

News release

Swiss Re maintains industry-leading capital position in the first half of 2020 despite significant addition to COVID-19 loss reserves

- Claims and reserves related to COVID-19 of USD 2.5 billion across the Group resulted in a net loss of USD 1.1 billion in the first half of 2020
- Group net income, excluding COVID-19 claims and reserves, of USD 865 million in the first half of 2020
- Swiss Re maintains its very strong capital position, with Group Swiss Solvency Test (SST) ratio above the target level of 220%
- Property & Casualty Reinsurance (P&C Re) net loss of USD 519 million; excluding COVID-19 losses, net income and return on equity (ROE) of USD 646 million and 14.9% respectively
- Successful July 2020 P&C Re renewals: premium volume up 6%; significant rate hardening in natural catastrophe business
- Life & Health Reinsurance (L&H Re) net income of USD 74 million; excluding COVID-19 losses, net income and ROE of USD 516 million and 12.4% respectively
- Corporate Solutions net loss of USD 301 million; excluding COVID-19 losses, net income of USD 81 million
- Successful closing of ReAssure sale to Phoenix Group Holdings plc represents a strategic milestone for the Group; Life Capital reports ongoing premium growth in open book businesses
- Strong return on investments (ROI) of 3.2%, running yield 2.5%

Zurich, 31 July 2020 – Swiss Re reported a net loss of USD 1.1 billion for the first half of 2020 after booking claims and reserves related to COVID-19 of USD 2.5 billion. Excluding the impact of COVID-19 losses, net income amounted to USD 865 million for the period, reflecting a strong underlying business performance across the Group. P&C Re achieved profitable premium growth and strong renewals in improving market conditions. The turnaround of Corporate Solutions is well on track. The closing of the ReAssure sale to Phoenix Group, as announced on 22 July 2020, represents a key strategic milestone for the Group. Swiss Re maintains its industry-leading capital position, with the Group SST ratio above the target level of 220% as of 1 July 2020.

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "As the extraordinary crisis caused by COVID-19 unfolds across the globe, we share our sympathies with those who have suffered personal loss and financial uncertainty. Swiss Re is doing its part to facilitate recovery from this crisis, and we are working

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with many stakeholders around the world on improving resilience to future large systemic risks.

“Based on current information and a prudent analysis of our businesses, and recognising the inherent uncertainty of the ongoing pandemic, we expect the claims and reserves we have booked in the first half of 2020 to cover the majority of our ultimate COVID-19 losses. While the impact on our earnings is significant, it remains manageable as our operations continue uninterrupted, all our businesses are performing well and our capital position allows us to take advantage of attractive opportunities in an improving market.”

The vast majority of the Group’s COVID-19 losses represent incurred but not reported (IBNR) reserves. A range of factors relating to the pandemic, including future infection and mortality rates; the duration and effects of mitigation measures, including on business activity; the timing of an effective vaccine and/or alternative treatment solutions; legislative or regulatory efforts and the outcome of court and arbitration cases on coverage issues; the impact of government stimulus packages; and the severity and duration of recessionary impacts, may impact claims development in the coming quarters, either positively or negatively, relative to Swiss Re’s projections.

The Group’s SST ratio is above the target level of 220% as of 1 July 2020, including the impact from the sale of ReAssure and COVID-19 losses. Shareholders’ equity decreased to USD 27.9 billion from USD 29.3 billion at the end of 2019. Swiss Re’s book value was at USD 96.65 per share at the end of June 2020.

Swiss Re’s Group Chief Financial Officer John Dacey said: “Although the COVID-19 crisis is still evolving, we took a prudent approach to build substantial reserves for the Group’s exposures already in the first half of this year. This gives us more certainty in the outlook for the remainder of 2020 and beyond. Thanks to our disciplined long-term approach to capital management and the decisive actions taken early in the crisis to protect our balance sheet, our capital position remains very strong.”

Asset Management successfully navigated market turbulence

Swiss Re generated a strong ROI of 3.2% for the first six months of 2020. The result was driven by recurring income and realised gains from the fixed income portfolio, as well as a positive contribution from portfolio hedges that partly offset the impact of global market volatility. The Group’s high-quality portfolio was maintained throughout the crisis due to timely management actions such as targeted exposure reduction, including to issuers who subsequently experienced downgrades and defaults. The running yield declined to 2.5% from 2.9% in the prior-year period, reflecting the unprecedented low-yield environment.

P&C Re reports strong profitable premium growth

Excluding COVID-19 claims and reserves, P&C Re’s net income amounted to USD 646 million in the first half of 2020, down from USD 771 million in the prior-year period, largely as a result of large natural catastrophe losses reported in

the first quarter and the Calgary hailstorm in the second quarter. The ROE, excluding the impact of COVID-19 losses, amounted to 14.9%. P&C Re is on track to reach the normalised¹ combined ratio estimate of 97% for the full year 2020.

Claims and reserves related to the COVID-19 crisis impacted the result by USD 1.5 billion, reflecting affirmative non-damage business interruption, cancelled or postponed events, casualty and credit & surety losses. Including these losses, P&C Re reported a US GAAP net loss of USD 519 million.

Net premiums earned increased strongly by 10% to USD 9.6 billion, due to large transactions and growth in natural catastrophe business, driven by successful renewals in the US and Asia.

Successful July P&C renewals supported by improving pricing

P&C Re treaty premium volume increased by 6% to USD 17.0 billion year to date, with a nominal price increase of 6%. Overall price quality was unchanged, reflecting the need to compensate further decreased interest rates and material adjustments to loss assumptions. In the July treaty renewals, Swiss Re achieved a 6% volume increase and significant rate hardening in natural catastrophe business.

L&H Re maintains strong underlying performance

Excluding the impact of COVID-19 losses, L&H Re increased its net income to USD 516 million in the first six months of 2020 from USD 459 million in the prior-year period. The increase was supported by a strong investment result, with an ROI of 4.1%. The ROE, excluding the impact of COVID-19 losses, was 12.4%.

COVID-19-related claims and reserves amounted to USD 548 million in the first half of 2020, driven primarily by higher mortality claims (reported and IBNR) in the US and the UK versus expected levels. Including the impact of COVID-19 losses, L&H Re reported a US GAAP net income of USD 74 million for the period.

Net premiums earned and fee income in the first half of 2020 increased 6.2% to USD 6.7 billion, supported by individual large transactions including longevity deals. L&H Re continues to see attractive opportunities in high-growth markets and in large transactions.

Corporate Solutions turnaround well on track

Excluding COVID-19 losses, Corporate Solutions swung to a net income of USD 81 million from a net loss of USD 403 million in the prior-year period. The combined ratio, excluding COVID-19 losses, was 98.4%.

The result reflects the benefits of decisive management actions announced in 2019. The Business Unit has already achieved about 60% of the planned

¹ Assumes an average large natural catastrophe loss burden and excludes prior-year reserve developments as well as the COVID-19 impact.

portfolio pruning and two thirds of cost reductions. Together with rate increases over the past year, this has lowered the normalised² combined ratio to 101.3% in the first half of 2020, ahead of the 105% estimate for 2020.

Claims and reserves related to COVID-19 totalled USD 485 million in the first half of 2020, resulting in a US GAAP net loss of USD 301 million. Approximately half of the losses are claims and reserves related to event cancellations, a line of business which Corporate Solutions exited in 2019, with the rest mainly covering affirmative non-damage business interruption and credit & surety losses.

Net premiums earned were 2.9% lower at USD 2.0 billion, as active portfolio pruning was cushioned by rate improvements. The Business Unit expects pricing momentum to remain favourable after achieving rate increases of 15% for the first six months of 2020.

Life Capital delivers on a strategic milestone with sale of ReAssure

The sale of ReAssure to Phoenix Group successfully closed on 22 July 2020. As part of the sale, Swiss Re received a cash payment of GBP 1.2 billion and shares in Phoenix representing a 13.3% stake. As previously announced, Swiss Re will simplify its legal entity structure by disbanding the Life Capital Business Unit, which is expected to be concluded by the end of 2020 subject to regulatory approvals.

Life Capital reported a net loss in the first six months of 2020 of USD 217 million, driven by a mark-to-market charge related to the decline in Phoenix's share price, partly offset by a hedge on the broader UK equity market. Losses related to COVID-19, reflecting the expected mortality impacts, were minimal at USD 13 million.

Net premiums earned and fee income were slightly below the prior-year period at USD 1.0 billion due to lower fee income in the closed book business. Gross premiums written of the open books increased by 20% when measured at constant foreign exchange rates. Swiss Re's white-label digital insurance platform iptiQ added seven new partners in the period.

Outlook

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "We are encouraged by the good progress we see in all of Swiss Re's businesses so far this year. While some degree of uncertainty remains with regards to future COVID-19 losses, we are confident in the outlook for our Group. Thanks to our disciplined capital management, we are in a strong position to continue to support our clients and deploy capital for business growth in improving pricing conditions."

² Assumes an average large natural catastrophe loss burden and excludes prior-year reserve developments as well as the COVID-19 impact.

Details of H1 2020 performance

		H1 2019	H1 2020	H1 2020 excl. Covid-19 ³
Consolidated Group (Total)	Net premiums earned and fee income (USD millions)	18 160	19 329	
	Net income/loss (USD millions)	953	-1 135	865
	Return on equity (% annualised)	6.6	-7.9	5.8
	Return on investments (% annualised)	4.2	3.2	
	Running yield (% annualised)	2.9	2.5	
		31.12.2019	30.06.2020	
	Shareholders' equity (USD millions)	29 251	27 933	29 933
	Book value per share (USD)	100.64	96.65	103.58
				H1 2020 excl. Covid-19
P&C Reinsurance	Net premiums earned (USD millions)	8 719	9 601	
	Net income/loss (USD millions)	771	-519	646
	Combined ratio (%)	100.5	115.8	100.5
	Return on equity (% annualised)	15.9	-12.8	14.9
L&H Reinsurance	Net premiums earned and fee income (USD millions)	6 284	6 676	
	Net income (USD millions)	459	74	516
	Return on equity (% annualised)	13.1	1.8	12.4
	Running yield (% annualised)	3.4	3.1	
Corporate Solutions	Net premiums earned (USD millions)	2 063	2 004	
	Net income/loss (USD millions)	-403	-301	81
	Combined ratio (%)	132.8	122.6	98.4
	Return on equity (% annualised)	-40.5	-29.6	7.3
Life Capital	Net premiums earned and fee income (USD millions)	1 094	1 048	
	Net income/loss (USD millions)	5	-217	-206
	Return on equity (% annualised)	0.2	-8.0	-7.6
	Gross premiums written – open books (USD millions)	1 343	1 578	

³ This column is for reference only and excludes the impact of claims and reserves established for COVID-19 and the associated estimated tax impacts.

Media conference call

Swiss Re will hold a media conference call with a dial-in possibility this morning at 10:30 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

You can also follow the presentation via a webcast at [this link](#) (without possibility of asking questions).

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
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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 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;
- 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, 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 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;
- 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.