

# Letter to shareholders

## A very strong quarter for Swiss Re

### Dear shareholders

We are proud to present to you the results of our excellent performance over the first quarter of 2013: the Group delivered a very strong net income of USD 1.4 billion, or 21% higher than in the same period of 2012. This is a great start to our 150th anniversary year and an impressive step toward reaching all three of our 2011–2015 financial targets. Achieving these targets remains our top priority.

This result was led by the Property & Casualty Reinsurance segment, where net income was USD 1.0 billion – 53% higher than in the first quarter of 2012. This excellent performance – as well as the combined ratio of 69.7% – is backed by the very strong quality of our underwriting and positive claims development from business written in prior years. A benign natural catastrophe experience in the quarter helped as well. Successful April renewals, mostly in Asia, provide clear evidence of our ability to earn and maintain our clients' trust.

The Life & Health Reinsurance segment contributed net income of USD 222 million. That is about the same as in the first quarter of 2012. There is work to be done to strengthen the profitability of this segment, and we are finalising our plans to do so. We will announce these plans at our Investors' Day in June.

Corporate Solutions also delivered a very strong performance, with net income of USD 101 million, or 20.2% higher than in the first quarter of 2012. Our combined ratio here was 87.6%. Such results make clear that Corporate Solutions has taken its place as one of the drivers of growth for the Group.

Admin Re<sup>®</sup> delivered net income of USD 78 million. This confirms that, after the sale of its US business in the third quarter of 2012, we now have a stronger in-force business with enhanced gross cash generation capacity. Through Admin Re<sup>®</sup>, we can deliver capital up to the Group in order to deploy it to opportunities that meet our profitability requirements or pay it out as dividends to our shareholders. We are actively seeking opportunities in the UK and Continental Europe where we can generate even more value from Admin Re<sup>®</sup>'s strengths. This may include Admin Re<sup>®</sup> seeking third-party capital.

While our results look very good, we must bear in mind that the environment in which we operate and compete remains challenging.

The global economic outlook is still subdued overall. We expect growth in the United States to continue, albeit at current low levels. Risks in Europe have decreased, but the region appears likely to remain in recession this year. The bulk of world economic growth is expected to come from emerging markets, notably China.

We expect weak growth and low interest rates to continue for at least another year, which will restrain growth in our industry. Low interest rates inflate the value of re/insurers' assets, while weak growth diminishes demand for insurance. These factors may lead to subdued price increases – increases which we believe are necessary to provide a firm foundation for our industry in the long term.



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

**Michel M. Liès**  
Group CEO

1.4

**Group net income**  
USD billions

For life and health re/insurance the situation is more pressing. Primary life insurers are shifting away from savings products and into protection products. We expect traditional life reinsurance premiums to remain broadly flat in real terms.

Because a significant part of global economic growth – short-term as well as long-term – will take place outside our traditional markets in the US and Europe, we want to focus on high growth markets in Asia, Africa and Latin America. In countries where there is broad and sustained economic growth, demand for insurance is sure to follow. We witnessed this in Taiwan and South Korea two decades ago. We are devoting significant resources to these

markets, especially in the targeted lines where we see compelling opportunities, such as health and property in the Reinsurance Business Unit and special lines and agriculture in our direct business.

We are very grateful for your support and hope that these results have reinforced your confidence in Swiss Re. All credit goes to the more than 11 000 employees whose hard work lies behind this excellent performance. Their spirit and professionalism is the source of value creation for both our clients and shareholders alike.

Zurich, 2 May 2013

Handwritten signature of Walter B. Kielholz in black ink.

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

Handwritten signature of Michel M. Liès in black ink.

**Michel M. Liès**  
Group CEO