

Swiss Re's profits for 1996 up 33%

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The 1996 business year was once again very satisfying for the Swiss Re Group. The return on equity, profits and the balance sheet structure showed further improvements. The total result increased 33% to CHF 1459 million or CHF 100 per share. The Board of Directors proposes to the General Meeting of Shareholders that a dividend of CHF 30 per share be paid.

This increase is due mainly to continued improvement in the technical result and a much higher return on investment activities. Gross premiums in Swiss francs increased by 11% to CHF 14.2 billion. The rise is strongly affected by exchange rate fluctuations; in original currencies, there was a decrease of 3%.

The balance sheet has been substantially affected by the inclusion of assets and liabilities from Mercantile & General Re. Technical provisions increased to CHF 43.6 billion (up 46% compared to the previous year), investments rose to CHF 58.5 billion (up 40%) and capital and reserves at balance sheet value grew to CHF 9.9 billion (up 8%). Mercantile & General Re, acquired by the Swiss Re Group in December, is fully consolidated in the balance sheet as of 31 December 1996, but not in the profit and loss account.

The ratio of the ordinary result to average capital funds at balance sheet value (return on equity) increased, on a comparable basis, from 12.7% to 13.8%.

On the basis of the improved result for the 1996 business year and a favourable assessment of current business trends, the Board of Directors has decided at its meeting today to propose to the General Meeting of Shareholders that a dividend of CHF 30 per share be paid (previous year CHF 22.50). The dividend amount of CHF 439 million corresponds to 30% of the total result after minority holdings and taxes.

The technical result in non-life business continued to improve, climbing 19% to CHF 716 million. The combined ratio (sum of claims and expenses in relation to premiums) rose from 108% to 109%. This includes an allocation of CHF 435 million to the provision for catastrophe risks. A one percentage point reduction in the claims ratio compares to a two percentage point increase in the expense ratio. Investments in personnel and the expansion of our presence in the new markets were the main cause of this rise in costs. The technical result in life business improved by 18% to CHF 178 million.

At CHF 3309 million, the investment result was up 27% on the previous year. As a result of favourable developments on the financial markets, substantially higher capital gains were realised. The return on investment grew to 7%.

The 1996 results will be presented in more detail at the press conference and financial analysts' meeting on 20 May 1997. The Letter to our Shareholders and the Invitation to the General Meeting will be sent out on 5 May 1997.

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