

Annual Report

2023



new/re

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NewRe at a glance

New Reinsurance Company Ltd. (NewRe) is a Swiss reinsurance company based in Zurich. In 1988, NewRe became part of Munich Re, one of the world's leading reinsurers. Today, New Reinsurance Company Ltd. (NewRe) is considered a core company of Munich Re Group, combining financial strength with the efficiency and agility of a medium-sized reinsurer.

Board of Management

Dr. Thomas Braune, Chief Executive Officer
Dr. Jürgen Kammerlohr, Chief Financial Officer
Dirk Herrenpoth, Chief Underwriting Officer Property & Casualty
Dr. Christian Dahmen, Chief Risk Officer

Board of Directors

Claudia Hasse, President
Dr. Markus Hummel, Vice President
Alfred Leu
Dr. René Schnieper, until 21 April 2023
Paul Norton, as of 21 April 2023

Shareholder

100 % Munich Reinsurance Company, Munich (Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft)

Rating

AA- by Standard & Poor's
A+ by A.M.Best

Auditor

Ernst & Young AG, Zurich

This report presents the situation for the financial year ended at 31 December 2023.

Message from the CEO

In its long history, this is, without a doubt, one of the more challenging years our company has encountered. I believe an adequate way to describe 2023 for NewRe is that it has been profoundly ambivalent. On the one hand, we could further grow our businesses significantly to gross written premiums of EUR 6.3 bn while on the other hand, our results have been affected by some significant incidences that caused an annual loss to be reported.

2023 results

At EUR -185 m, NewRe's overall 2023 result stands in stark contrast to the previous year's figure of EUR 170 m. At the same time, we are pleased to report that the company maintains its financial strength and good capitalisation, expressed by our AA- rating (S&P) as well as the very solid SST ratio of 233% (compared to last year's 182%).

For Property & Casualty, 2023 was successful and challenging at the same time. We successfully achieved an increase of our gross written premiums to EUR 1.8 bn, including a new large transaction in the US. These pleasing figures, however, were more than offset by the devastating earthquake in Turkey and an unusually high NatCat activity across Europe as well as significant additional reserves for the proportional motor business in the UK. In addition, we took the decision to strengthen the fluctuation reserve in line with our business growth.

Our Life business continued to grow to gross written premiums of EUR 4.5 bn. At the same time, the reserves for our business in North America were increased substantially due to adverse mortality experience and reserve increases.

The Weather business and our investments performed exceptionally well in 2023. In fact, our expectations were exceeded, and the business contributed attractive results above plan.

Please turn to our financial statements and the management report (p. 6) to take an in-depth look at what lies behind our 2023 performance.

Appointment to the Board of Directors

2023 saw a change on our Board of Directors. In April, Dr. René Schnieper stood down from the Board after 6 years in the position. We sincerely thank him for his valuable contribution to the success of our company during his tenure. His expert advice as well as his business and regulatory acumen will be sorely missed.

We are delighted to announce that Paul Norton joined our Board of Directors in the reporting year. We are very much looking forward to working with him and profiting not only from his broad financial background but also his profound experience in the insurance industry.

People business

We have emerged from a year that requested extra effort from each and every one in the company. I am humbled and impressed by how our employees are persistent in going the extra mile while showcasing a mindset of responsibility and accountability.

At NewRe, we always say that reinsurance is very much a "people business". We pride ourselves on building sustainable relationships with our clients and partners based on mutual trust and respect. It has always been my personal aim to apply that notion internally as well: NewRe is a people-first company where people are encouraged to voice opinions and ideas to move the needle both for the company and themselves. This unique culture truly shines at difficult times. It filled me with great satisfaction that in our recent employee survey over 90% stated that they could "be themselves at work" and that more than 80% would recommend NewRe to a family member or friend.

Our people and culture have proven to be an integral part of the company's success in the past. It goes without saying that they will also form enduring pillars on our future path.

Future plans

Considering the losses in 2023, the NewRe management has carefully taken stock and reviewed the company's strategy. We have confirmed our well-diversified approach and strongly believe that this will make the business prosper again in the near future.

Dear clients and partners, I want to close by thanking you - for your trust in us and our partnership. Moving forward, we remain as dedicated as ever to serve you with bespoke solutions that perfectly support your businesses.

Yours respectfully,

A handwritten signature in black ink that reads "Thomas Braune". The signature is written in a cursive, flowing style.

Thomas Braune

Management report

A decorative horizontal band at the top of the page, featuring a solid yellow background with a pattern of thin, white, diagonal lines slanting from the top-left to the bottom-right.

Management report

Overall, NewRe experienced a year with several severe events resulting in a loss of EUR - 185 m, compared to the previous year's figure of EUR 170 m.

NewRe's gross premiums increased from EUR 4.8 bn in 2022 to EUR 6.3 bn in 2023, driven mainly by our US Non-life business and growth in our US Life business. The increase in premium also affected the change in unearned premium gross, the total technical income, claims paid gross, change in technical provisions gross and acquisition costs gross. The US Non-life business was partially retroceded to Munich Re affecting the claims paid ceded and change in technical provisions ceded. And in the balance sheet, affecting technical provision ceded.

The overall technical result was burdened by the European P&C business where losses such as earthquake Turkey and floods in Europe as well as high inflations burdening the UK motor business were experienced. Furthermore, we strengthened the fluctuation reserve in Non-life to keep up with the growth, experienced an IBNR increase in the US Life mortality business and entered into a retrocession agreement for the US Non-life business.

Staff

NewRe had 125 employees at the end of 2023, with 117 full-time equivalents (FTEs) at the beginning and 121 at the end of 2023 (average for the year: 119 FTEs).

Innovation and development

In Non-life reinsurance, we strive to offer solvency and earnings protection. In Life reinsurance, our focus is on supporting primary insurance companies in providing innovative products to their clients and on covering the risks associated with those new products.

Significant events

NewRe experienced the following significant events which burdened the technical result: Inflation shock for motor business in the UK, EQ Turkey, higher than expected NatCat activity across Europe.

Risk management

Due to the volatile nature of the reinsurance business and the potential for significant losses, NewRe maintains a strict risk management system. The features of this risk management system are explained in more detail in the corresponding section of this report (see page 8, "Risk assessment").

Outlook

In NewRe's Non-life reinsurance business, 1 January is the main renewal date. 1 January 2024 showed further rate increases mainly in loss affected perils. NewRe managed to grow its Property NatCat business. At the same time, Casualty reinsurance pricing remains firm, supported by increased interest rates but with uncertainty concerning inflation.

Life reinsurance business is written throughout the year. Considering NewRe's positioning in the market and its growth strategy, bottom-line growth is expected. Business in the pipeline and first signings in 2024, especially in Europe and the US, support this expectation.

Although the overall outlook for NewRe's business in 2024 is favourable, the annual result remains by nature highly volatile. The natural catastrophe reinsurance segment, and the weather business in particular, may be affected by large loss events and weather extremes.

In addition, NewRe has significant risk in the Life segment from a number of possible events, such as a pandemic, large losses, lapses and losses on our market risk transfer portfolio.

On the basis of NewRe's current capitalisation and growth expectations, future profits will be distributed as dividends to Munich Re.

The revised Insurance Supervision Act (Versicherungsaufsichtsgesetz) and the revised Supervision Ordinance (Aufsichtsverordnung) came into force on 1 January 2024. The implementation of FINMA standards will now follow

this revision. The complete revision of the Insurance Supervision Ordinance (Versicherungsaufsichtsverordnung) and the revision of a series of FINMA circulars for insurance companies affect the following points, among others: Swiss Solvency Test, technical provisions, coverage requirement for derivatives and tasks of the responsible actuary.

Risk assessment – addendum to the management report

Governance and responsibilities

The Board of Directors is responsible for the risk management principles and policies, as well as for approving the overall risk tolerance. NewRe's risk management function is fully embedded in the Group risk management framework. The risk management function sets up and implements a risk management system.

Risk management system and objectives

The careful selection of the risks to be underwritten forms the core of NewRe's business model. The risk management system comprises processes and procedures necessary to regularly identify, measure, monitor, and report the risks to which NewRe is or could be exposed, aiming to optimise the balance between risks taken and earnings opportunities.

NewRe's risk management objectives are aimed at

- maintaining NewRe's financial strength,
- safeguarding the reputation of NewRe and Munich Re Group,
- enabling NewRe to protect and generate sustainable shareholder value.

Main elements of NewRe's risk management system

Risk identification: Risk is defined as the possibility of a future deviation from a predefined goal which individually or cumulatively, can significantly affect NewRe's financial situation or result in reputational damage. Risks are identified and classified according to their potential exposure to one or a combination of the following risk types: strategic, financial (underwriting, market, credit, liquidity), operational, reputational and compliance risks. Financial risks are quantified rigorously with appropriate models, while the other risks are assessed more qualitatively.

Risk measurement: The assessment and measurement of quantifiable risks is documented in the Internal Risk Report that is prepared on a regular basis. NewRe uses a stochastic risk model to determine the required risk capital. This risk model is based on the Munich Re Group's capital model and was developed specifically for the regulatory solvency requirements in Switzerland, the Swiss Solvency Test (SST). The required risk capital corresponds to the 99% Tail Value at Risk (TVaR) over a one-year time horizon. This represents an estimate of the expected annual loss that occurs with a frequency of less than once in a hundred years.

Managing non-quantifiable risks / Internal Control System: As part of its non-financial risk management framework, NewRe runs an Internal Control System (ICS). The aim is to promote the effective management of operational risks. A key element of NewRe's ICS is the regular self-assessment of operational risks and key controls by the process owners. NewRe's ICS is embedded in the Group's operational risk and control system and is refined regularly to take account of changes in the processes and the business environment. Non-financial risk management also includes the management of risks associated with information security, outsourcing and business continuity.

Financial Statements

Balance sheet as at 31 December 2023

Before appropriation of available earnings

| | | in TEUR | | in TCHF | |
|--|------|-------------------|-------------------|-------------------|-------------------|
| Assets | Note | 2023 | 2022 | 2023 | 2022 |
| Investments | | | | | |
| Real estate | | 8'650 | 8'728 | 8'042 | 8'619 |
| Fixed-income securities | 7 | 1'570'460 | 1'205'582 | 1'460'057 | 1'190'452 |
| Shares | 7 | 54'997 | 59'410 | 51'131 | 58'665 |
| Other investments | 4 | 1'583'340 | 1'771'616 | 1'472'031 | 1'749'382 |
| Receivables from derivative financial instruments | | 1'284'970 | 1'455'532 | 1'194'637 | 1'437'265 |
| Deposit assets, incl. deposits retained on assumed reinsurance business | | 11'992'922 | 13'501'042 | 11'149'819 | 13'331'604 |
| Cash and cash equivalent | 7 | 322'370 | 622'619 | 299'707 | 614'805 |
| Technical provisions ceded | 8a | 960'466 | 474'103 | 892'945 | 468'153 |
| Tangible assets | 13 | 30'970 | 31'102 | 28'793 | 30'711 |
| Deferred acquisition costs | | 2'030'983 | 1'132'545 | 1'888'205 | 1'118'332 |
| Receivables from insurance and reinsurance business | 5 | 885'022 | 326'161 | 822'805 | 322'068 |
| Other receivables | 7 | 2'116'371 | 1'790'001 | 1'967'590 | 1'767'537 |
| Total assets | | 22'841'521 | 22'378'441 | 21'235'762 | 22'097'592 |
| | | | | | |
| | | | | | |
| Liabilities and equity | Note | 2023 | 2022 | 2023 | 2022 |
| Technical provisions | 8a | 15'266'464 | 16'400'740 | 14'193'232 | 16'194'911 |
| Non-technical provisions | | 167'825 | 161'574 | 156'027 | 159'547 |
| Interest-bearing liabilities | 9 | 382'293 | 143'768 | 355'418 | 141'964 |
| Liabilities from derivative financial instruments | | 2'766'493 | 3'066'593 | 2'572'009 | 3'028'107 |
| Deposit liabilities, incl. deposits retained on ceded reinsurance business * | | 1'619'812 | 952'956 | 1'505'940 | 940'996 |
| Payables on insurance and reinsurance business * | 5 | 1'009'058 | 264'283 | 938'121 | 260'967 |
| Other liabilities | | 606'281 | 563'035 | 563'659 | 555'969 |
| Total liabilities | | 21'818'228 | 21'552'950 | 20'284'406 | 21'282'460 |
| Share capital | 16 | 234'000 | 240'396 | 217'550 | 260'000 |
| Capital Contribution reserve | 17 | 583'712 | 0 | 542'677 | 0 |
| Legal reserves from capital | | 113 | 113 | 105 | 123 |
| Legal reserves from profit | | 120'084 | 120'084 | 111'642 | 129'877 |
| Free reserves | | 270'686 | 294'593 | 251'656 | 318'532 |
| Conversion difference | | 0 | 0 | 0 | -64'560 |
| Profit for the year | | -185'302 | 170'305 | -172'275 | 171'160 |
| Total equity | 10 | 1'023'293 | 825'492 | 951'356 | 815'132 |
| Total liabilities and equity | | 22'841'521 | 22'378'441 | 21'235'762 | 22'097'592 |

* Liabilities from non-cash financing transactions were reclassified from payables to deposit liabilities. In 2022, an amount of TEUR 722'762 (TCHF 713'691) was reported in payables on insurance and reinsurance business rather than as deposit liabilities, including deposits retained on ceded reinsurance business. In prior year, the total amount of payables on insurance and reinsurance business was TEUR 987'045 (TCHF 974'658) and the total amount of deposit liabilities, including deposits retained on ceded reinsurance business TEUR 230'194 (TCHF 227'305).

Income statement for the year ended at 31 December 2023

Technical accounts

| | Note | in TEUR | | in TCHF | |
|--|------|-------------------|-------------------|-------------------|-------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| Gross premiums | | 6'275'462 | 4'757'780 | 5'834'297 | 4'781'664 |
| Premiums ceded | | -705'994 | -993'841 | -656'363 | -998'830 |
| Net premiums written | | 5'569'468 | 3'763'939 | 5'177'934 | 3'782'834 |
| Change in unearned premium reserves gross | | 11'009 | -347'019 | 10'235 | -348'761 |
| Change in unearned premium reserves ceded | | -34'554 | 34'594 | -32'125 | 34'768 |
| Change in unearned premium reserves net | 8b | -23'546 | -312'425 | -21'890 | -313'994 |
| Net premiums earned | | 5'545'922 | 3'451'513 | 5'156'044 | 3'468'840 |
| Other income from reinsurance business | | 7'775 | 6'785 | 7'228 | 6'819 |
| Technical interest | | 478'977 | 423'547 | 445'305 | 425'673 |
| Total technical income | | 6'032'674 | 3'881'846 | 5'608'577 | 3'901'333 |
| Claims paid gross | | -5'728'844 | -3'005'852 | -5'326'106 | -3'020'941 |
| Claims paid ceded | | 49'845 | 620'038 | 46'340 | 623'151 |
| Claims paid net | | -5'679'000 | -2'385'814 | -5'279'766 | -2'397'790 |
| Change in technical provisions gross | | 252'274 | -836'228 | 234'540 | -840'426 |
| Change in technical provisions ceded | | 566'721 | 233'474 | 526'880 | 234'646 |
| Change in technical provisions net | 8b | 818'995 | -602'755 | 761'420 | -605'781 |
| Net claims and claims expenses incurred | | -4'860'004 | -2'988'569 | -4'518'346 | -3'003'571 |
| Acquisition costs gross | | -1'258'558 | -819'167 | -1'170'082 | -823'279 |
| Acquisition costs ceded | | 32'654 | 112'478 | 30'359 | 113'042 |
| Acquisition costs net | | -1'225'904 | -706'690 | -1'139'723 | -710'237 |
| Administration costs | | -63'613 | -33'323 | -59'141 | -33'491 |
| Other underwriting expenses | | -78'987 | -2'262 | -73'434 | -2'274 |
| Total technical expenses | | -6'228'507 | -3'730'844 | -5'790'643 | -3'749'573 |
| Overall technical result | | -195'833 | 151'002 | -182'066 | 151'760 |

General accounts

| | Note | in TEUR | | in TCHF | |
|---|------|-----------------|----------------|-----------------|----------------|
| | | 2023 | 2022 | 2023 | 2022 |
| Investment income | | 557'040 | 435'155 | 517'880 | 437'339 |
| Investment expenses | | -47'717 | -41'995 | -44'363 | -42'205 |
| Investment result | 11 | 509'323 | 393'160 | 473'517 | 395'134 |
| Of which: Interests assigned to technical account | | -478'977 | -423'547 | -445'305 | -425'673 |
| Investment result excluding interest on technical provisions | | 30'346 | -30'387 | 28'212 | -30'539 |
| Net result from derivative financial instruments | 12 | 112'650 | 120'589 | 104'731 | 121'194 |
| Administration costs - Investments | 15 | -43'230 | -38'954 | -40'191 | -39'150 |
| Operating result | | -96'067 | 202'250 | -89'313 | 203'265 |
| Interest expenses on interest-bearing liabilities * | | -17'903 | -3'220 | -16'644 | -3'236 |
| Other income | | 39'882 | 12'810 | 37'078 | 12'874 |
| Other expenses * | | -104'813 | -15'077 | -97'445 | -15'153 |
| Profit before taxes | | -178'901 | 196'762 | -166'324 | 197'750 |
| Income tax | | -6'401 | -26'457 | -5'951 | -26'590 |
| Profit for the year | | -185'302 | 170'305 | -172'275 | 171'160 |

* In 2023, the presentation of the general account on the income statement were revised. The interest expenses on interest-bearing liabilities shown as part of the other expenses in previous years are now listed separately. In prior year, the total amount of other expenses was TEUR -18'297 (TCHF -18'389).

Cash flow statement for the year ended at 31 December 2023

| | in TEUR | | in TCHF | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Profit for the year | -185'302 | 170'305 | -172'275 | 171'160 |
| Net change in technical provisions | -1'620'639 | 2'420'006 | -1'506'708 | 2'389'634 |
| Net change in deferred acquisition costs | -898'438 | -680'020 | -835'278 | -671'485 |
| Change in deposits retained and accounts receivable and payable | 2'360'891 | -1'353'800 | 2'194'921 | -1'336'810 |
| Change in other receivables and liabilities | -576'345 | -302'439 | -535'828 | -298'644 |
| Gains and losses on the disposal of investments | -5'626 | -4'080 | -5'230 | -4'029 |
| Change in fair value of derivatives financial instruments * | 224'548 | -125'659 | 208'762 | -124'082 |
| Change in other balance sheet items | 2'761 | -15'191 | 2'567 | -15'001 |
| Other income/expenses without impact on cash flow | -55'100 | 283'724 | -51'226 | 280'163 |
| I. Cash flows from operating activities | -753'249 | 392'846 | -700'296 | 390'908 |
| Changes from purchase, sale and redemption of investments * | -165'029 | -430'301 | -153'427 | -424'901 |
| Other | -211 | 97 | -196 | 96 |
| II. Cash flows from investing activities | -165'240 | -430'205 | -153'624 | -424'806 |
| Inflows (outflows) from issue (repayment) of debt * | 235'136 | 140'548 | 218'606 | 138'784 |
| Inflows (outflows) from issue (repayment) of capital ** | 553'403 | 0 | 514'499 | 0 |
| Dividend payments | -170'300 | -156'260 | -158'328 | -154'299 |
| III. Cash flows from financing activities | 618'240 | -15'712 | 574'778 | -15'515 |
| IV. Conversion difference on cash and cash equivalents | 0 | 0 | -0 | -2'992 |
| Cash flows for the financial year (I.+II.+III.+IV.) | -300'249 | -53'071 | -279'142 | -52'405 |
| Cash at the beginning of the financial year | 622'619 | 675'690 | 578'849 | 667'210 |
| Cash at the end of the financial year | 322'370 | 622'619 | 299'707 | 614'805 |
| Change in cash for the financial year | -300'249 | -53'071 | -279'142 | -52'405 |

In 2023, the presentation of the Cash flow statement was revised. Besides some minor changes in relation to the naming (*), the former line item "Inflows from increase in capital" and "Outflows from share buy-backs" were combined as "Inflows (outflows) from issue (repayment) of capital" (**).

Notes to the financial statements

The notes to the financial statements reflect the disclosure requirements in accordance with local laws and regulations. Explanations on significant movements in balance sheet positions and income statement items are provided in the management report.

1. General information

New Reinsurance Company Ltd (the Company) is a limited company domiciled in Zurich, Switzerland. It is licensed by the Swiss Financial Market Supervisory Authority (FINMA) in Switzerland as a professional reinsurer. The Company is a wholly owned subsidiary of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München, the ultimate parent company domiciled in Munich, Germany.

2. Significant developments in the reporting year

Conversion of the currency of the share capital

Following the revisions of the Swiss Code of Obligations effective from 1 January 2023, the Company converted the share capital currency from Swiss francs to its functional currency euro as of the same date. The conversion was conducted in two steps.

In a first step, the nominal value per share was reduced from CHF 200.000 to CHF 177.066. This resulted in a reduction of the share capital from CHF 260'000'000 to CHF 230'185'800, with the amount of the reduction of CHF 29'814'200 allocated to a newly established capital contribution reserve.

In a second step, the currency of share capital was converted based on an exchange rate of 0.9837 CHF/EUR as of the date of the transaction. This resulted in a share capital of EUR 234'000'000 and a capital contribution reserve of EUR 30'308'224.

The net change in share capital (EUR -6'395'728) and capital contribution reserve (EUR +30'308'224) was offset by a reduction of EUR 23'912'496 in free reserves.

Increase of shareholder capital

The shareholder of the Company funded the liquidity needs emerging from a new reinsurance financing transaction by means of a capital contribution. Based on the exchange rate of 1.0842 USD/EUR as of the date of the payment, the amount received of USD 600'000'000 increased the capital contribution reserve by EUR 553'403'431.

3. Summary of significant accounting policies

Basis of presentation

The Company's accounting principles are in line with those prescribed by the Swiss Code of Obligations (OR) and the Insurance Supervisory Ordinance (AVO). They are consistent with those applied in the previous year. The accounting and valuation principles applied for the main balance sheet items are as follows:

Investments

The Company owns an office building in Zurich. Own-use real estate is reported under the balance sheet item "Tangible assets". Part of the office space is let to external tenants; the rental income and associated expenses are recorded as investment income.

Third party-use real estate is carried at the lower of acquisition cost (including capitalised cost for improvements) less depreciation or market value. Amortisation/depreciation is recognised at a rate of 2% on a straight-line basis. Equity investments and investment funds are measured at the lower of cost or market value.

Fixed-income securities are carried at amortised cost less impairment. The annual amortisation amount is recognised within the investment result.

Notes to the financial statement

Receivables and liabilities arising out of derivative financial instruments

Derivative assets and liabilities are accounted for at fair value.

For reinsurance transactions in which financial market risks are transferred and subsequently hedged with financial derivatives, the Company separates the derivatives components embedded in the reinsurance contracts.

Gains and losses from foreign exchange derivatives designated as hedges of balance sheet exposures are recognised as foreign exchange gains and losses.

Tangible assets

Own-use real estate and all other tangible assets are depreciated on a straight-line basis.

Deferred acquisition costs

Acquisition costs paid in respect of financing-type Life reinsurance contracts are capitalised and amortised in proportion to the gross profit amounts expected to be realised over the duration of the Life contract.

Acquisition costs that are directly attributable to reinsurance contracts are capitalised and amortised over the lifetime of the contract in proportion to the premium income earned. These costs are regularly tested for impairment using a liability adequacy test.

Receivables

Receivables are carried at their nominal values and adjusted if there is a risk of impairment. The adjustment is calculated on the basis of individual exposures and a general allowance based on analysis of the receivables.

Other assets and liabilities

These are reported at their nominal value.

Claims expenses and claims reserves

Case reserves are recognised for the amounts reported by cedants. At yearend closing, most statements of account received for recent underwriting years are incomplete and are subject to estimates. The claims reserves are measured at the expected ultimate cost – including reserves for incurred but not reported claims – either reported by cedants or estimated by underwriters and the actuarial department, less claims paid.

Premiums

Premiums are earned on a pro-rata-temporis basis over the period of the risk, or in proportion to the cover provided.

Other reinsurance revenues and other reinsurance expenses

These items form part of technical income and expenses from reinsurance business. Other reinsurance revenues comprise structuring and recapture fees.

Other income and expenses

Other income and expenses include foreign exchange gains and losses, interest on loans, impairments on receivables, income and expenses for services rendered, and other items.

Foreign currency translation

The Company's functional currency and presentation currency is the euro. Transactions denominated in foreign currency are translated into the functional currency at the spot exchange rate on the date of the transaction.

Third party-use real estate and tangible assets measured at historical cost are translated into euros at the historical exchange rate. All other balance sheet items that are denominated in a foreign currency are translated into euros using the closing exchange rate of the transactions.

Before the conversion of the currency of the share capital from Swiss francs to euro on 1 January 2023, share capital, legal reserves and free reserves were translated into euros at the historical exchange rate.

The Company recognises provisions for net unrealised foreign exchange gains.

Notes to the financial statement

Pursuant to the requirements of the Swiss Code of Obligations, the Company also presents all figures in Swiss francs. All balance sheet and income statement items are translated from euros to Swiss francs using the closing exchange rate of 0.9297 CHF/EUR. In the comparison period, prior to the conversion of the currency of the share capital, balance sheet items are translated from euros to Swiss francs using the closing exchange rate of 0.98745 CHF/EUR as of 31 December 2022, while income statement items apply the annual average exchange rate of 1.00502 CHF/EUR.

4. Other investments

The balance sheet position reads as follows:

| | in TEUR | | in TCHF | |
|-------------------------|------------------|------------------|------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Alternative investments | 16'612 | 0 | 15'444 | 0 |
| Short term investments | 86'983 | 261'055 | 80'868 | 257'779 |
| Bond funds | 72'896 | 72'896 | 67'772 | 71'981 |
| Equity funds | 0 | 16'760 | 0 | 16'549 |
| Special funds | 1'406'849 | 1'420'905 | 1'307'947 | 1'403'073 |
| Total | 1'583'340 | 1'771'616 | 1'472'031 | 1'749'382 |

5. Receivables and payables

At the balance sheet date, there were receivables and payables in respect of brokers, insurance and reinsurance companies, as follows:

| | in TEUR | | in TCHF | |
|---|------------------|----------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Receivables from insurance and reinsurance business | | | | |
| of which due from brokers | 259 | 113 | 241 | 112 |
| of which due from insurance and reinsurance companies | 884'763 | 326'048 | 822'564 | 321'956 |
| Total | 885'022 | 326'161 | 822'805 | 322'068 |
| Payables on insurance and reinsurance business * | | | | |
| of which due to brokers | 6'932 | 5'489 | 6'445 | 5'420 |
| of which due to insurance and reinsurance companies * | 1'002'126 | 258'795 | 931'677 | 255'547 |
| Total | 1'009'058 | 264'283 | 938'121 | 260'967 |

* Liabilities from non-cash financing transactions were reclassified from payables to deposit liabilities. In 2022, an amount of TEUR 722'762 (TCHF 713'691) was reported in payables on insurance and reinsurance business rather than as deposit liabilities, including deposits retained on ceded reinsurance business. The former amounts were TEUR 987'045 (TCHF 974'658) payables on insurance and reinsurance business and TEUR 230'194 (TCHF 227'305) deposit liabilities, including deposits retained on ceded reinsurance business.

6. Affiliated companies

At the balance sheet date, there were assets and liabilities in respect of other affiliated companies belonging to Munich Re Group, as follows:

| | in TEUR | | in TCHF | |
|--|------------------|------------------|------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Assets | | | | |
| Investments | | | | |
| Other investments | 1'391'044 | 1'437'665 | 1'293'254 | 1'419'622 |
| Receivables from derivative financial instruments | 22'982 | 65'793 | 21'367 | 64'967 |
| Deposit assets, incl. deposits retained on assumed reinsurance business | 5'911'354 | 7'281'178 | 5'495'786 | 7'189'799 |
| Technical provisions ceded | 751'858 | 238'572 | 699'002 | 235'577 |
| Deferred acquisition costs | -27'407 | -40'425 | -25'481 | -39'918 |
| Receivables from insurance and reinsurance business | 28'213 | 44'151 | 26'230 | 43'597 |
| Other receivables | 76'587 | 103'223 | 71'203 | 101'927 |
| Total assets | 8'154'632 | 9'130'155 | 7'581'361 | 9'015'572 |
| | | | | |
| | in TEUR | | in TCHF | |
| | 2023 | 2022 | 2023 | 2022 |
| Liabilities | | | | |
| Technical provisions | 6'160'145 | 7'472'563 | 5'727'087 | 7'378'783 |
| Interest-bearing liabilities | 382'293 | 143'768 | 355'418 | 141'964 |
| Liabilities from derivative financial instruments | 438'770 | 421'767 | 407'924 | 416'474 |
| Deposit liabilities, incl. deposits retained on ceded reinsurance business | 518'164 | 0 | 481'737 | 0 |
| Payables on insurance and reinsurance business | 75'217 | 2'188 | 69'930 | 2'160 |
| Other liabilities | 89'001 | 5'258 | 82'744 | 5'192 |
| Total liabilities | 7'663'590 | 8'045'543 | 7'124'840 | 7'944'572 |

7. Assets pledged

Total amount of assets pledged to secure own liabilities, as well as assets with retention of title:

| | in TEUR | | in TCHF | |
|---------------------------------------|------------------|------------------|------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Assets under reservation of ownership | 993'114 | 723'292 | 923'298 | 714'215 |
| Cash collateral | 1'693'549 | 1'627'266 | 1'574'492 | 1'606'843 |
| Total | 2'686'662 | 2'350'558 | 2'497'790 | 2'321'059 |

The amounts are reported in the "Shares", "Fixed-income securities", "Cash and cash equivalent" and "Other receivables" balance sheet items. "Cash collateral" relates to collateral posted for derivatives used to hedge the variable annuity business.

8. Technical provisions

a. Balance sheet - Breakdown of technical provisions

| in TEUR | 2023 | | | 2022 | | |
|---------------------------------|-------------------|----------------|-------------------|-------------------|----------------|-------------------|
| | Gross | Retro | Net | Gross | Retro | Net |
| Technical provision | | | | | | |
| Unearned premiums | 767'861 | 102'217 | 665'644 | 792'158 | 140'451 | 651'707 |
| Loss reserves | 3'426'807 | 652'541 | 2'774'266 | 3'262'391 | 103'480 | 3'158'911 |
| Other technical reserves | 35'569 | 0 | 35'569 | 21'796 | 3 | 21'793 |
| Future policy benefits reserves | 11'036'226 | 205'708 | 10'830'519 | 12'324'396 | 230'169 | 12'094'227 |
| Total | 15'266'464 | 960'466 | 14'305'998 | 16'400'740 | 474'103 | 15'926'638 |

| in TCHF | 2023 | | | 2022 | | |
|---------------------------------|-------------------|----------------|-------------------|-------------------|----------------|-------------------|
| | Gross | Retro | Net | Gross | Retro | Net |
| Technical provision | | | | | | |
| Unearned premiums | 713'881 | 95'031 | 618'849 | 782'217 | 138'688 | 643'528 |
| Loss reserves | 3'185'903 | 606'667 | 2'579'235 | 3'221'448 | 102'181 | 3'119'266 |
| Other technical reserves | 33'069 | -0 | 33'069 | 21'522 | 3 | 21'519 |
| Future policy benefits reserves | 10'260'380 | 191'246 | 10'069'133 | 12'169'724 | 227'280 | 11'942'444 |
| Total | 14'193'232 | 892'945 | 13'300'287 | 16'194'911 | 468'153 | 15'726'758 |

b. Income statement – Breakdown of changes in technical provisions

| | in TEUR | | in TCHF | |
|---|-----------------|----------------|-----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Net | Net | Net | Net |
| Change in loss reserves | -425'794 | 1'152'215 | -395'861 | 1'158'000 |
| Change in other technical reserves | 13'573 | -82'595 | 12'619 | -83'010 |
| Change in future policy benefits reserves | -406'774 | -466'866 | -378'178 | -469'209 |
| Change in technical provisions net | -818'995 | 602'755 | -761'420 | 605'781 |
| Change in unearned premiums reserves net | 23'546 | 312'425 | 21'890 | 313'994 |
| Total | -795'450 | 915'180 | -739'530 | 919'774 |

Other than portfolio movements, different exchange rates may lead to differences in the change of "Technical provisions" (net) in balance sheet positions and "Change in technical provisions" in the income statement.

9. Interest-bearing liabilities

The balance sheet position reads as follows:

| | in TEUR | | in TCHF | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Interest-bearing liabilities | 382'293 | 143'768 | 355'418 | 141'964 |
| Maturity schedule | 2023 | 2022 | 2023 | 2022 |
| 1 - 5 years | 301'754 | 69'233 | 280'540 | 68'364 |
| > 5 years | 80'540 | 74'535 | 74'878 | 73'600 |
| Total | 382'293 | 143'768 | 355'418 | 141'964 |

10. Statement of changes in equity

| in TEUR | | | | | | | |
|---|----------------|-------------------------------|-----------------------------|----------------------------|---------------------------|---------------------|------------------|
| | Share capital | Capital contribution reserves | Legal reserves from capital | Legal reserves from profit | Free reserves from profit | Profit for the year | Total equity |
| Year ended December 2023 | | | | | | | |
| Balances as at 31 December 2022 | 240'396 | 0 | 113 | 120'084 | 294'593 | 170'305 | 825'492 |
| Appropriation of earnings | | | | | | | |
| Dividend payment | | | | | | -170'300 | -170'300 |
| Allocation to free reserves | | | | | 5 | -5 | 0 |
| Conversion of the currency of the share capital | -6'396 | 30'308 | | | -23'912 | | 0 |
| Increase of shareholder capital | | 553'403 | | | | | 553'403 |
| Profit for the year 2023 | | | | | | -185'302 | -185'302 |
| Balances as at 31 December 2023 | 234'000 | 583'712 | 113 | 120'084 | 270'686 | -185'302 | 1'023'293 |
| Year ended December 2022 | | | | | | | |
| Balances as at 31 December 2021 | 240'396 | 0 | 113 | 120'084 | 294'537 | 156'316 | 811'446 |
| Appropriation of earnings | | | | | | | |
| Dividend payment | | | | | | -156'260 | -156'260 |
| Allocation to free reserves | | | | | 56 | -56 | 0 |
| Profit for the year 2022 | | | | | | 170'305 | 170'305 |
| Balances as at 31 December 2022 | 240'396 | 0 | 113 | 120'084 | 294'593 | 170'305 | 825'492 |

Notes to the financial statement

| in TCHF | | | | | | | | |
|---|----------------|-------------------------------|-----------------------------|----------------------------|---------------------------|-----------------------|---------------------|----------------|
| | Share capital | Capital contribution reserves | Legal reserves from capital | Legal reserves from profit | Free reserves from profit | Conversion difference | Profit for the year | Total equity |
| Year ended December 2023 | | | | | | | | |
| Balances as at 31 December 2022 * | 223'496 | 0 | 105 | 111'642 | 273'883 | 0 | 158'333 | 767'460 |
| Appropriation of earnings | | | | | | | | |
| Dividend payment | | | | | | | -158'328 | -158'328 |
| Allocation to free reserves | | | | | 5 | | -5 | 0 |
| Conversion of the currency of the share capital | -5'946 | 28'178 | | | -22'231 | | | 0 |
| Increase of shareholder capital | | 514'499 | | | | | | 514'499 |
| Profit for the year 2023 | | | | | | | -172'275 | -172'275 |
| Balances as at 31 December 2023 | 217'550 | 542'677 | 105 | 111'642 | 251'656 | 0 | -172'275 | 951'356 |
| | | | | | | | | |
| Year ended December 2022 | | | | | | | | |
| Balances as at 31 December 2021 | 260'000 | 0 | 123 | 129'877 | 318'472 | -36'689 | 168'997 | 840'780 |
| Appropriation of earnings | | | | | | | | |
| Dividend payment | | | | | | | -168'937 | -168'937 |
| Allocation to free reserves | | | | | 60 | | -60 | 0 |
| Conversion | | | | | | -27'871 | | -27'871 |
| Profit for the year 2022 | | | | | | | 171'160 | 171'160 |
| Balances as at 31 December 2022 | 260'000 | 0 | 123 | 129'877 | 318'532 | -64'560 | 171'160 | 815'132 |

* Balance as at year-end ultimo rate 2023

Before the conversion of the currency of the share capital from Swiss francs to euro as of 1 January 2023, share capital, legal reserves and free reserves were measured at historical cost and translated at historical exchange rates into euro. Correspondingly, the presentation in Swiss francs for the year 2022 reflects the historical values in Swiss francs.

11. Investments and investment result

| in TEUR | | | | | | | |
|-------------------------|----------------|---------------|----------------|-------------------------|----------------------------------|-----------------|---------------------------|
| | Current income | Write-ups | Realised gains | Total investment income | Write-downs and value adjustment | Realised losses | Total investment expenses |
| 2023 | | | | | | | |
| Real estate | 822 | 0 | 0 | 822 | -78 | 0 | -78 |
| Fixes-income securities | 16'199 | 19'373 | 1 | 35'573 | 0 | -1'017 | -1'017 |
| Shares | 3'119 | 2'004 | 3'190 | 8'313 | -1'718 | 0 | -1'718 |
| Other investments | 504'615 | 4'199 | 3'518 | 512'332 | -44'838 | -67 | -44'905 |
| Total | 524'755 | 25'576 | 6'710 | 557'040 | -46'634 | -1'084 | -47'717 |
| 2022 | | | | | | | |
| Real estate | 787 | 0 | 0 | 787 | -78 | 0 | -78 |
| Fixes-income securities | 11'170 | 0 | 38 | 11'208 | -2'816 | -1'221 | -4'037 |
| Shares | 1'502 | 0 | 2'918 | 4'420 | -18'279 | 0 | -18'279 |
| Other investments | 418'740 | 0 | 0 | 418'740 | -19'601 | 0 | -19'601 |
| Total | 432'199 | 0 | 2'956 | 435'155 | -40'774 | -1'221 | -41'995 |
| in TCHF | | | | | | | |
| | Current income | Write-ups | Realised gains | Total investment income | Write-downs and value adjustment | Realised losses | Total investment expenses |
| 2023 | | | | | | | |
| Real estate | 764 | 0 | 0 | 764 | -73 | 0 | -73 |
| Fixes-income securities | 15'060 | 18'011 | 1 | 33'072 | 0 | -945 | -945 |
| Shares | 2'899 | 1'863 | 2'966 | 7'729 | -1'597 | 0 | -1'597 |
| Other investments | 469'141 | 3'904 | 3'271 | 476'315 | -41'686 | -62 | -41'748 |
| Total | 487'865 | 23'778 | 6'238 | 517'880 | -43'355 | -1'008 | -44'363 |
| 2022 | | | | | | | |
| Real estate | 791 | 0 | 0 | 791 | -79 | 0 | -79 |
| Fixes-income securities | 11'226 | 0 | 38 | 11'264 | -2'830 | -1'227 | -4'057 |
| Shares | 1'510 | 0 | 2'932 | 4'442 | -18'371 | 0 | -18'371 |
| Other investments | 420'842 | 0 | 0 | 420'842 | -19'699 | 0 | -19'699 |
| Total | 434'369 | 0 | 2'970 | 437'339 | -40'979 | -1'227 | -42'205 |

12. Net result from derivative financial instruments

| in TEUR | | | | | | |
|------------------------------------|----------------|------------------|-------------------------|------------------|----------------------------------|---------------------------|
| | Current income | Write-ups | Total investment income | Current expenses | Write-downs and value adjustment | Total investment expenses |
| 2023 | | | | | | |
| Insurance risk related instruments | 683'450 | 246'270 | 929'720 | -624'777 | -141'515 | -766'292 |
| Other derivatives instruments | 0 | 862'198 | 862'198 | -412 | -912'563 | -912'975 |
| Total | 683'450 | 1'108'467 | 1'791'917 | -625'189 | -1'054'078 | -1'679'267 |
| 2022 | | | | | | |
| Insurance risk related instruments | 526'605 | 341'119 | 867'723 | -157'849 | -190'998 | -348'848 |
| Other derivatives instruments | 6'295 | 1'883'296 | 1'889'591 | -4'510 | -2'283'367 | -2'287'878 |
| Total | 532'900 | 2'224'414 | 2'757'314 | -162'360 | -2'474'366 | -2'636'726 |

| in TCHF | | | | | | |
|------------------------------------|----------------|------------------|-------------------------|------------------|----------------------------------|---------------------------|
| | Current income | Write-ups | Total investment income | Current expenses | Write-downs and value adjustment | Total investment expenses |
| 2023 | | | | | | |
| Insurance risk related instruments | 635'403 | 228'957 | 864'360 | -580'856 | -131'566 | -712'422 |
| Other derivatives instruments | 0 | 801'585 | 801'585 | -383 | -848'410 | -848'793 |
| Total | 635'403 | 1'030'542 | 1'665'946 | -581'238 | -979'976 | -1'561'215 |
| 2022 | | | | | | |
| Insurance risk related instruments | 529'248 | 342'831 | 872'079 | -158'642 | -191'957 | -350'599 |
| Other derivatives instruments | 6'327 | 1'892'750 | 1'899'077 | -4'533 | -2'294'830 | -2'299'363 |
| Total | 535'575 | 2'235'581 | 2'771'156 | -163'175 | -2'486'787 | -2'649'962 |

13. Depreciation of real estate and tangible assets

| | in TEUR | | in TCHF | |
|---------------------|------------|------------|------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| Own-use real estate | 275 | 275 | 256 | 277 |
| Tangible assets | 213 | 162 | 198 | 163 |
| Total | 489 | 438 | 454 | 440 |

Depreciation of real estate held for investment purposes are reported as write-downs and value adjustments in Note 11.

14. Auditor's fees

The fees for Ernst & Young's (EY) audit of the 2023 Financial Statements (including regulatory audit) amount to TEUR 392 (TCHF 365), compared to TEUR 268 (TCHF 269) in 2022. These amounts do not include VAT, travel costs and expenses.

15. Personnel information

Full-time equivalents

During the year, NewRe employed an average of 119 FTEs.

Personnel expenses

In the 2023 financial year, personnel expenses amounted to TEUR 34'365 (TCHF 31'349) and TEUR 29'500 (TCHF 29'648) in 2022 and are reported under "Administration costs".

16. Share capital

NewRe's denominated share capital has changed from Swiss francs to euro in 2023. The share capital consists of unchanged 1.3 million shares, each with a nominal value of EUR 180.

17. Capital contribution reserves

In 2023, NewRe received a capital injection from Munich Reinsurance Company, Munich to finance large Life transactions amounting to EUR 553.4m. This amount adds to the EUR 30.3m of the capital contribution reserves due to conversion of the currency of the share capital totaling at capital contribution reserves of EUR 583.7m.

18. Events after the balance sheet date

None



Appropriation of profits & proposed payment of dividends

Appropriation of profits & proposed payment of dividends

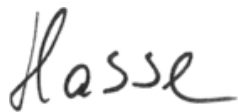
to the General Meeting of Shareholders of New Reinsurance Company Ltd., Zurich

The negative profit for the year will be fully allocated to free reserves.

The Board of Directors proposes to the Annual General Meeting that no dividend shall be paid.

Zurich, 23 April 2024

President
of the Board of Directors



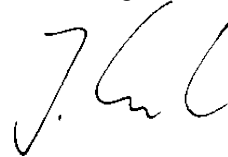
Claudia Hasse

Chief Executive Officer
Chairman of the Board
of Management



Dr. Thomas Braune

Chief Financial Officer
Member of the Board
of Management



Dr. Jürgen Kammerlohr

Report of the statutory auditor



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P.O. Box
CH-8010 Zurich

Phone: +41 58 286 31 11
www.ey.com/en_ch

To the General Meeting of
New Reinsurance Company Ltd, Zurich

Zurich, 23 April 2024

Report of the statutory auditor

Report on the audit of the financial statements

Opinion

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

In our opinion, the financial statements (pages 10 to 24) comply with Swiss law and the Company's articles of incorporation.

Basis for opinion

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

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

Other information

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

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

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

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



Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of 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.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with Art. 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 the financial statements according to the instructions of the Board of Directors.

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

Ernst & Young Ltd

Philip Kirkpatrick
Licensed audit expert
(Auditor in charge)

Stefanie Wietel
Licensed audit expert

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A Munich Re company

