



## **Report of the Statutory Auditor**

To the General Meeting of  
**Korean Reinsurance Switzerland AG, Zurich**

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of Korean Reinsurance Switzerland AG, which comprise the balance sheet as at December 31, 2022, profit and loss 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 enclosed financial statements comply with Swiss law and the company's articles of incorporation.

#### *Basis for Opinion*

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

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

#### *Other Information*

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

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

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

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

#### *Board of Directors' Responsibilities for the Financial Statements*

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal controls as the Board of Directors determines are 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 EXPERT suisse'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 article 728a para. 1 item 3 CO and SAS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

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

**Deloitte AG**

A handwritten signature in blue ink, appearing to read "S. Göbler".

Sandy Göbler  
Licensed Audit Expert  
Auditor in Charge

A handwritten signature in blue ink, appearing to read "G. Schwab".

Gabriel Schwab  
Licensed Audit Expert

Zurich, 02 March 2023  
SG/GS

Enclosures

- Financial statements (profit and loss statement, balance sheet, cash flow statement and notes)

## Korean Reinsurance Switzerland AG

### Annual Report

1 January 2022 – 31 December 2022

Details	
<b>Issued by</b>	Executive Management
<b>Approval by</b>	Board of Directors
<b>Language</b>	English
<b>Report date</b>	21 April 2023
<b>Scope of application</b>	Korean Reinsurance Switzerland AG

Contents

Management Report.....	1
Board of Directors, Management and Auditors .....	4
Financial Statements.....	5
Profit and Loss Statement.....	5
Balance Sheet .....	6
Cash Flow Statement .....	7
Notes to the Financial Statement .....	8
Appropriation of available earnings as proposed by the Board of Directors .....	18

## Management Report

### Introduction

Korean Reinsurance Switzerland AG ("KRSA") is a 100% owned subsidiary of Korean Reinsurance Company ("Korean Re"), Seoul, and was established on 12 July 2018 with the goal to strengthen Korean Re's European presence. KRSA is a reinsurance company domiciled in Zurich, focusing on Continental European property and casualty (P&C) treaty business.

KRSA's functional currency is EUR. For the statutory closing, the financial statements are presented in CHF. For this purpose, the EUR accounts are translated into CHF using the closing rate for the balance sheet and income statement (all 31 December 2022), and historical rates for equity (see pages 9/10).

### Financial review

KRSA reported a net loss after taxes of CHF 12.8m (EUR 13.0) and its assets amounted to CHF 507.1m (EUR 513.5m).

The main drivers of KRSA's financial result are the premium income, the technical result (including the reserves), administrative expenses and the investment result. KRSA reduces its insurance risk by buying proportional and non-proportional retrocession with its parent company and third parties.

As of 31 December 2022, the Gross Written Premium (GWP) amounted to CHF 170.7m (EUR 172.8m). KRSA was able to expand the business volume considerably and grew by 61% compared to prior year, taking advantage of technical price improvements. In 2022, proportional business accounted for 65% (2021: 58%) of the premium income. Property accounted for 61%, motor for 16%, engineering lines for 10% and marine for 8% of the business portfolio (other lines 5%).

2022 was marked by Russia's invasion of the Ukraine and the ongoing war impacting Europe's economy and energy prices. Inflation in Europe and the US has soared to the highest level since WWII, leading to interest rate hikes by central banks, impacting the market valuation of investments and triggering fears of recession. While KRSA's assets saw a considerable reduction of their market value, impairments were not required thanks to the high rating quality. In 2022 KRSA has received a further capital injection of CHF 19.6m (EUR 20.0m) from Korean Re to maintain KRSA's SST ratio within the defined risk appetite. Excess inflation also impacted KRSA's reserves which were adjusted accordingly.

2022 saw also natural catastrophe events, namely three large hail storms affecting France in June and a series of winterstorms in February mainly affecting the Netherlands and Germany. The net impact of these events amounts to CHF 6.9m (EUR 7.0m). The 2021 hailstorms "Volker" and "Xero" as well as the flood "Bernd" deteriorated further and contributed to this year's net loss with CHF 2.4m (EUR 2.4m).

Net acquisition costs stood at CHF 9.2m (EUR 9.3m) and administrative expenses amounted to CHF 7.2m (EUR 7.3m). The latter are largely driven by personnel expenses of total CHF 4.9m (EUR 5.1m) for the average 18.4 full-time employees.

KRSA is solely invested in high investment grade corporate bonds which are carried at amortized cost and for which an annual impairment test is performed. Net investment income in 2022 was CHF 1.2m (EUR 1.2m), stemming from the bonds' income and unrealized net foreign exchange gains from USD positions.

Other financial income / expenses included the interest expense for the right of lease of our office. Other income/expenses comprised the stamp duty for the capital increase.

On the asset side, corporate bonds amounted to a nominal value of CHF 86.4m (EUR 87.5m). KRSA's strategic asset allocation has been reviewed in 2022 but considering the market environment the

investment in alternative asset classes has been postponed to 2023. KRSA carries a significant cash position of CHF 82.9m (EUR 83.9m) which is expected to be reduced with planned investments in 2023.

The Board of Directors will propose to KRSA's shareholder to carry forward the loss of CHF 12.8m (EUR 13.0m) to the next year.

### **Business overview (2022)**

After a record European Nat Cat year 2021, the January 2022 renewal started late. KRSA followed a disciplined pricing approach and was able to achieve considerable rate increases in the affected markets. Also, the significant efforts in the last years to position Korean Re as a more relevant P&C partner to its target clients paid off. KRSA could increase the number of client relationships and access more business on a direct basis, also during the year.

### **Risk management**

Risk management as a component of the governance system serves to identify, assess, report and monitor risks to which KRSA is exposed. The operational organization of the Risk Management system comprises the Head of Risk Management & Compliance and the Risk Management Committee. Furthermore, the organizational structure of the Risk Management system follows the concept of "Three lines of defense".

With the three lines of defense approach, KRSA pursues the goal to identify and manage the risks at all levels throughout its entire business process. All departments, processes and systems are involved and different procedures have been implemented to achieve complete risk identification. The Internal Audit function has been outsourced to Korean Re.

KRSA has established an Internal Control System (ICS) under the responsibility of the Board of Directors. The Head of Risk Management & Compliance ensures that the KRSA-wide process and risk and control documentations are up to date and reviews whether these are implemented in the business routines.

KRSA's Risk Management Committee is responsible for the regular analysis of risk identification, risk assessment and the preparation and implementation of risk-mitigating measures. The Risk Management Committee consists of the Executive Management, the Head of Risk Management & Compliance and the Responsible Actuary. The Committee focuses on Risk Governance and Risk Management topics in the broadest sense and takes place four times a year. An in-depth risk assessment is performed on an annual basis resulting in an overall risk profile, which was presented to the Board of Directors at its meeting on 3 March 2022.

The overall risk profile is an essential component of the ORSA process, in which KRSA carries out a forward-looking self-assessment of the risk and solvency situation each year. KRSA's risk appetite is defined by its target SST ratio between 120% to 150%. KRSA's SST report as of 1 January 2023 shows an SST ratio of 176% (vs 165% as 1/1/2022).

### **Extraordinary events (during reporting period)**

The year 2022 was marked by extraordinary events already mentioned in previous sections, mainly the war in Ukraine and the surge in inflation and interest rates.

### **Outlook**

In the aftermath of two very active European NatCat years 2021 and 2022, Hurricane Ian in the US and the inflation and interest rate developments, the January 2023 renewals were the most challenging for decades. The renewal was characterized by broadly applied strong underwriting discipline from all reinsurers. KRSA successfully improved its technical margins while writing a smaller but more robust

NatCat portfolio and improving its LoB diversification.

Financial markets continue to be subject to high volatility and the uncertainty about the duration of inflation continues in 2023. The fall-outs in the banking system in the US and Switzerland are evidence of the continued uncertainty. Central banks face the dilemma between fighting inflation with increased interest rates while potentially destabilizing the financial system. Considering this challenging environment KRSA's bond values are not expected to recover in the short-term and the investment activity will focus on high grade short-term opportunities with attractive yields.

Despite substantial rate improvements in the European reinsurance market there was little to no inflow of new reinsurance capital. As a consequence, KRSA expects the current hard reinsurance market conditions to prevail in the short- to mid-term and sees growth potential for the coming years, which will support its plan to expand Korean Re's presence in the European market. Further investments in KRSA's operational capabilities are planned and KRSA is well prepared to further benefit from the substantially improved reinsurance markets.

## Board of Directors, Management and Auditors

### Board of Directors as of 31 December 2022

	<b>Residence</b>
Yung Heub Song (Chairman)	Seoul, Korea
Jin Hyung Lee (Member)	Seoul, Korea
Reinhard Thoennissen (Independent Director)	Wallisellen, Switzerland

Sven Siegin (Secretary of the Board of Directors)



### Management as of 31 December 2022

Markus Eugster (Chief Executive Officer, CEO)

Jazmin Seijas Nogareda (Chief Financial Officer, CFO)

Won Joong Choi (Chief Operating Officer, COO)

Michael Hinz (Chief Underwriting Officer, CUO)

### Auditors

Deloitte AG

The mandatory functions of KRSA are the Internal Audit, Risk Management Function, Compliance Function and the Responsible Actuary.

The Board of Directors underwent some changes in 2022. At the Extraordinary General Meeting (EGM) of 28 July 2022 Mr. Yung Heub Song was elected Chairman replacing Mr. Chul Min Jang and Mr. Jin Hyung Lee was elected as board member replacing Mr. Ji Han Han. Independent Director Mr. Reinhard Thoennissen was reelected at the Annual General Meeting (AGM) on 26 April 2022 for the period 2022/2023. Furthermore, the AGM confirmed Deloitte AG as KRSA's external auditors for the 2022 fiscal year.

There was no change in KRSA's management in 2022.



## Financial Statements

### Profit and Loss Statement

For period 1 January 2022 to 31 December 2022

(Expressed in thousands of CHF and EUR)

		01.01.2022- 31.12.2022	01.01.2022- 31.12.2022	01.01.2021- 31.12.2021	01.01.2021- 31.12.2021
	Note	CHF k	EUR k	CHF k	EUR k
Gross written premium	3	170,662	172,823	110,902	107,027
Retroceded premiums	4	-104,020	-105,337	-82,315	-79,439
<b>Net premiums written</b>		<b>66,642</b>	<b>67,486</b>	<b>28,587</b>	<b>27,588</b>
Change in unearned premium reserves (gross)	6	-25,505	-25,828	-15,514	-14,972
Change in unearned premium reserves (ceded)	6	5,988	6,064	10,986	10,602
<b>Net premiums earned</b>		<b>47,125</b>	<b>47,722</b>	<b>24,059</b>	<b>23,219</b>
Other insurance income		9,797	9,921	2,183	2,106
<b>Technical income</b>		<b>56,922</b>	<b>57,642</b>	<b>26,242</b>	<b>25,325</b>
Gross claims and claim expenses paid		-83,420	-84,476	-39,578	-38,195
Reinsurer's share of claims and claim expenses		65,509	66,338	27,820	26,848
Change in technical provisions	9	-65,593	-66,424	-133,518	-128,853
Change in reinsurers' share of technical provisions	9	40,000	40,507	110,894	107,020
<b>Net claims and claim expenses incurred</b>		<b>-43,504</b>	<b>-44,055</b>	<b>-34,381</b>	<b>-33,180</b>
Acquisition costs and administrative expenses	10, 13, 14	-39,150	-39,645	-24,705	-23,842
Reinsurers' share of operating expenses (acquisition & admin)		22,789	23,078	14,096	13,604
<b>Net acquisition costs and administrative expenses</b>		<b>-16,360</b>	<b>-16,568</b>	<b>-10,609</b>	<b>-10,238</b>
Other technical expenses own business		-10,636	-10,770	-2,817	-2,719
<b>Technical expenses</b>		<b>-70,500</b>	<b>-71,393</b>	<b>-47,808</b>	<b>-46,138</b>
Income from investment activities	11	1,796	1,819	1,108	1,070
Expenses from investment activities	12	-562	-569	-93	-90
<b>Net income from investments</b>		<b>1,234</b>	<b>1,250</b>	<b>1,015</b>	<b>979</b>
Other financial expenses		-119	-120	-128	-123
<b>Operating result</b>		<b>-12,463</b>	<b>-12,621</b>	<b>-20,679</b>	<b>-19,956</b>
Non-operating expenses		-194	-197	-435	-420
Extraordinary expenses		-	-	-53	-51
<b>Loss before tax</b>		<b>-12,657</b>	<b>-12,818</b>	<b>-21,167</b>	<b>-20,428</b>
Income tax expense		-152	-154	-156	-151
<b>Loss</b>		<b>-12,809</b>	<b>-12,971</b>	<b>-21,324</b>	<b>-20,579</b>
<b>Total Loss account</b>		<b>-12,809</b>	<b>-12,971</b>	<b>-21,324</b>	<b>-20,579</b>

## Balance Sheet

As of 31 December 2022

(Expressed in thousands of CHF and EUR)

Assets	Note	31.12.2022	31.12.2022	31.12.2021	31.12.2021
		CHF k	EUR k	CHF k	EUR k
Fixed-interest securities		86,426	87,520	86,012	83,007
Deposits on ceded reinsurance business		7,100	7,189	6,099	5,886
Cash and cash equivalents		82,865	83,914	59,941	57,847
Reinsurers' share of technical provisions	6	195,050	197,519	157,651	152,143
Property and equipment		63	63	121	117
Right of use asset		1,053	1,067	1,285	1,240
Deferred acquisition costs		9,105	9,221	2,286	2,206
Intangible assets		590	597	662	639
Reinsurance receivables	7	124,158	125,729	65,824	63,524
Other receivables	7	18	18	18	17
Other assets		111	112	102	98
Accrued assets	5	589	597	563	543
<b>Total Assets</b>		<b>507,127</b>	<b>513,546</b>	<b>380,563</b>	<b>367,268</b>
<b>Liabilities</b>					
Technical provisions	6	284,689	288,292	203,330	196,227
Lease liabilities	15	1,110	1,124	1,341	1,294
Liabilities from deposits retained on ceded business		16,996	17,212	18,120	17,487
Reinsurance payables	7	103,699	105,011	59,815	57,726
Other liabilities	7	668	677	251	242
Accrued expenses and deferred income		1,728	1,750	1,908	1,841
<b>Total Liabilities</b>		<b>408,890</b>	<b>414,066</b>	<b>284,765</b>	<b>274,817</b>
<b>Shareholder's equity (before appropriation of available earnings)</b>					
Share capital	8	10,000	8,761	10,000	8,761
Legal capital reserves		126,035	119,817	111,116	104,269
Reserves from capital contributions		126,035	119,817	106,415	99,817
Restructuring fund		-	-	4,701	4,452
Legal retained earnings		-8,366	-	-3,994	-
Revaluation reserve		-8,366	-	-3,994	-
Voluntary retained earnings		-29,432	-29,098	-21,324	-20,579
Loss carried forward		-16,623	-16,127	-	-
Loss		-12,809	-12,971	-21,324	-20,579
<b>Total Equity</b>		<b>98,237</b>	<b>99,480</b>	<b>95,798</b>	<b>92,452</b>
<b>Total Liabilities and Equity</b>		<b>507,127</b>	<b>513,546</b>	<b>380,563</b>	<b>367,268</b>

## Cash Flow Statement

As of 31 December 2022

(Expressed in thousands of CHF and EUR)

	31.12.2022	31.12.2022	31.12.2021	31.12.2021
	CHF k	EUR k	CHF k	EUR k
<b>Loss before tax</b>	-12,657	-12,818	-21,167	-20,428
Depreciation and amortization	311	339	269	269
Loss (gain) on investments fixed-interest securities	-332	-336	-395	-382
Increase (decrease) in technical provisions	81,359	92,066	148,251	145,303
Increase (decrease) reinsurance share of technical provisions	-37,399	-45,376	-121,325	-118,558
Increase (decrease) in deposits ceded business	-1,001	-1,304	-4,400	-4,315
Increase (decrease) in deposits assumed business	-1,124	-275	16,936	16,393
Increase (decrease) in deferred acquisition cost	-6,819	-7,014	-1,026	-1,041
Increase (decrease) right of use asset	231	173	195	128
Increase (decrease) insurance receivables	-58,334	-62,205	-34,449	-34,516
Increase (decrease) other assets	-35	-68	-84	-105
Increase (decrease) lease liabilities	-231	-170	-177	-109
Increase (decrease) insurance payables	43,883	47,286	25,032	25,566
Increase (decrease) other liabilities	417	434	-184	-160
Increase (decrease) other deferred income	-180	-91	458	501
Tax provisions	-4	7	-9	10
Tax settled	-147	-161	-147	-161
<b>Cash flow from operating activities</b>	<b>7,939</b>	<b>10,487</b>	<b>7,778</b>	<b>8,395</b>
Investment in financial assets	-82	-4,177	-30,254	-31,440
Purchase of property and equipment	-9	-23	5	-8
Purchase of intangible assets	-172	-220	-221	-243
<b>Cash flow from investing activities</b>	<b>-262</b>	<b>-4,420</b>	<b>-30,470</b>	<b>-31,691</b>
Increase in capital reserves	19,620	20,000	43,322	41,500
Revaluation reserve	-4,372	-	-3,567	-
<b>Cash flow from financing activities</b>	<b>15,248</b>	<b>20,000</b>	<b>39,755</b>	<b>41,500</b>
<b>Cash flows for the financial year</b>	<b>22,924</b>	<b>26,067</b>	<b>17,063</b>	<b>18,204</b>
<b>Statement:</b>				
Cash and cash equivalents as of 31 December 2021	59,941	57,847	42,878	39,643
Cash and cash equivalents as of 31 December 2022	82,865	83,914	59,941	57,847
<b>Change in cash and cash equivalents</b>	<b>22,924</b>	<b>26,067</b>	<b>17,063</b>	<b>18,204</b>

## Notes to the Financial Statement

Korean Reinsurance Switzerland AG ("KRSA" or "the Company") is a reinsurance company domiciled in Zurich, Switzerland. KRSA received its reinsurance license on 1 June 2019 from FINMA. The Company is a 100% owned subsidiary of Korean Reinsurance Company ("Korean Re") Seoul, South Korea.

### 1. Basis of presentation

KRSA's financial statements are presented in accordance with the Swiss Code of Obligations and relevant insurance supervisory law, including the FINMA Insurance Supervision Ordinance (ISO-FINMA), as of 15 December 2015.

All amounts in the financial statements, unless otherwise stated, are shown in Thousand Swiss Francs (CHF k) and Thousand Euros (EUR k), rounded to the nearest Thousand, with the consequence that the rounded amounts may not add up to the rounded total in all cases. All variances are calculated using the actual figures rather than the rounded amounts.

KRSA's business year lasted from 1 January 2022 to 31 December 2022.

### 2. Summary of significant accounting policies

#### a. Investments

The company holds corporate bonds, which are carried at amortized cost, and money market funds. An annual impairment test on individual bonds is performed and the lower of amortized cost or market value is recognized in the income statement if there is significant doubt that the counterparty cannot repay or only partially repay the bond.

#### b. Right of use asset

KRSA recognizes its right to use the office space as an asset and also recognizes the respective lease obligation in its balance sheet. The right of use asset is amortized over a period of ten years using the effective interest rate method.

#### c. Deferred acquisition costs

Acquisition costs related to reinsurance business are deferred. The deferred costs are subsequently amortized over the period in which the related assumed premiums are earned.

#### d. Tangible assets

Property and equipment are valued at acquisition or production cost less accumulated depreciation and value adjustments. Tangible assets are depreciated on a straight-line basis over four years. If there are signs of overvaluation, the book values are reviewed and, if necessary, value adjustments are made.

#### e. Intangible assets

Expenditure on software is capitalized and amortized on a straight-line basis over its useful life, not exceeding four years. If it is determined at the end of the year that the value in use of the software is less than the carrying amount, the value in use is used for the valuation (impairment).

#### f. Accrued assets

This amount relates mainly to accrued interest from investments and prepaid expenses.

**g. Reserves for unearned premiums (UPR)**

UPR represent the portion of the premiums written relating to the unexpired term of insurance coverage as of the balance sheet date. In many insurance contracts, the insurance period for which the insurance company assumes a risk against a premium paid does not correspond to the Company's financial year. Thus, an amount equivalent to the unearned portion of the premium is set up as a reserve at the end of the financial year.

**h. Reserves for losses and loss adjustment expenses**

Case reserves are established for reported claims and reserves for losses incurred but not yet reported (IBNR). KRSA also builds up premium deficiency reserves (PDR) and unallocated loss adjustment reserves (ULAE).

Equalization reserves are not required by the Swiss regulator FINMA for reinsurance companies. KRSA can establish equalization reserves if an underwriting profit is made and Executive Management can determine the amount to be added. In the reporting year no equalization reserves were added.

The measurement of technical provisions is based on actuarial calculations, which by their very nature involve a certain degree of uncertainty and are subject of significant management judgment.

**i. Investment income and expense**

Realized capital gains/losses on investments occur when the sales price or redemption value is higher or lower than the carrying value at the time of sale. The gain/loss is the difference between carrying value and the sales price.

**j. Exchange rates**

KRSA maintains its accounts in EUR (functional currency). Income statement transactions in currencies other than EUR are recorded at a monthly average rate. In general, at period end, monetary assets and liabilities in foreign currencies are revalued at the closing rate of the balance sheet date. Resulting exchange differences are included in the income statement.

For the statutory closing, the financial statements are presented in CHF. For this purpose, the EUR accounts are translated into CHF using the closing rate for the balance sheet and income statement (all 31 December 2022), and historical rates for equity. A resulting currency translation difference is shown as a revaluation reserve in the equity.

The exchange rates used are presented below:

#### Exchange rates

#### Foreign currency per EUR

	<b>31.12.2022</b>
CHF	0.9875
AUD	1.5738
CAD	1.4461
CZK	24.1542
DKK	7.4365
GBP	0.8873
HRK	7.5345
KRW	1350.8037
NOK	10.5135
PLN	4.6813
RON	4.9478
USD	1.0673
ZAR	18.1587

#### Other Comments

##### *Other financial expenses*

This position includes negative interest under various financial expenses, and the interest expense of the office lease.

##### *Non-operating expenses*

Non-operating expenses amount to the stamp duty paid for the CHF 19.6m (EUR 20.0m) capital increase in 2022 added to the free reserves.

##### *Direct tax expenses*

Direct tax expenses include Swiss income and capital tax expenses. In this financial year, only capital tax is due.

### 3. Gross written premium (GWP)

GWP Treaty type	CHF k		%	EUR k	
	31.12.2022	31.12.2021		31.12.2022	31.12.2021
Proportional	111,486	64,622	65%	112,897	62,365
Non-Proportional	59,176	46,279	35%	59,925	44,663
<b>Total</b>	<b>170,662</b>	<b>110,902</b>	<b>100%</b>	<b>172,823</b>	<b>107,027</b>

  

GWP Line of Business	CHF k		%	EUR k	
	31.12.2022	31.12.2021		31.12.2022	31.12.2021
Property	104,273	79,202	61%	105,593	76,435
Motor	27,216	13,128	16%	27,560	12,669
Engineering	16,647	10,510	10%	16,858	10,143
Marine	13,779	5,772	8%	13,953	5,571
Other	8,748	2,289	5%	8,859	2,209
<b>Total</b>	<b>170,662</b>	<b>110,902</b>	<b>100%</b>	<b>172,823</b>	<b>107,027</b>

### 4. Premiums ceded to reinsurers

In 2022 KRSA ceded most of its property and engineering business to Korean Re on a proportional basis, and fully retained all other lines of business .

Furthermore, KRSA benefits from Korean Re's external XoL protections at a premium of CHF 2.0m (2.0m EUR) in 2022.

On average, the ceded premium was 60% of gross written premiums (2021: 74%).

### 5. Accrued assets

	CHF k		EUR k	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Accrued interest on investments	441	454	447	439
Prepay expenses	148	109	150	105
	<b>589</b>	<b>563</b>	<b>597</b>	<b>543</b>

## 6. Technical provisions

	Technical provisions (gross)		Reinsurers' share		Technical provisions written (net)	
	CHF k 31.12.2022	CHF k 31.12.2021	CHF k 31.12.2022	CHF k 31.12.2021	CHF k 31.12.2022	CHF k 31.12.2021
Insurance reserves (OSLR)	140,305	105,995	112,947	87,415	27,358	18,580
Unearned premium reserves (UPR)	55,250	30,151	25,567	19,772	29,683	10,379
Premium deficiency reserves (PDR)	1,480	376	497	83	982	293
Technical reserves (IBNR)	87,041	66,474	56,039	50,381	31,002	16,093
ULAE reserves	613	335	-	-	613	335
<b>Total</b>	<b>284,689</b>	<b>203,330</b>	<b>195,050</b>	<b>157,651</b>	<b>89,639</b>	<b>45,679</b>

	Technical provisions (gross)		Reinsurers' share		Technical provisions written (net)	
	EUR k 31.12.2022	EUR k 31.12.2021	EUR k 31.12.2022	EUR k 31.12.2021	EUR k 31.12.2022	EUR k 31.12.2021
Insurance reserves (OSLR)	142,081	102,292	114,376	84,361	27,705	17,931
Unearned premium reserves (UPR)	55,949	29,098	25,891	19,081	30,059	10,016
Premium deficiency reserves (PDR)	1,498	363	504	80	995	283
Technical reserves (IBNR)	88,143	64,152	56,748	48,621	31,395	15,531
ULAE reserves	621	323	-	-	621	323
<b>Total</b>	<b>288,292</b>	<b>196,227</b>	<b>197,519</b>	<b>152,143</b>	<b>90,774</b>	<b>44,083</b>



## 7. Receivables from and liabilities to third and related parties

CHF k	2022			2021		
	Third-party	Related-party	Total 31.12.2022	Third-party	Related-party	Total 31.12.2021
<b>Reinsurance receivables</b>	<b>77,854</b>	<b>46,304</b>	<b>124,158</b>	<b>45,297</b>	<b>20,527</b>	<b>65,824</b>
Receivables on assumed business	77,854	-	77,854	45,297	-	45,297
Receivables on ceded	-	46,304	46,304	-	20,527	20,527
<b>Other receivables</b>	<b>-</b>	<b>18</b>	<b>18</b>	<b>-</b>	<b>18</b>	<b>18</b>
<b>Reinsurance payables</b>	<b>16,782</b>	<b>86,917</b>	<b>103,699</b>	<b>9,205</b>	<b>50,610</b>	<b>59,815</b>
Payables on assumed business	16,782	-	16,782	9,205	-	9,205
Payables on ceded business	-	86,917	86,917	-	50,610	50,610
<b>Other payables</b>	<b>668</b>	<b>-</b>	<b>668</b>	<b>251</b>	<b>-</b>	<b>251</b>
<b>EUR k</b>						
<b>Reinsurance receivables</b>	<b>78,839</b>	<b>46,890</b>	<b>125,729</b>	<b>43,714</b>	<b>19,810</b>	<b>63,524</b>
Receivables on assumed business	78,839	-	78,839	43,714	-	43,714
Receivables on ceded	-	46,890	46,890	-	19,810	19,810
<b>Other receivables</b>	<b>-</b>	<b>18</b>	<b>18</b>	<b>-</b>	<b>17</b>	<b>17</b>
<b>Reinsurance payables</b>	<b>16,994</b>	<b>88,017</b>	<b>105,011</b>	<b>8,884</b>	<b>48,842</b>	<b>57,726</b>
Payables on assumed business	16,994	-	16,994	8,884	-	8,884
Payables on ceded business	-	88,017	88,017	-	48,842	48,842
<b>Other payables</b>	<b>677</b>	<b>-</b>	<b>677</b>	<b>242</b>	<b>-</b>	<b>242</b>

## 8. Statement of changes in equity

CHF k	Share capital	Capital reserves	Organiza- tion fund	Restruc- turing fund	Retained earnings	Voluntary retained earnings	Total equity
<b>As of 31 December 2020</b>	<b>10,000</b>	<b>63,093</b>	<b>2,741</b>	<b>10,000</b>	<b>-427</b>	<b>-8,040</b>	<b>77,367</b>
Offset of prior period loss with	-	-	-2,741	-5,299	-	8,040	-
Capital Increase (26.11.2021)	-	43,322	-	-	-	-	43,322
Loss for the period	-	-	-	-	-	-21,324	-21,324
Revaluation reserve	-	-	-	-	-3,567	-	-3,567
<b>As of 31 December 2021</b>	<b>10,000</b>	<b>106,415</b>	<b>-</b>	<b>4,701</b>	<b>-3,994</b>	<b>-21,324</b>	<b>95,799</b>
Offset of prior period loss with	-	-	-	-4,701	-	4,701	-
Capital Increase (30.11.2022)	-	19,620	-	-	-	-	19,620
Loss for the period	-	-	-	-	-	-12,809	-12,809
Revaluation reserve	-	-	-	-	-4,372	-	-4,372
<b>As of 31 December 2022</b>	<b>10,000</b>	<b>126,035</b>	<b>-</b>	<b>-</b>	<b>-8,366</b>	<b>-29,432</b>	<b>98,237</b>

EUR k	Share capital	Capital reserves	Organiza- tion fund	Restruc- turing fund	Retained earnings	Voluntary retained earnings	Total equity
<b>As of 31 December 2020</b>	<b>8,761</b>	<b>58,317</b>	<b>2,522</b>	<b>9,364</b>	<b>-</b>	<b>-7,433</b>	<b>71,531</b>
Offset of prior period loss with	-	-	-2,522	-4,911	-	7,433	-
Capital Increase (26.11.2021)	-	41,500	-	-	-	-	41,500
Loss for the period	-	-	-	-	-	-20,579	-20,579
<b>As of 31 December 2021</b>	<b>8,761</b>	<b>99,817</b>	<b>-</b>	<b>4,453</b>	<b>-</b>	<b>-20,579</b>	<b>92,452</b>
Offset of prior period loss with	-	-	-	-4,453	-	4,452	-
Capital Increase (30.11.2022)	-	20,000	-	-	-	-	20,000
Loss for the period	-	-	-	-	-	-12,971	-12,971
<b>As of 31 December 2022</b>	<b>8,761</b>	<b>119,817</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-29,098</b>	<b>99,480</b>

## 9. Change in technical provisions

CHF k	Technical provisions (gross)		Reinsurers' share		Technical provisions written (net)	
	CHF k	CHF k	CHF k	CHF k	CHF k	CHF k
	2022	2021	2022	2021	2022	2021
Change in Insurance reserves (OSLR)	40,486	87,024	31,556	74,313	8,930	12,711
Change in PDR	1,122	331	419	129	703	202
Change in Technical reserves (IBNR)	23,691	46,043	8,026	36,452	15,665	9,591
Change in Equalization reserves	-	-	-	-	-	-
Change in ULAE reserves	294	120	-	-	294	120
<b>Total</b>	<b>65,593</b>	<b>133,518</b>	<b>40,000</b>	<b>110,894</b>	<b>25,593</b>	<b>22,624</b>

EUR k	Technical provisions (gross)		Reinsurers' share		Technical provisions written (net)	
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
	2022	2021	2022	2021	2022	2021
Change in Insurance reserves (OSLR)	40,999	83,984	31,956	71,717	9,043	12,267
Change in PDR	1,136	320	424	125	712	195
Change in Technical reserves (IBNR)	23,991	44,434	8,127	35,178	15,864	9,256
Change in Equalization reserves	-	-	-	-	-	-
Change in ULAE reserves	298	116	-	-	298	116
<b>Total</b>	<b>66,424</b>	<b>128,853</b>	<b>40,507</b>	<b>107,020</b>	<b>25,917</b>	<b>21,833</b>

## 10. Audit fees

	CHF k		EUR k	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
External audit fees	77	90	78	87
Internal audit fees	8	3	8	3
<b>Total</b>	<b>85</b>	<b>92</b>	<b>86</b>	<b>89</b>

## 11. Income from investments

	Income*		Net unrealized gains		Net realized gains		Total	
	CHF k	CHF k	CHF k	CHF k	CHF k	CHF k	CHF k	CHF k
	2022	2021	2022	2021	2022	2021	2022	2021
Fixed-interest securities	984	695	802	413	-	-	1,785	1,108
Money market	-	-	10	-	-	-	10	-
<b>Total</b>	<b>984</b>	<b>695</b>	<b>812</b>	<b>413</b>	<b>-</b>	<b>-</b>	<b>1,796</b>	<b>1,108</b>

	Income*		Net unrealized gains		Net realized gains		Total	
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
	2022	2021	2022	2021	2022	2021	2022	2021
Fixed-interest securities	996	671	812	398	-	-	1,808	1,070
Money market	-	-	11	-	-	-	11	1,071
<b>Total</b>	<b>996</b>	<b>671</b>	<b>822</b>	<b>398</b>	<b>-</b>	<b>-</b>	<b>1,819</b>	<b>2,140</b>

\*Income includes interest coupons and recognized amortization.

## 12. Expenses from investments

	Current expenses*		Net unrealized losses		Net realized losses		Total	
	CHF k	CHF k	CHF k	CHF k	CHF k	CHF k	CHF k	CHF k
	2022	2021	2022	2021	2022	2021	2022	2021
Fixed-interest securities	82	76	474	17	-	-	556	93
Money market	-	-	6	-	-	-	6	-
<b>Total</b>	<b>82</b>	<b>76</b>	<b>480</b>	<b>17</b>	<b>-</b>	<b>-</b>	<b>562</b>	<b>93</b>

	Current expenses*		Net unrealized losses		Net realized losses		Total	
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
	2021	2021	2021	2021	2021	2021	2021	2021
Fixed-interest securities	83	73	480	17	-	-	563	90
Money market	-	-	6	-	-	-	6	-
<b>Total</b>	<b>83</b>	<b>73</b>	<b>486</b>	<b>17</b>	<b>-</b>	<b>-</b>	<b>569</b>	<b>90</b>

\*Current expenses relate to external asset management fees.

## 13. Personnel expenses

Personnel expenses for 2022 amounted to CHF 4.9m (EUR 5.1m) and are included in the line item "Acquisition costs and administrative expenses". Prior year personnel expenses were CHF 4.1m (EUR 4.0m).

#### 14. Depreciation of equipment and amortization of intangible assets

	CHF k	CHF k	EUR k	EUR k
	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
Property and equipment	76	75	77	72
Intangible assets	259	203	262	196
<b>Total</b>	<b>335</b>	<b>278</b>	<b>339</b>	<b>269</b>

#### 15. Residual amount of lease obligations

	CHF k	CHF k	EUR k	EUR k
	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
1 to 5 years	202	416	204	402
From 5th year	909	925	920	892
<b>Total</b>	<b>1,110</b>	<b>1,341</b>	<b>1,124</b>	<b>1,294</b>

#### 16. Full-time equivalents

The annual average number of full-time equivalents for the year 2022 including trainees but excluding temporary employees was 18.4 (prior year 2021: 16.3).

#### 17. Further points subject to mandatory disclosure (Art. 959c OR)

- KRSA holds no participations, or other investments.
- No hidden reserves have been released.
- No significant events have occurred since the balance sheet date.
- KRSA has no liabilities to pension schemes, no contingent liabilities, no restricted assets nor any other commitments.
- KRSA cedes 60% of its gross written premiums and claims to Korean Re, and is thus subject to considerable credit risk. Since December 2022 Korean Re provides a collateral in the form of pledged assets, in order to mitigate KRSA's net credit risk exposure. The collateral has been established according to principles outlined in FINMA's Circular 2017/7, Sections X and XI.

## Appropriation of available earnings as proposed by the Board of Directors

The Board of Directors will propose to its shareholder at the Annual General Meeting to carry forward the loss of CHF 12.8m.

in CHF k and EUR k , as of 31 December 2022

	CHF	EUR
Net loss after taxes	-12,809	-12,971
<b>Available earnings</b>	<b>-12,809</b>	<b>-12,971</b>
<b>Balance carried forward</b>	<b>-12,809</b>	<b>-12,971</b>

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