Swiss Re

KBW European Financials Conference

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SWISS RE 150 YEARS

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Agenda

- L&H Reinsurance is strategically attractive
- Swiss Re's L&H Reinsurance business
- Management actions and financial targets

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L&H Reinsurance is strategically attractive

Swiss Re's Group strategy

Current position

Outperform our peers
- Reinsurance
- Asset Management
- Admin Re®

Smart expansion
- Corporate Solutions
- Longevity & Health
- High Growth Markets

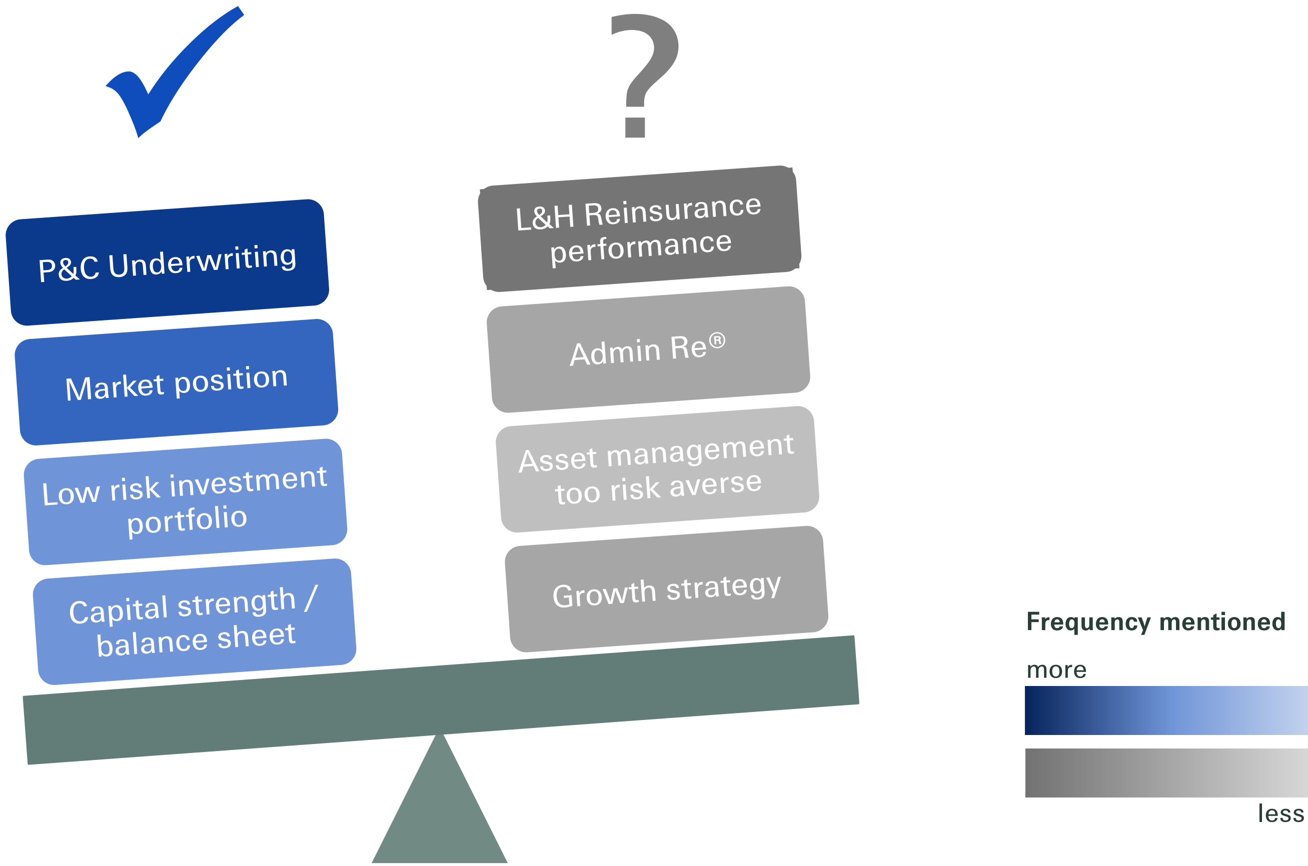
Strategic goal:

The leading player in the wholesale re/insurance industry

Priorities for the Swiss Re Group

Group strategy	■ Strategy unchanged, focus on execution, keeping the pressure on ■ Continued emphasis on high growth markets for all business lines ■ Productivity emphasis to control mgmt. expenses at lower levels
Address low returns in L&H	■ L&H Reinsurance: ROEs expected to improve to 10-12% by 2015 ■ Admin Re®: continue to evaluate deals based on Group profitability requirements; strengthen operational efficiency; third-party capital
Capital and asset management	■ Continue active capital management in line with dividend policy, USD >4bn deleveraging planned by 2016, improving EPS and ROE ■ Asset re-balancing towards mid-term plan for credit and equity accelerated in 2013, utilising approx. USD 3bn of economic capital
Outperform our peers in P&C	■ P&C Reinsurance: successful renewals at attractive rate levels expected to continue, expect net premium growth from expiry of QS ■ Corporate Solutions: on track to achieve profitable growth targets

Investor perceptions
Feedback on Swiss Re's strategy and "equity story"



Swiss Re investor perception survey, May 2013; in-depth anonymised interviews with a sample of investors and analysts, conducted by Brunswick Group LLP. Unprompted "top of mind" items when asking about Swiss Re's strengths and weaknesses. Only items that were independently mentioned several times listed.

The fundamental challenges of L&H reinsurance business

General challenges

- Very long tail business where coverage periods can be in excess of 50 years
- Wide difference in regulation creates uneven playing fields, particularly between the US and Europe
- US GAAP accounting rules do not require updating of locked-in reserve assumptions for long-term insurance business in most cases, yet do allow for short term earnings volatility driven by financial markets

Current situation

- Low yield environment increases pressure on reinvestment rate and investment income
- Pre-2004 US business has been identified by several reinsurers as causing a drag on profits; Swiss Re had a leading market share in those years

There is a strong strategic case for L&H reinsurance

- Large amounts of historical data are a key advantage when pricing new business
- R&D enables better risk selection
- Largest clients have both P&C and L&H needs
- High entry barriers
- Diversification benefit with P&C Re
  - P&C Re would be allocated approx. USD 2bn more capital without the diversification benefit of L&H Re according to SST calculations
- Growth of underlying demand in high growth markets, in ageing societies and due to the withdrawal of the welfare state in developed markets

Our generations theme

Focus on four strategically important topics

Advancing sustainable energy solutions	Funding longer lives	Managing climate and natural disaster risk	Partnering for food security

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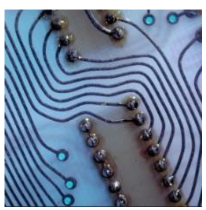
Swiss Re Group: Looking beyond 2015

Swiss Re Group strategy and financial targets 2011-15

Longer-term strategic themes (selection)

Risk pool for nat cat grows fast, attracting increasing amounts of alternative capital

Strong growth in **high growth markets** fuel demand in all lines of (re)insurance business



'Big Data' and smart analytics impact insurance underwriting, pricing and marketing

New distribution channels in insurance offer substantial new opportunities

Management priorities (selection)

Capital structure and management

Profitability requirements and targets

Productivity management

Talent management

Swiss Re Group strategy and financial targets 2016-20

Swiss Re's L&H Reinsurance business

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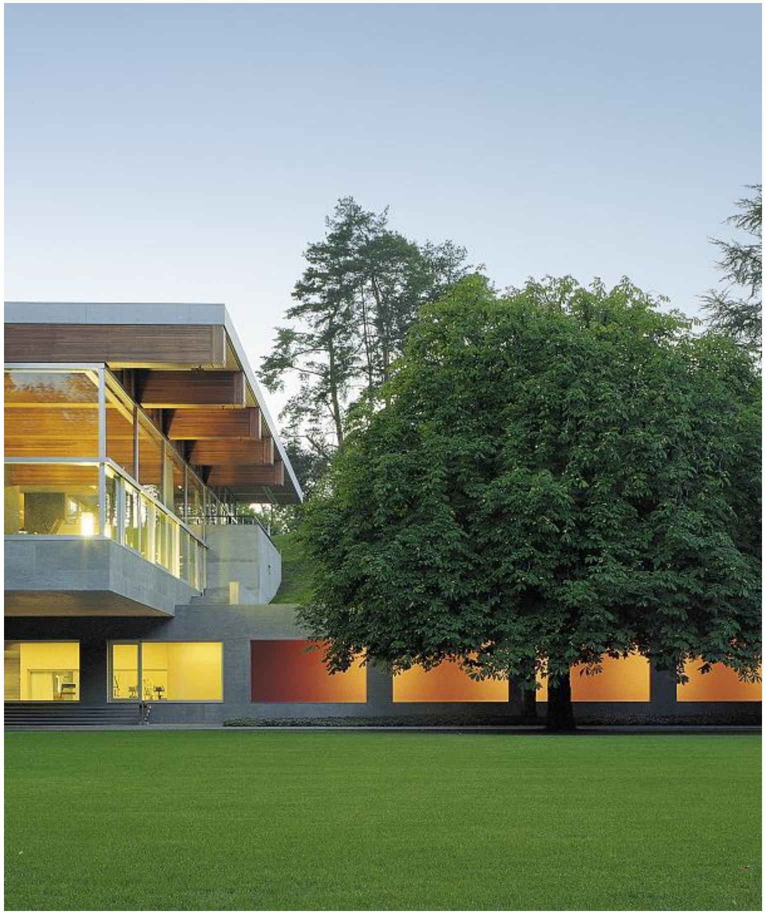
Investors' Day 2013
Key messages

- Swiss Re Group strategy is unchanged
  - Focus on execution, keeping the pressure on
  - High growth markets contribution is growing
  - Productivity emphasis to control expenses
- L&H Reinsurance is "back in the game"
  - In-depth review, incl. pre-2004 US business
  - Concrete actions to improve L&H profitability
  - ROE expected to increase to 10-12% by 2015
- Capital and asset management stepped up
  - Improving ROE and EPS through deleveraging
  - Rebalancing assets faster to mid-term plan
  - Growing regular dividends and our business

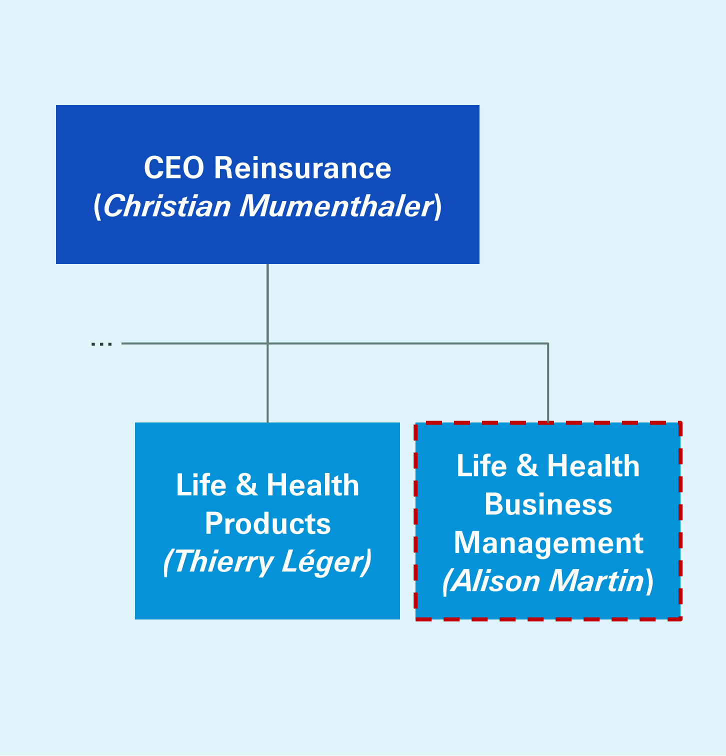


We have taken action to improve our performance

1. Completed an in-depth review of all our material L&H business
   - Global scope down to most granular portfolio level
   - 9 years retrospective and +50 years prospective analysis
   - Portfolios with performance issues under particular scrutiny
2. Extracted USD 2.7bn of capital via cash dividends to Group since Q1 2012
3. Started with asset rebalancing towards L&H Re's mid-term plan
4. Established a dedicated L&H Business Management Division to deal with the In-force portfolio

New Division established to focus on improving the value of our In-force book

Dedicated In-force Division



- The new Division will be operational on 1 July 2013
- It will control the full value chain after the business is bound, including
  - Technical Accounting
  - Claims
  - Valuation/Reserving
  - Asset Liability Management
- Alison Martin will lead the new Division
- Thierry Léger, former Head of Global Clients Division, will be the new Head of Life & Health Products

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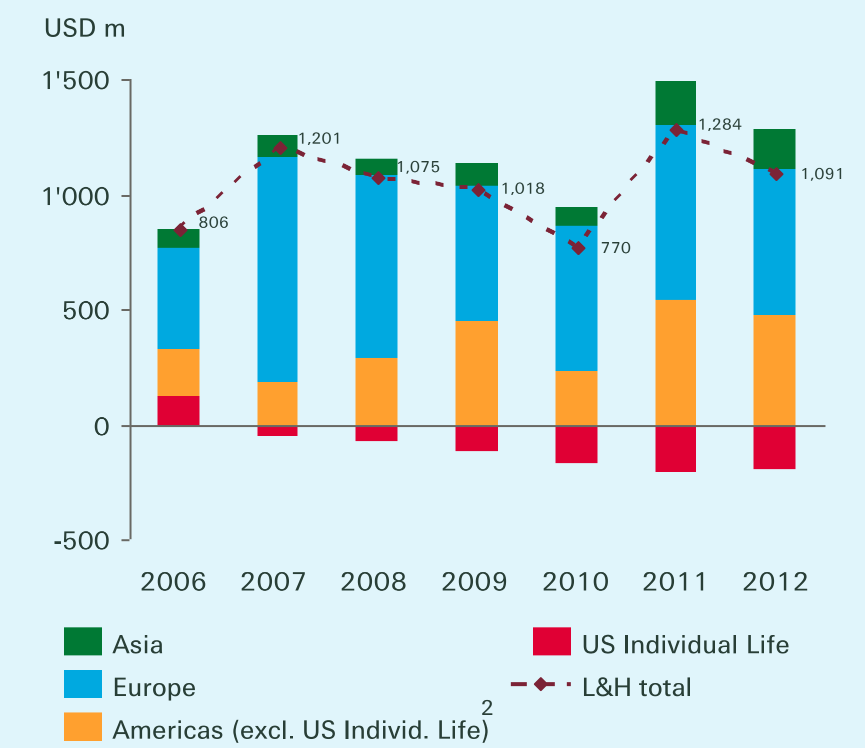
L&H US GAAP divisional operating income
Consistently strong, except for US individual life

L&H US GAAP divisional operating income before interest expense and tax[1]



- Excluding the pre-2004 US Individual Life business, L&H consistently delivers strong GAAP profits
- Europe has made a large stable contribution to US GAAP earnings, averaging USD 690m over the last seven years
- Americas, excluding US Individual Life, has consistently contributed positive results
- Asia's contribution has been smaller but positive and growing
- US Individual Life has generated operating losses since 2007 due to the pre-2004 business

[1] Pre-tax excluding Admin Re®, realised gains (except those that belong to policyholders), VA, pre-2000 GMDB and B36. Also excludes interest expense and certain other items that are not allocated to the divisions

[2] Canada, Latin America, Other US

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US Individual Life business
Two major problem areas: PLT and YRT

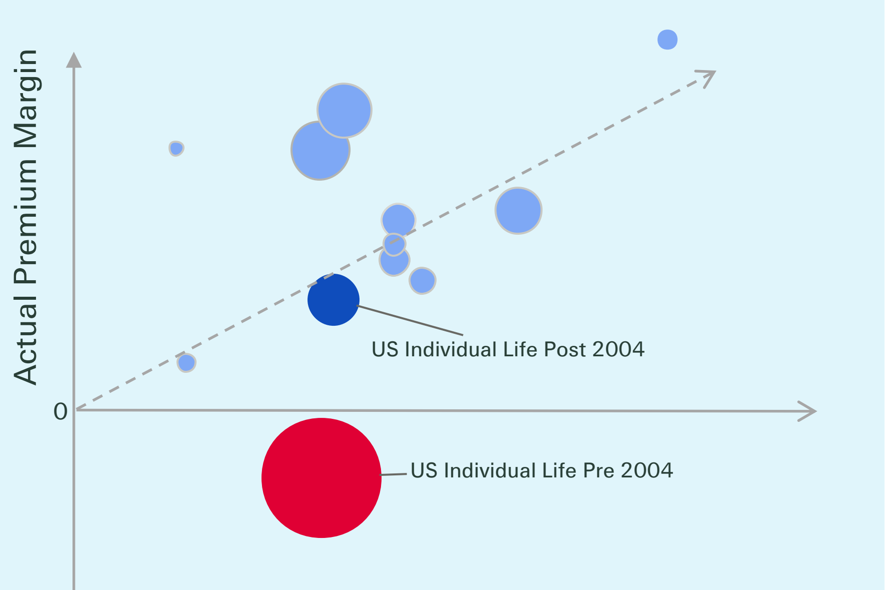
Individual Life business

Post Level Term (PLT)	■ Underlying 10, 15, 20 and 30 year level term products ("T-10", "T-15", ...), reinsured via coinsurance between 1999 and 2003 ■ Negative pre-tax earnings impact of USD 112m in 2012
Yearly Renewable Term (YRT)	■ Underlying permanent and term life products, reinsured via YRT pre-2004 ■ US GAAP earnings are expected to be reduced by approx. USD 500m in 2014 as we work on resolving the underlying poor performing treaties

Summary of in-depth L&H business review

Most portfolios are performing in line with or above expectations

Overview Life business: Achieved US GAAP margin vs. pricing (business lines)[1]



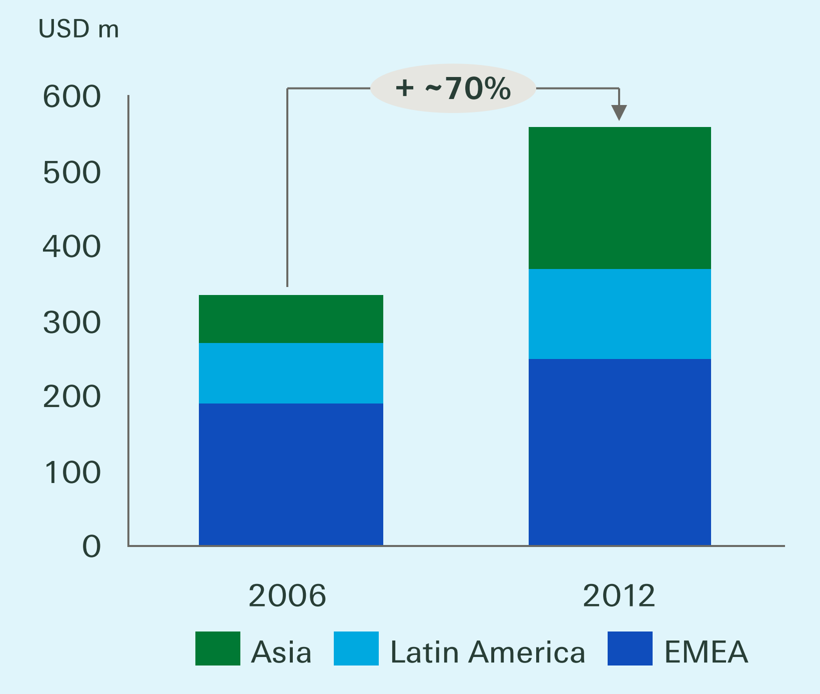
- The majority of our life and health portfolios generate substantial US GAAP margins
- They largely meet expectations or are outperforming compared to the key demographic and biometric pricing assumptions and our financial targets
- Experience has been worse than expected at pricing for pre-2004 US Individual Life Business

- **Pre-2004 US business is masking substantial underlying US GAAP profitability**

[1] Chart represents approx. 90% of the total Life business measured by premiums
[2] Premium average calculated over 4-14 years, depending on business line

New business
Expected to further improve performance

Emerging markets Life and Health Re Gross Earned Premiums 2006-2012



- New business will contribute to a higher ROE over time through several levers:
  - Poorly performing business running off and being replaced with business that has to pass the 11% ROE hurdle rate
  - Additional portfolio growth at or above hurdle rates (High Growth Markets, Health, Large Transactions, etc.)
  - Additional diversification benefit from growing lines such as Health and Longevity

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Management actions and financial targets

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Summary of L&H management actions
Expected positive impact on earnings, except in 2014

Management action		Implementation 2012	2013E	2014E	2015E
Liability management (pre-2004 US book)	Actively manage pre-2004 US PLT policies	⚪	🟢	🟢	✓
	Actively manage recaptured pre-2004 YRT		⚪	🔴	✓
Capital management	Extraction of excess capital	🟢	🟢	✓	
	Deleveraging of our balance sheet	⚪	🟢	🟢	🟢
Asset management	Accelerated shift of the asset allocation towards L&H Re's revised mid-term plan	⚪	🟢	✓	
New business	Growing the well performing business, e.g. transactions and health	🟢	🟢	🟢	🟢
Overall impact		⚪	🟢	🔴	🟢

⚪ Action fully scoped 🟢 Positive US GAAP impact from action 🔴 Negative US GAAP impact from action ✓ Benefit fully realised

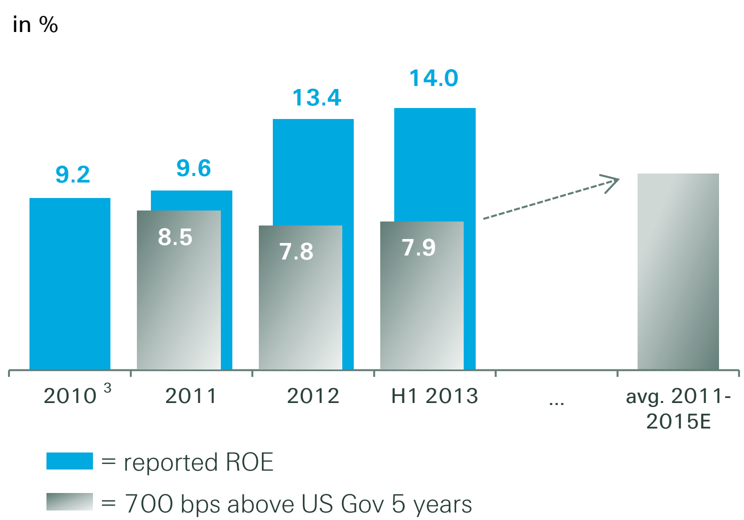
Summary of L&H management actions
L&H Re ROE expected to increase to 10-12% by 2015

Management action	ROE impact by 2015E (% points)
Liability management	~1%
Capital management	~2.5%
Asset management	~1.5%
New business	~0.5%

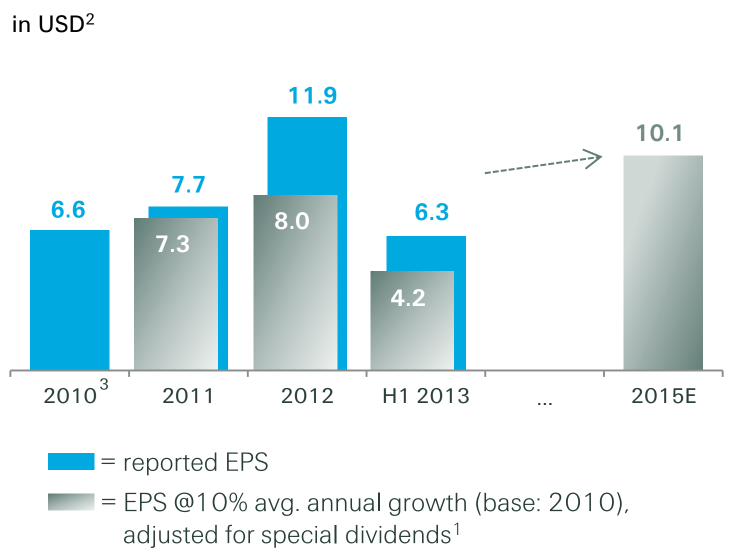
- ROE impact estimates do not anticipate any benefits from rising interest rates
- Key drivers are past and present capital and asset management and management actions for improving business performance
- New business has to meet the Group's ROE hurdle rates (>11%)
- L&H Re ROE expected to increase to 10-12% by 2015

Group financial targets
Well on track

ROE 700 bps above risk free average over 5 years (2011-2015)



EPS growth 10% average annual growth rate, adjusted for special dividends[1]



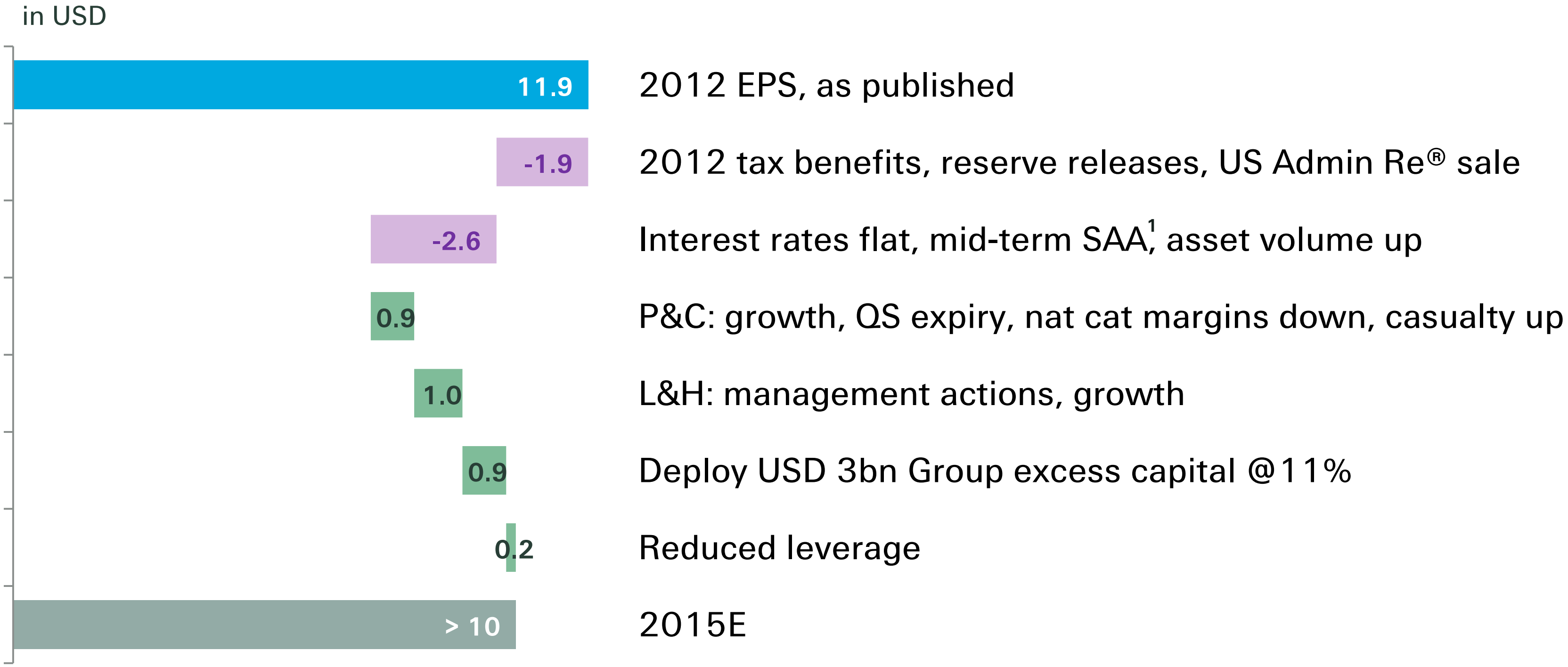
- Delivering the 2011-2015 financial targets remains Swiss Re's top priority

[1] EPS CAGR of 10% has been adjusted to 5% for 2013 to account for the distribution of excess capital through the special dividend of USD 1.5bn in April 2013. Special dividend assumed to be fully reinvested and thus comparable to excess capital re-deployment via share buyback at a share price of approx. CHF 70

[2] Assumes constant foreign exchange rate

[3] Excl. CPCI

Swiss Re Group earnings per share
We expect to achieve the 2015 EPS goal



- Critical assumptions are market trend and ability to invest, redeploy, or return @ 11% ROE, no reliance on interest rates to achieve targets

[1] Strategic asset allocation

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Summary

1. L&H Reinsurance is strategically attractive for Swiss Re
2. Recent in depth review of the L&H business
   - Vast majority of the business has been performing at or above our profitability requirements
   - Fixing the problematic pre-2004 US business is expected to have a negative US GAAP impact of approx. USD 500m in 2014
3. Management actions to significantly improve the performance of the L&H Reinsurance business are underway

- We expect L&H Reinsurance to generate ROEs of 10-12% by 2015

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Q&A

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Corporate calendar & contacts

Corporate calendar

07 November 2013	**Third Quarter 2013 results**	Conference call
20 February 2014	**Annual Results**	Conference call
18 March 2014	**Publication of Annual Report 2013 and EVM 2013**	
24 March 2014	**AGM Briefing Call**	Conference call
11 April 2014	**150th Annual General Meeting**	Zurich

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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, liquidity position or prospects to be materially different from any future results of operations, financial condition, solvency ratios, liquidity position 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, including as a result of concerns over, or adverse developments relating to, sovereign debt of euro area countries;
- 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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