

Letter to shareholders

Continuing our steady progress toward the 2011–2015 financial targets

1.4

Group net income (USD billions)
First three months of 2015

Dear shareholders,

We are pleased to report a strong net income of USD 1.4 billion for the first quarter of 2015. All Business Units contributed to the performance of the Group.

In Property & Casualty Reinsurance we earned a very strong net income of USD 808 million in the first three months of the year. Our robust underwriting was supported by a benign natural catastrophe environment and favourable prior-year development, leading to a continued low combined ratio of 84.4%. Property & Casualty remains the main driver of our strong Group performance.

Our Life & Health Reinsurance segment contributed net income of USD 277 million and return on equity was 17.2%, driven by realised gains and foreign exchange re-measurement. Excluding such items and using the equity capital of USD 5.5 billion that we announced as the basis for our 2015 target at the June 2013 Investors' Day, the return on equity of the segment is within the target of 10%–12%. After addressing the underperforming areas last year, this first quarter's performance is good evidence that our strategy for the segment is on track.

Corporate Solutions delivered net income of USD 167 million and a combined ratio of 87.8%. The Business Unit continues to make good progress on its promise of profitable growth – all the more impressive given the generally softening market for commercial insurance. We look forward to further progress in Corporate Solutions' high

growth market strategy with the opening of a South African office, planned for the second quarter of this year.

Admin Re[®] reported net income of USD 206 million and gross cash generation of USD 52 million. After a demanding 2014 in which Admin Re[®] continued its exit of the US market and laid the foundation for further acquisitions in the UK, the Business Unit is now well-positioned to deliver on its ambitious dividend and gross cash generation objectives.

Our asset management team continues to successfully navigate the challenges of low interest rates, turbulent markets and heightened uncertainty. Thanks to their hard work we achieved another strong Group return on investments (annualised) for the quarter of 3.9% – even higher than in the first quarter of 2014.

Please bear in mind that our reporting currency, the US dollar, has had a strong influence on these results. While premiums earned and fee income of USD 7.6 billion are in line with the first quarter of 2014, for example, they would be 7% higher in constant currency. This is just one example of the turbulence in our business environment.

Low interest rates present a more fundamental issue for our businesses. Obviously no one knows when this may change, but it is clear that the experiment of central banks has been costly. We attempted to quantify the costs – including a cost to US savers alone of roughly USD 470 billion – in our recent study on financial repression, which you can find on our website.



Walter B. Kielholz
Chairman of the Board of Directors

Michel M. Liès
Group CEO

Our gratitude for this strong first quarter goes – once more – to our employees and their dedication to outperform, especially through disciplined and expert underwriting. Our approach of underwriting based on economic value steering has been a key factor in our success. And we fully expect it to continue. Our clients continue to put their trust in this strength, as evidenced by successful April renewals.

We also thank our employees for continuing to spot opportunities amidst uncertainty. New risks such as cybersecurity need re/insurance solutions. And so do the high growth markets identified by Reinsurance and Corporate Solutions. Our capital strength is the foundation for our leadership in these new risks and markets, as demonstrated by the Group Swiss Solvency Test ratio of 223% as reported in our April submission to FINMA, our regulatory group supervisor.

Moving to personnel news, we are happy to welcome Trevor Manuel and Philip K. Ryan to Swiss Re's Board of Directors. Trevor was a minister in the South African government for more than 20 years, 13 of which he served as Finance Minister. As a South African native, Trevor's first-hand knowledge about the opportunities and challenges in the African high growth markets will be an important differentiator as we push for greater insurance penetration in these markets. Philip has been Chairman of the Swiss Re America Holding Corporation Board since 2012 and has a thorough understanding of the company's business in its largest region in terms of premium income, the Americas. Philip's in-depth financial markets and insurance expertise, combined with his knowledge about Swiss Re, will help to ensure continued success in the mature and growing markets of the Americas.

Last but not least we thank you, our shareholders, for your loyalty and trust, again most recently at the Annual General Meeting. With your endorsement we will conduct the public share buy-back programme as proposed there. As explained, we aim to return capital to you when excess capital is available and other business opportunities do not meet our hurdle rates. With your support we are confident that we can continue shaping the future of the wholesale re/insurance industry.

Zurich, 30 April 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