

Swiss Re Ltd

**8th Annual General Meeting
Zurich, Wednesday, 17 April 2019**

Speech
by

Walter B. Kielholz
Chairman of the Board of Directors

Check against delivery.

Ladies and gentlemen, shareholders,

Welcome to our 2019 General Meeting. I am delighted to see so many of you here in the Hallenstadion today. Many of you are "regulars" at our general meetings. As such, you will be well aware of the fact that the voting part of the meeting can take some time. So I'll keep my comments brief. Christian Mumenthaler, our Group CEO, will then talk to you about our performance over the past year, and in particular about our financial results.

I intend to focus on three topics in my speech:

Firstly, the global political landscape. Swiss Re has direct business activities in well over 130 countries, and to the best of our knowledge an indirect presence in more or less every country around the world. So ignoring political developments is simply not an option for us – particularly as most of them have an immediate impact on what we do. It's sad to say, but recent developments around the world are still far from encouraging and mean that we need to keep our wits about us and continue analysing the situation on an ongoing basis.

Secondly, these analytical activities have delivered very specific pointers about how we should be positioning ourselves in order to be ready to take action at any time. We need a high level of flexibility and agility when it comes to allocating capital. Later in my speech I will explain how these analytical activities also provide the basis for strategic conclusions concerning our strength in terms of capital cover.

Thirdly, I'd like to spend some time today telling you about our capital management strategy and explaining the connection between investment decisions and repayment of capital to you, our valued shareholders.

To begin, a few thoughts on the global political landscape. It demands constant vigilance from all of us. The balance of global power is currently experiencing tectonic shifts. Bilateral rivalries are becoming more intense, and the US – the long-established superpower – is on the defensive, not least because of China's steady ascent in various sectors. Signs of this tension are apparent in trade and multilateralism, but also in security policy.

The recent withdrawal of the US and Russia from the 1987 Intermediate-Range Nuclear Forces Treaty signalled another worrying change in tone in the relations between these powers. Those of us old enough to remember the Cold War era cannot fail to be alarmed by this resurgence of past confrontations that we believed to be long forgotten. Is this the start of a new nuclear arms race? Sadly, there are many signs that this may be the case.

There's also uncertainty about future political and economic developments in various markets that are important to our activities.

The United Kingdom is an excellent example, as the confusion and mayhem surrounding the country's original plans for a late-March Brexit are still fresh in everyone's memories. Switzerland and the United Kingdom have now concluded bilateral agreements in several areas that are of interest to Swiss Re. These include air transport, the insurance sector and citizens' rights. A good 3 000 Swiss Re employees work at various locations around the UK, so for them this means a certain level of security and – most importantly – predictability.

Swiss Re has also been busy preparing for Brexit by applying to the UK regulatory authority for national licences for its business units that are active in the UK. Our three main goals are to ensure the continuity of insurance supervision, to protect the status of our employees based in the UK and Switzerland, and to honour current insurance policies in full – and we are confident that we'll be able to achieve these goals.

Moving on to continental Europe, we're also concerned about the situation in France and Italy. Both are core members of the EU and very important markets for us. Yet the storm clouds of crisis have been gathering over both of these countries for some time. The media has reported widely on the "gilets jaunes" protests in France. These protests might be a sign that economic and social circumstances in this country just over the border from us have worsened to the extent that large-scale cracks are appearing in the edifice of social cohesion. And even if the protests die away over time, the major structural problems that prompted them are still far from resolved.

Italy's government debt had soared to EUR 2.3 trillion by the end of 2018, that's 2 300 billion – an all-time high. Given the precarious nature of the governing coalition, this record-breaking level of public debt is a major destabilising factor in the euro zone.

At the same time, there are increasing indications that economic growth is slackening again in certain key EU Member States, with a knock-on effect for Switzerland. The European Central Bank wound down its bond-buying programme at the end of 2018. However, interest rate movements are unlikely before autumn 2019. This means that Europe continues to lack the traditional market price signal for money. The inevitable consequence of a situation where money costs nothing is a large-scale misallocation. Future impacts are almost impossible to predict with the knowledge we have today.

The situation differs in the US, where interest rates have once again become a useful price signal for money. This represents a key step towards normalising monetary policy in what is by far our largest single market. Economic momentum within the US has recently slowed somewhat. In response, the Federal Reserve has decided to slow down the normalisation of its monetary policy. Now that the House of Representatives is back in the hands of the Democrats, however, the US political landscape remains characterised by long-standing divisions. The longest ever federal government shutdown and the wrangling over funds to

build a US-Mexico border wall merely serve to highlight the country's bitter social and political divisions.

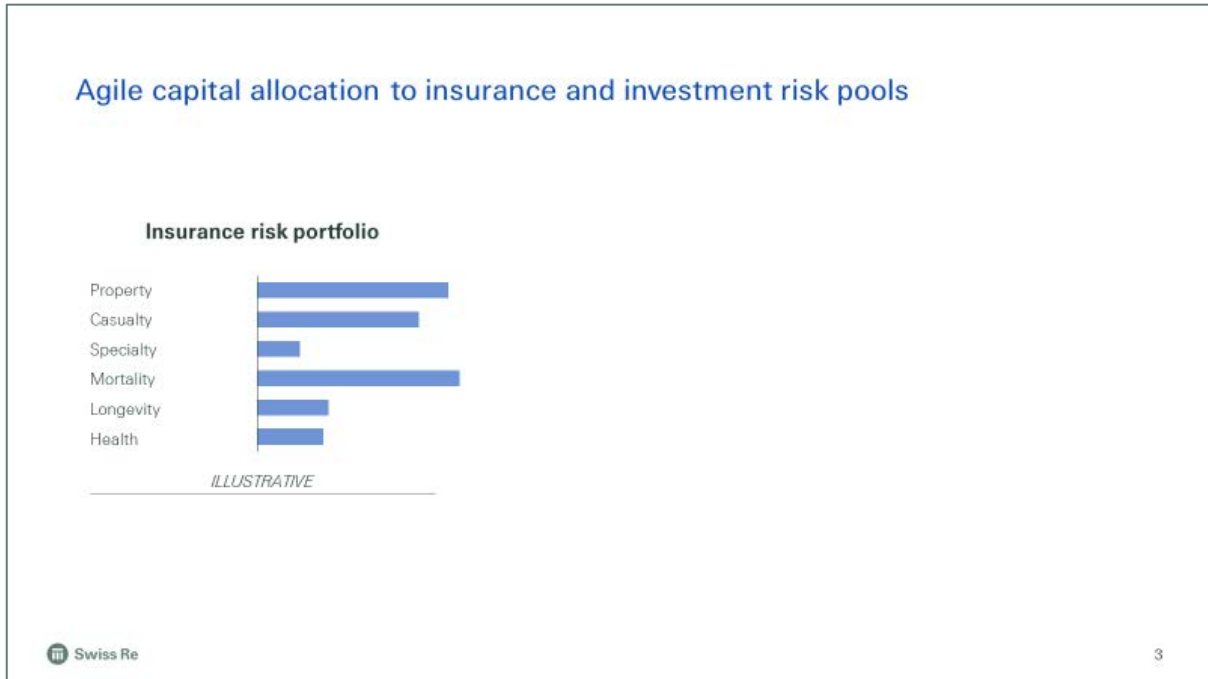
After hearing these pessimistic reports, you might be wondering whether the picture is so bleak everywhere in the world.

Fortunately it's not. From where I'm standing, the economic prospects look much healthier for the emerging markets, especially China, South-East Asia, parts of Latin America and – increasingly – certain African countries. In the long term, we anticipate these markets will account for over 50% of insurance market growth. To cite but one example: our workforce in the Asia-Pacific region has increased steadily over recent years, now numbering around 2 300 people.

The only way to respond to these profound changes around the globe is with detailed analysis, and agility. And you can rest assured that our behind-the-scenes preparations are more than adequate. We hold regular meetings with politicians and business partners in many different countries. We also receive top-quality information on an ongoing basis from our network of around 20 leading asset managers, who are responsible for the portfolio management of our risk assets. This ensures we can act in our shareholders' interests by responding quickly to geopolitical and economic developments.

It goes without saying that our analysis of these developments is carried out in a lot more depth internally than I can describe in this short speech. But how does it impact our strategic decisions at business level? What conclusions can we draw from this analysis? The answer to these questions leads me on to the second topic I want to cover today.

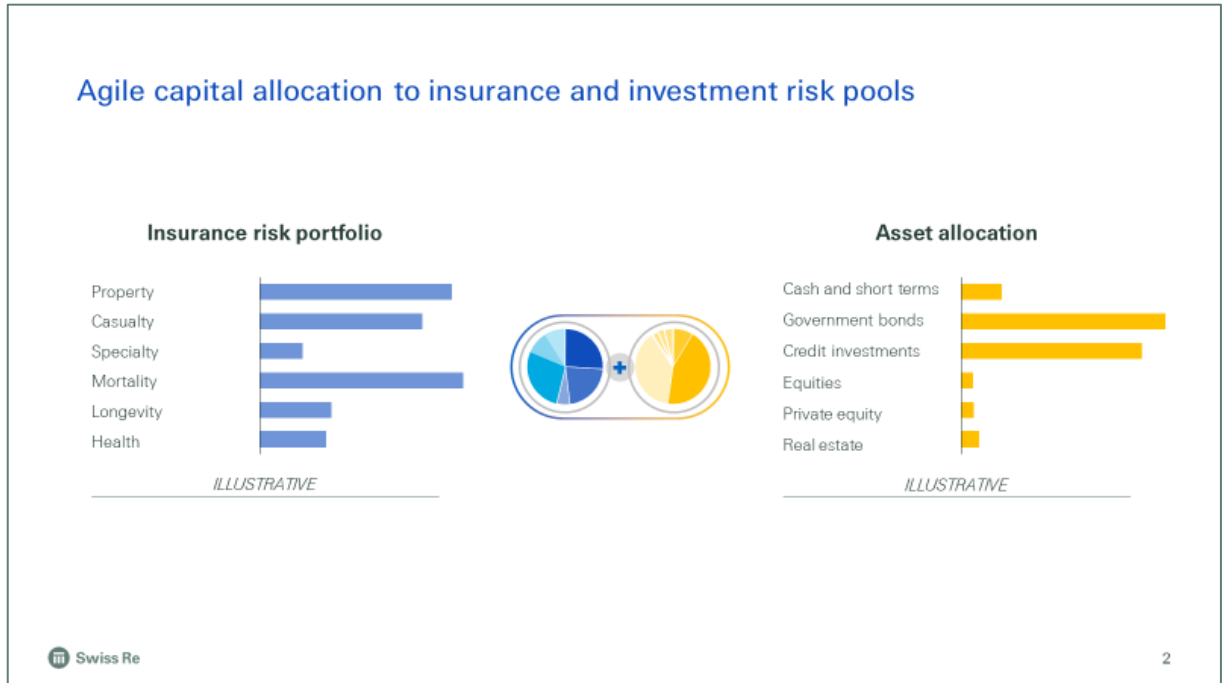
In a nutshell, our business involves allocating the capital you make available to us in order to cover risks. For the most part, the latter are insurance risks, which we divide into around 50 risk pools. We want to ensure that we're always in a position to allocate capital rapidly to the risk pools that offer the best prospects and expected returns in the current market situation. This is the bread and butter of our capital-intensive business. Risk pools of this kind gather together insurance risks within a specific category, such as North Atlantic hurricanes, car insurance in Europe, mortality risks in the US, and many more.



The illustration on the left-hand side shows capital allocations to these various insurance risks, summarised into broad categories.

We have the option of deliberately expanding any of these risk pools, either organically or through acquisitions. Conversely, we can rapidly withdraw capital from any pool for which the outlook appears poor and allocate it to another pool with better prospects. One of our advantages in this respect is that – unlike primary insurers – we don't need to maintain large sales organisations in our markets.

Swiss Re Institute plays a huge role in supporting our analytical activities. Its experts assess the future profit potential of individual risk portfolios. Information sharing with renowned business and political experts also helps us to make ongoing improvements to our capital allocation decisions.



Financial assets are another major area of capital allocation that I haven't mentioned thus far.

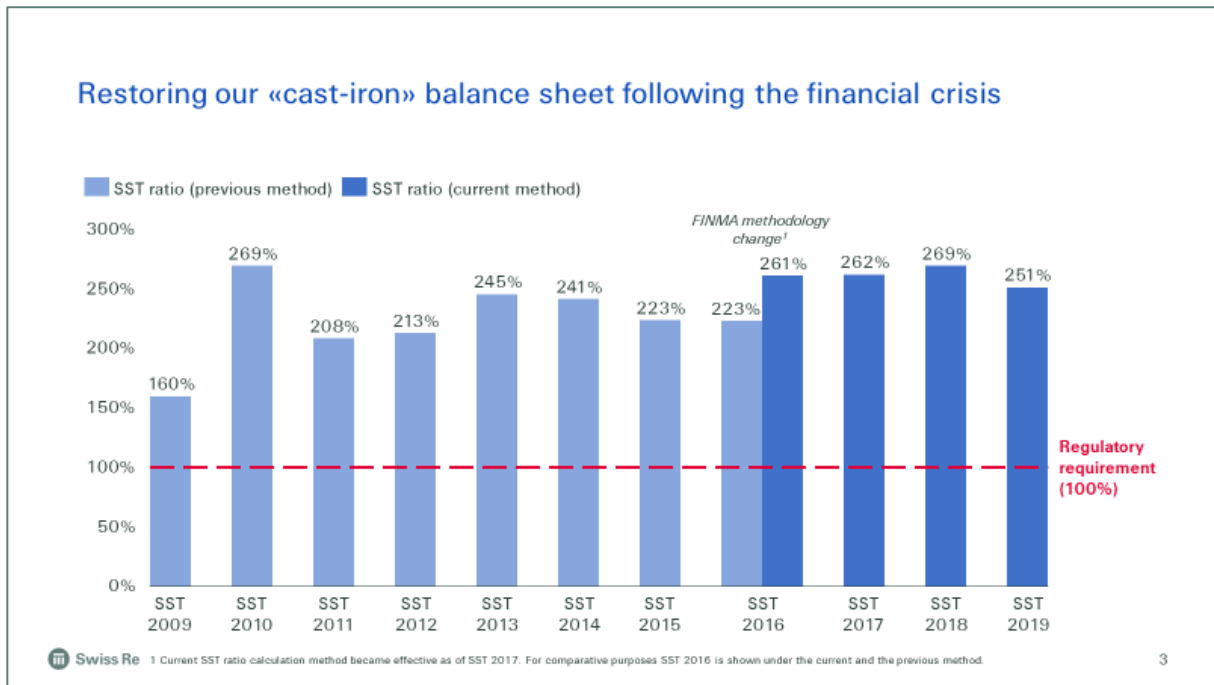
The illustration on the right-hand side provides an indication. The premiums our insurance business generates on an ongoing basis need to be invested. Our investment portfolio is currently worth around 123 billion US dollars. We must therefore allocate risk capital to cover the considerable investment risks on our balance sheet.

The amount of capital allocated in this way to cover investment risks varies according to our assessment of the market environment. If we believe that the risks on the investment markets are too high, we can achieve huge reductions in the overall risk within a very short space of time. This allows us to increase the share of highly liquid but also low-risk and low-earning financial assets, or in other words to increase or decrease the company's liquidity.

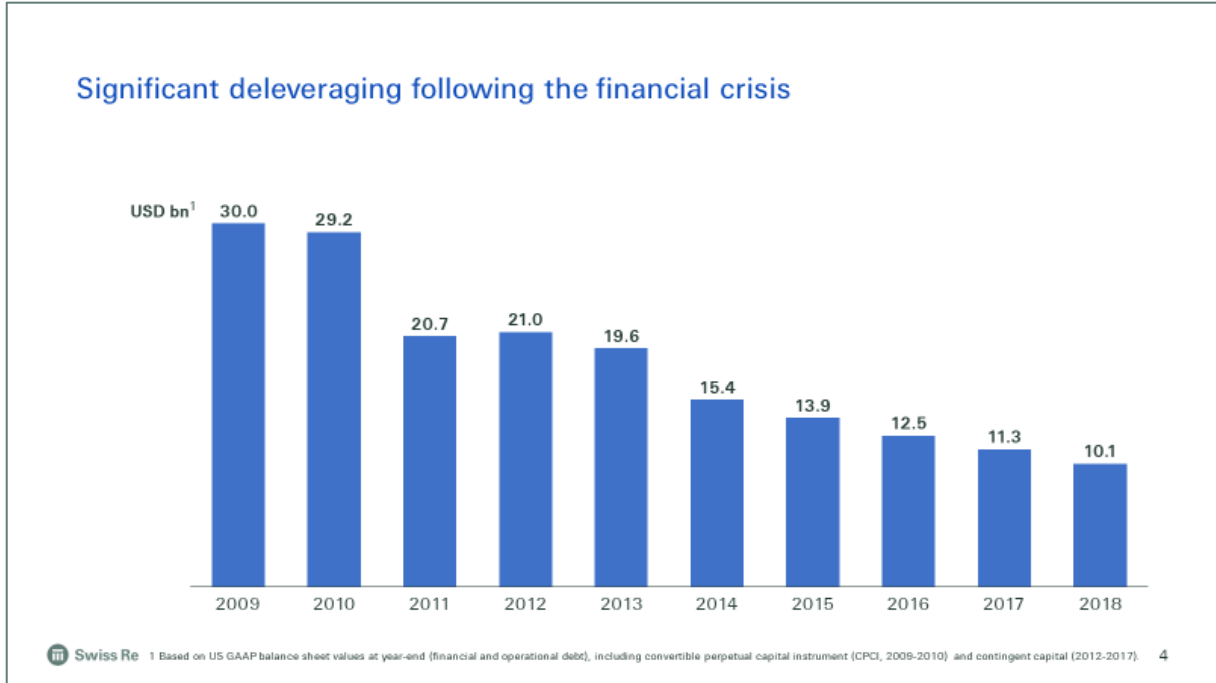
If we can't successfully allocate capital on the assets or liabilities side of our balance sheet, we return it to our shareholders.

That brings me to the third topic I wish to cover today, which can be summed up in a series of questions: What are the principles underpinning the financing of the company? How much capital is enough? How much is too much? How much equity capital do we need? How much borrowed capital do we need?

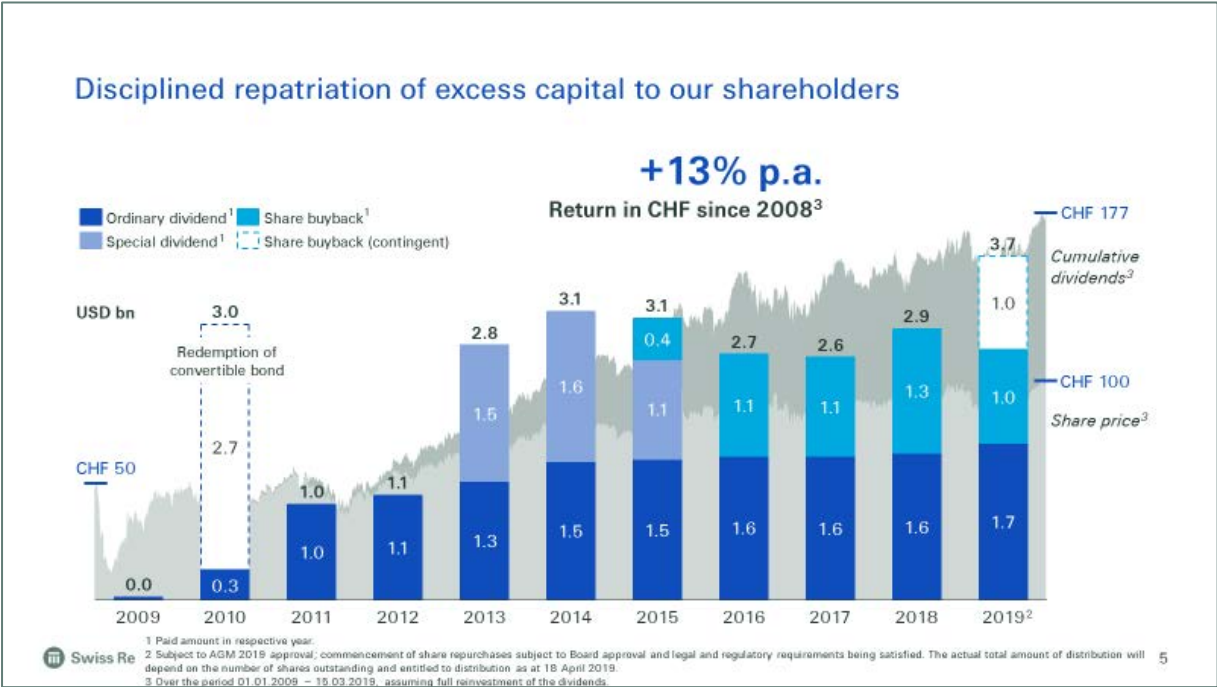
The solvency capital requirements imposed by FINMA, the Swiss supervisory authority, serve as a starting point. We also take into account the requirements of the rating agencies. When deciding what appropriate capitalisation looks like for us, we try to strike a balance between our goal of being among the world's best capitalised reinsurers, and the costs associated with very high capital coverage.



Our equity base has been well above the statutory minimum at all times in recent years. In view of today's geopolitical situation, this is a deliberate move, partly because it's what our clients want and partly because we believe that "enough capital" actually translates into "a little more capital".

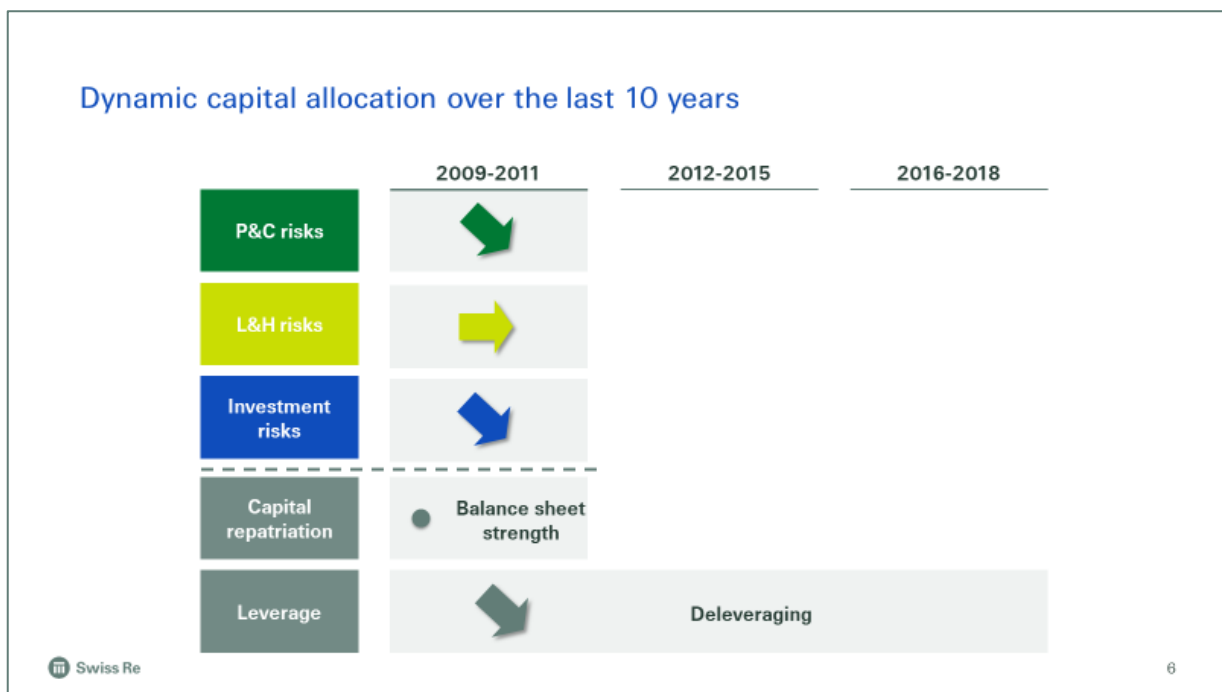


At the same time, we've greatly increased our financial flexibility by substantially reducing our borrowings. Our balance sheet showed 30 billion US dollars of borrowed capital in 2009, and now shows only ten billion.



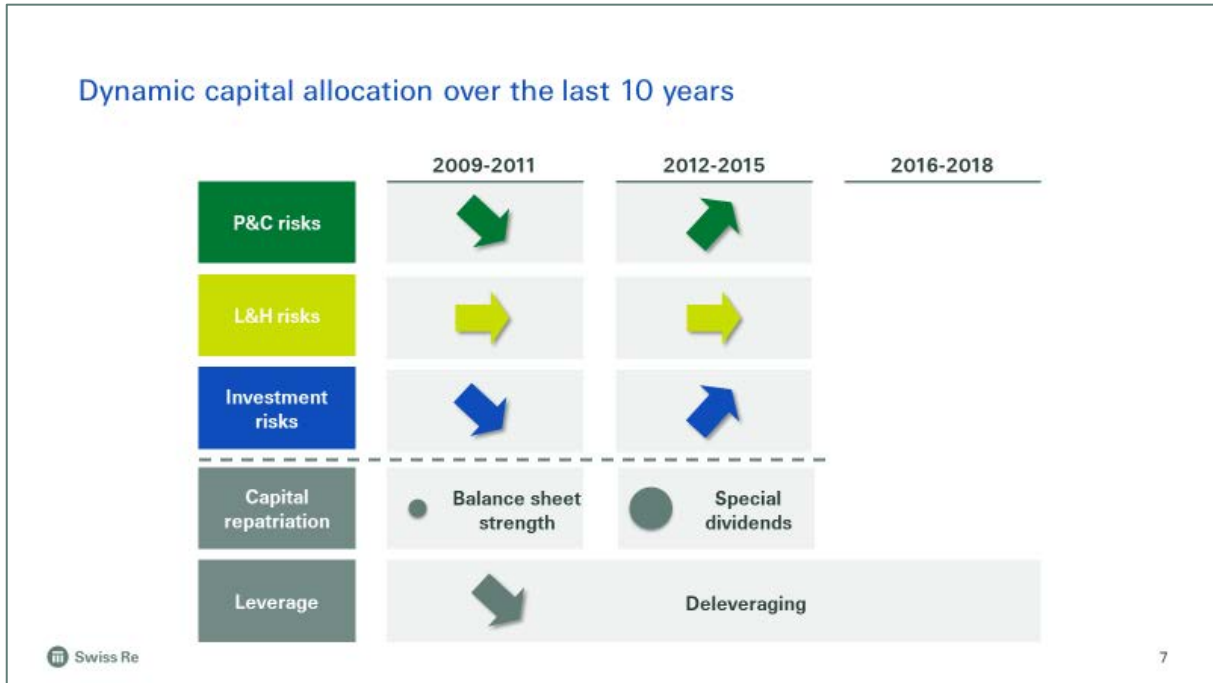
Over the past ten years, our strong capital base and low level of corporate debt have allowed us to repay a large amount of capital to shareholders. We started by paying back the convertible bond issued during the crisis. It was expensive and would have had a strongly dilutive impact on our shareholders had it been converted. This was followed by continuous increases in our dividends. We also carried out tax-free capital repayments in Switzerland. Finally, several share buyback programmes have been launched in recent years. Registered shareholders have received 19.7 billion US dollars in total. At the same time, the share price has risen from around CHF 50 to around CHF 100.

If I were to try to sum up the changes that have occurred in relation to the capital base and capital allocation over the past 10 years, it would be with the phrase "tectonic shifts".

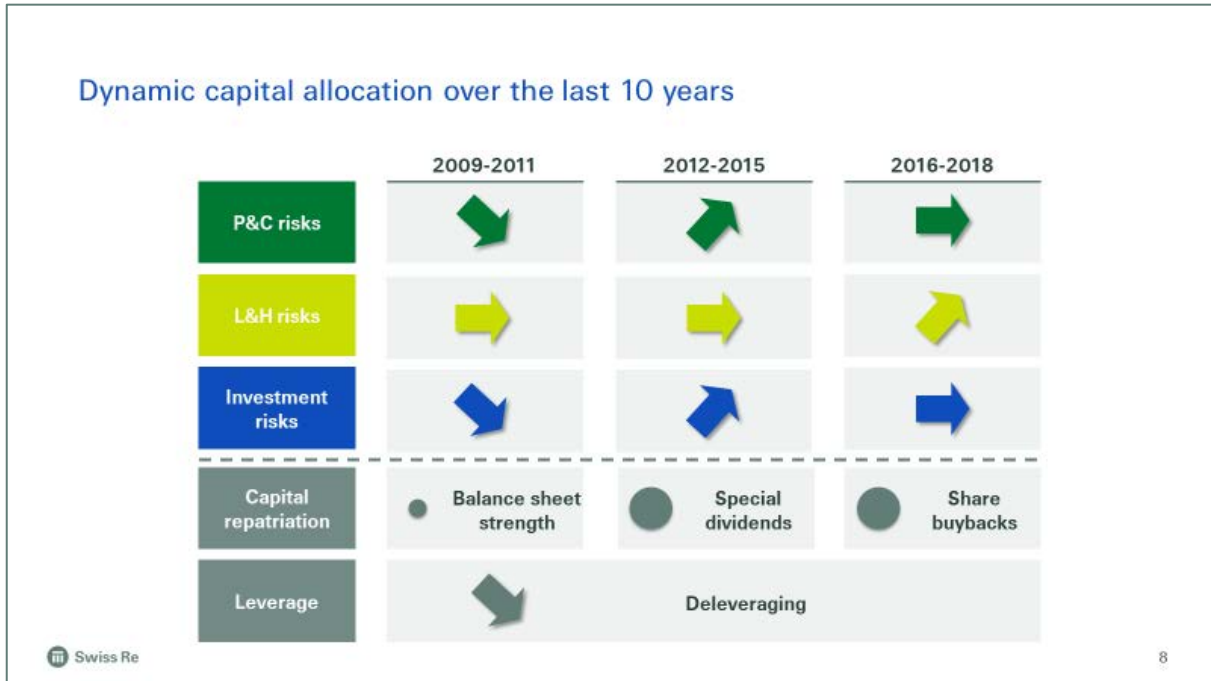


To begin with, we managed to restore our "cast-iron" balance sheet following the major financial crisis and brought our equity capital back to a conservative level. At the same time, we reduced our risks in the non-life and financial investment segments.

We also massively reduced our borrowings on and off the balance sheet in the aftermath of the financial crisis. Our liquidity was very high during this period, which was characterised by immense uncertainty.



We achieved our goal of restoring our "cast-iron" balance sheet faster than we had expected. From 2012 onwards, we switched over to a strategy of leveraging the favourable prices in the non-life segment and deploying significantly more capital there. At the same time, we became less averse to financial investment risks.



From 2016 onwards, owing to unfavourable prices, we moved away from our strategy of expanding non-life risks. In return, however, we expanded our activities in the life segment.

That's where we stand today. It remains to be seen whether certain market participants will capitulate, and our industry will enter a period of consolidation. Be that as it may – we're prepared. And we also have the patience to wait for suitable opportunities. In this context, what matters most is close alignment with our strategy, potential cost synergies and – most importantly – capital synergies.

What does this mean for you? As in the past years, we plan to return all excess capital not needed now to you, our shareholders, via dividends and via a new share buy-back programme. Today, the Board of Directors will propose another dividend increase and a new share buy-back programme. I'll return to this topic later under the agenda item "Dividend proposal".

Dear shareholders, this is all I want to say today about our strategic approach during tumultuous times. Although the situation around the globe is currently fraught with uncertainty, we are optimistic about our company's future. We're well positioned to respond quickly whenever we need to, and to achieve our strategic goals. Swiss Re has a global presence. Our clients value our strong capital base. But what makes me most

confident that we are on the right track is the experience, knowledge and innovative approach of our approximately 15 000 highly qualified colleagues.

My heartfelt thanks go to our employees for their efforts over the past financial year.

I'd like to end my speech by telling you about an upcoming change in our executive management team: On 1 July 2019, Anette Bronder will join the Group Executive Committee as Group Chief Operating Officer.

She has over 20 years of experience in operations, consulting and sales, most recently as a Member of the Board of Management at T-Systems International. Her technology expertise and operational management experience make her the ideal candidate to help shape the technological changes taking place within our industry and accelerate digitisation along our entire value chain.

That brings me to the end of my speech.

I would like to thank all shareholders present here today for their trust, support and loyalty.

As per tradition, we would now like to show you a short video; the topic this year is our parametric risk transfer solutions. Swiss Re has been a major driving force behind the development of these innovative insurance policies in recent years. This video will tell you more.

Afterwards, Christian Mumenthaler will provide a detailed overview of our results for the year.

Thank you for attending today.