



Report of the Statutory Auditor

To the General Meeting of
Korean Reinsurance Switzerland AG, Zurich

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Korean Reinsurance Switzerland AG, which comprise the income statement and the balance sheet as at 31 December 2020, cash flow statement and notes for the year then ended.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these 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.



Other Matter

The financial statements of the company for the year ended 31 December 2019 were audited by another auditor whose report, dated 9 April 2020, expressed an unqualified opinion on those financial statements.

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 Code of Obligations (CO) and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 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 recommend that the financial statements submitted to you be approved.

Deloitte AG

A handwritten signature in blue ink, appearing to read "Emel Can Harrison".

Emel Can Harrison
Licensed Audit Expert
Auditor in Charge

A handwritten signature in blue ink, appearing to read "Gabriel Schwab".

Gabriel Schwab
Licensed Audit Expert

Zurich, 3 March 2021
EC/GS

Enclosures

- Financial statements (income statement, balance sheet, cash flow statement and notes)

Korean Reinsurance Switzerland AG

Annual Report

1 January 2020 – 31 December 2020

Details	
Issued by	Executive Management
Approval by	Board of Directors
Language	English
Report date	3 March 2021
Scope of application	Korean Reinsurance Switzerland AG

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Management Report

Introduction

Korean Reinsurance Switzerland AG ("KRSA") is a 100% owned subsidiary of Korean Reinsurance Company Seoul, South Korea ("Korean Re", "the Group") and was established on 12 July 2018 with the goal to strengthen the Group's European presence. KRSA is a reinsurance company domiciled in Zurich, focusing on Continental European property and casualty (P&C) treaty business.

Financial review

KRSA reported a net loss after taxes of CHF 8.04m (EUR 7.43m) and its assets amounted to CHF 171.82m (EUR 158.85m).

The main drivers of KRSA's financial result are the premium income, the loss result (including increase in technical reserves), administrative expenses and the investment result. KRSA ceded an average of 67% of its business to Korean Re.

As of 31 December 2020, the Gross Written Premium (GWP) amounted to CHF 56.20m (EUR 51.96m). In addition to increasing participations on transferred business from Korean Re a considerable amount of new business was acquired. In 2020, proportional business accounted for 64% of the premium income. Property accounted for 69%, motor for 17%, marine for 8% and engineering lines for 6% of the business portfolio.

The 2020 loss was predominantly driven by Covid-19 and its impact on property treaties in European markets. The pandemic's net impact was CHF 5.4m (EUR 5.0m) of the total net claims incurred which were CHF 12.18m (EUR 11.26m). Given 2020 was a benign natural catastrophe event year, the overall net loss ratio including Covid-19 reached 96.5%.

Acquisition costs and administrative expenses of CHF 14.71m (EUR 13.60m) consisted of CHF 8.81m (EUR 8.15m) acquisition costs on assumed business and of CHF 5.90m (EUR 5.45m) administrative expenses. The latter are largely driven by personnel expenses of total CHF 4.20m (EUR 3.89m) for the average 12.6 full-time employees.

Covid-19 also left its mark on financial markets, aggravating volatility, while governments and central banks promoted massive quantitative easing with record-low interest rates. Although KRSA is solely invested in high investment grade corporate bonds and the market slump in April 2020 was largely overcome by year-end, the turbulences have left some traces in KRSA's investment result. Overall the combination of realized losses and unrealized losses due to currency fluctuations have led to a net negative investment result.

Other financial income / expenses included negative interest rates as well as the interest expense for the right of lease of our office. Other income/expenses comprised the stamp duty for the capital increase.

KRSA received a capital injection of EUR 25m from its parent company Korean Re in November 2020, in line with its long-term business plan. The capital injection increased KRSA's legal capital reserves and a restructuring fund was established for tax-purposes. On the asset side, the corporate bonds valued according to the amortized cost method amounted to CHF 55.36m (EUR 51.19m). KRSA's strategic asset allocation is currently under review and the cash from the capital injection has not been invested per balance sheet date and KRSA showed a significant cash position of CHF 42.88m (EUR 39.64m).

The Board of Directors will propose to KRSA's shareholder to offset CHF 2.74m (EUR 2.52m) of the total loss of CHF 8.04m (EUR 7.43m) against KRSA's remaining organizational fund. The remainder of the

loss of CHF 5.30m will be compensated with the release of the structuring fund.

Business overview

At January 2020 renewals, KRSA was able to retain the business previously underwritten by its parent company Korean Re and added a relevant portion of new treaties. Covid-19 impacted the entire year affecting KRSA's operation model, acquisition process, as well business performance. Despite the ongoing challenges, KRSA was able to expand its client reach and is on track with the implementation of its long-term business strategy. During the year, KRSA was able to hire four new colleagues and considerably strengthened its business and operational capabilities.

Risk management

Risk management as a component of the governance system serves to identify, assess, report and monitor risks to which KRSA is exposed. The operational organization of the Risk Management system comprises the Head of Risk Management & Compliance and the Risk Management Committee. Furthermore, the organizational structure of the Risk Management system follows the concept of "Three lines of defense".

With the three lines of defense approach, KRSA pursues the goal to identify and manage the risks at all levels throughout its entire business process. All departments, processes and systems are involved and different procedures have been implemented to achieve complete risk identification. The Internal Audit function has been outsourced to Korean Re.

KRSA has established an Internal Control System (ICS) under the responsibility of the Board of Directors. The Head of Risk Management & Compliance ensures that the KRSA-wide process and risk and control documentations are up to date and reviews whether these are implemented in the business routines.

KRSA's Risk Management Committee is responsible for the regular analysis of risk identification, risk assessment and the preparation and implementation of risk-mitigating measures. The Risk Management Committee consists of the Executive Management, the Head of Risk Management & Compliance and the Responsible Actuary. The Committee focuses on Risk Governance and Risk Management topics in the broadest sense and takes place four times a year. In the financial year 2020, an in-depth risk assessment was performed resulting in an overall risk profile, which will be presented to the Board of Directors.

The overall risk profile is an essential component of the ORSA process, in which KRSA carries out a forward-looking self-assessment of the risk and solvency situation each year. KRSA's risk appetite is defined by its target SST ratio between 120% to 150%. KRSA's SST report as of 1 January 2020 shows an SST ratio of 167%.

Extraordinary events (during reporting period)

The most disruptive event in 2020 was the Covid-19 pandemic. It had an impact on KRSA's operating model, the business acquisition process, and the business performance.

KRSA moved into split-office and home office operating model for a large part of the year, namely during the renewal period from October until December. Staff was able to adapt quickly to the new circumstances and KRSA's IT and communication systems proved reliable and operational without any downtime.

Business acquisition, which usually happens via business trips and client visits, was largely replaced by virtual meetings after February 2020. The large reinsurance conferences of Monte Carlo and Baden-Baden were held on a virtual basis. Despite these challenges KRSA was able establish new contacts and introduce itself to new potential clients.

The unprecedented lock-down decisions by European governments resulted in claims activity triggered

by business interruption events mostly in property treaties in DACH markets and France. On the positive side, Continental European markets experienced a benign natural catastrophe event year, which helped to partially offset the Covid-19 related claims.

Outlook

Following its successful launch in June 2019, KRSA continued with the implementation of its long-term business strategy. January 2021 renewals resulted in a further growth of business. KRSA has further strengthened its presence in the European reinsurance market and was able to considerably expand existing and new client relationships. KRSA also made progress in further diversifying its book of business and becoming a more comprehensive reinsurance partner for its clients.

KRSA's growth plan for the coming years is ambitious but realistic. Further investments in KRSA's operational capabilities and capital base are planned and KRSA is well prepared to benefit from a hardening of the reinsurance markets. KRSA is still in a build-up phase and – in line with its strategic plan – expects to achieve break-even financial results in 2023.

Covid-19 continues to affect the European insurance markets. There is an uncertainty regarding claims activity from additional lock-downs as well as ongoing legal and court actions for 2020 claims. KRSA is well capitalized to absorb the potential financial impact and benefits from a strong capital support by its parent company.

Board of Directors, Management and Auditors

Board of Directors as of 31 December 2020

	Residence
Chul Min Jang (Chairman)	Seoul, Korea
Ji Han Han (Member)	Seoul, Korea
Reinhard Thoennissen (Independent Director)	Wallisellen, Switzerland
Sven Siegin (Secretary of the Board of Directors)	

Management as of 31 December 2020

Markus Eugster (Chief Executive Officer, CEO)
Jazmin Seijas Nogareda (Chief Financial Officer, CFO)
Won Joong Choi (Chief Operating Officer, COO)

Auditors

Deloitte AG

In 2020, the CEO also held the function as Chief Underwriting Officer (CUO). The further mandatory functions of KRSA are the Internal Audit, Risk Management Function, Compliance Function and the Responsible Actuary.

At the Annual General Meeting (AGM) on 29 June 2020, the new member of the Board of Directors Mr. Ji Han Han was elected, replacing Mr. Se Koan Oh. Furthermore, the AGM elected Deloitte AG as KRSA's external auditors for the 2020 fiscal year (2019: Ernst & Young AG).

Financial Statements

Profit and Loss Statement

For period 1 January 2020 to 31 December 2020

(Expressed in thousands of CHF and EUR)

		01.01.2020- 31.12.2020	01.01.2020- 31.12.2020	12.07.2018 - 31.12.2019	12.07.2018 - 31.12.2019
	Note	CHF k	EUR k	CHF k	EUR k
Gross written premium	3	56,198	51,959	178	163
Retroceded premiums	4	-37,544	-34,712	-124	-114
Net premiums written		18,654	17,247	54	49
Change in unearned premium reserves (gross)	6	-14,950	-13,823	-105	-96
Change in unearned premium reserves (ceded)	6	8,916	8,244	73	67
Net premiums earned		12,620	11,668	22	20
Other insurance income		1,413	1,307	1	1
Technical income		14,033	12,975	23	21
Gross claims and claim expenses paid		2,897	2,678	-	-
Reinsurer's share of claims and claim expenses		-2,110	-1,951	-	-
Change in technical provisions	9	-40,217	-37,183	-51	-47
Change in reinsurers' share of technical provisions	9	27,248	25,192	36	33
Net claims and claim expenses incurred		-12,182	-11,263	-15	-14
Acquisition costs and administrative expenses	10, 13, 14	-14,708	-13,599	-4,453	-4,096
Reinsurers' share of operating expenses (acquisition & admin)		6,696	6,190	6	6
Net acquisition costs and administrative expenses		-8,013	-7,408	-4,447	-4,090
Other technical expenses own business		-1,263	-1,168	-	-
Technical expenses		-21,458	-19,839	-4,462	-4,104
Income from investment activities	11	898	830	184	169
Expenses from investment activities	12	-1,002	-926	-103	-95
Net income from investments		-104	-96	81	74
Other financial expenses		-117	-108	-122	-112
Operating result		-7,646	-7,069	-4,480	-4,121
Non-operating expenses		-166	-154	-633	-583
Extraordinary income/expenses		-81	-75	-	-
Profit/loss before tax		-7,893	-7,298	-5,113	-4,704
Income tax expense		-146	-135	-146	-134
Profit and Loss		-8,040	-7,433	-5,259	-4,838
Total Profit and Loss account		-8,040	-7,433	-5,259	-4,838

Balance Sheet

As of 31 December 2020

(Expressed in thousands of CHF and EUR)

		31.12.2020	31.12.2020	31.12.2019	31.12.2019
Assets	Note	CHF k	EUR k	CHF k	EUR k
Fixed-interest securities		55,362	51,186	48,452	44,574
Deposits on ceded reinsurance business		1,699	1,571	-	-
Cash and cash equivalents		42,878	39,643	10,009	9,208
Reinsurers' share of technical provisions	6	36,326	33,585	109	100
Property and equipment		196	182	243	224
Right of use asset		1,480	1,368	1,673	1,539
Deferred acquisition costs		1,260	1,165	3	3
Intangible assets		640	592	678	624
Insurance receivables	7	31,375	29,008	134	123
Other receivables	7	6	6	4	4
Other assets		98	91	97	90
Accrued assets	5	494	457	506	464
Total Assets		171,816	158,853	61,908	56,953
Liabilities					
Technical provisions	6	55,079	50,924	156	143
Lease liabilities	15	1,518	1,403	1,702	1,565
Liabilities from deposits retained on ceded business		1,184	1,094	-	-
Reinsurance payables	7	34,784	32,159	136	125
Other liabilities	7	435	402	261	241
Accrued expenses and deferred income		1,450	1,340	995	915
Total Liabilities		94,449	87,323	3,250	2,989
Shareholder's equity (before appropriation of available earnings)					
Share capital	8	10,000	8,761	10,000	8,761
Legal capital reserves		75,833	70,202	54,394	50,041
Reserves from capital contributions		63,093	58,317	46,394	42,681
Organization fund		2,741	2,521	8,000	7,360
Restructuring fund		10,000	9,364	-	-
Legal retained earnings		-427	-	-477	-
Revaluation reserve		-427	-	-477	-
Voluntary retained earnings		-8,040	-7,433	-5,259	-4,838
Profit / loss		-8,040	-7,433	-5,259	-4,838
Total Equity		77,367	71,530	58,658	53,964
Total Liabilities and Equity		171,816	158,853	61,908	56,953

Cash Flow Statement

As of 31 December 2020

(Expressed in thousands of CHF and EUR)

	31.12.2020	31.12.2020	31.12.2019	31.12.2019
	CHF k	EUR k	CHF k	EUR k
Profit / Loss before tax	-7,893	-7,298	-5,113	-4,704
Depreciation and amortization	174	161	49	45
Loss (gain) on investments fixed-interest securities	562	519	63	57
Increase (decrease) in technical provisions	54,924	50,781	156	143
Increase (decrease) reinsurance share of technical provisions	-36,218	-33,485	-109	-100
Increase (decrease) in deposits ceded business	-1,699	-1,571	-	-
Increase (decrease) in deposits assumed business	1,184	1,094	-	-
Increase (decrease) in deferred acquisition cost	-1,257	-1,162	-3	-3
Increase (decrease) right of use asset	185	171	-1,673	-1,539
Increase (decrease) insurance receivables	-31,242	-28,885	-134	-123
Increase (decrease) other assets	5	5	-607	-558
Increase (decrease) lease liabilities	-176	-162	1,702	1,565
Increase (decrease) insurance payables	34,648	32,034	136	125
Increase (decrease) other liabilities	175	161	262	241
Increase (decrease) other deferred income	459	425	994	915
Tax provisions	11	11	-102	-94
Tax settled	-158	-146	-44	-40
Cash flow from operating activities	13,685	12,652	-4,423	-4,070
Investment in financial assets	-7,713	-7,131	-48,514	-44,631
Purchase of property and equipment	-26	-24	-282	-259
Purchase of intangible assets	-67	-62	-690	-634
Cash flow from investing activities	-7,806	-7,217	-49,486	-45,524
Issuance of shares	-	-	10,000	8,761
Increase in capital reserves	27,040	25,000	54,395	50,041
Revaluation reserve	-50	-	-477	-
Cash flow from financing activities	26,990	25,000	63,918	58,802
Cash flows for the financial year	32,869	30,435	10,009	9,208
Statement:				
Cash and cash equivalents as of 31 December 2020	-10,009	-9,208	-	-
Cash and cash equivalents as of 31 December	42,878	39,643	10,009	9,208
Change in cash and cash equivalents	32,869	30,435	10,009	9,208

Notes to the Financial Statement

Korean Reinsurance Switzerland AG ("KRSA" or "the Company") is a reinsurance company domiciled in Zurich, Switzerland. KRSA received its reinsurance license on 1 June 2019 from FINMA. The Company is a 100% owned subsidiary of Korean Reinsurance Company ("Korean Re") Seoul, South Korea.

1. Basis of presentation

KRSA's financial statements are presented in accordance with the Swiss Code of Obligations and relevant insurance supervisory law, including the FINMA Insurance Supervision Ordinance (ISO-FINMA), as revised 15 December 2015.

All amounts in the financial statements, unless otherwise stated, are shown in Thousand Swiss Francs (CHF k) and Thousand Euros (EUR k), rounded to the nearest Thousand, with the consequence that the rounded amounts may not add up to the rounded total in all cases. All variances are calculated using the actual figures rather than the rounded amounts.

KRSA's business year lasted from 1 January 2020 to 31 December 2020.

2. Summary of significant accounting policies

a. Investments

The company holds corporate bonds, which are carried at amortized cost using the effective interest rate method. An annual impairment test on individual bonds is performed and the lower of amortized cost or market value is recognized.

b. Right of use asset

KRSA recognizes its right to use the office space as an asset and also recognizes the respective lease obligation in its balance sheet. The right of use asset is amortized over a period of ten years using the effective interest rate method.

c. Deferred acquisition costs

Acquisition costs related to reinsurance business are deferred. The deferred costs are subsequently amortized over the period in which the related assumed premiums are earned.

d. Tangible assets

Property and equipment are valued at acquisition or production cost less accumulated depreciation and value adjustments. Tangible assets are depreciated on a straight-line basis over four years. If there are signs of overvaluation, the book values are reviewed and, if necessary, value adjustments are made.

e. Intangible assets

Expenditure on software is capitalized and amortized on a straight-line basis over its useful life, not exceeding four years. If it is determined at the end of the year that the value in use of the software is less than the carrying amount, the value in use is used for the valuation (impairment).

f. Accrued assets

This amount relates mainly to accrued interest from investments and prepaid expenses.

g. Reserves for unearned premiums (UPR)

UPR represent the portion of the premiums written relating to the unexpired term of insurance coverage as of the balance sheet date. In many insurance contracts, the insurance period for which the insurance company assumes a risk against a premium paid does not correspond to the Company's financial year. Thus, an amount equivalent to the unearned portion of the premium is set up as a reserve at the end of the financial year.

h. Reserves for losses and loss adjustment expenses

Reserves are established for reported claims and reserves for losses incurred but not yet reported (IBNR).

Equalization reserves are not required by the Swiss regulator FINMA for reinsurance companies. KRSA can establish equalization reserves if an underwriting profit is made and Executive Management can determine the amount to be added. In the reporting year no equalization reserves were added.

The measurement of technical provisions is based on actuarial calculations, which by their very nature involve a certain degree of uncertainty and subject of significant management judgment.

i. Investment income and expense

Realized capital gains/losses on investments occur when the sales price or redemption value is higher or lower than the carrying value at the time of sale. The gain/loss is the difference between carrying value and the sales price.

j. Exchange rates

KRSA maintains its accounts in EUR (functional currency). Income statement transactions in currencies other than EUR are recorded at a monthly average rate. In general, at period end, monetary assets and liabilities in foreign currencies are revalued at the closing rate of the balance sheet date. Resulting exchange differences are included in the income statement.

For the statutory closing, the financial statements are presented in CHF. For this purpose, the EUR accounts are translated into CHF using the closing rate for the balance sheet and income statement (all 31 December 2020), and historical rates for equity. A resulting currency translation difference is shown as a revaluation reserve in the equity.

The main exchange rates used are presented below:

Foreign currency per EUR	
	Balance Sheet
	31.12.2020
CHF	1.0816
KRW	1330.3813
USD	1.2236
GBP	0.8951
PLN	4.5592
CAD	1.5589
ZAR	17.9733

Historical rates Equity

Foreign currency per EUR	
	CHF
16.08.2018	1.1534
15.05.2019	1.0272

Other Comments

Other financial expenses

This position includes negative interest under various financial expenses, and the interest expense of the office lease.

Non-operating expenses

Non-operating expenses amount to the stamp duty paid for the EUR 25m capital increase in 2020.

Direct tax expenses

Direct tax expenses include Swiss income and capital tax expenses. In this financial year, only capital tax is due

3. Gross written premium (GWP)

	CHF k	CHF k	%	EUR k	EUR k
GWP Treaty type	31.12.2020	31.12.2019	31.12.2020	31.12.2020	31.12.2019
Proportional	20,354	-	36%	18,819	-
Non-Proportional	35,844	178	64%	33,140	163
Total	56,198	178	100%	51,959	163

	CHF k	CHF k	%	EUR k	EUR k
GWP Line of Business	31.12.2020	31.12.2019	31.12.2020	31.12.2020	31.12.2019
Property	38,671	178	69%	35,753	163
Motor	9,360	-	17%	8,654	-
Engineering	3,282	-	6%	3,035	-
Marine	4,695	-	8%	4,340	-
Other	191	-	0%	176	-
Total	56,198	178	100%	51,959	163

4. Premiums ceded to reinsurers

KRSA cedes 70% of its property and engineering and 50% of all other business to Korean Re on a proportional basis.

Furthermore, KRSA benefits from Korean Re's external XoL protections at a premium of CHF 0.61m (0.56m EUR) in 2020.

In average, the ceded premium was 67% of gross written premiums (66% excluding the XOL premium).

5. Accrued assets

	CHF k	CHF k	EUR k	EUR k
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Accrued interest on investments	432	451	400	415
Prepay expenses	62	55	58	49
	494	506	457	464

6. Technical provisions

	Technical provisions (gross)		Reinsurers' share		Technical provisions written (net)	
	CHF k 31.12.2020	CHF k 31.12.2019	CHF k 31.12.2020	CHF k 31.12.2019	CHF k 31.12.2020	CHF k 31.12.2019
Insurance reserves (OSLR)	18,584	51	12,732	36	5,852	16
Unearned premium reserves (UPR)	14,898	105	9,103	73	5,795	31
Premium deficiency reserves (PDR)	46	-	-49	-	95	-
Technical reserves (IBNR)	21,327	-	14,540	-	6,787	-
Equalization reserves	-	-	-	-	-	-
ULAE reserves	224	-	-	-	224	-
Total	55,079	156	36,326	109	18,753	47

	Technical provisions (gross)		Reinsurers' share		Technical provisions written (net)	
	EUR k 31.12.2020	EUR k 31.12.2019	EUR k 31.12.2020	EUR k 31.12.2019	EUR k 31.12.2020	EUR k 31.12.2019
Insurance reserves (OSLR)	17,182	47	11,772	33	5,410	14
Unearned premium reserves (UPR)	13,774	96	8,416	67	5,358	29
Premium deficiency reserves (PDR)	43	-	-45	-	88	-
Technical reserves (IBNR)	19,718	-	13,443	-	6,275	-
Equalization reserves	-	-	-	-	-	-
ULAE reserves	207	-	-	-	207	-
Total	50,924	143	33,585	100	17,338	43

7. Receivables from and liabilities to third and related parties

CHF k	2020			2019		
	Third-party	Related-party	Total 31.12.2020	Third-party	Related-party	Total 31.12.2019
Reinsurance receivables	24,496	6,879	31,375	121	13	134
Receivables on assumed business	24,496	-	24,496	121	-	121
Receivables on ceded	-	6,879	6,879	-	13	13
Other receivables	-	6	6	4	-	4
Reinsurance payables	8,835	25,948	34,784	12	124	136
Payables on assumed business	8,835	-	8,835	12	-	12
Payables on ceded business	-	25,948	25,948	-	124	124
Other payables	435	-	435	261	-	261
EUR k						
Reinsurance receivables	22,648	6,360	29,008	111	12	123
Receivables on assumed business	22,648	-	22,648	111	-	111
Receivables on ceded	-	6,360	6,360	-	12	12
Other receivables	-	6	6	4	-	4
Reinsurance payables	8,169	23,991	32,159	11	114	125
Payables on assumed business	8,169	-	8,169	11	-	11
Payables on ceded business	-	23,991	23,991	-	114	114
Other payables	402	-	402	241	-	241

8. Statement of changes in equity

CHF k	Share capital	Capital reserves	Organiza- tion fund	Restruc- turing fund	Retained earnings	Voluntary retained earnings	Total equity
12 July 2018, incorporation of the company	1,000	-	-	-	-	-	1,000
Capital Increase	9,000	46,394	8,000	-	-	-	63,394
Loss for the period	-	-	-	-	-	-5,259	-5,259
Revaluation reserve	-	-	-	-	-477	-	-477
As of 31 December 2019	10,000	46,394	8,000	-	-477	-5,259	58,658
Offset of prior period loss with Organization fund	-	-	-5,259	-	-	5,259	-
Capital Increase (06.11.2020)	-	16,699	-	10,000	-	-	26,699
Loss for the period	-	-	-	-	-	-8,040	-8,040
Change in revaluation reserve	-	-	-	-	50	-	50
As of 31 December 2020	10,000	63,093	2,741	10,000	-427	-8,040	77,367

EUR k	Share capital	Capital reserves	Organiza- tion fund	Restruc- turing fund	Retained earnings	Voluntary retained earnings	Total equity
12 July 2018, incorporation of the company	867	-	-	-	-	-	867
Capital Increase	7,894	42,681	7,360	-	-	-	57,935
Loss for the period	-	-	-	-	-	-4,838	-4,838
As of 31 December 2019	8,761	42,681	7,360	-	-	-4,838	53,964
Offset of prior period loss with Organization fund	-	-	-4,838	-	-	4,838	-
Capital Increase (06.11.2020)	-	15,636	-	9,364	-	-	25,000
Loss for the period	-	-	-	-	-	-7,433	-7,433
As of 31 December 2020	8,761	58,317	2,522	9,364	-	-7,433	71,531

9. Change in technical provisions

CHF k	Technical provisions (gross)		Reinsurers' share		Technical provisions written (net)	
	CHF k	CHF k	CHF k	CHF k	CHF k	CHF k
	2020	2019	2020	2019	2020	2019
Change in Insurance reserves (OSLR)	18,671	51	12,793	36	5,878	15
Change in PDR	46	-	-49	-	95	-
Change in Technical reserves (IBNR)	21,276	-	14,504	-	6,772	-
Change in Equalization reserves	-	-	-	-	-	-
Change in ULAE reserves	224	-	-	-	224	-
Total	40,217	51	27,248	36	12,969	15

EUR k	Technical provisions (gross)		Reinsurers' share		Technical provisions written (net)	
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
	2020	2019	2020	2019	2020	2019
Change in Insurance reserves (OSLR)	17,262	47	11,827	33	5,435	14
Change in PDR	43	-	-45	-	88	-
Change in Technical reserves (IBNR)	19,671	-	13,410	-	6,261	-
Change in Equalization reserves	-	-	-	-	-	-
Change in ULAE reserves	207	-	-	-	207	-
Total	37,183	47	25,192	33	11,990	14

10. Audit fees

	CHF k		EUR k	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
External audit fees	62	28	57	26
Internal audit fees	3	-	3	-
Total	65	28	60	26

11. Income from investments

	Income*		Net unrealized gains		Net realized gains		Total	
	CHF k	CHF k	CHF k	CHF k	CHF k	CHF k	CHF k	CHF k
	2020	2019	2020	2019	2020	2019	2020	2019
Fixed-interest securities	523	174	289	-	85	10	898	184
Total	523	174	289	-	85	10	898	184

	Income*		Net unrealized gains		Net realized gains		Total	
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
	2020	2019	2020	2019	2020	2019	2020	2019
Fixed-interest securities	484	160	267	-	79	9	830	169
Total	484	160	267	-	79	9	830	169

*Income includes interest coupons and recognized amortization.

12. Expenses from investments

	Current expenses*		Net unrealized losses		Net realized losses		Total	
	CHF k	CHF k	CHF k	CHF k	CHF k	CHF k	CHF k	CHF k
	2020	2019	2020	2019	2020	2019	2020	2019
Fixed-interest securities	66	31	739	65	197	7	1,002	103
Total	66	31	739	65	197	7	1,002	103

	Current expenses*		Net unrealized losses		Net realized losses		Total	
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
	2020	2019	2020	2019	2020	2019	2020	2019
Fixed-interest securities	61	28	683	60	182	7	926	95
Total	61	28	683	60	182	7	926	95

* Current expenses relate to external asset management fees.

13. Personnel expenses

Personnel expenses for 2020 amounted to CHF 4,204k (EUR 3,887k) and are included in the line item "Acquisition costs and administrative expenses". Prior year personnel expenses were CHF 2,517k (EUR 2,316k).

14. Depreciation of equipment and amortization of intangible assets

	CHF k		EUR k	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Property and equipment	72	38	67	35
Intangible assets	102	11	94	10
Total	174	49	161	45

15. Residual amount of lease obligations

	CHF k	CHF k	EUR k	EUR k
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
1 to 5 years	601	789	556	726
From 5th year	916	912	847	839
Total	1,517	1,702	1,403	1,565

16. Full-time equivalents

The annual average number of full-time equivalents for the year 2020 including trainees but excluding temporary employees was 12.6 (prior extended year 2019: 4.3).

17. Further points subject to mandatory disclosure (Art. 959c OR)

- KRSA holds no participations, or other investments.
- No hidden reserves have been released.
- No significant events have occurred since the balance sheet date.
- KRSA has no liabilities to pension schemes, no contingent liabilities, no restricted assets nor any other commitments.

Appropriation of available earnings as proposed by the Board of Directors

The Board of Directors will propose to its shareholder at the Annual General Meeting to partially offset the loss of CHF 8,040k with the Organizational Fund (CHF 2,741k).

Furthermore, the remainder of the accumulated loss of CHF 5,299k would be compensated with the restructuring fund (of CHF 10,000k).

in CHF k and EUR k , as of 31 December 2020

	CHF	EUR
Net loss after taxes	-8,040	-7,433
Available earnings	-8,040	-7,433
Organization fund amount to be released	2,741	2,521
Restructuring fund to be released	5,299	4,912
Balance carried forward	-	-
Remaining Organizational fund amount	-	-

No dividend was proposed.