

News release

Swiss Re reports solid half-year net income of USD 1.9 billion amid continued difficult market environment

- Group net income solid at USD 1.9 billion; large and tailored transactions and strong investment results continue to make significant contribution
- Property & Casualty Reinsurance net income USD 870 million; ROE of 13.7%
- Life & Health Reinsurance net income USD 417 million; ROE of 12.6%
- Corporate Solutions net income USD 55 million; ROE of 4.8%
- Life Capital net income USD 569 million; USD 116 million gross cash generation and ROE of 18.1%
- Results marked by number of large natural catastrophes in second quarter; estimated total respective losses in P&C Re are approximately USD 350 million
- Despite challenging P&C market environment, attractive portfolio at the July treaty renewals maintained
- Swiss Re's Board of Directors proposes election of Jacques de Vaucleroy to the Board of Directors in 2017

Zurich, 29 July 2016 – Swiss Re reported net income of USD 1.9 billion for the first half of 2016, a solid result in a period marked by natural catastrophes, political uncertainty and volatile financial markets. Net income in Reinsurance continued to be supported by large and tailored transactions, which made significant contributions to both the Life & Health and Property & Casualty Reinsurance segments. Net income in P&C Re was impacted by a number of larger natural catastrophes in the second quarter of 2016, including the wildfires in Canada, earthquakes in Japan and floods in Europe. Corporate Solutions reported a decline in net income to USD 55 million after two large claims. Life Capital, which includes Admin Re®, generated strong net income of USD 569 million, reflecting the contribution of Guardian Financial Services.

Swiss Re's new Group Chief Executive Officer, Christian Mumenthaler, says: "We have a solid result for the first half 2016 despite a challenging second quarter that was marked by a difficult macroeconomic environment as well as more pronounced natural catastrophe losses and large reported claims in our Corporate Solutions Business Unit. The overall picture confirms the strength of our brand, while demonstrating our outstanding client access. These

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attributes and the focus on underwriting discipline together with our excellent capitalisation will help us navigate, and potentially benefit from, the turbulent times."

Solid Group results in the first six months of 2016

Swiss Re reported solid net income of USD 1.9 billion in the first half, down from USD 2.3 billion for the same period in 2015. The result reflects the benefits from continued large and tailored transactions as well as a strong investment result, partially offset by a number of large natural catastrophes in P&C Re with estimated aggregate losses of approximately USD 350 million (net of retrocession and before tax).

The annualised Group return on equity (ROE) for the first half was 10.9% (vs 13.5% for H1 2015), with earnings per share (EPS) of CHF 5.51 or USD 5.61, compared with CHF 6.27 or USD 6.60 for the prior-year period.

Premiums earned and fee income for the Group totalled USD 16.1 billion for the first six months of 2016 (vs USD 14.7 billion), an increase of 9.6%. At constant exchange rates, premiums and fees increased by 12.1%, reflecting growth in selected markets and lines of business. The Group combined ratio in the first half was 98.0% (vs 88.9%).

The Group's annualised return on investments (ROI) remained strong at 3.7% for the first half (vs 4.0%). The decrease was driven by reduced net realised gains alongside a higher average invested asset base. Net investment income was USD 1.9 billion for the first six months of 2016 (vs USD 1.8 billion), as the positive impact of the Guardian acquisition offset lower re-investment rates.

Common shareholders' equity increased to USD 35.8 billion as of 30 June 2016 from USD 34.8 billion at the end of March. Book value per common share was USD 107.95 or CHF 105.16 at the end of June 2016, compared with USD 95.98 or CHF 96.04 at the end of December 2015.

P&C Re reports net income of USD 870 million; ROE of 13.7%

P&C Re delivered net income of USD 870 million in the first half (vs USD 1.3 billion in the prior-year period), reflecting solid underwriting results, despite higher natural catastrophe losses and lower favourable prior-year development. The annualised ROE for the first half was 13.7% (vs 20.2%).

Net premiums earned increased 11.3% to USD 8.1 billion (vs USD 7.3 billion), mainly driven by large transactions in the US and Europe.

P&C Re reported a combined ratio of 97.2% in the first half (vs 88.3%). The increase reflects large losses and lower favourable prior-year development compared with the first half year of 2015, which benefited from a particularly benign natural catastrophe experience.

L&H Re delivers net income of USD 417 million; ROE 12.6%

L&H Re reported a net income of USD 417 million for the first half (vs USD 509 million for the same period in 2015). The prior-year result benefited from higher foreign exchange remeasurement gains. In addition, the current-year results were impacted by adverse claims experience, including incurred but not reported claims, and valuation updates. The ROE was 12.6% (vs 17.1%).

Premiums earned and fee income for the first half increased to USD 5.7 billion (vs USD 5.1 billion). Premiums were higher in all regions, from new business as well as a large in-force transaction in the US in the current period and other new transactions in late 2015.

Corporate Solutions net income of USD 55 million; ROE 4.8%

Corporate Solutions net income was USD 55 million in the first six months of 2016 (vs USD 248 million in the prior-year period). The 2016 half-year result reflected two large man-made casualty losses in North America, which occurred in Q3 and Q4 2015. The magnitude and responsibility for these losses were only established in the second quarter of 2016. The impact was partially offset by favourable business performance across most other lines and moderate income from investment activities. The ROE for the first half was 4.8% (vs 21.6%).

Premiums earned remained broadly unchanged at USD 1.7 billion in the first half of 2016 compared with the same period of 2015. The combined ratio increased to 101.6% in the first half (vs 91.7%).

Life Capital delivers net income of USD 569 million; ROE of 18.1%

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.

For the first six months of 2016, Life Capital reported a net income of USD 569 million (vs USD 250 million for the prior-year period). The first-half 2016 result included a contribution from Guardian Financial Services, whose acquisition closed in early January, and the underlying business performed in line with expectations. The ROE was 18.1% in the first half of the year (vs 8.4%).

Premiums earned and fee income in the first half rose to USD 591 million (vs USD 563 million).

Gross cash generation was USD 116 million in the first six months of 2016 (vs USD 139 million the year before), impacted by lower interest rates and widening credit spreads in the UK.

Solid second quarter performance across the Group

The Group reported net income of USD 637 million for the second quarter (vs USD 820 million in Q2 2015). The Group net investment income for the quarter was USD 930 million. The Group ROI was strong at 3.7% (vs 4.2%), driven by net investment income and net realised gains across the portfolio.

P&C Re delivered a net income of USD 283 million (vs USD 461 million), reflecting large natural catastrophe and man-made losses in the quarter, partly offset by favourable prior-year development. The result includes an expected loss of USD 220 million for the wildfires in Canada (net of retrocession and before tax). The ROE for the second quarter was 9.4%. Net premiums earned rose to USD 4.1 billion, driven by large and tailored transactions in the US and in Europe. The combined ratio was 101.0%, reflecting the impact of higher than expected large natural catastrophe events.

Net income in L&H Re was USD 173 million (vs USD 226 million). The ROE for the second quarter declined to 10.1%. Net premiums earned rose 12.6% to USD 2.9 billion, driven by large and tailored transactions as well as successful renewals in China and Australia.

Corporate Solutions reported a net loss of USD 25 million for the second quarter (vs a USD 76 million profit in Q2 2015). The ROE for the quarter was a negative 4.2%. The result decreased primarily due to the two large man-made casualty losses that occurred in 2015, and lower realised gains from sales of equities and insurance in derivative form. Net premiums earned increased by 3.8% to USD 875 million. The combined ratio increased to 112.7% (vs 96.6%).

Life Capital delivered a net income of USD 248 million (vs USD 42 million). The strong underlying result was supported by the investment result, mainly from the Guardian portfolio. The ROE for the second quarter was 13.4%. Premiums earned and fee income rose to USD 307 million (vs USD 257 million).

Swiss Re's Group Chief Financial Officer David Cole says: "Overall profitability in the second quarter remained solid despite the headwinds we faced. The events in the quarter underscore the strength of our globally diversified business model."

Attractive portfolio maintained at July renewals

Swiss Re maintained an attractive portfolio at the July treaty renewals, which focuses mainly on the Americas. The treaty premium volume for the July renewals increased by 10%, while the year-to-date volume has increased by 18%, driven by large and tailored transactions. It shows the continued success of differentiation through such large and tailored deals, which were up by 76% between January and July, while the flow business decreased by 7%.

The year-to-date risk adjusted price quality of the renewed portfolio remains at 102%. The price environment for property and casualty reinsurance continued to be challenging, with continued price erosion in property. Therefore, Swiss Re has reduced natural catastrophe capacity in specific segments, including US hurricane. Even though abundant capital continues to pressure rates, it does so to a much lesser extent than previously.

Swiss Re proposes to elect Jacques de Vaucleroy to the Board

The Board of Directors proposes to elect Jacques de Vaucleroy as a new, non-executive and independent member at the Annual General Meeting of shareholders on 21 April 2017.

Jacques de Vaucleroy has thirty years of experience in global business, mostly in the financial services and retail industries. He gained his experience through global and regional CEO roles at AXA and ING, as well as his non-executive Board role at Delhaize Group, a large food retailer. Jacques de Vaucleroy served as CEO of the Northern, Central and Eastern Europe (NORCEE) region of AXA Group (France) until June 2016, after having been a member during 6 years of the Management Committee of AXA Group with global responsibility for Life and Savings in addition to his role of CEO of the NORCEE region.

Swiss Re Chairman Walter B. Kielholz says: "I am very pleased that we can propose Jacques de Vaucleroy to join the Board. His deep experience in our industry, and the primary life business in particular, will make a great fit for Swiss Re — especially as we continue to further evolve our Life Capital Business Unit."

Creating roadmaps for success during testing times

The current low-yield environment continues to challenge the industry. In addition, political developments such as the UK vote to leave the European Union add to a period of uncertainty and volatility whose longer-term consequences are not yet clear. Taken together, these make Swiss Re's experience and expertise in managing risks even more important.

Group Chief Executive Officer Christian Mumenthaler says: "It is the first time in several years that we have seen multiple larger losses from a number of natural catastrophes in one quarter. These events remind us, however, why we are here: to support our clients after disasters with the goal to help make the world more resilient. The first six months show that our broad expert knowledge on risk and the relationships we have with our clients are key. By working together we can create a roadmap for mutual success, even in testing times."

Details of year-to-date performance (H1 2016 vs H1 2015)

		H1 2016	H1 2015
P&C Reinsurance	Premiums earned (USD millions)	8 092	7 270
	Net income (USD millions)	870	1 278
	Combined ratio (%)	97.2	88.3
	Net operating margin (%)	13.6	21.6
	Return on investments (% annualised)	3.5	4.2
	Return on equity (% annualised)	13.7	20.2
L&H Reinsurance	Premiums earned and fee income (USD millions)	5 695	5 148
	Net income (USD millions)	417	509
	Net operating margin (%)	10.7	13.9
	Return on investments (% annualised)	3.8	3.6
	Return on equity (% annualised)	12.6	17.1
Corporate Solutions	Premiums earned (USD millions)	1 740	1 725
	Net income (USD millions)	55	248
	Combined ratio (%)	101.6	91.7
	Net operating margin (%)	2.6	18.5
	Return on investments (% annualised)	2.3	3.5
	Return on equity (% annualised)	4.8	21.6
Life Capital	Premiums earned and fee income (USD millions)	591	563
	Gross cash generation (USD millions)	116	139
	Net income (USD millions)	569	250
	Net operating margin (%)	41.4	21.8
	Return on investments (% annualised)	4.4	5.0
	Return on equity (% annualised)	18.1	8.4
Consolidated Group (Total) ¹	Premiums earned and fee income (USD millions)	16 118	14 706
	Net income (USD millions)	1 866	2 260
	Earnings per share (USD)	5.61	6.60
	Combined ratio (%)	98.0	88.9
	Net operating margin (%)	13.6	18.2
	Return on investments (% annualised)	3.7	4.0
	Return on equity (% annualised)	10.9	13.5

¹ Also reflects Group Items, including Principal Investments.

Details of second quarter performance (Q2 2016 vs Q2 2015)

		Q2 2016	Q2 2015
P&C Reinsurance	Premiums earned (USD millions)	4 136	3 503
	Net income (USD millions)	283	461
	Combined ratio (%)	101.0	92.9
	Net operating margin (%)	9.4	17.3
	Return on investments (% annualised)	3.6	4.1
	Return on equity (% annualised)	9.4	14.2
L&H Reinsurance	Premiums earned and fee income (USD millions)	2 860	2 541
	Net income (USD millions)	173	226
	Net operating margin (%)	9.3	13.0
	Return on investments (% annualised)	4.0	3.9
	Return on equity (% annualised)	10.1	14.5
Corporate Solutions	Premiums earned (USD millions)	875	843
	Net income (USD millions)	-25	76
	Combined ratio (%)	112.7	96.6
	Net operating margin (%)	-6.8	13.1
	Return on investments (% annualised)	2.3	3.6
	Return on equity (% annualised)	-4.2	13.4
Life Capital	Premiums earned and fee income (USD millions)	307	257
	Gross cash generation (USD millions)	141	87
	Net income (USD millions)	248	42
	Net operating margin (%)	37.7	12.5
	Return on investments (% annualised)	4.4	4.6
	Return on equity (% annualised)	13.4	2.8
Consolidated Group (Total) ²	Premiums earned and fee income (USD millions)	8 178	7 144
	Net income (USD millions)	637	820
	Earnings per share (USD)	1.92	2.39
	Combined ratio (%)	103.1	93.6
	Net operating margin (%)	9.4	15.1
	Return on investments (% annualised)	3.7	4.2
	Return on equity (% annualised)	7.2	9.5

² 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.

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 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 (CEST) which will focus on Q&A. You are kindly requested to dial in 10 minutes prior to the start using the following numbers:

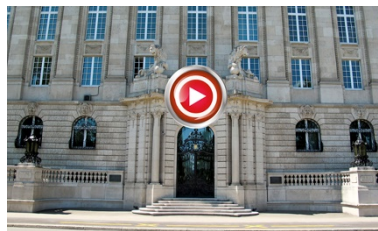
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From UK:	+44 (0)203 059 5862
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For logos and photography of Swiss Re executives, directors or offices go to www.swissre.com/media

For media 'b-roll' please send an 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:

- instability affecting the global financial system and developments related thereto;
- 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.

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