

# News release

## Swiss Re reports strong net income of USD 3.0 billion for the first nine months of 2016; to start share buy-back programme

- Group net income strong at USD 3.0 billion, supported by solid underwriting and strong investment results; all Business Units contributed to the result
- Property & Casualty Reinsurance net income USD 1.5 billion; ROE of 16.1%
- Life & Health Reinsurance net income USD 635 million; ROE of 12.5%
- Corporate Solutions net income USD 150 million; ROE of 8.6%
- Life Capital net income USD 726 million; USD 364 million gross cash generation and ROE of 14.5%
- Swiss Re will start public share buy-back programme on 4 November 2016

Zurich, 3 November 2016 – Swiss Re reported net income of USD 3.0 billion for the first nine months of 2016, despite the difficult market environment. All Business Units contributed to this strong result. Net income in Property & Casualty Reinsurance was USD 1.5 billion in the first nine months of 2016, reflecting solid underwriting. Life & Health Reinsurance net income was USD 635 million, demonstrating continued good performance. Corporate Solutions reported net income of USD 150 million after profitable business performance. Life Capital reported net income of USD 726 million attributable to investments and underlying growth. Swiss Re starts its public share buy-back programme of up to CHF 1.0 billion on 4 November 2016.

Swiss Re Group Chief Executive Officer, Christian Mumenthaler, says: "We delivered strong earnings in the first nine months, despite a continued difficult environment across the entire industry. Our results once more demonstrate that our underwriting discipline and our differentiation position us well for long-term success. We continue to focus on profitable growth while also addressing the protection gap in regions where people are still not insured. You only have to think of the tragic earthquakes that struck Italy, a country where on average only just over 1% of residential buildings are insured against earthquakes. We will continue to work on closing these protection gaps. Innovation and technology will help us get there."

Media Relations,  
Zurich  
Telephone +41 43 285 7171

New York  
Telephone +1 914 828 6511

Hong Kong  
Telephone +852 2582 3660

Investor Relations,  
Zurich  
Telephone +41 43 285 4444

Swiss Re Ltd  
Mythenquai 50/60  
P.O. Box  
CH-8022 Zurich

Telephone +41 43 285 2121  
Fax +41 43 285 2999

[www.swissre.com](http://www.swissre.com)  
 @SwissRe

### **Strong Group results in the first nine months of 2016 amid a difficult market environment**

Swiss Re reported strong net income of USD 3.0 billion in the first nine months, compared to USD 3.7 billion for the same period in 2015. Net income was supported by large and tailored transactions and a strong investment result, partially offset by losses from large natural catastrophes and a difficult market environment.

The annualised Group return on equity (ROE) for the first nine months was 11.6% (vs 14.5% for 9M 2015), with earnings per share (EPS) of USD 9.15 or CHF 8.97, compared with USD 10.69 or CHF 10.19 for the prior-year period.

Premiums earned and fee income for the Group rose 9.6% to USD 24.7 billion (vs USD 22.6 billion). At constant exchange rates, premiums and fees increased by 11.8%, reflecting growth in selected markets and lines of business, mostly through large and tailored transactions. The Group's combined ratio in the first nine months was 94.8% (vs 85.7%).

The Group's annualised return on investments (ROI) remained strong at 3.6% (vs 3.8%). Net investment income was USD 2.8 billion (vs USD 2.7 billion), driven by an increased asset base arising from acquisitions and large transactions.

Common shareholders' equity increased to USD 37.4 billion as of 30 September 2016, up from USD 32.4 billion at the end of December 2015. Book value per common share was USD 112.90 or CHF 109.40 at the end of September 2016, compared to USD 95.98 or CHF 96.04 at the end of December 2015. The Group continues to have a very strong capitalisation and the company's Swiss Solvency Test ratio remains comfortably above Swiss Re's risk tolerance.

### **P&C Re delivers strong results with net income of USD 1.5 billion; ROE of 16.1%**

P&C Re net income declined to USD 1.5 billion in the first nine months (vs USD 2.3 billion in the prior-year period), after higher natural catastrophe losses, particularly in the second quarter, and lower favourable prior-year developments. The annualised ROE for the first nine months was 16.1% (vs 23.5%).

Net premiums earned increased 11.8% to USD 12.7 billion (vs USD 11.4 billion). Swiss Re applied a disciplined underwriting approach. The increase was driven by large and tailored transactions in the US and Europe. P&C Re reported a combined ratio of 93.8% for the first nine months (vs 84.5%). The increase was mainly driven by higher a large loss burden due to the wildfires in Fort McMurray, Canada, a series of agricultural losses in Europe, softening market conditions, and less favourable impact from prior accident years compared to the year before.

**L&H Re reports net income of USD 635 million; ROE 12.5%**

L&H Re net income declined to USD 635 million for the first nine months vs USD 781 million for the same period in 2015, when the result benefited from more favourable valuation adjustments. The ROE was 12.5% (vs 17.4%), above Swiss Re's target of 10%–12%.

Premiums earned and fee income for the first nine months increased 8.7% to USD 8.5 billion (vs USD 7.8 billion), driven by higher premiums in all regions from new business as well as large in-force transactions, particularly in the US.

**Corporate Solutions delivers net income of USD 150 million; ROE 8.6%**

Corporate Solutions' net income was USD 150 million in the first nine months of 2016 (vs USD 337 million in the prior-year period). The 2016 result was impacted by large man-made casualty losses, offset by profitable business performance across most other lines and income from investment activities. The ROE was 8.6% (vs 19.4%).

Premiums earned increased 2.9% to USD 2.6 billion in the first nine months of 2016, driven by the IHC Risk Solutions acquisition, which was completed in the first quarter of 2016. The combined ratio increased to 99.3% in the first nine months (vs 91.2%).

The recently announced joint venture with Bradesco Seguros S.A., which is pending regulatory approval, will create a leading commercial large-risk insurer in Brazil. Corporate Solutions has also obtained an insurance license in Hong Kong, which allows it to offer a broader range of products to the Hong Kong and Taiwanese markets.

**Life Capital achieves a strong performance with net income of USD 726 million; ROE of 14.5%**

Created on 1 January 2016, the Business Unit Life Capital manages Swiss Re's closed and open life and health insurance books, including the existing Admin Re® business and primary life and health insurance businesses. Comparative information has been adjusted accordingly to reflect the inclusion of the primary life and health insurance business formerly conducted by L&H Re.

During the first nine months of 2016, Life Capital reported net income of USD 726 million compared to USD 273 million in the comparative period of 2015. The 2016 result included a contribution from Guardian Financial Services, the acquisition which closed in early January. The increase in net income was driven by investment performance, mainly from the Guardian portfolio, and solid underlying business performance. The ROE was 14.5% in the first nine months of the year (vs 6.2%), due to higher net income.

Premiums earned and fee income in the first nine months rose to USD 898 million (vs USD 825 million).

Gross cash generation increased to USD 364 million in the first nine months of 2016 (vs USD 265 million the year before), despite impacts from lower interest rates in the UK.

### **Strong third quarter performance across the Group**

The Group reported net income of USD 1.2 billion for the third quarter (vs USD 1.4 billion in Q3 2015). Net investment income for the quarter was USD 916 million. The Group ROI was strong at 3.5% (vs 3.2%), driven by net investment income, mainly from fixed income as well as equities and alternative investments, and net realised gains from sales of fixed income and equity securities.

P&C Re net income declined to USD 678 million (vs USD 1.0 billion), after a series of agricultural losses in Europe, lower prior-year development and as a result of the softening market conditions. The ROE for the third quarter was 21.6%. Net premiums earned rose to USD 4.6 billion. The combined ratio was 87.9% (vs 77.7%).

Net income in L&H Re was USD 218 million (vs USD 272 million). The ROE for the third quarter decreased to 11.6% from 18.8%. Net premiums earned rose to USD 2.8 billion, driven by growth in the Americas and Asia.

Corporate Solutions reported net income of USD 95 million for the third quarter (vs USD 89 million in Q3 2015). The ROE for the quarter was 16.5%. Net premiums earned increased by 7.3% to USD 854 million. The combined ratio was 94.7% (vs 90.1%).

Life Capital delivered a net income of USD 157 million (vs USD 23 million), driven by favourable investment performance including higher realised gains. The ROE for the third quarter was 7.8%. Premiums earned and fee income was USD 307 million (vs USD 262 million). Gross cash generation for the quarter was USD 248 million.

Swiss Re Group Chief Financial Officer David Cole says: "Despite continuous market pressures, we reported a strong net income in the third quarter, driven by investment income and solid underwriting. This shows how our differentiation – driven by our very strong capitalisation and excellent client relationships – contributes to our profitability and value creation. Even in this difficult environment, we continue to invest in our business and our research and development. Examples are the continued expansion of our Corporate Solutions footprint as well as the investments we make to support the further development of the Life Capital Business Unit. We will provide more information during our annual Investors' Day on 2 December 2016."

### **Swiss Re will start share public buy-back programme on 4 November 2016**

Having received all required regulatory approvals, Swiss Re will start the public share buy-back programme of up to CHF 1.0 billion purchase value on 4 November 2016, to achieve its objective of returning capital to

shareholders when excess capital is available and other business opportunities do not meet its profitability requirements. The public share buy-back programme was previously authorised by Swiss Re's shareholders in April 2016.

For further details of the share buy-back programme, please visit: [www.swissre.com/investors/shares/share\\_buyback/](http://www.swissre.com/investors/shares/share_buyback/)

### **Increasing resilience and sustainability**

Swiss Re's vision is to make the world more resilient and to cover the risks that remain uninsured despite ready and available tools for protection. In August 2016 the Group launched an innovative insurance scheme in China that illustrates just one way how this can be done. The scheme covers 28 counties across Heilongjiang province against flood, excessive rain, drought and low temperatures, covering mainly farmers. By using satellite data it can provide faster payouts than traditional insurance covers. The programme extends protection to millions of people who have never benefited from insurance before. In October 2016 Swiss Re launched a second parametric programme, covering seven prefectures in Guangdong province.

Similar schemes are already working today. In the wake of Hurricane Matthew, which brought widespread devastation to countries such as Haiti and Barbados, the CCRIF SPC, an insurance facility reinsured by Swiss Re, has made a rapid payout to affected member states.

Group Chief Executive Officer Christian Mumenthaler says: "Transactions that protect people and businesses, innovative products that expand the boundaries of insurance keep us busy every day. It is clear that for our future success we need to find ways to access new risk pools, while working for a sustainable future. We integrate these considerations into our core business decisions, our underwriting and our investments. This dedication was recognised once more, as Swiss Re was named sector leader by the Dow Jones Sustainability Index for the third time in a row and the tenth time since 2004."

**Details of year-to-date performance (9M 2016 vs 9M 2015)**

		9M 2016	9M 2015
<b>P&amp;C Reinsurance</b>	Premiums earned (USD millions)	12 715	11 378
	Net income (USD millions)	1 548	2 298
	Combined ratio (%)	93.8	84.5
	Net operating margin (%)	15.5	24.3
	Return on investments (% annualised)	3.3	3.8
	Return on equity (% annualised)	16.1	23.5
<b>L&amp;H Reinsurance</b>	Premiums earned and fee income (USD millions)	8 515	7 831
	Net income (USD millions)	635	781
	Net operating margin (%)	11.0	13.7
	Return on investments (% annualised)	3.6	3.6
	Return on equity (% annualised)	12.5	17.4
<b>Corporate Solutions</b>	Premiums earned (USD millions)	2 594	2 521
	Net income (USD millions)	150	337
	Combined ratio (%)	99.3	91.2
	Net operating margin (%)	6.1	17.5
	Return on investments (% annualised)	2.7	3.2
	Return on equity (% annualised)	8.6	19.4
<b>Life Capital</b>	Premiums earned and fee income (USD millions)	898	825
	Gross cash generation (USD millions)	364	265
	Net income (USD millions)	726	273
	Net operating margin (%)	36.0	16.7
	Return on investments (% annualised)	4.2	4.8
	Return on equity (% annualised)	14.5	6.2
<b>Consolidated Group (Total) <sup>1</sup></b>	Premiums earned and fee income (USD millions)	24 722	22 555
	Net income (USD millions)	3 041	3 659
	Earnings per share (USD)	9.15	10.69
	Combined ratio (%)	94.8	85.7
	Net operating margin (%)	14.5	19.0
	Return on investments (% annualised)	3.6	3.8
	Return on equity (% annualised)	11.6	14.5

<sup>1</sup> Also reflects Group Items, including Principal Investments.

**Details of third quarter performance (Q3 2016 vs Q3 2015)**

		<b>Q3 2016</b>	<b>Q3 2015</b>
<b>P&amp;C Reinsurance</b>	Premiums earned (USD millions)	4 623	4 108
	Net income (USD millions)	678	1 020
	Combined ratio (%)	87.9	77.7
	Net operating margin (%)	18.8	29.2
	Return on investments (% annualised)	2.8	2.9
	Return on equity (% annualised)	21.6	34.6
<b>L&amp;H Reinsurance</b>	Premiums earned and fee income (USD millions)	2 820	2 683
	Net income (USD millions)	218	272
	Net operating margin (%)	11.6	13.4
	Return on investments (% annualised)	3.3	3.5
	Return on equity (% annualised)	11.6	18.8
<b>Corporate Solutions</b>	Premiums earned (USD millions)	854	796
	Net income (USD millions)	95	89
	Combined ratio (%)	94.7	90.1
	Net operating margin (%)	13.0	15.1
	Return on investments (% annualised)	3.5	2.4
	Return on equity (% annualised)	16.5	15.6
<b>Life Capital</b>	Premiums earned and fee income (USD millions)	307	262
	Gross cash generation (USD millions)	248	126
	Net income (USD millions)	157	23
	Net operating margin (%)	23.3	5.2
	Return on investments (% annualised)	3.7	4.2
	Return on equity (% annualised)	7.8	1.7
<b>Consolidated Group (Total) <sup>2</sup></b>	Premiums earned and fee income (USD millions)	8 604	7 849
	Net income (USD millions)	1 175	1 399
	Earnings per share (USD)	3.54	4.09
	Combined ratio (%)	88.9	79.7
	Net operating margin (%)	16.2	20.5
	Return on investments (% annualised)	3.5	3.2
	Return on equity (% annualised)	12.8	17.3

<sup>2</sup> Also reflects Group Items, including Principal Investments.

**Video presentation and slides**

A video presentation and transcript of Swiss Re's results for media and analysts and the accompanying slides are available on [www.swissre.com](http://www.swissre.com).

**Media conference and call**

Swiss Re will hold a media conference call this morning at 08:30 am (CET). If you plan to dial in, you are kindly requested to call 10 minutes prior to the start using the following numbers:

From Switzerland:	+41 (0)58 310 5000
From Germany:	+49 (0)69 50 500 082
From UK:	+44 (0)203 059 5862
From France:	+33 (0)17091 8706
From USA:	+1 (1) 866 291 41 66
From Hong Kong:	+852 58 08 1 769

**Investors' and analysts' conference call**

Swiss Re will hold an investors' and analysts' conference call this afternoon at 2 pm (CET) which will focus on Q&A. You are kindly requested to dial in 10 minutes prior to the start using the following numbers:

From Switzerland:	+41 (0)58 310 5000
From Germany:	+49 (0)69 25 511 4445
From UK:	+44 (0)203 059 5862
From France:	+33 (0)1 7091 8706
From USA:	+1 (1) 631 570 5613
From Australia:	+61 28 073 0441

### About Swiss Re

The Swiss Re Group is a leading wholesale provider of reinsurance, insurance and other insurance-based forms of risk transfer. Dealing direct and working through brokers, its global client base consists of insurance companies, mid-to-large-sized corporations and public sector clients. From standard products to tailor-made coverage across all lines of business, Swiss Re deploys its capital strength, expertise and innovation power to enable the risk-taking upon which enterprise and progress in society depend. Founded in Zurich, Switzerland, in 1863, Swiss Re serves clients through a network of around 70 offices globally and is rated "AA-" by Standard & Poor's, "Aa3" by Moody's and "A+" by A.M. Best. Registered shares in the Swiss Re Group holding company, Swiss Re Ltd, are listed in accordance with the International Reporting Standard on the SIX Swiss Exchange and trade under the symbol SREN. For more information about Swiss Re Group, please visit: [www.swissre.com](http://www.swissre.com) or follow us on Twitter @SwissRe.

For logos and photography of Swiss Re executives, directors or offices go to [www.swissre.com/media](http://www.swissre.com/media)

For media 'b-roll' please send an e-mail to [media\\_relations@swissre.com](mailto: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:

- further instability affecting the global financial system and developments related thereto;
- further deterioration in global economic conditions;
- 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 effect of market conditions, including the global equity and credit markets, and the level and volatility of equity prices, interest rates, credit spreads, currency values and other market indices, on the Group's investment assets;
- changes in the Group's investment result as a result of changes in its investment policy or the changed composition of its investment assets, and the impact of the timing of any such changes relative to changes in market conditions;
- uncertainties in valuing credit default swaps and other credit-related instruments;
- possible inability to realise amounts on sales of securities on the Group's balance sheet equivalent to their mark-to-market values recorded for accounting purposes;

- the outcome of tax audits, the ability to realise tax loss carry forwards 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;
- the possibility that the Group's hedging arrangements may not be effective;
- the lowering or loss of one of the financial strength or other ratings of one or more Swiss Re companies, and developments adversely affecting the Group's ability to achieve improved ratings;
- the cyclical nature of the reinsurance industry;
- uncertainties in estimating reserves;
- uncertainties in estimating future claims for purposes of financial reporting, particularly with respect to large natural catastrophes, 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;
- the frequency, severity and development of insured claim events;
- acts of terrorism and acts of war;
- mortality, morbidity and longevity experience;
- policy renewal and lapse rates;
- extraordinary events affecting the Group's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- current, pending and future legislation and regulation affecting the Group or its ceding companies and the interpretation of legislation or regulations;
- legal actions or regulatory investigations or actions, including those in respect of industry requirements or business conduct rules of general applicability;
- changes in accounting standards;
- significant investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transactions;
- changing levels of competition; and
- operational factors, including the efficacy of risk management and other internal procedures in 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.