Swiss Re

News release

Swiss Re reports solid half-year 2018 net income of USD 1.0 billion supported by improved P&C underwriting results and selected premium growth

- Group net income of USD 1.0 billion for the first six months of 2018; gross premiums written up 8.0% to USD 19.6 billion
- New US GAAP accounting guidance negatively impacted results; without accounting change, net income would have been USD 1.2 billion, in line with the half-year 2017 result
- Property & Casualty Reinsurance (P&C Re) net income up 38% to USD 752 million; combined ratio 92.9%; ROE 14.5%
- Life & Health Reinsurance net income USD 398 million; gross premiums written grew 15.2% to USD 7.4 billion; ROE 11.5%
- Corporate Solutions net income increased 49% to USD 58 million in a moderately improving market environment; gross premiums written[1] 18.5% higher; ROE 5.0%
- Life Capital generated exceptional gross cash of USD 848 million; gross premiums written increased to USD 1.8 billion; ROE 1.1%
- Return on investments (ROI) of 2.6%, negatively affected by the US GAAP accounting guidance; excluding change, ROI would have been 3.0%; running yield 2.9%
- P&C Re treaty renewals, including July renewal, show year-to-date premium growth of 9% and price quality improvement of 2%
- Swiss Re to explore potential Initial Public Offering of ReAssure in 2019

Zurich, 3 August 2018 – Swiss Re reported a Group net income of USD 1.0 billion for the first six months of 2018, benefiting from a moderate large loss experience and improved underwriting profitability. The Group return on equity (ROE) was 6.3% for the first six months of 2018. Excluding the new US GAAP guidance, the estimated Group ROE would have been 7.7%. Gross premiums written increased 8.0% to USD 19.6 billion, mainly due to premium growth across the Group's life and health businesses. Swiss Re maintained its very strong capital position and is well positioned to respond to market opportunities while continuing to focus on its capital management priorities.

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[1] Including premiums for insurance in derivative form, net of internal fronting for the Reinsurance Business Unit.

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Swiss Re's Group Chief Executive Officer, Christian Mumenthaler, says: "It is positive to see that the market environment is gradually recovering. We improved our profitability and underwriting performance, especially in P&C, and our solid results show the value of our diversified book of business. I'm also pleased that we were able to grow as a Group overall."

Swiss Re reports solid Group net income of USD 1.0 billion for the first six months of 2018

Swiss Re reported net income of USD 1.0 billion for the first six months of 2018, in spite of the adverse impact of the new US GAAP guidance on recognition and measurement of equity investments, which took effect as of 1 January 2018. This accounting change had an estimated negative impact on pre-tax earnings of USD 265 million for the first six months of 2018. Without the change, half-year net income would have been USD 1.2 billion. As the change is not retroactively applied, the implementation of the guidance at the start of this year limits the comparability of this year's results with prior years. Half-year 2018 figures, excluding the estimated impact of the accounting guidance, are provided below as a reference.

The Group generated an ROE of 6.3% for the period and the Group's ROI was 2.6%, both reflecting the impact of the accounting change in 2018. Excluding the impact of the new US GAAP guidance, the estimated ROE would have been 7.7% and the corresponding ROI 3.0%. The fixed income running yield, which is unaffected by the accounting change, was stable at 2.9%.

Gross premiums written for the half year increased 8.0% to USD 19.6 billion, driven by growth in the life and health businesses and tailored transactions.

Common shareholders' equity decreased to USD 30.1 billion as of 30 June 2018. Book value per common share was – after distributing USD 2.3 billion to shareholders in the form of dividend payments and share buy-back programmes – CHF 97.21 or USD 97.92 at the end of June 2018, compared to CHF 103.37 or USD 106.09 at the end of December 2017.

Swiss Re's capitalisation remains very strong and it is well positioned to weather any headwinds while continuing to focus on its capital management priorities and respond to market opportunities. The current share buy-back programme of up to CHF 1.0 billion purchase value, which started on 7 May 2018, is well on track.

Swiss Re's Group Chief Financial Officer, John Dacey, says: "We continued to experience volatility in our results due to the US GAAP accounting change, as previously communicated. Adjusting for the change, our results clearly show that the quality of the earnings has improved, especially our P&C underwriting performance. In addition, our investment result shows that we maintain a high-quality portfolio, demonstrated by our stable running yield. We continue to be very well capitalised and are ready for any challenge that lies ahead."

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P&C Reinsurance results reflect stronger underwriting performance
Net income in the first six months of 2018 was USD 752 million, driven by a strong underwriting performance supported by benign large loss experience.

ROE for the first half of 2018 was 14.5% and the combined ratio improved to 92.9% in the first six months of 2018 from 97.4% for the same period in 2017, benefiting from the absence of large losses and favourable prior accident year development.

Gross premiums written increased by 1.8% to USD 9.6 billion for the first six months of 2018, reflecting positive foreign exchange rate development.

July P&C Reinsurance treaty renewals show volume and price increases
Following the July P&C Re treaty renewals, which focus mainly on the Americas, Swiss Re improved the quality of its portfolio. Price quality improved by 2% and rate increases were most pronounced in loss-affected property lines and moderate rate increases were seen in most other portfolios and regions. Year-to-date, the treaty premium volume increased by 9% to USD 14.4 billion. Swiss Re continued to allocate capital to those segments that generate attractive economic profit. The risk-adjusted price quality of the renewed portfolio improved to 104% for July and stands at 103% year-to-date.

L&H Reinsurance continues to deliver strong results and profitable growth; ROE 11.5%
Net income for the first six months of 2018 was USD 398 million, supported by an improved underwriting performance in Asia and EMEA, and despite the impact of a seasonal increase in the number of claims in the US. The prior year included a higher level of realised gains from equity sales. As a result, ROE for the first half was 11.5%. The fixed income running yield remained stable at 3.3% compared to 2017.

Gross premiums written in the first half increased 15.2% to USD 7.4 billion, a USD 1.0 billion increase compared to the first six months of 2017. These results reflect the positive impact of intra-group retrocession agreements and growth in Asia and EMEA, combined with favourable currency fluctuations. At constant exchange rates, the increase amounted to 11.2%.

Corporate Solutions benefits from a moderately improving market environment; significant premium growth driven by Primary Lead business
The Business Unit generated a net income of USD 58 million in the first six months of 2018. The result benefited from lower large natural catastrophe losses and an improved prior-year result, partially offset by higher large man-made losses. The performance continues to be heavily influenced by business written in previous underwriting years and last year in particular, leading to a combined ratio of 101.7% for the first six months of 2018. ROE for the first six months of 2018 was 5.0%.

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Gross premiums written[2] increased by 18.5% to USD 2.0 billion, mainly driven by growth in the Primary Lead business, gradually realising the benefit from the strategic investment.

Rates, as well as terms and conditions, improved after last year's natural catastrophe events, with high single-digit price increases in loss-affected accounts, but the rate environment remains challenging.

Corporate Solutions continued to invest in its Primary Lead capabilities in the first half of 2018. Through its proprietary technology platform, the Business Unit currently offers domestic insurance coverage to companies headquartered in 18 countries and, in 9 out of these 18 countries, Corporate Solutions can also offer international insurance programme coverage. Overall, the Corporate Solutions' global network structure extends to over 80 countries.

The Business Unit continued to expand its footprint by opening an office in Hamburg, Germany, focusing on servicing large and upper-mid-sized companies. Corporate Solutions also enhanced its presence in Mexico – where it has operated since 2014 – by obtaining a license to provide direct insurance through a newly established local subsidiary.

Life Capital delivers exceptional gross cash generation and strong growth in gross premiums written

During the first six months of 2018, net income was USD 34 million, driven by net realised gains on sales of fixed income securities, mark to market impacts of equity securities as well as lower direct expenses. ROE was 1.1%.

The Business Unit generated exceptional gross cash of USD 848 million during the first six months of 2018, driven by strong underlying emerging surplus, the proceeds from the sale of an initial 5% stake in ReAssure to MS&AD and the finalisation of the 2017 Solvency II position.

Life Capital made a substantial dividend payment of USD 1.1 billion during the second quarter to the Swiss Re Group.

Gross premiums written increased significantly to USD 1.8 billion during the first half of 2018, due to growth in both the individual and group open book business, including a large medex transaction for iptiQ EMEA, combined with the impact of intra-group retrocession agreements.

Life Capital will continue to pursue selective acquisition opportunities within the closed book market in UK, while also growing its individual and

[2] Including premiums for insurance in derivative form, net of internal fronting for the Reinsurance Business Unit.

group life and health business in Europe and the US. It aims to continue generating significant cash, while investing in its open book strategy.

The Legal & General transaction announced in December 2017 is reflected in Life Capital's results for the first half of 2018 in the form of a risk transfer agreement. The Part VII transfer is expected to be completed in mid-2019 and is subject to regulatory approval.

Swiss Re to explore potential Initial Public Offering of ReAssure in 2019

Swiss Re is exploring a potential initial public offering (IPO) of its UK closed book business ReAssure in 2019. As Swiss Re has previously communicated, and demonstrated by the investment of MS&AD in ReAssure, securing third-party capital to pursue further closed book transactions is already part of Swiss Re's strategy. Given the size of potential opportunities that are expected to come up in the market over the mid-term, it is important for ReAssure to have access to substantial new capital to acquire additional closed books. Under Swiss Re's Swiss Solvency Test capital regime, ReAssure's asset-intensive business is subject to significant asset risk charges. Nonetheless, the closed book consolidation market remains an attractive growth area for Swiss Re, which is expected to remain a significant investor in ReAssure.

There can be no assurance that the exploration will result in an IPO of ReAssure, and there is no certainty as to the timing of, or the details relating to any such IPO, including its terms, structure or the size of Swiss Re's shareholding in ReAssure following any IPO.[3] Further public statements will be made if and when appropriate.

Supporting the transition to a low-carbon economy

As a pioneer in the adoption of environmental, social and governance (ESG) investment benchmarks in the re/insurance industry, Swiss Re announced in July 2017 that it will systematically integrate ESG criteria into its investment decisions. A year later, Swiss Re confirmed that ESG benchmarks make economic sense, and ESG criteria are now applied to close to 100% of its investment portfolio.

In addition, in July 2018, Swiss Re started to implement a thermal coal policy as an integral part of the Group's Sustainability Risk Framework. Under the new policy, Swiss Re will discontinue providing re/insurance to businesses with more than 30% exposure to thermal coal, in alignment with the thresholds that had been established from an investment perspective. It is a further step in refining Swiss Re's approach to managing carbon-related sustainability risks and supporting the transition to a low-carbon economy.

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[3] In the event that Swiss Re Ltd, the ultimate holding company of ReAssure, ceases to be the majority shareholder of ReAssure, Swiss Re Ltd is expected to guarantee the bonds of Swiss Re ReAssure Limited (which is not expected to be part of the ReAssure Group post-IPO).

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The decision to develop a thermal coal policy was based on Swiss Re's commitment to the Paris Pledge for Action in 2015, when Swiss Re affirmed its strong commitment to the effort to limit global warming to 1.5°C– 2°C above pre-industrial levels.

Swiss Re's Group Chief Executive Officer, Christian Mumenthaler, says: "These are exciting and transformative times for Swiss Re and the re/insurance industry in general. We see big opportunities ahead as risk pools around the world continue to grow alongside demographic changes. At the same time, we remain convinced that technology will fundamentally change the re/insurance value chain. Expanding our access to risk pools is key to our growth over the long term. We're doing that by applying our risk knowledge, partnering with our clients and harnessing technology to develop solutions that help extend insurance coverage to more people."

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Details of year-to-date performance (H1 2017 vs H1 2018)

		H1 2017	H1 2018	*H1 2018[4]*
Consolidated Group (total)	Gross premiums written (USD millions)	18 145	19 589	
	Net income (USD millions)	1 211	1 006	*1 215*
	Return on equity (%, annualised)	7.0	6.3	*7.7*
	Earnings per share (USD)	3.76	3.24	
	Return on investments (%, annualised)[5]	3.5	2.6	*3.0*
	Running yield (%, annualised)	2.9	2.9	
	Common shareholders' equity (USD millions)	34 373	30 051	
P&C Reinsurance	Gross premiums written (USD millions)	9 404	9 570	
	Net income (USD millions)	546	752	*789*
	Combined ratio (%)	97.4	92.9	
	Net operating margin (%)	10.0	13.0	
	Return on investments (%, annualised)	3.0	2.1	
	Return on equity (%, annualised)	9.1	14.5	*15.2*
L&H Reinsurance	Gross premiums written (USD millions)	6 399	7 372	
	Net income (USD millions)	432	398	*416*
	Net operating margin (%)	11.2	9.9	
	Return on investments (%, annualised)	4.2	3.6	
	Running yield (%, annualised)	3.4	3.3	
	Return on equity (%, annualised)	12.7	11.5	*12.0*
Corporate Solutions	Gross premiums written (USD millions)	1 745	2 043	
	Net income (USD millions)	39	58	*65*
	Combined ratio (%)	104.5	101.7	
	Net operating margin (%)	2.4	3.8	
	Return on investments (%, annualised)	3.4	2.2	
	Return on equity (%, annualised)	3.6	5.0	*5.6*
Life Capital	Gross premiums written (USD millions)	932	1 841	
	Net income (USD millions)	143	34	*23*
	Net operating margin (%)	13.9	5.2	
	Return on investments (%, annualised)	3.4	3.4	
	Return on equity (%, annualised)	4.0	1.1	*0.7*
	Gross cash generation (USD millions)[5]	532	848	

[4] Excludes, for reference only, the impact of the new US GAAP guidance on recognition and measurement of financial instruments, which was effective for the Group as of 1 January 2018 and was not retroactively applied.
[5] Gross cash generation is the change in excess capital available over and above the target capital position, with the target capital being the minimum statutory capital plus the additional capital required by Life Capital's capital management policy, before consideration of the 15% interest in ReAssure held by MS&AD Insurance Group Holdings Inc.

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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.

Media conference and call

Swiss Re will hold a media conference with a dial-in possibility this morning at 10:30 am (CEST). 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 50 00
From Germany:	+49 (0)69 505 0 0082
From UK:	+44 (0) 207 107 0613
From France:	+33 (0)17091 8706
From USA:	+1 (1)631 570 56 13
From Hong Kong:	+852 5808 1769

Investors' and analysts' conference call

Swiss Re will hold an investors' and analysts' conference call this afternoon at 1:30 pm (CEST) 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 50 00
From Germany:	+49 69 505 0 0082
From UK:	+44 (0) 207 107 0613
From France:	+33 (0)1 7091 8706
From USA:	+1 (1) 631 570 56 13
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 80 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 the Swiss Re Group, please visit: www.swissre.com or follow us on Twitter @SwissRe.

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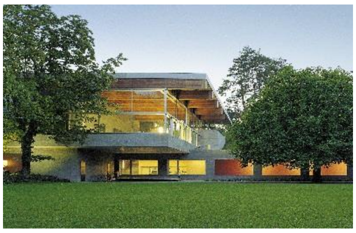
For logos and photography of Swiss Re executives, directors or offices, go to www.swissre.com/media

For media 'B-roll' please send an email 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 and acts of war;
- mortality, morbidity and longevity experience;
- the cyclicality of the insurance and reinsurance sectors;
- instability affecting the global financial system;
- deterioration in global economic conditions;
- 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 the Group's investment policy or the changed composition of the Group's investment assets, and the impact of the timing of any such changes relative to changes in market 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;
- any inability to realize amounts on sales of securities on the Group's balance sheet equivalent to their values recorded for accounting purposes;
- changes in legislation and regulation, and the interpretations thereof by regulators and courts, affecting us or the Group's ceding companies, including as a result of shifts away from multilateral approaches to regulation of global operations;
- the outcome of tax audits, the ability to realise tax loss carry forwards, 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 business models;

- failure of the Group's hedging arrangements to 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;
- uncertainties in estimating reserves;
- 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;
- extraordinary events affecting the Group's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- 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, lower-than expected benefits, or other issues experienced in connection with any such transactions;
- changing levels of competition, including from new entrants into the market; and
- operational factors, including the efficacy of risk management and other internal procedures in managing the foregoing risks and the ability to manage cybersecurity 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.