

News release

Swiss Re delivers strong first-quarter Group net income of USD 1.2 billion; 14.9% Group return on equity

- Strong Group net income of USD 1.2 billion supported by robust underwriting and benign natural catastrophe experience
- P&C Re net income of USD 1.0 billion, premium growth of 7.9% and combined ratio of 78.8%
- L&H Re net income of USD 51 million, significant new business from Asia and Europe, premium and fee growth of 15.5%
- Corporate Solutions continues delivering profitable growth with net income of USD 80 million, premium growth of 35.4%
- Admin Re® with net income of USD 48 million and gross cash generation of USD 202 million
- April renewals with rates still at attractive levels, volumes higher by 14%
- Patrick Raaflaub new Group Chief Risk Officer per 1 September 2014

Zurich, 7 May 2014 – Swiss Re reports a strong Group net income of USD 1.2 billion for the first quarter of 2014. All Business Units contributed to the result, led by another impressive contribution from the Property & Casualty Reinsurance segment. April renewals saw a volume increase of 14%, with prices still at attractive levels. Swiss Re remains on track to reach its 2011–2015 financial targets.

Michel M. Liès, Swiss Re's Group Chief Executive Officer, says: "I'm pleased with the first quarter performance of our Group. P&C Re had another remarkable quarter. L&H Re wrote significant profitable new business, and while the US GAAP result is below expectations, we are making good progress in strengthening the underlying business. Corporate Solutions continued growing profitably in the quarter and Admin Re® has become a solid and steady cash generator for the Group. I'm confident that all segments will contribute to achieving our 2011–2015 financial targets."

Robust underwriting in P&C Re and Corporate Solutions; good investment performance

Swiss Re's Group net income of USD 1.2 billion in the first quarter of 2014 was 11% lower than the exceptional result in the prior-year period (USD 1.4 billion). Premium and fee income increased 11% to USD 7.6 billion (vs USD 6.8 billion) through organic growth and the expiry of a major quota share agreement at the end of 2012.

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The annualised return on investments increased to 3.7% in the first quarter of 2014. Operating income from investments was strong at USD 1.1 billion.

David Cole, Swiss Re's Group Chief Financial Officer, says: "The momentum that we generated over the past few years has continued into the first quarter of 2014. The strong combined ratios posted by Reinsurance and Corporate Solutions reflect our strong commitment to underwriting and the result in asset management highlights the strengths of our well-positioned investment portfolio. Meanwhile, our capital management remains unchanged – we aim to pay an attractive regular dividend and to deploy capital to profitable business opportunities."

The Group's Swiss Solvency Test (SST) ratio was 241 % as filed with FINMA at the end of April 2014.

P&C Re reports net income of USD 1.0 billion

P&C Re net income of USD 1.0 billion matches the very strong performance from the prior-year period. A strong underwriting result including reserve releases, realised gains on investments and favourable tax impacts contributed to this.

Premiums earned during the first quarter rose by 7.9% to USD 3.8 billion (vs USD 3.5 billion), mainly driven by the expiry of a major quota share agreement.

The P&C Re combined ratio during the first three months was 78.8% (vs 69.7%), reflecting a higher impact of man-made losses and lower reserve releases.

L&H Re reports profit of USD 51 million

Net income for the first three months was USD 51 million vs USD 222 million in the prior-year period. The result was impacted by a loss on an interest rate hedge.

Premiums earned and fee income were 15.5% higher at USD 2.7 billion, largely due to significant new business in Asia and Europe as well as recaptured business.

The operating margin for the first three months was 9.6% (vs 13.6%). The decline was mainly attributable to a gain of recaptured business in the first quarter of the prior-year period.

Management remains committed to strengthening the profitability in L&H Re and has already made good progress in addressing the challenges posed by the pre-2004 US portfolios. L&H Re is on track to reach its goal of 10-12 % return on equity by 2015.

Corporate Solutions reports net income of USD 80 million, premium growth in most lines of business

Corporate Solutions generated a first-quarter net income of USD 80 million (vs USD 101 million). The decrease was mainly attributable to higher man-made losses as well as higher claims from business written in prior years.

Premiums earned rose by 35.4% to USD 830 million (vs USD 613 million), with organic growth from most lines of business.

The Business Unit's combined ratio increased to 95.2% from 87.6% in the prior-year period.

Admin Re® generates gross cash of USD 202 million

Admin Re® delivered a net income of USD 48 million in the first quarter of 2014 (vs USD 78 million), with the decline largely due to less favourable UK capital markets performance. The Business Unit also generated gross cash of USD 202 million. The increase of USD 142 million was primarily due to the positive impact following the finalisation of the UK statutory result.

April renewals in a challenging environment

The April treaty renewals concluded for Swiss Re with a volume increase of 14% while year-to-date risk-adjusted price quality remains at attractive levels. Swiss Re successfully diversified its portfolio through tailored large transactions, writing less natural catastrophe business and expanding into casualty, which has seen profitable growth across all regions. This is in line with Swiss Re's strategy to allocate capital to lines of business with the most attractive returns.

Patrick Raaflaub to join Swiss Re as Group Chief Risk Officer

Swiss Re's Board of Directors announces that Patrick Raaflaub, the former CEO of Switzerland's financial market supervisory authority FINMA, will join Swiss Re and be appointed as member of the Group Executive Committee and new Group Chief Risk Officer (CRO) per 1 September 2014.

Walter B. Kielholz, Chairman of the Board of Directors of Swiss Re Ltd, says: "I am very pleased that we could attract a person of such calibre as Patrick Raaflaub as our new Group CRO. He was instrumental in turning FINMA into an effective regulatory body amidst the biggest financial crisis since the 1930s. Of course, he knows Swiss Re very well from his previous work with us, and now with additional experience gained in the public sector, he is very well equipped to navigate Swiss Re through the risk and regulatory challenges ahead."

Patrick Raaflaub was the CEO of FINMA between 2009 and 2014. Before this, he had a distinguished career with Swiss Re, being, among others, Chief Financial Officer of Swiss Re Italia, Regional Chief Financial Officer Europe

and Asia, and finally Head of Group Capital Management. Patrick Raaflaub joined Swiss Re in 1994 after concluding his PhD at the University of St. Gallen, Switzerland. He was born in 1965 and is a Swiss citizen.

Swiss Re on track to reach 2011–2015 financial targets

Return on equity was 14.9% in the quarter and earnings per share were USD 3.58. Economic net worth per share as published in March was USD 108.67 for 2013.

Michel M. Liès says: "I have always stressed that meeting our financial targets for 2011–2015 is the top priority. We have now seven more quarters to go and we are firmly on track. The outcome of the April renewals reinforces that view. The keys to our future success are cycle management and portfolio steering, smart differentiation from competitors and superior long-term financial strength. Our clients benefit from these strengths and so do our shareholders."

Details of first-quarter performance (2014 vs 2013)

		Q1 2014	Q1 2013
P&C Reinsurance	Premiums earned (USD millions)	3 813	3 534
	Net income (USD millions)	1 003	1 009
	Combined ratio (%)	78.8	69.7
	Return on investments (%)	3.6	2.6
	Return on equity (%)	29.8	35.5
L&H Reinsurance	Premiums earned and fee income (USD millions)	2 672	2 313
	Net income (USD millions)	51	222
	Operating margin (%)	9.6	13.6
	Return on investments (%)	2.8	3.9
	Return on equity (%)	3.6	12.6
Corporate Solutions	Premiums earned (USD millions)	830	613
	Net income (USD millions)	80	101
	Combined ratio (%)	95.2	87.6
	Return on investments (%)	3.7	3.2
	Return on equity (%)	12.0	13.1
Admin Re[®]	Premiums earned and fee income (USD millions)	236	322
	Net income (USD millions)	48	78
	Return on investments (%)	4.9	4.7
	Return on equity (%)	3.2	4.8
Consolidated Group (Total)¹	Premiums earned and fee income (USD millions)	7 551	6 782
	Net income (USD millions)	1 226	1 380
	Earnings per share (USD)	3.58	4.02
	Return on investments (%)	3.7	3.4
	Return on equity (%)	14.9	16.6

¹ Also reflects Group Items, including Principal Investments

Notes to editors:

Video presentation:

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 08.30 am (CET). The accompanying slides are available on www.swissre.com.

You are kindly requested to dial in 10 minutes prior to the start using the following numbers:

From Switzerland:	+41 (0)58 310 5000
From Germany:	+49 (0)69 25 511 4445
From UK:	+44 (0)203 059 5862
From France:	+33 (0)17091 8706
From USA:	+1 (1) 631 570 5613
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 1.30 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)58 310 5000
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From UK:	+44 (0)203 059 5862
From France:	+33 (0)1 7091 8706
From USA:	+1 (1) 631 570 5613
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For media 'b-roll' please send an e-mail to media_relations@swissre.com

**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”, “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 the Group’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:

- instability affecting the global financial system and developments related thereto;
- deterioration in global economic conditions;
- the Group’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 the Group’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 the Group’s investment assets;
- changes in the Group’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 the Group’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 the Group’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 the Group’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 the Group’s clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- current, pending and future legislation and regulation affecting the Group 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.

These factors are not exhaustive. The Group 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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