Swiss Re

Press release

Swiss Re reports a net income of USD 1.4 billion for the first half of 2023

Ad hoc announcement pursuant to Article 53 LR

- **Property & Casualty Reinsurance (P&C Re) H1 2023 net income of USD 904 million; combined ratio of 94.7%[1]**
- **Successful P&C Re July 2023 renewals**
- **Life & Health Reinsurance (L&H Re) H1 2023 net income of USD 393 million**
- **Corporate Solutions H1 2023 net income of USD 323 million; combined ratio of 91.0%[1]**
- **Return on investments (ROI) of 2.8%**
- **Very strong Group SST ratio well above target range of 200–250%**

Zurich, 4 August 2023 – Swiss Re reported a profit of USD 804 million in the second quarter of 2023, resulting in a net income of USD 1.4 billion and a return on equity (ROE) of 22.8% for the first half of the year. All businesses contributed to the solid result. Swiss Re maintains its guidance for full-year targets.

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "The overall result in the first half of 2023 reflects the good positioning of Swiss Re, as well as the quality of our new business. The performance of P&C Re and Corporate Solutions contributed to a solid second quarter."

Swiss Re's Group Chief Financial Officer John Dacey said: "In spite of macro-economic volatility, higher interest rates and steadily increasing recurring income contributed to an improved investment result. We have maintained our very strong capital position, which allows us to take advantage of attractive business opportunities."

Half-year net income increases by USD 1.3 billion year-on-year
Swiss Re reported a net income of USD 1.4 billion and an ROE of 22.8% for the first half of 2023, compared with a net income of USD 157 million and an ROE of 1.6% for the same period in 2022. Main drivers for this result were contained natural catastrophe losses in the first half of the year, L&H Re's performance returning to pre-pandemic levels and a strong result for Corporate Solutions.

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Net premiums earned and fee income for the Group increased 4.4% to USD 22.1 billion, compared with USD 21.2 billion for the same period last year. At constant foreign exchange rates, net premiums earned and fee income grew by 6.6%.

The Group's return on investments stood at 2.8%, compared to 1.2% in the first half of last year. The ROI continues to benefit from higher income with the recurring income yield increasing to 3.3%, up from 2.6% for the full year 2022. Investments during the second quarter of 2023 contributed to an accretive fixed income reinvestment yield of 4.6%.

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

P&C Re benefits from low natural catastrophe burden in the second quarter
P&C Re reported a net income of USD 904 million in the first half of 2023, compared with USD 316 million in the same period in 2022. This increase was driven by a solid investment result and low level of large natural catastrophe claims in the second quarter.

The large natural catastrophe losses of USD 634 million[2] in the first half of 2023 relate to the earthquake in Turkey and Syria, Cyclone Gabrielle and flooding in New Zealand, all of which occurred in the first quarter. Large man-made losses amounted to USD 76 million in the first half of 2023.

Net premiums earned stood at USD 11.4 billion, up from USD 10.6 billion in the prior-year period, reflecting the strong performance during renewals in January and April. Net premiums earned grew by 9.6% at constant foreign exchange rates.

P&C Re's combined ratio for the first half of 2023 improved to 94.7%[1].

Successful July P&C Re renewals
P&C Re renewed contracts with USD 4.3 billion in treaty premium volume on 1 July 2023. Overall, P&C Re achieved a price increase of 21% in this renewal round. This more than offset higher loss assumptions of 16%.

L&H Re income returns to pre-pandemic levels
L&H Re reported a net income of USD 393 million in the first half of 2023, compared with a net income of USD 2 million for the same period in 2022. Compared to last year, L&H Re benefitted from much lower COVID-19 claims as well as from higher investment income. However, there was elevated mortality in the US from the winter months.

Net premiums earned and fee income increased slightly to USD 7.8 billion from USD 7.5 billion in the same period last year. Net premiums earned and fee income increased by 6.4% at constant foreign exchange rates.

L&H Re continues to target a net income of approximately USD 900 million for 2023.

Corporate Solutions continues to deliver strong results
Corporate Solutions reported a net income of USD 323 million for the first half of 2023, compared with USD 220 million in the prior-year period. This strong result was achieved despite increased man-made claims activity in the second quarter of 2023, confirming the improved resilience of the business and disciplined underwriting. In addition, Corporate Solutions benefitted from higher investment income.

Large man-made losses accounted for claims of USD 113 million in the first half of 2023, a lower amount than in the prior-year period, which was marked by a significant reserve for the war in Ukraine. Large natural catastrophe losses were also lower than in the same period last year, amounting to USD 20 million.

Net premiums earned decreased to USD 2.6 billion in the first half of 2023 from USD 2.9 billion in the prior-year period, reflecting the partial sale of the elipsLife business in mid-2022. At constant foreign exchange rates and excluding the impact of the elipsLife sale, the comparative increase was 3.9%, driven by new business growth in selected focus portfolios, partially offset by conscious reductions in professional liability lines.

Corporate Solutions' combined ratio for the first half of 2023 improved to 91.0%[1].

iptiQ: growth continues amid further improvements
iptiQ grew in the second quarter, with gross premiums written of USD 476 million for the first half of 2023, up from USD 455 million in the prior-year period and now has approximately 2.2 million policies in force. iptiQ continues to focus on improving operational performance.

Outlook
Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "An increased risk awareness and rising interest rates are contributing to a strong market for our industry. As we enter the second half of the year, our transition to a simpler organisational structure, which we began implementing in April 2023, is well underway. Given the positive contribution of all our main businesses, we are focused on achieving our profit target of more than USD 3 billion for the year."

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Details of H1 2023 performance

USD millions, unless otherwise stated	H1 2022	H1 2023
Consolidated Group (total)		
Net premiums earned and fee income	21 204	22 137
Net income	157	1 447
Return on equity (%, annualised)	1.6	22.8
Return on investments (%, annualised)	1.2	2.8
Recurring income yield (%, annualised)	2.3	3.3
	31.12.22	**30.06.23**
Shareholders' equity	12 699	12 680
Book value per share (USD)	43.94	43.67
	H1 2022	**H1 2023**
P&C Reinsurance		
Net premiums earned	10 550	11 369
Net income	316	904
Combined ratio (%)[1]	98.5	94.7
L&H Reinsurance		
Net premiums earned and fee income	7 529	7 761
Net income	2	393
Recurring income yield (%, annualised)	3.0	3.9
Corporate Solutions		
Net premiums earned	2 883	2 566
Net income	220	323
Combined ratio (%)[1]	93.2	91.0

[1] The Group has prospectively, as from Q1 2023, revised the methodology used to calculate the combined ratio to include interest on funds withheld.
[2] Net of reinstatement premiums of USD 35 million.

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Media conference call
Swiss Re will hold a virtual media conference this morning at 10:30 CEST. You can join the media conference via your computer or Teams mobile app here: Microsoft Teams Meeting. Alternatively, you can dial in (audio only) using the below numbers and conference ID:

Conference ID: 408 865 005#

Switzerland:	+41 (0) 43 210 5761
United Kingdom:	+44 (0) 20 3443 6271
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 14:00 CEST, which will focus exclusively on Q&A. The 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, 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 cyclicality 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 Property & Casualty Reinsurance due to higher costs caused by inflation and supply chain issues;
- 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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