



GREENLIGHT RE ANNOUNCES SECOND QUARTER 2020 FINANCIAL RESULTS

*Net loss of \$0.1 million
Fully diluted book value per share increased to \$11.81 at quarter end*

GRAND CAYMAN, Cayman Islands - August 5, 2020 - Greenlight Capital Re, Ltd. (NASDAQ: GLRE) (“Greenlight Re” or the “Company”) today reported a net loss of \$0.1 million, or \$0.00 per share, in the second quarter of 2020, compared to net income of \$15.3 million, or \$0.42 per share, in the second quarter of 2019. Fully diluted book value per share increased \$0.18, or 1.5%, to \$11.81 in the second quarter of 2020, reflecting share repurchases executed during the quarter. Fully diluted book value per share was \$13.58 at the end of the second quarter of 2019.

Simon Burton, Chief Executive Officer of Greenlight Re, stated, “We have been pleased with our stability and performance in light of the impact of the COVID-19 pandemic on the reinsurance industry and the global economy. Additionally, our repurchases of common stock enabled us to deliver solid growth in book value per share during the quarter. Looking ahead to the rest of 2020 and into 2021, we are well positioned to take advantage of broad pricing increases that we are seeing across multiple lines of business.”

David Einhorn, Chairman of the Board of Directors, stated, “We reported a small investment gain during the second quarter, and believe our investment portfolio is well positioned for the current market uncertainty. We are cognizant that the financial markets remain volatile and as such we continue to be conservatively positioned.”

Underwriting and investment results

Second Quarter 2020

Gross written premiums in the second quarter of 2020 were \$116.7 million, compared to \$152.3 million in the second quarter of 2019. This decrease was largely due to the Company’s decision not to renew certain auto business, partially offset by additional new business written in several specialty lines.

Net written premiums decreased 9.8% to \$116.6 million in the second quarter of 2020, compared to \$129.2 million reported in the second quarter of 2019. The Company recognized ceded premiums of \$0.1 million during the second quarter of 2020, compared to \$23.1 million in the second quarter of 2019. This decrease in ceded premiums was due primarily to the non-renewal of retrocessional coverage on auto business.

Net premiums earned were \$108.4 million during the second quarter of 2020, a decrease from \$120.4 million in the comparable 2019 period.

The Company incurred a net underwriting loss of \$1.3 million in the second quarter of 2020, compared to a net underwriting gain of \$1.5 million in the second quarter of 2019. The net financial impact of the COVID-19 pandemic during the second quarter of 2020 was a \$6.0 million loss.

COVID-19 losses contributed 5.5 percentage points to the combined ratio resulting in a combined ratio for the second quarter of 2020 of 101.2%. Excluding COVID-19 losses, the underlying book of business reported a combined ratio of 95.7% for the quarter. The combined ratio for the second quarter of 2019 was 98.8%.

Greenlight Re's total investment income during the second quarter of 2020 was \$5.5 million. The Company's Investment Portfolio, which is managed by DME Advisors, earned 0.3%, representing \$1.6 million of investment income from the Solasglas fund. Other investment income of \$3.9 million included net unrealized gains of \$3.3 million relating to our portfolio of innovation investments.

Six Months Ended June 30, 2020

Gross written premiums were \$226.5 million for the first half of 2020, a decrease of 28.1% from \$314.9 million reported in the comparable 2019 period.

Net premiums earned were \$219.4 million, for the first half of 2020, a decrease of 10.7% from \$245.8 million reported in the comparable 2019 period.

The combined ratio for the first half of 2020 was 100.0% compared to 108.3% for the first half of 2019.

The Company incurred an investment loss of \$29.7 million for the first half of 2020. The Company's Investment Portfolio incurred a loss of 7.8%, representing a loss of \$40.5 million from the Company's investment in the Solasglas fund.

Other items

On July 22, 2020 AM Best affirmed the Financial Strength Rating of A- (Excellent) of Greenlight Reinsurance, Ltd. and Greenlight Reinsurance Ireland, Designated Activity Company.

The Company repurchased 1.16 million shares during the second quarter of 2020 at an average price of \$6.69 per share.

Conference Call

Greenlight Re will hold a live conference call to discuss its financial results for the second quarter ended June 30, 2020 on Thursday, August 6, 2020 at 9:00 a.m. Eastern time. The conference call title is Greenlight Capital Re, Ltd. Second Quarter 2020 Earnings Call.

To participate in the Greenlight Capital Re, Ltd. Second Quarter 2020 Earnings Call, please dial in to the conference call at:

U.S. toll free	1-888-336-7152
International	1-412-902-4178

Telephone participants may avoid any delays by pre-registering for the call using the following link to receive a special dial-in number and PIN.

Conference Call registration link: <http://dpreister.com/10144936>

The conference call can also be accessed via webcast at:

<https://services.choruscall.com/links/glre200806.html>

A telephone replay of the call will be available from 11:00 a.m. Eastern time on August 6, 2020 until 9:00 a.m. Eastern time on August 13, 2020. The replay of the call may be accessed by dialing 1-877-344-7529 (U.S. toll free) or 1-412-317-0088 (international), access code 10144936. An audio file of the call will also be available on the Company's website, www.greenlightre.com.

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Non-GAAP Financial Measures

In presenting the Company's results, management has included financial measures that are not calculated under standards or rules that comprise accounting principles generally accepted in the United States (GAAP). Such measures, including fully diluted book value per share and net underwriting income (loss), are referred to as non-GAAP measures. These non-GAAP measures may be defined or calculated differently by other companies. Management believes these measures allow for a more complete understanding of the underlying business. These measures are used to monitor our results and should not be viewed as a substitute for those determined in accordance with GAAP. Reconciliations of such measures to the most comparable GAAP figures are included in the attached financial information in accordance with Regulation G.

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of the U.S. federal securities laws. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in the U.S. Federal securities laws. These statements involve risks and uncertainties that could cause actual results to differ materially from those contained in forward-looking statements made on behalf of the Company. These risks and uncertainties include the impact of general economic conditions and conditions affecting the insurance and reinsurance industry, the adequacy of our reserves, our ability to assess underwriting risk, trends in rates for property and casualty insurance and reinsurance, competition, investment market fluctuations, trends in insured and paid losses, catastrophes, regulatory and legal uncertainties and other factors described in our Form 10-K and Amendment No. 1 to Form 10-K filed with the Securities Exchange Commission on April 29, 2020. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as provided by law.

About Greenlight Capital Re, Ltd.

Established in 2004, Greenlight Re (www.greenlightre.com) is a NASDAQ listed company with specialist property and casualty reinsurance companies based in the Cayman Islands and Ireland. Greenlight Re provides risk management products and services to the insurance, reinsurance and other risk marketplaces. The Company focuses on delivering risk solutions to clients and brokers by whom Greenlight Re's expertise, analytics and customer service offerings are demanded. With an emphasis on deriving superior returns from both sides of the balance sheet, Greenlight Re manages its assets according to a value-oriented equity-focused strategy that supports the goal of long-term growth in book value per share.

Contact:

Investor Relations:

Adam Prior

The Equity Group Inc.

(212) 836-9606

IR@greenlightre.ky

GREENLIGHT CAPITAL RE, LTD.
CONDENSED CONSOLIDATED BALANCE SHEETS

June 30, 2020 and December 31, 2019
(expressed in thousands of U.S. dollars, except per share and share amounts)

	June 30, 2020	December 31, 2019
	<u>(unaudited)</u>	<u>(audited)</u>
Assets		
Investments		
Investment in related party investment fund	\$ 177,658	\$ 240,056
Other investments	22,045	16,384
Total investments	<u>199,703</u>	<u>256,440</u>
Cash and cash equivalents	7,318	25,813
Restricted cash and cash equivalents	731,292	742,093
Reinsurance balances receivable (net of allowance for expected credit losses of \$89)	251,163	230,384
Loss and loss adjustment expenses recoverable (net of allowance for expected credit losses of \$47)	20,225	27,531
Deferred acquisition costs	49,227	49,665
Unearned premiums ceded	165	901
Notes receivable (net of allowance for expected credit losses of \$1,000)	18,842	20,202
Other assets	1,521	2,164
Total assets	<u>\$ 1,279,456</u>	<u>\$ 1,355,193</u>
Liabilities and equity		
Liabilities		
Loss and loss adjustment expense reserves	\$ 467,655	\$ 470,588
Unearned premium reserves	185,378	179,460
Reinsurance balances payable	94,217	122,665
Funds withheld	4,644	4,958
Other liabilities	3,021	6,825
Convertible senior notes payable	94,637	93,514
Total liabilities	<u>849,552</u>	<u>878,010</u>
Shareholders' equity		
Preferred share capital (par value \$0.10; authorized, 50,000,000; none issued)	—	—
Ordinary share capital (Class A: par value \$0.10; authorized, 100,000,000; issued and outstanding, 30,017,870 (2019: 30,739,395); Class B: par value \$0.10; authorized, 25,000,000; issued and outstanding, 6,254,715 (2019: 6,254,715))	3,627	3,699
Additional paid-in capital	497,559	503,547
Retained earnings (deficit)	<u>(71,282)</u>	<u>(30,063)</u>
Total shareholders' equity	<u>429,904</u>	<u>477,183</u>
Total liabilities and equity	<u>\$ 1,279,456</u>	<u>\$ 1,355,193</u>

GREENLIGHT CAPITAL RE, LTD.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

For the three and six months ended June 30, 2020 and 2019
(expressed in thousands of U.S. dollars, except per share and share amounts)

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Revenues				
Gross premiums written	\$ 116,689	\$ 152,340	\$ 226,476	\$ 314,900
Gross premiums ceded	(132)	(23,141)	(810)	(44,542)
Net premiums written	116,557	129,199	225,666	270,358
Change in net unearned premium reserves	(8,143)	(8,758)	(6,231)	(24,555)
Net premiums earned	108,414	120,441	219,435	245,803
Income (loss) from investment in related party investment fund [net of related party expenses of \$616 and \$1,278, (three and six months ended June 30, 2019: \$3,131 and \$8,563, respectively)]				
	1,609	14,405	(40,517)	45,161
Net investment income	3,934	4,386	10,771	5,953
Other income (expense), net	788	1,117	1,001	2,186
Total revenues	114,745	140,349	190,690	299,103
Expenses				
Net loss and loss adjustment expenses incurred	89,194	78,476	164,891	201,341
Acquisition costs	17,903	37,172	49,642	58,698
General and administrative expenses	6,149	7,919	12,943	14,759
Interest expense	1,562	1,562	3,123	3,106
Total expenses	114,808	125,129	230,599	277,904
Income (loss) before income tax	(63)	15,220	(39,909)	21,199
Income tax (expense) benefit	0	94	(424)	21
Net income (loss)	\$ (63)	\$ 15,314	\$ (40,333)	\$ 21,220
Earnings (loss) per share				
Basic	\$ 0.00	\$ 0.42	\$ (1.12)	\$ 0.59
Diluted	\$ 0.00	\$ 0.42	\$ (1.12)	\$ 0.58
Weighted average number of ordinary shares used in the determination of earnings and loss per share				
Basic	35,776,736	36,100,665	35,958,965	36,037,177
Diluted	35,776,736	36,829,963	35,958,965	36,592,318

The following table provides the ratios categorized as Property, Casualty and Other:

	Six months ended June 30				Six months ended June 30			
	2020				2019			
	Property	Casualty	Other	Total	Property	Casualty	Other	Total
Loss ratio	68.1 %	71.6 %	87.4 %	75.1 %	67.1 %	89.1 %	67.1 %	81.9 %
Acquisition cost ratio	20.2	28.0	10.9	22.6	18.2	22.1	36.0	23.9
Composite ratio	88.3 %	99.6 %	98.3 %	97.7 %	85.3 %	111.2 %	103.1 %	105.8 %
Underwriting expense ratio				2.3				2.5
Combined ratio				<u>100.0 %</u>				<u>108.3 %</u>

GREENLIGHT CAPITAL RE, LTD.
NON-GAAP MEASURES AND RECONCILIATION

Basic Book Value Per Share and Fully Diluted Book Value Per Share

We believe that long-term growth in fully diluted book value per share is the most relevant measure of our financial performance because it provides management and investors a yardstick by which to monitor the shareholder value generated. In addition, fully diluted book value per share may be useful to our investors, shareholders and other interested parties to form a basis of comparison with other companies within the property and casualty reinsurance industry.

Basic book value per share is calculated on the basis of ending shareholders' equity and aggregate of Class A and Class B Ordinary shares issued and outstanding, as well as all unvested restricted shares. Fully diluted book value per share is considered a non-GAAP financial measure and represents basic book value per share combined with any dilutive impact of in-the-money stock options and RSUs issued and outstanding as of any period end. In addition, the fully diluted book value per share includes the dilutive effect, if any, of ordinary shares to be issued upon conversion of the convertible notes. Basic book value per share and fully diluted book value per share should not be viewed as substitutes for the comparable U.S. GAAP measures.

Our primary financial goal is to increase fully diluted book value per share over the long term.

The following table presents a reconciliation of the non-GAAP financial measures basic and fully diluted book value per share to the most comparable U.S. GAAP measure.

	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
	(\$ in thousands, except per share and share amounts)				
Numerator for basic and fully diluted book value per share:					
Total equity (U.S. GAAP) (numerator for basic book value per share)	\$ 429,904	\$ 436,899	\$ 477,183	\$ 506,543	\$ 500,738
Add: Proceeds from in-the-money stock options issued and outstanding	—	—	—	—	—
Numerator for fully diluted book value per share	\$ 429,904	\$ 436,899	\$ 477,183	\$ 506,543	\$ 500,738
Denominator for basic and fully diluted book value per share: (1)					
Ordinary shares issued and outstanding (denominator for basic book value per share)	36,272,585	37,434,244	36,994,110	36,994,110	36,793,162
Add: In-the-money stock options and RSUs issued and outstanding	116,722	116,722	63,582	63,582	87,747
Denominator for fully diluted book value per share	36,389,307	37,550,966	37,057,692	37,057,692	36,880,909
Basic book value per share	\$ 11.85	\$ 11.67	\$ 12.90	\$ 13.69	\$ 13.61
Increase (decrease) in basic book value per share (\$)	\$ 0.18	\$ (1.23)	\$ (0.79)	\$ 0.08	\$ 0.42
Increase (decrease) in basic book value per share (%)	1.5 %	(9.5)%	(5.8)%	0.6 %	3.2 %
Fully diluted book value per share	\$ 11.81	\$ 11.63	\$ 12.88	\$ 13.67	\$ 13.58
Increase (decrease) in fully diluted book value per share (\$)	\$ 0.18	\$ (1.25)	\$ (0.79)	\$ 0.09	\$ 0.42
Increase (decrease) in fully diluted book value per share (%)	1.5 %	(9.7)%	(5.9)%	0.7 %	3.2 %

(1) All unvested restricted shares, including those with performance conditions, are included in the “basic” and “fully diluted” denominators. As of June 30, 2020, the number of unvested restricted shares with performance conditions was 501,989 (as of March 31, 2020: 501,989, December, 31, 2019: 356,900, September 30, 2019: 356,900, June 30, 2019: 120,605).

Net Underwriting Income (Loss)

One way that we evaluate the Company’s underwriting performance is through the measurement of net underwriting income (loss). We do not use premiums written as a measure of performance. Net underwriting income (loss) is a performance measure used by management as it measures the fundamentals underlying the Company’s underwriting operations. We believe that the use of net underwriting income (loss) enables investors and other users of the Company’s financial information to analyze our performance in a manner similar to how management analyzes performance. Management also believes that this measure follows industry practice and allows the users of financial information to compare the Company’s performance with those of our industry peer group.

Net underwriting income (loss) is considered a non-GAAP financial measure because it excludes items used in the calculation of net income before taxes under U.S. GAAP. Net underwriting income (loss) is calculated as net premiums earned, plus other income (expense) relating to deposit-accounted contracts, less net loss and loss adjustment expenses, less acquisition costs, and less underwriting expenses. The measure excludes, on a recurring basis: (1) investment income (loss); (2) other income (expense) not related to underwriting, including foreign exchange gains or losses and adjustments to the allowance for expected credit losses; (3) corporate general and administrative expenses; (4) interest expense and (5) income taxes. We exclude total investment related income or loss and foreign exchange gains or losses as we believe these items are influenced by market conditions and other factors not related to underwriting decisions. We exclude corporate expenses because these expenses are generally fixed and not incremental to or directly related to our underwriting operations. We believe all of these amounts are largely independent of our underwriting process and including them could hinder the analysis of trends in our underwriting operations. Net underwriting income (loss) should not be viewed as a substitute for U.S. GAAP net income.

The reconciliations of net underwriting income (loss) to income (loss) before income taxes (the most directly comparable U.S. GAAP financial measure) on a consolidated basis is shown below:

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
	(\$ in thousands)			
Income (loss) before income tax	\$ (63)	\$ 15,220	\$ (39,909)	\$ 21,199
Add (subtract):				
Investment related (income) loss	(5,543)	(18,791)	29,746	(51,114)
Other non-underwriting (income) expense	(143)	(126)	251	(195)
Corporate expenses	2,881	3,657	6,739	6,691
Interest expense	1,562	1,562	3,123	3,106
Net underwriting income (loss)	<u>\$ (1,306)</u>	<u>\$ 1,522</u>	<u>\$ (50)</u>	<u>\$ (20,313)</u>