

Press release

Swiss Re strengthens US liability reserves, following a comprehensive reserve review

Ad hoc announcement pursuant to Article 53 LR

- **Swiss Re strengthened US liability reserves by USD 2.4 billion¹ in Property & Casualty Reinsurance (P&C Re) in Q3 2024**
- **Swiss Re's overall reserves across P&C businesses positioned at the higher end of the best-estimate range²**
- **Swiss Re expects Group net income for Q3 of approximately USD 0.1 billion; approximately USD 2.2 billion for the first nine months of 2024**
- **Swiss Re on track to meet its 2024 targets in Life & Health Reinsurance (L&H Re) and Corporate Solutions, but expects to miss P&C Re combined ratio target due to the reserve strengthening**

Zurich, 7 November 2024 – Swiss Re announced today the strengthening of its P&C Re reserves in the third quarter, following a comprehensive review. Consistent with the decision to accelerate the achievement of its goal to position overall reserves at the higher end of the best-estimate range, Swiss Re added USD 2.4 billion to P&C Re's prior year US liability reserves in the third quarter of 2024, bringing the total reserve additions to USD 3.1 billion for the first nine months of the year.

The additions were partly offset by releases in other lines of business, resulting in a net prior year reserve strengthening in P&C Re of USD 2.0 billion in the third quarter of 2024. Following these actions, the Group estimates overall reserves across property and casualty businesses to be positioned at the higher end of the best-estimate range. The recent introduction of an uncertainty allowance on new business will continue to support the strength of overall reserves going forward.

¹ Represents a nominal (undiscounted) amount.

² Swiss Re defines its best estimate range as the distribution of reasonable estimates within which the currently booked reserves are expected to fall. Following the reserving actions of the third quarter, the Group estimates overall P&C reserves to be positioned at the 90th percentile of the best-estimate range.

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Swiss Re's Group Chief Executive Officer Andreas Berger said: "Enhancing the overall resilience of the Group has been a key priority for the management team. We conducted a comprehensive review of our P&C reserves, considering the latest industry data and legal trends. With the decisive actions in the third quarter, we have reached our goal of positioning reserves at the higher end of the best-estimate range. Importantly, we have addressed reserve developments in our entire US liability portfolio, including all prior underwriting years."

Swiss Re expects to report a Group net income of approximately USD 0.1 billion for the third quarter and approximately USD 2.2 billion for the first nine months of 2024. Outside the US liability reserving actions, the third quarter featured strong underlying underwriting and investment results across all of the Group's Business Units.

L&H Re and Corporate Solutions remain on track to achieve their respective 2024 targets of approximately USD 1.5 billion net income and a reported combined ratio of less than 93%. P&C Re is now expected to miss its combined ratio target of less than 87% in 2024, given the reserving actions taken in the third quarter. Assuming normal loss activity, Swiss Re expects to achieve a Group net income of more than USD 3 billion for 2024.

The Group's results for the first nine months of 2024 will be published on 14 November 2024.

About Swiss Re

The Swiss Re Group is one of the world's leading providers of reinsurance, insurance and other forms of insurance-based risk transfer, working to make the world more resilient. It anticipates and manages risk – from natural catastrophes to climate change, from ageing populations to cyber crime. The aim of the Swiss Re Group is to enable society to thrive and progress, creating new opportunities and solutions for its clients. Headquartered in Zurich, Switzerland, where it was founded in 1863, the Swiss Re Group operates through a network of around 80 offices globally.

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 increased inflation rates, 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 war in Ukraine as well as 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 and ability to fully achieve goals, targets, ambitions or stakeholder expectations related to such matters;
- 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;
- central bank intervention in the financial markets, trade wars or other 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 inability to realise amounts on sales of securities on the Group's balance sheet equivalent to their values recorded for accounting purposes;
- the Group's inability 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 or giving up of 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, in particular 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 decision to transition from US GAAP to IFRS beginning 1 January 2024;

- 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;
- the effects of business disruption due to terrorist attacks, cyberattacks, natural catastrophes, public health emergencies, hostilities or other events;
- 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 transition to IFRS as well as other internal procedures in anticipating and managing the foregoing risks.

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

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