Swiss Re

We’re smarter together.

2014 Business Report

At Swiss Re we're working **smarter together** with our clients. That means working side by side, forming a deep understanding of their needs, applying our expertise and bringing fresh perspectives to manage risk in better ways.

Key information

Our 2014 performance was strong, with continued progress toward achieving our 2011–2015 financial targets.

Targets
Achieving the 2011–2015 financial targets remains our top priority.

For details on these targets and our performance in 2014, see the 2014 Financial Report.

Financial strength rating
Standard & Poor's

AA–
stable
(as of 28.11.2014)

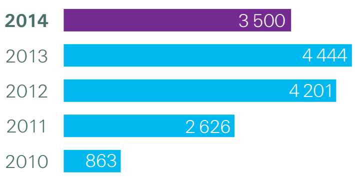
Moody's

Aa3
stable
(as of 10.12.2013)

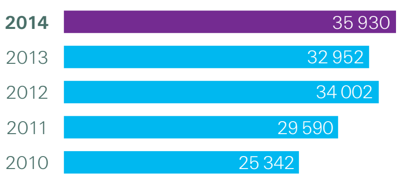
A.M. Best

A+
stable
(as of 6.11.2014)

Net income
(USD millions)



Shareholders' equity
(USD millions)



Proposed regular dividend per share for 2014*
(CHF)

4.25
(CHF 3.85 for 2013)

Proposed special dividend per share for 2014*
(CHF)

3.00
(CHF 4.15 in 2013)

* Swiss withholding tax exempt distribution out of legal reserves from capital contributions.

Swiss Solvency Test
(SST) rating

249%
(as filed in October 2014)

Financial highlights

In a challenging business environment, our Group earned 2014 net income of USD 3.5 billion.

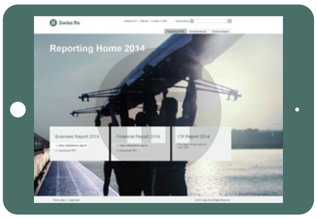
Financial highlights
For the years ended 31 December

USD millions, unless otherwise stated	2013	2014	Change in %
Group			
Net income attributable to common shareholders	4 444	**3 500**	–21
Premiums earned and fee income	28 818	**31 262**	8
Earnings per share in CHF	12.04	**9.33**	–23
Common shareholders' equity	31 850	**34 828**	9
Return on equity[1] in %	13.7	**10.5**	
Return on investments in %	3.6	**3.7**	
Number of employees[2]	11 574	**12 224**	6
Property & Casualty Reinsurance			
Net income attributable to common shareholders	3 228	**3 564**	10
Premiums earned	14 542	**15 598**	7
Combined ratio in %	83.8	**83.7**	
Return on equity[1] in %	26.0	**26.7**	
Life & Health Reinsurance			
Net income attributable to common shareholders	420	**–462**	
Premiums earned and fee income	10 023	**11 265**	12
Operating margin in %	5.8	**2.6**	
Return on equity[1] in %	6.4	**–7.9**	
Corporate Solutions			
Net income attributable to common shareholders	279	**319**	14
Premiums earned	2 922	**3 444**	18
Combined ratio in %	95.1	**93.0**	
Return on equity[1] in %	9.6	**12.5**	
Admin Re®			
Net income attributable to common shareholders	423	**34**	–92
Premiums earned and fee income	1 330	**955**	–28
Return on equity[1] in %	6.8	**0.6**	

[1] Return on equity is calculated by dividing net income attributable to common shareholders by average common shareholders' equity.
[2] Regular staff

Business report

We made progress in executing our strategy and took decisive steps to build and maintain long-term value.



More information online:
reports.swissre.com

The year in review

Inside Swiss Re

Business Units at a glance

Swiss Re is a leader in wholesale reinsurance, insurance and risk transfer solutions. Our clients include insurance companies, corporations, the public sector and policyholders.

THE SWISS RE GROUP

Business Unit

Reinsurance

Reinsurance is Swiss Re's largest business in terms of income and the foundation of our strength, providing about 85% of gross premiums and fee income through two segments — Property & Casualty and Life & Health. The unit aims to extend Swiss Re's industry-leading position with disciplined underwriting, prudent portfolio management and diligent client service.

Read more: page 12

Corporate Solutions

Corporate Solutions serves mid-sized and large corporations, with product offerings ranging from traditional property and casualty insurance to highly customised solutions. Corporate Solutions serves customers from over 40 offices worldwide and is a growth engine of the Swiss Re Group.

Read more: page 16

Admin Re®

Admin Re® provides risk and capital management solutions by which Swiss Re acquires closed books of in-force life and health insurance business, entire lines of business, or the entire capital stock of life insurance companies. Admin Re® solutions help clients free up capital to redeploy to new business opportunities while reducing administrative burdens.

Read more: page 18

Total

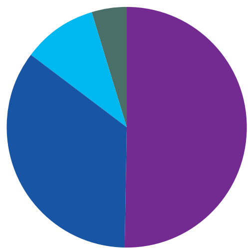
(after consolidation)

Business Unit	Year	**Net premiums earned and fee income** (USD billions)	**Net income** (USD millions)
Reinsurance – Property & Casualty	**2014**	15.6	3 564
	2013	14.5	3 228
Reinsurance – Life & Health	**2014**	11.3	–462
	2013	10.0	420
Corporate Solutions	**2014**	3.4	319
	2013	2.9	279
Admin Re®	**2014**	1.0	34
	2013	1.3	423
Total (after consolidation)	**2014**	31.3	3 500
	2013	28.8	4 444

DIVERSIFIED AND GLOBAL

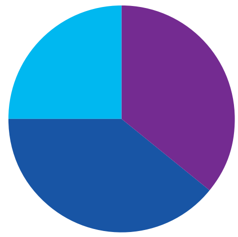
Net earned premiums and fee income by Business Unit (Total USD 31.3 billion)

- 50% P&C Reinsurance
- 36% L&H Reinsurance
- 11% Corporate Solutions
- 3% Admin Re®



Net earned premiums and fee income by region (Total USD 31.3 billion)

- 36% EMEA
- 39% Americas
- 25% Asia Pacific



Return on equity	Operating performance	Highlights for the year
26.7% (26.0% 2013)	83.7% (83.8% 2013) **Combined ratio**	■ Property & Casualty (P&C) Reinsurance maintains very strong earnings quality through disciplined underwriting and differentiation of knowledge and services. ■ Strong P&C results demonstrate the benefit of a diversified earnings stream. ■ Life & Health Reinsurance successfully executes its planned management actions on pre-2004 US life business, underlining its commitment to improve future profitability.
–7.9% (6.4% 2013)	2.6% (5.8% 2013) **Operating margin**	
12.5% (9.6% 2013)	93.0% (95.1% 2013) **Combined ratio**	■ Successful organic growth across all regions, with the highest growth in Europe and Latin America. ■ Gross premiums written, net of internal fronting, increase by 6.8% to USD 4.0 billion. ■ Increased net income driven by continued profitable business growth, primarily in property and credit.
0.6% (6.8% 2013)	945m (USD 521m 2013) **Gross cash generation**	■ Excellent gross cash generation driven by management actions. ■ Admin Re® enters into a transaction with HSBC to acquire over 400 000 individual and group pension and related annuity policies, as well as GBP 4.2 billion in unit-linked assets from HSBC Life (UK) Limited. ■ Admin Re® sells US Aurora block of business, releasing capital and continuing exit from US market.
10.5% (13.7% 2013)		■ Target capital structure on track and Group capitalisation very strong across all metrics. ■ Business performance and strong balance sheet to support proposed regular dividend, special dividend and public share buy-back programme.

Fresh perspectives

The issues before us require fresh perspectives, open minds and courageous solutions.

"Our business has never been in a better position to deliver on the promise of supporting economic progress."

Dear shareholders,
Even before 2014 was over, it was clear that the year would be remembered as one of 'war, terror and epidemic.' Unfortunately there's some justification for that. Still, I wonder if this misses some of the bigger forces at work. Extremists and extreme cases are simply that — extreme. However, I've been with Swiss Re for 24 years and on its Board of Directors for the last 17. And looking at 2014 from that perspective, I can say that the overall outlook is mixed but not all bad. Indeed there are some tough problems to solve, but there are also many bright spots. The key in my view is to always stay focused and not lose sight of the overall picture. See the challenges as well as the opportunities — opportunities which Group CEO Michel Liès and the Executive Committee are in good position to seize.

The new normal is getting old
After the financial crisis, central banks did a commendable job of contributing to the stabilisation of financial markets and restoring confidence. Yet seven years later, the crisis response has almost become the norm. Interest rates remain at historically low levels, as does inflation. I am convinced that this still remains the single biggest threat to our industry.

Low interest rates are, however, not only an issue for the financial services industry. Low rates represent a de facto tax on all savers and result in low government funding costs which, coincidentally, make it easier to delay hard public policy decisions. Low interest rates also threaten to distort financial markets in important ways, such as by affecting the supply of capital for investments. Leaders in both the public and private sector need to address the problem underlying historically low interest rates, which is clearly low economic growth.

What is Swiss Re's ongoing strategic response?

The longer the low interest rate environment lasts, the more it erodes the running investment income from our very large asset base and depresses gross margins, in particular in the Life & Health Reinsurance segment, but also in Property & Casualty. Swiss Re's response has been to maintain historically high margins from underwriting also for 2014. This combined with exceptionally low losses from natural disasters has allowed Reinsurance CEO Christian Mumenthaler and his team at P&C Re to produce another outstanding year in 2014.

We all have read a lot about alternative capital forcing its way into reinsurance and trying to substitute for traditional reinsurance. I do not think that Swiss Re is particularly vulnerable to such market forces and that the market available to us remains as large as it ever was. It is our strategy to maintain a global footprint and to do business virtually in all countries open to us, to maintain long-standing relationships with our thousands of clients, to diversify the distribution channels and not be dependent on a small number of intermediaries. We want to differentiate our offering to clients by adding value through sharing expert knowledge and our high credit quality.

In addition, we also experience once again a time where large insurance companies retain larger shares of their business and reduce cessions to the reinsurance market. With our Business Unit Corporate Solutions we underwrite risks of large non-insurance corporates and their captive insurance companies directly. For our globally diversified book of large risks we need access to such risks on a continuous basis and cannot depend entirely on the short-term reinsurance programmes of a small number of global insurers. Agostino Galvagni, our CEO in Corporate Solutions, has achieved a lot with his team: he has grown the business significantly over the past few years, has maintained strong underwriting standards at the same time, and has expanded the Unit's global footprint, staff and business infrastructure. Corporate Solution's contribution is growing and gives us strategic flexibility.

But back to Life & Health Reinsurance

As mentioned, Life & Health Reinsurance is suffering most from the low interest environment: some of this pain is due to accounting effects as the ever-lower rates produce significant unrealised capital gains in the equity of the segment which in turn make it very difficult to achieve a high ROE.

In the case of Swiss Re we also had some homemade problems in our very large in-force life books from contracts going back 10 years or more. In 2013 we committed to our shareholders that we would fix the issues with these long-running contracts in cooperation with our clients. Together with her team, that is what Alison Martin, the Head of Business Management in this segment, has achieved. This largely explains the partial revaluation of contracts in our in-force life book that burdened the 2014 results, which in turn, however, eliminates a drag on our future results in the segment. We are optimistic about future returns in Life & Health.

Where is the growth?

Several years ago we pointed out to you that the company will experience a shift of business gravity towards emerging markets, in particular Asia. This process is well underway and those in charge of all segments are continuously refocusing their efforts. By the end of this year, we expect 25% of our premiums to be generated in High Growth Markets but only less than 20% of our present resources are deployed there. This will require ongoing attention by both Reinsurance and Corporate Solutions — less so for Admin Re® which is focused now on Europe — and will help to further diversify our sources of revenue. This is good for Swiss Re as we have built relationships in the new markets for many years.

Well diversified asset allocation

Guido Fürer, our Group Chief Investment Officer, is in charge of managing our portfolio investments along with his team. In addition, our Treasury Department manages our considerable cash position and the team under John Dacey, our Group Chief Strategy Officer and Chairman of Admin Re®, is managing our book of private equity and Principal Investments. I am very proud that the contribution to profits from our asset base remains significant despite the difficult investment environment. We are convinced that a well-diversified asset allocation is the safest way to achieve a good risk/return profile even in those circumstances.

We have been advocating one specific change that could mitigate some of the negative impacts while enhancing growth. Infrastructure investment should become a viable asset class for institutional investors like Swiss Re. This would give long-term investors some relief from the low yield environment and at the same time give a boost to the real economy.

Regardless of whether the goal with infrastructure investment can be achieved, ultra-low interest rates can't go on indefinitely. Sooner or later policymakers will have to let go of the support and address the hard business of structural reforms.

As I write this, we are just a few weeks past the Swiss National Bank's decision to end the Franc's minimum exchange rate against the euro. Shortly after that the ECB announced its own multi-billion euro agenda of quantitative easing. While these decisions have little impact on Swiss Re itself given our natural hedge of keeping premium and liabilities in the same currency, it is likely to have an impact on the overall Swiss economy. And the experienced volatility in the markets gives us a bit of a hint how disruptive a shift away from the ultra accommodative monetary policy might be if and when it comes.

Some words about capital, dividend and share buy-back

Our core business is to enable risk-taking. And economic growth depends on exactly that: on risk-taking. We provide confidence and counsel for economic activity to proceed despite uncertainties such as climate change, or new developments like the digital revolution. However, our business has never been in a better position to deliver on the promise of supporting economic progress — despite a softening market environment. Our solid 2014 results confirm just that.

Risk-taking, however, requires a solid base of risk capital exactly for the moment when you have to be able to fund and digest large losses and that moment will come, it always does and it is our business. Our target capital structure is designed to achieve exactly that.

However, over the past few years the frequency and severity of large losses was below expectation, which in turn led to higher profits. For the company it was and still is difficult to find attractive opportunities to reinvest all of this additionally available capital in new insurance risks at returns in excess of our hurdle rates. We extensively used the tool of extraordinary capital repayments, which are tax advantageous particularly for Swiss retail shareholders. And we propose to do this again this year. Then, unfortunately, these reserves are exhausted. As we of course hope that the benign loss trend will continue we propose to establish a share buy-back programme for the next twelve months which we will use to achieve a similar objective: to repatriate capital that we cannot reinvest in the business at our hurdle rates.

There is however another reason that speaks for buying our own shares. Whilst over the past few years the economic value (according to our Economic Value Management (EVM) framework which assesses assets and liabilities on a true economic basis) was close to the market value, we have now seen for some time a trend of economic value significantly exceeding the market value. It makes therefore a lot of sense for the company to invest in its own shares and benefit from the discount. I hope you will support these capital motions at the upcoming AGM.

The year ahead is bound to be at least equally challenging but Swiss Re is very well positioned. The Board of Directors and I would like to thank all our employees for making this possible and giving us the confidence to meet the numerous opportunities and challenges with optimism — as we are committed to continue delivering shareholder value to you.

Thank you for your trust, loyalty and continuous support.

Zurich, 19 February 2015

Walter B. Kielholz
Chairman of the Board of Directors

4.25
Proposed regular dividend in CHF for 2014*
(CHF 3.85 in 2013)

3.00
Proposed special dividend in CHF for 2014*
(CHF 4.15 in 2013)

* Swiss withholding tax exempt distribution out of legal reserves from capital contributions.

Achieving our strategic goals

Now in even stronger position to reach our 2011–2015 financial targets.

"In an increasingly global and interconnected environment, we are well positioned to capture opportunities the market offers."

Dear shareholders,
As we start into the last year of our five-year financial target period, we can look back at 2014 as a successful year. Even though we've had other strong earnings years over this period, 2014 stands out. Why? These results were generated in a much more challenging environment. We maintained our underwriting discipline and could — as shown — actively differentiate ourselves via our services and our knowledge. In addition, we decisively addressed problematic areas in our Life & Health business and took important steps to ensure our future success.

Strong P&C underwriting drives net income

Our Group's full-year net income was USD 3.5 billion. Property & Casualty Reinsurance remains our strongest earnings pillar. Our 2014 results in this segment were strong, with net income of USD 3.6 billion, or 10% above 2013. Successful underwriting, reserve releases and benign natural catastrophe levels drove this strong result.

If you follow the industry closely, you will know that capital in various forms in the reinsurance market is abundant these days. That fact underlines the significance of our strong 2014 performance and demonstrates that we go beyond providing pure capacity. Our success lies in putting Swiss Re's expertise and capital strength to work in solving problems together with our clients. We continue to innovate in traditional areas such as natural catastrophe and liability lines and are active in game-changing, long-term developments such as big data and cyber-risk. This means, looking ahead, that we will stay committed to delivering continued profitability through disciplined underwriting and a systematic allocation of capital to risk portfolios.

An area that we believe has turned a corner in 2014 is Life & Health Reinsurance. The segment delivered a net loss of USD 462 million for 2014. This negative bottom-line result was in large part a clear reflection of the decisive actions we took to enhance profitability going forward. Over the last two years we identified and analysed, in close collaboration with our clients, the problematic pre-2004 life business in the US. The problems had to do with underperforming yearly renewable term business in which the under-performance was expected to continue. This year we actively addressed these issues with the clients concerned. The other action we took was to unwind the asset funding structure supporting a longevity transaction. Our aim is to arrive at a more sustainable solution for all. I'm pleased to report that the outcomes of both, as negative as they look today, are ultimately positive for clients, for Swiss Re, and especially for you, our shareholders and they enhance the sustainability of our business long-term. These measures were also essential to keep us on track to achieve the target of 10%–12% return on equity for Life & Health by the end of 2015. Life & Health continues to be an attractive business with great growth potential in both mature and developing markets.

Corporate Solutions continued to deliver profitable growth, with net income of USD 319 million and an annual increase in net earned premiums of 18%. Two developments in 2014 will support expansion into high growth markets. The acquisition of Sun Alliance Insurance in China — once approved by the regulator — will enable us to offer corporate insurance directly from mainland China. In Latin America, we acquired 51% ownership of Colombian insurer Confianza, providing us with another foothold in the region in addition to our offices in Mexico and Brazil.

Our next financial targets

Looking at 2016 and beyond, we will remain committed to a strong capital position. We have introduced two financial targets for the Group that will begin in 2016, focusing on profitability and economic growth.

The first is to deliver a return on equity of 700 basis points above risk-free (as measured by 10-year US Treasury bonds) over the cycle. Management will continue to monitor a basket of interest rates reflecting our business mix.

The second target is to grow economic net worth (ENW) per share by 10% per annum, also over the cycle.

This timeframe provides a long-term aspiration without being distorted by outlying individual results.

Admin Re® had a good year as well. The unit walked the talk and continued on its path to exit the US market, as evidenced by the sale of the Aurora block of business in the US in October 2014. The sale has a one-time negative impact on our bottom line, but it supports our vision to redeploy capital to areas where we see growth opportunities and attractive shareholder returns.

Finding solutions — together

I hope you share my confidence in our company. In an increasingly global and interconnected environment, we are well positioned to capture opportunities the market offers. We are equally well positioned to rise to meet challenges such as the abundance of capital or the more over-arching challenges of climate change and the insurance protection gap. Our differentiated position, our strong capitalisation, our disciplined underwriting and, last but far from least, our strong client relationships are all the foundation of Swiss Re's profitability. They are the key to our sustainability and, therefore, to Swiss Re generating long-term shareholder value.

With our focus on sustainability it was a particular pleasure that Swiss Re was again named as the insurance sector leader in the 2014 Dow Jones Sustainability Indices, showcasing that sustainability is built into all facets of our management approach.

All these achievements wouldn't be possible if we didn't have the right talent and employees. Please join me in thanking them for their hard work, great engagement and strong 2014 results. Our people are the reason we have a seat at the table with our clients, brokers and business partners. They are also the force for delivering shareholder value to you.

I'd also like to take the opportunity to thank you, dear shareholders, for your confidence in Swiss Re and your trust in us as we continue to plan our way forward. One important step is the introduction of two financial targets which will guide us as of 2016 and beyond (for more information see the box). They are chosen to continue to focus our efforts on profitability and economic growth and will provide you with the right metrics to measure our success.

Zurich, 19 February 2015

Michel M. Liès
Group Chief Executive Officer

Inside Swiss Re

Committed to finding smarter solutions together

Reinsurance
Engagement in Sub-Saharan Africa, a region poised for long-term growth.
Pages 12–14

Corporate Solutions
Helping an unusual client by providing an innovative solution combined with large capacity.
Pages 16–17

Admin Re®
The core skills underlying our closed life book business.
Pages 18–19

Corporate Responsibility
Leading the re/insurance sector in leveraging our business to enhance sustainability.
Pages 20–21

Our people
Maintaining a pipeline of talent to ensure we achieve our strategic ambitions.
Pages 22–23

Focus on:
The skills to lead

Growth in the insurance industry is fairly easy. Growing profitably takes much more skill. The challenge is especially difficult in markets where past experience is not a reliable guide, or where experience itself may be limited, such as Sub-Saharan Africa.

At Swiss Re we're well-known for our excellent underwriting. To seize opportunities in new markets, we also need to be agile. One way to connect these strengths is by investing in research and development (R&D).

Through R&D we generate unique insights into the markets we serve. We share these insights with our clients to solve problems together. One example is forward-looking modelling of our insurance markets, which goes beyond traditional data analysis and predictive modelling approaches. Such innovative tools can support our expansion in both traditional and high growth markets.

Building markets

Sub-Saharan Africa is growing, and so are their insurance markets. Swiss Re is reaching out to forge long-term partnerships across the region.

Smarter together

"We need to appreciate that we know different things about the same thing," said Samuel Rimai, a representative of pan-African reinsurer Continental Re. Samuel was one of the stakeholders attending our fourth annual agricultural reinsurance conference in Nairobi.

"We have the contacts, we have the capacity," Samuel continued. "Swiss Re has the experience, the skills and the expertise that they have developed in Europe, in Asia, and in Latin America. We need to fuse what we know."

We share Samuel's vision of working smarter together — nowhere more than in Sub-Saharan Africa, where our ambitions are vast.

A strategic partner in the region

Insurance premiums in Sub-Saharan Africa are growing in line with the region's economies, with a relatively high share of insurance premiums ceded to reinsurers. Infrastructure, agriculture, life and health and development of the region's natural resources are all promising sectors where signs point to further, long-term expansion.

We're eager to play a lead role. To demonstrate our commitment we're partnering with our clients and sharing our expertise, as well as bringing together stakeholders from the public and private sector to encourage dialogue on better risk solutions for the region — as in the Nairobi event where we met Samuel. Such events are part of a comprehensive strategy of regional engagement — in addition to strategic investments, building our Africa talent pool and proving ourselves, day by day, as strategic partners who can be integral to our partners' success in Africa.

Annual average real GDP growth, Sub-Saharan Africa 2015–2020

+5.9%

(Swiss Re estimate, excluding South Africa)

Read more online: reports.swissre.com

Reinsurance
continued

Non-life insurance: annual average real premium growth, Sub-Saharan Africa 2015–2020

+7.0%

(Swiss Re estimate, excl. South Africa)

Life insurance: annual average real premium growth, Sub-Saharan Africa 2015–2020

+8.8%

(Swiss Re estimate, excl. South Africa)

Putting our minds together

Four months after the Nairobi event we convened another knowledge-sharing event ("indaba" in Zulu) in Africa. This one was in Maputo, Mozambique. Here again we invited brokers, insurers, reinsurers and regulators to discuss developments in that country.

Economic growth in Mozambique has been strong for more than a decade. To support that momentum, many participants pointed out, the country can now look to its energy sector.

More than a third of global oil and gas discoveries in 2012 were located in Mozambique. The country is set to become the fourth largest exporter of liquefied natural gas (LNG) globally and second in Africa, behind only Nigeria. "Africa's energy markets are changing on a massive scale, and the indaba really drove that home," said Fabrice Jerlin, one of Swiss Re's underwriters focused on Africa. "We anticipate USD 40 billion will initially be invested to develop LNG in Mozambique."

"It was great to meet the players who will support this transformation," Fabrice continued. "I hope we'll work on it together." Stakeholders attending the indaba noted that it was the first event of its kind in the market and a key opportunity to gain fresh insights. In addition to energy, the Maputo indaba focused on other lines such as marine, construction and engineering and workmen compensation – all lines that will be in great demand in Mozambique.

A foundation for success

We aim to become the leading global reinsurer in Sub-Saharan Africa by being integral to our clients' success. Events like the indaba in Mozambique are an investment in that vision with more to follow in markets such as Nigeria, Ghana, Angola and Ethiopia. By sharing experiences and finding solutions we can prove our value as a strategic partner in the region.

Above:
The Kenyan capital Nairobi, location of a knowledge-sharing event with our clients in 2014.

Right:
The port of Maputo, Mozambique, site of another Swiss Re indaba. Maputo has become a hub for intra-African trade.

Expanding the role of re/insurance:

Global Partnerships

A special kind of client

When struck by severe weather and natural catastrophes, governments, NGOs and international organisations often act as the insurer of last — or only — resort. To transfer these risks more efficiently and bring help more quickly, these clients look to Swiss Re's Global Partnerships.

Defense against uncertainty

The Uruguayan government is investing in climate-friendly hydropower to drive its economy. However when rainfall is lower than normal, the government must compensate for the drop in power generation by burning more fossil fuels.

Global Partnerships, together with Corporate Solutions (see page 17), is participating in a USD 450 million weather coverage deal between the Uruguayan government and the World Bank. The innovative transaction uses actual rainfall data and oil prices to mitigate two key risks: the risk of climate uncertainty as well as the risk of oil price volatility. The solution gives the Uruguayan government greater certainty over its budget, as well as a strong boost to its climate-friendly energy policy.

The people of Kenya, Mauritania, Mozambique, Niger and Senegal also face the risk of drought — and no one more than their farmers. To combat this risk these five governments are participating in African Risk Capacity (ARC). ARC uses satellite data to establish when and where a drought has occurred and then pays out quickly to governments in need. We support ARC with both expertise and capacity.

Unlimited potential

The economic losses of catastrophes and severe weather are almost always higher than insured losses. This makes the scope for Global Partnerships' solutions practically limitless. To stimulate further action we reached out to the United Nations community directly this year. Swiss Re has promised to advise 50 sovereign and sub-sovereign entities on climate risk resilience and to offer USD 10 billion of protection by 2020.

To read about these activities in greater detail, see pages 114–116 of the 2014 Financial Report.

Focus on:
A sustainable future

As a champion of clean energy, we are a proud sponsor and the official insurance provider of Solar Impulse, the world's first solar-powered airplane able to fly day and night. With a wingspan of 63 metres but weighing just 1 600 kilograms, this innovative aircraft will circumnavigate the globe over the course of five months in 2015 using the power of the sun alone.

Our support of Solar Impulse demonstrates our commitment to ensuring a sustainable future. With their pioneering spirit and our risk management expertise, together we can make a difference.

Corporate Solutions

Better answers

At Corporate Solutions we did some hard thinking on how to improve risk management for a US public school district.

A challenging test
The Miami-Dade public school system (MDPCS) educates more than 300 000 children every year, operating out of over 400 buildings and schools. Taken as a whole, it is also very exposed to risk of hurricane and flood. Over the years the county has paid a substantial amount in insurance premiums for comparatively little in claims. They questioned the efficiency of their risk protection — and we delivered an answer.

Swiss Re Corporate Solutions, in coordination with Global Partnerships (see page 15), has developed an innovative solution that eases MDPCS's burden of risk protection.

Growing pains
MDPCS is representative of global trends. More people are moving to urban, coastal environments. This puts more and more assets and lives at risk, and thus raises the costs of disasters when they do strike. Meanwhile climate change is making severe weather events even more unpredictable than before. To an increasing degree, the costs of such events are being borne by citizens and their governments.

Our custom-made solution softens the impact of disaster protection for MDPCS. We structured a programme that would deliver USD 100 million in property protection from windstorms and associated floods. The protection is offered over a three-year period with fixed annual premiums. If MDPCS avoids a loss, we share the good fortune by giving a "no claims bonus", reducing the disparity between how much they pay and how much they get back.

By giving MDPCS long-term certainty around its costs, the school system can devote more resources to their real passion — educating the children of Miami-Dade County.

US population growth in coastal areas, 1970–2010

+40%

(Source: NOAA)

Read more online: reports.swissre.com

Focus on:
Changes in the UK

Over the last two years the UK regulatory environment has undergone significant change, most notably in 2014 when the government announced it would take measures to give customers a wider range of options for drawing on their retirement income.

At Admin Re® we're greeting the changes enthusiastically. They're opening up a number of new dynamics for us as we look to enhance our product offerings to retain invested funds for longer, and to acquire additional blocks of business as other providers find their business models challenged by the new regulations. In particular, the fact that we operate a single administration platform (rather than running multiple complex systems) gives us a competitive advantage in implementing communication, product or process changes.

Admin Re®

A safe pair of hands

Admin Re® has successfully integrated more than five million policies onto its in-house platform over the last 10 years.

Proven skills to integrate new business
We acquire closed in-force life and health books of business, which we administer through Admin Re®. By definition these 'closed books' naturally diminish over time, so to meet our ambitious growth targets we're continually looking for new opportunities.

Providing a safe pair of hands is central to being entrusted with new acquisitions. Business integration is a key competence underpinning Admin Re®'s acquisition strategy.

Admin Re® has successfully integrated more than five million policies over the last 10 years. Our platform in the UK is the cornerstone of this process, consolidating many of the complex tasks behind business integration.

A typical acquisition involves more than 100 people at any one time, applying an extensive mix of technical skills over a 15–18 month time line. The June 2014 acquisition of the pension business from HSBC Life (UK) is a prime example. Since the announcement, our teams have been working to prepare for the integration of approximately 400 000 pension policies onto Admin Re®'s systems.

By focusing on the UK for further acquisitions we will be reducing complexity and taking advantage of a changing market (see box), as well as capturing economies of scale. All of these benefits are ultimately made possible by our skills in business integration.

UK population 65+, 2035 (estimate)
23%

Read more online: reports.swissre.com

Focus on:

The Sustainability Risk Framework

Our Sustainability Risk Framework gives direction to our sustainability activities. It consists of policies on sensitive sectors or issues, such as forestry and logging. The criteria defined in these policies also provide for the exclusion of specific companies, such as those that cause repeated, severe and unmitigated damage to the environment. Countries with particularly poor human rights records and no prospect for improvement are also excluded under the Framework. And for case-by-case assessments, we employ our formal Sensitive Business Risks (SBR) process.

The framework is applied to all business transactions, meaning re/insurance as well as investments, to the extent that we can influence their various elements.

Corporate Responsibility

Leading the way

We're leading our sector and working with our clients to advance the cause of sustainability — even in places where you might not expect us.

The world's heritage

The island of Sumatra is a stronghold of the world's biodiversity, with a human population density only one-third as high as Indonesia overall. More than 2.5 million hectares of pristine forest have been set aside to protect the island's unique plant and animal species.

Yet the island's tropical rainforests remain under threat. More than half has been lost in the last 35 years, reducing biodiversity and making global warming worse. That's why we're especially proud to promote sustainability in Sumatra — particularly in terms of sustainable forestry, mitigating climate change and defending human rights.

Managing sustainability risks

Some opportunities offer economic benefits that are in direct conflict with our commitment to corporate responsibility. Swiss Re's Sensitive Business Risks (SBR) process is our primary tool for handling such "sustainability risks", and part of our overall Sustainability Risk Framework (see box). The SBR process allows us to screen out business that would cause excessive harm to the environment, our reputation or our values. In the best cases, such as the case in Sumatra, the SBR process helps us to enhance the sustainability practices of our clients.

In this case our client asked us to offer coverage for a pulp and paper mill in Sumatra. Their plans raised questions about their forestry practices and their impact on local communities. We suspended business until we could meet with the client to discuss our concerns. Together we developed a plan to improve their business practices. Following concrete improvements in the company's social and environmental practices in Sumatra, we were able to continue writing their business — sustainably.

Number of SBR referrals, 2014

454

(210 in 2013)

Read more online: reports.swissre.com

Focus on:
Breaking 'silos'

Every large organisation struggles at one time or another to ensure that employees understand the over-arching mission and how their roles fit within it.

One way to address this potential problem — and to enhance career development — is to institutionalise job rotations.

At Swiss Re job rotations are an important tool to develop our employees. In the typical case, the employee takes a few months away from their normal role to perform specific tasks for a different unit or function. After the rotation they return to their original team. Rotations broaden skill sets, increase job satisfaction and expand horizons — for the benefit of the individual and for Swiss Re overall.

Our people

Nurturing talent

Our corporate culture is ethical and intelligent. We want to achieve our objectives by attracting the best talent from around the world.

Journey of a young talent

Benedikt Heinen, a German national, joined us as an intern in 2011.

Benedikt continued to work with us in London while working on his master's thesis: understanding how reinsurance could help insurers meet the new regulatory standard known as Solvency II.

The day-to-day work experience served as a valuable real-world complement to his studies. As part of the Business Development team, Benedikt saw first-hand how reinsurers help clients stay attuned to market and regulatory trends.

After earning his degree he continued his career with us through the graduates@swissre programme. This intensive eighteen-month rotation programme aims to attract people like Benedikt — young people with strong academic records, international experience and languages, but little or no work experience.

As a Graduate Benedikt remained with the Business Development team and transferred to Zurich, Switzerland. He also spent time in Madrid and Mexico City, where he took part in client discussions on capital management and regulatory developments. After completing the programme in February 2014, Benedikt was promoted and transferred to Mexico City, where he works as a Client Manager.

Benedikt works directly with clients across Latin America, transferring the knowledge that he acquired in Europe to strategically important high growth markets. He's part of the Latin America High Growth Development Programme, a regional development initiative for talent working in or for high growth markets.

When asked if he is surprised to find himself generating business in the region today, he says: "I thought it would happen eventually — I just never thought it would happen so quickly."

Staff increase in high growth markets, 2013–2014

10%

Read more online: reports.swissre.com

Our mission

Swiss Re aims to be the leading player in the wholesale re/insurance industry.

STRATEGY

We seek to outperform peers in core areas, combined with smart expansion into areas where additional growth opportunities exist.

STRATEGIC PRIORITIES

To focus on strategy execution across the Swiss Re Group.

MID-TERM FACTORS IN OUR INDUSTRY

High growth markets

By 2020 we estimate that up to 45% of new re/insurance business premiums will be generated in high growth markets.

To outperform our peers in property and casualty re/insurance businesses.

Big data and smart analytics

The ability to gather and process information is profoundly altering the business landscape, and this process will not stop at the insurance sector.

New entrants

Telecommunications and technology companies are already starting to enter primary insurance markets. These new entrants have access to a large customer base and interact with those customers frequently.

To perform in our life and health businesses.

FOCUS ON EXECUTION

We aim to apply our strong combination of capital, knowledge and brand to be the leading player across diversified re/insurance risks and businesses.

To deliver on performance and capital management priorities.

ACTIONS AND PROGRESS IN 2014

- Strong performances across the Group support return on equity of 10.5% and earnings per share of USD 10.23.
- Consistent underwriting performance continues through disciplined underwriting and differentiation of knowledge and services.
- Continued expansion into high growth markets across Reinsurance, Corporate Solutions and Principal Investments.

PRIORITIES FOR 2015

- Meet our 2011–2015 financial targets.
- Maintain focus on underwriting discipline and productivity measures.
- Continue to shift capital and talent to high growth markets.
- Focus on differentiation to generate value for clients and shareholders.

- Group combined ratio of 85.4%.
- Property & Casualty Reinsurance underwriting results remain strong; rebalancing portfolio through casualty expansion.
- Corporate Solutions continues profitable growth; strengthened presence in high growth markets; subordinated bond issuance.

- Provide differentiated solutions through unique client access and offerings.
- Maintain diversified portfolio and underwriting track record.
- In Corporate Solutions, build on recent acquisitions in high growth markets and maintain selective underwriting approach.

- Effective implementation of in-force management actions, setting the foundation for future profitable growth.
- Admin Re® delivers excellent gross cash generation; strengthens UK franchise and continues exit of US business to extract capital.

- Meet return on equity target of 10%–12% in Life & Health Reinsurance (based on June 2013 equity base).
- Continue to grow new life business and further develop health opportunities.
- Pursue selective growth and operational excellence in Admin Re®.

- Target capital structure on track and Group capitalisation very strong across all metrics.
- Business performance and strong balance sheet to support proposal of regular dividend, special dividend and share buy-back programme.

- Keep growing regular dividends and profitable business.
- Deploy capital at return that meets our strategic and financial targets.

How we operate

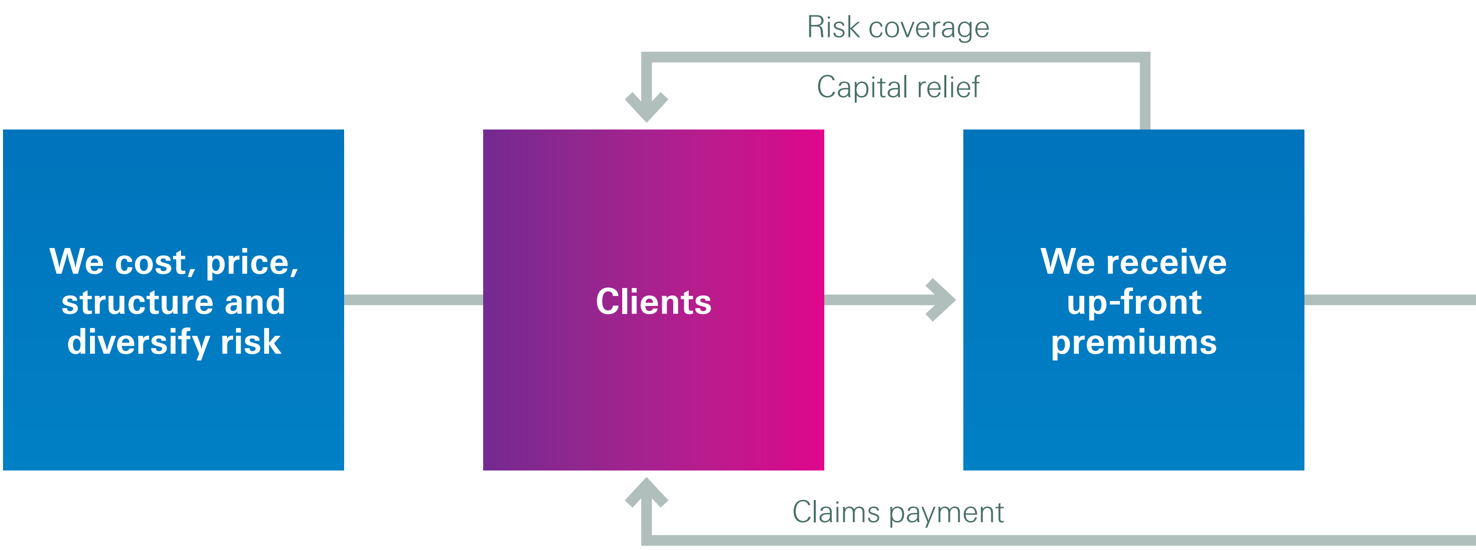
Swiss Re is a knowledge company. We apply that knowledge to help clients, shareholders and society.

MARKET FORCES

A changing world of risk
Competitive re/insurers must find ways to do business in a changing risk landscape.

New markets, new clients
The fastest-growing insurance markets are emerging markets. Clients in these markets often have specialised knowledge and specialised needs.

Alternative capital
Pensions, hedge funds and other non-traditional sources are supplying funds to cover insurance risk, especially natural catastrophes.



OUR APPROACH AND WHY

A knowledge company
We're taking the lead in developing techniques to estimate losses in changing or even unknown areas of practice, and sharing the benefits of that knowledge with our clients.

Building ties
We're making substantial investments on the ground to make sure Swiss Re continues to be a well-known, accessible partner for developing re/insurance solutions in our targeted high growth markets.

A resilient business model
Our clients look to us as more than simply a provider of capacity. We work together with our clients to understand their needs, then develop solutions that capitalise on our more than 150 years of expertise.

Low interest rates
Persistently low interest rates are a challenge to the re/insurance sector, especially where business is long-term in nature, like life businesses.

Shifting risk burdens
Economic growth and demographic changes are putting more assets and lives at risk of natural catastrophes. Governments are often hard-pressed to deal with the consequences.

A broad insurance gap
The gap between economic losses and insured losses after a catastrophe remains unacceptably high.

We invest until money is needed

We compensate for losses

Profit
- Grow regular dividends with long-term earnings
- Business growth where it makes sense

Offering fresh perspectives
We are reaching out to peers and policymakers to show how re/insurers can better meet the challenge of low interest rates while supporting economic growth by investing in infrastructure.

Protecting societies
We are constantly looking for constructive, sustainable ways to expand the reach of re/insurance, for example through our Global Partnerships business.

Innovating to make more resilient societies
We continue to work with clients and partners to expand the reach of the re/insurance solution and to raise awareness about its importance.

Board of Directors

1 Walter B. Kielholz
2 Mathis Cabiallavetta
3 Renato Fassbind
4 Raymund Breu
5 Raymond K.F. Ch'ien
6 Mary Francis
7 Rajna Gibson Brandon
8 C. Robert Henrikson
9 Hans Ulrich Maerki
10 Carlos E. Represas
11 Jean-Pierre Roth
12 Susan L. Wagner

Changes in 2014

Shareholders elected Susan L. Wagner as a new non-executive and independent member for a one-year term of office at the Annual General Meeting in April 2014. At the same time, they re-elected Walter B. Kielholz, Raymund Breu, Mathis Cabiallavetta, Raymond K.F. Ch'ien, Renato Fassbind, Mary Francis, Rajna Gibson Brandon, C. Robert Henrikson, Hans Ulrich Maerki, Carlos E. Represas and Jean-Pierre Roth for one-year terms. Jakob Baer, Malcolm D. Knight and John R. Coomber did not stand for re-election.

More online: reports.swissre.com

Group Executive Committee

1 Michel M. Liès
Group CEO

2 David Cole
Group CFO

3 John R. Dacey
Group Chief Strategy Officer

4 Guido Fürer
Group CIO

5 Agostino Galvagni
CEO Corporate Solutions

6 Jean-Jacques Henchoz
CEO Reinsurance EMEA

7 Christian Mumenthaler
CEO Reinsurance

8 Moses Ojeisekhoba
CEO Reinsurance Asia

9 Patrick Raaflaub
Group CRO

10 J. Eric Smith
CEO Swiss Re Americas

11 Matthias Weber
Group CUO

12 Thomas Wellauer
Group COO

Changes in 2014

George Quinn stepped down as Group CFO and member of the Group EC and left the Group as of 30 April 2014.

David Cole, Swiss Re's Group CRO since March 2011, was appointed Group CFO as of 1 May 2014.

Patrick Raaflaub was appointed Swiss Re's new Group CRO and member of the Group EC as of 1 September 2014.

More online: reports.swissre.com

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:

- 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 cyclicality 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.

This communication is not intended to be a recommendation to buy, sell or hold securities and does not constitute an offer for the sale of, or the solicitation of an offer to buy, securities in any jurisdiction, including the United States. Any such offer will only be made by means of a prospectus or offering memorandum, and in compliance with applicable securities laws.

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