SwissLife

# Solvency and Financial Condition Report 2023

*Swiss Life (Liechtenstein) AG*

# List of Abbreviations

| | |
|---|---|
| ALCO | Asset Liability Committee |
| ALM | Asset Liability Management |
| AMSB | Administrative, Management or Supervisory Body |
| BoD | Board of Directors |
| DTL | Deferred Tax Liability |
| ERM | Enterprise Risk Management |
| ExB | Executive Board |
| GRC | Group Risk Committee |
| ICS | Internal Control System |
| IFRS | International Financial Reporting Standards |
| IRC | Investment and Risk Committee |
| MCR | Minimum Capital Requirement |
| MTP | Mid-Term-Planning Process |
| OF | Own Funds |
| ORSA | Own Risk and Solvency Assessment |
| OSN | Overall Solvency Need |
| PVFP | Present Value Future Profits |
| SCR | Solvency Capital Requirement |
| SII | Solvency II |
| SLLIE | Swiss Life Liechtenstein |
| SST | Swiss Solvency Test |

# A Business and Performance

## A.1 Business

This Solvency and Financial Condition Report ("SFCR" or the "Report") is prepared in accordance with Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 ("Solvency II").

The report covers the financial year 2023 and is prepared for "Swiss Life (Liechtenstein) AG", Industriestrasse 56, 9491 Ruggell, Liechtenstein ("SLLIE" or the "Company"). The Company is incorporated in Liechtenstein as a limited liability company ("Aktiengesellschaft") since 2004 and is entirely owned by "Swiss Life Holding AG" through the holding structure shown in the annex.

The Company is supervised by the Financial Market Authority Liechtenstein based at Landstrasse 109, Postfach 279, 9490 Vaduz, Liechtenstein ("FMA"). The supervisory authority of SL Group is the Swiss Financial Market Supervisory Authority FINMA based at Laupenstrasse 27, 3003 Bern, Switzerland.

PricewaterhouseCoopers AG, Birchstrasse 160, 8050 Zurich, Switzerland ("PwC"), is serving as external auditor for Swiss Life (Liechtenstein) AG.

The Company is active in the following lines of business ("LoB") for individual life insurance policies:
- Index linked and unit linked life insurance;
- Life insurance (excluding index linked and unit linked);
- Non-life insurance (health). No contracts have been sold yet, further market development has been postponed.

These correspond to the following statutory lines of business as defined by law[1] in Liechtenstein:
- line of business 1: life insurance ("Lebensversicherung");
- line of business 3: unit-linked life insurance ("Anteil- beziehungsweise fondsgebundene Lebensversicherung");
- line of business 6: capitalisation operations ("Kapitalisationsgeschäfte");
- line of business 2: non-life, health ("Krankheit").

The traditional life insurance LoB is closed to new business and contains capital and annuity insurance policies with profit participation. The unit-linked portfolio contains products with and without guarantees. Capitalisation products consist of a closed portfolio of unit-linked products for which the Company bears no insurance risk.

Most business underwritten by the Company is included under the sub-brand Swiss Life Global Solutions of Swiss Life Group ("SL Group" or "the Group").

[1] VersAG Annex 2

# *A.2 Underwriting performance*

This section contains information on the Company's underwriting performance based on the figures shown in template S.05.01.02 and S.04.05.21 (see Appendix). The underwriting performance is based on statutory reporting.

**Premiums written:**

The gross written premium amount to CHF 29.4m (previous year CHF 47.8m) consisting of the following three main countries: CHF 21.8m from the business written in Austria, CHF 3.1m from Switzerland and CHF 10.5m from Italy. The premiums have again decreased following the refocusing on selected markets in the EEA.

Thereof CHF 2.9m (p.y. CHF 4.2m) are written in the LoB "Insurance with profit participation", CHF 25.7 (p.y. CHF 43.6m) in the LoB "Index-linked and unit-linked insurance" and 0.8m CHF from accepted reinsurance.

**Claims incurred:**

Gross claims incurred are CHF 1.5m accrued in the LoB "Insurance with profit participation" (p.y. CHF 1.3m) and CHF 515.9m (p.y. CHF 403.4m) in the LoB "Index-linked and unit-linked insurance". Most of the claims are due to full or partial surrenders. A very small claim (CHF 0.07m) is due to accepted reinsurance.

**Expenses incurred:**

Total expenses incurred are at CHF 17.7m (p.y. CHF 16.6m).

# A.3 Investment performance

In 2023, the Company recorded an investment result of CHF 0.3m (p.y. CHF -0.2m).

**Investment Income**

In CHF million

| | 2023 | 2022 |
|---|---|---|
| Income from participations | **0.0** | 0.1 |
| Income from other investments | **0.5** | 0.1 |
| Net realized gains on investments | **0.1** | 0.0 |
| Investment expenses | **-0.4** | –0.4 |
| Investment result | **0.3** | –0.2 |

Most of the investment income from other investments is related to fixed-income securities.

# A.4 Performance of other activities

The next table shows the composition of the Company's statutory profit before tax.

In CHF million

| | 2023 | 2022 |
|---|---|---|
| Insurance result | **-1.1** | 3.3 |
| Other income from insurance operations | **25.9** | 18.6 |
| Other expenses from insurance operations | **-31.4** | –20.9 |
| Profit on ordinary operations | **-6.6** | 1.0 |
| Extraordinary expenses | **0.0** | 0.0 |
| Profit before tax | **-6.6** | 1.0 |

The profit before tax for 2023 is CHF -6.6m (CHF 1.0 m previous year). This decrease is mainly driven by one-off expenses such as regulatory driven projects and the lower asset base.

Despite the harsh conditions in 2023 Swiss Life (Liechtenstein) AG still has a solid equity base.

# B System of Governance

## B.1 General information on the system of governance

The Board of Directors (BoD) is the administrative, management and supervisory body (AMSB) of Swiss Life (Liechtenstein) AG and is in charge of the management of the business. It is vested with the broadest powers to perform all acts of administration and management in accordance with the corporate objects of the Company. The BoD is constituted according to applicable local law and comprises the following persons:

- CEO of Market Unit International as Chairman;
- Head Corporate Mandates of Swiss Life Group;
- A representative of the Legal department of Swiss Life Group.

The BoD assumes all non-transferable and inalienable tasks and obligations as provided for by applicable law. In particular, the BoD monitors compliance with local laws and provide directives regarding risk control. Furthermore, the BoD ensures the establishment of adequate audit functions. The BoD role is to:

- Decide on strategic objectives;
- Prepare the agenda for the general meeting and implement its resolutions;
- Draw up the rules necessary for the orderly conduct of the business and instruct management accordingly;
- Supervise the persons entrusted with management and representation, having regard to the correct execution of the latter pursuant to the law, the articles and the regulations;
- Be regularly informed concerning the course and the conduct of the business.

The audit committee is installed to support the BoD in the supervision of the business. Its primary purpose is to provide oversight of financial reporting process, audit process, internal controls and compliance with laws and regulations.

Subject to the inalienable tasks and competencies according to applicable local law, the BoD delegates the responsibilities of running the business (including proposal, implementation of strategies and monitoring of plan execution, performance and compliance) to SLLIE's Management Team.

The Management Team is responsible towards the Executive Committee and the Management Committee of Market Unit International as well as to the BoD and local regulators for compliance with applicable laws. To effectively assume its responsibilities, the Executive Committee and the BoD have delegated all necessary powers to the Management Team.

Prior to any resolution of the Management Team, the following functions and or local functional governance bodies of SLLIE shall mandatorily be heard:

- Compliance and Business Acceptance Committee;
- Function heads.

The following table depicts the key functions of SLLIE:

| Key Function | Key Function Holder |
|---|---|
| Risk management function | Head Finance & Risk |
| Compliance function | Head Legal & Compliance SLIN |
| Internal audit function | Chief Audit Executive |
| Actuarial function | Head Actuarial Services |

These are described in more detail in the remaining of this chapter.

## Remuneration policy

The Company's Compensation Policy is derived from the one of Swiss Life Group. The BoD is responsible for its establishment, and its main principles are summarized in a guideline communicated and made available to all employees on the Company Intranet.

The compensation policy underpins the performance culture required by the corporate strategy and forms part of the Human Ressources policy. The aim is to retain qualified employees and recruit new, adequately skilled staff.

The compensation system is in line with the market environment and must be competitive.

The individual overall compensation takes into account the employee's professional skills, engagement, function, responsibility and personal performance and is independent of age, years of service or gender. It is made up of a basic salary, a variable bonus based on achievement of the annual objectives, which is generally paid in cash and possibly in shares as well as, in restricted cases, a deferred variable mid- to long-term compensation in the form of an equity compensation plan. The form and financing of fringe benefits and occupational pension solutions are market consistent.

In 2023, neither fee nor remuneration of any kind were paid to the members of the BoD.

## System of Governance of Swiss Life Group

The AMSB of Swiss Life Group consists of the BoD and the Corporate Executive Board (ExB).

Swiss Life's system of governance comprises an adequate and transparent organisational structure, a clear assignment and separation of responsibilities as well as an effective system for the transmission of information. It comprises the necessary organisational structure, in particular the division of powers between the BoD and the ExB, an elaborated Directives System, defined key functions and clearly defined, documented decision making-processes.

The BoD is responsible for all matters that are not reserved for the consideration of the General Meeting of Shareholders (formally the supreme decision-making body of a public limited company) under the terms of the respective law or by the company's Articles of Association. In line with its non-transferable duties prescribed by law, the BoD is responsible, in particular, for the ultimate direction of the entity, as well as the supervision of the Corporate ExB.

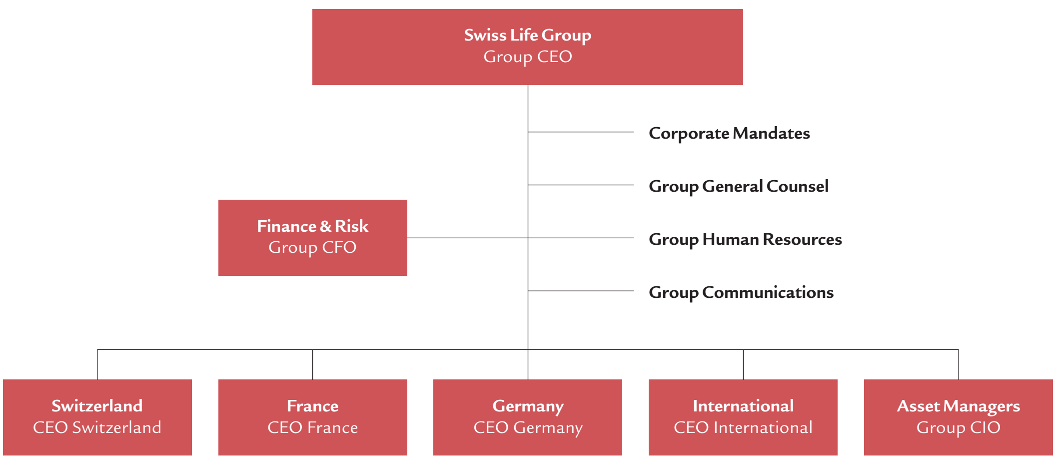
The ExB works out the long-term objectives and strategic orientation for the BoD and ensures a goal-oriented leadership. Swiss Life's business strategy is to offer:
– life and pensions solutions through Business Divisions / Business Areas in Switzerland, France, Germany, Liechtenstein, Luxembourg and Singapore;
– health and non-life insurance coverage in France;
– investment management solutions to institutional clients through Business Divisions in Switzerland, France and Germany;
– distribution of financial products in further markets such as UK, Austria and in Central and Eastern Europe countries.

The Directives System – as outlined below – is maintained by the Group and ensures the goal-oriented implementation of the business strategy and adherence to Group standards on a Business Division level. For this purpose, the organization and division of tasks within the ExB generally reflects the key business areas and functions.

The key functions are implemented on Group and local level and serve as a means of communication for the business strategy and the relevant Directives, Guidelines and Instructions as well as the reporting of the necessary information for the ExB's decision. The key functions are:
– Risk Management Function;
– Compliance Function;
– Internal Audit Function;
– Actuarial Function.

The organization described above is reflected on a Business Division / Business Area level and is depicted in the Swiss Life Group's Organizational Chart (Figure 1 below).

**Organizational chart Swiss Life Group**



## Board of Directors of Swiss Life Group

In accordance with the Articles of Association, the BoD has issued Organizational Regulations setting forth the internal organizational structure and the duties and competencies of the BoD, the BoDs' committees, the Chairman of the BoD and the Corporate ExB. The Organizational Regulations are reviewed regularly and adjusted where necessary.

The Chairman of the BoD coordinates the work of the Board and the committees, and ensures reporting from the Corporate ExB to the BoD. In urgent situations, the Chairman may also determine the necessary measures and take steps falling within the scope of the competencies of the Board until the BoD takes a decision. If a timely decision cannot be reached by the BoD, the Chairman is empowered to take a decision.

The BoD meets as often as business requires, usually at least six times a year. Meetings are generally called by the Chairman of the BoD. However, any member of the BoD may request that a meeting be called, as may the Corporate ExB. In addition to the members of the Board of Directors, the Group CEO also generally attends the meetings or parts of meetings in an advisory capacity, as do other members of the Corporate ExB when required.

The BoD is supported by four standing committees. These are the Chairman's and Corporate Governance Committee, the Nomination and Compensation Committee, the Investment and Risk Committee (IRC) and the Audit Committee. The BoD may establish other committees to be entrusted with special tasks.

## Group Directives System

An integral part of Swiss Life's governance system is the Group Directives System. It regulates the functional management throughout SL Group and defines the content-related and organizational principles, standards and topics.

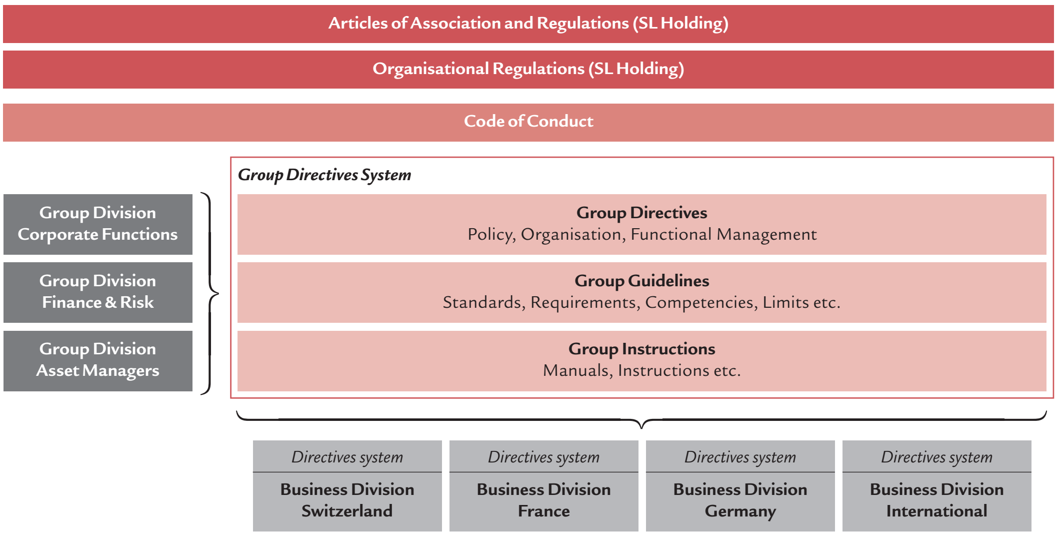
The Group Directives System is arranged into Group topics and contains Group Directives, Group Guidelines and Group Instructions.
- Group Directives set out the content-related principles (policy) and requirements as well as organizational and functional management aspects (incl. authorities' framework);
- Group Guidelines follow on from the Group Directive and set out more detailed content-based requirements and topics, as well as the minimum standards;
- Group Instructions are based on the Group Directives and Group Guidelines and set out concrete instructions in the form of manuals, etc.

Following a standardized consultation process, involving management, functional stakeholders and responsible persons within the Business Divisions, the Group Directives and Group Guidelines are put into effect by the Group Executive Board.

The Business Divisions operate their own directives system and implement the content and objectives of the Group Directives and Group Guidelines, taking into account local laws and regulations as well as local business specifications.

Figure 2 depicts the hierarchy of regulations and the Directives system within Swiss Life Group:

**Swiss Life regulations and directive system**




SLLIE is included in the Business Division International, from a management and reporting perspective, which groups the insurance entities in Liechtenstein, Luxembourg and Singapore as well as the distribution channels in the United Kingdom and Eastern Europe.

The system of governance is reviewed internally on a regular basis. It is the responsibility of the Corporate Internal Audit function to plan and perform the audit. Specifically, Swiss Life's Audit Charter defines that Corporate Internal Audit has to ensure the maintenance of an adequate corporate governance. For this purpose the appropriate processes have been defined based on Swiss Life's Audit Charter.

The processes include a planning phase where the relevant topics are identified, how the audit has to be performed and documented as well as the manner in which the results have to be reported.

The organisational structures are also mirrored locally by SLLIE.

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# B.2 Fit and proper requirements

Swiss Life places great importance on ensuring that all persons who fulfil key functions are fit and proper for their position. For this purpose, each Business Division follows a Human Resources (HR) Cycle based on Swiss Life Group HR framework.

Therefore, the HR cycle contains the following processes which are described in the respective internal policies and ensure the AMSB as well as employees' fitness and propriety:
- HR planning;
- Hiring;
- Performance measurement;
- Salary review, bonus and nomination;
- Human capital management (including development measures);
- Quality assurance (including personnel induced opportunities and risks assessment);
- Management/Leadership tasks.

In addition to the above processes, Swiss Life established a Code of Conduct that outlines individual responsibilities, behaviour principles for all employees and additional responsibilities for members of management. Its purpose is to offer guidance for the interactions with each other and with all persons outside of Swiss Life with whom come into contact and serves as the basis for fulfilling the proper requirement. All Employees of Swiss Life Group and its entities must commit to the mission and the values of Swiss Life and comply with the values, principles rules and guidelines for the business activities as outlined in the Code of Conduct including adherence to local laws and regulations.

Swiss Life's Compliance function plays another important role in ensuring the propriety of employees. Not only is the function responsible that employees are educated about the Code of Conduct but also that relevant processes are in place in order to foster compliant behaviour, detect non-compliant behaviour and track and report Swiss Life's employees degree of compliance to standards and local laws and regulations.

SLLIE ensures the fitness and propriety of its AMSB and employees in close alignment with SL Group. Group HR and Divisional HR organisations act in cooperation and involve where appropriate, their line management. Heads Divisional HR represent not only their Divisional/Area organisation's interests but also the Group interests in the Group HR Board.

# B.3 Risk management system

SLLIE pursues an integrated, value-oriented risk management approach, involving both quantitative and qualitative elements. The goal is to protect customers' funds and ensure the best possible investment of risk capital, while complying with the regulatory requirements and taking into account the challenging economic conditions.

Risk management is a key component of Swiss Life's management process. The respective committees of the Corporate ExB and the BoD monitor and take decisions in the area of risk management; these are then incorporated into the annual planning process of Swiss Life. On the one hand, they comprise qualitative assessments relating to the strategy, to operational risks and to the internal control system (ICS). On the other hand, quantitative elements, such as risk budgeting and investment strategy, are included in asset and liability management. Based on risk capacity and risk appetite and taking account of regulatory provisions, limits are set in Swiss Life for the financial risks incurred, according to which the investment targets are set.

Risk management tasks are performed at all levels within Swiss Life Group by corresponding bodies, such as the IRC at the level of the BoD of the Swiss Life Group and the Group Risk Committee (GRC) at the level of the Corporate ExB.

Analogously, the Company performs these tasks on a local level.

## Risk strategy

Swiss Life's risk strategy supports the business strategy and enables the company to grow in its businesses and markets in a sustainable and profitable way.

Swiss Life seeks to take on those risks inherent to the insurance and pension business, that are well understood and for which the expected return compensates the shareholder adequately, i.e. to assume those risks with which the associated cost of capital can be earned.

Other risks inherent to the business that cannot be avoided (e.g. operational risks) must be actively monitored and mitigated applying various techniques.

As a matter of principle, Swiss Life sets its risk appetite, i.e. how much risk it is willing to assume, in consideration of its risk capacity. The risk appetite shall not exceed the risk capacity, i.e. the amount of risk that can be taken in order to run the business in a sustainable way.

### Risk management objectives

Key components of risk management are the systematic identification, analysis, assessment, monitoring and management of risks as well as their reporting.

### Risk strategy techniques

For the management of risks, the following techniques are applied at Swiss Life:
- Risk avoidance is the systematic avoidance of undesired risks (those expected not to compensate the shareholder adequately). Since some of them are connected with desired risks, the below mentioned techniques are applied subsequently;
- Risk mitigation is the systematic reduction of existing risks. This can be achieved, e.g. by hedging undesired exposures through purchase of financial instruments or by the implementation of controls;
- Risk diversification reduces risks by accepting risks, which are similar but not fully correlated. The overall risk is then lower than the sum of the individual risks;
- Risks are limited by setting thresholds so that the potential loss is limited, e.g. by limiting the equity exposure or by limiting the size of insurance coverage granted;
- Risk transformation is changing the character of an existing risk, e.g. through the purchase of re-insurance cover;
- Risk acceptance is the conscious decision to accept a risk, if necessary after application of the above risk techniques.

The application of these techniques varies by risk type and combinations of them may be required in addressing specific risks.

**Risk governance – Guiding principles**

Responsibility for managing risks is an integral element of all roles and activities throughout Swiss Life. Key principles are:

- *Ownership and accountability:* roles and responsibilities and minimum control standards for risk takers and risk controllers are clearly defined and communicated;
- *Compliance with regulatory requirements:* external legal and regulatory requirements must be met at all times and in an efficient manner;
- Coordination and reliance among different assurance functions, e.g. ongoing exchange between Risk, Compliance and Audit;
- *Independence:* clear separation between risk taking and risk controlling/assurance functions while maintaining strong links to the business.

**Risk governance – lines of defence**

Swiss Life's organizational structure can be viewed as three «lines of defence» ensuring independent risk monitoring and control activities.

The first line of defence is the responsibility of the business (risk takers) and includes (but is not limited to):

- Senior management;
- Process owner;
- Control owner.

The second line of defence concerns those responsible for risk oversight and risk guidance (risk controller i.e. risk measurement / monitoring) including the corresponding reporting:

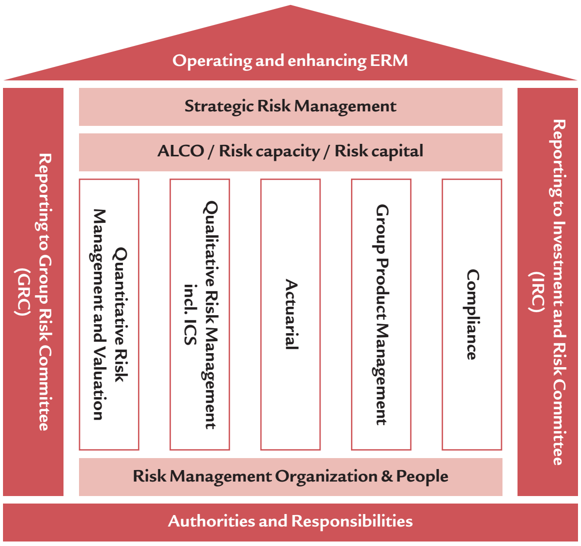
- Risk management functions;
- Compliance;
- Other control functions.

The third line of defence is independent assurance of the effectiveness and efficiency of risk management processes (among others). This assurance is the responsibility of:

- Internal audit;
- External audit.

## Risk management framework of Swiss Life Group

The risk management framework as depicted in the table below serves to operate and enhance the Group's enterprise risk management (ERM) and to achieve the stated goals. The authorities and responsibilities are defined in the Articles of Association and Regulations, in the Organisational Regulations of SL Holding and in the directives systems. They provide the foundation to operate the Group's ERM. The boards and committees as well as the organization were described previously.




## Quantitative risk management and valuation

The emphasis in the framework for the quantitative risks is put on the insurance businesses and relies on economic principles.

If possible and meaningful, risks are measured and quantified (quantitative risk management). Otherwise a qualitative assessment for the identified risks has to take place (covered by the qualitative risk management directive).

Risks should be quantified as far as possible, based on generally accepted methods. Risk valuation models are not static and have to be continuously improved.

Different forms of financial terms may occur:
- Preferably risk is measured according to probabilities and the corresponding extent of negative drawdowns;
- Possibly risk is measured as the impact of specific scenarios with an assigned probability that is subject to experience and judgement.

The methods to assess the individual quantitative risks are outlined in the guidelines on quantitative risk management:
- *Market risk:* Interest rate risk (covering also Asset and Liability Management (ALM) risk and interest rate spread risk), equity risk, currency risk, real estate and alternative investment risk;

- *Credit risk:* Migration risk (covering also default risk), concentration risk (with respect to counterparty, industry and geography);
- *Insurance risk:* Mortality, longevity, disability, recovery, surrender, costs, capital option;
- *Liquidity risk* (especially funding risk) is covered within the ALM process by stress scenarios. Liquidity is continuously monitored by a liquidity plan and liquidity reporting. In addition, liquidity stress test are conducted on a quarterly basis.

The aggregation of market, credit and insurance risks to the economic risk capital takes the effect of extreme scenarios (financial as well as biometric and combined ones) as well as diversification effects into account.

The liabilities and the corresponding assets of the insurance business are projected based on economic scenarios over a long-time horizon. In this projection, management rules, such as rules on profit sharing between policyholder and shareholder are applied. The expected shareholder value under these scenarios contributes to the risk capacity as do other forms of capital such as hybrid debt. By stressing the economic scenarios or parameters applied in the projection, sensitivities to financial market changes or to insurance parameters are derived.

The unit-linked contracts on policyholders' account are considered on a net cash flow basis and are subject to insurance, market and credit risk.

The quantification for these is done in terms of economic risk capital that reflects the potential loss in adverse situations over a one-year period, based on the risk drivers identified for each business. This capital needed has to be covered by risk bearing capital, and the ratio corresponds to the coverage or the economic solvency.

## Qualitative risk management

The qualitative risk management covers strategic risks, emerging risks and operational risks. In these areas, the risks are difficult to quantify or a general quantification approach is not established yet in the insurance sector. Where appropriate, the identified risks are addressed by the ICS.

### Strategic Risk

Swiss Life uses analytical methods to ensure that strategic risks are dealt with adequately in what continues to be a very challenging economic environment. In its strategic risk management process, Swiss Life incorporates all the information on risks and the risk/return characteristics in its strategic decisions. A thorough understanding of the interplay of individual risks is essential to take into account the factors influencing risks during strategy development so that these factors can be steered appropriately.

### Emerging Risk

With emerging risk management, newly developing or changing risks and their influence on the existing risk environment are monitored and analysed. Emerging risk is a dedicated risk category, which has strong interaction with other risk types such as insurance risk such as mortality, longevity and disability. Often, consequences of emerging risks are influencing triggers of other risk types in both ways, positive or negative. From a risk management perspective, those consequences, which have an impact on the business have to be analysed, understood and monitored over time. The result of the analysis is considered in the strategic risk management process.

**Operational Risk**
Operational risk is an inevitable consequence of being in business. The aim is not to eliminate every source of operational risk but to provide a framework that supports the identification and assessment of all material operational risks and potential concentrations in order to achieve an appropriate balance between risk and return. Sound operational risk management (which includes information security and IT risk management as well as business continuity management) and an effective ICS are an integral part of creating sustainable value for shareholders.

The Swiss Life's ICS framework is described in chapter B.4.

## Risk steering and Swiss Life's comprehensive system of limits

Swiss Life has set up a comprehensive system of limits to capture and reflect the nature of the underlying risks.

**Quantitative Risk**
– The risk appetite is set on BoD level by the IRC and is expressed as Swiss Solvency Test (SST) ratio limit for Swiss Life Group and for Swiss Life AG;
– This risk appetite is cascaded down through unit specific SST ratio limits (which ensure in aggregate adherence to the SST ratio limit for Swiss Life AG) set by the GRC and specific risk capital and exposure limits for units set by the Asset Liability Committee (ALCO);
– For credit risk, rating-dependent exposure limits avoid concentration risk of counterparties;
– Monitoring is performed through two key reports on both unit and consolidated level. As part of ALCO process, additional local constraints (e.g. SII, tied asset coverage, etc.) are monitored and managed locally;
– Within the asset managers division, additional limits (including monitoring) are established to operationalize ALCO limits and to therefore ensure adherence to the ALCO and – ultimately – SST limits.

**Qualitative Risk**
– Strategic and operational risks have quantitative risk tolerance levels and thresholds.

**Actuarial**
– Insurance risk is managed through an underwriting case process with limits and thresholds.

**Product Management**
– Profitability hurdle rates on unit and product level trough pricing policy;
– Local product developments exceeding certain thresholds are subject to a Group approval process.

## Risk Management Function of SLLIE

Risk Management at SLLIE is fully embedded in the overall risk management framework.

**Strategic Risk Management** is performed on an aggregated international level (Swiss Life International).

There is no **ALCO** (Asset Liability Committee) in place at SLLIE as only unit-linked products are offered and administered. Risk Capital and Risk Capacity calculations are performed in the team of the actuarial function.

The **Actuarial function** is in charge of **quantitative risk management** calculations.

The knowledge center for **Product Management** is centralised. As there is currently no product development in SLLIE, only product maintenance is being supplied with.

The **Compliance function** manages compliance risks and is separately described in B.4.

The **Qualitative Risk Management** (QRM) encompasses process and risk scoping, control and risk assessment, and reporting. Where deficiencies are detected, measures are defined to remedy these deficiencies. Progress of these measures is continuously monitored by the management of SLLIE.

As there are various outsourcing arrangements with mainly internal service provider in place, management attention is put on an appropriate outsourcing oversight.

Main elements of an effective monitoring and oversight system appropriate to the size and risks of SLLIE are a clear definition of key risk and performance controls which are set out in service level agreements (SLA). The design and assessment of these key controls are pertinent to an effective risk management at SLLIE level. Process level controls are subject to the local implementation of the outsourcing party and are monitored locally.

An oversight and monitoring at SLLIE therefore takes place at two levels. At a process level, SLLIE relies on a diligent implementation and controls of the local processes of the outsourcing parties.

The outsourcing party is also subject to its own ICS and QRM led by Swiss Life Group. This provides already a certain comfort level for SLLIE, as its risk assessment is a central building block of the overall oversight strategy of SLLIE.

On top, and as a second and independent layer, the outsourcing parties report on a periodic basis into separate outsourcing committees led by SLLIE. These committees form the basis of an oversight level for SLLIE, and the key controls are defined and agreed upon in the SLA's. These key controls are "owned" by SLLIE and are subject to the yearly ICS assessment and QRM cycle of SLLIE.

### Own Risk and Solvency Assessment (ORSA)

Pursuant to Art. 45 of the Solvency II Directive, SLLIE performs the Own Risk and Solvency Assessment (ORSA) which is embedded Company's decision-making and risk management process.

The ORSA consists of a forward-looking assessment of the Company's risk and solvency position over the planning period, comprising:
- An assessment of the continuous compliance with the SCR and Technical Provisions;
- An assessment of the significance of the deviations between the Company's own risk profile and the assumptions underlying the Solvency II Standard Formula;
- An assessment of the Overall Solvency Needs (OSN) taking into account the Company's risk profile and risk tolerance limits.

The quantitative assessment of the OSN is performed by taking the results of scenario- and stress-tests into account and is supplemented by a qualitative description of the Company's risk profile. The OSN assessment covers all material risks the Company is exposed to and is performed considering a number of scenarios. Those are defined by the AMSB consistently with the Company's risk profile taking into account a range of developments relevant for the business such as changes in the economic environment, the resulting evolvement of the risk profile and projected management decisions in accordance with the business strategy.

The ORSA is an integral part of the risk management of SLLIE and is embedded in the decision-making process of the Company. The results of the ORSA are an input to the strategic mid-term planning (MTP) process, which sets strategic direction of the Company over a three year horizon.

The ORSA is performed at least on an annual basis in accordance with the schedule of the MTP process. In addition, a non-regular ORSA might be required in case of specific internal or external events (e.g. the start-up of a new line of business, portfolio transfers or major changes in the asset structure or financial market conditions). The results of the ORSA are included in the ORSA report.

## *B.4 Internal control system*

Swiss Life Group's ICS consists of the entirety of procedures, methods and measures prescribed by the BoD and the Corporate ExB to ensure the orderly conduct of business. The focus is on the reliability of financial reporting, the effectiveness of business processes and compliance with laws and regulations issued to protect the company's assets.

Swiss Life Group established an effective ICS as part of the overall qualitative risk management to mitigate financial reporting risks, compliance risks and operational risks. Swiss Life's ICS essentially comprises the following parts as outlined in the ICS Group Guideline: the ICS framework, the internal control management process and the associated roles and responsibilities.

The ICS framework contains the description and documentation of:
- process-level control measures (measures implemented in business process to mitigate financial reporting, operations and compliance risk);
- entity-level control measures (measures implemented to control compliance with external and internal laws, regulations and standards);
- the IT control framework (framework to ensure completeness, accuracy and integrity of business transactions which are performed or supported by applications) and
- minimum requirements for end-user computing tools.

SLLIE implemented and operates the ICS locally within the standards of SL Group. The ICS comprises the ICS framework, the internal control management process and the associated roles and responsibilities.

### Description of the Compliance Function

The objective of the Compliance Function in SLLIE is to ensure:
– a conduct that ensures compliance with legal and regulatory requirements and other external or internal regulations at all times;
– the identification and avoidance of compliance risks, and thus of respective consequences, above all potential impacts on Swiss Life's reputation;
– a prudent management at all times

by defining the necessary compliance standards and respective processes for all areas of Swiss Life Group, supporting both employees and management in the implementation and enforcement thereof. Moreover, the role of local compliance is prescribed to encompass the local regulatory requirements of Solvency II.

Group compliance standards have been developed to ensure the implementation and enforcement of material compliance topics, in accordance with the locally applicable legal and regulatory requirements[3]. The compliance function ensures at every functional level adherence to the Group directives system described in chapter B.1.

SLLIE defines the reporting line between the local Head of Compliance and the local Management while taking into consideration the independence of the function as second line of defense. In addition, the local Head of Compliance has a functional reporting line to the Group Head of Compliance.

SLLIE's Compliance Function is owned by the local Head of Compliance. This function is geared toward 5 different pillars for which the department is responsible for performance and reporting to the local CEO and the divisional Head of Compliance:
– Compliance with the regulation against money laundering and the terrorism financing;
– Qualitative Risk management (including the management of the ICS);
– Compliance Audits & Controls;
– Regulatory Compliance including tax reporting activities (FATCA/CRS);
– Special Investments in the context of the Private Wealth business (private equity investments).

## B.5 Internal audit function

The Internal Audit Function is performed by the Corporate Internal Audit of the Swiss Life Group in conjunction with the Audit Committee of the Group. By doing so, the Company ensures that:
– Appropriate resources are allocated to the task;

- Recognised internal audit standards are applied and fulfil the requirements of the law such as audit plan definition, adequate reporting of audit findings and recommendations;
- A follow-up process is in place through effective tracking tools;
- Decisions of the BoD of the Company comply with previous recommendations.

[3] SLG 8.2 Compliance Standards

# B.6 Actuarial function

The local Head of Actuarial Services ensures at all time that the actuarial function is carried out by persons who have an adequate knowledge and understanding of the written insurance business, stochastic nature of insurance, the risk inherent in assets and liabilities, as well as an understanding of the use of statistical models commensurate with the sophistication of the methodologies and models applied by Swiss Life Group. The deepness of the knowledge required depends on the organisational level they belong to.

The local Head of Actuarial Services represents the actuarial function under Solvency II.

The Actuarial Function at Swiss Life is defined in the following organisational levels:
- Group Actuarial Services;
- Appointed Actuary;
- Actuarial Board;
- Actuarial Organisation and local Actuarial Services.

### Actuarial Board

The Actuarial Board consists of the Group Chief Actuary (Chairman), the local Chief Actuaries and the Appointed Actuaries. The Board approves Actuarial Directives, Guidelines and Instructions from a functional point of view according to the Group Directives system.

### Local Chief Actuary

The local Chief Actuary is responsible for performing all actuarial functions of the Business Division without any statutory duties in contrast to the Appointed Actuary.

Within the Company, both roles, appointed actuary and chief actuary are held by two different persons.

The local Chief Actuary has to ensure the appropriateness of the Divisional Actuarial Function Guidelines and the alignment with all local specific legal and regulatory requirements. As representing the Actuarial Function, the local Chief Actuary is responsible for the assessment of the technical provisions according to Solvency II principles, the assessment of reinsurance and underwriting policy regarding their appropriateness. An adequate segregation of responsibilities established within the organizational structure ensures that the person performing actuarial tasks is not simultaneously responsible for the execution and for the providing an opinion on the adequacy of the executed item.

# B.7 Outsourcing

A Group Outsourcing Guideline defines outsourcing requirements throughout the Swiss Life Group. It regulates the outsourcing to service providers and describes the outsourcing process at Swiss Life and has been implemented accordingly by SLLIE.

Prior to the outsourcing of critical or important functions or activities as well as of any subsequent material developments with respect to those functions or activities, the outsourcing SL entity has to notify Group Qualitative Risk Management.

In case of outsourcing of critical or important functions such as risk management, compliance, internal audit or actuarial, the Company has to ensure the fitness and propriety of all persons working on that function. The outsourcing has to be approved by the Group Executive Committee or the Divisional Executive Committee.

SLLIE maintains an inventory about all outsourcings (internal and external) which contains information about the classification (“critical and / or important activity or function”), the performance evaluation and the impact on Swiss Life, in case the service is not delivered as agreed (risk assessment).

SLLIE has some critical outsourcings (IT infrastructure management, outsourcing of HR payroll administration, Risk Management function, Actuarial function under SII, certain administration activities) which have already the appropriate formal agreements or where the approval process is on-going with the FMA. All outsourcings are monitored closely as described in B.3.

# *C Risk Profile*

Risk is defined as the potential danger of an actual result deviating adversely from the expected result. If meaningful, material risks must be measured and quantified. If a risk cannot be quantified, a qualitative assessment needs to be done.

When measured, the risks are assessed by their contribution to the SCR applying the standard formula from the Directive 2009/138/EC. In other cases, when this is not possible, the risks are identified, assessed and managed through the Company’s qualitative risk management framework including the internal control system.

The detailed results from the Solvency II standard formula are given in section E.2. As a summary, the main risks for the Company are the market risk, more specifically currency and equity risk, the life underwriting risk due to lapse risk as well as credit risk.

The Company invests its assets according to the ‘prudent person principle’ as presented in Article 132 of Directive 2009/138/EC:

The general assets (i.e. not covering unit-linked contracts) are invested in regulated financial markets and no use of derivatives was made over 2023.

The unit-linked investments follow the investment strategy provided in the contract conditions chosen by the policyholder. Moreover, the valuation processes in place aim at limiting any discrepancy in value between the technical provisions and the covering assets.

# C.1 Underwriting risk

Insurance risk refers to the risk of a loss based on deviation between the expected costs for claims and benefits and the actual costs as a result of accident, error or change of circumstances.

Insurance contracts are contracts under which one party (the insurer) agrees to compensate the other party (the policyholder) if a specified uncertain future event affects the policyholder. The Group's insurance entities neither generally accept nor generally deny insurance coverage to applicants, but ensure that all the insurance risks are identified and thoroughly assessed, and that the insurance premiums accurately reflect the risk taken. The amount and type of risk taken must be in line with the Group's risk policy and strategy, and must also meet the profitability targets.

## Embedded options

The ability of a policyholder to pay reduced or no future premiums under a contract, to terminate the contract completely or to exercise a guaranteed annuity option means that the insurer's liability is also subject to policyholder behaviour to a certain extent. On the assumption that a certain group of policyholders will make decisions rationally, overall insurance risk can be aggravated by such behaviour.

## Underwriting strategy

Underwriting is the process of selecting and classifying insurable risks. The underwriting strategy attempts to ensure that the risks underwritten are profitable and well diversified in terms of type of risk and level of insured benefits. Life insurance underwriting is performed to ensure that the premiums and the general conditions of the insurance policies are adequate for the risks to be insured.

## Measures to assess the material risks

Insurance Risk is regularly measured based on the Solvency II Standard Formula and its assessment is part of the ORSA process of the Company.

## Material risk exposure (incl. material changes)

Due to the nature of its portfolio and unit-linked products, SLLIE is exposed to underwriting risk mainly by lapse risk linked to the policyholder behaviour.

Expense risk exists in all insurance companies and arises when the loadings are not sufficient to cover the administration expense basis.

Biometric risks such as mortality have a limited risk contribution due to the reinsurance program in place and the nature of the products with only legally required death coverage.

# C.2 Market risk

Market risk refers to the risk of a loss due to changes in the financial position, which, directly or indirectly, arise from fluctuations in the level and/or volatility of market prices for assets, liabilities or financial instruments. Market risk includes the risk of currency rate changes.

In the context of SLLIE, market risk is mainly due to a potential decrease in future profits due to adverse market developments. This is a consequence of the fact that market risks are borne by policyholders for the majority of the Company's portfolio.

### Measures to assess the material risks

Market Risk is regularly measured based on the Solvency II Standard Formula and its assessment is part of the ORSA process of the Company.

### Material risk exposure (incl. material changes)

SLLIE's Market Risk is mainly driven by currency risk resulting from the fact that the currencies of the insurance contracts are mostly different from the reporting currency CHF.

Furthermore, Market Risk is explained by equity and spread risk which are the second largest ones due to the unit-linked portfolios invested in equity, bonds, equity and fixed income funds.

Interest rate risk is not material as the durations of the liabilities and their covering assets are matched.

# C.3 Credit risk

SLLIE is exposed to Credit Risk, which is the risk due to the uncertainty in a counterparty's ability to meet its contractual obligations. Key areas are:
– Reinsurance share of insurance liabilities;
– Amounts due from reinsurers in respect of claims already paid.

### Measures to assess the material risks

Credit risk is regularly measured based on the Solvency II Standard Formula and its assessment is part of the ORSA process of the Company.

### Material risk exposure (incl. material changes)

As of year-end 2023, credit risk arises on the reinsurance treaties in force.

# C.4 Liquidity risk

Liquidity Risk means the risk that SLLIE is unable to realise investments and other assets in order to settle their financial obligations when they fall due.

### Measures to assess the material risks

Liquidity Risk is assessed as not material due to the business model of the Company. In terms of unit-linked policies, a certain minimum level of cash is always available in the policy accounts to earn the admin fees and mortality risk premiums, allowing to face liquidity risk.

### Material risk exposure (incl. material changes)

As of year-end 2023, the Company is not subject to material liquidity risk exposures.

# C.5 Operational risk

Operational Risk is the risk of losses resulting from inadequate or failed internal processes, people and systems, or from external events. This definition includes Outsourcing and Legal Risks but excludes risks arising from strategic decisions and reputational risks.

### Measures to assess the material risks

Operational risk is regularly measured based on the Solvency II Standard Formula and its assessment is part of the ORSA process of the Company.

### Material risk exposure (incl. material changes)

As of year-end 2023, the Company is exposed to material operational risk related to the business, which can therefore not be avoided. These include negative developments in the political / tax environment and loss of key skills or employees.

# C.6 Other material risks

Besides the risks discussed above, the Company is exposed to the risks which arise as a consequence of the cross-border nature of the business. These are related to external regulatory or market factors (e.g. change in political or tax environment) that would unfavourably change the SLLIE's ability to maintain or develop its activities in the areas where the business is currently conducted.

# C.7 Any other information

## Risk concentration

The company has no material exposure to concentration risk as of year-end 2023.

## Risk mitigation

**Reinsurance**
Reinsurance is used to limit the exposure to insurance risk. This does not, however, discharge the liability as a primary insurer, and, if a reinsurer fails to pay a claim, the Company remains liable for the payments to the policyholder. A loss allowance would be recognised for any estimated unrecoverable reinsurance.

SLLIE's management reviews reinsurance programs covering treaty, type, risks covered and retention on a regular basis. A process, competencies and limits are set up for the approval of reinsurance programs and their modification. To ensure that the Group's principles are observed, guidelines on reinsurance are in place.

In accordance with its retention policy for mortality, the Company limits its exposure to CHF 5 million per life.

## Other risk transfer

Risk transfer primarily takes the form of reinsurance. Alternative forms of risk transfer (such as securitisation) require the formal approval of the GRC. No significant alternative form of risk transfer is used by the Company at present.

Insurance risks are regularly reported to the GRC.

## Risk sensitivities

The assessment of risk sensitivities is a key element of the Company's ORSA, where a number of stress-, scenario and reverse stress tests are performed. These are performed based on assumptions related to the development of assets and a liabilities, taking the risk profile of SLLIE into account. The outcome of this analysis is used as a basis to identify the key risks the Company is exposed to and is integrated in the MTP process through the ORSA.

# D Valuation for Solvency Purposes

## D.1 Assets

According to Article 75(1)(a) of Directive 2009/138/EC all assets shall be valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction, that means with their fair values.

The overview of the Company's assets reported in the Solvency II balance sheet as of year-end 2023 is shown below (with year-end 2022 as comparison period). For more detailed information on the asset breakdown, we refer to template S.02.01.02 in the annex.

In CHF million

| ASSETS | 2023 | 2022 |
|---|---|---|
| Investments (other than assets held for index-linked and unit-linked contracts) | **35.0** | 36.6 |
| Assets held for index-linked and unit-linked contracts | **2 619.7** | 3 046.8 |
| Reinsurance recoverables | **694.6** | 728.3 |
| Cash and cash equivalents | **29.4** | 20.8 |
| Other assets | **24.6** | 35.0 |
| **Total Assets** | **3 403.3** | **3 867.6** |

A hierarchy of valuation methodologies is prescribed by Solvency II in Art. 10 of Commission Delegated Regulation EU 2015/35 for the valuation of assets. As a default valuation method, quoted market prices in active markets shall be used. If this is not possible, alternative approaches shall be used. The bases, methods and main assumptions used for the valuation of assets for solvency purposes are given below for the material asset classes, together with an explanation of material differences compared to the statutory valuation.

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

SLLIE investments mainly consist of bonds and deposits. Both assets classes are valued according to their market value as reported for IFRS purposes. Differences compared to statutory financial statements arise due to bonds being valued at amortized cost for statutory reporting purposes.

### Assets held for index-linked and unit-linked contracts

Assets held for index-linked and unit-linked contracts are valued as the market value of the underlying investments as reported for IFRS and statutory reporting purposes.

### Reinsurance recoverables

The value of the reinsurance recoverables corresponds to the local statutory figures. The impact of the reinsurance is shown net in the liabilities value under Solvency II.

### Cash and cash-equivalents, other assets

Cash and cash equivalents and other assets are valued according to their nominal value. Differences compared to statutory financial statements arise from intangible assets being valued to zero pursuant to Art. 12 of Commission Delegated Regulation EU 2015/35.

### Reconciliation of assets

The reconciliation of assets recognized for statutory and Solvency II purposes is shown in the table below.

| In CHF million | 2023 | 2022 |
|---|---|---|
| Statutory assets | **3 408.5** | 3 872.1 |
| Intangible assets valuation | **–5.4** | –4.5 |
| Bond valuation | **0.1** | 0.0 |
| Valuation of reinsurance recoverables | **0.0** | 0.0 |
| Solvency II assets | **3 403.3** | 3 867.6 |

# *D.2 Technical Provisions*

The overview of the Company's technical provisions reported in the Solvency II balance sheet is shown below. For more detailed information on the breakdown, we refer to template S.12.01.02 in the annex.

| In CHF million | Insurance with profit participation | | Index-linked and unit-linked insurance | | Other life insurance | | Accepted reinsurance | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Best estimate | **24.6** | 25.2 | **3 252.5** | 3 450.8 | **0.8** | 1.1 | **0.5** | 0.0 |
| Risk margin | **0.1** | 0.1 | **18.5** | 19.7 | **0.0** | 0.0 | **0.0** | 0.0 |
| Technical provisions | **24.8** | 25.3 | **3 271.0** | 3 470.5 | **0.8** | 1.1 | **0.5** | 0.0 |

### Solvency II valuation

The valuation of technical provision is set out in the Delegated Acts, Art. 17 to 61. Technical provisions either constitute of the best estimate and the risk margin or are calculated as a whole. Both methods are described in detail below. The same approach is used for the valuation of reinsurance recoverables.

According to Delegated Acts, Art. 55, technical provisions have to be calculated separately for the relevant LoB. The calculation of technical provisions shall make use of and be consistent with information provided by the financial markets and generally available data on underwriting risks (market consistency).

The best estimate corresponds to the probability-weighted average of future cash-flows, taking account of the time value of money (expected present value of future cash-flows), using the relevant risk-free interest rate term structure. The calculation of the best estimate is based upon up-to-date and reliable information and realistic assumptions and performed using adequate, applicable and relevant actuarial and statistical methods. The best-estimate is calculated net of reinsurance recoverables.

The calculation of the best estimate is performed using a cash-flow valuation model in order to project future cash-flows related to premium, claims, expenses related to the Company's insurance obligations. Those cash-flows are derived based on assumptions about future mortality, policyholder behaviour, expenses and future evolution of the financial markets. The cash-flows are discounted using the relevant risk-free interest rates provided by EIOPA.

The risk margin is such as to ensure that the value of the technical provisions is equivalent to the amount that insurance undertakings would be expected to require in order to take over and meet the insurance obligations. It reflects the cost of holding regulatory capital. Pursuant to the Solvency II Directive, the calculation of the risk margin is based on a projection of future Solvency Capital Requirements under the assumption that the insurance portfolio of SLLIE is transferred to another insurance company.

## Transitional and long-term guarantee measures

SLLIE does not use the Volatility Adjustment referred to in Art. 77b of Directive 2009/138/EC nor the transitional measures referred to in Art. 308c and Art. 308d of the same Directive.

## Reconciliation of Technical Provisions

The difference between the Solvency II and statutory value of life technical provisions (excluding unit-linked business) is given as follows.

| In CHF million | Solvency II | | Statutory | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| Best estimate | **25.9** | 26.3 | **25.9** | 26.3 |
| Risk margin | **0.1** | 0.1 | **0.0** | 0.0 |
| **Total** | **26.1** | **26.4** | **25.9** | **26.3** |

The only difference between the statutory and Solvency II value of technical provisions for non-unit linked business is therefore given by the Risk Margin (which does not exist in the statutory framework). The Best Estimate of technical provisions is assumed to be equal to the statutory value thereof (i.e. no revaluation takes place) as this business is considered to be immaterial compared to the remaining part of the Company's portfolio as of year-end 2023. This simplification has been chosen by the Company pursuant to Art. 56 of Commission Delegated Regulation EU 2015/35.

The difference between the Solvency II and statutory value of life technical provisions for unit-linked business is shown below.

| In CHF million | Solvency II | | Statutory | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| Best estimate | **3 252.5** | 3 450.8 | **3 280.3** | 3 482.0 |
| Risk margin | **18.5** | 19.7 | **0.0** | 0.0 |
| **Total** | **3 271.0** | **3 470.5** | **3 280.3** | **3 482.0** |

Besides differences arising from the Risk Margin (see above), material differences between the Solvency II best estimate and the statutory value of liabilities are due to present value of future profits (PVFP) being recognized in the Solvency II balance sheet. These are calculated with the same approach used for the PVFP valuation for the Market Consistent Embedded Value as well as the Swiss Solvency Test (SST).

### Level of uncertainty in the amount of the technical provisions

Random annual fluctuations of the insurance benefits, the lapse behaviour of policyholders and the profit participation rules could lead to portfolio variation. Pandemic events can have also significant one-off effects on the insurance benefits. Furthermore, changes in policyholder biometrics or lapse risks lead to high level of uncertainty of technical provisions. Thus, the actuarial assumptions are reviewed annually.

### Recoverables from reinsurance contracts

The reinsurance recoverables are related to reinsurance contracts which are in place and cover the guarantees on a portion of the unit-linked portfolio of the Company.

The requirements regarding the treatment of recoverables are outlined in Delegated Acts, Art. 41 and 42. In particular, the calculation must be consistent with the principles and methodologies used for the valuation of the underlying technical provisions. The value of reinsurance recoverables is equal to the portion of gross technical provisions which is ceded by SLLIE to the reinsurer. As a result, the valuation is based on the same methods, models and assumptions used for the valuation of the Company’s technical provisions.

# D.3 Other Liabilities

The overview of the Company's other liabilities reported in the Solvency II balance sheet is as follows.

In CHF million

| | 2023 | 2022 |
|---|---|---|
| Provisions other than technical provisions | **1.1** | 3.3 |
| Pension benefit obligations | **0.0** | 0.0 |
| Deferred tax liabilities | **0.5** | 0.9 |
| Insurance and intermediary payables | **15.5** | 273.5 |
| Payables (trade, not insurance) | **30.7** | 21.5 |
| Subordinated liabilities | **0.0** | 0.0 |
| Any other liability, not elsewhere shown | **0.9** | 3.1 |
| **Total other liabilities** | **48.8** | **302.2** |

The valuation of other liabilities for solvency purposes is discussed below together with the main differences compared to the statutory valuation.

## Provisions other than technical provisions

Provisions other than technical provisions are related to ongoing and/or expected litigation cases. They correspond to the undiscounted settlement value according to IFRS.

## Pension benefit obligation

The pension benefit obligation is recognized at its IAS19 value under IFRS as prescribed by Solvency II. This liability is not recognized in the statutory balance sheet.

## Deferred tax liabilities

Pursuant to Art. 15 of the Delegated Acts, deferred tax liabilities (DTLs) are recognized in relation to all assets and liabilities recognized for solvency or tax purposes. The value of DTLs is determined based on the valuation differences between the market consistent values according to Solvency II and values used for tax purposes assuming a tax rate of 12.5%.

## Insurance and intermediary payables

Insurance & intermediaries payables mainly consist of pending benefits of insurance contracts and are valued with their surrender value as for statutory purposes.

### Payables

Payables are measured with the settlement value which corresponds to the values according to IFRS and statutory accounting. They mainly consist of short-term liabilities against associate companies and other creditors.

### Subordinated liabilities

Subordinated liabilities are measured with the settlement value which corresponds to the Statutory and IFRS value.

### Any other liabilities

Any other liabilities are measured with the settlement value which corresponds to the values according to IFRS and statutory accounting. They mainly consist of accruals for liabilities.

### Reconciliation of other liabilities

As discussed above, the only differences between other liabilities recognized for solvency and statutory purposes arise from the recognition of pension benefit obligations and DTLs in the Solvency II balance sheet.

In CHF million

| Other liabilities | **2023** | 2022 |
|---|---|---|
| Statutory value | **48.3** | 301.3 |
| Pension benefit obligation | **0.0** | 0.0 |
| Deferred tax liabilities | **0.5** | 0.9 |
| Solvency II value | **48.8** | 302.2 |

## *D.4 Alternative methods for valuation*

SLLIE applies no alternative methods for valuation as of year-end 2023.

# E Capital Management
## E.1 Own Funds

Capital management is included in the yearly planning ORSA process. For the planning process, at least three scenarios are defined at group level that are analysed in terms of capital management. Over a time horizon of three years, the different scenarios are analysed in depth to foresee future capital management actions.

The quantitative information contained in this section refers to template S.23.01.01 shown in the annex. The Own Funds are classified in Tiers pursuant to Solvency II regulations to reflect their quality, with Tier 1 being of highest quality and made up of items which fully absorb losses to enable the Company to continue as a going concern. Own Fund items which do not satisfy the conditions to be classified as Tier 1 but are still available to absorb losses can be classified as Tier 2 and Tier 3 items provided that they satisfy the relevant conditions set by Solvency II. As of year-end 2023, all Basic Own Fund Items of SLLIE are classified as Tier 1.

The composition and quality of the Basic Own Funds of SLLIE are shown in the next table.

| In CHF million | Tier 1 – unrestricted | | Tier 1 – restricted | | Tier 2 | | Tier 3 | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| Basic Own Funds | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 |
| Ordinary share capital | 5.0 | 5.0 | - | - | - | - | - | - | **5.0** | **5.0** |
| Initial funds | 3.0 | 3.0 | | | | | | | **3.0** | **3.0** |
| Share premium account | 52.6 | 53.6 | - | - | - | - | - | - | **52.6** | **53.6** |
| Reconciliation reserve | -3.1 | 5.0 | - | - | - | - | - | - | **-3.1** | **5.0** |
| Subordinated liabilities | - | - | - | - | - | - | - | - | **-** | **-** |
| **Total Basic Own Funds** | **57.5** | **66.6** | **-** | **-** | **0.0** | **0.0** | **0.0** | **0.0** | **57.5** | **66.6** |

The decrease of the reconciliation reserve compared to year-end 2022 is mainly explained by the economic impacts on the unit-linked volumes which have been decreasing following the market evolution over 2023.

As of year-end 2023 in line with previous year, the total Basic Own Funds are eligible to cover the Solvency Capital Requirement (SCR) of SLLIE, as shown in the following table.

| In CHF million | Tier 1 – unrestricted | | Tier 1 – restricted | | Tier 2 | | Tier 3 | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 |
| Total Eligible Own Funds to meet the SCR | **57.5** | 66.6 | **-** | - | **-** | - | **-** | - | **57.5** | 66.6 |

The amount and composition of the eligible Own Funds to cover the Minimum Capital Requirement (MCR) are shown below.

| In CHF million | Tier 1 – unrestricted | | Tier 1 – restricted | | Tier 2 | | Tier 3 | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 |
| Total Eligible Own Funds to meet the MCR | **57.5** | 66.6 | **-** | - | **-** | - | **-** | - | **57.5** | **66.6** |

Material differences between equity shown in the financial statements and the excess of assets over liabilities as calculated for Solvency II purposes arise from different rules and regulations for valuation and consideration of balance sheet items (see chapter D). The reconciliation between statutory equity and the excess of assets over liabilities in the Solvency II balance sheet is as follows.

In CHF million

| | 2023 | 2022 |
|---|---|---|
| Statutory Equity | **54.0** | 62.6 |
| Valuation of Technical Provisions and reinsurance recoverables | **9.2** | 11.3 |
| Intangible assets | **-5.4** | –4.5 |
| Deferred tax liabilities | **-0.5** | –0.9 |
| Other adjustments | **0.1** | –2.0 |
| Excess of assets over liabilities for solvency purposes | **57.5** | 66.6 |

# *E.2 Solvency Capital Requirement and Minimum Capital Requirement*

The SCR is calculated based on the Solvency II Standard Formula. The next table shows the amount of SCR.

In CHF million

| | 2023 | 2022 |
|---|---|---|
| Basic SCR | **29.7** | 28.4 |
| Adjustment for the loss absorbing capacity of technical provisions | **-** | - |
| Adjustment for the loss absorbing capacity of deferred taxes | **-4.0** | –3.8 |
| Operational risk | **2.5** | 2.3 |
| SCR | **28.2** | 26.8 |

The amount of SCR by risk module is shown below.

In CHF million

| | 2023 | 2022 |
|---|---|---|
| SCR for market risk | **8.3** | 7.5 |
| SCR for counterparty default risk | **20.4** | 18.7 |
| SCR for life underwriting risk | **11.9** | 12.7 |
| Basic SCR | **29.7** | 28.4 |

The highest risk component is given by counterparty default risk; this reflects the large exposure to reinsurers which may not be able to pay for their engagements.  Most of the reinsurance exposures are towards group internal companies.

The MCR is calculated based on the standard model. In the end, the cap from the SCR is defining the required level of MCR (45% of the SCR).

In CHF million

| | 2023 | 2022 |
|---|---|---|
| Linear MCR | **18.2** | 19.4 |
| Floor | **7.0** | 6.7 |
| Cap | **12.7** | 12.1 |
| Combined MCR | **12.7** | 12.1 |
| Minimum guarantee fund | **6.2** | 6.1 |
| **MCR** | **12.7** | **12.1** |

SLLIE applies neither simplified calculations for the Standard Formula SCR nor uses undertaking specific parameters as of year-end 2023.

# *E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement*

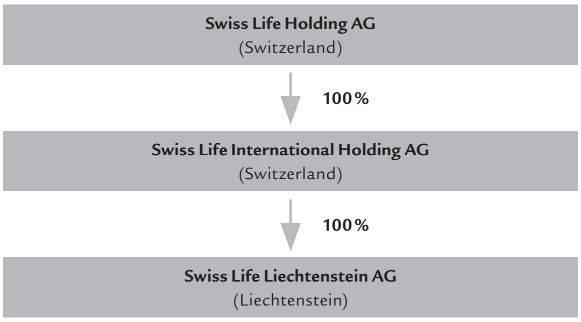
SLLIE does not use the duration based equity risk sub-module.

# *E.4 Differences between the standard formula and any internal model used*

The figures shown in the previous chapters show that SLLIE is compliant with the regulatory requirements in terms of compliance with the MCR and SCR.

# *Annex*

## Holding structure



## S.02.01.02 Balance sheet

| in thousand CHF | | Solvency II value |
|---|---|---|
| | | **C0010** |
| **ASSETS AS OF 31 DECEMBER 2023** | | |
| Intangible assets | R0030 | 0 |
| Deferred tax assets | R0040 | 0 |
| Pension benefit surplus | R0050 | 0 |
| Property, plant & equipment held for own use | R0060 | 0 |
| Investments (other than assets held for index-linked and unit-linked contracts) | R0070 | 34 955 |
| Property (other than for own use) | R0080 | 0 |
| Holdings in related undertakings, including participations | R0090 | 100 |
| Equities | R0100 | 0 |
| Equities – listed | R0110 | 0 |
| Equities – unlisted | R0120 | 0 |
| Bonds | R0130 | 34 855 |
| Government Bonds | R0140 | 6 263 |
| Corporate Bonds | R0150 | 28 591 |
| Structured notes | R0160 | 0 |
| Collateralised securities | R0170 | 0 |
| Collective Investments Undertakings | R0180 | 0 |
| Derivatives | R0190 | 0 |
| Deposits other than cash equivalents | R0200 | 0 |
| Other investments | R0210 | 0 |
| Assets held for index-linked and unit-linked contracts | R0220 | 2 619 747 |
| Loans and mortgages | R0230 | 41 |
| Loans on policies | R0240 | 41 |
| Loans and mortgages to individuals | R0250 | 0 |
| Other loans and mortgages | R0260 | 0 |
| Reinsurance recoverables from: | R0270 | 694 551 |
| Non-life and health similar to non-life | R0280 | 0 |
| Non-life excluding health | R0290 | 0 |
| Health similar to non-life | R0300 | 0 |
| Life and health similar to life, excluding health and index-linked and unit-linked | R0310 | 22 527 |
| Health similar to life | R0320 | 0 |
| Life excluding health and index-linked and unit-linked | R0330 | 22 527 |
| Life index-linked and unit-linked | R0340 | 672 024 |
| Deposits to cedants | R0350 | 0 |
| Insurance and intermediaries receivables | R0360 | 4 191 |
| Reinsurance receivables | R0370 | 0 |
| Receivables (trade, not insurance) | R0380 | 16 754 |
| Own shares (held directly) | R0390 | 0 |
| Amounts due in respect of own fund items or initial fund called up but not yet paid in | R0400 | 0 |
| Cash and cash equivalents | R0410 | 29 441 |
| Any other assets, not elsewhere shown | R0420 | 3 620 |
| **TOTAL ASSETS** | R0500 | **3 403 300** |

## S.02.01.02 Balance sheet (continued)

| in thousand CHF | | Solvency II value |
|---|---|---|
| | | C0010 |
| **LIABILITIES AS OF 31 DECEMBER 2023** | | |
| Technical provisions – non-life | R0510 | 0 |
| Technical provisions – non-life (excluding health) | R0520 | 0 |
| TP calculated as a whole | R0530 | 0 |
| Best Estimate | R0540 | 0 |
| Risk margin | R0550 | 0 |
| Technical provisions – health (similar to non-life) | R0560 | 0 |
| TP calculated as a whole | R0570 | 0 |
| Best Estimate | R0580 | 0 |
| Risk margin | R0590 | 0 |
| Technical provisions – life (excluding index-linked and unit-linked) | R0600 | 26 056 |
| Technical provisions – health (similar to life) | R0610 | 0 |
| TP calculated as a whole | R0620 | 0 |
| Best Estimate | R0630 | 0 |
| Risk margin | R0640 | 0 |
| Technical provisions – life (excluding health and index-linked and unit-linked) | R0650 | 0 |
| TP calculated as a whole | R0660 | 0 |
| Best Estimate | R0670 | 25 909 |
| Risk margin | R0680 | 147 |
| Technical provisions – index-linked and unit-linked | R0690 | 3 270 953 |
| TP calculated as a whole | R0700 | 0 |
| Best Estimate | R0710 | 3 252 503 |
| Risk margin | R0720 | 18 450 |
| Contingent liabilities | R0740 | 0 |
| Provisions other than technical provisions | R0750 | 1 119 |
| Pension benefit obligations | R0760 | 0 |
| Deposits from reinsurers | R0770 | 0 |
| Deferred tax liabilities | R0780 | 499 |
| Derivatives | R0790 | 0 |
| Debts owed to credit institutions | R0800 | 0 |
| Financial liabilities other than debts owed to credit institutions | R0810 | 0 |
| Insurance & intermediaries payables | R0820 | 15 538 |
| Reinsurance payables | R0830 | 0 |
| Payables (trade, not insurance) | R0840 | 30 715 |
| Subordinated liabilities | R0850 | 0 |
| Subordinated liabilities not in BOF | R0860 | 0 |
| Subordinated liabilities in BOF | R0870 | 0 |
| Any other liabilities, not elsewhere shown | R0880 | 944 |
| **TOTAL LIABILITIES** | R0900 | **3 345 826** |
| **Excess of assets over liabilities** | R1000 | **57 474** |

## S.04.05.21 Premiums, claims and expenses by country

| as of 31 December 2022 | | Home Country | Top 5 countries (by amount of gross premiums written) – life obligations | | | | |
|---|---|---|---|---|---|---|---|
| in thousand CHF | | C0150 | C0160 | C0170 | C0180 | C0190 | C0200 |
| | R1400 | | AT | CH | IT | DE | ES |
| | | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 |
| **PREMIUMS WRITTEN** | R1020 | 811 | 21 851 | 3 087 | 2 447 | 1 214 | 9 |
| **PREMIUMS EARNED** | R1030 | 811 | 21 851 | 3 087 | 2 447 | 1 214 | 9 |
| **CLAIMS INCURRED** | R1040 | 67 | 24 461 | 80 568 | 86 765 | 252 637 | 11 |
| **Expenses incurred** | R1050 | 468 | 3 648 | 2 516 | 93 | 53 | 0 |

## S.05.01.02 Premiums, claims and expenses by line of business

| as of 31 December 2023 | | Line of Business for: life insurance obligations | | | | | | Life reinsurance obligations | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Health insurance | Insurance with profit participation | Index-linked and unit-linked insurance | Other life insurance | Annuities stemming from non-life insurance contracts and relating to health insurance obligations | Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations | Health reinsurance | Life reinsurance | Total |
| in thousand CHF | | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 | C0270 | C0280 | C0300 |
| **PREMIUMS WRITTEN** | | | | | | | | | | |
| Gross | R1410 | | 2 947 | 25 660 | | | | | 811 | 29 418 |
| Reinsurers' share | R1420 | | 2 618 | 520 | | | | | 0 | 3 137 |
| Net | R1500 | | 329 | 25 141 | | | | | 811 | 26 281 |
| **PREMIUMS EARNED** | | | | | | | | | | |
| Gross | R1510 | | 2 947 | 25 660 | | | | | 811 | 29 418 |
| Reinsurers' share | R1520 | | 2 618 | 520 | | | | | 0 | 3 137 |
| Net | R1600 | | 329 | 25 141 | | | | | 811 | 26 281 |
| **CLAIMS INCURRED** | | | | | | | | | | |
| Gross | R1610 | | 1 463 | 515 868 | | | | | 67 | 517 399 |
| Reinsurers' share | R1620 | | 1 271 | 75391 | | | | | 0 | 76 662 |
| Net | R1700 | | 193 | 440 477 | | | | | 67 | 440 737 |
| **CHANGES IN OTHER TECHNICAL PROVISIONS** | | | | | | | | | | |
| Gross | R1710 | | -1 760 | 318 319 | | | | | 0 | 316 559 |
| Reinsurers' share | R1720 | | -1 361 | 33 811 | | | | | 0 | 32 450 |
| Net | R1800 | | -398 | 284 508 | | | | | 0 | 284 109 |
| **Expenses incurred** | R1900 | | 252 | 16 324 | | | | | 1 104 | 17 680 |
| **Other expenses** | R2500 | | | | | | | | | **861** |
| **TOTAL EXPENSES** | R2600 | | | | | | | | | **18 541** |

## S.12.01.02 Life and Health SLT Technical Provisions

| as of 31 December 2023 | | | Index-linked and unit-linked insurance | | | Other life insurance | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Insurance with profit participation | Index-linked and unit-linked insurance | Contracts without options and guarantees | Contracts with options or guarantees | Other life insurance | Contracts without options and guarantees | Contracts with options or guarantees | 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) |
| in thousand CHF | | **C0020** | **C0030** | **C0040** | **C0050** | **C0060** | **C0070** | **C0080** | **C0090** | **C0100** | **C0150** |
| **Technical provisions calculated as a whole** | R0010 | | | | | | | | | | |
| 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 | R0020 | | | | | | | | | | |
| **TECHNICAL PROVISIONS CALCULATED AS A SUM OF BE AND RM** | | | | | | | | | | | |
| **BEST ESTIMATE** | | | | | | | | | | | |
| **Gross Best Estimate** | R0030 | 24 638 | | 2 583 051 | 669 452 | | 394 | 390 | | 487 | 3 278 413 |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | R0080 | 22 527 | | 0 | 672 024 | | 0 | 0 | | 0 | 694 551 |
| Best estimate minus recoverables from reinsurance/SPV and Finite Re – total | R0090 | 2 111 | | 2 583 051 | -2 572 | | 394 | 390 | | 487 | 2 583 861 |
| **Risk Margin** | R0100 | 140 | 18 450 | | | 4 | | | | 3 | 18 597 |
| **AMOUNT OF THE TRANSITIONAL ON TECHNICAL PROVISIONS** | | | | | | | | | | | |
| Technical Provisions calculated as a whole | R0110 | | | | | | | | | | |
| Best estimate | R0120 | | | | | | | | | | |
| Risk margin | R0130 | | | | | | | | | | |
| **TECHNICAL PROVISIONS – TOTAL** | R0200 | **24 778** | **3 270 953** | | | **789** | | | | **489** | **3 297 010** |

## S.23.01.01 Own funds

as of 31 December 2023

| in thousand CHF | | Total C0010 | Tier 1 – unrestricted C0020 | Tier 1 – restricted C0030 | Tier 2 C0040 | Tier 3 C0050 |
|---|---|---|---|---|---|---|
| **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) | R0010 | 5 000 | 5 000 | | | |
| Share premium account related to ordinary share capital | R0030 | 52 583 | 52 583 | | | |
| Iinitial funds, members' contributions or the equivalent basic own – fund item for mutual and mutual-type undertakings | R0040 | 3 000 | 3 000 | | 0 | |
| Subordinated mutual member accounts | R0050 | 0 | | 0 | 0 | 0 |
| Surplus funds | R0070 | | | | | |
| Preference shares | R0090 | | | | | |
| Share premium account related to preference shares | R0110 | 0 | | 0 | 0 | 0 |
| Reconciliation reserve | R0130 | -3 109 | -3 109 | | | |
| Subordinated liabilities | R0140 | | | | | |
| An amount equal to the value of net deferred tax assets | R0160 | | | | | |
| Other own fund items approved by the supervisory authority as basic own funds not specified above | R0180 | 0 | 0 | 0 | 0 | 0 |
| **OWN FUNDS FROM THE FINANCIAL STATEMENTS THAT SHOULD 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 should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds | R0220 | 0 | | | | |
| **DEDUCTIONS** | | | | | | |
| Deductions for participations in financial and credit institutions | R0230 | 0 | 0 | 0 | 0 | 0 |
| **Total basic own funds after deductions** | R0290 | **57 474** | **57 474** | **0** | **0** | **0** |
| **ANCILLARY OWN FUNDS** | | | | | | |
| Unpaid and uncalled ordinary share capital callable on demand | R0300 | | | | | |
| Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual – type undertakings, callable on demand | R0310 | 0 | | | 0 | |
| Unpaid and uncalled preference shares callable on demand | R0320 | 0 | | | 0 | 0 |
| A legally binding commitment to subscribe and pay for subordinated liabilities on demand | R0330 | 0 | | | 0 | 0 |
| Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC | R0340 | 0 | | | 0 | |
| Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC | R0350 | 0 | | | 0 | |
| Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC | R0360 | 0 | | | 0 | |
| Supplementary members calls – other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC | R0370 | 0 | | | 0 | 0 |
| Other ancillary own funds | R0390 | 0 | | | 0 | 0 |
| **Total ancillary own funds** | R0400 | **0** | | | **0** | **0** |
| **1 000.00** | | | | | | |
| Total available own funds to meet the SCR | R0500 | 57 474 | 57 474 | 0 | 0 | 0 |
| Total available own funds to meet the MCR | R0510 | 57 474 | 57 474 | 0 | 0 | |
| Total eligible own funds to meet the SCR | R0540 | 57 474 | 57 474 | 0 | 0 | 0 |
| Total eligible own funds to meet the MCR | R0550 | 57 474 | 57 474 | 0 | 0 | |
| **SCR** | R0580 | **28 167** | | | | |
| **MCR** | R0600 | **12 675** | | | | |
| **Ratio of Eligible own funds to SCR** | R0620 | **204.0%** | | | | |
| **Ratio of Eligible own funds to MCR** | R0640 | **453.4%** | | | | |

| | | C0060 |
|---|---|---|
| **RECONCILIATION RESERVE** | | |
| Excess of assets over liabilities | R0700 | 57 474 |
| Own shares (held directly and indirectly) | R0710 | |
| Foreseeable dividends, distributions and charges | R0720 | |
| Other basic own fund items | R0730 | 60 583 |
| Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds | R0740 | 0 |
| **Reconciliation reserve** | R0760 | **-3 109** |
| **EXPECTED PROFITS** | | |
| Expected profits included in future premiums (EPIFP) – Life business | R0770 | 0 |
| Expected profits included in future premiums (EPIFP) – Non- life business | R0780 | 0 |
| **Total Expected profits included in future premiums (EPIFP)** | R0790 | **0** |

## S.25.01.21 Solvency Capital Requirement – for undertakings on Standard Formula

as of 31 December 2023

| in thousand CHF | | Gross solvency capital requirement | USP | Simplifications |
|---|---|---|---|---|
| | | C0110 | C0090 | C0120 |
| Market risk | R0010 | 8 278 | | |
| Counterparty default risk | R0020 | 20 446 | | |
| Life underwriting risk | R0030 | 11 880 | | |
| Health underwriting risk | R0040 | 0 | | |
| Non-life underwriting risk | R0050 | 0 | | |
| Diversification | R0060 | -10 890 | | |
| Intangible asset risk | R0070 | 0 | | |
| **Basic Solvency Capital Requirement** | R0100 | **29 715** | | |

| CALCULATION OF SOLVENCY CAPITAL REQUIREMENT | | C0100 |
|---|---|---|
| Operational risk | R0130 | 2 476 |
| Loss-absorbing capacity of technical provisions | R0140 | 0 |
| Loss-absorbing capacity of deferred taxes | R0150 | -4 024 |
| Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC | R0160 | 0 |
| **Solvency capital requirement excluding capital add-on** | R0200 | **28 167** |
| Capital add-on already set | R0210 | 0 |
| **Solvency capital requirement** | R0220 | **28 167** |
| **OTHER INFORMATION ON SCR** | | |
| Capital requirement for duration-based equity risk sub-module | R0400 | |
| Total amount of Notional Solvency Capital Requirement for remaining part | R0410 | |
| Total amount of Notional Solvency Capital Requirements for ring fenced funds | R0420 | |
| Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios | R0430 | |
| Diversification effects due to RFF nSCR aggregation for article 304 | R0440 | |

## S.28.01.01 Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity Linear formula component for life insurance and reinsurance obligations

| as of 31 December 2023 | | C0040 |
|---|---|---|
| $MCR_L$ Result | R0200 | **18 214** |

| 1000 | | Net (of reinsurance/SPV) best estimate and TP calculated as a whole | Net (of reinsurance/SPV) total capital at risk |
|---|---|---|---|
| | | C0050 | C0060 |
| Obligations with profit participation – guaranteed benefits | R0210 | 2 048 | |
| Obligations with profit participation – future discretionary benefits | R0220 | 63 | |
| Index-linked and unit-linked insurance obligations | R0230 | 2 580 479 | |
| Other life (re)insurance and health (re)insurance obligations | R0240 | 1 271 | |
| Total capital at risk for all life (re)insurance obligations | R0250 | | 73 295 |

### S.28.01.01 Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity (continued) Overall MCR calculation

as of 31 December 2022

| in thousand CHF | | C0070 |
|---|---|---|
| Linear MCR | R0300 | 18 214 |
| SCR | R0310 | 28 167 |
| MCR cap | R0320 | 12 675 |
| MCR floor | R0330 | 7 042 |
| Combined MCR | R0340 | 12 675 |
| Absolute floor of the MCR | R0350 | 6 221 |
| | | C0070 |
| **Minimum Capital Requirement** | R0400 | **12 675** |

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There may be minor discrepancies in total figures and percentages in this report due to rounding effects.

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