Swiss Re

Capital Management

David Cole, Group Chief Financial Officer

Our holistic capital allocation approach aims to deliver industry-leading shareholder returns

Capital allocation

- Strategic framework and priorities
- Liability portfolios & key asset classes defined
- Tracking performance on EVM, US GAAP and cash flow basis
- Assessment of historic performance & future outlook
- Capital reallocation away from underperforming portfolios towards best performing ones

Optimal capital structure

- Superior capital strength to withstand extreme events
- Financial flexibility to take advantage of opportunities
- Optimised WACC to maximise shareholder value

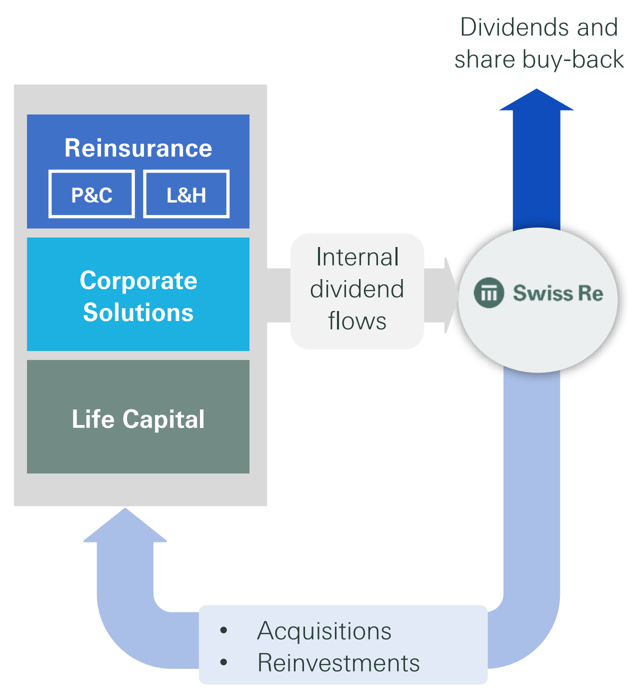
Financial targets

- ROE
- ENW per share

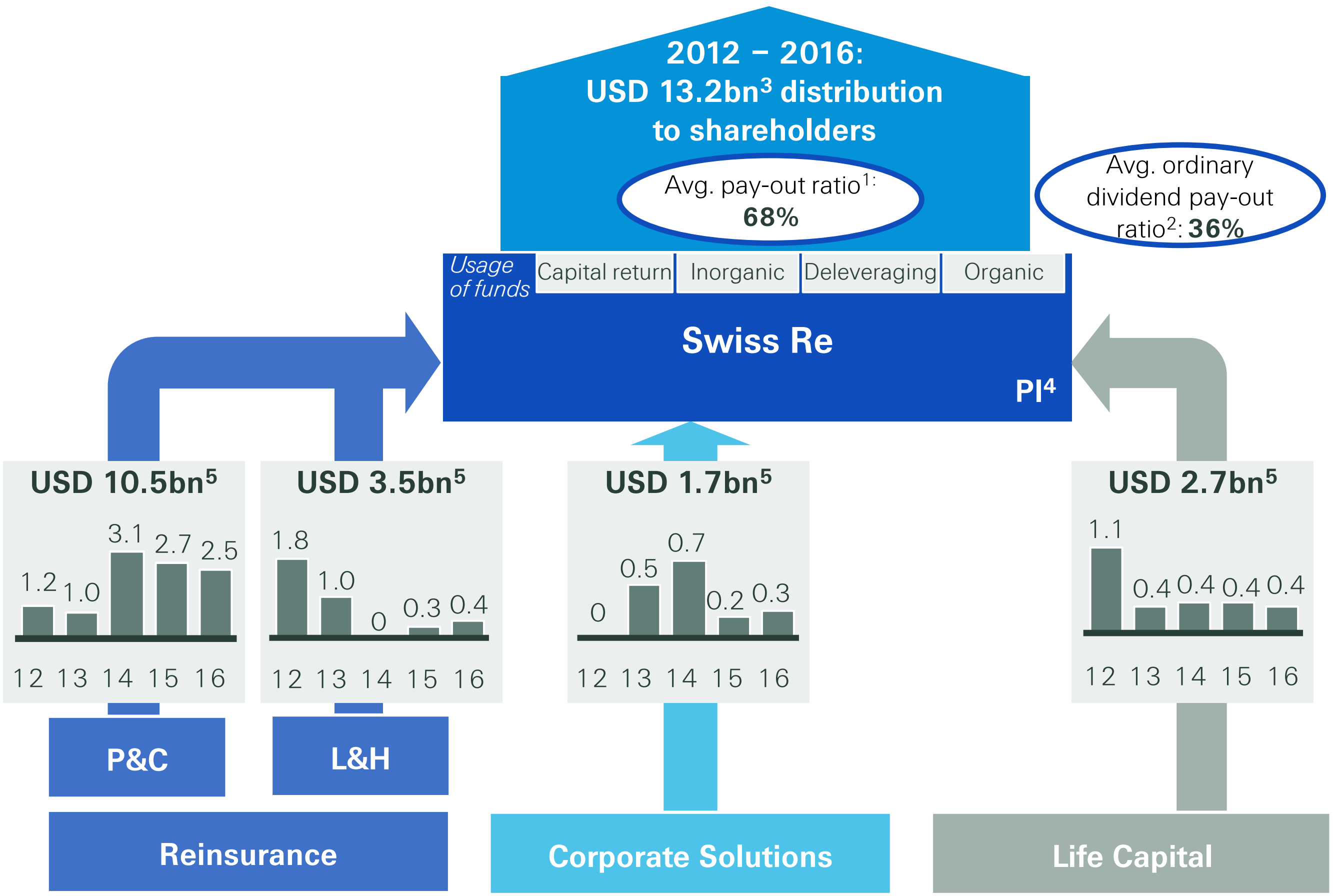
Other considerations

- SST
- Dividends
- S&P
- Cash flows

Holding company capital allocation approach since new structure created in 2012



Our Business Unit structure and our capital allocation have supported a strong value generation and flow of dividends

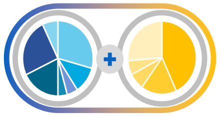


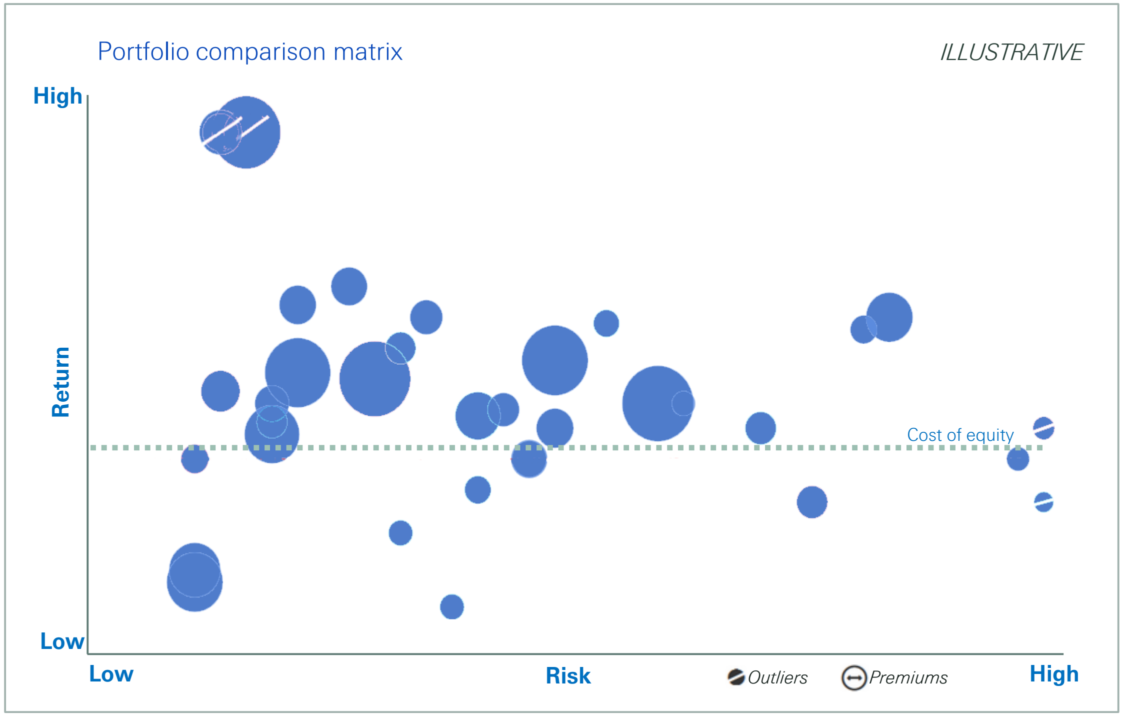
- We aim to maximise shareholder value
- Utilised funds in different ways:
  - capital return of USD 13.2bn[3] to shareholders
  - acquisitions, e.g. Guardian, RSA China, IHC, Bradesco Seguros
  - net deleveraging by over USD 5bn
  - organic growth through capital (re-) allocation

[1] Calculated based on average US GAAP net income and average of 2012-2016 dividends paid, including special dividends and share buy-backs.
[2] Calculated based on average US GAAP net income and average of 2012-2016 ordinary dividends paid
[3] Distribution to shareholders assumes completion of the up to CHF 1.0bn public share buy-back commenced on 4 November 2016
[4] PI has paid to Group dividends of USD 0.4bn since 2012
[5] Internal dividend flows from January 2012 to November 2016

Knowledge

We target an optimal risk portfolio to balance short-term considerations with creating long-term shareholder value





- We manage both liability and asset risk pools
- EVM and US GAAP financial targets are core in evaluating risk pools
- Other considerations (cash flow, dividend generation) are taken into account

We have implemented a practical dashboard to monitor the performance of our risk portfolio

Note: Return based on new business EVM income relative to diversified SST capital requirements. Risk based on standalone shortfall intensity per unit of premium

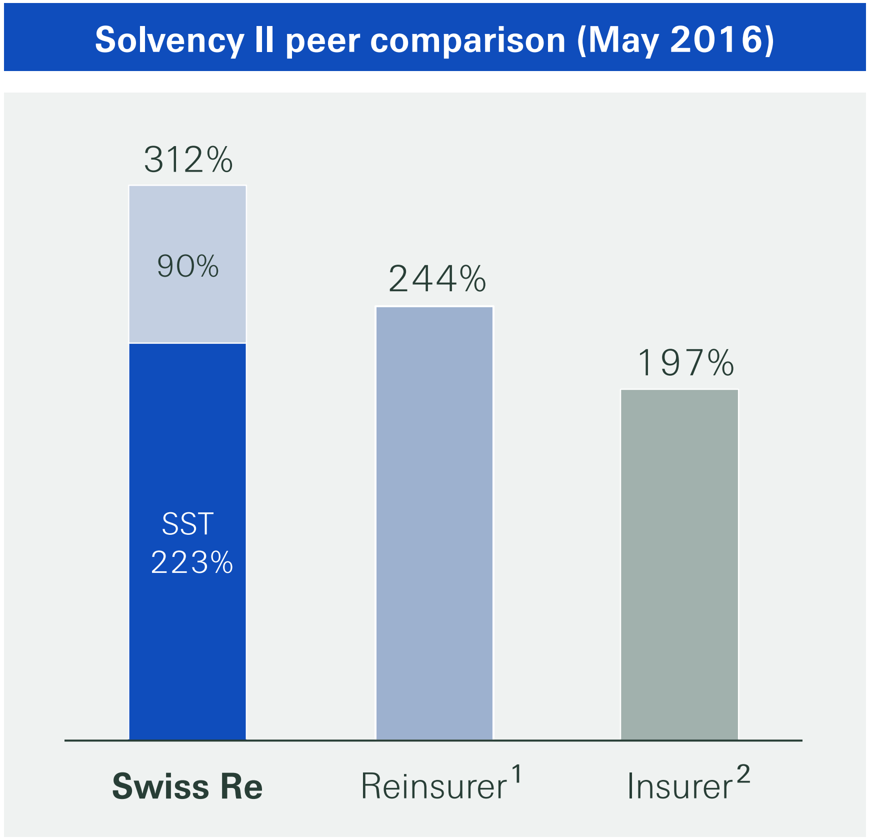
Knowledge

We invest in our financial steering and reporting capabilities to become industry leader in financial management

- Optimising processes and increasing standardisation to maximise efficiency
- Improving operational risk management through a single source of financial data
- Creating innovative multi-valuation capabilities with powerful analytics
- Timely delivery of relevant financial information
- Enhancing planning analytics and scenario capabilities

This multi-year effort will provide us with an industry-leading steering and reporting platform

Swiss Re maintains a leading capital position in the reinsurance sector and industry



- SST and Solvency II are both comprehensive, economic and risk-based solvency regimes
- Due to important differences, SST ratio can be significantly lower than Solvency II
- For 2016, our comparable Group Solvency II ratio is almost 90%pts higher than our Group SST ratio

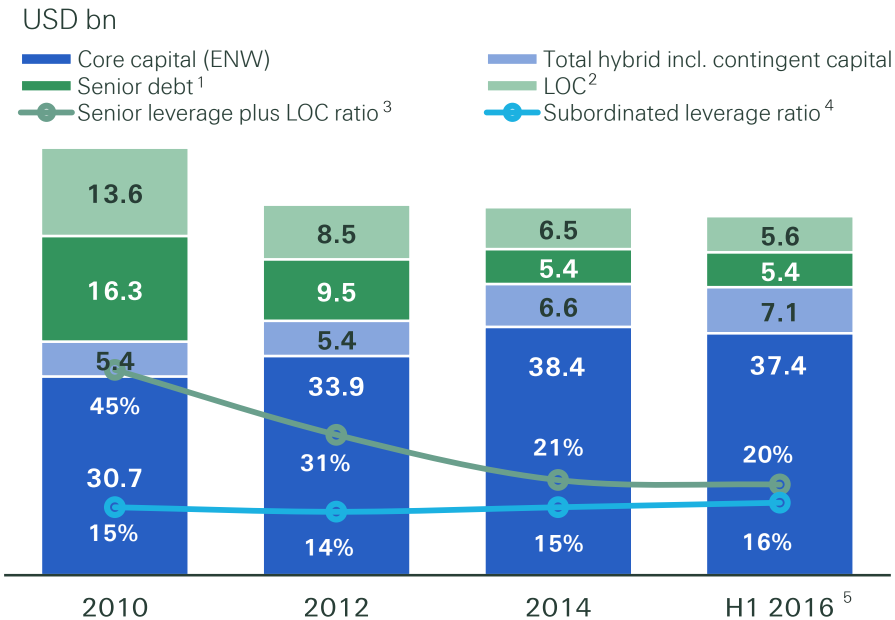
Swiss Re Group is very strongly capitalised under SST and Solvency II

[1] Average of Munich Re, Hannover Re, SCOR
[2] Average of Allianz, Aviva, Axa, Generali

Our capital structure is comfortably within our target leverage ratio ranges providing further flexibility

Target Capital Structure 2010-2016 in USD bn

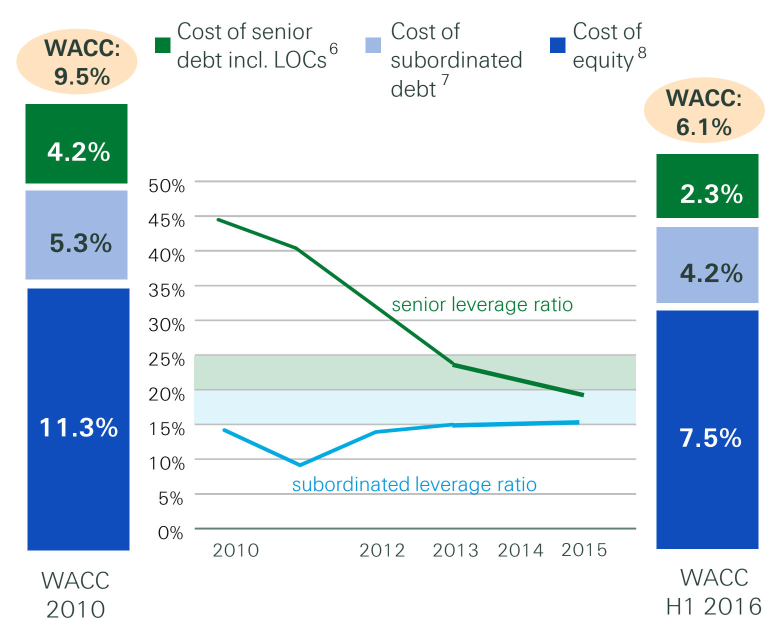
- Net deleveraging by over USD 5bn achieved since year-end 2012
- Senior leverage ratio at 20%, within target range of 15-25%
- Subordinated leverage ratio at 16%, within target range of 15-20%
- USD 1.9bn undrawn contingent capital providing further flexibility



1 Excluding non-recourse positions and undrawn credit facilities
2 Unsecured LOC capacity and related instruments (usage is USD 1.2bn lower)
3 Senior debt plus LOCs divided by total capital
4 Subordinated debt divided by sum of subordinated debt and ENW
5 H1 2016 ENW corresponds to 2015 ENW. 2016 ENW will be published with Q1 2017 results

WACC development 2010-2016

- Swiss Re's WACC and cost of equity have fallen, supported by the implementation of the Target Capital Structure



6 Based on the estimated current cost of debt at the lower end of the 15- 25% target range
7 Based on actual cost of current positions
8 Based on the average of 2-year CAPM-based and the 2-year valuation-implied methodologies

Swiss Re's target capital structure and financial flexibility is supported by the Group's strong funding platforms

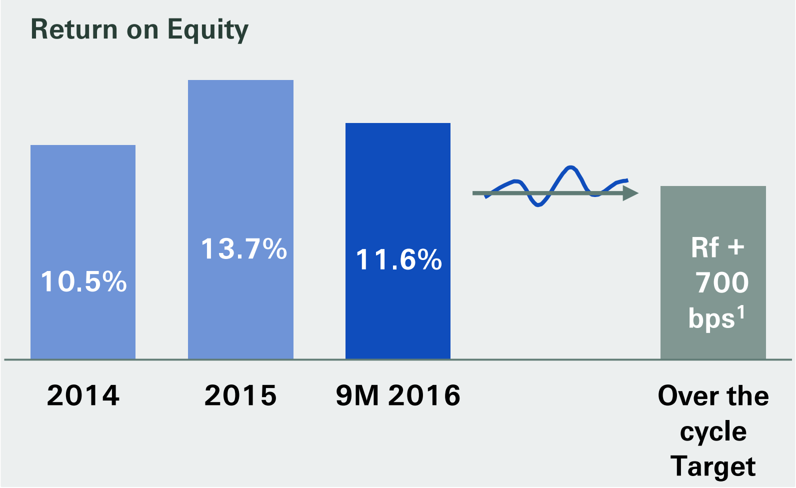
YE 2012 – Q3 2016 USD bn		Reinsurance	Corporate Solutions	Life Capital	Group	Outlook
Established funding platforms in all Business Units to fund ongoing capital and liquidity requirements	Letters of credit	-2.9bn ✓ ↘				Further reduction in line with reducing requirements in Reinsurance
	Senior debt	-5.6bn ✓ ↘		1.5bn ✓ ↗		Support business growth in Life Capital in line with leverage targets
	Subordinated debt	-1.7bn ✓ ↘	0.5bn ✓ ↗			Further optimisation of capital structure and cost of capital
Innovative capital instruments to strengthen Group capital base	Contingent capital & subordinated debt	1.0bn ✓ →			1.9bn ✓ ↗	Continue to implement contingent capital road-map focusing on Group Holding level

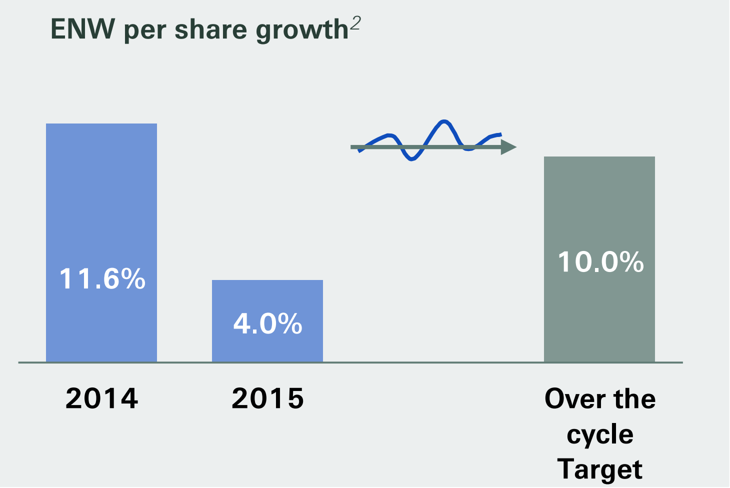
✓ Significant progress or fully realised ↗ Outlook

- Financial flexibility significantly strengthened due to deleveraging and issuance of innovative capital instruments
- Market access established across the Group with separate funding platforms for Business Units and Group holding

We continue to focus on our over-the-cycle Group and Business Units' targets

Group financial performance





Business Units' Return on Equity

	P&C Reinsurance	L&H Reinsurance	Corporate Solutions	Life Capital
9M 2016	16.1%	12.5%	8.6%	14.5%
Target	10-15%	10-12%	10-15%	6-8%

[1] 10-year 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's capital allocation aims to deliver sustainable shareholder value

Long-term shareholder value creation…	…underpinned by our capital management priorities

Our Business Unit structure and our capital allocation have supported a strong value generation and flow of dividends

We target a portfolio of asset and liability risks to balance short-term considerations with long-term value creation

Swiss Re's strong capital position enables the capital allocator role for the Group

We continue to focus on our over-the-cycle Group and Business Units' targets

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

Corporate calendar & contacts

Corporate calendar

2017		
23 February	**Annual Results 2016**	Conference call
16 March	**Publication of Annual Report 2016**	
21 April	**153rd Annual General Meeting**	Zurich

Investor Relations contacts

Hotline
+41 43 285 4444

E-mail
Investor_Relations@swissre.com

Philippe Brahin
+41 43 285 7212

Jutta Bopp
+41 43 285 5877

Manfred Gasser
+41 43 285 5516

Chris Menth
+41 43 285 3878

Iunia Rauch-Chisacof
+41 43 285 7844

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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" and "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 Swiss Re'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;
- Swiss Re'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 Swiss Re'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 Swiss Re's investment assets;
- changes in Swiss Re'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 Swiss Re'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 carryforwards 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 Swiss Re'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 Swiss Re'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 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 by regulators;
- 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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