

Letter to shareholders

Adding to a long track record of good underwriting and investment results

2.3

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

Dear shareholders,

Two quarters remain until we reach the end of our 2011–2015 financial target period. Over that time we have focused on delivering shareholder value in terms of our return on equity, earnings per share and economic net worth per share. Vast changes have taken place in our industry, the global economy and the world since announcing our Group targets for that period in 2011. For that reason we are especially pleased to report that we remain on track to meet all three targets, with a Group net income of USD 2.3 billion for the first half of 2015.

Property & Casualty Reinsurance accounted for USD 1.3 billion of that amount. Solid underwriting, supported by benign natural catastrophe experience, led to a combined ratio for the segment of 88.7%.

Our Life & Health Reinsurance segment made a contribution to net income of USD 495 million. The annualised return on equity for Life & Health was 16.6%, keeping above its 2015 target of 10%–12%.

Corporate Solutions delivered a net income of USD 239 million. The Business Unit continues to generate profitable growth despite increasingly challenging market conditions. Its combined ratio was 92.4%.

Admin Re[®] reported net income of USD 249 million. The Business Unit generated gross cash of USD 139 million and paid a dividend to the Group of USD 401 million in the second quarter of 2015.

All three Business Units are supported by our asset management team, who performed well yet again despite extremely challenging conditions. That success continued with another strong Group return on investments (annualised) for the year to date of 4.0%.

Beginning in 2016 we will start working toward the new targets we shared with you this past February. In summary, we will continue to focus on profitability and economic growth using return on equity and economic net worth per share as our key measures. We will go into further detail on those targets, and the strategy to meet them, at our Investors' Day taking place on 8 December 2015 in Rüschiikon.

We remain optimistic about the long term because we believe we are well-positioned. Indeed, the recent consolidation in our industry suggests that the market is broadly convinced of the benefits of size, reach and diversification. As a global player with deep client relationships and a diversified offering, Swiss Re is in fact in a very solid position.

That is not to say we are content with the status quo, or complacent about the changes in our industry. We will continue to pursue opportunities to shift capital and talent to high growth markets. We will seek to enlarge our client base to increase our access to risk pools and take full advantage of our differentiated position to generate value for both clients and you, our shareholders. The July renewals give evidence that our clients appreciate that approach.



Walter B. Kielholz
Chairman of the Board of Directors

Michel M. Liès
Group CEO

They recognise our unique strengths, allowing us to help them meet their strategic objectives on terms that make sense for them as well as for Swiss Re.

Even more fundamentally, we take confidence from the fact that demand for reinsurance services is vast and growing. Ever greater shares of the world's population and wealth are at risk from disasters and catastrophes. The inexorable trend of longer lives occurs in the context of a growing risk of pandemic illness. Recent transactions such as the risk transfer programme supporting the Florida Hurricane Disaster Fund show that one way to expand the reach of re/insurance is to think broadly about who our potential clients are.

Our employees are making the difference in this effort. We aim to lead in under-served markets like China and Brazil, and our employees are the true ambassadors of that vision. Swiss Re employees are instrumental in raising awareness of challenges as well as opportunities in our industry such as financial repression, cyber-risk management and closing the protection gap.

We thank them for this work. We also thank you, our shareholders, for your continued trust and support.

Zurich, 30 July 2015

Handwritten signature of Walter B. Kielholz in blue ink.

Walter B. Kielholz
Chairman of the Board of Directors

Handwritten signature of Michel M. Liès in blue ink.

Michel M. Liès
Group CEO