,001	-588
Claims incurred		
Claim paid	222,695	337,788
Reinsurance recoveries	-2,149	-1,793
Change in the provision for claims	-27,047	52,375
Change in Risk margin	-67	1,522
Change in the provision for claims, reinsurers' share	-32,753	92
Total claims incurred, net of reinsurance	160,679	389,984
Bonus and premium discounts	0	0
Net operating expenses		
5 Acquisition costs	122,107	221,790
6 Administrative expenses	69,172	68,797
Commission and profit share from reinsurers	-342	-352
Total net operating expenses, net of reinsurance	190,937	290,235
8 UNDERWRITING RESULT	-35,296	-13,398
Income from investment assets		
9 Income from affiliated companies	-3,233	9,383
Income from associated companies	-8,070	-1,965
10 Income from investment properties	3,492	1,849
11 Interest income and dividends etc.	5,371	7,234
12 Value adjustment	-3,301	-9,193
13 Interest expenses	-138	-342
Administrative expenses on investments	-601	-602
Total return on investment activities	-6,480	6,364

Note in DKK'000

	2020	2019
4 Interest on insurance provisions	1,001	588
TOTAL RETURN ON INVESTMENT ACTIVITIES AFTER TECHNICAL INTEREST	-5,479	6,952
14 Other income	8,320	5,718
14 Other expenses	5,184	4,617
PROFIT/LOSS BEFORE TAX	-37,639	-5,345
15 Tax	-7,443	1,779
PROFIT/LOSS FOR THE YEAR	-30,296	-7,124
STATEMENT OF COMPREHENSIVE INCOME		
Other comprehensive income		
Exchange rate adjustment of foreign entities	-2,993	1,493
Other comprehensive income, currency adjustment	0	705
Revaluation of property	0	3,400
Revaluation of property, tax	0	-2,727
Comprehensive income	-2,993	2,871
Result of the Year	-30,296	-7,124
TOTAL COMPREHENSIVE INCOME	-33,289	-4,253

Balance sheet as of 31 december 2020

Note in DKK'000

	31/12 2020	31/12 2019
ASSETS		
Intangible assets		
16 Software	28,690	32,140
Software, development projects	5,259	6,087
TOTAL INTANGIBLE ASSETS	33,949	38,227
Tangible assets		
17 Operating equipment	1,971	2,626
18 Land and buildings	104,172	107,340
TOTAL TANGIBLE ASSETS	106,143	109,966
Investments in affiliated and associated companies		
19 Capital holdings (shares) in affiliated companies	57,212	62,706
19 Capital holdings (shares) in associated companies	15,005	23,789
Total investments in affiliated and associated companies	72,217	86,495
Other financial investments		
Participating interests	33	33
Unit trusts	27,159	27,561
27 Bonds	226,611	268,575
Total other financial investments	253,803	296,169
TOTAL INVESTMENT ASSETS	326,020	382,664
Reinsurance share of technical provision		
Reinsurance share of unearned premiums	87	48
Reinsurance share of claim provision	33,236	484
Total reinsurance share of technical provision	33,323	532

Note in DKK'000

	31/12 2020	31/12 2019
Debtors		
Amounts owed by policy holders	5,314	7,019
Amounts owed by insurance brokers	6,168	11,979
Debtors arising out of direct insurance contracts, in total	11,482	18,998
Other debtors		
Amounts owed by insurance companies	0	0
Amounts owed by affiliated companies	8,248	3,998
Other debtors	19,883	57,080
Total other debtors	28,131	61,078
TOTAL DEBTORS	72,936	80,608
Other assets		
Cash in hand and cash equivalent	23,467	39,615
Tax assets	2,784	9,315
Deferred tax assets	7,601	6,706
Other	11	79
TOTAL OTHER ASSETS	33,863	55,715
Prepayments and accrued income		
Accrued interest	834	1,057
20 Other prepayments and accrued income	5,484	3,070
TOTAL PREPAYMENTS AND ACCRUED INCOME	6,318	4,127
TOTAL ASSETS	579,229	671,307

Note in DKK'000

	31/12 2020	31/12 2019
LIABILITIES		
Capital and reserves		
Shares capital	10,001	10,001
Revaluation provisions	11,189	11,189
Reserves		
Contingency reserve, untaxed	165,814	156,985
Net revaluation reserve	57,109	71,814
Total reserves	222,923	228,799
Profit brought forward	63,071	89,392
21 TOTAL CAPITAL AND RESERVES	307,184	338,954
Provisions for insurance contracts		
Provision for unearned premiums	107,052	136,524
Claim provisions	80,958	108,047
Risk margin on insurance contracts	8,775	8,842
TOTAL PROVISION FOR INSURANCE CONTRACTS	196,785	253,413
Provisions for other risks and charges		
22 Deferred taxation	12,031	17,624
TOTAL PROVISIONS FOR OTHER RISKS AND CHARGES	12,031	17,624

Note in DKK'000

	31/12 2020	31/12 2019
Creditors		
Amounts owed in connection with direct insurance business	21,147	8,100
Amounts owed to reinsurance companies	386	298
Amounts owed to affiliated companies	229	293
Actual tax liabilities	0	134
23 Leasing liabilities	2,139	5,039
Other creditors	36,027	42,788
TOTAL CREDITORS	59,928	56,652
TOTAL PREPAYMENTS	3,301	4,664
TOTAL LIABILITIES	579,229	671,307
1 Accounting policies applied		
2 Five-year review		
24 Contingency liabilities		
25 Group ownership		
26 Risk Management		
27 Fair value hierarchy of assets and liabilities		
28 Split of classes of insurance		

Equity Specification

Amount in DKK'000	Share Capital	Revaluation Provisions	Contingency Reserve	Net revaluation Reserve	Translation Reserve	Profit brought forward	Proposed Dividend	Total
Equity as of 1st January 2019	10,001	10,516	174,049	70,960	-705	78,386	0	343,207
Profit for the year						-7,124		-7,124
Other comprehensive income, currency adjustment					705			705
Other comprehensive income, currency adjustment for foreign entities				1,493				1,493
Other comprehensive income Revaluation of property		3,400						3,400
Other comprehensive income Revaluation of property, tax		-2,727						-2,727
Total comprehensive income	0	673	0	1,493	705	-7,124	0	-4,253
Currency adjustment Contingency Reserve			-2,411			2,411		0
Release of Contingency reserve			-14,653			14,653		0
Provisions for other reserves				-1,066		1,066		0
Dividend paid out								0
Proposed dividend								0
Equity as of 31st December 2019	10,001	11,189	156,985	71,387	0	89,392	0	338,954
Equity as of 1st January 2020	10,001	11,189	156,985	71,387	0	89,392	0	338,954
Profit for the year						-30,296		-30,296
Other comprehensive income, currency adjustment								0
Other comprehensive income, currency adjustment for foreign entities				-2,974		-19		-2,993
Other comprehensive income Revaluation of property								0
Other comprehensive income Revaluation of property, tax								0
Total comprehensive income	0	0	0	-2,974	0	-30,315	0	-33,289
Currency adjustment Contingency Reserve			2,227			-2,227		0
Currency translation adjustment, foreign branch								0
Net increase of Contingency reserve			6,601			-6,601		0
Tax of items released or build up via equity Contingency reserve and Associated companies						1,519		1,519
Provisions for other reserves				-11,304		11,304		0
Dividend paid out								0
Proposed dividend								0
Equity as of 31st December 2020	10,001	11,189	165,814	57,109	0	63,071	0	307,184

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 is 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 Rückversicherungs-gesellschaft, 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 liability 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 hard and software, presently 3-5 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.

Domicile

Domiciles are measured in the balance sheet at their revalued amounts, 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 domiciles 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 settling 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 only be used 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	2020	2019	2018	2017	2016
Gross premiums earned	324,198	674,370	393,880	416,036	425,065
Gross claims incurred	195,581	391,685	191,068	207,571	209,240
Total operating expenses	191,279	290,587	200,984	195,773	185,172
Result of reinsurance (-=net cost)	28,367	-4,908	-5,657	-6,380	-8,616
Underwriting result	-35,296	-13,398	-4,823	4,231	19,313
Profit/loss of investment after transfer of technical interest	-5,479	6,952	16,693	7,182	29,607
Profit for the year	-28,777	-7,124	13,302	10,893	43,010
Gross run-off profit/loss	3,018	749	2,154	11,836	7,174
Run-off profit/loss, net of reinsurance	4,636	540	2,741	9,655	10,171
Run-off profit/loss, net of reinsurance					
Assets and Liabilities at	31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016
Insurance assets	33,323	532	627	2,099	14,828
Technical provisions	196,785	253,413	184,376	190,099	212,075
Capital and reserves at year-end	307,184	338,954	343,207	331,872	384,232
Total assets	579,229	671,307	598,959	594,449	679,793
Key figures	2020	2019	2018	2017	2016
Gross claims ratio	60%	58%	49%	50%	50%
Gross expense ratio	59%	43%	51%	47%	44%
Reinsurance ratio	-9%	1%	1%	2%	2%
Combined ratio	111%	102%	102%	99%	96%
Operating ratio	111%	102%	101%	99%	96%
Relative run-off result	3%	1%	3%	19%	8%
Return on capital and reserves	-9%	-2%	4%	3%	13%

Note	in DKK'000	2020	2019
3	Gross earned premiums		
	Gross premiums	295,184	687,724
	Change in the gross provision for unearned premiums	29,014	-13,354
	Gross earned premiums for the year	324,198	674,370
	Distribution:		
	Direct business	324,198	674,370
	Indirect business	0	0
		324,198	674,370
	Geographic distribution of direct business:		
	Denmark	141,374	462,847
	EU countries	161,905	183,968
	Non-EU countries	20,919	27,555
		324,198	674,370
4	Technical interest, net of reinsurance		
	Interest yield from the year's average technical provisions, net of reinsurance, transferred from investment business		
	Provision for insurance contracts, year start	253,413	184,376
	Reinsurers share of technical provisions, year start	-532	-627
	Provisions for insurance contracts, year end	196,785	253,413
	Reinsurers share of technical provisions, year end	-33,323	-532
	Total	416,343	436,630
	Average		
	Interest rate in accordance with the Danish FSA	-0,48%	-0,27%
	Interest on technical provisions	-1,001	-588
	Technical interest, net of reinsurance	-1,001	-588

	2020	2019
5	Acquisition costs	
	Total acquisition costs	122,107
	of which:	
	Commission for direct business	53,768
	Commission for indirect business	0
		53,768
6	Administrative expenses	
	Administrative expenses	43,293
	Duties and contributions etc	9,701
	Depreciation	16,178
		69,172
		68,797

Note in DKK'000

7 Staff costs	2020	2019
Net operating expenses include the following staff costs:		
Wages and salaries	80,338	77,575
Other expenses for social security	7,636	8,100
Pension scheme contributions	9,926	11,444
Payroll tax	9,701	10,078
	107,601	107,197
Total remuneration paid to:		
Board of Directors		
Number	6	8
Fixed salary	2,525	6,844
Variable salary	0	1,611
	2,525	8,455
Christof Flosbach (entered 26.04.2019)*	2,445	2,160
Richard Bader (left 26.04.2019)*	0	6,205
Oliver Wild (entered 23.11.2015)	0	0
Gabrielle Bayer (entered 10.04.2013)	0	0
Anja Berner (entered 26.04.2019)	0	0
Jørn Sønderup (left 26.04.2019)	0	10
Peter Fobian (entered 13.03.2012)	40	40
Christian Søndergaard Larsen (entered 20.04.2016)	40	40
	2,525	8,455
Audit Comitee		
Jørn Sønderup (left 26.04.2019)	0	8
Anja Berner (entered 26.4.2019)	0	0
	0	8

Board of Management *	2020	2019
Number	3	3
Wages and salaries (Fixed remuneration)	6,043	5,873
Bonuses (variable remuneration)	1,222	1,222
Pension benefits (Fixed remuneration)	438	398
Remuneration of the Board of Management	7,703	7,493
CEO Beata Kalitowska	3,725	3,505
COO David Kraul	2,049	2,037
CFO Peter Steen Olsen	1,929	1,951
Paid remuneration to the Board of Management	7,703	7,493

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

Number	7	7
Wages and salaries (Fixed remuneration) **	6,266	5,962
Bonuses (variable remuneration)	537	353
Pension benefits (Fixed remuneration)	1,062	1,032
	7,865	7,347

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, i.e. the CEO, has the possibility to receive a bonus of maximum TDKK 1.598 if specific targets are reached in accordance with the contract however meeting local legislation.

The average of full-time staff	145	155
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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	2020	2019		2020	2019
8	Breakdown of underwriting result			12	Realised and unrealised gains and losses, net	
	Earned premiums	324,165	674,370		Participating in unit trusts, bond based	-13
	Underwriting interest, net of reinsurance	-1,001	-588		Participating in unit trusts, share based	-389
	Claims incurred incl change in Risk Margin	-195,581	-391,685		Bonds	-6,603
	Administrative expenses	-69,172	-68,797		Capital loss on instalments and redemptions	2,011
	Acquisition costs	-122,107	-221,790		Exchange rate adjustments	1,693
	Profit from gross operations	-63,663	-8,490		-3,301	-9,193
	Cede insurance premiums	-6,877	-6,961	13	Interest expenses	
	Reinsurance recoveries	34,902	1,701		Interest expenses	-69
	Reinsurance commissions and profit participation	342	352		Interest expenses leasing liabilities	-69
	Result of ceded business	28,367	-4,908		-138	-342
	Underwriting profit	-35,296	-13,398	14	Other income and expenses	
	Total claims incurred, net of reinsurance, run-off				Income from administration arrangements	8,320
	Gross run-off profit/loss	3,018	749		Expenses from administration arrangements	5,184
	Run-off profit/loss, ceded	1,617	-210		3,136	1,101
	Total claims incurred, net of reinsurance, run-off, total	4,636	540	15	Tax of the profit for the year	
9	Income from affiliated companies				Current tax	-2,388
	The year's net result in Evropská Cestovní Pojistovna a.s. Czechia	-3,233	9,383		Change in deferred tax	-6,380
		-3,233	9,383		Adjustment regarding prior years	-94
					-8,862	1,779
10	Income from investment properties				Taxes paid on account for the current year	2,567
	Profit from property operations	4,744	3,510		Effective tax rate	%
	Expenses from property operations	-1,252	-1,661		Tax rate	22,0
		3,492	1,849		Adjustment of tax from previous years	-1,1
					Tax of non-taxable income and expenses	3,1
	Profit from property operations derives from rental agreements with tenants. All tenants have less than one-year tenures.				24	-33,0
11	Interest income and dividends etc.					
	Interest income	5,301	7,156			
	Dividend from participating interests	70	78			
		5,371	7,234			

Note	In DKK'000	2020	2019		2020	2019
16	Software			ROU Assets		
	Cost at the beginning of the year	91,476	76,214	Cost at the beginning of the year	605	1,027
	Currency translation adjustment, foreign branch	0	6	Depreciation and write-downs of the year	303	400
	Disposals during the year	0	0	Currency adjustment	6	-22
	Additions and improvements of the year	7,949	15,256	Cost at the end of the year	308	605
	Cost at the end of the year	99,425	91,476	Leasing of assets with low cost	8	9
	Depreciation and write-downs at beginning of year	59,336	48,569	Leasing liabilities maturities are 2-5 years		
	Currency translation adjustment, foreign branch depreciation	0	-72	18 Land and buildings		
	Depreciation and write-downs of the year	11,399	9,708	Cost at the beginning of the year	127,105	117,656
	Disposals during the year	0	1,132	Right of Use (ROU) Assets, change in accounting policies		7,239
	Total depreciation and write-downs at year-end	70,735	59,336	Adjusted cost at the beginning of the year	127,105	124,895
	Revaluations of the year	0	0	Additions and improvements of the year	578	2,637
	Total revaluations at year-end	0	0	Currency adjustment	-182	-427
	Net book value	29,690	32,140	Cost at the end of the year	127,501	127,105
17	Operating Equipment			Depreciation and write-downs beginning of the year	36,133	32,666
	Cost at the beginning of the year	31,789	39,230	Depreciation and write-downs of the year	3,565	3,467
	Right of Use (ROU) Assets, change in accounting policies		1,027	Total depreciation and write-downs at year-end	39,698	36,133
	Adjusted cost at the beginning of the year	31,789	40,257	Revaluations beginning the year	16,368	12,967
	Disposals during the year	-4	-9,794	Revaluations via comprehensive income	0	3,401
	Additions and improvements of the year	554	1,350	Total revaluations at year-end	16,368	16,368
	Currency adjustment	7	-24	Net book value	104,171	107,340
	Cost at the end of the year	32,346	31,789	Net book value of land and buildings used for company operations	45,669	45,928
	Depreciation and write-downs at beginning of the year	29,168	37,442			
	Depreciation and write-downs of the year	1,215	1,255			
	Disposals during the year	-8	-9,529			
	Exchange rate adjustments	0	0			
	Total depreciation and write-downs at year-end	30,375	29,168			
	Net book value	1,971	2,621			

Note	In DKK'000	2020	2019
ROU Assets			
	Cost at the beginning of the year	4,340	7,239
	Depreciation and write-downs of the year	2,406	2,472
	Currency adjustment	-182	-427
	Cost at the end of the year	1,752	4,340
	Leasing liabilities maturities are 2-5 years		
	Real property value according to the last public assessment	82,000	82,000
	The property has not been evaluated by external parties		
	In 1992 the company acquired the building at 3, Frederiksberg Allé, in which the registered office is located. The yield used for the assessment of the market value of the building is	4,53%	5,10%

19 Affiliated and associated companies

	Affiliated company	Associated companies
Acquisition cost, balance, beginning of the year	12,020	12,020
Acquisition cost, balance, year-end	12,020	12,020
Revaluations, balance, beginning of the year	50,686	49,005
Price adjustment of opening balance of capital and reserves	-2,261	781
Share of profit for the year	-3,233	9,383
Dividends paid	0	-8,483
Revaluations, balance, year-end	45,192	50,686
Net book value, year-end 2019	57,212	62,706
Net book value, year-end 2018	62,706	61,026

Group Ownership

Europæiske ERV is associated with the following companies:

	Registered office	Activity	Shareholding	Capital & Reserves	Result
Affiliated					
ERV Pojistovna a.s.	Czech Republic	Insurance	75 %	76,283	-4,311
Associated company:					
Euro-Center Holding SE	Czech Republic	Assistance	33.33 %	59,366	-24,212
European Assistance Holding	Germany	Assistance	20.00 %	20,000	0

Note	In DKK'000	2020	2019
20	Other prepayments and accrued income		
	Prepaid wages and salaries	147	135
	Other prepayments and accrued income	5,057	2,935
	Pre paid commission from policyholders	280	230
		3,070	3,070
21	Total capital and reserves		
	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	92,000	103,500
	SE contingency reserve	73,814	53,485
	Total contingency reserve, untaxed	165,814	156,985
	Base capital and solvency margin:		
	Total capital and reserves, according to annual report	307,184	338,954
	Intangible assets	-33,950	-38,227
	Deferred tax liability at Contingency reserve	-35,446	-33,783
	Lower technical provision in SII	3,600	13,862
	Deferred tax at technical provision above	-770	-2,983
	Deferred tax at at software	7,329	8,380
	Different valuation of affiliated companies	1,317	2,361
	Different valuation of associated companies	-665	-4,089
	Change deferred tax at associated companies	71	440
	Other minor valuation differences not specified	304	198
	Eligible own funds (Solvency II)	248,975	285,113

	2020	2019	
22	Provisions for taxation		
	Deferred tax is incumbent on the following items:		
	Owner-occupied property	8,282	8,401
	Affiliated companies owned by Swedish Branch	1,235	2,152
	Intangible fixed assets	2,514	7,071
	Operating equipment	-407	-305
	Pension & similar obligations by Swedish Branch	-2,894	-3,221
	Tax loss carried forward	-4,066	-2,528
	Risk margin	-234	-652
	Total provisions for deferred taxation	4,430	10,918
	Is presented in the balance sheet as:		
	Deferred tax assets	-7,601	-6,706
	Reserves for deferred tax	12,031	17,624
		4,430	10,918

Contingency tax

A release of the Danish contingency reserve will trigger a tax of	20,240	22,770
A release of the Swedish contingency reserve will trigger a tax of	15,206	11,018
A total release of the contingency reserve will trigger a tax of	35,446	33,788

The technical provision for the Danish business is not expected to fall below the level of 90% 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 year-end the company had not utilized the maximum scope.

Note	In DKK'000	2020	2019
23 Other creditors			
PAYE taxes and labour market contribution		4,866	5,359
Holiday pay obligations, salaried staff		10,709	8,857
Social security benefit and other duties		884	2,545
Other accrued costs		19,568	26,027
		36,027	42,788
24 Contingency liabilities			
Leased cars		0	0
Office space rental		0	0
Other office equipment		0	0
IT hardware lease		0	0

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 2,398t as at 31 December 2020 in addition to the liability shown above.

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. No significant inter-company trading with assets has taken place during the accounting year.

	2020	2019
Premium ceded to reinsurers	-6,210	-6,094
Claims paid, reinsurers share	1,845	1,332
Reinsurance commissions and profit participation	49	49
Purchase of services from Group entities	-9,729	-14,083
Sales of services to Group entities	2,464	1,933
	-11,5581	-16,864

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, prepare consolidated accounts for the whole group.

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.

In the Standard model, this risk is estimated to DKK 147.3m.

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 investment in affiliated and associated companies denominated in Czech koruna ("CZK") and the net assets in ERV Sweden denominated in Swedish krona ("SEK"). The investments in foreign entities and merger with ERV Sweden are based on strategic decisions and in line with the risk appetite set by the Board of Directors.

The standard model calculation has been used to assess the risks and the necessary capital for this type of risks. This model demands a capital of DKK 56.8m in order to be able to cover the 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.

26 Risk Management (continued)

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.

The standard model calculation demands a capital of DKK 10.3m 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 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.

Note In DKK'000

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 “non-observable 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

2020	Quoted market prices or consolidated references price (level 1)	Observable input (level 2)	Non-observable input (level 3)	Total
Land and buildings			102,420	102,420
Capital holdings (shares) in affiliated companies			57,212	57,212
Capital holdings (shares) in associated companies			15,005	15,005
Bonds	226,611			226,611
Unit trusts	27,159			27,159
Participating interests	33			33
Cash in hand and cash equivalent	23,467			23,467
Total	277,270		174,637	451,907

2019	Quoted market prices or consolidated references price (level 1)	Observable input (level 2)	Non-observable input (level 3)	Total
Land and buildings			103,000	103,000
Capital holdings (shares) in affiliated companies			62,706	62,706
Capital holdings (shares) in associated companies			23,789	23,789
Bonds	268,575			268,575
Unit trusts	27,561			27,561
Participating interests	33			33
Cash in hand and cash equivalent	39,615			39,615
Total	335,784		189,495	525,279

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:	2020	2019
Carrying amount at 1 January	189,495	184,025
Exchange rate adjustments	-2,974	1,493
Provisions for other reserves	-11,304	-1,066
Additions and improvements of the year	578	2,637
Depreciation and write-downs of the year	-1,159	-995
Revaluations via comprehensive income	0	3,401
Carrying amount at 31 December	<u>174,636</u>	<u>189,495</u>

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	Fire and personal property (corporate)	Liability insurance	Other insurance	Total
1	Gross premium written	147,742	57,930	386	89,127	295,184
2	Gross premium earned	126,564	47,073	370	150,192	324,198
3	Gross claims incurred	-125,327	-6,090	-38,773	-26,925	-195,648
4	Bonus and premium discounts	0				0
5	Change in Risk Margin	3,592			-3,524	67
	Administration costs	-23,221	-10,945	-86	-34,920	-69,172
	Acquisition costs	-47,507	-31,999	15	-42,614	-122,106
6	Gross operating expenses	-70,728	-42,944	-71	-77,535	-191,278
	Profit from gross operations	-65,900	-1,960	-38,474	42,208	-62,661
7	Result of business ceded	-1,567	-5	30,256	-319	28,367
9	Technical interest o.o.a.	-501	-196	-1	-302	-1,001
10	Underwriting result	-67,968	-2,162	-8219	41,587	-35,295
	Number of compensations paid	38,559	3,701	38	8,095	50,393
	Average compensation for claims incurred	3,3	1,6	1,020.3	3,3	3,9
	Compensation ratio	32,8%	1,7%	18,6%	5,1%	10,2%