Swiss Re delivered a Group net income of USD 421 million, in a year marked by large claims, volatile equity markets and significant impact from a US GAAP accounting change.

Contents

The global economy and financial markets

Divergent growth trends caused financial market performance to vary by region.

Growth accelerated in the US, but slowed in other major economies. Long-term bond yields increased modestly in the US along with central bank interest rates, while yields were unchanged or slightly lower elsewhere. Global equity markets ended the year in negative territory.

Global economy

Tax cuts and increased public spending provided a boost to the US economy, lifting real GDP growth from already robust levels in 2017 to close to 3% in 2018. Growth in the Euro area remained strong in the first half of the year, but slowed in the second half, averaging 1.8% in 2018 after 2.4% the year before. Meanwhile, economic growth in the UK continued to soften in 2018, from 1.8% to 1.4%, as uncertainty around Brexit weighed on investment and elevated inflation continued to erode real wages, which in turn dampened consumer spending. Japan's GDP growth also slowed from 1.9% to 0.7% as both domestic and external demand weakened (see economic indicators table).

Inflation continued to climb in most markets, driven by rising oil prices. Underlying inflation (excluding energy prices) remained more moderate. We saw signs of increasing price pressure, particularly in the US, where tight labour markets led to wage increases. US average hourly earnings growth, for example, reached 3.3% in October, a level last seen almost a decade ago, and stayed elevated through year-end.

Economic growth in emerging markets varied by country. The emerging Asia region continued to outperform as growth in India accelerated to 7.3% and the Chinese economy slowed only moderately to 6.6%. Growth in China was supported by accommodative monetary policy and fiscal measures intended to offset slowing external demand and adverse trade policies. Growth in EU member countries in Central and Eastern Europe slowed along with western European markets, while the Russian economy accelerated modestly. Political and economic crises triggered either a sharp growth slowdown or recession in some emerging economies, such as Turkey, Argentina and Venezuela. Only modest growth in Brazil also contributed to sub-par performance in Latin America.

Interest rates

The major central banks normalised monetary policy to varying degrees during the course of 2018. The US Federal Reserve (Fed) proceeded on its gradual rate hiking path with four steps of 25 basis points each. The Bank of England raised interest rates once, while European Central Bank (ECB) interest rates remained in negative territory. The ECB tapered its asset purchases in 2018, and suspended them by the end of the year. The Bank of Japan continued its expansionary monetary policy, targeting long-term yields at a level close to zero.

After easing monetary policy in 2017 and into 2018, some emerging market central banks, including Russia, India and South Africa, started to tighten monetary policy in the second half of 2018. This was done to stem capital outflows and currency depreciation as well as contain inflation. The Chinese central bank cut the reserve requirement ratio twice in 2018 to support bank lending and growth.

US long-term government bond yields continued to rise along with central bank interest rates for most of the year, but reversed part of the increase in the final two months. The US 10-year yield ended the year at 2.7%, up some 30 basis points over the past 12 months. Long-term yields in other major markets were stable or slightly lower in 2018 (see interest rates chart). The German 10-year government bond ended the year at 0.2%, the UK yield at 1.3% and the Japanese yield at 0%.

US 10-year Treasury bond yield
Year-end 2018

2.7%

German 10-year Bund yield
Year-end 2018

0.2%

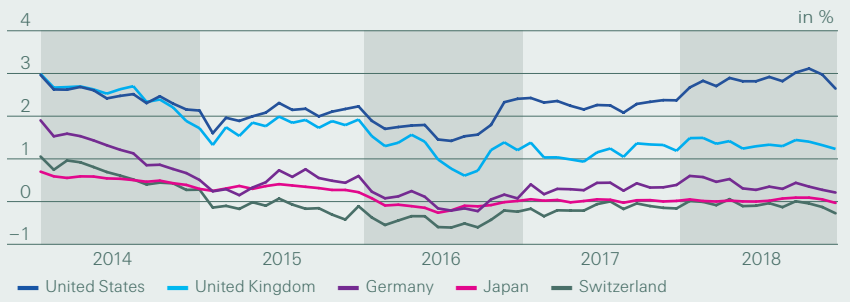
Stock market performance

The economic environment proved to be challenging for global stock markets, particularly in the final quarter of the year. Slowing growth, increasing (albeit still moderate) inflationary pressures, and the gradual end of expansionary monetary policy weighed on markets. Political and policy uncertainties added to the negative sentiment. Specifically, trade tensions between the US and China heated up over the summer, raising fears of a global trade war that could negatively affect global growth and trigger inflation. Meanwhile, a government coalition in Italy initially pursued a fiscal agenda after the Italian elections in May that was in breach of EU budget rules. Financial market contagion from the budget crisis in Italy was limited, though, and agreement with the EU was reached in December. Meanwhile, uncertainty around the UK's exit from the European Union remained elevated throughout the year. Finally, political turmoil in some emerging markets, including Turkey and Argentina, triggered fears of a broader emerging market crisis. US stock markets benefited from strong domestic growth and corporate earnings boosted by tax cuts. US stocks were up almost 10% at the end of September before falling sharply in the final quarter, ending the year down 6%. Other major indices declined even more sharply. The Swiss Market Index lost 10% over the year, the MSCI UK 13%, the Eurostoxx50 was down 14% while the Japanese TOPIX fell 18% (see stock markets chart).

Currency movements

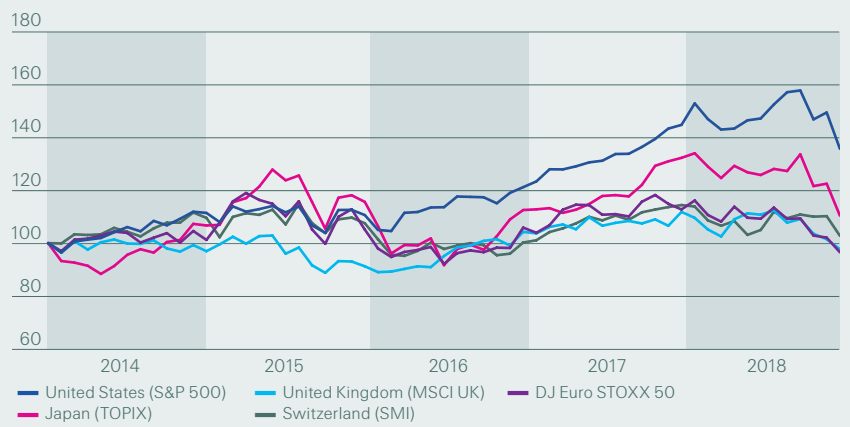
The US dollar strengthened during most of 2018 on the back of rising interest rates and stronger growth in the US, before losing some ground in December. The US dollar ended the year up 6% versus the British pound, 5% versus the euro and 1% versus the Swiss franc, whereas it lost 3% versus the Japanese yen.

INTEREST RATES FOR 10-YEAR GOVERNMENT BONDS 2014–2018



Source: Datastream

STOCK MARKETS 2014–2018



Source: Datastream

Economic risks affecting re/insurers

Downside risks increased during the course of 2018 and remain elevated looking ahead. We see some upside potential from supportive fiscal policies and a de-escalation of trade conflicts. Overall, however, risks seem skewed to the downside.

The biggest longer-term risk is an escalation of current trade tensions to a global trade war. This would have a significant effect on growth. The US decision to impose higher trade tariffs on Chinese imports has increased the risk, once again, of a sharp slowdown in China. Before trade tensions escalated, sustained economic growth, progress in reducing corporate debt and de-risking of wealth-management products had lowered the risk. A "hard landing" in China could send shock waves across the global economy and financial markets.

In the US, inflation could increase more sharply than expected if the record-low level of unemployment leads to significantly higher wages. This could force the Fed to tighten monetary policy more aggressively and lead to a (temporary) spike in long-term bond yields as investors realise that the Fed is behind the curve. We could see a boom-and-bust cycle with a period of stronger growth and high inflation, followed by a sharp slowdown or even a recession. US overheating risks could spread across the globe, with a spike in bond yields and a stronger US dollar as the catalysts for contagion. Monetary policy errors elsewhere could also have severe consequences for economic growth and financial markets.

Finally, there are numerous political risks that could affect the economic outlook. Brexit-related uncertainty continues to weigh on economic activity in the UK and negative effects could spread across Europe if the UK were to exit the European Union in a disorderly fashion. Also, upcoming EU parliament election could embolden eurosceptic parties across Europe. Coupled with a flaring up of the budget conflict in Italy, this could re-ignite Euro area break-up fears and destabilise financial markets.

Re/insurers could be affected by volatility in asset prices and slower growth in the affected markets. A "flight to quality" could lead to a sustained drop in interest rates and exacerbate the challenges from the persistent low yield environment. A scenario of unexpectedly high inflation, however, could have a sizeable impact on re/insurance claims, especially in casualty lines. A more positive scenario of stronger growth and contained inflation would be beneficial for the re/insurance industry. Investment yields would improve, albeit only slowly, and premium volumes would rise along with economic activity. China could maintain growth of near 7% rather than slow gradually, benefiting Asia overall and global commodity exporters in particular.

ECONOMIC INDICATORS 2017–2018

	USA		Eurozone		UK		Japan		China	
	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**
Real GDP growth[1]	2.2	**2.9**	2.4	**1.8**	1.8	**1.4**	1.9	**0.7**	6.9	**6.6**
Inflation[1]	2.1	**2.4**	1.5	**1.7**	2.7	**2.5**	0.5	**1.0**	1.5	**2.1**
Long-term interest rate[2]	2.4	**2.7**	0.4	**0.2**	1.2	**1.3**	0.0	**0.0**	3.9	**3.3**
USD exchange rate[2,3]	–	**–**	120	**114**	135	**127**	0.89	**0.91**	15.4	**14.5**

[1] Yearly average
[2] Year-end
[3] USD per 100 units of foreign currency

Source: Swiss Re Institute, Datastream, CEIC

INSURANCE: A CENTRAL COMPONENT OF SYSTEM RESILIENCE

We define economic resilience as the capacity of a system to regenerate after a significant shock event. Shock buffer capacity is a blend of quantitative and qualitative factors, including trend growth, public and private debt stocks, and institutional stability.

The capacity of several key global resilience factors, or shock buffers, has weakened over the last 10 years:

- Lower growth paths: Global economic trend growth has declined significantly. According to some estimates, the growth trend has decreased from around 5% in 2006 to just over 3% in 2018.[1]
- Higher debt: total debt ratios are much higher than 10 years ago, standing at 318% of GDP in the first quarter of 2018, compared with 282% in the first quarter of 2008, according to the Global Debt Monitor database of the Institute of International Finance.
- Financial market structure: central banks have become major actors in financial markets. We estimate that the Fed, ECB, Bank of England and Bank of Japan all own 20–45% of their domestic government bond markets. Bond prices have thus lost their price/risk signalling function.
- Less open economies: Some advanced economies have exhibited a tendency towards less open systems in the past years, for example by restricting trade and migration. Openness increases exposure to crisis via contagion but arguably, openness also allows stricken nations to bounce back more quickly.

Insurance is another central component of system resilience. It plays a vital role in stabilising financial volatility for households and businesses. Nevertheless, there are still large "insurance protection gaps" across all levels of society. We define this gap as the uninsured portion of losses from an adverse event. For example, we estimate that the gap for global mortality and property risk currently stands close to USD 500 billion, or 70% of the size of the current respective insurance markets (or 0.6% of global GDP).[2]

We expect insurance protection gaps to grow further in absolute terms, as the economies expand. In relative terms, the insurance industry has made inroads to reduce protection gaps in certain regions and lines of business, but more is needed. Building risk awareness and encouraging consumers to take up insurance coverage is a key area of action in both the advanced and emerging markets. Insurers can gain insights from behavioural economics to better understand consumer buying behaviour. Digital technology can help streamline the sales process, and reduce distribution and administrative costs. This makes insurance more affordable and also accessible to lower income groups. Given its importance, resilience will be among the key research areas of the Swiss Re Institute in 2019.

[1] See P. Alexander, *Assessing Global Potential Output Growth*, Bank of Canada Staff Analytical, 2017
[2] Source: Swiss Re *sigma* 5/2018, Global economic and insurance outlook 2020.

Primary non-life

Market size in USD billions
Estimated global premium income in 2018

2 400

Market performance
Estimated global premium growth in 2018

3%

Market overview

The global non-life industry generated around USD 2 400 billion of premium income in 2018, of which around 22% came from emerging markets. Non-life insurance ranges from standardised motor and household insurance to sophisticated tailor-made liability and property covers, including specialty commercial and industrial risk insurance.

Market performance

Premiums have risen moderately in almost all countries/regions in 2018 due to stronger economic growth. Global non-life premiums were up an estimated 3% in real terms, after a 3% gain in 2017.

The global aggregate is being driven by the emerging markets, where we estimate 8% premium growth in 2018. Non-life business in China and India has been particularly strong, with combined premiums up 12% in real terms this year. Agriculture insurance has been a main growth driver in both countries. Alongside economic recovery, non-life sector growth dynamics in Latin America and Africa were improving, but with 3% still significantly below long-term trend.

Advanced market premiums have grown by about 2% this year on the back of strong economic momentum, in particular in North America, and also others. In regions hit by the record natural catastrophe losses in 2017, harder rates in property lines have supported the premiums increase. Notable negatives for the advanced market aggregate this year has been declining premium income in motor in Japan and the UK, due to rate cuts in those markets. In Japan, the cuts resulted from benign claims trends and in the UK, as some insurers start to pass on expected cost benefits from the government's planned reforms to personal injury compensation.

Underwriting conditions have remained soft, particularly in commercial insurance, despite a moderate improvement in pricing in 2018. Marsh's global insurance market index ticked up moderately throughout the year. Even so, stabilisation of the soft market trend of the last years has not been sufficient to significantly narrow the profitability gap that still besets the non-life insurance sector.

We expect a slightly positive underwriting result for the global non-life sector. Overall profitability of the global property/casualty insurance remains at moderate levels, also driven continuing low investment returns.

Outlook

The global economic outlook for 2019 and 2020 is positive and demand for non-life insurance is expected to increase. We expect real growth of 3% for the global aggregate, composed of 2% for advanced markets and up to 8% for emerging markets.

In terms of profitability outlook we expect, in the absence of clear direction on rates, underwriting results to remain stable at current levels, or to slightly improving. Positive rate dynamics and demand for new types of cover is expected to support premium growth in the coming years.

Reinsurance non-life

Market size in USD billions
Estimated global premium income in 2018

180

Market performance
Estimated global premium growth in 2018

5%

Market overview
Global non-life reinsurance premiums in 2018 totalled about USD 180 billion, around 28% of which was attributable to ceding companies in emerging markets. In general, reinsurance demand is a function of the size and capital resources of primary insurance companies, as well as of the risk profile of the insurance products provided.

Market performance
Global premiums in non-life reinsurance are estimated to have grown by around 5% in 2018 in real terms, mainly based on rapidly increasing cessions from emerging markets.

The impact from natural catastrophe losses is less severe after last year's record global insured of USD 144 billion disaster-related losses. However, claims were mounting up and are estimated at more than USD 70 billion for the re/insurance industry. The largest natural catastrophe losses were from wildfires in California, hurricanes making landfall in the US (Michael, Florence), and from typhoons and floods in Japan.

Reinsurance prices stabilised at the 2018 renewals with rate increases in loss affected lines and regions, but with little spill-overs into non-loss affected lines. Preliminary data indicate a combined ratio of around 98%–100% for 2018, a significant improvement compared to last year's 108% which was heavily impacted by the huge natural catastrophe losses. However, this does not reflect underlying underwriting profitability, because natural catastrophe losses have been partly lower than anticipated and the claims ratio has been reduced by positive reserve releases from redundant reserves for prior years' claims. Excluding these factors, the underlying combined ratio was unchanged at around be around 100% for 2018.

Despite a trend towards higher interest rates in the US in 2018, the investment environment remained challenging with persistently low-investment yields and increased volatility of capital markets. Before this difficult background, the industry achieved only a 2.5%–3% investment result. As a result, the overall profitability was also at a low 6%–8% compared to historical standards.

The reinsurance industry's capital base remains strong. On the one hand, the capital position of global reinsurers, the traditional source of capital, was stable during 2018 at around USD 340–350 billion as a result of high natural catastrophe losses and continued strict capital management which returned almost all of the industry's net income to shareholders through dividend payments and share buy-backs.

The alternative capital (AC) sector on the other hand expanded again significantly from USD 75 billion by end of 2016 to around USD 90–100 billion at the end of 2018: the high loss burden in 2017 didn't halt the massive capital inflow in the first half of the year, but towards the end of 2018, the were first signs of hesitancy among capital providers regarding further investing into this risk class. Two factors acted as potentially deterrent to investors: a) the mounting losses from wildfires in California for the third year in a row and b) from still gradually escalating losses ("loss creep") from Hurricane Irma in 2017, which created increasing uncertainty regarding final loss numbers and prevented a smooth roll over of investments into new ventures.

Outlook
In 2019 and 2020, the reinsurance is expected to expand at least with the same growth rate as the primary non-life market. Cessions from emerging markets are forecast to develop stronger than those from the advanced markets, given the stronger dynamics of the macro-economy and the primary insurance markets.

Reinsurance capital will remain abundant and capitalisation of the industry will remain strong going forward. Nonetheless, reinsurance pricing which has stabilised in 2018 is expected to not further soften in 2019.

Primary life

Market size in USD billions
Estimated global premium income in 2018

2900

Market performance
Estimated global premium growth in 2018

2%

Market overview
The global life insurance industry generated about USD 2 900 billion in premium income in 2018, of which about 20% came from emerging markets. Around 85% of premium income in life insurance is derived from savings and retirement products. The protection business, which covers mortality and morbidity risks and represents the balance of the market, has a declining share of premium income.

Market performance
We estimate that global life insurance premiums grew by 2% in real terms in 2018, slightly slower than the average annual growth rate of the last five years. Premiums in the advanced markets expanded by almost 2%, driven by Japan and the US, while the European markets were mainly sluggish.

The emerging market developed much slower than usual. In recent years, emerging markets have accounted for most of the acceleration in global life premium income, but their contribution will be much lower in 2018. The reason is China, which remains the engine of growth for the life industry. What happens there has large impact on the emerging market aggregate. Part-year data indicates that there will be a substantial contraction (–2%) in life premiums in China this year, due mostly due to tighter regulation of wealth-management-product (WMP) types since beginning of the year. Excluding China, we forecast emerging market life premiums to increase by 5% in 2018.

In the low interest rate environment, overall profitability in the life insurance sector – as measured by ROE – remains low. According to part-year data, the trend in the US is upwards, slowly. With an estimated ROE of 12%, North American life insurers have performed solidly this year and outperformed peers in Europe and Asia, for which 2018 ROE is estimated at 9% and 10%, respectively.

Some central banks have taken their foot off the monetary policy accelerator and interest rates are rising slowly, but are still very low. This means savings-type business will remain stressed given the associated inability of life insurers to provide attractive returns, fund guarantees, future claims and benefits as well as offer attractive prices. Many business lines are of longer duration than available assets, and insurers still need to reinvest in lower-yielding assets and/or take more asset risk, exposing their balance sheets to more financial risk.

Outlook
For the next two years, the outlook for different regions is mixed. Emerging market premium growth will accelerate again to around 9%. There is expected to be a rebound in China, where the economic backdrop remains strong and as the one-off effect of this year's WMP shock fades. Advanced market premiums are expected to remain stable with limited upside development.

Life & health reinsurance

Market size in USD billions

Estimated global premium income in 2018

75

Market performance

Estimated global premium growth in 2018

2%

Market overview

The size of the global life reinsurance business was around USD 75 billion in 2018. Most (62%) of this is attributable to the US, Canada and the UK. Ceding companies from emerging markets accounted for 20% of global demand. Life reinsurers are increasingly diversifying away from traditional mortality business.

Market performance

The life reinsurance industry registered a 2% increase in 2018. Underlying reinsurance premium growth in traditional reinsurance areas like mortality and morbidity risk has again remained relatively subdued, but also other kinds of reinsurance transactions were sluggish this year. In mature markets, slow increases in the US were contrasted by healthy growth in Europe and Asia/Pacific. Growth in the emerging markets regions were significantly impacted by the decline in cessions in China of around 10%, offsetting expanding reinsurance demand from other regions.

Against this background, life reinsurers have sought to increase revenues through large, individual risk transfer transactions that help primary insurers stabilise income and/or bolster their balance sheets. The introduction of risk-based capital regimes has prompted much of this activity. In Europe, for example, Solvency II has underpinned interest in reinsurance to reduce required regulatory capital or to economise on reserves.

Another area of growth for reinsurers has been longevity risk transfer. The availability of longevity reinsurance has become key to the pricing of annuity transactions, as insurers offering those transactions to pension funds typically look to simultaneously access reinsurance capacity to hedge at least part of the associated longevity risk inherent in these lines.

The operating margin of the life reinsurance industry improved to 8% of revenues in 2018, slightly up from the 7% achieved between 2015 to 2017. The contribution from investments further declined, due to the ongoing low interest rate environment, while underwriting performance improved.

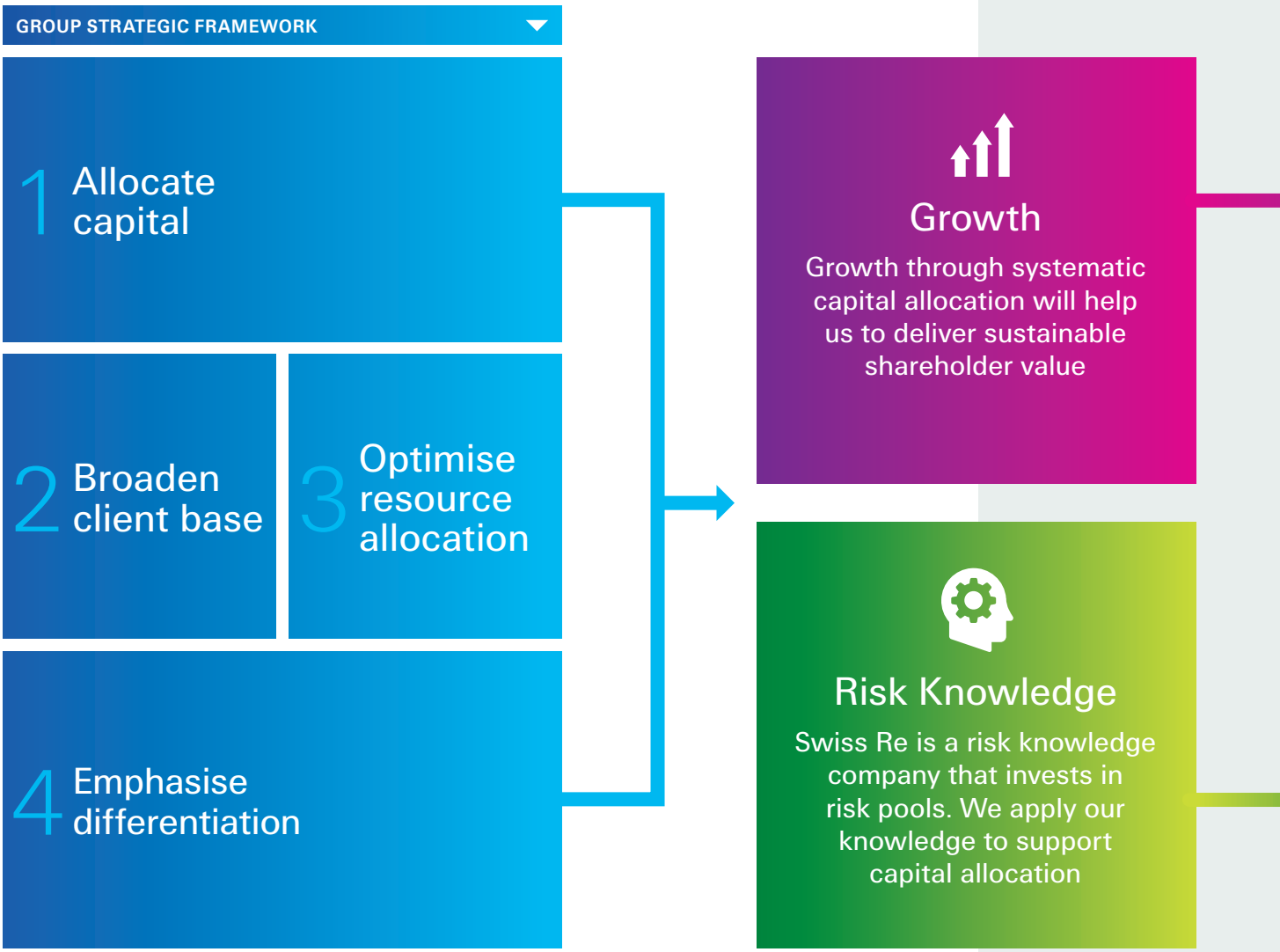
Outlook

Continued recovery in primary insurance should support growth in life reinsurance revenues, including a recovery in traditional renewable term business. Premium growth will nonetheless likely remain modest, especially in the large advanced markets. In real terms, global life reinsurance premiums are forecast to increase by around 2% in 2019 and 2020.

Premiums in the advanced markets are projected to expand by below 1% annually, driven by developments in the US where cession rates continue their long-term down trend and growth in the primary market remains weak. In Western Europe, where cession rates are usually lower, reinsurance premiums are forecast to grow by about 1%. The strongest contribution to real growth in the advanced markets will likely come from developed Asia.

Our strategy

Meeting our financial targets and making the world more resilient.



NEAR TERM PRIORITIES	PROGRESS IN 2018
Large and tailored transactions Large and tailored transactions in Reinsurance provide an attractive growth opportunity. They reinforce our differentiation through tailored offerings, leveraging our strong risk knowledge base.	■ Demand for large and tailored transactions remains strong with more than 154 transactions closed in 2018. ■ Large and tailored transactions contributed 30% to economic profit in 2018.
Corporate Solutions Corporate Solutions represents a strategic platform to access the large pool of commercial risks. It remains core to our strategy to diversify into different risk pools.	■ Expansion of Primary Lead capabilities: global network coverage for international programmes in over 120 countries. ■ Growth in a gradually improving market environment whilst pruning underperforming segments.
Life Capital Life Capital increases access to attractive and growing risk pools in open and closed life and health books. It aims to build a balanced portfolio, benefiting from the diversity of the risks and differentiating itself through leading underwriting and servicing capabilities.	■ Life Capital continued its strategy to grow its individual and group business in Europe and in the US. iptiQ's B2B2C digital insurance offering is attractive to an increasing number of distribution partners, with 19 having been onboarded to date. In Q4 of 2018, the number of policies sold weekly averaged 2 600.
High growth markets (HGM) We intend to maintain our leading position in high growth markets, establishing a strong presence. These world regions continue to remain a key element of our strategy, even when they are temporarily challenged.	■ 22% of total net premiums earned (NPE) were generated in HGM. Asia contributed more than 50% of NPE in HGM; China remains a key driver of growth.
Research and development Building knowledge and competence through R&D has historically been our core focus. The creation of the Swiss Re Institute further strengthens our steering of R&D activities.	■ Through the Swiss Re Institute, which celebrated *sigma*'s 50-year anniversary in 2018, we continued to deliver thought leadership through a wealth of expertise publications, conferences and articles on the evolving risk landscape and its impact on the industry.
Technology Our technology strategy is tightly embedded in the business strategy. Technological innovation gives us the opportunity to further differentiate and support our clients.	■ In 2018, we continued to leverage technology to develop digital insurance solutions that address nascent risk pools. Pages 24–37 of the Business Report showcase examples of such developments.
People and culture Our employees provide a wide range of skills and technical expertise. Their diverse backgrounds enable us to develop unique solutions to best support our clients.	■ We have grown our workforce and now employ 14 943 employees in 30 countries, of which 17% are located in high growth markets. ■ Changes in geographic footprint continued to shape our workforce profile, with millennials now accounting for 46% of the Group's workforce.

Summary of financial statements

INCOME STATEMENT

USD millions	2017	2018	Change in %
Revenues			
Gross premiums written	34 775	36 406	5
Net premiums written	32 316	34 042	5
Change in unearned premiums	803	–167	—
Premiums earned	33 119	33 875	2
Fee income from policyholders	586	586	0
Net investment income – non-participating business	3 708	4 075	10
Net realised investment gains/losses – non-participating business	1 727	65	–96
Net investment result – unit-linked and with-profit business	3 315	–1 593	—
Other revenues	32	39	22
Total revenues	42 487	**37 047**	–13
Expenses			
Claims and claim adjustment expenses	–16 730	–14 855	–11
Life and health benefits	–11 083	–11 769	6
Return credited to policyholders	–3 298	1 033	—
Acquisition costs	–6 977	–6 919	–1
Operating expenses	–3 308	–3 432	4
Total expenses before interest expenses	–41 396	**–35 942**	–13
Income before interest and income tax expense	1 091	**1 105**	1
Interest expenses	–566	–555	–2
Income before income tax expense	525	550	5
Income tax expense	–132	–69	–48
Net income before attribution of non-controlling interests	393	**481**	22
Income/loss attributable to non-controlling interests	5	–19	—
Net income after attribution of non-controlling interests	398	**462**	16
Interest on contingent capital instruments, net of tax	–67	–41	–39
Net income attributable to common shareholders	331	**421**	27

Changes in equity

USD millions	2017	2018	Change in %
Total shareholders' equity as of 1 January	35 634	34 124	–4
Net income attributable to common shareholders	331	421	27
Dividends	–1 559	–1 592	2
Change in unrealised gains/losses on securities, net	287	–2 841	—
Change in other-than-temporary impairment, net of tax	3	–1	—
Change in foreign currency translation	526	–356	—
Purchase/sale of treasury shares and share based payments	–1 100	–1 402	27
Other changes in equity	2	–423	—
Total shareholders' equity as of 31 December	34 124	**27 930**	–18
Non-controlling interests	170	797	—
Total equity as of 31 December	34 294	**28 727**	–16

SUMMARY BALANCE SHEET

USD millions	2017	**2018**	Change in %
Assets			
Fixed income securities	101 786	95 952	–6
Equity securities	3 865	3 036	–21
Other investments	16 234	13 351	–18
Short-term investments	4 846	5 417	12
Investments for unit-linked and with-profit business	35 166	29 546	–16
Cash and cash equivalents	6 806	5 985	–12
Deferred acquisition costs	6 871	8 217	20
Acquired present value of future profits	1 989	1 818	–9
Reinsurance recoverable	7 942	7 058	–11
Other reinsurance assets	22 989	22 798	–1
Goodwill	4 172	4 071	–2
Other	9 860	10 321	5
Total assets	222 526	**207 570**	–7
Liabilities and equity			
Unpaid claims and claim adjustment expenses	66 795	67 446	1
Liabilities for life and health policy benefits	42 561	39 593	–7
Policyholder account balances	37 537	31 938	–15
Other reinsurance liabilities	15 914	15 865	0
Short-term debt	433	1 633	—
Long-term debt	10 148	8 502	–16
Other	14 844	13 866	–7
Total liabilities	188 232	**178 843**	–5
Shareholders' equity	34 124	**27 930**	–18
Non-controlling interests	170	797	—
Total equity	34 294	**28 727**	–16
Total liabilities and equity	222 526	**207 570**	–7

Group results – Swiss Re's net income significantly impacted by large losses and recent change in US GAAP accounting guidance on equity securities.

Christian Mumenthaler
Group Chief Executive Officer

"Our extraordinary financial strength enabled us to support our clients in these tough times, and in 2018 we absorbed USD 3.0 billion of large claims."

2018 was dominated by large catastrophic events that made it the second consecutive challenging year for Swiss Re, with our property and casualty businesses taking the heaviest toll. Swiss Re's estimated insurance claims from large natural catastrophes, including typhoons Jebi and Trami in Japan, the Camp and Woolsey wildfires in California, as well as hurricanes Florence and Michael in the Americas, amounted to USD 2.2 billion in 2018, net of retrocession and before tax. In addition, multiple large man-made disasters generated USD 0.8 billion in claims. Swiss Re's net income, which amounted to USD 421 million for the year, was above 2017 when natural catastrophe claims and man-made losses totalled USD 4.7 billion.

The 2018 net income was also impacted by a lower investment result, reflecting challenging financial markets, and an estimated negative pre-tax impact of USD 599 million due to the recent change in US GAAP accounting guidance on recognition and measurement of equity investments that took effect on 1 January 2018. Excluding the accounting guidance, net income would have been USD 894 million.

Reinsurance generated a net income of USD 1.1 billion, compared to USD 679 million in 2017.

Property & Casualty Reinsurance reported a net income of USD 370 million in 2018, compared to a net loss of USD 413 million in 2017. Both periods were strongly impacted by natural catastrophes, totalling USD 2.0 billion in 2018 and USD 3.7 billion in 2017, net of retrocession and before tax. The net operating margin was 4.3%, compared to –1.3% in the prior-year period.

Life & Health Reinsurance contributed a net income of USD 761 million in 2018, down from USD 1.1 billion in 2017, driven by a lower underwriting result due to unfavourable mortality experience as well as reduced investment performance. The net operating margin decreased to 9.4% in 2018 from 13.1% in the previous year.

Corporate Solutions incurred a net loss of USD 405 million in 2018, compared to a net loss of USD 741 million in 2017. Both years were significantly impacted by large natural catastrophes and man-made losses, totalling USD 0.7 billion in 2018 and USD 1.2 billion in 2017, net of retrocession and before tax. The net operating margin was –11.1% and –23.5% for 2018 and 2017, respectively.

Life Capital delivered a net income of USD 23 million in 2018, compared to USD 161 million in 2017, impacted by unfavourable UK investment market performance. As a result, Life Capital's net operating margin declined to 3.9% in 2018, compared to 10.9% for 2017.

The Group's net operating margin for 2018 was 2.9%, a slight increase from 2.8% in the prior year.

Common shareholders' equity, excluding non-controlling interests and the impact of contingent capital instruments, decreased to USD 27.9 billion at the end of 2018, down from USD 33.4 billion at the end of 2017. The decline mainly reflected a payment to shareholders of USD 2.9 billion for the 2017 regular dividend and the share buy-back programmes, as well as a decrease in unrealised investment gains of USD 2.8 billion.

Swiss Re achieved a return on equity of 1.4% for 2018, above the 2017 return of 1.0%. Excluding the impact of the recent change in US GAAP accounting guidance, the estimated return on equity would have been 2.9%.

Earnings per share for 2018 were USD 1.37 or CHF 1.34, compared to USD 1.03 or CHF 1.02 for 2017.

Book value per common share stood at USD 93.09 or CHF 91.72 at the end of 2018, compared to USD 106.09 or CHF 103.37 at the end of 2017. Book value per common share is based on common shareholders' equity and excludes non-controlling interests and the impact of contingent capital instruments.

Business performance

Premiums earned and fee income for the Group amounted to USD 34.5 billion for 2018, an increase of 2.2% year-on-year. Gross premiums written increased in the same period by 4.7% to USD 36.4 billion, primarily driven by premium growth across the Group's life and health businesses.

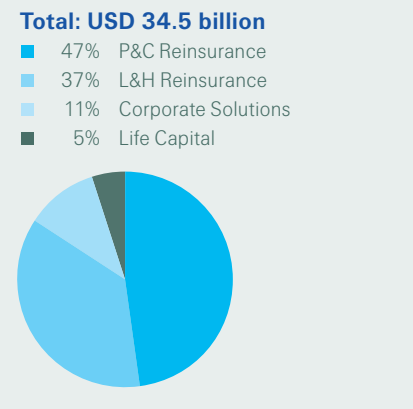
Property & Casualty Reinsurance contributed USD 16.1 billion of premiums earned in 2018, down from USD 16.7 billion in 2017. The decline is mainly in the Chinese quota share business and in the US casualty business. The Property & Casualty Reinsurance combined ratio was 104.0% in 2018, down from 111.5% as the prior year included larger natural catastrophe impacts.

Life & Health Reinsurance premiums earned and fee income totalled USD 12.8 billion in 2018, an increase of 7.1% year-on-year, mainly reflecting growth across all markets and a positive impact of intra-group retrocession agreements.

Corporate Solutions premiums earned were USD 3.9 billion for 2018, up by 7.5% compared to the previous year. The Corporate Solutions combined ratio was 117.5% in 2018, compared to 133.4% in the previous year, reflecting less significant large natural catastrophe losses in 2018.

Premiums earned and fee income for Life Capital increased by 14.1% to USD 1.6 billion, mainly driven by growth in the open book life and health insurance business combined with intra-group retrocessions. Life Capital continued to generate exceptional gross cash amounting to USD 818 million in 2018 compared to USD 998 million in 2017.

NET PREMIUMS AND FEES EARNED BY BUSINESS SEGMENT, 2018



Investment result and expenses

Swiss Re's return on investments for 2018 was 2.8%, compared to 3.9% in 2017, reflecting a negative impact from the recent change in US GAAP accounting guidance. Non-participating net investment income increased to USD 4.1 billion in 2018 compared to USD 3.7 billion the prior year. The Group reported non-participating net realised investment gains of USD 0.1 billion in 2018, compared to USD 1.7 billion in 2017, as the prior year benefited from significant realised gains from sales within the equity portfolio versus market value losses in 2018.

Acquisition costs for the Group amounted to USD 6.9 billion in 2018, slightly down from USD 7.0 billion in 2017.

Operating expenses of USD 3.4 billion in 2018 increased by 3.7% year-on-year.

Interest expenses were USD 555 million, down by 1.9% year-on-year.

The Group reported a tax charge of USD 69 million on a pre-tax income of USD 550 million for 2018, compared to a tax charge of USD 132 million on a pre-tax income of USD 525 million for 2017. This translated into an effective tax rate in the current and prior-year reporting periods of 12.5% and 25.1%, respectively. The tax rate in 2018 was largely driven by tax benefits from foreign currency translation differences between statutory and US GAAP accounts, the release of valuation allowances on net operating loss and tax benefits from intra-entity transfers, partially offset by profits earned in higher tax jurisdictions and tax charges from unrecognised tax benefits.

Group underwriting

Edouard Schmid
Group Chief Underwriting Officer

"Our effective investment in R&D is the basis for continued underwriting outperformance."

Competitive advantage in underwriting
Swiss Re is fundamentally a knowledge company, especially when it comes to underwriting. We channel over 150 years of experience and cutting-edge research and development (R&D) into two pillars of outperformance: active capital allocation across insurance risk pools and distinctive underwriting of individual risks. We blend experience, proprietary data and forward-looking research, and create unique underwriting opportunities and access to risk pools.

Our proprietary natural catastrophe modelling is one example. The underlying tool was developed based on proprietary Swiss Re R&D. It has been built over the past three decades in collaboration with external partners, and crucially, by leveraging our own experience and proprietary data to create the model. Once an exclusively in-house underwriting tool, this year it has been extended to our insurance clients in response to demand. Our trust in this proven model has enabled us to become leaders in profitably allocating capital to the important natural catastrophe modelling market – and the same confidence allows us to retain most of the risk. This represents a distinctive proposition to our clients and shareholders alike.

Likewise, our in-house biometric risk solution, Magnum, is a market-leading underwriting capability. Used by over 60 insurance clients, this automated underwriting solution processed more than 12 million applications in 26 countries in 2018, covering a full range life, health and medical expense products. It is the outcome of over 20 years' experience and acknowledged industry knowledge leadership, constantly refreshed with new research. Magnum enables us to allocate a growing amount of capital to support our position in life and health insurance.

These are mature solutions, for mature risks. The same capabilities drive our ability to absorb risks that are less understood, such as cyber insurance. In previous years, Swiss Re adopted a cautious approach towards cyber risk, while others were more willing to underwrite this fundamentally new risk pool with questionable profitability. We deliberately shaped our capital allocation to maintain a watching, yet underweight market interest. In 2018, our R&D delivered a capability to track and contain the accumulated cyber risk – and we have deployed an increased appetite for a risk that has become addressable.

We continue to create value by delivering resilience. Resilience – the confidence that we can stand by our underwriting and risk-taking for many years to come – is crucial to our clients and to our shareholders. That resilience is assured through our ongoing disciplined commitment to both active capital allocation, and distinctive underwriting.

Underwriting performance in 2018

The Group's overall underwriting performance in 2018 was solid, despite high large natural catastrophe and man-made losses in the year. Group results were affected by a number of major insured natural catastrophe losses that made 2018 the fourth-costliest year for the insurance industry according to the Swiss Re Institute. Despite pricing improvements in 2018, the market environment in our Property & Casualty Reinsurance businesses remained challenging. Meanwhile, the performance of Life & Health Reinsurance continued to be solid, and critical underlying markets remained attractive.

In 2018, Reinsurance made payments of ca. USD 10 billion to 3 300 clients in 150 countries, while Corporate Solutions' payments totalled ca. USD 2.5 billion in over 50 000 payments to its insureds and third-party claimants. These payments helped people rebuild homes and supported communities to recover in the aftermath of catastrophes.

The 2018 large loss burden totalled USD 3.0 billion, driven by losses associated with the typhoons Jebi and Trami in Japan, hurricanes Florence and Michael, the Camp and Woolsey wildfires in the US and the Ituango dam collapse in Colombia.

Total Life and Health benefits increased from USD 9.2 billion in 2017 to USD 10.3 billion in 2018. The increase was due to various factors, mainly currency fluctuations against the dollar, unfavourable claims development in US Mortality observed in the first half of 2018, and strong business growth, in particular in US Individual Mortality, Disability in Australia and Continental Europe and Medical in Europe.

Market environment and outlook

We anticipate continuing, albeit slowing global economic expansion in 2019. Insurance premiums in advanced markets will likely increase, in line with this economic growth, while emerging market premiums will continue to outperform on the back of increasing penetration levels and solid growth, particularly in China. We continue to expand our potential market through ongoing work to reduce the protection gap, and to address the barriers to demand and supply that hinder insurance uptake.

The natural catastrophe events of 2017 led to an improvement in market discipline in 2018. Encouragingly, this discipline has begun to spread to other lines of business, including the underpriced US casualty insurance market. Increased discipline has led to improved pricing and the exit of several re/insurers from otherwise unsustainable markets. In our view, further such exits in the coming year would not come as a surprise. We believe this represents an opportunity for a long-term, stable and resilient re/insurer such as Swiss Re.

We expect broadly stable non-life reinsurance prices, even while underlying primary commercial line prices increase. We anticipate the possibility of moderately increasing interest rates, but continue to focus our underwriting on the key loss drivers. We continue to closely monitor inflationary trends and their effects on claims severity. Our capital allocation process takes this into account, and as a result, we remain comfortable that risk is well within our expectations.

Our core outlook remains the same as last year – we are positive about the opportunities available to us through three distinctive abilities. Our ability to engage in large and tailored transactions has created a market for which we have truly distinctive capabilities. Demand continues to grow for solutions and services that deploy our R&D to clients. Our industry-leading product and geographic franchise enables an unrivalled ability to rapidly and flexibly deploy capital across insurance risk pools.

Our strong underwriting discipline and our strong capitalisation will support us in playing a leading role in making the world more resilient.

Group investments

Guido Fürer
Group Chief Investment Officer

"In a year of considerable market volatility, we have continued to deliver strong value to the Group."

Strategy
Swiss Re's investment portfolio provided a solid contribution in 2018, despite a negative impact from the recent change in US GAAP accounting guidance. Fundamentally, the portfolio performed well with no material impairments and a running yield that trended upward during the year. Overall, there were no significant changes to Swiss Re's asset allocation during 2018 and the Group remains flexible should there be a change in the investment outlook or if any market opportunities arise.

Financial markets overview
Financial markets in 2018 were mainly driven by a series of political risks, monetary policy developments and late-cycle concerns in the US. In terms of politics, the US–China trade dispute, Brexit-related uncertainties and the Italian budget standoff weighed on investor sentiment, particularly in the fourth quarter.

In contrast to 2017, most asset classes saw heightened volatility in 2018. Early in the year, equity markets came under sharp pressure before rebounding again in spring. Tailwinds from the US tax stimulus led to outperformance from US equities relative to other major stock markets globally. Equity markets then sold off in Q4 amid concerns over a global growth slowdown as well as seasonally thin liquidity conditions in December, resulting in the S&P 500 index ending the year down 6%. While credit spreads were less affected by the aforementioned market turbulences for most of the year, investment-grade

Net investment income
in USD billions, 2018

4.1

(2017: USD 3.7 billion)

Group return on investments
2018

2.8%

(2017: 3.9%)

Fixed income running yield
2018

2.9%

(2017: 2.9%)

corporate bond spreads widened considerably across all regions over the final two months. Government bond yields increased for the majority of the year, most notably in the US, before partially reversing in November and December.

Overall, global growth started to slow, though continues to remain above-trend. Inflation picked up slowly in many regions and central banks continued to normalise their monetary policies gradually, most notably in the US.

Investment result

The Group's investment portfolio, excluding unit-linked and with-profit investments, decreased to USD 122.6 billion at the end of 2018, compared to USD 131.7 billion at the end of 2017. The decrease was driven by the strengthening of the US dollar as well as the impact from credit spread widening and a rise in interest rates.

The return on investments for 2018 was 2.8%, reflecting a negative impact from the recent change in US GAAP accounting guidance. The result was primarily driven by net investment income, which contributed more significantly than in prior years, reflecting a higher quality of earnings. This compared to a return of investments of 3.9% in 2017, with the decrease almost entirely attributable to a reduced contribution from equity securities. The Group's non-participating net investment income increased to USD 4.1 billion in 2018 compared to USD 3.7 billion the prior year. The Group's fixed income running yield was steady at 2.9%.

The Group reported non-participating net realised investment gains of USD 0.1 billion in 2018 compared to USD 1.7 billion in 2017, as the prior year benefited from significant realised gains from sales within the equity portfolio versus market value losses in 2018.

Outlook

Global economic growth is expected to slow in 2019, particularly in advanced markets. Across the US and Europe, tighter financial conditions and lingering political concerns as well as the impact from a waning US fiscal stimulus are likely to weigh on growth. Asia is expected to see economic growth slow moderately, but remains the strongest region globally, while Latin America is expected to see a modest growth recovery, albeit from a low base.

Moderate global monetary policy tightening is set to continue, including by the Federal Reserve, whose hiking cycle and balance sheet reduction are approaching the final stages. Meanwhile, the European Central Bank is likely to keep its refinancing rate unchanged in 2019, having fully unwound its asset purchase programmes in 2018.

In contrast to last year's outlook, which was more balanced, the balance of risks is skewed to the downside, amid increasing protectionism (e.g. US–China trade conflict) and ongoing monetary policy tightening. Late-cycle concerns (especially in the US) and the political climate (including Brexit and the European Parliament election as well as elections in India, South Africa and Argentina) add to the uncertainty. We thus continue to maintain a well-diversified and high-quality investment portfolio, braced for further bouts of market volatility in the coming year.

ESG MAKES ECONOMIC SENSE

In 2018, Asset Management continued on its journey to integrate Environmental, Social and Governance (ESG) criteria into its investment process, now applying them broadly and systematically to nearly 100% of Swiss Re's investment portfolio.

Find out more about Swiss Re's commitment to sustainable investing in our online report at reports.swissre.com or by scanning the QR code with your smartphone camera.

Reinsurance – While natural catastrophes weighed on our performance in 2018, they also underscore the critical role reinsurance plays in narrowing the protection gap and creating a more resilient world.

Moses Ojeisekhoba
CEO, Reinsurance

"As always, we were there for our clients after hurricanes, typhoons, wildfires and hailstorms, fulfilling our promise to pay."

Strategy and priorities
By some accounts, 2017 and 2018 have been the costliest back-to-back years for insured catastrophe losses. As devastating as these events are, they also provide an opportunity to demonstrate the value of being reinsured. As always, we were there for our clients after hurricanes, typhoons, wildfires and hailstorms, fulfilling our promise to pay. Our clients recognise the financial strength of Swiss Re's balance sheet and our ability to promptly pay claims.

While natural catastrophes are nothing new, the future holds many unknowns. Technology and globalisation are breaking down barriers in business, politics and society, while creating new structures, new opportunities and new threats. The strategy of Swiss Re's Reinsurance Business Unit is focused on differentiation as well as the identification of risk pools – both existing and new – and the allocation of capital to those pools in a way that results in profitable growth. Reinsurance continues to prove its value by mitigating both established and emerging risks for businesses, governments and society.

The global protection gap is expected to grow due to demographic changes as well as the increasing impact of natural catastrophes. Swiss Re expects longer-term economic and development trends to continue to generate additional business opportunities in both high-growth markets as well as those countries with more mature economies.

Proactive risk management through reinsurance

We leverage technology to understand risks better, improve our underwriting processes and pricing and to increase efficiency. Proactive risk management in the form of reinsurance offers protection when the unexpected happens and provides the security and predictability to attract investment in innovation and infrastructure. This translates into tangible benefits for individuals across a wide range of sectors, such as housing, food security, financial wellbeing and healthier lives. Swiss Re provides protection for clients from risks in these and other areas.

Differentiation and client relationships

Understanding the specific needs of our clients and delivering tailored programmes is what differentiates Swiss Re from other players. Our offerings are designed to respond to the realities of risk in today's world. We look at our Reinsurance offerings in both Property & Casualty and Life & Health through the lenses of Core, Transactions and Solutions:

Core is our traditional business and typically involves the transfer of insurance risk from a client's balance sheet to our own. Transactions are usually driven by a client's balance sheet needs, which necessitate the deployment of our knowledge and capital to deliver innovative deals. Our Solutions help clients add value to their underlying business, often by leveraging technology.

RETHINKING AUTOMOTIVE INSURANCE

Cars are a lot "smarter" than they used to be. Today, even standard cars can apply the brakes if they sense an obstacle in their path, keep you from drifting into another lane and sound an alarm if you nod off behind the wheel.

New active safety features like these, combined with changes in how cars are used (such as ride-hailing apps and car-share programs) meant it was time to radically rethink automotive insurance. In 2016, Swiss Re began developing an auto insurance product that uses telematics — data on when, how, and under what conditions a car is used — to more accurately assess evolving risk and price policies accordingly.

The result, an app-based telematics product, went live under the trade name Coloride. Coloride uses Swiss Re's white-labelled phone app to record trips and score customers automatically, as they drive during the week. This data is then combined with the driver's historical claims data to calculate the final score, used then for pricing adjustment at the end of the year.

By taking on the cost of research and development, Swiss Re makes it possible for clients such as Netherlands-based insurer Ansvar to use telematics to gain an edge on competitors without a major investment. Additionally, Coloride provides a means to build a stronger relationship with customers, reduce operational costs and improve the claims experience.

In addition to a customised policy at a fair price, Coloride provides feedback on driving behaviour and phone usage. Good drivers who keep their eyes off their phone and on the road earn points they can spend on iTunes or Amazon purchases, or use points to donate to pre-selected projects. Customers can also use the app to ask for assistance, and compare themselves to other drivers on a leaderboard or in a 1-1 duel.

Property & Casualty Reinsurance

Property & Casualty Reinsurance reported a net income for 2018 of USD 370 million compared to a net loss of USD 413 million in 2017. Both years were affected by large natural catastrophe losses, while 2018 also saw a significant impact from large man-made losses. Estimated total large natural catastrophe and man-made losses amounted to USD 2.3 billion in 2018, mainly stemming from the Ituango dam collapse in Colombia, the Camp and Woolsey wildfires in California, hurricanes Michael and Florence in the Americas, floods and winter storms in Japan, also hit by typhoons Jebi and Trami, the Sydney hailstorm and a fire at a shipyard in Germany. The net operating margin was 4.3% in 2018, up from –1.3% in 2017.

The overall investment result was USD 1.4 billion in 2018 compared to USD 1.6 billion in 2017. Net investment income was USD 1.4 billion in 2018, reflecting the impact of rising interest rates. Net realised losses amounted to USD 16 million, compared to significant realised gains from equity sales in 2017. The losses were driven by market value losses and lower realised gains from fixed income securities. The return on investments was 2.4%.

Premiums

Net premiums earned were USD 16.1 billion for 2018, down from USD 16.7 billion in the prior period, reflecting a reduction mainly in the Chinese quota share business and in the US casualty business, partly offset by business volume increase in Asia. Gross premiums written of USD 16.5 billion in 2018 were in line with the prior-year period.

PROPERTY & CASUALTY RESULTS

USD millions	2017	**2018**	Change in %
Revenues			
Gross premiums written	16 544	16 545	0
Net premiums written	16 031	16 098	0
Change in unearned premiums	636	–3	—
Premiums earned	16 667	**16 095**	–3
Net investment income	1 017	1 380	36
Net realised investment gains/losses	613	–16	—
Other revenues	48	36	–25
Total revenues	18 345	**17 495**	–5
Expenses			
Claims and claim adjustment expenses	–13 172	–11 614	–12
Acquisition costs	–4 253	–4 012	–6
Operating expenses	–1 159	–1 114	–4
Total expenses before interest expenses	–18 584	**–16 740**	–10
Income/loss before interest and income tax expense/benefit	–239	755	—
Interest expenses	–280	–313	12
Income/loss before income tax expense/benefit	–519	**442**	—
Income tax expense/benefit	125	–72	—
Net income/loss before attribution of non-controlling interests	–394	**370**	—
Income/loss attributable to non-controlling interests			
Net income/loss after attribution of non-controlling interests	–394	**370**	—
Interest on contingent capital instruments, net of tax	–19		—
Net income/loss attributable to common shareholders	–413	**370**	—
Claims ratio in %	79.0	72.2	
Expense ratio in %	32.5	31.8	
Combined ratio in %	111.5	104.0	

Combined ratio

Property & Casualty Reinsurance reported a combined ratio of 104.0% for 2018, compared to 111.5% in 2017. The impact from natural catastrophes of USD 2.0 billion in 2018 was 5.0 percentage points above the expected level for the year, which was 7.1 percentage points. The favourable development of prior accident years improved the combined ratio by 0.9 percentage points in 2018, compared to a 3.3 percentage point improvement in 2017.

Administrative expense ratio

The administrative expense ratio was 6.9% in 2018 compared to 7.0% in 2017, reflecting continuous focus on productivity measures.

Lines of business

The Property combined ratio decreased to 99.9% in 2018, compared to 119.9% a year earlier. Both periods include a high loss burden, with 2017 impacted by events such as Cyclone Debbie, hurricanes Harvey, Irma and Maria in the Americas, two earthquakes in Mexico and wildfires in California.

The Casualty combined ratio slightly increased to 110.6% in 2018, compared to 108.8% in 2017. The current period includes the impact from non-renewal of business in the US and reduced volumes in EMEA, mainly in the motor line of business.

The Specialty combined ratio improved to 93.4% for 2018, compared to 98.4% in 2017. This is a result of positive prior-year development across all lines of business, predominantly in marine.

Investment result

The return on investments was 2.4% for 2018, compared to 3.5% in 2017, reflecting a reduction in the investment result of USD 329 million.

Net investment income increased by USD 352 million to USD 1.3 billion for 2018, mainly due to a higher invested asset base alongside the impact of rising interest rates.

Net realised losses were USD 63 million for 2018, compared to net realised gains of USD 590 million for the prior period. The decrease is largely related to the contribution from equity securities, as the 2017 figure reflected significant realised gains from equity sales, while the current period was negatively impacted by the recent change in US GAAP accounting guidance, which entered into effect on 1 January 2018. Losses on interest rate derivatives and a reduction of gains from sales of fixed income securities also contributed to the lower result.

Insurance-related investment result and foreign exchange gains/losses are not included in the figures above.

Shareholders' equity

Common shareholders' equity decreased to USD 9.5 billion as of 31 December 2018 from USD 10.8 billion as of 31 December 2017, primarily driven by dividends paid to the Group of USD 1.3 billion, unfavourable foreign exchange movement and the net change in unrealised gains/losses, partly offset by net income. The return on equity for 2018 was 3.7% compared to –3.5% in 2017.

Outlook

Renewals of loss-affected natural catastrophe business experienced rate increases. We had opportunities to grow our natural catastrophe business in North America at attractive terms. In non-loss-affected markets, rates remain stable overall, with some minor volatility.

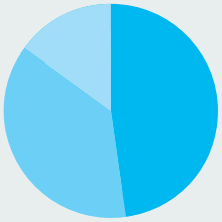
We observed notable differences within Specialty lines with rate increases for loss-affected lines and markets, and otherwise stable terms and conditions. For Casualty, rates increased in segments where improvements were needed due to claims emergence. We continued to seize good opportunities for transactions,

For Property and Casualty we will increase our market share where prices, terms and conditions meet our expectations. Our differentiation model and the solutions we offer will allow us to access further attractive opportunities.

PREMIUMS EARNED BY LINE OF BUSINESS, 2018

Total: USD 16.1 billion

- 48% Casualty
- 37% Property
- 15% Specialty



Life & Health Reinsurance

Net income was USD 761 million for 2018, a decrease from the previous year's net income of USD 1.1 billion. The 2018 underwriting result was mainly driven by large transactions in Canada and New Zealand, as well as improved performance in Asia and EMEA, partly offset by unfavourable mortality experience in the US. Investment results were lower than in the prior year, reflecting lower realised gains and mark-to-market losses on equity securities. The return on equity was 11.1%, compared to 15.3% in 2017.

Premiums

Net premiums earned and fee income in 2018 increased by 7.1% to USD 12.8 billion, compared to USD 12.0 billion for the prior year. Gross premiums written increased by 9.1% to USD 14.5 billion, reflecting growth across all markets, including a large transaction in Asia, a positive impact of intra-group retrocession agreements and favourable currency fluctuations. At constant exchange rates, the increase amounted to 8.1%.

Net operating margin

The net operating margin for 2018 was 9.4%, a decrease from 13.1% in 2017 due to lower investment and underwriting performance.

Management expense ratio

The management expense ratio was 5.4%, a decrease from 5.7% in 2017, driven by higher premium volumes.

Lines of business

Income before interest and income tax expense (EBIT) for the Life segment decreased to USD 720 million for 2018, from USD 935 million in the prior year. The results in 2018 were adversely impacted by unfavourable mortality experience in the US individual life business, partly offset by a transaction in Canada.

LIFE & HEALTH RESULTS

USD millions	2017	**2018**	Change in %
Revenues			
Gross premiums written	13 313	14 527	9
Net premiums written	11 826	12 647	7
Change in unearned premiums	25	36	44
Premiums earned	11 851	**12 683**	7
Fee income from policyholders	129	152	18
Net investment income – non-participating business	1 308	1 305	0
Net realised investment gains/losses – non-participating business	591	347	–41
Net investment result – unit-linked and with-profit business	81	–33	–
Other revenues	3	1	–67
Total revenues	13 963	**14 455**	4
Expenses			
Life and health benefits	–9 211	–10 280	12
Return credited to policyholders	–119	–5	–96
Acquisition costs	–2 064	–2 045	–1
Operating expenses	–754	–758	1
Total expenses before interest expenses	–12 148	**–13 088**	8
Income before interest and income tax expense	1 815	**1 367**	–25
Interest expenses	–315	–410	30
Income before income tax expense	1 500	**957**	–36
Income tax expense	–360	–155	–57
Net income before attribution of non-controlling interests	1 140	**802**	–30
Income/loss attributable to non-controlling interests			
Net income after attribution of non-controlling interests	1 140	**802**	–30
Interest on contingent capital instruments, net of tax	–48	–41	–15
Net income attributable to common shareholders	1 092	**761**	–30
Management expense ratio in %	5.7	5.4	
Net operating margin in %	13.1	9.4	

EBIT for the Health segment slightly increased to USD 355 million for 2018 from USD 345 million in the prior year. The 2018 result included unfavourable valuation updates in the health portfolio in Australia. The prior year included an increase in incurred but not reported (IBNR) claims in the UK critical illness business.

Investment result

The return on investments for 2018 was 3.7%, compared to 4.3% in 2017, reflecting a decrease in the investment result of USD 244 million.

Net investment income increased slightly by USD 23 million to USD 1 128 million in 2018. The fixed income running yield for 2018 was 3.4%.

Net realised gains were USD 192 million for 2018, compared to USD 459 million for the prior period, with the prior period positively impacted by significant net realised gains from sales of equity securities.

Insurance-related investment results as well as foreign exchange gains/losses are not included in the figures above.

Shareholders' equity

Common shareholders' equity decreased to USD 6.3 billion as of 31 December 2018 from USD 7.5 billion as of 31 December 2017. The decrease of USD 1.2 billion reflects a change in net unrealised gains and the dividends paid to the Group, partially offset by net income for the period.

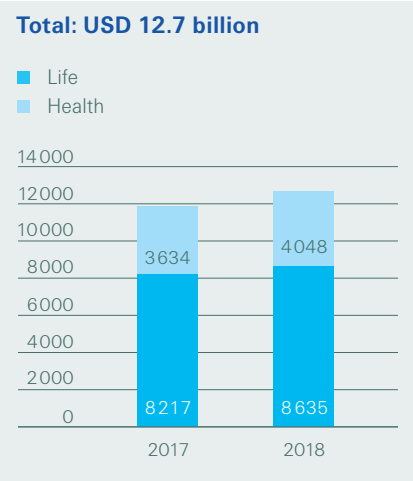
Return on equity was 11.1% in 2018, compared to 15.3% in 2017.

Outlook

We expect life and health treaty reinsurance business to grow modestly in mature markets compared to a stronger increase in high growth markets. In mature markets, the prolonged low interest rate environment continues to have an unfavourable impact on long-term life business. Cession rates are expected to be broadly stable in major markets. We see a continued strong focus on capital, risk and balance sheet optimisation in mature markets, leading to ongoing opportunities for large transactions.

We will continue to pursue growth opportunities in high-growth markets and in large transactions, including longevity deals. We are responding to the expanding need for health protection driven by ageing societies and we will apply our risk knowledge experience to help reduce the protection gap in all regions.

PREMIUMS EARNED BY LINE OF BUSINESS, 2018



Corporate Solutions – Corporate Solutions' results were impacted by natural catastrophe events and an exceptionally high severity and frequency of large man-made losses.

Agostino Galvagni
CEO, Corporate Solutions

"2018 was a difficult year for Corporate Solutions. However, we are taking all necessary actions required to turnaround our performance and correct the current price deficiencies."

Strategy and priorities
During 2018, Corporate Solutions continued to make progress on its long-term strategy, with continued investments into its Primary Lead capabilities and an extension of its current global network coverage to over 120 countries.

Performance
The net loss was USD 405 million in 2018, compared to a net loss of USD 741 million in 2017, with a net operating margin of –11.1%, compared to –23.5% for the previous period. The 2018 result was impacted by natural catastrophe events and an exceptionally high severity and frequency of large man-made losses, with a combined claims burden of USD 0.7 billion. The investment result was lower in 2018 compared to 2017, as the previous period benefited from higher gains on sales of equity securities.

Premiums
Net premiums earned were USD 3.9 billion in 2018, an increase of 7.5% compared to 2017, driven by growth in Primary Lead business, which more than offset the active pruning of the US General Liability portfolio. Gross

CORPORATE SOLUTIONS RESULTS

USD millions	2017	**2018**	Change in %
Revenues			
Gross premiums written	4 193	4 694	12
Net premiums written	3 600	4 122	15
Change in unearned premiums	51	–197	—
Premiums earned	3 651	**3 925**	8
Net investment income	161	207	29
Net realised investment gains/losses	128	16	–88
Other revenues	5	3	–40
Total revenues	3 945	**4 151**	5
Expenses			
Claims and claim adjustment expenses	–3 558	–3 241	–9
Acquisition costs	–554	–607	10
Operating expenses	–759	–763	1
Total expenses before interest expenses	–4 871	**–4 611**	–5
Income/loss before interest and income tax expense	–926	**–460**	–50
Interest expenses	–23	–24	4
Income/loss before income tax expense	–949	**–484**	–49
Income tax expense/benefit	203	75	–63
Net income/loss before attribution of non-controlling interests	–746	**–409**	–45
Income/loss attributable to non-controlling interests	5	4	–20
Net income/loss attributable to common shareholders	–741	**–405**	–45
Claims ratio in %	97.4	82.6	
Expense ratio in %	36	34.9	
Combined ratio in %	133.4	117.5	

premiums written and premiums for insurance in derivative form, net of internal fronting for the Reinsurance Business Unit, increased by 13.6% to USD 4.6 billion in 2018. Rates, as well as terms and conditions, moderately improved after the previous year's natural catastrophe events. However, the rate environment remained depressed and a substantial acceleration of market hardening is required to re-establish a sustainable market environment.

Combined ratio

The combined ratio decreased to 117.5% in 2018 compared to 133.4% in 2017, mainly due to lower large natural catastrophe losses, partially offset by higher large man-made losses. The previous year was particularly impacted by hurricanes Harvey, Irma and Maria in the third quarter of 2017.

Lines of business

The Property combined ratio for 2018 decreased by 56.1 percentage points to 117.9%, driven by lower natural catastrophe losses, partially offset by a high severity and frequency of large man-made losses.

The Casualty combined ratio increased slightly to 125.5% in 2018 compared to 122.0% in 2017. Both periods were impacted by large Liability losses in North America.

The Specialty combined ratio for 2018 increased by 4.9 percentage points to 106.5%, mainly due to higher large loss activity, primarily driven by a major satellite loss and the Ituango dam collapse. The prior-year was impacted by hurricanes Harvey, Irma and Maria.

Investment result

The return on investments was 2.1% for 2018, compared to 3.4% in 2017, reflecting a reduction in the investment result of USD 101 million.

Net investment income increased by USD 41 million to USD 224 million in 2018, benefiting from a higher invested asset base and rising yields.

Net realised losses were USD 24 million compared to net realised gains of USD 118 million in 2017, with the prior-year result benefiting from significant realised gains from sales of equity securities.

Insurance-related derivative results and foreign exchange gains/losses are not included in the investment figures.

Corporate Solutions offers insurance protection against weather perils and other risks, which is accounted for as derivatives. Insurance in derivative form reported net realised gains of USD 30 million in 2018, compared to USD 12 million in 2017.

Shareholders' equity

Common shareholders' equity decreased by USD 0.6 billion to USD 1.8 billion at the end of 2018, driven by the net loss for the period, a change in unrealised losses of USD 82 million and a dividend of USD 50 million paid to the Group. The return on equity was –19.4% in 2018, compared to –32.2% in 2017.

Outlook

In 2018, the commercial insurance market was impacted by large natural catastrophe events and an exceptionally high severity and frequency of large man-made losses in industrial business lines across all geographies. While rates and terms and conditions have improved, commercial risks, particularly in the large corporate segment, remain inadequately priced and the industry continues to be unprofitable overall. Corporate Solutions expects continued market hardening and a reinforced focus on terms and conditions over the next 12 to 18 months.

PULSE: AN INNOVATIVE PLATFORM PUTS POWERFUL TOOLS AT CLIENTS' FINGERTIPS

PULSE enables our corporate clients to easily view latest risk data and manage complex insurance programs from a single dashboard, accessible on any device.

At Swiss Re Corporate Solutions, we're always looking for ways to make our innovative technology available to our clients. We aim to make it easy for them to get the information, services and support they need, when they need it. Our latest innovation is PULSE, an all-in-one platform that gives our international corporate clients a simple, user-friendly way to get their latest risk data and manage complex insurance programs at any time, on any device.

PULSE gives customers a dashboard view of all of their international programs and policies, allowing them to:

- Ensure their policies are issued and paid in full
- Initiate claims, upload supporting documentation and track claims processing and payments
- Download policies, proof-of-insurance certificates and other documents, and export detailed account data as Excel files
- See recommendations resulting from a site visit by Swiss Re experts and upload proof of compliance

We recently added access to CatNet, our industry-leading repository of detailed risk models related to natural disasters, allowing users to see the risk exposure of each of their business unit locations.

PULSE was designed to be a self-serve tool, but when a human touch is required, policy holders can use the platform to collaborate with their Risk Engineer on risk improvement actions.

One of our clients said that PULSE is "a differentiator" which has dramatically reduced the amount of time he spends managing his company's policies.

Another user said: "It's perfect – clean and easy to navigate and it contains all of the information I need."

PULSE's popularity is the result of Swiss Re Corporate Solutions' commitment to close collaboration with our customers. Before building the platform, we conducted extensive interviews with corporate clients, asking them how we could make their jobs easier. Then we worked with interface design experts to turn their wish list into reality. The result is a platform that's as elegant and intuitive as it is powerful.

And it's only getting better: PULSE was designed to allow new features and functionality to be added over time, potentially providing even more value to our clients.

Life Capital – Life Capital's strategy is to create alternative access to insurance risk pools.

Thierry Léger
CEO, Life Capital

"In 2018, Life Capital maintained strong growth in line with expectations as the unit continued its transition from a closed book to an open book business."

Strategy and priorities
During 2018, the open book businesses continued their trend of significant policy growth, reaching new partners and distributors as well as expanding geographically.

The closed book business, ReAssure, continued to seek growth opportunities. The exploration of a potential initial public offering of the business (as announced in August 2018) continues but does not impede the business from considering additional closed life books to further strengthen its market position.

In December 2018, Swiss Re reached an agreement with MS&AD Insurance Group Holdings Inc (MS&AD) for a further investment of GBP 315 million in ReAssure. This transaction closed on 20 February 2019, resulting in a total shareholding by MS&AD in ReAssure of 25%.

Life Capital seeks to optimise capital and asset management and to maximise cash generation and return on equity. In the closed book business, the focus remains on achieving operational efficiencies by leveraging its operating platform. In the open book business,

LIFE CAPITAL RESULTS

USD millions	2017	**2018**	Change in %
Revenues			
Gross premiums written	1 761	2 739	56
Net premiums written	859	1 175	37
Change in unearned premiums	91	–3	—
Premiums earned	950	**1 172**	23
Fee income from policyholders	457	434	–5
Net investment income – non-participating business	1 193	1 256	5
Net realised investment gains/losses – non-participating business	133	66	–50
Net investment result – unit-linked and with-profit business	3 234	–1 560	—
Other revenues	2		—
Total revenues	5 969	**1 368**	–77
Expenses			
Life and health benefits	–1 872	–1 489	–20
Return credited to policyholders	–3 179	1 038	—
Acquisition costs	–106	–255	141
Operating expenses	–514	–549	7
Total expenses before interest expenses	–5 671	**–1 255**	–78
Income before interest and income tax expense	298	**113**	–62
Interest expenses	–35	–41	17
Income before income tax expense	263	**72**	–73
Income tax expense	–102	–26	–75
Net income before attribution of non-controlling interests	161	**46**	–71
Income attributable to non-controlling interests		–23	—
Net income attributable to common shareholders	161	**23**	–86

Life Capital continues to prioritise its use of technology to enable both elipsLife and iptiQ to achieve efficiencies and growth opportunities in their respective businesses.

Performance

In 2018, net income for Life Capital was USD 23 million, a decline from USD 161 million in 2017. The underlying performance in 2018 benefited from realised gains on sales of fixed income securities and favourable underwriting experience which was more than offset by the impact of UK investment market underperformance and increased investment in open book business.

The net operating margin in 2018 was 3.9% compared to 10.9% in the prior year, in line with movements in net income.

Life Capital generated exceptional gross cash of USD 818 million during 2018, compared to USD 998 million in the prior year. The gross cash generated in 2018 was driven by the strong underlying surplus on the ReAssure business, the proceeds from MS&AD's initial 5% stake in ReAssure and the finalisation of the 2017 year-end Solvency II statutory valuation, partially offset by valuation changes.

Life Capital paid a dividend of USD 1.1 billion to the Group in June 2018, driven by the strong capital position of the ReAssure business.

Premiums

Gross premiums written increased by 55.5% to USD 2.7 billion during 2018, mainly driven by growth in the open book businesses including a large medex transaction for iptiQ EMEA, combined with the impact of intra-group retrocessions and foreign exchange rate movements. Net premiums earned increased from growth in the open book life and health insurance businesses.

Investment result

The return on investments was 3.3% for 2018, compared to 3.4% in 2017, reflecting a decrease in the investment result of USD 84 million.

Net investment income decreased by USD 50 million to USD 844 million in 2018, mainly due to run-off within the closed book portfolios.

Net realised gains decreased by USD 34 million to USD 77 million in 2018, reflecting a reduction of gains from sales of fixed income securities.

Insurance-related investment results as well as foreign exchange gains/losses are not included in the figures above.

Operating expenses

Operating expenses were USD 549 million in 2018 compared to USD 514 million in 2017, reflecting continued investment in the open book expansion and Legal & General Group (L&G) policy integration as well as the impact of unfavourable foreign exchange movements.

Shareholders' equity

Common shareholders' equity decreased by USD 2.0 billion to USD 5.1 billion, compared to 31 December 2017. The decrease was mainly driven by a USD 1.1 billion dividend paid to the Group and a USD 1.1 billion reduction of net unrealised investment gains in 2018. The return on equity was 0.4% for 2018, compared to 2.2% for 2017. The year-on-year decrease was due to lower net income in 2018.

Outlook

Life Capital continues to pursue selective acquisition opportunities within the closed book market and is focused on growing its individual and group open book businesses in Europe and the US. The ambition is to build a leading primary life and health business, with attractive returns for shareholders.

EVA: THE VIRTUAL ASSISTANT THAT WILL REDEFINE CUSTOMER SERVICE

Eva, currently available to some Swiss Re clients, makes purchasing life insurance online a more personal and conversational experience.

It's safe to say that shopping for life insurance isn't something that people look forward to. As if confronting one's mortality wasn't hard enough, understanding different products and choosing the one that's best for you can be complicated, particularly for online shoppers who can't turn to a sales agent to ask questions or get advice.

In fact, 98% percent of people who begin the process of shopping for life insurance online quit before making a purchase. So, with more and more people gravitating towards online shopping, a growing number aren't getting the coverage they need through online channels.

To increase conversion rates, iptiQ created Eva, a virtual assistant or "bot" that makes buying insurance online a more conversation-like experience. Eventually, Eva will be able to help walk customers through the process of selecting and purchasing insurance via their browser or mobile app, bringing a human touch to a complex purchase experience.

Eva's timing is impeccable — in the last few years, Amazon's Alexa and similar voice assistants offered by Apple, Google and Microsoft have been widely accepted by consumers. These virtual assistants are not widespread in the insurance industry. However, consumers are now comfortable interacting with bots to do everything from setting reminders, adjusting their air conditioning and purchasing household goods. So, insurance is the next logical step.

Today Eva is still a prototype within IptiQ, but in the future, we envision that Eva will be able to answer questions, inform customers about other types of coverage they may not be aware of, and make changes to policies on the back of important life events. In a next step, Eva will also be available as a chatbot and she will constantly evolve with the help of AI and state-of-the-art technology. If a customer stumps her, she can always refer them to a flesh-and-blood sales agent.

Eva is available to Swiss Re clients as a white-label app that can plug into existing systems, allowing them to dramatically improve customer service without committing to a costly system upgrade. She also helps reduce the cost of acquisition and improve online conversion rates because – unlike agents – Eva can have multiple conversations at once and is available to assist customers day and night. Eva's vocabulary can align with a clients' specific branding and products, and she can adapt to a client's local culture.

Eva officially went live in Germany and she only speaks German for now, but soon she will be launched in the UK. Currently Eva is equipped to sell life and health insurance, but eventually will be able to help clients' customers choose other types of insurance coverage, including property and casualty.

Eva may not have a pulse, but she is patient, empathetic and will act as the important digital "face" of iptiQ's partner brands, answering questions in different languages and making the insurance customer journey a whole lot easier.

Share performance

Swiss Re shares
Swiss Re had a market capitalisation of CHF 30.5 billion on 31 December 2018, with 338.6 million shares outstanding, of which 300.0 million were entitled to dividends. Swiss Re shares are listed in accordance with the International Reporting Standard on the SIX Swiss Exchange (SIX) and are traded under the ticker symbol SREN.

American Depositary Receipts (ADR)
In the US, Swiss Re maintains an ADR level I programme (OTC symbol SSREY).

Share price performance
Swiss Re shares opened the year at CHF 92.24. An intra-day high of CHF 98.80 was achieved on 27 February 2018. On 27 June 2018, the shares experienced an intra-day low of CHF 84.20. The year-end share price was CHF 90.12.

During 2018, the STOXX Europe 600 Insurance index (SXIP) decreased by 10.3% and the broader index of Swiss blue chips (SMI) decreased by 10.2%. The Swiss Re share decreased by 1.2%.

Share trading
The average on-exchange daily trading volume for 2018 was 1.2 million shares. Trading volume peaked at 5.3 million shares on 8 February 2018.

Swiss Re's dividend policy
Swiss Re's dividend policy is a central element of Swiss Re's capital management priorities.

The Group aims to ensure superior capitalisation at all times and to maximise financial flexibility, growing the regular dividend with long-term earnings and, at a minimum, maintaining it. Swiss Re will then deploy capital for business growth where it meets its strategy and profitability requirements and finally repatriate further excess capital to shareholders, with the preferred form of future capital repatriation being share buy-back programmes.

Dividends are typically paid out of current earnings and Swiss Re pays its dividend annually. Shares are ex-dividend two working days after the Annual General Meeting (AGM). Dividend payment is typically two working days after the ex-dividend date. The corresponding dates in 2019 are 23 and 25 April.

Dividends
The Board of Directors proposes a regular dividend of CHF 5.60 per share for 2018. The dividend paid for 2018 will be subject to 35% Swiss withholding tax.

Public share buy-back programme
On 7 May 2018, the Board of Directors launched the public share buy-back programme authorised by the 2018 AGM. This programme was completed on 15 February 2019.

For further information please visit www.swissre.com/investors/shares/share_buyback/

The Board of Directors proposes to the 2019 AGM to authorise the company to repurchase own shares for the purpose of cancellation by way of a public share buy-back programme to be executed in two tranches before the 2020 AGM. The first tranche of up to CHF 1.0 billion would commence at the discretion of the Board shortly after the 2019 AGM pre-approval. The second tranche of up to CHF 1.0 billion will be conditional on the 2019 development of the Group's excess capital position, for example a significant increase upon successful reduction of Swiss Re's holding in ReAssure to below 50%.

Swiss Re will ask the AGM in April 2020 permission to cancel the repurchased shares by way of share capital reduction.

Index representation
In addition to its relevant industry indices, Swiss Re is also represented in various Swiss, European and global indices, including the SMI and the SXIP. Swiss Re

GENERAL INFORMATION ON SWISS RE SHARES

Identification numbers	Share	ADR
Swiss Security Number (Valorennummer)	12688156	–
ISIN (International Securities Identification Number)	CH0126881561	US8708861088

Ticker symbols	Bloomberg	Telekurs	Reuters
Share	SREN:SW	SREN	SREN.SW
ADR[1]	SSREY:US	SSREY	SSREY.PK

[1] Swiss Re's ADR are not listed but traded over the counter; four ADRs correspond to one Swiss Re share.

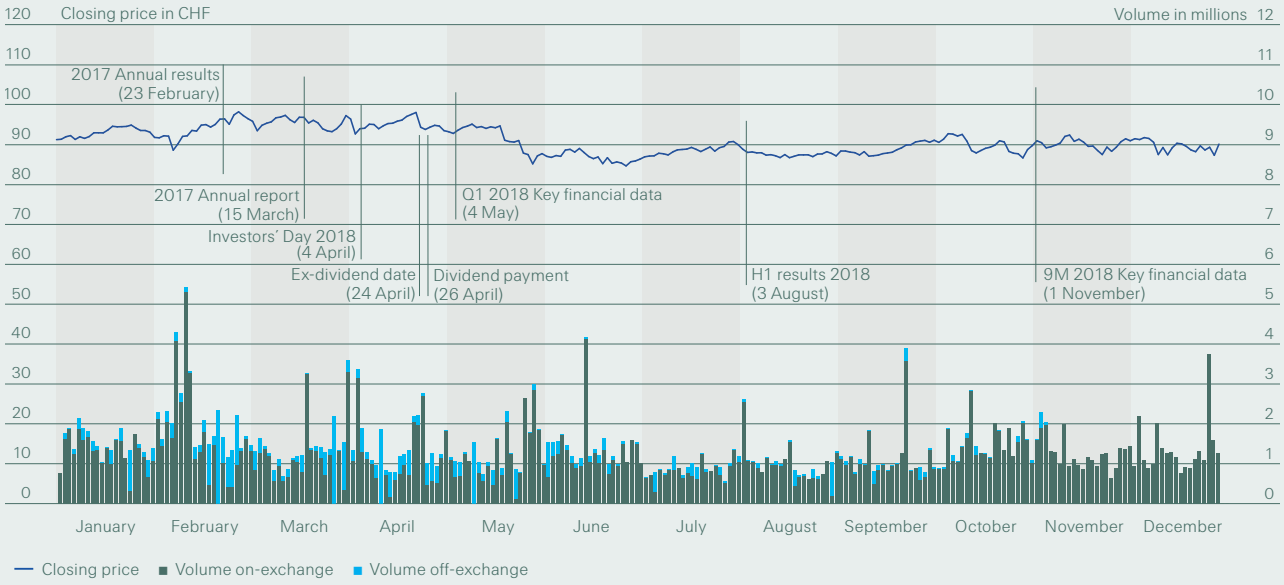
Weighting in indices

As of 31 December 2018	Index weight (in %)
Swiss/blue chip indices	
SMI	3.53
SPI	2.29
Insurance indices	
STOXX Europe 600 Insurance	5.43
Bloomberg Europe 500 Insurance	5.57
FTSEurofirst 300 Insurance	0.39
Dow Jones Insurance Titans 30	2.45
Sustainability indices	
Dow Jones Sustainability Europe	0.78
Dow Jones Sustainability World	0.31
FTSE4Good Global	0.12

is also a member of various sustainability indices, including the Dow Jones Sustainability World and Europe, FTSE4Good, Euronext Vigeo World 120, Bloomberg Gender Equality Index, MSCI ESG Leaders and MSCI Global Socially Responsible (2019) index families. In May 2019, Swiss Re received a AAA rating on the MSCI ESG assessment.

Information for investors
More information is available on Swiss Re's website: www.swissre.com/investors

SWISS RE SHARE PRICE AND TRADING VOLUME IN 2018



KEY SHARE STATISTICS 2014–2018

As of 31 December	2014	2015	2016	2017	2018
Shares outstanding[1]	370 706 931	370 706 931	360 072 561	349 452 281	338 619 465
of which Treasury shares and shares reserved for corporate purposes	28 507 491	32 967 226[2]	34 093 834[3]	34 866 516[4]	38 575 324[5]
Shares entitled to dividend	342 199 440	337 739 705	325 978 727	314 585 765	300 044 141
CHF unless otherwise stated					
Dividend paid per share	3.85[6]	4.25[7]	4.60	4.85	5.00
Dividend yield[8] (in %)	4.60	4.33	4.77	5.32	5.55
Earnings per share[9]	9.33	12.93	10.55	1.02	1.34
Book value per share[10]	101.12	96.04	107.64	103.37	91.72
Price per share year-end	83.65	98.15	96.50	91.25	90.12
Price per share year high (intra-day)	86.55	99.75	97.85	98.50	98.80
Price per share year low (intra-day)	69.25	74.95	79.00	81.65	84.20
Daily trading volume (in CHF millions)	95	134	120	129	126
Market capitalisation[11] (in CHF millions)	31 010	36 385	34 747	31 888	30 516
ADR price at year-end (in USD)	84.57	24.53[12]	23.76	23.38	22.84

1 Nominal value of CHF 0.10 per share.
2 Includes 4.4m shares repurchased under the share buy-back programme launched on 12 November 2015, which concluded on 2 March 2016.
3 Includes 5.5m shares repurchased under the share buy-back programme launched on 4 November 2016, which concluded on 9 February 2017.
4 Includes 6.3m shares repurchased under the share buy-back programme launched on 3 November 2017, which concluded on 16 February 2018.
5 Includes 10.1m shares repurchased under the share buy-back programme launched on 7 May 2018, which concluded on 15 February 2019.
6 In addition to the regular dividend of CHF 3.85 per share a special dividend of CHF 4.15 per share was paid in 2014.
7 In addition to the regular dividend of CHF 4.25 per share a special dividend of CHF 3.00 per share was paid in 2015.
8 Dividend divided by year-end share price of corresponding year.
9 Calculated by dividing net income by the weighted average number of common shares outstanding.
10 Based on shareholders' equity (excluding convertible perpetual capital instruments) divided by the number of external common shares entitled to dividend.
11 Based on shares outstanding.
12 Since 15 June 2015 every Swiss Re ADR represents one quarter of a Swiss Re share. Prior to close of business on 12 June 2015, one ADR represented one Swiss Re share.