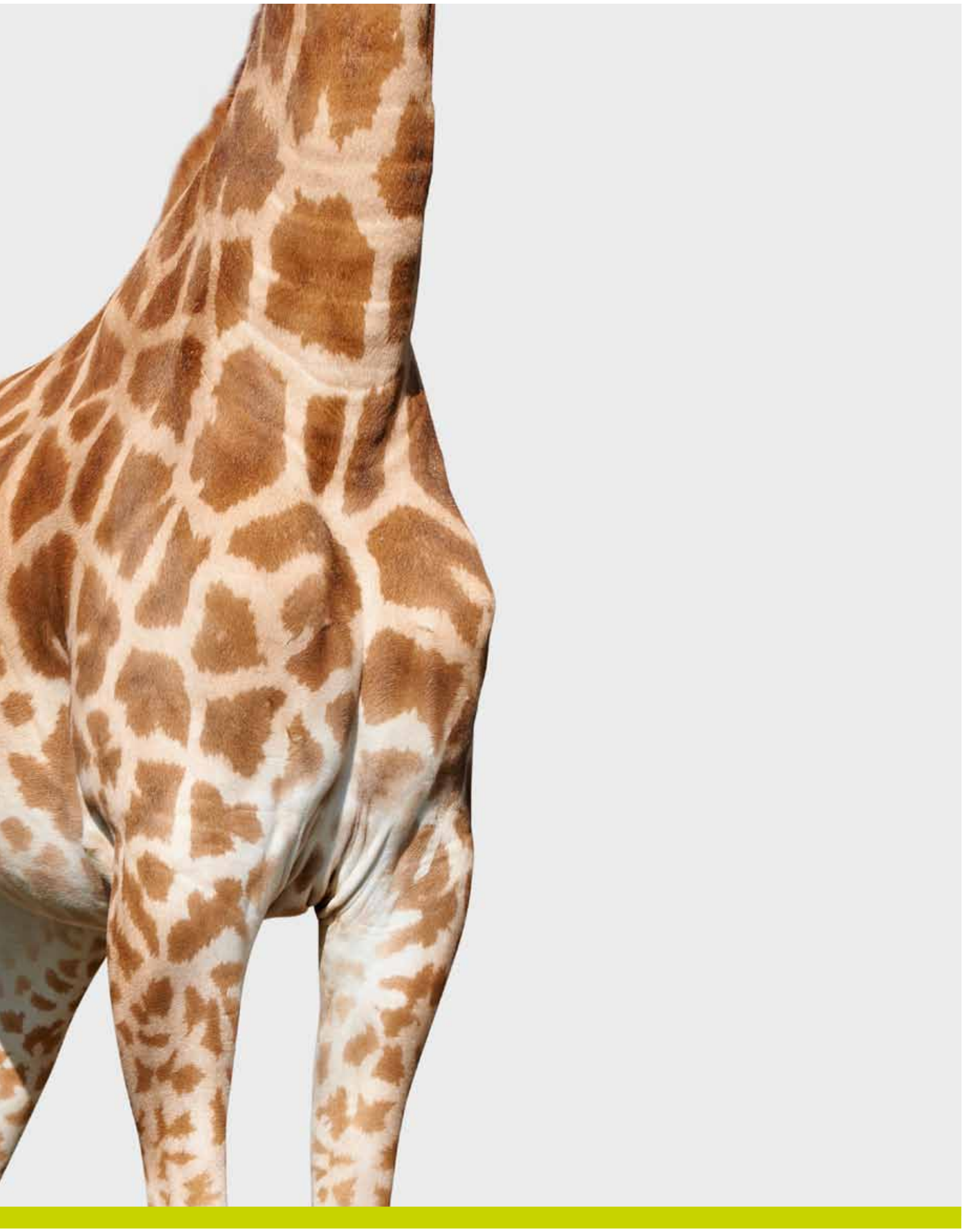


Financial Statements 2012

Local GAAP format
(Swiss Code of Obligations)

risk. covered.

Summary

Key figures

IN CHF	2012	2011
Gross premiums written	1,319,285,845	1,402,241,933
Net earned premiums	1,216,242,395	1,148,291,746
Investment result	137,683,239	114,302,105
Management expenses	-37,591,139	–34,460,039
Result for the year	61,677,113	108,939,128
Investments	3,318,055,696	3,392,637,250
Technical provisions (net)	2,861,903,804	2,630,169,823
Shareholder’s equity*	767,894,082	815,091,969

*before appropriation of available earnings

Summary of the year and outlook for 2013

In 2012, NewRe's premium volume decreased by 5.9% to CHF 1.32bn. This was mainly due to changes affecting one major life reinsurance contract, which caused life reinsurance premiums to fall by 24.7% to CHF 444m. Non-life reinsurance premiums rose by 7.7% to CHF 875m, driven by the continued expansion of our structured reinsurance business.

Two major losses had a significant impact on the result for the year. Our agricultural contracts suffered in the wake of the most severe drought for more than 50 years in the USA, and the two earthquakes in northern Italy adversely affected our core portfolio of natural catastrophe covers. Furthermore, NewRe decided to strengthen its reserves for periodical payment orders in the UK motor business. This is in line with our cautious outlook for this class of business, which is also reflected in the significant reduction in our UK motor portfolio over the past four years.

Good investment result

The investment result for the year grew substantially by 20.5% to CHF 138m, positively reflecting NewRe's hedging strategy for currency risks in Euro. These are partially offset against foreign exchange losses in the other result.

Strong equity base

With shareholder's equity of CHF 768m and an equalisation reserve of CHF 241m, NewRe remains a strongly capitalised and reliable partner for its clients. The S&P rating continues to be AA-.

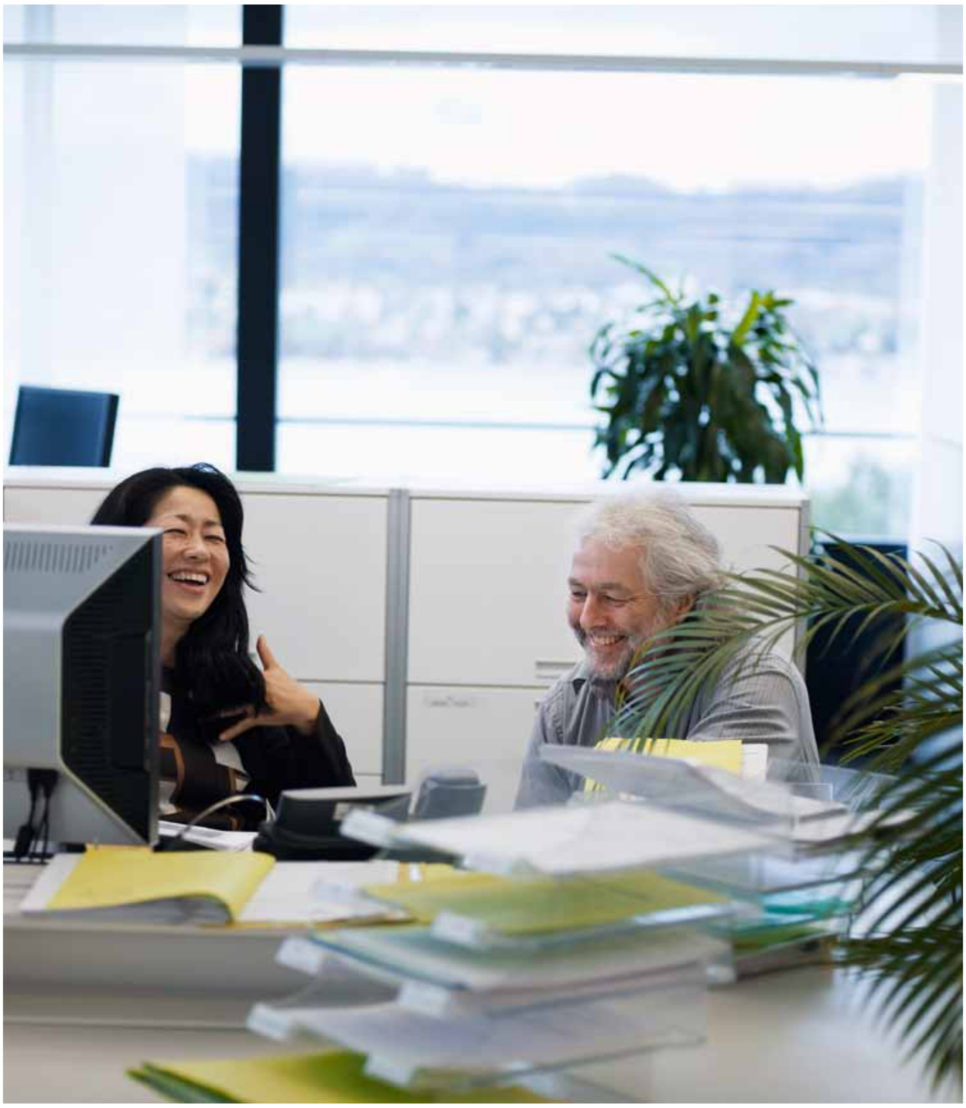
Outlook for 2013

Following very low major losses for the reinsurance industry in 2012, reinsurance capacity has increased, resulting in less favourable market conditions in general. Strict risk selection and a clear focus on profitability will thus be key to achieving good results, not least given the ongoing low-yield investment environment.

Contents

Exceptional performance carried out by constructive teams.

Project meeting



Balance sheet as at 31 December 2012

(BEFORE APPROPRIATION OF AVAILABLE EARNINGS)

Assets

IN CHF		2012		2011
Bank and post office accounts and cash		180,240,832		133,229,584
Short-term investments		76,656,801		227,633,958
Securities		3,015,919,652		2,986,625,910
Real estate		45,238,411		45,147,798
Amounts due from companies for reinsurance business:				
Current account		207,458,736		140,033,076
Thereof affiliated companies	33,359,044		20,521,177	
For deposits made		1,029,885,783		899,717,213
Thereof affiliated companies	61,846,331		68,331,279	
Sundry debtors and transitory assets		243,977,297		217,620,493
TOTAL		**4,799,377,512**		**4,650,008,032**

Liabilities and equity

IN CHF		2012		2011
Capital subscribed		260,000,000		260,000,000
General reserve fund		130,000,000		130,000,000
Free reserves		316,216,969		316,152,841
Retained earnings (incl. profit/loss brought forward)		61,677,113		108,939,128
SHAREHOLDER'S EQUITY		767,894,082		815,091,969
Technical provisions for own account:				
Future policy benefits reserves		719,011,851		704,089,144
Unearned premiums		352,480,872		302,874,732
Claims reserves		1,549,142,885		1,411,242,954
Equalisation reserves		241,268,196		211,962,993
Amounts due to companies for reinsurance business:				
Current account		282,961,674		283,078,793
Thereof affiliated companies	17,833,039		29,727,742	
For deposits retained		13,906,558		16,256,491
Thereof affiliated companies	0		0	
Sundry creditors and transitory liabilities		872,711,394		905,410,956
TOTAL LIABILITIES		4,031,483,430		3,834,916,063
TOTAL		**4,799,377,512**		**4,650,008,032**

Profit and loss account for the business year 2012

Technical accounts

IN CHF

LIFE			2012			2011
1. Net earned premiums:						
Gross premiums	444,497,724			590,178,103		
Premiums retroceded	−33,643,466			−22,656,719		
Change in unearned premiums	27,216,791			−100,371,018		
		438,071,049			467,150,366	
2. Expenditure for claims on death or maturity for own account, incl. change in claims reserves and change in premium funds		−359,233,474			−356,938,459	
3. Commissions for own account		−54,634,768			−61,536,549	
4. Interest for own account						
On premium funds	17,240,393			22,223,144		
On other technical provisions	5,655,589			5,916,337		
		22,895,982			28,139,481	
5. Management expenses		−1,838,668			−1,500,543	
TECHNICAL RESULT FOR LIFE			**45,260,121**			**75,314,296**

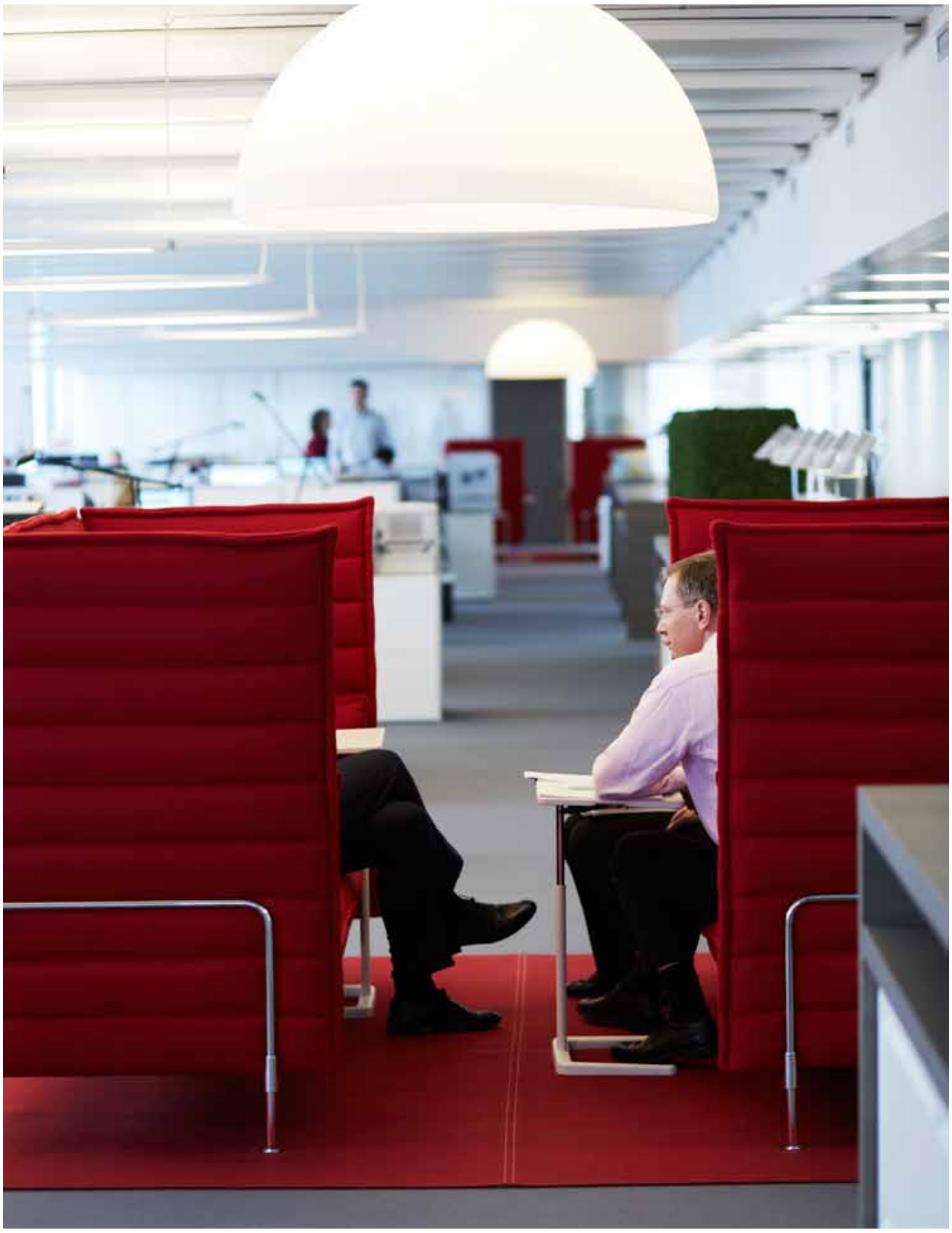
NON-LIFE			2012			2011
6. Net earned premiums:						
Gross premiums	874,788,121			812,063,830		
Premiums retroceded	−23,712,218			−64,776,815		
Change in unearned premiums	−72,904,557			−66,145,635		
		778,171,346			681,141,380	
7. Claims for own account, incl. change in claims reserves		−642,705,990			−512,530,156	
8. Commissions for own account		−147,959,088			−135,732,627	
9. Interest on technical provisions for own account		35,310,460			42,884,510	
10. Management expenses		−20,073,243			−18,459,439	
TECHNICAL RESULT FOR NON-LIFE			**2,743,485**			**57,303,668**
OVERALL TECHNICAL RESULT			**48,003,606**			**132,617,964**

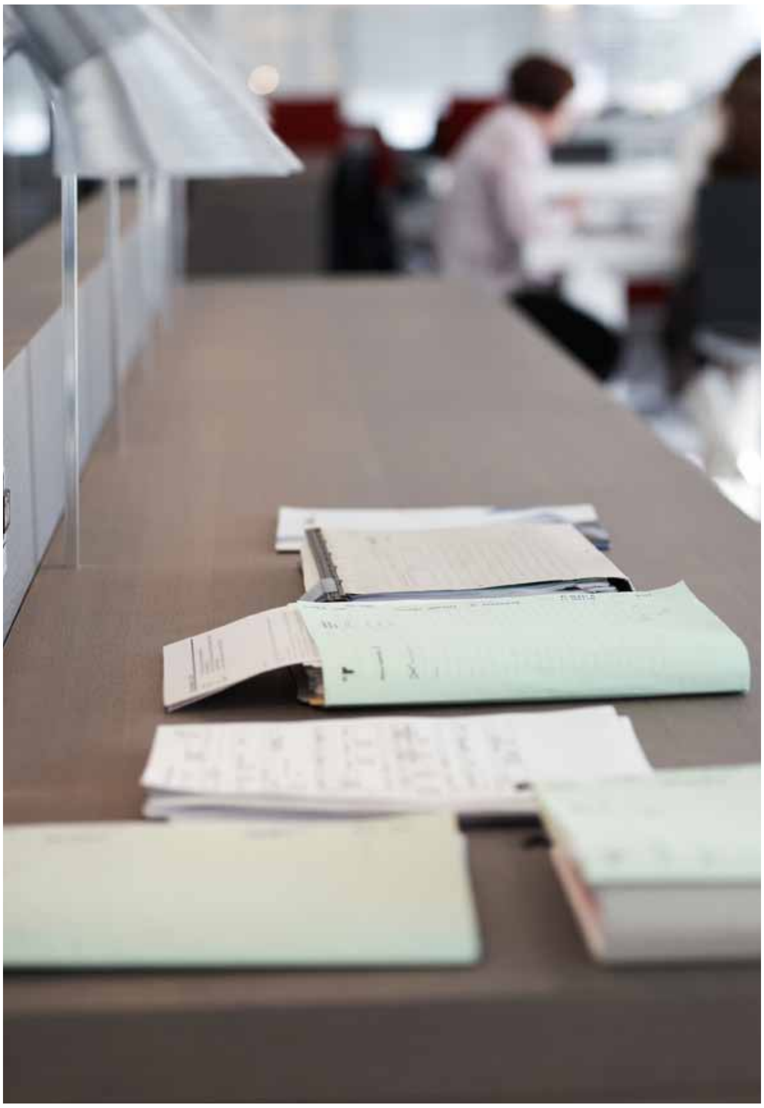
General accounts

IN CHF			2012			2011
11. Investment income	638,351,818			808,505,043		
12. Investment expenses	−500,668,579			−694,202,938		
Investment result		137,683,239			114,302,105	
13. Interest on technical provisions						
Interest on technical provisions – life	−22,895,982			−28,139,481		
Interest on technical provisions – other classes	−35,310,460			−42,884,510		
		−58,206,442			−71,023,991	
			79,476,797			43,278,114
14. Other result			−46,374,916			−42,332,893
15. Management expenses		−37,591,139			−34,460,039	
Management expenses – life f.o.a.		1,838,668			1,500,543	
Management expenses – other classes f.o.a.		20,073,243			18,459,439	
			−15,679,228			−14,500,057
16. Writedowns and value adjustments			−938,453			−949,088
17. Taxes			−2,810,693			−9,174,912
RESULT FOR THE YEAR			**61,677,113**			**108,939,128**
Profit/loss brought forward from previous year			0			0
BALANCE SHEET RETAINED EARNINGS			**61,677,113**			**108,939,128**

Inspirational environment for efficient solution seeking.

Performance culture





Carefully prepared, highly concentrated, naturally purposeful.

Team meeting

Notes to the financial statements

1. Accounting principles

The company's accounting policies are in line with those prescribed by the Swiss Code of Obligations (OR) and the Insurance Supervisory Ordinance (AVO). They are consistent with those applied in the previous year. The accounting and valuation principles applied for the main balance sheet items are as follows:

Financial instruments

Equity investments and investment funds are valued at the lower of cost or market value.

Fixed-interest securities are valued at amortised cost less required impairments. The annual amortisation amount is recognised as current income.

Derivative assets and liabilities in the variable annuities business are booked at their market value.

Real estate

Buildings are valued at the lower of original acquisition cost plus the cost of renovations or market value.

Accounts receivable

Receivables are booked at nominal values and adjusted if there is a risk of their not being fully recoverable. The adjustment is calculated on the basis of individual exposures and a general allowance based on analysis of the receivables.

Other assets and liabilities

These are shown at their nominal value or at fair value for derivative instruments.

Acquisition costs that are directly attributable to non-life reinsurance contracts are capitalised and amortised over the lifetime of the contract in proportion to the premium income earned.

Commissions paid in respect of financing-type life reinsurance contracts are capitalised and amortised in proportion to the gross profit amounts expected to be realised over the life of the contract. Deferred acquisition costs are regularly tested for impairment using a liability adequacy test.

Claim expenses and claims reserves

Case reserves are recorded for the amounts reported by ceding companies. At year-end closing, most statements of account received for recent underwriting years are incomplete and are subject to estimates. The claims reserves are valued at the expected ultimate cost – including reserves for incurred but not reported claims – either reported by ceding companies or estimated by underwriters and the actuarial department, less claims paid.

Premiums

Premiums are earned on a pro-rata temporis basis over the period of the risk, or in proportion to the coverage provided.

2. Transactions conducted in foreign currencies

All balance sheet items are translated from their original currency into CHF using the year-end exchange rate. The company posts a provision for net unrealised foreign exchange gains.

3. Other information according to the Swiss Code of Obligations (OR)

Art. 663b N° 2 OR

The assets pledged or assigned to secure NewRe's commitments, plus the assets under reservation of ownership, amounted to CHF 385m as at 31 December 2012 (2011: CHF 351m).

Art. 663b N° 4 OR

Insured values of tangible assets (fire cover):

IN TCHF	2012	2011
Buildings	36,750	26,000
Furniture and computer equipment	4,600	2,800
TOTAL	**41,350**	**28,800**

Art. 663b N° 12 OR Information on risk assessment

Risk management objectives and methodology

The careful selection of reinsurance risks is at the core of the NewRe business model. The company deploys a variety of risk management tools, processes and functions to manage its operational and financial risks, and seeks to optimise the balance between risks taken and earnings opportunities.

NewRe's risk management strategy is aimed at:
– protecting the reputation of NewRe and the Munich Re (Group),
– ensuring the highest degree of confidence in meeting policyholders' claims,
– enabling the Munich Re (Group) to protect and generate sustainable shareholder value.

The two main elements of NewRe's risk management approach are:
– a system of internal controls aimed at avoiding and reducing risk and
– the regular analysis and measurement (quantification) of risks.

The primary tool for measuring and quantifying risks at the legal-entity level is the risk modelling framework developed for the Swiss Solvency Test (SST) and based on the Munich Re (Group) capital model.

Risk identification

Risk identification is organised by risk categories and is based on the Risk Catalogue. It identifies and evaluates the most significant risks.

The majority of NewRe's risk and control activities are in the area of reinsurance, focusing on the correct assessment of risk, exposure, price, wording and guidelines.

Risk evaluation and measurement

The evaluation and quantitative measurement of the risks is documented in the quarterly Internal Risk Report.

Risk is defined as the possibility of a future deviation from a predefined goal, which can, individually or cumulatively, significantly affect the financial situation of NewRe.

NewRe determines the economic capital required to carry its risks by using the stochastic risk model as developed for the Swiss Solvency Test (SST). The economic risk capital corresponds to the 99% tail value at risk (TVaR) over a one-year time horizon. This represents an estimate of the expected annual loss likely to occur with a frequency of less than once in one hundred years.

Internal control system (ICS)

NewRe has a holistic approach to the ICS and its application is a continuing process, mainly based on the segregation of duties. The ICS is adjusted periodically to reflect changes in the business and control environment.

As part of the Munich Re (Group), NewRe adheres to the group compendium of regulations and guidelines.

Responsibilities

The responsibilities for risks and controls are clearly allocated. It is one of the objectives of an efficient ICS to promote and enhance the risk and control culture at NewRe in all areas and at all levels.

All staff are instructed to proactively report deficiencies and risks in their areas of activity to enable timely action to be taken to remedy them.

Risk aspects arising are reviewed by the Risk Management Committee, which initiates any necessary action and escalates matters to the Executive Board if necessary.

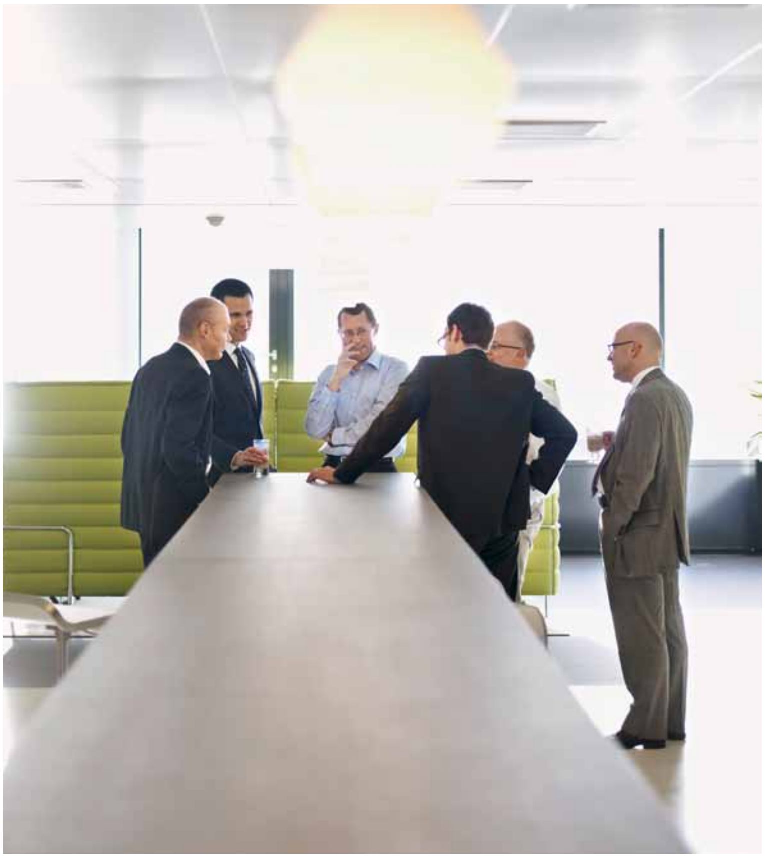
The Board of Directors is responsible for the risk management principles and policies, as well as for approving the overall risk tolerance.

There are no other facts requiring disclosure under Art. 663b OR.

Art. 663c OR

NewRe's shareholder is the Munich Reinsurance Company (Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München), which holds 100% of the shares in the company.

The share capital consists of 1.3 million shares, each with a nominal value of CHF 200.



Open communication for efficient solutions.

Ad-hoc conference

Proposed appropriation of the 2012 available earnings

Retained earnings for 2012 amounted to CHF 61,677,113 (2011: CHF 108,939,128). The Board of Directors proposes to the Annual General Meeting that a dividend of CHF 47.40 per share be paid, resulting in the following appropriation of the balance sheet retained earnings of CHF 61,677,113 (2011: CHF 108,939,128):

IN CHF	2012
Allocation to free reserve	57,113
Dividend	61,620,000
BALANCE SHEET RETAINED EARNINGS	**61,677,113**

As the general reserve fund meets the regulatory requirement, no further allocations to the fund will be made.

Zurich, 20 June 2013

Chairman
of the Board of Directors

Dr. Thomas Blunck

Chairman
of the Executive Board

Andreas Molck-Ude

Report of the Statutory Auditor on the Financial Statements to the General Meeting of Shareholders of New Reinsurance Company Ltd., Zurich

As statutory auditor, we have audited the accompanying financial statements of New Reinsurance Company Ltd., which comprise the balance sheet (page 7), the profit and loss account (page 8) and the notes (pages 12 to 15) for the year ended 31 December 2012.

Board of Directors' Responsibility

The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2012 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings on page 18 complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Ian Sutcliffe
Licensed Audit Expert
Auditor in Charge

Patrick Scholz
Licensed Audit Expert

Zurich, 20 June 2013

* *outstanding*

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