Swiss Re

Swiss Re reports strong net income of USD 2.6 billion for 2011 and remains focused on achieving financial targets in 2012

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- **Strong 2011 net income of USD 2.6 billion**
- **Strong 2011 P&C combined ratio of 101.6% despite exceptional natural catastrophe burden**
- **Excellent asset management performance: ROI of 5.1%**
- **2011 dividend proposal of CHF 3.00[1]**
- **Achieving financial targets is top priority**
- **New Group Chief Underwriting Officer**

Zurich, 23 February 2012 — Swiss Re reports strong net income of USD 2.6 billion for the full-year 2011, despite an exceptional natural catastrophe burden. By focusing firmly on its core businesses and the implementation of its strategy, the Swiss Re Group is well positioned to outperform and to capture unique growth opportunities in 2012.

Michel M. Liès, Swiss Re's Group Chief Executive Officer, says: "With a successful year behind us and a modest but broad market turn underway, Swiss Re is well positioned to perform and grow in a low-yield environment. Our risk management has proven robust in 2011 with strong Group and P&C results, as well as the excellent performance of our Asset Management portfolio in challenging markets. This solid foundation, combined with unique growth opportunities, means that we are positioned well heading into 2012. We will further capture excellent opportunities in P&C Reinsurance and Corporate Solutions, while focusing on the profitable development of our L&H business, including high-growth markets."

Strong full-year 2011 results and increase in shareholders' equity
Net income increased strongly in 2011 to USD 2.6 billion. Underlying performance continued to improve while the result also benefited from a low tax rate. Earnings per share were USD 7.68 or CHF 6.79 (vs USD 2.52 or CHF 2.64 in 2010). The prior-year result included a charge related to the redemption of the convertible perpetual capital instrument issued to Berkshire Hathaway. Shareholders' equity rose by USD 4.3 billion compared to the previous year to USD 29.6 billion, due to the strong Group result and a USD 3.2 billion increase in unrealised gains, mostly driven by declining interest rates on government bonds.

[1] Swiss withholding tax exempt distribution out of legal reserves from capital contributions

Book value per common share increased to USD 86.35 or CHF 80.74 at the end of December 2011, compared to USD 81.20 or CHF 73.75 at the end of September 2011.

Strong P&C result despite exceptional nat cat losses
Property & Casualty was significantly impacted by the exceptional accumulation of natural catastrophe events that occurred in Asia, Australia, New Zealand and the United States during the year. The P&C operating result for 2011 declined 48.1% to USD 1.3 billion (vs USD 2.5 billion) due to this burden and reduced investment income. This was partly offset by the favourable development of prior accident years, leading to reserve releases of around USD 1.3 billion. The combined ratio increased to 101.6% in 2011 (vs 93.9%), reflecting the significant natural catastrophe burden which contributed 29.6 percentage points. Adjusted for natural catastrophes and reserve releases, the combined ratio was a strong 92.9%.

L&H result impacted by market conditions and one-off costs
Operating income in Life & Health was USD 464 million (vs USD 810 million), reflecting the financial market volatility, as well as increased costs in Admin Re® relating to the strategic realignment of the business to the new segment structure. The benefit ratio improved 0.8 percentage points to 87.9%.

Excellent performance in Asset Management
Asset Management delivered an excellent operating income of USD 5.0 billion (vs USD 4.5 billion) and a return on investments of 5.1% (vs 3.5%), driven by realised gains, primarily on government bonds, higher net investment income from net purchases, and lower impairments during the year. The total return on investments, including unrealised gains and losses, rose to 9.7% (vs 6.5%).

Despite recent improvements in market sentiment, the euro sovereign debt crisis continues to create market uncertainty. Swiss Re's prudent investment stance has paid off under these circumstances. Swiss Re's exposure to sovereign debt issued by peripheral euro zone countries has been further reduced to USD 59 million at year-end (vs USD 74 million at end of September 2011). Exposure to Greek sovereign debt was nil over the entire year.

Delivering on financial targets remains top priority
During 2011 Swiss Re made very good progress towards achieving its 2011–2015 financial targets. The return on equity was 9.6% (vs 3.6%) and earnings per share were USD 7.68 or CHF 6.79 (vs USD 2.52 or CHF 2.64). Swiss Re is firmly focused on continuing to implement and further develop its strategy under the leadership of new Group CEO Michel M. Liès. The company's top priority is to deliver on its financial targets.

As reflected by recent rating upgrades from Standard & Poor's and A.M. Best, as well as an outlook upgrade from Moody's, Swiss Re's capitalisation remains a key strength. At the end of 2011, Swiss Re held excess capital over "AA" of more than USD 7 billion.

Group CEO Michel M. Liès comments: "Despite the challenging environment, we made considerable progress on our strategic priorities in 2011 by building on our core strengths of disciplined underwriting and prudent asset management. After regaining our targeted rating level and establishing our new corporate structure, our three Business Units, Reinsurance, Corporate Solutions and Admin Re®, are in an excellent position to implement their respective growth strategies."

As a result of the profitable growth achieved in the past 12 months, Swiss Re's Board of Directors is pleased to propose to shareholders a dividend for 2011 of CHF 3.00[2]. After paying a dividend to shareholders, the company's priority will continue to be the deployment of capital to those lines of business where expected returns are strong. In the event that it is not possible to fully deploy capital at favourable terms, the possibility exists to pay special dividends to shareholders for 2012 and beyond.

Successful January renewals

Swiss Re's P&C treaty renewals showed strong premium growth of 20% across all regions. Thanks to its strong capital position, Swiss Re was able to respond to increased client demand for natural catastrophe cover and for capital relief transactions, where prices were above the thresholds set. The average price increase for the renewed book was 4% and risk-adjusted price quality improved slightly to 108%.
Swiss Re's 2012 combined ratio is estimated at approximately 94%, assuming the burden of large claims is as expected. Compared to last year, the company anticipates that the combined ratio will increase slightly, due to the higher proportion of capital relief transactions in the portfolio.

Swiss Re’s future – perform and grow

Swiss Re intends to capture fully business opportunities offered in its core reinsurance and insurance activities, including the 25% growth opportunity offered by the expiry of the quota share agreement with Berkshire Hathaway at the end of 2012. While Swiss Re's focus will remain resolutely on traditional markets, the company will also seek to capitalise on the potential for re/insurance solutions in emerging and fast-growing markets in Asia and South America.

[2] Swiss withholding tax exempt distribution out of legal reserves from capital contributions

New Group Chief Underwriting Officer and new Chairman Global Partnerships

Diligent underwriting remains a hallmark of Swiss Re and will continue to be so in the future. Swiss Re is pleased to announce that Matthias Weber will assume the position of Group Chief Underwriting Officer and will join the Group Executive Committee, effective 1 April 2012. He is currently Division Head Property & Specialty Reinsurance and a member of the Group Management Board.

In addition, Martyn Parker, CEO Reinsurance Asia and Regional President Asia, will become Chairman Global Partnerships and will thus succeed Michel M. Liès in this function. Martyn Parker will step down from the Group Executive Committee and become a member of the Group Management Board. As announced on 19 January 2012, Moses Ojeisekhoba will succeed Martyn Parker as CEO Reinsurance Asia, Regional President Asia and member of the Group Executive Committee, with effect from 15 March 2012.[3]

Group CEO Michel M. Liès comments: "I am very pleased that in Matthias Weber we have found a worthy successor to Brian Gray from within our own ranks. Matthias can look back on a 20-year career in underwriting with Swiss Re and will undoubtedly be a resolute and determined promoter of our underwriting model and standards. Additionally, Martyn Parker, our new Chairman Global Partnerships, has wide-ranging experience in emerging Asian markets and profound knowledge of the re/insurance industry, which qualify him to be a credible partner for governments, international organisations and NGOs seeking innovative re/insurance solutions to address the major challenges that our society faces."

[3] Full details of Matthias Weber, Martyn Parker and Moses Ojeisekhoba's CVs, as well as those of all other Swiss Re executives, are available at http://www.swissre.com/media/media_kit

Notes to editors

Details of full-year performance (FY 2011 vs FY 2010)

		FY 2011	FY 2010
Group	Net income (USD millions)	2 626	863
	Return on equity (%)	9.6	3.6
	Earnings per share (USD)	7.68	2.52
P&C	Operating income (USD millions)	1 285	2 476
	Combined ratio incl./excl. unwind of discount (%)	incl.101.6 excl.100.3	incl.93.9 excl.92.3
L&H	Operating income (USD millions)	464	810
	Benefit ratio (%)	87.9	88.7
Asset Management	Operating income (USD millions)	5 038	4 472
	Return on investments (%)	5.1	3.5

Details of fourth-quarter performance (Q4 2011 vs Q4 2010)

		Q4 2011	Q4 2010
Group	Net income/loss (USD millions)	983	-725
	Return on equity (%, annualised)	13.7	-11.0
	Earnings per share (USD)	2.87	-2.12
P&C	Operating income (USD millions)	515	673
	Combined ratio incl./excl. unwind of discount (%)	incl.93.5 excl.92.7	incl.88.8 excl.87.2
L&H	Operating income (USD millions)	14	304
	Benefit ratio (%)	91.7	84.3
Asset Management	Operating income (USD millions)	1 286	1 134
	Return on investments (%, annualised)	5.6	2.6

The foregoing and the 2011 Financial Review of the Swiss Re Group contain updates on our business and results and preliminary unaudited financial information for 2011. The updates on our business and results will be included in our 2011 Annual Report, together with our audited financial statements for 2011 and other disclosures we are required to include or historically have included in an annual report. The foregoing and the 2011 Financial Review of the Swiss Re Group are not intended to be a substitute for the full 2011 Annual Report, which will be published on the Swiss Re website on 16 March 2012.

The Swiss Re Group is comprised of Swiss Re Ltd and its subsidiaries. As of 12 December 2011, Swiss Reinsurance Company Ltd became a wholly owned subsidiary of Swiss Re Ltd. The Swiss Re Group's corporate structure will be reflected in the Group financial statements beginning with the first quarter of 2012. During the first half of 2012, Swiss Reinsurance Company Ltd will transfer Corporate Solutions and Admin Re® entities through a dividend in-kind to Swiss Re Ltd. Following these transfers, the Corporate Solutions and Admin Re® entities will no longer be subsidiaries of Swiss Reinsurance Company Ltd and will instead become subsidiaries of Swiss Re Ltd.

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 2 22 22 0593
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 22 22 0593
From UK:	+44 (0)203 059 58 62
From France:	+33 (0) 170 918 706
From US (toll-free):	+1 (1)866 291 41 66
From Australia (toll-free):	1 800 00 59 03

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 the Swiss Re Group, please visit: www.swissre.com

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 cyclicality 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 and morbidity 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.