



Financial Condition Report

For the year ended December 31, 2021

PartnerRe

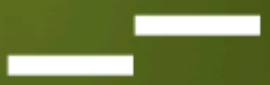


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1. SUMMARY

PartnerRe Ltd. (the Company or PartnerRe) and its subsidiaries (collectively, the Group) is a leading global reinsurer, with a broadly diversified and balanced portfolio of traditional reinsurance risks and capital markets risks. The Group has three segments: Property & Casualty (P&C), Specialty and Life & Health. The Group's long-term objective is to provide capacity to clients and manage a portfolio of diversified risks that will create shareholder value. Established in 1993, the Group has offices located worldwide, including Bermuda, Canada, France, Ireland, Singapore, Switzerland, the United Kingdom and the United States of America. Refer to Appendix I for the Group Structure Chart.

PartnerRe, the Group's holding company, is an exempted company limited by shares and is incorporated and existing under the laws of Bermuda. As at May 19, 2022, EXOR Nederland N.V. (Majority Common Shareholder) owned over 99% of the Company's common shares, with less than 1% owned by certain executives and directors of the Company. The ultimate parent company is EXOR N.V. (Exor), a Dutch public limited liability company which is listed on the Milan stock exchange. During 2021, the Company also had preferred shares listed and traded on the New York Stock Exchange (NYSE) under the symbols PRE-G, PRE-H and PRE-I, which were redeemed in May 2021. In March 2021, the Company issued \$200 million 4.875% non-cumulative redeemable Series J preferred shares (Series J Preferred Shares). The Series J Preferred Shares began trading on March 19, 2021 and are listed on the NYSE under the symbol PRE-J.

On December 16, 2021, Exor announced that it had signed a definitive agreement with Covéa Cooperations S.A. (Covéa), under which Covéa will acquire PartnerRe's common shares. Preferred shares issued by PartnerRe will not be included in the proposed transaction, and consummation of this transaction is expected in mid-2022 and is subject to customary closing conditions, including antitrust, regulatory and other approvals.

This FCR is prepared in accordance with the Insurance (Public Disclosure) Rules 2015 and Insurance (Group Supervision) Rules 2011. This FCR documents the measures governing the business operations, corporate governance framework, solvency and consolidated financial results of the Group for the year ended December 31, 2021 and for each of Partner Reinsurance Company Ltd. and PRE Life Bermuda Re Ltd. (collectively, BMA Licensed Subsidiaries). This FCR is prepared to provide information to enable an informed assessment on how the Group and the BMA Licensed Subsidiaries' respective business is run in a prudent manner.

The Group uses the standard Bermuda Solvency Capital Requirement (BSCR) model, rather than an approved internal capital model, to assess the Enhanced Capital Requirement (ECR) or required statutory capital and surplus. The BSCR model is a risk-based capital model which provides a method for determining an insurer's and insurance group's capital requirements (statutory capital and surplus) by taking into account the risk characteristics of different aspects of an insurer's or insurance group's business. The Group and the BMA Licensed Subsidiaries are transitioning to a revised BSCR standard formula, and all year-end 2021 required capital numbers reflect the impact of the transition.

This FCR is based primarily on the Economic Balance Sheets (EBS) of the Group and the BMA Licensed Subsidiaries as at December 31, 2021. In addition, certain sections include information based on either the Group's or BMA Licensed Subsidiaries December 31, 2021 Consolidated Financial Statements, which have been prepared and audited in accordance with United States Generally Accepted Accounting Principles (U.S. GAAP).

Group and Insurance Supervisor

Bermuda Monetary Authority
BMA House
43 Victoria Street, Hamilton HM 12
Hamilton HM 12
Bermuda

Approved Auditor (Group and BMA Licensed Subsidiaries)

Ernst & Young
3 Bermudiana Road
Hamilton HM 08
Bermuda

2. BUSINESS AND PERFORMANCE

2.1 BUSINESS

The Group provides reinsurance on a worldwide basis through its principal wholly-owned subsidiaries, including Partner Reinsurance Company Ltd. (PartnerRe Bermuda), Partner Reinsurance Europe SE (PartnerRe Europe), Partner Reinsurance Company of the U.S. (PartnerRe U.S.) and Partner Reinsurance Asia Pte. Ltd. (PartnerRe Asia). Non-life risks reinsured include agriculture, aviation/space, casualty, catastrophe, energy, engineering, financial risks, marine, motor, multiline, property and U.S. health. Life and health risks include mortality, morbidity and longevity. Reinsurance of alternative risk products include weather and credit protection to financial, industrial and service companies on a worldwide basis.

2.1.1 BMA LICENSED SUBSIDIARIES

Partner Reinsurance Company Ltd.

Partner Reinsurance Company Ltd. (PartnerRe Bermuda) is an exempt company incorporated under the laws of Bermuda limited by shares and is a direct and wholly-owned subsidiary of the Company. PartnerRe Bermuda is a reinsurance company licensed by the Bermuda Monetary Authority (BMA) as a Class 4 insurer and Class E insurer, and accordingly, is authorized to carry on general business and long-term business. PartnerRe Bermuda also enters into reinsurance contracts with subsidiaries of the Company, including quota-share agreements with PartnerRe Europe and PartnerRe Asia and stop loss agreements with the Canada branch of PartnerRe U.S., PartnerRe Ireland Insurance DAC and PartnerRe Asia.

In its effort to provide effective supervision and oversight of the Group, the BMA has appointed PartnerRe Bermuda as the designated insurer for the purposes of Group Supervision.

PRE Life Bermuda Re Ltd.

PRE Life Bermuda Re Ltd. (PRE Life) was incorporated on May 24, 2018 under the laws of Bermuda limited by shares and is a direct and wholly-owned subsidiary of PartnerRe U.S. Corporation, a wholly-owned subsidiary of PartnerRe. PRE Life is licensed by the BMA as a Class C insurer, and accordingly, is authorized to carry on long-term business. PRE Life provides reinsurance of mortality business to PartnerRe Life Reinsurance Company of America and PartnerRe Europe, both of which are affiliates, through quota share agreements.

PRE Life has elected, pursuant to section 953(d) of United States (U.S.) Internal Revenue Code of 1986, to operate subject to U.S. federal income tax.

Partner Reinsurance Life Company of Bermuda Ltd.

Partner Reinsurance Life Company of Bermuda Ltd. (Bermuda Life) was incorporated on April 3, 2014 under the laws of Bermuda limited by shares and as a direct and wholly-owned subsidiary of PartnerRe Bermuda. Bermuda Life was licensed by the BMA as a Class C insurer, and accordingly, was authorized to carry on long-term business.

Bermuda Life provided reinsurance to affiliated entities, including quota share agreements with the Canada branch of PartnerRe Bermuda and PartnerRe Life Reinsurance Company of Canada (PartnerRe Canada). Bermuda Life also had one contract with a non-affiliated life reinsurance company in the United States.

On February 15, 2022, Bermuda Life was merged with PartnerRe Bermuda. As a result, Bermuda Life is not included in this financial condition report on a standalone basis. Refer to *Section 7 - Subsequent Events* for further details.

2.2 PERFORMANCE

The tables and financial information in this section are prepared using U.S. GAAP.

2.2.1 GROSS PREMIUMS WRITTEN

The Group monitors the performance of its operations in three segments: P&C, Specialty and Life and Health. This organizational structure aligns PartnerRe's global expertise with the needs of its client base. P&C, Specialty and Life and Health each separately represent markets that are reasonably homogeneous in terms of client types, buying patterns, underlying risk patterns and approach to risk management. The P&C segment is comprised of property and casualty business underwritten, including property catastrophe, facultative and U.S. health risks. The Specialty segment is comprised of specialty business underwritten, including treaty and facultative contracts. The Life and Health segment is comprised of mortality, morbidity and longevity business.

The following table provides the line of business distribution of gross premiums written by the Group and the BMA Licensed Subsidiaries for the years ended December 31, 2021 and 2020 (in millions of U.S. dollars):

	PartnerRe Ltd.		PartnerRe Bermuda		PRE Life	
	2021	2020	2021	2020	2021	2020
P&C						
Casualty	\$ 2,145	\$ 1,430	\$ 370	\$ 239	\$ —	\$ —
Catastrophe	924	545	865	491	—	—
Property	809	641	182	182	—	—
U.S. health	351	379	—	—	—	—
Multiline and other	183	289	23	46	—	—
Motor	129	158	52	53	—	—
Total P&C	\$ 4,541	\$ 3,442	\$ 1,492	\$ 1,011	\$ —	\$ —
Specialty						
Financial risks	\$ 510	\$ 568	\$ 278	\$ 258	\$ —	\$ —
Aviation and space	416	219	262	134	—	—
Energy	314	192	185	126	—	—
Property	277	173	156	107	—	—
Agriculture	205	468	84	169	—	—
Marine	174	142	68	65	—	—
Engineering	100	17	68	14	—	—
Multiline and other	20	152	6	131	—	—
Casualty	—	4	—	1	—	—
Total Specialty	\$ 2,016	\$ 1,935	\$ 1,107	\$ 1,005	\$ —	\$ —
Life and Health	\$ 1,647	\$ 1,499	\$ 1,055	\$ 924	\$ 78	\$ 61
Total	\$ 8,204	\$ 6,876	\$ 3,654	\$ 2,940	\$ 78	\$ 61

The following table provides the geographic distribution of gross premiums written by the Group and the BMA Licensed Subsidiaries for the years ended December 31, 2021 and 2020:

PartnerRe Ltd. and BMA Licensed Subsidiaries
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	PartnerRe Ltd.		PartnerRe Bermuda		PRE Life	
	2021	2020	2021	2020	2021	2020
North America	57 %	55 %	42 %	35 %	100 %	100 %
Europe	29	28	39	40	—	—
Asia, Australia and New Zealand	10	12	15	19	—	—
Latin America and the Caribbean	2	3	2	3	—	—
Middle East, Africa, Russia and the Commonwealth of Independent States (CIS)	2	2	2	3	—	—
Total	100 %	100 %	100 %	100 %	100 %	100 %

2.2.2 INVESTMENT PORTFOLIO AND INVESTMENT RESULT

The Group generates revenue from its investment portfolio through net investment income, including interest on fixed maturities and dividends on equity securities, interest in earnings of equity method investments, and realized and unrealized gains on investments. For the Group's investment risks, which include public and private markets and real estate investments, diversification of risk is critical to achieving the risk and return objectives of the Group. From a risk management perspective, the Group allocates its invested assets into two categories: liability funds and capital funds. The Group's investment policy distinguishes between liquid, high quality (investment grade) assets that support the Group's liabilities, and the more diversified, higher risk asset classes that are allowed within the Group's capital funds.

The Group follows prudent investment guidelines through a strategy that seeks to maximize returns while managing investment risk in line with the Group's overall objectives of earnings stability and long-term book value growth. A key challenge for the Group is achieving the right balance in changing market conditions. The Group regularly reviews the allocation of investments to asset classes within its investment portfolio and allocates investments to those asset classes which the Group anticipates will outperform in the future, subject to limits and guidelines. Similarly, the Group reduces its exposure to asset classes where returns are deemed unattractive. The Group may also lengthen or shorten the duration of its fixed maturity portfolio in anticipation of changes in interest rates, or increase or decrease the amount of credit risk it assumes, depending on credit spreads and anticipated economic conditions.

At December 31, 2021 and 2020, the Group's investment portfolio was comprised as follows (in millions of U.S. dollars):

	2021	2020
Fixed maturities		
U.S. government and government sponsored enterprises	\$ 2,119	\$ 2,410
U.S. states, territories and municipalities	108	138
Non-U.S. sovereign government, supranational and government related	2,181	2,181
Corporate bonds	5,442	3,342
Asset-backed securities	17	18
Residential mortgage-backed securities	4,205	4,699
Fixed maturities	\$ 14,072	\$ 12,788
Short-term investments	\$ 205	\$ 416
Equities	\$ 1,752	\$ 1,496
Other invested assets and investments in real estate	\$ 3,669	\$ 3,036
Total	\$ 19,698	\$ 17,736

PartnerRe Ltd. and BMA Licensed Subsidiaries
Financial Condition Report December 31, 2021

The Group's total return by asset class for the years ended December 31, 2021 and 2020, respectively, was as follows (in millions of U.S dollars):

	2021	2020
Fixed maturities	\$ (229)	\$ 535
Short-term investments	(3)	7
Equities	290	193
Other invested assets and investments in real estate	517	135
Cash and cash equivalents, funds held and other	17	20
Total gross return	\$ 592	\$ 890
Investment expenses	(51)	(51)
Total net return	\$ 541	\$ 839

The total return in the table above is the sum of net investment income, net realized and unrealized investment gains or losses and interest in earnings or losses of equity method investments. The Group's investment portfolio generated a total net return of \$541 million in 2021 compared to \$839 million in 2020. The losses on fixed maturities and short-term investments in 2021 were primarily unrealized and driven by increases in worldwide risk-free rates and losses on real estate sector investments in the Company's Asia high yield portfolio, partially offset by narrowing credit spreads. The return on equities were primarily unrealized and were due to increases in worldwide equity markets, and also included a large realized gain on the sale of a preferred share investment, while the return on other invested assets was primarily driven by unrealized gains on private equity investments. The total return in 2020 reflected decreases in worldwide risk-free rates and increase in worldwide equity markets.

At December 31, 2021 and 2020, the BMA Licensed Subsidiaries' investment portfolios were comprised as follows (in millions of U.S. dollars):

	PartnerRe Bermuda		PRE Life	
	2021	2020	2021	2020
Fixed maturities				
U.S. government and government sponsored enterprises	\$ 289	\$ 333	\$ 35	\$ 52
U.S. states, territories and municipalities	1	5	6	8
Non-U.S. sovereign government, supranational and government related	773	894	1	9
Corporate bonds	1,100	1,195	43	21
Asset-backed securities	17	18	—	—
Residential mortgage-backed securities	1,279	1,067	23	11
Fixed maturities	\$ 3,459	\$ 3,512	\$ 108	\$ 101
Short-term investments	\$ 64	\$ 95	\$ —	\$ —
Equities	\$ 1,611	\$ 1,405	\$ —	\$ —
Other invested assets	\$ 2,323	\$ 1,827	\$ —	\$ —
Total	\$ 7,457	\$ 6,839	\$ 108	\$ 101

PartnerRe Ltd. and BMA Licensed Subsidiaries
Financial Condition Report December 31, 2021

The total return by asset class for the BMA Licensed Subsidiaries for the years ended December 31, 2021 and 2020 were as follows (in millions of U.S. dollars):

	PartnerRe Bermuda		PRE Life	
	2021	2020	2021	2020
Fixed maturities	\$ (102)	\$ 220	\$ (2)	\$ 6
Short-term investments	(5)	3	—	—
Equities	212	184	—	—
Other invested assets	391	68	—	—
Cash and cash equivalents, funds held and other	7	10	—	—
Total gross return	\$ 503	\$ 485	\$ (2)	\$ 6
Investment expenses	(34)	(27)	—	—
Total net return	\$ 469	\$ 458	\$ (2)	\$ 6

2.2.3 OTHER MATERIAL INCOME AND EXPENSES

The Group's main revenue source is premiums. Gross premiums written increased by \$1,328 million or 19.3% in 2021 compared to 2020, driven by increases of \$1,099 million, \$81 million and \$148 million in the P&C, Specialty and Life and Health segments, respectively. For P&C, the increase was driven primarily by growth in casualty and catastrophe lines, and was reflective of rate improvements and new business. For Specialty, the increase was driven primarily by increases in aviation and energy lines of business, where economic activity returned, partially offset by reductions in agriculture and the Lloyd's of London net quota share portfolio resulting from strategic business mix decisions. The gross premiums written increase for Life and Health was driven by growth in the long-term protection business, partially offset by decreases in short-term protection business.

The Group's most significant expense is claims incurred on premiums earned, and other significant expenses are acquisition costs and other expenses. The Group's non-life combined ratio decreased to 90.5% in 2021 from 106.0% in 2020. The improvement in the combined ratio was due primarily to an improvement in the current accident year attritional loss ratio and favorable prior years' reserve development in P&C and Specialty segments. For the year ended December 31, 2021, large catastrophic losses, net of retrocession and reinstatement premiums, were \$483 million and included losses for Hurricane Ida, Winter Storm Uri, the European Floods, and related losses under aggregate covers, which adversely impacted the P&C and Specialty combined ratios. This compared to large catastrophic losses, net of retrocession and reinstatement premiums, of \$426 million on the P&C and Specialty segments for the year ended December 31, 2020 from COVID-19 and Hurricane Laura. There were no changes in the Company's net non-life COVID-19 ultimate loss estimates that were established in 2020. For the years ended December 31, 2021 and 2020, COVID-19 losses for the Group's life and health business were \$36 million and \$26 million, respectively.

The decrease in the loss ratio described above was coupled with a reduction in the acquisition ratio, which reduced to 24.0% from 24.8%, and partially offset by a slight increase in the other expense ratio to 1.9% from 1.7%.

The table below provides the material income and expenses for the Group and the BMA Licensed Subsidiaries for the years ended December 31, 2021 and 2020 (in millions of U.S. dollars):

	PartnerRe Ltd.		PartnerRe Bermuda		PRE Life	
	2021	2020	2021	2020	2021	2020
Net premiums earned	\$ 6,957	\$ 6,537	\$ 3,161	\$ 2,916	\$ 78	\$ 61
Loss and loss expenses	\$ 4,884	\$ 5,335	\$ 2,232	\$ 2,460	\$ 105	\$ 77
Acquisition costs	\$ 1,387	\$ 1,356	\$ 641	\$ 660	\$ 11	\$ 8
Other expenses	\$ 399	\$ 356	\$ 29	\$ 30	\$ 1	\$ 1

3. GOVERNANCE STRUCTURE

3.1 THE COMPANY'S BOARD AND SENIOR EXECUTIVE

The following are the directors and Executive Leadership Team (ELT) members of the Group as of May 19, 2022:

Name	Position with the Company	Date Appointed
Brian Dowd	Director, Chairman of Audit Committee and Chairman of the Board	March 18, 2016
Mary Ann Brown	Director, Member of the Audit Committee	September 1, 2018
Hermann Pohlchristoph	Director, Member of the Audit Committee	February 4, 2021
Enrico Vellano	Director ⁽¹⁾	February 18, 2021
António Horta-Osório	Director	May 27, 2021
Jacques Bonneau	Director, President and CEO, PartnerRe Ltd.	July 28, 2020
Nicolas Burnet	Executive Vice President and CFO, PartnerRe Ltd.	February 7, 2020
Scott Altstadt	Chief Group Actuary and Chief Underwriting Officer	July 1, 2016
Marc Archambault	CEO Life and Health	April 1, 2017
Dorothee Burkel	Chief Corporate and People Operations Officer	October 2, 2017
Tom Leone	Chief Investment Officer ⁽²⁾	February 18, 2021
Philippe Meyenhofer	CEO Specialty Lines	April 1, 2019
James Beedle	CEO P&C APAC	April 1, 2019
Greg Haft	CEO Global Catastrophe	April 1, 2019
Jonathan Colello	CEO P&C Americas	July 1, 2019
Andrew Gibbs	Chief Operations Officer	October 14, 2019
Christian Mitterer	CEO P&C EMEA	December 10, 2020
Simon Clifford	CUO Life & Health	October 30, 2020
Andrew Hughes	CEO Third Party Capital	February 1, 2021
Gerd Maxl	Secretary to the Board, Chief Legal Officer and Chief Ethics Officer	February 18, 2021

(1) Enrico Vellano joined as Director, PartnerRe Ltd. on February 18, 2021, succeeding John Elkann as EXOR's representative.

(2) Nikhil Srinivasan was Chief Investment Officer, PartnerRe Ltd. during a portion of 2021 and Tom Leone assumed the role of Chief Investment Officer effective February 18, 2021.

See Section 3.2.2 - *Professional Qualifications, Skills and Expertise of The Board and Senior Executive* for biography details of the directors and the ELT of the Group. Please refer to Appendix II for a listing of the directors and officers of the BMA Licensed Subsidiaries and Appendix III for their biographical details.

3.1.1 CORPORATE GOVERNANCE FRAMEWORK

The Company's Board and management consider that good corporate governance is critical to achieving business success and aligning the interests of management and shareholders. In addition to the requirements codified in legislation (including the Bermuda Companies Act 1981 and Bermuda Insurance Act 1978), common law and the Company's constitutional documents, the Company and the Bermuda Licensed Subsidiaries have established a corporate governance framework. This includes Subsidiary Corporate Governance Principles (which define minimum standards in terms of how the Group's subsidiaries are governed reflecting the Group's global business practices) and a Code of Business Conduct and Ethics (which defines standards of ethics, integrity, honesty, fairness and professionalism expected of directors, officers and employees), each of which are reviewed regularly against current best practices.

Board Leadership Structure

Since its inception in 1993, the Company has always separated the role of the Chief Executive Officer (CEO) from that of the Chairman of the Board. The role of Chairman is filled by a non-executive independent director and as a result, the Company has not appointed a lead director. The separation of these two roles is an important component of the Company's corporate governance structure. The Chairman provides leadership to the Board, presides at the Board meetings which are scheduled at least twice a year plus informational meetings held at least twice a year and calls additional meetings of the directors as deemed appropriate. The Chairman advises on Board committee appointments, leads the performance evaluation of the CEO and determines, with the input from the CEO and the Board, the agenda for Board meetings. With input from the CEO, the Chairman determines the nature and extent of information that should be provided to the Board in advance of Board meetings, acts as a liaison between the shareholders and the Board where appropriate and performs such other functions as the Board may direct. The Chairman also presides at all executive sessions of the Board which are held typically after each Board meeting occurs.

The Board's Role in Risk Oversight

Due to its business of reinsurance, the Group must assume risk in order to achieve its strategic objectives and return targets. However, it is necessary that risk be assumed within an enterprise risk management framework in accordance with an established risk appetite. The Board approves the risk limits, once set by the Enterprise Risk Committee (ERC), a sub-committee of the ELT, by considering the following:

- establishment of a minimum capital level expressed as a fixed percentile of a modeled financial loss distribution plus a margin;
- setting the Group's risk appetite as a percentage of capital, with loss tolerances for the largest financial risks being set with a specific fixed dollar amount; and
- approving key risk management principles and policies utilized by the Group to drive individual decision making throughout the organization.

While the Board oversees risk management, it is the responsibility of management to manage risk. The Group has robust internal governance as well as a strong internal control environment to identify and manage risks which ensures communication with the Board and its committees. The Group's enterprise risk management framework includes policies and procedures, the ERC chaired by the CEO, internal management disclosure committee meetings, a comprehensive internal and external audit process and the Code of Business Conduct and Ethics. The Board and the Board's Audit Committee monitor the effectiveness of the internal controls and the Board, in conjunction with the Board's Underwriting and Risk Committee (URC), has oversight over the risk management framework of the Group. Management communicates routinely with the Board on the significant risks identified and how they are being managed and mitigated.

Code of Business Conduct and Ethics

The Audit Committee of the Company approves annually and adopts the Code of Business Conduct and Ethics, which applies to all directors, officers and employees of the Group. Any specific waiver of its provisions requires the approval of the Audit Committee of the Company. Any reported violation to the Code of Business Conduct and Ethics will be investigated and may result in disciplinary action, as appropriate. The outcome of any such investigation is shared with the Audit Committee of the Company and the Audit Committee of the relevant subsidiary of the Group as appropriate.

Meetings and Committees of the Board

The Board has established an Audit Committee comprised of Brian Dowd (Chair), Mary Ann Brown and Hermann Pohlchristoph who are independent in accordance with the definition of the applicable New York Stock Exchange and U.S. Securities and Exchange Commission (SEC) Rules. Mary Ann Brown, an independent director of the Company and member of the Audit Committee meets the definition of an “audit committee financial expert” as adopted by the SEC.

The Board has also established the URC, comprised of the Board's independent directors, Mary Ann Brown (Chair), Hermann Pohlchristoph, António Horta-Osório, Brian Dowd, and the Group's CEO and President, Jacques Bonneau.

The Board also established an Investment Committee in November 2020. The Investment Committee is comprised of António Horta-Osório (Chair), Jacques Bonneau, Brian Dowd and Enrico Vellano.

Audit Committee

The Board has established an Audit Committee which is governed by an Audit Committee charter.

Pursuant to its charter, the Audit Committee's primary responsibilities are to assist Board oversight of:

- the integrity of PartnerRe's financial statements;
- PartnerRe's compliance with legal and regulatory requirements;
- the Group's system of internal controls;
- the independent auditor's qualifications and independence; and
- the performance of PartnerRe's internal audit function and independent auditors.

The Audit Committee regularly meets with management, the Chief Audit Officer and the Group's independent registered public accounting firm to review matters relating to the quality of financial reporting and internal accounting controls, including the nature, extent and results of their audits.

Underwriting and Risk Committee

The Board established the URC to: (a) consider and advise the Board on certain matters, subject to the limitations set forth in the URC charter, that the Board and the URC members each believe are more appropriately considered by the URC rather than the Board; and (b) discuss appropriate practices for the Company, including the Company's policies, guidelines, performance, risk management, and processes relating to the underwriting of reinsurance risks undertaken by the Company.

Specifically, the URC discusses and considers, among other things, the following with respect to Reinsurance and Underwriting:

- the underwriting strategy for the Company;
- the outwards retrocession strategy;
- periodic performance targets; and
- periodically reviews the level of risk and material risk exposures assumed.

With respect to Risk Management, the URC reviews, among other things, the following:

- the effectiveness of the Risk Management Framework and appropriateness of Risk Limits of the Company;
- the Company's capital requirements; and
- the Company's Crisis Management Framework.

Investment Committee

The purpose of the Investment Committee is to (i) consider and advise the Board on certain investment matters that the Board and the Investment Committee each believe are more appropriately considered by the Investment Committee rather than the Board and (ii) discuss appropriate practices for the Group, including the Group's policies, guidelines, performance, risk management and processes relating to the investment operations undertaken by the Group.

3.1.2 REMUNERATION POLICY

Employee Compensation

The Group's and the Bermuda Licensed Subsidiaries' compensation program is designed to provide a combination of fixed annual compensation, short-term incentive compensation, and long-term incentive compensation. The realization of the Group's short-term incentive compensation and long-term incentive compensation depends upon the attainment of a range of performance (individual and group) metrics.

Executive Compensation

The Group, through its subsidiaries, has entered into employment agreements with its executive officers. Executive compensation is comprised of salary, annual incentives, long-term incentive (LTI) and other benefits. The LTI program consists of awards either in the form of deferred cash, restricted shares, restricted share units and performance share units issued to certain executives. Beginning in 2017 and until 2020, the Company granted restricted Class B common shares (Class B shares) to certain executives as part of their LTI. In 2021, the company ceased new grants of Class B shares and designated a new class of voting Class C common shares (Class C shares) and the adoption of a related restricted share unit plan, which provides for the award of restricted share units and performance share units (collectively referred to as RSUs) to certain executives of the Company. Upon vesting, the RSUs convert into Class C Shares. RSUs are eligible for imputed dividends which are subject to the same forfeiture provisions as the related RSUs. Class B shareholders are eligible to receive dividends in the form of either cash or Class C shares.

For the year ended December 31, 2021, the Group recorded compensation expense of \$27 million paid or payable to executives as a form of cash compensation. In addition, for the year ended December 31, 2021, certain executives were granted RSUs. The Company recorded compensation expense of \$12 million related to Class B and C shares and RSUs held by certain executives.

Further details related to the Class B and C shares and RSUs can be found in PartnerRe's Annual Report on Form 20-F for the fiscal year ended December 31, 2021.

Director Compensation

Director compensation is provided in-line with industry best practices. The Company paid approximately \$1 million in cash as compensation to non-executive directors of the Company for their services as directors in 2021. For the year ended December 31, 2021, certain non-executive directors of the Company were issued Class C shares and the Company recorded compensation expense of less than \$1 million related to these shares. Executive directors do not receive any compensation for their services as directors. All directors are reimbursed for travel and other related expenses personally incurred while attending Board or committee meetings.

3.1.3 PENSION OR EARLY RETIREMENT SCHEMES

For employee retirement benefits, the Group and the BMA Licensed subsidiaries maintain certain defined contribution plans. In addition, the Group maintains certain other active and frozen defined benefit plans, including a hybrid plan for the Group's Zurich office employees.

Defined Contribution Plans

Contributions are made by the Group, and in some locations, these contributions are supplemented by the local plan participants. Contributions are based on a percentage of the participant's base salary depending upon competitive local market practice and vesting provisions meeting legal compliance standards and market trends. The accumulated benefits for the majority of these plans vest immediately or over a period of up to four years. As required by law, certain retirement plans also provide for death and disability benefits and lump sum indemnities to employees upon retirement.

Defined Benefit Plan

The Group operates a hybrid pension plan for its employees in Zurich (the Zurich Plan), in compliance with a mandatory local pension system corresponding to a statutory minimum guaranteed by law. Registered pension funds such as the Zurich Plan are free to provide benefits exceeding the statutory minimum at a specified conversion rate based on employee and employers' contributions, which are referred to as "over-obligatory" benefits, and the Zurich Plan provides such benefits consistent with market practice.

3.1.4 RELATED PARTY TRANSACTIONS

The Company's Audit Committee reviews material related party transactions.

At December 31, 2021 and 2020, the Company's shares owned by the Majority Common Shareholder represented more than 99% of the total common shares of the Company.

During 2021 and 2020, the Company declared and paid common share dividends to the Majority Common Shareholder totaling \$107 million and \$50 million, respectively.

In the normal course of its investment operations, the Group, through PartnerRe Bermuda, bought or held securities of companies affiliated with the Group, including the following:

- In 2021, the Group invested in two Exor managed funds. At December 31, 2021, the carrying value of these investments totaled \$468 million. The net unrealized gains related to these funds for the year end December 31, 2021 was \$115 million. These investments are accounted for at fair value.
- In 2018, the Group entered into an agreement with Exor to invest in a newly formed limited partnership, Exor Seeds L.P. At December 31, 2020, the carrying value of the Group's investment in the limited partnership was \$51 million. This investment was accounted for using the equity method. During 2021, the Group sold its interest in Exor Seeds L.P. to Exor S.A. at a transaction price of \$51 million.
- In 2017, the Group invested \$500 million in two Exor managed public equity funds. At December 31, 2021 and 2020, the carrying value of these investments totaled \$1,154 million and \$1,039 million, respectively. These investments are recorded at fair value. The net realized and unrealized investment gains related to these funds for the years ended December 31, 2021 and 2020 were \$115 million and \$91 million, respectively.
- In 2016, the Group purchased a 36% shareholding in Almacantar Group Limited (Almacantar) from Exor. Almacantar is a privately held United Kingdom real estate investment and development group. The total carrying value of this investment was \$561 million and \$494 million, at December 31, 2021 and 2020, respectively.

During the years ended December 31, 2021 and 2020, the Group was a party to various agreements with Exor whereby Exor provides services in exchange for fees as follows:

- advisory services related to certain real estate investments where the Group paid approximately \$433 thousand and \$310 thousand for services rendered in 2021 and 2020, respectively.

- investment advisory services and use of certain office space, where the Group paid \$175 thousand and \$259 thousand related to services provided in 2021 and 2020, respectively. This agreement was terminated in 2021.
- certain advisory services for a fixed annual fee of \$350 thousand which was amended in 2021 from \$500 thousand in 2020.
- consulting services related to certain investments such as alternative fixed income, real estate, public equity and private equity funds as well as co-invest opportunities. The related consulting service agreement was effective April 1, 2021 and the Group paid \$2.6 million related to services provided in 2021.

In the normal course of its underwriting activities, the Group has entered into reinsurance agreements with companies affiliated with the Group, including Lorenz Re Ltd. (“Lorenz Re”), which the Group established as a special purpose insurer registered as a segregated accounts company in Bermuda, as part of its third party capital platform to provide third party investors with access to portfolios of risk in the global reinsurance markets. Lorenz Re operates by providing fully collateralized reinsurance capacity to certain of the Group's operating subsidiaries in respect of multiple lines of business. Lorenz Re raises capital primarily from third party investors seeking exposure to the global reinsurance markets by issuing non-voting redeemable preferred shares in its individual segregated accounts. The proceeds from issuance of these preferred shares are deposited into trust accounts collateralizing varying portfolios of potential reinsurance recoverables, which have established investment guidelines that generally require assets to be held as either cash and cash equivalents or in U.S. government issued securities of high credit quality. For the years ended December 31, 2021 and 2020, the Group ceded premium written to Lorenz Re's segregated cells of \$634 million and \$81 million, respectively, and recorded a Reinsurance recoverable on paid and unpaid losses from the segregated cells of \$592 million and \$117 million as at December 31, 2021 and 2020, respectively. Included in the amounts above are premiums ceded by PartnerRe Bermuda of \$371 million and \$70 million for the years ended December 31, 2021 and 2020, respectively. As at December 31, 2021 and 2020, PartnerRe Bermuda recorded a Reinsurance recoverable on paid and unpaid losses from the segregated cells of \$436 million and \$89 million, respectively.

Subsequent to December 31, 2021, the Company declared a cash dividend to the Majority Common Shareholder of \$178 million. At the same time, dividends were declared to Class B and C common shareholders, and imputed dividends were issued to RSU holders, for a total value of less than \$1 million.

During March 2022, PartnerRe Bermuda declared a cash dividend of \$178 million and the funds were used to pay the above dividend declared by PartnerRe Ltd.

Also subsequent to December 31, 2021, PRE Life received capital contributions from PartnerRe U.S. Corporation of \$30 million in February 2022, and \$23.5 million in May 2022.

The transactions between related parties discussed above were entered into at arm's-length.

3.2 FITNESS AND PROPRIETY REQUIREMENTS

3.2.1 FIT AND PROPER PROCESS IN ASSESSING THE BOARD AND SENIOR EXECUTIVE

PartnerRe maintains a hiring and vetting process in order to confirm fitness and propriety for relevant roles in line with the BMA's prudential regime for regulated entities, which includes consideration as to whether the person has relevant experience, skills and knowledge to fulfil the particular duties and responsibilities of the position.

The Majority Common Shareholder together with the Chairman of the Board oversees the process of assessing the fitness and propriety of all board members of PartnerRe Board members are selected based on their extensive experience and knowledge of reinsurance, investments and, in general, financial services businesses.

PartnerRe's standard recruitment, promotion and on-going performance management processes align with seeking to ensure senior executives are fit and proper. During the recruitment process, candidates are thoroughly vetted via a

robust interview process to ensure they possess the integrity, skills, experience, qualifications and abilities required to perform the role to a high standard. In addition, background checks on the Board members and senior executives are carried out. Subsequent to hiring, senior executives are regularly assessed against established performance objectives on an annual basis at a minimum, via PartnerRe's standard performance management process which reflect integrity, competency and ability, to ensure they remain fit and proper.

See also Sections 3.1.1 - *Corporate Governance Framework*, 3.1.2 - *Remuneration Policy* and 3.1.4 - *Related Party Transactions* above.

3.2.2 PROFESSIONAL QUALIFICATIONS, SKILLS AND EXPERTISE OF THE BOARD AND SENIOR EXECUTIVE

3.2.2.1 DIRECTORS AND EXECUTIVE MANAGEMENT

Biographical information - Directors

Brian Dowd, Director, Chairman of the Board and Audit Committee, Member of the Underwriting and Risk Committee; Member of the the Investment Committee (Independent)

Brian Dowd is Chairman of PartnerRe and was formerly Vice Chairman of ACE Limited and a member of the ACE Group's Office of the Chairman before his retirement in 2015. Mr. Dowd focused on underwriting-related matters including oversight of the group's product boards, the general underwriting disciplines of the company's profit centers, outward reinsurance placements and run-off operations, as well as special strategic projects. Mr. Dowd previously held relevant positions at ACE from 1997 until his appointment as Chairman of ACE's Insurance – North America business segment in 2006. He held the role of Vice Chairman, ACE Limited from 2009. Prior to 1997, Mr. Dowd held underwriting positions of increasing responsibility at Arkwright Mutual Insurance Company over a seven-year period. He is Chairman of the Board for ABR Reinsurance Ltd. Mr. Dowd holds a Bachelor of Science in Finance from Northern Illinois University as well as the Chartered Property Casualty Underwriter (CPCU) professional designation.

Mary Ann Brown, Director, Chair of the Underwriting and Risk Committee and Member of the Audit Committee (Independent)

Mary Ann Brown was Chair of Pacific Life Re and has held multiple roles at Pacific Life before her retirement in 2017. As Chair of Pacific Life Re Ltd., Ms. Brown directed strategy and growth of the global reinsurance division. Prior to joining Pacific Life, Ms. Brown held multiple executive roles at MetLife, Swiss Re and New York Life. She holds a Bachelors and Masters of Arts in Education from Emory University, USA as well as a Masters of Actuarial Science from Georgia State University.

Hermann Pohlchristoph, Director, Member of the Audit Committee and Member of the Underwriting and Risk Committee (Independent)

Hermann Pohlchristoph has held multiple executive roles, most recently at Munich Re as a Member of the Board of Management from 2017 to 2020 and as CFO Reinsurance, Munich Re from 2006 to 2017. Prior to that, he served as Head of Financial Reporting and Accounting, Munich Re for two years. He obtained a degree in business administration at the Universities Bayreuth and Mainz, Germany.

Enrico Vellano, Director, Member of the Investment Committee

Enrico Vellano is Chief Financial Officer of EXOR. Mr. Vellano was born in Torino in 1967 and graduated in Economics at the University of Torino. In 1992, he started his professional career at Arthur Andersen. In 1995, he joined SAI Assicurazioni where he specialized in the management of equities and bond portfolios. In 1997, he started his working experience at IFIL, the investment company controlled by the Agnelli Family. He held increasingly relevant positions until 2006 when he was named Chief Financial Officer of IFIL, which was merged in 2009 to create EXOR S.p.A. From December 2016, EXOR S.p.A. was merged into EXOR N.V. based in Amsterdam. Mr. Vellano is also a board member of Almacantar, Welltec, Juventus Football Club and Paris Office JV Ltd.

António Horta-Osório, Director, Chairman of the Investment Committee and Member of the Underwriting and Risk Committee (Independent)

António Horta-Osório held the role of Chairman of the Board of Directors of Credit Suisse Group AG and Credit Suisse AG, having been appointed in April 2021 until his resignation in January 2022. Previously, Mr. Horta-Osório served on the Board of Exor N.V. as a non-executive director from July 2015 until May 2021, as Group Chief Executive of Lloyds Banking Group and as an Executive Director on the board from 2011 until April 2021. Prior to that, he was Chief Executive of Santander UK plc and Executive Vice President of Grupo Santander. He holds a degree in Management & Business Administration from Universidade Católica Portuguesa, a MBA from INSEAD and a certificate from the Advanced Management Program at Harvard Business School.

Jacques Bonneau, Director, President and CEO, Member of the Investment Committee and Member of the Underwriting and Risk Committee

Jacques Bonneau is a member of PartnerRe's ELT and is responsible for the strategic direction and management of the Company. Mr. Bonneau has over 41 years of professional experience in the re/insurance industry. Prior to becoming CEO and President of PartnerRe Ltd. in July 2020, he served as an independent director of the Company's Board of Directors and a member of the Audit Committee since February 2019. He has held multiple executive roles, most recently at Chubb Ltd. as Group Chief Underwriting Officer from 2015 to 2017 and as CEO, Chubb Tempest Re Group from 2005 to 2014. Prior to that, he served as CEO, Chubb Tempest Re USA from 1999 to 2005. He holds a Bachelor's degree of Commerce from Carleton University, Ontario as well as a Masters of Business Administration from Queen's University, Ontario.

Biographical information - Executive Management

Jacques Bonneau, President and CEO

See above.

Nicolas Burnet, Executive Vice President and CFO, PartnerRe Ltd.

Nicolas Burnet is a member of PartnerRe's ELT responsible for the Company's Finance, Risk Management and Actuarial functions. Prior to joining PartnerRe in 2020, Mr. Burnet spent nearly 16 years with Zurich Insurance Group where he was a member of the Leadership Team and held various senior leadership roles over the years, most notably: Group Head of Planning and Performance Management 2016 – 2020; General Insurance CFO 2015 – 2016, Global Life CFO 2012 – 2015, Chief Risk Officer Global Life 2011 – 2012 and Chief Operating Officer for Zurich's Centrally Managed Businesses 2007 – 2010. Mr. Burnet joined Zurich in 2004 from Neuberger Berman and prior to that worked for JP Morgan and Price Waterhouse. Mr. Burnet holds a Bachelor's degree in Finance from Saint Joseph's University and a Master's degree in business administration from Cornell University's Johnson Graduate School of Management.

Scott Altstadt, Chief Group Actuary and Chief Underwriting Officer

Scott Altstadt is a member of PartnerRe's ELT and has executive responsibility for the Company's underwriting function. Mr. Altstadt has over 28 years of professional experience in the insurance/reinsurance industry. He joined PartnerRe in 2001, as Senior Pricing Actuary of P&C and was appointed as Chief Pricing Actuary for Specialty Lines in 2002, becoming Deputy Head of P&C in 2008. He was appointed to the position of Chief Underwriting Officer PartnerRe Global in 2013. Prior to joining PartnerRe, Mr. Altstadt worked in the U.S. and Europe with Zurich Financial Services and CNARE. Mr. Altstadt has a B.S. in Mathematics and Statistics from Purdue University.

Marc Archambault, CEO Life & Health

Marc Archambault is a member of PartnerRe's ELT and is responsible for the Company's worldwide Life & Health business segment. Mr. Archambault has more than 27 years of experience in life reinsurance, most recently as CEO of SCOR Global Life Asia-Pacific, where he led the company's regional growth strategy in those markets, and as a member of the senior management team for Global Life. Prior to that, Mr. Archambault held a number of senior

management positions at SCOR where he implemented growth strategies and product development initiatives across multiple international markets in Europe, North America, Asia and Africa. Mr. Archambault holds a Bachelor of Actuarial Science from Laval University in Quebec, Canada and is an Associate with the Canadian Institute of Actuaries.

Dorothee Burkel, Chief Corporate and People Operations Officer

Dorothee Burkel is a member of PartnerRe's ELT and has executive responsibility for IT, Facilities and for strategies related to attracting, developing and retaining the best talent, aligning culture and strategy, and ensuring governance and operational effectiveness. Mrs. Burkel specializes in Human Resources & Communications and has experience across a number of international companies. Prior to joining PartnerRe, Mrs. Burkel was formerly the Human Resources Director for Google Southern Europe from 2008 – 2012. In 2012, this role was extended to include the Middle East and Africa and in 2015, to the entire EMEA region where she supported Google's Business and G&A functions. Mrs. Burkel worked for AOL France from 2001 – 2005 as the Human Resources Director and was promoted to Vice President for Human Resources and Corporate Communications for AOL France in 2005. Before leaving in 2008, she also took on the responsibility for Branding and Communications for AOL Europe. Mrs. Burkel holds a Master's degree in French Modern Literature and graduated with honors in Political Sciences from the Institut d'Etudes Politiques in Paris.

Tom Leone, Chief Investment Officer

Tom Leone is a member of PartnerRe's ELT and is responsible for the Company's investments. Mr. Leone joined PartnerRe in 2013 as Portfolio Manager, Global Governments. He was appointed to Head of Public Fixed Income in 2019. Prior to joining PartnerRe, Mr. Leone spent seven years at Genworth Financial on the derivatives desk performing group asset liability management. He holds a Bachelor's degree in Finance from Bryant College and a Master's degree from The Rensselaer Polytechnic Institute.

Philippe Meyenhofer, CEO Specialty Lines

Philippe Meyenhofer is a member of PartnerRe's ELT and has executive responsibility for the Company's Specialty Lines business unit. Mr. Meyenhofer is also Chairman of the Board of PartnerRe Europe. Mr. Meyenhofer joined PartnerRe in 2010 as Head of Financial & Professional Lines PartnerRe Global. He was appointed to Head of Specialty Casualty PartnerRe Global in 2013, to Head of Europe P&C in 2016, and gained the additional responsibility of Deputy CEO P&C in 2018. In 2019, he was named CEO of the Company's P&C EMEA regional unit. Mr. Meyenhofer was previously with Transatlantic Re, has over 17 years of industry experience and strong, proven business leadership skills. He holds a Master of Law degree from the University of Fribourg, Switzerland, and a MBA from the University of Chicago Booth School of Business.

James Beedle, CEO P&C APAC

James Beedle is a member of PartnerRe's ELT and has executive responsibility for the Company's P&C Asia-Pacific regional business unit and its Global Clients and Broker Management unit. Mr. Beedle is also CEO of Partner Reinsurance Asia Pte. Ltd. Mr. Beedle has over 29 years of experience in reinsurance and reinsurance broking, strong strategic leadership capabilities and deep regional knowledge of Asia-Pacific markets. Mr. Beedle joined PartnerRe in 2017 as Head of Asia-Pacific P&C & CEO Partner Reinsurance Asia Pte. Ltd. from Willis Re, most recently as Senior Managing Director of Willis Re Asia-Pacific. His previous roles within Willis Re include COO Willis Re Australia and CEO Willis Re Japan. Mr. Beedle has a BA (Hons) in Economics from the University of York, England, is an Associate of the Chartered Insurance Institute and Executive Committee member of the Singapore Reinsurers' Association.

Greg Haft, CEO Global Catastrophe

Greg Haft is a member of PartnerRe's ELT and has executive responsibility for the Company's Global Catastrophe business unit. Mr. Haft has over 26 years of industry experience, combining a strong skill-set of actuarial, reinsurance business and leadership capabilities spanning property, casualty and specialty lines. Mr. Haft joined PartnerRe in 2013 as Head of Catastrophe, Bermuda. In 2016, he was appointed to Head of Global Cat and Property North America, and thereafter to Deputy CEO Specialty Lines and leader of Specialty Lines' Property, Marine and Energy (PME) unit. In 2019, he was named CEO of Specialty Lines. Prior to joining PartnerRe, Mr. Haft was Managing Director, Head of U.S. Property Catastrophe Underwriting at Markel Corporation. Mr. Haft holds a B.S. Mathematics and Statistics from the University of Michigan, is a Fellow of the Casualty Actuarial Society and a Certified Cat Risk Analyst.

Jonathan Colello, CEO P&C Americas

Jonathan Colello is a member of PartnerRe's ELT and has executive responsibility for leading PartnerRe's P&C business in the US, Canada and Latin America, and for the Company's Health business in the U.S. Mr. Colello is also President of Partner Reinsurance Company of the U.S. Mr. Colello has extensive reinsurance experience and has spent the majority of his 21-year career in the industry. Most recently, he was President North America at AXIS Re in the US where he had overall responsibility for underwriting platforms in Bermuda, Canada and the United States, and served as a member of the Reinsurance Leadership Team. Prior to that, he held several leadership positions within AXIS Re since joining the company in 2004. Mr. Colello holds an MBA from New York University's Stern School of Business and a Bachelor of Science in Business from the University of Vermont.

Andrew Gibbs, Chief Operations Officer

Andrew Gibbs is a member of PartnerRe's ELT and has executive responsibility for the Company's end-to-end underwriting support processes which includes: underwriting support, reinsurance accounting, payments and collections, as well as transformation, third party management and procurement. Mr. Gibbs has more than 31 years of professional experience in insurance, reinsurance, regulatory compliance and financial services, having held senior positions with the Bermuda Monetary Authority, Validus Holdings Ltd., ACE Group of Companies (now Chubb Group of Companies) and Ernst & Young. Prior to joining PartnerRe, Mr. Gibbs held the position of Executive Chairman at Maiden Reinsurance Ltd. Mr. Gibbs has a BA in Economics from the University of Essex in England and is a Chartered Accountant and a Chartered Insurer, a Fellow of the Institute of Chartered Accountants in England & Wales and holds an Advanced Diploma in Insurance from the Chartered Insurance Institute and a Diploma in Company Direction from the Institute of Directors.

Christian Mitterer, CEO P&C EMEA

Christian Mitterer is a member of PartnerRe's ELT and has executive responsibility for the Company's P&C EMEA regional business unit. Mr. Mitterer has over 15 years of experience in both the reinsurance and banking industries with proven business leadership skills and strong focus on execution. Mr. Mitterer joined the Company in 2012 as Senior Underwriter, Specialty Casualty. In 2015, he was named Head of Financial & Professional Lines and thereafter Head of Specialty Casualty, Europe P&C in 2016 and Head of Specialty Casualty, P&C EMEA in 2019. In 2020, he was named Head of EMEA P&C followed by this appointment as CEO P&C EMEA. Prior to joining the Company, Mr. Mitterer was with AIG in Zurich and London. Mr. Mitterer holds a degree in business administration from the University of Passau, Germany.

Simon Clifford, CUO Life & Health

Simon Clifford is a member of PartnerRe's ELT and has executive responsibility for the Company's Life and Health underwriting functions. He brings over 26 years of experience in life insurance, with deep experience in actuarial and financial analysis and management. Prior to joining PartnerRe in 2020, Mr. Clifford was with Zurich Insurance Group, where he most recently held the position of Head of Life Legacy UK for Zurich UK Life. Prior to that, he held various positions, including Global Head of Life Technical Excellence, Global Head of Proposition Management and CFO of

Zurich International Life. Simon is an actuary and graduated with a Bachelor's degree in mathematics and a Master's degree in applied statistics from the University of Oxford.

Andrew Hughes, CEO Third Party Capital

Andrew Hughes is a member of PartnerRe's ELT and has executive responsibility for the Company's third-party capital business initiatives. Prior to joining the PartnerRe, Mr. Hughes worked at Hiscox ILS, where he held various roles between 2015 and 2020, most recently as Managing Principal where he was responsible for strategy and operations of the Hiscox ILS platform. Prior to that, he was counsel as QIC Limited, an Australian diversified alternatives asset manager, and various international law firms. Mr. Hughes is a triple qualified attorney (England & Wales; Queensland, Australia; Bermuda) with a background in insurance linked securities, alternative asset management, banking securitization and structured finance. Mr. Hughes holds a B.A. in Law and Information from the University of Exeter, England.

Gerd Maxl, Secretary to the Board, Chief Legal Officer and Chief Ethics Officer

Gerd Maxl is a member of PartnerRe's ELT and has overall responsibility for the legal and compliance functions of the Company. Mr. Maxl has more than 18 years of experience in life and non-life (re)insurance. Mr. Maxl joined the Company in November 2012 as General Counsel Global looking after PartnerRe's legal and compliance matters outside of Bermuda and North America and was promoted to Chief Legal Counsel in August 2017. Mr. Maxl also serves as Chief Ethics Officer and Secretary of the Board. Prior to joining PartnerRe, Mr. Maxl was an associate in a law firm in Switzerland and thereafter worked for over nine years for the Zurich Insurance Group in a number of positions in Switzerland and the U.S. Mr. Maxl has a law degree from the University of Basel, Switzerland and was admitted to the bar in Switzerland in 2001.

3.2.2.2 OFFICERS

In addition to the ELT, PartnerRe also has senior management staff who serve as Officers of the Company and have responsibility for Group matters. These persons, as at May 19, 2022, are identified below:

Name	Position with the Group
Abina Kealy	External Reporting Director, Chief Accounting Officer
Ryan Lipschutz	Group Treasurer
Terry Kuruvilla	Group Non-life Actuary
Yidong (Winter) Liu	Group Life Actuary
Trevor Brookes	Chief Audit Officer
Peter Antal	Group Risk Officer
Michael Cooze	Group Tax Director and Chief Operating Officer Investments
Lee Iannarone	Associate General Counsel

Biographical information - Officers

Abina Kealy, External Reporting Director, Chief Accounting Officer

Ms. Kealy is Chief Accounting Officer of the Company. She joined in February 2009 and has held a number of roles within the Finance function in both the Dublin and Zurich offices of PartnerRe, including the Chief Financial Officer for Europe and Asia. Ms. Kealy is a fellow of the Institute of Chartered Accountants Ireland and a Chartered Tax Consultant.

Ryan Lipschutz, Group Treasurer

Mr. Lipschutz is responsible for PartnerRe Group's treasury and cash management function, foreign currency and collateral management functions as well as acting as Treasurer of the Company. Mr. Lipschutz joined PartnerRe in

April 2003 and has held various positions within the Treasury function including Assistant Treasurer and Investment & Treasury Analyst. He was appointed as Treasury Director in 2010 and was appointed Group Treasurer as of March 24, 2016. Prior to joining the Company, Mr. Lipschutz was an accountant with Tewksbury Capital Management (formerly Trout Trading Management Company) from 1998 through 2003. While Mr. Lipschutz was an auditor with Deloitte & Touche from 1993 through 1998, he successfully passed the Certified Public Accounting exam. Mr. Lipschutz holds a B.A from Muhlenberg College and is Chartered Financial Analyst.

Terry Kuruvilla, Chief Actuarial Officer and Group Non-life Actuary

Mr. Kuruvilla is responsible for the management and oversight of the quarterly reserve processes and peer review of business unit reserve studies. He has over 20 years of experience in the actuarial field and was a Senior Vice President & Chief Actuary with XL Re, Latin America from 2010 to 2012 prior to joining PartnerRe in August 2012. Mr. Kuruvilla was a Vice President & Financial Actuary with XL Re, Bermuda from 2005 to 2010. Mr. Kuruvilla joined Saint Paul Companies/Travelers as an Actuarial assistant in 1997, was promoted to Senior Actuarial Assistant in 1999 and was promoted to Actuary in 2001 until 2005. Mr. Kuruvilla is a Fellow of the Casualty Actuarial Society.

Winter Liu, Group Life Actuary

Mr. Liu is the Group Life Actuary of the Company, responsible for management and oversight of the reserving process for the life business. He is also PartnerRe's Chief Life Reserving Officer, responsible for the appointed actuary function for all life business. He has 19 years of experience in the life actuarial field and was the chief actuary for Munich Re US Life before joining the Company in September 2019. Prior to Munich Re, Mr. Liu spent 11 years in actuarial consulting industry specializing in life and annuity products and was the founding principal of Oliver Wyman US life practice. Mr. Liu is a fellow of the Society of Actuaries (SOA), a Member of the American Academy of Actuaries (MAAA) and a Certified Financial Analyst (CFA).

Trevor Brookes - Chief Audit Officer

Mr. Brookes is responsible for the internal audit function of PartnerRe Group. He joined the Company in February 2011 and prior to that held the role of Head of Internal Audit of RenaissanceRe Holdings Ltd. from 2005 through 2011. Prior to joining Renaissance Re he served as Head of Internal Audit for XL Capital Ltd. for the period from 2000 through 2005. In his early career Mr. Brookes worked for various public accounting firms including KPMG, Ernst & Young and PwC. He holds a B.Comm from the University of Manitoba and is a Chartered Accountant, Certified Internal Auditor and has a Certification in Risk Management Assurance.

Peter Antal, Chief Risk Officer

Mr. Antal joined PartnerRe in November 2016 as Head of Capital and Risk. Prior to joining PartnerRe, Mr. Antal worked with Swiss Re for over 20 years as a member of the Actuarial team culminating in his appointment as Chief Actuary of the Financial Services Business Group (Managing Director) and Head of the Actuarial Department. He was then promoted to Head of Product Strategy and finally held the title of Head of Risk Modeling for six years prior to leaving to take up the role at PartnerRe. Mr. Antal has a PhD in Mathematics from ETH (Swiss Federal Institute of Technology, Zurich), is a Chartered Financial Analyst and a Fellow of the Swiss Actuarial Society. He acts as an expert for the IMF and has lead several technical assistance missions in the Caribbean region and is fluent in German, English, French and Hungarian.

Michael Cooze, Group Tax Director and Chief Operating Officer Investments

Mr. Cooze is the Tax Director for the PartnerRe Group and is responsible for the management and coordination of PartnerRe's worldwide tax function relating to tax planning, accounting, and compliance. Mr. Cooze joined PartnerRe in August 2008 as Assistant Group Controller and was promoted to Group Controller in March 2010. Prior to joining PartnerRe, Mr. Cooze was the financial controller for XL Life Ltd, a subsidiary of XL Group Ltd, from August 2003 to August 2008; and, held manager and senior accountant positions at PricewaterhouseCoopers Bermuda from

November 1998 to August 2003. Mr. Cooze holds a Bachelor of Commerce degree, major in Accounting, from Saint Mary's University, is a Canadian CPA and member of CPA Bermuda (formerly ICAB).

Lee Iannarone, Associate General Counsel

Mr. Iannarone joined PartnerRe in January 2011 as the General Counsel and CCO of the PartnerRe Investments Group. Mr. Iannarone assumed the additional responsibility of General Counsel of PartnerRe Bermuda in October 2017. Mr. Iannarone began his legal career at the law firm O'Melveny and Myers in their NY and London offices from 1999 to 2005 as an Associate and was promoted to Counsel in 2004. Mr. Iannarone practiced law at the firm Mandel Katz & Brosnan in London from 2005 to 2008 prior to working as Associate General Counsel and CCO of Sandell Asset Management, a multi-strategy hedge fund, in their London and NY offices from 2008 to 2011. Mr. Iannarone holds a BA in Accounting and Finance from Gettysburg College and a JD from Georgetown University Law Center and has been a member of the NY State Bar Association since 2000.

Refer to Appendix II and Appendix III for the professional qualifications, skills and experiences of directors and officers of the BMA Licensed Subsidiaries.

3.3 RISK MANAGEMENT AND SOLVENCY ASSESSMENT

3.3.1 RISK MANAGEMENT PROCESSES AND PROCEDURES

PartnerRe's Enterprise Risk Management (ERM) Framework outlines policies and procedures applicable to the Group and is discussed in Section 3.3.2.1 below.

3.3.2 IMPLEMENTATION OF RISK MANAGEMENT AND SOLVENCY SELF ASSESSMENT SYSTEMS

3.3.2.1 Enterprise Risk Management Framework (ERM Framework)

The ERM Framework follows best practices and is consistent with the major regulatory regimes in which the Group operates. The ERM Framework has been implemented across the Group in line with the regulatory framework in Bermuda and consists of the following main components:

- Risk Governance and Risk Culture
- Risk Identification and Performance
- Risk Strategy
- Risk Reporting

Risk Governance and Risk Culture

The Group has a governance structure for risk management that promotes a risk culture of risk ownership throughout levels of the organization. The objective of the approach is to increase transparency over the roles and responsibilities that supports clear risk ownership.

The Group utilizes a multi-level risk management structure where the ELT and Board are responsible for the establishment of the critical exposure limits, capital-at-risk and key policies through the ERC, a sub-committee of the ELT, and the URC, a committee of the Board.

The ERC is responsible for setting the Group's risk appetite and return expectations. The ERC is comprised of a subset of ELT members including the Chief Executive Officer, Chief Financial Officer, Chief Underwriting Officer, Chief Operations Officer, Chief Corporate and People Operations Officer, Chief Investment Officer, Chief Legal Counsel and senior management members such as the Group Head of Capital & Risk. The Chief Audit Officer and Chief Financial and Operations Officer Life & Health attend the ERC meetings as observers. The ERC provides oversight through the quarterly monitoring of the Group's Risk Tolerance, periodic review of internal capital modelling techniques including stress and scenario testing, capital allocation as well as internal audit plans and results.

As described in Section 3.1.1 - *Corporate Governance Framework* above, the URC is comprised of members of the Board. The role of the URC in the governance of Risk Management includes reviewing the ERM framework effectiveness and to discuss appropriate practices for the Group, including the Group's policies, guidelines and processes relating to the underwriting of reinsurance risks and assumptions of investment risks undertaken by the Group. Each of the Group's risk policies relates to a specific risk and describes the Group's approach to risk management, defines roles and responsibilities relating to the assumption, mitigation, and control processes for that risk, and an escalation process for exceptions. Risk management policies and processes are coordinated by the Capital & Risk department and compliance is audited by Internal Audit on a periodic basis. The audit results are reported to and monitored by the Audit Committee of the Board. Additionally, the URC also reviews the capital requirements and advises the Board on capital modelling matters.

The Business Units (BUs) and support functions are responsible for the execution of business activities and related risk mitigation strategies. These activities are represented in risk control practices embedded in the BUs which support the risk policies. Reporting on the Group's capital and top risk exposures is integrated within the Group's quarterly monitoring of risk tolerance limits, annual planning and risk assessment process as well as regulatory solvency assessments which are reported to the ELT, Board and relevant legal entity boards. Internal Audit periodically evaluates the effectiveness of the risk control procedures.

The Group's risk culture drives the Group's attitude toward managing risks through a set of values and behaviors. The Group's risk culture is shaped through the risk governance structure, risk management practices and risk models. The risk oversight committees such as the ERC and URC, in addition to the dedicated legal entity Chief Risk Officers as part of the Legal Entity Management Teams at the significant legal entities, sets the Group's tone in terms of the importance and relevance of appropriately monitoring and managing risks. Risk Management practices such as limit frameworks and risk guidelines provide tools to ensure the Group's risk-taking values are aligned with the Group's risk appetite. Finally, risk models support the measurement of risks under stressed scenarios which promotes responsible behaviors and informed risk-taking.

The Group's risk culture prepares for the future by embedding Environmental, Social, and Governance (ESG) risks throughout the ERM Framework. The way we manage these issues today impacts the future of our society as well as the financial strength of the Group. ERM enables the organization to manage all key risks, including those risks associated with ESG. The regulatory environment on ESG in terms of scope, standards, and assessment continues to evolve and drive new advancements that will be reflected within the ERM Framework. Available on our website is the *PartnerRe 2021 Environmental, Social, Governance (ESG) Report* for more information.

Risk Identification and Performance

The Group performs a risk identification and assessment process that is used to identify and assess the Group's key risks. The assessment of the material risks is achieved through the performance of risk stresses and scenarios in line with the Group's Stress Testing Framework. The Group structures its risks within a Risk Universe which is comprised of the following risk categories: Strategic, Underwriting, Market and Credit, Financial, Capital Management and Operational.

See Section 4.1 - *Material Risks* below.

Risk Strategy

Risk Appetite

Risk appetite is an integral part of an effective risk management system that defines the overall level of risk the Group is prepared to accept in pursuit of its strategic objectives, and which is managed through a robust Risk Tolerance Framework of risk limits. The ERC regularly reviews the Group's deployment and may decide to adjust the amount of capacity deployed for each risk driver (within the established risk tolerance) based on strategic considerations and changes in market conditions.

Risk Tolerance Framework

The Group's risk tolerance is expressed as the maximum economic loss that the Group is willing to incur based on various modeled probability return periods. To mitigate the chance of economic losses exceeding the risk tolerance, the Group relies upon diversification of risk sources and risk limits to manage exposures. Diversification enables losses from one risk source to be offset by profits from other risk sources so that the chance of overall losses exceeding the Group's risk tolerance is reduced.

The Group's risk tolerance is approved by the Board and is expected to remain stable. Any changes to the risk tolerance are to be approved by the Board.

Risk Reporting

The Group monitors risks that could adversely impact operating and economic results. The risk reporting dashboard provides the ERC with key risk exposure analysis in order to monitor the Group's risk tolerance limits and risk profile.

The solvency self-assessment reports such as the Group Solvency Self-Assessment (GSSA) and Commercial Insurer Solvency Self-Assessment (CISSA) build on processes around the risk assessment as well as the Risk Tolerance Framework. It assesses the adequacy of the Group's and major entities' risk management and the current and projected future solvency position under planned and stressed conditions.

3.3.2.2 SOLVENCY SELF ASSESSMENT

The Group undertakes, at least annually, an internal assessment of its risk and solvency positions and evaluates these against the Group's annual business plan. The GSSA builds on the risk management function's activities throughout the year and evaluates projected risk and solvency positions over the Group's planning time horizon.

The capital projections in the GSSA are based on projections of available and required capital using the Group's three year business plan, and take into account an expected dividend payout. Projected capital adequacy for 2022- 2024 is assessed against the Group's overall risk appetite.

The GSSA process encompasses the annual risk identification and assessment process, the review and continuous evolution of risk appetite and risk limits and tolerances, risk monitoring, and stress testing, reverse stress testing and capital projections. Stress testing is based on the Group's own view of which risks are considered to be material as well as the BMA's prescribed stresses.

PartnerRe Bermuda and PRE Life undertake a similar assessment, which is documented in a CISSA for each entity.

3.3.3 RELATIONSHIP BETWEEN SOLVENCY NEEDS, CAPITAL AND RISK MANAGEMENT SYSTEMS

The Group considers two capital measures for solvency purposes, regulatory and internal capital. The Group also assesses rating agency capital, which is not further allocated to legal entities.

3.3.4 SOLVENCY SELF ASSESSMENT APPROVAL PROCESS

The GSSA is prepared annually (or more frequently if warranted) by the Head of Capital & Risk, and reviewed by, among others, the Group CFO. The Board's Audit Committee ultimately approves the GSSA, and following approval, the GSSA is submitted to the BMA. Throughout the course of the year, elements of the GSSA process may also be applied to assess the capital impact of large portfolio initiatives or in times of stress.

For PartnerRe Bermuda and PRE Life, a CISSA is prepared annually (or more frequently if warranted) by the Chief Risk Officer (CRO) of each BMA Licensed Subsidiary. Each CISSA is reviewed by the BMA Licensed Subsidiary's management team and approved by its Board prior to submission to the BMA.

3.4 INTERNAL CONTROLS

3.4.1 INTERNAL CONTROL SYSTEM

The Board, in its commitment to high standards of business conduct, has adopted various Codes and Guidelines to address key risk areas. These Codes and Guidelines are supported by detailed procedures as necessary.

The Group's internal control system covers a wide range of processes across the Group which includes, but is not limited to: underwriting; claims; investments; risk management and operational functions. Also included in the internal control system are the Group's SOX controls necessary to support its ongoing obligations as an SEC registrant to maintain effective internal controls over financial reporting. The internal control system is strengthened by a software tool that provides enhanced governance and reporting over the Group's existing robust internal control framework as well as a mechanism to enhance the collaboration between the Group's risk management, compliance and internal audit functions.

Each of the Group's ERM risk policies is complemented by associated risk controls which contain the details of the various risk items, processes and controls that are implemented throughout the organisation to allow the mitigation of the risks associated with the risk policies.

The Board oversees the internal control system and is supported in the first instance by the Audit Committee and secondly by Internal Audit through the performance of a risk-based internal audit plan supporting its annual opinion on the Group's internal control system.

In addition to the Board, the Group's compliance function, finance function, actuarial function, risk management function and internal audit function are all key contributors to the governance and oversight of the Group's internal control system.

See also Section 3.5 - *Group Internal Audit* below.

3.4.2 COMPLIANCE FUNCTION

The Group's Legal & Compliance function (including its embedded jurisdictional compliance resources) has responsibility for the Group's compliance with regulatory requirements and legal obligations.

The strategic objectives of the Legal & Compliance function are:

- ensuring effective relationships with key regulators and industry groups in order to anticipate and manage new regulatory, legislative and industry developments applicable to the Group;
- implementing appropriate policies and procedures and monitoring existing policies and procedures, each with a view to ensuring compliance with regulatory and legislative obligations; and
- providing compliance risk management expertise to ensure business initiatives maintain compliance and achieve business objectives.

The Group's compliance framework ensures there is effective oversight of the activities of the Group taking into consideration the nature, scale and complexity of the business being conducted by it. This includes:

- identification of regulatory and legal obligations and requirements. These are identified by monitoring and documenting legal, regulatory and industry developments and liaising with the BMA (and other jurisdictional regulators as appropriate);
- development of an overarching compliance framework underpinned by detailed policies and procedures. The identified regulatory and legal obligations and requirements inform and shape the policies and procedures to be followed; and
- monitoring and regular reporting in respect of the Group's compliance with such policies and procedures.

The Company's Audit Committee and the ERC receive quarterly updates from the Group's Legal & Compliance function in respect of monitoring the Group's compliance activities. Such reporting is designed to provide the Audit Committee with sufficient comfort that the Group has complied with all requisite regulatory and legal requirements and, where necessary, to highlight any occasions on which the Group may have deviated (in a material and/or non-material manner) from such requirements.

3.5 GROUP INTERNAL AUDIT

The internal audit function operates in accordance with its charter, which outlines the mission, scope, responsibilities and reporting structure of the function. The charter is periodically reviewed and subject to approval by the Board.

The Corporate Audit Group (CAG) assists senior management and the Board in achieving their corporate objectives and discharging their duties and responsibilities. This is achieved through CAG's systematic and disciplined approach to evaluating and improving the effectiveness of the Group's internal control system. The CAG functions as an independent, objective assurance and advisory activity designed to add value and to assist in improving operations.

Based on testing performed as part of a risk-based internal audit program, the CAG provides the Board (via the Audit Committee) with reasonable assurance that:

- operations are effective and efficient;
- financial reporting is reliable;
- there is compliance with laws and regulations;
- assets are appropriately safeguarded; and
- the Group's risk management policies are consistently applied.

The scope of work of the CAG provides a basis for determining whether the Group's risk management activities, internal controls and governance processes, as designed and represented by management, are adequate and functioning in a manner to ensure that:

- risks related to the achievement of the Group's objectives are appropriately identified and managed;
- interaction with the various governance groups occurs as needed;
- significant financial, managerial, and operating information is accurate, reliable, and timely;
- employees' actions are in compliance with internal policies, standards, procedures, and applicable laws and regulations;
- assets and resources are acquired economically, used efficiently, and adequately protected;
- programs, plans, and objectives are achieved;
- quality and continuous improvement are fostered in the Group's control process; and
- significant legislative or regulatory issues impacting the Group are recognized and addressed properly and in a timely manner.

The CAG provides internal audit support to all group entities, as required, and PartnerRe Bermuda has adopted an internal audit charter governing its internal audit function. All of the Group's Level 1 subsidiaries, which generally are the Group's rated and risk assuming operating companies, leverage the Group internal audit function to support the Board's objectives in overseeing internal controls.

Annually, CAG provides senior management and the Board with an overall opinion on the Group's internal control system.

Management is required to maintain an Anti-Fraud Program, which the Audit Committee of the Company oversees, as part of the requirements of the Sarbanes–Oxley Act of 2002. The CAG conducts this program on behalf of

Management and reports the results to Management and the Audit Committee annually. As part of this program, CAG updates the Group's fraud risk assessment and test the controls annually.

The CAG is comprised of professional staff with sufficient knowledge, skills, experience and professional certifications. To enhance CAG's assurance over assumed risks, a guest auditor program was created to leverage the subject matter expertise of pricing actuaries and underwriters not involved in the BU being audited.

The Chief Audit Officer (CAO) oversees the internal audit function and also oversees the activities of any external consultants who are engaged from time-to-time to assist in the completion of Internal Audit projects.

To provide for the independence of CAG, its personnel report directly to the CAO, who reports functionally to the Audit Committee of the Company and administratively to the Group CEO. The CAO will ensure that CAG remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing and report content. If the CAO determines that independence or objectivity may be impaired, the details of impairment will be disclosed to appropriate parties.

3.6 CAPITAL & RISK AND ACTUARIAL FUNCTION

The Capital & Risk function ensures proper risk oversight, that the capital model meets business needs and regulatory requirements. The Head of Capital & Risk reports risk topics to the URC on a quarterly basis.

The Capital & Risk function provides a link between operations within the business units through the overall Group risk governance framework which includes reporting on risk exposures through risk scorecards.

Capital & Risk

The Group's Capital & Risk function:

- provides a properly functioning ERM framework including risk policies which appropriately address risks in alignment with evolving regulatory and market (investor, rating agency) standards;
- establishes methodology to support the mitigation of risks such as risk identification and assessment processes;
- performs risk monitoring and reporting including risk correlation, concentration and aggregation;
- ensures deployed capacity is monitored and remains within the defined risk appetite expressed at Group or at the Legal Entity level;
- builds, evolves and maintains the capital model to meet business requests and regulatory requirements. A single capital model is used across the group to meet various needs and purposes;
- discusses and challenges assumptions with internal stakeholders and subject matter experts in order to build a common understanding about risk;
- discusses and challenges internal stakeholders on all risk issues in relation to the Risk Universe and ERM Framework through the ERC and Risk Committee at the Legal Entity level;
- ensures capital is appropriately attributed to business units for pricing purposes;
- measures and monitors the liquidity position of the Group as well as relevant regulated subsidiaries; and
- aggregates and reports on counterparty credit risk arising from both investing and underwriting activities.

Actuarial

The Actuarial function is separated into first line and second lines of defense. First line teams are responsible for the production of reserves, performance of controls, monitoring of data quality, management of actuarial models, production of experience analysis, recommendation of best estimate assumptions, and documentation of these processes. Second line teams provide an independent review and sign off, as well as advice to management and the Board on data, models, methodologies and assumptions. The Actuarial function's tasks are undertaken by a team who have the appropriate knowledge of actuarial and financial mathematics and experience, proportionate to the nature, scale and complexity of the risks present in the business.

The Group's actuarial function ensures:

- the Group has a robust and structured approach to estimating the Group's reserves and reserving considerations are integrated into key operations and strategic decision making; and
- the Group complies with regulatory and financial reporting requirements for the estimation and reporting of reserves within an appropriately controlled framework.

The Actuarial function provides inputs to the risk scorecards produced by the risk management function. It also produces indications for premium and reserve capital factors used in pricing along with asset, reserve and non-cat risk distributions.

3.7 OUTSOURCING

3.7.1 OUTSOURCING POLICY

Outsourcing arrangements constitute an operational risk, which the Group mitigates through its comprehensive Outsourcing Framework. Group Outsourcing Guidelines (Guidelines), setting out the parameters within which the Group and its operating companies can enter into outsourcing arrangements have been implemented.

Oversight of outsourcing is managed centrally by the Head of Third Party Management, with responsibility for the coordination and implementation of a holistic third-party risk management framework. Such framework encompass the Guidelines, and also describe governance standards for other third-party arrangements not covered under the definition of outsourcing. It is the responsibility of the Board of each operating company, (or committee to whom the Board has delegated authority), to ensure that the outsourcing governance framework is appropriate to manage the relevant risks which arise for the respective outsourcings undertaken by the operating company. Local management responsibility of all outsourcing arrangements resides with the operating company CEOs or General Managers (GM) or Branch Managers (BM), supported by Risk Management in a second line of defense and Internal Audit in a third line of defense capacity.

Quarterly operating company meetings are coordinated by the Head of Third Party Management, with participation of the local CEO/GM/BM, Legal & Compliance, Risk Management, the Corporate Audit Group and ad-hoc participants as required by the agenda (service recipients or providers).

The Group's outsourcing arrangements are predominately comprised of support provided via intra-group arrangements. These include services from the key Group functions including underwriting operations and claims, actuarial and reserving, risk management, legal and compliance, finance and accounting, internal audit and investments. The outsourcing of such services to intra-group affiliates falls within the scope of the Group's Outsourcing Framework.

Third party outsourcings are driven by strategic business decisions and/or legal and regulatory obligations. The Guidelines provide for comprehensive due diligence to be undertaken on third party service providers with a view to ensuring, among other things, the financial stability of the service provider together with their capacity and technical resources to carry out the outsourced activity.

The Group and the BMA Licensed Entities will not outsource activities or functions that would:

- allow delegation by senior personnel of their own responsibilities;
- unduly increase operational risk;
- impair the ability of supervisory authorities to monitor the compliance of its' obligations; and
- undermine continuous and satisfactory services to policyholders.

Operating subsidiaries of the Company have adopted the aforementioned Guidelines to govern outsourcing and to manage and mitigate the potential risks associated with outsourcing, in accordance with regulatory requirements. Key components of the Group's Outsourcing Framework include a requirement for performance of due diligence on outsourced service providers prior to commencing new outsourcings, written service level agreements in place with service providers and the maintenance of an outsourcing register by the service recipients.

The level of due diligence required under the Guidelines shall be commensurate to the materiality of the outsourced activity. Material outsourcing arrangements will be subject to more detailed due diligence and examination than non-material outsourcing arrangements.

The Guidelines also require all outsourcing arrangements be subject to a written agreement. Such written agreements include the terms and conditions governing the provision of services by the service provider, an obligation on the parties to the contract to comply with all legal and regulatory obligations and further provisions as required by applicable law.

Outsourcing arrangements are recorded in the Group's outsourcing register. Registers provide, among other things, clear details of service owners/recipients and providers, a description of the services outsourced and the classification of each outsourcing arrangement (i.e. material/non-material).

Oversight of outsourced arrangements is managed through implemented controls between service providers and service recipients, and through quarterly reporting on the quality and timeliness of services received from service recipients to Legal Entity management and Boards.

3.7.2 MATERIAL INTRA-GROUP OUTSOURCING

See Section 3.7.1 - *Outsourcing Policy* above.

3.8 ANY OTHER MATERIAL INFORMATION

N/A

4. RISK PROFILE

4.1 MATERIAL RISKS

The risk identification phase is the basis for the annual risk assessment process and ensures that the Group's material risks are captured. The Group's risks will develop over time as the industry, business portfolio mix and the Group's operational structure evolves. The Risk Universe is structured in the following main categories:

Strategic Risk

Strategic Risk is the risk of inadequate decision-making, poor execution of the Group's strategic objectives and the risk of a misalignment between the Group's existing strategy and the external environment that could threaten the Group's competitive position and its ability to ensure ongoing profitability and viability.

Strategic Risks are discussed and agreed to between the Group CEO and the Group's Board, managed by the Group CEO, and include the direction and governance of the Group. Managing strategic risk includes the Group's response

to risks to the business strategy and the Group's reputation as well as key external factors faced by the reinsurance industry including emerging risks.

Management considers that strong governance procedures, including a robust system of processes and internal controls, are appropriate to manage risks related to its reputation and risks related to new initiatives, including acquisitions, new products or markets. The Group seeks to preserve its reputation through high professional and ethical standards and manages the impact of identified risks through the adoption and implementation of a sound and comprehensive assumed risk framework.

Emerging risks are new risks or previously known risks that are evolving in unexpected ways with unanticipated consequences. They are monitored and managed by the ERC, which is tasked to evaluate and prioritize these risks based on the likelihood of occurrence and the potential impact on the Group.

Strategic Risk is a material risk to PartnerRe Bermuda and is assessed at the Group level.

Underwriting Risk

Underwriting is conducted at the business unit level through specialized underwriting teams with the support of technical staff in disciplines such as actuarial, claims, legal, risk management and finance.

The Group's underwriters develop close working relationships with their ceding company counterparts and brokers through regular communication and collaboration, gathering detailed information about the cedant's business and local market conditions and practices. As part of the underwriting process, the underwriters also focus on the reputation and quality of the proposed cedant, the likelihood of establishing a long-term relationship with the cedant, the geographic area in which the cedant does business and the cedant's market share, historical loss data for the cedant and, where available, historical loss data for the industry as a whole in the relevant regions, in order to compare the cedant's historical loss experience to industry averages, and to gauge the perceived insurance and reinsurance expertise and financial strength of the cedant. The Group trains its underwriters and strives to maintain continuity of underwriters within specific geographic markets and areas of specialty.

The Group generally underwrites risks with specified limits per treaty program or facultative contract. Like other reinsurance companies, the Group is exposed to multiple insured losses arising out of a single occurrence, whether a natural event such as hurricane, windstorm, tornado, typhoon, flood or earthquake, pandemic or man-made event. Any such catastrophic event could generate insured losses in one or many of the Group's reinsurance treaties and facultative contracts and in one or more lines of business. The Group considers such event scenarios as part of its evaluation and monitoring of its aggregate exposures to catastrophic events.

Underwriting Risk is also a material risk to PartnerRe Bermuda and PRE Life.

Market and Credit Risk

Financial market risk is defined as the risk of a significant financial loss resulting from changes in financial markets such as changes in equity prices, interest rates, credit spreads, delinquency and default rates, foreign exchange rates or real estate prices. Financial market risk typically originates from investment activities, underwriting activities for certain product segments, and from the sensitivity of the economic value of liabilities to interest rate movements. Credit risk is defined as the risk of a significant financial loss due to default or downgrade of a counterparty. The Group is exposed to financial market and credit risk primarily through investment activities, structured transactions, business clients and brokers, retrocession as well as financial risks including guaranteed minimum death benefits (GMDB), mortgage and credit and surety reinsurance lines of business.

Financial market and credit risk management follows both top-down and bottom-up approaches. The top-down approach begins with the Group Risk Tolerance Framework. The framework dictates an overarching Group Board risk limit with sub-limits for important quantifiable risk pillars including investment risks and other financial risks. Additionally, it limits downside economic risk resulting from deterministic cross-risk pillar severe stress scenarios (e.g.,

financial crisis or inflation spike scenarios) before being further delineated and extended to policies and guidelines, limits and investment risk standards at all levels of the Group. At the same time, the bottom-up approach is achieved with guidelines and limits that are constructed for each investment portfolio and then for each legal entity up to the Group level in a consistent manner.

The Group utilizes external and internal tools to quantify financial market and credit risks. In addition to regularly assessing portfolio sensitivities to predetermined changes in market factors (e.g., interest rates and credit spreads), the Group has developed internally several single-year and multi-year scenarios with the goal of quantifying the impact of severe macroeconomic events (e.g., real estate crisis, financial crisis and inflation/interest rate spike) on invested assets, economically sensitive reinsurance business (e.g., mortgage, credit & surety, GMDB, etc.) and inflation sensitive reserves. These scenarios are often augmented by reinsurance shocks to assess the impact on the Group's liquidity and/or solvency at the Group and legal entity levels.

Furthermore, Risk Management employs an external real-world Economic Scenario Generator tool to regularly quantify and monitor the evolution of total return distributions by asset classes, subclass and by risk type (e.g., interest rate risk, equity risk, private equity, spread risk including default and migration risks, currency risk and real estate risk).

Net interest rate risk is monitored and managed holistically through asset liability management, asset reallocation and/or derivatives to ensure that large movements in interest rates do not result in significant loss of economic capital, in excess of Group and legal entity risk tolerances.

Counterparty credit risk is monitored and managed by major source of risk (e.g., corporate credit, derivatives, retrocession, funds withheld, etc.) and in aggregate across sources of risk. Limits are put in place at the Group level to ensure that losses due to the default of any single counterparty do not place an excessive strain on PartnerRe's capital and/or solvency positions.

Lastly, currency risk is monitored and hedged through foreign exchange forward contracts whenever deemed necessary and appropriate.

Market and Credit Risk is also a material risk to PartnerRe Bermuda and PRE Life.

Financial Risk

The Company's key financial risks include, but are not limited to, failures or weaknesses in financial reporting, regulatory non-compliance, risks related to the valuation of assets and liabilities, liquidity risk, foreign exchange (FX) risk and risks related to taxation.

Financial Risk is managed through a robust internal control system that is properly designed to identify, assess, prioritize and control threats to the Group's overall financial position reported in the applicable financial statements or reports, and that these processes and controls are proportionate to the risks they aim to mitigate. Internal controls over financial reporting are also designed and operating effectively to prevent and detect material errors from arising in the Group's financial statements or reports. The controls are further strengthened through the Group's policies and guidelines for managing risks related to FX, tax and liquidity.

Financial Risk is also a material risk to PartnerRe Bermuda and PRE Life.

Capital Management Risk

Capital Management Risk is the risk of holding insufficient levels of regulatory or economic capital to support regulatory and internal requirements and the business strategy. The Group has defined target capitalization levels for its regulated legal entities. The ERC monitors the actual capitalization vs. the target levels on a quarterly basis.

The Group manages its capital in line with the Capital Management Framework and the Risk Tolerance Framework. This requires monitoring of the required solvency capital as well as the available economic capital in relation to the

limits, exposure levels and correlations from multiple risk sources. Management provides the Board regular reporting on the capital management activities.

Capital Management Risk is material to the Group and assessed on this level.

Operational Risk

Operational risks are inherent to conducting business and represent a potential for a financial loss or reputational impact as a result of operational failures caused by people, processes, systems and external events. The more significant operational risk topics include, but are not limited to, information technology (including cyber security and data integrity), business disruption, execution and process management, outsourcing, legal and regulatory compliance, fraud and human resources management. The Group seeks to minimize these risks through robust processes and controls, and monitoring throughout the organization.

Operational Risk is also a material risk to PartnerRe Bermuda and PRE Life.

4.2 RISK MITIGATION

Risk Reporting

The Group monitors risks that could adversely impact operating and economic results. The risk reporting dashboard provides the ERC with key risk exposure analysis in order to monitor the Group's risk tolerance limits and risk profile.

Retrocessional Reinsurance

In addition to the risk mitigation methods described in Section 4.1 above, the Group uses retrocessional reinsurance agreements to reduce its exposure on certain reinsurance risks assumed and to mitigate the effect of any single major event or the frequency of medium-sized events. The majority of the Group's retrocessional reinsurance agreements cover property and specialty lines exposures, predominantly those that are catastrophe exposed. From time-to-time the Group also utilizes retroactive retrocession to manage exposures on prior underwriting years for certain lines of business. The Group also utilizes retrocessions in the Life and Health segment to manage the amount of per-event and per-life risks to which it is exposed. Retrocessionaires must be pre-approved based on their financial condition and business practices, with stability, solvency and credit ratings considered to be important criteria. Strict limits per retrocessionaire are also put into place and monitored to mitigate counterparty credit risk.

The Group remains liable to its cedants to the extent that the retrocessionaires do not meet their obligations under retrocessional agreements, and therefore retrocessions are subject to credit risk in all cases and to aggregate loss limits in certain cases. The Group holds collateral, including escrow funds, trusts, securities and letters of credit under certain retrocessional agreements. Provisions are made for amounts considered potentially uncollectible and reinsurance losses recoverable from retrocessionaires are reported after allowances for uncollectible amounts.

See also Section 3.3.1 - *Risk Management Processes and Procedures*.

4.3 MATERIAL RISK CONCENTRATIONS

The Group's comprehensive risk management framework manages material risks, including the establishment and oversight of the Group's risk appetite and risk tolerance limits. The Group has investment guidelines and limits that govern investment portfolio risk concentrations including geographic, asset sub-class, single exposure and sector, among other considerations.

See Section 3.3.2.1 - *ERM Framework* and Section 4.1 - *Material Risks* above for further information.

4.4 PRUDENT INVESTMENT PHILOSOPHY

The Group's Investment Risk Policy is based on the "Prudent Person" concept. Investing in accordance with the Investment Risk Policy ensures that the Group's investments take into account the nature of our business, approved

risk tolerance limits, solvency and liquidity position, long-term risk exposure, ESG considerations and local regulatory requirements. The Investment Risk Policy also establishes guidelines for the monitoring of investment performance and the underlying downside risk as well as capital (rating agency, regulatory, internal, legal entities) implications on a quarterly basis.

From a risk management perspective, the Group allocates its invested assets into two categories: liability funds and capital funds. The Group's investment policy distinguishes between liquid, high quality (investment grade) assets that support the Group's liabilities, and the more diversified, potentially higher risk asset classes that are allowed within the Group's capital funds.

Liability funds represent invested assets supporting the net reinsurance liabilities, and are fully invested in investment-grade fixed maturity securities and cash and cash equivalents. The preservation of liquidity and protection of capital are the primary investment objectives for these assets. The portfolio managers are required to adhere to investment guidelines spanning credit quality as well as issuer and sector concentration limitations. The Group oversees and reviews the portfolio managers to ensure compliance with the investment guidelines. Liability funds represented approximately 55% of the Group's total invested assets at December 31, 2021 and 2020, respectively.

Capital funds are invested assets in excess of the net reinsurance liabilities, and represent the total capital of the Group, which includes shareholders' equity and debt liabilities. Capital funds are invested in a diversified portfolio with the objective of maximizing investment return, subject to prudent risk constraints. Capital funds contain most of the asset classes typically viewed as offering a higher risk and higher return profile, subject to risk assumption and portfolio diversification guidelines which include issuer and sector concentration limitations. Capital funds may be invested in investment grade and below investment grade fixed maturity securities, publicly listed and private equities, bond and loan investments, real estate investments, structured credit and certain other specialty asset classes. Capital funds represented approximately 45% of the Group's total invested assets at December 31, 2021 and 2020, respectively.

The Group generally invests while taking into consideration the currency profile, effective duration and economic value of the reinsurance liabilities in order to ensure that the overall net interest rate and foreign exchange rate sensitivities are within the risk tolerance limits set by the Board and/or management. In addition, the Group may utilize certain derivatives as part of its Asset Liability Management (ALM) practices to further protect against changes in interest and foreign exchange rates.

4.5 STRESS TESTING OF MATERIAL RISKS

The Group and the BMA Licensed Subsidiaries perform stress testing for their material risks. In addition, some of the risk tolerance criteria set by the Board and monitored on quarterly basis are based on certain predefined extreme scenarios.

BSCR Model Stress Testing

The Group and the BMA Licensed Subsidiaries also perform stress-testing as prescribed in the BMA's BSCR model which tests the impact on the BSCR ratio after specified events. In addition, the BMA instructions also require the Group to estimate an insurer specific worst-case scenario for the Group. The worst-case annual aggregate loss for PartnerRe Group is evaluated by the internal capital model at the 99.6th percentile (corresponding to a return period of 250 years). The corresponding gross potential loss for the Group at the 1-in-250 level is \$4,281 million and \$3,871 million on a net basis. This PML includes a buffer for all non-modeled risks. Based on a Co-VaR analysis, the main contributions to the above 1-in-250 PML before buffer are Financial Market Risks (56%), Nat Catastrophe Risk (15%) and Life Reinsurance Risks (12%).

4.6 ANY OTHER MATERIAL INFORMATION

N/A

5. SOLVENCY VALUATION

The Economic Balance Sheet framework as prescribed by the BMA is used as the basis to derive the ECR for the Group and the BMA Licensed Subsidiaries. The BMA EBS framework uses a company's existing GAAP balance sheet as a starting point, with valuation adjustments made where required to ensure that assets and liabilities are valued at fair value.

5.1 VALUATION OF ASSETS

The valuation basis used to derive the value of each asset class in the EBS are described below.

- **Investments and cash and cash equivalents:** Valued at fair value for EBS purposes, which is consistent with the valuation approach under U.S. GAAP.
- **Reinsurance balances receivable:** Valued in accordance with U.S. GAAP.
- **Reinsurance recoverable on paid and unpaid losses:** Reinsurance recoverable on unpaid losses are transferred to Loss and loss expense provisions, which are presented on a net basis within Technical Provisions. Reinsurance balances recoverable on paid losses are valued in accordance with U.S. GAAP.
- **Funds held by ceding reinsurers:** Valued in accordance with U.S. GAAP.
- **Deferred acquisition costs (DAC):** DAC are implicitly included in the net premium provisions valuation within Technical Provisions and therefore are not recorded as an asset on the EBS.
- **Prepaid reinsurance premiums:** Prepaid reinsurance premiums are implicitly included in the net premium provisions valuation within Technical Provisions and therefore are not recorded as an asset on the EBS.
- **Goodwill, Intangible assets and Prepaid expenses:** Valued at nil on the economic balance sheet.
- **Other assets:** Valued in accordance with U.S. GAAP.

5.2 VALUATION OF TECHNICAL PROVISIONS

Non-life (General) Business

Technical provisions on an EBS basis comprise the sum of a best estimate and a risk margin. The best estimate corresponds to the probability-weighted average of future cash flows, discounted using the relevant standard interest rate term structure provided by the BMA for the corresponding currency, which includes an illiquidity spread over the risk free rates. The cash flow projections used in the calculation of the best estimate takes into account all future cash inflows and outflows required to settle the insurance obligations attributable to the lifetime of the policy. The cash flows are based on unbiased current estimates and include:

- Gross liability for unpaid losses and loss expenses which includes amounts determined from loss reports on individual treaties (case reserves), Additional Case Reserves (ACRs) when the Group's loss estimate is higher than reported by the cedants and amounts for losses Incurred But Not yet Reported to the Group (IBNR). The best estimate is determined by Management based upon reports received from ceding companies, supplemented by the Group's own actuarial estimates of reserves for which ceding company reports have not been received, and based on the Group's own historical experience. To the extent that the Group's own historical experience is inadequate for estimating reserves, such estimates may be determined based upon industry experience and Management's judgment;
- Reinsurance recoveries which are based on principles similar to, and consistent with, those underlying the gross liability for unpaid losses and loss expenses;
- Future best-estimate premium payments including premium for business Bound But Not Incepted (BBNI). BBNI premium provision takes into account the expected profits and the time value of money over the period until settlement of the relevant cash flows; and

- Expenses that will be incurred servicing existing policies during their lifetime including administrative expenses, claims management expenses, acquisition expenses, investment expenses and overhead expenses.

Reinsurance recoveries represent less than 15% of the gross reserves. Therefore, in line with the principle of proportionality, the Group derives the gross best estimate from the net best estimate without an explicit projection of the cash-flows underlying the amounts recoverable from reinsurance contracts. A net-to-gross factor is applied to the net technical provisions and the value of reinsurance recoverables is derived as the excess of the gross over the net estimate. Given the small level of reinsurance recoveries, the credit worthiness of reinsurance counterparties and collateral provided by these counterparties, the expected losses due to counterparty default is considered immaterial and therefore no explicit adjustment has been made for counterparty default.

The risk margin reflects the uncertainty associated with the probability-weighted cash flows. The Cost-of-Capital approach is used under the following guidelines:

- The cost-of-capital rate used is 6% as specified by the BMA;
- The calculation reflects Bermuda regulatory capital requirements calculated using the BSCR capital factors;
- The calculation covers the full period needed to run-off the insurance liabilities and is discounted using the risk-free discount curve (without the illiquidity adjustment);
- The risks taken into account are insurance risk, counterparty credit risk and operational risk; and
- The Group and the BMA Licensed Subsidiaries take credit for diversification between lines of business and risk types consistent with the assumptions underlying the BSCR model.

Life and Health (Long-term) Business

Technical provisions on an EBS basis comprise the sum of a best estimate liability and a risk margin.

The best estimate liability corresponds to the probability-weighted average of future cash flows, discounted using the standard interest rate term structure provided by the BMA for the corresponding currency, which includes an illiquidity spread over the risk free rates. The cash flow projections used in the calculation of the best estimate takes into account all future cash in- and out-flows required to settle the insurance obligations attributable to the lifetime of the policy. The cash flows are based on unbiased current estimates. The methodologies applied to derive the cash flows differ for each of the separate lines of business.

- Long term business is generally modeled using third party actuarial software. Short term business is generally modeled on the Excel platform. Claims with long tails, where seriatim data are available, are typically modeled in third party actuarial software. Loss ratio or triangle method is used if seriatim data are not available.
- A loading on claims is used for Mortality products as an allowance for binary Events Not Included in the Data (ENID);
- Best estimate liabilities include allowance for BBNI taking into account the expected profits and the time value of money over the period until settlement of the relevant cash flows; and
- For each class of business, the best estimate includes an allowance for future direct and overhead expenses. The assumptions generally exclude expenses related to the acquisition of new business as it has typically been incurred prior to the valuation date. The only exception is the BBNI business, which includes an allowance for acquisition expenses. Projected expenses also include an allowance for inflation.

At a given valuation date, the sign of the best estimate is affected by the timing of premiums cash in-flows compared to claims cash out-flows. For long-term business where the timing of premiums is proportional to claims, the present value of future net cash flows is typically expected to be positive for profitable business, which result in a negative best estimate liability.

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The risk margin reflects the uncertainty associated with the probability-weighted cash flows. The Cost-of-Capital approach is used under the following guidelines:

- The cost-of-capital rate used is 6% as specified by the BMA;
- The calculation reflects Bermuda regulatory capital requirements calculated using the BSCR capital factors. As approved by the BMA, the BSCR for longevity risks has been adjusted to reflect a more appropriate treatment of longevity swap arrangements;
- The calculation covers the full period needed to run-off the insurance liabilities and is discounted using the risk-free discount curve on the reporting currency;
- The risks taken into account are insurance risk and operational risk; and
- The Group and the BMA Licensed Subsidiaries take credit for diversification between lines of business and risk types consistent with the assumptions underlying the BSCR model. The risk margin calculation only reflects diversification benefits within life risk components.

The best estimate of loss and loss expense provision (net of recoveries), premium provision (net of recoveries) and risk margin for the Group and the BMA Licensed Subsidiaries at December 31, 2021 and 2020 were as follows (in millions of U.S. dollars):

	PartnerRe Ltd.		PartnerRe Bermuda		PRE Life	
	2021	2020	2021	2020	2021	2020
General Business						
Net loss and loss expense provisions	\$ 9,704	\$ 9,889	\$ 4,240	\$ 4,425	\$ —	\$ —
Net premium provisions	455	778	(47)	275	—	—
Risk margin	876	865	385	378	—	—
General Business Technical Provisions	\$ 11,035	\$ 11,532	\$ 4,578	\$ 5,078	\$ —	\$ —
Long-Term Business						
Net long-term business insurance provisions	\$ 671	\$ 941	\$ 411	\$ 462	\$ (151)	\$ (80)
Risk margin	412	442	288	272	50	39
Long-term Business Technical Provisions	\$ 1,083	\$ 1,383	\$ 699	\$ 734	\$ (101)	\$ (41)
Total Technical Provisions	\$ 12,118	\$ 12,915	\$ 5,277	\$ 5,812	\$ (101)	\$ (41)

5.3 RECOVERABLES FROM REINSURANCE CONTRACTS

See Section 5.2 - *Valuation of Technical Provisions* above.

5.4 VALUATION OF OTHER LIABILITIES

The valuation basis used to derive the value of other liabilities in the EBS are described below.

- **Other reinsurance balances payable:** Valued in accordance with U.S. GAAP.
- **Accounts payable, accrued expenses and other:** Valued in accordance with U.S. GAAP, which approximates fair value due to their short maturities. During 2021, the Group entered into a loss portfolio transfer and adverse development cover (ADC) agreement related to prior underwriting years on the Group's U.S. casualty and automobile business. This retrocession treaty resulted in a reinsurance recoverable of \$358 million as at year-end 2021. As a result of adverse prior years reserve development ceded under this agreement, a deferred gain of \$20 million was recorded in the Statutory Balance Sheet at December 31, 2021 as a result of retroactive accounting rules under US GAAP. This deferred gain is removed as a Statutory to EBS adjustment, as the gain is fully recognized in Available Capital on an EBS basis to reflect the ultimate

economic benefit of the ADC. PartnerRe Bermuda's portion of the balances above are a reinsurance recoverable of \$88 million and a deferred gain of \$4 million.

- **Debt:** The senior notes and junior subordinated notes issued by the Group have been approved by the BMA to be treated as Ancillary Capital. Refer to Section 6.1.6 for further details.
- **Sundry liabilities:** Valued in accordance with U.S. GAAP.

5.5 ANY OTHER MATERIAL INFORMATION

N/A

6. CAPITAL MANAGEMENT

6.1 ELIGIBLE CAPITAL

6.1.1 CAPITAL MANAGEMENT PROCESS

Capital Adequacy

A key priority for the Group is to hold sufficient capital to meet all of the Group's obligations to cedants, meet regulatory and rating agency requirements of the Group and the Group's regulated subsidiaries and support its position as one of the leading reinsurers in the industry. Management closely monitors its capital needs and capital level throughout the reinsurance cycle and, in times of volatility and turmoil in global capital markets, actively takes steps to increase or decrease the Group's capital in order to achieve an appropriate balance of financial strength and shareholder returns. Capital management is achieved by either deploying or curtailing capital to fund business opportunities and, during times when the Group has excess capital and business opportunities are not so attractive, returning capital to its shareholders by way of dividends.

Capital Resources Management

As part of its long-term strategy, the Group will seek to grow capital resources to support its operations throughout the reinsurance cycle, maintain strong ratings from the major rating agencies and maintain the ability to pay claims as they arise. The Group may also seek to restructure its capital through the repayment or purchase of debt obligations or preferred shares, or increase or restructure its capital through the issuance of debt or preferred shares, when opportunities arise.

6.1.2 ELIGIBLE CAPITAL BY TIER

The eligible capital by tier for the Group and the BMA Licensed Subsidiaries at December 31, 2021 and 2020 were as follows (in millions of U.S. dollars):

	PartnerRe Ltd.		PartnerRe Bermuda		PRE Life	
	2021	2020	2021	2020	2021	2020
Tier 1	\$ 8,889	\$ 7,501	\$ 5,862	\$ 5,070	\$ 194	\$ 128
Tier 2	1,809	2,358	142	—	—	—
Tier 3	559	566	—	—	—	—
Total	\$ 11,257	\$ 10,425	\$ 6,004	\$ 5,070	\$ 194	\$ 128

Tier 1 capital includes statutory economic surplus, capital stock and contributed surplus, reduced by certain excess encumbered assets included in Tier 2 as defined by the BMA.

Tier 2 capital includes redeemable preferred shares as Tier 2 Basic Capital, debt approved by the BMA as Tier 2 Ancillary Capital and certain excess encumbered assets over related policyholder obligations as defined by the BMA.

Tier 3 capital includes debt approved by the BMA as Tier 3 Ancillary Capital.

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In September 2020, the Group issued \$500 million aggregate principal amount of 4.500% fixed-rate reset junior subordinated notes at par, and the BMA approved these notes for inclusion as Tier 2 Ancillary Capital. In March 2021, the Company issued \$200 million of 4.875% Series J fixed rate non-cumulative redeemable preferred shares, which the BMA approved as Tier 2 Basic Capital. In May 2021, the proceeds of these two issuances were used to redeem the outstanding Series G, Series H and Series I preferred shares, which were included in Tier 2 Basic Capital, at \$25 per share for an aggregate liquidation value of \$637 million.

6.1.3 ELIGIBLE CAPITAL APPLIED TO ENHANCED CAPITAL REQUIREMENT (ECR) AND MINIMUM SOLVENCY REQUIREMENT (MSM)

The eligible capital applied to the ECR and MSM by tier for the Group and the BMA Licensed Subsidiaries at December 31, 2021 was as follows (in millions of U.S. dollars):

	PartnerRe Ltd.		PartnerRe Bermuda		PRE Life	
	Applied to MSM	Applied to ECR	Applied to MSM	Applied to ECR	Applied to MSM	Applied to ECR
Tier 1	\$ 8,889	\$ 8,889	\$ 5,862	\$ 5,862	\$ 194	\$ 194
Tier 2	1,809	1,809	142	142	—	—
Tier 3	—	559	—	—	—	—
Total	\$ 10,698	\$ 11,257	\$ 6,004	\$ 6,004	\$ 194	\$ 194

6.1.4 TRANSITIONAL ARRANGEMENTS

N/A

6.1.5 ENCUMBRANCES ON CAPITAL

The Group and its BMA Licensed Subsidiaries have cash and cash equivalents and investments which were deposited, pledged or held in escrow accounts in favor of ceding companies and other counterparties or government authorities to comply with reinsurance contract provisions and insurance laws. In addition, the Group and PartnerRe Bermuda write certain business on a funds held basis. The table below summarizes these balances at December 31, 2021 and 2020 (in millions of U.S. dollars):

	PartnerRe Ltd.		PartnerRe Bermuda		PRE Life	
	2021	2020	2021	2020	2021	2020
Cash and cash equivalents	\$ 105	\$ 209	\$ 33	\$ 81	\$ 1	\$ 1
Investments	5,483	4,993	2,540	2,059	109	102
Funds held by ceding reinsurers	562	705	951	939	—	—
Total	\$ 6,150	\$ 5,907	\$ 3,524	\$ 3,079	\$ 110	\$ 103

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6.1.6 ANCILLARY CAPITAL

The Group's debt related to senior notes and debt related to junior subordinated notes have been approved as ancillary capital by the BMA and were as follows at December 31, 2021 (in millions of U.S. dollars):

	Date of issue	Maturity date	Value
Tier 2 Ancillary Capital			
PartnerRe Ireland Finance DAC 1.25% Notes (EUR)	September 15, 2016	September 15, 2026	\$ 844
PartnerRe Finance B LLC 4.5% Junior Subordinated Notes	September 22, 2020	October 1, 2050	494
Total Tier 2 Ancillary Capital			\$ 1,338
Tier 3 Ancillary Capital			
PartnerRe Finance B LLC 3.7% Senior Notes	June 19, 2019	July 2, 2029	\$ 497
Capital Efficient Notes	November 7, 2006	December 1, 2066	62
Total Tier 3 Ancillary Capital			\$ 559
Total Ancillary Capital			\$ 1,897

6.1.7 RECONCILIATION OF SHAREHOLDERS' EQUITY TO AVAILABLE CAPITAL AND SURPLUS

The following tables compares shareholders' equity under U.S. GAAP to Statutory Economic Capital and Surplus as calculated under EBS for the Group and the BMA Licensed Subsidiaries at December 31, 2021 and 2020 (in millions of U.S. dollars):

	PartnerRe Ltd.		PartnerRe Bermuda		PRE Life	
	2021	2020	2021	2020	2021	2020
U.S. GAAP Shareholders' Equity	\$ 7,544	\$ 7,327	\$ 4,737	\$ 4,127	\$ 130	\$ 119
Non-admitted assets	(580)	(571)	(95)	(96)	—	—
Deferred gain	—	—	—	69	—	—
Ancillary capital	1,897	1,975	—	—	—	—
Statutory Capital and Surplus	\$ 8,861	\$ 8,731	\$ 4,642	\$ 4,100	\$ 130	\$ 119
EBS adjustments	2,396	1,694	1,362	970	64	9
Statutory Economic Capital and Surplus	\$ 11,257	\$ 10,425	\$ 6,004	\$ 5,070	\$ 194	\$ 128

The following are the material differences between U.S. GAAP shareholders' equity and available statutory economic capital and surplus:

- **Non-admitted assets:** Includes goodwill, intangible assets, and prepaid expenses which are not considered admissible for solvency purposes.
- **Deferred gain:** In 2014, PartnerRe Bermuda entered into an Assumption Reinsurance Agreement with affiliates which resulted in a net gain being recognized in the 2014 statutory financial statements. For U.S GAAP purposes this gain was deferred and reflected as a liability at December 31, 2020. This deferred gain was fully recognized in income during 2021 as the underlying business was fully recaptured.
- **Ancillary capital:** See Section 6.1.6 for further details.
- **EBS adjustments:** EBS adjustments of statutory balances utilize projections of future cash flows and discounting to determine technical provisions comprised of best estimate premium provisions, best estimate loss provisions and risk margins. See Section 5.2 for a detailed explanation of the valuation of technical provisions. Also included in EBS adjustments for 2021 is the recognition of a deferred gain related to the loss portfolio transfer and adverse development cover agreement entered into during the year. As the Group has benefited economically from this deferred gain, it is included in available capital.

6.2 REGULATORY CAPITAL REQUIREMENTS

The ECR and MSM for the Group and the BMA Licensed Subsidiaries as at December 31, 2021 and 2020 were as follows (in millions of U.S. dollars, except %):

	PartnerRe Ltd.		PartnerRe Bermuda		PRE Life	
	2021	2020	2021	2020	2021	2020
ECR	\$ 3,738	\$ 3,445	\$ 2,372	\$ 1,965	\$ 82	\$ 59
MSM	\$ 2,441	\$ 2,147	\$ 1,105	\$ 917	\$ 21	\$ 15
BSCR Ratio	301 %	303 %	253 %	258 %	237 %	219 %

The ECR and MSM were in excess of the minimum levels required for the Group and the BMA Licensed Subsidiaries as at December 31, 2021 and 2020, and there were no instances of non-compliance.

6.3 APPROVED INTERNAL CAPITAL MODEL

N/A

7. SUBSEQUENT EVENTS

On February 15, 2022, PartnerRe Bermuda entered into an Assumption Reinsurance Agreement and Business Transfer Agreement to transfer all of PartnerRe Bermuda's Canadian Branch (the "Branch") insurance contract liabilities and invested assets (other than the Branch's statutory capital) to PartnerRe Canada. Bermuda Life was merged into PartnerRe Bermuda effective on the same date. Once all necessary regulatory approvals have been obtained, the Branch will cease operations.

See Section 3.1.4 - *Related Party Transactions* above for discussion of dividends declared subsequent to December 31, 2021 for the Group and the BMA Licensed Subsidiaries.

On May 19, 2022, the Group published the results of its operations for the first quarter of 2022, which included unrealized losses of \$821 million on fixed maturities and short term investments as well as large losses, net of retrocession and reinstatement premiums, of \$36 million related to the Australian floods and \$50 million related to the conflict between Russia and Ukraine. The conflict between Russia and Ukraine is an ongoing event with minimal loss reporting from cedants at this time. The Company continues to evaluate and quantify the full extent of its impact.

8. DECLARATIONS

We certify that, to the best of our knowledge and belief, this financial condition report fairly represents the financial condition of the Group and the BMA Licensed Subsidiaries in all material respects for the year ended December 31, 2021.

/S/ JACQUES BONNEAU

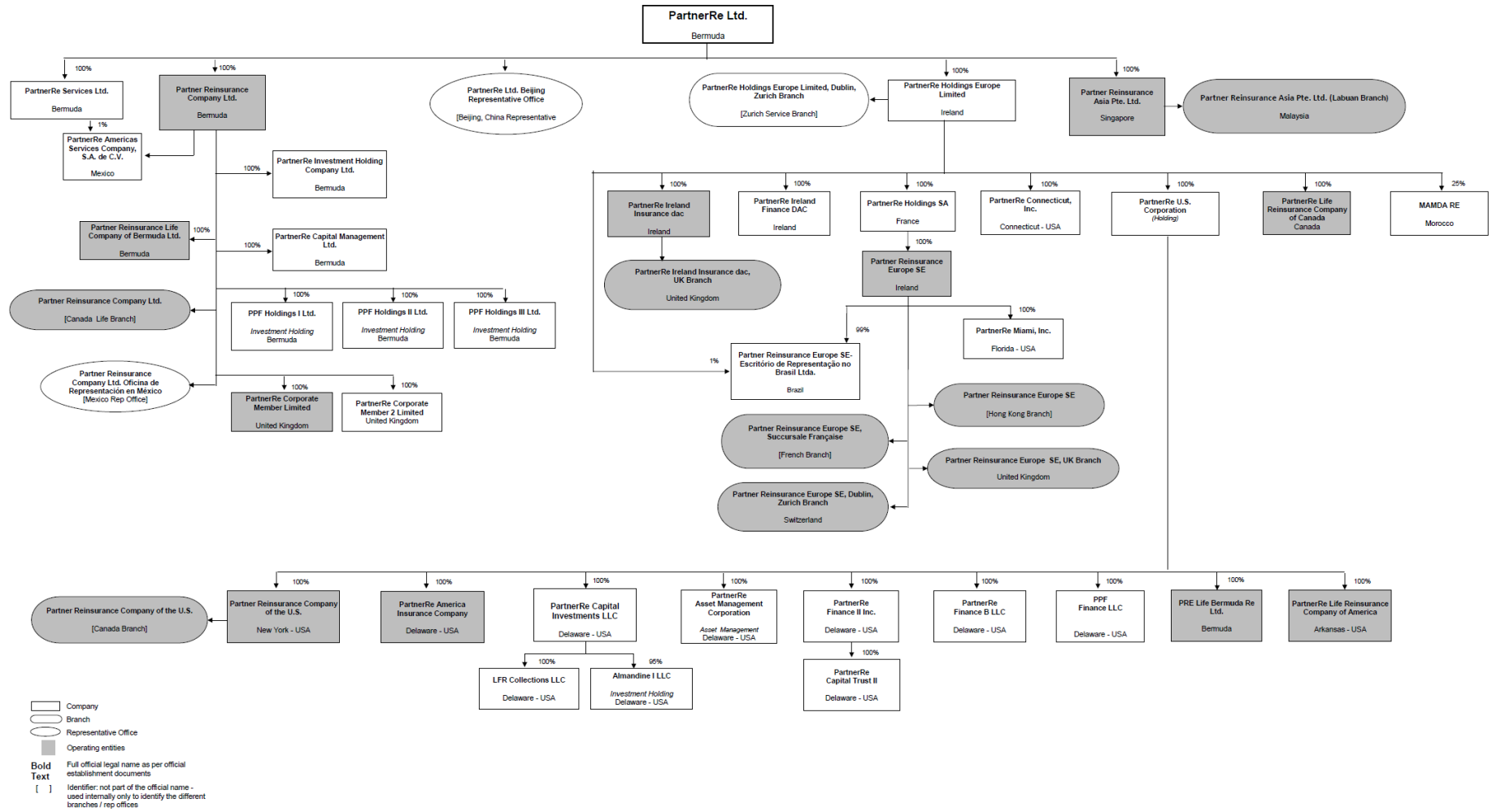
Jacques Bonneau
President and Chief Executive Officer
PartnerRe Ltd.
May 19, 2022

/S/ NICOLAS BURNET

Nicolas Burnet
Executive Vice President and Chief Financial Officer
PartnerRe Ltd.
May 19, 2022

PartnerRe Group Structure

as at 31 December 2021



APPENDIX II
BMA LICENSED SUBSIDIARIES - DIRECTORS AND OFFICERS

Partner Reinsurance Company Ltd. (PartnerRe Bermuda)

Name	Position with the Company
Nicolas Burnet*	Director (Chair), General Manager
Andrew Gibbs*	Director
Lee Iannarone*	Director, General Counsel, Principal Representative
Nicholas Hughes	Director, Co-Chief Underwriting Officer
Joseph Hooks ⁽¹⁾	Director, Co-Chief Underwriting Officer
Terry Kuruvilla*	Director, Approved Non-life Actuary
Yidong (Winter) Liu*	Approved Life Actuary
Peter Antal*	Chief Risk Officer
Paola Ferrazzi	Chief Financial Officer
Ryan Lipschutz*	Treasurer
Seth Darrell ⁽²⁾	Secretary and Associate General Counsel

PRE Life Bermuda Re Ltd. (PRE Life)

Name	Position with the Company
Andrew Gibbs*	Director
Charles Hill	Director
Lee Iannarone*	Director, General Counsel, Principal Representative
Ryan Lipschutz*	Director, Treasurer
Michael Cooze*	Director
Chris Shanahan	Director
Paola Ferrazzi	Chief Financial Officer
Joseph Hooks ⁽¹⁾	Chief Pricing Officer
Yidong (Winter) Liu*	Approved Life Actuary
Julie Perks	Chief Risk Officer
Seth Darrell ⁽²⁾	Secretary and Associate General Counsel

* See biographical details in Section 3.2.2 - Professional Qualifications, Skills and Expertise of Board and Senior Executives above.

(1) Joseph Hooks resigned as Director, Co-Chief Underwriting Officer of PartnerRe Bermuda and Chief Pricing Officer of PRE Life on March 18, 2022.

(2) Seth Darrell resigned as Secretary and Associate General Counsel of PartnerRe Bermuda and PRE Life on January 31, 2022.

APPENDIX III
BMA LICENSED SUBSIDIARIES - BIOGRAPHICAL DETAILS OF DIRECTORS AND OFFICERS

Nicholas Hughes

Mr. Hughes is responsible for underwriting the Global Catastrophe portfolio. He joined the Company in 2008, specializing in U.S. and International catastrophe underwriting and portfolio management, spending time in both the PartnerRe Bermuda and Zurich locations. Prior to joining PartnerRe, Mr. Hughes was a Global Lead Audit Senior with Ernst & Young Ltd., Bermuda, responsible for auditing SEC-registered Reinsurance Companies within the Insurance Practice from 2006 to 2008. Before that Mr. Hughes worked for Ernst & Young LLP, London, obtaining his CA from the Institute of Chartered Accountants of Scotland. Mr. Hughes holds a BA (Hons) in Economics & Management from Oxford University, UK and is an Associate in Reinsurance from the Insurance Institute of America.

Joseph Hooks

Mr. Hooks is responsible for underwriting North American property catastrophe risk and joined PartnerRe in September 2012. Mr. Hooks began his reinsurance career in 1999 as an actuarial analyst for NAC Re which was purchased by XL in that same year. In November 2002, he joined the casualty treaty underwriting team and underwrote all lines of casualty reinsurance. In April 2005, he left XL to join Flagstone Re as the Specialty Underwriter underwriting WC cat, casualty clash, marine, energy, aviation, agricultural, space as well as some property cat, risk and proportional. In August 2011, he assumed the role of CUO - North America at Flagstone with a focus being more on property catastrophe business. Mr. Hooks holds a BS in Physics from Fairfield University with a minor in Mathematics. He also holds the ARe, CPCU and RPLU designations.

Paola Ferrazzi

Ms. Ferrazzi is responsible for management and oversight of the financial reporting and control environment of PartnerRe Bermuda and PRE Life and has over ten years of insurance industry experience. Prior to joining PartnerRe in 2018, Ms. Ferrazzi was employed at Athene Life Re Ltd. in Bermuda from 2015 - 2018, most recently as Director of Financial Reporting. Prior to that, Ms. Ferrazzi worked in the audit groups at Deloitte Bermuda and KPMG Canada. Ms. Ferrazzi graduated with highest distinction from Wilfrid Laurier University with a Bachelor of Business Administration and is a Canadian CPA and member of CPA Bermuda.

Seth Darrell

Mr. Darrell joined the Group in March 2018. Mr. Darrell joined PartnerRe from Appleby (Bermuda) Limited where he practised corporate and commercial law with an emphasis on non-contentious (re)insurance transactional work, debt and equity securities, cross-border mergers and acquisitions and other structured finance transactions from September 2011 - March 2018. Mr. Darrell received his LLB (Hons) from Queen Mary, University of London, England and completed the Legal Practice Course at BPP Law School, Birmingham. He is a practicing member in good standing of the Bermuda Bar Association.

Charles Hill

Mr. Hill is the Chief Financial and Operations Officer Life & Health for PartnerRe and is responsible for Life & Health's Finance and Support operations. Prior to joining PartnerRe in October 2018, Mr. Hill held the position of Global Chief Actuary at Aegon from January 2016 - September 2018 and previously, was President, Bermuda Companies at Transamerica Bermuda from August 2013 - December 2015. He is a senior insurance leader with executive presence and over 30 years of international experience in the US, Europe, Bermuda and Canada in insurance, banking and asset management. Legal entity board experience as well as with external stakeholders such as regulators and rating agencies. Mr. Hill holds a Bachelor of Commerce, Actuarial Science degree from University of Toronto - University of Trinity College. He is a Fellow of the Society of Actuaries, Fellow of the Canadian Institute of Actuaries, Member of the American Academy of Actuaries and Certified Enterprise Risk Analyst (CERA).

Chris Shanahan

Mr. Shanahan is the Chief Executive Officer of North America Life and a director of PRE Life Bermuda Re Ltd., PartnerRe Life Reinsurance Company of America and PartnerRe Life Reinsurance Company of Canada. He joined PartnerRe in May 2018 as Executive Vice President of Life Corporate Development. In July 2019, Mr. Shanahan was appointed President of U.S. Life Operations, and in September 2021, became CEO North America Life. Prior to joining PartnerRe, Mr. Shanahan was Executive Vice President – Mortality Solutions of Hannover Re from 2009 – 2018; Interim President & CEO of Scottish Re from 2005 – 2009, and VP – Product Solutions & Research of ING Re from 2002 -2004. Mr. Shanahan has a Bachelor of Science Degree (Actuarial Science) from Drake University.

Julie Perks

Ms. Perks joined PartnerRe in September 2019 as Chief Risk Officer, North America Life & Health. Ms. Perks has over 30 years of experience in the financial services industry, holding senior roles spanning actuarial science, investment portfolio management and risk management at leading organizations including Manulife, Sun Life, New York Life, TD Asset Management, and Aviva Investors. Ms. Perks holds a Bachelor of Science degree from the University of Toronto, with a Major in Actuarial Science and a Minor in Mathematics. Ms. Perks is a Fellow of the Society of Actuaries, a Fellow of the Canadian Institute of Actuaries, and a Member of the American Academy of Actuaries. Ms. Perks is a Chartered Financial Analyst and a Chartered Alternative Investment Analyst. Ms. Perks also has a Financial Risk Manager (FRM) designation from the Global Association of Risk Professionals and a Professional Risk Manager (PRM) designation from the Professional Risk Managers' International Association.