Swiss Re

Press release

Swiss Re targets a return on equity of 14% in 2024

- **Swiss Re's strategy of building risk insights and successful risk partnerships complements its risk transfer business**
- **Group return on equity (ROE) target of 14% in 2024 to be achieved by higher L&H Re profit contributions, attractive margins in the property and casualty businesses and continued cost discipline**
- **Attractive opportunities to deploy capital across all businesses; growth in long-term earnings to drive dividend policy**
- **The Group's transition to IFRS in 2024 expected to increase earnings and ROE relative to the current US GAAP framework**

Zurich, 7 April 2022 – At today's Investors' Day, Swiss Re reiterates its target to increase the Group's US GAAP ROE to 14% in 2024[1].

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "We have come a long way since our last Investors' Day. We successfully completed the turnaround of Corporate Solutions and significantly improved P&C Re margins. Despite the COVID-19 pandemic, the underlying L&H Re business continues to perform strongly. In addition, we are developing iptiQ into a leading white-label digital insurer. Our strategy to provide more than just risk transfer to our clients is working, and we see attractive opportunities to deploy shareholders' capital. At the same time, we will maintain our strict cost discipline, which has allowed us to keep costs broadly stable over the past ten years, while growing revenues by 6% per annum."

Reinsurance is at the core of Swiss Re's strategy
Reinsurance continues to be a highly attractive franchise, comprised of P&C Re and L&H Re segments. With its capital strength, diversification and alternative capital capabilities, the Business Unit possesses key strategic assets to effectively compete in the core risk transfer market and the more sophisticated arena of large transactions. At the same time, its global scale, industry-leading risk knowledge and well-established client

[1] As of 2024, Swiss Re Group will report under IFRS. Current modelling indicates that the equivalent IFRS target will be higher than 14%.

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network allow Reinsurance to increasingly provide solutions that go beyond traditional risk transfer into areas such as exposure monitoring, underwriting analytics and telematics.

The focus on underwriting excellence and disciplined growth remains a top priority for P&C Re. This includes the continued expansion of the natural catastrophe business, which reported an average combined ratio of 75%[2] over the past ten years and attracted rising interest from third-party capital partners.

Over the past decade, L&H Re's profitable economic[3] new business generation has more than doubled in-force margins from USD 13 billion to USD 27 billion. These margins represent expected profits on in-force business that have not yet flowed through as earnings under the US GAAP framework, which defers profit recognition over a longer time horizon. While COVID-19 losses have overshadowed this underlying development during the last two years, these margins provide a strong basis for attractive future earnings growth as they are expected to gradually materialise into reported profit.

Corporate Solutions as a specialised risk partner to corporates
Following the successful completion of its turnaround, Corporate Solutions' strategy is centred on increasing earnings resilience and diversification. At the heart of this effort lies a targeted portfolio strategy, which focuses only on markets where Corporate Solutions has a competitive advantage, combined with the continued build-up of the Business Unit's international programme and risk solutions capabilites. Already today, Corporate Solutions generates a significant portion of its new business profits through its differentiated offering and adjacent services, where it is among the market leaders.

iptiQ continues to grow as a leading white-label digital insurer
Over the last two years, iptiQ has grown its gross premiums written by 85% annually to USD 723 million in 2021. At the same time, operating costs have increased by only 12% per year, thereby outpeforming industry peers on both metrics. Thanks to its digital white-label value proposition and being part of the Swiss Re Group, iptiQ was able to grow its global network to 51 partners aross the banking, insurance and corporate space.

Swiss Re's capital management priorities remain unchanged
Swiss Re has maintained a very strong capital position throughout the past years – comfortably within or above the 200–250% Group Swiss Solvency Test (SST) target range, despite above-average natural catastrophe claims and the COVID-19 pandemic. The Group's capital management priorities remain unchanged, focusing on ensuring superior

[2] Including favourable prior-year development, the ten-year average combined ratio was 69%.
[3] Refers to EVM profit: New business according to the Group's Economic Value Management (EVM) results.

capitalisation, increasing the ordinary dividend in line with long-term earnings and deploying capital to profitable growth opportunities.

Transition to IFRS

Swiss Re continues to prepare its transition to IFRS for its consolidated financial statements as of 1 January 2024. Current modelling indicates that the transition from US GAAP to IFRS will lead to an acceleration of earnings recognition for the L&H Re business, better reflecting the underlying economics. As a result, the Group's annual earnings and ROE are expected to increase following the introduction of the new reporting framework relative to the current US GAAP framework.

Investors' Day webcast

Swiss Re's 2022 Investors' Day will be held today from 10:00 to 15:00 CEST. Media can follow the event via a live webcast. For additional information on the event, including the agenda and presentation slides, please click here.

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", "may increase", "may fluctuate" and similar expressions, or by future or conditional verbs such as "will", "should", "would" and "could". These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Group's 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 Swiss Re to not achieve its published targets. Such factors include, among others:

- the frequency, severity and development of insured claim events, particularly natural catastrophes, man-made disasters, pandemics, acts of terrorism or acts of war;
- mortality, morbidity and longevity experience;
- the cyclicality of the reinsurance sector;
- 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;
- increased volatility of, and/or disruption in, global capital and credit markets;
- 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, including changes related to environment, social and governance ("ESG") matters 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;
- the Group's ability to fully achieve one or more of its ESG or sustainability goals or to fully comply with applicable ESG or sustainability standards;
- matters negatively affecting the reputation of the Group, its board of directors or its management, including matters relating to ESG or sustainability, such as allegations of greenwashing, lack of diversity and similar allegations;
- the lowering or loss 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;
- policy renewal and lapse rates;
- uncertainties in estimating future claims for purposes of financial reporting, particularly with respect to large natural catastrophes and certain large man-made losses and social inflation litigation, as significant uncertainties may be involved in estimating losses from such events and preliminary estimates may be subject to change as new information becomes available;
- 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 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;
- changes in accounting standards, practices or policies, including the contemplated 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;
- 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 and 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.

This communication is not intended to be a recommendation to buy, sell or hold securities and does not constitute an offer for the sale of, or the solicitation of an offer to buy, securities in any jurisdiction, including the United States. Any such offer will only be made by means of a prospectus or offering memorandum, and in compliance with applicable securities laws.