



Swiss Re net income CHF 1.4 billion in first half 2005  
Combined ratio improves to 95.5%  
Return on equity 13% in line with target  
Higher dividend of CHF 2.50 per share for full year to be recommended

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**Zurich, 25 August 2005 – Swiss Re’s first half 2005 earnings were CHF 1.4 billion. Annualised return on equity was 13%, in line with the target over the cycle. Shareholders’ equity grew 15% to CHF 22 billion, further strengthening Swiss Re’s financial position. The Group’s focus on underwriting profitability led to first half 2005 net premiums declining 4% at constant exchange rates to CHF 13.2 billion.**

John Coomber, Swiss Re’s Chief Executive Officer comments: “Swiss Re further improved the profitability of its reinsurance operations. We have strengthened our capital position and, subject to a normal business development for the remainder of 2005, the Board of Directors will recommend an increased dividend of CHF 2.50 per share for the full year.”

#### **Focus on operational profitability**

The Property & Casualty Business Group’s combined ratio improved to 95.5%, ahead of its target of 96%. Operating income was CHF 1.1 billion in first half 2005, a decline from CHF 1.5 billion in the same period 2004, due to lower realized capital gains. Earned premiums were CHF 6.8 billion, a decline of 8% at constant exchange rates, reflecting the business group’s pricing discipline in a softening market environment.

The Life & Health Business Group’s profitability increased in the first half of 2005 as the return on operating revenues improved to 9.5%, exceeding the business group’s 9% target. Operating income increased 37% at constant exchange rates to CHF 834 million in part due to higher realized capital gains. Premiums earned were CHF 5 billion for first half 2005, an increase of 3% at constant exchange rates.

The Financial Service Business Group contributed operating income of CHF 339 million for the first half 2005. The premium business combined ratio was a satisfactory 94.9%. Premiums earned declined 8% at constant exchange rates to CHF 1.4 billion, reflecting Swiss Re’s selective underwriting approach.

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### **Capital management and dividend policy**

Swiss Re's focus on profitability during the recent cycle phase has further strengthened its capital position. If these favourable capital developments continue in the second half of the year, the Board of Directors will recommend increasing the dividend to CHF 2.50 per share.

### **Alignment of strategy and management on track**

In June, Swiss Re announced the realignment of its management structure to reinforce the Group's strategic objectives, by creating three new business functions: Products, Client Markets and Financial Services. The clearer separation between Products and Client Markets will ensure underwriting quality standards, while significantly raising the focus on clients. Implementation of the new structure is ahead of schedule and Swiss Re will complete it on 12 September 2005. An efficiency gain of around CHF 100 million is expected over the next two years.

### **Outlook**

Swiss Re is well positioned to sustain its good operating performance for the full year 2005. Earnings are expected to be in line with its over the cycle targets of 10% earnings per share growth and 13% return on equity, assuming normal business development for the remainder of the year.

### **Media conference and Analysts' Meeting**

Swiss Re will hold a media conference, this morning at 10.30 CEST in Zurich. This will be followed by an Analysts' Meeting at 14.00 CEST also in Zurich. For more information please visit [www.swissre.com](http://www.swissre.com).

## Notes to editors

### Swiss Re

Swiss Re is one of the world's leading reinsurers and the world's largest life and health reinsurer. The company operates through more than 70 offices in over 30 countries. Swiss Re has been in the reinsurance business since its foundation in Zurich, Switzerland, in 1863. Swiss Re offers a wide variety of products to manage capital and risk. Traditional reinsurance products, including a broad range of property and casualty as well as life and health covers and related services, are complemented by insurance-based corporate finance solutions and supplementary services for comprehensive risk management. Swiss Re is rated "AA" by Standard & Poor's, "Aa2" by Moody's and "A+" by A.M. Best.

### Cautionary note on forward-looking statements

Certain statements contained herein are forward-looking. These statements 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, performance, achievements or prospects to be materially different from any future results, performance, achievements or prospects expressed or implied by such statements. Such factors include, among others:

- cyclicalities of the reinsurance industry;
- changes in general economic conditions, particularly in our core markets;
- uncertainties in estimating reserves;
- the performance of financial markets;
- expected changes in our investment results as a result of the changed composition of our investment assets or changes in our investment policy;
- the frequency, severity and development of insured claim events;
- acts of terrorism and acts of war;
- mortality and morbidity experience;
- policy renewal and lapse rates;
- changes in rating agency policies or practices;
- the lowering or withdrawal of one or more of the financial strength or credit ratings of one or more of our subsidiaries;
- changes in levels of interest rates;
- political risks in the countries in which we operate or in which we insure risks;
- extraordinary events affecting our clients, such as bankruptcies and liquidations;
- risks associated with implementing our business strategies;
- changes in currency exchange rates;
- changes in laws and regulations, including changes in accounting standards and taxation requirements; and
- changes in competitive pressures.

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

# Swiss Re at a glance

## News first half 2005

- **Net income of CHF 1.4 billion on higher business performance offset by lower investment gains**
- **Shareholders' equity up 14.6% to CHF 22 billion**
- **Good return on investments at 5.1% (annualised)**
- **Property & Casualty Business Group: combined ratio improved to 95.5%**
- **Life & Health Business Group: return on operating revenues increased to 9.5%**
- **Financial Services Business Group: operating income in line at CHF 339 million**
- **Return on equity of 13.0% (annualised)**

## Key figures (unaudited)

CHF millions unless otherwise stated	First half 2004	First half 2005	Change in %
<b>Property &amp; Casualty Business Group</b>			
Premiums earned	7 527	<b>6 757</b>	-10
Combined ratio (in %)	96.1	<b>95.5</b>	
<b>Life &amp; Health Business Group</b>			
Premiums earned	5 022	<b>4 998</b>	0
Operating revenues	6 581	<b>6 621</b>	1
Return on operating revenues (in %)	8.6	<b>9.5</b>	
<b>Financial Services Business Group</b>			
Premium business			
Premiums earned	1 585	<b>1 409</b>	-11
Combined ratio, traditional business (in %)	94.2	<b>94.9</b>	
Fee business			
Total revenues	409	<b>297</b>	-27
Return on total revenues, excl. proprietary asset management (in %)	18.3	<b>12.5</b>	
<b>Group</b>			
Premiums earned	14 142	<b>13 175</b>	-7
Net income	1 441	<b>1 353</b>	-6
Earnings per share (in CHF)	4.66	<b>4.37</b>	-6
Shareholders' equity (31.12.2004/30.06.2005)	19 177	<b>21 982</b>	15
Return on investments (in %), annualised	5.8	<b>5.1</b>	
Return on equity (in %), annualised	15.6	<b>13.0</b>	
Number of employees (31.12.2004/30.06.2005)	8 359	<b>8 505</b>	2

## Share performance

### Market information as of 19 August 2005

Share price (in CHF)	80.50
Market capitalisation (in CHF millions)	24 987
Number of shares entitled to dividend	310 399 502

Performance	1995-19 August 2005 (p.a.)	Year to 19 August 2005
Swiss Re (in %)	8.6	1.4
Swiss Performance Index (in %)	10.6	19.5
DJ Stoxx Insurance Index (in %)	5.1	15.2