Financial Condition Report 2023

Commitment you can count on.
Momentum you can build on.

MS Reinsurance
AN MS AMLIN AG COMPANY

Contents

Cautionary Statements

This report may include statements with respect to future events, trends, plans, expectations, or objectives relating to MS Amlin AG's future business, financial condition, results of operations, performance, and strategy. Forward looking statements are not statements of historical fact and may contain the terms, "may," "will," "should," "continue," "aims," "estimates," "projects," "believes," "intends," "expects," "plans," "seeks" or "anticipates" or words that have a similar meaning. No undue reliance should be placed on such statements because, by their nature, they are subject to unknown risks and uncertainties and can be affected by other factors that could cause actual results and plans of MS Amlin AG to differ materially from those expressed or implied in the forward-looking statements (or from past results).

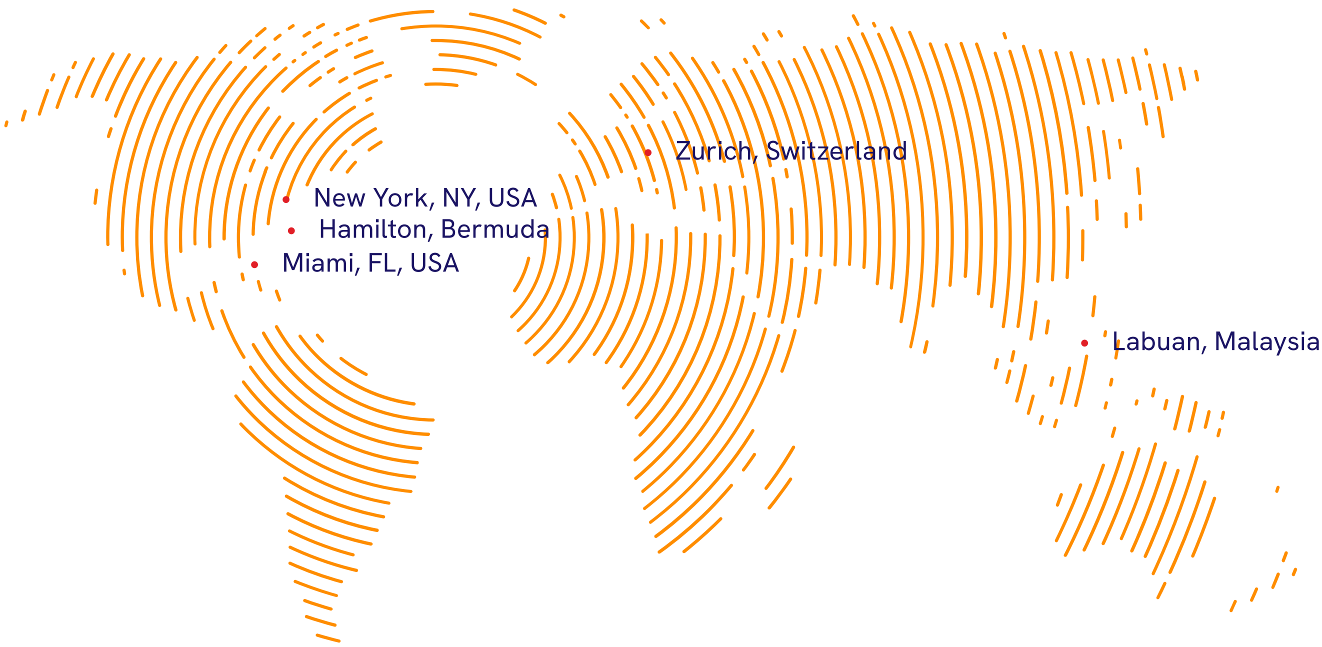
Factors such as, but not limited to (i) general economic conditions and competitive factors, particularly in key markets, in each case on a local, regional, national and/or global basis, (ii) the risk of a global economic downturn, (iii) performance of financial markets, (iv) levels of interest rates and currency exchange rates, (v) the frequency, severity, and development of insured claims events, (vi) policy renewal and lapse rates, (vii) changes in laws and regulations and in the policies of regulators, and (viii) increases in loss expenses may all have a direct bearing on the results of the operations of MS Amlin AG and on whether any targets may be achieved. Many of these factors may be more likely to occur or be more pronounced because of catastrophic events.

MS Amlin AG does not undertake or assume any obligation to update or revise any of these forward-looking statements, whether to reflect any new information, future events, or circumstances, or otherwise, except as required by applicable laws and regulations.

About MS Reinsurance

MS Reinsurance is a global reinsurer domiciled in Switzerland with underwriting offices in Zurich, Bermuda, Miami, and New York, providing non-life treaty reinsurance solutions for clients worldwide.

We combine reliability and agility to make our clients' businesses stronger. With a drive to move quickly and a commitment to long-term partnership, we support our partners with the momentum and stability they can build on.



Quick response times, purpose-built processes, and efficient teams streamline the way MS Reinsurance employees work together, and with a bias for action and a deep understanding of clients' needs, MS Reinsurance moves clients forward, faster.

As a wholly owned subsidiary of Mitsui Sumitomo Insurance Company, Limited, MS Reinsurance is part of the industry-leading (re)insurance MS&AD group and forms an important part of the group's international growth strategy. MS&AD operates in 48 countries and regions with approximately 40,000 employees from its headquarters in Tokyo, Japan.

With the financial and diversified strength of MS&AD behind us, MS Reinsurance is well positioned to protect the business of our partners.

$309M

PROFIT AFTER TAX (SWISS CO)

$3,085M

GROSS WRITTEN PREMIUM, 2023

90%

COMBINED RATIO (IFRS), 2023

191%

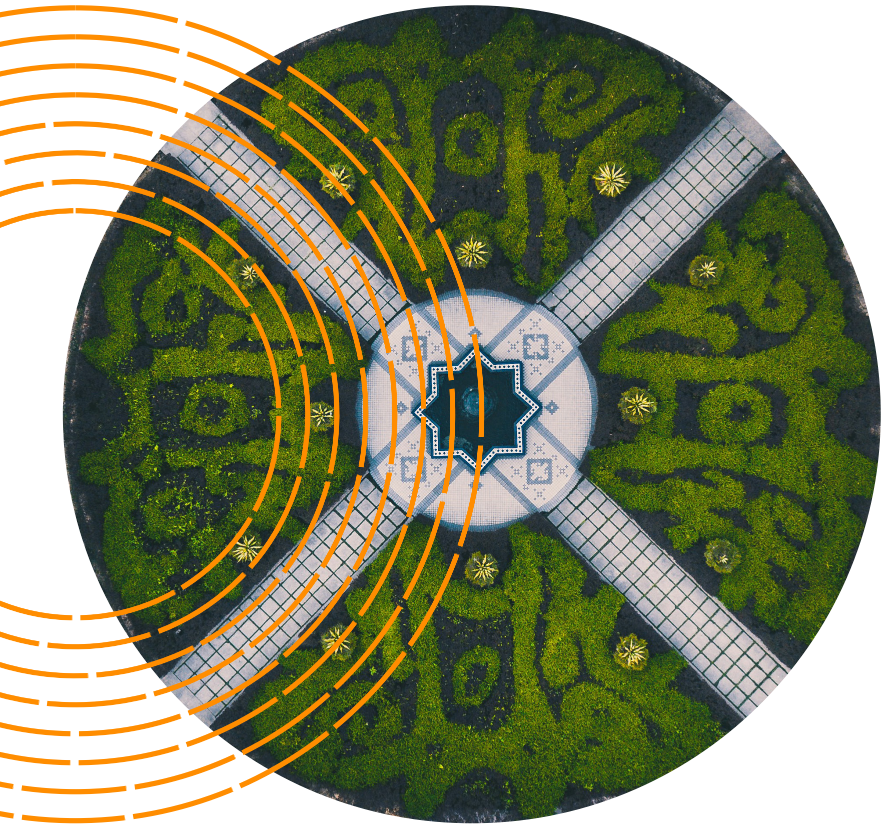
SST RATIO, 2024

A (stable)

A.M. BEST CO. (FINANCIAL STRENGTH RATING)

A (stable)

STANDARD & POOR'S (FINANCIAL STRENGTH RATING)



1. Executive Summary

This annual Financial Condition Report (FCR) for the year ended 31 December 2023 was prepared for MS Amlin AG, trading under the name MS Reinsurance ('the Company' or 'MS Reinsurance').

MS Reinsurance is a Switzerland-domiciled, global reinsurer, and a wholly owned subsidiary of Mitsui Sumitomo Insurance Company, Limited (MSIJ), a part of MS&AD Insurance Group (MS&AD or the Group). Both MSIJ and MS&AD are registered in Japan. In 2022, MS Amlin AG was rebranded and now trades as "MS Reinsurance" with no change to its legal name or operational structure.

MS Reinsurance provides non-life treaty reinsurance solutions for clients around the world. The Company maintains a global presence with underwriting offices in Bermuda, Miami, New York, and Zurich along with a service center in Labuan.

Basis of preparation

This Financial Condition Report was prepared in compliance with the requirements of Art. 111a of the Insurance Supervision Ordinance (ISO; SR 961.011) and as further detailed in the Swiss Financial Market Supervisory Authority's (FINMA) "Circular 2016/2: Disclosure – insurers." This FCR is to meet the regulatory reporting requirements of MS Reinsurance and for no other purpose and should not be relied upon for any other such purpose.

Financial information included in this report is based on data from "MS Reinsurance's 2024 Swiss Solvency Test's (SST) Market Consistent Balance Sheet" (for balance sheet financial information) and the "2023 Swiss Code of Obligations Annual Report" (for profit or loss information). Both were prepared in accordance with their relevant regulatory or accounting standards. Unless stated otherwise, this report represents the Company's position as of 31 December 2023 only and will not necessarily reflect all changes in MS Reinsurance's operations since that date. All quantitative information in this report is disclosed in USD, MS Reinsurance's presentational currency, unless otherwise specified.

Business activities

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

- International, which provides multi-line solutions for clients in Europe, Middle East and Africa, and the rest of the world;
- Americas, which offers multi-line solutions for clients in North and South America; and
- Specialty Lines, which services clients with unique specialized risks such as credit or agriculture.

MS Reinsurance's longer-term strategy to reduce volatility in financial results remains unchanged from 2022. The Company continued to rebalance the overall portfolio during 2023 with reductions in catastrophe exposure relative to other classes of business.

Corporate governance and risk management

The Company is supervised by a two-tier board, in accordance with Swiss legal and regulatory requirements. The first tier is the Supervisory Board of Directors (Supervisory Board), consisting of non-executive directors, of which at least one-third are independent of the Company.

The Executive Board comprises the second tier and is the Company's managing body consisting of the chief executive officer (CEO) and other senior officers and managers of the Company. Appointments to the Executive Board are at the discretion of the Supervisory Board. Further information on corporate governance is provided in section 5.1.

The Supervisory Board sets forth the responsibilities and principles pertaining to the Company's risk management. The risk management function is embedded throughout the Company and is an integral part of the business model. Risk management is mandated to ensure that the organization has the necessary expertise, frameworks, and infrastructure to support acceptable risk-taking. The risk management function also monitors and ensures adherence to applicable frameworks. Further information on risk management is provided in section 5.2.

Performance

As of 31 December 2023, the Company reported a net profit of USD 308.7 million (2022 net loss: USD 177.6 million) under Swiss Code of Obligations (Swiss CO). Profits were driven by favorable non-cat experience across the portfolio, equity returns in line with the strong market performance and higher than planned returns on liquid assets driven by increased interest rates. Further information on performance is provided in section 3.

Valuation for solvency purposes

The MS Reinsurance SST 2024 Capital Ratio, described in detail in section 7, is 191%, compared favorably with the minimum FINMA SST solvency requirement of 100%. The market value margin is USD 163.9 million. The target capital is USD 1,058.4 million, and the SST risk bearing capital is USD 2,026.5 million. Please note that the SST 2024 is filed with FINMA in April 2024, simultaneously to this document.

As described throughout this document, the MS Reinsurance SST target capital is dominated by insurance risk. Within insurance risk, reserve risk continues to be the main source of risk. Overall reserve volumes have grown during 2023, reflecting a growing volume of long-tail business and overall business growth.

The relevant measure of available "own funds" is the risk bearing capital (RBC) calculated on the SST market consistent balance sheet. MS Reinsurance has net assets under Swiss CO of USD 1,699.6 million compared to USD 2,026.5 million net assets based on SST market consistent balance sheet.

The adjustments made to move from Swiss CO balance sheet to SST market-consistent balance sheet are set out below:

In USD millions	SST 2023	SST 2024
Excess of assets over liabilities - Swiss CO annual report (*)	1,390.9	1,699.6
Investment fair value adjustments	153.7	125.4
Technical provision adjustments	328.7	372.8
Market value margin (**)	-127.2	-163.9
Excess of assets over liabilities - SST market-consistent balance	**1,746.1**	**2,033.9**
Intangible assets	-4.8	-7.5
SST risk bearing capital	**1,741.3**	**2,026.5**

(*) Based on MS Reinsurance's Swiss CO financial statements for 2022 and 2023
(**) Note that above and below, the SST 2023 figures are restated in the new format to align with the 2024 FINMA template view. The Market Value Margin (MVM) is included in the Risk Bearing Capital and no longer in the Target Capital, and the SST ratio is then calculated as the ratio of Risk Bearing Capital to Target Capital.

Approval of the Financial Condition Report

This report was reviewed and approved, and its disclosure pursuant to FINMA's "Circular 2016/2: Disclosure – insurers" signed off, by the Supervisory Board of MS Reinsurance on 24 April 2024.

2. Business Activities

2.1 MS Reinsurance's business activities and Group role

MS Reinsurance provides global, multi-line treaty reinsurance solutions to clients worldwide, through three core business units as described in section 1.

As a wholly owned subsidiary of Mitsui Sumitomo Insurance Company, Limited, MS Reinsurance is part of the industry-leading (re)insurance MS&AD group and forms an important part of the group's international growth and diversification strategy.

2.2 Strategy, objectives, and key business segments

2.2.1 Future prospects and vision

Rebranded as MS Reinsurance, the Company repositioned itself in the market, with a new strategy in 2022. The Company's strategic focus is to manage the inherent volatility of the business it assumes by constructing a well-balanced and diversified portfolio of appropriately priced risks.

To execute on this new strategy, the Company undertook a new underwriting strategy built on a three-pronged value proposition:

Deep client understanding

We know our clients, understand their needs, and will work to provide solutions. We use market expertise and timely access to information and data needed to know our clients' markets and portfolios well.

Ease of business

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

Competitive pricing

We deliver competitive pricing underpinned by a cost-efficient platform.

This strategic direction allows MS Reinsurance to deliver a differentiated experience for its clients, increase access to diversified risk, and attract and invest in top talent. Part of this change is a comprehensive transformation to a state-of-the art efficient platform, taking every aspect of the business into consideration. Several of the first transformation workstreams have already been completed, and most of the internal transformation is expected to be completed by the end of 2024.

Clients are reacting positively to this new approach, and the strategy, combined with a positive market environment, resulted in improved profitability during the latest renewals.

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

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

2.3 External auditors

The external auditors are KPMG AG (KPMG). KPMG's address is:

KPMG AG
Badenerstrasse 172
CH-8036 Zurich
Switzerland

KPMG assumes all auditing functions, which are required by law and by the Company's Articles of Incorporation. The external auditors are appointed by the shareholder of MS Reinsurance annually. At the MS Reinsurance Annual General Meeting on 24 April 2024, KPMG was re-elected by the shareholder of MS Reinsurance.

Refer to Appendix 3 for KPMG's audit report relating to the Company's 2023 Swiss Code of Obligation annual report.

2.4 Significant unusual events

There are no significant unusual events to note.

3. Performance

The following sections summarize information about MS Reinsurance's income statement, including underwriting and financial performance.

Please note that the income statement as disclosed in Appendix 1, and in the following sections, is based on MS Reinsurance's Swiss CO annual report for the year ended 31 December 2023.

MS Reinsurance's Swiss CO investment valuation basis represents fair value for most investments. For specific investment types, e.g., bond investments and property funds, Swiss CO valuation represents amortized cost or the lower of cost or market value. The valuation adjustments mainly reflect unrealized gains for these investments. Please refer to the Swiss CO annual report for full accounting policies (see Appendix 3).

To note: the Swiss CO Annual Report is re-mapped to the FCR format, which follows the "FINMA Insurance Supervision Guidance" (ISO-FINMA). The format used for the income statement is the FCR Standard Template translated into English and is disclosed in Appendix 1.

3.1 Underwriting performance

Gross written premium (GWP) continued to increase during 2023. This growth was seen in segments where market conditions remained favorable and in areas that successfully aligned the strategic approach for diversification and increased profitability, notably in European property and casualty, agriculture, and US casualty lines of business. This more than offset reductions in US catastrophe and intercompany quota share arrangements. Net of reinsurance and on an earned basis, net premium levels increased strongly relative to the prior year, reflecting the earned impact of the continuing shift towards longer-tail business within the portfolio.

The 2023 underwriting result improved significantly relative to 2022 due to favorable non-cat developments across numerous lines of business. There was significant catastrophe activity during 2023, most notably the Kahramanmaras Earthquake sequence in Turkey and Hurricane Otis in Mexico, with a net catastrophe impact slightly above the catastrophe budget. Despite the significant major loss activity, overall underwriting performance was better than planned driven by benign non-cat claims experience across the portfolio, most notably from the cyber, financial risks, and property segments.

The table below shows the main components of MS Reinsurance's technical result. For further details, refer to Appendix 1, which includes the income statement split by relevant classes of business.

In USD millions	2023	2022
Gross premium written	3,084.7	2,292.7
Net premiums written	2,868.3	2,024.9
Net premiums earned	2,469.0	1,716.5
Other insurance income	2.4	0.4
Total technical income	**2,471.3**	**1,716.9**
Net claims and claim expenses incurred	(1,614.8)	(1,233.1)
Net acquisition costs and administrative expenses	(768.5)	(550.1)
Total technical result	**88.0**	**(66.3)**
Claims ratio	65%	72%
Expense ratio	31%	32%
Combined ratio	97%	104%

3.2 Investment performance

Most investments (except for bond investments and property funds, for example) are recorded at market value. Bond investments are valued at amortized cost and property funds are recorded at the lower of cost or market value. Net income from investments was USD 227.5 million. Increased interest rates and allocation shifts in fixed income have resulted in higher than planned returns from liquid assets. Equity allocations matched the strong market performance while real assets underperformed relative to plan. The Company's decision to reduce exposure to real assets helped to protect against losses.

The table below shows the main components of MS Reinsurance's net investment return by asset class. For further details, refer to Appendix 1.

To note: the numbers shown in the table reflect investment income by asset category, as presented in the MS Reinsurance Swiss CO annual report (see Appendix 3).

Income from investments

	Income		Net unrealized gains		Net realized gains		Total	
In USD millions	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Fixed-interest securities	14.8	12.9	21.6	–	3.1	–	39.5	12.9
Shares	–	–	0.6	–	–	–	0.6	–
Other Investments	57.1	18.7	225.6	0.9	78.9	230.2	361.6	249.9
Total	**71.9**	**31.6**	**247.8**	**0.9**	**82.0**	**230.2**	**401.8**	**262.8**

Expenses from investments

	Expense		Net unrealized losses		Net realized losses		Total	
In USD millions	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Fixed-interest securities	4.2	3.8	–	14.9	15.3	16.7	19.5	35.4
Shares	–	–	0.6	(0.06)	–	–	0.6	(0.06)
Other Investments	4.6	1.0	30.2	107.1	119.4	216.5	154.3	324.6
Total	**8.8**	**4.8**	**30.8**	**121.9**	**134.7**	**233.2**	**174.4**	**360.1**

Net investment result								
		Net impact		Net impact		Net impact		Total
In USD millions	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Fixed-interest securities	10.5	9.0	21.6	(14.9)	(12.1)	(16.7)	20.0	(22.5)
Shares	–	–	(0.06)	(0.06)	–	–	(0.06)	(0.06)
Other Investments	52.4	17.7	195.4	(106.1)	(40.5)	13.7	207.4	(74.7)
Total	**63.0**	**26.7**	**217.0**	**(121.0)**	**(52.6)**	**(3.0)**	**227.4**	**(97.2)**

3.3 Profits and losses recognized directly in equity

There are no profits and losses recognized directly in equity. These items are shown directly in the income statement for Swiss CO reporting purposes.

3.4 Other material income and expenses

'Other financial expenses' include letter of credit commission fees. 'Other expenses' include foreign exchange revaluation losses.

The table below shows the main components of MS Reinsurance's other income and expenses. For further details, refer to Appendix 1.

In USD millions	2023	2022
Other financial expenses	(3.7)	(3.5)
Other expenses	(1.2)	(6.2)
Total other income and expenses	**(4.9)**	**(9.6)**

4. Corporate Governance and Risk Management

4.1 Overview of corporate governance

4.1.1 Corporate governance framework

MS Reinsurance's governance framework is based on the underlying principles of accountability, transparency, integrity, and a focus on the sustainable success of the Company over the long term.

The governance framework at MS Reinsurance ensures:

1. sufficient review and challenge of decision-making processes;
2. the responsibilities and interests of all stakeholders are appropriately considered; and
3. appropriate reporting, of both frequency and content, to enable the Executive and Supervisory Boards to exercise adequate oversight over business activities.

4.1.2 MS Reinsurance's corporate governance system

The Company is supervised by a two-tier board in accordance with Swiss legal and regulatory requirements. The Supervisory Board is the first tier and consists of non-executive directors, of which at least one-third are independent of the Company.

The Supervisory Board also sets up committees for specific purposes from among its members. For the calendar year 2023, these committees comprised:

- Audit Committee (effective as of 1 May 2023, formerly joint Audit & Risk Committee);
- Risk Committee (effective as of 1 May 2023, formerly joint Audit & Risk Committee);
- the Underwriting Committee; and
- the Remuneration and Nomination Committee.

The Executive Board is the Company's managing body and consists of the CEO and other senior officers and managers of the Company. The Executive Board may form committees for specific purposes and has revised its committee structure as of 1 January 2024. Appointments to the Executive Board are at the discretion of the Supervisory Board. MS Reinsurance's corporate governance framework is guided by regulatory requirements and best practices.

Key elements include mandatory representation of independent non-executive directors, terms of reference establishing the roles and responsibilities of MS Reinsurance's corporate bodies, processes for the identification and management of conflicts of interest and separation of management, and Supervisory Board oversight.

4.1.3 Board membership

The following non-executive members comprised the Supervisory Board of Directors as of 31 December 2023:

Martin Albers .... Chairman (independent)

Stephan Knipper .... Director (independent)

Hironori Morimoto .... Director

Robin Adam .... Director

Norihiro Tanaka .... Director

Tamaki Kawate .... Director

Katja Pluto .... Director (independent)

Changes in 2023:

- Yoshio Motohashi and Stefan Materne stepped down as members of the Supervisory Board as of 25 April 2023 and 30 April 2023, respectively.
- Tamaki Kawate was appointed as member of the Supervisory Board as of 25 April 2023.
- Katja Pluto was appointed as member of the Supervisory Board as of 1 May 2023.

The following members comprised the Executive Board of Directors as of 31 December 2023:

Robert Wiest .... Chief Executive Officer

Charles Goldie .... Chief Underwriting Officer

Gregoire Mauchamp .... Chief Risk Officer

Francesco Rizzo .... Chief Financial Officer

Changes in 2023:

- Michael Koller stepped down as Chief Risk Officer as of 15 March 2023.
- Francesco Rizzo was appointed as Chief Financial Officer and Grégoire Mauchamp was appointed as Chief Risk Officer as of 15 March 2023. As of the same date, the composition of the Executive Board was amended to include the roles Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, and Chief Underwriting Officer.

4.2 Overview of risk management

4.2.1 Risk management strategy

The Supervisory Board sets forth the responsibilities and principles pertaining to the Company's risk management (risk strategy, controlling, and management) in the Risk Management Policy. The Risk Management Policy explains the risk framework (governance and risk management process) and the overarching ultimate risk tolerance, expressed in terms of solvency liquidity, rating, and statutory capital. It further provides transparency and defines ownership and responsibilities throughout the risk management process. It promotes a risk aware culture across the organization.

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

4.2.2 Risk management framework and processes

MS Reinsurance operates within a clearly defined risk policy and risk control framework comprising the following major elements:

- the Risk Management Policy outlines risk management governance and organization, risk categorization, and key risk management processes;
- the Risk Appetite Framework ensures the appropriate balance between risk taking, capital adequacy, and return; it forms part of the strategic planning process and includes the setting of risk limits and an escalation process in case of breaches; and
- the Operational Risk Policy defines the internal control mechanisms that ensure effective management of operational risks.

Risk appetite, tolerances, and limits

The Company's risk strategy starts with the Risk Tolerance, which denotes the target level for various solvency and liquidity measures. The next step is the Risk Appetite, which is implemented by means of Strategic Limits for the most risk-intensive areas of the business. The limits applicable to Insurance risk are based on various measures obtained from the MS Reinsurance Internal Model used for the Swiss Solvency Test. The limits applicable to Investment and Credit risks mainly relate to the Strategic Asset Allocation and Investment Guidelines, but the liquidity and investment limits are also calibrated based on the Internal Model. Both the Risk Tolerance and Risk Appetite are owned by the Supervisory Board.

The risk tolerance describes the extent to which the Supervisory Board has authorized executive management to assume risk. It represents the amount of risk that the Company is willing to accept within the constraints imposed by capital and liquidity resources, its strategy, and the regulatory and ratings agency environment in which it operates.

Risk limits for material risk exposures are implemented to provide reasonable assurance that the approved risk tolerance will not be breached. They help to ensure that actual risk-taking remains within the approved business plan and risk appetite with clear escalation processes in cases where the business sees growth opportunities and makes specific requests to increase limits.

The Executive Board has set up a framework to manage the various sources of risk, which comprises Policies, Standards and Guidelines as well as Operating limits, that gives sufficient flexibility to react to changes in the business environment, but that ensures that the Strategic limits are not breached and that the Risk Tolerance criteria are met. Policies are approved by the Supervisory Board. Standards, Guidelines and Operating limits are approved by the Executive Board.

The status of the current risk profile versus tolerance and limits is reported quarterly to the Risk Committee with breaches escalated up to the Supervisory Board.

Risk categorization

The Company adopts a common risk categorization designed to ensure a structured and uniform approach toward risks.

The table below provides high-level definitions of key risk categories:

Risk Category	Definition
Insurance Risk	Defined as the risk associated with the performance of the underwriting portfolio caused by inadequate pricing and/or unexpected claims frequency as well as systematic changes in the nature of claims. Unexpected losses on the current underwriting year are reflected in premium risk (split by Catastrophe and Non-Catastrophe), and unexpected losses on prior underwriting years are reflected in reserve risk.
Market Risk	Represents potential economic impacts due to the performance and structure of the investment portfolio. It comprises interest rate, equity, currency, real estate, and commodity risks.
Liquidity Risk	Reflects the risk of being unable to promptly meet funding obligations.
Credit Risk	Represents the risk of various counterparties (e.g., banks, cedants, brokers, reinsurers, group companies, etc.) failing to meet obligations owed to the Company. Price fluctuation of corporate bonds and similar as a consequence of varying credit spread also forms part of credit risk.
Operational Risk	Represents the potential economic, financial reporting, reputational, or compliance impact resulting from inadequate or failed internal processes, people, and systems or from external causes. It includes legal and compliance risks as well as the risk of material misstatement in MS Reinsurance's financial reports but excludes strategic and emerging risks.
Strategic Risk	Reflects the risk of the Company failing to meet its strategic goals and business plans due to poor decision making and execution of the strategy and business plan.
Emerging Risks	Newly developing or changing risks that are difficult to quantify and whose potential impact on the Company is not yet sufficiently known and addressed. Drivers include demographic, economic, technological, socio-political, regulatory, and environmental developments.

Risk assessment

Risk identification, assessment, and reporting are performed at various levels as follows:

- modeling the various elements of Insurance and Market Risks in the Internal Model;
- internal exposure controls for Natural Catastrophe and other Insurance Risks;
- monitoring the levels of risk in all risk categories and comparing risks against the Operating Limits; for Insurance, Market, Credit, and Liquidity risks, the status of 'actual' versus 'tolerance' and/or 'risk limits' is reported quarterly to the Risk Committee with 'strategic limit' breaches escalated up to the Supervisory Board; and
- the ORSA process, which includes a comprehensive review of the Company's risk profile of both modeled and non-modeled risk exposures as well as evaluation of the risk profile over a three-year period.

Risk events reporting

Operational risk events are identified and reported by the business to the risk function. The objective of reporting events is to enhance transparency of operational mishaps, errors, or omissions to learn lessons and prevent operational events from reoccurring.

Capital and solvency management

The Company has a FINMA approved Internal Model for all insurance risks, including natural catastrophe and reinsurance credit risk. Market risk, investment credit risk, and the aggregation of insurance, market, and credit risk are modeled with FINMA's standard model. The Swiss Solvency Target Capital is the 1-in-100 years TVaR from the profit and loss distribution generated over one calendar year.

The Internal Model allows for detailed line of business level modeling of risks and application of retrocession. Therefore, the MS Reinsurance Internal Model forms the foundation of quantitative risk management beyond the Swiss Solvency Test. It is also an integral part of business planning and the ORSA process. It is used for setting the Strategic Limits and monitoring adherence to the Risk Tolerance. It produces the various measures that are considered when setting targets and limits, buying retrocession, and, where relevant, for other business decisions.

Stress and scenario testing

Stress and scenario tests form part of the suite of tools that the Company uses in its risk management process. The Company conducts stress and scenario testing to understand how sensitive its risk profile is to changes in specific factors as well as understanding the solvency position under extreme conditions. The reverse stress tests also consider risks that may render the business model unviable, identifying potential business vulnerabilities.

The Supervisory Board considers and approves suitable stress and scenario tests to be conducted as part of annual business planning and the Own Risk and Solvency Assessment (ORSA) process.

Own risk solvency assessment (ORSA)

As part of the risk management system, the Company conducts, at least annually, an ORSA considering the Company's risk profile, business strategy, and related capital requirements. The ORSA is fully embedded into the overall Risk Management Framework and is aligned to the capital strategy and business planning processes.

Internal control framework

The internal control environment is an integral part of the Company's overall risk management framework and is designed to:

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

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

The internal control framework is also designed to meet the Japanese Financial Services Agency requirements and standards for Internal Control over Financial Reporting, commonly termed "J-SOX." MS Reinsurance is in-scope for these requirements as a subsidiary of MSIJ.

4.2.3 Risk governance

The respective tasks and duties of the key risk governance bodies are outlined in the Supervisory Board's regulations and in the terms of reference of the individual governance bodies, as listed below:

- Supervisory Board;
- Risk Committee of the Supervisory Board; and
- Executive Board.

The Supervisory Board is the ultimate 'risk owner' and delegates the management of the Company to the Executive Board, including the management of risks on a day-to-day basis.

The Supervisory Board also delegates certain risk and control oversight responsibilities to the Risk Committee.

The Risk Committee meets quarterly. Periodically, during these committee meetings, subject matter experts from across the business attend the meetings to report on specific, relevant topics.

'Three lines of defense' model

MS Reinsurance operates risk management through a 'three lines of defense' model.

First line of defense

The business functions as first line of defense have an important risk management role. These functions are responsible for ensuring that all processes in the business adhere to the risk policies and standards and that the Company operates within the risk appetite and risk limits as agreed upon by the Supervisory Board and the Executive Board.

The first line of defense is responsible for the effective operation of controls to ensure risk policies are followed and limits are adhered to, and they take on risk as an inherent part of their business activities.

Second line of defense

The risk and compliance functions have the duty to provide reliable, timely, and constructive challenge and/or support to the first line of defense.

The risk function measures the necessary risk capital and independently monitors the adherence to risk appetite, tolerances, and limits. In case of breaches, it initiates, together with the first line of defense, mitigating actions. The risk function, through periodic review of any part of the risk landscape, as deemed appropriate, performs additional assurance activities.

The compliance function provides assurance that the Company operates with integrity and adheres to applicable laws, regulations, standards, and internal policies. The compliance function advises the Executive Board and Supervisory Board on the effectiveness of the compliance framework as implemented and operated within the Company as well as measures needed to ensure on-going compliance, considering the possible impact of relevant changes in the legal and regulatory environments as applicable to MS Reinsurance.

Third line of defense

Internal Audit is the third line of defense and has the task of providing independent assurance, to the Supervisory and the Executive Boards, that the risk management processes are adequately working within the first and second lines of defense.

4.3 Outsourcing policy

MS Reinsurance has an outsourcing policy that sets out how the Company manages its outsourced arrangements. Outsourcing services may be provided by independent third-party providers as well as by other companies within the Group (intra-group outsourcing).

The Company outsources material operations if:

- it is economically justified;
- the operational risks arising from the outsourcing do not exceed the risk limits;
- the supervisory authorities' ability to monitor the Company is not impaired; and
- the activity is considered a non-core function.

The Company monitors and manages its outsourcing arrangements on an ongoing basis to ensure the quality and efficiency of the outsourced services and functions.

5. Valuation

5.1 Market consistent asset valuation for solvency purposes

5.1.1 Value of assets broken down by asset class

The market-consistent balance sheet is disclosed in the FCR Standard Template in Appendix 1. To note: the SST 2024 is filed with FINMA on 30 April 2024 simultaneously with this document.

The market consistent value of investments of MS Reinsurance amounted to USD 4,645.0 million as of 31 December 2023. Based on FCR Standard Template, investments include other investments (USD 3,988.8 million) which consists of investment funds for mainly equity securities, fixed income securities, and money market; fixed-income securities (USD 643.2 million) and equities (USD 11.5 million).

The market consistent value of other assets of MS Reinsurance amounted to USD 3,891.4 million as of 31 December 2023. These consist of receivables from insurance business, cash and cash equivalents, and deferred acquisition costs.

5.1.2 Description of basis and methods used for valuation

The starting point for the FCR balance sheet is the SST, which captures the market consistent value of assets. SST figures are remapped to the FCR Standard Template (Appendix 1).

The market consistent SST valuation method on investments is based on fair values as determined by the IFRS accounting standards. The financial data used in preparing the FCR balance sheet originates from the MS Reinsurance financial reporting system as of 31 December 2023.

5.1.3 Discrepancies between asset valuation for solvency and annual report

The valuation discrepancy between MS Reinsurance's FCR (i.e., SST) and annual report (i.e., Swiss CO) is due to investment fair value adjustments, which amounted to USD 125.4 million as of 31 December 2023. These adjustments are based on market values and reconcile to the IFRS values. The valuation adjustments are calculated on a security-by-security basis.

MS Reinsurance's Swiss CO investment valuation basis represents fair value for most investments. Bond investments are valued at amortized cost and property funds are recorded at the lower of cost or market value. For FCR reporting purposes these investment types are adjusted to fair values.

5.2 Market consistent valuation of provisions for insurance obligations for solvency purposes

5.2.1 Gross and net value of the provisions for insurance obligations

For FCR reporting purposes, the best estimate of provisions for insurance liabilities (gross) amounted to USD 5,751.8 million, which includes loss reserves (USD 3,560.8 million) and unearned premium reserves (UPR) (USD 2,191.0 million) as of 31 December 2023.

Reinsurers' share of best estimate of provisions for insurance liabilities amounted to USD 431.5, consisting of loss reserves (USD 310.4 million) and UPR (USD 121.1 million).

5.2.2 Description of basis, methods, and key assumptions used in the valuation for insurance obligations

MS Reinsurance's (gross and net) reserves are discounted to reflect best estimate values required in a market consistent view. The discounting adjustment is calculated using various actuarial assumptions, including those on payment patterns and using the FINMA yield curves.

5.2.3 Discrepancies between valuation for solvency and annual report for insurance obligations

We summarized valuation discrepancies between MS Reinsurance's FCR (i.e., SST) and annual report (i.e., Swiss CO) as follows:

- Reserve discounting adjustment: Under Swiss CO, loss reserves are on an undiscounted basis, whereas the market consistent view is on a discounted best estimate basis. Therefore, a discounting adjustment on loss reserves (including inward business as well as ceded reserves) based on actuarial assumptions was applied. The net discounting effect is USD 336.7 million, which represents a decrease to loss reserves.
- Adjustment for foreign exchange provision built for unrealized foreign exchange gains under Swiss CO: the valuation reflects the reversal of this provision to represent the market view of liabilities, which amounted to USD 36.1 million.

The net impact of the provision adjustments (i.e., discounting and foreign exchange) amounted to USD 372.8 million.

5.3 Information on the market value margin (MVM)

5.3.1 Value of the market value margin

The market value margin (MVM) is calculated to reach a market-consistent valuation for the insurance liabilities (reserves). Based on the assumptions in the next section, the MVM is calculated at a value of USD 163.9 million. Note that the MVM is included in the balance sheet liabilities within the FINMA SST template and no longer in the target capital as in the past.

5.3.2 Description of basis, methods, and key assumptions used in the valuation

The MVM represents the cost of the regulatory capital an entity would require to run off the business. The MVM is calculated on the basis of the standard model provided by FINMA.

5.4 Market consistent valuation of other liabilities

5.4.1 Value of provisions for other liabilities

Out of the total USD 6,502.5 million liabilities, USD 5,751.8 million are technical provisions including UPR. The remainder of liabilities include liabilities from insurance business (USD 478.5 million), other liabilities (USD 59.7 million), non-technical provisions (USD 36.1 million), liabilities from derivative financial instruments (USD 12.5 million), and the market value margin (USD 163.9 million).

5.4.2 Description of basis, methods, and key assumptions used in the valuation of other liabilities

MS Reinsurance's other liabilities in a market consistent view are valued in-line with Swiss CO.

6. Capital Management

6.1 Goals, strategy, and time horizon for capital planning

With respect to its capital philosophy, MS Reinsurance seeks to maintain sufficient capital to comfortably meet its regulatory capital requirements, maintain a strong credit rating, ensure cedants are sufficiently protected, and to fulfill its ongoing business objectives. In-line with its capital philosophy, the Executive Board and the Risk Committee of the Supervisory Board regularly monitor the capital position.

The Company calculates its regulatory capital requirement using its Internal Model on the SST basis for insurance risk, including reinsurance credit risk. MS Reinsurance utilizes its Internal Model to calculate capital requirements, utilizing data from the business and the forecasted business plan that was approved by the Company's Supervisory Board. MS Reinsurance's target capital is measured using the SST risk-based capital methodology.

Swiss solvency test capital requirement

This is a regulatory capital requirement measure that is based on the calculation of capital requirements to operate on a one-year basis. It is calculated to cover the risks that could materialize based on the execution of the one-year business plan that runs from 1 January to 31 December of the same calendar year.

Through the annual business planning cycle and forward-looking plans, MS Reinsurance considers capital management requirements to ensure any business growth is supported by retained profit or through raising additional capital.

Under the requirements of the SST, MS Reinsurance operates a framework that ensures that capital needs are assessed. MS Reinsurance's Internal Model was approved by FINMA for use when calculating the SST for risk charges including insurance risk, reinsurance credit risk, and dependencies.

In all circumstances, capital needs are assessed through MS Reinsurance's Internal Model. The Internal Model forecasts a wide range of potential financial outcomes for each area of the business, which are used to calculate capital requirements and other risk-adjusted metrics.

Dividend policy

As a principle, MS Reinsurance will pay potential dividends out of the current year's profits. The timing, manner, and amount are decided considering the Company's future strategy for the businesses, subject to regulatory considerations, and with the final approval at the Annual General Meeting.

Available funds to meet capital requirement

The relevant measure of available own funds is the RBC calculated on the SST market consistent balance sheet.

MS Reinsurance has net assets under Swiss CO of USD 1,699.6 million as compared to USD 2,026.5 million net assets based on SST market consistent balance sheet. The adjustments made to transition from Swiss CO balance sheet to SST market consistent balance sheet are set out below:

In USD millions	SST 2023	SST 2024
Excess of assets over liabilities - Swiss CO annual report (*)	1,390.9	1,699.6
Investment fair value adjustments	153.7	125.4
Technical provision adjustments	328.7	372.8
Market value margin	-127.2	-163.9
Excess of assets over liabilities excl. MVM	**1,873.3**	**2,033.9**
Intangible assets	-4.8	-7.5
SST risk bearing capital	**1,741.3**	**2,026.5**

(*) Based on MS Reinsurance's Swiss CO financial statements for 2022 and 2023

For further details regarding valuation discrepancies please refer to section 5.1.3.

Capital composition

MS Reinsurance ensures that it continuously maintains RBC of a suitable quality and permanence to meet the admissibility requirements of the SST.

Contingency plans

As part of the Group, MS Reinsurance benefits from being able to draw on a substantial capital base from a financially very strong shareholder. The specific response to any capital shortfall will depend on the circumstances giving rise to it.

In the case of an extreme event that threatens MS Reinsurance's capital adequacy, the Company will have two choices: 1. reduce its capital needs by altering areas of its business plans, or 2. seek to raise capital to support the current business plan and future strategy. Any given solution can utilize one or both options. Any proposals to change the business plan or raise additional capital require approval by the Supervisory Board as well as by MSIJ.

The timelines and potential limitations of raising capital depend on the context of the event that necessitates activating the contingency plan.

6.2 Structure, level, and quality of the equity capital reported in the annual report

For details regarding structure, level, and quality of the equity capital, refer to MS Reinsurance's Swiss CO annual report (Appendix 3).

7. Solvency

7.1 The development of the SST ratio

The Company's SST 2024 capital ratio described in this report is 192%, which compares favorably with the minimum FINMA SST solvency requirement of 100%, and it is well within the Company's defined SST capitalization range of 180 – 220%. The SST target capital is USD 1,058.4 million, and the SST RBC is USD 2026.5 million.

The table below shows the development of the SST 2024 capital ratio since the last published SST 2023.

The reduction of the SST capital ratio to 191% was driven by an increase in the target capital of USD 203.4 million (+24%) against a relatively smaller increase of RBC of USD 285.2 million (+16%). Note that the MVM increased as well from USD 127.2m to USD 163.9m (+29%).

Solvency and capital position (USD millions)			
	2023	2024	Change
Target Capital	854.9	1,058.4	203.4
Risk Bearing Capital (*)	1,741.3	2,026.5	285.2
SST Capital Ratio (RBC/Target Capital)	204%	191%	-13%

(*) Note that in the table above, the SST 2023 figures are restated in the new format to align with the 2024 FINMA template view. The Market Value Margin (MVM) is included in the Risk Bearing Capital and no longer in the Target Capital, and the SST ratio is then calculated as the ratio of Risk Bearing Capital to Target Capital.

The increase in the target capital during 2023 reflects the significant growth of the Company. This impacts all risk categories. In addition, market risk increased due to a higher spread risk compared to last year. Finally, the reduction of interest rates, particularly in Euros also increased the insurance risk. Business is expected to grow further in the underwriting year 2024 compared to 2023, at relatively constant loss ratio assumptions. This increases the expected future insurance result which will then offset some growth in risk. RBC also increased during 2023 due to positive results in both insurance and investments. However, the growth in RBC was outpaced by the growth in target capital, driven by interest rate reductions.

With the current SST capital ratio, the Company's capital position remains strong and within its target range. No dividends will be paid from the 2023 financial results.

7.2 Target capital developments

7.2.1 Summary of the main changes in the target capital since SST 2023

The table below shows the overall result of the SST quantitative model, combining all the components discussed in previous sections.

	2023	2024	Change
Insurance Risk (standalone)	**1093.5**	**1,382.4**	**289.9**
Reserving Risk (standalone)	827.8	1058.0	230.2
Premium Risk (standalone)	533.2	664.5	131.3
RI Credit & ILS Risk (standalone)	64.8	43.7	-21.1
Market Risk (standalone)	**166.5**	**232.3**	**65.8**
Investment Credit Risk (standalone)	**174.7**	**213.6**	**38.9**
Diversification	**-288.9**	**-370.5**	**-81.6**
Expected Insurance Result	**-293.9**	**-410.7**	**-116.8**
Expected Investment Result (above risk free)	**-21.4**	**-24.6**	**-3.3**
Impact of Scenarios	**24.4**	**35.9**	**11.6**
SST Target Capital	**854.9**	**1,058.4**	**203.4**
SST Risk Bearing Capital (*)	**1,741.3**	**2,026.5**	**285.2**
Market Value Margin (incl. in the RBC)	**127.2**	**163.9**	**36.7**
SST Capital Ratio	**204%**	**191%**	**-13%**

All values derived from distributions are 1% TVaRs. All distributions are relative to expected results, except for the Scenarios distribution.
(*) Note that in the table above, the SST 2023 figures are restated in the new format to align with the 2024 FINMA template view. The Market Value Margin (MVM) is included in the Risk Bearing Capital and no longer in the Target Capital, and the SST ratio is then calculated as the ratio of Risk Bearing Capital to Target Capital.

MS Reinsurance's risk profile and risk capital remain dominated by insurance risk. Reserve risk grew by USD 230.2 million, reflecting increased reserve volumes following growth in long-tail lines – Credit, Cyber, and Crop insurance, and, to a smaller extent, Property due to a handful of catastrophe losses occurring in 2023. As it was in the SST 2023, reserve risk continues to be the largest risk component.

Premium risk increased by USD 131.3 million, driven by business growing in almost all areas except Cyber, but in particular in Casualty, Financial Risk, and Crop as compared to the 2023 SST.

Market risk increased by USD 65.8 million by adjusting the risk profile within the portfolio by an increased net equity exposure. In addition, spread risk increased due to the rating downgrade of the USA from AAA to AA+ by Fitch in August 2023.

Credit risk (excluding RI credit risk) increased by USD 38.9 million due to a deterioration of average rating quality (cf. USA downgrade) and overall increased funds in the asset allocation.

The expected insurance result increased by USD 116.8 million, driven by business growth with loss ratios remaining stable year on year. Additionally, ceded premium reduced slightly and operating expenses remained at a similar level as 2023. Investment income is assumed to increase by USD 3.3 million based on FINMA's Standard Model approach.

The MVM increased by USD 36.7 million alongside the growing reserve volume, as previously explained.

Target capital also increased due to reducing interest rates impacting most of the elements mentioned in this section.

The following sections provide more detail on the changes by risk category.

7.2.2 Insurance risk profile and changes in risk capital

Premium risk

Premium risk relates to unexpected losses on the current underwriting year that can be caused by inadequate pricing, inappropriate terms and conditions, unexpected claims frequency or severity, or catastrophe losses from large natural or other events such as earthquake, hurricane, or terrorism threats. MS Reinsurance has a risk-seeking attitude to premium risk and accepts that there will be claims arising from all areas of its insurance risk profile. The appetite for risk is governed by the amount of business that meets the Company's pricing requirements as well as the capacity determined by the available capital base and outwards reinsurance arrangements.

The scale of risk concentration is identified through two core methodologies:

- **Stochastic Modeling.** The Company utilizes exposure data to feed its Internal Model that aggregates the risk concentration, taking account of inherent exposure and the benefit of the associated mitigation strategies. Modeling takes place on a single Occurrence Exceedance Probability basis as well as at an Aggregated Exceedance Probability basis.
- **Realistic Disaster Scenarios (RDSs)**. Specific event scenarios are run and monitored quarterly. The RDSs cover both modeled and non-modeled classes as well as natural and man-made perils, also considering single occurrence and multi occurrence events.

Premium risk concentration is derived from:

- natural perils such as windstorm or earthquake;
- large losses from man-made events such as terrorism, cyber or industrial accidents; and
- casualty accumulation risks driven by exposure to economic, social, and legislative changes.

Risk concentration and changes over the year

As of 1 January 2024, MS Reinsurance quantified its premium risk at USD 664.5 million versus USD 533.2 million for the SST 2023 on a stand-alone basis due to business growth across all divisions.

Natural catastrophe risk remains a material driver of premium risk, despite having reduced significantly compared to the past. The largest natural catastrophe exposure for MS Reinsurance remains the US/Caribbean hurricane scenario with a USD 283.4 million standalone TVaR in the SST 2024. European windstorm and North American earthquake TVaRs are the next most important contributors. The increase of natural catastrophe risk compared to 2023 is driven by reduced outwards cessions rather than growth in assumed business.

Natural Catastrophe Risk			
Annualized unexpected loss, 99% TVaR in USD millions (net of outwards Reinsurance recoveries)	**2023**	**2024**	**Change**
US / Caribbean Hurricane	211.8	283.4	71.6
Europe Windstorm	178.5	210.8	32.3
North America Earthquake	142.9	177.3	34.4

Assessment, monitoring, and mitigation techniques

Insurance risk is managed mainly via the following:

- the impact of the annual business plan on the risk and solvency position is assessed;
- tolerance and limits are set to maintain minimum solvency and liquidity levels and manage peak exposures;
- technical pricing considers key risk accumulations and large loss potentials; and
- outwards reinsurance is purchased where it makes economic sense to do so and where it is needed to maintain risk within the approved risk tolerance and limits.

Reserving risk

Reserving risk relates to the possible inadequacy of claims provisions. Specifically, it relates to the uncertainty around whether reserves are adequately accounted for, taking account of fluctuations in claim settlements. MS Reinsurance adopts a neutral approach to reserving risk (accepting risk with caution as a by-product of pursuing the desired business strategy), which is an unavoidable consequence of underwriting a portfolio of business where claims may develop after the policy period has elapsed.

Reserving risk concentrations are the accumulation of assumed claims and the uncertainty associated with the ultimate size of the claims given the extended duration it can take for some claims to mature. Liability classes are considered as the primary drivers of reserve risk. MS Reinsurance operates an actuarial led reserving process to estimate the reserves on a 'best estimate' basis. Reserving risk exposures and concentrations are identified using the Internal Model.

MS Reinsurance's Internal Model produces a full distribution of possible reserving outcomes with the intention of capturing the uncertainty in the reserves. Expert judgment is applied during parameterization to ensure that the results from the Internal Model appropriately reflect MS Reinsurance's risk profile.

Risk concentration and changes over the year

As of 1 January 2024, MS Reinsurance quantified its reserving risk at USD 1,058.0 million on a stand-alone SST basis.

Overall reserve volumes grew during 2023, reflecting a growing volume of business in general, but particularly in long-tail classes, as well as Credit, Cyber, and Crop insurance.

Assessment, monitoring, and mitigation techniques

The key mitigation strategies, processes, and controls are as follows:

- actuarial best estimates are subject to independent review and challenge;
- reinsurance program – responds to large loss developments from prior years;
- a risk tolerance requiring reserves to be in excess of a minimum quantile on the overall reserve distribution; and
- robust claims handling policy and process for setting case reserves.

Reinsurance credit and insurance linked securities risk

Reinsurance purchase exposes the business to losses on recoveries either from an inability or unwillingness to pay on the part of reinsurers. There is the risk of loss if a reinsurance counterparty fails to fulfill its underwritten obligations in full or fails to perform them in a timely fashion. MS Reinsurance accepts reinsurance counterparty credit risk as a consequence of using reinsurance to protect the Company against severe catastrophic events and other scenarios. In the SST model, this is modeled within the Internal Model.

Risk concentration and changes over the year

As of 1 January 2024, MS Reinsurance quantified its reinsurance credit risk as USD 36.8 million on a stand-alone SST basis. This decreased from USD 62.3 million compared to prior year which is mainly due to the decrease in ceded reserves. The credit quality of the Company's reinsurers remains strong and improved compared to the 2023 SST submission.

The insurance linked securities (ILS) risk amounted to USD 9.1 million which increased from USD 4.3 million compared to prior year. This is driven by an increased risk position in one of the underlying ILS funds. However, the overall ILS exposure remains negligible.

Assessment, monitoring, and mitigation techniques

The key mitigation strategies, processes, and controls include counterparty review and approval processes, counterparty credit limits based on ratings, ongoing monitoring of outstanding balances (credit control and escalation processes), and purchase of collateralized reinsurance where reinsurer ratings do not meet internal minimum standards.

7.2.3 Market risk profile and changes in risk capital

The basis of the MS Reinsurance market risk calculation is the SST Standard Market Risk model. As of 1 January 2024, MS Reinsurance quantified its market risk at USD 232.3 million on a stand-alone basis versus USD 166.5 million for SST 2023.

The results of the market risk model are presented below:

Standalone TVaR in USD million			
Risk Factor	**2023**	**2024**	**Change**
Market Risk (all Risk Factors)	166.5	232.3	65.8
All interest Rates	91.8	101.8	10.0
Spreads	51.7	94.2	42.5
Foreign Exchange	72.0	71.9	-0.1
Equities	50.4	73.1	22.7
Hedge Funds	18.5	20.5	2.0
Real Estate	86.3	62.1	-24.2
Other	15.5	20.7	5.2

Market risk increased by USD 65.8 million, driven by an increase in spread risk, which increased from USD 51.7 million to USD 94.2 million and an increase of equity risk from USD 50.4 million to USD 73.1 million. Also, a decreased real estate risk from USD 86.3 million to USD 62.1 million was observed.

Reasons are:

- the rating deterioration of the USA from AAA to AA+ by Fitch in August significantly increased the volume of AA rated securities, increasing spread risk;
- whilst asset duration has been increased to match liability duration mid of 2023, interest rate sensitive instruments, due to lowered yield curves as of 31 December 2023, have increased in market value;
- a decreased market value of real estate investments; and
- higher market value of equity investments at the same relative hedge level.

Assessment, monitoring, and mitigation techniques

The key mitigation strategies, processes, and controls are as follows:

- investment policy and strategic asset allocation, which aims to maximize long-term investment returns in relation to an agreed risk limit;
- asset liability management: interest rate risk is managed by defining key rated duration ranges for short, mid, and long-term liabilities;

- tactical asset allocation, which responds to expectations for short-term market prospects or volatility and is defined within a certain band around the strategic asset allocation;
- a diversified portfolio, which limits exposure to any one security or asset class;
- tolerance, limit setting, and performance monitoring – stochastic value at risk monitoring is utilized by the investment team through the modeling and monitoring of investment risk against agreed tolerance;
- sub-advisor monitoring: sub-advisors are appointed to conduct stock selection within their specialist asset class where each sub-advisor has discretion to manage the funds within their investment guidelines while performance and compliance with mandates are monitored by the investment team; and
- hedging: MS Amlin Investment Management actively manages interest rate risk exposure and the level of equity exposure.

7.2.4 Investment credit risk profile and change in risk capital

The Company seeks a certain level of investment counterparty risk as a return is generated for this type of risk as part of the investment portfolio. Additionally, counterparty exposure is managed by monitoring the concentration of assets against grade and quality limits, which are designed to ensure adequate diversification. In the SST model this is based on the standard model.

Risk concentration and changes over the year

As of 1 January 2024, MS Reinsurance quantified its credit risk (from investments) at USD 213.6 million on a stand-alone SST basis versus USD 174.7 million for the SST 2023. The increase is due to a slight deterioration of average rating quality in the asset allocation due to the downgrade of the USA from AAA to AA+ by Fitch in August 2023 and a higher market value of USD 271.5 million of positions under credit risk.

The table below shows the credit risk exposure by issuer credit rating. As of 31 December 2023, 93 percent of MS Reinsurance debt securities were investment grade (SST 2023: 95 percent).

	As of 31 December	% of total
	Rating	
Investments by rating of issuer	Investment Grade (AAA-BBB)	93%
	High Yield (BB and below)	6%
	Unrated	1%
	Total	**100%**

7.2.5 Diversification

The diversification approach remained unchanged since the SST 2023, and the overall diversification benefit remains at a similar level as in the SST 2023.

7.2.6 Expected insurance result and investment income

The expected insurance result amounted to USD 410.7 million. The increase by USD 116.8 million compared to prior year is due to growth in business written and a slight reduction in ceded business with loss ratios and operational expenses staying at a similar level as in the SST 2023. Reduced impact of discounting offsets, somewhat, the increase in insurance result.

The expected result from investments amounted to USD 24.6 million. This increased by USD 3.3 million with the underlying volume of assets under management increasing at unchanged return parameters in the standard model.

7.2.7 Impact of scenarios

The impact of scenarios increased by USD 11.6 million compared to the SST 2023. The Company aggregates the financial distress, the pandemic, and a Company specific inflation scenario. The increase reflects an increase in all three scenarios. This is partly driven by growth in underlying business and assets under management as compared to the SST 2023, but in the case of the first two scenarios also due to increased risk factors for interest rates as provided by FINMA.

7.2.8 Market value margin

The MVM increased by USD 36.7 million compared to 2023. This was driven by a growing volume of reserves, a reduction in interest rates, and the re-parametrization of reserve risk.

7.3 Non-modeled risks

The following sections detail how risks that are not specifically modeled within the Internal Model are assessed and managed, as well as changes in these risks during 2023.

7.3.1 Liquidity risk

The strength and liquidity of the balance sheet is fundamental to the Company's value proposition as a reinsurer of choice, providing the ability to respond quickly to claims, particularly in the event of large catastrophic losses such as hurricanes or earthquakes. Consequently, MS Reinsurance has a risk-averse attitude towards liquidity risk. Liquidity risk arises from insufficient financial resources being available to meet liabilities as they fall due. MS Reinsurance's liquidity assessment stresses asset values by applying Basel III regulatory haircuts to total assets under management to determine the high-quality liquid assets, which are then compared to the SST target capital. This Liquidity Ratio is a strategic metric owned by the Supervisory Board and must remain above a minimum limit of 100%.

Risk concentration and changes over the year

Throughout the year, the liquidity ratio remained above the minimum ratio of 100%.

Assessment, monitoring, and mitigation techniques

MS Reinsurance produced the Annual Liquidity Report 2023 which is required by the FINMA. The report forecasts the development of the cash position under current as well as under aggravated market conditions. Under current market conditions, MS Reinsurance has sufficient level of liquid assets available. Under the extreme scenario of combined stress conditions, unencumbered assets are estimated to fall significantly by the end of 2025, which would require action based on the capital management policy. The Liquidity Ratio is monitored monthly.

7.3.2 Operational risk

Risk definition and appetite

Operational risk represents the potential economic, financial reporting, reputational, or compliance impact resulting from inadequate or failed internal processes, people, and systems, or from external causes. Operational risks include legal and compliance risks as well as the risk of material misstatement in financial reports. MS Reinsurance does not generate any returns on this risk and, as such, has a risk-averse attitude to operational risk and zero appetite or tolerance for failures to operate within applicable legal and regulatory requirements.

Risk concentration and exposure

Operational risks are identified and assessed as part of the risk management process described in section 4.2. Deep dive assessments and other such assurance activities also seek to evaluate risks from a thematic perspective. Some of the key operational risks in focus are risks to the implementation of business change plans on time and within budget, risks associated with financial reporting, IT infrastructure risks, and risks from outsourcing activities.

Operational risk is mitigated by:

- effective corporate governance, including segregation of duties, avoidance of conflicts of interest, clear lines of management responsibility, adequate management information reporting;
- strong internal controls, a large proportion of which are subject to regular testing as part of the Group's J-SOX requirements, and a risk-aware culture;
- ensuring compliance with regulatory requirements;
- recruiting/retaining skilled staff with an adequate performance assessment system;
- risk management framework used for the identification, assessment, and mitigation of operational risks;
- reflecting on lessons learned and implementation of actions in response to risk events (where a risk materializes);
- comprehensive policies, procedures, and standards;
- assurance monitoring by the compliance, risk, and internal audit functions;
- effective IT systems;
- comprehensive business continuity and IT disaster recovery program to prepare for various emergency situations; and
- insurance coverage purchased to cover property damage, liability, cyber risk, etc.

The Company is actively investing in significant upgrades to infrastructure and a transition to new systems that will better support the Company's business needs and growth plans. New, experienced individuals and members of the senior management team have recently joined the Company to strengthen underwriting and operational capabilities.

7.3.3 Strategic risk

Risk definition and appetite

Strategic risk is defined as the risk of failing to meet the company's strategic goals and business plans due to poor decision making and execution of the strategy and business plan. MS Reinsurance has a risk-seeking attitude to maintain consistent levels of strategic risk as it actively pursues ways of developing the business. The Company also faces several external factors that may impact demand for or supply of products. These risks are analyzed, and actions agreed, to adapt the strategic approach to cater for them.

This risk is primarily managed through an annual strategy and planning process, which is subject to independent review and challenge by the risk function. Shaping the MS Reinsurance corporate strategy and developing a best-in-class capital allocation framework that aims to allocate capital to the most attractive risk pools are key priorities for the CEO and Chief Risk Officer (CRO).

Environmental, social, and governance risk

On a semi-annual basis, MS Reinsurance performs an assessment of the physical and transitional risks that may impact its operations including Underwriting, Investments, and Operational areas. The assessment triggers changes to the risk register where appropriate, the Quarterly Risk Reports, and, ultimately, the ORSA.

7.4 Information about risk-bearing capital

7.4.1 Breakdown of the RBC into its key components

Market consistent value in the FCR template of total assets amounted to USD 8,536.7 million and total liabilities amounted to USD 6,502.5 million as of 31 December 2023, resulting in a difference between market-consistent assets and market-consistent liabilities of USD 2,033.9 million, further reduced by USD 7.5 million intangible assets to arrive at an RBC of USD 2,026.5 million. For further details please refer to Appendix 1.

The comparison of the RBC between year-end 2022 and year-end 2023 is shown in Appendix 1. The increase in the RBC during 2023 is driven by profit made in both insurance and investments.

7.5 Material risk exposures

7.5.1 Exposure to material off balance sheet positions

MS Reinsurance does not have any exposure to material off balance sheet positions.

8. Appendices

8.1 Appendix 1

Financial situation report: quantitative template "Performance Solo Reinsurance"

Currency: USD
Amounts stated in millions

		Total		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
1	Gross premiums	2,292.70	3,084.69	26.84	22.90	127.21	226.06	44.08	38.09	1,105.26	1,312.68	539.53	946.16	449.78	538.80
2	Reinsurers' share of gross premiums	(267.82)	(216.41)	(0.87)	0.93	(2.87)	(2.06)	(4.82)	(0.25)	(161.64)	(99.29)	(86.09)	(107.04)	(11.55)	(8.70)
3	**Premiums for own account (1 + 2)**	**2,024.87**	**2,868.28**	**25.97**	**23.83**	**124.35**	**224.00**	**39.26**	**37.84**	**943.62**	**1,213.39**	**453.44**	**839.12**	**438.23**	**530.10**
4	Change in unearned premium reserves	(259.16)	(345.05)	(2.52)	(0.22)	30.53	(42.66)	8.54	(1.49)	(80.09)	(56.49)	(91.96)	(184.09)	(123.65)	(60.11)
5	Reinsurers' share of change in unearned premium reserves	(49.17)	(54.26)	0.78	(0.93)	(1.02)	0.29	1.19	(1.19)	(69.68)	(57.35)	12.35	8.89	7.21	(3.97)
6	**Premiums earned for own account (3 + 4 + 5)**	**1,716.54**	**2,468.97**	**24.22**	**22.68**	**153.85**	**181.64**	**48.99**	**35.15**	**793.85**	**1,099.55**	**373.83**	**663.92**	**321.79**	**466.03**
7	Other income from insurance business	0.40	2.35	0.00	0.02	0.20	1.64	0.01	0.01	0.15	0.49	0.03	0.06	0.02	0.13
8	**Total income from underwriting business (6 + 7)**	**1,716.95**	**2,471.32**	**24.22**	**22.70**	**154.05**	**183.28**	**49.00**	**35.16**	**794.01**	**1,100.04**	**373.85**	**663.98**	**321.81**	**466.16**
9	Payments for insurance claims (gross)	(1,086.99)	(1,110.37)	(13.42)	(4.98)	(141.97)	(150.40)	(81.82)	(15.54)	(593.69)	(714.45)	(215.63)	(122.49)	(40.46)	(102.52)
10	Reinsurers' share of payments for insurance claims	122.68	154.39	-	-	2.50	0.09	-	0.14	108.17	145.40	12.01	8.74	-	0.01
11	Change in technical provisions	(331.93)	(627.75)	(8.17)	(19.68)	(12.38)	(3.42)	35.27	(4.58)	(136.59)	(176.04)	(86.12)	(275.15)	(123.95)	(148.88)
12	Reinsurers' share of change in technical provisions	63.10	(31.09)	0.00	(0.00)	1.89	0.03	2.94	1.38	15.27	(76.84)	41.71	39.88	1.29	4.46
13	Change in technical provisions for unit-linked life insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	**Expenses for insurance claims for own account (9 + 10 + 11 + 12 + 13)**	**(1,233.14)**	**(1,614.82)**	**(21.59)**	**(24.65)**	**(149.96)**	**(153.69)**	**(43.60)**	**(18.60)**	**(606.84)**	**(821.93)**	**(248.04)**	**(349.01)**	**(163.12)**	**(246.93)**
15	Acquisition and administration expenses	(586.97)	(807.85)	(3.67)	(4.37)	(41.73)	(50.87)	(8.18)	(5.82)	(255.16)	(314.29)	(154.70)	(251.18)	(123.53)	(181.32)
16	Reinsurers' share of acquisition and administration expenses	36.86	39.40	-	-	(0.00)	0.00	0.09	(0.02)	20.09	9.61	15.27	28.45	1.41	1.35
17	Acquisition and administration expenses for own account (15 + 16)	**(550.11)**	**(768.45)**	**(3.67)**	**(4.37)**	**(41.73)**	**(50.87)**	**(8.09)**	**(5.84)**	**(235.07)**	**(304.68)**	**(139.43)**	**(222.72)**	**(122.12)**	**(179.97)**
18	Other underwriting expenses for own account	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	**Total expenses from underwriting business (14 + 17 + 18) (non-life insurance only)**	**(1,783.25)**	**(2,383.27)**	**(25.25)**	**(29.02)**	**(191.68)**	**(204.56)**	**(51.69)**	**(24.44)**	**(841.92)**	**(1,126.61)**	**(387.46)**	**(571.74)**	**(285.24)**	**(426.90)**
20	Investment income	262.88	401.86												
21	Investment expenses	(360.10)	(174.38)												
22	**Net investment income (20 + 21)**	**(97.23)**	**227.47**												
23	Capital and interest income from unit-linked life insurance	-	-												
24	Other financial income	-	-												
25	Other financial expenses	(3.47)	(3.67)												
26	**Operating result (8 + 14 + 17 + 18 + 22 + 23 + 24 + 25)**	**(167.00)**	**311.85**												
27	Interest expenses for interest-bearing liabilities	-	-												
28	Other income	0.11	0.11												
29	Other expenses	(6.25)	(1.18)												
30	Extraordinary income/expenses	-	-												
31	**Profit / loss before taxes (26 + 27 + 28 + 29 + 30)**	**(173.13)**	**310.78**												
32	Direct taxes	(4.44)	(2.06)												
33	**Profit / loss (31 + 32)**	**(177.57)**	**308.72**												

Financial situation report: quantitative template

Currency: USD
Amounts stated in millions

		Ref. date previous period	Adjustments previous period	Ref. date reporting year
Market conform value of investments	Real estate	0.0		0.0
	Participations	1.5		1.5
	Fixed-income securities	556.9		643.2
	Loans	0.0		0.0
	Mortgages	0.0		0.0
	Equities	11.8		11.5
	Other investments	3,379.1	0.0	3,988.8
	Collective investment schemes	3,379.1		3,988.8
	Alternative investments	0.0		0.0
	Structured products	0.0		0.0
	Other investments	0.0		0.0
	Total investments	**3,949.3**	0.0	**4,645.0**
Market conform value of other assets	Financial investments from unit-linked life insurance	0.0		0.0
	Receivables from derivative financial instruments	3.2		25.5
	Deposits made under assumed reinsurance contracts	94.9		108.3
	Cash and cash equivalents	367.0		461.2
	Reinsurers' share of best estimate of provisions for insurance liabilities	516.0	0.0	431.5
	Direct insurance: life insurance business (excluding unit linked life insurance)	0.0		0.0
	Reinsurance: life insurance business (excluding unit linked life insurance)	0.0		0.0
	Direct insurance: non-life insurance business	0.0		0.0
	Direct insurance: health insurance business	0.0		0.0
	Reinsurance: non-life insurance business	516.0		431.5
	Reinsurance: health insurance business	0.0		0.0
	Direct insurance: other business	0.0		0.0
	Reinsurance: other business	0.0		0.0
	Direct insurance: unit-linked life insurance business	0.0		0.0
	Reinsurance: unit-linked life insurance business	0.0		0.0
	Fixed assets	6.6		4.9
	Deferred acquisition costs	493.0		594.6
	Intangible assets	4.8		7.5
	Receivables from insurance business	1,636.0		2,154.4
	Other receivables	37.2		87.5
	Other assets	0.0		0.0
	Unpaid share capital	0.0		0.0
	Accrued assets	6.0		16.0
	Total other assets	**3,164.9**	**0.0**	**3,891.4**
	Total market conform value of assets	**7,114.2**	**0.0**	**8,536.4**

		Ref. date previous period	Adjustments previous period	Ref. date reporting year
Market conform value of liabilities (including unit linked life insurance)	Best estimate of provisions for insurance liabilities	(4,774.0)	0.0	(5,751.8)
	Direct insurance: life insurance business (excluding unit linked life insurance)	0.0		0.0
	Reinsurance: life insurance business (excluding unit linked life insurance)	0.0		0.0
	Direct insurance: non-life insurance business	0.0		0.0
	Direct insurance: health insurance business	0.0		0.0
	Reinsurance: non-life insurance business	(4,774.0)		(5,751.8)
	Reinsurance: health insurance business	0.0		0.0
	Direct insurance: other business	0.0		0.0
	Reinsurance: other business	0.0		0.0
	Best estimate of provisions for unit-linked life insurance liabilities	0.0	0.0	0.0
	Direct insurance: unit-linked life insurance business	0.0		0.0
	Reinsurance: unit-linked life insurance business	0.0		0.0
	Market value margin (*)	(127.2)		(163.9)
Market conform value of other liabilities	Non-technical provisions	(26.9)		(36.1)
	Interest-bearing liabilities	0.0		0.0
	Liabilities from derivative financial instruments	(1.6)		(12.5)
	Deposits retained on ceded reinsurance	0.0		0.0
	Liabilities from insurance business	(418.4)		(478.5)
	Other liabilities	(20.0)		(59.7)
	Accrued liabilities	0.0		0.0
	Subordinated debts	0.0		0.0
	Total market conform value of liabilities	(5,368.1)	0.0	(6,502.5)

	Market conform value of assets minus market conform value of liabilities	1,746.1	0.0	2,033.9

(*) Note that the SST 2023 figures are restated in the new format to align with the 2024 view, i.e. the Market Value Margin is included in the Risk Bearing Capital and no longer in the Target Capital.

Financial situation report: quantitative template "Solvency Solo"

Currency: USD
Amounts stated in millions

		Ref. date previous period	Adjustments previous period	Ref. date reporting year
		in USD millions		in USD millions
Derivation of RBC	Market conform value of assets minus market conform value of liabilities	1,746.1		2,033.9
	Deductions	(4.8)		(7.5)
	Tier 1 risk-absorbing capital instruments (RAC) counted towards core capital			
	Core capital	1,741.3		2,026.5
	Supplementary capital			
	RBC (*)	1,741.3		2,026.5

		Ref. date previous period	Adjustments previous period	Ref. date reporting year
		in USD millions		in USD millions
Derivation of target capital	Underwriting risk	1,093.5		1,382.4
	Market risk	166.5		232.3
	Diversification effects	(288.9)		(370.5)
	Credit risk	174.7		213.6
	Market value margin and other effects on target capital	(290.9)		(399.4)
	Target capital (*)	854.9		1,058.4

	Ref. date previous period	Adjustments previous period	Ref. date reporting year
	in %	in %	in %
SST ratio	204%		191%

(*) Note that the SST 2023 figures are restated in the new format to align with the 2024 view, i.e. the Market Value Margin is included in the Risk Bearing Capital and no long in the Target Capital.

8.2 Appendix 2

8.2.1 MS Reinsurance company structure chart from 31 December 2023

Annual Report MS Reinsurance (MS Amlin AG) 2023

Management Report

MS Reinsurance (the Company) is a Switzerland-domiciled, global reinsurer and a wholly owned subsidiary of Mitsui Sumitomo Insurance Company, Limited (MSIJ), a part of MS&AD Insurance Group (MS&AD or the Group). Both MSIJ and MS&AD are registered in Japan. In 2022, MS Amlin AG was rebranded and now trades as "MS Reinsurance" with no change to its legal name or operational structure.

MS Reinsurance provides non-life treaty reinsurance solutions for clients around the world. The Company maintains a global presence with underwriting offices in Bermuda, Miami, New York, and Zurich along with a service center in Labuan.

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

- International, which provides multi-line solutions for clients in Europe, Middle East and Africa, and the rest of the world;
- Americas, which offers multi-line solutions for clients in North and South America; and
- Specialty Lines, which services clients with unique specialized risks such as credit or agriculture.

MS Reinsurance's longer-term strategy to reduce volatility in financial results remains unchanged from 2022. The Company continued to rebalance the overall portfolio during 2023 with reductions in catastrophe exposure relative to other classes of business.

Business Development and Financial Condition

Gross written premium (GWP) continued to increase during 2023. This growth was seen in segments where market conditions remained favourable and in areas that successfully aligned the strategic approach for diversification and increased profitability, notably in European property and casualty, agriculture, and US casualty lines of business. This more than offset reductions in US catastrophe and intercompany quota share arrangements. Net of reinsurance and on an earned basis, net premium levels increased strongly relative to the prior year, reflecting the earned impact of the continuing shift towards longer-tail business within the portfolio.

The 2023 underwriting result improved significantly relative to 2022 due to favourable non-cat developments across numerous lines of business There was significant catastrophe activity during 2023, most notably the Kahramanmaras Earthquake sequence in Turkey and Hurricane Otis in Mexico, with a net catastrophe impact slightly above the catastrophe budget. Despite the significant major loss activity, overall underwriting performance was better than planned driven by benign non-cat claims experience across the portfolio, most notably from the cyber, financial risks, and property segments.

Increased interest rates and allocation shifts in fixed income have resulted in higher than planned returns from liquid assets. Equity allocations matched the strong market performance while real assets underperformed relative to plan. The Company's decision to reduce exposure to real assets helped to protect against losses.

The overall result for the Company for the year 2023 is a profit of USD 309 million under Swiss Code of Obligation.

Number of full-time positions on an annual average

The Company employed a worldwide staff at an average of 199 full time equivalents (2022: 188).

Future prospects and vision

Rebranded as MS Reinsurance, the Company repositioned itself in the market, with a new strategy in 2022. The Company's strategic focus is to manage the inherent volatility of the business it assumes by constructing a well-balanced and diversified portfolio of appropriately priced risks.

To execute on this new strategy, the Company undertook a new underwriting strategy built on a three-pronged value proposition:

- **Deep client understanding.** We know our clients, understand their needs, and will work to provide solutions. We use market expertise and timely access to information and data needed to know our clients' markets and portfolios well.
- **Ease of business.** We have an efficient platform and empowered underwriters with demonstrated expertise enabling fast, reliable decision making.
- **Competitive pricing.** We deliver competitive pricing underpinned by a cost-efficient platform.

This strategic direction allows MS Reinsurance to deliver a differentiated experience for its clients, increase access to diversified risk, and attract and invest in top talent. Part of this change is a comprehensive transformation to a state-of-the art efficient platform, taking every aspect of the business into consideration. Several of the first transformation workstreams have already been completed, and most of the internal transformation is expected to be completed by the end of 2024.

Clients are reacting positively to this new approach and the strategy, combined with a positive market environment, resulted in improved profitability during the latest renewals.

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

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

Risk Management

Risk strategy

The Supervisory Board sets forth the responsibilities and principles pertaining to the Company's risk management (risk strategy, controlling, and management) in the Risk Management Policy. The Risk Management Policy explains the risk framework (governance and risk management process) and the overarching ultimate risk tolerance, expressed in terms of solvency liquidity, rating, and statutory capital. It further provides transparency and defines ownership and responsibilities throughout the risk management process. It promotes a risk aware culture across the organization.

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

Internal control framework

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

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

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

Risk assessment

Material risks highlighted in 2023 during the quarterly RCSA processes and the ongoing Risk Management activities are presented in the Own Risk and Solvency Assessment (ORSA) report. Appropriate actions to manage those risks were identified and are being implemented.

Solvency and liquidity

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

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

The Company's SST 2024 capital ratio is 191% (SST 2023: 204%), which compares favourably with the minimum FINMA SST solvency requirement of 100%. It is also within the Company's defined SST capitalization range of 180 – 220%. No dividends will be paid for 2023.

Risk appetite, tolerances, and limits

The Company's risk strategy starts with the Risk Tolerance, which denotes the target level for various solvency and liquidity measures. The next step is the Risk Appetite, which is implemented by means of Strategic Limits for the most risk-intensive areas of the business. The limits applicable to Insurance risk are based on various measures obtained from the MS Reinsurance Internal Model used for the Swiss Solvency Test. The limits applicable to Investment and Credit risks mainly relate to the Strategic Asset Allocation and Investment Guidelines, but the liquidity and investment limits are also calibrated based on the Internal Model. Both the Risk Tolerance and Risk Appetite are owned by the Supervisory Board.

The Executive Board is responsible for developing a business plan commensurate with the Risk Tolerance and the stated Risk Appetite. The business plan, including the recommended Strategic Limits, is presented to the Supervisory Board, who approves the plan and mandates the Executive Board for implementation.

The Executive Board has set up a framework to manage the various sources of risk, which comprises Policies, Standards and Guidelines as well as Operating limits, that gives sufficient flexibility to react to changes in the business environment, but that ensures that the Strategic limits are not breached and that the Risk Tolerance criteria are met. Policies are approved by the Supervisory Board. Standards, Guidelines and Operating limits are approved by the Executive Board.

Processes and organization

Risk management processes for identifying, measuring, controlling, and reporting on risks are embedded in the day-to-day operations of all functions within MS Reinsurance. The Risk Management Policy sets out the specific roles and responsibilities across the three lines of defence for the risk management processes and assurance activities.

Quarterly risk reporting to the Risk Committee of the Supervisory Board supports the Supervisory Board in fulfilling its risk oversight responsibilities by providing it with a timely view on changes in the MS Reinsurance risk profile, risks near to or outside of appetite, outcomes of assurance activities, and any legal and regulatory compliance concerns.

MS Amlin AG, Zurich

Report of the Statutory Auditor
to the General Meeting on the

Financial Statements 2023

KPMG AG
Zurich, 24 April 2024

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

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

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

Other Information

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

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

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

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

Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of

Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

KPMG AG

Rainer Pfaffenzeller
Licensed Audit Expert
Auditor in Charge

Lukas Kündig
Licensed Audit Expert

Zurich, 24 April 2024

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

Financial statements of MS Reinsurance (MS Amlin AG) 2023

Income statement

USD	Note	2023	2022
Gross premium written		3,084,687,593	2,292,696,373
Premiums ceded to reinsurers		(216,411,414)	(267,824,242)
Net premiums written		**2,868,276,179**	**2,024,872,131**
Change in unearned premium reserves - gross		(345,051,216)	(259,163,193)
Change in reinsurers' share of unearned premium reserves		(54,257,359)	(49,166,971)
Net premiums earned		**2,468,967,604**	**1,716,541,967**
Other insurance income		2,352,799	403,834
Total technical income		**2,471,320,403**	**1,716,945,800**
Gross claims and claim expenses paid		(1,110,373,446)	(1,086,986,401)
Reinsurers' share of claims and claim expenses		154,387,615	122,675,806
Change in technical provisions - gross	6	(627,745,029)	(331,930,282)
Change in reinsurers' share of technical provisions	6	(31,089,858)	63,099,410
Net claims and claim expenses incurred		(1,614,820,719)	(1,233,141,469)
Acquisition costs - gross		(660,855,145)	(477,986,689)
Administrative expenses - gross		(146,992,645)	(108,982,472)
Acquisition costs and administrative expenses - gross		(807,847,790)	(586,969,161)
Reinsurers' share of acquisition costs		39,395,389	36,862,558
Net acquisition costs and administrative expenses		**(768,452,400)**	**(550,106,603)**
Total technical expenses		**(2,383,273,119)**	**(1,783,248,072)**
Income from investments	11	401,857,619	262,876,435
Expenses from investments	12	(174,384,796)	(360,104,473)
Net income/(expenses) from investments		**227,472,823**	**(97,228,038)**
Other financial expenses		(3,674,612)	(3,468,982)
Operating income/(loss)		**311,845,495**	**(166,999,292)**
Other income		111,344	111'284
Other expenses		(1,175,142)	(6,246,160)
Profit/(loss) before direct taxes		**310,781,697**	**(173,134,168)**
Direct taxes		(2,064,183)	(4,438,934)
Profit / (loss)		**308,717,514**	**(177,573,102)**

Balance sheet

Assets			
USD	Note	31/12/2023	31/12/2022
Investments		4,519,589,651	3,795,582,938
Participations		1,512,614	1,512,614
Fixed-interest securities		**641,328,802**	**556,867,469**
Shares		11,478,846	11,485,304
Other investments	2	3,865,269,390	3,225,717,551
Receivables from derivative financial instruments		25,473,880	3,235,405
Deposits on reinsurance business		108,339,469	94,894,032
Cash and cash equivalents		461,248,120	367,011,045
Reinsurers' share of technical provisions	5	467,349,281	550,028,620
Property and equipment		4,854,984	6,634,120
Deferred acquisition costs		594,635,145	493,045,171
Intangible assets		7,456,527	4,804,436
Reinsurance receivables	3/8	2,154,350,559	1,636,030,272
Other receivables	8	87,533,223	37,192,641
Prepaid expenses and accrued income		16,008,123	6,030,905
Total assets		**8,446,838,962**	**6,994,489,587**

Liabilities and Equity			
USD	Note	31/12/2023	31/12/2022
Technical provisions	5	6,124,301,007	5,103,163,043
Non-technical provisions		72,182,242	60,451,347
Liabilities from derivative financial instruments		12,518,194	1,580,876
Reinsurance payables	4/9	478,508,728	418,380,481
Other liabilities	9	59,707,036	20,009,598
Total liabilities		**6,747,217,207**	**5,603,585,346**
Share capital		10,333,001	10,333,001
Legal capital reserves		1,516,426,106	1,516,426,106
Reserves from capital contributions	21	1,516,426,106	1,516,426,106
Legal retained earnings		5,166,500	5,166,500
Voluntary retained earnings		167,696,148	(141,021,366)
Merger reserve		180,256,440	180,256,440
Profit brought forward		(321,277,806)	(143,704,524)
Profit/(Loss)		308,717,514	(177,573,282)
Total Equity	**7**	**1,699,621,755**	**1,390,904,241**
Total Liabilities And Equity		**8,446,838,962**	**6,994,489,587**

Cashflow statement[1]

USD	2023	2022
Profit/(loss) for the year	**308,717,514**	**(177,573,102)**
Net (purchases) of property, plant and equipment and intangible assets (incl. depreciation)	(872,955)	(1,561,195)
Net (purchases)/sales of investments (incl. realized gains/losses)	**(724,006,713)**	**96,266,317**
Net (purchases) of derivatives (incl. realized gains/losses)	(11,301,156)	(8,123,106)
Decrease/(increase) in deposits on reinsurance business	(13,445,437)	2,647,120
(Increase)/decrease in reinsurance contract assets	82,679,339	(7,652,485)
(Increase)/decrease in deferred acquisition cost	(101,589,974)	(63,493,755)
(Increase)/decrease in insurance receivables	(518,320,286)	(250,518,354)
(Increase)/decrease other receivables and other payables	(10,643,144)	(4,890,600)
Increase/(decrease) in outstanding claims	666,640,998	230,266,602
Increase/(decrease) in unearned premium	354,496,966	238,360,011
Increase/(decrease) in creditors arising from insurance operations	60,128,247	6,706,073
Increase/(decrease) in non-technical provision	11,730,895	13,251,036
(Increase)/decrease prepaid expenses and accrued income	(9,977,218)	24,068,261
Cash flow from operating activities	**94,237,074**	**97,752,822**
Cash flow from investing activities	-	-
Cash flow from financing activities	-	-
Cash flow for the financial year	**94,237,074**	**97,752,822**
Cash on 1 January	367,011,045	269,258,224
Cash on 31 December	461,248,120	367,011,045
Change in cash	**94,237,074**	**97,752,822**

1 The cashflow statement is prepared using the indirect method.

Notes to the financial statements

1. General

MS Amlin AG, trading under the name MS Reinsurance is a wholly owned subsidiary of Mitsui Sumitomo Insurance Company, Limited (MSIJ).

Basis of presentation

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

Change in accounting policy

Historically deferred acquisition costs (DAC) and unearned premiums reserves (UPR) were treated as non-monetary positions which resulted in revaluation at historical FX rates. As of 31 December 2023, DAC and UPR are treated as a monetary position and therefore revalued at closing FX rates. The revaluation impact from prior years is amounting to USD 6.9 million.

Use of estimates in the preparation of annual accounts

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

Investments

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

Fixed-interest securities consist of government bonds.

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

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

Foreign currency translation

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

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

The translation from functional currency (EUR) for the Zurich operations to presentational currency of USD gave rise to a FX translation loss of USD 5.5 million. The revaluation to the functional currencies led to a FX gain of USD 8.1 million. The combined unrealized FX gain of USD 2.6 million increased the existing FX provision to USD 36.1 million (Balance Sheet: Liability account "Non-technical provisions").

The realized FX loss of USD 1.2 million for the financial year is recognized in the income statement.

Pursuant to Art. 958d, paragraph 3, CO, figures must also be presented in CHF and the year-end CHF/USD exchange rate of 0.8414 (2022: 0.9245) is applied for converting the USD numbers to CHF. Shareholders' equity is translated with historical CHF/USD exchange rate: 0.9678.

Presentation of numbers

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

Financial Statements Valuation Principles

Investments

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

Bond investments are valued at amortized cost less necessary impairments, if any.

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

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

Deposits on reinsurance business

Deposits are held at nominal value.

Cash and cash equivalents

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

Reinsurers' share of technical provisions

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

Property and equipment

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

Intangible assets

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

Reinsurance receivables

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

Other receivables

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

Technical provisions

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

Reinsurance payables

Reinsurance balances payable are held at redemption value.

Acquisition costs – gross and reinsurers' share

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

Direct taxes

Direct taxes relate to income and capital taxes.

2. Other investments

USD	31/12/2023	31/12/2022
Participations in pooled investment funds - Property	229,524,874	233,367,408
Participations in pooled investment funds - Equity	617,798,468	510,771,979
Participations in pooled investment funds - Bonds	1,444,304,627	1,561,879,126
Participations in pooled investment funds - Money Market	1,203,086,393	585,298,447
Participations in pooled investment funds - Hedge Fund	73,783,445	71,574,157
Short-term investments in pooled investment funds	296,771,582	262,826,434
Total	**3,865,269,390**	**3,225,717,551**

3. Reinsurance receivables

USD	31/12/2023	31/12/2022
Receivables from agents and brokers	2,022,383,490	1,538,404,592
Receivables from insurance companies	131,967,069	97,625,681
Total	**2,154,350,559**	**1,636,030,272**

4. Reinsurance payables

USD	31/12/2023	31/12/2022
Liabilities to agents and brokers	396,463,103	378,666,147
Liabilities to insurance companies	82,045,625	39,714,334
Total	**478,508,728**	**418,380,481**

5. Technical provisions

USD	Technical provisions (gross)	Reinsurers' share	31/12/2023 Technical provisions (net)
Unearned premium reserve	2,190,971,363	121,120,030	2,069,851,333
Loss reserves*	3,933,329,644	346,229,251	3,587,100,393
Total technical provisions	**6,124,301,007**	**467,349,281**	**5,656,951,727**

USD	Technical provisions (gross)	Reinsurers' share	31/12/2022 Technical provisions (net)
Unearned premium reserve	1,836,474,397	175,601,957	1,660,872,440
Loss reserves*	3,266,688,647	374,426,662	2,892,261,984
Total technical provisions	**5,103,163,044**	**550,028,620**	**4,553,134,424**

* Unallocated loss adjustment expenses (ULAE) are part of the loss reserves.

6. Change in technical provisions

USD	2023	2022
Change in technical provisions - Outstanding claims	148,032,129	30,211,443
Change in technical provisions - IBNR	479,712,900	301,718,839
Change in technical provisions - gross	**627,745,029**	**331,930,282**
Change in reinsurers' share of technical provisions - Outstanding claims	(10,556,060)	(25,042,336)
Change in reinsurers' share of technical provisions - IBNR	41,645,918	(38,057,074)
Change in reinsurers' share of technical provisions	**31,089,858**	**(63,099,410)**

7. Statement of changes in equity

USD	Share capital	Legal capital reserves	Legal retained earnings	Voluntary retained earnings	Total equity
As of 31 Dec 2021	**10,333,001**	**1,516,426,106**	**5,166,500**	**36,551,916**	**1,568,477,522**
Loss for the period	-	-	-	(177,573,282)	**(177,573,282)**
Dividend payments	-	-	-	-	-
As of 31 Dec 2022	**10,333,001**	**1,516,426,106**	**5,166,500**	**(141,021,366)**	**1,390,904,240**
Profit for the period	-	-	-	308,717,514	**308,717,514**
Dividend payments	-	-	-	-	-
As of 31 Dec 2023	**10,333,001**	**1,516,426,106**	**5,166,500**	**167,696,148**	**1,699,621,755**

8. Receivables from third parties and affiliated companies

USD	Third party	Affiliated companies	31/12/2023 Total
Receivables from reinsurance business	2,079,467,412	74,883,147	2,154,350,559
Other receivables	83,571,093	3,962,130	87,533,223
Total	**2,163,038,505**	**78,845,277**	**2,241,883,782**

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

9. Payables to third parties and affiliated companies

USD	Third party	Affiliated companies	31/12/2023 Total
Payables from reinsurance business	409,913,130	68,595,598	478,508,728
Other liabilities	58,287,295	1,419,742	59,707,036
Total	**468,200,424**	**70,015,340**	**538,215,764**

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

10. Audit fees

USD	2023	2022
Audit services	839,061	713,439
Other services	123,948	112,148
Total	**963,009**	**825,587**

11. Income from investments

USD	Income	Net unrealized gains	Net realized gains	2023 Total
Fixed-interest securities	14,821,146	21,641,865	3,121,597	39,584,609
Shares	–	591,993	–	591,993
Other investments	57,093,317	225,650,168	78,937,532	361,681,017
Total	**71,914,464**	**247,884,026**	**82,059,129**	**401,857,619**

USD	Income	Net unrealized gains	Net realized gains	2022 Total
Fixed-interest securities	12,911,097	–	–	12,911,097
Shares	–	–	–	–
Other investments	18,742,092	944,861	230,278,385	249,965,338
Total	**31,653,189**	**944,861**	**230,278,385**	**262,876,435**

12. Expenses from investments

USD	Expenses	Net unrealized losses	Net realized losses	2023 Total
Fixed-interest securities	4,231,974	–	15,294,757	19,526,731
Shares	–	598,451	–	598,451
Other investments	4,617,208	30,202,814	119,439,591	154,259,614
Total	**8,849,183**	**30,801,265**	**134,734,348**	**174,384,796**

USD	Expenses	Net unrealized losses	Net realized losses	2022 Total
Fixed-interest securities	3,832,213	14,904,540	16,737,303	35,474,056
Shares	–	(58,556)	–	(58,556)
Other investments	1,031,163	107,103,446	216,554,362	324,688,972
Total	**4,863,376**	**121,949,431**	**233,291,665**	**360,104,473**

13. Personnel expenses

Personnel expenses for 2023 amount to USD 68.7 million (2022: USD 50.5 million) and are included in the line-item administrative expenses.

14. Contingent liabilities

The Company has no contingent liabilities as of 31 December 2023 (31 December 2022: nil). There were no capital commitments or authorized but uncontracted commitments at the end of the financial year.

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

USD	31/12/2023	31/12/2022
Property and equipment	489,642	518,699
Intangible assets	529,932	-
Total	**1,019,574**	**518,699**

16. Restricted assets

As of 31 December 2023, the Company holds restricted funds in the form of letter of credit (LOC) collaterals, initial margin calls on derivative financial instruments, and collateral received from reinsurance counterparties.

Letter of credit (LOC) facilities

The Company has four LOC facilities of USD 650.0 million (2022: USD 650.0 million), USD 230.0 million (2022: USD 230.0 million), USD 60.0 million (2022: USD 51.3 million) and USD 1.3 million (2022: nil). The USD 650.0 million facility is secured by a registered charge over a portfolio of assets managed by Fiera Capital with BNP Paribas as custodian. The USD 230.0 million facility is secured by time deposits held at Barclays Bank. The USD 60.0 million LOC is secured by time deposits held at National Australia Bank. The remaining USD 1.3 million is held at HSBC Bermuda, which was opened in 2023. As of 31 December 2023, USD 938.6 million of LOC were issued (2022: USD 819.7 million).

Revolving credit facility

The Company has access to an uncommitted revolving credit facility agreement with SMBC Bank of USD 150 million (2022: USD 150 million) credit limit. As of 31 December 2023 the revolving credit facility is undrawn.

Derivative margins and collateral

Derivative instruments traded by the Company for hedging purposes give rise to collateral being placed with, or received from, external counterparties. As of 31 December 2023 included in other receivables is USD 42.6 million (2022: USD 41.0 million) margins and collateral pledged in relation to listed future margins.

Funds withheld as premium/claim deposits

As of 31 December 2023, the Company placed funds totaling to USD 30.9 million (2022: USD 31.2 million) as premium deposits and USD 77.4 million (2022: USD 63.7 million) as claim deposits. These funds are held by external brokers or cedents. In addition, a further USD 207.4 million (2022: USD 164.7 million) was placed into pledge accounts to collateralize against losses due to reinsurance cedents.

Trust Funds

As of 31 December 2023, cash and cash equivalents with a fair value of USD 331.9 million (2022: USD 372.6 million) were deposited in trust by the Company for the benefit of U.S. ceding companies. These funds are held in a trust by a U.S. based bank.

17. Residual amount of lease obligations

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

Operating lease commitments

USD	31/12/2023	31/12/2022
Later than 1 year and no later than 5 years	3,560,794	4,399,724
Later than 5 years	–	70,474
Total operating lease commitments	**3,560,794**	**4,470,198**

The operating leases relate to the office rental in the different locations, which are no later than five years, as of 31 December 2023.

18. Liabilities to pension schemes

There is no pension fund liability as of 31 December 2023 (2022: nil).

19. Full-time equivalents

The annual average number of full-time equivalents for the reporting year was 199, as well as for the previous year of 188, did not exceed 250.

20. Significant events after the balance sheet date

No significant events occurred after the balance sheet date.

21. Shareholders' equity (reserves from capital contributions)

As of 31 December 2023, USD 1,516.4 million are shown as "reserves from capital contributions" (31 December 2022: USD 1,516.4 million). The total reserves from capital contributions include USD 144.7 million (2022: USD 144.7 million) of "capital reserves" as agreed with FINMA during the application process.

Proposal for the appropriation of distributable earnings

USD	31/12/2023	31/12/2022
Profit/(loss) carried forward	(141,021,366)	36,551,916
Profit/(loss)	308,717,514	(177,573,282)
Profit/(loss) carried forward	**167,696,148**	**(141,021,366)**
Proposal of the Board of Directors: Profit/(loss) carried forward	**167,696,148**	**(141,021,366)**
Dividend payments	–	–
Amount carried forward	**167,696,148**	**(141,021,366)**

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Income statement

CHF	Note	2023	2022
Gross premium written		2,595,446,019	2,119,597,797
Premiums ceded to reinsurers		(182,087,854)	(247,603,512)
Net premiums written		**2,413,358,165**	**1,871,994,285**
Change in unearned premium reserves - gross		(290,324,961)	(239,596,372)
Change in reinsurers' share of unearned premium reserves		(45,651,964)	(45,454,865)
Net premiums earned		**2,077,381,240**	**1,586,943,048**
Other insurance income		1,979,637	373,344
Total technical income		2,079,360,878	1,587,316,393
Gross claims and claim expenses paid		(934,264,574)	(1,004,918,928)
Reinsurers' share of claims and claim expenses		129,901,233	113,413,782
Change in technical provisions - gross	6	(528,182,608)	(306,869,546)
Change in reinsurers' share of technical provisions	6	(26,158,905)	58,335,404
Net claims and claim expenses incurred		**(1,358,704,854)**	**(1,140,039,288)**
Acquisition costs - gross		(556,041,350)	(441,898,694)
Administrative expenses - gross		(123,679,129)	(100,754,295)
Acquisition costs and administrative expenses - gross		(679,720,479)	(542,652,989)
Reinsurers' share of acquisition costs		33,147,151	34,079,435
Net acquisition costs and administrative expenses		**(646,573,328)**	**(508,573,555)**
Total technical expenses		**(2,005,278,182)**	**(1,648,612,843)**
Income from investments	11	338,121,682	243,029,264
Expenses from investments	12	(146,726,795)	(332,916,585)
Net income/(expenses) from investments		**191,394,887**	**(89,887,321)**
Other financial expenses		(3,091,806)	(3,207,074)
Operating income/(loss)		**262,385,776**	**(154,390,845)**
Other income		93,685	102’882
Other expenses		(988,761)	(5,774,575)
Profit/(loss) before direct taxes		**261,490,700**	**(160,062,538)**
Direct taxes		(1,736,797)	(4,103,794)
Profit / (loss)		**259,753,903**	**(164,166,332)**

Balance sheet

Assets			
CHF	**Note**	**31/12/2023**	**31/12/2022**
Investments		3,802,767,902	3,509,016,426
Participations		1,272,708	1,398,412
Fixed-interest securities		**539,611,949**	**514,823,975**
Shares		9,658,263	10,618,163
Other investments	2	3,252,224,981	2,982,175,876
Receivables from derivative financial instruments		21,433,639	2,991,132
Deposits on reinsurance business		91,156,474	87,729,533
Cash and cash equivalents		388,092,654	339,301,712
Reinsurers' share of technical provisions	5	393,226,151	508,501,459
Property and equipment		4,084,968	6,133,244
Deferred acquisition costs		500,324,060	455,820,261
Intangible assets		6,273,897	4,441,701
Reinsurance receivables	3/8	1,812,663,491	1,512,509,987
Other receivables	8	73,650,167	34,384,597
Prepaid expenses and accrued income		13,469,182	5,575,572
Total assets		**7,107,142,585**	**6,466,405,623**

Liabilities and Equity			
CHF	**Note**	**31/12/2023**	**31/12/2022**
Technical provisions	5	5,152,966,771	4,717,874,234
Non-technical provisions		60,733,902	55,887,271
Liabilities from derivative financial instruments		10,532,768	1,461,519
Reinsurance payables	4/9	402,615,674	386,792,755
Other liabilities	9	50,237,304	18,498,873
Total liabilities		**5,677,086,418**	**5,180,514,652**
Share capital		10,000,001	10,000,001
Legal capital reserves		1,467,556,476	1,467,556,476
Reserves from capital contributions	21	1,467,556,476	1,467,556,476
Legal retained earnings		5,000,000	5,000,000
Voluntary retained earnings		146,895,641	(112,858,262)
Merger reserve		174,447,343	174,447,343
Profit brought forward		(287,305,605)	(123,139,106)
Profit/(loss)		259,753,903	(164,166,499)
Conversion difference		(199,395,950)	(83,807,244)
Total Equity	**7**	**1,430,056,167**	**1,285,890,971**
Total Liabilities And Equity		**7,107,142,585**	**6,466,405,623**

Cashflow statement[2]

CHF	2023	2022
Profit/(loss) for the year	**259,753,903**	**(164,166,332)**
Net (purchases) of property, plant and equipment and intangible assets (incl. depreciation)	(734,501)	(1,443,325)
Net (purchases)/sales of investments (incl. realized gains/losses)	(609,176,872)	88,998,210
Net (purchases) of derivatives (incl. realized gains/losses)	(9,508,756)	(7,509,812)
Decrease/(increase) in deposits on reinsurance business	(11,312,947)	2,447,263
(Increase)/decrease in reinsurance contract assets	69,566,125	(7,074,723)
(Increase)/decrease in deferred acquisition cost	(85,477,470)	(58,699,976)
(Increase)/decrease in insurance receivables	(436,112,988)	(231,604,218)
(Increase)/decrease other receivables and other payables	(8,955,108)	(4,521,360)
Increase/(decrease) in outstanding claims	560,909,548	212,881,473
Increase/(decrease) in unearned premium	298,272,584	220,363,830
Increase/(decrease) in creditors arising from insurance operations	50,591,709	6,199,765
Increase/(decrease) in non-technical provision	9,870,336	12,250,583
(Increase)/decrease prepaid expenses and accrued income	(8,394,799)	22,251,107
Cash flow from operating activities	**79,290,764**	**90,372,484**
Cash flow from investing activities	–	–
Cash flow from financing activities	–	–
Cash flow for the financial year	**79,290,764**	**90,372,484**
Cash on 1 January	339,301,712	245,617,352
Exchange rate difference on cash and cash equivalents	**(30,499,822)**	**3,311,876**
Cash on 31 December	388,092,654	339,301,712
Change in cash	**79,290,764**	**90,372,484**

2 The cashflow statement is prepared using the indirect method.

Notes to the financial statements

1. General

MS Amlin AG, trading under the name MS Reinsurance is a wholly owned subsidiary of Mitsui Sumitomo Insurance Company, Limited (MSIJ).

Basis of presentation

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

Change in accounting policy

Historically deferred acquisition costs (DAC) and unearned premiums reserves (UPR) were treated as non-monetary positions which resulted in revaluation at historical FX rates. As of 31 December 2023, DAC and UPR are treated as a monetary position and therefore revalued at closing FX rates. The revaluation impact from prior years is amounting to USD 6.9 million (CHF 5.8 million).

Use of estimates in the preparation of annual accounts

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

Investments

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

Fixed-interest securities consist of government bonds.

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

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

Foreign currency translation

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

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

The translation from functional currency (EUR) for the Zurich operations to presentational currency of USD gave rise to a FX translation loss of USD 5.5 million (CHF 4.6 million). The revaluation to the functional currencies led to a FX gain of USD 8.1 million (CHF 6.8 million). The combined unrealized FX gain of USD 2.6 million (CHF 2.2 million) increased the existing FX provision to USD 36.1 million (CHF 30.4 million) (Balance Sheet: Liability account "Non-technical provisions").

The realized FX loss of USD 1.2 million (CHF 0.9 million) for the financial year is recognized in the income statement.

Pursuant to Art. 958d, paragraph 3, CO, figures must also be presented in CHF and the year-end CHF/USD exchange rate of 0.8414 (2022: 0.9245) is applied for converting the USD numbers to CHF. Shareholders' equity is translated with historical CHF/USD exchange rate: 0.9678.

Presentation of numbers

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

Financial Statements Valuation Principles

Investments

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

Bond investments are valued at amortized cost less necessary impairments, if any.

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

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

Deposits on reinsurance business

Deposits are held at nominal value.

Cash and cash equivalents

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

Reinsurers' share of technical provisions

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

Property and equipment

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

Intangible assets

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

Reinsurance receivables

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

Other receivables

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

Technical provisions

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

Reinsurance payables

Reinsurance balances payable are held at redemption value.

Acquisition costs – gross and reinsurers' share

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

Direct taxes

Direct taxes relate to income and capital taxes.

2. Other investments

CHF	31/12/2023	31/12/2022
Participations in pooled investment funds - Property	193,121,476	215,748,169
Participations in pooled investment funds - Equity	519,813,604	472,208,695
Participations in pooled investment funds - Bonds	1,215,233,174	1,443,957,252
Participations in pooled investment funds - Money Market	1,012,272,943	541,108,414
Participations in pooled investment funds - Hedge Fund	62,081,149	66,170,307.9
Short-term investments in pooled investment funds	249,702,635	242,983,039
Total	**3,252,224,981**	**2,982,175,876**

3. Reinsurance receivables

CHF	31/12/2023	31/12/2022
Receivables from agents and brokers	1,701,626,832	1,422,255,045
Receivables from insurance companies	111,036,659	90,254,942
Total	**1,812,663,491**	**1,512,509,987**

4. Reinsurance payables

CHF	31/12/2023	31/12/2022
Liabilities to agents and brokers	333,582,755	350,076,853
Liabilities to insurance companies	69,032,919	36,715,902
Total	**402,615,674**	**386,792,755**

5. Technical provisions

CHF	Technical provisions (gross)	Reinsurers' share	31/12/2023 Technical provisions (net)
Unearned premium reserve	1,843,476,115	101,909,996	1,741,566,119
Loss reserves*	3,309,490,656	291,316,155	3,018,174,501
Total technical provisions	**5,152,966,771**	**393,226,151**	**4,759,740,620**

CHF	Technical provisions (gross)	Reinsurers' share	31/12/2022 Technical provisions (net)
Unearned premium reserve	1,697,820,580	162,344,009	1,535,476,570
Loss reserves*	3,020,053,654	346,157,449	2,673,896,205
Total technical provisions	**4,717,874,234**	**508,501,459**	**4,209,372,775**

* Unallocated loss adjustment expenses (ULAE) are part of the loss reserves.

6. Change in technical provisions

CHF	2023	2022
Change in technical provisions - Outstanding claims	124,553,748	27,930,479
Change in technical provisions - IBNR	403,628,860	278,939,067
Change in technical provisions - gross	**528,182,608**	**306,869,546**
Change in reinsurers' share of technical provisions - Outstanding claims	(8,881,834)	(23,151,640)
Change in reinsurers' share of technical provisions - IBNR	35,040,739	(35,183,764)
Change in reinsurers' share of technical provisions	**26,158,905**	**(58,335,404)**

7. Statement of changes in equity

CHF	Share capital	Legal capital reserves	Legal retained earnings	Voluntary retained earnings	Conversion difference	Total equity
As of 31 Dec 2021	**10,000,001**	**1,467,556,476**	**5,000,000**	**51,308,236**	**(103,099,517)**	**1,430,765,196**
Conversion difference*	–	–	–	–	**19,292,273**	**19,292,273**
Loss for the period	–	–	–	(164,166,499)	–	**(164,166,499)**
Dividend payments	–	–	–	–	–	–
As of 31 Dec 2022	**10,000,001**	**1,467,556,476**	**5,000,000**	**(112,858,263)**	**(83,807,244)**	**1,285,890,971**
Conversion difference*	–	–	–	–	**(115,588,706)**	**(115,588,706)**
Profit for the period	–	–	–	259,753,903	–	**259,753,903**
Dividend payments	–	–	–	–	–	–
As of 31 Dec 2023	**10,000,001**	**1,467,556,476**	**5,000,000**	**146,895,641**	**(199,395,950)**	**1,430,056,167**

* Pursuant to Art. 958d, paragraph 3, CO, figures must also be presented in CHF and the year-end CHF/USD exchange rate of 0.8414 was applied for converting the USD numbers to CHF. Equity nominals, except for the free reserves, are revalued with historical rates leading to a conversion difference.

8. Receivables from third parties and affiliated companies

CHF	Third party	Affiliated companies	31/12/2023 Total
Receivables from reinsurance business	1,749,657,057	63,006,434	1,812,663,491
Other receivables	70,316,443	3,333,724	73,650,167
Total	**1,819,973,500**	**66,340,157**	**1,886,313,658**

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

9. Payables to third parties and affiliated companies

CHF	Third party	Affiliated companies	31/12/2023 Total
Payables from reinsurance business	344,899,563	57,716,111	402,615,674
Other liabilities	49,042,738	1,194,566	50,237,304
Total	**393,942,301**	**58,910,677**	**452,852,978**

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

10. Audit fees

CHF	2023	2022
Audit services	705,983	659,574
Other services	104,290	103,681
Total	**810,273**	**763,255**

11. Income from investments

CHF	Income	Net unrealized gains	Net realized gains	2023 Total
Fixed-interest securities	12,470,464	18,209,395	2,626,502	33,306,360
Shares	–	498,101	–	498,101
Other investments	48,038,130	189,861,311	66,417,781	304,317,221
Total	**60,508,594**	**208,568,806**	**69,044,282**	**338,121,682**

CHF	Income	Net unrealized gains	Net realized gains	2022 Total
Fixed-interest securities	11,936,310	–	–	11,936,310
Shares	–	–	–	–
Other investments	17,327,064	873,524	212,892,367	231,092,955
Total	**29,263,373**	**873,524**	**212,892,367**	**243,029,264**

12. Expenses from investments

CHF	Expenses	Net unrealized losses	Net realized losses	2023 Total
Fixed-interest securities	3,560,769	–	12,868,958	16,429,728
Shares	–	503,535	–	503,535
Other investments	3,884,904	25,412,549	100,496,080	129,793,533
Total	**7,445,673**	**25,916,084**	**113,365,039**	**146,726,795**

CHF	Expenses	Net unrealized losses	Net realized losses	2022 Total
Fixed-interest securities	3,542,881	13,779,247	15,473,637	32,795,765
Shares	–	(54,135)	–	(54,135)
Other investments	953,311	99,017,136	200,204,508	300,174,955
Total	**4,496,191**	**112,742,249**	**215,678,145**	**332,916,585**

13. Personnel expenses

Personnel expenses for 2023 amount to CHF 57.8 million (2022: CHF 46.7 million) and are included in the line-item administrative expenses.

14. Contingent liabilities

The Company has no contingent liabilities as of 31 December 2023 (31 December 2022: nil). There were no capital commitments or authorized but uncontracted commitments at the end of the financial year.

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

CHF	31/12/2023	31/12/2022
Property and equipment	411,983	479,537
Intangible assets	445,883	–
Total	**857,866**	**479,537**

16. Restricted assets

As of 31 December 2023, the Company holds restricted funds in the form of letter of credit (LOC) collaterals, initial margin calls on derivative financial instruments, and collateral received from reinsurance counterparties.

Letter of credit (LOC) facilities

The Company has four LOC facilities of CHF 546.9 million (2022: CHF 600.9 million), CHF 193.5 million (2022: CHF 212.6 million), CHF 50.5 million (2022: CHF 46.8 million) and CHF 1.1 million (2022: nil). The USD 650.0 million facility is secured by a registered charge over a portfolio of assets managed by Fiera Capital with BNP Paribas as custodian. The USD 230.0 million facility is secured by time deposits held at Barclays Bank. The USD 60.0 million LOC is secured by time deposits held at National Australia Bank. The remaining USD 1.3 million is held at HSBC Bermuda, which was opened in 2023. As of 31 December 2023, CHF 789.7 million of LOC were issued (2022: CHF 689.7 million).

Revolving credit facility

The Company has access to an uncommitted revolving credit facility agreement with SMBC Bank of CHF 126.2 million (2022: CHF 138.7 million) credit limit. As of 31 December 2023 the revolving credit facility is undrawn.

Derivative margins and collateral

Derivative instruments traded by the Company for hedging purposes give rise to collateral being placed with, or received from, external counterparties. As of 31 December 2023 included in other receivables is CHF 35.8 million (2022: CHF 18.2 million) margins and collateral pledged in relation to listed future margins.

Funds withheld as premium/claim deposits

As of 31 December 2023, the Company placed funds totaling to CHF 26.0 million (2022: CHF 28.8 million) as premium deposits and CHF 65.1 million (2022: CHF 63.4 million) as claim deposits. These funds are held by external brokers or cedents. In addition, a further CHF 174.5 million (2022: CHF 152.3 million) was placed into pledge accounts to collateralize against losses due to reinsurance cedents.

Trust Funds

As of 31 December 2023, cash and cash equivalents with a fair value of CHF 279.3 million (2022: CHF 344.5 million) were deposited in trust by the Company for the benefit of U.S. ceding companies. These funds are held in a trust by a U.S. based bank.

17. Residual amount of lease obligations

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

Operating lease commitments

CHF	31/12/2023	31/12/2022
Later than 1 year and no later than 5 years	2,996,794	4,067,545
Later than 5 years	–	65,153
Total operating lease commitments	**2,996,794**	**4,132,698**

The operating leases relate to the office rental in the different locations, which are no later than five years, as of 31 December 2023.

18. Liabilities to pension schemes

There is no pension fund liability as of 31 December 2023 (2022: nil).

19. Full-time equivalents

The annual average number of full-time equivalents for the reporting year was 199, as well as for the previous year of 188, did not exceed 250.

20. Significant events after the balance sheet date

No significant events occurred after the balance sheet date.

21. Shareholders' equity (reserves from capital contributions)

As of 31 December 2023, CHF 1,467.6 million are shown as "reserves from capital contributions" (31 December 2022: CHF 1,467.6 million). The total reserves from capital contributions include CHF 140.0 million (2022: CHF 140.0 million) of "capital reserves" as agreed with FINMA during the application process.

Proposal for the appropriation of distributable earnings

CHF	31/12/2023	31/12/2022
Profit/(loss) carried forward	(112,858,263)	51,308,236
Profit/(loss)	259,753,903	(164,166,499)
Profit/(loss) carried forward	**146,895,641**	**(112,858,263)**
Proposal of the Board of Directors: Profit/(loss) carried forward	**146,895,641**	**(112,858,263)**
Dividend payments	–	–
Amount carried forward	**146,895,641**	**(112,858,263)**

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