Swiss Re

Swiss Re Ltd

4th Annual General Meeting
Zurich, Tuesday, 21 April 2015

Address
by

Michel M. Liès
Group Chief Executive Officer

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Bonjour mesdames et messieurs

Dear shareholders

On behalf of myself and my colleagues on the Group Executive Committee, I would also like to welcome you to this Annual General Meeting.

In 2014 our planet was plagued by 189 natural catastrophes. Sadly, this is a record figure. We have never before experienced such a high number of catastrophes. And to these we can add 147 man-made disasters.

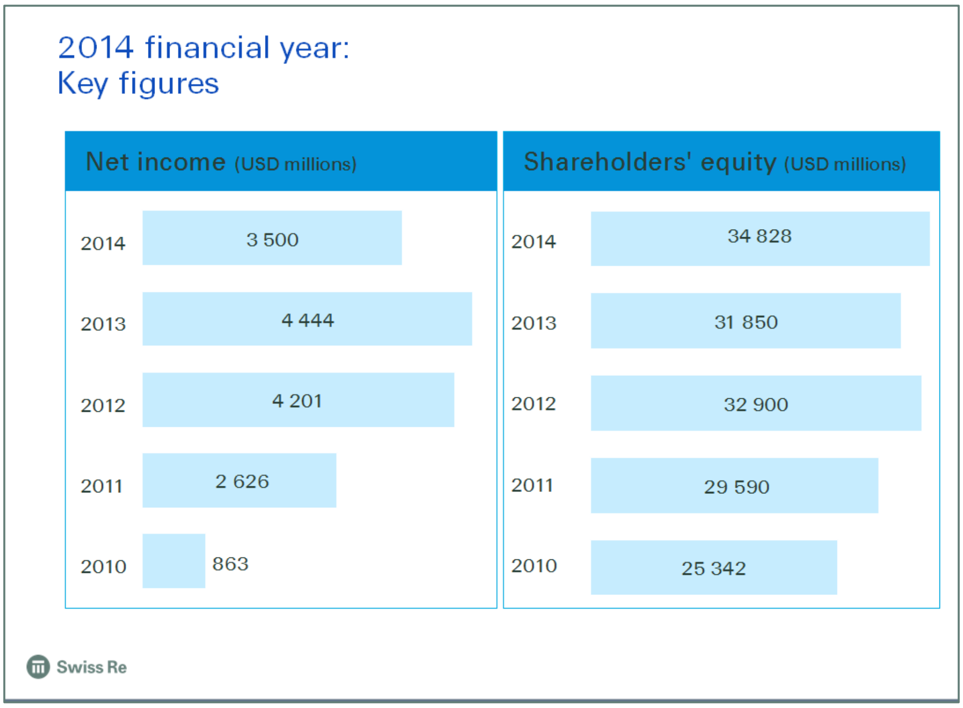
However, there were also some encouraging record figures to report last year: both the numbers of victims and total economic losses were significantly below average. This can be attributed mainly to improvements in early warning systems and emergency care. In view of the ever rising numbers of climate change-related natural catastrophes, prevention will become increasingly important in the future. And so too will insurance solutions.

Last year's insured losses of USD 35 billion were below the ten-year average. This low loss burden is reflected in Swiss Re's results – although this was only one reason for our good performance.

Allow me to take a few minutes to explain Swiss Re's performance in the financial year 2014 in a little more detail. It was another highly successful year for your company, one in which we were able to further strengthen the foundations on which our future is based.

For you as shareholders, the figures for the holding company are just as important as those for the Group. So I'll begin with the holding company: the annual result of the holding company increased by 52% to CHF 4.1 billion. Profit is made up mainly of cash dividends from the Group companies. In the past financial year, the Group companies transferred almost CHF 4 billion to the holding company, which is substantially more than in the previous year. The shareholders' equity of the holding company increased by 8% to CHF 21.8 billion as at 31 December 2014.

Now let's take a look at the figures for the Group. They tell us a little more about what lies behind our solid business performance.



Here are the key figures at a glance:

- As at the end of 2014, the Group's shareholders' equity had increased by 9% to USD 34.8 billion.
- Return on equity totalled 10.5%.
- Net premiums rose by 8.4% to USD 31.3 billion.
- We generated very solid net income of USD 3.5 billion in a highly competitive environment.

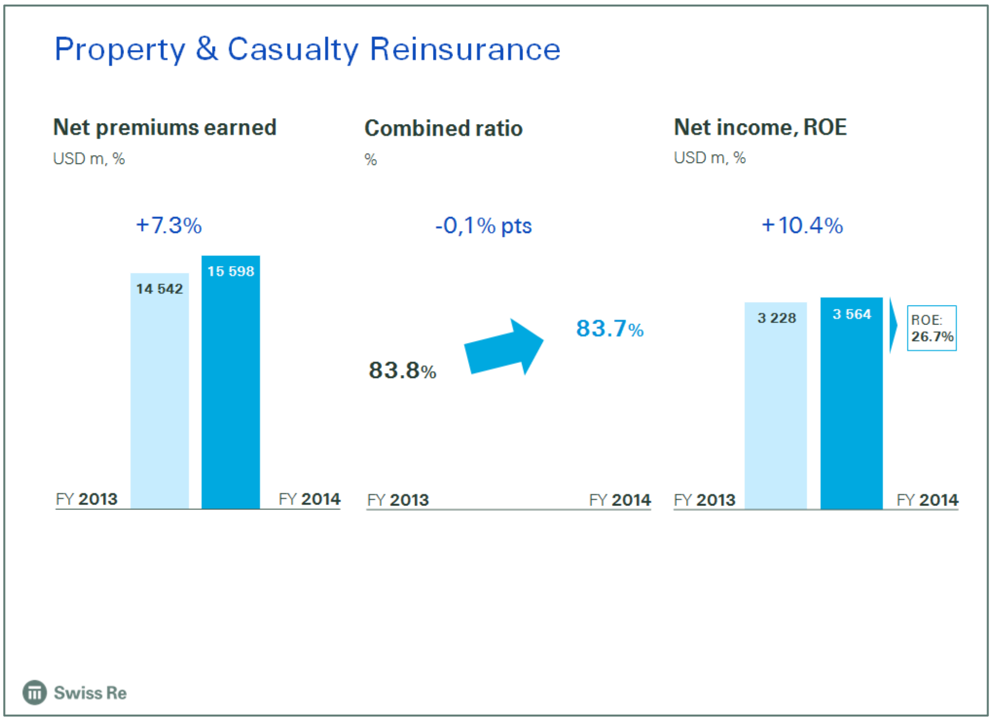
We owe this success to Swiss Re's employees, who have worked for your company with great dedication. Without their hard work, we would not be in such a strong position. Well done and thank you!

Swiss Re's sustained success is no coincidence. We are able to stand out clearly from our competitors thanks to our expertise, our disciplined underwriting and our services. Above all, quality counts for more than quantity in our industry.

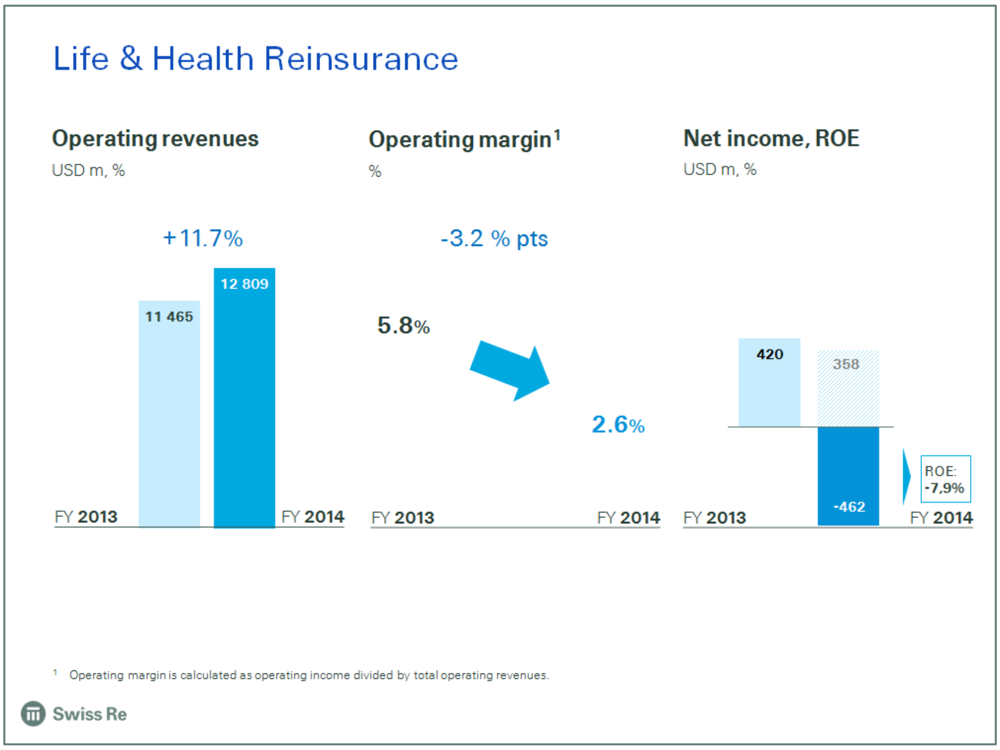
But what does that mean exactly? Our underwriting is subject to what is referred to as a "risk-free" interest rate. We make no compromises when it comes to pricing and don't apply any mixed calculations in the expectation that the investment side will offset any too cheaply priced premiums. This is hugely important, particularly in the current environment.

Even though underwriters can't count on the investment result, investing premiums – as Mr Kielholz has just explained – is just as important as writing them. Thanks to a smart investment policy, Asset Management increased the return on investments slightly to 3.7% during a period when interest rates were at historical lows. Net investment income and realised gains also rose slightly to USD 4.4 billion.

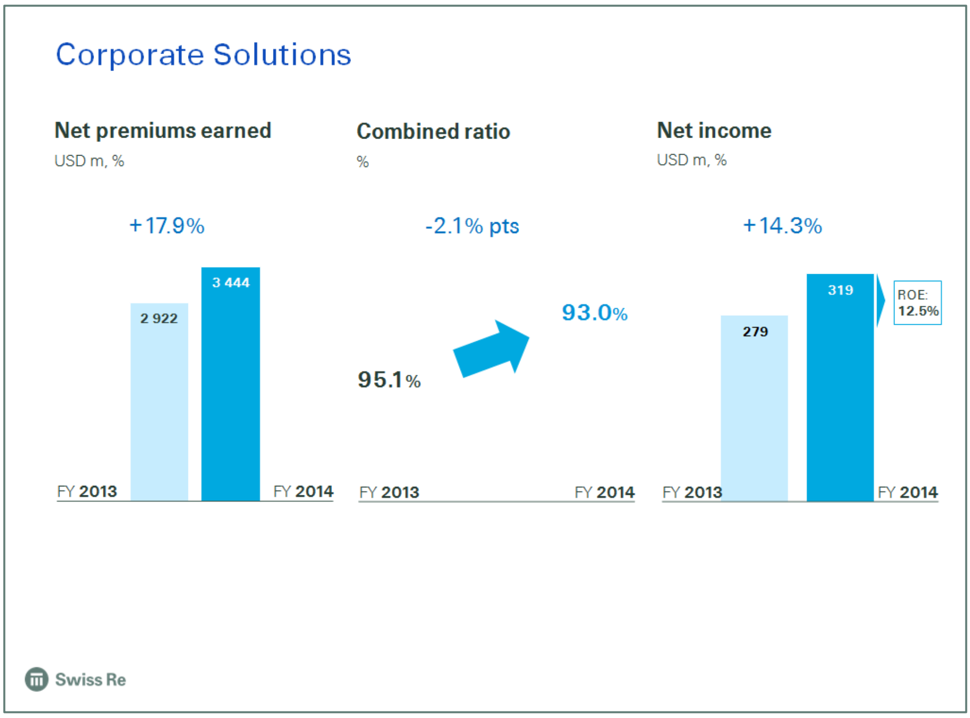
Now let's take a look at the business units. As was the case in the previous financial year, all three business units contributed to our sound performance in 2014. This shows that our corporate structure is proving effective, as is our strategy of having the flexibility to invest our capital in what are known as "risk pools". We benefit from extremely solid foundations, and this has not gone unnoticed by our competitors. Our business model now has a number of imitators, which we take as a compliment.



Property & Casualty again made an important contribution to our impressive Group net income. This business segment reported a 10% rise in net income to USD 3.6 billion and a slight improvement in the combined ratio to 83.7%. Premiums earned rose by 7.3% to USD 15.6 billion. Successful underwriting, customised large transactions in Asia and the Americas, the release of provisions and the low level of claims from natural catastrophes I mentioned earlier go some way to explaining this success.



We continued to work on achieving a turnaround in Life & Health last year and are now on track and have turned the corner. Net premiums earned and fee income rose by 12.4% to USD 11.3 billion. On the other hand, the operating margin was only 2.6% and the segment recorded a loss of USD 462 million. However, this loss was due to the costs of the measures taken to increase future profitability. Without these measures, the operating margin would have improved to 7.4%. We actively addressed problematic pre-2004 US life business with our clients. I am confident that we will be able to achieve the desired return on equity of 10% to 12% by the end of 2015. Life & Health remains an attractive business segment with significant potential for growth.



Corporate Solutions considerably expanded its position in high growth markets in 2014. Once approved by the regulator, the acquisition of Sun Alliance Insurance in China will enable us to offer corporate insurance directly from mainland China. We have also further improved our position in Latin America. Our acquisition of 51% ownership of Colombian insurer Confianza provides us with another foothold in the region in addition to our offices in Mexico and Brazil. Last week, during a visit to Brazil and Columbia, I could see firsthand just how important it is for us to have a presence there.

Corporate Solutions reported net income of USD 319 million. That's an impressive 14.3% increase over the previous year. Net premiums earned climbed by almost 18% and the combined ratio improved to 93% from 95.1% in the previous year.

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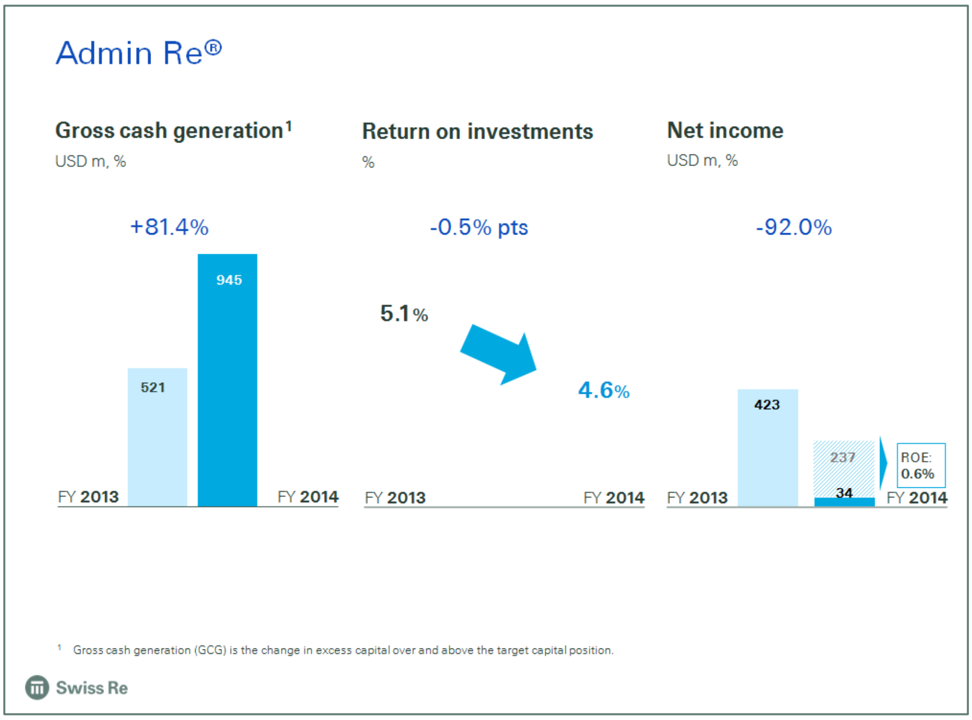
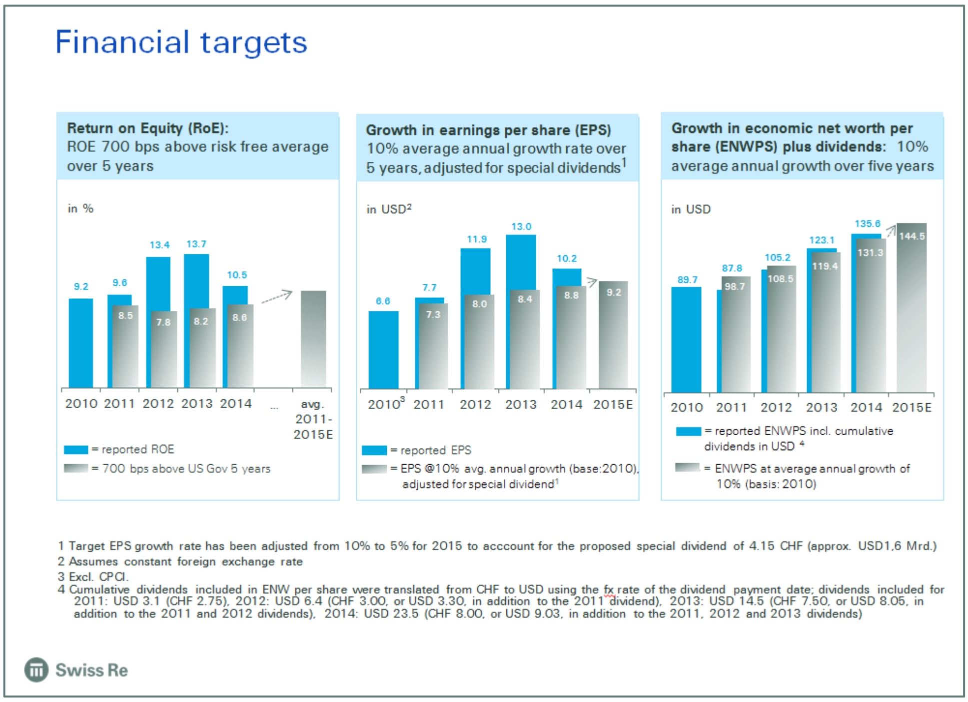


Admin Re®, our business unit that manages closed books of in-force life and health insurance business, contributed USD 34 million to the Group's net income. That is clearly less than in the previous year and is largely due to the sale of the US subsidiary Aurora National Life Assurance Company. Admin Re® has promised to exit the difficult US market and improve its position in the more attractive UK market. The second part of this strategy is already under way, as shown by the purchase of individual and group pension and related annuity policies from HSBC Life (UK) Limited. The true value of Admin Re®, however, lies less in making a contribution to profit than in generating gross cash. At USD 945 million, it generated virtually double the amount of gross cash in 2014 than in 2013.



This means we are on track to achieve the financial targets we set for 2011 to 2015. Return on equity in 2014 was 10.5%, thereby exceeding the targeted 8.6%. Earnings per share were USD 10.23, which was also above the targeted figure of USD 8.80. Economic net worth per share totalled USD 112.10. We have now set two new financial targets for 2016 onwards. Over the insurance cycle we intend to generate a return on equity that is 700 basis points above the yield on ten-year US Treasuries. We also aim to increase economic net worth annually by 10% per share, as you have already heard from the Chairman of the Board of Directors.

So you can see that Swiss Re is well-equipped for the future. A future that will present many challenges, but also many opportunities. You can be sure that we will be ready to take them. Together with our clients and thanks to our expertise and financial strength, we are continually finding innovative solutions – in new areas and markets as well as in traditional ones. In this way, we are contributing to economic growth and improving society's ability to cope with catastrophes. Mr Kielholz is about to introduce a film that provides an impressive demonstration of this.

We are proud to be playing such an important role in society and aim to continue to work profitably for you, our valued shareholders, and by doing so create economic value.

On that note, I would like to thank you for your attention and for placing your confidence in us.