Dear Shareholders

I too would like to welcome you personally and on behalf of the Swiss Life Corporate Executive Board to this year’s general meeting.

2012 was in many ways an exceptional year for Swiss Life. To start with we increased our operational excellence even further, strengthened our capital base and grew in strategically important business areas. We also used the year to set the course for the next three years and bundle our ambitions and plans in the Group-wide programme “Swiss Life 2015”.

But first things first. Let’s start by taking a closer look at a few important key figures for the year under review.

Swiss Life increased its profit from operations adjusted for one-off effects by 26% from 788 million to 993 million Swiss francs in 2012 thanks to further operational improvements and an excellent investment result. This enabled us last year to post the best operating result in the history of the Swiss Life Group.

One-off effects, in particular as a result of the impairment in the value of AWD’s intangible assets of 578 million Swiss francs, led to a reported net profit of 93 million Swiss francs (606 million francs in the previous year).
Despite challenging market conditions, Swiss Life generated premium income of 17.0 billion Swiss francs, which was consistent with the previous year’s level. The Group achieved a return on equity of 0.9% in 2012. Adjusted for one-off effects and unrealised gains and losses on fixed income equity investments, return on equity came to 8.6%. With an investment performance of 8.5% (7.5% in the previous year), an investment result of 5.7 billion Swiss francs and a net investment return of 4.8% (3.8% in the previous year) were achieved, thereby facilitating further substantial strengthening of technical reserves. This represents another extremely strong performance, especially in comparison with our competitors, and results from our active investment management.

Investment Management’s assets under management totalled 148 billion Swiss francs (134 billion in the previous year). These include third-party assets for which Swiss Life posted growth of 24% to over 20 billion Swiss francs thanks to additional mandates and positive market developments. Technical reserves for customer obligations increased by 8% or 10 billion Swiss francs year on year to 138 billion Swiss francs.

In Switzerland, Swiss Life posted a segment result of 634 million Swiss francs that was up 158 million francs on the previous year thanks to efficiency gains and a very good investment result. Profit in France rose by 33 million Swiss francs to 157 million Swiss francs thanks to the good development of financial products and an improvement in the technical margin. In Germany Swiss Life achieved a profit increase of 11 million Swiss francs to 69 million Swiss francs thanks to a successful investment policy. The Insurance International segment posted a loss of 34 million Swiss francs, above all due to restructuring costs and impairment of the customer relationship asset. With a segment result up 8 million francs to 138 million Swiss francs, Investment Management made a positive contribution to the overall result. The AWD segment adversely impacted the result by -591 million Swiss francs – as I say largely due to the impairment in intangible assets of 578 million Swiss francs as well as provisions for litigation.
Swiss Life made further progress in terms of margin management. In 2012 the Group increased its new business margin from 1.2% to 1.4% despite falling interest rates. The value of new business rose from 150 million Swiss francs in the previous year to 158 million Swiss francs.

Swiss Life has a solid capital base: Shareholders' equity rose from 9.1 billion to 10.3 billion Swiss francs in 2012; the Group's solvency ratio improved from 213% to 242%. Based on its internal model that is still being reviewed by FINMA, Swiss Life is in the green zone with regard to the Swiss Solvency Test.

The 2012 financial year can be summarised as follows: Swiss Life can look back on an operationally very successful financial year. The operational advances serve to confirm the excellence that Swiss Life has continuously expanded over the past three years under its Group-wide MILESTONE programme.

Alongside our day-to-day business we have spent 2012 drawing up new plans for the next three years. Viewed in this light a new era is starting this year for Swiss Life.

At the same time we are building on a solid foundation: Since 2009, Swiss Life has successfully implemented the Group-wide MILESTONE programme and sustainably improved the Group's profitability and financial strength. In doing so Swiss Life has put in place the entrepreneurial prerequisites for us now to tackle the next stage of development.

To recap: MILESTONE enabled us to protect our balance sheet and reduce risks. We also grew in strategically important areas and reduced our dependency on the financial result. Furthermore, we were able to reduce costs by around 400 million Swiss francs overall.
With “Swiss Life 2015” we are pursuing differing business strategies in our markets: In Switzerland Swiss Life is to develop from a pure life insurer to a comprehensive life and pensions and financial solutions provider. In Germany Swiss Life aims to transform itself into a financial advisory and insurance company. Meanwhile, in France the Group plans to expand further its strong position as a "private and personal insurer". In our international business we will offer protection, financial solutions and advice in selected markets and reduce our organisational complexity. And in Asset Management we will grow our business with third-party customers.

This starting point makes me feel confident. It will enable us to exploit opportunities that arise even in a difficult market environment.

So what are the milestones of “Swiss Life 2015”? 

Our new Group-wide programme is pursuing five main thrusts. We are focusing on the one hand on continuity and on the other hand on innovations and adjustments that in view of the changed market conditions we consider necessary. Specifically, we are pursuing the following objectives:

1. A more explicit customer promise
2. An expanded product offering
3. Even more skilled and productive distribution
4. Higher efficiency and quality and
5. Strengthened financial solidity

Let me describe these thrusts in somewhat more detail.
The first objective concerns our customer promise.

Swiss Life places its customers at the heart of all its activities and is therefore investing in a better knowledge of customer needs. This is accompanied by the desire to increase the quality and quantity of customer contacts. Swiss Life accordingly wishes to strengthen and expand existing relationships and also to gain new customers. This is very much easier said than done in the fiercely competitive environment in which we operate. But it is also an enormous opportunity for us to score top marks.

Our second thrust concerns our product offering.

Swiss Life will further diversify its products and profit sources in the next three years with the aim of increasing the share of fee and commission income and the life risk business and achieving profitable growth. Our Group will concentrate its own solutions on profitable and flexible products in which it has a high degree of expertise and innovative strength.

In the context of the expansion of our product range we have been operating our asset management business under the new "Swiss Life Asset Managers" brand since the start of the year. With "Swiss Life Asset Managers" we aim to make use of our expertise and experience in the areas of real estate investments and in fixed income and balance sheet risk-based products to expand our business in Switzerland, Germany and France as well as in Scandinavia and the UK. Our objective is to increase the contribution to earnings of “Swiss Life Asset Managers”, which stands at 130 million Swiss francs today, by around 20% by 2015.
Thirdly, we wish to increase our distribution power further.

You’ve already heard it from Rolf Dörig: Swiss Life will from now on be managing all production and distribution organisations in each market under one roof in order to enhance market development, further increase its advisory competence and leverage synergies. To this end the companies that until now have been marketed under the AWD brand will now appear under the Swiss Life Select brand.

It goes without saying that we will continue to focus on the proven "Best Select" approach that offers customers a tailored solution from a broad product range spanning different providers. This simultaneously represents both a core competence and unique selling point of AWD. Both Swiss Life Select, and the distribution companies that will continue to operate under their own brands, that is Tecis, HORBACH, Proventus and Chase de Vere, will remain true to this successful business model.

The integration of the independent "Best Select" advisory approach of AWD into the distribution universe of Swiss Life is a logical further strategic development. We also wish to support this step symbolically. We are therefore discontinuing the AWD brand and switching to Swiss Life Select. This rebranding will not only support the repositioning of our national companies but also help to better position the strengths of today's AWD.

We now come to the fourth thrust of our new Group-wide programme.

The focus here – as was the case with MILESTONE – is on efficiency and quality.

Swiss Life wishes to strengthen its competitiveness further and is to reduce its staff and material costs by 90 to 110 million Swiss francs by 2015: Germany is contributing about half of this reduction in operating costs. Furthermore, we will reduce distribution costs by 40 to 50 million Swiss francs so that the Group will save a total of 130 to 160 million francs in the next three years.
The joining together of Swiss Life and AWD could result in 300 to 400 jobs being cut in Germany and Switzerland in the next three years, primarily in the administrative and executive staff divisions. Up to 300 jobs are expected to be affected in Germany. Here Swiss Life has initiated discussions with the relevant bodies. Concrete decisions about the precise number will only be made following these discussions.

In Switzerland around 90 jobs will be cut. A third of these will result from the synergies brought about by the teaming up with AWD and two thirds from further efficiency enhancements in IT and the outsourcing of services. Swiss Life will handle the job cuts very prudently. We will particularly make use of natural fluctuation, retirement regulations and in-house job opportunities.

And last but not least, let me now come to the fifth objective of “Swiss Life 2015” that aims to bring about further strengthening of our financial solidity.

Swiss Life wishes to further enhance its financial strength and the resilience of its business model. To this end it is aiming to steadily optimise its in-force business. We are also focusing on continuity in terms of the already high standards achieved regarding risk, balance sheet and capital management. This will secure the future interest margin.

“Swiss Life 2015” will enable us to continue to grow profitably and to strengthen our position in core strategic areas.
What effect will all this have on our key figures?

In summary, our objectives with “Swiss Life 2015” over the next three years are as follows:
- A 60-70% profit share going forward from risk business such as death and disability and fee and commission income
- A new business margin of over 1.5%
- Cost savings in the order of 130 to 160 million Swiss francs
- A return on equity of 8% to 10%
We will also maintain our dividend policy.

We believe that Swiss Life has all the credentials for expanding its position in the insurance and pensions market – expertise, engaged employees, financial solidity and a prominent brand. Swiss Life wants to be one of the best in supporting customers so that they can face their future with confidence.

“Swiss Life 2015” was also accompanied by work on our positioning and brand personality. Here as well we will be injecting fresh impetus.

The key success factor for turning ambitions into reality comprises our employees. I therefore never cease to be impressed by the high level of engagement and creativity with which our teams address the challenges. The annual employee survey provides us as the management with extremely valuable clues as to how our employees view Swiss Life. Although the past year once again placed considerable demands on our staff, the feedback is extremely positive.

I would like to pick out two results from the employee survey that illustrate this. First of all the Group increased the response rate by 4% so that altogether 84% of all employees took part in the survey. Compared with other companies this is an outstanding result. For me this high figure is a clear indication that our employees take Swiss Life very seriously. This is something I’m extremely proud of. And I am equally pleased that we achieved a further improvement in the engagement value,
with 60% of our employees describing themselves as engaged. This is well above the average in the European financial industry. On behalf of the Corporate Executive Board, I would like to offer our employees my sincere thanks for both this and their outstanding performance.

If we approach things in the right manner and consistently seize the opportunities arising for us then in three to five years we will develop into a company that sets new standards in the market for insurance, pensions and financial solutions and the accompanying advisory services in terms of customer centricity, innovation, quality, flexibility, variety and service – in short, in the way in which we operate our business. This is the firm belief championed by everybody at Swiss Life day in, day out.

On behalf of the Corporate Executive Board I would like to thank you, our shareholders, for supporting us on this journey.

And now I would like to hand over back to Rolf Dörig.