

# Baloise Gruppe – Swiss Solvency Test as at 1 January 2022

## Results for the Baloise Group

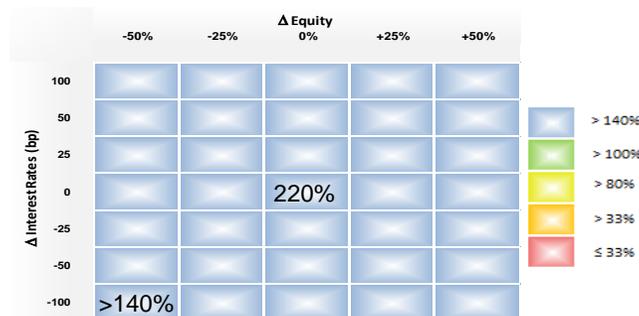
In CHF mn	1 January 2021	1 January 2022
Risk-bearing capital (RBC)	11'526	13'036
Target capital (TC)	6'725	6'533
<b>Solvency ratio</b>	<b>186%</b>	<b>220%</b>

- › **Risk-bearing capital** strongly increased year on year. This was mainly due to the rise in interest rates and the positive development of the stock markets.
- › **Target capital** slightly decreased year on year. This was mostly driven by the positive developments on the capital markets as well as optimizations in asset allocation.
- › Because risk bearing capital grew and target capital shrank, the **solvency ratio** increased to 220%.<sup>1)</sup>
- › The solvency ratios of the two Swiss companies Baloise Life Ltd and Baloise Insurance Ltd stood at 234% and 239% respectively as at 1 January 2022.

## Sensitivities of the solvency ratio

(as at 1 January 2022)

- › Even in an economic stress scenario, such as a reduction in interest rates of 100 bp and a stock market fall of 50%, the solvency ratio would still be above 140%.



## General remarks

- › The **Swiss Solvency Test (SST)** is a modern measure of the solvency of insurance companies, documenting the economic risk situation of insurance companies. This regulatory instrument is aimed at protecting policyholders against the consequences of an insurance company becoming insolvent.
- › The Swiss Financial Market Supervisory Authority (FINMA) sets the capital requirement at a level that ensures an insurance company will be able to maintain an adequate level of capital even if a negative event materialises that only occurs every 100 years. The capital calculated in this way is called **target capital (TC)**. The available capital is known as **risk-bearing capital (RBC)**.
- › The **solvency ratio** is the ratio of available to required capital, after deduction of the market value margin (MVM) in both cases. To meet the solvency requirements, this ratio must be above 100%.

$$\text{solvency ratio} = \frac{\text{RBC} - \text{MVM}}{\text{TC} - \text{MVM}}$$

- › To calculate the SST the Baloise Group uses an **adjusted standard model**, which in the past was subject to various changes. Also in future years, further model changes and model volatility in the results can not be excluded.

<sup>1)</sup> The Market Value Margin (MVM, see right side), taken into account in the calculations is 1'116 Mio. CHF as at 1 January 2022 (1'122 Mio. CHF as at 1 January 2021)