Swiss Re

Swiss Re increases net income by 45% to CHF 2.5 billion
Return on equity improves to 13.6%
Dividend up 45% to CHF 1.60 per share

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Zurich, 17 March 2005 – Swiss Re's net income increased to CHF 2.5 billion or CHF 8.00 per share in 2004. All three business groups contributed to the strong performance and an excellent 5.8% return on investments further enhanced Swiss Re's 2004 earnings.

John Coomber, Swiss Re's Chief Executive Officer comments: "Our CHF 2.5 billion profit for 2004 demonstrates Swiss Re's ability to successfully grow earnings. Looking ahead, we are resolved to maintain pricing adequacy and we see our strategies for Asia and for risk securitisation as key to delivering growth in earnings per share."

Strong operating and investment performance
All businesses contributed positively to the net income of CHF 2.5 billion, up from CHF 1.7 billion in 2003. The return on equity of 13.6% improved from 10.2% in 2003, reflecting Swiss Re's attractive business fundamentals and successful strategy.

The focus on underwriting profitability led to earned premiums being broadly flat at constant exchange rates, while the impact of foreign currencies and in particular the weaker US dollar led to an overall decline in premiums of 4% to CHF 29.4 billion, from CHF 30.7 billion in 2003.

An excellent investment result, with a return on investments of 5.8%, up from 5.1% in 2003, contributed to the higher earnings. The total investment result reached CHF 6 billion, an increase of 20% over 2003. Despite the low interest rate environment, net investment income increased 10% at constant exchange rates to CHF 4.9 billion. Very strong operating cash flows of CHF 6.6 billion and significant growth in Admin Re^SM business in 2004 provided the platform for this increase. Net realised gains grew substantially to CHF 1.1 billion from CHF 376 million in 2003, reflecting lower impairment charges and higher realised gains on equities.

The Property & Casualty Business Group's earnings grew 29% to CHF 2.3 billion in 2004, from CHF 1.8 billion in 2003. Although 2004 was a peak year for natural catastrophes, the combined ratio remained stable at 98.4%. Increased claims from natural catastrophes of CHF 760 million compared with 2003 were offset by improved underwriting performance and a release from equalisation reserves of CHF 241 million. Earned premiums declined 8% (5% at constant exchange rates) to CHF 16 billion, primarily reflecting higher retentions by clients.

The Life & Health Business Group delivered a 7% increase in operating income to CHF 1.3 billion, with the return on operating revenues increasing to 9.1% from 8.7% in 2003. Premium income was flat at CHF 10.2 billion, however, adjusted for currency movements, premiums grew by 4% due to growth in the Admin Re℠ business.

The Financial Services Business Group's operating income grew 25% in 2004 to CHF 695 million. The premium business, which represents 87% of the business group's earnings, experienced favourable underwriting conditions, particularly in credit business, leading to a 5% (9% at constant exchange rates) increase in premiums earned to CHF 3.2 billion. The combined ratio further improved to 92.9% from 94.7% in 2003. The fee business earnings at CHF 87 million were in line with 2003 reflecting a weaker US dollar and a less attractive trading environment in corporate finance markets in 2004, offset by growth in fees from insurance-linked securities and third party asset management.

Outlook and update of financial targets

Swiss Re is optimistic about future business opportunities. Given its leading market position, which it utilised effectively in the recent renewals, Swiss Re expects to deliver further growth in earnings in 2005.

The Property & Casualty combined ratio is expected to be in the range of 96% and the Life & Health business will continue to explore opportunities to expand through both traditional business and Admin Re℠ at a return on operating revenues above 9%. Swiss Re will continue to extend its leadership position in the Asian markets which offer ongoing and impressive growth opportunities. As demonstrated by the successful securitisation of life policies in January 2005, Swiss Re remains committed to using capital management techniques to further enhance capital efficiency and earnings creation.

Swiss Re's clear priority is growth in earnings throughout the insurance cycle. Swiss Re has therefore introduced a growth target of 10% for its earnings per share, which, together with the return on equity target of 13%, reflects the Group's commitment to continue to grow returns for its shareholders.

45% increase in dividend

The Board of Directors will recommend to the Annual General Meeting on 9 May 2005, a 45% increase in dividend to CHF 1.60 per share, reflecting Swiss Re's confidence in its business direction as well as a very strong financial position.

Changes to the Board of Directors

At the Annual General Meeting on 9 May 2005, Swiss Re will propose Dr Jakob Baer for election as a new member of the Board of Directors. Dr Baer, an attorney-at-law and a Swiss citizen, was previously the CEO of KPMG Switzerland and a member of KPMG's European and international management boards. Jorge Paulo Lemann, a board member since 1999, will step down at the forthcoming Annual General Meeting.

Media Conference and Analysts Meeting

Swiss Re will hold a Media Conference this morning at 10.30 (CET) and will later hold an Analysts' meeting at 14.00 (CET).

Notes to editors

Swiss Re

Swiss Re is one of the world's leading reinsurers and the world's largest life and health reinsurer. The company operates through more than 70 offices in over 30 countries. Swiss Re has been in the reinsurance business since its foundation in Zurich, Switzerland, in 1863. Through its three business groups Property & Casualty, Life & Health and Financial Services, Swiss Re offers a wide variety of products to manage capital and risk. Traditional reinsurance products, including a broad range of property and casualty as well as life and health covers and related services, are complemented by insurance-based corporate finance solutions and supplementary services for comprehensive risk management. Swiss Re is rated "AA" by Standard & Poor's, "Aa2" by Moody's and "A+" by A.M. Best.

Biography of Dr Jakob Baer

A biography of Dr Jakob Baer is available on our website at www.swissre.com.

Cautionary note on forward-looking statements

Certain statements contained herein are forward-looking. These statements 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, performance, achievements or prospects to be materially different from any future results, performance, achievements or prospects expressed or implied by such statements. Such factors include, among others:

- cyclicality of the reinsurance industry;
- changes in general economic conditions, particularly in our core markets;
- uncertainties in estimating reserves;
- the performance of financial markets;
- expected changes in our investment results as a result of the changed composition of our investment assets or changes in our investment policy;
- 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;
- changes in rating agency policies or practices;
- the lowering or withdrawal of one or more of the financial strength or credit ratings of one or more of our subsidiaries;
- changes in levels of interest rates;
- political risks in the countries in which we operate or in which we insure risks;
- extraordinary events affecting our clients, such as bankruptcies and liquidations;
- risks associated with implementing our business strategies;
- changes in currency exchange rates;
- changes in laws and regulations, including changes in accounting standards and taxation requirements; and
- changes in competitive pressures.

These factors are not exhaustive. We operate in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forward-looking statements. We undertake no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.