Swiss Re

Press release

Swiss Re reports a first-quarter net income of USD 643 million

Ad hoc announcement pursuant to Article 53 LR

- **Property & Casualty Reinsurance (P&C Re) net income of USD 369 million; combined ratio of 97.2%[1]**
- **Successful P&C Re April 2023 renewals, with price increase of 19% achieved**
- **Life & Health Reinsurance (L&H Re) net income of USD 174 million**
- **Corporate Solutions net income of USD 168 million; combined ratio of 90.3%[1]**
- **Return on investments (ROI) of 2.8%; recurring income yield of 3.1%**

Zurich, 4 May 2023 – Swiss Re reported a net income of USD 643 million for the first quarter of 2023 as improved profitability in all main businesses absorbed large natural catastrophe losses and seasonally higher mortality in winter months.

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "The first-quarter results demonstrate the resilience of all our main businesses, supported by adequate pricing, higher investment returns and cost discipline."

Swiss Re's Group Chief Financial Officer John Dacey said: "The return on investments of 2.8% that we achieved in a turbulent quarter demonstrates the quality of our asset portfolio. On the liability side, we absorbed multiple large losses, while maintaining underwriting profitability."

Solid first-quarter profit of USD 643 million
Swiss Re reported a net income of USD 643 million and a return on equity (ROE) of 19.1% for the first quarter of 2023, compared with a net loss of USD 248 million for the prior-year period.

Net premiums earned and fee income for the Group increased by 4.1% to USD 11.1 billion in the first quarter of 2023, while at constant foreign exchange rates, the increase amounted to 7.5%.

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The ROI increased to 2.8% compared with 0.7% in the prior-year period, while the recurring income yield rose to 3.1%, continuing the positive trajectory of the previous quarters. The fixed income reinvestment yield continues to benefit from higher interest rates and stood at 4.7% for the first quarter of 2023.

P&C Re improves profitability in the first quarter
P&C Re reported a net income of USD 369 million for the first quarter, compared with USD 85 million in the same period in 2022, despite large natural catastrophe claims. These were driven mostly by the earthquake in Turkey and Syria, for which P&C Re booked USD 426 million in net claims based on a market loss estimate of USD 5.3 billion, as well as by Cyclone Gabrielle and flooding in New Zealand.

The increase in net income was driven by robust price improvements and higher investment results. Net premiums earned increased by 8.5% to USD 5.8 billion from USD 5.3 billion in the same period last year. Calculated at constant foreign exchange rates, the increase of net premiums earned amounted to 11.3%.

The combined ratio was 97.2%[1] for the first quarter. P&C Re confirms its full-year target of achieving a combined ratio below 95%, as the business earns the majority of its natural catastrophe premiums in the second half of the year.[2]

Successful April P&C Re renewals in an elevated risk environment
P&C Re renewed contracts with USD 2.6 billion in treaty premium volume on 1 April 2023. This represents a 5% volume increase compared with the business that was up for renewal. Overall, P&C Re achieved a price increase of 19% in this renewal round. This more than offset higher loss assumptions of 13%, which continue to reflect a prudent view on economic inflation and loss model updates.

L&H Re achieves solid first-quarter result
L&H Re reported a net income of USD 174 million for the first quarter of 2023, compared with a net loss of USD 230 million for the same period in 2022. The result benefitted from a strong decline in COVID-19 claims and a higher investment income.

Net premiums earned and fee income remained unchanged at USD 3.8 billion. Calculated at constant foreign exchange rates, net premiums earned and fee income increased by 5.2%.

Considering the seasonally elevated mortality during the winter months, L&H Re confirms its target for a net income of approximately USD 900 million for 2023.

Corporate Solutions had an excellent start to the year
For the first quarter of 2023, Corporate Solutions reported a strong net income of USD 168 million, compared with USD 81 million in the prior-year period. The result was driven by a sustainable underlying business

Swiss Re

performance due to continued disciplined underwriting, careful risk selection and adequate pricing.

Net premiums earned decreased to USD 1.3 billion in the first quarter of 2023 from USD 1.4 billion in the same period last year, 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 6.8%.

Corporate Solutions' combined ratio was 90.3%[1] for the first quarter of 2023, well on track towards the target of achieving a combined ratio below 94% for the full year.

iptiQ focuses on driving sustainable growth
In the first quarter of 2023, iptiQ reached gross premiums written of USD 218 million. This slight decrease of 5.2% from USD 230 million in the prior-year period was mainly due to the business shifting its focus to achieving profitability. At constant foreign exchange rates, the decrease amounted to 1.6%.

Outlook
Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "In an uncertain macroeconomic environment, we continue to focus on achieving our ambitious profit target of more than USD 3 billion for the Group in 2023. The successful P&C Re renewals so far this year and a good start in L&H Re and Corporate Solutions underpin our confidence, supported by rising interest rates, cost discipline and a very strong capital position. Swiss Re also successfully transitioned to a new structure as of April 2023, creating a simpler and nimbler organisation and bringing us closer to clients."

Details of Q1 2023 performance

USD millions, unless otherwise stated	Q1 2022	Q1 2023
Consolidated Group (total)		
Net premiums earned and fee income	10 620	11 060
Net income/loss	−248	643
Return on equity (%, annualised)	−4.6	19.1
Return on investments (%, annualised)	0.7	2.8
Recurring income yield (%, annualised)	2.1	3.1

	31.12.22	31.03.23
Shareholders' equity	12 699	14 225
Book value per share (USD)	43.94	49.22

	Q1 2022	Q1 2023
P&C Reinsurance		
Net premiums earned	5 300	5 753
Net income/loss	85	369
Combined ratio (%)[1]	99.3	97.2
L&H Reinsurance		
Net premiums earned and fee income	3 814	3 840
Net income/loss	−230	174
Recurring income yield (%, annualised)	2.8	3.8
Corporate Solutions		
Net premiums earned	1 389	1 250
Net income/loss	81	168
Combined ratio (%)[1]	95.2	90.3

[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] Assuming a normal large natural catastrophe loss burden.

Media conference call
Swiss Re will hold a media conference call this morning at 08:30 CEST. In order to participate, please dial in 10 minutes prior to the start using the following numbers:

Switzerland/Europe:	+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
Hong Kong:	+852 5808 1769

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, 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 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;
- 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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