

RenaissanceRe Europe AG

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 RenaissanceRe Europe AG

Zurich

Report on the audit of the financial statements

Opinion

We have audited the financial statements of RenaissanceRe Europe AG (the Company), which comprise the income statement for the year ended 31 December 2023, balance sheet as at 31 December 2023, and the 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 association.

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 association, 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.

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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 association. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Nebojsa Baratovic
Licensed audit expert
Auditor in charge

Beat Walter
Licensed audit expert

Zürich, 2 April 2024

Enclosures:

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

Income Statement

31 December 2023 and 2022

(Expressed in thousands of US Dollars and Swiss Francs)

	Notes	2023 USD	2023 CHF ⁽¹⁾	2022 USD	2022 CHF ⁽¹⁾
Gross premiums written		2,246,058	2,018,760	2,506,878	2,391,373
Premium ceded to reinsurers		(1,249,516)	(1,123,067)	(1,234,636)	(1,177,750)
Net premiums written		996,542	895,693	1,272,242	1,213,623
Change in unearned premiums – gross		(45,458)	(40,857)	(568,468)	(542,275)
Change in unearned premiums – ceded		94,296	84,754	292,602	279,120
Change in unearned premiums		48,839	43,897	(275,866)	(263,155)
Net premiums earned		1,045,380	939,590	996,376	950,468
Other technical income		127,252	114,374	2,463	2,350
Total technical income		1,172,632	1,053,964	998,839	952,818
Gross claims and claim expenses paid		(968,325)	(870,332)	(724,744)	(691,351)
Reinsurer's share of claims and claim expenses paid		291,895	262,356	214,620	204,731
Change in technical provisions		(185,242)	(166,496)	(718,143)	(685,054)
Change in reinsurer's share of technical provisions		354,481	318,608	470,081	448,422
Net claims and claim expenses incurred		(507,191)	(455,864)	(758,186)	(723,252)
Gross acquisition costs		(696,427)	(625,950)	(577,163)	(550,570)
Reinsurer's share of acquisition costs		381,077	342,513	290,414	277,032
General and administrative expenses		(90,378)	(81,232)	(70,859)	(67,594)
Net acquisition cost and administrative expenses		(405,728)	(364,669)	(357,608)	(341,132)
Other technical expense		(5,110)	(4,593)	(59,439)	(56,700)
Total technical expense		(918,029)	(825,126)	(1,175,233)	(1,121,084)
Technical result		254,603	228,838	(176,394)	(168,266)
Investment income	12	115,966	104,230	75,687	72,200
Investment expenses	12	(123,197)	(110,730)	(167,844)	(160,111)
Net investment income		(7,231)	(6,500)	(92,157)	(87,911)
Other financial (expense)/income		3,296	2,962	1,061	1,012
Operating result		250,668	225,300	(267,490)	(255,165)
Other income		22,591	20,305	35,674	34,031
Other expense		(17,438)	(15,673)	(9,953)	(9,494)
(Loss) profit before tax		255,821	229,932	(241,768)	(230,628)
Tax expense		(30,070)	(27,027)	(2,267)	(2,163)
(Loss) profit after tax		225,751	202,905	(244,035)	(232,791)

⁽¹⁾ CHF balances shown above are solely for presentational purposes. See accompanying notes to financial statements.

Balance Sheet

31 December 2023 and 2022

(Expressed in thousands of US Dollars and Swiss Francs)

	Notes	2023 USD	2023 CHF ⁽¹⁾	2022 USD	2022 CHF ⁽¹⁾
ASSETS					
Investments					
Participations	3	120	101	120	111
Fixed interest securities		1,800,156	1,515,054	1,498,260	1,385,732
Loans		220,380	185,477	233,380	215,852
Other Investments	4	420,346	353,774	611,089	565,193
Deposits retained on assumed reinsurance business		120,577	101,480	108,612	100,455
Cash and cash equivalents		55,071	46,349	75,330	69,672
Reinsurers' share of technical provisions	6	2,721,180	2,290,210	2,409,771	2,228,783
Deferred acquisition costs		492,078	414,144	462,718	427,965
Reinsurance receivables	5	1,860,011	1,565,430	1,572,680	1,454,562
Other receivables		17,120	14,408	9,503	8,789
Other assets		186,007	156,550	43,299	40,047
Prepaid expenses		484	407	246	227
Total assets		7,893,530	6,643,384	7,025,008	6,497,388
LIABILITIES AND EQUITY					
Liabilities					
Technical provisions	6	5,385,816	4,532,832	5,098,197	4,715,293
Non-technical provisions	7	834	702	14,761	20,737
Deposits retained on ceded reinsurance business		51,470	43,319	28,254	26,132
Reinsurance payable	8	1,105,616	930,513	964,433	891,998
Other liabilities		243,171	204,658	70,628	65,324
Deferred income		274,387	230,930	234,590	216,969
Total liabilities		7,061,294	5,942,954	6,410,863	5,936,453
Shareholders' equity					
Share capital	10	246,163	227,675	246,163	227,675
Statutory capital reserves	10				
Legal reserves		123,082	113,837	123,082	113,837
Reserves from capital contributions		322,785	298,542	322,785	298,542
Retained earnings	10				
Profit carried forward		(85,545)	(79,119)	166,150	153,672
(Loss) profit for the year		225,751	202,905	(244,035)	(232,791)
Translation adjustment		—	(63,410)	—	—
Total equity		832,236	700,430	614,145	560,935
Total liabilities and equity		7,893,530	6,643,384	7,025,008	6,497,388

⁽¹⁾ CHF balances shown above are solely for presentational purposes. See accompanying notes to financial statements.

Notes to the financial statements

31 December 2023 and 2022

(Expressed in thousands of US Dollars and Swiss Francs)

1. General and basis of preparation

RREAG, formerly known as Tokio Millennium Re AG, is a Swiss-based reinsurance company and is licensed and regulated by the Swiss Financial Market Supervisory Authority FINMA ("FINMA"). RREAG's registered office is located at Beethovenstrasse 33, 8002 Zurich, Switzerland. The Company is a wholly-owned subsidiary of RenaissanceRe Specialty Holdings (UK) Limited ("RRSHUKL"). The ultimate parent company is RenaissanceRe Holdings Ltd. ("RRHL"), a company incorporated in Bermuda.

The Company was formed in Bermuda on 15 March 2000 and redomesticated to Switzerland on 15 October 2013, becoming subject to Swiss law without liquidation and re-establishment. The Company has branches in Australia, Bermuda, the United Kingdom and the United States and has two subsidiaries, as detailed in Note 3.

On 22 March 2019, RRHL and RRSHUKL acquired Tokio Millennium Re AG, its subsidiaries and affiliate, Tokio Millennium Re (UK) Limited, pursuant to the Stock Purchase Agreement ("SPA"), dated 30 October 2018, by and among RRHL, Tokio Marine & Nichido Fire Insurance Co., Ltd. ("TMNF"), and (solely with respect to certain provisions thereof) Tokio Marine Holdings, Inc., a Japanese joint stock company and parent of TMNF, (the "Acquisition"). Following the Acquisition, Tokio Millennium Re AG changed its name to RenaissanceRe Europe AG.

The annual financial statements have been prepared in accordance with the provisions on commercial accounting of the OR (Art. 957-963b OR, applicable as of 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.

2. Accounting principles

The Company's accounting principles are in line with those prescribed by the OR and AVO-FINMA. They are consistent with those applied in the previous year. The accounting and valuation principles applied for the main balance sheet items are as follows:

(a) *Investments*

Fixed interest securities and investment in catastrophe bonds (included in other investments in the balance sheet) are valued at lower of amortised cost and market value. Shares and other investments (short-term investments, mutual funds, exchange trade funds) are valued at fair value.

All other investments (limited partnerships and limited liability companies) are valued at the lower of cost and market value.

Participations are valued at cost.

(b) *Receivables and payables from derivative financial instruments*

Receivables and payables from derivative financial instruments are booked at nominal value.

(c) *Cash and cash equivalents*

Cash and cash equivalents are carried in the balance sheet at amortised cost. Carrying amounts approximate nominal value due to the short-term nature and high liquidity of the instruments.

(d) *Deferred acquisition costs*

Acquisition costs, mainly commission and brokerage, related to unearned premiums are deferred and amortised to income over the periods in which the premiums are earned. The method followed in determining the deferred acquisition costs limits the amount of the deferral to its realisable value, by giving consideration to losses and expenses expected to be incurred as premiums are earned.

Notes to the financial statements

31 December 2023 and 2022

(Expressed in thousands of US Dollars and Swiss Francs)

(e) *Reinsurance receivables*

Reinsurance receivables are recorded net of commissions, brokerage, premium taxes and other levies on premium, unless the contract specifies otherwise, and are booked at nominal value. These balances are reviewed for impairment, with any impairment losses recognised as an expense in the period in which it is determined. The position mainly consists of receivables from insurance companies and brokers.

(f) *Derivative assets and liabilities*

Assets and liabilities in derivative financial instruments comprise reinsurance contracts or features embedded in reinsurance contracts that fulfil the characteristics of derivative financial instruments and are accounted based on the lower of cost or market value principle. However, for back-to-back deals where the company enters into two identical, but opposite directed derivatives, both derivatives were recorded at market value.

(g) *Deposit assets and liabilities*

Certain contracts do not transfer sufficient insurance risk and are accounted for using the deposit method of accounting. Management exercises judgment in determining whether contracts contain sufficient risk to be accounted for as reinsurance contracts. Under the deposit method of accounting, the deposit asset or liability is initially measured based on the consideration paid or received. In subsequent periods, the deposit asset or liability is adjusted by calculating the effective yield on the deposit to reflect actual receipts or payments to date and future expected receipts or payments.

(h) *Technical provisions*

Technical provisions comprise unearned premium reserves, outstanding losses and loss expense reserves and equalisation reserves.

Outstanding losses and loss expenses comprise estimates of the amount of reported losses and loss expenses received from the ceding insurance companies plus a provision for losses incurred but not reported ("IBNR"). The IBNR provision is estimated by management based on reports from industry sources, including initial estimates of aggregate industry losses, individual loss estimates received from ceding companies and brokers, output from commercially available catastrophe loss models and actuarial analysis using historical data available to the Company on the business assumed together with industry data.

Unearned premium reserves are earned over the period of exposure to risk of the underlying contract.

Equalisation reserves are set in accordance with Article 54b of the ISO and FINMA Circular 2011/3. These reserves are booked in addition to the best estimate for claims reserves.

(i) *Non-technical provisions*

In future years, this general provision is released to the extent that it offsets any net unrealised losses.

(j) *Foreign currency translation*

The functional currency of the Switzerland, Bermuda, U.S. and U.K. operations is the U.S. dollar. The functional currency of the Company's Australian operations is the Australian dollar. The Company's reporting currency is the U.S. dollar under the accounting principles generally accepted in the United States of America ("US GAAP").

Up to and including the financial year 2022, the Company presented its statutory financial statements in Swiss francs ("CHF"). Starting in 2023, RREAG changed the presentational currency of its statutory financial statements from CHF to USD. The following outlines the process and impact of the first time application of USD as reporting currency:

Notes to the financial statements

31 December 2023 and 2022

(Expressed in thousands of US Dollars and Swiss Francs)

In a first step, the audited balance sheet as at 31 December 2022 in CHF was translated into USD to determine the 2023 opening balance sheet. Assets and liabilities were converted from CHF into USD using the year-end 2022 exchange rate CHF/USD 1.08121). This is the same rate that was used for the translation of the accounting records in USD into CHF reporting currency values. For shareholder's equity positions, this will represent the new historic rate that will be applied in future years.

In a second step, the year-end 2022 USD carrying values of assets and liabilities that were not previously translated to CHF by using the year-end spot rate but rather a historic exchange rate were adjusted at the beginning of the financial year 2023 to ensure the USD reporting value of these assets and liabilities will reflect the historic carrying value of the USD accounting records, in accordance with Swiss law.

This resulted in the following extraordinary effects with an impact on the 2023 income statement of RREAG, due to the first adoption of USD as reporting currency for the Company's statutory financial statements:

- a. Provision for unrealised gains from translation: As at 31 December 2022, the Company had recorded a provision for unrealised translation gains of CHF 20,504,172, included in non-technical provisions in the 2022 financial statements. This provision represents historical accumulation of unrealised gains in connection with the translation of the Company's accounting records held in USD to the former reporting currency CHF, representing pure translation differences. Since unrealised, a provision for these translation gains was booked in line with Swiss law. The corresponding USD value of USD 22,169,214 (applying the year-end exchange rate of 1.08121) was released at the beginning of the year 2023 through the Company's income statement leading to an extraordinary income of USD 22,169,214 in 2023.

The 2022 comparative income statement positions in USD were translated from the audited statutory financial statements 2022 in CHF using the 2022 average exchange rate (CHF/USD 1.0483).

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 balance sheet, income statement and notes to these financial statements applying the yearly average exchange rate for income statements positions and the year-end spot rate for balance sheet positions. Share capital and capital contribution reserves are translated using the historic exchange rate of 1.08121. Any translation gain or loss from the translation of USD to CHF is directly recorded in equity.

The following table shows the main foreign exchange rates used:

		2023		2022	
		Closing Rate	Average Rate	Closing Rate	Average Rate
Australian Dollar	AUD	0.68	0.66	0.68	0.69
Swiss Franc	CHF	1.19	1.11	1.08	1.05

3. Participation

Name of Subsidiary	Domicile	Description	Share Capital		Percentage Ownership
			USD	CHF	
Shima Reinsurance Ltd.	Bermuda	Class 3 Segregated Accounts Company	120.0	106.5	100 %
RenaissanceRe Corporate Member (No. 2) Limited	United Kingdom	Lloyd's Corporate Member			100 %

The total book value of participations as at 31 December 2023 was USD 0.1 million/CHF 0.1 million (2022 – USD 0.1 million/CHF 0.1 million). The voting rights are 100% held by RREAG.



Notes to the financial statements

31 December 2023 and 2022

(Expressed in thousands of US Dollars and Swiss Francs)

4. Other investments

	2023	2023	2022	2022
	USD	CHF	USD	CHF
Short-term investments ⁽¹⁾	16,832	14,167	16,461	15,224
Investment in catastrophe bonds	—	—	1,997	1,847
Investment in mutual funds	—	—	90,510	83,712
Investment in exchange traded funds	—	—	—	—
Investment in limited partnerships	403,514	339,607	502,121	464,409
	420,346	353,774	611,089	565,193

⁽¹⁾ Short-term investments comprise of money market funds and short-term fixed deposits.

5. Reinsurance receivables

Reinsurance receivables comprise the following:

	2023	2023	2022	2022
	USD	CHF	USD	CHF
Receivables from insurance companies	1,860,011	1,565,430	1,691,054	1,564,046
Bad debt reserve ⁽¹⁾	—	—	(118,374)	(109,484)
	1,860,011	1,565,430	1,572,680	1,454,562

⁽¹⁾ In 2023, the Company released its bad debt reserve in view of a general accounting policy alignment among all Swiss based group companies and the GAAP accounting standards.

6. Technical provisions

Technical provisions comprise the following:

	2023			2022		
	USD			USD		
	Gross	Ceded	Net	Gross	Ceded	Net
Unearned premiums	1,438,041	(742,546)	695,495	1,392,882	(648,188)	744,694
Outstanding losses and loss expenses	3,947,775	(1,978,634)	1,969,141	3,705,315	(1,761,583)	1,943,732
	5,385,816	(2,721,180)	2,664,636	5,098,197	(2,409,771)	2,688,426

	2023			2022		
	CHF			CHF		
	Gross	Ceded	Net	Gross	Ceded	Net
Unearned premiums	1,210,290	(624,945)	585,345	1,288,268	(599,505)	688,763
Outstanding losses and loss expenses	3,322,542	(1,665,265)	1,657,277	3,427,025	(1,629,278)	1,797,747
	4,532,832	(2,290,210)	2,242,622	4,715,293	(2,228,783)	2,486,510

Notes to the financial statements

31 December 2023 and 2022

(Expressed in thousands of US Dollars and Swiss Francs)

Changes in technical provisions, included as part of net claims and claim expenses incurred in the income statement for the years 2023 and 2022, were related to changes in outstanding losses and loss expense reserves.

7. Non-technical provisions

Non-technical provisions comprise the following:

	2023	2023	2022	2022
	USD	CHF	USD	CHF
Translation gains on shareholders' equity	—	—	14,509	20,504
Unrealised gains on investment assets	—	—	—	—
Other non-technical adjustments	834	702	252	233
	834	702	14,761	20,737

8. Reinsurance payable

Reinsurance payable as at 31 December 2023 and 2022 comprise of liabilities to insurance/reinsurance companies.

9. Receivables from and payables to related parties

Transactions were conducted with related parties during the year and were based on arms' length arrangements.

At the balance sheet date, there were receivables from and payables to related parties, as follows:

	2023	2023	2022	2022
	USD	CHF	USD	CHF
Reinsurance receivables	576,955	485,579	503,634	465,808
Loans	220,380	185,477	233,380	215,852
Other investments	477,201	401,624	432,420	399,943
Reinsurance payable	709,795	597,381	633,920	586,308
Other liabilities	13,044	10,979	15,417	14,259



Notes to the financial statements

31 December 2023 and 2022

(Expressed in thousands of US Dollars and Swiss Francs)

10. Statement of changes in equity

	<i>Share capital</i> <i>USD</i>	<i>Statutory capital reserves</i> <i>USD</i>	<i>Voluntary profit reserves</i> <i>USD</i>	<i>Retained earnings</i> <i>USD</i>	<i>Total</i> <i>USD</i>
Balance 1 January 2022	249,547	451,996	—	168,228	869,771
Loss	—	—	—	(244,035)	(244,035)
FX translation adjustment	(3,384)	(6,129)	—	(2,078)	(11,591)
Balance 31 December 2022	246,163	445,867	—	(77,885)	614,145
Profit	—	—	—	225,751	225,751
Presentation currency adjustment	—	—	—	(7,660)	(7,660)
Balance 31 December 2023	246,163	445,867	—	140,206	832,236

	<i>Share capital</i> <i>CHF</i>	<i>Statutory capital reserves</i> <i>CHF</i>	<i>Voluntary profit reserves</i> <i>CHF</i>	<i>Retained earnings</i> <i>CHF</i>	<i>Total</i> <i>CHF</i>
Balance 1 January 2022	227,675	412,379	—	153,672	793,726
Loss	—	—	—	(232,791)	(232,791)
Balance 31 December 2022	227,675	412,379	—	(79,119)	560,935
Profit	—	—	—	202,905	202,905
Loss from translation recorded directly in equity	—	—	—	(63,410)	(63,410)
Balance 31 December 2023	227,675	412,379	—	60,376	700,430

11. Audit fees

The audit fees for the year amounted to USD 0.6 million/CHF 0.6 million (2022 – USD 0.5 million/CHF 0.4 million). The fees exclude outlays and VAT.

The audit fees included fees for engagements with a direct or indirect connection to a current or future audit engagement and fees for audit-related activities.

Non-audit tax services provided by PwC for the year amounted to USD 0.0 million/CHF 0.0 million.



Notes to the financial statements

31 December 2023 and 2022

(Expressed in thousands of US Dollars and Swiss Francs)

12. Investment income and expense

	USD						
	Income	Realised gains	Total income	Expense	Realised losses	Unrealised losses ⁽¹⁾	Total expense
31 December 2023							
Fixed interest securities	69,767	12,247	82,014	—	9,529	12,125	21,654
Shares	—	—	—	—	—	—	—
Other investments	19,603	14,349	33,952	—	8,735	91,483	100,218
Investment management fees	—	—	—	1,325	—	—	1,325
	89,370	26,596	115,966	1,325	18,264	103,608	123,197
	CHF						
	Income	Realised gains	Total income	Expense	Realised losses	Unrealised losses ⁽¹⁾	Total expense
31 December 2023							
Fixed interest securities	62,707	11,007	73,714	—	8,565	10,898	19,463
Shares	—	—	—	—	—	—	—
Other investments	17,619	12,897	30,516	—	7,851	82,225	90,076
Investment management fees	—	—	—	1,191	—	—	1,191
	80,326	23,904	104,230	1,191	16,416	93,123	110,730

(1) Unrealised losses include impairment losses of USD 12.1 million/CHF 10.9 million on fixed interest securities and out-of-period impairment losses of USD 89.9 million/CHF 80.8 million on other investments

	USD						
	Income	Realised gains	Total income	Expense	Realised losses	Unrealised losses ⁽¹⁾	Total expense
31 December 2022							
Fixed interest securities	31,146	1,847	32,993	—	85,263	41,190	126,453
Shares	—	—	—	—	—	—	—
Other investments	42,533	161	42,694	748	—	39,324	40,071
Investment management fees	—	—	—	1,320	—	—	1,320
	73,679	2,008	75,687	2,068	85,263	80,513	167,844
	CHF						
	Income	Realised gains	Total income	Expense	Realised losses	Unrealised losses ⁽¹⁾	Total expense
31 December 2022							
Fixed interest securities	29,711	1,762	31,473	—	81,334	39,292	120,626
Shares	—	—	—	—	—	—	—
Other investments	40,573	154	40,727	714	—	37,512	38,225
Investment management fees	—	—	—	1,260	—	—	1,260
	70,284	1,916	72,200	1,974	81,334	76,803	160,111

(1) Unrealised losses include impairment losses of USD 57.3 million/CHF 54.6 million (Fixed interest securities - USD 57.3 million/CHF 54.6 million)

Notes to the financial statements

31 December 2023 and 2022

(Expressed in thousands of US Dollars and Swiss Francs)

13. Depreciation of property and equipment and amortisation of intangible assets

The depreciation expense on property and equipment and amortisation expense on intangible assets, as included in general and administrative expenses in the income statement, were as follows:

	2023	2023	2022	2022
	USD	CHF	USD	CHF
Depreciation of property and equipment	—	—	39	37
Amortisation of intangible assets	—	—	—	—
	<u>—</u>	<u>—</u>	<u>39</u>	<u>37</u>

14. Restricted assets and commitments

Restricted assets

In the normal course of business, fixed interest securities and cash and cash equivalents with fair value of USD 1,074.7 million/CHF 904.3 million as at 31 December 2023 (2022 – USD 1,007.6 million/CHF 931.9 million), were deposited in trust for the benefit of ceding companies and credit institutions.

Commitments

Effective 16 December 2021, RREAG is part of the RenaissanceRe letter of credit committed facility with Credit Suisse (Switzerland) Ltd. The Credit Suisse facility provides commitments in the aggregate amount of USD 200 million, has a 3-year tenure, and replaced the previous Credit Suisse facility entered into on 22 March 2018. At 31 December 2023, Credit Suisse has issued letters of credit of USD 193.3 million/CHF 162.7 million (2022 – USD 48.9 million/CHF 45.2 million).

Effective 22 March 2019, RREAG is part of the RenaissanceRe letter of credit uncommitted facility with Citibank Europe plc. This Citibank facility provided standby letters of credit or similar instruments for the account of one or more applicants. At 31 December 2023, Citibank had issued letters of credit of USD 129.5 million/CHF 109.0 million (2022 – USD 182.8 million/CHF 169.1 million) in favour of ceding companies.

Effective 21 June 2019, RREAG is part of the RenaissanceRe letter of credit uncommitted facility with Wells Fargo Bank. The Wells Fargo facility provides for secured letter of credit issuances, and also has an option for applicants to request the issuance of unsecured letters of credit. Effective December 12, 2023, Wells Fargo increased the option for applicants to request the issuance of secured letters of credit to \$200m. At 31 December 2023, Wells Fargo had issued letters of credit of USD 87.9 million/CHF 74.0 million (2022 – USD 79.2 million/CHF 73.3 million).

Effective 24 June 2019, RREAG was part of the RenaissanceRe letter of credit committed facility with Citibank Europe plc. Effective 21 December 2021, the facility was increased from USD 300 million to USD 350 million and the termination date was extended to 31 December 2023. This facility was terminated and replaced on 19 December 2022, and RREAG is no longer a party to the new facility.

Effective 18 November 2022, RREAG is part of the RenaissanceRe revolving credit facility with various banks, financial institutions, and Wells Fargo Bank, National Association as administrative agent. The Wells Fargo revolving credit facility provides for a revolving commitment to RenaissanceRe of USD 500.0 million, with a right, subject to satisfying certain conditions, to increase the size of the facility to USD 700.0 million. In addition to revolving loans, the Wells Fargo revolving credit facility provides that the entire facility will also be available for the issuance of standby letters of credit and swingline loans which are capped at USD 50.0 million for each of the swingline lenders.

Notes to the financial statements

31 December 2023 and 2022

(Expressed in thousands of US Dollars and Swiss Francs)

15. Lease obligations

The Company leases office space under operating leases which expire at various dates. The Company renews and enters into new leases in the ordinary course of business as required.

Future minimum lease payments under the leases are expected to be as follows:

	2023	2023	2022	2022
	USD	CHF	USD	CHF
1 to 5 years	4,577	3,852	2,887	2,670
More than 5 years	8,048	6,774	—	—
	<u>12,625</u>	<u>10,626</u>	<u>2,887</u>	<u>2,670</u>

The above lease agreements also include a maintenance commitment. Maintenance expense for the current year amounts to CHF/USD Nil (2022 – CHF/USD Nil) which has been included in general and administrative expenses.

Some lease agreements for office space provide an option to extend the lease beyond the expiration date.

16. Full-time equivalents and personnel expenses

The average number of full-time equivalents for the year ended 31 December 2023 was 49.5 (2022 – 42.8).

Personnel expenses for the year ended 31 December 2023 amounted to USD 18.0 million/CHF 16.2 million (2022 – USD 13.0 million/CHF 12.4 million).

17. Swiss Financial Market Infrastructure Act (FMIA)

The Company acknowledges the Swiss Financial Market Infrastructure Act (FMIA), valid for financial years beginning at 1 January 2017 or later, and notes that there are no transactions within the Company that would need to be recorded. RREAG is not subject to any derivative transaction and in addition is not counterparty to any derivative transactions.

18. Subsequent events

The Company has completed its subsequent events evaluation for the period subsequent to the balance sheet date of 31 December 2023, through to the date the financial statements were authorised for issue. There were no subsequent events that would warrant an adjustment to the financial statements.

19. Material release of hidden reserves

There are no other material hidden reserves released other than in note 5.

20. Any other material information

The Company expects to execute a merger by absorption with Validus Reinsurance (Switzerland) Ltd. during the fiscal year 2024. The Company will be the surviving entity of the transaction.



Notes to the financial statements

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(Expressed in thousands of US Dollars and Swiss Francs)

Appropriation of retained earnings

	2023 USD	2023 CHF	2022 USD	2022 CHF
Retained earnings or profit carried forward	(85,545)	(79,119)	166,150	153,672
Profit (loss) for the year	225,751	202,905	(244,035)	(232,791)
Translation adjustment	—	(63,410)	—	—
Retained earnings at the end of the year	140,206	60,376	(77,885)	(79,119)

The Board of Directors proposes to carry forward the retained earnings.

Allocation of statutory capital reserves

	2023 USD	2023 CHF	2022 USD	2022 CHF
Legal reserve ⁽¹⁾	123,082	113,837	123,082	113,837
Reserves from capital contributions	322,785	298,542	322,785	298,542
Statutory capital reserves at the end of the year	445,867	412,379	445,867	412,379

The Board of Directors proposes to carry forward the statutory capital reserves.

No dividend will be declared for the 2023 financial year.

⁽¹⁾ In accordance with the Swiss Code of Obligations, RREAG's legal reserves are equivalent to 50% of its share capital.

