

# First quarter 2014 results

Analyst and investor presentation  
Zurich, 7 May 2014

## Today's agenda

- Introduction Michel M. Liès, Group CEO
- Business performance David Cole, Group CFO
- April renewals and financial targets Michel M. Liès, Group CEO

# Business performance

David Cole, Group CFO

# Q1 2014 Financial highlights

## Strong Group performance

- **Group net income USD 1.2bn**
  - Return on equity 14.9%, earnings per share USD 3.58 (CHF 3.20)
  - Strong investment performance, return on investments 3.7%
- **Reinsurance net income USD 1.1bn**
  - Strong underwriting performance in P&C continues
  - Good L&H operating margin, net income impacted by net realised losses
- **Corporate Solutions grows profitably, net premiums earned +35.4%**
- **Admin Re<sup>®</sup> with exceptional gross cash generation USD 202m**
- **Book value per common share USD 99.13 (CHF 87.56)**
  - Swiss Re Group SST ratio 241%<sup>1</sup>

<sup>1</sup> SST 1/2014 as filed with FINMA at the end of April 2014, consolidated Group view

# Key figures Q1 2014

USD m, unless otherwise stated	P&C Re	L&H Re	Corporate Solutions	Admin Re®	Group items	Total Q1 2014	Total Q1 2013
• Premiums earned and fee income	3 813	2 672	830	236	-	7 551	6 782
• Net income/loss	1 003	51	80	48	44	1 226	1 380
• Return on investments <sup>1</sup>	3.6%	2.8%	3.7%	4.9%	3.3%	3.7%	3.4%
• Return on equity	29.8%	3.6%	12.0%	3.2%	3.5%	14.9%	16.6%
• Combined ratio	78.8%	-	95.2%	-	-		
• Operating margin	-	9.6%	-	-	-		
• Earnings per share	(USD)					3.58	4.02
	(CHF)					3.20	3.72
						<b>Total Q1 2014</b>	<b>Total FY 2013</b>
• Common shareholders' equity <sup>2</sup>	14 064	5 951	2 567	6 148	5 233	33 919	31 850
<i>of which unrealised gains</i>	624	713	101	951	58	2 447	1 616
• Book value per common share	(USD)					99.13	93.08
	(CHF)					87.56	82.76

<sup>1</sup> Return on investments calculation for 2014 excludes foreign exchange related net realised gains/losses and collateral balances

<sup>2</sup> Excluding contingent capital instruments (USD 1 102m, of which USD 352m in P&C Re, USD 750m in L&H Re); basis for ROE and BVPS calculations

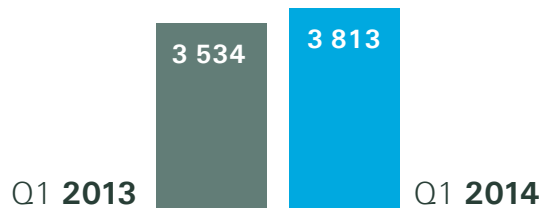
# P&C Reinsurance

## Robust underwriting and increased investment result

### Net premiums earned

USD m

+7.9%

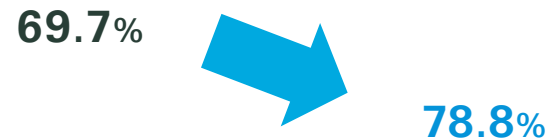


- Increase in premiums earned mainly driven by the expiry of a quota share agreement in 2012 and large Asian transactions written at the end of 2013, partially offset by the non-renewal of a large European deal
- Gross premiums written decreased by 0.9%

### Combined ratio

%

+9.1%pts



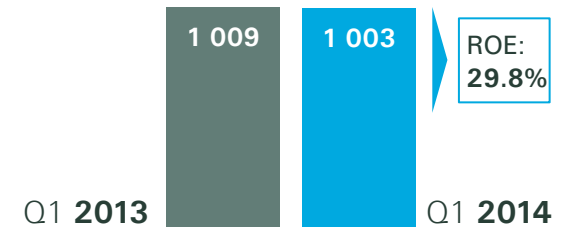
Q1 2013 Q1 2014

- Net impact from large nat cats in Q1 2014 was 0.9%pts (8.9%pts below expected)
- Q1 2014 benefited by 5.7%pts from prior year net reserve releases; Q1 2013: 8.2%pts
- Adjusting for expected nat cats and reserve development, CR is 93.4%

### Net income

USD m

-0.6%



Q1 2013 Q1 2014

- Both periods benefited from a benign nat cat season
- Continued reserve releases, but at a lower level than in Q1 2013
- Return on investments 3.6% driven by realised gains from the active management of the listed equity portfolio

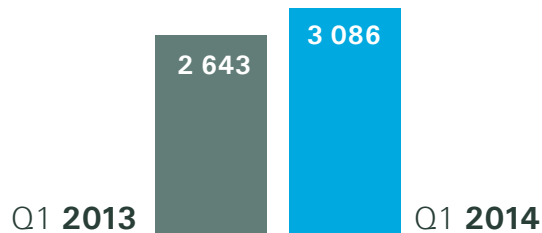
# L&H Reinsurance

## Strong new business growth, good operating margin

### Operating revenues

USD m

+16.8%

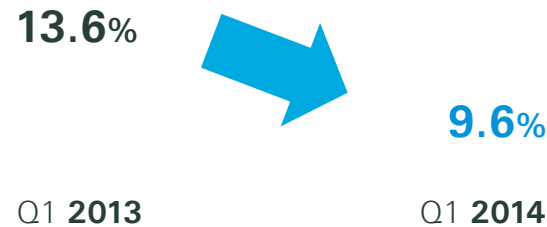


- Premiums earned and fee income increased by 15.5%
- Increase driven by recaptured Life business, Health business in Asia, and a large longevity transaction in the UK
- Higher investment result due to asset re-balancing in 2013. Running yield 3.8%; Q1 2013: 3.2%

### Operating margin<sup>1</sup>

%

-4.0%pts

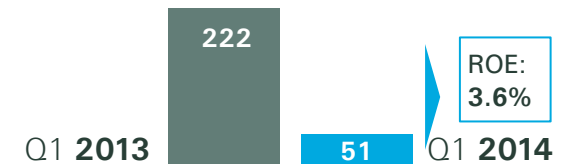


- Operating margin of 9.6% demonstrates improvement in the underlying business
- Excluding YRT recapture, operating margin for both periods is stable
- Mortality and morbidity experience was better than expected, particularly in the US and Canada

### Net income

USD m

-77.0%



- Net realised losses of USD 100m largely due to a non-economic loss on an interest rate hedge; net realised gains in Q1 2013 were USD 111m
- Positive impact from higher investment income and lower interest charges following 2013 capital structure optimisation

<sup>1</sup> Operating margin is calculated as operating income divided by total operating revenues

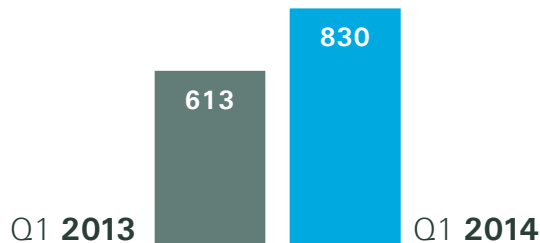
# Corporate Solutions

## Profitable organic growth continues

### Net premiums earned

USD m

+35.4%

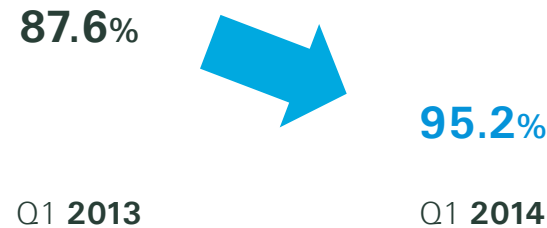


- Increase in net premiums earned mainly driven by successful organic growth across most lines of business and expiry of a quota share agreement in 2012
- Gross premiums written net of internal fronting for BU Reinsurance increased by 28.9% to USD 0.8bn in Q1 2014
- The exceptional growth includes a large one-off transaction

### Combined ratio

%

+7.6%pts



- No impact from nat cat events, 3.6%pts below expected
- Unfavourable reserve development of USD 17m, impacting CR by 2.0%pts
- Adjusting for expected nat cats and reserve development, CR is 96.8%

### Net income

USD m

-20.8%



- Realised insurance derivative gains on weather and nat cat business USD 18m; Q1 2013: USD 20m
- ROI 3.7%, mainly driven by realised gains from active management of listed equity portfolio; Q1 2013: 3.2%
- Dividends of USD 300m in Q1 2014



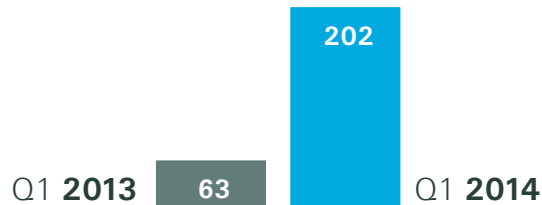
# Admin Re<sup>®</sup>

## Cash generation helped by positive prior year effect

### Gross cash generation<sup>1</sup>

USD m

+220.6%

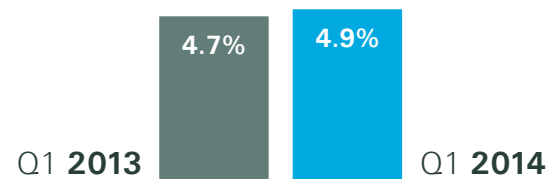


- Solid underlying gross cash generation in Q1 2014
- Positive impact of USD 142m following finalisation of 2013 UK statutory results

### Return on investments

%

+0.2%pts

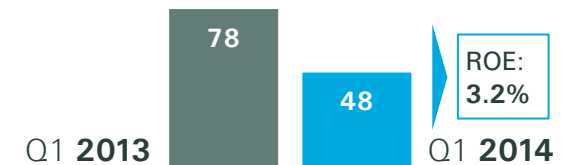


- Return on investments of 4.9% primarily driven by net investment income from corporate and government bonds
- Q1 2014 net realised gains of USD 54m; Q1 2013: USD 52m
- Running yield on fixed income portfolio 4.3%; Q1 2013: 4.1%

### Net income

USD m

-38.5%



- Q1 2014 net income supported by realised gains, partly offset by higher than expected tax
- Q1 2013 benefited from exceptionally high income from unit-linked business and very low tax
- External credit facility (GBP 550m) established to increase leverage and lower weighted average cost of capital

<sup>1</sup> Gross cash generation (GCG) is the change in excess capital over and above the target capital position

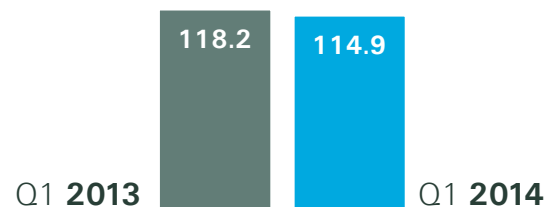
# Group investment result

## Consistent and strong performance

### Average invested assets<sup>1</sup>

USD bn, basis for ROI calculation

**-2.8%**

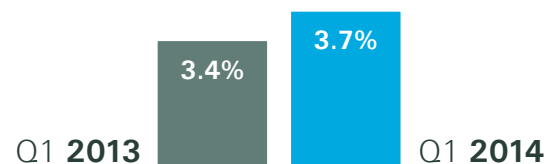


- Decrease in average invested assets driven by rising interest rates since Q1 2013
- Net reduction in equity exposure of USD 2.5bn in Q1 2014
- Short duration position in effect as of Q1 2014: DV01 of USD -7.5m

### Return on investments<sup>2</sup>

%

**+0.3%pts**

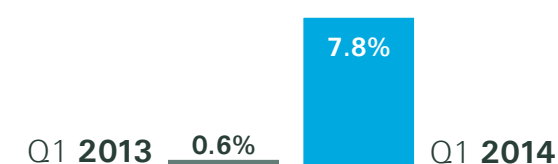


- ROI of 3.7% for Q1 2014 driven by net investment income and realised gains from the sale of listed equities
- Net realised gains of USD 234m for Q1 2014; Q1 2013: USD 255m
- Impairments of USD 5m in Q1 2014; Q1 2013: USD 12m

### Total return<sup>2</sup>

%

**+7.2%pts**



- Total return for Q1 2014 impacted by mark-to-market gains driven by lower interest rates
- Group fixed income running yield at 3.4%; Q4 2013: 3.3%; Q1 2013: 3.0%

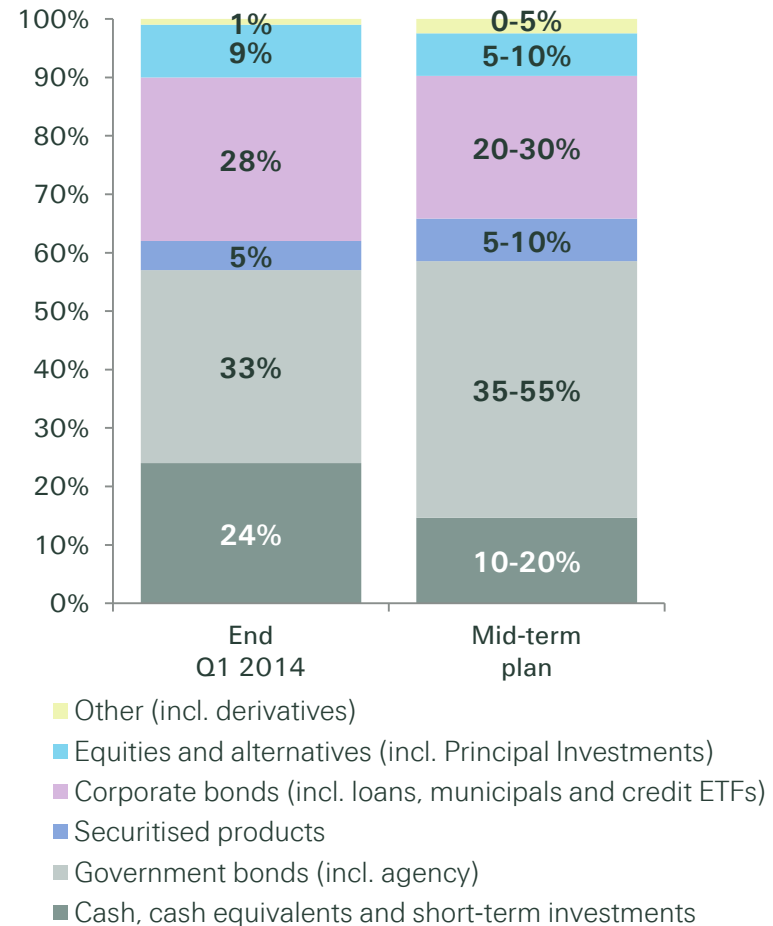
<sup>1</sup> Average invested assets excludes cash management activity; 2014 also excludes collateral balances

<sup>2</sup> 2013 includes foreign exchange related net realised gains/losses, which are excluded from the return on investments and total return scope in 2014

# Investment mix

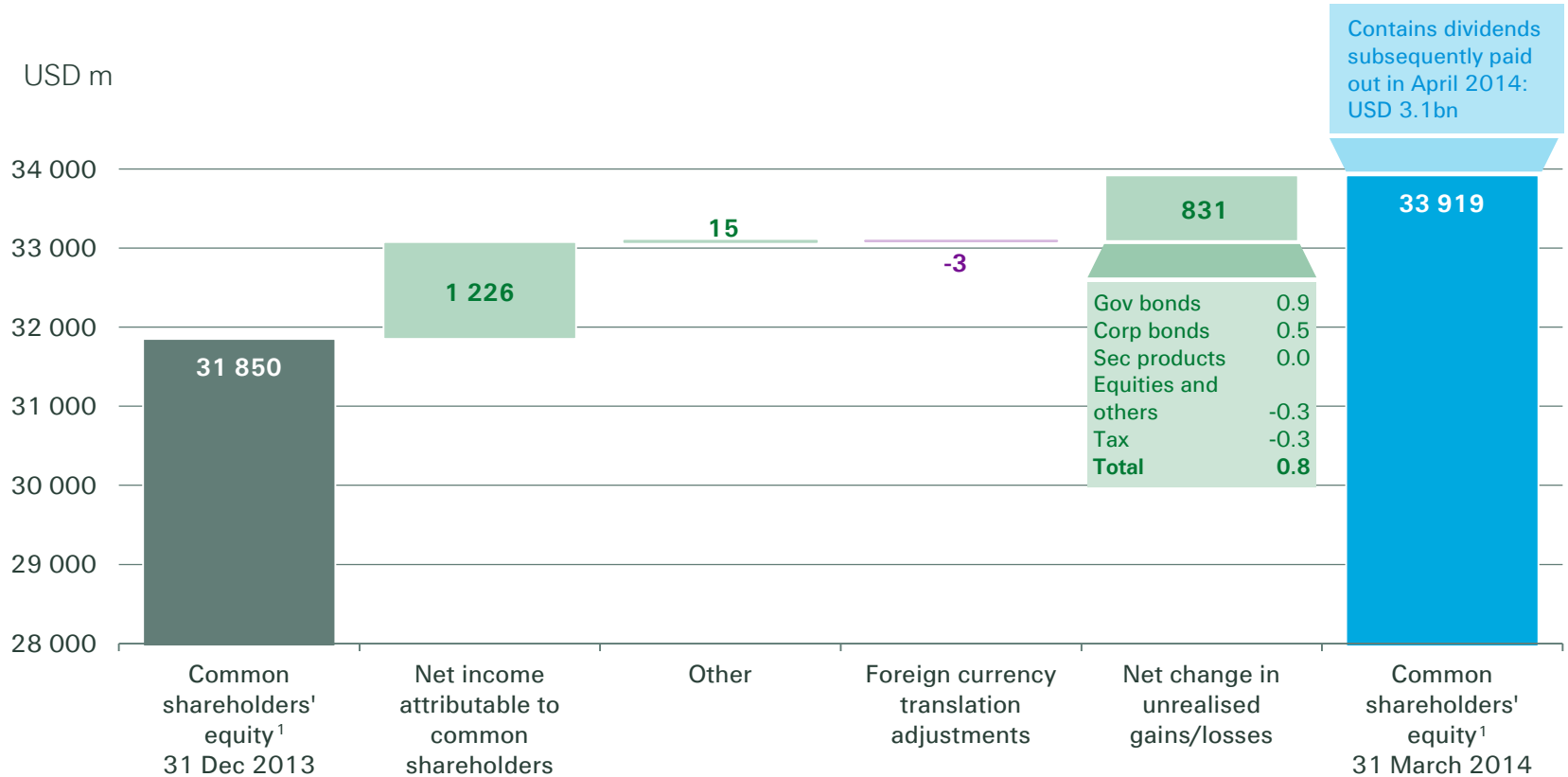
## Group asset allocation in line with mid-term plan

- Net reduction in equity and alternatives exposure
  - USD 2.5bn of listed equity sales in Q1 2014 (includes USD 0.6bn of credit ETFs)
  - Sales realised embedded gains earned in recent years, while bringing the asset mix in-range with the mid-term plan
  - Principal Investments increased by USD 0.2bn to USD 2.5bn reflecting the second tranche of the SulAmérica investment
- Government and corporate bond allocation remains stable
- Cash allocation reflects short duration position



# Common shareholders' equity Q1 2014

Increase driven by net income and increase in unrealised gains

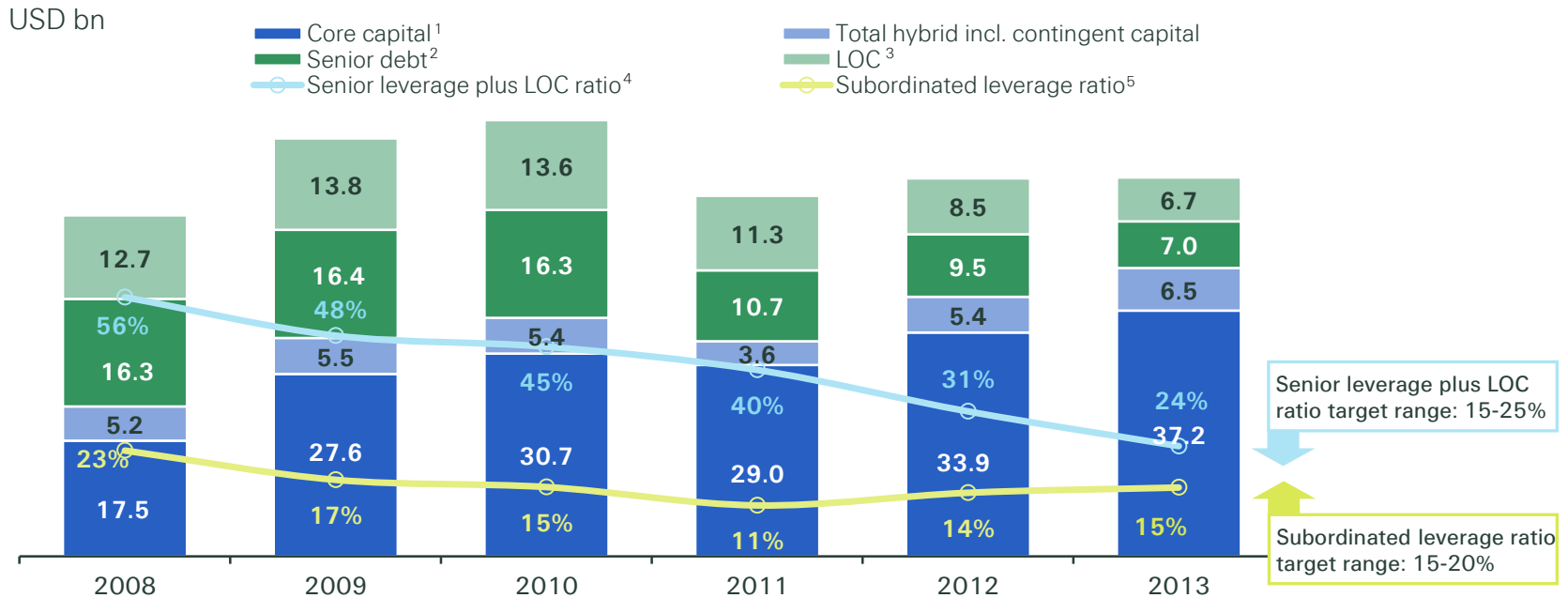


Increase in unrealised gains driven by fixed income securities, partly balanced by realised gains on equities

<sup>1</sup> Excluding contingent capital instruments (USD 1 102m, of which USD 352m in P&C Re, USD 750m in L&H Re); basis for ROE and BVPS calculations

# Swiss Re's capital structure

## Leverage ratios within target range



- Significant deleveraging of senior debt and LOCs in the course of 2013
- Well on track towards implementation of target capital structure

<sup>1</sup> Core capital of Swiss Re Group is defined as economic net worth (ENW)

<sup>2</sup> Senior debt excluding non-recourse positions

<sup>3</sup> Unsecured LOC capacity of Swiss Re Group (usage is lower)

<sup>4</sup> Senior debt plus LOCs divided by total capital

<sup>5</sup> Subordinated debt divided by sum of subordinated debt and ENW

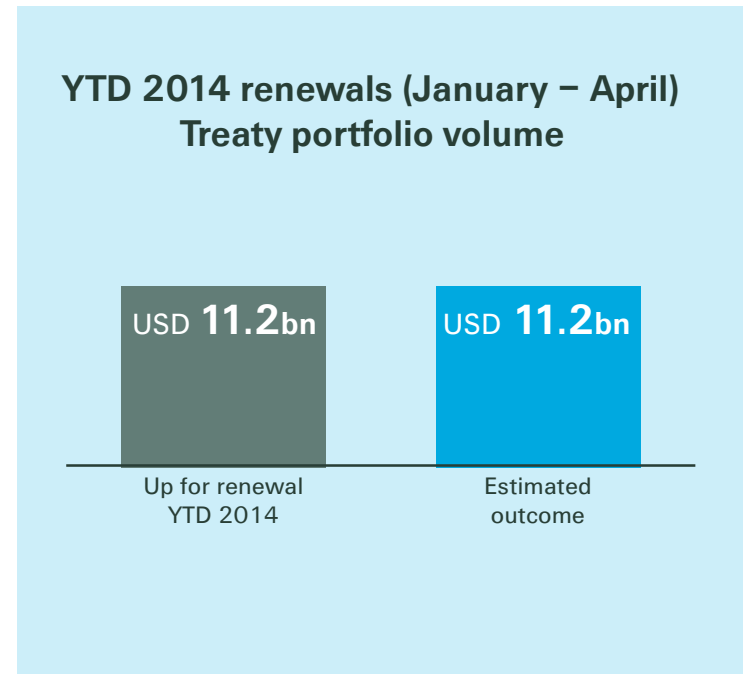
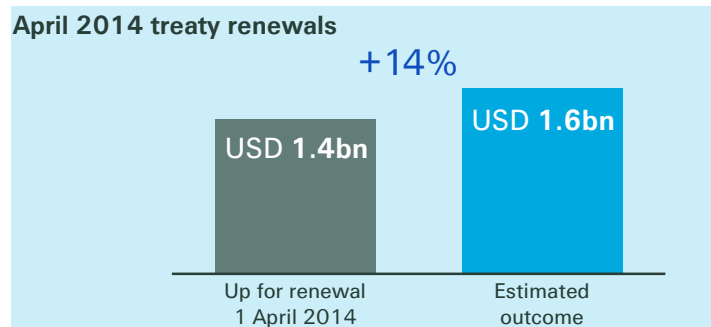
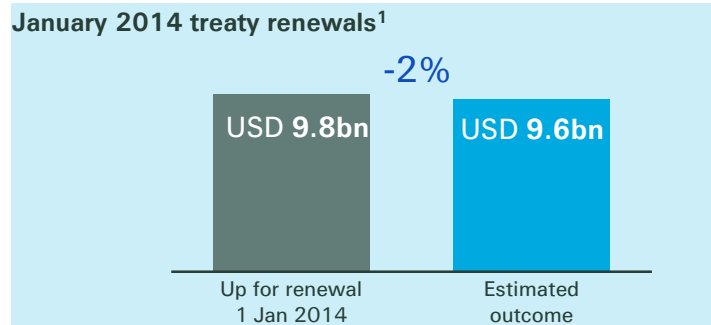
Note: 2009 and prior have been translated from CHF using respective year end fx rates

# April renewals and financial targets

Michel M. Liès, Group CEO

# P&C Reinsurance: 2014 renewals

## Overall price quality remains at an attractive level



- Successful April renewals in a challenging environment; wrote attractive new Casualty business in the US
- YTD risk adjusted price quality<sup>2</sup> remains at 107%

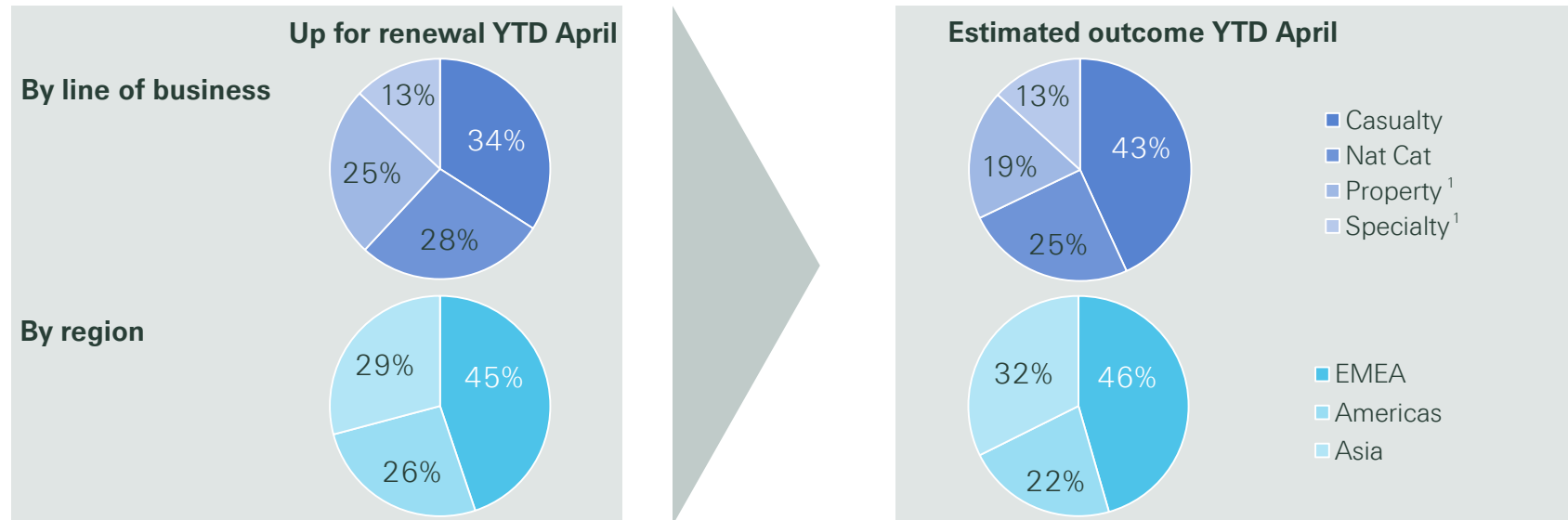
<sup>1</sup> January 2014 numbers have been restated with current fx rates

<sup>2</sup> Swiss Re's risk adjusted price quality provides an economic view on price quality, ie includes rate and exposure changes, claims inflation and interest rates

# P&C Reinsurance: 2014 renewals

## Portfolio weighting by line of business and region

### Gross premium volume, treaty portfolio



- Continue to allocate capital to lines with the most favourable risk adjusted returns
- Property Cat rates softening significantly for all markets (Swiss Re wrote less nat cat business, but still at attractive levels)
- Casualty book is further growing at profitable terms in all three regions
- High Growth Markets volume stable with slightly improved risk adjusted price quality

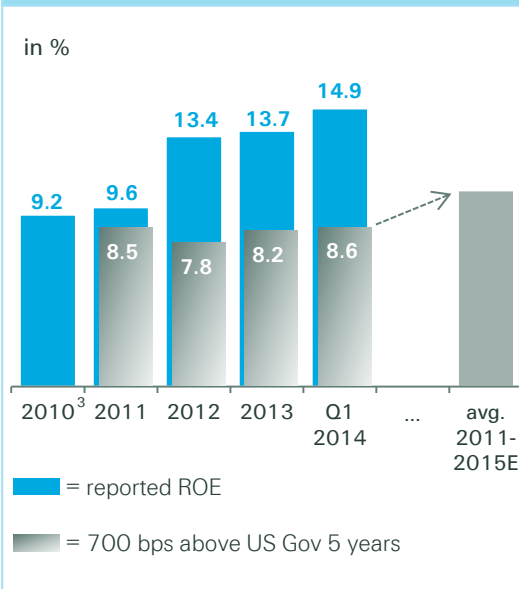
<sup>1</sup> Excluding nat cat



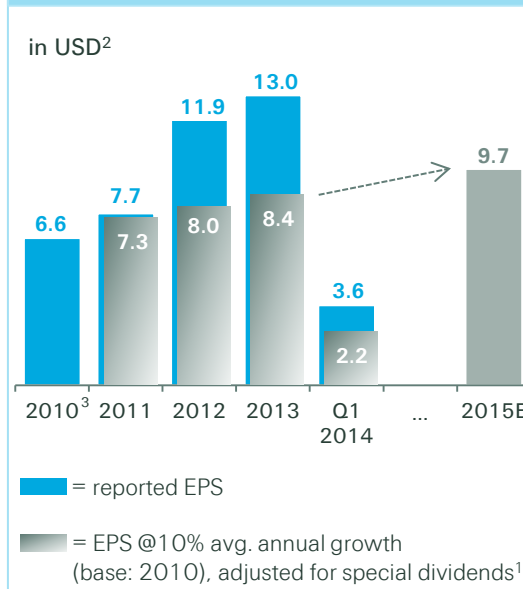
# Group financial targets

## On track

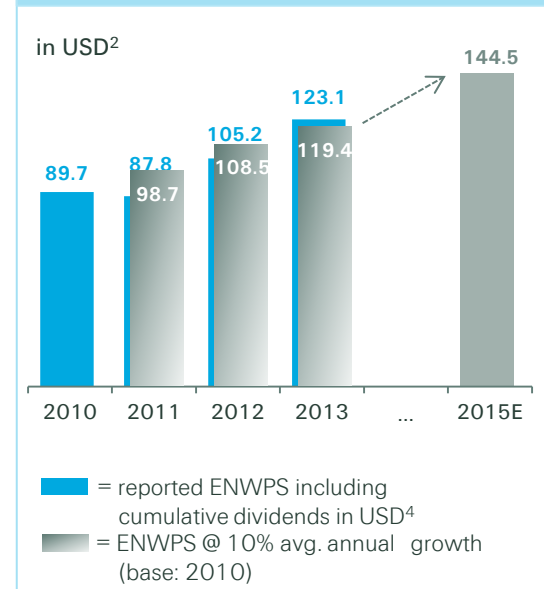
ROE 700 bps above risk free average over 5 years (2011-2015)



EPS growth 10% average annual growth rate, adjusted for special dividends<sup>1</sup>



ENW per share growth plus dividends 10% avg. annual growth rate over 5 years



Delivering the 2011-2015 financial targets remains Swiss Re's top priority

<sup>1</sup> EPS CAGR of 10% has been adjusted to 5% for 2014 to account for the distribution of excess capital through the special dividend of USD 1.6bn in April 2014. Methodology is in line with the approach taken for the special dividend of USD 1.5bn paid in April 2013

<sup>2</sup> Assumes constant foreign exchange rate

<sup>3</sup> Excl. CPCl

<sup>4</sup> Cumulative dividends included in ENW per share were translated from CHF to USD using the fx rate of the dividend payment date; dividends included for 2011: USD 3.1 (CHF 2.75), 2012: USD 6.4 (CHF 3.00, or USD 3.3, in addition to the 2011 dividend), 2013: USD 14.5 (CHF 7.50, or USD 8.05, in addition to the 2011 and 2012 dividends)

# Appendix

# Appendix

- Business segment results Q1 2014 – Income statement
- Business segment results Q1 2014 – Balance sheet
- Shareholders' equity and ROE Q1 2014
- Large losses – P&C Reinsurance
- Large losses – Corporate Solutions
- P&C Reinsurance – Underwriting performance
- Corporate Solutions – Underwriting performance
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- Net realised gains/losses
- Net unrealised gains/losses
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- Corporate bonds
- Securitised products
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- Number of shares
- Exchange rates
- Corporate calendar & contacts
- Cautionary note on forward-looking statements

# Business segment results Q1 2014

## Income statement

USD m	Re- insurance	P&C Re	L&H Re	Corporate Solutions	Admin Re®	Group items	Consoli- dation	Total Q1 2014	Total Q1 2013
<b>Revenues</b>									
Premiums earned	6 472	3 813	2 659	830	126	-	-	7 428	6 617
Fee income from policyholders	13	-	13	-	110	-	-	123	165
Net investment income/loss – non participating	639	225	414	21	312	39	-4	1 007	941
Net realised investment gains/losses – non participating	163	233	-70	63	51	8	-	285	208
Net investment result – unit-linked and with-profit	-54	-	-54	-	153	-	-	99	2 133
Other revenues	12	12	-	-	-	78	-88	2	5
<b>Total revenues</b>	<b>7 245</b>	<b>4 283</b>	<b>2 962</b>	<b>914</b>	<b>752</b>	<b>125</b>	<b>-92</b>	<b>8 944</b>	<b>10 069</b>
<b>Expenses</b>									
Claims and claim adjustment expenses	-1 923	-1 923	-	-531	-	-2	-	-2 456	-1 808
Life and health benefits	-2 130	-	-2 130	-	-338	-	-	-2 468	-2 127
Return credited to policyholders	46	-	46	-	-198	-	-	-152	-2 139
Acquisition costs	-1 213	-764	-449	-101	-45	-	-	-1 359	-1 057
Other expenses	-547	-317	-230	-158	-87	-72	78	-786	-817
Interest expenses	-185	-62	-123	-	-12	-5	14	-188	-188
<b>Total expenses</b>	<b>-5 952</b>	<b>-3 066</b>	<b>-2 886</b>	<b>-790</b>	<b>-680</b>	<b>-79</b>	<b>92</b>	<b>-7 409</b>	<b>-8 136</b>
<b>Income/loss before income tax expenses</b>	<b>1 293</b>	<b>1 217</b>	<b>76</b>	<b>124</b>	<b>72</b>	<b>46</b>	<b>-</b>	<b>1 535</b>	<b>1 933</b>
Income tax expense/benefit	-221	-208	-13	-44	-24	-2	-	-291	-535
<b>Net income/loss before attribution of non-controlling interests</b>	<b>1 072</b>	<b>1 009</b>	<b>63</b>	<b>80</b>	<b>48</b>	<b>44</b>	<b>-</b>	<b>1 244</b>	<b>1 398</b>
Income attributable to non-controlling interests	-1	-1	-	-	-	-	-	-1	-
<b>Net income/loss after attribution of non-controlling interests</b>	<b>1 071</b>	<b>1 008</b>	<b>63</b>	<b>80</b>	<b>48</b>	<b>44</b>	<b>-</b>	<b>1 243</b>	<b>1 398</b>
Interest on contingent capital instruments	-17	-5	-12	-	-	-	-	-17	-18
<b>Net income/loss attributable to common shareholders</b>	<b>1 054</b>	<b>1 003</b>	<b>51</b>	<b>80</b>	<b>48</b>	<b>44</b>	<b>-</b>	<b>1 226</b>	<b>1 380</b>

# Business segment results Q1 2014

## Balance sheet

31 March 2014, USD m	Re- insurance	P&C Re	L&H Re	Corporate Solutions	Admin Re®	Group items	Consoli- dation	End Q1 2014	End FY 2013
<b>Assets</b>									
Fixed income securities	56 908	26 665	30 243	4 753	20 247	66	-	81 974	79 296
Equity securities	3 042	2 661	381	793	-	1 089	-	4 924	7 691
Other investments	17 425	13 982	3 443	151	1 923	5 785	-6 608	18 676	14 884
Short-term investments	17 169	12 235	4 934	1 824	1 197	261	-	20 451	20 989
Investments for unit-linked and with-profit business	910	-	910	-	26 072	-	-	26 982	27 215
Cash and cash equivalents	7 330	6 406	924	608	2 005	401	-	10 344	8 072
Deferred acquisition costs	4 861	1 992	2 869	305	1	-	-	5 167	4 756
Acquired present value of future profits	1 429	-	1 429	-	2 058	-	-	3 487	3 537
Reinsurance recoverable	6 246	4 496	1 750	8 039	310	-	-6 601	7 994	8 327
Other reinsurance assets	23 433	13 936	9 497	2 414	3 556	4	-1 777	27 630	24 676
Goodwill	4 092	2 057	2 035	17	-	-	-	4 109	4 109
Other	14 297	10 043	4 254	1 001	1 056	733	-5 789	11 298	9 968
<b>Total assets</b>	<b>157 142</b>	<b>94 473</b>	<b>62 669</b>	<b>19 905</b>	<b>58 425</b>	<b>8 339</b>	<b>-20 775</b>	<b>223 036</b>	<b>213 520</b>
<b>Liabilities</b>									
Unpaid claims and claim adjustments expenses	55 151	44 962	10 189	11 624	1 201	12	-6 607	61 381	61 484
Liabilities for life and health policy benefits	17 287	-	17 287	235	18 316	-	-	35 838	36 033
Policyholder account balances	1 515	-	1 515	-	29 481	-	-	30 996	31 177
Other reinsurance liabilities	16 886	14 507	2 379	4 198	557	7	-2 241	19 407	16 255
Short-term debt	4 520	789	3 731	-	650	998	-2 645	3 523	3 818
Long-term debt	15 405	4 753	10 652	-	-	-	-615	14 790	14 722
Other	25 244	15 029	10 215	1 272	2 072	2 089	-8 623	22 054	17 054
<b>Total liabilities</b>	<b>136 008</b>	<b>80 040</b>	<b>55 968</b>	<b>17 329</b>	<b>52 277</b>	<b>3 106</b>	<b>-20 731</b>	<b>187 989</b>	<b>180 543</b>
<b>Shareholders' equity</b>	<b>21 117</b>	<b>14 416</b>	<b>6 701</b>	<b>2 567</b>	<b>6 148</b>	<b>5 233</b>	<b>-44</b>	<b>35 021</b>	<b>32 952</b>
<i>thereof contingent capital instruments</i>	<i>1 102</i>	<i>352</i>	<i>750</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>1 102</i>	<i>1 102</i>
Non-controlling interests	17	17	-	9	-	-	-	26	25
<b>Total equity</b>	<b>21 134</b>	<b>14 433</b>	<b>6 701</b>	<b>2 576</b>	<b>6 148</b>	<b>5 233</b>	<b>-44</b>	<b>35 047</b>	<b>32 977</b>
<b>Total liabilities and equity</b>	<b>157 142</b>	<b>94 473</b>	<b>62 669</b>	<b>19 905</b>	<b>58 425</b>	<b>8 339</b>	<b>-20 775</b>	<b>223 036</b>	<b>213 520</b>

# Shareholders' equity and ROE Q1 2014

USD m	Re- insurance	P&C Re	L&H Re	Corporate Solutions	Admin Re®	Group items	Total <sup>1</sup> Q1 2014
<b>Common shareholders' equity<sup>2</sup> at 31 December 2013</b>	<b>18 384</b>	<b>12 904</b>	<b>5 480</b>	<b>2 771</b>	<b>5 804</b>	<b>4 932</b>	<b>31 850</b>
Net income attributable to common shareholders	1 054	1 003	51	80	48	44	1 226
Dividends	-	-	-	-300	-	300	-
Other (incl. fx)	-	-8	8	12	25	-22	12
Net change in unrealised gains/losses	577	165	412	4	271	-21	831
<b>Common shareholders' equity at 31 March 2014</b>	<b>20 015</b>	<b>14 064</b>	<b>5 951</b>	<b>2 567</b>	<b>6 148</b>	<b>5 233</b>	<b>33 919</b>
Contingent capital instruments	1 102	352	750	-	-	-	1 102
<b>Shareholders' equity at 31 March 2014</b>	<b>21 117</b>	<b>14 416</b>	<b>6 701</b>	<b>2 567</b>	<b>6 148</b>	<b>5 233</b>	<b>35 021</b>
Non-controlling interests	17	17	-	9	-	-	26
<b>Total equity at 31 March 2014</b>	<b>21 134</b>	<b>14 433</b>	<b>6 701</b>	<b>2 576</b>	<b>6 148</b>	<b>5 233</b>	<b>35 047</b>

## ROE calculation

USD m	Re- insurance	P&C Re	L&H Re	Corporate Solutions	Admin Re®	Group items	Total <sup>1</sup> Q1 2014
<b>Net income/loss attributable to common shareholders</b>	<b>1 054</b>	<b>1 003</b>	<b>51</b>	<b>80</b>	<b>48</b>	<b>44</b>	<b>1 226</b>
Opening common shareholders' equity	18 384	12 904	5 480	2 771	5 804	4 932	31 850
Average common shareholders' equity	19 200	13 484	5 716	2 669	5 976	5 083	32 885
<b>ROE, annualised<sup>3</sup></b>	<b>22.0%</b>	<b>29.8%</b>	<b>3.6%</b>	<b>12.0%</b>	<b>3.2%</b>	<b>3.5%</b>	<b>14.9%</b>

<sup>1</sup> Total is after consolidation

<sup>2</sup> Excluding contingent capital instruments (USD 1 102m, of which USD 352m in P&C Re, USD 750m in L&H Re); basis for ROE and BVPS calculations

<sup>3</sup> Based on published net income attributable to common shareholders

# Large losses

## P&C Reinsurance

### Expected nat cat premiums and losses<sup>1, 2</sup>

USD m	Q1 2014	Q2 2014	Q3 2014	Q4 2014	FY 2014	FY 2013
Expected net nat cat <b>premiums</b> <sup>3</sup>	25%	15%	35%	25%	<b>2 900</b>	<b>3 100</b>
Expected net nat cat <b>losses</b>	25%	15%	35%	25%	<b>1 500</b>	<b>1 460</b>

### Actual large losses<sup>1</sup>

USD m	Q1 2014	3M 2014	3M 2013
Net <b>nat cat</b> losses	35	<b>35</b>	-
Net <b>man-made</b> losses	60	<b>60</b>	-

- The earning pattern for nat cat premium and losses across the quarters has been updated
- There were only two large losses in the quarter
  - Snow storms in Japan
  - A Credit & Surety loss in Australia

<sup>1</sup> Only events exceeding USD 20m included

<sup>2</sup> FY 2014 figures will be updated during the year to reflect renewal experience

<sup>3</sup> Estimated nat cat premium figure is now gross of acquisition costs

# Large losses

## Corporate Solutions

### Expected nat cat premiums and losses<sup>1, 2</sup>

USD m	Q1 2014	Q2 2014	Q3 2014	Q4 2014	FY 2014	FY 2013
Expected net nat cat <b>premiums</b> <sup>3</sup>	25%	25%	25%	25%	<b>375</b>	<b>340</b>
Expected net nat cat <b>losses</b>	15%	15%	45%	25%	<b>200</b>	<b>170</b>

### Actual large losses<sup>1</sup>

USD m	Q1 2014	3M 2014	3M 2013
Net <b>nat cat</b> losses	-	-	-
Net <b>man-made</b> losses	91	<b>91</b>	<b>32</b>

- No large natural catastrophe losses impacted Q1 2014 or Q1 2013
- Elevated net man-made losses of USD 91m in Q1 2014
  - Large Credit & Surety loss in Australia of USD 35m
  - Large number of medium sized losses with total of USD 56m; affected Property by USD 42m and Other Specialty lines by USD 14m

<sup>1</sup> Only events exceeding USD 10m included

<sup>2</sup> FY 2014 figures will be updated during the year to reflect business written

<sup>3</sup> Estimated nat cat premium figure is now gross of acquisition costs



# P&C Reinsurance

## Underwriting performance

Combined ratios in %, premiums and underwriting result in USD m

	Q1 2013	Q1 2014	Main drivers of change	Net premiums earned	Underwriting result
<b>Property</b>	<b>56.3%</b>	<b>56.1%</b>	• Benign nat cat season and low claims emergence for both periods	<b>1 738</b>	<b>763</b>
<b>Casualty</b>	<b>90.0%</b>	<b>112.0%</b>		<b>1 511</b>	<b>-181</b>
Liability	65.5%	115.6%	• Driven by increase of US asbestos reserves	527	-82
Motor	101.0%	107.8%	• Largely due to reserve strengthening in Motor France	862	-67
Accident (A&H)	123.1%	126.2%	• Both periods impacted by reserve increases for prior years	122	-32
<b>Specialty</b>	<b>61.4%</b>	<b>59.8%</b>		<b>564</b>	<b>227</b>
Marine	84.2%	61.9%	• Driven by more favourable prior year development in 2014	194	74
Engineering	44.2%	9.2%	• Good claims experience and reserve releases in decennial business	185	168
Credit	83.7%	116.3%	• New Credit & Surety loss in Australia	135	-22
Other Specialty (Aviation, etc)	9.9%	86.0%	• Q1 2014 impacted by Aviation loss	50	7
<b>Total</b>	<b>69.7%</b>	<b>78.8%</b>		<b>3 813</b>	<b>809</b>

# Corporate Solutions

## Underwriting performance

Combined ratios in %, premiums and underwriting result in USD m

	Q1 2013	Q1 2014	Main drivers of change	Net premiums earned	Underwriting result	
<b>Property</b>	<b>77.7%</b>	<b>101.5%</b>	• Driven by various man-made losses and unfavourable prior year development	<b>326</b>	<b>-5</b>	
<b>Casualty</b>	<b>110.9%</b>	<b>100.0%</b>	• 2013 impacted by negative reserve development in A&H	<b>251</b>	<b>-</b>	
<b>Specialty</b>	<b>74.3%</b>	<b>82.2%</b>	• Both periods impacted by notable losses and favourable prior year development	<b>253</b>	<b>45</b>	
Credit	69.6%	89.4%		• New Credit & Surety loss in Australia	85	9
Other Specialty	76.3%	78.6%			168	36
<b>Total</b>	<b>87.6%</b>	<b>95.2%</b>		<b>830</b>	<b>40</b>	

# Net investment income

USD m	P&C Re	L&H Re	Corporate Solutions	Admin Re®	Group items	Consolidation	Total Q1 2014	Total Q1 2013
<b>Investment related income</b>	<b>213</b>	<b>331</b>	<b>26</b>	<b>229</b>	<b>40</b>	<b>-4</b>	<b>835</b>	<b>757</b>
<i>Government bonds</i>	87	132	9	58	-	-	286	343
<i>Corporate bonds</i>	46	116	13	149	-	-	324	257
<i>Securitised products</i>	26	36	3	10	1	-	76	53
<i>Short-term investments</i>	12	13	1	1	-	-	27	29
<i>Equities</i>	15	1	4	-	-	-	20	14
<i>Real estate, PE, HF</i>	62	41	-	-	46	-	149	111
<i>Investment expenses</i>	-52	-21	-6	-9	-15	13	-90	-93
<i>Other</i>	17	13	2	20	8	-17	43	43
<b>Insurance related income</b>	<b>12</b>	<b>83</b>	<b>-5</b>	<b>83</b>	<b>-1</b>	<b>-</b>	<b>172</b>	<b>184</b>
<i>Policy loans</i>	-	-	-	3	-	-	3	3
<i>Deposit interest and fee income</i>	10	80	-5	74	-	-	159	177
<i>Other</i>	2	3	-	6	-1	-	10	4
<b>Non-participating investment income</b>	<b>225</b>	<b>414</b>	<b>21</b>	<b>312</b>	<b>39</b>	<b>-4</b>	<b>1 007</b>	<b>941</b>
Income from with-profit business <sup>1</sup>	-	-	-	34	-	-	34	34
Income from unit-linked business <sup>1</sup>	-	2	-	218	-	-	220	162
<b>Total net investment income</b>	<b>225</b>	<b>416</b>	<b>21</b>	<b>564</b>	<b>39</b>	<b>-4</b>	<b>1 261</b>	<b>1 137</b>

- Q1 2014 fixed income running yield increased to 3.4%, mainly due to additional paydowns on securitised products, partially offset by the impact of mark-to-market gains during the quarter
- Decrease in government bond income is impacted by the short duration position
- Increase in corporate bond income is primarily due to re-balancing of the investment portfolio completed in 2013
- Increase in real estate, PE, HF mainly due to additional mark-to-market gains from equity accounted investments
- Increase in unit-linked income driven by higher equity investment income

<sup>1</sup> Income from assets backing with-profit and unit-linked business are credited to policyholders' accounts and are excluded from investment income available to shareholders

# Net realised gains/losses

USD m	P&C Re	L&H Re	Corporate Solutions	Admin Re®	Group items	Consolidation	Total Q1 2014	Total Q1 2013
<b>Investment related</b>	<b>217</b>	<b>-82</b>	<b>43</b>	<b>54</b>	<b>2</b>	-	<b>234</b>	<b>255</b>
<i>Government bonds</i>	45	-5	-	49	-	-	89	181
<i>Corporate bonds</i>	11	1	2	3	-	-	17	65
<i>Securitised products</i>	2	4	-	2	1	-	9	2
<i>Equities</i>	194	38	44	-	2	-	278	77
<i>Real Estate, PE, HF</i>	23	-	-2	-	-	-	21	-11
<i>Foreign exchange remeasurement and designated trading portfolios<sup>1</sup></i>								-61
<i>Other asset classes</i>	-58	-120	-1	-	-1	-	-180	2
<b>Insurance related</b>	<b>-17</b>	<b>30</b>	<b>19</b>	<b>-</b>	<b>-2</b>	<b>-</b>	<b>30</b>	<b>-47</b>
<b>Foreign exchange remeasurement<sup>1</sup></b>	<b>33</b>	<b>-18</b>	<b>1</b>	<b>-3</b>	<b>8</b>	<b>-</b>	<b>21</b>	<b>-</b>
<b>Non-participating realised gains and losses</b>	<b>233</b>	<b>-70</b>	<b>63</b>	<b>51</b>	<b>8</b>	<b>-</b>	<b>285</b>	<b>208</b>
Net gains/losses from with-profit business <sup>2</sup>	-	-	-	21	-	-	21	66
Net gains/losses from unit-linked business <sup>2</sup>	-	-56	-	-120	-	-	-176	1 871
<b>Total net realised gains and losses</b>	<b>233</b>	<b>-126</b>	<b>63</b>	<b>-48</b>	<b>8</b>	<b>-</b>	<b>130</b>	<b>2 145</b>

- Investment related net realised gains primarily driven by sales within the listed equity portfolio
- Decrease in realised gains from government bonds as compared to Q1 2013
- Other asset classes includes losses largely related to economic interest rate hedges for the Canadian L&H portfolio and foreign exchange derivatives
- Unit-linked business related net realised losses primarily from mark-to-market losses on equities as relevant markets decreased in value

<sup>1</sup> Foreign exchange related net realised gains/losses are excluded from the investment related net realised gains/losses for 2014. Designated trading portfolios are now included with the respective asset classes

<sup>2</sup> Income from assets backing with-profit and unit-linked business are credited to policyholders' accounts and are excluded from investment income available to shareholders

# Net unrealised gains/losses

USD m	P&C Re	L&H Re	Corporate Solutions	Admin Re®	Group items	End Q1 2014	End FY 2013
Government bonds	163	502	-16	485	-	1 134	261
Corporate bonds	91	381	15	977	-	1 464	945
Securitised products	41	116	8	61	2	228	206
Equities	431	48	148	-	53	680	966
Other	277	17	1	9	19	323	279
<b>Total on-balance sheet</b>	<b>1 003</b>	<b>1 064</b>	<b>156</b>	<b>1 532</b>	<b>74</b>	<b>3 829</b>	<b>2 657</b>
Real estate	1 742	-	-	-	-	1 742	1 726
Other	-	7	-	-	-	7	-
<b>Total off-balance sheet</b>	<b>1 742</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 749</b>	<b>1 726</b>
<b>Total net unrealised gains/losses</b>	<b>2 745</b>	<b>1 071</b>	<b>156</b>	<b>1 532</b>	<b>74</b>	<b>5 578</b>	<b>4 383</b>

- Increase in unrealised gains on government bonds mainly due to lower interest rates in Q1 2014
- Increase in unrealised gains on corporate bonds primarily from lower interest rates, as well as narrower credit spreads during the quarter
- Increase in unrealised gains on securitised products mainly from RMBS and ABS positions as interest rates decreased during the quarter
- Decrease in unrealised gains on equities mostly driven by the realisation of gains from sales during the quarter

# Return on investments basis

## Investments included in the ROI calculation

USD bn	End Q1 2014	End FY 2013
<b>Total investment portfolio</b>	<b>163.3</b>	<b>158.2</b>
Unit-linked investments	-24.3	-24.6
With-profit business	-3.5	-3.5
<b>Total (excl. unit-linked and with-profit)</b>	<b>135.5</b>	<b>130.1</b>
Cash and cash equivalents	-9.5	-7.2
Policy loans	-0.3	-0.3
Other – insurance related	1.7	1.0
Financial liabilities and other <sup>1</sup>	-13.2	-6.1
<b>Total</b>	<b>114.2</b>	<b>117.5</b>

<sup>1</sup> Includes securities in transit, repurchase agreements, securities lending and other assets backing insurance; 2014 also includes collateral balances

# Return on investments (ROI)

USD m	P&C Re	L&H Re	Corporate Solutions	Admin Re®	Group items	Consolidation	Total Q1 2014	Total Q1 2013
Net investment income	213	331	26	229	40	-4	835	757
Net realised gains/losses <sup>1</sup>	217	-82	43	54	2	-	234	255
Other revenues	10	-	-	-	1	-10	1	-
<b>Investment operating income</b>	<b>440</b>	<b>249</b>	<b>69</b>	<b>283</b>	<b>43</b>	<b>-14</b>	<b>1 070</b>	<b>1 012</b>
Less minority interest income	-	-	-	-	-	-	-	-
Less income from cash/interest income	-4	-2	-1	-	-	-	-7	-9
Less income from securities lending, repurchase agreements and collateral balances	-10	-	-	-	-	-1	-11	-13
<b>Basis for ROI</b>	<b>426</b>	<b>247</b>	<b>68</b>	<b>283</b>	<b>43</b>	<b>-15</b>	<b>1 052</b>	<b>990</b>
Average investment assets at avg. fx rates <sup>2</sup>	46 859	35 829	7 348	22 952	5 190	-3 257	114 921	118 192
<b>ROI, annualised</b>	<b>3.6%</b>	<b>2.8%</b>	<b>3.7%</b>	<b>4.9%</b>	<b>3.3%</b>	<b>n/a</b>	<b>3.7%</b>	<b>3.4%</b>

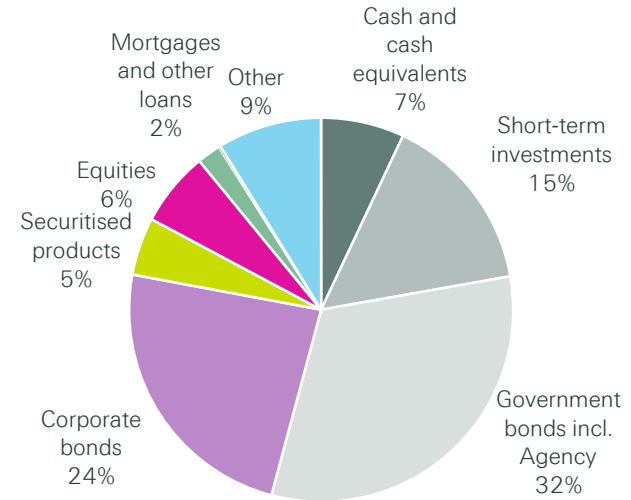
<sup>1</sup> Foreign exchange related net realised gains/losses are excluded from ROI calculation for 2014

<sup>2</sup> Average assets calculation based on monthly average; 2014 excludes collateral balances from ROI scope

# Overall investment portfolio

54% invested in cash, short-term investments or government bonds

USD bn	End Q1 2014
Balance sheet values	163.3
Unit-linked investments	-24.3
With-profit business	-3.5
<b>Assets for own account (on balance sheet only)</b>	<b>135.5</b>



USD bn	P&C Re	L&H Re	Corporate Solutions	Admin Re®	Group items	Consolidation	End Q1 2014	End FY 2013
Cash and cash equivalents	6.4	0.9	0.6	1.2	0.4	-	9.5	7.2
Short-term investments	12.2	4.9	1.8	1.2	0.4	-	20.5	21.0
Government bonds	18.1	15.8	2.5	6.9	-	-	43.3	41.0
Corporate bonds	6.0	11.9	1.7	12.6	-	-	32.2	31.6
Securitized products <sup>1</sup>	2.6	2.5	0.5	0.8	-	-	6.4	6.7
Equities <sup>2</sup>	4.6	0.8	0.8	-	2.3	-	8.5	10.8
Mortgages and other loans	1.5	1.2	-	1.4	2.0	-3.3	2.8	2.6
Policy loans	-	0.1	-	0.2	-	-	0.3	0.3
Other – investment related <sup>3</sup>	10.5	1.8	0.1	-	2.2	-0.9	13.7	9.9
Other – insurance related	-	-	0.1	0.2	0.4	-2.4	-1.7	-1.0
<b>Total</b>	<b>61.9</b>	<b>39.9</b>	<b>8.1</b>	<b>24.5</b>	<b>7.7</b>	<b>-6.6</b>	<b>135.5</b>	<b>130.1</b>

<sup>1</sup> Includes cat bonds and loans

<sup>2</sup> Comprised of listed equities, hedge funds – equities, private equity and includes Principal Investments

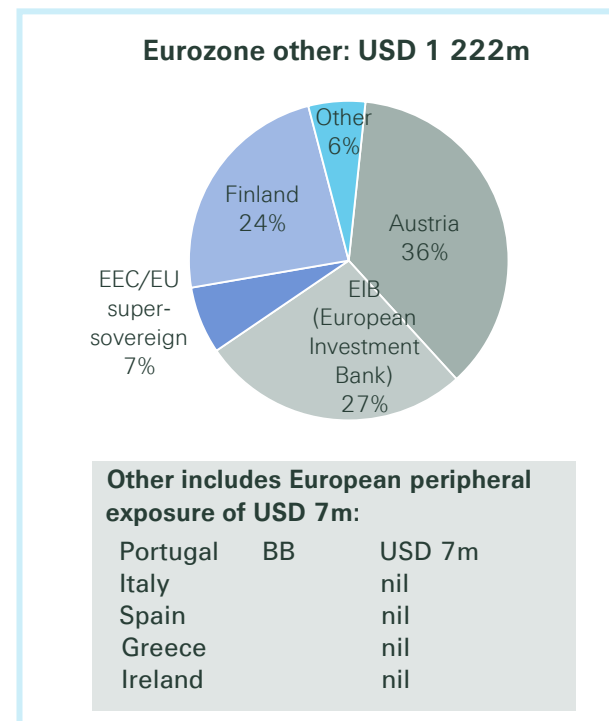
<sup>3</sup> Includes alternative investments such as hedge funds – non equities and real estate, derivatives and other investments



# Government bonds

## Steady allocation

USD m	S&P rating 31 Mar 2014 <sup>1</sup>	End Q1 2014	% of Total
United States	AA+	12 436	28.7%
United Kingdom	AAA	11 308	26.1%
Canada	AAA	3 310	7.6%
China	AA-	1 032	2.4%
Australia	AAA	736	1.7%
Japan	AA-	733	1.7%
Switzerland	AAA	663	1.5%
RoW and other	AAA-NR	2 692	6.2%
<b>Non-Eurozone market value</b>		<b>32 910</b>	<b>75.9%</b>
Germany	AAA	4 925	11.4%
France	AA	3 155	7.3%
Netherlands	AA+	1 118	2.6%
Eurozone other	AAA-BB	1 222	2.8%
<b>Eurozone market value</b>		<b>10 420</b>	<b>24.1%</b>
<b>Total market value</b>		<b>43 330</b>	<b>100%</b>



- Government bonds valued at 101.9% of par<sup>2</sup>
- Increase from Q4 2013 mainly due to net purchases of USD 1.3bn and change in unrealised gains of USD 0.9bn as global interest rates decreased during the quarter

<sup>1</sup> Represents S&P's local currency long term debt rating for the respective countries

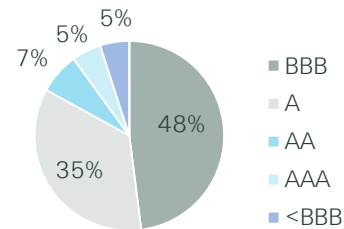
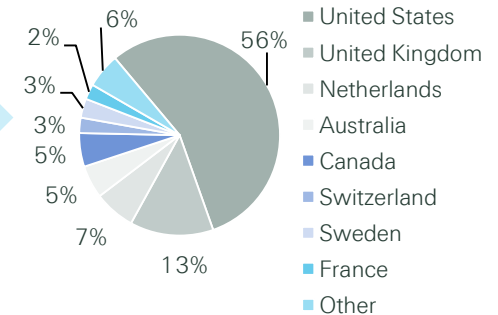
<sup>2</sup> Excluding interest only positions

# Corporate bonds

## High quality and well diversified

USD m	Q1 2014	End 2014 % of Total
Resources	3 633	11.3%
Basic industries	1 648	5.1%
Cyclical consumer goods	938	2.9%
Cyclical services	3 391	10.5%
Energy, utilities & mining	3 339	10.4%
Financials	12 591	39.1%
General industries	1 080	3.4%
Information technologies	494	1.5%
Non-cyclical consumer goods	2 733	8.5%
Non-cyclical services	2 362	7.3%
<b>Total<sup>1</sup></b>	<b>32 209</b>	<b>100%</b>

	Q1 2014	End 2014
Pfandbriefe / covered bonds		13%
Banks		52%
Specialty		15%
Insurance		13%
Real Estate, other		7%
<b>Total</b>		<b>100%</b>

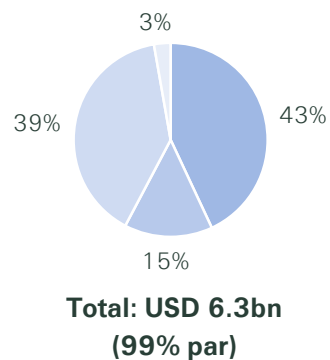


USD 0.5bn mark-to-market gains due to decreasing interest rates and narrower credit spreads

<sup>1</sup> Includes Pfandbriefe/covered bonds; excludes credit ETFs

# Securitised products

## 56% AAA rated, 89% investment grade



USD m	End FY 2013	End Q1 2014	Aaa	Aa	A	BBB	BB and below	Est. % par
CMBS	2 908	2 705	1 489	216	423	194	383	103%
RMBS	915	924	234	27	365	106	192	89%
Other ABS	2 453	2 483	1 736	318	203	159	67	102%
Other Securitised	199	174	62	56	28	-	28	62%
<b>Total<sup>1</sup></b>	<b>6 475</b>	<b>6 286</b>	<b>3 521</b>	<b>617</b>	<b>1 019</b>	<b>459</b>	<b>670</b>	<b>99%</b>

Decrease of USD 189m mainly due to paydowns of CMBS during the quarter

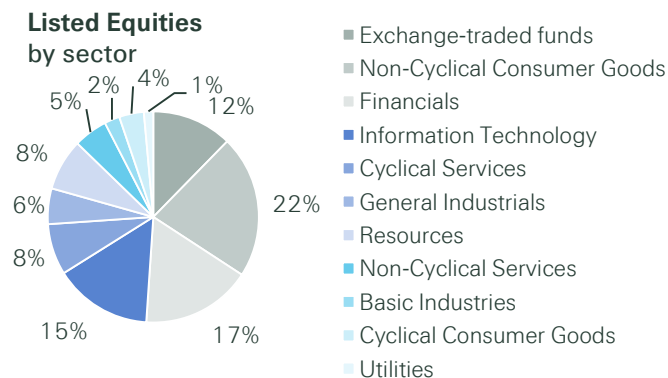
<sup>1</sup> Excludes cat bonds and loans

# Equities and alternative investments

## Net reduction in listed equities

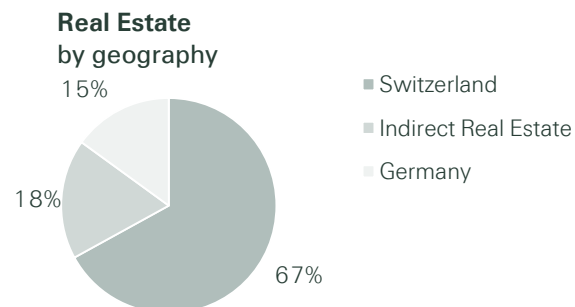
### Equities

USD m	End FY 2013	End Q1 2014
Listed Equities <sup>1</sup>	6 248	3 757
Private Equity <sup>1</sup>	1 808	1 791
Hedge Funds - equities	458	457
Principal Investments <sup>2</sup>	2 278	2 501
<b>Total market value</b>	<b>10 792</b>	<b>8 506</b>



### Alternative investments

USD m	End FY 2013	End Q1 2014
Hedge Funds – non equities	919	908
Real Estate	3 121	3 128
<b>Total market value</b>	<b>4 040</b>	<b>4 036</b>



- Decrease in listed equities of USD 2.5bn from a reduction in exposure
- 54% of hedge funds and 68% of private equity investments are equity accounted; mark-to-market recorded through net investment income
- Increase in Principal Investments reflecting the second tranche of the SulAmérica investment

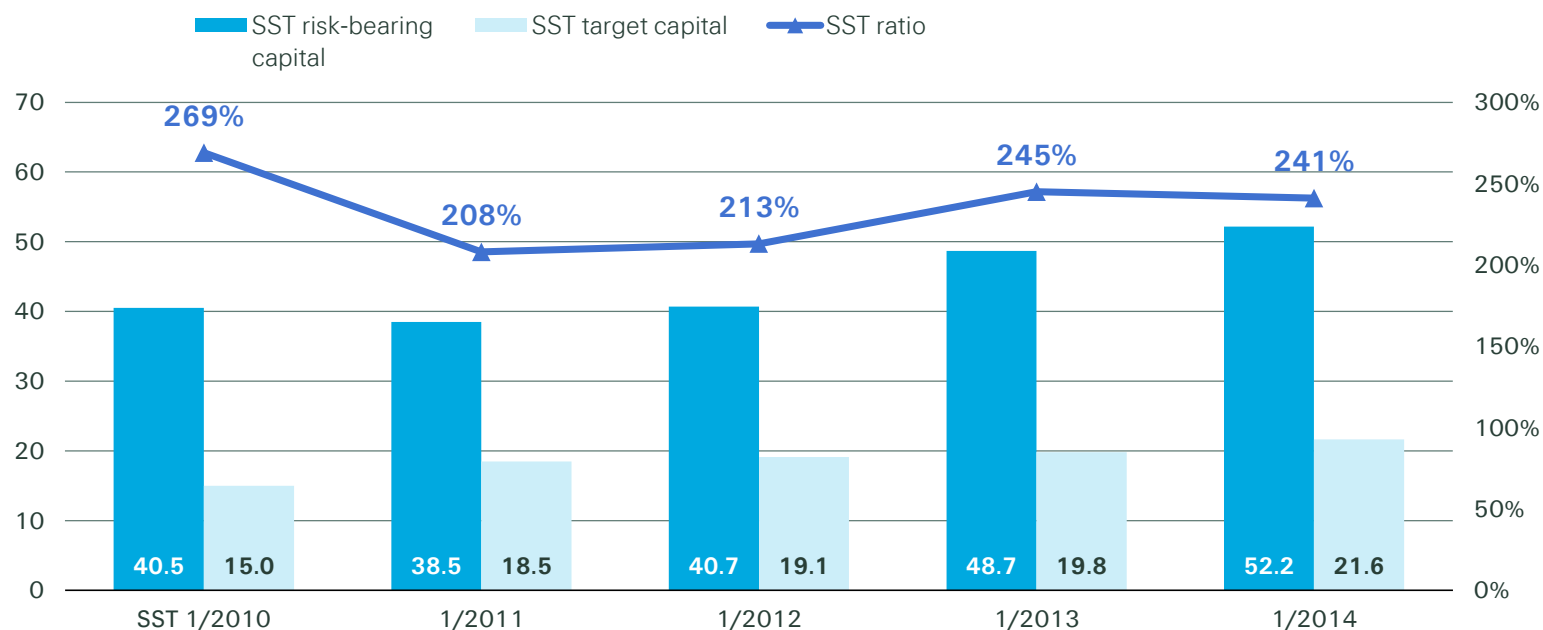
<sup>1</sup> Excludes Principal Investments

<sup>2</sup> Principal Investments consists of listed equities (USD 692m) and Private Equity (USD 1 809m)

# Group capitalisation

## Swiss Solvency Test<sup>1</sup> (SST)

USD bn; %



**Group solvency remains very strong**

<sup>1</sup> SST is a legally binding solvency measure. SST risk-bearing capital is based on the preceding year-end capital position (minus projected dividends). SST target capital reflects a 12-month forward looking view; SST 1/2014 as filed with FINMA at the end of April 2014, consolidated Group view; impact of October 2013 CHF 175m subordinated contingent write-off securities not reflected in SST 1/2014

# Number of shares

in millions	Q1 2014
Total shares	370.7
of which Treasury shares and shares reserved for corporate purposes	28.5
<b>Shares outstanding<sup>1</sup> (as at 31 March 2014)</b>	<b>342.2</b>
<b>Shares outstanding<sup>1</sup> (weighted average)</b>	<b>342.8</b>

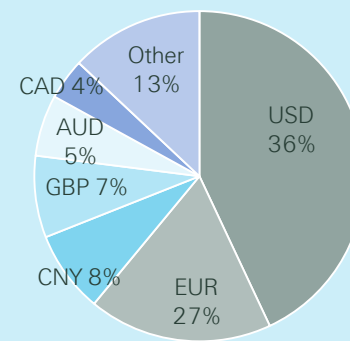
<sup>1</sup> Shares outstanding is the number of shares eligible for dividends and is used for the BVPS and EPS calculation

# Exchange rates

<b>Average rates</b>	<b>CHF/USD</b>	<b>EUR/USD</b>	<b>GBP/USD</b>
Q1 2013	1.08	1.33	1.56
Q4 2013	1.08	1.33	1.56
Q1 2014	1.12	1.37	1.65
<b>Change Q1 2013/Q1 2014</b>	<b>3.70%</b>	<b>3.01%</b>	<b>5.77%</b>
<b>Change Q4 2013/Q1 2014</b>	<b>3.70%</b>	<b>3.01%</b>	<b>5.77%</b>

<b>Closing rates</b>	<b>CHF/USD</b>	<b>EUR/USD</b>	<b>GBP/USD</b>
Q1 2013	1.05	1.28	1.52
Q4 2013	1.12	1.38	1.66
Q1 2014	1.13	1.38	1.67
<b>Change Q1 2013/Q1 2014</b>	<b>7.62%</b>	<b>7.81%</b>	<b>9.87%</b>
<b>Change Q4 2013/Q1 2014</b>	<b>0.89%</b>	<b>0.00%</b>	<b>0.60%</b>

**Gross Premiums written**  
Q1 2014 split by main currencies



# Corporate calendar & contacts

## Corporate calendar

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3 July 2014	<b>Investors' Day</b>	London
6 August 2014	<b>Second Quarter 2014 results</b>	Conference call
7 November 2014	<b>Third Quarter 2014 results</b>	Conference call
19 February 2015	<b>Annual Results</b>	Conference call

## Investor Relations contacts

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### Hotline

+41 43 285 4444

### E-mail

Investor\_Relations@swissre.com

Eric Schuh

+41 43 285 4708

Ross Walker

+41 43 285 2243

Chris Menth

+41 43 285 3878

Simone Lieberherr

+41 43 285 4190

Simone Fessler

+41 43 285 7299





# Cautionary note on forward-looking statements

Certain statements and illustrations contained herein are forward-looking. These statements (including as to plans objectives, targets and trends) and illustrations provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to a historical fact or current fact.

Forward-looking statements typically are identified by words or phrases such as “anticipate”, “assume”, “believe”, “continue”, “estimate”, “expect”, “foresee”, “intend”, “may increase” and “may fluctuate” and similar expressions or by future or conditional verbs such as “will”, “should”, “would” and “could”. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause Swiss Re’s actual results of operations, financial condition, solvency ratios, liquidity position or prospects to be materially different from any future results of operations, financial condition, solvency ratios, liquidity position or prospects expressed or implied by such statements or cause Swiss Re to not achieve its published targets. Such factors include, among others:

- further instability affecting the global financial system and developments related thereto;
- deterioration in global economic conditions;
- Swiss Re’s ability to maintain sufficient liquidity and access to capital markets, including sufficient liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debt-like arrangements and collateral calls due to actual or perceived deterioration of Swiss Re’s financial strength or otherwise;
- the effect of market conditions, including the global equity and credit markets, and the level and volatility of equity prices, interest rates, credit spreads, currency values and other market indices, on Swiss Re’s investment assets;
- changes in Swiss Re’s investment result as a result of changes in its investment policy or the changed composition of its investment assets, and the impact of the timing of any such changes relative to changes in market conditions;
- uncertainties in valuing credit default swaps and other credit-related instruments;
- possible inability to realise amounts on sales of securities on Swiss Re’s balance sheet equivalent to their mark-to-market values recorded for accounting purposes;
- the outcome of tax audits, the ability to realise tax loss carryforwards and the ability to realise deferred tax assets (including by reason of the mix of earnings in a jurisdiction or deemed change of control), which could negatively impact future earnings;
- the possibility that Swiss Re’s hedging arrangements may not be effective;
- the lowering or loss of one of the financial strength or other ratings of one or more Swiss Re companies, and developments adversely affecting Swiss Re’s ability to achieve improved ratings;
- the cyclical nature of the reinsurance industry;
- uncertainties in estimating reserves;
- uncertainties in estimating future claims for purposes of financial reporting, particularly with respect to large natural catastrophes, as significant uncertainties may be involved in estimating losses from such events and preliminary estimates may be subject to change as new information becomes available;
- the frequency, severity and development of insured claim events;
- acts of terrorism and acts of war;
- mortality, morbidity and longevity experience;
- policy renewal and lapse rates;
- extraordinary events affecting Swiss Re’s clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- current, pending and future legislation and regulation affecting Swiss Re or its ceding companies, and the interpretation of legislation or regulations by regulators;
- legal actions or regulatory investigations or actions, including those in respect of industry requirements or business conduct rules of general applicability;
- changes in accounting standards;
- significant investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transactions;
- changing levels of competition; and
- operational factors, including the efficacy of risk management and other internal procedures in managing the foregoing risks.

These factors are not exhaustive. Swiss Re operates in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forward-looking statements. Swiss Re undertakes no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.

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