

News release

Swiss Re builds on superior capital strength, leading R&D capabilities and deep client commitment for future growth

- With a Group SST ratio of 269%, Swiss Re maintains its industry leading capital position and financial flexibility to invest in growth
- Investments in R&D drive value for the company and form the basis for outperformance
- Advances in technology are impacting the re/insurance value chain and are reshaping the competitive landscape
- Swiss Re's tech strategy is embedded in its business strategy and aims to increase the competitiveness of its clients, improve Swiss Re's own value chain, harvest the full potential of data and seek access to risk pools
- Reinsurance's differentiation strategy is a strong contributor to profits
- Corporate Solutions is well-placed to benefit from expected market improvements and to pursue growth in Primary Lead business
- Life Capital is transitioning from a pure closed book consolidator to a dynamic primary B2B2C business; the gross cash generation target for 2016–2018 has been increased to USD 2.3–2.5 billion
- Economic Net Worth creation remains at the core of the Group's steering framework and drives its strong solvency capital generation

Zurich, 4 April 2018 – At today's Investors' Day, Swiss Re provides a strategic update, and outlines how it is ideally positioned to benefit from a more positive market environment and promising long-term opportunities. With a Swiss Solvency Test (SST) ratio of 269% in 2018, the Group's capitalisation remains very strong, providing financial flexibility to invest in future growth. Research & Development (R&D) continues to play a critical role for Swiss Re in providing competitive advantages in a rapidly changing market environment and in driving outperformance. Another building block of its future success is Swiss Re's tech strategy, which is embedded in the business strategy and ensures effective innovation management. Swiss Re's tech strategy is executed through in-house developments and external partnerships, securing access to new risk pools.

Christian Mumenthaler, Swiss Re's Group Chief Executive Officer, says: "Swiss Re maintains its commitment to creating long-term value, and we are well-placed for growth. Our capital position is industry-leading, enabling us to

Media Relations,
Zurich
Telephone +41 43 285 7171

New York
Telephone +1 914 828 6511

Singapore
Telephone +65 6232 3459

Investor Relations,
Zurich
Telephone +41 43 285 4444

Swiss Re Ltd
Mythenquai 50/60
P.O. Box
CH-8022 Zurich

Telephone +41 43 285 2121
Fax +41 43 285 2999

www.swissre.com
 @SwissRe

deploy capital in the currently more positive environment. We are a risk knowledge company with strong R&D focus. Our tech strategy provides us with a competitive advantage to anticipate changes in the insurance value chain and secure access to new risk pools. Our insights allow us to continue partnering with our clients and to develop solutions which tackle the protection gap.”

The current outlook for the re/insurance industry remains positive as the market environment continues to improve. Increasing prices are expected to be particularly beneficial for Property & Casualty Reinsurance and Corporate Solutions. In addition, increasing interest rates will have a positive impact on the Group’s investment portfolio and benefit the long-tail lines in Life and Casualty Reinsurance. Moreover, growth in Life Capital’s open books business is expected to continue.

Swiss Re also is convinced that the long-term trends for the industry remain positive and highly attractive. Risk pools are expected to continue to grow, fuelled by demographic trends and a strengthening of the world economies’ combined GDP, with an overall insurance market expected growth of 5%¹. High growth markets, in particular, continue to offer much potential, with projected growth rates of 8%¹. Technology-based solutions are expected to broaden insurance coverage and reduce the large protection gap by enabling the creation of improved, more efficient and less expensive insurance offerings.

Industry leading capital position

Despite significant natural catastrophe losses in 2017 and continued capital repatriation to shareholders, Swiss Re’s capital position remains very strong. The Group’s SST ratio increased to 269% in 2018 from 262% in 2017, comfortably above its target capitalisation of 220%. To increase transparency and comparability, the Group also determines a Solvency II ratio (without long-term guarantees or transitional measures) which amounts to 310%.

Economic Net Worth (ENW) creation is at the core of the Group’s steering framework and drives its solvency capital generation. Gross solvency capital generation is a long-term proxy for reinvestment and dividend capacity.

John Dacey, Swiss Re’s Group Chief Financial Officer, says: “Our capital position remains very strong and resilient to market movements. Our peer-leading capital strength gives us the financial flexibility to invest in future growth and respond to market opportunities.”

John Dacey continues: “The goal of our systematic capital allocation is to provide industry-leading and sustainable shareholder returns. Over the last five years, the Group has delivered CHF 10.00 per share annual average

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

gross capital generation and CHF 8.00 per share annual average capital repatriation.”

R&D in underwriting a key contributor to outperformance

Swiss Re has achieved higher margins and outperformed the market over the last ten years owing to clear underwriting priorities. These include active allocation of capital to the most profitable risk pools and dynamic selection of risks at more attractive economics.

To continue to outperform in underwriting, Swiss Re focuses its R&D activities on addressing market issues such as changes in sea surface temperature, cyber risk scenarios, or in the area of critical illness, the over-diagnosis through emerging technologies.

Swiss Re’s tech strategy is embedded in its business strategy

Swiss Re’s tech strategy is integrated in its business strategy and its Business Units. Through in-house developments and external partnerships, Swiss Re continues to invest to anticipate the impact of technology on its own value chain and the competitive landscape.

Swiss Re's tech strategy builds on four cornerstones:

1. **Our clients:** Develop new solutions, such as Magnum, Swiss Re's market-leading automated underwriting solution for Life & Health Reinsurance, which help clients enhance their competitiveness
2. **Our own value chain:** Leverage scalable technology platforms to streamline internal processes, for instance, through the use of machine intelligence in the handling of contracts
3. **Get closer to risks:** Seek access to risks through technology platforms, such as using iptiQ, Swiss Re’s fully digital B2B2C Life & Health platform
4. **Harvest full potential of data:** Reinforce competitive advantage from proprietary data

Christian Mumenthaler, Swiss Re’s Group Chief Executive Officer, says: “Technology will fundamentally change the insurance value chain over the coming years. I am convinced it will blur industry boundaries and shift insured risks between insurance lines. Swiss Re’s tech strategy aims to access new risk pools and manage existing ones more effectively. Through in-house developments and external partnerships, we are prepared to respond to the impact technology will have and drive innovation.”

Strong value creation by all Business Units

Differentiation is at the heart of the Reinsurance strategy and results in improved economics. For example, in the Globals and Large client segments, Swiss Re derives approximately 50%² of its EVM profit from various components of differentiation.

The Reinsurance differentiation strategy builds on three pillars: Core, Transactions and Solutions. In the Core business, which comprises the day-to-day interaction with clients, the focus lies on continuing to simplify and drive efficiencies. Transactions is about applying Swiss Re's expert knowledge and capital expertise to create tailor-made, innovative transactions for clients. Solutions, also enabled by technology, adds value to clients' businesses by improving their profitability and helping them grow.

The Reinsurance Business Unit has significantly grown its portfolio, at a compound annual growth rate (CAGR) of 10% of EVM premiums from 2010–2017. It actively steered its capital allocation to areas with stronger returns, while increasing the diversification of its earnings streams. EVM premium growth has been especially strong in Life & Health Reinsurance with a CAGR of 14% during the 2010–2017 period. The Asian business continues to grow in importance and represents an essential part of the volume growth in Life & Health Reinsurance.

Corporate Solutions remains key to Swiss Re's growth strategy. It is well-positioned to benefit from the expected market improvements. Commercial insurance has been an attractive business for Swiss Re. It generated EVM underwriting profits in excess of EVM capital costs of USD 2.3 billion since 2000. This translates into an annual EVM profit of USD 125 million on average. The challenges Corporate Solutions faced in 2017 are being addressed to restore profitability. Furthermore, investments into technology and process improvements are expected to lead to sustainable productivity improvements.

Expansion into the Primary Lead business³ continues to be the strategic priority of the Business Unit. Corporate Solutions builds on its market-leading technology platform as the key differentiating element of its offering.

Life Capital increases Swiss Re's ability to access attractive primary risk pools in the open and closed book insurance markets. It is transitioning from being a pure closed book consolidator to becoming a powerful primary B2B2C business that leverages technology to deliver tangible benefits.

² Contribution of differentiation to total economic earnings for 2016 (most recent available data)

³ Primary Leads means having a leading position in the primary layer (above the deductibles) of an insurance programme for corporate clients

ReAssure maintains a market-leading closed book platform in the UK, and growing ReAssure remains a key element of Life Capital's strategy. The 15% participation of MS&AD Insurance Group Holdings Inc. into ReAssure, completed in February 2018, supports ReAssure's ability to pursue further closed book transactions. ElipsLife's and iptiQ's international expansions are on track, delivering dynamic growth and enabling Life Capital to access opportunities in attractive Life & Health markets.

Life Capital has been delivering strong gross cash generation to the Group. Since the Business Unit already achieved its 2016–2018 target of USD 1.4–1.7 billion in 2017, the target has been increased to USD 2.3–2.5 billion.

Swiss Re is a risk knowledge company that invests into risk pools. Its diversified business model has proven to be highly effective. Over the last years, the strong value creation of the individual businesses has consistently produced peer-leading margins.

Update on discussions with SoftBank

In February 2018, Swiss Re announced it had entered into preliminary discussions with SoftBank Group Corp. regarding a potential partnership and minority investment. Today, Swiss Re confirms that negotiations are still ongoing in respect of a minority investment by SoftBank in Swiss Re, currently expected not to exceed 10% of Swiss Re's share capital. In parallel, the two parties are exploring areas of potential strategic cooperation.

Swiss Re reiterates that its capital position remains very strong and the issuance of new capital is not under consideration.

Swiss Re would like to emphasise that these discussions remain at an early stage, and there is no certainty that any minority investment or strategic partnership will be agreed, or as to any terms, timing, or form of any such investment or partnership.

Media conference and call

Swiss Re will hold a media conference call this morning at 08:30 am (CEST). If you plan to dial in, you are kindly requested to call 10 minutes prior to the start using the following numbers:

Switzerland / Europe:	+41 (0) 58 310 50 00
Germany:	+49 (0)69 505 0 0082
France:	+33 (0)1 7091 8706
Hong Kong:	+852 5808 1 769
United Kingdom:	+44 (0) 207 107 0613
United States:	+1 (1) 631 570 56 13

Other international numbers available [here](#).

Investors' Day webcast

Swiss Re's 2018 Investors' Day can be followed by live web cast and journalists are welcome to listen in. For more information please click [here](#).

Swiss Re

The Swiss Re Group is one of the world's leading providers of reinsurance, insurance and other forms of insurance-based risk transfer, working to make the world more resilient. It anticipates and manages risk – from natural catastrophes to climate change, from ageing populations to cyber crime. The aim of the Swiss Re Group is to enable society to thrive and progress, creating new opportunities and solutions for its clients. Headquartered in Zurich, Switzerland, where it was founded in 1863, the Swiss Re Group operates through a network of around 80 offices globally. It is organised into three Business Units, each with a distinct strategy and set of objectives contributing to the Group's overall mission.

For logos and photography of Swiss Re executives, directors or offices go to www.swissre.com/media

For media 'b-roll' please send an e-mail to media_relations@swissre.com



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 realize 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. The Group 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.