KOREAN Re

# Korean Reinsurance Switzerland AG

## Financial Condition Report

1 January 2023 – 31 December 2023


| Details | |
|---|---|
| **Issued by** | Executive Management |
| **Approved by** | Board of Directors |
| **Language** | English |
| **Report date** | 30 April 2024 |
| **Scope of application** | Korean Reinsurance Switzerland AG |

KOREAN Re

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## Management Summary


Korean Reinsurance Switzerland AG ("KRSA" or "Company") is a 100% owned subsidiary of Korean Reinsurance Company, Seoul, Republic of Korea ("Korean Re" or "Group"). KRSA operates as an independent FINMA regulated Swiss reinsurance company, and therefore establishes this Financial Condition Report to meet the regulatory requirements set out in FINMA Circular 2016/2 "Disclosure - insurers".

**Section A** summarizes KRSA's business activities in the year 2023.

**Section B** addresses the most important figures relating to premium income, benefits and investment results in more detail. At the end of 2023, KRSA reported a net loss after taxes of EUR 6.1m and its statutory assets amounted to EUR 603.9m.

**Section C** describes how the Board of Directors, the Executive Management, the Internal Audit, the Risk Management and Compliance functions as well as the Responsible Actuary are ensuring an effective corporate governance. KRSA`s Risk Management function forms an integral part of the corporate governance and is based on the three lines of defense model. The Risk Management Committee is responsible for the implementation of the Risk Management process and defines a risk strategy derived from the business strategy. The results of KRSA`s ORSA process are incorporated into KRSA's strategic decisions.

**Section D** provides an overview of the risk profile of KRSA. In the Swiss Solvency Test (SST), the insurance risk, the market risk and the credit risk are calculated by an Expected Shortfall approach with a confidence level of 99% over a one-year time horizon. All other risk categories are assessed qualitatively. The major risks of the overall risk profile are reported to the Board of Directors on a quarterly basis.

**Section E** shows the statutory balance sheet and market consistent balance sheet as of 1 January 2024. KRSA's market consistent assets amount to EUR 534.3m and consist of the reinsurer's share of technical provisions (33%), corporate bonds (17%), reinsurance receivables (31%), cash (13%) and minor positions (6%) like other assets and deposits. The liabilities amount to EUR 454.4m. The adjustments from the statutory balance sheet to the market consistent balance sheet are described in detail.

**Section F** outlines KRSA's capital management which is based on its risk appetite (defined by the SST ratio), the risk preferences per risk type and the maintenance of the S&P 'A' rating. KRSA's target range for the SST ratio is 120-150%. In KRSA's fourth business year, a capital increase of EUR 11.0m has been completed in November 2023. The structure, level and quality of KRSA`s equity capital are also shown.

**Section G** shows the result of KRSA's SST performed as of 1 January 2024. With an SST ratio of 190% KRSA is sufficiently capitalized. The SST calculations result in a Target Capital of EUR 42m. The Risk Bearing Capital amounts to EUR 79.9m. Underwriting Risk is the largest component of the Target Capital. The solvency information in this report corresponds to that submitted to FINMA with KRSA's SST report and is still subject to regulatory review.

**Section H** refers to the external auditor's summary report.

## A. Business Activities

Korean Reinsurance Company, Seoul, founded Korean Reinsurance Switzerland AG on 12 July 2018 with the goal to strengthen its European presence. KRSA focuses on Continental European non-life treaty business. KRSA received its C1 reinsurance license from FINMA with the effective date of 1 June 2019. Standard & Poor's reconfirmed the 'A stable' credit rating in August 2023.

Europe's macroeconomic outlook varied across countries, with some demonstrating resilience amidst global uncertainties, while others struggle with slow growth and structural challenges. While monetary policy efforts are underway, concerns persist regarding inflation, labor markets, and fiscal sustainability. European policymakers are navigating these complexities to foster sustainable growth and economic resilience, striving to unlock brighter growth prospects for the continent. Sentiment changed toward Q4 thanks to a declining trend in inflation and markets began to expect interest rates to decrease, while ECB and Fed held the interest rates at their elevated levels. Monetary policy and market expectations of economic growth led to higher fluctuation of exchange rates. For KRSA these developments meant that corporate bond acquisition was advanced with a total of CHF 26m (EUR 28m) new investments while the market values of bonds acquired before 2022 remained subdued.

In 2023 KRSA has received a further capital injection of EUR 11.0m from Korean Re to maintain its SST ratio in line with its defined risk appetite. Excess inflation also impacted KRSA's reserves which were adjusted accordingly.

For the next years, KRSA aims to continue diversifying its business portfolio creating less dependency on property cat business and broadening its product offerings to other non-life lines of businesses. It also expects to continue to benefit from the broad price corrections in the reinsurance market and therefore be able to achieve the anticipated underwriting profitability. In the mid-term, KRSA intends to become a relevant player in the European non-life treaty business.

Ernst & Young Ltd, Maagplatz 1, 8010 Zürich, is KRSA's external auditor.

## B. Performance

For the year 2023, KRSA reported a net loss after taxes of EUR 6.1 and its assets amounted to EUR 603.9m. As of 31 December 2023, the Gross Written Premium (GWP) amounted to EUR 171.6m which is in line with 2022. In the 2023 renewal KRSA focused on improving technical terms and positioning itself as a reliable partner aiming at building long-term client partnerships.

KRSA manages its insurance risk by buying proportional and non-proportional retrocession with its parent company and third parties. An average of 65% of premium is retroceded to Korean Re.

KRSA continues to reduce its NatCat exposure but due to its limited regional diversification still is vulnerable to event-driven volatility. Compared to prior years, KRSA's underwriting region was less affected by NatCat losses. Yet, Italy faced its most severe NatCat loss event series in history in 2023: a series of hail storms in July, causing an estimated total insured market loss of ca. EUR 6bn. The net impact of these storms amounts to EUR 4.0m.

Net acquisition costs stood at EUR 11.0m and administrative expenses amounted to EUR 8.4m. The latter are largely driven by personnel expenses of total EUR 6.0m for the average 20.5 full-time employees.

KRSA is solely invested in high investment grade corporate bonds which are carried at amortized cost and for which an annual impairment test is performed. Net investment income from the EUR 116.6m corporate bonds (nominal value) in 2023 was EUR 3.0m, stemming from the bonds' and term deposits income, partly reduced by unrealized net foreign exchange losses of EUR 0.2m from USD positions.

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

The Board of Directors will propose to its shareholder at the Annual General Meeting to carry forward the balance of – EUR 35.2m.

## C. Governance and risk management

KRSA implements the strategic and other business directives of Korean Re while complying with the relevant Swiss corporate and supervisory provisions and with the Articles of Association and its other regulations.

### C.1 Corporate Governance

The executive bodies of KRSA are the Board of Directors, the Chief Executive Officer (CEO) and the Executive Management, headed by the CEO. The Executive Management consists of the CEO, Chief Financial Officer (CFO), Chief Operating Officer (COO) and Chief Underwriting Officer (CUO). The further mandatory functions of KRSA are the Internal Audit, Risk Management Function, Compliance Function and the Responsible Actuary.

**Board of Directors**

**Board of Directors as of 31 December 2023**

| | Residence |
|---|---|
| Yung Heub Song (Chairman) | Seoul, Korea |
| Joonha Yoo (Head of Global Business Team) | Seoul, Korea |
| Reinhard Thoennissen (Independent Director) | Wallisellen, Switzerland |
| | |
| Sven Siegin (Secretary of the Board of Directors) | |

At the Annual General Meeting (AGM) of 27 April 2023, Chairman Yung Heub Song, and board member Mr. Jin Hyung Lee as well as Independent Director Mr. Reinhard Thoennissen were reelected. At the Extraordinary General Meeting (EGM) on 3 August 2023, board member Mr. Jin Hyung Lee resigned and the EGM elected Mr. Joonha Yoo as his replacement.

Furthermore, the AGM replaced external auditor Deloitte AG with Ernst & Young AG, following KRSA's parent company's auditor rotation.

By law, the Board of Directors is responsible for the ultimate direction of KRSA, the supervision and control of the KRSA's management and the determination of KRSA's organization. The Board of Directors has the powers and duties as described by the Organizational Regulations of KRSA.

**Executive Management**

| Management as of 31 December 2023 |
|---|
| Markus Eugster (Chief Executive Officer, CEO) |
| Jazmin Seijas Nogareda (Chief Financial Officer, CFO) |
| Jae Gyun Kim (Chief Operating Officer, COO) |
| Michael Hinz (Chief Underwriting Officer, CUO) |

KRSA's management underwent one change – COO Won Joong Choi returned to Seoul and was replaced by Jae Gyun Kim as of 1 May 2023.

The Board of Directors delegates the management of KRSA to the CEO and the other members of the Executive Management as described by KRSA Organizational Regulations. Fundamental decisions of the Executive Management are made in the Executive Management Committee. This Committee takes place regularly in order to discuss and decide about the operational implementation of the business strategy and the risk strategy of KRSA.

**Control functions and Responsible Actuary**

KRSA mandates the **Internal Audit function** to Korean Re as its Internal Auditor. Therefore, Internal Audit is organizationally and operationally independent of KRSA's other control functions. KRSA is being audited at least once a year, on rotating topics. The Board of Directors approves the yearly audit plan. Internal Audit produces an Audit Report for the attention of the Board of Directors.

The Head of Risk Management & Compliance carries out the roles of the **Risk Management function** and **Compliance function** of KRSA, which are described in KRSA policies. The Risk Management function regularly carries out an independent assessment of the significant risks of KRSA and of the appropriateness of the Risk Management system and reports at least once a year directly to the Board of Directors. The Reporting to the Executive Management takes place in the Risk Management Committee. The Compliance function assesses the appropriateness of the principles, processes and control structures to comply with the legal, regulatory and internal regulations. Furthermore, the Compliance function assesses how KRSA deals with compliance violations and reports directly to the Board of Directors once a year about KRSA's key compliance risks.

The function of the **Responsible Actuary** is outsourced to KPMG AG. The Responsible Actuary reviews the level of technical reserves and the SST calculation annually. In addition, the Responsible Actuary will support the annual ORSA by performing the projection of the 3-year solvency capital requirements based on the SST. As part of the role, the Responsible Actuary will provide an annual Responsible Actuary Report to the Executive Management and to the Board of Directors.

## C.2 Risk Management

Risk management as a component of the governance system serves to identify, assess, report and monitor short and long-term risks to which KRSA is exposed. The following risk types are considered relevant and thus taken into account in the KRSA Risk Management process:

- Insurance risk
- Credit risk
- Market risk
- Liquidity risk
- Operational risk
- Reputational risk
- Strategic risk
- Emerging risk (e.g. climate risk)

The operational organization of the Risk Management system comprises the Head of Risk Management & Compliance and the Risk Management Committee. Furthermore, the organizational structure of the Risk Management system reflects the concept of "Three lines of defense". With this concept, KRSA pursues the goal to identify and manage the risks at all levels from underwriting / pricing to technical accounting / claims and finance. All departments, processes and systems are involved and different procedures are implemented to achieve a complete risk identification. The identified risks are evaluated either by quantitative modeling within the SST process or by qualitative expert assessments. The Risk Management Committee discusses and approves the overall risk profile on a quarterly basis and the most significant risks of the overall risk profile are reported to the Board of Directors on a quarterly basis.

**Risk strategy**

The risk strategy, which is derived from the business strategy, defines where, how and to what extent KRSA is prepared to take risks. The risk strategy is being updated annually with a forward-looking approach, e.g. with regard to the underwriting for the following year, the needed retrocession and the development of the SST. The process takes into consideration the business development of the current year. Therefore, the Executive Management prepares key risk metric figures on the basis of exposures, claims ratios, growth potential, business outlook and SST development. As a result, implications shall be derived on the (re)structuring of the retrocession program, on the investment strategy and other qualitative and quantitative measures.

The Risk Management Committee of KRSA is responsible to develop a proposal for the annual risk strategy, e.g. appetite and limits. The Board of Directors approves the risk strategy. The level of risk that KRSA is willing to accept is determined by a predefined range of the solvency ratio of the Swiss Solvency Test, the risk preferences per risk type and the maintenance of the S&P rating.

**Internal Control System (ICS)**

The internal controls established by the first line of defense with the support of the second line relate to all programs and procedures that are continuously implemented by all employees in order to achieve the following objectives:

- Effectiveness and efficiency of all business operations
- Reliability of financial reporting

- Compliance with relevant laws and regulations

This control environment is part of the ICS framework, which is described in detail in the ICS Policy of KRSA. The Board of Directors is responsible for ensuring that an appropriate ICS is in place. The implementation of the ICS is the responsibility of the Executive Management. The Head of Risk Management & Compliance ensures that the KRSA wide process, risk and control documentation is up to date and reviews whether these are being implemented in the daily business routines. The KRSA ICS report is prepared for each financial year, listing the core processes and assessments of its risks and controls. Possible weaknesses and measures identified by the process owners and by the auditors are also included in the ICS report. This report is used by the Board of Directors to oversee KRSA's internal control system.

**Risk Management Committee**

KRSA`s Risk Management Committee is responsible for the regular analysis of risk identification, risk assessment and the preparation and implementation of risk-reducing measures. The Risk Management Committee consists of the Executive Management, the Head of Risk Management & Compliance and the Responsible Actuary. The Risk Management Committee focuses on Risk Governance and Risk Management topics in the broadest sense and takes place at least four times a year. The Committee is responsible for the following tasks:

- Responsible for analyzing the risk profile on a quarterly basis
- Monitoring of risk-bearing capacity and limits
- Proposal for the Risk Management strategy

**Own Risk and Solvency Assessment (ORSA)**

The ORSA is a forward-looking process and an integral part of KRSA's strategy and planning process, as well as of the overall risk management concept. The overall risk profile is an essential component of the ORSA process, in which KRSA carries out a forward-looking self-assessment of the risk and solvency situation each year. The Finance department prepares the financial planning. The planning period covers the current and the following three financial years. The Responsible Actuary uses the overall risk profile and financial planning to calculate the capital requirements and to evaluate the projections of overall solvency needs and the scenarios. The Risk Management Committee discusses and approves the ORSA results and determines possible measures, which will be approved by the Board of Directors. In the final step, the CEO, CFO, Responsible Actuary and Head of Risk Management & Compliance establish the ORSA report and submit it to the Board of Directors for approval.

**Material changes in the corporate governance and risk management during the reporting period**

KRSA's corporate governance and risk management are fully established. There were no material changes during the reporting period, neither in the roles and responsibilities nor in the processes of Corporate Governance and Risk Management.

Internal audit performed an audit in 2023 with moderate and minor findings. The focus of the internal audit was on the adequacy and efficiency of the Risk Management system and the appropriateness of internal control procedures in Finance and Underwriting.

## D. Risk profile

This section describes the risks to which KRSA is exposed and the measures taken to minimize these risks. For the quantitative evaluation of risks, KRSA generally follows the formula used under the Swiss Solvency Test (SST) for calculation of the regulatory capital requirements. In the Swiss Solvency Test, the insurance risk, the market risk and the credit risk are calculated. The quantitative information about KRSA`s risk profile can be found in Section G. All other types of risk are identified and qualitatively assessed through various processes as described in the section above.

**Insurance Risk**

Insurance risk shall be classified into premium, reserves, natural catastrophe and man-made risk. KRSA is exposed to natural hazards in Continental Europe such as floods, earthquakes and windstorms. Accumulation risk is included in natural catastrophe risk. Due to the KRSA's business portfolio man-made risk (such as terrorism) is not considered to be material.

The main risk mitigation measure taken by KRSA is the purchase of retrocession. KRSA has in place quota share treaties with its parent Korean Re. In addition, KRSA benefits from Korean Re's external XoL retrocession programs.

**Market Risk**

The market risk reflects the risk of losses from adverse change and volatility of market prices of invested assets. The market risk includes interest rate, spread and foreign exchange rate risk. Since KRSA's investments consist solely of corporate bonds, changes in the interest rate level (interest rate risk) and the risk premiums (spread risk), which depend on the issuer, have a significant impact on the valuation of the investments.

In order to mitigate the market risk, KRSA defines its Asset Management strategy in the separate Asset Management Policy. KRSA does not engage in derivatives trading. Bond investments and short-term investments are the only permitted investment categories. Only investment-grade bonds shall be considered eligible. Any deviation from these investment principles needs to be agreed by Korean Re's investment division and approved by KRSA's Board of Directors. Furthermore, there are several investment limits in place, which are defined in KRSA's Asset Management Policy.

**Credit Risk**

Credit risk is defined as the potential losses due to the deterioration of the credit quality of counterparties. This includes failure of a borrower to meet its contractual obligation in accordance with the agreed terms, counterparty risk from reinsurers (ceded business) and credit default risk from the investment management. KRSA mitigates credit risk exposure by adherence to strict rating requirements for their counterparties as defined in KRSA`s Asset Management and Retrocession Policies. Special attention is being given to the dependence on Korean Re and the associated credit risk. At the end of 2022 KRSA has put in place a collateral account to further reduce the credit risk to its parent. KRSA's Retrocession Policy includes monitoring and mitigation measures which help to reduce this risk.

**Operational Risk**

Operational risk is the risk resulting from the inadequacy or failure of internal processes, systems, employees and external events. The definition includes compliance risks, but not reputational and strategic risks. In the KRSA risk management process, operational risks in the areas of people, IT, processes, and compliance risks as well as risks resulting from external events were identified and discussed in the Risk Management Committee and appropriate risk-reducing measures were defined.

The risk minimizing measures for all the identified operational risks are defined in KRSA's overall risk profile and KRSA`s risk control matrix, which is part of the internal control system.

**Other material risks**

**Liquidity risk** refers to the risk of loss that may arise because of insufficient funds due to an unexpected sudden change in cash flow. KRSA will need liquidity to pay claims, its operating expenses, and interest on its debt and declared dividends on its share capital, and replace certain maturing liabilities. KRSA has sufficient liquidity to pay claims in a timely manner to retain its main value proposition to ceding insurance companies.

KRSA monitors its liquidity position and holds cash in two highly rated banks. The majority of KRSA`s fixed income instruments are traded in public exchanges and can be easily converted into cash.

**Reputational risk** is defined as the risk of negative economic impact that could result from damage to KRSA's reputation. This includes communications, market behavior, employee treatment, social media activity or any other activity, which could lead to a reputational risk for KRSA.

Reputational risk is managed through consistent branding and image management within Korean Re. KRSA uses a standardized set of policies and procedures to govern its general conduct of business and interactions with employees, contracting parties, rating agencies and supervisory authorities.

**Strategic risk** is defined as the risk of losses due to business decisions, poor implementation of processes or a lack of adaptability to changes in the market.

KRSA faces a strategic risk in the planning as it is dependent on its parent Korean Re. This dependence entails the risk that KRSA does not achieve its financial objectives in case of strategic changes at Korean Re. KRSA is in constant exchange with Korean Re regarding strategic assumptions and two of KRSA's board members are senior managers of Korean Re, sufficiently mitigating this risk.

Another strategic risk for KRSA is the revocation of the Solvency 2 equivalence of the Swiss solvency regime. The probability of this risk is low, but the impact in the event of an occurrence is classified as high given KRSA's geographic mandate, making it one of KRSA's largest and most important risks.

**Emerging risks** are risks which may develop or already exist, that are difficult to quantify and may have a high loss potential. In addition, emerging risks are characterized by a high degree of uncertainty, and even basic information that would help to adequately assess the frequency and severity of a given risk is often lacking. The process for identifying emerging risks is part of KRSA's risk management. The most important emerging risks are presented and discussed in the Risk Management Committee.

**Concentration risks:** KRSA's main retrocessionaire is its parent company Korean Re which leads to a risk accumulation. Given the strategic alignment with Korean Re and the long-term approach, the risk is partially mitigated. The default of Korean Re was assumed in the 'existential threat scenario' in the ORSA process.

**Material changes in the risk profile during the reporting period**

All risks were identified, assessed and monitored by the Risk Management Committee. The risk profile of KRSA is more balanced than previous years. The duration match between assets and liabilities has improved compared to the SST 2023. The increase in market risk is driven by the growth of the fixed income bond portfolio with the purchase of new bonds. The credit risk has increased due to the increase of the market values of the bond portfolio and the reinsurance receivables. The collateral cover introduced in 2022, which protects the net exposure against the parent company in case of default, eliminates Korean Re's default risk. AEP has slightly increased since the previous SST due to the increase of expected business to be written in 2024, offset by a reduction in coefficient of variation assumptions reflecting KRSA's stable historical attritional loss ratios versus previously applied benchmark assumptions. IE1 increased following the higher severity of non-experience scenarios. Catastrophe events risk has slightly increased due to the update of the non-proportional retrocession structure with higher attachment points and limits as well as discounting. AER increased reflecting the increase in reserve volumes, offset by a reduction in coefficient of variation assumptions again reflecting the stability of KRSA's loss development experience versus previously applied benchmark assumptions. IE2 has remained on a similar level as last year, as the severities of the scenarios driving the tail behavior of the distribution have remained stable despite the increase in reserves.

## E. Valuation

KRSA's assets of total EUR 603.9m (statutory BS) consists of the reinsurer's share of technical provisions (36%), corporate bonds (19%), reinsurance receivables (27%), cash (11%), and some other assets (7%).

The corporate bonds are liquid traded securities for which a market value as of 31.12.2023 was used for the market-consistent balance sheet. In contrast, the statutory balance sheet carries the bonds at amortized cost using the effective interest rate method. The cash is held in bank accounts predominantly at a leading Swiss bank and was recognized as is in the market-consistent balance sheet. The ceded reserves are revalued at market value. The deferred acquisition cost and intangible assets were not considered at all (zero market value). The rest of assets were recognized at book value in the market-consistent balance sheet.

The following table shows the statutory balance sheet and market consistent balance sheet as of 1 January 2024 and 1 January 2023:

| Balance Sheet EURm | Statutory BS 31.12.2023 | Adjustments | SST BS 01.01.2024 | SST BS 01.01.2023 |
|---|---|---|---|---|
| Corporate bonds | 113.0 | -19.7 | 93.3 | 59.9 |
| Investment funds: money market | 4.3 | - | 4.3 | 3.3 |
| Other assets | 0.1 | - | 0.1 | 0.1 |
| Accrued assets | 0.2 | - | 0.2 | 0.1 |
| Bank Credit Balance | 68.8 | - | 68.8 | 83.9 |
| Other fixed assets | 0.0 | - | 0.0 | 0.1 |
| Share of technical provisions from reinsurance | 215.1 | -38.0 | 177.1 | 162.6 |
| Receivables from insurance and reinsurance compa | 163.4 | - | 163.4 | 125.7 |
| *Receivables from reinsurance companies: ceded* | *44.6* | - | *44.6* | *46.9* |
| *Receivables from reinsurance companies: assum* | *118.8* | - | *118.8* | *78.8* |
| Deferred acquisition costs | 10.5 | -10.5 | - | - |
| Other receivables | 0.2 | - | 0.2 | 0.0 |
| Deposits made under assumed reinsurance contrac | 26.8 | - | 26.8 | 7.2 |
| Intangible assets | 1.3 | -1.3 | - | - |
| **Total Assets** | **603.9** | **-69.6** | **534.3** | **443.0** |
| Reinsurance: Non-life insurance business | 327.2 | -54.9 | 272.3 | 238.0 |
| *Claims Reserves (gross)* | *255.0* | *-20.2* | *234.8* | *209.4* |
| *Unearned Premium Reserve (gross)* | *72.2* | *-34.7* | *37.5* | *28.6* |
| Market Value Margin | - | *10.7* | *10.7* | *9.5* |
| Liabilities from insurance business | 135.3 | - | 135.3 | 105.0 |
| Other liabilities | 0.5 | - | 0.5 | 0.7 |
| Accrued liabilities | 1.8 | - | 1.8 | 1.7 |
| Interest-bearing liabilities | 1.0 | -1.0 | - | - |
| Deposits retained on ceded reinsurance | 33.7 | - | 33.7 | 17.2 |
| **Total Liabilities** | **499.5** | **-45.1** | **454.4** | **372.1** |
| **Total Equity/RBC** | **104.4** | **-24.5** | **79.9** | **70.9** |

The adjustments from the statutory balance sheet to the market consistent balance sheet are as follows:

- Removal of Deferred Acquisition Costs on the asset side,
- Removal of Intangible Assets on the asset side,
- Removal of counterpart of Intangible Assets on the liability side,
- Discounting of non-life claims reserves (inwards and outwards),
- Market-consistent valuation of Unearned Premium Reserve ("UPR") on the asset and liability side (inwards premium reserve and outwards premium reserve) by adding expected future losses from the statutory Premium Reserve,
- Ceded Premium Deficiency Reserves ("PDR") are set to zero as they are included within the adjusted UPR,
- No dividend payment is expected for 2024.

## E.1 Market Consistent Value of the Assets

There are observable market prices for all financial assets, and these have been revalued at market value in the SST BS. The market value of bonds is different from the Statutory BS value because Korean Re accounts for them in the Statutory BS as the amortized value.

Ceded Claims Reserves have been discounted, a market consistent evaluation of the ceded UPR has been done including also business inception on 1 January 2024. The ceded PDR have been set to zero as they are included within the adjusted UPR.

Deferred acquisition costs and intangible assets are not considered in the SST BS. For all other assets the statutory value has been taken as the SST BS value.

## E.2 Best Estimate Value of the Liabilities

### E.2.1 Discounted Best Estimate Claims Reserves

Discounted Best Estimate Claims Reserves have been estimated by multiplying the Statutory Best Estimate Reserves as of 31 December 2023 by a discount factor estimated using the risk-free EUR yield curve from the Standard Model and assumed benchmark payment patterns.

### E.2.2 Market Consistent Unearned Premium Reserves (UPR)

The undiscounted market consistent UPR was calculated by applying the expected combined ratio to the statutory UPR value and adding the net expected insurance loss/gain on bound but not incepted business ("BBNI", business written as of 1 January 2024). This was then discounted to obtain the market consistent UPR. The part of the market consistent UPR coming from the statutory UPR was discounted on a LoB level. The discount factors per LoB were constructed using the risk-free EUR yield curve from the Standard Model and assumed benchmark payment patterns. To the BBNI an overall discount factor was applied, it was calculated as a weighted average of the discount factors per LoB, using the expected insurance loss per LoB as weight.

### E.2.3 Gross and Net Best Estimate Insurance Liabilities

The following table shows the statutory and market consistent gross and net Technical Provisions as of 1 January 2024 and 1 January 2023:

| Best estimate of insurance liabilities EURm | Statutory BS 2024 | Statutory BS 2023 | SST BS 2024 | SST BS 2023 |
|---|---|---|---|---|
| Reinsurance: Non-life insurance business | 327.2 | 288.3 | 272.3 | 238.0 |
| *Claims Reserves (gross)* | 254.5 | 230.8 | 234.8 | 209.4 |
| *Unearned Premium Reserve (gross)* | 72.2 | 55.9 | 47.2 | 36.0 |
| *Others (gross)* | 0.5 | 1.5 | -9.7 | -7.4 |
| Equalization reserves and other statutory reserves (non-life): gross | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total** | **327.2** | **288.3** | **272.3** | **238.0** |

### E.2.4 Market Consistent Value of the Remaining Liabilities

For all the non-technical provisions positions the statutory value has been taken as the market value, except for the lease liability ('Interest-bearing liabilities'), which is set to zero in the SST BS. The lease liability is viewed as a counterpart of the right of use asset, which was classified as an intangible asset and hence set to zero in the SST BS, therefore the same approach is taken for the lease liability.

## E.3 Risk Margin

The 2024 Risk Margin is EUR 10.7m and corresponds to the expected discounted capital costs at the end of 2023 required by the insurance company to fulfil its insurance liabilities. It is estimated based on the expected Reserve Risk at the end of 2024 and the FINMA Standard Model.

## F. Capital management

KRSA's capital management is based on its risk appetite, defined in particular by the target SST ratio, which is approved by the Board of Directors at least annually. The goal is to support long-term sustainable growth and to enhance the shareholder value on a continuous basis. To achieve these goals, a high credibility with all stakeholders as well as a high credit rating is required. KRSA's target range for the SST ratio is 120-150%.

KRSA's parent company Korean Re is the only source of capital. In 2023 a capital increase of EUR 11.0m has been completed. The Group is committed to ensuring a sufficient capitalization and to invest further capital into KRSA if this is needed from a business perspective and essential for the adequate solvency and rating of KRSA. Accordingly, future capital injections are considered in order to maintain the solvency ratio above the target range. No dividends are planned during the build-up phase.

The retrocession agreements with Korean Re are supporting KRSA's capital base. To be successful and to further increase the value and credibility of its operations, Korean Re has built a comprehensive framework for risk governance based on the central supervisions and controls of risks with clear accountability across all operations of the business.

**Structure, level and quality of the equity capital**

KRSA's total equity of EUR 104.4m consists of share capital, capital reserves, organization fund, retained and voluntary retained earnings. The share capital is composed of CHF 10,000,000.

| EUR k | Share capital | Capital reserves | Organiza-tion fund | Restruc-turing fund | Retained earnings | Voluntary retained earnings | Total equity |
|---|---|---|---|---|---|---|---|
| **As of 31 December 2020** | **8,761** | **58,317** | **2,522** | **9,364** | **-** | **-7,433** | **71,531** |
| Offset of prior period loss with funds | - | - | -2,522 | -4,911 | - | 7,433 | - |
| Capital Increase (26.11.2021) | - | 41,500 | - | - | - | - | 41,500 |
| Loss for the period | - | - | - | - | - | -20,579 | -20,579 |
| **As of 31 December 2021** | **8,761** | **99,817** | - | **4,453** | - | **-20,579** | **92,452** |
| Offset of prior period loss with funds | - | - | - | -4,453 | - | 4,452 | - |
| Capital Increase (30.11.2022) | - | 20,000 | - | - | - | - | 20,000 |
| Loss for the period | - | - | - | - | - | -12,971 | -12,971 |
| **As of 31 December 2022** | **8,761** | **119,817** | - | - | **-** | **-29,098** | **99,480** |
| Offset of prior period loss with funds | - | - | - | - | - | - | - |
| Capital Increase (30.11.2023) | - | 11,000 | - | - | - | - | 11,000 |
| Loss for the period | - | - | - | - | - | -6,067 | -6,067 |
| **As of 31 December 2023** | **8,761** | **130,817** | - | - | **-** | **-35,166** | **104,413** |

# G. Solvency

## G.1 Overview

KRSA performed the Swiss Solvency Test ("SST") as of 1 January 2024. The solvency information in this report (e.g., risk-bearing capital, target capital) corresponds to that submitted to FINMA within KRSA's SST report and is still subject to regulatory review.

The SST model applied is a Partial Internal Model based on FINMA Standard Models for all modules except Natural Catastrophe Risk ("NatCat") which is covered by an Internal Model. The Internal Model for NatCat has been approved by FINMA in 2021.

The internal model for NatCat covers the modelling of natural catastrophe risks Windstorm Europe, Earthquake Europe and Flood Europe. The frequency-severity model used for IE1 is not sufficient to capture the NatCat risks. A vendor NatCat model allows for a more accurate and adequate modelling. The NatCat modelling is outsourced to Verisk Analytics, with KRSA providing the necessary input data. The output of the Verisk Analytics vendor model is used to model NatCat risks in the SST.

Based on the Company's business plan and planned risk profile, KRSA is solvent on an economic basis with an SST ratio of 190% as of 1 January 2024. The results of the SST 2024 along those of 2023 for KRSA by risk are shown in the table below. The results are as submitted to FINMA on 30 April 2024.

Comments on individual risk components are as follows:

| Risk components | SST 2024 in EURm | SST 2023 in EURm |
|---|---|---|
| Underwriting risk | 20.2 | 18.0 |
| Reserving risk | 20.6 | 19.3 |
| Diversification effect | -9.7 | -8.8 |
| Market risk | 12.7 | 11.9 |
| Credit risk | 14.0 | 12.9 |
| Diversification effect | -16.9 | -15.5 |
| Scenario impact | 0.2 | 0.0 |
| Additional impacts | 0.0 | 0.0 |
| Expected insurance result (negative) | 1.2 | 2.9 |
| Expected financial result (negative) | -0.6 | -0.4 |
| Market value margin (MVM) | 10.7 | 9.5 |
| **Target capital (TC)** | **42.0** | **49.8** |
| **Risk-bearing capital (RBC)** | **79.9** | **80.3** |
| **SST ratio** | **190%** | **176%** |

- **Underwriting Risk:** The Underwriting Risk consists of the risk components Natural Catastrophe risk (NE), Attritional Events Premium Risk (AEP) and Individual Events 1 (IE1). The risk component NE has increased slightly following the update of the XoL retrocession structure with higher attachment points and limits, as well as discounting effects. The risk component AEP has increased slightly compared to 2023 SST. The increase in expected net premiums drives this increase, but the selected Coefficients of Variation ("CoVs") dampen this growth significantly. The CoVs are based on company own historical data this year for most segments, whereas in prior years industry benchmarks were used due to lack of company own data. The CoVs from company own data are on average lower than the previously used benchmarks, which is the main driver for the low increase of Target Capital compared to the previous SST. The IE1 component has increased due to the increased severities of non-experience scenarios.

- **Reserving Risk:** The Reserving Risk consists of the risk components Attritional Events Reserve Risk (AER) and Individual Events 2 (IE2). The risk component AER has increased following the growth of the reserves volume, which was partially offset by the CoVs selections. Similar to AEP, KRSA has moved away from industry benchmarks and moved more towards company own data. KRSA has used CoVs from the Reserve Risk Tool ("RRT") whenever feasible. The IE2 has remained stable compared to SST 2023. This is due to the tail-driving scenarios not having increased in the same proportion as the reserves and thus not having experienced a large increase in severities.
- **Market Risk:** Market Risk is also a significant component of the Target Capital and follows the FINMA Standard Model. Compared to last year, the Market Risk has increased due to the growth of the fixed income bond portfolio with the purchase of new bonds. However, the increase caused by the growth of the bond portfolio is dampened by a strong reduction in duration due to the short duration of the newly purchased bonds.
- **Credit Risk:** Credit Risk is based on the FINMA Standard Model. Credit Risk has increased due to the increase of the market values of the bond portfolio and the reinsurance receivables. The collateral with Korean Re Group exceeds the net exposure to Korean Re Group, leading to no default risk on Korean Re Group assets, dampening the growth in Credit Risk.
- **Expected Insurance Result:** The Expected Insurance Result is in line with KRSA Plan and reflects the expected loss in 2024. Note that renewals on 1 January 2024 are considered as bound on the same date and hence included in the Risk Bearing Capital. The Expected Insurance Result is therefore based purely on mid-year renewals. The Expected Insurance Result has decreased compared to the SST 2023 due to a decrease in retro premium from EUR 3.0m in SST 2023 to EUR 1.5m in SST 2024. This is a positive development, as the loss on the Expected Insurance Result has decreased.
- **Expected Financial Result:** The Expected Financial Result is based on the FINMA Standard Model and reflects the expected financial return of KRSA bonds. The expected financial result increased compared to the prior year. The key driver for this increase is the growth of the bond portfolio.
- **Risk Margin ("Market Value Margin" or "MVM"):** The 2024 MVM corresponds to the expected discounted capital costs at the end of 2024 required by the insurance company to fulfil its insurance liabilities. It is estimated based on the FINMA Standard Model. The Risk Margin has increased in line with the increase of the AEP and AER components. This change reflects the updated FINMA guidance on MVM.
- **Risk Bearing Capital ("RBC"):** The RBC is based on the 31.12.2023 KRSA Statutory Balance sheet to which adjustments have been applied in order to move to a market consistent view as described in section E. 100% of RBC is paid up capital, no other risk absorbing capital instruments are included. The increase in RBC is mainly driven by a capital injection of EUR11.0m.

## G.2 Market Risk

KRSA uses the FINMA Standard Model for Market Risk as described in the document "Technische Beschreibung für das SST-Standardmodell Marktrisiko", dated 31.10.2020. The delta-normal approach was used to estimate the market risk for all balance sheet items with the exception of the insurance cash flows and bonds, where the exact valuation method was used.

The composition of the Market Risk Target Capital for the SST 2024 and the SST 2023 is shown in the following table:

| Risk factors | SST 2024 | SST 2023 | Difference |
|---|---|---|---|
| Diversification effects risk | -7.5 | -8.3 | -8.9% |
| Standalone interest rate risk | 7.4 | 7.7 | -4.2% |
| *Standalone CHF rate risk* | 0.3 | 0.2 | 17.6% |
| *Standalone EUR rate risk* | 7.1 | 7.3 | -2.4% |
| *Standalone USD rate risk* | 0.6 | 0.7 | -21.2% |
| *Standalone GBP rate risk* | 0.0 | 0.0 | 0.0% |
| Standalone spread risk | 12.1 | 11.1 | 9.3% |
| Standalone currency risk | 0.7 | 1.4 | -48.8% |
| **Total market risk** | 12.7 | 11.9 | 6.3% |

The total row shows the diversified expected shortfall across all market risk factors, whereas the other rows show the expected sub-diversified capital requirement where the sub-diversified capital requirements allow for diversification within the broad risk factors shown. Overall, the Target Capital is mainly driven by the interest rate and spread risk arising from the EUR bonds. The increase compared to last year caused by the growth of the bond portfolio is dampened by a strong reduction in duration due to the short duration of the newly purchased bonds.

## G.3 Credit Risk

KRSA uses the new FINMA standard model for Credit Risk as described in the document "Technische Beschreibung für das SST-Standardmodell Kreditrisiko", dated 31.10.2022. Korean Re has used the Credit Risk Merton model for all assets exposed to Credit Risk. The credit ratings of counterparties are from recognized credit-rating agencies. Credit Risk has been calculated for 2024 expected ceded loss and the relevant SST BS assets.

The assets exposed to Credit Risk per counterparty and asset type as at 1 January 2024 are shown in the following table (in EUR m) for the counterparties to which Korean Re has the largest exposure to.

| Counterparty | Rating | Market value gross | Market value net |
|---|---|---|---|
| Korean Re | A | 202.2 | 0.0 |
| ZKB | AAA | 32.2 | 32.2 |
| CIC | A+ | 30.6 | 30.6 |
| STELLANTIS | BBB+ | 19.2 | 15.1 |
| AXERIA | N/R | 17.1 | 10.8 |
| ALLIANZ | AA | 10.7 | 7.8 |
| HELVETIA | A+ | 10.6 | 7.6 |
| MSIG | A+ | 9.5 | 6.6 |
| UBS | A+ | 6.8 | 6.8 |
| BALOISE | A+ | 6.4 | 3.9 |
| **Top 10 Counterparties** | | **345.2** | **121.3** |

The increase in Credit Risk is due to the aforementioned growth of the bond portfolio as well as the growth of receivables from insurance and reinsurance companies. The largest KRSA credit exposure is to the Group (due to intra-group retrocession, offset by payables). However, the collateral cover introduced in 2022 (and reflected in the previous SST) that protects the exposure with the Group in case of default exceeds the net exposure to the Korean Re, leading to no default risk on the Korean Re's assets. This year KRSA has also netted reinsurance receivables and payables from cedant counterparties, as most contracts contain an offsetting clause in case of default, dampening the growth in Credit Risk.

The 10 largest counterparties make up EUR 345.2m or 65.9% of the total exposure to Credit Risk based on the market value gross.

## G.4 Insurance Risk Non-Life

The results of the Non-Life Insurance Risk model and the stand-alone Insurance Risk Capital are summarized below:

| SST Model Component (EURm) | SST 2024 | SST 2023 |
|---|---|---|
| Attritional Events Premium Risk (AEP) | 15.9 | 15.1 |
| Individual Events 1 (IE1) | 13.3 | 10.3 |
| Natural Catastrophe Events (NE) | 9.9 | 9.0 |
| *Diversification (Premium Risk)* | -18.9 | *-16.4* |
| Underwriting Risk | 20.2 | 18.0 |
| Attritional Events Reserve Risk (AER) | 17.2 | 15.9 |
| Individual Events 2 (IE2) | 14.7 | 14.4 |
| Diversification (Reserving Risk) | -11.3 | -11.1 |
| *Reserving Risk* | 20.6 | *19.3* |
| Diversification (Insurance) | -9.7 | -8.8 |
| **Expected Shortfall Insurance** | **31.2** | **28.5** |

The components in the table above are as follows: Attritional Event Premium Risk (“AEP”), Individual Events 1 (“IE1”), i.e. large premium risk, Natural Catastrophe (“NE”), Attritional Event Reserve Risk (“AER”) and Individual Events 2 (“IE2”), i.e. large reserve risk.

The increase in the Insurance Risk compared to last year is mainly driven by an increase in reserves and expected premiums. The largest increase can be seen in the IE1 risk component driven by the increase of severities of non-experience scenarios as well as the updated IE1 parameterization. The stand-alone NE risk on a gross basis, broken down in the different covered perils (European Windstorm, Flood and Earthquake) is summarized below:

| NE Target Capital (EURm) | SST 2024 | SST 2023 |
|---|---|---|
| EU Winterstorm (gross) | 129.2 | 151.6 |
| EU Flood (gross) | 93.0 | 112.6 |
| EU Earthquake (gross) | 79.2 | 77.9 |
| **Target Capital (net, undiscounted)** | **9.9** | **9.0** |

# H. Appendix

## H.1 External auditor's summary report

The Financial Condition Report is not audited.

The financial statements of Korean Reinsurance Switzerland AG, which comprise the income statement, balance sheet, cash-flow statement and notes to the financial statements for the year ended 31 December 2023, are audited. Please refer to the report of the auditor in the KRSA Annual Report 2023.

**https://www.koreanre.ch/our-business**

## H.2 Abbreviations

| | |
|---|---|
| **AG** | Aktiengesellschaft (stock corporation) |
| **bn** | Billion (short scale definition) |
| **BS** | Balance Sheet |
| **Ca.** | Approximately (Latin: circa) |
| **CEO** | Chief Executive Officer |
| **Cf.** | Refer to (Latin: confer) |
| **CFO** | Chief Financial Officer |
| **CHF** | Swiss Franc |
| **COO** | Chief Operating Officer |
| **CUO** | Chief Underwriting Officer |
| **EUR** | Euro |
| **FINMA** | Eidgenössische Finanzmarktaufsicht (Swiss Financial Market Supervisory Authority) |
| **GWP** | Gross Written Premium |
| **ICS** | Internal Control System |
| **k** | Thousand |
| **KRSA** | Korean Reinsurance Switzerland AG |
| **LoB** | Line of Business |
| **m** | Million |
| **ORSA** | Own Risk and Solvency Assessment |
| **P&C** | Property and Casualty |
| **Q** | Quarter |
| **Re** | Reinsurance |
| **S&P** | Standard and Poor's (credit-rating agency) |
| **SST** | Swiss Solvency Test |
| **UPR** | Unearned Premium Reserves |
| **USD** | United States Dollar |

# KOREAN Re

## H.3 Appendix: Quantitative tables

### *H.3.1 Performance Solo Reinsurance*

**Financial situation report: quantitative template "Performance Solo Reinsurance"**

| Currency: **EUR** = annual report currency |
|---|
| Amounts stated in **thousands** |

| | Total | | Personal accident | | Health | | Motor | | Marine, aviation, transport | | Property | | Casualty | | Miscellaneous (engineering) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Previous year | Reporting year | Previous year | Reporting year | Previous year | Reporting year | Previous year | Reporting year | Previous year | Reporting year | Previous year | Reporting year | Previous year | Reporting year | Previous year | Reporting year |
| Gross premiums | 172,823 | 171,595 | 287 | 190 | | | 27,560 | 42,974 | 13,953 | 15,596 | 105,593 | 81,203 | 8,412 | 12,858 | 17,018 | 18,774 |
| Reinsurers' share of gross premiums | (105,337) | (114,875) | (3) | (101) | | | (2,165) | (19,051) | (157) | (6,326) | (89,765) | (69,602) | (318) | (5,513) | (12,929) | (14,282) |
| Premiums for own account (1 + 2) | *67,486* | *56,720* | *283* | *89* | | | *25,395* | *23,922* | *13,796* | *9,271* | *15,828* | *11,601* | *8,094* | *7,345* | *4,089* | *4,492* |
| Change in unearned premium reserves | (25,828) | (15,557) | (0) | - | | | (7,277) | (18,583) | (6,336) | (740) | (6,490) | 6,539 | (2,695) | (2,963) | (3,030) | 190 |
| Reinsurers' share of change in unearned premium reserves | 6,064 | 11,193 | - | (0) | | | (514) | 10,329 | (1,392) | 3,262 | 5,781 | (4,987) | (305) | 2,712 | 2,493 | (123) |
| Premiums earned for own account (3 + 4 + 5) | *47,722* | *52,355* | *283* | *89* | | | *17,604* | *15,668* | *6,068* | *11,793* | *15,120* | *13,152* | *5,094* | *7,094* | *3,552* | *4,559* |
| Other income from insurance business | 9,921 | 1,119 | - | - | | | - | - | - | - | - | - | - | - | 9,921 | 1,119 |
| **Total income from underwriting business (6 + 7)** | *57,642* | *53,474* | *283* | *89* | | | *17,604* | *15,668* | *6,068* | *11,793* | *15,120* | *13,152* | *5,094* | *7,094* | *13,473* | *5,678* |
| Payments for insurance claims (gross) | (84,476) | (90,865) | (5) | (25) | | | (7,865) | (10,376) | (1,980) | (5,262) | (71,867) | (70,468) | (60) | (398) | (2,698) | (4,336) |
| Reinsurers' share of payments for insurance claims | 66,338 | 66,059 | 2 | 13 | | | 3,484 | 1,865 | 493 | 1,164 | 60,424 | 59,705 | 19 | 149 | 1,916 | 3,163 |
| Change in technical provisions | (66,424) | (22,156) | (131) | (125) | | | (14,570) | (12,046) | (4,482) | (5,567) | (35,291) | 10,255 | (4,624) | (6,742) | (7,326) | (7,931) |
| Reinsurers' share of change in technical provisions | 40,507 | 6,107 | (29) | 54 | | | (38) | 6,473 | 427 | 1,086 | 34,018 | (9,502) | 699 | 1,864 | 5,431 | 6,132 |
| Change in technical provisions for unit-linked life insurance | | | | | | | | | | | | | | - | | - |
| **Expenses for insurance claims for own account (9 + 10 + 11 + 12 + 13)** | *(44,055)* | *(40,855)* | *(163)* | *(84)* | | | *(18,989)* | *(14,085)* | *(5,542)* | *(8,579)* | *(12,717)* | *(10,009)* | *(3,966)* | *(5,128)* | *(2,677)* | *(2,972)* |
| Acquisition and administration expenses | (39,645) | (43,683) | (26) | (18) | | | (5,141) | (5,404) | (1,523) | (3,502) | (19,944) | (17,718) | (1,203) | (2,171) | (11,808) | (14,870) |
| Reinsurers' share of acquisition and administration expenses | 23,078 | 24,208 | 0 | 10 | | | 1,094 | 1,971 | 271 | 742 | 17,834 | 15,688 | 182 | 627 | 3,696 | 5,169 |
| Acquisition and administration expenses for own account (15 + 16) | (16,568) | (19,475) | (25) | (8) | - | - | (4,048) | (3,433) | (1,252) | (2,760) | (2,110) | (2,030) | (1,020) | (1,545) | (8,112) | (9,700) |
| Other underwriting expenses for own account | (10,770) | (1,903) | | - | | | | - | | - | | - | | - | (10,770) | (1,903) |
| **Total expenses from underwriting business (14 + 17 + 18) (non-life insurance only)** | *(71,393)* | *(62,233)* | *(188)* | *(91)* | | | *(23,037)* | *(17,517)* | *(6,794)* | *(11,338)* | *(14,827)* | *(12,039)* | *(4,986)* | *(6,672)* | *(21,560)* | *(14,575)* |
| Investment income | 1,819 | 3,821 | | | | | | | | | | | | | | |
| Investment expenses | (569) | -827 | | | | | | | | | | | | | | |
| **Net investment income (20 + 21)** | 1,250 | 2,994 | | | | | | | | | | | | | | |
| Capital and interest income from unit-linked life insurance | - | 0 | | | | | | | | | | | | | | |
| Other financial income | - | 0 | | | | | | | | | | | | | | |
| Other financial expenses | (120) | -49 | | | | | | | | | | | | | | |
| **Operating result (8 + 14 + 17 + 18 + 22 + 23 + 24 + 25)** | (12,621) | (5,814) | | | | | | | | | | | | | | |
| Interest expenses for interest-bearing liabilities | - | 0 | | | | | | | | | | | | | | |
| Other income | - | 0 | | | | | | | | | | | | | | |
| Other expenses | (197) | -102 | | | | | | | | | | | | | | |
| Extraordinary income/expenses | - | 0 | | | | | | | | | | | | | | |
| **Profit / loss before taxes (26 + 27 + 28 + 29 + 30)** | (12,818) | (5,916) | | | | | | | | | | | | | | |
| Direct taxes | (154) | -152 | | | | | | | | | | | | | | |
| **Profit / loss (31 + 32)** | (12,971) | (6,067) | | | | | | | | | | | | | | |

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## H.3.2 Market Consistent Balance Sheet Solo

| Currency: EUR, Amounts stated in millions | | Ref. date previous period | Adjustments previous period | Ref. date reporting year |
|---|---|---|---|---|
| **Market conform value of investments** | Real estate | - | - | - |
| | Participations | - | - | - |
| | Fixed-income securities | 59.9 | 59.9 | 93.3 |
| | Loans | - | - | - |
| | Mortgages | - | - | - |
| | Equities | - | - | - |
| | Other investments | 3.3 | 3.3 | 4.3 |
| | Collective investment schemes | 3.3 | 3.3 | 4.3 |
| | Alternative investments | - | - | - |
| | Structured products | - | - | - |
| | Other investments | - | - | - |
| | Total investments | 63.3 | 63.3 | 97.6 |
| **Market conform value of other assets** | Financial investments from unit-linked life insurance | - | - | - |
| | Receivables from derivative financial instruments | - | - | - |
| | Deposits made under assumed reinsurance contracts | 7.2 | 7.2 | 26.8 |
| | Cash and cash equivalents | 83.9 | 83.9 | 68.8 |
| | Reinsurers' share of best estimate of provisions for insurance liabilities | 162.6 | 162.6 | 177.1 |
| | Direct insurance: life insurance business (excluding unit linked life insurance) | - | - | - |
| | Reinsurance: life insurance business (excluding unit linked life insurance) | - | - | - |
| | Direct insurance: non-life insurance business | - | - | - |
| | Direct insurance: health insurance business | - | - | - |
| | Reinsurance: non-life insurance business | 162.6 | 162.6 | 177.1 |
| | Reinsurance: health insurance business | - | - | - |
| | Direct insurance: other business | - | - | - |
| | Reinsurance: other business | - | - | - |
| | Direct insurance: unit-linked life insurance business | - | - | - |
| | Reinsurance: unit-linked life insurance business | - | - | - |
| | Fixed assets | 0.1 | 0.1 | 0.0 |
| | Deferred acquisition costs | - | - | - |
| | Intangible assets | - | - | - |
| | Receivables from insurance business | 125.7 | 125.7 | 163.4 |
| | Other receivables | 0.0 | 0.0 | 0.2 |
| | Other assets | 0.1 | 0.1 | 0.1 |
| | Unpaid share capital | - | - | - |
| | Accrued assets | 0.1 | 0.1 | 0.2 |
| | Total other assets | 379.7 | 379.7 | 436.7 |
| **Total market conform value of assets** | Total market conform value of assets | 443.0 | 443.0 | 534.3 |

| | | | | |
|---|---|---|---|---|
| **Market conform value of liabilities (including unit linked life insurance)** | Best estimate of provisions for insurance liabilities | 238.0 | 238.0 | 272.3 |
| | Direct insurance: life insurance business (excluding unit linked life insurance) | - | - | - |
| | Reinsurance: life insurance business (excluding unit linked life insurance) | - | - | - |
| | Direct insurance: non-life insurance business | - | - | - |
| | Direct insurance: health insurance business | - | - | - |
| | Reinsurance: non-life insurance business | 238.0 | 238.0 | 272.3 |
| | Reinsurance: health insurance business | - | - | - |
| | Direct insurance: other business | - | - | - |
| | Reinsurance: other business | - | - | - |
| | Best estimate of provisions for unit-linked life insurance liabilities | - | - | - |
| | Direct insurance: unit-linked life insurance business | - | - | - |
| | Reinsurance: unit-linked life insurance business | - | - | - |
| | Market value margin | - | 9.5 | 10.7 |
| **Market conform value of other liabilities** | Non-technical provisions | - | - | - |
| | Interest-bearing liabilities | - | - | - |
| | Liabilities from derivative financial instruments | - | - | - |
| | Deposits retained on ceded reinsurance | 17.2 | 17.2 | 33.7 |
| | Liabilities from insurance business | 105.0 | 105.0 | 135.3 |
| | Other liabilities | 0.7 | 0.7 | 0.5 |
| | Accrued liabilities | 1.7 | 1.7 | 1.8 |
| | Subordinated debts | - | - | - |
| **Total market conform value of liabilities** | Total market conform value of liabilities | 362.7 | 372.1 | 454.4 |

| | | | | |
|---|---|---|---|---|
| | **Market conform value of assets minus market conform value of liabilities** | 80.3 | 70.9 | 79.9 |

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## H.3.3 Solvency Solo

| Currency: EUR, Amounts stated in millions | | Ref. date previous period in EUR millions | Adjustments previous period in EUR millions | Ref. date reporting year in EUR millions |
|---|---|---|---|---|
| **Derivation of RBC** | Market conform value of assets minus market conform value of liabilities | 80.3 | 70.9 | 79.9 |
| | Deductions | - | - | - |
| | Tier 1 risk-absorbing capital instruments (RAC) counted towards core capital | - | - | - |
| | **Core capital** | 80.3 | 70.9 | 79.9 |
| | Supplementary capital | - | - | - |
| | **RBC** | 80.3 | 70.9 | 79.9 |

| | | Ref. date previous period in EUR millions | Adjustments previous period in EUR millions | Ref. date reporting year in EUR millions |
|---|---|---|---|---|
| **Derivation of target capital** | Underwriting risk | 28.5 | 28.5 | 31.2 |
| | Market risk | 11.9 | 11.9 | 12.7 |
| | Diversification effects | -15.5 | -15.5 | -16.7 |
| | Credit risk | 12.9 | 12.9 | 14.0 |
| | Market value margin and other effects on target capital | 12.0 | 2.5 | 0.9 |
| | **Target capital** | 49.8 | 40.4 | 42.0 |

| | Ref. date previous period in % | Adjustments previous period in % | Ref. date reporting year in % |
|---|---|---|---|
| **SST ratio** | 176% | 176% | 190% |