

Swiss Re



Economic Value Management (EVM) 2009 results

Zurich, 06 May 2010

2009 EVM Summary

Excellent result

- **EVM measures the risk adjusted economic performance of the firm**
 - EVM is used for steering the business and assessing performance
- **EVM profit CHF 7.1 billion**
- **Strong performance by Asset Management, P&C and L&H**
- **Economic Net Worth increased 53% to CHF 28.5 billion**
 - ENW per share CHF 83.2
 - Includes all expected cashflows from redemption of CPCl

EVM 2009 income statement

Excellent result

| CHF million | 2008 | 2009 |
|--|----------------|--------------|
| Profit | | |
| New business profit/loss | -16 291 | 6 120 |
| Previous years' business profit/loss | -2 443 | 960 |
| Total profit/loss after capital costs | -18 734 | 7 080 |
| Release of capital costs | 5 610 | 2 814 |
| Income before capital costs | -13 124 | 9 894 |

- The excellent result reflects strong performance in Asset Management, Property & Casualty and Life & Health



EVM income statement by segment

Excellent 2009 Asset Management performance

| CHF million | Property & Casualty | Life & Health | Asset Mgt | Legacy | Group Items | Total |
|--|---------------------|---------------|----------------|---------------|---------------|----------------|
| 2009 | | | | | | |
| New business profit/loss | 1 002 | 311 | 4 162 | 213 | 432 | 6 120 |
| Previous years' business profit/loss | 370 | 401 | n/a | -309 | 498 | 960 |
| Total profit/loss after capital costs | 1 372 | 712 | 4 162 | -96 | 930 | 7 080 |
| Release of capital costs | 552 | 261 | 1 677 | 304 | 20 | 2 814 |
| Income before capital costs | 1 924 | 973 | 5 839 | 208 | 950 | 9 894 |
| 2008 | | | | | | |
| New business profit/loss | 658 | 595 | -12 366 | -2 396 | -2 782 | -16 291 |
| Previous years' business profit/loss | 618 | -141 | n/a | -2 624 | -296 | -2 443 |
| Total profit/loss after capital costs | 1 276 | 454 | -12 366 | -5 020 | -3 078 | -18 734 |
| Release of capital costs | 978 | 666 | 1 213 | 488 | 2 265 | 5 610 |
| Income before capital costs | 2 254 | 1 120 | -11 153 | -4 532 | -813 | -13 124 |



EVM 2009 key drivers

Property & Casualty

- **New business profit**
 - EVM profit of CHF 1 002 million, compared to CHF 658 million in 2008
 - The result reflects lower natural catastrophe losses compared to 2008 and strong renewals in all regions in Property & Specialty, partially reduced by lower volumes in Casualty
- **Previous years' business profit**
 - EVM profit of CHF 370 million, compared to CHF 618 million in 2008
 - The result is driven by favourable claims development in all regions, partially offset by the net effect of the adverse development cover (ADC)



EVM 2009 key drivers

Life & Health

- New business profit
 - EVM profit of CHF 311 million, compared to CHF 595 million in 2008
 - Higher EVM profit for traditional Life & Health compared to 2008, and lower volume in Admin Re®
- Previous years' business profit
 - EVM profit of CHF 401 million, compared to CHF –141 million in 2008
 - The result reflects positive mortality experience and assumption changes across all regions and a favourable arbitration award in Accident & Health. This was partly offset by negative development in Europe and Admin Re®



EVM 2009 key drivers

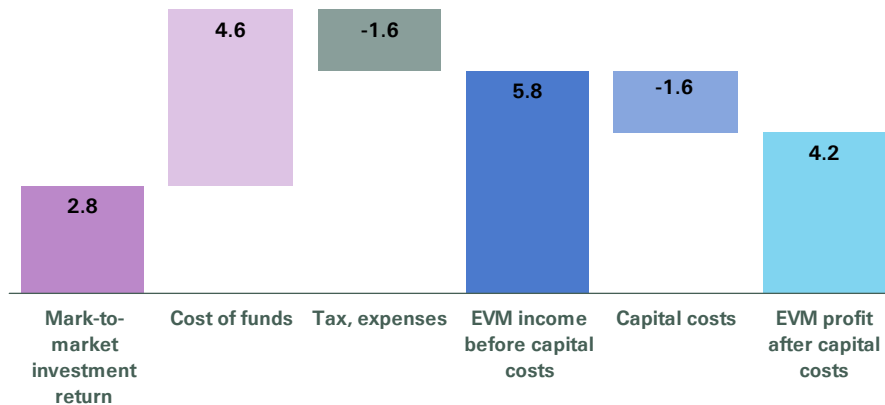
Asset Management

- EVM profit of CHF 4 162 million, compared to CHF –12 366 million in 2008
- The positive result is driven by a significant outperformance against the liability-based benchmark, mainly reflecting mark-to-market gains of credit-exposed assets

EVM 2009 key drivers

Asset Management result

CHF billion



- EVM profit of CHF 4.2 billion reflects the significant outperformance against the liability based benchmark and capital cost charges

EVM 2009 key drivers

Legacy

- New business profit
 - EVM profit of CHF 213 million, compared to CHF -2 396 million in 2008
 - The positive result reflects mark-to-market gains on Portfolio CDS and securitised assets, including former Structured CDS
- Previous years' business profit
 - EVM loss of CHF -309 million, compared to CHF -2 624 million in 2008
 - The negative result is mainly driven by the cost of commutations in Financial Guarantee Re

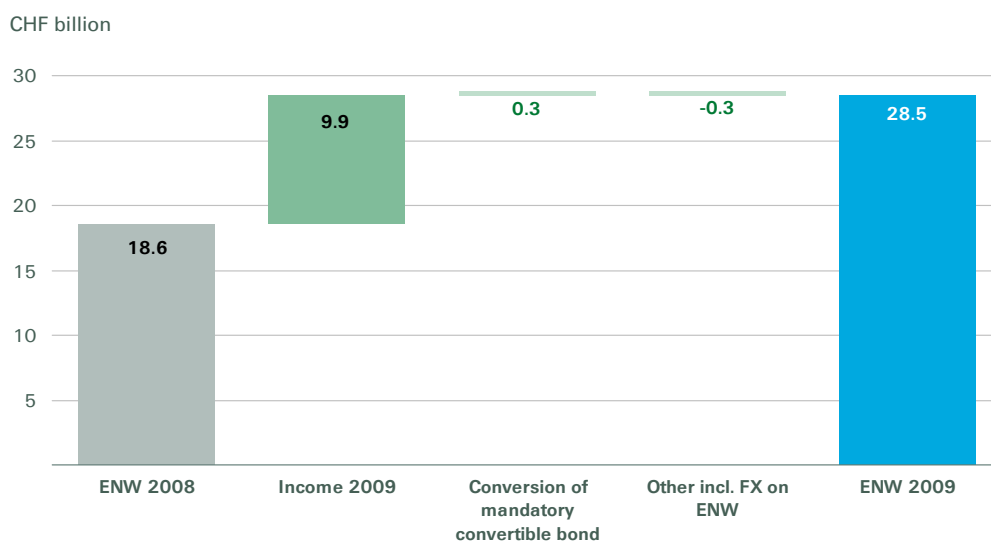
EVM 2009 key drivers

Group items

- **New business profit**
 - EVM profit of CHF 432 million reflects the positive performance of portfolios excluded from the liability based benchmark and positive mark-to-market movements on inflation linked bonds
 - This result also includes the cost of the convertible perpetual capital instrument (CPCI) issued to Berkshire Hathaway. All CPCI cash flows are recognized as part of the economic liability, including principal repayment, future interest payments and repurchase premium, assuming redemption in 2011
- **Previous years' business profit**
 - EVM profit of CHF 498 million, mainly reflecting tax and capital cost adjustments

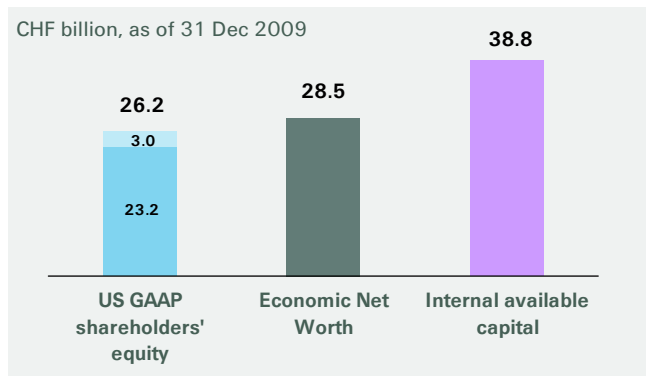
2009 ENW roll forward

53% increase in ENW



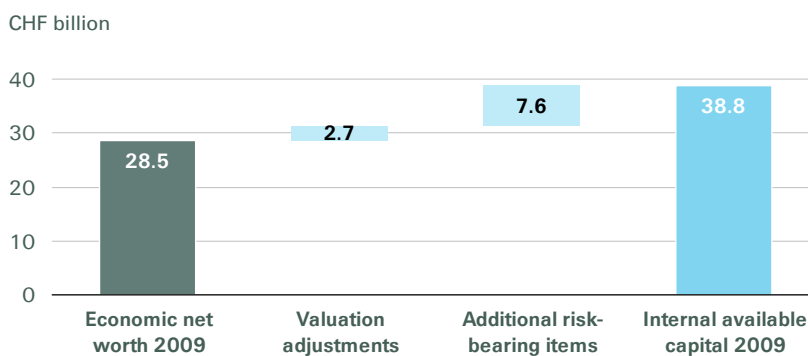
2009 Economic Net Worth

- Economic Net Worth (ENW) is the difference between the market value of assets and the economic value of liabilities
- ENW is the EVM estimate of shareholders' equity



- US GAAP shareholders' equity includes CHF 3 billion from the CPCI
- The CPCI is not included in ENW

EVM 2009 Economic Net Worth and available capital

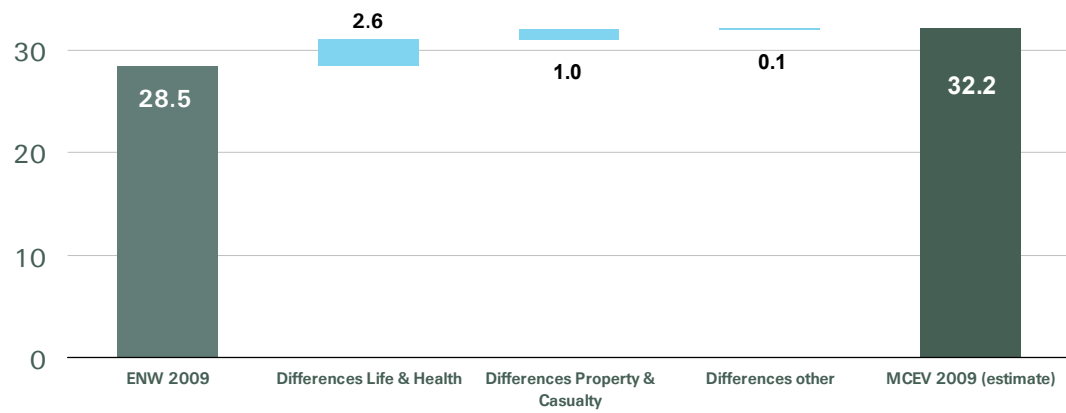


- Internal available capital is based on ENW
- ENW is adjusted for valuation differences (mainly on capital cost reserves) and additional risk-bearing items (hybrid capital and CPCI) in line with the Swiss Solvency Test (SST) framework
- Internal capital required at end 2009 was CHF16 billion

MCEV and EVM 2009 comparison

MCEV recognises higher value than EVM

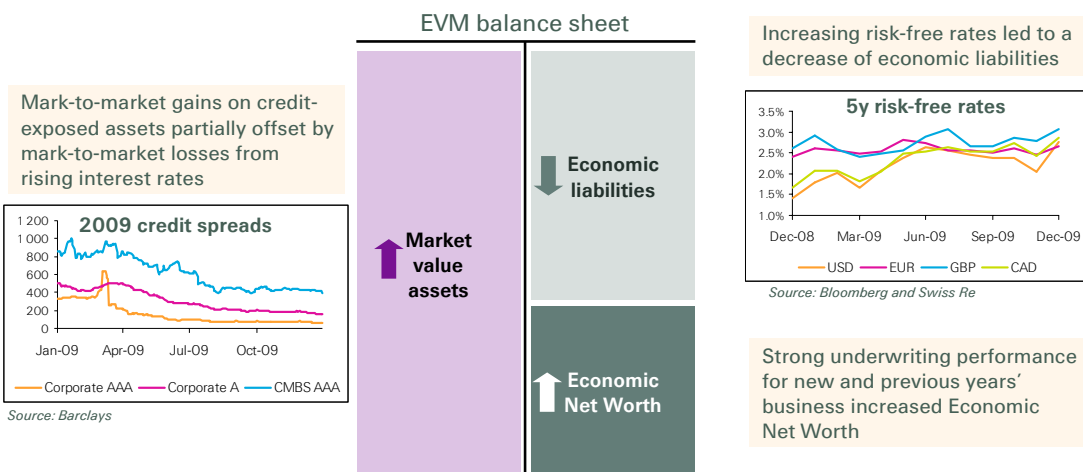
CHF billion



- In line with MCEV guidelines, swap yield curves are used as reference rates. No credit for liquidity premiums is taken
- Differences between EVM and MCEV mainly related to capital costs:
 - EVM frictional capital costs are a 4% charge on EVM capital
 - MCEV costs of residual non hedgeable risks are shown at 3% on 99.5% value at risk, lower than EVM frictional capital costs

Appendix

Drivers of EVM 2009 results



■ Significant growth of Economic Net Worth reflecting strong underwriting performance and improving credit market conditions

EVM methodology

- EVM is Swiss Re's integrated economic measurement and steering framework used for planning, pricing, reserving and managing the business, EVM
 - Splits performance of underwriting and investment activities
 - Recognises all profits on new business at inception, changes in estimates as they occur and excludes future new business
 - Values assets and liabilities on a market consistent basis
 - Reflects best estimates
 - Measures performance after capital costs

- The EVM production process is not subject to the same control environment as annual and quarterly US GAAP reporting
- EVM 2009 is subject to a moderate assurance review, in line with the International Standard on Review Engagements 2400 and the Swiss Auditing Standard 910

EVM 2009 income statement Property & Casualty

| CHF million | Property & Specialty | Casualty | Total |
|--|----------------------|------------|--------------|
| 2009 | | | |
| New business profit/loss | 1 069 | -67 | 1 002 |
| Previous years' business profit/loss | 242 | 128 | 370 |
| Total profit/loss after capital costs | 1 311 | 61 | 1 372 |
| Release of capital costs | 217 | 335 | 552 |
| Income before capital costs | 1 528 | 396 | 1 924 |
| 2008 | | | |
| New business profit/loss | 624 | 34 | 658 |
| Previous years' business profit/loss | 615 | 3 | 618 |
| Total profit/loss after capital costs | 1 239 | 37 | 1 276 |
| Release of capital costs | 415 | 563 | 978 |
| Income before capital costs | 1 654 | 600 | 2 254 |



EVM 2009 income statement

Life & Health

| CHF million | Traditional Life | Accident & Health | Admin Re® | Total |
|--|------------------|-------------------|-------------|--------------|
| 2009 | | | | |
| New business profit/loss | 293 | 39 | -21 | 311 |
| Previous years' business profit/loss | 252 | 352 | -203 | 401 |
| Total profit/loss after capital costs | 545 | 391 | -224 | 712 |
| Release of capital costs | 204 | 8 | 49 | 261 |
| Income before capital costs | 749 | 399 | -175 | 973 |
| 2008 | | | | |
| New business profit/loss | 185 | 78 | 332 | 595 |
| Previous years' business profit/loss | -596 | 315 | 140 | -141 |
| Total profit/loss after capital costs | -411 | 393 | 472 | 454 |
| Release of capital costs | 416 | 145 | 105 | 666 |
| Income before capital costs | 5 | 538 | 577 | 1 120 |



EVM 2008 and 2009 balance sheet

| CHF billion | 31 Dec 2008 | 31 Dec 2009 |
|--------------------------------|--------------|--------------|
| Assets | | |
| Investments and cash | 190.1 | 189.2 |
| In-force business assets | 221.2 | 190.1 |
| <i>Property & Casualty</i> | 18.6 | 19.8 |
| <i>Life & Health</i> | 202.3 | 170.1 |
| <i>Other</i> | 0.3 | 0.2 |
| Other assets | 5.1 | 7.8 |
| Total assets | 416.4 | 387.1 |
| Liabilities | | |
| In-force business liabilities | 351.4 | 308.4 |
| <i>Property & Casualty</i> | 70.9 | 64.5 |
| <i>Life & Health</i> | 279.5 | 243.3 |
| <i>Other</i> | 1.0 | 0.6 |
| Debt | 25.6 | 31.5 |
| Other liabilities | 20.8 | 18.7 |
| Total liabilities | 397.8 | 358.6 |
| Economic Net Worth | 18.6 | 28.5 |



Comparison of 2009 US GAAP shareholders' equity to ENW by segment

| CHF billion | Property & Casualty | Life & Health | Other | Total |
|--|---------------------|---------------|--------------|-------------|
| 2009 US GAAP shareholders' equity | | | | 26.2 |
| Additional discounting | 5.8 | 1.4 | -2.9 | 4.3 |
| MtM on assets & debt | | | 2.6 | 2.6 |
| Reserving basis | | | | |
| GAAP margins | | 12.2 | | 12.2 |
| Other | 1.5 | -1.0 | -1.6 | -1.1 |
| Recognition differences | 0.2 | 0.3 | -1.0 | -0.5 |
| Goodwill & other intangibles | | | -5.0 | -5.0 |
| Convertible perpetual capital instrument | | | -4.1 | -4.1 |
| Additional tax liability | -0.7 | -0.9 | -0.5 | -2.1 |
| Other | 0.1 | 0.0 | -0.1 | 0.0 |
| Frictional capital costs | -0.3 | -3.7 | 0.0 | -4.0 |
| Total EVM valuation adjustments | 6.6 | 8.3 | -12.6 | 2.3 |
| 2009 Economic Net Worth | | | | 28.5 |



EVM capital allocation by segment

| CHF billion | Property & Casualty | Life & Health | Asset Mgt | Legacy | Group Items | Total |
|----------------------------------|---------------------|---------------|-----------|--------|-------------|-------------|
| Allocation at year end FX | | | | | | |
| 2009 | 11.5 | 9.6 | 4.5 | 0.9 | 2.1 | 28.6 |
| 2008 | 13.7 | 6.7 | 5.3 | 0.4 | -0.5 | 25.6 |

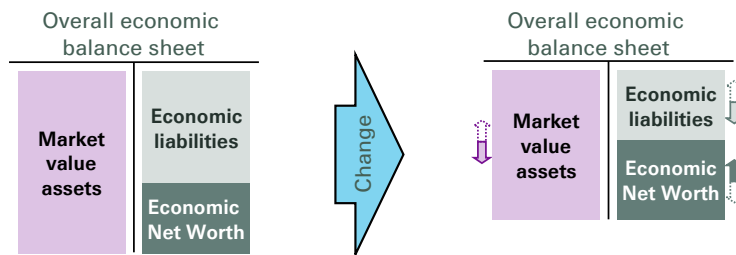
- EVM capital costs are allocated taking internal risk, regulatory and rating agency capital requirements into consideration

EVM 2009 sensitivities

Goals and methodology

EVM sensitivities illustrate the impact on actual EVM figures to changes in EVM key parameters. EVM sensitivities are estimated on the following basis:

- Changes are applied in isolation rather than showing combined effects
- No management action is taken in reaction to changes
- Sensitivities on Swiss Re own pension obligations are excluded



EVM 2009 sensitivities

Group sensitivities

| CHF billion | Change in 2009 new business profit | Change in Economic Net Worth as of 31 Dec 2009 |
|--|---------------------------------------|--|
| Change in frictional capital costs | | |
| Decrease by 100bps (from 4% to 3%) | 0.2 | 1.2 |
| 10% decrease in equity/property capital values | -0.9 | -0.9 |
| Change in reference rates (yield curve) | | |
| Increase by 100bps | n/a | 1.0 |
| Decrease by 100bps | n/a | -1.0 |
| Inclusion of a liquidity premium in the valuation of EVM insurance liabilities | | |
| Set reference rates equal to Government rates + 10bps | n/a | 0.6 |
| Set reference rates equal to Government rates + 50bps | n/a | 2.9 |
| Set reference rates equal to Government rates + 100bps | n/a | 5.6 |
| Set reference rates equal to Government rates + 150bps | n/a | 8.1 |



EVM 2009 sensitivities

Life & Health specific sensitivities

| CHF billion | Change in 2009 new business profit | Change in Economic Net Worth as of 31 Dec 2009 |
|---|---------------------------------------|--|
| Reduce lapse rates by 10% (e.g. from 8% to 7.2%) | 0.1 | 1.3 |
| Mortality and morbidity rates reduced by 5% | | |
| Mortality | 0.2 | 3.5 |
| Longevity | 0.0 | -0.3 |
| Morbidity | 0.0 | 0.4 |
| Remove all allowance for future mortality improvement | | |
| Mortality | -0.3 | -5.8 |
| Longevity | 0.1 | 0.8 |
| Mortality /Longevity trend rates | | |
| Set future mortality improvement assumption at 100 bps p.a. (mortality business) | 0.2 | 3.6 |
| Increase future mortality improvement assumption by 100 bps p.a. (longevity business) | -0.1 | -0.8 |



EVM 2009 sensitivities

Property & Casualty specific sensitivities

| CHF billion | Change in 2009 new business profit | Change in Economic Net Worth as of 31 Dec 2009 |
|---|---------------------------------------|--|
| Change in weighted average term to settlement | | |
| Increase by 10% | 0.0 | 0.4 |
| Decrease by 10% | 0.0 | -0.4 |
| Projected future claims cost | | |
| Increase new business claims by 10% (e.g. increase loss ratio from 60% to 66%) | -0.6 | -0.6 |

Corporate calendar & contacts

Corporate calendar

| | | |
|-------------------|------------------------------------|-----------------|
| 11 June 2010 | Investors' Day | London |
| 05 August 2010 | Second Quarter 2010 results | Conference call |
| 13 September 2010 | Investors and Media meeting | Monte Carlo |
| 04 November 2010 | Third Quarter 2010 results | Conference call |
| 17 February 2011 | Annual Results 2010 | Zurich |

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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, 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:

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- changes 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 under derivative contracts due to actual or perceived deterioration of Swiss Re's financial strength;
- 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 its 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 hedging arrangements may not be effective;
- the lowering or loss of one of the financial strength or other ratings of one or more companies in the Group;
- the cyclical nature of the reinsurance industry;
- uncertainties in estimating reserves;
- 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, and regulatory or legal actions;
- changes in accounting standards;
- significant investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transactions, including, in the case of acquisitions, issues arising in connection with integrating acquired operations;
- changing levels of competition; and
- operational factors, including the efficacy of risk management and other internal procedures in managing the foregoing risks.

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