Letter to shareholders

Dear Shareholders,
In an environment where increased risk awareness prevails, the role of reinsurance as a pillar of resilience is again becoming more relevant, creating positive momentum for our industry. In this market environment, Swiss Re posted solid results for the first half of 2023, with a Group net income of USD 1.4 billion, up from USD 157 million a year ago. Second-quarter net income rose to USD 804 million, up from USD 405 million for the same period in 2022.

Given the positive contribution of all our main businesses, and the strong outcome of Property & Casualty Reinsurance (P&C Re) renewals year-to-date, we remain focused on achieving our full-year financial targets, including a Group net income of more than USD 3 billion.

Our results also benefitted from the higher interest rate environment. The abrupt end to more than a decade of ultra-loose monetary policy has helped lift returns on our investments to 2.8%. Our recurring income yield rose to 3.3% for the first half of 2023, from 2.6% for the full year 2022, while our fixed income reinvestment yield climbed to a healthy 4.6% for the second quarter of 2023.

Our capital position remains very strong, with the Group Swiss Solvency Test (SST) ratio well above the target range of 200–250%. This sturdy foundation enabled Swiss Re to capitalise on attractive growth opportunities fanned by market tailwinds. Through the first six months, net premiums earned and fee income for the Group increased 4.4% to USD 22.1 billion. At constant foreign exchange rates, net premiums earned and fee income grew by 6.6%.

P&C Re reported a first-half net income of USD 904 million, up from USD 316 million a year ago. Lower losses from large natural catastrophes in the second quarter contributed to this robust result. Natural catastrophe claims amounted to USD 634 million[1], down nearly a third from the same period in 2022, mostly due to first-quarter events including the tragic earthquake in Turkey and Syria, as well as Cyclone Gabrielle and flooding in New Zealand.

Net premiums earned in P&C Re stood at USD 11.4 billion, up from USD 10.6 billion, supported by rising prices during renewal rounds in January and April. The first-half combined ratio improved to 94.7%[2], a marked enhancement from 97.2% in the first quarter. We expect the focus of upcoming client discussions to remain on managing their exposure to the increasing frequency and severity of natural catastrophes.

Life & Health Reinsurance (L&H Re) posted a first-half net income of USD 393 million, well above the USD 2 million net income reported for the same period in 2022. While we saw a reduction in COVID-19 mortality, the first-half result was affected by elevated mortality in the US, mostly from the winter months.

Net first-half premiums earned and fee income for L&H Re increased to USD 7.8 billion, up from USD 7.5 billion a year ago. At constant foreign exchange rates, net premiums earned and fee income increased by 6.4%.

Corporate Solutions reported a strong net income of USD 323 million, up from USD 220 million in the same period last year, confirming the Business Unit's resilience and disciplined underwriting as it navigated increased second-quarter claims activity. Large man-made losses fell to USD 113 million, less than in the prior-year period, which was impacted by the war in Ukraine. First-half natural catastrophe losses were also lower, and amounted to USD 20 million. Net premiums fell to USD 2.6 billion from USD 2.9 billion, largely as a result of the elipsLife sale in mid-2022. Corporate Solutions' first-half combined ratio improved to 91.0%[2].

Our digital white-label platform iptiQ resumed growth in the second quarter, reaching gross premiums written of USD 476 million for the first half of 2023, up from USD 455 million in the prior-year period. iptiQ, with approximately 2.2 million policies now in force, has improved operational performance across its activities.

Swiss Re remains fully committed to its sustainability strategy, including our commitment to achieving net-zero greenhouse gas (GHG) emissions from our own operations by 2030 and from our investment and underwriting portfolios by 2050.

Across Swiss Re, our management teams have also made substantial progress in advancing structural changes which came into effect in April, making our organisation simpler and nimbler. This transformation is expected to boost efficiency and accelerate decision-making by flattening hierarchies and bringing our company closer to clients to serve them better.

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

Jacques de Vaucleroy
Vice Chairman of the Board of Directors

Christian Mumenthaler
Group CEO

Amid the uncertain environment that has become a hallmark of our times, the path we have embarked on lays a solid foundation for future performance.

Macroeconomic volatility, Russia's ongoing war with Ukraine, and overall heightened geopolitical risk in the first half of 2023, are all emblematic of the volatile risk landscape that has persisted since the COVID-19 pandemic began, and which is likely to remain with us. Climate change continues to take its toll in the form of extreme weather, causing wildfires, convective storms, heatwaves, droughts and flooding across multiple geographies.

We are closely monitoring upside inflation risk and the threat of a hard landing in major economies, and tracking developments in Ukraine. This tragedy continues to inject tension into the geopolitical situation and poses a threat to global supply chains.

Our second-half performance will be influenced by how these events unfold, demanding that our cautious optimism be accompanied by vigilance.

With persistent perils once again highlighting the value of reinsurers, Swiss Re remains focused on underwriting excellence and cost discipline as we partner with clients on our shared mission: making the world more resilient. To our employees, we extend our appreciation for their dedication and hard work towards reaching this goal.

And we thank you, our shareholders, for your continued loyalty and support.

Zurich, 4 August 2023

Jacques de Vaucleroy
Vice Chairman of the Board of Directors

Christian Mumenthaler
Group CEO