Financial Condition Report 2022

Local GAAP (Swiss Code of Obligations and FINMA Circular 2016/02)

of

Peak Reinsurance AG
Fortunagasse 28
8001 Zurich
Switzerland

Contents

I. Introduction

Peak Reinsurance AG, domiciled in Zurich, Switzerland ("Peak Re Switzerland", "we", "us", or the "Company") is a wholly-owned subsidiary of Hong Kong-based Peak Reinsurance Company Ltd. ("Peak Re Hong Kong", the "Group" or "Parent Company"). Peak Re Switzerland was founded in 2016 and authorised by the Swiss Financial Market Supervisory Authority ("FINMA") to conduct all reinsurance business worldwide since January 1, 2017.

This document is the Financial Condition Report ("FCR") of Peak Re Switzerland as of December 31, 2022, focussing on the period from January 1 until December 31, 2022. It covers Peak Re Switzerland on a stand-alone basis.

This FCR presents information following the structure prescribed by FINMA's circular 2016/02 'Disclosure-insurers'. It is available on Peak Re's website (https://www.peak-re.com/about-peakre/our-subsidiaries-branches/) for all interested parties.

It provides quantitative and qualitative information of Peak Re Switzerland's business activities, performance, corporate governance and risk management, risk profile, valuation, capital management and solvency. The FCR is supplemented with the quantitative reporting templates prescribed by FINMA (cf. Section B and Appendix 1, 2).

Peak Re Switzerland's functional currency is USD, albeit for local statutory reporting the figures are translated and presented in CHF.

II. Management Summary

Peak Re Switzerland underwrites almost exclusively non-life proportional and non-proportional treaties ceded by companies mainly headquartered in Europe.

The Company benefits from the robust retrocession backing by its Parent Company, which is widely recognised in the industry with a strong credit rating from A.M. Best (A-).

Key figures as per Swiss Statutory Financial Statement

In CHF 000	FY 2022	FY 2021	Δ	Δ in %
Gross Written Premium	135'045	79'137	55'908	71%
Net Earned premiums	34'350	22'613	11'737	52%
Net acquisition costs	(2'310)	(1'846)	(464)	25%
Net claims incurred	(32'528)	(19'335)	(13'193)	68%
Net Underwriting margin	(489)	1'432	(1'920)	-134%
Net Administrative expenses	(4'521)	(5'240)	719	-14%
Net Investment income	(5'110)	649	(5'759)	-888%
Net Loss before taxes	(10'034)	(6'647)	(3'387)	51%
Net loss after taxes	(10'034)	(6'647)	(3'387)	51%
Total Net Technical Combined Ratio	101.4%	93.7%	-15%	8%
Total Combined Ratio incl. G&A Expenses	114.6%	116.8%	-24%	-2%
Total Assets	425'228	327'135	98'093	30%

During FY2022, the Company reported a decrease in Net Underwriting Margin by CHF 1.9m to CHF -0.5m. Net Loss After Taxes amounted to CHF 10.0m (2021: CHF -6.6m). This was driven by a negative Operating Result (Net Underwriting Margin minus Net Administrative Expenses) of CHF -5.0m, Investment income for the year amounted to CHF -5.1m.

As of December 31, 2022, the Company has a Swiss Solvency Test ("SST") risk-based capital of USD 67.6m (2021: USD 71.7m), a statutory equity capital of CHF 55.5m (2021: CHF 64.0m) and a solvency ratio of 132% based on SST Report 2023. Peak Re Switzerland is also rated A- by A.M. Best.

In April 2023, USD 20m of collateral from the group were converted into capital increasing the solvency ratio to 169% and the risk based capital to USD 87.6m.

A. Business Activities

Peak Re Switzerland plays an important role in Peak Re Group's strategy to establish a leading position as a global reinsurer with a strong Asia foothold. The strategy is based on maintaining a client-centric approach, being agile and creating value through innovation and leveraging technology.

The Group's business focus is on underwriting a diversified portfolio of mainly non-life risks, including health. Peak Re Switzerland is targeting a portfolio of business across Europe and selected areas outside Europe as part of the Group strategy. We aim to provide speedy and tailored reinsurance solutions on a multi-line and long-term basis to clients.

Peak Re Switzerland is a wholly owned subsidiary of Peak Reinsurance Company Ltd., a Hong Kong-based reinsurer. The biggest shareholder of Peak Re Hong Kong is Fosun Group, Shanghai, of the People's Republic of China. Fosun Group has a majority stake of 86.5%, followed by Prudential Insurance Company of America, New Jersey, USA (13.1%) and executives of Peak Re Hong Kong (0.4%). Peak Re Switzerland does not have any subsidiaries or branch offices.

During FY2022 Peak Re Switzerland maintained a Whole Account Quota Share Retrocession Agreement of 65%with the Parent Company. The net retention was protected by an annual aggregate XL cover. As a second line of defence Peak Re Switzerland is covered as a subsidiary in the outwards retrocession arranged by the Group.

The annual financial statements have been prepared in accordance with Swiss law.

Peak Re Switzerland's external Auditor is Ernst & Young AG, Zurich.

In 2022, there were no significant nor unusual events to separately report.

B. Financial Performance

Financial Statements

Balance Sheet

Assets			
(in CHF '000)	**Note ***	**2022**	**2021**
Investments		77’044	67’827
Fixed-interest securities		22’830	12’053
Shares		54’214	55’774
Cash and cash equivalents		28’222	28’051
Reinsurers' share of technical provisions	5	186’621	129’963
Property and equipment		28	18
Deferred acquisition costs, Net	2	4’024	2’033
Insurance receivables	3	121’114	95’012
Other receivables	7	7’956	3’826
Other assets	4	201	398
Prepaid expenses	4	19	7
TOTAL ASSETS		**425’228**	**327’135**

Liabilities and equity			
CHF thousands	**Note ***	**2022**	**2021**
Technical provisions		255’049	169’768
Unearned Premium Reserve	5	51’251	25’010
Outstanding Loss Reserves	5	202’226	143’205
Equalisation reserve (SER)	5	1’573	1’554
Insurance payables	6	83’416	72’121
Other liabilities	7	31’264	21’205
TOTAL LIABILITIES		**369’729**	**263’094**
Share capital		10’000	10’000
Legal capital reserves		78’937	78’937
Reserves from capital contributions		69’937	69’937
Organization fund		9’000	9’000
Currency Translation Adjustment		4’419	2’927
Voluntary retained earnings		-37’857	-27’823
Result carried forward		-27’823	-21’177
Result of the period		-10’034	-6’647
Total equity	**8**	**55’499**	**64’040**
TOTAL LIABILITIES AND EQUITY		**425’228**	**327’135**

**See accompanying notes to financial statements*

Income Statement

(in CHF '000)	Note *	2022	2021
Gross premium written		135’045	79’137
Premiums ceded to reinsurers		-91’228	-53’328
Net premiums written		**43’817**	**25’809**
Change in unearned premium reserves	10	-26’730	1’172
Change in reinsurers' share of unearned premium reserves	10	17’263	-4’368
Net premiums earned		**34’350**	**22’613**
Total technical income		**34’350**	**22’613**
Gross claims and claim expenses paid		-54’177	-58’999
Reinsurer's share of claims and claim expenses		41’795	46’115
Change in technical provisions	10	-61’007	-32’206
Change in reinsurers' share of technical provisions	10	40’861	25’755
Net claims and claim expenses incurred		**-32’528**	**-19’335**
Acquisition costs and administrative expenses		-28’863	-20’239
Change in deferred acquisition costs, assumed reinsurance	9	5’692	-63
Reinsurers' share of acquisition costs and administrative expenses		21’011	13’150
Change in deferred acquisition costs, Reinsurers' share	9	-3’665	973
Net acquisition costs and administrative expenses		**-5’824**	**-6’179**
Other technical expenses own business		-1’007	-907
Total technical expenses		**-39’360**	**-26’421**
Income from investments	12	1’679	1’309
Expenses from investments	13	-6’789	-660
Net income from investments		**-5’110**	**649**
Other financial income		8’272	-2’333
Other financial expenses		-7’975	-726
Operating result		**-9’823**	**-6’220**
Foreign exchange on currency translation to national currency		-	-
Other expenses	18	-211	-427
Extraordinary income/expenses		-	-
Profit/(loss) before tax		**-10’034**	**-6’647**
LOSS		**-10’034**	**-6’647**

**See accompanying notes to financial statements*

Cash Flow Statement

(in CHF '000)	Note *	2022	2021
Profit/loss		-10'034	-6'647
Depreciation, amortization and write-downs on			
Property and equipment	15	11	12
Investments			
Net realized gains on investments fixed-interest securities	12	-452	-156
Net income from investments (Income statement)		-	-11
Net income on investments in shares	12	-1'092	-491
Net income on other investments	12	-135	-20
Net unrealized gains/(losses) on investments fixed-interest securities	13	6'789	726
Net unrealized gains/losses on investments shares		-	999
Increase/decrease in			
Unearned premium reserves		9'183	-244
Technical provisions		59'596	34'318
Increase/decrease in assets and liabilities			
Purchase/Proceeds from sale of fixed-interest securities		-11'315	5'523
Purchase/Proceeds from sale of loans		-	1'740
Purchase/Proceeds from sale of shares		-2'157	-3'282
Deposits on ceded reinsurance business		2'460	-805
Reinsurance share of technical provisions		-40'637	-23'075
Deferred acquisition costs		-1'966	-948
Insurance receivables		-24'930	33'461
Other receivables		-4'123	-3'799
Other assets		202	-179
Foreign exchange gains and losses Reinsurance activities		1'067	501
Prepaid expenses		-12	19
Insurance payables		10'405	-40'575
Other liabilities		7'330	-2'010
Cash flow from operating activities		**191**	**-4'943**
Purchase of property and equipment		-21	-18
Cash flow from investing activities		**-21**	**-18**
Change in cash and cash equivalents		**171**	**-4'961**
Statement:			
Cash and cash equivalents as of 1 January		-28'051	-33'012
Cash and cash equivalents as of 31 December		28'222	28'051
Change in cash and cash equivalents		**171**	**-4'961**

**See accompanying notes to financial statements*

1. **Basis of preparation**

The annual financial statements have been prepared in accordance with the provisions on accounting of the Swiss Code of Obligations (“CO”) and the provisions of the Swiss Insurance Supervision Ordinances.

2. **Accounting principles**

The Company’s accounting and valuation principles applied for the balance sheet items are as follows:

a) Investments

Fixed-interest securities and loans are valued using the linear cost amortization method. in line with Art. 110 of the Insurance Supervision Ordinance - ISO.

Shares, ETF shares and all other investments are valued at lower of cost or market value.

b) Cash and cash equivalents

Cash and cash equivalents and other highly liquid investments with maturity of less than three months are carried in the balance sheet at nominal value.

c) Deferred acquisition costs

Deferred acquisition costs (DAC) are costs that vary with and are directly related to the acquisition of new and renewal business, these are acquisition costs that are directly attributable to reinsurance contracts that 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.

d) Reinsurance receivables

Reinsurance receivables are booked at nominal value (i.e. net of commissions, brokerage, premium taxes and other levies on premium, unless the contract specifies otherwise) and can be adjusted if there is a risk of impairment.

e) Technical provisions

Technical provisions comprise unearned premium reserves, outstanding losses and loss expense reserves, provisions for unexpired risk reserve, equalisation reserves.

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

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

Equalisation reserves are set in accordance with FINMA Circular 2011/3 and the Company’s approved business plan. These reserves are booked in addition to the best estimate for claims reserves.

f) Foreign Currencies re-measurement and translation

The Company maintains its accounts in its functional currency: USD. The annual financial statements are prepared in USD and presented in CHF, the national reporting currency. Expenses and income in foreign currencies are translated at the prevailing rate at the date when the transactions were carried out. At period end, monetary assets and liabilities in foreign currencies are revalued at year-end exchange rates. The resulting exchange-rates differences are included in the income statement. The aggregate unrealised exchange loss remains in the income statement while the aggregate unrealised exchange gain is deferred.

For the statutory closing, the financial statements are presented in CHF. For this purpose, the USD accounts are translated in CHF using the year end rate for balance sheet, average rate for income statement and historical rates for the equity. A resulting foreign currency translation loss is shown in the income statement while a gain is deferred.

The exchange rate used for year-end 2022, respectively 2021, is presented below:

	Balance Sheet		Income Statement		Equity (avg. historical rate)	
Currency	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
USD	0.925228	0.9140	0.953918	0.91506	0.9912	0.9912

The tables presented in the following notes show rounded figures and the sum of the table's items could differ slightly from the total row or column of the corresponding table.

1. Participations: none

2.Deferred acquisition costs, Net

(in CHF'000)	**2022**	**2021**
Deferred acquisition costs, assumed reinsurance	11’152	5’562
Deferred acquisition costs, ceded reinsurance	-7’128	-3’529
Total	**4’024**	**2’033**

3. Insurance receivables

(in CHF'000)	Third-party **2022**	Intragroup **2022**	**Total 2022**	Third-party **2021**	Intragroup **2021**	**Total 2021**
Receivables from insurance companies	104’906	16’208	121’114	74’714	20’298	95’012
Total	**104’906**	**16’208**	**121’114**	**74’714**	**20’298**	**95’012**

4. Other Assets and Prepaid expenses

(in CHF'000)	**2022**	**2021**
Accrued interest on investments and Deposits	201	398
Other deferrals	19	7
Total	**220**	**405**

5. Technical provisions

(in CHF'000)	**Technical provisions (gross) 2022**	**Reinsurers' share 2022**	**Technical provisions written (net) 2022**	**Technical provisions (gross) 2021**	**Reinsurers' share 2021**	**Technical provisions written (net) 2021**
Unearned premium reserve	51’251	33’534	17’717	25’010	16’586	8’424
Outstanding loss reserves	202’226	153’087	49’139	143’205	113’377	29’828
Equalisation reserve (SER)	1’573	0	1’573	1’554	0	1’554
Total	**255’049**	**186’621**	**68’429**	**169’768**	**129’963**	**39’805**

6. Insurance payables

(in CHF'000)	Third-party 2022	Intragroup 2022	**Total 2022**	Third-party 2021	Intragroup 2021	**Total 2021**
Liabilities to insurance companies *	27’429	55’987	83’416	19’612	52’509	72’121
Total	**27’429**	**55’987**	**83’416**	**19’612**	**52’509**	**72’121**

* in both years amounts for intercompany dues are for the intercompany quota share retro agreement premiums less commissions with parent company, Peak Reinsurance Ltd, that is the sole reinsurer of the Company.

7. Receivables from and liabilities to related parties

(in CHF'000)	Third-party 2022	Intragroup 2022	**Total 2022**	Third-party 2021	Intragroup 2021	**Total 2021**
Other receivables	7’956	-	**7’956**	3’826	-	**3’826**
Other liabilities	7’973	23’291	**31’264**	636	20’569	**21’205**

- Other receivables: Increase year on year is due to the amounts to be received in connection with a Life contract with no risk transfer of CHF 7.9m. In 2021 the amount was related to unallocated cash just received before year end.

- Intra-group liabilities in 2022 and 2021 in the amount of CHF 20m are held as cash collateral for the whole account quota share agreement in place with our parent company. The amount in excess refers for 2022 to outsourcing services costs to be paid to parent company of CHF 1.3m, and to amount due to parent company for set up costs of the Company of CHF 1.9m.

- Third-party liabilities include CHF 7.7m in connection with Life business contract with no risk transfer and CHF 0.2m accruals for services to be paid to suppliers. The latter compare to CHF 0.6m in 2021.

8. Statement of changes in equity

(in CHF'000)	Share capital	Statutory capital reserves	Voluntary retained earnings	Currency Translation reserve	Total equity
2021	**10’000**	**78’937**	**(27’823)**	**2’927**	**64’040**
Transfer to voluntary retained earnings					-
Additional Paid in capital correction					-
Purchase / sale of treasury shares					-
Effect of foreign exchange				1’493	1’493
(Loss) for the period			(10’034)		(10’034)
2022	**10’000**	**78’937**	**- 37’857**	**4’419**	**55’499**

Disclosures, breakdowns and explanations on income statement items

9.Change in Deferred acquisition costs, Net

(in CHF'000)	2022	2021
Change in deferred acquisition costs, assumed reins.	5’692	-63
Change in deferred acquisition costs, ceded reins.	-3’665	973
Total	**2’027**	**910**

10. Change in technical provisions (gross) and in Reinsurers' share of technical provisions

(in CHF'000)	Technical provisions (gross) 2022	Reinsurers' share 2022	Technical provisions written (net) 2022	Technical provisions (gross) 2021	Reinsurers' share 2021	Technical provisions written (net) 2021
Change in Unearned premium reserve	- 26’730	- 17’263	**-9’467**	1’172	4’368	**-3’196**
Change in loss reserves	61’007	40’861	**20’146**	32’206	25’755	**6’451**
Change in SER (Security Equalisation Reserve)	-	-	**-**	-	-	**-**
Total	**34’277**	**23’598**	**10’679**	**33’378**	**30’123**	**3’255**

No change in SER (Security Equalisation Reserve) as from 2019 policy change no SER is computed and booked in case the FY ends with a loss.

11. Audit fees

(in CHF'000)	2022	2021
Audit services	**123**	**145**
Total	**123**	**145**

The audit fees include amounts for engagements with a direct or indirect connection to an external audit engagement. The fees exclude outlays and include VAT.

12. Income from investments

(in CHF'000)	Income 2022	Net unrealized gains 2022	Net realized gains 2022	Total 2022	Income 2021	Net unrealized gains 2021	Net realized gains 2021	Total 2021
Fixed-interest securities	452	**-**	-	452	408	-	-	408
Loans	0	-	-	0	17	-	-	17
Shares	1'092	-	-	1'092	864	-	-	864
Other investments	135	-	-	135	20	-	-	20
Total	**1'679**	**-**	**-**	**1'679**	**1'309**	**-**	**-**	**1'309**

13. Expenses from investments

(in CHF'000)	Current expenses 2022	Net unrealized losses 2022	Net realized losses 2022	Total 2022	Current expenses 2021	Net unrealized losses 2021	Net realized losses 2021	Total 2021
Fixed-interest securities	-	-	6'751	**6'751**	-	-	625	**625**
Loans	-	-	-	**-**	-	-	5	**5**
Shares	-	-	-	**-**	-	-	-	**-**
Other investments	38	-	-	**38**	31	-	-	**31**
Total	**38**	**-**	**6'751**	**6'789**	**31**	**-**	**630**	**661**

14. Personnel expenses

Personnel expenses for fiscal year 2022 amounted to CHF 3'033K as compared to an amount of CHF 2'523k in 2021 and are included in the line-item acquisition costs and administrative expenses.

15. Depreciation of office equipment and hardware

(in CHF'000)	**2022**	**2021**
Hardware and office equipment	11	12
Total	**11**	**12**

Other notes to the financial statements

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

(in CHF'000)	**2022**	**2021**
Guarantees	3’506	4’151
Assets under reservation of ownership	44	42
Total	**3’550**	**4’193**

17. Contingent Liabilities: none

18. Other Expenses

(in CHF'000)	**2022**	**2021**
Capital Tax expenses	211	427
Total	**211**	**427**

19. Full-time positions

The number of full-time positions on annual average is 7.9 in 2022.

20. Restricted assets

To secure the rental of the office premises a deposit of CHF 46’000 is held with Zurich Cantonal Bank.

21. Commitments

As of December 31, 2022, there were no letters of credit in favor of ceding companies nor any letters of credit facility with banks in place.

22. Further points subject to mandatory disclosure

- No significant event affecting the amounts reported in the balance sheet occurred after the balance sheet date.
- No bonds were issued by the Company.

Proposed profit & loss appropriation

For the years ended 31 December 2022

CHF 000	**2022**
Retained earnings carried forward	-27'823
Loss for the year	-10'034
Loss to be carried forward	-37'857

The Board of Directors proposes to appropriate the retained earnings as follows:

Distributable Earnings (deficit)	-37'857
Transfer to Organisation Fund	-
Amount carried forward	-37'857

No dividend is proposed due to the year-end loss.

Further allocations have been waived.

External auditor's report

The external auditors approved the financial statements without qualifications or reservations.

See Appendix 3

B.2 - Additional information Quantitative template "Performance Solo Reinsurance"

	Currency : CHF	Total		Personal accident		Health		Motor	
		2021	2022	2021	2022	2021	2022	2021	2022
1	Gross premiums	79'137'058	135'045'205	450'310	9'477'936			16'173'675	44'415'903
2	Reinsurers' share of gross premiums	(53'328'354)	(91'227'872)	(292'773)	(6'160'586)			(10'302'450)	(28'914'965)
3	**Premiums for own account (1 + 2)**	**25'808'704**	**43'817'333**	**157'537**	**3'317'351**			**5'871'225**	**15'500'938**
4	Change in unearned premium reserves	1'171'519	(26'730'216)	(149'157)	(6'777'920)			3'355'936	(10'974'032)
5	Reinsurers' share of change in unearned premium reserves	(4'367'555)	17'262'568	96'952	4'405'648			(3'749'532)	7'120'383
6	**Premiums earned for own account (3 + 4 + 5)**	**22'612'667**	**34'349'685**	**105'332**	**945'078**			**5'477'629**	**11'647'290**
7	Other income from insurance business	0	0	0	0			0	0
8	**Total income from underwriting business (6 + 7)**	**22'612'667**	**34'349'685**	**105'332**	**945'078**	**0**	**0**	**5'477'629**	**11'647'290**
9	Payments for insurance claims (gross)	(58'998'889)	(54'177'388)	(980)	(383'193)			(5'232'310)	(7'762'041)
10	Reinsurers' share of payments for insurance claims	46'114'833	41'795'117	624	249'076			4'182'023	5'540'057
11	Change in technical provisions	(32'205'921)	(61'006'991)	(178'594)	(1'342'350)			(7'591'317)	(13'365'769)
12	Reinsurers' share of change in technical provisions	25'754'996	40'860'945	115'874	868'695			5'031'249	7'632'883
13	Change in technical provisions for unit-linked life insurance	0	0	0	0			0	0
14	**Expenses for insurance claims for own account (9 + 10 + 11 + 12 + 13)**	**(19'334'980)**	**(32'528'317)**	**(63'077)**	**(607'773)**	**0**	**0**	**(3'610'354)**	**(7'954'869)**
15	Acquisition and administration expenses	(20'302'532)	(23'170'589)	(55'444)	(1'095'179)			(5'411'136)	(7'690'889)
16	Reinsurers' share of acquisition and administration expenses	14'122'629	17'345'846	31'325	813'895			4'188'444	6'150'171
17	**Acquisition and administration expenses for own account (15 + 16)**	**(6'179'902)**	**(5'824'743)**	**(24'119)**	**(281'284)**	**0**	**0**	**(1'222'693)**	**(1'540'718)**
18	Other underwriting expenses for own account	(907'228)	(1'007'233)	0	34			(618'289)	(719'277)
19	**Total expenses from underwriting business (14 + 17 + 18) (non-life insurance only)**	**(26'422'111)**	**(39'360'294)**	**(87'196)**	**(889'022)**	**0**	**0**	**(4'833'047)**	**(10'214'864)**
20	Investment income	1'308'751	1'678'581						
21	Investment expenses	-660'236	-6'788'920						
22	**Net investment income (20 + 21)**	**648'515**	**(5'110'339)**						
23	Capital and interest income from unit-linked life insurance	0	0						
24	Other financial income	(2'333'096)	8'272'121						
25	Other financial expenses	(726'430)	(7'974'879)						
26	**Operating result (8 + 14 + 17 + 18 + 22 + 23 + 24 + 25)**	**(6'220'455)**	**(9'823'705)**						
27	Interest expenses for interest-bearing liabilities	0	0						
28	Other income	0	0						
29	Other expenses	(426'949)	(210'853)						
30	Extraordinary income/expenses								
31	**Profit / loss before taxes (26 + 27 + 28 + 29 + 30)**	**(6'647'404)**	**(10'034'558)**						
32	Direct taxes	0	0						
33	**Profit / loss (31 + 32)**	**(6'647'404)**	**(10'034'558)**						

Continued Quantitative template "Performance Solo Reinsurance"

	Currency : CHF	Total		Marine, aviation, transport		Property		Casualty		Miscellaneous	
		2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
1	Gross premiums	79'137'058	135'045'205	924'466	1'253'311	49'910'018	62'081'245	10'125'532	14'658'958	1'553'057	3'157'852
2	Reinsurers' share of gross premiums	(53'328'354)	(91'227'872)	(611'944)	(816'555)	(34'353'763)	(42'685'962)	(6'776'970)	(10'487'066)	(990'454)	(2'162'739)
3	**Premiums for own account (1 + 2)**	**25'808'704**	**43'817'333**	**312'522**	**436'756**	**15'556'255**	**19'395'283**	**3'348'562**	**4'171'892**	**562'603**	**995'113**
4	Change in unearned premium reserves	1'171'519	(26'730'216)	3'823	(99'506)	(3'363'699)	(4'788'020)	(586'494)	(3'388'025)	1'911'110	(702'713)
5	Reinsurers' share of change in unearned premium reserves	(4'367'555)	17'262'568	(29'875)	64'679	935'428	2'461'644	(48'755)	2'753'451	(1'571'775)	456'763
6	**Premiums earned for own account (3 + 4 + 5)**	**22'612'667**	**34'349'685**	**286'471**	**401'929**	**13'127'984**	**17'068'906**	**2'713'313**	**3'537'319**	**901'938**	**749'163**
7	Other income from insurance business	0	0	0	0	0	0	0	0	0	0
8	**Total income from underwriting business (6 + 7)**	**22'612'667**	**34'349'685**	**286'471**	**401'929**	**13'127'984**	**17'068'906**	**2'713'313**	**3'537'319**	**901'938**	**749'163**
9	Payments for insurance claims (gross)	(58'998'889)	(54'177'388)	(781'238)	(425'752)	(22'339'784)	(36'504'508)	(1'603'725)	(892'639)	(29'040'852)	(8'209'254)
10	Reinsurers' share of payments for insurance claims	46'114'833	41'795'117	624'977	322'929	16'865'797	28'415'110	1'213'515	701'316	23'227'896	6'566'629
11	Change in technical provisions	(32'205'921)	(61'006'991)	(248'648)	211'503	(42'092'331)	(48'822'075)	(3'890'614)	(4'587'619)	21'795'584	6'899'318
12	Reinsurers' share of change in technical provisions	25'754'996	40'860'945	143'308	(264'576)	34'081'000	35'467'151	2'558'787	2'837'563	(16'175'222)	(5'680'772)
13	Change in technical provisions for unit-linked life insurance	0	0	0	0	0	0	0	0	0	0
14	**Expenses for insurance claims for own account (9 + 10 + 11 + 12 + 13)**	**(19'334'980)**	**(32'528'317)**	**(261'601)**	**(155'897)**	**(13'485'318)**	**(21'444'322)**	**(1'722'037)**	**(1'941'379)**	**(192'593)**	**(424'079)**
15	Acquisition and administration expenses	(20'302'532)	(23'170'589)	(172'606)	(242'636)	(11'443'999)	(10'895'845)	(2'710'636)	(2'723'240)	(508'710)	(522'800)
16	Reinsurers' share of acquisition and administration expenses	14'122'629	17'345'846	109'266	172'146	7'567'794	7'620'202	1'894'925	2'212'850	330'876	376'582
17	**Acquisition and administration expenses for own account (15 + 16)**	**(6'179'902)**	**(5'824'743)**	**(63'340)**	**(70'490)**	**(3'876'206)**	**(3'275'643)**	**(815'711)**	**(510'390)**	**(177'834)**	**(146'218)**
18	Other underwriting expenses for own account	(907'228)	(1'007'233)	0	0	(184'082)	(42'138)	(104'665)	(245'863)	(191)	11
19	**Total expenses from underwriting business (14 + 17 + 18) (non-life insurance only)**	**(26'422'111)**	**(39'360'294)**	**(324'941)**	**(226'387)**	**(17'545'606)**	**(24'762'103)**	**(2'537'748)**	**(2'697'632)**	**(370'426)**	**(570'286)**
20	Investment income	1'308'751	1'678'581								
21	Investment expenses	-660'236	-6'788'920								
22	**Net investment income (20 + 21)**	**648'515**	**(5'110'339)**								
23	Capital and interest income from unit-linked life insurance	0	0								
24	Other financial income	(2'333'096)	8'272'121								
25	Other financial expenses	(726'430)	(7'974'879)								
26	**Operating result (8 + 14 + 17 + 18 + 22 + 23 + 24 + 25)**	**(6'220'455)**	**(9'823'705)**								
27	Interest expenses for interest-bearing liabilities	0	0								
28	Other income	0	0								
29	Other expenses	(426'949)	(210'853)								
30	Extraordinary income/expenses										
31	**Profit / loss before taxes (26 + 27 + 28 + 29 + 30)**	**(6'647'404)**	**(10'034'558)**								
32	Direct taxes	0	0								
33	**Profit / loss (31 + 32)**	**(6'647'404)**	**(10'034'558)**								

- Line of Business Miscellaneous includes Agriculture reinsurance and Credit & Bonds insurance.
- "Investment income" and "Investment expenses" are reported with the same granularity as reported in the income statement and the notes to the Financial Statements. "Investment income" shows the "Investment income" as reported in the income statement but before investment expenses.
- "Investment expenses" includes the "Investment expenses" and "Net realised losses".

- Line “Other financial income” reports foreign exchange realized losses on balance sheet accounts.

B.3 Comments on quantitative template “Performance Solo Reinsurance”

Peak Reinsurance Switzerland reported a net loss after taxes of CHF -10.0m for the financial year 2022 (FY2021: CHF -6.6m). The result was driven by an operating loss including General and Admin Expenses of CHF -5.0m) to which was added a negative Net Investment Income for CHF -5.1m. Other financial income net of other financial expenses from a deposit accounted on a non-risk transfer contract contributed CHF 0.3m and other expenses (mainly Capital Taxes) CHF -0.2m.

The Company registered a negative net underwriting result of CHF -0.5m in 2022, as the European markets were hit by severe windstorms (Dudley/Eunice/Franklin in Q1), hailstorms (several events affecting France in the period between May and August), subsidence (caused by extremely hot and dry weather conditions in France). Peak Re Switzerland was also impacted by Australian floods through a single CXL program from a German cedent with worldwide exposure. The combined effect of these events depressed the gross result of Peak Re Switzerland hindering the possibility to achieve a positive result despite a slight reduction in Administrative expenses which amounted to CHF 4.5m compared to CHF 5.2m a year ago.

Gross investment income, received as interest on bonds and dividends on ETFs shares (mainly corporate bonds), amounted to CHF 1.7m in 2022 (2021: CHF 1.3m). Taking into account realised losses CHF -6.7m and investment expenses CHF -0.1m, net investment income was negative at CHF -5.1m (2021: CHF +0.6m). We reallocated part of our invested assets portfolio from corporate bonds ETF to individual government bonds to take advantage of raising interest rates while continue to control unsystematic risk.

Total gross written premiums (GWP) were at CHF 135.0m in 2022 (2021: CHF 79.1m). The increase reflects the result of our business objective to increase our footprint in core European markets.

Net earned premiums, after applying the Whole Account Quota Share Retrocession treaty, grew substantially to CHF 34.3m from CHF 22.6m a year ago. The higher retention reflects both increases in GWP and the renewal of the intra-group QS retrocession at 65% for 2022.

The weather events of 2023 have heavily impacted our property and motor lines of business. The Net Technical Combined ratio (e.g., without General and Admin Expenses) was adversely affected and moved up to 101.4% from 93.7% in 2021. When including General and Admin expenses the Total combined ratio for 2022 was 114.6%, down from 116.8% in 2021. The impact of the exceptionally high losses depressed the gross result of Peak Re Switzerland with that hindering the possibility to achieve a positive result in the year.

Peak Re Switzerland strengthened its focus on the main European markets, as illustrated in the table below.

By Cedents' Region	FY 2022	FY 2021
Europe	97.0%	91.8%
Americas	2.3%	7.8%
Asia	0.7%	0.4%
Africa	0.1%	0.1%

The 10 countries where the Company underwrote most of its business in during 2022 accounted for 92.1% of the GWP as compared to 90.5% in 2021.

By Country	FY2022	FY 2021
France	35.0%	16.6%
Germany	24.0%	26.1%
Italy	10.2%	5.8%
Switzerland	6.5%	17.4%
Portugal	4.9%	6.7%
Spain	3.7%	5.4%
Peru	2.3%	7.8%
United Kingdom	2.2%	1.7%
Ireland	1.9%	0.0%
Belgium	1.4%	3.1%
Other	7.9%	9.5%

Over the year, we increased our presence in France, through large participation in a Motor proportional treaty whereas in Switzerland we reduced the shares in some treaties to maintain equilibrium in overall exposures.

The Company aims to support certain clients and the overall substantial growth have resulted in a rebalancing of the portfolio between Non-Proportional and Proportional business.

By Treaty type	FY 2022	FY 2021
Proportional	59.2%	48.5%
Non-Proportional	40.8%	51.5%

The split by Lines of Business is as follows

By Line of Business	FY 2022	FY 2021
Property	39.6%	49.6%
Motor	32.9%	23.8%
Casualty	10.9%	14.2%
Miscellaneous Accident	7.0%	1.6%
Engineering	6.4%	8.6%
Agriculture	2.0%	1.3%
Marine	0.9%	0.9%
Credit and Bonds	0.3%	0.0%

Growth in Motor is driven by increase in France and United Kingdom, reduction in Property due to the non-renewal of some treaties.

The Net Claims Expenses incurred were at CHF 32.5m compared to CHF 19.3m in 2021. Below the split across all lines of business.

Line	2022	2021
Property	65.7%	59.6%
Motor	19.2%	18.3%
Engineering	6.9%	8.7%
Casualty	5.3%	8.7%
Accident & Health	1.4%	0.0%
Agriculture	1.1%	3.1%
Marine	0.4%	1.3%
Other	0.1%	0.3%

Safety and Equalisation Reserve remained unchanged at USD 1.7m, which translated to CHF 1.6m (2021: CHF 1.6m). The Company's policy is not to build the equalisation reserve if the net result before taxes is not a profit.

Net investment result

Investments were held mainly in a well-diversified portfolio of fixed income instruments, shares of Exchange Traded Fund (ETFs) in bonds and, to a smaller extent, shares (CHF 1.8m) and in real estate fund (CHF 1.8m). The cash and cash equivalents portfolio were 26.8% (compared to 29% in prior year) of the Assets under Management including the amount held in cash as collateral under the Whole Account Quota Share Agreement.

At the end of 2022 Peak Re Switzerland held investment amounting of CHF 105.2m, compared to CHF 95.9m at the end of 2021, split among the following classes:

Investment type	2022	2021
Fixed-interest securities	22.8m	12.1m
ETF Shares	54.2m	55.7m
Cash and cash equivalents *	28.2m	28.1m

*includes CHF 19.2m of collateral under the Whole account Quota Share Agreement in both years

Income from investments								
	Income	Net unrealized gains	Net realized gains	Total	Income	Net unrealized gains	Net realized gains	Total
(in CHF'000)	2022	2022	2022	2022	2021	2021	2021	2021
Fixed-interest securities	452	-	-	452	408	-	-	408
Loans	0	-	-	0	17	-	-	17
Shares	1'092	-	-	1'092	864	-	-	864
Other investments	135	-	-	135	20	-	-	20
Total	**1'679**	**-**	**-**	**1'679**	**1'309**	**-**	**-**	**1'309**

Expenses from investments								
	Current expenses	Net unrealized losses	Net realized losses	Total	Current expenses	Net unrealized losses	Net realized losses	Total
(in CHF'000)	2022	2022	2022	2022	2021	2021	2021	2021
Fixed-interest securities	-	-	6'751	**6'751**	-	-	625	**625**
Loans	-	-	-	**-**	-	-	5	**5**
Shares	-	-	-	**-**	-	-	-	**-**
Other investments	38	-	-	**38**	31	-	-	**31**
Total	**38**	**-**	**6'751**	**6'789**	**31**	**-**	**630**	**661**

The net investment result in 2022 was negative CHF -5.1m comparing to positive CHF +0.6mm in 2021 and includes a negative value adjustment to amortised cost for fixed interest securities and ETF Corporate bonds shares of CHF -6.7m mostly due to unrealised losses on our bonds portfolio and market valuation of ETF share in corporate bonds.

<u>Other income and expenses</u>

Other income and expenses relate to realised foreign exchange gains and losses which amounted to a loss of CHF 3.1m (CHF 2.3m in Other financial Income line and CHF 0.8m Other financial expenses line) in 2022, against a gain of CHF 1.7m in 2021.

<u>General and Admin Expenses</u>

General and Admin Expenses are presented as part of Acquisition costs and Admin expenses in the Local Statutory Income statement. They decreased by CHF 1.0m to CHF 4.5m over the year. Specifically, personnel costs increased by CHF 0.5m (due to increase in FTE); non-personnel costs were down CHF 1.5m, thanks to the increased remuneration received for market services rendered to parent company which are captured as allocated costs to/from intragroup in our administrative expenses.

At the end of 2022 Peak Re Switzerland had 12 employees, up by 4 from a year ago, including 9 full-time and 3 part-time staff, with average during the year of 7.9 FTE employment.

No profits and losses have been recognised directly in equity in FY2022.

C. Corporate Governance and Risk Management

C.1 - Corporate Governance

The composition of the Board of Directors and the Executive Management as of December 31, 2022:

Board of Directors

Mr. Franz Josef Hahn, Chairman
Mrs. Cathy Chen, member
Mr. Ulrich Fricker, member and Independent Non-Executive Director

Executive management

Matteo Cussigh, Chief Executive Officer
Piotr Nowakowski, Chief Underwriting Officer - P&C
Gianluca Mereu, Chief Financial Officer

C.2 - Risk Management

Peak Re Switzerland Risk Management framework is based on strong risk culture, a robust compliance framework, a clearly articulated risk ownership by the operational units, a risk management and compliance function and an internal audit function. Both the Risk Management and the Internal Audit functions regularly report and advise the Board of Directors and Executive Management team on risk management matters, including ad-hoc risk analysis whenever required.

Peak Re Switzerland has a documented Risk Management and Governance framework.

The Company's Risk Management Framework describes Peak Re Switzerland's risk appetite and tolerance. It provides guidance on how the risks from underwriting and investment activities are being monitored and managed and describes the roles and responsibilities of relevant functions in the Company. It defines appetite for identified risk types at company level, in line with Peak Re Group.
The Enterprise Risk Management framework covers the range within which risks are to stay so as to ensure that the risk appetite is respected.

C 2.1 Risk Management Function

The Risk Management function is independent from the business. The technical and business skills of Peak Re Switzerland's Head of Legal, Risk & Compliance positions her as business advisor on risk matters and helps foster a risk-aware culture in the business.

Risk management is performed by the operating units ("1st line of defence"), the risk manager ("2nd line of defence") and the internal auditor PWC AG, Zurich ("3rd line of defence"). There have been no substantial changes to the risk management system during the reporting period. The engagement of PWC, Switzerland as the Internal Auditor was renewed for the reporting year.

Operational risks such as those stemming from the legal and regulatory environment, bank relationships etc. did not experience any extraordinary exposures.

Certain key functions of Peak Re Switzerland are supported by an outsourcing agreement with Peak Re Hong Kong under a group services model and benefit from the Parent company's scale and depth of knowledge and experience. These were carried out seamlessly throughout the year.

The Board of Director is ultimately responsible for the oversight of Risk Management framework and reviews the Enterprise Risk Management (ERM) Report quarterly. The quarterly ERM Report provides a view of the overall risk posture of the Company including mitigating actions and compliance issues. Major changes to the operating environment, business development and extraordinary events are considered.

C 2.2 Actuarial Function

Consistent with FINMA guidelines, the Company has appointed a Responsible Actuary. As a subsidiary of an international group we have opted for an external actuarial advisor who is familiar with local Swiss requirements and who brings the necessary credentials.

Although an external appointee, the Responsible Actuary is appropriately integrated into the operations of the Company. His role includes the responsibility for:

a. The validation of the appropriate amount of reserves;

b. The involvement in the Swiss Solvency Test process, including the confirmation that the SST ratio is correctly calculated, and the determination of the Target Capital ("TC") and Risk Bearing Capital ("RBC") metrics;

c. The periodic review and oversight of pricing.

The Responsible Actuary reports to the Executive Management and to the Board of Directors.

C 2.3 Compliance Function

The Compliance Function ensures that the relevant legal and regulatory obligations of the company are identified and assessed. Further it reviews and assesses the appropriateness of the guidelines, processes and controls set up by the Company to prevent compliance violations.

Further objectives are to protect Peak Re Switzerland and its employees by avoiding:

- Legal and regulatory risks,

- Conflicts of interests between the Company and its employees and clients,

- Reputational risks.

The Board of Directors is responsible for compliance, the operational responsibility is delegated to the Legal, Risk & Compliance Officer. The compliance reporting system is the basis for the regular reporting from the Legal, Risk & Compliance Officer to the Board of Directors and the Executive Management. It consists of quarterly report and, if required, of an ad-hoc reporting.

C 2.4 Internal Audit Function

The Internal Audit function is an independent and outsourced function whose activity is guided by a philosophy of adding value to improve the operations of Peak Re Switzerland. It assists the Board of Directors in accomplishing its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of the organisation's governance, risk management and internal control.

The Internal Audit function reports to the Board of Directors of Peak Re Switzerland (the “Board”).

It prepares an activity report on an annual basis which describes and comments on the status of compliance with

- the internal audit plan as approved by the Board, and
- the implementation of agreed measures resulting from audit reports.

C.3 Internal Control System

The Internal Control System (ICS) policy defines the risks subject to control, the control process and responsibilities as per the requirements of the FINMA circular 2017/02 “Corporate Governance”.

The ICS consists of automated and manual preventive and detective controls embedded in the process landscape. It applies to all business and operations areas: Underwriting, Pricing, Technical and Financial accounting and reporting, Claims, Investment Management, IT, Human Resources, Risk Management and Compliance.

The policy is reviewed and amended, as appropriate, on an annual basis by the Board of Directors of the Company (the “Board”).

The ICS Policy implementation and findings are reported regularly to the Board of Directors. Findings with a substantial, immediate impact on the operations shall be reported without delay to the CEO, Head of Risk & Compliance and the Chairman of the Board.

D. Risk Profile

Peak Re Switzerland assumes risk from reinsurance underwriting and investment activities. The Company targets a diversified portfolio in terms of lines of business and geography covering all of the Property and Casualty lines of business to add value and provide diversification at the Group level.

We aim for the combination of a diverse inwards portfolio (i.e., by line and country) and a comprehensive retrocession program to reduce the concentration of risks and volatility.

D.1 – Risk Profiles

The main risks that are monitored since considered material are:

- Insurance risk
- Market Risk
- Credit Risk
- Operational Risk

Peak Re Switzerland has defined limits for the amount of risk the company is willing to assume in any one of its risk-taking activities. Details are to be found in the following documents:

a. Corporate Underwriting Guideline and Accumulation Control – this defines the capacities and limits deployed for P&C business per line of business

b. Board Protocols on delegation of authorities.

c. Investment Policy Guidelines – this defines the strategic asset allocation and limits for cash and short-term deposits, fixed income, equities and real estate, as well as the delegation of authorities to the asset manager

Peak Re Switzerland applies state of the art techniques to identify, quantify and manage risks. Risks from reinsurance underwriting and investment activities are identified and managed by using:

a. A limits system,

b. ORSA (Own Risk and Solvency Assessment).

Peak Re Switzerland uses the Own Risk and Solvency Assessment (ORSA) applying the SST modelling framework. Underwriting and Investment Policies drive the culture of risk management of the Company and define the risk-taking appetite. The Board approves major decisions affecting the Company's risk profile or exposure.

Peak Re Switzerland's risk landscape can be categorised by its sources as:

- insurance risk (premium and reserve risk),
- investment risk (market, credit, liquidity risk) and
- risks associated with the Company as such (operational, legal and compliance risk).

- Insurance Risk (premium and reserve risk)

Premiums should be set at a level that corresponds with the level of risks underwritten. Premium risk is monitored prospectively and retrospectively. Prospective premium risk monitoring shall be implemented at the time contracts are written. This is achieved through the use of proprietary tools which compare Peak Re Switzerland's view on premiums following the technical rating exercise (i.e., the "technical rate") with the prevailing price available in the market (i.e., the "market rate"). Over time, the market rate will fluctuate and may be above or below the Peak Re Switzerland's technical rate due to the market cycle.

Following the decision to bind a treaty, there is a risk that a higher level of claims will materialise than originally expected. This is monitored in the quarterly reserving reports, which include a review of treaty level loss ratios.

Specifically, reserving risk arises due to unfavourable development in claims costs relative to Peak Re Switzerland's opening reserve level. This may be due to adverse claims experience on policies written in the current financial year or due to deterioration in the ultimate claims forecast against prior financial years. Peak Re Switzerland employs suitable methodologies and assumptions to compute and make provision for its insurance liabilities. Such methodologies and assumptions take into account the business volume, claims experience, industry practice, types of reinsurance product, etc. Any reserving assumptions made are reviewed on a quarterly basis (and twice a year by the Responsible Actuary in Switzerland) together with the Reserving Actuary of Peak Re Hong Kong to ensure that due recognition is given to relevant changes in the composition of the business portfolio, market conditions and legal developments, etc.

Any claims reported are promptly recorded so that the relevant reserves will be provided accordingly. The amounts of estimated and actual claims are compared from time to time to ensure adequate provisions are made for outstanding claims. The Board is notified of large claims (above USD 1m) and will take timely actions as appropriate.

The Company's retrocession policy provides for guidance such that the exposures of Peak Re Switzerland's business portfolio to major losses owing to individual large risks and accumulations of losses are properly managed. Peak Re Switzerland also regularly assesses the counter-party risk of retrocessionaires (including retrocessionaires of the Group) and on a quarterly base the collectability of the amounts due.

- Market Risk

Peak Re Switzerland's investments are exposed to market risk, arising as a result of changes in interest rates, currency exchange rates, geopolitical events, or general macro-economic market conditions. Market risk is systematic and affects the whole market collectively.

Peak Re Switzerland's investment risk monitoring process includes diversification and exposure limits, traditional asset/liability management practices, assessing the minimum weighted average credit quality of the bond portfolio and regularly monitoring currency mismatch risk and duration/interest rate risks. Peak Re Switzerland also uses a traffic light system (by mean of monthly report to the Head of Finance and CEO) to facilitate the monitoring and communication of investment risk levels at country, currency, and industry sector levels.

As of the end of 2022, the Company has not invested directly in equity securities. We hold shares in an ETF on stocks for CHF 1.8m.

The Company's fixed income portfolio (including fixed income ETFs) is mainly exposed to interest rate movements and changes in spreads reflecting counterparty risk. Peak Re Switzerland tracks risks on a name, country and industry basis and considers cross balance sheet exposures from its credit and bond portfolios. If the Company becomes overexposed to any one country, rating level, name or industry, the portfolio will be rebalanced or hedged.

The Company's Investment Policy also ensures that cash inflows from invested assets are regularly reviewed so that it is adequate to meet the cash outflows due for settling liabilities under different economic conditions. Timely actions will be taken to identify any significant investment losses so that provisions will be made for them.

- Credit Risk

Credit risk represents the loss that Peak Re Switzerland would incur if a counterparty (including a loan borrower, an issuer of securities or other instruments Peak Re Switzerland holds) fails to perform its contractual obligations or the loss in value of securities and/or other financial instruments due to deterioration in the credit quality of the issuer. Peak Re Switzerland's exposure to credit risk principally arises through its investment, as well as credit and bond and reinsurance ceding activities.

Peak Re Switzerland's credit risk management aims to maintain high asset quality and minimise its concentration risk through a diversified, balanced and risk-weighted investment and product portfolio. The Company continually monitors and updates its credit risk-related policies and guidelines to reflect changing market and business conditions. To measure and manage its credit exposures, Peak Re Switzerland uses a variety of tools on a daily basis, including a credit management system monitoring credit exposure to individual counterparties. In the ordinary course of business, the Company may be subject to a concentration of credit risk to a particular counterparty, in which case Peak Re Switzerland will manage by setting exposure limits. The Company's only intra-group retrocessionaire is Peak Re Hong Kong, which itself employs retrocession and other risk mitigating measures.

- Operational Risk

Peak Re Switzerland defines operational risk as the risk of loss arising from people, processes, systems, and external events. The Company tracks these risks using risk registers, which identify the risk owner, describe the risk, define mitigating actions, and quantify the residual risk.

To help mitigate these risks, Peak Re Switzerland adopted proper delegated authorities for underwriting and for securities trading.

The Company has defined and uses policy/procedures to identify, prevent, detect, and mitigate cyber security threats arising from network, e-mail and/or devices and robust measures to deal with cyber security threats timely and effectively. In addition, the Company runs a "Disaster Recovery Process" at least once a year to test the resilience of its information technology systems and access to critical business information in case of a network disruption, loss of data or security breach.

Peak Re Switzerland has a business continuity plan (BCP) in place to identify viable measures and actions that the Company can take to continue and restore its position or business activities under different stressed conditions or in advance as precautionary measures.

The Company provides training to staff on how to respond to unforeseen external events such as a fire in the office or inaccessibility of office premises (in accordance with the BCP).

- Other material risks

    - Liquidity Risk

Liquidity risk refers to the risk of loss that may arise as a result of insufficient funds due to an unexpected sudden change in cash flow. In case of a major loss, the Company needs to have sufficient liquidity to pay claims in a timely manner to retain its main value proposition to ceding insurance companies. Peak Re Switzerland monitors its liquidity position and as a precautionary measure keeps at least 5% of its shareholder and policyholder funds in cash. Peak Re Switzerland's equity and fixed income instruments are mostly traded in public exchanges. The Company also works to ensure the portfolio of fixed income securities is comprised of liquid instruments.

- Legal and Compliance Risk

The Head of Risk Management & Compliance and legal counsel of the Company is responsible for ensuring that the Company complies with applicable laws and regulations, guidance notes, guidelines and codes issued by relevant regulators (including FINMA) and standards and codes issued by industry bodies (if and as applicable).

The Anti Money Laundering/Counter Financing Terrorism (AML/CFT) policy of the Company establishes procedures for identifying any potential suspicious transactions and for reporting to the senior management, the Board and/or law enforcement authorities as appropriate.

- Internal Controls

The effectiveness of risk monitoring, risk control and reporting is subject to regular internal audits.

The internal auditor exercises independent assessment of the risk management process and report to the Board on a regular basis and as necessary. The Board is responsible for oversight of all aspects of Peak Re Switzerland's risk management systems and measures. The internal audit function is outsourced to PWC.

There was no exposure to off-balance-sheet positions nor risks transferred to special purpose vehicles (SPVs).

The Company maintained the process for assessing the risks to which is exposed as described above.

D.2 - Risk Concentration and Accumulation

a. Assets

Relevant Concentrations

Peak Re Switzerland's key retrocessionaire is the Parent Company (with AM Best rating of A-) through an intragroup quota share and additional non-proportional retrocession protections.

Default Probabilities of the Relevant Exposures

There are no extraordinary exposures.

b. Liabilities

Peak Re Switzerland writes a diverse portfolio of business and has limited risk accumulations on the liability side. With regards to the quantitative aspects, the SST Report 2023 as of 1 January 2023 showed the following risk posture:

Insurance risk comprised 40.4 % of the Target Capital of USD 49.7m (as calculated in April 2023). This compares to 48.9% of the Target Capital of USD 44.6m as of April 2022. The decrease in relative terms was driven by two factors: i) the increase in the amount of Target Capital due to increase in Insurance risk and in credit risk driven by growth of business volume in 2022; and ii) increased reserve risk due to the portfolio growth.

Market risk made up 17% of Target Capital of USD 49.7m as calculated in April 2023, which compares to 8.9% of the Target Capital of USD 44.6m as of April 2022. The change was driven by the exchange rate risk which has more than doubled grew substantially as compared to last year (USD 10.9m in SST 2023 versus USD 4.6m in SST 2022).

Credit risk made up 42.6% of Target Capital of USD 49.7m as calculated as of April 2023 which compares to 42.2% of the Target Capital of USD 44.6m as of April 2022. The absolute risk charge for credit risk grew instead from USD 21.9m a year ago to USD 27.4m in SST 2023, driven by increase of the asset positions, on the receivables side, consequence of the growth in the portfolio in 2022.
The credit risk model is based on cash-flow projections at counterparty level.

D.3. - Reinsurance and Risk Mitigation Techniques

Peak Re Switzerland uses retrocession to manage its overall underwriting risk, and financial hedging to control foreign exchange or asset volatility risk.

The intragroup and outward retrocession programs are deemed adequate to protect the capital base of the Company against large per risk and per event losses.

E. Valuation

All values are presented in the Company's reporting currency in USD which is also the currency we calculate and present our solvency ratio.

In order to derive the CHF amounts the following exchange rates as reported in our Financial Statements are used.

Currency	Balance Sheet		Income Statement		Equity (avg. historical rate)	
	2022	2021	2022	2021	2022	2021
USD	0.92523	0.9140	0.95392	0.91506	0.9912	0.9912

Additionally, the tables that show comparison between Statutory Balance Sheet and Market Consistent Balance Sheet - MCBS have been adjusted to refer to the year-end date (i.e., 31 December) although for solvency calculation purposes the reference date is the opening date of the following reporting period (i.e., 1 January).

The Market Consistent Balance Sheet (MCBS) contains all business written or "bound" as of 31 December 2022.

The SST balance sheet comparison with the audited financial statements provides insights into the main valuations and differences between treatment under local GAAP (as reported in the Notes to the Financial Statements in point B.1 Financial Statements point 2 lit. a) to f)) and SST.

We comment below on items that are valued differently under these regimes.

The difference between the Statutory Balance Sheet and MCBS is due to:
on the Asset side:

- adjustment to market value for investments,
- adjustment of ceded Unearned Premium Reserve to reflect the Market Consistent ceded Premium Liability,
- exclusion of the deferred acquisition cost, and
- exclusion of the deferred tax asset if any.

and on the Liabilities side:

- exclusion of Equalisation Reserves. discounting of Best Estimate ceded Loss Reserves,
- addition of liabilities for bound-but-not-incepted business as of January 1, 2022,
- discounting of Best Estimate Loss Reserves,
- adjustment of Unearned Premium Reserve to Market Consistent Premium Liability,
- exclusion of the deferred tax liabilities if any.

E.1 - Assets

The following table shows the breakdown of the Statutory and MCBS assets as of 31 December 2022 and as of 31 December 2021, respectively (in USD million).

Component	SST 2023		SST 2022	
	Statutory Balance Sheet	Market Value Balance Sheet	Statutory Balance Sheet	Market Value Balance Sheet
Retrocessionaires share of UPR	36.2	27.5	18.1	14.4
Retrocessionaire outstanding loss reserves	165.5	148.0	124.1	124.8
Due from ceding companies	113.4	113.4	81.7	81.7
Due from retrocessionaires	17.5	17.5	22.2	22.2
Deferred acquisition costs - insurance contracts	12.1	0.0	5.7	0.0
Cash and cash equivalents	30.5	30.5	30.7	30.7
Governments bonds	19.0	19.0	0.0	0.0
Corporate bonds	64.5	64.5	74.6	74.6
Equities	0.0	0.0	0.0	0.0
Other assets	8.6	8.6	4.6	4.6
Total assets	**467.3**	**429.0**	**361.8**	**353.0**

Investments:

Under SST, their valuation is "mark to market", based on quoted prices in active markets or observable fair values. Under local GAAP, fixed interest securities are valued at lower market value or amortised cost less required impairments. The annual amortisation amount is recognised within the investment result; the difference is presented in the table above, no difference is to be noted since Market values were below amortised costs less impairment in both current and prior year.

Shares and ETF shares and other investments are valued at the lower of cost or market.

Deferred acquisition costs:

Under local GAAP, 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.
Under SST, this position is fully depreciated.

For all other assets the statutory value has been taken and valued at the market value.

E.2 - Liabilities

The following table shows the breakdown of the statutory and MCBS liabilities as of December 31, 2022, and as of December 31, 2021, respectively (in USD million).

	SST 2023		SST 2022	
Component	**Statutory Balance Sheet**	**Market Value Balance Sheet**	**Statutory Balance Sheet**	**Market Value Balance Sheet**
Unearned premium reserves	55.4	42.1	27.4	21.7
Outstanding claims reserves	217.6	194.6	156.3	157.3
Due to ceding companies	29.3	29.3	21.3	21.3
Due to retrocessionaires	60.5	60.5	57.5	57.5
Retrocessionaires' Deferred acquisition costs	8.4	0.0	4.9	0.0
Premium Deficiency Reserve	0.0	0.0	0.3	0.0
Depsosit liability Life	8.4	8.4	0.0	0.0
Other liabilities	26.0	26.6	22.3	23.6
Equalization reserves	1.7	0.0	1.7	0.0
Total liabilities	**407.3**	**361.5**	**291.7**	**281.3**

Under local GAAP, liabilities from Non-life business are valued on an undiscounted basis and contain equalisation reserves SER, which are presented on an individual line item.

Provisions for insurance obligations

Following two tables shows provisions for insurance obligations under the Statutory Balance sheet and Market Consistent Balance Sheet (i.e. market value):

Statutory Balance Sheet

Gross and net value of Provisions for insurance obligations	**Technical provisions (gross)**	**Reinsurers' share**	**Technical provisions written (net)**	**Technical provisions (gross)**	**Reinsurers' share**	**Technical provisions written (net)**
USD 000	**2022**	**2022**	**2022**	**2021**	**2021**	**2021**
Unearned premium reserve	55.4	36.2	19.1	27.4	18.1	9.2
Loss reserves	218.6	165.5	53.1	156.7	124.1	32.6
Equalisation Reserve	1.7	-	1.7	1.7	-	1.7
Total	**275.7**	**201.7**	**74.0**	**185.8**	**142.2**	**43.6**

Market Consistent Balance Sheet

Gross and net value of Provisions for insurance obligations	Technical provisions (gross)	Reinsurers' share	Technical provisions written (net)	Technical provisions (gross)	Reinsurers' share	Technical provisions written (net)
USD 000	**2022**	**2022**	**2022**	**2021**	**2021**	**2021**
Unearned premium reserve	55.4	27.5	19.1	27.4	14.4	12.9
Loss reserves	218.6	148.0	53.1	156.7	124.8	31.9
Equalisation Reserve	-	-	-	-	-	-
Total	**274.0**	**175.5**	**72.3**	**184.1**	**139.2**	**44.9**

Outstanding claims reserves

The outstanding claims reserves value in the MCBS has been estimated by discounting the statutory values. The growth in the total gross written premiums following our expansion of business activities in Europe resulted in the increase in the gross reinsurance reserves from USD 156.7m up to USD 218.6m, spread across all lines of business with prevalence in Property incl. Engineering, USD 143.9m, and Motor, USD 42.7m, line of business.

At the end of 2022 Europe represents 95.9% (89.9% in 2021) of gross claim reserves of the portfolio. Indian business in run off represents 2.6% (compares to 10.1% at the end of 2021) of the gross claim reserves, including USD 8% related to Miscellaneous - Financial Loss (Agriculture).

Unearned premium reserves ("UPR")

Several adjustments are needed to move from the UPR position in the statutory balance sheet to the market consistent basis. In particular a best estimate view is needed. As such the premium deficiency reserve is removed.

For Underwriting Years 2021 and Prior

The total gross market consistent UPR for policies incepted in 2021 and prior years is calculated as the difference between the expected gross discounted claim and the gross future premiums. The gross future premiums are the difference between the gross ultimate unearned premiums and the gross UPR. The maintenance expense ratio assumptions are based on assumptions from Peak Re Switzerland.

Underwriting Year 2022

The total gross market consistent UPR arising from bound-but-not-incepted business (i.e. treaties with inception date 1 January 2021) is calculated as the difference between the gross expected discounted claims and the gross signed premiums for 1 January 2022. Bound but not incepted exposures need to be included in the calculation in order to align with the contract boundary requirements of the SST calculation.
For the avoidance of doubt, we note that the 1 January 2022 bound-but-not-incepted exposure arises only from European treaties.

Retrocessionaire's Outstanding Loss Reserves

The market value of the retrocessionaire's outstanding loss reserves has been calculated as the difference between the market value of gross outstanding claims reserves and the market value of the net outstanding claims reserves. The market value of the net outstanding claims reserves has been estimated using the same approach as for the market value of the gross claims reserves. The same discount factors have been used for gross and net claims reserves.

Retrocessionaire Share of Unearned Premiums Reserve (UPR)

For SST calculation purposes two adjustments are needed from Statutory Balance sheet position.

First, companies need to allow for their best estimate view in respect of unexpired risks. For this reason, treaty level pricing loss ratios, expense load and commission assumptions are used to generate a view of the unexpired risk reserve. As there is embedded profit within the UPR this is a downward driver when comparing market consistent views with Statutory Balance Sheet views. Second, and in line with SST guidelines, an allowance for bound-but-not incepted exposures as of 1 January 2023 is needed. This is an upward-driver when comparing market consistent and statutory bases.

When applied together, the first of these factors is more significant than the second, and this is why the UPR is lower on a market consistent basis.

E.3 - Market Value Margin

The Market Value Margin ("MVM") has been calculated as defined in the Standard Model approach suggested in the FINMA Technical Document on the Swiss Solvency Test as published in October 2022.

The table below presents the evolution of the MVM:

	SST 2023	SST 2022	SST 2020
MVM	2.5	7.6	4.5

The MVM decreases from USD 7.6m in SST 2022 to USD 2.5m in SST 2023. The variance is due to the decrease of insurance risk and the shortening of payout patterns.

The Market Value Margin covers the cost of capital of outstanding risks beyond the one year horizon. All types of risks are considered in the MVM: Insurance, Market and Credit. In particular, the credit risk of retrocessionnaires is captured until full run-off of ceded liabilities. The cost of Capital is fixed by Finma at 6%.

E.4 - Provisions for Other liabilities

The other liabilities position includes amounts due to Parent Company as collateral received under the Whole Account Quota Share Retrocession Agreement (USD 22.5m) and amounts due to various suppliers at year end (e.g., other payables) (USD 3.8m). Please note these have no different valuation under Statutory and Market Values. Differences between Swiss Statutory accounting principles and MCBS are due for the amount of USD 0.8m to Reserves for unrealised gains on foreign exchange on investments activities and on technical reserves.

Provision for other liabilities	Statutory Balance Sheet	Adjustment	Market Consistent Balance Sheet
USD million	**2022**		**2022**
Other liabilities	25.4	-0.8	26.3

F. Capital Management

Peak Re aims at year-on-year capital growth through retained earnings. Its long-term investors are not primarily looking for dividends during the company's early years of establishment and as a result, Peak Re Switzerland is not subject to dividend pressure. Capital management is at the core of our strategy of being client-centric in that we cooperate with clients and intermediaries to develop risk and capital solutions to assist their profitable growth, and we look at long term positive outcomes for both our cedents and ourselves.

We have a capital planning process based on the Own Risk and Solvency Assessment (ORSA) exercise within the SST modelling framework. The capital planning process targets:

- to identify, assess, monitor, manage and report the short- and long-term risks that Peak Re AG faces or may face; and
- to determine the level of funds necessary to meet solvency needs at all time.

The ORSA requires Peak Re Switzerland to assess its own risks and associated economic and regulatory capital needs.

In the process we consider the following factors:

- Strategic objectives
- Current and future risk profile
- Any capital buffers required

The ORSA at Peak Re Switzerland is forward-looking across the business planning horizon, i.e., 3 years. It encompasses all material risks, including those which are not captured in the SCR of the SST, such as reputational risks.

We hold a simple capital structure that comprises solely of Tier 1 capital. This includes common stock or equity capital which was composed of a fully paid-in share capital of USD 9.8m (or CHF 10.0m), and reserves which included: a capital surplus reserves ("Kapitaleinlagereserven") of USD 69.4m (CHF 72.4m) and an Organisation Fund of USD 8.8m (CHF 9.0m). Equity and solvency capital are managed with the ORSA process with a time horizon of three years.

Shareholders' equity on MCBS decreased in 2022 by USD 10.5m because of the deduction of the net loss after taxes .

No hybrid, conditional or mezzanine capital instruments were used.

in USD thousands	Share capital	Statutory capital reserves	Voluntary retained earnings	Currency Translation reserve	Total equity
2021	**9'837**	**78'264**	**(18'031)**	**-**	**70'070**
Effect of foreign exchange				-	-
(Loss) for the period			(10'519)		(10'519)
2022	**9'837**	**78'264**	**(28'550)**	**-**	**59'551**

The difference in valuation between the shareholders' equity as per statutory annual report of CHF 55.5m (USD 59.9m) and as per MCBS of USD 62.4m or CHF 57.7m is due to reasons explained in detail above in Section E Valuation and to the adjustment for foreign exchange on currency translation to national currency.

G.Solvency

The company uses the official version of the Standard Model of the Swiss Solvency Test SST for reinsurers published by FINMA (StandRe) for all risks excluding defined Natural Catastrophe exposures (CAT), and an internal model for defined CAT risk which was approved by FINMA in October 2020. The Company's capital and retrocession posture was managed by means of the ORSA process and based on the Swiss Solvency Test methodology.

The results of the SST 2023 report and a comparison with the previous SST report as submitted to FINMA are as follows:

in million USD	SST2022 reported	SST2023 Final	2023 vs 2022
Premium Risk - Attritional (AEP) net	10.7	6.0	(4.7)
Premium Risk - Individual (IE1) net	8.0	12.1	4.1
Premium Risk - Nat Cat (NE) net	12.5	7.1	(5.4)
Premium Risk - Total - net	18.3	17.1	(1.2)
Reserve Risk - Attritional (AER) net	12.9	14.6	1.7
Reserve Risk - Individual (IE2) net	8.3	10.7	2.4
Reserve Risk - Total net	14.0	16.3	2.3
Diversification	*(6.9)*	*(7.4)*	*(0.5)*
Insurance Risk - Total net discounted	25.4	26.0	0.6
Market Risk	*4.6*	*10.9*	*6.3*
Credit Risk	21.9	27.4	5.5
Scenarios	0.0	0.0	0.0
Insurance & Credit & Market Risk & Scenarios	36.9	48.3	11.4
Expected Insurance Result	0.6	0.7	0.1
Expected Financial Performance	(0.4)	(0.4)	0.1
Market Value Margin	7.6	2.5	(5.1)
Target Capital	44.6	49.7	5.1
Risk Bearing Capital (RBC)	71.7	64.8	(6.9)
SST Ratio - Forecast	**173.2%**	**132.0%**	**-41.2%**

The SST ratio decreases to 132% from 173% in 2022. Combined effect of reduction of RBC and increased Target Capital are the driver of such variance compared to last year. The RBC decrease is due to unrealized losses on the investment side and large losses experience in 2022.
The Target Capital change is driven by increased Market and Credit risks due to increase in exchange rate risk and the growth in the business volume. The largest component of the Target Capital has become the Credit Risk at USD 27.4m (undiversified basis).

Further details on components of Risk Bearing Capital are detailed here below.

Breakdown of risk-bearing capital into its main components

The table below presents the evolution and the breakdown of our risk-based capital RBC and changes over the previous year:

Sign convention: RBC = assets - liabilities + deductions + supplementary capital + additional capital	SST 2023 In USD millions	SST 2023 Rel. diff. prev. year	SST 2023 Share total assets SST BS	SST 2023 Rel. diff. prev. year	SST 2022 In USD millions	SST 2022 Share total assets SST BS
Risk-bearing capital (RBC)	64.8	-10%	15%	-27%	71.7	20%
Market-consistent value of assets	437.0	24%	100%	0%	353.0	100%
Investments	83.3	12%	19%	-10%	74.6	21%
Other assets	353.8	27%	81%	3%	278.5	79%
of which share of technical provisions from reinsurance	183.5	32%	42%	7%	139.2	39%
Total liabilities	372.2	32%	85%	7%	281.3	80%
Best estimate of insurance liabilities	247.4	38%	57%	12%	179.0	51%
Market-consistent value of other liabilities	124.8	22%	29%	-1%	102.3	29%
Deductions	0.0		0%		0.0	0%
Supplementary capital and additional capital	0.0		0%		0.0	0%

The RBC decreases by USD 6.9m from USD 71.7m in 2022 to USD 64.8m in 2023.

This decrease is mostly attributable to the increased amount of reserves.

There are no RBC deductions in the SST balance sheet. There is no additional capital.

Breakdown of market risk and insurance risk into its main components

The table below presents the evolution and the breakdown of the market risk between 2022 and 2021 (in USD millions):

Note	Risk factors	SST 2023	SST 2022	Variance
1	Standalone interest rate risk	3.5	2.7	0.8
2	standalone EUR rate risk	0.0	0.0	0.0
3	standalone USD rate risk	1.6	1.0	0.6
4	standalone JPY rate risk	3.5	3.2	0.4
(5) = (2) + (3) + (4)	non diversified interest rate	0.1	0.0	0.1
(6) = (1) - (5)	Diversification interest rate	-1.7	-1.5	-0.2
7	Standalone spread risk	3.9	4.2	-0.3
8	Standalone currency risk	12.3	4.6	7.7
9	Equity	0.0	0.0	0.0
(10) = (11) - (1) -(7) - (8) - (9)	Diversification market risk	-8.8	-6.9	-1.9
11	Total market risk	10.9	4.6	6.3

The market risk increases by USD 6.3m from USD 4.6m in 2021 to USD 10.9m in 2022, driven by currency risk.

Currency risk increased following the increase in percentage of the USD positions.

(Re)Insurance risk

The table below presents the evolution of the reinsurance risk in USD million net of retrocession calculated under StandRe:

SST Model Component	SST 2023	SST 2022
Premium Risk - Attritional (AEP) net	6.0	10.7
Premium Risk - Individual (IE1) net	12.1	8.0
Premium Risk - Nat Cat (NE) net	7.1	12.5
Diversification	-8.1	-12.9
Premium Risk - Total - net discounted	17.1	18.3
Reserve Risk - Attritional (AER) net discounted	14.6	12.0
Reserve Risk - Individual (IE2) net discounted	10.7	8.3
Diversification	(9.0)	(6.3)
Reserve Risk - Total net discounted	16.3	14.0
Diversification	*(7.4)*	*(11.4)*
Insurance Risk - Total net discounted	**26.0**	**25.4**

The Insurance risk increases from USD 25.4m to USD 26.0m.

This evolution is driven by two effects:

a) increase in reserve risk from USD 14.0m to USD 16.3m due to the increased amount of reserves.

b) a slight decrease in the premium risk from USD 18.3m to USD 17.1m mainly driven by the decreased business volume underwritten in 2023.

Outlook to next year's SST

On April 27, 2023, the BoD approved a fund transfer of USD 20m, which was released by the removal of collateral for the same amount, to the Company's capital contribution reserves (Kapitaleinlagereserven).

The structuring decision will be considered in the following SST calculation. The SST ratio increases by 37% from 132% to 169%, driven by the increase of the RBC by the USD 20m. In this parallel run, we have removed USD 20m from the amounts "due to parent company" position in the liabilities of the balance sheet. The assets positions have been kept as they are, letting the USD 20m in the cash and equivalent position. Going forward the USD 20m will be invested according to the Investment policy of the Company. will be invested according to the Investment policy of the Company.

Peak Re Switzerland points out that in the report the current information on solvency (risk-bearing capital, target capital) is the same as that which it has submitted to FINMA and that, if necessary, is subject to a supervisory audit.

III. Sign-off by the Executive Body

The Board of Directors acknowledges its responsibility that this Financial Condition Report has been properly prepared in all material respects in accordance with all applicable rules and regulations.

The Board of Directors of Peak Re Switzerland approved this 2022 Financial Condition Report and signs off its disclosure by decision dated April 29, 2023.

IV. Appendixes

1 Quantitative Template "Market Consistent Balance Sheet - Peak Reinsurance AG"

2 Quantitative Template “Solvency Solo － Peak Reinsurance AG”

3 External auditor’s report

Appendix 1

Quantitative template "Market-consistent Balance Sheet Solo"

Financial situation report: quantitative template "Market-consistent Balance Sheet Solo"
Peak Reinsurance AG

Currency: USD (as per SST reporting)
Amounts stated in millions

Currency	USD (as per SST reporting)	31/12/2021	Adjustments previous period	31/12/2022
Market-consistent value of investments	Real estate			
	Shareholdings			
	Fixed-income securities	13.5		24.7
	Loans	-		-
	Mortgages			
	Equities			
	Other investments			
	Collective investment schemes	61.0		58.6
	Alternative investments			
	Other investments			
	Total investments	**74.5**		**83.3**
	Financial investments from unit-linked life insurance			
	Receivables from derivative financial instruments			
Market-consistent value of other assets	Cash and cash equivalents	30.7		30.5
	Receivables from insurance business	243.1		306.4
	Other receivables	4.2		8.6
	Other assets	0.4		0.2
	Total other assets	**278.4**		**345.7**
Total market-consistent value of assets	**Total market-consistent value of assets**	**352.9**		**429.0**

Best estimate liabilities (BEL)	Best estimate of provisions for insurance liabilities			
	Direct insurance: life insurance business (excluding ALV)			
	Direct insurance: non-life insurance business			
	Direct insurance: health insurance business			
	Direct insurance: unit-linked life insurance business			
	Direct insurance: other business			
	Outward reinsurance: life insurance business (excluding ALV)			
	Outward reinsurance: non-life insurance business	**157.3**		**194.6**
	Outward reinsurance: health insurance business			
	Outward reinsurance: unit-linked life insurance business			
	Outward reinsurance: other business			
	Reinsurers' share of best estimate of provisions for insurance liabilities			
	Direct insurance: life insurance business (excluding ALV)			
	Direct insurance: non-life insurance business			
	Direct insurance: health insurance business			
	Direct insurance: unit-linked life insurance business			
	Direct insurance: other business			
	Outward reinsurance: life insurance business (excluding ALV)			
	Outward reinsurance: non-life insurance business	**79.1**		**102.6**
	Outward reinsurance: health insurance business			
	Outward reinsurance: unit-linked life insurance business			
	Outward reinsurance: other business			
Market-consistent value of other liabilities	Non-technical provisions			
	Interest-bearing liabilities			
	Liabilities from derivative financial instruments			
	Deposits retained on ceded reinsurance			
	Liabilities from insurance business			
	Other liabilities	**44.9**		**64.2**
Total BEL plus market-consistent value of other liabilities	**Total BEL plus market-consistent value of other liabilities**	**281.3**		**361.4**

	Market-consistent value of assets minus total from BEL plus market-consistent value of other liabilities	**71.7**		**67.6**

Appendix 2

Quantitative Template "Solvency Solo – Peak Reinsurance AG"

Financial situation report: quantitative template "Solvency Solo" - Peak Reinsurance AG		**Currency: USD (as per SST reporting)**		
		31/12/2021	Adjustments previous period	31/12/2022
		in USD millions	in USD millions	in USD millions
Derivation of RBC	Market-consistent value of assets minus total from best estimate liabilities plus market-consistent value of other liabilities	71.7		64.8
	Deductions	-		
	Core capital	71.7		64.8
	Supplementary capital	-		-
	RBC	71.7		64.8
		31/12/2021	Adjustments previous period	31/12/2022
		in USD millions	in USD millions	in USD millions
Derivation of target capital	Underwriting risk	25.4		26.0
	Market risk	4.6		10.9
	Diversification effects	-15.0		-17.1
	Credit risk	21.9		27.4
	Risk margin and other effects on target capital	7.7		2.5
	Target capital	44.6		49.7
		31/12/2021	Adjustments previous period	31/12/2022
		in %	in %	in %
SST ratio		173	-	132

Appendix 3

External auditor's report

Ernst & Young Ltd
Maagplatz 1
P.O. Box
CH-8010 Zurich

Phone: +41 58 286 31 11
Fax: +41 58 286 30 04
www.ey.com/ch

To the General Meeting of
Peak Reinsurance AG, Zurich

Zurich, 19 April 2023

Report of the statutory auditor

Report on the audit of the financial statements

Opinion
We have audited the financial statements of Peak Reinsurance AG (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion
We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law 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.

Furthermore, we confirm that the proposed carry forward of the accumulated losses complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Licensed audit expert (Auditor in charge)	Licensed audit expert

Enclosures

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