

## Press release

# Swiss Re reports a net income of USD 472 million for 2022, targets more than USD 3 billion for 2023

*Ad hoc announcement pursuant to Article 53 LR*

- **Property & Casualty Reinsurance (P&C Re) net income of USD 312 million; combined ratio of 102.4% for 2022 and 91.0% in the fourth quarter**
- **Life & Health Reinsurance (L&H Re) net income of USD 416 million**
- **Corporate Solutions net income of USD 486 million; combined ratio of 93.1%**
- **Return on investments (ROI) of 2.0%, reflecting the decline in global equity markets; recurring income yield rose to 3.0% in the fourth quarter**
- **P&C Re increased premium volume by 13% in the January 2023 renewals and achieved price increases of 18%**
- **Very strong capital position with a Group Swiss Solvency Test (SST) ratio above the 200–250% target range as of 1 January 2023**
- **Board of Directors to propose a dividend of USD 6.40 per share at the Annual General Meeting on 12 April 2023**
- **Swiss Re targets Group net income of more than USD 3 billion in 2023**

**Zurich, 17 February 2023 – Swiss Re reported a net income of USD 472 million for 2022, with a net income of USD 757 million in the fourth quarter. Based on Swiss Re's very strong capital position, the Board of Directors will propose a dividend of USD 6.40 per share. For 2023, the Group targets a net income of more than USD 3 billion, supported by successful P&C Re renewals, an expected decline in COVID-19 claims, higher interest rates and cost discipline.**

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "2022 was a challenging year, marked by the war in Ukraine, surging inflation, the tail end of the COVID-19 pandemic and elevated natural catastrophe losses. We have focused on addressing these challenges proactively, all while maintaining our very strong capital position. This has enabled us to take advantage of attractive market conditions at the

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### Additional information

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January renewals, while continuing our commitment to the ordinary dividend."

Swiss Re's Group Chief Financial Officer John Dacey said: "Throughout the year, Swiss Re took measures to add USD 1.1 billion in reserves<sup>1</sup> to address the risk of higher claims due to economic inflation across our property and casualty businesses. Higher interest rates are already helping to compensate for this impact, with the contribution from our fixed-income portfolio rising by USD 170 million in the fourth quarter compared with the prior-year period. After absorbing a significant impact from COVID-19 in the early part of 2022, L&H Re has returned to attractive levels of profitability. Corporate Solutions continued to deliver resilient results and outperformed its full-year target. We are pleased to end the year with a solid fourth-quarter result that was driven by strong operational performance from our main businesses."

#### **Solid fourth-quarter performance supports Group result**

Swiss Re reported a net income of USD 472 million and a return on equity (ROE) of 2.6% for the full-year 2022, supported by a net income of USD 757 million in the fourth quarter. This compares with a net income of USD 1.4 billion and an ROE of 5.7% for 2021. The decline was driven by the impact of economic inflation on actual and expected claims in the property and casualty businesses, mark-to-market impacts on listed equity investments and large natural catastrophe claims above expectations.

Net premiums earned and fee income for the Group rose 0.9% to USD 43.1 billion in 2022 compared with the previous year. Growth was negatively affected by adverse foreign exchange developments, while at stable foreign exchange rates, the increase amounted to 5.3%.

#### **Very strong capital position and rising recurring investment income**

Swiss Re's ROI decreased to 2.0% from 3.2%, impacted by the decline in global equity markets and the associated mark-to-market adjustments. The recurring income yield increased to 2.6% for 2022 from 2.2% for 2021, benefitting from targeted reinvestments in the rising interest rate environment. In the fourth quarter, the recurring income yield rose to 3.0%, while the fixed income reinvestment yield reached 5.1%.

Swiss Re's capital position remained very strong, with the Group Swiss Solvency Test (SST) ratio above the 200–250% target range as of 1 January 2023.

#### **P&C Re result supported by strong fourth-quarter net income**

P&C Re reported a net income of USD 312 million for 2022, supported by a strong fourth-quarter net income of USD 595 million. The full-year result was negatively impacted by higher-than-expected economic inflation, for which Swiss Re set up reserves of USD 1.0 billion<sup>1</sup>.

Large natural catastrophe claims were above expectations at USD 2.7 billion<sup>2</sup>, mainly from Hurricane Ian, floods in Australia and South Africa, hailstorms in France, winter storms in Europe and the US as well as

a series of other smaller events. Net premiums earned increased slightly to USD 22.0 billion, supported by continued price improvements over the year. Calculated at stable foreign exchange rates, the increase of net premiums earned amounted to 4.1%.

The reported P&C Re combined ratio was 91.0% in the fourth quarter and 102.4% for the full year. The normalised<sup>3</sup> combined ratio for 2022 was 96.9%, above the target of less than 94%, mostly due to the impacts of economic inflation.

### **January P&C Re renewals reflect elevated risk environment**

P&C Re renewed treaty contracts with USD 10.2 billion in premium volume on 1 January 2023. This represents a 13% volume increase compared with the business that was up for renewal. Healthy growth of 21% was achieved in the natural catastrophe book.

Overall, P&C Re achieved a price increase of 18% in this renewal round, with improved rates in all lines of business. This more than offset higher loss assumptions of 13%, which reflect a prudent view on economic inflation and loss model updates.

### **L&H Re exceeds full-year net income target**

L&H Re reported a net income of USD 416 million for 2022, compared with a net loss of USD 478 million in the previous year. L&H Re's fourth-quarter net income reached USD 0.2 billion for the third consecutive quarter, thereby ensuring that the full-year net income target of approximately USD 300 million could be exceeded. COVID-19-related claims decreased to USD 588 million in 2022 from almost USD 2 billion in 2021.

Net premiums earned and fee income for 2022 were largely unchanged at USD 15.0 billion, compared with the prior year. Calculated at stable foreign exchange rates, net premiums earned increased by 5.1%.

### **Corporate Solutions delivers resilient results, outperforming combined ratio target**

Corporate Solutions reported a net income of USD 486 million for 2022. The resilient result reflects a robust underlying business performance and strong new business growth in selected focus portfolios. The result was impacted by elevated large man-made loss activity including impacts related to the war in Ukraine and significantly less favourable prior-year developments. The Business Unit improved its resilience to future claims inflation, with USD 0.1 billion in additional reserves<sup>1</sup>.

Net premiums earned increased 2.6% to USD 5.5 billion, driven by new business growth in selected focus portfolios along with the continuous earn-through of previously realised rate increases. At stable foreign exchange rates and excluding the elipsLife business sold mid-year, net premiums earned increased 14.8%.

Corporate Solutions' combined ratio was 93.1% for the full year, outperforming the target of less than 95% for 2022.

**iptiQ continues its growth trajectory**

iptiQ continued to successfully grow its business in 2022, increasing its in-force policies to more than 2.1 million from 1.6 million in the prior-year period. Gross premiums written increased by 17.7% from the previous year to USD 851 million, with contributions across all regions. At stable foreign exchange rates, growth of 27.8% was achieved.

**Financial targets and outlook**

For 2023, the Group targets a net income of more than USD 3 billion, supported by attractive market conditions, an expected decline in COVID-19 claims, higher interest rates and cost discipline. Swiss Re aims to maintain its very strong capitalisation in 2023, with a Group SST ratio materially above the target range, given the level of geopolitical and macroeconomic uncertainty. The Group also confirms its multi-year targets of 10% annual growth in economic net worth per share and 14% return on equity<sup>4</sup> in 2024.

P&C Re will move away from its normalisation approach to target a reported combined ratio of less than 95% for 2023; L&H Re will aim for a net income of approximately USD 900 million; and Corporate Solutions will target a reported combined ratio of less than 94%.

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "2023 has started well, with successful January renewals reflecting our ambition to drive profitability and create value for shareholders, while continuing to support clients. Our investment portfolio is well-positioned to benefit from rising interest rates, and we do not expect a return of high COVID-19 claims that we had seen over the past years. Despite the uncertain macroeconomic environment, we are confident in the Group's ability to deliver on the new ambitious targets."

## Details of full-year 2022 performance

	FY 2021 <sup>5</sup>	FY 2022
USD millions, unless otherwise stated		
<b>Consolidated Group (total)</b>		
Net premiums earned and fee income	42 726	43 118
Net income/loss	1 437	472
Return on equity (% annualised)	5.7	2.6
Return on investments (% annualised)	3.2	2.0
Recurring income yield (% annualised)	2.2	2.6
	<b>31.12.21</b>	<b>31.12.22</b>
Shareholders' equity	23 568	12 699
Book value per share (USD)	81.56	43.94
	<b>FY 2021</b>	<b>FY 2022</b>
<b>P&amp;C Reinsurance</b>		
Net premiums earned	21 926	22 028
Net income/loss	2 216	312
Combined ratio (%)	97.1	102.4
<b>L&amp;H Reinsurance</b>		
Net premiums earned and fee income	14 995	14 984
Net income/loss	-478	416
Recurring income yield (% annualised)	2.8	3.2
<b>Corporate Solutions</b>		
Net premiums earned	5 343	5 482
Net income/loss	578	486
Combined ratio (%)	90.6	93.1

<sup>1</sup> This includes prior-year and current-year reserves in the form of IBNRs.

<sup>2</sup> Net of reinstatement premiums of USD 0.2 billion.

<sup>3</sup> Normalised combined ratio assumes average large natural catastrophe loss burden and excludes prior-year reserve development.

<sup>4</sup> US GAAP ROE target announced in February 2022, which was based on an expected shareholders' equity higher than the year-end 2021 amount of USD 23.6 billion.

<sup>5</sup> Comparative information for 2021 has been revised to reflect the reallocation of part of Principal Investments, Admin Re US as well as certain cross-segmental loans from Group items to Reinsurance.

### Financial calendar 2023

16 March 2023	Publication of Annual Report 2022
12 April 2023	159th Annual General Meeting
4 May 2023	First-quarter 2023 results
4 August 2023	Half-year 2023 results
3 November 2023	Nine Months 2023 results
1 December 2023	Investors' Day 2023

### Media conference

Swiss Re will hold a media conference at 10:30 CET today. You can join the media conference via your computer or the Teams mobile app using the following link: [Microsoft Teams meeting](#). Alternatively, you can dial in (audio only) using the below conference ID and phone numbers:

Conference ID: 630 419 973#

Switzerland:	+41 (0) 43 210 57 61
United Kingdom:	+44 (0) 20 3443 6271
United States:	+1 (1) 347 343 2594
Germany:	+49 (0) 69 3650 5756 8
France:	+33 (0) 1 7037 8776
Hong Kong:	+852 3704 2823

For additional local dial-in numbers, please click [here](#).

### Investor and analyst call

Swiss Re will hold an investors' and analysts' call at 13:30 CET, which will focus exclusively on Q&A. Investor and analyst presentation can be accessed [here](#). You are kindly requested to dial into the conference call 10–15 minutes prior to the start using the following numbers:

Switzerland:	+41 (0) 58 310 5000
United Kingdom:	+44 (0) 207 107 0613
United States:	+1 (1) 631 570 5613
Germany:	+49 (0) 69 5050 0082
France:	+33 (0) 1 7091 8706

### 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 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, and historically high inflation rates;
- the frequency, severity and development of, and losses associated with, insured claim events, particularly natural catastrophes, man-made disasters, pandemics, including the coronavirus ("COVID-19"), social inflation litigation, acts of terrorism or acts of war, including the ongoing war in Ukraine, 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 ability to comply with standards related to environmental, social and governance ("ESG"), sustainability and corporate social responsibility ("CSR") matters and to fully achieve goals, targets, or ambitions 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;
- policy renewal and lapse rates;
- 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;
- 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.

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