

# Extracts from Swiss Re's 2020 Annual Report

Swiss Re investor and analyst presentation  
Zurich, 18 March 2021

# Focus areas



Economic  
performance &  
solvency



Reserving  
update



Sustainability  
highlights

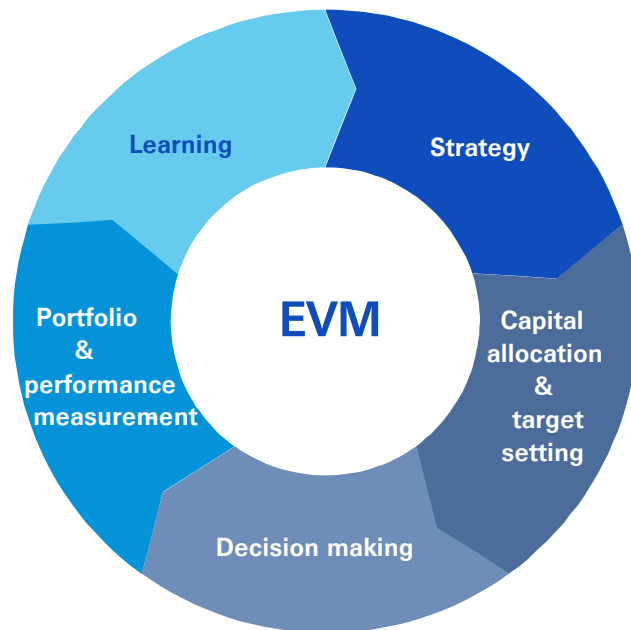
# Economic performance and solvency

## ▶ Economic performance 2020

- ▶ Economic earnings over time
- ▶ Economic solvency and capital generation

# Swiss Re's integrated economic framework (EVM) enables delivery of sustainable, long-term value creation

Economic value management (EVM) is the core of our steering framework



## EVM key objectives

- Measure economic value generated from underwriting activities on a stand-alone basis
- Measure economic value generated from investment activities after risk adjustment
- Assess different underwriting and investment opportunities on a consistent basis

- ✓ Supports portfolio steering
- ✓ Allows consistent measurement of economic performance
- ✓ Forms basis for capital actions

# Swiss Re delivered strong full-year 2020 economic earnings excluding COVID-19 impact

USD  
**3.3bn**

USD  
**-4.6bn**

USD  
**-0.4bn**

Total contribution to ENW  
excluding **COVID-19**<sup>1</sup>

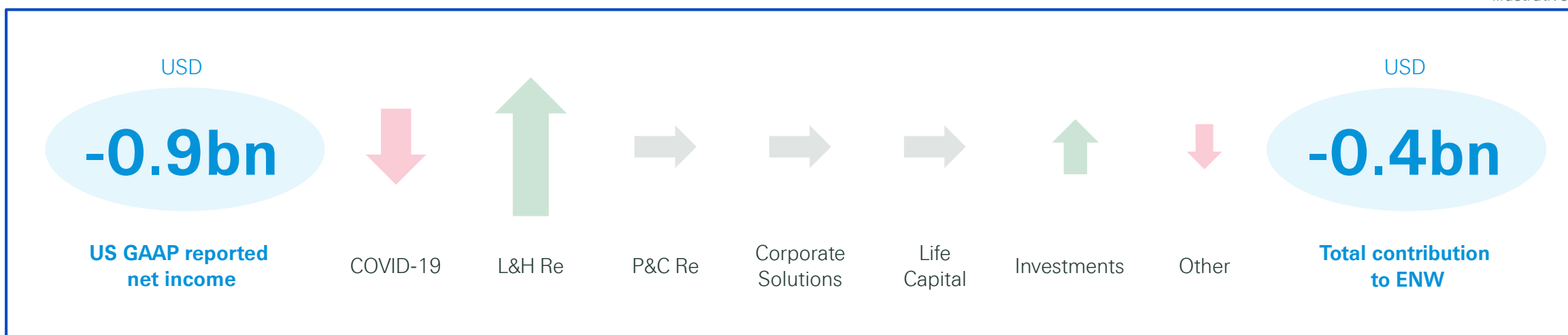
(pre-tax)  
**COVID-19 impact**

Total contribution to ENW  
**reported**

# Compared to US GAAP, economic results benefit strongly from L&H Re's new business, partially offset by the ultimate view of COVID-19 losses

## Key differences between US GAAP reported net income and total contribution to ENW for FY 2020

*illustrative*



- L&H Re: strong new business generation continued in 2020. EVM recognises profit above cost of capital up-front, while this emerges in US GAAP over time
- Investments: all mark-to-market gains flow through the EVM income statement (equities and fixed income investments)
- COVID-19: difference reflects expected ultimate EVM impact of USD 4.6bn vs. US GAAP claims and reserves of USD 3.9bn in 2020

# Key EVM figures

USD m, unless otherwise stated

	P&C Re	L&H Re	Corporate Solutions	Life Capital	Group items	Total FY 2020	Total FY 2019
• EVM profit – new business	-433	1 046	-98	-268	-238	9	1 206
• EVM profit – previous years' business	-1 451	-1 804	-624	-233	-169	-4 282	-3 293
• EVM profit – investments	-91	551	17	-10	216	683	2 068
• <b>EVM profit</b>	<b>-1 975</b>	<b>-207</b>	<b>-706</b>	<b>-511</b>	<b>-191</b>	<b>-3 590</b>	<b>-19</b>
• Release of current year capital costs	854	826	137	237	389	2 443	2 911
• Cost of debt and additional taxes	407	202	56	-29	78	713	40
• <b>Total contribution to Economic Net Worth (ENW)</b>	<b>-714</b>	<b>820</b>	<b>-513</b>	<b>-302</b>	<b>276</b>	<b>-434</b>	<b>2 932</b>
• <b>ENW</b>	<b>8 751</b>	<b>14 522</b>	<b>2 093</b>	<b>1 803</b>	<b>6 481</b>	<b>33 652</b>	<b>36 138</b>
• ENW per share (USD)						116.45	124.33
• ENW per share (CHF)						102.93	120.41
• ENW per share growth						-0.1%	8.2%

## Key figures excluding impact of COVID-19<sup>1</sup>

• <b>EVM profit</b>	<b>-133</b>	<b>788</b>	<b>131</b>	<b>-486</b>	<b>-191</b>	<b>109</b>	<b>-19</b>
• <b>Total contribution to Economic Net Worth (ENW)</b>	<b>1 128</b>	<b>1 815</b>	<b>324</b>	<b>-277</b>	<b>276</b>	<b>3 265</b>	<b>2 932</b>
• ENW per share growth						10.3%	8.2%

# P&C Reinsurance impacted by COVID-19 losses

## EVM premiums and fees

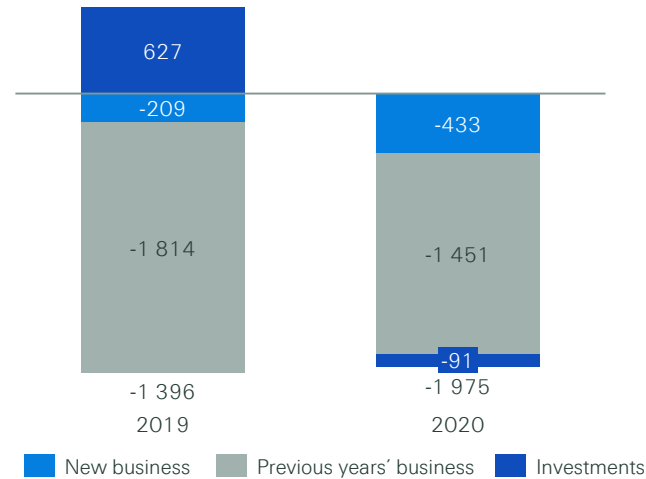
**USD 22.9bn**

In 2020

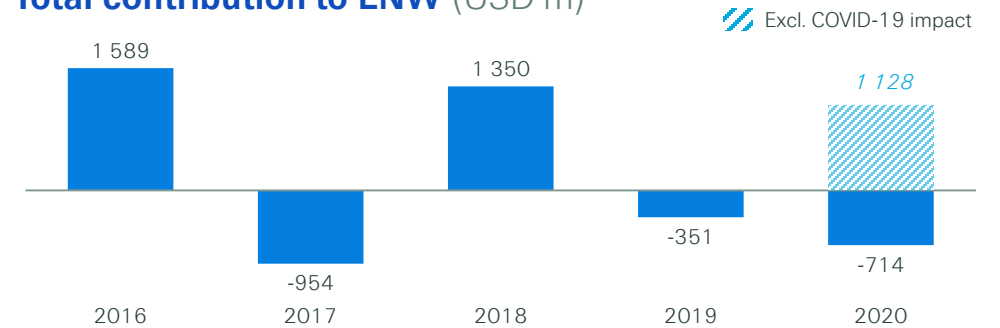
**USD 23.5bn**

In 2019

## EVM profit split (USD m)



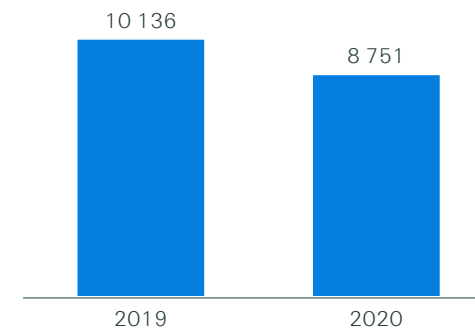
## Total contribution to ENW (USD m)



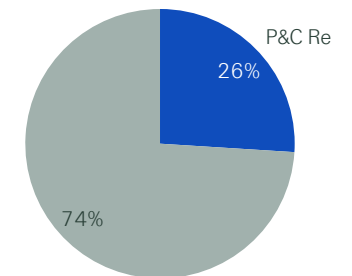
- Total contribution to ENW (excluding COVID-19 impact) benefitted from strong new business contribution
- ENW excluding impact of COVID-19 would be USD 10.6bn

- Premiums and fees decreased due to portfolio steering actions on US casualty
- Total pre-tax COVID-19 impact of USD 2.2bn affecting new and previous years' business, depending on impacted contract years
- Excluding net impact of COVID-19-related losses, new business profit amounted to USD 0.7bn, the strongest in 5 years
- Previous years' business impacted by large losses (COVID-19, nat cat and man-made) from previous contract years and reserving actions in the first half of 2020
- Investment result driven by unfavourable impact of declining interest rates on a net short duration position

## ENW (USD m)



## Split of 2020 ENW





# L&H Reinsurance with strong new business profit

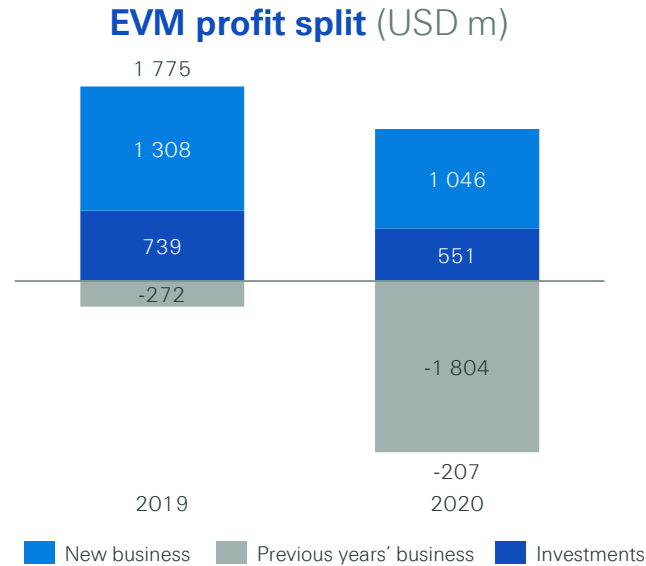
## EVM premiums and fees

**USD 29.6bn**

In 2020

**USD 27.2bn**

In 2019



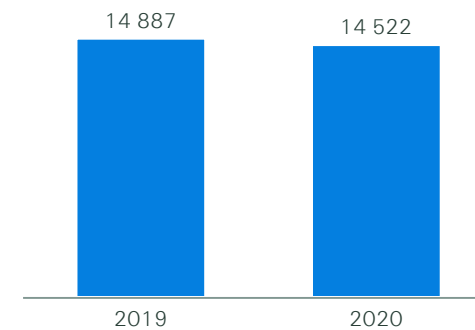
## Total contribution to ENW (USD m)



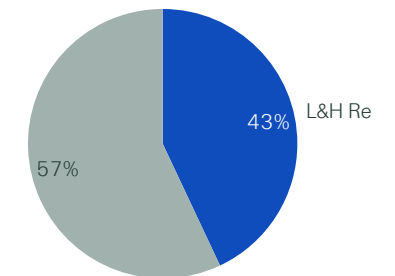
- Total contribution to ENW (excl. COVID-19 impact) benefitted from strong new business contribution and investment performance
- ENW excluding impact of COVID-19 would be USD 15.5bn

- Growth in premiums and fees supported by individual large transactions, as well as impact of lower interest rates on present value of premiums
- Total pre-tax COVID-19 impact of USD 1.3bn affecting previous years' business given virtually all COVID-19 claims hit policies that had been written in previous years
- New business profit reflected strong contribution from transactional business
- Previous years' business also affected by the impact of declining interest rates on capital costs and related charges. This was partially offset by the positive contribution of a net long duration position in investments

## ENW (USD m)



## Split of 2020 ENW



# Corporate Solutions turnaround is ahead of plan

## EVM premiums and fees

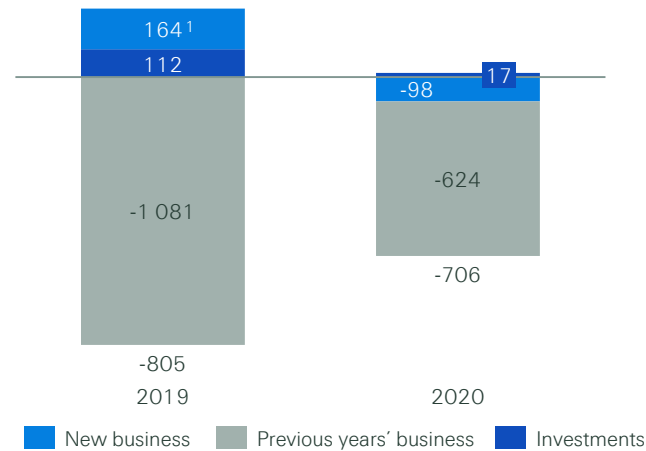
**USD 3.8bn**

In 2020

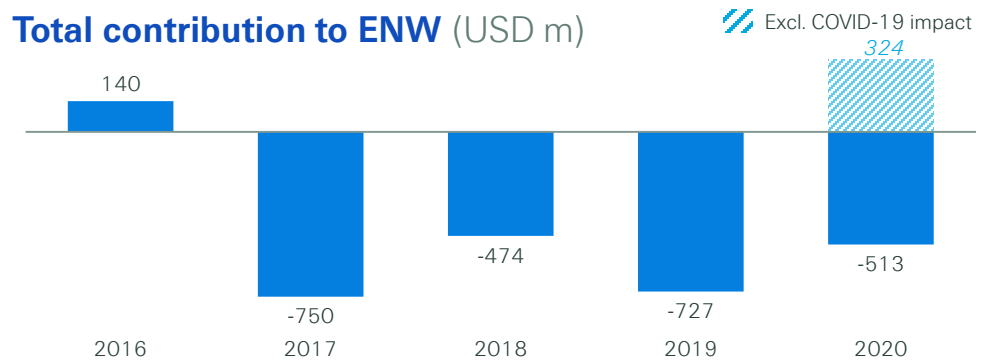
**USD 4.1bn**

In 2019

## EVM profit split (USD m)



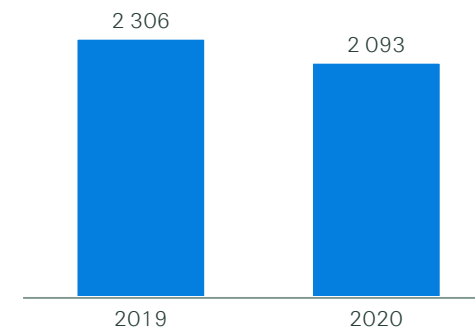
## Total contribution to ENW (USD m)



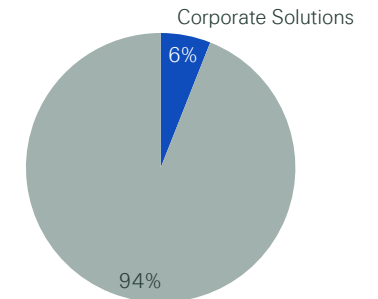
- ENW decreased primarily due to negative total contribution from COVID-19-related impacts, partially offset by a capital contribution from Group

- Decrease in premiums and fees driven by active pruning of selected portfolios and cautious underwriting in credit & surety, partially offset by continued rate hardening
- Total pre-tax COVID-19 impact of USD 1.0bn affecting new and previous years' business, depending on impacted contract years
- New business loss mainly driven by COVID-19-related losses
- Excluding COVID-19-related impacts, previous business had a profit of USD 155m, reflecting management actions taken to improve profitability and low large man-made claims

## ENW (USD m)



## Split of 2020 ENW



# Life Capital result driven by ongoing investment in iptiQ and ReAssure sale

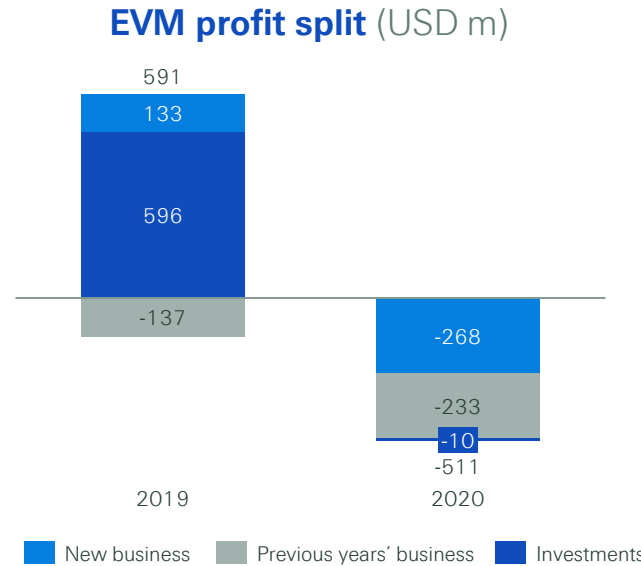
## EVM premiums and fees

**USD 2.4bn**

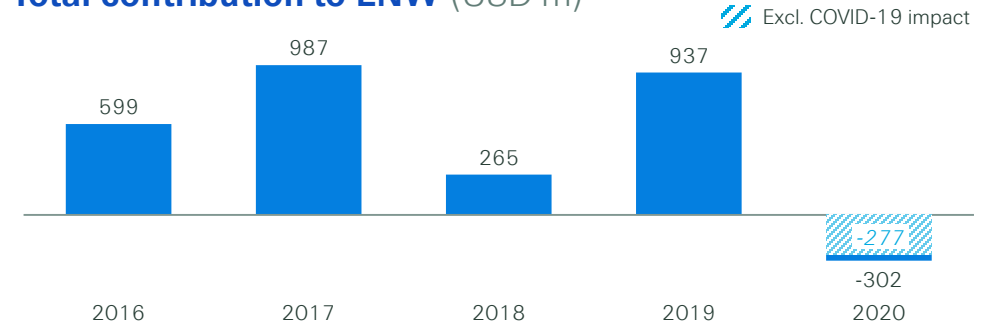
In 2020

**USD 2.3bn**

In 2019



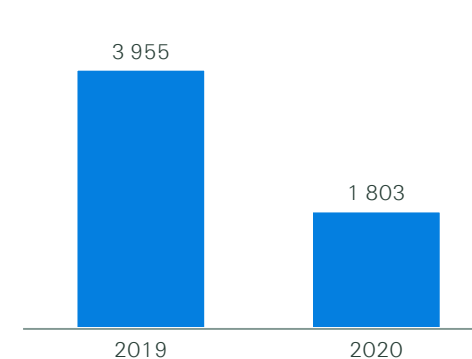
## Total contribution to ENW (USD m)



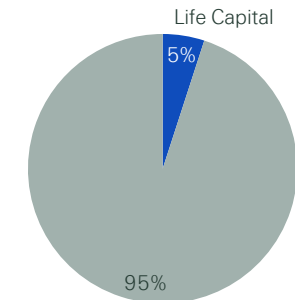
- ENW decreased mainly as a result of a dividend paid to Group following completion of sale of ReAssure to Phoenix and negative total contribution to ENW

- Increase in premiums and fees reflected growth of open book businesses, partially offset by new internal retrocession agreements in 2020 with L&H Re
- New business loss mainly driven by expenses incurred to support growth of open book businesses
- Previous years' business loss mainly driven by negative impact from ReAssure sale closing true-ups and underperformance in elipsLife
- Investment loss mainly driven by performance in ReAssure until completion of sale, partially offset by gains on the Phoenix shares post close

## ENW (USD m)



## Split of 2020 ENW



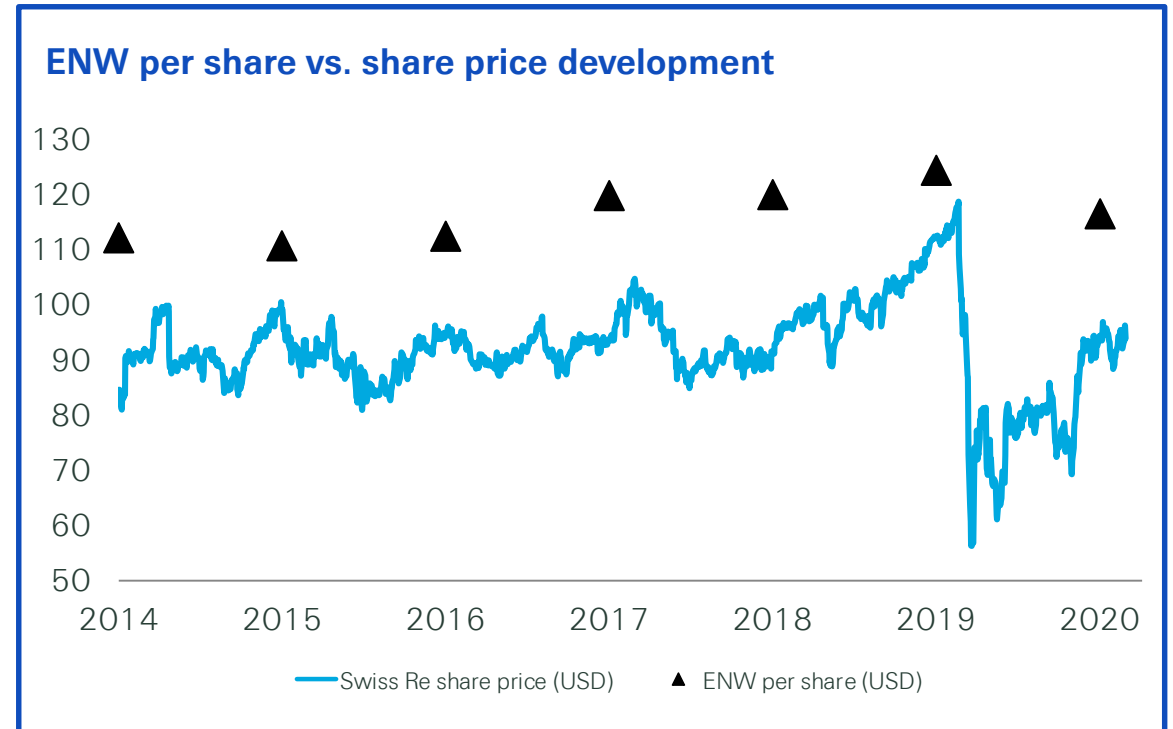
# Economic performance and solvency

- ▶ Economic performance 2020

- ▶ **Economic earnings over time**

- ▶ Economic solvency and capital generation

# Swiss Re's total shareholder return is best tracked by economic net worth (ENW) developments



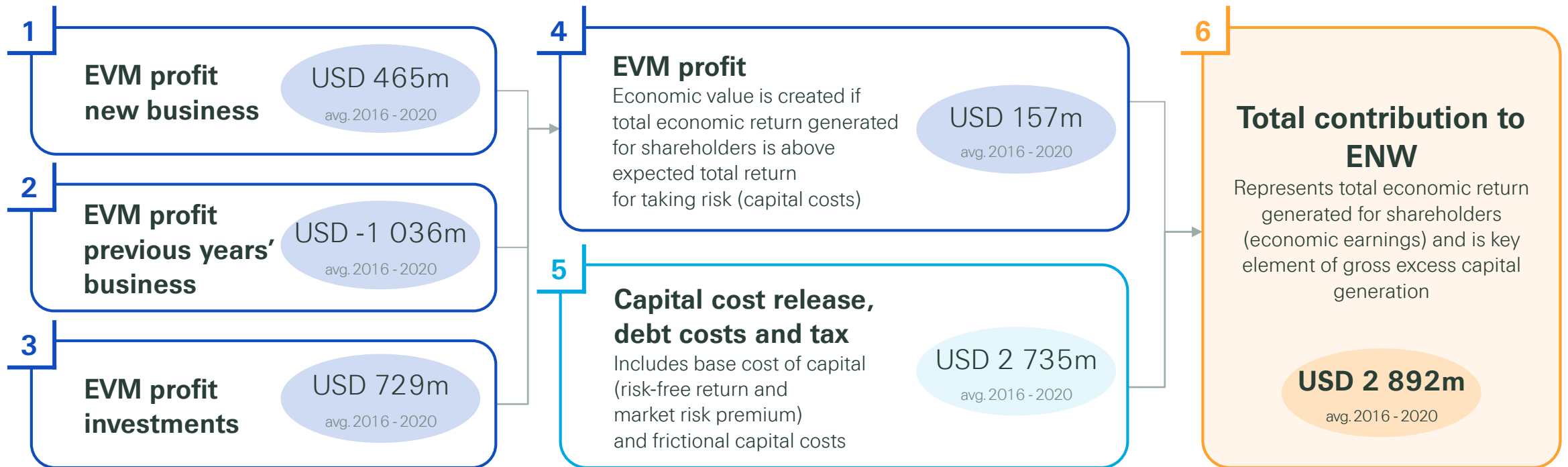
EVM results represent the market relevant information aligned with total return to shareholders

<sup>1</sup> Reflects share price development and dividends paid in USD; indexed at year-end 2006 and shown on a cumulative basis to 26 February 2021

<sup>2</sup> Calculated as: (current-year closing ENW per share + current-year dividends per share) / (prior-year closing ENW per share + current-year opening balance sheet adjustments per share); shown on a cumulative basis and indexed from 29 December 2006

# Swiss Re has generated attractive economic earnings over the last 5 years, despite significant headwinds

EVM figures excluding COVID-19 impact

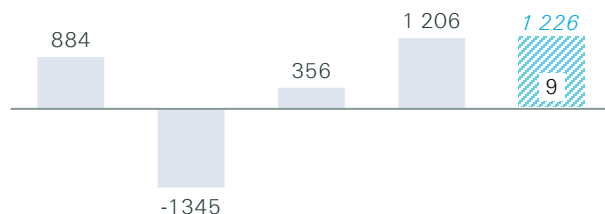


Total contribution to ENW forms the basis for Swiss Re's attractive capital management actions

# Excluding COVID-19-related losses, strong underlying business performance in 2020

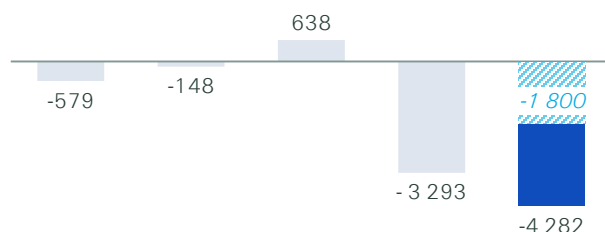
## 1 EVM profit – new business (USD m)

5-year avg. excl. COVID-19 impact



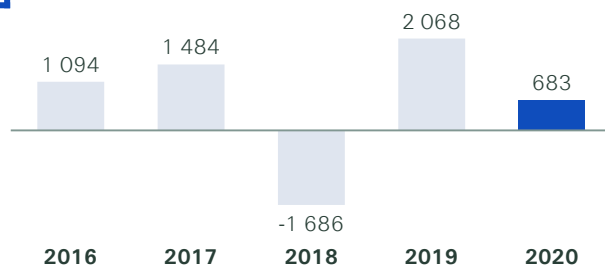
USD 465m  
avg. 2016 - 2020

## 2 EVM profit – previous years' business (USD m)



USD -1 036m  
avg. 2016 - 2020

## 3 EVM profit – investments (USD m)



USD 729m  
avg. 2016 - 2020

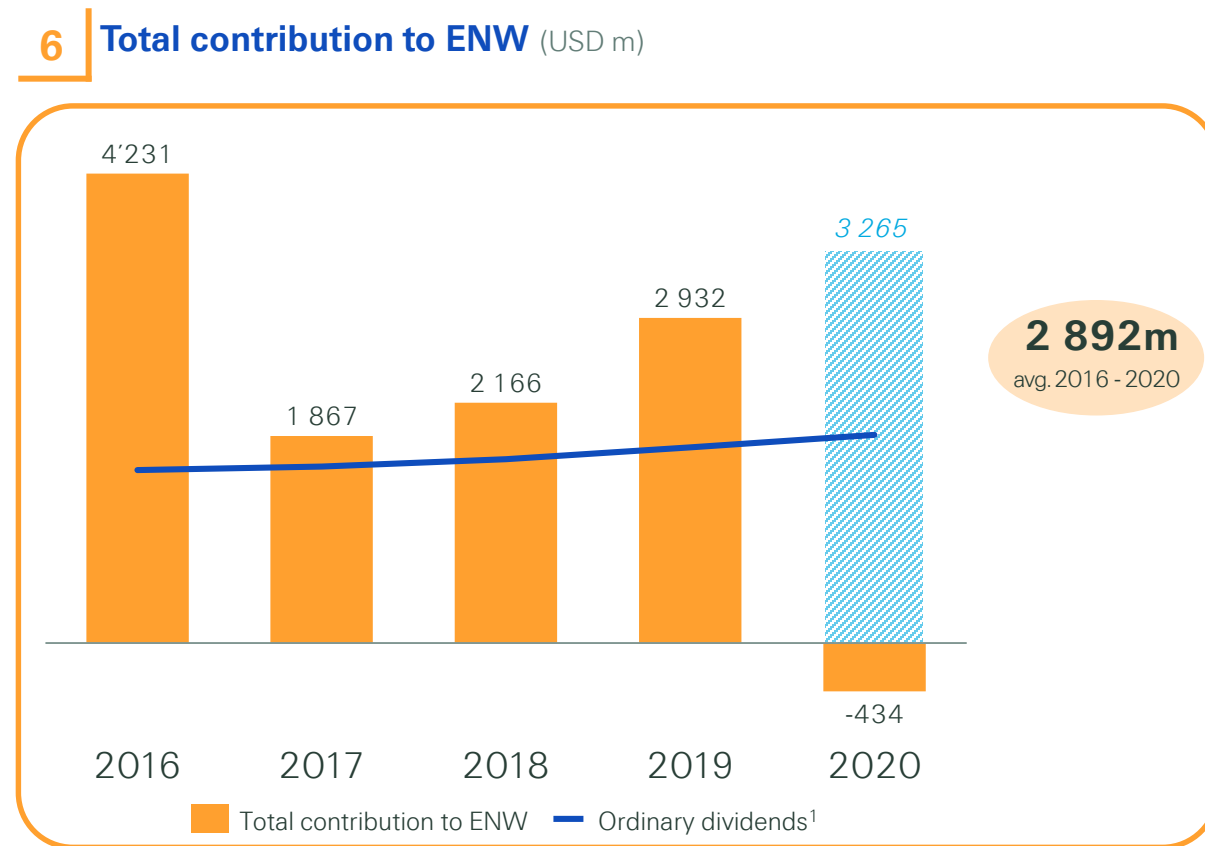
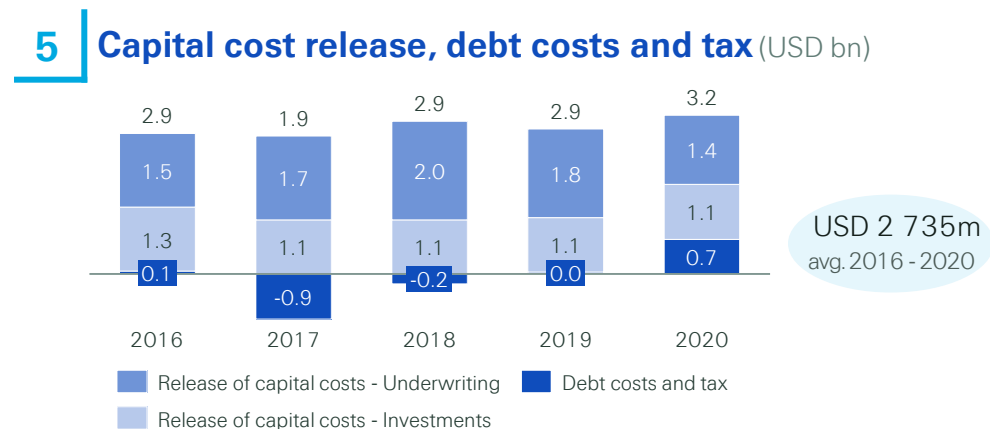
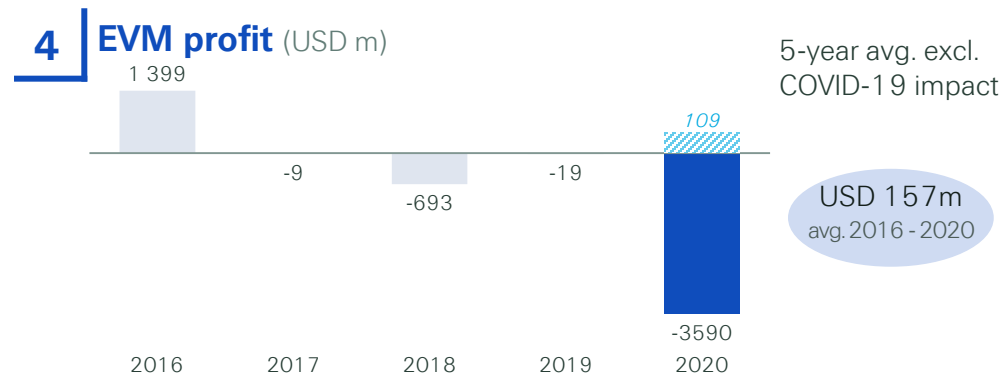
## 2020 highlights (excl. COVID-19 impact)

- P&C Reinsurance with strong contribution from nat cat and specialty
- L&H Reinsurance with strong transactional business growth in EMEA as well as life transactions in the Americas
- Corporate Solutions with strong underwriting performance

- >80% of negative impact driven by non-technical items (including capital costs) and the negative impact from ReAssure closing true-ups
- P&C Reinsurance impacted by large nat cat and man-made losses from previous contract years as well as reserve strengthening from the first half of 2020

- 2020 performance supported by favourable interest rate impacts on a net long duration position and strong real estate performance
- Principal Investments significantly contributed to the overall EVM profit

# Excluding COVID-19 losses, total contribution to ENW in 2020 well in excess of mid-term average



Average contribution to ENW (economic earnings) of USD 2.9bn supports resilient capital generation



# Economic performance and solvency

▶ Economic performance 2020

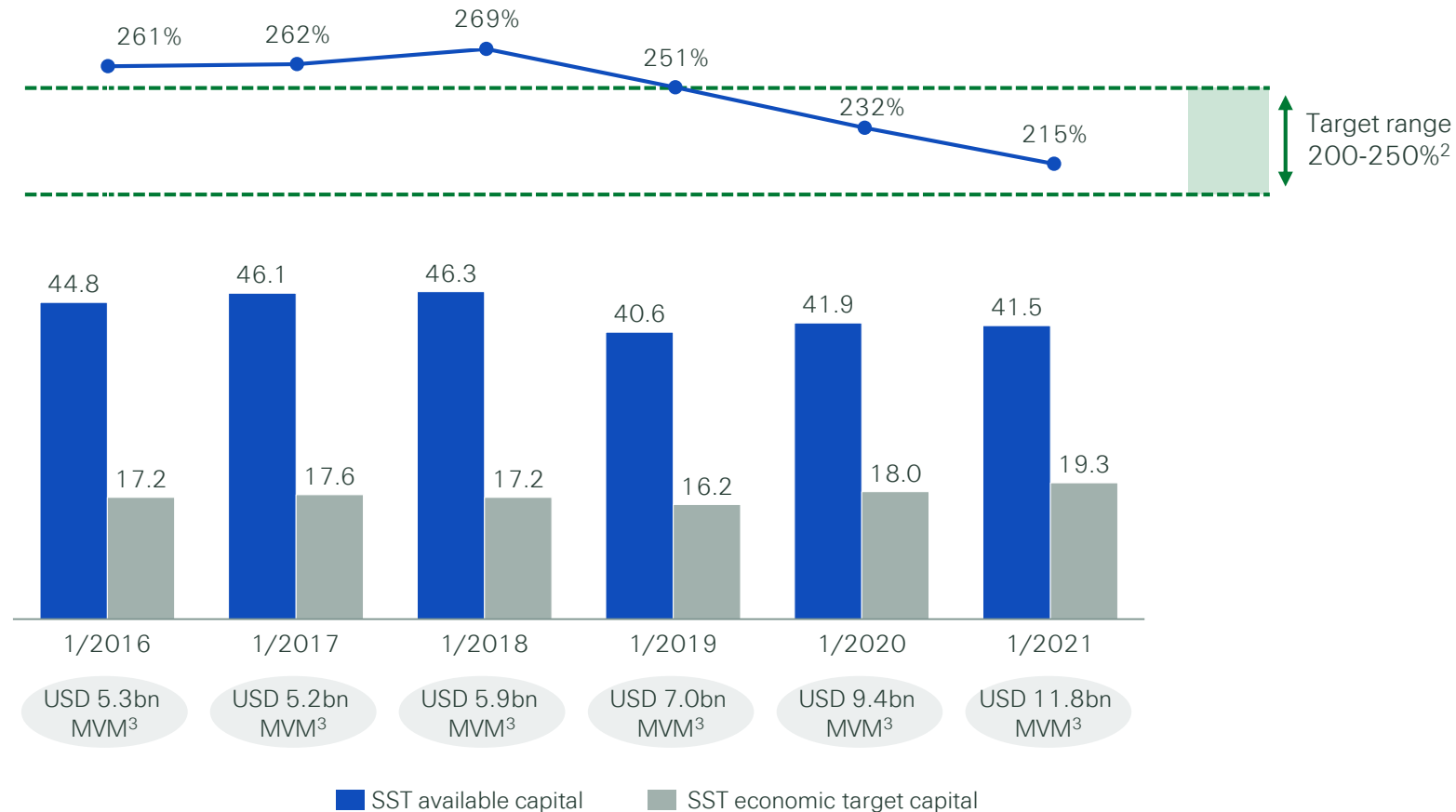
▶ Economic earnings over time

▶ **Economic solvency and capital generation**

# Swiss Re maintains a very strong Group capital position, with Group SST ratio within the newly established target range

## Group SST ratio<sup>1</sup> development

USD bn unless otherwise stated



- Despite the impact of COVID-19, the Group SST ratio remains very strong and within the target range of 200- 250%
- The decline of 17%pts was principally driven by COVID-19 losses and the the impact of lower interest rates and increased market volatilities on target capital

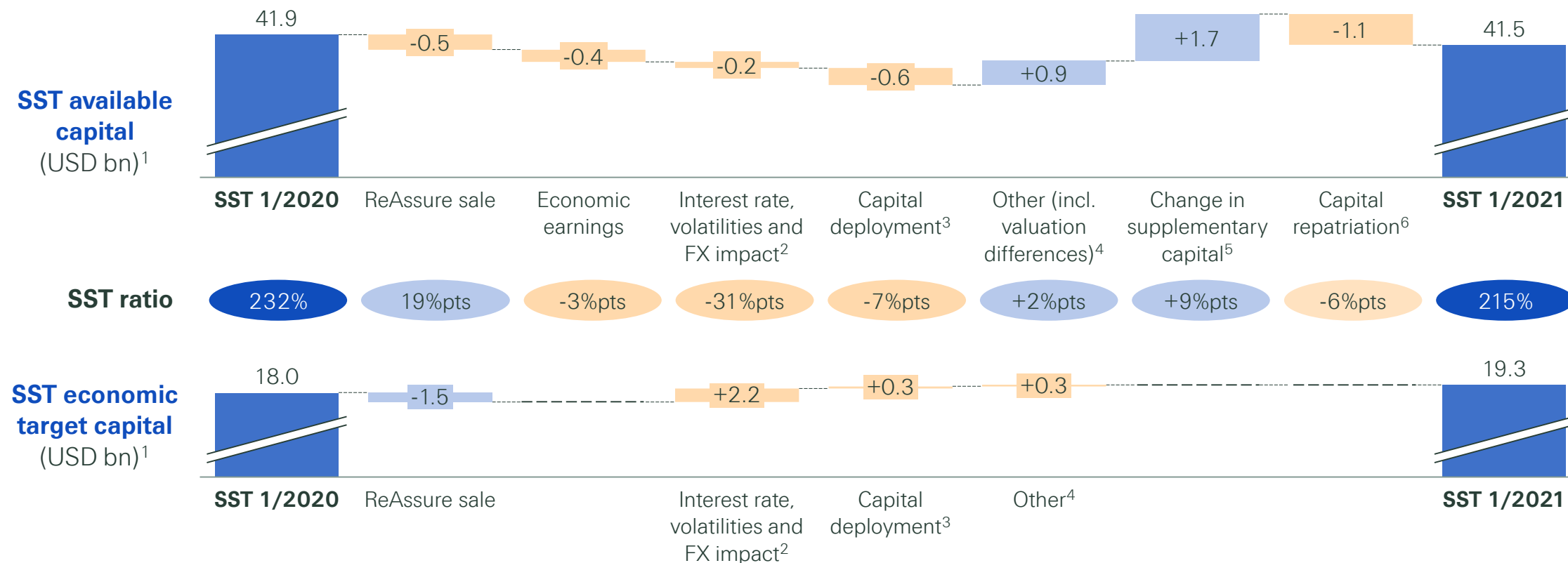
<sup>1</sup> Group SST ratio calculation: SST available capital / SST economic target capital = (SST risk-bearing capital – MVM) / (SST target capital – MVM)

<sup>2</sup> Group SST target range was introduced in 2021

<sup>3</sup> MVM = Market Value Margin = minimum cost of holding capital after the one-year SST period until the end of a potential run-off period

# Group SST capital generation impacted by COVID-19 and declining interest rates

## Group solvency capital generation in 2020



<sup>1</sup> SST available capital: SST risk bearing capital – MVM; SST economic target capital: SST target capital – MVM

<sup>2</sup> Foreign exchange impact on SST available capital and interest rate impact on valuation differences between EVM and SST; foreign exchange, interest rates and market volatilities impact on SST economic target capital

<sup>3</sup> SST available capital: change in MVM from business update; SST economic target capital: change in shortfall from business update and market moves, i.e., in credit spreads

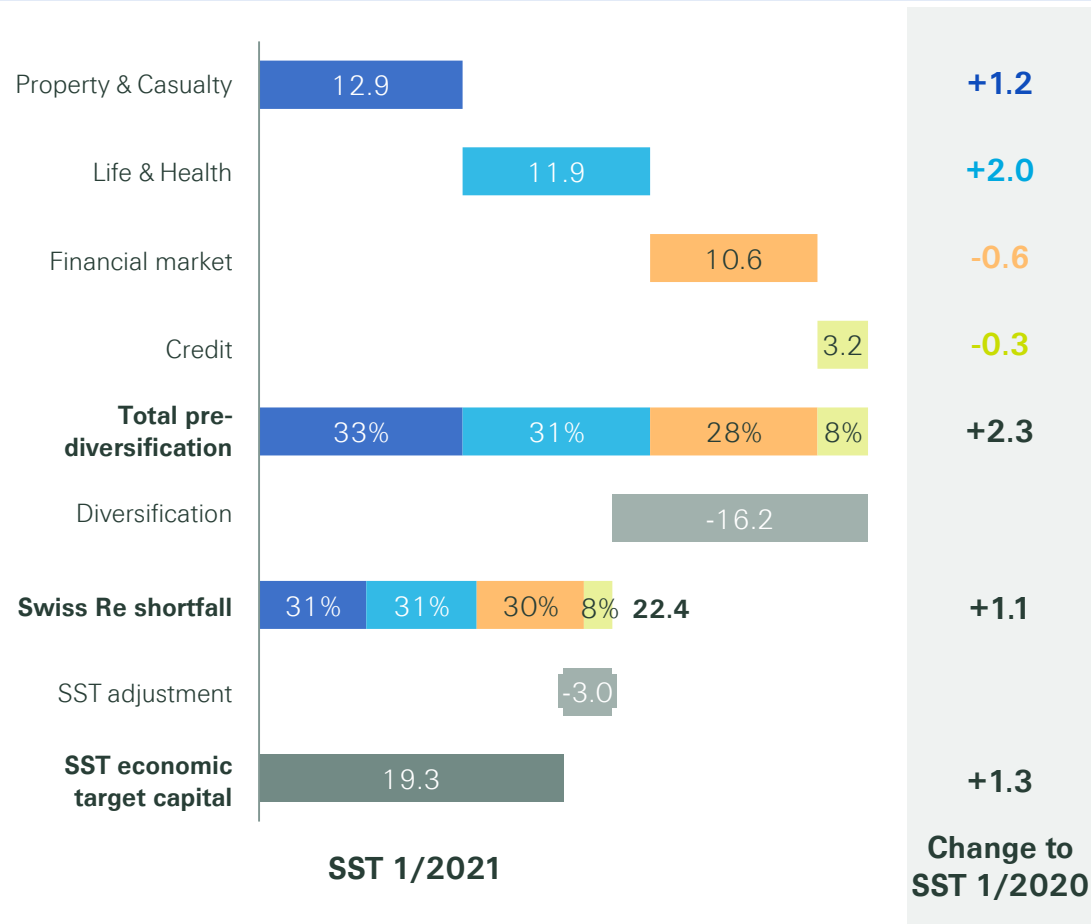
<sup>4</sup> Includes model and parameter changes

<sup>5</sup> Includes USD 1.2bn new issuances and USD 0.5bn market moves

<sup>6</sup> Includes proposed regular dividend of USD 1.9bn, less pro-rata share of proposed share buyback included in SST 1/2020 that was not executed of USD 0.8bn

# Swiss Re's risk profile is well diversified following the sale of ReAssure

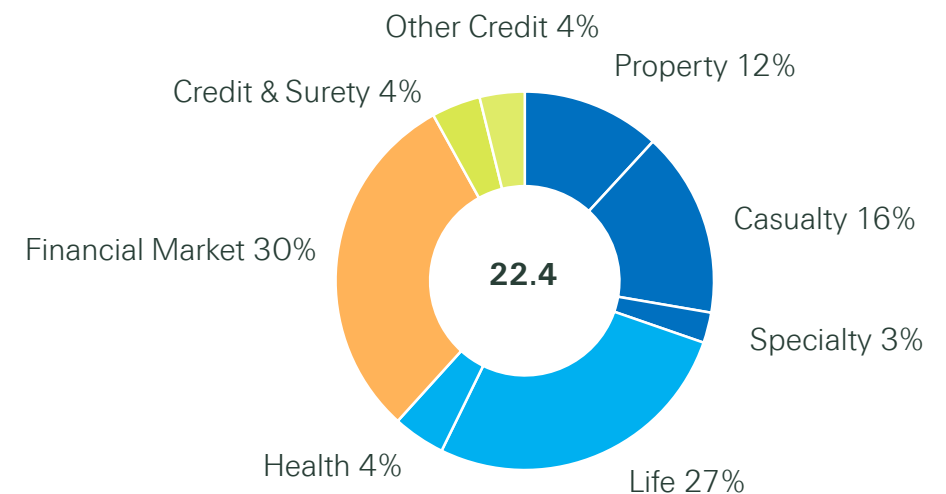
## Group SST economic target capital



- Increase in P&C risk mainly driven by assumption updates on inflation risk and higher reserving risk related to COVID-19 claims
- Increase in L&H risk mainly reflects business growth in Asia and the US, lower interest rates and the depreciation of the US dollar against major currencies
- Lower financial market and credit risks mainly due to sale of ReAssure, partly offset by the impact of higher financial market volatilities

## Swiss Re diversified shortfall by line of business

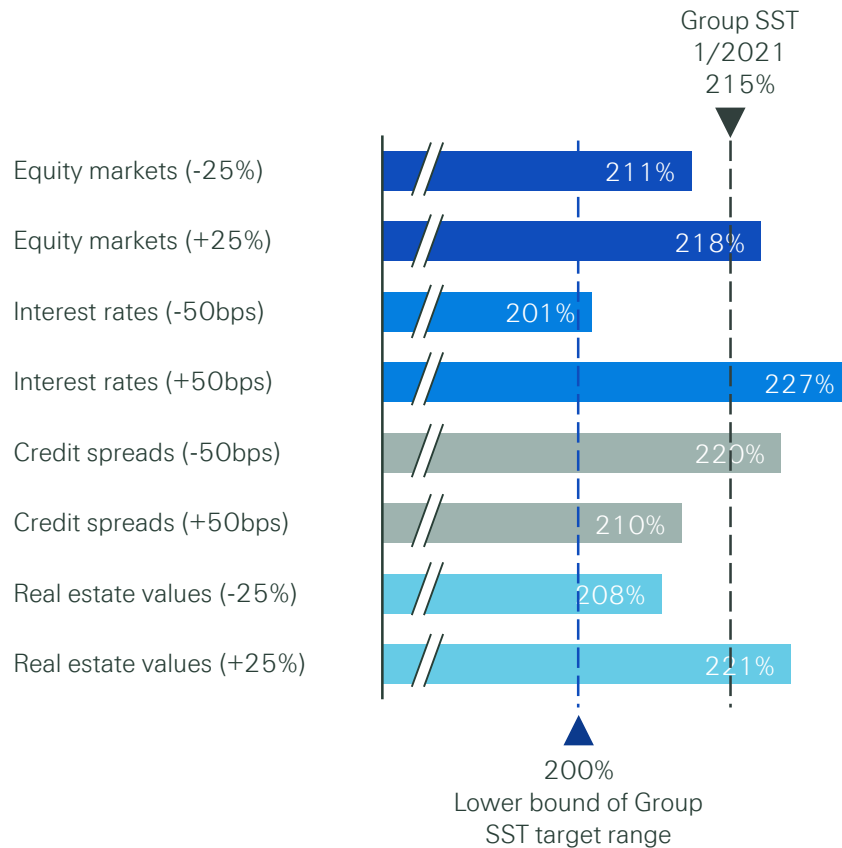
USD bn



# Capital strength is resilient to market volatility and large losses

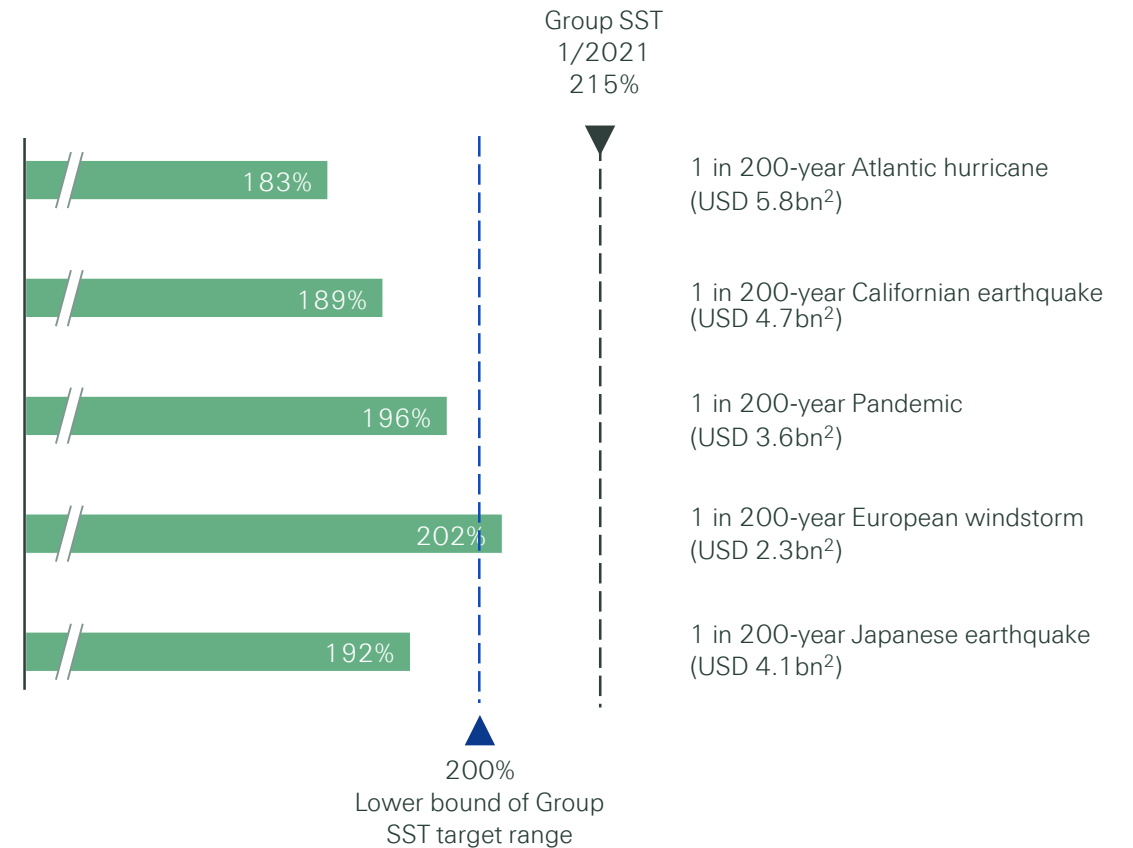
## Financial market sensitivities

Resulting estimated Group SST ratio 1/2021



## Insurance stresses

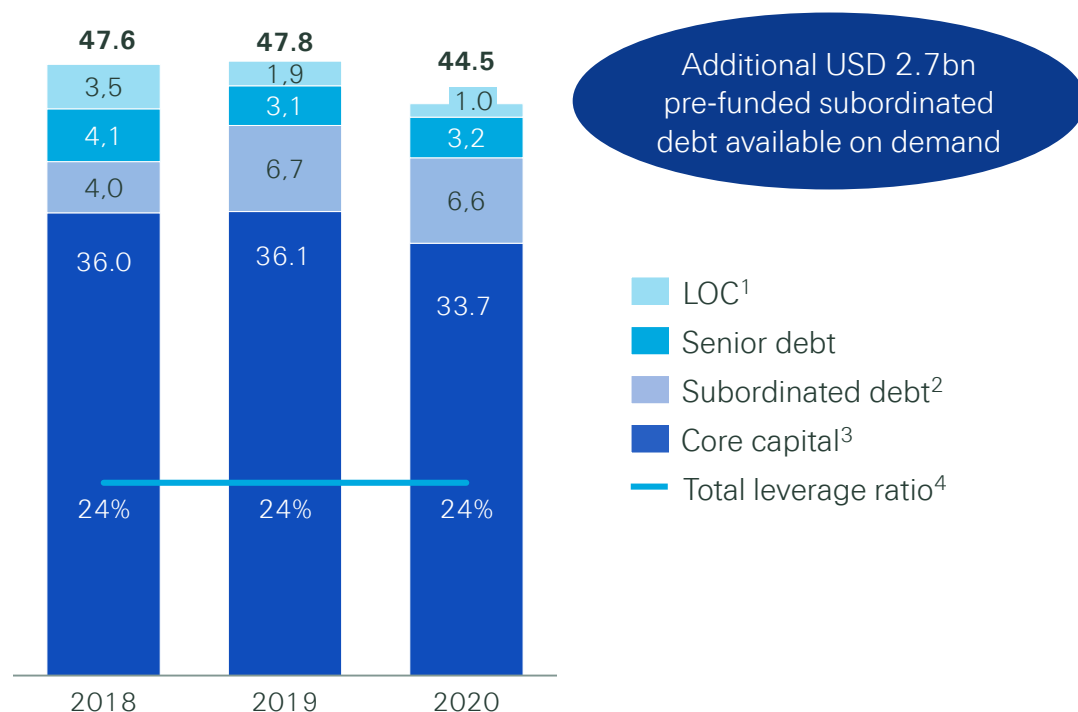
Resulting estimated Group SST ratio 1/2021<sup>1</sup>



# Swiss Re's dynamic capital structure provides significant financial flexibility

## Group available capital and leverage

USD bn



## Strong access to diversified funding sources

- Despite COVID-19 market turbulence, Swiss Re raised EUR 800m of subordinated debt to support growth opportunities
- Strategic issuance of SGD 350m of subordinated debt in June also highlights our ability to access diversified sources of funding

### Funding tool

Subordinated leverage

Senior leverage

### Outlook

Continued focus on optimising cost of capital and funding business growth

Focus on continued reduction

Continued focus on financial flexibility through our prudent approach to leverage and strong access to diversified funding sources

<sup>1</sup> Utilised unsecured LOC and related instruments

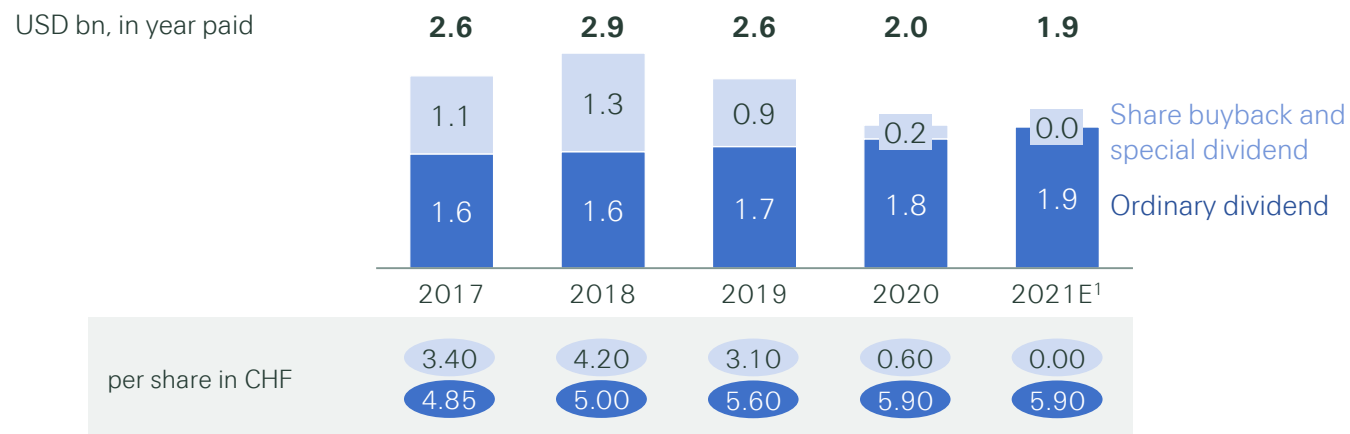
<sup>2</sup> Funded subordinated debt and contingent capital instruments, excluding non-recourse positions

<sup>3</sup> Core capital of Swiss Re Group is defined as economic net worth (ENW)

<sup>4</sup> Total on-balance sheet senior and subordinated debt and contingent capital, including drawn LOCs, divided by total capitalisation

# 2020 featured strong dividend flows to the Group

## Excellent track record of external capital repatriation

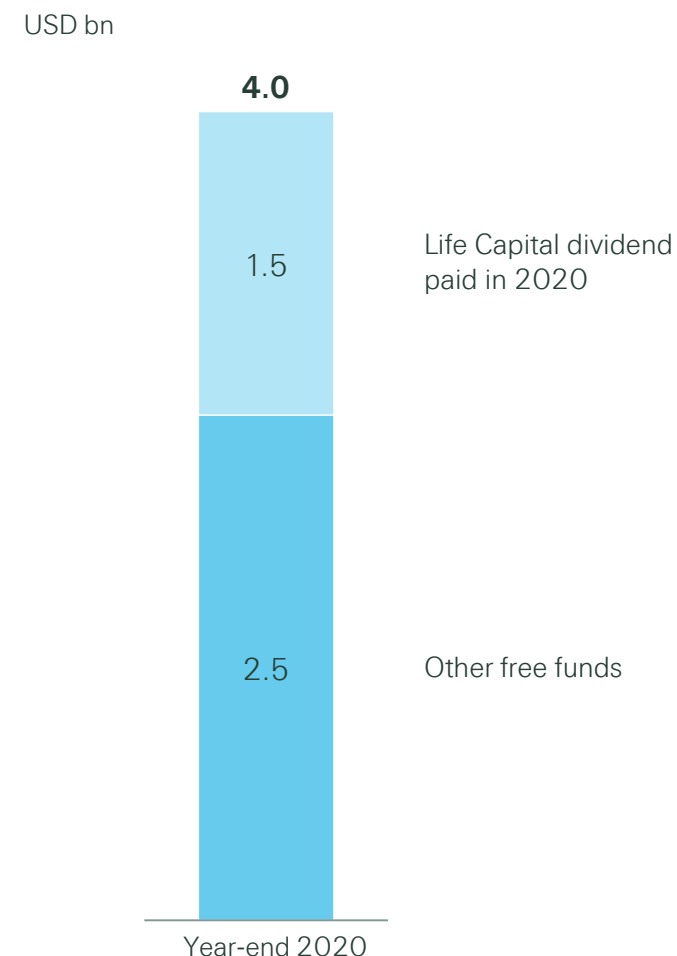


## Swiss Re

Internal dividend flows (USD bn, in year paid)



## Liquid funds at Group level



# Reserving update



# Reserving and underwriting actions, particularly on casualty, have led to increased reserving comfort

## Key messages

**Increased confidence:** greater overall confidence in reserving adequacy, supported by higher IBNR levels (including for casualty)

**Casualty reinsurance - new business:** underwriting actions focused on significantly improving profitability while allowing for further social inflation trends

**Corporate Solutions:** clear evidence of improved reserving experience following decisive actions taken

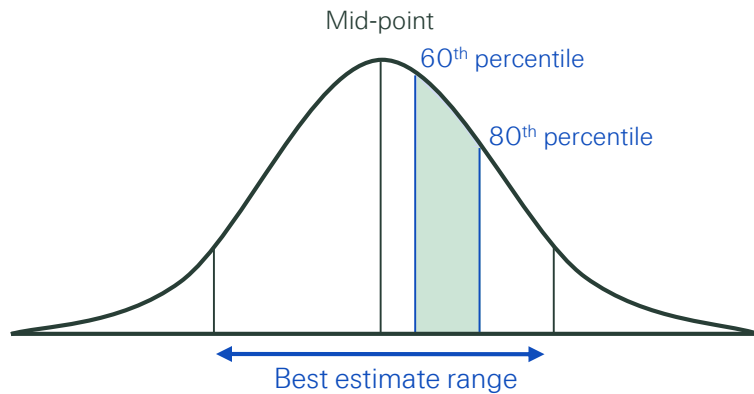
**COVID-19 reserves:** prudently booked, with high level of IBNR

# Strong overall level of reserving comfort across the board



# Group P&C reserves are well-diversified and overall remain in the upper half of the best estimate range

## Group reserves positioned on upper half of best estimate range

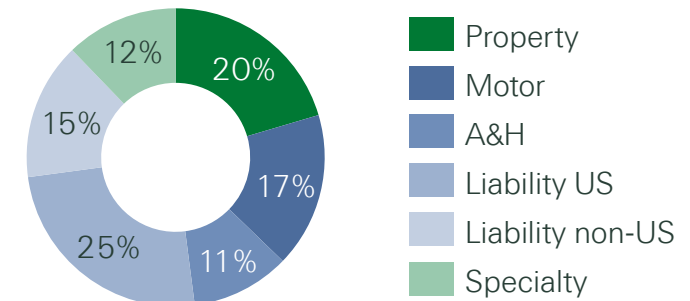


Booked reserves remain positioned within the 60-80<sup>th</sup> percentile, with more conservative assumptions compared to 2019

## Resilient, large and diversified P&C reserve book

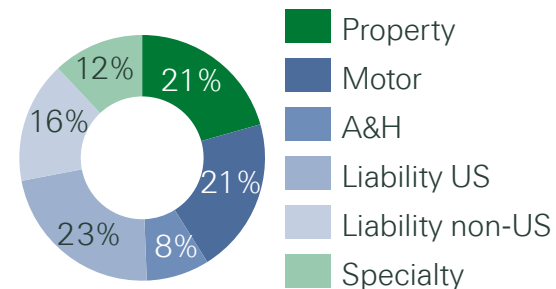
### 2020 total Swiss Re Group P&C reserves<sup>1</sup>

USD 62.3bn



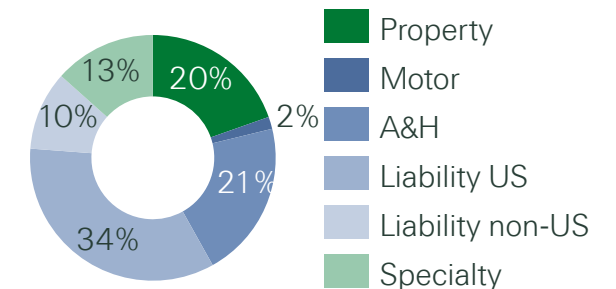
### P&C Reinsurance<sup>2</sup>

USD 50.1bn



### Corporate Solutions<sup>2</sup>

USD 12.2bn

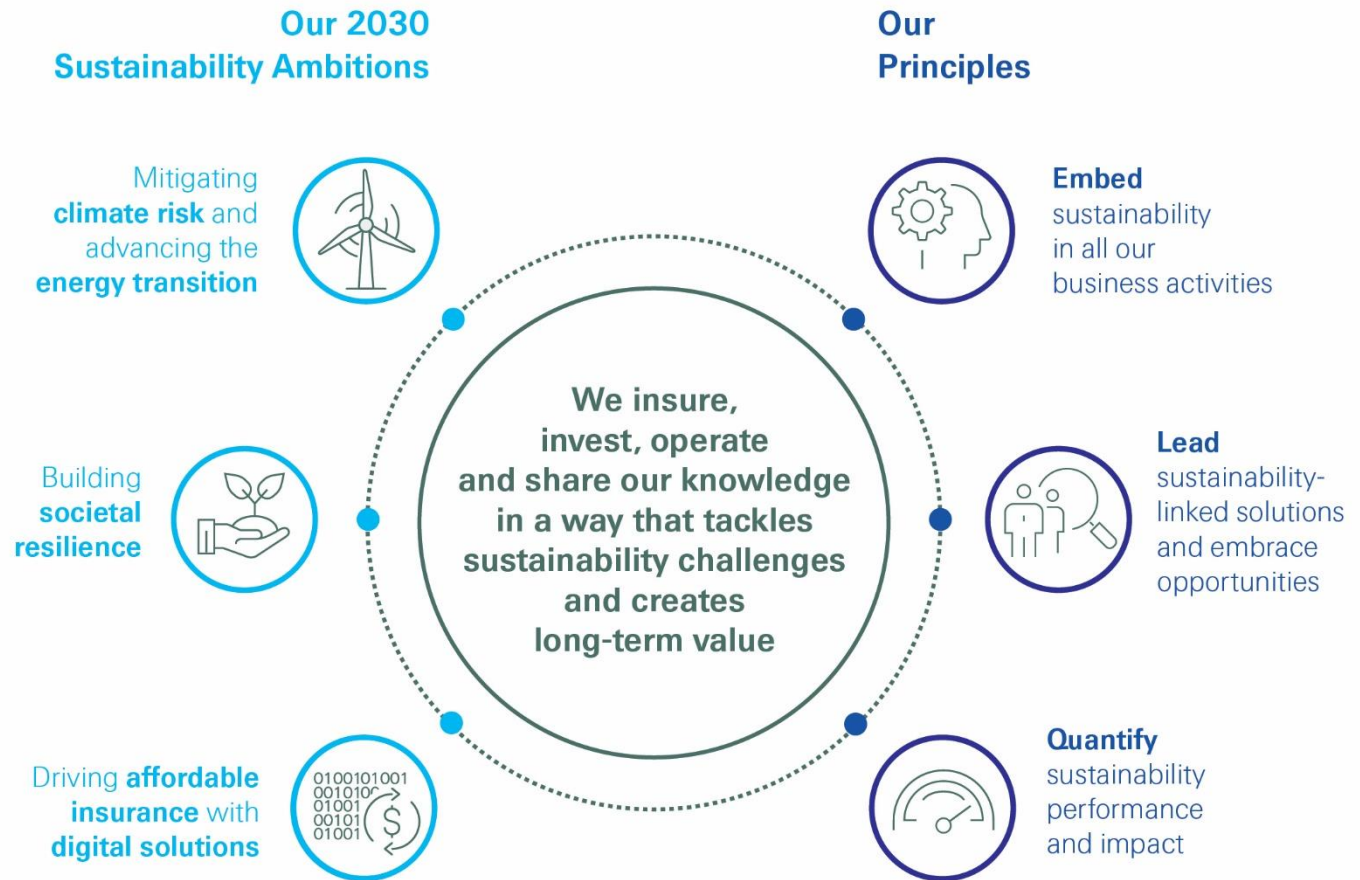


# Sustainability highlights

# We continue to implement our Group Sustainability Strategy

Our **Group Sustainability Strategy** guides us in identifying what is most material

Through this, we aim to reinforce our efforts to make the **world more resilient and sustainable**



# Sustainability in underwriting: key actions in 2020

## Carbon steering mechanism further advanced



**Thermal coal:** policy complemented with a treaty approach, introducing stricter coal exposure thresholds from 2023 onwards. Phase-out of thermal coal risks in OECD countries by 2030, and in the rest of the world by 2040



**Oil and gas:** policy revised in 2020 with a gradual shift away from the 5% most carbon-intensive oil and gas production by 2021, and the 10% most carbon-intensive by 2023



**Carbon footprinting:** successful carbon footprinting of direct insurance book in 2020. Weighted average carbon intensity is 120 tonnes CO<sub>2</sub>e<sup>1</sup>/USDm revenue

## 2020 achievements

Total amount of climate protection offered to (sub-)sovereigns

**USD 10.7bn**

Wind and solar farms insured

**>5 600**

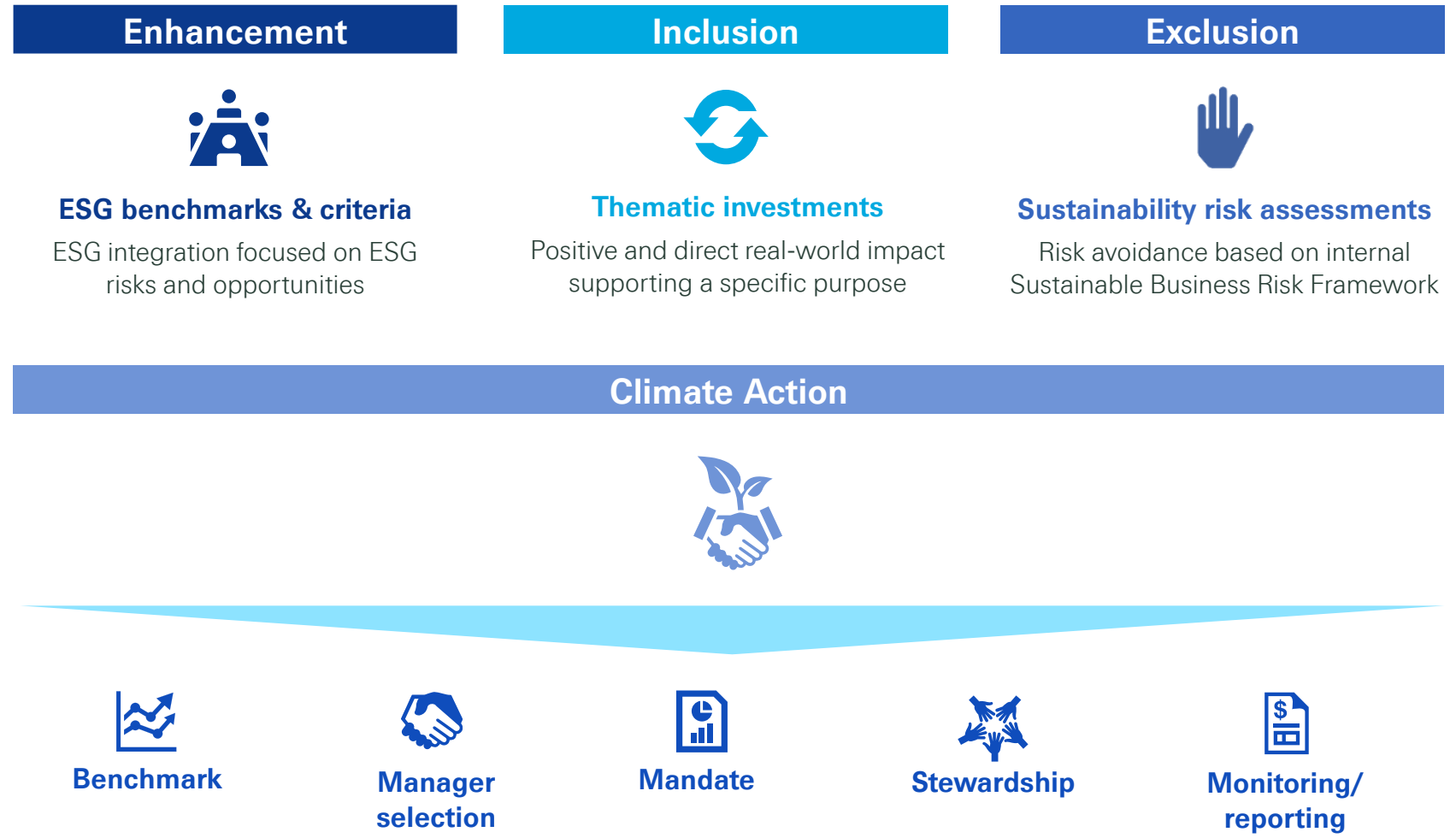
Dialogue engagements with clients on thermal coal

**>400**

# Sustainability in investments: built on three cornerstones...

We integrate Environmental, Social, and Governance (ESG) criteria along our investment process aiming to generate higher risk-adjusted returns over the long term

~ **100%**  
assets considering  
ESG criteria



# ... we focus on climate action and set associated targets

## Climate Action



### Set targets, take actions, measure & report

Enable the transition to a net-zero emission economy and mitigate climate related risks

#### Set targets<sup>1</sup>



Set targets to achieve net-zero<sup>2</sup> by 2050

#### Take actions



Actively manage climate risk & support real economy transition

#### Measure



Measure & monitor trajectory towards net-zero

#### Report



Inform share- & stakeholders transparently

## Targets by 2025

Carbon intensity reduction<sup>3</sup>

**-35%**

Renewable & social infrastructure

**USD +750m**

Green, social & sustainability bonds

**USD 4bn**

Investee company engagement in alignment with

**1.5°C**

<sup>1</sup> In alignment with the Net-Zero Asset Owner Alliance Target Setting Protocol

<sup>2</sup> Net-zero refers to net-zero greenhouse gas emissions in the investment portfolio

<sup>3</sup> Target for listed equities & corporate bonds relative to YE 2018



# Sustainability in own operations: setting sail on our journey to net-zero

We are committed to net-zero operational emissions by 2030: *“Do our best, remove the rest”*



## 100% of our power from renewable sources

- Co-founded the RE100 Initiative together with IKEA in 2014
- Reached our own RE100 target (100% renewable power) in 2020
- Partnered with Apple, Akamai and Etsy to source impactful green power through a Virtual Power Purchase Agreement (VPPA)



## 30% flight CO<sub>2</sub> reduction target<sup>1</sup>

- Building on remote collaboration imposed by COVID-19 restrictions, we aim to prevent flight activity from going back to ‘normal’
- Introduced Group-wide 30% CO<sub>2</sub> reduction target for air travel in 2021
- Do our best: the new target supports our efforts to reduce our own carbon footprint



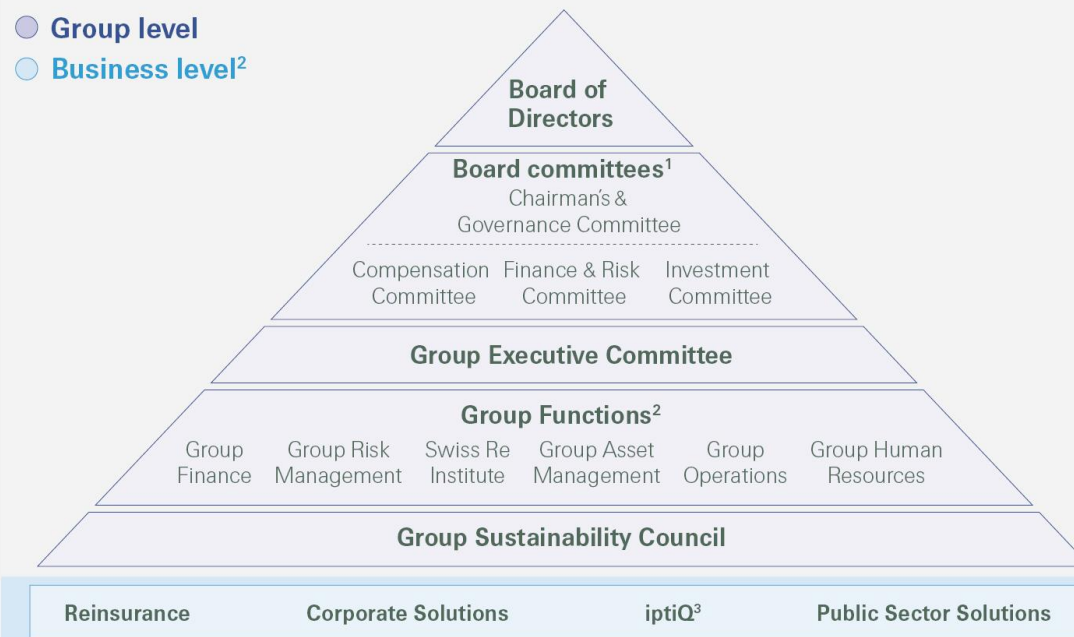
## First multinational company to introduce triple-digit real carbon levy<sup>2</sup>

- New Carbon Steering Levy set to USD 100/tonne CO<sub>2</sub> in 2021 and will gradually increase to USD 200/tonne CO<sub>2</sub> by 2030
- Further incentivises emission reductions within operations
- Remove the rest: the levy generates funding to compensate residual emissions via carbon removal

# Sustainability governance: strengthened through linking sustainability targets to compensation

- Swiss Re has a well-defined **governance framework** to define, implement and monitor our **Group Sustainability Strategy**
- In 2020, we included sustainability-related key performance indicators (KPIs) and performance targets in the **compensation framework** (Group API pool funding process), applicable to the whole Group, including the Group Executive Committee
- At year end, the Group Business Units and Group Functions report on their performance against the targets, and the outcome is considered in the Group API pool funding process
- Whilst the 2020 KPIs were mostly **qualitative** in nature, 2021 KPIs are **quantitative**
- The **Group Sustainability Council** (GSC), composed of Group EC members and further senior management representatives, reviews the annual sustainability assessment

## Swiss Re's sustainability and climate-related governance



<sup>1</sup> Only those Board committees with allocated responsibilities related to sustainability and climate change listed.

<sup>2</sup> Dedicated sustainability and climate change roles, networks and/or committees in all Group Functions and on Business level.

<sup>3</sup> The iptiQ Division has been in place since 1 January 2021. The Business Unit Life Capital was disbanded at the end of December 2020.

# Swiss Re continues to progress as a sustainability leader

## What lies ahead:

### Sustainability in underwriting

- Quantify and grow sustainability opportunities
- Continue to build lasting partnerships to develop scalable solutions addressing sustainability challenges

### Sustainability Risks

- Further enhance Sustainable Business Risk (SBR) Framework
- Include quantitative ESG risk assessments for insurance underwriting in SBR process

### Responsible Investing

- Progress on 2025 targets and climate action plan
- Continued optimisation of ESG considerations to further improve risk-adjusted returns

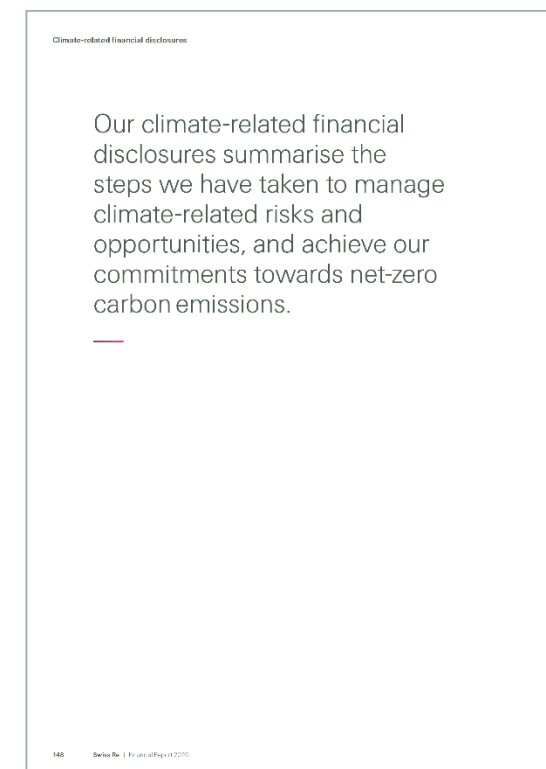
### Targets and metrics

- Roll-out of internal carbon levy and travel reduction strategy
- Continue journey on net-zero CO<sub>2</sub> ambitions (operations by 2030, Asset and Liability side by 2050)

## Find out more:



Swiss Re's 2020 Sustainability Report



TCFD<sup>1</sup> disclosures in Swiss Re's Annual Report

# Appendix

# EVM segmental income statement FY 2020

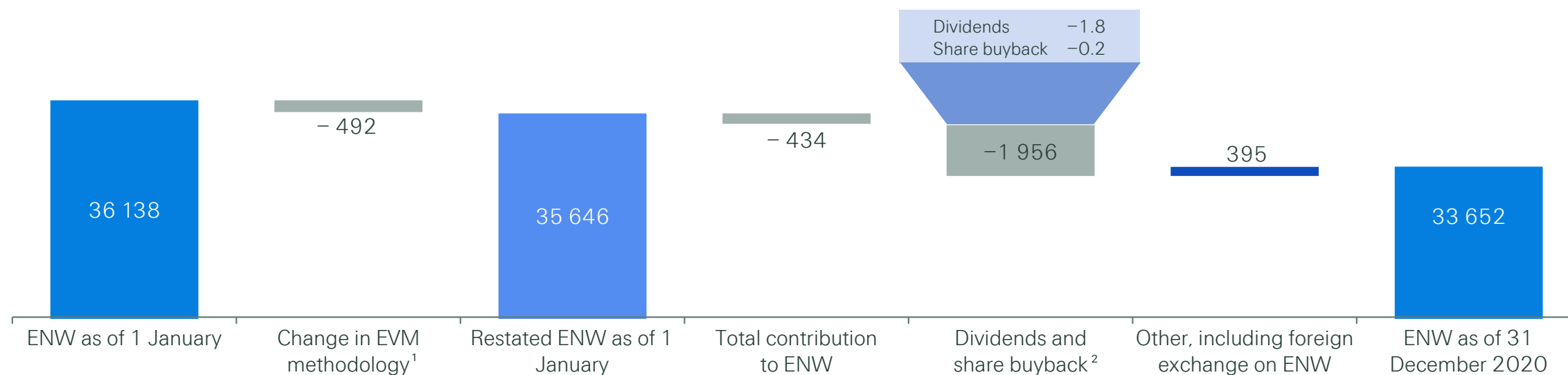
USD m	Reinsurance	P&C Re	L&H Re Corporate Solutions	Life Capital	Group items	Total FY 2020	Total FY 2019	
<b>Underwriting result</b>								
Gross premiums and fees	53 607	23 853	29 754	4 604	3 089	0	60 449	58 325
Premiums and fees	52 451	22 886	29 565	3 767	2 423	0	58 641	57 120
Claims and benefits	-39 210	-15 749	-23 461	-2 399	-1 878	0	-43 488	-40 913
Commissions	-7 973	-5 595	-2 377	-506	-348	0	-8 827	-9 536
Other	1	14	-13	-34	-3	-8	-44	452
<b>Gross underwriting result – new business</b>	<b>5 269</b>	<b>1 555</b>	<b>3 714</b>	<b>828</b>	<b>193</b>	<b>-8</b>	<b>6 282</b>	<b>7 123</b>
Expenses	-2 310	-1 397	-912	-814	-418	-189	-3 731	-3 639
<b>Net underwriting result – new business</b>	<b>2 960</b>	<b>158</b>	<b>2 802</b>	<b>13</b>	<b>-225</b>	<b>-197</b>	<b>2 551</b>	<b>3 485</b>
Taxes	-693	-133	-559	-7	48	79	-573	-607
Capital costs	-1 654	-458	-1 197	-104	-91	-120	-1 970	-1 672
<b>EVM profit – new business</b>	<b>613</b>	<b>-433</b>	<b>1 046</b>	<b>-98</b>	<b>-268</b>	<b>-238</b>	<b>9</b>	<b>1 206</b>
<b>EVM profit – previous years' business</b>	<b>-3 256</b>	<b>-1 451</b>	<b>-1 804</b>	<b>-624</b>	<b>-233</b>	<b>-169</b>	<b>-4 282</b>	<b>-3 293</b>
<b>EVM profit – underwriting</b>	<b>-2 643</b>	<b>-1 884</b>	<b>-758</b>	<b>-723</b>	<b>-501</b>	<b>-407</b>	<b>-4 274</b>	<b>-2 087</b>
<b>Investment result</b>								
Mark-to-market investment result	5 654	2 763	2 891	371	1 694	690	8 409	9 565
Benchmark investment result	-4 203	-2 331	-1 872	-314	-1 572	-54	-6 143	-5 645
<b>Gross outperformance (underperformance)</b>	<b>1 451</b>	<b>432</b>	<b>1 019</b>	<b>57</b>	<b>122</b>	<b>636</b>	<b>2 265</b>	<b>3 920</b>
Other	102	73	29	11	9	1	123	117
Expenses	-166	-99	-68	-15	-30	-29	-241	-249
<b>Net outperformance (underperformance)</b>	<b>1 387</b>	<b>405</b>	<b>981</b>	<b>53</b>	<b>101</b>	<b>607</b>	<b>2 147</b>	<b>3 788</b>
Taxes	-300	-97	-202	-10	-21	-138	-469	-810
Capital costs	-627	-399	-228	-25	-89	-253	-994	-910
<b>EVM profit – investments</b>	<b>460</b>	<b>-91</b>	<b>551</b>	<b>17</b>	<b>-10</b>	<b>216</b>	<b>683</b>	<b>2 068</b>
<b>EVM profit</b>	<b>-2 182</b>	<b>-1 975</b>	<b>-207</b>	<b>-706</b>	<b>-511</b>	<b>-191</b>	<b>-3 590</b>	<b>-19</b>
Cost of debt	-111	-40	-71	37	-41	-144	-259	-841
Release of current year capital costs	1 680	854	826	137	237	389	2 443	2 911
Additional taxes	720	447	273	19	12	221	972	881
<b>Total contribution to ENW</b>	<b>106</b>	<b>-714</b>	<b>820</b>	<b>-513</b>	<b>-302</b>	<b>276</b>	<b>-434</b>	<b>2 932</b>

# EVM segmental balance sheet FY 2020

USD m	Reinsurance	P&C Re	L&H Re	Corporate Solutions	Life Capital	Group items	Consolidation	Total FY 2020	Total FY 2019
<b>Assets</b>									
Investments	114 487	72 541	41 946	9 119	4 707	8 230	-12 943	123 601	155 013
Cash and cash equivalents	4 566	2 941	1 625	546	294	53	0	5 458	9 611
In-force business assets	301 400	20 967	280 433	2 567	15 486	177	-1 189	318 440	266 327
Retrocession assets	24 461	2 589	21 872	7 179	636	0	-5 428	26 848	26 072
Other assets	10 435	5 694	4 741	858	822	4 223	-13 520	2 818	3 457
<b>Total assets</b>	<b>455 348</b>	<b>104 732</b>	<b>350 616</b>	<b>20 268</b>	<b>21 945</b>	<b>12 683</b>	<b>-33 080</b>	<b>477 165</b>	<b>460 480</b>
<b>Liabilities</b>									
In-force business liabilities	353 898	73 095	280 803	16 528	18 465	1 084	-5 834	384 141	369 967
Retrocession liabilities	21 286	919	20 367	870	535	0	-790	21 900	19 752
Provision for capital costs	11 229	1 206	10 022	207	361	5	0	11 800	9 850
Future income tax liabilities	4 235	-886	5 121	-425	110	-411	0	3 510	4 203
Debt	22 126	5 774	16 353	538	66	2 688	-10 602	14 817	13 718
Other liabilities	19 301	15 872	3 428	457	606	2 836	-15 854	7 345	6 852
<b>Total liabilities</b>	<b>432 074</b>	<b>95 981</b>	<b>336 094</b>	<b>18 175</b>	<b>20 142</b>	<b>6 202</b>	<b>-33 080</b>	<b>443 513</b>	<b>424 342</b>
<b>Economic net worth</b>	<b>23 274</b>	<b>8 751</b>	<b>14 522</b>	<b>2 093</b>	<b>1 803</b>	<b>6 481</b>	<b>0</b>	<b>33 652</b>	<b>36 138</b>
<b>Total liabilities and economic net worth</b>	<b>455 348</b>	<b>104 732</b>	<b>350 616</b>	<b>20 268</b>	<b>21 945</b>	<b>12 683</b>	<b>-33 080</b>	<b>477 165</b>	<b>460 480</b>

# Development of Economic Net Worth

USD m

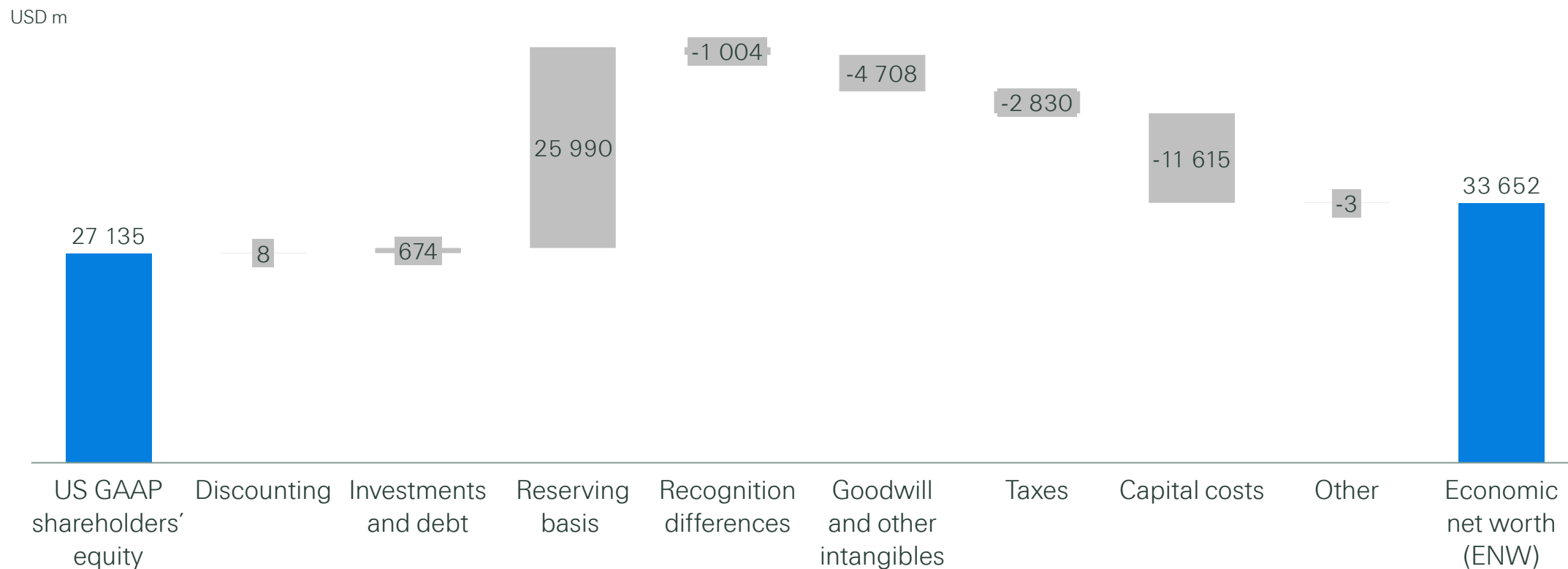


- Lower ENW due to capital returned to shareholders and negative total contribution to ENW

<sup>1</sup> The Group decided to adopt an intensity-based approach for modelling EVM capital of underwriting activities. The impact of the change in EVM methodology was recorded as an adjustment to the opening balance of 2020 ENW

<sup>2</sup> Includes USD -191m from the share buyback programme announced in 2019 and completed on 18 February 2020

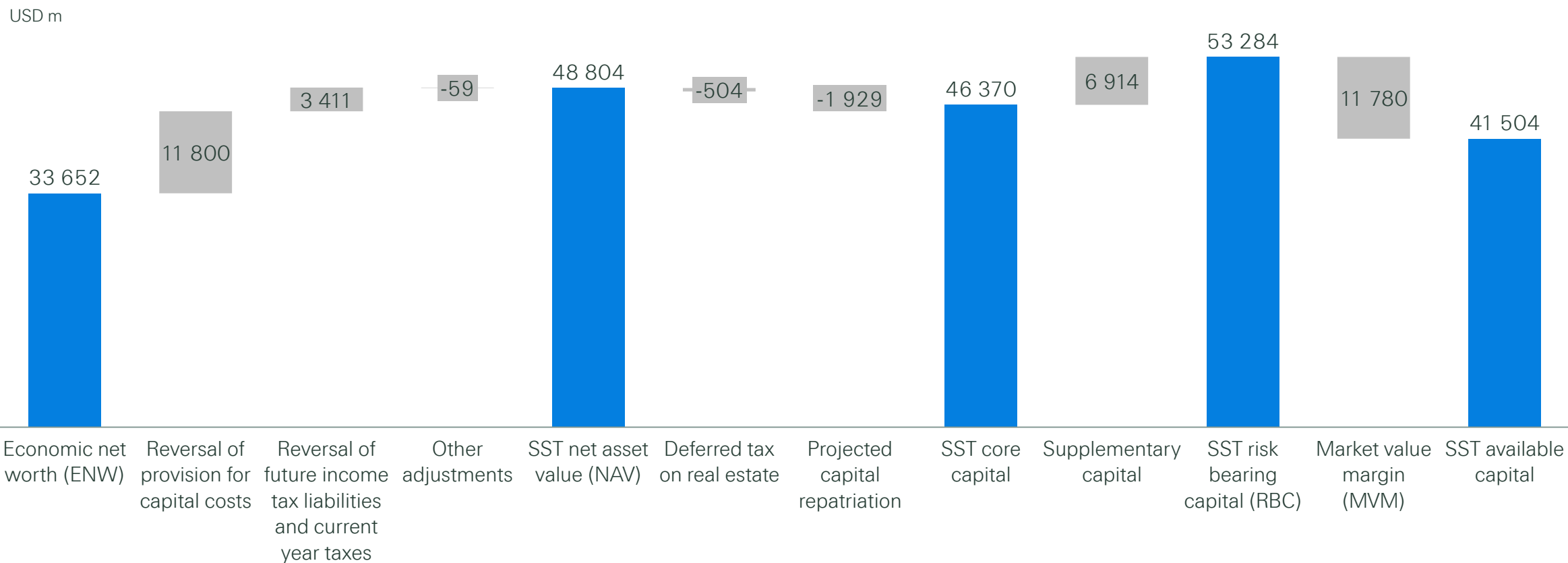
# Reconciliation of US GAAP shareholders' equity to ENW



- Main variance represents the valuation of liabilities, especially for L&H Reinsurance



# Reconciliation of ENW to SST available capital



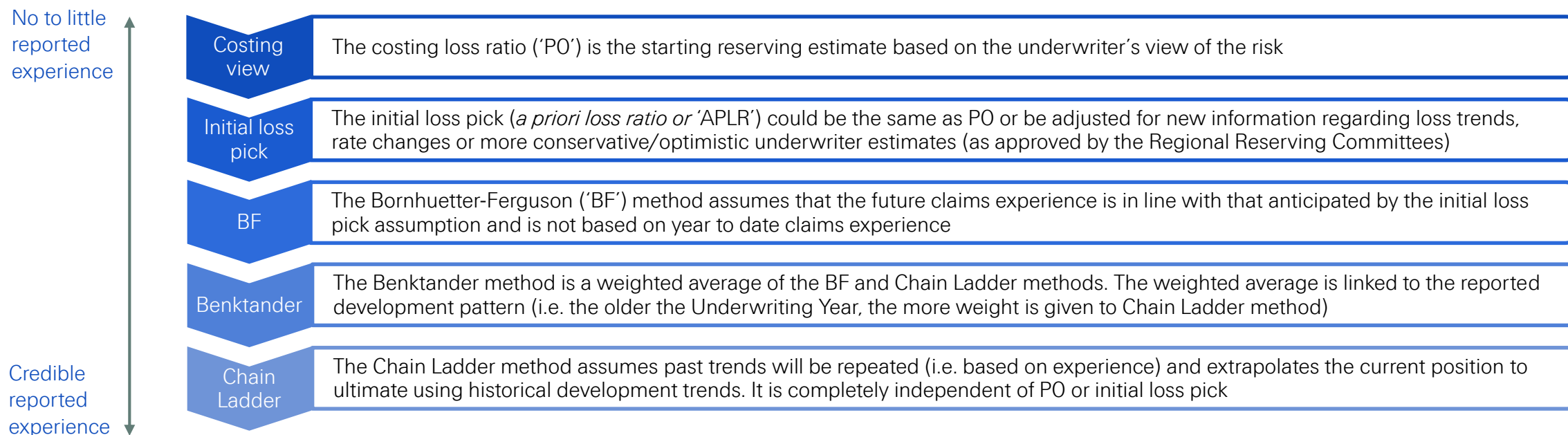
- Main adjustments involve reversal of EVM capital costs not relevant for SST capital, as well as projected capital repatriation, supplementary capital and the market value margin (MVM)

# Swiss Re's reserve setting and governance process remains robust, with several layers of oversight



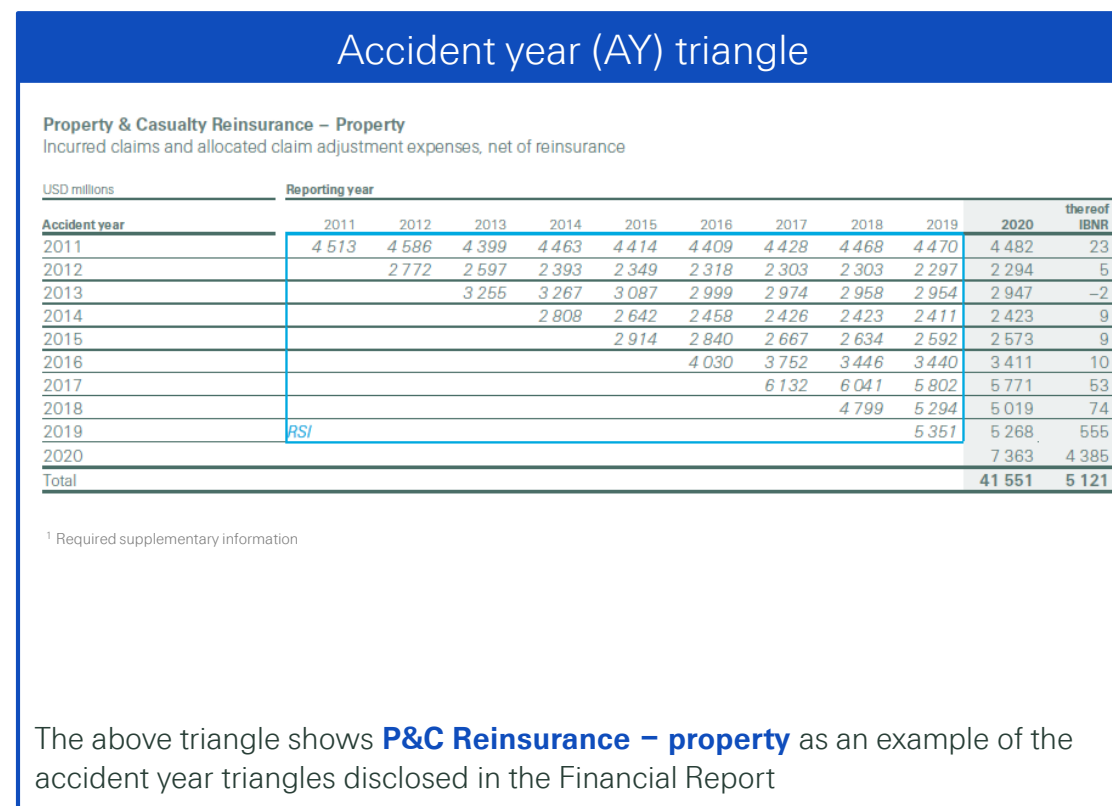
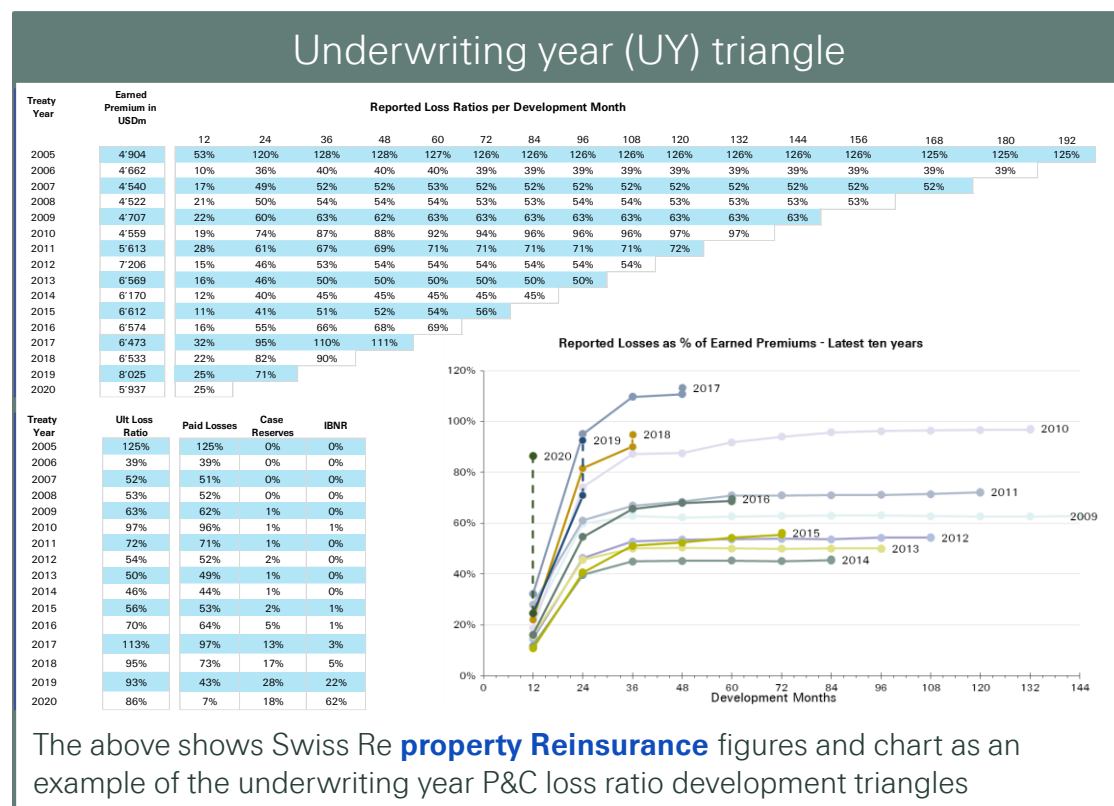
- Reserving approach starts with initial costing view provided by underwriting; which may be challenged based on actuarial analysis
- In-depth initial loss pick reviews are regularly conducted (usually during the last quarter of the year), leading to potential movements in reserves
- Qualitative information feeds into reserving process via constant dialogue between reserving, underwriting/pricing and claims management

# P&C reserving methods



- P&C reserving indications, particularly for long-tail lines, are generally a blend of the initial costing loss ratio and actual reported experience, with more weighting given to experience over time
- Reserving for **non-traditional** business, such as retroactive deals, is carried out on a deal-by-deal basis according to each deal's specifications
- For **large events**, which are sudden and unexpected, a separate process combines all the relevant expertise in estimating the ultimate loss
- Reserving for claims subject to **periodic payments** depending on survival, eg workers' comp or motor liability, is performed separately
- Reserving for **asbestos and environmental** (A&E) claims is based on benchmarks which are reassessed annually

# Underwriting year triangles disclosed online and accident year triangles disclosed in the Financial Report



- UY triangle is the basis to determine best estimate ultimate claims
- AY triangle can give an indication of how Swiss Re’s initial estimation has developed over time

# Underwriting and accident year triangles serve different purposes

	UY triangles	AY triangles
Definition	Underwriting year groups claims information according to the calendar year in which the original policy or reinsurance contract was incepted	Accident year groups claims information by the calendar year in which the claim event (the date of loss) falls
Basis	Gross of external retrocession	Net of internal and external retrocession
Data	Paid and reported loss ratio triangles, earned premiums net of commissions and <i>latest</i> IBNR	Paid and incurred (i.e. <b>reported plus IBNR</b> ) claims triangles
Scope	Traditional P&C business	Traditional and non-traditional business
Purpose	<ul style="list-style-type: none"> <li>• <b>Project paid or reported claims to ultimate</b> and are the basis for deriving the best estimate reserves</li> <li>• <b>Used internally to project to ultimate</b></li> </ul>	<ul style="list-style-type: none"> <li>• Give an indication on <b>how the ultimate loss</b> (i.e. <i>reported plus IBNR</i>) <b>developed over time</b></li> <li>• Constructed in order to comply with US GAAP <b>reporting requirement</b></li> </ul>
Number of years disclosed	16 underwriting years	10 accident years for Reinsurance and 9 accident years for Corporate Solutions

# Considerations for projecting underwriting year (UY) triangles

- Earned premiums are shown net of commissions
- UY 2020 premiums have not been fully earned, so ratios for paid and reported appear artificially high – both the premiums and losses need to be projected to an ultimate basis to derive an appropriate loss ratio

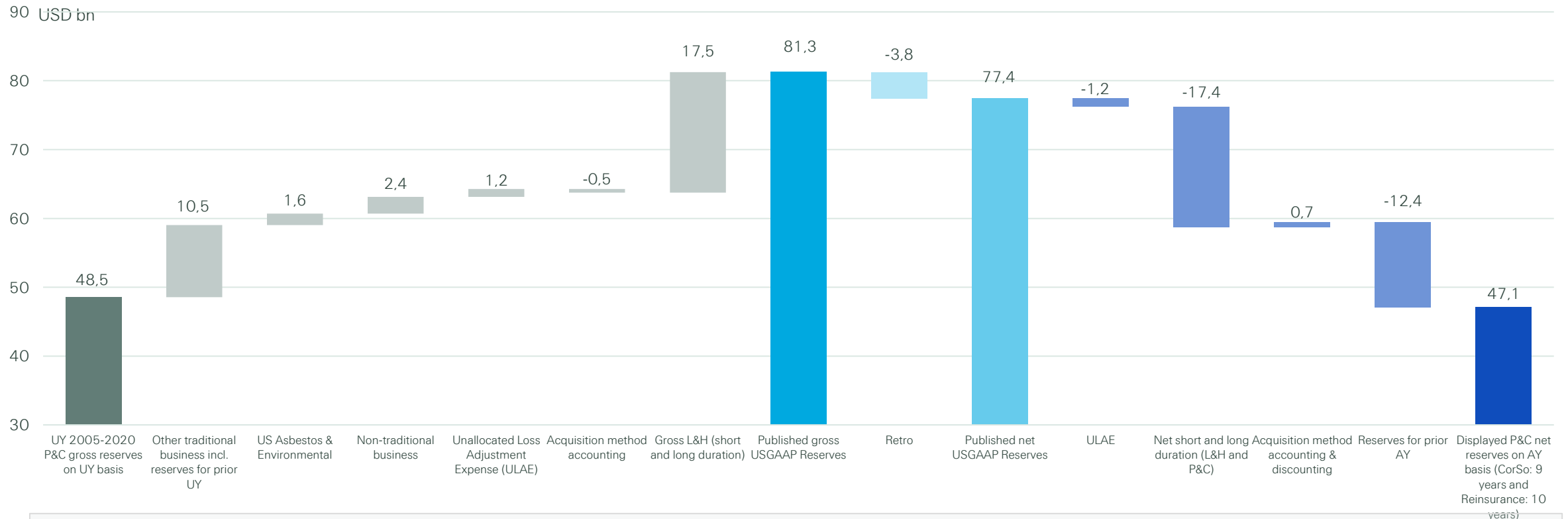
<b>In scope of UY triangles</b> <small>(2005-20 underwriting years)</small>	<b>Property</b>	<ul style="list-style-type: none"> <li>• P&amp;C Re and Corporate Solutions impacted by large nat cats for the four most recent underwriting years (with COVID-19 affecting 2020) – therefore any development factors need to allow for those impacts</li> </ul>
	<b>Casualty</b>	<ul style="list-style-type: none"> <li>• Chain Ladder method not appropriate for recent underwriting years given their lack of maturity – applying a Bornhuetter-Ferguson method would be more suitable</li> <li>• Liability Corporate Solutions: UY 2015 to 2018 impacted by large losses from portfolios pruned and impact of a change in portfolio mix from UY 2019</li> <li>• A&amp;H Reinsurance: 2019/2020 UY business mix has a shorter tail than in the past, with a different development pattern, making historic loss factors inappropriate</li> <li>• A&amp;H Corporate Solutions: change in business mix where most recent underwriting years mainly include short tail business, while older underwriting years relate to long tail business – therefore tail for older underwriting years can not be applied to the most recent underwriting years</li> </ul>
	<b>Specialty</b>	<ul style="list-style-type: none"> <li>• P&amp;C Re and Corporate Solutions impacted by large man made and nat cat losses in recent underwriting years, including in credit &amp; surety – therefore any development factors need to allow for those impacts</li> </ul>

# Reserve walk between underwriting and accident year triangles

P&C gross reserves displayed in the **underwriting year (UY)** triangles to **gross US GAAP reserves** as published in Note 5 in the Financial Report

**P&C and L&H reserves** as published in the Financial Report

**Net US GAAP reserves** to net P&C reserves displayed in the **accident year (AY)** triangles



- UY triangles and AY triangles are used for different purposes and are on a different basis
- AY triangles show paid and incurred claims, i.e. reported claims and IBNR, while UY triangles show paid and reported claims

# 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 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. Swiss Re 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.

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# Corporate calendar & contacts

## Corporate calendar

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### 2021

16 April	<b>157<sup>th</sup> Annual General Meeting</b>	Zurich
30 April	<b>Q1 2021 Key Financial Data</b>	Conference call
30 July	<b>H1 2021 Results</b>	Conference call
29 October	<b>9M 2021 Key Financial Data</b>	Conference call
01 December	<b>Investors' Day 2021</b>	Zurich

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