

Swiss Re Ltd

**5th Annual General Meeting
Zurich, Friday 22 April 2016**

Speech

Walter B. Kielholz
Chairman of the Board of Directors

Check against delivery.

Ladies and gentlemen, dear shareholders,

We have numerous votes to get through again this year, so I will keep my remarks as brief as I can.

Last year, for the second time, we used our new remuneration system, which complies with the "Minder" ordinance. We will therefore proceed today without any additional explanations on the remuneration report from the Chairman of the Compensation Committee, Bob Henrikson.

However, you will find a very detailed explanation of the philosophy and underlying principles of our remuneration system in the compensation report, which is included in the Financial Report for 2015.

Swiss Re has had a successful year and achieved a very good result. However, the environment in which we operate remains very challenging. Both economically and politically we are currently faced with great uncertainties. Last year, I noted the low-interest rate policy of the central banks in particular. Not much changed in this respect in 2015, and we continue to follow this development with great concern.

Why? The availability of cheap money means that many governments are putting off urgently needed structural reforms. This zero or negative interest rate policy causes huge disincentives. It results in dramatic market distortions with broad-based negative consequences. As reinsurers, we are long-term investors and thus affected by this. But companies in other industries, households and you yourselves, as savers, also suffer from the consequences of these policies.

At the same time, the economy is stagnating in important markets around the world. That also suppresses the demand for insurance benefits and therefore requires the adoption of appropriate measures.

In view of all this, we updated Swiss Re's strategic framework and priorities last December. Despite the challenging environment in which we operate, we also want to be successful in the short term – but without losing sight of the long-term perspective.

Let me briefly explain the four central pillars of our strategy.

First, we want to remain agile and flexible; indeed, we have to. Essentially, we create value through underwriting and asset management by investing our capital in areas where we can take advantage of price inefficiencies. In the current situation, we have to identify these price inefficiencies in risk markets even more quickly and take decisive action. Either we invest, or we withdraw our capital. Our ability to implement this strategy systematically will be critical to our future success.

As reinsurers, we certainly benefit from having significantly greater flexibility than primary insurers, who have to invest in their local infrastructure in order to be active in different markets. This limits the primary insurers' flexibility. We, on the other hand, can respond more quickly, in terms of both investment and underwriting. We will continue to take advantage of this in the future and operate with agility in the market.

This flexibility in a difficult market environment also includes taking opportunities when they present themselves. One example of this is our acquisition in 2015 of the life insurance portfolio of Guardian Financial Services, consisting of around 900,000 policies in England and Ireland.

And if we don't identify any good investment opportunities, we pay the surplus capital back to you. For this reason, we are proposing an increased dividend of CHF 4.60 per share and a new share buy-back programme of up to CHF 1 billion.

Our second strategic pillar is designed to secure our market access. Reinsurers traditionally underwrite many risks through intermediaries, in other words through primary insurers or insurance brokers. However, some of them run the risk of being disintermediated sooner rather than later – either because they are not able to adapt their business model, because new players take over their markets, or because the entire industry is revolutionised by technology.

We are convinced that traditional distribution channels should not prevent us from allocating capital efficiently in the future. What that means for Swiss Re: we must always seek to access the risks we want to underwrite as directly as possible.

A number of years ago we established Global Partnerships with this in mind. Together with governments and supranational institutions, we develop custom insurance solutions to provide cover against major risks. In the meantime, around 200 transactions have been completed at the international, national, regional and even local level. In this highly promising area, we are one step ahead of our competitors and are working successfully with the public sector. In addition, we recently established the Life Capital Business Unit. Life Capital underwrites individual and group life insurance risks and manages closed life insurance portfolios.

Now I will come to our third strategic pillar: resource allocation. We will use our resources in areas with the greatest potential and reallocate them where necessary. Take the example of emerging markets. Our premium volume in these markets has increased in the last ten years from around 8% in 2005 to well over 20%. And we expect around 50% of top-line growth and incremental capital requirements will come from emerging markets in the next ten years. In contrast to the highly saturated markets of the industrialised world, we have still great potential there. Insurance penetration is very low. Urban growth, a newly emerging middle class and complex industrial sectors will continue to support the demand for risk transfer solutions. Currently, we are investing only around 15% of our global resources in these markets. If we take into account top management, research and local offices, that percentage falls even further. This will have to change.

That brings me to our fourth and final strategic pillar. We are convinced that the strength of the Swiss Re brand and reputation lies in a very clear development of three elements of differentiation: capital strength, client relationships and knowledge. Our ability to develop solutions together with our clients and partners sets us apart from the competition. These differentiators characterise our company – in fact, I would even say they have done so ever since Swiss Re was founded over 150 years ago.

That brings me to an aspect that I refer to as "wallet, heart and brain". We are quite open about what we consider an adequate capital underpinning of our underwriting and investment activities. In other words, our wallet is well filled. This gives our clients peace of mind when

they allocate large chunks of their reinsurance business with one provider: Swiss Re. In addition, we hold more free capital at the holding company level. That generates certain short-term costs for you, our shareholders. We however are convinced that this strong capital position and the resulting financial flexibility is of great value in the longer term. It is available if necessary – to the benefit of our clients and shareholders.

Our clients are our partners, and they regularly put us at the top of the league tables as best reinsurer, in all parts of the world and nearly all lines of business. We take pride in that. We are there for our clients – with dedication, enthusiasm and expertise, today and in the future. And our clients like working with us because they can rely on us to keep our promises, and because we offer them custom solutions tailored to meet their specific requirements. This reliability and strong commitment manifest themselves in the outstanding quality of our reinsurance portfolio.

Finally, we are here to develop the body of knowledge available within the company. This allows our clients to take advantage of this knowledge at any time. In this way, we can develop better products – for them and with them – and we are able to learn from each other. We spend a significant amount in research and development, both at the product level and the portfolio level. This ultimately supports our capital allocation. It may lead to higher operating costs than we see at some of our peers; but overall it will enable us to achieve higher margins. No surprise. On the contrary, it would be astonishing if superior insight and expertise did not have a positive impact on risk underwriting and investment decision-making.

Our new strategic framework reflects our vision: "We make the world more resilient." In view of the large gaps in insurance protection in many countries, we can be optimistic about the future. We are well equipped. Our mission fills us with pride, and our work fills us with a sense of purpose – every day.

For you, our shareholders, we of course want to generate good returns. However, we also want to put financial safety nets in place, wherever it helps people, companies or even entire societies or economies to get back on their feet after a loss event. Our around 12,500 highly qualified employees around the world dedicate themselves to this goal, hour after hour. What we do directly contributes to economic growth and business development. After all, innovation in business always entails risk. By helping to manage these risks, we have been, remain and will continue to be a strong partner for our clients around the globe.

Finally, I would like to say a few words about an important change at the top of our company. I am sure you have already read it: Christian Mumenthaler, currently our CEO Reinsurance, will become our new Group CEO with effect from 1 July 2016, and Michel Liès will retire.

Michel Liès joined Swiss Re in 1978. He has worked at Swiss Re for over 35 years, the last four as Group CEO. The different stages of his career also tell the story of how Swiss Re has grown over those three and a half decades. He worked as Head of the Latin America Division and later as Head of the Europe Division. In 2005, Michel Liès became Head of Swiss Re Client Markets, where he had responsibility for our client relationships worldwide.

During his career, he has represented our corporate values tirelessly and embodied them impressively. At the same time, Michel Liès has made essential contributions to the continued success of Swiss Re: under his leadership, net income has almost doubled and we have significantly increased our capital base. And we have been able – provided you approve our dividend proposal today – to distribute over USD 12 billion of surplus capital to you, our shareholders.

On behalf of the entire Board of Directors, I would like to express heartfelt thanks to Michel Liès for his long and fruitful service at Swiss Re.

My colleagues and I on the Board of Directors are also delighted to be able to appoint Christian Mumenthaler as his highly qualified successor. We are pleased to be able to facilitate a smooth transition and to have found a candidate who brings an intimate understanding of our Group's strategy. Christian has worked for Swiss Re for 17 years and has managed our largest Business Unit since 2011, with responsibility for around 85% of the company's revenues. Not only has he managed the Property & Casualty Reinsurance business profitably; he has also been a key figure in the successful turnaround of Swiss Re's Life & Health Reinsurance business.

His nomination demonstrates both the depth of Swiss Re's talent and the importance of maintaining Swiss Re's distinctive culture. I wish him all the best in his new role.

Thank you, ladies and gentlemen, for your attention.