Solvency and Financial Condition Report

For the period 1 Jan – 31 Dec 2024

Sveriges Ångfartygs Assurans Förening
Reg.no. 557206-5265

Contents

Summary

Introduction

The structure of the Solvency and Financial Condition Report (SFCR) has been prepared as described in Annex XX (twenty) of the European Union Commission delegated regulation 2015/35.

From the perspective of understanding the business and its inherent risks the most relevant currency from which to evaluate the Company is USD since most revenues and claims related costs of the company are denominated in USD. Therefore, amounts in the tables are presented in both the statutory reporting currency SEK and in USD.

Amounts are presented in millions. Amounts within brackets represent the previous financial year. In many aspects, the SFCR overlaps with the statutory annual report; however, it provides additional insights into our solvency position, based on the perspectives of the solvency regulations. In other aspects, the annual report could provide an even more comprehensive view on the company's operations.

Business and performance

The Swedish Club (the Club) is in a supportive financial position. This is reflected in this SFCR as well as the Club's annual report.

Development of key figures for regulatory solvency calculations:

SEK million	**2024**	**2023**	**2022**	**2021**	**2020**
Eligible own funds (EOF)	3,462	2,711	2,522	2,249	2,434
Basic own funds, Tier 1 (BOF)	2,533	1,920	1,795	1,759	1,906
Ancillary own funds, Tier 2 (AOF)	929	790	727	670	528
Minimum capital requirement (MCR)	648	583	518	437	342
Solvency capital requirement (SCR)	1,859	1,581	1,454	1,340	1,057

USD million	**2024**	**2023**	**2022**	**2021**	**2020**
Eligible own funds (EOF)	315	272	242	269	297
Basic own funds, Tier 1 (BOF)	230	192	172	194	233
Ancillary own funds, Tier 2 (AOF)	84	79	70	74	64
Minimum capital requirement (MCR)	59	58	50	48	42
Solvency capital requirement (SCR)	169	158	139	148	129
Exchange rate USD/SEK	11.002	9.983	10.437	9.044	8.189

There has been attractive revenue growth for the Club's insurance activities driven by volume and USD price increases, and – when translated to SEK – as an effect of the weaker SEK currency rate. In 2024, the result of investment activities was positive due to supportive developments in financial markets during the year. The Club's financial position strengthened during the year and the solvency requirements as per Solvency II continued to be met with a good margin. During 2024, the outcome for both the Club's Protection & Indemnity insurance as well as the Club's Hull & Machinery insurance was favourable. The Club has renewed its comprehensive reinsurance program for 2025.

The combined ratios of 2024, 2023 and 2022 measured in USD were 98 %, 102 % and 102 % respectively.

The result from the insurance activities amounted to USD 21 (8) million and including the financial gain of USD 13 (22) million the total result before appropriations and tax amounted to USD 34 (30) million.

The solvency ratio, Eligible Own Funds (EOF) divided by the Solvency Capital Requirement (SCR), was 186 (171) % at the end of December 2024. The general increase in P&I premiums from 20 February 2024 and individual fleet adjustments are expected to improve the Club’s results going forward.

Standard & Poor’s rating of The Swedish Club remains unchanged at BBB+ ; AM Best has confirmed its A- rating of the Club.

System of governance

In 2024 the Risk Management Function and Actuarial Function was separated. The Chief Risk Officer (CRO) is also part of the Risk committee to further strengthening the link between the Board and Risk Management Function.

The Risk committee and Finance & Audit committee each convened four times during 2024. These committees report to, and are advisory to, the Board on matters of risk management, financial reporting and effectiveness of internal control. The committees assist the Board in fulfilling its responsibilities in relation to the oversight. No other material changes were introduced; however, the system of governance is continuously fine-tuned to meet the challenges of operations.

A description of the system of governance is found in section B.

Risk profile

There have been no material changes to insurance or reinsurance undertakings. The operations and performance thereof have followed the Club’s established business models. The Club´s increase in insurance risk exposure is due to premium growth. In 2022 the Club decreased risk in the investment portfolio compared to its long-term strategy. The Club still applies this approach but has adjusted the asset allocation in the investment portfolio during 2024 to be closer to the long-term strategic allocation goal than the year before.

Climate change risk is affecting the Clubs operations but not to the extent that it is assessed to be material. The Club assesses the operations for physical risks and transition risks where transition risk is judged to be the larger risk of the two. These risks apply to both the asset side of the balance sheet, i.e., investment assets and reinsurance recoveries being affected, as to the liability side of the balance sheet.

The material risks that the Club are exposed to are explained in section C.

Valuation for solvency purpose

Technical provisions are calculated using the probability weighted average of future cash flows discounted with the risk-free yield, and a risk margin as defined by the solvency requirements. The Club’s investments are valued for Solvency II purposes on the same basis as in the statutory accounts.

The valuation for solvency purpose is explained in section D.

Capital management

In order to reduce the unfavourable impact of the negative financial results on eligible own funds and solvency ratio, the Club reduced its investment risk exposures in the course of 2022 and this lower-risk-allocation level has remained throughout the majority of 2024 but seeing a slight shift towards higher risk exposure in the end of the year. Section E contain information on own funds and the regulatory capital requirement they must cover.

Sammanfattning (Summary in Swedish)

Introduktion

Solvens- och verksamhetsrapporten (SFCR) har upprättats enligt den struktur som beskrivs i bilaga XX (tjugo) av EU Kommissionens delegerade förordning 2015/35.

Från perspektivet att förstå verksamheten och dess inneboende risker är den mest relevanta valutan för att utvärdera företaget USD eftersom de flesta intäkter och skadekostnader för företaget är i USD. Belopp i tabellerna presenteras därför både i den lagstadgade rapporteringsvalutan SEK och i USD.

Belopp presenteras i miljoner. Belopp inom parentes representerar föregående års räkenskapsår. I många aspekter överlappar SFCR och årsrapporten varandra. SFCR ger dock ytterligare insikter om företagets solvensposition, baserat på perspektiven i solvensregelverket. I andra aspekter kan årsredovisningen ge en ännu mer utförlig bild av företagets verksamhet.

Verksamhet och resultat

Sveriges Ångfartygs Assurans Förening (SÅAF) har en sund finansiell ställning. Det återspeglas i denna SFCR samt i företagets årsredovisning.

Utvecklingen av nyckeltal i solvenskravsberäkningen:

SEK million	2024	2023	2022	2021	2020
Medräkningsbara kapitalbasmedel (EOF)	3,462	2,711	2,522	2,249	2,434
Primärkapital, nivå 1 (BOF)	2,533	1,920	1,795	1,759	1,906
Tilläggskapital, nivå 2 (AOF)	929	790	727	670	528
Minimikapitalkrav (MCR)	648	583	518	437	342
Solvenskapitalkrav (SCR)	1,859	1,581	1,454	1,340	1,057

USD million	2024	2023	2022	2021	2020
Medräkningsbara kapitalbasmedel (EOF)	315	272	242	269	297
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Minimikapitalkrav (MCR)	59	58	50	48	42
Solvenskapitalkrav (SCR)	169	158	139	148	129
Valutakurs USD/SEK	11.002	9.983	10.437	9.044	8.189

SÅAF har under året uppvisat god tillväxt i försäkringsverksamheten genom volym och prisökningar i USD och – uttryckt i SEK – som en effekt av den försvagade svenska kronan. Under 2024 var investeringsresultatet positivt till följd av den positiva utvecklingen på finansmarknaderna under året. SÅAFs finansiella ställning stärktes och solvenskapitalkravet har fortsatt överskridits med god marginal. Under 2024 var utfallet positivt för SÅAFs produkter Protection & Indemnity försäkring samt Hull & Machinery försäkring. För 2025 har SÅAF förnyat sitt omfattande återförsäkringsprogram.

Totalkostnadsprocenten för 2024, 2023 och 2022 mätt i USD, uppgick till 98 %, 102 % respektive 102 % vilket är i linje med SÅAFs strategi.

Vinsten i försäkringsrörelsen uppgick till USD 21 (8) miljoner och inklusive finansresultatet på USD 13 (22) miljoner uppgick det totala resultat före bokslutsdispositioner och skatt till USD 34 (30) miljoner.

Solvenskvoten mellan medräkningsbara kapitalbasmedel (EOF) och solvenskapitalkravet (SCR) uppgick till 186 (171) % vid utgången av december 2024. Den allmänna ökningen av P&I premierna från 20 februari 2024 och individuella justeringar av fartygsflottan bedöms förbättra SÅAFs försäkringsresultat framöver.

Standard & Poor's rating av SÅAF är oförändrat BBB+ och AM Best har bekräftat SÅAFs A-rating.

Företagsstyrningssystem

Under 2024 har Risk Funktionen och Aktuariefunktionen separerats. Ansvarig för Risk Funktionen, Chief Risk Officer (CRO), medverkar också i riskkommitteen för att ytterligare stärka länken mellan Styrelsen och Risk Funktionen.

Under 2024 har *Risk committee* och *Finance & Audit committee* vardera haft fyra möten. Dessa kommittéer rapporterar till, och är rådgivande för styrelsen i frågor kring riskhantering, finansiell rapportering och effektiviteten av den interna kontrollen. Kommittéerna assisterar styrelsen i att uppfylla dess ansvar i respektive område. Det har inte skett några andra materiella förändringar av företagsstyrningssystemet, dock finjusteras företagsstyrningssystemet kontinuerligt för att möta verksamhetens utmaningar.

En beskrivning av företagsstyrningssystemet återfinns i sektion B.

Riskprofil

Det har inte varit några materiella förändringar i försäkringsåtaganden eller i återförsäkringsprogrammet. Verksamheten och dess resultat har inte varit utanför etablerade affärsmodeller. Företagets ökning av försäkringsrisker förklaras av premietillväxt. Tillgångsallokeringen i SÅAFs investeringsportfölj har sett en mindre förändring där det skett en viss återgång från den risk minskning som beslutades år 2022.

Risker som uppstår på grund av förändringar i klimatet påverkar SÅAFs verksamhet men inte i sådan omfattning att den bedöms vara väsentlig. Verksamheten har analyserats utifrån potentiella fysiska klimat risker samt omställningsrisker där omställningsrisken bedöms vara den större risken av de två. Dessa risker gäller både balansräkningens tillgångssida, det vill säga investeringstillgångar och återförsäkringsersättningar samt balansräkningens skuldsida.

De materiella riskerna som SÅAF är exponerat för förklaras i sektion C.

Värdering för solvensändamål

Försäkringstekniska avsättningar beräknas genom att använda det sannolikhetsvägda genomsnittet av framtida kassaflöden diskonterade med den riskfria räntan med tillägg för en riskmarginal enligt definitionen i solvenskraven. Företagets investeringstillgångar värderas för Solvens II ändamål på samma sätt som i den finansiella årsredovisningen.

Värdering för solvensändamål förklaras i sektion D.

Kapitalhantering

Med syfte att motverka negativa resultats inverkan på primärkapital och solvenskvot reducerade SÅAF sina exponeringar mot investeringsrisker under 2022 och denna allokering har justerats något även om mindre risk fortsatt kvarstår, än jämfört med SÅAFs långsiktiga allokeringsstrategi. Sektion E innehåller information om kapitalbasen och de regulatoriska kapitalkrav den måste täcka.

A. Business and performance

A.1 Business

The Swedish Club (the Club) is an independent, self-managed, mutual insurance association, headquartered in Gothenburg, Sweden, with registered branch[1] offices in Hong Kong, Singapore, Oslo and London and representative offices in Piraeus and Tokyo.

The Club is owned and controlled by its members, the policy holders. Mutuality means that the Club's interests are identical to the collective interests of the members.

The registered legal business name is Sveriges Ångfartygs Assurans Förening and its secondary registered name is The Swedish Club.

The Club is registered and domiciled in Sweden and licensed by the Swedish financial supervisory authority (Finansinspektionen) to carry out the following classes of non-life insurance:

6. Ships (H&M)
12. Liability for ships (P&I)
17. Legal expenses (FD&D)

The Company's insurance classes are all classified under the line of business for Marine, Aviation and Transport (MAT) according to the Solvency II[2] regulation.

Finansinspektionen's contact details can be obtained from its website: www.fi.se and it can be contacted directly at Brunnsgatan 3 in central Stockholm or by phone on +46 8 408 980 00.

The Company's external auditors are PwC, SE-113 97 Stockholm, Sweden.
Visiting address: Torsgatan 21, Tel: +46 10 213 30 00, Website: www.pwc.se

[1] Appendix I provide more information for each branch.
[2] Solvency II is the prudential regime for insurance and reinsurance undertakings in the EU with the aim to ensure the adequate protection of policyholders and beneficiaries. Solvency II is an economic risk-based approach, which should enable the assessment of the "overall solvency" of insurance and reinsurance undertakings through quantitative and qualitative measures.

The application work for an insurance licence through the Hong Kong branch has gone well and a license was obtained in February 2025. No insurance contracts have been issued in Hong Kong before the license was obtained.

Parts of the pool P&I reinsurance protection are covered by the captive company, Hydra Insurance Company Limited (Bermuda), which is partly owned by the Club. Hydra is a segregated accounts company incorporated under the laws of Bermuda in which each member of the international group of P&I clubs (IG) is an account owner. Hydra's assets are segregated in separate cells in such a way that they can only be used to satisfy the liabilities of the 'owning' Club. The regulatory reported figures for claims incurred, includes the changes in the value of Hydra. This is booked as change in other technical provisions in the statutory accounts.

At the end of 2024 The Club has one subsidiary; The Swedish Club Hong Kong limited, which principal tasks is to provide for marketing, client liaison and advisory services in Asia.

During 2024 The Swedish Club divested its 50% share in The Swedish Club Academy AB which was an associated company.

The Club writes insurance with members domiciled in several countries. The most important markets by premiums and policyholders' country of domicile are shown in the table below.

Market, amounts in million	%	SEK	USD
Greece	29%	746	70
China	16%	408	38
Singapore	12%	322	30
Germany	8%	199	19
Hong Kong	5%	130	12
Sweden	5%	122	11
Cyprus	3%	88	8
Taiwan	3%	80	6
Norway	3%	80	7
Other countries	17%	439	41
Gross premiums written		**2 613**	**244**

Credit rating

The two rating agencies Standard & Poor's and AM Best both confirmed their ratings of the Club, i.e., BBB+ and A- respectively.

Prospects for 2025

The global economic prospects for the year are difficult to predict. The consequences of the war in Ukraine and instability in Gaza, with their ripple effects, cause great uncertainty about world trade and economic development. The assessment is that the Club's insurance activities are not significantly impacted by short-term economic fluctuations. The impact on asset management, however, could be significant. At the start of 2025 and in light of the prevailing uncertainty, the decision was made to maintain a lower level, in comparison to the long-term strategic investment strategy, of risk exposure in the investment portfolio.

For 2024, the Club continued to prioritize risk-based quality improvements and price adequacy recovery over volume growth. Continuing into 2025 we estimate that the development of total claims cost will support an improved combined ratio. During the initial months of 2025, there has been a favourable growth in stack markets and slightly lower interest rates but this has dramatically changed in the beginning of March, showing with all desirable clarity the impact of geopolitical risks.

Our assessment is although that the Club's relative competitiveness will hold up well and the Club's strong financial position provides security for the Club's business partners and members.

A.2 Underwriting performance

Amounts in million, net of reinsurance	**2024 SEK**	**2023 SEK**	**2024 USD**	**2023 USD**
Premiums earned (A)	2,032	1,864	188	179
Claims incurred (B)	-1,571	-1,498	-143	-147
Net operating expenses (C)	-401	-376	-40	-37
Combined ratio (B+C)/A	97%	101%	98%	102%

Gross premiums written in 2024 amounted to USD 244 (243) million.
Following the deduction of outgoing reinsurance premiums totalling USD 60 (56) million, net premiums written amounted to USD 184 (187) million. Earned premiums, net of reinsurance, amounted to USD 188 (179) million.

Claims incurred, net of reinsurance, amounted to USD 156 (150) million. Changes in other technical provisions amounted to USD 13 (3) million. The total costs for net claims incurred correspond to 77 (82) % of earned premiums, net of reinsurance.

During the year of 2024, there were 35 claims reported (whereof 7 from the IG pool system) in excess of USD 0.5 million. In 2023, there were 42 such claims (whereof 7 from the IG pool system). Operating expenses for insurance activities amounted to USD 40 (37) million. In relation to earned premiums, net of reinsurance, this level corresponds to 21 (20) %.

An allocation of USD 16.8 (12.7) million from the investment income is attributed to insurance activities.

The balance on the technical account amounted to USD 21 (8) million.

The combined ratio calculated in USD was 98 (102) %.

A.3 Investment performance

Amounts in million	**2024 SEK**	**2023 SEK**	**2024 USD**	**2023 USD**
Quoted shares	144	117	12	12
Interest-bearing securities	223	212	17	21
Other financial income and expenses	21	13	2	1
Forward exchange agreement	-38	8	0	0
Gains/Losses on foreign exchange, net	140	-69	-1	-0
Financial result	490	279	30	34
Total return	7%	8 %	7%	8 %

The Club's primary objective is to identify an acceptable risk level from which it can optimize long-term investment returns and matching technical provisions in terms of currency and duration. The Club signs hedge contracts to reduce operating-expense related risk for currency exchange rates fluctuations in the USD accounting.

At the end of 2024, the value of the Club's investments had grown by USD 62 million as a result of the positive investment result of USD 29 million and investments of positive cash flows from the insurance activities amounting to USD 33 million. The total invested amount of USD 498 (436) million was composed of 82 (85) % interest-bearing securities and 18 (15) % equity holdings.

Gains and losses recognised directly in equity

No gains and losses are recognised directly in equity.

Investments in securitization

The Club does not have any direct investments in securitization assets.

A.4 Performance of other activities

No other material income or expenses have been incurred over the reporting period.

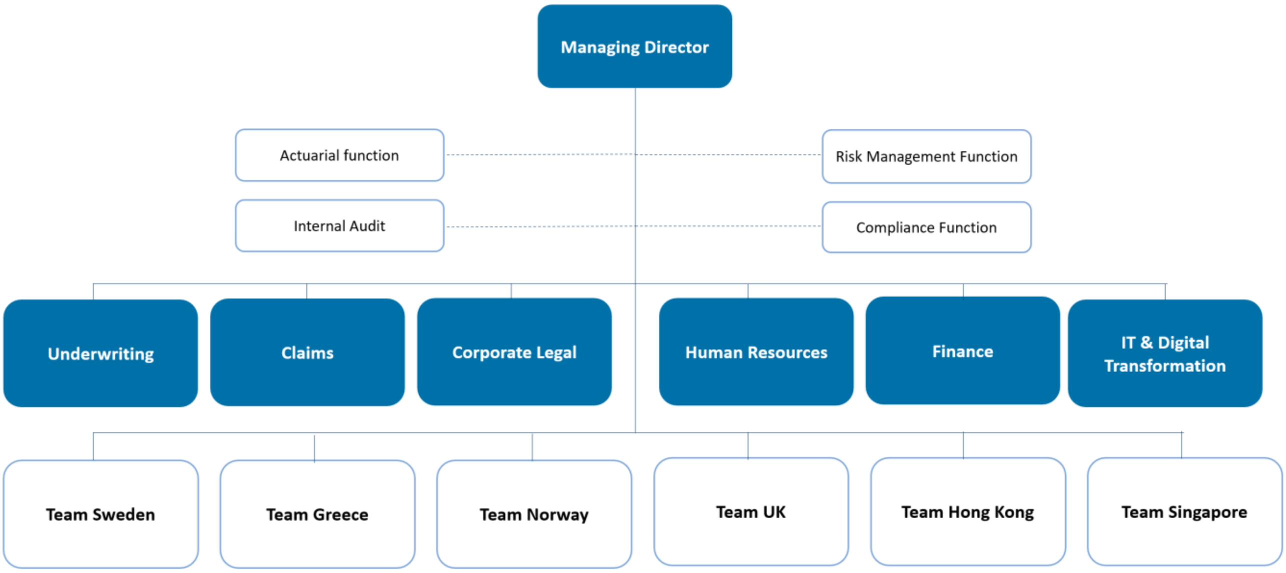
A.5 Any other information

For the prior years 2004, 2012 and 2013, three large claims was settled during the year with gross payments of USD 25 million received and essentially repaid to reinsurers.

B. System of governance

B.1 General information on the system of governance

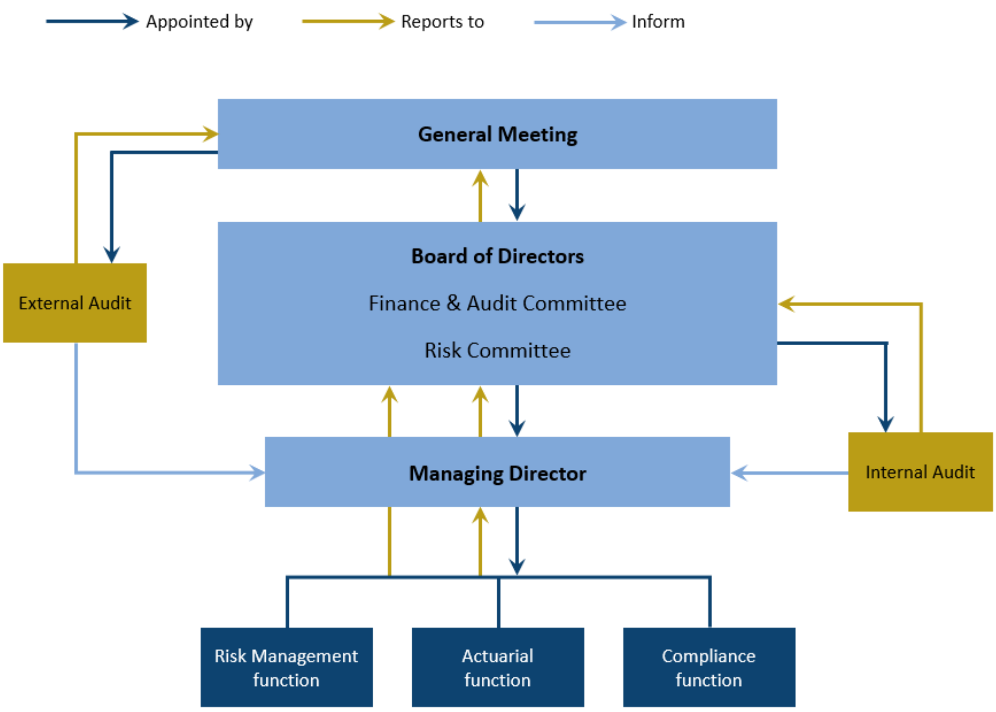
The Club's organisation is illustrated as follows:



The duties and responsibilities within the organisational structure is defined in the Club's management system[3].

The figure below illustrates important information flows and responsibilities.

[3] The management system covers directives set out by the Board; policies and working instructions set out by the Club's management; and responsibilities and authorities for each individual. It also describes key processes.



Effective internal control is a condition for sound and prudent management of the Club. The internal control within the organisation is exercised through three levels. The first level is carried out by the operational functions. The second level is independent from the operational function and consists of the Risk Management Function, the Actuarial Function, and the Compliance Function. The third level, which is independent from all other functions, is the function for Internal Audit. The internal auditor is appointed by the Board. During 2024 the Club separated the Actuarial function and the Risk Management Function. This change was made to enhance the depth of focus on each respective area, ensuring a more specialized and effective approach.

Managers of an operational function or a geographical team are responsible for internal control and compliance within their area of responsibility. They shall ensure that all the employees in the department are familiar with guidelines and instructions in the management system and all applicable rules and regulations. Managers shall control and follow up compliance within their area of responsibility and take corrective action in case of non-compliance. Managers are also responsible to inform the Risk Management Function, the Actuarial Function, the Compliance Function and the Internal Audit Function of any circumstance that may be relevant for the performance of their respective duties.

The annual general meeting (AGM) is the highest authority and consists of all the Club's members. It elects Board directors and members of the Club's election committee, approves the annual accounts, appoints external auditors, and deals with any other business duly referred.

The Board of Directors has the ultimate responsibility for the Club’s business operating in accordance with applicable laws and regulations. The Board decides on the Club’s strategic direction and establishes directives as well as ensuring that appropriate internal instructions for risk management and risk control exist.

The Board continuously monitors the Club's operations, financial performance and asset management. The Board shall have regular interaction with any committee it establishes as well as with the management team and other key functions. The Board shall request information proactively and challenge this when necessary. The duties and responsibilities of the Board are set out in its working procedures. The Board consists of 22 members including two staff representatives.

The Election Committee proposes to the AGM suitable candidates for members of the Board, as well as fees and other remunerations. It shall comprise four members, including the Managing Director *ex officio*. At least one of the members shall not be employed by the Club or be a member of the Club. The Chairman of the Election Committee shall not be a member of the Club's Board.

The Board has two Committees that reports to, and are advisory, to the Board; the Finance & Audit Committee and the Risk Committee. The Finance & Audit Committee presently consists of seven members, including the Managing director and the Director of Finance&Risk Management, *ex officio*.

The Finance & Audit Committee shall supervise the performance of the investment operations and decide on investment allocations within the limits stated in the Club's *Directive for Risk Management*. It shall also serve as a link between the Board and the functions for auditing and compliance. Further duties include supervision of the Club's financial reporting, the effectiveness of the Club's internal control and internal audit and monitoring the auditing of the annual accounts. The Finance & Audit committee has had four meetings during 2024.

The Risk Committee reports to, and is advisory to, the Board on matters of risk management. It assists the Board in fulfilling its responsibilities in relation to the oversight of risks. The Risk Committee shall review and monitor the effectiveness and completeness of the Club’s risk management system. It shall also serve as a link between the Board and the Risk Management Function. The Risk Committee has had four meetings in 2024.

No other material changes in the system of governance have taken place over the reporting period.

B.1.1 Remuneration policy

Each year, the Board reviews and adopts a directive establishing the Club´s remuneration policy. Before the adoption of this year’s remuneration directive a risk analysis of the implications of the remuneration system proposed was considered by the Board. The result of the risk analysis performed was that the Club's remuneration policy does not involve any tangible risks and that conflicts of interest when determining the remuneration are avoided through the use of different levels of authority where decisions on remuneration are made. The assessment is based primarily on the conclusion that the policy supports The Club's long-term interests, that it promotes effective risk management and discourages excessive risk taking.

Remuneration model and criteria for variable remuneration

Fixed monthly salary is the primary source of remuneration. Variable remuneration is used as a supplement to the fixed salary and it is either collective or individual. The variable remuneration is meant to stimulate or reward performance that is exceptional and promotes the Club's long-term interests. The Board may suspend payment of variable remuneration if it feels that there are exceptional circumstances and that such payment would be inappropriate, or that it would be contrary to the Club's interests. Senior management may suspend or reduce the bonus payment to an employee if the employee fails to comply with the rules and regulations or has other behavioural issues. Variable remuneration payments are only made in cash.

Collective variable remuneration

The collective remuneration is a bonus that is based on the result criteria Combined Ratio and Required return on capital. The Club's potential total bonus amounts to 20 % of the surplus after consideration for the return on capital requirement, which is an amount decided by the Board. The maximum bonus amount, however, is limited to 10 % of the Club's gross annual payroll amount, including social security expenses and employer's contributions. The maximum bonus amount per individual is limited to 10 % of his or her gross annual salary.

Individual variable remuneration

The individual variable remuneration is a bonus based on performance and results. All employees may qualify themselves for this bonus, but the decision is made by the Board for senior executives. Remuneration to employees who work with compliance or in the control function is to be based on their performance on regulatory compliance, internal control or risk control and it should be independent of the work areas that they control.

Individual bonuses may not exceed 3 % of the employee's gross annual salary. Neither may the Club's total payments for individual bonuses exceed 2 % of the Club's total annual gross payroll amount.

Pensions and similar remuneration

The pension obligations are comprised of pension plans that are regulated through collective agreement and national insurance laws. The obligations consist of both defined contributions and defined benefit plans. For defined contribution plans, pension costs consist of the premium paid for securing the pension obligations in life insurance companies. The Club’s pension plans for collective pension agreements are guaranteed through insurance agreements.

B.1.2 Related-party transactions

With the exception of what is required by insurance contracts, there are no related party transactions with Board members. Neither are there any related party transactions with senior executives of the Club. The Club maintains a register over all contracts between the Club and its Board members. None of those contracts in 2024 were of such a nature that they should have been included in the Club’s Register of Disqualification.

B.2 Fit and proper requirements

The suitability requirements regulated in the Solvency II Framework and the Insurance Distribution Framework can be divided into two different sets of suitability requirements. The requirements in the Solvency II Framework covers a fit and proper assessment of persons in leading positions and key functions. This assessment shall be carried out internally and reported to the Swedish Financial Supervisory Authority, Finansinspektionen. The requirement in the Insurance Distribution Framework covers an assessment of good repute and insight and experience of persons in leading positions. This assessment shall only be carried out internally (no report to the Swedish Financial Supervisory Authority is necessary).

The Club's fit & proper requirements are:

1. Fitness in terms of qualifications, knowledge, and relevant experience within the following areas:
   - Shipping
   - Insurance and financial markets
   - Business strategy and business models
   - System of governance
   - Financial and actuarial analysis
   - Regulatory framework and requirements
2. Propriety in terms of honesty and financial soundness based on evidence regarding their character, personal behaviour and business conduct including any criminal, financial and supervisory aspect.

The Club's requirement of good repute, insight and experience are:

1. Good repute in terms of:
   - Not appear in the register kept in accordance with the Swedish Criminal Records Act (1998:620) regarding certain serious property crimes or certain serious financial crimes (or an equivalent foreign act),
   - Not have debts exceeding SEK 100.000 which have been subject to enforcement by the Swedish Enforcement Agency, and
   - Not, in the past five years, have an authorization or a registration revoked, or have been managing director or deputy managing director, board member or deputy board member of a legal entity that has had an authorization or registration revoked according to Chapter 9 Section 1 of the Swedish Insurance Distribution Act or Chapter 8 Section 1 of the Swedish Act on Insurance Mediation, or have been managing director or deputy managing director, or board member or deputy board member of such legal entity within six months before the revocation.
2. Have sufficient insight and experience to be able to fulfil the tasks and assignments that are attributable to the insurance distribution of the Club and have sufficient knowledge about the regulatory requirements, the Clubs' products and the role and function of the insurance market. The insight and experience must be at a level that is appropriate and adequate for the Clubs' business and insurance product distributed by the Club.

At least one of the members of the Board or the managing director shall have relevant knowledge about the distribution legal framework

Processes to verify the suitability requirements:

<u>Election of board members</u>

The process for proposing board members for election at the AGM is managed by the Election Committee. This committee shall meet at least once per year.

The committee shall assess prospective Board members with respect to the above suitability requirements before a proposal is put forward to the AGM. When making a nomination the committee shall ensure that there is an appropriate diversity within the Board of qualifications, knowledge, and relevant experience in the required areas. The committee shall also verify that there is no conflict of interest between the appointment to the Club's Board and the candidate's other engagements. The committee shall document its work including its assessments.

<u>Employment of the managing director</u>

The Board shall assess the prospective managing director with respect to the above fit & proper requirements. The assessment shall be documented.

<u>Employment and continuing suitability verifications of key functions</u>

The director human recourses and the director corporate legal shall assess persons having key functions with respect to the above fit & proper requirements. The assessment shall be documented.

Persons subject to the fit & proper requirements shall inform the Club about any change in circumstance that may have an adverse effect on the performed assessment.

The director human resources and the director corporate legal shall perform annual fit & proper verifications of persons having key functions. The verifications shall be documented.

<u>Reporting</u>

The Director Corporate Legal is responsible for reporting the outcome of the fit & proper assessment to the Swedish Financial Supervisory Authority as follows:

• Whenever a new Election Committee member has been appointed.

• Whenever a person having a key function has been employed.

• Whenever a Board member or a person having a key function has been replaced because he or she no longer fulfils the fit and proper requirements.

• Whenever there has been a change in the Board's constitution, an assessment of if the Board as a collective fulfils the above stated diversity in qualifications, knowledge and experience.

B.3 Risk management system including the own risk and solvency assessment

Risk management strategy

The purpose of The Swedish Club's risk management system is to create and protect value for the members of the undertaking. The risk management system safeguards that the Club is operating within acceptable limits according to its risk appetite and tolerance limits.

The system is characterized by a holistic, integrated, and top down driven enterprise-wide risk management. The risk management is based on a risk culture shared by the entire organisation and a common risk language. The risk management activities are executed through the risk management control cycle which involves the systematic identification, valuation, monitoring and reporting of all existing and emerging risks.

The Risk Management Function is responsible for monitoring the Club's risk management system and reporting to the managing director, and in the event of major risk exposure, directly to the Board. The function is headed by a risk manager who is objective and free from undue influences from other functions and from the administrative, management or supervisory body. The Risk Management Function reports to the Board twice per year.

Risk appetite and risk tolerance

The Swedish Club's risk appetite is anchored in its strategic objectives, mission, and vision. It also considers applicable legal frameworks, the Club's financial robustness, its specialised expertise, and its capacity for risk management and control.
The Club is dedicated to offering insurance solutions and associated services in jurisdictions where it is licensed and where it holds the necessary expertise and risk control capabilities. This expertise is not just internal; it extends to the Club's collaborative endeavours with partners, making such partnerships an integral part of the Club's organisational competence.

To ensure a dynamic adjustment of its risk appetite, the Club has established a *Comfort Zone.* The comfort zone's lower limit corresponds with the economic capital at a 99.90% confidence level, while its upper limit corresponds to the highest of the economic capital at a 99.99% confidence level or the A-rating requirement of Standard & Poor's (S&P).

This range is where the Club's risk capacity should consistently reside.
The Club applies a risk indicator termed the *Capital Ratio*, which is calculated by dividing the risk capacity by the lower boundary of the comfort zone.

The Club's risk framework encompasses both an overall tolerance and specific tolerances for underwriting-, reinsurance-, investments-, asset liability management- and liquidity risk.

Risk Committee, Risk Forum and risk owners

The Risk Committee is a committee of the Board. It reports to, and is advisory to, the Board on matters of risk management. It assists the Board in fulfilling its responsibilities in relation to the oversight of risks. The Risk Committee reviews and monitors the effectiveness and completeness of the Club's risk management system. It also serves as a link between the Board and the Risk Management Function.

The Risk Forum is a forum where management, key functions and other relevant staff members meet to discuss, develop and evaluate methods and procedures to be used in the operations to handle existing or emerging risks which the Club is, or may be, exposed to and also create and preserve value. The forum is also to communicate these methods and procedures to the operations where the daily risk management is performed.

Each department, together with the Risk Management Function, has appointed risk owners. The risk owners are responsible for coordinating the risk management activities on an operational level, i.e., the first line of defence. The responsibility of managing the risks lays on each individual dealing with these risks. This method leads to a truly holistic, value driven, top-down and integrated Enterprise Risk Management (ERM) process that involves the whole organisation.

An annual workshop dealing with risk identification, risk valuation and risk mitigation is carried out and led by the risk owners in each department. The workshop is facilitated by the Risk Management Function and the findings and actions required to mitigate the risks are registered in the Club's web-based application called SCORR, Swedish Club Operational Risk Register.

Incidents or near misses are reported in SCIR, Swedish Club Incident Reporting, which every employee of the Club has access to.

The risk owners report annually to the Risk Management Function on the risk management tasks.

<u>The Own Risk and Solvency Assessment (ORSA) process</u>
The Club has developed its own internal capital model (ICM), for the purpose of quantifying its own risks. The ICM uses stochastic simulations to generate claims according to probability distributions, which are based on the Club's own historical outcomes and relevant external data. To calculate the market risk of the investment portfolio, an Economic Scenario Generator, ESG, is used.

The main assumption about the business development is the Club's most recent financial plan.

The ORSA of the Club is carried out at least annually in accordance with the Club's Directive for Own Risk and Solvency Assessment resulting in a written report which is approved by the Board and filed with Finansinspektionen.

The ORSA is an integral part of the Club's business strategy and business planning process. The result and the findings of the ORSA process are considered on an ongoing basis in the Club's strategic decisions.

The process begins with business planning and builds on input derived from the risk management process. The forward-looking requirement of own capital is calculated for the next 5 years.

The Actuarial Function is responsible for the data quality of the parameters used in the model, i.e., that the data is complete, correct and relevant. Further, relevant stress tests, sensitivity analyses and reverse stress tests are carried out and reported to quantify the effect of these adverse scenarios on the Club's own funds.

B.4 Internal control system

The internal control system is designed to provide reasonable assurance regarding the achievement of objectives in the following three categories: Effectiveness and efficiency of operations; Reliability of financial reporting; Compliance with applicable laws and regulations.

The internal control within the organisation is secured through three levels. The first level of internal control is carried out by the operational functions. The second and third levels are independent of the operational functions. The second level consists of the Risk Management Function, the Actuarial Function, and the Compliance Function. The third level is the Internal Audit. This function is fully independent and appointed by the Board.

Managers of an operational function or a geographical team are responsible for internal control and compliance within their area of responsibility. They make sure that the employees in the department are familiar with guidelines and instructions in the management system as well as all applicable rules and regulations. Managers shall control and follow-up compliance within their area of responsibility and take corrective action in case of non-compliance. The operational managers are also responsible for informing the Risk Management Function, the Actuarial Function, the Compliance Function, and the Internal Audit Function of any circumstance that may be relevant for the performance of their respective duties.

The directive for compliance is reviewed annually by the Board and shall ensure that the Club always acts in compliance with the applicable laws, rules and regulations that apply to the Club's operation.

The Compliance Function is responsible for identifying and monitoring regulatory compliance associated with the Club's insurance activities thar are subject to a permit in accordance with the applicable rules and regulations. Activities associated with compliance include:

- Identification and analysis of relevant rules, regulations and requirements that impact the Club's operations.
- Providing information and advice on the applicable rules, regulations and requirements.
- Follow up, review and reporting on regulatory compliance.

The Compliance Function regularly reports to senior management, the Board and relevant committees.

B.5 Internal audit function

The Internal Audit Function is fully independent and outsourced to an external auditing firm. The function evaluates the system for internal control, any other parts of the system of governance, the independence of the actuarial function, the employees´ remuneration policy, and reports its findings to the Finance & Audit Committee. The Internal Audit Function is subordinated to the Board.

The audits are conducted in accordance with the prescribed audit plan as approved by the Board.

B.6 Actuarial function

The tasks of the Actuarial Function are governed by the Directive for the Actuarial Function.

The Actuarial Function is responsible for coordinating the calculations of the technical provisions, participating in the ORSA process, and performing controls on the relevant risks using advanced methods like scenario testing and stochastic models. The function also states an opinion on the overall underwriting policy and suitability of the reinsurance program.

The main task of the Actuarial Function is the coordination and the validation of the calculations of the technical provisions for both financial reporting purposes and for solvency calculations. The Actuarial Function is also responsible for making sure that only qualitative data is used in these calculations.

B.7 Outsourcing

The Club´s internal outsourcing processes ensures that outsourcing of critical or important functions or activities do not lead to any of the following:

a) Materially impairing the quality of the Club's system of governance.
b) Unduly increasing the operational risk.
c) Impairing the ability of the supervisory authorities to monitor the compliance of the Club.
d) Undermining continuous and satisfactory service to members.

The Club assesses whether a function or activity is critical or important and reports to the Board whenever outsourcing of a critical or important function or activity is considered and when an agreement has been signed.

Currently, the Club has outsourced two critical or important functions: the Internal Audit Function and the Actuarial Function. The appointed service provider for Internal Audit is the auditing firm BDO in Sweden, and for the Actuarial Function it is the consultancy firm Advisense.

B.8 Any other information

No other material information is applicable.

C. Risk profile

The Club distinguish between four main risk areas: underwriting risk, market risk, credit risk and operational risk. The tables under this section show the results from the regulatory solvency calculations in millions of the specified currency.

C.1 Underwriting risk

Underwriting risk is the uncertainty that future insurance claims stemming from current exposures cannot be covered by the Club's premium income and that the claims provisions are not sufficient to cover claims costs and loss adjustment expenses for incurred claims. The former risk is called premium risk and the latter risk is called reserve risk.

The Club's comprehensive reinsurance arrangements reduce the fluctuations in the claims results net of reinsurance and helps protect the Club from incurring losses that are associated with very large claims, including the aggregation of losses from multiple insured interests.

C.1.1 Premium risk

Premium risk is managed by careful risk selection. Potential members' vessels and the vessel management teams are thoroughly reviewed prior to acceptance. Rating systems and premium models are used to ensure that correct premium levels have been charged.

The accuracy of the premium model is monitored on a regular basis, by comparing the actual outcome to the expected results. The same model is used to simulate claims costs in the internal capital model which leads to a consistent treatment of the underwriting risk.

The Club's reinsurance program reduces the variance of the claim costs net of reinsurance. This protects the Club from incurring large individual losses and aggregate losses.

C.1.2 Reserve risk

Reserve risk is the uncertainty about the provisions for claims incurred. The Club's claims handlers are instructed to set reserves to reflect the "most likely outcome of the claim". In case of doubt, a small positive margin should be applied. This means that the final total claims cost is expected to be lower than the claims provisions.

The Actuarial Function performs reserve calculations at each year end while the Finance department follows up the run-off result on a quarterly basis.

Amounts in million	**2024 SEK**	**2023 SEK**	**2024 USD**	**2023 USD**
Premium and reserve risk	1,369	1,172	124	117
Catastrophe risk	283	251	26	25
Diversification	-186	-165	-17	-16
Total underwriting risk	**1,466**	**1,259**	**133**	**126**

C.1.3 Risk concentration

Since the vessels insured by the Club are trading all over the world, the conventional definition of risk concentration, which is a consequence of the insured objects' geographical position, is not applicable. However, risk may accumulate as vessels may be insured for more than one insurance class. In these cases, the same incident can lead to claims in more than one main insurance class, also called clash claims. Based on how the different reinsurance protections have been set up, this could affect the allocation of claims costs between reinsurers and the Club.

	No of vessels	Marine*	PI	FDD
Three classes	433	X	X	X
Two classes	298	X	X	
	24	X		X
	424		X	X
One class	5,959	X		
	340		X	
	191			X
No of Vessels	7,669			
No of Vessels per class		**6,714**	**1,495**	**1,072**

* Including Energy Risks

The table above shows the concentration of insurance classes per vessel as of 31 December 2024: 6 % of vessels were exposed to three insurance classes, 10 % to two classes and 84 % to one class.

The top five largest members and brokers in terms of gross annual premium are shown below. The numbers represent the total of affiliated companies, i.e., operations owned by the same parent are consolidated.

	Share of gross annual premium
Member 1	6 %
Member 2	4 %
Member 3	4 %
Member 4	2 %
Member 5	2 %

	Share of gross annual premium
Broker 1	7 %
Broker 2	6 %
Broker 3	4 %
Broker 4	4 %
Broker 5	4 %

C.2 Market risk

Market risk means the risk of loss or risk of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities, and financial instruments. Market risk is measured by the impact of movements in the level of financial variables such as stock prices, interest rates and exchange rates. The Market risk of the Club is composed of interest rate risk, equity risk, spread risk, concentration risk and currency risk.

The Club's investments are made within the framework of the *Directive for Risk Management* and are continuously reviewed by the Finance & Audit Committee and established at least annually by the Board of Directors. The Club's investments are managed with the support of Mercer Global Investment through well diversified funds. All new funds must be approved by the Finance and Audit Committee.

The directive defines the following: responsibilities; benchmarks; rating and liquidity requirements on bond holdings; regulatory and liquidity requirements on equities; limitations regarding alternative investments and derivatives; cash counterparty limits; requirements on custodians; risk tolerance calculation methodology and risk limits; and, reporting and follow-up procedures and responsibilities.

The performance of the Club's investments is monitored continuously and summarised monthly. The market risk is calculated monthly by using a value at risk model with a time horizon of 12 months and confidence level of 99.5 %, i.e., 1-in-200 level. The result of the model along with the results from the regulatory stress tests are reported to the Finance & Audit Committee.

The Club´s exposure to changes in interest rates stems from funds of interest-bearing assets and from the Club's liabilities, i.e., the cash flow of future payments which are valued on a discounted basis using the actual yield curve for US government bonds. The structure of the portfolio is such that it matches the duration of the interest-bearing assets with the duration of the liabilities to the extent possible.

Spread risk refers to the risks that arise from changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure.

The investment portfolio has a composition intended to match the currency exposure of the insurance operations. Consequently, there are investments denominated in USD and EUR in amounts reflecting the calculated exposures to USD and EUR respectively regarding claim costs.

Concentration risk in the investment portfolio is captured by the look-through process applied in the regulatory solvency calculations by grouping the portfolio positions according to single name exposures.

The table below shows the distribution of the asset categories in Collective Investments Undertakings as per 31 December 2024.

Asset category	Current allocation
Equity	18 %
Fixed income	82 %

Investment funds where full look-through is not applied have been conservatively calculated as equity type 2 in the Solvency II market risk calculation.

The table below shows the development of the market risks compared to last year. The increase in the capital requirement for market risk was mainly driven by the increased size of the investment portfolio.

Amounts in million	2024 SEK	2023 SEK	2024 USD	2023 USD
Interest rate risk	93	66	9	7
Equity risk	497	345	45	35
Spread risk	244	229	22	23
Concentration risk	-	-	-	-
Currency risk	110	53	10	5
Diversification	-199	-132	-18	-14
Total market risk	**745**	**561**	**68**	**56**

The asset allocation mentioned above includes derivatives which may be used in the investment portfolio for the purpose of rearranging the exposures. Outside the investment portfolio currency contracts are used for the purpose of hedging SEK operating expenses, the value of these currency contracts is shown in the balance sheet as Derivatives.

C.3 Credit risk

The credit risk (also referred to as counterparty default risk) is defined as the risk of loss due to default of the Club's counterparties and debtors over the forthcoming twelve months. It includes risk-mitigating contracts, such as reinsurance arrangements and receivables from intermediaries and members.

The Club's exposure to counterparty default is dominated by the receivables from reinsurance contracts, including the risk mitigation effect of hypothetical catastrophe scenarios, due to the extensive reinsurance program described in section C.7.
Other exposures consist of receivables from members and received guarantees from other P&I Clubs, major insurance companies and banks.

Amounts in million	2024 SEK	2023 SEK	2024 USD	2023 USD
Counterparty default risk	174	138	16	14

C.4 Liquidity risk

Liquidity risk is the risk of loss arising from a situation where (1) there will not be enough cash to meet the needs of paying insurance claims on time, (2) sale of illiquid assets will yield less than their fair value, or (3) illiquid assets will not be sold at the desired time due to lack of buyers.

The Club seeks to ensure that a suitable level of liquid assets is held to cover all future liabilities as they fall due. There is little liquidity risk in the short term of the Club becoming short of cash funds since most of the assets in the investment portfolio can be converted to cash within a few days. In addition, the Club is not dependent on financing from capital markets. With the current setup, the capital requirement for liquidity risk is immaterial.

C.5 Operational risk

Operational risk is defined as the risk of loss or other adverse consequences on business outcomes resulting from failed or inadequate internal processes, systems, people, or external events. This definition includes legal and compliance risk but excludes strategic and business risks, which are managed separately.

The Club is exposed to several different types of operational risk. To assess these risks, the whole organization participates in annual self-assessment activities. The aim of these activities is to identify, measure and mitigate or eliminate these risks.

Operational risks are classified as Process, Human, System & Information security, External and Legal risks and include, as an example, risks that can arise in conjunction with a catastrophic scenario, such as an office fire, IT systems breakdown, a lengthy power failure, etc. The Club has an established contingency plan for such situations which is reviewed annually.

The Club also follow up and measure operational risk through the incident reporting system.

Amounts in million	2024 SEK	2023 SEK	2024 USD	2023 USD
Operational risk	145	121	13	12

C.6 Other material risks

C.6.1 Climate change risks

Climate change risk is affecting the Clubs operations but not to the extent that it is assessed to be material. Climate change risk is a significant component of environmental risk, which is in turn a part of sustainability risk. Climate change is caused by the accumulation of greenhouse gases in the atmosphere, primarily carbon dioxide from the burning of fossil fuels.

The consequences of climate change that might impact the Club's operations include more frequent and severe weather events, and rising sea levels. The associated risks to climate change may be categorized in physical risks, transitional risks, and other climate related risks. These apply as well to the asset side of the balance sheet, i.e., investment assets and reinsurance recoverables being affected, as to the liability side of the balance sheet.

Identified physical risks are increased frequency and severity of extreme weather events, such as hurricanes, cyclones, and typhoons, which could result in increased claims for hull and machinery contracts. Rising sea levels and increased flooding could result in damage to ports, ships, and other marine infrastructure, leading to increased claims for hull and machinery, business interruption and third-party liability, P&I, contracts. Physical climate risks are considered to have low materiality for the Club on short term. The materiality might increase over time and is thus monitored on an ongoing basis. A quantitative assessment of physical risks is partly already captured in the standard formula calculations for capital requirement, such as claims frequency in the underwriting risk, decrease of market values in market risk and change in ratings in the counterparty default risk. The base scenario assumptions are then stressed in various scenarios.

Physical risks can also increase premium risk going forward. As the Club’s insurance treaties are written on a one-year-basis insurance premiums can be adjusted annually to reflect the increasing risk.

As countries transition towards a low-carbon economy, demand for fossil fuel transportation could decrease, which could impact the company's business of insuring ships and related third party liability. Increased regulation around carbon emissions and other environmental factors could result in increased compliance costs for shipping companies, which could impact the company's P&I business. Transitional risks can lead to sudden economic shocks that require a quick response as opposed to physical risks, such as extreme weather and sea level rise which tend to develop over longer time horizons. These risks are also more difficult to assess but are still considered to have low materiality for the Club. The impact of transitional risks is assumed to be on the investment portfolio, i.e. rather on the asset side of the balance sheet than on the liabilities. Impact of changes on the investment portfolio are analysed in various stress tests.

Some other climate-related risks that could affect the Club's operations are reputational risk: If the company is seen as lagging its peers in addressing climate change risks, it could face reputational damage and potential loss of business; regulatory risk: Changes in regulation related to climate change could impact the Club's ability to operate, as well as its relationships with regulators.

C.6.2 Cyber risks

Concerning cyber risks, the Club has implemented a sophisticated system to secure its operations from both a technical perspective and a human perspective. We are doing our outermost to protect the organisations assets, systems, and our users from cyber-attacks.

These systems are constantly monitored with several warning systems in place. Incident response guidelines and disaster recovery plans are well defined and tested within reasonable intervals. Robust information security policies and processes are used to manage these risks, along with training and backup. Advanced security solutions are also used, such as firewalls and encryption. ICT risks in general are dealt with via redundancy in critical systems as well as regular testing of disaster recovery.

C.6.3 Geopolitical risks

Geopolitical risk has always been an important factor, and it is an increasingly significant factor, in the shipping industry influencing both the safety of maritime operations and the financial stability of insurance companies. Geopolitical risk encompasses risks rising from political instability, international conflicts, sanctions, trade restrictions, and shifts in global power dynamics. These factors can disrupt supply chains, lead to port closures, increase war risk exposure, and create volatility in global shipping markets.

Geopolitical risks affect several of the Club’s operations such as Underwriting, Claims handling and pricing, therefore we have a structured approach to handling geopolitical risks.

C.7 Any other information

C.7.1 Risk strategies and procedures

In this section the risk management strategies and procedures are described for each of the above-mentioned risk areas.

<u>Premium risk</u>

Effective management of underwriting risks is fundamental to the Club’s operations. Potential member’s vessels and management team are thoroughly reviewed prior to acceptance. Rating systems and premium models are used to ensure that correct premium levels are charged.

The Club maintains an internal model for pricing insurance risks. The model is also used for simulation of claims costs in the Club's internal capital model, ICM. This enables consistent treatment of underwriting risk based on the capital requirements at all levels, i.e. from the company level down to the underwriting of the individual risks.

The Club's comprehensive reinsurance programs are designed to optimize the economic performance of the Club given its risk appetite and to protect the Club from the impact of catastrophic events as well as an accumulation of claims. The Club re-assesses the effectiveness and appropriateness of its reinsurance structure once a year.

Reserve risk

Reserve risk is the uncertainty associated with the provision for unsettled claims and the provision for unearned premiums. When calculating the provision for unearned premiums, consideration is given to differences in risk exposures during the policy period.

Provisions for reported claims are based on individual assessments of the expected claim costs using the latest relevant information available. Provisions for unsettled claims must reflect the total liability, which includes claims handling costs, expected claims inflation and currency considerations. Issues arising from the claims assessment are discussed once a year within the Reserve Committee.

Incurred but not reported claims, IBNR, are calculated using adequate actuarial methods described in the Actuarial Directive. The uncertainty of the estimates at different levels of confidence are also calculated.

Run-off analyses are performed giving valuable information about possible over- or underestimation of the provisions.

Market risk

The company's investment activities are governed by the Prudent Person Principle (PPP), as outlined in Article 132 of the Solvency II Directive and further specified in Article 295 of the Delegated Regulation. This principle ensures that all investments are made with a focus on security, quality, liquidity, and profitability, in line with the company's risk profile and obligations toward policyholders and beneficiaries.

The Club's objective is to optimize its long-term investment returns within the limitations of prioritizing capital preservation to ensure that the Club's liabilities to policyholders and other stakeholders are protected.

To control risks, the Board of Directors has established an investment policy within the framework of the Directive for Risk Management which governs the Club's asset management.

Investment decisions are made by the Finance & Audit Committee – a committee under the Board of Directors – who also checks performance and risk of the investments to monitor adherence to internal risk limits and regulatory requirements. Investments are selected based on strict due diligence, with a focus on liquidity, the quality of fixed-income securities, and well-diversified equity exposure. Close collaboration with investment manager Mercer quality assures these processes.

Stress tests and scenario analyses are conducted regularly to evaluate potential adverse impacts on the portfolio. Also here, the Club consults with Mercer to access the in-depth expertise and economic scenario generator tools required. Mercer also delivers ESG-related screening of investments.

As of year-end, our investment portfolio consists of 62% investment-grade bonds, 18% equities, 10% real estate, and 10% alternative investments. The portfolio is diversified across different geographies and sectors to mitigate concentration. At all times, at least 80% of the equity holdings shall be owned through funds and convertible into cash within five business days.

The Club's primary objective is to maximize its long-term investment returns given its risk appetite for market risk and matching the characteristics of the assets with those of the liabilities.

The investment portfolio's currency mix and average duration plays thus an important role when matching the Club's assets and liabilities. The investment philosophy is based on risk diversification and investing primarily in assets with a high level of creditworthiness. To minimize and control risks, the Board of Directors has established an investment policy within the framework of the *Directive for Risk Management* which governs the Club's asset management.

<u>Counterparty default risk</u>

The way the different types of counterparty risks, mentioned in section C.3. above, are managed depending on their characteristics. For example, reinsurance counterparties are selected and managed by monitoring of their external rating development, while monitoring receivables related to members rely on internal evaluations of financial viability.

Common for all counterparties is that the Club needs to assess each counterparty's probability of default and monitor the exposure towards them at any time. Our aim is to minimize the exposures through timely calls for payments as soon as possible. The outstanding exposures are thoroughly monitored by designated Club personnel.

Counterparties' ratings are used as proxy for their probability of default. The Swedish Club rely on the ratings performed by the well-known rating institutions. However, an own assessment is also performed since the Club, together with the reinsurance brokers, is collecting relevant information in respect to the reinsurers throughout the year.

Minimum rating limits apply to the participating reinsurers, which means that no reinsurer may have a rating lower than A- (Standard & Poor's) or A3 (Moody's).

<u>Operational risk</u>

Operational risks might arise because of inadequate processes, human factors or ambiguous management practices. The Club has no risk appetite towards operational risk, other than for ICT risks. The Club has a history of adequate documentation of critical activities via its quality systems, an operational risk register, SCORR, and an incident register, SCIR. This helps ensure that many undesired operational events are avoided.

C.7.2 Risk transfer mechanism

The Club has had a consistent reinsurance strategy for many years which uses both excess of loss, stop loss and quota share techniques for its risk mitigation.

For Marine & Energy, the Club purchases its own protection. This is based on long-term relationships with some of the world's leading reinsurance companies. For P&I, the reinsurance is based on the cooperation within the International Group of P&I Clubs, where claim costs between USD 10 million and USD 100 million are shared (the Pooling Agreement). To supplement this, the Group purchases reinsurance protection up to USD 3,100 million (Excess reinsurance programme). The International Group's joint reinsurance company is Hydra Insurance Group Ltd (Bermuda). Hydra is owned by the Group's 12 members and is a so called protected cell company, which means that the assets and liabilities in each cell are legally separated from the other cells. Each of the 12 clubs owns one of the protected cells from which claims are paid and premiums received.

Hydra covers two reinsurance contracts for the clubs:

- 100 % of claims between USD 30 and 100 million.
- Maximum USD 107 million of claims cost between USD 100 and 750 million.

The Club's Hydra cell's share of Hydra is approximately 4 %. Further information about IG and its reinsurance scheme can be found at www.igpandi.org.

C.7.3 Stress testing and sensitivity analysis

In complement to the economic capital calculated by using the Clubs own internal capital model several adverse scenarios have been developed to assess the Club's expected net loss if these scenarios were to materialise. The tables in the following sections summarises the scenarios and their implications.

The results of the stress tests for underwriting risk are presented below, net of reinsurance.

#	Event type	Stress test scenario	1-Year Net Loss USD million
1.	High Severity Event	Single vessel catastrophic marine accident: High value vessel causing P&I overspill, and aggregation with Marine (incl. Hydra) *	26
2.		Two vessel collision, high value vessels, both entered for H&M and P&I with TSC (incl. Hydra) *	42
3.		Two vessels with Marine affected by natural disaster and becoming total losses*	18

4.		Energy total loss (MOU with TSC line above USD 10 million)	2
5.	Frequency Shift	20% higher frequency than expected	23
6.		TSC's pool lower share increases to 7%	4
7.		Total Loss Model HM/IV increased by 100%	19
8.	Claims Inflation	20% higher severity than expected	9
9.	Terror / War	Terror attack: Loss of 2 vessels with death/injuries	3
10.		Piracy: Attack on tanker	3

* It has been assumed that there are no previous losses from other claims counting towards the USD 8.5 million excess USD 1.5 million aggregate box cover in the year. Annual Aggregated Deductible (AAD) amounts to USD 33 million.

The following stress tests regarding the market risk have been modelled as isolated stresses, whilst the scenarios are intended to reflect the potential impact on the total portfolio under a range of forward-looking economic conditions.

Investment Grade (IG) and High Yield (HY) corporate bond shocks are modelled independently in stresses 4. and 5/6., enabling a more granular review and comparison of those areas driving risk.

Negative loss expectations represent real gains in portfolio asset values.

While the stress test 1-7 have been used in previous SFCR reports, and their descriptions are self-explanatory, the stress tests 8-12 represent the following economic outcomes:

- 8. Stagflation: Rising debt levels, supply shortages, a commodity shock and/or geopolitical event and central banks allow inflation to rise above targets for sustained periods, and bond vigilantes drive rates higher. Economic growth remains considerably below long-term consensus for the foreseeable future. Central banks are reluctant to curb inflation due to high unemployment.

- 9. Regional spillover crisis/Major conflict: Financial markets enter a period of tumult as a result of economic imbalances or regional tensions such as war, resulting in poor economic growth, currency devaluation, elevated inflation as supply chains gets disrupted and depressed equity valuations, with flight to quality from emerging markets. There is a spillover effect on developed markets and economies. Equity valuations decline whilst fixed income provides little cushion given the inflationary environment. Gold takes over the safe haven function.

- 10. Return to stimulus: Economic data continues to confirm the trend of falling inflation in developed countries, even if it has remained stubborn in the US: Economic growth also remains resilient. Major developed market central banks have communicated that they are at the end of this tightening cycle. According to this scenario, growth returns to long-term consensus equilibrium as central banks pivot back to stimulus, which primes the economy. In the long run, governments reduce high debt burdens via inflation.

- 11. Hard landing: Engineering a soft landing is hard and has seldom been achieved. More systematic shocks like the ones seen in US regional banking throughout 2023 may be ahead as higher rates still get digested. Given the country's economic strength, the US fiscal deficit is abnormally high, which puts further pressure on rates. Political polarisation is high in many countries, and in 2024, election will be held in countries representing almost half of the global GSP. Rising nationalism and geopolitical risk can expand as stakes are raised (Russia, China, North Korea, Middle East). According to this scenario the global economy descends into a hard recession caused by either fiscal or monetary tightening cycles or exogenous shocks. In the long run, there will be a sluggish recovery in the economy and risky assets.

- 12. Overheat: Following the sharp increase in rates in 2024 Q1, we have moved away from our assumed long-term equilibrium rates, which has made fixed income more attractive again; however, a key risk to this narrative is a resurgence in inflation as the economy remains resilient. Inflation has been stubborn lately and could rebound, forcing central banks to keep rates higher for longer or even pivot toward tighter monetary policy in 2024. According to this scenario, inflation stays higher for longer than expected, leading to a peak in short-dated rates in the short term. In the long run, growth returns to trend as inflation is finally reined in and rates are reduced.

#	Stresses and scenarios	1-Year Portfolio Loss USD million
1.	Global equities decline (1-in-200 VaR)	32
2.	2.0% parallel shift in yield curves	16
	Applied on the Matching[1] portfolio	*16*
	Applied on the Growth[2] portfolio	*0.3*
3.	10% appreciation of USD in relation to other currencies	5
4.	10% of IG corporate bonds and 5% of government bonds below BBB- default with assumed 70% LGD, plus a 2% spread increase	14
5.	10% of HY corporate bonds + 10% Private Market Debt default with assumed 70% LGD	4
6.	5% increase in HY spreads	11
7.	1% loss across active mandates	2
8.	'Stagflation'	14
9.	'Regional spillover crisis/Major conflict'	23
10.	'Return to stimulus'	-43
11.	'Hard landing'	-11
12.	'Overheat'	11

1. The Matching portfolio consists of assets covering the technical provisions.
2. The Growth portfolio consists of the remaining portfolio that complements the Matching portfolio.

The following table shows the stress tests for the credit risk and the operational risk.

#	Stress test scenario	1-Year Loss USD million
1.	10% of outstanding reinsurance defaults (one or more reinsurers, representing 10% of reinsurance recoverables default)	15
2.	10% of members and clients default (A severe shipping downturn causes 10% of members/clients to default)	1
3.	Significant corporate or operational risk event(s) (1-in-200)	14
4.	Geopolitical scenario ‘Attack on ships in the Red Sea’	-

The result of the stress testing and sensitivity analysis show that the Club is most sensitive to large fall in the equity market and large clash claims effecting several insurance policies.

The geopolitical scenario ‘Attack on ships in the Red Sea’ is analysed qualitatively, and no quantitative assessment has been made. Such an attack could possibly involve drones or small boats, targeting vessels traveling through strategic shipping lanes resulting in immediate casualties and damage lead to temporary closures of major ports in the region. Closure of ports force vessel to reroute or remain in port which can lead to delays in deliveries, increased operational costs and potential contractual penalties for missed schedules.

D. Valuation for solvency purposes

D.1 Assets

Amounts in million	SEK		USD	
	Swedish GAAP	**Solvency II**	**Swedish GAAP**	**Solvency II**
Investment assets	5,481	5,481	498	498
Reinsurance recoverables	1,439	1,284	131	117
Receivables	911	911	83	83
Other assets	769	669	70	61
Total assets	**8,600**	**8,346**	**782**	**759**

The Club's investments are for Solvency II purposes valued at market value with the same principles used in the statutory accounts.

The reinsurance recoverables have, for solvency purposes, been discounted with the risk-free yield curve for US dollars given by EIOPA.

The difference in other assets is explained by deferred acquisition costs which are netted in the technical provisions for Solvency II but disclosed under deferred acquisition costs in the statutory accounts.

D.2 Technical provisions

D.2.1 Methodology of calculating the technical provision for Solvency II purposes

Technical provisions are calculated as the sum of a best estimate and a risk margin. The best estimate is the probability weighted average of future cash flows discounted with relevant term structures, published by EIOPA. The cash flows are estimated using well established actuarial projection methods, based on historical claims and exposure data, and applied expert judgement.

The best estimate is calculated separately for each of the following homogenous risk groups, gross and net of reinsurance recoverables adjusted for counterparty risk:

- Marine: Hull & Machinery and Energy
- FD&D: Freight, Demurrage & Defence
- P&I: Protection & Indemnity
- Pool claims

These risk groups have similar risk characteristics in terms of underwriting policy, claims settlement patterns, risk profile, product features, and expense structure and are large enough to ensure robust statistical analysis for each group using accurate, complete and appropriate data. The best estimate of the premium provisions and the best estimate of the claims provisions are calculated separately for each homogeneous risk group and aggregated by assuming no dependence structure between.

The risk margin is calculated for the portfolio as a whole, based on the discounted solvency capital requirement for all future run-off years for underwriting, reinsurance counterparty and operational risks - whereas market risk is assumed to be nil - multiplied by the cost of capital level given by the regulator.

The calculation of the technical provision is coordinated by the actuarial function and validated on a quarterly basis.

D.2.2 Reconciliation between the technical provisions presented in the statutory accounts and the technical provisions calculated on Solvency II basis

The tables below show the amounts of provision booked in the statutory accounts and the provisions calculated for solvency purposes along with the differences between these.

Amounts in SEK million	Swedish GAAP	Solvency II	Difference
Gross			
Premium provision	640	583	-57
Claims provision	4,990	4,235	-754
Risk margin	-	225	225
Total	**5,630**	**5,043**	**-587**
Reinsurer's share			
Premium provision	58	52	-6
Claims provision	1,381	1,233	-148
Counterparty default adjustment	-	-1	-1
Total	**1,439**	**1,284**	**-155**
Net technical provisions	**4,190**	**3,758**	**-432**

Amounts in USD million	Swedish GAAP	Solvency II	Difference
Gross			
Premium provision	58	53	-5
Claims provision	454	385	-69
Risk margin	-	20	20
Total	**512**	**458**	**-53**
Reinsurer's share			
Premium provision	5	5	-1
Claims provision	126	112	-13
Counterparty default adjustment	-	0	0
Total	**131**	**117**	**-14**
Net technical provisions	**381**	**342**	**-39**

The difference between the provisions, net of reinsurance, calculated on Solvency II basis and that booked in the statutory accounts amounts to USD 39 million i.e., the provision according to Solvency II is lower than that shown in the statutory accounts.

There are five possible sources for the differences between the two regimes and these are:

1. Different valuation principles for calculating the premium provisions: The notion of unearned premiums doesn't exist in the solvency valuation. Instead, the premium provision described above is used. The effect of the different valuation principles used amounts to nil. This is because the combined ratio assumed in the solvency II calculation of the premium provision is 100 % and thus the undiscounted premium provision equals the unearned premium reserve in the statutory accounts.
2. Prudence margin: In the statutory accounts it is allowed to use a prudence margin in contrast to the solvency calculations where such a margin is not allowed. This effect amounts to USD 24 million.
3. Discounting effect: The cash flows from the technical provisions calculated for solvency purposes are discounted with the risk-free yield curve for US dollars while the technical provisions shown in the statutory accounts are undiscounted. The discounting effect amounts to USD 39 million.
4. Counterparty default adjustment: Receivables from counterparties need to be adjusted for counterparty default. These effects both the reinsurer's share of premium provisions and the reinsurer's share of claim provisions. The effect of the adjustment amounts to USD 0.4 million. Due to this very low amount a zero value is shown in the tables below.
5. Risk margin: There is no risk margin in the statutory accounts while the risk margin is part of the technical provisions calculated on solvency basis. The risk margin amounts to USD 20 million.

The differences between the provisions, net of reinsurance, calculated on Solvency II basis and that disclosed in the statutory accounts are grouped and summarised according to the source of differences in the table below:

Amounts in million	**Difference SEK**	**Difference USD**
Premium provisions	-	-
Prudence margin net claim provisions	-264	-24
Discounting of technical provisions	-392	-36
Counterparty default adjustment	-1	0
Risk margin	225	20
Total	**-432**	**-39**

The largest difference between the technical provisions accounted for in the statutory statement is the discounting effect.

D.2.3 Uncertainty associated with the value of technical provisions

Since the technical provisions are estimated based on historical outcomes of claims development, there are uncertainties associated with these estimates. These uncertainties are estimated using so called bootstrapping methods which captures both process error (random variations) and parameter error (variations due to the uncertainty around the parameters used in the model). The results of these calculations show that the probability of the technical provision disclosed in the statutory accounts to be insufficient for the total payments for all claims incurred at the balance date on ultimo basis, i.e., for the whole run-off period. The main source of uncertainty in the technical provisions stems from low frequency, high severity type of claims with multi-year run-off periods.

D.3 Other liabilities

Amounts in million	SEK		USD	
	Swedish GAAP	**Solvency II**	**Swedish GAAP**	**Solvency II**
Pension benefit obligations	2	2	0	0
Deferred tax	115	183	10	17
Insurance & Intermediaries payables	193	193	18	18
Reinsurance payables	202	202	18	18
Payables (trade, not insurance)	8	8	0	0
Any other liabilities, not elsewhere shown	150	150	14	14
Total	**670**	**739**	**61**	**67**

The liabilities described above are all valued using the same valuation bases, methods, and main assumptions for solvency purposes as in the statutory accounts. There are no material changes over the reporting period regarding these principles.

In the statutory annual accounts, the Club recognised a net deferred tax liability (DTL) position of SEK 114 million. As an effect of Solvency II valuation adjustments, the net DTL recognised in the Solvency II balance sheet is SEK 183 million.

The revaluated items are specified in the table below with a tax rate of 20.6 % applied.

Amounts in million	**SEK**	**USD**
Statutory DTL	114.6	10,4
Elimination of intangible assets	-6.5	-0,6
Elimination of deferred acquisition cost	-14.0	-1.3
Recalculation of net technical provisions	89.0	8.1
Solvency II DTL	**183.2**	**16.6**

D.4 Alternative methods for valuation

The Club does not use alternative methods for valuation.

D.5 Any other information

No other material information is applicable.

E. Capital management

E.1 Own funds

The Club's objective is to maintain a solvency level that is within the limits defined in the Club's *Directive for Risk Management*. An additional objective is to achieve a combination of a capital position and a risk profile that is at least in line with meeting the requirements of a stable A rating from Standard & Poor's.

The directive sets out the Club's overall risk appetite, its quantitative tolerance levels, defines tolerance limits for each relevant and material category of risk and states the desired level of capitalization of the Club as a function of its own risk tolerance and business plans.

Core risks, i.e., insurance risks and market risks are monitored periodically. The time horizon of the business planning is 3 years, however, in the ORSA process a 5-year projection is used.

The Club has maintained sufficient capital to meet its capital requirements throughout the period covered by this report.

Finansinspektionen has approved an application from the Club to use a method for determining ancillary own funds as tier 2 capital. The method is approved until 31 December 2028 and will after this date require a new approval. The maximum amount allowed can never exceed 50 % of the SCR.

The tier 2 ancillary own funds represent the ability for the Club to make an additional call for premiums. However, the probability for this to materialize is low.

The eligible amount of own funds, tier 1, and tier 2 capital, to cover the Solvency Capital Requirement is SEK 3,462 (2,711) million. The eligible amount of own funds to cover the Minimum Capital Requirement is SEK 2,533 (1,920) million and is comprised entirely of Tier 1 Basic Own Funds.

The following table explains the differences between the statutory accounts and the excess of assets over liabilities as calculated for solvency purposes.

Amounts in million	**SEK**	**USD**
Statutory equity and untaxed reserves	2,383	217
Prudence margin - net technical provision	264	24
Discounting effect - net technical provision	393	36
Risk margin - net technical provision	-225	-20
Intangible assets	-32	-3
Deferred acquisition cost	-68	-6
Deferred tax	-183	-17
Solvency II excess of assets over liabilities	**2,533**	**230**

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The table below shows the risk modules of the SCR calculation using the Standard Formula.

Amounts in million	SEK 2024	SEK 2023	USD 2024	USD 2023
Market risk	745	561	68	56
Counterparty default risk	174	138	16	14
Non-life underwriting risk	1,466	1,259	133	126
Diversification between risk modules	-488	-382	-44	-38
Operational risk	145	121	13	12
Loss-absorbing capacity of deferred taxes	-183	-116	-17	-12
Total SCR	**1,859**	**1,581**	**169**	**158**

The Club uses EIOPA's Solvency II Standard Formula. Simplified calculations for the standard formula computation or Undertaking Specific Parameters (USP) are not used.

The amount of the Club's MCR at the end of the reporting period was SEK 648 million, corresponding to USD 62 million.

The inputs used to calculate the MCR are the best estimate net of reinsurance and the written premiums net of reinsurance in the last 12 months.

	2024	2023
Ratio of Basic own funds to SCR	1.36	1.21
Ratio of Eligible own funds to SCR	1.86	1.71
Ratio of Basic own funds to MCR	3.91	3.29

Since the Club's dominating currency, both in terms of premium and claim payments, is USD, the risk calculations in SEK between quarters can be heavily influenced by currency effects to a larger extent than if the calculations were carried out in USD. However, irrespective of reporting currency the solvency ratios are always the same due to the currency effects in the own funds.

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

Not applicable to the Club.

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

No internal or partial internal model is used to calculate the Regulatory Capital Requirement.

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

As the Club has not faced any form of non-compliance with the MCR, or non-compliance with the SCR during the reporting period, or at the reporting date, no further information is included here.

E.6 Any other information

The directors do not consider that there is any further material information for the reporting period which should be disclosed regarding the capital management of the Club.

Appendix

Appendix I – Branch information

Norway branch

The Norway branch is operating under Freedom of Establishment according to the European Economic Community (EEC) treaty.

The risk profile of *The Swedish Club Norway* branch is in general the same as described in section C of -this report. Gross written premiums 2024 amounted to USD 22.5 million and net claims outstanding as of 31 December 2024 amounted to USD 7.7 million. The Norway branch fronts all the Club's Energy business which include property insurance for Mobile Offshore Units (MOU) and Floating Production Storage and Offloading units (FPSO), for risk mitigation the Energy business use quota share reinsurance. The Norway branch acts as a centre of excellence for marine insurance related to Energy and Builders' Risk insurance.

The branch is covered by the overall reinsurance contracts signed by the Club. The Club's comprehensive reinsurance arrangements reduce the fluctuations in the claims results net of reinsurance and helps protect the Club from incurring losses that are associated with very large claims, including the aggregation of losses from multiple insured interests.

The Club's branch office activity in Norway is supervised by the Norwegian supervisory authority (Finanstillsynet). Contact details to Finanstillsynet can be obtained from its website: www.finanstillsynet.no.

The Norwegian branch external appointed auditor is PwC Oslo, Dronning Eufernias gate 8, 0191 Oslo, Norway.

Singapore branch

The Singapore Branch offers full service to members in Singapore and other Asian markets, including India, Japan and Thailand. The risk profile of *The Swedish Club Singapore* branch is in general the same as described in section C of this report. Gross written premiums for 2024 amounted to USD 29.9 million and net claims outstanding as of 31 December 2024 amounted to USD 29.6 million.

The branch is covered by the overall reinsurance contracts signed by the Club. The Club's comprehensive reinsurance arrangements reduce the fluctuations in the claims results net of reinsurance and helps protect the Club from incurring losses that are associated with very large claims, including the aggregation of losses from multiple insured interests.

The Club's branch office activity in Singapore is supervised by the Singapore supervisory authority (MAS). Contact details to MAS can be obtained from its website: https://www.mas.gov.sg/regulation.

The Singapore branch external appointed auditor is PwC Singapore, 7 Straits View, Marina One, East Tower, Level 12, Singapore 018936.

UK branch

The risk profile of *The Swedish Club UK* is in general the same as described in section C of this report.

Gross written premiums 2024 amounted to USD 4.8 million and net claims outstanding as of 31 December 2024 amounted to USD 1.6 million.

The branch is covered by the overall reinsurance contracts signed by the Club. The Club's comprehensive reinsurance arrangements reduce the fluctuations in the claims results net of reinsurance and helps protect the Club from incurring losses that are associated with very large claims, including the aggregation of losses from multiple insured interests.

The Club's branch office activity in the UK is supervised by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA). Contact details to the supervisory authorities can be obtained from its website: www.bankofengland.co.uk/contact and www.fca.org.uk/contact.

Hong Kong branch

The insurance licence for *Sveriges Ångfartygs Assurans Förening* Hong Kong branch was issued by the Insurance Authority in Hong Kong in February 2025.

The Hong Kong branch is supervised by the Insurance Authority (IA).

During 2024 no insurance contracts have been issued through the branch in Hong Kong.

Appendix II – Quantitative reporting templates

All monetary amounts in this appendix are in SEK thousands (regulatory reporting currency).

Disclosed templates for the Solvency and Financial Condition Report in accordance with Directive 2009/138/EC:

S.02.01.02	Specifying balance sheet information using the valuation in accordance with Article 75 of Directive 2009/138/EC,
S.05.01.02	Specifying information on premiums, claims and expenses using the valuation and recognition principles used in the financial statements
S.05.02.01	Specifying information on premiums, claims and expenses by country.
S.17.01.02	Specifying information on non-life technical provisions
S.19.01.21	Specifying information on non-life insurance claims in the format of development triangles. The amounts have been converted from USD to SEK as of the reporting date.
S.23.01.01	Specifying information on own funds, including basic own funds and ancillary own funds
S.25.01.21	Specifying information on the Solvency Capital Requirement calculated using the standard formula
S.28.01.01	Specifying the Minimum Capital Requirement for insurance and reinsurance undertakings engaged in only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	16 149
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	5 481 216
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	
Bonds	**R0130**	
Government Bonds	**R0140**	
Corporate Bonds	**R0150**	
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	5 481 216
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	
Reinsurance recoverables from:	**R0270**	1 284 188
Non-life and health similar to non-life	**R0280**	1 284 188
Non-life excluding health	**R0290**	1 284 188
Health similar to non-life	**R0300**	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	901 804
Reinsurance receivables	**R0370**	9 121
Receivables (trade, not insurance)	**R0380**	38
Own shares (held directly)	**R0390**	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	
Cash and cash equivalents	**R0410**	461 914
Any other assets, not elsewhere shown	**R0420**	191 193
Total assets	**R0500**	8 345 622

S.02.01.02

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	5 042 580
Technical provisions – non-life (excluding health)	**R0520**	5 042 580
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	4 818 020
Risk margin	**R0550**	224 560
Technical provisions - health (similar to non-life)	**R0560**	
TP calculated as a whole	**R0570**	
Best Estimate	**R0580**	
Risk margin	**R0590**	
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	
Technical provisions - health (similar to life)	**R0610**	
TP calculated as a whole	**R0620**	
Best Estimate	**R0630**	
Risk margin	**R0640**	
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	
TP calculated as a whole	**R0660**	
Best Estimate	**R0670**	
Risk margin	**R0680**	
Technical provisions – index-linked and unit-linked	**R0690**	
TP calculated as a whole	**R0700**	
Best Estimate	**R0710**	
Risk margin	**R0720**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	
Pension benefit obligations	**R0760**	2 085
Deposits from reinsurers	**R0770**	
Deferred tax liabilities	**R0780**	183 176
Derivatives	**R0790**	31 333
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	193 175
Reinsurance payables	**R0830**	202 407
Payables (trade, not insurance)	**R0840**	7 651
Subordinated liabilities	**R0850**	
Subordinated liabilities not in basic own funds	**R0860**	
Subordinated liabilities in basic own funds	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	150 464
Total liabilities	**R0900**	5 812 871
Excess of assets over liabilities	**R1000**	2 532 751

S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of Business for:				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	Total
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct Business	**R0110**						2 601 268											2 601 268
Gross - Proportional reinsurance accepted	**R0120**						11 997											11 997
Gross - Non-proportional reinsurance accepted	**R0130**																	
Reinsurers' share	**R0140**						628 734											628 734
Net	**R0200**						1 984 532											1 984 532
Premiums earned																		
Gross - Direct Business	**R0210**						2 658 268											2 658 268
Gross - Proportional reinsurance accepted	**R0220**						12 143											12 143
Gross - Non-proportional reinsurance accepted	**R0230**																	
Reinsurers' share	**R0240**						638 237											638 237
Net	**R0300**						2 032 175											2 032 175
Claims incurred																		
Gross - Direct Business	**R0310**						1 833 122											1 833 122
Gross - Proportional reinsurance accepted	**R0320**						9 613											9 613
Gross - Non-proportional reinsurance accepted	**R0330**																	
Reinsurers' share	**R0340**						295 223											295 223
Net	**R0400**						1 547 511											1 547 511
Changes in other technical provisions																		
Gross - Direct Business	**R0410**						139 981											139 981
Gross - Proportional reinsurance accepted	**R0420**																	
Gross - Non- proportional reinsurance accepted	**R0430**																	
Reinsurers' share	**R0440**																	
Net	**R0500**						139 981											139 981
Expenses incurred	**R0550**						572 628											572 628
Other expenses	**R1200**																	
Total expenses	**R1300**																	572 628

S.05.02.01

Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		CN	DE	GR	HK	SG	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	119 980	396 824	196 535	747 061	129 334	319 605	1 909 338
Gross - Proportional reinsurance accepted	R0120		11 997					11 997
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140	28 884	95 132	47 084	180 558	30 981	74 703	457 342
Net	R0200	91 096	313 689	149 451	566 502	98 354	244 902	1 463 994
Premiums earned								
Gross - Direct Business	R0210	123 969	410 189	203 169	771 536	133 701	324 877	1 967 440
Gross - Proportional reinsurance accepted	R0220		12 143					12 143
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240	29 401	96 863	47 942	183 743	31 546	75 559	465 054
Net	R0300	94 568	325 469	155 226	587 793	102 155	249 318	1 514 530
Claims incurred								
Gross - Direct Business	R0310	27 083	516 183	-6 312	425 443	119 334	60 036	1 141 766
Gross - Proportional reinsurance accepted	R0320		9 613					9 613
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340	4 431	84 541	-1 095	70 562	19 545	-6 314	171 669
Net	R0400	22 652	441 255	-5 217	354 880	99 789	66 350	979 710
Changes in other technical provisions								
Gross - Direct Business	R0410	2 455	46 758	-556	38 307	10 810	-11 073	86 701
Gross - Proportional reinsurance accepted	R0420							
Gross - Non- proportional reinsurance accepted	R0430							
Reinsurers' share	R0440							
Net	R0500	2 455	46 758	-556	38 307	10 810	-11 073	86 701
Expenses incurred	R0550	19 349	93 397	27 916	139 597	39 977	65 557	385 793
Other expenses	R1200							
Total expenses	R1300							385 793

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Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	**Income protection insurance**	**Workers' compensation insurance**	**Motor vehicle liability insurance**	**Other motor insurance**	**Marine, aviation and transport insurance**	**Fire and other damage to property insurance**	**General liability insurance**	**Credit and suretyship insurance**	**Legal expenses insurance**	**Assistance**	**Miscellaneous financial loss**	**Non-proportional health reinsurance**	**Non-proportional casualty reinsurance**	**Non-proportional marine, aviation and transport reinsurance**	**Non-proportional property reinsurance**	**Total Non-Life obligation**
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**
Technical provisions calculated as a whole	**R0010**																	
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0050**																	
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross - Total	**R0060**						582 675											582 675
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**						52 080											52 080
Net Best Estimate of Premium Provisions	**R0150**						530 595											530 595
Claims provisions																		
Gross - Total	**R0160**						4 235 345											4 235 345
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**						1 232 108											1 232 108
Net Best Estimate of Claims Provisions	**R0250**						3 003 237											3 003 237
Total Best estimate - gross	**R0260**						4 818 020											4 818 020
Total Best estimate - net	**R0270**						3 533 832											3 533 832
Risk margin	**R0280**						224 560											224 560
Amount of the transitional on Technical Provisions																		
TP as a whole	**R0290**																	
Best estimate	**R0300**																	
Risk margin	**R0310**																	
Technical provisions - total																		
Technical provisions - total	**R0320**						5 042 580											5 042 580
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**						1 284 188											1 284 188
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	**R0340**						3 758 392											3 758 392

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Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0010	Accident year

Gross Claims Paid (non-cumulative)

(absolute amount)

		Development year													
	Year	0	1	2	3	4	5	6	7	8	9	10 & +		In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											-272 483	R0100	-272 483	-272 483
N-9	R0160	627 054	551 681	157 077	79 588	24 133	14 353	33 469	7 810	8 656	1 813		R0160	1 813	1 505 633
N-8	R0170	502 796	314 764	171 706	175 602	97 604	-48 101	14 926	340	11 437			R0170	11 437	1 241 074
N-7	R0180	402 580	442 573	125 023	84 011	78 147	51 461	66 008	44 555				R0180	44 555	1 294 358
N-6	R0190	373 157	332 886	145 120	116 633	24 631	27 800	38 017					R0190	38 017	1 058 244
N-5	R0200	352 491	439 252	139 904	138 676	37 181	117 192						R0200	117 192	1 224 695
N-4	R0210	447 594	440 812	133 322	102 540	155 318							R0210	155 318	1 279 587
N-3	R0220	729 268	1 020 193	1 859 288	141 039								R0220	141 039	3 749 788
N-2	R0230	339 668	486 655	270 158									R0230	270 158	1 096 480
N-1	R0240	278 183	425 204										R0240	425 204	703 387
N	R0250	342 545											R0250	342 545	342 545
												Total	R0260	1 274 795	23 925 958

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

		Development year												
	Year	0	1	2	3	4	5	6	7	8	9	10 & +		Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100											65 946	R0100	59 099
N-9	R0160		622 983	384 912	200 634	85 788	85 241	39 828	86 083	35 538	10 939		R0160	9 803
N-8	R0170	808 717	447 161	318 491	144 150	84 844	48 192	130 001	15 966	5 302			R0170	4 751
N-7	R0180	1 065 534	454 532	247 245	186 766	124 811	102 425	17 232	-5 988				R0180	-5 366
N-6	R0190	848 485	424 326	346 660	242 087	175 116	82 874	72 411					R0190	64 893
N-5	R0200	1 128 357	648 206	494 766	324 975	320 605	223 449						R0200	200 249
N-4	R0210	1 192 579	667 444	420 474	330 510	132 707							R0210	118 928
N-3	R0220	1 719 009	1 395 168	519 296	330 288								R0220	295 995
N-2	R0230	1 126 310	1 067 727	765 938									R0230	686 414
N-1	R0240	1 685 947	1 073 841										R0240	962 348
N	R0250	1 947 823											R0250	1 745 587
												Total	R0260	4 142 701

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Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	**R0010**					
Share premium account related to ordinary share capital	**R0030**					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**					
Subordinated mutual member accounts	**R0050**					
Surplus funds	**R0070**					
Preference shares	**R0090**					
Share premium account related to preference shares	**R0110**					
Reconciliation reserve	**R0130**	2 532 751	2 532 751			
Subordinated liabilities	**R0140**					
An amount equal to the value of net deferred tax assets	**R0160**					
Other own fund items approved by the supervisory authority as basic own funds not specified above	**R0180**					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**					
Deductions						
Deductions for participations in financial and credit institutions	**R0230**					
Total basic own funds after deductions	**R0290**	2 532 751	2 532 751			
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**					
Unpaid and uncalled preference shares callable on demand	**R0320**					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**	929 433			929 433	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**					
Other ancillary own funds	**R0390**					

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	**R0400**	929 433			929 433	
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	3 462 185	3 462 185		929 433	
Total available own funds to meet the MCR	**R0510**	2 532 751	2 532 751			
Total eligible own funds to meet the SCR	**R0540**	3 462 185	3 462 185		929 433	
Total eligible own funds to meet the MCR	**R0550**	2 532 751	2 532 751			
SCR	**R0580**	1 858 867				
MCR	**R0600**	647 773				
Ratio of Eligible own funds to SCR	**R0620**	1,86				
Ratio of Eligible own funds to MCR	**R0640**	3,91				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	2 532 751	
Own shares (held directly and indirectly)	**R0710**		
Foreseeable dividends, distributions and charges	**R0720**		
Other basic own fund items	**R0730**		
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**		
Reconciliation reserve	**R0760**	2 532 751	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	**R0770**		
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**		
Total Expected profits included in future premiums (EPIFP)	**R0790**		

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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	745 480		
Counterparty default risk	R0020	173 608		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	1 465 948		
Diversification	R0060	-487 534		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	1 897 502		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	144 541
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	-183 176
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement excluding capital add-on	R0200	1 858 867
Capital add-on already set	R0210	
Solvency capital requirement	R0220	1 858 867
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

Approach to tax rate

		Yes/No
		C0109
Approach based on average tax rate	R0590	1

Calculation of loss absorbing capacity of deferred taxes

		LAC DT
		C0130
LAC DT	R0640	-183 176
LAC DT justified by reversion of deferred tax liabilities	R0650	-183 176
LAC DT justified by reference to probable future taxable profit	R0660	
LAC DT justified by carry back, current year	R0670	
LAC DT justified by carry back, future years	R0680	
Maximum LAC DT	R0690	-183 176

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Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	R0010	582 934

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070	3 533 832	2 027 059
Fire and other damage to property insurance and proportional reinsurance	R0080		
General liability insurance and proportional reinsurance	R0090		
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130		
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210		
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230		
Other life (re)insurance and health (re)insurance obligations	R0240		
Total capital at risk for all life (re)insurance obligations	R0250		

Overall MCR calculation

		C0070
Linear MCR	R0300	647 773
SCR	R0310	1 858 867
MCR cap	R0320	836 490
MCR floor	R0330	464 717
Combined MCR	R0340	647 773
Absolute floor of the MCR	R0350	46 523
		C0070
Minimum Capital Requirement	R0400	647 773