

Press release

Swiss Re reports a net loss of USD 285 million for first nine months of 2022

Ad hoc announcement pursuant to Article 53 LR

- **Property & Casualty Reinsurance (P&C Re) net loss of USD 283 million; combined ratio of 106.1% and normalised¹ combined ratio of 96.2%**
- **Life & Health Reinsurance (L&H Re) net income of USD 221 million**
- **Corporate Solutions net income of USD 356 million; combined ratio of 93.1%**
- **Return on investments (ROI) of 1.6%, reflecting negative market-to-market impacts on listed equity investments; Q3 recurring income yield increased to 2.8%**
- **Very strong capital position with a Group Swiss Solvency Test (SST) ratio of 274% as of 1 July 2022**

Zurich, 28 October 2022 – Swiss Re reported a net loss of USD 285 million for the first nine months of 2022, driven by a USD 442 million net loss in the third quarter. While P&C Re was impacted by Hurricane Ian and an increase in small- and mid-sized claims in the third quarter, L&H Re and Corporate Solutions continued to deliver strong results and remain on track to meet their full-year targets.

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "The first nine months of this year were marked by a confluence of events affecting Swiss Re's financial performance: from turbulence in the financial markets, to an increase in natural catastrophe claims, surging inflation and the war in Ukraine. While P&C Re has been significantly affected by these headwinds, all other businesses are performing well and are on track to reach their 2022 financial targets."

Swiss Re's Group Chief Financial Officer John Dacey said: "We have bolstered reserves by USD 0.7 billion over the past 12 months to address the impact of economic inflation. Rising interest rates are already helping to compensate for this impact, with the recurring contribution from our fixed-income portfolio rising by around USD 100 million in the third quarter alone. Most importantly, despite the challenges this year, we have maintained our very strong capital position and remain committed to our capital management priorities."

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Group results reflect headwinds

Swiss Re reported a net loss of USD 285 million and a return on equity ROE of -2.1% for the first nine months of 2022, compared with a net income of USD 1.3 billion and an ROE of 6.6% for the same period last year. The decline was mainly driven by significantly lower investment results, large natural catastrophe claims of USD 2.7 billion as well as first-quarter reserves of USD 283 million related to the war in Ukraine.

Net premiums earned and fee income for the Group rose 1.3% to USD 32.4 billion in the first nine months of 2022 compared with the same period last year. Growth was negatively affected by adverse foreign exchange developments, while at stable foreign exchange rates, the increase amounts to 5.2% .

Very strong capital position and rising recurring investment income

Swiss Re's ROI of 1.6% was affected by negative mark-to-market impacts on listed equity investments. Credit impairments remained low. The recurring income yield increased to 2.4% for the first nine months of 2022 from 2.2% for the same period last year, benefiting from targeted reinvestments in the rising interest rate environment. In the third quarter, the recurring income yield rose to 2.8% , while the fixed income reinvestment yield reached 4.1% .

Swiss Re's capital position remained very strong, with a Group Swiss Solvency Test (SST) ratio of 274% as of 1 July 2022.

P&C Re results impacted by natural catastrophe claims in Q3

P&C Re reported a net loss of USD 283 million for the first nine months of 2022, compared with net income of USD 1.5 billion in the same period in 2021, impacted by natural catastrophes and lower investment results. Large natural catastrophe claims of USD 2.5 billion in the period were higher than expected and mainly relate to Hurricane Ian, floods in Australia and South Africa, hailstorms in France as well as a series of other smaller events around the world.

The business also absorbed a negative impact from prior-year events, driven by reserving actions on economic inflation and a large prior-year loss in specialty. Moderate strengthening in the liability segment was in line with the previous year and mostly offset by redundancies in other areas.

Net premiums earned increased slightly to USD 16.6 billion, supported by continued price improvements. Calculated at stable foreign exchange rates, the increase of net premiums earned amounts to 4.4% .

The combined ratio was 106.1% for the first nine months of 2022 due to significant natural catastrophe losses and economic inflation impact. On a normalised basis, the combined ratio was 96.2% . Due to an increase in small- and mid-sized claims, driven mostly by economic inflation, the business is unlikely to reach its normalised combined ratio target of less than 94% in 2022.

L&H Re profitability rebounds

L&H Re reported a net income of USD 221 million for the first nine months of 2022, compared with a net loss of USD 32 million for the first nine months of 2021, as COVID-19-related claims decreased from USD 1.2 billion to USD 608 million. While the first quarter of 2022 was still strongly impacted by COVID-19-related claims, the business returned to profitability in the second and third quarters, supported by a large transaction and despite significantly lower investment results this year.

Net premiums earned and fee income remained largely unchanged at USD 11.2 billion for the first nine months of 2022 compared with the prior-year period. Calculated at stable foreign exchange rates, the increase of net premiums earned amounts to 4.0%.

L&H Re is on track to reach its net income target of approximately USD 300 million for 2022.

Corporate Solutions continues strong performance

Corporate Solutions reported a net income of USD 356 million in the first nine months of the year, compared with USD 425 million in the prior-year period. The continued solid result confirms improved resilience of the underlying business and was achieved despite reserves related to the Ukraine war and large natural catastrophe losses of USD 187 million, mainly relating to Hurricane Ian and flooding in Australia. In addition, the Business Unit benefitted significantly less from favourable prior-year development and absorbed lower investment income compared with the first nine months of the prior-year period.

Net premiums earned increased by 4.6% to USD 4.1 billion for the first nine months of 2022, driven by new business growth in selected focus portfolios along with continuous earn-through of previously realised rate increases, partly offset by the reduction in premiums as of the third quarter, following the sale of the ElipsLife business. Calculated at stable foreign exchange rates, the increase of net premiums earned amounts to 9.2%.

Corporate Solutions' combined ratio of 93.1% for the first nine months of 2022 is well on track to reach the full-year target of less than 95%.

iptiQ continues to grow its business

iptiQ's gross premiums written increased 25% to USD 650 million in the first nine months of 2022, with growth being achieved across all regions.

Outlook

As disclosed on 18 October 2022, Swiss Re is unlikely to reach its Group ROE target of 10% in 2022. Nevertheless, Swiss Re remains confident in the mid-term outlook and committed to its goal of boosting US GAAP Group ROE to 14%² in 2024.

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "While we are disappointed that the Group ROE target is unlikely to be reached this year, we remain confident in our mid-term outlook. In this

volatile environment, risk aversion and the need for protection will continue to increase. Our strategy and very strong capitalisation put us in a favourable position for the upcoming renewals amid rising prices and constrained market capacity. We remain committed to drive profitability and create value for our shareholders, clients and employees, as reflected in our 2024 financial targets."

Details of 9M 2022 performance

	9M 2021 ³	9M 2022
USD millions, unless otherwise stated		
Consolidated Group (total)		
Net premiums earned and fee income	31 950	32 366
Net income/loss	1 258	-285
Return on equity (% annualised)	6.6	-2.1
Return on investments (% annualised)	3.0	1.6
Recurring income yield (% annualised)	2.2	2.4
	31.12.21	30.09.22
Shareholders' equity	23 568	11 910
Book value per share (USD)	81.56	41.21
	9M 2021	9M 2022
P&C Reinsurance		
Net premiums earned	16 443	16 606
Net income/loss	1 500	-283
Combined ratio (%)	97.5	106.1
L&H Reinsurance		
Net premiums earned and fee income	11 226	11 202
Net income/loss	-32	221
Recurring income yield (% annualised)	2.9	3.1
Corporate Solutions		
Net premiums earned	3 944	4 125
Net income/loss	425	356
Combined ratio (%)	91.1	93.1

¹ Normalised combined ratio assumes average large natural catastrophe loss burden and excludes prior-year reserve development.

² As of 2024, Swiss Re Group will report under IFRS. Current modelling indicates that the equivalent IFRS target will be higher than 14%.

³ 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

17 February 2023	Full-year 2022 results*
16 March 2023	Publication of Annual Report 2022
12 April 2023	159th Annual General Meeting
4 May 2023	First-quarter 2023 results

*Full-year 2022 press release and analyst presentation. The Financial Review publication will no longer be produced.

Media conference call

Swiss Re will hold a virtual media conference 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. 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 the Swiss Re Group'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:

- the frequency, severity and development of insured claim events, particularly natural catastrophes, man-made disasters, pandemics, including the coronavirus ("COVID-19"), 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;
- mortality, morbidity and longevity experience;
- the cyclical nature of the reinsurance sector;
- 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;

- 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 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, including changes related to environment, social and governance ("ESG") and sustainability matters, 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;
- the Group's ability to fully achieve one or more of its ESG or sustainability goals or to fully comply with applicable ESG or voluntary sustainability standards;
- matters negatively affecting the reputation of the Group, its board of directors or its management, including matters relating to ESG or sustainability, such as allegations of greenwashing, lack of diversity and similar allegations;
- the lowering or loss 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;
- uncertainties in estimating future claims for purposes of financial reporting, particularly with respect to large natural catastrophes, pandemics, including COVID-19, and certain large man-made losses, as well as claims resulting from the ongoing war in Ukraine and social inflation litigation, as significant uncertainties may be involved in estimating losses from such events and preliminary estimates may be subject to change as new information becomes available;
- 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;
- 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;
- changes in accounting standards, practices or policies, including the contemplated adoption of IFRS;
- 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.

This communication is not intended to be a recommendation to buy, sell or hold securities and does not constitute an offer for the sale of, or the solicitation of an offer to buy, securities in any jurisdiction, including the United States. Any such offer will only be made by means of a prospectus or offering memorandum, and in compliance with applicable securities laws.