

Annual Report 2020





Founding member of the
Czech Insurance Companies Association



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



ERV Evropská has been 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.

Content

Basic Information	4
Key Figures.....	5
Organisational Chart.....	6
International Group	7
Management Board Report.....	8
Supervisory Board Report	10
Report on Relations between Related Parties	11
Balance Sheet Loss Settlement and Additional Information	12
Balance Sheet	13
Profit and Loss Account	15
Statement on Changes in Equity.....	16
Notes to the Financial Statements.....	17
Auditor's Report	34



The English texts are translations of the original Czech ones in the Annual Report 2020.
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	Europaeiske Rejseforsikring A/S, Denmark	75%
	ERGO Reiseversicherung AG, Germany	15%
	Europäische Reiseversicherung AG, Austria	10%
Management Board	Ing. Libor Dvořák, Čelákovice - Chairman Ing. Štěpán Landík, Praha - Member	
Confidential Clerk	Ing. Mgr. Václav Urbanec, Praha Veronika Nováková, Praha Ing. Irena Filipová, Praha	
Supervisory Board	Christof Flosbach, Germany - Chairman Mag. Wolfgang Lackner, Austria - Vice-Chairman Dr. Oliver Alexander Wild, Germany - Member	

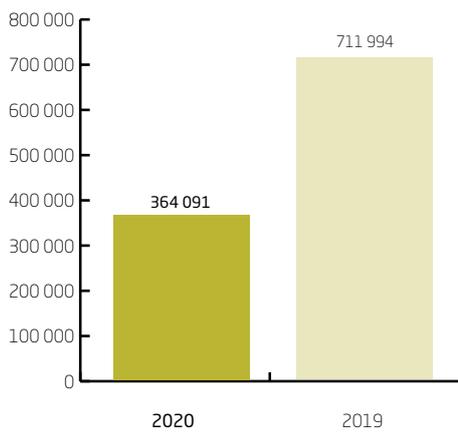


Key Figures

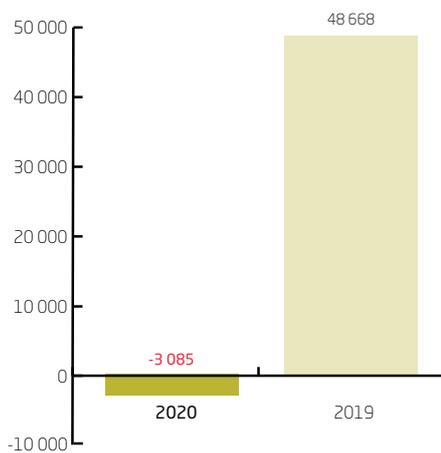
	(TEUR) ¹⁾	2020 (TCZK)	2019 (TCZK)
Gross premium written	13 873	364 091	711 994
Technical result	-74	-1 955	63 681
Result for the year	-118	-3 085	48 668
Total assets	19 631	515 227	579 583
Shareholders' equity	10 307	270 495	288 075
Technical provisions - gross	6 720	176 376	182 284

¹⁾ 1 EUR = 26,245 CZK

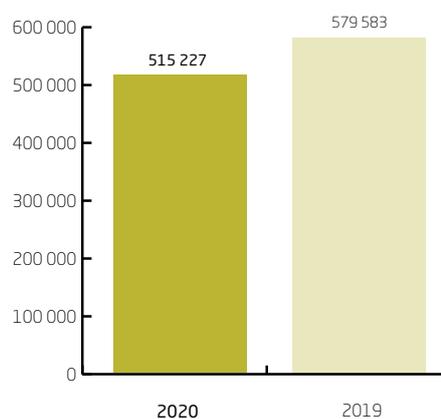
Gross Premium Written (TCZK)



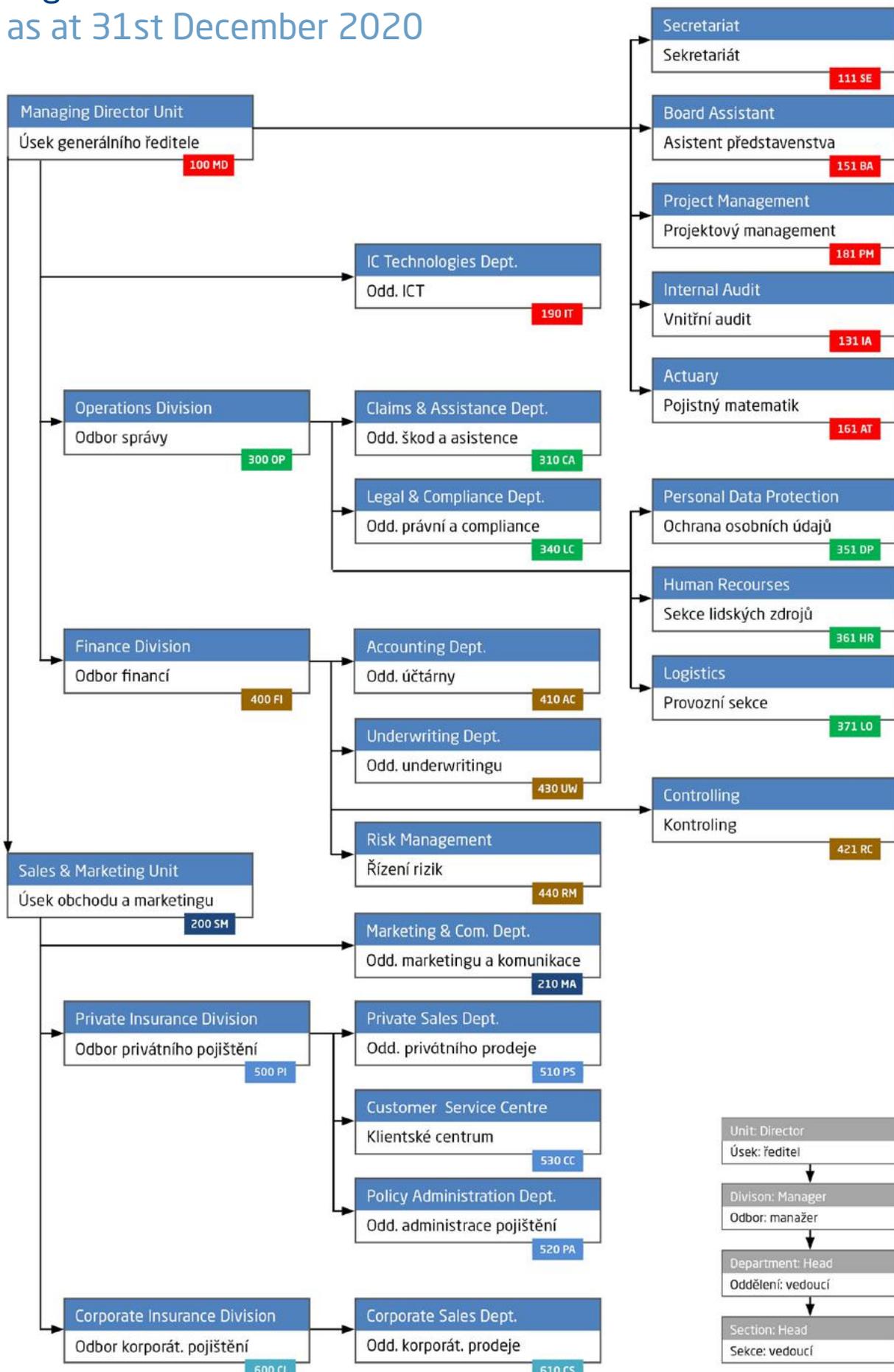
Result of the Year (TCZK)



Total Assets (TCZK)



Organisational Chart as at 31st December 2020



International Group

The Danish Europaeiske Rejseforsikring A/S that has been dealing with travel insurance for already more than 90 years founded our Company in 1992. Europaeiske holds 75% of our shares and the other shareholders are ERGO Reiseversicherung AG from Germany (15%) and Europäische Reiseversicherung AG from Austria (10%). 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, Portugal, Poland, Turkey, Russia, China and India.



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

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



Management Board Report on Company Activities in 2020

Rounding up my last year report on our company activities I pointed out that our team was well prepared to face challenges, both the known and the unknown at that time. Trust me that when writing those words it did not come to my mind how early we would have to prove that conclusion.

For our insurance company the last year started very well - much in the same manner as those before, we saw another boost of sales in January and February. However, together with information coming on Covid-19 epidemic in February/March the situation changed dramatically from the point of view of our people and even all the world bringing a significant impact on our company business up to the end of the year. I would like to say that the area of travel insurance was and still is, together with the entire tourism sector, both outbound and inbound and gastronomy, one of the most affected.

Let me stop at a few moments of the past year that are key to our company.

I would start, not quite surprisingly, at the turn of February and March during the spring break, when many of our clients spent or planned to spend their winter skiing holidays in northern Italy or Austria. It was during this period that news of the Covid-19 epidemic began to arrive, first from northern Italy, but gradually spreading throughout Europe and the world. Measures have been introduced to restrict travel abroad, or requiring to join the quarantine on return from abroad until the actual closure of the border for tourism. Our company faced not only an immediate decline in travel insurance sales, but especially a huge increase in administrative activities related to the provision of information and advice to clients, not only regarding their travel insurance, entitlement to insurance benefits, but also general information on the situation in individual destinations and travel options. Our claims department dealt with many times more clients' claims due to trip cancellation than is usual for the given period.

In mid-March, the entire company switched from a standard work regime to a work from home, the so-called home office, in one day. Such a fast and, from today's point of view, seamless step was achieved not only thanks to the great commitment of all staff members, but also thanks to the standardisation and digitisation of our processes, both in sales and claims

and in the internal administration. I believe that the only tangible reduction in comfort for clients and business partners was the closure of our customer center and thus the impossibility of personal contact. The more we tried to connect with clients and partners through other means of communication. Unfortunately, due to the ongoing epidemic, it was necessary to continue this working regime for the rest of the year, albeit with slight modifications.

During the second quarter, it became clear that the epidemic would affect both our lives and the company's activities much more than we expected at the beginning of the year. So we started working very intensively on modifying our products to reflect the new risks that our clients face in connection with the epidemic. The final solution in the form of supplementary insurance, in addition to extending the coverage of medical expenses to the Covid-19 epidemic, also includes insurance protection for other situations, and it was appreciated by both our clients and business partners. Its quality was also proven by some of our competitors products that were created after our product was published and were very similar to it. At the same time, we also worked very intensively on a solution to help tour-operators, which ultimately resulted in the approval of a "Lex-voucher", the law allowing tour-operators to provide clients with a voucher instead of a direct refund for missed trips. In this context, we made a very pro-client decision from our point of view that we would keep the original insurance valid for all those who purchased our policy and then accepted the voucher for a new trip.

Our activity could not slow down even during the summer travel season. Although many restrictions still applied, tens of thousands of clients travelled with our policy. Once again, the importance of our international assistance network Euro-Center was confirmed. With their help we not only provided care for clients, but also monitored the situation in key tourist destinations and changing requirements for entry into individual countries or regions. The very often changing measures, both in our country and in the destinations, have led and still lead to frequent changes in the date of already purchased tours and thus to the requirement of customers and business partners to reflect these changes in already purchased policies. In the spirit of our company philosophy we have been meeting the needs of our clients as much as possible.

Another key moment represents the situation connected with the tour-operators insolvency insurance. A significant impact of the epidemic on the business of the vast majority of tour-operators and the associated increase in the insolvency risk did not only significantly change the conditions for acceptance of the tour-operators into insurance, but also greatly reduced the willingness of reinsurers to provide reinsurance capacity regardless of increases in premium rates or collaterals / guarantees of the insured entity. Although we were eventually able, like other insurers, to offer this insurance to most credible partners, it is more than obvious that without a modification of the current model and a larger state involvement, the current system will no longer work.

To make the recap complete, it should be mentioned that throughout the year we provided unrestricted medical care or other services for many clients, both corporate employees and students who were forced to stay abroad for much of the past year to perform their duties or studies regardless of the epidemic.

Our company business results fully reflected the strength of the impact of the epidemic on travel trade and travel insurance market, where our turnover dropped by almost half and amounted to "only" 364 million CZK. At the same time, however, they also confirm that the company has implemented appropriate measures that were aimed not only at clients and business partners, but also led to the lowest possible impact of the epidemic on its economy.

I believe that last year our team was able to adequately face the huge challenge in the form of epidemics and continued to fulfill our very simple commitment to clients "You travel, we care."

The Management Board of the company would also like to sincerely thank the entire team of staff members for their excellent commitment to customer care and support for the implementation of many very fundamental changes, both externally and internally in the company. To succeed in the coming year, we will need to continue to focus on increasing efficiency and automating our internal processes. It will also be necessary to continue modifying our product line and the process of policy purchase. And last but not least, to focus on the already mentioned necessary changes of the tour-operators' insolvency insurance model.

If other doubtful opinions may be voiced on the claim that our team succeeded in the past year, then my last year claim on the support of the strong background of the international group ERGO Travel, ERGO and Munich Re has been fully fulfilled. It would be much more difficult to do most of the above if already at the beginning of March our shareholders did not decide to keep the entire profit of 2019 in the retained earnings and thus strengthen the company's capital. Many thanks to them for this step and for their further support throughout the year.

It is more than difficult to estimate the 2021 development in the current situation. However, it is clear that our private and professional lives will continue to be affected by the epidemic. Vaccination of the population will hopefully reduce the number of infected and allow a gradual lifting of established restrictions. Our task is to prepare such solutions for customers and business partners that will reflect the situation. The experience gained last year certainly allows me to repeat that our team is very well prepared to face not only these challenges, but also others that we have no idea about at the moment. Our company has passed an unprecedented test with honor and I am sure that it will cope with possible other hardship on the market with dignity even in the forthcoming difficult year.

Prague, January 2021



Libor Dvořák

Chairman of the Management Board

Supervisory Board Report on Activities in 2020

The Supervisory Board of the ERV Evropská pojišťovna, a. s., held four meetings during the year 2020 carrying out its duties in accordance with the Company's Articles of Association. All meetings have been held either via phone conference calls or video conference due to Covid-19 epidemic and related travel restrictions.

In the year under review no change occurred in the composition of the Supervisory Board. Throughout all the year Mr. Christof Flosbach (Chairman), Mr. Wolfgang Lackner (Vice-Chairman) and Mr. Oliver Wild were members of the Board. The members had access to all Company documents when required.

Co-operation 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 2020. Having studied these do-

cuments, we agree to the proposal on the balance sheet loss settlement 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 2020 the Supervisory Board carried out all functions of the audit committee in accordance with the Act No. 93/2009 Coll. on auditors.

Munich, February 2021



Christof Flosbach
Chairman of the Supervisory Board



Report on Relations between Related Parties in 2020

ERV Evropská pojišťovna, a. s. (hereinafter 'the Company') is a subsidiary company of the Danish travel insurance leader Europaeiske Rejseforsikring A/S, Copenhagen, which holds 75% of the shares. ERGO Reiseversicherung AG, Munich holds 15% of the Company shares and the remaining 10% is held by the Austrian company Europäische Reiseversicherung AG, Vienna.

Controlling parties and relation description

Europaeiske Rejseforsikring A/S, Denmark, is the founder and the parent company of the Company. The Company has a cooperation agreement with this company to sell Danish Global Corporate travel insurance on the Czech market.

ERGO Reiseversicherung AG, Germany, is the parent company and 100% shareholder of Europaeiske Rejseforsikring A/S, Denmark, and concurrently holds a 25% share in Europäische Reiseversicherung AG, Austria. Directly or indirectly, ERGO Reiseversicherung AG thus controls a 92.5% share of the Company. The Company 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.

Münchener Rückversicherung AG, Germany, is the 100% shareholder of ERGO Group AG, Germany. Münchener Rückversicherung AG participates on the reinsurance scheme of the Company with respect to travel insurance, liability insurance, and tour operator insolvency insurance. Reinsurance billing is stated in reinsurance contracts signed between the Company and the reinsurer, under conditions applicable to third parties. 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, which controls 83.33% of its shares. The Company itself controls 16.66% of its shares. 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. An agreement on the provision of administrative services, an agreement on lease of movable property, and an agreement on sub-tenancy were valid until the end of September 2020.

CJSIC "European Travel Insurance", Russia, is 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.

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.

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.

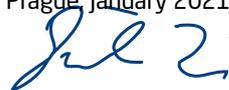
In 2020 has not been performed any actions taken in the past accounting period, which were taken at the initiative or in the interest of the controlling entity or the entities controlled by the controlling entity, where such actions concerned assets exceeding 10% of the controlled entity's equity as 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 2020 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 par-

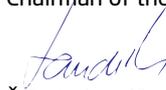
ties controlled by the same party, roles of the controlled parties, methods and means of control, and assessment of loss inception.

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 2021



Libor Dvořák
Chairman of the Management Board



Štěpán Landík
Member of the Management Board

Balance Sheet Loss Settlement

The Management Board proposes to use funds from retained earnings to cover the loss for the financial year 2020 in the amount of TCZK 3 085.

Prague, February 2021



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. In 2020 there were no remarkable facts apart from those mentioned in the Notes to these financial statements. 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 2020 in TCZK)

Assets	2020			modified 2019
	Gross	Correction	Net	Net
Intangible fixed assets	48 309	-40 545	7 764	6 326
Investment	394 683	0	394 683	459 856
Investments in aff. undertakings and particip. interests, thereof:	2 734	0	2 734	2 587
Participations in controlled entities	2 734	0	2 734	2 587
Other investment, thereof:	391 949	0	391 949	457 269
Shares and other variable-yield securities, other participating interests	27 127	0	27 127	44 190
Bonds (debt securities)	227 812	0	227 812	226 018
Securities recognized in fair value (AFS)	227 812	0	227 812	226 018
Deposits with financial institutions	137 010	0	137 010	187 061
Debtors	41 383	-1 106	40 277	43 320
Receivables arising from direct insurance, thereof:	30 359	-1 106	29 253	31 012
Policyholders	8 384	-806	7 578	11 861
Intermediaries	21 975	-300	21 675	19 151
Other receivables	11 024	0	11 024	12 308
Other assets	46 135	-19 675	26 460	26 113
Tangible fixed assets other than are noted in section "C I. Land and buildings", and inventories	25 466	-19 675	5 791	7 280
Cash on accounts in financial institutions and cash in hand	20 669	0	20 669	18 833
Temporary assets accounts	46 043	0	46 043	43 968
Deferred insurance acquisition costs, thereof:	42 358	0	42 358	38 227
In non-life insurance	42 358	0	42 358	38 227
Other temporary assets accounts, thereof:	3 685	0	3 685	5 741
Total assets	576 553	-61 326	515 227	579 583



Equity and Liabilities	2020	modified 2019
Capital and reserves	270 495	288 075
Share capital, thereof:	160 000	160 000
Other capital funds	21 310	35 805
Statutory reserve fund and other funds from profit	36 305	33 871
Profit or loss brought forward	55 965	9 731
Profit or loss for the financial year	-3 085	48 668
Technical provisions	157 629	162 463
Provision for unearned premium	118 408	113 419
Gross amount	127 665	123 158
Reinsurance value (-)	-9 257	-9 739
Provision for outstanding claims	38 747	48 099
Gross amount	48 237	58 181
Reinsurance value (-)	-9 490	-10 082
Provision for bonuses and rebates	474	945
Gross amount	474	945
Provisions	0	751
Tax provision	0	751
Creditors	50 981	75 726
Payables arising from direct insurance	10 319	16 566
Payables arising from reinsurance	1 151	5 177
Other payables, thereof:	39 511	53 983
Tax liabilities and payables due to social security and health insurance institutions	3 047	3 659
Temporary liability accounts	36 122	52 568
Accrued expenses and deferred revenues	2 315	2 017
Other temporary liabilities accounts, thereof:	33 807	50 551
Total liabilities	515 227	579 583



Profit & Loss Account

(as at 31st December 2020 in TCZK)

Technical account non-life	2020	2019
Earned premium, net of reinsurance	302 589	639 696
Gross premium written	364 091	711 994
Ceded premium (-)	56 527	61 098
Change in unearned premium, gross (+/-)	4 493	12 416
Change in unearned premium, ceded (-)	-482	1 216
Allocated investment return transferred from the non-technical account	2 041	1 813
Other technical revenues, net of reinsurance	953	745
Net claims incurred	132 035	252 613
<i>Claims paid</i>	<i>141 393</i>	<i>252 400</i>
gross amount	145 946	253 609
reinsurance value (-)	4 553	1 209
<i>Change in outstanding claims provisions (+/-)</i>	<i>-9 358</i>	<i>213</i>
gross amount	-9 949	-7 975
reinsurance value (-)	-591	-8 188
Change in other technical provisions, net of reinsurance (+/-)	-471	122
Bonuses and rebates, net of reinsurance	669	1 088
Expenses for underwriting business, net	174 794	324 508
Acquisition costs in insurance policies	163 201	311 865
Change in deferred acquisition costs (+/-)	-4 130	-4 865
Administrative expenses	24 982	27 234
Reinsurance commissions and profit participation (-)	9 259	9 726
Other technical expenses, net of reinsurance	511	242
Non-life technical result (item I. 10)	-1 955	63 681
Non-technical account	2020	2019
Investment income	3 240	2 774
Affiliated undertakings and participating interests income	212	0
Other investment income	3 028	2 774
other investment income from controlled entities	3 028	2 774
Investment expenses	128	152
Investment management expenses, including interest	128	152
Allocated investment return transferred to the non-life insurance technical account	2 041	1 813
Other income	4 732	6 775
Other expenses	6 580	8 181
Income tax on ordinary activities	172	14 208
Profit or loss for ordinary activities after taxation	-2 904	48 876
Other taxes not shown under preceding items	181	208
Profit or loss for the financial year	-3 085	48 668

Statement on Changes in Equity

(as at 31st December 2020 in TCZK)

	Share capital	Reserve funds	Other cap. funds	Profit/loss brought forward	Profit/loss for the fin. year	Total
Balance at 1. 1. 2019 (original)	160 000	31 320	-913	-269	51 020	241 158
Corrections	0	0	41 104	0	0	41 104
Balance at 1. 1. 2019 (modified)	160 000	31 320	40 191	-269	51 020	282 262
FX gains (losses) and changes in valuation not included in the profit and loss statement	0	0	-4 386	0	0	-4 386
Net profit/loss for accounting period	0	0	0	0	48 668	48 668
Dividends	0	0	0	0	-38 469	-38 469
Transfer to funds	0	2 551	0	10 000	-12 551	0
Balance at 31. 12. 2019 (modified)	160 000	33 871	35 805	9 731	48 668	288 075
Balance at 1. 1. 2020	160 000	33 871	35 805	9 731	48 668	288 075
FX gains (losses) and changes in valuation not incl. in the profit and loss statement	0	0	-14 495	0	0	-14 495
Net profit/loss for accounting period	0	0	0	0	-3 085	-3 085
Dividends	0	0	0	0	0	0
Transfer to funds	0	2 434	0	46 234	-48 668	0
Balance at 31. 12. 2020	160 000	36 305	21 310	55 965	-3 085	270 495



Notes to the Financial Statements

Year ending 31st December 2020 (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 (IČ 492 40 196). Company name was changed on 1. 7. 2014 last time.

The Company's shareholders are	
Europaeiske Rejseforsikring A/S, Denmark	75%
ERGO Reiseversicherung AG, Germany	15%
Europäische Reiseversicherung AG, Austria	10%

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
- Surety ship 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 2020

Management Board
Ing. Libor Dvořák, Čelákovice - Chairman
Ing. Štěpán Landík, Praha - Member

Confidential Clerk
Ing. Mgr. Václav Urbanec, Praha
Veronika Nováková, Praha
Ing. Irena Filipová, Praha

Supervisory Board
Christof Flosbach, Germany - Chairman
Mag. Wolfgang Lackner, Austria - Vice Chairman
Dr. 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 the Act on Intermediaries and Loss Adjusters No. 38/2004 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 16,66% share in the company EURO-CENTER HOLDING SE and a 10% share in the company European Assistance Holding GmbH. Both these entities are controlled by ERGO Reiseversicherung AG group.

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 listed data are in TCZK as at 31st 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 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.

Premium provision-vouchers

Act No. 185/2020 Coll. on certain measures to mitigate the effects of the SARS CoV-2 coronavirus pandemic on the tourism industry (hereinafter "Lex Voucher") allowed TOs to issue a travel voucher to a client in the event of a trip cancellation instead of a refund. In the case of acceptance of the voucher by a client, who also purchased travel insurance, the insurance coverage was extended to a new trip purchased with this voucher. If the client has used the voucher by the end of the fiscal year, the creation of the provision is governed by the standard procedure mentioned above, as the insurance Company already has the date of departure and return of the client. If the voucher has not been redeemed by the end of the fiscal year, the date of the departure is considered to be 31 August 2021, ie the day by which the client should redeem the voucher.

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 follows: a) the method of the expected percentage of claims is used in case of property insurance and surety ship insurance classes; b) for other insurance classes 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 adjustments are made. 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 prepared by the Company as a consolidating accounting unit. The company Etics ITP, s.r.o. is included in the consolidation unit. The financial statements will also be included into the consolidated financial statements of Münchener Rückversicherung-Gesellschaft, Königinstrasse 107, München, Germany, where the financial statements are consolidated.

Changes in Accounting Principles and Procedures

In 2020 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.

Corrections of previous years

In 2020, the following corrections of errors of previous years were made, affecting the amount of capital of the previous fiscal year. The impact of these corrections is recognized in the capital on the line "Corrections of significant irregularities". In this context, comparable figures in the accompanying balance sheet have been adjusted and for this reason these figures are presented as restated. For the same reason, comparable figures in the related tables of this appendix are also presented in the financial statements as adjusted.

Until 31 December 2019, the shares in EURO-CENTER Holding SE and European Assistance Holding, GmbH were valued at the level of acquisition costs as at the balance sheet date. Due to reporting according to valid decree, the valuation of these shares was changed to the level of fair value. The following table shows the original values reported in the financial statements for 2019 and the restated values.

Impact on the Balance Sheet	value at 1. 1. 2019	adjust- ment	value at 1. 1. 2019	value at 31. 12. 2019	adjust- ment	value at 31. 12. 2019
	original		modified	original		modified
Shares and other variable-yield securities, other participating interests	8 324	41 104	49 428	8 324	35 866	44 190
Other capital funds - valuation differences	-913	41 104	40 191	-61	35 866	35 805

Impact on the value of shares	value at 1. 1. 2019	value at 1. 1. 2019	value at 31. 12. 2019	value at 31. 12. 2019	impact on equity and investments
	original	modified	original	modified	
EURO-CENTER HONDING SE	8 247	32 033	8 247	35 715	27 468
European Assistance Holding, GmbH	77	17 395	77	8 475	8 398

Risk Management

During 2016 new rules for solvency assessment of insurers including the risk management requirements and their control (hereinafter "Solvency II") came into force. The rules are defined by the Law as well as by related decree. The Company ensured implementation of System of Governance to cover all Company's activities and to be in compliance with all new requirements.

The System of Governance is set to ensure a continuous and systematic 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 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 year 2020, the whole world faced a global coronavirus pandemic (Covid-19), which also had a very significant impact on the Company.

The Company recorded the first significant signs of this pandemic during March and April, when there was an immediate decline in travel insurance sales, but especially a large increase in clients' claims for indemnification due to trip cancellation. As mentioned above, the Lex Voucher law was passed to support and stabilize the tourism situation, and TOs 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. This approach had an impact on the amount of the unearned premium provision (see paragraph "Technical provisions movements") because the time of earning the premium was postponed until the use of the voucher for a new trip, which led to a year-to-year increase of this reserve. In the same way, the accrual of the acquisition costs for insurance contracts were affected (see paragraph "Deferred Acquisition Costs"), the calculation is based on the unearned premium provision.

The pandemic has also brought new demands from clients and business partners to modify the Company's products to reflect the new risks they face in connection with the pandemic. During the summer season, the Company launched a new product, which in the form of an additional insurance offers an extension of the coverage of medical expenses regarding Covid-19 pandemic and insurance protection for other situations connected with this pandemic. Another consequence of the pandemic is a significant impact on business and economic results and thus the financial stability of individual TOs, ie the increased risk of their bankruptcy. The Company has 100 TOs insured for insolvency in its portfolio. The development of TOs' financial situations is closely monitored on the basis of submitted monthly reports. The insurance in the event of bankruptcy of a TO also applies to issued vouchers and their value becomes part of the premium sum. The Company faces problems

in acquiring reinsurance capacities for this type of insurance. Large foreign reinsurance companies have already announced gradual reduction in reinsurance capacities in this insurance sector because they consider them very risky.

The Company recorded a significant drop in written premiums, to which it responded during the year by introducing a number of cost-saving measures, which resulted in reduced costs, especially in the areas of personnel, IT and marketing. At the beginning of the pandemic, it was estimated that the economic result for year 2020 would end in a loss of approximately MCZK 20. The introduction of a new additional insurance and austerity measures, the Company managed to reduce this forecast to a final net loss of TCZK 3 085.

In accordance with the decision of the entire Munich Re group, the Company did not request any support from programs announced by the government and government organizations to mitigate the impacts of the pandemic.

The year 2021 will also be affected by Covid-19 pandemic and government measures to prevent its spread domestically and abroad. However, the Company expected this situation last year and therefore included the risks associated with restrictions and their gradual release in the 2021-2025 business plans. As the situation from the beginning of 2021 does not much differ from the assumptions used in the planning process, the Company still expects the fulfilment of the 2021 plan, which consists mainly in the return of the economic result to profit with a turnover growth of 10-15%.

ADDITIONAL INFORMATION TO STATEMENT OF FINANCIAL POSITION

Long Term Intangible Assets

At 31. 12. 2020 intangible assets of the Company comprised software with a net book value of TCZK 7 601 (2019: TCZK 6 326). The software acquisition account balance amounted to TCZK 163 (2019: CZK 0).

Investment

Purchase Price and Fair Value of the Investments

In TCZK, for the year ending 31 st December	Purchase price		Fair Value	
	2020	2019	2020	modif. 2019
Equity participations	2 000	2 000	2 734	2 587
Stoks and bonds, thereof: with variable interest				
issued by nonfin. inst. – unlisted	8 324	8 324	27 127	44 190
with fixed interest available for sale				
issued by CZ – listed in CZ	223 330	224 962	227 812	226 018
Stock and bonds total	231 654	233 286	254 939	270 208
Short-term bank deposits	137 010	187 061	137 010	187 061
Investment total	370 664	422 347	394 683	459 856

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 and other variable-yield securities		Bonds and other fixed-income securities	
	2020	modif. 2019	2020	2019
CZK	19 401	35 715	227 812	226 018
EUR	7 726	8 475	0	0
Total	27 127	44 190	227 812	226 018

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., Křižíkova 237/36a, 186 00 Praha 8	100	2 000	2 000	2 734	360
Total at 31. 12. 2020		2 000	2 000	2 734	360
Etics ITP, s.r.o., Křižíkova 237/36a, 186 00 Praha 8	100	2 000	2 000	2 587	224
Total at 31. 12. 2019		2 000	2 000	2 587	224

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 2020 and 2019 for relevant accounting period.

Receivables

At 31. 12. 2020	Insurance intermed.	From reins. trans.	Other	Total
Due	6 967	21 488	11 024	39 479
Overdue	1 417	487	0	1 904
Total	8 384	21 975	11 024	41 383
Adjustments	806	300	0	1 106
Adjustments Net total	7 578	21 675	11 024	40 277
At 31. 12. 2019	Insurance intermed.	From reins. trans.	Other	Total
Due	11 408	19 048	12 308	42 764
Overdue	895	255	0	1 150
Total	12 303	19 303	12 308	43 914
Adjustments	442	152	0	594
Adjustments Net total	11 861	19 151	12 308	43 320

Other Receivables

In TCZK, for the year ending 31 st December	2020	2019
Inter-company Receivables	1 537	4 195
Inter-company Prepayments	2 625	2 541
Other Prepayments	306	1 655
Deferred Tax Receivables	3 461	2 882
Prepaid Taxes	2 151	-39
Other Receivables	944	1 074
Total	11 024	12 308

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

At 31. 12. 2020 the Company has no long-term receivables (2019: CZK 0).

Other Assets

Long-term Tangible Assets

In TCZK, for the year ending 31 st December	2020	2019
Acquisition cost at the beginning of the acc. period	24 043	23 298
Accumul. depr. at the beginning of the acc. period	16 763	17 041
Net book value at the beginning of the acc. period	7 280	6 257
Additions	1 424	4 906
Disposals	0	4 161
Accumul. depr. related to disposals	0	2 749
Depreciation of the current accounting period	2 913	2 471
Acquisition cost at the end of the acc. period	25 467	24 043
Accumul. depr. at the end of the aacc. period	19 676	16 763
Net book value at the end of the acc. period	5 791	7 280

Temporary Asset Accounts

Deferred Acquisition Costs

At 31. 12. 2020 the balance of deferred acquisition costs amounts to TCZK 42 358 (2019: TCZK 38 227). The balance of deferred acquisition costs is related to Lex Voucher (see paragraph "Premium provision - vouchers" and "Covid-19 epidemic").

Estimated Receivables and Prepaid Expenses

At 31. 12. 2020 the balance of estimated receivables amounts to TCZK 393 (2019: TCZK 294).

At 31. 12. 2020 the Company shows a balance of the prepaid expenses in the amount of TCZK 3 292 (2019: TCZK 5 447), thereof TCZK 1 217 (2019: TCZK 4 617) 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. 2020 100% of the registered capital was fully paid up, i.e. TCZK 160 000.

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 Loss Compensation

Loss of the current year (in TCZK)	-3 085
Transfer from the legal reserve fund (in TCZK)	3 085

The Annual General Meeting will decide on the reimbursement method of the loss.

Valuation Differences Arising from Revaluation of Assets to Fair Value

In TCZK	2020	modif. 2019
Balance at 1. 1.	35 805	40 191
Change in fair value	-13 952	-5 523
Change from sales or permanent value decrease or maturity	25	1 284
Diferred tax change	-568	-147
Balance at 31. 12.	21 310	35 805

Technical Provisions

Technical Provisions Movements

Provision types (in TCZK)	Unearned premium	Outstanding claims	Bonuses and Rebates	Total
Balance at 1. 1. 2019	110 742	66 155	823	177 720
Creation	123 158	58 181	945	182 284
Drawings	110 742	66 155	823	177 720
Balance at 31. 12. 2019	123 158	58 181	945	182 284
Balance at 1. 1. 2020	123 158	58 181	945	182 284
Creation	127 665	48 237	474	176 376
Drawings	123 158	58 181	945	182 284
Balance at 31. 12. 2020	127 665	48 237	474	176 376

The change of unearned premium provision is related to Lex Voucher (see paragraph "Premium provision - vouchers" and "Covid-19 epidemic").

Claims Provision

The claims run-off result is given by the difference between the balance of the claims provision at 1. 1. 2020, less payments made (of claims included in the provision) and the balance of the provision at 31. 12. 2020.

In TCZK, for the year ending 31 st December	2020	2019
Gross claims run-off result	-9 093	8 662

Provision for Bonuses and Rebates

In 2020 the provision amounted to TCZK 474 (2019: TCZK 945).

Provisions

Provision type (in TCZK)	Balance at 1. 1. 2020	Creation	Drawings	Balance at 31. 12. 2020
Tax provision	751	0	-751	0
Total	751	0	-751	0

Tax provision creation is reduced by paid tax prepayments in the amount of TCZK 3 701 (2019: TCZK 12 258).

Liabilities

At 31. 12. 2020 (in TCZK)	Policyhold.	Insurance intermed.	From reins. trans.	Received deposits	Other	Total
Due	6 888	3 431	1 151	31 063	8 448	50 981
Overdue	0	0	0	0	0	0
Total	6 888	3 431	1 151	31 063	8 448	50 981
At 31. 12. 2019 (in TCZK)	Policyhold.	Insurance intermed.	From reins. trans.	Received deposits	Other	Total
Due	10 596	5 970	5 177	42 791	11 192	75 726
Overdue	0	0	0	0	0	0
Total	10 596	5 970	5 177	42 791	11 192	75 726

The value of other liabilities includes especially liabilities against suppliers for provided goods and services as well as liabilities against 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. 2020 social security and health insurance payables amounted to TCZK 1 252 (2019: TCZK 1 835), of which TCZK 783 represents social security payables (2019: TCZK 1 153) and TCZK 469 represents health insurance payables (2019: TCZK 682). None of these payables are overdue.

State -tax Liabilities and Grants

At 31. 12. 2020 the Company shows tax liabilities in the total amount of TCZK 1 795 (2019: TCZK 1 824). None of these payables are overdue.

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

At 31. 12. 2020 the Company has no long-term liabilities (2019: CZK 0).

Payables on Reinsurance

The Company presents a net payable to reinsurers in the amount of TCZK 1 151 (2019: 5 177 TCZK), of which the inter-company balance is TCZK 1 138 (2019: TCZK 4 123).

Temporary Liability Accounts

Passive Adjustments

At 31. 12. 2020 estimated payables amount to TCZK 33 807 (2019: TCZK 50 551), which includes the estimated costs of services used but not invoiced in the accounting period, employee bonus payments for achieving the budget for 2020, which will be paid out in the next accounting period, the estimated costs of non-proportional commissions related to the year 2020 and the estimate of quota share reinsurance.

Inter Company Receivables and Payables

Equity Participations with Controlling Influence

At 31. 12. 2020 the Company has no inter-company receivables and payables with equity participations with controlling influence (2019: CZK 0).

Short-term Inter-company Receivables and Payables Other Companies

Other (in TCZK, for the year ending 31 st December)	Receivables		Payables	
	2020	2019	2020	2019
Euro-Center Prague, Česká republika	203	2 144	0	5
ERGO Reiseversicherung, Německo	0	0	0	152
ERGO Group, Německo	0	0	1 490	2 380
Munich RE, Německo	0	0	1 138	4 123
Euro-Center Holding, Česká republika	2 775	2 541	7	0
CJSIC - ERV RU, Rusko	1 183	2 051	0	0
D.A.S. Praha	0	0	0	23
Total	4 161	6 736	2 635	6 683

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

At 31. 12. 2020 the Company has neither long-term inter-company receivables (2019: CZK 0) nor long-term inter-company payables (2019: 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. 2020 (2019: 1,0 billion CZK). The guarantees provided by the Company amounted to TEUR 72, i.e. TCZK 1 898 (2019: TEUR 122, i.e. TCZK 3 209). The Company has no contingent liabilities.

ADDITIONAL INFORMATION TO PROFIT AND LOSS STATEMENT

Insurance Overview - Non-life Insurance

2020 (in TCZK)	Gross premium written	Gross premium earned	Gross claims costs	Gross operating expenses	Reinsurance result
Gross amount					
Property insurance	6 216	6 950	1 181	3 001	0
Liability insurance	4 961	5 929	9 071	1 333	-453
Suretyship insurance	56 189	56 622	2 192	6 214	-38 917
Misc. finan. loses ins.	2 006	1 720	1 081	1 382	0
Travel insurance	294 719	288 377	122 472	172 124	-4 419
Total for 2020	364 091	359 598	135 997	184 054	-43 789
2019 (in TCZK)	Gross premium written	Gross premium earned	Gross claims costs	Gross operating expenses	Reinsurance result
Gross amount					
Property insurance	8 039	6 790	1 330	2 982	0
Liability insurance	10 563	10 500	-8 262	1 813	-12 560
Suretyship insurance	53 206	51 197	982	7 710	-39 927
Misc. finan. loses ins.	4 981	6 743	1 835	3 641	0
Travel insurance	635 205	624 348	249 750	318 088	-4 648
Total for 2019	711 994	699 578	245 635	334 234	-57 135

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

Bonuses and Rebates

In 2020 bonuses and rebates totalled TCZK 669 (2019: TCZK 1 088). Bonuses based on the amount of premium amounted to TCZK 56 (2019: TCZK 264) and no-claims bonuses amounted to TCZK 613 (2019 TCZK 824).

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	2020	2019
Creation of the provision	474	945
Disposal of the provision	945	823
Change in the provision	-471	122

Commissions and Other Insurance Contract's Acquisition Costs

In TCZK, for the year ending 31 st December	2020	2019
Commissions	111 196	242 386
Other acquisition costs	52 005	69 479
Change in deferred acquisition costs	-4 131	-4 865
Total	159 070	307 000

In „Commissions“, revenues and costs of commissions paid for annual travel renewals in the amount of TCZK 5 483 (2019: TCZK 8 766) are reported. The value of commissions shows year-on-year decline, which is caused by a decrease in the Company's turnover.

Overheads

In TCZK, for the year ending 31 st December	2020	2019
Personnel costs (payroll expenses, social security)	13 060	13 356
Rent	2 039	1 873
Office maintenance and equipment	1 445	3 829
Depreciation of tang. and intang. assets	2 443	2 493
Consultancy	1 067	911
Software services	1 612	1 235
SAP costs	234	188
Travel costs	223	403
Other administrative costs	2 860	2 946
Total administrative costs	24 983	27 234

Employees and Executives

The average number of employees and executives and payroll expenses for 2020 and 2019:

	Average number of employees	Total	Payroll expenses	Social security	Social expenses
Employees	48	41 427	30 094	9 928	1 405
Management	5	16 140	11 823	3 521	796
At 31. 12. 2020	53	57 567	41 917	13 449	2 201
Employees	52	47 406	34 205	11 244	1 957
Management	5	18 358	14 041	3 386	931
At 31. 12. 2019	57	65 764	48 246	14 630	2 888

Administration staff personnel costs are shown in overheads (see paragraph "Overheads"). Sales staff personnel costs are included in acquisition costs and amounted to TCZK 31 639 in 2020 (2019: TCZK 38 538). Personnel costs related to claims handling staff are included in claims costs and amounted to TCZK 10 735 in 2020 (2019: TCZK 11 106). Personnel costs related to investment management staff are included in financial placement expenses and amounted to TCZK 113 in 2020 (2019: TCZK 135). Personnel costs related to the other employees are shown in other non-technical expenses and amounted to TCZK 2 019 in 2020 (2019: TCZK 2 629). In 2020 no remuneration was paid to members of the statutory bodies connected with their membership in these bodies.

As at 31. 12. 2020 the Company has no record of loans provided to members of statutory bodies.

Information on the Statutory Auditor Fees

The Company shows the statutory auditor fee in other expenses and in 2020 this auditor fee was agreed to TCZK 1 362 in a contract (2019: TCZK 1 326).

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

In 2020 expenses were transferred from the non-technical account in the total amount of TCZK 93 295 (2019: TCZK 114 711), of which TCZK 16 307 (2019: TCZK 17 998) was transferred to claims costs, TCZK 52 005 (2019: TCZK 69 479) was transferred to acquisition costs and TCZK 24 983 (2019: TCZK 27 234) was transferred to administrative expenses.

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

In 2020 investment returns were transferred from the non-technical account to the technical account in the amount of TCZK 2 041 (2019: TCZK 1 813).

Non-technical Account Result

In 2020 the non-technical account result was TCZK - 957 (2019: TCZK - 805).

Result Before Tax

In 2020 the result before tax was TCZK - 2 912 (2019: TCZK 62 876).

Taxation

Income Tax in Profit and Loss Statement

In TCZK, for the year ending 31 st December	2020	2019
Income tax provision	1 470	13 009
Change relating to tax due for previous period and release of budgetted provision	-569	224
Change in the balance of a deferred tax rec./pay.	-729	975
Total income tax	172	14 208

The reserve for corporate income tax was calculated on the basis of Act No. 86/1992 Coll. on income taxes. In 2020, for the first time, technical reserves calculated according to the Solvency II methodology were used to quantify the tax base and estimate the corporate income tax reserve.

Differed Tax

Reported deferred tax receivables and payables.

In TCZK, for the year ending 31 st December	Receivables		Payables		Difference	
	2020	2019	2020	2019	2020	2019
Tangible Fixed Assets	0	0	114	115	-114	-115
Intangible Fixed Assets	0	0	266	263	-266	-263
Receivables	207	110	0	0	207	110
Technical Provisions	1 422	0	0	0	1 422	0
Employees Bonuses	1 832	2 620	0	0	1 832	2 620
Total	3 461	2 730	380	378	3 081	2 352
Impact to Profit/Loss	731		-2		729	
Investment assets (in balance sh.)	0	152	416	0	-416	152
Impact to Equity	-152		-416		-568	
Total Deferred Tax. Rec. / Pay.	3 461	2 882	796	378	2 665	2 504

For deferred tax calculation, tax rate that will be valid in period when tax receivable or payable is applied, i.e. 19% (2019: 19%) was used.

OTHER INFORMATION

Actual Concern

The Company has not concluded a controlling agreement with the majority shareholder Europaeiske Rejseforsikring A/S, Denmark. 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 as at 31. 12. 2020.

In Prague, March 1st, 2021

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 Shareholders 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 2020, 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 2020, 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 each 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 these matters. 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 matters 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 "Provisions 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, including consideration of impacts of Covid-19 pandemic, 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 and the operating effectiveness 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.

We evaluated actuarial judgements used in the models, including consideration of impacts of Covid-19 pandemic, 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 "Provisions for Bonuses and Rebates" and "Technical Provisions" to determine they were in accordance with accounting principles generally accepted in the Czech Republic.

Valuation of shares in related parties

Shares in related parties, disclosed in Note „Purchase Price and Fair Value of the Investments“ represent shares and are carried at fair value in accordance with accounting principles generally accepted in the Czech Republic. In relation to the valuation of these shares the correction of prior year error was preformed, as disclosed in Note „Corrections of previous year errors“. Fair value of Shares in related parties was estimated using the model of future discounted cash-flows.

This area involves significant management estimate and judgement over the assumptions used in the model of future discounted cash-flows. This area required significant audit effort including involvement of valuation specialists. For this reason we assessed this area as a key audit matter.

We used valuation specialists to assist us in performing our audit procedures. In cooperation with our specialists we assessed the adequacy of valuation models used taking into account the activities of the entities, including assessment of methodology used for determination of model inputs, such as discount rate and future cash flows. We also compared the fair value used to results calculated using alternative valuation techniques.

We also assessed the adequacy of the Company`s disclosures regarding investments in Notes „Investments“, „Purchase Price and Fair Value of the Investments“ and „Corrections of previous years“ in accordance with accounting principles generally accepted in the Czech Republic.

Impact of COVID-19 pandemic

The profit of the Company for the year 2020 was significantly impacted by COVID-19 pandemic due to its dominant focus on the segment of travel industry, as is disclosed in Notes „Insurance provision - vouchers“, „COVID-19 Epidemic“, „Deferred acquisition costs“, „Technical Provisions movements“ and „Commissions and Other Insurance Contract`s Acquisition Costs“. The Company disclosed its going concern assumption in Note „Significant accounting and valuation methods used by the Company“.

Given the impact of COVID-19 pandemic on the Company this area required significant audit effort. For this reason we assessed this area as a key audit matter.

As a part of our audit procedures we assessed the impact of legislative changes driven by COVID-19 pandemic and development in the travel industry on accounting methods used and going concern assumption.

We verified that the Company reflected in the period over which it recognizes the insurance premium, through unearned premium provision, the prolonged period available for booking of holiday trip in relation of issued vouchers. We also verified that this change was reflected in the recognition of deferred acquisition costs.

For the segment of travel agencies we used confirmation letters to test receivables and revenues on a selected sample of counterparties. We also assessed the accuracy and completeness of the bad debt allowance created to receivables from travel agencies.

To assess the going concern assumption by the management of the Company we evaluated the analysis of the management supporting the going concern assumption and budgeted result for next periods, including fulfillment of regulatory requirements.

We also evaluated the adequacy of Information included in the financial statements in the notes „Insurance provision - vouchers“, „COVID-19 Epidemic“, „Deferred acquisition costs“, „Technical Provisions movements“ and „Commissions and Other Insurance Contract`s Acquisition Costs“.

Other Matters

Financial statements as of 31 December 2019 were audited by another auditor with unmodified opinion issued 26 February 2020.

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 Audit Committee 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 16 March 2020 and our uninterrupted engagement has lasted for 1 year.

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 4 March 2021 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 31.12.2020, based on which this independent auditor's report has been prepared.

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

**Lenka
Bízová**

Podepsal Lenka Bízová
DN: cn=Lenka Bízová, o=CZ,
o=Ernst & Young Audit, s.r.o.,
ou=LB,
email=lenka.bizova@cz.ey.com
Datum: 2021.03.04 22:59:27 +01'00'

Lenka Bízová, Auditor
License No. 2331

**Tomáš
Němec**

Podepsal Tomáš Němec
DN: cn=Tomáš Němec, o=CZ,
o=Ernst & Young Audit, s.r.o.,
ou=TN,
email=tomas.nemec@cz.ey.com
Datum: 2021.03.04 23:00:05 +01'00'

Tomáš Němec
Procurist

4 March 2021
Prague, Czech Republic

ERV Evropská pojišťovna, a. s.

Křižíkova 237/36a

186 00 Praha 8

Web: www.ERVpojistovna.cz

E-mail: klient@ERVpojistovna.cz

Klientská linka: 221 860 860