

Letter to shareholders

Keeping steady in challenging conditions

1.2

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

Dear shareholders,

We are pleased to report a strong net income of USD 1.2 billion for the first quarter of 2016, with contributions from all three Business Units. This performance comes amid continued market pressure and volatile financial markets – external developments that emphasise the importance of our very strong capital position and the strategic framework that drives our priorities for 2016 and beyond.

Net income for Reinsurance was USD 831 million, with Property & Casualty Reinsurance accounting for USD 587 million, a strong performance amid overall market pressure, helped by the absence of large natural catastrophes. Life & Health Reinsurance accounted for the remaining USD 244 million and delivered a solid annualised return on equity of 16.1%, above our target range. Among the highlights for the Business Unit was the co-insurance transaction with Citigroup and Primerica Life Insurance Company, which demonstrates our client access and differentiated approach.

Corporate Solutions reported net income of USD 80 million. The Business Unit has delivered on its strategy despite a softening external price environment. As the recent acquisition of US employer stop loss business IHC Risk Solutions highlights, there are attractive opportunities for growth. We continue to invest in Corporate Solutions as opportunities arise, keeping the focus on future profitability.

Life Capital, which includes Admin Re®, reports on its performance for the first time this quarter. Its net income for the first three months of 2016 was USD 321 million. The Business Unit also reported a very strong ROE of 21.2%. The result included a significant contribution from Guardian Financial Services, the acquisition of which we closed in January this year. We remain confident that Life Capital is the right vehicle to diversify our business and allocate capital to attractive and growing life and health risk pools.

Despite a challenging external environment, we maintained an attractive Property & Casualty portfolio through our April treaty renewals. Large and tailored transactions – such as that with AIG – continue to drive a growing share of our results. These are complex solutions that bring unique added value to our clients.

The fundamental underlying demand for reinsurance remains strong. Our role in absorbing risk, closing the protection gaps across all lines of business and contributing to a more resilient world is as crucial as ever.

The current environment shows even more how important it is that we remain focused on the long-term, setting ourselves apart from the market by applying a knowledge-led approach on a global scale.



Walter B. Kielholz
Chairman of the Board of Directors

Michel M. Liès
Group CEO

In a recent example, our latest *sigma* study draws key takeaways from the explosion in Tianjin, China, the largest insured loss event of 2015. The tragedy highlights the potential for accumulation risk in large transportation hubs, and we encourage clients and peers to enhance risk mapping in aggregation points and hazard zones.

To better help our clients to grow in markets and segments where a lack of risk experience and data exists, we have launched our proprietary Liability Risk Drivers model, a unique forward-looking model approach to adapt to a rapidly changing world.

We also team up with partners who can help us understand how our markets are changing. Together with mapping company HERE, we analysed the insurance implications of connected and automated cars.

Lastly, we recently updated our Financial Repression Index, the first of its kind, which shows that financial repression remains near a record high, hurting households, long-term investors and the insurance industry. As a result, less money is available for investments that support sustainable economic growth.

In these and countless other cases, we use our knowledge to benefit our clients. They are also an example of the dedication of our employees, who come up with fresh perspectives and innovative ideas, and disseminate this knowledge to make the difference. We thank them for the progress we've made this quarter.

We also would like to thank you, our shareholders, for your continued support and the confidence you place in us. In this quarter, we completed the 2015 share buy-back programme of up to CHF 1.0 billion purchase value. The Annual General Meeting (AGM) last week also approved a new share buy-back programme of up to the same value which can be exercised ahead of the 2017 AGM.

With the company on a steady course, we feel there's no better time for the Group CEO succession at the helm of Swiss Re. The new strategic framework we unveiled last year is the road map to ensure our future success.

Zurich, 29 April 2016

Walter B. Kielholz
Chairman of the Board of Directors

Christian Mumenthaler, who becomes Group CEO in July, is well equipped to continue to steer our company through these challenging times.

We are also pleased to announce that Moses Ojeisekhoba, currently Regional President and CEO Reinsurance, Asia and a member of the Group Executive Committee, will become the new CEO Reinsurance. Jayne Plunkett, currently Head Casualty Reinsurance, will succeed Moses Ojeisekhoba as Regional President and CEO Reinsurance, Asia. As part of this move Jayne Plunkett will become a member of the Group Executive Committee.

We are confident that Swiss Re will continue to shape the re/insurance industry, enabling the risk-taking our society depends on and contributing to making the world progress and thrive.

Thank you for joining us on this journey.

Michel M. Liès
Group CEO