Swiss Re

News release

Swiss Re reports strong underlying performance in 2020, despite large losses related to COVID-19, and reaffirms a positive outlook

- Swiss Re Group net loss of USD 878 million for 2020
- Excluding COVID-19 claims and reserves (pre-tax) of USD 3.9 billion, Group net income rose to USD 2.2 billion from USD 727 million in 2019, return on equity (ROE) of 7.3%
- Property and Casualty Reinsurance (P&C Re) net loss of USD 247 million; excluding COVID-19 impact, net income of USD 1.3 billion and ROE of 13.2%
- Nominal price increases of 6.5% achieved in January 2021 P&C Re renewals; focus on portfolio quality allows for an improved 2021 normalised combined ratio estimate of less than 95%
- Life and Health Reinsurance (L&H Re) net income of USD 71 million; excluding COVID-19 losses, net income of USD 855 million and ROE of 10.4%
- Corporate Solutions turnaround ahead of plan; excluding COVID-19 losses, net income increased to USD 393 million, with an ROE of 16.5%
- Life Capital successfully closed ReAssure sale, delivering a dividend of USD 1.5 billion to the Group; continued dynamic growth at iptiQ
- Strong return on investments (ROI) of 3.5%
- Swiss Re maintains a very strong capital position, with a Group Swiss Solvency Test (SST) ratio as of 1 January 2021 within the new target range of 200–250%
- Board of Directors to propose a stable dividend of CHF 5.90 per share

Zurich, 19 February 2021 – Swiss Re reported a Group net loss of USD 878 million for 2020. Excluding USD 3.9 billion of COVID-19-related claims and reserves (pre-tax) for the year, Swiss Re's net income was USD 2.2 billion, a material increase from USD 727 million in 2019. Based on the Group's very strong capital position and positive market outlook, the Board of Directors will propose a dividend of CHF 5.90 per share at the Annual General Meeting on 16 April 2021.

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "The COVID-19 pandemic continues to affect communities and businesses across the globe. The start of vaccination efforts brings hope that the situation will improve soon. Our Group has gone through this crisis with confidence and

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strength, and in our role as a shock absorber we are doing our part to help mitigate the challenges of the pandemic and improve resilience to future systemic risks.

"From the start of the pandemic, we took a disciplined and prudent approach to building reserves as actual claims have been slow to come in. While some further COVID-19 losses are expected in 2021, we have dramatically reduced relevant exposures in P&C lines. I am very encouraged by broad-based improvements in portfolio quality and underwriting margins in P&C Re and Corporate Solutions, including in the January renewals."

Swiss Re expects additional COVID-19-related claims and reserves in its property and casualty businesses of less than USD 0.5 billion in 2021, based on current information. The uncertainty surrounding many factors related to the pandemic remains high and may impact actual claims developments either positively or negatively.

Swiss Re's Group Chief Financial Officer John Dacey said: "Our capital position remained very strong throughout 2020, despite the unprecedented impact from COVID-19 and an unusually high frequency of natural catastrophes. Swiss Re's businesses continued to run without disruptions, delivering a strong underlying performance. Together with a positive outlook, this allows us to propose a stable dividend payment to our shareholders even in these challenging times."

Swiss Re has decided to replace its 220% Group SST target ratio with a target range of 200–250%. Providing a range is more aligned with market practice. As of 1 January 2021, the Group SST ratio was within this range. The Group SST calculation includes the forward-looking estimate for ultimate COVID-19-related losses and assumes the proposed dividend payment.

Swiss Re successfully managed volatile global financial market conditions throughout 2020, ending the year with a strong ROI of 3.5%. The investment result reflects early decisive portfolio management actions to cut exposure to sectors that were vulnerable to COVID-19. Active management was balanced with preserving sustainable income by maintaining significant unrealised gains in longer-dated fixed income maturities.

P&C Re delivers strong underlying result in improving market conditions
Excluding COVID-19 claims and reserves, P&C Re's net income was USD 1.3 billion in 2020, up from USD 396 million in 2019. The ROE, excluding COVID-19 losses, was 13.2%.

P&C Re claims and reserves for COVID-19 amounted to USD 1.9 billion for the year, resulting in a US GAAP net loss of USD 247 million. Approximately 80% of P&C Re's COVID-19 losses represent incurred but not reported (IBNR) reserves for affirmative non-damage business interruption, cancelled or postponed events, casualty and credit & surety losses.

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Natural catastrophe losses amounted to USD 1.7 billion for 2020. This was largely driven by the Atlantic hurricane season, which included a record 30 named storms, and numerous secondary perils across the globe. Large man-made losses were dominated by the Beirut port explosion in the third quarter.

The combined ratio was 109.0% in 2020. The normalised[1] combined ratio was 96.9%, in line with the estimate of 97% for the full year provided at the beginning of 2020.

Successful January P&C Re renewals
P&C Re renewed contracts with USD 7.8 billion in premium volume on 1 January 2021. This represents an 11% volume decrease compared with the business that was up for renewal, reflecting the focus on underwriting quality and improved terms and conditions. P&C Re achieved a nominal price increase of 6.5% in this renewal round, more than offsetting lower interest rates and higher loss assumptions. The successful renewals allow for an improved normalised[1] combined ratio estimate of less than 95% for P&C Re for 2021, compared with the estimate provided in November 2020 of less than or equal to 96%.

L&H Re with solid underlying performance supported by a strong investment result
Excluding COVID-19 claims and reserves, L&H Re's net income was USD 855 million in 2020, supported by a strong investment result with an ROI of 3.7%. Excluding the impact of COVID-19, ROE was 10.4%.

COVID-19 losses amounted to USD 999 million in 2020, reflecting increased mortality rates in the US and the UK. Including the COVID-19 impact, L&H Re reported a US GAAP net income of USD 71 million for the period.

Net premiums earned and fee income in 2020 increased 6.8% to USD 13.9 billion, supported by large transactions, including longevity deals.

Corporate Solutions delivers strong underlying performance, with turnaround ahead of plan
Excluding COVID-19 losses, Corporate Solutions swung to a net income of USD 393 million in 2020 from a net loss of USD 647 million in 2019. The ROE was 16.5% and the combined ratio was 93.2% on this basis. This is a result of disciplined underwriting, strict expense management, continued rate increases, favourable prior-year developments and lower-than-expected large man-made losses.

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

The normalised[2] combined ratio was 96.8%, well ahead of the estimate of 105% for the year, with five percentage points of the improvement driven by lower-than-expected man-made losses. With pruning actions and gross cost reductions announced in 2019 largely completed, Corporate Solutions will now target a normalised combined ratio of less than 97% in 2021, compared with the original 98% goal.

Claims and reserves related to COVID-19 totalled USD 943 million for the full year, resulting in a US GAAP net loss of USD 350 million. Approximately 40% of the losses were reserves for anticipated claims related to event cancellations, a line of business which Corporate Solutions exited in 2019, one third from business interruption losses, and the remainder coming mainly from credit & surety claims.

Net premiums earned were 2.9% lower at USD 4.0 billion, as portfolio pruning was cushioned by realised rate increases and higher volumes in targeted growth areas. Corporate Solutions achieved average risk-adjusted price increases of 15% in 2020.

Life Capital successfully closed ReAssure sale

As previously announced, the sale of ReAssure to Phoenix Group successfully closed on 22 July 2020. This allowed Life Capital to pay a dividend to the Swiss Re Group of USD 1.5 billion.

Life Capital reported a net loss in 2020 of USD 265 million, largely driven by continued investments into the open-books businesses. Losses related to COVID-19 were modest at USD 27 million.

Net premiums earned and fee income were USD 2.0 billion. Gross premiums written for the core business of Swiss Re's white-label digital insurance platform iptiQ rose 76% as it increased the number of partners by 11 in 2020.

Following the successful sale of ReAssure, the Life Capital Business Unit was disbanded at the end of 2020. Corporate Solutions has assumed responsibility for elipsLife, while iptiQ is now operating as a standalone division.

Outlook

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "We are confident in the outlook for 2021 with COVID-19 losses mostly behind us. We look forward to improving profitability in the P&C Re business as a result of our focus on portfolio quality and the favourable market environment. Our L&H Re client franchise is very strong, positioning us to grow, especially through tailored transactions. On Corporate Solutions, we are well ahead of the turnaround we set for 2021. iptiQ is delivering impressive growth, creating

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

new partnerships and underlining our position as a technology-driven risk knowledge company."

Details of FY 2020 performance[3]

		FY 2019	FY 2020	FY 2020 excl. COVID-19[4]
Consolidated Group (Total)	Net premiums earned and fee income (USD millions)	38 594	40 770	
	Net income/loss (USD millions)	727	−878	2 175
	Return on equity (%)	2.5	−3.1	7.3
	Return on investments (%)	4.7	3.5	
	Running yield (%)	2.8	2.4	
	Shareholders' equity (USD millions)	29 251	27 135	30 188
	Book value per share (USD)	100.64	93.90	104.47
P&C Reinsurance	Net premiums earned (USD millions)	19 275	20 832	
	Net income/loss (USD millions)	396	−247	1 257
	Combined ratio (%)	107.8	109.0	99.8
	Return on equity (%)	4.4	−2.8	13.2
L&H Reinsurance	Net premiums earned and fee income (USD millions)	13 004	13 883	
	Net income (USD millions)	899	71	855
	Return on equity (%)	12.4	0.9	10.4
	Running yield (%)	3.3	3.0	
Corporate Solutions	Net premiums earned (USD millions)	4 166	4 047	
	Net income/loss (USD millions)	−647	−350	393
	Combined ratio (%)	127.9	116.5	93.2
	Return on equity (%)	−34.1	−17.4	16.5
Life Capital	Net premiums earned and fee income (USD millions)	2 149	1 984	
	Net loss (USD millions)	−177	−265	−243
	Return on equity (%)	−3.4	−7.5	−6.9
	Gross premiums written – open books (USD millions)	1 790	2 171	

[3] Presentation does not reflect the disbanding of the Life Capital Business Unit and related changes. The presentation will change for 2021.

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

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Details of FY 2020 COVID-19 claims and reserves in USD millions

	P&C Reinsurance	L&H Reinsurance	Corporate Solutions	Life Capital	Total
Event cancellation	411		404		815
Business interruption	1 104		294		1 398
Credit & surety	53		198		251
Mortality		889		23	912
Other lines	342	110	47	4	503
Total	1 910	999	943	27	3 879

Media conference
Swiss Re will hold a media conference at 10:30 CET, which can be followed live via a webcast. Access to the conference and the presentation slides are available at: Swiss Re Annual Results 2020: Media Conference.

For the Q&A session, please dial into the telephone conference using the following numbers:

Switzerland:	+41 (0) 58 310 50 00
United Kingdom:	+44 (0) 207 107 06 13
United States:	+1 (1) 631 570 56 13
Germany:	+49 (0)69 505 0 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 13:00 CET, 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 50 00
United Kingdom:	+44 (0) 207 107 0613
United States:	+1 (1) 631 570 56 13
Germany:	+49 (0) 69 5050 0082
France:	+33 (0) 1 7091 8706

Presentation slides are available at: Financial information | Swiss Re.

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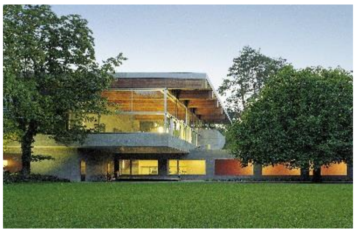
The Swiss Re Group is one of the world's leading providers of reinsurance, insurance and other forms of insurance-based risk transfer, working to make the world more resilient. It anticipates and manages risk – from natural catastrophes to climate change, from ageing populations to cyber crime. The aim 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 photography 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 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.