

To the General Meeting of
Catlin Re Switzerland Ltd, Zurich

Zurich, 25 April 2024

Report of the statutory auditor

Report on the audit of the financial statements



Opinion

We have audited the financial statements of Catlin Re Switzerland Ltd (the Company), which comprise the balance sheet as at 31 December 2023, the income statement, the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements comply with Swiss law and the Company's articles of incorporation.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on other legal and regulatory requirements



In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Furthermore, we 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.

Ernst & Young Ltd

Licensed audit expert
(Auditor in charge)

Chartered certified accountant (UK)

Enclosures

- ▶ Financial statements (balance sheet, income statement, cash flow statement, notes to the financial statements)
- ▶ Proposed appropriation of available earnings

FINANCIAL STATEMENTS

INCOME STATEMENT

CHF millions	Notes	2022	2023
Reinsurance			
Gross premiums written		733.10	498.97
Reinsurance premiums ceded		(178.14)	(357.29)
Net premium written		554.96	141.68
Change in gross unearned premiums	1	580.08	29.95
Change in ceded unearned premiums	1	(25.98)	248.71
Net premium earned		1,109.06	420.34
Total income from reinsurance activities			
Gross claims paid and claim adjustment expenses		(1,027.58)	(893.26)
Ceded claims paid and claim adjustment expenses		105.56	122.38
Net claims paid		(922.02)	(770.88)
Change in gross loss reserves and loss expenses	1	196.57	652.68
Change in ceded loss reserves and loss expenses	1	43.60	(98.13)
Net claims incurred		(681.85)	(216.33)
Gross acquisition costs and administration expenses	3	(473.96)	(213.16)
Ceded acquisition costs and administration expenses		49.08	22.98
Net acquisition costs		(424.88)	(190.18)
Total expenses from reinsurance activities		(1,106.73)	(406.51)
Net reinsurance result		2.33	13.83
Investments			
	2		
Investment income		626.26	70.36
Investment expenses		(629.28)	(5.92)
Net investment result		(3.02)	64.44
Interest income		25.96	27.72
Interest expense		(5.56)	(12.19)
Operating result		19.71	93.80
Other income		3.42	0.15
Foreign exchange		1.60	(18.98)
(Loss)/income before tax		24.73	74.97
Direct taxes		(13.54)	(9.24)
Net (loss)/income		11.19	65.73

The accompanying notes form an integral part of the financial statements

FINANCIAL STATEMENTS

BALANCE SHEET

As of December 31

Assets

CHF millions	Notes	2022	2023
Investments			
Investment in affiliated companies	12	202.28	76.83
Fixed income securities		1,035.40	568.71
Total investments		1,237.68	645.54
Funds withheld	9	609.18	43.88
Cash and cash equivalents		290.73	128.04
Reinsurer's share in technical provisions	5	463.19	841.15
Deferred acquisition costs		126.17	26.18
Premiums and other receivables from reinsurance, net of bad debts	4	832.98	496.27
Other receivables		32.07	32.90
Other assets		0.51	0.56
Accrued income		5.39	3.69
Total assets		3,597.90	2,218.21

The accompanying notes form an integral part of the financial statements.

FINANCIAL STATEMENTS

BALANCE SHEET

As of December 31

Liabilities and shareholder's equity

CHF millions	Notes	2022	2023
Technical provisions	5		
Reserves for losses and loss expenses		1,767.96	1,023.04
Unearned premiums		473.00	423.27
Other technical provisions		207.05	83.64
Total technical provisions		2,448.01	1,529.95
Non-technical provisions			
Provision for taxation		6.92	9.98
Provision for currency fluctuation		66.95	28.46
Total non-technical provisions		73.87	38.44
Funds held under reinsurance treaties		—	—
Payables to reinsurance companies	6	347.62	219.56
Other liabilities		41.07	28.36
Accrued expenses		3.29	1.63
Total liabilities		2,913.86	1,817.94
Shareholder's equity			
Common stock		100.00	100.00
Legal capital reserves		633.24	283.74
<i>Legal reserves from capital contribution</i>		633.24	283.74
Legal profit reserves		45.15	45.15
Retained earnings (losses)		(105.54)	(94.35)
Profit/(loss) for the financial year		11.19	65.73
Total shareholder's equity	7	684.04	400.27
Total liabilities and shareholder's equity		3,597.90	2,218.21

The accompanying notes form an integral part of the financial statements.

FINANCIAL STATEMENTS

CASH FLOW STATEMENT

As of December 31

CHF millions	2022	2023
Cash and cash equivalents at the beginning of the period	130.81	290.73
Net cash provided/(used) for operating activities	(128.58)	84.15
Net cash provided/(used) for investing activities	331.28	141.14
Net cash provided/(used) for financing activities	—	(349.50)
Change of cash and equivalents	202.70	(124.21)
FX movements	(42.78)	(38.48)
Cash and cash equivalents at the end of the period	290.73	128.04

NOTES TO THE FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING PRINCIPLES

Basis of preparation

The financial statements of Catlin Re Switzerland Ltd ("CRCH" or the "Company"), domiciled in Zurich, Switzerland, are prepared in accordance with Swiss Company Law. The financial statements adhere to the requirements of Swiss Code of Obligations and to additional requirements defined by the Swiss Financial Market Supervisory Authority ("FINMA"), Art. 5-6a AVO-FINMA. The 2023 financial year comprises the accounting period from January 1 to December 31, 2023. The prior period was from January 1 to December 31, 2022.

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 the estimates.

Foreign currency translation

Foreign currency transactions incurred in each of the Company's business units are revalued into the functional currency using average exchange rates applicable to the period in which the transactions take place. Foreign exchange gains and losses resulting from the settlement of such transactions and from revaluation at the period end of monetary assets and liabilities denominated in foreign currencies are deemed realised exchange gains and losses and recorded in the income statement.

Each business unit with a functional currency different from the Company's statutory reporting currency Swiss Francs is translated as follows:

- Income and expenses at the monthly average rates of exchange;
- Assets and liabilities (including unearned premiums and deferred acquisition costs) at exchange rates prevailing at the balance sheet date; and
- Resulting unrealised exchange losses are either offset against the provision for currency fluctuation or recorded in the income statement. Unrealised exchange gains are deferred and recorded as a separate line item on the balance sheet.

All assets and liabilities arising from reinsurance contracts are treated as monetary items. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Investments

Fixed income and short-term securities are valued at the Amortised-Cost-Scientific Method less legally permissible depreciation.

Short-term investments are composed of instruments with original maturities of more than 90 days and less than one year from the date of purchase.

The following assets are carried at cost less necessary and legally permissible depreciation:

- Investments in affiliated companies
- Equity securities

The valuation rules prescribed by FINMA are followed whereby all investments are valued individually.

Funds withheld

Funds withheld are balances held by cedants in respect of open reinsurance contracts.

Reinsurer's share in technical provisions

Reinsurer's share in technical provisions include balances due from reinsurance companies for paid and unpaid losses and loss expenses that will be recovered from reinsurers, based on contracts in force.

The technical provisions pertaining to retroceded business are determined or estimated according to the contractual agreement and the underlying gross business data per treaty.

Deferred acquisition costs

Deferred acquisition costs principally consist of commissions and other external variable costs directly connected with the acquisition or renewal of existing reinsurance contracts. Deferred acquisition costs represent the proportion of commission incurred which corresponds to the element of the premium that is unearned on the related contracts. Deferred acquisition costs are capitalised in accordance with the business plan submitted to FINMA.

Other assets and other receivables

Other assets are carried at nominal value after deduction of known credit risks, and if applicable, less necessary and legally permissible depreciation.

Premiums and other receivables from reinsurance are carried at nominal value after deduction of known credit risks if applicable.

Technical provisions

The technical provisions are valued in accordance with the following principles:

A liability is established for unpaid losses and loss expenses when insured events occur. The liability is based on the expected ultimate cost of settling the claims. The reserves for losses and loss expenses include: (1) case reserves for known but unpaid claims as at the balance sheet date, including any potential deterioration on existing estimates; (2) incurred but not reported reserves ("IBNR") for claims where the insured event has occurred but has not been reported to Catlin Re as at the balance sheet date; and (3) loss adjustment expense reserves for the expected handling costs of settling the claims.

The estimation of the necessary claim reserves requires the use of informed estimates and judgements and as such are subject to considerable uncertainty. Reserves for losses and loss expenses are based on the analysis of the historical amounts reported by the ceding companies together with other relevant information. The methods and assumptions chosen follow generally accepted actuarial principles.

Contracts where coverage period relates to future periods are stated as unearned premiums and are calculated by statistical methods. The accrual of commission is determined correspondingly and is reported in the line item Deferred acquisition costs.

Provisions for profit commissions are to cover instances where the commission is dependent on the claim experience of the contract, e.g. sliding scale or profit commission, so that an additional liability is due in excess of the commission already incurred or, in the case where the loss experience is worse than expected, a rebate of commission is due.

Non-technical provisions

Provision for taxation contains direct taxes for the financial year.

Provision for currency fluctuation comprises of unrealised foreign exchange gains from the translation of assets and liabilities from the business units functional currencies to the reporting currency Swiss Francs.

Payables to reinsurance companies

Payables to reinsurance companies are held at redemption value.

Interest income

Other interest income is mainly comprised of interest earned on funds withheld.

Operating costs

Administration and other expenses are disclosed within the Gross acquisition costs and administration expenses line item. Unallocated loss adjustment expenses are included within the Gross claims paid and claim adjustment expenses line item.

Direct taxes

Direct taxes relate to the financial year and include income and capital taxes.

FINANCIAL STATEMENT NOTES

Note 1: Change in technical provisions

CHF millions			2023
	Gross	Ceded	Net
Change in unearned premiums	29.95	248.71	278.66
Change in reserves for losses and loss expenses	652.68	(98.13)	554.55
Total change in technical provisions	682.63	150.58	833.21

CHF millions			2022
	Gross	Ceded	Net
Change in unearned premiums	580.08	(25.98)	554.10
Change in reserves for losses and loss expenses	196.57	43.60	240.17
Total change in technical provisions	776.65	17.62	794.27

Note 2: Net investment result

CHF millions				2023
	Income	Unrealised gains	Realised gains	Total
Investments in affiliated companies	5.40	—	17.04	22.44
Fixed income securities	25.21	19.88	2.65	47.74
Other investments	—	—	—	—
<i>Short term investments</i>	—	—	—	—
Cash and cash equivalents	0.09	—	0.09	0.18
Total investment income	30.70	19.88	19.78	70.36

CHF millions				Total
	Expenses	Unrealised losses	Realised losses	Total
Investments in affiliated companies	—	—	—	—
Fixed income securities	—	(3.74)	—	(3.74)
Other investments	—	—	—	—
<i>Short term investments</i>	—	—	—	—
Cash and cash equivalents	—	—	(0.10)	(0.10)
Investment management fees	(2.08)	—	—	(2.08)
Total investment expenses	(2.08)	(3.74)	(0.10)	(5.92)

CHF millions				2022
	Income	Unrealised gains	Realised gains	Total
Investments in affiliated companies	598.08	—	—	598.08
Fixed income securities	19.13	8.09	0.83	28.05
Other investments	—	—	—	—
<i>Short term investments</i>	—	—	—	—
Cash and cash equivalents	0.03	—	0.10	0.13
Total investment income	617.24	8.09	0.93	626.26

CHF millions				Total
	Expenses	Unrealised losses	Realised losses	Total
Investments in affiliated companies	(537.69)	—	—	(537.69)
Fixed income securities	—	(78.80)	(11.06)	(89.86)
Other investments	—	—	—	—
<i>Short term investments</i>	—	—	—	—
Cash and cash equivalents	—	—	(0.15)	(0.15)
Investment management fees	(1.58)	—	—	(1.58)
Total investment expenses	(539.27)	(78.80)	(11.21)	(629.28)

Fixed income market values recovered mostly during 2023, as a result, CHF 42m of the temporary impairment recorded in 2022 was reversed in 2023 and split between realised and unrealised gains.

Income from Investments in affiliated companies of CHF 5m relates to interest on equity from AXA XL Resseguros S.A., the realised gain of CHF 17m is due to the sale of Seaview Re Holdings Inc.

Note 3: Administration and other expenses

Administration and other expenses, included in Gross acquisition costs and administration expenses amounted to CHF 39.35m in 2023 (2022: CHF 55.44m), thereof CHF 0.25m (2022: CHF 0.18m) are related to audit fees.

Note 4: Premiums and other receivables from reinsurance

CHF millions	2022	2023
Receivables from agents and brokers	585.04	337.85
Receivables from reinsurance companies	247.94	158.42
Total premiums and other receivables from reinsurance	832.98	496.27

The Company does not write direct business with policyholders. Most business is generated through agents and brokers.

Note 5: Net technical provisions

CHF millions	2022			2023		
	Gross	Ceded	Net	Gross	Ceded	Net
Reserves for losses and loss expenses	1,767.96	(368.45)	1,399.51	1,023.04	(519.02)	504.02
Unearned premiums	473.00	(94.74)	378.26	423.27	(322.13)	101.14
Other technical provisions	186.52	20.53	207.05	1.68	81.96	83.64
Total net technical provisions	2,427.48	(442.66)	1,984.82	1,447.99	(759.19)	688.80

Gross technical provisions have decreased year on year due to the novation of a large external quota share contract. Other technical provisions include deferred gains related to Loss Portfolio Transfer ("LPT") covers in the amount of CHF 82m (2022: CHF 21m) reported above as ceded however in balance sheet as a liability. The increase year on year of ceded reserves is driven by the LPT cover executed during December 2023.

Note 6: Payables from reinsurance business

CHF millions	2022	2023
Payables to agents and brokers	172.36	108.05
Payables to reinsurance companies	175.26	111.51
Total payables to reinsurance companies	347.62	219.56

Note 7: Shareholder's equity rollforward

CHF millions	Common Stock	Legal reserves from capital contribution	Legal profit reserves	Profit/(loss) for the financial year	Retained earnings (losses)	Total
as of January 1, 2023	100.00	633.24	45.15	11.19	(105.54)	684.04
Allocation of 2022 profit to retained earnings (losses)				(11.19)	11.19	—
Distribution		(349.50)				(349.50)
Profit/(loss) for the financial year				65.73	—	65.73
as of 31 December 2023	100.00	283.74	45.15	65.73	(94.35)	400.27

Share capital of the Company amounts to CHF 100m that is fully paid-in. It is divided into ten million registered shares with a nominal value of ten Swiss Francs per share.

On April 28, 2023, during the Annual General Meeting ("AGM") of the Shareholders', it was unanimously resolved to declare a distribution of USD 400m (CHF 349.50m equivalent at spot rate on date of settlement). This distribution was paid on August 16, 2023 to AXA XL Luxembourg S.à r.l. from legal capital reserves from capital contribution.

Note 8: Contingent liabilities

The Company is not exposed to any non-cancellable future obligations.

CRCH belongs to the VAT group of AXA Versicherungen AG, Winterthur, and is jointly liable for any VAT claims from the tax authorities.

The Company has access to unsecured and secured letter of credit facilities to support its reinsurance business. As at December 31, 2023, unsecured irrevocable letters of credit in the amount of CHF 106m (2022: CHF 115m) have been issued under these facilities. Letters of credit are predominantly used to secure the reserves ceded to the Company under certain reinsurance contracts.

Note 9: Funds withheld

Funds withheld of CHF 44m (2022: CHF 609m) represent deposits held by cedants. The decrease is mainly driven by the novation of a large external quota share contract.

Note 10: Restricted assets

In certain markets, the Company is required to maintain assets in accounts pledged for the benefit of ceding companies. These requirements are generally promulgated in the statutory regulations of the individual jurisdictions.

The Company also has investments in segregated portfolios to provide collateral for certain bank letters of credit issued for the benefit of ceding companies.

The total value of these restricted assets by category as at December 31, 2023 and 2022 are as follows:

CHF millions	2022	2023
Fixed income securities	454.7	321.85
Short term investments	—	—
Cash and cash equivalents	24.40	21.75
Accrued income and other receivables	1.76	1.14
Total restricted assets	480.86	344.74

Note 11: Claims on and obligations towards AXA XL Group companies

CHF millions	2022	2023
Assets		
Premiums and other receivables from reinsurance	98.80	48.76
Funds withheld	—	11.00
Other receivables	31.98	33.11
Liabilities		
Payables to reinsurance companies	91.11	13.07
Other liabilities	75.54	29.81

Note 12: Investments in affiliated companies

CHF millions		2023	
	City, Country	Net Book value	Equity/Voting Shares
AXA XL Resseguros S.A.	Sao Paulo, Brasil	76.83	100 %
XL Re Latin America Argentina SA	Buenos Aires, Argentina	—	80 %
Total investments in affiliated companies		76.83	

CHF millions		2022	
	City, Country	Net book value	Equity/Voting shares
Seaview Re Holdings Inc	Delaware, USA	125.45	100 %
AXA XL Resseguros S.A.	Sao Paulo, Brasil	76.83	100 %
XL Re Latin America Argentina SA	Buenos Aires, Argentina	—	80 %
Total investments in affiliated companies		202.28	

Effective September 25, 2023, the Company disposed all shares in Seaview Re Holdings Inc. to another AXA XL affiliate for a realised gain as disclosed in Note 2 net investment result. XL Re Latin America Argentina SA entered liquidation on January 1, 2024.

Note 13: Staff

The average number of full time equivalents employed by the Company for 2023 and 2022 was more than 10 but less than 50. Other employees were provided via a personal lending agreement between the Company and XL Catlin Services SE, Dublin, Zurich Branch ("XLCSSSE ZH").

Note 14: Subsequent events

Effective January 1, 2024, all assets and liabilities in Catlin Re Switzerland Ltd, Singapore Branch, were transferred to the newly established Singapore Branch of XL Re Europe SE, Dublin.

There have been no other further material events between December 31, 2023 and the date of this report which are required to be disclosed.

APPROPRIATION OF EARNINGS

The Board of Directors proposes at the Annual Shareholder Meeting to be held in Zurich on April 25, 2024 to allocate the profit of the financial year of CHF 65.73m to retained earnings (losses), and subject to FINMA approval, a distribution of USD 220m. The distribution is paid out of legal reserves from capital contribution, it will be translated into CHF at the spot rate on the date of settlement and must not exceed CHF 210m. Distributions paid in foreign currencies have to meet the capital protection requirements in CHF and as such maximum amounts in CHF have to be approved by the Annual Shareholder Meeting.

CHF millions	2022	2023
Retained earnings (losses) brought forward	(105.54)	(94.35)
Profit/(loss) for the financial year	11.19	65.73
Retained earnings (losses) after allocation	(94.35)	(28.62)
Legal reserves from capital contribution brought forward	633.24	283.74
Distribution	(349.50)	(210.00)
Legal reserves from capital contribution after distribution	283.74	73.74