Baloise Group – Swiss Solvency Test as at 1 January 2024

Results for the Baloise Group

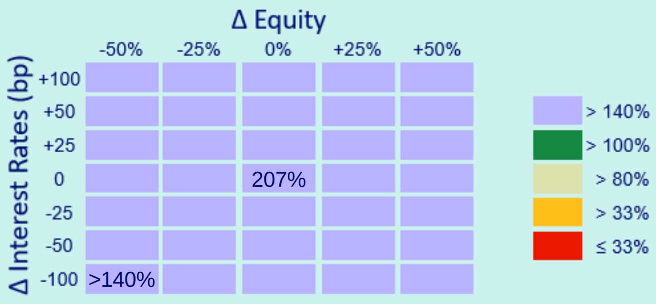
In CHF mn	1 January 2023[1)]	**1 January 2024**
Risk-bearing capital (RBC)	11’288	8’787
Target capital (TC)	5’214	4’251
Solvency ratio	**240%**	**207%**

- **Risk-bearing capital (RBC)** decreased year on year. The RBC reduced by the amount of market value margin due to the new definition in accordance with the AVO revision. Furthermore, the lower interest rates and the development of the EUR/CHF currency rate as well as the repayment of a subordinated loan with a nominal of CHF 300 mn led to a reduction in RBC.
- **Target capital** also decreased year on year. In addition to the elimination of the minimum amount in the target capital due to the AVO revision, the main reasons are the developments of the capital markets and adjustments of the asset allocation.
- Because target capital shrank relatively less than risk bearing capital, the **solvency ratio** decreased to 207%.
- The solvency ratios of the two Swiss companies Baloise Life Ltd and Baloise Insurance Ltd stood at 169% and 194% respectively as at 1 January 2024.

Sensitivities of the solvency ratio

(as at 1 January 2024)

- 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. To meet the solvency requirements, this ratio must be above 100%.

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

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.

[1)] The TC as at 1 January 2023 includes a market value margin of CHF 869 mn.