Helvea Swiss Equities Conference 2010
Managing for value at Swiss Life
Thomas Buess, Group CFO
Bad Ragaz, 14 January 2010
Swiss Life Group at a glance

**France**
- GWP: CHF 2,524 m
- Niche player in life focusing on affluent customer segment with private insurer strategy
- Top health (#2 in individual segment) and risk insurer

**Switzerland**
- GWP: CHF 5,334 m
- Leading position in individual and group life
- Strong customer base of about 1 million insured persons

**AWD**
- Revenues: EUR 258 m
- Leading financial adviser with strong market presence in core markets

**Germany**
- GWP: CHF 971 m
- Strong expertise in disability solutions and employee benefits
- Brand well recognised by brokers

**Transnational businesses**
- GWP: CHF 1,573 m
- PPLI: Leading in providing structured life insurance solutions around the globe
- Corporate Solutions: Leading provider of comprehensive employee benefit solutions for multinationals

1) Segment “Insurance Other” which includes PPLI, Corporate Solutions, Swiss Life Products and PPI
Swiss Life figures: HY 2009
# Key figures of half-year results 2009

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit (cont. operations)</td>
<td>CHF 172 m</td>
<td>+ 13%</td>
</tr>
<tr>
<td>Result from operations</td>
<td>CHF 251 m</td>
<td>+ 11%</td>
</tr>
<tr>
<td>New business margin (% PVNBP)</td>
<td>1.2%</td>
<td>+ 0.1 ppts&lt;sup&gt;1)&lt;/sup&gt;</td>
</tr>
<tr>
<td>GWP incl. PHD, adjusted 2)&lt;sup&gt;2)&lt;/sup&gt;</td>
<td>CHF 10 387 m</td>
<td>+ 7%</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>CHF 6 752 m</td>
<td>+ 2%</td>
</tr>
<tr>
<td>Group solvency</td>
<td>155 %</td>
<td>- 3 ppts</td>
</tr>
</tbody>
</table>

**Notes:**

1) FY 2008
2) For details with regards to adjustments see slide 12 in the HY09 presentation
Swiss Life is on the right track but there is still much to be done

Transformation successfully launched in 2009…

- Solid capital position
- Accelerating growth momentum
- New products successfully launched
- A steadily growing share of products sold through AWD
- Successfully implemented about half of the substantial cost reductions
- Launched turnaround programme at AWD with return to positive underlying profit
- Renewed and strengthened leadership team

… and to be continued with:

MILESTONE programme
MILESTONE enables Swiss Life to enhance its profitability and competitiveness

<table>
<thead>
<tr>
<th>MILESTONE</th>
<th>Objectives</th>
<th>“We are growing – but not at the expense of value”</th>
</tr>
</thead>
</table>
| 1 Enhance customer value & new business profitability | • Margin management focus: VNB and NBM  
• Drive shift to non-traditional products & promote risk products | |
| 2 Increase distribution quality and power | • Optimise distribution channel mix  
• Capture full potential of AWD | “We are increasing growth in 3rd party channels and AWD” |
| 3 Improve operational efficiency | • 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 | • Initiatives to optimise profit stream from in-force business and risk capital usage | “We are actively managing our capital and in-force business” |

Drive disciplined execution
MILESTONE covers entire group and drives execution of specific levers for each business unit

<table>
<thead>
<tr>
<th>MILESTONE programme: momentum, consistency, discipline</th>
<th>Implementation responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Enhance customer value &amp; new business profitability</strong></td>
<td><strong>Switzerland</strong>: Introduce new, non-traditional and risk products to systematically increase profitability</td>
</tr>
</tbody>
</table>
| **2. Increase distribution quality and power** | **France**: Improve sales force productivity • Fully capture AWD and broker potential  
**Germany**: Improve efficiency of prop. channels • Grow in 3rd party channels • Leverage SL Banque Privée  
**AWD**: Implement banking channel • Fully capture AWD potential |
| **3. Improve operational efficiency** | **Germany**: Streamline Holding & achieve high admin efficiency  
**Switzerland**: Streamline cost base to eliminate negative administrative cost result in all business units |
| **4. Strengthen the balance sheet** | **France**: Increase in-force business profitability & organic capital build up and optimise legal structure (mainly in France and Germany) |
| **5. Drive disciplined execution** | **AWD**: Manage performance using a consistent set of KPIs and conduct regular performance reviews based on mid-term plans |

- **Implementation responsibility**:  
  - Launch additional SL products in CH and DE  
  - Focus in CEE  
  - Increase retention of agents  
  - Increase Swiss Life share in CH, DE
New business margin to improve across all business units

New business margin development

<table>
<thead>
<tr>
<th>Year</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1.1%</td>
</tr>
<tr>
<td>2012P</td>
<td>&gt;2.2%</td>
</tr>
</tbody>
</table>

Key levers

- Implementation of improved margin management process
- Introduction of new non-traditional and risk products
- Substantial reduction of cost base
Non-traditional and risk products to reach a relative share of over 70%

New business production Swiss Life Group

New business mix

<table>
<thead>
<tr>
<th>Year</th>
<th>Traditional products</th>
<th>Non-traditional and risk products</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>51%</td>
<td>49%</td>
</tr>
<tr>
<td>2009 Q3</td>
<td>44%</td>
<td>56%</td>
</tr>
<tr>
<td>2012P</td>
<td>&lt;30%</td>
<td>&gt;70%</td>
</tr>
</tbody>
</table>

Impact

- Higher value to the customer
- Lower capital requirements
- Higher profitability
Attractive new products support shift to non-traditional

### 2008 - 2009

<table>
<thead>
<tr>
<th>Switzerland</th>
<th>France</th>
<th>Germany</th>
<th>Insurance Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Champion Duo</td>
<td>Swiss Life Référence Retraite</td>
<td>Swiss Life Champion</td>
<td>Swiss Life PPLI: Frozen Cash Value</td>
</tr>
<tr>
<td>SL Protection</td>
<td>SL Retraite Entreprise</td>
<td>Swiss Life Exclusive Invest DWS</td>
<td></td>
</tr>
<tr>
<td>Swiss Life Calmo Funds</td>
<td>Parcours 2016 (index-linked)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active Win</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Introduction of new transnational and non-traditional products in Austria**

**New variable annuities with flexible guarantees and risk products**

**New non-traditional solutions for small and medium sized enterprises**

**Non-traditional pension solutions with flexible guarantees**

**Non-traditional products with tax benefit**

**New product pipeline in all markets leading to …**

- Shift to non-traditional products
- Growth in risk products
- Increased competitiveness
Broader multi-channel approach will strengthen distribution

New business production Swiss Life Group, in %

**Swiss Life channel development**

- **Switzerland**
  - Further increase productivity of strong tied agent force
  - Leverage already successful partnership with AWD to reach ambitious targets
  - Build stronger footprint in broker channel

- **France**
  - More than double number of active IFAs by 2012
  - Position Swiss Life as preferred provider for private banks
  - Increase effectiveness of proprietary channels

- **Germany**
  - Further develop growth through well established AWD channel
  - Launch banking channel and develop affluent brokers
  - Increase share of wallet with existing brokers

- **Transnational businesses (PPLI, Corporate Solutions)**
  - Enter strategic cooperation with brokers, e.g. Latin America
  - Recruit experienced professionals to grow volumes across main European markets

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**Distribution priorities**

- 2008
- 2012P

- Other
- Banks
- AWD
- 3rd party, incl. brokers and IFAs
- Tied agents
AWD with continuously increasing sales of Swiss Life products

New business production

**Germany**

<table>
<thead>
<tr>
<th>EUR million</th>
<th>2007</th>
<th>08</th>
<th>2009E</th>
</tr>
</thead>
<tbody>
<tr>
<td>82</td>
<td>183</td>
<td>~300</td>
<td></td>
</tr>
</tbody>
</table>

- Swiss Life Germany established as a “best select” provider for AWD in several product categories
- Strong sales of risk protection and state-supported pension plans
- Additional pension plan products to be launched in 2010 to leverage distribution power

**Switzerland**

<table>
<thead>
<tr>
<th>CHF million</th>
<th>2007</th>
<th>08</th>
<th>2009E</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>11</td>
<td>~110</td>
<td></td>
</tr>
</tbody>
</table>

- Swiss Life Switzerland is a new “best select” provider for AWD
- Swiss Life Champion Duo with strong sales
- New annuity product was launched in Q3/2009
- Focus on private pension plans to use full scope of distribution power
MILESTONE with clear initiatives to drive profitability and growth at AWD

Top initiatives and priorities per country

**Germany/ Headquarters**
- Substantial reduction in holding expenditure
- Back office consolidation between AWD GmbH and Horbach
- Further initiatives to enhance recruiting and to increase retention of new advisers

**Switzerland**
- Achieve substantial growth through Swiss Life products
- Reduce churn rate and stabilise sales force
- Keep good fixed cost discipline

**AT/CEE**
- Continue to rebuild reputation in Austria by adapting advisory model
- Stabilise number of active advisers and trainees
- Focus on CEE units with high growth potential
- Finalise fixed cost reduction in 2010

**UK**
- Refocus on core business segments (advisory business)
- Integrate consulting in wealth management to realise synergies
- Adjust remuneration model and training to changed regulatory requirements

<table>
<thead>
<tr>
<th>EUR m</th>
<th>2009E</th>
<th>2010P</th>
<th>2012P</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>530 – 540</td>
<td>560 – 580</td>
<td>670 – 690</td>
</tr>
<tr>
<td><strong>EBIT 1)</strong></td>
<td>~5 – 10</td>
<td>40 – 50</td>
<td>80 – 100</td>
</tr>
</tbody>
</table>

1) EBIT 2009 excluding one-off and restructuring costs
All business units are contributing to our cost savings target of CHF 350-400 million

CHF million

Operating cost base 2008: 2,000
Cost savings 2009-2012: 350-400
Target run rate 2012: 1,600-1,650

Corporate Center: 8-15%
AWD: 24-27%
Switzerland: 47-52%
Germany: 6-10%
France 1): 5-9%

1) Economic effect of an improved cost/revenue ratio
Cost savings will not be at the expense of profitable growth

<table>
<thead>
<tr>
<th>Value chain</th>
<th>Contribution</th>
<th>Levers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support services</td>
<td>~40%</td>
<td>• Substantial savings potential in corporate center and AWD</td>
</tr>
<tr>
<td>Policy administration &amp; back office</td>
<td>~35%</td>
<td>• Redefining of processes and reduction of IT systems</td>
</tr>
<tr>
<td>Product development &amp; marketing</td>
<td>~15%</td>
<td>• Investments in growth and margin improvements by launch of new products</td>
</tr>
<tr>
<td>Asset management</td>
<td>~10%</td>
<td>• Reduction of manual activities and introduction of integrated solution</td>
</tr>
<tr>
<td>Distribution support</td>
<td></td>
<td>• Higher admin efficiency</td>
</tr>
<tr>
<td>Distribution</td>
<td></td>
<td>• Investments in frontline sales and quality</td>
</tr>
</tbody>
</table>
Per FY 2009, ~75% of cost initiatives are in implementation or even completed

Status of implementation of cost saving initiatives 2009 - 2012

- ~50%
- ~25%
- ~25%

Cost savings target 2008 - 2012
Implementation completed before YE09
Implementation ongoing
Initiatives and implementation plan defined

Switzerland
Corporate Center
AWD
80-90% of restructuring charges to be booked before end of 2009

Restructuring charges, CHF million

- Major restructuring cost categories are
  - Outplacements and personnel advisory
  - Non-compensation expenses for restructuring, e.g., IT investments and consulting
  - AWD, e.g., restructuring of Holding and back office redimensioning

- 50-60% of restructuring charges will have a direct impact on pre-tax profit
### Balance sheet strengthening addressed by IM, in-force profitability levers and capital management

| Investment management | • Regained risk capacity allows cautious increase in investment risks, while keeping them low overall  
|                       | • Our strategic asset allocation for 2010 aims to mitigate the potential downside of adverse market developments |
| Liabilities           | • Key initiatives to increase profits from the in-force business and to release risk capital  
|                       | • Shift to non-traditional products reduces capital requirements of new business |
| Capital management    | • Each business is managed against value creation return on capital targets  
|                       | • Swiss Life has no debt refinancing need until 2014  
|                       | • Dividend payout in the range of 20–40% to allow for organic capital build-up and to support our aim of regaining A-rating |
On the liability side, initiatives to increase profits and release risk capital are being implemented

Levers to manage value of in-force business

<table>
<thead>
<tr>
<th>Increase profit</th>
<th>Release risk capital and optimise profit streams</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rates</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Cost result</td>
<td>• Reduce guaranteed interest rate dependency in Group Life business – Align guarantees on non-mandatory part and push semi-autonomous business</td>
</tr>
<tr>
<td>Risk result</td>
<td>• Optimise risk capital consumption – Adapt asset allocation according to PH / SH split</td>
</tr>
<tr>
<td>Other effects</td>
<td>• Align tariffs for policy changes – Apply actual conditions for contract changes on in-force business</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Selected initiatives per country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switzerland</td>
</tr>
<tr>
<td>France</td>
</tr>
<tr>
<td>Germany</td>
</tr>
<tr>
<td>• Prevoyance – Active development of death &amp; disability portfolio</td>
</tr>
<tr>
<td>• Cantonnement – Separate and optimise asset allocation per individual product clusters</td>
</tr>
<tr>
<td>• Active shift of existing components of traditional contracts to unit-linked policies</td>
</tr>
<tr>
<td>• Optimise legal structure – Eliminate inefficiencies in legal structure</td>
</tr>
<tr>
<td>• Align reinsurance – Enhance risk / return profiles with adequate reinsurance schemes</td>
</tr>
<tr>
<td>• Manage lapses – Active promotion of alternatives for risk capital consuming in-force business</td>
</tr>
</tbody>
</table>
Disciplined execution is ensured along three performance dimensions

We drive our performance along 3 dimensions…

…supported by clear execution principles

- Always keep the right balance between capital requirements, profitability and value, especially of new business, by managing trade-offs consciously
- Maintain regular and rigid performance management cycle which includes each dimension
- Uphold transparency and continuously communicate proof points to internal and external stakeholders
Each business is managed against return on capital targets

<table>
<thead>
<tr>
<th>Units</th>
<th>Switzerland</th>
<th>France</th>
<th>Germany</th>
<th>Insurance</th>
<th>Other</th>
<th>AWD</th>
<th>IM</th>
<th>Swiss Life Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital at charge ¹</td>
<td>50%</td>
<td>~20%</td>
<td>8%</td>
<td>7%</td>
<td>~15%</td>
<td>n/a</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>Target return</td>
<td>Equivalent to 10 - 12% RoE at Group level</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹ Most constrained measure of absorbed capital by a specific business unit in all relevant dimensions (IFRS/local statutory solvency I, SST, allocated capital)
### Earnings quality to be improved

2009 estimates, rounded figures/ranges in %

<table>
<thead>
<tr>
<th>Profit by source, net of policyholder participation (PHP)</th>
<th>2009E</th>
<th>Ambition for change by 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment income</td>
<td>80-85%</td>
<td>Reduce relative importance</td>
</tr>
<tr>
<td>Risk result</td>
<td>45-50%</td>
<td>Eliminate negative admin. cost result</td>
</tr>
<tr>
<td>Cost result</td>
<td>-15 to -20%</td>
<td></td>
</tr>
<tr>
<td><strong>Total insurance businesses (net of PHP)</strong></td>
<td>~110%</td>
<td></td>
</tr>
<tr>
<td>Fee businesses (AWD, IM/TPAM, PPLI)</td>
<td>~ -5%</td>
<td>Significantly increase profits</td>
</tr>
<tr>
<td>Other incl. SLPL, Corporate Solutions</td>
<td>~ -5%</td>
<td></td>
</tr>
<tr>
<td><strong>Total fee businesses and other</strong></td>
<td>~ -10%</td>
<td></td>
</tr>
<tr>
<td><strong>Total operating profit</strong></td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>
## Disciplined execution

### New processes and tools support disciplined execution

<table>
<thead>
<tr>
<th>Quarterly performance review</th>
<th>Review of business performance based on a set of new metrics per unit and additional specific topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan contingency assessment</td>
<td>Monthly IFRS profit forecast steering with focus on risk assessment and contingency planning</td>
</tr>
<tr>
<td>MILESTONE tracking</td>
<td>Reporting on implementation of initiatives</td>
</tr>
<tr>
<td>My MILESTONE</td>
<td>MbO system reflecting MILESTONE targets</td>
</tr>
</tbody>
</table>

Trigger points and contingency plans are defined.
MILESTONE generates adequate return on capital and achieves profitable growth

<table>
<thead>
<tr>
<th>MILESTONE</th>
<th>Expected impact 2012</th>
</tr>
</thead>
</table>
| 1 Enhance customer value & new business profitability | • New business margin > 2.2%
• > 70% of NBP from non-traditional and risk products |
| 2 Increase distribution quality and power | • 20 - 25% share of Swiss Life products in relevant product categories of AWD          |
| 3 Improve operational efficiency       | • CHF 350 - 400 m reduced cost base versus 2008                                      |
| 4 Strengthen the balance sheet         | • RoE 10 - 12%
• Dividend payout ratio 20 - 40%                                                          |

5 Drive disciplined execution

Reporting on achievements, challenges, and actions on ongoing basis
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Contact details and financial calendar

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Financial calendar

Full-year results 2009  
30 March 2010

Interim statement Q1 2010  
4 May 2010

Annual General Meeting  
6 May 2010

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