

# Solvency and Financial Condition Report Swiss Re Europe S.A.

For the year ended 31 December 2022



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# Executive summary

## Business and performance

- Swiss Re Europe S.A. (“the Company”) is authorised by the Luxembourg Finance Minister to conduct all types of reinsurance business and operates through a number of branches in the European Union (EU) and the United Kingdom (UK). The main classes of business are property, motor vehicle liability, life and health reinsurance. The main geographical areas by location of the ceding undertakings are the UK, Germany, France, Spain, Bermuda and Netherlands.
- The underwriting performance for 2022 was a profit of EUR 259 million (2021: EUR 723 million). For Property and Casualty (P&C) reinsurance, the result was significantly impacted by the higher-than-expected natural catastrophes (Nat Cat) and secondary peril losses such as the summer hailstorms in France and hurricane Ian, the global inflationary trend as well as war in Ukraine, partially offset by some favourable prior year developments. For Life and Health (L&H) reinsurance, the strong result was primarily due to favourable changes in mortality assumptions, mostly impacting our large longevity in force business in the UK. Additional positive contribution came from a change in the structure of internal retrocession arrangements, partially offset with losses from actuarial model changes.
- Investment income in 2022 amounted to EUR 344 million (2021: EUR 314 million) and the investment charges to EUR 141 million (2021: EUR 98 million). The increase in investment income was primarily driven by higher realised gains in 2022 on private equity investments. Meanwhile, investment charges increased by EUR 43 million compared to 2021, mainly caused by higher realised losses on listed equities, partly offset by lower value adjustments on investments.

## System of governance

- The governance and organisational structure of the Company is set out in the Company’s Articles of Association, Terms of Reference and Charters of Duties. These define the responsibilities and authority of the members of the Board and Committees.
- The Company uses an internal model for the purposes of calculating the Solvency Capital Requirement (SCR). The Commissariat aux Assurances (CAA) approved the internal model and its associated governance framework for use in calculating the Company’s SCR under Solvency II on 17 December 2015. The Company’s internal model governance framework sets out the requirements for model development standards, the governance around changes to the internal model, validation of the internal model and data quality standards.
- The Board carries out an annual evaluation of its system of governance against relevant best practice standards. During the reviews performed in 2022, the Board concluded that the system of governance is adequate for the nature, scale and complexity of the risks inherent in its business.

## Risk profile

- The SCR of the Company as at 31 December 2022 has increased compared to 2021. This was driven by higher P&C risks, mainly due to higher inflation risk, lower loss absorbing capacity of deferred taxes due to a decrease in deferred tax liabilities, and a model change leading to higher counterparty default risk related to Intra-group Retrocession arrangements (IGRs). This has been partially offset by the impact from higher discount rates for L&H and P&C risks and lower financial market risk exposures due to derisking of investments.
- Nat Cat risk has remained stable. While new business has led to higher exposures for certain Nat Cat risks such as flood, this has been offset by lower exposures for other risks, such as European Windstorm.
- The Company has a significant risk concentration derived from IGR arrangements with Swiss Reinsurance Company Ltd (SRZ), which maintains a strong capital position.
- The Company’s exposure to liquidity risk is driven by the potential impact of extreme losses, collateral requirements and investments into illiquid assets. Liquidity risk has remained stable at a low level. The Company’s liquidity position is sufficient to meet expected liquidity requirements after a large loss event according to the Company’s liquidity stress test, which is performed on a regular basis.

## Valuation for solvency purposes

### Invested assets

Investments are valued at market value, which is determined to the extent possible by reference to observable market prices. Where observable market prices are not available, the Company follows the fair value measurement methodology. The difference between Solvency II and Company Statutory is mainly due to unrealised gains/losses, which are taken into account under Solvency II, but generally not for Company Statutory purposes. In addition, the accrued interest on investments is classified as receivables under Company Statutory but as investments under Solvency II.

### Life technical provisions

The total life net technical provision was a liability of EUR 178 million at the end of 2022 (2021: EUR 219 million) under Solvency II valuation, following changes in the structure of the IGR for the SRE UK branch, which resulted in a significant drop in the risk margin and sizeable movements in the best estimate liabilities. The increase in the interest rate is also driving the movements in

## Executive summary

the technical provision for this year. This is compared to the Company Statutory amount of EUR 1 948 million (2021: EUR 1 839 million). The main differences between the valuations are the following:

- Statutory margins are included in the statutory reserves, whereas Solvency II technical provisions are based on the best estimate (excluding risk margin).
- Client balances and risk margin are included in Solvency II technical provisions and not in statutory reserves.

### Non-life technical provisions

The total non-life net technical provision of EUR 4 537 million (2021: EUR 4 312 million) under Solvency II valuation is compared to the Company Statutory amount of EUR 6 056 million (2021: EUR 5 397 million). Solvency II being an economic valuation framework, and the Company Statutory valuation being an accounting valuation framework, the key differences are the following:

- In the Company Statutory figures, future cash flows are not discounted, there is no concept of risk margin and the counterparty risk is not included in the valuation.
- For Solvency II purposes, an estimate of the cash flows ultimately received for the contracts in scope is recognised. For Company Statutory, only the portion of cash flows written by the cedent and earned during the reporting period is recognised.
- In the Company Statutory figures there is no provision for future losses, whereas the Solvency II technical provisions contain best estimates of future losses not yet incurred at date of valuation.

### Other assets and liabilities

The differences in valuation of other assets and liabilities are mainly related to different recognition under Solvency II and Company Statutory valuation: deferred tax assets and liabilities are specific to Solvency II, whereas deferred acquisition costs and provision for currency risk are specific statutory items.

## Capital management

- The eligible amount of own funds to cover the Company's SCR as at 31 December 2022 was EUR 2 240 million (2021: EUR 2 572 million).
- As at 31 December 2022, the Company's SCR was EUR 868 million (2021: EUR 846 million) and the Minimum Capital Requirement (MCR) was EUR 391 million (2021: EUR 381 million). The SCR increase was driven by higher P&C risks, mainly due to higher inflation risk, lower loss absorbing capacity of deferred taxes due to a decrease in deferred tax liabilities, and a model change leading to higher counterparty default risk related to IGRs. This has been partially offset by the impact from higher discount rates for L&H and P&C risks, and lower financial market risk exposures due to derisking of investments.
- The solvency ratio expressed as eligible own funds as a percentage of the SCR as at 31 December 2022 was equal to 258% (2021: 304%).

## Other events

- The risk landscape in which the Company operates remained highly uncertain. The war in Ukraine and its indirect effects on energy and the food supply has amplified inflationary pressures and financial market volatility. This was exacerbated by the lingering effects of COVID-19. Climate change-related risks have impacted the Company's profitability in particular for property business.

# Section A: Business and performance

## A1: Business

### Full name and legal form

Swiss Re Europe S.A. ("the Company") was incorporated on 5 December 1986 as a limited liability company (*société anonyme*) under the laws of the Grand-Duchy of Luxembourg, with registered office at 2, rue Edward Steichen, L-2540 Luxembourg, registered with the Luxembourg Trade and Companies Register under number B25242. The Company's legal entity identifier (LEI) is 549300CJ7LW6QSGIL444.

### Supervisory authority

The Company is authorised by the Luxembourg Finance Minister to conduct all types of reinsurance business and operates through a number of branches in the European Union (EU) and the United Kingdom (UK). The Company is supervised by the Commissariat aux Assurances (CAA).

Commissariat aux Assurances  
7 Boulevard Joseph II  
L - 1840 Luxembourg  
Grand-Duchy of Luxembourg  
Telephone: +352 22 69 11 1  
Fax: +352 22 69 10  
www.caa.lu

### Ultimate parent company and group supervisor

The ultimate parent company is Swiss Re Ltd, a joint stock company, listed in accordance with the International Reporting Standard on the SIX Swiss Exchange, domiciled at Mythenquai 50/60 in 8022 Zurich, Switzerland, and organised under the laws of Switzerland. For the purposes of this report, the ultimate parent company and all its subsidiaries are referred to as Swiss Re or the Swiss Re Group. The Company is part of the Reinsurance Business Unit of the Swiss Re Group. The Group supervisor is the Swiss Financial Market Supervisory Authority FINMA.

Swiss Financial Market Supervisory Authority FINMA  
Laupenstrasse 27  
CH – 3003 Bern  
Switzerland  
Telephone: +41 (0)31 327 91 00  
Fax: +41 (0)31 327 91 01  
www.finma.ch

### External auditor

The external auditor appointed by the shareholder of the Company is KPMG Audit S.à.r.l.

KPMG Audit S.à.r.l.  
39, Avenue John F. Kennedy  
L-1855 Luxembourg  
Grand-Duchy of Luxembourg  
Telephone: +352 22 51 51 1  
Fax: +352 22 51 71  
<https://home.kpmg/lu/en/home.html>

### Holding company

The parent company of the Company is Swiss Re Europe Holdings S.A., a limited liability company (*société anonyme*) incorporated and existing under the laws of the Grand-Duchy of Luxembourg, with registered office at 2, rue Edward Steichen, L-2540 Luxembourg, registered with the Luxembourg Trade and Companies Register under number B72575. Swiss Re Europe Holdings S.A. owns 100% of the shares of the Company.

## Section A: Business and performance

### Material-related undertakings

As of 31 December 2022, the investments by the Company in material-related undertakings were as follows (by decreasing absolute amount of investment):

Subsidiary	Country	Proportion of ownership interest %
Swiss Re Germany GmbH	Germany	100
SRE HL PE 1 L.P.	Cayman Islands	99.75

### Simplified group structure

The Company's parent and ultimate parent company, and material-related undertakings as at 31 December 2022 were as follows:



### Material lines of business and geographical areas

Material countries by gross written premium

The material geographic areas for the year ended 31 December 2022 were as follows (by location of the ceding undertaking, as defined in the Quantitative Reporting Template (QRT) S.05.02.01 for reinsurance business):

- United Kingdom\*
- Germany
- France
- Spain
- Bermuda
- Netherlands

\* including Gibraltar

Material lines of business by gross written premium

The material Solvency II lines of business for the year ended 31 December 2022 were as follows:

P&C:

- Motor vehicle liability proportional reinsurance
- Fire and other damage to property proportional reinsurance
- Property non-proportional reinsurance

L&H:

- Life reinsurance
- Health reinsurance

### Significant business or other events

The UK's regulators, the Prudential Regulation Authority and Financial Conduct Authority, authorised the Company's UK branch as a third country branch from 1 January 2022.

## Section A: Business and performance

### A2: Underwriting performance

#### Underwriting performance

The underwriting performance by material Solvency II lines of business, calculated on the same basis as used in the Company's statutory financial statements, for the reporting periods ended 31 December, was as follows:

EUR millions	2021	2022
<b>Non-life reinsurance</b>		
Motor vehicle liability - proportional	-17	-33
Fire and other damage to property - proportional	-6	-17
Non-proportional property	6	-58
Other non-life	52	47
<b>Total non-life reinsurance</b>	<b>35</b>	<b>-61</b>
<b>Life and health reinsurance</b>		
Life	505	176
Health	183	144
<b>Total life reinsurance</b>	<b>688</b>	<b>320</b>
<b>Total all lines</b>	<b>723</b>	<b>259</b>

The underwriting performance by material countries, for the reporting periods ended 31 December, was as follows:

EUR millions	2021	2022
United Kingdom*	164	198
Germany	-3	4
France	47	-53
Spain	17	39
Bermuda	43	5
Netherlands	12	28
Canada	376	-3
Other	67	41
<b>Total</b>	<b>723</b>	<b>259</b>

\* including Gibraltar

The result of the underwriting performance in 2022 amounted to a profit of EUR 259 million (2021: EUR 723 million). Gross premiums written increased by EUR 140 million, or 1.8%, mainly driven by an expanded footprint in the property space, partially offset by the pruning of loss affected casualty lines. On a net basis, earned premiums decreased by 2% from EUR 2 878 million in 2021 to EUR 2 816 million in 2022, mainly due to changes to the internal retrocession arrangements in the UK branch.

Net claims amounted to EUR 2 246 million on 31 December 2022, compared to EUR 2 122 million at 31 December 2021, an increase of EUR 124 million. P&C net technical result was significantly impacted by the higher-than-expected Nat Cat and secondary peril losses such as the summer hailstorms in France and hurricane Ian, the global inflationary trend as well as the war in Ukraine, partially offset by some favourable prior year developments. Strong L&H net technical result primarily due to favourable changes in mortality assumptions, mostly impacting our large longevity in force business in the UK. Additional positive contribution came from a change in the structure of internal retrocession arrangements, partially offset with losses from actuarial model changes.

## Section A: Business and performance

### A3: Investment performance

#### Investment results

Investment income and expenses by investments asset category, for the reporting periods ended 31 December, were as follows:

EUR millions	2021	2022
Deposits with ceding undertakings	38	45
Income from related undertakings	18	15
Shares and private equity	58	49
Debt securities and other variables	88	99
Value re-adjustments on investments	8	0
Gains on realisation of investments	92	124
Other	12	12
<b>Total investment income</b>	<b>314</b>	<b>344</b>
Investment management charges, including interest	-55	-53
Value adjustments on investments	-30	-13
Losses on realisation of investments	-13	-75
<b>Total investment charges</b>	<b>-98</b>	<b>-141</b>

Investment income in 2022 amounted to EUR 344 million (2021: EUR 314 million) and investment charges to EUR 141 million (2021: EUR 98 million). The increase in investment income was primarily driven by higher realised gains on private equity investments in 2022. Meanwhile, investment charges increased by EUR 43 million compared to 2021, mainly caused by higher realised losses on listed equities, partly offset by lower value adjustments on investments.

#### Gains and losses recognised directly in equity

The Company does not recognise any gains or losses directly in equity.

#### Investments in securitisation

The Company holds EUR 15 million of market value in collateralised investments, mainly residential mortgage-backed securities in Europe. The investment income shown above includes immaterial interest income from these investments.

### A4: Performance of other activities

#### Material leasing arrangements

The Company has various agreements for the lease of office space. The expenses for the lease of office space in 2022 amounted to EUR 7 million. The Company does not have any other material financial and operating leasing arrangements.

#### Other material income and expenses incurred during the reporting period

During the year under report, net other charges amounting to EUR 31 million (2021: EUR 23 million net other income) consisted mainly of trademark licence fees and net foreign exchange losses arising from foreign exchange transactions.

### A5: Any other information

#### Other material information

There is no other material information to report for 2022.

# Section B: System of governance

## B1: General information on the system of governance

### **Organisational structure and system of governance**

The governance and organisational structure of the Company is set out in the Company's Articles of Association, Terms of Reference and Charters of Duties. These define the responsibilities and authority of the members of the Board and Committees.

#### **Board**

The Board's duty is to manage the Company in the best possible way to achieve the Company's purpose and within the Company's best interests. The Board is responsible for the sound and prudent management of the Company.

The members of the Board bear ultimate responsibility and liability for meeting applicable legal obligations. They therefore have the right and obligation to take all measures to fulfil their legal duties.

The members of the Board are individuals with the abilities, professional background and personal character (including honesty and financial soundness) necessary and required to ensure an independent decision-making process in a critical exchange of ideas with the executive management.

#### **Composition of the Board**

As at 31 December 2022, the Board has eight members, of whom five are independent non-executive members and three are members of the Swiss Re Group Executive Committee. The Chairman of the Board is an independent non-executive member appointed by the Board.

#### **Delegation and retained responsibilities of the Board**

The Board has delegated certain responsibilities and authorities to the following Board Committees:

- the Audit Committee
- the Finance and Risk Committee

The Board has further delegated certain responsibilities and authorities to:

- the Management Committee
- the General Manager
- the General Manager Committee
- the Branch Managers
- the Key Function Holders
- the Key Functions Committee
- the Internal Model Oversight Committee

The Board retains ultimate responsibility, oversight and control of the delegated responsibilities and authorities.

#### **Board Committees:**

##### ***Audit Committee***

The central task of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities as they relate to the integrity of the Company's financial statements (including its Luxembourg statutory returns), the Company's internal controls, the qualifications and independence of the external auditor, and the performance of both the Internal Audit function and the external auditor.

##### ***Finance and Risk Committee***

The central task of the Finance and Risk Committee is to assist the Board in fulfilling its oversight responsibilities as they relate to the Company's risk tolerance and capital adequacy, Own Risk and Solvency Assessment (ORSA), risk concentration, threats, etc. from both the Company's statutory and economic perspectives. This includes a forward-looking perspective arising from the Company's business and capital plan and strategic transactions.

#### **Other delegations:**

##### ***Management Committee***

The Management Committee's primary responsibility is to manage the day-to-day business and operations of the Company. The Management Committee as a collective body is fully accountable to the Board.

##### ***General Manager***

The General Manager is in charge of the day-to-day management of the Company and represents the Company to the CAA. In particular, the General Manager has authority to sign in respect of financial and treasury management, including the opening and operation of bank accounts, hedging agreements and payments. The General Manager also has authority regarding employment matters and to act in the best interests of the Company's branches. The General Manager must be resident in Luxembourg and approved by the Luxembourg Minister of Finance.

## Section B: System of governance

### *General Manager Committee*

The purpose of the General Manager Committee is to assist the General Manager in managing and supervising operational activities of the Company and its branches to the extent that such operational activities relate to the Company, and to provide a cross-functional and cross-location coordination and communication platform for matters relating to the Company.

### *Branch managers*

For each branch, the Company appoints one person as Branch Manager and legal representative of the Company in the jurisdiction of the branch, who is in charge of the day-to-day management of the branch and of conducting business in the name of the Company in the jurisdiction of the branch.

### *Key functions*

The Board is responsible for adopting appropriate measures to implement Group guidelines or policies relating to the functions referred to as “key functions” under the Solvency II framework (Risk Management, Compliance, Internal Audit and Actuarial) and the Insurance Distribution Directive (IDD), as implemented into Luxembourg law (a Distribution Manager responsible for the distribution of (re)insurance products for the Company).

The roles and implementation of the key functions are as follows:

### *Risk Management*

Please refer to the subsection “B3: Risk management system” and paragraph “Implementation and integration of the Risk Management function” on page 14 for details of the Risk Management function.

### *Compliance*

Please refer to the subsection “B4: Internal control system” and paragraph “Implementation of the Compliance function” on page 15 for details of the Compliance function.

### *Internal Audit*

Please refer to the subsection “B5: Internal Audit function” and paragraph “Implementation of the Internal Audit function” on page 16 for details of the Internal Audit function.

### *Actuarial*

Please refer to the subsection “B6: Actuarial function” and paragraph “Implementation of the Actuarial function” on page 16 for details of the Actuarial function.

### *Key Function Holders*

The Board nominates individuals as designated representatives of the respective key functions of the Company (the “Key Function Holder”) and monitors the key functions to ensure they are adequately staffed with professionals possessing the requisite professional qualifications, knowledge and experience. Key Function Holders operate under the oversight of and report directly to the Board and Board Committees of the Company.

### *Key Functions Committee*

The central task of the Key Functions Committee is to assist the Board in fulfilling its oversight responsibilities as they relate to the Company’s key functions and internal controls.

### *Internal Model Oversight Committee*

The central task of the Internal Model Oversight Committee is to ensure the ongoing appropriateness of the design and operation of the Internal Model for use in the Company’s solvency calculations under Solvency II and to support the Finance and Risk Committee and the Board of Directors of the Company in fulfilling their oversight and decision-making responsibilities as they relate to the Company’s Internal Model.

### *Reporting and access to information*

The Board, the Board Committees and the Management Committee have full authority to investigate any matters as part of their respective duties. They are authorised to obtain independent professional advice, request external advisors to undertake specific tasks or to obtain any information from any director, officer or employee acting on behalf of the Company and to secure their attendance at the relevant meetings when necessary.

The key functions have operational independence in performing their reporting functions, with the exception of Internal Audit, which has complete independence in performing its reporting function. Key Function Holders report directly to the Board, Board Committees, Management Committee or Key Functions Committee any issues that could have an impact on the Company.

## Section B: System of governance

### Material changes in the system of governance

In 2022, there were a few changes to the system of governance, which have been reflected in the Company's Terms of Reference and appendices. The Internal Model Oversight Committee's Charter of Duties was created. Some clarifications were made to reflect the Committee's responsibilities and reporting line to the Board of Directors. There were no other material changes to the system of governance in 2022.

### Remuneration policy and practices

The Company adopted the Swiss Re Standard on Compensation, which captures Swiss Re's compensation framework and governance, outlines the compensation processes across the Group and provides key guidelines for the execution of individual compensation actions.

Swiss Re aims for total compensation that is competitive in the market and seeks to ensure that total compensation is well-balanced in terms of fixed versus variable compensation and in terms of short-term versus long-term incentives to attract, motivate and retain the qualified talent the Company needs to succeed. This ensures alignment of compensation with long-term business results and individual contribution, recognising both what was achieved and how it was achieved. The compensation framework also reinforces a culture of sustainable performance with a focus on risk-adjusted financial results, fosters compliance, supports appropriate and controlled risk-taking in line with the business and risk strategy, and avoids conflict of interest. Further, the compensation framework supports Swiss Re's commitment to ensure equal pay for equal work regardless of gender, race, ethnicity, sexual orientation or other personal characteristics.

Swiss Re has several incentive programmes that reflect the long-term nature of the business: both the Deferred Share Plan (DSP), as the deferred part of the Annual Performance Incentive (API), and the Leadership Share Plan (LSP) aim to reward sustainable long-term performance rather than short-term results. These programmes support closer alignment of the interests of shareholders and employees.

There may be local legal or regulatory requirements that are not addressed by the Swiss Re Standard on Compensation. If this is the case, such local requirements must be applied and will prevail.

### Overview of the compensation components

#### Fixed compensation

##### *Base salary*

Base salary is the fixed compensation paid to employees for carrying out their role and is established based on the following factors:

- Scope and responsibilities of the role, as well as qualifications required.
- Market value of the role in the location in which Swiss Re competes for talent.
- Skills and expertise of the individual.

##### *Benefits*

Alongside the base salary, Swiss Re aims to provide employee benefits that are designed and implemented under a global framework. The key objectives of Swiss Re's benefits packages are to:

- Be competitive in the markets where Swiss Re competes for talent.
- Provide a degree of financial resilience for employees as it relates to pension, health matters, disability and death.
- Connect with Swiss Re values and enhance engagement.

Forfeiture provisions apply in line with local market practice in certain benefit plans.

#### Variable compensation

##### *Annual Performance Incentive (API)*

The API is a discretionary, variable component of compensation. Combined with the base salary, it provides competitive total cash compensation for achievements against both business and individual performance targets and for the demonstration of desired behaviours. When the total API level for an employee equals or exceeds a predefined amount, a portion is deferred into the DSP.

API awards to individuals are capped at two times target API (TAPI). Both the Group API pool as well as an individual API can be reduced to zero. Forfeiture of unsettled awards and clawback provisions for settled awards apply in a range of events, enabling Swiss Re to seek repayment where appropriate. Examples of such events are acts which can be considered as malfeasance, fraud or misconduct.

##### *Deferred Share Plan (DSP)*

The DSP is a mandatory three-year deferral of a portion of the API and generally applies to senior management, to employees with a total API above USD 150 000 and to employees where local law or regulations require a deferral. The higher the API

## Section B: System of governance

granted, the greater the amount of compensation that remains at risk through deferral into the DSP. At grant, the award amount is converted into share units (SUs) using the average of the closing share prices of 30 trading days prior to the date of grant. The SUs granted under the DSP are conditional rights to generally receive, at the end of the three-year vesting period, a number of Swiss Re shares (where legally permissible). The DSP supports Swiss Re's performance culture as the ultimate value of the deferred variable compensation depends on Swiss Re's future performance and value creation reflected in Swiss Re's share price. For the full three-year vesting period, forfeiture conditions apply. Additionally, clawback provisions apply in a range of events as defined in the DSP plan rules.

### **Leadership Share Plan (LSP)**

The purpose of the LSP is to provide an incentive for Swiss Re's senior management to achieve sustainable company performance over the long term. The vesting period, during which performance is measured, is three years. For LSP awards granted to Group Executive Committee members and other key executives, the duration of the LSP is five years, comprising a three-year vesting and performance measurement period, and an additional two-year holding period. Forfeiture and clawback provisions apply in a range of events.

### Participation plans

#### **Global Share Participation Plan (GSPP)**

Through the GSPP, Swiss Re offers its employees an opportunity to directly participate in the long-term success of the Group. During a one-year contribution period, employees can purchase shares for up to a maximum of CHF 21 000 (capped at 10% of base salary). After the three-year vesting period, Swiss Re provides a 30% match on the number of shares held by employees. During the vesting period, matching shares are subject to forfeiture provisions. The GSPP has the same core design in all locations.

### **Performance criteria**

#### **Annual Performance Incentive (API)**

Swiss Re operates a Target API (TAPI) system, along with a performance management framework for all employees.

A TAPI is set for each eligible employee based on multiple factors, but primarily on the role being performed, internal calibration and market benchmarks. The API for each individual employee is determined considering their TAPI, business and individual performance (weighted equally):

- Swiss Re determines the overall Group API pool based on five financial key performance indicators (economic net worth growth, Group capitalisation level and three segment targets); the Compensation Committee can apply discretion to make an upward or downward adjustment to the Group API pool recommended for approval to the Board of Directors (based on a number of factors, including risk and control behaviour, sustainability, pay for performance linkage, affordability and proportionality).
- The Group API pool is then allocated to the different Business Units/Group Functions based on their financial and qualitative performance (eg. risk and control behaviour and sustainability/ESG targets).
- Individual performance is assessed against the individual's established goals and Swiss Re's behaviour expectations and corporate values.

#### **Deferred Share Plan (DSP)**

The SUs are not subject to performance conditions. However, the value at vesting depends on the development of Swiss Re's share price.

#### **Leadership Share Plan (LSP)**

Grant levels are determined based on multiple factors, including the role being performed and market benchmarks. The size of the LSP pool is reviewed each year in the context of sustainable business performance, affordability and market competitiveness, and funded as part of the Group's total variable compensation pool. At the grant date, the award value is split equally into three underlying Performance Share Unit (PSU) components for senior management. For other eligible employees, the award value is either split into 50% PSUs and 50% SUs, (SUs that are not subject to performance conditions) or granted in 100% SUs. A valuation by a third party is used to determine the number of PSUs granted.

The performance condition for the first PSU component is return on equity (ROE). The target and maximum are defined per plan year to reflect Swiss Re's incremental performance ambitions. For 2022 LSP grants, targets are set at 10%, 11% respectively 12% for the 2022, 2023 and 2024 tranches. The vesting between threshold, target and maximum is linear. At the end of each year, the performance on the respective ROE PSU tranche is assessed and locked in. Vesting occurs only at the end of the full three-year plan period and the ROE PSUs remain subject to forfeiture conditions.

The performance condition for the second PSU component is the growth of the absolute economic net worth (ENW), which is the difference between the market-consistent value of assets and liabilities of the corresponding performance year within the performance period. Vesting is at 0% for an ENW growth of 0% and at 150% for an ENW growth of 10%. At the end of each year,

## Section B: System of governance

the performance on absolute ENW growth is assessed and one third of the PSUs are locked in. Vesting occurs only at the end of the full three-year plan period and the ENW PSUs remain subject to forfeiture conditions.

The third PSU performance condition is relative total shareholder return (TSR) measured over three years relative to the TSR of the pre-defined peer group for the same period. The peer group, which is set at the beginning of the plan period, consists of companies that are similar in scale and have a global footprint or a similar business mix to Swiss Re. The PSUs vest within a range of 0% to 150%. Vesting starts at the 35th percentile of TSR relative to peers and is capped at 150% vesting (referring to the maximum number of granted PSUs that can vest) at the 90th percentile relative to peers. Payout for negative absolute TSR over the performance period is capped at 100%, subject to the Compensation Committee's right to assess the circumstances and decide on the performance multiple accordingly.

### Control Functions and Key Risk Takers

#### The role of the Control Functions in compensation

Swiss Re bears risks in the course of its business activities, including market, credit and liquidity, underwriting, operational (including legal and compliance) and reputational risk.

Group Risk Management, Compliance and Group Internal Audit annually perform an independent assessment of risk and control-related behaviours of the Group and each of the business functions, and of Swiss Re's Key Risk Takers individually. These reports are delivered to key executives, including the Group Chief Risk Officer and the Group Chief Human Resources Officer & Head Corporate Services.

#### Key Risk Takers (KRTs), Material Risk Takers (MRTs) and other Identified Staff

Swiss Re's KRTs are executives in core risk-taking positions who decide on business and people strategies, approve budgets and can materially influence financial results or expose Swiss Re to significant operational or reputational risks. On a local level, MRTs and other Identified Staff may be defined. Local requirements are followed in setting and structuring compensation so as to ensure compliance with relevant regulations (control-related behaviour assessment, pre-vesting testing etc).

#### Influence of the behavioural assessment on compensation

The risk and control-related behaviour assessment of Group and Business Units/Group Functions provides additional input to determine the Group API pool and its allocation to each Business Unit/Group Function. The assessment results of each KRT serve as additional input when considering individual performance and compensation outcomes. To ensure meaningful assessments, the continued independence of Control Functions (defined as Group Risk Management, Compliance, Group Internal Audit and Appointed Actuaries) needs to be safeguarded. Hence, each aggregate API pool for the Control Functions and individual compensation for the Head of each Control Function are approved at the Board level.

### Supplementary pension or early retirement schemes for key individuals

The Company does not have a policy of offering supplementary or enhanced early retirement to key individuals.

### Compensation framework for the Board

#### Compensation structure for independent non-executive directors

The independent non-executive members of the Board and Board Committees of the Company receive 100% of their fees in cash. The payments are made on a quarterly basis. The fees are determined in advance at the start of the financial year and are approved at the Swiss Re Group level (every other year or upon material changes). Any compensation paid to independent non-executive directors who are also members of the Swiss Re Ltd Board of Directors (or Group Executive Committee, if any) is subject to approval by the Annual General Meeting of Swiss Re Ltd and may only be paid after due authorisation. The fee level for each member is reviewed annually and reflects their differing levels of responsibility and time commitment.

#### Compensation structure for executive directors

The majority of the Board members at subsidiary level are Swiss Re executives who do not receive any additional fees for their services as members of the Boards at the subsidiary level.

### Material transactions

During 2022, there were no material transactions with shareholders, with persons who exercise a significant influence on the Company, or with members of the administrative, management and supervisory body of the Company.

## B2: Fit and proper requirements

### Policy framework for fit and proper requirements

The Company's compliance with fit and proper requirements is assured through a combination of policies and related procedures. In particular, the Board and Management follow special procedures related to appointments (nominations or changes), performance review and training. A set of tools and templates facilitates the implementation of these policies, which

## Section B: System of governance

collectively ensure that those who effectively run the undertaking possess the requisite skills, knowledge and expertise for their roles.

### Process for assessing fitness and propriety

Compliance with fit and proper requirements of the Board and Board Committees is reviewed at various stages, as shown in the table below.

Stage	Activities
Initial assessment	The Company has adopted a specific policy and standards describing the appointment process and the skill/experience approvals required. The Company screens nominees upfront (eg CV, passport, criminal records, check) and uses the Swiss Re Group approval process and fitness and propriety assessment.
Induction	Newly appointed members receive an induction package covering a range of Group/Company topics such as Finance, Legal and Compliance, and Risk Management.
Training	Training sessions are often included on the agenda of regular Board meetings, which are scheduled on a quarterly basis.
Collective assessment	A formal performance review of the Board is conducted annually during a private session. Board members individually prepare the review with a self-assessment questionnaire and checklist which specifically refers to fit and proper requirements. Gaps and action items (eg training needs, suggested changes to Board Committees) are documented for follow-up. The evaluation of the collective competence of the Board is carried out when a Board Member leaves the Board as well as when there is a major change in the programme of activities.
Ongoing and ad-hoc assessment	All individuals subject to fit and proper requirements have to complete an annual fit and proper declaration, which focuses on validation of the propriety to cover the assigned position. Re-assessments are performed if (a) additional responsibilities are assigned to an individual concerned, (b) if an individual concerned becomes aware that he/she no longer meets the Company's fit and proper criteria, or (c) if the performance or the behaviour of an individual concerned raises serious doubts about this person meeting the fit and proper criteria.

## B3: Risk management system, including the Own Risk and Solvency Assessment

### Risk management system

The Company's risk management system is aligned with the global framework that governs risk management practices throughout Swiss Re Group. The risk governance of the Company includes frameworks for risk management, risk control, risk appetite, limits and capitalisation. Risk policies, standards and guidelines established at Group level form a large part of the Company's risk management system; key documents are reviewed for appropriateness by the Management Committee and the Board of the Company and subsequently adopted. Additional risk governance for the Company is established as an addendum to the respective Group governance where needed to address the specific circumstances of the Company.

A key objective of the Risk Management function is to support controlled risk-taking and the efficient, risk-adjusted allocation of capital. The Company's risk management is based on four fundamental principles. These apply consistently across all risk categories:

- *Controlled risk-taking* - Financial strength and sustainable value creation are central to Swiss Re's value proposition. The Company thus operates within a clearly defined risk policy and risk control framework.
- *Clear accountability* - Swiss Re's operations are based on the principle of delegated and clearly defined authority. Individuals are accountable for the risks they take on, and their incentives are aligned with Swiss Re's overall business objectives. However, responsibility for the outcome of these decisions remains with those delegating authority.
- *Independent risk controlling* - Dedicated units within Risk Management control all risk-taking activities. These are supported by Compliance and Group Internal Audit functions.
- *Open risk culture* - Risk transparency, knowledge sharing and responsiveness to change are integral to the risk control process. The central goal of risk transparency is to create a culture of mutual trust and reduce the likelihood of surprises in the source and potential magnitude of losses. Open risk culture is supported through regular reporting of both quantitative and qualitative risk information to the Company's Management Committee, Finance and Risk and Audit Committees as well as to the Board.

### Risk identification

For its risk identification process, the Company applies the Swiss Re Group's framework for identifying, assessing, managing and controlling risks. In addition, the emerging risk process provides a platform for raising emerging risks and reporting early warning signals. This information is complemented with external expertise and reported to internal and external stakeholders.

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### Risk appetite framework and limits

The Company's risk appetite framework establishes the overall approach through which the Company practises controlled risk-taking. It complements the Group's risk appetite framework, as provided in the Group Risk Policy. The Company practises controlled risk-taking based on various controls as defined by the Company and the Group, ie the Company's risk appetite statement, risk tolerance according to its Legal Entity Capitalisation Policy, which defines the target capital as the minimum available capital that the Company needs to hold in relation to the risks that it assumes, as well as Group limits and other controls.

### Implementation and integration of the Risk Management function

Under the Company's Terms of Reference, the Board assumes the oversight role for risk and capital steering supported by the Chief Financial Officer and the Chief Risk Officer. The Board has delegated certain responsibilities and authorities to the Audit Committee, the Finance and Risk Committee as well as to other committees (including the Management Committee).

The governance bodies for the Company are described in section "B1: General information on the system of governance", paragraph "Organisational structure and system of governance" on page 8. The Company's Risk Management is supported by Group Risk Management functions that provide specialised risk category expertise and accumulation control, risk modelling and reporting services, regulatory relations management, central risk governance framework development and specialised risk category expertise and accumulation control.

### Internal model

The Company uses an internal model for the purposes of calculating the SCR under Solvency II. The CAA approved the internal model and its associated governance framework for use in calculating the SCR under Solvency II on 17 December 2015. The Company's internal model governance framework sets out the requirements for model development standards, the governance around changes to the internal model, the use of expert judgement for key assumptions of the internal model, validation of the internal model and data quality standards. The internal model governance framework leverages the Swiss Re model governance framework.

The Chief Risk Officer reports the results from the internal model to the Company's Management Committee, the Internal Model Oversight Committee, the Finance and Risk Committee and the Board, as well as to the regulatory authorities.

### Process for accepting changes to the internal model

The Company has defined an approval process for all model changes that leverages the process and definitions in the Group Risk Model Change Standards adopted by the Company. This includes a qualitative and quantitative assessment of the impact of model changes on the Company. The Board is required to approve any major changes to the model prior to implementation. Subsequently, major changes are submitted to the CAA for approval prior to use for external reporting purposes. Minor changes can be adopted by the Company's Chief Risk Officer and notified to the CAA.

### Material changes to the internal model governance

The Company has made several improvements to its internal model governance framework. A newly established Internal Model Oversight Committee supports the Board in their oversight and decision-making responsibilities relating to the Internal Model. The Company has also adopted a new Guideline on Expert Judgement, which extends the Internal model governance documents. Further review of the internal model governance is ongoing.

### Internal model validation tools and processes

The Risk Model Validation Standards adopted by the Company require independent validation of the internal models. This is carried out by an internal model validation team. The appropriateness of the model is subject to regular review with a broad range of validation tools, including profit and loss attribution, stress tests, scenario analyses, reverse stress tests, sensitivity and stability analysis.

### The Prudent Person Principle

In accordance with the Prudent Person Principle under Solvency II, the management of the Company's investments is governed by the general principle of the creation of economic value. This is done on the basis of returns relative to the liability benchmark and its replicating portfolio, the asset management policy adopted by the Company and a set of strategic asset allocation limits that are established by the Board. The asset management policy of the Company also requires the integration of environmental, social, and governance considerations in investment decisions.

### Own Risk and Solvency Assessment (ORSA) process

The ORSA is an ongoing process, with critical risk control and reporting activities being carried out on a regular basis. It is used to assess the risks inherent in the business plan and the resilience of the Company's solvency and balance sheet over a three-year horizon. Anticipated significant changes in the risk profile are included in assessing the future solvency position. Scenarios are used to provide insights into the strength of the balance sheet and to assess future potential solvency positions. Scenario assessment of climate change-related risks also covers a significantly longer time horizon than SRE's business or strategic plan,

## Section B: System of governance

to align with the long-term evolving nature of climate change-related risks. Where exceptionally adverse scenarios are identified, mitigating actions and control measures are contemplated but would require Board approval prior to action being taken.

The Chief Risk Officer maintains operational responsibility for carrying out the ORSA process and reporting the ORSA results to the Board.

### Review of ORSA

The ultimate responsibility for the ORSA rests with the Board, which reviews and approves the results of the ORSA process at least annually.

### Solvency assessment

Based on the planned risk profile, the internal model is used to determine capital requirements. The Company sets aside capital to cover its quantifiable risks in accordance with its capitalisation policy (see section "E1: Own funds" for more information). The risk-based capitalisation position of the Company is monitored on a frequent basis by the Company's Chief Risk Officer and Chief Financial Officer against target capital, with a number of options if risk and capital develop out of predefined control ranges. The ORSA process uses scenarios to stress the plan and assess the resilience of the solvency position through the plan period, including identifying relevant actions that may be considered to mitigate the potential downsides.

## B4: Internal control system

### Internal control system

#### Coordinated assurance framework

Swiss Re's coordinated assurance framework is used by the Company to identify the principal operational risks to the organisation and the relevant key controls to manage them, as well as to demonstrate that a sufficient level of assurance is gained from the effectiveness of those controls.

Risk-taking activities are typically subject to three lines of control:

- The first line comprises the day-to-day risk control activities performed by risk takers in the business as well as in other functions of the Company, including proactive identification of risks, and establishing and operating an effective control system.
- Independent oversight performed by such functions as Risk Management and Compliance represents the second line of control.
- The third line consists of independent audits of processes and procedures carried out by Group Internal Audit or by external auditors.

#### Assurance function interactions

While all functions retain their specific mandates and areas of expertise, by working together and relying where possible on each other's work, a holistic approach is assured under the Coordinated Assurance Framework. Information, planning and execution of assurance work are coordinated and results are shared, reducing overlap between assurance units, increasing mutual reliance and providing an increased focus on pre-emptive assurance. The integrated approach is deployed within the following activities:

- Risk scoping and assurance planning
- Coordination between assurance functions in business interactions
- Issue and action management interactions
- Monitoring across assurance functions
- Reporting

### Implementation of the Compliance function

To ensure that the company's compliance objectives are consistent with the expectations of regulatory authorities, shareholders, clients and other stakeholders, the Board of Directors mandates best compliance practices and an appropriately resourced Compliance function with defined responsibilities to perform its duties. The Compliance Charter sets forth the overall responsibilities and accountabilities of the Compliance function, as well the overall compliance-related responsibilities and accountabilities of the Board, Management and employees. These responsibilities and accountabilities also apply to branches of the company.

The Compliance function is responsible for:

- Issuing compliance risk-related policies and standards as well as the Code of Conduct, and ensuring that these are regularly reviewed and up to date.
- Providing guidance regarding compliance risk related policies, standards and the Code of Conduct.
- Overseeing as well as providing appropriate communication and risk-based training to the Company's directors, officers and employees covering the Code of Conduct and certain compliance risk related regulatory obligations.

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- Providing primary assurance oversight covering compliance with the Code of Conduct and internal policies and standards in relation to compliance risks.

The specific areas of compliance risk within the scope of Compliance's core responsibilities include: Money Laundering and Terrorist Financing; Bribery and Corruption; Fraud; Conduct Risk; Conflict of Interest; Data Protection; Insider Trading; International Trade Controls; and Investment Compliance.

The Compliance function is authorised to review all areas and to have full, unrestricted access to all activities, records, property, and personnel, including, without limitation, access to employee e-mail records, subject in all cases to applicable law. In addition, the Compliance function is operationally independent with regular and timely interaction and direct access to the Board of Directors, management team, and governance committees of the Company.

The Compliance Charter is reviewed once per annum as a minimum and will be updated more frequently in the event of material changes.

### B5: Internal Audit function

#### Implementation of the Internal Audit function

Group Internal Audit (GIA) assists the Board in protecting the assets, reputation and sustainability of the Company. GIA performs audit activities designed to assess the adequacy and effectiveness of the Company's internal control systems, and to add value through improving the Company's operations.

GIA provides written audit reports, identifying issues and management actions to the Audit Committee, senior management and external auditor on a regular basis. GIA monitors and verifies that management's actions have been effectively implemented. Significant issues, and issues that have not been effectively corrected, are highlighted to the Audit Committee.

#### Independence of the Internal Audit function

GIA performs its internal audit activities with independence and objectivity. Activities are coordinated with the other assurance functions. GIA has no direct operational responsibility or authority over any of the activities it reviews. Authority is granted for full, free and unrestricted access to any and all of the Company's property and personnel relevant to any function under review. All employees are required to assist GIA in fulfilling their duty. GIA has a direct reporting line to the Chairman of the Group Audit Committee.

GIA staff govern themselves by adherence to The Institute of Internal Auditors' "Code of Ethics". The Institute of Internal Auditors' "International Standards for the Professional Practice of Internal Auditing" constitutes the operating guidance for the department. In addition, GIA adheres to the Group's guidelines and procedures, and to GIA's organisation and processes, manuals and guidelines.

### B6: Actuarial function

#### Implementation of the Actuarial function

The tasks of the Actuarial function under the Solvency II framework are allocated across various functions of the Company:

- Technical provisions calculations are overseen and signed off by qualified actuaries within the Company.
- Opinions on the underwriting policy and reinsurance adequacy are performed within Risk Management.
- Input and feedback into the risk modelling framework are provided by the Risk Management team.

### B7: Outsourcing

#### Outsourcing policy

The Company has adopted Swiss Re's comprehensive global outsourcing framework and cloud governance framework. It has further specified the roles and responsibilities within the Company in a separate addendum.

The framework covers two types of outsourcing arrangements:

- External outsourcing, where the mandate is given to an external service provider
- Intra-group outsourcing between Swiss Re entities

The addendum clarifies the processes, roles and responsibilities of the Company in relation to Outsourcing arrangements where it is acting as a service recipient. It also defines 'critical or important' outsourcing arrangements in relation to Key Functions and other Main Functions based on materiality and outlines the approval process.

## Section B: System of governance

The Board approves the appointment of outsourcing managers for outsourcing arrangements related to Key Functions and other Main Functions that are deemed as critical and important.

The critical or important services related to the Risk Management, Actuarial, Compliance and Internal Audit functions are provided to the Company by other entities in the Swiss Re Group under intra-group outsourcing arrangements.

### B8: Any other information

#### **Assessment of adequacy of the system of governance**

The Board carries out an annual evaluation of its system of governance against relevant best practice standards. During the reviews performed in 2022, the Board concluded that the system of governance is adequate for the nature, scale and complexity of the risks inherent in its business.

#### **Additional disclosures as required by the Shareholders Rights Directive 2017/828**

Equity investments are generally held against surplus in order to generate excess returns through dividends and appreciation, and are not used to back long-term liabilities. To the extent certain liabilities reflect equity market performance, equity securities will be held as a hedge against this exposure.

The investment management agreement between the Asset Manager (SRZ) and the Company requires the Asset Manager to manage with appropriate devotion of time and with such skill, diligence, care and attention as the Company may reasonably expect of a professional investment manager. The Asset Manager must comply with the Prudent Person Principle, as well as all legal and regulatory requirements applicable to the Company. In addition, there is an obligation to manage the portfolio in line with any investment decision taken and limits imposed by the Board of Directors. Through these arrangements, the Asset Manager is incentivised to enhance the long-term value of the Company's portfolios. The Asset Manager is a leader in the sustainable investment space, and the benefit of its long-term oriented ESG policies (including a comprehensive voting and engagement policy) and procedures extends to the Company's portfolios.

The performance of the Asset Manager is measured across various dimensions and time horizons, including a comparison versus selected benchmarks that reflect ESG criteria and thus incentivise investment with a long-term sustainable view. The Asset Manager's remuneration is based solely on net asset exposure under management with no performance-based component. There are, however, quantitative and qualitative measures to evaluate the manager's overall performance and the relationship can be terminated in case of continuous dissatisfaction, ensuring that the manager meets return expectations and fulfils the terms of the agreement, including engagement requirements. For listed equities, the manager generally follows relatively low turnover strategies. To ensure that there is no excessive turnover, the trading volume is steadily monitored by the Asset Manager. The Company has the right to terminate the relationship with the Asset Manager at any time, subject to a 90-day notice period, or immediately in certain cases, including any material or persistent breach of obligations under the investment agreement.

#### **Other material information**

There is no other material information to report for 2022.

# Section C: Risk profile

## Overview of risk exposure

The Company is exposed to a broad landscape of risks. These include core risks that are taken as part of insurance or asset management operations and are quantified in the Company's internal model. As required under Solvency II, the model also quantifies operational risk. In addition to these modelled risks, the Company is exposed to further risks that arise from undertaking business, including liquidity, strategic, regulatory, political and reputational risk.

Modelled risks	Other risks
Underwriting: Life and Health, property and casualty and Credit	Strategic risk
Financial Market risk	Regulatory risk
Credit risk excluding Credit underwriting	Political risk
	Reputational risk
Operational risk	Sustainability risk
	Liquidity risk
Emerging risks	

### Climate change-related risks

The company is exposed to physical and transition risks related to climate change affecting its assets and liabilities. These risks are not considered as a risk category on their own because they affect all risk categories. The potential longer term impacts of climate change are assessed under emerging risks and a climate change scenario analysis is included under the ORSA.

### Measures used to assess risks and material changes

The Company uses a CAA-approved integrated internal model to assess all modelled risk categories. Separate risk modules are used to model the individual risk factors. Risks not covered by the SCR (liquidity risks, strategic risks, regulatory risks, political risks and others) are regularly considered and assessed on a qualitative basis with various monitoring and reviews in place.

In line with the definition of Solvency II, the SCR of the Company measures the capital requirement at a 99.5% value at risk, which measures the annual loss with a recurring period of once in two hundred years.

### Quantification of modelled risks by risk category

The table below sets out the quantification as at 31 December 2022 for the Company's modelled risk categories over the next twelve months. It also shows the changes compared to the SCR as at 31 December 2021. The figures represent the loss for each risk category\* that is likely to be exceeded only once in two hundred years. Due to diversification, the total risk of the Company is lower than the sum of the individual categories.

The SCR of the Company as at 31 December 2022 has increased compared to 2021. This was driven by higher P&C risks, mainly due to higher inflation risk, lower loss absorbing capacity of deferred taxes due to a decrease in deferred tax liabilities, and a model change leading to higher counterparty default risk related to IGRs. This has been partially offset by the impact from higher yields on L&H and P&C risks, FX impacts due to a depreciation of the GBP, and lower financial market risk exposures due to derisking of investments.

EUR millions	2021	2022
Life and health risk	1 569	1 116
Property and casualty risk	2 652	2 843
Financial market risk	898	809
Credit risk	362	320
Operational risk	89	98
Diversification	-1 964	-2 063
Other impacts**	-2 508	-2 078
<b>Pre-tax Solvency Capital Requirement</b>	<b>1 098</b>	<b>1 044</b>
Deferred tax impact	-252	-176
<b>SCR</b>	<b>846</b>	<b>868</b>

\* Risk categories are gross of retrocession.

\*\* Other impacts: mainly driven by retrocession.

Please refer to the paragraph "Solvency Capital Requirement split by risk category" on page 36 for further details.

## Section C: Risk profile

### Risk concentration

The Company has a material counterparty exposure to SRZ as a result of its IGR arrangements. This risk is mitigated by the strong solvency and liquidity position of SRZ, as well as its financial strength rating. For details of the solvency position of SRZ, please refer to the Swiss Re Group website: <https://www.swissre.com/investors/solvency-ratings/financial-strength-ratings.html#legalentityratings>.

The biggest underwriting risks of the Company are natural catastrophe risks (in particular European windstorm), non-life claims inflation and longevity risk.

The following sections (C1 to C6) provide further details on specific risk categories.

### C1: Underwriting risk

#### Risk exposure

Underwriting risk comprises exposures taken on by the Company when it writes Property and Casualty, Life and Health, and Credit insurance business.

#### Life and Health risk

L&H risk arises from coverage provided for mortality (death), longevity (annuity) and morbidity (illness and disability) coverage. In addition to potential shock events, such as a severe pandemic, the Company monitors and manages underlying risks inherent in L&H contracts (such as pricing and reserving risks) that arise when mortality, morbidity, or lapse experience deviate from expectations. The investment risk that is part of some L&H business is modelled, monitored and managed as financial market risk. The L&H risk of the Company is mainly driven by lethal pandemic, mortality and longevity risks.

#### Property and Casualty risk

P&C risks arise from coverage that the Company provides for property, liability, motor and accident risks, as well as for specialty risks such as engineering, aviation, marine and cyber. It includes underlying risks inherent in the business underwritten, such as inflation or uncertainty in pricing and reserving. Major property and casualty risks of the Company comprise claims inflation, costing and reserving risk, as well as natural catastrophe risk, e.g. related to European windstorm and German flood.

#### Credit underwriting risk

Credit underwriting risk arises from liabilities taken on by the Company in the course of its credit and surety underwriting. The exposure from this line of business is small in comparison to P&C and L&H exposures. Due to the nature of the risk, Credit underwriting risk is quantified in the credit risk model.

### Material risk developments over the reporting period

The main risks to which the Company is exposed have remained largely the same since last year. P&C risks have increased due to higher inflation risk. The war in Ukraine triggered a global spike in energy and food prices, which intensified the already high level of inflation. Nat Cat risk has remained stable as higher exposures for certain Nat Cat risks such as flood has been offset by lower exposures for other risks such as European windstorm. Changes in the modelling of cyber threat scenarios based on new insights in risk quantification have led to higher cyber risk, partially offset by lower exposures due to less cyber business underwritten. The Company's L&H underwriting risk decreased during 2022 due to higher yields.

### Risk mitigation

The Company's underwriting risk is largely mitigated by a combination of proportional and non-proportional internal retrocessions.

### Sensitivity analysis and stress testing

The 2022 ORSA has used a series of TCNA events and a cyber blackout scenario to test the effectiveness of Swiss Re's IGR structure and operational risk mitigations. Furthermore, a comprehensive stress scenario (extreme loss scenario) has been explored for its underwriting risk impact.

The extreme loss scenario assumes a global recession coupled with underwriting losses arising from the recession, as well as other losses.

The 2022 ORSA has also assessed two long-term climate scenarios, a disorderly scenario and a hot house scenario. While no immediate portfolio actions are suggested, there is the need for increased premiums and higher capital intensity in particular under the hot house scenario. While timely price adjustments are possible for annually renewable property reinsurance, affordability could become an issue and might require further measures to be taken. A key condition for the ability to continue acting as an ultimate risk-taker is the regular update of natural catastrophe models and diversification regarding regions, lines of business, sectors and clients.

## Section C: Risk profile

Finally, the Company has also used moderate and severe inflation stresses to assess the potential consequences of a changing market environment in light of the war in Ukraine.

The application of the stresses and the scenario provided insights into the resilience of the Company and its ability to meet Solvency II and liquidity requirements under extreme conditions.

### Special-purpose vehicles

The Company does not currently use special-purpose vehicles.

## C2: Financial market risk

### Risk exposure

The value of the Company's assets or liabilities may be affected by movements in financial market prices or rates, such as equity prices, interest rates, credit spreads, foreign exchange rates or real estate prices. The Company is exposed to such financial market risk from two main sources: investment activities and the sensitivity of the economic value of liabilities to financial market fluctuations. Four types of financial market risk are currently material for the Company: credit spread risk, equity risk, interest rate risk and real estate risk.

### List of assets

The Company invests in government, corporate and agency bonds, cash and cash equivalents, listed investments, securitised assets, infrastructure loans, alternative investments (including real estate) and private equities. These investments have been made in accordance with the Prudent Person Principle as outlined in the paragraph "The Prudent Person Principle" on page 14.

### Material risk developments over the reporting period

The Company's financial market risk has decreased mainly because of asset management activities, namely the reduction of equities, further supported by lower interest rate risk due to improved asset-liability matching. The decrease has been partially offset by a new financial market risk model (event-based financial model) that improves the modelling of risk factors in line with historical behaviour.

### Risk mitigation

The Company uses a prudent and effective asset and liability matching process to mitigate financial market risks. Regular reporting monitors the effectiveness of the asset liability matching process that is in place. The limits or ranges on asset classes are approved on an annual basis to take into account business planning and the strategic asset allocation plan; usage against approved target ranges is monitored regularly. The Company has integrated environmental, social, and governance considerations for its investment decisions to mitigate sustainability related risks.

### Sensitivity analysis and stress testing

The 2022 ORSA of the Company includes financial market stresses to assess the resilience of the capitalisation of the Company, including an upward shock on credit spreads and downward shocks affecting equities and real estate market values.

The Company continues to meet all Solvency II requirements under these stresses.

### Group-wide stress testing framework

Apart from the scenarios considered above, the Company's financial market exposures are also subject to the group-wide stress testing framework. The asset management stress is monitored on a daily basis against an approved target range.

## C3: Credit risk

### Risk exposure

Credit risk reflects the potential financial loss that may arise due to diminished creditworthiness or default of counterparties of the Company or of third parties. This risk arises directly from investment activities, as well as from counterparty risk related to external and intra-group counterparties, and investments in corporate bonds, and also covers Credit underwriting risk as described in section C1.

### Material risk developments over the reporting period

Credit risk before intra-group retrocession has slightly decreased due to lower exposures in relation to the Company's longevity business and due to a depreciation of the GBP. A model change for counterparty default risk leads to an increase of Credit risk in relation to the Company's intra-group retrocession arrangements.

## Section C: Risk profile

### **Risk mitigation**

Risk Management regularly monitors corporate counterparty credit quality and exposures and compiles watch lists of cases that merit close attention. Risk Management monitors and reports credit exposure and limits on a regular basis to maintain exposure within approved limits. A governance framework is in place and appropriate actions will be taken when limits are near to being breached.

### **Sensitivity analysis and stress testing**

No specific scenario is considered for credit risk.

## C4: Liquidity risk

### **Risk exposure**

Liquidity risk represents the possibility that the Company will not be able to meet expected and unexpected cash flow and collateral needs without affecting either daily operations or the Company's financial condition. The Company's exposure is driven by potential extreme losses, as well as the amount of its investments in liquid assets.

### **Material risk developments over the reporting period**

Liquidity risk has remained stable at a low level, and at year-end 2022 the Company holds ca. 40% of its investments in the most liquid asset class, ie government bonds, bills and cash.

### **Risk mitigation**

The Company controls liquidity risk to ensure that it can satisfy claims payments, debt maturities, expenses and collateral requirements. To manage liquidity risk, the Company has a range of liquidity policies and measures in place, including a securities lending agreement with the Swiss Reinsurance Company Ltd. and regular monitoring and reporting of key stress liquidity ratios to the Board.

### **Sensitivity analysis and stress testing**

The Company assesses liquidity risk against extreme losses affecting the relevant liquidity pool using a group-wide liquidity stress scenario. The most recent analysis shows that the Company's liquidity position is sufficient to meet the liquidity requirements resulting from such a large loss event over a one-year period.

### **Amount of expected profit in future premiums (EPIFP)**

The total amount of EPIFP for the Company as at 31 December 2022 is EUR 1 418 million.

## C5: Operational risk

### **Risk exposure**

Operational risk represents the potential economic, reputational or compliance impact of inadequate or failed internal processes, people and systems or from external events, including cyber risk, legal risk and the risk of a material misstatement in financial reporting.

### **Material risk developments over the reporting period**

Operational risk remained stable. The Company's processes and the control framework have proved to be robust throughout 2022.

The number and severity of operational events within the existing period are within acceptable levels and no increase in the reporting of operational events has been observed. No emerging themes are noticeable with the majority of events relating to processing, human and internal communication errors without any major financial or reputational impact on the Company.

### **Risk mitigation**

The Company's coordinated assurance framework outlined in section B4 is used to manage and mitigate operational risk.

### **Sensitivity analysis and stress testing**

The Company relies on a regular exercise undertaken by Group Operational Risk Management to re-evaluate its exposure to operational risk. The team conducts workshops where business experts (first-line risk takers) and second line of defence risk managers exchange views and outlooks of the potential for one-in-two-hundred-year operational events and the expected financial impact if these risks should materialise under various scenarios.

The outcome of these discussions enables the recalibration of the Swiss Re Group Risk Model's operational risk module and a calculation of Group Operational Risk Capital. A portion of this is assigned to the Company on a pro rata basis.

## Section C: Risk profile

The operational risk model is designed to represent the economic loss potential due to events classified as operational risk over a one-year horizon for use in the internal risk model. The focus of interest for this purpose lies entirely in large, unexpected events that potentially jeopardise the capital adequacy of the Company. The 2022 ORSA of the Company has assessed the impact of operational risk scenarios, including the potential consequences of an extensive power blackout as part of a cyber scenario and losses that might arise from a failure in contract terms definitions as part of extreme loss scenario. The Company would remain resilient under these scenarios supported by effective operational risk mitigations.

### C6: Other material risks

#### **Other material risks**

No other material risks have been identified, but there is a process by which the Company tracks the development of emerging risks.

The risk landscape in which the Company operates remains uncertain. The war in Ukraine and its indirect effects on energy and food supply has amplified inflationary pressures and financial market volatility. This is exacerbated by the lingering effects of COVID-19, as well as potential consequences from other geopolitical tensions globally. Climate change-related risks also have the potential to impact the Company's profitability and capital intensity, particularly for property business. While the Company remains well capitalised under Solvency II, changes in views of its regulators in respect of the models that the Company uses for capital and solvency purposes and regulatory change that results in a convergence with standard models rather than internal models could have an adverse impact. Generally, legal and regulatory changes could have a material impact on the Company's business model.

### C7: Any other information

#### **Other material information**

All material information has been disclosed above.

# Section D: Valuation for solvency purposes

## D1: Assets

### Methods applied for valuation of material assets

Material assets on a Solvency II valuation basis as at 31 December 2022 were as follows (based on QRT Balance Sheet S.02.01.02):

EUR millions	Solvency II	Company Statutory	Difference
Investments (other than assets held for index-linked and unit-linked funds)	6 210	6 329	-119
Reinsurance recoverables	6 683	13 006	-6 323
Deposits to cedents	2 102	2 280	-178
Total of all other assets not listed above	2 552	5 103	-2 551
<b>Total assets</b>	<b>17 547</b>	<b>26 718</b>	<b>-9 171</b>

The following valuation bases were used to value material assets for Solvency II purposes:

Material assets	Quoted market price valuation	Adjusted equity valuation	Alternative valuation
Investments (other than assets held for index-linked and unit-linked funds)			
All other investments, excluding the investments listed below	X		
Participations (subsidiaries and associates) and Swiss Re Funds (Lux)*		X	
Private equity funds		X	
Property other than for own use			X
Loans and mortgages			X
Reinsurance recoverables			X
Deposits to cedents			X

\* Swiss Re Funds (Lux) relates to Swiss Re Funds (Lux) Global Bonds Multi-currency and Swiss Re Funds (Lux) I Global Bonds Euro

### Investments (other than assets held for index-linked and unit-linked funds)

#### Solvency II

Quoted market price valuation:

- Investments (excluding the investments listed below) are valued at fair value, determined to the extent possible by reference to observable market prices.

Adjusted equity valuation:

- Participations: valuation of participations (subsidiaries and associates) is estimated based on readily available accounting information.
- Swiss Re Funds (Lux): the valuation is based on net asset value
- Private equity funds: the valuation is based on net asset value.

Alternative valuation:

- Property other than for own use has been valued by an external appraiser using a discounted cash flow method.
- Loans and mortgages are valued using a discounted cash flow method. The values thus determined are considered a reasonable approximation of the market value.

#### Company Statutory

Amortised cost:

- Debt securities and other fixed income transferable securities are valued at amortised cost (included as bonds or collateralised securities under Solvency II).
- Loans to affiliated undertakings are valued at their amortised cost.

Nominal value:

- Deposits with credit institutions are valued at nominal value.

Lower of acquisition cost or market value:

- Shares and other variable yield transferable securities and units in unit trusts are valued at the lower of acquisition cost or market value, except for positions held to hedge liabilities in respect of certain co-reinsurance treaties of unit-linked insurance portfolios, which are carried at fair value (included as equity or investment funds under Solvency II).
- Private equity funds are valued at the lower of acquisition cost or market value (included as investment funds under Solvency II).
- Shares in affiliated undertakings and participating interests, including investments in unit trusts solely used as investment vehicles by Swiss Re Group entities, are valued at the lower of acquisition cost or market value. Acquisition cost includes expenses related to the purchase.

## Section D: Valuation for solvency purposes

Depreciated acquisition cost:

- Land and buildings are valued at historical acquisition or construction cost. Buildings are depreciated over their useful economic lives. The acquisition cost includes expenses related to the purchase.

The difference between Solvency II and Company Statutory is mainly due to unrealised gains and losses, which are taken into account under Solvency II but not accounted for Company Statutory purposes. In addition, the accrued interest on investments is classified as receivables under Company Statutory but as investments under Solvency II. Furthermore, in the Solvency II balance sheet, pension liabilities and pension assets are netted, consistent with IAS 19. For more details on pension assets and liabilities, refer to the paragraph "Employee benefits" on page 31.

### Reinsurance recoverables

#### *Solvency II*

The share of technical provisions for retroceded business is determined with reference to the contractual agreement and the underlying gross Solvency II best estimate liability per treaty. Furthermore, the reinsurance recoverables include the allowance for the counterparty credit risk.

#### *Company Statutory*

The share of technical provisions for retroceded business is determined with reference to the contractual agreement and the underlying gross business data per treaty.

The difference in L&H between Solvency II and Company Statutory is attributable to the margins included within the statutory reserving basis. The difference in P&C is attributable to the discounting approach under Solvency II where future cash flows are discounted using the Solvency II discount rates.

Refer to section "D2: Technical provisions" for further details on reinsurance recoverables.

### Deposits to cedents

For L&H business, the value of deposits with ceding undertakings is calculated by discounting the deposit reserve cashflows (mainly change in deposits and interest on deposits) using the official risk-free discount rates published by the European Insurance and Occupational Pensions Authority (EIOPA). The difference between Solvency II and Company Statutory is due to the different discounting treatment for the deposits.

For P&C business, deposits with ceding undertakings are stated mostly at face value under Solvency II and the Company Statutory valuation. The difference between Solvency II and Company Statutory is due to discounting of the deposits under Solvency II, whereas under Company Statutory no discounting is applied to the cash deposits.

### Other assets not listed above:

The difference between Solvency II and the Company Statutory amounts of other assets not listed above is mainly driven by deferred acquisition costs, only recognised in Company Statutory, and debtors arising out of reinsurance operations. A part of the latter item contains future cash flows recognised under Solvency II as a part of technical provisions.

### **Assumptions and judgements applied for valuation of material assets**

Investments are valued at market value, which is determined to the extent possible by reference to observable market prices. Where observable market prices are not available, the Company follows the fair value measurement methodology. There are no major sources of estimation of uncertainty when using judgements to determine valuations. Since Solvency II follows fair value methodology, the securities are not carried at more than the recoverable amounts.

### **Changes made to recognition and valuation basis of material assets during the year**

No changes were made to the recognition and valuation basis or to estimation assumptions during 2022.

### **Drivers of difference between Solvency II and Company Statutory accounts**

The difference between the Solvency II balance sheet and the Company Statutory balance sheet is explained by the different valuation methodologies used as described in the paragraph "Methods applied for valuation of material assets" on page 23.

### **Property (held for own use)**

The Company does not hold any property for own use as at 31 December 2022.

### **Inventories**

The Company does not hold any inventories as at 31 December 2022.

## Section D: Valuation for solvency purposes

### Intangible assets

The Company does not show any intangible assets on the Solvency II balance sheet as at 31 December 2022.

### Financial assets

#### Methods and assumptions applied in determining the economic value

Quoted prices in active markets for identical assets are used to determine the economic value for the majority of securities. Where quoted prices are not available, alternative methods are used. Most financial asset prices are sourced from BlackRock Solutions. The Company holds the list of vendors used by BlackRock Solutions to confirm pricing. In addition, all prices are reviewed by Swiss Re's independent pricing verification team to ensure agreement. When BlackRock Solutions's prices are not available, a market price from an alternative source is selected. These are pre-agreed vendors, brokers or dealers, or calculations depending on the type of financial assets.

As at 31 December 2022, the value of assets in scope of the QRT List of assets S.06.02 valued at quoted market prices in active markets, for the identical assets, was EUR 881 million (2021: EUR 1 399 million). The value of assets valued at quoted market prices in active markets, for similar assets, was EUR 2 089 million (2021: EUR 2 973 million). The value of assets using the adjusted equity method was EUR 3 221 million (2021: EUR 3 140 million) and the value of assets using the alternative valuation method was EUR 2 864 million (2021: EUR 2 690 million), of which deposits to cedents EUR 2 102 million (2021: EUR 1 878 million).

#### Use of non-observable market data

The Company follows the valuation methodology as per Article 10 of the Commission Delegated Regulation (EU) 2015/35, which states that "the use of quoted market prices in active markets for the same assets or liabilities, or, where that is not possible, for similar assets and liabilities, shall be the default valuation approach". This approach ensures that the values are not significantly higher or lower.

#### Significant changes to the valuation models used

There were no significant changes to the valuation models during the year.

### Lease assets

The Company does not have any material financial and operating leasing arrangements other than various agreements for the lease of office space.

### Deferred tax assets

#### Recognition of deferred tax assets

Deferred income tax assets of EUR 780 million (2021: EUR 670 million) have been recognised for all deductible temporary differences and for the carry forward on unused tax losses and unused tax credits, to the extent that the realisation of the related tax benefit through expected future taxable profits is probable.

Deferred tax asset recognition on tax losses is determined by reference to the tax laws enabling such recognition on the same enacted or substantively enacted basis.

#### Amount for which no deferred tax asset is recognised

The amount of deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset is recognised in the Solvency II balance sheet is immaterial.

The expiry date, if any, for tax losses and tax credits, is dependent on the local tax law and hence varies depending on the relevant branch jurisdiction.

Temporary differences and unused tax losses are assumed to relate to the individual branch, and consistent with tax rules, there is no offsetting of deferred tax assets in one branch against deferred tax liabilities in a different branch.

Swiss Re Europe S.A. UK branch L&H business and Swiss Re Europe S.A. UK Branch P&C business are considered as separate entities for deferred tax computation in this regard.

#### Projected future taxable profits

Deferred tax assets to be recovered after more than 12 months are EUR 780 million (2021: EUR 670 million). Deferred tax assets to be recovered within 12 months are zero.

The valuation and utilisation of deferred tax assets can be supported by projections of future taxable profits, including those arising from the reversal of existing taxable temporary differences. The projections are based on prior-year experiences

## Section D: Valuation for solvency purposes

considering expectations about future business. The Company is presumed not to enter into runoff after a shock loss, and credit is only given for deferred tax assets utilised within a three-year timeframe. Adjustments are made for local restrictions on tax loss.

### Actual tax losses suffered by the Company

Actual tax losses suffered by the branches of the Company in either the existing or preceding periods, in the tax jurisdiction in which the deferred tax assets are considered as a deferred tax asset, are taken into account to the extent that future tax benefits utilising these tax losses are probable. Local tax loss carry forward restrictions are considered. In certain jurisdictions, it may be possible to either utilise tax losses against prior-year profits or against profits arising in sister subsidiaries or branches in those same jurisdictions. For balance sheet figures, the actual utilisation of tax losses in this manner is taken into account. For the purposes of computing the loss absorbing capacity of deferred taxes, such tax utilisation is assumed not to happen.

### Tax rate changes during the year and their effects on deferred tax assets

The tax rate changes during the year affect deferred tax assets, which are computed based on enacted statutory rates.

For details of deferred tax liabilities please refer to the paragraph "Deferred tax liabilities" on page 30.

### Valuation of related undertakings

Participations are valued using the adjusted equity method.

The adjusted equity method is used to value those participations where there are no observable market prices or where there is no alternative valuation method applied, given that the nature and size of those participations do not justify the application of alternative valuation methods.

## D2: Technical provisions

### Life business

#### Material technical provisions by Solvency II line of business

The following table shows the value of life technical provisions\*, based on QRT S.12.01.02, by material line of business as at 31 December 2022:

EUR millions	Gross best estimate	Net best estimate	Risk margin	Total net technical provision
Life	-564	43	44	87
Health	193	74	17	91
<b>Total</b>	<b>-370</b>	<b>117</b>	<b>61</b>	<b>178</b>

\*Liabilities are presented as positive amounts.

### Overview of methodology and assumptions

#### Best estimate

Cash flow projections have been carried out on each relevant risk within the contract, which entails calculating the present value of projected premiums, claims, commission (initial, initial claw-back and renewal), profit commission, management expenses, surrender values and maturities over the lifetime of each policy using best estimate assumptions. The cash flows are discounted using the official risk-free discount rates published by EIOPA. No allowance is made for the matching premium or counter-cyclical premium.

#### Provisions for options and guarantees

Additionally, whenever the Company's liabilities include provision to cover options or guarantees, then additional liabilities have been established where considered necessary.

#### Portfolio reinsurances

The Company has a number of portfolio level financing arrangements. The Company is exposed to the risk that the cedents' future profits or surpluses in the defined portfolios supporting these arrangements will be lower than expected. Ongoing monitoring of the performance of the underlying portfolios is conducted and appropriate liabilities established wherever necessary.

#### Simplifications used in calculation of best estimate or risk margin

There are no relevant simplifications.

## Section D: Valuation for solvency purposes

### Risk margin

The risk margin is calculated under a transfer value approach, assuming that the insurance or reinsurance obligations are transferred to a so-called reference undertaking, which is assumed to be empty prior to the transfer and then funded with assets to cover the technical provisions. Since the calculation is based on the cost of holding required capital, assumptions around the risk margin rely on the calculation of the SCR and are explained and justified in the internal model documentation.

Solvency II additionally requires the allocation of the risk margin to the lines of business or segments as defined by the Solvency II regulation. The allocation is required to adequately reflect the contribution of the lines of business to the SCR of the reference undertaking over the lifetime of the insurance or reinsurance obligations. In the internal model, the allocation is implemented by breaking down the future SCR into non-life and life and model currencies proportionately to the contribution to the Company's SCR.

### Uncertainty associated with the technical provisions

Estimating technical provisions involves predicting future cash flow payments (income and outflow) based on historical and existing information and knowledge, as well as judgement about future conditions. However, changes to economic (national or regional) performance, medical advances (different from expected), policyholder attitudes regarding insurance policies, the social or regulatory environment, or the Company's operation and its book of business mean that actual cash flows will most likely be different from predicted cash flows.

### Material differences between Solvency II and statutory technical provisions

Material differences by line of business between Solvency II and statutory net life technical provisions\* as at 31 December 2022 were as follows:

EUR millions	Solvency II	Company Statutory	Difference
Life	87	1 227	-1 140
Health	91	721	-630
<b>Total</b>	<b>178</b>	<b>1 948</b>	<b>-1 770</b>

\*Liabilities are presented as positive amounts.

The actuarial methods and assumptions used for the valuation of the technical provisions for Solvency II purposes are the same as for the preparation of the Company's statutory accounts. Nevertheless, there are significant differences between the two valuation methodologies. The difference of EUR 1 770 million is driven by the reasons outlined below. A negative difference means that statutory technical provisions are higher than Solvency II technical provisions.

- Statutory margins included in the statutory reserves contribute EUR 1 487 million to the difference (EUR 933 million for Life and EUR 554 million for Health). Statutory reserving includes prudent margins, whereas Solvency II technical provisions are the best estimate (excluding risk margin).
- Remaining differences relate mainly to client balances and risk margin, which are included in Solvency II technical provisions but not in statutory reserves.

### Recoverables due from reinsurance contracts

Net technical provisions take account of the reinsurance recoverables based on the underlying contracts. The reinsurance ceded is predominantly proportional reinsurance. Therefore, the determination of the reinsurance recoverable is a pure calculative process and does not require estimations, actuarial methods, assumptions, or other judgemental elements. In the valuation of ceded reinsurance, the counterparty risk is considered.

### Material changes in assumptions made

During 2022, several updates were made to the mortality, morbidity, mortality trend and lapse assumptions. These updates were made to reflect more recent experience across the portfolios.

### Matching adjustment

Not applicable to the Company.

### Volatility adjustment

Not applicable to the Company.

### Transitional measures

Not applicable to the Company.

## Section D: Valuation for solvency purposes

### Non-life business

#### Material technical provisions by Solvency II line of business

The following table shows the value of non-life technical provisions, based on QRT S.17.01, by material line of business\* as at 31 December 2022:

EUR millions	Gross best estimate	Net best estimate	Risk margin	Total net technical provision
Casualty non-proportional reinsurance	4 212	1 508	170	1 678
Motor vehicle liability proportional reinsurance	1 870	992	25	1 017
Property non-proportional reinsurance	2 056	646	11	657
Fire and other damage to property proportional reinsurance	1 239	447	13	460
General liability proportional reinsurance	1 114	359	36	395
Total of others not included in above	948	317	13	330
<b>Total</b>	<b>11 439</b>	<b>4 269</b>	<b>268</b>	<b>4 537</b>

\* By the amount of net technical provisions for non-life business.

#### Overview of methodology and assumptions

##### Best estimate

The estimation of the best estimate technical provisions is based on two steps:

- For all contract years, the nominal values of future payments related to premiums, claims and commissions (including other contractual costs) are estimated.
- For all those nominal values, the timing of such future payments is estimated.

Combining the payment patterns and nominal values provides the expected future cash flow streams. Applicable discount rates can be applied to these future cash flow streams for Solvency II reporting. Those estimates are made by a dedicated team of reserving actuaries as follows:

- For most contracts, they use classical actuarial methods for analysing triangular information concerning the development of past premiums, claims and commissions. For such analysis, the contracts are grouped into segments (large or structured contracts may be analysed on a standalone basis).
- For new contracts, those estimates cannot be derived with the aforementioned actuarial techniques. The values of new contracts are generally based on values estimated during the process of determining the price of each contract. Over time, as new experience emerges, the initial estimates are revisited using classical actuarial techniques.

The estimates are reviewed and approved by the reserving committee.

##### Main assumptions

Estimating technical provisions is not a purely calculative process. Sometimes assumptions must be made in respect of some parameters in the calculations. If the historical development observed in data captured in a triangle does not cover the full possible development, the length and amount of future development beyond the last observed point (the tail) must be quantified based on assumptions. Another area where important assumptions are needed in reserving is judgement as to whether the future will proceed as in the recent past or whether a different future development should be expected compared to the recent past observed in historical data.

##### Risk margin

Please refer to the paragraph "Overview methodology and assumptions" on page 26 within the subsection "D2: Technical provisions - Life business" for the calculation of the risk margin.

#### Uncertainty associated with the technical provisions

Estimating technical provisions involves predicting future loss payments based on historical and existing information and knowledge, as well as judgement about future conditions. However, changes to historical patterns and trends, changes due to, among other factors, an evolving legal or social environment, claimants' attitudes regarding insurance claims, changes in national or regional economic performance, or changes in Company operations and its book of business make the incidence of claims more or less likely and claims settlement values lower or higher.

The technical provisions contain no provision for the extraordinary future emergence of new classes or types of losses not sufficiently represented in the Company's historical database or that are not yet quantifiable. Contrary to the balance sheet used for Luxembourg statutory, the technical provisions used for Solvency II purposes contain best estimates of future losses not yet incurred at the date of valuation. Such losses can result, for example, from major natural catastrophes. Actual future losses and loss adjustment expenses will not develop exactly as projected and may, in fact, vary significantly from the projections.

## Section D: Valuation for solvency purposes

### Material differences between Solvency II and statutory technical provisions

Material differences by line of business between Solvency II and statutory net non-life technical provisions as at 31 December 2022 were as follows:

EUR millions	Solvency II	Company Statutory	Difference
Casualty non-proportional reinsurance	1 678	2 158	-480
Motor vehicle liability proportional reinsurance	1 017	1 211	-194
Property non-proportional reinsurance	657	772	-115
Fire and other damage to property proportional reinsurance	460	828	-368
General liability proportional reinsurance	395	628	-233
Total of others not included in above	330	459	-129
<b>Total</b>	<b>4 537</b>	<b>6 056</b>	<b>-1 519</b>

The actuarial methods and assumptions used for the valuation of the technical provisions for Solvency II purposes are identical to those used for the preparation of the Company's statutory accounts. Nevertheless, there are significant differences between the two valuation methodologies applicable to all lines of business:

- In the Company Statutory figures, future cash flows are not discounted, time value of money is not recognised, there is no concept of risk margin and the counterparty risk is not included in the valuation.
- For Solvency II purposes, an estimate of the cash flows ultimately received for the contracts in scope is recognised. For Company Statutory reporting, the contracts in scope are the same, but on assumed proportional reinsurance treaties, only the portion of the cash flows written by the cedent during the reporting period is recognised.
- In the Company Statutory figures, there is no provision for future losses, whereas the Solvency II technical provisions contain best estimates of future losses not yet incurred at the date of valuation.

### Recoverables due from reinsurance contracts

Net technical provisions takes account of the reinsurance recoverables based on the underlying contracts. The reinsurance ceded is predominantly proportional reinsurance. Therefore, the determination of the reinsurance recoverable is a pure calculative process and does not require estimations, actuarial methods, assumptions, or other judgemental elements. In the valuation of ceded reinsurance, the counterparty risk is considered.

### Material changes in assumptions made

In the current circumstances of rising inflation, a provision for potential increased claims costs was made, as excess inflation was deemed not substantially recognised in the historical data. Swiss Re has been running a continuous assessment of the inflation impact on different lines of business and regions and developed a reasonable approach for the balance sheet, allowing for excess inflation in the claims reserves. The current assumption is the excess inflation in calendar years 2022 and 2023. The Company has reflected this scenario in its claims reserves and booked an additional gross undiscounted incurred but not reported (IBNR) reserve of EUR 301 million (net: EUR 90 million) as of the year ending 31 December 2022.

The data, methods, processes and systems used for reserving bodily injury claims implying future regular payments are permanently adapted and reviewed.

### Transitional measures

Not applicable to the Company.

## Section D: Valuation for solvency purposes

### D3: Other liabilities

#### Other material liabilities

Material other liabilities by Solvency II valuation basis, as at 31 December 2022, were as follows (based on QRT Balance Sheet S.02.01.02):

EUR millions	Solvency II	Company Statutory	Difference
Deposits from reinsurers	1 003	1 018	-15
Deferred tax liabilities	1 189	-	1 189
Insurance and reinsurance payables	854	2 341	-1487
Total of all other liabilities not listed above	662	1 667	-1005
<b>Total other liabilities</b>	<b>3 708</b>	<b>5 026</b>	<b>-1 318</b>

#### Deposits from reinsurers

For P&C business, deposits received from reinsurers contain cash deposits withheld from retrocessionaires and are stated mostly at face value under both Solvency II and the Company Statutory valuation. The difference between Solvency II and Company Statutory is due to discounting of the deposits under Solvency II, whereas under Company Statutory, no discounting is applied to the cash deposits.

For L&H business, the value of deposits from reinsurers is calculated by discounting the deposit reserve cash flows (mainly change in deposits and interest on deposits) using the official risk-free discount rates published by EIOPA. The difference between Solvency II and Company Statutory is due to the different discounting treatment for the deposits.

#### Deferred tax liabilities

##### *Solvency II*

Deferred tax assets and liabilities are considered based on temporary differences between the Solvency II balance sheet and the local statutory balance sheet. The analysis is performed on the basis of the local branches of the Company and the corresponding jurisdictional tax regulations are taken into account. Deferred tax liabilities are calculated on all balance sheet differences that are recognised as being temporary and which will have a tax reversal impact in the foreseeable future.

##### *Company Statutory*

Deferred income tax assets and liabilities are calculated based on the difference between financial statement carrying amounts and the corresponding income tax bases of assets and liabilities using enacted income tax rates and laws, which are not recognised in the Company's annual accounts under Luxembourg Generally Accepted Accounting Principles. The amount of deferred tax liabilities is disclosed as part of the notes to the accounts.

#### Insurance and reinsurance payables

##### *Solvency II and Company Statutory*

Under Company Statutory, this item corresponds to creditors arising out of reinsurance operations. The difference with Solvency II is mainly explained by the future cash flows included as payables under Company Statutory, but recognised as a part of technical provisions under Solvency II. All payables have a term of less than five years.

#### Other liabilities not listed above

Other liabilities under both Solvency II and Company Statutory include other creditors and tax provisions, with immaterial differences between the two valuations. In addition, Company Statutory also includes the statutory-specific items, such as deferred acquisition costs and provision for currency risks. Furthermore, the Solvency II balance sheet, pension liabilities are presented net of the assets set aside to cover these obligations, consistent with IAS 19. For more details on pension assets and liabilities, refer to the paragraph "Employee benefits" on page 31.

#### Other classes of liabilities

The Company only applies liability classes as prescribed in the Solvency II balance sheet template.

#### Financial liabilities

The Company does not have financial liabilities as at 31 December 2022.

#### Lease liabilities

The Company had no material financial or operating lease liabilities as at 31 December 2022, other than various agreements for the lease of office space.

#### Deferred tax liabilities

Deferred income tax liabilities of EUR 1 189 million (2021: EUR 1 251 million) have been recognised for all taxable temporary differences, which will result in higher future taxable income positions.

## Section D: Valuation for solvency purposes

Deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled, based on tax rates and tax laws that have been enacted by the end of the reporting period.

Deferred tax liabilities to be settled after more than 12 months are EUR 1 189 million (2021: EUR 1 251 million).  
Deferred tax liabilities to be settled within 12 months are zero.

### Tax rate changes during the year and their effect on deferred tax liability

The United Kingdom corporate income tax rate will increase from 19% to 25% from 1 April 2023. Closing deferred tax balances have been remeasured at the new corporate income tax rates.

### Closing procedures

During the closing process, changes in the applicable tax rates, in expectations on future taxable profits, in tax loss carry forward time limitations and in local tax regulations in the applicable tax regimes are reviewed, documented and considered for the calculation of deferred taxes under Solvency II.

For details of deferred tax assets, please refer to the paragraph "Deferred tax assets" on page 25.

### Contingent liabilities

The Company does not carry contingent liabilities on its Solvency II balance sheet as at 31 December 2022.

### Employee benefits

Nature of the obligations

#### *Pension liabilities, German branch*

The Company has defined benefit pension plans for its employees, mainly in Germany. The Company has assets set aside to cover these obligations, which are handled under a contractual trust agreement and liability insurance contracts – refer to the paragraph "Plan assets" on page 32.

#### *Other pension liabilities, German branch*

The Company has a long-term obligation regarding a deferred compensation plan, which is a form of company pension in Germany, in which employees waive parts of their future remuneration in return for a commitment by the company to pay a pension of equal value, calculated in accordance with financial and actuarial principles.

#### *Long-term vacation programme (short-term obligation), German branch*

The Company has put in place a long-term vacation programme where there is a legal requirement in Germany to secure obligations resulting from this programme. The Company has assets set aside to cover these obligations, which are handled under a contractual trust agreement – refer to the paragraph "Plan assets" on page 32.

#### *Early retirement programme (long-term obligation), German branch*

The Company has put in place an early retirement programme, which is designed to create an incentive for German employees within a certain age group to smooth the transition from employment into retirement before the employees' legal retirement age. There is a legal requirement to secure obligations resulting from this programme. The Company has assets set aside to cover these obligations, which are handled under a Contractual Trust Agreement – refer to the paragraph "Plan assets" below.

## Section D: Valuation for solvency purposes

### All branches

#### Other employee benefits

In addition, the Company has other employee benefit programmes in place for which it has the obligation to set aside reserves to meet the future obligations. As at 31 December 2022, the following programmes were in place:

Other employee benefits	Short-term obligations	Long-term obligations	Other post-employment	Termination benefits
Annual Performance Incentive	X			
Global Share Participation Plan		X		
Vacation accrual	X			
Italy - Trattamento di Fine Rapporto*		X		
Italy - healthcare and life insurance for retired employees			X	
Leadership Share Plan		X		
Value Alignment Incentive**		X		
Deferred Share Plan**		X		
German branch				X

\* Italy - Trattamento di Fine Rapporto: this is a leaving service benefit paid to employees who leave the Company for any reason at any time.

\*\* Value Alignment Incentive programme is in run-off and is replaced by a Deferred Share Plan programme in 2022.

#### Other benefit programmes

Please refer to the paragraph "Remuneration policy and practices " on page 10 for details of the other programmes.

#### Plan assets

The Company has put in place asset concepts to secure pension liabilities, long-term vacation and early retirement programmes in Germany. Two types of concepts are currently in place, namely a Contractual Trust Agreement and liability insurance contracts.

In the Solvency II balance sheet, pension liabilities are presented net of the assets set aside to cover these obligations, consistent with IAS 19.

#### Pension liabilities

As of 31 December 2022, the following assets are held to secure the pension liabilities:

- EUR 189 million is held under a Contractual Trust Agreement. The assets are held in an investment fund in which units are 100% owned by the Company and invested mainly in corporate and government bonds.
- EUR 23 million is held in insurance contracts with Allianz Lebensversicherungs AG.

The values as at 31 December 2022 were as follows:

Assets	EUR millions	%
Corporate debt securities	46	22
Government bonds	141	66
Insurance contracts	23	11
Other	2	1
<b>Total</b>	<b>212</b>	<b>100</b>

#### Other pension liabilities

For the deferred compensation plan, separate assets in insurance contracts were set up to cover the future liabilities. These insurance contracts show total assets of EUR 5 million as at 31 December 2022.

#### Long-term vacation and early retirement programmes

EUR 12 million is used to cover long-term vacation obligations and EUR 11 million to cover early retirement obligations held under a Contractual Trust Agreement. The assets are held in an investment fund in which units are 100% owned by the Company and invested mainly in corporate and government bonds. As at 31 December 2022 the assets were invested as follows:

Assets	EUR millions	%
Corporate debt securities	6	26
Government bonds	17	74
<b>Total</b>	<b>23</b>	<b>100</b>

#### Deferred recognition of actuarial gains and losses

Actuarial gains and losses are not deferred under Solvency II or for the Company Statutory accounts prepared under Luxembourg Generally Accepted Accounting Principles.

## Section D: Valuation for solvency purposes

### Methodologies and inputs used to determine the economic value

#### ***Pension liabilities***

The pension plan provisions are based on the relevant plan regulations. The associated pension provision obligations represent the present value of accrued benefits (projected benefit obligation), which is calculated based on the projected unit credit method at the valuation date and maintained on the Company's balance sheet. The following actuarial assumptions were used as of 31 December 2022: discount rate 3.9%, increase in salaries 2.0%, inflation rate 6.0% (average 2022-2024) and 2.1% (for 2025 onwards), pension increase rate 2.0%, fluctuation 4.3% p.a, average age of retirement in line with RVAGAnpG 2007 (German Act Adapting the Standard Retirement Age for the Statutory Pension Insurance System), mortality table based on Heubeck mortality tables 2018 G from 10 October 2018, which are based on mortality data in Germany.

#### ***Other pension liabilities***

For the deferred compensation plan, the obligations are calculated from the insurance company in line with financial and actuarial principles.

#### ***Long-term vacation programme***

For the long-term vacation obligations, the outstanding portions of the vacation and flexitime are transferred each year to a long-term vacation account and valued with the individual daily rates. The accumulated volumes earn interest.

#### ***Early retirement programme***

Provisions for the early retirement programme are calculated in accordance with financial and actuarial principles.

#### ***Other employee benefits***

Other employment benefits are determined according to business principles and are based on estimated needs.

### **Changes during the reporting period**

No changes were made to the recognition and valuation basis or to estimation assumptions during 2022.

### **Assumptions and judgements**

No assumptions or judgements contribute materially to the valuation of other liabilities.

## D4: Alternative methods of valuation

### **Alternative methods of valuation**

The Company uses alternative methods of valuation for real estate and loans and mortgages, as a market value for those investments cannot be readily identified. The property assets are valued by an external appraiser using a discounted cash flow method. Similarly, loans and mortgages are valued using a discounted cash flows method. The values thus determined are considered a reasonable approximation of the market value. Given the inherent difference in valuation methods applied, the Solvency II and Company Statutory values of these assets are expected and reasonable.

Deposits with cedents and deposits from reinsurers are also valued using alternative valuation methods described in detail in the paragraphs "Methods applied for valuation of material assets" on page 23 and "Other material liabilities" on page 30.

## D5: Any other information

### **Other material information**

All material information regarding the valuation of assets and liabilities for Solvency II purposes has been described in the sections above.

# Section E: Capital management

## E1: Own funds

### Solvency ratio

The solvency ratio expressed as eligible own funds after dividend as a percentage of the SCR as at 31 December 2022 was 258% (2021: 304%).

### Own funds – objectives, policies and processes

The Company's capitalisation policy ensures that it is appropriately capitalised for the risks that it incurs. The capital structure and the level of capitalisation are determined by regulatory capital requirements, management's assessment of the risks and opportunities arising from business operations and by financial management considerations. Throughout 2022, the Company's capital level was maintained in accordance with the capitalisation policy.

The Company monitors compliance with the capitalisation policy on a regular basis, taking into account relevant developments in the risk landscape and in its business portfolio. Surplus capital, which is not required to support expected new business, is made available to the Swiss Re Group.

### Own funds – time horizon used for capital planning

The Company considers one-year and three-year time horizons for its capital planning.

### Own funds by tier

The value of own funds by tier, based on the QRT S.23.01.01 as at 31 December was as follows:

EUR millions	2021				2022			
	Tier I	Tier II	Tier III	Total	Tier I	Tier II	Tier III	Total
Ordinary share capital (gross of own shares)	350			<b>350</b>	350			<b>350</b>
Share premium account related to ordinary share capital	4			<b>4</b>	4			<b>4</b>
Surplus funds								
Reconciliation reserve	2 216			<b>2 216</b>	1 881			<b>1 881</b>
Subordinated liabilities	-		-		-		-	
Net deferred taxation asset			1	<b>1</b>			5	<b>5</b>
<b>Total basic own funds after adjustments</b>	<b>2 571</b>		<b>1</b>	<b>2 572</b>	<b>2 236</b>		<b>5</b>	<b>2 240</b>

The decrease in own funds over the reporting period was primarily driven by a decrease in the reconciliation reserve, a Tier I item, mainly as a result of the negative impact from the market environment and a foreseeable dividend of EUR 200 million, partially offset by the positive impact from a change in risk margin.

### Eligible amount of own funds to cover the Solvency Capital Requirement

The eligible amount of own funds to cover the SCR for 2022 is EUR 2 240 million (2021: EUR 2 572 million), of which EUR 2 236 million (2021: EUR 2 571 million) is classified as Tier I and EUR 5 million (2021: EUR 1 million) is classified as Tier III.

### Restrictions to available own funds

The company does not have restricted Tier I own funds. The EUR 5 million (2021: EUR 1 million) of Tier III own funds are fully within the eligibility limits for the coverage of the SCR.

### Eligible amount of basic own funds to cover the Minimum Capital Requirement

The eligible amount of basic own funds to cover the MCR for 2022 is EUR 2 236 million (2021: EUR 2 571 million), all classified as Tier I.

### Differences between equity in Solvency II and Company Statutory accounts

The material differences in equity as shown in the Company Statutory accounts and Solvency II as at 31 December 2022 were as follows:

EUR millions	Equity reconciliation
Equity per Company Statutory accounts (excluding retained earnings)	354
<b>Reconciliation reserve</b>	<b>1 881</b>
Total of reserves and retained earnings from financial statements	328
Difference in the valuation of assets	-2 854
Difference in the valuation of technical provisions	3 289
Difference in the valuation of other liabilities	1 318
Foreseeable dividend	-200
Net deferred taxation asset	5
<b>SII own funds</b>	<b>2 240</b>

## Section E: Capital management

### Reconciliation reserve

The reconciliation reserve represents the differences in the valuation of assets, technical provisions or other liabilities in the adoption of the Solvency II valuation, as well as retained earnings, including current year results and the legal reserve. It also includes a deduction for the foreseeable dividend.

### Basic own funds subject to transitional arrangements

No own funds items are subject to transitional arrangements.

### Ancillary own funds

There are no ancillary own funds in the Company.

### Items deducted from own funds

The foreseeable dividend of EUR 200 million (2021: EUR 800 million) has been deducted from own funds of the Company. This deduction is considered in the reconciliation reserve.

### Deferred taxes

Deferred income tax assets of EUR 780 million (2021: EUR 670 million) have been recognised for all deductible temporary differences and for the carry forward on unused tax losses and unused tax credits, to the extent that the realisation of the related tax benefit through expected future taxable profits is probable. A net deferred tax asset of EUR 5 million has been recognised in relation to basic own-fund items classified as Tier 3 in accordance with Article 76(a)(iii). The net own funds deferred tax asset of EUR 5 million consists of EUR 126 million deferred tax asset and EUR 121 million deferred tax liability. EUR 121 million of the net deferred tax assets will be utilised through reversion of deferred tax liabilities, while the remaining EUR 5 million will be utilised by reference to projected future profit.

### Subordinated capital instrument in issue at year-end

The Company does not have subordinated capital instruments as at 31 December 2022.

### Capital instruments issued as debts

Not applicable to the Company.

### Value of subordinated debt

The Company does not have subordinated capital instruments as at 31 December 2022.

### Principal loss absorbency mechanism

The Company does not have a loss absorbency mechanism that qualifies as high-quality own funds instruments.

### Key elements of the reconciliation reserve

The reconciliation reserve based on QRT S.23.01.01 as at 31 December 2022 was as follows:

EUR millions	2022
Excess of assets over liabilities	2 440
Equity per the Company Statutory accounts (excluding retained earnings)	-354
Foreseeable dividend	-200
Net deferred taxation asset	-5
<b>Reconciliation reserve</b>	<b>1 881</b>

The reconciliation reserve includes, within the excess of assets over liabilities, an amount that corresponds to the expected profit in future premiums (EPIFP).

The difference between the excess of assets over liabilities under Solvency II and the equity value shown in the Company Statutory accounts is mainly due to different valuations applied under Solvency II for assets, technical provisions and other liabilities. Further details of valuation differences are provided in the paragraph "Differences between equity in Solvency II and Company Statutory accounts" above.

### Total excess of assets over liabilities within ring-fenced funds

The Company does not have any ring-fenced funds.

## Section E: Capital management

### E2: Solvency Capital Requirement and Minimum Capital Requirement

#### Solvency Capital Requirement and Minimum Capital Requirement

As at 31 December 2022, the Company's SCR was EUR 868 million (2021: EUR 846 million) and the MCR was EUR 391 million (2021: EUR 381 million).

#### Solvency Capital Requirement split by risk category

The Company uses an integrated internal model to measure its capital requirement using 99.5% value at risk as described in section C. The table below quantifies the Company's modelled risk categories\* as at 31 December, including a projection for the average exposure over the year, as well as changes compared to the previous year.

EUR millions	2021	2022
Life and health risk	1 569	1 116
Property and casualty risk	2 652	2 843
Financial market risk	898	809
Credit risk	362	320
Operational risk	89	98
Diversification	-1 964	-2 063
Other impacts **	-2 508	-2 078
<b>Pre-tax Solvency Capital Requirement</b>	<b>1 098</b>	<b>1 044</b>
Deferred tax impact	-252	-176
<b>SCR</b>	<b>846</b>	<b>868</b>

\* Risk categories before retrocession

\*\* Other impacts: mainly driven by retrocession

#### Simplification calculation

The Company does not apply the standard formula.

#### Standard formula parameters

The Company does not apply the standard formula.

#### Disclosure of capital add-on

This is not applicable, because the Company is not required to hold additional capital (capital add-on).

#### Standard formula capital add-on applied to Solvency Capital Requirement

The Company does not apply the standard formula.

#### Information on inputs used to calculate Minimum Capital Requirement

Inputs used to calculate the MCR for non-life insurance or reinsurance obligations include premiums written during the last 12 months, split by line of business, and best estimate technical provisions without a risk margin, split by line of business.

Input used to calculate the MCR for life insurance or reinsurance obligations includes best estimate technical provisions without a risk margin, split by type of contract and capital at risk.

#### Material changes to Solvency Capital Requirement and Minimum Capital Requirement over the period

Please refer to paragraph "Solvency Capital Requirement split by risk category" above for details of the current year and prior year SCR. The changes are driven by the change in risk exposure as detailed in section "C. Risk Profile" on page 18.

The SCR increased from EUR 846 million in 2021 to EUR 868 million in 2022, driven by higher P&C risks, mainly due to higher inflation risk, lower loss absorbing capacity of deferred taxes due to a decrease in deferred tax liabilities, and a model change leading to higher counterparty default risk related to IGRs. This has been partially offset by the impact from higher yields on L&H and P&C risks, FX impacts due to the depreciation of GBP, and lower financial market risk exposures due to the de-risking of investments.

The MCR is equal to 45% of the SCR (in 2022 as well as 2021). Thus, the MCR increased in line with the SCR from EUR 381 million in 2021 to EUR 391 million in 2022.

#### Loss-absorbing capacity of deferred taxes

The SCR has been reduced by EUR 176 million (2021: EUR 252 million) for the loss-absorbing capacity of deferred taxes. According to the CAA's regulatory guidance, the loss absorbing capacity of deferred tax is restricted to the amount of existing net deferred tax liability of EUR 409 million (2021: EUR 580 million).

## Section E: Capital management

### E3: Duration-based equity risk

#### **Use of the duration-based equity risk submodule**

Not applicable to the Company.

### E4. Differences between the standard formula and the internal model

The Company uses its internal model, as approved by the CAA, for the purposes of calculating its capital requirements under Solvency II. This internal model aligns with the Swiss Re Group internal model.

#### **The structure of the internal model**

The internal model consists of the following building blocks:

- Risk factors: to model the stochastic change in the state of the world over the one-year time horizon
- Exposure model: to determine the change in basic own funds given a realisation of the risk factors
- Transaction model: to model the intra-group transactions in place as well as external retrocession
- Balance sheet model: to evaluate the impact of defaults of Group companies and follow-up effects

Generally speaking, risk factors are sources of risk external to the Company. Their stochastic evolution is modelled over one year, using approaches such as univariate or multivariate distributions, frequency-severity models, event set-based models and Merton-type threshold models. Dependencies between risk factors are modelled by copulas, causal dependencies and other approaches. In contrast to many models used, dependencies are taken into account at the level of the underlying risk factors and not at the level of major risk categories. This implies that dependencies are independent of the Company's portfolio. The exposure model captures the impact of the risk factors on the economic profit and loss through the Company's portfolio. In the exposure model, the Company's business activities are broken down into different exposures. The change in basic own funds of the entire portfolio resulted from aggregating the effect on the individual exposures. Each exposure is assigned attributes, such as line of business and treaty year, which enable drill-down analyses and an evaluation of the contribution to total risk.

#### **Risk categories concerned and not concerned by the internal model**

Refer to subsection "C: Overview of risk exposure" on page 18 for details of risk covered and not covered by the internal model.

#### **Aggregation methodologies and diversification effects**

Aggregation in the standard formula is prescribed in a hierarchical bottom-up scheme, with explicit standardised, industry-wide diversification benefits between its components at each step of the aggregation. In the Company's internal model, the diversification and interdependencies occur in the joint simulation of risk factors. Combining the realised outcomes of all the risk factors to which a specific portfolio selection is exposed yields an aggregate loss distribution. Such an aggregation takes place in a single step and contains implicit diversification between its risk module components.

#### **Risk not covered in the standard formula but covered by the internal model**

The Company's internal model covers the spread risk of EU government bonds, which is assumed to be nil in the standard formula, and a number of risks that are not explicitly addressed by the standard formula, including cyber and inflation risks.

#### **Various purposes for which the internal model is used**

The purpose of the Company's internal model is defined by four major areas for which the model is intended to be used:

- Capital adequacy assessment: is the capital base sufficient to support the risk in the book?
- Risk controlling and limit setting: how much risk capacity should be allocated to each risk category?
- Portfolio management: what measures can be taken to improve capital efficiency?
- Costing: what is the cost of capital to carry a specific risk?

#### **Scope of internal model in terms of Business Units and risk categories**

The scope of the internal model includes all material risks that impact the Solvency II balance sheet of the Company. Please refer to section "C: Overview of risk exposure" on page 18 for details of the risk categories used.

#### **Partial internal model**

The Company does not use a partial internal model.

#### **Methods used in the internal model for the calculation of the probability distribution forecast and the Solvency Capital Requirement**

The stochastic economic balance sheet is obtained by modelling the impact of joint scenarios of risk factor realisations on the economic balance sheet. For this purpose, a model design principle is to separate the modelling of joint risk factor realisations from their impact on the balance sheet positions (exposures). In the Company's internal model, the risk that arises from a balance

## Section E: Capital management

sheet position is defined as the unexpected change in the economic value of this balance sheet position over a one-year time horizon. A large number of Monte Carlo simulations yield a sufficiently accurate and stable empirical joint distribution of balance sheet changes; the SCR of a risk is calculated as the 99.5 percentile of the corresponding empirical distribution.

### **Risk measures and time period used in the internal model**

The internal model calculates the probability distribution of the change in basic own funds over one year. In particular, it enables the value at risk of this change to be calculated at the 99.5% quantile level.

### **Nature and appropriateness of the data used in the internal model**

Data used in the internal model is provided by different functions and comes in a variety of different formats. This input data is validated at several stages and transferred via the Integrated Risk and Analytics Modelling Platform into the well-defined format of the Risk Management Data Warehouse. The Data Dictionary defines the precise structure and content of each data item that is submitted to the Risk Management Data Warehouse. Validation of the data is the responsibility of the respective data provider at each stage of the process. The process to ensure data quality is governed by the Risk Model Data Quality Standards. Validation of data quality is carried out in five steps:

- Within the responsibility of the respective data provider at collection of data or while downloading it from a source system
- Structural and syntactical validation at the moment a data provider uploads any data delivery to the Integrated Risk and Analytics Modelling Platform
- Asynchronous validation of data consistency between interdependent deliveries, particularly with regard to reference data
- Validation of data completeness at the beginning of each internal model calculation
- Validation of calculation results and changes over time by the data provider, supported by the Risk Management team (plausibility checks).

## E5: Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

### **Any non-compliance with the Solvency Capital Requirement and Minimum Capital Requirement**

The Company complied with the SCR and MCR during 2022.

## E6: Any other information

### **Other material information**

All material information regarding capital management has been described in the sections above.

# Cautionary note on forward-looking statements

In line with the Swiss Re Group, certain statements and illustrations contained herein are forward-looking. These statements (including plans, objectives, targets, and trends) and illustrations provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to a historical fact or current fact.

Forward-looking statements are typically identified by words or phrases such as “anticipate”, “target”, “aim”, “assume”, “believe”, “continue”, “estimate”, “expect”, “foresee”, “intend” and similar expressions, or by future or conditional verbs such as “will”, “may”, “should”, “would” and “could”. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause Swiss Re’s (the “Group”) actual results of operations, financial condition, solvency ratios, capital or liquidity positions or prospects to be materially different from any future results of operations, financial condition, solvency ratios, capital or liquidity positions or prospects expressed or implied by such statements or cause the Group to not achieve its published targets. Such factors include, among others:

- Macro-economic events or developments, including increased volatility of, and/or disruption in, global capital, credit, foreign exchange and other markets and their impact on the respective prices, interest and exchange rates and other benchmarks of such markets, and historically high inflation rates.
- The frequency, severity and development of, and losses associated with, insured claim events, particularly natural catastrophes, man-made disasters, pandemics, including the coronavirus (COVID-19) pandemic, social inflation litigation, acts of terrorism or acts of war, including the ongoing war in Ukraine, and any associated governmental and other measures such as sanctions, expropriations and seizures of assets, as well as the economic consequences of the foregoing.
- The Group’s ability to comply with standards related to environmental, social and governance (“ESG”), sustainability and corporate social responsibility (“CSR”) matters and to fully achieve goals, targets, or ambitions related to such matters.
- The Group’s ability to achieve its strategic objectives.
- Legal actions or regulatory investigations or actions, including in respect of industry requirements or business conduct rules of general applicability, the intensity and frequency of which may also increase as a result of social inflation;
- Central bank intervention in the financial markets, trade wars or other protectionist measures relating to international trade arrangements, adverse geopolitical events, domestic political upheavals or other developments that adversely impact global economic conditions.
- Mortality, morbidity and longevity experience.
- the cyclical nature of the reinsurance sector;
- The Group’s ability to maintain sufficient liquidity and access to capital markets, including sufficient liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debt-like arrangements and collateral calls due to actual or perceived deterioration of the Group’s financial strength or otherwise.
- The Group’s inability to realise amounts on sales of securities on the Group’s balance sheet equivalent to their values recorded for accounting purposes.
- The Group’s inability to generate sufficient investment income from its investment portfolio, including as a result of fluctuations in the equity and fixed income markets, the composition of the investment portfolio or otherwise.
- Changes in legislation and regulation or the interpretations thereof by regulators and courts, affecting the Group or its ceding companies, including as a result of comprehensive reform or shifts away from multilateral approaches to regulation of global operations.
- Matters negatively affecting the reputation of the Group, its board of directors or its management.
- The lowering, loss or giving up of one of the financial strengths or other ratings of one or more companies in the Group, and developments adversely affecting its ability to achieve improved ratings.
- Uncertainties in estimating reserves, including differences between actual claims experience and underwriting and reserving assumptions.

## Cautionary note on forward-looking statements

- Policy renewal and lapse rates.
- The outcome of tax audits, the ability to realise tax loss carryforwards and the ability to realise deferred tax assets (including by reason of the mix of earnings in a jurisdiction or deemed change of control), which could negatively impact future earnings, and the overall impact of changes in tax regimes on the Group's business model.
- Changes in accounting estimates or assumptions that affect reported amounts of assets, liabilities, revenues or expenses, including contingent assets and liabilities as well as changes in accounting standards, practices or policies;
- Strengthening or weakening of foreign currencies.
- Reforms of, or other potential changes to, benchmark reference rates;
- Failure of the Group's hedging arrangements to be effective;
- Significant investments, acquisitions or dispositions, and any delays, unforeseen liabilities or other costs, lower-than-expected benefits, impairments, ratings action or other issues experienced in connection with any such transactions;
- Extraordinary events affecting the Group's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- Changing levels of competition;
- The effects of business disruption due to terrorist attacks, cyberattacks, natural catastrophes, public health emergencies, hostilities or other events.
- Limitations on the ability of the Group's subsidiaries to pay dividends or make other distributions; and
- Operational factors, including the efficacy of risk management and other internal procedures in anticipating and managing the foregoing risks.

These factors are not exhaustive. The Group operates in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forward-looking statements. Swiss Re undertakes no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.

This communication is not intended to be a recommendation to buy, sell or hold securities and does not constitute an offer for the sale of, or the solicitation of an offer to buy, securities in any jurisdiction, including the United States. Any such offer will only be made by means of a prospectus or offering memorandum, and in compliance with applicable securities laws.

# Glossary

<b>Acquisition costs</b>	That portion of an insurance premium that represents the cost of obtaining the insurance business: it includes the intermediaries' commission, the company's sales expense and other related expenses.
<b>Affiliated undertakings</b>	Affiliated undertakings are undertakings over which the Company exercises a direct or indirect dominant influence.
<b>API</b>	Annual Performance Incentive
<b>Board</b>	The Board of Directors of the Company
<b>CAA</b>	Commissariat aux Assurances, Luxembourg
<b>Capacity</b>	Maximum amount of risk that can be accepted in insurance. Capacity also refers to the amount of insurance coverage allocated to a particular policyholder or in the marketplace in general.
<b>Casualty insurance</b>	Branch of insurance – mainly comprising accident and liability business – which is separate from property, engineering and life insurance.
<b>Claim</b>	Demand by an insured for indemnity under an insurance contract.
<b>Committees</b>	The committees of the Company to which the Board has delegated (or another Committee has sub-delegated) certain responsibilities and authorities.
<b>Company</b>	Swiss Re Europe S.A.
<b>Cover</b>	Insurance and reinsurance protection of one or more specific risk exposures based on a contractual agreement.
<b>Credit insurance</b>	Insurance against financial losses sustained through the failure, for commercial reasons, of policyholders' clients to pay for goods or services supplied to them.
<b>Credit spreads</b>	Applies to derivative products. Difference in the value of two options, when the value of the one sold exceeds the value of the one bought.
<b>DSP</b>	Deferred Share Plan
<b>EEA</b>	The European Economic Area
<b>EVM, Economic Value Management</b>	Swiss Re's integrated economic valuation framework for planning, pricing, reserving and steering the business. It also provides the basis for determining available capital under the Swiss Solvency Test and for Solvency II.
<b>EIOPA</b>	European Insurance and Occupational Pensions Authority
<b>EMEA</b>	Europe, Middle East and Africa
<b>ENW</b>	Economic Net Worth, the difference between the market-consistent value of assets and liabilities
<b>EPIFP</b>	Expected profit in future premiums
<b>ESG</b>	Environmental, Social and Governance
<b>EU</b>	European Union
<b>ESG policies</b>	Environmental, social and governance policies
<b>GIA</b>	Group Internal Audit
<b>Group Risk Model</b>	The internal model, developed by the Swiss Re Group and in place since 1994, used for articulating risk tolerance, assessing performance and setting targets. The internal model forms an integral part of steering reality at Swiss Re. As part of Solvency II, the implementation of "Solvency II-specific features" (eg illiquidity premium, ultimate forward rate, treatment of deferred taxes) has been carried out. For the purpose of this report, any reference to the Group Risk Model refers to the model, including the Solvency II-specific modifications.
<b>GSPP</b>	Global Share Participation Plan
<b>Health insurance</b>	Generic term applying to all types of insurance indemnifying or reimbursing for losses caused by bodily injury or sickness or for expenses of medical treatment necessitated by sickness or accidental bodily injury.
<b>IBNR</b>	Incurred but not reported provision for claims incurred but not reported by the balance sheet date. In other words, it is anticipated that an event will affect a number of policies, although no claims have been made so far, and is therefore likely to result in liability for the insurer.
<b>IDD</b>	Insurance Distribution Directive

## Glossary

<b>Intra-group retrocession</b>	Retrocession between subsidiaries of the same parent company or between a subsidiary and its parent. Intra-group retrocession aims to optimise capital allocation and tax efficiency for the Swiss Re Group as well as ensure adherence to regulatory solvency requirements.
<b>Intra-group transaction</b>	This can be either in the form of a proportional (eg quota-share) or non-proportional (eg stop-loss or Cat XL) agreement.
<b>Key functions</b>	Risk Management, Compliance, Internal Audit and Actuarial.
<b>Key Function Holder</b>	The Board nominates individuals as designated representatives of the respective key functions towards the Company.
<b>L&amp;H</b>	Life and Health reinsurance
<b>Liability insurance</b>	Insurance for damages that a policyholder is obliged to pay because of bodily injury or property damage caused to another person or entity based on negligence, strict liability or contractual liability.
<b>Life insurance</b>	Insurance that provides for the payment of a sum of money upon the death of the insured, or upon the insured surviving a given number of years, depending on the terms of the policy. In addition, life insurance can be used as a means of investment or saving.
<b>Longevity risk</b>	The risk to which a pension fund or life insurance company could be exposed as a result of higher-than-expected payout ratios. Increasing life expectancy trends among policyholders and pensioners can result in payout levels that are higher than originally accounted for.
<b>LSP</b>	Leadership Share Plan
<b>Minimum Capital Requirement, MCR</b>	If, despite supervisory intervention, the available resources of the insurer fall below the Minimum Capital Requirement, then “ultimate supervisory action” will be triggered. In other words, the insurer’s liabilities will be transferred to another insurer and the licence of the insurer will be withdrawn or the insurer will be closed to new business and its in-force business will be liquidated.
<b>Nat Cat</b>	Natural catastrophe
<b>Non-life insurance</b>	All classes of insurance business excluding life insurance.
<b>Non-proportional reinsurance</b>	Form of reinsurance in which coverage is not in direct proportion to the original insurer’s loss. Instead, the reinsurer is liable for a specified amount that exceeds the insurer’s retention; also known as “excess of loss reinsurance”.
<b>Operational risk</b>	Risk arising from failure of operational processes, internal procedures and controls leading to financial loss.
<b>ORSA</b>	Own Risk and Solvency Assessment
<b>Own Funds</b>	Excess of assets over liabilities, including any amount that is deemed suitable to provide support for the Solvency Capital Requirement.
<b>P&amp;C</b>	Property and Casualty re/insurance
<b>Participating interests</b>	Participating interests are rights contained in the capital of other undertakings which, when creating a durable link with those undertakings, are intended to contribute to the Company’s activities.
<b>Premium</b>	The payment, or one of the periodical payments, a policyholder agrees to make for an insurance policy.
<b>Premiums earned</b>	Premiums an insurance company has recorded as revenues during a specific accounting period.
<b>Premiums written</b>	Premiums for all policies sold during a specific accounting period.
<b>Property insurance</b>	Collective term for fire and business interruption insurance as well as the burglary, fidelity guarantee and allied lines.
<b>Proportional reinsurance</b>	Form of reinsurance arrangement in which the premiums earned and the claims incurred of the cedent are shared proportionally by the cedent and the reinsurer.
<b>PSU</b>	Performance Share Unit
<b>QRT</b>	Quantitative Reporting Template
<b>Reinsurance</b>	Insurance that lowers the risk carried by primary insurance companies. Reinsurance includes various forms such as facultative, financial, non-proportional, proportional, quota share, surplus and treaty reinsurance.

## Glossary

<b>Reserves</b>	Amount required to be carried as a liability in the financial statements of an insurer or reinsurer to provide for future commitments under outstanding policies and contracts.
<b>Retention</b>	Amount of risk that the policyholder or insurer does not insure or reinsure but keeps for its own account.
<b>Retrocession</b>	Amount of the risk accepted by the reinsurer which is then passed on to other reinsurance companies.
<b>Risk</b>	Condition in which there is a possibility of injury or loss; also used by insurance practitioners to indicate the property insured or the peril insured against.
<b>Return on equity, ROE</b>	Net income as a percentage of time-weighted shareholders' equity.
<b>Risk appetite</b>	An expression of how the Company aims to deploy its risk capacity. It specifies the types of risk that the Company wishes to take and, for each type, the amount to be taken, while remaining within the boundaries imposed by the Company's stated risk.
<b>Risk management</b>	Management tool for the comprehensive identification and assessment of risks based on knowledge and experience in the fields of natural sciences, technology, economics and statistics.
<b>Risk profile</b>	Threats to which an organisation is exposed. The risk profile will outline the type of risks and potential effect of the risks. This outline allows a business to anticipate additional costs or disruptions to operations.
<b>Risk tolerance</b>	An expression of the extent to which the Board has authorised executive management to assume risk. It represents the amount of risk that the Company is willing to accept within the constraints imposed by its capital resources, its strategy, its risk appetite, and the regulatory and rating agency environment within which it operates.
<b>RSU</b>	Restricted Share Unit
<b>Securitisation</b>	Financial transactions in which future cash flows from assets (or insurable risks) are pooled, converted into tradeable securities and transferred to capital market investors. The assets are commonly sold to a special-purpose entity, which purchases them with cash raised through the issuance of beneficial interests (usually debt instruments) to third-party investors.
<b>SFCR</b>	Solvency and Financial Condition Report
<b>Solvency Capital Requirement, SCR</b>	Solvency Capital Requirement under Solvency II – calculated using the internal model. The Solvency Capital Requirement is based on a value at risk measure calibrated to a 99.5% confidence level over a one-year time horizon.
<b>Stop-loss reinsurance</b>	Form of reinsurance that protects the ceding insurer against an aggregate amount of claims over a period, in excess of either a stated amount or a specified percentage of estimated benefit costs.
<b>SUs</b>	Share units
<b>Swiss Re or the Swiss Re Group or the Group</b>	For the purposes of this report, the ultimate parent company and all its subsidiaries are referred to as Swiss Re or the Swiss Re Group or the Group.
<b>Swiss Re Zurich, SRZ</b>	Swiss Reinsurance Company Ltd
<b>Swiss Solvency Test, SST</b>	Switzerland has already introduced an economic and risk-based insurance regulation similar to the objectives of the Solvency II project in the EU. Since 2008, all insurance and reinsurance companies writing business in Switzerland have had to implement the Swiss Solvency Test, and, since 1 January 2011, the Swiss Solvency Test-based target capital requirement has been in force, and companies must achieve economic solvency.
<b>TAPI, Target API</b>	Target Annual Performance Incentive
<b>Target capital</b>	Defined by the Company's Capitalisation Policy.
<b>Technical result</b>	Underwriting defined as nominal premiums less nominal commissions and claims.
<b>TSR</b>	Total Shareholder Return
<b>UK</b>	United Kingdom of Great Britain and Northern Ireland
<b>Underwriting performance</b>	Premiums earned less the sum of claims paid, change in the provision for unpaid claims and claim adjustment expenses and expenses (acquisition costs and other operating costs and expenses).
<b>VAI</b>	Value Alignment Incentive

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<b>Value at risk</b>	Maximum possible loss in market value of an asset portfolio within a given time span and at a given confidence level. 99% value at risk measures the level of loss likely to be exceeded in only one year out of a hundred, while 99.5% value at risk measures the loss likely to be exceeded in only one year out of two hundred. 99% tail value at risk estimates the average annual loss likely to occur with a frequency of less than once in one hundred years.
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# Appendix

## SFCR Public Disclosure Templates

Swiss Re Europe S.A.

Report: S.02.01.e  
Reporting entity: Swiss Re Europe SA  
Reference date: 31 December 2022  
Reporting currency: EUR thousands

**Balance sheet**

	Solvency II value	
	C0010	
<b>Assets</b>		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	
Deferred tax assets	R0040	779 772
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	2 625
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	6 209 604
Property (other than for own use)	R0080	302 130
Holdings in related undertakings, including participations	R0090	1 408 037
Equities	R0100	
Equities - listed	R0110	
Equities - unlisted	R0120	
Bonds	R0130	2 425 696
Government Bonds	R0140	847 563
Corporate Bonds	R0150	1 462 969
Structured notes	R0160	
Collateralised securities	R0170	15 164
Collective Investments Undertakings	R0180	1 965 843
Derivatives	R0190	18 785
Deposits other than cash equivalents	R0200	0
Other investments	R0210	89 113
Assets held for index-linked and unit-linked contracts	R0220	314 509
Loans and mortgages	R0230	392 378
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	932
Other loans and mortgages	R0260	391 446
Reinsurance recoverables from:	R0270	6 683 147
Non-life and health similar to non-life	R0280	7 169 996
Non-life excluding health	R0290	7 106 952
Health similar to non-life	R0300	63 044
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-466 849
Health similar to life	R0320	119 605
Life excluding health and index-linked and unit-linked	R0330	-608 454
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	2 102 371
Insurance and intermediaries receivables	R0360	6 505
Reinsurance receivables	R0370	658 438
Receivables (trade, not insurance)	R0380	339 087
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	52 462
Any other assets, not elsewhere shown	R0420	6 122
<b>Total assets</b>	<b>R0500</b>	<b>17 547 021</b>

	Solvency II value	
	C0010	
<b>Liabilities</b>		
Technical provisions - non-life	R0510	11 707 174
Technical provisions - non-life (excluding health)	R0520	11 584 832
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	11 320 318
Risk margin	R0550	264 514
Technical provisions - health (similar to non-life)	R0560	122 342
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	118 488
Risk margin	R0590	3 854
Technical provisions - life (excluding index-linked and unit-linked)	R0600	-655 568
Technical provisions - health (similar to life)	R0610	210 846
Technical provisions calculated as a whole	R0620	
Best Estimate	R0630	193 337
Risk margin	R0640	17 509
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	-866 416
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	-909 043
Risk margin	R0680	42 628
Technical provisions - index-linked and unit-linked	R0690	346 687
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	345 342
Risk margin	R0720	1 345
Other technical provisions	R0730	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	76 150
Pension benefit obligations	R0760	73 589
Deposits from reinsurers	R0770	1 002 649
Deferred tax liabilities	R0780	1 189 274
Derivatives	R0790	18 697
Debts owed to credit institutions	R0800	73
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	48 673
Reinsurance payables	R0830	805 788
Payables (trade, not insurance)	R0840	408 744
Subordinated liabilities	R0850	
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	
Any other liabilities, not elsewhere shown	R0880	84 827
<b>Total liabilities</b>	<b>R0900</b>	<b>15 106 754</b>
<b>Excess of assets over liabilities</b>	<b>R1000</b>	<b>2 440 267</b>





<b>Report:</b>	S.05.02.e.life
<b>Reporting entity:</b>	Swiss Re Europe SA
<b>Reference date:</b>	31 December 2022
<b>Reporting currency:</b>	EUR thousands

#### Premiums, claims and expenses by country

	Home Country	Total Top 5 and home country	Top 5 countries (by amount of gross premiums written) - life obligations				
			(GB) United Kingdom	(NL) Netherlands	(IE) Ireland	(GG) Guernsey	(FR) France
R1400	C0220	C0280	C0230	C0230	C0230	C0230	C0230

#### Premiums written

Gross	R1410	1'459	2'652'823	1'759'454	292'566	238'587	184'524	176'233
Reinsurers' share	R1420	488	1'842'975	1'192'376	229'106	149'204	147'619	124'182
Net	R1500	971	809'848	567'078	63'460	89'383	36'905	52'051

#### Premiums earned

Gross	R1510	1'459	2'652'823	1'759'454	292'566	238'587	184'524	176'233
Reinsurers' share	R1520	488	1'842'975	1'192'376	229'106	149'204	147'619	124'182
Net	R1600	971	809'848	567'078	63'460	89'383	36'905	52'051

#### Claims incurred

Gross	R1610	254	2'289'708	1'568'588	269'966	178'424	172'464	100'012
Reinsurers' share	R1620	170	1'904'550	1'313'326	219'154	157'261	143'342	71'297
Net	R1700	84	385'158	255'262	50'812	21'163	29'122	28'715

#### Changes in other technical provisions

Gross	R1710	-186	-212'589	-106'908	12'243	16'589	-28'941	-105'386
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Reinsurers' share	<b>R1720</b>	190	-423'429	-279'551	10'558	-54'816	-28'392	-71'418
Net	<b>R1800</b>	-376	210'840	172'643	1'685	71'405	-549	-33'968
<b>Expenses incurred</b>	<b>R1900</b>	579	66'480	43'401	7'635	6'263	4'834	3'768
<b>Other expenses</b>	<b>R2500</b>		74'496					
<b>Total expenses</b>	<b>R2600</b>		140'976					

**Report:** S.05.02.e.non-life  
**Reporting entity:** Swiss Re Europe SA  
**Reference date:** 31 December 2022  
**Reporting currency:** EUR thousands

**Premiums, claims and expenses by country**

Home Country	Total Top 5 and home country	Top 5 countries (by amount of gross premiums written) - non-life obligations				
		(GB) United Kingdom	(DE) Germany	(FR) France	(GI) United Kingdom (Gibraltar)	(ES) Spain
C0080	C0140	C0090	C0090	C0090	C0090	C0090

**Premiums written**

Gross - Direct Business	R0110	0		0			
Gross - Proportional reinsurance accepted	R0120	2'928	2'549'860	1'043'333	479'731	285'404	445'444 293'020
Gross - Non-proportional reinsurance accepted	R0130	8'739	1'220'850	542'469	300'969	242'461	76'226 49'986
Reinsurers' share	R0140	8'231	2'215'872	1'035'726	492'463	275'446	122'116 281'890
Net	R0200	3'436	1'554'838	550'076	288'237	252'419	399'554 61'116

**Premiums earned**

Gross - Direct Business	R0210	0		0			
Gross - Proportional reinsurance accepted	R0220	2'295	2'484'944	948'152	463'416	324'923	466'546 279'612
Gross - Non-proportional reinsurance accepted	R0230	8'681	1'202'300	521'399	296'951	255'943	70'356 48'970
Reinsurers' share	R0240	8'077	2'171'494	960'386	481'677	319'157	134'479 267'718
Net	R0300	2'899	1'515'750	509'165	278'690	261'709	402'423 60'864

**Claims incurred**

Gross - Direct Business	R0310						
Gross - Proportional reinsurance accepted	R0320	477	1'806'867	680'318	387'522	203'395	344'546 190'609
Gross - Non-proportional reinsurance accepted	R0330	16'555	1'265'713	320'560	242'177	599'613	66'029 20'779
Reinsurers' share	R0340	12'866	1'851'318	670'292	405'064	478'858	98'719 185'519
Net	R0400	4'166	1'221'262	330'586	224'635	324'150	311'856 25'869

**Changes in other technical provisions**

Gross - Direct Business	R0410	0		0			
Gross - Proportional reinsurance accepted	R0420	23'367	-7'366	-8'841	8'639		36'393 -5'458
Gross - Non-proportional reinsurance accepted	R0430	-63'638	-18'484	-41'802	-3'352		
Reinsurers' share	R0440	-82'112	20'001	-101'480	3'457	179	-4'269
Net	R0500	41'841	-45'851	50'837	1'830	36'214	-1'189

**Expenses incurred**

R0550	432	334'712	147'170	22'774	53'323	92'256	18'757
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**Other expenses**

R1200		-416					
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**Total expenses**

R1300		334'296					
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Report: S.12.01.e  
 Reporting entity: Swiss Re Europe SA  
 Reference date: 31 December 2022  
 Reporting currency: EUR thousands

Life and Health SLT Technical Provisions

	Index-linked and unit-linked insurance				Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl Unit-Linked)	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
	Insurance with profit participation	Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees					Contracts without options and guarantees	Contracts with options or guarantees				
	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
<b>Technical provisions calculated as a whole</b>																
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																
<b>Technical provisions calculated as a sum of BE and RM</b>																
<b>Best Estimate</b>																
<b>Gross Best Estimate</b>																
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default																
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total																
<b>Risk margin</b>																
<b>Amount of the transitional on Technical Provisions</b>																
Technical provisions calculated as a whole																
Best Estimate																
Risk margin																
<b>Technical provisions - total</b>																
R0010																
R0020																
R0030																
R0080																
R0090																
R0100																
R0110																
R0120																
R0130																
R0200																

Technical provisions calculated as a whole  
 Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole  
 Technical provisions calculated as a sum of BE and RM  
 Best Estimate  
 Gross Best Estimate  
 Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default  
 Best estimate minus recoverables from reinsurance/SPV and Finite Re - total  
 Risk margin  
 Amount of the transitional on Technical Provisions  
 Technical provisions calculated as a whole  
 Best Estimate  
 Risk margin  
 Technical provisions - total

Report: S.17.01.e  
Reporting entity: Swiss Re Europe SA  
Reference date: 31 December 2022  
Reporting currency: EUR thousands

**Non-life Technical Provisions**

		Direct business and accepted proportional reinsurance											Accepted non-proportional reinsurance				Total Non-Life obligation		
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180	
<b>Technical provisions calculated as a whole</b>																			
R0010																			
R0050																			
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																			
<b>Technical provisions calculated as a sum of BE and RM</b>																			
<b>Best Estimate</b>																			
Premium provisions																			
Gross		R0060	523		-469	54'155	2'752	-6'190	-30'539	-49'198	-1'118	-721		-1'378	12	5'884	-6'552	-28'920	-61'759
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default		R0140	-36		2	10'000	65	-3'544	-20'806	-22'576	-402	-183			9	5'357	-3'790	-20'940	-56'844
Net Best Estimate of Premium Provisions		R0150	559		-471	44'155	2'687	-2'646	-97'33	-26'622	-716	-538		-1'378	3	527	-2'762	-7'980	-4'915
<b>Claims provisions</b>																			
Gross		R0160	40'132	1'328	4'736	1'816'326	39'497	246'815	1'269'198	1'163'309	81'606	26'670		11'964	72'226	4'206'144	436'083	2'084'532	11'500'566
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default		R0240	22'522	646	2'835	868'461	23'925	177'759	812'359	777'867	40'231	18'894		7'373	37'066	2'699'050	306'941	1'430'909	7'226'838
Net Best Estimate of Claims Provisions		R0250	17'610	682	1'901	947'865	15'572	69'056	456'839	385'442	41'375	7'776		4'591	35'160	1'507'094	129'142	653'623	4'273'728
<b>Total Best estimate - gross</b>		R0260	40'655	1'328	4'267	1'870'481	42'249	240'625	1'238'659	1'114'111	80'488	25'949		10'586	72'238	4'212'028	429'531	2'055'612	11'438'807
<b>Total Best estimate - net</b>		R0270	18'169	682	1'430	992'020	18'259	66'410	447'106	358'820	40'659	7'238		3'213	35'163	1'507'621	126'380	645'643	4'268'813
<b>Risk margin</b>		R0280	783	2	198	24'557	476	1'424	13'368	36'090	2'221	240		465	2'870	170'193	4'299	11'182	268'368
<b>Amount of the transitional on Technical Provisions</b>																			
Technical provisions calculated as a whole		R0290																	
Best Estimate		R0300																	
Risk margin		R0310																	
<b>Technical provisions - total</b>																			
Technical provisions - total		R0320	41'438	1'330	4'465	1'895'038	42'725	242'049	1'252'027	1'150'201	82'709	26'189		11'051	75'108	4'382'221	433'830	2'066'794	11'707'175
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total		R0330	22'486	646	2'837	878'461	23'990	174'215	791'553	755'291	39'829	18'711		7'373	37'075	2'704'407	303'151	1'409'969	7'169'994
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total		R0340	18'952	684	1'628	1'016'577	18'735	67'834	460'474	394'910	42'880	7'478		3'678	38'033	1'677'814	130'679	656'825	4'537'181

**Report:** S.19.01.e  
**Reporting entity:** Swiss Re Europe SA  
**Reference date:** 31 December 2022  
**Reporting currency:** EUR thousands

**Non-life insurance claims information**  
**Total Non-Life Business**

Accident year / Underwriting year

<b>Z0020</b>	(2) Underwriting year
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**Gross Claims Paid (non-cumulative)**

(absolute amount)	Year	Development year										In Current year		Sum of years (cumulative)				
		0	1	2	3	4	5	6	7	8	9	10 & +	C0170	C0180				
	Prior	<b>R0100</b>														<b>R0100</b>	196'297	196'297
	N-9	<b>R0160</b>	178'186	777'865	348'920	129'564	82'237	87'482	46'864	46'458	25'007	16'119				<b>R0160</b>	16'119	1'738'702
	N-8	<b>R0170</b>	88'836	595'241	257'990	107'154	77'985	57'967	104'302	44'578	16'955					<b>R0170</b>	16'955	1'351'008
	N-7	<b>R0180</b>	85'336	556'115	377'768	267'674	132'529	90'765	58'238	56'851						<b>R0180</b>	56'851	1'625'276
	N-6	<b>R0190</b>	146'719	692'417	394'541	189'865	132'056	92'915	91'470							<b>R0190</b>	91'470	1'739'983
	N-5	<b>R0200</b>	268'053	856'162	451'019	219'908	141'274	101'481								<b>R0200</b>	101'481	2'037'897
	N-4	<b>R0210</b>	241'564	823'598	514'229	275'890	229'207									<b>R0210</b>	229'207	2'084'488
	N-3	<b>R0220</b>	284'748	1'001'458	769'221	418'217										<b>R0220</b>	418'217	2'473'644
	N-2	<b>R0230</b>	208'023	812'919	513'339											<b>R0230</b>	513'339	1'534'281
	N-1	<b>R0240</b>	225'533	944'428												<b>R0240</b>	944'428	1'169'961
	N	<b>R0250</b>	77'942													<b>R0250</b>	77'942	77'942
	<b>Total</b>	<b>R0260</b>														<b>R0260</b>	2'662'306	16'029'479

Gross undiscounted Best Estimate Claims Provisions

	Year	Development year										Year end (discounted data)			
		0	1	2	3	4	5	6	7	8	9		10 & +		
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360		
Prior		R0100										4'060'640	R0100	2'736'955	
N-9		R0160	921'468	888'017	390'877	247'912	438'474	364'479	313'146	259'086	230'687	224'412	R0160	163'701	
N-8		R0170	707'912	696'932	481'938	476'947	435'517	381'952	356'451	280'442	255'491		R0170	198'192	
N-7		R0180	910'403	1'092'518	916'372	652'847	509'367	449'059	411'368	357'396			R0180	282'242	
N-6		R0190	1'040'040	1'152'621	829'956	694'787	593'515	537'347	492'784				R0190	395'487	
N-5		R0200	1'804'283	1'366'346	979'411	783'622	673'052	571'029					R0200	457'220	
N-4		R0210	1'407'520	1'497'412	1'248'164	1'158'534	1'087'996						R0210	905'793	
N-3		R0220	2'055'530	2'081'519	1'645'146	1'431'142							R0220	1'195'042	
N-2		R0230	1'975'371	1'878'164	1'712'642								R0230	1'501'766	
N-1		R0240	1'866'386	2'049'663									R0240	1'764'038	
N		R0250	2'143'873										R0250	1'900'127	
													Total	R0260	11'500'563

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 EUR thousands

**Own funds**

**Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35**

Ordinary share capital (gross of own shares)  
 Share premium account related to ordinary share capital  
 Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings  
 Subordinated mutual member accounts  
 Surplus funds  
 Preference shares  
 Share premium account related to preference shares  
 Reconciliation reserve  
 Subordinated liabilities  
 An amount equal to the value of net deferred tax assets  
 Other own fund items approved by the supervisory authority as basic own funds not specified above

**Own funds from the financial statements that shall not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**

Own funds from the financial statements that shall not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

**Deductions**

Deductions for participations in financial and credit institutions

**Total basic own funds after deductions**

**Ancillary own funds**

Unpaid and uncalled ordinary share capital callable on demand

Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand

Unpaid and uncalled preference shares callable on demand

A legally binding commitment to subscribe and pay for subordinated liabilities on demand

Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC

Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC

Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC

Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC

Other ancillary own funds

**Total ancillary own funds**

**Available and eligible own funds**

Total available own funds to meet the SCR

Total available own funds to meet the MCR

Total eligible own funds to meet the SCR

Total eligible own funds to meet the MCR

**SCR**

**MCR**

**Ratio of Eligible own funds to SCR**

**Ratio of Eligible own funds to MCR**

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
<b>R0010</b>	350'000	350'000			
<b>R0030</b>	4'094	4'094			
<b>R0040</b>					
<b>R0050</b>					
<b>R0070</b>					
<b>R0090</b>					
<b>R0110</b>					
<b>R0130</b>	1'881'422	1'881'422			
<b>R0140</b>					
<b>R0160</b>	4'751				4'751
<b>R0180</b>					
<b>R0220</b>					
<b>R0230</b>					
<b>R0290</b>	2'240'267	2'235'516			4'751
<b>R0300</b>					
<b>R0310</b>					
<b>R0320</b>					
<b>R0330</b>					
<b>R0340</b>					
<b>R0350</b>					
<b>R0360</b>					
<b>R0370</b>					
<b>R0390</b>					
<b>R0400</b>					
<b>R0500</b>	2'240'267	2'235'516			4'751
<b>R0510</b>	2'235'516	2'235'516			
<b>R0540</b>	2'240'267	2'235'516			4'751
<b>R0550</b>	2'235'516	2'235'516			
<b>R0580</b>	868'400				
<b>R0600</b>	390'780				
<b>R0620</b>	258%				
<b>R0640</b>	572%				

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**Reconciliation reserve**

Excess of assets over liabilities

Own shares (held directly and indirectly)

Foreseeable dividends, distributions and charges

Other basic own fund items

Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

**Reconciliation reserve**

**Expected profits**

Expected profits included in future premiums (EPIFP) - Life business

Expected profits included in future premiums (EPIFP) - Non-life business

**Total EPIFP**

	<b>C0060</b>
<b>R0700</b>	2'440'267
<b>R0710</b>	
<b>R0720</b>	200'000
<b>R0730</b>	358'845
<b>R0740</b>	
<b>R0760</b>	1'881'422
<b>R0770</b>	1'399'749
<b>R0780</b>	17'783
<b>R0790</b>	1'417'532

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**Solvency Capital Requirement - for undertakings on Full**

Unique number of component	Components description	Calculation of the Solvency Capital Requirement
C0010	C0020	C0030
1	Life and Health risk	1'116'456
2	Property and Casualty risk	2'842'621
3	Financial Market risk	809'094
4	Credit risk	319'961
5	Operational risk	97'812
6	Other impacts	-2'078'435

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**Solvency Capital Requirement - for undertakings on Full Internal Models**

**Calculation of Solvency Capital Requirement**

Total undiversified components

Diversification

Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC

**Solvency capital requirement, excluding capital add-on**

Capital add-ons already set

**Solvency Capital Requirement**

**Other information on SCR**

Amount/estimate of the overall loss-absorbing capacity of technical provisions

Amount/estimate of the overall loss-absorbing capacity of deferred taxes

Total amount of Notional Solvency Capital Requirements for remaining part

Total amount of Notional Solvency Capital Requirements for ring fenced funds (other than those related to business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional))

Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios

Diversification effects due to RFF nSCR aggregation for article 304

	<b>C0100</b>
<b>R0110</b>	3'107'509
<b>R0060</b>	-2'063'096
<b>R0160</b>	0
<b>R0200</b>	868'400
<b>R0210</b>	0
<b>R0220</b>	868'400
<b>R0300</b>	0
<b>R0310</b>	-1'76'013
<b>R0410</b>	
<b>R0420</b>	0
<b>R0430</b>	
<b>R0440</b>	

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	YES/NO C0109	LAC DT C0130
<b>Approach to tax rate</b>		
Approach based on average tax rate	(2) No	
<b>Calculation of loss absorbing capacity of deferred taxes</b>		
LAC DT		
LAC DT justified by reversion of deferred tax liabilities		-176'013
LAC DT justified by reference to probable future taxable economic profit		-176'013
LAC DT justified by carry back, current year		0
LAC DT justified by carry back, future years		0
Maximum LAC DT		0

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**Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity**

**Linear formula component for non-life insurance and reinsurance obligations**

MCRNL Result

**R0010**

**C0010**

820'279
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		<b>Net (of reinsurance/SPV) best estimate and TP calculated as a whole</b>	<b>Net (of reinsurance) written premiums in the last 12 months</b>
		<b>C0020</b>	<b>C0030</b>
Medical expense insurance and proportional reinsurance	<b>R0020</b>	18'169	11'521
Income protection insurance and proportional reinsurance	<b>R0030</b>	681	2
Workers' compensation insurance and proportional reinsurance	<b>R0040</b>	1'430	2'872
Motor vehicle liability insurance and proportional reinsurance	<b>R0050</b>	992'019	694'404
Other motor insurance and proportional reinsurance	<b>R0060</b>	18'258	25'720
Marine, aviation and transport insurance and proportional reinsurance	<b>R0070</b>	66'411	31'084
Fire and other damage to property insurance and proportional reinsurance	<b>R0080</b>	447'106	416'383
General liability insurance and proportional reinsurance	<b>R0090</b>	358'820	209'478
Credit and suretyship insurance and proportional reinsurance	<b>R0100</b>	40'658	7'368
Legal expenses insurance and proportional reinsurance	<b>R0110</b>	7'237	10'014
Assistance and proportional reinsurance	<b>R0120</b>		
Miscellaneous financial loss insurance and proportional reinsurance	<b>R0130</b>	3'213	5'361
Non-proportional health reinsurance	<b>R0140</b>	35'164	3'287
Non-proportional casualty reinsurance	<b>R0150</b>	1'507'620	152'771
Non-proportional marine, aviation and transport reinsurance	<b>R0160</b>	126'379	52'323
Non-proportional property reinsurance	<b>R0170</b>	645'643	265'640

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**Linear formula component for life insurance and reinsurance obligations**

MCRL Result

**R0200**

**C0040**

156'622

Obligations with profit participation - guaranteed benefits  
 Obligations with profit participation - future discretionary benefits  
 Index-linked and unit-linked insurance obligations  
 Other life (re)insurance and health (re)insurance obligations  
 Total capital at risk for all life (re)insurance obligations

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
	C0050	C0060
<b>R0210</b>	34'492	
<b>R0220</b>		
<b>R0230</b>	345'342	
<b>R0240</b>	0	
<b>R0250</b>		218'468'975

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<b>Overall MCR calculation</b>		<b>C0070</b>
Linear MCR	<b>R0300</b>	976'901
SCR	<b>R0310</b>	868'400
MCR cap	<b>R0320</b>	390'780
MCR floor	<b>R0330</b>	217'100
Combined MCR	<b>R0340</b>	390'780
Absolute floor of the MCR	<b>R0350</b>	3'900
<b>Minimum Capital Requirement</b>	<b>R0400</b>	390'780