

Goldman Sachs European Financials Conference
Addressing challenges and exploiting
opportunities with the MILESTONE programme

Bruno Pfister, Group CEO
Madrid, 9 June 2010

Agenda

→ **Addressing challenges and exploiting opportunities:
MILESTONE programme**

Regaining momentum:

FY 2009 results and Q1 2010 interim statement

Summary: Targets for 2012

Major opportunities and challenges

Industry opportunities

- Growth prospects for life insurance remain intact due to
 - demographic developments
 - increasing security needs

Industry challenges

- Interest rate environment
- Volatile capital markets
- Regulatory environment

Swiss Life specific challenges and opportunities

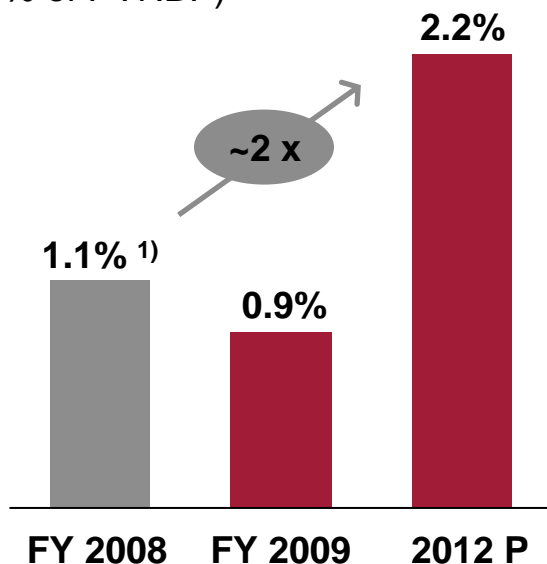
- High dependency on capital markets
- Cost base still uncompetitive
- Leverage AWD

MILESTONE enables Swiss Life to enhance its profitability and competitiveness

MILESTONE	Objectives		
1 Enhance customer value & new business profitability	<ul style="list-style-type: none"> Margin management focus: VNB and NBM Drive shift to modern products & promote risk products 	“We are growing – but not at the expense of value”	5 Drive disciplined execution
2 Increase distribution quality and power	<ul style="list-style-type: none"> Optimise distribution channel mix Capture full potential of AWD 	“We are increasing growth in 3rd party channels and AWD”	
3 Improve operational efficiency	<ul style="list-style-type: none"> Plan with clear accountabilities to achieve 2012 cost target Eliminate negative cost result and move to continuous improvement 	“We are managing our cost base rigorously and continuously”	
4 Strengthen the balance sheet	<ul style="list-style-type: none"> Initiatives to optimise profit stream from in-force business and risk capital usage 	“We are actively managing our capital and in-force business”	

Margin management contribution to be further enforced

New business margin development
(VNB as % of PVNBP)



PVNBP
(CHF bn)

10.9 14.4

VNB
(CHF m)

119 123

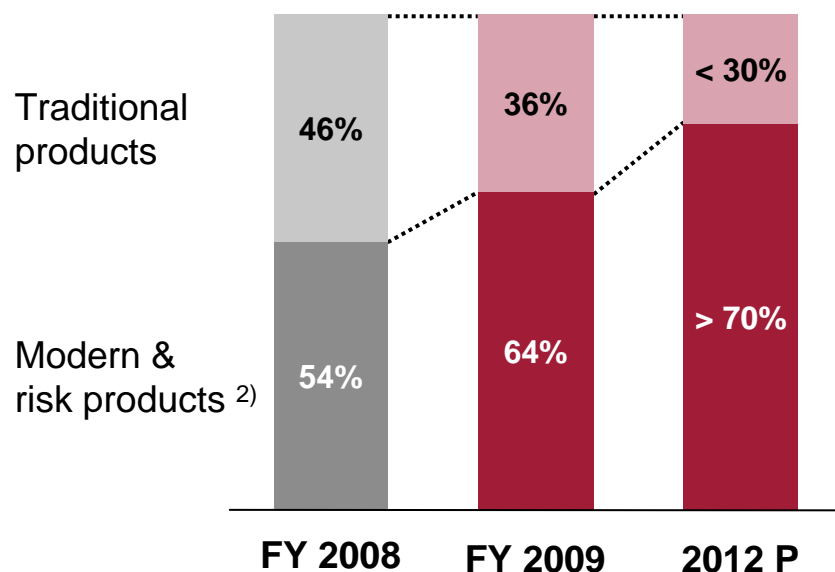
- A 20 bps liquidity premium would increase the new business margin in 2009 by 15 bps
- Strong growth of new business (PVNBP) without compromising margin
- Margin improvement in 2010 under way
 - Revision of current terms
 - Sales stimulation activities for low margin products discontinued
 - Mid-term replacement of low margin products
- Cost savings to be realised in 2010 will further improve new business margin

1) Liquidity premium of 65bp in Switzerland and 50bp in euro zone



Shift to modern and risk products on track

New business mix
(based on NBP ¹⁾)



- Product transformation plans and tracking in place
- Attractive new products supporting the shift to modern and risk:
 - CH: Champion Duo
 - FR: SL Objectif (structured products)
 - DE: Re-positioning of risk products
- Growth of PPLI further contributed to shift

1) New business production (single premium plus periodic premium times duration)

2) Modern and risk products, incl. health



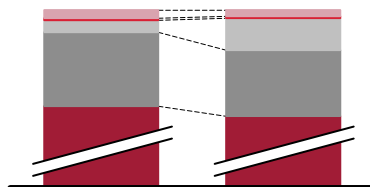
Distribution initiatives to increase distribution quality and power are on track

New business production Swiss Life Group, in %

Swiss Life channel development

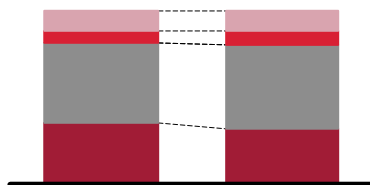
Status

Switzerland



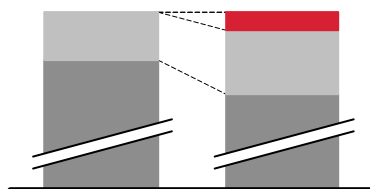
- Five point programme to boost tied agent's productivity started
- Initiatives to improve service levels, intensify and standardise broker/AWD care launched

France



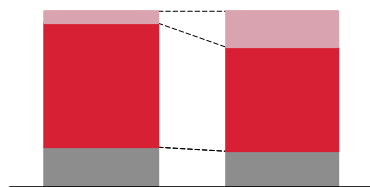
- Efficiency measures for proprietary channels started
- Increase in new business of 3rd party channels achieved in 2009, particularly in life business
- Good leads for 2010 in the banking channel

Germany



- Banking team acquired and key account management set up
- VIP services for brokers defined
- Initiative launched to continue growth through AWD, such as advisor training

Transnational businesses



- PPLI: Close cooperation with master broker in LATAM reinforced
- PPLI: Experienced sales professionals hired, already good production achieved in 2009
- Corporate Solutions: 18 new global clients acquired thanks to strict global client relationship management

2009

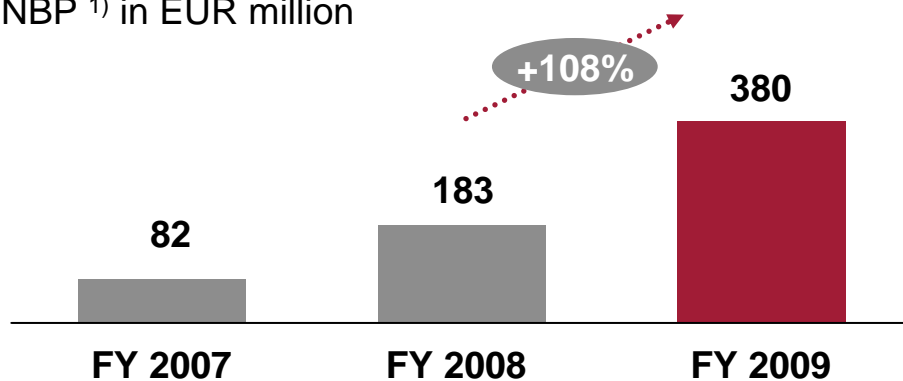
2012P

Other Banks AWD 3rd party, incl. brokers and IFAs Tied agents

Successful partnership with AWD shows strong increase in new business production

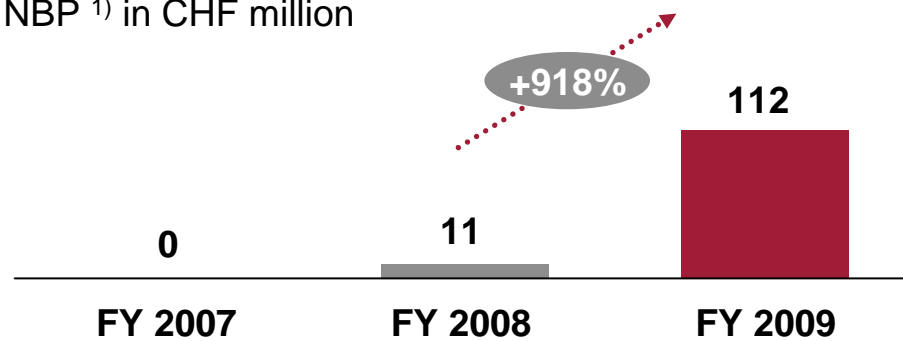
Swiss Life in Germany

NBP ¹⁾ in EUR million



Swiss Life in Switzerland

NBP ¹⁾ in CHF million



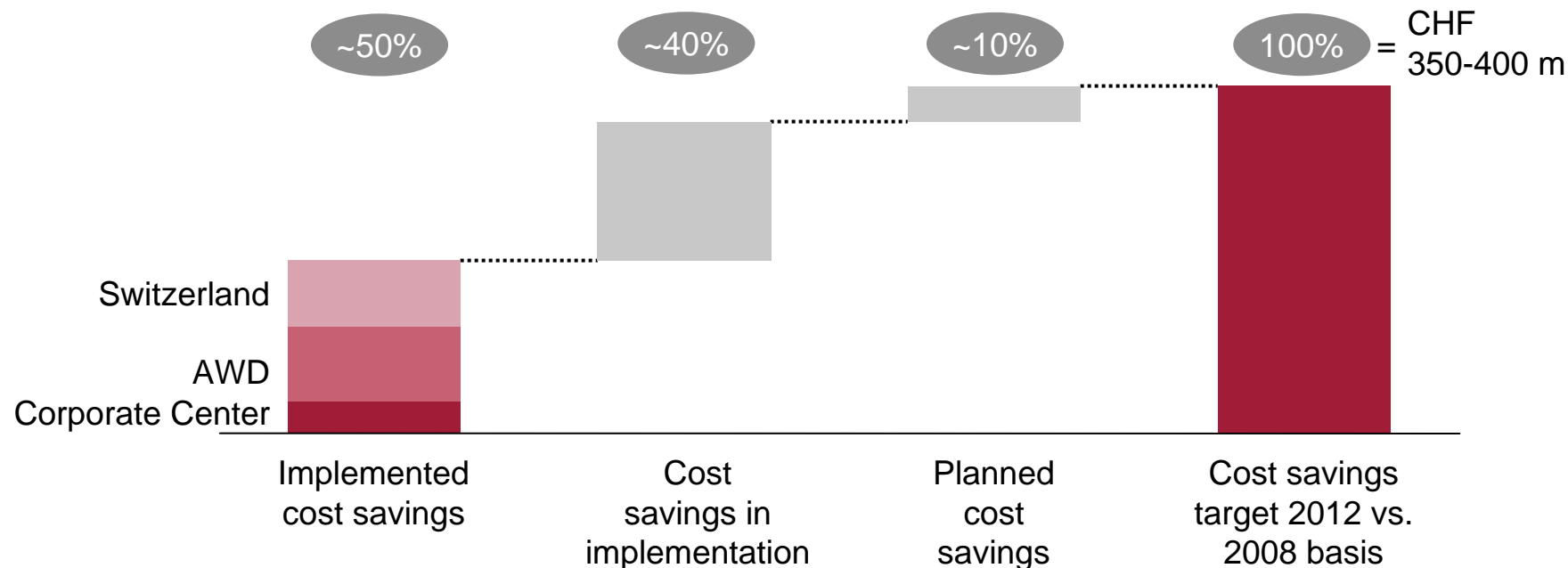
Target 2012
20 - 25% share
of Swiss Life
products in
relevant product
categories of
AWD

1) New business production



50% of the cost savings fully implemented

Status of cost savings 2009 – 2012 by YE 2009



Major achievements

- Over 300 efficiency initiatives defined out of a total of 500 MILESTONE initiatives
- Cumulative restructuring charges of CHF 148 m by end of 2009

Swiss Life launched several initiatives to strengthen its balance sheet in 2009

Levers to manage value of in-force business

Increase profit

Interest rates

Cost result

Risk result

Other effects

Release risk capital and optimise profit streams

Selected initiatives per country

Switzerland



- Reduce guaranteed interest rate dependency in Group Life business
- Optimise risk capital consumption
- Align tariffs for policy changes

France



- Prévoyance
- Cantonnement
- Active shift to unit-linked policies

Germany



- Optimise legal structure
- Align reinsurance
- Manage lapses

Group

- Dividend pay out ratio of 28%

Activities 2009

Reduced guaranteed interest rate on non-mandatory part to 1.5%

Developed risk capital preserving product line for semi-autonomous pension fund solutions, launched in April 2010

Stop reinvestment possibilities at old conditions

Regained risk capacity while keeping risk appetite stable

Insurance portfolio for own risk (fair value basis)

	FY 2009 results	Q1 2010 interim statement
Net equity quota	Increased to 1.8% from 0.8% in 2008	Stood at 2.1%
Alternative investments	Reduced to 1.7% from 3.1% in 2008	Hedge fund exposure further reduce by about CHF 600 m
Cash holdings	Reduced to 4.8% from 6.3% in 2008	Further reduced
Duration gap	Stood at 0.6 years	Kept well below 1 year
Government bonds	High quality with 94% A-rated or higher, exposure to sovereigns under observation 1.7% of insurance portfolio	Exposure to Greece reduce to approx. CHF 250 m from CHF 335 m in 2009
Corporate bonds	Exposure slightly increased. Well diversified portfolio with 92% of investments in investment grade	Exposure slightly increased
Net FX exposure	FX P/L exposure almost fully hedged	No significant changes compared to FY 2009

New processes and tools support disciplined execution



MILESTONE is well underway

MILESTONE

1 Enhance customer value & new business profitability	<ul style="list-style-type: none"> ▪ Margin management ▪ Shift to modern & risk products 	<input type="checkbox"/> <input checked="" type="checkbox"/>
2 Increase distribution quality and power	<ul style="list-style-type: none"> ▪ Multi-channel 	<input checked="" type="checkbox"/>
3 Improve operational efficiency	<ul style="list-style-type: none"> ▪ Reduced cost base 	<input checked="" type="checkbox"/>
4 Strengthen the balance sheet	<ul style="list-style-type: none"> ▪ Improved solvency 	<input checked="" type="checkbox"/>

5

 Drive disciplined execution

Execution of MILESTONE will lead to increased earnings at reduced volatility

Insurance businesses	Ambition for change by 2012
Investment income	↓ Reduce relative importance
Risk result	→ Maintain good risk result
Cost result	↑ Eliminate negative admin. cost result
Fee businesses	↑ Significantly increase profits
Total operating profit	↑

Relative shift of profit sources towards fee businesses

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→ **Regaining momentum:
FY 2009 results and Q1 2010 interim statement**

Summary: Targets for 2012

Key performance metrics: Improved in 2009 and good start to 2010



SwissLife

	FY 2009 results	Q1 2010 interim statement	
Net result from continuing operations	At CHF 324 m; Up from CHF - 1.1 bn in 2008		<input checked="" type="checkbox"/>
Premium growth	12% in local currency; Strong momentum in 2nd half 2009	Strong increase of 24% in local currency	<input checked="" type="checkbox"/>
Net investment return and group solvency	Increased to 3.9% (0.3% in 2008); Improved to 164% (158% in 2008)	In line with expectations; Slightly increased to 165%	<input checked="" type="checkbox"/>
Operating expenses	Reduced by 10% excl. one-offs and restructuring costs vs 2008	Efficiency and cost-cutting initiatives on track	<input checked="" type="checkbox"/>
AWD	Underlying profitable since Q3 2009 but local EBIT loss of EUR 41 m	Turnaround confirmed with local EBIT of EUR 9.8 m	<input checked="" type="checkbox"/>
Shift to modern and risk products	Modern & risk products at 64% of new business mix (54% in 2008) and volumes sold by AWD more than doubled		<input checked="" type="checkbox"/>
Value of new business	At CHF 123 m (+ 4 CHF m) but margin at 0.9% from 1.1% in 2008		<input type="checkbox"/>
Return on equity	At 4%		<input type="checkbox"/>

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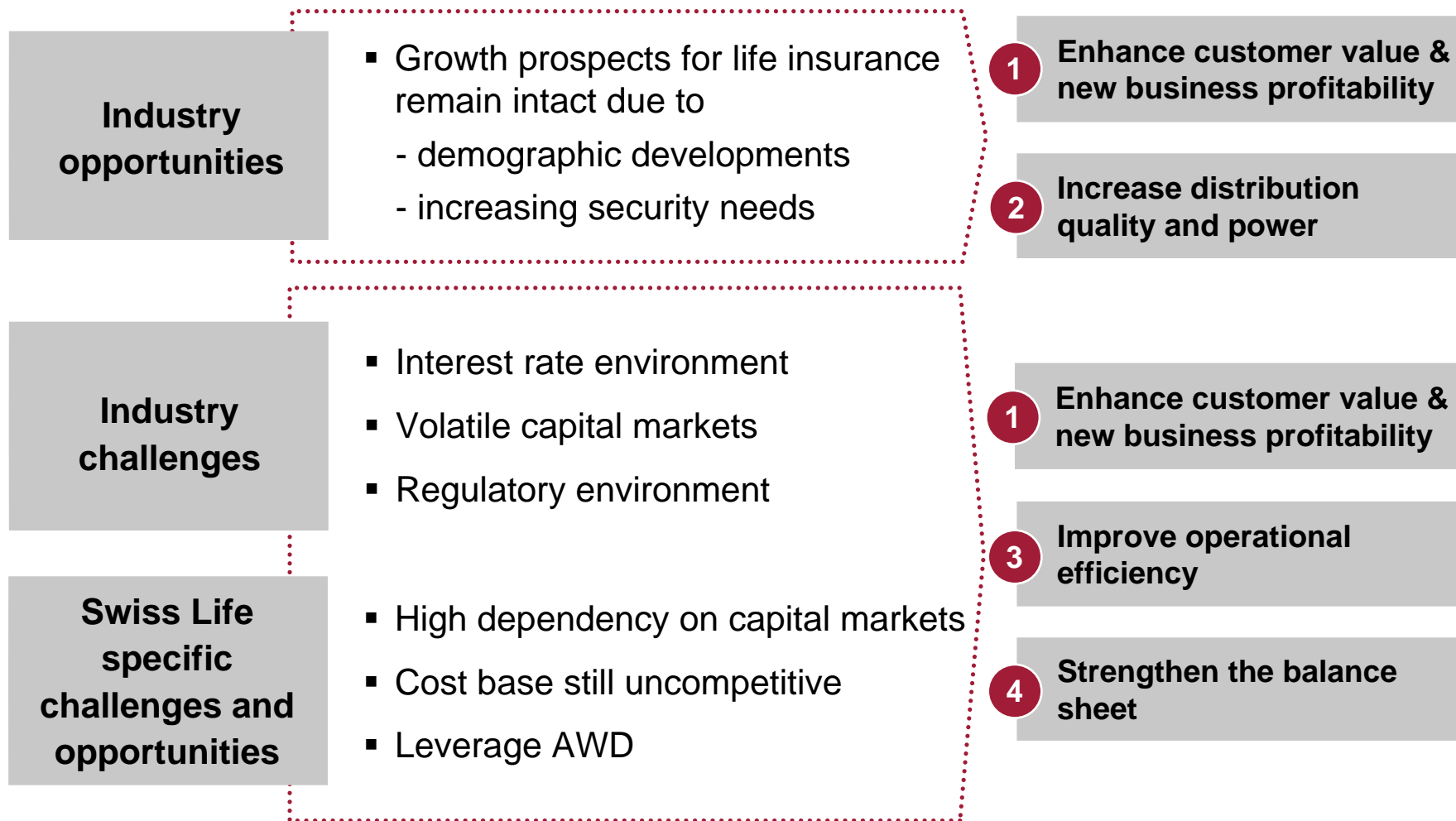
Regaining momentum:
FY 2009 results and Q1 2010 interim statement

→ **Summary: Targets for 2012**

2012 Targets confirmed

MILESTONE	Objectives	
1 Enhance customer value & new business profitability	<ul style="list-style-type: none"> ▪ New business margin > 2.2% ▪ > 70% of NBP from modern and risk products 	
2 Increase distribution quality and power	<ul style="list-style-type: none"> ▪ 20–25% share of Swiss Life products in relevant product categories of AWD 	
3 Improve operational efficiency	<ul style="list-style-type: none"> ▪ CHF 350–400 m reduced cost base vs 2008 	5 Drive disciplined execution Reporting on achievements, challenges, and actions on ongoing basis
4 Strengthen the balance sheet	<ul style="list-style-type: none"> ▪ RoE 10–12% ▪ Dividend payout ratio 20–40% 	

Major opportunities addressed and challenges exploited by MILESTONE



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→ **Appendix**

Business areas and geographic markets

As per FY09



Switzerland

- Life GWP: CHF 7.5 bn
- Segment result: CHF 467 m
- Leading position in life market (and individual market)
- About 1 million insured persons (client relationships)



AWD

- Revenues: EUR 0.5 bn
- EBIT: EUR -41 m
- Leading financial adviser with strong market presence in core markets



Germany

- Life GWP: EUR 1.4 bn
- Segment result: EUR 61 m
- Strong expertise in disability solutions and employee benefits
- Brand well recognised by brokers



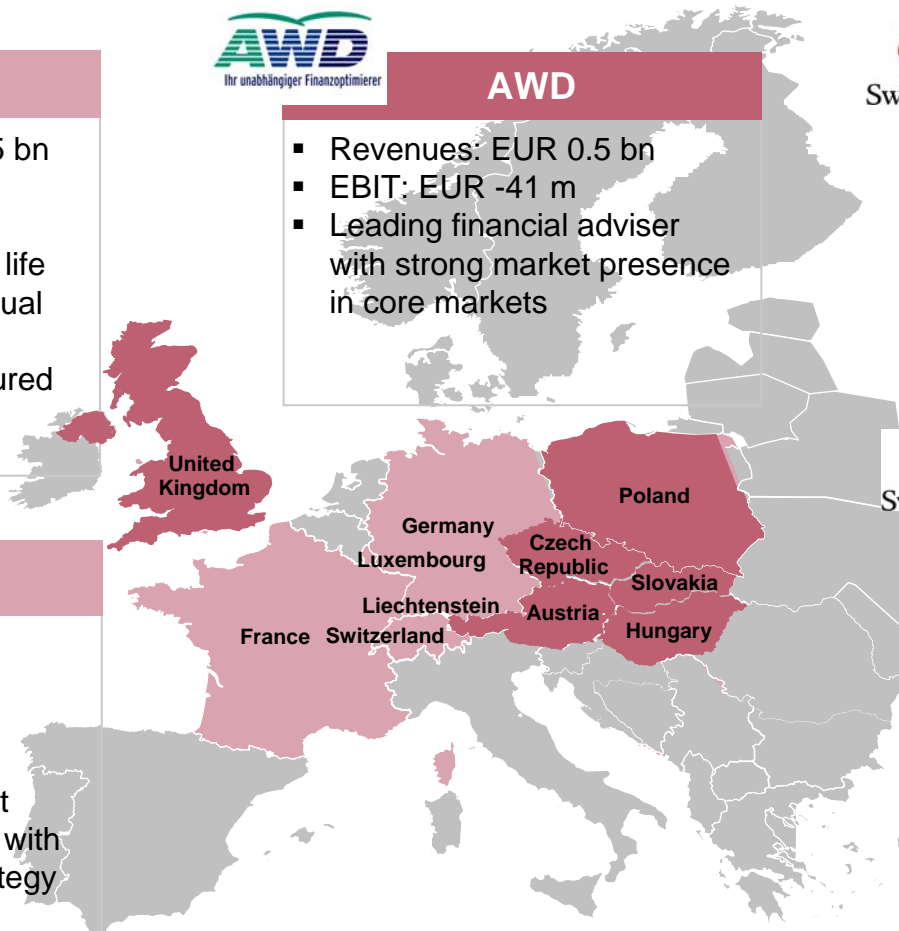
France

- GWP: EUR 3.5 bn
- Segment result: EUR 106 m
- Niche player in life focusing on affluent customer segment with private insurer strategy
- Top health (#2 in individual segment) and risk insurer



Transnational

- Life GWP: CHF 5.3 bn¹⁾
- Segment result: CHF -43 m
- PPLI: Leading in providing structured life insurance solutions around the globe (with locations in Liechtenstein, Luxembourg, Singapore and Dubai)
- Corporate Solutions: Leading provider of comprehensive employee benefit solutions for multinationals in more than 60 countries



1) Transnational businesses (Insurance Other) consist of Private Placement Life Insurance, Corporate Solutions, Swiss Life Products and Payment Protection Insurance

Income statement

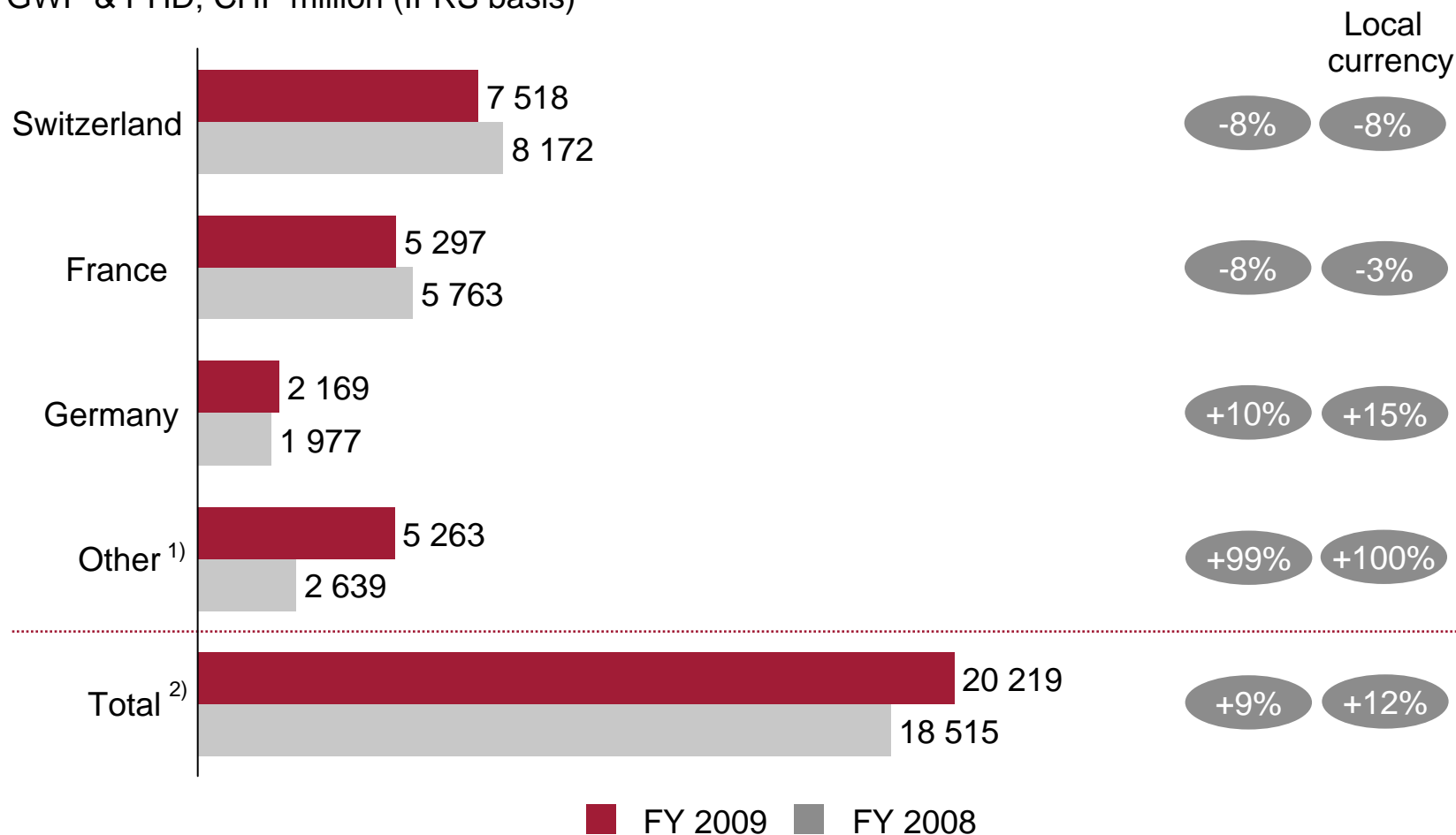
CHF million (IFRS basis)

Continuing operations	FY 2008	FY 2009
Gross written premiums, fees and deposits received	18 515	20 219
Commission income	950	934
Financial result for own risk	388	4 570
Net insurance benefits and claims	-12 915	-11 884
Policyholder participation	429	-1 539
Operating expense	-3 319	-3 478
Result from operations	-842	562
Borrowing costs	-181	-141
Share of results of associates	-149	6
Income tax expense	29	-103
Net result from continuing operations	-1 143	324
Net result from discontinued operations	1 488	-47
Net profit	345	277
Earnings per share from continuing operations (in CHF) ¹⁾	-35.37	10.33
Earnings per share (in CHF) ¹⁾	10.88	8.83

1) Diluted, based on 31 706 425 shares in 2009 and 32 169 248 shares in 2008

Premium growth

GWP & PHD; CHF million (IFRS basis)



1) Includes Private Placement Life Insurance (PPLI), Corporate Solutions, Swiss Life Products and Payment Protection Insurance (PPI)

2) Total includes intersegment eliminations of CHF -28 m in FY09 and CHF -36 m in FY08



Operating result

Segment results; CHF million (IFRS basis)

	FY 2008	FY 2009
Insurance (Continuing)	-715	675
of which		
- Switzerland	-748	467
- France	40	159
- Germany	29	92
- Other	-36	-43
Investment Management	94	77
AWD	-41	-92
Insurance & Banking (Discontinued)	1 694	-47
Other & eliminations	-55	-28
Unallocated corporate costs	-116	-70
Result from operations	861	515
of which continuing	-842	562

Expense development

CHF million (IFRS basis)

	FY 2008	FY 2009	Change
Total operating expense	3 319	3 478	+5% / +159
Commission and DAC amortisation	-1 403	-1 598	
AWD Q1 2008	86		
Operating expense	2 002	1 880	-6% / -122
Restructuring costs and one-offs 2009		-128	
Currency effect	-57		
Operating expense adjusted I	1 945	1 752	-10% / -193
Restructuring costs 2008	-54		
Operating expense adjusted II	1 891	1 752	-7% / -139

Investment result

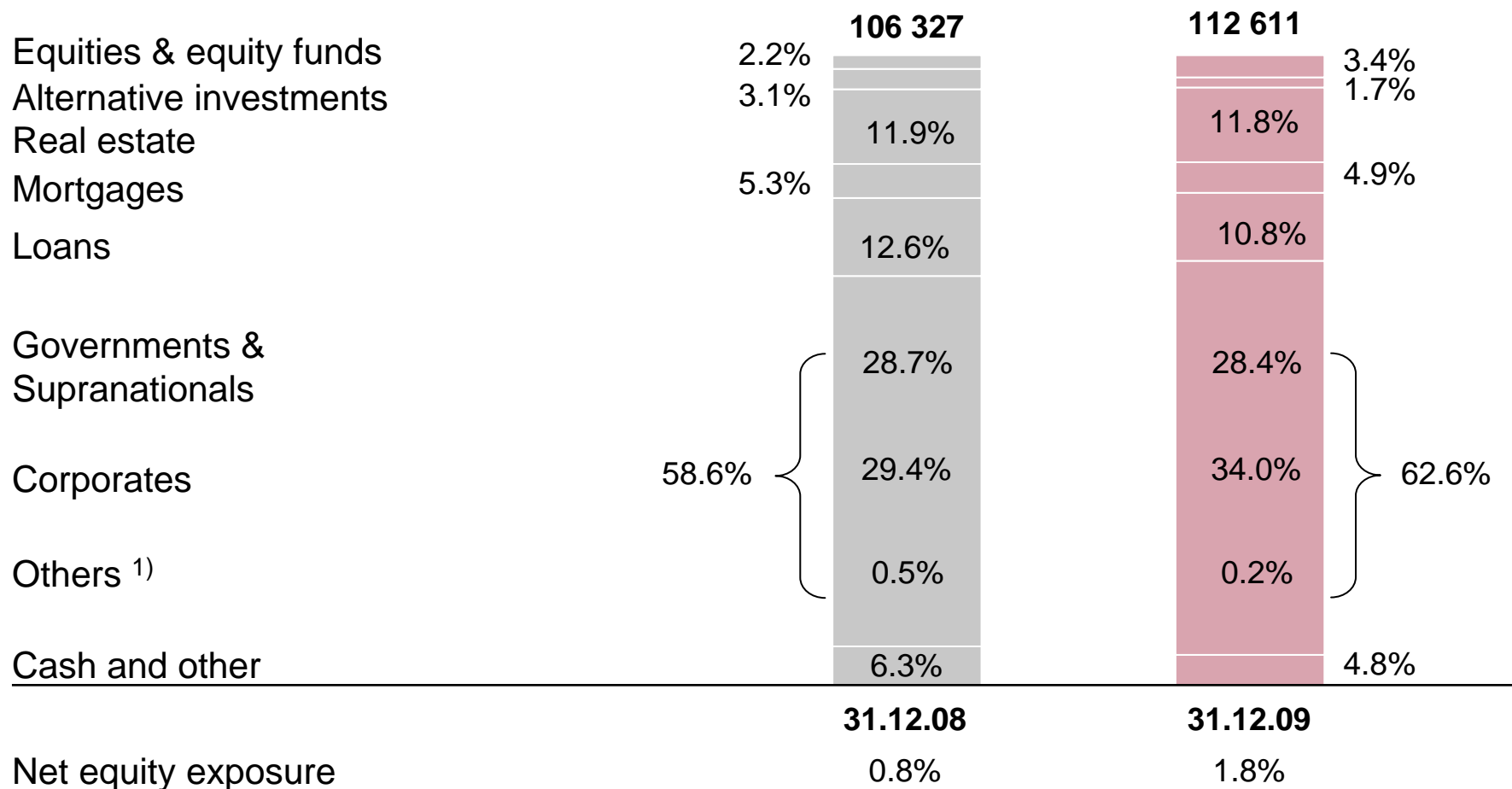
CHF million (IFRS basis) – insurance portfolio for own risk

	FY 2008 ¹⁾	FY 2009
Direct investment income	4 509	4 164
Direct investment income in %	4.1%	3.8%
Expense	-184	-191
Net capital gains/losses on investments and impairments	-4 036	357
Net investment result	289	4 330
Net investment result in %	0.3%	3.9%
Changes in net unrealised gains/losses on investments	282	1 591
Total investment result	571	5 921
Total investment result in %	0.5%	5.4%
Average net investments	110 591	110 089
Total investment performance (fair value) in %	-0.7%	7.5%

1) Previously reported figures included intercompany loans on demand and SL Gestion

Investment portfolio

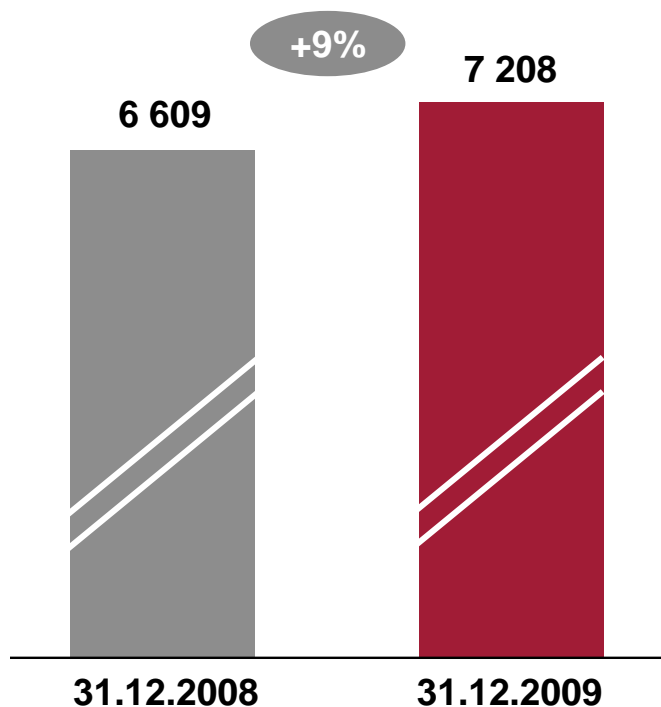
CHF million (fair value basis) insurance portfolio for own risk



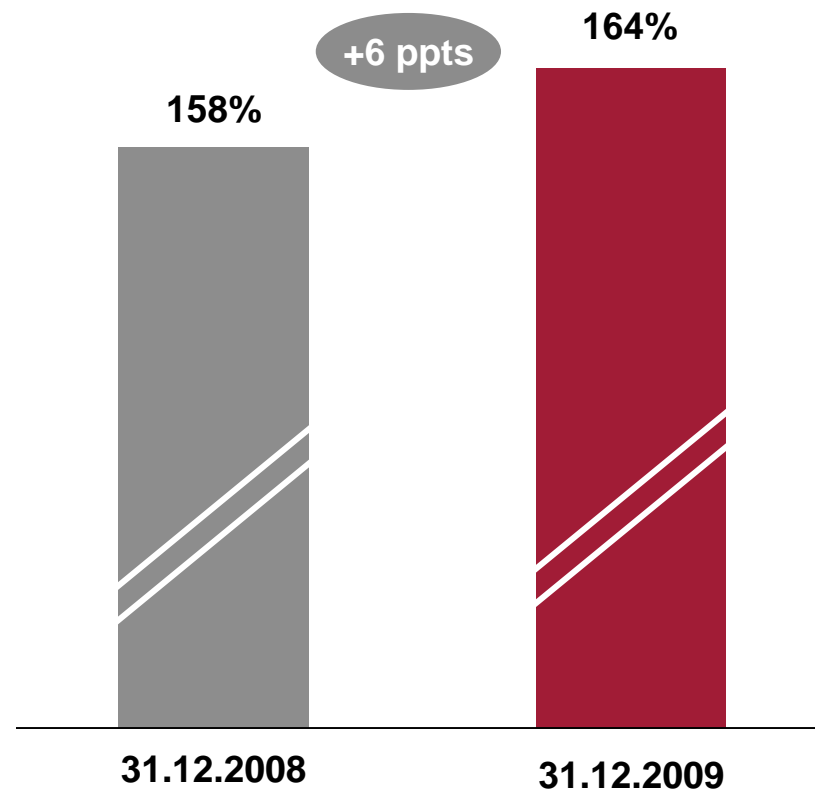
1) Exposure to CDO/CLO, ABS, MBS, etc.

Development of shareholders' equity and group solvency

Shareholders' equity
CHF million (IFRS basis)

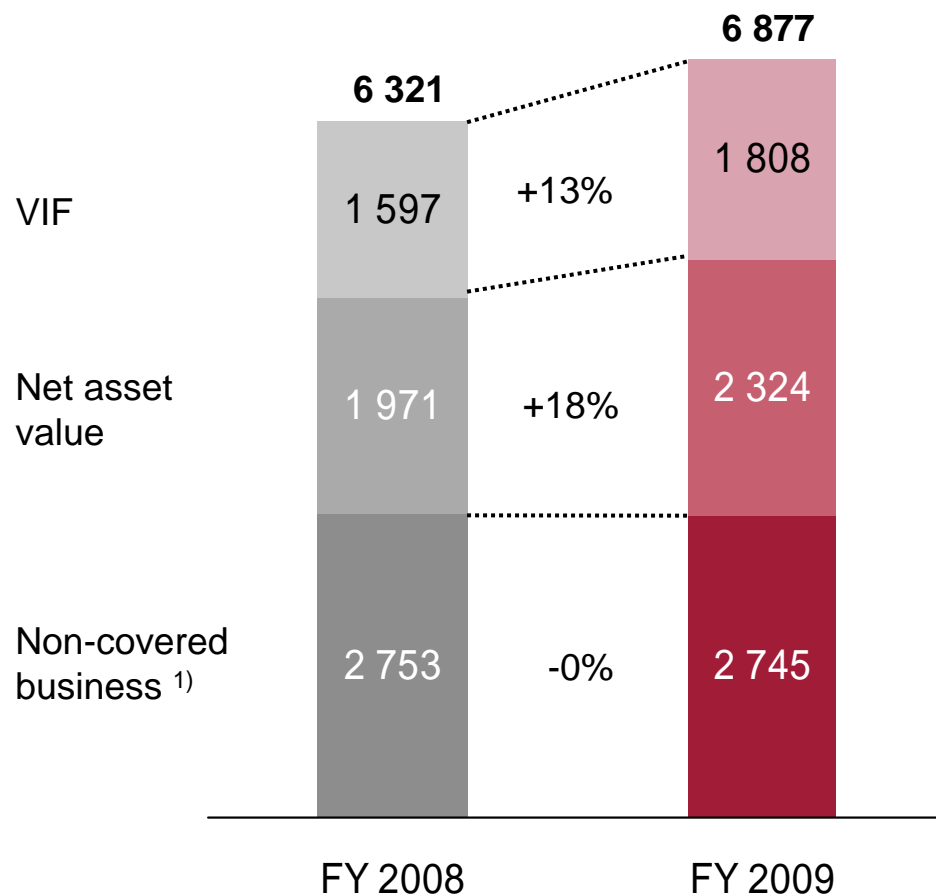


Group solvency
Based on IFRS equity



Group MCEV

CHF million



- Total change: CHF 556 m, +9%
- Change in value of covered business: CHF 564 m, +16%
- Capital outflow: CHF 161 m
- Economic recovery is main driver for changes in NAV and VIF
- Value of non-covered business remains almost unchanged
- MCEV per share ²⁾: CHF 216 (from CHF 207 as of 31.12.2008)

1) The non-covered business consists mainly of SL Holding, AWD, Payment Protection Insurance and SL Products

2) Based on 31.8 m shares outstanding (as of 31.12.2009), and 30.5 m shares outstanding (as of 31.12.2008)

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Financial calendar

Half-year Results 2010
Interim statement Q3

18 August 2010
10 November 2010

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