

Annual Report 2022





Founding member of the
Czech Insurance Companies Association



We have won the Association of
Czech Insurance Brokers' Insurance
Company of the Year award thirteen times.



We were voted the best
travel insurance company by tourism
professionals for sixteen years in a row.



www.linkabezpeci.cz

We help, not only on your travels.
We support the Linka bezpečí,
a helpline for children in need.

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The English wording is a translation from the original of the Czech Annual Report 2022.
The Czech wording is the only legally binding version.



Basic Information

Registered Address	ERV Evropská pojišťovna, a. s. Křížíkova 237/36a 186 00 Praha 8 The Company is registered at the Commercial Register of the Municipal Court of Prague, sect. B, file, 1969; reg. no. 49240196.
Shareholders	ERGO Reiseversicherung AG (Germany) is the single and thus 100% owner of the Company at the balance sheet date.
Management Board	Libor Dvořák, Čelákovice - Chairman Štěpán Landík, Prague - Member
Confidential Clerk	Václav Urbanec, Prague Veronika Nováková, Prague Irena Filipová, Prague (until 31 st May 2022)
Supervisory Board	Jens Gruss, Germany - Chairman Christof Flosbach, Germany - Member Oliver Alexander Wild, Germany - Member

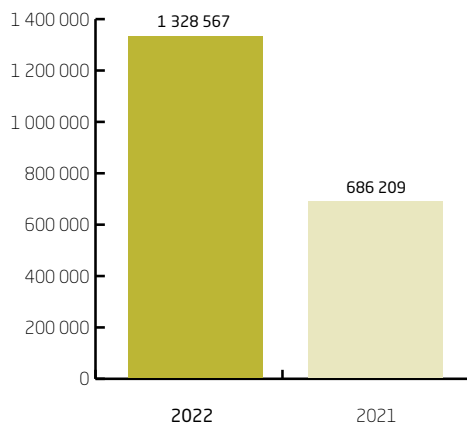


Key Figures

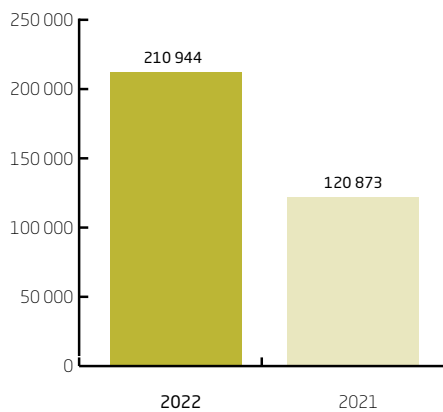
	(TEUR) ¹⁾	2022 (TCZK)	2021 (TCZK)
Gross premium written	55 093	1 328 567	686 209
Technical result	10 540	254 165	130 526
Result for the year	8 747	210 944	120 873
Total assets	38 976	939 907	745 411
Shareholders' equity	21 474	517 847	365 071
Technical provisions - gross	7 317	176 456	154 780

¹⁾ 1 EUR = 24,115 CZK

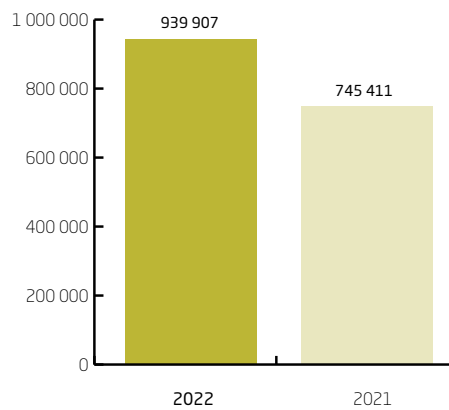
Gross Premium Written (TCZK)



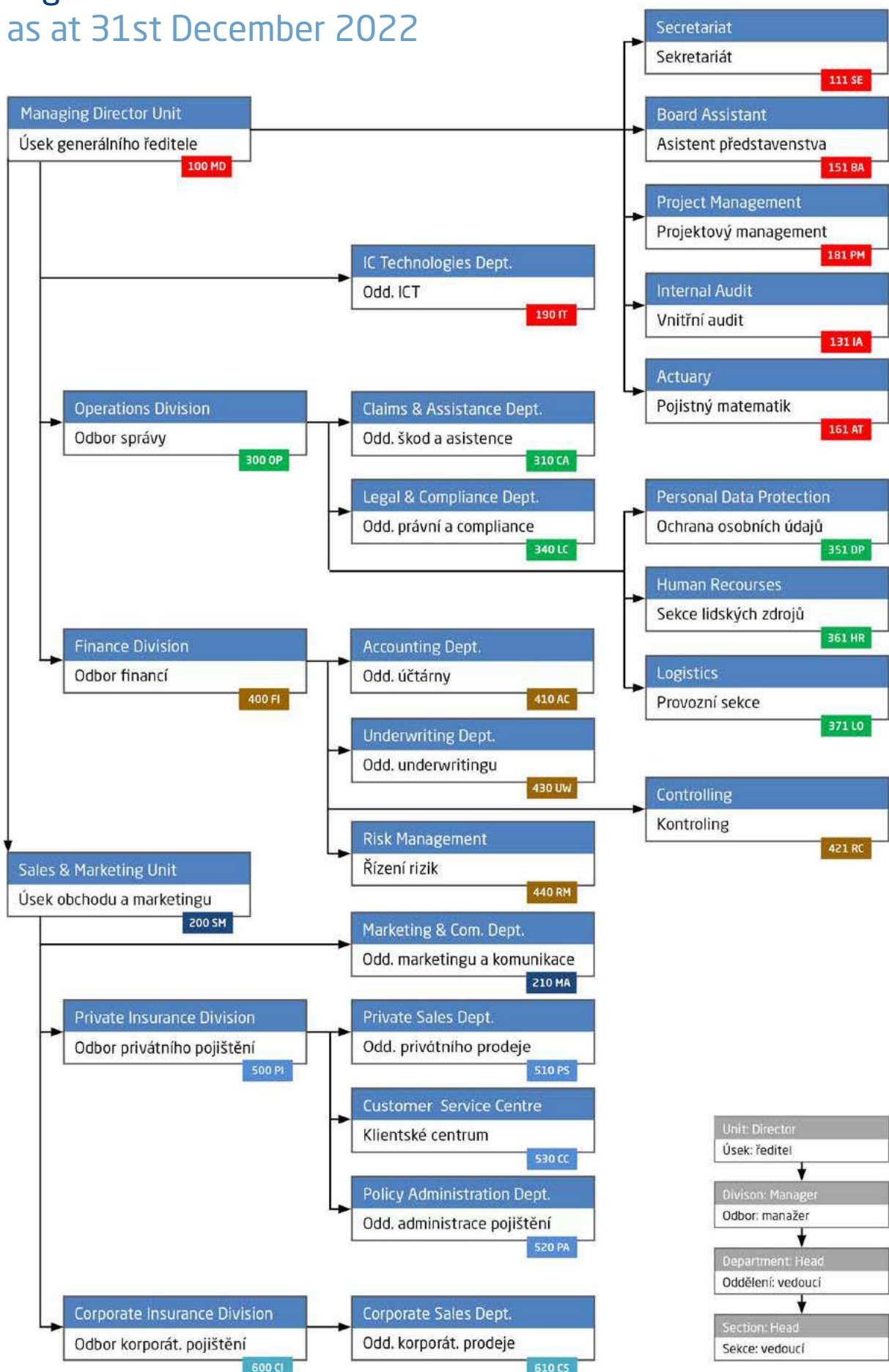
Result of the Year (TCZK)



Total Assets (TCZK)



Organisational Chart as at 31st December 2022



International Group

The Danish Europaeiske Rejseforsikring A/S that has been dealing with travel insurance for already more than 100 years founded our Company in 1992. Europaeiske sold 75% share in September 2021 to German company ERGO Reiseversicherung AG, which had already bought 10% from Austrian Europäische Reiseversicherung AG in April and thus became the sole owner of the Company. In 1995 the German company started to form one of the largest international travel insurance groups that includes nowadays also activities in Denmark, Sweden, Spain, United Kingdom, Italy, Poland and China.



Via our shareholders we belong to the Group of Munich Re - the international reinsurance leader. In 1994 Evropská Cestovní Pojišťovna (today ERV Evropská pojišťovna) became a member of the International Association of European Travel Insurers (IAE) uniting specialised insurers bearing similar name from all around Europe.

Via this association, today called International Travel Insurance Alliance (ITIA), we can closely co-operate with many travel insurers on an international level.



ITIA Members

Bulgaria	Portugal
Czech Republic	Slovakia
Denmark	Spain
Germany	Sweden
Italy	Switzerland
Netherlands	Turkey
Norway	Ukraine
Poland	United Kingdom



ERGO
Reiseversicherung

Munich RE 

Management Board Report on Company Activities in 2022

Last September, our company celebrated its 30th anniversary. I would like to take this opportunity to thank once again everyone who contributed to its establishment and continuous development to its current form. Of course, a big thank you also goes to our business partners, and above all to more than 15 million clients who have used our services over the past decades.

We are very pleased that just last year we managed to surpass the previous record values both in turnover and in the number of insured persons. Just a few years ago, few would have expected that our specialized insurance company could achieve a turnover exceeding 1 billion crowns and insure more than 1.5 million clients in one year. From this point of view, the past year can be evaluated as one of the most successful in the history, if not the most successful at all.

However, if we do not look only at our results, then the assessment of the events brought by 2022 cannot be positive. Only shortly after relaxing most of the measures against the Covid-19 pandemic, which limited the possibility of travelling abroad, especially in Europe, Russian troops attacked neighbouring Ukraine and unleashed a war conflict that continues to this day. This war not only brings daily losses of life and threats to the population of Ukraine, but also significantly affects the lives of most of the European population. A huge wave of solidarity with Ukraine and aid at the governmental or civil level, in which we have also been involved, as well as a significant reduction in dependence on energy imports from Russia, represent small positives in this unprecedented situation.

Our estimates of the 2022 development considered various scenarios in the event of a Covid-19 pandemic, with rising prices in the Czech Republic and in destinations, but they did not work with a war in Europe or inflation significantly exceeding 15%. We were even more surprised by the boom in demand for trips abroad and thus also for our company's products. According to available information, 90-95% of citizens travelled abroad last year compared to the record year 2019. Of course, this significantly contributed to our very good results, but especially helped to stabilize the tourism market. Most travel agencies are reporting record turnovers exceeding those of 2019 and corresponding pro-

fits, which is very good news after the difficult period of the pandemic. On the one hand, it brings hope for an improvement in the international market of reinsurance capacities for of tour operator's insolvency, but on the other hand, it significantly increases the capacities in demand. The situation in this insurance market therefore remains very tense, despite the greater willingness of reinsurers to provide reinsurance. Among other things, also because a government support of guarantees for the travel agency sector has been substantially reduced for 2023.

Sales through tour operators and agencies, ticket sellers and carriers contributed the most to the significant growth of our turnover. We appreciate that we have been able to cooperate closely with all major tour operators and agencies for many years. We are even more pleased that last year we were also able to provide insolvency insurance to our longstanding partners. We believe that cooperation with us is beneficial for partners in the long term, not only thanks to the insurance offered, but also thanks to the support we try to provide to this sector. For the past 30 years, our insurance company has felt part of the tourism industry and will continue to do so.

In corporate insurance, after a significant decrease in 2020, we have almost reached the level of 2019. A prolongation of insurance for the staff of our Ministry of Foreign Affairs (provided together with Kooperativa and PVZP) for the next period we see as a confirmation of the service quality we provide. Close cooperation with insurance brokers was also key for us when acquiring new corporate or institutional clients. We are very appreciative that after a one year break, the Association of Czech Insurance Brokers has once again chosen us as Insurer of the Year in the Specialized Insurer category.

Although our private direct sales did not reach the growth level of the travel trade, it nevertheless achieved a historically record turnover. We are pleased with both the higher sales of the modernized SingleTrip product and the growth of internet sales. In our business, online communication with customers, simple and transparent sale and claims handling plays a key role. That is why we have moved the purchasing process as well as the claims reporting and settlement to a higher level of friendly digitization.

For the year 2022, our insurance company reported gross written premiums of CZK 1,329 million, which represents a year-on-year increase of 94%. Over 1.3 million clients have purchased our travel policies.

Thanks to a significant growth of income, especially through the largest distributors, the cost of commissions grew slightly faster than the turnover. In the same way, i.e. faster than the turnover, the claims costs increased, mainly due to the evergrowing frequency of reported claims. The past year has once again confirmed the irreplaceability of our own Euro-Center international assistance network in the entire process of claims handling and quality management of treatment and costs in the main tourist destinations. Operation costs increased mainly due to higher personnel costs associated with the need to strengthen teams both directly communicating with customers and in administration. At the same time, the volume of funds invested in marketing and direct sales support also rose. Nevertheless, our operation costs ratio significantly decreased year-on-year and reached a record low level. In 2022, therefore, the company again achieved a very good economic result.

The Management Board wants to sincerely thank the entire team of staff members not only for the excellent results, but also for their commitment to caring of our customers and business partners. Our thanks also go to the shareholders and the entire international group of ERGO Travel, ERGO and Munich Re for their support and cooperation.

It is again no easier to predict the coming year than it was a year ago. Our concerns about the pandemic have been replaced by concerns about the war in Ukraine and its direct or indirect effects on our citizens and therefore on our business. I want to be an optimist and believe that the war will not spread beyond the Ukrainian borders. It is obvious that we will also face its economic effects, whether in the form of rising prices or a reduction in state spending aimed at the population. However, I do not dare to estimate how such a forecast will affect outbound tourism and thus the demand for our insurance. Our task, as in the past year, is to focus on those areas that we can influence. We will therefore primarily continue to adjust the product portfolio and introduce new technologies enabling further improvement of the sales and support administrative processes.

Just as we have been successful in the past 30 years, we want to continue being the insurance company for our customers, business partners and, finally, for our employees. We will also listen to them this year and respond to their needs to best fulfil our already traditional and basically very simple commitment to clients the motto "You travel. We care".

Prague, January 2023

Libor Dvořák
Chairman of the Management Board



Supervisory Board Report on Activities in 2022

The Supervisory Board of the ERV Evropská pojišťovna, a. s., held five meetings during the year 2022 carrying out its duties in accordance with the Company's Articles of Association.

In the year under review, there was a change in the management of the Supervisory Board. During the Supervisory Board Meeting held in April 2022 Mr. Jens Gruss was elected as the new Chairman of the Supervisory Board replacing Mr. Christof Flosbach who resigned from this position. Throughout all the year Mr. Jens Gruss (Chairman since April 27), Mr. Christof Flosbach (Chairman until April 27) and Mr. Oliver Wild were members of the Board. The members had access to all Company documents when required.

Cooperation with the Management Board was on a good level and all support materials were delivered on request. By means of written and personal reports the Management Board kept us informed of the business development and the financial position of the Company in the year under review.

The Supervisory Board examined financial statements for the year, the Management Board Report, and the Management Board proposal on the balance sheet profit distribution for the year 2022. Having studied these

documents, we agree to the proposal on the balance sheet profit distribution and have nothing to add to the annual report.

The auditor's report on the year's financial statements presented by Ernst & Young Audit, s.r.o., showed that the accounting and financial statements comply with the Czech legal regulations. We find the result of the audit satisfactory and have no further comments to it.

According to the final result of our examination, we have no objection to raise and we are going to recommend the General Meeting of Shareholders to approve all documents submitted by the Management Board.

During 2022 the Supervisory Board carried out all functions of the audit committee in accordance with the Act No. 93/2009 Coll. on auditors.

Munich, March 2023

Jens Gruss
Chairman of the Supervisory Board



Report on Relations between Related Parties in 2022

ERV Evropská pojišťovna, a. s. (hereinafter 'the Company') is a 100% subsidiary of the German insurance company ERGO Reiseversicherung AG, Munich, Germany.

Controlling parties and relation description

ERGO Reiseversicherung AG, Germany, is the 100% parent company of the Company. The parent company of the Company participates in the insurance company's reinsurance program in the area of the tour operator insolvency insurance. Reinsurance is accounted on the basis of reinsurance contracts which are concluded between the insurance company and the reinsurer under the conditions applicable to third parties. The Company also has agreements with this company, respectively with its Polish branch, regarding the usage of the daGama computing system in Poland, an agreement on user support of the respective software, an agreement on personal data protection, and an agreement on claims management.

ERGO Group AG, Germany, is the 100% shareholder of ERGO Reiseversicherung AG, Germany. The Company has an agreement with ERGO Group AG on the usage of group's accounting system. Furthermore, there is an agreement between the companies on support and consulting services in respect of Solvency II reporting, an agreement on internal audit service provision and an agreement on implementation of the Smaragd IT system. ERGO Group participates in the insurance company's travel insurance reinsurance program. Reinsurance is accounted on the basis of reinsurance contracts which are concluded between the insurance company and the reinsurer under the conditions applicable to third parties.

Münchener Rückversicherung AG, Germany, is the 100% shareholder of ERGO Group AG, Germany. The company provides services in the area of investment and asset management to the Company.

Controlled parties and relations description

Etics ITP, s. r. o., Czech Republic, is a 100% subsidiary of the Company and was established in 2005. The subject of its business is insurance mediation and claims settlement. With this brokerage company, the Company has an agreement on sales representation, an agreement on claims settlement cooperation, an agreement on cooperation on controlling and monitoring travel agencies financial results, and an agreement on sub tenancy.

Relations to other related parties

Euro-Center Holding SE, Czech Republic, is a company

coordinating assistance services within the concern of ERGO Reiseversicherung AG. The Company has concluded a cooperation agreement on the provision of assistance services to clients and an agreement on sub-tenancy with Euro-Center Holding SE.

Euro-Center Prague, s. r. o., Czech Republic, was a 100% subsidiary of the Company until 2016. In 2016 the Company sold all its shares to Euro-Center Holding SE. The subject of its business is the provision of assistance services in respect of travel insurance. With Euro-Center Prague, s.r.o., the Company has signed a cooperation agreement on the provision of assistance service for clients and a cooperation agreement on claims handling in tour operator insolvency insurance.

JSC "ERV Travel Insurance", Russia, was a 100% subsidiary of ERGO Reiseversicherung AG, Germany. In 2020 the Company concluded an amendment to the cooperation agreement from 2011 with the Russian company in particular related to cooperation in IT, management processes, and internal audit principles implementation. JSC "ERV Travel Insurance" was sold in 2022 outside the group of entities owned by Münchener Rückversicherung AG.

MEAG MUNICH ERGO AssetManagement GmbH, Germany, belongs to the concern of Münchener Rückversicherung AG and provides asset management and investment advisory services. The company provides services in the area of investment and asset management to the Company.

ERGO Versicherung AG, Germany, is a 100% subsidiary of the ERGO Group AG, Germany. This company participates in the insurance company's reinsurance program in the area of travel insurance and travel agency liability insurance. The reinsurance is settled on the basis of reinsurance contracts that are concluded between the insurance company and the reinsurer, under conditions that also apply to third parties.

Europaeiske Rejseforsikring A/S, Denmark has with the Company a cooperation agreement in the sale of products of corporate travel insurance on the Czech market.

All contracts with the above mentioned parties have been concluded under the arm's-length principle.

In the past year, the Company has not concluded any other agreement with any other company belonging to the Münchener Rückversicherung concern. The exact

amount of mutual receivables and liabilities as at the balance sheet date has been stated in the notes to the financial statements.

Shareholders control the Company mainly through decisions taken during General Meetings.

The Company has neither controlling agreements with shareholders nor agreements on profit transfer.

In 2022 has not been performed any actions taken in the past accounting period, which were taken at the initiative or in the interest of the controlling entity or the entities controlled by the controlling entity, where such actions concerned assets exceeding 10% of the controlled entity's equity as determined from the last financial statements.

We declare that, according to Section 82 of the Act on Commercial Corporations, as amended, in this report on relations between related parties in 2022 we have stated to the best of our knowledge all new or valid relations between controlling and controlled party, as well

as relations between the controlled party and parties controlled by the same party, roles of the controlled parties, methods and means of control, and assessment of loss inception.

We declare that we are not aware of any losses caused to the Company by the above mentioned agreements. At the same time we declare that no potential liability has arisen for the Company from the above mentioned relations and that they therefore pose no consequent risk for the Company.

Prague, January 2023



Libor Dvořák
Chairman of the Management Board



Štěpán Landík
Member of the Management Board

Balance Sheet Profit Distribution

The Management Board proposes to distribute the profit for the financial year 2022 in the amount of TCZK 210 944 as follows:

- allocate TCZK 10 547 to the reserve fund in accordance with the Articles of Association,
- transfer the remaining TCZK 200 397 to retained earnings.

Prague, March 2023



Libor Dvořák
Chairman of the Management Board

Additional Information

The Company did not undertake any activity in research and development, environmental protection and employment relations. The Company did not acquire any own shares. The Company has no branch or any other part of its business outside of the territory of the Czech Republic. The Company is not aware of any significant facts that occurred between the end of the accounting period and the date of issue of the annual report.

Balance Sheet

(as at 31st December 2022 in TCZK)

Assets			2022	2021
	Gross	Correction	Net	Net
Intangible fixed assets	60 148	49 275	10 873	9 125
Investment	712 366	0	712 366	493 406
Investments in aff. undertakings and particip. inter., thereof:	3 061	0	3 061	2 786
Participations in controlled entities	3 061	0	3 061	2 786
Other investment, thereof:	709 305	0	709 305	490 620
Shares and other variable-yield securities, other participating interests	75	0	75	75
Bonds (debt securities) recognized in fair value (AFS)	398 701	0	398 701	218 528
Deposits with financial institutions	310 529	0	310 529	272 017
Debtors	38 303	490	37 813	37 357
Receivables arising from direct insurance, thereof:	27 499	490	27 009	22 364
Policyholders	10 064	205	9 859	4 956
Intermediaries	17 435	285	17 150	17 408
Receivables arising from reinsurance	0	0	0	2 396
Other receivables	10 804	0	10 804	12 597
Other assets	169 281	22 785	146 496	176 622
Tangible fixed assets other than are noted in section "C I. Land and buildings", and inventories	25 312	22 785	2 527	3 824
Cash on accounts in financial institutions and cash in hand	143 969	0	143 969	172 798
Temporary assets accounts	32 359	0	32 359	28 901
Deferred insurance acquisition costs, thereof:	27 068	0	27 068	25 205
In non-life insurance	27 068	0	27 068	25 205
Other temporary assets accounts, thereof:	5 291	0	5 291	3 696
Total assets	1 012 457	72 550	939 907	745 411



Equity and Liabilities	2022	2021
Capital and reserves	517 847	365 071
Share capital, thereof:	160 000	160 000
Other capital funds	-2 718	-4 987
Statutory reserve fund and other funds from profit	42 348	36 305
Profit or loss brought forward	107 273	52 880
Profit or loss for the financial year	210 944	120 873
Technical provisions	157 486	145 427
Provision for unearned premium	81 569	91 520
Gross amount	98 652	94 106
Reinsurance value (-)	17 083	2 586
Provision for outstanding claims	75 020	53 071
Gross amount	76 907	59 838
Reinsurance value (-)	1 887	2 586
Provision for bonuses and rebates	897	836
Gross amount	897	836
Provisions	34 900	25 305
Tax provision	34 900	25 305
Creditors	143 889	148 448
Payables arising from direct insurance	13 496	20 220
Payables arising from reinsurance	10 187	2 960
Other payables, thereof:	120 206	125 268
Tax liabilities and payables due to social security and health insurance institutions	2 876	3 487
Temporary liability accounts	85 785	61 160
Accrued expenses and deferred revenues	1 608	289
Other temporary liabilities accounts, thereof:	84 177	60 871
Total liabilities	939 907	745 411



Profit & Loss Account

(as at 31st December 2022 in TCZK)

Technical account non-life	2022	2021
Earned premium, net of reinsurance	1 264 726	669 947
Gross premium written	1 328 567	686 209
Ceded premium (-)	73 771	43 135
Change in unearned premium, gross (+/-)	4 567	-33 544
Change in unearned premium, ceded (-)	14 497	-6 671
Allocated investment return transferred from the non-technical account	10 114	1 061
Other technical revenues, net of reinsurance	1 325	1 673
Net claims incurred	451 584	215 821
<i>Claims paid</i>	<i>429 635</i>	<i>201 495</i>
gross amount	443 438	207 275
reinsurance value (-)	13 803	5 780
<i>Change in outstanding claims provisions (+/-)</i>	<i>21 949</i>	<i>14 326</i>
gross amount	17 069	11 603
reinsurance value (-)	-4 880	-2 723
Change in other technical provisions, net of reinsurance (+/-)	61	363
Bonuses and rebates, net of reinsurance	598	432
Expenses for underwriting business, net	569 757	325 477
Acquisition costs in insurance policies	551 410	281 388
Change in deferred acquisition costs (+/-)	-1 863	17 153
Administrative expenses	39 322	34 731
Reinsurance commissions and profit participation (-)	19 112	7 795
Other technical expenses, net of reinsurance	0	62
Non-life technical result (item I. 10)	254 165	130 526

Non-technical account	2022	2021
Investment income	24 361	28 320
Affiliated undertakings and participating interests income	374	342
Other investment income	23 987	9 250
Other investment income from controlled entities	23 987	9 250
Income from disposal of investments	0	18 728
Investment expenses	0	8 346
Revaluation losses on investments	0	99
Book value of disposed investments	0	8 247
Allocated investment return transferred to the non-life insurance technical account	10 114	1 061
Other income	1 779	2 536
Other expenses	7 933	5 414
Income tax on ordinary activities	51 131	25 456
Profit or loss for ordinary activities after taxation	211 127	121 105
Other taxes not shown under preceding items	183	232
Profit or loss for the financial year	210 944	120 873

Statement on Changes in Equity

(as at 31st December 2022 in TCZK)

	Share capital	Reserve funds	Other cap. funds	Profit/loss brought forward	Profit/loss for the fin. year	Total
Balance at 1. 1. 2021	160 000	36 305	21 310	55 965	-3 085	270 495
FX gains (losses) and changes in valuation not included in the profit and loss statement	0	0	-26 297	0	0	-26 297
Net profit/loss for accounting period	0	0	0	0	120 873	120 873
Dividends	0	0	0	0	0	0
Transfer to funds	0	0	0	-3 085	3 085	0
Balance at 31. 12. 2021	160 000	36 305	-4 987	52 880	120 873	365 071
Balance at 1. 1. 2022	160 000	36 305	-4 987	52 880	120 873	365 071
FX gains (losses) and changes in valuation not incl. in the profit and loss statement	0	0	2 269	0	0	2 269
Net profit/loss for accounting period	0	0	0	0	210 944	210 944
Dividends	0	0	0	0	-60 437	-60 437
Transfer to funds	0	6 043	0	54 393	-60 436	0
Balance at 31. 12. 2022	160 000	42 348	-2 718	107 273	210 944	517 847



Notes to the Financial Statements

Year ending 31st December 2022 (in thousands of Czech Crowns "TCZK")

GENERAL CONTENT

Description and Main Activities

ERV Evropská Pojišťovna, a. s., was entered into the Commercial Register under the name Evropské Cestovní Pojištění, a.s., on 23. 4. 1993 (ID 492 40 196). Company name was changed on 1. 7. 2014 last time.

The Company's Shareholders

ERGO Reiseversicherung AG (Germany) is the single and thus 100% owner of the Company at the balance sheet date.

The Company obtained its insurance licence on 16. 9. 1993. On 28. 11. 2001 the Company applied to the Ministry of Finance for renewal of its licence to carry on insurance activities in accordance with Insurance Act No. 363/1999 Coll. The Ministry of Finance issued decision no. 322/2732/2002, setting out the scope of licensed insurance activities on 23. 1. 2002. On 15. 12. 2009 Czech national bank issued decision no. 2009/9875/570 licensing extension of the scope of insurance activities for non-life insurance branches no. 1, 2, 7, 13 Coll. d), 15, 16 Coll. a), c), f), i), j) and 17. On 29. 2. 2012 Czech national bank issued decision no. 2012/1900/570 licensing extension of the scope of insurance activities for non-life insurance branches no. 3, 8 and 9.

The Company carries out the following classes of non-life insurance:

- Insurance against damage to or loss of property in the range of non-life insurance industry No. 8
- Insurance against damage to or loss of property in the range of non-life insurance industry No. 9
- Liability insurance for damage
- Suretyship insurance
- Insurance of miscellaneous financial losses
- Assistance insurance to persons who get into difficulties while travelling or while away from their residence including insurance of financial losses directly connected to travelling

Registered Address

ERV Evropská pojišťovna, a. s.
Křížíkova 237/36a
186 00 Praha 8

Statutory Bodies at 31st December 2022

Management Board:
Libor Dvořák, Čelákovice - Chairman
Štěpán Landík, Prague - Member

Confidential Clerks:
Václav Urbanec, Prague
Veronika Nováková, Prague
Irena Filipová, Prague (until 31 May 2022)

Supervisory Board:
Jens Gruss, Germany - Chairman
Christof Flosbach, Germany - Member
Oliver Alexander Wild, Germany - Member

The Company shall be represented by at least two members of the Management Board. When signing on behalf of the Company, the printed or written name of the Company must always be accompanied by the signature of at least two members of the Management Board. The Confidential Clerk is entitled to act on behalf of the Company solely with either a member of the Management Board or another Confidential Clerk of the Company.

Organizational Structure

The Company is divided into two units - Managing Director Unit and Sales & Marketing Unit. Units are split into divisions and departments.

Legal Conditions

At the day of closing the accounts all legal conditions of the Company are in accordance with Insurance Act No. 277/2009 Coll., as amended (hereinafter "the Law"), with the Civil Code No. 89/2012 Coll., as amended, and with Insurance and Reinsurance Distribution Act No. 170/2018 Coll. as amended, including relevant execution directives and subsequent valid legal enactments.

Affiliated Undertakings

In 2005, the Company set up 100 % subsidiary company Etics ITP, s.r.o., providing brokerage services and services of an independent loss adjuster. Etics ITP, s.r.o. was entered into the Commercial Register on 1. 2. 2006 and its share capital is TCZK 2 000. The Company also holds a 10 % share in the company European Assistance Holding GmbH.

Main Accounting and Valuation Principles

The Company kept and closed its books in accordance with the Act on Accounting No. 563/1991 Coll., as amended, with the Ministry of Finance Directive No. 502/2002 from 6 November 2003, implementing certain provisions of the Act on Accounting No. 563/1991 Coll. (hereinafter "the Directive 502"), as amended, for insurance companies, with the Czech Accounting Standards for insurance companies and with other related regulations.

The accounting books respect all general accounting principles, in particular the fair value principle, the historic cost principle, the matching principle, the prudence principle and the going concern principle.

All the above data are in thousands of CZK ("TCZK") as at 31 December, unless stated otherwise.

Gross Premium Written

Gross premium written includes all amounts due according to the insurance contracts written during the accounting period, irrespective of whether these amounts are fully or partially related to future accounting periods.

Claims Paid

Claims paid comprise the amount assessed for payment based on the claims settlement process, external and internal claims handling costs and a deduction for the salvage value, recourses and other recoveries.

Claims paid are recorded upon completion of the settlement of the claim and in the amount of the assessed settlement.

Acquisition Costs

Acquisition costs include all direct and indirect expenses incurred in connection with concluding insurance contracts.

Deferred Acquisition Costs

Deferred acquisition costs include the part of expenses arising from the conclusion of insurance contracts during the current accounting period, which relates to income in future accounting periods.

In respect of non-life insurance, deferred acquisition costs are based on total commission costs incurred in the current period and the ratio of the gross provision for unearned premiums at the balance sheet date to the total gross premiums written for the financial year.

Transfer of Expenses between Technical Accounts and the Non-Technical Account

During the accounting period all administrative costs are posted to the non-technical accounts. Costs are distributed between claims handling costs, acquisition costs and administrative expenses (the technical account), and costs of investment management and other non-technical costs (the non-technical account). At first costs are allocated to the individual cost centres, and then further distributed to the appropriate non-technical accounts based on the defined ratios for each cost centre. This procedure is not applied for taxes and fees or for other expenses not related to insurance or reinsurance activities.

Transfer of Investment Returns between Technical and the Non-Technical Account

During the accounting period all investment returns are posted to the non-technical account. At the end of the accounting period interests returns from that part of the investment, covering the technical provisions, are transferred to the technical account. Gains and Losses from investments sale are kept on non-technical account.

Unearned Premium Provision

The unearned premium provision is created from the part of the gross premium written related to future accounting periods. It represents the sum of all provisions calculated for each individual insurance contract using the "pro rata temporis" method. In respect of some long-term policies, the provision includes the gross premium written but not yet used for travel.

Claims Provisions

Claims provisions are created in the amount of the expected costs for:

- claims reported but not settled in the current accounting period (RBNS),
- claims incurred but not reported by the end of the current accounting period (IBNR),
- claims handling costs (CSC).

The provision for claims reported but not settled by the end of the accounting period (RBNS) is set as the total sum of provisions calculated for each and every claim. The provision for the incurred but not reported claims (IBNR) is set for each class of insurance as a difference between total claims provision calculated by using Chain Ladder method and already registered amount of RBNS provision. The provision also contains all estimated external costs connected with a claims settlement.



The Company perform neither discounting nor deductions in Non-life Outstanding claims provision.

Claims handling costs provision (CSC) contains all expected internal costs connected with claims handling.

Although the Management Board considers that the provision for outstanding claims is fairly stated on the basis of the information currently available to them, the ultimate liability may vary as a result of subsequent events or new information, which may result in significant adjustments to the amounts provided for. Adjustments to the amounts of the provisions are reflected in the financial statements for the period in which the necessity of adjustments is identified. The procedures and methods used in making estimates are reviewed regularly.

Provision for Bonuses and Rebates

A provision for bonuses and rebates is created in accordance with the insurance contract conditions. The provision is created for cases where the Company is liable to refund to policyholders a portion of the premiums relating to the current financial year due.

Changes in this provision are presented under "Bonuses and Rebates" in the profit and loss account.

Other Provisions

The Company does not create any other technical provisions.

Reinsurance Value

The Company shows technical provisions in the net amount on the liabilities side of balance sheet, i.e. after consideration of the reinsurance value. The calculation of the reinsurance value is based on the provisions of the particular reinsurance agreements and the reinsurance settlement method. The Company reports the reinsurance value of the unearned premium provision and the claims provision. Reinsurers do not participate in the other technical provisions.

Dividends

Dividends received are recognized in profit or loss in favor of investment income.



Investment

Affiliated undertakings and participating interests

A participating interest with controlling influence is understood to be a participation of more than 50% in an enterprise of a third party. A participating interest with significant influence is understood to be a participation in of more than 20%, but less than 50 %, in an enterprise of a third party.

Participating interests are booked at their acquisition cost, which includes the purchase price and other direct costs connected with the acquisition. At the balance sheet date participating interests are valued by equivalent method (acquisition value corrected by the share on equity changes). Revaluation differences are shown in shareholder equity.

Debt Securities

Debt securities are booked at their purchase price on the day they are purchased. The Company carries out amortisation of any premium or discount for all debt securities in the portfolio at the date of closing the accounts. Premiums and discounts are amortised to the profit and loss account on the basis of the effective interest rate method from the date of acquisition to the date of their maturity.

Debt securities held to the maturity

Bonds held to the maturity are shown in the amortized costs value in the balance sheet. The amortised cost value is taken as the purchase price increased by related costs and lowered for discount/premium amortisation and adjustments.

Debt Securities Available for Sale

Debt securities available for sale are revaluated to fair value in accordance with the Ministry of Finance Directive No. 502/2002, as amended, at the date of closing the accounts. Differences arising from revaluation are shown in shareholder equity. The fair value is taken as the market price announced by home or foreign Stock Exchange or presented on alternative public (organized) market. The Company applies the market value announced at the moment no later than the day of closing the accounts and closest to this date. If the market value had not been available or insufficiently represented the fair value, the market value would have been determined by an expert estimate method.

Shares and Other Variable-yield Securities

Shares and other variable-yield securities except those described in paragraph "Affiliated Undertakings and participating interests" are reported as follows:

On the day the securities are purchased they are classified as the securities available for sale and booked at their acquisition cost.

The acquisition cost of a share or other variable-yield security includes the purchase price and other direct costs connected with the acquisition.

At the balance sheet date, these shares and other variable-yield securities are revaluated to fair value. Revaluation changes are posted into shareholder equity.

In case shares and other variable-yield securities are issued in foreign currency, their value is valued in Czech crown using exchange rate set by Czech national bank. The exchange rate difference becomes a part of the revaluation to fair value.

If there is no reliable way of measuring the fair value, the securities are valued at the purchase price.

Deposits with Financial Institutions

Bank deposits are initially recognised at their nominal value. At the date of closing the accounts these assets are revaluated to amortized value. For short-term deposits with financial institutions amortized value means the nominal value increased by accrued interest.

In case of deposits issued in foreign currency, their value is valued in Czech crown using exchange rate set by Czech national bank. The exchange rate difference becomes a part of the revaluation to amortized value. Revaluation changes are posted into profit and loss account.

Tangible and Intangible Fixed Assets

Tangible and intangible fixed assets are stated at their purchase price. Tangible fixed assets with their purchase price under TCZK 40 and intangible assets with their purchase price under TCZK 60 are booked as expenses in an accounting period in which they were acquired, unless it was agreed otherwise to record them in assets in a balance sheet.

An annual rate of accounting depreciation reflects the expected useful lifetime of assets.

The Company calculates depreciation using the methods and over the periods shown in the following table:

Fixed Assets	method	rate %
Software	straight-line	33,3
Other intangible assets		66,7
Machines, PCs		33,3
Furniture, equipment		20
Cars		20
Buildings, rebuilding		2-25

Foreign Currency Translation

Transactions during the year are translated at the CNB rate effective on the transaction date.

At the balance sheet date, foreign currency assets and liabilities at a monetary nature are translated at the CNB official rate on that date. Foreign currency gains and losses are recorded in the Company's profit and loss account.

Adjustments

Adjustments are created for receivables. The adjustments represent a temporary reduction in the value of individual receivables as evaluated by the Management of the Company.

The Company creates the adjustments using the net method, i.e. the net release or net creation of adjustments in the current accounting period is charged to the profit or loss account.

Adjustments for Receivables from Policyholders

Adjustments for receivables from policyholders are created based on an analysis of their recoverability. The adjustments are created in accordance with the age of the receivables and reflect the risk of non payment in some individual cases.

Permanent decrease of assets' value

At the balance sheet date, the Company performs a test of permanent or long-term decrease of assets' value that are not revalued to fair value and assets that are revalued but the change in fair value is accounted in the balance sheet. Permanent and long-term decrease of a given asset is reflected in the profit and loss account.

Estimated items

The Company creates estimated receivables and estimated payables. Both of these categories are based on an estimate or past development experiences. The creation of estimated items is accounted against the pertinent profit and loss account to which the item would be accounted to directly. The moment the Company accounts the actual revenue or expense, the estimated item is used by an accounting record to the opposite side of the same profit and loss account that was used in creating the estimated item.

Corporate Tax

Corporate income tax on the profit for the year comprises current income tax and the change in deferred tax. Current income tax comprises the tax payable calculated on the basis of the expected taxable income for the year, using the tax rate valid at the balance sheet date and any adjustment to the tax payable for previous years. Deferred tax is provided on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes multiplied by the income tax rate prescribed by the Income Tax Act for the next period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which this asset can be utilised.

Income Tax Provision

An income tax provision is created in the amount of the estimated corporate income tax liability at the balance sheet date. This provision is accounted for at the moment the corporate income tax return is filed.

Consolidation

These financial statements have been prepared on a non-consolidated basis. The financial statements of the Company are included into the consolidated financial statements of Münchener Rückversicherung-Gesellschaft, Königinstrasse 107, München, Germany, where the consolidated financial statements are stored.

Changes in Accounting Principles and Procedures

In 2022 the Company has not performed any change in accounting methods and processes. During the financial year the Company has applied no deviations from these methods and processes and has not made any corrections of errors from previous years.

Risk Management

The Company's management and control system is set up in accordance with the requirements of the insurance solvency assessment rules (hereinafter "Solvency II"). The System of Governance is in accordance with legal requirements and includes all activities of the Company, which enables continuous and systemic risk management. The Company is exposed to insurance risk naturally resulting from underwritten insurance contracts as well as to other risks, especially market, credit, operational, liquidity and concentration risk.

Insurance Risk in Non-life Insurance

The Company is exposed to an insurance risk and a risk arising from underwriting insurance contracts within its product portfolio.

The insurance risk results from uncertainty relating to a period, frequency and a claims burden covered by insurance contracts.

The most significant risk is the one resulting from an insufficient technical reserve as well as the risk arising from a premium volume. The premium volume is arranged upon historical background, which may differ from reality. An assessment of a reserve may be significantly influenced by the risk of trend, risk of estimation, change in background etc. Tests of reserve sufficiency are being used while assessing reserves to eliminate the risk resulting from it.

To manage the insurance risk the Company utilizes internal guidelines for product development, internal rules for calculation of technical reserves, and obtains a strategy on reinsurance undertakings.

Concentration of Insurance Risk

A concentration of an insurance risk may exist in cases, when some event or a sequence of events may significantly affect liabilities of the Company. The concentration of insurance risk then determines the scope of a possible influence of these events on the volume of liabilities of the Company. This concentration may result from one insurance contract or from a large number of connected insurance contracts, and it relates to circumstances that constituted the reason for creation of significant liabilities. A concentration of insurance risk may result from accumulation of risks within several individual group of contracts, may arise in cases of less frequent large-scale events (e.g. natural disasters), as well as in cases of serious legal processes, or in cases of change of legislation.

Strategy of Reinsurance

The Company reinsures some risks arising from insurance contracts to mitigate a risk of loss and protect its own sources of capital. The reinsurance program of the Company is based upon a combination of reinsurance treaties with external reinsurers and reinsurance treaties with its own parent company.

The Company concludes both proportional and disproportionate reinsurance treaties to reduce its exposure to risks. To obtain a supplementary protection the Company utilizes facultative reinsurance at some insurance contracts.

Market Risk

With respect to the nature of pursued insurance activities, market risk does not represent a significant threat to the operation of the Company, including interest rate fluctuations, and its ability to fulfil its obligations towards its clients. The only field being monitored by the Company is a monetary risk.

Monetary Risk

The Company is exposed to monetary risk through transactions conducted in foreign currencies. Since the Company closes its books in Czech crowns, any changes in rates of exchange of Czech crown may have an impact on the financial statement of the Company.

Credit Risk

The Company is exposed to credit risk, which results from inability of a counterparty to pay sums due from a debt in full amount.

Main areas where the Company is exposed to credit risk are:

- Reinsurer's share on insurance liabilities
- Debt of a reinsurer concerning a settled claim
- Outstanding premium
- Deposits with financial institutions

An outstanding premium is continuously monitored and a methodology of creation of adjustments is described in the paragraph "Adjustments".

The Company conducts its own recovery of debt from insurance. Efficiency of this process is regularly controlled.

Operational Risk

Operational risk is a risk of a potential loss resulting from missing or insufficient internal processes, human resources and/or systems, or from other reasons, which may arise from either internal or external events.

The Company analyses these risks and proposes adjustments of working procedures and processes with the aim to eliminate events incurring loss related to operational risk.

Liquidity Risk

The Company is exposed to daily requirements for liquidity resulting from compensation payments. The risk of liquidity is represented by an event when an amount of money necessary to meet obligations is not available for adequate costs at its due date. The need for liquidity is continuously monitored in order to ensure necessary sources. The Company has several disposable sources of financing, and keeps, in accordance with the legislation, a sufficient proportion of financial placements in liquid financial instruments.

Other Remarkable Facts

Covid-19 Epidemic

During the years 2020 and 2021, the whole world faced a global coronavirus pandemic (Covid-19), which also had a very significant impact on the Company in both years and also indirectly affected the results in 2022.

The Lex Voucher law was passed to support and stabilize the tourism situation, and TOs ("tour operators") began offering vouchers to their clients instead of refunds for missed trips due to the pandemic. In this context, the Company accepted the following decision. All clients who purchased the Company's insurance and then accepted the voucher were left with the original insurance valid for a new trip, but no longer than the period specified by law, ie until 31 August 2021. During 2021, a significant part of the vouchers was settled and thus the travel insurance, which was associated with the vouchers. Some travel agencies have agreed with their clients to extend the vouchers until 2022. In this case, the company extended the validity of its insurance until 2022. This approach had an impact on the amount of the unearned premium provision, because the time of earning the premium was postponed until the use of the voucher for a new trip and the account "deferred acquisition cost". At the balance sheet date The Company released all provisions, connected with the approach, described above. The lower amount of premium written in the pandemic periods positively affected the profit and loss accounts at the balance sheet date of 2022.

ADDITIONAL INFORMATION TO STATEMENT OF FINANCIAL POSITION

Long Term Intangible Assets

At 31. 12. 2022 intangible assets of the Company comprised software with a net book value of TCZK 9 673 (2021: TCZK 7 157). The software acquisition account balance amounted to TCZK 1 200 (2021: TCZK 1 920) and other intangible assets with a net book value of CZK 0 (2021: TCZK 48).

Investment

Purchase Price and Fair Value of the Investments

In TCZK, for the year ending 31 st December	Purchase price		Fair Value	
	2022	2021	2022	2021
Equity participations	2 000	2 000	3 061	2 786
Stocks and bonds with variable-interest - available for sale				
bonds issued in CR - listed in CR	179 124	0	184 481	0
stocks issued by nonfin. institutions - unlisted	77	77	75	75
with fixed interest - available for sale				
issued in CR - listed in CR	212 325	224 214	214 220	218 528
Stocks and bonds total	391 526	224 291	398 776	218 603
Short-term bank deposits	310 529	272 017	310 529	272 017
Investment total	704 055	498 308	712 366	493 406

Currency Structure of the Investments

The Company's investments are kept in CZK except securities (see table below).

Securities (in TCZK, for the year ending 31 st December), thereof:	Shares, bonds and other variable-interest securities		Bonds and other fixed-income securities	
	2022	2021	2022	2021
CZK	184 481	0	214 220	218 528
EUR	75	75	0	0
Total	184 556	75	214 220	218 528

Equity Participations with Controlling Influence (Investment in Affiliated Undertakings and participating interests)

Business Name, head-office	Share in %	Purchase price	Total amount		P/L for the fin. year
			Share capital	Equity	
Etics ITP, s.r.o., Křížkova 237/36a, 186 00 Praha 8	100	2 000	2 000	3 061	802
Total at 31. 12. 2022		2 000	2 000	3 061	802
Etics ITP, s.r.o., Křížkova 237/36a, 186 00 Praha 8	100	2 000	2 000	2 786	394
Total at 31. 12. 2021		2 000	2 000	2 786	394

The company information is taken from unaudited financial statements. The Equity and Profit for the year were determined by the estimate of result for the years 2022 and 2021 for relevant accounting period.

Receivables

At 31. 12. 2022 (in TCZK)	Policy holders	Insurance intermed.	Reins. re- ceivables	Other	Total
Due	9 754	16 694	0	10 804	37 252
Overdue	310	741	0	0	1 051
Total	10 064	17 435	0	10 804	38 303
Adjustments	205	285	0	0	490
Adjustments Net total	9 859	17 150	0	10 804	37 813
At 31. 12. 2021 (in TCZK)	Policy holders	Insurance intermed.	From re- ins. trans.	Other	Total
Due	4 948	17 401	2 396	12 597	37 342
Overdue	341	176	0	0	517
Total	5 289	17 577	2 396	12 597	37 859
Adjustments	333	169	0	0	502
Adjustments Net total	4 956	17 408	2 396	12 597	37 357

Other Receivables

In TCZK, for the year ending 31 st December	2022	2021
Inter-company Receivables	4	1 285
Inter-company Prepayments	2 412	2 486
Other Prepayments	1 499	220
Deferred Tax Receivables	5 802	7 683
Prepaid Taxes	0	-11
Other Receivables	1 087	934
Total	10 804	12 597

Long-term Receivables (due in more than 5 years)

At 31. 12. 2022 the Company has no long-term receivables (2021: CZK 0).

Other Assets

Long-term Tangible Assets

In TCZK, for the year ending 31 st December	2022	2021
Acquisition cost at the beginning of the acc. period	26 156	25 467
Accumul. depr. at the beginning of the acc. period	22 332	19 676
Net book value at the beginning of the acc. period	3 824	5 791
Additions	871	689
Disposals	-1 715	0
Accumulated depr. at disposals	-1 715	0
Depreciation of the current accounting period	2 168	2 656
Acquisition cost at the end of the acc. period	25 312	26 156
Accumul. depr. at the end of the aacc. period	22 785	22 332
Net book value at the end of the acc. period	2 527	3 824

Temporary Asset Accounts

Deferred Acquisition Costs

At 31. 12. 2022 the balance of deferred acquisition costs amounts to TCZK 27 067 (2021: TCZK 25 205). The balance of deferred acquisition costs copies the development trend of the provision for unearned premiums.

Estimated Receivables and Prepaid Expenses

At 31. 12. 2022 the balance of estimated receivables amounts to CZK 0 (2021: CZK 0). At 31. 12. 2022 the Company shows a balance of the prepaid expenses in the amount of TCZK 5 291 (2021: TCZK 3 696), thereof TCZK 1 750 (2021: TCZK 1 167) represents prepaid commissions relating to the future accounting periods.

Equity

Share Capital

The share capital consists of common registered shares in booked-entry form. The share capital consists of 303 shares with a booked value of TCZK 500, 41 shares with a booked value of TCZK 100, and 88 shares with a booked value of TCZK 50. All shares are in booked-entry form. At 31. 12. 2022, 100 % of the registered capital, i.e. TCZK 160 000, was fully paid up.

The level of the registered equity is in accordance with the requirements of the Law, taking into account the insurance classes in which the Company is licensed to do business.

Expected distribution of profit generated in the current period

The Annual General Meeting will decide on the method of distribution of the ordinary profit amounted to TCZK 210 944 (2021: TCZK 120 873); the management board will propose to allocate TCZK 10 547 to the reserve funds and amount of TCZK 200 397 to keep in the retained earnings.

Valuation Differences Arising from Revaluation of Assets to Fair Value

In TCZK	2022	2021
Balance at 1. 1.	-4 987	21 310
Change in fair value	2 801	-16 344
Change from sales or permanent value decrease or maturity	0	-11 726
Deferred tax change	-532	1 773
Balance at 31. 12.	-2 718	-4 987

Technical Provisions

Technical Provisions Movements

Provision types (in TCZK)	Unearned premium	Outstanding claims	Bonuses and Rebates	Total
Balance at 1. 1. 2021	127 665	48 237	474	176 376
Creation	94 106	45 671	836	140 613
Drawings	127 665	34 070	474	162 209
Balance at 31. 12. 2021	94 106	59 838	836	154 780
Balance at 1. 1. 2022	94 106	59 838	836	154 780
Creation	98 652	76 907	897	176 456
Drawings	94 106	59 838	836	154 780
Balance at 31. 12. 2022	98 652	76 907	897	176 456

Claims Provision

The claims run-off result is given by the difference between the balance of the claims provision at 1. 1. 2022, less payments made (of claims included in the provision) and the balance of the provision at 31. 12. 2022.

In TCZK, for the year ending 31 st December	2022	2021
Gross claims run-off result	12 820	22 213

Provision for Bonuses and Rebates

In 2022 the provision amounted to TCZK 897 (2021: TCZK 836).

Provisions

Provision type (in TCZK)	Balance at 1. 1. 2021	Creation	Drawings	Balance at 31. 12. 2021
Tax provision	0	25 305	0	25 305
Total	0	25 305	0	25 305
Provision type (in TCZK)	Balance at 1. 1. 2022	Creation	Drawings	Balance at 31. 12. 2022
Tax provision	25 305	34 900	25 305	34 900
Total	25 305	34 900	25 305	34 900

Tax provision creation is reduced by paid tax prepayments in the amount of TCZK 14 888 (2021: TCZK 3 670).

Liabilities

At 31. 12. 2022 (in TCZK)	Policyhold.	Insurance intermed.	From reins. trans.	Received deposits	Other	Total
Due	9 621	3 875	10 187	106 636	13 570	143 889
Overdue	0	0	0	0	0	0
Total	9 621	3 875	10 187	106 636	13 570	143 889
At 31. 12. 2021 (in TCZK)	Policyhold.	Insurance intermed.	From reins. trans.	Received deposits	Other	Total
Due	13 156	7 064	2 960	115 912	9 356	148 448
Overdue	0	0	0	0	0	0
Total	13 156	7 064	2 960	115 912	9 356	148 448

The value of other liabilities includes especially liabilities against suppliers for provided goods and services as well as liabilities to employees due to recorded wages and related social insurance, health insurance and personal income tax.

Payables in Respect of Social Security and Health Insurance

At 31. 12. 2022 social security and health insurance payables amounted to TCZK 2 535 (2021: TCZK 2 131), of which TCZK 1 632 represents social security payables (2021: TCZK 1 391) and TCZK 903 represents health insurance payables (2021: TCZK 740). None of these payables are overdue.

State -tax Liabilities and Grants

At 31. 12. 2022 the Company shows tax liabilities in the total amount of TCZK 1 361 (2021: TCZK 1 356). None of these payables are overdue.

Long-term Liabilities and Payables (due in more than 5 years)

At 31. 12. 2022 the Company has no long-term liabilities (2021: CZK 0).

Payables on Reinsurance

The Company presents a net payable to reinsurers in the amount of TCZK 10 187 (2021: TCZK 2 960), of which the inter-company balance is TCZK 457 (2021: TCZK 1 365).

Temporary Liability Accounts

Passive Adjustments

At 31. 12. 2022 estimated payables amount to TCZK 84 177 (2021: TCZK 60 871), which includes the estimated costs of services used but not invoiced in the accounting period, employee bonus payments for achieving the budget for 2022, which will be paid out in the next accounting period, the estimated costs of non-proportional commissions related to the year 2022 and the estimate of quota share reinsurance.

Inter Company Receivables and Payables

Equity Participations with Controlling Influence

At 31 December 2022, the Company registered short-term receivables from controlled companies in the amount of TCZK 1 (2021: TCZK 1) and liabilities to controlled companies in the amount of CZK 0 (2021: CZK 0).

Short-term Inter-company Receivables and Payables Other Companies

Other (in TCZK, for the year ending 31 st December)	Receivables		Payables	
	2022	2021	2022	2021
Euro-Center Prague, Czech Republic	2	37	0	0
ERGO Reiseversicherung, Germany	0	0	0	232
ERGO Group, Germany	0	0	1 559	2 389
Munich RE, Germany	0	1 979	0	0
Euro-Center Holding, Czech Republic	2 411	2 486	0	0
JSC "ERV Travel Insurance", Russia	0	1 247	0	0
D.A.S. Prague	0	0	0	3
Total	2 414	5 749	1 559	2 624

Long-term Receivables and Payables (due in more than 5 years)

At 31. 12. 2022 the Company has neither long-term inter-company receivables nor long-term inter-company payables (2021: receivables of CZK 0, payables of CZK 0).

Items not Mentioned in Balance Sheet

The guarantees received by the Company from tour operators for insolvency insurance represent 1,2 billion CZK at of 31. 12. 2022 (2021: 0,7 billion CZK). The increase in the value of received guarantees is caused by expected increasing of client's foreign trips from the portfolio of insured travel agencies in the event of insolvency. The guarantees provided by the Company amounted to TEUR 72, i.e. TCZK 1 744 (2021: TEUR 72, i.e. TCZK 1 798).

The Company has no contingent liabilities.



ADDITIONAL INFORMATION TO PROFIT AND LOSS STATEMENT

Insurance Overview - Non-life Insurance

2022 (in TCZK)	Gross premium written	Gross premium earned	Gross claims costs	Gross operating expenses	Reinsurance result
Gross amount					
Property insurance	5 177	5 832	825	2 841	0
Liability insurance	5 544	5 161	3 696	1 542	-517
Suretyship insurance	52 634	47 714	-3 712	7 962	-19 724
Misc. finan. loses ins.	12 107	12 223	2 128	5 411	0
Travel insurance	1 253 105	1 253 070	457 571	571 113	-10 998
Total for 2022	1 328 567	1 324 000	460 507	588 869	-31 239
2021 (in TCZK)	Gross premium written	Gross premium earned	Gross claims costs	Gross operating expenses	Reinsurance result
Gross amount					
Property insurance	5 200	6 050	795	2 832	0
Liability insurance	4 339	4 672	-1 749	1 524	-1 119
Suretyship insurance	44 041	41 813	5 632	7 551	-33 877
Misc. finan. loses ins.	8 105	6 530	565	3 149	0
Travel insurance	624 524	660 688	213 635	318 216	-3 958
Total for 2021	686 209	719 753	218 878	333 272	-38 954

Czech Republic is the country of origin of insurance risk in the vast majority of premiums written.

Bonuses and Rebates

In 2022 bonuses and rebates totalled TCZK 599 (2021: TCZK 432). Bonuses based on the amount of premium amounted to TCZK 91 (2021: TCZK 61) and no-claims bonuses amounted to TCZK 508 (2021 TCZK 371).

In accordance with a paragraph "Provision for Bonuses and Rebates", in the notes to the financial statements, the Company posted following changes in the provision for bonuses and rebates:

In TCZK, for the year ending 31 st December	2022	2021
Creation of the provision	897	836
Disposal of the provision	836	474
Change in the provision	61	362

Commissions and Other Insurance Contract's Acquisition Costs

In TCZK, for the year ending 31 st December	2022	2021
Commissions	468 890	218 773
Other acquisition costs	82 520	67 992
Change in deferred acquisition costs	-1 863	17 153
Total	549 547	303 918

There is reported a commission paid for annual travel renewals amounted to TCZK 8 458 (2021: TCZK 5 377) as a part of the account „Commissions“ above.

Overheads

In TCZK, for the year ending 31 st December	2022	2021
Personnel costs (payroll expenses, social security)	17 103	15 364
Rent	1 828	1 846
Office maintenance and equipment	2 039	1 732
Depreciation of tang. and intang. assets	990	2 467
Consultancy	951	1 311
Software services	2 330	1 244
SAP costs	1 081	2 551
Travel costs	307	196
Other administrative costs	4 235	2 643
Total administrative costs	30 864	29 354

Employees and Executives

The average number of employees and executives and payroll expenses for 2022 and 2021:

	Average number of employees	Total	Payroll expenses	Social security	Social expenses
Employees	56	55 346	40 048	14 637	660
Management	5	19 598	15 879	3 661	59
At 31. 12. 2022	61	74 944	55 927	18 298	719
Employees	49	44 246	31 671	10 592	1 983
Management	5	20 580	16 379	3 361	840
At 31. 12. 2021	54	64 826	48 050	13 953	2 823

Administration staff personnel costs are shown in overheads (see paragraph "Overheads"). Sales staff personnel costs are included in acquisition costs and amounted to TCZK 41 896 in 2022 (2021: TCZK 35 855). Personnel costs related to claims handling staff are included in claims costs and amounted to TCZK 15 141 in 2022 (2021: TCZK 11 965). Personnel costs related to the other employees are shown in other non-technical expenses and amounted to TCZK 2 535 in 2022 (2021: TCZK 1 642).

In 2022 no remuneration was paid to members of the statutory bodies connected with their membership in these bodies.

As at 31. 12. 2022 the Company has no record of loans provided to members of statutory bodies (2021: CZK 0).

Information on the Statutory Auditor Fees

The Company shows the statutory auditor fee in other expenses and in 2022 this auditor fee was agreed to TCZK 1 260 in a contract (2021: TCZK 1 314).

Transfers of Expenses Between the Technical Accounts and the Non-technical Account

In 2022 expenses were transferred from the non-technical account in the total amount of TCZK 135 378 (2021: TCZK 115 743), of which TCZK 21 994 (2021: TCZK 18 397) was transferred to claims costs, TCZK 82 520 (2021: TCZK 67 992) was transferred to acquisition costs and TCZK 30 864 (2021: TCZK 29 354) was transferred to administrative expenses.

Transfers of Investment Returns Between the Technical Account and the Non-technical Account

In 2022 investment returns were transferred from the non-technical account to the technical account in the amount of TCZK 10 114 (2021: TCZK 1 061).

Non-technical Account Result

In 2022 the non-technical account result was TCZK 7 910 (2021: TCZK 15 803).

Result Before Tax

In 2022 the result before tax was TCZK 262 075 (2021: TCZK 146 329).

Taxation

Income Tax in Profit and Loss Statement

In TCZK, for the year ending 31 st December	2022	2021
Income tax provision	49 789	28 975
Change relating to tax due for previous period and release of budgetted provision	-98	-571
Change in the balance of a deferred tax rec./pay.	1 440	-2 948
Total income tax	51 131	25 456

The reserve for corporate income tax was calculated on the basis of Act No. 586/1992 Coll. on income taxes. Technical reserves calculated according to the Solvency II methodology were used to quantify the tax base and estimate the corporate income tax reserve.

Deffered Tax

Reported deferred tax receivables and payables.

In TCZK, for the year ending 31 st December	Receivables		Payables		Difference	
	2022	2021	2022	2021	2022	2021
Tangible Fixed Assets	0	0	114	131	-114	-131
Intangible Fixed Assets	0	0	210	166	-210	-166
Receivables	93	95	0	0	93	95
Technical Provisions	1 245	3 062	0	0	1 245	3 062
Employees Bonuses	3 575	3 169	0	0	3 575	3 169
Total	4 913	6 326	324	297	4 589	6 029
Impact to Profit/Loss	-1 413		-27		-1 440	
Investment assets (in balance sh.)	889	1 357	0	0	889	1 357
Impact to Equity	-468		0		-468	
Total Deferred Tax. Rec. / Pay.	5 802	7 683	324	297	5 478	7 386

For deferred tax calculation, tax rate that will be valid in period when tax receivable or payable is applied, i.e. 19% (2021: 19 %) was used.

OTHER INFORMATION

Actual Concern

The Company has not concluded a controlling agreement with its single shareholder ERGO Reiseversicherung AG, Germany. A report on relations between related parties is a part of the Annual Report.

Events Subsequent to the Balance Sheet Date

The management of the Company is not aware of any other events that have occurred since the balance sheet date that would have a material impact on the Company's financial statements at the year-end closing date.

In Prague, 27 March 2023

Libor Dvořák
Chairman of the Management Board

Štěpán Landík
Member of the Management Board

(Translation of a report originally issued in Czech - see Notes to the financial statements.)

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of ERV Evropská pojišťovna, a. s.:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of ERV Evropská pojišťovna, a. s. (hereinafter also the "Company") prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as at 31 December 2022, and the profit and loss statement and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Company, see Notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of ERV Evropská pojišťovna, a. s. as at 31 December 2022, and of its financial performance for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed 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 matter below, provide the basis for our audit opinion on the accompanying financial statements.

Calculation of technical reserves, including estimates used and Liability Adequacy Test

The Company's technical reserves, disclosed in Notes "Technical provisions movements", "Claims Provision" and "Provision for Bonuses and Rebates" represent a significant part of the Company's total liabilities. Technical reserves are valued in accordance with accounting principles generally accepted in the Czech Republic. The company also calculates its provisions based on Solvency II for Corporate tax income purposes. Consistent with the insurance industry, the Company uses actuarial models to support the valuation of the insurance contract liabilities. Technical Reserves.

Economic and actuarial assumptions, such as investment return, costs, interest rates, mortality, morbidity, claims settlement expectations and patterns and customer behavior are key inputs used to estimate these long-term liabilities.

This area involves significant management estimate and judgement over uncertain future outcomes, including primarily the timing and ultimate full settlement of long-term policyholder liabilities which requires significant audit effort. For this reason we assessed this area as a key audit matter.

We used actuarial specialists to assist us in performing our audit procedures. Our audit focused on the models considered more complex or requiring significant judgement in the setting of assumptions such as claims development.

We assessed the governance and process over the calculation of technical reserves. We tested the design of internal controls over the actuarial process including governance and approval process for setting of economic and actuarial assumptions.

We also assessed the process over the Company's actuarial analyses including estimated versus actual results and experience studies. For the assumption setting process, we assessed the experience analyses performed by the Company. Our assessments also included, as necessary, review of specified economic and actuarial assumptions considering management's rationale for the actuarial judgments applied along with comparison to applicable industry experiences and any changes in estimates compared to previous year.

We evaluated actuarial judgements used in the models which may vary depending on the product and the specifications of the product, and also the compliance of the models with the accounting principles generally accepted in the Czech Republic and with Solvency II for Corporate tax income purposes. Furthermore, we performed audit procedures on sample basis to determine the models were calculating the technical reserves accurately and completely.

We verified the validity of management's liability adequacy testing which is a test performed to check that the technical reserves are adequate as compared to the expected future contractual obligations. Our work on the liability adequacy tests included review of the projected cash flows and of the assumptions adopted in the context of both the Company and industry experience and specific product features.

We also assessed the adequacy of the disclosures regarding technical reserves in Notes "Technical provisions movements", "Claims Provision" and "Provision for Bonuses and Rebates" and "Technical Provisions" to determine they were in accordance with accounting principles generally accepted in the Czech Republic.

Other Information

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Company's Board of Directors and Supervisory Board

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as the Board of Directors 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, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors and the Supervisory Board 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 the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors and the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the 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.

Report on Other Legal and Regulatory Requirements

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

Appointment of Auditor and Period of Engagement

We were appointed as the auditors of the Company by the General Meeting of Shareholders on 27 April 2022 and our uninterrupted engagement has lasted for 3 years.

Consistence with Additional Report to Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 27 March 2023 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

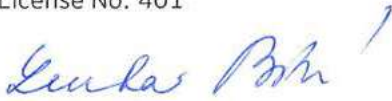
Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided by us to the Company. In addition, there are no other non-audit services which were provided by us to the Company and its controlled undertakings, and which have not been disclosed in the financial statements.

Statutory auditor responsible for the engagement

Lenka Bízová is the statutory auditor responsible for the audit of the financial statements of the Company as at 31.12.2022, based on which this independent auditor's report has been prepared.

Ernst & Young Audit, s.r.o.
License No. 401



Lenka Bízová, Auditor
License No. 2331



Tomáš Němec
Procurist

27 March 2023
Prague, Czech Republic

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