Investors' Day 2008
Investments – Ensuring predictable returns in 2009

Patrick Frost, Chief Investment Officer
Zurich, 2 December 2008
Agenda

1. Strategy execution  Bruno Pfister
2. AWD  Manfred Behrens
3. Switzerland  Ivo Furrer
4. Financials  Thomas Müller
5. Investments  Patrick Frost
6. Wrap-up  Bruno Pfister
Key points

Ensuring predictable returns in 2009

- Significantly de-risked balance sheet in 2008
- Steps taken to cope with additional market downturn
### De-risking of investment portfolio accelerated in second half of 2008

| ✔   | Net equity quota reduced to 0.4%  
|     | (30 June: 2.5%, YE07: 7.5%)      |
| ✔   | Cash quota increased to ~7%      
|     | (30 June: 4.7%, YE07: 2.6%)      |
| ✔   | Alternative investment quota reduced to ~4.0%  
|     | (30 June: 4.9%, YE07: 5.3%)      |
| ✔   | Duration gap kept below 1        |
| ✔   | Risk in corporate bonds increased, but well diversified |
| ✔   | Net FX risk in investment portfolio substantially reduced to almost zero (30 June: 3.7 bn, YE07: 2.2 bn) |
Exposure to equities significantly reduced

Key measures taken – Equities

- **Net equity quota reduced to 0.4%**  
  (30 June: 2.5%)

- **Gross equity quota reduced to 2.5%**  
  (30 June: 5.9%) through country-specific hedging  
  - Switzerland: CHF 200 m in short futures on major indices  
  - France: CHF 250 m short futures and CHF 100 m long put options  
  - Germany: Net CHF 800 m put options

- **Benchmarks outperformed** until October 2008

- **Equity exposure reduced to close to zero** –  
  at present, minimal downside risk

Outlook

- Expected net equity quota for 2009 ~1%

- Rolling equity option programme in place with different strikes
Exposure to alternative investments significantly reduced

### Key measures taken – Hedge Funds

- **Hedge funds redeemed:** >CHF 500 m net redemptions until September 2008, further ~CHF 900 m by year end
- **Proxy hedging programme implemented** for remaining hedge fund exposure
- **Portfolio well diversified** across different management styles (mostly fund of funds)

### Key measures taken – Private Equity

- **Private Equity exposure increased** through capital calls to CHF 250 m (30 June: CHF 166 m)
- **Allocation to distressed strategies increased**

### Outlook

#### Hedge Funds
- Redemptions on fund of funds of CHF ~2 bn initiated
- Rebalancing of hedges planned
- Rebalancing of portfolio planned with lower exposure

#### Private Equity
- Additional net capital calls in 2009 of CHF 150 m expected
- Further focus on distressed strategies planned
Credit portfolio optimised through several measures

<table>
<thead>
<tr>
<th>Key measures taken – credit portfolio</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Credit portfolio further optimised</strong></td>
<td>● Consideration of opportunities to selectively increase credit portfolio</td>
</tr>
<tr>
<td>● Build up of investment-grade credit portfolio in H2 2008 by CHF ~1 bn by buying additional bonds</td>
<td>● Ongoing risk management to take advantage of markets</td>
</tr>
<tr>
<td>● Exposure to structured credit further reduced to CHF 0.5 bn (as of 31 October) – more than CHF 200 m matured in 2008</td>
<td></td>
</tr>
<tr>
<td>● Portfolio selectively hedged through single name CDS</td>
<td></td>
</tr>
<tr>
<td>● Reclassification of parts of the portfolio (~CHF 15 bn) to &quot;loans and receivables&quot;</td>
<td></td>
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<tr>
<td>● CDS protection of CHF ~0.5 bn bought, protection of CHF ~0.1 bn sold; exposure to monoliners &lt;20 m</td>
<td></td>
</tr>
</tbody>
</table>

**Stricter risk limits applied**

- Risk limits, set by the Group Risk Committee, for below BBB counter parties further tightened since 2007
- Bonds below BBB standing at ~3% of total insurance portfolio

**Impairments ~15bps of assets** mainly due to defaults in 2008
Characteristics of Credit Portfolio

Non-government bond portfolio, 31 October 2008

Loans and receivables (Duration: 5.7)

Available for sale (Duration: 5.3)
## Minimal exposure to CDO/CLO, ABS, MBS, etc.

As of 31 October 2008; CHF m

<table>
<thead>
<tr>
<th>Category</th>
<th>Fair value</th>
<th>Rating, percent</th>
<th>Year of maturity, percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>AAA</td>
<td>AA</td>
</tr>
<tr>
<td><strong>CDO/CLO 1)</strong></td>
<td>142</td>
<td>83</td>
<td>0</td>
</tr>
<tr>
<td>• With ABS collateral</td>
<td>32</td>
<td>48</td>
<td>0</td>
</tr>
<tr>
<td>• Corporates</td>
<td>110</td>
<td>94</td>
<td>0</td>
</tr>
<tr>
<td><strong>ABS 2)</strong></td>
<td>301</td>
<td>61</td>
<td>0</td>
</tr>
<tr>
<td>• Credit Cards</td>
<td>183</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>• Others</td>
<td>118</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>RMBS</strong></td>
<td>74</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>517</td>
<td>73</td>
<td>0</td>
</tr>
</tbody>
</table>

1) CDO, CLO, ABS, MBS: note volume with US subprime and Alt-A components total CHF 16 m

2) 61% in ABS credit cards
## Characteristics of remaining fixed income portfolio and cash

<table>
<thead>
<tr>
<th>Government bonds</th>
<th>• About half of the AAA bonds are AAA rated government bonds of our principal markets (CH, FR, DE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgages</td>
<td>• Switzerland: 85% residential, strict guidelines of max. 65% to 80% LTV(^1) depending on type of real estate</td>
</tr>
<tr>
<td></td>
<td>• Germany: 94% residential, max. 60% to 80% LTV(^1)</td>
</tr>
<tr>
<td>Loans</td>
<td>• Switzerland: ~ 27% Swiss municipalities, ~25% to one AAA canton, ~20% other cantons or cantonal banks with cantonal guarantees, ~9% power stations, rest other, including Swiss private banks</td>
</tr>
<tr>
<td></td>
<td>• Germany: 55% in Pfandbriefe (AAA equivalent), 20% Länder or government debt (Germany, Austria), 25% German banks (public and private, the latter fully covered by deposit insurance)</td>
</tr>
<tr>
<td>Cash</td>
<td>• Cash held at several banks in Switzerland, Germany and France</td>
</tr>
<tr>
<td></td>
<td>• Most of cash holdings collateralised via reverse repo transactions</td>
</tr>
<tr>
<td></td>
<td>• Further cash investments including short term funding to the Swiss government, bills of the Swiss National Bank and investments in very high grade money market funds in France</td>
</tr>
</tbody>
</table>

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1) LTV: Loan-To-Value
Strategic asset allocation determined based on scenarios, sensitivity analyses and stress-tests

Scenario-based integrated budgeting process

- Risk budget
- Economic scenarios
- Strategic asset allocation per scenarios
- Sensitivity analyses and stress tests
- Expected Strategic Asset Allocation
- Measures and contingency plans
- Local budgeting processes

Illustrated in the following
On expected strategic asset allocation for 2009 lower and stabilised investment income assumed

Expected Asset Allocation for 2009, percent

- Equities: 2%
- Alternative investments: 1%
- Real Estate: 14%
- Mortgages and Loans: 16%
- Corporate Bonds LAR: 15%
- Corporate Bonds AFS: 15%
- Government Bonds (incl. Cash): 37%

Key assumptions for sensitivity analysis and stress tests

- **Overall asset returns** expected to be 3.7%
  - 50 bp lower than expectations for 2008
  - Annualised direct yield on our portfolio as at 31.10.2008 of 4.2% – FX hedging costs of about 50 bp to be deducted

- **Shareholder vs. policyholder split** of about 15/85
- **Guarantees** considered
- **Local tax rates** applied
Analysis reveals strong sensitivity to interest rate increase on government bonds

Sensitivity analysis (estimates, based on internal model)

<table>
<thead>
<tr>
<th>Expected Asset Allocation 2009</th>
<th>Sensitivity</th>
<th>Impact on IFRS solvency Solvency points</th>
<th>Impact on Stat solvency Solvency points</th>
<th>Conclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>1% Prices</td>
<td>-0.2%</td>
<td>-0.1%</td>
<td></td>
</tr>
<tr>
<td>Alternative Investments</td>
<td>2% Prices</td>
<td>-0.6%</td>
<td>-0.6%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>14% Index 1)</td>
<td>-3.3%</td>
<td>-4.0%</td>
<td></td>
</tr>
<tr>
<td>Mortgages and loans</td>
<td>16% Prices</td>
<td>0%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Corporate Bonds</td>
<td>30% Loss on defaults</td>
<td>+100 bp</td>
<td>-0.7%</td>
<td>-0.7%</td>
</tr>
<tr>
<td>• Thereof LAR 2)</td>
<td>15% Spreads</td>
<td>0%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>• Thereof AFS</td>
<td>15% Spreads</td>
<td>+100 bp</td>
<td>-14.1%</td>
<td></td>
</tr>
<tr>
<td>Government Bonds (incl. cash)</td>
<td>37% Interest rates</td>
<td>+100 bp</td>
<td>-49.7%</td>
<td>-0.1%</td>
</tr>
</tbody>
</table>

1) Assumed sensitivity of real estate valuation to index decline of 1/3 in Switzerland
2) Loans and accounts receivables

Conclusions:
- Interest rate increases on government bonds as key risk to IFRS Solvency
- Credit spread widening of 100 bp on AFS bonds with significant impact on IFRS solvency
- Real estate index correction of 10% with noticeable impact
- Credit defaults as well as a 10% market correction of Alternative Investments and Equities with limited impact on solvency
Special characteristics of Swiss Life's real estate portfolio lead to low volatility

Only 1/3 of total market move reflected in Swiss Life’s Swiss real estate portfolio valuation

Real estate portfolio positively contributing to investment returns, also in 2008

Swiss market move vs. Valuation of Swiss Life’s Real Estate portfolio in CH

Characteristics of Swiss Life's real estate portfolio

- 84% of exposure to Swiss real estate with no strong price increases in this cycle
- Excellent quality of assets
  - Conservative
  - Very well seasoned
  - Geared towards residential properties
  - Focused on excellent locations in the major urban areas
- **DCF model** applied once a year for property portfolio valuation by an external valuation agent

84% of exposure to Swiss real estate with no strong price increases in this cycle

Excellent quality of assets
- Conservative
- Very well seasoned
- Geared towards residential properties
- Focused on excellent locations in the major urban areas

**DCF model** applied once a year for property portfolio valuation by an external valuation agent
Stress test 1 – Same returns in 2009 as in 2008 with limited downside on solvency

### Expected Asset Allocation 2009

<table>
<thead>
<tr>
<th>Expected Asset Allocation 2009</th>
<th>Stress test assumption</th>
<th>Impact on IFRS solvency</th>
<th>Impact on Stat solvency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>1% Prices -46%p</td>
<td>-1.0%</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Alternative Investments</td>
<td>2% Prices -23%p</td>
<td>-3.1%</td>
<td>-3.9%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>14% Index 1) 0%p</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Mortgages and loans</td>
<td>16% Prices 0%p</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Corporate Bonds</td>
<td>30% Loss on defaults 50 bp</td>
<td>-0.4%</td>
<td>-0.3%</td>
</tr>
<tr>
<td>• Thereof LAR 2) 15% Yields 280 bp</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>• Thereof AFS 15% Yields 280 bp</td>
<td>-39.6%</td>
<td>-85 bp</td>
<td>0%</td>
</tr>
<tr>
<td>Government Bonds (incl. cash)</td>
<td>37% Interest rates -85 bp</td>
<td>38.3%</td>
<td>0%</td>
</tr>
</tbody>
</table>

**Cumulative effect of stress test scenario**

-3.2% -6.8%

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1) Assumed sensitivity of real estate valuation to index decline of 1/3 in Switzerland
2) Loans and accounts receivables
Stress test 2 – severe recession and deflation in 2009 with limited impact on statutory solvency

(estimates, based on internal model)

<table>
<thead>
<tr>
<th>Expected Asset Allocation 2009</th>
<th>Stress test assumption</th>
<th>Impact on IFRS solvency Solvency points</th>
<th>Impact on Stat solvency Solvency points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>1% Prices -30%p</td>
<td>-0.6%</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Alternative Investments</td>
<td>2% Prices -10%p</td>
<td>-0.6%</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>14% Index ¹ -10%p</td>
<td>-3.3%</td>
<td>-4.0%</td>
</tr>
<tr>
<td>Mortgages and loans</td>
<td>16% Prices 0%p</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Corporate Bonds</td>
<td>30% Loss on defaults</td>
<td>249 bp</td>
<td>-5.6%</td>
</tr>
<tr>
<td>• Thereof LAR ²</td>
<td>15% Yields 100 bp</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>• Thereof AFS</td>
<td>15% Yields 100 bp</td>
<td>-14.1%</td>
<td>0%</td>
</tr>
<tr>
<td>Government Bonds (incl. cash)</td>
<td>37% Interest rates -100 bp</td>
<td></td>
<td>44.9%</td>
</tr>
</tbody>
</table>

Cumulative effect of stress test scenario

-30%p

16.4% -15.0%

1) Assumed sensitivity of real estate valuation to index decline of 1/3 in Switzerland
2) Loans and accounts receivables
### Number of additional potential measures evaluated and prepared

- Increase in default protection
- Selling or hedging of long government bonds
- Re-classification of further bonds, including government bonds, as held to maturity
- Re-modification of Strategic Asset Allocation
Key points

Ensuring predictable returns in 2009

Significantly de-risked balance sheet in 2008

- Low sensitivity to further market downturn
- Minimal exposure to structured credit
- Low real estate risk due to special portfolio characteristics
- FX exposure in investment portfolio close to zero
- Comfortable cash position
- Duration gap below 1

Steps taken to cope with additional market downturn
SwissLife
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Contact details and financial calendar

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Financial calendar

Full-year results 2008 24 March 2009
Interim statement Q1 2009 5 May 2009
Annual General Meeting 7 May 2009

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