

The Swedish Club


Annual Report 2022

FOR THE YEAR ENDED 31 DECEMBER



WE ARE THE SWEDISH CLUB





The Swedish Club is a truly international organisation serving the needs of its members around the world. At its heart however, it retains the Swedish values of honesty, transparency and reliability. The images in the Club's 2022 Annual Report feature the beautiful seascapes to be found around the coast of Sweden.

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Global situation

2022 was expected to be a period of recovery and consolidation following the pandemic years that had preceded it. Many countries were looking ahead to resuming 'business as usual', although others found themselves emerging from the pandemic much more slowly.

The events of February 2022 in Ukraine shocked a world still counting the costs of COVID. The resulting humanitarian crisis, and the impact of the conflict on the global economy and world trade have defined 2022.

Again, the shipping industry has found itself dealing with the consequences. From a globalised society, shipowners now face an increasingly complex trading environment defined by a continually changing framework of sanctions.

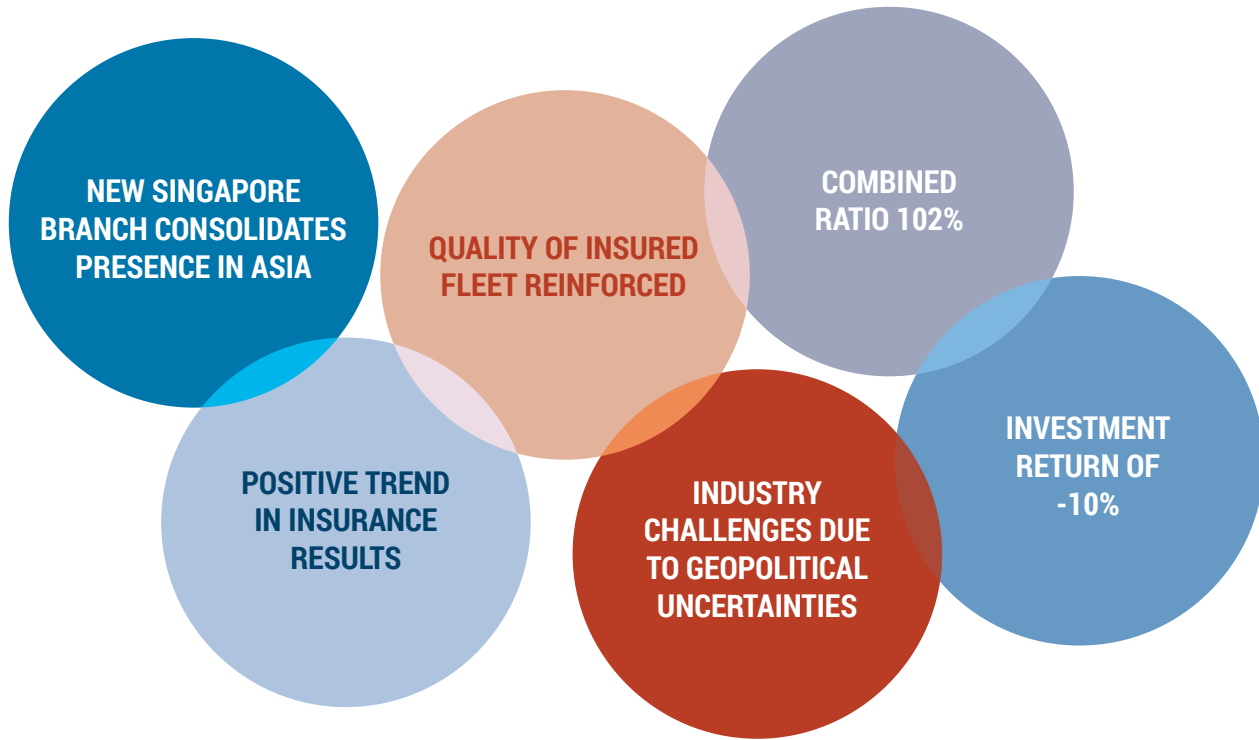
In recognition of the ongoing humanitarian support needed in the region the Club will again donate fees from its Marine Insurance Course and AGM sponsorships to the United Nations High Commissioner for Refugees (UNHCR).

Financial highlights

USD millions

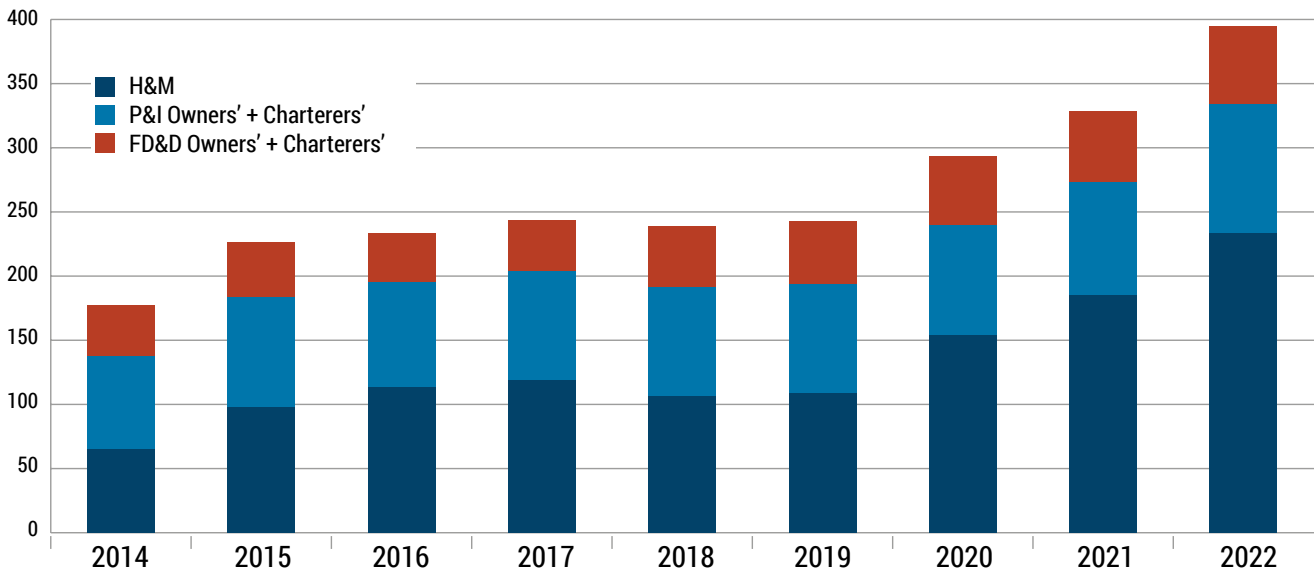
2022	2021	2020
CALLS AND PREMIUMS		
229.7	200.5	178.8
REINSURANCE PREMIUMS		
-56.6	-43.0	-39.2
NET CLAIMS INCURRED		
-136.9	-163.4	-138.5
INVESTMENT RESULT		
-38.2	14.2	30.0
OPERATING RESULT		
-41.7	-34.3	3.0
LOSS RATIO		
81%	109%	103%
EXPENSE RATIO		
21%	20%	20%
COMBINED RATIO		
102%	129%	123%
FREE RESERVES AT YEAR END		
150.0	196.5	231.4

Year in brief



Vessel portfolio

GT - Insurance Year Start



At a glance

INSURANCE FACTS	2023	2022	2021	2020	2019
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P&I INSURANCE INCL. CHARTERERS' LIABILITY, 20 FEBRUARY 2023

No. of vessels	2,454	2,375	2,230	2,247	1,913
Gross tonnage (million)	93	92	88	86	76

FD&D INSURANCE, 20 FEBRUARY 2023

No. of vessels	1,651	1,443	1,317	1,526	1,198
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MARINE H&M INSURANCE INCL. OSVS, 1 JANUARY 2023

No. of vessels	5,105	4,780	3,999	3,354	2,779
Insurance value (USD million)	156,429	154,500	106,542	98,691	77,175
<i>Of which the Club has insured (USD million)</i>	21,900	19,500	13,800	11,819	8,451

CALL HISTORY POLICY YEAR	2023/24	2022/23	2021/22	2020/21	2019/20
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P&I INSURANCE

General increase (owners' P&I)	10%	12.5%	5%	5%	0%
Additional call/estimated additional call	0%	0%	0%	0%	0%
Open/closed	OPEN	OPEN	OPEN	CLOSED	CLOSED

FD&D INSURANCE

General increase	15%	15%	10%	0%	0%
Additional call/estimated additional call	0%	0%	0%	0%	0%
Open/closed	OPEN	OPEN	OPEN	CLOSED	CLOSED



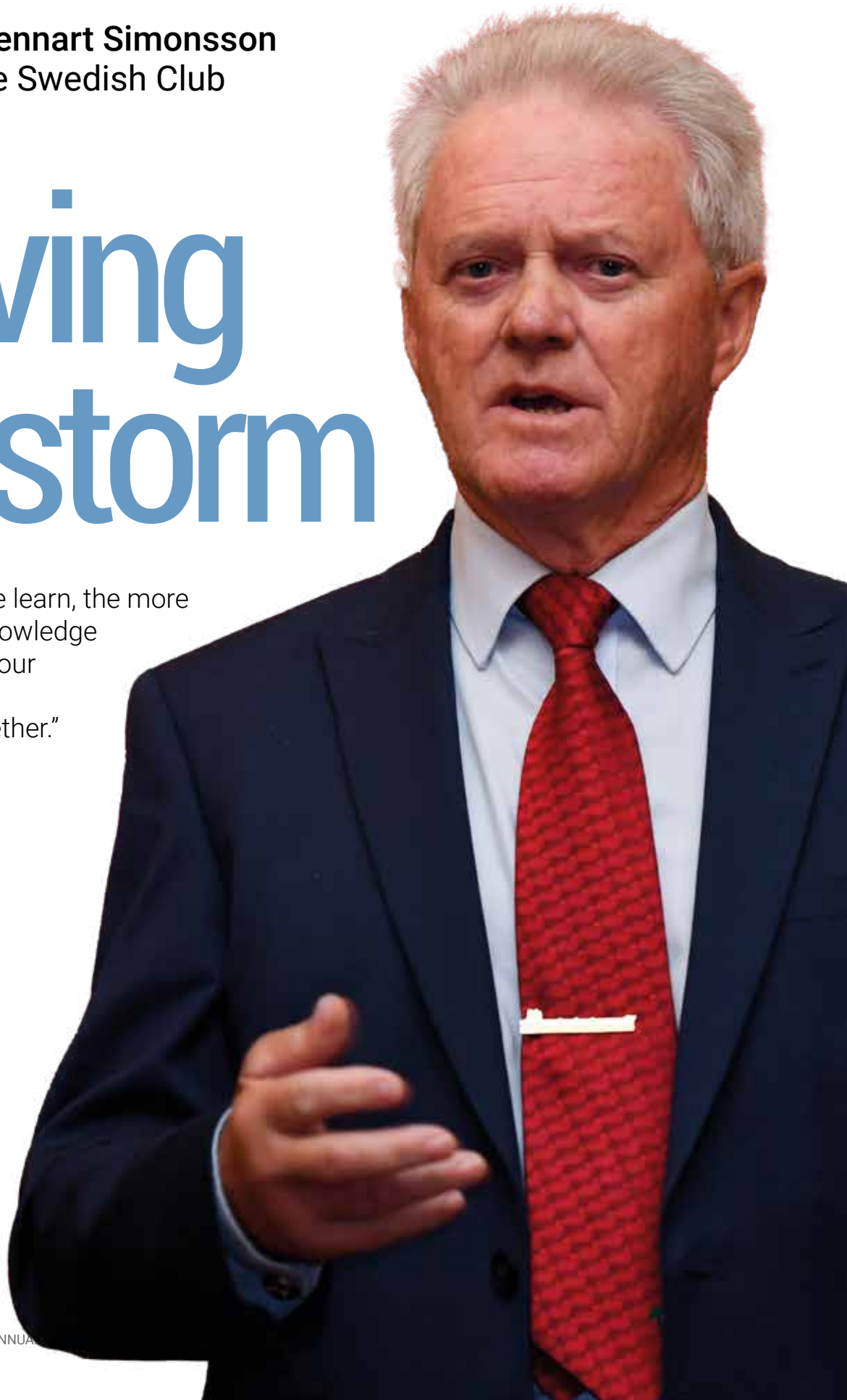
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Chairman's report

Interview with **Lennart Simonsson**
Chairman of The Swedish Club

Braving the storm

“The more lessons we learn, the more we can add to our knowledge bank and share with our members, the better prepared we are together.”



"Industry will always face change, and we must always be prepared." When Lennart Simonsson opened last year's Annual Report with this reminder, he could not have imagined the geopolitical upheavals that the industry and the world would face in 2022 and how true that statement would be.

Prepared for the unexpected

Yet he is reassuring: "Shipping as an industry is used to dealing with quick changes and turbulent market situations," he says. "After the COVID period, shipping companies became even more prepared for the unexpected. And it is the same in The Swedish Club, the more lessons we learn, the more we can add to our knowledge bank and share with our members, the better prepared we are together."

Sanctions

The issue of sanctions is a prime example. Simonsson says: "Sanctions have been a big issue; it's a very complex question, and we have done our utmost to have a close corporation with stakeholders and members to support our common interest. So far, it seems that the industry at large has handled the

sanctions issue well, although it is a difficult situation for the global shipping community."

A resilient industry

He points out that the situation has not adversely affected shipowners' businesses. "As long as the underlying global demand is there, times of turbulence normally have a positive impact on all shipping sectors, and we have seen this for most operators in 2022.

"There was a strong market for product tankers due to changes in trading patterns, whereas volumes were down for the liner or container trades. Freight trades are much lower today, and that is not only due to a slow down in trade, but also much tonnage has been freed up now that port congestion due to COVID has eased," he says.

Volatile markets

Of course, the financial markets have not told such a positive story and have had a turbulent year in 2022. "This had a negative impact on the Club's financial results, especially in our bond portfolio where we had to show unrealised losses due to increased interest rates," says Simonsson.

The Club's stability

He believes higher interest rates are suitable for the Club long-term and will positively impact moving forward. "Our members recognise the underlying stability of the Club, and the Board

has been very active in addressing the financial turbulence during the year," he says. "Indeed, I am also pleased to say that with this uncertain backdrop, our insurance portfolio showed its strength, delivering a combined ratio close to one hundred as 2022 closed. And after 150 years in business, The Swedish Club is well prepared for situations like this."

"The Board has been very active in addressing the financial turbulence during the year."

150 years of support

The highlight of 2022 was the celebration of the Club's 150th anniversary. Lennart Simonsson is delighted that circumstances allowed these celebrations to take place with members and guests worldwide. The family feeling was there, he says. "It goes without saying that we are all very proud of what we, as a Club, have achieved together with our members.

So how would Lennart summarise 2022? "The insurance portfolio performed well, global financial turbulence affected our financial result, and we are well prepared to serve our members in the best possible way," he says.

To conclude, "I would end by thanking our members for their support and our staff for their professionalism in their service. Our first 150 years in business completed, our community continues."

"Our first 150 years in business completed, our community continues."

Board of Directors



Lennart Simonsson

*Chairman
Gothenburg, Sweden*



Thomas Nordberg

*Managing Director 2023
Gothenburg, Sweden*



John Coustas

*Deputy Chairman
Danaos Shipping Co. Ltd.
Piraeus, Greece*



Khalid Hashim

*Deputy Chairman
Precious Shipping Public Co. Ltd.
Bangkok, Thailand*



Michael Bodouroglou

*Allseas Marine S.A.
Voula, Greece*



Chen Xiaoxiong

*COSCO Shipping Bulk Co.
Ltd.
Shanghai, PRC*



Peter Claesson

*Stena AB
Gothenburg, Sweden*



Demetri Dragazis

*Latsco (London) Ltd.
London, United Kingdom*



Rob Groot

Board Member



Andrew Hampson

*Tufton Investment
Management Limited,
London, United Kingdom*



Lars Höglund

*Furetank Rederi AB
Donsö, Sweden*



Anders Källsson

*Erik Thun AB
Lidköping, Sweden*

2022

**Andonis Lemos**

*Enesel S.A.
Athens, Greece*

**Mingfa Liu**

*IMC Industrial Group,
Singapore*

**Mikael Livijn**

*Wallenius Marine AB
Stockholm, Sweden*

**Lars Rhodin**

*Managing Director 2008-2022,
Board Member*

**Tony Sun**

*Winning International Group,
Singapore*

**Twinchok Tanthuwant**

*Regional Container Lines Co. Ltd.
Bangkok, Thailand*

**Michael Vinnen**

*F.A. Vinnen & Co GmbH & Co. KG
Bremen, Germany*

**Herbert Xu**

*China Merchants Energy
Shipping (HK) Co. Ltd.
Hong Kong*

**Yu Tao**

*Cosco Shipping Lines Ltd.,
Shanghai, The People's
Republic of China*

**Konstantinos Zacharatos**

*Costamare Shipping Company,
Athens, Greece*

**Martin Birgersson**

Elected by the employees

**Anna Fjaervoll**

Elected by the employees





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Review of 2022

Interview with Lars Rhodin, Managing Director of The Swedish Club 2022

A year of rebalancing

“We continue to be merchants in trust... And we must remember that is our real capital going forward: trust.”

Against a backdrop of global uncertainty, in 2022, the Club focused on areas of the business that could be controlled, and rebalancing the operating performance of the Club, says Lars Rhodin. Marine, Energy and FD&D produced a combined ratio below 100%, with Marine notably at 87%, whereas P&I remained above 100%, delivering a total combined ratio of 102%.

“Firstly, we announced a general increase on P&I of 12.5% which was well understood, and we continued to work on refining the portfolios, with price adjustments on the Marine side of about 4% to 5% on an annual basis. The result of these efforts was a performance more in balance – and we saw less volatility than in 2021,” he says.

A backdrop of accelerating inflation and higher interest rates fuelled by the geopolitical situation took its toll on the entire insurance industry. As a result of

general concerns about capital levels within the industry, S&P Global Ratings decided to adjust its ratings for the Club from A- (negative outlook) to BBB+ (stable outlook), and for 2022 the Club's free reserves closed at USD 151 million.

“The reduction of free reserves is basically all down to investment losses,” explains Lars. “We are talking about accounting losses based on present value. Already we have seen a rebound on the equity side. In the previous zero interest rate or inflation scenario, we had a very low expectation of investment returns, which is much higher today. So not only have we seen a rebound, but we also expect to benefit from the higher interest levels.”

The importance of members

Members are at the heart of the Club, and Lars is pleased to report a member

satisfaction level of 97% (very satisfied to satisfied). “I believe this is a good testament to the trust in what we do,” he says.

Business growth

P&I had an interesting year, says Rhodin. “On the face of it, numbers remained steady, running at 58 million gross tonnes from renewals to the end of the year.” However, that is not because nothing happened, he says, “as it was a very active period on the sale and purchase side, but the Club retained the business.”

Marine

The Club saw continuous selective growth in Marine of 5%. Lars explains: “We remained at 60% lead and 40% follow, with follow business being accepted strategically, often as the precursor to a more in-depth relationship.”

Sanctions

In 2022 the Club spent a great deal of time and resources on keeping on the right side of the sanctions, says Lars. "It has been a very complex situation, and our priorities have been to deliver clear advice to members as quickly as possible."

The Club continues to work closely with the International Group (IG) and sees its value, especially in the current sanctions environment where all clubs face the same pressures and complexities.

"We have had strong participation in the IG work, talking with governments and stakeholders, and in the process of sanctions deliberations, with the European Union, with the UK Government, with authorities in the US," he says. "There are many ongoing discussions with the authorities to help them to understand the essence of shipping and trade."

Fallout from COVID

2022 had its challenges; the Club still saw the fallout from COVID. "We saw more COVID-related claims in 2022 than in 2021," says Rhodin. "These were, however, at lower values, so COVID-related claims costs were down by 50% in 2022 compared to 2021 but still higher than in 2020. There is no longer the same substantial - and costly - reaction to incidents."

Claims

Frequency is down on the Marine side, which aligns with the industry, says Lars Rhodin. "On P&I, however, we have seen fewer large claims, but, worryingly, a higher overall frequency. This trend is in line with the industry, but attrition claims, run of the mill, day-to-day claims, have absorbed much more of the total premium than the past, which is a concern."

Back to normality

In 2022 the Club harnessed the value of the online activities initiated during 2020/2021 and, at the same time made the most of the freedoms that have returned. "We understand the value

of face-to-face contact in meetings and have reactivated the in-person events we had before the pandemic," says Rhodin. At the same time, the Club has continued down the digital avenue, offering benefits to the maximum number of members and business colleagues. "Webinars continue to have a large outreach, and we updated the Swedish Club Online (SCOL) interface, making it more interactive and integrating loss prevention assistance into the system", he adds.

New office in Singapore

One highlight for 2022 was the establishment of a full-service office in Singapore in the summer. "We had a very positive response from the local market, and of course, Singapore has grown considerably in both shipping volumes and importance to the sector as a whole. Singapore will be a good complement to our Hong Kong office" he says.

150 years

Lars had the unique opportunity of being the Managing Director in the Club's 150th year of operations. How did he feel about this? He says: "Of course, the 150th Anniversary in itself was a

significant milestone, but an added aspect for me was an Annual General Meeting (AGM) where, for the first time in two years, we could meet in person - coming out of the pandemic at the same time as we celebrated 150 years. It was a moment of pride.

"We continue to be merchants in trust," he says. "And we must remember that is our real capital going forward: trust."



Operating performance

Interview with
Mikael Kromli,
Director,
Finance, Risk
Management
& IT

“It’s all about balancing long- and short-term requirements and objectives, so we can continue delivering operational and financial support to our members.”

2022 was a year of contrasts for The Swedish Club; a year in which prudent risk management strategies brought the business back in line with modelling. Mikael Kromli explains how this was done.

Fact-based decisions

“We continuously review market developments and conditions and their implications on our business, enabling us to proactively adjust our exposures in a timely manner” he says.

“Our underwriting positioning and pricing strategies, and investment management decisions are built on the outcomes of these reviews. We seek to be



competitively and appropriately priced, taking into consideration the expected time value of money we gain by earning investment income on premiums between the time of receipt and the time of payment of claims.”

A strong base

The Swedish Club has an advantage over many of its competitors. We are well diversified, both in terms of product offering and risk exposure, says Kromli, “we have about half of our business in Marine and half in P&I. This diversification provides improved predictability and, actually, enabled us to post a combined ratio close to 100% in 2022.”

The Club is financially robust, with A.M. Best Ratings Services having affirmed its Financial Strength Rating of A-.

Standard & Poor’s financial strength rating of the Club is BBB+. The Club’s capital is at the ‘AA’ benchmark in S&P’s model,

Investment strategy

In terms of investment portfolio construction, the cornerstone is liability matching. To this end, the currency and duration of an appropriate proportion of the investments should match the currency and timing of expected future claims payments. “Due to the inherent volatility in terms of timing of claims payments, we must always ensure that investments are appropriately liquid to meet demands without triggering erosion of value,” he explains.

Other non-matched investments can be more exposed to short-term risk with the aim of yielding more attractive long-term returns.

Has the Club changed its investment strategy amid the recent financial turmoil? Kromli says that during the year, the Club has made impactful risk-limiting decisions concerning its non-matched investments. However, its approach to investment strategy regarding asset class selection has remained.

“It’s all about balancing long- and short-term requirements and objectives, so we can continue to deliver operational and financial support to our members and other stakeholders,” he says.

“During the year, we reduced our equity exposure from 20% to 15% of the portfolio. This was in response to the unrest in financial markets, and the result was significantly reduced risk in the investment portfolio. Still, we have higher expectations of returns in the context of rising interest rates.”

Moving forward

2022 was a year of contrasts in financial investment markets. “In the first nine months of the year, the market conditions combined to be unsupportive, as we saw rising interest rates and falling equity values. However, while interest rates continued to increase, equity markets rebounded in the final quarter of the year; the Club’s investment returns have been trending positively since then.”

And what about the markets going forward? Predictions are that we can expect central banks to continue to battle inflation, says Kromli. “It is reasonable to expect Federal Funds – and the like – to remain on current levels or possibly slightly higher for some time, at least until mid-2023, after which there may be a flattening out followed by curbed rates.”

So where does the Club go from here? Everything comes down to quality and perspective, he says. “We have learnt many lessons from 2022, a year in which we gained an even more robust understanding of the drivers of performance in our business. It comes down to quality – the quality of analysis, timely decisions and actions, and the quality of all participants in our value chain. We understand the value of business intelligence, long-term and short-term key performance indicators, and the importance of supporting people to deliver on those. We drive our operating performance with a long-term perspective supported by short-term agility capabilities.”

“The Swedish Club has an advantage over many of its competitors. We are well diversified.”



3

Shaping the future

Shaping the future

Interview with
Thomas Nordberg,
Managing Director of
The Swedish Club

“You have to be able to predict and be prepared to boost resources to meet demands... what is perfect today may have to change tomorrow.”

New Managing Director of The Swedish Club, Thomas Nordberg, is very clear as to his priorities moving forward: “It’s all about being very close to the market and being close to the members, and the brokers, because that is the way we find out precisely what is going on in their lives and what they need. It is essential to adjust to developments in the industry,” he says.

This is especially true in the current environment, adds Nordberg: “We may believe that our knowledge is up to date, but circumstances could change in six months or the coming year. We are now seeing the impact of political developments with sanctions following the start of the conflict in Ukraine – an example of areas that are developing quickly, which we then have to adjust to and make sure that we can provide the best possible support and service to our members.

“You have to be able to predict and be prepared to boost resources to meet

demands. Events happen faster than ever before, so it is crucial to cope with high speed in the industry and deliver what members expect from us as a professional insurance organisation,” he says.

Consolidation

Thomas Nordberg says that the Club must also be prepared for changes on the member side. “We are now seeing more consolidation with shipping companies. As these companies are normally financially stronger, what they want from us could differ from what has been the case in the past, and again we must know what is happening in the market and its impact on what our members require from us.”

Organisation

Nordberg firmly believes that The Swedish Club is a great organisation which is why it has done so well over many years. “Of course, when you come in as a newcomer, you can always see that there is potential for further

improvements, and what is perfect today may have to change tomorrow.

“Everything is becoming increasingly complex, and our members need more specialisation in many areas. This means that finding ways to organise ourselves in a manner that promotes in-depth competence is crucial. We should avoid silos as the collaboration and the flow of resources and competence between different units are vital - not just between product areas and competence areas, but also between offices.”

For example, he says, “we are placing two of our most experienced people in those strategically very important areas, Hong Kong and London. We must ensure that all our offices are as efficient as possible, with proper licences as we advance, and that we balance retaining ‘The Swedish Club brand’ and being part of the local business community.”

He is clear that his first step in his new role is to ensure that the management

group has the optimum functionality and the perfect task and responsibility allocation. This is the starting point, he says. "And once these roles have been filled, the immediate undertaking will be for the new management group to develop further and consider possible changes in other parts of the organisation. Naturally, the priority has been to put together the new management group first so that we can then together drive the organisational development."

Nordberg also raises the issue of succession planning. "We need to ensure continuous openings for new talent," he says.

"It is crucial to cope with high speed in the industry and deliver what members expect from us as a professional insurance organisation."



“We should be exceptionally curious; we should be forward-leaning and invest resources in finding opportunities to provide even more and better service on a digital basis.”

Digital transformation

“It is so important to escalate the IT,” states Thomas. “We should be exceptionally curious; we should be forward-leaning and invest resources in finding opportunities to provide even more and better service on a digital basis.

“For example, internal efficiency and working processes can be improved by using more digital tools; in underwriting, digital process support can improve quality in risk selection; and, of course, we can focus on developing more digital products that add value to our members,” he says. “This is why we are increasing our IT focus in the management team.”

The Club’s identity

Thomas believes that The Swedish Club should be seen as a fast-moving, adaptable organisation that responds rapidly to industry developments. “And that means we must not be afraid of reorganising ourselves when required to ensure we are in the best position for market developments. That is one of the benefits of a flexible organisation – we can be fast and quickly adjust to change, and we do not have many layers of decision making. Of course, we should never make change for change’s sake. Our aim must always be to ensure that everything we do will ultimately benefit our members.”

Market perceptions can be fallible. “It’s also important that we are defined as a marine insurance company offering a full range of marine insurance products across the board,” he says.

Moving forward, he is clear as to the strengths of the Club and its reputation as ‘the friendly’ Club. “Future decisions on Club development should always protect the strong focus on this aspect

of our corporate values,” he says. “I hope we can retain this reputation even as we grow as a company by ensuring we hire the right talent and always highlight our business relationships when discussing corporate values. You can maintain the feeling of being close to the market and being close to the members and have close relationships if you properly organise yourself even as you grow. It is a challenge, but it certainly can be done.”

Environmental Social Governance (ESG)

As a Swedish organisation, the concept of ESG is not new to the Club, and Thomas says that “such principles are very much an integrated part of what we do and who we are already.” He sees his task as taking the concept to the next level. “We now have to see what we can all do separately to encourage and take this further. Breaking responsibilities down into smaller teams makes it more workable for the staff members.”

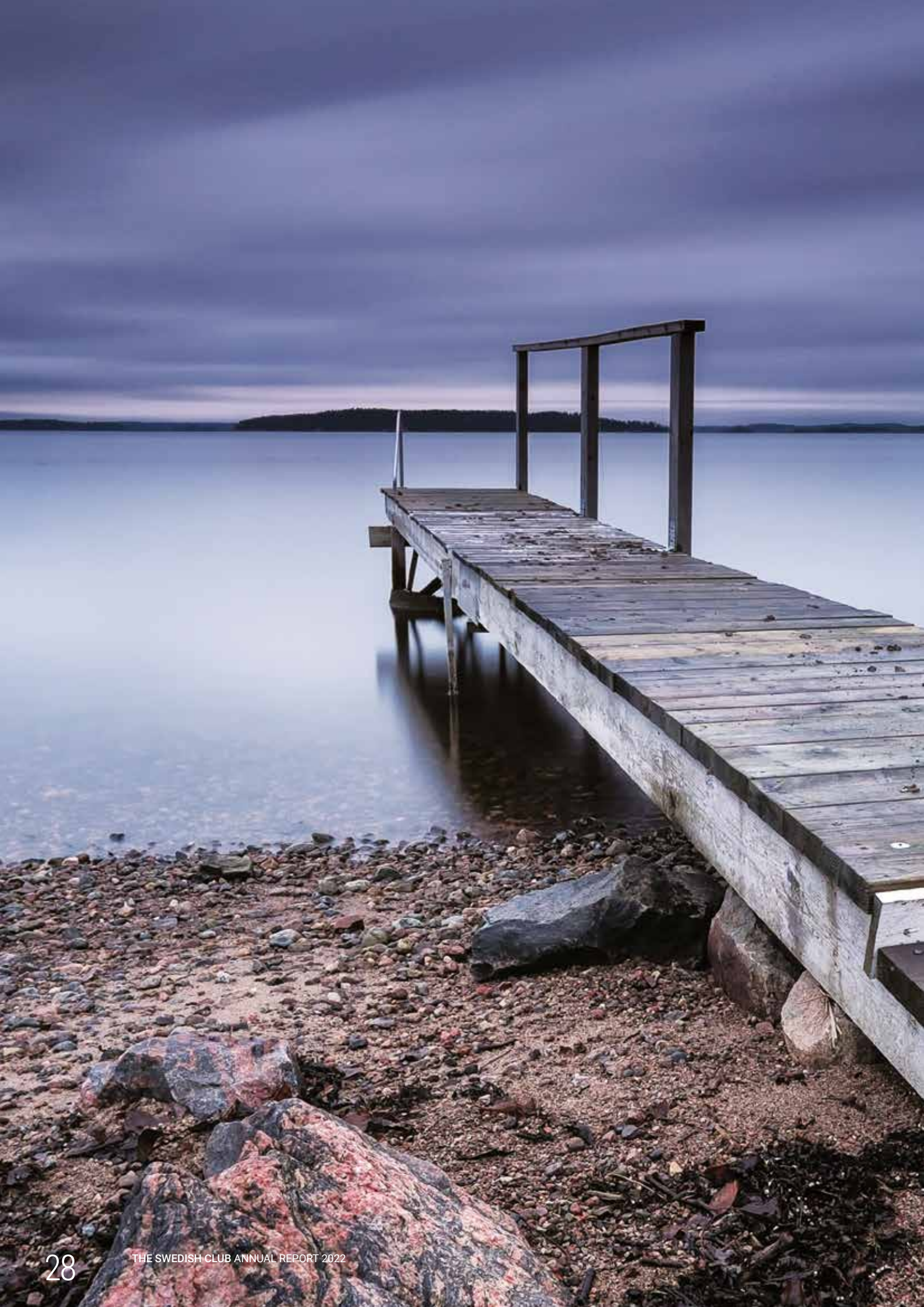
A changing market

Nordberg has taken on his new role at a time of upheaval globally and within the P&I sector itself. He anticipates that the IG Clubs’ competitive environment may become impacted following the latest merger. “Other marine insurance companies will have to relate to that, and we will all have to be prepared for what that scenario will mean over time.”

The external environment poses challenges with economic and geopolitical disruption. Thomas believes that the critical task is to keep track of the situation and ensure that the Club has the necessary skill set and resources to act quickly for the benefit of members. It is the same story he says – “we need to be extremely curious, nimble, and ready to act appropriately.”







4

The back story



Stability in challenging times

For more than 150 years The Swedish Club has supported its members through the good times and the bad. Quality, service and support are the bedrock of our business, all delivered by our diverse and high-quality team of Master Mariners, lawyers, naval architects, marine engineers and adjusters.

www.swedishclub.com

GOTHENBURG • PIRAEUS • OSLO • LONDON • HONG KONG • SINGAPORE

Regulation – an increasingly complex environment



Malin Högberg,
Director,
Corporate Legal

The rapid and unexpected events in Ukraine affected the management team's work in many ways. But no area was more impacted than the Corporate Legal department, as a tangled web of sanctions began to take shape.

Malin Högberg believes that there are two objectives in navigating this tricky landscape – to support the member in making informed decisions on trading and to protect the Club and hence its member body for the long term.

She explains: "In 2022, our team worked hard to provide members with the information and support they needed to make their own commercial decisions. We digest complex sanctions regulations into their most understandable form and maintain up-to-date information on the Club website. In addition, we are always available to answer any questions they may have."

At the same time, the Club's role in sanctions is quite different from other legal advice. Malin warns, "ultimately when the Club looks at a member's voyage plan, it is fulfilling its own obligation to carry out due diligence, and not that of the member."

International Group Sanctions Committee

With 12 P&I clubs handling the same questions and many shipowners insuring

their fleets across a range of insurers, the International Group's (IG's) Sanctions Committee, chaired by Malin, is an essential tool for the industry. "With so much new and changing legislation, it is essential to have a forum in which we discuss and try to make sense of it all, and ultimately to condense the information into circulars for the benefit of the whole industry," she says.

"In 2022, our team worked hard to provide members with the information and support they needed to make their own commercial decisions"

Complexity

The pace of regulation continued to change rapidly throughout the course of 2022. And not only that, explains Högberg, but due to the situation's sensitivity, often legal text was published on the same day the sanction came into force. "That is where the Sanctions Committee comes into its own, says Malin. "We drop everything and pull together to break down the legislation into something the industry can easily understand."

Malin believes the industry is coping well: "This is an extremely complex situation. Many countries have implemented sanctions regimes against Russia –

everyone is doing their own thing. We have had a globalised society for maybe 20 years where there have been very few restrictions. This is a whole new world."

There are also countersanctions to consider, she adds. "Russia has countersanctions against the West, for example. It's becoming increasingly complex and demanding to be a shipowner trading internationally, especially when you trade between countries that are so different now in perspective as Russia and the EU."

The future

There are more changes to come, says Malin. "The EU is looking for the power to enforce sanctions legislation. Currently, the EU Commission can adopt regulations, which then become law in the various countries, but enforcement is left to each supervisory authority in individual EU member states. Different states may take a slightly different view on the regulation, and each country has its own laws on the consequences."

Other compliance issues

Sanctions have been one of many areas of focus in 2022. "We have focused on licencing both for Singapore and the UK, which has taken up much time. There has also been a great deal of work with the IG Sustainability Committee in light of the Russia/Ukraine war, and shifting perceptions on the balance between the transportation of fossil fuels and the social responsibility associated with the manufacturing process of, for example, electric cars."

Delivering value



Lars A Malm,
Director, Strategic
Business
Development &
Client Relations

When asked about the ethos of The Swedish Club Lars Malm is clear: “Our members drive us. With everything we do, there must be value for the overall membership, so that’s always the starting point,” he says.

Loss prevention

As a result, loss prevention is core to The Swedish Club brand, and Lars Malm believes this is down to the underlying quality of the membership. “Our ambition has always been to be associated with like-minded members because that allows us to share the knowledge and experience we have gained throughout the process of handling claims over the years.

“Membership of The Swedish Club should be seen as a long-term partnership, and our role is to share as much knowledge and experience as possible,” he says. That’s where Malm believes that loss prevention comes into play, as the Club gathers statistics, data and information on lessons learned, sharing it with the aim of improving

members’ performance even further. “We care about our members and their operations and work continuously to share information and knowledge on how to enhance safety at sea,” he says.

It’s not a one-way street, however. “We gain a lot of knowledge and experience from our members throughout these loss prevention initiatives, daily claims handling, and our underwriting as well.”

Meeting members’ needs

The Club scores highly on member satisfaction. Lars believes that in addition to the Club’s commitment to personal relationships, the drive to digitalisation has also made a considerable contribution. “What we offer has to be relevant, effortless and hands-on. It should be easy to do business with The Swedish Club.

Malm emphasises the importance of daily contact between the teams on underwriting and claims. “The loss prevention team regularly meet with the regional offices to ensure they are up to date with the latest loss prevention initiatives and insights. It is also important to regularly communicate our loss prevention initiatives to our brokers. This ensures that the value we provide is fed through to our members locally.

Digitalisation

2022 was a busy year for Malm as the Club’s Swedish Club Online service (SCOL) was redeveloped entirely in addition to hosting the Club’s proactive loss prevention tool, TELP, which continues to be enhanced.

“TELP delivers information that can easily be integrated into the daily operations of any operator or shipowner insuring vessels with the Club, on any basis,” he says. “This has made it even easier for members and business partners to access our loss prevention advice online. We can see that those signed up with TELP have seen a reduction in claims frequencies, so we strongly believe that it makes a difference.”

During the lockdown, The Swedish Club developed a portfolio of training offerings that could be delivered remotely. Members can select the format that works best within their business model. “Online training is ongoing and important, and we need to increase awareness among our members. Webinars continue to be popular and offer an outreach that we would not have thought possible three years ago,” he says. “However, developing personal relationships remains at the heart of our business.”

Business strategies



Tord Nilsson,
Director
Underwriting,
Reinsurance &
Risk Control

For The Swedish Club, 2022 was about delivering results through premium adequacy and member satisfaction. Tord Nilsson says that growth was not one of the prioritised objectives for 2022: “We focused on delivering results and looking to the bottom line. Past years have seen a slight mismatch between premiums and claims, and this, coupled with the claims outcome last year, drove the need to take corrective action in 2022. And I am pleased to say that on the underwriting side, we have succeeded. We are on a much more stable footing now than two years ago regarding premium accuracy.”

P&I

As a result of this approach, the P&I side of the Club’s business has been relatively stable in terms of volume, says Tord. “We do, however, still seem to have a COVID hangover from 2021. Although 2022 was a very good P&I year, we continue to see many COVID claims. These are less costly than at the pandemic’s peak when there were quarantines and high repatriation costs but are still more expensive than pre-pandemic with high

travel costs and evidence that hospitals are charging a lot more.”

Marine

The Club saw a 5% increase in the number of vessels entered on the Marine side of the business. “We had a good year,” says Tord, “and all segments of this business have been growing. Of course, for the market as a whole, it was a turbulent year, especially for war underwriters because of the situation in Ukraine and Russia.”

“As a mutual, we are owned by our members, and we take actions to benefit our members as a whole.”

Filling the gaps

It is essential to ensure that our members have the reinsurance they need from us, says Nilsson. “Cyber exclusions, COVID and now Russia/Ukraine exclusions – as a priority, we look to develop products that reinstate cover for our members despite these exclusions.”

Risk selection

Tord explains that the Club must select the right business to deliver the correct bottom-line result. He and his team have been working behind the scenes to deliver new modelling tools to help achieve this.

We also have to allow for inflation in our risk modelling, explains Tord. “Given that both energy prices and interest rates have increased, everything is becoming much more expensive. One of the factors that we have focused on, starting on the hull and machinery side over the last few years, and now on P&I as well, is to increase the deductibles. As a mutual, we are owned by our members, and we take actions to benefit our members as a whole,” he says.

Reinsurance

On reinsurance markets, Nilsson says that it has been a tough year. “The market has taken many hits,” he says. “Hurricane Ian caused a 100 billion US dollars plus deficit. And with the situation in Russia and Ukraine, many claims have not fully materialised yet.”

He says the International Group also found it was more challenging to renew the Group reinsurance programme than anticipated. “And then they had a new factor to add – inflation.”

Our people



Britta Patriksson,
Director,
Human Resources

It is vital that The Swedish Club is seen as an attractive and adaptive employer in the market, and this does not happen by accident, explains Britta Patriksson. “We work hard to be visible in the shipping cluster and play a part in the networks that operate wherever we do business. In addition, we ensure that we understand how we compare with other companies to ensure that we attract the best talent.”

Diversity and inclusion

As a marine insurer, the Club employs a diverse range of professionals with various skill sets and specialisations and widely differing business experiences. But diversity and inclusion go deeper. “We recruit the best people for the job, irrespective of nationality and gender,” says Britta. “What is important is that you agree with our values in the company and that you share them. The Swedish Club has a strong history of being supportive in the workplace.”

The Club is in the process of running a series of diversity and inclusion

workshops. Initially targeted at managers, they are now being rolled out to regional offices and head office staff. “When you create a dynamic team, it is important to have different personalities and skills,” says Britta.

Maintaining enthusiasm

The Swedish Club is known for its friendliness, and Britta says it is essential to maintain that commitment and customer focus.

The Club also ensures that employees have an opportunity for career progression. “So that is the encouraging part of our company,” says Britta. “We are a flexible and international company, meaning we can move fast and work globally. We have a flat structure, which helps quick decision-making and provides a good environment for continuous development.”

Attracting new talents

In addition to a well-established trainee programme in Gothenburg, the Club is also looking to set up similar programmes in the regional offices. “We aim to promote the Club wherever we find the right people,” she says. “Not only do we attend careers fairs worldwide, but we keep close to universities that

offer specialist programmes, e.g., maritime law. We are not just talking about lawyers; we also offer a supportive environment to those who want to take their next career steps after spending time working at sea.”

The Club also has partnerships with The Nordic Association of Marine Insurers (CEFOR) and the International Group (IG), helping employees to improve their functional skills.

Flexibility

The watchword for 2022 has been flexibility, says Britta. Since COVID, attitudes have changed, and employees expect more flexibility in the workplace. There is a realisation that you are a productive person regardless of if you work at home or in the office, she says. “It’s all about delivery.

“In 2023, we are more open on how we recruit and how roles are structured geographically. Today, the geographic location of a staff member does not need to limit where they can contribute,” adds Patriksson.

“This all starts at the top,” she says. “We will continue to train our managers and ensure that, above all, they are good role models.”

“We are a flexible and international company, meaning we can move fast and work globally”

Our teams

As the world emerged from the pandemic the Club's teams experienced a year of possibility, with increased market activity and the opportunities to once again meet members and brokers face to face.

Questions related to sanctions and 'know-your-clients' were an ever-increasing presence on the agenda, and all teams felt the shadow of the conflict in Ukraine.

After two years of planning and legal work and having gained the necessary licences to write marine insurance in this important market, The Swedish Club's Singapore team moved into their new offices on 1 August 2022, securing the Club's position in the world's leading global maritime hub.



"We have continued our focus on premium adequacy and fleet quality, which is clearly beginning to show dividends and we are pleased that we have been able to add a number of high quality fleets to our business portfolio."

Johan Kahlmeter, Area Manager, Team Sweden



"Our membership base has expanded significantly, and we are proud to note that the quality of our portfolio has continued to improve. There has been a growth in quality tonnage in the Team's P&I and H&M portfolio through both existing and new members – a significant achievement during a challenging year."

Ludvig Nyhlén, Area Manager, Team Greece



"2022 was a positive year for Team Norway with a stronger H&M book than ever, and with good contributions from our energy portfolio and builder's risk book. The addition of a new member to the team on the claims side has enabled us to close 2022 as a full service office in every respect."

Tore Forsmo, Area Manager, Team Norway



"We saw a time of contrasts as the city slowly came to life and people embraced meeting face to face again. At the same time the shadow of Ukraine with its effects on the London markets was widely felt."

Lars Nilsson, Area Manager, Team UK



"2022 was a year of consolidation for Team Hong Kong, with a clear focus on maximising the opportunities for face to face contact and strengthening relationships with our members around the region."

Ruizong Wang, Managing Director/Area Manager, Team Hong Kong



"This has been an exciting time for me, with the opportunity to be a pioneer in a new office, assembling my own team. Now the team is enthusiastic and ready for the future."

Brian Png, Area Manager, Team Singapore





5

Celebrating
150 years

Key moments in the history of The Swedish Club



“We continue to be merchants in trust... And we must remember that is our real capital going forward: trust.”

1872



As Sveriges Ångfartygs Assurans Förening, a mutual association was formed to cover H&M insurance for the recently built steamship, *Orvar Odd*. Established insurers believed these ships were too risky to insure. That was the beginning of The Swedish Club.

1910



The Club wrote its first P&I business, the *S/S Håkan*.

1967

The *Nippon* and the *Killara*, both insured by The Swedish Club were amongst the fifteen ships trapped in the Suez Canal following the Six Day War between Israel and Egypt. Eight years later they finally resumed their interrupted voyage to the Mediterranean.



1956

The Club's exceptional handling of the tragic collision between American Line passenger vessel *Stockholm* and the ship *Andrea Doria* off the coast of New York is recognised throughout the shipping community and put the Club on the map.



1971

As Sweden began to lose its reputation as a powerhouse of shipbuilding, in early 1971, the *Flowergate*, owned by UK-based Turnbull Scott Ltd became the first non-Swedish vessel entered for Hull & Machinery cover. This marked the start of a comprehensive internationalisation of the Club.



1972

The Swedish Club marks its centenary.

1980

Internationalisation continues and the Club opens its first office outside Sweden, in Piraeus, Greece.



1981

The Swedish Club becomes a full member of the International Group of P&I Clubs.



1982

The Swedish Club opens its first office in Asia, in Hong Kong.



2010

An office opens in Oslo to act as a centre of excellence for marine insurance related to the offshore sector.



2015

The London office was set up with the aim of forging closer links between the Club and the important financial centre of London, one of the most important marine insurance markets in the world.



2020

As a result of the pandemic, The Swedish Club runs its first virtual AGM.

2022

Booming markets drive the Club to open a second Asian office in Singapore.

The Swedish Club celebrates 150 years of mutuality.



6

Sustainability report

The Swedish Club – business model

The Swedish Club (hereafter the Club) is an independent, self-managed, mutual insurance company headquartered in Gothenburg, Sweden, with offices in Hong Kong, Singapore, Oslo, London, and Piraeus. It has been in existence since 1872. As of 31 December 2022, the number of staff was 128.

Mutuality means that the Club is owned and controlled directly by the policyholders (hereafter “members”). The interests of the Club’s management and Board of Directors are, therefore, identical to the collective interests of the members. The mutual nature and self-management of the Club put it in a unique place among its competitors.

The Club’s purpose is to provide marine insurance to shipowners and other ship operators worldwide. The liability insurance (P&I) provided by the Club, and through the Club’s reinsurance arrangements, is a key factor in enabling world seaborne trade, the protection of the marine environment, as well as compensation to legitimate victims of maritime accidents. Therefore, the Club’s core business is a vital component in supporting a well-functioning and sustainable society.

As an insurance company, the Club is subject to stringent regulatory requirements, which prompts equally stringent regulatory compliance. Sound business practices and stability in the operations are safeguarded by robust processes for internal control and a holistic enterprise risk management system. This system is carried out through a control cycle that involves the systematic identification, valuation, monitoring and reporting of all existing and emerging risks. The Club’s assessment of its risks and how these risks are managed are regularly reported to the Swedish Financial Supervisory Authority and other stakeholders, internally and externally.

The Club’s core values are Committed, Reliable and Proactive. These core values are central to the Club’s operations and sustainability over time.

Further details of the Club’s business model can be found in the Annual Report 2022.

The sustainability report – structure

This report addresses the sustainability report requirements as a matter of Swedish law (Hållbarhetsrapport).

The Swedish requirements are:

1. Environment;
2. Social and staff-related questions;
3. Respect for Human Rights; and
4. Combatting corruption.

The report also covers the UN Sustainable Development Goals which the Club has adopted. The adopted goals are listed in paragraph 3.1.1 below.

The paragraph heading will make it clear which of the Swedish sustainability report requirements and/or UN Sustainable Development Goals are being addressed.

Environmental, Social and Governance (ESG)

Given the nature of shipping, it is impossible to eradicate all maritime-related accidents.

As risk manager, insurer and investor, the Club - along with other marine insurers - play an important role in promoting economic, social and environmental sustainability and development. The Club has a long-standing commitment to assisting its members in managing maritime risks - thereby minimising any negative effect on the environment and society.

The Club is committed to preventing maritime accidents through proactive loss prevention initiatives and risk analysis. By providing proactive loss prevention and relevant insurance solutions, the Club aims to minimise any negative consequences to the environment and society as a whole at the same time as it services its members. Sustainability therefore is - and has for a long time been - at the core of what the Club delivers.

ESG framework policy

The Club's Board of Directors adopted an ESG framework policy at its October 2020 meeting. The Club's ESG framework policy aims to provide the organisation with a declaration of intentions for the Club's work on sustainability. The policy aims at assisting in establishing a common view of what sustainability means to the Club and provide guidance to its employees and members. The ESG framework policy is a forward-looking document which is subject to annual review.

The Club's ESG framework policy takes the four principles for sustainable insurance - as defined by the United Nations Environment Programme's Finance Initiative (the UNEP FI) - as the starting point, namely:

- To embed ESG in the Club's decision-making;
- To raise awareness about ESG;
- To promote widespread action with ESG; and
- To demonstrate accountability and transparency within the ESG area.

To further assist the work in the ESG area, the Club's ESG framework policy adopts four of the United Nations' Global Goals for Sustainable Development to provide direction in the Club's further ESG efforts.

The UN Sustainable Development Goals (SDGs) are, as identified by the UN, the blueprint for achieving a better and more sustainable future for everyone.

The goals are all interconnected and intended to address global challenges.

More information about all 17 goals is available on the following site: UN Sustainable Development Goals (<https://www.un.org/sustainabledevelopment/sustainable-development-goals/>)

UN Sustainable Development Goals adopted by the Club

The UN Sustainable Development Goals the Club uses as a framework for its sustainability work are:

- UN Goal 14: Life Below Water: The Club will work to safeguard life below water through active loss prevention and relevant insurance solutions to its members.

- UN Goal 12: Responsible Consumption and Production: The Club will promote the responsible consumption of water, energy, and food.
- UN Goal 3: Good Health and Well-Being: The Club will promote health and safety in people's working life, on-shore as well as off-shore.
- UN Goal 16: Peace, Justice and Strong Institutions: The Club promotes the rule of law and works against the use of bribes and other illegal or illicit activities.

ESG risks in the Club's business segment

The main ESG risks in the Club's business segment as a marine insurance provider are:

- Inadvertently providing insurance coverage for illegal fishing, illegal shipping activities, intentional pollution and illegal scrapping of ships; and
- Inadvertently providing insurance coverage for breaches of climate-related emission levels, labour and trafficking laws and regulations, poor worker safety records and money laundering.

Below is an overview of how the Club works to facilitate sustainability and mitigate the ESG risks within its business segments.

The environment & UN Goal 14: Life below water

The Club makes significant efforts to safeguard environmental interests in its routine work. As part of its loss prevention activities, the Club regularly produces publications and holds workshops on how to avoid marine casualties, mitigate marine risks and mitigate the environmental impact through advice about ship bunker fuel management and information on environmental regulations relating to the shipping industry.

Courses and seminars

The Club's Loss Prevention team works in close cooperation with the Club's claims handlers to understand and advise members on what causes maritime accidents. Emergency Response Training is offered to members to stress-test their organisations. It further creates

an understanding of ways to cooperate among stakeholders to handle and minimise the adverse consequences of maritime casualties. The Club's Marine Insurance Course and Marine Insurance Seminars - made available to members and business partners on an annual basis - are important means to educate and raise awareness of the importance of marine insurance and casualty response.

Trade Enabling Loss Prevention (TELP)

The Club's Trade Enabling Loss Prevention (TELP) initiative is at the forefront of providing shipowners with up-to-date proactive loss prevention advice to prevent and minimise loss and accidents at sea. TELP was launched in January 2020 and is a free-of-charge service for members. It aims to increase safety awareness in specific areas and ports worldwide - thereby reducing claims. The information provided through the TELP service was expanded and enhanced further throughout 2022.

TELP has enabled efficient and targeted distribution of information on claims experience and risk factors, as well as relevant COVID advice to the Club's membership where their ships approach particular ports.

The Swedish Club Academy

The Club participates in a comprehensive risk-mitigating training programme through

The Swedish Club Academy. The programme was developed after having realised that the majority of marine casualties occur due to human factors. The objective of the programme is to establish safe and sound attitudes and behaviour within organisations. The training is conducted at over 70 facilities in 31 countries, licensed by the Club. The Club subsidises its members' start-up fee when first signing up to participate in the programme.

Big Blue Ocean Cleanup

In 2020 the Club became an official corporate member of the Big Blue Ocean Cleanup, and the Club continued its support throughout 2022. The Big Blue Ocean Cleanup helps keep the oceans clean, protect marine wildlife and support the development of innovative

technologies. The Big Blue Ocean Cleanup runs free educational workshops and provides resources for schools around the world, inspiring every generation to take action and protect our blue planet.

The Hellenic Marine Environment Protection Association

The Club is a sponsor of HELMEPA – the Hellenic Marine Environment Protection Association, the pioneering voluntary commitment of Greek seafarers and shipowners to safeguard the seas from ship-generated pollution, undertaken in Piraeus on 4 June 1982. HELMEPA operates under the motto, “To Save the Seas”.

UN Goal 12: Responsible Consumption and Production

Being an insurance company, the Club’s operations’ impact on the environment comes primarily from the use of office space, and waste the operation of its offices generates, and the business travel undertaken by its employees.

Minimising waste

The Club seeks to apply high standards to operate in an eco-friendly way. This includes recycling waste, minimising the use of paper and using video conferences instead of travelling to the extent that it is reasonable in the business context the Club operates.

Club employees are expected to travel responsibly and consider the best way to attend a meeting, inspect an incident site, or manage a casualty to achieve and maintain the service level expected.

Travel by employees

Guidelines on the Club’s travel policy for employees are provided in The Swedish Club’s Personnel Handbook. The Club is assisted by its worldwide network of correspondents, experts and lawyers in its routine claims handling activities. A physical presence is often necessary to maintain a close relationship with the Club’s members and to properly manage marine casualties. It is therefore unavoidable to some extent for the Club’s employees to travel by aeroplane.

Commuting to the workplace

To encourage more environmentally friendly commuting, the Club facilitates easy access to public transport fares and enables bicycle parking as an alternative to cars in the majority of its offices. There is also the possibility of charging electric cars at the Club’s Gothenburg office.

Insurance-solutions supporting decarbonisation of shipping

Being a mutual marine insurance provider, the Club has an important role to play in supporting the decarbonisation of shipping by ensuring that there are relevant insurance solutions made available for the emerging risks its members may face. Alternative fuels and new ship designs are changing the landscape of shipping. For the Club, it is important to honour its heritage by supporting the technological transition by providing relevant insurance solutions. After all, the Club was founded in 1872 by shipowners finding themselves unable to procure relevant insurance for their modern ships.

Social-related questions & UN Goal 3: Good Health and Well-Being

Ethical Code of Conduct

Social responsibility is a central part of the Club’s operations. The Club has an Ethical Code of Conduct, which each employee reviews and gives consent to annually. Adherence to the ethical guidelines is followed up at regular employee/ manager meetings and through interactive questionnaires on the Club’s intranet.

Community of the Club’s members

Another important social dimension involves the community that ownership in the Club entails. The Club’s membership stretches from local bunker barge operators to the world’s largest state-owned shipowners. Furthermore, some of the Club’s members are based in countries with tense political relationships and, as a result, have little or no business relationships. Therefore, the Club serves as a unique platform for creating a community and building relationships beyond political and geographical boundaries.

The Swedish Sea Rescue Society (SSRS)

The Club supports the local community by sponsoring The Swedish Sea Rescue Society (SSRS). The SSRS is a non-profit organisation founded by dedicated volunteers in 1907. More than 100 years later, the dedication still runs deep among the volunteers, who are always prepared to help whenever someone needs assistance at sea.

Sponsor of ‘Faktum’

The Club is also a proud sponsor of the magazine ‘Faktum’, a monthly magazine sold by, and for the benefit of, homeless people, raising awareness of the situation and providing a way back.

Staff-related questions & UN Goal 3: Good Health and Well-Being

Staff

The Club is a true knowledge-based company. As such, it is entirely dependent on the expertise as well as the well-being of its employees. The Club is dedicated to growing and developing its staff. Equally important is promoting good health, motivation and commitment through initiatives that encourage a healthy lifestyle, whilst also developing job skills. The Club is a signatory to collective bargaining agreements through its membership in The Swedish Insurance Employers’ Association (Försäkringsbranshens Arbetsgivareorganisation, FAO) and engages in dialogue with the local unions.

Employee engagement

Every second year, the Club measures employee engagement and satisfaction through a survey carried out by a third party. Following the last survey in 2021, the KPI for employee work satisfaction was significantly higher than the Swedish national industry benchmark. Further, a majority of other KPIs came out better or levelled with the benchmark.

The employee satisfaction level remains at the same high level as in the previous surveys from 2017 and 2019. It is high for all employee groups. Satisfaction with the physical as well as the social working

environment, is included in the survey. Results are followed up over time, and any issues arising are actively addressed.

The survey covers areas of discrimination and bullying. A field in which the Club has zero tolerance. According to the Club's written policy on equal treatment, the Club shall safeguard equal opportunities or employment, education, promotion, and development in the work role, regardless of gender, sexual orientation, ethnicity or religion. The Club has the policy to combat discriminatory behaviour.

Equality

The Club strives for an equal split between men and women in the Club's different functions and organisational levels based on merits. The Club's gender division in 2022 was 49% women and 51% men. The Club facilitates the possibility of combining work with family life. In 2022, 12 employees used the opportunity of being on parental leave. An annual mapping of salaries is carried out to detect and enable the rectification of undue differences in the salaries between men and women.

In 2022 the Club followed the guidelines and restrictions issued by local authorities at each location where the Club has offices to safeguard the health and well-being of its employees during the COVID-19 pandemic.

The use of digital means for Club internal activities has enabled a number of training sessions and seminars to be held on a wide range of topics. These include stress management and well-being. In 2022 it was again – following the COVID-19 pandemic – the Club could organise training sessions and participate in events. During spring 27, employees and clients ran the Gothenburg Half-Marathon, Varvet. The Club also held running sessions for employees and aerobic sessions. In addition, a city walk around Gothenburg was organised, which boosted physical and mental well-being.

Human rights & UN Goal 16: Peace, Justice and Strong Institutions

Sound business behaviour and compliance with internal and external

regulations are ultimately dependent on the acts of the individual employee. This includes safeguarding the values set out in this sustainability report.

Risk-management workshops

The Club has several channels through which employees can alert management about any abuse or wrongdoing. Annual risk workshops are held under the auspices of the risk management function. These workshops aim to target operational risks. These include fraud, malicious damage, employment practices, business practices, and workplace and public safety.

'Near misses' register

The Club has two web-based applications where risks, as well as incidents – "near misses" – in the line organisation, are registered. The findings are compiled and presented to management and the Club's board on an annual basis.

Whistle-blower policy

The Club has a whistle-blower policy that enables employees to submit complaints on a confidential basis through an external law firm.

The confidential complaint may relate to, amongst others: non-compliance; any illegal or unethical activity; or any other abusive or erroneous behaviour which has an adverse impact on an individual, the Club, its members, other stakeholders or the environment.

Human rights – employees & business associates

The Club's work in identifying and mitigating risks includes several tools that are used for safeguarding respect for human rights of both the Club's employees and the Club's business associates. The P&I insurance provided by the Club contains elements enabling due compensation to be reimbursed by its members for compensating their seafarers for work-related illness and injuries under applicable contracts, law and convention limits when serving on insured ships.

Repatriation of seafarers following abandonment

The P&I insurance has been extended to include financial security, required

under the Maritime Labour Convention, for repatriating seafarers and up to four months' wages, in case the seafarers are abandoned by their employer on a ship entered with the Club for P&I risks. This was done in response to a request put forward by the International Labour Organization.

Combatting corruption & UN Goal 16: Peace, Justice and Strong Institutions

Zero-tolerance towards corruption and bribery

The Club has zero tolerance towards corruption and bribery. The Club applies the UK Bribery Act 2010 as a benchmark for its employee policy. This is generally more stringent than the equivalent Swedish legislation that would otherwise apply. An annual sign-off procedure was introduced in 2020 and also performed in 2022, whereby all employees read and sign off on their understanding of the Club's Ethical Directive, among other policy documents.

Screening of members and vessels

To combat corruption, the Club uses a market-leading screening tool provided by World-Check whereby all the Club's members and insured vessels are screened on a monthly basis. The screening includes global sanctions lists, global enforcement and warning lists, global politically exposed (PEP) lists and global state-owned entity lists (SOE).

The screening also includes corporate managers who are directly or indirectly connected to or associated with, an embargoed country or entity which carries related or other risk-relevant information.

World-Check also draws on hundreds of thousands of credible media sources to monitor all the categories above. It is also used to identify and maintain many profiles related to individuals convicted of one or more predicate offences as defined by the Financial Action Task Force (FATF). The purpose of the screening is to prevent the Club from doing business with inappropriate companies or individuals.

Know your client (KYC)

In 2022 the Club continued to enhance its “know your client” routines through which its membership is reviewed. While the Club, being a non-life insurer, is not subject to the Swedish Anti-Money Laundering Act, it has voluntarily introduced a number of measures to enhance its routines for anti-money laundering and countering the financing of terrorism.

Vessel tracking & sanctions screening

During the year, the Club has continued and refined its work using an AIS tracking system, enabling the Club to carry out more in-depth due diligence on vessels’ trading patterns and ownership structures to combat illicit trade. Compliance data and automated screening against sanctions list have been integrated into the Club’s compliance and risk assessment tools to enable early identification of risk factors. The Club utilises compliance data from IHS MIRS to assess prospective and existing members before entry into the Club and throughout the insurance relationship. Automated backstops - based on sanctions lists - were incorporated into the Club’s insurance and payments systems in 2021 to further enhance anti-money laundering activities. These measures help mitigate the risk of inadvertently providing insurance cover for illicit activities as well as mitigate the risk of the Club inadvertently facilitating money laundering.

Illegal acts are uninsurable

It is noteworthy that illegal acts, as a matter of Swedish law, are uninsurable as a result of being contrary to public policy and good insurance practice. As an example, to enhance this fact, the Club’s Rules for P&I insurance expressly excludes liabilities arising from unlawful trade.

Finally, all the Club’s board members, members of the management group and personnel responsible for the Club’s central functions (actuary, risk managers, internal audit and compliance) are subject to an equivalent screening process to ensure that regulatory fit and proper standards are met by these individuals.

“We should be exceptionally curious; we should be forward-leaning and invest resources in finding opportunities to provide even more and better service on a digital basis.”



7

Financial statements

Board of Directors' Report

The Board and the Managing Director of The Swedish Club (Sveriges Ångfartygs Assurans Förening) hereby present their annual report for the year 2022, its 150th year of operation.

Principal activities and structure

The Swedish Club (also referred to in this report as "the Club") is a marine mutual insurer, headquartered in Gothenburg (Sweden), with service offices in Piraeus (Greece) and branch offices in Hong Kong (China), London (UK), Singapore and Oslo (Norway). The Club also has a subsidiary in Hong Kong. The Swedish Club is both owned and directly controlled by its members.

The Club's activities concern marine insurance, in the following classes of non-life insurance: Ship (Marine & Energy), Ship liability (Protection and Indemnity, P&I) and Defence (Freight Demurrage & Defence, FD&D). The Club also undertakes accepted reinsurance.

In accordance with the Swedish Annual Accounts Act, the Club's subsidiary in Hong Kong has not been consolidated as it is of lesser importance with regard to true and fair view requirements.

Significant events during the year

During the year, the company has shown attractive premium growth through price adjustments and volume increases, which overall contributed to

improved, but still negative, results from insurance operations. The performance of the investment portfolio was burdened by the declining stock markets and higher interest rates which reduce the present values of interest-bearing instruments. As a result of the uncertainty in the financial markets, the Club has gradually reduced the investment portfolio's risk exposure during the year. The Club's financial position has weakened during the year, but the solvency requirement according to the Solvency II regulations continues to be met with a good margin.

In January, the credit rating agency Standard & Poor's (S&P) confirmed the Club's rating "A- (negative outlook)". Later in the year, in October, S&P announced they had reassessed the Club's rating from "A- (negative outlook)" to "BBB+ (stable outlook)". The change mainly reflects the negative development in the financial markets, which yielded negative returns from the investment portfolio and thus negative development of the Club's free reserves. The Club's "A-" rating from AM Best remains unchanged (and was confirmed by AM Best in January 2023).

After receiving a local license in autumn 2022, the Club commenced operations in

Singapore. The office offers full service to members in Singapore and other Asian markets, including India, Japan and Thailand.

The invasion of Ukraine has caused the EU and G7 countries to introduce a large number of broad economic sanctions against, among others, Russia. Due to rapid and continuous changes in the sanction packages, the Club has strengthened its capacity to handle the changed risk environment.

Financial overview

The following is a brief commentary on the income statement and balance sheet. For more detailed information, please see the Notes.

Result for the period

For 2022, the result before appropriations and tax was a loss of USD -41.7 (-34.3) million. Other comprehensive income, related to hedging of future operating expenses denominated in SEK into USD, was USD -4.8 (not applicable 2021) million before tax.

The relationship between the result expressed in USD and SEK is shown in the table below as a change in free reserves:

Free reserves	USD M	USD/SEK	SEK M
31 December 2021	196.5	9.0437	1,777.0
Income for the period	-41.7		-211.3
Other comprehensive income	-4.8		-
31 December 2022	150.0	10.4371	1,565.7

Insurance activities

Gross premiums written in 2022 amounted to USD 230 (201) million. Following the deduction of outgoing reinsurance premiums totalling USD 58 (44) million, premiums written amounted to USD 172 (157) million. Earned premiums, net of reinsurance, amounted to USD 169 (150) million.

Claims incurred, net of reinsurance, amounted to USD 138 (158) million. Changes in other technical provisions amounted to USD 0.8 (-5.6) million. The total costs for net claims incurred correspond to 81 (109) % of earned premiums, net of reinsurance.

During the year, there were 30 claims reported (whereof 7 from the IG pool system) in excess of USD 0.5 million. In 2021, there were 48 such claims (whereof 11 from the IG pool system).

Operating expenses for insurance activities increased mainly due to broker commissions driven by higher premiums and amounted to USD 35 (31) million. In relation to earned premiums, net of reinsurance, this level corresponds to 21 (20) %.

The balance on the technical account amounted to USD -3 (-44) million.

The combined ratio was 102 (129) %.

Result by class of insurance

The combined ratio for P&I was 116 (159) %. Earned premiums, net of reinsurance, amounted to USD 82 (71) million. The insurance year claims cost for other clubs' pool claims was USD 8 million in 2022 and it was USD 13 million in 2021. Claims incurred, net of reinsurance, decreased from USD 99 million in 2021 to USD 80 million in 2022. The loss ratio for the year was 97 (138) %.

As of 31 December 2022, the P&I portfolio, including Charterer's liability, consisted of 2,462 (2,405) vessels with gross tonnage of 93 (94) million.

The combined ratio for FD&D was 92 (109) %. As of 31 December 2022, the FD&D portfolio consisted of 1,575 (1,442) vessels with gross tonnage of

62 (58) million. Earned premiums, net of reinsurance, amounted to USD 9.1 (7.5) million. Claims incurred, net of reinsurance, increased from USD 6.9 million in 2021 to USD 7.2 million in 2022. The loss ratio for the year was 78 (92) %.

The combined ratio for Marine & Energy was 87 (103) %. Earned premiums, net of reinsurance, amounted to USD 78 (71) million. Claims incurred, net of reinsurance, decreased from USD 58 million in 2021 to USD 50 million in 2022. The loss ratio for the year was 65 (81) %.

At the end 2022 the Marine & Energy portfolio consisted of 5,203 (4,911) vessels, with gross tonnage of 263 (235) million and covered insured value of USD 24 (21) billion. The number of vessels insured for Loss of Hire was 963 (1,082) with a gross tonnage of 49 (55) million.

Finance activities

The financial result, including exchange rate differences amounted to USD -39 (10) million.

Investments

The return on the investment portfolio was -9.8 (3.6) %, corresponding to an investment result of USD -38 (14) million. The result from interest-bearing

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securities was USD -23 (0) million, including exchange revaluations of USD -1 (-2) million, and the result for equity holdings amounted to USD -15 (14) million. At the end of 2022, the value of the Club's investments was USD 350 (391) million, of which 85 (79) % represented interest-bearing securities and 15 (21) % equity holdings.

Other financial items

The result for forward exchange contracts was USD 0 (-3) million, miscellaneous financial income and expenses amounted to USD 0 (-1) million. Exchange differences from revaluation of insurance-related items amounted to USD -1 (-1) million.

Other comprehensive income

Other comprehensive income, related to hedging of future operating expenses denominated in SEK into USD – for the purpose of reducing the currency risk in USD accounts – was USD -5 million (not applicable 2021). See Note 1.

Balance sheet

For 2022, the provision for claims outstanding was USD 395 (342) million.

The value of the Club's investment assets amounted to USD 350 (391) million.

At year-end, Hydra receivables (see Note 2 in the section on counterparty risks) had an estimated value corresponding to USD 16 (15) million. These are reported in the balance sheet under the heading "Other assets".

Environment

The Club's Sustainability Report, in accordance with EU Directive 2014/95 (included in the Chapter 6, Section 12 of the Swedish Annual Accounts Act, 1995:1554 (ÅRL)), has been published on the Club's website, www.swedishclub.com/about/esg-and-sustainability.

Significant events after the balance sheet date

The Swedish Club does not have any significant events to report on items that have not previously been communicated but relate to periods up to the balance sheet date. After the balance sheet date, insurance activities have developed

in line with the established goals and expectations. The Club's investment portfolio has started 2023 delivering positive returns.

The Club's rating, A- "negative outlook", was confirmed by AM Best in January 2023.

After 16 years in the role of Managing Director, Lars Rhodin, retired at the end of the year 2022. The Managing Director from the start of 2023 is Thomas Nordberg. Thomas has some 30 years' experience from the industry, including leading positions at one of the Club's competitors.

Employees

The Swedish Club is a knowledge-intensive organisation. The commitment, competence and performance of employees are decisive factors for the organisation's success and competitiveness.

The Swedish Club intends to remain an attractive employer by having a progressive human resources policy, a healthy organisational culture and well-established core values.

The Swedish Club's core values are as follows:

Proactive

- We are proactive in our approach.
- We respond in a forward-thinking and proactive manner and focus on cost-efficient solutions.

Reliable

- We are reliable in our values and we stand behind them.
- Through honesty and fair treatment, we are able to gain confidence and ensure continuity.

Committed

- We are committed in everything we do.
- We build and develop relationships of mutual benefit.
- Our service is based on respect and professionalism.

The average number of employees during the year was 111 (see Note 29 for more information).

The maximum total cost of the bonus program for employees has been set at 10% of the Club's salary costs including social security expenses. No provision for bonuses was made in 2022.

Note 29 also contains information on the principles for establishing salaries and benefits for senior management.

Risks and uncertainties

The Swedish Club's operations give rise to various types of risks that could have an effect on its result and financial position.

There are four main categories of risk:

- Insurance risk
- Counterparty risk
- Operational risk
- Financial risk

An Internal Capital Model (ICM) is used for calculating and monitoring the risks. The model is a key component of the Club's process for Own Risk and Solvency Assessment (ORSA). It is also an important control mechanism for calibrating capital needs.

Note 2 contains an overview of how these risks affect operations and how the Club manages them.

Prospects for 2023

The global economic outlook for the year altogether is particularly difficult to assess. This is so because the consequences of the war in Ukraine constitute great uncertainty to world economic development. The Club's insurance operations are not significantly affected by short-term economic fluctuations, but the impact on the asset management can be significant. As a result of the uncertainty, the Club has gradually reduced its investment portfolio's risk exposure during 2022.

For 2023, the Club prioritises continued price recovery over volume growth. We estimate that the total claim costs for 2023 will be below the volume-adjusted levels of 2022. Initially, 2023 has started with positive developments on equity markets and slightly decreasing interest rates, which has been favourable for the Club's asset management.

Our assessment is that the Club's relative competitiveness will hold up well and the Club's strong financial position provides security for all of the Club's business partners and members. The Club's establishment of a branch in Singapore strengthens the association's competitiveness and market offering.

Five-year summary

Amounts in USD millions.	2022	2021	2020	2019	2018
Income statement					
Earned premiums, gross	225.9	193.1	173.8	157.4	146.1
Earned premiums, for own account	169.3	150.1	134.7	118.2	111.2
Investment income, allocated from non-technical account	0.0	0.0	2.8	4.5	5.2
Claims, for own account	-136.9	-163.4	-138.5	-101.3	-86.6
Refunds and P&I discounts	-	-	-	-	-4.4
Net operating expenses	-35.1	-31.0	-27.1	-24.4	-23.9
Balance on technical account	-2.8	-44.2	-28.2	-3.0	1.5
Balance on non-technical account	-38.9	9.9	31.1	27.7	-11.1
Result before appropriations and tax	-41.7 ¹⁾	-34.3	3.0	24.6	-9.6
Financial position					
Free reserves	150.0	196.5	231.4	228.4	203.8
Free reserves / Provision for claims outstanding for own account	59%	80%	110%	123%	123%
Deferred tax liability included in free reserves	38.0	47.8	54.5	51.3	45.5
Eligible Own Funds, in accordance with Solvency 2	241.7	268.8	297.3	298.0	277.7
Basic own funds	172.0	194.5	232.8	244.3	229.2
Ancillary own funds	69.7	74.1	64.5	53.7	48.4
Minimum Capital Requirement (MCR)	49.7	48.3	41.8	35.6	29.9
Solvency Capital Requirement (SCR)	139.3	148.2	129.0	107.4	96.8
Eligible Own Funds / SCR	173%	181%	230%	277%	287%
Basic Own Funds / SCR	123%	131%	180%	227%	237%
Investment assets at fair value	350.5	390.7	397.3	354.6	345.2
Technical provisions, for own account	303.4	291.9	251.3	221.6	193.6
Key data insurance business					
Loss ratio	81%	109%	103%	86%	78%
Expense ratio	21%	21%	20%	21%	21%
Combined ratio	102%	129%	123%	106%	99%
Average Expense Ratio (AER)	13.6%	12.6%	12.8%	13.2%	13.8%
Key data asset management					
Total return	-4.0%	3.1%	7.7%	8.8%	-1.1%

¹⁾Other comprehensive income/loss excluded

Income Statement

For the financial year January through December.

Amounts in USD thousands.

	Note	2022	2021
Technical account			
Earned premiums, net of reinsurance			
Premiums written, gross	3	229,682	200,544
Outward reinsurance premiums		-58,016	-43,808
Change in provision for unearned premiums		-3,805	-7,408
Reinsurers' share of change in provision for unearned premiums		1,416	779
		169,277	150,107
Investment income transferred from the non-technical account	4	-	-
Claims incurred, net of reinsurance			
Claims paid	5		
Before outgoing reinsurance		-174,618	-129,004
Reinsurers' share		46,052	5,188
		-128,566	-123,816
Change in provision for claims outstanding			
Before outgoing reinsurance		-53,093	-62,941
Reinsurers' share		43,953	29,006
		-9,140	-33,935
		-137,706	-157,751
Change in other technical provisions	6	773	-5,606
Net operating expenses	7, 8, 29	-35,128	-30,952
Balance on technical account		-2,784	-44,202
Non-technical account			
Balance on the technical account		-2,784	-44,202
Financial result			
Financial income	9	3,679	10,389
Unrealised gains on investments	10	-	7,153
Financial costs	11	-4,133	-3,290
Unrealised losses on investments	12	-38,439	-4,351
		-38,893	9,901
Allocated investment income transferred to the technical account	4	-	-
Result before appropriations and tax		-41,677	-34,301
Appropriations: change in safety reserve		4,313	35,272
Result before tax		-37,364	971
Tax on result for the year	22	7,918	-1,221
Profit or loss for the financial year		-29,446	-250

Other Comprehensive Income/Loss

For the financial year January through December.

Amounts in USD thousands.	Note	2022	2021
Profit or loss for the financial year		-29,446	-
Other comprehensive income:			
Items that have been reclassified or can be reclassified to profit or loss for the year			
Change in translation difference capital		159	-
Hedges of operating expenses		-4,795	-
Deferred tax other comprehensive income	22	988	-
Total comprehensive income		-33,094	-

Balance Sheet

As of 31 December. Amounts in USD thousands.	Note	2022	2021
Assets			
Intangible assets			
Intangible assets	13	1,572	913
		1,572	913
Investment assets			
Investments in group and associated companies			
Shares in group and associated companies	14	11	11
Other financial investment assets			
Quoted shares	15	53,381	81,565
Bonds and other interest-bearing securities	16	297,068	309,087
		350,460	390,663
Reinsurers' share of technical provisions			
Provision for unearned premiums	17	5,973	4,557
Provision for claims outstanding	17	140,757	96,803
		146,730	101,360
Receivables			
Receivables related to direct insurance operations	18	148,085	148,428
Receivables related to reinsurance operations		4,607	441
Other receivables		648	563
		153,340	149,432
Other assets			
Tangible assets	19	767	531
Cash and bank balances		33,432	24,108
Other assets	20	16,732	16,045
		50,931	40,684
Prepaid expenses and accrued income			
Prepaid acquisition costs		6,296	5,819
Other prepaid expenses and accrued income		814	930
		7,110	6,749
Total assets		710,143	689,801

Balance Sheet

As of 31 December. Amounts in USD thousands.	Note	2022	2021
Equity, provisions, and liabilities			
Equity			
Statutory reserve		48	55
Development fund		1,572	-
Accumulated profit or loss		-1,197	624
Other reserves		-2,897	744
Profit/ loss for the financial year		-29,446	-250
		-31,920	1,173
Untaxed reserves			
Safety reserve		180,263	184,576
Equalisation reserve		1,031	1,190
		181,294	185,766
Technical provisions before reinsurers' share			
Provision for unearned premiums	17	54,971	51,166
Provision for claims outstanding	17	395,139	342,046
		450,110	393,212
Provision for other risks and charges			
Pensions and similar obligations	21	219	193
Deferred tax	22	641	9,547
		860	9,740
Liabilities			
Liabilities related to direct insurance operations	23	17,898	22,785
Liabilities related to reinsurance operations		69,312	63,439
Forward exchange agreements	24	5,498	703
Other liabilities	24	15,399	11,013
		108,107	97,940
Accrued expenses and deferred income			
Accrued expenses		1,692	1,970
		1,692	1,970
Total equity, provisions, and liabilities		710,143	689,801

Change in equity

Amounts in USD thousands	Statutory reserve	Development fund	Accumulated profit or loss	Other reserves	Profit/loss for the financial year	Total equity
Balance brought forward 2021-01-01	61		3,230	614	-2,606	1,299
Carried forward			-2,606		2,606	
Profit/loss for the year					-250	-250
Change in translation difference capital	-6			130	-	124
Balance carried forward 2021-12-31	55		624	744	-250	1,173
Balance brought forward 2022-01-01	55		624	744	-250	1,173
Carried forward			-250		250	
Allocation to development fund		1,572	-1,572			
Profit/loss for the year					-29,446	-29,446
Other comprehensive income/loss	-7			-3,641		-3,648
Balance carried forward 2022-12-31	48	1,572	-1,197	-2,897	-29,446	-31,920

At the end of 2022, the Club's total equity was negative, -31,920. This amount, together with the safety reserve, forms part of the Club's basic own funds. The safety reserve amounted to 180,263 at the same time. The Club's basic own funds according to the Solvens II regulations is 172,001.

Note 1. Accounting principles

Statement of compliance with regulations applied

The annual report has been prepared in accordance with the Law of Annual Reports in Insurance Companies (ÅRFL) and The Swedish Financial Supervisory Authority's rules, and regulations regarding annual reports for insurance companies (FFFS 2019:23) and the Swedish Financial Reporting Board's recommendation RFR 2. Law-limited IFRS have been applied, which are international accounting standards that have been adopted for use with the limitations that follow from RFR 2 and FFFS 2019:23. This means that all of the EU approved IFRS and statements have been applied, to the extent possible given Swedish law and with consideration given to the relationship between accounting and taxation.

Unless otherwise stated, all amounts in the financial statements are in USD thousands.

The Club has a subsidiary in Hong Kong which, in accordance with Chapter 7, Section 3a of the Swedish Annual Accounts Act (ÅRL), has not been consolidated, since the subsidiary is considered to be of lesser importance with regard to true and fair view requirements.

The Club also has holdings in the associated company, The Swedish Club Academy.

Assumptions when preparing the insurance company's financial statements

USD is the Club's accounting currency since most of the Club's income and expenses are in USD. It is also the most significant currency used when making technical provisions and therefore, the primary environment in which the Club runs the business.

The Club converts transactions in foreign currency to the currency rate applicable on the transaction day, both to SEK and to USD. This financial statement is reported in USD while SEK is used in official Swedish regulatory reporting, in accordance with law-limited IFRS.

All assets and liabilities are registered in the original currency and converted

to USD and to SEK at the end of the reporting period. This has the effect that the result in the two reporting currencies differs as the bulk of the balance sheet consists of USD. See Note 2.

Assets and liabilities are reported at cost, except for certain financial assets and liabilities that are measured at fair value. Financial assets and liabilities that are measured at fair value consist of assets classified as financial assets measured at fair value through profit or loss.

Assessments and estimates made when preparing the financial statements

To prepare the financial statements, it is sometimes necessary to make certain assessments and estimates. These are based on experience and assumptions. Assessments and estimates that have been made impact the amounts reported in both the balance sheet and income statement.

The effects of changes in estimates are reported in the period in which the change occurred, provided that the change only has an effect on that period. Alternatively, if the changes affect both current and future periods, changes are reported in the period in which the change occurred and in future periods.

The assessed value of premium receivables is equal to the amount expected to be received. Reviews of outstanding items are done on a continual basis.

The assessed value of recourse receivables is equal to the amount expected to be received.

The assessed value of reinsurance receivables corresponds to the amount agreed in the insurance contract.

Important estimates and assessments associated with technical provisions have been based on assumptions about future claims payments. Estimates are based on the Club's own historical statistics on prior claims outcomes. When estimating technical provisions, consideration is given to such things as unpaid claims, claims development including changes in the Club's assumptions within the

scope of International Group of P&I Clubs, changes in legislation, judicial decisions and general economic development.

Hydra receivables are estimated to have a value equal to the Club's share of the captive company, Hydra.

The accounting principles stated below have been applied consistently to all periods presented in the financial statements.

Principles applied

New and revised standards applied by the Club

None of the new standards or amendments published after 1 January 2022 have had a significant impact on the Club's financial statements.

New standards, amendments and interpretations to existing standards that have not yet entered into force and have not been early adopted.

Several new international accounting standards, along with revisions to standards and interpretations will come into force as of the next financial year. None of these changes is deemed to have a significant impact on the accounting. The Club has no plans to elect early adoption on new or revised standards.

IFRS 17 enters into force on 1 January 2023. The standard has been adopted by the EU. The Swedish Financial Supervisory Authority (FI) has announced that IFRS 17 will not be deemed to apply in statutory IFRS. The Club is evaluating possible effects on its branch in Singapore.

Insurance contracts

All of the Club's insurance contracts are defined as insurance contracts in accordance with IFRS 4. Insurance contracts are reported and measured in the income statement and balance sheet in accordance with their financial substance rather than their legal form whenever there is a difference between the two. Items reported as insurance contracts must transfer substantial insurance risk from the policyholder to the Club. They must also obligate the Club to compensate the policyholder, or another beneficiary, if a predetermined or

not excluded (depending on applicability) insured event were to occur.

Income tax

Income taxes are comprised of current tax and deferred tax. Income taxes are reported in the income statement, attributable to profit and loss or other comprehensive income.

Current tax is tax that is payable or refunded for the current year, applying tax rates that have been decided or effectively adopted as of the reporting date. This also includes adjustments of current tax related to prior periods.

Deferred tax is measured according to the balance sheet method. The starting point is thus temporary differences between the carrying amount of an asset or liability and its tax base. The valuation of deferred tax is based on the extent to which the underlying assets and liabilities are expected to be realised or settled. Deferred tax is calculated by applying the tax rates and tax rules that have been decided or effectively adopted as of the reporting date. Untaxed reserves are reported including deferred tax liability.

Premiums written, net of reinsurance

Gross premium written is normally reported according to the maturity principle. This means that the gross premium written is reported in the income statement when the annual premium fall due for payment, or, when the first partial premium falls due for payment (this happens in cases where the contractual insurance period's premiums have been divided into several partial premiums). Furthermore, in order for the gross premium written to be included, the term of the underlying insurance contract must start during the current accounting period. The method described above is also used for reinsurers' share of premiums written.

Premiums earned, net of reinsurance

Premiums earned reflect the proportion of the gross premium written that is attributable to the accounting period. The share of the premium income from insurance contracts pertaining to periods after the closing date is allocated to the premium reserve in the balance sheet. Calculation of the provision to the premium reserve is done by allocating the premium income to the

proper period based on the underlying duration of the insurance contract. The method described above is also used for reinsurers' share of earned premiums.

The provision for unearned premiums for own account is revalued using the closing day rate of exchange. The result of this revaluation is shown under the heading "Investment income" or "Investment costs".

A provision for remaining risks is made when future revenue and expenses during the remaining term of the insurance contract yield a deficit.

Investment income transferred from the non-technical account

Investment income is reported gross in the non-technical result. The Club uses a model for the calculation of investment income transferred to the technical account. It is based on the interest rate that corresponds to the United States 1-year bond yield at the beginning of the year in relation to average provisions for claims outstanding net of reinsurance. The model compensates the insurance business with interest for the float generated during the period between premium payments and claim payments. No transfer is made in years in which the calculation yields an amount that is lower than the equivalent of USD 1 million annually.

Net claims incurred

The total net claims incurred for the accounting period includes claims paid during the period and changes in the provision for claims outstanding. Besides the claims in themselves, net claims incurred also includes claims handling costs. The provision for claims outstanding is calculated using expected nominal cash flows.

The provision for claims outstanding net of reinsurance is revalued using the closing day rate of exchange. Historical data on claims payments provides the basis for allocation of the provision to each relevant currency. Based on these statistics, the Club has chosen to make the assessment that the reserves are fully comprised of USD.

Net operating expenses

The proportion of the operating expenses related to claims handling is reported under the heading "Net claims incurred". A portion of net operating

expenses is also related to investment administration and this portion is reported as "Internal asset management costs". Operating expenses in the insurance business include, besides administrative costs, also acquisition costs. Internal acquisition costs and internal investment administration costs are allocated in accordance with a model (see Note 7 and Note 11).

Investment income - realised and unrealised profit on investments

Realised profit/loss on divestment of investments is equivalent to the difference between the sales proceeds and acquisition cost. The Club's investments are reported at fair value. Unrealised changes in values are reported in the income statement and can be defined as the annual change in the difference between fair value and acquisition cost.

Hedge accounting

The Club applies hedge accounting according to IFRS 9 as from 1 January 2022. For forward currency contracts entered into before 2022, the exchange rate as of 1 January 2022 will be used as the reference for the hedge accounting (instead of the spot rate at contract inception). The hedging contracts are expected to be effective over the entire contractual period. The hedged item consists of operating expenses denominated in SEK, mostly employee-related costs. Cash flows are spread throughout a month. The cash flow for the hedging instrument on the other hand is exchanged once a month. The fact that the hedged item and the hedging instrument are not matched on the same day will entail a limited ineffectiveness, however, this inefficiency is not material. The effectiveness is tested partly through a forward-looking (prospective) assessment and partly a retrospective evaluation. The type of hedging activity performed is related to the cash flows where the foreign currency risk is arising from highly probable forecasted operational expenses.

Financial instruments

Financial instruments reported in the balance sheet as instruments:

- Accounts receivable (reported under the heading "Receivables").
- Shares and participating interests
- Bonds and other interest-bearing securities

Items reported as liabilities or equity include:

- Trade creditors (reported under the heading "Liabilities")
- Forward exchange agreements

Reporting of financial assets and removal from the balance sheet

A financial asset or financial liability is reported in the balance sheet when the Club becomes a party to the instrument's contractual terms (economic approach), except for instances when the Club acquires or disposes listed securities (for these, cash/settlement approach is applied). Accounts receivables are reported in the balance sheet when an invoice has been sent. A liability is reported when the counterparty has completed performance and there is a contractual liability to pay, even if the invoice has not yet been received. Accounts payable, however, are reported when an invoice has been received. A financial asset is removed from the balance sheet when the rights in the agreement have been realized, expire or when the company loses control over them. The same applies to a part of a financial asset. A financial liability is removed from the balance sheet when the obligation in the agreement has been fulfilled or in some other way extinguished. The same applies to part of a financial liability.

Offset of financial instruments

Offsetting of a financial asset and financial liability and reporting them at a net amount in the balance sheet only occurs when there is a legally enforceable right to set-off and the intention either is to settle on a net basis or is to realise the financial asset and settle the financial liability simultaneously.

Classification and measurement of financial assets

At valuation, financial assets are divided into the following categories:

- Financial assets measured at amortised cost
- Financial assets measured at fair value through profit or loss
- Financial assets measured at fair value through other comprehensive income

Initial recognition of a financial instrument is based on the purpose for which the instrument was acquired. The initial classification also determines how the

financial instrument shall be measured going forward, as described below.

Financial assets measured at amortised cost

These are balance sheet assets reported in the categories "other receivables" and "cash and bank balances". Both are measured at amortised cost. Bank deposits have repayment cover. As such, anticipated credit losses are insignificant since the investments are secured by the Swedish State.

Financial assets measured at fair value through profit or loss

These are balance sheet assets as reported in "quoted shares" and "bonds and other interest-bearing securities". The measurement method used is fair value through profit or loss because they are continually measured based on fair value. Measurement of the Club's investment assets at fair value is at the current buying rate based on prices quoted on an active market regarding Level 1 and Level 2. Measurement of the Club's investment assets at fair value regarding Level 3 is based on information from the Club's investment manager. See Note 2.

Financial assets measured at fair value through other comprehensive income

These are forward exchange contracts measured at fair value through other comprehensive income. The measurement method used is fair value through other comprehensive income because they are continually measured based on fair value. The unrealised profits and losses that arise as a result of changes in market value is reported after tax via other comprehensive income and becomes a part of "other reserves" in equity until the underlying contracts of the assets have expired and are removed from the balance sheet.

Classification of financial liabilities

Borrowings and other financial liabilities, such as trade creditors, are included in the category, Financial liabilities. These are valued at amortised cost. In the event that the measured fair value from forward exchange contracts is negative it is classified as a financial liability. See Note 2.

Determination of fair value

For a description of the methods and assumptions used by the Club

to establish the fair value of financial instruments. See Note 2.

Intangible assets

Intangible assets are valued at cost less accumulated amortisation and any impairment losses. Amortisation is calculated on a straight-line basis over a useful life of five years starting from the time when the system is put into operation.

Tangible assets

Machinery and equipment are reported at cost less accumulated depreciation according to plan, which is based on the useful life of the assets plus any write-downs. Depreciation is calculated on a linear basis over a useful life of three or five years. For improvements made on property owned by others, depreciation is calculated on a linear basis over a 20-year period.

Subsidiaries and associated companies

A subsidiary is a company that is subject to a controlling influence by the Parent Company. Controlling influence is the right to, directly or indirectly, formulate a company's financial or operating strategies to obtain economic benefits.

Associates are companies in which the Group has a significant (but not controlling) influence over the operating and financial management, usually through holdings corresponding to 20% -50% of the votes. Shares in subsidiaries and participations in associated companies are reported in accordance with the cost method. Any dividends received are reported as income.

Cash and bank balances

Cash and bank (with the exception of minor cash amounts) consists of bank accounts and funds that have been transferred to asset management but not yet invested in assets.

Prepaid acquisition costs

The item includes allocated commissions associated with the signing of insurance contracts. These costs are allocated in the same way as the allocation of unearned premiums.

Provision for unearned premiums

The provision for unearned premiums is calculated strictly pro rata. In accordance with technical guidelines

pertaining to insurance, testing is performed on a regular basis to determine whether a provision needs to be made for remaining risks.

Provision for claims outstanding

The provision for incurred and reported claims is based on individual, realistic assessments of individual claims using information that is available on the reporting date. Incurred but not reported claims, IBNR, is calculated using statistical methods that are based on experience of the number and extent of claims reported for prior accounting years. The provision for outstanding claims also includes a reserve for operating costs associated with settling outstanding claims. The provision for outstanding claims has been reported using undiscounted values.

Pensions costs and pensions commitments

The pension obligations are comprised of pension plans that are regulated through collective agreements and national insurance laws. The obligations consist of both defined contribution and defined benefit plans.

All employees are covered by the FTP pension plan. The pension agreement has both a defined-contribution and defined-benefit pension plan. The plan that applies for each individual is primarily based on their age. Those born in 1972 or later are covered by a defined-contribution plan, which has a premium of 4.5% on salary components up to 7.5 times the income base amount and

thereafter 30% without any salary ceiling.

The Club's obligations concerning contributions to defined-contribution plans have been reported as an expense in the income statement at the rate they are earned by employees performing services during the period.

Those born before 1972 with pensionable salary over 10 times the income base amount may be covered by the defined-contribution plan in an individual agreement on that has been reached between the employer and employee. The defined-benefit plan covers those born before 1972 in accordance with the agreement's main rule. When fully earned, this plan yields pension benefits corresponding to 10 % of the salary component up to 7.5 times the income base amount, 65% on the salary interval 7.5 to 20 times the income base amount and 32.5% on the salary component over that amount, up to a maximum salary corresponding to 30 times the income base amount. The stated remuneration levels apply to final salary when the individual is 65 years old and in order to be fully earned, 30 years of service are required.

The Club has older obligations for a few prior employees, and this is reported as a liability in the balance sheet.

Leasing contracts

Because the Club reports leasing in accordance with RFR 2 Accounting for Legal Entities, it is granted an exemption from the principles contained in IFRS 16.

As such, there will be no change in how the Club reports leases.

The Club has operating leases consisting of leases for premises, cars and office machines for the duration stated in the agreement for each of these. Leasing fees are expensed over the contracted period based on utilisation.

Assets and liabilities in foreign currency

Assets and liabilities in foreign currency are translated to USD at the closing day rates of exchange. However, shares in subsidiaries are valued using the rate of exchange prevailing on the acquisition date. For translation from a foreign currency to USD, the difference is reported in the income statement under the heading "Investment income or Investment costs".

For the Club's most important currencies, the following rates (prevailing on 31 December) have been used:

Currency (equals 1 USD)	2022	2021
Swedish kronor (SEK)	10.4371	9.0437
British pound (GBP)	0.8296	0.7426
Euro (EUR)	0.9379	0.8843
Hong Kong dollar (HKD)	7.7976	7.7983
Norwegian kroner (NOK)	9.8724	8.8197
Singapore dollar (SGD)	1.3433	1.3539

Note 2. Risk management and risk analysis

Risk management

The Swedish Club’s risk management is carried out with the help of the company’s risk management system, which is an integral part of operations. Its goal is to create and maintain a good ability to identify, measure, manage, control, monitor and report risks that the Club is, or could become, exposed to. The risk management system is in line with the risk management directive adopted by the Board.

The Club has developed an Internal Capital Model (ICM) for quantifying its risks. The model is used as a control mechanism for management, the ORSA process, and in conjunction with efforts to evaluate and optimize the Club’s reinsurance programme. It is also used in the creation of new products.

The Swedish Club’s risk management efforts lower the likelihood of undesirable operational and financial results. As such, it is a critical component of the Club’s ability to achieve its business goals.

The Club strives to create a culture that fosters awareness and encourages people at all levels in the organisation to help identify and quantify both current and future operational risks. As part of its risk management efforts, all departments are encouraged to discuss the risks that they are aware of, along with proposing suggestions on how to prevent, eliminate or manage them. This is done via a systematic, regularly occurring documentation of risks and ongoing reporting of them.

The Club applies the standard model for calculating the regulatory capital requirement and it uses an Internal Capital Model (ICM) for its Own Risk and Solvency Assessment (ORSA). Reporting is based on the quantitative reporting templates that have been adopted by the EU supervisory authority, EIOPA.

A Solvency and Financial Condition Report (SFCR) is available on the Club’s website. It describes the regulatory solvency and capital requirements stipulated in the Solvency II Directive.

Structure of corporate governance and allocation of responsibilities

Annual General Meeting

The AGM is the highest decision-making body and it consists of all members. The AGM elects the Board of Directors and members of the Nomination Committee. It also adopts the income statement and balance sheet contained in the annual report, elects the external auditors and addresses other matters that fall within its realm of responsibility.

Board of Directors

The Board has ultimate responsibility for ensuring that the Club complies with the prevailing laws and regulations. It also creates the strategic guidelines and instructions for the Club. Furthermore, the Board ensures that suitable internal instructions for risk management and risk control exist.

The Board continually monitors the Club’s operations, financial result and asset management. The Board maintains regular contact with all of the committees that have been set up, as well as with the senior management team and other key functions. The Board must pro-actively request information and challenge it, as required. The work, obligations and responsibilities of the Board are described in its rules of procedure. The Board consists of 24 members, including the Managing Director and two employee representatives.

Nomination Committee

The Club’s nomination committee is responsible for suggesting new Board members and members of the nomination committee, which are then

considered by the AGM. The committee also proposes the level of remuneration to Board members. In total, the committee consists of three members, of which, one is a Board member.

Finance & Audit Committee

The Finance & Audit Committee is a subgroup of the Board of Directors. It serves as a link between the Board of Directors, senior management and the auditors on financial issues. It also prepares issues to be considered by the Board, so that the Board can make well-informed decisions.

The committee also reviews recommendations and engages in dialogue with the senior management team on key areas such as changes in investment allocation, audit, compliance with regulations, premiums and receivables. It monitors the results of investment activities and makes decisions concerning investment allocation within the limits stated in the Club’s investment directive. The Finance & Audit Committee consists of seven members, including the Managing Director and Director of Finance, Risk Management & IT.

Managing Director

The Managing Director is appointed by the Board and is responsible for the daily management activities of the Club.

Organisation and internal control

The Club’s organisation consists of the Managing Director, central functions and six geographic teams. The geographic teams are mostly independent in terms of daily operations. However, many of the organisation’s functions have been centralised, as illustrated in the figure, below.



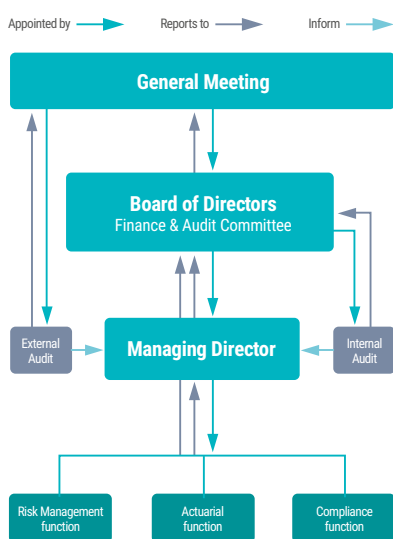
The work and responsibilities for each component of the organisational structure must be well-defined, allocated and coordinated. Relevant processes are described and documented in the Club's management system.

The Club has a senior management team consisting of six members.

Internal control

There are three levels of internal control applied to the organisation. The first level of internal control occurs through the operational functions, as illustrated in the figure, above. The second and third levels are independent of the operational functions. The second level consists of risk management, the actuarial function and regulatory compliance. The third level, which is completely independent of all other functions, is internal audit, with an internal auditor that has been appointed by the Board.

Figure 2.2 Allocation of Responsibilities



The figure illustrates important information flows and allocation of responsibilities.

Operational functions

Managers of the operational functions or geographic teams are responsible for the internal controls and regulatory compliance within their area of responsibility. They must ensure that the employees in their department are well acquainted with the guidelines and instructions in the management system, as well as all rules and regulations. The managers must control and monitor compliance within their area of responsibility. They must also implement

corrective measures whenever a lack of compliance has been detected. The managers of functions and teams are also responsible for informing the risk management, actuarial, compliance and internal audit entities about any circumstances that may be relevant to the performance of their respective areas of responsibility.

Risk management function

The risk management function is an independent central function responsible for ensuring that risks are identified, measured, managed, controlled, monitored and reported. The risk management function has overall responsibility for quantifying and modelling risks, along with developing and maintaining the Club's Internal Capital Model (ICM). The risk management function uses adequate methods and techniques for that purpose, including stochastic models, sensitivity analysis and scenario tests.

The risk management function has overall responsibility for implementing an effectively functioning risk management system. The function is independent of the operational activities. The risk management function is responsible for compliance with the Board's directive on risk tolerance and solvency. It also coordinates and is responsible for the Club's Own Risk and Solvency Assessment (ORSA). Twice per year, the function must prepare and submit a risk control report to the Board.

Actuarial function

The actuarial function is responsible for coordinating the calculations of technical provisions, participating in implementation of the ORSA process and strengthening the Club's risk management system.

The function is required to state an opinion on the overall underwriting policy and suitability of the reinsurance programme. Once per year, it must also prepare and submit a report to the Board on the work it has done, noting any deficiencies in compliance and providing recommendations on corrective measures.

Compliance function

The compliance function consists of a *Compliance Manager (CM)*, *Compliance Control Officer (CCO)* and *Compliance Coordinators (CC)*.

The CM is responsible for identifying, evaluating and reducing the risks in connection with deficiencies in compliance; monitoring relevant legislation and changes in existing rules and regulations; providing support and guidance to the organisation regarding regulatory compliance; as required, providing information and training on rules and regulations; obtaining confirmation of regulatory compliance from the managers in charge; and providing support to the organisation whenever new policies, routines and instructions are need to be created.

The CCO is responsible for designing methods and routines for control of regulatory compliance, along with identifying significant risks in operations if any deficiencies in compliance are detected. The risk analysis is continually updated and control of regulatory compliance is carried out in accordance with the audit plan adopted by the Board. All implemented control activities must be reported to the Board, or, if the Board has decided such, to the Finance & Audit Committee.

The CC is responsible for assisting the regulatory compliance efforts of the various operational functions.

Internal audit function

Internal audit is an entirely independent function that has been delegated to an external party. It is responsible for evaluating the system for internal control, other parts of the corporate governance system, independence of the actuarial function and the remuneration policy for employees. The function must report its findings to the Board or, if the Board has decided such, to the Finance & Audit Committee. The internal audit function is subordinate to the Board and the performance has been transferred during the year from KPMG to BDO.

Internal audit is to be carried out in accordance with the audit plan adopted by the Board.

Risk analysis

The Club's risk exposure is primarily associated with variations in the outcome of claims for the insurance classes, as well as variations in investment income. The Club is also exposed to several other risks.

The components of *insurance risk*, *counterparty risk*, *operational risk* and *financial risks* are presented below:

Insurance risk

Insurance risk consists of *underwriting risk*, *concentration risk* and *reserving risk*. Effective management of *underwriting risks* is fundamental to The Club's operations. A potential member's vessels and management team are thoroughly reviewed prior to acceptance. Rating systems and premium models are used to ensure that correct premium levels have been selected. The Club's comprehensive reinsurance arrangements level out fluctuations in claims results. This helps protect the Club from incurring losses that are associated with very large claims, including the aggregation of losses from multiple insured interests.

The accuracy of current claims models is monitored on a quarterly basis, by comparing the actual outcome per insurance class to the expected result that was generated by the models.

The claims model is also used to simulate claims costs in the Club's ICM, which enables a consistent treatment of underwriting risk based on the capital requirements at all levels, i.e. from the company level down to the underwriting of an individual risk.

It is sometimes the case that a vessel is insured in several insurance classes, which gives rise to *concentration risk*. In these cases, the same incident can

lead to claims in more than one class of insurance. Based on how the different reinsurance protections have been set up, this could affect the allocation of claims costs between reinsurers and the Club. It primarily concerns the insurance classes shown in the table below.

Reserving risk is included in the provision for claims outstanding and the provision for unearned premiums.

When calculating the provision for unearned premiums, consideration must be given to differences in risk exposure during the policy period. For example, there are seasonal variations in the frequency/severity of claims between quarters or other periods of time that must be considered.

The provision for incurred and reported claims is based on individual assessments of claims using the latest information available. Claims reserves must reflect the total liability, which includes claims handling costs, expected claims inflation and currency considerations.

Incurred but not reported claims, IBNR, is calculated using statistical methods that are based on experience of the number and extent of claims reported for prior accounting years.

The table on page 63 shows the development of claims, net, i.e. how the originally determined claim amount at the end of each insurance year has developed over time (from the end of

each respective accounting year through 31 December 2022).

Counterparty risk (Reinsurance)

Reinsurance protection is essential for the successful operation of the Club. Risks can arise due to insufficient or incorrect reinsurance protection. Reinsurance purchasing activities are centralised and they are the responsibility of the Reinsurance Department. Each year, a Reinsurance Risk Assessment Report is compiled, which is used to ensure that the costs for reinsurance are optimal given the anticipated risk, results, volatility and capital needs. Thorough knowledge of probabilities and expected outcomes of claims are important components in assessing the risks associated with reinsurance.

The Club has had a consistent reinsurance strategy for many years. For Marine & Energy, the Club purchases its own protection. This is based on long-term relationships with some of the world's leading reinsurance companies. For P&I, the reinsurance is based on the cooperation within the International Group of P&I Clubs, where claim costs between USD 10 million and USD 100 million are shared (the Pooling Agreement).

To supplement this, the Group purchases reinsurance protection up to USD 3,100 million (Excess reinsurance programme). The International Group's joint reinsurance company is Hydra Insurance Group Ltd (Bermuda). It reinsures the Group's P&I pool claims for USD 70 million in excess of USD 30 million and

	Vessels	Marine ¹⁾	P&I ²⁾	FD&D
Three classes	447	X	X	X
Two classes	327	X	X	
	51	X		X
	377		X	X
One class	4,355	X		
	397		X	
	134			X
No of vessels	6,088			
No of vessels per class		5,180	1,548	1,009

¹⁾Including Energy Risks

²⁾P&I Owners

The table shows the concentration of insurance classes per vessel as of 31 December 2022: 7% of vessels were exposed to three insurance classes, 12% to two classes and 81% to one class.

The weighted average duration for outstanding claims is 2.7 years.

Insurance year	2017	2018	2019	2020	2021	2022
Estimated final claims cost (net) at the end of:						
Claim year (net)	112,058	93,428	108,757	125,892	175,060	146,885
one year later	118,168	101,720	121,670	138,169	177,591	
two years later	114,493	105,077	118,859	132,101		
three years later	113,966	104,861	118,232			
four years later	114,730	101,420				
five years later	112,643					

also part of the layer USD 750 million in excess of USD 100 million.

Parts of the pool, as well as parts of the reinsurance protection are covered by the captive company, Hydra Insurance Company Limited (Bermuda), which is owned by the Group's 13 members. Hydra is a protected cell company, which means that the assets and liabilities in each cell are legally separate from the other cells. Each of the 13 clubs owns one of the protected cells and from it, claims are paid and premiums received.

Hydra writes two reinsurance contracts for the clubs:

- 100% of the coverage between USD 30 and 100 million.
- Maximum USD 100 million of the coverage between USD 100 and 750 million.

The Swedish Club's share of the business in Hydra is approximately 4%. For more information on International Group see www.igpandi.org.

The Swedish Club has a reinsurance solution for the level USD 8.5 million in excess of USD 1.5 million, which covers the insurance classes, Marine and P&I. The thought behind this structure is to combine the protection for the different classes and only retain the first USD 1.5 million per combined claim. With this structure, the Club retains all claims in the layer USD 8.5 million in excess of USD 1.5 million during a normal claims year by means of an annual aggregated deductible of USD 26.5 million. The reinsurance is only settled in a year when the claims in this layer exceed the annual aggregated deductible.

In order to minimise counterparty risk for losses relating to payments from reinsurers, in accordance with documented procedures, minimum rating limits apply to the participating reinsurers, which means that no reinsurer may have a rating lower than A- (Standard & Poor's) or A3 (Moody's). During 2022, no participating reinsurer was rated below A by Standard & Poor's.

In connection with claims handling, the Club occasionally accepts guarantees from counterparts. In general, the Club only accepts guarantees issued by other P&I Clubs, major insurance companies, banks or cash deposits. The number of guarantees is limited and the associated risks are relatively small. In December 2022, outstanding premiums older than 3 months were 0.6 (0.7) % of the 2022 gross premiums written.

Following a favourable development regarding a liability for damage, the Club estimates receivables amounting to USD 72 million to be collected. Concurrently, a liability towards the reinsurance programme arises amounting to USD 59 million. The net exposure amounts to USD 13 million.

Operational risk

Operational risks might arise as a result of inadequate processes, systems and human factors. In the Club's quality system, critical activities have been documented and updated as needed. These, together with directives and instructions, help ensure that its processes are both appropriate and effective. For example, dependence on key individuals is lowered by spreading knowledge within the organisation and by having good job descriptions. The Club also continuously strives to

lower the risk that we participate in money laundering in the business by maintaining adequate knowledge of our customers and their operations. Furthermore, we make sure that we are aware of any sanctions in place (pertaining to trade with companies/ counterparties in certain countries).

Important operational risks also include risks that can arise in conjunction with a catastrophe scenario, such as an office fire, IT systems breakdown, a lengthy power failure, and so on. The Club has an established contingency plan for such situations, which is evaluated annually. The Club has implemented new guidelines on security and corporate governance pertaining to information and communication technology that were published by EIOPA in October 2020. The guidelines apply as of 1 July 2021. For insurance companies, it means that the requirements on corporate governance and risk management in the Solvency II Directive and Solvency II Delegated Regulation have now been updated to include the new guidelines.

Financial risk

Market, credit and liquidity risks are classified as financial risks. Here, the Club's primary objective is to identify an acceptable risk level from which it can maximize long-term investment income. The investment portfolio's currency mix also play an important role when matching the Club's assets and liabilities. The investment philosophy is based on risk diversification and investing primarily in assets with a high level of creditworthiness. To minimise and control risks, the Board of Directors establishes an investment policy (Investment Directive), which governs the composition, control and

authority over asset management. A model has been developed to stress the investments and measure the total value-at-risk. It measures exposure in equities, currencies, interest rates and maturities. According to the model, the risk exposure of USD 29 million that existed at the beginning of the year decreased to USD 19 million at the end of 2022, which is in line with the goal of keeping risk exposure within the tolerance limit, which is 30 per

cent of free reserves. Performance and other factors are measured and reported to the Managing Director on a monthly basis.

Market risks include fluctuations in interest rates, exchange rates and share prices. The Club operates in an international environment, with revenue, expenditures and investments in various currencies. The Club's Head Office and most of

its manpower is situated in Sweden; accordingly, a significant part of the overhead costs is denominated in Swedish kronor (SEK). The future amounts of cash flows related to these costs are highly predictable and stable. Therefore, The Club is hedging its future cash outflows of SEK to USD. The following table reflects an age distribution based on due date for these forward exchange agreements as of 31 December.

USD/SEK forward foreign exchange agreements	< 3 months	3-12 months	1-4 years	Total
Fair value, USD	-728	-1,793	-2,977	-5,498
Nominal amount, USD	3,600	10,800	36,000	50,400
Average rate USD/SEK	8.30	8.55	9.23	9.02

The hedging contracts are part of the other liabilities and provisions presented in the table below.

As of 31 December 2022 the duration of fixed income securities was 2.2 (2.3) years. A change in interest rates of 1% would result in a change in the value of the bond portfolio of approximately USD 6 (7) million.

Currency exposure for the Club's most important currencies (see the table, below) was, as of 31 December 2022 USD 20.6 (28.6) million. As all decisions regarding currency positions are based on a US dollar perspective, the Club has chosen to regard free reserves as consisting entirely of US dollars. However, operating costs arise in a variety of currencies.

15% of the Club's investments are shares. All exposure in shares is in well-diversified funds or in indexed-linked securities with a high rating. Decisions concerning investments and reallocations of equity investments are the responsibility of the Board of Directors through the Finance & Audit Committee.

Currency exposure. Amounts in USD thousands	EUR	GBP	SEK
Investment assets	22,779	-	10
Receivables	3,010	1,151	-80
Other assets	790	1,766	3,679
Total assets	26,579	2,917	3,609
Equity and untaxed reserves	-	-	-
Technical provisions, net	-1,465	-5	-97
Other liabilities and provisions	-1,205	-1,781	-7,964
Total liabilities and provisions	-2,670	-1,786	-8,061
Net exposure	23,909	1,131	-4,452

Creditworthiness for classes of financial assets at fair value ¹⁾	AAA	AA	A	BBB	Other
Bonds and other interest-bearing securities					
Foreign governments	113,065	11,087	967	1,865	771
Other foreign issuers	3,345	15,174	32,952	47,033	70,809
	116,410	26,261	33,919	48,898	71,580

¹⁾ Rating by Standard & Poor's and Moody's

Credit risks are associated with the following items: risk of bond failures, reinsurance compensations, receivables from members and guarantees from counterparts.

The creditworthiness of bonds and other interest-bearing securities is presented in the table on page 64. At year-end, the Club had USD 297 (309) million invested in fixed income products.

Liquidity risk is low over the short term since the majority of the investment portfolio can be converted to cash within a few days. The Club is not, therefore, dependent on financing from capital markets.

2022	Financial assets measured at fair value through profit or loss	Loans receivables measured at amortised cost	Total carrying amount	Fair value
Assets designated as belonging to this category				
Financial assets				
Shares	53,381	-	53,381	53,381
Bonds and other interest-bearing securities	297,068	-	297,068	297,068
Other receivables	-	370	370	⁻¹⁾
Cash and bank balances	-	33,432	33,432	⁻¹⁾
Other assets	-	559	559	⁻¹⁾
Total financial assets	350,449	34,361	384,810	350,449

2022	Financial assets measured at fair value through OCI	Other financial liabilities measured at amortised cost	Total carrying amount	Fair value
Financial liabilities				
Forward exchange agreements	4,795	703	5,498	5,498
Other liabilities	-	14,945	14,945	⁻¹⁾
Total financial liabilities	4,795	15,648	20,443	5,498

2021	Financial assets measured at fair value through profit or loss	Loans receivables measured at amortised cost	Total carrying amount	Fair value
Assets designated as belonging to this category				
Financial assets				
Shares	81,565	-	81,565	81,565
Bonds and other interest-bearing securities	309,087	-	309,087	309,087
Other receivables	-	222	222	⁻¹⁾
Cash and bank balances	-	24,108	24,108	⁻¹⁾
Other assets	-	646	646	⁻¹⁾
Total financial assets	390,652	24,976	415,628	390,652

2021	Financial assets measured at fair value through profit or loss	Other financial liabilities measured at amortised cost	Total carrying amount	Fair value
Financial liabilities				
Forward exchange agreements	703	-	703	703
Other liabilities	-	10,436	10,436	⁻¹⁾
Total financial liabilities	703	10,436	11,139	703

¹⁾ Disclosure on fair value has not been provided because the carrying amount is deemed as being a reasonable approximation of fair value.

Calculation of fair value

The following is a summary of the primary methods and assumptions that have been used to determine the fair value of financial instruments, which are reported at fair value in the balance sheet:

Level 1

For financial instruments listed on an active market (investment assets) the fair value is determined on the basis of the asset's listed buying rate on the reporting date, not including transaction costs (such as brokerage fees) at the time of acquisition. Any future transaction costs related to disposal are not taken into account.

Level 2

In those few instances where prices are not readily available, valuation has been made by an independent nominee, who, by own account, has used price components that can be observed on the market and which therefore are included in Level 2.

Level 3

The Club uses valuations performed by an independent nominee.

In the table below, data is provided on how fair value is decided based on the description of the levels provided above for the financial instruments that

are measured at fair value in the balance sheet.

Capital requirements

FI's (the Swedish financial supervisory authority) oversight of insurance companies includes a quarterly reporting requirement on Solvency Capital Requirement (SCR) and own funds. SCR at the end of 2022 was USD 139.3 million compared to eligible own funds that amount to USD 241.7 million.

2022	Level 1	Level 2	Level 3	Total
Shares	53,381	-	-	53,381
Bonds and other interest-bearing securities	261,938	16,311	18,819	297,068
Total	315,319	16,311	18,819	350,449

Note 3.

Premiums written, gross, by geographic area	2022	2021
China	49,326	41,361
Greece	45,559	38,393
Germany	26,090	25,257
Singapore	25,134	18,622
Sweden	13,210	10,613
Hong Kong	9,921	10,013
Norway	6,468	9,132
Other countries	53,974	47,153
	229,682	200,544

Note 4.

Investment income transferred from the non-technical account	2022	2021
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Allocated investment income transferred to the technical account

The Club uses a model for the calculation of transferred investment income. It is based on the interest rate that corresponds to the United States 1-year bond yield at the beginning of the year in relation to the provisions for claims outstanding net of reinsurance. For 2022, the expected 1-year US Government bond rate used was 0.2%. If the calculated annual amount is less than USD 1 million no transfer will be made.

	2022	2021
Average interest rate	0.2%	0.1%

Note 5.

Claims paid	2022			2021		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
Current year:						
Claims Paid	-30,758	-	-30,758	-66,230	5,964	-60,266
Claims Handling Costs	-12,018		-12,018	-13,025		-13,025
Previous years:						
Claims Paid	-131,842	46,052	-85,790	-49,749	-776	-50,525
	-174,618	46,052	-128,566	-129,004	5,188	-123,816

Note 6.

Change in other technical provisions	2022	2021
Value change, Hydra	773	-5,606
	773	-5,606

This income item reflects the change in value of receivables on Hydra. See Note 20.

Note 7.

Net operating expenses	2022	2021
Specification of net operating expenses reported in the income statement		
Acquisition costs	-21,657	-18,814
Change in prepaid acquisition costs	477	1,059
Internal operating expenses for acquisition of insurance contracts	-7,254	-7,286
	-28,434	-25,041
Administrative expenses	-6,694	-5,911
Net operating expenses	-35,128	-30,952
Allocation of other operating expenses in the income statement:		
Claims handling expenses reported as claims paid	-12,018	-13,025
Finance administrative expenses reported as Financial costs, Note 11	-461	-344
	-47,607	-44,321
Total operating expenses analysed under the following categories:		
Advertising and selling expenses	-832	-363
Personnel costs ²⁾	-17,963	-17,424
Travel expenses	-641	-167
Cost of premises	-1,945	-1,820
Office expenses	-1,430	-1,375
External services and fees ¹⁾	-3,236	-4,282
Depreciation	-209	-170
Charged claims handling cost	3,141	2,266
Other revenue	266	421
External acquisition costs	-21,180	-17,755
Costs for The Swedish Club Hong Kong Limited	-3,578	-3,652
	-47,607	-44,321
¹⁾ Operating expenses include remuneration to PwC	2022	2021
Audit assignment	-236	-138
- of which concern PwC Sweden	-190	-91
Other statutory assignments	-	-
Tax advice services	- 5	-3
- of which concern PwC Sweden	-	-
Other services	-174	-145
- of which concern PwC Sweden	-	-

²⁾ Contains an impact from hedging instruments

Note 8.

Operational leasing	Machinery & equipment	Buildings & premises
Fees due		
Year 2022	202	1,876
1 year	169	1,963
2 - 5 years	140	3,574
> 5 years	-	-

The company has operational leasing agreements, mainly rental agreements for premises, that are presented above.

Note 9.

Financial income	2022	2021
Dividends on quoted shares	216	271
Interest income		
Bonds and other interest-bearing securities	347	471
Other interest income	221	27
	568	498
Gains on the realisation of investments, net:		
Quoted shares	2,745	6,309
Bonds and other interest-bearing securities	-	2,177
Forward exchange agreements	150	1,134
	2,895	9,620
	3,679	10,389

Note 10.

Unrealised gains on investments	2022	2021
Quoted shares	-	7,011
Bonds and other interest-bearing securities	-	142
	-	7,153

Note 11.

Financial costs	2022	2021
Internal management expenses	-461	-344
External management expenses	-99	-166
Losses on foreign exchange, net	-1,957	-2,780
Losses on the realisation of investments, net		
Bonds and other interest-bearing securities	-1,616	-
	-4,133	-3,290

Note 12.

Unrealised losses on investments	2022	2021
Quoted shares	-18,082	-
Bonds and other interest-bearing securities	-20,357	-
Forward exchange agreement	-	-4,351
	-38,439	-4,351

Note 13.

Intangible assets	2022	2021
Capitalised expenditure, software system		
Opening accumulated costs	5,764	5,357
Acquisitions	714	913
Revaluation of accumulated acquisition costs	-661	-506
Closing accumulated costs	5,817	5,764
Opening accumulated depreciation	-4,851	-5,357
Depreciation for the year	-41	-
Revaluation of depreciation	647	506
Closing accumulated depreciation	-4,245	-4,851
	1,572	913

Depreciation is accounted for in the income statement under 'Net operating expenses'.

Note 14.

Shares in group and associated companies	2022	2021
Non-quoted shares in subsidiaries:		
The Swedish Club Hong Kong Limited 1 share nominal value HKD 1	0	0
Non-quoted shares in associated companies:		
The Swedish Club Academy 750 shares nominal value SEK 100	11	11
	11	11

The Club has a subsidiary company which, in accordance with the Swedish Annual Accounts Act, has not been consolidated since the subsidiary company is of lesser importance with regard to true and fair view requirements.

The Club's ownership share of The Swedish Club Academy is 50%.

Information about The Swedish Club Academy AB:

CIN: 556798-1435

Registered office: Göteborg, Sweden

Information about The Swedish Club Hong Kong Limited:

CIN: 15065077-001-09-19-0

Registered office: Hong Kong

Note 15.

Quoted shares	2022	2021
Quoted shares at fair value	53,381	81,565
	53,381	81,565

Costs of quoted shares USD 44 856 (54 958) thousands.

Quoted shares are specified in the table below:

Name	Number	Cost	Fair value
Mercer Passive Global Equity UCITS Fund	255,176	29,635	37,140
Mercer Low Volatility Equity Fund	50,889	8,638	9,853
Mercer PIP VI - Sub Fund INFRA	6,583	6,583	6,388
		44,856	53,381

Note 16.

Bond funds and other interest-bearing securities

2022	Cost	Fair value	Carrying amount
Bond funds	296,982	297,068	297,068
	296,982	297,068	297,068
2021	Cost	Fair value	Carrying amount
Bond funds	288,645	309,087	309,087
	288,645	309,087	309,087

Note 17.

Technical provisions	2022			2021		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
Provision for claims outstanding						
Opening balance, provision for reported claims	312,156	-96,553	215,603	250,176	-66,597	183,578
Opening balance, provision for incurred not reported (IBNR)	29,890	-250	29,640	28,929	-1,200	27,729
Opening balance	342,046	-96,803	245,243	279,105	-67,797	211,308
Claims occurred during the current year	141,265	-4,336	136,929	205,778	-49,344	156,434
Claims paid current year	-162,601	46,052	-116,549	-115,979	5,188	-110,791
Change in expected cost for claims occurred previous years (run-off result)	74,429	-85,670	-11,241	-26,858	15,150	-11,708
Closing balance	395,139	-140,757	254,382	342,046	-96,803	245,243
Closing balance, reported claims	373,792	-140,507	233,285	312,156	-96,553	215,603
Closing balance, provision for incurred not reported (IBNR)	21,347	-250	21,097	29,890	-250	29,640
Provision for unearned premiums						
Opening balance	51,166	-4,557	46,609	43,758	-3,777	39,981
Insurance contracts signed during the period	54,971	-5,973	48,998	51,166	-4,557	46,609
Premiums earned during the period	-51,166	4,557	-46,609	-43,758	3,777	-39,981
Closing balance	54,971	-5,973	48,998	51,166	-4,557	46,609

The provision is treated as USD. No exchange differences therefore arise. Provision for claims handling included in provision for claims outstanding amounts to USD 9,396 (8,107) thousands. The provision for incurred and reported claims is reported including incoming reinsurance amounting to USD 151 (301) thousands.

Note 18.

Receivables related to direct insurance operations	2022	2021
Policyholders (members)	54,092	51,176
Insurance brokers	9	31
Insurance companies	1,547	3,066
Other ¹⁾	92,437	94,155
	148,085	148,428

¹⁾Other consists mainly of recourses.

Note 19.

Tangible assets	2022	2021
Machinery and equipment		
Opening accumulated cost	3,319	3,429
Acquisitions	435	222
Sales and disposals	-20	-
Revaluation of accumulated purchase prices	-405	-332
Closing accumulated cost	3,329	3,319
Opening accumulated depreciation	-2,789	-2,902
Reversed depreciation on tangible assets disposals	20	-
Depreciation for the year ¹⁾	-168	-170
Revaluation of depreciation	375	283
Closing accumulated depreciation	-2,562	-2,789
	767	530

¹⁾Depreciations are accounted for in the income statement under 'Net operating expenses'.

Note 20.

Other assets	2022	2021
Receivables, Hydra	16,172	15,400
Other assets	560	645
	16,732	16,045

Note 21.

Pensions and similar obligations	2022	2021
Pension provisions	219	193
	219	193

The costs for own employees for both defined-benefit and defined-contribution pensions are reported as employee benefit expenses at the rate that the benefits are earned. Defined-benefit pensions are reported in accordance with RFR 2, which means that the pension expense corresponds to paid premiums. Total paid premiums during the year amounted to USD 2,037.

Pension provisions include the capital value of pension obligations for prior senior executives, which amounts to SEK 219 (192) thousand.

Pension payments for the year amounted to USD 1 thousand.

Note 22.

Taxes	2022	2021
Tax on result for the year		
Deferred tax investment assets	7,918	-577
Deferred tax other comprehensive income	988	-
Other taxes	-	-644
Closing accumulated cost	8,906	-1,221

Tax rate 20.6%. Current years deferred tax is assignable to unrealised value changes in investment assets.

Change in provision for deferred tax		
Opening balance	9,547	8,970
Change recognised in income statement	-8,906	577
Closing balance	641	9,547
Change in provision for deferred tax reported in untaxed reserves		
Opening balance	36,336	43,628
Change reported in untaxed reserves	-921	-7,292
Closing balance	35,415	36,336

Note 23.

Liabilities related to direct insurance operations	2022	2021
Policyholders (members)	3,987	9,412
Insurance brokers	8,051	7,236
Insurance companies	5,860	6,137
	17,898	22,785

Note 24.

Other liabilities	2022	2021
Forward exchange agreements	5,498	703
Trade creditors	571	640
Other creditors	14,828	10,373
	15,399	11,013

Note 25.

Expected settlement of assets and liabilities

Approximately 60% of the provision for claims outstanding is expected to be paid more than 12 months in the future. For other balance sheet items that are expected to be settled more than 12 months in the future, 50% of the receivables and liabilities are associated with other insurance companies. There is little risk in the short term of the Club becoming short of cash funds since most of the investment portfolio can be converted to cash within a few days. For more information on liquidity risk, please see Note 2.

Note 26.

Memorandum items

The listed assets below, are held in the priority register for coverage of technical provisions. In case of insolvency the members have a priority right to the registered assets. The company has the right that in going concern add or delete assets in the priority register as long as the requirements are met in accordance with Swedish Insurance Act.

	2022	2021
Government/municipal bonds, etc.	162,278	53,089
Bonds other	118,479	234,192
Quoted shares	53,381	81,565
Investment fund	16,311	21,806
Cash and bank balances	19,190	14,485
Receivables related to direct insurance operations	37,483	35,981
	407,122	441,118
Technical provisions, net	303,380	291,852
Surplus of registered assets	103,742	149,266
	407,122	441,118

Bank guarantees

In connection with commitments to other members of the International Group and to members of The Swedish Club, the Association has provided bank guarantees of USD 4.0 (2021: 8.4) million. There is also a bank guarantee on lease amounting to USD 0.1 (0.1) million.

Note 27.

Related party transactions

With the exception of what is required by insurance contracts, there are no related party transactions with Board members. Neither are there any related party transactions with senior executives of the Club. During the year, the Club reimbursed the equivalent of USD 3.6 million to its subsidiary in Hong Kong. This was for operating costs in 2022. In addition, a receivable is reported in the balance sheet for USD 0.2 million.

Note 28.

Significant events after the balance sheet date

After the balance sheet date, insurance activities have developed in line with the established goals and expectations. The Swedish Club does not have any significant events to report on items that have not previously been communicated but relate to periods up to the balance sheet date.

Note 29.

Personnel	2022	2021
Average number of employees:		
in Sweden	77	80
in Greece	21	20
in Norway	6	6
in Hong Kong ¹⁾	1	1
in Singapore	3	-
in United Kingdom	3	3
	111	110
of which, women	47%	43%
Women in management team	33%	33%
Salaries and payments:		
Board and senior management	1,721	1,57
<i>whereof bonus payments</i>	-	-
Other employees	8,620	9,364
Payroll overhead:		
Other employees	5,582	5,653
<i>whereof pensions costs to board and senior management</i>	383	440
<i>whereof pension costs to other employees</i>	1,724	1,784

¹⁾ The average number of employees in The Swedish Club Hong Kong Limited is 18 (19).

Fees have been paid to Board members during the year in accordance with the Annual General Meeting (AGM) decision. The AGM decides on how remuneration to the Board shall be allocated between the Chairman of the Board and the other Board members. No fees are paid to a board member who is employed by the company. No variable remuneration is paid to the Board members.

The Managing Director's remuneration is decided by the Chairman of the Board and remuneration to other senior executives is decided by the Managing Director. Remuneration to the Managing Director and other senior executives consists of basic salary, other benefits and pensions. Other senior executives are individuals who, together with the Managing Director, form the management team. For pension terms, see Note 21. The Managing Director's employment contract states that the Club is required to give notice of termination two years in advance.

Board members' signatures

The income statements and balance sheets will be brought forth for adoption by the AGM on 15 June 2023

The Board of Directors and the Managing Director hereby declare that the annual report has been prepared in accordance with generally accepted accounting principles and that it gives a true and fair view of the Club's financial position and results. The Board of Directors' report provides a true and fair view of the Club's operations, position and results and it describes the Club's significant risks and uncertainty factors.

Gothenburg, 24 March 2023

L. Simonsson
Chairman of the Board

M. Bodouroglou

X. Chen

P. Claesson

J. Coustas

D. Dragazis

R. Grool

A. Hampson

K. Hashim
Deputy Chairman

L. Höglund

A. Källsson

A. Lemos

M. Liu

M. Livjin

L. Rhodin

S. Sun

T. Tanthuanit

M. Vinnen

H. Xu

T. Yu

K. Zacharatos

T. Nordberg
Managing Director

M. Birgersson
Employee Representative

A. Fjaervoll
Employee Representative

Our audit report was submitted by
Öhrlings PricewaterhouseCoopers AB

Morgan Sandström
Authorised Public Accountant

The Club's relative competitiveness will hold up well and the Club's strong financial position provides security for all of the Club's business partners and members



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Independent auditor's report

To the Board and the Managing Director of The Swedish Club
(Sveriges Ångfartygs Assurans Förening) org. nr 557206-5265

Report on the audit of the financial statements

This opinion relates to a formal financial statement that in all material aspects corresponds to pages 47 - 78 in this published version of the report.

Our opinion

We have audited the financial statements of The Swedish Club (the Company), which comprise the income statement for the year ended December 31, 2022, the balance sheet as at December 31, 2022, the statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of The Swedish Club for the year ended December 31, 2022 are prepared, in all material respects, in accordance with the accounting policies described in the note 1 of these financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards 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 professional ethical requirements that are relevant to our audit of the financial statements in Sweden and we have fulfilled our other ethical responsibilities in accordance with these professional ethical 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 judgement, 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.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of provisions for claims outstanding</p> <p>Provisions for claims outstanding constitute a significant balance sheet item based on calculations and estimates of future outcomes of the cost of claims. Factors taken into account in the assessment include time of settlement and patterns of claims.</p> <p>The company uses established actuarial methods for calculating provisions for claims outstanding. The company's provisions consist of a number of different products where the characteristics of the products affect the calculation models.</p> <p>For further description, see the Annual Report note 1, 2 and 17.</p>	<p>Our audit has included, but not exclusively, consisted of:</p> <ul style="list-style-type: none"> • Assessment of design and testing of the effectiveness of controls in the processes for calculating the provision for claims outstanding. • Assessments of used actuarial methods and models. We have also challenged and assessed the management's assumptions used in the calculations. • In addition, we have conducted our own calculations to ensure that the provision for claims outstanding is reasonable. PwC's own actuaries assisted the audit.

Other matters

The Company has prepared a separate set of financial statements in SEK for the year ended 31 December 2022 in accordance with the regulations regarding annual reports for insurance companies (FFFS 2019:23), on which we will issue a separate auditor's report for the Sveriges Ångfartygs Assurans Förening. The financial statements have been translated from Swedish to English and from SEK into USD in accordance with the principles laid out in the Note 1 of these financial statements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of these financial statements in accordance with the accounting policies described in the note 1 of these financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting 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.

AUDITOR'S REPORT

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, 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.

Stockholm, April 2023

Öhrlings PricewaterhouseCoopers AB

Morgan Sandström

Morgan Sandström Authorised Public Accountant





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Performance analysis per class of insurance

Performance analysis per class of insurance

According to Swedish regulations, there is only one class of insurance. However, the Club voluntarily reports on other subclasses. Please see page 91 for an explanation of the classes of insurance.

For the financial year January through December 2022.

Amounts in USD thousands.

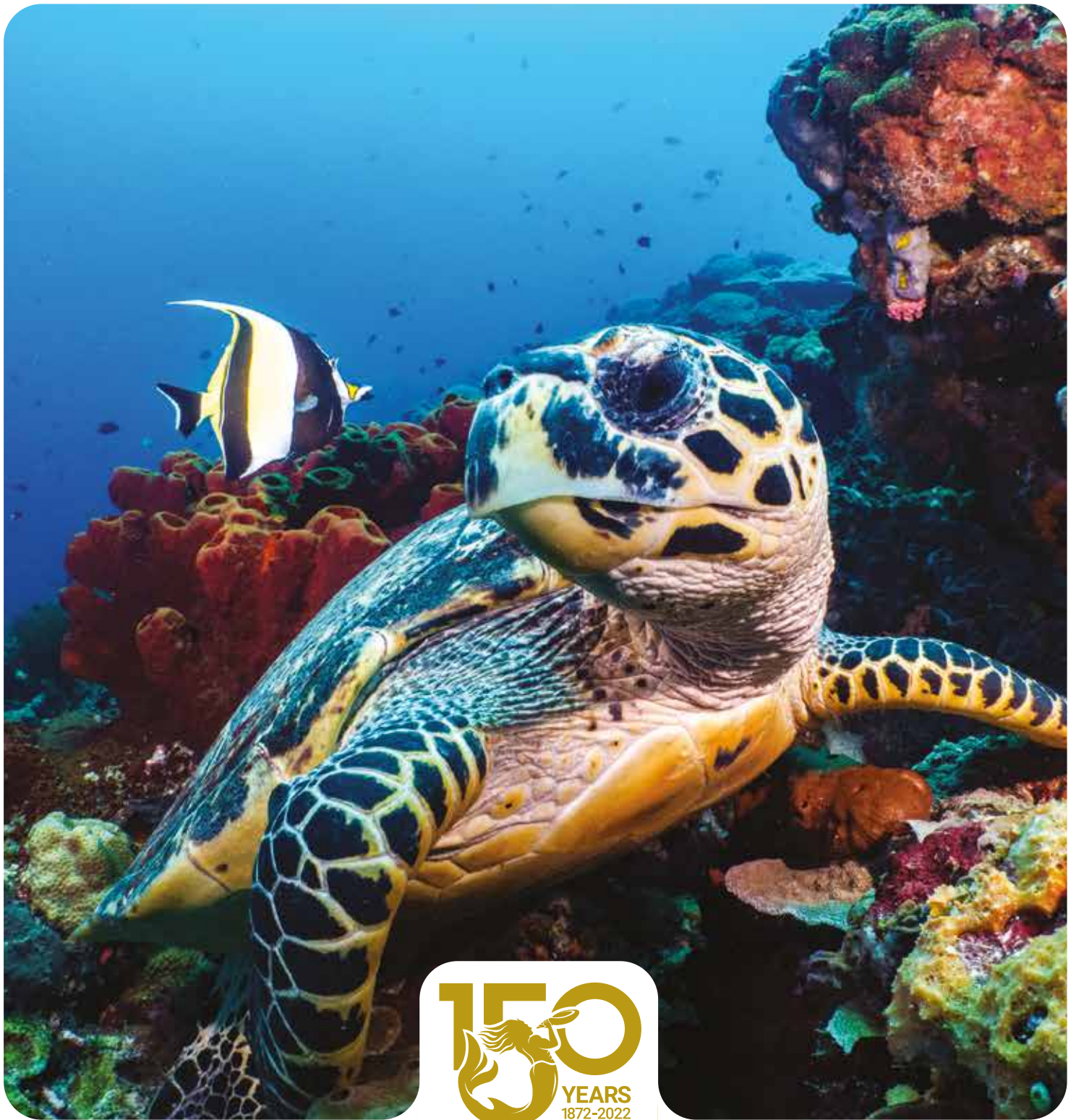
		Total	P&I	FD&D	Marine & Energy
Technical account					
Earned premiums, net of reinsurance					
Premiums written, gross		229,682	126,664	9,254	93,764
Outward reinsurance premiums		-58,016	-43,228	-	-14,788
Change in provision for unearned premiums		-3,805	-2,240	-105	-1,460
Reinsurers' share of change in provision for unearned premiums		1,416	1,228	-	188
	A	169,277	82,424	9,149	77,704
Investment income transferred from the non-technical					
	B	-	-	-	-
Claims incurred, net of reinsurance					
Claims paid					
Before outgoing reinsurance		-174,618	-127,327	-4,099	-43,192
Reinsurers' share		46,052	44,123	9	1,920
		-128,566	-83,204	-4,090	-41,272
Change in provision for claims outstanding					
Before outgoing reinsurance		-53,093	-42,381	-3,078	-7,634
Reinsurers' share		43,953	45,250	7	-1,303
		-9,140	2,869	-3,071	-8,937
	C	-137,706	-80,336	-7,161	-50,209
Change in other technical provisions					
	C	773	773	-	-
Net operating expenses					
	D	-35,128	-16,276	-1,276	-17,576
Balance on technical account	A+B+C+D	-2,784	-13,415	712	9,919
Financial result		-38,893			
Allocated investment income transferred to the technical account		-			
Result before appropriation and tax		-41,677			
Key figures					
Loss ratio [C/A]			81%		
Expense ratio [D/A]			21%		
Combined ratio [(C+D)/A]			102%		





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Definitions & Glossary



150 years of experience

The Club has been delivering on promises for 150 years. We have built up a reputation for excellence, and our diverse and high-quality team of Master Mariners, lawyers, naval architects, marine engineers and adjusters ensure you are in safe hands. We add value in the way we support our members in preventing and mitigating claims, in the way we handle claims, and in our role as industry advisor in insurance related matters.

www.swedishclub.com

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Definitions & Glossary

AER, Average expense ratio:

all members of the International Group of P&I Clubs are subject to the EU Commission requirement to report the AER for P&I business. This is a measure of cost-effectiveness. AER is measured in US dollars and calculated for the latest five-year period by relating operating costs, excluding claim handling costs, connected with P&I activity to premiums plus investment income concerning P&I activity.

Ancillary own funds:

consists of items in addition to those included in basic own funds and which may be required for covering losses.

For items in Level 2 and 3 of the hierarchy, the maximum amount of ancillary own funds that may be included here is 50% of the SCR.

Basic own funds:

the core of eligible own funds according to Solvency II. Calculated as the difference between assets and liabilities, including technical provisions measured at fair value.

Claims frequency:

the observed relationship during a specific period between the number of claims arising within a certain category of insurance and the number of insurance policies within the same category. Does not include major claims.

Combined ratio:

claims for own account and net operating expenses in the insurance business, as a percentage of earned premium for own account.

CTL, Constructive Total Loss:

is when the vessel is beyond any reasonable cost for repairs. The damage or damages to the ship will cost more to repair than the insured value.

Direct yield:

direct yield on investments (dividends received and interest income) as a percentage of the average fair value of investments and cash/bank balances.

Eligible own funds:

Own funds consist of basic own funds and ancillary own funds, established according to the Solvency II requirements. Own-fund items are classified in three tiers, depending on their value. Only basic own funds classified as Tier 1 and Tier 2 are eligible for covering the MCR.

Energy:

insurance that is comprised of Hull & Machinery, Increased Value, Hull Interest, War, Loss of Hire for Mobile Offshore Units and FPSO. For more information see: Insurance Products at www.swedishclub.com.

Expense ratio:

net operating expenses in the insurance business, as a percentage of earned premium f.o.a.

FD&D, Freight, Demurrage & Defence (legal protection):

a main class of insurance that convey advice and cover the legal costs incurred in pursuing or defending claims covered by this class of insurance pursuant to its terms and conditions. There is no cover under FD&D, however, for the claim itself.

For own account, f.o.a:

net of reinsurance.

Free reserves:

equity less deferred tax assets plus untaxed reserves and deferred tax liability.

H&M, Hull & Machinery:

a cover that protects the insured against damage to, or loss of, his vessel or machinery.

IBNR, Incurred but not reported:

a term used to describe an estimate of claims which may have occurred, but of which the Club is not yet aware, or is only partially aware and for which provisions must be made when calculating the Club's liabilities.

International Group of P&I Clubs:

this organisation arranges collective insurance and reinsurance for P&I clubs and reflects the views of the P&I community.

Loss ratio:

claims incurred, net of reinsurance, as a percentage of earned premiums f.o.a.

Marine & Energy (vessels):

a main class of insurance which includes Hull & Machinery (H&M), Hull Interest, War, Loss of Hire and Energy. For more information: see Insurance at www.swedishclub.com

MCR, Minimum Capital Requirement:

insurers subject to Solvency II must at all times have eligible basic own funds of at least the level of the MCR. The authorisation of an insurer is withdrawn when the undertaking's amount of eligible basic own funds falls below the MCR and the undertaking is unable to re-establish the amount of eligible basic own funds at the level of the MCR within a short period of time.

MRM, Maritime Resource Management:

is a training course intended for seagoing staff, pilots, and shore-based personnel. The overall objective is to minimise casualties and losses caused by human and organisational errors. The Swedish Club Academy AB is the owner of the MRM course and has licensed a large number of training providers world-wide for delivery of training. For more information see: www.swedishclub.com/academy.

Overspill:

claims exceeding the International Group of P&I Clubs' reinsurance are pooled amongst the members up to the overall limit set by the P&I Rules. The estimate is currently USD 3.5 billion in excess of reinsurance.

P&I, Protection & Indemnity (ship liability):

a main class of insurance that indemnifies or covers the insured in respect of the discharge of legal liabilities incurred during the operation or employment of the vessel.

Pool:

the P&I clubs in the International Group share claims made in excess of the retention of USD 10 million. In the excess of the pool limit, the Group has jointly purchased Excess of Loss reinsurance.

Retention:

the highest insured or claims amount relating to the same risk that an insurer retains for its own account, without reinsurance.

SCR, Solvency Capital Requirement:

capital requirement in accordance with the Solvency II Directive. It corresponds to the level where the probability that the company is unable to meet its obligations does not exceed 1 in 200. The requirement is calculated using a standard model. The capital requirement is affected by insurance, market, credit, and operational risks.

Total return:

direct yield on investments (dividends received and interest income), unrealised profits and losses and capital gains or losses from the sale of investment assets, in relation to the average fair value of the investments and cash/bank.

Underwriting:

includes the risk assessment and pricing that occurs when insurance contracts are drawn up. In accounting contexts, the term is also used more broadly to designate the operations of an insurance company that do not have the character of asset management.



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