



Swiss Re

Swiss Re's performance and strategy – with a special focus on Life Capital

Thierry Léger, CEO Life Capital

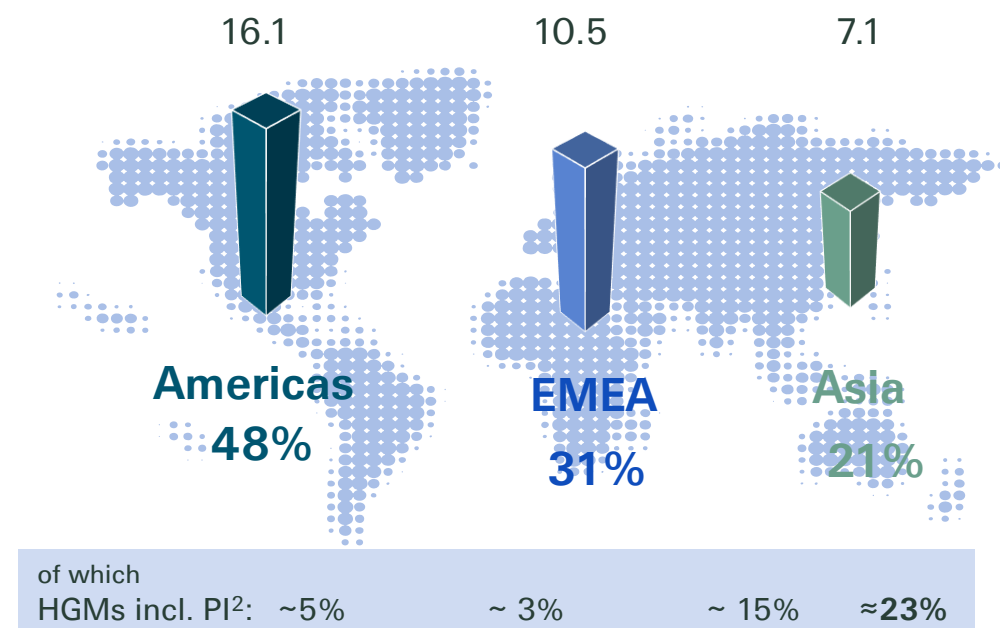
J.P.Morgan European Insurance Conference – London, 30 May 2018



Swiss Re is well diversified across geographic regions and business segments

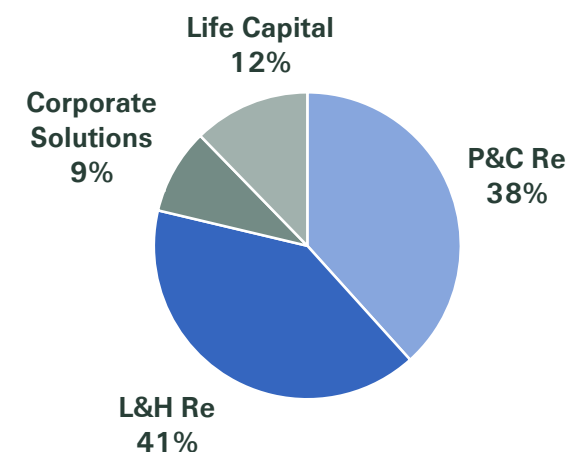
Net premiums earned¹

by region (in USD bn, 2017)



Economic Net Worth³

by business segment (in %, 2017)



Swiss Re benefits from geographic as well as business mix diversification and has the ability to reallocate capital to achieve profitable growth

¹ USD 33.7bn as at 31 December 2017; includes fee income from policyholders; does not reflect the exposure to HGMs through Principal Investments (PI)

² Based on additional pro rata net premiums from Principal Investments (PI) including FWD Group (14.8%), New China Life (2.5%) and SulAmérica (14.9%)

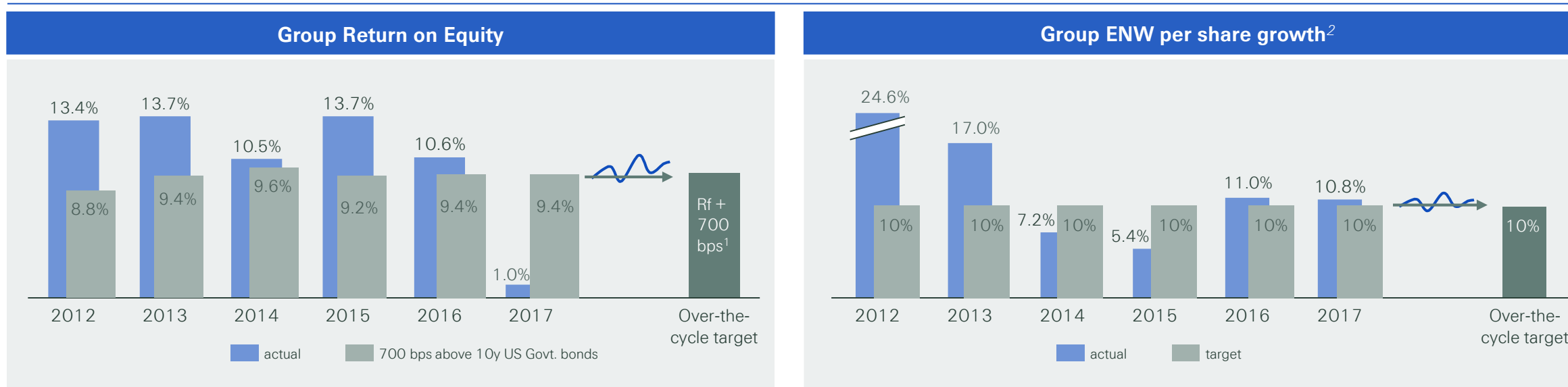
³ Share of Swiss Re Group's Economic Net Worth deployed across Business Units (excl. Group Items), 31 December 2017

Based on three differentiation drivers we have built leading insurance businesses



We are committed to our over-the-cycle Group financial targets

Group targets over-the-cycle



- Group ROE was below the over-the-cycle target in 2017, reflecting USD 4.7bn of estimated losses from natural catastrophes
- Group ENW per share growth target achieved in 2017, driven by a strong performance of our L&H businesses and investment activities

¹ 700 bps above 10y US Govt. bonds. Management to monitor a basket of rates reflecting Swiss Re's business mix

² The 10% ENW per share growth target is calculated as: (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)

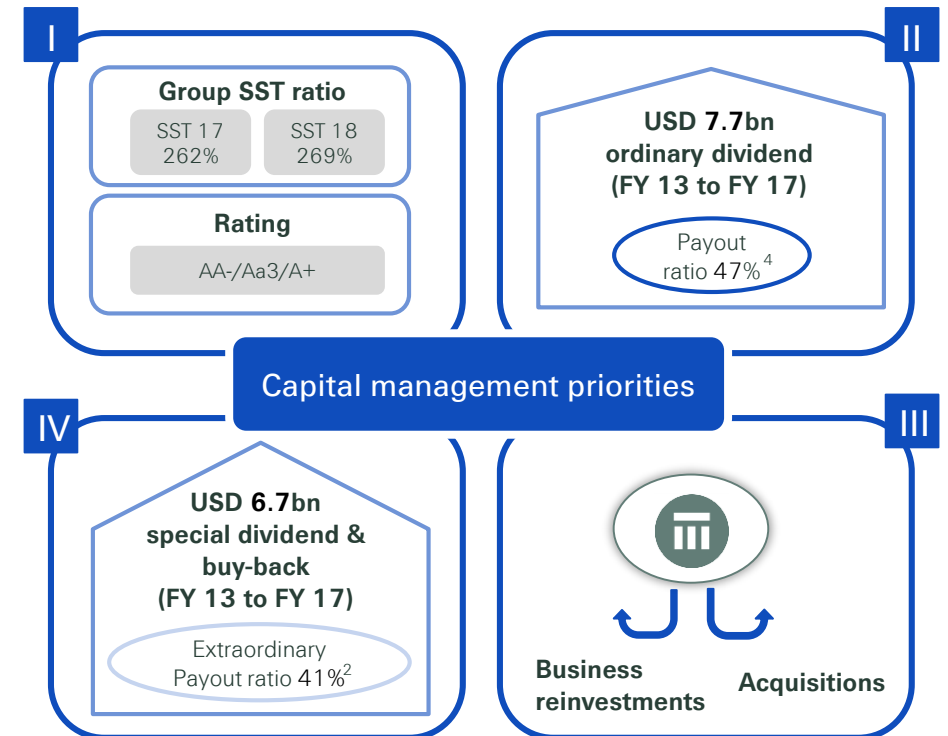
Our capital management priorities remain unchanged

Swiss Re's capital management priorities

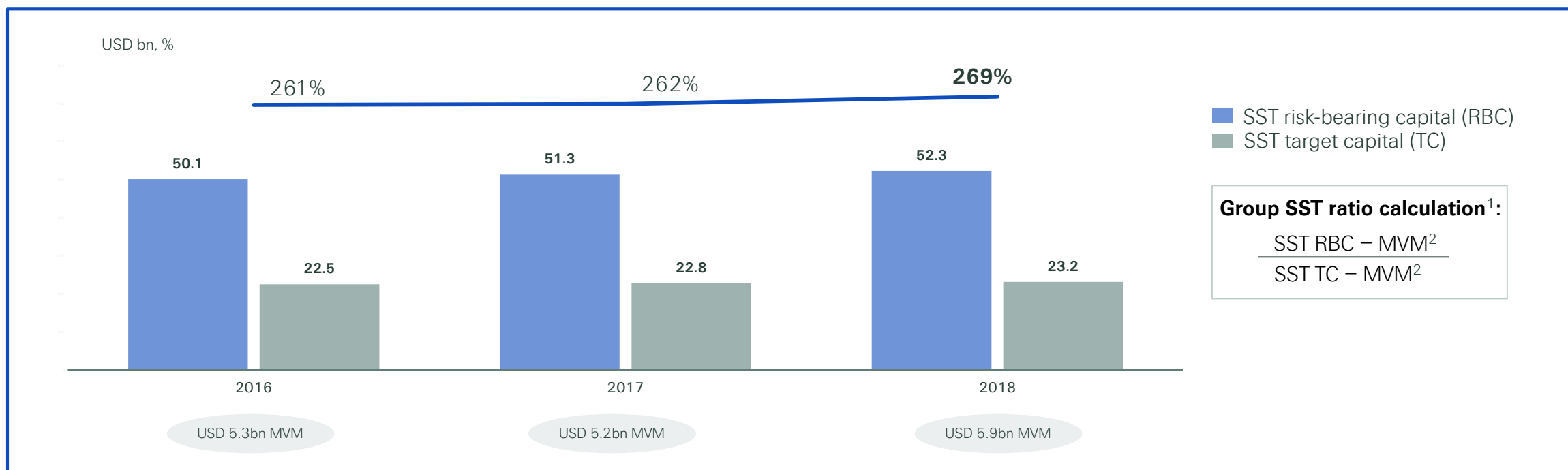
- I. Ensure superior capitalisation at all times and maximise financial flexibility
- II. Grow the regular dividend with long-term earnings, and at a minimum maintain it
- III. Deploy capital for business growth where it meets our strategy & profitability requirements
- IV. Repatriate further excess capital to shareholders

Capital management actions

- Swiss Re paid a regular dividend of CHF 5.00 per share (3% increase) in 2018
- A further public share buy-back programme of up to CHF 1 bn purchase value was launched on 8 May 2018



Our Group's capital position remains very strong, even after significant losses from natural catastrophes and continued peer-leading capital repatriation to shareholders



- Group economic solvency remains very strong, comfortably above the Group's capitalisation target of 220%
- For 2018, our comparable Group Solvency II ratio is estimated to be >40%pts higher than our Group SST ratio
- Group SST 2018 ratio reflects 2018 capital management actions (increased ordinary dividend and new public share buy-back programme³)
- Swiss Re remains well positioned to respond to market opportunities

¹ SST ratio calculation as defined by FINMA

² MVM = Market Value Margin = cost of capital of the present value of future regulatory risk capital associated with the portfolio of assets and liabilities

³ Pro-rata share of USD 0.8bn of 2018/2019 public share buy-back programme used for SST

We are benefiting from a more positive current environment and promising long-term opportunities

Current market environment improved

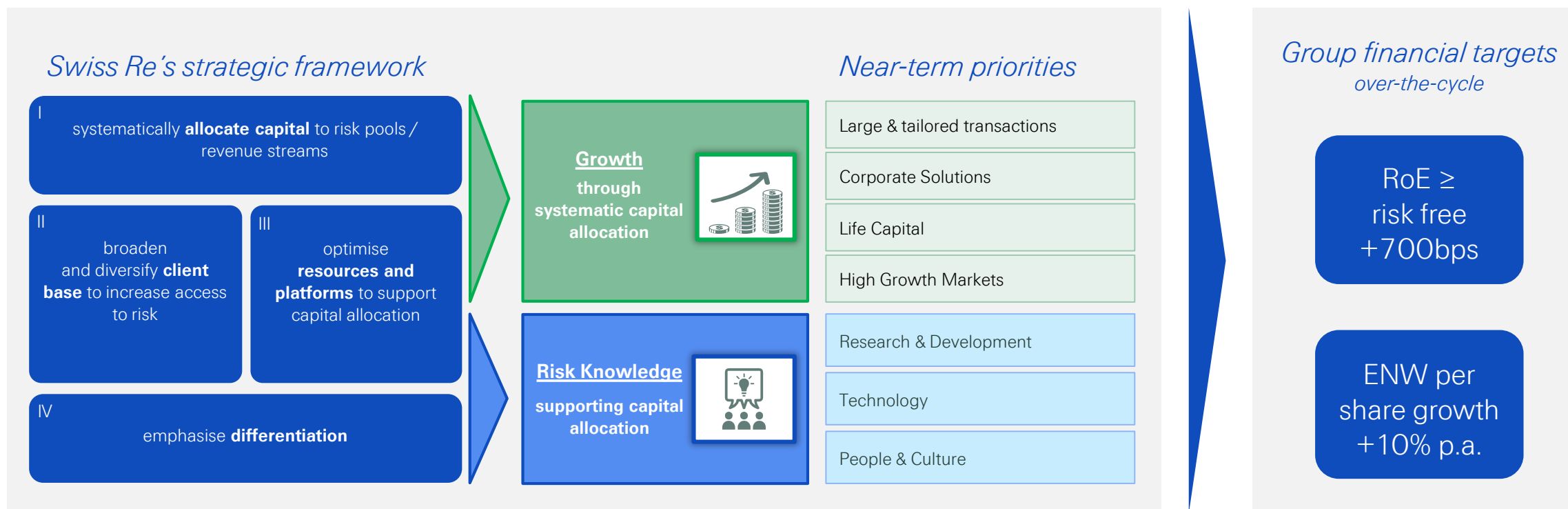


Long-term opportunities remain



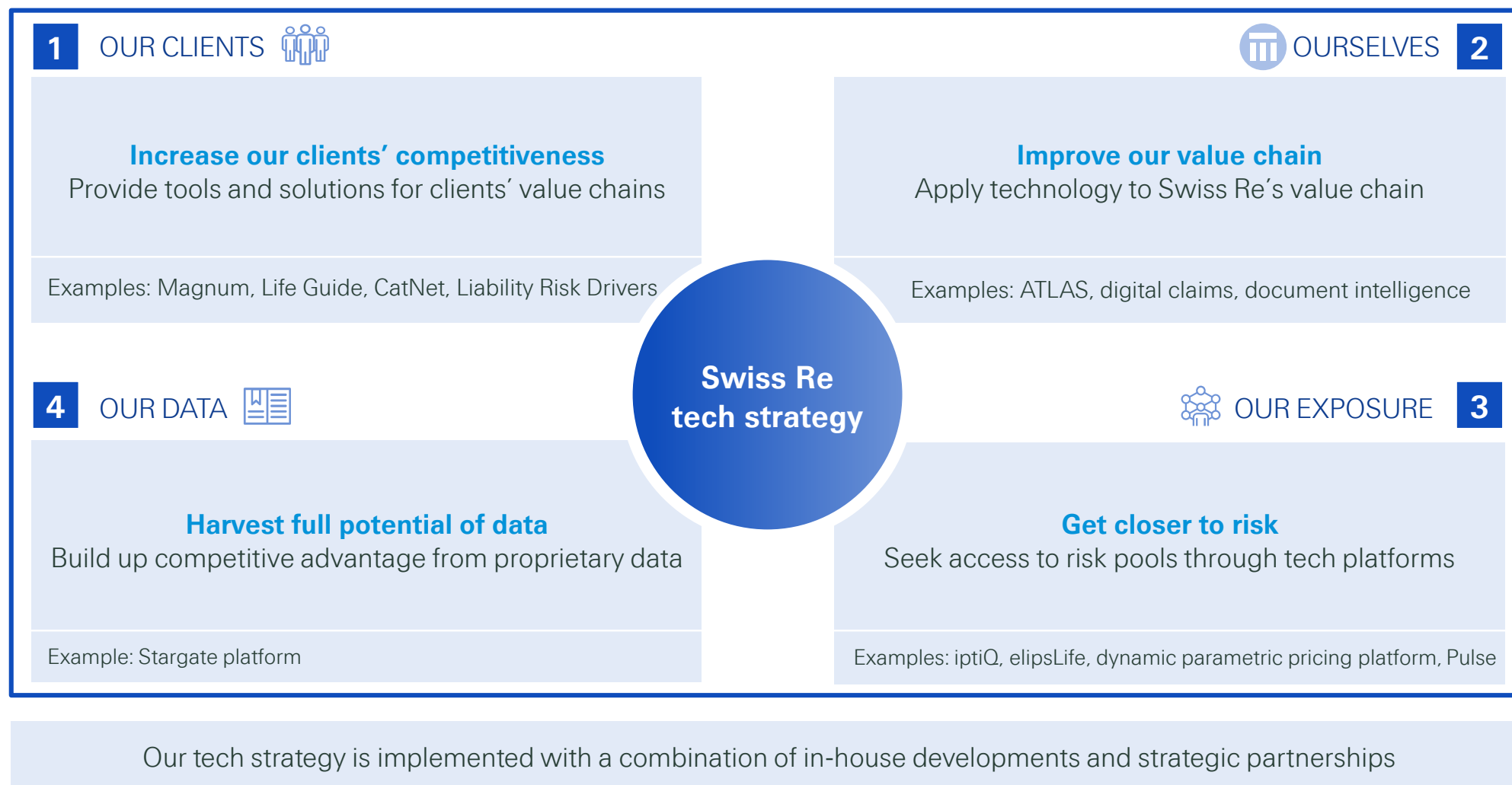
¹ Source: Swiss Re Institute; expected premium growth per annum in reinsurance in nominal USD terms over the next five years

Our near-term priorities remain unchanged



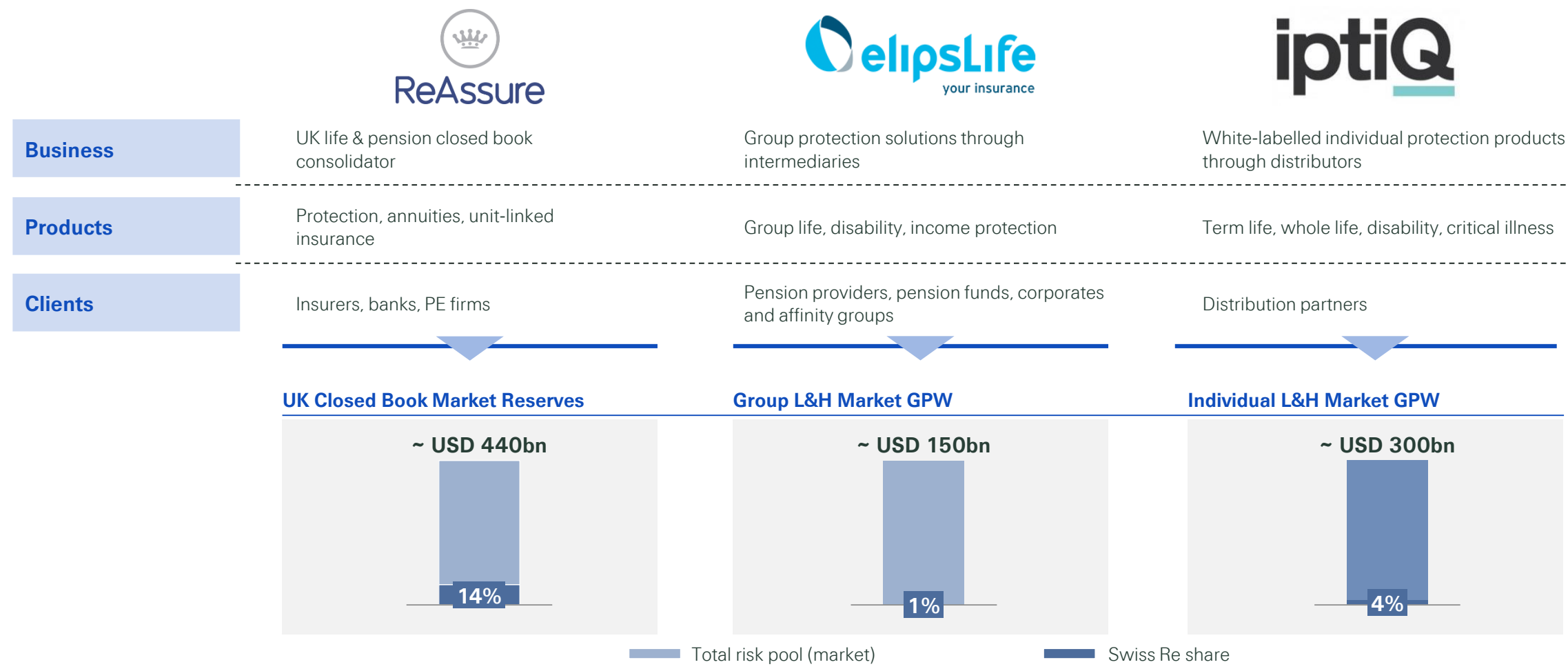
We are a risk knowledge company that invests in risk pools

Swiss Re's tech strategy is embedded in our business strategy and ensures effective innovation management



Life Capital

Life Capital businesses provide Swiss Re access to attractive primary risk pools

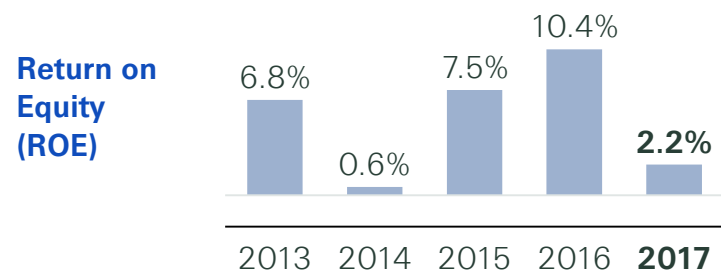
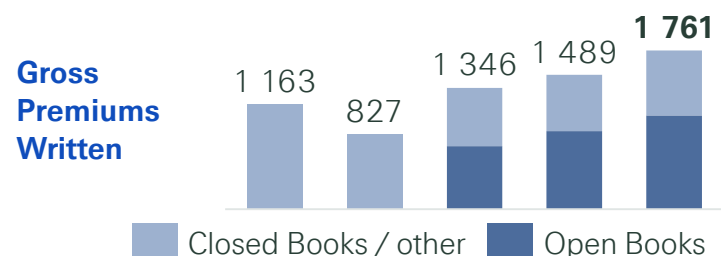
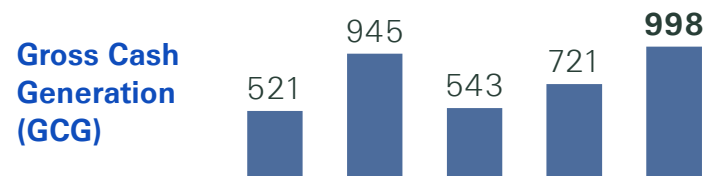


Source: Swiss Re Institute 2017; Reinsurance share of Group and Individual L&H risk pools indicative only

Life Capital delivers a solid financial performance and increases GCG target for 2016-2018

Financial performance

USD m unless otherwise stated



Comments

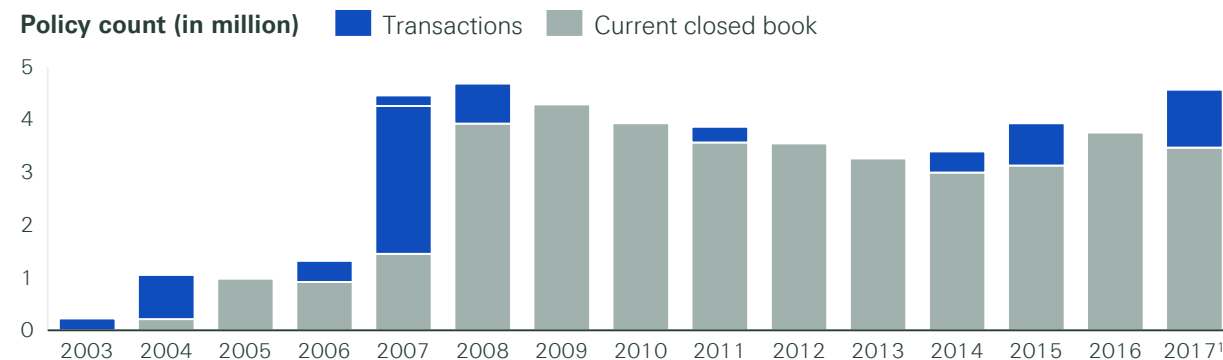
- **Strong GCG generated in 2016 and 2017**, confirming ability to upstream significant cash to Group
- **Additional closed book transactions** expected to contribute to future GCG
- ROE movements in line with income performance, **with 2016 benefiting from significant one-off gains**
- ROE supported by new transactions **at or above 11% Group hurdle rate**
- ROE contribution from **investments into open books** to materialise in medium term
- **Equity base impacted** by significant unrealised gains



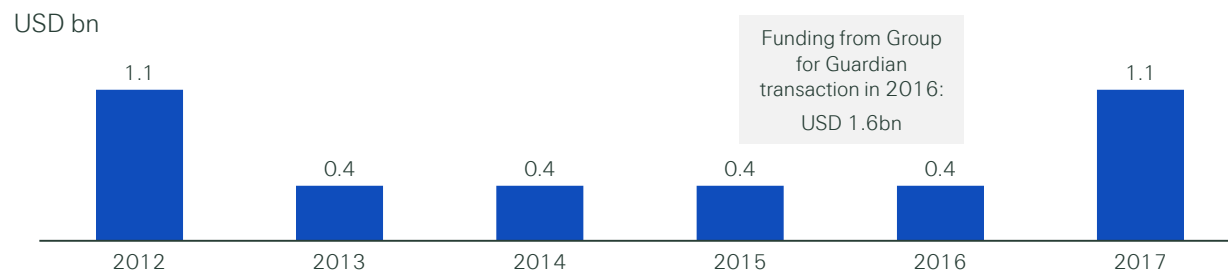


ReAssure has built a market-leading closed book business in the UK...

ReAssure's closed book transactions track record



Life Capital's dividend stream is driven by the closed book business (USD 3.8bn since 2012)³



¹ L&G transaction pro-forma, reinsurance agreement effective from 1 January 2018

² Announced in October/ December 2017; completed in January 2018

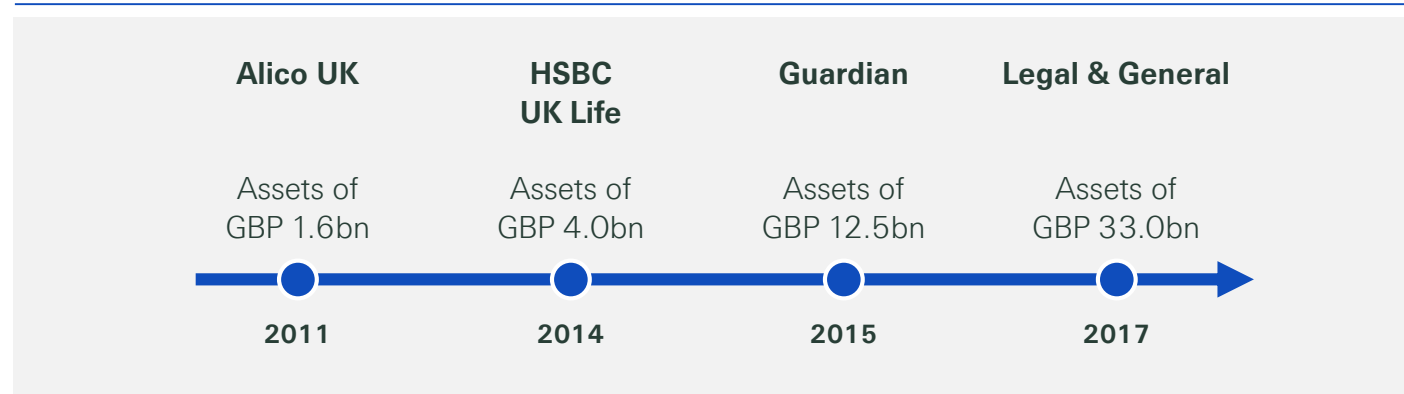
³ For FY 2012- 15 published results refer to Admin Re®



... and we are keen to grow it further

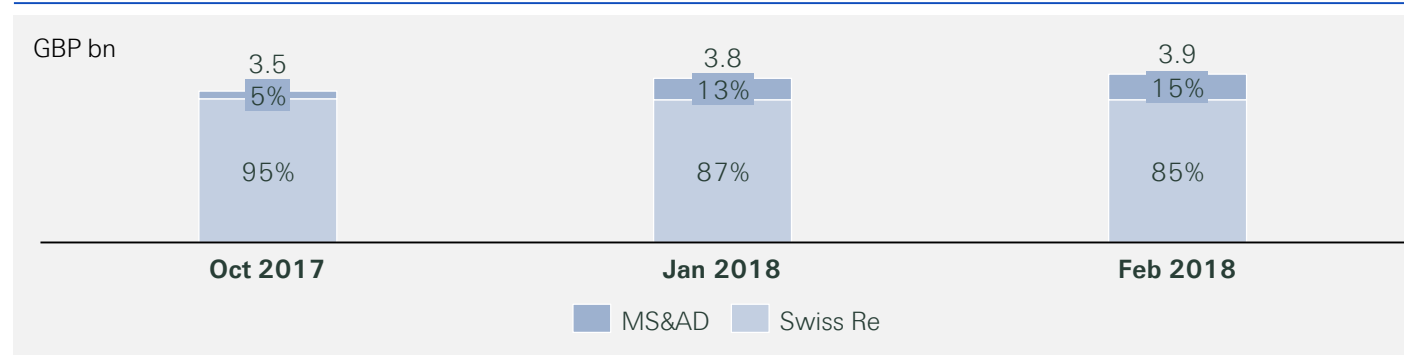
Transaction track record

One transaction closed on average every 18 months since 2012



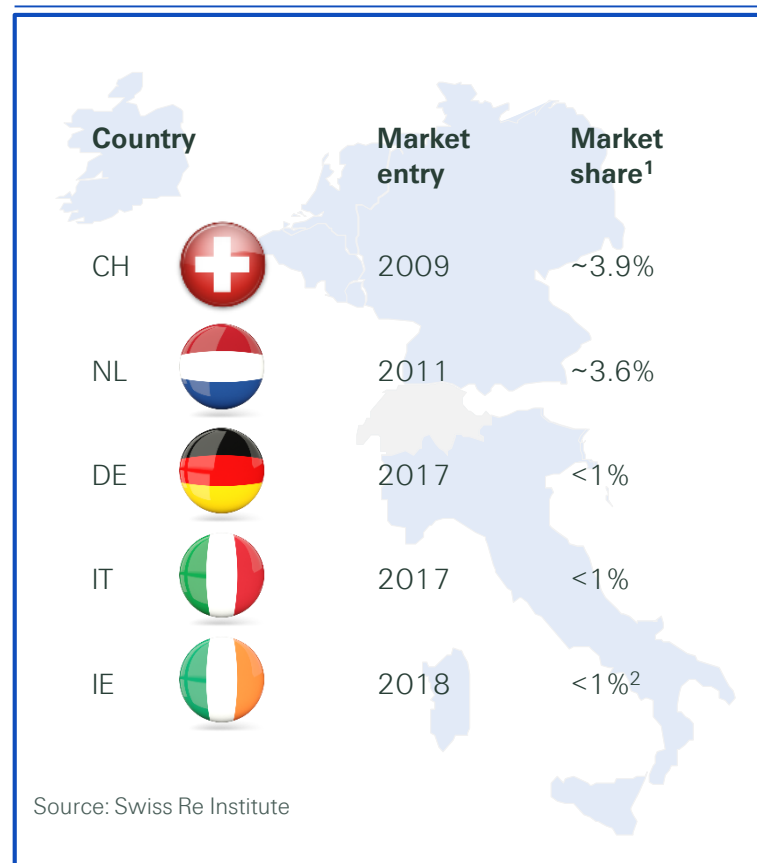
MS&AD equity investment into ReAssure

Transaction valued ReAssure at GBP 3.5bn

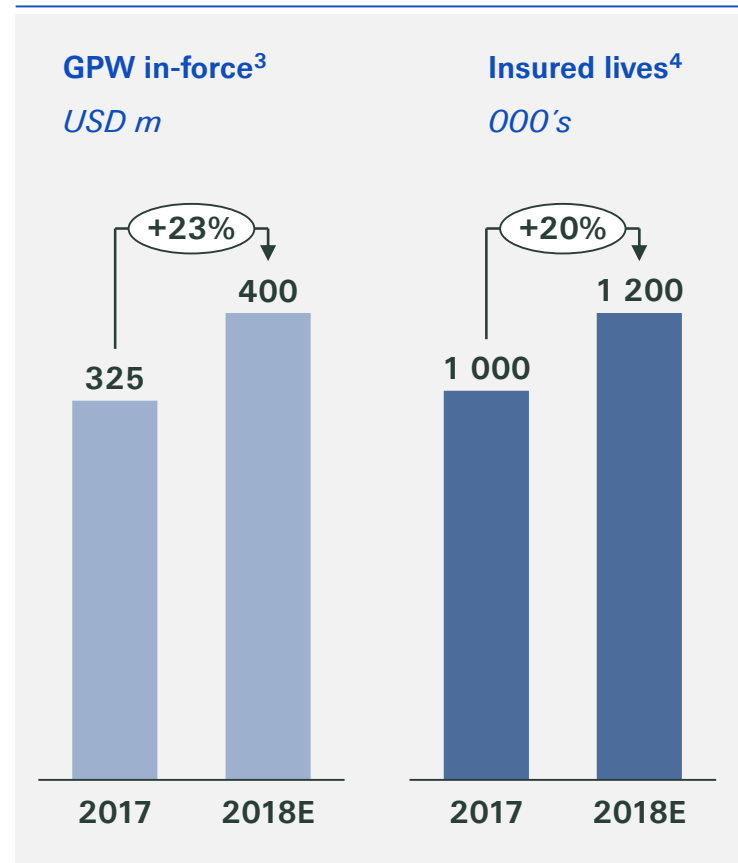


elipsLife is transforming from a Swiss start-up to an international player

elipsLife footprint



Top line growth



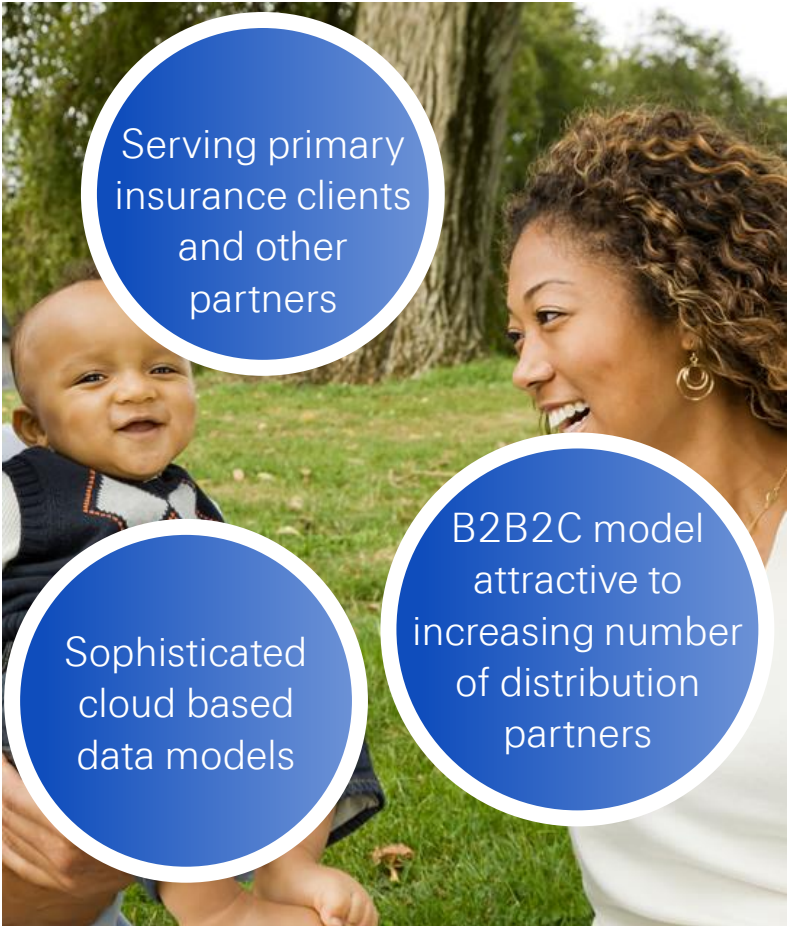
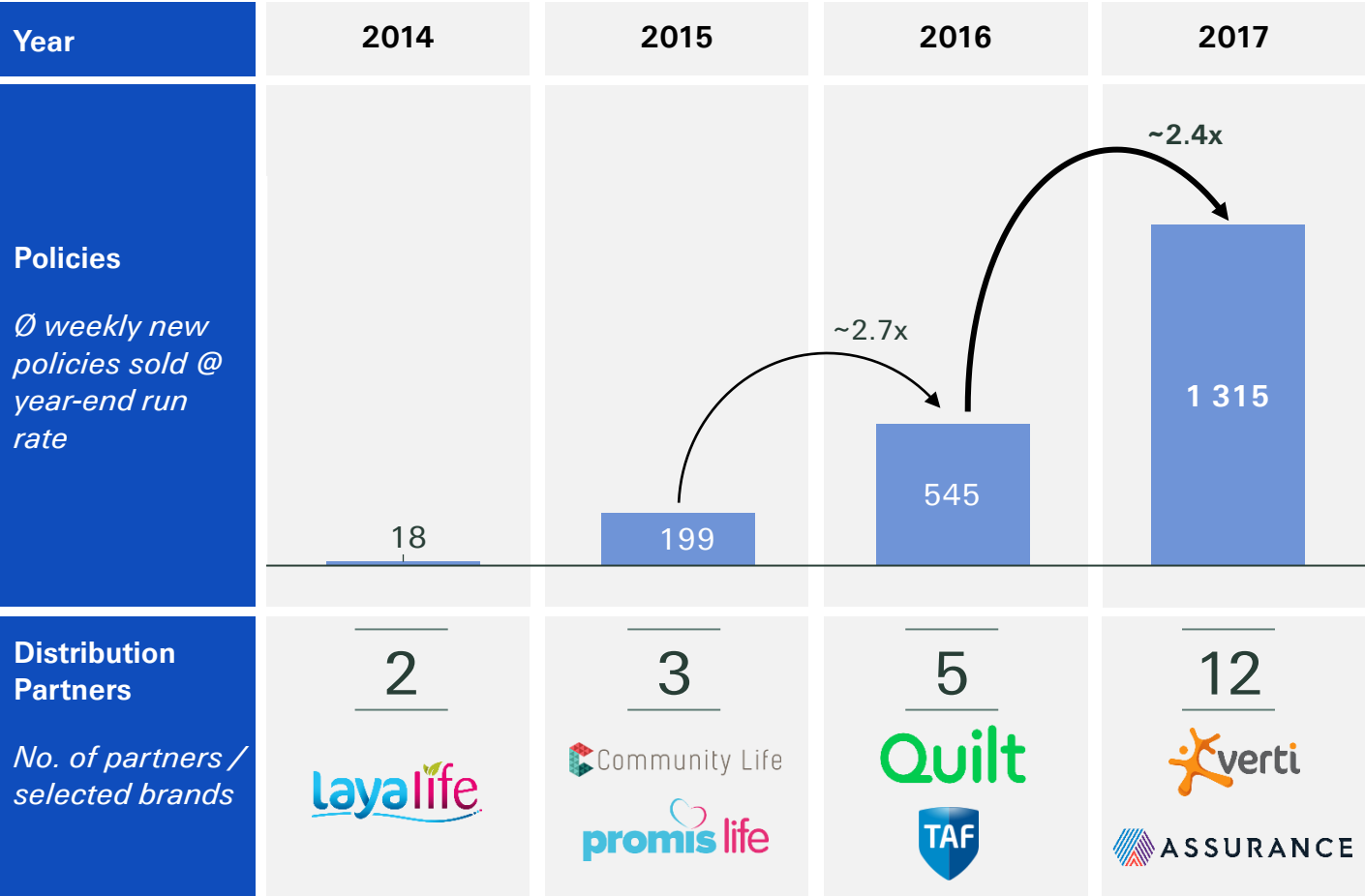
¹ Refers to market shares for those business lines elipsLife is actively writing business in: mortality, accident and disability

² Excludes medex business

³ 2018 numbers subject to change: USD 400m refer to retained business from 2017 plus new business written at beginning of 2018; medex business excluded

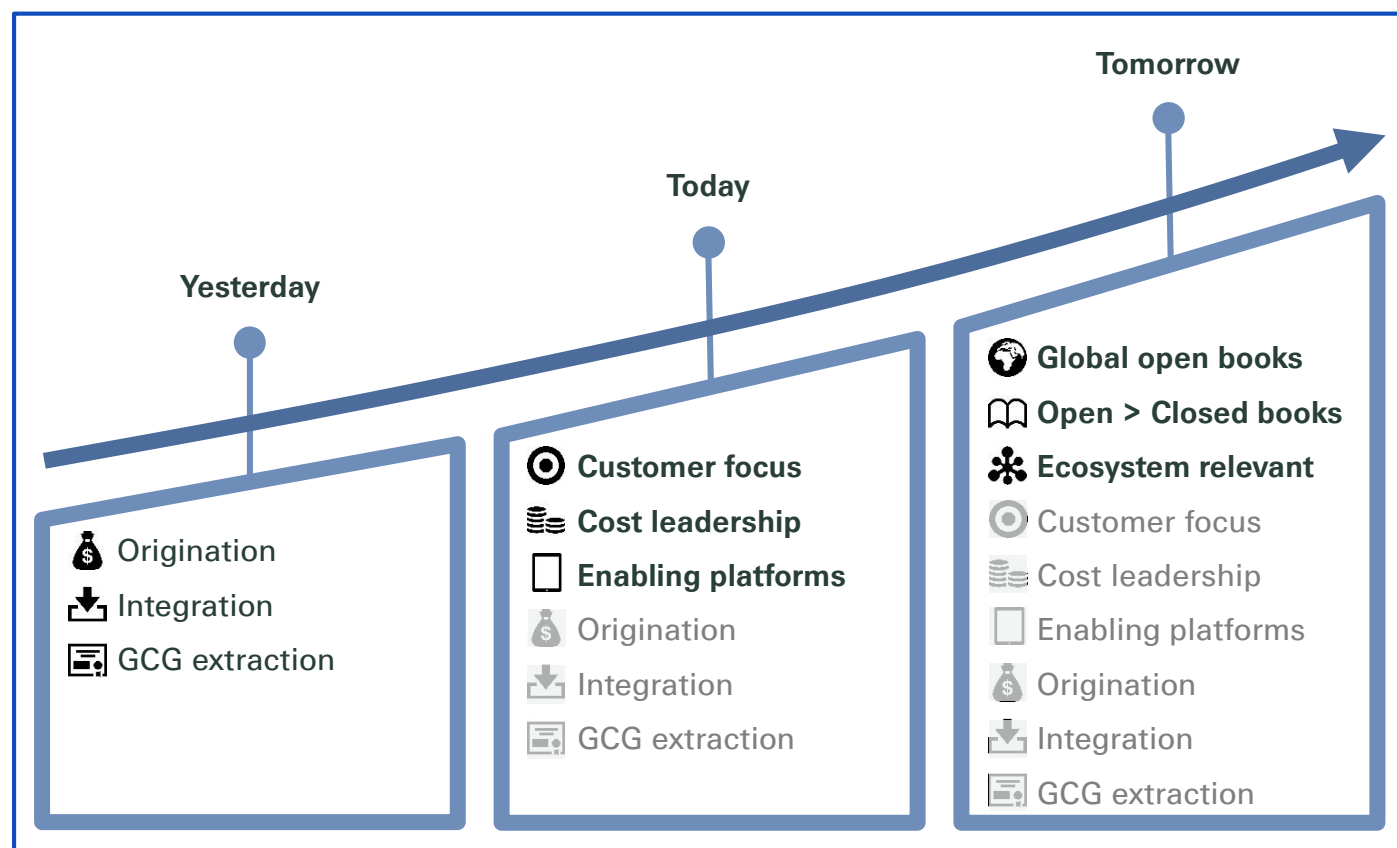
⁴ 2018 insured lives number estimated; medex business excluded

iptiQ’s dynamic growth expected to continue



Life Capital transitions from closed book consolidator to dynamic primary B2B2C business

Evolution of capabilities



Corporate calendar & contacts

Corporate calendar

2018

3 August
1 November

Half-Year 2018 Results
Nine Months 2018 Key Financial Data

Conference call
Conference call

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- the frequency, severity and development of insured claim events, particularly natural catastrophes, man-made disasters, pandemics, acts of terrorism and acts of war;
- mortality, morbidity and longevity experience;
- the cyclical nature of the insurance and reinsurance sectors;
- instability affecting the global financial system;
- deterioration in global economic conditions;
- the effect of market conditions, including the global equity and credit markets, and the level and volatility of equity prices, interest rates, credit spreads, currency values and other market indices, on the Group’s investment assets;
- changes in the Group’s investment result as a result of changes in the Group’s investment policy or the changed composition of the Group’s investment assets, and the impact of the timing of any such changes relative to changes in market conditions;
- the Group’s ability to maintain sufficient liquidity and access to capital markets, including sufficient liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debt-like arrangements and collateral calls due to actual or perceived deterioration of the Group’s financial strength or otherwise;
- any inability to realise amounts on sales of securities on the Group’s balance sheet equivalent to their values recorded for accounting purposes;
- changes in legislation and regulation, and the interpretations thereof by regulators and courts, affecting us or the Group’s ceding companies, including as a result of shifts away from multilateral approaches to regulation of global operations;
- the outcome of tax audits, the ability to realise tax loss carryforwards, the ability to realise deferred tax assets (including by reason of the mix of earnings in a jurisdiction or deemed change of control), which could negatively impact future earnings, and the overall impact of changes in tax regimes on business models;
- failure of the Group’s hedging arrangements to be effective;
- the lowering or loss of one of the financial strength or other ratings of one or more Swiss Re companies, and developments adversely affecting the Group’s ability to achieve improved ratings;
- uncertainties in estimating reserves;
- policy renewal and lapse rates;
- uncertainties in estimating future claims for purposes of financial reporting, particularly with respect to large natural catastrophes and certain large man-made losses, as significant uncertainties may be involved in estimating losses from such events and preliminary estimates may be subject to change as new information becomes available;
- extraordinary events affecting the Group’s clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- legal actions or regulatory investigations or actions, including those in respect of industry requirements or business conduct rules of general applicability;
- changes in accounting standards;
- significant investments, acquisitions or dispositions, and any delays, unexpected costs, lower-than expected benefits, or other issues experienced in connection with any such transactions;
- changing levels of competition, including from new entrants into the market; and
- operational factors, including the efficacy of risk management and other internal procedures in managing the foregoing risks and the ability to manage cybersecurity risks.

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