

Swiss Re's 2018 economic result was impacted by large losses and an unfavourable contribution from investment activities.

EVM performance

Underwriting result in Property & Casualty Reinsurance and Corporate Solutions impacted by large losses, partially offset by strong new business contributions in Life & Health Reinsurance.



Read online a description of the summary of significant EVM principles and sensitivities.



John Dacey

Group Chief Financial Officer

“EVM highlights the resilience of Swiss Re’s balance sheet.”

Economic Value Management (EVM) is Swiss Re’s proprietary integrated economic valuation and steering framework, consistently measuring economic performance across all businesses.

Swiss Re reported a total contribution to economic net worth (ENW) of USD 2.2 billion in 2018 compared to USD 1.9 billion in 2017. On a risk-adjusted basis, Swiss Re reported an EVM loss of USD 693 million, compared to an EVM loss of USD 9 million in 2017.

EVM profit

in USD millions, 2018

-693

(2017: USD -9 million)

ENW per share growth

over-the-cycle target: 10%

4.4%

(2017: 10.8%)

Total contribution to ENW

in USD billions, 2018

2.2

(2017: USD 1.9 billion)

Group performance

The EVM loss of USD 693 million in 2018 reflected the impact of large natural catastrophe and man-made losses that adversely impacted the Property & Casualty Reinsurance and Corporate Solutions underwriting performance, and an unfavourable investment result, mainly due to widening credit spreads. These losses were partially offset by a strong new business result in Life & Health Reinsurance and a previous years' business profit in Property & Casualty Reinsurance.

The EVM profit on new business was USD 356 million compared to an EVM loss on new business of USD 1.3 billion in 2017. The 2018 result was mainly driven by a strong new business result in Life & Health Reinsurance, partially offset by the Property & Casualty Reinsurance and Corporate Solutions new business results following large natural catastrophe and man-made losses.

The EVM profit from previous years' business amounted to USD 638 million in 2018 compared to an EVM loss of USD 148 million in 2017. The result was primarily driven by a previous years' business profit in Property & Casualty Reinsurance, partially offset by large man-made losses in Corporate Solutions.

Investment activities generated an EVM loss of USD 1.7 billion in 2018 compared to a profit of USD 1.5 billion in 2017. The 2018 result reflected a negative impact from credit spread widening as well as underperformance from equities and Principal Investments. The 2017 result was driven by favourable performance across credit and equities as well as from Principal Investments.

ENW per share growth amounted to 4.4% in 2018, below the over-the-cycle target of 10%. The underperformance was due to large losses, a negative investment result, and unfavourable foreign exchange impacts.

KEY INFORMATION

| USD millions, unless otherwise stated | 2017 | 2018 | Change in % |
|---|-------------|--------------|-------------|
| EVM profit | -9 | -693 | - |
| Total contribution to ENW | 1 867 | 2 166 | 16 |
| Economic net worth (ENW) | 37 667 | 35 993 | -4 |
| Economic net worth per share in USD | 119.74 | 119.96 | 0 |
| <i>Economic net worth per share growth, %¹</i> | <i>10.8</i> | <i>4.4</i> | |
| <i>Profit margin – new business, %</i> | <i>-4.1</i> | <i>1.2</i> | |
| <i>Profit margin – previous years' business, %</i> | <i>-0.8</i> | <i>3.5</i> | |
| <i>Profit margin – investments, %</i> | <i>16.5</i> | <i>-18.3</i> | |

¹ ENW per share growth is calculated as follows: (current-year closing ENW per share + current year dividends per share) / (prior-year closing ENW per share + current year opening balance sheet adjustments per share).

Economic Value Management

EVM performance

Business segment performance

Property & Casualty Reinsurance reported an EVM profit of USD 199 million in 2018 compared to a loss of USD 1.2 billion in 2017. The EVM loss on new business of USD 430 million was driven by large natural catastrophe and man-made losses, which included typhoons Jebi and Trami in Japan, hurricanes Florence and Michael as well as the Carr, Camp and Woolsey wildfires in the US. 2017 included large losses due to hurricanes Harvey, Irma and Maria (HIM), two earthquakes in Mexico and wildfires in California. EVM profit on previous years' business was USD 698 million, driven by a net favourable development in expected claims payout patterns and ultimate claims estimates as well as lower capital costs. Investment activities generated an EVM loss of USD 68 million in 2018 compared to a profit of USD 212 million in 2017. The 2018 loss was driven by the impact of credit spread widening as well as losses from equities, partially offset by positive performance of alternative investments. The 2017 profit was driven by positive performance across equities and alternative investments, as well as credit investments.

Life & Health Reinsurance reported an EVM profit of USD 523 million in 2018 compared to USD 1.6 billion in 2017. The EVM profit on new business of USD 980 million reflected a strong contribution from transactions in New Zealand and Japan and improved core business profitability in the US. The 2018

previous years' business profit was USD 168 million. This included the positive impact of lower capital costs, partly offset by adverse experience in the US and several valuation and assumption updates. Investment activities generated an EVM loss of USD 625 million in 2018 compared to a profit of USD 627 million in 2017. The 2018 loss reflected the impact from unfavourable interest rate movements on the net duration position, as well as credit spread widening, while the prior year was positively impacted by credit spread tightening as well as performance from equity securities.

Corporate Solutions reported an EVM loss of USD 673 million in 2018 compared to a loss of USD 917 million in 2017. The EVM loss on new business was USD 81 million, driven by large natural catastrophe and man-made losses, partially offset by a 2018 current accident year retrocession recovery on the Ituango dam flooding and the occurrence of a higher premium volume from a moderately improved market environment. The EVM loss on previous years' business was USD 530 million, significantly impacted by high severity and frequency of large man-made losses; the largest being the gross loss on the 2011 contract year Ituango dam flooding and a major satellite loss, as well as reserve strengthening on the excess and surplus casualty book. Investment activities generated an EVM loss of USD 63 million in 2018 compared to a profit of USD 79 million in 2017, with results in 2018 reflecting the impact of credit spread widening and unfavourable performance from equity investments, both in contrast to the 2017 result.

Life Capital generated an EVM loss of USD 93 million in 2018 compared to a profit of USD 572 million in 2017. The 2018 loss reflected a negative investment performance of USD 533 million, impacted by credit spread widening and underperformance from implied equity exposure arising from the unit-linked business. This was partially offset by a favourable underwriting result. The 2017 profit reflected a strong investment performance of USD 420 million as well as a favourable underwriting result.

In 2018, an EVM loss of USD 649 million was reported in Group items compared to a loss of USD 128 million in 2017. The EVM loss from new business was USD 179 million in 2018, mainly driven by capital costs on excess capital and expenses, partially offset by trademark licence fees charged to the business segments. The previous years' business loss was USD 72 million, driven by an increase in overhead expenses. Investment activities generated an EVM loss of USD 398 million in 2018 compared to a profit of USD 146 million in 2017, reflecting an unfavourable result from Principal Investments.

BUSINESS SEGMENTS – KEY INFORMATION


| USD millions, unless otherwise stated | Property & Casualty Reinsurance | Life & Health Reinsurance | Corporate Solutions | Life Capital | Group items | Total |
|--|------------------------------------|------------------------------|------------------------|-----------------|----------------|--------------|
| 2017 | | | | | | |
| EVM profit | -1 161 | 1 625 | -917 | 572 | -128 | -9 |
| Total contribution to ENW | -954 | 2 180 | -750 | 987 | 404 | 1 867 |
| <i>Profit margin – new business, %</i> | <i>-10.2</i> | <i>8.6</i> | <i>-21.2</i> | <i>4.3</i> | | <i>-4.1</i> |
| <i>Profit margin – previous years' business, %</i> | <i>1.9</i> | <i>0.1</i> | <i>-18.3</i> | <i>1.0</i> | | <i>-0.8</i> |
| <i>Profit margin – investments, %</i> | <i>7.2</i> | <i>16.0</i> | <i>14.6</i> | | <i>11.0</i> | <i>16.5</i> |
| 2018 | | | | | | |
| EVM profit | 199 | 523 | -673 | -93 | -649 | -693 |
| Total contribution to ENW | 1 350 | 1 271 | -474 | 265 | -245 | 2 166 |
| <i>Profit margin – new business, %</i> | <i>-3.1</i> | <i>8.2</i> | <i>-2.2</i> | <i>11.8</i> | | <i>1.2</i> |
| <i>Profit margin – previous years' business, %</i> | <i>11.7</i> | <i>1.8</i> | <i>-36.4</i> | <i>23.1</i> | | <i>3.5</i> |
| <i>Profit margin – investments, %</i> | <i>-2.4</i> | <i>-19.4</i> | <i>-11.9</i> | | <i>-16.5</i> | <i>-18.3</i> |

EVM financial information

EVM INCOME STATEMENT

For the years ended 31 December

| USD millions, unless otherwise stated | 2017 | 2018 |
|--|---------------|---------------|
| Underwriting result | | |
| Gross premiums and fees | 41 846 | 44 807 |
| <i>Gross premiums and fees growth rate, %</i> | <i>-11.4</i> | <i>7.1</i> |
| Premiums and fees | 40 796 | 43 860 |
| <i>Premiums and fees retention rate, %</i> | <i>97.5</i> | <i>97.9</i> |
| <i>Premiums and fees growth rate, %</i> | <i>-12.4</i> | <i>7.5</i> |
| Claims and benefits | -30 017 | -29 904 |
| Commissions | -7 413 | -8 278 |
| Other | 136 | 286 |
| Gross underwriting result – new business | 3 502 | 5 965 |
| Expenses | -3 390 | -3 624 |
| Net underwriting result – new business | 112 | 2 341 |
| Taxes | 18 | -415 |
| Capital costs | -1 475 | -1 570 |
| EVM profit – new business | -1 345 | 356 |
| EVM profit – previous years' business | -148 | 638 |
| EVM profit – underwriting | -1 493 | 993 |
| Investment result | | |
| Mark-to-market investment result | 5 132 | 895 |
| Benchmark investment result | -1 761 | -1 702 |
| Gross outperformance (underperformance) | 3 371 | -808 |
| Other | 125 | 116 |
| Expenses | -253 | -252 |
| Net outperformance (underperformance) | 3 243 | -943 |
| Taxes | -747 | 167 |
| Capital costs | -1 012 | -911 |
| EVM profit – investments | 1 484 | -1 686 |
| EVM profit | -9 | -693 |
| Cost of debt | -626 | -67 |
| Release of current year capital costs | 2 792 | 3 059 |
| Additional taxes | -290 | -133 |
| Total contribution to ENW | 1 867 | 2 166 |
| <i>Profit margin – new business, %</i> | <i>-4.1</i> | <i>1.2</i> |
| <i>Profit margin – previous years' business, %</i> | <i>-0.8</i> | <i>3.5</i> |
| <i>Profit margin – investments, %</i> | <i>16.5</i> | <i>-18.3</i> |

EVM BALANCE SHEET



As of 31 December

| USD millions | 2017 | 2018 |
|---|----------------|----------------|
| Assets | | |
| Investments | 162 873 | 143 663 |
| Cash and cash equivalents | 6 467 | 5 695 |
| In-force business assets | 224 231 | 223 075 |
| Retrocession assets | 25 000 | 22 170 |
| Other assets | 3 998 | 3 540 |
| Total assets | 422 569 | 398 142 |
| Liabilities | | |
| In-force business liabilities | 331 288 | 315 737 |
| Retrocession liabilities | 19 835 | 17 114 |
| Provision for capital costs | 9 034 | 7 569 |
| Future income tax liabilities | 4 914 | 4 264 |
| Debt | 13 095 | 11 180 |
| Other liabilities | 6 736 | 6 285 |
| Total liabilities | 384 902 | 362 149 |
| Economic net worth | 37 667 | 35 993 |
| Total liabilities and economic net worth | 422 569 | 398 142 |

STATEMENT OF ECONOMIC NET WORTH



For the years ended 31 December

| USD millions | 2017 | 2018 |
|---|---------------|---------------|
| Economic net worth as of 1 January | 36 648 | 37 667 |
| Total contribution to ENW | 1 867 | 2 166 |
| Dividends and share buy-back | -2 629 | -2 939 |
| Other, including foreign exchange on economic net worth | 1 781 | -901 |
| Economic net worth as of 31 December | 37 667 | 35 993 |
| Common shares outstanding as of 31 December | 314 585 765 | 300 044 141 |
| Economic net worth per share in USD as of 31 December | 119.74 | 119.96 |

BUSINESS SEGMENTS – EVM INCOME STATEMENT

For the year ended 31 December

| USD millions, unless otherwise stated | Property & Casualty Reinsurance | Life & Health Reinsurance | Corporate Solutions | Life Capital | Group items | Consolidation | Total |
|--|------------------------------------|------------------------------|------------------------|-----------------|----------------|---------------|---------------|
| 2017 | | | | | | | |
| Underwriting result | | | | | | | |
| Gross premiums and fees ¹ | 17 914 | 19 118 | 4 207 | 1 315 | | -708 | 41 846 |
| <i>Gross premiums and fees growth rate, %¹</i> | <i>-4.8</i> | <i>-20.7</i> | <i>0.0</i> | <i>49.6</i> | | | <i>-11.4</i> |
| Premiums and fees | 17 495 | 18 974 | 3 685 | 642 | | | 40 796 |
| <i>Premiums and fees retention rate, %¹</i> | <i>97.7</i> | <i>99.2</i> | <i>87.6</i> | <i>48.8</i> | | | <i>97.5</i> |
| <i>Premiums and fees growth rate, %</i> | <i>-5.1</i> | <i>-21.1</i> | <i>-0.6</i> | <i>79.3</i> | | | <i>-12.4</i> |
| Claims and benefits | -13 253 | -13 330 | -2 929 | -505 | | | -30 017 |
| Commissions | -4 156 | -2 628 | -561 | -68 | | | -7 413 |
| Other | -47 | -37 | -92 | 309 | 3 | | 136 |
| Gross underwriting result – new business | 39 | 2 979 | 103 | 378 | 3 | 0 | 3 502 |
| Expenses | -1 320 | -909 | -843 | -203 | -115 | | -3 390 |
| Net underwriting result – new business | -1 281 | 2 070 | -740 | 175 | -112 | 0 | 112 |
| Taxes | 172 | -369 | 129 | 22 | 64 | | 18 |
| Capital costs | -384 | -714 | -128 | -65 | -184 | | -1 475 |
| EVM profit – new business | -1 493 | 987 | -739 | 132 | -232 | 0 | -1 345 |
| EVM profit – previous years' business | 120 | 11 | -257 | 20 | -42 | 0 | -148 |
| EVM profit – underwriting | -1 373 | 998 | -996 | 152 | -274 | 0 | -1 493 |
| Investment result | | | | | | | |
| Mark-to-market investment result | 1 287 | 1 912 | 273 | 1 099 | 561 | | 5 132 |
| Benchmark investment result | -542 | -757 | -116 | -295 | -51 | | -1 761 |
| Gross outperformance (underperformance) | 745 | 1 155 | 157 | 804 | 510 | 0 | 3 371 |
| Other | 58 | 26 | 9 | 32 | | | 125 |
| Expenses | -87 | -63 | -14 | -38 | -51 | | -253 |
| Net outperformance (underperformance) | 716 | 1 118 | 152 | 798 | 459 | 0 | 3 243 |
| Taxes | -162 | -260 | -35 | -184 | -106 | | -747 |
| Capital costs | -342 | -231 | -38 | -194 | -207 | | -1 012 |
| EVM profit – investments | 212 | 627 | 79 | 420 | 146 | 0 | 1 484 |
| EVM profit | -1 161 | 1 625 | -917 | 572 | -128 | 0 | -9 |
| Cost of debt | -352 | -170 | -39 | -40 | -25 | | -626 |
| Release of current year capital costs | 881 | 871 | 186 | 382 | 472 | | 2 792 |
| Additional taxes | -322 | -146 | 20 | 73 | 85 | | -290 |
| Total contribution to ENW | -954 | 2 180 | -750 | 987 | 404 | 0 | 1 867 |
| <i>Profit margin – new business, %</i> | <i>-10.2</i> | <i>8.6</i> | <i>-21.2</i> | <i>4.3</i> | | | <i>-4.1</i> |
| <i>Profit margin – previous years' business, %²</i> | <i>1.9</i> | <i>0.1</i> | <i>-18.3</i> | <i>1.0</i> | | | <i>-0.8</i> |
| <i>Profit margin – investments, %</i> | <i>7.2</i> | <i>16.0</i> | <i>14.6</i> | | <i>11.0</i> | | <i>16.5</i> |

¹ The Group revised its disclosure of gross premiums and fees to include assumed intra-group transactions. Comparative information for 2017 has been amended accordingly; this includes the gross premiums and fees growth rate and premiums and fees retention rate.

² The overall previous years' business profit margin for the Business Unit Reinsurance was 0.8%.

BUSINESS SEGMENTS - EVM INCOME STATEMENT


For the year ended 31 December

| USD millions, unless otherwise stated | Property & Casualty Reinsurance | Life & Health Reinsurance | Corporate Solutions | Life Capital | Group items | Consolidation | Total |
|--|------------------------------------|------------------------------|------------------------|-----------------|----------------|---------------|---------------|
| 2018 | | | | | | | |
| Underwriting result | | | | | | | |
| Gross premiums and fees | 19 014 | 19 754 | 4 488 | 1 376 | | 175 | 44 807 |
| <i>Gross premiums and fees growth rate, %</i> | <i>6.1</i> | <i>3.3</i> | <i>6.7</i> | <i>4.7</i> | | | <i>7.1</i> |
| Premiums and fees | 18 604 | 20 253 | 3 962 | 1 042 | | | 43 860 |
| <i>Premiums and fees retention rate, %</i> | <i>97.8</i> | <i>102.5</i> | <i>88.3</i> | <i>75.7</i> | | | <i>97.9</i> |
| <i>Premiums and fees growth rate, %</i> | <i>6.3</i> | <i>6.7</i> | <i>7.5</i> | <i>62.3</i> | | | <i>7.5</i> |
| Claims and benefits | -12 587 | -14 141 | -2 367 | -809 | | | -29 904 |
| Commissions | -4 644 | -2 923 | -617 | -93 | | | -8 278 |
| Other | 62 | -143 | -9 | 286 | 89 | | 286 |
| Gross underwriting result – new business | 1 435 | 3 045 | 969 | 427 | 89 | 0 | 5 965 |
| Expenses | -1 301 | -929 | -880 | -302 | -211 | | -3 624 |
| Net underwriting result – new business | 134 | 2 116 | 89 | 124 | -122 | 0 | 2 341 |
| Taxes | -117 | -388 | -21 | 31 | 79 | | -415 |
| Capital costs | -447 | -748 | -148 | -89 | -137 | | -1 570 |
| EVM profit – new business | -430 | 980 | -81 | 66 | -179 | 0 | 356 |
| EVM profit – previous years' business | 698 | 168 | -530 | 374 | -72 | 0 | 638 |
| EVM profit – underwriting | 268 | 1 148 | -611 | 440 | -251 | 0 | 993 |
| Investment result | | | | | | | |
| Mark-to-market investment result | 1 046 | -28 | 125 | -137 | -112 | | 895 |
| Benchmark investment result | -707 | -442 | -164 | -310 | -77 | | -1 702 |
| Gross outperformance (underperformance) | 339 | -470 | -39 | -447 | -189 | 0 | -808 |
| Other | 59 | 22 | 10 | 24 | 1 | | 116 |
| Expenses | -90 | -66 | -17 | -36 | -44 | | -252 |
| Net outperformance (underperformance) | 308 | -513 | -46 | -460 | -232 | 0 | -943 |
| Taxes | -74 | 97 | 9 | 92 | 44 | | 167 |
| Capital costs | -302 | -209 | -26 | -165 | -209 | | -911 |
| EVM profit – investments | -68 | -625 | -63 | -533 | -398 | 0 | -1 686 |
| EVM profit | 199 | 523 | -673 | -93 | -649 | 0 | -693 |
| Cost of debt | -58 | -40 | 36 | -2 | -3 | | -67 |
| Release of current year capital costs | 908 | 1 060 | 200 | 398 | 493 | | 3 059 |
| Additional taxes | 299 | -272 | -37 | -38 | -86 | | -133 |
| Total contribution to ENW | 1 350 | 1 271 | -474 | 265 | -245 | 0 | 2 166 |
| <i>Profit margin – new business, %</i> | <i>-3.1</i> | <i>8.2</i> | <i>-2.2</i> | <i>11.8</i> | | | <i>1.2</i> |
| <i>Profit margin – previous years' business, %¹</i> | <i>11.7</i> | <i>1.8</i> | <i>-36.4</i> | <i>23.1</i> | | | <i>3.5</i> |
| <i>Profit margin – investments, %</i> | <i>-2.4</i> | <i>-19.4</i> | <i>-11.9</i> | | <i>-16.5</i> | | <i>-18.3</i> |

¹ The overall previous years' business profit margin for the Business Unit Reinsurance was 5.7%.

BUSINESS SEGMENTS – EVM BALANCE SHEET

As of 31 December

| USD millions | Property & Casualty Reinsurance | Life & Health Reinsurance | Corporate Solutions | Life Capital | Group items | Consolidation | Total |
|---|------------------------------------|------------------------------|------------------------|-----------------|----------------|-----------------|----------------|
| 2017 | | | | | | | |
| Assets | | | | | | | |
| Investments | 54 625 | 38 384 | 9 323 | 64 776 | 6 284 | -10 519 | 162 873 |
| Cash and cash equivalents | 1 335 | 1 595 | 651 | 2 623 | 263 | | 6 467 |
| In-force business assets | 16 446 | 223 346 | 2 962 | 32 100 | 3 | -50 626 | 224 231 |
| Retrocession assets | 2 776 | 35 944 | 4 637 | 25 378 | | -43 735 | 25 000 |
| Other assets | 6 675 | 652 | 485 | 1 657 | 1 651 | -7 122 | 3 998 |
| Total assets | 81 857 | 299 921 | 18 058 | 126 534 | 8 201 | -112 002 | 422 569 |
| Liabilities | | | | | | | |
| In-force business liabilities | 54 174 | 218 935 | 12 608 | 88 590 | 717 | -43 736 | 331 288 |
| Retrocession liabilities | 537 | 40 151 | 912 | 28 861 | | -50 626 | 19 835 |
| Provision for capital costs | 97 | 7 179 | 198 | 1 560 | | | 9 034 |
| Future income tax liabilities | 1 513 | 3 259 | 79 | 239 | -176 | | 4 914 |
| Debt | 4 697 | 14 071 | 526 | 2 246 | 60 | -8 505 | 13 095 |
| Other liabilities | 8 429 | 3 245 | 817 | 1 060 | 2 315 | -9 130 | 6 736 |
| Total liabilities | 69 447 | 286 840 | 15 140 | 122 556 | 2 916 | -111 997 | 384 902 |
| Economic net worth | 12 410 | 13 081 | 2 918 | 3 978 | 5 285 | -5 | 37 667 |
| Total liabilities and economic net worth | 81 857 | 299 921 | 18 058 | 126 534 | 8 201 | -112 002 | 422 569 |

BUSINESS SEGMENTS – EVM BALANCE SHEET


| USD millions | Property & Casualty Reinsurance | Life & Health Reinsurance | Corporate Solutions | Life Capital | Group items | Consolidation | Total |
|---|------------------------------------|------------------------------|------------------------|-----------------|----------------|-----------------|----------------|
| 2018 | | | | | | | |
| Assets | | | | | | | |
| Investments | 55 645 | 34 641 | 8 774 | 49 954 | 7 263 | -12 614 | 143 663 |
| Cash and cash equivalents | 1 651 | 1 705 | 795 | 1 316 | 227 | | 5 695 |
| In-force business assets | 15 912 | 219 518 | 2 677 | 28 760 | | -43 793 | 223 075 |
| Retrocession assets | 2 613 | 33 303 | 5 046 | 22 577 | | -41 369 | 22 170 |
| Other assets | 5 710 | 1 954 | 745 | 1 196 | 1 370 | -7 434 | 3 540 |
| Total assets | 81 531 | 291 122 | 18 038 | 103 802 | 8 860 | -105 210 | 398 142 |
| Liabilities | | | | | | | |
| In-force business liabilities | 54 480 | 215 998 | 13 237 | 72 558 | 745 | -41 280 | 315 737 |
| Retrocession liabilities | 492 | 35 317 | 665 | 24 529 | | -43 889 | 17 114 |
| Provision for capital costs | -88 | 6 250 | 226 | 1 181 | | | 7 569 |
| Future income tax liabilities | 324 | 4 396 | -186 | -48 | -221 | | 4 264 |
| Debt | 5 415 | 14 339 | 817 | 1 290 | 547 | -11 227 | 11 180 |
| Other liabilities | 7 996 | 2 446 | 824 | 1 023 | 2 810 | -8 814 | 6 285 |
| Total liabilities | 68 618 | 278 745 | 15 583 | 100 532 | 3 881 | -105 210 | 362 149 |
| Economic net worth | 12 913 | 12 377 | 2 454 | 3 270 | 4 979 | 0 | 35 993 |
| Total liabilities and economic net worth | 81 531 | 291 122 | 18 038 | 103 802 | 8 860 | -105 210 | 398 142 |

BUSINESS SEGMENTS – STATEMENT OF ECONOMIC NET WORTH

For the year ended 31 December

| USD millions | Property & Casualty Reinsurance | Life & Health Reinsurance | Corporate Solutions | Life Capital | Group items | Consolidation | Total |
|---|------------------------------------|------------------------------|------------------------|-----------------|----------------|---------------|---------------|
| 2018 | | | | | | | |
| Economic net worth as of 1 January | 12 410 | 13 081 | 2 918 | 3 978 | 5 285 | -5 | 37 667 |
| Change in EVM methodology ¹ | 743 | -813 | 63 | 64 | -57 | | 0 |
| Adjusted economic net worth as of 1 January | 13 153 | 12 268 | 2 981 | 4 042 | 5 228 | -5 | 37 667 |
| Total contribution to ENW | 1 350 | 1 271 | -474 | 265 | -245 | | 2 166 |
| Dividends and share buy-back | -1 300 | -650 | -50 | -1 125 | 186 | | -2 939 |
| Other, including foreign exchange on economic net worth | -289 | -512 | -3 | 88 | -190 | 5 | -901 |
| Economic net worth as of 31 December | 12 913 | 12 377 | 2 454 | 3 270 | 4 979 | 0 | 35 993 |

¹ The Group revised the method to allocate EVM deferred tax assets and liabilities to business segments. The impact of the change in EVM methodology was recorded as an adjustment to the opening balance of 2018 economic net worth.

Comparison of EVM and US GAAP

The most significant differences between EVM and US GAAP are as follows:

- **Discounting:** For EVM, all future expected cash flows are discounted using risk-free interest rates. Under US GAAP, most property and casualty reserves are undiscounted (except for reserves acquired in business combinations), whereas life and health reserves are usually discounted based on book yields.
- **Investments and debt:** For EVM, all investments and debt positions are carried at fair value. Under US GAAP, different treatment applies for certain investments (eg real estate is held at depreciated cost) and debt is carried at amortised cost rather than at fair value.
- **Reserving basis:** For EVM, best-estimate current assumptions are used for all re/insurance reserves. Under US GAAP, life and health assumptions, including book yield discounting assumptions, are usually locked in and can include a provision for adverse deviation.
- **Recognition differences:** EVM considers the economic value related to annual management charges on unit-linked funds and adjusts for counterparty credit risk in the valuation of insurance-related net assets. In addition, EVM does not show minority interests on the balance sheet, but consolidates assets and liabilities based on the proportion of the interest held by Swiss Re.
- **Goodwill and other intangibles:** EVM excludes the recognition of potential future new business activities, including potential renewals. As a result, no goodwill or other intangible assets are carried in the EVM balance sheet.
- **Taxes:** For EVM, deferred tax assets and liabilities are recognised for temporary differences between US GAAP and EVM.
- **Capital costs:** EVM recognises opportunity costs for shareholders' capital. The present value of capital costs allocated to existing contracts are recognised in the EVM balance sheet.

BUSINESS SEGMENTS – RECONCILIATION TO US GAAP

As of 31 December

| USD billions | Property & Casualty Reinsurance | Life & Health Reinsurance | Corporate Solutions | Life Capital | Group items | Total |
|--|------------------------------------|------------------------------|------------------------|-----------------|----------------|-------------|
| 2017 | | | | | | |
| US GAAP shareholders' equity | 10.7 | 8.2 | 2.4 | 7.1 | 5.7 | 34.1 |
| Discounting | 4.4 | -0.3 | 0.4 | -4.2 | 0.0 | 0.3 |
| Investments and debt | 1.8 | -2.3 | 0.0 | 0.0 | 0.5 | 0.0 |
| Reserving basis | | | | | | |
| GAAP margins | 0.0 | 17.3 | 0.0 | 3.3 | 0.0 | 20.6 |
| Other | -0.1 | 0.1 | 1.0 | -0.5 | -0.7 | -0.2 |
| Recognition differences | 0.0 | 0.0 | -0.1 | -0.5 | 0.0 | -0.6 |
| Goodwill and other intangibles | -2.0 | -1.9 | -0.4 | -0.2 | -0.5 | -5.0 |
| Taxes | -2.0 | -0.9 | -0.3 | 0.6 | 0.1 | -2.5 |
| Capital costs | 0.0 | -7.1 | -0.2 | -1.6 | 0.0 | -8.9 |
| Other | -0.4 | 0.0 | 0.1 | 0.0 | 0.2 | -0.1 |
| Total EVM valuation adjustments | 1.7 | 4.9 | 0.5 | -3.1 | -0.4 | 3.6 |
| Economic net worth | 12.4 | 13.1 | 2.9 | 4.0 | 5.3 | 37.7 |
| 2018 | | | | | | |
| US GAAP shareholders' equity | 9.5 | 6.3 | 1.8 | 5.1 | 5.3 | 27.9 |
| Discounting | 4.8 | -0.8 | 0.4 | -3.1 | 0.0 | 1.3 |
| Investments and debt | 2.0 | -1.4 | 0.0 | 0.1 | 0.9 | 1.6 |
| Reserving basis | | | | | | |
| GAAP margins | 0.0 | 18.6 | 0.0 | 2.8 | 0.0 | 21.4 |
| Other | 0.0 | 0.1 | 0.9 | -0.5 | -0.7 | -0.2 |
| Recognition differences | 0.0 | -0.2 | -0.1 | -0.1 | 0.0 | -0.4 |
| Goodwill and other intangibles | -2.0 | -1.8 | -0.4 | -0.2 | -0.6 | -4.9 |
| Taxes | -1.2 | -2.2 | -0.1 | 0.5 | 0.0 | -3.1 |
| Capital costs | 0.2 | -6.2 | -0.2 | -1.5 | 0.0 | -7.7 |
| Other | -0.4 | 0.1 | 0.0 | 0.0 | 0.2 | -0.1 |
| Total EVM valuation adjustments | 3.4 | 6.1 | 0.7 | -1.8 | -0.3 | 8.1 |
| Economic net worth | 12.9 | 12.4 | 2.5 | 3.3 | 5.0 | 36.0 |

Independent Assurance Report

On the Economic Value Management financial information as of 31 December 2018 to the Board of Directors of Swiss Re Ltd, Zurich

We have been engaged to perform a reasonable assurance engagement on the Economic Value Management ('EVM') financial information of Swiss Re Ltd (the 'Company') for the year ended 31 December 2018 (the 'EVM financial information'). The EVM financial information consists of the income statement, balance sheet, statement of economic net worth and information on business segments as set out on pages 60 to 67 in the Company's 2018 Annual Report.

All other EVM information included in, or made available outside, the Company's 2018 Annual Report was not subject to assurance procedures and, accordingly, we express no conclusion on this information.

The reporting criteria used by the Company are described in the significant EVM principles (hereafter referred to as "EVM principles") as published on the Company's website (swissre.com/EVM_principles).

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the EVM financial information in accordance with the Company's EVM principles, including data, valuation and accounting principles, assumptions and factors used and the related internal controls as determined necessary to enable the preparation of the EVM financial information that are free from material misstatement.

Practitioner's responsibility

Our responsibility is to perform a reasonable assurance engagement to express a conclusion on the EVM financial information as set out on pages 60 to 67 in the Company's 2018 Annual Report. We conducted our reasonable assurance engagement in accordance with International Standards on Assurance Engagements 3000 (Revised) 'Assurance engagements other than audits or reviews of historical financial information' issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform this engagement to obtain reasonable assurance about the assurance conclusions.

A reasonable assurance engagement involves performing procedures to obtain evidence about the execution of the valuation and accounting for the purpose of the EVM financial information in accordance with the Company's EVM principles. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the EVM financial information, whether due to omissions, misrepresentation, fraud or error. In making those risk assessments, we consider internal controls relevant to the preparation of the EVM financial information in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of the entity's internal controls regarding the EVM financial information. A reasonable assurance engagement also includes evaluating the appropriateness of the policies used and reasonableness of significant estimates made, as well as evaluating the adequacy of the overall presentation of the EVM financial information in accordance with the Company's EVM principles.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Conclusion

In our opinion, the EVM financial information of the Company for the year ended 31 December 2018 as set out on pages 60 to 67 are prepared, in all material respects, in accordance with the Company's EVM principles applied as published on the Company's website (swissre.com/EVM_principles).

PricewaterhouseCoopers Ltd



Roy Clark



Frank Trauschke

Zurich, 13 March 2019

Enclosure:

EVM financial information (income statement, balance sheet, statement of economic net worth and information on business segments)