



Swiss Re reports second quarter 2013 net income of USD 786 million  
10.0% annualised return on equity, earnings per share of USD 2.28

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- **Group net income of USD 786 million for Q2 2013**
- **Return on equity of 10.0% and earnings per share of USD 2.28 continue progress toward 2011–2015 targets**
- **Good July renewal period with higher premium volumes driven by tailored transactions**
- **Asset rebalancing and productivity measures underway**
- **Swiss Re celebrates its 150<sup>th</sup> anniversary**

**Zurich, 8 August 2013 – Swiss Re Group reports net income of USD 786 million for the second quarter of 2013, a period that saw high levels of natural catastrophes. Premium growth in the property and casualty businesses continued with a good renewal season in July. All business segments contributed positively to the robust results and profitable growth.**

Michel M. Liès, Group CEO, says: "Our company has delivered another robust performance. This comes against the backdrop of high claims, especially those caused by the devastating floods in Europe and Canada. Throughout our 150-year history we have used our financial strength to help people recover from such floods and other destructive events. Our strategy is key to that mission and to the delivery of our 2011–2015 financial targets. Our focus remains on executing on that strategy."

**Group return on equity of 10.0%; Group shareholders' equity at USD 30.1 billion**

All Business Units contributed positively to the net income of USD 786 million (vs. USD 83 million in Q2 2012) and a 10.0% annualised Group return on equity (vs. 1.1%). Group shareholders' equity stood at USD 30.1 billion as of 30 June 2013 (vs. USD 34.8 billion at the end of Q1 2013). This reflects the second quarter payment to shareholders of USD 2.8 billion for the 2012 regular and special dividends as well as a reduction in unrealised gains caused by higher interest rates.

Book value per common share fell to USD 84.03 (CHF 79.50) compared to USD 97.80 (CHF 92.84) at the end of Q1 2013. Earnings per share for the quarter were USD 2.28 (vs. USD –0.12).

The annualised return on investments was 3.8% (vs. 4.5%). Net realised gains from investments for the Group were USD 309 million (vs. USD 486 million in Q2 2012). Swiss Re continued to rebalance its investment portfolio by shifting out of government bonds and



mainly into corporate bonds and other credit investments and, to a smaller extent, into equities.

George Quinn, Group CFO, says: "Our operational performance continues to be strong as is our return on investments. We have realised significant gains from the sale of government bonds as we rebalance our asset portfolio into credit and equities and from active management of the equity portfolio. As announced at our Investors' Day this year, we have started to take the first steps to achieve our target capital structure which will contribute to the achievement of our financial targets. We are also implementing productivity measures across the Group to achieve USD 250–300 million in savings by the end of 2015, with the goal of redeploying these savings to finance profitable growth opportunities."

### **Reinsurance produces good result**

Net income in Property & Casualty Reinsurance was USD 468 million (vs. USD 717 million in Q2 2012). Mark-to-market gains on private equity, realised gains on investments and a lower tax rate helped the result. Premiums earned were USD 3.2 billion, an increase of 12% from USD 2.8 billion in Q2 2012 due primarily to the expiry of a major quota share agreement. The combined ratio was 100.7% (vs. 81.0%), reflecting flooding in Europe and Canada as well as lower reserve releases. Adjusting for expected natural catastrophes and prior year development, the underlying combined ratio for Q2 2013 was 97.9%.

Life & Health Reinsurance delivered net income of USD 141 million (vs. USD 248 million). The result benefited from a strong performance in the Health segment and favourable one-off tax effects, offset by reserve strengthening in Australia and the adverse result from the US life business that was recaptured in the first quarter of 2013. Premium and fee income increased by 16% to USD 2.5 billion (vs. USD 2.2 billion). The benefit ratio increased to 79.6% (vs. 73.8%).

### **Corporate Solutions continues to deliver on profitable growth**

Corporate Solutions posted a quarterly profit of USD 55 million (vs. USD 26 million in Q2 2012). Premiums earned rose by 28.0% to USD 686 million (vs. USD 536 million), reflecting the expiry of a major quota share agreement as well as continued growth across virtually all lines of business and markets, as a result of multiple growth initiatives and the associated ongoing increase in offices and staff. The combined ratio for the quarter was 96.9% (vs. 110.4%). Natural catastrophe losses were higher than expected. Corporate Solutions paid a dividend to the Group of USD 489 million in the quarter.

### **Admin Re<sup>®</sup> with high realised gains**

Admin Re<sup>®</sup> reported net income of USD 109 million in the quarter. This compares to a net loss of USD 916 million in Q2 2012, which resulted from the sale of Admin Re<sup>®</sup> US. Realised gains on investments



of USD 97 million contributed to the Q2 2013 result. Admin Re® generated USD 107 million of gross cash (vs. USD –17 million in Q2 2012) and paid a dividend to the Group of USD 357 million.

### **Good renewals in Americas and Australia/New Zealand**

July is a significant month for reinsurance renewals in the Americas, Australia and New Zealand. During this period Swiss Re concludes roughly 20% of the Group's reinsurance annual treaty premiums. The July 2013 renewal premium volume was 12% higher, driven by tailored transactions. The overall price quality was 5% lower than in July 2012, but remains at attractive levels. The margin decreases were largely driven by US natural catastrophe business, where the supply of alternative capital is most significant.

### **Celebrating a milestone: Swiss Re's 150<sup>th</sup> anniversary**

Swiss Re will officially begin celebrating its 150<sup>th</sup> anniversary in August. As part of that celebration, Swiss Re has commissioned a survey of more than 20 000 respondents on the perception of risk across countries and generations. Results will be announced to the media in Zurich on 27 August.

Michel M. Liès, Group CEO, says: "At Swiss Re we are proud of our 150-year tradition of supporting economic progress and stability. We are already looking at how we will continue that commitment. This includes strategic themes such as big data and ever more sophisticated analytics or new ways of reaching clients. This adds to our already intense focus on high growth markets and all the efforts are directed towards increasing access to insurance for the people in the world who are currently underinsured."



## Notes to editors

### Details of second quarter performance (Q2 2013 vs Q2 2012)

		Q2 2013	Q2 2012
<b>P&amp;C Reinsurance</b>	Premiums earned (USD millions)	3 170	2 831
	Net income (USD millions)	468	717
	Combined ratio (%)	100.7	81.0
	Return on investment (% annualised)	2.9	4.2
	Return on equity (% annualised)	17.8	27.0
<b>L&amp;H Reinsurance</b>	Premiums earned and fee income (USD millions)	2 499	2 159
	Net income (USD millions)	141	248
	Benefit ratio (%)	79.6	73.8
	Return on investment (% annualised)	4.7	5.7
	Return on equity (% annualised)	9.4	12.7
<b>Corporate Solutions</b>	Premiums earned (USD millions)	686	536
	Net income (USD millions)	55	26
	Combined ratio (%)	96.9	110.4
	Return on investment (% annualised)	2.1	3.8
	Return on equity (% annualised)	7.7	4.1
<b>Admin Re®</b>	Premiums earned and fee income (USD millions)	440	599
	Net income (USD millions)	109	-916
	Return on investment (% annualised)	5.6	4.3
	Return on equity (% annualised)	7.2	-52.6
<b>Consolidated Group (Total)</b>	Premiums earned and fee income (USD millions)	6 795	6 126
	Net income (USD millions)	786	83
	Earnings per share (USD)	2.28	-0.12
	Combined ratio (%)	100.1	85.7
	Return on investment (% annualised)	3.8	4.5
	Return on equity (% annualised)	10.0	1.1



## Video presentation and slides

A video presentation of Swiss Re's results for media and analysts and the accompanying slides are available on [www.swissre.com](http://www.swissre.com).

## Media conference call

Swiss Re will hold a media conference call this morning at 10.30 am (CEST). You are kindly requested to dial in 10 minutes prior to the start using the following numbers:

From Switzerland:	+41 (0)58 310 50 00
From Germany:	+49 (0) 69 25 511 4445
From UK:	+44 (0)203 059 58 62
From France:	+33 (0) 170 918 706
From USA - Toll-Free:	+1 (1)866 291 41 66
From Hong Kong:	+852 58 08 1769

## Investors' and analysts' conference call

Swiss Re will hold an investors' and analysts' conference call this afternoon at 2 pm (CEST) which will focus on Q&A. You are kindly requested to dial in 10 minutes prior to the start using the following numbers:

From Switzerland:	+41 (0)58 310 50 00
From Germany:	+49 (0) 69 25 511 4445
From UK:	+44 (0)203 059 58 62
From France:	+33 (0) 170 918 706
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 euro area 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.

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