Investors' Day 2007

Capital management

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Zurich, 4 December 2007

Agenda

1. Achievements and new targets  Rolf Dörig

2. Capital management  Thomas Müller

3. Key thrusts and market initiatives  Bruno Pfister

4. Investments  Patrick Frost

5. Wrap-up  Rolf Dörig
Active capital management with clear measures

1. Actively release and reinvest capital
   - Significant capital releases through disposals
   - AWD: Accretive impact on earnings as of 2009 latest

2. Increase shareholder return
   - Share buyback programme of up to CHF 2.5 bn
   - Annual dividend payout of 40 – 60% of net IFRS profit
   - EPS growth at least 12% every year

3. Optimise capital structure and allocation
   - Optimise capital structure through proactive debt planning
   - Steer with a capital performance benchmarking concept
   - Further enhance internal capital allocation

4. Underpin strong rating
   - Keep strong S&P rating for enterprise risk management
   - Increase profitability to support S&P rating upgrade to A

5. Develop expertise on transfer solutions
   - Build up expertise on innovative risk transfer solutions
   - Apply a clear economic decision process

6. Further increase transparency
   - Report according to MCEV as of 2008 figures
   - Effectively steer businesses through adapted governance

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Significant capital releases through disposals

**Banca del Gottardo**
- Total consideration of CHF 1 875 million
- Multiples:
  - 5.2% of AuM
  - Normalised 2007 P/E: ~20x
- IFRS post-tax profit of about CHF 600 million in 1st HY 2008

**Zwitserleven and Swiss Life Belgium**
- Total consideration of CHF 2 510 million
- Multiples:
  - 24.3x est. profit 2008
  - 1.1x traditional EV (30 June 2007)
- IFRS post-tax profit of CHF 200 million in 2007; CHF 1 000 million in 1st HY 2008

Impact on Swiss Life Group
- Cash proceeds of CHF 4.1 billion after taxes
- Impact of disposals future profit contributions:
  - Banca del Gottardo: - CHF 130 million
  - Zwitserleven and Swiss Life Belgium: - CHF 100 million
- Increase in EV: CHF 550 million
AWD: key deal terms and financial impact

**Transaction terms**
- Public offer for AWD shares
- EUR 30 per share
  - 36% premium over 3-month average
  - ~15x P/E 2008E
- Hard irrevocable commitment from Maschmeyer family to tender 20% stake
- Maschmeyer family retains 10% stake, linked to Swiss Life with a long-term option agreement

**Partnership synergies**
- Estimated annual synergies of ca. CHF 50m after tax
  - by 2012
  - approx. 50% revenue gains and 50% cost savings
- Revenue potential in all markets, cost potential in Switzerland and Germany

**Transaction impact**
- Accretive to EPS by 2009 at latest
- Strong capitalisation maintained
  - pro forma group solvency > 175%, incl. effect of divestitures, acquisition and buyback
- No impact on share buyback

**Operating principles**
- Carsten Maschmeyer to remain as CEO
- No impact on independence; AWD brand not affected
- Operational independence to leverage AWD’s proven open platform model
- “Arm’s-length” terms with Swiss Life
- Cooperation for know-how transfer and efficiency gains
- AWD to remain listed on stock exchange

**Share buyback and doubled dividend payout ratio**

**Share buyback of up to CHF 2.5 bn**
- Over next 18 months, approval on AGM
- By way of second trading line on SWX
- CHF 1 bn in 2008, CHF 1.5 bn in 2009
- Assumption: share buyback of 8.25 m shares

**Dividend payout ratio:**
- 40-60% on net IFRS profit
- Dividend for 2008: > CHF 600 m
- As of 2009: 40-60%
EPS growth above 12% every year

2007 net profit forecast exceptional items

- Net profit FC2007
- Gains from disposals
- P&L contributions from disposals
- Continued operations

EPS 1) > 34

2008 exceptional items

- Additional net profit contribution: CHF 1.6 bn from sale of operations
  - Zwitserleven and Swiss Life Belgium: CHF 1 bn
  - Banca del Gottardo: CHF 600 m

Targets 2008 - 2012

- ROE > 12 % every year
- EPS growth > 12 % every year

Optimise capital structure through proactive debt planning

Capital structure and target ratios

- Senior financial debt
- Hybrid debt
- IFRS equity

Indicative target ratios

- Capital structure in line with economic, regulatory and S&P view
Further enhance internal capital allocation

**Increase capital mobility**

Objective:
- Increase capital mobility

Measures taken:
- Legal structure
- BdG capital reduction
- Cash to Zurich concept

Outlook/further Initiatives:
- Ongoing management of legal structure

**Enhance capital based steering**

Objective:
- Allocate capital to higher yielding businesses

Measures taken:
- Clear hurdle rates applied
- Add-on acquisitions in less capital-intensive businesses (e.g. CapitalLeben)
- Disposals of units in Belgium, The Netherlands and Banca del Gottardo

Outlook/further Initiatives:
- Implement an enhanced benchmarking concept
- Competition for capital
- AWD

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Steer with a capital performance benchmarking concept

**Measures**

1. Create shareholder value
   - Project NPV
   - NPV > 0
2. Ensure a satisfactory return
   - Project ROI by a given time
   - ROI 12%
3. Support plans for Group results
   - Contribution to Group IFRS ROE by a given time
   - ROE 12%
4. Comfortably fulfill capital requirements
   - Solvency and S&P capital
   - Group Solvency > 150%
Keep strong enterprise risk management assessment by S&P

Statutory view
- Statutory accounting rules
- Focus of life insurers on coping with regulatory requirements

Economic view
In addition, risk management not restricted to regulatory requirements, but starting to focus on risks inherent to:
- Asset allocation
- Crediting policy
- Product principles

Holistic view
In addition, all constraints applicable to a life insurance company are included in all risk management thoughts and actions

Market consistent view
In addition, deploy market consistent steering through internal valuation model in line with upcoming regulatory framework and MCEV

Market consistent view to be integrated into overall risk management framework

Develop expertise on transfer solutions to support ROE improvement as of 2010

Combine existing expertise … …with innovative developments … … and include it in decision process

Risk management / ALM
Capital market
Actuarial

Institutionalise innovative capital market risk transfer/securitisation expertise
Capital management tool metrics
Swiss Life will increase transparency through MCEV, SST and interim reporting

Swiss Solvency Test

Interim internal model

Financial internal model (fully SST compliant)

SST results formally binding

Market consistent Embedded Value

Interim reports (May, Nov)

MCEV calculation

2nd Q FY 08

Capital management: Key messages

- Raised benchmarks
- Significant payout to shareholders
- Investments will deliver against hurdle rates
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Financial calendar

Results 2007 27 March 2008
Annual General Meeting 2008 8 May 2008
Half-Year Results 2008 28 August 2008

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