Swiss Re

News release

Swiss Re manages COVID-19 onset with industry-leading capital position and strong investment result

- **Group net loss of USD 225 million reflects the impact of COVID-19, notably a pre-tax charge of USD 476 million for the property and casualty businesses**
- **Property & Casualty Reinsurance (P&C Re) net income of USD 61 million, despite losses related to COVID-19**
- **Life & Health Reinsurance (L&H Re) net income of USD 299 million; return on equity (ROE) of 15.8%**
- **Corporate Solutions net loss of USD 167 million, impacted by losses related to COVID-19**
- **Life Capital net loss of USD 261 million, reflecting mark-to-market adjustment for Phoenix Group Holdings plc's share price**
- **Strong return on investments (ROI) of 3.2%; running yield of 2.5%**
- **Successful April 2020 P&C Re renewals: premium volume up 4%; nominal price increase of 8%**
- **Industry-leading capital position maintained, with Group Swiss Solvency Test (SST) ratio comfortably above 200% as of 31 March 2020**

Media Relations,
Zurich
Telephone +41 43 285 7171

New York
Telephone +1 914 828 6511

Singapore
Telephone +65 6232 3302

Investor Relations,
Zurich
Telephone +41 43 285 4444

Swiss Re Ltd
Mythenquai 50/60
CH-8022 Zurich

Telephone +41 43 285 2121

www.swissre.com
@SwissRe

Zurich, 30 April 2020 – Swiss Re reported a net loss of USD 225 million for the first quarter of 2020, reflecting the impact of the COVID-19 crisis on the underwriting (USD 476 million) and investment (net USD 300 million) results. The first-quarter result was also adversely impacted by the mark-to-market valuation of Phoenix Group Holdings plc shares, which Swiss Re will receive upon completion of the ReAssure sale. Swiss Re maintains its industry-leading capital position, with the Group SST ratio comfortably above 200% as of 31 March 2020.

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "The COVID-19 pandemic has had a deep impact on society, governments and businesses across the globe. Our heartfelt sympathies go to those who have lost a loved one or have otherwise suffered in the crisis. These difficult times reinforce our resolve to continue working towards Swiss Re's vision – making the world more resilient. We do this each day by handling claims, renewing contracts, sharing our knowledge and innovating. Swiss Re's business remains resilient despite the financial impact of the crisis on our results. And our industry-leading capital position means we will weather this situation as a strong partner for our clients."

Asset Management successfully navigated market turbulence
Market turbulence was responsible for a US GAAP net valuation loss of approximately USD 300 million. A higher gross impact was substantially contained through gains from credit and equity hedging of approximately USD 650 million. In addition, the high quality of the portfolio and proactive management decisions during the first quarter limited impairments to less than USD 20 million. The Group ROI was 3.2% for the quarter, while the running yield declined to 2.5%, reflecting the unprecedented low-yield environment.

Shareholders' equity declined to approximately USD 28.0 billion from USD 29.3 billion at the end of 2019, mainly driven by net unrealised losses of USD 655 million. Swiss Re's book value was at USD 96.82 per share at the end of the first quarter.

Swiss Re's Group Chief Financial Officer John Dacey said: "We took timely and substantial measures to protect our balance sheet and hedge investment positions in the first quarter, ahead of one of the sharpest sell-offs in recent history. This allowed us to largely mitigate the negative impacts of market turbulence, and the low impairments in our portfolio underscore its quality. As markets remain volatile, we continue to be vigilant to the challenges the current conditions present."

P&C Re net income of USD 61 million, ROE of 13.2% excluding COVID-19 impact
P&C Re reported a net income of USD 61 million for the first quarter, up from USD 13 million in the same period of 2019. The business remained profitable despite charges related to COVID-19 and natural catastrophes. The COVID-19 crisis impacted the result by USD 253 million as reserves were established primarily for expected claims for cancelled or postponed events. Large natural catastrophe losses of USD 397 million somewhat exceeded the expected losses for the quarter. This reflected the Business Unit's strong presence in Australia, where hailstorms and significant flooding compounded the major bushfire losses already reserved for in 2019, as well as more typical winter storm losses in Europe.

P&C Re's net premiums earned increased strongly by 12% to USD 4.7 billion. The annualised ROE was 3.0% compared with 0.6% in the first quarter of 2019. Excluding the impact from COVID-19, the ROE was 13.2%. The reported combined ratio was 110.8%. Excluding the claims related to COVID-19, the Business Unit is on track to reach the normalised[1] combined ratio estimate of 97% for the full year 2020.

---

[1] Also assumes an average large natural catastrophe loss burden and excludes prior-year reserve developments in addition to the COVID-19 impact.

Successful April P&C renewals supported by improving pricing, particularly in Japan

April renewals were conducted without disruptions, despite the challenges presented by the COVID-19 crisis. Treaty premium volume increased by 4%, and P&C Re achieved a nominal price increase of 8%, with a notable strong increase on Japan windstorm risk of more than 50%. Risk-adjusted price quality year-to-date remained unchanged, reflecting lower interest rates and material adjustments to loss assumptions.

L&H Re ROE exceeded its target range

L&H Re reported a net income of USD 299 million for the first quarter of 2020, reflecting strong underwriting and investment results. No material COVID-19 claims impact (either mortality or critical illness) emerged in the quarter, notable at this point given Swiss Re's market-leading franchise in Asia. The Business Unit continues to work closely with clients to manage existing risks and develop new solutions.

The ROE of 15.8% is well above the target 10–12% range. Net premiums earned and fee income increased to USD 3.4 billion from USD 3.1 billion in the first quarter of 2019.

Corporate Solutions turnaround on track

Corporate Solutions reported a net loss of USD 167 million for the quarter, as reserving for claims related to the COVID-19 crisis totalled USD 223 million. Most of these losses are reserves posted for anticipated claims related to event cancellations, a line of business Corporate Solutions decided to exit in the restructuring announced last year.

Excluding the COVID-19 impact, Corporate Solutions' combined ratio was 103.2%, 13 percentage points better than the reported ratio one year ago. On a normalised[2] basis and excluding the COVID-19 impact, the Business Unit is on track to achieve the combined ratio estimate of 105% for 2020.

The strong pricing momentum experienced in 2019 continued in the first quarter, with Corporate Solutions achieving price increases of 13%, and current market conditions are expected to reinforce this trend.

Life Capital impacted by a decline in Phoenix Group share price; continued growth in open books

Life Capital reported a net loss of USD 261 million in the first three months of the year, attributable almost entirely to a mark-to-market charge (USD 251 million pre-tax) on the announced sale of ReAssure due to the decline in Phoenix Group Holdings plc's share price. This impact was partly offset by a hedge on the broader UK equity market. The agreed sale of ReAssure is on

---

[2] Also assumes an average large natural catastrophe loss burden and excludes prior-year reserve developments in addition to the COVID-19 impact.

Swiss Re

track and is expected to close mid-2020, subject to the necessary regulatory and antitrust approvals.

Net premiums and fee income for the Life Capital Business Unit decreased to USD 497 million from USD 548 million in the first quarter of 2019 due to lower fee income reflecting market conditions. Gross premiums written of the open books increased 20% year-on-year when measured at constant exchange rates.

Outlook

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "The COVID-19 pandemic is far from over and its broader economic and social consequences will be far-reaching. Our industry plays an important part by absorbing some of the pain caused by this crisis. At Swiss Re, we continue to be here for our clients, run our business without interruptions, and use the flexibility allotted by our capital strength. We are confident that we will make a positive contribution. In the longer term, we will need to draw lessons from the current situation and look at public-private partnership solutions to ensure society can better deal with such large-scale disruptive events in the future."

Details of Q1 2020 performance

		Q1 2019	Q1 2020	Q1 2020 Excluding COVID-19[3]
Consolidated Group (Total)	Net premiums earned and fee income (USD millions)	8 933	9 586	
	Net income/loss (USD millions)	429	−225	158
	Return on equity (%, annualised)	5.9	−3.1	2.2
	Return on investments (%, annualised)	4.5	3.2	
	Running yield (%, annualised)	2.9	2.5	
		31/12/19	**31/03/20**	
	Shareholders´ equity (USD millions)	29 251	27 979	
	Book value per share (USD)	100.64	96.82	

		Q1 2019	Q1 2020	Q1 2020 Ex. COVID-19
P&C Reinsurance	Net premiums earned (USD millions)	4 238	4 737	
	Net income (USD millions)	13	61	272
	Combined ratio (%)	110.3	110.8	105.5
	Return on equity (%, annualised)	0.6	3.0	13.2
L&H Reinsurance	Net premiums earned and fee income (USD millions)	3 127	3 366	
	Net income (USD millions)	328	299	
	Running yield (%, annualised)	3.4	3.1	
	Return on equity (%, annualised)	19.6	15.8	
Corporate Solutions	Net premiums earned (USD millions)	1 020	986	
	Net income/loss (USD millions)	−55	−167	5
	Combined ratio (%)	116.3	125.8	103.2
	Return on equity (%, annualised)	−12.1	−35.1	1.0
Life Capital	Net premiums earned and fee income (USD millions)	548	497	
	Net income/loss (USD millions)	7	−261	
	Return on equity (%, annualised)	0.5	−21.1	
	Gross premiums written – open books (USD millions)	1 148	1 356	

[3] This column is for reference only and excludes the impact of the reserves established for COVID-19-related claims, including estimated tax impacts.

Media conference call
Swiss Re will hold a media call with a dial-in possibility this morning at 8:30 (CEST). If you plan to dial in, you are kindly requested to call 10 minutes prior to the start using the following numbers:

From Switzerland:	+41 (0) 58 310 5000
From Germany:	+49 (0) 69 5050 0082
From the UK:	+44 (0) 207 107 0613
From France:	+33 (0) 1 7091 8706
From the USA:	+1 (1) 631 570 5613
From Hong Kong:	+852 5808 1769

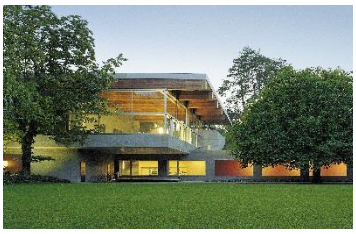
Investors' and analysts' conference call
Swiss Re will hold an investors' and analysts' conference call this afternoon at 14:00 (CEST) which will focus on Q&A. You are kindly requested to dial in 10 minutes prior to the start using the following numbers:

From Switzerland:	+41 (0) 58 310 5000
From Germany:	+49 (0) 69 5050 0082
From the UK:	+44 (0) 207 107 0613
From France:	+33 (0) 1 7091 8706
From the USA:	+1 (1) 631 570 5613

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. It is organised into three Business Units, each with a distinct strategy and set of objectives contributing to the Group's overall mission.

For logos and photographs of Swiss Re executives, directors or offices go to https://www.swissre.com/media/electronic-press-kit.html

For media 'b-roll' please send an e-mail to media_relations@swissre.com



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", "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;
- 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 realize 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;
- 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, 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 outcome of tax audits, the ability to realize tax loss carryforwards and the ability to realize 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;
- 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.