



Helvea Swiss Equities Conference 2012

Swiss Life

Thomas Buess, Group CFO
Bad Ragaz, 12 January 2012

Agenda

→ **Swiss Life at a glance**

What we do

Overview of HY 2011 results

Challenges and opportunities

Our response: MILESTONE

Outlook



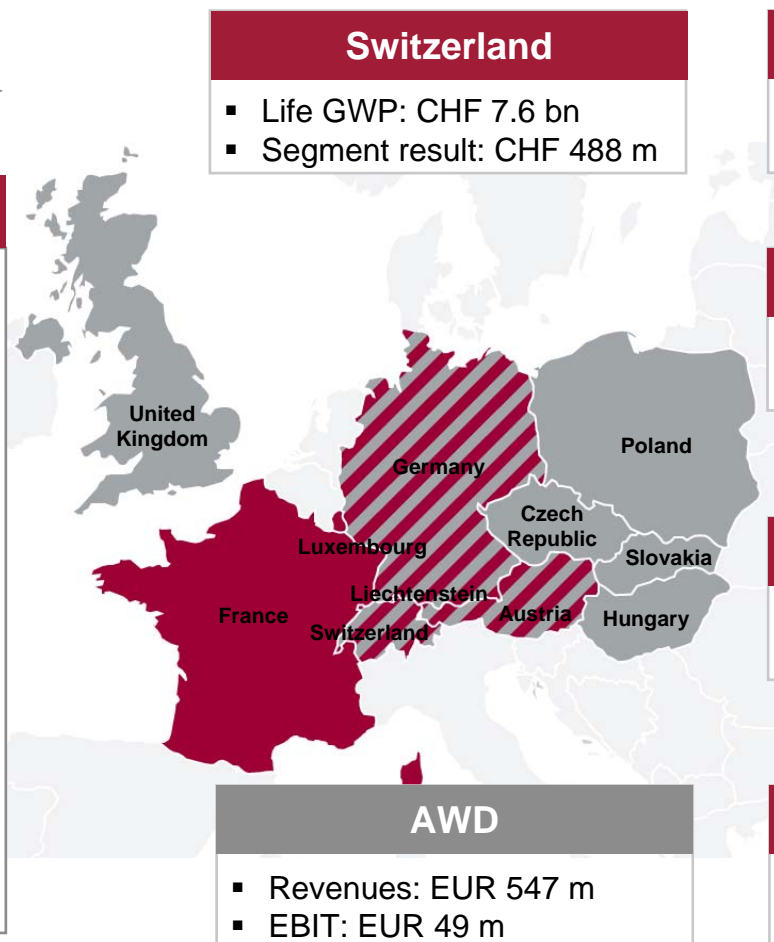
Swiss Life Group at a glance

FY 2010

Segment view

Group view

- Leading provider of life insurance and pension solutions
- GWP incl. PHD: CHF 20.2 bn
- Net profit: CHF 560 m
- Profit from operations: CHF 694 m
- Shareholders' equity: CHF 7.4 bn
- Average AuM: CHF 118 bn
- Group MCEV: CHF 7.6 bn
- FTEs: 7 483



Switzerland

- Life GWP: CHF 7.6 bn
- Segment result: CHF 488 m

France

- GWP: EUR 3.8 bn
- Segment result: EUR 59 m

Germany

- Life GWP: EUR 1.5 bn
- Segment result: EUR 74 m

International¹⁾

- Life GWP: CHF 5.2 bn¹⁾
- Segment result: CHF -35 m¹⁾

AWD

- Revenues: EUR 547 m
- EBIT: EUR 49 m

Investment Management

- Total income: CHF 269 m
- Segment result: CHF 103 m

1) Insurance International consists of Private Placement Life Insurance (PPLI with locations in Liechtenstein, Luxembourg, Singapore and Dubai), Corporate Solutions Luxembourg, Swiss Life Products and Swiss Life Austria

Swiss Life Group offers an attractive business portfolio



Premium, AuM and revenue split as per FY 2010

Switzerland

- Leading position in group life and individual life
- About 1 million clients insured

GWP split:

Category	Color
Group	Dark Red
Individual	Grey

France

- Niche player in life focusing on affluent customer segment with private insurer strategy
- Top health insurer

GWP split:

Category	Color
Group	Dark Red
Individual	Grey
Health Insurance	Light Red
Property	Pink

Germany

- Leading provider of supplementary disability insurance (BUZ) and occupational pension schemes (BAV)

GWP split:

Category	Color
Group	Dark Red
Individual	Grey

International

- Leading in providing structured life insurance solutions (PPLI)¹⁾ and comprehensive employee benefit solutions for multinationals (CS)²⁾

GWP split:

Category	Color
PPLI	Dark Red
Corporate Solutions	Grey
Other	Light Red

Investment Management

- Swiss Life's proprietary and third party asset manager

AuM split:

Category	Color
PAM	Dark Red
TPAM	Grey

AWD

- Leading European financial advisor with strong market presence in core markets

Revenue split:

Category	Color
Germany	Dark Red
Austria & CEE	Grey
United Kingdom	Light Red
Switzerland	Pink

1) Private Placement Life Insurance
2) Corporate Solutions Luxembourg

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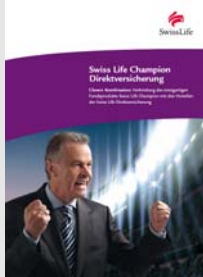


Our response: MILESTONE

Outlook

Broad product portfolio generating value for both Swiss Life and its customers



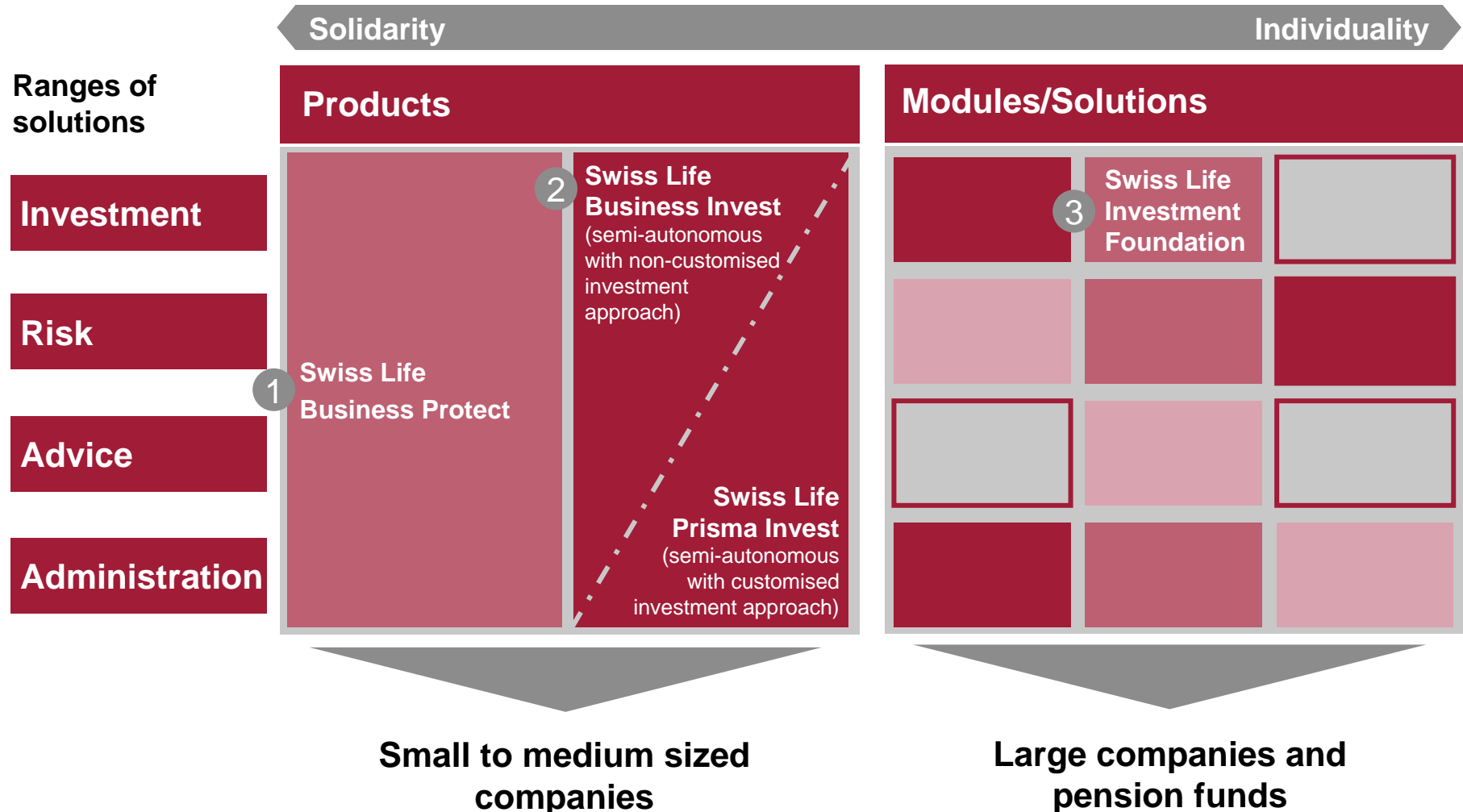
Selected products

Switzerland	France	Germany
 <p>Group life</p> <ul style="list-style-type: none"> ▪ Business Protect ▪ Business Invest 	 <p>Health</p> <ul style="list-style-type: none"> ▪ Swiss santé, Ma formule 	 <p>Risk protection</p> <ul style="list-style-type: none"> ▪ Swiss Life SBU ▪ SBU Start
 <p>Individual life</p> <ul style="list-style-type: none"> ▪ Champion Duo ▪ Champion Timeplan 	 <p>Risk</p> <ul style="list-style-type: none"> ▪ Swiss Life Prévoyance Indépendants 	 <p>Occupational pension schemes</p> <ul style="list-style-type: none"> ▪ Swiss Life Champion
	 <p>Life</p> <ul style="list-style-type: none"> ▪ Swiss Life Liberté Plus 	 <p>Private pension</p> <ul style="list-style-type: none"> ▪ Swiss Life Immediate Annuity

Example Swiss Life Switzerland: Full-scale product and service offering in group life



Solution for every customer with full-scale product and service offering



1 Full insurance solution in demand due to volatile capital markets, but despite this...



Full insurance solution:

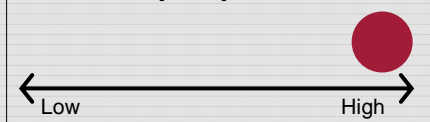
Swiss Life Business Protect

On-balance sheet solution
(law since 1985; relaunch 4/2010)

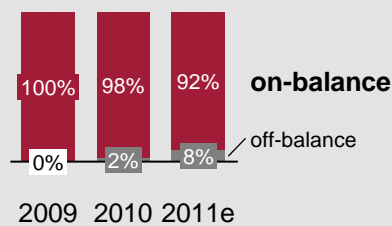
The risks death, disability, and old-age (longevity) are insured with Swiss Life

Swiss Life provides capital protection and interest rate guarantee

Level of security from a customer perspective



New business production



Value to Swiss Life

- Full insurance solution still a cornerstone within the product offering:
 - Swiss Life is well known for providing security to its customers
 - It substantially contributes to Swiss Life's result



Value to the customer

- No reorganisation measures and no obligation to make additional contribution for customers
- Customers benefit from a modern new IT solution with online access



② ... new semi-autonomous solutions are also well accepted



Semi-autonomous solution:

Swiss Life Business Invest

Off-balance sheet solution (Launched 4/2010)

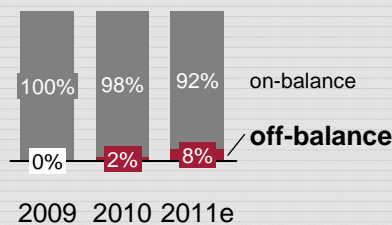
The risks death and disability are insured by Swiss Life. The risk old-age incl. longevity is borne by the customer

Asset management carried out by SL Investment Foundation. The investment risk is borne by the customer

Level of security from a customer perspective



New business production



Value to Swiss Life

- With the modern semi-autonomous solution Swiss Life became a full-coverage provider
- Despite a difficult market environment approx. 15% of our new customers in the SME segment selected this product in 2011
- Provides fee income with much lower capital requirements



Value to the customer

- Transparent investment concept with potential to achieve a higher yield
- Clients benefit from a modern new IT solution with online access



3 Attractive investment solutions offered to semi- and autonomous pension funds



Swiss Life Investment Foundation (SL-AST) to support full scale offering and push TPAM growth strategy

Starting position

Swiss Life expertise

- Owner of largest private real estate portfolio in Switzerland with excellent performance track record

Customer demand

- CH Real estate as asset class in highest demand by pension funds

Product proposition: Real estate investment groups

**CHF 520 m
Real estate CH**
(issued 2009)



**CHF 500 m
Commercial
Real estate CH**
(issued 2011)



- Investment groups exclusively designed for CH pension funds
- Well diversified portfolios from Swiss Life's prime real estate holdings
- High-quality properties in top locations with low vacancy rates
- Stable returns expected due to mix of different types of use
- Managed by Swiss Life Property Management

Value to the customer



- Investing in fully developed premium Swiss real estate portfolios
- RE offers attractive return expectations with low correlation to other asset classes
- Expected low volatility due to NAV-based valuation principle



Value to Swiss Life

- Significantly contributes towards TPAM and SL-AST growth strategy
- Upfront and ongoing fee income
- Supports full-range provider strategy by extending offering to pension funds



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Swiss Life at a glance

What we do

→ **Overview of HY 2011 results**

Challenges and opportunities

Our response: MILESTONE

Outlook



Key figures

HY 2011 vs HY 2010

Net profit	➔	CHF 403 m	+50%
Profit from operations	➔	CHF 452 m	+9%
Value of new business	➔	CHF 104 m	+46%
New business margin (% PVNBP)	➔	1.6%	+0.7 pts
GWP incl. PHD	➔	CHF 10.1 bn	-13% ¹⁾
Net investment return	➔	1.9%	-0.2 pts
Shareholders' equity	➔	CHF 7.5 bn	+1% ²⁾
Return on equity (pro forma ³⁾)	➔	8.7%	+1.4 pts
Group solvency	➔	177%	+1 pts ²⁾

1) Local currency

2) HY 2011 vs FY 2010

3) Excluding positive tax one-off

Very low exposure to sovereigns under observation

Government and supranational bond portfolio (fair value basis), as per HY 2011, 32.4% of insurance portfolio (CHF 36.9 bn)

% of total government and supranational bond portfolio

Switzerland	25%
France	14%
Germany	12%
UK	7%
Netherlands	6%
Sovereigns under observation	2%
Supranationals	4%
Other	13%
Europe	83%
Canada	7%
US	4%
Supranationals	2%
Other	4%
Rest of the world	17%
Total	100%

In CHF million¹⁾

	FY10 FV ²⁾	HY11 FV ²⁾	31 July 11 FV ²⁾ ACV ³⁾	
Portugal	131	94	77	138
Italy	216	208	137	147
Ireland	186	163	151	218
Greece	48	37	36	34
Spain	214	215	169	193
Total	795	718	570	730

→ As per HY11: Greece impaired to market value

→ As per Q311 (FV²⁾):

Greece CHF 18 m; Italy CHF 83 m

Total sovereigns under observation CHF 574 m

1) Before policyholder/shareholder split and tax 2) Fair value 3) Amortised cost value

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Challenges & opportunities

Industry challenges

- Persisting low interest rate environment
- High volatilities and uncertainty in capital markets
- Increased competitive pressure
- Higher consumer protection and regulation of distribution models
- Further regulatory challenges

Swiss Life specific challenges and opportunities

- High dependency on capital markets
- Improve cost competitiveness
- Leverage AWD

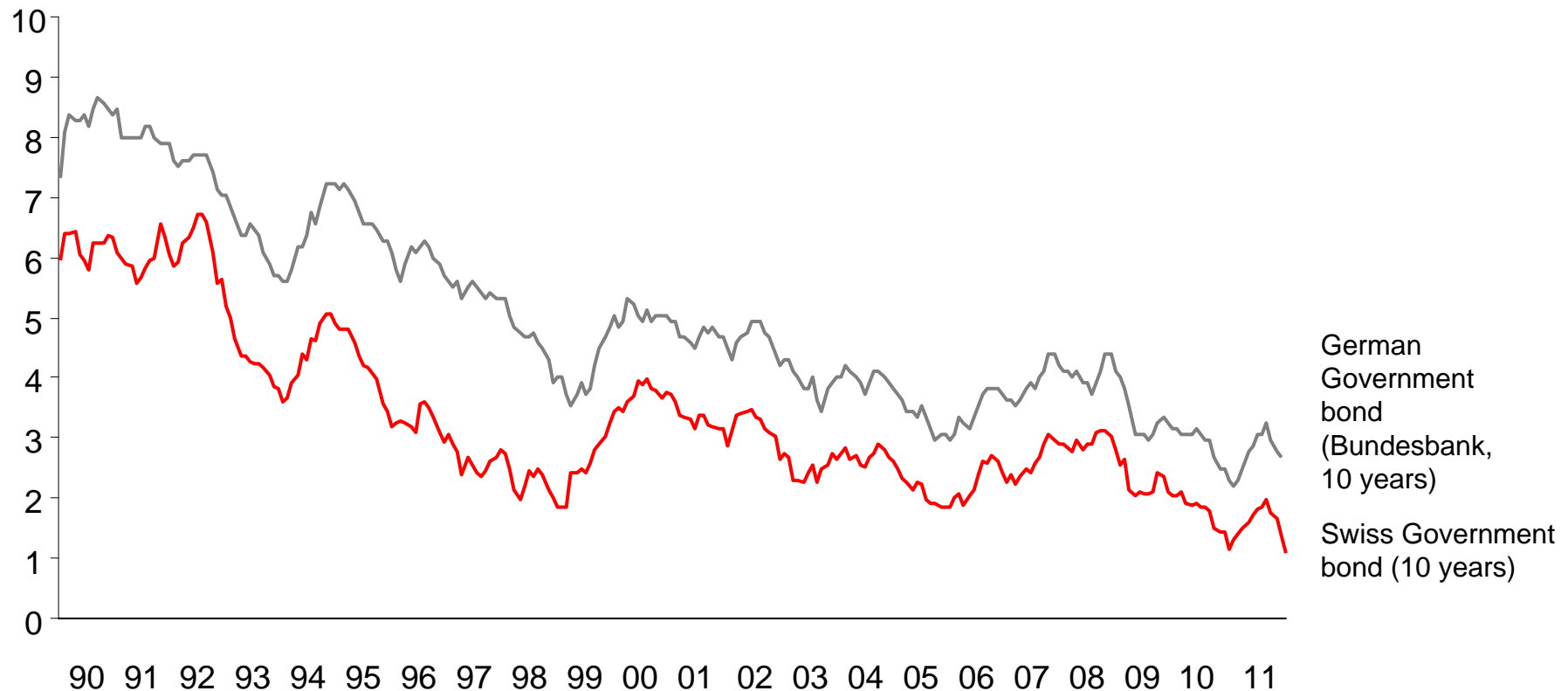
Industry opportunities

- Demographic developments and increasing security needs
- Crisis of state pension systems
- Effective multichannel management to exploit customer and market segments

Interest rate environment: Biggest challenge for life insurers' traditional business model



Development of interest rate environment (CH, Europe)
Percent

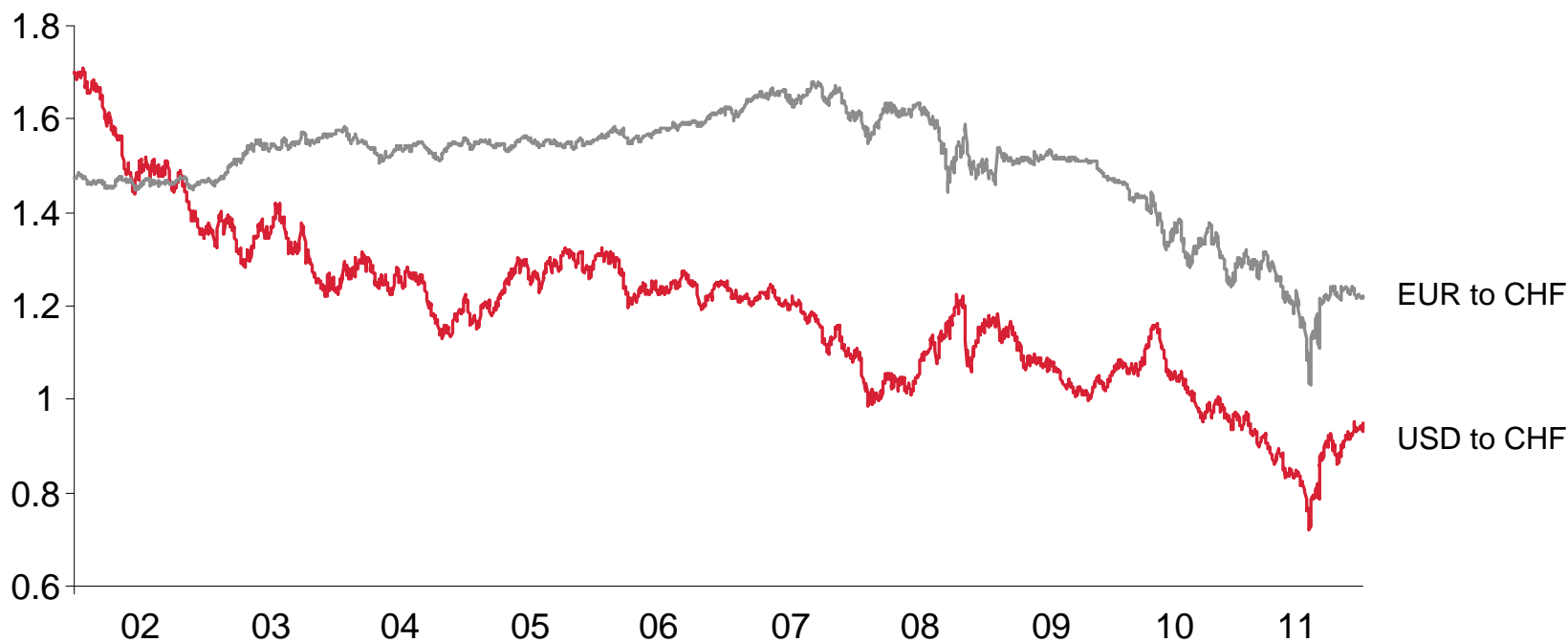


Source: SNB, Bundesbank

Currencies: Falling exchange rates against Swiss franc over time



Development of US Dollar and Euro against Swiss Franc
Percent, time period: 01.02.2002 – 05.01.2012

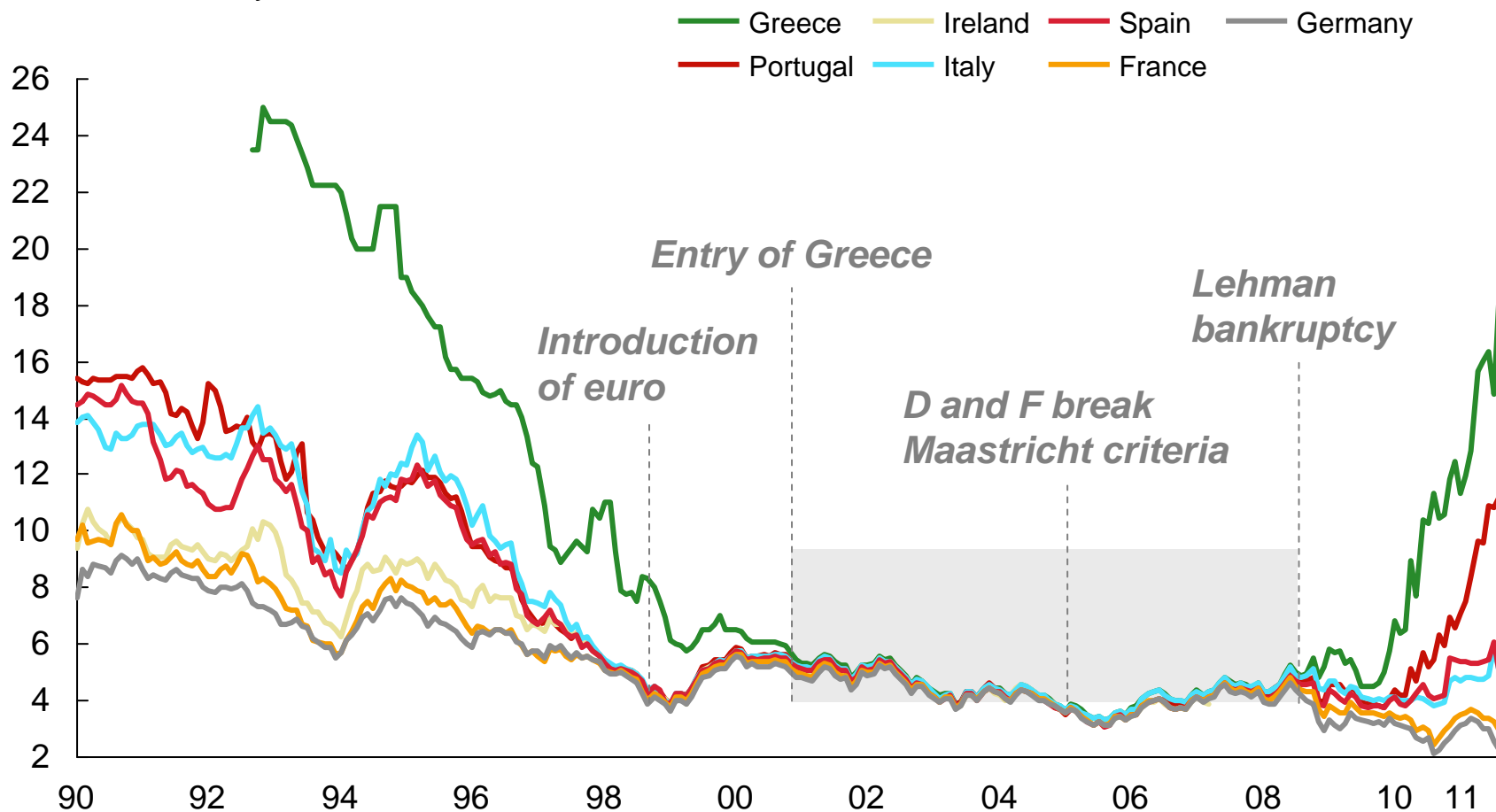


Source: Bloomberg

Sovereign debt: Mispriced by capital market and illusion of cheap money created



Yields on 10-year government bonds
Percent, monthly



Source: Bloomberg; Eurostat; McKinsey



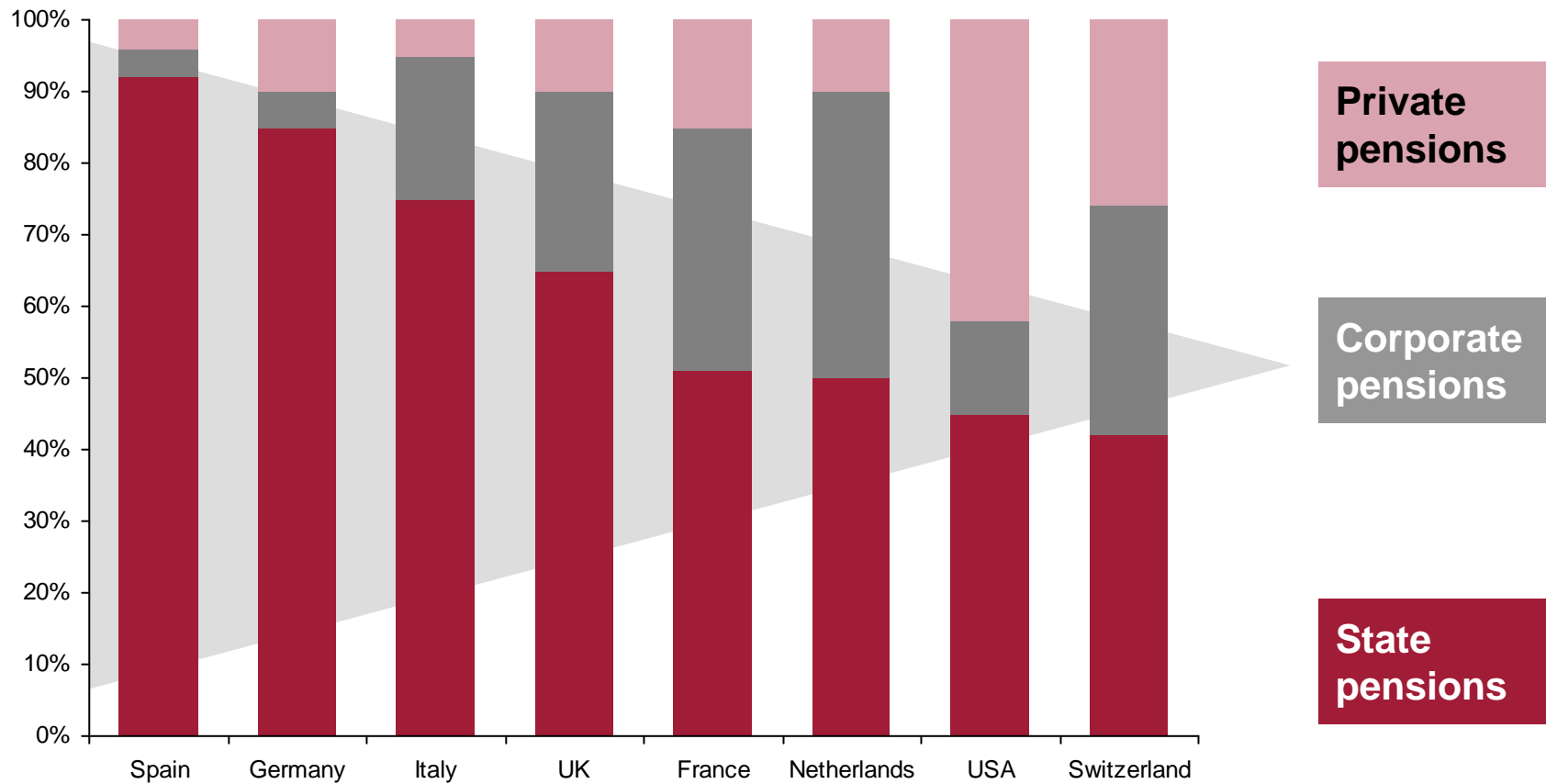
Regulatory challenges

BVG conversion rate	▶	Conversion rate does not correspond with life expectancy and expected investment return
BVG minimum interest rate guarantee	▶	Minimum interest rate setting should be market driven
Legal quote	▶	Potential tightening of legal quote
Swiss Solvency Test	▶	<ul style="list-style-type: none">▪ Risk-based supervision / Discussion points with FINMA▪ Competitive disadvantage versus European insurers
Solvency II	▶	Uncertainties of timeline / final rules
FATCA	▶	Peculiarities of the insurance model not considered – considerably higher costs



State pensions still dominating in Europe

Share of pension income in %



Source: Börsch-Supan "From Public Pension to Private Savings: The Current Pension Reform Process in Europe"

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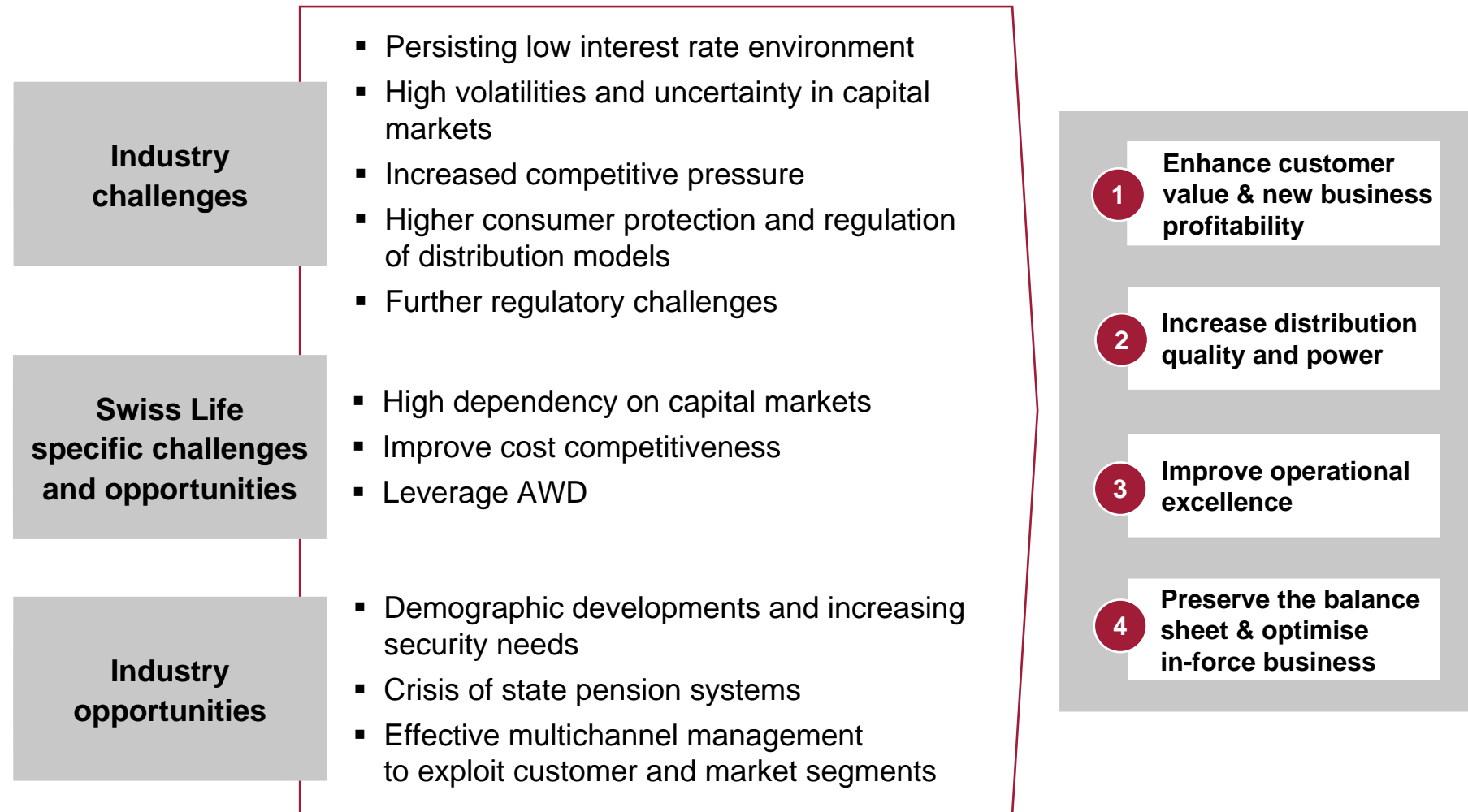
Overview of HY 2011 results

Challenges and opportunities

→ **Our response: MILESTONE**

Outlook

MILESTONE is our answer to address these challenges but also to exploit opportunities



With MILESTONE we work on right levers and manage for value



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 	<ul style="list-style-type: none"> 1.6% HY11 1.4% FY10 69% Q311 70% HY11
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 	<ul style="list-style-type: none"> 17.6% HY11 10.1% FY10
3 Improve operational excellence	<ul style="list-style-type: none"> CHF 350–400 m reduced cost base vs 2008 	<ul style="list-style-type: none"> Project view: Q311: All cost savings initiatives implemented HY11: 95% were implemented
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 requirements 	<ul style="list-style-type: none"> 8.7% HY11 7.6% FY10 26% FY10 28% FY09

5

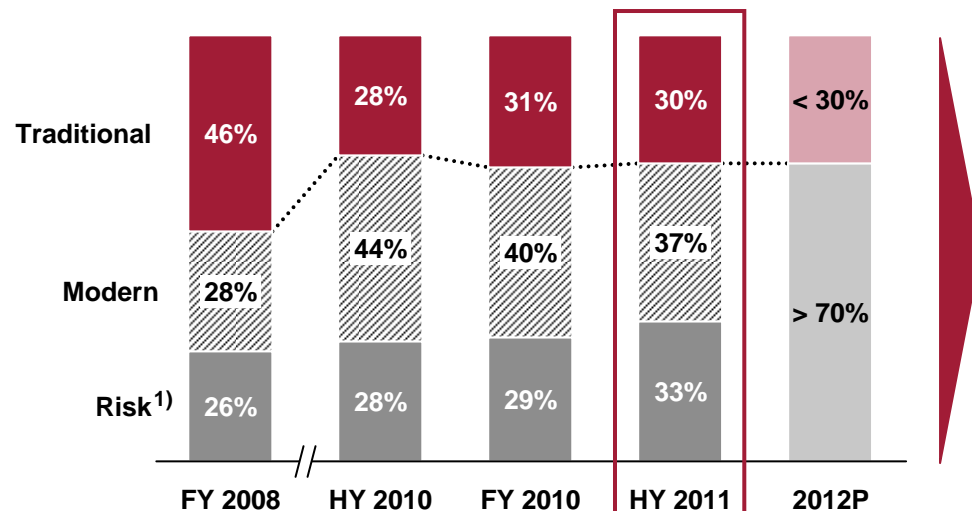
Drive disciplined execution

Reporting on achievements, challenges, and actions on ongoing basis

Increasing share of modern and risk products despite lower PPLI production



New business product mix (based on NBP)



Without PPLI

Traditional	53%	40%	40%	36%
Modern	16%	20%	21%	25%
Risk	31%	40%	39%	39%
Modern & risk	47%	60%	60%	64%

Q3 2011:
Modern & risk
69% (incl. PPLI)
64% (excl. PPLI)

2012 target achieved in HY 2011

- CH: Strong sales of 'SL Champion' products. Tranche of 'SL Premium Select' sold
- FR: Solid growth of risk and health business. Increase in modern products
- DE: Continued strong sales of disability insurance products. Modern Riester launched in January 2011
- SLI: Lower HNWI production mainly due to baseline effect, reorientation in Private Banking and FX rates

Further product modifications/ improvements already put in place

- CH: Additional product modifications, new tranche of structured product launched in July
- FR: Further tranche of structured product sold until August
- DE: Optimised charging structure for modern Riester product

1) Including health

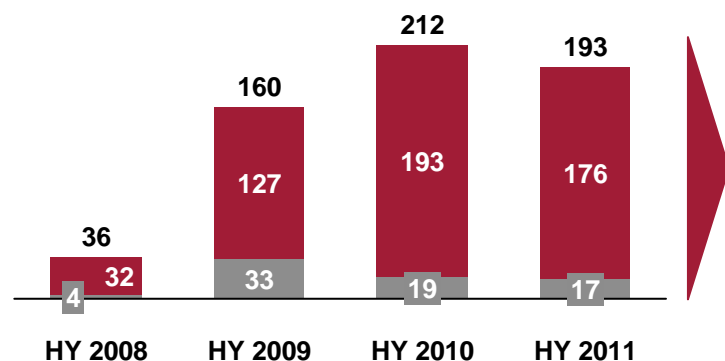


SwissLife

Sales through AWD distribution channel increased by 36%¹⁾ as per HY 2011

Swiss Life in Germany – AWD channel

NBP²⁾ in EUR million



Reasons for development in first half of 2011

- Increased competition in disability products partially offset by successful sales of Champion products

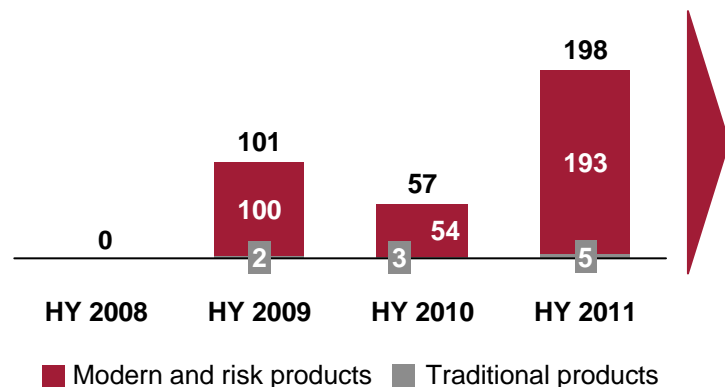
Action points second half of 2011

- Introduction of innovative and competitive products (e.g. modern Riester) in order to maintain AWD's top select criteria
- Relaunch of disability product with optimised product features

9m 2011:
- EUR 301 m
9m 2010:
- EUR 315 m

Swiss Life in Switzerland – AWD channel

NBP²⁾ in CHF million



Reasons for development in first half of 2011

- 'SL Champion Duo' as main contributor to significant growth
- AWD with improved know-how of SL products through customised training

Action points second half of 2011

- Launch of new products 'SL Calmo' & 'SL Classic Duo' and redesign of product 'SL Champion Duo' planned
- Joint development of further product packages to specific target groups

9m 2011:
- CHF 289 m
9m 2010:
- CHF 93 m

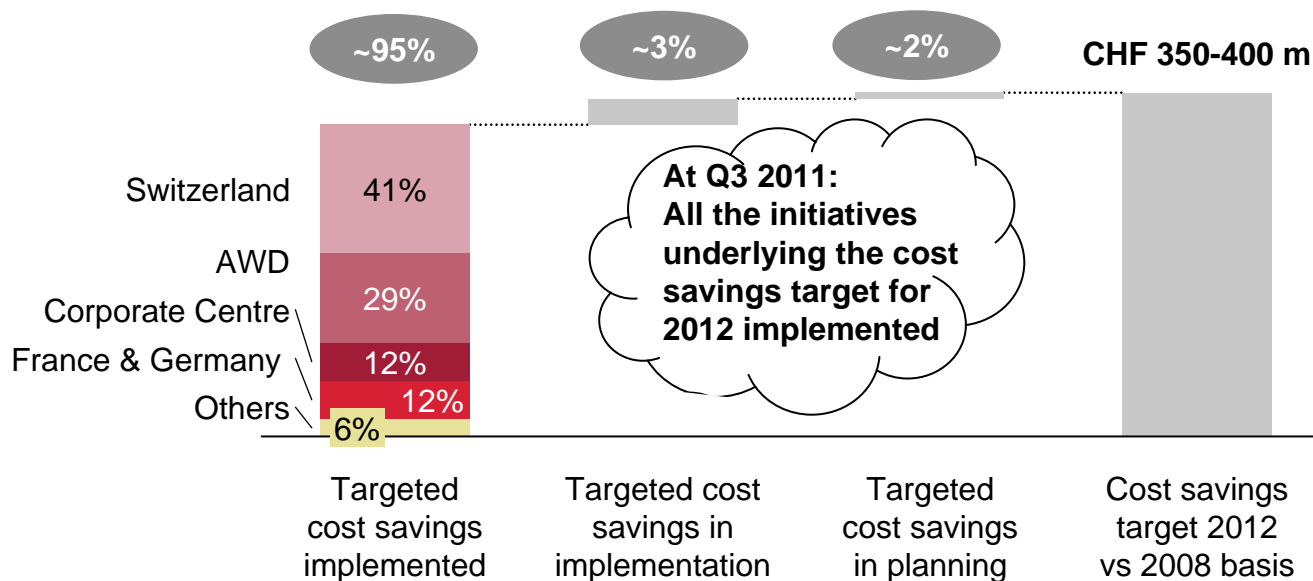
1) Including Germany, Switzerland, currency adjusted

2) New business production

As per HY 2011 95% of targeted cost savings implemented with clear impact on IFRS P&L



Status of targeted cost savings implemented as per HY 2011 – project view



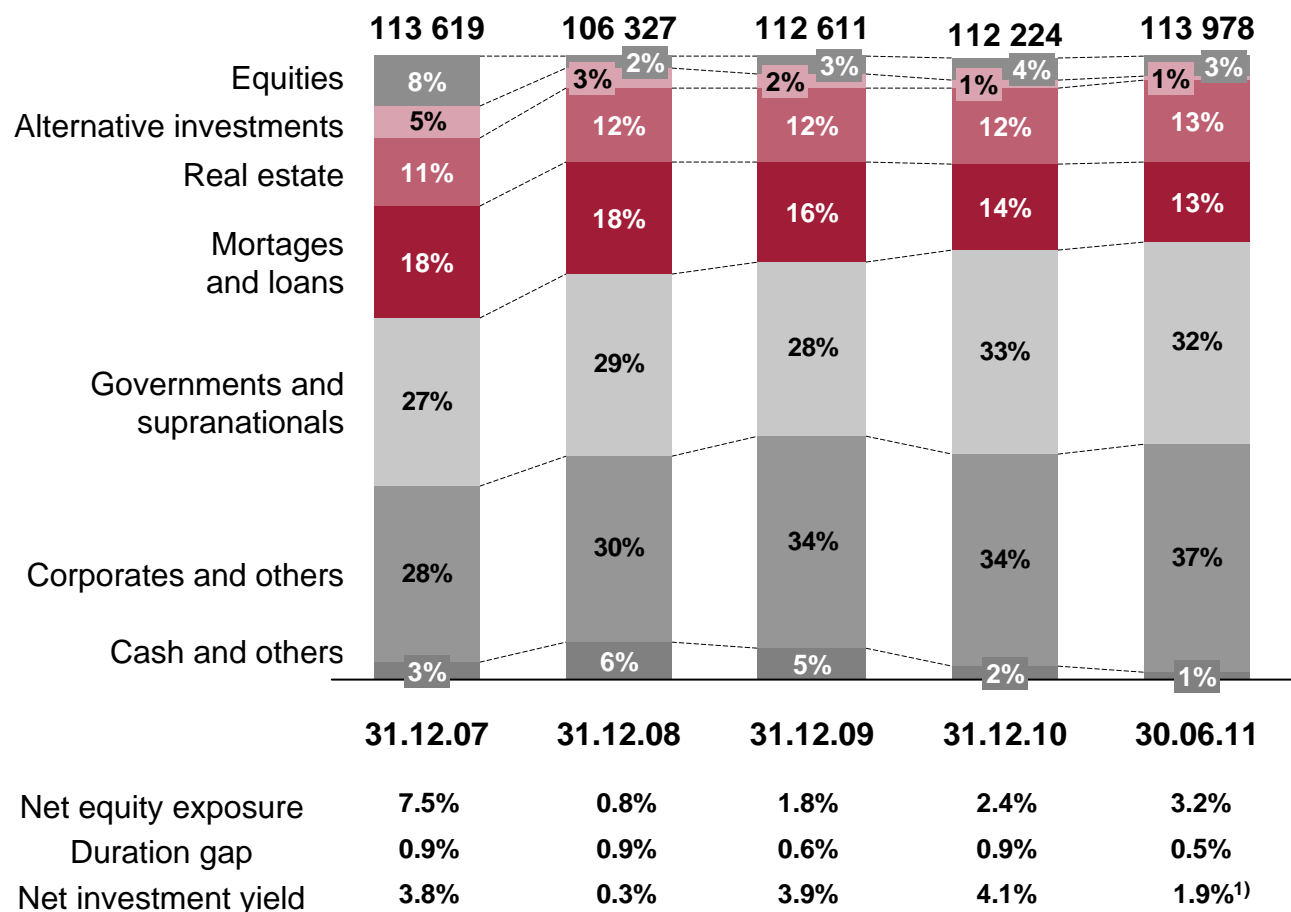
Major achievements

- CH: Additional cost savings of CHF 10 m realised in HY 2011
 - FR & DE: Lean Six Sigma portfolios with 20+ running initiatives, 25 initiatives already closed with a contribution of approx. CHF 1.1 m. Initiatives mainly in the area of Operations & Customer Service followed by IT and Finance
 - FR: Various ongoing initiatives mainly in operations
 - DE: Change of branch office to lower cost location (expected in April 2014)
 - Restructuring costs 2008-HY 2011: CHF 166 m; planned additional restructuring costs until 2012: CHF 10 m
- Since FY 2008 overall cost savings in the P&L amount to CHF 324 million

Asset allocation de-risked but still generates attractive yield



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



- Share of bonds and real estate increased at the expense of equities and hedge funds
- Asset duration lengthened
- FX and equity hedging in place

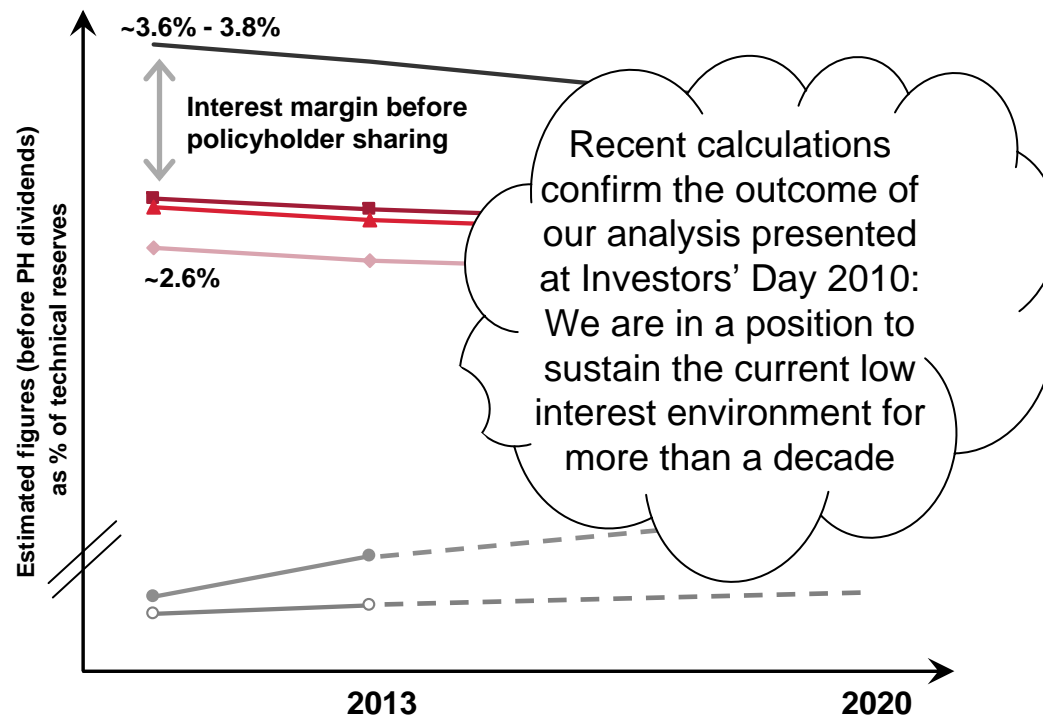
30.09.11
1.1%
Clearly below 1%
2.7%¹⁾

1) Non annualised

Positive investment margin supports in-force business



Illustrative; as shown at Investors' Day 2010: Sustainable investment margin in a continuous low interest rate environment



- ◆ Average technical interest rate
- Guarantees and quasi-guarantees before measures
- ▲ Guarantees and quasi-guarantees with measures CH
- Investment yield
- Risk and cost margin
- Risk, costs and fees

- 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



Successful execution has increased resilience of business model

Comprehensive set of measures implemented over the course of last 2 years:

Measures

Asset side

- Enhance sustainable investment returns
- Preserve investment margin

- Solid and proven ALM: Duration gap kept below 1 year and significantly reduced interest rate sensitivity
- SAA adjusted: Share of bonds and real estate increased at the expense of equities and hedge funds
- FX and equity hedging in place
- **Protect direct yield**

Liability side

- Strengthen technical results
- Build up policyholder buffers

- In-force: PH participation reduced
- Cost base significantly reduced
- PH buffers and reserves strengthened
- New business: Share of risk products increased, shorter time-to-market
- **Improve technical margins**

Other

- Reduce dependency on investment income

- Fee income increased
- Successful shift towards modern products
- **Diversify profit sources towards fee income**

Increased resilience of business model

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Swiss Life priorities

Continue disciplined execution of MILESTONE:

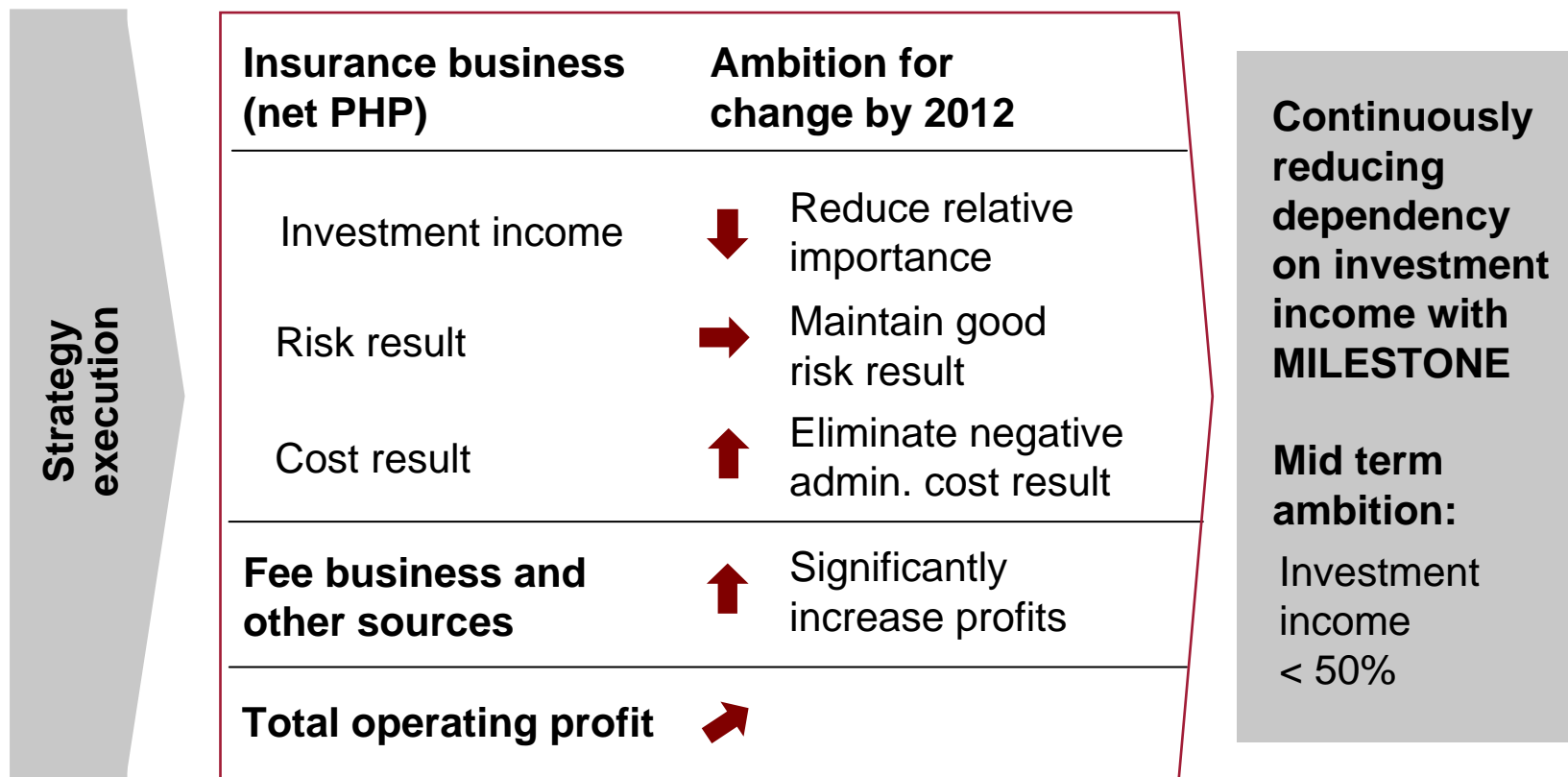
- Drive margin management and put profit before growth
- Leverage and diversify distribution channels
- Further decrease expense base beyond 2012 MILESTONE targets
- Continue diligent capital and in-force management

Exploit profitable growth opportunities with focus on:

- Protection & health
- Unit-linked
- Corporate life & pensions
- Services

Change business model to reduce dependency on investment income by adding more risk & fee business

Strategy execution will lead to improved diversification of profit sources



Cautionary statement regarding forward-looking information



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SwissLife

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Financial calendar

Full-year results 2011	29 February 2012
Annual General Meeting 2012	19 April 2012
Interim Statement Q1 2012	08 May 2012

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SwissLife

The future starts here.