Swiss Re

Press release

Swiss Re reports net income of USD 2.5 billion for first nine months of 2023

Ad hoc announcement pursuant to Article 53 LR

- **Property & Casualty Reinsurance (P&C Re) net income of USD 1.5 billion; combined ratio of 94.3%[1]**
- **Life & Health Reinsurance (L&H Re) net income of USD 634 million**
- **Corporate Solutions net income of USD 492 million; combined ratio of 91.3%[1]**
- **Return on investments (ROI) of 3.5%; Q3 recurring income yield increased to 3.7%**
- **Very strong capital position with Group Swiss Solvency Test (SST) ratio of 314% as of 1 July 2023**

Media Relations
Zurich
Telephone +41 43285 7171

New York
Telephone +1 914 828 6511

Singapore
Telephone +65 6232 3302

Investor Relations
Telephone +41 43 285 4444

Swiss Re Ltd
Mythenquai 50/60
CH-8022 Zurich
Telephone +41 43 285 2121

www.swissre.com
@SwissRe

Additional information
For press releases, logos and photography of Swiss Re executives, directors or offices go to www.swissre.com/media

Zurich, 3 November 2023 – Swiss Re reported a net income of USD 2.5 billion in the first nine months of 2023, with a profit of USD 1 billion in the third quarter. All businesses contributed to the strong result. Swiss Re maintains its guidance for full-year targets.

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "Swiss Re's performance in the first nine months of 2023 is the result of our continued focus on underwriting quality. This has enabled us to navigate a heightened risk environment that continues to be characterised by significant loss events for the insurance industry."

Swiss Re's Group Chief Financial Officer John Dacey said: "With interest rates continuing to rise, we see improvements in the recurring income yield and in our overall investment results. Combined with the improved underwriting performance, this has significantly strengthened the Group's earnings capacity."

Swiss Re reports a strong result in the third quarter

With a profit of USD 1 billion in the third quarter, Swiss Re reported a net income of USD 2.5 billion and a return on equity (ROE) of 25.9% for the first nine months of 2023. This compares with a net loss of USD 285 million and an ROE of −2.1% for the first nine months of 2022. The significant improvement was mainly driven by the underwriting

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performance in P&C Re and L&H Re, supported by increasing investment results.

Net premiums earned and fee income for the Group increased by 4.2% to USD 33.7 billion in the first nine months of 2023, compared with USD 32.4 billion in the prior-year period. At constant foreign exchange rates, net premiums earned and fee income grew by 5.3%.

The Group achieved a return on investments (ROI) of 3.5% in the first nine months of 2023, compared with 1.6% in the prior-year period. In the third quarter, the ROI was exceptional at 4.8%, supported by net realised gains stemming from real-estate sales, which were partially offset by losses from targeted sales of lower-yielding fixed-income securities. Overall, the investment portfolio continues to benefit from higher interest rates. The recurring income yield reached 3.7% in the third quarter, while the fixed income reinvestment yield settled at 4.9%.

Swiss Re's capital position remained very strong, with a Group Swiss Solvency Test (SST) ratio of 314% as of 1 July 2023.

P&C Re delivers resilient underwriting performance

P&C Re reported a net profit of USD 1.5 billion for the first nine months of 2023, compared with a net loss of USD 283 million in the prior-year period. The significant earnings improvement was driven by the underwriting performance on the back of successful renewals and rising investment income.

In the third quarter, P&C Re achieved a combined ratio of 93.7% despite a substantial level of large natural catastrophe losses for the industry. The business absorbed negative prior-year developments of USD 151 million, reflecting significant additions to US liability reserves, the majority of which were assumption-driven[2].

Large natural catastrophe claims amounted to USD 1.1 billion in the first nine months of 2023[3], compared with USD 2.5 billion in the same period in 2022. USD 421 million is attributed to the third quarter, mainly relating to severe weather events in Europe, wildfires on the Hawaiian Island of Maui and the earthquake in Morocco.

Net premiums earned in the first nine months of 2023 increased to USD 17.4 billion, compared with USD 16.6 billion in the prior-year period. At constant foreign exchange rates, net premiums grew by 5.4%.

P&C Re's combined ratio for the first nine months of 2023 was 94.3%[1], significantly improving from 106.1% in the prior-year period.

L&H Re increases net income in the third quarter

L&H Re reported a third-quarter profit of USD 241 million. Elevated large individual claims were offset by a strong investment result. Net income increased significantly to USD 634 million for the first nine months of 2023, compared with a profit of USD 221 million in the prior-year period, primarily due to a decline in mortality claims related to COVID-19.

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Net premiums earned and fee income increased to USD 11.7 billion in the first nine months of 2023, compared with USD 11.2 billion in the prior-year period. At constant foreign exchange rates, net premiums earned and fee income grew by 6.1%.

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

Corporate Solutions maintains strong business performance
Corporate Solutions reported a net income of USD 492 million in the first nine months of 2023, compared with USD 356 million in the prior-year period. The increase reflects a continued strong underlying business performance, complemented by lower-than-expected large natural catastrophe losses, and a higher investment result.

Large man-made losses amounted to USD 153 million and losses from large natural catastrophes reached USD 86 million in the first nine months of 2023. Both amounts were significantly lower than in the prior-year period, which was marked by a significant reserve for the war in Ukraine and higher participation in natural catastrophe events.

Net premiums earned decreased to USD 4.0 billion in the first nine months of 2023 from USD 4.1 billion in the prior-year period, reflecting the partial sale of the elipsLife business in mid-2022. At constant exchange rates and excluding the impact of the elipsLife sale, the comparative increase was 7.4%, driven by new business growth in selected focus portfolios, partially offset by conscious reductions in professional liability lines.

Corporate Solutions' combined ratio was 91.3% for the first nine months of 2023[1].

iptiQ delivers focused growth
iptiQ's growth accelerated in the third quarter with gross premiums written amounting to USD 771 million in the first nine months of 2023, up from USD 650 million in the prior-year period, and now has over 2.3 million policies in force.

Outlook
Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "In light of the good performance year to date, we maintain our targets for the full year including a Group net income of more than USD 3 billion. We continue to focus on our disciplined underwriting strategy that provides a strong base for the future."

Details of 9M 2023 performance

USD millions, unless otherwise stated	9M 2022	9M 2023
Consolidated Group (total)		
Net premiums earned and fee income	32 366	33 718
Net income/loss	−285	2 466
Return on equity (%, annualised)	−2.1	25.9
Return on investments (%, annualised)	1.6	3.5
Recurring income yield (%, annualised)	2.4	3.5
	31.12.22	**30.09.23**
Shareholders' equity	12 699	12 698
Book value per share (USD)	43.94	43.73
	9M 2022	**9M 2023**
P&C Reinsurance		
Net premiums earned	16 606	17 352
Net income/loss	−283	1 504
Combined ratio (%)[1]	106.1	94.3
L&H Reinsurance		
Net premiums earned and fee income	11 202	11 672
Net income	221	634
Recurring income yield (%, annualised)	3.1	4.0
Corporate Solutions		
Net premiums earned	4 125	4 007
Net income	356	492
Combined ratio (%)[1]	93.1	91.3

[1] The Group has prospectively, as from 1 January 2023, revised the methodology used to calculate the combined ratio to include interest on funds withheld.
[2] Assumption-driven reserve increases represent additions to incurred but not reported (IBNR) reserves.
[3] Net of reinstatement premiums of USD 52 million.

Financial calendar

16 February 2024	Full-year 2023 results*
13 March 2024	Publication of Annual Report 2023
12 April 2024	160th Annual General Meeting
16 May 2024	First-quarter 2024 results

* Full-year 2022 press release and analyst presentation.

Media conference call

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

Switzerland/Europe:	+41 (0) 58 310 50 00
United Kingdom:	+44 (0) 207 107 06 13
United States:	+1 (1) 631 570 56 13

For additional local dial-in numbers, please click here.

Investor and analyst call

Swiss Re will hold an investors' and analysts' webcast at 14:00 CET, which will focus exclusively on Q&A. The investor and analyst presentation can be accessed 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" 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;

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- 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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