



**Annual Report
MS Amlin AG
2020**

**Kirchenweg 5
8008 Zürich
Switzerland**

Management Report

Prior to 1 January 2020, MS Amlin AG (the Company) was a wholly owned subsidiary of MS Amlin plc, whose parent was Mitsui Sumitomo Insurance Company (MSI) Limited, a wholly owned subsidiary of MS&AD Group Holding, Inc. (MS&AD). On 1 January 2020 the share ownership in the Company transferred to MSI with MS Amlin AG becoming a direct subsidiary of MSI.

MS Amlin AG operates in four underwriting locations. The Zurich operations of the Company writes reinsurance for predominantly small and mid-sized insurance companies across all non-life classes and products. The Bermuda branch writes a geographical spread of catastrophe, property, casualty, financial lines and speciality business. Two new underwriting locations were added in 2019 and 2020 through MS Amlin Reinsurance Managers Inc (ARMI) in the USA. The Miami branch of ARMI writes Latin American property and casualty reinsurance business and New Jersey, US motor and general liability business, both through a binder agreement with MS Amlin AG.

MS Amlin AG additionally retains a branch in Labuan.

Business Development and Financial Condition

Gross written premium was maintained at similar levels to 2019 however with increased diversification of the portfolio. Reductions in catastrophe and aggregate exposures were offset by growth in engineering and financial lines as well as ARMI New Jersey and Miami business being general liability, US motor and Latin American property and casualty respectively.

Loss activity was most notably impacted by COVID-19 losses which have been estimated at in excess of USD 100.0 million for the Company. In addition, claims have been incurred through the catastrophe portfolio, including from Hurricane Laura and the Mid West Derecho, smaller natural perils such as Hurricanes Delta and Zeta and also man made losses such as the Beirut Explosion. Reserves were increased in long tail classes such as casualty, engineering and motor classes to reflect market trends as well as recent experience.

Administrative expenses were broadly in line with the prior year however savings were made predominantly as a result of reduced travel and entertainment expenses due to COVID-19.

Net income from investments was USD 82.8 million. This was a positive outcome given the volatility in the investment markets which showed negative returns during the first quarter, rebounding most positively in zero duration bonds and equities. Property investments also showed positive returns.

The overall result was a loss for the Company for the year 2020 of USD 9.3 million.

Number of full-time positions on an annual average

The Company employed a worldwide staff at an average of 126 full time equivalents (2019: 125).

Extraordinary events

One year on from the declaration of a Public Health Emergency due to Coronavirus by the World Health Organisation there still remains significant uncertainty which is impacting the financial markets and the economy as a whole. The longer term impacts of the virus are yet to be fully understood. Included within the result are reserves specifically related to COVID-19. MS Amlin AG has maintained a strong capital position through the event and operations continued to run as expected.

Future prospects and vision

The Company has a vision to be a 'Respected Global Reinsurance Partner'. This is anchored in our values of Client Understanding, Respecting Each Other, Probity, 'Kaizen', One MS Amlin Team and Courage to Challenge.

Our strategy as a leading global reinsurer remains consistent following the change in direct ownership of the Company to MSI and benefits from the support of one of the world's largest non-life insurance groups. Following an organisational restructure in 2020 resulting in greater resource alignment to the business, MS Amlin AG is well positioned to build for the future. The Company's strategy is driven by a client-focused approach together with a well-balanced and diverse underwriting portfolio. This is enabled by further developing a high performing platform alongside our ability to attract and retain world class talent.

The focus for 2021 is on those levers and enablers which support execution of the short and longer term goals. This includes further development of the Company's portfolio management capabilities to enhance responsiveness and flexibility to the cycle and growth opportunities across the business particularly given the improving market environment.

The Company is expected to further grow and diversify the portfolio over the longer term with investment being made into supporting infrastructure to allow for scalability and increased efficiencies whilst ensuring that we are accessible to our clients via the most appropriate distribution channels.

The strategy is intended to see the Company being well diversified in terms of products and geographies and therefore able to support clients more broadly, to be financially sound with the ability to offer substantial line sizes and capacity and to develop long-term relationships with clients and brokers.

Within the strategic plans, MS Amlin AG does not anticipate, or rely on a market-turning event. Instead, the Company expects a series of smaller market rate corrections that will neither materially attract nor deflect significant volumes of capital to the market.

Risk Assessment

Risk Management Strategy

MS Amlin AG's vision and core values provide the strategic focus for the risk management system to deliver 'effective risk management which optimises return for the risks we take' with the objective to deliver long-term value. This is achieved by actively seeking and accepting risk while managing that risk within acceptable bounds.

Risk Management Framework

MS Amlin AG has developed a Risk Management Policy committed to establishing and maintaining a sustainable enterprise risk management process as an integral part of its business model supporting business planning, capital management and decision making in the business. The Policy is intended to provide transparency, and define ownership, and responsibilities throughout the risk management process as well as create a risk aware culture across the organization.

To supplement and fulfil the needs of the Policy, a Risk Management Framework has been developed and documented which provides:

- A strong, risk based organisation, supported by an appropriate risk management system;
- A robust governance framework supporting its organisational structure;
- Clear roles and responsibilities and effective escalation processes;
- Effective monitoring; and
- Clear and effective communication and reporting lines.

MS Amlin AG's Risk Management Framework consists of a suite of standards, governance processes and procedures that ensure a strong risk management function. It is built into the core operating model of the business and forms part of the overall approach to internal control. It provides the infrastructure within risk governance and also sets out the processes required to sustain risk management across the business.

Risk Management Methods and Processes

Risk Governance

The operation of effective risk management requires the active involvement of all employees and the responsibility for each risk has been clearly allocated within the Company.

MS Amlin AG operates risk management through a 'three lines of defence' model.

- First line – all employees are expected to be risk aware and exercise controls over their activities so that levels of risk are understood and managed appropriately;
- Second line - MS Amlin AG's Risk function is responsible for the design and coordination of the risk framework architecture, working together with the Compliance function for additional support;
- Third line - MS Amlin's Internal Audit function is independent and has direct reporting to the MS Amlin AG Audit Committee. The function has responsibility for the review of the effectiveness of controls.

The Boards and the Risk & Solvency Committee receive reports from the Risk function that escalate risk areas of concern.

Risk Appetite and Tolerances

A key objective of the Risk Management Framework is to establish risk appetites for all key areas of risk identified. This appetite is implemented through a set of tolerances and limits which are approved by the Risk & Solvency Committee and the Supervisory Board. Management is accountable for managing levels of risk within the allocated tolerances. The status of profile versus tolerance is reported quarterly to the Risk & Solvency Committee with breaches escalated up to the Supervisory Board.

Risk Categorisation

MS Amlin AG groups its risks into six key categories as specified below. Accordingly, the Risk Management Framework has been designed to take account of these risk categories and seeks to ensure ownership and accountability.

Each of these categories of risk is owned by an Executive Board member with appropriate expertise and authority over the risks being managed on a day to day basis. Further details on the roles, responsibilities, accountabilities, and key mitigation actions of each risk category are documented in six category-based risk standards that are reviewed and approved by the Risk & Solvency Committee each year.

Risk category Owner	High Level Overview	Scope
Insurance Risk (Chief Underwriting Officer)	Risk from the inherent uncertainties in the occurrence, amount and timing of insurance liabilities and premiums. This includes reserving risk or claims arising on business written in prior years.	<ul style="list-style-type: none"> • Business plan • Pricing risk • Underwriting performance including catastrophes • Product Oversight • Reserving • Claims
Market Risk (Chief Financial Officer)	Risk from fluctuations in values of, or income from, assets, interest rates and investment returns.	<ul style="list-style-type: none"> • Investment market volatility • Counterparty risk • Concentration risk • Currency fluctuation
Credit Risk (Chief Financial Officer)	Risk of counterparties failing to perform their obligations in a timely manner or at all.	<ul style="list-style-type: none"> • Retrocessionaires • Brokers • Cedents • Banks and Investment counterparties
Liquidity Risk (Chief Financial Officer)	Risk of insufficient financial resources being available to meet liabilities as they fall due.	<ul style="list-style-type: none"> • All assets
Operational Risk (Chief Operating Officer)	Risk from inadequate or failed internal processes, people and systems, or from external events.	<ul style="list-style-type: none"> • Systems and Technology • Processes • People • Legal & Regulatory
Strategic Risk (Chief Executive Officer)	<p>Risk of the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions or lack of responsiveness to industry changes.</p> <p>Risks that may arise as a result of Group structure.</p>	<ul style="list-style-type: none"> • Group • Strategic • Political & economic • Conduct • Capital Management

Three risk categories (Insurance, Market and Credit Risk) are managed using capital against the residual risk and are included within the Internal Model for the SST.

Liquidity Risk and Operational Risk are measured through stress and scenario testing and have tolerances set against them, although explicit risk charges are not included within the SST Target Capital.

Strategic risks such as reputational and political risks are on the whole not directly considered within the capital model but managed rather through the use of management actions, contingency plans, policies, processes and robust preventative and detective business process controls.

Linkage to Capital Management

MS Amlin AG has an Internal Model which has been built to reflect the economic risk variables, which could impact the performance of the Company. The MS Amlin AG Supervisory Board has confirmed that the Internal Model is the appropriate method for the calculation of solvency capital under the requirements of the Swiss Solvency Test and the Internal Model has been approved by the supervisory regulator, FINMA, for use when calculating the SST for risk charges including Insurance Risk, Reinsurance Credit Risk and Dependencies. The Internal Model is a core component of the risk management system and is used for a range of business decisions including setting and assessing risk tolerances, business planning, strategic decision making and purchase of outwards reinsurance, and is a key input into the technical pricing framework.

Alignment to Business Strategy

MS Amlin AG's risk management objectives seek to bring business strategy, capital management, and enterprise risk management together to achieve long-term sustainable outcomes for all stakeholders.

This approach allows the business to maximise its return on risk where there is opportunity to, subject to limitations over acceptable risk taking. This is done through the adoption of risk appetites and tolerances that link closely to the return objectives set by the Supervisory Board.



MS Amlin AG, Zurich

Report of the Statutory Auditor
on the Financial Statements
to the General Meeting of Shareholders

Financial Statements 2020



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Report of the Statutory Auditor to the General Meeting of Shareholders of MS Amlin AG, Zurich

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements (on pages 5 to 17 and pages 19 to 30) of MS Amlin AG, which comprise the income statement, balance sheet, cash flow statement and notes for the year ended 31 December 2020.

Board of Directors' Responsibility

The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2020 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG



Rainer Pfaffenzeller
Licensed Audit Expert
Auditor in Charge



Christoph Hörl
Licensed Audit Expert

Zurich, 21 April 2021

Enclosure(s):

- Financial statements (income statement, balance sheet, cash flow statement and notes)
- Proposal for the appropriation of distributable earnings

**Financial Statements of
MS Amlin AG
2020**

**Kirchenweg 5
8008 Zürich
Switzerland**

Income statement

USD	Note	2020
Gross premium written		1,604,520,284
Premiums ceded to reinsurers		(184,636,555)
Net premiums written		1,419,883,729
Change in unearned premium reserves - gross		(40,407,245)
Change in reinsurers' share of unearned premium reserves		13,247,654
Net premiums earned		1,392,724,138
Other insurance income		671,119
Total technical income		1,393,395,257
Gross claims and claim expenses paid		(829,157,228)
Reinsurers' share of claims and claim expenses		65,587,523
Change in technical provisions - gross	6	(275,441,058)
Change in reinsurers' share of technical provisions	6	(45,218,484)
Net claims and claim expenses incurred		(1,084,229,247)
Acquisition costs - gross		(337,361,517)
Administrative expenses - gross		(60,741,932)
Acquisition costs and administrative expenses - gross		(398,103,449)
Reinsurers' share of acquisition costs		3,503,958
Net acquisition costs and administrative expenses		(394,599,491)
Total technical expenses		(1,478,828,738)
Income from investments	11	264,382,528
Expenses from investments	12	(181,646,075)
Net income from investments		82,736,453
Other financial expenses		(3,731,561)
Operating income		(6,428,589)
Other income		136,029
Other expenses		(3,711,812)
Profit before direct taxes		(10,004,372)
Direct taxes		697,504
LOSS		(9,306,868)

Balance sheet

Assets

USD	Note	31/12/2020	31/12/2019
Investments		3,698,552,689	3,399,882,748
Fixed-interest securities		445,225,596	409,100,165
Shares		8,726,879	6,905,555
Other investments	2	3,244,600,214	2,983,877,028
Receivables from derivative financial instruments		645,409	214,060
Deposits on reinsurance business		87,752,843	81,818,117
Cash and cash equivalents		418,088,847	354,693,090
Reinsurers' share of technical provisions	5	148,706,157	180,842,201
Property and equipment		7,112,212	4,039,965
Deferred acquisition costs		301,118,145	274,950,689
Reinsurance receivables	3 / 8	1,071,086,847	1,007,049,549
Other receivables	8	41,917,935	90,655,732
Prepaid expenses and accrued income		26,956,969	31,186,719
TOTAL ASSETS		5,801,938,053	5,425,332,870

Liabilities and equity

USD	Note	31/12/2020	31/12/2019
Technical provisions	5	3,680,740,616	3,244,052,138
Non-technical provisions		12,822,268	12,453,996
Liabilities from derivative financial instruments		9,298,154	8,568,221
Reinsurance payables	4 / 9	235,933,631	222,174,726
Other liabilities	9	21,818,544	87,452,081
TOTAL LIABILITIES		3,960,613,213	3,574,701,162
Share capital		10,333,001	10,333,001
Legal capital reserves		1,516,426,106	1,516,426,106
Reserves from capital contributions	21	1,516,426,106	1,516,426,106
Legal retained earnings		5,166,500	5,166,500
Voluntary retained earnings		309,399,233	318,706,101
Merger reserve		180,256,440	180,256,440
Profit brought forward		138,449,661	(52,897,332)
Profit/(Loss)		(9,306,868)	191,346,993
Total equity	7	1,841,324,840	1,850,631,708
TOTAL LIABILITIES AND EQUITY		5,801,938,053	5,425,332,870

Cash Flow Statement

in USD

	2020
Loss for the year	(9,306,868)
Net (purchases)/sales of property, plant and equipment and intangible assets (incl. depreciation)	(3,072,247)
Net (purchases)/sales of investments (incl. realised gains/losses)	(298,669,942)
Net (purchases)/sales of derivatives (incl. realised gains/losses)	298,584
Decrease/(increase) in deposits on reinsurance business	(5,934,726)
(Increase)/decrease in reinsurance contract assets	32,136,044
(Increase)/decrease in deferred acquisition cost	(26,167,456)
(Increase)/decrease in insurance receivables	(64,037,299)
(Increase)/decrease other receivables and other payables	(16,895,739)
Increase/(decrease) in outstanding claims	366,922,263
Increase/(decrease) in unearned premium	69,766,214
Increase/(decrease) in creditors arising from insurance operations	13,758,904
Increase/(decrease) in non-technical provision	368,273
(Increase)/decrease prepaid expenses and accrued income	4,229,753
Cash flow from operating activities	63,395,757
Cash flow from investing activities	-
Cash flow from financing activities	-
Cash flow for the financial year	63,395,757
Cash on 1 January	354,693,090
Cash on 31 December	418,088,847
Change in cash	63,395,757

Notes to the Financial Statements

1. General

Prior to 1 January 2020, MS Amlin AG (the Company) was a wholly owned subsidiary of MS Amlin plc, whose parent was Mitsui Sumitomo Insurance Company (MSI) Limited, a wholly owned subsidiary of MS&AD Group Holding, Inc. (MS&AD). On 1 January 2020 the share ownership in the Company transferred to MSI with MS Amlin AG becoming a direct subsidiary of MSI.

Basis of presentation

These financial statements were prepared in accordance with the principles of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations) and AVO-FINMA.

Change in Accounting Policy

Change in Presentation Currency:

The company decided to change the Swiss CO presentation currency for the 2020 Financial Statements from Swiss Francs (CHF) to US dollars (USD). This is allowed according to the Swiss Code of Obligations as USD is one of the functional currencies which contributes to a material part of the company's business.

The company's functional currencies stay the same (USD and EUR) and the foreign exchange translation mentioned below remain. The starting point for the change were the year end 2019 CHF numbers which were then converted to USD and represent the new historical balances (CHF/USD FX rate: 0.9678).

Pursuant to Art. 958d, paragraph 3, CO, figures must also be presented in CHF and the year end CHF/USD exchange rate of 0.8849 was applied for converting the USD numbers to CHF. For 2019, the CHF numbers from the audited 2019 Annual Report are shown.

IFRS 16 (adopted in 2019):

The Company applied IFRS 16 Leases from 1 January 2019. In this context the definitions as defined under IFRS were also applied to Swiss CO. A contract is a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. The right of use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. The lease liability is measured at amortised cost using the effective interest method.

In Swiss CO financials, the cumulative effect of initial application (modified retrospective approach) which is recognised in retained earnings at 1 January 2019 under IFRS 16 are excluded from retained earnings and included in the prior period (Income statement: "Extraordinary expenses").

Use of estimates in the preparation of annual accounts

The preparation of the annual accounts requires management to make significant estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses as well as the related disclosures. Actual results could differ significantly from these estimates.

Foreign currency translation

At year-end, assets and liabilities denominated in foreign currencies are translated into US dollars at the exchange rate on the balance sheet date whereas revenues and expenses are translated at the average exchange rate for the period under report. Shareholders' equity is translated at historical rates.

FX gains arising from the revaluation of the opening balance sheet as well as from the adjustments from application of year-end or average rates are deferred and booked under provision for currency fluctuation (Balance Sheet: "Non-technical provisions"). FX losses are directly recognised in the income statement.

Realised FX arising from foreign exchange transactions are recognised in the income statement.

The translation from functional currency (EUR) to presentational currency of USD gave rise to a FX translation gain of USD 3.5 million. The translation to the functional currencies led to a FX loss of USD 2.3 million. The combined unrealised FX gain of USD 1.2 million was reversed and a corresponding FX provision booked as a liability (Balance Sheet: "Non-technical provisions").

The realized FX loss of USD 3.7 million for the financial year is recognised in the income statement.

Presentation of numbers

The numbers presented throughout this report may not add up precisely to the totals provided in the tables and text.

Notes to the Financial Statements

Valuation Principles

Investments

Investments (except for bonds) are carried at market value if an observable market price is available. If the market price is not available (category Participations in pooled investment funds - Property), investments are accounted for at cost less necessary impairments. Subsequent recoveries of previously recorded impairments may be recognised up to the cost value.

Bond investments are valued at amortized cost less necessary impairments, if any.

Derivative instruments are valued at market value. Gains and losses are shown as part of Income and Expenses from investments.

Deposits on reinsurance business

Deposits are held at nominal value.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and short-term deposits. Such current assets are held at nominal value, after deduction of known credit risks.

Reinsurers' share of technical provisions

Reinsurers' share of technical provisions represent the retroceded part of the technical provisions. The same accounting principles apply as for the technical provisions.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and provision for impairment where appropriate.

Reinsurance receivables

Reinsurance receivables are carried at nominal value, after deduction of known credit risks if applicable.

The position mainly consists of receivables from insurance companies and brokers.

Other receivables

Other receivables are recognised at the nominal value. The set up of bad debt reserves or write offs will be recorded on a cedent basis.

Technical provisions

The technical provisions are based on the cedent information (case reserves) and the reserves for already incurred but not yet reported claims (IBNR). Additionally, the technical provisions include the written but not yet earned part of the premiums (Unearned premium reserve).

Reinsurance payables

Reinsurance balances payable are held at redemption value.

Acquisition costs

Acquisition costs comprise brokerage incurred on insurance contracts written during the financial year. They are charged on the same basis as the earned proportions of the premium they relate to. Deferred acquisition costs are amortised over the period in which the related revenues are earned. Deferred acquisition costs are reviewed at the end of each reporting period and are impaired where they are no longer considered to be recoverable.

Direct taxes

Direct taxes relate to income and capital taxes.

Notes to the Financial Statements

2. Other investments

USD	31/12/2020	31/12/2019
Participations in pooled investment funds - Property	282,869,958	295,631,034
Participations in pooled investment funds - Equity	519,244,586	455,869,825
Participations in pooled investment funds - Bonds	2,049,086,781	1,839,881,595
Participations in pooled investment funds - Money Market	189,906,266	151,081,999
Private equity of which participations (holding < 20%)	4,231,973	2,241,193
Short-term investments in pooled investment funds	199,260,650	239,171,381
Total	3,244,600,214	2,983,877,028

3. Reinsurance receivables

USD	31/12/2020	31/12/2019
Receivables from agents and brokers	834,018,981	691,021,208
Receivables from insurance companies	237,067,866	316,028,341
Total	1,071,086,847	1,007,049,549

4. Reinsurance payables

USD	31/12/2020	31/12/2019
Liabilities to agents and brokers	82,229,910	68,519,808
Liabilities to insurance companies	153,703,721	153,654,918
Total	235,933,631	222,174,726

Notes to the Financial Statements

5. Technical provisions

USD	Technical provisions (gross)			Reinsurers' share		Technical provisions (net)
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Unearned premium reserve	1,136,823,183	1,067,056,968	25,527,029	12,097,248	1,111,296,154	1,054,959,720
Loss reserves *	2,543,917,433	2,176,995,170	123,179,128	168,744,953	2,420,738,305	2,008,250,217
Total Technical provisions	3,680,740,616	3,244,052,138	148,706,157	180,842,201	3,532,034,459	3,063,209,937

* Unallocated Loss Adjustment Expenses (ULAE) are part of the loss reserves.

6. Change in technical provisions

USD	2020
Change in technical provisions - Outstanding claims	30,010,724
Change in technical provisions - IBNR	245,430,334
Change in technical provisions - gross	275,441,058
Change in reinsurers' share of technical provisions - Outstanding claims	40,883,620
Change in reinsurers' share of technical provisions - IBNR	4,334,864
Change in reinsurers' share of technical provisions	45,218,484

7. Statement of changes in equity

USD	Share capital	Legal capital reserves	Legal retained earnings	Voluntary retained earnings	Total equity
As of 31 Dec 2019	10,333,001	1,516,426,106	5,166,500	318,706,101	1,850,631,708
Profit for the period				(9,306,868)	(9,306,868)
Dividend payments				-	-
As of 31 Dec 2020	10,333,001	1,516,426,106	5,166,500	309,399,233	1,841,324,840

Notes to the Financial Statements

8. Receivables from third parties and affiliated companies

USD			31/12/2020
	Third party	Affiliated companies	Total
Receivables from reinsurance business	846,535,277	224,551,570	1,071,086,847
Other receivables	32,845,221	9,072,714	41,917,935
Total	879,380,498	233,624,284	1,113,004,782

USD			31/12/2019
	Third party	Affiliated companies	Total
Receivables from reinsurance business	705,770,279	301,279,270	1,007,049,549
Other receivables	88,826,710	1,829,022	90,655,732
Total	794,596,989	303,108,292	1,097,705,281

9. Payables to third parties and affiliated companies

USD			31/12/2020
	Third party	Affiliated companies	Total
Payables from reinsurance business	80,386,459	155,547,172	235,933,631
Other liabilities	11,289,851	10,528,694	21,818,544
Total	91,676,310	166,075,866	257,752,175

USD			31/12/2019
	Third party	Affiliated companies	Total
Payables from reinsurance business	68,955,497	153,219,229	222,174,726
Other liabilities	68,401,436	19,050,645	87,452,081
Total	137,356,933	172,269,874	309,626,807

Notes to the Financial Statements

10. Audit fees

USD	31/12/2020
Audit services	676,153
Other services	-
Total	676,153

11. Income from investments

USD	Income 2020	Net unrealized gains 2020	Net realized gains 2020	Total 2020
Fixed-interest securities	10,364,023	1,470,172	1,365,540	13,199,735
Shares	2,679,932	-	-	2,679,932
Other investments	30,404,282	110,869,173	107,229,406	248,502,861
Total	43,448,237	112,339,345	108,594,946	264,382,528

12. Expenses from investments

USD	Expenses 2020	Net unrealized losses 2020	Net realized losses 2020	Total 2020
Fixed-interest securities	834,828	2,161,120	1,889,208	4,885,156
Shares	-	-	-	-
Other investments	3,245,380	39,082,780	134,432,759	176,760,919
Total	4,080,208	41,243,900	136,321,967	181,646,075

Notes to the Financial Statements

13. Personnel expenses

Personnel expenses for fiscal year 2020 amount to USD 30.0 million and are included in the line item administrative expenses.

14. Contingent liabilities

The Company has no contingent liabilities at 31 December 2020 (31 December 2019: USD nil). There were no capital commitments or authorised but uncontracted commitments at the end of the financial year.

15. Depreciation of real estate and equipment and amortization of intangible assets

<u>USD</u>	<u>31/12/2020</u>
Property and equipment	964,760
Intangible assets	2,542
Total	967,302

16. Restricted assets

At 31 December 2020, the Company holds restricted funds in the form of letter of credit (LOC) collaterals, initial margin calls on derivative financial instruments, and collateral received from reinsurance counterparties.

Letter of Credit ("LOC") facilities

MS Amlin AG has three LOC facilities of USD 450.0 million (2019: USD 450.0 million), USD 210.0 million (2019: USD 210.0 million) and USD 53.9 million (2019: USD 50.5 million). The USD 450.0 million facility is secured by a registered charge over a portfolio of assets managed by Fiera Capital with BNP Paribas as custodian. The USD 210.0 million facility is secured by time deposits held at Barclays Bank. The NZD 75.0 million LOC is secured by time deposits held at National Australia Bank. As at 31 December 2020, USD 572.6 million of LOC were issued (2019: USD 567.0 million). The total value of restricted assets as at 31 December 2020 was USD 646.0 million (2019: USD 645.0 million).

Derivative margins and collateral

Derivative instruments traded by the Company for hedging purposes give rise to collateral being placed with, or received from, external counterparties. At 31 December 2020 included in other receivables is USD 31.5 million (2019: USD 23.5 million) margins and collateral pledged in relation to listed future margins.

Funds withheld as premium/claim deposits

At 31 December 2020, the Company had placed funds totalling net to USD 20.3 million (2019: USD 18.6 million) as premium deposits and USD 67.5 million (2019: USD 63.2 million) as claim deposits. These funds are held by external brokers or cedents. In addition a further USD 136.3 million (2019: USD 93.3 million) has been placed into pledge accounts to collateralise against losses due to reinsurance cedents.

Trust Funds

At 31 December 2020, cash and cash equivalents with a fair value of USD 263.8 million (2019: USD 211.0 million) have been deposited in trust by the Company for the benefit of U.S. ceding companies. These funds are held in trust by a U.S. based bank.

Notes to the Financial Statements

17. Residual amount of lease obligations

The maturity profile of lease obligations that do not expire in or cannot be canceled within 12 months is presented below:

Operating lease commitments

USD	31/12/2020	31/12/2019
Later than 1 year and no later than 5 years	3,936,554	-
Later than 5 years	100,072	-
Total operating lease commitments	4,036,626	-

The operating leases are mainly related to the office rental in the different locations which are no later than 5 year as at December 31, 2020.

18. Liabilities to pension schemes

There is a pension fund liability of USD 0.0 million at December 31, 2020 (2019: nil).

19. Full-time equivalents

The annual average number of full-time equivalents for the reporting year, as well as for the previous year, did not exceed 250.

20. Significant events after the balance sheet date

There are no significant events after the balance sheet date.

Notes to the Financial Statements

21. Shareholders' equity (reserves from capital contributions)

On 31 December 2020, USD 1,516.4 million are shown as "reserves from capital contributions" (31 December 2019: USD 1,516.4 million). The total reserves from capital contributions include USD 144.7 million of "capital reserves" as agreed with FINMA during the application process.

22. Hidden reserves

In 2020, the company did not release nor does it hold any hidden reserves.

Proposal for the appropriation of distributable earnings

USD	31/12/2020	31/12/2019
Profit/(loss) carried forward	318,706,101	127,359,108
Profit	(9,306,868)	191,346,993
Merger reserve	-	-
Distributable earnings	309,399,233	318,706,101
Proposal of the Board of Directors:		
Distributable earnings	309,399,233	318,706,101
Dividend payments	-	-
Amount carried forward	309,399,233	318,706,101

Income statement

CHF	Note	2020	2019
Gross premium written		1,419,839,999	1,572,412,134
Premiums ceded to reinsurers		(163,384,887)	(120,525,785)
Net premiums written		1,256,455,112	1,451,886,349
Change in unearned premium reserves - gross		(35,756,371)	(209,731,603)
Change in reinsurers' share of unearned premium reserves		11,722,849	8,956,508
Net premiums earned		1,232,421,590	1,251,111,254
Other insurance income		593,873	606,459
Total technical income		1,233,015,463	1,251,717,713
Gross claims and claim expenses paid		(733,721,231)	(863,596,094)
Reinsurers' share of claims and claim expenses		58,038,399	129,122,511
Change in technical provisions - gross	6	(243,737,793)	10,148,290
Change in reinsurers' share of technical provisions	6	(40,013,836)	(151,307,439)
Net claims and claim expenses incurred		(959,434,461)	(875,632,732)
Acquisition costs - gross		(298,531,206)	(275,318,942)
Administrative expenses - gross		(53,750,535)	(59,015,994)
Acquisition costs and administrative expenses - gross		(352,281,742)	(334,334,936)
Reinsurers' share of acquisition costs		3,100,652	265,946
Net acquisition costs and administrative expenses		(349,181,090)	(334,068,990)
Total technical expenses		(1,308,615,551)	(1,209,701,722)
Income from investments	11	233,952,099	248,321,116
Expenses from investments	12	(160,738,612)	(93,616,335)
Net income from investments		73,213,487	154,704,781
Other financial expenses		(3,302,058)	(3,686,232)
Operating income		(5,688,659)	193,034,540
Other income		120,372	585,661
Other expenses		(3,284,582)	(1,437,733)
Extraordinary expenses	1		(164,312)
Profit before direct taxes		(8,852,869)	192,018,157
Direct taxes		617,221	(6,837,674)
PROFIT / (LOSS)		(8,235,648)	185,180,483

Balance sheet

Assets

CHF	Note	31/12/2020	31/12/2019
Investments		3,272,849,276	3,290,315,250
Fixed-interest securities		393,980,130	395,916,157
Shares		7,722,416	6,683,011
Other investments	2	2,871,146,730	2,887,716,082
Receivables from derivative financial instruments		571,122	207,162
Deposits on reinsurance business		77,652,491	79,181,377
Cash and cash equivalents		369,966,820	343,262,450
Reinsurers' share of technical provisions	5	131,590,078	175,014,227
Property and equipment		6,293,597	3,909,769
Deferred acquisition costs		266,459,447	266,089,896
Reinsurance receivables	3 / 8	947,804,751	974,595,518
Other receivables	8	37,093,180	87,734,184
Prepaid expenses and accrued income		23,854,221	30,181,670
TOTAL ASSETS		5,134,134,983	5,250,491,503

Liabilities and equity

CHF	Note	31/12/2020	31/12/2019
Technical provisions	5	3,257,087,371	3,139,506,570
Non-technical provisions		11,346,425	12,052,643
Liabilities from derivative financial instruments		8,227,936	8,292,095
Reinsurance payables	4 / 9	208,777,670	215,014,736
Other liabilities	9	19,307,230	84,633,776
TOTAL LIABILITIES		3,504,746,632	3,459,499,819
Share capital		10,000,001	10,000,001
Legal capital reserves		1,467,556,475	1,467,556,475
Reserves from capital contributions	21	1,467,556,475	1,467,556,475
Legal retained earnings		5,000,000	5,000,000
Voluntary retained earnings		300,199,560	308,435,208
Merger reserve		174,447,343	174,447,343
Profit brought forward		133,987,865	(51,192,618)
Profit/(Loss)		(8,235,648)	185,180,483
Conversion difference		(153,367,685)	-
Total equity	7	1,629,388,351	1,790,991,684
TOTAL LIABILITIES AND EQUITY		5,134,134,983	5,250,491,503

Cash Flow Statement

in CHF

	2020	2019
Profit / (Loss) for the year	(8,235,648)	185,180,483
Net (purchases)/sales of property, plant and equipment and intangible assets (incl. depreciation)	(2,718,632)	(503,316)
Net (purchases)/sales of investments (incl. realised gains/losses)	(264,293,031)	(118,677,782)
Net (purchases)/sales of derivatives (incl. realised gains/losses)	264,217	14,393,423
Decrease/(increase) in deposits on reinsurance business	(5,251,639)	7,386,705
(Increase)/decrease in reinsurance contract assets	28,437,185	142,975,348
(Increase)/decrease in deferred acquisition cost	(23,155,582)	(67,062,762)
(Increase)/decrease in insurance receivables	(56,666,605)	(197,445,885)
(Increase)/decrease other receivables and other payables	(14,951,040)	14,902,347
Increase/(decrease) in outstanding claims	324,689,511	(39,210,356)
Increase/(decrease) in unearned premium	61,736,123	187,576,967
Increase/(decrease) in creditors arising from insurance operations	12,175,255	(5,866,033)
Increase/(decrease) in non-technical provision	325,885	(23,321,034)
(Increase)/decrease prepaid expenses and accrued income	3,742,908	(15,663,644)
Cash flow from operating activities	56,098,906	84,664,461
Cash flow from investing activities	-	-
Interest received on loan	-	3,801,627
Cash flow from financing activities	-	3,801,627
Cash flow for the financial year	56,098,906	88,466,088
Cash on 1 January	343,262,450	254,796,362
Exchange rate difference on cash and cash equivalents	(29,394,536)	
Cash on 31 December	369,966,820	343,262,450
Change in cash	56,098,906	88,466,088

Notes to the Financial Statements

1. General

Prior to 1 January 2020, MS Amlin AG (the Company) was a wholly owned subsidiary of MS Amlin plc, whose parent was Mitsui Sumitomo Insurance Company (MSI) Limited, a wholly owned subsidiary of MS&AD Group Holding, Inc. (MS&AD). On 1 January 2020 the share ownership in the Company transferred to MSI with MS Amlin AG becoming a direct subsidiary of MSI.

Basis of presentation

These financial statements were prepared in accordance with the principles of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations) and AVO-FINMA.

Change in Accounting Policy

Change in Presentation Currency:

The company decided to change the Swiss CO presentation currency for the 2020 Financial Statements from Swiss Francs (CHF) to US dollars (USD). This is allowed according to the Swiss Code of Obligations as USD is one of the functional currencies which contributes to a material part of the company's business.

The company's functional currencies stay the same (USD and EUR) and the foreign exchange translation mentioned below remain. The starting point for the change were the year end 2019 CHF numbers which were then converted to USD and represent the new historical balances (CHF/USD FX rate: 0.9678).

Pursuant to Art. 958d, paragraph 3, CO, figures must also be presented in CHF and the year end CHF/USD exchange rate of 0.8849 was applied for converting the USD numbers to CHF. For 2019, the CHF numbers from the audited 2019 Annual Report are shown.

IFRS 16 (adopted in 2019):

The Company applied IFRS 16 Leases from 1 January 2019. In this context the definitions as defined under IFRS were also applied to Swiss CO. A contract is a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. The right of use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. The lease liability is measured at amortised cost using the effective interest method.

In Swiss CO financials, the cumulative effect of initial application (modified retrospective approach) which is recognised in retained earnings at 1 January 2019 under IFRS 16 are excluded from retained earnings and included in the prior period (Income statement: "Extraordinary expenses").

Use of estimates in the preparation of annual accounts

The preparation of the annual accounts requires management to make significant estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses as well as the related disclosures. Actual results could differ significantly from these estimates.

Foreign currency translation

At year-end, assets and liabilities denominated in foreign currencies are translated into US dollars at the exchange rate on the balance sheet date whereas revenues and expenses are translated at the average exchange rate for the period under report. Shareholders' equity is translated at historical rates.

FX gains arising from the revaluation of the opening balance sheet as well as from the adjustments from application of year-end or average rates are deferred and booked under provision for currency fluctuation (Balance Sheet: "Non-technical provisions"). FX losses are directly recognised in the income statement.

Realised FX arising from foreign exchange transactions are recognised in the income statement.

The translation from functional currency (EUR) to presentational currency of USD gave rise to a FX translation gain of USD 3.5 million (CHF 3.1 million). The translation to the functional currencies led to a FX loss of USD 2.3 million (CHF 2.0 million). The combined unrealised FX gain of USD 1.2 million (CHF 1.1 million) was reversed and a corresponding FX provision booked as a liability (Balance Sheet: "Non-technical provisions").

The realized FX loss of USD 3.7 million (CHF 3.3 million) for the financial year is recognised in the income statement.

Presentation of numbers

The numbers presented throughout this report may not add up precisely to the totals provided in the tables and text.

Notes to the Financial Statements

Valuation Principles

Investments

Investments (except for bonds) are carried at market value if an observable market price is available. If the market price is not available (category Participations in pooled investment funds - Property), investments are accounted for at cost less necessary impairments. Subsequent recoveries of previously recorded impairments may be recognised up to the cost value.

Bond investments are valued at amortized cost less necessary impairments, if any.

Derivative instruments are valued at market value. Gains and losses are shown as part of Income and Expenses from investments.

Deposits on reinsurance business

Deposits are held at nominal value.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and short-term deposits. Such current assets are held at nominal value, after deduction of known credit risks.

Reinsurers' share of technical provisions

Reinsurers' share of technical provisions represent the retroceded part of the technical provisions. The same accounting principles apply as for the technical provisions.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and provision for impairment where appropriate.

Reinsurance receivables

Reinsurance receivables are carried at nominal value, after deduction of known credit risks if applicable.

The position mainly consists of receivables from insurance companies and brokers.

Other receivables

Other receivables are recognised at the nominal value. The set up of bad debt reserves or write offs will be recorded on a cedent basis.

Technical provisions

The technical provisions are based on the cedent information (case reserves) and the reserves for already incurred but not yet reported claims (IBNR). Additionally, the technical provisions include the written but not yet earned part of the premiums (Unearned premium reserve).

Reinsurance payables

Reinsurance balances payable are held at redemption value.

Acquisition costs

Acquisition costs comprise brokerage incurred on insurance contracts written during the financial year. They are charged on the same basis as the earned proportions of the premium they relate to. Deferred acquisition costs are amortised over the period in which the related revenues are earned. Deferred acquisition costs are reviewed at the end of each reporting period and are impaired where they are no longer considered to be recoverable.

Direct taxes

Direct taxes relate to income and capital taxes.

Notes to the Financial Statements

2. Other investments

CHF	31/12/2020	31/12/2019
Participations in pooled investment funds - Property	250,311,626	286,103,778
Participations in pooled investment funds - Equity	459,479,534	441,178,579
Participations in pooled investment funds - Bonds	1,813,236,893	1,780,588,014
Participations in pooled investment funds - Money Market	168,048,055	146,213,103
Private equity of which participations (holding < 20%)	3,744,873	2,168,967
Short-term investments in pooled investment funds	176,325,749	231,463,642
Total	2,871,146,730	2,887,716,082

3. Reinsurance receivables

CHF	31/12/2020	31/12/2019
Receivables from agents and brokers	738,023,396	668,751,775
Receivables from insurance companies	209,781,355	305,843,745
Total	947,804,751	974,595,518

4. Reinsurance payables

CHF	31/12/2020	31/12/2019
Liabilities to agents and brokers	72,765,247	66,311,630
Liabilities to insurance companies	136,012,423	148,703,105
Total	208,777,670	215,014,736

Notes to the Financial Statements

5. Technical provisions

CHF	Technical provisions (gross)		Reinsurers' share		Technical provisions (net)	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Unearned premium reserve	1,005,974,834	1,032,669,088	22,588,868	11,707,392	983,385,966	1,020,961,696
Loss reserves *	2,251,112,537	2,106,837,482	109,001,210	163,306,835	2,142,111,327	1,943,530,647
Total Technical provisions	3,257,087,371	3,139,506,570	131,590,078	175,014,227	3,125,497,293	2,964,492,343

* Unallocated Loss Adjustment Expenses (ULAE) are part of the loss reserves.

6. Change in technical provisions

CHF	2020	2019
Change in technical provisions - Outstanding claims	26,556,490	41,345,258
Change in technical provisions - IBNR	217,181,303	(51,493,548)
Change in technical provisions - gross	243,737,793	(10,148,290)
Change in reinsurers' share of technical provisions - Outstanding claims	36,177,915	(23,397,792)
Change in reinsurers' share of technical provisions - IBNR	3,835,921	174,705,231
Change in reinsurers' share of technical provisions	40,013,836	151,307,439

7. Statement of changes in equity

CHF	Share capital	Legal capital reserves	Legal retained earnings	Voluntary retained earnings	Conversion difference *	Total equity
As of 31 Dec 2018	10,000,001	1,467,556,476	5,000,000	123,254,724	-	1,605,811,201
Profit for the period				185,180,483	-	185,180,483
Dividend payments				-	-	-
As of 31 Dec 2019	10,000,001	1,467,556,476	5,000,000	308,435,207	-	1,790,991,684
Conversion difference *					(153,367,685)	(153,367,685)
Profit for the period				(8,235,648)	-	(8,235,648)
Dividend payments				-	-	-
As of 31 Dec 2020	10,000,001	1,467,556,476	5,000,000	300,199,559	(153,367,685)	1,629,388,351

* Pursuant to Art. 958d, paragraph 3, CO, figures must also be presented in CHF and the year end CHF/USD exchange rate of 0.8849 was applied for converting the USD numbers to CHF. Equity nominals, except for the free reserves, are revalued with historical rates leading to a conversion difference.

Notes to the Financial Statements

8. Receivables from third parties and affiliated companies

CHF			31/12/2020
	Third party	Affiliated companies	Total
Receivables from reinsurance business	749,099,067	198,705,684	947,804,751
Other receivables	29,064,735	8,028,445	37,093,180
Total	778,163,802	206,734,129	984,897,931

CHF			31/12/2019
	Third party	Affiliated companies	Total
Receivables from reinsurance business	683,025,528	291,569,989	974,595,518
Other receivables	85,964,105	1,770,078	87,734,184
Total	768,989,634	293,340,068	1,062,329,701

9. Payables to third parties and affiliated companies

CHF			31/12/2020
	Third party	Affiliated companies	Total
Payables from reinsurance business	71,133,977	137,643,693	208,777,670
Other liabilities	9,990,389	9,316,841	19,307,230
Total	81,124,366	146,960,534	228,084,900

CHF			31/12/2019
	Third party	Affiliated companies	Total
Payables from reinsurance business	66,733,278	148,281,457	215,014,736
Other liabilities	66,197,074	18,436,703	84,633,776
Total	132,930,352	166,718,160	299,648,512

Notes to the Financial Statements

10. Audit fees

CHF	31/12/2020	31/12/2019
Audit services	598,328	664,778
Other services	-	-
Total	598,328	664,778

11. Income from investments

CHF	Income		Net unrealized gains		Net realized gains		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Fixed-interest securities	9,171,124	9,141,439	1,300,955	897,818	1,208,367	2,394,249	11,680,446	12,433,505
Loans	-	1,935,202	-	-	-	-	-	1,935,202
Shares	2,371,472	5,027	-	-	-	-	2,371,472	5,027
Other investments	26,904,749	51,033,545	98,108,131	161,185,846	94,887,302	21,727,991	219,900,182	233,947,382
Total	38,447,345	62,115,213	99,409,086	162,083,664	96,095,668	24,122,240	233,952,099	248,321,116

12. Expenses from investments

CHF	Expenses		Net unrealized losses		Net realized losses		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Fixed-interest securities	738,739	245,266	1,912,375	-	1,671,760	339,871	4,322,875	585,137
Shares	-	-	-	-	-	-	-	-
Other investments	2,871,837	2,963,734	34,584,352	21,635,695	118,959,549	68,431,770	156,415,737	93,031,199
Total	3,610,576	3,208,999	36,496,728	21,635,695	120,631,309	68,771,640	160,738,612	93,616,335

Notes to the Financial Statements

13. Personnel expenses

Personnel expenses for fiscal year 2020 amount to CHF 26.5 million (2019: CHF 32.3 million) and are included in the line item administrative expenses.

14. Contingent liabilities

The Company has no contingent liabilities at 31 December 2020 (31 December 2019: CHF nil). There were no capital commitments or authorised but uncontracted commitments at the end of the financial year.

15. Depreciation of real estate and equipment and amortization of intangible assets

CHF	31/12/2020	31/12/2019
Property and equipment	853,716	1,187,243
Intangible assets	2,249	2,526
Total	855,965	1,189,768

16. Restricted assets

At 31 December 2020, the Company holds restricted funds in the form of letter of credit (LOC) collaterals, initial margin calls on derivative financial instruments, and collateral received from reinsurance counterparties.

Letter of Credit ("LOC") facilities

MS Amlin AG has three LOC facilities of CHF 398.2 million (2019: CHF 435.5 million), CHF 185.8 million (2019: CHF 203.2 million) and CHF 47.7 million (2019: CHF 48.9 million). The US\$450.0 million facility is secured by a registered charge over a portfolio of assets managed by Fiera Capital with BNP Paribas as custodian. The US\$210.0 million facility is secured by time deposits held at Barclays Bank. The NZ\$75.0 million LOC is secured by time deposits held at National Australia Bank. As at 31 December 2020, CHF 506.7 million of LOC were issued (2019: CHF 548.7 million). The total value of restricted assets as at 31 December 2020 was CHF 571.6 million (2019: CHF 624.2 million).

Derivative margins and collateral

Derivative instruments traded by the Company for hedging purposes give rise to collateral being placed with, or received from, external counterparties. At 31 December 2020 included in other receivables is CHF 27.9 million (2019: CHF 22.8 million) margins and collateral pledged in relation to listed future margins.

Funds withheld as premium/claim deposits

At 31 December 2020, the Company had placed funds totalling net to CHF 18.0 million (2019: CHF 18.0 million) as premium deposits and CHF 59.7 million (2019: CHF 61.2 million) as claim deposits. These funds are held by external brokers or cedents. In addition a further CHF 120.6 million (2019: CHF 90.3 million) has been placed into pledge accounts to collateralise against losses due to reinsurance cedents.

Trust Funds

At 31 December 2020, cash and cash equivalents with a fair value of CHF 233.4 million (2019: CHF 204.2 million) have been deposited in trust by the Company for the benefit of U.S. ceding companies. These funds are held in trust by a U.S. based bank.

Notes to the Financial Statements

17. Residual amount of lease obligations

The maturity profile of lease obligations that do not expire in or cannot be canceled within 12 months is presented below:

Operating lease commitments

CHF	31/12/2020	31/12/2019
Later than 1 year and no later than 5 years	3,483,457	-
Later than 5 years	88,553	-
Total operating lease commitments	3,572,010	-

The operating leases are mainly related to the office rental in the different locations which are no later than 5 year as at December 31, 2020.

18. Liabilities to pension schemes

There is a pension fund liability of CHF 0.0 million at December 31, 2020 (2019: nil).

19. Full-time equivalents

The annual average number of full-time equivalents for the reporting year, as well as for the previous year, did not exceed 250.

20. Significant events after the balance sheet date

There are no significant events after the balance sheet date.

Notes to the Financial Statements

21. Shareholders' equity (reserves from capital contributions)

On 31 December 2020, CHF 1,467.6 million are shown as "reserves from capital contributions" (31 December 2019: CHF 1,467.6 million). The total reserves from capital contributions include CHF 140.0 million of "capital reserves" as agreed with FINMA during the application process.

22. Hidden reserves

In 2020, the company did not release nor does it hold any hidden reserves.

Proposal for the appropriation of distributable earnings

CHF	31/12/2020	31/12/2019
Profit/(loss) carried forward	308,435,208	123,254,725
Profit	(8,235,648)	185,180,483
Merger reserve	-	-
Distributable earnings	300,199,560	308,435,208
Proposal of the Board of Directors:		
Distributable earnings	300,199,560	308,435,208
Dividend payments	-	-
Amount carried forward	300,199,560	308,435,208