



Swiss Re reports net income of USD 83 million, demonstrating underlying earnings power

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- **Swiss Re reports Group profit of USD 83 million for Q2**
- **Strong P&C Reinsurance result benefits from lower nat cat losses and positive prior-year development; L&H Reinsurance result driven by realised gains**
- **Corporate Solutions growth plans on track**
- **Loss of USD 1.0 billion from the sale of the Admin Re[®] US business**
- **Very good Group return on investment of 4.5%**
- **Successful July renewals with increases in price and premium volume**
- **Continued focus on profitable growth**

Zurich, 9 August 2012 — Swiss Re reports a net profit of USD 83 million for the second quarter of 2012. The result is impacted by the sale at a loss of USD 1.0 billion of the Admin Re[®] US business. Property & Casualty Reinsurance delivered a strong result while Life & Health Reinsurance net income benefited from realised gains. Group return on investment was a very good 4.5%.

Michel M. Liès, Group CEO, says: "We have delivered a profit in the second quarter. Given the impact from the sale of the Admin Re[®] US business, this shows the strength and resilience of our underlying earnings power. With another successful renewal round in July behind us, we will continue to focus on implementing our strategy and capturing growth opportunities in developed and high-growth markets in the second half of the year."

Group return on investment of 4.5%; stable shareholders' equity of USD 31.0 billion

Premiums earned and fee income increased by 13.7% to USD 6.1 billion (vs. USD 5.4 billion in Q2 2011). Swiss Re Group's combined ratio was 85.7% (vs. 81.4%). The Group's performance was supported by a very good investment result. Investment income was USD 1.2 billion with a Group return on investment of 4.5%.

Shareholders' equity remained largely stable at USD 31.0 billion (vs. USD 31.2 billion at the end of Q1 2012). Dividends paid to shareholders (USD 1.1 billion) were mostly offset by unrealised gains. Group return on equity was 1.1% (vs. 15.6%); excluding the Admin Re[®] US sale, it would have been 14.5% for Q2 2012.



Earnings per share for the quarter were USD -0.12; excluding the Admin Re[®] US sale, they would have been USD 3.22. Book value per common share fell to USD 87.03 (CHF 82.38) compared to USD 87.59 (CHF 79.17) at the end of Q1 2012.

**Property & Casualty Reinsurance produces strong result;
Life & Health Reinsurance benefits from realised gains**

Net income in Property & Casualty Reinsurance was USD 717 million (vs. USD 385 million). This result was helped by low losses from natural catastrophes in the quarter, reserve releases and net investment gains. Premiums earned were USD 2.8 billion, a healthy increase of 18.2% from USD 2.4 billion in Q2 2011. Successful renewals in the first half of the year contributed to this very strong growth. The combined ratio was 81.0% (vs. 78.1%). Adjusting for natural catastrophes and reserve releases, the underlying combined ratio for Q2 2012 was 94.6%, in line with expectations.

Life & Health Reinsurance delivered net income of USD 248 million (vs. USD 525 million). Although the result benefited from realised gains on investments, the cost of claims was significantly higher. The result also reflects lower investment income, a continuation of the negative performance of business written in the Americas prior to 2004 and slightly higher expenses due to strategic initiatives, especially in the Health area. Consequently, the operating result was lower than expected. Premium and fee income slightly increased to USD 2.2 billion (vs. 2.1 billion). The benefit ratio increased to 73.8% compared to 72.4% in Q2 2011.

Corporate Solutions growth plans on track

Corporate Solutions posted a quarterly profit of USD 26 million (vs. USD 52 million). Premiums earned rose by 22% to USD 536 million (vs. USD 439 million). This is in line with the Business Unit's growth plans. Higher-than-expected claims from natural catastrophes and man-made disasters in the quarter were partly offset by investment income. The combined ratio for the quarter increased to 110.4% (vs. 99.5%).

Admin Re[®] result impacted by loss from sale of US business

Admin Re[®] reported a loss of USD 916 million in the quarter due to the loss of USD 1.0 billion from the sale of the Admin Re[®] US business (REALIC) to Jackson National Life. This impact is higher than the figures previously estimated in the announcement of the transaction on 31 May 2012, principally due to the fall in interest rates in June. This does not affect the capital benefits of the transaction, but will continue to vary through to closing. Admin Re[®] shareholders' equity reduced from USD 7.4 billion at the end of Q1 2012 to USD 6.6 billion, the loss on sale being partly offset by rising unrealised gains due to lower interest rates in Q2. The sale of the Admin Re[®] US



business to Jackson National Life is expected to be completed in the second half of 2012. The transaction is expected to result in a USD 0.9 billion dividend to Swiss Re Ltd, unlocking capital for re-deployment across the Swiss Re Group.

Successful July renewals in Americas and Australia/New Zealand

Swiss Re saw a successful renewal period in July, which was focused on the Americas, Australia and New Zealand and comprises 20% of the Group's reinsurance annual treaty premiums. The Group saw economic rate increases of 3% in this renewal season over last year's already strong levels. Overall, the portfolio grew by 7% in volume. Rates continued to rise, especially in Cat XL business in the US, and in key markets of Latin America as well as Australia and New Zealand. Swiss Re has also been able to take advantage of increasing prices in casualty lines in some markets. Swiss Re expects this trend to continue.

Swiss Re has also revised upwards its estimates of premium volume increases for the January and April renewals. Year to date, it estimates that premium volumes have increased by USD 2.9 billion or 24%.

Continued focus on growth in developed and high-growth markets

The current economic conditions and low interest rates are creating challenges for many businesses, including Swiss Re's clients. At the same time, underlying growth in high-growth markets remains robust despite signs of moderate slowdown in some economies. With its new structure, brand value, strong capitalisation and innovation power, Swiss Re is well positioned to benefit from opportunities in developed and high-growth markets, both in the private as well as in the public sectors.

Michel M. Liès says: "We are looking to grow our share of business from high-growth markets from the current 15% to 20-25% by 2015. We will make the necessary investments to achieve this shift. Profitable growth in these markets is a 'must', as they will play an important role in achieving the five-year financial targets, the Group's top priority. However, we will not neglect our client base in developed markets. We will capture profitable growth opportunities wherever they arise."



Notes to editors

Details of second quarter performance (Q2 2012 vs Q2 2011)

		Q2 2012	Q2 2011
P&C Reinsurance	Net income (USD millions)	717	385
	Combined ratio (%)	81.0	78.1
	Return on investment (% annualised)	4.2	1.6
	Return on equity (% annualised)	27.0	17.0
L&H Reinsurance	Net income (USD millions)	248	525
	Benefit ratio (%)	73.8	72.4
	Return on investment (% annualised)	5.7	6.6
	Return on equity (% annualised)	12.7	31.5
Corporate Solutions	Net income (USD millions)	26	52
	Combined ratio (%)	110.4	99.5
	Return on investment (% annualised)	3.8	3.7
	Return on equity (% annualised)	4.1	9.8
Admin Re®	Net income (USD millions)	-916	26
	Return on investment (% annualised)	4.3	4.7
	Return on equity (% annualised)	-52.6	1.8
Consolidated Group (Total)	Net income (USD millions)	83	960
	Earnings per share (USD)	-0.12	2.80
	Combined ratio (%)	85.7	81.4
	Return on investment (% annualised)	4.5	3.9
	Return on equity (% annualised)	1.1	15.6

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.



Media conference call

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

From Switzerland:	+41 (0)91 610 56 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 (CET) 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)91 610 56 00
From Germany:	+49 (0) 69 2 5 511 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 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. 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 carry forwards 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 financial strength or other ratings of 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;
- 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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