

Annual Report 2021

MS Amlin AG

Kirchenweg 5
8008 Zürich
Switzerland

MS  **Amlin**

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.

The Company operates in four underwriting locations: it is head quartered in Zurich. This platform predominately writes EMEA (European, Middle East and Africa) business across all lines and the Bermuda platform focuses on property, casualty, financial and specialty lines in both the US and international markets. The Miami and New Jersey/New York branches write business through a binding authority with MS Amlin Reinsurance Managers, Inc ("ARMI") which was acquired from MS Amlin Underwriting Limited during the year. Miami is focused on Latin American Property, Credit & Surety, and Accident & Health business, and New Jersey/New York on US Motor and General Liability.

Business Development and Financial Condition

Gross written premium grew significantly in 2021 as the Company looked for new opportunities. This included growing the cyber, financial lines and crop portfolios as well as being a fronting partner for MSI in strategic alliances. Reinstatement premium from the various catastrophe events also increased the top line. Net of reinsurance and on an earned basis, premium levels were slightly ahead of the prior year, reflecting the risk reduction through quota share sessions and the growing longer tail nature of the portfolio.

The underwriting result was impacted by three key drivers; there were notable prior year deteriorations stemming from developments in the US Casualty, Engineering and Cyber portfolios. COVID-19 developments in early 2021 lead to an increase of expected losses on the catastrophe international portfolio, mainly as a result of European cedants. Finally there was notable catastrophe loss activity with industry losses in excess of USD 120 billion and the second largest catastrophe loss year on record. The Company was impacted by Storm Uri (Texas Winter Storms), Hurricane Ida and the European Floods. Reserves were increased also to cater for predicted general market inflation.

Administrative expenses increased during the year as the Company embarked on the initial stages of platform redevelopment and investment. The increase in the expense ratio will be short term with investment in IT infrastructure including underwriting platforms, cat modelling, pricing, actuarial and finance tools. Acquisition costs were in line with the prior year.

Net income from investments was USD 47.6 million. The decrease of USD 35.2 million compared to prior year is driven by the low or negative returns on zero duration bonds. This was offset by positive returns on property investments and equity, which are both classified under Other investments.

The overall result was a loss for the Company for the year 2021 of USD 272.8 million.

Number of full-time positions on an annual average

The Company employed a worldwide staff at an average of 148 full time equivalents (2020: 126).

Future prospects and vision

MS Amlin AG has faced several difficult years, which has inspired a new strategic path focused on client relationships, employee development, operating efficiency and platform diversification.

MS Amlin AG is a trusted and reliable risk partner, and clients feel enabled to achieve their business goals by working with the Company. Going forward, MS Amlin AG will build on that reputation to deepen and develop consistent long-term relationships.

Satisfied, dedicated employees are foundational to driving success at the Company. MS Amlin AG is committed to developing a dynamic and inspiring culture that engages existing employees and attracts new, top-tier talent. By utilizing this talent and investing in state-of-the-art systems to support an agile operating model and drive process efficiencies, the Company is working toward creating an entrepreneurial, innovative and successful environment.

These investments are foundational to supporting growth and achieving scale in both the near- and long-terms. MS Amlin AG is actively working toward being a diversified portfolio reinsurer with a core offering across classes and geographies. Clients will find conducting business with the Company to be easy alongside competitive pricing, which, in turn, adds value to all participants across every transaction.

MSI, the parent company, is one of the world's largest non-life insurance groups and strongly supports MS Amlin AG's corporate development journey.

Risk Assessment

Risk Management Strategy

The aim of Risk Management, or 'controlled risk taking' is to **maximise shareholder value** and provide assurance that **minimum solvency and liquidity requirements** for regulatory and rating agency purposes is maintained for the foreseeable future. Effective risk management delivers timely transparency on the risks we are facing as an organisation, ensures those risks are adequately assessed, and where possible quantified in our Internal Model, and allocation of risk capital to the most attractive lines of business based on a robust assessment of risk and return.

All employees in the company are expected, to some bigger or smaller extent, to manage risks in order to limit a potentially adverse outcome and to generate profit and stability for the stakeholders of the company.

A new Risk Strategy has been developed and approved by the Supervisory Board. The Strategy will help shape the future direction of risk management practices within MS Amlin AG. The aim of the Risk Strategy is to clearly define the meaning and scope of risk management, define the roles and responsibilities for the first, second and third lines of defence, and set the expected risk behaviours and culture within which risk management should be performed. The Strategy also provides direction to the business in terms of what types of risks can be taken (the 'risk appetite') and how much risk can be taken (the 'Risk Tolerance' and supporting 'Risk Limits'). The Risk Strategy therefore forms an integral part of the annual Business Strategy and Plan discussions. Supporting the Risk Strategy are Risk Standards per Risk Category and Policies for the Internal Model and the Own Risk & Solvency Assessment (ORSA), which provide further detailed guidance and requirements.

The building blocks of our holistic risk management approach within MS Amlin AG

Risk Governance: within MS Amlin AG we operate the 'three lines of defence' model which clearly defines the risk responsibilities of the individuals and functions:

- The first line functions, such as underwriting, finance and claims, are accountable for risk taking, implementing the risk framework and embedding a strong risk culture;
- The second line (Risk and Compliance Functions) are accountable for quantitative and qualitative oversight and challenge of the key risks, including compliance with the risk strategy, tolerance & limits and regulations. They support in developing a robust risk framework and methods and provide risk management tools, such as the internal model for risk quantification and the system for recording material risks, key controls and actions.
- Internal Audit provides independent assurance on the adequacy of the risk and control framework.

The table below shows the individual responsibilities of the Executive Board against the main risk categories, for which definitions are provided.

Overall Responsibility	RISK OWNER	SUPERVISION	KEY RISK TAKERS <i>1st line of defence</i>	RISK MANAGEMENT <i>2nd line of defence</i>	INTERNAL AUDIT <i>3rd line of defence</i>
Overall	Supervisory Board	Audit & Risk Committee	CEO	CRO	CIA
Strategic Risk		Supervisory Board	CEO	CRO	CIA
Insurance Risks (Underwriting)		Supervisory Board	CUO /DUP		
Insurance Risks (Reserving)		Audit & Risk Committee	CA		
Financial Market, Liquidity & Credit Risk		Supervisory Board	CFO		
Operational Risks		Supervisory Board	COO + each Executive for their business areas		

Risk Categorisation

MS Amlin AG groups its risks into five 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.

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.

Insurance Risks are the risk that the underwriting portfolio performance is worse than expected due to inadequate pricing and/or unexpected claims frequency, as well as systematic changes in the nature of claims. Unexpected losses on the current underwriting year are categorised as 'Premium Risk' (split by Catastrophe and Non-Catastrophe), and unexpected losses on prior underwriting years are categorised as 'Reserve Risk'.

Financial Market, Liquidity and Credit Risk are managed using capital against the residual risk and are included within the Internal Model for the SST.

Financial Market Risk: is the risk that our investment portfolio performs worse than expected, and comprises interest rate risk, equity risk, currency risk, real estate risk and commodity risk.

Liquidity Risk: is the risk that we are unable to meet funding obligations as they fall due.

Credit Risk: This is the risk of our various counterparties, banks, cedants, brokers, reinsurers and intra-group companies failing to pay what is owed to us. The price fluctuation of corporate bonds and similar as a consequence of varying credit spreads within our Investment portfolio also forms part of credit risk.

Operational Risk: represents the potential economic, financial reporting, reputational or compliance impact resulting from inadequate or failed internal processes, people and systems or from external causes.

Solvency and Liquidity

The Solvency (level of available capital in excess of required capital for Regulatory and Rating Agency purposes) and the liquidity (availability of liquid assets) will dictate the total level of risk that can be assumed by MS Amlin AG. The Supervisory Board have approved as part of the Risk Strategy and Capital Management Policy a target solvency position and minimum liquidity ratio, below which any potential capital management actions required need to be discussed and agreed within a defined timescale according to the extent of the deterioration in the Solvency position. We calculate the required capital needed to support potential unexpected losses in the coming year in accordance with the Swiss Solvency Test (SST) risk-based capital methodology in our FINMA approved Internal Model.

The loss reported in 2021 has led to a reduction in the available capital to support risk taking activities. The overall solvency position however, remains strong. No dividends will be paid for 2021.

Risk Tolerance, Appetite and Limits

The Supervisory Board approved risk strategy delegates the amount of risk to be taken and specifies preferences towards risk types. These are expressed through the risk appetite, tolerances and limits. Alongside the business strategy, this defines how we restrict and allocate capacity to ensure that we maintain a strong solvency & liquidity position and allocate capital to the most attractive lines of business.

Processes and organisation

In order to embed the basic building blocks of effective risk management it is essential to have robust risk management processes and governance in place. Risk management processes for identifying, measuring, controlling and reporting on risks are embedded in the day-to-day operations of all functions within MS Amlin AG. The Risk Strategy sets out the specific roles and responsibilities across the three lines of defence for the risk management processes and assurance activities. It also includes details of items that must be escalated, along with the escalation process.

Risk Behaviours

In order to deliver effective risk management, the supporting risk culture and behaviours of our key risk takers is of paramount importance. We promote an environment of open communication and unbiased view in respect of risk. Risk behaviours forms an important part of how we assess the performance of our key risk takers throughout the year.

Assurance Functions

The Risk Function measures the necessary risk capital and independently monitors the adherence to risk appetite, tolerance and limits. In case of breaches it initiates, together with the first line of defence, mitigating actions. The Chief Risk Officer, through periodic review of any part of the risk landscape as deemed necessary, performs additional assurance activities, for example deep-dive reviews. The Risk Function aims to be recognised as a centre of excellence for risk management expertise. The role of the Compliance Function is to provide assurance that the company complies with regulatory requirements, associated laws, and relevant policies. The Internal Audit Function has the main task of providing independent assurance that the risk management framework and processes are adequately working within the first and second lines of defence.

Quarterly assurance reporting from the assurance functions to the Audit & Risk Committee and Board supports the Board in fulfilling their risk oversight responsibilities by providing them with a timely view on changes in the MS Amlin AG risk profile, risks near to or outside of appetite, outcomes of assurance activities and any Legal and Regulatory compliance issues.



MS Amlin AG, Zurich

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

Financial Statements 2021



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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 balance sheet, income statement, cash flow statement and notes for the year ended 31 December 2021.

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 2021 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



Lukas Kündig
Licensed Audit Expert

Zurich, 20 April 2022

Enclosure(s):

- Financial statements (balance sheet, income statement, cash flow statement and notes)
- Proposed appropriation of available earnings

Financial Statements of MS Amlin AG

2021

Kirchenweg 5
8008 Zürich
Switzerland

Income statement

USD	Note	2021	2020
Gross premium written		2,198,825,878	1,604,520,284
Premiums ceded to reinsurers		(490,090,275)	(184,636,555)
Net premiums written		1,708,735,603	1,419,883,729
Change in unearned premium reserves - gross		(489,063,364)	(40,407,245)
Change in reinsurers' share of unearned premium reserves		199,540,980	13,247,654
Net premiums earned		1,419,213,219	1,392,724,138
Other insurance income		618,214	671,119
Total technical income		1,419,831,433	1,393,395,257
Gross claims and claim expenses paid		(992,820,350)	(829,157,228)
Reinsurers' share of claims and claim expenses		81,643,075	65,587,523
Change in technical provisions - gross	6	(574,558,246)	(275,441,058)
Change in reinsurers' share of technical provisions	6	195,540,630	(45,218,484)
Net claims and claim expenses incurred		(1,290,194,891)	(1,084,229,247)
Acquisition costs - gross		(377,101,848)	(337,361,517)
Administrative expenses - gross		(89,823,067)	(60,741,932)
Acquisition costs and administrative expenses - gross		(466,924,915)	(398,103,449)
Reinsurers' share of acquisition costs		33,298,447	3,503,958
Net acquisition costs and administrative expenses		(433,626,468)	(394,599,491)
Total technical expenses		(1,723,821,359)	(1,478,828,738)
Income from investments	11	247,494,239	264,382,528
Expenses from investments	12	(199,948,188)	(181,646,075)
Net income from investments		47,546,051	82,736,453
Other financial expenses		(3,928,541)	(3,731,561)
Operating income		(260,372,416)	(6,428,589)
Other income		335,549	136,029
Other expenses		(11,713,596)	(3,711,812)
Profit before direct taxes		(271,750,463)	(10,004,372)
Direct taxes		(1,096,855)	697,504
LOSS		(272,847,318)	(9,306,868)

Balance sheet

Assets

USD	Note	31/12/2021	31/12/2020
Investments		3,891,849,254	3,698,552,689
Participations		1,512,614	-
Fixed-interest securities		537,491,196	445,225,596
Shares		12,948,149	8,726,879
Other investments	2	3,339,897,296	3,244,600,214
Receivables from derivative financial instruments		259,281	645,409
Deposits on reinsurance business		97,541,153	87,752,843
Cash and cash equivalents		269,258,224	418,088,847
Reinsurers' share of technical provisions	5	542,376,135	148,706,157
Property and equipment		7,948,000	7,112,212
Deferred acquisition costs		429,551,417	301,118,145
Intangible assets		1,929,362	-
Reinsurance receivables	3 / 8	1,385,512,097	1,071,086,847
Other receivables	8	32,074,119	41,917,935
Prepaid expenses and accrued income		30,099,166	26,956,969
TOTAL ASSETS		6,688,398,207	5,801,938,053

Liabilities and equity

USD	Note	31/12/2021	31/12/2020
Technical provisions	5	4,634,536,431	3,680,740,616
Non-technical provisions		47,200,311	12,822,268
Liabilities from derivative financial instruments		6,727,858	9,298,154
Reinsurance payables	4 / 9	411,674,408	235,933,631
Other liabilities	9	19,781,676	21,818,544
TOTAL LIABILITIES		5,119,920,685	3,960,613,213
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		36,551,915	309,399,233
Merger reserve		180,256,440	180,256,440
Profit brought forward		129,142,793	138,449,661
Profit/(Loss)		(272,847,318)	(9,306,868)
Total equity	7	1,568,477,522	1,841,324,840
TOTAL LIABILITIES AND EQUITY		6,688,398,207	5,801,938,053

Cash Flow Statement*

in USD

	2021	2020
Loss for the year	(272,847,318)	(9,306,868)
Net (purchases)/sales of property, plant and equipment and intangible assets (incl. depreciation)	(2,765,150)	(3,072,247)
Net (purchases)/sales of investments (incl. realised gains/losses)	(191,783,951)	(298,669,942)
Net (purchases)/sales of derivatives (incl. realised gains/losses)	(2,184,168)	298,584
Decrease/(increase) in deposits on reinsurance business	(9,788,309)	(5,934,726)
(Increase)/decrease in reinsurance contract assets	(393,669,977)	32,136,044
(Increase)/decrease in deferred acquisition cost	(128,433,271)	(26,167,456)
(Increase)/decrease in insurance receivables	(314,425,250)	(64,037,299)
(Increase)/decrease other receivables and other payables	7,806,947	(16,895,739)
Increase/(decrease) in outstanding claims	492,504,611	366,922,263
Increase/(decrease) in unearned premium	461,291,204	69,766,214
Increase/(decrease) in creditors arising from insurance operations	175,740,777	13,758,904
Increase/(decrease) in non-technical provision	34,378,043	368,273
(Increase)/decrease prepaid expenses and accrued income	(3,142,198)	4,229,753
Cash flow from operating activities	(147,318,009)	63,395,757
Net (purchases)/sales of participations	(1,512,614)	-
Cash flow from investing activities	(1,512,614)	-
Cash flow from financing activities	-	-
Cash flow for the financial year	(148,830,624)	63,395,757
Cash on 1 January	418,088,847	354,693,090
Cash on 31 December	269,258,224	418,088,847
Change in cash	(148,830,624)	63,395,757

*The Cash Flow Statement is prepared using the indirect method.

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.

Acquisition of MS Amlin Reinsurance Managers Inc (ARMI)

MS Amlin AG acquired 100% (USD 1'512'614) of the shares of ARMI (MS Amlin Reinsurance Managers, Inc a company incorporated and registered in New Jersey, 820 Bear Tavern Road, West Trenton, NJ 086281) from MS Amlin Underwriting Limited (AUL) on the 30th June, 2021 subject to the terms and conditions of the Sale and Purchase Agreement. The purchase price was defined as the net asset value of ARMI as at 30 June 2021.

Change in Accounting Policy

Reclassification from "Other investments" to "Shares":

In previous years "Other investments" included the Company's ownership in Envelop Risk Limited. Based on further assessment and the nature of the investment, it is reclassified from "Other investments" to "Shares" for the 2021 Financial Statements.

Change in Presentation Currency (in 2020):

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 0.9122 was applied for converting the USD numbers to CHF.

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.

Investments

Participations represent the Company's holding of ARMI which is acquired by 30 June 2021. ARMI is not consolidated into the Company's financials on a line by line consolidation basis as it is a separate legal entity. The participation amount of USD 1.5 million represents the net asset value of ARMI which is subject to impairment review in case of any material decreases in the net asset value.

Fixed-interest securities consist of government bonds.

Shares represent the Company's investment in the preferred shares of Viribus Re Ltd and Envelop.

Other investments mainly consist of bond and equity funds within Toro Prism Trust, money market funds and property funds.

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 3.3 million. The revaluation to the functional currencies led to a FX gain of USD 23.5 million. The combined unrealised FX gain of USD 26.8 million further increased the existing FX provision of USD 1.2m (Balance Sheet: Liability account "Non-technical provisions").

The realized FX loss of USD 11.6 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 and Hedge Fund as in note 2), 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.

Participation is carried at cost less necessary impairment, if any.

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. This also includes right of use assets from the Company's lease contracts.

Intangible assets

Intangible assets, consisting of capitalised development costs for software for internal use, are measured at cost less straight-line amortisation over the estimated useful life of software which is not exceeding 20 years.

Reinsurance receivables

Reinsurance receivables are carried at nominal value, after deduction of known credit risks if applicable. The set up of bad debt reserves or write offs will be recorded on a cedent basis.

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

Other receivables

Other receivables are recognised at the nominal value, subject to impairment if necessary.

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 - Gross & Reinsurers' share

Acquisition costs comprise brokerage and commission 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	31/12/2021	31/12/2020
Participations in pooled investment funds - Property	280,430,380	282,869,958
Participations in pooled investment funds - Equity	612,708,536	519,244,586
Participations in pooled investment funds - Bonds	1,767,099,463	2,049,086,781
Participations in pooled investment funds - Money Market	390,324,598	189,906,266
Participations in pooled investment funds - Hedge Fund	37,973,400	-
Private equity of which participations (holding < 20%)	-	4,231,973
Short-term investments in pooled investment funds	251,360,919	199,260,650
Total	3,339,897,296	3,244,600,214

3. Reinsurance receivables

USD	31/12/2021	31/12/2020
Receivables from agents and brokers	1,209,373,725	834,018,981
Receivables from insurance companies	176,138,372	237,067,866
Total	1,385,512,097	1,071,086,847

4. Reinsurance payables

USD	31/12/2021	31/12/2020
Liabilities to agents and brokers	362,845,619	82,229,910
Liabilities to insurance companies	48,828,789	153,703,721
Total	411,674,408	235,933,631

Notes to the Financial Statements

5. Technical provisions

USD	Technical provisions (gross)		Reinsurers' share		Technical provisions (net)	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Unearned premium reserve	1,598,114,386	1,136,823,183	224,911,726	25,527,029	1,373,202,660	1,111,296,154
Loss reserves *	3,036,422,045	2,543,917,433	317,464,408	123,179,128	2,718,957,637	2,420,738,305
Total Technical provisions	4,634,536,431	3,680,740,616	542,376,135	148,706,157	4,092,160,296	3,532,034,459

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

6. Change in technical provisions

USD	2021	2020
Change in technical provisions - Outstanding claims	160,795,467	30,010,724
Change in technical provisions - IBNR	413,762,779	245,430,334
Change in technical provisions - gross	574,558,246	275,441,058
Change in reinsurers' share of technical provisions - Outstanding claims	559,091	40,883,620
Change in reinsurers' share of technical provisions - IBNR	(196,099,721)	4,334,864
Change in reinsurers' share of technical provisions	(195,540,630)	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
Loss 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
Loss for the period				(272,847,318)	(272,847,318)
Dividend payments					-
As of 31 Dec 2021	10,333,001	1,516,426,106	5,166,500	36,551,915	1,568,477,522

Notes to the Financial Statements

8. Receivables from third parties and affiliated companies

USD			31/12/2021
	Third party	Affiliated companies	Total
Receivables from reinsurance business	1,209,102,862	176,409,235	1,385,512,097
Other receivables	30,158,290	1,915,830	32,074,119
Total	1,239,261,152	178,325,065	1,417,586,216

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

9. Payables to third parties and affiliated companies

USD			31/12/2021
	Third party	Affiliated companies	Total
Payables from reinsurance business	352,364,941	59,309,467	411,674,408
Other liabilities	11,745,716	8,035,960	19,781,676
Total	364,110,657	67,345,427	431,456,084

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

Notes to the Financial Statements

10. Audit fees

USD	31/12/2021	31/12/2020
Audit services	649,537	676,153
Other services	54,813	-
Total	772,144	676,153

11. Income from investments

USD	Income		Net unrealized gains		Net realized gains		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Fixed-interest securities	7,469,483	10,364,023	-	1,470,172	533,221	1,365,540	8,002,705	13,199,735
Shares	-	2,679,932	-	-	-	-	-	2,679,932
Other investments	39,989,494	30,404,282	105,748,015	110,869,173	93,754,025	107,229,406	239,491,534	248,502,861
Total	47,458,977	43,448,237	105,748,015	112,339,345	94,287,246	108,594,946	247,494,239	264,382,528

12. Expenses from investments

USD	Expenses		Net unrealized losses		Net realized losses		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Fixed-interest securities	1,259,838	834,828	2,669,679	2,161,120	3,160,540	1,889,208	7,090,056	4,885,156
Shares	-	-	58,556	-	-	-	58,556	-
Other investments	2,141,520	3,245,380	33,908,234	39,082,780	156,749,821	134,432,759	192,799,575	176,760,919
Total	3,401,358	4,080,208	36,636,469	41,243,900	159,910,361	136,321,967	199,948,188	181,646,075

Notes to the Financial Statements

13. Personnel expenses

Personnel expenses for fiscal year 2021 amount to USD 41.7 million (2020 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 2021 (31 December 2020: 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

USD	31/12/2021	31/12/2020
Property and equipment	681,039	964,760
Intangible assets	1,074	2,542
Total	682,113	967,302

16. Restricted assets

At 31 December 2021, 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 650.0 million (2020: USD 450.0 million), USD 210.0 million (2020: USD 210.0 million) and USD 51.3 million (2020: USD 53.9 million). The USD 650.0 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 2021, USD 697.6 million of LOC were issued (2020: USD 572.6 million). The total value of restricted assets as at 31 December 2021 was USD 788.9 million (2020: USD 646.0 million).

Revolving Credit Facility

MS Amlin AG has access to an uncommitted revolving credit facility agreement with SMBC Bank of USD 150.0 million credit limit. As at 31 December 2021 the revolving credit facility is undrawn.

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 2021 included in other receivables is USD 19.9 million (2020: USD 31.5 million) margins and collateral pledged in relation to listed future margins.

Funds withheld as premium/claim deposits

At 31 December 2021, the Company had placed funds totalling net to USD 28.0 million (2020: USD 20.3 million) as premium deposits and USD 69.5 million (2020: USD 67.5 million) as claim deposits. These funds are held by external brokers or cedents. In addition a further USD 137.1 million (2020: USD 136.3 million) has been placed into pledge accounts to collateralise against losses due to reinsurance cedents.

Trust Funds

At 31 December 2021, cash and cash equivalents with a fair value of USD 243.3 million (2020: USD 263.8 million) have been deposited in trust by the Company for the benefit of U.S. ceding companies. These funds are held in a 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	31/12/2021	31/12/2020
Later than 1 year and no later than 5 years	5,149,148	3,936,554
Later than 5 years	-	100,072
Total operating lease commitments	5,149,148	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, 2021.

18. Liabilities to pension schemes

There is no pension fund liability at December 31, 2021 (2020: 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

Military conflict in Ukraine

On 24 February 2022, Russia began a military invasion of the Ukraine. The Company's exposure as a result of underwriting activities continue to be assessed albeit are expected to be material to the Company's 2022 financial results, and there is limited exposure in the investment portfolio. Second order impacts are not yet well known or understood.

Notes to the Financial Statements

21. Shareholders' equity (reserves from capital contributions)

On 31 December 2021, USD 1,516.4 million are shown as "reserves from capital contributions" (31 December 2020: 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 2021, the company did not release nor does it hold any hidden reserves.

Proposal for the appropriation of distributable earnings

USD	31/12/2021	31/12/2020
Profit/(loss) carried forward	309,399,233	318,706,101
Profit/(loss)	(272,847,318)	(9,306,868)
Merger reserve	-	-
Distributable earnings	36,551,915	309,399,233
Proposal of the Board of Directors:		
Distributable earnings	36,551,915	309,399,233
Dividend payments	-	-
Amount carried forward	36,551,915	309,399,233

Income statement

CHF	Note	2021	2020
Gross premium written		2,005,768,966	1,419,839,999
Premiums ceded to reinsurers		(447,060,349)	(163,384,887)
Net premiums written		1,558,708,617	1,256,455,112
Change in unearned premium reserves - gross		(446,123,601)	(35,756,371)
Change in reinsurers' share of unearned premium reserves		182,021,282	11,722,849
Net premiums earned		1,294,606,298	1,232,421,590
Other insurance income		563,935	593,873
Total technical income		1,295,170,233	1,233,015,463
Gross claims and claim expenses paid		(905,650,723)	(733,721,231)
Reinsurers' share of claims and claim expenses		74,474,813	58,038,399
Change in technical provisions - gross	6	(524,112,032)	(243,737,793)
Change in reinsurers' share of technical provisions	6	178,372,162	(40,013,836)
Net claims and claim expenses incurred		(1,176,915,780)	(959,434,461)
Acquisition costs - gross		(343,992,306)	(298,531,206)
Administrative expenses - gross		(81,936,602)	(53,750,535)
Acquisition costs and administrative expenses - gross		(425,928,907)	(352,281,742)
Reinsurers' share of acquisition costs		30,374,843	3,100,652
Net acquisition costs and administrative expenses		(395,554,064)	(349,181,090)
Total technical expenses		(1,572,469,844)	(1,308,615,551)
Income from investments	11	225,764,245	233,952,099
Expenses from investments	12	(182,392,737)	(160,738,612)
Net income from investments		43,371,508	73,213,487
Other financial expenses		(3,583,615)	(3,302,058)
Operating income		(237,511,718)	(5,688,659)
Other income		306,088	120,372
Other expenses		(10,685,142)	(3,284,582)
Profit before direct taxes		(247,890,772)	(8,852,869)
Direct taxes		(1,000,551)	617,221
PROFIT / (LOSS)		(248,891,323)	(8,235,648)

Balance sheet

Assets

CHF	Note	31/12/2021	31/12/2020
Investments		3,550,144,890	3,272,849,276
Participations		1,379,806	-
Fixed-interest securities		490,299,469	393,980,130
Shares		11,811,301	7,722,416
Other investments	2	3,046,654,314	2,871,146,730
Receivables from derivative financial instruments		236,516	571,122
Deposits on reinsurance business		88,977,039	77,652,491
Cash and cash equivalents		245,617,352	369,966,820
Reinsurers' share of technical provisions	5	494,755,510	131,590,078
Property and equipment		7,250,166	6,293,597
Deferred acquisition costs		391,836,802	266,459,447
Intangible assets		1,759,964	-
Reinsurance receivables	3 / 8	1,263,864,135	947,804,751
Other receivables	8	29,258,012	37,093,180
Prepaid expenses and accrued income		27,456,459	23,854,221
TOTAL ASSETS		6,101,156,845	5,134,134,983

Liabilities and equity

CHF	Note	31/12/2020	31/12/2020
Technical provisions	5	4,227,624,133	3,257,087,371
Non-technical provisions		43,056,124	11,346,425
Liabilities from derivative financial instruments		6,137,152	8,227,936
Reinsurance payables	4 / 9	375,529,395	208,777,670
Other liabilities	9	18,044,845	19,307,230
TOTAL LIABILITIES		4,670,391,649	3,504,746,632
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		51,308,237	300,199,560
Merger reserve		174,447,343	174,447,343
Profit brought forward		125,752,217	133,987,865
Profit/(Loss)		(248,891,323)	(8,235,648)
Conversion difference		(103,099,517)	(153,367,685)
Total equity	7	1,430,765,196	1,629,388,351
TOTAL LIABILITIES AND EQUITY		6,101,156,845	5,134,134,983

Cash Flow Statement
in CHF

	2021	2020
Profit / (Loss) for the year	(248,891,323)	(8,235,648)
Net (purchases)/sales of property, plant and equipment and intangible assets (incl. depreciation)	(2,522,370)	(2,718,632)
Net (purchases)/sales of investments (incl. realised gains/losses)	(174,945,320)	(264,293,031)
Net (purchases)/sales of derivatives (incl. realised gains/losses)	(1,992,398)	264,217
Decrease/(increase) in deposits on reinsurance business	(8,928,896)	(5,251,639)
(Increase)/decrease in reinsurance contract assets	(359,105,753)	28,437,185
(Increase)/decrease in deferred acquisition cost	(117,156,830)	(23,155,582)
(Increase)/decrease in insurance receivables	(286,818,713)	(56,666,605)
(Increase)/decrease other receivables and other payables	7,121,497	(14,951,040)
Increase/(decrease) in outstanding claims	449,262,706	324,689,511
Increase/(decrease) in unearned premium	420,789,837	61,736,123
Increase/(decrease) in creditors arising from insurance operations	160,310,737	12,175,255
Increase/(decrease) in non-technical provision	31,359,651	325,885
(Increase)/decrease prepaid expenses and accrued income	(2,866,313)	3,742,908
Cash flow from operating activities	(134,383,488)	56,098,906
Net (purchases)/sales of participations	(1,379,806)	-
Cash flow from investing activities	(1,379,806)	-
Cash flow from financing activities	-	-
Cash flow for the financial year	(135,763,294)	56,098,906
Cash on 1 January	369,966,820	343,262,450
Exchange rate difference on cash and cash equivalents	11,413,826	(29,394,536)
Cash on 31 December	245,617,352	369,966,820
Change in cash	(135,763,294)	56,098,906

*The Cash Flow Statement is prepared using the indirect method.

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.

Participation: Acquisition of MS Amlin Reinsurance Managers Inc (ARMI)

MS Amlin AG acquired 100% (USD 1'512'614) of the shares & voting rights of ARMI (MS Amlin Reinsurance Managers, Inc a company incorporated and registered in New Jersey, 820 Bear Tavern Road, West Trenton, NJ 08628I) from MS Amlin Underwriting Limited (AUL) on the 30th June, 2021 subject to the terms and conditions of the Sale and Purchase Agreement. The purchase price was defined as the net asset value of ARMI as at 30 June 2021.

Change in Accounting Policy

Reclassification from Other investments to Shares:

In previous years "Other investments" included the Company's ownership in Envelop Risk Limited. Based on further assessment and the nature of the investment, it is reclassified from "Other investments" to "Shares" for the 2021 Financial Statements.

Change in Presentation Currency (in 2020):

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 0.9122 was applied for converting the USD numbers to CHF (2020 CHF/USD 0.8849).

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.

Investments

Participations represent the Company's holding of ARMI which is acquired by 30 June 2021. ARMI is not consolidated into the Company's financials on a line by line consolidation basis as it is a separate legal entity. The participation amount of USD 1.5 million represents the net asset value of ARMI which is subject to impairment review in case of any material decreases in the net asset value.

Fixed-interest securities consist of government bonds.

Shares represent the Company's investment in the preferred shares of Viribus Re Ltd and Envelop.

Other investments mainly consist of bond and equity funds within Toro Prism Trust, money market funds and property funds.

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 3.3 million. The revaluation to the functional currencies led to a FX gain of USD 23.5 million (CHF 21.4 million). The combined unrealised FX gain of USD 26.8 million (CHF 24.4 million) further increased the existing FX provision of USD 1.2m (CHF 1.1 million) (Balance Sheet: Liability account "Non-technical provisions").

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 and Hedge Fund as in note 2), 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.

Participation is carried at cost less necessary impairment, if any.

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. This also includes right of use assets from the Company's lease contracts.

Intangible assets

Intangible assets, consisting of capitalised development costs for software for internal use, are measured at cost less straight-line amortisation over the estimated useful life of software which is not exceeding 20 years.

Reinsurance receivables

Reinsurance receivables are carried at nominal value, after deduction of known credit risks if applicable. The set up of bad debt reserves or write offs will be recorded on a cedent basis.

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

Other receivables

Other receivables are recognised at the nominal value, subject to impairment if necessary.

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 - Gross & Reinsurers' share

Acquisition costs comprise brokerage and commission 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	31/12/2021	31/12/2020
Participations in pooled investment funds - Property	255,808,593	250,311,626
Participations in pooled investment funds - Equity	558,912,727	459,479,534
Participations in pooled investment funds - Bonds	1,611,948,131	1,813,236,893
Participations in pooled investment funds - Money Market	356,054,099	168,048,055
Participations in pooled investment funds - Hedge Fund	34,639,335	-
Private equity of which participations (holding < 20%)	-	3,744,873
Short-term investments in pooled investment funds	229,291,430	176,325,749
Total	3,046,654,313	2,871,146,730

3. Reinsurance receivables

CHF	31/12/2021	31/12/2020
Receivables from agents and brokers	1,103,190,712	738,023,396
Receivables from insurance companies	160,673,423	209,781,355
Total	1,263,864,135	947,804,751

4. Reinsurance payables

CHF	31/12/2021	31/12/2020
Liabilities to agents and brokers	330,987,773	72,765,247
Liabilities to insurance companies	44,541,621	136,012,423
Total	375,529,395	208,777,670

Notes to the Financial Statements

5. Technical provisions

CHF	Technical provisions (gross)		Reinsurers' share		Technical provisions (net)	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Unearned premium reserve	1,457,799,943	1,005,974,834	205,164,476	22,588,868	1,252,635,466	983,385,966
Loss reserves *	2,769,824,189	2,251,112,537	289,591,033	109,001,210	2,480,233,157	2,142,111,327
Total Technical provisions	4,227,624,133	3,257,087,371	494,755,510	131,590,078	3,732,868,622	3,125,497,293

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

6. Change in technical provisions

CHF	2021	2020
Change in technical provisions - Outstanding claims	146,677,625	26,556,490
Change in technical provisions - IBNR	377,434,407	217,181,303
Change in technical provisions - gross	524,112,032	243,737,793
Change in reinsurers' share of technical provisions - Outstanding claim	510,003	36,177,915
Change in reinsurers' share of technical provisions - IBNR	(178,882,165)	3,835,921
Change in reinsurers' share of technical provisions	(178,372,162)	40,013,836

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 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)
Loss 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
Conversion difference *					50,268,168	50,268,168
Loss for the period				(248,891,323)	-	(248,891,323)
Dividend payments				-	-	-
As of 31 Dec 2021	10,000,001	1,467,556,476	5,000,000	51,308,236	(103,099,517)	1,430,765,196

* Pursuant to Art. 958d, paragraph 3, CO, figures must also be presented in CHF and the year end CHF/USD exchange rate of 0.9122 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			31/12/2021
	Third party	Affiliated companies	Total
Receivables from reinsurance business	1,102,943,631	160,920,504	1,263,864,135
Other receivables	27,510,391	1,747,620	29,258,012
Total	1,130,454,022	162,668,124	1,293,122,146

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

9. Payables to third parties and affiliated companies

CHF			31/12/2021
	Third party	Affiliated companies	Total
Payables from reinsurance business	321,427,299	54,102,096	375,529,395
Other liabilities	10,714,442	7,330,403	18,044,845
Total	332,141,741	61,432,499	393,574,240

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

Notes to the Financial Statements

10. Audit fees

CHF	31/12/2021	31/12/2020
Audit services	592,508	598,328
Other services	50,000	-
Total	642,508	598,328

11. Income from investments

CHF	Income		Net unrealized gains		Net realized gains		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Fixed-interest securities	6,813,663	9,171,124	-	1,300,955	486,405	1,208,367	7,300,067	11,680,446
Shares	-	2,371,472	-	-	-	-	-	2,371,472
Other investments	36,478,416	26,904,749	96,463,339	98,108,131	85,522,422	94,887,302	218,464,177	219,900,182
Total	43,292,079	38,447,345	96,463,339	99,409,086	86,008,826	96,095,668	225,764,245	233,952,099

12. Expenses from investments

CHF	Expenses		Net unrealized losses		Net realized losses		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Fixed-interest securities	1,149,224	738,739	2,435,281	1,912,375	2,883,044	1,671,760	6,467,549	4,322,875
Shares	-	-	53,415	-	-	-	53,415	-
Other investments	1,953,495	2,871,837	30,931,091	34,584,352	142,987,187	118,959,549	175,871,773	156,415,737
Total	3,102,719	3,610,576	33,419,786	36,496,728	145,870,231	120,631,309	182,392,737	160,738,612

Notes to the Financial Statements

13. Personnel expenses

Personnel expenses for fiscal year 2021 amount to CHF 38.0 million (2020: CHF 26.5 million) and are included in the line item administrative expenses.

14. Contingent liabilities

The Company has no contingent liabilities at 31 December 2021 (31 December 2020: 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	31/12/2021	31/12/2020
Property and equipment	621,244	853,716
Intangible assets	980	2,249
Total	622,223	855,965

16. Restricted assets

At 31 December 2021, 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 592.9 million (2020: CHF 398.2 million), CHF 191.6 million (2020: CHF 185.8 million) and CHF 46.8 million (2020: CHF 47.7 million). The USD 650.0 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 2021, CHF 636.4 million of LOC were issued (2020: CHF 506.7 million). The total value of restricted assets as at 31 December 2021 was CHF 719.6 million (2020: CHF 571.6 million).

Revolving Credit Facility

MS Amlin AG has access to an uncommitted revolving credit facility agreement with SMBC Bank of CHF 136.8 million credit limit. As at 31 December 2021 the revolving credit facility is undrawn.

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 2021 included in other receivables is CHF 18.2 million (2020: CHF 27.9 million) margins and collateral pledged in relation to listed future margins.

Funds withheld as premium/claim deposits

At 31 December 2021, the Company had placed funds totalling net to CHF 25.5 million (2020: CHF 18.0 million) as premium deposits and CHF 63.4 million (2020: CHF 59.7 million) as claim deposits. These funds are held by external brokers or cedents. In addition a further CHF 125.1 million (2020: CHF 120.6 million) has been placed into pledge accounts to collateralise against losses due to reinsurance cedents.

Trust Funds

At 31 December 2021, cash and cash equivalents with a fair value of CHF 221.9 million (2020: CHF 233.4 million) have been deposited in trust by the Company for the benefit of U.S. ceding companies. These funds are held in a 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	31/12/2021	31/12/2020
Later than 1 year and no later than 5 years	4,697,053	3,483,457
Later than 5 years	-	88,553
Total operating lease commitments	4,697,053	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, 2021.

18. Liabilities to pension schemes

There is no pension fund liability at December 31, 2021 (2020: 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

Military conflict in Ukraine

On 24 February 2022, Russia began a military invasion of the Ukraine. The Company's exposure as a result of underwriting activities continue to be assessed albeit are expected to be material to the Company's 2022 financial results, and there is limited exposure in the investment portfolio. Second order impacts are not yet well known or understood.

Notes to the Financial Statements

21. Shareholders' equity (reserves from capital contributions)

On 31 December 2021, CHF 1,467.6 million are shown as "reserves from capital contributions" (31 December 2020: 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 2021, the company did not release nor does it hold any hidden reserves.

Proposal for the appropriation of distributable earnings

CHF	31/12/2021	31/12/2020
Profit/(loss) carried forward	300,199,560	308,435,208
Profit/(loss)	(248,891,323)	(8,235,648)
Merger reserve	-	-
Distributable earnings	51,308,237	300,199,560
Proposal of the Board of Directors:		
Distributable earnings	51,308,237	300,199,560
Dividend payments	-	-
Amount carried forward	51,308,237	300,199,560

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