Goldman Sachs European Financials Conference

Improving growth and profitability in life insurance

Bruno Pfister, Group CEO
Berlin, 11 June 2008
Agenda

1. Profitable growth: strong delivery since 2003

2. Strategy until 2012: accelerating profitable growth

3. Summary: Attractive shareholder returns
Improving growth

CHF billion (IFRS basis)

Gross written premiums incl. PHD

Discontinued operations
- Netherlands
- Belgium

Continuing operations
- Switzerland
- France
- Germany
- Luxemburg
- Liechtenstein

2003 04 05 06 2007

18.8

6% p.a.

1% p.a.

7% p.a.

24.1
Improving profitability

CHF million (IFRS basis)

**Net profit**

![Bar chart showing net profit from 2003 to 2007 with a CAGR of > 40%]

**ROE**

![Bar chart showing ROE percentages from 2003 to 2007]

extraordinary impact of transactions
Delivery on operational targets

**Growth**

- **Premium growth (CHF bn)**
  - 2003: 18.8
  - 2007: 24.1
  - **Outperformed market growth** +6% p.a.

**Efficiency**

- **Operating cost ratio** 1)
  - 2003: 9.5%
  - 2007: 6.6%
  - **Increased efficiency and profitability** -8% p.a.

**Leadership**

- **Employee commitment** 2)
  - 2003: 61
  - 2007: 77
  - **High level of commitment** +16 pts

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1) IFRS operating costs on adjusted basis, for continuing operations
2) Employee commitment, externally measured index
Agenda

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Strategy until 2012: Accelerating profitable growth

**Mission:** Committed to helping people create a financially secure future. For life.

**Ambition:** Become a leading international life and pensions specialist

<table>
<thead>
<tr>
<th>Focus on retirement needs</th>
<th>Focus on growth opportunities</th>
<th>Focus on functional excellence</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Address needs of corporate and individual customers, before and after retirement</td>
<td>● Expand cross-border businesses</td>
<td>● Adapt Group governance, combining market proximity and best practice transfer</td>
</tr>
<tr>
<td>● Offer innovative products and solutions of enhanced profitability</td>
<td>● Realise inorganic opportunities in existing markets</td>
<td>● Realise economies of scale and skills</td>
</tr>
<tr>
<td>● Distribute through optimised market-specific channel mix</td>
<td>● Tap into new high growth markets</td>
<td>● Strengthen performance management, and active capital management</td>
</tr>
</tbody>
</table>

Foster employee commitment
Shift in business mix

Develop new solutions and push existing non-traditional products:

- Variable annuities (new)
- Unit- and index-linked products
- Private placement life insurance
- New group life solutions

New business mix Swiss Life Group

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-traditional</th>
<th>Traditional</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>75%</td>
<td>25%</td>
</tr>
<tr>
<td>2006</td>
<td>60%</td>
<td>40%</td>
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<tr>
<td>2012 target</td>
<td>20-30%</td>
<td>70-80%</td>
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</table>
Strict focus on product profitability

Value of New business Swiss Life Group, CHF m

- Significant efficiency improvements in all markets
- Positive gearing to interest rates
- Positive effect on margin due to divestments of Netherlands and Belgium

1) excluding Zwitserleven and SL Belgium
Increase distribution capacity through partnership with AWD

- **Implementation programme for strategic partnership launched**
  - Thirteen sub-projects on products, markets and operations
  - All initiatives co-managed by both partners with the overall aim to strengthen business model of AWD

- **Swiss Life strives to become one of several “best select” providers for AWD**
  - Realise quick wins with selected products over the next few months
  - Develop new products based on proprietary and AWD market intelligence

- **Evaluation ongoing for pursuing growth in target markets**
  - Austria: market entry in first half 2009 latest
  - CEE: prioritisation of markets based on long-term growth potential

- **Growth initiatives within AWD**
  - Further increase number of advisors and enhance quality of advice
  - Play active role in the consolidation of the German IFA market
  - Explore opportunities in new markets

Overall aim of implementation programme is to strengthen business model of AWD
Accelerate momentum in Private Placement Life Insurance market

CHF million

<table>
<thead>
<tr>
<th>Activity / Milestones</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009 - 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liechtenstein – set up new hub</td>
<td></td>
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<tr>
<td>Luxemburg – set up new hub</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Acquisition and integration CapitalLeben</td>
<td></td>
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<tr>
<td>Integration PPLI Luxemburg</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Start hubs in Singapore and Dubai</td>
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</tbody>
</table>

Market scope

- Belgium, Germany, France, Luxemburg
- Italy, Spain, Sweden
- Asia, Austria, Czech Republic, Norway, Switzerland, United Kingdom, United States
- Latin America, Middle East

Target by 2012: GWP CHF 8 - 10 bn, and Assets under Control: CHF 40 - 45 bn

1) PPLI = Private Placement Life Insurance
Boost variable annuities through new pan-European business platform

<table>
<thead>
<tr>
<th>1 HY 2008</th>
<th>2 HY 2008</th>
<th>1 HY 2009</th>
<th>2 HY 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Set up PULSE factory</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Set up PULSE branch, prepare launch</td>
<td>Start sales of 1st GMIB</td>
<td></td>
<td>2nd GMxB</td>
</tr>
<tr>
<td>Adapt PULSE for Switzerland, prepare launch</td>
<td>Start sales of 1st GMxB</td>
<td>2nd GMxB</td>
<td></td>
</tr>
<tr>
<td>Set up PULSE branch, interface, prepare launch</td>
<td>Start sales of 1st GMxB</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roll out PULSE to new markets</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

CHF 4 bn gross written premiums by 2012
Significant top-line growth envisaged until 2012

GWP, CHF bn

- **EU**
  - FC 2007: ~24
  - Continuing operations 2007: 67%
  - Growth with market: 19
  - Focus on retirement needs: 3 to 4
  - Focus on growth opportunities: 9 to 12
  - Total 2012 expected: > 36

- **CH**
  - FC 2007: 60%
  - Continuing operations 2007: 33%
  - Growth with market: 40%
  - Focus on retirement needs: 3 to 4
  - Focus on growth opportunities: 9 to 12
  - Total 2012 expected: 75%

*1) Excl. Zwitserleven, Belgium, Erisa
2) Private insurer (France), Golden Life (Switzerland)
3) PPLI, PULSE*
Continued fast strategy implementation

Strategy implementation: Announcements since March

- 10 March 2008
  Completion of Sale of Banca del Gottardo for CHF 1.88 bn
- 13 March 2008
  Opening of branch office in Singapore
- 19 March 2008
  Acquired 86% stake in AWD
- 29 April 2008
  Completion of sale of Netherlands and Belgium for CHF 2.45 bn
- 8 May 2008
  Adapted governance, with newly composed Executive Board
- 9 May 2008
  Share buy-back of up to CHF 2.5 bn started
Agenda

1. Profitable growth: strong delivery since 2003

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Attractive shareholder returns

IFRS basis

**Targets 2008 to 2012**

- **EPS**: > 12% growth every year
- **ROE**: > 12% every year
- **Pay-out ratio**: 40-60% of net profit

**Announced shareholder returns 2008 and 2009**

- **Dividend for 2007**: ~ CHF 600 m, or CHF 17 per share
  
- **Dividend for 2008**: at least CHF 600 m anticipated
  
- **Share buyback**: up to CHF 2.5 bn, until November 2009

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1) Par value reduction, payment date is expected to be on 29 July 2008
Summary

- Profitable growth: strong delivery since 2003
- Strategy until 2012: accelerating profitable growth
- Attractive returns to shareholders
Agenda

1. Profitable growth: strong delivery since 2003

2. Strategy until 2012: accelerating profitable growth

3. Summary: Attractive shareholder returns

Appendix
## Strong 2007 Results

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit</td>
<td>CHF 1368 million</td>
<td>+43%</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>CHF 1706 million</td>
<td>+42%</td>
</tr>
<tr>
<td>Return on equity</td>
<td>18.1%</td>
<td>+5.9 ppts</td>
</tr>
<tr>
<td>Embedded value</td>
<td>CHF 12.8 billion</td>
<td>+20%</td>
</tr>
<tr>
<td>Dividend (par value reduction)</td>
<td>CHF 17</td>
<td>CHF +10</td>
</tr>
</tbody>
</table>
## Strong premium growth

GWP & PHD; CHF million (IFRS basis)

<table>
<thead>
<tr>
<th>Country</th>
<th>FY 2007</th>
<th>FY 2006</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switzerland</td>
<td>8 413</td>
<td>7 611</td>
<td>+11%</td>
</tr>
<tr>
<td>France 1)</td>
<td>7 411</td>
<td>8 204</td>
<td>-10%</td>
</tr>
<tr>
<td>Germany</td>
<td>2 158</td>
<td>2 116</td>
<td>+2%</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>508</td>
<td>841</td>
<td>-40%</td>
</tr>
<tr>
<td>Liechtenstein 2)</td>
<td>2 786</td>
<td>646</td>
<td>+331%</td>
</tr>
<tr>
<td><strong>Continuing 3)</strong></td>
<td><strong>21 213</strong></td>
<td><strong>19 421</strong></td>
<td>+9%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>2 301</td>
<td>1 901</td>
<td>+21%</td>
</tr>
<tr>
<td>Belgium</td>
<td>656</td>
<td>742</td>
<td>-12%</td>
</tr>
<tr>
<td><strong>Total reported</strong></td>
<td><strong>24 170</strong></td>
<td><strong>22 064</strong></td>
<td>+10%</td>
</tr>
</tbody>
</table>

1) Without ERISA, growth +6%
2) Includes CapitalLeben since 04/2007: CHF 1 335 million
3) Includes ERISA CHF 1 893 million for FY 2007 (6 months only) and CHF 2 995 million for FY 2006
## Increasing operating profit

Segment results; CHF million (IFRS basis)

<table>
<thead>
<tr>
<th></th>
<th>FY 2006</th>
<th>FY 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance (Continuing)</td>
<td>949</td>
<td>1 047</td>
</tr>
<tr>
<td>Investment Management</td>
<td>50</td>
<td>93</td>
</tr>
<tr>
<td>Other</td>
<td>59</td>
<td>62</td>
</tr>
<tr>
<td>Insurance (Discontinued)</td>
<td>144</td>
<td>471</td>
</tr>
<tr>
<td>Banking (Discontinued)</td>
<td>115</td>
<td>168</td>
</tr>
<tr>
<td>Eliminations</td>
<td>-53</td>
<td>-62</td>
</tr>
<tr>
<td>Unallocated corporate costs</td>
<td>-59</td>
<td>-73</td>
</tr>
<tr>
<td><strong>Profit from operations</strong></td>
<td><strong>1 205</strong></td>
<td><strong>1 706</strong></td>
</tr>
</tbody>
</table>

1) Incl. CHF 304 m from extraordinary gain in the Netherlands due to change in local accounting regulations
2) Incl. CHF 137 m net contribution of ERISA
Strong increase of embedded value

CHF million (statutory basis), incl. effects from divestments

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<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Switzerland</td>
<td>4 847</td>
<td>4 053</td>
<td>+20%</td>
<td>21%</td>
</tr>
<tr>
<td>International</td>
<td>4 996</td>
<td>4 502</td>
<td>+11%</td>
<td>13%</td>
</tr>
<tr>
<td>ANAV Swiss Life Holding</td>
<td>2 994</td>
<td>2 110</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Swiss Life Group</strong></td>
<td><strong>12 837</strong></td>
<td><strong>10 665</strong></td>
<td>+20%</td>
<td>23%</td>
</tr>
<tr>
<td>of which ANAV</td>
<td>8 705</td>
<td>6 793</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PVFP</td>
<td>4 880</td>
<td>4 922</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of holding capital</td>
<td>-748</td>
<td>-1 050</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Embedded value per share 1)</td>
<td>367</td>
<td>316</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1) Based on 33.8 million shares on 31.12.06 and 35.0 million shares on 31.12.07
New business portfolio with attractive positions

FY 2007

France
- GWP: CHF 5.5 bn
- Strong focus on affluent and HNWI clients, well positioned in health

Switzerland
- Life GWP: CHF 8.4 bn
- Market leadership in group and individual life
- About 1 million insureds (client relationships)

AWD
- Revenues: CHF 1.2 bn
- Leading European independent financial advisor
- Open-architecture business model
- Strong positions in Germany and Austria

Germany
- Life GWP: CHF 2.2 bn
- Strong disability expertise, brand well recognised by brokers

Cross-border
- Life GWP: CHF 3.3 bn\(^1\)
- Leading provider for private placement life insurance
- Hub for group life solutions to multinationals

1) Luxembourg and Liechtenstein
Sustainable growth of life insurance in Europe

<table>
<thead>
<tr>
<th>Premiums 2006 in USD bn(^1)</th>
<th>Life insurance</th>
<th>Non-life insurance</th>
<th>GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Europe</td>
<td>North-America</td>
<td>Japan</td>
</tr>
<tr>
<td></td>
<td>906</td>
<td>573</td>
<td>363</td>
</tr>
<tr>
<td>Growth 1996-2006 p.a.(^1)</td>
<td>9.4%</td>
<td>6.5%</td>
<td>-1.1%</td>
</tr>
</tbody>
</table>

1) Nominal  
Source: Sigma, Eurostat
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Financial calendar

Half-Year Results 2008  
28 August 2008

Interim Statement Q3 2008  
12 November 2008

Investors’ Day  
2 December 2008

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