

Letter to shareholders

A very strong quarter for Swiss Re.

Dear shareholders

We are pleased to present to you the results of a very strong third quarter in 2012, with a Group net income of USD 2.2 billion, an increase of 62% year-on-year. Our return on equity was an exceptional 28%, with a strong underlying performance boosted by one-time gains from the sale of Admin Re's US business.

These results are a source of pride, all the more so for being earned in an uncertain market environment. While tension surrounding the eurozone diminished somewhat in the third quarter, the prospects for growth and stability are far from clear. European economic indicators stabilised in the third quarter, albeit at levels still consistent with lingering recession in many countries. In the US, economic indicators point to ongoing moderate growth. Meanwhile the Chinese economy, an engine of growth in recent years, shows ever more apparent signs of cooling.

These conditions inevitably colour the outlook for our industry. Low interest rates are a global challenge. Regulatory conditions are varied internationally, but virtually everywhere the signs are for more stringent capital requirements. Meanwhile natural catastrophes, while benign in the third quarter, remain an ever-present challenge, as we were reminded by Hurricane Sandy.



Walter B. Kielholz
Chairman of the Board of Directors



Michel M. Liès
Group CEO

Given these challenges it is all the more imperative that we continually reaffirm our commitment to the financial targets we established in 2011. Achieving these three targets by 2015 remains our top priority. First, we aim for a return on equity of at least 7 percentage points above the average 'risk-free' rate. As of the end of September we are ahead of that target. We seek to grow earnings per share by an average of 10% per year over the five years from 2011 to 2015. We are ahead of that target as well. Finally, we aim to deliver an increase in shareholder value, defined on an economic basis, of 10% per year. Comparing the first half of 2012 to the first half of 2011, we are just slightly behind schedule. These targets are the best guideposts for prudently managing our business. We aim to maintain and grow our regular dividend with earnings going forward.

Our operational strengths give us every confidence that we can continue to make progress against this strategy. We uphold our long tradition of underwriting excellence through continuous research and development, sharing the benefits with clients, brokers and the broader public. The new Global Flood Zones application, for example, is helping to raise awareness and promote preparedness against the growing risk of floods. We continue to publish original research on shortfalls in mortality protection across countries, most recently in September for the US. Such activities underlie our ability to write profitable business and to build more resilient communities, notably in high growth markets such as China, India and Brazil. We aim to generate 20%–25% of our business in such markets by 2015, many of which remain underserved by re/insurance solutions.

2.2

Group net income
USD billions

We also aim to actively create new and sustainable business opportunities. A few years ago, for example, we started to explore ways to transform risk management in the public sector. This October we marked the third renewal of a pioneering arrangement whereby the Mexican government transfers catastrophe risk to the capital markets. In September we became the official insurance provider for Solar Impulse, the world's first purely solar powered airplane to fly through the night. Such forward thinking makes it clear why Swiss Re has been named the most sustainable company in the insurance sector for the fifth year in a row by Sustainable Asset Management (SAM) in one of the world's leading corporate sustainability rankings. This puts us ahead of over 120 sector competitors in the 2012 Dow Jones Sustainability Index (DJSI) review, one of the most important sustainability benchmarks globally.

5.96

Earnings per share
in CHF

We are pleased to welcome two new members to our Group Executive Committee. John Dacey, Head Group Strategy & Strategic Investments, has been promoted to the Group Executive Committee and named Chairman of our Admin Re® business. And while we regret the departure of Group Chief Investment Officer David Blumer, who leaves a track record of excellent investment returns after more than four years with us, we are pleased to be able to fill the vacancy with an internal candidate, Guido Furer. Guido has been with us for more than 15 years. His experience and expertise ensure that our very successful asset management strategy will continue to be implemented in a consistent and transparent manner.

28%

Annualised return on equity
(Group)

Our thanks go out to the more than 11,000 employees of Swiss Re who have made these results possible. They are working closely with clients to build solutions that are relevant to society and that, taken together, will make good on the investment you have placed in us as our shareholders.

We thank you for your trust.

Zurich, 8 November 2012



Walter B. Kielholz
Chairman of the Board of Directors



Michel M. Liès
Group CEO