

Validus Reinsurance
(Switzerland) Ltd
Zurich

Report of the statutory auditor
to the General Meeting

on the financial statements 2023

Report of the statutory auditor

to the General Meeting of Validus Reinsurance (Switzerland) Ltd

Zurich

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Validus Reinsurance (Switzerland) Ltd (the Company), which comprise the balance sheet as at 31 December 2023, and the income 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 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.

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, 8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, www.pwc.ch

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.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers AG

Martin Schwörer
Licensed audit expert
Auditor in charge

Enrico Grazzi

Zürich, 2 April 2024

Enclosures:

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

BALANCE SHEET

in USD '000

		31 December 2023	31 December 2022
ASSETS			
Fixed income securities		2'379'086	1'937'716
Other investments		3'742	3'208
Investment in subsidiary		480	401'913
		<hr/>	<hr/>
Total investments	4	2'383'308	2'342'837
		<hr/>	<hr/>
Cash and cash equivalents	4	270'138	255'060
Funds withheld		88'569	63'910
Reinsurance recoveries	5	241'210	163'607
Deferred acquisition costs		265'420	293'305
Receivables from reinsurance operations	6	875'153	905'388
Other receivables	7	26'443	20'034
Prepayments and accruals		15'352	10'173
		<hr/>	<hr/>
TOTAL ASSETS		4'165'593	4'054'314
		<hr/>	<hr/>
LIABILITIES AND SHAREHOLDER'S EQUITY			
Liabilities			
Reserves for losses and loss expenses	5	2'376'415	1'740'883
Unearned premium reserves	5	907'519	1'004'847
Liabilities from reinsurance operations	8	121'887	80'393
Other liabilities	9	43'996	25'979
Accrued liabilities		33'363	5'160
		<hr/>	<hr/>
Total liabilities		3'483'180	2'857'262
		<hr/>	<hr/>
Shareholder's Equity			
Share capital		71'565	71'565
Statutory capital reserves:			
Legal reserves from capital contributions		35'782	35'782
Other reserves from capital contributions		189'077	889'077
Organisation fund from capital contributions		7'407	7'407
Accumulated income		378'582	193'221
		<hr/>	<hr/>
Total shareholder's equity	10	682'413	1'197'052
		<hr/>	<hr/>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		4'165'593	4'054'314
		<hr/>	<hr/>

INCOME STATEMENT

For the years ended	31 December 2023	31 December 2022
in USD '000		
Gross premiums written	1'777'644	1'730'349
Reinsurer's share of gross premiums written	(122'696)	(93'111)
Net premiums written	11 1'654'948	1'637'237
Change in unearned premiums	97'328	(228'684)
Reinsurer's share of change in unearned premiums	5'984	3'729
Net premiums earned	1'758'260	1'412'282
Gross paid losses	(725'275)	(558'241)
Reinsurer's share of paid losses	57'585	12'662
Change in reinsurance reserves	(562'249)	(377'725)
Reinsurer's share of change in reinsurance reserves	70'042	1'366
Claims incurred, net of reinsurance	(1'159'897)	(921'937)
Acquisition expenses	(517'651)	(402'321)
Reinsurer's share of acquisition expenses	30'017	5'825
Administrative expenses	12 (35'472)	(31'691)
Acquisition and administrative expenses, net of reinsurance	(523'105)	(428'187)
<u>Underwriting result</u>	<u>75'257</u>	<u>62'157</u>
Investment income	4 100'636	63'566
Realised losses	4 (53'598)	(5'650)
Unrealised gains / losses	4 84'315	(156'407)
Asset management costs	(2'859)	(3'586)
<u>Investment result</u>	<u>128'495</u>	<u>(102'076)</u>
Other financial expenses	(61)	(61)
<u>Operating result</u>	<u>203'691</u>	<u>(39'980)</u>
Other income	13 195	1'323
Net income / (loss) before tax	203'886	(38'657)
Tax expenses	(18'525)	(342)
NET INCOME / (LOSS) FOR THE YEAR	<u>185'361</u>	<u>(38'999)</u>

NOTES TO THE FINANCIAL STATEMENTS

1. General

On 22 May 2023, the ultimate parent company of Validus Reinsurance (Switzerland) Ltd (hereafter referred to as “the Company” or “VRS”) American International Group, Inc. (“AIG”) announced that it had entered into a definite agreement to sell Validus Re, the treaty reinsurance business of AIG, which includes Validus Reinsurance Ltd. and its consolidated subsidiaries, AlphaCat Managers Ltd., and all renewal rights to the Assumed Reinsurance Treaty Unit of Talbot (together, “Validus Re”), to RenaissanceRe Holdings Ltd. The transaction closed on 1 November 2023 and as of that date, VRS forms part of the RenaissanceRe.

RenaissanceRe is a leading global reinsurance group headquartered in Bermuda and its ultimate parent company RenaissanceRe Holdings Ltd. is listed on the New York Stock Exchange. VRS continues to be a direct subsidiary of Validus Holdings (UK) Ltd, which is a wholly-owned subsidiary of RenaissanceRe Holdings Ltd.

The Company is domiciled at Beethovenstrasse 33, 8002 Zurich, Switzerland. It is licensed by the Swiss Financial Market Supervisory Authority (“FINMA”) in Switzerland. The Company is also a licensed permit company through its Bermuda branch, registered as a Class 4 insurer under the Bermuda Insurance Act.

The Company’s primary lines of business are Property, Marine & Energy, Agriculture, Casualty and Specialty. Those primary lines of business include the following main types of business:

- *Property*: Property catastrophe reinsurance, property per risk reinsurance and property pro rata reinsurance.
- *Marine & Energy*: Reinsurance on excess of loss or pro rata basis for damage to or loss of marine vessels or cargo, marine accidents and offshore energy properties.
- *Agriculture*: Multiple Peril Crop Insurance (“MPCI”), Crop Hail, Dairy Revenue Protection and Livestock. MPCI, Dairy Revenue Protection and Livestock business is generally written on a pro rata basis and Crop Hail on an excess of loss basis.
- *Casualty*: Directors and Officers liability, Error and Omissions, Medical Malpractice and Other Casualty, with the majority being written on a pro rata basis.
- *Specialty*: Other specialty lines including technical lines, financial lines, terrorism, trade credit and composite lines. Trade credit is generally written on a pro rata basis while other lines are written on both pro rata and excess of loss basis.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (art. 957 to 963b Swiss Code of Obligations, effective since 1 January 2013). Apart from the Swiss Code of Obligations, the provisions of the Swiss Ordinance on the Supervision of Private Insurance Companies (Art. 5-6a AVO-FINMA, applicable as of 15 December 2015) have been applied. Amounts are presented in thousands of U.S. Dollars (“USD”) for both current and prior period, except for share amounts in Note 10 and proposed appropriation of available earnings. Certain amounts may not sum to their total due to rounding.

The following is a summary of the significant accounting policies adopted by the Company:

(a) General

Following the acquisition through RenaissanceRe Holdings Ltd. effective 1 November 2023, the Company reviewed its accounting policies in connection with the accounting policies applied by RenaissanceRe in order to align its applied accounting policies, where necessary.

The Company identified accounting policy alignment differences in policy writing and earnings (including acquisition costs) mostly for proportional contracts. Expected premium income (EPI) has been written upfront under Validus accounting policies, whereas RenaissanceRe's accounting policies require EPI to be written evenly over the contract period for proportional contracts. Such contracts' monthly earned percentages applied by RenaissanceRe also differ slightly to the percentages previously applied by Validus.

Accounting policy alignment differences were also identified in reserving, where RenaissanceRe applies a different reserving methodology for property catastrophe events, losses in relation to the Ukraine/Russia conflict and casualty business. In addition, the accounting policy alignment on earned premium as noted above had an impact on loss reserves.

The accounting policy alignment has been applied retrospectively for the full financial year 2023 and had an impact on reinsurance recoveries, deferred acquisition costs, receivables from reinsurance operations, reserves for losses and loss expenses, unearned premium reserves and liabilities from reinsurance operations on the balance sheet and corresponding impact on premiums written and earned, claims incurred and acquisition expenses, with a total impact of USD (24.4) million on the Company's net result.

(b) Premiums

Premiums are recognised rateably over the terms of the related contracts and policies. The gross premiums written are based on policy and contract terms and include estimates based on information received from both insured and ceding companies.

Premiums on excess of loss contracts are recorded in accordance with contract terms and earned over the contract period. Since premiums for excess of loss contracts are usually established with some certainty at the outset of the contract and the reporting lag for such premiums is minimal, estimates for premiums written for these contracts are usually not significant. The minimum and deposit premiums on excess of loss contracts are usually set forth in the language of the contract and are used to record premiums on these contracts. Actual premiums are determined in subsequent periods based on actual exposures and any adjustments are recorded in the period in which they are identified.

For pro rata contracts, gross premiums written are normally estimated on a quarterly basis based on discussions with ceding companies, together with historical experience and management's judgement. Premiums written on pro rata contracts are earned over the risk periods of the underlying policies issued and renewed. As a result, the earning pattern of pro rata contracts may extend up to 24 months. This is generally twice the contract period due to the fact that some of the underlying exposures may attach towards the end of our contracts (i.e. risks attaching basis), and such underlying exposures generally have a one year coverage period.

Reinsurance ceded is accounted for on a consistent basis as that of the assumed.

As noted under Note 1 (a) above, the Company aligned its accounting policy with RenaissanceRe retrospectively for 2023, which had an impact on the way the Company writes and earns premiums.

(c) Unearned premiums

Premiums are earned over a period that is consistent with the risks covered under the terms of the contract, which is generally one to two years. The portion of the premium related to the unexpired portion of the risk period is reflected in unearned premiums reserve.

As noted under Note 1 (a) above, the impact from accounting policy alignment differences on earned premiums affected the Company's unearned premiums in 2023.

(d) Deferred acquisition costs

Cedent reported commissions and other costs that vary with and are primarily related to the production of insurance business are deferred and amortized over the terms of the underlying policies.

Provisions for commissions are determined the same way as the corresponding acquisition costs.

Deferred acquisition costs are shown net of commissions on reinsurance ceded.

As noted under Note 1 (a) above, the accounting policy alignment with RenaissanceRe accounting policies on policy writings and earnings including acquisition costs had an impact on the Company's deferred acquisition costs.

(e) Loss reserves and loss adjustment expenses

Loss and loss adjustment expense reserves, including losses incurred but not reported ("IBNR") and provisions for settlement expenses, include amounts determined from loss reports on individual cases, independent actuarial determinations and amounts based on the Company's own historical experience. To the extent that the Company's own historical experience is inadequate for estimating reserves, such estimates may be determined based upon industry data and management estimates.

IBNR reserves are estimated by management using various actuarial methods as well as a combination of the Company's loss experience, insurance industry loss experience, underwriters' experience, general market trends and management's judgement.

As noted above under Note 1 (a), the accounting policy alignment also had an impact on reserving for certain classes where the Company aligned its reserving methodology with methodologies applied by RenaissanceRe, which had an impact on the Company's reserves for losses and loss expenses.

(f) Investments in subsidiaries

Investments in subsidiaries are carried at cost less other than temporary impairments, if any.

(g) Investments in fixed income securities

Investments in fixed income securities are carried at the lower of amortised cost or fair market value per individual security.

(h) Other investments

Other investments, comprised of investment funds, are carried at the lower of cost or fair value.

(i) Foreign currency translation

As permitted by Swiss law, the Company's accounting records are maintained in USD, which is the currency of the Company's primary business activities and also the Company's functional currency for group consolidation purposes.

Assets and liabilities in foreign currencies are translated into USD at year-end exchange rates, while income and expenses have been translated at the exchange rates at the date the transaction occurred. Both the Company's Swiss head office and its Bermuda branch maintain their books and records in USD.

Swiss law requires companies presenting their statutory financial statements in a currency other than CHF to present the foreign currency values also in CHF for illustrative purposes. The corresponding CHF values are presented in the notes to these financial statements under Note 15, applying the 2023 year-end spot rate of USD/CHF 1.188179 (as published by the Swiss Federal Tax Authority) for balance sheet positions and the 2023 average rate of USD/CHF 1.112593 (as published by the Swiss Federal Tax Authority) for income statement positions. Share capital and capital contribution reserves as at the end of the financial year 2016 were translated using the historic exchange rate of USD/CHF 0.980681 applicable at the time of transition to the new reporting currency. For any subsequent changes in share capital and capital contribution reserves, the spot rate at the transaction date is used. Any translation gain or loss from the translation is directly recorded in equity.

3. *Contingent obligations*

The Company has no material contingent obligations as at 31 December 2023 and 2022, respectively.

4. *Investments*

The total estimated fair value, amortised cost and book value of investments in fixed income securities as at 31 December 2023 and 2022, respectively, were as follows:

in USD '000	2023	2022
Fair value	2'388'689	1'938'197
Amortised cost	2'467'422	2'110'640
Book value	2'379'086	1'937'716

Pledged investments

The Company established a Multi-Beneficiary Reinsurance Trust ("MBRT") to collateralize its reinsurance liabilities associated with and for the benefit of U.S. domiciled cedents. The lead state regulator of the Company's MBRT is the New Jersey Department of Banking and Insurance. The Company's MBRT is effective in all U.S. states except Florida, New York and New Mexico.

As at 31 December 2023, fixed income securities with an estimated fair value of USD 900.9 million were pledged as part of the Company's participation in a Multi-Beneficiary Reinsurance Trust during the normal course of business (2022: USD 847.5 million). Pledged assets are generally for the benefit of the Company's cedents and policyholders, and to facilitate the accreditation of the Company as non-admitted reinsurer by certain regulators.

In addition, the Company has established private trusts with certain cedants. As at 31 December 2023, fixed income securities with an estimated fair value of USD 516.3 million were pledged in private trusts.

Net investment result

The following tables show the income/loss on investments by investment category (excluding asset management expenses):

2023	Income	Realised gain/(loss)	Unrealised gain/(loss)	Total
in USD '000				
Fixed income securities	67'919	(54'645)	84'315	97'589
Other investments	290	1'080	-	1'370
Cash and cash equivalents	13'440	(33)	-	13'407
Investment in subsidiary	18'987	-	-	18'987
Total	100'636	(53'598)	84'315	131'353

2022	Income	Realised gain/(loss)	Unrealised gain/(loss)	Total
in USD '000				
Fixed income securities	42'073	(6'393)	(156'413)	(120'733)
Other investments	267	744	-	1'011
Cash and cash equivalents	598	(1)	6	603
Investment in subsidiary	20'628	-	-	20'628
Total	63'566	(5'650)	(156'407)	(98'491)

Investment in subsidiary

In 2019, the Company received a capital contribution in kind from its parent company in the form of an investment in subsidiary of Flagstone Reinsurance (Luxembourg) Sàrl. The investment in subsidiary was contributed at a value of USD 401.9 million, which was not higher than the estimated fair value of Flagstone Reinsurance (Luxembourg) Sàrl at the time of contribution.

On 17 October 2023, the Company's extraordinary meeting of shareholders approved a contribution in kind to its sole shareholder Validus Holdings (UK) Ltd of USD 417'905'644, consisting of an intercompany loan of USD 400'000'000 held by Flagstone Reinsurance (Luxembourg) Sàrl plus accrued interest of USD 17'905'644. The investment in subsidiary was subsequently impaired to its net asset value as at 31 December 2023.

5. Reinsurance reserves

The details of gross and ceded insurance reserves by classification as at 31 December 2023 and 2022, respectively, were as follows:

2023	Gross	Ceded	Net
in USD '000			
Unearned premium reserves	907'519	(18'569)	888'950
Reserves for losses and loss expenses	2'376'415	(222'641)	2'153'774
Total	3'283'934	(241'210)	3'042'724

2022	Gross	Ceded	Net
in USD '000			
Unearned premium reserves	1'004'847	(12'585)	992'262
Reserves for losses and loss expenses	1'740'883	(151'022)	1'589'861
Total	2'745'730	(163'607)	2'582'123

6. Receivables from reinsurance operations

The details of the account as at 31 December 2023 and 2022, respectively, were as follows.

in USD '000	2023	2022
Third parties	839'306	902'386
Related parties	35'847	3'002
Total	875'153	905'388

All reinsurance receivable balances are receivables from insurance companies (rather than individual policyholders or insurance brokers/agents).

7. Other receivables

The details of the account as at 31 December 2023 and 2022, respectively, were as follows:

in USD '000	2023	2022
Third parties	4'190	13'140
Related parties	22'253	6'895
Total	26'443	20'034

8. Liabilities from reinsurance operations

The details of the account as at 31 December 2023 and 2022, respectively, were as follows:

in USD '000	2023	2022
Third parties	88'327	78'517
Related parties	33'560	1'876
Total	121'887	80'393

All reinsurance payable balances are payables towards insurance companies (rather than individual policyholders or insurance brokers/agents).

9. Other liabilities

The details of the account as at 31 December 2023 and 2022, respectively, were as follows:

in USD '000	2023	2022
Third parties	21'542	-
Related parties	22'455	25'979
Total	43'996	25'979

10. Shareholder's equity

in USD '000	Share capital and Statutory Capital Reserves	Accumulated Income	Total
Balances as at 31 December 2021	1'003'831	232'220	1'236'051
Loss for the year	-	(38'999)	(38'999)
Balances as at 31 December 2022	1'003'831	193'221	1'197'052
Return of capital	(700'000)	-	(700'000)
Profit for the year	-	185'361	185'361
Balances as at 31 December 2023	303'831	378'582	682'413

The details of statutory share capital and capital reserves as at 31 December 2023 and 2022 were as follows:

in USD	2023	2022
Share capital	71'564'626	71'564'626
Statutory capital reserves		
Legal reserves from capital contributions	35'782'313	35'782'313
Other reserves from capital contributions	189'077'154	889'077'154
Organisation fund from capital contributions	7'407'215	7'407'215
Total	303'831'308	1'003'831'308

Under Swiss tax law, effective 1 January 2011 repayments of capital contribution reserves established since 1997 are no longer subject to withholding tax deduction. Following a return of capital to shareholder of USD 700 million out of other reserves from capital contributions in October 2023, remaining capital contribution reserves of USD 224.9 million and the organisation fund from capital contributions of USD 7.4 million would not be subject to the withholding tax deduction in case of repayment.

11. Premiums written

The details of gross and ceded premiums written for the years ended 31 December 2023 and 2022, respectively, were as follows:

in USD '000	2023			2022		
	Gross	Ceded	Net	Gross	Ceded	Net
Property	360'024	(46'180)	313'844	281'314	(53'449)	227'865
Marine & Energy	137'910	(15'532)	122'378	88'651	(9'636)	79'015
Agriculture	224'757	(9'878)	214'878	256'899	(7'337)	249'561
Casualty	1'011'149	(48'902)	962'247	977'933	(12'090)	965'843
Specialty	43'805	(2'204)	41'601	125'552	(10'600)	114'952
Total	1'777'644	(122'696)	1'654'948	1'730'349	(93'111)	1'637'237

12. Administrative expenses

The Company's administrative expenses for the years ended 31 December 2023 and 2022, respectively, are as follows:

in USD '000	2023	2022
Staff, office and service costs	35'384	31'608
Information Technology expenses	88	83
Total	35'472	31'691

Audit fees during the year 2023 amounted to USD 356'401 (2022: USD 308'398).

13. Any other material information

As a result of the acquisition by RenaissanceRe Holdings Ltd. that closed in the fourth quarter of 2023, it is expected that the Company will be merged with its sister company RenaissanceRe Europe AG during 2024, with VRS expected to be the absorbed entity and RenaissanceRe Europe AG expected to be the surviving entity of the transaction.

14. Other disclosures in accordance with art. 959c of the Swiss Code of Obligations

During the year, the Company employed an average of less than 50 full time employees in Switzerland and Bermuda.

There are no other disclosures required according to art. 959c of the Swiss Code of Obligations and the Insurance Supervisory Ordinance ISO-FINMA, except for the disclosure of CHF amounts according to art. 958d para. 3 as included in Note 15.

15. Translation of USD presentation currency values to CHF in accordance with art. 958d para. 3 Swiss Code of Obligations**BALANCE SHEET**

in CHF '000	31 December 2023	31 December 2022
ASSETS		
Fixed income securities	2'002'296	1'792'829
Other investments	3'149	2'968
Investments in subsidiary	404	371'861
Total investments	2'005'849	2'167'658
Cash and cash equivalents	227'354	235'989
Funds withheld	74'541	59'132
Reinsurance recoveries	203'008	151'374
Deferred acquisition costs	223'384	271'374
Receivables from reinsurance operations	736'550	837'690
Other receivables	22'255	18'536
Prepayments and accruals	12'921	9'410
TOTAL ASSETS	3'505'863	3'751'165
LIABILITIES AND SHAREHOLDER'S EQUITY		
Liabilities		
Reserves for losses and loss expenses	2'000'047	1'610'714
Unearned premium reserves	763'790	929'713
Liabilities from reinsurance operations	102'583	74'382
Other liabilities	37'028	24'037
Accrued liabilities	28'079	4'774
Total liabilities	2'931'528	2'643'619
Shareholder's Equity		
Share capital	72'974	72'974
Statutory capital reserves		
Legal reserves from capital contributions	36'487	36'487
Other reserves from capital contributions	270'043	898'605
Organisation fund from capital contributions	7'553	7'553
Accumulated income / (loss)	187'278	91'927
Total shareholder's equity	574'335	1'107'546
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	3'505'863	3'751'165

INCOME STATEMENT

For the years ended	31 December 2023	31 December 2022
in CHF '000		
Gross premiums written	1'597'749	1'650'563
Reinsurer's share of gross premiums written	(110'280)	(88'818)
Net premiums written	1'487'469	1'561'745
Change in unearned premiums	87'479	(218'140)
Reinsurer's share of change in unearned premiums	5'378	3'557
Net premiums earned	1'580'326	1'347'162
Gross paid losses	(651'878)	(532'501)
Reinsurer's share of paid losses	51'757	12'078
Change in reinsurance reserves	(505'350)	(360'308)
Reinsurer's share of change in reinsurance reserves	62'953	1'303
Claims incurred, net of reinsurance	(1'042'518)	(879'427)
Acquisition expenses	(465'266)	(383'770)
Reinsurer's share of acquisition expenses	26'980	5'557
Administrative expenses	(31'882)	(30'230)
Acquisition and administrative expenses, net of reinsurance	(470'168)	(408'444)
Underwriting result	67'640	59'291
Interest income	90'452	60'635
Realised losses	(48'174)	(5'389)
Unrealised gains / losses	75'783	(149'195)
Asset management costs	(2'569)	(3'420)
Investment result	115'492	(97'370)
Other financial expenses	(55)	(58)
Operating result	183'077	(38'137)
Other income	175	1'262
Net income / (loss) before tax	183'252	(36'875)
Tax expenses	(16'650)	(326)
NET INCOME / (LOSS) FOR THE YEAR	166'602	(37'201)

Fixed income securities in CHF '000	2023	2022
Fair value	2'010'378	1'793'274
Amortised cost	2'076'642	1'952'823
Book value	2'002'296	1'792'829

2023	Income	Realised gains/(losses)	Unrealised gains/(losses)	Total
in CHF '000				
Fixed income securities	61'046	(49'115)	75'783	87'714
Other investments	261	971	-	1'232
Cash and cash equivalents	12'080	(30)	-	12'050
Investments in subsidiary	17'066	-	-	17'066
Total	90'452	(48'174)	75'783	118'061

2022	Income/ (expense)	Realised gains/(losses)	Unrealised (losses)	Total
in CHF '000				
Fixed income securities	40'133	(6'098)	(149'201)	(115'166)
Other investments	255	710	-	964
Cash and cash equivalents	570	(1)	6	575
Investments in subsidiary	19'677	-	-	19'677
Total	60'635	(5'389)	(149'195)	(93'950)

CHF 1'192.7 million of fixed maturities were pledged as at 31 December 2023 (2022: CHF 1'088.7 million).

Reinsurance Reserves in CHF '000			
2023	Gross	Ceded	Net
Unearned premium reserves	763'790	(15'628)	748'162
Reserves for losses and loss expenses	2'000'047	(187'380)	1'812'668
Total	2'763'837	(203'008)	2'560'829
2022	Gross	Ceded	Net
Unearned premium reserves	929'713	(11'644)	918'069
Reserves for losses and loss expenses	1'610'714	(139'730)	1'470'984
Total	2'540'426	(151'374)	2'389'052

Receivables from reinsurance operations in CHF '000	2023	2022
Third parties	706'380	834'913
Related parties	30'170	2'778
Total	736'550	837'690

Other receivables in CHF '000	2023	2022
Third parties	3'526	12'157
Related parties	18'729	6'379
Total	22'255	18'536

Liabilities from reinsurance operations in CHF '000	2023	2022
Third parties	74'338	72'646
Related parties	28'246	1'736
Total	102'583	74'382

Other liabilities in CHF '000	2023	2022
Third parties	18'130	-
Related parties	18'899	24'037
Total	37'028	24'037

Shareholder's equity in CHF '000	Share Capital and Statutory Capital Reserves	Accumulated Income	Total
Balances as at 1 January 2022	1'015'619	110'598	1'126'217
Profit / (Loss) for the year	-	(37'201)	(37'201)
Gain / (Loss) from translation recorded directly in equity	-	18'530	18'530
Balances as at 31 December 2022	1'015'619	91'927	1'107'546
Return of capital	(628'562)	-	(628'562)
Profit / (Loss) for the year	-	166'603	166'603
Gain / (Loss) from translation recorded directly in equity	-	(71'252)	(71'252)
Balances as at 31 December 2023	387'058	187'278	574'336

Shareholder's equity in CHF	2023	2022
Share capital	72'974'418	72'974'418
Statutory capital reserves		
Legal reserves from capital contributions	36'487'209	36'487'209
Other reserves from capital contributions	270'043'046	898'604'546
Organisation fund from capital contributions	7'553'134	7'553'134
Total	387'057'807	1'015'619'307

Premiums written in CHF '000	2023			2022		
	Gross	Ceded	Net	Gross	Ceded	Net
Property	323'590	(41'507)	282'083	268'343	(50'984)	217'358
Marine & Energy	123'954	(13'960)	109'993	84'563	(9'192)	75'372
Agriculture	202'012	(8'878)	193'133	245'053	(6'999)	238'054
Casualty	908'822	(43'953)	864'869	932'841	(11'533)	921'308
Specialty	39'372	(1'981)	37'391	119'763	(10'111)	109'652
Total	1'597'749	(110'280)	1'487'469	1'650'563	(88'818)	1'561'745

Administrative expenses in CHF '000	2023	2022
Staff, office and service costs	31'803	30'151
Information Technology expenses	79	79
Total	31'882	30'230

Audit fees during the year 2023 amounted to CHF 320'334 (2022: CHF 294'178).

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

The Company's Board of Directors proposes that the available earnings as at 31 December 2023 of USD 378'582'350 (CHF 187'277'904) be carried forward to the succeeding financial year.

Since the Company's legal reserves from capital contributions amount to 50% of the share capital, no further allocation to legal reserves is required in accordance with Swiss Code of Obligations.

10.2. Appendix II – Quantitative templates

Currency: USD
Amounts stated in
millions

		2023	Adjustments previous period	2022
Market conform value of investments	Real estate	-		-
	Participations	-		405
	Fixed-income securities	1,861		1,103
	Loans	-		-
	Mortgages	-		-
	Equities	-		-
	Other investments	-		-
	Collective investment schemes	-		-
	Alternative investments	-		-
	Structured products	4		3
	Other investments	534		836
Total investments	2,400		2,346	
Market conform value of other assets	Financial investments from unit-linked life insurance	-		-
	Receivables from derivative financial instruments	-		-
	Deposits made under assumed reinsurance contracts	89		64
	Cash and cash equivalents	263		255
	Reinsurers' share of best estimate of provisions for insurance liabilities	-		-
	Direct insurance: life insurance business (excluding unit linked life insurance)	-		-
	Reinsurance: life insurance business (excluding unit linked life insurance)	-		-
	Direct insurance: non-life insurance business	-		-
	Direct insurance: health insurance business	-		-
	Reinsurance: non-life insurance business	201		139
	Reinsurance: health insurance business	-		-
	Direct insurance: other business	-		-
	Reinsurance: other business	-		-
	Direct insurance: unit-linked life insurance business	-		-
	Reinsurance: unit-linked life insurance business	-		-
	Fixed assets	-		-
	Deferred acquisition costs	-		-
	Intangible assets	-		-
	Receivables from insurance business	823		853
	Other receivables	4		12
Other assets	-		-	
Unpaid share capital	-		-	
Accrued assets	16		10	
Total other assets	1,396		1,334	
Total market conform value of assets	Total market conform value of assets	3,796		3,680
Market conform value of liabilities (including unit linked life insurance)	Best estimate of provisions for insurance liabilities	-		-
	Direct insurance: life insurance business (excluding unit linked life insurance)	-		-
	Reinsurance: life insurance business (excluding unit linked life insurance)	-		-
	Direct insurance: non-life insurance business	-		-
	Direct insurance: health insurance business	-		-
	Reinsurance: non-life insurance business	2,422		2,051
	Reinsurance: health insurance business	-		-
	Direct insurance: other business	-		-
	Reinsurance: other business	-		-
	Best estimate of provisions for unit-linked life insurance liabilities	-		-
	Direct insurance: unit-linked life insurance business	-		-
Reinsurance: unit-linked life insurance business	-		-	
Market value margin	116		162	
Market conform value of other liabilities	Non-technical provisions	-		-
	Interest-bearing liabilities	-		-
	Liabilities from derivative financial instruments	-		-
	Deposits retained on ceded reinsurance	-		-
	Liabilities from insurance business	100		17
	Other liabilities	36		24
	Accrued liabilities	0		3
Subordinated debts	-		-	
Total market conform value of liabilities	Total market conform value of liabilities	2,675		2,257
	Market conform value of assets minus market conform value of liabilities	1,122		1,424

Currency: USD
Amounts stated in
millions

		2023	Adjustments previous period	2022
Derivation of RBC	Market conform value of assets minus market conform value of liabilities	1,122	-	1,424
	Deductions	-500	-	-
	Tier 1 risk-absorbing capital instruments (RAC) counted towards core capital	-	-	-
	Core capital	622	-	1,424
	Supplementary capital	-	-	-
	RBC	622	-	1,424

		2023	Adjustments previous period	2022
Derivation of target capital	Underwriting risk	313	-	613
	Market risk	80	-	134
	Diversification effects	-127	-	-253
	Credit risk	121	-	240
	Market value margin and other effects on target capital	-6	-	-356
	Target capital	381	-	378

		2023	Adjustments previous period	2022
		in %	in %	in %
SST ratio		163%	-	376%