

Letter to shareholders

Shaping the future in challenging times

3.0

Group net income (USD billions)
For the first nine months of 2016

Dear shareholders,

During the course of the first nine months of 2016 we were confronted with a series of challenges ranging from natural catastrophes, such as a devastating earthquake in Japan and floods in Europe, to a difficult market environment. In this context, we are proud to report another successful performance, with a strong net income of USD 3.0 billion in the period. Our success is driven primarily by large and tailored transactions and a strong investment result. We remain confident that our differentiation within the industry, as well as our capital strength and underwriting discipline, provide us with the right tools to deliver shareholder value over the long term.

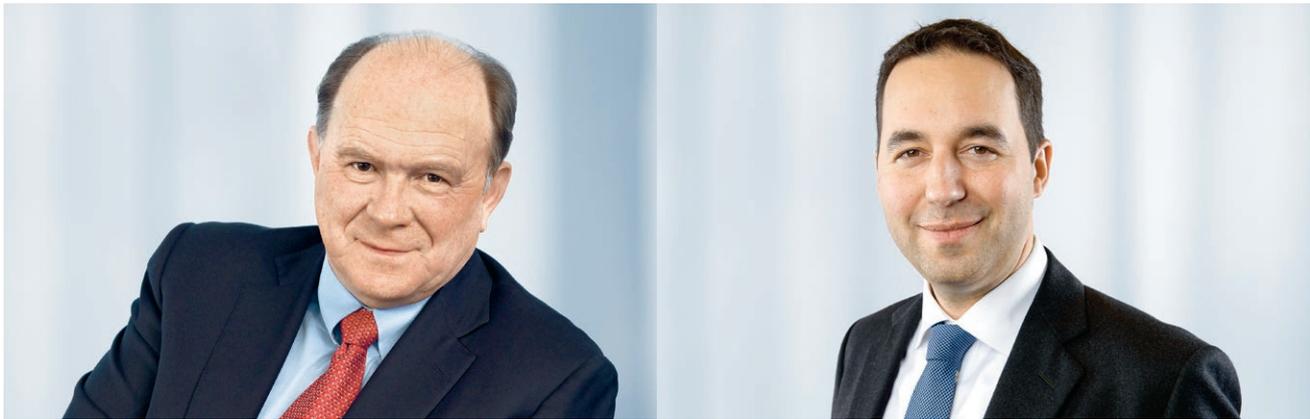
All of our Business Units contributed to this success. Property & Casualty Reinsurance reported a net income of USD 1.5 billion in the nine months, driven by strong underwriting, despite a series of catastrophic events including wildfires in Canada. Life & Health Reinsurance reported a net income of USD 635 million in the period and an annualised return on equity of 12.5%, above our target.

Corporate Solutions reported a net income of USD 150 million. The Business Unit is continuing to broaden its footprint and is currently working towards completion of a joint venture in Brazil with Bradesco Seguros to create a leading commercial large-risk insurer in the country. Corporate Solutions has also recently obtained an insurance license in Hong Kong.

Net income for Life Capital was USD 726 million in the same period, with gross cash generation of USD 364 million.

Despite the challenging environment, we continue to invest in our business, which we demonstrated especially by expansions in Corporate Solutions, continued growth in Life Capital, and by further developing our research and development initiatives.

Since August 2016, the earth is shaking again in the heart of Europe. A series of earthquakes is striking Italy, so far claiming nearly 300 lives and causing destruction on a large scale. In Italy, only just over 1% of residential buildings are insured against earthquakes on average. This is the latest reminder that a "protection gap" persists, and not only in developing countries. It is our duty to work harder to close this gap, help society rebuild and cover the risks that remain uninsured despite ready and



Walter B. Kielholz
Chairman of the Board of Directors

Christian Mumenthaler
Group CEO

available tools for protection. For example, in the wake of Hurricane Matthew, which brought widespread devastation to countries such as Haiti and Barbados, the CCRIF SPC, an insurance facility reinsured by Swiss Re, provided a swift payout to affected locations. The cover allows quick payment because it relies on parametric insurance models, using modelled wind speed, storm surge and rainfall figures, rather than a lengthier loss adjustment process.

Innovation is the engine that propels us. We take pride in how our people, the ones that make Swiss Re what it is, have risen to the challenge of designing products that bring insurance where it's needed the most. In August 2016, we launched a pioneering insurance scheme in China that illustrates just one way how we do this. The scheme, launched with the government of Heilongjiang Province and the Sunlight Agriculture Mutual Insurance Company of China, covers 28 counties against flood, excessive rain, drought and low temperatures. The programme covers mainly farmers. It uses satellite data, allowing for faster payouts than traditional insurance schemes.

The scheme extends protection to millions of people who have never benefited from insurance before. In October 2016, we launched a second parametric programme, covering seven prefectures in Guangdong Province.

Keeping our focus firmly on the long term, we cannot lose sight of the changes that are reshaping our industry. New technologies such as wearable devices, smart phones and artificial intelligence can fundamentally change how we design, distribute and manage insurance protection. New risk pools are forming, and it is imperative to access them to ensure success for our clients, our partners and ourselves. For example, we have recently joined forces with some of Europe's biggest insurers in an attempt to explore whether Blockchain technology can help make the insurance industry more efficient.

Sustainability is more than a buzz word for Swiss Re, and we are proud to see that this is also recognised externally. We integrate sustainability considerations into our core business decisions, our underwriting and our investments.

This effort was recognised once again, with Swiss Re named sector leader by the Dow Jones Sustainability Index for the tenth time, after improving on our 2015 scores across all three sustainability dimensions.

Transactions that protect people and businesses, innovative products that expand the boundaries of insurance and a focus on creating sustainable value wouldn't be possible without the dedication and the hard work of all our employees, whom we warmly thank. They would also be impossible without the trust of our clients and our shareholders, and the ongoing dialogue we established with you.

Our very strong capital position is also underscored by the start of the share buy-back programme of up to CHF 1.0 billion purchase value that you authorised at this year's Annual General Meeting in April 2016. This programme achieves our objective of returning capital to shareholders when excess capital is available and other business opportunities do not meet our strategy and profitability requirements.

Thank you for your confidence.

Zurich, 3 November 2016

Handwritten signature of Walter B. Kielholz in blue ink.

Walter B. Kielholz
Chairman of the Board of Directors

Handwritten signature of Christian Mumenthaler in blue ink.

Christian Mumenthaler
Group CEO