Swiss Re’s performance and strategy

Baader Helvea Swiss Equities Conference, 11 January 2019
Martin Müller, Chief Financial Officer Corporate Solutions
Today’s agenda

Swiss Re Group at a glance

Corporate Solutions performance and strategy

Capital steering and funding
Swiss Re Group at a glance
Swiss Re Group at a glance

- Swiss Re is a leading and highly diversified global re/insurer, founded in Zurich (Switzerland) in 1863
- The financial strength\(^1\) of the Swiss Re Group is currently rated: Standard & Poor’s: AA- (stable); Moody’s Aa3 (stable); A.M. Best: A+ (stable)
- Swiss Re Group’s Swiss Solvency Test Ratio is 285% (1 July 2018 estimate)
- AAA sustainability rating from MSCI (May 2018)

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<table>
<thead>
<tr>
<th>Reinsurance</th>
<th>Reinsurance offers traditional reinsurance products, insurance-based capital market instruments and risk management services globally through two segments – Property &amp; Casualty and Life &amp; Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Solutions</td>
<td>Corporate Solutions is the commercial insurance arm of the Group and provides risk transfer solutions to large and mid-sized corporations around the world</td>
</tr>
<tr>
<td>Life Capital</td>
<td>Life Capital manages closed and open life and health insurance books and provides alternative access to the life and health risk pool, helping to generate stable returns</td>
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\(^1\) As at 15 September 2018
Swiss Re is well diversified across geographic regions and business segments

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

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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 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

**Client Access**

**Risk Knowledge**

**Capital Strength**

**Reinsurance**
- P&C Reinsurance
  - #1 global property reinsurer
  - #1 global reinsurer in High Growth Markets
- L&H Reinsurance
  - Top 2 global reinsurer

**Corporate Solutions**
- Top 5-10 in Excess Layer market
- Growing in Primary Lead segment

**Life Capital**
- Leading UK life & pension consolidator
- Leading L&H B2B2C platforms in core markets
Our near-term priorities remain unchanged

Swiss Re’s strategic framework

I. systematically allocate capital to risk pools / revenue streams
II. broaden and diversify client base to increase access to risk
III. optimise resources and platforms to support capital allocation
IV. emphasise differentiation

Growth through systematic capital allocation

Risk Knowledge supporting capital allocation

Near-term priorities
- Large & tailored transactions
- Corporate Solutions
- Life Capital
- High Growth Markets
- Research & Development
- Technology
- People & Culture

Group financial targets over-the-cycle
- RoE ≥ risk free +700bps
- ENW per share growth +10% p.a.

We are a risk knowledge company that invests in risk pools
We are committed to our over-the-cycle Group financial targets

Reinsurance and Corporate Solutions RoE targets

<table>
<thead>
<tr>
<th>9M 2018</th>
<th>P&amp;C Reinsurance</th>
<th>L&amp;H Reinsurance</th>
</tr>
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<tbody>
<tr>
<td>2012-17 average</td>
<td>8.3%</td>
<td>12.5%</td>
</tr>
<tr>
<td>Target</td>
<td>10-15% (over-the-cycle)</td>
<td>10-12% (over-the-cycle)</td>
</tr>
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</table>

Life Capital targets

<table>
<thead>
<tr>
<th>Corporate Solutions</th>
<th>Life Capital RoE</th>
<th>Life Capital GCG</th>
</tr>
</thead>
<tbody>
<tr>
<td>-0.3%</td>
<td>0.1%</td>
<td>USD 1.0bn</td>
</tr>
<tr>
<td>3.1%</td>
<td>5.0%</td>
<td>USD 821m</td>
</tr>
<tr>
<td>10-15% (over-the-cycle)</td>
<td>6-8% (in mid term)</td>
<td>USD 1.4-1.7bn</td>
</tr>
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</table>

1 700 bps above 10y US Govt. Bonds. Management to monitor a basket of rates reflecting Swiss Re's business mix
2 Year-end ENW + dividends from current year divided by previous year-end ENW, all per share
Swiss Re reports USD 1.1 billion net income for the nine months 2018, after absorbing USD 1.6 billion of large claims

- Group net income of USD 1.1 billion for the nine months 2018, impacted by expected USD 1.6 billion claims burden from natural catastrophes and large man-made disasters
- Property & Casualty Reinsurance (P&C Re) reported net income of USD 634 million, impacted by large loss events
- Life & Health Reinsurance (L&H Re) delivered strong net income of USD 644 million and continued gross premium growth
- Corporate Solutions delivered continued gross premium growth; large loss events led to a net loss of USD 5 million
- Life Capital reported exceptional gross cash generation of USD 1.0 billion; net income of USD 4 million
- The Group’s annualised return on equity (ROE) was 4.7%; annualised return on investments (ROI) was 2.8%; running yield at 2.9%
- Group Swiss Solvency Test (SST) ratio remains very strong at 285% (1 July 2018 estimate), up from 269% earlier this year
Corporate Solutions performance and strategy
Commercial insurance has been an attractive business for our shareholders, generating long-term underwriting profits in excess of EVM capital costs.

Swiss Re wrote commercial business with EVM underwriting profits in excess of capital costs of > USD 2bn since 2000.

Commercial business premiums grew with a compounded annual growth rate of 10%.

This translates into an average annual EVM profit in excess of EVM capital costs of USD 125m.

Underwriting performance of Swiss Re’s commercial insurance business¹, USD bn

- EVM profit - underwriting
- EVM gross premiums written
- Average annual EVM profit

¹ Reflects commercial business written by underwriting year, gross of intra-group retrocessions, net of external cessions; excludes commercial business written in derivative form.
Corporate Solutions delivering on key priorities

**Primary Lead**

- Expansion of own domestic and international primary lead producing capabilities to 18 and 9 countries respectively.
- Global network coverage for international insurance programmes continuously expanded using Corporate Solutions’ proprietary technology platform.

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>International</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Domestic</td>
<td>13</td>
<td>13</td>
<td>13</td>
</tr>
</tbody>
</table>

**Drive the market post Q3 2017 events**

- High single-digit price increase in loss-affected accounts but overall rate levels still insufficient and further hardening required to achieve a sustainable profitability level.
- Underperforming segments addressed by changing portfolio composition and targeting significant price increases, e.g. US Liability.

**Increase Productivity**

- Focus on productivity maintained.
- A combination of process improvements, cost saving measures, use of technology and strong growth led to a lower admin expense ratio.

<table>
<thead>
<tr>
<th></th>
<th>H1 2016</th>
<th>H1 2017</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>GPW US General Liability (Repositioning/Pruning)</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Admin expense ratio in %</td>
<td>20.6%</td>
<td>20.4%</td>
<td>19.0%</td>
</tr>
</tbody>
</table>

Expansion of Primary Lead capabilities: global network coverage for international programmes >80 countries.

Growth in a gradually improving market environment whilst pruning underperforming segments.

Productivity gains led to an admin expense ratio below 20%.
We strive for differentiation in all our offerings

**Differentiating factors of Corporate Solutions’ value proposition**

<table>
<thead>
<tr>
<th>Leading brand</th>
<th>Excess Layers</th>
<th>Primary Lead Domestic</th>
<th>Primary Lead International</th>
</tr>
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<tbody>
<tr>
<td>Financial strength</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>“We’re here to stay”</td>
<td>✔️</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Large net capacity</td>
<td>✔️</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Innovation</td>
<td>✔️</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Our “Claims Commitment”</td>
<td>✔️</td>
<td>✔</td>
<td>✔</td>
</tr>
</tbody>
</table>

Note: 2016 total commercial insurance market premium of USD 720bn; Excess Layers and Primary Lead segments total market premium of USD 180bn

1. Product related innovation
2. Service related innovation

Primary Lead Domestic capabilities rolled out in 18 countries

Primary Lead International capabilities rolled out in 9 countries

USD 0.5bn additional Primary Lead GPW production since 2015 vs. USD 1.0-1.5bn target by 2020

Top 5-10

Entered in 2016

Entered in 2018

...with Global Master Policies readiness targeted by 2020
Primary Lead International has a high degree of operational complexity

Key complexities in Primary Lead International

Illustrative example: Information flow for a typical International Programme

6+ Types of information flows, including:
- Exposures
- Compliance
- Policy issuance
- Cash flows
- Claims

20+ Countries to cover

350+ Operational interactions for a typical program covering one line of business

1-4 Lines of business administered

150+ Countries to serve (multiple languages, currencies, regulatory regimes)

Legend:
- Carrier HQ
- Carrier subsidiary/network partner
- Client HQ
- Broker HQ

Information flow
Financial Management
Compliance
Network Management
Our technology platform, operating model, and service mind-set are key to managing high operational complexity

<table>
<thead>
<tr>
<th>Market-leading technology platform</th>
<th>Programme Structuring</th>
<th>Knowledge Management</th>
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<tbody>
<tr>
<td>Programme Transparency</td>
<td>Information Exchange</td>
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- Integration into underwriting systems enables **fast quote and policy turn-around**
- **Online, real-time programme overview** for clients and brokers via Swiss Re PULSE

<table>
<thead>
<tr>
<th>Specialised operating model</th>
<th>International Desk</th>
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<tbody>
<tr>
<td></td>
<td>International Network Management</td>
</tr>
<tr>
<td></td>
<td>International Financial Management</td>
</tr>
</tbody>
</table>

- **Competitive set-up facilitating timely quote and policy issuance**
- **Full compliance** with regulations across jurisdictions
- **Active monitoring** of service levels

<table>
<thead>
<tr>
<th>Client centricity</th>
<th>Ambition to match/ outperform peers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client Commitment being launched</td>
<td>to foster strong client service mind-set</td>
</tr>
<tr>
<td>Net Promoter Score of 54</td>
<td>in 2016 for excess layer clients</td>
</tr>
</tbody>
</table>
Corporate Solutions remains a key part of Swiss Re’s growth strategy

- The challenges faced are addressed in order to restore profitability
- Focus on driving the market post the natural catastrophe and other large loss events and increasing productivity
- Expansion into Primary Lead continues to be the strategic priority; technology-enabled service excellence is the differentiating element of our offering
- Transformational M&A opportunities remain a long-term option
- Andreas Berger appointed as CEO of Corporate Solutions effective March 2019
Capital steering and funding
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 at 285% (1 July 2018 estimate), well in excess of the Group’s capitalisation target of 220%.

- Our very strong capital position, combined with our continued strong capital generation, provides us with a high degree of flexibility to deliver attractive future actions, in line with our capital management priorities.

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.
Swiss Re’s capital repatriation remains peer-leading

3% increase of the regular dividend to CHF 5.00 per share in 2018

New public share buy-back programme of up to CHF 1bn launched in early May 2018

Dividends and share buy-back per share

(CHF, CAGR in %)

<table>
<thead>
<tr>
<th>Year</th>
<th>Ordinary dividends</th>
<th>Special dividends and share repurchases</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>3.00</td>
<td>3.50</td>
</tr>
<tr>
<td>2013</td>
<td>4.00</td>
<td>4.15</td>
</tr>
<tr>
<td>2014</td>
<td>4.15</td>
<td>3.85</td>
</tr>
<tr>
<td>2015</td>
<td>4.40</td>
<td>4.25</td>
</tr>
<tr>
<td>2016</td>
<td>4.60</td>
<td>3.30</td>
</tr>
<tr>
<td>2017</td>
<td>4.85</td>
<td>3.40</td>
</tr>
<tr>
<td>2018E</td>
<td>5.00</td>
<td>3.80</td>
</tr>
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</table>

+20% increase

1 Includes the share buy-back programme of up to CHF 1bn as approved at the 2018 AGM in April
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

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1 Payout ratio calculated as capital repatriation over GAAP net income
# Corporate calendar & contacts

## Corporate calendar

### 2019

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>21 February</td>
<td>Annual Results 2018 Conference call</td>
<td></td>
</tr>
<tr>
<td>14 March</td>
<td>Publication of Annual Report 2018</td>
<td></td>
</tr>
<tr>
<td>17 April</td>
<td>155th Annual General Meeting Zurich</td>
<td></td>
</tr>
<tr>
<td>03 May</td>
<td>Q1 2019 Key Financial Data Management Dialogues</td>
<td></td>
</tr>
<tr>
<td>23 May</td>
<td></td>
<td>London</td>
</tr>
</tbody>
</table>

## Investor Relations contacts

<table>
<thead>
<tr>
<th>Hotline</th>
<th>E-mail</th>
</tr>
</thead>
<tbody>
<tr>
<td>+41 43 285 4444</td>
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<td>Manfred Gasser +41 43 285 5516</td>
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<tr>
<td>+41 43 285 3878</td>
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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:

- further instability affecting the global financial system and developments related thereto;
- further deterioration in global economic 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;
- 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 its investment policy or the changed composition of its investment assets, and the impact of the timing of any such changes relative to changes in market conditions;
- uncertainties in valuing credit default swaps and other credit-related instruments;
- possible inability to realise amounts on sales of securities on the Group’s balance sheet equivalent to their mark-to-market values recorded for accounting purposes;
- the outcome of tax audits, the ability to realise tax loss carry forwards and 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;
- the possibility that the Group’s hedging arrangements may not 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;
- the cyclicality 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 the Group’s clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- current, pending and future legislation and regulation affecting the Group or its ceding companies and the interpretation of legislation or regulations;
- 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 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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