

Swiss Re Ltd

**Sixth Annual General Meeting
Zurich, Friday, 21 April 2017**

Speech

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Group Chief Executive Officer

Check against delivery.

Dear ladies and gentlemen, dear shareholders. We are delighted to have the pleasure of your company today.

I have attended many annual general meetings, but this is my first as Group CEO of Swiss Re, so it's both a special moment and a privilege for me. Over the next ten minutes, I will outline what Swiss Re has achieved during the past year – for you our shareholders, for our clients, for our employees, and, last but not least, for society as a whole.

Let's start with our clients.

Using specific examples, I would like to point out to you how important the collaboration with our clients is. We work together to help people return to normality when disaster strikes. With each claims payment, we support reconstruction after a catastrophe. Put simply, that's our mandate.

Take for example the devastating forest fires that struck Canada in 2016. Remember how dramatic they were. The fires raged for several weeks in an area twice as large as the Canton of Zurich. 20 000 people had to be evacuated from their homes. But it was also a difficult time for primary insurers, our clients. While the fires continued burning, it was very difficult for them to estimate the extent of the claims, as it simply was not possible to access the area. Nonetheless, we cooperated closely and at a very early stage with our clients to authorise payments. This, in turn, enabled our clients to quickly come to the assistance of the families and companies affected.

This is one of many examples of how we bring our vision to life – day in, day out: we make the world more resilient. Of course, helping prevent catastrophes makes even more sense. Let me give you an example of how we are doing this. In 2015, we set up an index-based insurance programme with the Kenyan government to protect 14 000 livestock farmers in the north of Kenya from the devastating consequences of extreme drought. This enabled the prevention of a catastrophe last year, when a serious drought occurred.

"How?" you ask. The concept is an exciting one: Satellite images show the condition of the meadows by recording the colour of the ground. If it is green, everything is fine. Yellow or red, on the other hand, suggest extreme aridity. A payment is made as soon as a predefined threshold is reached. There is no need for local claims experts nor drawn-out enquiries, making it particularly good value and therefore affordable for Kenyan farmers. Payments are sent straight to the farmers' mobile phones – so it's fast and simple. Farmers are able to buy foodstuffs and medicines and save their livestock from dying from drought.

These are impressive examples of how we can help - innovative solutions that would not be possible without the commitment and imagination of our employees. I'm sure you would like to join me in thanking them. After all, Swiss Re's success is down to them. Thank you dear colleagues.

It is indeed a privilege to work with around 14 000 colleagues who are so committed, loyal and competent. I have been with the company for 17 years now, and am impressed every single day by the inspiring working environment. Many of you here have also worked for Swiss Re at some point or still do. Even in such a crowd, I recognise a few faces. I'm delighted that you've come today.

You know that Swiss Re is a good, established employer in Switzerland and worldwide. We see this commitment not only in our offices and from our successes, but also in our annual employee survey. Satisfaction is very high. In 2016, the renowned consulting firm Aon named us as the best employer – in nine countries. That motivates us!

This is important because we are competing with other companies to attract the most talented employees. There isn't an endless supply of such employees, which is why we try to be innovative in this area and invest in training, flexible working-time models and modern workplace concepts. You just saw it in the video we showed. In 2016, our employees spent more than 200 000 hours in training, learning new things and developing themselves. The Group EC and I are convinced that investing in our people – our most important resource – pays off.

Dear shareholders, Swiss Re belongs to you. It is you we work for every day, striving to give our best. This brings me to the 2016 results. Swiss Re Ltd, the holding company, made a profit of just under CHF 4 billion in the last financial year.

Our Chairman, Walter Kielholz, has already mentioned today that the business environment has been challenging and remains so: In 2016, we saw interest rates at record lows, political uncertainty, low economic growth, ongoing price pressure and an increase in claims. In such an environment, it is extremely important to focus on quality rather than quantity.

Sound underwriting and a good investment result made a significant contribution to the group profit of USD 3.6 billion, which amounts to USD 10.55 per share. Equity increased by USD 7 billion to USD 34.5 billion, and the return on equity of 10.6% exceeded our financial target. All business areas contributed to the good result. Let me just add something about solvency: the Group's Swiss Solvency Test ratio lies, after FINMA's changes, well above Swiss Re's adjusted risk tolerance threshold of 220%.

Turning now to the various Business Units: despite volatile financial markets and low interest rates, Asset Management generated net investment income of USD 3.7 billion and an annualised return on investment of 3.4% – an excellent performance!

In the P&C reinsurance business, we earned USD 2.1 billion and achieved a return on equity of 16.4%: We achieved this despite price pressure and increased claims payments as a result of the aforementioned forest fires in Canada, the earthquake in New Zealand and Hurricane Matthew in the US.

While the profit from our Life & Health reinsurance business decreased to USD 807 million due to the weaker performance of the British life and health insurance portfolios, the

Business Unit is now producing the expected return on equity of 10 to 12% for the second year in a row following a prolonged lean period. We actually exceeded our target in both years, which is something I am particularly pleased about.

Our new Business Unit, Life Capital, is also successful. It completed its first year with a strong increase in premiums to almost USD 1.2 billion and a profit of USD 638 million. Return on equity was an impressive 10.4%. Life Capital focuses on personal life insurance lines. Its activities are all aimed at giving us access to this very promising risk pool. As you can imagine, many things had to be set up and organised during this first year. Among other things, we successfully concluded the integration of Guardian Financial Services.

Our primary insurance company Corporate Solutions did not do quite so well. Although our premium income increased to USD 3.5 billion, we generated a smaller profit of USD 135 million and achieved a return on equity of 6%. Corporate Solutions faced significant claims in 2016. Nonetheless, I would not call 2016 a bad year for Corporate Solutions: We put key strategic groundwork in place for the future. For instance, we acquired IHC Risk Solutions in the USA, a supplier of insurance policies for employees. In the key Brazilian market, we also concluded a joint venture with Bradesco Seguros – an insurance conglomerate. This is a particularly promising because Bradesco will distribute our products via its branch network over the next 20 years.

That brings me to the end of my summary of the 2016 results. Thanks to our immense know-how, our sound capital base and our excellent client relationships, we are at the top of our game. However, ladies and gentlemen, there is still much to do to close the enormous protection gap. What do I mean?

It is often hard to imagine the degree to which people are still underinsured in many countries. Not only in significantly poorer countries, but even our southern neighbour, Italy. In recent months, Italy has been struck several times by devastating earthquakes. The photos of collapsed houses were distressing. I'm sure you will recall. What makes the catastrophe even worse is the fact that only around 1% – one solitary percent – of buildings are insured against earthquakes. In other words, 99% are not, which means that reconstruction becomes the responsibility of the community and is massively delayed. We're involved here too, and are attempting to show government representatives how to reduce this protection gap.

Ladies and gentlemen, I have now come to the end of my speech. Rest assured, that despite the turbulent times, we will keep your Swiss Re on course, optimise its potential and fulfil our mandate. We want to make the world more resilient, while creating added value for you our dear shareholders.

Thank you for entrusting your company to us – to all my colleagues, and me, personally, as your new Group CEO.

Have a good day.