



Swiss Re reports net income of USD 1.1 billion for third quarter 2013; return on equity of 14.3%

Contact:

Media Relations, Zurich
Telephone +41 43 285 7171

Corporate Communications, Hong Kong
Telephone +852 2582 3660

Corporate Communications, New York
Telephone +1 914 828 6511

Investor Relations, Zurich
Telephone +41 43 285 4444

Swiss Re Ltd
Mythenquai 50/60
P.O. Box
CH-8022 Zurich

Telephone +41 43 285 2121
Fax +41 43 285 2999
www.swissre.com

- **Group net income of USD 1.1 billion; return on equity of 14.3%**
- **Property & Casualty Reinsurance leads result with net income of USD 807 million and combined ratio of 80.9%**
- **Life & Health Reinsurance result impacted by further reserve strengthening for Australian group disability business**
- **Corporate Solutions reports strong premium growth of 34.5% and net income of USD 71 million**
- **Group capital position remains strong with shareholders' equity of USD 31.9 billion; Group SST ratio¹ of 229%**
- **Asset rebalancing largely completed, deleveraging moving ahead as planned**

Zurich, 7 November 2013 — Swiss Re reports a net income of USD 1.1 billion for the third quarter of 2013, driven by continued strong performance from P&C Re. This compares to Group net income of USD 2.2 billion in the third quarter of 2012, when the Group reported a one-off gain from the sale of the US business of Admin Re®. Group return on equity in the third quarter was a very strong 14.3%. Now past the halfway mark, Swiss Re remains on track to achieve its 2011–2015 financial targets.

Michel M. Liès, Swiss Re's Group Chief Executive Officer, says: "This strong result demonstrates our excellent underlying earning power. P&C Re was clearly in the lead this quarter. Corporate Solutions is making progress against its own growth plans even in a quarter with sizeable large losses. We are following through on our plans to make adjustments in L&H Re while Admin Re® continues to generate significant cash for the Group."

Strong operating performance

Group premiums earned and fee income increased by 14% to USD 7.5 billion (vs. USD 6.6 billion in the prior-year period). Swiss Re's Group combined ratio was 83.4% (vs. 72.0%). The investment result was also strong, with investment income of USD 1.0 billion and a Group return on investments of 3.5%.

Shareholders' equity increased to USD 31.9 billion (vs. USD 30.1 billion) and book value per common share rose to USD 90.06 or CHF 81.43, compared to USD 84.03 or CHF 79.50 at the end of the second quarter 2013. Earnings per share for the third

¹ SST 2/2013 as filed with FINMA at the end of October 2013



quarter 2013 were USD 3.12 (vs. USD 6.33 in the third quarter of 2012).

Continued strong performance of P&C Re; net income of USD 807 million

Net income in P&C Re was a strong USD 807 million, down from USD 1.0 billion in the third quarter of 2012. Premiums earned increased by 19.9% to USD 4.0 billion (vs. USD 3.3 billion a year earlier), driven by the expiry of a major quota share agreement. The combined ratio was a robust 80.9% (vs. an exceptionally low 69.3%) despite a number of large losses, notably German hailstorms in July. The combined ratio also benefited from reserve releases from prior year business.

L&H Re income impacted by reserve strengthening

Net income in L&H Re was USD 12 million in the third quarter of 2013 (vs. USD 187 million a year earlier). The decrease is mainly attributable to lower realised gains and a further strengthening of reserves in Australia for group disability business of USD 121 million in the third quarter of 2013. Premiums earned and fee income increased 8.3% to USD 2.5 billion (vs. USD 2.3 billion), mainly due to the recapture of business previously ceded. The benefit ratio increased to 84.8% (vs. 79.0%). As announced at the Investors' Day in June of this year, management is committed to undertaking decisive action to strengthen the profitability of this core segment of Swiss Re's business. New business generation was strong.

Corporate Solutions advances on growth

Corporate Solutions posted a quarterly profit of USD 71 million (vs. USD 110 million in the prior-year period). Premiums earned rose by 34.5% to USD 791 million (vs. USD 588 million) while the combined ratio was 95.8%, compared to 87.4% a year earlier. The increase reflects the impact of hurricanes in Mexico compared to benign nat cat experience in the prior-year. Solid growth was seen across most regions and lines of business. The Singapore direct insurance license obtained in October will further strengthen the growth plan of the local Corporate Solutions operation by expanding its distribution channels.

Admin Re[®] delivers solid net income, gross cash generation of USD 85 million

Admin Re[®] reported net income of USD 151 million in the third quarter, generating USD 85 million of gross cash for the Group. This compares to net income of USD 823 million in the same period of the prior year, when the Business Unit reported a one-off gain of USD 626 million relating to the sale of the Admin Re[®] US business.

**Successful execution against mid-term plan and 2011-2015 financial targets**

Swiss Re made further progress in optimising its capital structure in the quarter by reducing debt, for instance by the repurchase of USD 713 million of senior notes and the maturing of USD 750 million of senior debt. These are significant steps towards Swiss Re's overall target of reducing leverage by more than USD 4 billion by 2016. Swiss Re also continued to rebalance its asset portfolio by increasing the share of high-quality corporate bonds and equities in its overall portfolio, reaching 28 percent and 7 percent respectively, at the end of the quarter. The efforts towards rebalancing the asset mix and implementing the strategic short duration position are by now largely completed, resulting in a positive impact on the running yield of the portfolio. The rebalancing has resulted in the deployment of approximately USD 3 billion in economic capital.

George Quinn, Group Chief Financial Officer, says: "Our priority is to achieve our financial targets while providing a sustainable, growing dividend. This growth is ultimately dependent on our ability to deploy capital profitably. We continue to see attractive opportunities. Further capital management measures such as a special dividend are possible but no decision will be made until we have finalised our year end results."

Over the first nine months of 2013, Swiss Re remained on track to meet its three financial targets: the target return on equity of 700 basis points above the average risk-free rate, plus 10 percent average annual growth in both earnings per share and economic net worth per share plus dividends.



Notes to editors:

Details of third-quarter performance (Q3 2013 vs Q3 2012)

		Q3 2013	Q3 2012
P&C Reinsurance	Premiums earned (USD millions)	3 951	3 296
	Net income (USD millions)	807	1 030
	Combined ratio (%)	80.9	69.3
	Return on investments (% annualised)	3.2	3.6
	Return on equity (% annualised)	29.4	36.6
L&H Reinsurance	Premiums earned and fee income (USD millions)	2 452	2 265
	Net income (USD millions)	12	187
	Benefit ratio (%)	84.8	79.0
	Return on investments (% annualised)	3.6	5.8
	Return on equity (% annualised)	0.9	9.9
Corporate Solutions	Premiums earned (USD millions)	791	588
	Net income (USD millions)	71	110
	Combined ratio (%)	95.8	87.4
	Return on investments (% annualised)	2.4	3.0
	Return on equity (% annualised)	10.8	16.6
Admin Re®	Premiums earned and fee income (USD millions)	281	427
	Net income (USD millions)	151	823
	Return on investments (% annualised)	5.0	5.0
	Return on equity (% annualised)	10.3	48.9
Consolidated Group (Total)	Premiums earned and fee income (USD millions)	7 475	6 580
	Net income (USD millions)	1 072	2 182
	Earnings per share (USD)	3.12	6.33
	Combined ratio (%)	83.4	72.0
	Return on investments (% annualised)	3.5	4.5
	Return on equity (% annualised)	14.3	28.0



Media conference call

Swiss Re will hold a media conference call at 08.30 am (CET). The presentation slides, the Q3 2013 report, as well as a video of George Quinn presenting the results can be accessed on www.swissre.com at approximately 07.00 am (CET) on 7 November 2013.

You are kindly requested to dial in 10 minutes prior to the start using the following numbers:

From Switzerland:	+41 (0) 58 310 5000
From Germany:	+49 (0) 69 2 5511 4445
From France:	+33 (0) 17 091 8706
From UK:	+44 (0) 203 059 5862
From US:	+1 (1) 866 291 41 66
From Hong Kong:	+852 58 08 1769

Investors and analysts' conference call

Swiss Re will hold an analysts' conference call this afternoon at 1.30 pm (CET). You are kindly requested to dial in 10-15 minutes prior to the start using the following numbers (listen-only mode):

From Switzerland:	+41 (0) 58 310 5000
From Germany:	+49 (0) 69 25 511 4445
From France:	+33 (0) 17 091 8706
From UK:	+44 (0) 203 059 5862
From US:	+1 (631) 570 5613
From Australia:	+61 28 073 0441

Swiss Re

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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:

- further instability affecting the global financial system and developments related thereto, including as a result of concerns over, or adverse developments relating to, sovereign debt of eurozone countries;



- further 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 cyclical nature 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;
- 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.

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