

Letter to shareholders

One step closer to achieving our 2011–2015 financial targets

1.2

Group net income
USD billion

Dear shareholders

This quarter we are proud to report our strong net income of USD 1.2 billion, bringing us one step closer to achieving our 2011–2015 financial targets. As we have said before, achieving these targets remains our top priority.

This result was led by Property & Casualty Reinsurance. Here our net income of USD 1.0 billion matches the very strong performance from the first quarter of the previous year. The combined ratio was 78.8%. These figures are first and foremost a reflection of our robust underwriting. The benign natural catastrophe environment certainly helped the results as well.

We face an environment of general price deterioration in the reinsurance business, especially for natural catastrophe cover. The renewal season in April showed further evidence of such rate declines, but our rates stayed at attractive levels. We also grew our business, partly by writing an expanding share of profitable casualty business and through large transactions. We are convinced that Swiss Re is ideally positioned through a combination of cycle management and portfolio steering, smart differentiation from competitors, and superior financial strength.

The Life & Health Reinsurance segment contributed net income of USD 51 million. The headline figure may fall short of expectations. The result was impacted by a loss on an interest rate hedge, but this masks good progress in the underlying business. We wrote profitable new business in Asia and Europe, and we are hard at work on the problematic US business written before 2004. We anticipate positive developments in this US business after the implementation of management actions. We are on track to achieve a 10%–12% return on equity for this segment by 2015.

Corporate Solutions has once again put in a strong performance, with net income of USD 80 million and a combined ratio of 95.2%. The Business Unit continues to make good on its promise of profitable growth, in addition to which it declared and subsequently paid a dividend to the Group of USD 300 million.

For Admin Re[®] we are pleased to report net income of USD 48 million, and gross cash generation of USD 202 million. Admin Re[®] has developed into a solid and steady earner of cash for the Group. The Business Unit is on track to pay dividends to the Group of USD 900 million for the years 2014 to 2016, and to generate USD 300 million in gross cash, on average, every year over the same period.



Walter B. Kielholz
Chairman of the Board of Directors

Michel M. Liès
Group CEO

It is important to give credit to our asset management team. They face the challenges of the low interest rate environment most directly. For this reason we want to point out the strong Group return on investments (annualised) of 3.7% for the quarter.

We are happy to report that Swiss Re's Board of Directors has appointed Patrick Raaflaub, the former CEO of Switzerland's financial services regulatory body FINMA, as new Group Chief Risk Officer, effective 1 September 2014. In his position as CEO, he led FINMA through the financial crisis of 2008–2009 and its aftermath. He has gained experience and insights into regulatory matters that will be of great value to Swiss Re. Patrick Raaflaub has already worked for Swiss Re in various functions between 1994 and 2008.

As we wrote this time last year, low interest rates are a continuing source of concern with a number of strategic implications for our industry. Given the

long-term nature of our liabilities, we must eventually find alternatives to 'risk-free' investments so long as risk-free rates remain low. Largely for this reason we have been talking with regulators, industry groups and others about infrastructure investing. In February 2014, together with the Institute of International Finance, we published a paper entitled "Infrastructure Investing. It Matters.", which highlights the need for public policy measures to turn infrastructure investments into an asset class. Besides matching the needs of institutional investors like Swiss Re, such measures could help meet the world's multi-trillion dollar demand for new infrastructure.

Before concluding, let us also take the opportunity to thank our staff for their great work. It was their engagement and effort which enabled us to have a very good start into 2014. And we would also like to thank you, our shareholders, for your loyalty and confidence in us.

Zurich, 7 May 2014

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