Swiss Re

Press release

Swiss Re posts first-quarter net loss of USD 248 million

Ad hoc announcement pursuant to Article 53 LR

- **Property & Casualty Reinsurance (P&C Re) net income of USD 85 million; combined ratio of 99.3% and normalised[1] combined ratio of 96.9%**
- **Successful P&C Re April 2022 renewals; treaty premium volume up 15%**
- **Life & Health Reinsurance (L&H Re) net loss of USD 230 million; COVID-19 claims of USD 501 million**
- **Corporate Solutions net income of USD 81 million; combined ratio of 95.2%**
- **Return on investments (ROI) of 0.7%, reflecting mark-to-market impacts on equity investments**
- **Reserves of USD 283 million related to the war in Ukraine**

Zurich, 5 May 2022 – Swiss Re reported a net loss of USD 248 million for the first quarter of 2022, impacted by the war in Ukraine, heightened financial market volatility and the ongoing COVID-19 pandemic. Despite these headwinds, Swiss Re remains focused on achieving its financial targets for 2022.

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "The first quarter turned out to be a challenging one. Russia's invasion of Ukraine came as a shock, and our thoughts are with everyone impacted. While the situation remains highly uncertain and we do not believe we have an outsized exposure, we decided to take a proactive and cautious approach to establishing reserves for potential impacts from the war. Despite this and other headwinds in the quarter, Swiss Re's property and casualty businesses delivered robust underwriting results, and we remain focused on delivering on our financial targets for the year."

Swiss Re's Group Chief Financial Officer John Dacey said: "While the first quarter was impacted by negative equity mark-to-market movements, the recurring income yield remained stable at 2.1%. We expect our investment results to benefit from rising interest rates in the medium term. At the same time, the Group maintained its very strong capital position, enabling us to capture profitable growth opportunities in a supportive pricing environment."

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Swiss Re

Group results reflect headwinds
Swiss Re reported a net loss of USD 248 million and an ROE of −4.6% for the first quarter of 2022, compared with a net income of USD 333 million and an ROE of 5.2% for the same period last year. The Group absorbed higher-than-expected large natural catastrophe claims of USD 524 million across its property and casualty businesses as well as COVID-19 claims of USD 515 million. In addition, Swiss Re booked USD 283 million in reserves related to the war in Ukraine.

At the same time, Swiss Re continued to grow net premiums earned and fee income for the Group, increasing it by 4.0% compared with the prior-year period to USD 10.6 billion in the first quarter of 2022.

Swiss Re's return on investments of 0.7% was impacted by equity mark-to-market losses as well as modest losses on Russia-related exposures. The recurring income yield of 2.1% demonstrates the quality and stability of the underlying asset portfolio.

Swiss Re's capital position remained very strong, with the Group Swiss Solvency Test (SST) ratio in the upper half of the 200–250% target range as of 1 April 2022.

P&C Re's technical underwriting performance remains robust
P&C Re reported a net income of USD 85 million for the first quarter, compared with USD 481 million in the same period in 2021. The result reflects the robust technical performance of the business as well as lower investment results and reserves in relation to the Ukraine war of USD 154 million. In addition, P&C Re absorbed large natural catastrophe claims of USD 449 million, compared with USD 316 million in the prior-year period, mainly relating to February storms in Europe and flooding in Australia.

At the same time, P&C Re continued to improve efficiency, with net premiums earned increasing by 5.8% to USD 5.3 billion while costs remained stable. Premium growth was driven by continued price improvements as well as P&C Re's sustained focus on active portfolio management, partially offset by adverse foreign exchange developments.

The combined ratio was 99.3% for the first quarter. On a normalised basis, the combined ratio was 96.9%, and P&C Re remains focused on achieving the target of less than 94% for the full year.

Successful April P&C Re renewals
P&C Re renewed contracts with USD 2.4 billion in treaty premium volume on 1 April 2022. This represents a 15% volume increase compared with the business that was up for renewal. Since the start of the year, P&C Re has achieved treaty premium volume growth of 8% and a price increase of 3%, which covers more conservative loss assumptions.

L&H Re results impacted by COVID-19 claims
L&H Re reported a net loss of USD 230 million for the first quarter of 2022, compared with a net loss of USD 193 million for the first quarter of

2021. This reflects COVID-19 claims of USD 501 million and lower investment results. Overall, COVID-19 claims in the first quarter of 2022 were at the higher end of expectations, resulting from the persistently high mortality rates in the US in the first two months of the year.

Net premiums earned and fee income marginally decreased by 1.7% to USD 3.8 billion in the first quarter, primarily driven by adverse foreign exchange developments as well as one-off effects from an accounting reclassification.

With excess mortality in the US trending down significantly, L&H Re continues to target a net income of approximately USD 300 million for 2022.

Corporate Solutions' net income of USD 81 million driven by continued strong underwriting performance
For the first quarter of 2022, Corporate Solutions reported a net income of USD 81 million, compared with USD 96 million in the prior-year period. This solid result was achieved in spite of USD 129 million of reserves related to the Ukraine war – equalling a 9.3 percentage-point impact on the combined ratio – and significantly lower investment results. In addition, the Business Unit absorbed large natural catastrophe losses of USD 75 million, mainly driven by the flooding in Australia and the European winter storms in February.

Net premiums earned grew by 14.3% compared with the prior-year period to USD 1.4 billion in the first quarter of 2022. This was driven by the continuous earn-through of previously realised rate increases and new business growth in focus portfolios.

Corporate Solutions' combined ratio was 95.2% for the first quarter of 2022. The Business Unit maintains its combined ratio target of less than 95% for 2022 as it continues to focus on disciplined underwriting and strict expense management.

iptiQ continues to grow its business
In the first quarter of 2022, iptiQ grew its gross premiums written by 38% compared with the same period last year to USD 230 million. This increase was primarily driven by the continued strong performance of its property and casualty business in the EMEA region as well as contributions from the life and health businesses in the US and EMEA.

Outlook
Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "While the first quarter of 2022 presented significant headwinds for the re/insurance industry and Swiss Re, we are confident in the Group's ability to navigate the challenges. Thanks to the actions we have taken over the past years, our businesses have all the necessary levers in place to drive profitability and deliver against our financial targets for 2022."

Details of Q1 2022 performance

USD millions, unless otherwise stated	Q1 2021[2]	Q1 2022
Consolidated Group (total)		
Net premiums earned and fee income	10 212	10 620
Net income/loss	333	−248
Return on equity (%, annualised)	5.2	−4.6
Return on investments (%, annualised)	3.5	0.7
Recurring income yield (%, annualised)	2.1	2.1

	31.12.21	31.03.22
Shareholders´ equity	23 568	19 862
Book value per share (USD)	81.56	68.73

	Q1 2021	Q1 2022
P&C Reinsurance		
Net premiums earned	5 008	5 300
Net income/loss	481	85
Combined ratio (%)	96.6	99.3
L&H Reinsurance		
Net premiums earned and fee income	3 881	3 814
Net income/loss	−193	−230
Recurring income yield (%, annualised)	2.8	2.8
Corporate Solutions		
Net premiums earned	1 215	1 389
Net income/loss	96	81
Combined ratio (%)	96.0	95.2

[1] Normalised combined ratio assumes average large natural catastrophe loss burden and excludes prior-year reserve development.
[2] Results for 2021 have 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.

Media conference call

Swiss Re will hold a media call this morning at 08:30 CEST. In order to participate, please dial in 10 minutes prior to the start of the conference 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
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. 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", "may increase", "may fluctuate" and similar expressions, or by future or conditional verbs such as "will", "should", "would" and "could". These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Group's 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 Swiss Re 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, 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 cyclicality 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;
- increased volatility of, and/or disruption in, global capital and credit markets;
- 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") 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 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 and certain large man-made losses, including 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.