

Helvea Swiss Equities Conference 2011

Swiss Life

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Bad Ragaz, 13 January 2011

Agenda

→ **Swiss Life at a glance**

Managing for value with MILESTONE

Wrap-up

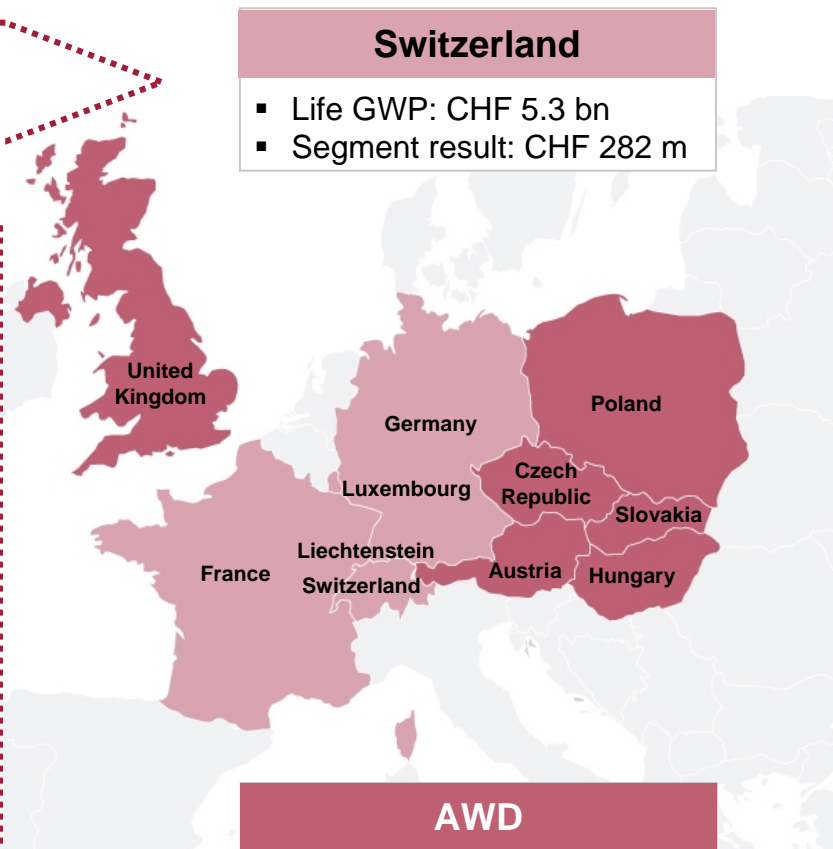


Swiss Life Group: Key figures at a glance

Key figures as per HY10

Segment view

- ### Group view
- GWP incl. PHD CHF 12.2 bn
(FY09: CHF 20.2 bn)
 - Shareholders' equity CHF 7.7 bn
(FY09: CHF 7.2 bn)
 - Results from operations CHF 415 m
(FY09: CHF 562 m)
 - Net profit CHF 269 m
(FY09: CHF 324 m)
 - Group solvency 175%
(FY09: 164%)
 - FTEs: 7'589



Switzerland

- Life GWP: CHF 5.3 bn
- Segment result: CHF 282 m

France

- GWP: EUR 2.0 bn
- Segment result: EUR 33 m

Germany

- Life GWP: EUR 0.7 bn
- Segment result: EUR 45 m

Transnational businesses

- Life GWP: CHF 3.1 bn¹⁾
- Segment result: CHF -6 m¹⁾

AWD

- Revenues: EUR 263 m
- EBIT: EUR 20 m

Investments

- Total income: CHF 129 m
- Segment result: CHF 46 m

1) Transnational businesses (Insurance Other) consist of Private Placement Life Insurance (with locations in Liechtenstein, Luxembourg, Singapore and Dubai), Corporate Solutions Luxembourg, Swiss Life Products, Payment Protection Insurance and Swiss Life Austria

Swiss Life Switzerland: Leading market position

Individual customers

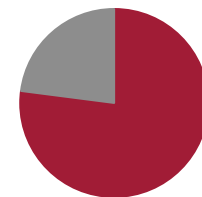
Corporate customers

Product mix

Investment	Traditional products with guarantees	Modern and risk products with guarantees	Modern and risk products without guarantees
Risk			
Annuities			
Endowments			

Investment	Full insurance solutions	Semi-autonomous solutions	Full-autonomous solutions
Risk			
Advice			
Administration			

Premium split FY09 ¹⁾



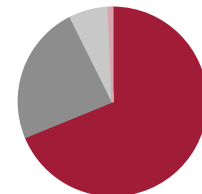
■ Group ■ Individual

Distribution mix

Multichannel management			
Own sales force (Tied agents)	AWD	Brokers	Others

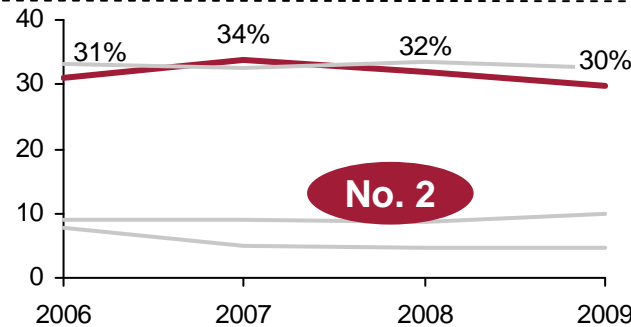
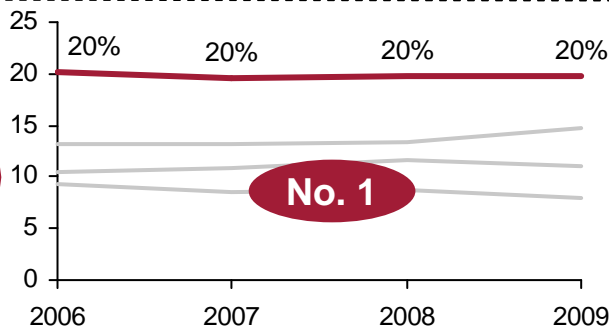
Multichannel management	
Own sales force (Tied agents and key account management)	Brokers

Distribution split FY09 ²⁾



■ Tied agents ■ AWD
■ Brokers/IFAs ■ Others

Market share



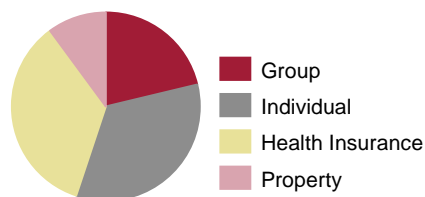
1) Gross written premiums incl. policyholder deposits
2) New business production



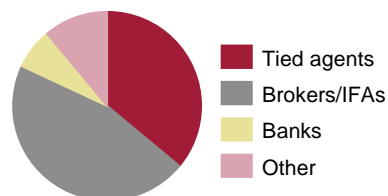
Swiss Life France: A private life insurer accessing the market through multiple channels

Current position

- Niche player in life (market share 1.3% in 2009) focusing on affluent customer segment with private insurer strategy
- Top health (#2 in individual segment with market share of 13.5% in 2009) and risk insurer
- Premium split FY09



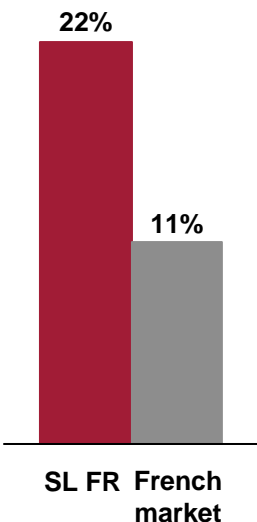
- Distribution split FY09



Achievement: Private insurer strategy led to better life performance

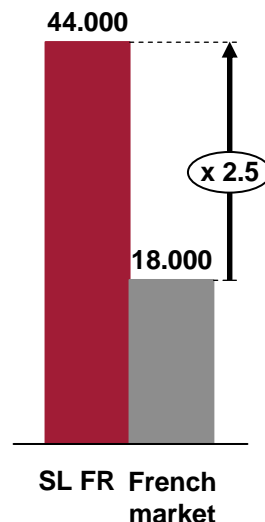
Swiss Life France's affluent position is reflected in its client portfolio ...

Share of affluent clients 2009



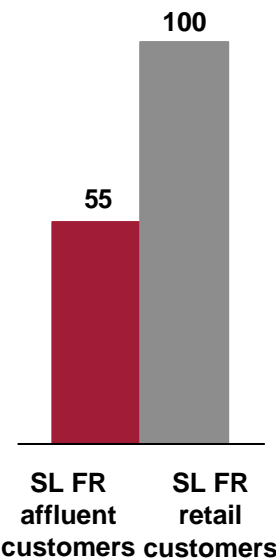
... which results in higher premiums per customer than the market ...

New business production per new contract 2009, EUR



... increased loyalty compared to retail customers ...

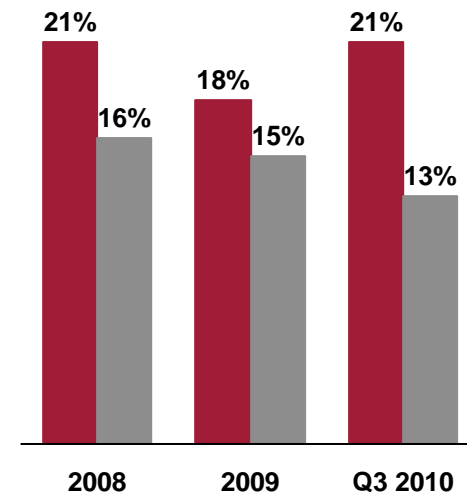
Lapse rate, indexed to 100, 2009



... and higher share of unit-linked products than the market also during financial crisis

GWP share of unit-linked products in %

■ SL FR ■ Market

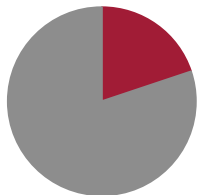


Swiss Life Germany: Successful focus on risk and UL products



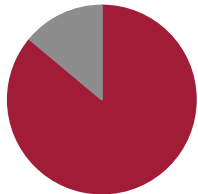
Current position

- Leading provider of occupational pensions and occupational disability insurance
- Excellent reputation in broker market and increasing sales volumes at AWD
- Premium split FY09



■ Group ■ Individual

- Distribution split FY09



■ Brokers/IFAs ■ AWD

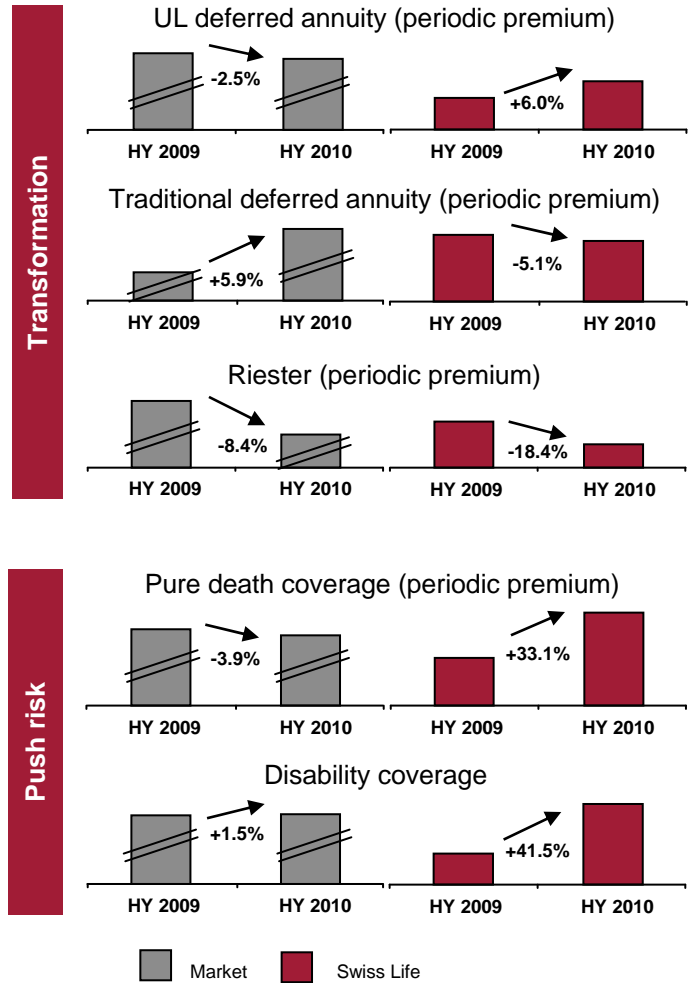
Strategic product focus

Shift to modern products

- Increase UL business with and without guarantees
- Decrease traditional business while maintaining strengths in specific businesses like company pension schemes

Push risk products

- Seize opportunities to further push risk
- Focus on strong and profitable risk products



Source market data: GDV, GWP in kEUR

PPLI: Largest entity in the segment insurance other with unique set of competencies



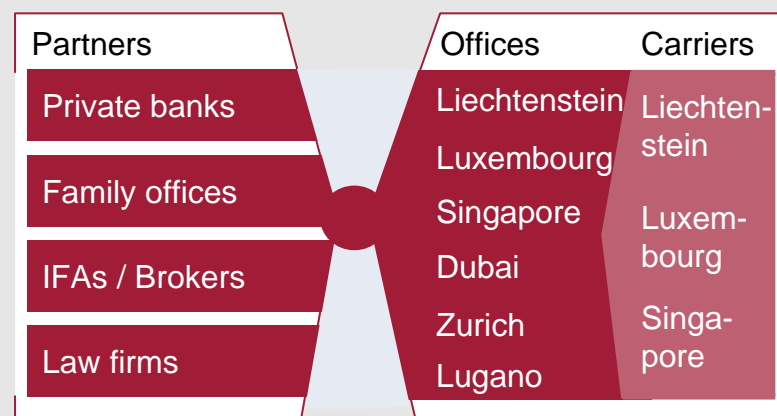
Leading provider of structured life insurance solutions with unique set of competencies

Unique value proposition

Only insurer with strategic commitment to PPLI	Wide range of products – all legal and tax compliant
Cross-border principles and leadership	Underwriting capabilities for high death benefit
Strong brand	Operating under strict compliance and quality management rules

“Peace of mind” to clients

Global one-stop-shop with harmonised offering



Win-win situation for stakeholders

Client benefits

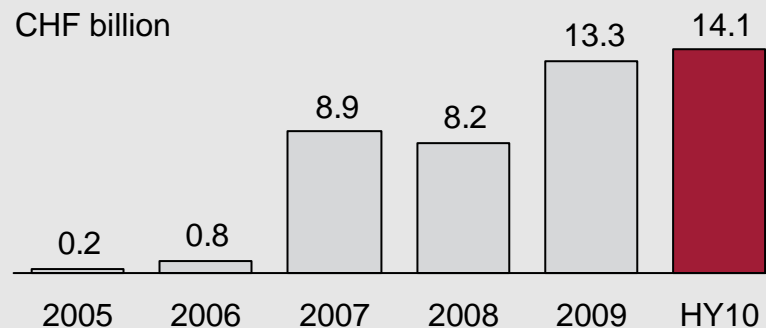
- Estate planning
- Tax advantages
- Flexibility
- Asset and investor protection
- Privacy

Benefits for partners

- Improved client retention
- Access to next client generation
- Additional fee income
- Expansion of offered services

Assets under administration

CHF billion



AWD as a leading financial adviser with improved profitability

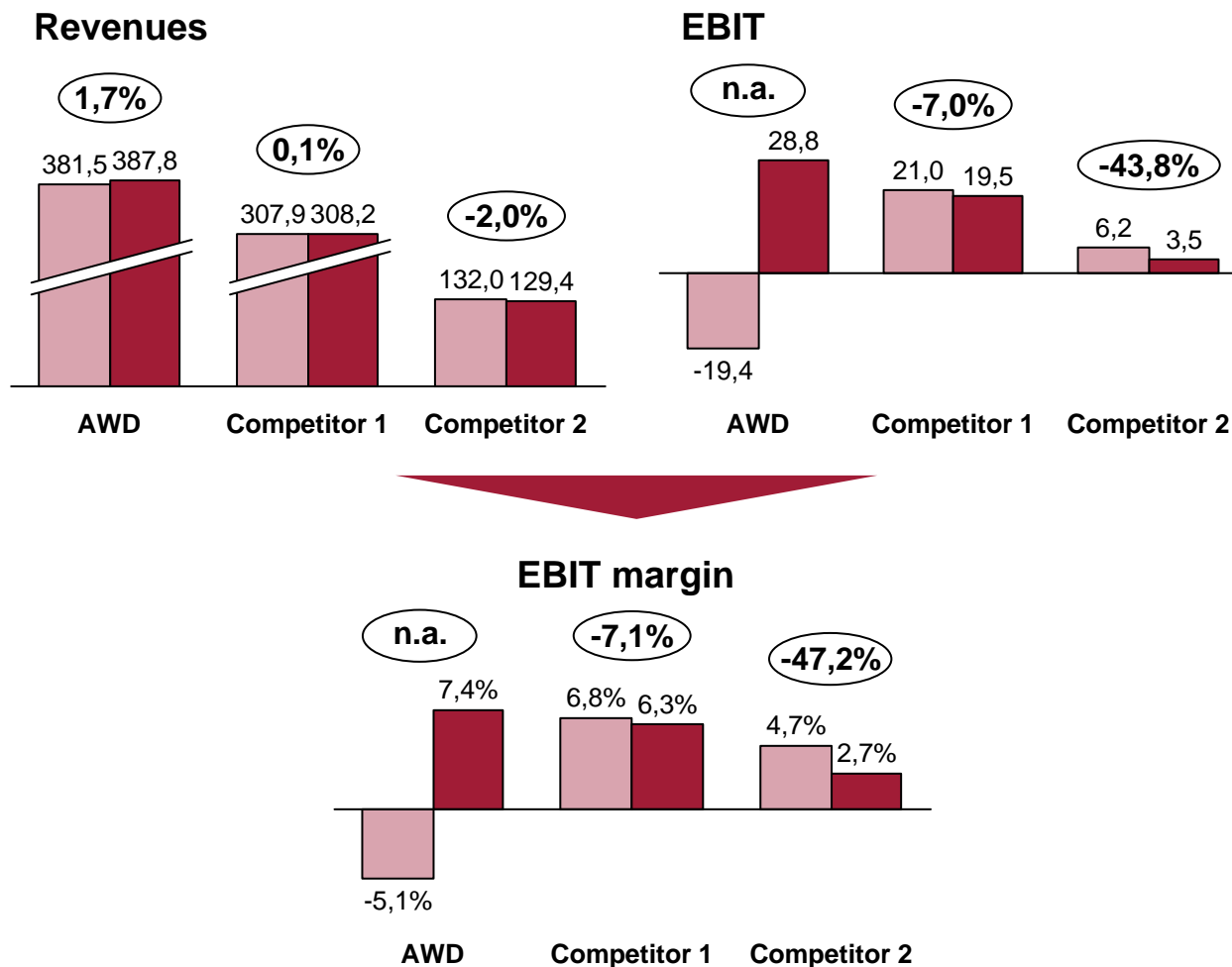
9 months 2009 vs. 9 months 2010, EUR million

Figures compared with the relevant business segments of competitors

AWD

Key facts (9m 2010)

- Revenues: EUR 387.8 m
- EBIT: EUR 28.8 m
- Advisers: 5'336
- Advised customers: 316'795
- Market presence in Germany, Switzerland, UK and Austria/CEE





Key performance metrics further improved

	HY 2010 results	Q3 2010 interim statement	
Net result from continuing operations	Net result CHF 269 m from CHF 139 m at HY09		<input checked="" type="checkbox"/>
Premium growth	20% in local currency	20% in local currency; Q3 alone +17% in l.c.	<input checked="" type="checkbox"/>
Net investment return	Remains at 1.8%	Performance on track	<input checked="" type="checkbox"/>
Group solvency / SST	Improved to 175% (164% in FY09) and SST in the green	Increased by 10ppts to 185% and SST in the green	<input checked="" type="checkbox"/>
Adjusted operating expenses	Reduced by 8% vs 2009	Cost savings initiatives develop as planned	<input checked="" type="checkbox"/>
AWD	Underlying profitable since Q3 2009; EBIT of EUR 20.4 m at HY10	Turnaround confirmed with local EBIT of EUR 28.8 m	<input checked="" type="checkbox"/>
Shift to modern and risk products	Modern & risk products at 72% of new business mix (64% in 2009)	Modern & risk products at 69% of new business mix	<input checked="" type="checkbox"/>
Value of new business	At CHF 71 m (- 5 CHF m) and margin at 0.9% from 1.2% in 2009		<input type="checkbox"/>
IFRS equity; Return on equity	IFRS equity up 7% to CHF 7.7 bn; RoE 7.3%		<input type="checkbox"/>








Agenda

Swiss Life at a glance

→ **Managing for value with MILESTONE**

Wrap-up

MILESTONE: Managing for value at Swiss Life

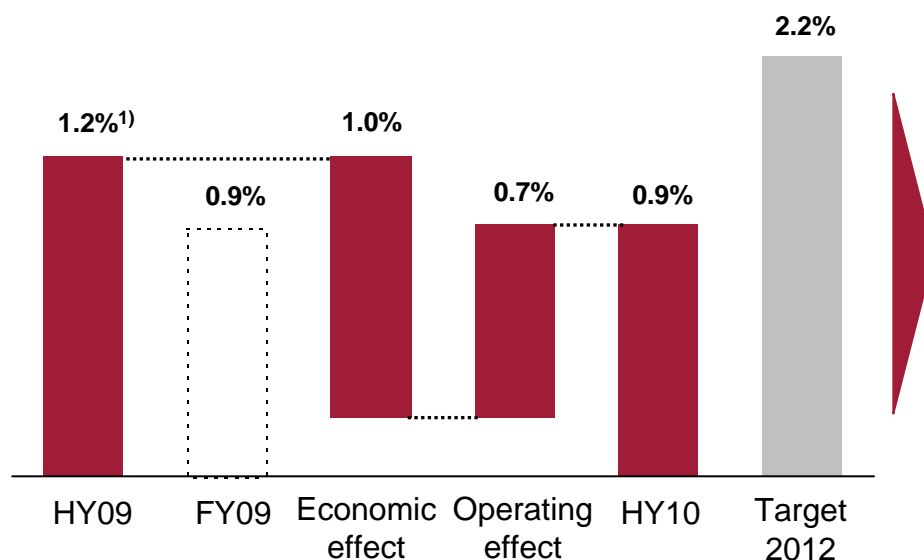
Workstream	Objectives	Status
1 Enhance customer value & new business profitability	<ul style="list-style-type: none"> ▪ New business margin > 2.2% ▪ > 70% of NBP from modern and risk products 	 
2 Increase distribution quality and power	<ul style="list-style-type: none"> ▪ 20–25% share of Swiss Life products in relevant product categories of AWD 	
3 Improve operational excellence	<ul style="list-style-type: none"> ▪ CHF 350–400 m reduced cost base vs 2008 	
4 Preserve the balance sheet & optimise in-force business	<ul style="list-style-type: none"> ▪ ROE 10–12% ▪ Dividend payout ratio 20–40% ▪ Comply with SST / Solvency II requirements 	  

5 **Drive disciplined execution**

Reporting on achievements, challenges, and actions on ongoing basis

Negative economic effects on new business margin compensated

New business margin development (VNB as % of PVNBP)



Interest rate effect and MILESTONE impacts influencing margin development

Negative economic effects

- Lower interest rates
- Higher volatilities
- No liquidity premium at FY09 and HY10

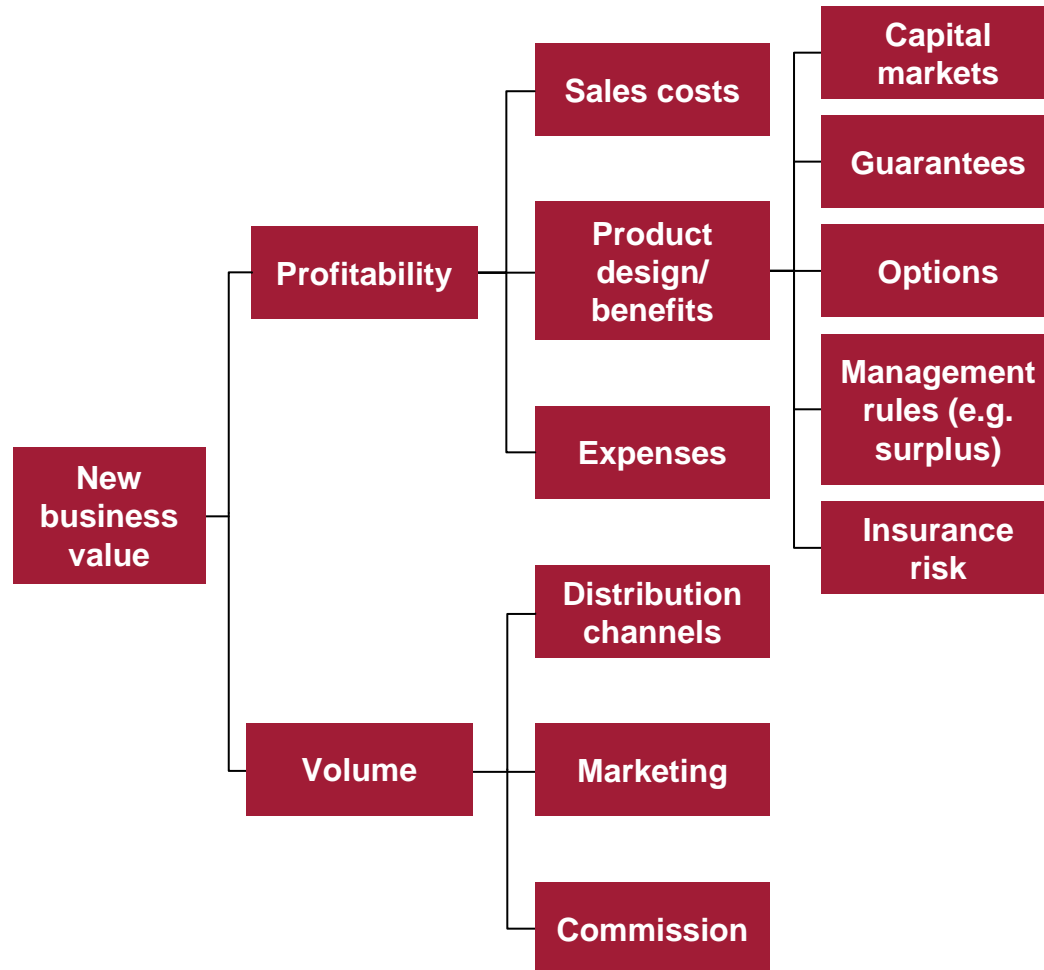
Positive MILESTONE impacts

- Group-wide cost savings initiatives
- Repricing and lowering profit sharing for: CH, DE, PPLI
- Shifts in product mix
 - CH: shift to modern products
 - FR: increased share of UL²⁾ within Life
 - DE: higher share of risk products
- Higher sales volumes and related scale effects: PPLI, FR, DE

1) Incl. liquidity premium of 50 bps for CH, FR, DE & Lux
 2) Unit-linked

Enhance new business profitability by diligently addressing all levers

Value tree

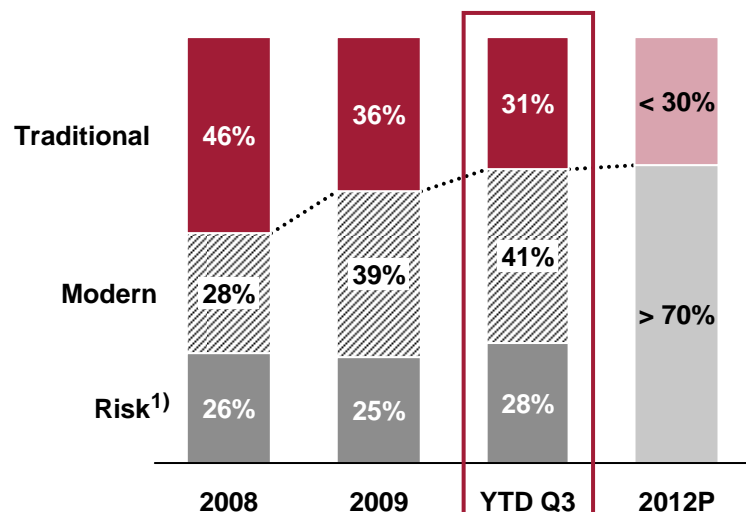


Major action fields

- Adjust loadings when necessary
- Reduce sales cost
- Increase volumes for profitable products
- Push profitable risk riders
- Strict underwriting discipline
- Structure options and guarantees so that customers recognise their value
- Weed out unprofitable products

Shift to modern and risk products already at 2012 target

New business product mix (based on NBP)



Without PPLI

Trad.	53%	52%	42%
Modern	16%	14%	20%
Risk	31%	34%	38%

2012 shift target already met

- Several product launches and improvement of existing products
- Higher volumes in SL Champion product line in CH
- Higher share of risk and health products in FR
- Continuing growth in disability products in DE
- Strong sales of Life Asset Portfolio product line in PPLI

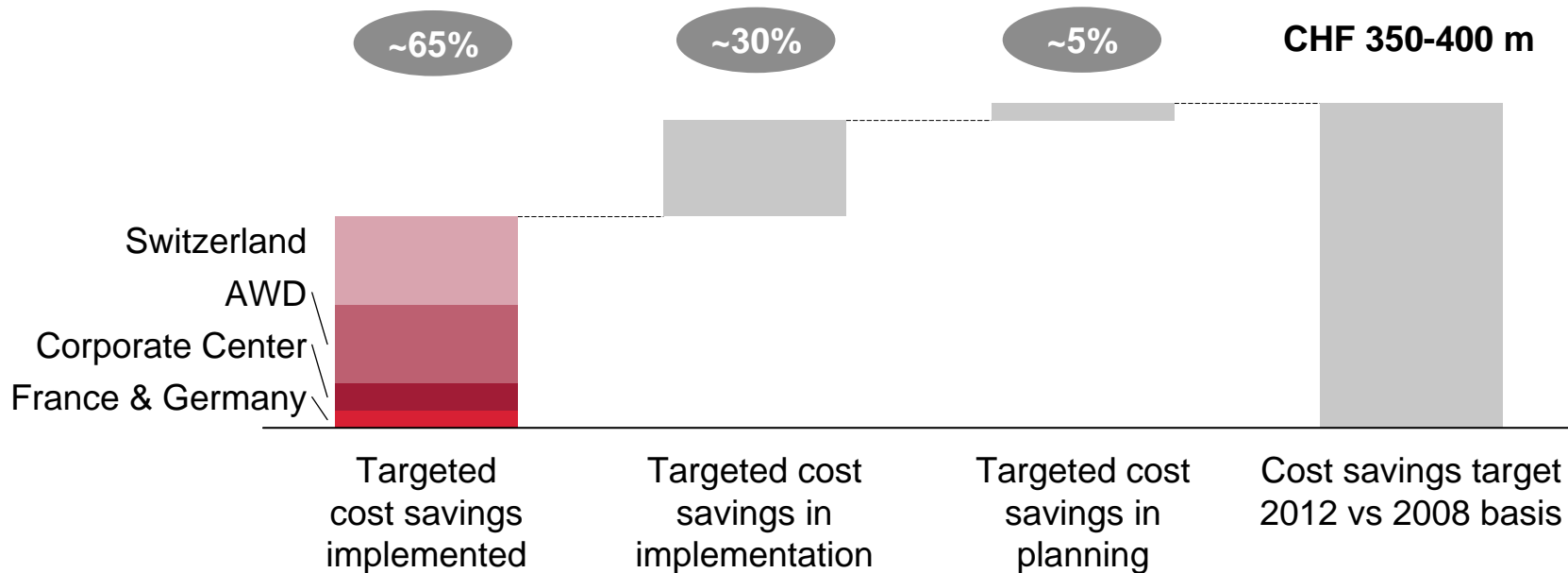
Further improvements & product launches planned/in progress

- CH: Further product modifications, "SL Premium Junior Plan"
- FR: Funds offers (such as structured products, real estate fund, SLAM funds), dedicated products to IFAs with investment mandate, risk product (death and disability) for salaries and self-employed
- DE: "Modern-Riester", re-launch of disability products

1) Incl. health

Continuous progress in implementing targeted cost savings

Status of targeted cost savings initiatives YTD Q3

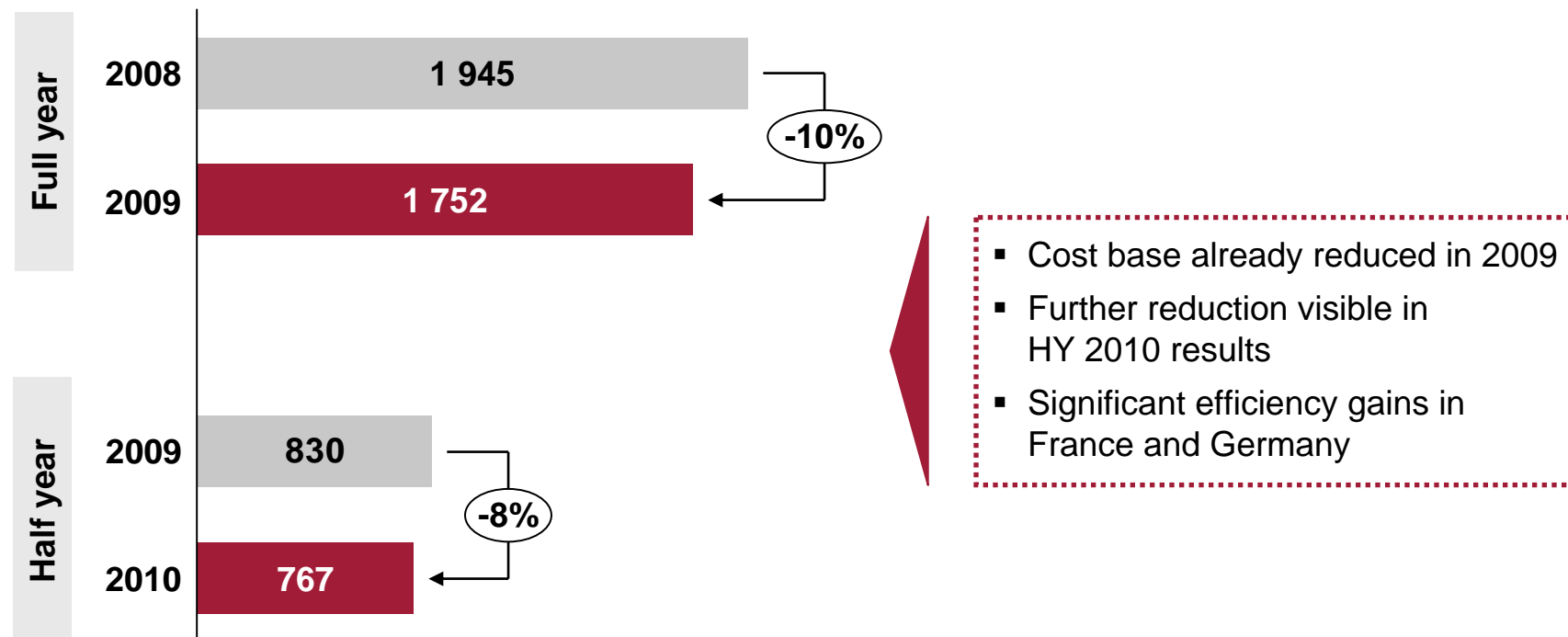


Major achievements

- Swiss Market division with major cost saving contribution in Q3 2010
- Reduced Corporate Center costs by 40% since 2008
- Successfully completed negotiations in Germany and France with social committees to implement efficiency improvements and optimise office structures
- AWD has achieved its target of EUR 69 m cost savings

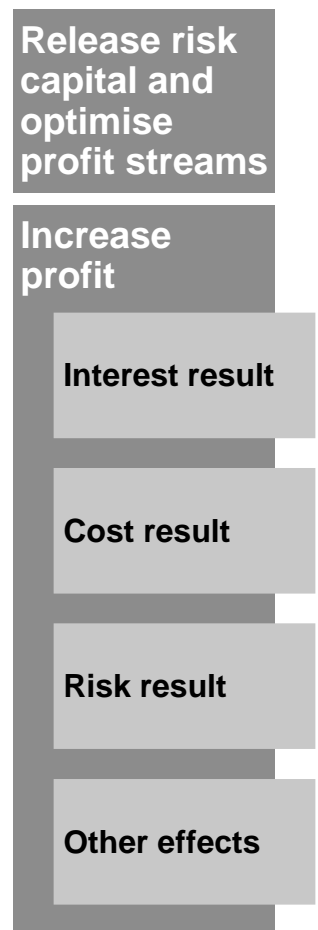
Cost savings with already positive effects on P&L

CHF million (IFRS basis)



Balance sheet preserved and in-force business optimised in 2010

Levers to manage in-force business



Selected initiatives per country

Achievements so far

Group

- SST / Solvency II
- ALM
- Capital management
- Reinsurance strategy

- ALM adjustments to improve SST
- Debt leverage reduced with no mid-term refinancing needs
- New internal reinsurance strategy in implementation
- Duration management in all units

Switzerland



- Optimise risk capital consumption
- Adjust policyholder sharing

- SAA adjusted
- Risk capital preserving product line launched
- Policyholder sharing adjusted, ensuring sustainable interest rate margin

France



- Pricing adjustments
- Active retention mgt. & shift to modern on in-force
- Adjust policyholder sharing
- Reduce level of financial guarantees on Euro funds

- Pricing to all business lines adjusted
- Active retention mgt. process introduced
- "Fourgous" campaigns and UL objective plan implemented
- Served rates reduced and segmentation of flagship products improved
- Safeguard clause introduced

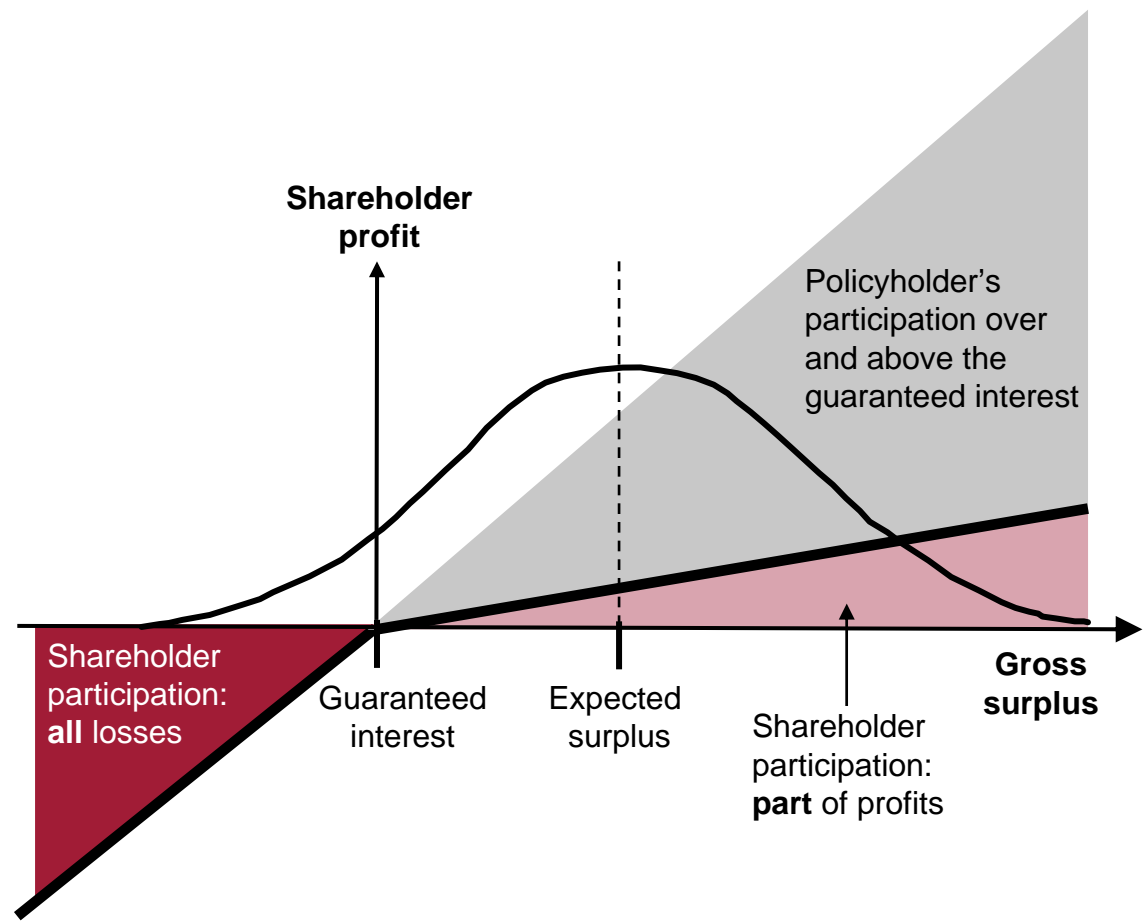
Germany



- Adjust policyholder sharing
- Optimise legal structure

- Policyholder sharing adjusted
- Unallocated RfB strengthened

Value and risk management in the context of asymmetric shareholder/policyholder returns

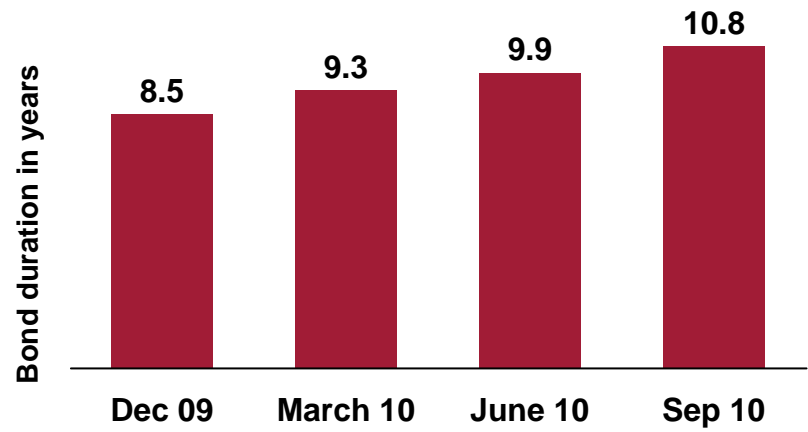


Levers for value and risk management

- I **Asset side measures**
 - Adjust SAA, ALM and volatility of investment return
- II **Liability side measures**
 - Improve risk & cost margin
 - Build up policyholder buffers
 - Reduce policyholder participation
- III **Other measures**
 - Reduce dependency on investment return by pushing fee business

I Active duration management to further optimise capital consumption in 2010

Overall

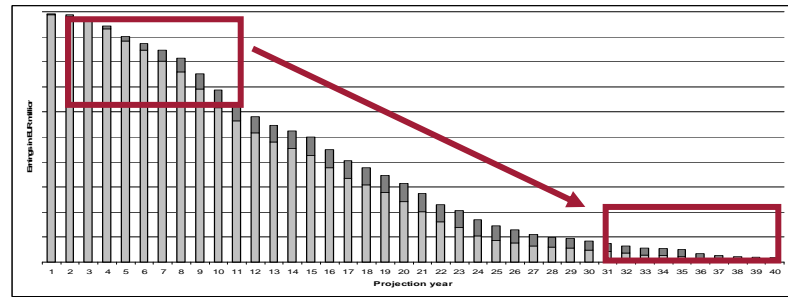


- Robust processes in place for Asset and Liability Management
- Lengthened asset duration to continue to match increased liabilities' duration caused by lower interest rates
- Duration gap is low at 0.4 years as per Q3

10 year swap rates in %

CHF	2.50	2.30	1.95	1.79
EUR	3.58	3.28	2.89	2.58

Example Germany

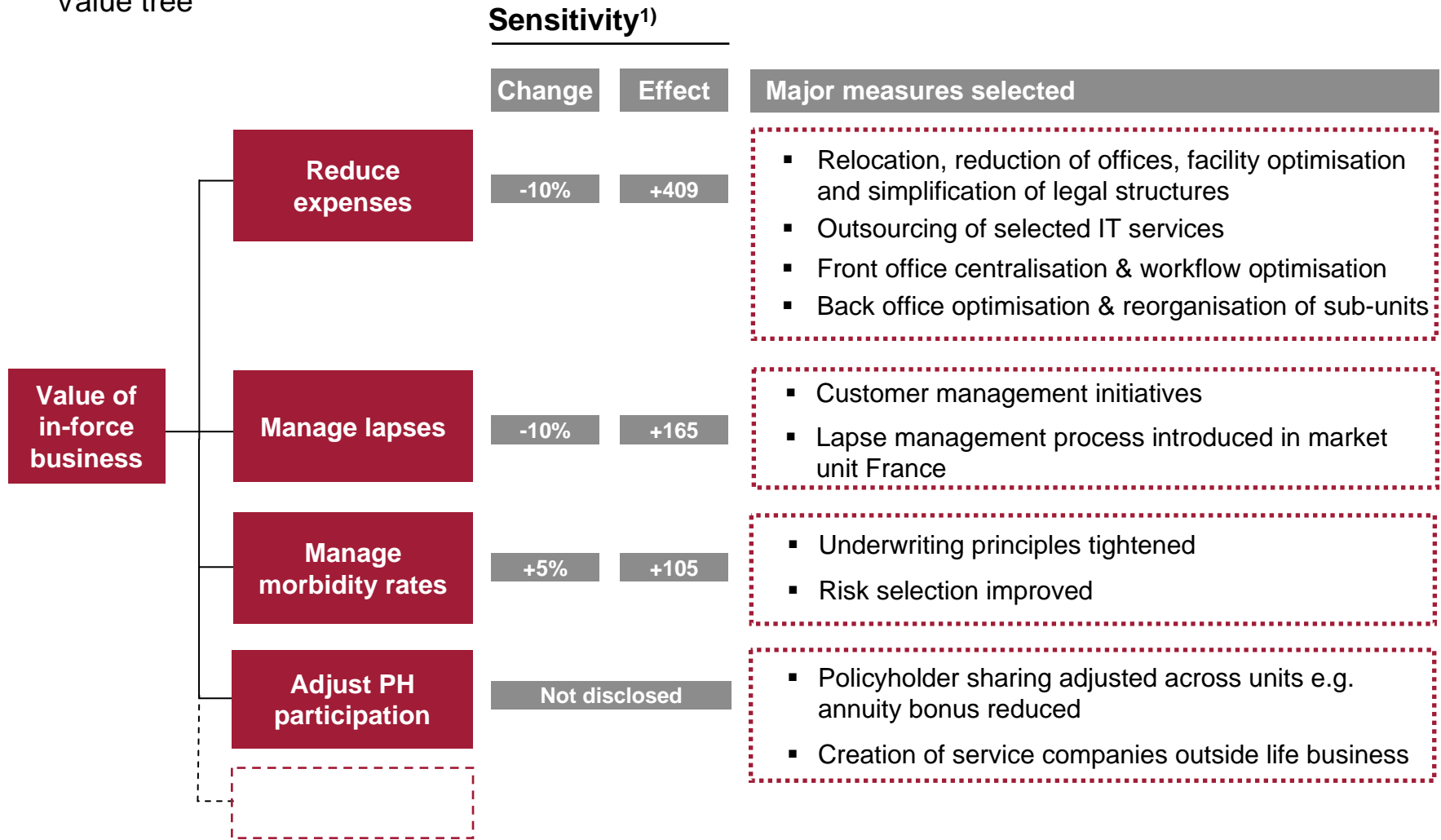


- Duration lengthening
- Consideration of local statutory constraints
- Alignment of statutory asset returns and policyholder guarantees



II Substantial value potential addressed with MILESTONE

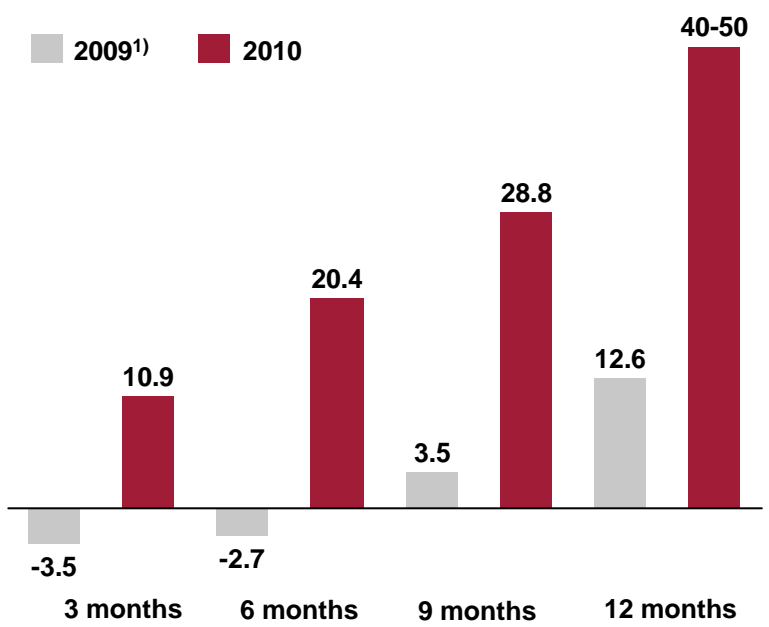
Value tree



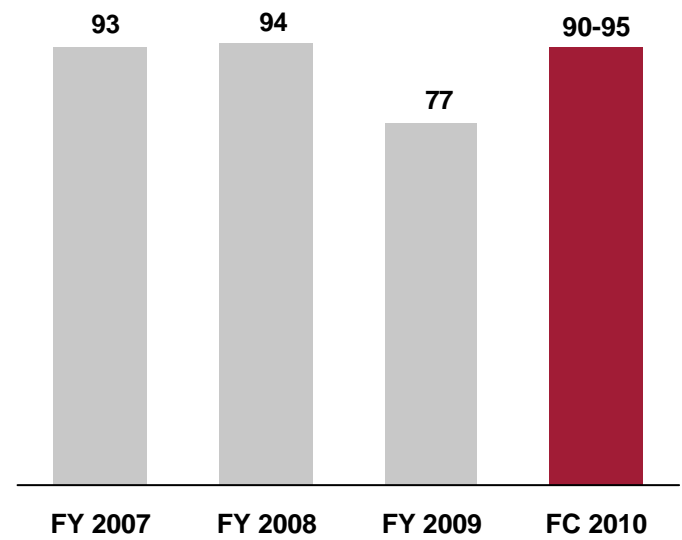
1) Based on disclosed 2009 MCEV, CHF million

AWD and Investment Management as substantial fee generators

AWD
EBIT in EUR million



Investment Management
Segment result in CHF million



- AWD turnaround achieved
- EBIT margin significantly improvement to 7.4% in Q3 2010
- Efficiency improvement is basis for profitable growth

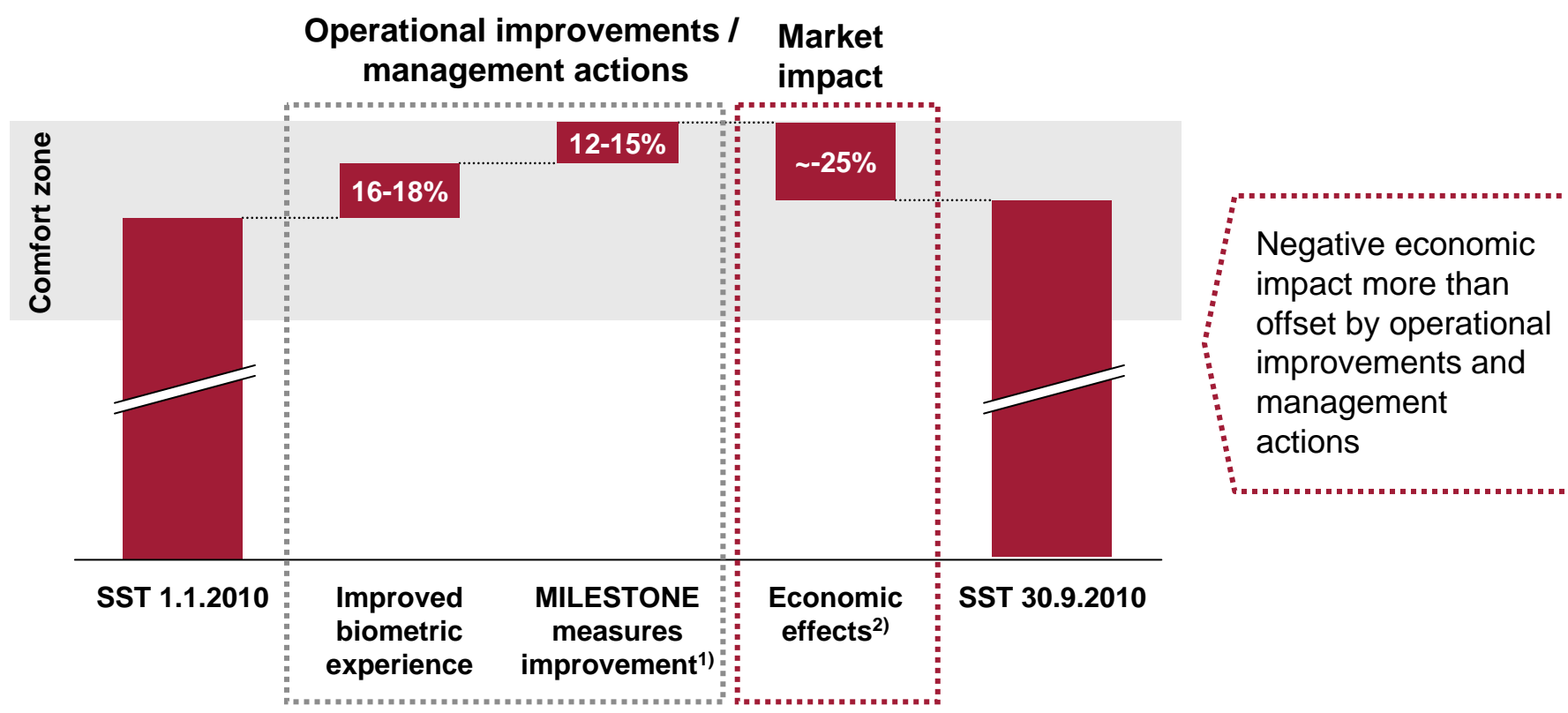
- IM as stable profit contributor
- Investments in a new investment management platform offset

1) Excl. one-off and restructuring costs



Swiss Life meets SST requirements, despite low interest rate environment

SST ratio Swiss Life AG, based on internal model

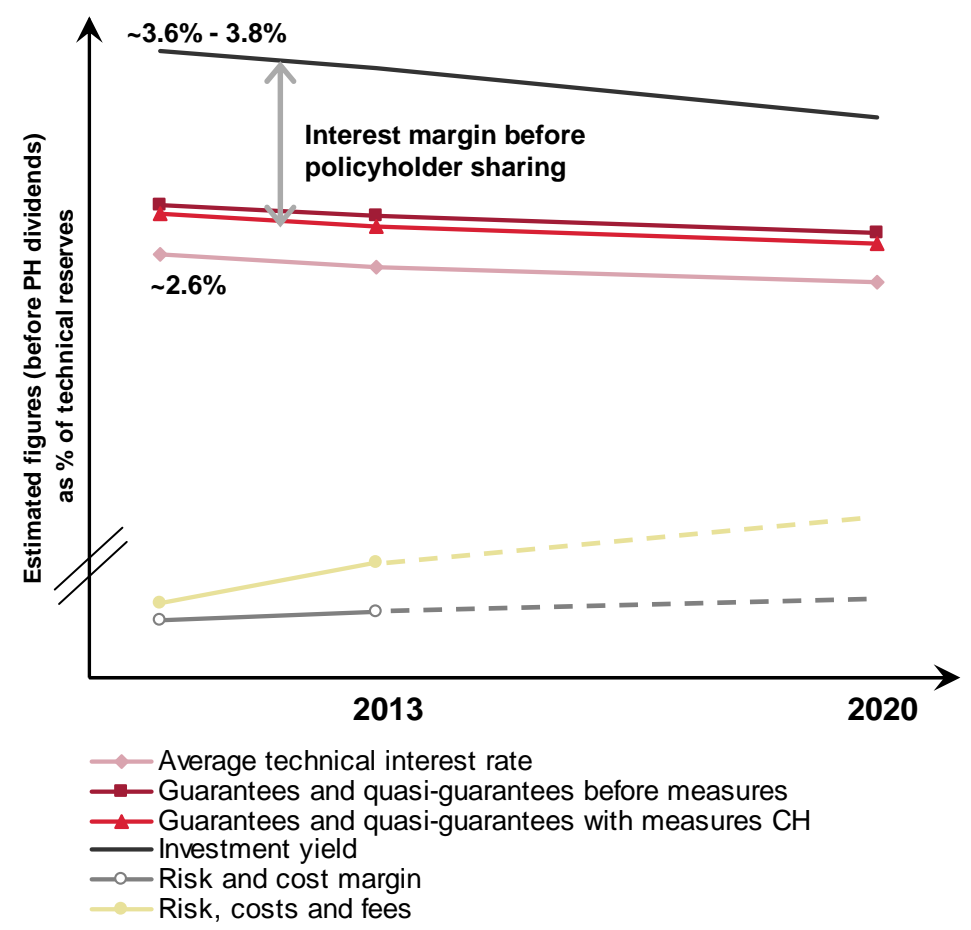


1) Incl. expense reductions and ALM measures
 2) Incl. interest rates, spreads and currency effects



Positive investment margin supports in-force business

Illustrative: Sustainable investment margin in a continuous low interest rate environment



- Substantial spread between investment yield and aggregate minimum guarantees based on current low yield environment
- Measures implemented help to secure spread
- Strong new business accelerates decrease of average technical interest rate



Execution of MILESTONE will lead to increased earnings at reduced volatility

Insurance business (net PHP)	Ambition for change by 2012	YE 2009	FC 2010
Investment income	↓ Reduce relative importance	~95%	80 to 90%
Risk result	→ Maintain good risk result	~35%	20 to 30%
Cost result ¹⁾	↑ Eliminate negative admin. cost result	~-20%	-10 to -15%
Fee business and other sources	↑ Significantly increase profits	~-10%	~10%
Total operating profit	↑	100%	100%

Ambition:
Investment income < 50%

1) Excluding restructuring charges 2009

Agenda

Swiss Life at a glance

Managing for value with MILESTONE

→ **Wrap-up**

Wrap-up

Swiss Life well underway to deliver on the MILESTONE targets despite low interest rate environment

Negative economic effects on margin offset by disciplined margin management

65% of targeted cost savings of CHF 350 – 400 million already implemented

Risk-return profile further improved and actions taken to protect investment margin

Diversification of profit sources will further reduce earnings volatility

Swiss Life is comfortably meeting the SST requirements

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Contact details and financial calendar

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Financial calendar

Full-year results 2010	2 March 2011
Interim statement Q1 2011	3 May 2011
Annual General Meeting 2011	5 May 2011

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The future starts here.