Financial Condition Report

Year ended 31 December 2023

RenaissanceRe Europe AG

RenaissanceRe

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Note on forward-looking statements

This Financial Condition Report (“FCR”) for the year ended 31 December 2023 of RenaissanceRe Europe AG (“RREAG” or the “Company”) contains forward-looking statements. Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us. In particular, statements using words such as “may”, “should”, “estimate”, “expect”, “anticipate”, “intend”, “believe”, “predict”, “potential”, or words of similar import generally involve forward-looking statements. For example, we may include certain forward-looking statements in the discussion and analysis of our solvency positions with regard to trends in results, prices, volumes, operations, investment results, margins, combined ratios, fees, reserves, market conditions, risk management and exchange rates; the impact of the Validus Re acquisition on the business; the consequences of our strategic decisions; the performance of our underwriting portfolio, and investment portfolio; and the impact of general economic conditions such as changes in inflation and interest rates on our results of operations. This FCR also contains forward-looking statements with respect to our business and industry, such as those relating to our strategy and management objectives, plans and expectations regarding our response and ability to adapt to changing economic conditions, market standing and product volumes, competition and new entrants in our industry, industry capital, insured losses from loss events, government initiatives and regulatory matters affecting the (re)insurance industries and the integration of, and realization of benefits from, the Validus Re acquisition.

The inclusion of forward-looking statements in this report should not be considered as a representation by us or any other person that our current objectives or plans will be achieved. Numerous factors could cause our actual results to differ materially from those addressed by the forward-looking statements, including the following:

- our exposure to natural and non-natural catastrophic events and circumstances and the variance they may cause in our financial results
- the effect of climate change on our business, including the trend towards increasingly frequent and severe climate events
- the effectiveness of our claims and claim expense reserving process
- the effect of emerging claims and coverage issues
- the performance of our investment portfolio and financial market volatility
- the effects of inflation
- the ability of our ceding companies and delegated authority counterparties to accurately assess the risks they underwrite
- our ability to maintain our financial strength ratings
- our reliance on a small number of brokers
- the highly competitive nature of our industry
- the historically cyclical nature of the (re)insurance industries
- collection on claimed retrocessional coverage, and new retrocessional reinsurance being available on acceptable terms or at all
- our ability to attract and retain key executives and employees

- our ability to successfully implement our business, strategies and initiatives
- difficulties in integrating the Validus Re business
- our exposure to credit loss from counterparties
- our need to make many estimates and judgments in the preparation of our financial statements
- changes to the accounting rules and regulatory systems applicable to our business, including changes in laws or regulations
- the effect of current or future macroeconomic or geopolitical events or trends, including the ongoing conflicts between Russia and Ukraine, and Israel and Hamas
- other political, regulatory or industry initiatives adversely impacting us
- our ability to comply with covenants in our debt agreements
- the effect of adverse economic factors, including changes in the prevailing interest rates
- the impact of cybersecurity risks, including technology breaches or failure
- the effects of new or possible future tax reform legislation and regulations in the jurisdictions in which we operate, including recent changes in Bermuda tax law
- our ability to determine any impairments taken on our investments
- our ability to raise capital if necessary
- our ability to comply with applicable sanctions and foreign corrupt practices laws.

As a consequence, our future financial condition and results may differ from those expressed in any forward-looking statements made by or on behalf of us. The factors listed above should not be construed as exhaustive. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to revise or update forward-looking statements to reflect new information, events, or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

These forward-looking statements should be read in conjunction with section *9, Subsequent events*.

1 Executive summary

The FCR of the Company is prepared in accordance with the rules and guidance laid out by the Swiss Financial Market Supervisory Authority (“FINMA”) and the Bermuda Monetary Authority (“BMA”). The FCR documents the measures governing the Company’s business activities, governance framework, risk and capital management, solvency, and financial performance for the year ended 31 December 2023. The FCR is based on the Company’s financial statements, prepared this year in accordance with the Swiss Code of Obligations (“Swiss OR”) accounting guidelines.

In connection with the acquisition of the Company on 22 March 2019 by RenaissanceRe Holdings Ltd. (“RRHL”) and RenaissanceRe Specialty Holdings (UK) Limited (“RRSHUKL”), Tokio Marine & Nichido Fire Insurance Co., Ltd. entered into a USD 500 million Reserve Development Agreement (“RDA”) with the Company that protects the stated reserves as of 22 March 2019, including Unearned Premium Reserve (“UPR”).

In May 2023, RRHL entered into a definitive agreement with American International Group, Inc. (“AIG”), whereby RRHL acquired AIG’s treaty reinsurance business, which included Validus Reinsurance, Ltd. (“VRB”) and its consolidated subsidiaries, AlphaCat Managers Ltd. and its managed funds, and all renewal rights to the Assumed Reinsurance Treaty Unit of Talbot (collectively, “Validus Re”). The 2024 business plan includes the business that is expected to be renewed onto RREAG’s balance sheet in 2024 from the legacy Validus Re book. The Company expects to execute a merger by absorption with Validus Reinsurance (Switzerland) Ltd (“VRS”) during the fiscal year 2024. The Company will be the surviving entity of the transaction.

The Company ended 2023 with a net profit after tax of USD 225.7 million (CHF 202.9 million), compared to a net loss after tax of USD 244.0 million (CHF 232.8 million) in 2022. This was primarily driven by a profit on the technical result of USD 254.6 million (CHF 228.8 million) against a loss of USD 176.4 million (CHF 168.3 million) in 2022 and then net loss from the investments of USD 7.2 million (CHF 6.5 million) against a loss of USD 92.2 million (CHF 87.9 million) in 2022.

The gross premiums written during 2023 decreased by USD 260.8 million (CHF 372.6 million) according to the Company’s risk appetite and underwriting framework. The increase in the purchased ceded premium to USD 1’249.5 million (CHF 1’123.1 million) resulted in a net premium earned by the Company of USD 1’045.4 million (CHF 939.6 million).

On incurred claims, the Company experienced a benign year of weather-related catastrophe losses which was one of the main drivers of the positive underwriting result in combination with the achieved rate increases and the general review of the underwriting portfolio. The loss ratio decreased to 43.3% compared to 75.9% in 2022, resulting in a combined ratio of 78.3% in 2023 compared to 117.7% in 2022. The net incurred losses amounted to USD 507.2million (CHF 455.9 million) compared to USD 758.2 million (CHF 723.3 million) in 2022. In 2023, the Company released its bad debt reserve in the amount of USD 118.4m (CHF109.5m) in view of a general accounting policy alignment among all Swiss based group companies and the GAAP accounting standards.

The investment portfolio benefited from the increased interest rates in 2023, as well as the reduction of the portfolio duration and the credit and equity risks which led to an investment income of USD 115.9 million (CHF 104.2 million) against USD 75.7 million (CHF 72.2 million) in 2022. However, the booking of the unrealized losses of USD 89.9 million (CHF 80.8 million) led to a net investment loss of 7.2 USD million (CHF 6.5 million) compared to a net investment loss of USD 92.2 million (CHF 87.9 million) in 2022.

The Company’s capitalisation remains strong with shareholder’s equity of USD 832.2 million (CHF 700.4 million) and total assets of USD 7.9 billion (CHF 6.6 billion) at the end of 2023. The increase in shareholder’s equity was driven by the net profit of the year as mentioned above.

2 Business activities

2.1 Name of insurer

RenaissanceRe Europe AG is a Swiss-based reinsurance company. The Company's registered office is located at Beethovenstrasse 33, 8002 Zurich, Switzerland.

This FCR covers the Company as a legal entity and includes its branches and subsidiaries.

2.2 Supervisors

Legal entity supervisor	Group supervisor
Swiss Financial Market Supervisory Authority Laupenstrasse 27 3003 Bern Switzerland	Bermuda Monetary Authority BMA House 43 Victoria Street Hamilton HM12, Bermuda

Details on the supervisors of the Company’s branches and subsidiaries can be found in section *2.5, Ownership details and group structure*, below.

2.3 Approved auditor

The approved external auditor of the Company as of 31 December 2023 was PricewaterhouseCoopers AG (“PwC”), with its registered office located at Birchstrasse 160, 8050 Zurich, Switzerland.

2.4 Business strategy and objectives

The Company participates in various excess of loss property catastrophe, workers compensation catastrophe, crop/hail, and terrorism reinsurance contracts. RREAG also offers non-catastrophe property and casualty covers on both proportional and non-proportional excess of loss treaties. Casualty lines of business include motor, general liability, excess casualty, employer’s liability, professional liability, workers’ compensation, directors and officers, errors and omissions and medical malpractice. In addition, RREAG assumes specialty risks such as credit and marine. RREAG also provides non-traditional customised reinsurance and financial solutions for its clients’ worldwide property and casualty exposures.

Post Catastrophe events in 2021, 2022 and 2023, with industry estimates of over USD 100 billion insured losses each, RREAG is seeing continued attractive opportunities as the wider reinsurance market continues to improve; the Company believes that momentum on this side has been confirmed by 2023 and 1 January 2024 renewals, where we built a stronger European portfolio (in part due to the acquisition of Validus Re), and RREAG believes that this momentum is expected to continue through 2024. RREAG believes that it is in a strong position to take advantage of the attractive opportunities in the market, with growth being relatively balanced across Casualty, Property and Specialty.

Underwriters for the most part have focused on existing relationships, many over 15 to 20 years old; a theme within this has been a focus on global clients. Typically, a global client for the RenaissanceRe group (“RenaissanceRe”) will buy multiple contracts across multiple lines of business, touching many of our balance sheets. RREAG’s team is core to RenaissanceRe's global client strategy and as such has seen strong opportunities. RREAG's strategy is consistent. RREAG remains committed to being a global property, casualty and specialty reinsurer that operates at scale and as a leader in underwriting property catastrophe risk.

Whilst recent results have been challenging due to the impacts of natural catastrophes and the COVID-19 pandemic, the focus in recent years on re-underwriting certain classes is over. For example, RREAG's exposure to U.S. Commercial Auto is all but run off on a net basis. The positive results of 2023 are the result of RREAG's focused re-underwriting. Whilst there will always be cycle management in a portfolio of RREAG's size (as way of example, RREAG continued to reduce its CAT aggregate XL book), for the most part RREAG is broadly positive about the portfolio as it looks to mid-year renewals in 2024 and further afield to 2025. In view of RREAG's expected portfolio growth, RREAG continues to carefully assess its ceded strategy and to expand its underwriting teams.

RREAG's business strategy is to facilitate RenaissanceRe's wider corporate strategy of matching well-structured risks with the most efficient sources of capital by offering clients/brokers an additional platform that allows RenaissanceRe access to well-structured risks in Europe and Australia. To achieve this, RREAG is embedded within RenaissanceRe's integrated system of risk and capital.

RREAG uses proprietary tools to further improve its risk selection while continuing to clearly define, allocate and measure downside risk limits. Where it is more efficient to do so business can be moved to / from different balance sheets within RenaissanceRe, applying RenaissanceRe's Gross-Ceded-Net strategy and underwriting framework.

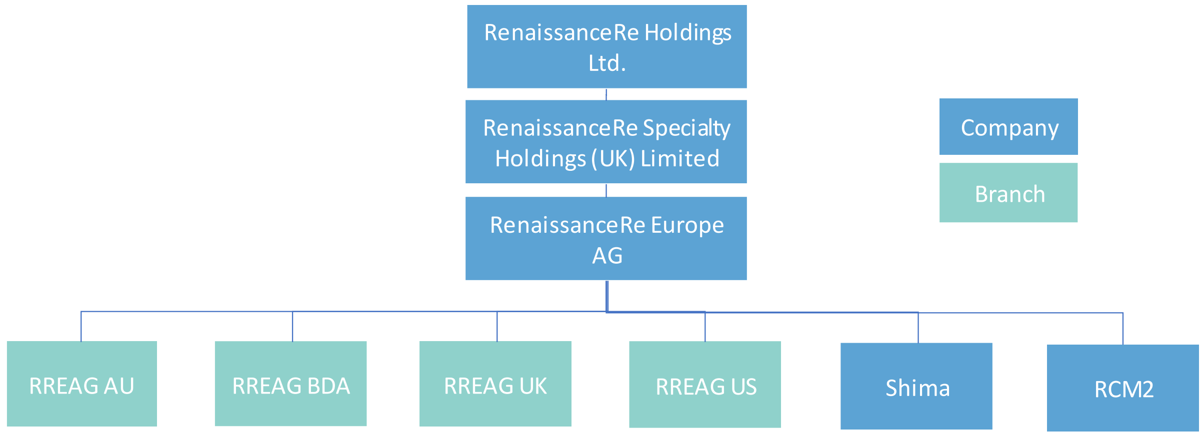
When it comes to organisation and governance, the underwriting team constantly strives to be a consistent, seamless, risk selection function focused on efficiency in process and effectiveness with the client. Customer centricity, and facing the customer in multiple locations, is a core value of RenaissanceRe including RREAG. Additionally, RREAG will ensure clear vision over lines of business and clarity over portfolio ownership. Among other priorities, there will be greater top-down ownership of underwriting planning, stronger governance and risk culture, and clearer career planning for employees.

RREAG aims to continue to diversify by:

- Continuing to balance its catastrophe exposures with US property catastrophe contracts written from RREAG BDA being renewed onto other RenaissanceRe balance sheets. RREAG however continues to have catastrophe exposure from Syndicate 1458's internal Quota Share ("QS") and from RREAG UK. RREAG's catastrophe exposure is expected to flatten off over time
- RREAG has established an agency agreement with RenaissanceRe Underwriting Managers U.S. LLC ("RUMUS"), effective 1 April 2020, which allows RREAG to underwrite US business directly to RREAG's main balance sheet. As of year-end 2023, RREAG placed USD 124.6 million of Casualty & Specialty Other business through this arrangement
- Continued implementation of the RREAG US Plan of Operation
- Reshaping other international motor business in line with target metrics
- Existing European non-catastrophe business currently written on other RenaissanceRe balance sheets and potential new European business being written on RREAG's balance sheet
- Continuing growth in specialty products such as marine, credit & surety, terrorism, professional lines
- Continuing to run-off the Third-Party Capital ("TPC") business
- Ongoing development of pricing tools, which have contributed to more efficient processing, better data quality and supported decision-making.

2.5 Ownership details and group structure

The Company is a wholly owned subsidiary of RRSHUKL, a company incorporated in Bermuda and managed and controlled in the UK. The ultimate parent is RRHL, a Bermuda-domiciled holding company.



As of 31 December 2023, the Company had four branches and two wholly owned subsidiaries:

- RenaissanceRe Europe AG, Australia Branch ("RREAG AU")
- RenaissanceRe Europe AG, Bermuda Branch
- RenaissanceRe Europe AG, UK Branch
- RenaissanceRe Europe AG, US Branch
- RenaissanceRe Corporate Member (No. 2) Limited ("RCM2")
- Shima Reinsurance Ltd ("Shima").

The general account of Shima is 100% owned by RREAG and is a Bermuda domiciled Class 3 (re)insurer. Shima is registered as a segregated account company and provides third-party investors with access to reinsurance risk. Risks assumed by Shima were direct business written by the segregated account itself. This business is now in run-off and the net limits of liability to be assumed by the cells in Shima are fully collateralised via highly rated/backed letters of credit or via trust accounts.

RCM2, a Lloyd's corporate member, was acquired from Renaissance Reinsurance Ltd. in July 2022. It is a member of several Syndicates at Lloyd's. None of those syndicates are managed by RenaissanceRe. RCM2 therefore provides a means by which RenaissanceRe can participate in the Lloyd's market separate to its participation in its own syndicate, Syndicate 1458. As a Lloyd's corporate member, RCM2 is obliged to deposit Funds at Lloyd's ("FAL") to support its participation in those various other Lloyd's syndicates.

2.6 Regulatory supervision

The Company's principal regulator is FINMA, and its branches and subsidiaries are also supervised by the following:

- RREAG AU – Australian Prudential Regulation Authority ("APRA")
- RREAG BDA, Shima – BMA
- RREAG UK – Prudential Regulation Authority ("PRA") and Financial Conduct Authority ("FCA")
- RREAG US – New York State Department of Financial Services ("NYDFS").

3 Performance

3.1 Underwriting performance

The technical results (excluding investment income and foreign exchange gains/losses) for the years ended 31 December 2023 and 2022 are shown below:

Technical result in '000	**USD**	CHF	**USD**	CHF
	2023	2023	**2022**	2022
Gross premiums written	**2,246,058**	2,018,760	**2,506,878**	2,391,373
Net premiums written	**996,542**	895,693	**1,272,242**	1,213,623
Net premiums earned	**1,045,380**	939,590	**996,376**	950,468
Net acquisition expenses	**(315,350)**	(283,437)	**(286,749)**	(273,538)
Net losses incurred	**(507,191)**	(455,864)	**(758,186)**	(723,252)
Net other underwriting result (*)	**122,142**	109,781	**(57,089)**	(54,350)
General and administrative expenses	**(90,378)**	(81,232)	**(70,859)**	(67,594)
Technical result	**254,603**	228,838	**(176,394)**	(168,266)

(*) In 2023, the Company released its bad debt reserve in the amount of USD 118.4m (CHF109.5m) in view of a general accounting policy alignment among all Swiss based group companies and the GAAP accounting standards.

The technical result (excluding investment income and foreign exchange gains/losses), by the lines of business as prescribed by FINMA, for the years ended 31 December 2023 and 2022 are as follows:

Technical result in '000	**USD**	CHF	**USD**	CHF	**USD**	CHF
	2023	2023	**2022**	2022	**Variance**	Variance
FINMA Line of Business						
Personal accident	**2,865**	2,575	**2,058**	1,963	**807**	607
Motor	**(3,897)**	(3,502)	**(32,886)**	(31,371)	**28,989**	27,869
Marine, aviation, and transport	**21,230**	19,081	**9,258**	8,832	**11,972**	10,249
Property	**169,684**	152,513	**(119,394)**	(113,893)	**289,078**	266,406
Casualty	**75,640**	67,985	**18,528**	17,715	**57,112**	50,270
Miscellaneous	**79,459**	71,418	**16,901**	16,122	**62,558**	55,296
Subtotal	**344,982**	310,070	**(105,535)**	(100,632)	**450,517**	410,702
General and administrative expenses	**(90,378)**	(81,232)	**(70,859)**	(67,594)	**(19,519)**	(13,638)
Technical result	**254,603**	228,838	**(176,394)**	(168,226)	**430,997**	397,064

Overall underwriting performance improved significantly in 2023 resulting to a technical profit of USD 254.6 million (CHF 228.8 million) compared to a loss of USD 176.4 million (CHF 168.2 million) in 2022. The positive result was driven by the benign large weather-related catastrophe losses year, the achieved rate increases at the 01/01 renewals, the general review of the underwriting portfolio and the release of the bad debt provision of USD 118.4 million (CHF 109.5 million). In comparison, the 2022 technical result was influenced by the recognition of the net losses coming from large weather-related catastrophe losses of CHF 146.8 million (USD 153.9 million). In 2023, we reduced our gross written premium and slightly increased our ceded gross written premium, which amounted to a net written premium decrease of USD 275.7 million (CHF 317.9 million). Net claims and claim expenses incurred decreased by 33.1% to USD 507.2 million (CHF 455.9 million) in 2023, whereas in 2022 it was USD 758.2 million (CHF 723.3 million). The decrease in net claims and claim expenses is primarily driven by the lower catastrophe events and reserve releases on Hurricane Ian. The recovery under the RDA in the 2023 financial year was an increase of USD 149.6 million (CHF 134.2million), whereas the COVID-19 losses reduced by USD 9.7 million (CHF 8.7 million) and amount to USD 90.8 million (CHF 81.5 million) for the period inception to date; the attritional losses performed as expected.

Refer to section *1, Executive summary*, above for general commentary on the Company's 2023 results. Additional information on material one off expenses incurred in the financial year 2023 is provided in section *3.3, Material income and expenses for the reporting period*, below. Also refer to the Appendix '*Performance Solo Reinsurance*' for further details.

3.1.1 Insurance business written by segment

The details of annual gross premiums written split by the lines of business as prescribed by FINMA are provided below:

	USD	CHF		**USD**	CHF	
in '000	**2023 Gross premiums written**	2023 Gross premiums written	**2023 Percentage of total**	**2022 Gross premiums written**	2022 Gross premiums written	**2022 Percentage of total**
FINMA Line of Business						
Personal accident	**18,057**	16,229	**0.8**	**11,582**	11,048	**0.5**
Motor	**15,883**	14,276	**0.7**	**17,625**	16,813	**0.7**
Marine, aviation, and transport	**127,401**	114,508	**5.7**	**91,691**	87,467	**3.7**
Property	**906,065**	814,373	**40.3**	**965,844**	921,342	**38.5**
Casualty	**812,608**	730,374	**36.2**	**817,467**	779,802	**32.6**
Miscellaneous	**366,043**	329,000	**16.3**	**602,669**	574,901	**24.0**
Total	**2,246,058**	2,018,760	**100.0**	**2,506,878**	2,391,373	**100.0**

The largest segment written by the Company has historically been Property (including Property catastrophe), which represented 40.3% of gross premiums written for the year ended 31 December 2023. In comparison to the prior year, the Company's underwriting book decreased due to the following: i) a continued general revision of the Company's underwriting portfolio leading to non-renewal of certain treaties which were not within RenaissanceRe's appetite; this affected all lines of business to some extent; ii) reallocation of certain business (predominantly Property lines) to other RenaissanceRe balance sheets making use of post-acquisition synergies and allowing for more cost-efficient underwriting; and iii) the shift of business to other RenaissanceRe balance sheets was partially offset by the placement of several large deals from RenaissanceRe to the Company.

3.1.2 Insurance business written by geographical region

The details of annual gross premiums written by geographic area of risk insured are provided below:

in '000	USD **2023 Gross premiums written**	CHF 2023 Gross premiums written	**2023 Percentage of total**	USD **2022 Gross premiums written**	CHF 2022 Gross premiums written	**2022 Percentage of total**
Geographic area of risk insured						
North America	**516,686**	464,398	**23.0**	**697,811**	665,659	**27.8**
Europe	**143,225**	128,731	**6.4**	**125,599**	119,812	**5.0**
Worldwide	**1,506,840**	1,354,350	**67.0**	**1,592,860**	1,519,470	**63.6**
Australasia	**44,328**	39,842	**2.0**	**53,707**	51,232	**2.1**
Asia	**8,245**	7,410	**0.4**	**9,706**	9,258	**0.4**
Other	**26,734**	24,028	**1.2**	**27,195**	25,942	**1.1**
Total	**2,246,058**	2,018,760	**100.0**	**2,506,878**	2,391,373	**100.0**

(1) The Company's largest exposure has been to the Worldwide market, which represented 67.0% of its gross premiums written for the year ended 31 December 2023.

3.2 Investment performance

The Company's investments were comprised of short-term investments and investments in fixed interest, equity, and other securities.

Short-term investments represented bank deposits and investments in money market funds with an original term of greater than 90 days but less than one year. Fixed interest securities consist of debt securities (e.g., U.S. treasuries, non-U.S. government, corporate, agency residential mortgage-backed securities, etc.) which were classified as trading. Other securities consisted of investments in investment funds organised as limited partnerships, investments in funds organised as limited liability companies and investment in an absolute return fund.

The components of net investment income by asset category for the years ended 31 December 2023 and 2022 are as follows:

31-Dec-2023

USD '000	Income	Realised gains	*Total income*	Expense	Realised losses	Unrealised losses (1)	*Total expense*	Net income
Fixed interest securities	69,767	12,247	*82,014*	0	(9,529)	(12,125)	*(21,654)*	60,360
Shares	0	0	*0*	0	0	0	*0*	0
Other investments	19,603	14,349	*33,952*	0	(8,735)	(91,483)	*(100,218)*	(66,266)
Investment management fees	0	0	*0*	(1,325)	0	0	*(1,325)*	(1,325)
Dividend income from participation	0	0	*0*	0	0	0	*0*	0
Net investment income	89,370	26,596	*115,966*	(1,325)	(18,264)	(103,608)	*(123,197)*	(7,231)

(1) Unrealized losses include impairment losses of USD 12.1million (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.

31-Dec-2022

USD '000	Income	Realised gains	*Total income*	Expense	Realised losses	Unrealised losses	*Total expense*	Net income
Fixed interest securities	31,146	1,847	*32,993*	0	(85,263)	(41,190)	*(126,453)*	(93,460)
Shares	0	0	*0*	0	0	0	*0*	0
Other investments	42,533	161	*42,694*	(748)	0	(39,323)	*(40,071)*	2,623
Investment management fees	0	0	*0*	(1,320)	0	0	*(1,320)*	(1,320)
Dividend income from participation	0	0	*0*	0	0	0	*0*	0
Net investment income	73,679	2,008	*75,687*	(2,068)	(85,263)	(80,513)	*(167,844)*	(92,157)

CHF ‘000 31-Dec-2023	Income	Realised gains	*Total income*	Expense	Realised losses	Unrealised losses (1)	*Total expense*	Net income
Fixed interest securities	62,707	11,007	*73,714*	0	(8,565)	(10,898)	*(19,463)*	54,251
Shares	0	0	*0*	0	0	0	*0*	0
Other investments	17,619	12,897	*30,516*	0	(7,851)	(82,225)	*(90,076)*	(59,560)
Investment management fees	0	0	*0*	(1,191)	0	0	*(1,191)*	(1,191)
Dividend income from participation	0	0	*0*	0	0	0	*0*	0
Net investment income	80,326	23,904	*104,230*	(1,191)	(16,416)	(93,123)	*(110,730)*	(6,500)

(1) Unrealized losses include impairment losses of USD 12.1million (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.

CHF ‘000 31-Dec-2022	Income	Realised gains	*Total income*	Expense	Realised losses	Unrealised losses	*Total expense*	Net income
Fixed interest securities	29,711	1,762	*31,473*	0	(81,334)	(39,292)	*(120,626)*	(89,153)
Shares	0	0	*0*	0	0	0	*0*	0
Other investments	40,573	154	*40,727*	(714)	0	(37,511)	*(38,225)*	2,502
Investment management fees	0	0	*0*	(1,260)	0	0	*(1,260)*	(1,260)
Dividend income from participation	0	0	*0*	0	0	0	*0*	0
Net investment income	70,284	1,916	*72,200*	(1,974)	(81,334)	(76,803)	*(160,111)*	(87,911)

As mentioned in section *1, Executive summary*, above, the net investment income was primarily impacted by the continued increases in interest rates in 2023. Additional contributors were the realised net gains on traded investments of USD 8.4 million (CHF 7.5 million). Compared to 2022, the net investment income increased by 92.2%, driven by higher earned interest income and the realised and unrealised gains and losses on traded investments in the reporting period. The realised losses derived from the rotating of the portfolio towards higher yielding investments.

Profit and loss items are recognised directly in the income statement and include changes in unrealised gains on investments, foreign currency translation adjustment and tax reserve for unrealised gains on investments.

3.3 Material income and expenses for the reporting period

The Company's main revenue source is premiums (refer to section *3.1, Underwriting performance*, above above). The Company's major expenses come from incurred losses, acquisition costs and general and administrative expenses. In 2023, the Company released its bad debt reserve in the amount of USD 118.4m (CHF109.5m) in view of a general accounting policy alignment among all Swiss based group companies and the GAAP accounting standards.

Refer to section *1, Executive summary*, above for commentary on the Company's 2023 results. Also refer to the Appendix '*Performance Solo Reinsurance*' for further details.

3.4 Any other material information

As noted in section *1, Executive summary*, in May 2023 RRHL entered into a definitive agreement with AIG, whereby RRHL acquired AIG's treaty reinsurance business, which included VRB and its consolidated subsidiaries, AlphaCat Managers Ltd. and its managed funds, and all renewal rights to the Assumed Reinsurance Treaty Unit of Talbot (collectively, Validus Re). The 2024 business plan includes the business that is expected to be renewed onto RREAG's balance sheet in 2024 from the legacy Validus Re book.

The Company expects to execute a merger by absorption with VRS during the fiscal year 2024. The Company will be the surviving entity of the transaction.

The information presented in section *3, Performance*, provides a true and fair view of the business and performance of the Company during the year. There is no other material information to disclose.

4 Governance and risk management

The following diagram depicts the governance structure of the Company as of 31 December 2023:

4.1 Board of Directors, Executive Committee, and other committees

The following is a description of the Company's governance structure as of 31 December 2023:

4.1.1 Board of Directors ("Board")

The Board is entrusted with the ultimate direction of the Company as well as the supervision of its management. The Board represents the Company towards third parties and attends to all matters which are not delegated to or reserved for another corporate body of the Company by law, the Articles of Association, or the regulations.

As outlined in the Swiss OR, and as set out in the Company's Articles of Association, the Board has the following non-transferable and inalienable duties:

- The overall management of the Company and the issuing of all necessary directives
- Determination of the Company's organisation
- The organisation of the accounting, internal control system ("ICS"), financial control and financial planning systems as required for management of the Company
- The appointment and dismissal of persons entrusted with managing and representing the Company and the granting of signatory power
- Overall supervision of the persons entrusted with managing the Company, in particular with regard to compliance with the law, the articles of association, operational regulations and directives
- Compilation of the annual report, preparation for the annual (shareholders) general meeting and implementation of its resolutions
- Notification to FINMA in the event of reasonable concern of over indebtedness or serious liquidity problems.

4.1.2 Audit and Risk Committee ("ARC")

The following encompass the role of the ARC:

- To recommend to the shareholder the appointment of external auditors
- To assess the independence and the effectiveness of the external audit process

- To review auditor’s management letters and monitor action taken in response to them
- To liaise with the external auditor in relation to their audit findings
- To monitor external audit expenditure
- To monitor the effectiveness, independence, and performance of the Internal Audit function
- To review and approve the RREAG Internal Audit Charter on an annual basis
- To review and approve the risk-based annual Internal Audit Plan as well as material changes thereto
- To review internal audit reports and monitor management’s action taken in response to them
- To review the annual statutory financial statements of RREAG prior to recommending them to the Board for approval at the shareholder’s meeting
- To review internal loss reserve reports prepared by the RREAG Reserving Actuary
- To review a high-level summary of the independent actuarial report prepared by the independent reserve reviewer
- To review the effectiveness of the risk management policies and procedures.

4.1.3 Executive Committee (“EC”)

The following encompass the role of the EC:

- Implement the strategies and policies agreed upon by the Board
- Regularly assess the achievement of the targets for the business
- Prepare corporate policies, strategies, and strategic plans for the attention of and approval by the Board or its committees
- Review quarterly and annual function specific reports, prepared by the respective officers, and submit for the attention of and approval by the Board or its committees
- Keep the Board informed of all matters of material significance to the business
- Implement appropriate modifications to the organisation of the business to ensure efficient operation of the business and achievement of optimised consolidated results
- Ensure that management capacity, financial and other resources are provided and used efficiently
- Deal with such other matters as are delegated by the Board.

4.1.4 Reserve Committee (“RC”)

The primary duties of the RC are to:

- Oversee the loss reserving function and appraise the sufficiency and effectiveness of the loss reserving practices of the Company
- Review the internal loss reserve reports in order to assess the adequacy of estimated loss and loss expense reserves, including unallocated loss adjustment expenses (“ULAE”)
- Approve the loss and loss expense reserves to be recorded by the Company
- Review a high-level summary of the independent actuarial report prepared by the independent reserve reviewer
- Review the Reserving Policy and oversee the Company’s compliance with the policy

- Approve the Reserving Procedures
- Perform special reviews requested by the Executive Committee.

4.1.5 Shareholder controllers, persons who exercise significant influence, the Board or senior executive material transactions

There were no material transactions during the year.

4.2 Fitness and proprietary requirements

4.2.1 Fit and proper process in assessing the Board of Directors and senior executives

4.2.1.1 Board

Members of the Company's Board are elected by the Shareholders Meeting, and only after a formal, rigorous, and transparent process for each appointment has been followed. This process ensures that the fitness and probity of potential Board candidates is assessed prior to an individual being appointed to the Board. All appointments are also subject to FINMA approval and notification to other branch regulators. The Company's Board is responsible for determining its own constitution and is also responsible for the appointment and dismissal of persons entrusted with managing and representing the Company.

4.2.1.2 Senior executives

The Company has several processes in place for assessing the fitness and probity of senior executives prior to appointment and ensuring that they continue to be fit and proper throughout their period of service to the Company. The assessment of an individual's fitness and probity will take place prior to being appointed. A summary of these processes is as follows:

- **Code of Ethics and Conduct (the "Code of Ethics")**: All RenaissanceRe companies aspire to the highest standards of honesty, integrity, and business conduct. The RenaissanceRe Code of Ethics is provided to all new employees and is available on the Compliance Portal of RenaissanceRe's intranet. Ethical and compliant behaviour is the responsibility of all RenaissanceRe employees. All employees are required to confirm their compliance with the Code of Ethics on an annual basis
- **Compliance Training**: There is mandatory compliance training for all RenaissanceRe staff every year. Employees are also required to revisit the Code of Ethics and Critical Compliance Policies each year and sign off to confirm their understanding, commitment and ongoing compliance
- **Performance Management Programme**: The annual performance management programme is conducted for all employees. This involves an appraisal of performance for the previous year including whether goals set the previous year were achieved, how an employee measures up against clearly defined skill sets that he/she is expected to possess in order to be effective and successful in his/her current position, an assessment of personal qualities including communication, interpersonal and leadership skills and an assessment against the corporate core values. The annual appraisal also provides an opportunity to document goals and development plans for the following year.

For both Board members and senior executives, the Company conducts reference checks and/or employment background screening by reputable third parties and/or governmental authorities, as applicable, and a criminal record certificate is required in support of any application to FINMA.

The Head of Compliance is responsible for the following matters as they relate to applying fit and proper requirements:

- For all potential new candidates, taking into account their competency and capability, integrity, and financial soundness, as well as determining their skills, knowledge and experience

- Periodically reviewing the structure, size, and composition (including the skills, knowledge, and experience) of the Board, particularly prior to any contemplated change to the Board's composition
- Giving due regard to any relevant legal or regulatory requirements
- Ensuring that there are no major conflict of interest issues in accordance with RenaissanceRe's Conflicts of Interest Policy, in particular for those persons holding interests outside of RenaissanceRe.

4.2.2 Board and senior executives' professional qualifications, skills, and expertise

As of 31 December 2023, the Company's Board was comprised of 4 Non-Executive Directors, 2 of whom were independent.

The roles and responsibilities of the non-executive directors are outlined in the Board of Directors Charter.

As of 31 December 2023, the Company's senior executive team comprised the Managing Director & Head of Underwriting, the Head of Finance & Business Operations, the Head of Risk, the Chief Operating Officer - Europe ("COO Europe") and the Chief Underwriting Officer - Europe ("CUO Europe").

Details regarding the professional qualifications, skills, expertise, and experience of each member of the Company's Board and senior executive team as of 31 December 2023 are as follows:

4.2.2.1 Board

Richard Murphy

Independent Non-Executive Director and Chairman of the Board

Richard Murphy was appointed as an Independent Non-Executive Director and President of the Board of RREAG in March 2019.

Mr Murphy is the Chairman of RenaissanceRe Syndicate Management Limited ("RSM"). Prior to this, he served as CEO of RSM and its predecessor Spectrum Syndicate Management Ltd from 2001 to 2015.

Prior to joining RenaissanceRe, Mr Murphy was CEO of Aviation & General Insurance Company Ltd. from 2003 to 2009 and from 1999 to 2001 he was also CEO of Crowe Syndicate Management. From 1987 to 1999 he was involved in a variety of roles for the Corporation of Lloyd's.

Mr Murphy has a Bachelor of Arts degree in Law and Politics from the University of Kent at Canterbury and is a Fellow of the Chartered Association of Certified Accountants, an Associate of the Chartered Institute of Management Accounts and Associate of the Chartered Insurance Institute.

Thomas Overtveld

Independent Non-Executive Director

Thomas Overtveld was appointed as an Independent Non-Executive Director of the Board of RREAG in March 2019. He is a member of and chairs the RREAG Audit and Risk Committee.

Mr Overtveld currently holds various Board member positions in reinsurance captives and reinsurance companies, as well as being a member of the Boards of Aon Insurance Managers Switzerland and Liechtenstein.

Mr Overtveld started his insurance career in 1982 as a facultative property underwriter with Swiss Re. In 1985, he joined Winterthur Re as an Assistant Vice President and 6 years later was promoted to European Property Manager. In 1994, as Managing Director he successfully established the Swiss branch of the reinsurer CNA Re Ltd., London. From 2000 to 2014, he headed the captive operations of Aon in Switzerland and Liechtenstein.

Conor McMenamin

Non-Executive Director

Conor McMenamin was appointed as a Non-Executive Director of the Board of RREAG in March 2019. He is a member of the RREAG Audit and Risk Committee.

Mr McMenamin joined RenaissanceRe in 2009 and is currently the Head of Portfolio Analytics, having previously held positions as Head of Risk & Underwriting Integration and serving as Chief Risk Officer for Property and, before that, European Operations. He is a reinsurance risk specialist with extensive IT knowledge and is responsible for maintaining an open and positive risk culture across RenaissanceRe's Underwriting Operations worldwide, with an emphasis on ensuring the effective and efficient running of the 'Integrated System'. He also serves as a Director on the Board of RSM.

Mr McMenamin has a Doctor of Philosophy (D.Phil) from Department of Mathematics and Physics from the University of Sussex and B.Sc. (Hons) in Physics from the University of Manchester.

Divyesh Upadhyaya

Non-Executive Director

Divyesh Upadhyaya was appointed as a Non-Executive Director of the Board of RREAG in March 2019. He is a member of the RREAG Audit and Risk Committee.

Mr Upadhyaya is the Finance Director for the European Operations of RenaissanceRe, including providing oversight of the UK Reserving team and process. He is a member of the UK leadership team working with the Executive team in defining and driving forward the strategy for the UK and European Operations. He also serves as a Director on the Board of RSM.

Mr Upadhyaya has over twenty years of senior management experience within the London Insurance Market and is a Fellow of the Chartered Association of Certified Accountants.

4.2.2.2 Senior executives

Andrea Manella

Managing Director and Head of Underwriting

Andrea Manella was appointed Managing Director & Head of Underwriting of RREAG in March 2019 and was a member of and chaired the RREAG Executive Committee.

Prior to this, Mr Manella was Executive Vice President, Member of the local Zurich Executive Team and Head of Underwriting for Continental Europe for RREAG. He joined RREAG in 2014.

Mr Manella has been in the reinsurance industry for more than 35 years and has held senior positions for over 20 years. He has an Executive Master of Business Administration ("EMBA") from the Graduate School of Business Administration, Zurich and State University of New York at Albany, USA and a Bachelor of Business Administration from the Graduate School of Business Administration, Zurich.

Angelo Giglio

Head of Finance and Business Operations

Angelo Giglio was appointed Head of Finance & Business Operations of RREAG in March 2019 and is a member of the RREAG Executive Committee. Mr Giglio was appointed as Managing Director & Head of Finance effective 1 April 2024.

Mr Giglio joined RenaissanceRe in 2018 as General Manager of the Swiss platform and is responsible for the management of the Swiss Operations, ILS distribution, risk management and all processes, procedures, and reports for internal and external stakeholders.

Prior to this, Mr Giglio was CEO of The Toa 21st Century Reinsurance Company AG and Director of Accounting & Client Strategies with AON Insurance Managers (Switzerland) AG, servicing a broad reinsurance captive client base. He has a Master of Advanced Studies FH in Controlling and the Chartered Expert in Financial and Managerial Accounting and Reporting (Advanced Federal Diploma of Higher Education).

Jennifer Gray

Head of Risk

Jennifer Gray was appointed as Head of Risk of RREAG in September 2019 and was a member of the RREAG Executive Committee.

Prior to this, Ms Gray was the Responsible Actuary at RREAG and previously the Chief Actuary and Chief Risk Officer for RenaissanceRe (UK) Limited.

Ms Gray joined RREAG in 2011. Ms Gray has held a variety of risk and actuarial positions in consultancy, insurance, and reinsurance markets for over 20 years. She qualified as a fellow of the Institute of Actuaries in 2005 and has a M.Sc. in Industrial Applied Mathematics from Southampton University and B.Sc. in Mathematics from Hull University.

Hugh Brennan

COO Europe

Hugh Brennan was appointed as COO Europe of RREAG in March 2019 and is a member of the RREAG Executive Committee.

Mr Brennan was the Chief Executive Officer of RSM, Head of RREAG UK, and Chairs the UK Operations Executive Committee. He is now RenaissanceRe's Global Head of Underwriting and Portfolio Operations.

Prior to this, Mr Brennan served as Finance Director for RSM, with ultimate responsibility for the UK & Irish finance function and related processes as they pertain to the UK & Irish operations of RenaissanceRe. He joined RenaissanceRe in Bermuda in 2009 and moved to London later that year.

Previously, Mr Brennan spent nine years with PricewaterhouseCoopers working in their Dublin, New York, and Bermuda offices, respectively. During his time with PricewaterhouseCoopers, he worked in an audit and then in an advisory capacity within the company's financial services sector, primarily focused on the Insurance/Reinsurance market.

Mr Brennan graduated from Trinity College Dublin with a Bachelor of Arts degree in Business and Economics, before qualifying as a Chartered Accountant through the Irish Institute in 2003. In 2012, he was also awarded the CFA charter.

Bryan Dalton

CUO Europe

Bryan Dalton was appointed CUO Europe of RREAG in March 2019 and was a member of the RREAG Executive Committee. He was promoted to CUO – Property from January 2023.

As CUO Europe, Mr Dalton was responsible for the broader underwriting activities in RenaissanceRe's European platform and offices in London, Zurich, and Dublin. Prior to this, he was the Active Underwriter for RSM's Lloyd's syndicate from 2014 to 2020.

Mr Dalton started at RenaissanceRe in Dublin in 2002, in a natural catastrophe analyst role. He was then based with RenaissanceRe in Bermuda, starting in 2005, where he focused on the international and retrocessional side for RRL and a number of affiliated balance sheets (Top Layer Re, DaVinci & Upsilon).

Mr Dalton has a Masters in Chemical Engineering & Environmental Law from the University of Manchester

(UMIST) and a Masters in Management Science from the University of Dublin (Smurfit Business School, UCD).

4.3 Risk management and solvency self-assessment

4.3.1 Risk management process and procedures to identify, measure, manage and report on risk exposures

Risk governance describes the accountability (or ownership), roles and responsibilities, and information flow for risk management. It includes the stakeholders and constituent groups, including the Company's Board, management, committees, and employees. Risk governance sets out the required structure and reporting and defines the guidelines and processes for making risk related decisions.

The risk management framework of RenaissanceRe governs the risk management framework and practices of all offices and subsidiaries of the Company, and as such is taken as the starting point of the Company's risk management framework.

4.3.1.1 Risk management system and changes

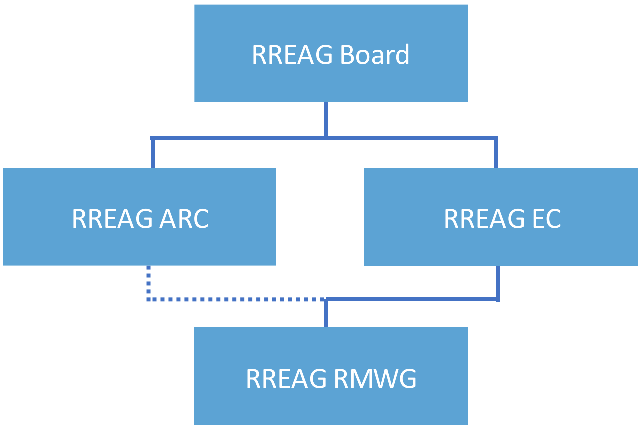
The Company's Risk Management system builds on:

- The Company's risk strategy, as defined by the risk appetite tolerances and limits in the Risk Management Policy, restricting the types of risks and risk amounts that the Company is willing to accept in pursuing its business strategy
- The Company's risk management organisation and governance
- The Company's risk management process ensuring the identification of all material risks inherent in its business, assessing, controlling, mitigating, and managing these risks
- Timely risk monitoring and reporting.

The Company made no material changes to its risk management system during the reporting period.

4.3.1.2 Risk governance structure

The Risk Function is led and managed by the Head of Risk and is staffed by experienced risk managers. A key element of the risk governance system is the Risk Management Working Group ("RMWG"), which discusses and escalates, via the Head of Risk, Risk Management related topics to the EC and the ARC. The following diagram depicts the Company's risk governance structure:



The risk framework is aligned with the ICS, which acts to define minimum requirements and standards for the identification, assessment, control, and monitoring of these risks and their sub risks.

The Company operates a three lines of defence model in order to ensure effective risk management and control, with:

- Operational management acting as the first line of defence
- The Risk and Compliance Functions acting as the second line of defence, with the Risk Function also actively involved in supporting the first line of defence
- Internal Audit primarily, and external audit, acting as the third line of defence.

4.3.1.3 Risk culture

An appropriate risk culture encompassing all activities conducted at the Company is the foundation of the Company's Risk Management framework. Risk culture at the Company starts with the Board and EC who lead by example in risk management activities, set the overall tone and have clear accountabilities. Senior management form part of the process by ensuring that risks are communicated, the importance of controls is understood, and that consideration is given to risks in all decision-making processes. Thus, ensuring that risk management is embedded throughout the entire organisation. These more informal processes are supported by formal strategies, policies, processes, organisational structure, and description of roles which are clearly documented and communicated. Risk and Compliance as the second line of defence closely work and consult with business functions based on their know-how and technical expertise. Recognising this the Company's Risk Management Policy, as signed off by the Board, builds on a statement about Risk Culture highlighting its importance.

4.3.1.4 Risk strategy

The Company's risk strategy comprises the risk objectives, as described in the Risk Management policy, and the strategy for how they will be implemented.

The risk strategy and appetite are owned and set by the Board. It represents the Company's overall philosophy to risk taking in line with its objectives and the expectations of its stakeholders including, but not limited to, parent company, policyholders, shareholders, regulators, directors, and employees.

The Company's risk strategy, as defined by the risk appetite, risk tolerance and risk limits, aims to:

- Safeguard the Company's financial strength and reputation in line with its Risk Appetite
- Support the Company to achieve its business strategy, as well as to inform changes to the business strategy
- Ensure that risks will be properly identified, assessed and quantified
- Manage and control risk accumulations within tolerable limits by following risk appetite statements
- Ensure that the Company can pay its liabilities, including day-to-day cash requirements, in a timely manner by holding an appropriate level of secure and liquid assets
- Ensure the Company is using its risk capacity in an efficient and effective way and in line with RenaissanceRe's business strategy.

4.3.1.5 Risk management process

The Company, through its risk management function, and RMWG, seeks to identify all material risks inherent in its business including emerging risks; to understand the manifestations of each risk; and to assess, control, mitigate and manage these risks appropriately. The objectives of the risk management process are to ensure that:

- All material risks are proactively identified
- The potential to cause losses or generate profits is understood and assessed
- Appropriate action is taken to manage the assumption of each risk based on that assessment and the Company's stated risk appetite

- Appropriate controls are in place to mitigate risks
- An appropriate level of capital is held to cover financial and non-financial risks from all sources
- Following a severe catastrophic event(s), appropriate capital action can be executed to remain solvent and meet its obligations under reinsurance contracts.

The Company's risk management process builds on RenaissanceRe's quantitative and qualitative risk management capabilities. Beyond risk management key results of the quantitative risk assessment, such as capital allocation, are used to inform other business processes, to optimise the Company's liability portfolio to generate improved Return on Equity.

4.3.1.6 Risk identification

The Company's Head of Risk and RMWG are responsible for risk identification and reporting these risks to the EC and ARC. The RMWG identifies risks, including any emerging risks, using available resources such as risk-based self-assessments performed by each function and the findings of internal audits.

The Company is subject to SOX compliance hence all material financial reporting risks are identified, controls in place and tested as part of this process. The Company also maintains a risk register which includes a description of operational risks (including financial statement misstatements i.e., SOX risks), the probability of their occurrence, severity level, controls in place to mitigate such risks and the risk owners. The risk owners are responsible for managing the risk and ensuring the controls are designed and operating effectively. The risk and control owners certify to the risk and controls bi-annually and the Risk Function, in conjunction with RenaissanceRe Risk Oversight Function, conduct testing on an annual basis. The results are reported to the EC and ARC.

4.3.1.7 Risk evaluation

Each material risk is measured and modelled over a one-year time horizon using RenaissanceRe's internal economic capital model, RenaissanceRe Exposure Management System ("REMS"). The results are aggregated into a probability distribution of the Company's profit and loss to provide a holistic view of all risks and their interplay. In the risk aggregation process, both risk correlation and diversification effects are taken into account.

Within RenaissanceRe and the Company, risks are evaluated using the internal economic capital model for a number of purposes including: business planning; capital allocation; reinsurance pricing; risk guidance and portfolio optimisation; and retrocessions.

Operational risks, that by nature have a lack of sufficient empirical data, are assessed through the risk register process via a scenario analysis approach based on expert judgment. Risk Management holds bi-annual discussions with each risk owner and updates the likelihood and financial impact of each identified operational risk. This risk assessment is reviewed by the RMWG and presented to the EC and ARC.

The Company's internal model (REMS) for the natural catastrophe risk is used in conjunction with the standard approach for premium (non-catastrophe), reserve, market and credit risk and market value margin for the SST.

4.3.1.8 Stress and scenario testing

Stress and scenario tests form part of the suite of tools that the Company uses in its risk management process. Stress and scenarios tests are used to assess the effects of one or more risk drivers on the Company's risk profile and financial strength in order to improve understanding of the business, in addition to validate the models used for evaluation purposes.

A stress test is the analysis of the impact of a single adverse event while a scenario test analyses the impact of a combination of adverse events.

The Company performs one-year stress and multiyear scenario tests as part of the risk register and Own

Risk and Solvency Assessment ("ORSA") processes.

4.3.1.9 Risk monitoring and reporting

Risk reporting includes relevant, sufficient, accurate and timely information provided to senior management enabling appropriate monitoring and the fulfilment of their accountabilities. To this end the Company has implemented quarterly risk reporting and an annual ORSA.

- The Quarterly Risk Report is provided to the RMWG, EC and ARC. It contains a dashboard, which monitors adherence to risk tolerance and limits as defined in the Risk Management Policy as well as information about internal and regulatory capital adequacy
- The annual ORSA report, as provided to the RMWG, EC, Board and FINMA, contains information on risk capital and solvency over the business planning time horizon. In addition, capital adequacy under various stress and scenarios and risk mitigation measures.

4.3.1.10 Business continuity plans

The Company has in place a comprehensive business continuity and IT disaster recovery programme to prepare for various emergency situations.

The suite of documents assesses the requirements and defines the appropriate response, mitigation, and recovery actions during or after an emergency:

- Business Continuity Management Programme - describes the framework required to deliver business continuity management within the Company
- Business Continuity Plan – outlines the framework and detailed plan to ensure the continuity of business in the event of a disaster or incident that affects the normal running of business
- Business Impact Analysis – describes the critical business activities, essential personnel and the timeframes to which services must be restored to ensure the viability of the enterprise in the event of a disaster or incident
- Building Fire and Evacuation Plans – outlines the procedures and essential information needed for staff in the event that an emergency evacuation of the physical building is required
- IT Disaster Recovery Plan – details the recovery and resumption of critical technology assets in case of a disaster or incident.

4.3.2 Risk management and solvency self-assessment systems implementation

The Solvency Self-Assessment, of the quantity and quality of capital required to support the Company's business goals given the amount of risk the Company has taken on (or plans to take on) and environmental factors, is monitored on an internal and regulatory (SST) basis in the ORSA report.

The Solvency Self-Assessment on an SST basis, and against risk tolerances on an internal basis, is reported on a quarterly basis, via the Quarterly Risk Report to the RMWG, EC and ARC, to ensure that the Company's capital adequacy and liquidity resources are sufficient based on the risks to the Company that arise from its operations.

4.3.3 Relationship between solvency self-assessment, solvency needs and capital, and risk management

The Company's ORSA provides an assessment of current and projected future risk and solvency for the current year and two full years of new business. The report is provided by the Head of Risk for use by Senior Management, the EC, and the Board, as part of their strategic planning and business oversight. It is also required for regulatory purposes and is provided to FINMA in January each year.

4.3.4 Solvency self-assessment approval process

The Company's ORSA Report is prepared by the Head of Risk, in consultation with relevant functions and branches, and reviewed by the RMWG, EC and ARC and approved by the Board. Post Board approval, the report is provided to FINMA.

The process respects the 'Three Lines of Defence' in that it is managed by the Second Line (rather than First). Internal Audit ("IA") periodically review the adequacy of the underlying processes that feed into the ORSA report. The scope of IA's review of the ORSA report itself is risk-based and subject to IA's annual risk assessment and planning process.

4.4 Internal controls

4.4.1 Internal control system

The Company has implemented an ICS Policy, which outlines the Company's processes and requirements regarding internal controls. The ICS outlines the processes in place to ensure that the Company's risks are identified, and appropriate controls are in place to mitigate these risks and ensure the Company's assets are protected, errors and irregularities (including fraud) are prevented, laws and regulations are adhered to, and operations are managed effectively and efficiently. Key processes include a risk and control assessment, control attestations and testing process. The ICS outlines the responsibilities of the three lines of defence for identifying, assessing, and monitoring risks and establishing, monitoring, and testing controls. Clear reporting and oversight are established through the ICS including review by the RMWG and reporting by the Head of Risk to the EC and ARC.

RenaissanceRe's Code of Ethics underpins the control environment within all RenaissanceRe entities, including the Company. The Code of Ethics provides a framework by which all employees are expected to work. An assessment of an individual's achievement in meeting the Code of Ethics is included within the annual performance management process and all employees are required to sign off against the Code of Ethics and critical compliance policies on an annual basis. All new employees are required to sign off against the Code upon joining RenaissanceRe.

In support of the Code of Ethics, there are a number of specific activities which operate within RenaissanceRe that collectively form a control framework and play an important role in minimising risk throughout the organisation.

4.4.2 Compliance function

The Compliance function is an integral part of the business, as it establishes standards and helps build a reputation for compliant behaviour, whilst seeking to avoid regulatory penalties and reduce liability. Senior management, along with the Legal, Regulatory & Compliance ("LR&C") function, work to build a corporate culture in which all members of staff understand the importance of following guidelines and controls. The Board is ultimately responsible for the Company's compliance and delegates day-to-day compliance responsibilities to the Head of Compliance, who is integrated with and supported by RenaissanceRe's global LR&C function. The Head of Compliance reports regularly to the Board on all material LR&C related issues via a quarterly report, which enables the Board to continuously ensure that the Company complies fully with all applicable rules and requirements. The LR&C function principally acts as a second line of defence in the Company, though also acts in a first line capacity in terms of its advisory and training and awareness activities, as described below.

The LR&C function is principally concerned with conduct of business rules, codes and standards set by regulators and other related legal, regulatory and market conduct standards, including sanctions, licenses, anti-money laundering, insider dealing and market manipulation.

Whilst the LR&C function is not expected to routinely monitor for other matters, it is encouraged and empowered to raise and pursue a wider range of issues that come to its attention which are likely to be of concern to regulators or affect the reputation of the business.

Generally, the LR&C function will not have responsibility for day-to-day management of a range of business and operational matters (other than advisory support), nor for matters such as financial reporting, capital adequacy, credit and trading risk management, data protection, other IT and security issues and non-compliance related training.

In order to achieve the above purpose, the LR&C function provides assistance and guidance to management and business functions through the following main activities:

- Advisory – provision of proactive and reactive advisory service on compliance issues
- Monitoring – development and maintenance of appropriate compliance monitoring programmes
- Training and awareness – procedures designed to ensure staff are aware of relevant regulatory requirements
- Regulatory relationships – management of external relationships with regulators
- Reporting – regular reporting to management and as appropriate, to regulators
- Investigations – carrying out compliance related investigatory work.

These activities operate under an appropriate degree of independence and autonomy. However, it is vital that the LR&C function should not simply be regarded as a function to 'control' management. Instead, the LR&C function should be regarded as a critical and integral part of the Company, working closely with business areas, and contributing towards the wider management of the risks within the Company's business, with particular regard to regulatory and reputational risk.

4.5 Internal audit

The Company has an Internal Audit function established as the third line of defence whose primary responsibility is to assist Management and the ARC in discharging their responsibilities by: a) furnishing them with analyses, advice and recommendations concerning the key risk areas reviewed and related assurance activities performed; b) promoting effective and efficient controls; and c) pursuing corrective action on significant issues. The Internal Audit function operates in accordance with its Charter, which outlines the mission, scope, responsibilities, and reporting structure of the function, and is reviewed and approved by the ARC annually.

The scope of Internal Audit's work is to determine whether risk management, internal control, and governance processes, as designed and represented by management, are adequate and operating effectively. To accomplish this, Internal Audit activities will include:

- Development and delivery of an annual risk-based internal audit plan based upon the significant financial, compliance and operational risks of the Company
- Testing of internal controls over financial reporting in order to support RenaissanceRe's requirements of Section 404 of the Sarbanes-Oxley Act of 2002
- Reviewing the effectiveness of risk management, internal controls, and governance processes at the Company
- Evaluating processes and controls which ensure that the Company is complying with applicable laws, regulations, and governance standards
- Evaluating change activities including significant projects or large-scale business initiatives
- Periodic reporting to senior management and the ARC.

The Internal Audit function of RREAG is carried out by the Head of Internal Audit – Europe, with support from the wider Internal Audit function within RenaissanceRe. The independence of the Internal Audit function is evaluated by the ARC on an annual basis with assistance from the EC. In conjunction with the annual evaluation, the Head of Internal Audit – Europe will confirm to the ARC, at least annually, the organisational independence of the Internal Audit function. The Internal Audit function is comprised of professional staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of the Internal Audit Charter. The Head of Internal Audit – Europe oversees the activities of its internal audit outsourcing partners and other external consultants who are engaged from time-to-time to assist in the Company's Internal Audit function.

4.6 Actuarial function

The Actuarial function is responsible for:

- Coordinating the calculation of the technical reserves
- Ensuring appropriateness of methodologies, models and assumption used in the calculation of the technical reserves
- Assessing sufficiency and quality of data used in the calculation of the technical reserves
- Contributing to the effective implementation of the Company's risk management system
- Ensuring RenaissanceRe's reporting and governance standards are adhered to
- Ensuring the solvency margin is calculated correctly.

The Company's overall reserving process includes reviews by internal and external parties. The Company's Reserving Actuary is responsible for recommending, monitoring, and adjusting the reserves. The reserves are approved by the Reserving Committee, which is chaired by the COO, and reviewed by the ARC on a quarterly basis. An external independent analysis of the Company's reserves is also conducted by Willis Towers Watson ("WTW"), with an annual certification that the financial statement losses and loss adjustment expenses ("LAE") reserves are adequate. In addition, PwC, who are appointed as the Company's external auditors, opine on the appropriateness of the Company's Swiss OR financial statements, including reserves.

The Actuarial function assists with the effective implementation of the risk management system of the Company, with respect to the risk modelling underlying the calculations of the capital requirements.

In addition, in accordance with Swiss Insurance Supervisory law, the Actuarial function has a Responsible Actuary who among other things performs an independent review of the Company's technical reserves at least annually.

4.7 Outsourcing

4.7.1 Outsourcing policy and key functions that have been outsourced

The Company has an Outsourcing Policy that sets out how the Company seeks to manage potential or actual outsourced arrangements and has been designed by taking into account the size and complexity of the business of the Company.

All outsourcing arrangements entered into by the Company are subject to the framework established in the Outsourcing Policy, with particular focus on material or critical operational functions. Outsourcing arrangements may be provided by both independent third-party providers and other companies within RenaissanceRe (intra-group outsourcing). The Company will outsource material or critical operations only when doing so is economically justified or when third party assistance is necessary to provide expert or essential services.

As of 31 December 2023, the Company outsourced the following key functions:

- Underwriting (partially outsourced and only for business from US cedants, see 4.7.2 below)

- Investment management
- IT Infrastructure.

4.7.2 Material intra-group outsourcing

As of 31 December 2023, the Company had material intra-group outsourcing arrangements with:

- RenaissanceRe Underwriting Managers U.S. LLC for delegated underwriting authority
- RenaissanceRe Services Ltd. for investment management services and IT infrastructure services
- Renaissance Services of Europe Limited for investment management services.

4.8 Other material information

No other material information to report.

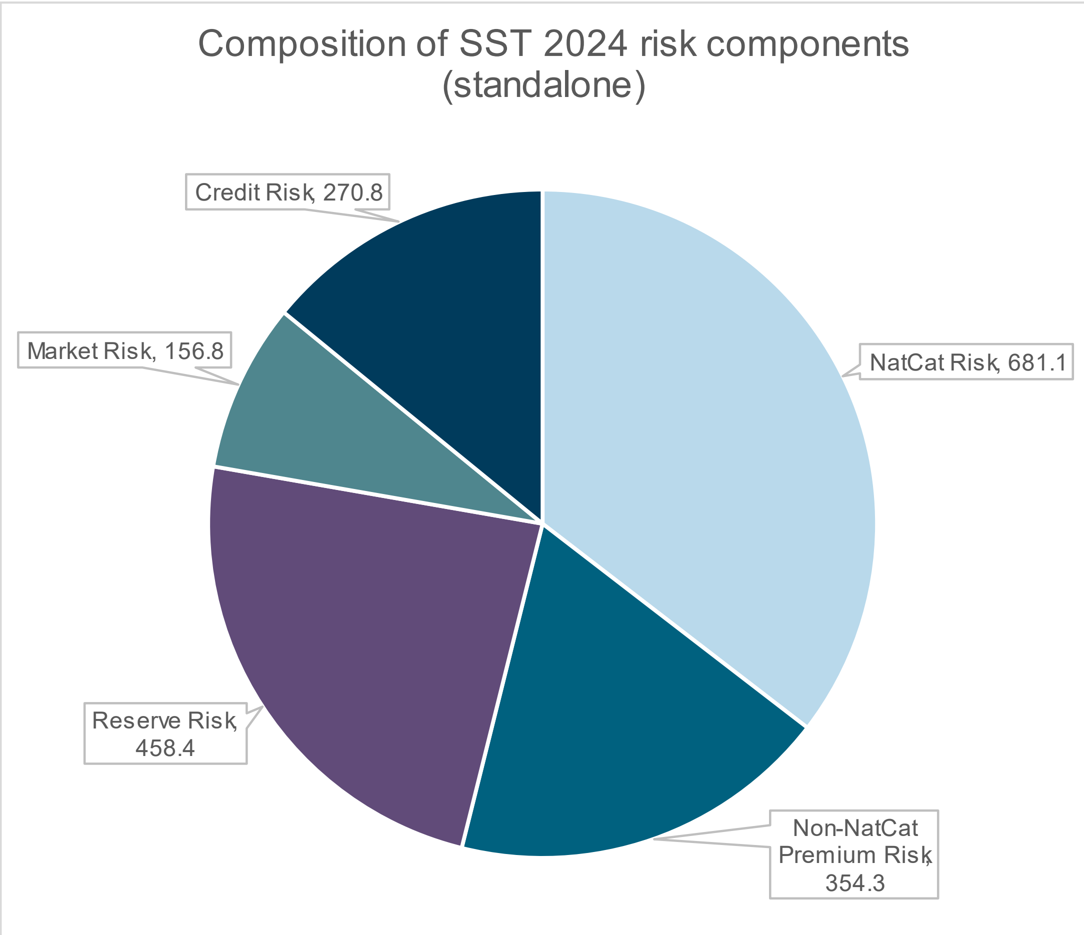
5 Risk profile

5.1 Material risks exposed to during the reporting period

In the course of the Company's risk identification, assessment, control, monitoring and reporting process, it has identified and categorised all of its risks into the following categories:

- Insurance risk including non-natural catastrophe premium risk, natural catastrophe risk and reserve risk
- Market risk including interest rate risk, foreign exchange risk, revaluation risk, equity price risk and credit spread risk
- Credit risk
- Liquidity risk
- Other risk: operational; compliance and regulatory; model; strategic etc.

The chart below shows the composition of risk components on an SST basis (in USD millions).



5.1.1 Insurance risk

Insurance risk consists of non-natural catastrophe premium risk, natural catastrophe risk and reserve risk.

Total Premium Risk (i.e., including catastrophe risk) may be due to either the acceptance of risks that do not comply with the Company's underwriting guidelines and corporate strategy, or the acceptance of risks that result in losses and expenses greater than it had anticipated at the time of underwriting.

As a reinsurance company, the Company is in the business of taking premium risk and therefore this is the most material risk. The Company's risk limits are defined in its Risk Management Policy for insurance risk combined. The Company has Underwriting Guidelines in place that define the geographical scope, excluded business and underwriting authorities.

The Company employs experienced catastrophe analysts and modellers, as well as experienced and credentialed actuaries, to perform pricing analyses to ensure that each risk is adequately priced.

5.1.1.1 Non-natural catastrophe premium risk

Non-natural catastrophe premium risk is the risk that the premium to be earned over the next twelve-month period from the in-force, new or renewal reinsurance contracts is insufficient to cover the claim costs, claim adjustment expenses as well as the acquisition costs to be incurred by those contracts over the same period.

Non-natural catastrophe premium risk under SST 2024 is USD 354.3 million on a standalone basis, a decrease compared to SST 2023 mainly driven by business mix.

The Company has purchased retrocessions in the past several years to enhance the diversity of the portfolio, improve capital efficiency, manage the net retention, and protect the capital of the Company. The Company will continue to utilise this important risk management tool when the pricing and risk mitigation impact justifies doing so.

5.1.1.2 Natural catastrophe risk

Natural catastrophe risk is the risk that the premium to be earned over the next twelve-month period from the catastrophe exposed reinsurance contracts (in-force, new or renewal) is insufficient to cover potential claim costs, claim adjustment expenses as well as the acquisition costs associated with those contracts that may originate from extreme or exceptional catastrophic events over the same period, such as hurricanes, floods, earthquakes, windstorms, and landslides.

Natural catastrophe risk is classified as a separate and distinct class of premium risk mainly due to its low-frequency and high severity characteristics, its potential to affect numerous contracts simultaneously and inflict significant erosion of the Company's capital.

Natural catastrophe risk is the largest contributor to the Company's total risk with USD 681.1 million of SST Target Capital on a standalone basis for SST 2024. The level of natural catastrophe premium risk has increased significantly from SST 2023 in line with the business plan, reflecting an increase in most peril-regions, especially European perils and South American Earthquake risk, driven by the additional business coming on from Validus Re.

The Company has made a series of strategic moves to diversify, spread and dilute its catastrophe exposures as well as optimise its underwriting portfolio through geographical diversification and by writing casualty and specialty lines and lower layers of business. Hence the Company's catastrophe exposures are managed by limiting the amount of exposure in any one geographic area.

The Company also writes reinsurance risks for periods of mainly one year so that the contracts can be assessed for pricing and terms and adjusted to reflect any changes in market conditions.

In addition, retrocession is purchased to enhance the diversity of the Company's portfolio, maintain the net retention and even out peak exposures, and more effectively manage the volatility of the Company's book of business.

There is a large diversification benefit between natural catastrophe and non-natural catastrophe premium risk.

5.1.1.3 Reserve risk

Reserve risk is the risk that the best (point) estimate of unpaid loss and LAE reserves are inadequate to cover all future payments for the full settlement of claims from all prior accident years (on or prior to the valuation date).

Reserve risk is distinct from total premium risk and is related to exposures that have already been earned and claims that have already been incurred but have not yet been reported ("IBNR") or fully settled.

Reserve risk under SST 2024 is USD 458m on a standalone basis. The decrease in reserve risk from SST 2023 is mainly due to a large reduction in estimated risk from large events.

A full analysis of loss and LAE reserves is performed on a quarterly basis. The reserve analyses are reviewed by and discussed with underwriters, actuaries, claims, finance, and senior management prior to submission to the RC. As per section *4.6, Actuarial function*, above, the Responsible Actuary is responsible for ensuring that adequate technical reserves are established. An independent review of the reserves at Q3 and Q4 is also conducted by WTW.

5.1.1.4 Retrocessional contracts

RenaissanceRe, in conjunction with the Company, purchase retrocession cover on a yearly basis for the Company. The Company closely monitors its risk aggregation on an ongoing basis and assesses its risk profile/ appetite when considering retrocession coverage each year to enhance the diversification of the portfolio, improve capital efficiency, manage the net retention, and protect the net income of the Company.

The Company will continue to utilise this important risk management tool when the pricing and risk mitigation impact justifies doing so.

5.1.2 Market risk

Market risk refers to the risk of financial loss due to a change in the value of the financial assets in the Company's investment portfolio or a change of market risk factors that affect the value of such assets or the Company's liabilities. The Company has identified interest rate risk, foreign exchange risk, revaluation risk, equity price risk and credit spread risk as its main sources of market risk.

Market risk under the SST for 2024 is USD 157.0m on a standalone basis. The decrease in market risk compared to SST 2023 is driven by a divestment from equities.

5.1.2.1 Interest rate risk

Interest rate risk is a function of general economic and financial market factors (such as the level, trend, and volatility of interest rates) as well as the characteristics of the individual fixed interest securities held in the Company's investment portfolio. The Company cannot control the former, but it can control the latter.

Investment guidelines are established to manage this risk. These guidelines set parameters within which external investment managers and the internal RenaissanceRe investment function must operate. The guidelines are set by the RenaissanceRe investment function and are approved by the Company's Executive Committee. The Company's Investment Principles specify the limitations on the maximum percentage of assets that can be invested in a single issuer or in a single asset class. There are also specific limitations on the maximum maturity for various classes of fixed interest securities and the minimum requirements of credit ratings. RenaissanceRe's investment function reviews the composition, duration, and asset allocation of its investment portfolio on a regular basis in order to respond to changes in interest rates and other market conditions. RenaissanceRe's investment function also mitigates interest rate risk on the investment portfolio by establishing and monitoring duration ranges in its investment guidelines.

5.1.2.2 Foreign exchange risk

The Company operates internationally and its exposures to foreign exchange risk arise primarily with respect to the U.S. dollar, Australian dollar, Euro, Pound Sterling, and New Zealand dollar. The Company's reporting currency for its financial results is the U.S. dollar. The effect of this on foreign exchange risk is that the Company is exposed to fluctuations in exchange rates for non-U.S. dollar denominated transactions and net assets.

The Company's investments are primarily denominated in USD (and AUD for RREAG AU).

5.1.2.3 Equity price risk

The Company is exposed to equity price risk through its holding of alternative investments. The Company holds equity investments to diversify its investment portfolio and take advantage of expected long-term returns. Investment limits as set out in the Company's Investment Guidelines are used to manage and monitor these exposures.

5.1.2.4 Credit spread risk

The Company's investment strategy acknowledges the risk of declining market values for the Company's fixed interest securities due to the widening of credit spreads. Investment limits per portfolio as set out in the Company's Investment Guidelines are used to manage and monitor this risk. The advantage of being able to invest in long duration securities gives the Company the opportunity to invest in securities yielding spreads over the risk-free return and earning this additional yield component.

5.1.3 Credit risk

Credit risk is the risk of potential financial loss due to unexpected default, or deterioration in the credit ratings, of the debtors or counterparties of the Company for example:

- Asset credit risk may arise from the unexpected default, or deterioration in the credit ratings, of the debtors or issuers of the financial instruments that the Company holds in its investment portfolio, which may cause them to lose value
- Bank credit risk involves the loss of the Company's funds held by a bank due to its insolvency
- Broker credit risk stems from the insolvency of a broker that is either holding premium owed to the Company or claim payments owed by the Company to a cedant
- Retrocessionaire credit risk involves the default of one of the Company's retrocession partners who is then unable to indemnify a substantial claim to the Company following a large covered loss.

Credit risk under the SST for 2024 is USD 271 million on a standalone basis. Credit risk decreased compared to SST 2023 driven by an increase in the credit quality of its investment counterparties.

The Company's investment portfolio is appropriately diversified to limit the amount of credit exposure with respect to lower rating categories and any one issuer. RenaissanceRe's investment function has established comprehensive guidelines for the Company's investment managers regarding the type, duration, and quality of investments acceptable to the Company. The performance of investment managers is regularly reviewed to confirm adherence to these guidelines by RenaissanceRe's investment function.

Credit risk on premiums receivable from cedants is managed by conducting business with reputable broking organisations, with whom the Company has established relationships, and by cash collection procedures.

For the purchase of retrocessions, to control and mitigate counterparty credit risk most of the retrocessions are either collateralised or placed with highly rated reinsurers.

There is also a RenaissanceRe Counterparty Credit Committee in place, which is chaired by RenaissanceRe's Chief Portfolio Officer. The Counterparty Credit Committee is responsible for ensuring appropriate ceded counterparty credit limits are set based on a counterparty's credit rating and, to a lesser degree, the size of its reserves. On a quarterly basis, counterparty credit exposures are assessed against the established credit limits by counterparty, which is then reported to the Counterparty Credit Committee.

The Company also has a Credit and Financial Products portfolio. Although this product increases diversification within the underwriting portfolio of the Company it is also subject to both specific and systemic credit risk.

5.1.4 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its contractual obligations in a timely manner due to the inability of its investment assets to be sold without causing a significant movement in the price and with minimum loss of value. Liquidity risk can be an outcome or consequence of the Company's exposures to catastrophe risk and market risk.

RenaissanceRe's treasury function aims to keep liquidity risk as low as possible so that the Company will be able to meet its contractual obligations in a timely manner, even under stressed scenarios such as following a major catastrophic event. Sufficient liquid assets are maintained, or assets that can be converted into cash at short notice and without any significant capital loss, to meet expected cash flow requirements. These liquid assets are regularly monitored using cash flow forecasting to ensure that surplus funds are invested to achieve a higher rate of return. RenaissanceRe's investment function also monitors market changes and outlooks and reallocates assets as deemed necessary.

The Company defined an optimal level of operational cash in various currencies within each branch and therefore holds an internally managed investment portfolio that can be used for liquidity requirements. The Company also has in place Revolving and Letter of Credit Facility Agreements which allow for the issuance and renewal of Letters of Credit which are used to support the Company's reinsurance obligations and access to RenaissanceRe's cash pool for working capital needs. For the purposes of monitoring, the Company's Quarterly Risk Report provides an overview of liquidity coverage ratios and excess liquidity in a 'Normal State' and a 'Stressed State (95% Value at Risk "VaR")', as well as other percentiles.

5.1.5 Operational risk

Operational risk refers to the risk of financial or other loss, or potential damage to the Company's reputation resulting from inadequate or failed internal processes, people, and systems or from external events.

Operational risk has remained stable in the year. Some examples of the key operational risks facing the Company include: IT Cyber / Infrastructure security breach; deals mispriced/misinterpreted; failure to record, monitor, and respond to aggregate exposures; failure of ceded contracts to provide intended coverage; investment guidelines not being adhered to; financial processes; facility management; claims handling; and failure to execute on the gross and net business plan.

Through the scenario analysis process, the Company has also made efforts to identify and assess the financial impact of various operational risks. These risks are managed through internal controls and monitoring tools such as the risk register.

5.1.6 Strategic risk

Strategic risk is the risk to earnings or capital arising from adverse business decisions or improper implementation of those decisions or inability to act in response to business opportunities or to adapt to changes in its operating environment.

The following are examples of strategic risks facing the Company:

- Flawed response plans to market price cycles, including maintaining premium volume and market share during market declines and improper performance incentives for underwriters and others
- Planning processes (e.g. plan loss ratio setting, target premium volume) that are not fully integrated with internal financial indicators and external benchmarks or are based on forecasts that are inherently optimistic
- Expansion into new lines or territories with inadequate underwriting expertise, pricing systems, price monitoring capabilities, understanding of regulatory requirements, claims handling staff
- Failure of large information technology and infrastructure projects to achieve the specified goals.

Strategic risks can be split into two components, one being the risk emanating from making business decisions (active) such as the last two risks in the list above, and the other emanating from a lack of response to industry challenges (passive) such as the first two risks in the list above.

Strategic risk is especially important for the Company because it has optimised the risk profile of its business by growing those lines of business which help to diversify its concentration in catastrophe exposures. Although there is inherent risk in such strategic expansion into new lines and geographical areas, there are also many benefits. RenaissanceRe has a Corporate Strategy Department that further assist in mitigating this risk. In setting the Company's appetite for this risk, both the risk and the benefits are taken into consideration.

The Company identifies and assesses the strategic risk, around inability to execute the business strategy, within its risk register and performs scenario analyses to evaluate the potential financial impact that may arise from such a risk.

New business will be evaluated periodically to determine whether or not it has met the strategic goals of the Company.

5.2 Risk mitigation in the organisation

The Company controls risk in the organisation through a variety of ways, but ultimately risks are reported and monitored centrally by the risk management function. The risk management function also verifies that risks are either kept within agreed limits or temporary breaches for unique situations are appropriately escalated to the relevant Board, and/or sub-committee, and either approved or rectified. Further, the Board, ARC and Internal Audit review the Risk Management framework and ensure the controls in place for managing the risk exposures are operating as intended. If a new risk emerges, the RMWG establishes controls to manage the risk.

As above, the Company has various risk mitigation frameworks, tools, and processes in place to either reduce the likelihood of a loss occurring, or, if it does, reducing its impact, including:

- Risk appetite and risk tolerance/limits - limiting the risk that the Company is willing to accept by balance sheet, at risk type level
- Diversification both by product line and by geography
- Underwriting practices including the underwriting controls, employment of experienced catastrophe analysts, modellers, and actuaries to perform pricing analyses to ensure that risks are adequately priced
- Use of numerous inwards reinsurance contract clauses to reduce its contractual liabilities; these include limits and exclusions as well as the rights that the Company have such as the right to cancel the contract in certain circumstances
- Purchase of retrocessional contracts to protect its balance sheet against peak exposures; although it is recognised that whilst this can significantly reduce insurance risk, a retrocession will introduce counterparty credit risk
- Setting investment guidelines and defining permitted investments; setting restrictions and limits on each type of investment to enhance diversification, increase liquidity and decrease concentration risk
- The Company has implemented an ICS Framework which is reviewed and reported on annually by the Head of Risk alongside the RenaissanceRe Risk Oversight Function. The Risk Register documents the controls in place for each key operational risk and attestations are provided by control owners annually. Testing of controls is carried out by the second and third lines of defence.

See section *5.1, Material risks exposed to during the reporting period*, above for further details on mitigations specific to each risk category.

The Quarterly Risk Report, as provided to the RMWG, EC and the ARC, monitors the adherence to risk tolerance and limits; monitors branch regulatory capital limits; covers operational and qualitative risks; monitors liquidity risk; monitors concentration risk; shows the internal modelled risks results by risk type based on the latest in-force exposure; shows PMLs; includes information from the RMWG e.g., on new and emerging risks.

5.3 Material risk concentrations

As above, the Company has policies governing risk concentrations including but not limited to:

- Risk Management Policy
- Underwriting Guidelines
- Reserving Policy
- Investment Guidelines
- Ceded Reinsurance Policy
- Business continuity and IT disaster recovery programme.

See above section *5.1, Material risks exposed to during the reporting period*, above for further details on material concentrations specific to each risk category.

5.4 Investment in assets

Cash and short-term investments are managed internally by the Treasury unit, while the management of the Company's investment portfolios is outsourced to third party investment management firms or affiliated group companies to generate investment income supporting the underwriting profitability. The investment portfolios supporting the technical provisions have an appropriate level of liquidity to ensure the ability to pay all contractual policyholder benefits and expense obligations, taking into account the management of interest rate, foreign exchange and liquidity risks between assets and liabilities as defined by the Company's Investment Principles. These guidelines are reviewed on an annual basis or ad-hoc if any significant events have occurred and subsequently approved by the Board of Directors.

5.5 Stress testing and sensitivity analysis to assess material risks

Stress and scenario work has been conducted in different forms over the year:

- The scenarios required for the SST Target Capital and reporting: quantification of scenarios is undertaken as part of the annual submission of the SST report for FINMA
- Risk register scenarios: quantification of scenarios is undertaken as part of the annual risk register review; these are assessed through a scenario analysis approach based on expert judgment
- Multi-year scenarios for ORSA purposes.

Based on the capital and solvency assessments performed, and taking into account various management mitigation actions that it would invoke post an event, the Company is adequately capitalised to support the risks associated with its current business activities and to pursue its business strategy while meeting the expectations of its clients and shareholders.

6 Solvency valuation

A key component of the Solvency Valuation is the Risk Bearing Capital (“RBC”). The RBC is calculated by applying the SST market consistent principles for the valuation of both assets and liabilities.

The starting point of the SST RBC calculation is the Company’s US Generally Accepted Accounting Principles (“US GAAP”) balance sheet, excluding Purchase GAAP accounting (“PGAAP”) adjustments. The Company’s US GAAP balance sheet is then converted into a Market Consistent Balance Sheet (“MCBS”) for SST purposes. The Company’s US GAAP balance sheet covers the accounts of the Company, including all offices and subsidiaries. All significant intercompany transactions and balances are eliminated on consolidation.

6.1 Valuation bases, assumptions, and methods to derive the value of each asset class

6.1.1 Asset valuation before market consistent conversion

All assets are booked at fair values in accordance with US GAAP. The fair value of an asset or liability is the value that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between open market participants at the measurement date under the current market conditions regardless of whether that price is directly observable or an estimate using another valuation technique.

The fair value principles used for the Company’s investment assets are outlined below.

- Cash and cash equivalents include cash at the bank and on hand, short-term deposits and other short-term highly liquid investments that are subject to insignificant risk of changes in fair value. Cash and cash equivalents are carried in the balance sheet at amortised cost and carrying amounts approximate fair value due to the short-term nature and high liquidity of the instruments.
- Investments are comprised of short-term investments and investments in fixed interest, equity, and other securities:
    - **Short-term investments** – the carrying value reported in the consolidated balance sheet approximates the fair value due to the short-term nature of the investments
    - **Fixed interest securities** – priced using pricing services, such as index providers and pricing vendors. The pricing vendors provide pricing for a high volume of liquid securities that are actively traded. For securities that do not trade on an exchange, the pricing services generally utilise market data and other observable inputs in pricing models to determine prices
    - **Equity securities** – comprised of common stock, mutual funds, and real estate investment trusts. Fair value is generally based on prices obtained from market exchanges in active markets. For investment in mutual funds, the fair value of the fund is estimated to be the net asset value reported by the fund administrator at the balance sheet date
    - **Other securities (mostly alternatives)** – consist of investments in investment funds organised as limited partnerships, investment in funds organised as limited liability companies, real estate investments held by limited liability companies and investment in an absolute return fund. For private equity investments, since quoted market prices are not available, the transaction price is used as the best estimate of fair value at inception. For investments in funds organised as limited liability companies, the funds’ financial statements constitute the key valuation input.

The following tables show the value of investment assets broken down by asset class.

6.1.2 Transition from US GAAP to SST Market Consistent valuation of investment assets

No adjustments to the fair value of investment assets have been made to convert the Company's US GAAP balance sheet to MCBS as of 31 December 2023:

USD '000	US GAAP	MCBS	Delta	Comment
Fixed income securities	1,569,883	1,569,883	-	No adjustment
Loans	201,380	201,380	-	No adjustment
Securitizations	266,859	266,859		
Alternative Capital	529,797	529,797	-	No adjustment
Cash and cash equivalents	84,591	84,591	-	No adjustment

6.1.3 Transition from US GAAP to SST Market Consistent valuation of non-investment assets

The following adjustments to non-investment assets have been made to convert the Company's US GAAP balance sheet to MCBS as of 31 December 2023:

USD '000	US GAAP	MCBS	Delta	Comment
Reinsurance recoverable	1,976,954	1,762,693	(214,261)	Discounting impact and RDA gross up
Prepaid reinsurance premiums	742,546	375,063	(367,483)	Ceded URR
Deferred acquisition costs ("DAC")	499,597	-	(499,597)	DAC Removal
Deferred tax asset ("DTA")	6,753	-	(6,753)	DTA removal
Premiums receivable	1,969,513	1,880,097	(89,416)	Discounting impact
Funds with held	120,577	120,577	-	No adjustment
Accrued investment income and Receivable for investments sold	196,229	196,229	-	No adjustment
Other assets	10,545	10,054	(492)	Reduced by the amount of prepaid expenses

All other asset line items remained unchanged from the US GAAP valuation.

Note that the market consistent adjustment of reinsurance recoverable includes a gross up of recoveries under the RDA to reflect a market consistent best estimate including all future cash flows under the RDA as expected by the Company. On the Company's US GAAP balance sheet, expected profit commissions are not considered when calculating the best estimate recoveries under the RDA.

6.2 Valuation bases, assumptions, and methods to derive the value of technical provisions

6.2.1 Liability valuation before market consistent conversion

The reinsurance liabilities are based on the best estimate made by the Company derived from reasonable assumptions and appropriate generally accepted actuarial principles and methods.

6.2.1.1 Outstanding losses and loss expenses

Outstanding losses and loss expenses are the Company's estimate of reasonable accruals for the unpaid loss and LAE that must be posted on the balance sheet on the valuation date in order to make an adequate provision for all unpaid loss and LAE obligations of the Company under the terms of its contracts and agreements. They are comprised of the case reserves estimated by the ceding companies and IBNR and Additional Case Reserves estimated by the Company.

Loss and LAE reserves are estimated by the Reserving Actuary. The adequacy of the Company's carried reserves is independently reviewed by the Responsible Actuary who issues an actuarial report on their findings.

6.2.1.2 Unearned premiums

UPRs represent the unexpired portion of the premiums assumed and are the second largest liability of the Company. This liability item can be determined relatively more objectively than the loss and LAE reserves.

Premiums assumed are recorded on the accrual basis and are included in income over the period of exposure to risk with the UPR deferred in the balance sheet. Reinsurance premiums ceded are similarly earned over the period of exposure to risk with the unearned portion being deferred in the Company's US GAAP balance sheet as prepaid reinsurance premiums.

For excess of loss contracts, the ultimate premium is estimated at the contract inception. Subsequent premium adjustments, if any, are recorded in the period in which they are determined.

For proportional treaties, the amount of premium is normally estimated at inception of the contract by the ceding company. The Company accounts for such premium quarter by quarter – at inception using initial estimates, reviewed regularly with respect to the actual premium reported by the ceding company. Changes in estimates are recognised in the quarter in which they are determined.

6.2.2 Transition from US GAAP liabilities to SST Market Consistent valuation of liabilities

The loss and loss adjustment reserves carried out on the Company's US GAAP balance sheet are on an undiscounted basis.

In order to value the balance sheet liabilities in a market consistent manner, loss and LAE reserves are discounted to reflect the time value of money using the average payment patterns and the SST specific yield curves. The amount of discount as of 31 December 2023 is USD 461.9 million. Including this adjustment, the gross value of loss and LAE reserves is USD 3,579 million.

Furthermore, assumed and ceded premium provisions (UPR under US GAAP) are valued as the present value of future of losses and expenses for all business bound as of 31 December. This is referred as Unexpired Risk Reserve ("URR").

Reinsurance balances payables are also discounted and the ceded DAC removed.

The Market Value Margin ("MVM") is considered within the MCBS but is not part of the US GAAP balance sheet. The MVM is valued using the SST standard model approach without any modification.

The following table provides an overview of liability items with a difference between the Company's US

GAAP balance sheet and MCBS as of 31 December 2023:

USD ‘000	US GAAP	MCBS	Delta	Comment
Loss and LAE reserve (gross)	4,041,497	3,579,605	(461,892)	Discounting impact
Unexpired Risk Reserve (URR) (incl. ceded funds withheld)	1,510,798	733,315	(777,484)	Gross URR
Reinsurance balances payable	1,380,002	1,042,964	(337,039)	Discounting, removal of ceded DAC
Payable for investment purchased	181,684	181,684	0	No adjustment
Accounts payable and accrued liabilities	48,366	27,740	(20,626)	Removal of corporation tax items
Market Value Margin (MVM)	-	193,830	193,830	MVM

6.3 Description of recoverable from reinsurance contracts

Reinsurance recoverable from reinsurers represent the provisions for ceded reserves. They are discounted to reflect the time value of money using the average payment patterns and the SST-specified yield curves. The amount of discount is USD 256.7 million. In addition, the MCBS is increased by USD 42.5 million for the gross up of the RDA recovery, as conservatively booked under US GAAP to the true economic value of USD 495.8 million. Including these adjustments, the net value of loss and LAE reserves is USD 1,816.9 million as of 31 December 2023.

6.4 Description of losses payable

This liability represents losses payable to the reinsured in accordance with the terms of the reinsurance contracts on losses already paid by the reinsured. Therefore, the value of this liability can be determined objectively and subject to little or no uncertainty. The Company as the reinsurer may require from the reinsured proper proof and documentation for the loss payments and may need to verify coverage of the losses by the reinsurance contract.

6.5 Valuation bases, assumptions, and methods to derive the value of other liabilities

All other liabilities are valued on a US GAAP basis apart from Deferred Tax Liabilities and Deferred Tax Assets which are removed from the MCBS. Included in other liabilities are deposit liabilities, payables for investments purchased, fair value of derivative liabilities, derivative balances payable, accounts payable and accrued expenses, deferred fee income, retirement benefit obligation and deferred commission income.

6.6 Any other material information

No additional material information to report.

7 Capital management

7.1 Capital management process and policy

As part of the Company's risk appetite, the Company defines the amount of capital required to meet its internal risk appetite and regulatory requirements and commercial constraints. The Company's main objective is to ensure that it has sufficient capital resources to remain solvent on both regulatory and economic bases. Also, the capital projections shown in the Company's ORSA to the end of the current year and the two-year business planning period facilitates Board discussion on the capital requirements for the Company.

Localised assets in the Company's US and Australia branches are ring-fenced to meet local regulatory requirements, otherwise fungibility of assets is unrestricted. With the Company's US branch Plan of Operation US, asset fungibility is becoming less of a concern for the Company.

As of 31 December 2023, the Company benefitted from a capital support agreement with RRHL, which is referred to as the Net Worth Maintenance Agreement ("NWMA"). Under the NWMA, RRHL agrees to cause the Company to maintain capital solvency margins as required under the SST. The NWMA is not considered as part of the annual SST calculation.

The Company also benefits from various external and internal retrocession agreements which allow it to manage its capital position in an agile and flexible way.

There have been no further material changes to the Company's capital management process during 2023.

7.2 US GAAP capital

Shareholder's equity under the Company's US GAAP balance sheet as of 31 December 2023 and 31 December 2022 are shown in the table below.

Shareholder's equity

USD '000	31 December 2023	31 December 2022
Share capital	250,000	250,000
Contributed surplus	579,932	574,503
Retained earnings	297,164	40,024
Accumulated other comprehensive loss	(28,665)	(28,629)
Total shareholder's equity	**1,098,431**	**835,898**

Note these figures are shown including PGAAP

Fully paid issued shares, which have a par value of USD 1 each, carry one vote per share and carry a right to dividends. Contributed surplus represents cash contributed to the shareholder in excess of the issued share capital. Accumulated other comprehensive loss comprise foreign currency translation reserve and retirement benefit obligation. The increase in retained earnings from 31 December 2022 to 31 December 2023 is related to the annual GAAP profit of USD 260.0 million, whereas the increase in the Accumulated other comprehensive loss is composed of the variance in the Cumulative Translation Adjustments (CTA) of negative USD 0.5 million and the positive impact of the Pension Costs Evaluation of USD 0.5 million.

8 Solvency

8.1 Regulatory capital requirements

The Company evaluates its regulatory solvency position under the SST using a partial internal solvency model. For SST 2024, which is based on the valuation date 31 December 2023 the Company has used its internal model for natural catastrophe risks only since no standard model is provided by FINMA. Natural catastrophe risks are modelled using RenaissanceRe's internally developed proprietary natural catastrophe model. The Company has used the SST standard model components for non-natural catastrophe insurance risk, market risk, credit risk, the risk margin and risk aggregation.

8.1.1 Target capital

The following table shows a breakdown of the Company's Target Capital under the SST in its key components for the current and the previous reporting period. The main driver of the Company's Target Capital is insurance risk which reflects the Company's core business and the main drivers for the change in Target Capital are the result of multiple factors: an increase in insurance risk, slightly offset by a decrease in market, credit risk and expected underwriting and investment results.

The company also considers concentration scenarios within its Target Capital for the SST 2024 for those counterparties with an exposure exceeding 25% of the RBC.

Target capital key components

USD millions	Current Year – SST 2024 As of 31 December 2023	Previous Year – SST 2023 As of 31 December 2022
Insurance risk	831.3	622.8
Market risk	156.8	168.0
Credit risk	270.8	285.4
Diversification between market, credit, and insurance risk	-306.2	-271.1
Other effects including expected results, non-insurance scenarios	-107.5	-195.8
Target Capital	**845.2**	**609.2**

8.1.2 Underwriting risk

The table below shows the breakdown of the Company's insurance risk under the SST into its key components including previous year and current year figures. For SST 2024, the Company is using FINMA's standard model for non-natural catastrophe premium risk, reserve risk and insurance risk aggregation. The main component of insurance risk is natural catastrophe risk which is the main contributor to the overall Target Capital. In line with the business plan, natural catastrophe risk increases compared to SST 2023. Non-natural catastrophe premium risk has decreased compared to SST 2023 mainly driven by an increased share in less volatile business. Reserve risk decreases mainly driven by a reduction in estimated risk from large individual events. Finally, for SST 2024 the RDA is no longer modelled leading to no capital benefits.

Insurance risk key components

USD millions	Current Year – SST 2024 As of 31 December 2023	Previous Year – SST 2023 As of 31 December 2022
Natural catastrophe risk	681.1	402.2
Non-natural catastrophe premium risk	354.3	389.8
Reserve risk	458.4	510.5
Diversification	-662.5	-570.1
Impact of Reserve Development Agreement on Insurance Risk	0	-109.6
Total insurance risk	**831.3**	**622.8**

8.1.3 Market risk

The table below shows the breakdown of the Company's market risk under the SST into its key components including previous year and current year figures. Market risk is calculated using the SST standard model. Overall market risk decreases mainly due to lower equity risk due to a complete divestment from equity as well as lower credit spread risk reflecting an overall de-risking of the fixed income portfolio during 2023.

Market risk key components

USD millions	Current Year – SST 2024 As of 31 December 2023	Previous Year – SST 2023 As of 31 December 2022
Interest rate risk	80.8	64.7
Spread risk	55.6	73.9
Currency risk	168.3	159.2
Equity and alternatives risk	71.5	112.5
Diversification effect	-219.4	-242.2
Total market risk	**156.8**	**168.0**

8.1.4 Risk bearing capital

The following table shows a breakdown of the Company's RBC under the SST into its key components for the current and the previous reporting period. Overall, RBC increases compared to last year mainly driven by a $284m US GAAP income before taxes for the financial year 2023. The RBC results from the market consistent valuation as described in section *6, Solvency valuation*, above. No dividend payment is planned for 2024 and there are no further deductions. Furthermore, the Company does not hold any supplementary capital.

Risk bearing capital risk key components		
USD millions	**Current Year – SST 2024 As of 31 December 2023**	**Previous Year – SST 2023 As of 31 December 2022**
Market-consistent value of assets minus total from best estimate liabilities plus market-consistent value of other liabilities	1,238.1	982.6
Of which MVM	*193.8*	*115.9*
Deductions	-	-
Supplementary capital	-	-
Risk bearing capital	**1,238.1**	**982.6**

As of 31 December 2023, the Company's SST 2024 solvency ratio is at 146%[1] which is lower than the SST 2023 ratio at 161% for the reasons listed above.

8.2 Risk Bearing Capital calculation and dividend payable

There are no dividends planned to be paid in 2024 and there have been no dividend payments in 2023. Since no further deductions apply to the Company, its Core Capital is equal to the market-consistent value of assets minus total best estimate liabilities plus market-consistent value of other liabilities. Note that the removal of intangibles is considered in this difference rather than under Deductions.

The Company's Core Capital is calculated to be USD 1,238 million for SST 2024, which is $225m higher than the total shareholder's equity per the Company's US GAAP balance sheet (excluding PGAAP) as of 31 December 2023. This difference between US GAAP shareholder's equity and RBC is due to the valuation differences described in section *6.1.3, Transition from US GAAP to SST Market Consistent valuation of non-investment assets*, above, and section *6.2.2, Transition from US GAAP liabilities to SST Market Consistent valuation of liabilities*, above and can be summarised as follows:

- Difference between market consistent and US GAAP valuation of assets (excluding PGAAP): USD 1,178 million lower
- Difference between market consistent and US GAAP valuation of liabilities (excluding PGAAP): USD 1,597 million lower.

The Company does not have any supplementary capital and hence RBC is equal to core capital.

[1] The information about solvency as shown in this section is identical to the information which has been submitted to FINMA and for SST 2024 figures and is still subject to regulatory audit.

9 Subsequent events

There are no subsequent events to note.

Appendices to the Financial Condition Report

Financial situation report: quantitative template ‘Performance Solo Reinsurance’

Basis: Swiss OR financial statements
Currency: USD (Amounts stated in millions)

	Total		Personal accident		Health		Motor		Marine, aviation, transport		Property		Casualty		Miscellaneous	
	Previous year	Reporting Year	Previous year	Reporting Year	Previous year	Reporting Year	Previous year	Reporting Year	Previous year	Reporting Year	Previous year	Reporting Year	Previous year	Reporting Year	Previous year	Reporting Year
Gross premiums	2,506.9	2,246.1	11.6	18.1	-	-	17.6	15.9	91.7	127.4	965.8	906.1	817.5	812.6	602.7	366.0
Reinsurers' share of gross premiums	(1,234.6)	(1,249.5)	(6.6)	(11.7)	-	-	(4.9)	(3.3)	(58.7)	(88.8)	(486.2)	(461.8)	(435.3)	(440.2)	(242.9)	(243.8)
Premiums for own account (1 + 2)	1,272.2	996.5	5.0	6.4	-	-	12.8	12.6	33.0	38.6	479.6	444.2	382.2	372.4	359.7	122.3
Change in unearned premium reserves	(568.5)	(45.5)	(1.2)	(2.2)	-	-	(4.6)	0.5	(0.6)	(17.3)	(121.5)	(57.7)	(174.4)	6.4	(266.2)	19.8
Reinsurers' share of change in unearned premium reserves	292.6	94.3	0.7	1.9	-	-	1.3	(0.3)	1.2	12.6	69.9	30.5	101.6	(7.6)	117.9	57.2
Premiums earned for own account (3 + 4 + 5)	996.4	1,045.4	4.4	6.1	-	-	9.5	12.8	33.6	33.9	428.0	422.0	309.5	371.3	211.4	199.3
Other income from insurance business	2.5	127.3	(0.0)	0.7	-	-	(0.3)	0.8	(0.0)	5.1	1.7	50.1	1.3	37.3	(0.3)	33.2
Total income from underwriting business (6 + 7)	998.8	1,172.6	4.4	6.8	-	-	9.2	13.7	33.6	39.0	429.6	472.1	310.8	408.6	211.2	232.5
Payments for insurance claims (gross)	(724.7)	(968.3)	(3.6)	(7.4)	-	-	(64.9)	(109.0)	(15.8)	(36.1)	(385.7)	(422.3)	(225.3)	(287.4)	(29.5)	(106.2)
Reinsurers' share of payments for insurance claims	214.6	291.9	1.4	3.0	-	-	0.7	4.2	2.7	18.0	159.3	182.2	44.0	49.7	6.5	34.8
Change in technical provisions	(718.1)	(185.2)	(3.2)	2.1	-	-	48.5	54.0	(37.0)	(18.0)	(403.0)	169.5	(227.5)	(365.7)	(96.0)	(27.2)
Reinsurers' share of change in technical provisions	470.1	354.5	4.1	0.5	-	-	(14.3)	39.8	31.2	20.5	204.8	(109.2)	214.3	358.0	30.0	44.9
Change in technical provisions for unit-linked life insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses for insurance claims for own account (9 + 10 + 11 + 12 + 13)	(758.2)	(507.2)	(1.3)	(1.7)	-	-	(29.9)	(11.1)	(18.9)	(15.6)	(424.7)	(179.8)	(194.5)	(245.4)	(88.9)	(53.6)
Acquisition expenses (gross)	(577.2)	(696.4)	(3.6)	(7.1)	-	-	(9.9)	(7.1)	(14.1)	(17.6)	(214.7)	(238.1)	(179.0)	(229.6)	(156.0)	(197.0)
Reinsurers' share of acquisition expenses	290.4	381.1	2.8	4.8	-	-	0.7	0.5	10.4	15.4	109.3	120.5	101.2	142.1	66.0	97.6
Administration expenses	(70.9)	(90.4)														
Acquisition and administration expenses for own account (15 + 16 + 16.1)	(357.6)	(405.7)	(0.8)	(2.2)	-	-	(9.2)	(6.5)	(3.7)	(2.2)	(105.4)	(117.6)	(77.7)	(87.5)	(90.0)	(99.4)
Other underwriting expenses for own account	(59.4)	(5.1)	(0.3)	-	-	-	(3.0)	-	(1.7)	-	(19.0)	(5.1)	(20.1)	-	(15.4)	-
Total expenses from underwriting business (14 + 17 + 18) (non-life insurance only)	(1,175.2)	(918.0)	(2.4)	(3.9)	-	-	(42.1)	(17.6)	(24.3)	(17.8)	(549.0)	(302.4)	(292.3)	(332.9)	(194.3)	(153.0)
Investment income	75.7	116.0														
Investment expenses	(167.8)	(123.2)														
Net investment income (20 + 21)	(92.2)	(7.2)														
Capital and interest income from unit-linked life insurance	-	-														
Other financial income	-	-														
Other financial expenses	1.1	3.3														
Operating result (8 + 14 + 17 + 18 + 22 + 23 + 24 + 25)	(267.5)	250.7														
Interest expenses for interest-bearing liabilities	-	-														
Other income	35.7	22.6														
Other expenses	(10.0)	(17.4)														
Extraordinary income/expenses	-	-														
Profit / loss before taxes (26 + 27 + 28 + 29 + 30)	(241.8)	255.8														
Direct taxes	(2.3)	(30.1)														
Profit / loss (31 + 32)	(244.0)	225.8														

Financial situation report: quantitative template ‘Performance Solo Reinsurance’

Basis: Swiss OR financial statements
Currency: CHF (Amounts stated in millions)

	Total		Personal accident		Health		Motor		Marine, aviation, transport		Property		Casualty		Miscellaneous	
	Previous year	Reporting Year	Previous year	Reporting Year	Previous year	Reporting Year	Previous year	Reporting Year	Previous year	Reporting Year	Previous year	Reporting Year	Previous year	Reporting Year	Previous year	Reporting Year
Gross premiums	2,391.4	2,018.8	11.0	16.2	–	–	16.8	14.3	87.5	114.3	921.3	814.4	779.8	730.4	574.9	329.0
Reinsurers' share of gross premiums	(1,177.8)	(1,123.1)	(6.3)	(10.5)	–	–	(4.6)	(3.0)	(56.0)	(79.8)	(463.8)	(415.1)	(415.2)	(395.6)	(231.7)	(219.1)
Premiums for own account (1 + 2)	1,213.6	895.6	4.7	5.8	–	–	12.2	11.3	31.5	34.7	457.5	399.3	364.6	334.7	343.2	109.9
Change in unearned premium reserves	(542.3)	(40.9)	(1.1)	(2.0)	–	–	(4.4)	0.5	(0.6)	(15.6)	(115.9)	(47.3)	(166.3)	5.8	(253.9)	17.8
Reinsurers' share of change in unearned premium reserves	279.1	84.8	0.6	1.7	–	–	1.2	(0.3)	1.2	11.3	66.7	27.4	97.0	(6.8)	112.4	51.4
Premiums earned for own account (3 + 4 + 5)	950.5	939.5	4.2	5.5	–	–	9.1	11.5	32.1	30.4	408.2	379.3	295.2	333.7	201.7	179.1
Other income from insurance business	2.3	114.4	(0.0)	0.6	–	–	(0.3)	0.8	(0.0)	4.6	1.6	45.0	1.3	33.5	(0.3)	29.8
Total income from underwriting business (6 + 7)	952.8	1,054.0	4.2	6.1	–	–	8.8	12.3	32.0	35.0	409.8	424.3	296.5	367.2	201.4	209.0
Payments for insurance claims (gross)	(691.4)	(870.3)	(3.4)	(6.6)	–	–	(61.9)	(98.0)	(15.1)	(32.4)	(368.0)	(379.5)	(214.9)	(258.3)	(28.1)	(95.4)
Reinsurers' share of payments for insurance claims	204.7	262.4	1.3	2.7	–	–	0.7	3.8	2.6	16.2	151.9	163.7	42.0	44.7	6.2	31.2
Change in technical provisions	(695.1)	(166.5)	(3.0)	1.9	–	–	46.3	48.5	(35.3)	(16.1)	(384.4)	152.4	(217.0)	(328.7)	(91.6)	(24.4)
Reinsurers' share of change in technical provisions	448.4	318.6	3.9	0.5	–	–	(13.7)	35.7	29.8	18.4	195.3	(98.1)	204.4	321.8	28.7	40.4
Change in technical provisions for unit-linked life insurance	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Expenses for insurance claims for own account (9 + 10 + 11 + 12 + 13)	(723.3)	(455.9)	(1.2)	(1.5)	–	–	(28.6)	(9.9)	(18.0)	(14.0)	(405.1)	(161.6)	(185.5)	(220.6)	(84.8)	(48.2)
Acquisition expenses (gross)	(550.6)	(625.9)	(3.4)	(6.3)	–	–	(9.4)	(6.3)	(13.5)	(15.8)	(204.8)	(214.0)	(170.7)	(206.4)	(148.8)	(177.0)
Reinsurers' share of acquisition expenses	277.0	342.5	2.7	4.3	–	–	0.7	0.5	9.9	13.9	104.2	108.3	96.6	127.8	63.0	87.7
Administration expenses	(67.6)	(81.2)														
Acquisition and administration expenses for own account (15 + 16 + 16.1)	(341.1)	(364.7)	(0.7)	(2.0)	–	–	(8.7)	(5.8)	(3.6)	(2.0)	(100.5)	(105.7)	(74.1)	(78.6)	(85.8)	(89.3)
Other underwriting expenses for own account	(56.7)	(4.6)	(0.3)	–	–	–	(2.9)	–	(1.6)	–	(18.1)	(4.6)	(19.1)	–	(14.7)	–
Total expenses from underwriting business (14 + 17 + 18) (non-life insurance only)	(1,121.1)	(825.1)	(2.3)	(3.5)	–	–	(40.2)	(15.8)	(23.2)	(16.0)	(523.7)	(271.8)	(278.8)	(299.3)	(185.3)	(137.5)
Investment income	72.2	104.2														
Investment expenses	(160.1)	(110.7)														
Net investment income (20 + 21)	(87.9)	(6.5)														
Capital and interest income from unit-linked life insurance	–	–														
Other financial income	-	-														
Other financial expenses	1.0	3.0														
Operating result (8 + 14 + 17 + 18 + 22 + 23 + 24 + 25)	(255.2)	225.3														
Interest expenses for interest-bearing liabilities	–	–														
Other income	34.0	20.3														
Other expenses	(9.5)	(15.7)														
Extraordinary income/expenses	–	–														
Profit / loss before taxes (26 + 27 + 28 + 29 + 30)	(230.6)	229.9														
Direct taxes	(2.2)	(27.0)														
Profit / loss (31 + 32)	(232.8)	202.9														

Financial situation report: quantitative template ‘Market Conform Balance Sheet Solo’

Basis: Swiss OR financial statements
Currency: USD (Amounts stated in millions)

		SST 2023 31.12.2022	Adjustments Previous period	SST 2024 31.12.2023
Market conform value of investments	Real estate	-	-	-
	Participations	-	-	-
	Fixed-income securities	1,521.0	-	1,836.7
	Loans	201.4	-	201.4
	Mortgages	-	-	-
	Equities	90.5	-	-
	Other investments	505.2	-	529.8
	Collective investment schemes	-	-	-
	Alternative investments	505.2	-	529.8
	Structured products	-	-	-
	Other investments	-	-	-
	Total investments	2,318.0	-	2,567.9
Market conform value of other assets	Financial investments from unit-linked life insurance	-	-	-
	Receivables from derivative financial instruments	-	-	-
	Deposits made under assumed reinsurance contracts	108.6	-	120.6
	Cash and cash equivalents	78.1	-	84.6
	Reinsurers’ share of best estimate of provisions for insurance liabilities	2,106.9	-	2,137.8
	Direct insurance: life insurance business (excluding unit linked life insurance)	-	-	-
	Reinsurance: life insurance business (excluding unit linked life insurance)	-	-	-
	Direct insurance: non-life insurance business	-	-	-
	Direct insurance: health insurance business	-	-	-
	Reinsurance: non-life insurance business	2,106.9	-	2,137.8
	Reinsurance: health insurance business	-	-	-
	Direct insurance: other business	-	-	-
	Reinsurance: other business	-	-	-
	Direct insurance: unit-linked life insurance business	-	-	-
	Reinsurance: unit-linked life insurance business	-	-	-
	Fixed assets	-	-	-
	Deferred acquisition costs	-	-	-
	Intangible assets	-	-	-
	Receivables from insurance business	1,765.6	-	1,880.1
	Other receivables	-	-	179.1
	Other assets	19.8	-	10.1
	Unpaid share capital	-	-	-
	Accrued assets	52.0	-	17.1
	Total other assets	4,131.1	-	4,429.3
Total market conform value of assets	**Total market conform value of assets**	**6,449.1**	**-**	**6,997.2**

Market conform value of liabilities (including unit-linked life insurance)	Best estimate of provisions for insurance liabilities	4,067.2	-	4,261.4
	Direct insurance: life insurance business (excluding unit-linked life insurance)	-	-	-
	Reinsurance: life insurance business (excluding unit-linked life insurance)	-	-	-
	Direct insurance: non-life insurance business	-	-	-
	Direct insurance: health insurance business	-	-	-
	Reinsurance: non-life insurance business	4,067.2	-	4,261.4
	Reinsurance: health insurance business	-	-	-
	Direct insurance: other business	-	-	-
	Reinsurance: other business	-	-	-
	Best estimate of provisions for unit-linked life insurance liabilities	-	-	-
	Direct insurance: unit-linked life insurance business	-	-	-
	Reinsurance: unit-linked life insurance business	-	-	-
	Market value margin	115.9	-	193.8
Market conform value of other liabilities	Non-technical provisions	-	-	-
	Interest-bearing liabilities	-	-	-
	Liabilities from derivative financial instruments	-	-	-
	Deposits retained on ceded reinsurance	28.3	-	51.5
	Liabilities from insurance business	1,199.0	-	1,043.0
	Other liabilities	56.1	-	209.4
	Accrued liabilities	-	-	-
	Subordinated debts	-	-	-
Total market conform value of liabilities	**Total market conform value of liabilities**	**5,466.5**	**-**	**5,759.1**

Market conform value of assets minus market conform value of liabilities	**982.6**	**-**	**1,238.1**

Financial situation report: quantitative template 'Solvency Solo'

Basis: US GAAP balance sheet
Currency: USD (Amounts stated in millions)

		SST 2023 31.12.2022	Adjustments Previous period	SST 2024 31.12.2023
Derivation of RBC	Market conform value of assets minus market conform value of liabilities	982.6		1,238.1
	Deductions	-		-
	Tier 1 risk-absorbing capital instruments (RAC) counted towards core capital			
	Core capital	**982.6**		**1,238.1**
	Supplementary capital	-		-
	RBC	**982.6**	**-**	**1,238.1**

		SST 2023 31.12.2022	Adjustments Previous period	SST 2024 31.12.2023
Derivation of Target Capital	Underwriting risk	622.8		831.3
	Market risk	168.0		156.8
	Credit risk	285.4		270.8
	Diversification effects	-271.1		-306.2
	Risk margin and other effects on target capital	-195.8		-107.5
	Target Capital	**609.2**	**-**	**845.2**

		SST 2023 31.12.2022	Adjustments Previous period	SST 2024 31.12.2023
SST ratio	Risk-bearing capital / Target Capital	161%	-	146%

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.

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

RENAISSANCERE EUROPE AG, ZURICH

Financial Statements
Prepared in accordance with the Swiss Code of Obligations and AVO-FINMA

Years Ended 31 December 2023 and 2022

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 USD	2023 CHF	2022 USD	2022 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 USD	2023 CHF	2022 USD	2022 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 USD			2022 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 CHF			2022 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

	Share capital	*Statutory capital reserves*	*Voluntary profit reserves*	*Retained earnings*	*Total*
	USD	*USD*	*USD*	*USD*	*USD*
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**

	Share capital	*Statutory capital reserves*	*Voluntary profit reserves*	*Retained earnings*	*Total*
	CHF	*CHF*	*CHF*	*CHF*	*CHF*
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						
31 December 2023	**Income**	**Realised gains**	**Total income**	**Expense**	**Realised losses**	**Unrealised losses(1)**	**Total expense**
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						
31 December 2023	**Income**	**Realised gains**	**Total income**	**Expense**	**Realised losses**	**Unrealised losses(1)**	**Total expense**
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						
31 December 2022	**Income**	**Realised gains**	**Total income**	**Expense**	**Realised losses**	**Unrealised losses(1)**	**Total expense**
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						
31 December 2022	**Income**	**Realised gains**	**Total income**	**Expense**	**Realised losses**	**Unrealised losses(1)**	**Total expense**
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)

(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	—	—	—	—
	—	—	39	37

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.

(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	**—**	—
	12,625	10,626	**2,887**	2,670

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
31 December 2023 and 2022
(Expressed in thousands of US Dollars and Swiss Francs)

Appropriation of retained earnings

	2023	***2023***	***2022***	***2022***
	USD	***CHF***	***USD***	***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	***2023***	***2022***	***2022***
	USD	***CHF***	***USD***	***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.