

News release

Swiss Re reports 23% increase in net income for the first nine months of 2019, supported by growth in Reinsurance and an excellent investment result

- Group net income of USD 1.3 billion, up from USD 1.1 billion
- Property & Casualty Reinsurance (P&C Re) net income up 39% to USD 880 million; combined ratio of 101.4%; return on equity (ROE) of 11.8%
- Life & Health Reinsurance (L&H Re) delivered strong result with net income of USD 651 million and ROE of 11.8%
- Corporate Solutions net loss of USD 441 million reflects decisive management actions and medium-sized and large man-made and natural catastrophe claims
- Life Capital net income of USD 40 million; gross cash generation of USD 831 million bolstered by exceptional items
- Excellent return on investments (ROI) of 4.3%; stable running yield at 2.9%
- Group Swiss Solvency Test (SST) ratio remains very strong at 241% (1 July 2019 estimate)

Zurich, 31 October 2019 – Swiss Re reported a Group net income of USD 1.3 billion in the first nine months of 2019, an increase of 23% from USD 1.1 billion for the same period a year earlier, supported by growth in Reinsurance and an excellent investment result. While the Group's property and casualty businesses were impacted by USD 1.7 billion in large claims from natural catastrophes and man-made events, the life and health businesses continued to deliver a strong performance. Net premiums earned and fee income rose by 10% year-on-year to USD 28.4 billion, driven in particular by growth in P&C Re premiums. The Group's ROE was 6.0%, and its capital position remained very strong.

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "The strength of our business with its global reach, diversification and very strong capitalisation enabled us to react fast and support our clients and their customers affected by the large natural catastrophes and man-made events in the first nine months. Our Reinsurance Business Unit achieved profitable growth in a challenging market environment. The transformation of Corporate Solutions is underway, and we continue to benefit from robust gross cash generation in Life Capital. Our leading market position and positive rate dynamics year to date give us confidence for the upcoming renewal season."

Media Relations,
Zurich
Telephone +41 43 285 7171


New York
Telephone +1 914 828 6511

Singapore
Telephone +65 6232 3302

Investor Relations,
Zurich
Telephone +41 43 285 4444

Swiss Re Ltd
Mythenquai 50/60
CH-8022 Zurich

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

www.swissre.com
 @SwissRe

Swiss Re reported an ROI of 4.3% in the first nine months of 2019, up from 2.8% in the same period a year earlier. The increase reflects a strong equity market performance, including a significant gain from the sale of the Group's investment in the Brazilian insurance group SulAmérica S.A., as well as gains within the fixed income portfolio. The Group's fixed income running yield for the nine-month period remained stable at 2.9%, despite headwinds from the declining yield environment.

Swiss Re maintains a very strong capital position, with a Group SST ratio of 241% (1 July 2019 estimate), exceeding its 220% target. The decline from 251% as of 1 January 2019 reflects capital deployment into profitable growth, expected capital repatriation to shareholders and lower interest rates, partly offset by positive earnings contributions.

In light of the capital deployment, significant natural catastrophe losses in 2019, and the decision to suspend the initial public offering of ReAssure, the Board of Directors has decided that the second tranche of the public share buy-back programme will not be launched. The first tranche of the public share buy-back programme of up to CHF 1.0 billion purchase value, which started on 6 May 2019, is well on track, with more than 60% already completed as of 30 September 2019.

Swiss Re's Group Chief Financial Officer John Dacey said: "The Group's results in the first nine months underline the strength of our franchise. Despite multiple large natural catastrophe and man-made claims affecting the business, our capital position remains very strong, allowing us to take advantage of growth opportunities in an improving pricing environment."

P&C Re supported by profitable growth and strong investment performance

P&C Re reported a 39% increase in net income for the first nine months to USD 880 million, supported by profitable business growth and a strong investment performance. Net premiums earned increased 17% to USD 14.2 billion, driven by large transactions and growth in the natural catastrophe business. The ROE improved to 11.8% from 8.3%. The combined ratio was 101.4%. P&C Re continues to be on track to achieve a normalised combined ratio of 98%¹ in 2019.

The underwriting performance was impacted by USD 1.1 billion of large claims from natural catastrophes in the current year, including approximately USD 460 million from Typhoon Faxai in Japan and approximately USD 300 million from Hurricane Dorian in the Atlantic. Swiss Re estimates total insured market losses at approximately USD 7 billion for Typhoon Faxai and approximately USD 4.5 billion for Hurricane Dorian. Estimated claims from large man-made events amounted to approximately USD 310 million and included losses stemming from the Ethiopian Airlines crash and the

¹ Assuming an average large natural catastrophe loss burden and excluding prior-year reserve developments.

subsequent grounding of the Boeing 737 MAX fleet and the compulsory liquidation of Thomas Cook. The underwriting performance was also impacted by late claims development from Typhoon Jebi in the first quarter, in line with a material increase in the total market loss.

L&H Re continues to deliver strong results

L&H Re delivered stable net income of USD 651 million for the nine months, driven by active portfolio management actions and improved mortality developments in the Americas. The result was also supported by a strong investment performance. ROE was 11.8%, in line with the business segment's target range. Net premiums earned and fee income remained stable at USD 9.5 billion. This includes the impact of unfavourable foreign-exchange rate movements and the termination of an intragroup retrocession agreement with Life Capital. Adjusted for these two items, net premiums earned increased by 5.6%.

Corporate Solutions results reflect decisive management actions and medium-sized and large man-made and natural catastrophe claims

Corporate Solutions reported a net loss of USD 441 million and a combined ratio of 127.0%. The result was impacted by the decisive management actions to reposition the business as announced on 31 July 2019 as well as medium-sized and large claims. Large man-made and natural catastrophe losses of approximately USD 290 million for the nine-month period include significant claims from Hurricane Dorian and the compulsory liquidation of Thomas Cook in the third quarter.

Net premiums earned increased by 7.6% to USD 3.1 billion, as growth in property and credit lines and rate increases more than offset the impact from active pruning of several underwriting portfolios. Corporate Solutions is making progress in actively reducing risk exposure in specific lines of business to ensure a more focused and profitable portfolio going forward. Swiss Re expects the positive momentum in commercial insurance rates to continue after achieving a broad-based 10% price quality increase in the first nine months of 2019.

Life Capital reports strong closed book performance and dynamic growth in the open book businesses

Life Capital reported net income of USD 40 million in the first nine months of the year, benefitting from strong performance of the closed books, partly offset by expenses from investments in growth of the open book businesses. The exceptional gross cash generation of USD 831 million was bolstered by the sale of subordinated bonds issued by ReAssure and proceeds from the sale of a 10% stake in ReAssure to MS&AD Insurance Group Holding Inc., partially offset by significant unfavourable impacts from market movements and the ReAssure recapitalisation.

Net premiums earned and fee income rose to USD 1.6 billion, driven by growth in the open book businesses and changes to intragroup retrocessions.

Gross premiums written of the open books increased 21% year-on-year when measured at constant exchange rates.

Outlook

Swiss Re's Group Chief Executive Officer Christian Mumenthaler said: "So far in 2019 we have seen severe storms in both the Atlantic and the Pacific, causing heavy damage to local communities. Our deepest sympathies go to all those affected by disasters. They act as a constant reminder of the need to have access to effective insurance protection around the world. We continue to focus on fostering partnerships to develop affordable, innovative, technology-based solutions that help close protection gaps, leverage our risk expertise and tap into new sources of growth."

Details of 9M 2019 performance

		9M 2018	9M 2019
Consolidated Group (total)	Net premiums earned and fee income (USD millions)	25 802	28 443
	Net income (USD millions)	1 090	1 343
	Return on equity (% annualised)	4.7	6.0
	Earnings per share (USD)	3.53	4.52
	Return on investments (% annualised)	2.8	4.3
	Running yield (% annualised)	2.9	2.9
	Shareholders' equity (USD millions)	28 995	31 680
	Book value per common share (USD)	95.62	108.31
P&C Reinsurance	Net premiums earned (USD millions)	12 199	14 213
	Net income (USD millions)	634	880
	Combined ratio (%)	99.5	101.4
	Return on equity (% annualised)	8.3	11.8
L&H Reinsurance	Net premiums earned and fee income (USD millions)	9 502	9 494
	Net income (USD millions)	644	651
	Running yield (% annualised)	3.4	3.4
	Return on equity (% annualised)	12.5	11.8
Corporate Solutions	Net premiums earned (USD millions)	2 887	3 105
	Net income (USD millions)	-5	-441
	Combined ratio (%)	105.4	127.0
	Return on equity (% annualised)	-0.3	-29.8
Life Capital	Net premiums earned and fee income (USD millions)	1 214	1 631
	Net income (USD millions)	4	40
	Return on equity (% annualised)	0.1	0.9
	Gross cash generation (USD millions) ²	993	831

² Gross cash generation is the estimated net cash arising from business activity within the Life Capital Business Unit during the reporting period, taking into account both surplus development and certain capital actions. It is calculated gross across both Swiss Re's and MS&AD's interest in ReAssure.

Media conference call

Swiss Re will hold a media call with a dial-in possibility this morning at 8:30 (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 5050 0082
From the UK:	+44 (0) 207 107 0613
From France:	+33 (0) 1 7091 8706
From the USA:	+1 (1) 631 570 5613
From Hong Kong:	+852 5808 1769

Investors' and analysts' conference call

Swiss Re will hold an investors' and analysts' conference call this afternoon at 14:00 (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 5050 0082
From the UK:	+44 (0) 207 107 0613
From France:	+33 (0) 1 7091 8706
From the USA:	+1 (1) 631 570 5613

Swiss Re

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 cyber crime. 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. It is organised into three Business Units, each with a distinct strategy and set of objectives contributing to the Group's overall mission.

For logos and photographs 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 and acts of war;
- mortality, morbidity and longevity experience;
- the cyclical nature 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 realise 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 carryforwards, 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.