



Swiss Re's net income increases 45% to CHF 1.2 billion in second quarter 2007  
Annualised return on equity increases to 15.9%  
Earnings per share rises 38% to CHF 3.50 per share

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**Zurich, 7 August 2007 – Swiss Re today announced earnings of CHF 1.2 billion in the second quarter of 2007, an increase of 45% over the same period last year. Annualised return on equity for the second quarter improved to 15.9%, compared to 13.3% in 2006. Earnings per share rose 38% to CHF 3.50.**

"We are pleased with the results for the second quarter as we continued to generate economic profit growth through careful cycle management and efficient capital allocation. The results also demonstrate our continuing ability to deliver against our other goals of reducing earnings volatility, enlarging market scope and achieving organisational excellence," said Jacques Aigrain, Swiss Re's Chief Executive Officer.

Compared to second quarter 2006, premiums earned increased 17% to CHF 8.0 billion, reflecting the inclusion of Insurance Solutions. Annualised return on equity for the second quarter increased to 15.9% from 13.3% in 2006, well above Swiss Re's present 13% target over the cycle. Shareholders' equity decreased by 4% to CHF 29.5 billion compared to the end of 2006, due to the mark-to-market effects of interest rate increases on bonds and dividend payments during the second quarter, as well as the buy-back of Swiss Re shares in the first quarter.

The total investment result was CHF 2.3 billion, a 57% increase over the same quarter in 2006, benefiting from Insurance Solutions and GE UK Life acquisitions and Admin Re<sup>®</sup> transactions. The annualised return on investments was 5.6%, up from 4.8% in the second quarter of 2006.

Property & Casualty business delivered operating income of CHF 1.7 billion, up 68% over the second quarter of 2006 due to excellent underwriting results, the inclusion of Insurance Solutions and strong investment performance. Premiums earned for traditional business grew to CHF 4.5 billion, up 19% over the same period in the prior year. The Property & Casualty business combined ratio for the quarter improved to 90.7% from 93.9% in 2006.

Life & Health operating result declined by 30% to CHF 335 million from a very strong CHF 477 million in second quarter 2006. This decrease was mainly the result of short-term volatility in US mortality. Overall, mortality developments in the first half of 2007 were in line with expectations. The return on operating revenues decreased to 7.4% from 13.2% in the same quarter last year. During the second quarter, Swiss Re signed one Admin Re<sup>®</sup> deal and completed one longevity transaction as well as a combined Admin Re<sup>®</sup>-longevity deal, representing total assets of CHF 16.7 billion.

Financial Services operating income grew 71% to CHF 193 million and the return on total revenues was 31.5%, compared to 15.7% in second quarter 2006. This result reflects the excellent performance of all Financial Services activities, including recent initiatives in the areas of credit, variable annuities and insurance-linked securities on behalf of both Swiss Re and its clients.

#### **Establishing a 2nd trading line on virt-x for the share buy-back**

Continuing its CHF 6 billion share buy-back program, Swiss Re will establish a second trading line on virt-x to repurchase shares for subsequent cancellation.

#### **Outlook**

Swiss Re continues to manage the cycle actively by adjusting capacity to ensure adequate pricing, thus preserving the superior quality of future earnings. The Group continues to develop new products to meet the rising demand for natural catastrophe protection and for its engineering, weather, agricultural and marine businesses. Swiss Re sees further attractive opportunities to deploy capital in Admin Re<sup>®</sup> and in the longevity business. The Group continues to develop the market for insurance derivatives as evidenced by the recent launch of catastrophe bond performance indices in cooperation with Standard & Poor's.

Jacques Aigrain, Swiss Re's Chief Executive Officer: "Assuming an average level of natural catastrophes, the outlook for the rest of the year remains strong."

#### **Media conference**

Swiss Re will hold a media conference this morning at 10.30 (CET). If you cannot participate, media may call in to the conference using the below phone-numbers. You are kindly requested to dial in 10 minutes prior to the start:

|                   |                    |
|-------------------|--------------------|
| From Switzerland: | +41 91 610 5600    |
| From Germany:     | +49 69 2 2222 0593 |
| From France:      | +33 1 7070 0543    |
| From UK:          | +44 20 7107 0611   |

The slides for the second quarter results are available on [www.swissre.com](http://www.swissre.com). In addition, photos from the media conference are available on [www.photopress.ch](http://www.photopress.ch) free of charge.

### **Analysts' conference call**

Swiss Re will hold an analysts' conference call this afternoon at 14.00 (CET). You are kindly requested to dial in 10 minutes prior to the start using the following numbers:

|                            |                  |
|----------------------------|------------------|
| From Europe (excluding UK) | +41 91 610 5605  |
| From UK                    | +44 20 7107 0613 |
| From US (toll-free)        | +1 866 865 5144  |

### **Notes to editors**

#### **Swiss Re**

Swiss Re is the world's leading and most diversified global reinsurer. The company operates through offices in more than 25 countries. Founded in Zurich, Switzerland, in 1863, Swiss Re offers financial services products that enable risk-taking essential to enterprise and progress. The company's traditional reinsurance products and related services for property and casualty, as well as the life and health business 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 and illustrations contained herein are forward-looking. These statements 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, 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:

- the impact of significant investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transactions, including, in the case of acquisitions, issues arising in connection with integrating acquired operations;
- 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 invested 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;

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- 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.