

Financial Condition Report 2021



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Swiss Re Ltd

Swiss Re Ltd is the holding company of the Swiss Re Group. Its shares are listed in accordance with the International Reporting Standard on SIX Swiss Exchange and traded under the symbol SREN.

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Introduction

Scope and requirements

About this report

This Financial Condition Report (Report or Financial Condition Report) is a mandatory public disclosure for Swiss regulated re/insurance entities required by FINMA Circular 2016/2 Disclosure – insurers (Circular). The publication requirements are set forth in the Circular. This Report includes qualitative and quantitative information on business activities, performance, risk management and the Swiss Solvency Test (SST) information of the Swiss Re Group (Group) as well as its Swiss-regulated re/insurance entities: Swiss Reinsurance Company Ltd (SRZ), Swiss Re Nexus Reinsurance Company Ltd (SRN), Swiss Re International SE, Luxembourg, Zurich branch (SRI SE Zurich branch) and iptiQ EMEA P&C S.A., Luxembourg, Zurich branch (iptiQ EMEA P&C Zurich branch). A large part of the required information included in the Report is available in other public disclosures provided by Swiss Re, such as the Group's Financial Report, available under www.swissre.com/investors/financial-information. Readers of this Report should also consult these public disclosures. Information not included in other publicly available disclosures can be found mainly in the valuation and solvency sections of this Report.

Cautionary note on the Financial Condition Report

The preparation of the SST information requires management to make a number of estimates and assumptions. The valuation of assets and liabilities reflects best estimates of underlying cash flows (eg premiums, claims, commissions, expenses, etc), using models and taking into consideration all relevant information available at the relevant balance sheet date. In line with other valuation methods based on projections of future cash flows, economic valuations involve significant judgement when establishing which assumptions to use. The Group and its Swiss regulated re/insurance entities/branches actively and carefully review assumptions, selecting those that are considered most appropriate and seeking consistency among business activities. Valuations are updated at each balance sheet date as experience develops and more information becomes available. In-force business assets and liabilities include estimates for premiums as well as claims and benefit payments not yet received from ceding companies at the balance sheet date. In addition, the Group and its Swiss regulated re/insurance entities have certain assets and liabilities for which liquid market prices are not available.

All of the foregoing estimates are determined on a market-consistent basis using all relevant information available at the time of valuation. However, actual results could differ significantly from these estimates.

Please see also the [Cautionary note on forward-looking statements](#) and the [Note on risk factors](#) in this Report.

The financial information included in this Report is based on the following accounting frameworks:

- The consolidated financial statements of the Group are prepared in accordance with US Generally Accepted Accounting Principles (US GAAP) and reported in US dollars.
- The statutory financial statements of Swiss regulated legal entities are prepared in accordance with Swiss law and reported in Swiss francs (they are converted into US dollars for the SST balance sheet comparison with Swiss statutory).
- SST information uses Swiss Re's internal model which has been approved by FINMA. The internal Economic Value Management (EVM) framework is the basis for preparing the SST balance sheets as both frameworks are based on market-consistent valuation principles. Valuation differences between EVM and SST mainly affect capital costs and deferred taxes. EVM is the Group-proprietary integrated economic valuation and steering framework, consistently measuring economic performance across all businesses. EVM and SST financial statements are reported in US dollars.

The risk exposure basis for the SST 2022 numbers in this Report is a projection for the period from 1 January to 31 December 2022 and is based on the economic balance sheet as of 31 December 2021 and adjustments to reflect legal entity restructures and selected large transactions that become effective as of 1 January 2022. Potential SST model or data limitations identified during the SST process are reported to FINMA as part of the SST Report 2022 with an impact assessment whenever possible. All comparative information is based on the SST Report 2021 filed with FINMA in April 2021.

The reported solvency information as of 1 January 2022 (SST 2022) is consistent with the information provided in the SST Report 2022 for Group, SRZ and SRN. The SST Report 2022 is filed with FINMA in April 2022 and is subject to FINMA's review and approval.

Figures are rounded to the number of digits displayed in this Report. Due to rounding, numbers presented throughout this Report may not add up precisely to the totals provided and percentages may not precisely reflect the rounded figures as shown in the Report.

Audit

This Report has not been audited. The US GAAP financial statements of the Group and the statutory financial statements of Swiss Re Ltd and its Swiss regulated re/insurance entities are audited. Please refer to the reports of the statutory auditor referenced in this Report.

Swiss Re Group

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Management summary

Swiss Re Group maintained its very strong capital position throughout 2021 despite COVID-19 impacts. The Group SST 2022 ratio increased to 223%, 8pp higher than in SST 2021 and around the mid-point of its 200–250% target range. The increase was mainly driven by positive underwriting and investment contributions as well as higher interest rates. These effects were partially offset by paid dividends and the reduction of investment hedges, as well as higher natural catastrophe risk.

This Report provides qualitative and quantitative information about the financial condition of the Group. This Report includes financial and risk management information already published in the *Group's 2021 Financial Report* available under www.swissre.com/investors/financial-information.

Solvency overview

Group SST 2022 in USD millions

SST RBC – MVM

43 378

SST TC – MVM

19 436

= 223%

Group SST 2021 in USD millions

SST RBC – MVM

41 504

SST TC – MVM

19 308

= 215%

SST RBC: SST risk-bearing capital
 SST TC: SST target capital
 MVM: Market value margin

Business activities	In this section, we provide information about the Group's business model, the strategy and significant events. > Read more
Performance	We present the performance of the year under review based on the US GAAP financial statements. > Read more
Governance and risk management	This section provides an overview of the system of governance, key governing bodies, risk management systems and policies. > Read more
Risk profile	The main components of the total risk calculated under SST are discussed in this section. > Read more
Valuation	In this section, we provide the SST balance sheet and additional quantitative and qualitative explanations on differences to the US GAAP audited financial statements of the Group. > Read more
Capital management	The Group's capital management strategy and key changes in 2021 are discussed in this section. > Read more
Solvency	This section presents the SST calculation for the Group and includes explanations on changes relative to the prior year. > Read more

Business activities

Business information

For information on the Group strategy, please see the section *Our vision and strategy* in the 2021 Business Report on pages 14 and 15.

For information on the Group structure and shareholders, please see the *Group structure and shareholders* section in the 2021 Financial Report on pages 86 and 87.

For information on *net premiums earned and fee income from policyholders* by geography, see Note 2 to the financial statements included in the 2021 Financial Report on page 226.

For information on the *Group's significant subsidiaries and equity investees*, see Note 21 to the financial statements included in the 2021 Financial Report on pages 293–295.

For information on the *Group's use of special purpose vehicles*, see Note 22 to the financial statements (including all material balances related to variable interest entities) included in the 2021 Financial Report on pages 296–299.

Significant events

For information on significant events and disposals, please refer to the *Information policy section* on page 116 and *Note 10* to the financial statements (Disposals) included in the 2021 Financial Report on page 270.

Report of the statutory auditor

In 2021, KPMG AG was the auditor of Swiss Re Ltd and its subsidiaries. For more information on the Group's auditor, please see the section *External auditors* in the 2021 Financial Report on pages 114 and 115. The *audit report of the statutory auditor* can be found in the 2021 Financial Report on pages 302–308.

Performance

The Group publicly discloses detailed financial results in the 2021 Financial Report (available on www.swissre.com/investors/financial-information). Please refer to the following specific sections for more information:

- *Summary of financial statements* on pages 14–15
- *Group results* on pages 16–19
- *Income statement* on page 198
- *Statement of comprehensive income* on page 199
- *Note 7 on Investments* on pages 248–255

Board of Directors and Executive Management

Governance and risk management

For information on the composition of the Board of Directors and Executive Management of Swiss Re Ltd as the ultimate parent company of the Group, see sections relating to the *Board of Directors and Executive Management* in the 2021 Financial Report on pages 90–111.

Governance and risk management

All information on *Swiss Re's risk management and risk governance* is publicly disclosed in the 2021 Financial Report, pages 50–77.

Swiss Re's Risk Management function is embedded throughout the Group and is an integral part of our business model. Risk Management is mandated to ensure that the Group and its legal entities have the necessary expertise, frameworks and infrastructure to support good risk-taking. In addition, Risk Management monitors and ensures adherence to applicable frameworks.

All risk-related activities, regardless of the legal entity in which they are undertaken, are subject to Swiss Re's risk management framework, which comprises the following major elements:

- *Risk policy and risk governance documentation* – the Group risk governance documents are organised hierarchically, across five levels, which are mirrored by equivalent documents at legal entity level; see 2021 Financial Report, page 62.
- *Key risk management principles*, which apply consistently across all risk categories at Group and legal entity level; see 2021 Financial Report, page 62.
- A description of *Swiss Re's risk culture* that promotes risk awareness, rigor and discipline across all risk management activities; see 2021 Financial Report, page 63.
- The *organisation of risk management*, including responsibilities at Board and executive level; see 2021 Financial Report, pages 64–65.
- *Swiss Re's risk control framework*, which comprises a body of standards that establish an internal control system for taking and managing risk; see 2021 Financial Report, page 65.
- *Management of risk categories*, including the Group's risk landscape; see 2021 Financial Report, page 68–69.
- The *Group's risk appetite framework*, including its overall risk appetite statement, risk tolerance and capacity limits. The risk appetite framework establishes the overall approach through which Swiss Re practices controlled risk-taking throughout the Group; see 2021 Financial Report, page 66.

Swiss Re's internal risk model provides a meaningful assessment of the risks to which the Group is exposed and is an important tool for managing our business. It determines the capital requirements for internal purposes and forms the basis for regulatory reporting under the SST and under Solvency II for our legal entities in the European Economic Area (EEA) and the United Kingdom. For more information, please see the *Internal control system and risk model section of the 2021 Financial Report*.

Swiss Re regularly assesses its risk exposure across all risk categories. We identify and evaluate emerging threats and opportunities through a systematic framework that includes the assessment of potential surprise factors that could affect known loss potentials:

- Swiss Re is exposed to a broad *risk landscape*, see 2021 Financial Report, page 68–69.
- Insurance risk management involves identifying, assessing and controlling risks that Swiss Re takes through its underwriting activities, including related risks such as lapse, inflation or uncertainty in pricing and reserving. For details on our *insurance risk management for property and casualty risks as well as life and health risks*, see 2021 Financial Report, page 70–71.
- Financial risk management involves identifying, assessing and controlling risks inherent in the financial markets as well as counterparty credit risks, while monitoring compliance with Swiss Re’s risk appetite and risk management standards. For details on our *financial risk management for financial market risks as well as credit risks*, see 2021 Financial Report, page 72–73.

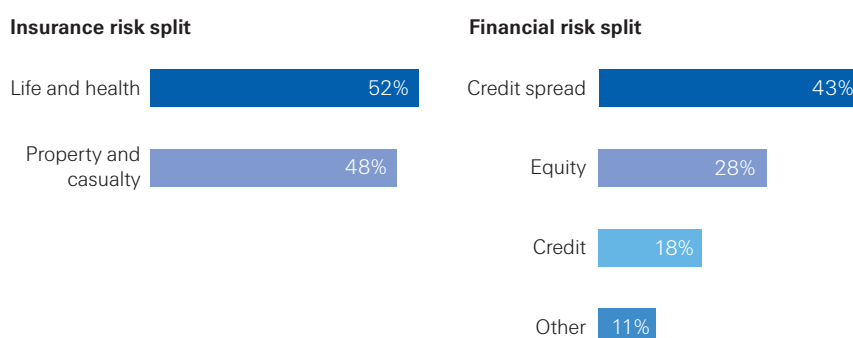
Swiss Re also assesses *other risks* such as liquidity risk, operational risk, strategic risk, regulatory risk, political risk, model risk, valuation risk, sustainability risk and emerging risk. These risks are not explicitly part of the Group’s economic capital requirement, but are actively monitored and controlled due to their significance for Swiss Re. For more information, see 2021 Financial Report, page 74–77.

Risk profile

Swiss Re is exposed to insurance and financial risks that are calculated in its internal risk model, as well as other risks that are not explicitly part of the economic capital requirement but are actively monitored and controlled due to their significance for Swiss Re. These include operational, liquidity, model, valuation, regulatory, political, strategic and sustainability risks (see [Swiss Re's risk landscape](#), 2021 Financial Report, page 68).

Property and casualty risk is mainly driven by underlying risks inherent in the business Swiss Re underwrites, in particular natural catastrophe risk, non-life claims inflation, costing and reserving, and man-made risk. The main drivers of life and health insurance risk are mortality trend and lethal pandemic risk.

The Group's financial risk derives from financial market risk as well as from credit risk. Key drivers of financial market risk are credit spread and equity risk. Credit risk is mainly driven by the credit and surety business and default risk on capital market products.



Total risk

Total risk is based on 99% tail value-at-risk (tail VaR) and represents the average unexpected loss that occurs with a frequency of less than once in 100 years over a one-year time horizon.

USD millions	SST 2021	SST 2022	Change since SST 2021
Property and casualty	12 895	12 426	-469
Life and health	11 852	11 128	-725
Financial market	10 594	12 418	1 824
Credit ¹	3 186	3 198	12
Diversification	-16 174	-16 431	-257
Total risk	22 353	22 739	385

¹ Credit comprises credit default and migration risk from both asset management and underwriting. It excludes credit spread risk, which is part of financial market risk.

Total risk increased to USD 22.7 billion driven by higher financial market risk, partially offset by lower insurance risk. These shifts led to a slight increase in diversification at risk category level.

- The decrease in property and casualty risk is mainly driven by the inflation model change, the depreciation of major currencies against the US dollar and higher interest rates. These effects are partially offset by an increase in natural catastrophe risk, mainly reflecting higher Atlantic hurricane exposure.
- Lower life and health risk mainly reflects the impact of higher interest rates and the depreciation of major currencies against the US dollar. The overall decrease is further supported by higher relief from new retrocession agreements and the diversification impact of new longevity business. These effects are partially offset by new business in Asia and the US, resulting in higher exposure to critical illness and mortality trend risk.
- Financial market risk increased, mainly driven by the reduction of investment hedges, higher equity valuations and additional investments in private equity, partially offset by sales in listed equity and the depreciation of major currencies against the US dollar.
- Credit risk remained stable, as the impact from the reduction of hedges and the addition of corporate bonds was largely offset by the impact of foreign exchange and interest rate movements.

Swiss Re's internal model takes account of the accumulation and diversification between individual risks. The effect of diversification at the category level, which is shown in the table above, represents the difference between total risk (the Group's 99% tail VaR) and the sum of standalone tail VaR amounts for the individual risk categories. This amount does not reflect diversification within risk categories. The extent of diversification is largely determined by the selected level of aggregation – the higher the aggregation level, the lower the diversification effect.

Operational risk

Swiss Re uses a Group-wide risk matrix methodology and Swiss Re's Global Risk Register to capture operational risks. The matrix in particular focuses on risks approaching or exceeding Swiss Re's own risk tolerance as they require management actions. Adherence to risk tolerance is monitored and reported at least on a quarterly basis. The overall control environment within the Group remains adequate.

Current key focus areas of the Group's operational risk management include: monitoring the availability and dependency on qualified and skilled employees, given the large number of change initiatives and projects across the firm, and embedding insights and experience from the COVID-19 pandemic into underwriting processes and controls.

Other significant risks

For details on other significant risks, including liquidity, model, valuation, regulatory, political, strategic and sustainability risks, see the Group's 2021 Financial Report sections on *Liquidity management* on page 60, *Swiss Re's risk landscape* on pages 68–69, and *Management of other significant risks* on pages 74–77.

Risk concentration

Swiss Re uses 99% tail VaR to measure its risk concentrations. Additionally, risk concentrations are also measured via value at risk calculations for major natural catastrophe scenarios with a 200-year return period and stress calculations for credit default, as well as sensitivities to key financial market parameters.

The tables below provide details on potential annualised unexpected losses from insurance peak scenarios with a return period of 200 years as well as the potential annualised unexpected loss from a credit default event. The most severe financial risk sensitivities are shown in terms of their impact on the SST ratio.

In SST 2022, the largest natural catastrophe exposure for Swiss Re Group derives from the Atlantic hurricane scenario with a USD 6.8 billion loss. Lethal pandemic and credit default losses are estimated to be at USD 3.6 billion and USD 2.3 billion, respectively.

Insurance risk stress tests:	
Annualised unexpected loss, 99.5% VaR in USD millions	SST 2022
Atlantic hurricane	6 798
Californian earthquake	4 977
Japanese earthquake	3 774
European windstorm	2 703
Lethal pandemic	3 632

Excluding earned premiums for business written and reinstatement premiums that could be triggered as a result of the event.

Credit risk stress test:	
Annualised unexpected loss, 99.5% VaR in USD millions	SST 2022
Credit default	2 310

Excluding earned premiums for business written and reinstatement premiums that could be triggered as a result of the event.

Among the financial market sensitivities shown below, the Group SST ratio is most sensitive to a 50-basis-point decrease in interest rates, which would result in an estimated decrease in the SST ratio of 13 percentage points.

Financial market SST ratio sensitivities	SST 2022
Interest rate +50bps	10pp
Interest rate -50bps	-13pp
Credit Spreads +50bps	-6pp
Credit Spreads -50bps	6pp
Equity values +25%	2pp
Equity values -25%	-3pp
Real estate values +25%	6pp
Real estate values -25%	-6pp

Risk mitigation

Swiss Re manages and controls its risks through an extended limit framework. The Group employs internal retrocession and funding agreements to efficiently manage capital across Swiss Re and ensure that risk-taking in individual legal entities is well diversified. Insurance risks are also mitigated through retrocession, insurance risk swaps or transferring risk to capital markets. For financial risks, Swiss Re uses financial market derivative instruments as well as financial market securities to hedge financial market and credit risk arising from investments and insurance liabilities.

Valuation

SST balance sheet

The SST balance sheet is prepared based on the same market-consistent valuation principles as applied in Swiss Re's internal EVM framework. EVM is therefore used as a basis for preparing the SST balance sheet and valuation adjustments to EVM mainly affect capital costs and deferred taxes. The difference between assets and liabilities is defined as the SST net asset value, which is the basis for the calculation of the SST risk-bearing capital (RBC).

The SST valuation methodology is further described in the [Appendix](#) of this Report.

USD millions		Notes	SST 2021	SST 2022	Change since SST 2021	
Market-consistent value of investments	Real estate		5 117	5 544	427	
	Participations				n/a	
	Fixed-income securities	1	82 912	86 879	3 968	
	Loans		1 960	2 345	385	
	Mortgages		1 458	1 672	214	
	Equities	2	4 894	3 972	-921	
	Other investments		20 573	13 636	-6 937	
	Collective investment schemes				n/a	
	Alternative investments		4 468	5 157	689	
	Structured products				n/a	
	Other investments	3	16 105	8 479	-7 625	
	Total investments		116 913	114 048	-2 865	
	Market-consistent value of other assets	Financial investments from unit-linked life insurance		463	468	5
		Receivables from derivative financial instruments		297	219	-78
Deposits made under assumed reinsurance contracts		4	17 231	19 022	1 791	
Cash and cash equivalents			5 458	5 047	-411	
Reinsurers' share of best estimate of provisions for insurance liabilities			5 744	5 691	-53	
Direct insurance: life insurance business (excluding unit-linked life insurance)			307	317	10	
Reinsurance: life insurance business (excluding unit-linked life insurance)			1 422	1 252	-171	
Direct insurance: non-life insurance business			2 192	2 392	199	
Direct insurance: health insurance business					n/a	
Reinsurance: non-life insurance business			1 779	1 694	-85	
Reinsurance: health insurance business					n/a	
Direct insurance: other business					n/a	
Reinsurance: other business					n/a	
Direct insurance: unit-linked life insurance business					n/a	
Reinsurance: unit-linked life insurance business			43	37	-6	
Fixed assets			100	86	-14	
Deferred acquisition costs					n/a	
Intangible assets					n/a	
Receivables from insurance business		5	15 899	16 848	949	
Other receivables			1 451	1 585	134	
Other assets	6	7 484	6 271	-1 214		
Unpaid share capital				n/a		
Accrued assets		110	83	-28		
Total other assets		54 237	55 319	1 082		
Total market-consistent value of assets		171 150	169 367	-1 783		

USD millions		Notes	SST 2021	SST 2022	Change since SST 2021
BEL: Best estimate of liabilities (including unit-linked life insurance)	Best estimate of provisions for insurance liabilities		95 558	94 420	-1 139
	Direct insurance: life insurance business (excluding unit-linked life insurance)	7	11 803	2 611	-9 193
	Reinsurance: life insurance business (excluding unit-linked life insurance)	8	10 455	18 151	7 696
	Direct insurance: non-life insurance business		15 912	15 921	10
	Direct insurance: health insurance business				n/a
	Reinsurance: non-life insurance business	9	57 388	57 737	348
	Reinsurance: health insurance business				n/a
	Direct insurance: other business				n/a
	Reinsurance: other business				n/a
	Best estimate of provisions for unit-linked life insurance liabilities		2 139	2 395	256
	Direct insurance: unit-linked life insurance business		-2		2
	Reinsurance: unit-linked life insurance business	10	2 140	2 395	254
Market-consistent value of other liabilities	Non-technical provisions		2 238	2 214	-24
	Interest-bearing liabilities		8 011	7 276	-735
	Liabilities from derivative financial instruments		223	248	25
	Deposits retained on ceded reinsurance		843	948	105
	Liabilities from insurance business		176	116	-60
	Other liabilities	11	5 845	4 727	-1 118
	Accrued liabilities		400	340	-60
	Subordinated debts		6 914	6 421	-493
	Total BEL plus market-consistent value of other liabilities		122 346	119 103	-3 243
	Market-consistent value of assets minus total from BEL		48 804	50 263	1 460

Notes

- The increase in fixed income securities was mainly driven by net purchases, partially offset by the mark-to-market value losses due to higher interest rates.
- The decrease in equities was primarily due to the partial sale of the Phoenix position and the sale of New China Life.
- In general, other investments reduced as more fixed income securities were purchased.
- The increase in deposits made under assumed reinsurance contracts was mainly due to new funds withheld agreements in the Americas. This was partially compensated by a reduction of funds withheld assets related to the US closed book business, reflecting the run-off of the business, the impact of interest rate increases as well as experience updates.
- The increase in receivables from insurance business was mainly driven by the successful implementation of the non-life reinsurance portfolio strategy to focus on higher margins, as well as by growth of profitable business for both non-life and life and health portfolios.
- The decline in other assets was mainly due to the decrease in reverse repurchase and securities lending agreements.
- The decrease in net best estimate of liabilities for direct life insurance liabilities (excluding unit-linked life insurance) was mainly due to the reclassification of the US closed book business from direct to reinsurance business (see also Note 8).
- The increase in best estimate of liabilities for reinsurance life business (excluding unit-linked life business) was mainly driven by the reclassification of the US closed book business from direct to reinsurance business (see also Note 7), adverse assumption updates, mainly US mortality, in L&H Reinsurance as well as COVID-19-related losses. This was partially offset by the profitable new business growth supported by transactions in the US and the UK. Reserves related to the US closed book business declined as well, reflecting the run-off of the business, the impact of interest rate increases and experience updates.
- The increase in best estimate of provisions for reinsurance non-life liabilities was mainly due to the large natural catastrophe and man-made losses. This was partially compensated by reserve releases, the successful implementation of the portfolio strategy to focus on higher margins and the growth of profitable business.
- The increase in best estimate of provisions for reinsurance unit-linked life insurance liabilities was primarily driven by strong equity market performance.
- The decline in other liabilities was mainly due to a decrease in securities lending and repurchase agreements as well as lower payables for securities in transit.

SST balance sheet comparison with US GAAP

The SST balance sheet comparison with the audited financial statements provides insights into the main valuation and scope differences.

An overview of the main valuation and scope differences and the definition of the aggregated line items are included in the > [Appendix](#) of this Report.

Assets

USD millions	US GAAP	SST	Difference
Real estate	2 871	5 544	2 673
Investments in subsidiaries and affiliated companies			n/a
Fixed income securities	86 985	86 879	-106
Loans	2 298	2 345	47
Mortgages	1 645	1 672	27
Equity securities	3 978	3 972	-6
Other investments	18 341	13 636	-4 705
Investments for unit-linked and with-profit business	468	468	0
Cash and cash equivalents	5 051	5 047	-4
Funds held by ceding companies and other receivables from reinsurance	29 407	35 870	6 463
Reinsurance recoverable from retrocessions	6 482	5 691	-791
Other assets	24 041	8 243	-15 798
Total assets	181 567	169 367	-12 200

Real estate

Differences in valuation: In SST, real estate is measured at market value, while under US GAAP real estate is carried at depreciated cost.

Other investments

Differences in scope: In SST, some public equity investment funds are classified as part of the equity securities. Derivatives and securities lending are disclosed under other assets for SST reporting. For US GAAP, those financial instruments are reflected in other investments.

Differences in valuation: Equity accounted investments in private equity and hedge funds are valued at fair value in SST. US GAAP generally values such investments utilising net asset values subject to adjustments, as deemed necessary for restrictions on redemption.

Funds held by ceding companies and other receivables from reinsurance

Differences in valuation: In SST, funds held for which an interest is credited are valued by discounting future estimated cash flows at risk-free rates. Under US GAAP, funds held are generally accounted for at face value including accrued interest.

Reinsurance recoverable from retrocessions

Differences in valuation: same principles apply as for re/insurance liabilities before retrocession described below.

Other assets

Differences in scope: Derivative and securities lending agreements assets are included in other assets for SST, whereas in US GAAP they are reported as part of other investments.

Differences in valuation: SST does not recognise deferred taxes, deferred acquisition costs, goodwill and other intangibles, which are reported in US GAAP.

Liabilities

USD millions	US GAAP	SST	Difference
Re/insurance liabilities before retrocession	120 426	94 420	-26 006
Unit-linked and with-profit liabilities	5 147	2 395	-2 752
Debt	11 185	13 697	2 512
Funds held under reinsurance treaties	6 553	948	-5 605
Other liabilities	14 578	7 644	-6 934
Total liabilities	157 889	119 103	-38 786

Re/insurance liabilities before retrocessions

Differences in scope: SST includes universal life type contracts under re/insurance liabilities. US GAAP discloses those contracts in policyholder account balances. As referred to in the table in the appendix, policyholder account balances for US GAAP are part of unit-linked business for the comparison. US GAAP accounts for those are reported under unit-linked liabilities.

Differences in valuation: In SST, re/insurance liabilities are valued using best estimates for both life and non-life business. US GAAP uses locked-in assumptions and makes allowance for possible adverse deviation for certain life business. Further differences arise from different treatment of discounting under the two frameworks. SST generally discounts all estimated cash flows based on current risk-free rates, whereas US GAAP does not discount for non-life business and generally uses locked-in historical discount rates to discount life business liabilities.

Unit-linked and with-profit liabilities

Differences in scope: SST unit-linked liabilities are compared with US GAAP policyholder account balances which include generally universal life type contracts in addition.

Debt

Differences in scope: SST shows all debt, including contingent capital instruments, as debt liability. US GAAP classifies certain contingent capital instruments as debt at amortised costs or as equity depending on the instruments' characteristics.

Differences in valuation: SST excludes own credit risk in the valuation of debt not qualified as SST supplementary capital. SST supplementary capital instruments are fair valued. US GAAP generally values debt instruments at amortised costs.

Other liabilities

Differences in valuation: Deferred tax liabilities are not valued in SST, whereas in US GAAP they are part of other liabilities.

Capital management

For information on the *Group's capitalisation structure*, please see the Financial strength and capital management section in the 2021 Financial Report on pages 54–59, *Capital structure* on pages 88–89 and *Note 12* to the financial statements (Debt and contingent capital instruments) on pages 272–274.

For the *Group Statement of shareholders' equity*, see pages 202–203 of the 2021 Financial Report.

For more details on *> Valuation* differences between shareholders' equity and SST net asset value, please refer to the Group Valuation section of this Report.

Solvency

For information on the Group's solvency information, risk-bearing capital, target capital and SST ratio, please see the [Financial strength and capital management](#) section on pages 54–56 of the 2021 Financial Report.

Swiss Re uses an internal risk model to determine the economic capital required to support the risks on the Group's book, as well as to allocate risk-taking capacity to the different lines of business. The model also provides the basis for capital cost allocation in Swiss Re's EVM framework, which is used for pricing, profitability evaluation and compensation decisions. In addition to these internal purposes, the model is used to determine regulatory capital requirements under economic solvency frameworks such as the SST and Solvency II.

For more information, please see the [Internal control system and risk model](#) section of the 2021 Financial Report.

In 2017, FINMA approved Swiss Re's internal model and its components for SST reporting purposes under their revised model review process.

Since SST 2021, one major model change has been implemented. It was approved by FINMA in October 2021.

- Inflation risk – The model was improved to capture risk more comprehensively, including the mitigation effect of contractual clauses, diversification with other risks and inclusion of additional exposures. The overall impact is an increase of the Group's SST ratio.

Swiss Reinsurance Company Ltd

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Management summary

Swiss Reinsurance Company Ltd (SRZ) improved its strong capital position in SST 2022 despite COVID-19 impacts. The SST ratio increased to 198%, 21pp higher than in SST 2021. The change mainly reflects the merger of Swiss Re Corporate Solutions Ltd (SRCS) and Swiss Re Life Capital Ltd (SRLC) with SRZ. Positive underwriting and investment contributions as well as higher interest rates supported the increase, while the reduction of investment hedges partially offset it.

This Report provides qualitative and quantitative information about the financial condition of SRZ. This Report includes financial information already published in *SRZ's 2021 Annual Report*, available on www.swissre.com/investors/financial-information.

Solvency overview

SST 2022 in USD millions

SST RBC – MVM

36 182

SST TC – MVM

18 293

= 198%

SST 2021 in USD millions

SST RBC – MVM

29 855

SST TC – MVM

16 918

= 176%

SST RBC: SST risk-bearing capital
 SST TC: SST target capital
 MVM: Market value margin

Business activities	In this section, we provide information about the business model, the strategy and significant events. > Read more
Performance	We present the performance of the year under review based on the Swiss statutory income statement. > Read more
Governance and risk management	This section provides an overview of the system of governance, key governing bodies, risk management systems and policies. > Read more
Risk profile	The main components of the total risk calculated under SST are discussed in this section. > Read more
Valuation	In this section, we provide the SST balance sheet and additional quantitative and qualitative explanations on differences to SRZ's audited statutory financial statements. > Read more
Capital management	SRZ's capital management strategy and key changes in 2021 are discussed in this section. > Read more
Solvency	This section presents SRZ's SST calculation and includes explanation of changes relative to the prior year. > Read more

Reinsurance strategy and priorities

Business activities

SRZ's vision is to "make the world more resilient", a key component of which is to close the protection gap – the difference between insured and total economic losses. This vision is supported by the mission to create smarter solutions for the clients through new perspectives, knowledge and capital.

SRZ operates within the strategy set out by the Swiss Re Group. The goals are consistent with the overall Swiss Re Group financial targets and the strategy is formed by the components of the Swiss Re Group strategy.

SRZ seeks to become the leading player in the wholesale reinsurance industry based on a combination of the underwriting knowledge and experience, geographic and product diversification, and financial strength, as well as appropriate allocation of capital to risk portfolios, to meet the Swiss Re Group's financial targets over the cycle.

In furtherance of strategic goals, SRZ will seek to focus on growth, through systematic capital allocation, as well as applying the risk knowledge to support capital allocation. As a global organisation with a wide product range and geographical reach, SRZ systematically allocates capital by balancing opportunities on a risk-adjusted basis to generate sustainable earnings and growth over the long-term. An annual top-down capital allocation underpins SRZ's business planning process; throughout the year, SRZ actively steers its deployed capacity to maximise return. SRZ can change the capital allocated to particular risk pools as markets move and it develops new insights. This activity is rooted in the ability to take a forward-looking perspective on the economics of risk pools and allocate capital accordingly.

SRZ intends to continue to emphasise differentiation, continue to focus on high growth markets, broaden and diversify its client base to increase access to risk, enhance research and development efforts, continue to focus on technology and finally maintain leadership in sustainability.

Property & Casualty Reinsurance business

Market environment

The global non-life reinsurance premiums grew by 5% in real terms in 2021. The expansion was driven by strength in commercial lines, which accounts for most of the demand from primary insurers. Reinsurance prices were higher for both non-proportional and proportional contracts. Demand from advanced markets grew by 5%, while emerging markets expanded by 4% in real terms.

The underlying, catastrophe adjusted underwriting result improved as reinsurance price hardening continued and even gained momentum at the January 2021 renewals, where about 50–60% of contracts were renewed. The absence of major COVID-19 claims in 2021 also offered support, as the non-life re/insurance industry quickly adapted underwriting procedures and policies to the new pandemic situation. However, natural catastrophe activity was above average throughout 2021. This would make 2021 the fourth-costliest year on record for the insurance industry after 2005, 2011 and 2017. Among the costliest events were winter storm Uri in Texas, hurricane Ida which made landfall in Louisiana and led to severe flash floods and tornadoes in the mid-Atlantic and north-eastern regions, and the severe floods in Germany and Belgium.

Consistent with the primary non-life market sentiment, SRZ expects a further increase of reinsurance prices. Premium income for the reinsurance industry is forecast to grow by 5–7% in 2022 and 2023, driven by higher exposures and higher prices.

Outlook

Reinsurance continues to live its purpose of making the world more resilient and remains committed to its strategy of partnering with clients across the three proven pillars: core, transactions, and solutions. Reinsurance will drive innovation in risk

knowledge and create greater opportunities for efficiency across these strong foundations. A large part of the Reinsurance capacity in the core pillar focuses on natural catastrophes, where higher frequency and severity of losses are causing primary insurance companies to seek more protection.

SRZ's natural catastrophe business is robust. Despite large natural catastrophe events, the premium income over the last decade has been strong enough to cover claims and provide attractive long-term profitability. Moving forward, SRZ will continue to carefully factor climate change and other macro risk drivers into its sound pricing models.

Beyond the core pillar, Reinsurance's dedicated transaction teams provide customised reinsurance structures for clients. Tailored reinsurance transactions help clients when they are seeking strong growth, targeting an acquisition, or going through a transition in their portfolio or strategy.

Life & Health Reinsurance business

Market environment

The global life and health reinsurance premiums grew by 4% in real terms in 2021. The expansion was unevenly distributed between segments and was stronger in the emerging than advanced markets. Medical expense reinsurance premiums from emerging markets were up more than 11% in real terms, mainly driven by China, India, and the UAE. Against this background, life reinsurers have sought to increase revenues through large, individual risk transfer transactions that help primary insurers stabilise income and/or bolster their balance sheets. The introduction of risk-based capital regimes has prompted much of this activity. Another area of growth has been longevity risk transfer.

The underwriting performance was significantly impacted by elevated mortality claims due to COVID-19. The contribution from investments improved slightly in the first nine months of 2021, although the low interest rate environment continued.

The continued recovery in primary insurance should support growth in life and health reinsurance revenues, including a recovery in traditional business. In real terms, SRZ forecasts global life and health reinsurance premiums to increase by 3% in 2022 and by 4% in 2023. While India and China will continue to be the main drivers, it is expected that growth will remain above trend in other emerging markets, advanced Europe, and advanced Asia-Pacific as well.

Outlook

In Life & Health, a growing level of awareness of insurance protection is driving demand. In particular, the pandemic is elevating the need for mortality products, while rising life expectancies globally require more solutions for financial protection after retirement.

In line with this growth in demand, Life & Health will continue to serve its clients with capacity in attractive areas such as longevity and mortality, supported by risk transfer transactions. Transactions remain an important means of diversification across regions and lines of business.

Corporate Solutions' business

Market environment

The global Corporate Solutions net premiums earned increased by 6.5%, year-on-year, driven by further rate increases in the context of the continued focus on underwriting quality, selective new business growth as well as an improved customer and broker distribution franchise. Favourable foreign exchange developments further helped offset the impact of the previous portfolio pruning actions. Gross premiums written increased by 21.1%, with business written across all geographies at more adequate price levels.

The improvement in Corporate Solutions' combined ratio was the result of disciplined underwriting, strict expense management, continued rate increases and positive prior-year development.

Outlook

Corporate Solutions' future path is centred around capturing profitable growth while leveraging distinctive competitive strengths with a focused portfolio strategy that will build resilience in all market cycles. This will be further supported by strategic investments to capture existing market opportunities and expand through innovative risk solutions, international programmes and data/digital solutions and services that help address customer pain points and industry inefficiencies.

iptiQ business

Market environment

iptiQ has successfully grown and continued to develop a global team focused on supporting existing and new partners. All markets developed positively and contributed to this growth, in particular the EMEA property and casualty business. In 2021, the iptiQ business has proven resilient.

Outlook

The pandemic is accelerating the shift towards digital insurance channels and embedded insurance, resulting in a strong pipeline of new opportunities for iptiQ. In addition, iptiQ is well-positioned to take advantage of the increasing sophistication and digitalisation of the retail insurance value chain.

Investments

Strategy and priorities

Financial investments are managed in accordance with Swiss Re's Target Standard on Asset Management and SRZ's investment guidelines, which are intended to ensure compliance with regulatory requirements. The general principle governing the management of investments in SRZ is the creation of economic value based on returns relative to the liability benchmark, while adhering to the investment guidelines and the general prudence principle. The liability benchmark is determined by approximating an investable benchmark from projected liability cash flows. A cash benchmark is used for the economic surplus.

Outlook

SRZ expects global real economic growth to significantly slow down in 2022, from the record pace of 5.6% in 2021. Inflation is set to decline from its multi-decade high but will remain elevated, despite the expected tightening in monetary policy. This global picture suggests a more prudent outlook for financial markets with generally full asset valuations.

SRZ's investment portfolio remains broadly diversified across asset classes and underlying sectors in both public and private markets, with a high-quality tilt. Subject to market conditions, SRZ will continue to increase allocation to private markets, which will further enhance overall portfolio diversification. SRZ also intends to expand its exposure to thematic investing; this will allow SRZ to capture shifting value pools in the economy and effectively allocate long-term capital to industry segments that are going through innovative disruption. In addition, SRZ continues its strategic efforts to enable outperformance, including SRZ's leadership in Environmental, Social and Governance (ESG) and roadmap to a net-zero investment portfolio, and the application and integration of new technology across the investment process. Finally, SRZ will also continue to actively manage the investment portfolio.

Reinsurance and sub-holding company

SRZ, domiciled in Zurich, Switzerland, performs a dual role within the Swiss Re Group as both a reinsurance company and a sub-holding company. SRZ is a wholly owned subsidiary of Swiss Re Ltd, the ultimate parent company of the Group, domiciled in Zurich, Switzerland. In 2021, SRZ employed a worldwide staff at an average of 1 402 full time equivalents, including 262 employees which were transferred to SRZ in the context of the merger with SRCS as of 1 July 2021.

Claims on and obligations towards affiliated companies – Swiss statutory

CHF millions	2020	2021
Loans	7 388	9 027
Funds held by ceding companies	7 848	8 875
Premiums and other receivables from reinsurance	8 396	10 304
Other receivables	319	878
Other assets ¹	1 982	885
Debt ²	2 767	2 551
Liabilities from derivative financial instruments	125	106
Funds held under reinsurance treaties	7 399	7 557
Reinsurance balances payable	7 363	8 125
Other liabilities ³	8 195	5 926
Subordinated liabilities ⁴	3 193	4 055

¹ Thereof at the 2021 balance sheet date CHF 12 million (2020: CHF 123 million) were on the parent company Swiss Re Ltd.

² Thereof at the 2021 balance sheet date CHF 1 965 million (2020: CHF 2 018 million) were towards the parent company Swiss Re Ltd.

³ Thereof at the 2021 balance sheet date CHF 1 425 million (2020: CHF 2 405 million) were towards the parent company Swiss Re Ltd.

⁴ Thereof at the 2021 balance sheet date CHF 392 million (2020: CHF 380 million) were towards the parent company Swiss Re Ltd.

Share capital and major shareholder

The share capital of SRZ amounted to CHF 34 million. It is divided into 344 052 565 registered shares, each with a nominal value of CHF 0.10. The shares were fully paid-in and held directly by Swiss Re Ltd. As of 31 December 2021 and 2020, SRZ was a wholly owned subsidiary of Swiss Re Ltd.

List of major branch offices

- Swiss Reinsurance Company Ltd, Beijing Branch
- Swiss Reinsurance Company Ltd, Canada Branches
- Swiss Reinsurance Company Ltd, India Branch
- Swiss Reinsurance Company Ltd, Israel Branch

Variable interest entities

SRZ and its subsidiaries enter into arrangements with variable interest entities (VIEs). For more information, please see [Note 18](#) of SRZ's consolidated 2021 Annual Report, pages 97.

Significant events

Financial Year 2021

In 2021, the Swiss Re Group streamlined its legal entity structure and capital efficiency. As a result, SRCS and SRLC transferred the rights and obligations of all its assets and liabilities to SRZ in the form of a merger with an accounting effective date 1 January 2021.

SRCS transferred total assets of CHF 11 521 million and total liabilities of CHF 11 006 million to SRZ. The merger gain of CHF 515 million was reflected in SRZ's books in legal capital reserves.

SRLC transferred total assets of CHF 2 012 million and total liabilities of CHF 72 million to SRZ. The merger gain of CHF 1 940 million was reflected in SRZ's books in legal capital reserves and voluntary profit reserves, respectively.

Net loss for 2021 amounted to CHF 339 million, mainly driven by COVID-19 losses in life and health business and large natural catastrophe losses. This was partly offset by the strong underwriting performance and positive prior year developments, as well as by significant lower COVID-19 losses in property and casualty business, compared to the prior year.

COVID-19 losses in life and health business amounted to CHF 1 158 million, mainly driven by additional adverse mortality experience in the US. COVID-19 losses in property and casualty business amounted to CHF 19 million.

The investment result of CHF 635 million was negatively impacted by a book value adjustment of a direct subsidiary in view of its liquidation and higher value adjustments on shares in investment funds.

With CHF 13 450 million the total shareholders' equity of SRZ remained strong as at 31 December 2021. The net increase in 2021 of CHF 1 647 million was mainly driven by the mergers with SRCS of CHF 515 million and SRLC of CHF 1 940 million, partly offset by the cash dividend payment for the financial year 2020 of CHF 469 million and the net loss for the financial year 2021 of CHF 339 million.

Report of the statutory auditor

In 2021, KPMG AG was the auditor of SRZ. For more information, please see the [Report of the statutory auditor](#) in SRZ's 2021 Annual Report, pages 133–139.

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Performance

Income statement – Swiss statutory

CHF millions	Total		Life		Accident & Health		Motor		Marine, aviation, transport		Property		Casualty		Miscellaneous	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Premiums written gross	23 953	27 998	4 789	4 705	3 434	3 790	2 696	2 867	858	1 115	6 626	8 919	3 999	4 538	1 551	2 064
Premiums written retroceded	-3 104	-4 950	-984	-1 606	-957	-1 248	-308	-66	-81	-155	-617	-1 607	-73	-159	-84	-109
Premiums written net	20 849	23 048	3 805	3 099	2 476	2 542	2 389	2 802	776	959	6 009	7 313	3 926	4 378	1 468	1 955
Change in unearned premiums gross	664	-378	-2	10	30	-47	270	12	-101	-16	530	-381	-19	-33	-44	77
Change in unearned premiums retroceded	-1 027	-55	5	-2		-4	-99	-133	-36	4	-822	55	-66	19	-9	6
Premiums earned	20 486	22 615	3 808	3 107	2 507	2 491	2 560	2 681	639	947	5 717	6 987	3 840	4 364	1 415	2 038
Other reinsurance revenues	3 946	961	2 709	682	1 198	54	15	35	5	3	-80	112	73	52	26	23
Total revenues from reinsurance business	24 432	23 576	6 516	3 789	3 705	2 544	2 575	2 716	645	950	5 636	7 098	3 914	4 418	1 441	2 061
Claims paid and claim adjustment expenses gross	-18 179	-15 669	-3 632	-3 639	-2 594	-2 248	-2 197	-1 923	-508	-548	-5 982	-4 370	-2 346	-1 972	-920	-969
Claims paid and claim adjustment expenses retroceded	2 357	3 599	-686	1 720	-469	874	266	201	130	77	2 925	623	124	60	67	44
Change in unpaid claims and life and health benefits gross	-1 031	-4 778	-472	-1 405	201	-1 220	294	-155	9	-143	610	-410	-1 716	-1 340	43	-105
Change in unpaid claims and life and health benefits retroceded	108	646	1 366	197	1 103	288	-62	-66	-49	32	-2 138	161	-130	10	18	24
Change in unpaid claims for unit-linked life insurance																
Claims incurred	-16 745	-16 202	-3 425	-3 127	-1 758	-2 307	-1 699	-1 943	-418	-583	-4 584	-3 995	-4 069	-3 242	-792	-1 005
Acquisition and operating costs gross	-6 638	-7 406	-903	-981	1 021	-960	-1 072	-933	-188	-265	-1 657	-2 173	-1 245	-1 331	-552	-763
Acquisition and operating costs retroceded	964	884	112	162	239	277	210	73	32	36	287	262	47	40	37	34
Acquisition and operating costs net	-5 674	-6 522	-791	-819	-782	-683	-862	-860	-155	-229	-1 370	-1 911	-1 199	-1 291	-515	-729
Other reinsurance expenses	-865	-808	-487	-605	-371	-141	-1	1			-63	-5			-1	
Total expenses from reinsurance business	-23 284	-23 532	-4 703	-4 551	-2 910	-3 131	-2 561	-2 802	-573	-812	-5 956	-5 969	-5 273	-4 533	-1 308	-1 734
Investment income	2 051	1 259														
Investment expenses	-322	-624														
Investment result	1 729	635	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Investment result from unit-linked life insurance																
Other financial income	3 217	1 701														
Other financial expenses	-3 778	-2 172														
Operating result	2 316	208	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest expenses on debt and subordinated liabilities	-324	-319														
Other income	158	242														
Other expenses	-529	-450														
Extraordinary income and expenses		-														
Income before income tax expense	1 621	-319	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Income tax expense	-35	-20														
Net income	1 586	-339	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Reinsurance result

Total revenues and expenses from reinsurance amounted to a gain of CHF 44 million in 2021, compared to CHF 1 148 million in 2020. Excluding the COVID-19 related claims and changes in reserves for the current year of CHF 1 177 million, SRZ's reinsurance result amounted to a gain of CHF 1 221 million in 2021.

Property & Casualty total revenues and expenses increased from a loss of CHF 1 458 million in 2020 to a gain of CHF 1 393 million in 2021. The result benefitted from significant lower COVID-19 losses, the strong underwriting performance and positive prior year developments, driven by reserve releases for property business in Japan. In addition, the result increased due to the merger with SRCS and renewals of business from subsidiaries of Swiss Re Corporate Solutions Holding Ltd. These movements were partly offset by large natural catastrophe losses in the US, such as hurricane Ida and winter storm Uri, as well as by the flooding and hailstorm in Central Europe.

Life & Health total revenues and expenses decreased from a gain of CHF 2 606 million in 2020 to a loss of CHF 1 349 million in 2021, mostly driven by significant one-off gains from the intra-group retrocession restructuring in the prior year. This included the Asian branch transfers to Swiss Re Asia Pte. Ltd. and a subsequent retrocession agreement with Swiss Re Asia Pte. Ltd., Hong Kong branch, in the first quarter of 2020, as well as the novation of the non-disability income business assumed from Swiss Re Life & Health Australia Limited to Swiss Re Asia Pte. Ltd. and the inception of an outward retrocession agreement with Swiss Re Nexus Reinsurance Company Ltd (SRN) for part of SRZ's life and health portfolio at the end of 2020. In addition, the life and health result was negatively impacted by significant COVID-19 losses in 2021, driven by additional adverse mortality experience in the US.

Premiums earned increased from CHF 20 486 million in 2020 to CHF 22 615 million in 2021. Premiums earned in property and casualty business increased, following the merger with SRCS and due to retrocession agreements with affiliated companies in the US and with Swiss Re Europe S.A. This was reduced by lower business volume in Europe and Asia. Premiums earned in life and health business decreased, mostly following the large intra-group restructuring at the end of 2020. New retrocession agreements with Elips Versicherungen AG and Elips Life AG resulted in an increase in premiums earned in 2021.

Other reinsurance revenues decreased from CHF 3 946 million in 2020 to CHF 961 million in 2021, mainly in life and health business, reflecting the significant one-off gains from the intra-group retrocession restructuring in the prior year.

Claims incurred decreased from CHF 16 745 million in 2020 to CHF 16 202 million in 2021, mostly driven by lower COVID-19 losses. The comparison of the individual claims line items is affected by the restructuring of several intra-group retrocession agreements, as well as by various large life and health transactions creating substantial changes year-on-year. In aggregate, these various movements fully offset each other.

Property and casualty claims paid and claim adjustment expenses net increased from CHF 8 442 million in 2020 to CHF 8 776 million in 2021, following the merger with SRCS. Property and casualty change in unpaid claims net decreased from CHF 3 120 million in 2020 to CHF 1 992 million in 2021, reflecting negligible COVID-19 losses, but higher large natural catastrophe losses, compared to the prior year. In addition, the current year benefitted from reserve releases in connection with man-made losses, such as the Beirut explosion and the tunnel collapse at Ituango, Columbia.

Life and health claims paid and claim adjustment expenses net and change in unpaid claims net decreased from CHF 6 398 million in 2020 to CHF 4 755 million in 2021, primarily impacted by the inception of an outward retrocession agreement with SRN in 2020, partly offset by new business written in Japan in 2021. These impacts were reflecting the change in reinsurance receivables, to cover the setup of the respective technical provisions and were fully offset in life and health benefits net.

Life and health benefits net increased from a gain of CHF 1 215 million in 2020 to a loss of CHF 679 million in 2021, mainly driven by the setup of technical provisions gross and reinsurance recoverable on technical provisions retroceded, respectively, in connection with the inception of a retrocession agreement with SRN in 2020, partly offset by new business written in Japan in 2021. These restructuring and large transactions were fully offset in life and health claims paid and claim adjustment expenses net and change in unpaid claims net. In addition, the reserves increased further, as a result of assumption updates in 2021.

Acquisition and operating costs net increased from CHF 5 674 million in 2020 to CHF 6 522 million in 2021, mostly in property and casualty business, due to the merger with SRCS and retrocession agreements with affiliated companies in the US and with Swiss Re Europe S.A., reduced by lower external business volume in Asia and Europe. Acquisition costs in life and health business decreased, following the intra-group retrocession restructuring in late 2020.

Investment result

Investment result decreased from CHF 1 729 million in 2020 to CHF 635 million in 2021. The decrease was mainly driven by the lower distribution of retained income from investment funds of CHF 4 million, compared to the prior year of CHF 626 million, and a book value adjustment of a direct subsidiary of CHF 247 million in view of its liquidation. In addition, net realised gains from fixed income securities decreased from CHF 308 million in 2020 to CHF 51 million in 2021, whereas net realised gains from equity securities increased from CHF 13 million in 2020 to CHF 151 million in 2021.

Investment result – Swiss statutory

CHF millions	Income	Value readjustments	Realised gains	2020 Total
Investment income				
Investments in subsidiaries and affiliated companies	79			79
Fixed income securities	505		369	874
Loans	201		3	204
Mortgages				
Equity securities	20	7	103	130
Shares in investment funds	626	8	19	653
Short-term investments	12		6	18
Alternative investments	59	1	8	68
Other investments	697	9	33	739
Income from investment services	25			25
Investment income	1 527	16	508	2 051

CHF millions	Expenses	Value adjustments	Realised losses	2020 Total
Investment expenses				
Investments in subsidiaries and affiliated companies		-16		-16
Fixed income securities			-61	-61
Mortgages				
Equity securities		-31	-92	-123
Shares in investment funds				
Short-term investments			-1	-1
Alternative investments		-31		-31
Other investments	0	-31	-1	-32
Investment management expenses	-90			-90
Investment expenses	-90	-78	-154	-322

Investment result 1 729

CHF millions	Income	Value readjustments	Realised gains	2021 Total
Investment income				
Investments in subsidiaries and affiliated companies	102			102
Fixed income securities	474		144	618
Loans	170			170
Mortgages				
Equity securities	18	7	169	194
Shares in investment funds	4		14	18
Short-term investments	-4		4	0
Alternative investments	110	6		116
Other investments	110	6	18	134
Income from investment services	41			41
Investment income	915	13	331	1 259

CHF millions	Expenses	Value adjustments	Realised losses	2021 Total
Investment expenses				
Investments in subsidiaries and affiliated companies		-251		-251
Fixed income securities			-93	-93
Loans				
Equity securities		-16	-18	-34
Shares in investment funds		-104		-104
Short-term investments			-1	-1
Alternative investments		-20		-20
Other investments	0	-124	-1	-125
Investment management expenses	-121			-121
Investment expenses	-121	-391	-112	-624

Investment result 635

Board of Directors and Executive Management

Governance and risk management

Board of Directors

- Sergio P. Ermotti, Chairman
- Renato Fassbind, Vice Chairman
- Raymond K. F. Ch'ien, Member of the Board of Directors
- Karen Gavan, Member of the Board of Directors
- Joachim Oechslin, Member of the Board of Directors
- Deanna Ong, Member of the Board of Directors
- Jay Ralph, Member of the Board of Directors
- Joerg Reinhardt, Member of the Board of Directors
- Philip K. Ryan, Member of the Board of Directors
- Sir Paul Tucker, Member of the Board of Directors
- Jacques de Vaucleroy, Member of the Board of Directors
- Susan L. Wagner, Member of the Board of Directors
- Larry Zimbleman, Member of the Board of Directors

Changes in 2021

- Sergio P. Ermotti has been elected as new Chairman of the Board of Directors as of 25 March 2021 (he was already a member of the Board of Directors)
- Walter B. Kielholz stepped down as Chairman and as a member of the Board of Directors as of 25 March 2021

Following Swiss Re Group's streamlining of its legal entity structure in 2021, the Executive Committee of SRZ was aligned to the Executive Committee of Swiss Re Ltd as of 1 July 2021. All Members of the former SRZ Executive Committee that were not already Members of the Group Executive Committee therefore stepped down as of 30 June 2021.

Executive Management

- Christian Mumenthaler, Chief Executive Officer
- Urs Baertschi, Member of the Executive Committee
- Andreas Berger, Member of the Executive Committee
- John R. Dacey, Chief Financial Officer, Member of the Executive Committee
- Cathy Desquesses, Member of the Executive Committee
- Guido Fürer, Member of the Executive Committee
- Hermann Geiger, Member of the Executive Committee
- Russell Higginbotham, Member of the Executive Committee
- Jonathan Isherwood, Member of the Executive Committee
- Thierry Léger, Member of the Executive Committee
- Moses Ojeisekhoba, Member of the Executive Committee
- Patrick Raaflaub, Chief Risk Officer, Member of the Executive Committee
- Philip Long, Appointed Actuary, not Member of the Executive Committee

Changes in 2021

- Christian Mumenthaler, Chief Executive Officer, has been appointed as member of the Executive Committee as of 1 July 2021
- John R. Dacey, Chief Financial Officer, has been appointed as member of the Executive Committee as of 1 July 2021
- Patrick Raaflaub, Chief Risk Officer, has been appointed as member of the Executive Committee as of 1 July 2021
- Andreas Berger, Cathy Desquesses, Guido Fürer, Hermann Geiger and Thierry Léger have been appointed as members of the Executive Committee as of 1 July 2021
- Anette Bronder has been appointed as member of the Executive Committee as of 1 July 2021; she stepped down as of 17 December 2021
- Pravina Ladva has been appointed as member of the Executive Committee as of 1 January 2022

Governance and risk management

As a major legal entity within the Swiss Re Group that is designated as a so-called "Level I entity", SRZ is subject to enhanced governance, which includes the following requirements:

- Develop and maintain corporate and risk governance documentation that governs the responsibilities of the legal entity Board, committees and management
- Establish committee(s) covering Audit, as well as Finance and Risk, to support the legal entity Board in performing its oversight responsibility for risk and capital steering
- Designate a Chief Risk Officer and Chief Financial Officer

All risk-related activities of SRZ and its subsidiaries are subject to Swiss Re's risk management framework, which includes:

- An independent Risk Management function responsible for risk oversight and control across Swiss Re and comprises central departments that provide specialised risk expertise and oversight.
- A clearly defined risk control framework which comprises a body of standards that establish an internal control system for taking and managing risk.

Moreover, risk management activities at SRZ are complemented by Swiss Re's Group Internal Audit and Compliance units.

Swiss Re's 2021 Financial Report describes the governance and risk management framework for the Group and its legal entities. For more information, please refer to the [Group Governance and risk management section](#).

Risk profile

SRZ is exposed to insurance and financial risks that are calculated in its internal risk model, as well as other risks that are not explicitly part of the economic capital requirement but are actively monitored and controlled due to their significance for the entity. These include operational, liquidity, model, valuation, regulatory, political, strategic and sustainability risks (see *Swiss Re's risk landscape*, 2021 Financial Report, page 68).

Property and casualty risk is mainly driven by natural catastrophe, non-life claims inflation, costing and reserving, and man-made risk. The main drivers of life and health insurance risk are mortality trend and lethal pandemic risk.

The financial risk of SRZ derives from financial market risk as well as from credit risk. Key drivers of financial market risk are credit spread risk and equity risk. Credit risk is mainly driven by credit and surety and default risk on capital market products.

Total risk

Total risk is based on 99% tail value at risk (tail VaR) and represents the average unexpected loss that occurs with a frequency of less than once in 100 years over a one-year time horizon.

USD millions	SST 2021	SST 2022	Change since SST 2021
Property and casualty	12 635	12 428	-207
Life and health	11 809	11 128	-681
Financial market	9 154	12 228	3 074
Credit ¹	2 901	3 196	295
Diversification	-15 530	-16 423	-893
Total risk	20 969	22 558	1 589

¹ Credit comprises credit default and migration risk from both asset management and underwriting. It excludes credit spread risk, which is part of financial market risk.

Total risk increased to USD 22.6 billion, mainly driven by higher financial market and credit risk, which were partially offset by lower insurance risk. These shifts led to an increase in diversification at risk category level.

- The decrease in property and casualty risk is mainly driven by the inflation model change, the depreciation of major currencies against the US dollar and higher interest rates. These effects are partially offset by an increase in natural catastrophe risk, mainly reflecting higher TC North Atlantic exposure, and by additional exposures due to the merger with SRCS.
- Lower life and health risk mainly reflects the impact of higher interest rates and the depreciation of major currencies against the US dollar. The overall decrease is further supported by higher relief from new retrocession agreements and the diversification impact of new longevity business. These effects are partially offset by new business in Asia and the US, resulting in higher exposure to critical illness and mortality trend risk.
- Financial market risk increased, mainly reflecting the merger of SRCS and SRLC with SRZ and the reduction of investment hedges.
- The increase in credit risk mainly reflects the merger of SRCS and SRLC with SRZ, as well as the reduction of hedges and addition of corporate bonds.

Swiss Re's internal model takes account of the accumulation and diversification between individual risks. The effect of diversification at the category level, which is shown in the table above, represents the difference between total risk (the company's 99% tail VaR) and the sum of standalone tail VaR amounts for the individual risk categories. This amount does not reflect diversification within risk categories. The extent of diversification is largely determined by the selected level of aggregation – the higher the aggregation level, the lower the diversification effect.

Operational risk

SRZ uses a Group-wide risk matrix methodology and Swiss Re's Global Risk Register to capture operational risks. The matrix in particular focuses on risks approaching or exceeding SRZ's own risk tolerance as they require management actions. Adherence to risk tolerance is monitored and reported at least on a quarterly basis. The overall control environment within SRZ remains adequate.

Current key focus areas of SRZ's operational risk management include: monitoring the availability and dependency on qualified and skilled employees, given the large number of change initiatives and projects across the firm, and embedding insights and experience from the COVID-19 pandemic into underwriting processes and controls.

Other significant risks

For details on other significant risks, including liquidity, model, valuation, regulatory, political, strategic and sustainability risks, see the Group's 2021 Financial Report sections on *Liquidity management* on page 60, *Swiss Re's risk landscape* on pages 68–69, and *Management of other significant risks* on pages 74–77.

Risk concentration

Among tested financial market sensitivities, SRZ's SST ratio is most sensitive to a 50-basis point decrease in interest rates.

Risk mitigation

SRZ manages and controls its risks through an extended limit framework. Insurance risks are also mitigated through retrocession, insurance risk swaps or transferring risk to capital markets. For financial risks, SRZ uses financial market derivative instruments as well as financial market securities to hedge financial market and credit risk arising from investments and insurance liabilities.

Valuation

SST balance sheet

The SST balance sheet is prepared based on the same market-consistent valuation principles as applied in Swiss Re's internal EVM framework. EVM is therefore used as a basis for preparing the SST balance sheet and valuation adjustments to EVM mainly affect capital costs and deferred taxes. The difference between assets and liabilities is defined as the SST net asset value, which is the basis for the calculation of the SST RBC.

The SST valuation methodology is further described in the > [Appendix](#) of this Report.

USD millions		Notes	SST 2021	SST 2022	Change since SST 2021
Market-consistent value of investments	Real estate				n/a
	Participations	1	26 930	30 651	3 721
	Fixed-income securities	2	21 346	25 481	4 135
	Loans	3	10 663	12 284	1 621
	Mortgages			85	85
	Equities		1 249	1 454	205
	Other investments		23 965	21 019	-2 946
	Collective investment schemes	4	15 481	16 624	1 143
	Alternative investments		741	786	46
	Structured products				n/a
	Other investments	5	7 744	3 608	-4 135
	Total investments		84 154	90 974	6 821
	Market-consistent value of other assets	Financial investments from unit-linked life insurance			
Receivables from derivative financial instruments			304	316	12
Deposits made under assumed reinsurance contracts		6	24 815	26 622	1 807
Cash and cash equivalents			2 551	2 000	-551
Reinsurers' share of best estimate of provisions for insurance liabilities			12 967	11 693	-1 273
Direct insurance: life insurance business (excluding unit-linked life insurance)					n/a
Reinsurance: life insurance business (excluding unit-linked life insurance)		7	9 359	7 839	-1 519
Direct insurance: non-life insurance business					n/a
Direct insurance: health insurance business					n/a
Reinsurance: non-life insurance business		8	3 608	3 854	246
Reinsurance: health insurance business					n/a
Direct insurance: other business					n/a
Reinsurance: other business					n/a
Direct insurance: unit-linked life insurance business					n/a
Reinsurance: unit-linked life insurance business					n/a
Fixed assets			2	4	1
Deferred acquisition costs					n/a
Intangible assets					n/a
Receivables from insurance business		9	13 535	15 095	1 560
Other receivables			532	530	-2
Other assets		10	6 855	5 246	-1 610
Unpaid share capital					n/a
Accrued assets			89	85	-4
Total other assets		61 650	61 590	-60	
Total market-consistent value of assets		145 804	152 564	6 760	

USD millions	Notes	SST 2021	SST 2022	Change since SST 2021
BEL: Best estimate of liabilities (including unit-linked life insurance)	Best estimate of provisions for insurance liabilities	72 184	77 280	5 096
	Direct insurance: life insurance business (excluding unit-linked life insurance)			n/a
	Reinsurance: life insurance business (excluding unit-linked life insurance)	11 23 921	22 608	-1 313
	Direct insurance: non-life insurance business			n/a
	Direct insurance: health insurance business			n/a
	Reinsurance: non-life insurance business	12 48 263	54 672	6 409
	Reinsurance: health insurance business			n/a
	Direct insurance: other business			n/a
	Reinsurance: other business			n/a
	Best estimate of provisions for unit-linked life insurance liabilities	0	0	0
	Direct insurance: unit-linked life insurance business			n/a
	Reinsurance: unit-linked life insurance business			n/a
Market-consistent value of other liabilities	Non-technical provisions	1 132	935	-197
	Interest-bearing liabilities	3 751	3 383	-368
	Liabilities from derivative financial instruments	574	457	-117
	Deposits retained on ceded reinsurance	13 13 405	12 633	-772
	Liabilities from insurance business	5 929	6 110	181
	Other liabilities	14 11 744	7 874	-3 871
	Accrued liabilities	49	54	5
	Subordinated debts	15 6 714	7 198	483
Total BEL plus market-consistent value of other liabilities		115 483	115 922	439
Market-consistent value of assets minus total from BEL		30 321	36 642	6 321

Notes

- The increase in participations reflected the mergers with SRCS and SRLC. Furthermore, the increase was driven by positive movements in value of subsidiaries as well as by a decrease in MVM of subsidiaries.
- The increase in fixed income securities was mainly driven by strategic assets allocations from short-term investments and cash equivalents as well as the merger with SRCS and the assets transferred from SRN relating to the intra-group retrocession restructuring. This was largely offset by unrealised losses due to higher interest rates.
- The increase in loans stemmed predominantly from the mergers with SRCS and SRLC, partially offset by the cancellation of a loan from SRZ to SRCS.
- The increase in collective investment schemes mainly reflected the merger with SRCS and large reinvestments in the investment funds. These movements were partially offset by a dividend payment, unfavourable impacts of interest rate increases and the depreciation of the underlying currencies against the US dollar.
- The decrease in other investments reflected the decrease in short-term investments, mainly due to strategic asset allocations between investment categories towards fixed income securities, and the funding of the dividend payment to Swiss Re Ltd.
- The increase in deposits made under assumed reinsurance contracts reflected higher volumes in the intra-group and external business from US property and specialty portfolios. Furthermore, the increase was driven by the merger with SRCS and the retrocession from Swiss Re Life & Health America Inc due to a new large transaction. These were partially offset by a decrease in policy loans in corporate-owned life insurance mostly reflecting the impact of rising interest rates.
- The decrease in reinsurance life insurance business (excluding unit-linked life insurance) was mainly related to the US closed book business retroceded to SRN reflecting the run-off of the business, the impact of interest rate increases and experience updates. This was further driven by reserve decrease in the intra-group retrocession to SRN due to favourable experience and the depreciation of underlying currencies against the US dollar.
- The increase in reinsurance non-life insurance business mainly reflected the external retrocession business that was transferred with the merger with SRCS. Additionally, this is driven by the increase in volume of internal retrocession business of SRZ China branch.
- The increase in receivables from insurance business was mainly due to the merger with SRCS. In addition, the increase was due to volume growth in non-life business, mainly in Asia and the US.
- The decrease in other assets was mainly driven by the decrease in securities lending.
- The decrease in best estimate of provisions for life insurance liabilities was notably driven by decline in reserves related to the US closed book business, reflecting the run-off of the business and experience updates. Furthermore, the decrease was supported by the overall depreciation of the major underlying currencies against the US dollar and an interest rate increase. Additionally, the best estimate was reduced by the impacts from the retrocession of the iptiQ business and the restructuring of the retrocession from Swiss Re Europe S.A. These were partially offset by the novation of the intra-group retrocession from Elips Life AG and Elips Versicherung AG to SRZ.
- The increase in best estimate of provisions for non-life insurance liabilities was largely related to the merger with SRCS. This was further driven by business growth in the US.
- The decrease in deposits retained on ceded reinsurance was mainly related to the US closed book business retroceded to SRN, reflecting the run-off of the business, the impact from interest rate increases as well as experience updates. This was further driven by the intra-group retrocession to SRN reflecting interest rates increase and the depreciation of the major underlying currencies against the US dollar.

14. The decrease in other liabilities mainly reflected lower intra-group current account payables in connection with cash pooling agreements
 15. The increase in subordinated debts reflected the transfer of one subordinated instrument from an affiliated company.

SST balance sheet comparison with Swiss statutory

The SST balance sheet comparison with the audited Swiss statutory financial statements provides insights into the main valuation and scope differences.

An overview of the main valuation and scope differences and the definition of the aggregated line items are included in the > [Appendix](#) of this Report.

Assets

USD millions	Swiss Statutory	SST	Difference
Real estate			n/a
Investments in subsidiaries and affiliated companies	28 295	30 651	2 356
Fixed income securities	25 006	25 481	475
Loans	10 884	12 284	1 400
Mortgages		85	85
Equity securities	658	1 454	796
Other investments	22 386	21 019	-1 367
Investments for unit-linked and with-profit business			n/a
Cash and cash equivalents	618	2 000	1 383
Funds held by ceding companies and other receivables from reinsurance	36 135	41 716	5 582
Reinsurance recoverable from retrocessions	14 959	11 693	-3 266
Other assets	9 186	6 180	-3 006
Total assets	148 126	152 564	4 438

Investments in subsidiaries and affiliated companies

Differences in scope: SST only includes the investments in fully consolidated companies, while statutory reporting includes investments in non-consolidated companies too.

Differences in valuation: SST reports investments in subsidiaries and affiliated companies at market-consistent value. In statutory reporting, investments in subsidiaries and affiliated companies are carried at cost, less necessary and legally permissible depreciation, fixed at historic FX rates. Furthermore, in statutory reporting, for valuation purposes, subsidiaries are grouped when a close business link exists and a similarity in nature is given.

Fixed-income securities

Differences in scope: The distinction between fixed income securities, short-term investments and cash and cash equivalent is based on the remaining duration at time of purchase in SST, and on initial duration in statutory reporting.

Differences in valuation: SST carries fixed income securities at market value. In statutory reporting, fixed income securities are valued at their amortised cost less necessary depreciation to address other than temporary market value decreases.

Loans

Differences in valuation: In SST, intra-group loans are valued by discounting future estimated cash flows at risk-free rates, while under statutory reporting those loans are carried at nominal value. Value adjustments are recorded where the expected recovery value is lower than the nominal value. Infrastructure loans are carried at their amortised cost less necessary depreciation to address other than temporary market value decreases.

Mortgages

Differences in scope: Under statutory reporting external mortgages are reported under Loans

Equity securities

Differences in scope: In SST, Swiss Re Ltd shares are not valued, whereas they are part of equity securities for statutory reporting. For SST, some shares in public equity investment funds are included in equity securities. Under statutory reporting, those shares are part of other investments.

Differences in valuation: SST values equity securities at market value. In statutory reporting, equity securities are carried at the lower of cost or market value.

Other investments

Differences in scope: The distinction between short-term investments, included in other investments, fixed income securities and cash and cash equivalent is based on the remaining duration at time of purchase in SST, and on initial duration in statutory reporting. In SST, other investments include investments in non-consolidated subsidiaries and affiliated companies, while in statutory reporting these are reported as investments in subsidiaries and affiliated companies

Differences in valuation: SST reports other investments such as investment funds, private equity or hedge funds at market value. In statutory reporting, these investments are generally valued at the lower of cost or market value.

Cash and cash equivalents

Differences in scope: The distinction between cash and cash equivalent, short-term investments and fixed income securities is based on the remaining duration at time of purchase in SST, and on initial duration in statutory reporting.

Funds held by ceding companies and other receivables from reinsurance

Differences in scope: In statutory reporting, receivables from reinsurance include an additional provision for bad debts, while in SST this is part of the best estimate liabilities.

Differences in valuation: In SST, funds held by ceding companies for which an interest is credited are valued by discounting future estimated cash flows at risk-free rates. Under statutory reporting, funds held are generally measured at the consideration received or at market value of the underlying assets. Policy loans for corporate-owned life insurance, included in funds held, are valued by discounting future estimated cash flows at risk-free rates as well. Under statutory reporting, those loans are carried at nominal value. In statutory reporting, receivables from reinsurance include the receivable on deposit accounted business, while in SST this is part of the best estimate liabilities.

Reinsurance recoverable from retrocessions

Differences in valuation: Same principles apply as for re/insurance liabilities before retrocession described below.

Other assets

Differences in valuation: In SST, other assets are measured at fair value. In statutory reporting, other assets are generally carried at nominal value. Derivative financial instruments in statutory reporting are generally accounted based on the lower of cost or market principle under Swiss Company Law. Derivative deals where SRZ enters into two identical, but opposite directed derivatives are recorded at market value. In addition, assets in derivative financial instruments that have an observable market price and are traded in an active and liquid market are recorded at market value. Deferred acquisition costs are not valued for SST.

Liabilities

USD millions	Swiss Statutory	SST	Difference
Re/insurance liabilities before retrocession	91 615	77 280	-14 334
Unit-linked and with-profit liabilities			n/a
Debt	9 720	10 580	861
Funds held under reinsurance treaties	8 635	12 633	3 998
Other liabilities	23 392	15 429	-7 964
Total liabilities	133 362	115 922	-17 439

Re/insurance liabilities before retrocession

Differences in valuation: SST uses best estimates to value the re/insurance liabilities without specific margin for prudence. Statutory reporting values reinsurance liabilities at best estimates and for life and health business requires provisions for adverse deviations (PADs). For non-life business, statutory reporting allows for an equalisation provision. Other valuation differences arise from the discounting of the liability cash flows. In SST, liabilities are generally discounted using current market risk-free rates. Under statutory reporting, discounting of life and health technical provisions generally uses asset-consistent yields, whereas there is generally no discounting for non-life business. It should also be noted that in some instances certain additional methodological differences may exist between the two valuation bases. For more details on the general differences in valuation of re/insurance liabilities, please refer to the table in the methodology section in Appendix.

Debt

Differences in valuation: SST excludes own credit risk in the valuation of debt not qualified as SST supplementary capital. SST supplementary capital instruments are fair valued. In statutory reporting, debt is carried at redemption value.

Funds held under reinsurance treaties

Differences in valuation: Same principles apply as for funds held by ceding companies before retrocession described above.

Other liabilities

Differences in valuation: In SST, no specific provision is made for currency fluctuations. In statutory reporting, a provision for currency fluctuation comprises the net effect of foreign exchange gains and losses arising from the revaluation of the balance sheet at year-end. Derivative financial instruments are measured at fair value under SST. In statutory reporting, derivatives are generally valued based on the lower of cost or market principle under Swiss Company Law. Derivative deals where SRZ enters into two derivatives that are identical but with opposite direction, are recorded at market value. In addition, liabilities in derivative financial instruments which have an observable market price and are traded in an active and liquid market are recorded at market value.

Capital management

Effective 1 July 2021, SRZ has become the main direct wholly owned operating subsidiary of Swiss Re Ltd. SRZ in turn holds separate holding companies for the Business Units Reinsurance and Corporate Solutions, as well as for the Division iptiQ.

The risk tolerance respectability criteria for the Swiss Re Group are set out in the Group Risk Policy. The Group and SRZ Boards are responsible for approving the risk tolerance criteria, as well as for monitoring and reviewing risk tolerance. To ensure the resilience of SRZ as the main operating entity from a capital and liquidity perspective, Swiss Re's risk tolerance criteria includes resilience limits for SRZ to ensure that the main operating entity is able to withstand capital and liquidity stresses.

Change in shareholders' equity – Swiss statutory

CHF millions	Share capital	Legal capital reserves	Legal profit reserves	Voluntary profit reserves	Retained earnings brought forward	Net income for financial year	Total shareholders' equity
Shareholders' equity 1.1.2020	34	6 778	650	1 027	41	2 704	11 234
Allocations relating to the dividend paid		-1 611		4 311	4	-2 704	0
Dividend for the financial year 2020				-1 611			-1 611
Contribution in-kind in by Swiss Re Ltd		594					594
Net income for the financial year						1 586	1 586
Shareholders' equity 31.12.2020	34	5 761	650	3 727	45	1 586	11 803
Shareholders' equity 1.1.2021	34	5 761	650	3 727	45	1 586	11 803
Allocations relating to the dividend paid		-469		2 069	-14	-1 586	0
Dividend for the financial year 2021				-469			-469
Swiss Re Corporate Solutions Ltd. merger		515					515
Contribution in-kind in 2021		630		1 310			1 940
Net income for the financial year						-339	-339
Shareholders' equity 31.12.2021	34	6 437	650	6 637	31	-339	13 450

Shareholders' equity

Shareholders' equity increased from CHF 11 803 million as of 31 December 2020 to CHF 13 450 million as of 31 December 2021. The increase reflected the mergers with SRCS of CHF 515 million and SRLC of CHF 1 940 million, partially offset by the cash dividend payment for the financial year 2020 of CHF 469 million and the net loss for the financial year 2021 of CHF 339 million.

Part of the merger gains was allocated to legal capital reserves, following the acceptance from Swiss Federal Tax Administration to qualify it as legal capital reserves from capital contributions. The remaining merger gain was allocated to the voluntary profit reserves. These allocations were reflected in SRZ's books with an accounting effective date 1 January 2021.

Solvency

SRZ uses an internal risk model to determine the economic capital required to support the risks on the Group's book, as well as to allocate risk-taking capacity to the different lines of business. The model also provides the basis for capital cost allocation in Swiss Re's EVM framework, which is used for pricing, profitability evaluation and compensation decisions. In addition to these internal purposes, the model is used to determine regulatory capital requirements under economic solvency frameworks such as SST and Solvency II.

For more information, please see the [Internal control system and risk model](#) section of the 2021 Financial Report.

In 2017, FINMA approved Swiss Re's internal model and its components for SST reporting purposes under their revised model review process.

Since SST 2021, one major model change has been implemented. It was approved by FINMA in October 2021:

- Inflation risk – The model was improved to capture risk more comprehensively, including the mitigation effect of contractual clauses, diversification with other risks and inclusion of additional exposures. The overall impact is an increase of the Group's SST ratio.

Solvency

SRZ improved its strong capital position in SST 2022 despite COVID-19 impacts. The SST ratio increased to 198%, 21pp higher than in SST 2021. The change mainly reflects the merger of SRCS and SRLC with SRZ. Positive underwriting and investment contributions as well as higher interest rates supported the increase, while the reduction of investment hedges partially offset it.

The ratio is calculated as SST risk-bearing capital (SST RBC) minus market value margin (MVM), divided by SST target capital (SST TC) minus MVM.

Solvency overview

SST 2022 in USD millions

SST RBC – MVM

36 182

SST TC – MVM

18 293

= 198%

SST 2021 in USD millions

SST RBC – MVM

29 855

SST TC – MVM

16 918

= 176%

SST RBC: SST risk-bearing capital
 SST TC: SST target capital
 MVM: Market value margin

SST risk-bearing capital

The SST RBC is derived from the SST net asset value (SST NAV), which is the difference between the market consistent value of assets and best estimate of liabilities, according to the valuation methodology prescribed under SST. For this purpose, the SST NAV is adjusted for the items shown in the table below.

USD millions	SST 2021	SST 2022	Change since SST 2021
SST net asset value	30 321	36 642	6 321
Deductions	-1 007	-1 782	-775
SST core capital	29 314	34 860	5 546
Supplementary capital	6 271	6 877	606
SST risk-bearing capital (SST RBC)	35 585	41 737	6 152
Market value margin (MVM)	5 730	5 555	-175
SST RBC – MVM	29 855	36 182	6 328

The increase in SST NAV to USD 36.6 billion compared to SST 2021 was mainly driven by the merger of SRCS and SRLC with SRZ, as well as positive underwriting and investment contributions and lower MVM of subsidiaries. The positive change in the MVM of subsidiaries reflected the increase in interest rates.

The overall contribution from underwriting activities was largely positive, as it included the mergers of SRCS and SRLC with SRZ. It also reflected positive underlying underwriting results:

- The Property & Casualty Reinsurance positive underwriting contribution was mainly driven by improved margins and portfolio quality. Reserves releases for natural catastrophe losses including US hurricanes and wildfires, weather-related events in Australia as well as typhoons in Asia and man-made losses further improved the result. This was partially offset by large natural catastrophe losses such as Hurricane Ida, European July floods and June hailstorm, US winter storm Uri, as well as riots in South Africa and proactive reserving actions on casualty claims inflation.
- The positive underwriting contribution from Life & Health Reinsurance was mainly driven by strong transactional business growth primarily in the US but also in the UK, as well as further profitable growth of core business across all regions. This was partially offset by a significant impact from COVID-19-related losses, mainly reflecting mortality developments in the US. In addition, the Life & Health Reinsurance underwriting contribution reflected unfavourable impacts from various assumption updates, including mortality improvements, while experience remained slightly positive.
- Corporate Solutions positive underwriting contribution was mainly driven by continued price momentum, growth in target areas and strong renewals, as well as by reserve releases in property, and releases on COVID-19 reserves. This more than compensated for large natural catastrophe losses, mainly Hurricane Ida, central US tornadoes, US winter storm Uri as well as large man-made losses.
- The Group items negative underwriting contribution was mainly driven by increased overhead expenses, as well as the continued investment into building the iptiQ business and favourable updates in the underwriting run-off business.

The positive investment contribution was mainly driven by outperformance across alternative investments and equities as well as a positive contribution from credit investments. This was partially offset by a negative contribution from Principal Investments. Negative foreign exchange impacts were mostly driven by the depreciation of major currencies against the US dollar.

The dividend payment to Swiss Re Ltd led to a decline in the SST NAV.

Deductions mainly reflected projected dividend (to be paid in 2022) as well as deferred taxes on real estate.

Supplementary capital is recognised as risk bearing under SST. The increase in SST supplementary capital reflected the transfer of one subordinated instrument to SRZ.

A description of the change in MVM, representing the capital costs for the run-off period, is provided together with the SST target capital comments below.

SST target capital

To derive SST target capital, total risk is adjusted for the line item Other impacts as shown below.

USD millions	SST 2021	SST 2022	Change since SST 2021
Total risk	20 969	22 558	1 589
Other impacts	1 679	1 290	-389
SST target capital (TC)	22 648	23 847	1 199
Market value margin (MVM)	5 730	5 555	-175
SST target capital – MVM	16 918	18 293	1 375

SST target capital increased to USD 23.8 billion, mainly driven by the increase in total risk (see [Risk profile](#) for details), partially offset by the decrease in MVM (included in Other impacts).

Other impacts mainly reflect MVM, the impact from business development over the forecasting period and requirements from FINMA that are not included in total risk because they are not consistent with Swiss Re's own risk view.

The decrease in MVM is mainly driven by the increase in interest rates.

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Swiss Re Nexus Reinsurance Company Ltd

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Management summary

In SST 2022, the SST ratio of Swiss Re Nexus Reinsurance Company Ltd (SRN or the Company) increased to 261%, 56pp higher than in SST 2021. The increase was mainly driven by the impact of higher interest rates and positive underwriting contribution.

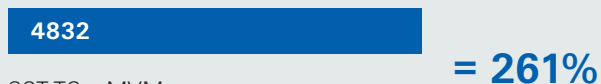
The last twelve months were a transition period for SRN following the strategic restructuring started in 2020, where the company became an indirect subsidiary of Swiss Reinsurance Company Ltd (SRZ) and a provider of reinsurance to other Swiss Re entities, including SRZ. The continued restructuring of reinsurance contracts had a slight negative impact for the SST ratio.

This Report provides qualitative and quantitative information about the financial condition of SRN.

Solvency overview

SST 2022 in USD millions

SST RBC – MVM

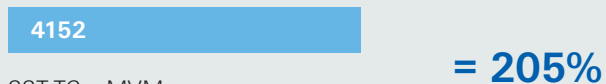


SST TC – MVM



SST 2021 in USD millions

SST RBC – MVM



SST TC – MVM



SST RBC: SST risk-bearing capital
 SST TC: SST target capital
 MVM: Market value margin

Business activities	In this section, we provide information about the business model, the strategy and significant events. > Read more
Performance	We present the performance of the year under review based on the Swiss statutory income statement. > Read more
Governance and risk management	This section provides an overview of the system of governance, key governing bodies, risk management systems and policies. > Read more
Risk profile	The main components of the total risk calculated under SST are discussed in this section. > Read more
Valuation	In this section, we provide the SST balance sheet and additional quantitative and qualitative explanations on differences to the audited statutory financial statements of SRN. > Read more
Capital management	SRN's capital management strategy and key changes in 2021 are discussed in this section. > Read more
Solvency	This section presents SRN's SST calculation and includes explanations on changes compared to the prior year. > Read more

Reinsurance business

Business activities

Strategy and priorities

2021 was for SRN a year of transition following the restructuring started in 2020, where the company became the intra-group retrocession (IGR) carrier for SRZ and their branches.

SRN is a wholly owned subsidiary of Swiss Re Reinsurance Holding Company Ltd, a 100% subsidiary of SRZ. SRN is domiciled in Zurich, Switzerland. SRN acts as operating IGR carrier to facilitate a sustainable IGR structure for Swiss Re's global reinsurance franchise. SRN has no employees of its own.

Outlook

SRN's priorities for 2022 include:

- Several intra-group risk-transfers were executed in the course of 2021. In 2022, further transactions are expected that aim at managing and improving SRN's capital strength and its diversification profile to eventually reach the target state as an IGR retrocession carrier within Swiss Re Group with a well-balanced risk profile.

Investments

Strategy and priorities

Financial investments in SRN are managed in accordance with Swiss Re's Targeted Standard on Asset Management and SRN's investment handbook, which are intended to ensure compliance with regulatory requirements. The general principle governing SRN is the creation of economic value based on returns relative to the liability benchmark, while adhering to the investment handbook and the general prudence principle.

Credit products generated positive investment income as credit spreads tightened over the course of 2021 amid the strong economic recovery and corporate earnings and still highly accommodative monetary-fiscal policy mix. The proposed Strategic Asset Allocation assumes constant level of credit, at the same time setting relatively narrowed ranges around the current allocation to absorb market movements and limited additions/sales that address potential market opportunities. A small capacity for equities has been proposed in case market opportunities arise, but with no current plan for investment. The rates positioning is expected to remain stable over 2022.

Outlook

SRN expects global real economic growth to significantly slow down in 2022 from the record pace of 5.6% in 2021. Meanwhile, inflation is set to decline from its multi-decade high but might remain elevated, despite the expected tightening in monetary policy. This global picture suggests a more prudent outlook for financial markets with generally full asset valuations.

Reinsurance and sub-holding companies

SRN is a wholly owned subsidiary of Swiss Re Reinsurance Holding Company Ltd. SRN is domiciled in Zurich, Switzerland.

Claims on and obligations towards affiliated companies – Swiss statutory

CHF millions	2020	2021
Premiums and other receivables from reinsurance	1 565	1 423
Funds held by ceding companies	7 413	7 629
Other receivables	1 502	272
Reinsurance balances payable	667	615
Other liabilities	51	34

None of these balances are towards the parent company Swiss Re Reinsurance Holding Company Ltd.

Share capital and major shareholder

The share capital of SRN amounted to CHF 10 million. It is divided into 10 000 registered shares, each with a nominal value of CHF 1 000. The shares were fully paid-in and held directly by Swiss Re Reinsurance Holding Company Ltd. As of 31 December 2021, SRN was a wholly owned subsidiary of Swiss Re Reinsurance Holding Company Ltd.

Variable interest entities

SRN has no off-balance sheet positions or risks transferred to special purpose vehicles.

Significant events

The transactions executed in the course of 2021 included the transfer of the IGRs related to Elips Life AG and Elips Versicherungen AG (elipsLife EMEA) business to SRZ, set-up of a new IGR related to Canada L&H business which was previously retroceded to Swiss Re Europe S.A. (SRE) as well as a new external retrocession to cover a defined subset of the Canada L&H in-force business in SRN.

Report of the statutory auditor

In 2021, KPMG AG was the auditor of SRN. For more information, please see the [Report of the statutory auditor](#).

Performance

Income statement – Swiss statutory

CHF millions	Total		Life		Accident & Health		Motor		Property		Casualty		Miscellaneous	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Reinsurance														
Premiums written gross	1 926	2 267	920	1 590	951	427	54	247	1	3				
Premiums written retroceded	-594	-287	-321	-66	-225	-4	-48	-217						
Premiums written net	1 332	1 980	599	1 524	726	423	6	30	1	3	0	0	0	0
Change in unearned premiums gross	-60	-17	-5	3	-8	69	-46	-88	-1	-1				
Change in unearned premiums retroceded	41	77		0			41	77						
Premiums earned	1 313	2 040	594	1 527	718	492	1	19	0	2	0	0	0	0
Other reinsurance revenues	393	600	353	558	40	42								
Total revenues from reinsurance business	1 706	2 640	947	2 085	758	534	1	19	0	2	0	0	0	0
Claims paid and claim adjustment expenses gross	1 007	-2 721	844	-1 945	163	-746		-29		-1				
Claims paid and claim adjustment expenses retroceded	1 405	-57	890	-148	515	66		25						
Change in unpaid claims and life and health benefits gross	-2 819	592	-1 703	277	-1 110	419	-6	-101		-3				
Change in unpaid claims and life and health benefits retroceded	-1 008	263	-713	242	-301	-67	6	88						
Change in unpaid claims for unit-linked life insurance														
Claims incurred	-1 415	-1 923	-682	-1 574	-733	-328	0	-17	0	-4	0	0	0	0
Acquisition and operating costs gross	-425	-426	-258	-251	-165	-148	-2	-26		-1				
Acquisition and operating costs retroceded	48	46	26	22	20	1	2	23						
Acquisition and operating costs net	-377	-380	-232	-229	-145	-147	0	-3	0	-1	0	0	0	0
Other reinsurance expenses	-1 034	-638	-737	-619	-297	-19								
Total expenses from reinsurance business	-2 826	-2 941	-1 651	-2 422	-1 175	-494	0	-20	0	-5	0	0	0	0
Investment income	17	50												
Investment expenses	-222	-23												
Investment result	-205	27	0	0	0	0	0	0	0	0	0	0	0	0
Investment result from unit-linked life insurance														
Other financial income	26	10												
Other financial expenses	-26	-10												
Operating result	-1 325	-274	0	0	0	0	0	0	0	0	0	0	0	0
Interest expenses on debt and subordinated liabilities														
Other income		22												
Other expenses	-91	-45												
Extraordinary income and expenses														
Income before income tax expense	-1 416	-297	0	0	0	0	0	0	0	0	0	0	0	0
Income tax expense														
Net income/loss	-1 416	-297	0	0	0	0	0	0	0	0	0	0	0	0

Reinsurance results

Total revenues and expenses from reinsurance business amounted to a loss of CHF 301 million in 2021, compared to a loss of CHF 1 120 million in 2020. The increase was mainly driven by the positive development in L&H IGR with SRZ and a one-off gain from the implementation of a new external retrocession of Canada L&H in-force business. This positive development was partially offset by a one-off loss arising from the implementation of a new IGR related to Canada L&H business previously retroceded to SRE. Prior year included a one-off loss from the set-up to cover SRZ's life and health business.

Premiums earned increased from CHF 1 313 million in 2020 to CHF 2 040 million in 2021. The increase was mainly driven by the L&H IGR with SRZ and the implementation of a new IGR related to Canada L&H business previously retroceded to SRE.

Other reinsurance revenues increased from CHF 393 million in 2020 to CHF 600 million in 2021. The increase was mainly due to a one-off gain from the implementation of a new external retrocession of Canada L&H in-force business.

Claims incurred increased from CHF 1 415 million in 2020 to CHF 1 923 million in 2021. The increase was mainly driven by L&H IGR with SRZ, including the implementation of the new IGR related to Canada L&H business, previously retroceded to SRE. This was partly offset by the transfer of the elipsLife EMEA business to SRZ.

Acquisition costs net increased from CHF 377 million in 2020 to CHF 380 million in 2021. The increase was mainly driven by the full year recognition of L&H IGR with SRZ, and the implementation of the new IGR related to Canada L&H business, previously retroceded to SRE. This was partly offset by the transfer of the elipsLife EMEA business to SRZ.

Other reinsurance expenses decreased from CHF 1 034 million in 2020 to CHF 638 million in 2021, mainly due to one-off expenses from the setup of the new IGR related to Canada L&H business previously retroceded to SRE. Prior year included a one-off loss from the introduction of the IGR to cover selected blocks of life and health business from SRZ.

Investment result

Investment result changed from a loss of CHF 205 million in 2020 to a gain of CHF 27 million in 2021. The change was largely driven by higher investment income and realised gains from fixed income securities. Prior year included a one-off from transferring participations to Swiss Re Life Capital Ltd (SRLC).

Investment result – Swiss statutory

CHF millions	Income	Value readjustments	Realised gains	2020 Total
Investment income				
Investments in subsidiaries and affiliated companies				
Fixed income securities	13		2	15
Short-term investments	1		1	2
Other investments	1	0	1	2
Income from investment services				
Investment income	14	0	3	17
Investment expenses				
Investments in subsidiaries and affiliated companies				
Fixed income securities		-216	-1	-1
Short-term investments				
Other investments	0	0	0	0
Investment management expenses	-5			-5
Investment expenses	-5	-216	-1	-222
Investment result				-205
2021				
Investment income				
Investments in subsidiaries and affiliated companies				
Fixed income securities	27		23	50
Short-term investments				
Other investments	0	0	0	0
Income from investment services				
Investment income	27	0	23	50
Investment expenses				
Investments in subsidiaries and affiliated companies				
Fixed income securities			-7	-7
Short-term investments				
Other investments	0	0	0	0
Investment management expenses	-16			-16
Investment expenses	-16	0	-7	-23
Investment result				27

Board of Directors and Executive Management

Governance and risk management

Board of Directors

- Claudia Cordioli, Chair of the Board of Directors
- Réjean Besner, Member of the Board of Directors
- Christian Herzog, Member of the Board of Directors
- Knut Pohlen, Member of the Board of Directors
- Felix Stutz, Member of the Board of Directors
- Torben Thomsen, Member of the Board of Directors

Changes in 2021

There were no changes of the Board of Directors in 2021.

Executive Management

- Sebastian Strasser, Chief Executive Officer
- Chris Mehta, Chief Risk Officer, Member of the Executive Committee
- Urs Spring, Chief Financial Officer, Member of the Executive Committee
- Michael Bird, Appointed Actuary, not Member of the Executive Committee

Changes in 2021

There were no changes of the Executive Management in 2021.

Governance and risk management

As a major legal entity within the Swiss Re Group that is designated as a so-called "Level I" classified legal entity, SRN is subject to enhanced governance which includes the following requirements:

- Develop and maintain corporate and risk governance documentation that governs the responsibilities of the legal entity Board, committees and management
- Establish committee(s) covering Audit, as well as Finance and Risk, to support the legal entity Board in performing its oversight responsibility for risk and capital steering
- Designate a Chief Risk Officer and Chief Financial Officer

All risk-related activities of SRN are subject to Swiss Re's risk management framework, which includes:

- An independent Risk Management function responsible for risk oversight and control across Swiss Re and comprises central departments that provide specialised risk expertise and oversight.
- A clearly defined risk control framework which comprises a body of standards that establish an internal control system for taking and managing risk.

Moreover, risk management activities at SRN are complemented by Swiss Re's Group Internal Audit and Compliance units.

Swiss Re's 2021 Financial Report describes the governance and risk management framework for the Group and its legal entities. For more information, please refer to the [Group Governance and risk management section > Read more.](#)

Risk profile

SRN is exposed to insurance and financial risks, as well as other risks that are not explicitly part of the economic capital requirement but are actively monitored and controlled due to their significance for the entity. These include operational, liquidity, model, valuation, regulatory, political and strategic risks (see *Swiss Re's risk landscape*, 2021 Financial Report, page 68).

Life and health risk is mainly driven by mortality trend, lapse and lethal pandemic risk. Property and casualty risk arises from natural catastrophe and man-made risk.

The financial risk of SRN derives from both financial market risk and credit risk. Key drivers of financial market risk are foreign exchange, credit spread and interest rate risk. Credit risk is mainly driven by the default risk on capital market products.

Total risk

Total risk is based on 99% tail value-at-risk (tail VaR) and represents the average unexpected loss that occurs with a frequency of less than once in 100 years over a one-year time horizon.

USD millions	SST 2021	SST 2022	Change since SST 2021
Property and casualty		582	582
Life and health	2 005	1 838	-168
Financial market	986	711	-275
Credit ¹	124	122	-2
Diversification	-884	-1 201	-317
Total risk	2 232	2 052	-180

¹ Credit comprises credit default and migration risk from both asset management and underwriting. It excludes credit spread risk, which is part of financial market risk.

Total risk decreased to USD 2.1 billion, mainly driven by lower life and health and financial market risk. This was partially offset by new property and casualty exposure.

- The decrease in life and health risk was mainly driven by the impact of higher interest rates, partially offset by the impact of continued restructuring of reinsurance contracts.
- Property and casualty risk increased from new intra-group retrocessions.
- The decrease in financial market risk was mainly driven by lower foreign exchange risk.

Swiss Re's internal model takes account of the accumulation and diversification between individual risks. The effect of diversification at the category level, which is shown in the table above, represents the difference between total risk (the company's 99% tail VaR) and the sum of standalone tail VaR amounts for the individual risk categories. This amount does not reflect diversification within risk categories. The extent of diversification is largely determined by the selected level of aggregation – the higher the aggregation level, the lower the diversification effect.

Operational risk

SRN uses a Group-wide risk matrix methodology and Swiss Re's Global Risk Register to capture operational risks. The matrix in particular focuses on risks approaching or exceeding SRN's own risk tolerance as they require management actions. Adherence to risk tolerance is monitored and reported at least on a quarterly basis. The overall control environment within SRN remains adequate.

Current key focus areas of SRN's operational risk management include risks related to financial reporting processes.

Other significant risks

For details on other significant risks, including liquidity, model, valuation, regulatory, political, strategic and sustainability risks, see the Group's 2021 Financial Report sections on *Liquidity Management* on page 60, *Swiss Re's risk landscape* on pages 68–69, and *Management of other significant risks* on pages 74–77.

Risk concentration

Among tested financial market sensitivities, SRN's SST ratio is most sensitive to a 50-basis point decrease in interest rates.

Risk mitigation

SRN manages and controls its risks through a limit framework.

Valuation

SST balance sheet

The SST balance sheet is prepared based on the same market-consistent valuation principles as applied in Swiss Re's internal EVM framework. EVM is therefore used as a basis for preparing the SST balance sheet and valuation adjustments to EVM mainly affect capital costs and deferred taxes. The difference between assets and liabilities is defined as the SST net asset value, which is the basis for the calculation of the SST RBC.

The SST valuation methodology is further described in the [Appendix](#) of this Report.

USD millions		Notes	SST 2021	SST 2022	Change since SST 2021
Market-consistent value of investments	Real estate				n/a
	Participations				n/a
	Fixed-income securities	1	2 065	1 351	-714
	Loans				n/a
	Mortgages				n/a
	Equities				n/a
	Other investments		43	174	131
	Collective investment schemes				n/a
	Alternative investments				n/a
	Structured products				n/a
	Other investments	2	43	174	131
	Total investments		2 109	1 526	-583
	Market-consistent value of other assets	Financial investments from unit-linked life insurance			
Receivables from derivative financial instruments			1		-1
Deposits made under assumed reinsurance contracts		3	13 182	12 375	-807
Cash and cash equivalents		4	14	454	440
Reinsurers' share of best estimate of provisions for insurance liabilities		5	160	20	-139
Direct insurance: life insurance business (excluding unit-linked life insurance)					n/a
Reinsurance: life insurance business (excluding unit-linked life insurance)			80	-219	-299
Direct insurance: non-life insurance business					n/a
Direct insurance: health insurance business					n/a
Reinsurance: non-life insurance business			80	240	159
Reinsurance: health insurance business					n/a
Direct insurance: other business					n/a
Reinsurance: other business					n/a
Direct insurance: unit-linked life insurance business					n/a
Reinsurance: unit-linked life insurance business					n/a
Fixed assets					n/a
Deferred acquisition costs					n/a
Intangible assets					n/a
Receivables from insurance business		6	1 788	1 464	-324
Other receivables		7	1 668	311	-1 357
Other assets				n/a	
Unpaid share capital				n/a	
Accrued assets				n/a	
Total other assets		16 812	14 624	-2 188	
Total market-consistent value of assets		18 921	16 150	-2 771	

USD millions		Notes	SST 2021	SST 2022	Change since SST 2021
BEL: Best estimate of liabilities (including unit-linked life insurance)	Best estimate of provisions for insurance liabilities	8	11 875	8 787	-3 088
	Direct insurance: life insurance business (excluding unit-linked life insurance)				n/a
	Reinsurance: life insurance business (excluding unit-linked life insurance)		11 784	8 510	-3 274
	Direct insurance: non-life insurance business				n/a
	Direct insurance: health insurance business				n/a
	Reinsurance: non-life insurance business		91	277	186
	Reinsurance: health insurance business				n/a
	Direct insurance: other business				n/a
	Reinsurance: other business				n/a
	Best estimate of provisions for unit-linked life insurance liabilities		0	0	0
	Direct insurance: unit-linked life insurance business				n/a
	Reinsurance: unit-linked life insurance business				n/a
Market-consistent value of other liabilities	Non-technical provisions		31	14	-17
	Interest-bearing liabilities				n/a
	Liabilities from derivative financial instruments		1		-1
	Deposits retained on ceded reinsurance				n/a
	Liabilities from insurance business	9	749	503	-247
	Other liabilities		6	39	32
	Accrued liabilities		2		-2
	Subordinated debts				n/a
	Total BEL plus market-consistent value of other liabilities		12 664	9 342	-3 322
	Market-consistent value of assets minus total from BEL		6 257	6 807	551

Notes

1. The decrease in fixed income securities was largely driven by the assets paid in form of fixed income securities in connection with the transfer of elipsLife EMEA businesses to SRZ.
2. The increase in other investments was mainly related to the purchase of interest rate products.
3. The decrease in deposits made under assumed reinsurance contracts was mainly related to the US closed book business and IGR with SRZ.
4. The increase in cash and cash equivalents was mainly related to the purchase of interest rate products.
5. The decrease of reinsurers' share of best estimate of provisions for insurance liabilities was mainly driven by a new external retrocession of Canada L&H in-force business.
6. The decrease of receivables from insurance business was mainly driven by the settlement related to the IGR with SRZ.
7. The decrease of other receivables was mainly related to a lower cash pooling balance, largely denominated in US dollar.
8. The decrease of best estimate of provisions for insurance liabilities was mainly related to the transfer of elipsLife EMEA businesses to SRZ. Reserves related to the US closed book business declined as well, reflecting the run-off of the business, the impact of interest rate increases as well as experience updates. Further, the decrease was also driven by favourable experience on the IGR with SRZ.
9. The decrease of liabilities from insurance business was mainly driven by the settlement related to the IGR with SRZ, iptiQ and Canada L&H businesses.

SST balance sheet comparison with Swiss statutory

The SST balance sheet comparison with the audited Swiss statutory financial statements provides insights on the main valuation and scope differences.

An overview of the main valuation and scope differences and the definition of the aggregated line items are included in the [> Appendix](#) of this Report.

Assets

USD millions	Swiss Statutory	SST	Difference
Real estate			n/a
Investments in subsidiaries and affiliated companies			n/a
Fixed income securities	1 368	1 351	-16
Loans			n/a
Mortgages			n/a
Equity securities			n/a
Other investments	624	174	-449
Investments for unit-linked and with-profit business			n/a
Cash and cash equivalents	2	454	452
Funds held by ceding companies and other receivables from reinsurance	9 978	13 839	3 861
Reinsurance recoverable from retrocessions	498	20	-477
Other assets	322	311	-11
Total assets	12 791	16 150	3 359

Fixed income securities

Differences in scope: The distinction between fixed income securities, short-term investments and cash and cash equivalents is based on the remaining duration at time of purchase in SST, and on initial duration in statutory reporting.

Differences in valuation: SST carries fixed income securities at market value. In statutory reporting, fixed income securities are valued at amortised cost less necessary depreciation to address other than temporary market value decreases.

Other investments

Differences in scope: The distinction between short-term investments, included in other investments, fixed income securities and cash and cash equivalents is based on the remaining duration at time of purchase in SST, and on initial duration in statutory reporting.

Cash and cash equivalents

Differences in scope: The distinction between cash and cash equivalents, short-term investments and fixed income securities is based on the remaining duration at time of purchase in SST, and on initial duration in statutory reporting.

Funds held by ceding companies and other receivables from reinsurance

Differences in valuation: In SST, funds held by ceding companies for which an interest is credited are valued by discounting future estimated cash flows at risk-free rates. Under statutory reporting, funds held are generally measured at the consideration received or at market value of the underlying assets. Furthermore, in SST policy loans for corporate-owned life insurance, included in the funds held, are valued by discounting future estimated cash flows at risk-free rates as well. Under statutory reporting, those loans are carried at nominal value. In statutory reporting, receivables from reinsurance include the receivables on deposit accounted business, while in SST this is part of the best estimate liabilities.

Reinsurance recoverable from retrocessions

Differences in valuation: Same principles apply as for re/insurance liabilities before retrocession described below.

Other assets

Differences in valuation: In SST, other assets are measured at fair value. In statutory reporting, other assets are generally carried at nominal value. Derivative financial instruments in statutory reporting are generally accounted based on the lower of cost or market principle under Swiss Company Law. Deferred acquisition costs are not valued for SST.

Liabilities

USD millions	Swiss Statutory	SST	Difference
Re/insurance liabilities before retrocession	9 727	8 787	-940
Unit-linked and with-profit liabilities			n/a
Debt			n/a
Funds held under reinsurance treaties			n/a
Other liabilities	848	556	-293
Total liabilities	10 575	9 342	-1 232

Re/insurance liabilities before retrocession

Differences in valuation: SST uses best estimates to value the re/insurance liabilities without specific margin for prudence. Statutory reporting values reinsurance liabilities at best estimates and requires provisions for adverse deviations (PADs). Other valuation differences arise from the discounting of the liability cash flows. In SST, liabilities are generally discounted using current market risk-free rates. Under statutory reporting, discounting of life and health technical provisions generally uses asset-consistent yields, whereas there is generally no discounting for non-life business. It should also be noted that in some instances certain additional methodological differences may exist between the two valuation bases.

For more details on the general differences in valuation of re/insurance liabilities, please refer to the table in the methodology section in the [> Appendix](#).

Other liabilities

Differences in valuation: In SST, no specific provision is made for currency fluctuations. In statutory reporting, a provision for currency fluctuation comprises the net effect of foreign exchange gains and losses arising from the revaluation of the opening balance sheet and the translation adjustment of the income statement from average to closing exchange rates at year-end. Derivative financial instruments are measured at fair value under SST. In statutory reporting, derivatives are generally valued based on the lower of cost or market principle under Swiss Company Law.

Capital management

SRN has established a capital target based on SST capital, in line with the Group approach to capitalising subsidiaries. This is used as a basis for capital planning and determining capital management actions. The entity is expected to operate in a range around the target (subject to any other constraints), with any deficits addressed through capital contributions from Group or other actions.

Change in shareholders' equity – Swiss statutory

CHF millions	Share Capital	Legal capital reserves	Legal profit reserves	Voluntary profit reserves	Retained earnings brought forward	Net income for the financial year	Total Shareholders' equity
Shareholders' equity 1.1.2020	10	449		121		7	587
Allocations relating to AGM decision 2019		-444		451		-7	
Dividend-in-kind for financial year 2020 ¹				-449			-449
Capital contributions allocated to legal reserves from capital contribution		279					279
Capital contributions allocated to voluntary profit reserves				3 315			3 315
Net income/loss for the financial year						-1 416	-1 416
Shareholders' equity 31.12.2020	10	284	0	3 438	0	-1 416	2 316
Shareholders' equity 1.1.2021	10	284		3 438		-1 416	2 316
Allocations relating to AGM decision 2020		-279		-1 137		1 416	
Dividend for the financial year 2020							
Capital contributions allocated to legal reserves from capital contribution							
Capital contributions allocated to voluntary profit reserves							
Net income/loss for the financial year						-297	-297
Shareholders' equity 31.12.2021	10	5	0	2 301	0	-297	2 019

¹ Dividend-in-kind reflecting the transfer of direct and indirect subsidiaries to Swiss Re Life Capital Ltd.

Shareholders' equity

Shareholders' equity decreased from CHF 2 316 million as of 31 December 2020 to CHF 2 019 million as of 31 December 2021.

The decrease was driven by the net loss for the financial year 2021 of CHF 297 million.

Solvency

SRN uses an internal risk model to determine the economic capital required to support the risks on SRN's book, as well as to allocate risk-taking capacity to the different lines of business. The model also provides the basis for capital cost allocation in Swiss Re's EVM framework, which is used for pricing, profitability evaluation and compensation decisions. In addition to these internal purposes, the model is used to determine regulatory capital requirements under economic solvency frameworks such as the SST and Solvency II.

For more information, please see the [Internal control system and risk model](#) section of the 2021 Financial Report.

In 2017, FINMA approved Swiss Re's internal model and its components for SST reporting purposes under their revised model review process.

Since SST 2021, one major model change has been implemented. It was approved by FINMA in October 2021:

- Inflation risk – The model was improved to capture risk more comprehensively, including the mitigation effect of contractual clauses, diversification with other risks and inclusion of additional exposures. The overall impact is an increase of the Group's SST ratio.

Solvency

In SST 2022, the SST ratio of SRN increased to 261%, 56pp higher than in SST 2021. The increase was mainly driven by the impact of higher interest rates and positive underwriting contribution.

The last twelve months were a transition period for SRN following the strategic restructuring started in 2020, where the company became an indirect subsidiary of SRZ and a provider of reinsurance to other Swiss Re entities, including SRZ. The continued restructuring of reinsurance contracts had a slight negative impact for the SST ratio.

The ratio is calculated as SST risk-bearing capital (SST RBC) minus market value margin (MVM), divided by SST target capital (SST TC) minus MVM.

Solvency overview

SST 2022 in USD millions

SST RBC – MVM

4832

= 261%

SST TC – MVM

1853

SST 2021 in USD millions

SST RBC – MVM

4152

= 205%

SST TC – MVM

2027

SST RBC: SST risk-bearing capital
SST TC: SST target capital
MVM: Market value margin

SST risk-bearing capital

The SST RBC is derived from the SST net asset value (SST NAV), which represents the difference between the market consistent value of assets and best estimate of liabilities, according to the valuation methodology prescribed under SST. For this purpose, the SST NAV is adjusted for the items shown in the table below.

USD millions	SST 2021	SST 2022	Change since SST 2021
SST net asset value	6 257	6 807	551
Deductions			n/a
SST core capital	6 257	6 807	551
Supplementary capital			n/a
SST risk-bearing capital (SST RBC)	6 257	6 807	551
Market value margin (MVM)	2 105	1 975	-129
SST RBC – MVM	4 152	4 832	680

The increase in SST NAV to USD 6.8 billion was mainly driven by positive underwriting contribution, mainly reflecting profitable growth in longevity and mortality businesses. The continued restructuring of reinsurance contracts had a slight negative impact overall.

No dividend projection is included for SST 2022.

SRN has no supplementary capital.

A description of the change in MVM, which represents the capital costs for the run-off period, is provided together with the SST target capital comments below.

SST target capital

To derive SST TC, total risk is adjusted for the line item Other impacts as shown below.

USD millions	SST 2021	SST 2022	Change since SST 2021
Total risk	2 232	2 052	-180
Other impacts	1 900	1 777	-123
SST target capital (TC)	4 132	3 828	-304
Market value margin (MVM)	2 105	1 975	-129
SST target capital – MVM	2 027	1 853	-174

SST TC decreased to USD 3.8 billion due to lower total risk (see [Risk profile](#) for details) and MVM (reflected under Other impacts).

Other impacts mainly reflect MVM, the impact from business development over the forecasting period and requirements from FINMA that are not included in total risk because they are not consistent with Swiss Re's own risk view.

The decrease in MVM was mainly driven by the increase in interest rates, partially offset by the impact of continued restructuring of reinsurance contracts.

Swiss Re International SE Zurich branch

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Management summary

Swiss Re International SE, Luxembourg, Zurich branch (SRI SE Zurich branch), domiciled in Zurich, Switzerland, is a re/insurance branch within the Swiss Re Group. SRI SE Zurich branch engages in Swiss and foreign commercial re/insurance business.

SRI SE Zurich branch is part of Swiss Re International SE, Luxembourg which is regulated by the Commissariat aux Assurances, the Luxembourg insurance supervisory authority. SRI SE Zurich branch is also locally supervised by FINMA, the Swiss insurance supervisory authority. Information about the solvency position of Swiss Re International SE, Luxembourg is disclosed according to Luxembourg regulations only. Swiss regulations do not require the disclosure of solvency information of SRI SE Zurich branch in this Report.

This Report provides qualitative and quantitative information about the statutory financial condition of SRI SE Zurich branch.

Business activities

In this section, we provide information about the business model, the strategy and significant events. > [Read more](#)

Performance

We present the performance of the year under review based on the Swiss statutory income statement. > [Read more](#)

Re/insurance strategy and priorities

Business activities

Strategy and priorities

Swiss Re International SE, through its branches, conducts re/insurance business and is committed to deliver long-term profitability and economic growth. It offers customised, innovative and multi-line, multi-year risk transfer solutions, taking into account the unique needs of local markets and specialty industries.

SRI SE Zurich branch's future path is centred around capturing profitable growth while leveraging distinctive competitive strengths with a focused portfolio strategy that will build resilience in all market cycles. This will be further supported by strategic investments to capture existing market opportunities and expand through innovative risk solutions, international programmes and data/digital solutions and services that help address customer pain points and industry inefficiencies.

Outlook

Despite the impact of the pandemic on the global economy, the global property and casualty insurance markets (as measured by premium growth) were less severely impacted in 2021 than expected and premium growth is expected to recover, alongside recovery of the global economy, in 2022 and 2023, supported by rate hardening.

Investments

Strategy and priorities

Financial investments are managed in accordance with Swiss Re's Targeted Standard on Asset Management and SRI SE Zurich branch's investment guidelines, which are intended to ensure compliance with regulatory requirements. The general principle governing investment management in SRI SE Zurich branch is the creation of economic value on the basis of returns relative to the liability benchmark, while adhering to the investment guidelines and the general prudence principle. The liability benchmark is determined by approximating an investable benchmark from projected liability cash flows.

Outlook

SRI SE Zurich branch expects global real economic growth to significantly slow down in 2022 from the record pace of 5.6% in 2021. Meanwhile, inflation is set to decline from its multi-decade high but might remain elevated, despite the expected tightening in monetary policy. This global picture suggests a more prudent outlook for financial markets with generally full asset valuations.

Re/insurance and holding company

SRI SE Zurich branch is a re/insurance branch within the Swiss Re Group domiciled in Zurich, Switzerland. It is a branch of Swiss Re International SE, Luxembourg.

Claims on and obligations towards affiliated companies¹ – Swiss statutory

CHF thousands	Affiliated companies 2020	Affiliated companies 2021
Premiums and other receivables from re/insurance	26 688	8 951
Other receivables	4 896	113
Re/insurance balances payable	83 972	95 957
Other liabilities	19 618	15 126

¹ as from 2021, affiliated companies include SR International SE, Headquarters, prior year's numbers were adjusted accordingly

In 2021, KPMG AG was the auditor of SRI SE Zurich branch. For more information, please see the [Report of the statutory auditor](#).

Performance

Income statement – Swiss statutory

CHF millions	2020	2021
Premiums written gross	155	182
Premiums written retroceded	-141	-165
Premiums written net	14	17
Change in unearned premiums gross	4	-4
Change in unearned premiums retroceded	-4	4
Premiums earned	14	17
Other re/insurance revenues		-1
Total revenues from re/insurance business	14	16
Claims paid and claim adjustment expenses gross	-128	-76
Claims paid and claim adjustment expenses retroceded	120	69
Change in unpaid claims gross	-23	-23
Change in unpaid claims retroceded	18	20
Change in unpaid claims for unit-linked life insurance		
Claims incurred	-13	-10
Acquisition and operating costs gross	-29	-30
Acquisition and operating costs retroceded	28	28
Acquisition and operating costs net	-1	-2
Other re/insurance expenses		
Total expenses from re/insurance business	-14	-12
Investment income	1	
Investment expenses		
Investment result	1	0
Investment result from unit-linked life insurance		
Other financial income		
Other financial expenses		
Operating result	2	4
Interest expenses on debt and subordinated liabilities		
Other income	1	3
Other expenses	-5	
Extraordinary income and expenses		
Income before income tax expense	-2	7
Income tax expense		
Net income	-2	7

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Income statement – Swiss statutory

CHF millions	Direct inland business										Direct foreign business							
	Total		Personal accident		Health		Motor		Transport		Fire, natural catastrophe, property		General liability		Miscellaneous		Total	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Premiums written gross	152	159							2	1	8	12	7	10	4	8	131	128
Premiums written retroceded	-138	-144							-2	-1	-8	-12	-7	-9	-4	-7	-118	-115
Premiums written net	13	15	0	0	0	0	0	0	0	0	0	0	0	1	0	1	13	13
Change in unearned premiums gross		-2										-1		-1	6		-6	
Change in unearned premiums retroceded		2									1	2				-1		
Premiums earned	13	15	0	0	0	0	0	0	0	0	1	0	0	0	6	0	7	13
Other re/insurance revenues		-1																
Total revenues from re/insurance business	13	14	0	0	0	0	0	0	0	0	1	0	0	0	6	-1	7	13
Claims paid and claim adjustment expenses gross	-126	-58							-2	-1	-21	-8	-2			-4	-102	-45
Claims paid and claim adjustment expenses retroceded	115	53							12	1	27	8				3	77	41
Change in unpaid claims gross	6	-29							2		-6	4		-4		3	10	-32
Change in unpaid claims retroceded	-3	26										-4		4		-3	-3	29
Change in unpaid claims for unit-linked life insurance																		
Claims incurred	-8	-8	0	0	0	0	0	0	0	12	0	0	0	-2	0	0	-1	-18
Acquisition and operating costs gross	-29	-28										-1			-1	-1	-28	-26
Acquisition and operating costs retroceded	29	24										1				1	29	22
Acquisition and operating costs net	0	-4	0	0	0	0	0	0	0	0	0	0	0	0	0	-1	0	-4
Other re/insurance expenses																		
Total expenses from re/insurance business	-8	-12	0	0	0	0	0	0	0	12	0	0	0	-2	0	-1	-1	-17

CHF millions	Direct inland business										Indirect business					
	Total		Personal accident		Health		Motor		Marine, aviation, transport		Property		Casualty		Miscellaneous	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Premiums written gross	3	23							1	5	9	18	-7			
Premiums written retroceded	-2	-21								-4	-8	-17	6			
Premiums written net	1	2	0	0	0	0	0	0	1	1	1	1	-1	0	0	0
Change in unearned premiums gross	4	-2								-3	-3	1	7			
Change in unearned premiums retroceded	-3	2								3	3	-1	-6			
Premiums earned	2	2	0	0	0	0	0	0	1	1	0	1	1	0	0	0
Other re/insurance revenues																
Total revenues from re/insurance business	2	2	0	0	0	0	0	0	1	1	1	1	0	0	0	0
Claims paid and claim adjustment expenses gross	-2	-18									-2	-18				
Claims paid and claim adjustment expenses retroceded	5	16									5	16				
Change in unpaid claims gross	-29	6								-1	-29	7				
Change in unpaid claims retroceded	21	-6								1	21	-7				
Change in unpaid claims for unit-linked life insurance																
Claims incurred	-5	-2	0	0	0	0	0	0	0	0	-4	-2	-1	0	0	0
Acquisition and operating costs gross		-2										-2				
Acquisition and operating costs retroceded	-1	4										4	-1			
Acquisition and operating costs net	-1	2	0	0	0	0	0	0	0	0	0	2	-1	0	0	0
Other re/insurance expenses																
Total expenses from re/insurance business	-6	0	0	0	0	0	0	0	0	0	-4	0	-2	0	0	0

Technical result amounted to a profit of CHF 4 million in 2021, compared to a profit of CHF 2 million in 2020.

Premiums earned increased by CHF 2 million, mainly due to higher premiums paid from newly added multi-year policies, partially offset by lower premiums from various past year policies.

Claims incurred decreased by CHF 2 million to CHF 10 million in 2021, mainly due to various claims improvements under property, aviation and liability lines of business. This was partially offset by an increase in claims incurred in the current period.

Acquisition and Operating costs increased by CHF 1 million. Higher commissions reflecting increased premiums written were partly offset by lower expense charges from the Group.

Investment result – Swiss statutory

CHF thousands	Income	Value readjustments	Realised gains	2020 Total
Investment income				
Fixed-income securities	82			82
Other investments (Short-term investments)	361		64	425
Investment income	443	0	64	507
	Expenses	Value adjustments	Realised losses	2020 Total
Investment expenses				
Fixed-income securities				
Investment management expenses	-10			-10
Other investments (Short-term investments)			-2	-2
Investment expenses	-10	0	-2	-12
Investment result	433	0	62	495

CHF thousands	Income	Value readjustments	Realised gains	2021 Total
Investment income				
Fixed-income securities	27			27
Other investments (Short-term investments)	-71		3	-68
Investment income	-44	0	3	-41
	Expenses	Value adjustments	Realised losses	2021 Total
Investment expenses				
Fixed-income securities				
Investment management expenses	-8			-8
Other investments (Short-term investments)				
Investment expenses	-8	0	0	-8
Investment result	-52	0	3	-49

Change in capital and retained earnings – Swiss statutory

CHF thousands	Current account with Branchs head office	Retained earnings brought forward	Net result	Total
Beginning balance 1.1.2020	62 458	-2 105	2 372	62 725
Allocation to retained earnings		2 372	-2 372	0
Capital repatriation	-29 000			-29 000
Decrease of payables				
Net loss for financial year			-1 649	-1 649
Net capital and retained earnings 31.12.2020	33 458	267	-1 649	32 076
Beginning balance 1.1.2021	33 458	267	-1 649	32 076
Allocation to retained earnings		-1 649	1 649	0
Capital repatriation	-13 000			-13 000
Corrective reclassifications				
Net income for financial year			6 623	6 623
Net capital and retained earnings 31.12.2021	20 458	-1 382	6 623	25 699

iptiQ EMEA P&C S.A., Luxembourg, Zurich branch

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Management summary

iptiQ EMEA P&C S.A., Zurich branch (iptiQ EMEA P&C Zurich branch), domiciled in Zurich, Switzerland, is an insurance branch within the Swiss Re Group. iptiQ EMEA P&C Zurich branch engages in personal lines insurance business in Switzerland.

iptiQ EMEA P&C Zurich branch is part of iptiQ EMEA P&C S.A. which is regulated by the Commissariat aux Assurances, the Luxembourg insurance supervisory authority. iptiQ EMEA P&C Zurich branch is also locally supervised by FINMA, the Swiss insurance supervisory authority. Information about the solvency position of iptiQ EMEA P&C S.A. is disclosed according to Luxembourg regulations only. Swiss regulations do not require the disclosure of solvency information of iptiQ EMEA P&C Zurich branch in this Report.

This Report provides qualitative and quantitative information about the statutory financial condition of iptiQ EMEA P&C Zurich branch.

Business activities

In this section, we provide information about the business model, the strategy and significant events. > [Read more](#)

Performance

We present the performance of the year under review based on the Swiss statutory income statement. > [Read more](#)

Re/insurance strategy and priorities

Business activities

Strategy and priorities

iptiQ EMEA P&C S.A. has identified opportunities to provide simple, transparent and targeted insurance covers for non-life risks accessible through attractive digital user journeys. In the digital age, customer needs are becoming more diverse and require customised products rather than the standard product bundles still predominant in European markets. iptiQ EMEA P&C S.A. sees an attractive opportunity in offering both, simple and transparent products comprising individual product modules that are bundled together as well as customised covers related to the business-to-business partners' products (eg modern covers, embedded covers, single item covers), consequently focusing on customers' specific situations and their needs.

In addition to the unmet protection needs of the customers, many companies with large existing retail customer bases are searching for ways of further monetising their customer bases while expanding the scope of offerings they provide. Insurance is one such potential offering. It requires deep product and risk management as well as servicing expertise and capabilities. These companies are looking for partners such as iptiQ EMEA P&C S.A. to supply them with digitally enabled and customisable insurance offerings that fit their specific journeys and customer needs and provide additional value to their core business.

Outlook

In 2022, iptiQ EMEA P&C Zurich branch is expected to continue with its strategy to offer bespoke white label personal lines property and casualty insurance products to customers through a broader set of business-to-business partners. This includes expanding its product offering to motor insurance.

Investments

Strategy and priorities

The general principle governing the management of the investments in iptiQ EMEA P&C Zurich branch is the creation of economic value on the basis of returns relative to the liability benchmark, while adhering to the investment guidelines and the prudent person principle. The liability benchmark is determined by approximating an investable benchmark from projected liability cash flows. A cash benchmark is used for the economic surplus. In light of the fact that the business of iptiQ EMEA P&C Zurich branch has been growing, it is planned to gradually include government and government-related bonds and thereafter corporate bonds.

Outlook

iptiQ EMEA P&C Zurich branch expects global real economic growth to significantly slow down in 2022 from the record pace of 5.6% in 2021. Meanwhile, inflation is set to decline from its multi-decade high but might remain elevated, despite the expected tightening in monetary policy. This global picture suggests a more prudent outlook for financial markets with generally full asset valuations.

Re/insurance and holding company

iptiQ EMEA P&C Zurich branch, domiciled in Zurich, Switzerland, is an insurance branch within the Swiss Re Group. iptiQ EMEA P&C Zurich branch is part of iptiQ EMEA P&C S.A.

Claims on and obligations towards affiliated companies – Swiss statutory

CHF	Parent companies 2020	Other Group companies 2020	Parent companies 2021	Other Group companies 2021
Premiums and other receivables from reinsurance		100 821		314 495
Other receivables		2 000		12 432
Re/insurance balances payable		1 626		153 829
Other liabilities		905 042		872 278

Report of the statutory auditor

In 2021, KPMG Société Anonyme was the auditor of iptiQ EMEA P&C S.A., Luxembourg, Zurich branch. For more information, please see the [Report of the statutory auditor](#).

Performance

Income statement – Swiss statutory

CHF	2020	2021
Premiums written gross	137 710	291 498
Premiums written retroceded	-123 939	-262 376
Premiums written net	13 771	29 122
Change in unearned premiums gross	-80 420	-69 098
Change in unearned premiums retroceded	72 378	62 189
Premiums earned	5 729	22 213
Other re/insurance revenues		
Total revenues from insurance business	5 729	22 213
Claims paid and claims adjustment expenses gross	-31 162	-124 474
Claims paid and claims adjustment expenses retroceded	28 046	111 220
Change in paid claims net	-3 116	-13 254
Change in profit commissions		-20 011
Change in unpaid claims gross	-25 114	-51 028
Change in unpaid claims retroceded	22 603	45 926
Change in unpaid claims net	-2 511	-5 102
Claims incurred	-5 627	-38 367
Acquisition and operating costs gross	-3 210 021	-4 305 872
Acquisition and operating costs retroceded	1 113 737	307 513
Acquisition and operating costs net	-3 098 648	-3 998 359
Other re/insurance expenses		
Total expenses from insurance business	-3 104 275	-4 036 726
Insurance result	-3 098 546	-4 014 513
Investment income	1 946	2 763
Investment expenses	-14 235	-7 694
Investment result	-12 289	-4 931
Other financial income		
Other financial expenses		
Operating result	-3 110 835	-4 019 444
Interest expenses on debt and subordinated liabilities		
Other income		
Other expenses	-27 779	-39 619
Extraordinary income and expenses		
Income before income tax expense	-3 138 614	-4 059 063
Income tax expense		
Net income	-3 138 614	-4 059 063

CHF	Direct Inland Business							
	Total		Credit and Suretyship		General Liability		Fire and other damage to property insurance	
	2020	2021	2020	2021	2020	2021	2020	2021
Premiums written gross	137 710	291 498	6 859	5 799	52 526	109 658	78 325	176 041
Premiums written retroceded	-123 939	-262 376	-6 166	-5 211	-47 320	-98 874	-70 453	-158 291
Premiums written net	13 771	29 122	693	588	5 206	10 784	7 872	17 750
Change in unearned premiums gross	-80 420	-69 098	-3 757	-29	-30 786	-25 987	-45 877	-43 082
Change in unearned premiums retroceded	72 378	62 189	3 377	22	27 752	23 314	41 249	38 853
Premiums earned	5 729	22 213	313	581	2 172	8 111	3 244	13 521
Other re/insurance revenues								
Total revenues from insurance business	5 729	22 213	313	581	2 172	8 111	3 244	13 521
Claims paid and claim adjustment expenses gross	-31 162	-124 474			-19 988	-58 051	-11 174	-66 423
Claims paid and claim adjustment expenses retroceded	28 046	111 220			12 966	51 965	15 080	59 255
Change in profit commissions		-20 011				-7 729		-12 282
Change in unpaid claims gross	-25 114	-51 028	-774	-647	-14 814	-26 835	-9 526	-23 546
Change in unpaid claims retroceded	22 603	45 926	696	583	13 333	23 441	8 574	21 902
Claims incurred	-5 627	-38 367	-78	-64	-8 503	-17 209	2 954	-21 094
Acquisition and operating costs gross	-3 210 021	-4 305 872	-159 894	-85 654	-1 224 362	-1 619 821	-1 825 765	-2 600 397
Acquisition and operating costs retroceded	111 373	307 513	5 548	6 117	42 480	115 683	63 345	185 713
Acquisition and operating costs net	-3 098 648	-3 998 359	-154 346	-79 537	-1 181 882	-1 504 138	-1 762 420	-2 414 684
Other re/insurance expenses								
Total expenses from insurance business	-3 104 275	-4 036 726	-154 424	-79 601	-1 190 385	-1 521 347	-1 759 466	-2 435 778

Total revenues and expenses from insurance business experienced a loss of CHF 4 014 513 in 2021, compared to a loss of CHF 3 098 546 in 2020.

Premiums earned increased from CHF 5 729 to CHF 22 213 in 2021, mainly due to the increased marketing effort following the launch of a household insurance product (content and private liability) in the Swiss market in 2020.

Claims incurred increased from CHF 5 627 to CHF 38 367 in 2021. This increase was driven by the same key factor described above in respect of the increase in premiums earned. The claims incurred are higher than the premiums earned because of the allocation of claims management expenses.

Investment result

Net investment loss decreased from CHF 12 289 to CHF 4 931 in 2021 compared to the prior year, mainly due to a decrease in the negative interest on the investments held.

Investment result – Swiss statutory

CHF thousands	Income	Value adjustments	Realised gains	2020 Total
Investment income				
Fixed-income securities				
Other investments	1 946			1 946
Investment income	1 946	0	0	1 946
	Expenses	Value adjustments	Realised losses	2020 Total
Investment expenses				
Fixed-income securities				
Investment management expenses	-202			-202
Other investments	-14 033			-14 033
Investment expenses	-14 235	0	0	-14 235
Investment result				-12 289

CHF	Income	Value adjustments	Realised gains	2021 Total
Investment income				
Fixed-income securities				
Other investments	2 763			2 763
Investment income	2 763	0	0	2 763
	Expenses	Value adjustments	Realised losses	2021 Total
Investment expenses				
Fixed-income securities				
Investment management expenses	-6			-6
Other investments	-7 688			-7 688
Investment expenses	-7 694	0	0	-7 694
Investment result	-4 931	0	0	-4 931

Change in capital and retained earnings – Swiss statutory

CHF	Current account with Branch's head office	Retained earnings brought forward	Net result	Total
Beginning balance 1.1.2020	1 950 000	-727 179		1 222 821
Allocation to retained earnings				
Cash capital contribution	1 555 572			1 555 572
Cash capital withdrawal				
Increase of payables				
Net loss for financial year			-3 138 614	-3 138 614
Net capital and retained earnings 31.12.2020	3 505 572	-727 179	-3 138 614	-360 221
Beginning balance 1.1.2021	3 505 572	-3 865 793		-360 221
Allocation to retained earnings				
Cash capital contribution	6 210 127			6 210 127
Cash capital withdrawal				
Increase of payables				
Net loss for financial year			-4 059 063	-4 059 063
Net capital and retained earnings 31.12.2021	9 715 699	-3 865 793	-4 059 063	1 790 843

Appendix

This appendix provides further information on the SST methodology and the valuation for solvency purposes. The scope, the legal basis and the components of the SST calculation are explained. The main valuation and scope differences between the SST balance sheet and the audited financial statements are summarised.

Introduction

Methodology and valuation

The SST is the solvency regime applicable to re/insurance entities and groups domiciled in Switzerland. The key principles of the SST are defined in the Insurance Supervision Ordinance (ISO) and in the FINMA circular 2017/03 on SST.

Swiss Re Group and its Swiss regulated entities submit their SST Report to FINMA. The SST report 2022 is filed with FINMA in April 2022. The published SST ratio is subject to FINMA's review and approval. Swiss Re applies an internal model to calculate the SST ratio, which is also subject to FINMA's approval.

The calculation of the SST ratio includes forward-looking elements. For factors that could affect the SST ratio, see > [Note on risk factors](#) and > [Cautionary note on forward-looking statements](#).

Key principles

The SST is a market-consistent and risk-based approach to determine available and required capital. An entity is solvent under SST if the available capital (the SST risk-bearing capital) is equal or higher than the required capital (the SST target capital).

The SST ratio determines the solvency position of an entity:

$$\frac{\text{SST risk-bearing capital} - \text{market value margin}}{\text{SST target capital} - \text{market value margin}}$$

The market value margin (ie, the run-off capital costs) is a reserve for capital costs included in the SST target capital. FINMA circular 2017/03 on SST requires that the market value margin is subtracted from the SST risk-bearing capital and the SST target capital, aligning the definition of the SST ratio more closely with Solvency II.

SST risk-bearing capital

The SST risk-bearing capital is the amount of capital that is available to protect the policyholders of an entity in case of a large and unexpected adverse event.

The SST risk-bearing capital is derived as follows:

SST net asset value

– Deductions

+ Supplementary capital

= SST risk-bearing capital

The SST net asset value is the value of an entity's assets minus the value of its liabilities. All traded assets and liabilities are mark-to-market, based on quoted prices in active markets or observable inputs. Non-traded assets and liabilities are valued on a market-consistent basis. Insurance liabilities are valued on a market-consistent basis by replicating future best-estimate expected cash flows with liquid financial market instruments. As the majority of the insurance liabilities do not contain embedded financial market risks other than interest-rate risk, the market-consistent value of liabilities is determined by discounting estimated future cash flows using prevailing risk-free interest rates. If insurance liabilities include embedded options or guarantees (eg variable annuities or interest sensitive life business), they are valued on a market-consistent basis using stochastic models and other appropriate valuation techniques. Own debt not qualified as SST supplementary capital is valued using risk-free discounting, whereas debt qualified as supplementary capital is fair valued.

Other assets are valued based on market-consistent valuations or using US GAAP valuations where appropriate. Other liabilities mainly consists of securities sold under agreements to repurchase, securities sold short, payables for securities in transit and other creditors. Since other liabilities are not in the focus of re/insurance activities, as a simplification their valuation is aligned with US GAAP. Hence, securities sold short are valued based on market-consistent valuations, other creditors are valued based on the nominal, and lastly securities sold under agreements to repurchase and payables for securities in transit are valued based on amortised cost. Deferred tax assets and liabilities are not valued under SST. The value of a participation is based on its SST net asset value including the market value margin.

The deductions from SST net asset value consist of projected dividends, capital repayments and deferred tax on real estate. No deductions are made for own shares and intangible assets, as these items are not valued in Swiss Re's SST balance sheet.

The supplementary capital consists of additional risk-absorbing capital instruments, such as hybrid debt. The eligibility of debt instruments as supplementary capital is defined in the ISO and subject to FINMA's approval.

SST target capital

The SST target capital represents the capital required to cover the risks assumed by the company. It is based on the company's total risk. In order to derive SST target capital, the total risk is adjusted for various items summarised under other impacts.

- An entity's total risk is measured in terms of 99% shortfall, ie the average unexpected loss at entity level that occurs with a frequency of less than once in 100 years over a one-year time horizon. All losses are a combination of insurance, financial market and credit losses, and accumulation as well as diversification between individual risks is taken into account.
- Other impacts include the minimum cost of holding capital after the one-year SST period until the end of a potential run-off period (market value margin) as required by SST, the impact from business development over the forecasting period, as well as requirements from FINMA that are not included in total risk as they are not consistent with Swiss Re's own risk view.

Market value margin

The SST target capital includes the minimum cost of holding capital after the one-year SST period until the end of a potential run-off period. Known as the MVM at the end of the risk assessment period, this represents the amount required to compensate a third party for the capital costs associated with running-off the insurance and reinsurance portfolio following a shortfall event. For a solo legal entity, only business assumed on the own book (including intra-group transactions) is considered; however, the consolidated view of Swiss Re Group also takes into account the business assumed through all its subsidiaries.

The MVM is calculated using the 99% shortfall on projected insurance and reinsurance exposure from the end of the solvency assessment period onwards, discounted back to the beginning of the period. The sum of the calculated present values is then multiplied by the 6% capital cost rate specified by FINMA.

SST balance sheet

This Report includes a comparison of the SST balance sheet with audited financial statements. The consolidated financial statements of the Group are prepared in accordance with US GAAP. The statutory financial statements of Swiss Reinsurance Company Ltd, Swiss Re Nexus Reinsurance Company Ltd, Swiss Re International SE, Luxembourg (Zurich branch) and iptiQ EMEA P&C S.A., Luxembourg (Zurich branch) are based on Swiss law.

Valuation and scope differences with audited financial statements

	SST	US GAAP	Statutory
Actuarial assumptions	Best estimate	Non-life business: reinsurance contracts are accrued when insured events occur and are based on the estimated ultimate cost of settling the claims. Unearned premium reserves are calculated based on a "pro-rata" share of the estimated premium written, taking into account seasonality of risk when necessary Life and health business: assumptions are generally set when the contract is issued or purchased, making allowance for possible adverse deviation (PAD)	Non-life business: reinsurance contracts are accrued when insured events occur and are based on the estimated ultimate cost of settling the claims. Unearned premium reserves are calculated based on a "pro-rata" share of the estimated premium written, taking into account seasonality of risk when necessary; allowance for equalisation reserves Life and health business: best estimate with additional provisions for possible adverse deviations (PAD)
Liability cash-flows	Discounted using risk-free rates; market-consistent valuation of options and guarantees	Non-life business: generally no discounting Life and health business: generally discounted based on book yields, with a PAD applied; generally no market-consistent valuation of embedded options and guarantees; for some derivative instruments (eg, variable annuities) a full stochastic valuation is carried out	Non-life business: generally no discounting Life and health business: generally discounted at historical yields of assets backing liabilities, with a PAD applied; generally no market-consistent valuation of embedded options and guarantees; for some derivative instruments (eg, variable annuities) a full stochastic valuation is carried out
Capital generation from new business	Recognised upfront for all business	Deferred over time (unearned premium reserve)	Deferred over time for positive expectation (unearned premium reserve), immediately for negative expectation
Explicit margin for risk	MVM is part of SST target capital. Valuation of subsidiaries on the balance sheet include MVM	No	No
Investment assets	Market values	Mostly market values, with some exceptions such as real estate and real estate for own use which are held at depreciated cost	Fixed income securities and short-term investment at amortised value, shares in investment funds at lower of cost or market value, loans at nominal value
Goodwill and intangibles	Not recognised	Recognised, goodwill subject to impairment test, some intangibles subject to amortisation and some to impairment	Normally no goodwill recognition; intangibles and potential goodwill amortised/depreciated on a straight line basis
Senior debt, subordinated debt and convertible instruments	Valuation at fair value excluding own credit risk, except for supplementary capital instruments which are valued at fair value with no adjustment ¹	Generally valued at amortised cost; for convertible instruments classification depends on the instrument's characteristics. It is either classified as debt at amortised costs or as equity	Generally valued at redemption value; all debt positions recognised as liabilities
Deferred taxes	No	Yes	No
Contract boundaries	Contracts inception until 31 December 2021 as well as legal entity restructures and selected large transactions as of 1 January 2022	Contracts inception until 31 December 2021	Contracts inception until 31 December 2021
Minority interest	SST recognises minority interests in the proportional consolidation of assets and liabilities	Minority interest are recognised as part of the statement of shareholders' equity	No minority interests on standalone financial statement
Sub-consolidation principles for solo view	Some entities are sub-consolidated for SST reporting	Not applicable	No sub-consolidation applied for statutory reporting

¹ For the purpose of the balance sheet comparisons, SST may recognise subordinated debt and convertibles as supplementary capital for solvency assessment upon FINMA approval.

Comparison with audited financial statements

The balance sheet comparisons included in this Report are provided on an aggregated basis, which is explained in the following table (empty cells denote items that are not reflected in the respective view):

Account for comparison	SST accounts (as published)	US GAAP accounts (as published)	Statutory accounts (as published)
Assets:			
Real estate	<ul style="list-style-type: none"> ■ Real estate 	<ul style="list-style-type: none"> ■ Investment real estate 	
Investments in subsidiaries and affiliated companies	<ul style="list-style-type: none"> ■ Participations 		<ul style="list-style-type: none"> ■ Investments in subsidiaries and affiliated companies
Fixed-income securities	<ul style="list-style-type: none"> ■ Fixed-income securities 	<ul style="list-style-type: none"> ■ Fixed-income securities available-for-sale ■ Fixed-income securities trading 	<ul style="list-style-type: none"> ■ Fixed-income securities
Loans	<ul style="list-style-type: none"> ■ Loans 	<ul style="list-style-type: none"> ■ Policy loans, mortgages and other loans² 	<ul style="list-style-type: none"> ■ Loans
Mortgages	<ul style="list-style-type: none"> ■ Mortgages 	<ul style="list-style-type: none"> ■ Policy loans, mortgages and other loans² 	<ul style="list-style-type: none"> ■ Mortgages
Equity securities	<ul style="list-style-type: none"> ■ Equities 	<ul style="list-style-type: none"> ■ At fair value through earnings 	<ul style="list-style-type: none"> ■ Equity securities
Other investments	<ul style="list-style-type: none"> ■ Collective investment schemes ■ Alternative investments ■ Structured products ■ Other investments 	<ul style="list-style-type: none"> ■ Short-term investments, at fair value ■ Other invested assets 	<ul style="list-style-type: none"> ■ Shares in investment funds ■ Short-term investments ■ Alternative investments
Investments for unit-linked and with-profit business	<ul style="list-style-type: none"> ■ Financial investments from unit-linked life insurance 	<ul style="list-style-type: none"> ■ Investments for unit-linked and with-profit business 	
Cash and cash equivalents	<ul style="list-style-type: none"> ■ Cash and cash equivalents 	<ul style="list-style-type: none"> ■ Cash and cash equivalents 	<ul style="list-style-type: none"> ■ Cash and cash equivalents
Funds held by ceding companies and other receivables from reinsurance	<ul style="list-style-type: none"> ■ Deposits made under assumed reinsurance contracts ■ Receivables from insurance business 	<ul style="list-style-type: none"> ■ Premiums and other receivables ■ Funds held by ceding companies 	<ul style="list-style-type: none"> ■ Funds held by ceding companies ■ Premiums and other receivables from reinsurance
Reinsurance recoverable from retrocessions	<ul style="list-style-type: none"> ■ Reinsurers' share of best estimate of provisions for insurance liabilities 	<ul style="list-style-type: none"> ■ Reinsurance recoverable on unpaid claims and policy benefits 	<ul style="list-style-type: none"> ■ Reinsurance recoverable from unpaid claims ■ Reinsurance recoverable from liabilities life and health ■ Reinsurance recoverable from unearned premiums ■ Reinsurance recoverable from provision for profit commission
Other assets	<ul style="list-style-type: none"> ■ Receivables from derivative financial instruments ■ Other receivables ■ Fixed assets ■ Accrued assets ■ Other assets 	<ul style="list-style-type: none"> ■ Accrued investment income ■ Deferred acquisition costs ■ Acquired present value of future profits ■ Goodwill ■ Income taxes recoverable ■ Deferred tax assets ■ Other assets 	<ul style="list-style-type: none"> ■ Assets in derivative financial instruments ■ Tangible assets ■ Deferred acquisition costs ■ Intangible assets ■ Other receivables ■ Accrued income ■ Other assets

Appendix

Account for comparison	SST accounts (as published)	US GAAP accounts (as published)	Statutory accounts (as published)
Liabilities:			
Reinsurance liabilities before retrocessions	<ul style="list-style-type: none"> ■ Best estimate of provisions for insurance liabilities³ 	<ul style="list-style-type: none"> ■ Unpaid claims and claim adjustment expenses ■ Liabilities for life and health policy benefits ■ Unearned premiums 	<ul style="list-style-type: none"> ■ Unpaid claims ■ Liabilities for life and health policy benefits ■ Unearned premiums ■ Provisions for profit commissions ■ Equalisation provision
Unit-linked and with profit liabilities	<ul style="list-style-type: none"> ■ Best estimate of provisions for unit-linked life insurance liabilities⁴ 	<ul style="list-style-type: none"> ■ Policyholder account balances⁵ 	
Debt	<ul style="list-style-type: none"> ■ Interest-bearing liabilities ■ Subordinated debts 	<ul style="list-style-type: none"> ■ Short-term debt ■ Long-term debt 	<ul style="list-style-type: none"> ■ Debt ■ Subordinated liabilities
Funds held under reinsurance treaties	<ul style="list-style-type: none"> ■ Deposits retained on ceded reinsurance 	<ul style="list-style-type: none"> ■ Funds held under reinsurance treaties 	<ul style="list-style-type: none"> ■ Funds held under reinsurance treaties
Other liabilities	<ul style="list-style-type: none"> ■ Non-technical provisions ■ Liabilities from derivative financial instruments ■ Liabilities from insurance business ■ Accrued liabilities ■ Other liabilities 	<ul style="list-style-type: none"> ■ Reinsurance balances payable ■ Income taxes payable ■ Deferred and other non-current tax liabilities ■ Accrued expenses and other liabilities 	<ul style="list-style-type: none"> ■ Tax provisions ■ Provision for currency fluctuation ■ Other provisions ■ Liabilities from derivative financial instruments ■ Reinsurance balances payable ■ Accrued expenses ■ Other liabilities

² This information is not disclosed separately under US GAAP. However, for the comparison, loan and mortgage figures are separated in order to align with the granularity of the SST accounts.

³ Excluding unit-linked life insurance.

⁴ Before and after retrocession for direct insurance and active reinsurance.

⁵ Policyholder account balances also includes some non-linked, non-participating universal life type contracts.

Drivers of change in SST net asset value

The change in SST net asset value presented in this Report is attributed to the following drivers:

- Underwriting contribution: consists of new business impacts based on best estimate cash flow projections and risk-free discounting, and impacts on in-force business from experience variances, assumption changes and reserve releases.
- Investment contribution: is derived from mark-to-market return on investments less the minimum risk benchmark return. The latter is the return on the theoretical investment portfolio that would minimise the financial market risk exposure of the entity.
- Market value margin of subsidiaries.
- Other contributions: consists particularly of other assets and liabilities and current taxes.
- Capital movements: consists of dividends paid and capital repatriation.
- Other, such as impact of foreign exchange movements.

The drivers of change in SST net asset value are prepared on a best-effort basis to support the analysis of the SST net asset value. The calculation of the SST net asset value is based on the EVM balance sheet and not the drivers identified above.

Cautionary note on forward-looking statements

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

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

- the frequency, severity and development of insured claim events, particularly natural catastrophes, man-made disasters, pandemics, acts of terrorism or acts of war;
- mortality, morbidity and longevity experience;
- the cyclical nature of the reinsurance sector;
- central bank intervention in the financial markets, trade wars or other protectionist measures relating to international trade arrangements, adverse geopolitical events, domestic political upheavals or other developments that adversely impact global economic conditions;
- increased volatility of, and/or disruption in, global capital and credit markets;
- the Group’s ability to maintain sufficient liquidity and access to capital markets, including sufficient liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debt-like arrangements and collateral calls due to actual or perceived deterioration of the Group’s financial strength or otherwise;
- the Group’s inability to realise amounts on sales of securities on the Group’s balance sheet equivalent to their values recorded for accounting purposes;
- the Group’s inability to generate sufficient investment income from its investment portfolio, including as a result of fluctuations in the equity and fixed income markets, the composition of the investment portfolio or otherwise;
- changes in legislation and regulation, including changes in regulation related to environmental, social and governance (“ESG”) matters, or the interpretations thereof by regulators and courts, affecting the Group or its ceding companies, including as a result of comprehensive reform or shifts away from multilateral approaches to regulation of global operations;
- the Group’s ability to fully achieve one or more of its ESG or sustainability goals or to fully comply with applicable ESG or sustainability standards;
- matters negatively affecting the reputation of the Group, its board of directors or its management, including matters relating to ESG or sustainability, such as allegations of greenwashing, lack of diversity and similar allegations;
- the lowering or loss of one of the financial strength or other ratings of one or more companies in the Group, and developments adversely affecting its ability to achieve improved ratings;
- uncertainties in estimating reserves, including differences between actual claims experience and underwriting and reserving assumptions;
- policy renewal and lapse rates;
- uncertainties in estimating future claims for purposes of financial reporting, particularly with respect to large natural catastrophes and certain large manmade losses and social inflation litigation, as significant uncertainties may be involved in estimating losses from such events and preliminary estimates may be subject to change as new information becomes available;
- legal actions or regulatory investigations or actions, including in respect of industry requirements or business conduct rules of general applicability, the intensity and frequency of which may also increase as a result of social inflation;

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

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

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

Note on risk factors

The operations, investments and other activities of Swiss Re Ltd (“SRL”) and its subsidiaries (collectively, the “Group” or “Swiss Re”) are subject to a range of risks that could adversely impact the Group’s business, financial condition, results of operations, liquidity and cash flows.

Military conflict in Ukraine

The military conflict unfolding in Ukraine, resulting trade and economic sanctions, and other potential impacts on the global economic environment and currencies, particularly in Russia and Europe, may cause demand for Swiss Re’s products to be volatile, cause abrupt changes in its customers’ buying patterns, interrupt its ability to supply products to this region or to fulfill contractual obligations or limit customers’ access to financial resources and ability to satisfy obligations to Swiss Re. In the event geopolitical tensions fail to abate or deteriorate further, additional governmental sanctions may be enacted adversely impacting the global economy and supply chain, banking and monetary systems, markets or customers for Swiss Re’s products, which could adversely affect Swiss Re’s results of operations.

Coronavirus

The global spread of the novel coronavirus and the disease it causes (“COVID-19”), and the actions taken to slow the spread of the pandemic, have had an adverse impact on communities, social and business interactions, economic activity and economies across the globe. Following the impressive contractions of 2020, economic growth momentum is expected to carry over into 2022. However, the expectation of post-crisis global growth and the recovery remains fragile and uneven across economies. This remains especially true given the lower level of global economic resilience after the pandemic which renders economies much more vulnerable in the face of any subsequent shocks and/or challenges. The recovery of individual economies remains highly exposed to developments around the coronavirus, including: new strains of the virus which risk becoming vaccine-resistant or for which vaccines provide less protection against severe illness, drop in vaccine-acceptance rate (including for multiple doses) making herd immunity increasingly difficult to reach, and slow vaccination rollout in a number of emerging market economies. Despite the impact of the pandemic on the global economy, the global insurance markets (as measured by premium growth) were less severely impacted in 2021 than expected (although the life market was more adversely affected than the non-life market). Premium growth recovered in 2021 and is expected to continue to recover, alongside recovery of the global economy, in 2022 and 2023, supported by rate hardening. Growth is expected to be led by China and, to a lesser extent, by other markets in Asia, aided in the case of life business by greater awareness of the importance post-pandemic of mortality and health coverage, as well as digital insurance penetration.

In Property & Casualty, the COVID-19 crisis (in particular the impact on businesses and business activity) had the greatest impact on event cancellation, non-damage business interruption covers, and credit and surety (this was particularly true for 2020, whereas in 2021 Property & Casualty business was not materially impacted by COVID-19). In Life & Health Reinsurance, the COVID-19 crisis had the greatest impact on mortality exposures. The majority of losses in 2021 were incurred in the first, third and fourth quarters, largely driven by excess mortality, and reported losses to date continue to reflect high levels of incurred but not reported (IBNR) claims.

The COVID-19 crisis prompted regulatory actions, including regulatory guidance in a number of US states in respect of temporary policyholder leniency, and legislative proposals in respect of policy exclusions and retroactive business interruption coverage. Legal challenges have been brought in a variety of jurisdictions, including, most notably, test cases brought in the United Kingdom by the Financial Conduct Authority, in respect of which the UK Supreme Court largely found on appeal, by the insurance company parties, in favour of holders of business interruption insurance policies, and in Australia, where a Court of Appeal also found in favour of policyholders. Legal actions on a range of pandemic-related claims are likely to continue in a number of jurisdictions.

The COVID-19 crisis continues, and the ultimate toll of the pandemic in terms of lives lost, societal dislocations, business activity, economic growth, broader costs to society and industry losses remains highly uncertain. Many pandemic-related developments interact with long-term trends and outlooks, including the impact of persistent low yields on the insurance industry. It also remains to be seen how public-private partnership initiatives may evolve to address future pandemics.

General impact of adverse market conditions

Swiss Re's operations as well as its investment returns are subject to conditions in the financial markets and macroeconomic factors, which are outside of its control. Financial, credit and foreign exchange markets are experiencing continued periods of volatility reflecting a range of political, geopolitical, economic and other uncertainties, some of the more significant of which are inter-related. Further adverse developments or the continuation of adverse trends that, in turn, have a negative impact on financial markets and economic conditions, could limit the Group's ability to access the capital markets and bank funding markets, could adversely affect the ability of counterparties to meet their obligations to the Group and could adversely affect the confidence of the ultimate buyers of insurance and reinsurance. Any of the foregoing factors, developments and trends could have an adverse effect on the Group's investment results, which in the current extremely low interest rate environment could have a material adverse effect on the Group's overall results, make it difficult to determine the value of certain assets in the Group's portfolio, make it more difficult to acquire suitable investments to meet its risk and return criteria and otherwise have a material adverse effect on its business and operations.

Regulatory changes

Swiss Re and its subsidiaries operate in a highly regulated environment, which continues to change over time. The regulatory regimes to which members of the Group are subject have changed significantly in recent years and are expected to continue to evolve. While some regulation is national in scope, the global nature of the Group's business means that its operations are subject in effect to a patchwork of global, national and regional standards. Swiss Re and its subsidiaries are subject to group supervision and Swiss Re's subsidiaries are also subject to applicable regulation in each of the jurisdictions in which they conduct business, particularly Switzerland, the United States, the United Kingdom, Luxembourg and Singapore. Swiss Re, as well as its Swiss-regulated entities, is subject to the Swiss Solvency Test and, through its legal entities and branches organised in the European Economic Area ("EEA"), Solvency II.

While certain regulatory processes are designed in part to foster convergence and achieve recognition of group supervisory schemes, the Group continues to face risks of extra-territorial application of regulations, particularly as to group supervision and group solvency requirements. In addition, regulators in jurisdictions beyond those where the Group has core operations increasingly are playing a far greater oversight role, requiring more localised resources and, despite a predominantly local focus, also raise issues of a crossborder nature. Furthermore, evolving regulatory schemes and requirements may be inconsistent or may conflict with each other, thereby subjecting the Group, particularly in light of the increasing focus on legal entities in isolation, to higher compliance and legal costs, as well as the possibility of higher operational, capital and liquidity costs.

On the international level, certain large insurance companies were designated as global systemically important insurers ("G-SIIs") and reinsurance companies faced potential designation as G-SIIs. While further designations have been suspended until 2022, the determination to discontinue G-SII designations altogether will only be made in 2022, based on an assessment of progress made by the International Association of Insurance Supervisors ("IAIS"), in establishing a new holistic framework for systemic risk that was adopted in November 2019 and implemented as of the beginning of 2020. The new framework embraces an enhanced set of policy measures targeted at the exposures and activities that can lead to systemic risks from the insurance sector as a whole. The Group cannot predict what additional regulatory changes will be implemented as the IAIS systemic risk process evolves

and what any such changes may mean for how the Group is structured in any particular jurisdiction and how aspects of its business may be affected. Moreover, the Group cannot predict whether the Financial Stability Board will endorse the new IAIS holistic framework or retain the existing G-SII approach, or what regulatory changes may apply in the future to ceding companies in the context of broader designations of reinsurers as systemically important

In addition, large internationally active insurance groups (“IAIGs”), which is a designation compiled by the IAIS as identified by group-wide supervisors, may become subject to a risk-based group-wide global insurance capital standard (“ICS”). ICS Version 2.0 was adopted in November 2019, and is expected to take effect in 2025, following a five-year confidential reporting period during which no supervisory action will be taken on the basis of the monitoring. In November 2019, the IAIS also adopted the Common Framework for the Supervision of Internationally Active Insurance Groups (“ComFrame”), as well as some changes to a number of Insurance Core Principles (“ICPs”) – guidance and standards on supervision of insurers and which apply to insurance companies regardless of size and international exposures. ComFrame strengthens ICP requirements for IAIGs and proposes that the group-wide supervisor, in consultation with the host supervisors, should exercise discretion in requiring IAIGs to submit recovery plans. Swiss Re has been classified as an IAIG.

The Group cannot predict which legislative and/or regulatory initiatives will be enacted or promulgated, what the scope and content of these initiatives ultimately will be, when they will be effective and what the implications will be for the industry, in general, and for the Group, in particular. The Group may be subject to changes in views of its regulators in respect of the models that the Group uses for capital and solvency purposes, and could be adversely affected if, for example, it is required to use standard models rather than internal models. Generally, legal and regulatory changes could have a material impact on the Group’s business. Notwithstanding the departure of the United Kingdom from the EU single market and customs union, continued uncertainty regarding the ways in which the future relationship between the United Kingdom and the European Union will evolve could also impact the legislative and/or regulatory regimes to which the Group is subject (including Solvency II), both in the United Kingdom and in the European Union.

Regulatory changes also could occur in areas of broader application, such as competition policy and tax laws. For example, changes in tax laws, or the interpretation of the tax laws or tax regulations in jurisdictions in which the Group does business, or withdrawals of tax rulings in jurisdictions such as Switzerland that have issued such rulings to Swiss Re, could increase the taxes the Group pays, or impact the attractiveness of products offered by the Group, the Group’s investment activities or the value of deferred tax assets. These changes, or inconsistencies between the various regimes that apply to the Group, could increase the costs of doing business (including due to increased capital requirements), reduce access to liquidity, limit the scope of current or future business or affect the competitive balance, or could make reinsurance less attractive to primary insurers.

Sustainability and ESG activities and disclosures

Investors, shareholders, business partners, customers and other third parties, including regulators and public authorities, are increasingly focusing on environmental, social and governance (“ESG”), sustainability and corporate social responsibility endeavours and reporting. Swiss Re’s Group Sustainability Strategy, of which climate change is an essential element, focuses on three key principles: embedding sustainability in a number of activities throughout the re/insurance value chain, leading sustainability-linked solutions and quantifying sustainability performance, including the impact Swiss Re has on society and the environment. In addition, Swiss Re addresses sustainability risks through its ESG Risk Framework which includes policies and guidelines that apply to a number of activities throughout the re/insurance value chain.

While Swiss Re's sustainability strategy and practices, ESG Risk Framework and the level of transparency with which the company is approaching them are foundational to Swiss Re's business, they expose the company to several risks, including:

- that Swiss Re may fail or be unable to fully achieve one or more of its sustainability goals due to a range of factors within or beyond its control, or that it may adjust or modify goals in light of new information, adjusted projections, or a change in business strategy, any of which could negatively impact Swiss Re's brand, reputation, and business;
- that achieving its sustainability goals may require Swiss Re to expend significant resources, which could divert the attention of management and key personnel, affect profitability, harm Swiss Re competitively, or otherwise limit its ability to make investments into growth;
- that disclosures related to ESG or sustainability may result in heightened scrutiny from shareholders, business partners or other third parties, including regulators and public authorities, of our ESG performance, activities, and decisions;
- that a failure to or perception of a failure to disclose metrics and set goals that are rigorous enough or in an acceptable format, including in relation to how Swiss Re manages its claims and asset management, a failure to appropriately manage the selection of goals, a failure to or perception of a failure to make appropriate disclosures, perception of a failure to prioritise the "correct" ESG goals, or an unfavourable ESG-related rating by a third party could negatively impact the Swiss Re brand, reputation, and business and subject the company to enforcement actions or climate litigation;
- that the ESG or sustainability recommendations, standards, norms, metrics or regulatory requirements, which are constantly evolving, change in a manner that impacts the Group negatively or requires Swiss Re to change the content or manner of its disclosures, and its shareholders, business partners or third parties, including regulators and public authorities, view such change(s) negatively, Swiss Re is unable to adequately explain such changes, or is required to expend significant resources to update disclosures, any of which could negatively impact its brand, reputation, and business; and
- that Swiss Re's brand, reputation, and business could be negatively impacted if any of its disclosures, reporting to third-party ESG standards, or reporting against its goals, are inaccurate or misleading, perceived to be inaccurate or misleading, or alleged to be inaccurate or misleading (including allegations of greenwashing).

If Swiss Re does not adapt to or comply with the evolving investor, shareholder, business partner or third party, including regulators and public authorities, expectations and ESG or sustainability recommendations, standards, norms, metrics or regulatory requirements or is perceived to have not responded appropriately to ESG or sustainability recommendations, standards, norms, metrics or regulatory requirements Swiss Re may suffer from reputational damage, which could result in its financial condition, results of operations, business and prospects being materially and adversely affected.

Market risk

Volatility and disruption in the global financial markets could expose the Group to significant financial and capital markets risk, including changes in interest rates, credit spreads, equity prices and foreign currency exchange rates, which may adversely impact the Group's financial condition, results of operations, liquidity and capital position. The Group's exposure to interest rate risk is primarily related to the market price and cash flow variability associated with changes in interest rates. In general, low interest rates continue to pose significant challenges to the insurance and reinsurance industries, with earnings capacity under stress unless lower investment returns can be offset by lower combined ratios or higher returns from other asset classes. Exposure to credit spreads primarily relates to market price and cash flow variability associated with changes in credit spreads. When credit spreads widen, the net unrealised loss position of the Group's investment portfolio can increase, as could other-than-temporary impairments.

The Group is exposed to changes in the level and volatility of equity prices, as well as the value of securities or instruments that derive their value from a particular equity security, a basket of equity securities or a stock index. The Group is also subject to equity price risk to the extent that the values of life-related benefits under certain products and life contracts, most notably variable annuity contracts, are wholly or partially exposed, directly and/or indirectly, to market fluctuations, including equity prices. To the extent market values fall, the financial exposure on guarantees related to these contracts would increase to the extent this exposure is not hedged. While the Group has an extensive hedging programme covering its existing variable annuity business, certain risks cannot be hedged, including actuarial, basis and correlation risks. Exposure to foreign exchange risk arises from changes in spot prices, forward prices and volatilities of currency rates.

These risks can have a significant effect on investment returns and market values of securities positions, which in turn may affect both the Group's results of operations and financial condition. The Group continues to focus on asset-liability management for its investment portfolio, but pursuing even this strategy has its risks – including a possible mismatch between investments and liability benchmarks – that in turn can lead to reinvestment risk. The Group seeks to manage the risks inherent in its investment portfolio by repositioning the portfolio from time to time, as needed, and to reduce risk and fluctuations through the use of hedges and other risk management tools.

Credit risk

If the credit markets were to deteriorate, the Group could experience losses. Changes in the market value of the underlying securities and other factors impacting their price could give rise to market value losses. The Group could also face write-downs in other areas of its portfolio, including other structured instruments, and the Group and its counterparties could face difficulties in valuing credit-related instruments. Differences in opinion with respect to valuations of credit-related instruments could result in legal disputes among the Group and its counterparties as to their respective obligations, the outcomes of which are difficult to predict and could be material. The Group is also subject to credit and other risks in its credit business, including reliance on banks that underwrite and monitor facilities in which the Group participates and potential default by borrowers under those facilities.

Liquidity risks

The Group's business requires, and its clients expect, that it has sufficient capital and sufficient liquidity to meet its re/insurance obligations, and that this would continue to be the case following the occurrence of any foreseeable event or series of events, including extreme catastrophes, that would trigger insurance or reinsurance coverage obligations. The Group's uses of funds include, among other things, payment of its obligations arising in its insurance and reinsurance businesses (including claims and other payments as well as insurance provision repayments due to portfolio transfers, securitisations and commutations), which may include large and unpredictable claims (including catastrophe claims), funding of capital requirements and operating costs, payment of principal and interest on outstanding indebtedness and funding of acquisitions. The Group also has unfunded capital commitments in its private equity and hedge fund investments, which could result in funding obligations at a time when it is subject to liquidity constraints. In addition, the Group has potential collateral requirements in connection with a number of reinsurance arrangements, the amounts of which may be material and the meeting of which could require the Group to liquidate cash equivalents or other securities.

The Group manages liquidity and funding risks by focusing on the liquidity stress that is likely to result from extreme capital markets scenarios or from extreme loss events or combinations of the two. Generally, the ability to meet liquidity needs could be adversely impacted by factors that the Group cannot control, such as market dislocations or interruptions, adverse economic conditions, severe disruption in the financial and worldwide credit markets and the related increased constraints on the availability of credit; changes in interest rates, foreign exchange rates and credit spreads; or by perceptions among market participants of the extent of the Group's liquidity needs.

Unexpected liquidity needs (including to meet collateral calls) could require the Group to increase levels of indebtedness or to liquidate investments or other assets. Should the Group require liquidity at a time when access to bank funding and the capital markets is limited, it may be unable to secure new sources of funding. The Group's ability to meet liquidity needs through asset sales may be constrained by market conditions and the related stress on valuations. In addition, the Group's ability to meet liquidity needs through the incurrence of debt may be limited by constraints on the general availability of credit in the case of bank funding, and adverse market conditions, in the case of capital markets debt. Failure to meet covenants in lending arrangements could further constrain access to liquidity. The Group's ability to meet liquidity needs may also be constrained by regulatory requirements that require regulated entities to maintain or increase regulatory capital, or that restrict intra-group transactions, the timing of dividend payments from subsidiaries or the fact that certain assets may be encumbered or are otherwise not tradeable. Finally, any adverse ratings action against the Group could trigger a need for further liquidity (for example, by triggering termination provisions or margin calls/collateral delivery requirements in contracts to which Swiss Re is a party) at a time when the Group's ability to obtain liquidity from external sources is limited by such ratings action. See also "Risks relating to credit rating downgrades."

Counterparty risks

The Group is exposed to the risk of defaults, or concerns about defaults, by its counterparties. Issuers or borrowers whose securities or loans the Group holds, trading counterparties, counterparties under swaps and other derivative contracts, clearing agents, clearing houses and other financial intermediaries may default on their obligations to the Group due to bankruptcy, insolvency, restructuring, regulatory intervention, lack of liquidity, adverse economic conditions, operations failure, fraud or other reasons, which could also have a material adverse effect on the Group. The Group has increased its allocation to higher return-generating strategies, including high-quality corporate debt and some alternative assets, which tend to also be subject to potentially greater counterparty risk than government bonds.

The Group could also be adversely affected by the insolvency of, or other credit constraints affecting, counterparties in its insurance and reinsurance operations. Moreover, the Group could be adversely affected by liquidity issues at ceding companies or at third parties to whom the Group has retroceded risk, and such risk could be exacerbated to the extent any such exposures are concentrated.

Risks relating to credit rating downgrades

Ratings are an important factor in establishing the competitive position of reinsurance companies. Third-party rating agencies assess and rate the financial strength of reinsurers and insurers, such as Swiss Re. These ratings are intended to measure a company's ability to repay its obligations and are based upon criteria established by the rating agencies. Ratings may be solicited or unsolicited and may be downgraded or withdrawn at the sole discretion of the rating agencies.

The Group's ratings reflect the current opinion of the relevant rating agencies. One or more of the Group's ratings could be downgraded or withdrawn in the future. In addition, unsolicited ratings may also be downgraded or withdrawn, such as a downgrade in April 2020 of unsolicited insurer financial strength and long-term issuer default ratings assigned to various entities within the Group. Rating agencies may increase the frequency and scope of ratings reviews, revise their criteria or take other actions that may negatively impact the Group's ratings and/or the ratings of its legal entities, which it cannot predict. In addition, changes to the process or methodology of issuing ratings, or the occurrence of events or developments affecting the Group, could adversely affect the Group's existing ratings or make it more difficult for the Group to achieve improved ratings which it would otherwise have expected.

As claims paying and financial strength ratings are key factors in establishing the competitive position of reinsurers, a decline in Swiss Re's ratings and/or the ratings of its key rated legal entities could make reinsurance provided by the Group less attractive to clients relative to reinsurance from competitors with similar or stronger

ratings. A decline in ratings could also cause the loss of clients who are required by policy or regulation to purchase reinsurance only from reinsurers with certain ratings. Certain larger reinsurance and derivative contracts may contain terms that would allow the ceding companies or counterparties to terminate the contract if the Group's ratings or those of its subsidiaries are downgraded beyond a certain threshold. Furthermore, ratings directly impact the availability and terms of unsecured financing (potentially impacting the Group's ability to rollover existing facilities or obtain new facilities) and declines in the Group's ratings or the ratings of legal entities within the Group could also obligate the Group to provide collateral or other guarantees in the course of its business or trigger early termination of funding arrangements, potentially resulting in a need for additional liquidity. As a ratings decline could also have a material adverse impact on the Group's costs of borrowing or ability to access the capital markets, the adverse implications of a downgrade could be more severe. These same factors could also impact the Group's insurance business.

Legal and regulatory risks

In the ordinary course of business, the Group is involved in lawsuits, arbitrations and other formal and informal dispute resolution procedures, the outcomes of which determine the Group's rights and obligations under insurance, reinsurance or other contractual agreements. From time to time, the Group may institute, or be named as a defendant in, legal proceedings, and the Group may be a claimant or respondent in arbitration proceedings. These proceedings could involve coverage or other disputes with ceding companies, disputes with parties to which the Group transfers risk under reinsurance arrangements, disputes with other counterparties or other matters. The Group cannot predict the outcome of any of the foregoing, which could be material for the Group.

The Group could in the future be involved in investigations and regulatory proceedings, which could result in adverse judgments, settlements, fines and other outcomes. These investigations and proceedings could relate to insurance or reinsurance matters, or could involve broader business conduct rules, including those in respect of market abuse, bribery, money laundering, trade sanctions, competition law and data protection and privacy. The Group also is subject to audits and challenges from time to time by tax authorities, which could result in increases in tax costs, changes to internal structures and interest and penalties. Tax authorities may also actively pursue additional taxes based on retroactive changes to tax laws. The Group could be subject to risks arising from alleged, or actual, violations of any of the foregoing, and could also be subject to litigation or enforcement actions arising from potential employee misconduct, including non-compliance with internal policies and procedures, negligence and malfeasance, such as undertaking or facilitating cyber-attacks on internal systems. Substantial legal liability could materially adversely affect the Group's business, financial condition or results of operations or could cause significant reputational harm, which could seriously affect its business.

Risk of unexpected and unintended issues related to claims and coverage, including social inflation

As industry practices and legal, judicial, social and other environmental conditions change, unexpected and unintended issues related to claims and coverage may continue to emerge. Such issues have adversely affected, and may in the future adversely affect, the Group's business by either requiring it to extend coverage beyond its underwriting intent or by increasing the number or size of claims against the Group. For example, the trend of social inflation has increased liability claims against the Group in recent years. There has been an increase in severity of awards and settlements affecting excess and umbrella layers,

particular in the US, as well as an increase in commercial automotive and general liability claims. The Group has continued to pro-actively strengthen its reserves and has considered the latest information and outlook related to such claims, including in relation to economic and social inflation when making its reserve decisions. The Group believes that it has adequate reserves to address the uncertainty related to conditions such as social inflation. In addition, the Group closely monitors the intersection between social inflation, economic inflation and loss trend and adjusts

its pricing accordingly. The Group continued to manage its exposure to large corporate risks due to ongoing volatility related to social inflation in 2021 and materially reduced its exposure. Despite the Group's various measures to address these issues, there remains uncertainty on how these unintended issues related to claims and coverage may impact the Group's business. If the Group's reserving and pricing is not adequate to cover these issues, there could be an additional adverse effect for the Group's business, financial condition or results of operations.

Insurance, operational and other risks

As part of the Group's ordinary course operations, the Group is subject to a variety of risks, including risks that reserves may not adequately cover future claims and benefits; risks that catastrophic events (including natural catastrophes, such as hurricanes, cyclones, tornadoes, windstorms, hail storms, wildfires, floods and earthquakes, as well as extreme space weather events such as solar storms and geomagnetic activity, and man-made disasters, such as acts of terrorism, cyberattacks and other disasters such as explosions, industrial accidents and fires, as well as diseases) are inherently unpredictable in terms of both their frequency and severity and have exposed, and may continue to expose, the Group to unexpected large losses (and related uncertainties in estimating future claims in respect of such events); changes in the insurance industry that affect ceding companies, particularly those that further increase their sensitivity to counterparty risk; competitive conditions (including as a result of consolidation and the availability of significant levels of alternative capacity); cyclicity of the industry; risks related to emerging claims and coverage issues (including, in particular, social inflation), which trends may potentially be exacerbated by the COVID-19 crisis; macro developments giving rise to emerging risks, such as climate change and technological developments (including greater exposure to cyber risks (where accumulation risk is yet to be fully understood), which could have a range of consequences from operational disruption, to loss of proprietary or customer data, to greater regulatory burdens and potential liability); risks arising from the Group's dependence on policies, procedures and expertise of ceding companies; risks related to investments in emerging markets; and risks related to the failure of, or attacks directed at, the Group's operational systems and infrastructure, including its information technology networks and systems. Any of the foregoing, as well as the occurrence of future risks that the Group's risk management procedures fail to identify or anticipate, could have a material adverse effect on the Group, and could also give rise to reputational risk.

Use of models; accounting matters

The Group is subject to risks relating to the preparation of estimates and assumptions that its management uses, for example, as part of its risk models as well as those that affect the reported amounts of assets, liabilities, revenues and expenses in the Group's financial statements (such as assumptions related to the Group's capital requirements and anticipated liabilities), including assumed and ceded business. For example, the Group estimates premiums pending receipt of actual data from ceding companies, which actual data could deviate from the estimates (and could be adversely affected if premiums turn out to be lower, while claims stay the same). In addition, particularly with respect to large natural catastrophes and pandemics, it may be difficult to estimate losses, and preliminary estimates may be subject to a high degree of uncertainty and change as new information becomes available. Deterioration in market conditions could have an adverse impact on assumptions used for financial reporting purposes, which could affect possible impairment of present value of future profits, fair value of assets and liabilities, deferred acquisition costs or goodwill. Moreover, regulators could require the use of standard models instead of permitting the use of internal models. To the extent that management's estimates or

assumptions prove to be incorrect, it could have a material impact on underwriting results (in the case of risk models) or on reported financial condition or results of operations (in the case of accounting judgments), and such impact could be material.

The Group's results may be impacted by changes in accounting standards, or changes in the interpretation of accounting standards. Changes in accounting standards could impact future reported results or require restatement of past reported results. The Group's results may also be impacted if regulatory authorities take issue with any conclusions the Group may reach in respect of accounting matters.

The Group uses non-GAAP financial measures in its external financial reporting. These measures are not prepared in accordance with US GAAP or any other comprehensive set of accounting rules or principles and should not be viewed as a substitute for measures prepared in accordance with US GAAP. Moreover, these may be different from, or otherwise inconsistent with, non-GAAP financial measures used by other companies. These measures have inherent limitations, are not required to be uniformly applied and are not audited.

The Group includes in its annual report a section in respect of its results, including financial statements, prepared in accordance with the Group's proprietary economic value management ("EVM") principles ("EVM report"). Financial information included in the EVM report contains non-GAAP financial measures. The EVM principles differ significantly from US GAAP and, accordingly, the Group's results prepared in accordance with US GAAP will differ from its EVM results, and those differences could be material. The Group's annual EVM results can be more volatile than the US GAAP results because, among others, assets and liabilities are measured on a market consistent basis, profit recognition on new contracts is recognised at inception rather than over the lifetime of the contract, and life and health actuarial assumptions are on a best estimate basis as opposed to generally being locked-in. The Group's EVM financial statements should not be viewed as a substitute for the Group's US GAAP financial statements.

Risks related to the Swiss Re corporate structure

Swiss Re is a holding company, a legal entity separate and distinct from its subsidiaries, including Swiss Reinsurance Company Ltd. As a holding company with no operations of its own, Swiss Re is dependent upon dividends and other payments from its direct and indirect operating subsidiaries. The Group is in the process of streamlining its legal entity structure, with the expectation that, over time, its structure will continue to evolve. In the future it may, for example, elect again to partner with minority investors or may elect otherwise to dispose of interests in Group businesses or portions thereof, or to grow through acquisitions. To the extent it undertakes acquisitions, it is subject to the risks inherent in acquiring and integrating new operations.

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