

Half-year 2018 Results

Investor and analyst presentation
Zurich, 3 August 2018



**We make
the world
more
resilient.**

Swiss Re delivers solid results in the first half of 2018

- Swiss Re benefits from strong improvement in P&C underwriting performance and reports Group net income of USD 1.0bn; ROE 6.3%
- Estimated adverse pre-tax impact of USD 265m due to new US GAAP accounting guidance; absent this change, Group net income of USD 1.2bn and ROE of 7.7%
- P&C Reinsurance improves underwriting profitability and enhances portfolio through year-to-date renewals; ROE 14.5%
- L&H Reinsurance continues to grow and deliver strong results; ROE 11.5%
- Corporate Solutions benefits from a moderately improving market environment with gross premiums written¹ up 18.5%; ROE 5.0%
- Life Capital delivers exceptional gross cash generation and distributes dividend of USD 1.1 bn to the Group; ROE 1.1%
- Swiss Re to explore potential Initial Public Offering (IPO) of its UK closed book business ReAssure in 2019
- Group investment result impacted by change in US GAAP accounting guidance while running yield remains stable at 2.9%
- Book value per share of USD 97.92 (CHF 97.21), after distributing USD 2.3bn to shareholders through dividends and share buy-backs; execution of ongoing public share buy-back programme is on track

¹ Gross premiums written include premiums for insurance in derivative form, net of internal fronting for the Reinsurance Business Unit

Key figures

USD m, unless otherwise stated

	P&C Re	L&H Re	Corporate Solutions	Life Capital	Group items	Total H1 2018	Total H1 2017
• Gross premiums written	9 570	7 372	2 043	1 841	-	19 589	18 145
• Premiums earned and fee income	7 701	6 389	1 918	822	-	16 830	16 204
• EBIT	1 070	708	77	79	-262	1 531	1 842
• Net income/loss	752	398	58	34	-236	1 006	1 211
• <i>Pro-forma net income/loss</i> ¹	789	416	65	23	-78	1 215	-
• Net operating margin	13.0%	9.9%	3.8%	5.2%	-	8.2%	9.9%
• Return on investments	2.1%	3.6%	2.2%	3.4%	-3.7%	2.6%	3.5%
• <i>Pro-forma return on investments</i> ¹						3.0%	-
• Return on equity	14.5%	11.5%	5.0%	1.1%	-8.0%	6.3%	7.0%
• <i>Pro-forma return on equity</i> ¹	15.2%	12.0%	5.6%	0.7%	-2.6%	7.7%	-
• Combined ratio	92.9%	-	101.7%	-	-		
• Earnings per share	(USD)					3.24	3.76
	(CHF)					3.13	3.75
						Total H1 2018	Total FY 2017
• Common shareholders' equity ²	9 998	6 367	2 245	5 293	6 148	30 051	34 373
• <i>of which unrealised gains</i>	-63	1 195	-84	1 477	73	2 598	4 930
• Book value per common share	(USD)					97.92	107.10
	(CHF)					97.21	102.57

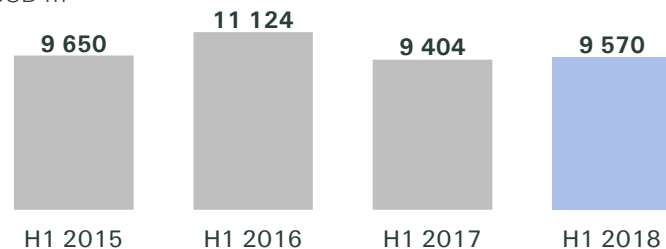
¹ Excluding the estimated impact of the new US GAAP guidance on recognition and measurement of financial instruments which was effective for the Group as of 1 January 2018

² Excluding contingent capital instruments (USD 750m in L&H Re); basis for ROE and BVPS calculations

P&C Reinsurance result reflects stronger underwriting performance

Gross premiums written

USD m



Combined ratio

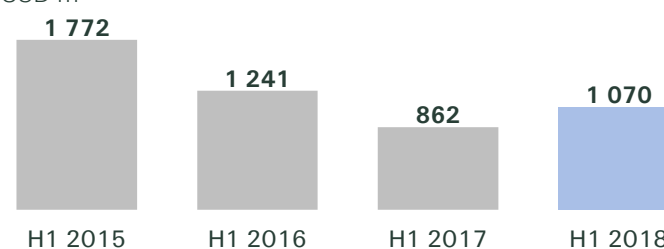
%



- Gross premiums written increased by 1.8% reflecting a positive impact from foreign exchange movements and continued underwriting discipline
- Combined ratio benefited from the absence of large natural catastrophe events (4.5%pts) and favourable prior accident year development (1.5%pts)

EBIT

USD m



Net operating margin

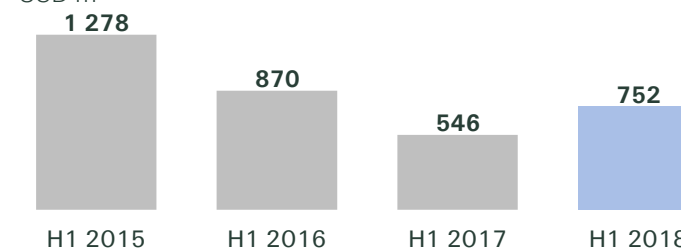
%



- EBIT and net operating margin benefited from stronger underwriting performance
- Underwriting result driven by benign large loss experience and positive prior accident year development
- Lower investment result includes market value losses across equities and alternative investments, partially offset by increased net investment income

Net income

USD m



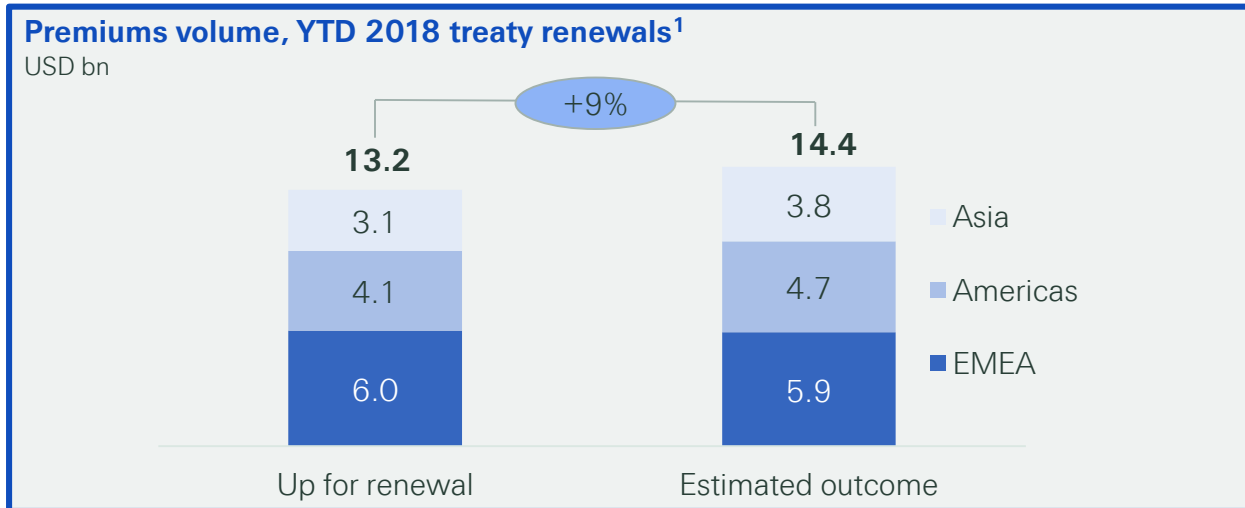
Return on equity

%



- Net income development in line with EBIT
- Excluding the estimated impact of the new US GAAP guidance, net income would have amounted to USD 789m, and the ROE to 15.2%

P&C Reinsurance 2018 renewals show volume and price increases



- Volume up 9% July YTD – benefiting from growth in core and transactional business
- Improved risk adjusted price quality (104% for July renewals, 103% YTD) and combined ratio estimate for 2018 confirmed
- Price quality up 2%; increases most pronounced in loss affected property lines, and moderate increases in most other portfolios
- Maintained underwriting discipline; continued to increase portfolio weight in segments with attractive economic profit

¹ Gross premium volume, treaty portfolio; estimated outcome vs up for renewal 1 July 2018 YTD; up for renewal figures adjusted for large transactions not placed in the market

² Assuming an average large loss burden



Higher rates across most lines of business and regions

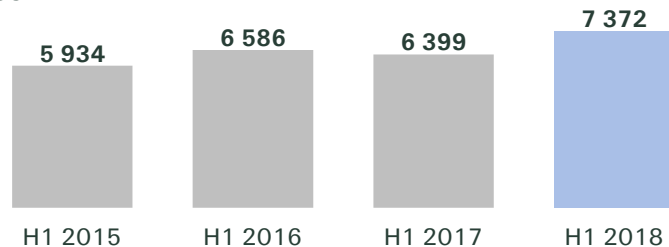
Risk adjusted price quality at 104% for July (103% YTD)

2018 combined ratio estimate² maintained at 99%

L&H Reinsurance continues to deliver strong results and profitable growth

Gross premiums written

USD m



Running yield

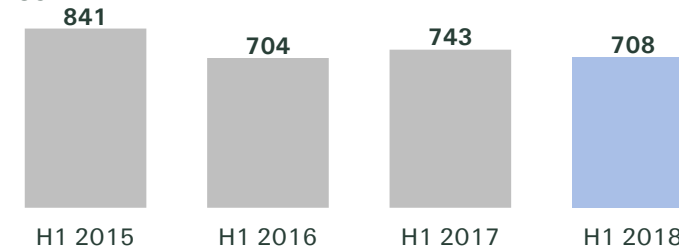
%



- Gross premiums written increased by 15.2%, reflecting the positive impact of intra-group retrocession agreements and growth in Asia and EMEA, combined with favourable currency fluctuations
- Fixed income running yield remained stable compared to the full year 2017

EBIT

USD m



Net operating margin

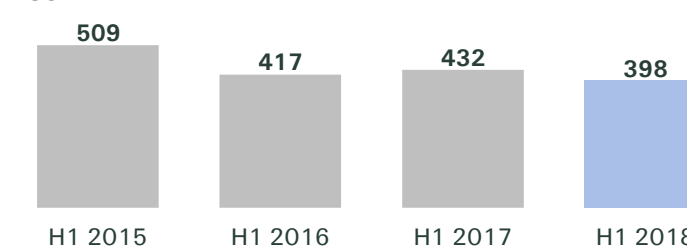
%



- EBIT and net operating margin decreased, driven by lower realised gains
- Underwriting results remained stable year on year; improved underwriting performance in Asia and EMEA was offset by a seasonal increase in the number of claims in the US

Net income

USD m



Return on equity

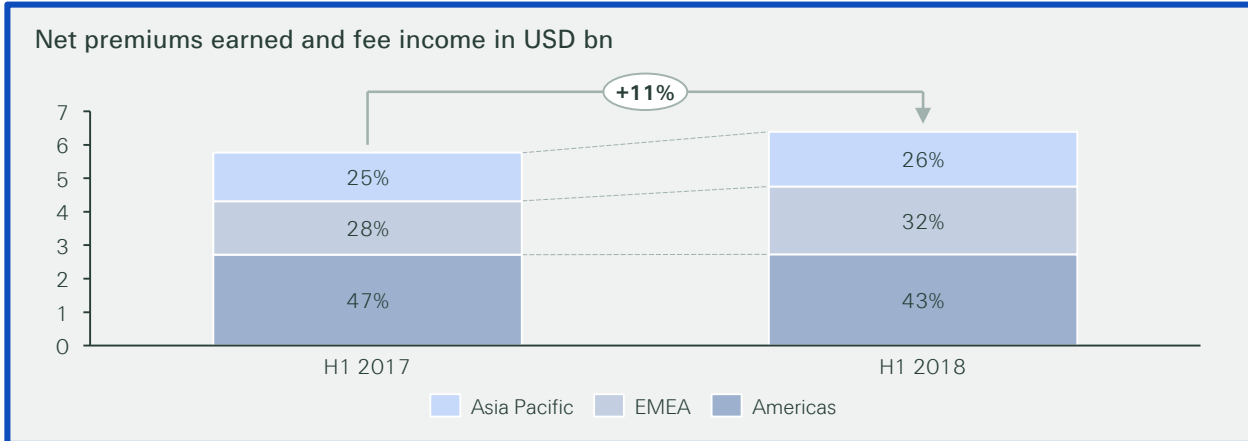
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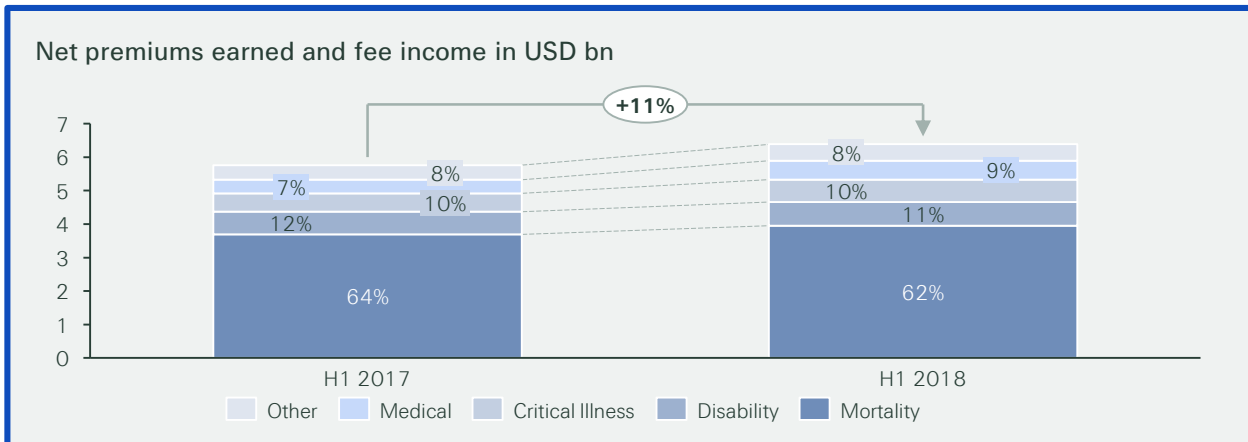
- Net income development in line with EBIT
- Excluding the estimated impact of the new US GAAP guidance, net income would have amounted to USD 416m and the ROE to 12.0%

L&H Reinsurance growth increases diversification and supports sustainability of results

Portfolio mix by region



Portfolio mix by product



Asia Pacific and EMEA are key drivers for growth

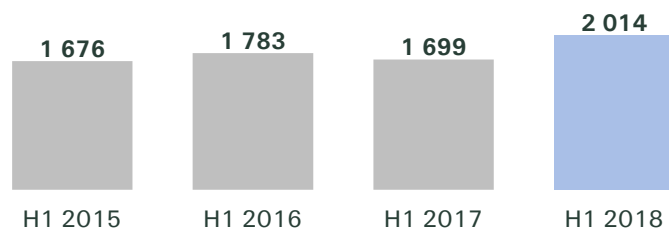
~30% of economic underwriting profit from transactions

> USD 17bn of GAAP margin within US GAAP reserves

Corporate Solutions benefits from a moderately improving market environment

Gross premiums written¹

USD m



Combined ratio

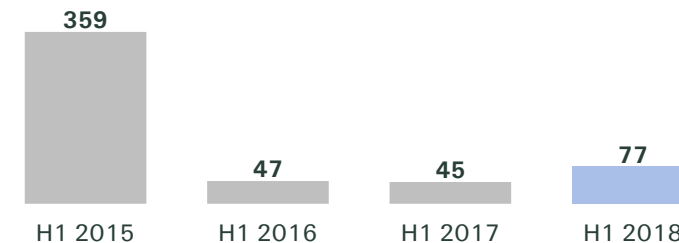
%



- Gross premiums written¹ increased by 18.5%, driven by growth in Primary Lead business, gradually realising the benefit from the strategic investment
- Combined ratio reflects higher large man-made losses (-7.2%pts)² more than compensated by lower large natural catastrophe losses (-0.7%pts)² and lower unfavourable prior-year development (-1.0%pts)²

EBIT

USD m



Net operating margin

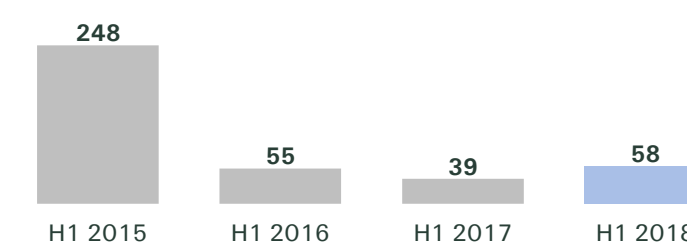
%



- EBIT and net operating margin improved, driven by a reduced underwriting loss, partially offset by lower net realised gains from investment activities
- The underwriting result was impacted by large man-made losses and heavily influenced by business written in previous underwriting years, and last year in particular

Net income

USD m



Return on equity

%



- Net income development in line with EBIT
- Excluding the estimated impact of the new US GAAP guidance, net income would have amounted to USD 65m and the ROE to 5.6%
- Rates, as well as terms and conditions, improved after 2017 natural catastrophe events, albeit at a varying pace by region and segment

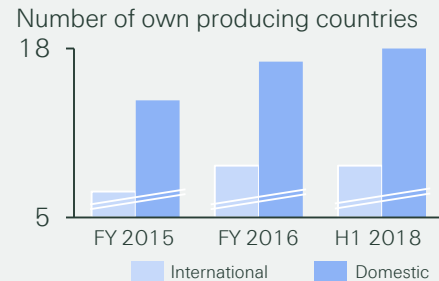
¹ Gross premiums written including premiums for insurance in derivative form, net of internal fronting for the Reinsurance Business Unit

² Refer to slide 23 for combined ratio breakdown

Corporate Solutions delivering on key priorities

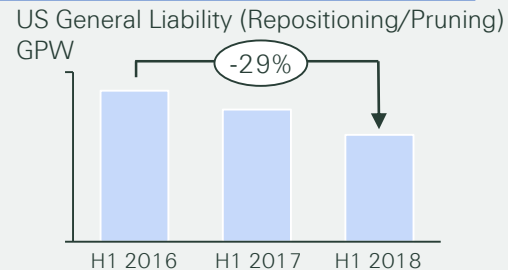
Primary Lead

- Expansion of own domestic and international primary lead producing capabilities to 18 and 9 countries respectively
- Global network coverage for international insurance programmes continuously expanded using Corporate Solutions' proprietary technology platform



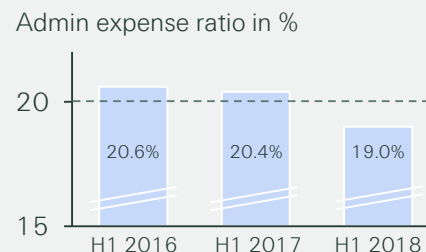
Drive the market post Q3 2017 events

- High single-digit price increase in loss-affected accounts but overall rate levels still insufficient and further hardening required to achieve a sustainable profitability level
- Underperforming segments addressed by changing portfolio composition and targeting significant price increases, e.g. US Liability



Increase Productivity

- Focus on productivity maintained
- A combination of process improvements, cost saving measures, use of technology and strong growth led to a lower admin expense ratio



Expansion of Primary Lead capabilities: global network coverage for international programmes >80 countries

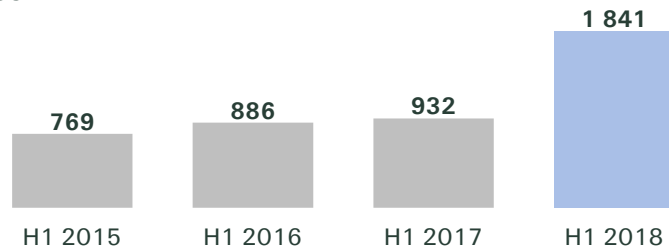
Growth in a gradually improving market environment whilst pruning underperforming segments

Productivity gains led to an admin expense ratio below 20%

Life Capital delivers exceptional gross cash generation and makes significant dividend distribution to the Group

Gross premiums written

USD m



Gross cash generation (GCG)¹

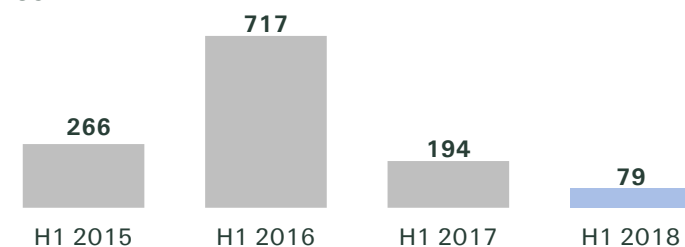
USD m



- Gross premiums written increase reflects significant growth in open book businesses, enhanced by a large medex transaction for iptiQ EMEA, combined with the impact of intra-group retrocession agreements
- Exceptional GCG driven by strong underlying emerging surplus, the sale proceeds from the initial 5% stake in ReAssure acquired by MS&AD and the finalisation of the 2017 Solvency II position

EBIT

USD m



Net operating margin

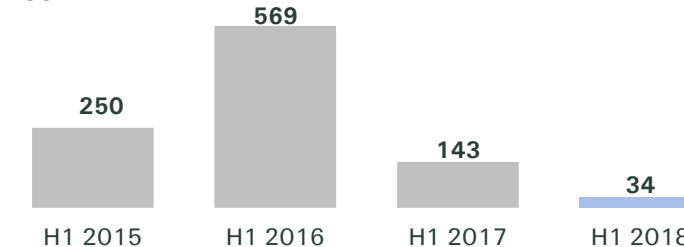
%



- EBIT and net operating margin in line with expectations as gains on sales of fixed income and market value gains on equity securities offset the impact of overall weak UK investment performance
- Continued investment into open book expansion

Net income

USD m



Return on equity

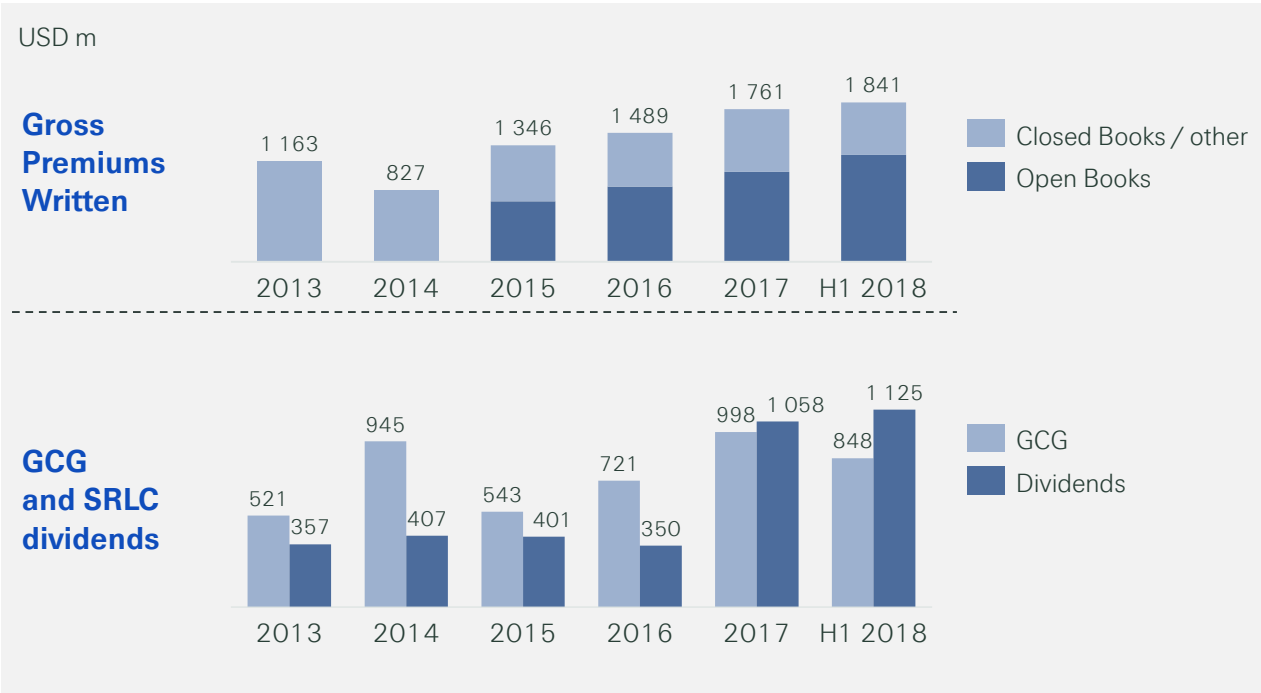
%



- Net income development in line with EBIT
- Excluding the estimated impact of the new US GAAP guidance, net income would have amounted to USD 23m and the ROE to 0.7%
- Unrealised gains accounted for approximately one third of closing equity
- Dividend of USD 1.1 bn paid to Group in Q2 2018

¹ Before consideration of the 15% interest in ReAssure held by MS&AD Insurance Group Holdings Inc.

Life Capital continues to grow in open books as well as extracting GCG



- Open book contribution to gross premiums written demonstrates continued growth into primary risk pools
- Strong GCG resulting in the business unit's significant dividends to Group
- Closed book transaction pipeline expected to contribute to future GCG

USD 1.1 bn dividend upstreamed to the Group in H1 2018

GCG 2016-2018 target of USD 2.3-2.5bn exceeded

elipsLife and iptiQ continued dynamic growth

Swiss Re is exploring a potential IPO of its UK closed book business ReAssure in 2019

UK Closed Book Market Opportunity



— Total risk pool (market)
— ReAssure share

- UK closed book market represents an attractive cash-flow driven business opportunity and remains a growth area for Swiss Re
- ReAssure has proven ability to deliver attractive gross cash generation for Swiss Re, however the business is subject to onerous capital requirements under SST capital regime
- Given the size of potential future opportunities, it is important for ReAssure to have access to substantial new capital to acquire additional closed books
- Swiss Re is expected to remain a significant investor in ReAssure

Gradual Introduction of Third Party Capital



IPO considerations

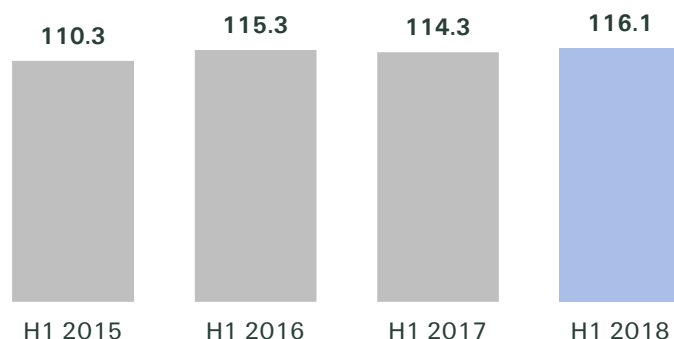
- Multi-quarter process envisaged
- Significant interest by GBP investors expected
- Actual timing dependent on market conditions
- Swiss Re expected to maintain significant participation
- Swiss Re Ltd expected to provide guarantee¹ for Swiss Re ReAssure Limited bondholders

¹ In the event that Swiss Re Ltd ceases to be majority shareholder of ReAssure business

Group investment result impacted by change in accounting guidance and lower realisation of gains, while running yield remains stable

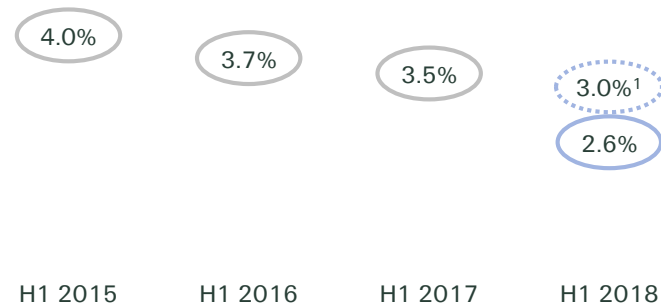
Average invested assets

USD bn, basis for ROI calculation



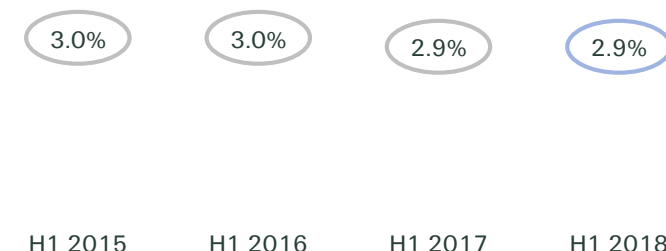
- Average invested assets higher compared to the prior year period, mainly due to fixed income purchases in H2 2017
- No significant asset allocation changes in 2018

Return on investments



- ROI driven by net investment income, partially offset by market value losses across equities and alternative investments
- Excluding the estimated impact of the new US GAAP guidance, the ROI would have amounted to 3.0%
- Net realised losses² of USD 140m for H1 2018; H1 2017 net realised gains of USD 542m

Running yield

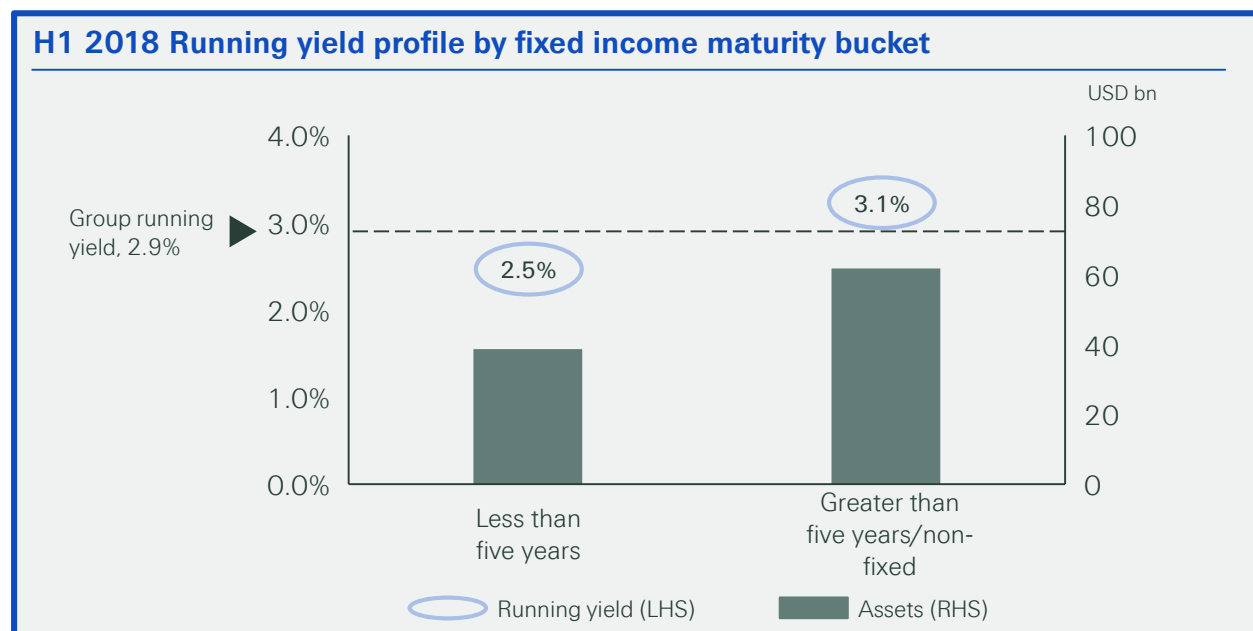


- Group fixed income running yield in line with prior year period
- Net unrealised gains of USD 5.6bn as of end H1 2018; USD 8.3bn as of end FY 2017

¹ ROI excluding the estimated impact of the new US GAAP guidance on recognition and measurement of financial instruments

² Excluding the estimated impact of the new US GAAP guidance on recognition and measurement of financial instruments, investment related net realised gains in the period would have amounted to USD 91m

Group investment portfolio is well positioned for increase in recurring income



- Group's average new money yield of 2.8% exceeds running yield for near-term maturities of 2.5%; net investment income expected to trend upward at current rate levels
- Continued broadening of asset classes and increased diversification; further expansion into real assets and private debt
- Focus on high quality and sustainable income with close to 100% of the portfolio managed with an ESG focus

Global portfolio composition drives diversification and sustainable performance

~97% of fixed income portfolio investment grade quality

Only ~1% of investment portfolio exposed to peripheral European countries

Swiss Re leads in sustainability through solutions, risk policies and responsible investment strategy

Sustainability highlights 2018

- Developed solutions for sustainability, including covers for offshore wind farm projects, wind risk hedges and parametric insurance policy covering a coral reef and the beach sand against impact of hurricanes
- Started to implement thermal coal policy to support transition to low-carbon economy – extending existing 30% investment threshold to underwriting
- Systematic integration of ESG criteria into investment process and portfolio
- Elected to the EU technical expert group on Sustainable Finance

External recognition



Designed first-ever insurance solution for coral reefs

New thermal coal policy supports progressive and structured shift away from fossil fuels

ESG criteria applied across our investment portfolio

For further information on sustainability at Swiss Re please visit http://media.swissre.com/documents/Swiss_Re_ESG_Highlights.pdf.

Appendix

- Business segment results H1 2018 – Income statement
- Business segment results H1 2018 – Balance sheet
- Total equity and ROE H1 2018
- P&C Reinsurance – 2018 renewals
- P&C underwriting performance
- Corporate Solutions combined ratio breakdown
- Return on investments (ROI)
- Overall investment portfolio
- Fixed income securities
- Equities and alternative investments
- Estimated impact of accounting changes on US GAAP reported earnings
- Responsible investments strategy
- Corporate calendar & contacts
- Cautionary note on forward-looking statements

Business segment results H1 2018

Income statement

USD m	Reinsurance	P&C Re	L&H Re	Corporate Solutions	Life Capital	Group items	Consolidation	Total H1 2018	Total H1 2017
Revenues									
Gross premiums written	16 942	9 570	7 372	2 043	1 841	-	-1 237	19 589	18 145
Net premiums written	15 712	9 289	6 423	1 713	909	-	-	18 334	16 817
Change in unearned premiums	-1 695	-1 588	-107	205	-311	-	-	-1 801	-867
Premiums earned	14 017	7 701	6 316	1 918	598	-	-	16 533	15 950
Fee income from policyholders	73	-	73	-	224	-	-	297	254
Net investment income/loss – non participating	1 297	637	660	97	643	127	-141	2 023	1 786
Net realised investment gains/losses – non participating	12	-126	138	11	40	-291	-	-228	574
Net investment result – unit-linked and with-profit	-9	-	-9	-	394	-	-	385	1 622
Other revenues	9	9	-	2	-	172	-171	12	19
Total revenues	15 399	8 221	7 178	2 028	1 899	8	-312	19 022	20 205
Expenses									
Claims and claim adjustment expenses	-4 562	-4 562	-	-1 289	-	-	-	-5 851	-6 322
Life and health benefits	-5 048	-	-5 048	-	-942	-	-	-5 990	-5 475
Return credited to policyholders	-12	-	-12	-	-508	-	-	-520	-1 629
Acquisition costs	-3 075	-2 017	-1 058	-298	-132	-	-	-3 505	-3 387
Operating expenses	-924	-572	-352	-364	-238	-270	171	-1 625	-1 550
Total expenses	-13 621	-7 151	-6 470	-1 951	-1 820	-270	171	-17 491	-18 363
Income/loss before interest and tax	1 778	1 070	708	77	79	-262	-141	1 531	1 842
Interest expenses	-338	-148	-190	-12	-21	-49	141	-279	-284
Income/loss before income tax expense/benefit	1 440	922	518	65	58	-311	-	1 252	1 558
Income tax expense/benefit	-266	-170	-96	-9	-15	75	-	-215	-314
Net income/loss before attribution of non-controlling interests	1 174	752	422	56	43	-236	-	1 037	1 244
Income/loss attributable to non-controlling interests	-	-	-	2	-9	-	-	-7	1
Net income/loss after attribution of non-controlling interests	1 174	752	422	58	34	-236	-	1 030	1 245
Interest on contingent capital instruments	-24	-	-24	-	-	-	-	-24	-34
Net income/loss attributable to common shareholders	1 150	752	398	58	34	-236	-	1 006	1 211

Business segment results H1 2018

Balance sheet

30 June 2018, USD m	Reinsurance	P&C Re	L&H Re	Corporate Solutions	Life Capital	Group Items	Consolidation	End H1 2018	End FY 2017
Assets									
Fixed income securities	65 466	34 739	30 727	8 097	23 494	45	-	97 102	101 786
Equity securities	2 387	1 649	738	275	45	376	-	3 083	3 865
Other investments	19 893	16 645	3 248	105	2 806	6 349	-12 203	16 950	16 234
Short-term investments	3 196	2 136	1 060	579	1 089	11	-	4 875	4 846
Investments for unit-linked and with-profit business	489	-	489	-	33 257	-	-	33 746	35 166
Cash and cash equivalents	3 647	1 151	2 496	721	2 063	388	-	6 819	6 806
Deferred acquisition costs	6 411	2 238	4 173	426	885	-	-	7 722	6 871
Acquired present value of future profits	880	-	880	-	1 037	-	-	1 917	1 989
Reinsurance recoverable	6 597	2 141	4 456	5 944	5 069	-	-10 004	7 606	7 942
Other reinsurance assets	22 404	11 506	10 898	2 452	8 410	3	-8 691	24 578	22 989
Goodwill	3 771	1 924	1 847	214	139	-	-	4 124	4 172
Other	13 336	9 047	4 289	1 825	2 178	2 145	-9 264	10 220	9 860
Total assets	148 477	83 176	65 301	20 638	80 472	9 317	-40 162	218 742	222 526
Liabilities									
Unpaid claims and claim adjustments expenses	55 901	43 773	12 128	11 538	2 564	1	-4 830	65 174	66 795
Liabilities for life and health policy benefits	17 862	-	17 862	665	28 108	-	-5 184	41 451	42 561
Policyholder account balances	1 456	-	1 456	-	34 355	-	-	35 811	37 537
Other reinsurance liabilities	18 014	12 305	5 709	4 127	5 256	3	-9 131	18 269	15 914
Short-term debt	10 790	2 610	8 180	-	267	-	-10 156	901	433
Long-term debt	7 550	2 774	4 776	497	1 554	554	-702	9 453	10 148
Other	19 788	11 715	8 073	1 415	2 374	2 611	-10 159	16 029	14 844
Total liabilities	131 361	73 177	58 184	18 242	74 478	3 169	-40 162	187 088	188 232
Equity									
Common shareholders' equity	16 365	9 998	6 367	2 245	5 293	6 148	-	30 051	33 374
Contingent capital instruments	750	-	750	-	-	-	-	750	750
Non-controlling interests	1	1	-	151	701	-	-	853	170
Total equity	17 116	9 999	7 117	2 396	5 994	6 148	-	31 654	34 294
Total liabilities and equity	148 477	83 176	65 301	20 638	80 472	9 317	-40 162	218 742	222 526

Total equity and ROE H1 2018

USD m	Reinsurance	P&C Re	L&H Re	Corporate Solutions	Life Capital	Group Items	Total H1 2018
Common shareholders' equity¹ at 31 December 2017	18 226	10 755	7 471	2 385	7 088	5 675	33 374
Net income/loss attributable to common shareholders	1 150	752	398	58	34	-236	1 006
Dividends and share buy-back	-1 950	-1 300	-650	-50	-1 125	802	-2 323
Capital contributions	-	-	-	-	58	-58	-
Net change in unrealised investment gains/losses	-892	-233	-659	-106	-856	-291	-2 145
Other (incl. fx)	-169	24	-193	-42	94	256	139
Common shareholders' equity¹ at 30 June 2018	16 365	9 998	6 367	2 245	5 293	6 148	30 051
Contingent capital instruments	750	-	750	-	-	-	750
Shareholders' equity at 30 June 2018	17 115	9 998	7 117	2 245	5 293	6 148	30 801
Non-controlling interests	1	1	-	151	701	-	853
Total equity at 30 June 2018	17 116	9 999	7 117	2 396	5 994	6 148	31 654

ROE calculation

USD m	Reinsurance	P&C Re	L&H Re	Corporate Solutions	Life Capital	Group items	Total H1 2018
Net income/loss attributable to common shareholders	1 150	752	398	58	34	-236	1 006
Opening common shareholders' equity ¹	18 226	10 755	7 471	2 385	7 088	5 675	33 374
Average common shareholders' equity ¹	17 296	10 377	6 919	2 315	6 191	5 911	31 713
ROE H1 2018 annualised²	13.3%	14.5%	11.5%	5.0%	1.1%	-8.0%	6.3%

Shares outstanding³

in millions

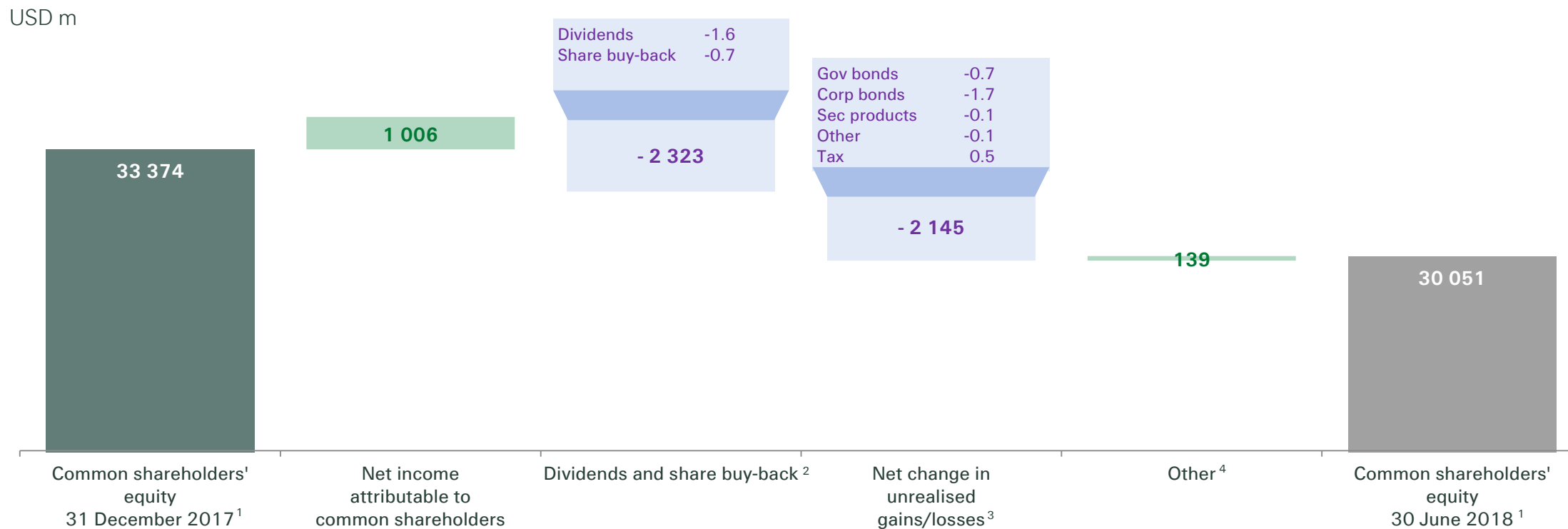
As at 30 June 2018	306.9	Weighted average	310.4
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¹ Excluding contingent capital instruments (USD 750m in L&H Re); basis for ROE and BVPS calculations

² Based on published net income attributable to common shareholders

³ Shares outstanding is the number of shares eligible for dividends and is used for the BVPS and EPS calculation; reflects 14.0m shares repurchased under share buy-back programmes

Decrease in common shareholders' equity driven by capital repatriation and unrealised losses



¹ Excluding contingent capital instruments (USD 750m in L&H Re); basis for ROE and BVPS calculations

² Includes USD 437m from the share buy-back programme announced in 2017 and completed on 16 February 2018, and USD 294m from the share buy-back programme launched on 7 May 2018

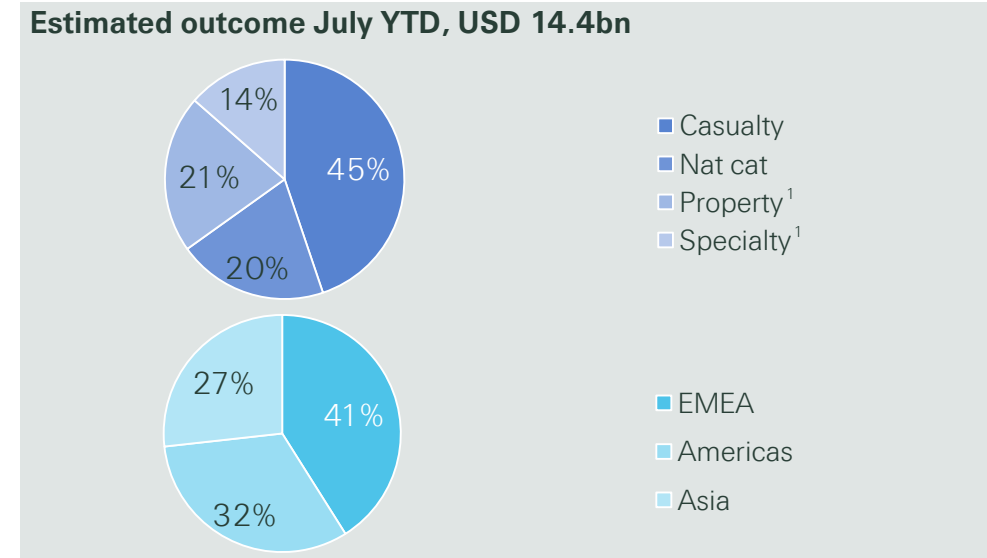
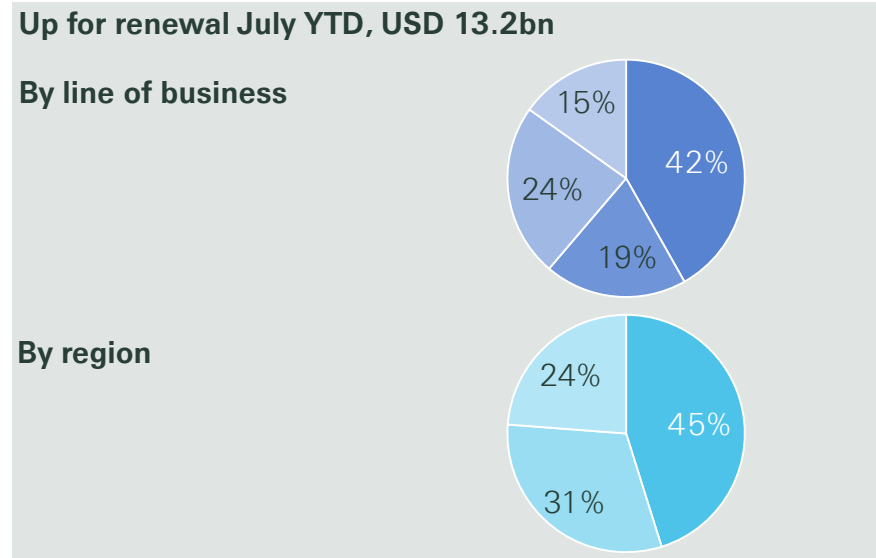
³ Includes USD -127m due to reclassification to "Other" upon implementation of ASUs 2018-02, 2016-16 and 2016-01, and USD -325m due to the sale of a non-controlling interest in ReAssure to MS&AD

⁴ Includes USD 168m due to a reclassification (thereof USD 127m from "Net change in unrealised gains/losses" and USD 41m from "Deferred tax liabilities") upon implementation of ASUs 2018-02, 2016-16 and 2016-01, USD 189m due to the sale of a non-controlling interest in ReAssure to MS&AD, and USD -192m due to foreign currency translation adjustments

P&C Reinsurance: 2018 renewals

Portfolio weighting by line of business and region

Gross premium volume, treaty portfolio



- Continued to grow segments with attractive economic profit
- Benefited from higher rates in casualty in the US and Asia as well as in nat cat in the US and EMEA

¹ Excluding nat cat

P&C underwriting performance

P&C Reinsurance and Corporate Solutions

P&C Reinsurance	Combined ratio		Main drivers of change	Net premiums earned H1 2018 USD m	Underwriting result H1 2018 USD m
	H1 2017	H1 2018			
Property	88.7%	83.6%	• H1 2018 reflects benign large loss experience	2 707	444
Casualty	106.2%	105.4%	• Continued adverse development in the US, partially offset by positive prior accident year development	3 854	-210
Specialty	85.9%	72.3%	• Benign loss experience, as well as positive prior accident year development across all lines of business and regions	1 140	316
Total	97.4%	92.9%		7 701	550

Corporate Solutions	Combined ratio		Main drivers of change	Net premiums earned H1 2018 USD m	Underwriting result H1 2018 USD m
	H1 2017	H1 2018			
Property	105.2%	91.7%	• Improvement driven by lower large losses and favourable natural catastrophe reserve development	652	54
Casualty	118.4%	108.1%	• Both periods impacted by large losses, though to a lesser extent in H1 2018	737	-60
Specialty	87.3%	105.1%	• Increase mainly due to higher large loss activity, primarily driven by a large engineering loss in Colombia, impacting the combined ratio by 9.6%pts	529	-27
Total	104.5%	101.7%		1 918	-33

Corporate Solutions

Combined ratio breakdown

Combined ratio

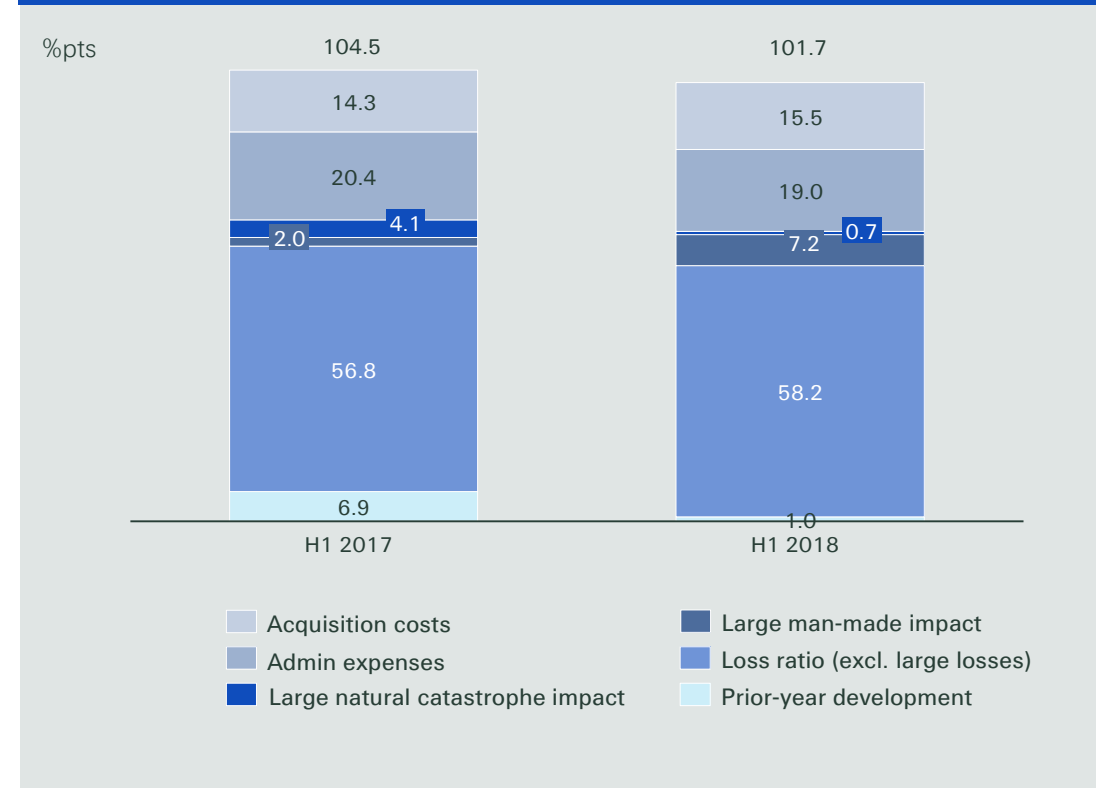
%pts	H1 2017	H1 2018
Reported combined ratio	104.5	101.7
• Large natural catastrophe impact	-4.1	-0.7
• Large man-made impact	-2.0	-7.2
• Total prior-year development	-6.9	-1.0
- Of which, large natural catastrophe losses	-0.9	1.8
- Of which, large man-made losses	-11.5	-1.8

- Large man-made losses impacted by a large engineering loss in Colombia
- Prior-year development relates to small-to-medium sized losses from recent underwriting years

- Investment in growth represents **~3-4%pts** of combined ratio per annum
- Positive development of Corporate Solutions historical loss reserves remaining in the Reinsurance Business Unit of **~4-5%pts** of combined ratio per annum

Note: Large natural catastrophe and large man-made includes current accident year large losses exceeding USD 10m threshold

Combined ratio decomposition



Return on investments (ROI)

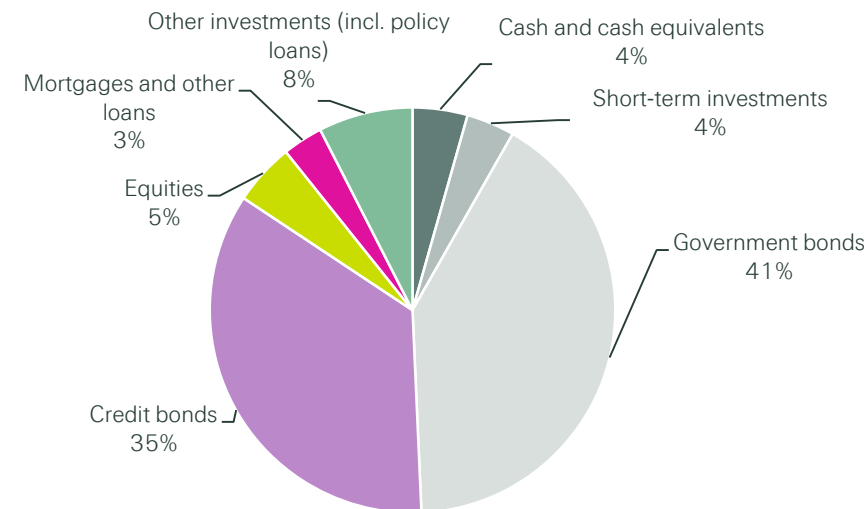
USD m	P&C Re	L&H Re	Corporate Solutions	Life Capital	Group items	Consolidation	Total H1 2018	Total H1 2017
Investment related net investment income	587	570	106	437	127	-141	1 686	1 521
<i>Fixed income</i>	397	530	101	420	1	-	1 449	1 357
<i>Equities and alternative investments -incl RE, PE, HF</i>	215	36	4	-	59	-	314	231
<i>Other</i>	70	49	11	41	89	-148	112	98
<i>Investment expenses</i>	-95	-45	-10	-24	-22	7	-189	-165
Investment related net realised gains/losses	-84	75	1	58	-190	-	-140	542
<i>Fixed income</i>	-41	79	-11	57	4	-	88	175
<i>Equities and alternative investments -incl RE, PE, HF</i>	-32	-4	9	13	-190	-	-204	326
<i>Other</i>	-11	-	3	-12	-4	-	-24	41
Other revenues	1	-	-	-	-	-1	-	-
Investment related operating income	504	645	107	495	-63	-142	1 546	2 063
Less income not related to investment return ¹	-28	-9	-8	-1	-45	44	-47	-36
Basis for ROI	476	636	99	494	-108	-98	1 499	2 027
Average invested assets	45 963	35 825	8 938	29 048	5 888	-9 606	116 056	114 278
ROI, annualised	2.1%	3.6%	2.2%	3.4%	-3.7%	n/a	2.6%	3.5%
Insurance related net investment income	50	90	-9	206	-	-	337	265
Insurance related net realised gains/losses	10	14	8	1	-1	-	32	31
Foreign exchange gains/losses	-52	49	2	-19	-100	-	-120	1
Net investment income/loss – non participating	637	660	97	643	127	-141	2 023	1 786
Net realised investment gains/losses – non participating	-126	138	11	40	-291	-	-228	574

- Increase in investment related net investment income driven by cash redeployment alongside higher interest rates and a stronger GBP as well as a higher contribution from alternative investments
- Decrease in investment related net realised gains reflects market value losses across equity and alternative investments; H1 2017 driven by significant realised gains from sales of equity securities
- Increase in insurance related net investment income reflecting additional income from an increase in funds withheld in P&C Re and 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; income from minority interests no longer being excluded in 2018

Overall investment portfolio

USD bn	End H1 2018
Balance sheet values	162.6
Unit-linked investments	-29.6
With-profit business	-5.4
Assets for own account (on balance sheet only)	127.6

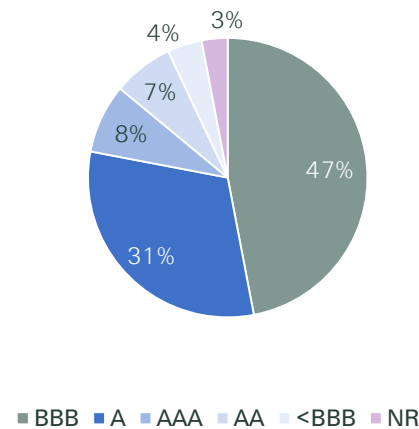
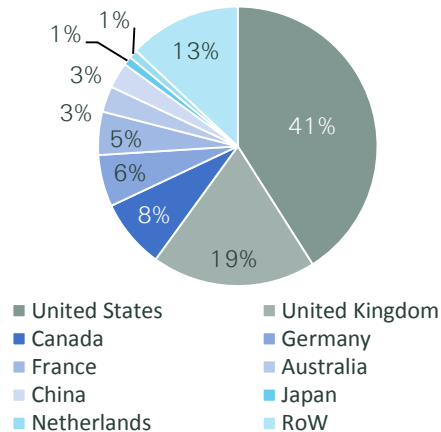


USD bn	P&C Re	L&H Re	Corporate Solutions	Life Capital	Group items	Consolidation	End H1 2018	End FY 2017
Cash and cash equivalents	1.2	2.5	0.7	0.8	0.4	-	5.6	4.9
Short-term investments	2.1	1.1	0.6	1.1	-	-	4.9	4.8
Government bonds	26.1	14.5	5.2	6.6	-	-	52.4	54.7
Credit bonds	8.7	16.2	2.9	16.9	-	-	44.7	47.1
Equities ¹	3.0	0.8	0.3	-	2.2	-	6.3	7.1
Mortgages and other loans	7.3	1.7	-	1.8	4.2	-10.9	4.1	4.0
Other investments (incl. policy loans)	8.0	1.4	0.1	1.0	0.4	-1.3	9.6	9.1
Total	56.4	38.2	9.8	28.2	7.2	-12.2	127.6	131.7

¹ Includes equity securities, private equity and Principal Investments

Fixed income securities

USD m	Government bonds	Credit bonds
End FY 2017	54 658	47 128
End H1 2018	52 435	44 667



- Decrease in government bonds driven by net sales and market value losses stemming from rising interest rates as well as foreign exchange impacts
- Credit bonds include corporate bonds (USD 40.4bn) and securitised products (USD 4.3bn)
- Decrease in credit bonds driven by market value losses stemming from rising interest rates and wider credit spreads as well as foreign exchange impacts
- Overall credit bond portfolio is high quality; non-rated bonds include private debt of investment grade quality

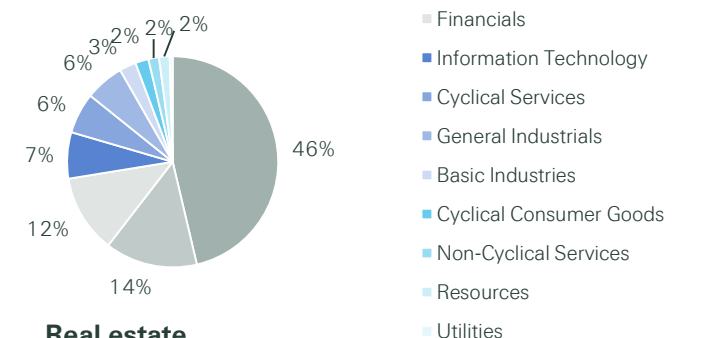
Equities and alternative investments

USD m	End FY 2017	End H1 2018
Equity securities	3 326	2 706
Private equity	1 382	1 427
Hedge funds	359	346
Real estate	4 091	4 137
Principal Investments	2 422	2 177
<i>Equity securities</i>	<i>539</i>	<i>377</i>
<i>Private equity</i>	<i>1 883</i>	<i>1 800</i>
Total market value	11 580	10 793

- Decrease in equity securities mainly driven by net sales
- Increase in real estate driven by net purchases and market value gains, partially offset by foreign exchange impacts on direct investments as well as net sales of indirect investments
- Decrease in Principal Investments driven by market value losses mainly due to a material reduction in the New China Life share price

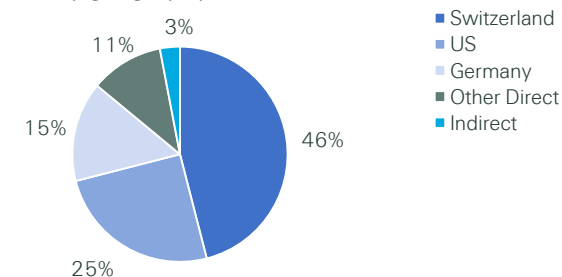
Equity securities

by sector



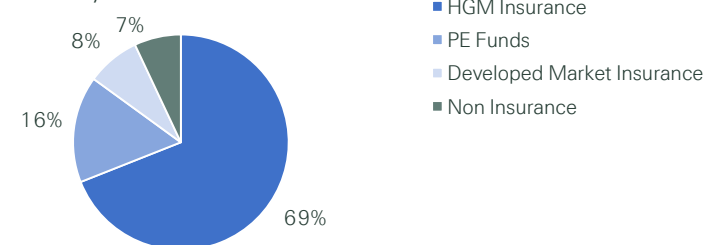
Real estate

by geography



Principal Investments

by sector



Estimated impact of changes in US GAAP accounting guidance on reported earnings

USD m	P&C Re	L&H Re	Corporate Solutions	Life Capital	Group items	Total H1 2018
Market value of equities & alternative investments (AI) affected by the accounting guidance change¹	2 277	745	282	45	654	4 003
CURRENT RULES: Net realised gains / losses on equities & AI – excl. fx	-26	-4	8	13	-190	-199
OLD RULES: Estimated net realised gains / losses on equities & AI – excl. fx	2	9	12	-	9	32
CURRENT RULES: Foreign exchange gains / losses on equities & AI	8	-6	-1	1	-2	-
OLD RULES: Estimated foreign exchange gains / losses on equities & AI	27	4	4	-	-1	34
Total estimated impact on net realised gains / losses – non participating	-47	-23	-9	14	-200	-265

- Table reflects the estimated impact for H1 2018 associated with the change in US GAAP accounting guidance – which took effect at the start of 2018 – and which requires the change in fair value for all equity securities and certain alternative investments to be recorded in earnings
 - Change in guidance significantly increases the volatility of reported earnings
- Broad-based equity markets were generally mixed during H1 2018, however the Group's remaining position in New China Life (shown within Group items) significantly declined in value
 - Estimated impact across the business segments was a modest loss for H1 2018, with a large loss recognised in Group items
- Estimated impact on the Return on Investments calculation for H1 2018 was -0.4%pts

¹ Incremental amount of equities and AI impacted by US GAAP accounting guidance change; total amount of equities and AI for which the change in fair value is recorded in earnings is USD 5.8bn (excl. hedges) as of end of H1 2018

Swiss Re's responsible investments strategy supports higher risk-adjusted returns

Enhancement

Holistic approach considering asset class specific characteristics

- Strong focus on implemented ESG benchmarks (actively managed equity securities and corporate bonds)
- Minimum ESG rating threshold (govt bonds & buy-and-hold corporate bonds)

Inclusion

Thematic and impact investing

- Green bond investments: USD 1.4bn
- Infrastructure portfolio
 - 19% in social infrastructure projects
 - 21% in renewable energy projects

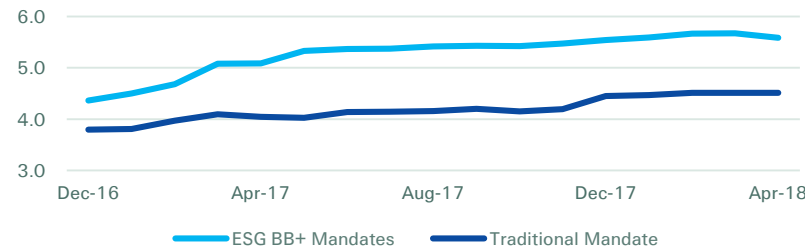
Exclusion

Divestments

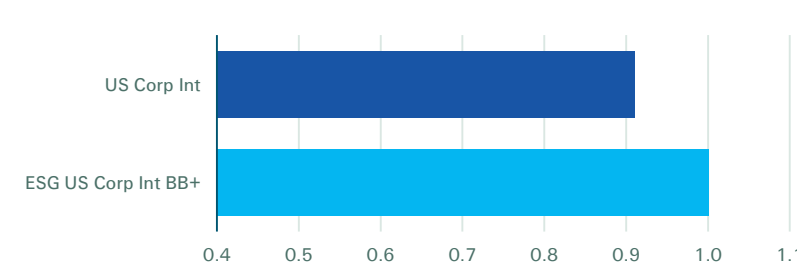
- Coal-related companies: more than USD 1.3bn divested since 2016

Systematic integration of ESG considerations into investment process and portfolio

Average MSCI ESG score¹ of active corporate bond mandates



Information ratio² of corporate bond benchmarks

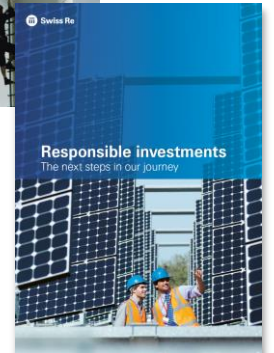


Investing responsibly makes economic sense by improving risk-adjusted returns over the long-term

2017



2018



[Link to publication](#)

Sources: Barclays, Swiss Re

¹ Scale from 0 to 10 with 10 being the highest score

² Performance statistics from May 2013 – April 2018, monthly data, annualised values; benchmark assumed to be a comparable duration government bond index

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 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;
- 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.

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Corporate calendar & contacts

Corporate calendar

2018

1 November

Nine Months 2018 Key Financial Data

Conference call

2019

21 February

Annual Results 2018

Conference call

14 March

Publication of Annual Report 2018

17 April

155th Annual General Meeting

Zurich

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