



XL Insurance Company SE, Dublin, Zurich Branch

AN AXA SA GROUP COMPANY

Financial Condition Report

Year Ended

December 31, 2021

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Branch Manager's Statement

The Branch Manager acknowledges his responsibility for ensuring that this Financial Condition Report has been properly prepared in all material respects in accordance with Swiss Financial Market Supervisory Authority ("FINMA") regulations. The Branch Manager confirms that:

(a) throughout the financial year disclosed in this report, the Branch has complied in all material respects with the requirements of the FINMA regulations as applicable to the Branch; and

(b) it is reasonable to believe that, at the date of the publication of this report, the Branch has continued to comply, and will continue to comply in future.



Moreno Bühler

Branch Manager

XL Insurance Company SE, Dublin, Zurich Branch

29th April 2022



Hubert Jumel

Chief Financial Officer

XL Insurance Company SE, Dublin

29th April 2022

Management summary

General remarks

This report addresses the Swiss specific disclosure requirements for Swiss branches of foreign insurance companies as defined in FINMA circular "2016/2 - Disclosure - insurers" and should be read in conjunction with:

- XL Insurance Company SE, Dublin, Zurich Branch's ("XLICSE ZH" or "the Branch") audited financial statements for the year ended December 31, 2021 disclosed in [appendix 2](#), and
- the Solvency and Financial Condition Report ("SFCR") published by the head office, XL Insurance Company SE ("XLICSE", "XL Insurance Company SE", or "the Company"). The report is available for [download](#) here.

Unless otherwise stated, all amounts in this report are presented in Swiss Francs ("CHF") being the reporting currency of the financial statements of XLICSE ZH.

Amounts shown in this report generally are disclosed in '000 CHF except for [appendix 1](#) which is displayed in CHF millions, with the consequence that the rounded amounts may not add up to the rounded total in all cases.

Business activities

The principal activity of XLICSE is the transaction of general insurance business. The business conducted is primarily commercial insurance, providing property, casualty, financial lines and specialty products to industrial, commercial and professional firms as well as private clients across its network of branches and through fronting partners.

The Company provides the main insurance platform to operate under the AXA XL brand within Europe and Asia Pacific. AXA XL, through its operating carriers, is a global insurance and reinsurance group of companies and other enterprises situated around the world.

XL Insurance Company SE, Dublin, Zurich Branch, domiciled in Zurich, Switzerland, operates as the main insurance platform of AXA XL in Switzerland.

Further details of the Branch's business are provided in Section A. Additional information on AXA Group's performance can be found in AXA's Annual Report for the year ended December 31, 2021.

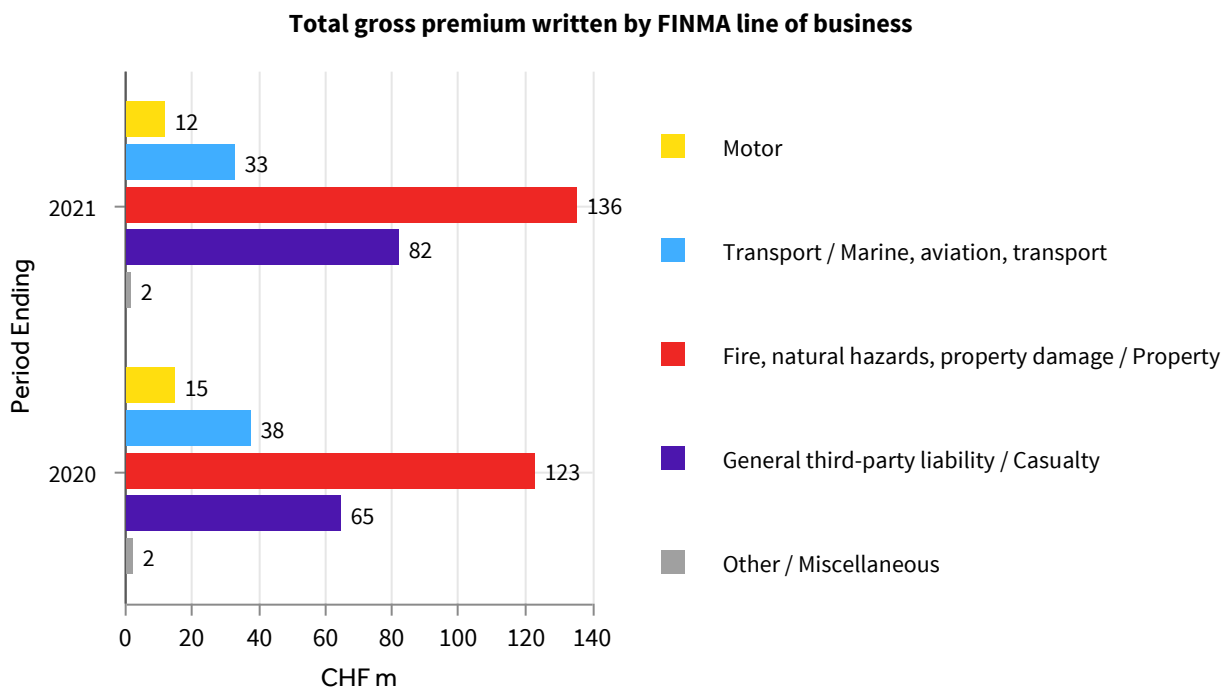
Business performance

in CHF '000	Gross premium written	Net premium earned	Net Losses incurred	Acquisition costs and administrative expenses	Combined Ratio
Total FY 2021	265,149	48,909	(86,647)	(29,971)	238 %
Total FY 2020	243,130	68,306	(49,767)	(34,492)	123 %

The Branch generated CHF 265m of gross premium written in 2021 compared to CHF 243m in the prior year. The increase is driven by strong growth in the Property and Casualty lines, whereas the premiums written in Transport, Aerospace and Motor lines of business have decreased compared to the previous year. Net premium earned decreased by CHF 19m to CHF 49m as a result of increased cessions to captives and other facultative reinsurance.

The Net Losses in FY 2021 increased by CHF 37m to CHF 87m. This is the result of an increased gross loss ratio driven by a number of very large losses in Property and reserve strengthening in Casualty, not proportionally compensated by reinsurance.

Acquisition costs and administrative expense ratio increased from 51% to 60%, mainly as a result of the increased cession ratio.



Further details of the Branch's performance are provided in section [B](#) and the Annual Financial Statements in [appendix 2](#).

A. Business activities

A.1 Strategy, objectives and business segments

AXA XL, through its operating carriers, is a global insurance and reinsurance group of companies and other enterprises with locations around the world. AXA XL's operating entities underwrite both insurance and reinsurance business within its Global Property and Casualty ("P&C"), Global Specialty and Reinsurance business segments. The P&C segment is structured into two further segments; International and North America. AXA XL underwrites across all the platforms available to provide the best service to both brokers and clients.

The principal activity of XLICSE is the transaction of general insurance business. The Company provides the main insurance company platform to operate under the AXA XL brand within Europe and Asia Pacific.

XL Insurance Company SE, Dublin, Zurich Branch, domiciled in Zurich, Switzerland, operates as the main insurance platform of AXA XL in Switzerland. The business conducted is primarily commercial insurance, providing property, casualty, financial lines and specialty products to industrial, commercial and professional firms as well as private clients across its network of branches and through fronting partners. The Branch offers its clients excess of loss, pro-rata and facultative insurance business both direct and through insurance brokers and fronting partners. In addition, the Branch assumes a series of Group-internal reinsurance contracts from XL Insurance Switzerland Ltd ("XLIS").

The Branch prudently manages insurance obligations through controlled risk taking, clear accountability and strong underwriting discipline.

XL Insurance Company SE is domiciled in Dublin, Ireland. The Company issues policies globally through its network of branches or fronting partners in the major locations of its (re)insurance clients and their respective (re)insurance risks. Apart from Switzerland, the Company operates branches in the rest of Europe, Australia, Hong Kong, Malaysia, Singapore and India. This allows the Company to service brokers and clients efficiently providing both local service and global expertise, ensuring that it is able to deliver solutions to the often complex risks of multinational companies. As the Company's clients expand into new and emerging markets, the Company seeks to ensure that it can support that international expansion with the capability to provide local (re)insurance solutions and local service.

A.2 Group information and group related transactions

AXA is one of the best-known brands in the insurance market. It owes this to a long and continuous track record of developing and introducing innovative insurance solutions.

XLICSE ZH is part of the AXA Group and thus one of the world's leading insurance groups. The company has been able to continuously strengthen its position in recent years, among other things through optimized cost efficiency and sustainable growth. Its large portfolio of private and corporate customers, combined with a large and dense distribution network is a key competitive advantage and leads to an influential market position. The diverse range of products and services is supported by many years of expertise, particularly in the areas of asset management, pricing, risk- and claims management.



Related party transactions

The Branch actively monitors all related party transactions. The material transactions with the shareholder, persons who exercise a significant influence on the undertaking, and with members of the administrative, management or supervisory body include the Intra-Group reinsurance arrangements.

A.3 Shareholder

XLICSE ZH is a Branch of XLICSE Dublin, Ireland, which owns all capital rights.

A.4 Major branches

XLICSE ZH belongs to the international Branch network of XLICSE Dublin, Ireland.

¹ Simplified Organisation Chart

A.5 External auditor

According to Article 28 of the Insurance Supervisory Act the Branch has appointed PricewaterhouseCoopers Ltd ("PwC") as statutory auditor.

PricewaterhouseCoopers Ltd
Birchstrasse 160
Postfach
8050 Zurich
Switzerland

The auditor in charge is Nebojsa Baratovic. PwC is accredited with the Federal Audit Oversight Authority in Berne, Switzerland.

A.6 Significant unusual events

Significant events post year end:

On February 24, 2022, Russia invaded Ukraine, triggering a war and worldwide geopolitical tensions, leading the United States, Europe and some other countries to impose unprecedented financial and trade sanctions on the Russian economy, including asset freezes and restrictions on individuals and institutions, notably the Russian Central Bank. As a consequence, the Ruble has significantly weakened and the Russian economy is facing a major crisis with repercussions on the global economy.

Under a new law signed Russia in early March 2022, Russian insurers have been banned from entering into transactions with foreign insurers, reinsurers and brokers from a group of “unfriendly countries” that includes every EU state, Japan, Switzerland, the UK and the US. The ban also applies to the transfer of funds by Russian insurers under contracts that were agreed prior to the new rules coming into effect. The newly introduced law will currently be in effect until 31 December 2022. The amount of premium derived from Russian cedents is immaterial to XLICSE ZH.

Although no material claims have been reported at this stage, XLICSE ZH closely monitors the Group’s exposures to the conflict, including (i) the operational impact on its business, (ii) the consequences from a potential deterioration in macroeconomic conditions, (iii) exposure through its Property, Casualty and Specialty policies and (iv) change in asset prices and financial conditions (including interest rates).

B. Business performance

B.1 Underwriting result

The table below provides the key performance indicators by FINMA line of business for both, direct and indirect business:

CHF '000	FY 2021	FY 2020	Change
Gross premium written	265,149	243,130	22,019
Net earned premium	48,909	68,306	(19,397)
Acquisition costs and administrative expenses for own account	(29,971)	(34,492)	4,521
Expenses for claims incurred for own account	(86,647)	(49,767)	(36,880)
Net underwriting result	(67,709)	(15,953)	(51,756)
Ratios			
Acquisition and administrative expense ratio	60 %	51 %	9 %
Loss ratio	177 %	73 %	104 %
Combined ratio	238 %	123 %	115 %

The Branch generated CHF 265m of gross premium written compared to CHF 243m in the prior year. The increase is driven by strong growth in the Property and Casualty lines, whereas the premiums written in Transport, Aerospace and Motor lines of business have decreased compared to the previous year.

Net premium earned decreased by CHF 19m to CHF 49m as a result of increased cessions to captives and other facultative reinsurance.

Acquisition costs and administrative expense ratio increased from 51% to 60%, mainly as a result of the increased cession ratio.

Net losses in FY 2021 amount to CHF 87m, compared to CHF 50m in the prior year, as a result of a number of very large losses in Property and reserve strengthening in Casualty, not proportionally covered by reinsurance. The combined ratio for FY 2021 increased to 238% compared to 123% in the prior year due to a lower net premium basis and larger net losses.

Further details on the quantitative performance are included in [appendix 1](#).

B.1.1 Underwriting result Direct business

The tables below provide the key performance indicators by FINMA line of business:

CHF '000					2021
Line of business	Gross premium written	Net premium earned	Acquisition costs and administrative expenses	Net losses	Net underwriting result
Transport	25,887	8,782	(7,588)	(5,953)	(4,759)
Fire, natural hazards, property damage	102,443	7,436	(14,733)	(35,344)	(42,641)
General third-party liability	80,286	6,606	(3,441)	(26,626)	(23,461)
Other	1,637	687	(565)	(1,185)	(1,063)
Total	210,253	23,511	(26,327)	(69,108)	(71,924)

CHF '000					2020
Line of business	Gross premium written	Net premium earned	Acquisition costs and administrative expenses	Net losses	Net underwriting result
Transport	28,902	13,344	(5,462)	(2,560)	5,322
Fire, natural hazards, property damage	93,563	9,282	(16,131)	(16,602)	(23,451)
General third-party liability	65,196	14,630	(8,104)	1,026	7,552
Other	2,352	548	(126)	(3,475)	(3,053)
Total	190,013	37,804	(29,823)	(21,611)	(13,630)

Total direct premiums increased to CHF 210.3m from CHF 190.0m in the previous year driven by strong growth in the Property and General Liability lines whilst the turnover in Transport and the Other lines reduced.

Net acquisition costs and administrative expenses decreased to CHF 26.3m compared to CHF 29.8m in the previous year.

Net losses in 2021 amount to CHF 69.1m, compared to CHF 21.6m in the previous year, driven by a number of large Property losses and reserve strengthening in Casualty with loss ratio increasing from 57% in the previous year to 294% in FY 2021.

The combined ratio for FY 2021 is at 404% compared to 136% in the previous year driven by impacts of the loss ratio as mentioned above.

In the Transport line of business, gross premiums written decreased to CHF 25.9m strongly driven by the Aerospace segment. Net losses increased to CHF 6.0m and in connection with higher acquisition costs and administrative expenses the net underwriting result decreased to CHF -4.8m.

Gross premiums written in the Fire, natural hazards, property damage line of business increased to CHF 102.4m from CHF 93.6m in the previous year. The increase was driven by new business and increasing premium levels. The cession ratio also increased, leading to a lower net premium base compared to the prior year. The net losses were impacted by a number of large losses leading to a net underwriting loss of CHF 42.6m.

General third-party liability increased the gross premiums written to CHF 80.3m from CHF 65.2m in the previous year. Net losses increased due to reserve strengthening leading to a net underwriting loss of CHF 23.5m.

In the other lines of business gross premiums written decreased to CHF 1.6m due to a focus on the main lines of business. Net losses decreased to 1.2m CHF leading to a net underwriting loss of CHF 1.1m.

B.1.2 Underwriting result Indirect business

The tables below provide the key performance indicators by FINMA line of business:

CHF '000

2021

Line of business	Gross premium written	Net premium earned	Acquisition costs and administrative expenses	Net losses	Net underwriting result
Motor	12,162	7,622	(1,419)	(3,503)	2,700
Marine, aviation, transport	7,322	2,826	(385)	(1,219)	1,222
Property	33,462	14,306	(1,797)	(3,635)	8,874
Casualty	1,920	640	(42)	(9,388)	(8,790)
Miscellaneous	30	4	(1)	204	207
Total	54,896	25,398	(3,644)	(17,541)	4,213

CHF '000

2020

Line of business	Gross premium written	Net premium earned	Acquisition costs and administrative expenses	Net losses	Net underwriting result
Motor	14,887	10,179	(1,964)	(9,883)	(1,668)
Marine, aviation, transport	9,083	4,300	(632)	(3,411)	257
Property	29,357	15,691	(2,040)	(8,387)	5,264
Casualty	(212)	332	(24)	(8,543)	(8,235)
Miscellaneous	—	—	(10)	2,069	2,059
Total	53,115	30,502	(4,670)	(28,155)	(2,323)

Historically the indirect business consisted of the various assumed IGR's from XL Insurance Switzerland Ltd. With the subject business of XLIS being in run-off, results reported as indirect business are mainly related to favorable or unfavorable loss developments that may add considerable volatility to the net result of the Branch. A large portion of the assumed result is retroceded to XL Bermuda Ltd.

With the inclusion of AXA CS and AXA Art Swiss branches the indirect business also encompasses assumed treaties from AXA Insurance Switzerland in the Aviation, Motor and Property (Art) lines of business and cessions from local policies of international programs, in total it provides CHF 54.9m of gross written premium and CHF 25.4m net earned premiums. Total net losses amounted to CHF 17.6m and acquisition costs and administrative expenses to CHF 3.6m, leading to a net underwriting profit of CHF 4.2m.

The combined ratio for FY 2021 decreased to 83.4% compared to 107.6% in the prior year in line with the lower Net losses in Property and Marine, aviation, transport as well as lower Acquisition and administrative expenses.

The Motor line of business encompasses the assumed reinsurance business from AXA Insurance Switzerland. Gross premium written was CHF 12.2m, Acquisition expenses CHF 1.4 with net losses of CHF 3.5m leading to a net underwriting profit of CHF 2.7m.

The Marine, Aviation and Transport lines of business produced CHF 7.3m gross written premiums and net losses of CHF 1.2m leading to a positive net underwriting result of CHF 1.2m.

The Property line of business is assuming CHF 33.5m of gross written premiums. Acquisition costs amounted to CHF 1.8m and net losses to CHF 3.6m leading to a net underwriting profit of CHF 8.9m.

In the Casualty line of business assumed gross premiums written amounted to CHF 1.9m. Net losses of CHF 9.4m were mainly impacted by payments and reserve strengthening on prior underwriting years, leading to a net underwriting loss of CHF 8.8m.

In 2021 there is no significant business in the miscellaneous line, net premiums earned were at CHF 0.0m. The net underwriting result of 0.2m is driven by positive prior year developments.

B.2 Investment income and expenses

Investment Income				2021
CHF '000	Investment income	Realized gains	Unrealized gains	Total
Fixed income securities	4,154	3	—	4,157
Total	4,154	3	—	4,157

				2020
CHF '000	Income	Realized gains	Unrealized gains	Total
Fixed income securities	4,831	376	—	5,207
Total	4,831	376	—	5,207

The investment income amounts to CHF 4.2m compared to CHF 5.2m in 2020. The decrease is mainly driven by lower interest income on the assets.

The investment portfolio of the Branch has an average rating of AA, being highly secure and liquid. XLICSE ZH holds fixed income portfolios, which broadly correspond to the respective liabilities of the Branch, held in CHF, USD and EUR portfolios. All assets are pledged for tied-asset purposes to fulfill Swiss regulatory requirements.

Investment Expenses				2021
CHF '000	Expenses	Realized losses	Unrealized losses	Total
Fixed income securities	(2,256)	(30)	—	(2,286)
Total	(2,256)	(30)	—	(2,286)

				2020
CHF '000	Expenses	Realized losses	Unrealized losses	Total
Fixed income securities	(2,973)	(83)	—	(3,056)
Total	(2,973)	(83)	—	(3,056)

The investment expenses amount to CHF 2.3 compared to CHF 3.1m in 2020. The change is driven by lower administration expenses.

The Branch has recognized no profits or losses in the Branch capital.

B.3 Other income and expenses

CHF '000	2021	2020	Change
Other income	3,487	427	3,059
Other expenses	(77)	(3,721)	3,645
Extraordinary income	—	—	—
Total	3,410	(3,294)	6,704

Other income amounts to CHF 3.5m in 2021 and increased from last year due to higher foreign exchange rate gains.

Other expenses have decreased by CHF 3.6m to CHF (0.1)m in 2021 driven by lower losses on foreign exchange rates movements.

There was no extraordinary income in 2021.

Glossary

ACPR	Autorité de Contrôle Prudentiel et de Résolution
ALM	Asset-Liability Management
AXA	AXA SA
AXA ART	AXA ART AG, Cologne, Swiss Branch
AXA CS	AXA Corporate Solutions Assurance SA, Paris, Swiss Branch
AXA XL	Property, casualty, specialty and reinsurance division of AXA
Branch (the)	XL Insurance Company SE, Dublin, Zurich Branch / XLICSE ZH
CBI	Central Bank of Ireland
Company (the)	XL Insurance Company SE, Dublin / XLICSE
FCA	Financial Conduct Authority
FCR	Financial Condition Report
FED	United States Federal Reserve
FINMA	Swiss Financial Market Supervisory Authority
FX	Foreign Exchange
GPW	Gross premium written
IGR	Intra-group reinsurance
PRA	Prudential Regulatory Authority
P&C	Property & Casualty
PwC	PricewaterhouseCoopers Ltd
SFCR	Solvency and Financial Condition Report
UK	United Kingdom
XL	XL Group Ltd
XLB	XL Bermuda Ltd
XLICSE	XL Insurance Company SE, Dublin
XLICSE ZH	XL Insurance Company SE, Dublin, Zurich Branch
XLIS	XL Insurance Switzerland Ltd

Appendices

Appendix 1 Quantitative template "Performance solo insurance"

CHF millions	Total		Direct Swiss business								Indirect business									
			Transport		Fire, natural hazards, property damage		General third-party liability		Other		Motor		Marine, aviation, transport		Property		Casualty		Miscellaneous	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Gross premiums	243.13	265.15	28.90	25.89	93.56	102.44	65.20	80.29	2.35	1.64	14.89	12.16	9.08	7.32	29.36	33.46	(0.21)	1.92	—	0.03
Reinsurers' share of gross premiums	(177.72)	(216.56)	(15.34)	(18.31)	(82.70)	(94.24)	(50.53)	(73.91)	(1.53)	(1.07)	(4.68)	(3.40)	(5.45)	(4.39)	(17.61)	(20.08)	0.13	(1.15)	—	(0.02)
Premiums for own account	65.41	48.59	13.56	7.58	10.87	8.21	14.67	6.37	0.82	0.57	10.20	8.76	3.63	2.93	11.74	13.38	(0.08)	0.77	—	0.01
Change in unearned premium reserves	5.25	(0.48)	(3.71)	2.23	(3.33)	0.51	0.37	(5.01)	(0.59)	0.75	(0.06)	(0.68)	1.67	(0.26)	9.87	2.30	1.04	(0.32)	—	(0.02)
Reinsurers' share of change in UPR	(2.36)	0.81	3.49	(1.03)	1.75	(1.28)	(0.41)	5.24	0.32	(0.63)	0.03	(0.46)	(1.00)	0.15	(5.92)	(1.38)	(0.62)	0.19	—	0.01
Premiums earned for own account	68.31	48.91	13.34	8.78	9.28	7.44	14.63	6.61	0.55	0.69	10.18	7.62	4.30	2.83	15.69	14.31	0.33	0.64	—	—
Other income from insurance business	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total income from underwriting business	68.31	48.91	13.34	8.78	9.28	7.44	14.63	6.61	0.55	0.69	10.18	7.62	4.30	2.83	15.69	14.31	0.33	0.64	—	—
Payments for insurance claims (gross)	(97.74)	(106.58)	(9.71)	(8.63)	(25.90)	(21.74)	(18.80)	(14.43)	(3.41)	(4.83)	(6.97)	(11.32)	(5.94)	(4.08)	(23.56)	(33.20)	(3.46)	(8.34)	—	(0.01)
Reinsurers' share of payments for insurance claims	52.14	62.68	3.21	7.09	13.54	13.23	11.17	9.30	2.08	2.44	2.37	3.24	3.56	2.45	14.13	19.92	2.07	5.00	—	0.01
Change in technical provisions	(108.90)	(210.50)	(6.49)	(10.42)	(65.38)	(97.59)	(7.08)	(118.25)	(10.08)	1.64	(7.16)	3.59	(2.59)	1.03	2.59	24.11	(17.90)	(15.13)	5.17	0.52
Reinsurers' share of change in technical provisions	104.74	167.74	10.43	6.01	61.13	70.75	15.73	96.76	7.94	(0.44)	1.88	0.99	1.55	(0.62)	(1.55)	(14.47)	10.74	9.08	(3.10)	(0.31)
Expenses for insurance claims for own account	(49.77)	(86.65)	(2.56)	(5.95)	(16.60)	(35.34)	1.03	(26.63)	(3.48)	(1.18)	(9.88)	(3.50)	(3.41)	(1.22)	(8.39)	(3.64)	(8.54)	(9.39)	2.07	0.20
Acquisition and administration expenses	(65.24)	(65.92)	(8.96)	(10.67)	(29.81)	(29.40)	(19.11)	(19.23)	(0.62)	(0.79)	(2.14)	(1.65)	(1.07)	(0.78)	(3.45)	(3.37)	(0.06)	(0.03)	(0.02)	—
Reinsurers' share of acquisition and admin. expenses	30.75	35.95	3.50	3.08	13.68	14.67	11.01	15.79	0.49	0.22	0.18	0.23	0.44	0.40	1.41	1.57	0.04	(0.01)	0.01	—
Acquisition and admin. expenses for own account	(34.49)	(29.97)	(5.46)	(7.59)	(16.13)	(14.73)	(8.10)	(3.44)	(0.13)	(0.57)	(1.96)	(1.42)	(0.63)	(0.38)	(2.04)	(1.80)	(0.02)	(0.04)	(0.01)	—
Total expenses from underwriting business	(84.26)	(116.62)	(8.02)	(13.54)	(32.73)	(50.08)	(7.08)	(30.07)	(3.60)	(1.75)	(11.85)	(4.92)	(4.04)	(1.60)	(10.43)	(5.43)	(8.57)	(9.43)	2.06	0.20
Investment income	5.21	4.16																		
Investment expenses	(3.06)	(2.29)																		
Net investment income	2.15	1.87																		
Other financial income	—	—																		
Other financial expenses	—	—																		
Operating result	(13.80)	(65.84)																		
Interest expenses for interest-bearing liabilities	—	—																		
Other income	0.43	3.49																		
Other expenses	(3.72)	(0.08)																		
Extraordinary income/expenses	—	—																		
Profit / loss before taxes	(17.10)	(62.43)																		
Direct taxes	(0.78)	(0.32)																		
Profit / (loss)	(17.88)	(62.75)																		

Appendix 2 Audited annual financial statements and report of the statutory auditor



XL Insurance Company SE, Dublin, Zurich Branch

AN AXA SA GROUP COMPANY

Financial Statements

Year Ended

December 31, 2021



Balance Sheet

	Notes	31 Dez 2021 CHF	31 Dez 2020 CHF
Assets			
Fixed income securities		387'595'177	314'679'081
Total investments		387'595'177	314'679'081
Cash and cash equivalents	1)	21'166'008	73'846'138
Reinsurer's share in insurance technical provisions	3)	454'259'865	295'804'287
Receivables from insurance business	2)	84'558'902	95'956'270
Other receivables	5)	39'209'928	24'054'300
Accrued income and prepaid expenses		2'154'615	2'085'725
Fixed assets		65'924	65'924
Total other assets		601'415'241	491'812'645
Total assets		989'010'418	806'491'726
Liabilities			
Technical Provisions	3)	661'917'963	468'373'349
Payables from insurance business	4)	41'306'160	81'140'783
Other liabilities	6)	220'653'688	146'926'162
Accrued expenses and deferred income		3'650'193	4'432'852
Total liabilities		927'528'004	700'873'146
Branch capital	7)	61'482'414	105'618'580
Branch capital and retained earnings carried forward		105'618'625	94'417'871
Prior period adjustment		0	0
Transfers from head office in current year		18'612'000	29'076'000
Profit / (loss) of the year		-62'748'211	-17'875'291
Total branch capital		61'482'414	105'618'580
Total liabilities and branch capital		989'010'418	806'491'726



Profit and loss account

	Notes	FY 2021 CHF	FY 2020 CHF
Gross written premium		265'149'379	243'129'977
Premium ceded to reinsurer		-216'563'619	-177'715'987
Premium written for own account		48'585'760	65'413'990
Change in provision for unearned premiums		-484'555	5'251'917
Share of reinsurer in change in provision for unearned premiums		808'062	-2'360'223
Earned premium for own account	8)	48'909'268	68'305'684
Total income out of insurance business		48'909'268	68'305'684
Claims paid		-106'576'851	-97'742'660
Share of reinsurer in claims paid		62'681'758	52'137'046
Change in reserves for losses and loss expenses		-210'495'702	-108'904'363
Share of reinsurer in change in reserves for losses and loss expenses		167'743'422	104'743'207
Expenses for claims incurred for own account	9)	-86'647'372	-49'766'770
Acquisition costs and administrative expenses		-65'924'315	-65'243'436
Share of reinsurer in acquisition costs and administrative expenses		35'953'626	30'751'204
Acquisition costs and administrative expenses for own account	10)	-29'970'689	-34'492'232
Total expenses from insurance business		-116'618'061	-84'259'002
Investment income	11)	4'156'627	5'207'872
Investment expenses	12)	-2'286'122	-3'055'665
Investment result		1'870'505	2'152'207
Operating result		-65'838'288	-13'801'111
Other income		3'486'543	427'351
Other expenses		-76'574	-3'721'254
Result before tax		-62'428'319	-17'095'014
Direct taxes		-319'892	-780'277
Result		-62'748'211	-17'875'291



Notes to the financial statements

The 2021 income statement and balance sheet within this report are consolidated and include former AXA Corporate Solutions Assurance, Paris, Swiss Branch, and AXA ART Versicherung AG, Cologne, Swiss Branch.

Basis of preparation and summary of significant accounting policies

The financial statements as of 31st Dec 2021 of XL Insurance Company SE, Dublin, Zurich Branch ("XLICSE ZH" or the "Branch") have been prepared in accordance to the requirements by the 32nd title of the Swiss Code of Obligations and with additional requirements defined by FINMA (art. 5-6a AVO-FINMA, valid as of 15 December, 2015 - Preparation and audit of the financial statements of branch offices of foreign insurance companies ("WNL")). The valuation principles applied for each line item are further specified in the respective sections below.

Change in Accounting Policy

No changes in 2021

Investments

Fixed Income Securities are recorded no higher than according to the "Amortised Cost Scientific Method". Any further risk to the intrinsic value is taken into account by means of depreciation on individual bonds.

Receivables and payables

Receivables and payables are recorded with their nominal value.

Technical provisions

Provision is made at the year end, on the basis of best available information, for the following estimates:

- The ultimate costs of claims notified but not yet settled at the year end, i.e. "outstanding claims";
- The claims incurred but not reported at the year end, i.e. "IBNR claims";
- Related internal and external claims handling costs attributable to the above; and
- Where applicable, deductions for salvage and other recoveries.

The Company takes all reasonable steps to ensure that it has appropriate information regarding its estimated claim exposures and these are set so that no adverse run-off deviation is envisaged. Given the uncertainty in establishing claims provisions, however, it is likely that the final liability for such claims will prove different from the original estimates established.

FX Rates

The financial statements of XLICSE ZH are disclosed in Swiss Francs ("CHF"). Transactions in foreign currencies are calculated using respective foreign exchange rates applicable to the period in which the transactions take place. Assets and liabilities are revalued at exchange rates prevailing at the balance sheet date, resulting unrealised exchange gains are deferred and recorded as a separate line item on the balance sheet. Unrealised exchange losses are either offset against the provision for currency fluctuation or recorded in the income statement.

Changes effective from 31 December 2020

- Change in the classification between the direct and assumed breakdown, these are now disclosed based on their nature (i.e. direct or assumed business), compared to previously where they were disclosed based on whether they related to internal or external business.
- Change to bring consistency to the unrealized gains and losses treatment at the Group, with the unrealized foreign exchange movements on investments being treated as unrealized compared to previously where these were treated as realized and fully recorded in the income statement.

1) Cash pool facility

The Branch is part of AXA XL's notional cash pool facility and is thereby provided with additional liquidity. The facility is provided by Bank Mendes Gans, a subsidiary of ING and a market leader in notional cash pooling.

2) Receivables from re/insurance business	31 Dez 2021	31 Dez 2020
	CHF	CHF
Receivables from policyholders	27'189'070	35'264'653
Receivables from agents and brokers	6'313'891	12'107'018
Receivables from external re/insurance companies	27'851'043	17'183'623
Receivables from internal re/insurance companies	23'204'899	31'400'976
Total	84'558'902	95'956'270

3) Technical Provisions	31 Dez 2021	31 Dez 2020
	CHF	CHF
Reserve for gross unearned premiums		
Direct	46'313'435	44'184'842
Assumed	26'376'850	26'237'448
Reserve for ceded unearned premiums	-46'844'893	-44'340'706
Net reserve for unearned premiums	25'845'391	26'081'584
Reserve for gross claims outstanding		
Direct	501'544'030	296'051'174
Assumed	87'683'649	101'899'885
Reserve for ceded claims outstanding	-407'414'972	-251'463'581
Net reserve for claims outstanding	181'812'707	146'487'478
Total	207'658'098	172'569'062

4) Payables from re/insurance business	31 Dez 2021	31 Dez 2020
	CHF	CHF
Payables to policyholders	736'964	5'495'677
Payables to agents and brokers	171'139	1'886'769
Payables to external re/insurance companies	31'625'973	31'014'163
Payables to internal re/insurance companies	8'772'084	42'744'175
Total	41'306'160	81'140'783

5) Other receivables	31 Dez 2021	31 Dez 2020
	CHF	CHF
Other receivables from internal parties	38'240'941	23'160'590
Other receivables from external parties	968'986	893'710
Total	39'209'928	24'054'300

6) Other liabilities	31 Dez 2021	31 Dez 2020
	CHF	CHF
Other liabilities to internal parties	186'654'509	116'716'452
Other liabilities to external parties	16'685'776	6'621'033
Provision for currency fluctuation	17'313'403	23'588'679
Total	220'653'688	146'926'163

7) Branch capital	31 Dez 2021	31 Dez 2020
	CHF	
Opening Capital	105'618'625	94'417'871
Transfers from head office in current year	18'612'000	29'076'000
Profit / (loss) of the year	-62'748'211	-17'875'246
31 Dez 2021	61'482'414	105'618'625

The amount reflected in the branch capital is the capital provided by the home office XL Insurance Company SE, Dublin.

8) Earned premium for own account		FY 2021	FY 2020
		CHF	CHF
Gross written premium	Direct	210'253'175	190'014'030
	Assumed	54'896'204	53'115'947
Premium ceded to reinsurer		-216'563'619	-177'715'987
Net written premiums		48'585'760	65'413'990
Change in unearned premium reserve	Direct	-1'515'921	-7'269'266
	Assumed	1'031'366	12'521'183
Ceded change in unearned premium reserve		808'062	-2'360'223
Net change in unearned premium reserve		323'508	2'891'694
Total		48'909'268	68'305'684

9) Expenses for claims incurred for own account		FY 2021	FY 2020
		CHF	CHF
Gross claims paid	Direct	-49'626'472	-57'821'285
	Assumed	-56'950'379	-39'921'376
Ceded claims paid		62'681'758	52'137'046
Net paid losses and loss expenses		-43'895'092	-45'605'614
Change in gross reserves for losses and loss expenses	Direct	-224'618'970	-89'019'633
	Assumed	14'123'269	-19'884'730
Change in ceded reserves for losses and loss expenses		167'743'422	104'743'207
Net change in reserves for losses and loss expenses		-42'752'280	-4'161'156
Total		-86'647'372	-49'766'770

10) Acquisition costs and administrative expenses for own account		FY 2021	FY 2020
		CHF	CHF
Gross acquisition costs	Direct	-24'234'702	-24'694'382
	Assumed	-4'522'947	-4'746'103
Reinsurer's share of acquisition costs		35'953'626	30'751'204
Net acquisition costs		7'195'977	1'310'719
Administrative expenses		-36'964'473	-35'627'228
Audit fees		-202'192	-175'723
Total		-29'970'689	-34'492'232

There are no full time equivalents employed by the Branch for FY 2021.

11) Investment income	FY 2021			
	Investment income	Realized gains	Unrealized gains	Total
	CHF	CHF	CHF	CHF
Fixed income securities	4'153'961	2'666	0	4'156'627
Total	4'153'961	2'666	0	4'156'627

	FY 2020			
	Income	Realized gains	Unrealized gains	Total
	CHF	CHF	CHF	CHF
Fixed income securities	4'831'434	376'437	0	5'207'872
Total	4'831'434	376'437	0	5'207'872

12) Investment expenses	FY 2021			
	Investment expenses	Realized losses	Unrealized losses	Total
	CHF	CHF	CHF	CHF
Fixed income securities	-2'256'196	-29'926	0	-2'286'122
Total	-2'256'196	-29'926	0	-2'286'122

	FY 2020			
	Expenses	Realized losses	Unrealized losses	Total
	CHF	CHF	CHF	CHF
Fixed income securities	-2'972'975	-82'690	0	-3'055'665
Total	-2'972'975	-82'690	0	-3'055'665

13) Pledged assets	31 Dez 2021	31 Dez 2020
	CHF	CHF
Swiss Tied Assets	403'974'173	380'952'874
Total	403'974'173	380'952'874

14) Contingent Liabilities

The company belongs to the VAT group of AXA Versicherungen AG and is jointly and severally liable for its VAT liabilities to the tax authorities

15) Subsequent Events - War in Ukraine

On February 24, 2022, Russia invaded Ukraine, triggering a war and worldwide geopolitical tensions, leading the United States, Europe and some other countries to impose unprecedented financial and trade sanctions on the Russian economy, including asset freezes and restrictions on individuals and institutions, notably the Russian Central Bank. As a consequence, the Ruble has significantly weakened and the Russian economy is facing a major crisis with repercussions on the global economy.

Under a new law signed Russia in early March 2022, Russian insurers have been banned from entering into transactions with foreign insurers, reinsurers and brokers from a group of "unfriendly countries" that includes every EU state, Japan, Switzerland, the UK and the US. The ban also applies to the transfer of funds by Russian insurers under contracts that were agreed prior to the new rules coming into effect. The newly introduced law will currently be in effect until 31 December 2022. The amount of premium derived from Russian cedents is immaterial to XLICSE ZH.

Although no material claims have been reported at this stage, XLICSE ZH closely monitors the Group's exposures to the conflict, including:

- (i) the operational impact on its business
- (ii) the consequences from a potential deterioration in macroeconomic conditions
- (iii) exposure through its Property, Casualty and Specialty policies and
- (iv) change in asset prices and financial conditions (including interest rates).

XL Insurance Company SE,
Dublin, Zurich Branch
Zurich

Report of the independent auditor
to the General Manager on
the financial statements 2021

Report of the independent auditor

to the General Manager of XL Insurance Company SE, Dublin, Zurich Branch

Zurich

Report of the independent auditor on the financial statements

As a federally-supervised audit firm, we have audited the accompanying financial statements of the XL Insurance Company SE, Dublin, Zurich Branch (the 'Branch'), which comprise the Balance Sheet, Profit and loss account and notes for the year ended 31 December 2021, in line with Article 28 para. 2 of the Insurance Supervision Act (ISA) and with reference to the FINMA guidelines "Preparation and audit of the financial statements of branch offices of foreign insurance companies (WNL)".

The financial statements have been prepared by the General Manager on the basis of the financial reporting provisions of the Swiss Code of Obligations and the requirements of the supervisory law.

General Manager's responsibility for the financial statements

The General Manager is responsible for the preparation of these financial statements in accordance with the financial reporting provisions of the Swiss Code of Obligations and the requirements of the supervisory law – in particular the Financial Market Supervision Act (FINMASA), the Insurance Supervision Act (ISA), the Insurance Supervision Ordinance (ISO) and the FINMA Insurance Supervision Ordinance (ISO-FINMA) as well as with the FINMA guidelines "Preparation and audit of the financial statements of branch offices of foreign insurance companies (WNL)" –, and for such internal controls as the General Manager determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 the regulatory requirements set out in Article 28 para. 2 ISA, the WNL and Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 judgement, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the branch office'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 branch office's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Manager, 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 of the Branch as of and for the year ended 31 December 2021 are prepared, in all material respects, in accordance with the financial reporting provisions of the Swiss Code of Obligations, the requirements of supervision law (in particular FINMASA, ISA, ISO and ISO-FINMA) and with the WNL.

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Basis of Accounting

Without modifying our opinion, we note that the financial statements of the Branch are prepared on the basis of the accounting principles specified above. The financial statements are prepared to comply with the requirements of Article 25 para. 4 ISA. As a result, the financial statements may not be suitable for another purpose.

PricewaterhouseCoopers AG

Nebojsa Baratovic

Enrico Grazzi

Audit expert

Auditor in charge

Zurich, 28 April 2022

Enclosure:

- Financial statements (Balance Sheet, Profit and loss account and notes)