



Financial strength and capital management

John Dacey, Group Chief Financial Officer

Our resilient balance sheet allows us to absorb shocks and benefit from long-term opportunities

Challenging macro backdrop



Low and negative interest rates are here to stay

Slow and fragile global economic growth, with downside risks prevailing

Trade war #1 risk for the outlook

Long-term opportunities in re/insurance remain



Improving outlook for re/insurance premium growth, particularly in HGMs

Record protection gaps as opportunity for re/insurers

Disciplined underwriting and innovative solutions are key

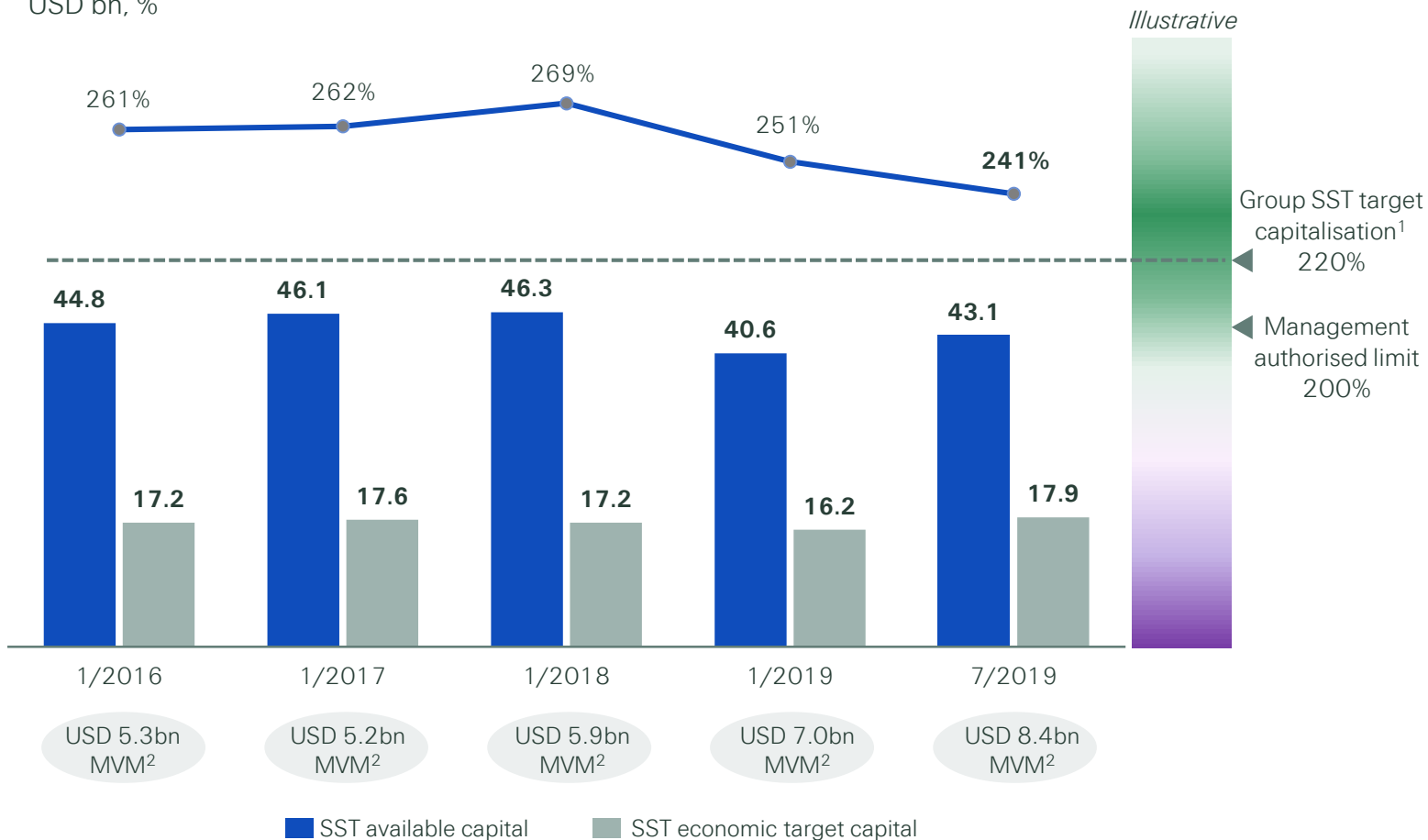


**Our
balance sheet
is resilient against
macro risks and
allows us to deploy
capital to attractive
risk pools**

Our Group capital position remains very strong with significant capital deployment supporting business growth in 2019

Group SST ratio development

USD bn, %



- SST available capital increase mainly due to strong economic earnings and higher supplementary capital
- SST economic target capital increase reflects strong capital deployment
- MVM increase mainly driven by lower interest rates

Group SST ratio calculation

$$\frac{\text{SST available capital}}{\text{SST economic target capital}} = \frac{\text{SST risk-bearing capital} - \text{MVM}^2}{\text{SST target capital} - \text{MVM}^2}$$

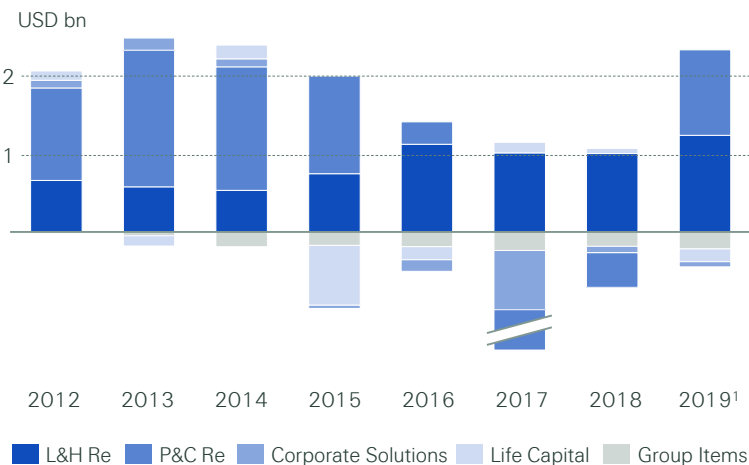
¹ SST 220% target capitalisation was introduced in 2017

² MVM = Market Value Margin = minimum cost of holding capital after the one-year SST period until the end of a potential run-off period

Our economic earnings strength is based on sustainable generation of new business profits and increasing in-force earnings...

EVM profit – new business (above capital costs)

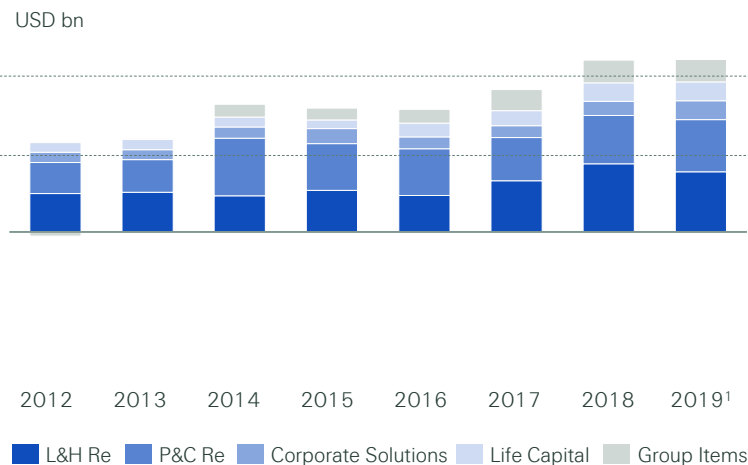
USD 1.1bn
Avg. 2012-19¹



L&H Re achieved USD ~1 bn of new business profit p.a. in the last 3 years, mainly driven by Asia

Release of current year capital costs – Underwriting

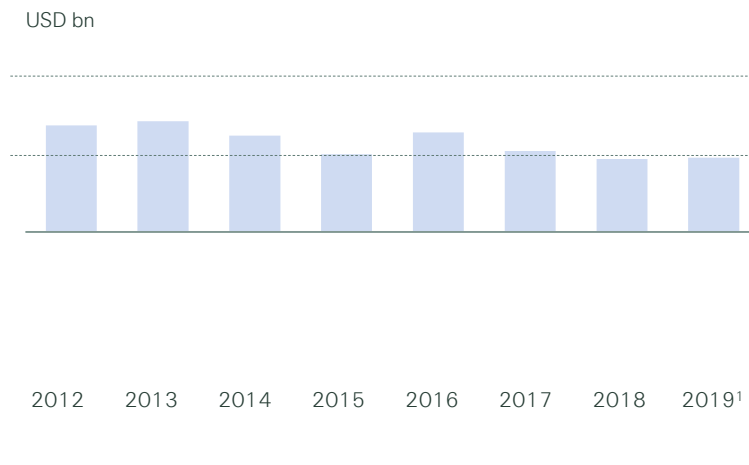
USD 1.6bn
Avg. 2012-19¹



Annual emergence of our in-force underwriting income sufficient to cover ordinary dividend

Release of current year capital costs – Investments

USD 1.1bn
Avg. 2012-19¹



Recent decrease in investment risk premiums mainly driven by narrowing credit spreads

Economic earnings²

(Total contribution to ENW)

Avg. 2012-19¹ USD 4.2bn

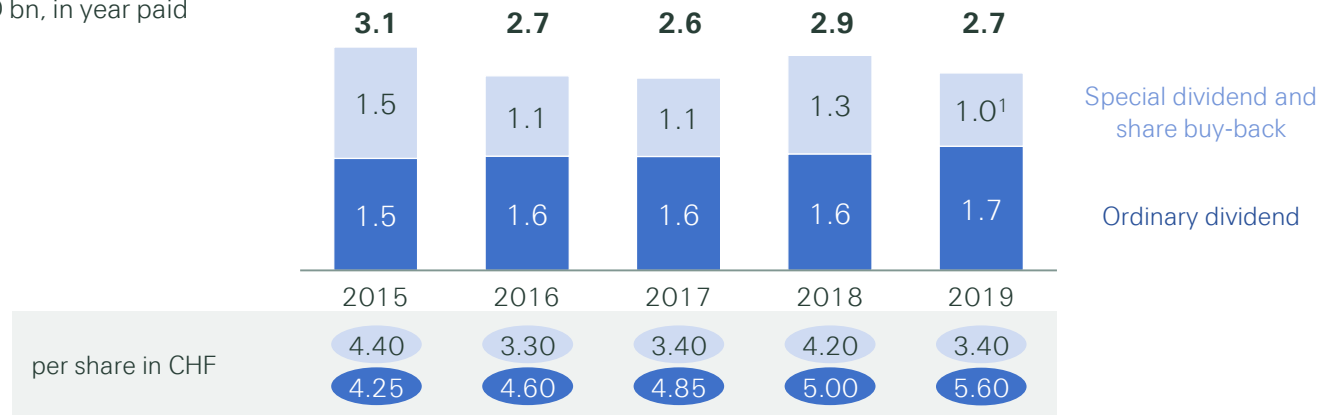
Cumulative USD 33.5bn

Strong economic earnings (Total contribution to ENW) of avg. USD 4.2bn support resilient capital generation

...which provides the basis for our peer-leading capital repatriation

External total capital repatriation

USD bn, in year paid

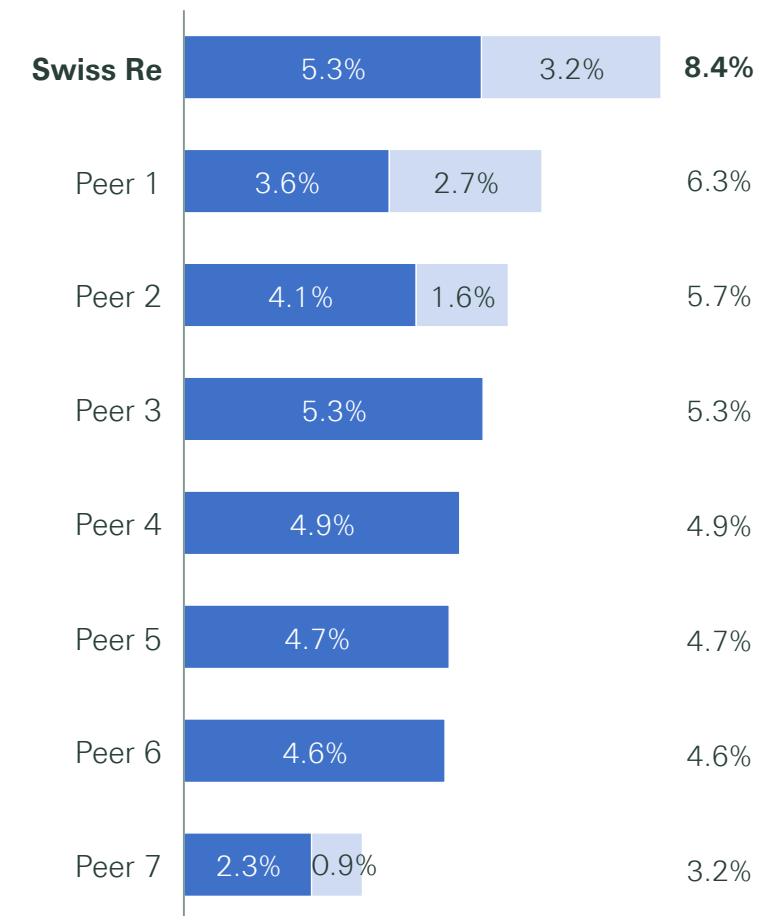


Swiss Re

Internal dividend flows (USD bn, in year paid)



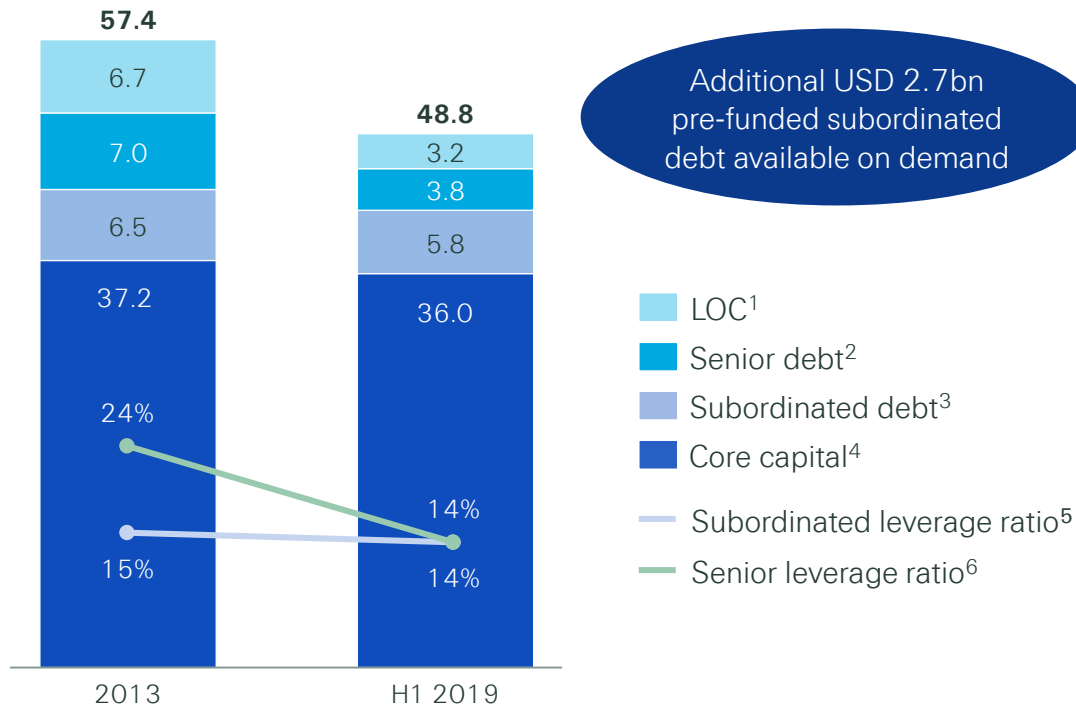
Total yield 2019²



Swiss Re's dynamic capital structure provides significant financial flexibility, supported by the Group's strong funding platforms

Group available capital

USD bn



Debt funding

Senior leverage
Subordinated leverage

Outlook

Focus on efficiency
Continued focus on optimising cost of capital

Third-party capital

Equity investments
Alternative Capital Partners

Outlook

Focus on deconsolidation of ReAssure
Enable growth of Swiss Re's client franchise

More details on following slides

Focus on financial flexibility through (i) senior debt deleveraging, (ii) established pre-funded subordinated debt facilities and (iii) attracting third-party capital into selected risk profiles

Establishing Alternative Capital Partners (ACP) enhances our capital structure to execute our Nat Cat strategy

Swiss Re is the **natural home for Nat Cat** with a long track record in the alternative capital space

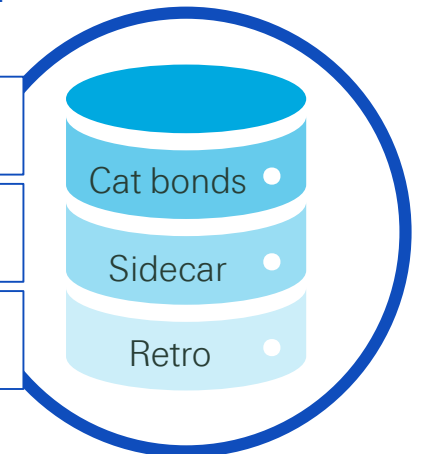
- ✓ **Sponsor** on behalf of Swiss Re
- ✓ **Arranger and structurer** for our clients
- ✓ **Principal investor** in various ILS instruments
- ✓ **Risk transfer partner** for ACP investors

#1 sponsor of Cat bonds ¹
#1 arranger of Cat bonds ¹
USD >500m Cat bond portfolio
USD ~1bn Sidecar platform

ACP established within **Group Finance** to consider **all sources of capital holistically**

Unified centre of expertise

- Structuring for our clients
- Hedging on behalf of Swiss Re
- Enabling our own risk taking



ACP delivers attractive **sources of earnings**

Structuring and/or bookrunning **fees**

Sidecar platform **commissions**

Spread between risk taking and hedging

In 2019, Swiss Re sourced around USD 900m additional alternative capital in a challenging market environment

ACP follows a differentiated partnership approach

Vision

It is our ambition to be the **best integrated capital franchise**

- Being a relevant partner for our clients
- Offering a best-in-class AC platform to our ILS investors
- Introducing innovative features to the AC market
- Accessing new risk pools in the AC market

Approach

We have a **differentiated approach**

- ACP is complementary to our Reinsurance franchise
- Synergies between risk selection, client access and capital franchise
- Attractive products for partners utilising the strength of our own balance sheet

Objectives

Enable growth of Swiss Re's client franchise



- Manage peak risk tolerance
- Grow share of wallet with clients
- Become the leading franchise for Nat Cat risk

Become an integral part of Swiss Re's capital structure



- Holistically include all sources of capital
- Broaden investor base
- Improve diversification of retained risk

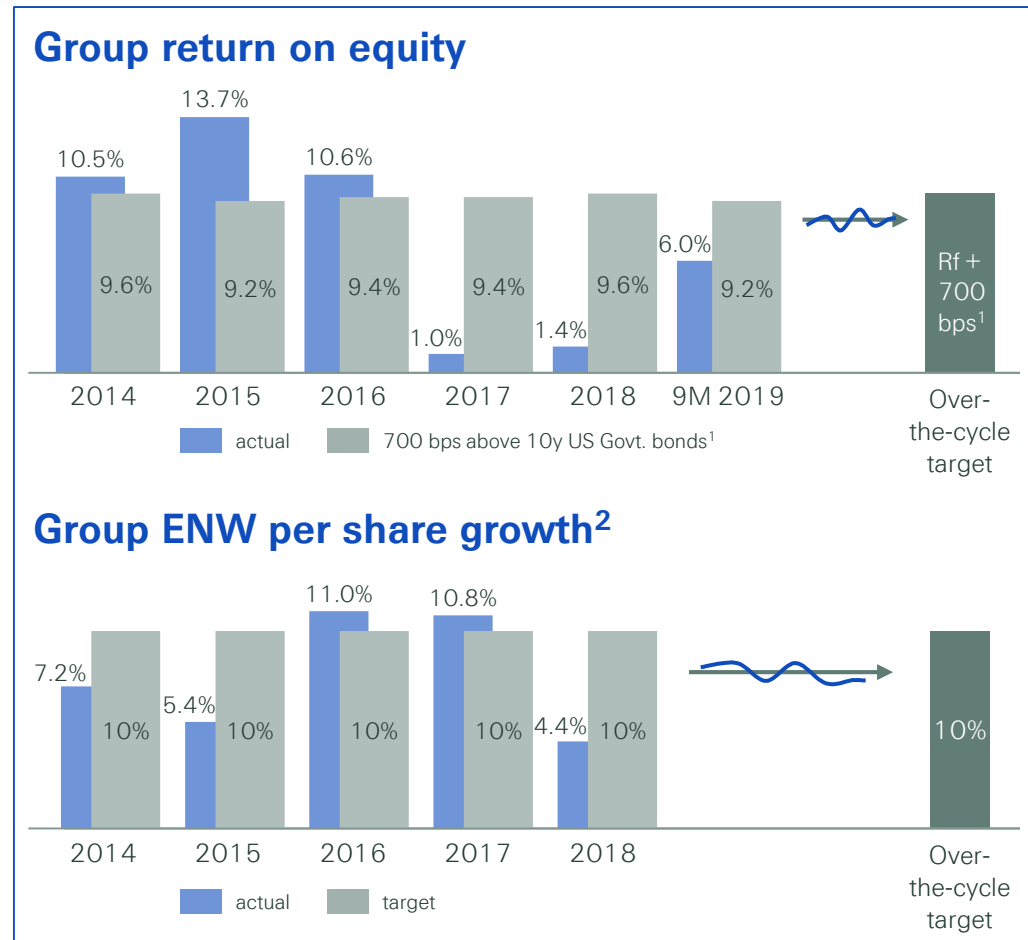
Follow a partnership approach



- Strong alignment of interest
- Allow investors to participate in our success
- Utilise all tools to secure long-term partnerships

Our partnership approach ensures alignment between alternative capital (AC) investors and our underwriting decisions

Our Group targets and capital management priorities remain unchanged



Corporate calendar and contacts

Corporate calendar

2020

20 February
19 March
17 April

Annual Results 2019
Publication of Annual Report 2019
156th Annual General Meeting

Conference call

Zurich

Investor Relations contacts

Hotline

+41 43 285 4444

Philippe Brahin
+41 43 285 7212

Olivia Brindle
+41 43 285 6437

E-mail

Investor_Relations@swissre.com

Daniel Bischof
+41 43 285 4635

Deborah Gillott
+41 43 285 2515

Iunia Rauch-Chisacof
+41 43 285 7844



Cautionary note on forward-looking statements

Certain statements and illustrations contained herein are forward-looking. These statements (including as to plans, objectives, targets, and trends) and illustrations provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to a historical fact or current fact.

Forward-looking statements typically are identified by words or phrases such as “anticipate”, “assume”, “believe”, “continue”, “estimate”, “expect”, “foresee”, “intend”, “may increase”, “may fluctuate” and similar expressions, or by future or conditional verbs such as “will”, “should”, “would” and “could”. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Group’s actual results of operations, financial condition, solvency ratios, capital or liquidity positions or prospects to be materially different from any future results of operations, financial condition, solvency ratios, capital or liquidity positions or prospects expressed or implied by such statements or cause Swiss Re to not achieve its published targets. Such factors include, among others:

- the frequency, severity and development of insured claim events, particularly natural catastrophes, man-made disasters, pandemics, acts of terrorism and acts of war;
- mortality, morbidity and longevity experience;
- the cyclical nature of the insurance and reinsurance sectors;
- instability affecting the global financial system;
- deterioration in global economic conditions;
- the effect of market conditions, including the global equity and credit markets, and the level and volatility of equity prices, interest rates, credit spreads, currency values and other market indices, on the Group’s investment assets;
- changes in the Group’s investment result as a result of changes in the Group’s investment policy or the changed composition of the Group’s investment assets, and the impact of the timing of any such changes relative to changes in market conditions;
- the Group’s ability to maintain sufficient liquidity and access to capital markets, including sufficient liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debt-like arrangements and collateral calls due to actual or perceived deterioration of the Group’s financial strength or otherwise;
- any inability to 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.

These factors are not exhaustive. Swiss Re operates in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forward-looking statements. Swiss Re undertakes no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.

This communication is not intended to be a recommendation to buy, sell or hold securities and does not constitute an offer for the sale of, or the solicitation of an offer to buy, securities in any jurisdiction, including the United States. Any such offer will only be made by means of a prospectus or offering memorandum, and in compliance with applicable securities laws.

Legal notice

©2019 Swiss Re. All rights reserved. You may use this presentation for private or internal purposes but note that any copyright or other proprietary notices must not be removed. You are not permitted to create any modifications or derivative works of this presentation, or to use it for commercial or other public purposes, without the prior written permission of Swiss Re.

The information and opinions contained in the presentation are provided as at the date of the presentation and may change. Although the information used was taken from reliable sources, Swiss Re does not accept any responsibility for its accuracy or comprehensiveness or its updating. All liability for the accuracy and completeness of the information or for any damage or loss resulting from its use is expressly excluded.