

Half-year 2019 Results

Swiss Re investor and analyst presentation
Zurich, 31 July 2019



Focus areas of half-year 2019 results



Earnings in
perspective



Strong
renewals



Life Capital
update



Corporate Solutions
review

Strong performance in Reinsurance and actions to address key challenges

Strong performance in Reinsurance

P&C Re
16% ROE
in H1 2019

L&H Re
13% ROE
in H1 2019

Addressing key challenges

- Decisive management actions to fix Corporate Solutions' performance issues
- Focus on executing ReAssure business plan in light of delay in deconsolidation
- Reducing excess capital with profitable business growth and share buy-back programme

P&C Reinsurance franchise remains very strong with earnings power further improving

Core strengths

- Scale of the business
- Strong client access
- Diversification with L&H Re
- Risk knowledge

Gaining momentum

- Price quality in renewals improved
- Strong growth in core & transactions (+23% in YTD 2019 renewals)
- Scaling benefits from flat expense base
- Capital deployed significantly increased (>USD 2bn SST capital YTD³)

On track to achieve 2019 normalised
98% combined ratio¹
(translating into a >11% ROE)

2019 renewals expected to increase
pre-tax earnings by
>USD 350m
as premiums are earned²

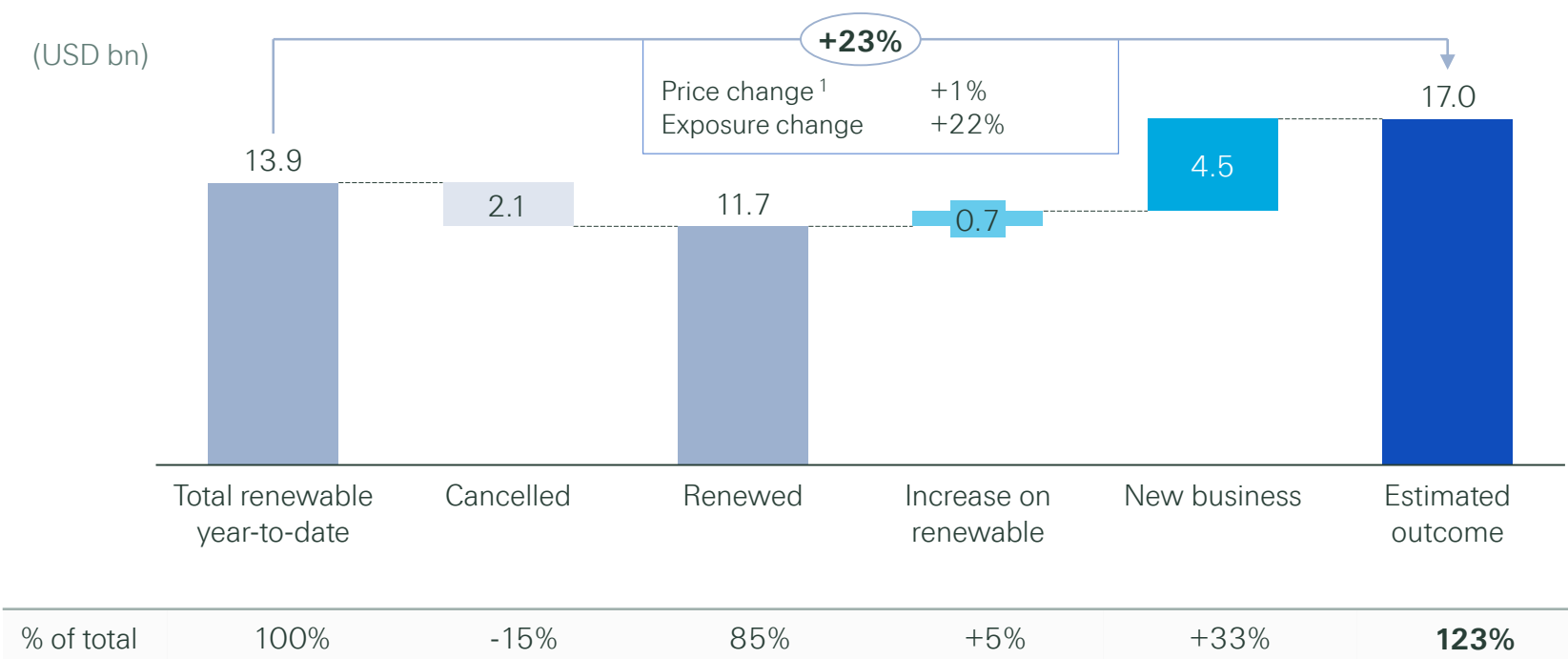
¹ Assuming an average large nat cat loss burden and excluding prior-year reserve development

² Majority expected to earn through to US GAAP over next 2 years

³ Thereof, SST capital deployment of >USD 1bn at January renewals already reflected in published SST 2019 ratio of 251%

Strong outcome of year-to-date renewals for P&C Reinsurance

Volume development in YTD renewals



- Volume up 23% YTD – 16% driven by transactions, 7% from growth in core business
- Growth mainly driven by short duration Casualty transactions and US nat cat business
- In July renewals, volume was up 17% (from USD 3.9bn to USD 4.6bn), 2% due to price increases
- Price increases achieved include updated and more conservative expected claims assumptions
- Significantly increased use of third party capital to back nat cat growth

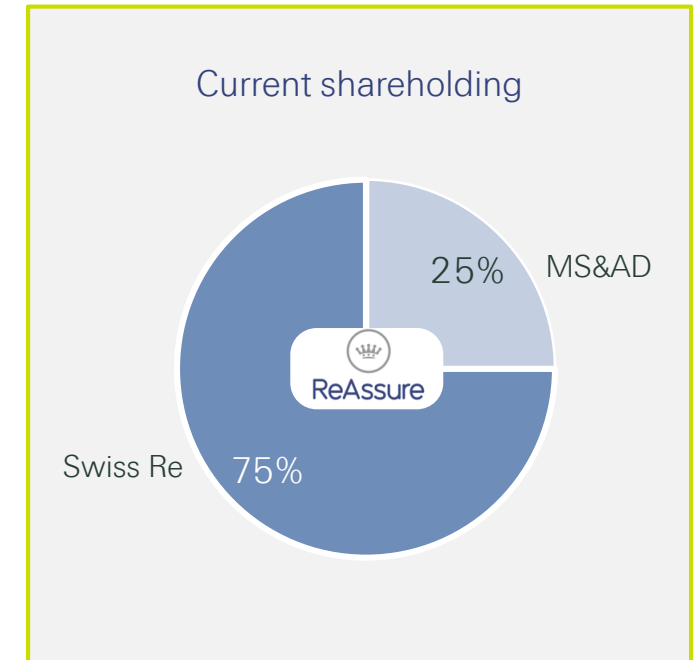


Mid-term outlook for Life Capital remains unchanged



ReAssure IPO suspended

- Heightened caution and weaker demand from institutional investors in UK primary market
- Unchanged mid-term objective to deconsolidate ReAssure; Swiss Re will continue to act in shareholders' best interest
- Re-launch of IPO process in 2019 not envisaged
- Continued confidence in growth potential of ReAssure and commitment to support future acquisitions alongside MS&AD

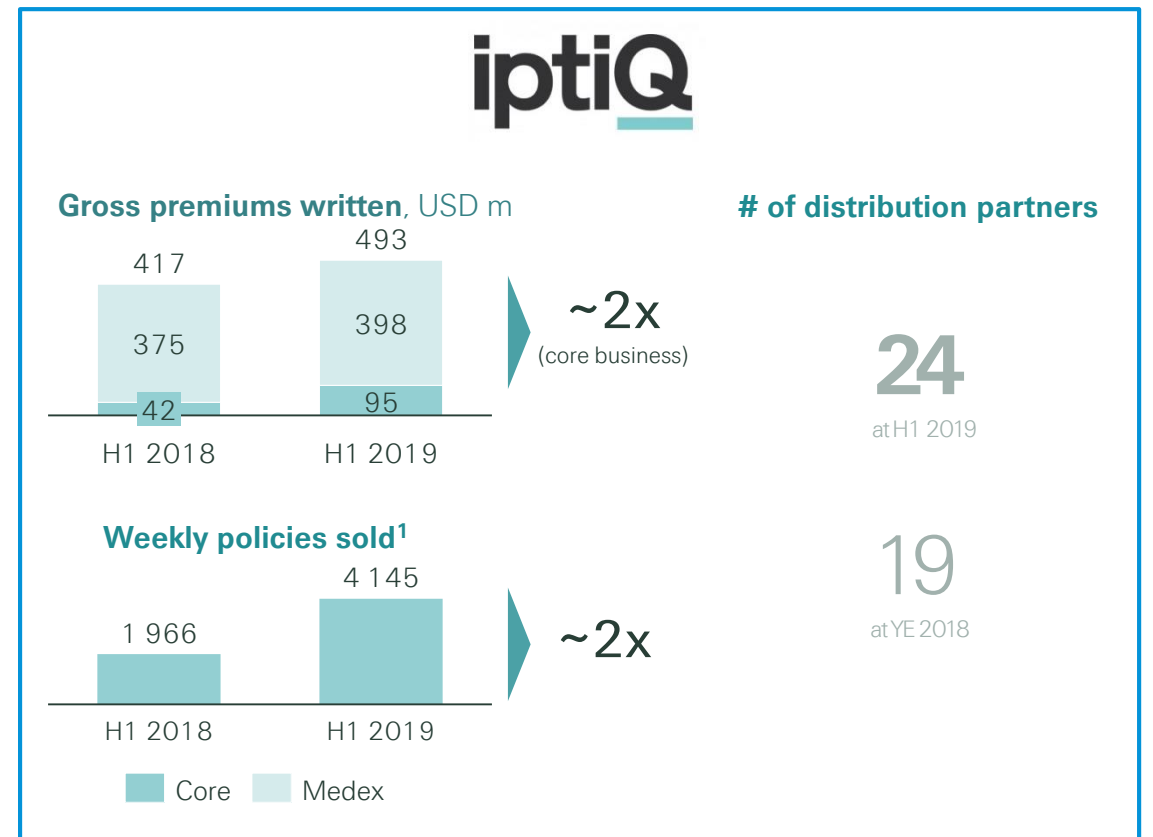
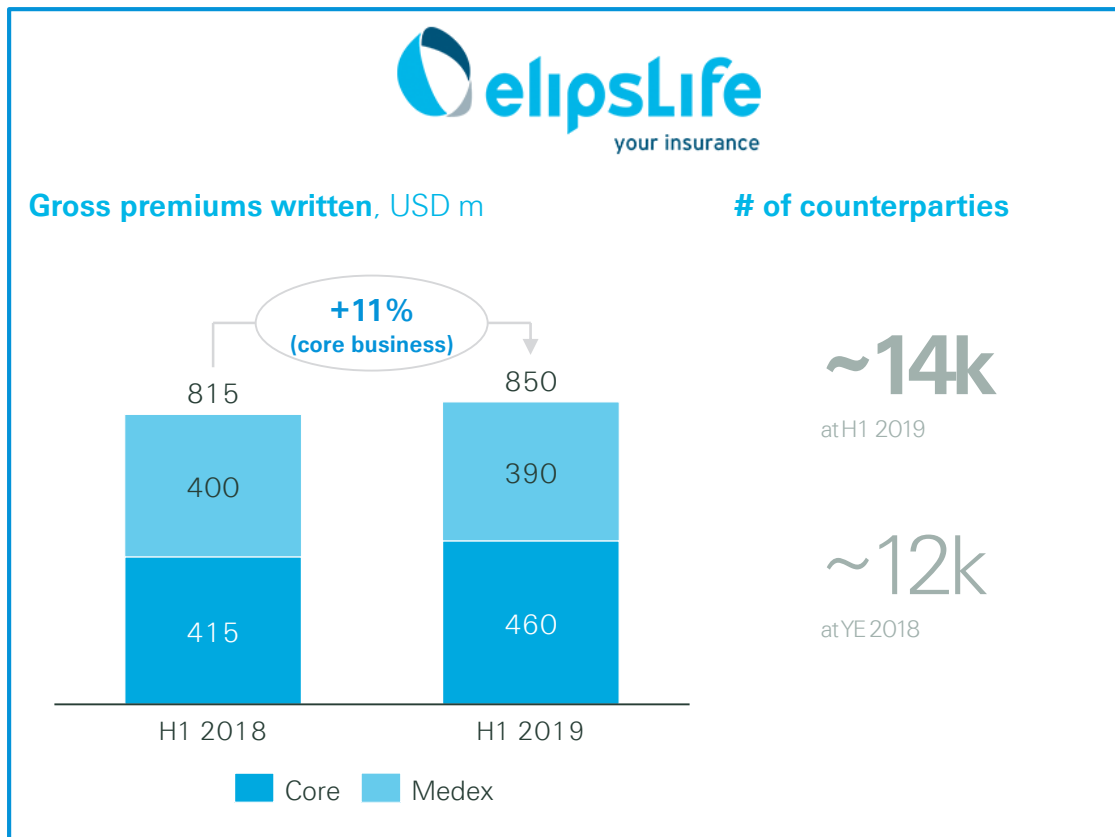


▶ Objective remains to reduce Swiss Re's ownership and to deconsolidate ReAssure (<50% stake)



Continued expansion of the open book businesses

Focus on primary risk pools based on B2B(2C) model



¹ Approx. average weekly policies sold, excluding medex business

Corporate Solutions' recent performance issues being decisively addressed with targeted management actions

Recent results have been disappointing



- Soft market environment
- Overweight US liability exposure
- Sub-scale in certain business lines
- Low reinsurance coverage

Decisive actions to fix performance issues



- Targeted portfolio pruning
- Strong push for price increases
- Improving productivity
- Protecting back-book and restoring capital strength
- Improving reinsurance structure

Return to underwriting profitability



Combined ratio
target
98%¹
in 2021

Access to commercial lines risk pool remains strategic to Swiss Re



Financial highlights

Key figures

USD m, unless otherwise stated

	P&C Re	L&H Re	Corporate Solutions	Life Capital	Group items	Total H1 2019	Total H1 2018
• Premiums earned and fee income	8 719	6 284	2 063	1 094	-	18 160	16 830
• Net income/loss	771	459	-403	5	121	953	1 006
• Return on investments	4.4%	4.4%	3.2%	3.2%	5.3%	4.2%	2.6%
• Return on equity	15.9%	13.1%	-40.5%	0.2%	5.0%	6.6%	6.3%
• Combined ratio	100.5%	-	132.8%	-	-		
• Earnings per share	(USD)					3.19	3.24
	(CHF)					3.20	3.13
						Total H1 2019	Total FY 2018
• Shareholders' equity	9 953	7 701	2 187	5 905	4 371	30 117	27 930
• <i>of which unrealised gains</i>	973	2 050	126	1 762	89	5 000	1 902
• Book value per common share	(USD)					101.83	93.09
	(CHF)					99.29	91.72

Reinsurance

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P&C Reinsurance reports strong results despite late claims development

Net premiums earned

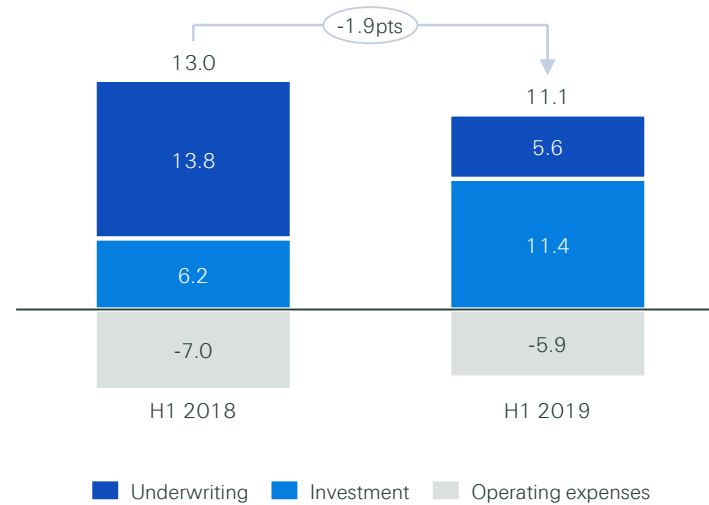
USD 8.7bn

in H1 2019

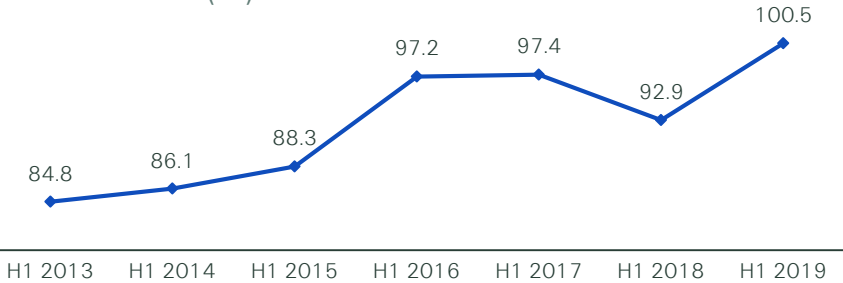
USD 7.7bn

in H1 2018

Net operating margin¹ (%)

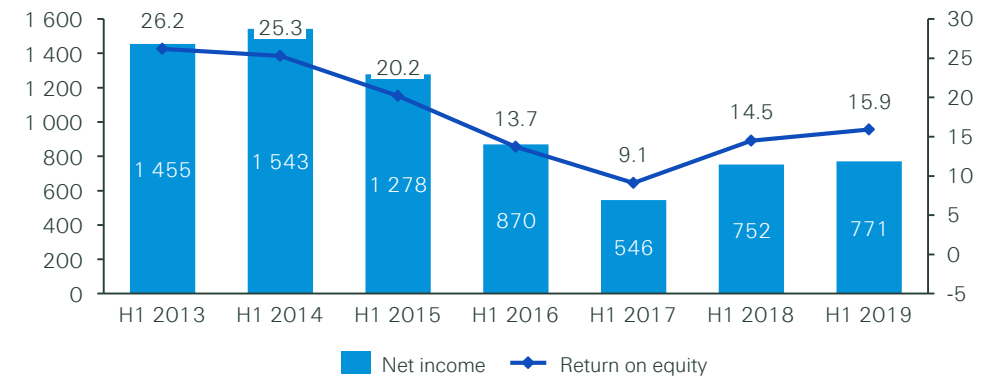


Combined ratio (%)



- Net impact of large nat cat events in H1 2019 1.4%pts below expectations. Unfavourable prior-year development (driven by Typhoon Jebi) impacted the combined ratio by 5.1%pts
- Normalised combined ratio in line with 2019 estimate

Net income (USD m, LHS), Return on equity (%), RHS)



- Strong increase in net premiums earned of 13% driven by profitable growth from large transactions and nat cat business in an improved market environment
- Underwriting margin mainly impacted by late claims development from Typhoon Jebi, but benefiting from Adverse Development Cover (ADC) to Corporate Solutions
- Investment margin reflects increase in contribution from equity securities and gains within the fixed income portfolio
- Decrease in expense margin due to higher revenues while maintaining expenses flat

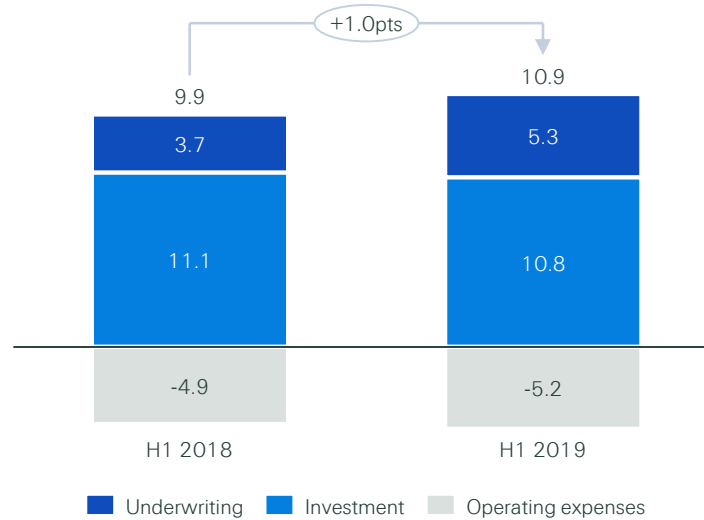
L&H Reinsurance continues to deliver strong results

Net premiums earned

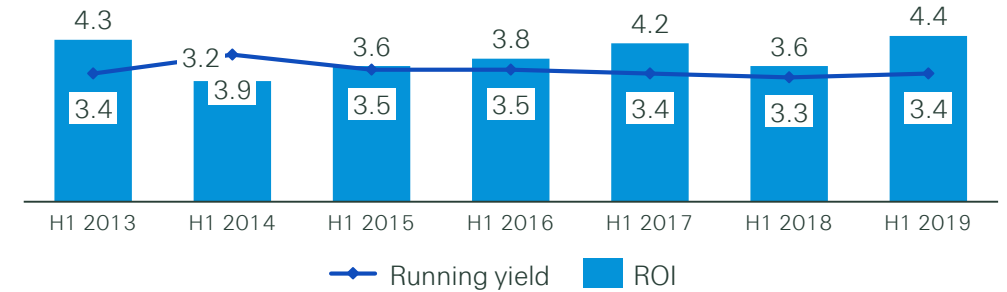
USD 6.2bn
in H1 2019

USD 6.3bn
in H1 2018

Net operating margin¹ (%)



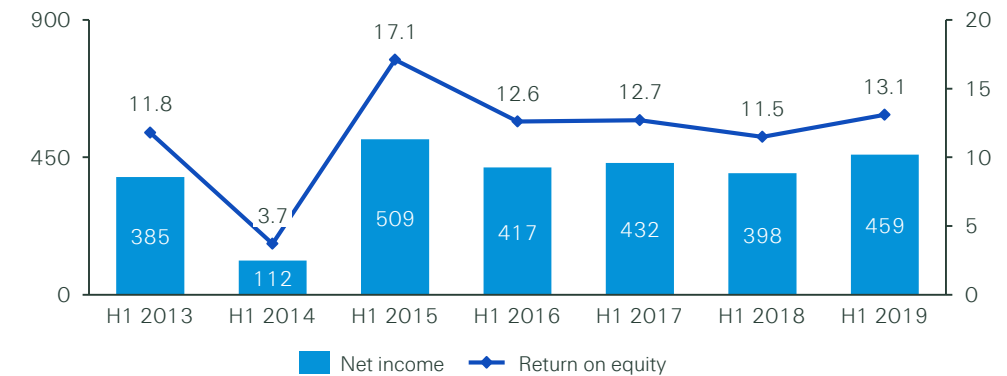
Running yield and ROI (%)



- ROI supported by realised gains from fixed income securities and mark-to-market gains

- Decrease in premiums earned reflects the termination of an intra-group retrocession agreement with Life Capital and fx movements
- Increase in underwriting margin driven by active portfolio management and improved mortality developments in the Americas
- Investment margin supported by favourable equity market performance and realised gains on fixed income instruments, partially offset by negative fx movements (not included in ROI)

Net income (USD m, LHS), Return on equity (%)



Corporate Solutions



Corporate Solutions results reflect decisive management actions

Net premiums earned

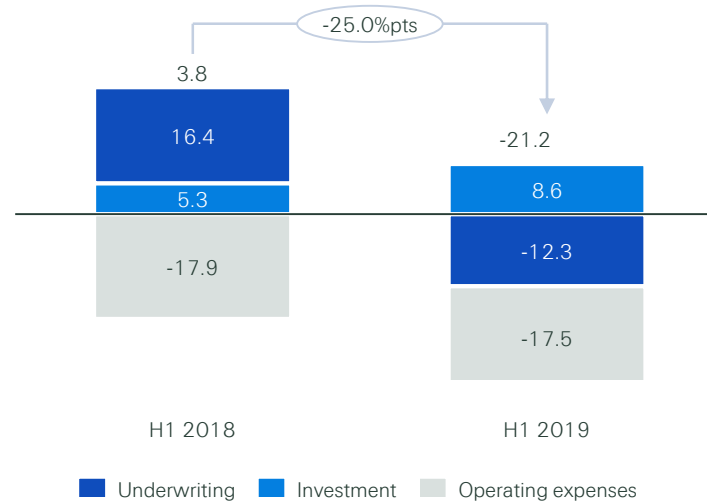
USD 2.1bn

in H1 2019

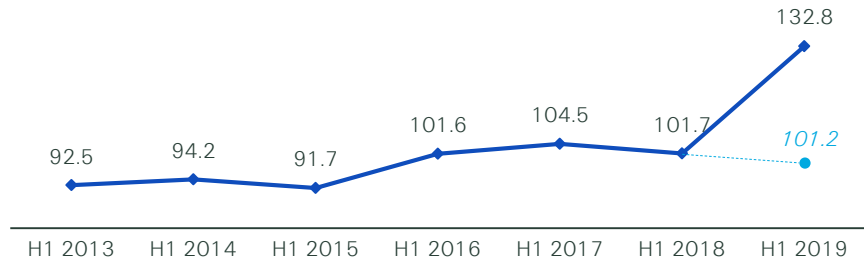
USD 1.9bn

in H1 2018

Net operating margin¹ (%)



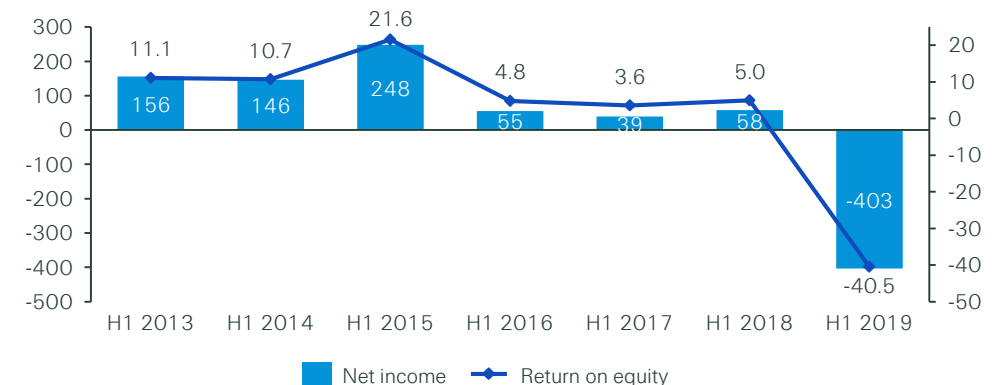
Combined ratio (%)



- Profitability impacted by management actions, in particular the reserve strengthening and implementation of the ADC
- Adjusted for the impact of management actions in H1 2019, the combined ratio would have been 101.2%²

- Premiums earned increased by 7.6% as significant rate increases and growth in selected lines of business more than offset active pruning of several portfolios
- Underwriting margin reflects reserve strengthening, mainly on large- and medium-sized man-made losses and a premium for the ADC with P&C Reinsurance
- Investment margin increased as a result of improved equity market performance
- Expense margin remained broadly unchanged

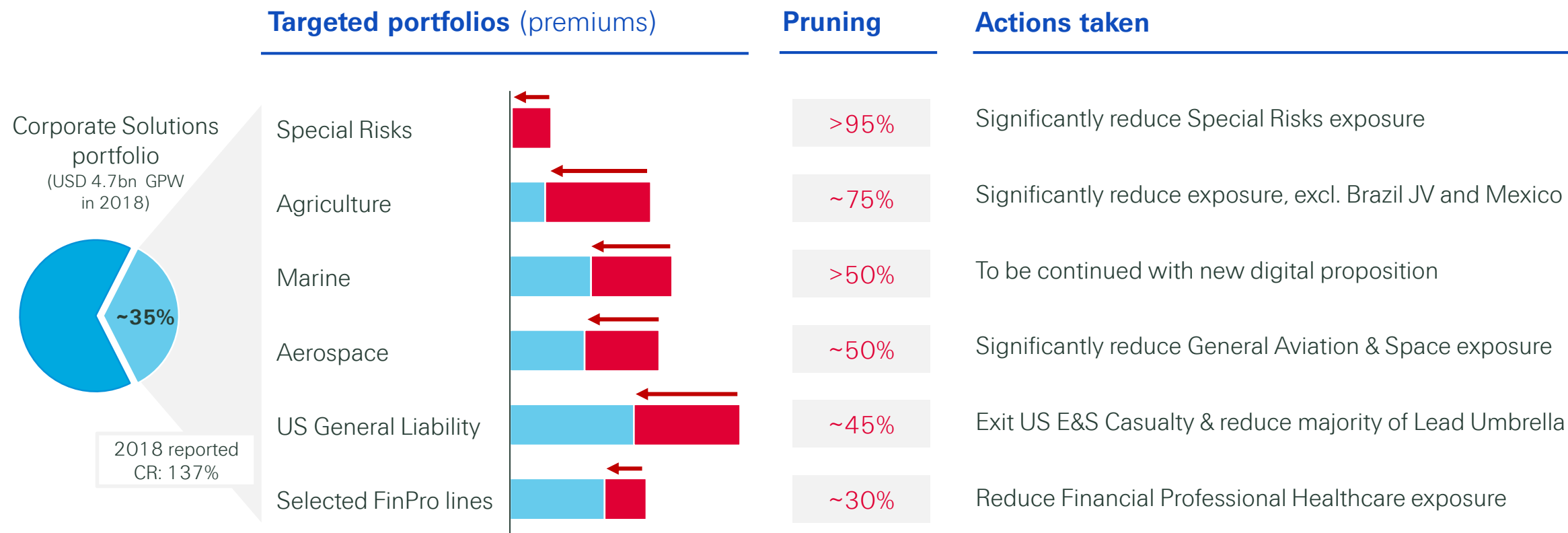
Net income (USD m, LHS), Return on equity (%), RHS)



¹ Net operating margin = EBIT / total revenues

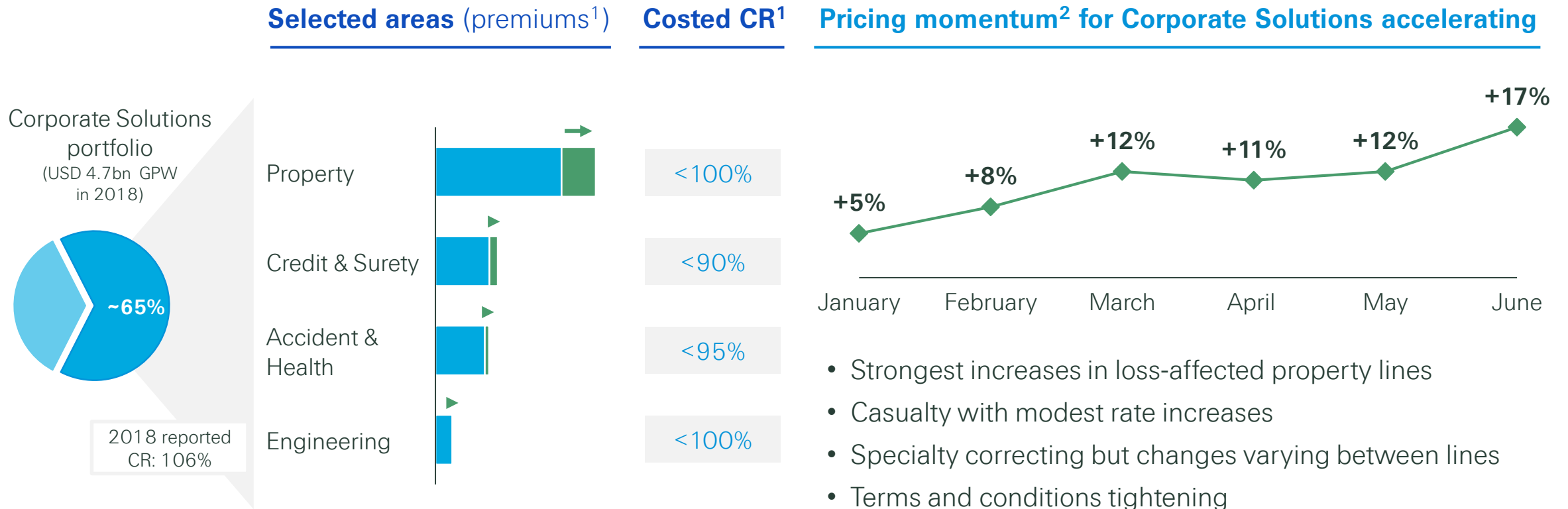
² Management actions include reserve strengthening in H1 2019 and the impact from implementing the ADC cover

Actions taken to significantly reduce exposure



- ▶ Reducing large limits & capacity deployed in targeted portfolios representing GPW of **USD ~900m** (~20% of premiums)
- ▶ Portfolio actions expected to reduce 2019 gross premiums written to USD ~4.5bn

Developing profitable portfolios supported by positive rate momentum



- Strongest increases in loss-affected property lines
- Casualty with modest rate increases
- Specialty correcting but changes varying between lines
- Terms and conditions tightening
- Continued price momentum expected

▶ Focus on selected portfolios and specific customer segments

▶ Price increases² of 9% achieved in H1 2019 for the Corporate Solutions portfolio

Decisive steps taken to reinforce Corporate Solutions' balance sheet

Reset back-book

- Impact of Q2 2019 reserve review of USD 328m
 - Reserve strengthening mainly related to large man-made losses
- Adverse Development Cover (ADC) with P&C Reinsurance¹ for a one-time premium of USD 100m
 - attached to net reserve level as of 30 June 2019 for accident years 2012-2018¹
 - cedes 80% of adverse development and 20% of positive net reserve development

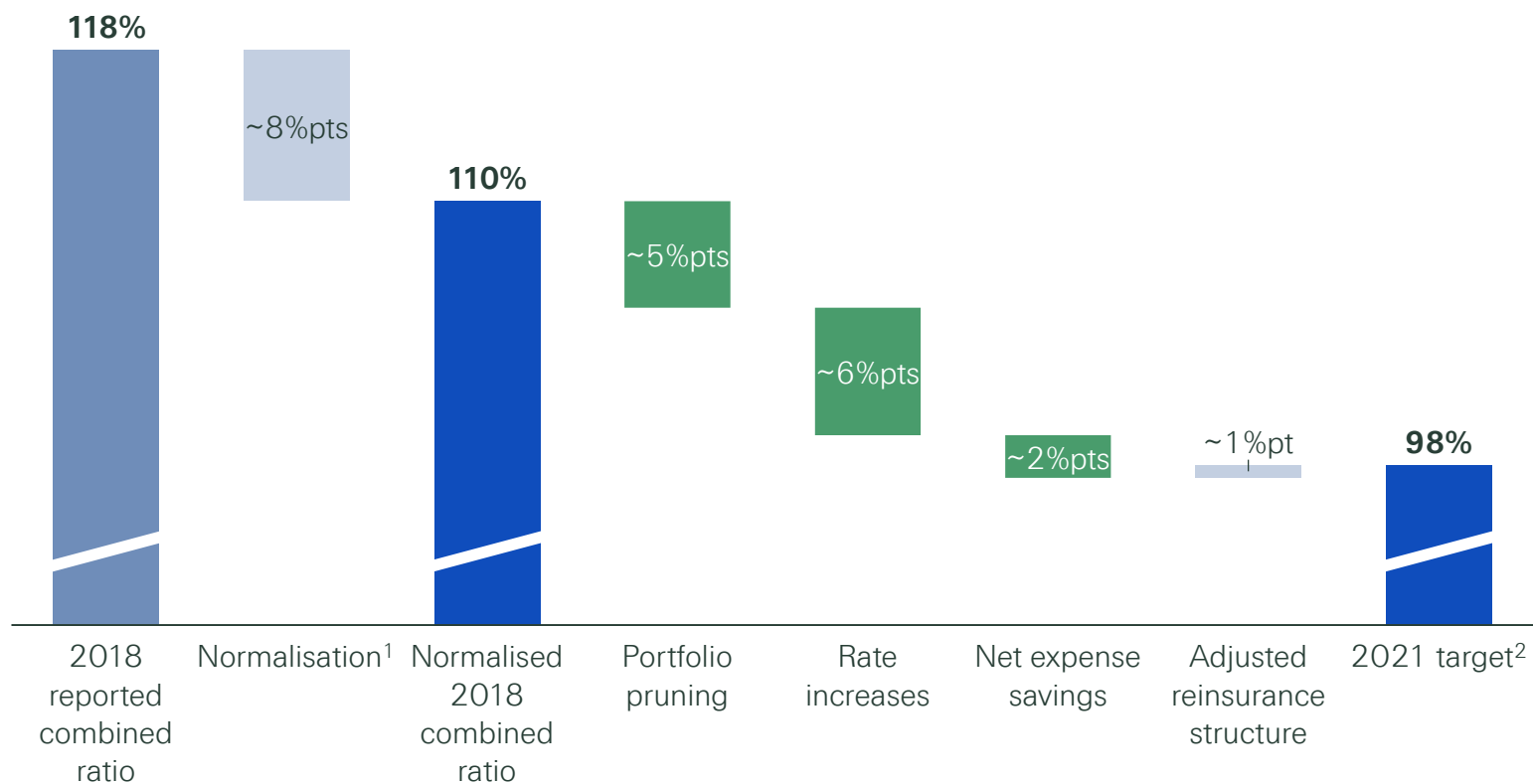
Set foundation for future growth

- Capital contribution of USD 600m from Swiss Re Ltd
- Additional reinsurance protection
 - tactical reinsurance H2 2019: additional first event covers for nat cat (single event retention at USD 200m vs. USD 300m previously) and Property per risk (USD 35m vs. USD 75m previously)
 - strategic reinsurance 2020 and beyond: further optimize risk retention across all lines
 - use single deal reinsurance more often to facilitate value-creating covers

- ▶ Ensuring prudent reserve levels and significantly reducing impact from potential future adverse reserve developments
- ▶ Lowering earnings volatility, improved solvency protection and increased capitalisation

Clear path to Corporate Solutions' underwriting profitability in 2021

Expected combined ratio development



- Reducing or resetting of underperforming portfolios and refocusing on profitable lines and specific customer segments
- Positive momentum in commercial insurance rates accelerating in 2019
- Operating expense reductions by 2021 compared to baseline 2018. In parallel, continued investment into future capabilities and technology
- Strategic use of reinsurance to protect capital with slightly negative earnings impact in an average year

▶ Restoring Corporate Solutions' profitability and addressing industry inefficiencies

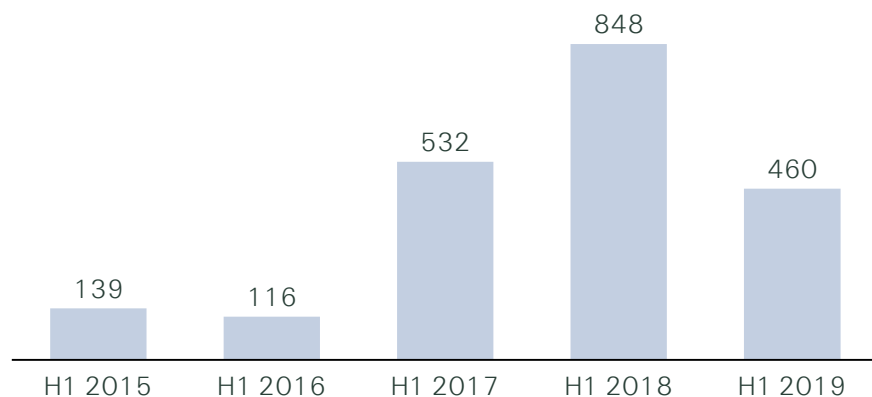


Life Capital

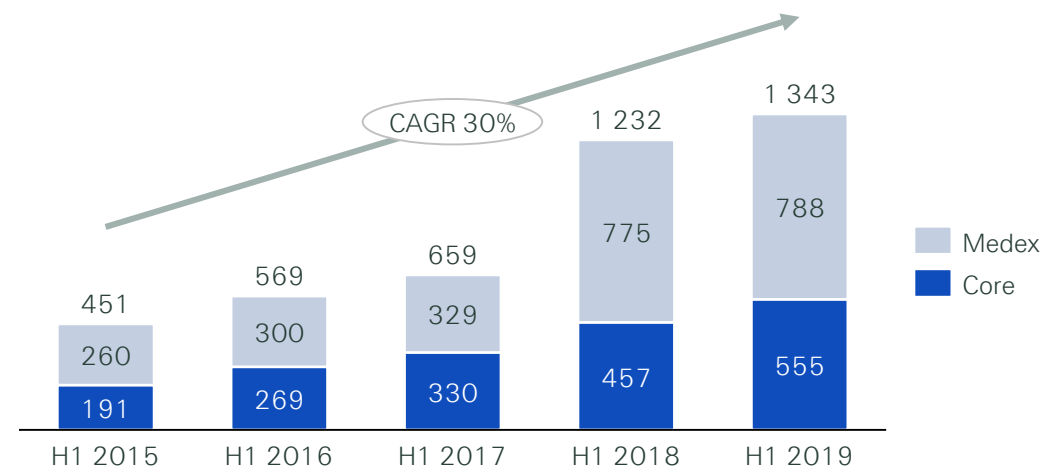


Life Capital result reflects dynamic growth in open book businesses and a strong GCG

Gross cash generation (USD m)



Open book - Gross premiums written (USD m)



- Gross cash generation (GCG) for H1 2019 driven by the proceeds from 10% stake sale in ReAssure to MS&AD and from the sale of subordinated bonds issued by ReAssure, partly offset by the impact of the ReAssure recapitalisation
- Surplus generation target within ReAssure of approx. GBP 2.1bn through 2023 expected to positively impact Life Capital GCG

- Gross premiums written reflect significant growth driven by:
 - iptiQ EMEA L&H medex transaction, renewed in 2019
 - elipsLife and iptiQ core business growth, approx. 20% year over year
 - Entrance into Asia Pacific with iptiQ ANZ

Group investments



Very strong investment results

Return on investments (ROI)

4.2%

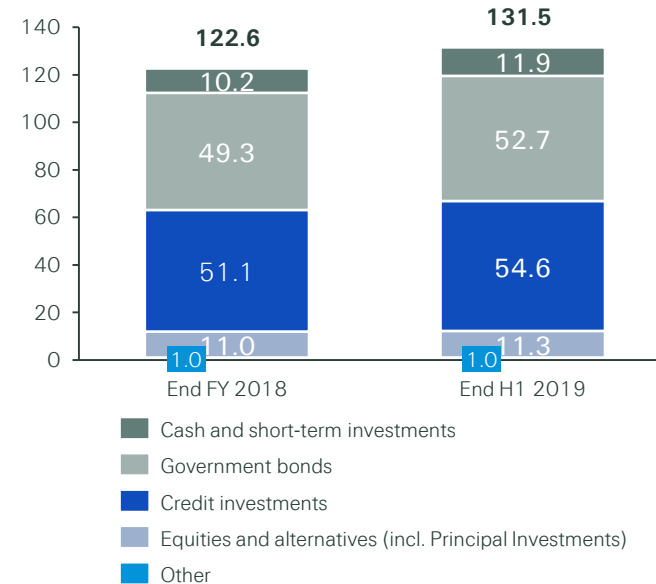
H1 2019

2.6%

H1 2018

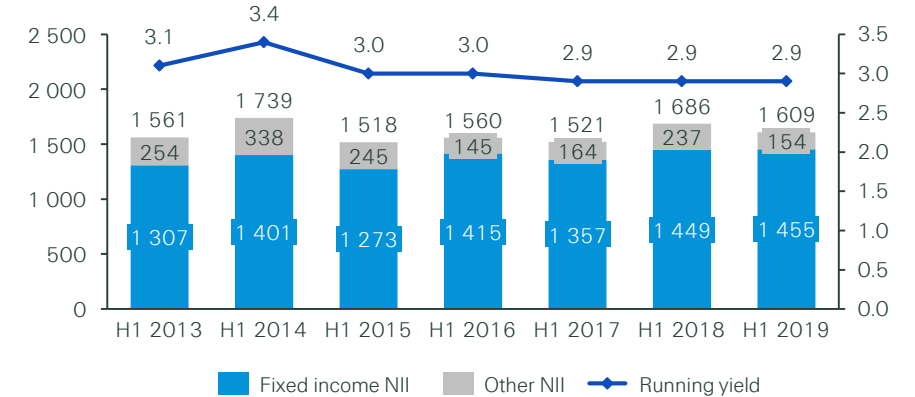
- ROI increase driven by market value gains on equity securities and gains within the fixed income portfolio
- Continued low impairments of USD 3m, as portfolio quality remains very high

Investment portfolio positioning (USD bn)



- Asset allocation changes were minimal on a relative basis
- Reduction in equities offset by market value gains

Net investment income (USD m, LHS) Running yield (% , RHS)

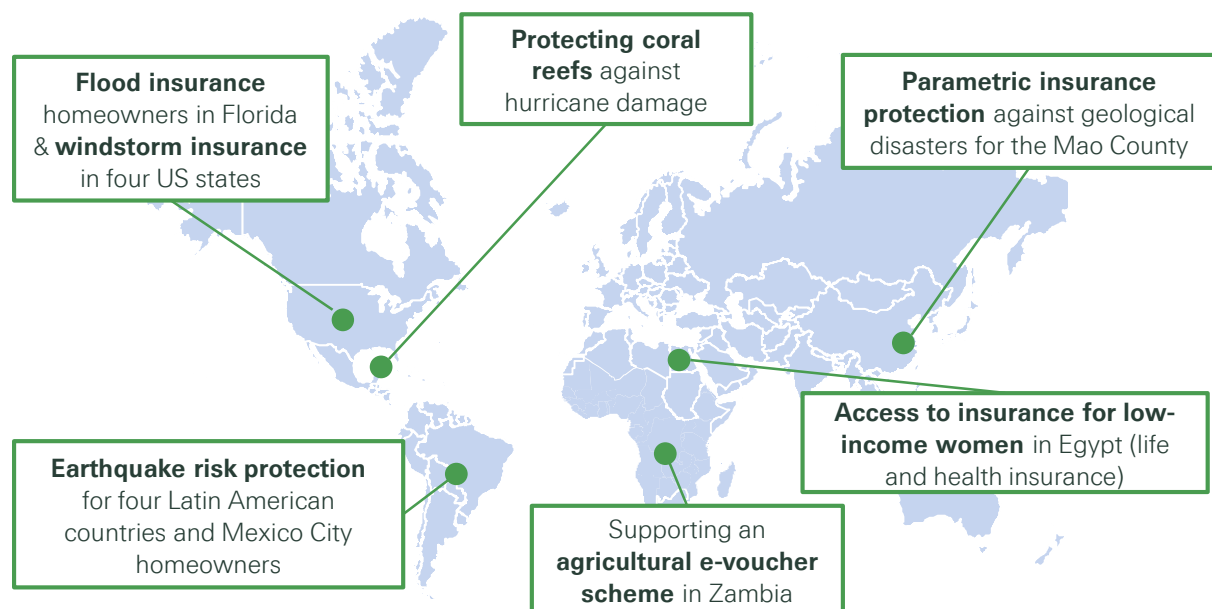


- H1 2019 Group fixed income running yield in line with the prior year period
- Net investment income of USD 1.6bn below prior year, reflecting reduced income from alternative investments

Continued focus on integration of sustainability criteria in investment and underwriting decisions



Recently implemented solutions



Swiss Re's **Group Sustainability Strategy** focuses on climate risks, societal resilience and digital transformation and on embedding sustainability in all our activities, e.g.:

- **Responsible investing** – early mover in switching to ESG benchmarks; integrating ESG criteria across all asset classes; PRI A+ rating
- **Sustainable underwriting** – continued implementation of coal policy (30% threshold) supporting clients in transitioning to renewable energy sources
- **Own footprint & operations** – publication of detailed tax transparency report; reduction of own emissions with the Greenhouse Neutral Programme and EcoVadis platform to drive sustainability performance in the Group's operations

External recognition



Appendix

Business segment results H1 2019

Income statement

USD m	Reinsurance	P&C Re	L&H Re	Corporate Solutions	Life Capital	Group items	Consolidation	Total H1 2019	Total H1 2018
Revenues									
Gross premiums written	19 359	12 405	6 954	2 201	1 875	-	-763	22 672	19 589
Net premiums written	18 159	12 014	6 145	1 831	1 366	-	-	21 356	18 334
Change in unearned premiums	-3 248	-3 295	47	232	-512	-	-	-3 528	-1 801
Premiums earned	14 911	8 719	6 192	2 063	854	-	-	17 828	16 533
Fee income from policyholders	92	-	92	-	240	-	-	332	297
Net investment income/loss – non participating	1 270	693	577	117	622	113	-215	1 907	2 023
Net realised investment gains/losses – non participating	625	435	190	78	23	91	-	817	-228
Net investment result – unit-linked and with-profit	48	-	48	-	3 428	-	-	3 476	385
Other revenues	7	7	-	2	-	200	-198	11	12
Total revenues	16 953	9 854	7 099	2 260	5 167	404	-413	24 371	19 022
Expenses									
Claims and claim adjustment expenses	-5 936	-5 936	-	-2 031	-	-	-	-7 967	-5 851
Life and health benefits	-4 986	-	-4 986	-	-1 406	-	-	-6 392	-5 990
Return credited to policyholders	-71	-	-71	-	-3 166	-	-	-3 237	-520
Acquisition costs	-3 141	-2 237	-904	-313	-163	-	-	-3 617	-3 505
Operating expenses	-956	-587	-369	-395	-325	-254	198	-1 732	-1 625
Total expenses	-15 090	-8 760	-6 330	-2 739	-5 060	-254	198	-22 945	-17 491
Income/loss before interest and tax	1 863	1 094	769	-479	107	150	-215	1 426	1 531
Interest expenses	-395	-174	-221	-20	-22	-56	215	-278	-279
Income/loss before income tax expense/benefit	1 468	920	548	-499	85	94	-	1 148	1 252
Income tax expense/benefit	-238	-149	-89	92	-67	27	-	-186	-215
Net income/loss before attribution of non-controlling interests	1 230	771	459	-407	18	121	-	962	1 037
Income/loss attributable to non-controlling interests	-	-	-	4	-13	-	-	-9	-7
Net income/loss after attribution of non-controlling interests	1 230	771	459	-403	5	121	-	953	1 030
Interest on contingent capital instruments	-	-	-	-	-	-	-	-	-24
Net income/loss attributable to common shareholders	1 230	771	459	-403	5	121	-	953	1 006

Business segment results H1 2019

Balance sheet

30 June 2019, USD m	Reinsurance	P&C Re	L&H Re	Corporate Solutions	Life Capital	Group Items	Consolidation	End H1 2019	End FY 2018
Assets									
Fixed income securities	70 513	40 267	30 246	7 977	24 072	34	-	102 596	95 952
Equity securities	2 320	1 682	638	199	64	414	-	2 997	3 036
Other investments	17 347	14 130	3 217	123	2 773	5 530	-11 438	14 335	13 351
Short-term investments	4 959	3 544	1 415	765	597	31	-	6 352	5 417
Investments for unit-linked and with-profit business	462	-	462	-	31 214	-	-	31 676	29 546
Cash and cash equivalents	3 347	1 517	1 830	772	2 325	96	-	6 540	5 985
Deferred acquisition costs	7 379	2 663	4 716	451	896	-	-	8 726	8 217
Acquired present value of future profits	607	-	607	-	996	-	-	1 603	1 818
Reinsurance recoverable	6 726	2 236	4 490	5 638	4 874	-	-10 136	7 102	7 058
Other reinsurance assets	20 932	12 932	8 000	2 748	6 641	3	-4 307	26 017	22 798
Goodwill	3 734	1 905	1 829	207	134	-	-	4 075	4 071
Other	18 421	10 187	8 234	2 726	2 444	1 985	-12 471	13 105	10 321
Total assets	156 747	91 063	65 684	21 606	77 030	8 093	-38 352	225 124	207 570
Liabilities									
Unpaid claims and claim adjustments expenses	58 955	46 500	12 455	12 564	2 719	1	-4 777	69 462	67 446
Liabilities for life and health policy benefits	19 700	-	19 700	604	26 164	-	-5 355	41 113	39 593
Policyholder account balances	1 358	-	1 358	-	32 363	-	-	33 721	31 938
Other reinsurance liabilities	17 192	14 030	3 162	3 826	3 087	3	-4 559	19 549	15 865
Short-term debt	3 188	1 203	1 985	-	626	60	-2 525	1 349	1 633
Long-term debt	14 810	3 394	11 416	798	1 610	495	-7 371	10 342	8 502
Other	23 889	15 982	7 907	1 486	3 023	3 163	-13 765	17 796	13 866
Total liabilities	139 092	81 109	57 983	19 278	69 592	3 722	-38 352	193 332	178 843
Equity									
Shareholders' equity	17 654	9 953	7 701	2 187	5 905	4 371	-	30 117	27 930
Non-controlling interests	1	1	-	141	1 533	-	-	1 675	797
Total equity	17 655	9 954	7 701	2 328	7 438	4 371	-	31 792	28 727
Total liabilities and equity	156 747	91 063	65 684	21 606	77 030	8 093	-38 352	225 124	207 570

Total equity and ROE H1 2019

USD m	Reinsurance	P&C Re	L&H Re	Corporate Solutions	Life Capital	Group Items	Total H1 2019
Shareholders' equity at 31 December 2018	15 757	9 483	6 274	1 795	5 113	5 265	27 930
Net income/loss attributable to shareholders	1 230	771	459	-403	5	121	953
Dividends and share buy-back	-1 670	-1 420	-250	-	-	-399	-2 069
Capital contributions	-	-	-	600	94	-694	-
Net change in unrealised investment gains/losses	2 302	1 038	1 264	186	547	63	3 098
Other (incl. fx)	35	81	-46	9	146	15	205
Shareholders' equity at 30 June 2019	17 654	9 953	7 701	2 187	5 905	4 371	30 117
Non-controlling interests	1	1	-	141	1 533	-	1 675
Total equity at 30 June 2019	17 655	9 954	7 701	2 328	7 438	4 371	31 792

ROE calculation

USD m	Reinsurance	P&C Re	L&H Re	Corporate Solutions	Life Capital	Group Items	Total H1 2019
Net income/loss attributable to shareholders	1 230	771	459	-403	5	121	953
Opening shareholders' equity	15 757	9 483	6 274	1 795	5 113	5 265	27 930
Average shareholders' equity	16 706	9 718	6 988	1 991	5 509	4 818	29 024
ROE H1 2019 annualised¹	14.7%	15.9%	13.1%	-40.5%	0.2%	5.0%	6.6%

Shares outstanding²

in millions

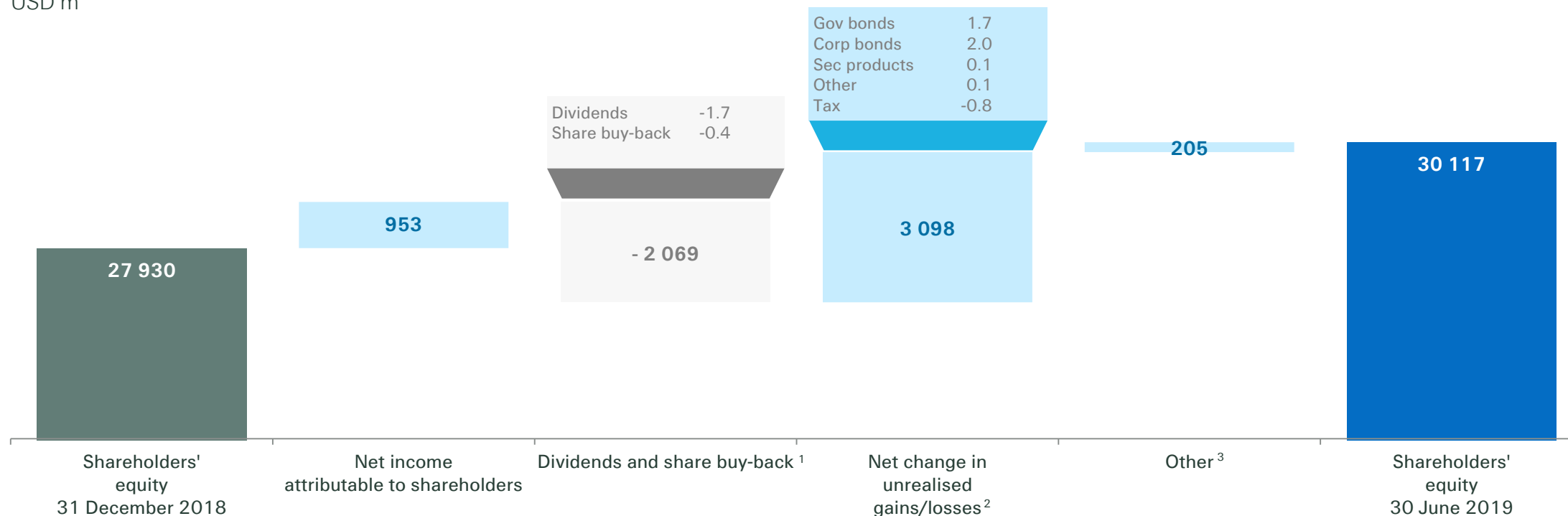
As at 30 June 2019	295.8	Weighted average	298.6
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¹ Based on published net income attributable to common shareholders

² Shares outstanding is the number of shares eligible for dividends and is used for the BVPS and EPS calculation; reflects 4.3m shares repurchased under share buy-back programmes

Change in shareholders' equity mainly driven by unrealised gains and net income, partially offset by dividend payments and share buy-back

USD m



¹ Includes USD 111 m of the share buy-back programme announced in 2018 and completed on 15 February 2019, and USD 299m of the share buy-back programme launched on 6 May 2019

² Includes USD -128m due to the sale of an additional 10% non-controlling interest in ReAssure to MS&AD

³ Includes USD 99m due the sale of an additional 10% non-controlling interest in ReAssure to MS&AD and other related transactions (USD 27m in additional paid-in capital and USD 72m in other components of other comprehensive income) as well as USD 92m as a result of the implementation of a new US GAAP guidance (ASU 2016-02 "Leases")

P&C Reinsurance renewals overview

Gross premium volume by line of business¹ (USD bn)

	Up for renewal YTD	Premium change	Estimated outcome YTD	Price change
Nat Cat	2.8	+17%	3.3	→
Property ²	3.2	+8%	3.4	→
Specialty ²	1.9	+13%	2.1	→
Casualty ²	6.0	+36%	8.2	→
Total	13.9	+23%	17.0	

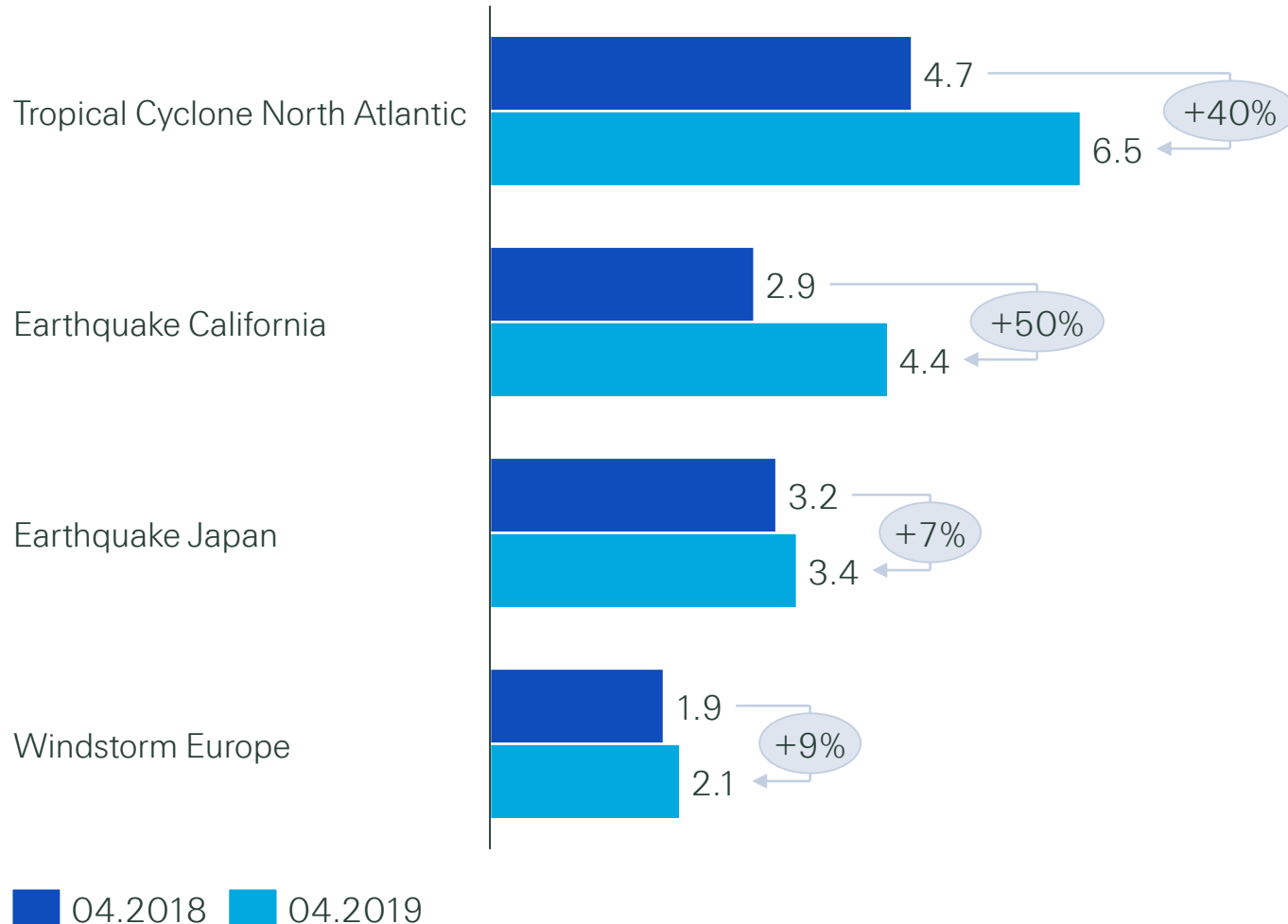
Gross premium volume by region¹ (USD bn)

	Up for renewal YTD	Premium change	Estimated outcome YTD
Americas	4.8	+39%	6.7
EMEA	5.3	+23%	6.5
Asia	3.7	+2%	3.8
Total	13.9	+23%	17.0

- Economic capital deployed increased by 27%: +41 % for non-proportional Property Nat Cat business and +33% for Casualty
- Casualty growth driven by large transactions in the US and Europe, particularly in SME market with short duration, low volatility and good performance track record
- Nat cat business with significant price increases for loss affected treaties and mostly flat for other areas

Change in Group natural catastrophe risk exposure

(99.5% VaR in USD bn; net of retrocession)



- Capital deployed to P&C significantly increased
- Higher exposure reflects growth from successful renewals in 2019 in an improving market environment
- Overall nat cat exposure back to similar levels as in 2015
- Growth at attractive levels will improve earnings power of the P&C businesses
- Significantly increased use of third party capital to back nat cat growth

P&C underwriting performance

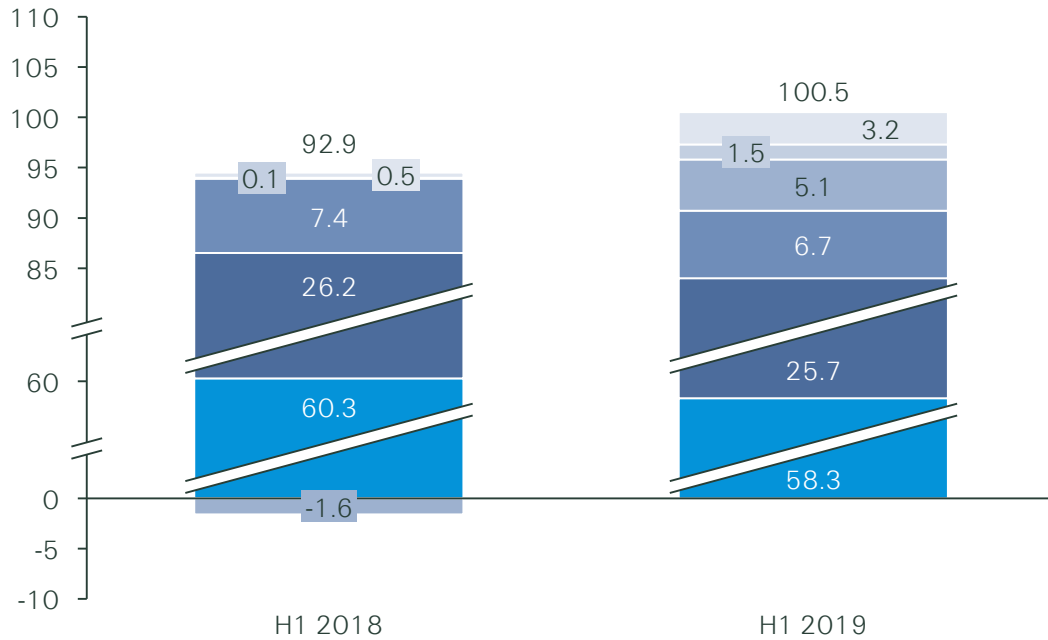
P&C Reinsurance and Corporate Solutions

	Combined ratio		Main drivers of change	Net premiums earned	Underwriting result
	H1 2018	H1 2019		H1 2019 USD m	H1 2019 USD m
P&C Reinsurance					
Property	83.6%	100.5%	• H1 2019 impacted by late claims development from Typhoon Jebi, while H1 2018 benefited from benign large loss experience	3 010	-15
Casualty	105.4%	105.5%	• Both periods impacted by reserve strengthening in US Casualty, partly mitigated by releases in the other regions	4 448	-244
Specialty	72.3%	82.7%	• Continued favourable development despite the impact from the Ethiopian Airlines crash and the subsequent grounding of the Boeing 737 MAX fleet	1 261	218
Total	92.9%	100.5%		8 719	-41

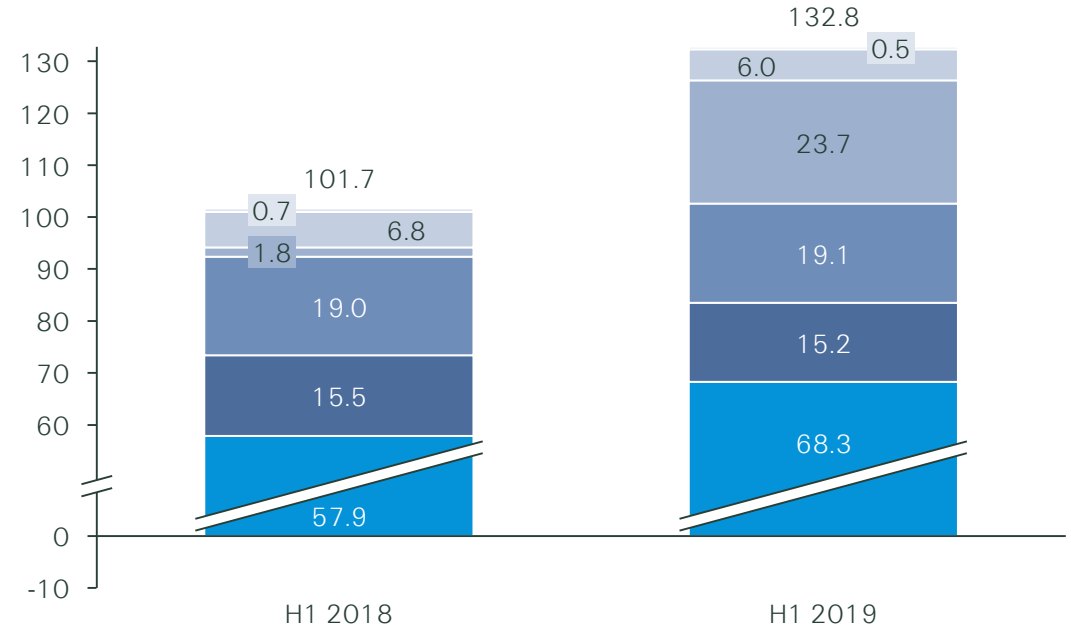
	Combined ratio		Main drivers of change	Net premiums earned	Underwriting result
	H1 2018	H1 2019		H1 2019 USD m	H1 2019 USD m
Corporate Solutions					
Property	91.7%	117.3%	• Deterioration driven by higher large man-made losses and unfavourable reserve development, reflecting management actions	701	-121
Casualty	108.1%	156.2%	• Both periods impacted by large man-made losses and unfavourable prior-year development, reflecting management actions	762	-428
Specialty	105.1%	121.2%	• Increase driven by small to medium sized losses, both in current and prior years, reflecting management actions	600	-127
Total	101.7%	132.8%		2 063	-676

P&C Reinsurance and Corporate Solutions: combined ratio split

P&C Reinsurance (%)



Corporate Solutions (%)



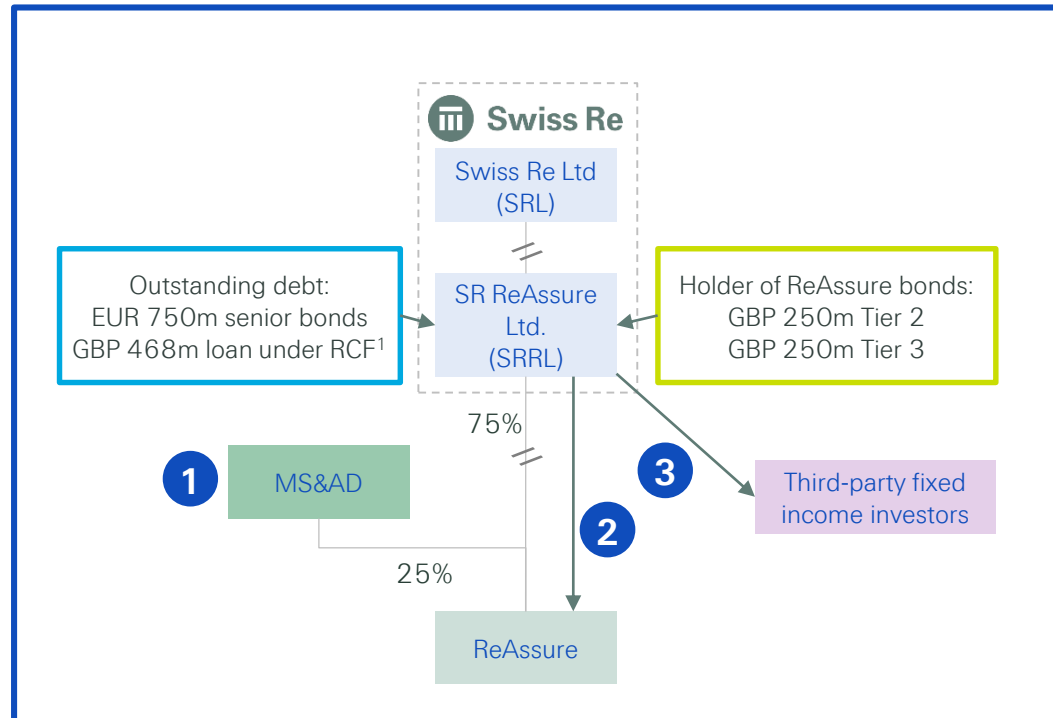
■ Attritional losses
 ■ Acquisition costs
 ■ Expenses
 ■ Prior Accident Year Development
 ■ Large man-made losses
 ■ Large nat cat losses

- Large nat cat loss impact of USD 282m (vs. USD 407m expected)
- Adverse prior-accident year development for H1 2019 of USD 451m, driven by late claims development from Typhoon Jebi

- Increase in attritional loss ratio mainly driven by recognition of the Adverse Development Cover and current accident year reserve strengthening

Overview of equity and debt holding changes in ReAssure

Equity and debt holdings in ReAssure



Recent changes

Impact on GCG

- 1 Additional 10% stake sale in ReAssure to MS&AD **USD +411m**
- 2 Net recapitalisation of ReAssure by GBP 481 m; purchase of subordinated debt **USD -620m**
- 3 Sale of GBP 500m Tier 2 ReAssure subordinated bonds to fixed income investors **USD +638m**

¹ Revolving Credit Facility

Return on investments (ROI)

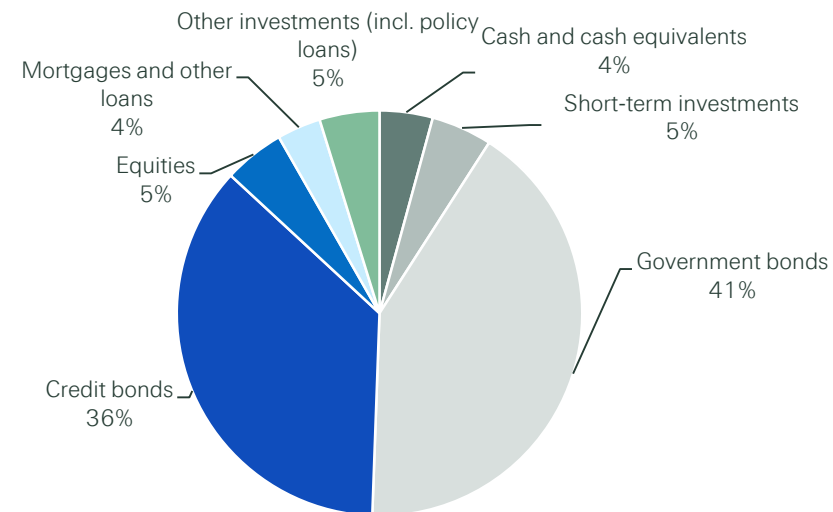
USD m	P&C Re	L&H Re	Corporate Solutions	Life Capital	Group items	Consolidation	Total H1 2019	Total H1 2018
Investment related net investment income	655	536	122	398	114	-216	1 609	1 686
Fixed income	459	509	112	375	-	-	1 455	1 449
Equities and alternative investments -incl RE, PE, HF	165	27	3	-	12	-	207	314
Other	138	47	16	45	116	-225	137	112
Investment expenses	-107	-47	-9	-22	-14	9	-190	-189
Investment related net realised gains/losses	513	227	33	27	103	-	903	-140
Fixed income	389	144	8	52	-	-	593	88
Equities and alternative investments -incl RE, PE, HF	298	83	26	4	103	-	514	-204
Other	-174	-	-1	-29	-	-	-204	-24
Other revenues	-	-	-	-	-	-	-	-
Investment related operating income	1 168	763	155	425	217	-216	2 512	1 546
Less income not related to investment return ¹	-26	-11	-10	-5	-42	51	-43	-47
Basis for ROI	1 142	752	145	420	175	-165	2 469	1 499
Average invested assets	52 176	34 228	8 932	26 221	6 655	-11 044	117 168	116 056
ROI	4.4%	4.4%	3.2%	3.2%	5.3%	n/a	4.2%	2.6%
Insurance related net investment income	38	41	-5	224	-1	1	298	337
Insurance related net realised gains/losses	-9	-13	52	-1	-1	-	28	32
Foreign exchange gains/losses	-69	-24	-7	-3	-11	-	-114	-120
Net investment income/loss – non participating	693	577	117	622	113	-215	1 907	2 023
Net realised investment gains/losses – non participating	435	190	78	23	91	-	817	-228

- Decrease in investment related net investment income, largely driven by reduced income from private equity, partially offset by additional income from short-term investments
- Increase in investment related net realised gains reflects significant market value gains across equities and alternative investments as well as additional gains from the fixed income portfolio
- Decrease in insurance related net investment income driven by reduced fees from structured transactions in L&H Re, partially offset by additional income from the L&G transaction in Life Capital

¹ Excluded from basis for ROI: cash and cash equivalents, securities lending, repurchase agreements and collateral balances

Overall investment portfolio

USD bn	End H1 2019
Balance sheet values	164.5
Unit-linked investments	-27.6
With-profit business	-5.0
Assets for own account (on balance sheet only)	131.9

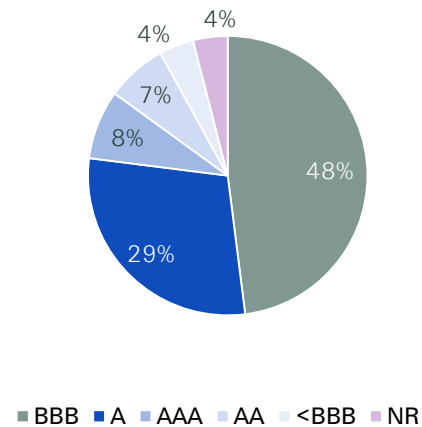
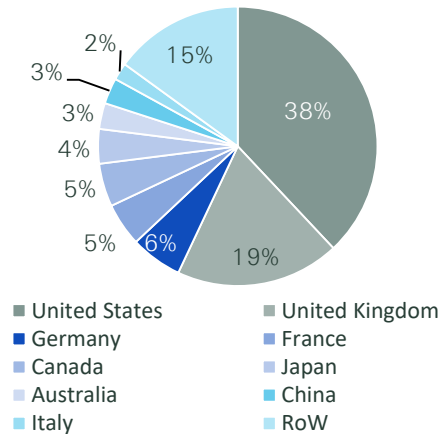


USD bn	P&C Re	L&H Re	Corporate Solutions	Life Capital	Group items	Consolidation	End H1 2019	End FY 2018
Cash and cash equivalents	1.5	1.8	0.8	1.4	0.1	-	5.6	4.8
Short-term investments	3.6	1.4	0.8	0.6	-	-	6.4	5.4
Government bonds	28.9	13.0	5.3	7.5	-	-	54.7	50.9
Credit bonds	11.4	17.2	2.7	16.6	-	-	47.9	45.1
Equities ¹	3.1	0.7	0.2	0.1	2.3	-	6.4	6.3
Mortgages and other loans	7.3	2.0	-	1.9	3.3	(9.9)	4.6	4.5
Other investments (incl. real estate and policy loans)	5.3	1.2	0.1	0.8	0.4	(1.5)	6.3	5.6
Total	61.1	37.3	9.9	28.9	6.1	(11.4)	131.9	122.6

¹ Includes equity securities, private equity and Principal Investments

Fixed income securities

USD m	Government bonds	Credit bonds
End FY 2018	50 876	45 076
End H1 2019	54 680	47 916



- Increase in government bonds driven by market value gains stemming from declining interest rates as well as net purchases
- Credit bonds include corporate bonds (USD 43.3bn) and securitised products (USD 4.6bn)
- Increase in credit bonds driven by market value gains alongside declining interest rates and credit spread tightening

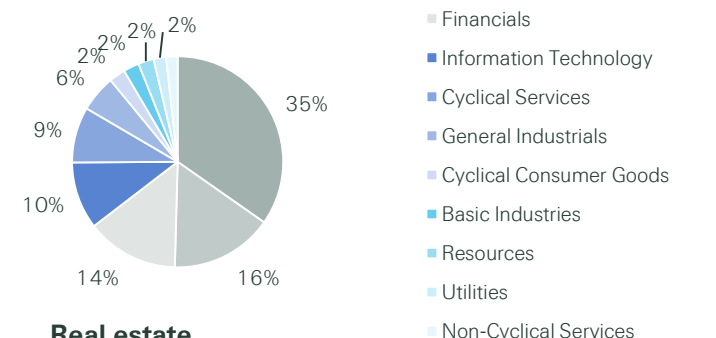
Equities and alternative investments

USD m	End FY 2018	End H1 2019
Equity securities	2 695	2 582
Private equity	1 463	1 501
Hedge funds	327	344
Real estate	4 430	4 566
Principal Investments	2 109	2 295
<i>Equity securities</i>	341	415
<i>Private equity</i>	1 768	1 880
Total market value	11 024	11 288

- Decrease in equity securities mainly driven by net sales, mostly offset by market value gains
- Increase in real estate driven by net purchases and market value gains
- Increase in Principal Investments reflects market value gains, largely driven by New China Life

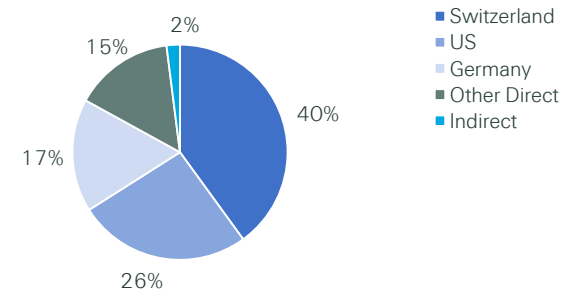
Equity securities

by sector



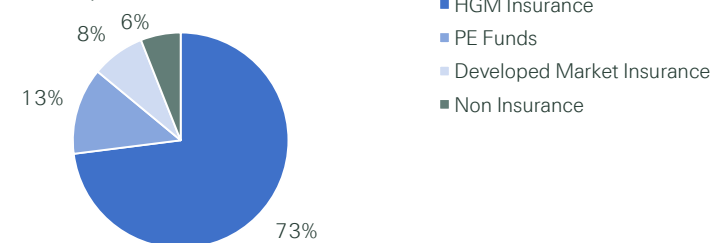
Real estate

by geography



Principal Investments

by sector



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- 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 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 realize tax loss carryforwards, the ability to realize 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;
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Corporate calendar & contacts

Corporate calendar

2019

31 October
25 November

9M 2019 Key Financial Data
Investors' Day 2019

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Zurich

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