

Risk and capital management

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Our resilient capital base and risk strategy enable us to seize growth opportunities in line with our risk appetite and risk tolerance.



“The Group’s earnings power, combined with the reserving actions taken in 2024, give us confidence to increase the pay-out to investors by proposing an 8% higher ordinary dividend of USD 7.35 per share.”

John R. Dacey
Group Chief Financial Officer



“Swiss Re’s sound risk management forms a strong basis for profitable growth.”

Patrick Raaflaub
Group Chief Risk Officer

Swiss Re’s resilient capital position and disciplined risk-taking enable profitable growth.

The Group’s capital position remains strong with a Group SST ratio of 257%¹ as of 1 January 2025.

Financial strength

Swiss Re’s capital position remains strong with a Group Swiss Solvency Test (SST) ratio of 257%¹ as of 1 January 2025, which is above Swiss Re’s 200–250% target Group capitalisation range. Rating agencies AM Best, Moody’s and Standard & Poor’s (S&P) rated Swiss Re’s financial strength “superior”, “excellent” and “very strong”, respectively. This capital strength enables Swiss Re to support its clients while continuing to offer an attractive dividend to shareholders.

Swiss Re’s overarching target is to maintain a strong capital position that operates efficiently within constraints imposed by regulators and requirements from rating agencies, while giving the company maximum financial flexibility. Swiss Re’s capital allocation decisions are steered to make capital and liquidity fungible to the Group wherever possible, while complying with local regulations and client needs.

Based on the Group’s capital strength and solid earnings in 2024, the Board of Directors proposes an ordinary dividend of USD 7.35 per share for the 2024 financial year, reflecting an increase of 8% from last year’s dividend. Although declared in USD, shareholders will receive the 2025 dividend payment in CHF converted from USD.

¹ The Group SST 2025 report will be filed with FINMA in April 2025. The SST ratio is subject to FINMA’s review and approval. Accordingly, the information presented is estimated based on currently available information and may differ from the final Group SST 2025 figures.

Liquidity

Swiss Re's core insurance and reinsurance operations generate liquidity primarily through premium income. Exposure to liquidity risk stems mainly from two sources: the need to cover potential extreme loss events, and regulatory constraints that limit the flow of funds within the Group.

The amount of liquidity held is largely determined by internal liquidity stress tests, which estimate the potential funding requirements stemming from extreme loss events. Based on these internal liquidity stress tests, it is estimated that Swiss Reinsurance Company Ltd, the most important legal entity of the Group from a liquidity perspective, currently holds significant surplus liquidity.

Swiss Re also provides FINMA, its principal regulator, with a yearly report on its liquidity position, in accordance with FINMA Circular 25/3, "Liquidity – Insurers".

Risk Management

Group Risk Management is key to the controlled risk-taking that underpins Swiss Re's financial strength. Risk Management is mandated to ensure that the Group and its legal entities have the necessary expertise, frameworks and infrastructure to support sound risk-taking. In addition, it monitors and ensures adherence to applicable frameworks and also performs reserving and reporting activities.

Risk Management is embedded throughout Swiss Re's business. The Group has dedicated Chief Risk Officers (CRO) and risk teams for all major legal entities and regions. These are closely aligned to Swiss Re's business structure, in order to ensure effective risk oversight, but remain part of the Risk Management function under the Group CRO, thus ensuring their independence as well as a consistent Group-wide approach to overseeing and controlling risks.

The Group's risk-taking is steered by Swiss Re's Risk Appetite Framework, which consists of two interlinked components: risk appetite and risk tolerance. The risk appetite statement facilitates discussions about where and how Swiss Re should deploy its capital, liquidity and other resources under a risk-return view. The risk tolerance sets clear boundaries to risk-taking.

Swiss Re's proprietary integrated risk model provides a meaningful assessment of the risks to which the Group is exposed and is an important tool for managing its business. It determines the capital requirements for internal purposes and forms the basis for regulatory reporting under the SST and under Solvency II.

Swiss Re continuously reviews and updates its risk model and parameters to reflect the Group's experience, as well as changes in the risk environment and current best practice.

Swiss Re's risk profile

In SST 2025, Swiss Re's total risk decreased to USD 18.8 billion, mainly driven by lower property and casualty risk. The shift led to a decrease in diversification at risk category level.

The decrease in property and casualty risk is mainly driven by lower claims inflation risk, reflecting an improved inflation outlook in the annual parameter update, further supported by higher retrocession relief. These effects are partly offset by higher exposure to natural catastrophe and man-made risks, as well as the impact of reserve strengthening, which led to an increase in reserving risk and inflation risk.

Lower life and health risk is mainly driven by appreciation of the US dollar, as well as higher interest rates for most major currencies. These effects are further supported by retrocession relief for mortality risk in the US, partly offset by the impact of lower Chinese yuan interest rates.

Financial market risk decreased, mainly due to the rise in interest rates and increased credit hedges, partially offset by purchases of corporate bonds.

The decrease in credit risk is driven by the depreciation of major currencies against the US dollar, the rise in interest rates and increased credit hedges.

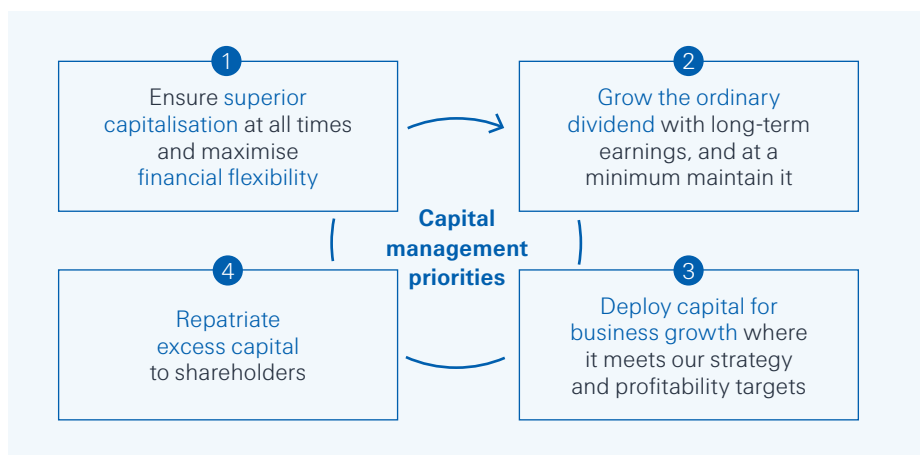
Financial strength and capital management

Capital position and management priorities

Swiss Re's capital position continues to be strongly supported by solid earnings, a diversified business model, disciplined risk-taking and the benefit of higher interest rates. This enables the company to deploy capital to respond to market opportunities and therefore create sustainable long-term shareholder value by delivering an attractive ordinary dividend.

Swiss Re's capital management priorities aim to ensure the ability to continue operations following an extremely adverse year of losses from insurance and/or financial market events. Swiss Re's Board of Directors has defined an SST capitalisation target range of 200–250% for the Swiss Re Group.

The following subsections describe Swiss Re's capitalisation according to the SST and the financial strength ratings.



External dividends to shareholders

The Board of Directors proposes an ordinary dividend of USD 7.35 per share for the 2024 financial year, reflective of the Group's improved profitability and strong capital position.

Although declared in USD, shareholders will receive the 2025 dividend payment in CHF converted from USD.

Swiss Re Ltd subsidiaries dividends and capital allocation

Swiss Re's peer-leading capital repatriation is supported by strong dividend payments from Swiss Re Ltd subsidiaries, in particular Swiss Reinsurance Company Ltd.

The Group also reinvested in the business by redeploying capital to support growth where it meets its strategy and profitability targets.



¹ Capital repatriation includes AGM 2025 proposal for ordinary dividend.

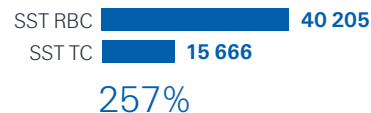
Swiss Solvency Test (SST)

Swiss Re is supervised by FINMA at the Group level as well as for its regulated legal entities domiciled in Switzerland. FINMA supervision comprises minimum solvency requirements, along with a wide range of qualitative assessments and governance standards.

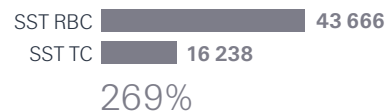
The Group SST 2025 report will be filed with FINMA in April 2025. The SST ratio is subject to FINMA's review and approval. Accordingly, the information presented on the following pages is estimated based on currently available information and may differ from the final Group SST 2025 figures.

Swiss Re's capital position remained strong, with the Group SST 2025 ratio at 257%. Compared with SST 2024¹, the ratio decreased by 12pp, mainly driven by a one-off impact of the transition from EVM to IFRS basis for SST, unfavourable underwriting contribution mainly from Life & Health Reinsurance, and dividends. These impacts were partially offset by a strong investment result and positive underwriting contribution in Property & Casualty Reinsurance and Corporate Solutions.

SST 2025



SST 2024¹



Swiss Re Group SST ratio

USD millions	SST 2024 ¹	SST 2025	Change (SST 2025 vs SST 2024)
SST risk-bearing capital	43 666	40 205	-3 461
SST target capital	16 238	15 666	-572
SST ratio	269%	257%	-12pp

SST risk-bearing capital (SST RBC)

The SST RBC is derived from the market conform value of assets minus market conform value of liabilities before market value margin (MVM), which is adjusted for the items in the table below.

The decrease in SST NAV to USD 34.3 billion was mainly driven by a negative underwriting contribution, capital movements and other contributions, partially offset by a positive investment contribution and reduction in MVM.

SST risk-bearing capital

USD millions	SST 2024	SST 2025	Change
Market conform value of assets minus market conform value of liabilities before MVM	47 750	44 454	-3 296
Market value margin	-7 875	-7 453	422
Market conform value of assets minus market conform value of liabilities	39 875	37 001	-2 874
Deductions	-2 480	-2 689	-208
SST net asset value	37 395	34 312	-3 082
Tier 1 risk-absorbing capital instruments counted towards core capital	0	0	0
SST core capital	37 395	34 312	-3 082
Supplementary capital	6 271	5 892	-379
SST risk-bearing capital	43 666	40 205	-3 461

¹ Amended, given the implementation of the methodology to derive the SST target capital required correction. In the past, the expected change in SST risk-bearing capital (RBC), which is deducted from total risk to derive the target capital, did not factor in the discounting of the expected RBC when implemented.

The overall contribution from underwriting activities was negative, mainly reflecting a one-off impact of the transition from EVM to IFRS basis for SST, as well as unfavourable assumption updates in Life & Health Reinsurance. This was partially offset by positive underwriting performance from Property & Casualty Reinsurance and Corporate Solutions:

- The Property & Casualty Reinsurance positive underwriting contribution was principally driven by strong renewals, mainly from the property and specialty lines of business, coupled with large natural catastrophe losses being lower than expected. This was partially offset by US liability reserve additions. The large natural catastrophe events in 2024 included hurricanes Milton, Debby and Helene, the Calgary hailstorm, Storm Boris in Europe and flooding in the Gulf region.
- The Life & Health Reinsurance negative underwriting contribution was mainly caused by unfavourable assumption updates and experience across regions and two external retrocession deals. This was partially offset by new business contributions.
- The Corporate Solutions positive underwriting contribution was driven by profitable new business growth, in particular for the property and credit & surety lines of business. This was further supported by benign man-made loss experience. The large natural catastrophe losses in 2024 included Tropical Cyclone Megan, hurricanes Milton and Helene, and the Calgary hailstorm.
- The Group items negative underwriting contribution mainly reflected adverse experience in iptiQ.

The positive investment contribution was driven by current investment income, credit spread tightening as well as positive equity and real estate performance. This was partially offset by the negative impact of higher interest rates.

Other contributions were negative, mainly reflecting incurred operating expenses broadly in line with expectations, as well as taxes and cost of debt.

Foreign exchange impacts were negative and were mostly driven by the appreciation of the US dollar against major currencies.

The decrease in market value margin was mainly driven by updated inflation economic scenarios, the appreciation of the US dollar against major currencies, higher interest rates and the transition to IFRS. These impacts were partially offset by increased mortality exposure as well as reserve strengthening in the property and casualty line of business.

Deductions mainly reflect projected dividends (to be paid in 2025, subject to AGM 2025 approval) as well as deferred and transactional real estate-specific taxes.

The decrease in supplementary capital was mainly driven by the redemption of two instruments, partially offset by the issuance of a new supplementary capital instrument.

SST target capital (SST TC)

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

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

Since SST 2024, the following major model changes have been implemented and approved by FINMA for SST 2025:

- Lapse risk: Inclusion of previously unmodelled mass lapse transactions into the exposure. The lapse model was adapted to include additional factors and lapse groups were updated to better capture dependencies.
- Changes related to the transition to IFRS¹:
 - Assumption updates and other actuarial changes in IFRS, which were also applied to SST liability valuation.
 - Update of certain valuation methodologies regarding contract boundaries for certain external retrocessions, Investment Expense Reserve methodology, Group Overhead Expense methodology, Counterparty Credit Risk methodology, and Other Assets and Liabilities.
 - Introduction of a new SST valuation engine to calculate SST Best Estimate Liabilities, which required an adaptation of the data source for computing required capital and market value margin.

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

SST target capital decreased to USD 15.7 billion, driven by the decrease in total risk (see section Total risk for details), partially offset by Other impacts.

SST Target Capital

USD millions	SST 2024 ²	SST 2025	Change
Total risk	20 210	18 780	-1 430
Other impacts	-3 972	-3 114	858
SST target capital	16 238	15 666	-572

¹ These changes were approved by FINMA on a temporary basis for use in SST 2025 as part of a transition model.

² Amended, given the implementation of the methodology to derive the SST target capital required correction. In the past, the expected change in SST risk-bearing capital (RBC), which is deducted from total risk to derive the target capital, did not factor in the discounting of the expected RBC when implemented.

Rating agencies

Rating agencies assign credit ratings to the Swiss Re Group and its rated subsidiaries and their respective obligations. The agencies evaluate Swiss Re based on a set of criteria that include an assessment of its capital adequacy, governance and risk management. Each rating agency uses a different methodology for this assessment.

S&P, Moody’s and AM Best rate Swiss Re’s financial strength based upon quantitative inputs and an interactive dialogue. The insurance financial strength ratings are shown in the table below.

On 7 November 2024, S&P affirmed the AA– financial strength rating of Swiss Re and its core subsidiaries. The outlook on the rating is “stable”. The rating reflects Swiss Re’s leading position in the non-life and life reinsurance market with a renowned brand, diversified product suite and excellent capital adequacy.

On 22 November 2024, Moody’s affirmed the Aa3 insurance financial strength rating of Swiss Re and its core subsidiaries with a stable outlook. The rating reflects Swiss Re’s excellent franchise in the global reinsurance markets, high degree

of geographic and business diversification, very strong economic capital and liquidity, conservative investment portfolio and very good financial flexibility.

On 26 September 2024, AM Best confirmed the Swiss Re Group financial strength rating of A+ (Superior) with stable outlook. The rating reflects AM Best’s assessment of Swiss Re’s balance sheet strength as strongest, strong operating performance, very favorable business profile and very strong enterprise risk management.

Swiss Re’s financial strength ratings

As of 31 December 2024	Financial strength rating	Outlook	Last update
Standard & Poor’s	AA–	Stable	7 November 2024
Moody’s	Aa3	Stable	22 November 2024
AM Best	A+	Stable	26 September 2024

Funding activities

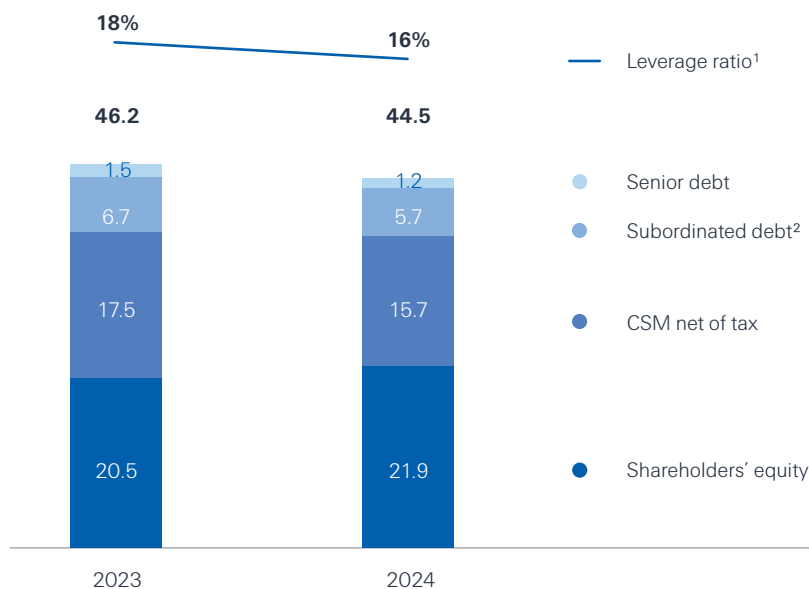
In April 2024, Swiss Re took advantage of favorable market conditions to partially pre-finance 2024 redemptions by issuing USD 750 million of dated subordinated notes with a coupon of 5.698%. The notes which are guaranteed on a subordinated basis by Swiss Re Ltd, are eligible Tier 2 capital under the 2024 revision of the Swiss Insurance Supervision Ordinance, and have a first call date in January 2034 and a scheduled maturity in April 2035.

In June 2024, Swiss Re redeemed the USD 500 million exchangeable notes at a redemption price of zero after noteholders previously exercised all rights to exchange their notes for Swiss Re Ltd shares, which Swiss Re elected to settle in cash.

In September 2024, Swiss Re exercised its option to redeem the remaining USD 631 million of perpetual subordinated notes and the USD 500 million of dated subordinated notes on their respective first call dates. Also in September 2024, Swiss Re redeemed its CHF 250 million of senior notes on their maturity date.

As of 31 December 2024, the Group total leverage ratio (calculated based on an IFRS basis) reduced by 2pts to 16% compared to 31 December 2023, further enhancing the Group’s financial flexibility.

Group available capital and leverage (USD billion)



¹ (Senior debt + subordinated debt) / (IFRS shareholders' equity + 100% CSM net of tax + senior debt + subordinated debt), excluding non-recourse positions

² Subordinated debt and contingent capital instruments, excluding non-recourse positions

Liquidity management

The active management of liquidity risks ensures the Group's ability to satisfy its financial obligations.

As a re/insurance group, Swiss Re's core business generates liquidity primarily through premium income. The Group's exposure to liquidity risk stems mainly from two sources: the need to cover potential extreme loss events and regulatory constraints that limit the flow of funds within the organisation.

A range of liquidity policies and measures are in place to manage these risks, in particular to ensure that:

- sufficient liquidity is held to meet funding requirements under current conditions as well as adverse circumstances;
- diversified sources are used to meet the Group's residual funding needs;
- long-term liquidity needs are taken into account in the Group's planning process and in asset-liability management.

Liquidity risk management

Swiss Re's core liquidity policy is to retain access to sufficient liquidity in the form of unencumbered liquid assets, cash and bank facilities to meet potential funding requirements arising from a range of possible stress events. To allow for regulatory restrictions on intra-group funding, liquidity is managed from a legal entity perspective. The amount of liquidity held is determined by internal liquidity stress tests, which estimate the potential funding requirements stemming from extreme loss events.

The funding requirements under stress include:

- cash and collateral outflows, as well as potential capital and funding support required by subsidiaries as a result of loss events;
- repayment or loss of all maturing unsecured debt and credit facilities;
- additional collateral requirements associated with a potential ratings downgrade of Swiss Re;
- further contingent funding requirements related to asset downgrades;
- other large committed payments, such as expenses, commissions and tax.

The stress tests also assume that funding from assets is subject to conservative asset liquidation assumptions, intra-group funding is not available if subject to regulatory approval, no new unsecured funding is available and funding from new re/insurance business is reduced.

The primary liquidity stress test is based on a one-year time horizon and a loss event corresponding to 99% tail value at risk (see page 61).

Swiss Re's liquidity stress tests are reviewed regularly and their main assumptions are approved by the Group Executive Committee. Swiss Re provides FINMA with a yearly report on its liquidity position, in accordance with FINMA Circular 25/3, "Liquidity – Insurers".

Liquidity position of Swiss Reinsurance Company Ltd (SRZ)

From a liquidity perspective, SRZ is the most important legal entity of the Group. The estimated total liquidity sources in SRZ assumed to be available within one year in stressed conditions, net of short-term loans from Swiss Re Ltd and securities lending, amounted to USD 30.1 billion as of 31 December 2024, compared with USD 28.2 billion as of 31 December 2023.

Based on the internal liquidity stress tests described above, Swiss Re estimates that SRZ holds surplus liquidity after dividends payable to Swiss Re Ltd. In 2024, the amount of surplus liquidity increased. This was driven by positive operating cash flows partially offset by subordinated debt redemption and negative financial market and foreign exchange impact on the liquidity sources.

Risk management

Risk Management provides independent oversight and applies an integrated approach to managing current and emerging risks.

Embedded throughout the business, the Group Risk Management function ensures an integrated approach to managing current and emerging threats. Risk Management plays a key role in business strategy and planning, where Swiss Re's risk appetite framework facilitates risk-return discussions and sets boundaries to Group-wide risk-taking.

Taking and managing risk is central to Swiss Re's business. All risk-related activities, regardless of the legal entity in which they are undertaken, are subject to the Group's risk management framework. This framework sets out how Swiss Re organises and applies its risk management practices to ensure that all activities are conducted in line with the principles and limits mandated by the Group Risk Policy.

The framework comprises the following major elements:

- Risk policy and risk governance documentation
- Key risk management principles
- Risk culture and behaviour
- Organisation of risk management
- Risk control framework
- Management of risk categories
- Risk appetite framework, including limits

Swiss Re applies a differentiated governance approach at legal entity level, depending on the materiality of individual entities. Major legal entities within the Group that are designated as significant legal entities, are subject to enhanced governance, which includes the following requirements:

- Establish bylaws and terms of reference, outlining the roles and responsibilities of both the board and management.
- Establish an Audit Committee.
- Designate a Chief Risk Officer and Chief Financial Officer.

Swiss Re’s risk management framework is set out in risk governance documentation at Group and legal entity level. Risk governance is the subset of corporate governance that describes the risk management framework and documents risk management practices. Group-level risk documents form the basis for all risk governance across Swiss Re. Additional risk governance for legal entities is prepared as an addendum to the Group or parent entity document.

Group risk governance documents are organised hierarchically across five levels, which are mirrored by equivalent documents at legal entity (LE) level:

- SRL Bylaws and the charter for the Group Board’s Risk Committee outline the ultimate authority for risk management, assigning responsibilities to the Group Board of Directors and its committees, as well as to the Group Executive Committee.
- The Group Risk Policy is approved by the Group Board of Directors and articulates Swiss Re’s risk appetite framework (risk appetite and tolerance) as well as fundamental risk and capital structure principles.
- The Group Risk Management Standards outline how the Group organises and applies its risk management practices.
- Risk category standards describe how risk practices are implemented for a specific category.
- The lowest level comprises risk management methodology and process documentation.

Key risk management principles

Swiss Re’s risk management is based on four fundamental principles. These apply consistently across all risk categories at Group and legal entity level:

- **Controlled risk-taking** – Financial strength and sustainable value creation are central to Swiss Re’s value proposition. The Group thus operates within a clearly defined risk policy and risk control framework.
- **Clear accountability** – Swiss Re’s operations are based on the principle of delegated and clearly defined authority. Individuals are accountable for the risks they take on, and their incentives are aligned with Swiss Re’s overall business objectives.
- **Independent risk controlling** – Dedicated units within Risk Management control all risk-taking activities. These are supported by Compliance and Group Internal Audit functions.
- **Open risk culture** – Risk transparency, knowledge sharing and responsiveness to change are integral to the risk control process. The central goal of risk transparency is to create a culture of mutual trust and reduce the likelihood of surprises in the source and potential magnitude of losses.

Three lines of control

In line with the principle of independent risk controlling, Swiss Re organises risk controlling along three lines, with progressive levels of independence. This approach is designed to achieve a strong, coherent and Group-wide risk culture built on the principles of ownership and accountability.

- The first line comprises the day-to-day risk control activities performed by risk takers in the business as well as in corporate functions, including proactive identification and monitoring of risks, as well as establishing and operating an effective control system.
- Independent oversight performed by the Risk Management and Compliance functions represents the second line of control.
- The third line consists of independent audits of processes and procedures carried out by Group Internal Audit or by external auditors to provide independent assurance that the controls performed by the first and second line are working effectively.

Risk governance documentation hierarchy



Risk culture

Swiss Re fosters and maintains a strong risk culture to promote risk awareness and discipline across all its activities. This risk culture stands for the risk and control-related values, knowledge and behaviour shared by all employees. Its principal components are summarised in a framework that builds on the Group's Code of Conduct as well as on the risk management principles set forth in the Group Risk Policy.

The risk culture framework serves to promote rigour and discipline, and influence appropriate risk-taking behaviour: risk takers are expected to exhibit the following key aspects, which are assessed annually for all employees in the performance and compensation process:

- Clear and consistent tone from the top.
- Commitment to ethical principles expressed in Swiss Re's Code of Conduct.
- Clear accountability for – and ownership of – specific risks and risk areas.
- Transparent and timely flow of risk information, including mistakes and lessons learned.
- Encouraging good risk-taking behaviours and tackling inappropriate behaviours.

Swiss Re's risk culture provides the foundation for the efficient and effective application of its Group-wide risk management framework. Group Risk Management reinforces the risk culture by ensuring risk transparency and fostering open discussion and challenge in the Group's risk-taking and risk management processes.

Key risk takers across Swiss Re are a particular focus in promoting good risk and control-related behaviours. The relevant positions are identified in a regular process, and those who hold them are subject to additional behavioural expectations and assessments. These assessments help to strengthen the link between behaviours and remuneration.

Swiss Re assesses and influences behaviours not just for individual risk takers, but also at a functional level: the risk and control related behaviour assessment provides the Group CEO and the Board of Director's Compensation Committee with an independent behaviour assessment at Business Unit and group function level.

Training of risk management professionals is an integral element of Swiss Re's risk management strategy. Risk training needs are identified for each employee and all new staff complete special induction training as well as mandatory training courses on risk awareness.

Organisation of risk management

The Board of Directors of Swiss Re Ltd (the Group Board) is ultimately responsible for Swiss Re’s overall risk governance principles and policies. It approves the Group’s risk strategy and Group Risk Policy, which defines Swiss Re’s risk appetite and tolerance, key principles for risk-taking and control, and key capital structuring principles based on endorsement by the Risk Committee. The Group Board mainly performs risk oversight and governance through its Risk Committee and its Audit Committee:

- **The Risk Committee** – Assists the Board in ensuring the Group’s risk management and control framework, risk appetite and risk-taking principles are adequate, aligned with the business strategy and properly applied. In this role, it reviews risk aspects related to underwriting activities, new products and strategic initiatives, and is responsible for overseeing the Group’s capital allocation and funding activities.

The Risk Committee’s responsibilities include reviewing the Group Risk Policy and endorsing it for approval to the Group Board of Directors, as well as reviewing risk limits established to control risk tolerance, monitoring their usage and deciding on actions following any breaches. In addition, the Risk Committee reviews and discusses with the Group Chief Risk Officer the most important risk exposures, critical principles used in internal risk measurement, the valuation risk of assets and liabilities, and the capital and liquidity adequacy assessment.

- **The Audit Committee** – Assists the Board in fulfilling its oversight responsibilities relating to the integrity of the Group’s and the company’s financial statements and compliance with legal and regulatory requirements. It serves as an independent monitor of the Group’s financial reporting process and system of internal controls. The Audit Committee also reviews legal, regulatory and operational risks, as well as compliance matters. It also reviews fraud risk and related controls.

The Group Executive Committee has delegated various risk management responsibilities to the Group Chief Risk Officer (Group CRO). The Group CRO is responsible for providing the Group Board and Group Executive Committee with independent assessment that all of Swiss Re’s risks are being appropriately modelled, governed and managed, and that adequate controls are in place. As part of executing these responsibilities, the Group CRO is charged with establishing the Group’s risk management framework for all risk categories.

The Group CRO is a member of the Group Executive Committee and reports directly to the Group CEO. He also advises the Group Chairman and the Group Board of Directors, including its respective committees, in particular the Risk Committee, on significant matters arising in his area of responsibility. In addition, the Group CRO is also an Executive Committee member and CRO of SRZ, which is the main operating carrier for Swiss Re.

Key Risk Management bodies and responsibilities

<p>Group Board of Directors</p> <ul style="list-style-type: none"> • Responsible for the Group’s governance principles and policies • Mainly performs risk oversight and governance through its Risk Committee and Audit Committee 			
<p>Group Executive Committee</p> <ul style="list-style-type: none"> • Develops and implements the risk management framework • Sets and monitors risk capacity limits • Some responsibilities delegated to Group CRO 	<p>Group CRO</p> <ul style="list-style-type: none"> • Principal independent risk controller • Heads the Risk Management function • Member of Group Executive Committee • Advises Chairman and Group Board on risk matters 	<p>Global Risk Management units</p> <ul style="list-style-type: none"> • Oversight of financial market, credit and liquidity risk • Shared risk expertise: risk modelling and governance, as well as political, sustainability and emerging risks • Strategic control services: operational risk management 	<p>Group Internal Audit</p> <ul style="list-style-type: none"> • Independent risk controller • Assesses adequacy and effectiveness of internal control systems <p>Compliance</p> <ul style="list-style-type: none"> • Compliance with applicable laws, Code of Conduct • Manages compliance risks
<p>Business-level management</p> <ul style="list-style-type: none"> • Manages underwriting decisions and operational risks in its business scope 	<p>Business-level CROs</p> <ul style="list-style-type: none"> • Expertise and resources for the control of insurance and operational risks within their business scope • P&C and L&H Reinsurance Risk Management performs Group-level accumulation control for all P&C and L&H risks • Supported by functional, regional & legal entity CROs • Report to Group CRO and to business-level CEO 		
<p>Legal entity management</p> <ul style="list-style-type: none"> • Manages underwriting decisions and operational risks 	<p>Legal entity CROs</p> <ul style="list-style-type: none"> • Responsible for risk oversight and establishing risk governance in their respective legal entities • Supported by subsidiary CROs as well as dedicated risk teams 		

The Group CRO leads the independent Risk Management function, which is responsible for risk oversight and control across Swiss Re. Risk Management provides independent assessment to executive management and boards of directors at all levels of Swiss Re that risk-taking is well controlled, in line with risk appetite, and complies with all internal and external regulations. The Risk Management function thus forms an integral part of Swiss Re's business model and risk management framework.

Swiss Re's Risk Management function comprises global departments that provide specialised risk expertise and oversight, as well as departments embedded within the P&C Reinsurance, L&H Reinsurance, Corporate Solutions, Public Sector Solutions, Reinsurance Solutions and iptiQ businesses.

The global risk management departments oversee Group liquidity and capital adequacy and maintain the Group frameworks for controlling these risks throughout Swiss Re. They also support CROs at Group and legal entity level in discharging their oversight responsibilities. They do so by providing services, such as:

- Financial risk management
- Specialised risk category expertise and accumulation control
- Risk modelling and analytics
- Maintaining the central risk governance framework

The embedded Risk Management departments provide the expertise and resources for the control of insurance and operational risks within their respective business scope, and are also in charge of actuarial reserving and monitoring reserve holdings in their business areas. The heads of these departments have a dual role, as they also serve as CROs of their respective Business Units. P&C and L&H Reinsurance Risk Management also perform Group-level accumulation control for P&C and L&H risks, respectively, in addition to their Business Unit-specific responsibilities.

The embedded Risk Management departments are supported by functional and regional CROs, as well as by legal entity risk teams led by dedicated CROs who report directly or indirectly to their top-level

entity CRO, with a secondary reporting line to their legal entity CEO. These legal entity CROs are responsible for risk oversight in their entities, as well as for establishing the proper risk governance to ensure efficient risk identification, assessment and control. They are assisted by the CROs of subsidiary legal entities who are responsible for overseeing risk management issues that arise at regional or subsidiary level.

While the Risk Management organisation is closely aligned to Swiss Re's business structure, in order to ensure effective risk oversight, all embedded teams and CROs remain part of the Group Risk Management function under the Group CRO, thus ensuring their independence as well as a consistent Group-wide approach to overseeing and controlling risks.

Risk management activities are complemented by Swiss Re's Group Internal Audit and Compliance units:

- Group Internal Audit performs independent, objective assessments of the adequacy and effectiveness of internal control systems. It evaluates the execution of processes within Swiss Re, including those within Risk Management.
- The Compliance function oversees Swiss Re's compliance with applicable laws, regulations, and rules – primarily in relation to compliance risks – and the Code of Conduct. It also assists the Group Board of Directors, the Group Executive Committee and other management bodies in identifying, mitigating and managing compliance risks.

Risk control framework

Swiss Re operates within a clearly defined risk control framework. This is set out in the Group Risk Management Standards and comprises a body of standards that establishes an internal control system for taking and managing risk. These standards set responsibilities for risk takers and risk controllers. The risk control framework defines key tasks, which are the core components of Swiss Re's risk management cycle:

- **Limit setting and monitoring** – Allows Swiss Re to control its risk-taking decisions and total risk accumulations, including the passive risk the company is exposed to through its operations.

- **Risk oversight of plan** – Ensures that the risk implications of plans are understood and determines whether business and investment plans adhere to the internal risk appetite framework, including risk appetite and tolerance.

- **Risk identification and exposure quantification** – Ensures that all risks to which Swiss Re is exposed are transparent in order to make them controllable and manageable.

- **Risk assessment** – Enables Swiss Re to understand the magnitude and nature of its risks through quantitative and qualitative analysis, ensuring that the company operates within its risk appetite.

- **Risk reporting** – Creates internal risk transparency and enables Swiss Re to meet external disclosure requirements.

Swiss Re has implemented a principle-based integrated internal control system to mitigate identified operational risks including financial reporting and compliance risks, as well as risks that could impair the effectiveness and efficiency of operations. This control system represents a subset of Swiss Re's risk control framework and is based on international standards established by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). It is applied on multiple organisational levels, including Group, functions, regions and legal entities.

Risk transfer

To efficiently manage capital across the Group and ensure that risk-taking in individual legal entities is well diversified, the Group employs internal retrocession and funding agreements. These serve to improve the fungibility of capital and consequently, Group-wide diversification. In addition, the Group aims to maximise the amount of funds available centrally by optimising the excess capital held within its subsidiaries and branches.

Swiss Re also manages and mitigates insurance risk through external retrocession, insurance risk swaps or by transferring risk to capital markets through insurance-linked securities, industry loss warranties or other derivatives. This provides protection

against extreme catastrophic events, further diversifies risk, stabilises economic results and releases underwriting capacity.

In addition, Swiss Re uses financial market derivative instruments as well as financial market securities to hedge financial market and credit risks arising from investments and insurance liabilities. Interest rate risk from insurance liabilities is managed through investments in fixed income instruments whose pricing is sensitive to changes in government yields, such as government bonds.

Risk appetite framework

The risk appetite framework establishes the overall approach through which Swiss Re practices controlled risk-taking throughout the Group. The framework is set out in the Group Risk Policy and consists of two interlinked components: risk appetite and risk tolerance.

In the context of business strategy and planning, the risk appetite statement facilitates discussions about where and how Swiss Re should deploy its capital, liquidity and other resources under a risk-return view, while the risk tolerance sets clear boundaries to risk-taking.

During strategic planning and target setting, Risk Management provides an opinion on the proposed strategy and targets to the Group Executive Committee, and ultimately the Group Board of Directors. The opinion focusses on the risk impact of the proposed strategy and the risks related to its implementation. The strategic plan, risk appetite and capital allocation ambition are expressed in a target portfolio for the Group's assets and liabilities, which should ultimately deliver the Group's targeted performance.

Swiss Re's risk appetite outlines the Group's own principles on acceptable risks and provides key directions for risk-taking and risk controlling as part of implementing Swiss Re's strategy: achieving targeted

performance, providing liquidity and financial flexibility, managing capital adequacy, and protecting and growing franchise value.

The Group Board of Directors further details Swiss Re's risk appetite through its approval of Swiss Re Group's underwriting plan and asset management SAA, as well as the Group's capital and financial plan.

Swiss Re's internal risk tolerance describes the extent to which the Group and SRZ Boards of Directors have authorised executive management to assume risk. It represents the amount of risk that Swiss Re is willing to accept within the constraints imposed by its capital and liquidity resources, its strategy, and the regulatory and rating agency environment within which it operates.

Swiss Re's internal risk tolerance is based on the following objectives:

- To maintain Group capital at a level that safeguards respectability with clients and regulators.
- To ensure the resilience of SRZ as the main operating entity from a capital and liquidity perspective.
- To avoid material operational risks that could subject the Group to large operational losses with corresponding consequences from an economic, reputational or regulatory perspective.

To meet the first objective, the Group Risk Policy defines internal respectability limits to ensure that Swiss Re has enough resources to meet capital requirements at Group level, as well as respectability and liquidity requirements for all legal entities. These limits ensure that Swiss Re has adequate capital and liquidity above minimum requirements to be considered a respectable counterparty by external stakeholders. To meet the second objective Swiss Re's risk tolerance criteria include internal resilience limits for SRZ to ensure that the main operating entity is

able to withstand capital and liquidity stresses. To meet the third objective, the Group has established a Group-wide risk matrix methodology in which key operational risks are assessed against an acceptable level of expected losses. Any operational risk exposure that exceeds the Group's internal operational risk tolerance is subject to a mitigation plan that is monitored by the Group Risk Committee.

Internal risk tolerance respectability criteria for the Swiss Re Group are set out in the Group Risk Policy. The Group and SRZ Boards are responsible for approving the risk tolerance criteria, as well as for monitoring and reviewing risk tolerance. Breaches or anticipated breaches of limits established to control the risk tolerance criteria must be communicated to the Risk Committee.

Swiss Re's risk-taking is governed by a limit framework in order to ensure that accumulation risk and large losses remain at an acceptable level, as well as to steer the allocation of available risk capacity. The limit framework is rooted in the risk appetite and risk tolerance objectives set in the Group Risk Policy, and helps to translate these objectives into concrete, measurable criteria. In addition, lower-level limits are implemented to allocate scarce capacity. The limit framework also allows for risk monitoring and thus supports risk controlling during the execution of the plan.

Risk assessment

In SST 2025, total risk decreased to USD 18.8 billion, mainly driven by lower insurance risk.

Swiss Re's internal model provides a meaningful assessment of the risks to which the company is exposed and is an important tool for managing the business.


Swiss Re is exposed to insurance and financial risks that are calculated in its internal risk model, as well as other risks that are not explicitly part of the economic capital requirement but are actively monitored and controlled. These include operational, liquidity, model, valuation, regulatory, political, strategic and sustainability risks.

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

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

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

Total risk decreased to USD 18.8 billion, mainly driven by lower property and casualty risk. The shift led to a decrease in diversification at risk category level.

 For more information about Swiss Re's internal risk model, see the *Internal control system and risk model* section of the Risk management (Online Only) download of the Annual Report.

Group capital requirement based on one-year 99% tail VaR

USD millions	SST 2024	SST 2025	Change	Cross reference information
Property and casualty	13 788	12 282	-1 506	see page 64
Life and health	9 866	9 162	-704	see page 65
Financial market	9 729	9 059	-670	see page 66
Credit ¹	3 464	3 295	-169	see page 67
Diversification	-16 638	-15 018	1 619	
Total risk	20 210	18 780	-1 430	

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

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

Alternative risk measurements¹ for Swiss Re Group

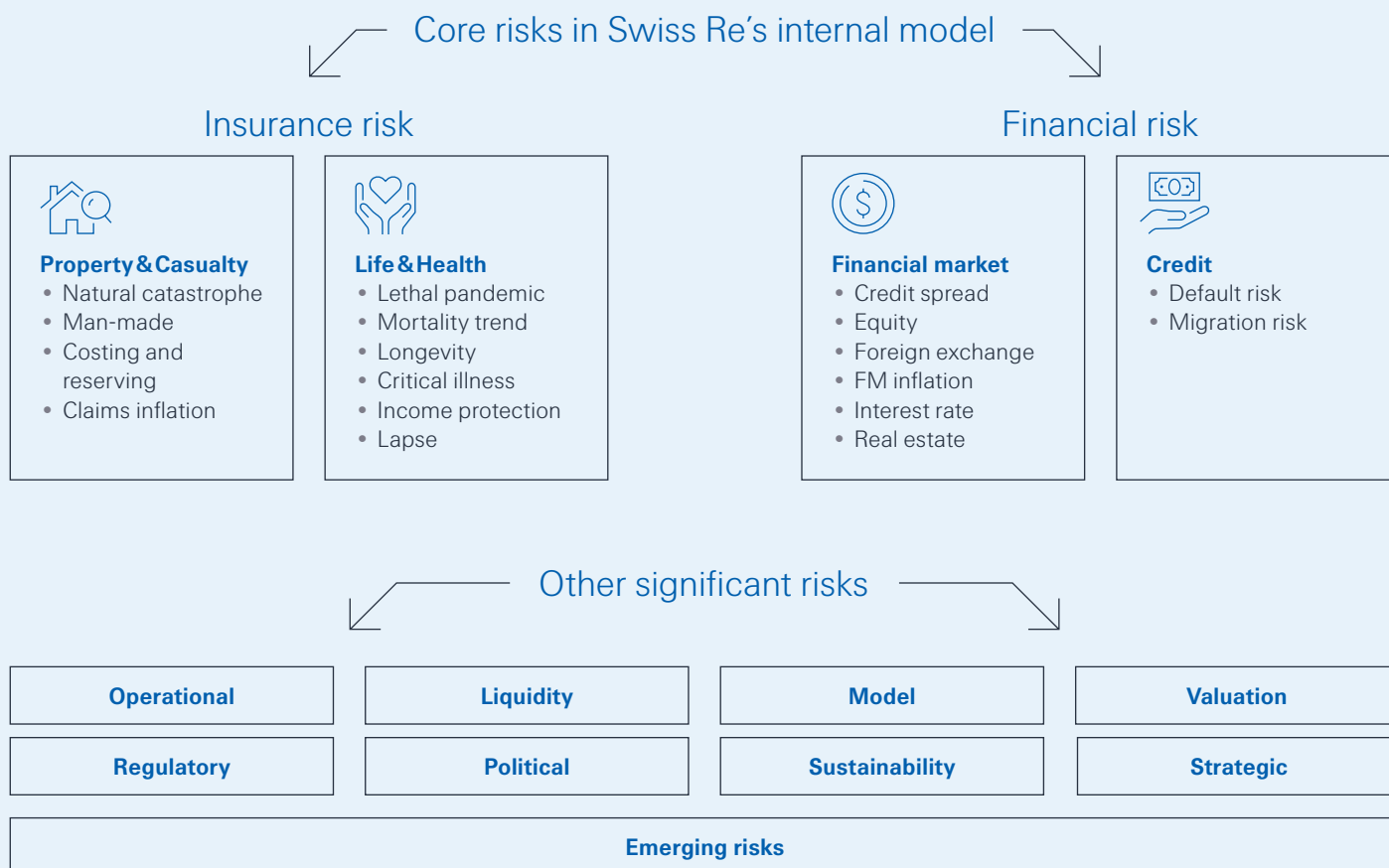
USD millions	SST 2024	SST 2025	Change in %
99% VaR	15.8	14.6	-8%
99.5% VaR	18.2	16.8	-8%

¹ For the alternative risk measurements, the same risk exposure and data basis is applied as for the SST calculation.

Alternative risk measurements — 99% and 99.5% VaR — decreased to USD 14.6 billion and USD 16.8 billion, respectively.

Swiss Re's risk landscape

The risk categories shown in the table below are discussed on the following pages. Swiss Re actively identifies emerging risks and threats across all risk categories as part of its risk identification process. Liquidity risk management is discussed on page 54.



Swiss Re is exposed to a broad landscape of risks. These include risks that are actively taken as part of insurance or asset management operations, and are calculated in the internal risk model as part of the Group's economic capital requirement as well as to allocate risk-taking capacity:

- **Property and Casualty (P&C) insurance risk** arises from coverage provided for property, liability, motor and accident risks, as well as for specialty risks such as engineering, agriculture, aviation, marine and cyber. It includes underlying risks inherent in the business Swiss Re underwrites, such as inflation or uncertainty in pricing and reserving.
- **Life and Health (L&H) insurance risk** arises from coverage provided for mortality (death), longevity (annuity) and morbidity (illness and disability). In addition to potential shock events (such as a severe pandemic), it includes underlying risks inherent in life and health contracts that arise when mortality, morbidity or lapse experience deviates from expectations.
- **Financial market (FM) risk** represents the potential impact on assets or liabilities that may arise from movements in financial market prices or rates, such as equity prices, interest rates, credit spreads, hedge fund prices, real estate prices, commodity prices or foreign exchange rates. Financial market risk originates from two main sources: investment activities and the sensitivity of the economic value of liabilities to financial market fluctuations.
- **Credit risk** reflects the potential financial loss that may arise due to diminished creditworthiness or default of counterparties of Swiss Re or of third parties. Credit risk arises from investment and treasury activities, structured transactions and retrocession, as well as from liabilities underwritten by credit and surety insurance units.

The risk landscape also includes other risks that are not explicitly part of the Group's economic capital requirement but are actively monitored and controlled due to their significance for Swiss Re:

- **Operational risk** represents the potential economic, reputational or compliance impact of inadequate or failed internal processes, people and systems, or from external events, including legal risk and the risk of a material misstatement in financial reporting.
- **Liquidity risk** represents the possibility that Swiss Re will not be able to meet expected and unexpected cash flow and collateral needs without affecting either daily operations or Swiss Re's financial condition.
- **Model risk** reflects the potential impact of model errors or the inappropriate use of model outputs. It may arise from data errors or limitations, operational or simulation errors, or limitations in model specification, calibration or implementation. Model risk may also be caused by insufficient knowledge of the model and its limitations, in particular by management and other decision makers.
- **Valuation risk** represents uncertainty around the appropriate value of assets or liabilities. It may arise from product complexity, parameter uncertainty, quality and consistency of data, valuation methodology or changes in market conditions and liquidity. Swiss Re is exposed to financial valuation risk from investment assets it holds as well as reserve valuation risk from insurance liabilities that result from the coverage it underwrites.
- **Regulatory risk** arises from changes to insurance regulations and supervisory regimes as well as from interactions with regulatory authorities of the jurisdictions in which Swiss Re operates.
- **Political risk** comprises the consequences of political events or actions that could have an adverse impact on Swiss Re's business or operations.
- **Sustainability risk** comprises the environmental, social and governance risks that may arise from individual business transactions or the way Swiss Re conducts its operations.
- **Strategic risk** represents the possibility that poor strategic decision making, execution or response to industry changes or competitor actions could harm Swiss Re's competitive position and thus its franchise value.

Some of these risks are reflected indirectly in the risk model, as their realisations may be contained in the historical data and scenarios used to calibrate some of the risk factors. In addition, output from the model is used in measuring liquidity risk under stressed conditions.

As separate risk categories, these risks are an integral part of Swiss Re's risk landscape. They are monitored and managed within the Risk Management organisation, and included in risk reports to executive management and the Board at the Group and legal entity level.

Across all risk categories, Swiss Re actively identifies emerging risks and threats as part of its risk identification process; this includes new risks as well as changes to previously known risks that could create new risk exposures or increase the potential exposure or interdependency between existing risks.

Reputational risk is not considered a separate risk category but rather represents a possible consequence of any risk type in addition to the potential financial and compliance impact.

Insurance risk

Insurance risk management involves identifying, assessing and controlling risks that Swiss Re takes through its underwriting activities, including related risks such as lapse, inflation or uncertainty in pricing and reserving. Risk Management also provides independent oversight throughout the business cycle, starting with the annual business planning process. It reviews underwriting standards, costing models and large or complex transactions, as well as monitoring exposures, reserves and limits.

Swiss Re's Group limit framework includes risk limits for major insurance exposures that guard against risk accumulations and ensure that risk-taking remains within Swiss Re's risk tolerance. The Group Executive Committee approves the limits, through the endorsement of the Group Underwriting Committee. At business unit and legal entity level, capacity and underwriting limits are assigned to steer the business, and ensure adherence to the Group's risk limits and SST capitalisation targets.

Regular internal reports ensure transparency across the Group, providing management with quantitative and qualitative risk assessments. Swiss Re's

insurance risk landscape and related governance processes are regularly discussed and reviewed by the Group CRO and his leadership team, as well as by dedicated insurance risk oversight bodies that assist and advise the Group CRO.

Swiss Re also manages and mitigates insurance risk through external retrocession, insurance risk swaps or by transferring risk to capital markets.

This provides protection against extreme catastrophic events, further diversifies risk, stabilises economic results and releases underwriting capacity.

Property and casualty risk

-11%

Change since SST 2024



Risk developments

The decrease in property and casualty risk is mainly driven by lower claims inflation risk, reflecting an improved inflation outlook in the annual parameter update, further supported by higher retrocession relief. These effects are partly offset by higher exposure to natural catastrophe and man-made risks, as well as the impact of reserve strengthening, which led to an increase in reserving risk and inflation risk.

Management

Legal entity CROs are responsible for overseeing all property and casualty exposures written in their areas. In addition, Group Risk Management monitors and controls accumulated exposures across Swiss Re to ensure that they remain within the defined risk tolerance level.

The first line of control for property and casualty risks lies within the teams that underwrite those risks. In general, complex transactions must be reviewed by at least two authorised individuals and are subject to authority limits. Each underwriter is assigned an individual authority based on technical skills and experience. In addition,

capacity limits are allocated to local teams; any business that exceeds this authority or is otherwise complex or unusual triggers an escalation process that extends up to the Group Executive Committee. Certain single risks and specified renewable treaty classes with non-material changes can be authorised by only one individual underwriter with the necessary authority.

All transactions that could materially impact the risk at the Group level or for key legal entities require independent review and sign-off by Risk Management before they are authorised. This may be applied through the review of underwriting guidelines, or secured through individual reviews.

Swiss Re's limit framework for property and casualty exposures includes risk limits for major natural catastrophe scenarios and other key risks, such as terrorism, claims inflation, reserving and liability.

Insurance risk stress tests with a 200-year return period

Annualised unexpected loss, 99.5% VaR in USD millions ¹	SST 2025
Atlantic hurricane	6 138
Californian earthquake	4 078
Lethal Pandemic	3 659
European Windstorm	2 495
Japanese earthquake	2 201

¹ Excluding reinstatement premiums that could be triggered as a result of the event.

In SST 2025, the largest natural catastrophe exposure for the Swiss Re Group derives from the Atlantic hurricane scenario with a USD 6.1 billion loss. Lethal pandemic losses are estimated to be at USD 3.7 billion.

Life and health risk

-7%

Change since SST 2024



Risk developments

Lower life and health risk is mainly driven by appreciation of the US dollar, as well as higher interest rates for most major currencies. These effects are further supported by retrocession relief for mortality risk in the US, partly offset by the impact of lower Chinese yuan interest rates.

Management

Legal entity CROs are responsible for overseeing all life and health exposures written in their respective areas. Accumulated exposures across Swiss Re are monitored and controlled by Group Risk Management to ensure that they remain at an acceptable level for the Group.

Costing actuaries and underwriters represent the first line of control for life and health risks. All transactions that could materially change risk at the Group level or for key legal entities require independent review and

sign-off by Risk Management before they can be authorised. Key transactions must be approved by the Chief Pricing Office and Risk Management in addition to Market Units. For transactions of defined types and within defined limits, this may be applied through the approval of underwriting or pricing guidelines. For other transactions, the approval must be secured through a review of the individual transaction.

Swiss Re’s limit framework for life and health exposures includes risk limits for key risks, such as life (mortality trend and longevity combined), lethal pandemic, mortality trend, lapse, critical illness and income protection. Market exposure limits are in place for catastrophe and stop-loss business. Swiss Re pays particular attention to densely populated areas and applies limits for individual buildings to guard against risk exposure accumulations.

Financial risk

Financial risk management involves identifying, assessing and controlling risks inherent in the financial markets as well as counterparty credit risks, while monitoring compliance with Swiss Re's risk appetite and risk management standards.

Swiss Re's central Solvency & Financial Risk Management team oversees all activities that generate financial market or credit risk. Its mandate covers internally and externally managed assets, strategic participations, treasury activities, and credit and market risks that derive from Swiss Re's underwriting and retrocession activities, including structured transactions, fronting, credit insurance and surety business. The Head of Solvency & Financial Risk Management reports to the Group Chief Risk Officer, with a secondary reporting line to the Group Chief Investment Officer.

Solvency & Financial Risk Management controls exposure accumulation for financial market and credit risks. In addition, the team is responsible for assurance activities related to asset valuation and financial risk models, as well as for reporting Swiss Re's financial risks. These responsibilities are exercised through defined governance processes, including regular reviews by Swiss Re's Group Investment Committee and other financial risk oversight bodies.

All activities with financial market and credit risk are subject to limits at various levels of the organisation (eg Group, legal entities and lines of business). At the highest level, the Group Board of Directors sets a financial risk concentration limit which defines how much of the Group's risk exposure can derive from financial risk. The Group Executive Committee approves the limits, through the

endorsement of the Group Asset Liability Committee and Group Underwriting Committee, respectively, for financial market and credit risk at the Group level. Where required, additional risk limits are established by Risk Management for legal entities, key business lines, individual counterparties and countries. Furthermore, as part of the planning process, the risk-taking functions employ capacity limits to control the amount of risk. Limits may be expressed in terms of notional value of policies, losses in a stress scenario, value at risk based on historic market moves, linear sensitivities to a particular risk factor or different methodologies of exposure aggregation.

Financial market risk

-7%

Change since SST 2024



Risk developments

Financial market risk decreased, mainly due to the rise in interest rates and increased credit hedges, partially offset by purchases of corporate bonds.

Management

Financial market risk is monitored and controlled by dedicated experts within the Group's Financial Risk Management team. Solvency & Financial Risk Management regularly reports on key financial market risks and risk aggregations, as well as on specific limits for internally and externally managed investment mandates. These reports track exposures, document limit usage and provide information on key risks that could affect the portfolio. The reports are

presented and discussed with those responsible for the relevant business line in Swiss Re's Financial Market Risk Council.

The reporting process is complemented by regular risk discussions between Financial Risk Management, Asset Management and the Group's external investment managers, as well as by regular interactions with other key units that take financial market risk, such as Corporate Development, Treasury and the respective business teams that write transactions.

Financial market SST ratio sensitivities

Impact on SST ratio		SST 2025
Interest rates	+50bps	7pp
Interest rates	-50bps	-8pp
Credit spreads	+50bps	-6pp
Credit spreads	-50bps	6pp
Equity values	+25%	1pp
Equity values	-25%	-2pp
Real estate values	+25%	7pp
Real estate values	-25%	-8pp

Among the financial market sensitivities shown above, the Group SST ratio is most sensitive to a 50-basis-point decrease in interest rates or to a decrease in real estate values of 25%, each of which would result in an estimated decrease in the SST ratio of 8 percentage points.

Credit risk stress test with a 200-year return period

Annualised unexpected loss, 99.5% VaR in USD million ¹	SST 2025
Credit default ¹	2 550

¹ Excluding reinstatement premiums that could be triggered as a result of the event.

Credit risk

-5%

Change since SST 2024



Risk developments

The decrease in credit risk is driven by the depreciation of major currencies against the US dollar, the rise in interest rates and increased credit hedges.

Management

Credit risk is monitored and controlled by experts within the Solvency & Financial Risk Management team. Solvency & Financial Risk Management regularly monitors and reports on counterparty credit quality, credit exposures and limits. In addition, the team compiles a watch list of cases that merit close attention.

The reporting process is supported by a Group-wide credit exposure information system that contains all relevant data, including counterparty details, ratings, credit risk exposures, credit limits and watch lists. Key credit practitioners across Swiss Re have access to this system, thus providing the necessary transparency to implement specific exposure management strategies for individual counterparties, industry sectors and geographic regions.

Credit risks are aggregated by country in order to monitor and control risk accumulation to specific risk drivers, such as economic, sovereign and political risks.

Management of other significant risks

Operational risk

The Group has implemented an internal control system to mitigate operational risks through three lines of control. This system assigns primary responsibility for identifying and managing operational risks to individual risk takers (first line of control), with independent oversight and control by the Risk Management and Compliance functions (second line of control) as well as Group Internal Audit (third line of control). Members of the Executive Committee are required to certify the effectiveness of the internal control system for their area of responsibility on a quarterly basis. Swiss Re has also implemented a capital model for operational risk, which is used for Solvency II purposes.

Operational risk is inherent within Swiss Re's business processes. As the company does not receive an explicit financial return for such risks, the approach to managing operational risk differs from the approach applied to other risk categories. The purpose of operational risk management is not to eliminate risks but rather to identify and cost-effectively mitigate operational risks that approach or exceed Swiss Re's tolerance.

Risk Management is responsible for monitoring and controlling operational risks based on a centrally coordinated methodology. This includes a pre-defined taxonomy that is used for identifying, classifying and reporting operational risks, as well as a matrix in which risks are assessed according to their estimated probability and impact. Risks are assessed for their residual economic, financial reporting, reputational and compliance impact, taking into account existing mitigation.

The matrix is also used to assess residual exposures against Swiss Re's internal tolerance limits for operational risk. This limit represents the level of operational risk that the Board of Directors and executive management teams are willing to accept. Material risks that exceed or are approaching risk tolerance are reported to executive management and boards at the Group and legal entity level. In addition, executive management is required to implement mitigation strategies for all

risks that are outside of the operational risk limit, in order to bring them back within internal tolerance limits.

Cyber risk and information security are a key focus of Swiss Re's operational risk controls. The Group performs an annual cyber risk assessment to determine the current maturity of controls; this is based on internationally recognised standards. The results of the assessment are shared with senior management, and mitigation activities to improve Swiss Re's cyber security resilience are coordinated by the Chief Security Officer.

All operational issues, actions and events are recorded in a central repository. Operational event and issue reporting is a key instrument for analysing operational failures and improving risk awareness. It helps Swiss Re avoid repeating errors by building a knowledge base. The results of this process are reviewed by the relevant CRO and reported to the company's management team and Board of Directors.

Swiss Re has adopted a risk-based approach strengthening the management of operational cyber risk. Ongoing enhancements in privileged access control and the safeguarding of critical data assets are being made to further mitigate Swiss Re's operational cyber risk profile.

Digital transformation is continuing, with particular attention on financial reporting processes in the context of reporting under IFRS. This has brought into focus risks around key people dependency and operational risks related to change execution. These risks are being actively mitigated and closely monitored at executive management level.

Model risk

Swiss Re uses models throughout its business processes and operations, in particular to price insurance products, value financial assets and liabilities, assess reserves and portfolio cash flows, and estimate risk and capital requirements. Model owners have primary responsibility for model-related risks and are required to adhere to a robust tool development process, including testing, peer review, documentation and sign-off. A similar

process also applies to model maintenance. Swiss Re's model governance is based on Group-wide standards for model assurance. These standards seek to ensure that each model has a clear scope, is based on sound mathematical and scientific concepts, has been implemented correctly and produces appropriate results given the stated purpose. Furthermore, the calibration of model parameters (and the data on which the calibration relies) must be trustworthy, while expert judgments are required to be sensible, documented and evidenced.

Analytical or financial models that are used for costing, valuation and risk capital calculations are governed by Swiss Re's Group Model Risk Management Standards. Material models used for costing, valuation of reserves and assets as well as Swiss Re's internal risk model are validated by dedicated teams within Risk Management. These teams provide independent assessment that the framework has been adhered to, and also conduct independent validations. Swiss Re's internal risk model is also subject to regulatory scrutiny.

Model-related incidents are captured within Swiss Re's operational risk framework. In addition, material model developments, incidents and risks are reported in regular risk updates to executive management and the boards of directors at the Group and legal entity level.

Valuation risk

Financial valuation risk is managed by internal and external portfolio managers, who ensure that valuations remain in line with the market. In addition, Swiss Re has a function within Solvency & Financial Risk Management that independently assesses valuations and valuation techniques. This team performs independent price verification for financial risk positions to confirm that valuations are reasonable and ensure there are no material misstatements of fair value in Swiss Re's financial reports. The results of the independent price verification process are reviewed by the Asset Valuation Committee. In addition, Swiss Re's external auditor conducts quarterly reviews as well as a comprehensive year-end audit of controls, methodology and results.

Reserve valuation risk is managed by Swiss Re's Actuarial Control function, with dedicated teams for property and casualty, and life and health valuation. These teams ensure that Swiss Re's reserve-setting process uses an appropriate governance framework, including defined accountabilities and decision-making processes for risk takers (as the first line of control) as well as for Actuarial Control. The framework ensures that there is independent review on the data, assumptions, models and processes used for valuation purposes. It also includes an independent assessment of the reserves to ensure that their level remains within a range of possible best estimates. Regular deep-dive investigations are performed into selected portfolios in order to review the appropriateness of both the reserves and the applied reserving approach. In addition, Swiss Re's external auditor conducts quarterly reviews as well as a comprehensive year-end audit of controls, methodology and results.

Regulatory risk

Regulatory developments and related risks that may affect Swiss Re and its subsidiaries or branches are identified, assessed and monitored as part of regular oversight activities. Swiss Re is actively engaged in a dialogue with relevant regulators to improve mutual understanding of the implications arising from new regulatory proposals. Periodic reports and recommendations on regulatory issues are provided to executive management and the Board of Directors at the Group and legal entity level.

The regulatory environment of the insurance industry continues to evolve on the national, regional and international level. While some regulatory changes create new business opportunities, others come with significant costs and business restrictions. Growing regulatory complexity, increased protectionism and a fragile global economy are persistent themes affecting regulation and the way Swiss Re operates worldwide.

Regulatory efforts are becoming increasingly forward-looking, aimed at a broad range of emerging risks, both actual and perceived. If new regulation is not based on clearly understood risks with a view to materiality and proportionality, and

if the resulting requirements are not harmonised with international standards and best practices, this may create an excessive burden for global insurers and lead to higher costs for policyholders.

Regulatory concerns are increasing around the cross-border reinsurance business model, asset-intensive reinsurance, future affordability and availability of insurance covers in light of climate change, digital finance, concentration risks from cloud service providers, operational resilience and data protection.

Regulation of digitalisation remains a key regulatory focus, with Artificial Intelligence (AI) at the forefront. Approaches vary from non-binding guidelines (eg in Switzerland) to strict legal requirements around AI use (eg in the EU).

Several regulators – particularly in Europe and Asia, and more recently in the Americas – have developed specific expectations of how climate-related financial risks should be managed, and are implementing risk management guidelines and mandatory sustainability disclosure requirements. There is a risk that regulators single out climate-related and other sustainability risks, and move away from purely risk-based solvency requirements. Regulations in different jurisdictions continue to develop at various speeds and are not necessarily aligned. Political developments in key jurisdictions (eg US, EU) can add to uncertainty around the regulatory framework for climate risks.

Swiss Re continues to advocate for a harmonised and gradual implementation of these requirements. New regulations should be in line with international standards and with widely accepted disclosure frameworks in order to avoid regulatory fragmentation. For example, the new global standards by the International Sustainability Standards Board support greater alignment across jurisdictions in the area of sustainability disclosures.

Swiss Re consistently highlights the benefits of its industry's global business model. It advocates for the removal or reduction of market risk access barriers, so that policyholders, governments, taxpayers

and national economies can fully benefit from international diversification and thus have access to reliable, sound and affordable risk cover and transfer.

Political risk

Political developments can threaten Swiss Re's operating model but also open up new business opportunities. The Group adopts a holistic view of political risk and analyses developments in various markets and jurisdictions, as well as cross-border issues such as war, terrorism, energy-related issues and international trade controls.

Swiss Re's Political Risk Management function exercises oversight and control for political risk perils (eg, strikes, riots, civil commotion, terrorism and war). This comprises monitoring risk developments, assigning political country risk ratings used to support risk control activities – including limits and referrals – and informing underwriting and other decision-making processes of the Group. In addition, experts from other risk management functions (such as Credit and Market Risk Management) also incorporate political risk considerations into their oversight and control frameworks in order to account for political events that may adversely affect Swiss Re – for example by triggering financial market volatility.


Swiss Re regularly identifies and assesses the impact of political risk on its business and enhances its methodologies and standards. To ensure access to timely information and intelligence, Swiss Re participates in specialist events hosted by industry and risk management associations, and maintains relationships with political risk specialists, think tanks and universities, as well as with governmental and non-governmental organisations.

Sustainability risk

Swiss Re's continued business success depends on the successful management of sustainability risks, thus helping to maintain the trust of its stakeholders. The Group has a long-standing commitment to sustainable business practices, active corporate citizenship, as well as good, transparent governance.

The Group has a global framework which guides how Swiss Re manages environmental, social, human rights and governance risks: the ESG Risk Framework. This covers both underwriting and investment activities – where information granularity is available – and allows for a meaningful ESG risk assessment. The framework is used to identify and address sustainability risks across Swiss Re's business activities. It contains three umbrella guidelines, which are based on the overarching principles of protecting the environment, human and labour rights, as well as promoting good corporate governance. In addition, for sectors that are particularly exposed to sustainability risks, the framework has sector-specific policies. These include: agriculture, forestry and food; defence; hydro-dams; mining; oil and gas; and thermal coal. Swiss Re conducts periodic reviews of the framework and its policies to ensure that they remain fit for purpose.

Sustainability risks are monitored and managed by dedicated Swiss Re experts who are also responsible for maintaining the ESG Risk Framework. Risk awareness is fostered through internal training and innovative solutions to address sustainability issues are developed. Swiss Re also engages with external stakeholders on selected sustainability risk topics.

 For more information on the ESG Framework and Swiss Re's sustainability practices in general, see the 2024 Sustainability Report.

Strategic risk

Overall responsibility for managing strategic risk lies with the Group Board, which establishes Swiss Re's overall strategy. The Boards of legal entities are responsible for the strategic risk inherent in their specific strategy development and execution. Strategic risks are addressed by examining multi-year scenarios, considering the related risks, as well as monitoring the implementation of the chosen strategy year by year in terms of the annual business plan.

As part of their independent oversight role, Risk Management, Compliance and Group Internal Audit are responsible for controlling the risk-taking arising from the implementation of the strategy.


Emerging risk

Anticipating possible developments in the risk landscape is a central element of Enterprise Risk Management. Swiss Re promotes a forward-looking risk perspective in all areas of the business in order to avoid surprises, and reduce the vulnerability and volatility of the Group's results, while also identifying new business opportunities and raising awareness for emerging risks.

For this purpose, Swiss Re's risk identification processes are supported by a systematic framework that identifies, assesses and monitors emerging risks and opportunities across all areas of Swiss Re's risk landscape. This framework combines a bottom-up approach driven by employee input with regional and functional expertise on emerging risk. In-house information gathering is complemented with insights from external organisations such as think tanks, academic networks and international organisations, as well as from interaction with clients.

Findings from the emerging risk process – including a prioritised overview of newly identified emerging risks and an assessment of their potential impact on Swiss Re's business – are reported to senior management, the respective business steering functions and other internal stakeholders.

Swiss Re also publishes an annual emerging risk report (Swiss Re SONAR) to raise risk awareness across the industry and initiate a risk dialogue with key external stakeholders. Swiss Re maintains regular exchanges on emerging risks with its clients and continues to participate actively in strategic risk initiatives such as the CRO Forum's Emerging Risk Initiative.

 For more information about emerging risk, see the Swiss Re SONAR report.

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Cautionary note on forward-looking statements

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

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

- macro-economic events or developments including inflation rates, increased volatility of, and/or disruption in, global capital, credit, foreign exchange and other markets and their impact on the respective prices, interest and exchange rates and other benchmarks of such markets;
- elevated geopolitical risks or tensions which may consist of conflicts arising in and between, or otherwise impacting, countries that are operationally and/or financially material to the Group or significant elections that may result in domestic and/or regional political tensions as well as contributing to or causing macro-economic events or developments as described above;
- the frequency, severity and development of, and losses associated with, insured claim events, particularly natural catastrophes, human-made disasters, pandemics, social inflation litigation, acts of terrorism or acts of war, including the ongoing wars and conflicts in the Middle East, and any associated governmental and other measures such as sanctions, expropriations and seizures of assets as well as the economic consequences of the foregoing;
- the Group’s adherence to standards related to environmental, social and governance (“ESG”), sustainability and corporate social responsibility (“CSR”) matters, ability to fully achieve goals, targets, ambitions or stakeholder expectations related to such matters and ability to adapt to the evolving expectations of investors, shareholders, business partners, or third parties, including regulators and public authorities, as well as CSR, ESG and/or sustainability recommendations, standards, norms, metrics or regulatory requirements;
- the Group’s ability to achieve its strategic objectives;
- legal actions or regulatory investigations or actions, including in respect of industry requirements or business conduct rules of general applicability, the intensity and frequency of which may also increase as a result of social inflation;

- the Group's ability to attract, retain and train highly skilled and technically qualified employees at the senior management level as well as in key operational roles;
- the effects of business disruption due to terrorist attacks, cyberattacks, natural catastrophes, public health emergencies, hostilities or other events;
- central bank intervention in the financial markets, trade wars or other tariffs and protectionist measures relating to international trade arrangements, adverse geopolitical events, domestic political upheavals or other developments that adversely impact global economic conditions;
- mortality, morbidity and longevity experience;
- the cyclical nature of the reinsurance sector;
- the Group's ability to maintain sufficient liquidity and access to capital markets, including sufficient liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debt-like arrangements and collateral calls due to actual or perceived deterioration of the Group's financial strength or otherwise;
- the Group's ability to realise amounts on sales of securities on the Group's balance sheet equivalent to their values recorded for accounting purposes;
- the Group's ability to generate sufficient investment income from its investment portfolio, including as a result of fluctuations in the equity and fixed income markets, the composition of the investment portfolio or otherwise;
- changes in legislation and regulation or the interpretations thereof by regulators and courts, affecting the Group or its ceding companies, including as a result of comprehensive reform or shifts away from multilateral approaches to regulation of global operations;
- matters negatively affecting the reputation of the Group, its board of directors or its management;
- the lowering, loss, giving up of, or the decision not to participate in one of the financial strength or other ratings of one or more companies in the Group, and developments adversely affecting its ability to achieve improved ratings;
- uncertainties in estimating reserves, including differences between actual claims experience and underwriting and reserving assumptions, including in Life & Health and in Property & Casualty Reinsurance due to higher costs caused by pandemic-related or inflation and supply chain issues;
- changes in our policy renewal and lapse rates and their impact on the Group's business;
- the outcome of tax audits, the ability to realise tax loss carryforwards and the ability to realise deferred tax assets (including by reason of the mix of earnings in a jurisdiction or deemed change of control), which could negatively impact future earnings, and the overall impact of changes in tax regimes on the Group's business model;
- changes in accounting estimates or assumptions that affect reported amounts of assets, liabilities, revenues or expenses, including contingent assets and liabilities as well as changes in accounting standards, practices or policies, including the Group's recent adoption of IFRS;
- strengthening or weakening of foreign currencies;
- reforms of, or other potential changes to, benchmark reference rates;
- failure of the Group's hedging arrangements to be effective;
- significant investments, acquisitions or dispositions, and any delays, unforeseen liabilities or other costs, lower-than expected benefits, impairments, ratings action or other issues experienced in connection with any such transactions;
- extraordinary events affecting the Group's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- changing levels of competition in the markets and geographies in which the Group competes;
- limitations on the ability of the Group's subsidiaries to pay dividends or make other distributions; and
- operational factors, including the efficacy of risk management or the recent adoption of IFRS as well as other internal procedures in anticipating and managing the foregoing risks.

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

