



## Merrill Lynch

Banking & Insurance CEO Conference

### Growth opportunities post crisis

**Jacques Aigrain**

Chief Executive Officer

London, 8 October 2008

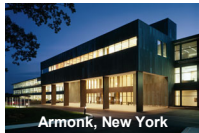


## Highlights

- Swiss Re is well positioned to weather the current market turbulence
- Swiss Re will remain focused on underwriting quality vs. quantity to ensure shareholder value in the next hard market is maximised
- In maintaining a well diversified, highly rated portfolio of investments we have significantly reduced our exposure to corporate credit
- No significant change in capital adequacy since H1 2008
- Current market conditions are expected to create opportunities
  - the level of natural catastrophes and the volatility in capital markets is likely to accelerate the ending of the P&C soft market
  - we continue to see opportunities to deploy capital at attractive returns in Life and Health, particularly Admin Re®

## Swiss Re – a global leader

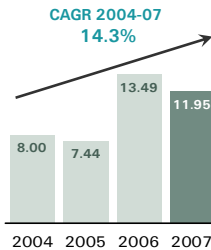
Swiss Re delivers on its promises



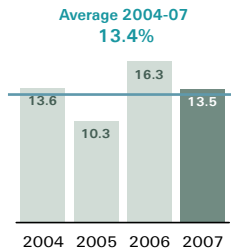
Merrill Lynch  
 CEO conference  
 8 October 2008

Slide 3

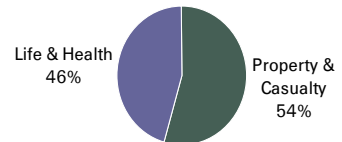
### Earnings per share Historical, CHF



### Return on equity Historical, in %



### Total revenues by business Total Group 2007: CHF 42.9bn



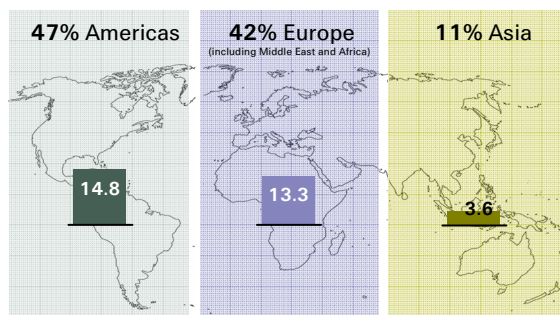
Swiss Re remains focused on delivering enhanced sustainable returns to its shareholders; the solid capital base combined with strict underwriting discipline and careful risk selection will result in economic profit growth

2005-2007 figures based on US GAAP, 2004 on Swiss GAAP FER

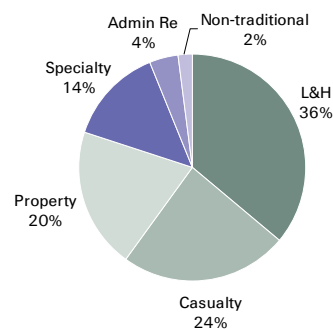
## Swiss Re is broadly diversified

Facilitates reallocation of risk capital and makes the firm more resilient

### Premiums earned in 2007 (CHF 31.7 billion) by region...



### ... and by product line:



Swiss Re benefits from geographic and business mix diversification and has the ability to reallocate capital to achieve profitable growth

Slide 4

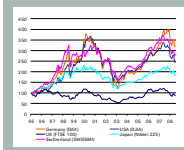
Source: Swiss Re 2007 Annual Report

# Insurance environment creates opportunities

Region	Property per risk		Casualty	
	Loss Ratio	Property Cat	Loss Ratio	Casualty
US	-15%	-10%	-10%	-15%
Europe	-5%	-2.5%	-5%	-12.5%
UK	-5%	-5%	-5%	-5%
Western Europe	-20%	-15%	-15%	-15%
Australia	-5%	-5%	-5%	-5%
Asia	-10%	-10%	-10%	-15%

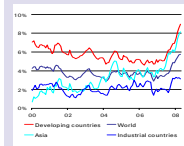
## Softening insurance markets

- pressure on premiums
- increasing risk of higher claims (broader terms & conditions)



## Stock market turbulences

- reduction in equity capital
- more difficult financing environment
- squeeze of alternative capital
- regulatory repercussions



## Deteriorating economic environment

- slowing GDP growth
- elevated inflation

→ Above factors will influence growth and will create opportunities

# Market development

2008 Nat Cat – upward trend continues: reinsurance is the solution

Nat cat events in 2008	Region	Estimated insured loss (USD m)*
Hurricane Ike	Gulf of Mexico, Caribbean	7,000 to 14,000
Hurricane Gustav	Gulf of Mexico, Caribbean	2,500 to 4,000
Winter storm Emma	Northern Europe	1,462
Snow storms, freezing rain	China	1,300
Tornadoes, rain, hail	US	1,200
Floods, mining firm suffers production delays	Australia (Queensland)	1,100
Tornadoes, winter storms, floods	Southeast US	955
Thunderstorms, hail	Central US	900
Storms, hail, heavy rain, floods	US (AR, TX, OK)	800
Winter storm, rain, snow, floods, mudslides	Western US	745
Storms, heavy rain, hail, floods and landslides	Central Europe	731

- 2008 figures confirm long-term trend towards higher nat cat claims
- Nat cat losses and capital markets volatility likely to accelerate the ending of the P&C soft market

\*Property and business interruption, excluding liability and life insurance losses. US natural catastrophe figures: with the permission of Property Claim Services



## Relentless focus on underwriting profitability

- The (re)insurance industry has been historically inclined towards high earnings volatility, largely due to fluctuating price levels
- In the past, companies have chased business down the cycle to ensure volume targets are maintained. Writing this unprofitable business lead to reserve increases in subsequent years
- Swiss Re is committed to maximising returns to shareholders in the hard market. To achieve this economic profit will remain the focus, with no volume targets
- The separation of selling (Client Markets) from underwriting and a strong focus on accurate and unbiased cost calculation is deemed essential to meet this objective

→ Intelligent Cycle Management is core to underwriting at Swiss Re



## Intelligent Cycle Management

Underlines the whole underwriting process

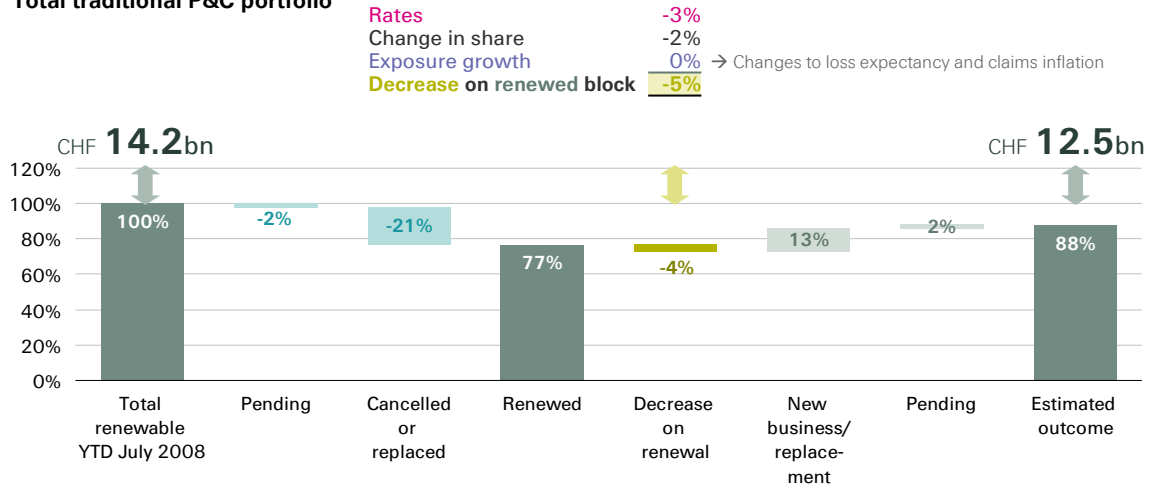
### Actively manage the cycle for profits

- **Standardised pricing approach:** Pricing tools have been integrated into the business architecture and the steering of the business is systematically tracked through Underwriting Steering Values (treaty and facultative business)
- **Use of cycle phase indicators:** Tracking tools in place to measure quantitative and qualitative trends
- **Claims & Liability Management (CLM):** Formal feedback loop process between claims, underwriting and marketing
- **Liability business:** Ongoing price monitoring and evaluation of terms to improve pricing and underwriting of liability risks and the control of exposures

## Renewal 2008 YTD July

Profitability focus leads to results

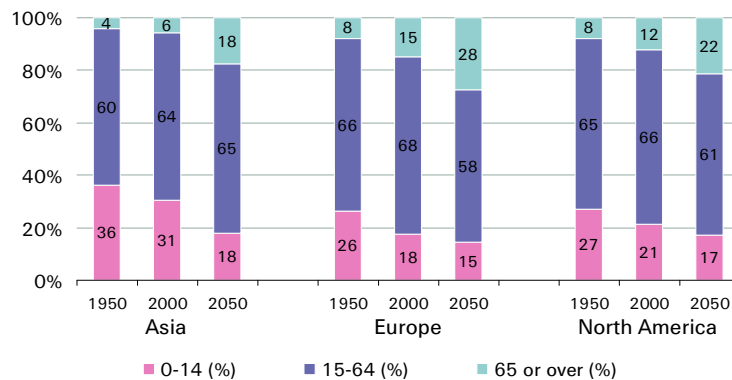
### Total traditional P&C portfolio



Slide 9

All renewal figures are estimated and calculated at constant foreign exchange rates; includes credit business

## Demographics indicate Life & Health growth will continue



- Ageing population in the developed world
- Continuous improvement of average global standard of living

→ Increasing demand for insurance and wealth protection solutions

Merrill Lynch  
 CEO conference  
 8 October 2008

Slide 10

Source: Swiss Re, Economic Research and Consulting

## Swiss Re's L&H strategy:

Client orientated solutions translate into superior margins

- Maintain value of in-force portfolio through retaining existing client relationships and expanding where economically sensible
- Offer new reinsurance solutions
  - Expand into longevity risk and enter savings/pension market
  - Offer medical reinsurance
- Continue to strengthen our position in the primary value chain
  - Continue growth in Admin Re<sup>®</sup>
  - Medical reinsurance in emerging markets including partnerships with TPAs
- Combine L&H and capital market know-how
  - Expand into hybrid capital market/L&H products like variable annuity
  - Provide securitisation for clients
  - Transfer risks into capital market

→ Responding to challenges by managing existing business and developing new solutions

## Global Admin Re<sup>®</sup>

Opportunities are expected to continue

- Admin Re<sup>®</sup> is an in-force embedded value transaction that may include the transfer of policy administration to Swiss Re. To date more than 50 deals have been concluded
- Swiss Re assumes books of business by reinsurance or in some cases buys the life company. Responsibility for all major risks of a reinsured block is also assumed, including ongoing administration if desired
- Swiss Re has a competitive advantage to capitalise on a broad range of insurance opportunities due to financial strength and industry leadership. These include a strong presence in US and UK, capital efficiencies and human capital
- Swiss Re will work with its clients on solutions relating to closed books of life and health business

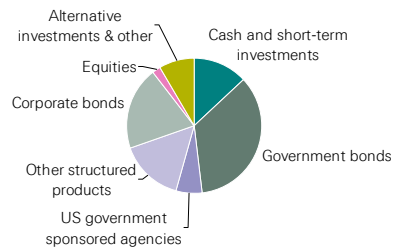
→ Swiss Re has a strong and proven track record in pricing Admin Re<sup>®</sup> deals and delivering attractive returns

## Asset management tactics characterised by prudence

### Investments

- Generate stable risk adjusted investment returns on assets generated through re/insurance activities
- Adhere to ALM framework and corresponding risk limit structure
- Lean organisation focused on selected core investment management strategies

### Investment Portfolio



CHF 186bn<sup>1</sup>

### Financial Markets Products

- Facilitate underwriting client solutions in coordination with re/insurance Divisions in P&C (e.g. ILS) and L&H (e.g. VA, longevity)

## Quality investment portfolio Swiss Re actively protects the portfolio

### Equity & AI

- Equity exposure continuously reduced since the beginning of the year
- Well diversified AI portfolio

### Credit – Corporate Bonds

- Corporate credit book increasingly weighted towards higher rated assets
- Increasing protection reducing default risk and spread sensitivities



### Rates – Government bonds and short-term investments

- Continued strong focus on asset-liability matching
- New cash flows allocated to cash, short term investments and government bonds, increasing the respective share

### Credit – Structured Products

- Structured products portfolio highly rated; 30% Agency, further 56% AAA
- CDS protection purchased as dynamic proxy hedge for part of structured portfolio

- Net notional corporate bond exposure reduced to CHF 1.4bn as at 19 September 2008 from CHF 16.9bn at 31 August 2008
- Hedging is actively managed but current markets are volatile and we remain subject to that volatility

## Summary

- Swiss Re is well positioned to weather the current market turbulence
- Swiss Re will remain focused on underwriting quality vs. quantity to ensure shareholder value in the next hard market is maximised
- In maintaining a well diversified, highly rated portfolio of investments we have significantly reduced our exposure to corporate credit
- No significant change in capital adequacy since H1 2008
- Current market conditions are expected to create opportunities
  - the level of natural catastrophes and the volatility in capital markets is likely to accelerate the ending of the P&C soft market
  - we continue to see opportunities to deploy capital at attractive returns in Life and Health, particularly Admin Re®

## Questions & Answers



## Important note

- The information in these slides and related presentation are provided generally in response to the significant level of questions we have been receiving
- This information focuses on selected assets and is not intended to be complete, nor is it intended to convey any information with respect to our results of operations or our overall financial condition
- This information may have changed by the end of our third quarter. We disclaim any obligation to update this information or to provide interim updates other than as part of our regular fiscal period-end reporting
- Mid-quarter and mid-month figures are not subject to our usual financial reporting processes and we have used estimates where appropriate
- Data is as of end of August, unless otherwise stated
- Please see the cautionary note on forward looking statements

Merrill Lynch  
 CEO conference  
 8 October 2008  
 Slide 17

## 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, 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:

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>■ changes in global economic conditions and the risk of a global economic downturn;</li> <li>■ direct and indirect impact of continuing deterioration in the credit markets, and further adverse rating actions by credit rating agencies in respect of structured credit products or other credit-related exposures and of monoline insurance companies;</li> <li>■ the occurrence of other unanticipated market developments or trends;</li> <li>■ the ability to maintain sufficient liquidity and access to capital markets;</li> <li>■ the cyclical nature of the reinsurance industry;</li> <li>■ uncertainties in estimating reserves;</li> <li>■ the effect of market conditions, including the global equity and credit markets, and the level and volatility of equity prices, interest rates, currency values and other market indices;</li> <li>■ changes in Swiss Re's investment results;</li> <li>■ uncertainties in valuing credit default swaps and other credit-related instruments;</li> <li>■ possible inability to realize amounts on sales of securities in our investment portfolio equivalent to their mark-to-market values recorded for accounting purposes;</li> <li>■ the possibility that our hedging arrangements may not be effective;</li> <li>■ the frequency, severity and development of insured claim events;</li> </ul> | <ul style="list-style-type: none"> <li>■ acts of terrorism and acts of war;</li> <li>■ mortality and morbidity experience;</li> <li>■ policy renewal and lapse rates;</li> <li>■ changes in rating agency policies or practices;</li> <li>■ the lowering or loss of one of the financial strength or other ratings of one or more companies in the Group;</li> <li>■ political risks in the countries in which Swiss Re operates or in which it insures risks;</li> <li>■ extraordinary events affecting Swiss Re's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;</li> <li>■ risks associated with implementing Swiss Re's business strategies;</li> <li>■ the impact of current, pending and future legislation, regulation and regulatory and legal actions;</li> <li>■ the impact of 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;</li> <li>■ changing levels of competition; and</li> <li>■ operational factors, including the efficacy of risk management and other internal procedures in managing the foregoing risks.</li> </ul> |
|---|---|

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.

Slide 18



## Corporate calendar & contacts

### Corporate calendar

---

04 November 2008 **Third Quarter 2008 Results (Conference Call)**  
19 February 2009 **Annual results 2008**

### Investor Relations contact

---

**Hotline**

+41 43 285 4444

**E-mail**

Investor\_Relations@swissre.com

**Susan Holliday**

+44 20 7933 3890

**Ross Walker**

+41 43 285 2243

**Chris Menth**

+41 43 285 3878

**Marc Habermacher**

+41 43 285 2637

**Simone Lieberherr**

+41 43 285 4190