Swiss Re

News release

Swiss Re posts strong profit of USD 1.0 billion in first half 2021

Ad hoc announcement pursuant to Article 53 LR

- Excluding COVID-19 losses, Group net income of USD 1.7 billion and return on equity (ROE) of 13.4%
- Property and Casualty Reinsurance (P&C Re) net income of USD 1.2 billion
- Successful July 2021 P&C Re renewals at attractive margins
- Life and Health Reinsurance (L&H Re) net loss of USD 119 million; excluding COVID-19 losses, net income of USD 530 million
- Corporate Solutions net income of USD 262 million
- Strong return on investments (ROI) of 3.2%

Zurich, 30 July 2021 – Swiss Re reported a Group net income of USD 1.0 billion and an ROE of 8.2% in the first half of 2021, with very strong performance in the property and casualty businesses amid diminishing COVID-19-related impacts. Excluding COVID-19-related losses, Swiss Re's net income was USD 1.7 billion, compared with USD 865 million in the same period of the prior year.

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "We are very pleased with the improved profitability achieved by the Group in the first half of this year. The focus on portfolio quality at P&C Re is delivering very strong results, and we are reaping the fruits of our decisive actions that brought Corporate Solutions back on track. Although L&H Re is still impacted by claims related to COVID-19 as we support our clients and society during this pandemic, its underlying business continues to perform well. All our businesses are growing, and our very strong capital position allows us to pursue attractive opportunities across all lines of business."

Swiss Re's Group Chief Financial Officer John Dacey said: "Our property and casualty businesses are on track to deliver on their ambitious combined ratio goals for this year. At L&H Re, we currently believe that the progress of the global vaccination programmes will lead to diminishing COVID-19 losses over the coming quarters. Swiss Re's asset management continues to successfully navigate financial markets and deliver strong returns for the Group."

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Swiss Re reports solid premium growth and strong investment performance

Net premiums earned and fee income for the Group increased by 7.6% year on year to USD 20.8 billion. The increase was driven by growth across many property and casualty lines and significant transactions completed in L&H Re. At constant foreign exchange rates, premiums and fees increased by 3.2%.

Swiss Re achieved an ROI of 3.2% in the first half of 2021. The investment result was largely driven by recurring income as well as equity valuation gains. The Group continues to actively manage the portfolio while prioritising the preservation of sustainable income in the persistent low-yield environment.

COVID-19 losses decreased to USD 870 million in the first half of 2021 from USD 2.5 billion in the same period of 2020. The vast majority of the current losses are attributable to the L&H Re business, while the impact on the property and casualty businesses was minimal in the first six months of 2021. Swiss Re expects COVID-19-related losses in its property and casualty businesses of less than USD 200 million for the remainder of 2021.

While highly uncertain at this time, preliminary assessments of two significant events in July – flooding in Europe and social unrest in South Africa – currently indicate a combined mid-triple-digit million US dollar loss for Swiss Re. This amount remains within the Group's large-loss expectations for the third quarter.

Swiss Re completed the streamlining of the Group's legal entity structure, which was announced in September 2020. Since 1 July 2021, Swiss Reinsurance Company Ltd is the sole direct wholly-owned operating subsidiary of Swiss Re Ltd and holds separate holding companies for the Reinsurance and Corporate Solutions Business Units, as well as the iptiQ division. The management structure remains unchanged.

P&C Re reports very strong results

P&C Re reported a net income of USD 1.2 billion in the first half of 2021, compared with a net loss of USD 519 million in the same period last year. This result reflected disciplined underwriting, continued price improvements, significantly diminishing COVID-19 impacts as well as strong investment results. The ROE was 27.2%. P&C Re's net premiums earned grew by 8.9% to USD 10.5 billion, driven by volume and price increases as well as favourable foreign exchange developments.

Natural catastrophe losses were largely in line with expectations and amounted to USD 521 million, mainly related to US winter storm Uri in the first quarter, while large man-made losses were at USD 100 million.

The combined ratio improved to 94.4% from 115.8% in the first half of 2020. As a result of disciplined underwriting and improving margins, P&C Re is on track to achieve its normalised[1] combined ratio estimate of less than 95% in 2021.

Successful July P&C Re renewals

P&C Re achieved a nominal price increase of 4% in year-to-date renewals, while the volume of treaty contracts remained largely stable at USD 16 billion. Overall price quality improved, more than offsetting the impact of decreased interest rates and adjustments to loss assumptions. In the July treaty renewals, premium volumes slightly increased, with growth in attractive natural catastrophe business in the US.

L&H Re delivers good underlying profitability

In the first half of 2021, L&H Re reported a net loss of USD 119 million in light of the continued COVID-19-related losses. These losses markedly lessened over the course of the second quarter from the first quarter. For the remainder of the year a further decrease is expected as the global vaccination programmes progress.

Excluding COVID-19 losses of USD 810 million, L&H Re's underlying business performed well, achieving a net income of USD 530 million and an ROE of 15.5%. This was primarily driven by a strong underwriting performance across all regions and favourable investment results.

Net premiums earned and fee income increased by 12.6% to USD 7.5 billion, primarily driven by longevity transactions in the EMEA region and favourable foreign exchange developments.

Corporate Solutions continues its resurgence with high profitability and pricing momentum

Corporate Solutions reported a net income of USD 262 million in the first half of 2021, following the successful turnaround in 2020. This reflects a significant improvement compared with a COVID-19-driven net loss of USD 312 million in the prior-year period[2] and was achieved in spite of large natural catastrophe losses of USD 155 million, relating to US winter storm Uri in the first quarter.

Net premiums earned rose 3.3% to USD 2.6 billion, thanks to realised rate increases and selective new business growth, while the impact of the previous portfolio pruning actions is diminishing. Year to date, Corporate

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

[2] For Corporate Solutions, H1 2020 has been revised from the originally reported net loss of USD 301 million to a net loss of USD 312 million to reflect the results of elipsLife, which as of 1 January 2021 is reported as part of Corporate Solutions following the disbandment of the Life Capital Business Unit at the end of 2020.

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Solutions achieved risk-adjusted price increases of 13%[3], as the strong pricing momentum continued.

The ROE was 21.1% and the combined ratio was 92.7%, supported by favourable prior-year development. As a result of disciplined underwriting, strict expense management and continued rate increases, Corporate Solutions is on track to achieve its targeted normalised[4] combined ratio of less than 97% in 2021.

Continued dynamic growth at iptiQ

iptiQ continued to deliver strong growth in the first half of 2021. Compared with the same period last year, gross premiums written for the core business rose by 133% to USD 333 million, with good contributions across all businesses and particularly dynamic growth in its property and casualty business in the EMEA region, which was launched in 2020. Likewise, iptiQ's gross income[5], excluding COVID-19-related losses of USD 5 million, increased by 53% compared with the first half of 2020 to USD 26 million in the first half of 2021.

Outlook

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "The first half of 2021 has demonstrated the strength of our business model as we see our underwriting actions deliver results. While we remain in an uncertain pandemic situation, we are confident that all our businesses are well positioned to continue to perform strongly."

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[3] Excludes elipsLife.

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

[5] Calculated as net income before tax expense with operating expenses, other overheads and net realised investment gains/losses removed; gross of reinsurance.

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Details of H1 2021 performance

USD millions, unless otherwise stated		H1 2020[6]	H1 2020 Excluding COVID-19[7]	H1 2021	H1 2021 Excluding COVID-19[7]
Consolidated Group (total)	Net premiums earned and fee income	19 329		20 800	
	Net income/loss	–1 135	865	1 046	1 735
	Return on equity (%, annualised)	–7.9	5.8	8.2	13.4
	Return on investments (%, annualised)	3.2		3.2	
	Recurring income yield (%, annualised)	2.5		2.3	
		31.12.20		**30.06.21**	
	Shareholders' equity	27 135		23 805	
	Book value per share (USD)	93.90		82.36	
		H1 2020[6]	**H1 2020** Excluding COVID-19[7]	**H1 2021**	**H1 2021** Excluding COVID-19[7]
P&C Reinsurance	Net premiums earned	9 601		10 453	
	Net income/loss	–519	646	1 248	1 278
	Combined ratio (%)	115.8	100.5	94.4	93.9
	Return on equity (%, annualised)	–12.8	14.9	27.2	27.8
L&H Reinsurance	Net premiums earned and fee income	6 676		7 518	
	Net income/loss	74	516	–119	530
	Recurring income yield (%, annualised)	3.1		2.9	
	Return on equity (%, annualised)	1.8	12.4	–3.7	15.5
Corporate Solutions	Net premiums earned	2 473		2 555	
	Net income/loss	–312	75	262	264
	Combined ratio (%)	118.7	98.8	92.7	92.6
	Return on equity (%, annualised)	–26.2	5.8	21.1	21.2

[6] For Corporate Solutions, H1 2020 has been revised to reflect the results of elipsLife, which as of 1 January 2021 is reported as part of Corporate Solutions following the disbandment of the Life Capital Business Unit at the end of 2020.
[7] This column is for reference only and excludes the impact of the reserves established for COVID-19-related claims, including estimated tax impacts.

Details of H1 2021 COVID-19 losses in USD millions

H1 2021	P&C Reinsurance	L&H Reinsurance	Corporate Solutions	Group items	Total
Event cancellation	24		–37		–13
Business interruption	12		20		32
Credit & surety	–5		7		2
Mortality		820	9	10	839
Other lines	18	–10	2		10
Total	49	810	1	10	870

Media conference call
Swiss Re will hold a virtual media conference this morning at 10:30 CEST. You can join the media conference via your computer or Teams mobile app here: Microsoft Teams Meeting. Alternatively, you can dial in (audio only) using the below numbers and conference ID:

Conference ID: 368 306 361#

Switzerland:	+41 (0) 43 210 5761
United Kingdom:	+44 (0) 20 3443 6271
Germany:	+49 (0)69 3650 5756 8
France:	+33 (0)1 7037 8776
Hong Kong:	+852 3704 2823

For additional local dial-in numbers, please click here.

Investor and analyst conference call
Swiss Re will hold an investors' and analysts' conference call at 14:00 CEST, which will focus exclusively on Q&A. You are kindly requested to dial into the conference call 10–15 minutes prior to the start using the following numbers:

Switzerland:	+41 (0) 58 310 5000
United Kingdom:	+44 (0) 207 107 0613
United States:	+1 (1) 631 570 5613
Germany:	+49 (0) 69 5050 0082
France:	+33 (0) 1 7091 8706

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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 cybercrime. 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.

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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.