

# HALF-YEAR 2017 RESULTS

Transcript of investor and analyst video presentation

David Cole, Group CFO

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- possible inability to realise amounts on sales of securities on Swiss Re's balance sheet equivalent to their market values recorded for accounting purposes;
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- the cyclical nature of the reinsurance industry;
- uncertainties in estimating reserves;
- uncertainties in estimating future claims for purposes of financial reporting, particularly with respect to large natural catastrophes, as significant uncertainties may be involved in estimating losses from such events and preliminary estimates may be subject to change as new information becomes available;
- the frequency, severity and development of insured claim events;
- acts of terrorism and acts of war;
- mortality, morbidity and longevity experience;
- policy renewal and lapse rates;
- extraordinary events affecting Swiss Re's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- current, pending and future legislation and regulation affecting Swiss Re or its ceding companies and the interpretation of legislation or regulations;
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- changes in accounting standards;
- significant investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transactions;
- changing levels of competition; and
- operational factors, including the efficacy of risk management and other internal procedures in managing the foregoing risks.

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Unless stated otherwise, amounts referred to in this script are referring to US dollar amounts.

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[David Cole]

## **Slide 2: Swiss Re delivers solid results in the first half of 2017**

Swiss Re delivered solid results in the first half of 2017 with a Group net income of 1.2 billion.

As we have said previously, market conditions remain challenging, and this is reflected in our first half results.

But our results also reflect the benefits of our global and diversified book of business with pricing pressure on our P&C segments compensated by the solid returns of our L&H businesses.

On the asset management side, our group investment portfolio continues to provide strong returns, with an ROI of 3.5%.

Finally, our capital position remains very strong and we are well positioned to take advantage of market opportunities and deliver on our capital management priorities.

### **Slide 3: Solid P&C Reinsurance results in a challenging business environment**

P&C Reinsurance delivered solid results with a net income of 546 million for the first half.

The result was impacted by losses from Cyclone Debbie as well as lower net realised gains and foreign exchange movements.

Overall, the underwriting result remained stable; we actively managed our portfolio, reducing capacity in lines where prices did not meet our profitability expectations. These efforts enabled us to keep the risk adjusted price adequacy stable at 102%.

We also benefited from favourable prior-year development across all major lines of business, once again demonstrating the strength of our reserves.

### **Slide 4: L&H Reinsurance maintains a stable underwriting performance and achieves a strong ROE**

Life & Health Reinsurance once again achieved strong results in the first six months of the year, with a net income of 432 million and an ROE of 12.7%.

Our underwriting performance remained stable, reflecting the quality of our diversified portfolio across markets and lines of business.

We continue to see many attractive business opportunities in Life and Health. We experience the success of our differentiation strategy by completing attractive large and tailored transactions across the globe. In Asia, our strong growth in Health continues,

particularly in China. Our recent renewals in Australia and New Zealand were also successful.

**Slide 5: Corporate Solutions' results impacted by higher natural catastrophe losses and continued pricing pressure**

Corporate Solutions' results continue to be affected by the prevailing soft market, particularly in the large corporate segment. The net income for the first six months was 39 million.

The underwriting result was impacted by high nat cat losses and unfavourable prior-year development. As we have explained in the past, Corporate Solutions mainly operates in excess layer business and as a result is exposed to relatively higher volatility.

We look at the attractiveness of the large risk pools in the commercial market over the longer term. We continue with our investment strategy, so that we continue our expansion into Primary Lead and broadening of our footprint. As you know, this has an impact on our combined ratio.

In Brazil, we launched our joint venture with Bradesco Seguros. This strengthens our leading position in the market, securing a large distribution channel with our partner.

**Slide 6: Life Capital generates strong gross cash and makes significant dividend distribution to the Group**

Life Capital reported net income of 1 43 million and strong gross cash of 532 million in the first half of 2017.

The strong GCG enabled a significant dividend to the Group of 1.1 billion, demonstrating the value proposition of Life Capital and its ability to deliver on its strategy.

The open book businesses meanwhile showed clear signs of contribution, driving the top line growth of the Business Unit.

Overall, the underlying performance of the Life Capital portfolio is in line with our expectations for both the open and the closed book businesses.

**Slide 7: Group investment portfolio continues to provide strong and sustainable returns**

Asset Management provided a strong result, with a ROI of 3.5%. The high quality of our investment portfolio is demonstrated by our continued very low level of impairments.

The running yield of our fixed income portfolio remained stable at 2.9% similar to the position at the end of 2016.

During the course of the first half of 2017, we slightly repositioned our investment portfolio to enhance income by reducing the allocation to cash and short-term investments, while increasing our holdings in government bonds and credit investments.

**Slide 8: Swiss Re is well placed to face industry challenges and respond to opportunities**

Swiss Re is well placed to face the challenges of the industry. Our very strong capital position provides us with a high level of flexibility and enables us to respond to opportunities when they arise.

Recent transactions, such as the one announced with the World Bank, illustrate how we engage with clients and institutions around the world to develop and deliver innovative and customised solutions.

We take a long-term view on our business. Our commitment to being a responsible company is reflected in our underwriting and investment decisions and recognised by multiple organisations.

It is with this long-term view, and commitment, that we navigate the cycle and deliver sustainable returns to our shareholders.