

Annual Report  
MS Reinsurance  
(MS Amlin AG)

2022



## Management report

MS Amlin AG (the Company or MS Reinsurance) is a Switzerland-domiciled, global reinsurer whose parent is Mitsui Sumitomo Insurance Company, Limited (MSI), a wholly owned subsidiary of MS&AD Insurance Group Holdings, Inc. (MS&AD). Both MSI and MS&AD are domiciled in Japan.

In 2022, MS Amlin AG was rebranded and is now trading as “MS Reinsurance, an MS Amlin AG company” without impacting its legal name or operational structure.

MS Reinsurance has a global underwriting strategy prioritizing long-term client portfolios serving a variety of reinsurance clients facilitated across four underwriting offices:

**1. Zurich, Switzerland.** Operating from the company’s headquarters, this platform predominately writes EMEA (Europe, Middle East, and Africa) business across all lines.

**2. Hamilton, Bermuda.** This platform primarily focuses on property, casualty, financial, and specialty lines in both the USA and international markets.

**3. United States.** The Miami and New York offices of the Company’s subsidiary MS Amlin Reinsurance Managers, Inc (“MS ARMI”), which was acquired from MS Amlin Underwriting Limited in 2021, write business on behalf of MS Amlin AG, Zurich, based on binding authorities. Miami is focused on Latin American property, credit and surety, and accident and health business, while the team in New York is primarily focused on USA motor and general liability business.

The overall portfolio continued to be rebalanced during the year with reductions in catastrophe exposure relative to other classes of business as part of a longer-term strategy to reduce volatility in financial results.

## Business Development and Financial Condition

Gross written premium continued to increase during 2022. This growth was seen in segments where market conditions were unexpectedly favorable and in areas that successfully employed the strategic approach for diversification and increased profitability, notably in financial and agricultural lines. This more than offset reductions in US casualty, catastrophe (all regions), and intercompany fronting and quota share arrangements. Net of reinsurance and on an earned basis, net premium levels increased approximately 19% relative to the prior year, reflecting the earned impact of the shift towards longer-tail business within the portfolio, which has occurred in recent years.

The 2022 underwriting result improved significantly relative to the prior year. However, the ongoing conflict in Ukraine impacted both the political violence portfolio and intercompany quota share agreements. Further, the inclusion of a specific inflation consideration in the best estimate reserves at year-end 2022 impacted the result. While there was significant catastrophe activity during 2022, notably Hurricane Ian and the Australian floods, the reduction of catastrophe business, in-line with strategic goals, and at a faster pace than the plan anticipated, resulted in an impact that was in-line with the catastrophe budget and undersized relative to peers.

Equity and fixed income exposures have detracted from investment returns, but it is noted that the underweight duration stance has protected the portfolio from more significant losses.

The overall result for the Company for the year 2022 is a loss of USD 177.6 million.

## Number of Full-time Positions on an Annual Average

The Company employed a worldwide staff at an average of 188 full time equivalents (2021: 148).

## Future Prospects and Vision

As evidenced by the recent brand repositioning from MS Amlin AG to MS Reinsurance, the Company has developed a new strategic direction. This new direction includes a complete transformation of the Company's core values and vision, an overhaul of the operating platform, and a new underwriting strategy built on a four-pronged value proposition:

### Deep client understanding

We know our clients, understand their needs, and will work to provide effective solutions.

### Ease of business

We have an efficient platform and empowered underwriters with demonstrated expertise enabling fast, reliable decision-making.

### Competitive pricing

We understand the market and aim to offer fair risk transfer solutions with respect to market conditions.

### Portfolio management

We write diversified and well-rewarded business risks commensurate to the capacity of our balance sheet.

This new strategic direction will allow MS Reinsurance to exploit its full business potential, support the aspirations of clients and valued partners, and attract and develop top talent. A part of this change is a comprehensive transformation program that has taken every aspect of the business into consideration. Several of the first transformation workstreams have already been completed, and most of the internal transformation is expected to be completed by the end of 2023.

As evidenced by recent business renewals, the new value proposition is working, and clients are reacting positively to this new approach. The strategy, in combination with a positive market environment, resulted in an improved profitability of the book during the latest renewals.

A crucial component of the Company's strategy remains the close relationship with its shareholder, MSI. MSI is fully committed to the strategy, which allows flexible execution of the Company's plans. MSI strongly supports MS Reinsurance's corporate development journey.

MS Reinsurance is committed to developing a dynamic and inspiring culture that engages existing employees and attracts new, top-tier talent. Significant progress has been made and can be measured in two ways: (1) the quality of the workforce, and (2) feedback from an annual employee engagement survey. Both measures demonstrate positive progress on the most important elements of success: MS Reinsurance's corporate values and culture.

## Risk Management

### Risk strategy

MS Reinsurance aligns Risk Management to the business strategy and to capital management with the objective to achieve long-term sustainable outcomes for the shareholder. This approach allows the business to optimize its return on risk subject to the limitations over acceptable risk taking.

The Risk Strategy, approved by the Supervisory Board in 2022, includes a comprehensive risk framework (governance, roles and responsibilities, and risk management process) as well as Risk Appetite, Risk Tolerance, and Risk Limits, which are updated annually as part of the strategy and plan discussions. The risks our organization is facing are assessed and where possible quantified in our Internal Model. The Risk Strategy also sets the expected risk behaviors and culture within which Risk Management should be performed.

The Supervisory Board is the ultimate 'Risk Owner' and delegates the management of the Company to the Executive Board, including the management of risks on a day-to-day basis. The Company operates the three lines of defense model, which defines the risk responsibilities of the risk-taking functions and of the assurance functions: business functions, Risk and Compliance, Internal Audit.

The Risk Function measures the necessary risk capital and independently monitors the adherence to risk appetite, tolerance, and limits. In case of breaches, it initiates mitigating actions together with the first line of defense. It also undertakes periodic reviews of any part of the risk landscape as deemed necessary. The Compliance Function ensures that the Company operates with integrity and adheres to applicable laws, regulations, standards, and internal policies. Internal Audit provides independent assurance that the risk management framework and processes are adequately working within the first and second lines of defense.

MS Reinsurance groups its risks into categories that are owned by respective Executive Board members: Insurance Risk, Market Risk, Credit Risk, Liquidity Risk, Operational Risk, Strategic Risk, Emerging Risks.

The Company promotes an environment of open communication, unbiased views, and effective challenge in respect of risk. Risk behaviors form part of how we assess the performance of our key risk takers throughout the year.

### Internal Control Framework

The Internal Control Framework forms an integral part of the company's risk management framework and is designed to:

- promote an effective monitoring and control framework to facilitate the achievement of business objectives,
- protect Company resources against mismanagement or fraud,
- ensure that business activities are compliant with laws and regulations, and
- develop and present consistent financial and managerial data in a timely manner.

The effectiveness of the Internal Control framework is assessed by the respective business functions on a quarterly basis as part of the Risk and Control Self-Assessment (RCSA) process, from a design and an operating perspective.

### **Risk assessment**

Material risks highlighted in 2022 during the quarterly RCSA processes and the ongoing Risk Management activities are presented in the Own Risk and Solvency Assessment (ORSA) report. Appropriate actions have been identified to manage those risks and are being implemented.

### **Solvency and liquidity**

The Solvency (level of available capital in excess of required capital for Regulatory and Rating Agency purposes) and the liquidity (availability of liquid assets) will dictate the total level of risk that can be assumed by MS Reinsurance. The Supervisory Board approved, as part of the Risk Strategy and Capital Management Policy, a target solvency position and minimum liquidity ratio below which management actions are required.

The Company calculates the required capital needed to support potential unexpected losses in the coming year in accordance with the Swiss Solvency Test (SST) risk-based capital methodology in our FINMA approved internal model.

The available SST capital to support risk taking activities has increased in 2022 predominately due to rising interest rates. The overall solvency position remains strong with an SST ratio in excess of 200%. No dividends will be paid for 2022.

### **Risk tolerance, appetite, and limits**

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

### **Processes and organization**

Risk management processes for identifying, measuring, controlling, and reporting on risks are embedded in the day-to-day operations of all functions within MS Reinsurance. The Risk Strategy sets out the specific roles and responsibilities across the three lines of defense for the risk management processes and assurance activities. It also includes details of items that must be escalated, along with the escalation process.

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



**MS Amlin AG, Zurich**

Report of the Statutory Auditor to the  
General Meeting on the

Financial Statements 2022



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## **Report of the Statutory Auditor to the General Meeting of MS Amlin AG, Zurich**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of MS Amlin AG (the Company), which comprise the balance sheet as at 31 December 2022, and the income statement and 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, together with 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.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment 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 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 that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

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

KPMG AG



Rainer Pfaffenzeller  
Licensed Audit Expert  
Auditor in Charge



Lukas Kündig  
Licensed Audit Expert

Zurich, 25. April 2023

Enclosure(s):

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

# Financial Statements of MS Reinsurance (MS Amlin AG)

**2022**

Kirchenweg 5  
8008 Zürich  
Switzerland

## Income statement

USD	Note	2022	2021
Gross premium written		2'292'696'373	2'198'825'878
Premiums ceded to reinsurers		(267'824'242)	(490'090'275)
<b>Net premiums written</b>		<b>2'024'872'131</b>	<b>1'708'735'603</b>
Change in unearned premium reserves - gross		(259'163'193)	(489'063'364)
Change in reinsurers' share of unearned premium reserves		(49'166'971)	199'540'980
<b>Net premiums earned</b>		<b>1'716'541'967</b>	<b>1'419'213'219</b>
Other insurance income		403'834	618'214
<b>Total technical income</b>		<b>1'716'945'800</b>	<b>1'419'831'433</b>
Gross claims and claim expenses paid		(1'086'986'401)	(992'820'350)
Reinsurers' share of claims and claim expenses		122'675'806	81'643'075
Change in technical provisions - gross	6	(331'930'282)	(574'558'246)
Change in reinsurers' share of technical provisions	6	63'099'410	195'540'630
<b>Net claims and claim expenses incurred</b>		<b>(1'233'141'469)</b>	<b>(1'290'194'891)</b>
Acquisition costs - gross		(477'986'689)	(377'101'848)
Administrative expenses - gross		(108'982'472)	(89'823'067)
Acquisition costs and administrative expenses - gross		(586'969'161)	(466'924'915)
Reinsurers' share of acquisition costs		36'862'558	33'298'447
<b>Net acquisition costs and administrative expenses</b>		<b>(550'106'603)</b>	<b>(433'626'468)</b>
<b>Total technical expenses</b>		<b>(1'783'248'072)</b>	<b>(1'723'821'359)</b>
Income from investments	11	262'876'435	247'494'239
Expenses from investments	12	(360'104'473)	(199'948'188)
<b>Net income from investments</b>		<b>(97'228'038)</b>	<b>47'546'051</b>
Other financial expenses		(3'468'982)	(3'928'541)
<b>Operating income</b>		<b>(166'999'292)</b>	<b>(260'372'416)</b>
Other income		111'284	335'549
Other expenses		(6'246'160)	(11'713'596)
<b>Profit before direct taxes</b>		<b>(173'134'168)</b>	<b>(271'750'463)</b>
Direct taxes		(4'438'934)	(1'096'855)
<b>LOSS</b>		<b>(177'573'102)</b>	<b>(272'847'318)</b>

**Balance sheet****Assets**

<b>USD</b>	<b>Note</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
Investments		3'795'582'938	3'891'849'254
Participations		1'512'614	1'512'614
Fixed-interest securities		556'867'469	537'491'196
Shares		11'485'304	12'948'149
Other investments	2	3'225'717'551	3'339'897'296
Receivables from derivative financial instruments		3'235'405	259'281
Deposits on reinsurance business		94'894'032	97'541'153
Cash and cash equivalents		367'011'045	269'258'224
Reinsurers' share of technical provisions	5	550'028'620	542'376'135
Property and equipment		6'634'120	7'948'000
Deferred acquisition costs		493'045'171	429'551'417
Intangible assets		4'804'436	1'929'362
Reinsurance receivables	3 / 8	1'636'030'272	1'385'512'097
Other receivables	8	37'192'641	32'074'119
Prepaid expenses and accrued income		6'030'905	30'099'166
<b>TOTAL ASSETS</b>		<b>6'994'489'587</b>	<b>6'688'398'207</b>

**Liabilities and equity**

<b>USD</b>	<b>Note</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
Technical provisions	5	5'103'163'043	4'634'536'431
Non-technical provisions		60'451'347	47'200'311
Liabilities from derivative financial instruments		1'580'876	6'727'858
Reinsurance payables	4 / 9	418'380'481	411'674'408
Other liabilities	9	20'009'598	19'781'676
<b>TOTAL LIABILITIES</b>		<b>5'603'585'346</b>	<b>5'119'920'685</b>
Share capital		10'333'001	10'333'001
Legal capital reserves		1'516'426'106	1'516'426'106
Reserves from capital contributions	21	1'516'426'106	1'516'426'106
Legal retained earnings		5'166'500	5'166'500
Voluntary retained earnings		(141'021'366)	36'551'915
Merger reserve		180'256'440	180'256'440
Profit brought forward		(143'704'524)	129'142'793
Profit/(Loss)		(177'573'282)	(272'847'318)
<b>Total equity</b>	7	<b>1'390'904'241</b>	<b>1'568'477'522</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>6'994'489'587</b>	<b>6'688'398'207</b>

**Cash Flow Statement\***  
in USD

	2022	2021
Loss for the year	(177'573'102)	(272'847'318)
Net (purchases)/sales of property, plant and equipment and intangible assets (incl. depreciation)	(1'561'195)	(2'765'150)
Net (purchases)/sales of investments (incl. realised gains/losses)	96'266'317	(191'783'951)
Net (purchases)/sales of derivatives (incl. realised gains/losses)	(8'123'106)	(2'184'168)
Decrease/(increase) in deposits on reinsurance business	2'647'120	(9'788'309)
(Increase)/decrease in reinsurance contract assets	(7'652'485)	(393'669'977)
(Increase)/decrease in deferred acquisition cost	(63'493'755)	(128'433'271)
(Increase)/decrease in insurance receivables	(250'518'354)	(314'425'250)
(Increase)/decrease other receivables and other payables	(4'890'600)	7'806'947
Increase/(decrease) in outstanding claims	230'266'602	492'504'611
Increase/(decrease) in unearned premium	238'360'011	461'291'204
Increase/(decrease) in creditors arising from insurance operations	6'706'073	175'740'777
Increase/(decrease) in non-technical provision	13'251'036	34'378'043
(Increase)/decrease prepaid expenses and accrued income	24'068'261	(3'142'198)
<b>Cash flow from operating activities</b>	<b>97'752'822</b>	<b>(147'318'009)</b>
Net (purchases)/sales of participations	0 -	1'512'614
<b>Cash flow from investing activities</b>	<b>0 -</b>	<b>1'512'614</b>
<b>Cash flow from financing activities</b>	<b>-</b>	<b>-</b>
<b>Cash flow for the financial year</b>	<b>97'752'822</b>	<b>(148'830'624)</b>
Cash on 1 January	269'258'224	418'088'847
Cash on 31 December	367'011'045	269'258'224
<b>Change in cash</b>	<b>97'752'822</b>	<b>(148'830'624)</b>

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

## Notes to the Financial Statements

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### 1. General

MS Reinsurance is a wholly owned subsidiary of Mitsui Sumitomo Insurance Company, Limited (MSI).

#### *Basis of presentation*

These financial statements were prepared in accordance with the principles of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations) and relevant insurance supervisory law, including FINMA Insurance Supervision Guidance (ISO-FINMA).

#### *Change in accounting policy*

There are no changes in accounting policies in the period under report.

#### *Use of estimates in the preparation of annual accounts*

The preparation of the annual accounts requires management to make significant estimates and assumptions that affect the reported amounts of assets, liabilities, income, and expenses as well as the related disclosures. Actual results could differ significantly from these estimates.

#### *Investments*

Participations represent the Company's 100% holding of ARMI (MS Amlin Reinsurance Managers, Inc, a company incorporated and registered in New Jersey, 820 Bear Tavern Road, West Trenton, NJ 08628) which was acquired on 30 June 2021. The participation book value of USD 1.5 million represents the acquisition costs, which is subject to impairment review in case of any material decreases in the net asset value.

Fixed-interest securities consist of government bonds.

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

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

#### *Foreign currency translation*

At year-end, assets and liabilities denominated in foreign currencies are translated into US dollars at the exchange rate on the balance sheet date. Whereas revenues and expenses are translated at the average exchange rate for the period under report. Shareholders' equity is translated at historical rates. FX gains arising from the revaluation of the opening balance sheet as well as from the adjustments from application of year-end or average rates are deferred and booked under provision for currency fluctuation (Balance Sheet: "Non-technical provisions"). FX losses are directly recognized in the income statement.

Realized FX arising from foreign exchange transactions are recognized in the income statement.

The translation from functional currency (EUR) to presentational currency of USD gave rise to a FX translation gain of USD 6.6 million. The revaluation to the functional currencies led to a FX loss of USD 0.9 million. The combined unrealized FX gain of USD 5.6 million increased the existing FX provision to USD 33.5 million (Balance Sheet: Liability account "Non-technical provisions").

The realized FX loss of USD 6.2 million for the financial year is recognized in the income statement.

Pursuant to Art. 958d, paragraph 3, CO, figures must also be presented in CHF and the year-end CHF/USD exchange rate of 0.9245 (2021: 0.9122) is applied for converting the USD numbers to CHF. Shareholders' equity is translated with historical CHF/USD exchange rate: 0.9678.

#### *Presentation of numbers*

The numbers presented throughout this report may not add up precisely to the totals provided in the tables and text.

### **Financial Statements Valuation Principles**

#### *Investments*

Investments (except for bonds) are carried at market value if an observable market price is available. If the market price is not available (category Participations in pooled investment funds – Property and Hedge Fund as in note 2), investments are accounted for at cost less necessary impairments. Subsequent recoveries of previously recorded impairments may be recognized up to the cost value. Bond investments are valued at amortized cost less necessary impairments, if any.

Derivative instruments are valued at market value. Gains and losses are shown as part of income and expenses from investments.

Participations are carried at cost less necessary impairment, if any.

#### *Deposits on reinsurance business*

Deposits are held at nominal value.

#### *Cash and cash equivalents*

Cash and cash equivalents include cash at bank and short-term deposits. Such current assets are held at nominal value after deduction of known credit risks.

#### *Reinsurers' share of technical provisions*

Reinsurers' share of technical provisions represents the retroceded part of the technical provisions. The same accounting principles apply as for the technical provisions.

#### *Property and equipment*

Property and equipment are stated at historical cost less accumulated depreciation and provision for impairment where appropriate. This also includes right of use assets from the Company's lease contracts.

#### *Intangible assets*

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

#### *Reinsurance receivables*

Reinsurance receivables are carried at nominal value, after deduction of known credit risks, if

applicable. The set-up of bad debt reserves or write offs will be recorded on a cedent basis. The position mainly consists of receivables from insurance companies and brokers.

#### *Other receivables*

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

#### *Technical provisions*

The technical provisions are based on the cedent information (case reserves) and the reserves for already incurred but not yet reported claims (IBNR). Additionally, the technical provisions include the written but not yet earned part of the premiums (Unearned premium reserve).

#### *Reinsurance payables*

Reinsurance balances payable are held at redemption value.

#### *Acquisition costs – gross and reinsurers' share*

Acquisition costs comprise brokerage and commission incurred on insurance contracts written during the financial year. They are charged on the same basis as the earned proportions of the premium they relate to. Deferred acquisition costs are amortized over the period in which the related revenues are earned. Deferred acquisition costs are reviewed at the end of each reporting period and are impaired where they are no longer considered to be recoverable.

#### *Direct taxes*

Direct taxes relate to income and capital taxes.

### **2. Other investments**

USD	31/12/2022	31/12/2021
Participations in pooled investment funds - Property	233'367'408	280'430'380
Participations in pooled investment funds - Equity	510'771'979	612'708'536
Participations in pooled investment funds - Bonds	1'561'879'126	1'767'099'463
Participations in pooled investment funds - Money Market	585'298'447	390'324'598
Participations in pooled investment funds - Hedge Fund	71'574'157	37'973'400
Private equity of which participations (holding < 20%)	-	-
Short-term investments in pooled investment funds	262'826'434	251'360'919
<b>Total</b>	<b>3'225'717'551</b>	<b>3'339'897'296</b>

### **3. Reinsurance receivables**

USD	31/12/2022	31/12/2021
Receivables from agents and brokers	1'538'404'592	1'209'373'725
Receivables from insurance companies	97'625'681	176'138'372
<b>Total</b>	<b>1'636'030'272</b>	<b>1'385'512'097</b>

### **4. Reinsurance payables**

USD	31/12/2022	31/12/2021
Liabilities to agents and brokers	378'666'147	362'845'619
Liabilities to insurance companies	39'714'334	48'828'789
<b>Total</b>	<b>418'380'482</b>	<b>411'674'408</b>



## 5. Technical provisions

USD	Technical provisions (gross)		Reinsurers' share		Technical provisions (net)	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Unearned premium reserve	1'836'474'397	1'598'114'386	175'601'957	224'911'726	1'660'872'440	1'373'202'660
Loss reserves *	3'266'688'647	3'036'422'045	374'426'662	317'464'408	2'892'261'984	2'718'957'637
<b>Total Technical provisions</b>	<b>5'103'163'044</b>	<b>4'634'536'431</b>	<b>550'028'620</b>	<b>542'376'135</b>	<b>4'553'134'424</b>	<b>4'092'160'296</b>

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

## 6. Change in technical provisions

USD	2022	2021
Change in technical provisions - Outstanding claims	30'211'443	160'795'467
Change in technical provisions - IBNR	301'718'839	413'762'779
<b>Change in technical provisions - gross</b>	<b>331'930'282</b>	<b>574'558'246</b>
Change in reinsurers' share of technical provisions - Outstanding claims	(25'042'336)	559'091
Change in reinsurers' share of technical provisions - IBNR	(38'057'074)	(196'099'721)
<b>Change in reinsurers' share of technical provisions</b>	<b>(63'099'410)</b>	<b>(195'540'630)</b>

## 7. Statement of changes in equity

USD	Share capital	Legal capital reserves	Legal retained earnings	Voluntary retained earnings	Total equity
<b>As of 31 Dec 2020</b>	<b>10'333'001</b>	<b>1'516'426'106</b>	<b>5'166'500</b>	<b>309'399'233</b>	<b>1'841'324'840</b>
Loss for the period				(272'847'318)	(272'847'318)
Dividend payments					-
<b>As of 31 Dec 2021</b>	<b>10'333'001</b>	<b>1'516'426'106</b>	<b>5'166'500</b>	<b>36'551'915</b>	<b>1'568'477'522</b>
Loss for the period				(177'573'101)	(177'573'101)
Dividend payments					-
<b>As of 31 Dec 2022</b>	<b>10'333'001</b>	<b>1'516'426'106</b>	<b>5'166'500</b>	<b>(141'021'185)</b>	<b>1'390'904'421</b>

## 8. Receivables from third parties and affiliated companies

USD	Third party	Affiliated companies	31/12/2022 Total
Receivables from reinsurance business	1'554'184'453	81'845'820	1'636'030'272
Other receivables	35'310'280	1'882'361	37'192'641
<b>Total</b>	<b>1'589'494'733</b>	<b>83'728'181</b>	<b>1'673'222'914</b>

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

## 9. Payables to third parties and affiliated companies

USD	Third party	Affiliated companies	31/12/2022 Total
Payables from reinsurance business	370'874'960	47'505'521	418'380'481
Other liabilities	11'061'751	8'947'847	20'009'598
<b>Total</b>	<b>381'936'711</b>	<b>56'453'369</b>	<b>438'390'079</b>

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

**10. Audit fees**

USD	2022	2021
Audit services	713,439	649,537
Other services	112,148	54,813
<b>Total</b>	<b>825,587</b>	<b>772,144</b>

**11. Income from investments**

USD	Income		Net unrealized gains		Net realized gains		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Fixed-interest securities	12,911,097	7,469,483	-	-	-	533,221	12,911,097	8,002,705
Shares	-	-	-	-	-	-	-	-
Other investments	18,742,092	39,989,494	944,861	105,748,015	230,278,385	93,754,025	249,965,338	239,491,534
<b>Total</b>	<b>31,653,189</b>	<b>47,458,977</b>	<b>944,861</b>	<b>105,748,015</b>	<b>230,278,385</b>	<b>94,287,246</b>	<b>262,876,435</b>	<b>247,494,239</b>

**12. Expenses from investments**

USD	Expenses		Net unrealized losses		Net realized losses		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Fixed-interest securities	3,832,213	1,259,838	14,904,540	2,669,679	16,737,303	3,160,540	35,474,056	7,090,056
Shares	-	-	(58,556)	58,556	-	-	(58,556)	58,556
Other investments	1,031,163	2,141,520	107,103,446	33,908,234	216,554,362	156,749,821	324,688,972	192,799,575
<b>Total</b>	<b>4,863,376</b>	<b>3,401,358</b>	<b>121,949,431</b>	<b>36,636,469</b>	<b>233,291,665</b>	<b>159,910,361</b>	<b>360,104,473</b>	<b>199,948,188</b>

**13. Personnel expenses**

Personnel expenses for fiscal year 2022 amount to USD 50.5 million (2021 USD 41.7 million) and are included in the line-item administrative expenses.

**14. Contingent liabilities**

The Company has no contingent liabilities at 31 December 2022 (31 December 2021: nil). There were no capital commitments or authorized but uncontracted commitments at the end of the financial year.

**15. Depreciation of real estate and equipment and amortization of intangible assets**

USD	31/12/2022	31/12/2021
Property and equipment	518'699	681'039
Intangible assets	-	1'074
<b>Total</b>	<b>518'698</b>	<b>682'113</b>

**16. Restricted assets**

At 31 December 2022, the Company holds restricted funds in the form of letter of credit (LOC) collaterals, initial margin calls on derivative financial instruments, and collateral received from reinsurance counterparties.

*Letter of credit (LOC) facilities*

MS Reinsurance has three LOC facilities of USD 650.0 million (2021: USD 650.0 million), USD 230.0 million (2021: USD 210.0 million) and NZD 75.0 million (2021: NZD 75.0 million). The USD 650.0 million facility is secured by a registered charge over a portfolio of assets managed by Fiera Capital with BNP Paribas as custodian. The USD 230.0 million facility is secured by time deposits

held at Barclays Bank. The NZD 75.0 million LOC is secured by time deposits held at National Australia Bank. As at 31 December 2022, USD 733.0 million of LOC were issued (2021: USD 697.6 million). The total value of restricted assets as at 31 December 2022 was USD 819.7 million (2021: USD 788.9 million).

#### *Revolving credit facility*

MS Reinsurance has access to an uncommitted revolving credit facility agreement with SMBC Bank of USD 150 million (2021: USD 150 million) credit limit. As at 31 December 2022 the revolving credit facility is undrawn.

#### *Derivative margins and collateral*

Derivative instruments traded by the Company for hedging purposes give rise to collateral being placed with, or received from, external counterparties. At 31 December 2022 included in other receivables is USD 41.0 million (2021: USD 19.9 million) margins and collateral pledged in relation to listed future margins.

#### *Funds withheld as premium/claim deposits*

At 31 December 2022, the Company had placed funds totaling net to USD 31.2 million (2021: USD 28 million) as premium deposits and USD 63.7 million (2021: USD 69.5 million) as claim deposits. These funds are held by external brokers or cedents. In addition, a further USD 164.7 million (2021: USD 137.1 million) has been placed into pledge accounts to collateralize against losses due to reinsurance cedents.

#### *Trust Funds*

At 31 December 2022, cash and cash equivalents with a fair value of USD 372.6 million (2021: USD 243.3 million) have been deposited in trust by the Company for the benefit of U.S. ceding companies. These funds are held in a trust by a U.S. based bank.

### **17. Residual amount of lease obligations**

The maturity profile of lease obligations that do not expire in or cannot be canceled within 12 months is presented below:

#### *Operating lease commitments*

USD	31/12/2022	31/12/2021
Later than 1 year and no later than 5 years	4'399'724	5'149'148
Later than 5 years	70'474	-
<b>Total operating lease commitments</b>	<b>4'470'198</b>	<b>5'149'148</b>

The operating leases are mainly related to the office rental in the different locations, as at December 31, 2022.

### **18. Liabilities to pension schemes**

There is no pension fund liability at December 31, 2022 (2021: nil).

### **19. Full-time equivalents**

The annual average number of full-time equivalents for the reporting year with 188, as well as for the previous year 148, did not exceed 250.

**20. Significant events after the balance sheet date**

No significant events occurred after the balance sheet date.

**21. Shareholders' equity (reserves from capital contributions)**

On 31 December 2022, USD 1,516.4 million are shown as “reserves from capital contributions” (31 December 2021: USD 1,516.4 million). The total reserves from capital contributions include USD 144.7 million (2021: USD 144.7 million) of “capital reserves” as agreed with FINMA during the application process.

**22. Hidden reserves**

In 2022, the Company did not release, nor does it hold, any hidden reserves.

**Proposal for the appropriation of distributable earnings**

<b>USD</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
Profit/(loss) carried forward	36'551'916	309'399'233
Profit/(loss)	(177'573'102)	(272'847'318)
Merger reserve	-	-
<b>Loss carried forward</b>	<b>(141'021'185)</b>	<b>36'551'915</b>
<b>Proposal of the Board of Directors:</b>		
Loss carried forward	(141'021'185)	36'551'915
Dividend payments	-	-
<b>Amount carried forward</b>	<b>(141'021'185)</b>	<b>36'551'915</b>

**Income statement**

CHF	Note	2022	2021
Gross premium written		2'119'597'797	2'005'768'966
Premiums ceded to reinsurers		(247'603'512)	(447'060'349)
<b>Net premiums written</b>		<b>1'871'994'285</b>	<b>1'558'708'617</b>
Change in unearned premium reserves - gross		(239'596'372)	(446'123'601)
Change in reinsurers' share of unearned premium reserves		(45'454'865)	182'021'282
<b>Net premiums earned</b>		<b>1'586'943'048</b>	<b>1'294'606'298</b>
Other insurance income		373'344	563'935
<b>Total technical income</b>		<b>1'587'316'393</b>	<b>1'295'170'233</b>
Gross claims and claim expenses paid		(1'004'918'928)	(905'650'723)
Reinsurers' share of claims and claim expenses		113'413'782	74'474'813
Change in technical provisions - gross	6	(306'869'546)	(524'112'032)
Change in reinsurers' share of technical provisions	6	58'335'404	178'372'162
<b>Net claims and claim expenses incurred</b>		<b>(1'140'039'288)</b>	<b>(1'176'915'780)</b>
Acquisition costs - gross		(441'898'694)	(343'992'306)
Administrative expenses - gross		(100'754'295)	(81'936'602)
Acquisition costs and administrative expenses - gross		(542'652'989)	(425'928'907)
Reinsurers' share of acquisition costs		34'079'435	30'374'843
<b>Net acquisition costs and administrative expenses</b>		<b>(508'573'555)</b>	<b>(395'554'064)</b>
<b>Total technical expenses</b>		<b>(1'648'612'843)</b>	<b>(1'572'469'844)</b>
Income from investments	11	243'029'264	225'764'245
Expenses from investments	12	(332'916'585)	(182'392'737)
<b>Net income from investments</b>		<b>(89'887'321)</b>	<b>43'371'508</b>
Other financial expenses		(3'207'074)	(3'583'615)
<b>Operating income</b>		<b>(154'390'845)</b>	<b>(237'511'718)</b>
Other income		102'882	306'088
Other expenses		(5'774'575)	(10'685'142)
<b>Profit before direct taxes</b>		<b>(160'062'538)</b>	<b>(247'890'772)</b>
Direct taxes		(4'103'794)	(1'000'551)
<b>PROFIT / (LOSS)</b>		<b>(164'166'332)</b>	<b>(248'891'323)</b>

## Balance sheet

### Assets

CHF	Note	31/12/2022	31/12/2021
Investments		3'509'016'427	3'550'144'890
Participations		1'398'412	1'379'806
Fixed-interest securities		514'823'975	490'299'469
Shares		10'618'163	11'811'301
Other investments	2	2'982'175'876	3'046'654'314
Receivables from derivative financial instruments		2'991'132	236'516
Deposits on reinsurance business		87'729'533	88'977'039
Cash and cash equivalents		339'301'712	245'617'352
Reinsurers' share of technical provisions	5	508'501'459	494'755'510
Property and equipment		6'133'244	7'250'166
Deferred acquisition costs		455'820'261	391'836'802
Intangible assets		4'441'701	1'759'964
Reinsurance receivables	3 / 8	1'512'509'987	1'263'864'135
Other receivables	8	34'384'597	29'258'012
Prepaid expenses and accrued income		5'575'572	27'456'459
<b>TOTAL ASSETS</b>		<b>6'466'405'623</b>	<b>6'101'156'845</b>

### Liabilities and equity

CHF	Note	31/12/2022	31/12/2021
Technical provisions	5	4'717'874'234	4'227'624'133
Non-technical provisions		55'887'271	43'056'124
Liabilities from derivative financial instruments		1'461'519	6'137'152
Reinsurance payables	4 / 9	386'792'755	375'529'395
Other liabilities	9	18'498'873	18'044'845
<b>TOTAL LIABILITIES</b>		<b>5'180'514'652</b>	<b>4'670'391'649</b>
Share capital		10'000'001	10'000'001
Legal capital reserves		1'467'556'475	1'467'556'475
Reserves from capital contributions	21	1'467'556'475	1'467'556'475
Legal retained earnings		5'000'000	5'000'000
Voluntary retained earnings		(112'858'262)	51'308'237
Merger reserve		174'447'343	174'447'343
Profit brought forward		(123'139'106)	125'752'217
Profit/(Loss)		(164'166'499)	(248'891'323)
Conversion difference		(83'807'243)	(103'099'517)
<b>Total equity</b>	7	<b>1'285'890'971</b>	<b>1'430'765'196</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>6'466'405'623</b>	<b>6'101'156'845</b>

**Cash Flow Statement**

in CHF

	2022	2021
Profit / (Loss) for the year	(164'166'332)	(248'891'323)
Net (purchases)/sales of property, plant and equipment and intangible assets (incl. depreciation)	(1'443'325)	(2'522'370)
Net (purchases)/sales of investments (incl. realised gains/losses)	88'998'210	(174'945'320)
Net (purchases)/sales of derivatives (incl. realised gains/losses)	(7'509'812)	(1'992'398)
Decrease/(increase) in deposits on reinsurance business	2'447'263	(8'928'896)
(Increase)/decrease in reinsurance contract assets	(7'074'723)	(359'105'753)
(Increase)/decrease in deferred acquisition cost	(58'699'976)	(117'156'830)
(Increase)/decrease in insurance receivables	(231'604'218)	(286'818'713)
(Increase)/decrease other receivables and other payables	(4'521'360)	7'121'497
Increase/(decrease) in outstanding claims	212'881'473	449'262'706
Increase/(decrease) in unearned premium	220'363'830	420'789'837
Increase/(decrease) in creditors arising from insurance operations	6'199'765	160'310'737
Increase/(decrease) in non-technical provision	12'250'583	31'359'651
(Increase)/decrease prepaid expenses and accrued income	22'251'107	(2'866'313)
<b>Cash flow from operating activities</b>	<b>90'372'484</b>	<b>(134'383'488)</b>
Net (purchases)/sales of participations	0 -	1'379'806
<b>Cash flow from investing activities</b>	<b>0 -</b>	<b>1'379'806</b>
<b>Cash flow from financing activities</b>	<b>-</b>	<b>-</b>
<b>Cash flow for the financial year</b>	<b>90'372'484</b>	<b>(135'763'294)</b>
Cash on 1 January	245'617'352	369'966'820
Exchange rate difference on cash and cash equivalents	11'413'826	11'413'826
Cash on 31 December	339'301'712	268'877'959
<b>Change in cash</b>	<b>90'372'484</b>	<b>(135'763'294)</b>

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

## Notes to the Financial Statements

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### 1. General

MS Reinsurance is a wholly owned subsidiary of Mitsui Sumitomo Insurance Company, Limited (MSI).

#### *Basis of presentation*

These financial statements were prepared in accordance with the principles of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations) and relevant insurance supervisory law, including FINMA Insurance Supervision Guidance (ISO-FINMA).

#### *Change in accounting policy*

There are no changes in accounting policies in the period under report.

#### *Use of estimates in the preparation of annual accounts*

The preparation of the annual accounts requires management to make significant estimates and assumptions that affect the reported amounts of assets, liabilities, income, and expenses as well as the related disclosures. Actual results could differ significantly from these estimates.

#### *Investments*

Participations represent the Company's 100% holding of ARMI (MS Amlin Reinsurance Managers, Inc, a company incorporated and registered in New Jersey, 820 Bear Tavern Road, West Trenton, NJ 08628) which was acquired on 30 June 2021. The participation book value of USD 1.5 million (CHF 1.4 million) represents the acquisition costs, which is subject to impairment review in case of any material decreases in the net asset value.

Fixed-interest securities consist of government bonds.

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

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

#### *Foreign currency translation*

At year-end, assets and liabilities denominated in foreign currencies are translated into US dollars at the exchange rate on the balance sheet date. Whereas revenues and expenses are translated at the average exchange rate for the period under report. Shareholders' equity is translated at historical rates. FX gains arising from the revaluation of the opening balance sheet as well as from the adjustments from application of year-end or average rates are deferred and booked under provision for currency fluctuation (Balance Sheet: "Non-technical provisions"). FX losses are directly recognized in the income statement.

Realized FX arising from foreign exchange transactions are recognized in the income statement.

The translation from functional currency (EUR) to presentational currency of USD gave rise to a FX translation gain of USD 6.6 million (CHF 6.1 million). The revaluation to the functional currencies led to a FX loss of USD 0.9 million (CHF 0.8 million). The combined unrealized FX gain of USD 5.6 million (CHF 5.2 million) increased the existing FX provision to USD 33.5 million (CHF 31.0 million) (Balance Sheet: Liability account "Non-technical provisions").



The realized FX loss of USD 6.2 million (CHF 5.7 million) for the financial year is recognized in the income statement.

Pursuant to Art. 958d, paragraph 3, CO, figures must also be presented in CHF and the year-end CHF/USD exchange rate of 0.9245 (2021: 0.9122) is applied for converting the USD numbers to CHF. Shareholders' equity is translated with historical CHF/USD exchange rate: 0.9678.

#### *Presentation of numbers*

The numbers presented throughout this report may not add up precisely to the totals provided in the tables and text.

### **Financial Statements Valuation Principles**

#### *Investments*

Investments (except for bonds) are carried at market value if an observable market price is available. If the market price is not available (category Participations in pooled investment funds – Property and Hedge Fund as in note 2), investments are accounted for at cost less necessary impairments. Subsequent recoveries of previously recorded impairments may be recognized up to the cost value. Bond investments are valued at amortized cost less necessary impairments, if any.

Derivative instruments are valued at market value. Gains and losses are shown as part of income and expenses from investments.

Participations are carried at cost less necessary impairment, if any.

#### *Deposits on reinsurance business*

Deposits are held at nominal value.

#### *Cash and cash equivalents*

Cash and cash equivalents include cash at bank and short-term deposits. Such current assets are held at nominal value after deduction of known credit risks.

#### *Reinsurers' share of technical provisions*

Reinsurers' share of technical provisions represents the retroceded part of the technical provisions. The same accounting principles apply as for the technical provisions.

#### *Property and equipment*

Property and equipment are stated at historical cost less accumulated depreciation and provision for impairment where appropriate. This also includes right of use assets from the Company's lease contracts.

#### *Intangible assets*

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

*Reinsurance receivables*

Reinsurance receivables are carried at nominal value, after deduction of known credit risks, if applicable. The set-up of bad debt reserves or write offs will be recorded on a cedent basis. The position mainly consists of receivables from insurance companies and brokers.

*Other receivables*

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

*Technical provisions*

The technical provisions are based on the cedent information (case reserves) and the reserves for already incurred but not yet reported claims (IBNR). Additionally, the technical provisions include the written but not yet earned part of the premiums (Unearned premium reserve).

*Reinsurance payables*

Reinsurance balances payable are held at redemption value.

*Acquisition costs – gross and reinsurers' share*

Acquisition costs comprise brokerage and commission incurred on insurance contracts written during the financial year. They are charged on the same basis as the earned proportions of the premium they relate to. Deferred acquisition costs are amortized over the period in which the related revenues are earned. Deferred acquisition costs are reviewed at the end of each reporting period and are impaired where they are no longer considered to be recoverable.

*Direct taxes*

Direct taxes relate to income and capital taxes.

**2. Other investments**

CHF	31/12/2022	31/12/2021
Participations in pooled investment funds - Property	215'748'169	255'808'593
Participations in pooled investment funds - Equity	472'208'695	558'912'727
Participations in pooled investment funds - Bonds	1'443'957'252	1'611'948'131
Participations in pooled investment funds - Money Market	541'108'414	356'054'099
Participations in pooled investment funds - Hedge Fund	66'170'308	34'639'335
Private equity of which participations (holding < 20%)	-	-
Short-term investments in pooled investment funds	242'983'039	229'291'430
<b>Total</b>	<b>2'982'175'876</b>	<b>3'046'654'313</b>

**3. Reinsurance receivables**

CHF	31/12/2022	31/12/2021
Receivables from agents and brokers	1'422'255'045	1'103'190'712
Receivables from insurance companies	90'254'942	160'673'423
<b>Total</b>	<b>1'512'509'987</b>	<b>1'263'864'135</b>

**4. Reinsurance payables**

CHF	31/12/2022	31/12/2021
Liabilities to agents and brokers	350'076'853	330'987'773
Liabilities to insurance companies	36'715'902	44'541'621
<b>Total</b>	<b>386'792'755</b>	<b>375'529'395</b>

## 5. Technical provisions

CHF	Technical provisions (gross)		Reinsurers' share		Technical provisions (net)	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Unearned premium reserve	1'697'820'579	1'457'799'943	162'344'009	205'164'476	1'535'476'570	1'252'635'466
Loss reserves *	3'020'053'654	2'769'824'189	346'157'449	289'591'033	2'673'896'205	2'480'233'157
<b>Total Technical provisions</b>	<b>4'717'874'234</b>	<b>4'227'624'133</b>	<b>508'501'459</b>	<b>494'755'510</b>	<b>4'209'372'775</b>	<b>3'732'868'622</b>

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

## 6. Change in technical provisions

CHF	2022	2021
Change in technical provisions - Outstanding claims	27'930'479	146'677'625
Change in technical provisions - IBNR	278'939'067	377'434'407
<b>Change in technical provisions - gross</b>	<b>306'869'546</b>	<b>524'112'032</b>
Change in reinsurers' share of technical provisions - Outstanding claims	(23'151'640)	510'003
Change in reinsurers' share of technical provisions - IBNR	(35'183'765)	(178'882'165)
<b>Change in reinsurers' share of technical provisions</b>	<b>(58'335'404)</b>	<b>(178'372'162)</b>

## 7. Statement of changes in equity

CHF	Share capital	Legal capital reserves	Legal retained earnings	Voluntary retained earnings	Conversion difference *	Total equity
<b>As of 31 Dec 2020</b>	<b>10'000'001</b>	<b>1'467'556'476</b>	<b>5'000'000</b>	<b>300'199'559</b>	<b>(153'367'685)</b>	<b>1'629'388'351</b>
Conversion difference *					50'268'168	50'268'168
Loss for the period				(248'891'323)	-	(248'891'323)
Dividend payments				0	-	0
<b>As of 31 Dec 2021</b>	<b>10'000'001</b>	<b>1'467'556'476</b>	<b>5'000'000</b>	<b>51'308'236</b>	<b>(103'099'517)</b>	<b>1'430'765'196</b>
Conversion difference *					19'292'274	19'292'274
Loss for the period				(164'166'332)	-	(164'166'332)
Dividend payments				-	-	-
Conversion difference					-	-
<b>As of 31 Dec 2022</b>	<b>10'000'001</b>	<b>1'467'556'476</b>	<b>5'000'000</b>	<b>112'858'096</b>	<b>(83'807'244)</b>	<b>1'285'891'138</b>

## 8. Receivables from third parties and affiliated companies

CHF	Third party	Affiliated companies	31/12/2022 Total
Receivables from reinsurance business	1'436'843'527	75'666'460	1'512'509'987
Other receivables	32'644'354	1'740'243	34'384'597
<b>Total</b>	<b>1'469'487'880</b>	<b>77'406'703</b>	<b>1'546'894'583</b>

CHF	Third party	Affiliated companies	31/12/2021 Total
Receivables from reinsurance business	1'102'943'631	160'920'504	1'263'864'135
Other receivables	27'510'391	1'747'620	29'258'012
<b>Total</b>	<b>1'130'454'022</b>	<b>162'668'124</b>	<b>1'293'122'146</b>

## 9. Payables to third parties and affiliated companies

CHF	Third party	Affiliated companies	31/12/2022 Total
Payables from reinsurance business	342'873'900	43'918'855	386'792'755
Other liabilities	10'226'588	8'272'285	18'498'873
<b>Total</b>	<b>353'100'489</b>	<b>52'191'140</b>	<b>405'291'628</b>

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

## 10. Audit fees

CHF	2022	2021
Audit services	659,574	592,508
Other services	103,681	50,000
<b>Total</b>	<b>763,255</b>	<b>642,508</b>

## 11. Income from investments

CHF	Income		Net unrealized gains		Net realized gains		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Fixed-interest securities	11,936,310	6,813,663	-	-	-	486,405	11,936,310	7,300,067
Shares	-	-	-	-	-	-	-	-
Other investments	17,327,064	36,478,416	873,524	96,463,339	212,892,367	85,522,422	231,092,955	218,464,177
<b>Total</b>	<b>29,263,373</b>	<b>43,292,079</b>	<b>873,524</b>	<b>96,463,339</b>	<b>212,892,367</b>	<b>86,008,826</b>	<b>243,029,264</b>	<b>225,764,245</b>

## 12. Expenses from investments

CHF	Expenses		Net unrealized losses		Net realized losses		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Fixed-interest securities	3,542,881	1,149,224	13,779,247	2,435,281	15,473,637	2,883,044	32,795,765	6,467,549
Shares	-	-	(54,135)	53,415	-	-	(54,135)	53,415
Other investments	953,311	1,953,495	99,017,136	30,931,091	200,204,508	142,987,187	300,174,955	175,871,773
<b>Total</b>	<b>4,496,191</b>	<b>3,102,719</b>	<b>112,742,249</b>	<b>33,419,786</b>	<b>215,678,145</b>	<b>145,870,231</b>	<b>332,916,585</b>	<b>182,392,737</b>

## 13. Personnel expenses

Personnel expenses for fiscal year 2022 amount to CHF 46.7 million (2021 CHF 38.0 million) and are included in the line-item administrative expenses.

## 14. Contingent liabilities

The Company has no contingent liabilities at 31 December 2022 (31 December 2021: nil). There were no capital commitments or authorized but uncontracted commitments at the end of the financial year.

## 15. Depreciation of real estate and equipment and amortization of intangible assets

CHF	31/12/2022	31/12/2021
Property and equipment	479'537	621'244
Intangible assets	-	980
<b>Total</b>	<b>479'537</b>	<b>622'223</b>

## 16. Restricted assets

At 31 December 2022, the Company holds restricted funds in the form of letter of credit (LOC) collaterals, initial margin calls on derivative financial instruments, and collateral received from reinsurance counterparties.

### *Letter of credit (LOC) facilities*

MS Reinsurance has three LOC facilities of CHF 600.9 million (2021: CHF 592.9 million), CHF 212.6 million (2021: CHF 191.6 million) and CHF 46.8 million (2021: CHF 46.8 million). The USD 650.0 million facility is secured by a registered charge over a portfolio of assets managed by Fiera Capital with BNP Paribas as custodian. The USD 230.0 million facility is secured by time deposits held at Barclays Bank. The NZD 75.0 million LOC is secured by time deposits held at National Australia Bank. As at 31 December 2022, CHF 677.7 million of LOC were issued (2021: CHF 636.4 million). The total value of restricted assets as at 31 December 2022 was CHF 757.8 million (2021: CHF 719.6 million).

### *Revolving credit facility*

MS Reinsurance has access to an uncommitted revolving credit facility agreement with SMBC Bank of CHF 138.7 million (2021: CHF 136.8 million) credit limit. As at 31 December 2022 the revolving credit facility is undrawn.

### *Derivative margins and collateral*

Derivative instruments traded by the Company for hedging purposes give rise to collateral being placed with, or received from, external counterparties. At 31 December 2022 included in other receivables is CHF 37.9 million (2021: CHF 18.2 million) margins and collateral pledged in relation to listed future margins.

### *Funds withheld as premium/claim deposits*

At 31 December 2022, the Company had placed funds totaling net to CHF 28.8 million (2021: CHF 25.5 million) as premium deposits and CHF 58.9 million (2021: CHF 63.4 million) as claim deposits. These funds are held by external brokers or cedents. In addition, a further CHF 152.3 million (2021: CHF 125.1 million) has been placed into pledge accounts to collateralize against losses due to reinsurance cedents.

### *Trust Funds*

At 31 December 2022, cash and cash equivalents with a fair value of CHF 344.5 million (2021: CHF 221.9 million) have been deposited in trust by the Company for the benefit of U.S. ceding companies. These funds are held in a trust by a U.S. based bank.

## 17. Residual amount of lease obligations

The maturity profile of lease obligations that do not expire in or cannot be canceled within 12 months is presented below:

*Operating lease commitments*

CHF	31/12/2022	31/12/2021
Later than 1 year and no later than 5 years	4'067'545	4'697'053
Later than 5 years	65'153	-
<b>Total operating lease commitments</b>	<b>4'132'698</b>	<b>4'697'053</b>

The operating leases are mainly related to the office rental in the different locations, as at December 31, 2022.

**18. Liabilities to pension schemes**

There is no pension fund liability at December 31, 2022 (2021: nil).

**19. Full-time equivalents**

The annual average number of full-time equivalents for the reporting year with 188, as well as for the previous year 148, did not exceed 250.

**20. Significant events after the balance sheet date**

No significant events occurred after the balance sheet date.

**21. Shareholders' equity (reserves from capital contributions)**

On 31 December 2022, CHF 1,467.6 million are shown as "reserves from capital contributions" (31 December 2021: CHF 1,467.6 million). The total reserves from capital contributions include CHF 140.0 million (2021: CHF 140.0 million) of "capital reserves" as agreed with FINMA during the application process.

**22. Hidden reserves**

In 2022, the Company did not release, nor does it hold, any hidden reserves.

**Proposal for the appropriation of distributable earnings**

CHF	31/12/2022	31/12/2021
Profit/(loss) carried forward	51'308'237	300'199'560
Profit/(loss)	(164'166'332)	(248'891'323)
Merger reserve	-	-
<b>Loss carried forward</b>	<b>(112'858'095)</b>	<b>51'308'237</b>
<b>Proposal of the Board of Directors:</b>		
Distributable earnings	(112'858'095)	51'308'237
Dividend payments	-	-
<b>Amount carried forward</b>	<b>(112'858'095)</b>	<b>51'308'237</b>

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