

# Letter to shareholders

## Very strong results for the first nine months of 2015

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# 3.7

**Group net income** (USD billions)  
For the first nine months of 2015

### Dear shareholders,

We are pleased to share our very strong results for the first nine months of 2015. Our net income was USD 3.7 billion, or 12% higher than in the same period of 2014. The return on equity for the nine-month period, on an annualised basis, was 14.5%. We also achieved a strong 3.8% Group return on investments (annualised) despite turbulent markets.

We were impacted by the August explosion in Tianjin. Our sympathies go out to all those affected, especially to the families of those whose lives were lost. We are optimistic that the event will lead to better risk assessment in the Chinese petrochemical industry — an effort to which Swiss Re can offer specific expertise and technology.

Property & Casualty Reinsurance accounts for nearly two-thirds of our reported net income. Strong underwriting reflecting the good quality of our portfolio, a benign natural catastrophe environment and — most importantly — a solid client franchise are the foundation of this strong performance. Deep and long-standing relationships are a Swiss Re strength across all our businesses and activities.

Net income for Life & Health Reinsurance bounced back strongly compared to the 2014 period, thanks to a strong operating performance. The segment also remains well on track to meet the 10%–12% return on equity

target we set for it this year. Adjusting for the terms we set for this target, return on equity was an annualised 12.6% (or 17% without those adjustments). The Life & Health segment is clearly on the right track.

Corporate Solutions also delivered a good performance for the nine months, with net income of USD 324 million. Despite tough market conditions in corporate insurance, the Business Unit continues to invest in growth while simultaneously delivering continued stable performance, with the combined ratio nearly unchanged at 91.9% for the nine-month period.

Admin Re<sup>®</sup> announced in September that it agreed to acquire Guardian Financial Services and its 900 000 policies for GBP 1.6 billion. This is a great achievement for both Admin Re<sup>®</sup> and for our Group. For Admin Re<sup>®</sup>, the acquisition represents a clear demonstration of progress toward its goal of becoming a leading closed life book consolidator in the UK. It's also an achievement for our Group, as we are finding opportunities to successfully deploy excess capital on terms that we believe will deliver good returns.

We can also send excess capital back to you directly, and that's exactly what we plan to do through the share buy-back programme, expected to launch in mid-November after receiving formal regulatory approval. We look forward to sharing a full report with you as part of our 2015 results.



**Walter B. Kielholz**  
Chairman of the Board of Directors

**Michel M. Liès**  
Group CEO

### Increasing resilience

These are turbulent times and we're dealing with significant uncertainty surrounding everything from equity markets to climate change. For our company, the best approach is to focus on the things we can control. That begins with underwriting but includes other core functions such as investments, where we apply a disciplined asset-liability matching approach. It also means investing in research and generating new understandings of the risks we face.

It is at least equally important to share the knowledge we already possess. Events like the earthquake in Nepal earlier this year are all the more tragic because so much of the damage is preventable, including loss of life — but for one reason or another the standards of resilience vary greatly around the world. Much of the innovation taking place at Swiss Re is aimed at bringing all of society up to the highest sustainable standard. In that spirit we were pleased to announce our recent memorandum of cooperation with China's Heilongjiang Province. This cooperation will provide insurance where it hadn't existed before. It will protect farmers against weather-related

impacts and prefecture budgets against natural disaster shocks. We're conscious to look at it as a pilot and a model of how public-private partnerships can work in many parts of the world. Such work is recognised by RobecoSAM and the Dow Jones Sustainability Indices, which again named us the insurance sector leader in sustainability for 2015. We're grateful and pleased by the recognition. We were also pleased to have Standard & Poor's join us in raising awareness by publishing a report on the importance of natural catastrophe preparedness for sovereign debt sustainability ratings, and for pointing to re/insurance as a means to enhance that preparedness. We couldn't agree with them more.

We thank Swiss Re's employees for making these results possible and for keeping us on track to meet our 2011–2015 financial targets. Their hard work and dedication to enhancing society's resilience is both an inspiration and a source of sustainability for Swiss Re going forward.

To continue developing and capturing our growth opportunities, and following the announcement of

the planned acquisition of Guardian Financial Services, we are also pleased to announce that we will combine all areas that manage life insurance books, including Admin Re®, in a Business Unit that will be called Swiss Re Life Capital, effective 1 January 2016. Thierry Léger, who has been with Swiss Re for 18 years, has agreed to become its CEO, a role that will sit at the Group Executive Committee in line with its importance to the Group.

As part of our continued aim to further diversify and renew the composition of our Board of Directors, we will propose Sir Paul Tucker as a new member for election at the Annual General Meeting on 22 April 2016. His 33-year long career with the Bank of England is an impressive testimony to his knowledge of financial markets and in particular in the area of financial stability — bringing invaluable experience and knowledge to our Board.

We look forward to sharing an update on our strategy and targets, including more on Swiss Re Life Capital, at the December Investors' Day. In the meantime, we thank you for your continued support.

Zurich, 29 October 2015

**Walter B. Kielholz**  
Chairman of the Board of Directors

**Michel M. Liès**  
Group CEO