



Swiss Re reports first-quarter consolidated Group net income of USD 1.1 billion, on track to deliver on financial targets 2011-2015

## Contact:

Media Relations, Zurich  
Telephone +41 43 285 7171

Corporate Communications, Asia  
Telephone +852 2582 3912

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

- **Very strong Group result with all Business Units contributing positively**
- **Return on equity of 15.3% above five-year financial targets**
- **Strong Group combined ratio of 84.9%**
- **Successful April renewals with strong growth and rising prices**

**Zurich, 4 May 2012 – Swiss Re reports very strong first-quarter net income of USD 1.1 billion in comparison to a loss of USD -665 million in the year-earlier period. This result was driven by strong underwriting, good investment performance and lower-than-expected major natural catastrophe claims in the period. The three Business Units – Reinsurance, Corporate Solutions and Admin Re® – each positively contributed to the Group result.**

Michel M. Liès, Group CEO, says: “We had a good start to the year with a very strong result in the first quarter. This reflects our ability to perform and grow as prices rise and an excellent asset management result. But we also benefited from an absence of major claims from natural catastrophes. All Business Units contributed to this result. Going forward, we will now seek to reap the benefits of our cycle management, with a focus on profitable growth.”

**Strong Group combined ratio; shareholders' equity rises by USD 1.6 billion**

Premiums earned increased by 21.7% to USD 6.2 billion (vs. USD 5.1 billion) as a result of the recent strong renewals. Swiss Re reports a return on investment of 4.0% for the Group as a whole (vs. 3.9%) despite a market environment that continued to be volatile. The return on equity for the first quarter was 15.3%, with a positive contribution from all Business Units. The Group combined ratio was a strong 84.9% (vs. 163.7%) in the first three months of the year. Earnings per share increased to USD 3.33 (CHF 3.08) from a loss of USD -1.94 (CHF -1.84).

At the end of March 2012, shareholders' equity was USD 31.2 billion (vs. USD 29.6 billion at end 2011), following the issuance of two innovative contingent capital instruments that are accounted for as part of shareholders' equity. Book value per common share was USD 87.59 (CHF 79.17) vs. USD 86.35 (CHF 80.74) at 31 December 2011.



## **Strong Reinsurance results**

Net income in P&C Reinsurance was an excellent USD 660 million (vs. USD -632 million), partly due to benign natural catastrophe experience. Net premiums earned increased by a very substantial 38.2% to USD 3.1 billion in the first quarter of 2012 (vs. USD 2.2 billion). This strong growth was driven by the successful January 2012 renewals, which included a substantial contribution from large solvency relief transactions. The combined ratio was a very strong 85.0% (vs. 171.0%).

L&H Reinsurance delivered solid results: net income was USD 209 million (vs. USD 14 million). The business benefited from an increase in premiums and fee income, as well as a favourable mortality and morbidity experience compared to expectations.

Given the current challenging market environment, Swiss Re sees opportunities in both P&C and L&H Reinsurance to offer capacity for capital relief, adverse development, structured life and large natural catastrophe covers.

## **Very good performance from Corporate Solutions with strong premium growth**

Net income in Corporate Solutions was USD 84 million (vs. USD -42 million). Net premiums earned increased 28.3% to USD 531 million in the first quarter of 2012 (vs. USD 414 million). This increase was driven by a successful writing of new business. The combined ratio was a very strong 84.7% (vs. 123.9%). The result benefited from an absence of claims from large natural catastrophes. Corporate Solutions continues to grow in line with its strategy to focus on large commercial business as a lean global player, based on the same costing, underwriting quality and portfolio steering for which the Group is well known.

## **Positive Admin Re<sup>®</sup> results**

Admin Re<sup>®</sup> reported an exceptional net income of USD 174 million (vs. USD 47 million). The result was supported by a number of one-off items in the quarter, including realised gains of USD 61 million and a one-time tax benefit. Swiss Re will continue to steer the Admin Re<sup>®</sup> portfolio to optimise capital and returns. In addition, gross cash generation remains an area of focus.

## **Annualised return on equity significantly above financial targets**

Swiss Re has achieved an annualised return on equity of 15.3% in the first quarter, which is significantly above its five-year financial targets 2011-2015. George Quinn, Group CFO, says: "With the new Business Unit structure in place, we will move the Group's capital towards areas where we see the opportunities are the most attractive. This will better



position us to both capture strong growth and deliver the sustained improvements in returns necessary to achieve our five-year targets.”

## Successful April renewals

Swiss Re experienced very successful April renewals, which are mainly focused on Asian business. Renewals in Japan were excellent, with Swiss Re benefiting from very strong rate increases in natural catastrophe-related business. The Group was able to build on its strong client franchise and benefit from the clear commitment it had given to the Japanese market last year immediately after the Tohoku earthquake and tsunami. Also other markets in Asia, such as Korea, saw strong and profitable growth. Overall, volumes went up by 14% for the April renewals and the fully economic price quality of the renewed portfolio improved by 17 percentage points.

## Swiss Re is well positioned

Michel M. Liès, Group CEO, says: “The excellent performance of our businesses in the first three months demonstrates that we continue to make the progress necessary to achieve our financial targets. We will manage risks prudently while supporting existing and new clients with our capacity and our expertise. We aim to capture the opportunities we see arising from the hardening of the P&C reinsurance market, strong economic growth in the emerging markets and the challenge of regulatory changes such as Solvency II.”

## Notes to editors

Swiss Re is reporting its quarterly results for the first time in line with its new segmental reporting structure. Full comparative figures for Q1 2011 are contained in the 17 April 2012 Swiss Re Investors' Day slides, which are available at:

[http://media.swissre.com/documents/investorsday\\_2012\\_group\\_strategy.pdf](http://media.swissre.com/documents/investorsday_2012_group_strategy.pdf)

## Details of first-quarter performance (Q1 2012 vs Q1 2011)

		Q1 2012	Q1 2011
<b>P&amp;C Reinsurance</b>	Net income (USD millions)	660	-632
	Combined ratio (%)	85.0	171.0
	Return on investment (% annualised)	3.5	5.1
<b>L&amp;H Reinsurance</b>	Net income (USD millions)	209	14
	Benefit ratio (%)	74.4	76.3
	Return on investment (% annualised)	4.3	1.3
<b>Corporate Solutions</b>	Net income (USD millions)	84	-42
	Combined ratio (%)	84.7	123.9



	Return on investment (%, annualised)	3.2	2.6
<b>Admin Re®</b>	Net income (USD millions)	174	47
	Return on investment (%, annualised)	5.0	5.1
<b>Consolidated Group (Total)</b>	Net income (USD millions)	1 141	-665
	Earnings per share (USD)	3.33	-1.94
	Combined ratio (%)	84.9	163.7
	Return on equity (%, annualised)	15.3	-10.7
	Return on investment (%, annualised)	4.0	3.9

### 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 2 22 22 0593
From France:	+33 (0) 170 918 706
From UK:	+44 (0) 203 059 58 62
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 2 pm (CET). You are kindly requested to dial in 10 minutes prior to the start using the following numbers:

From Switzerland:	+41 (0) 91 612 8203
From Germany:	0800 058 89297
From France:	+33 (0) 17 091 8707
From UK:	+44 (0) 203 059 5863
From US:	+1 (1) 866 865 5144
From Australia:	1 800 005 793

The presentation slides for media and analysts are available on [www.swissre.com](http://www.swissre.com)

### Swiss Re

The Swiss Re Group is a leading wholesale provider of reinsurance, insurance and other insurance-based forms of risk transfer. Dealing direct and working through brokers, its global client base consists of insurance companies, mid-to-large-sized corporations and public sector clients. From standard products to tailor-made coverage across all lines of business, Swiss Re deploys its capital strength, expertise and innovation power to enable the risk taking upon which enterprise and progress in society depend. Founded in Zurich, Switzerland, in 1863, Swiss Re serves clients through a network of over 60 offices globally and is rated "AA-" by Standard & Poor's, "A1" by Moody's and "A+" by A.M. Best. Registered shares in the Swiss Re Group holding company, Swiss Re Ltd, are listed on the SIX Swiss Exchange and trade under the symbol SREN. For more information about Swiss Re Group, please visit: [www.swissre.com](http://www.swissre.com) or follow us on Twitter [@SwissRe](https://twitter.com/SwissRe)



## 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 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 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;
- operational factors, including the efficacy of risk management and other internal procedures in managing the foregoing risks; and



- challenges in implementation, adverse responses of counterparties, regulators or rating agencies, or other issues arising from, or otherwise relating to, the changes in Swiss Re's corporate structure.

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.

This communication is not intended to be a recommendation to buy, sell or hold securities and does not constitute an offer for the sale of, or the solicitation of an offer to buy, securities in any jurisdiction, including the United States. Any such offer will only be made by means of a prospectus or offering memorandum, and in compliance with applicable securities laws.