



**Merrill Lynch
Banking & Insurance CEO Conference**

Rolf Dörig, CEO
London, 5 October 2006

Agenda



1. Market environment and position

2. Group strategy

- Growth
- Efficiency
- Leadership

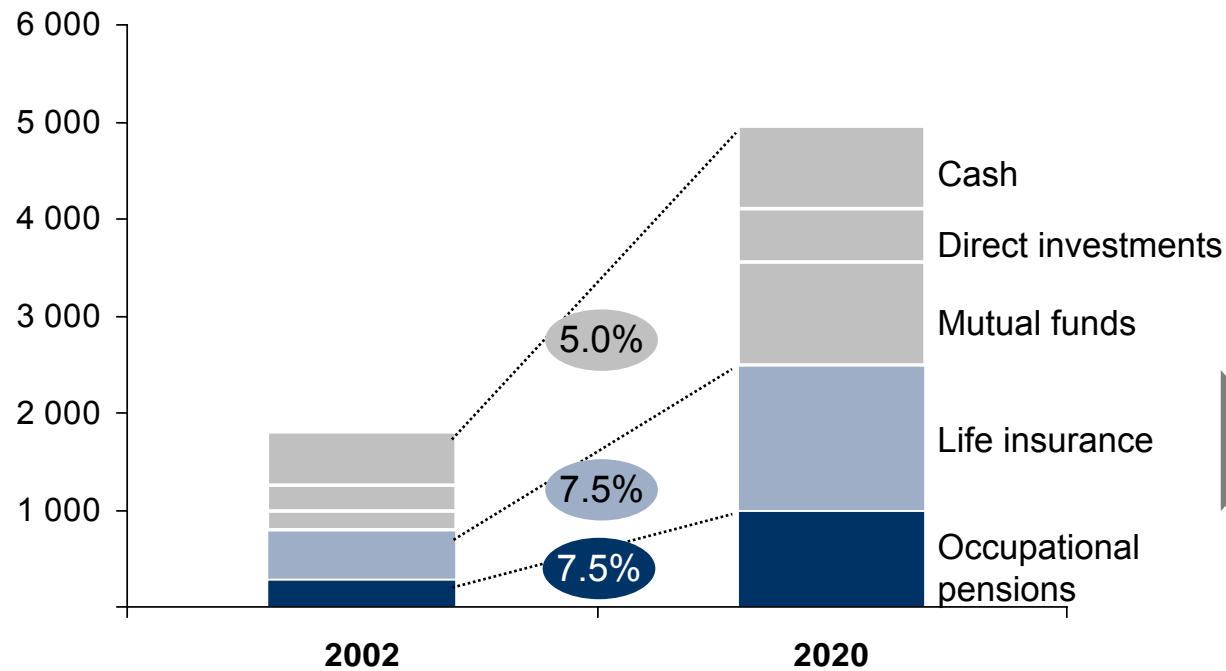
3. Financial results

4. Summary and outlook

Long-term savings in Europe: Attractive long-term growth potential for life insurance



Total expected gross inflows into European savings (EUR billion)

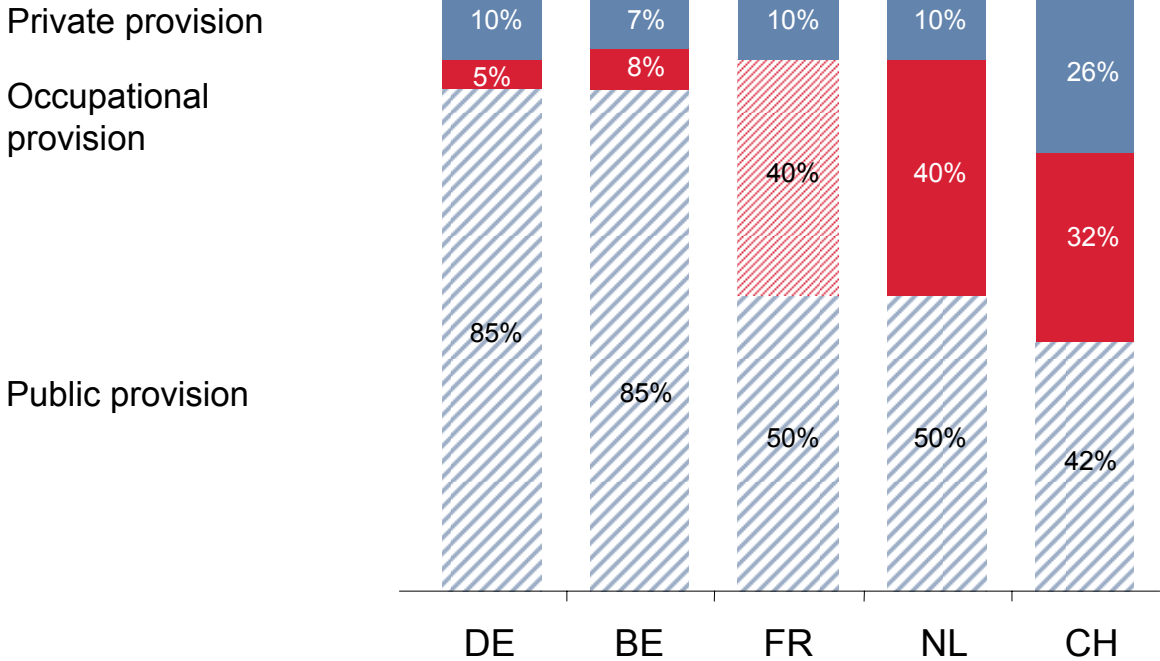


- Life and pensions in Europe expected to grow by 7.5% p.a. up to 2020
- Long-term security and additional customer benefits as key competitive advantage for life insurance

Continuing pressure on first pillar supports shift to private and occupational provision



Retirees' income sources
 (shaded areas: pay-as-you-go system; other areas: funded systems)

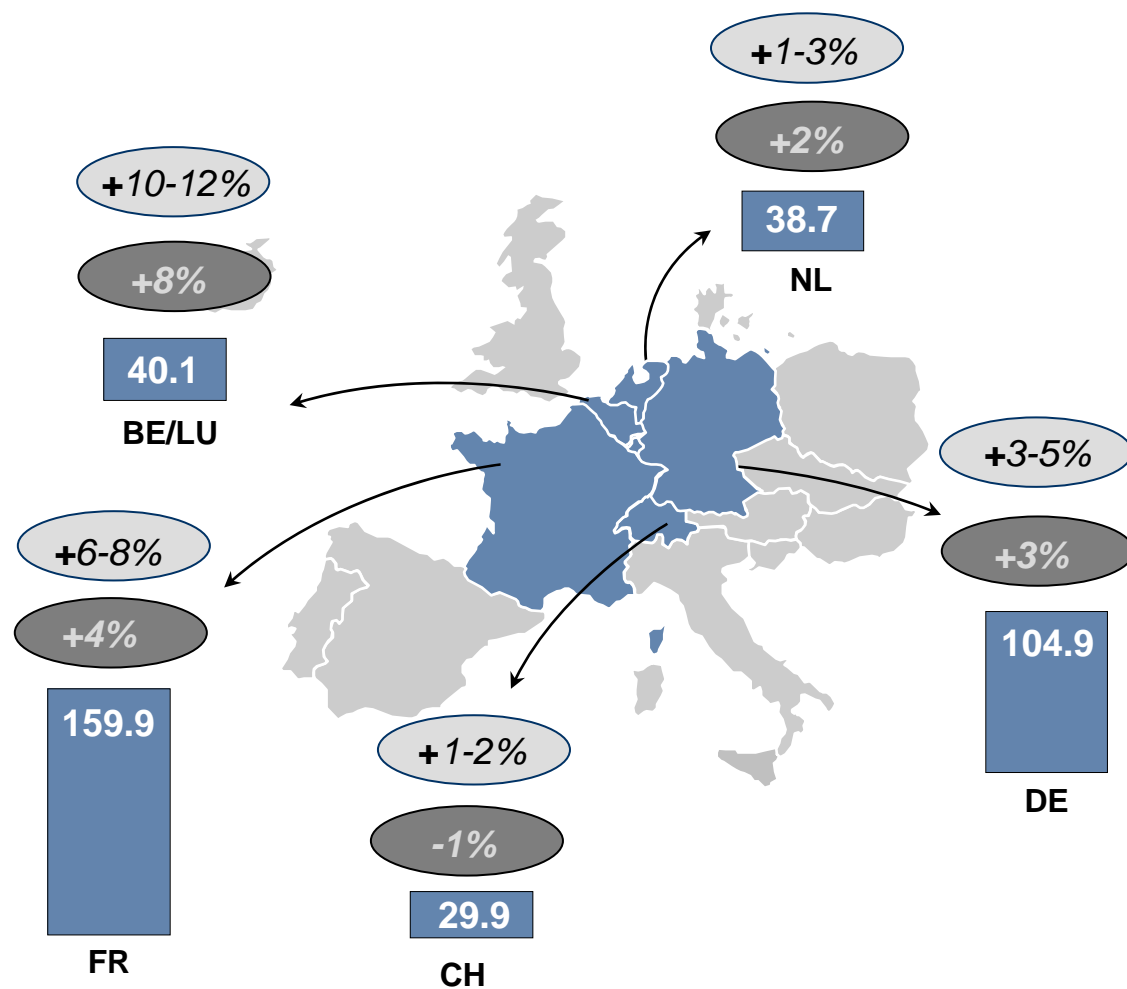


- Countries with higher proportion of unfunded systems will come under heavy pressure
- Resulting in long-term and sustainable growth potential for life insurers

Source: Swiss Life

European life markets with growth potential

Life premiums in CHF billion 2004



- Attractive market potential in all life markets
- Ageing population as main growth driver

Market growth per annum

<i>Expected</i>	<i>Historic</i>
2005-2008	2000-2004

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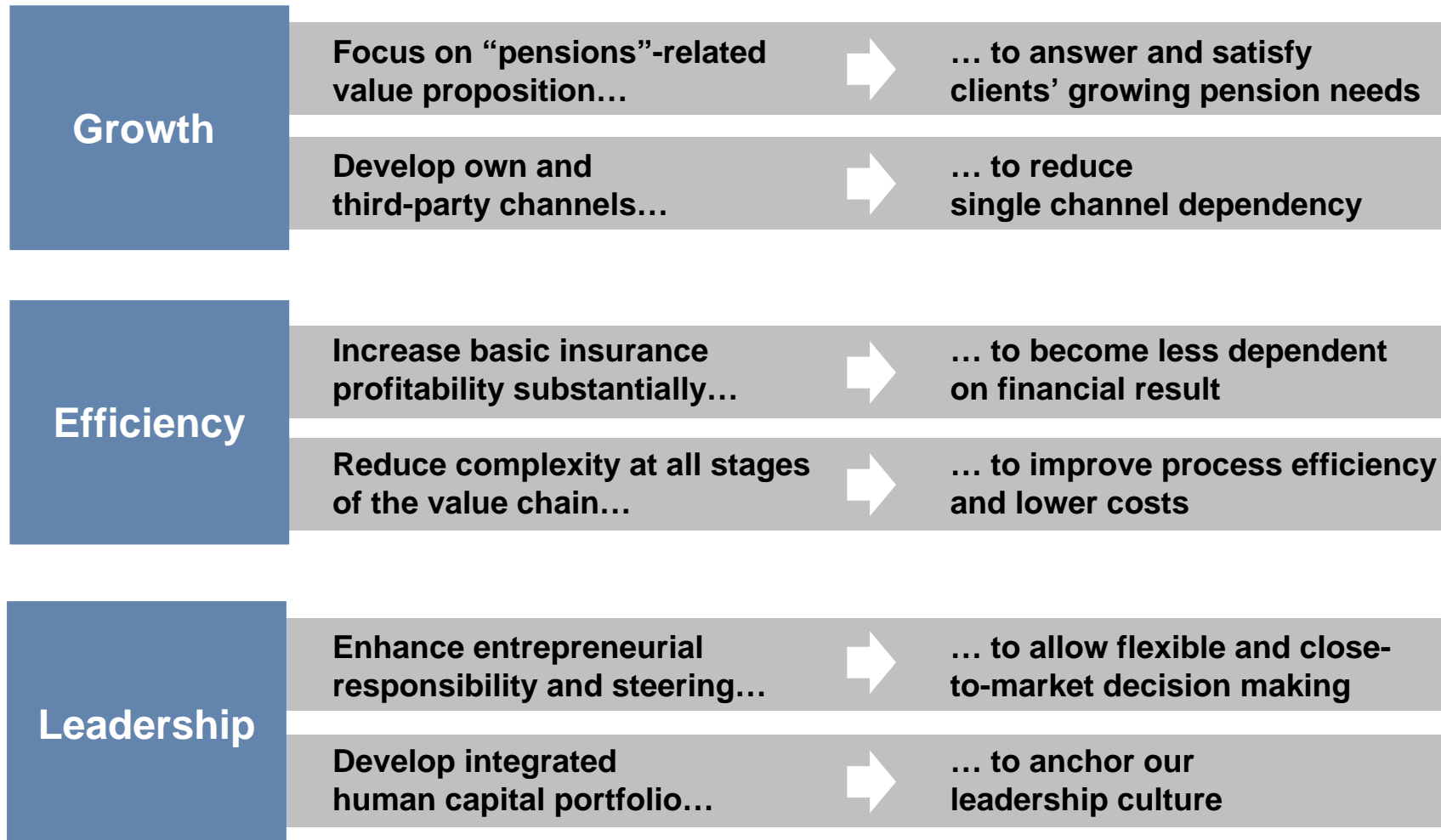
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- **Efficiency**
- **Leadership**

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Three strategic directions for achieving our ambition



Growth: Targets underpinned by concrete actions



Key actions in Europe

- Focus on organic growth
- Focus on products and services with profitable growth
 - Launch new products in pensions with tailored advice
- Increase distribution capacity
 - Set up new distribution partnerships to increase sales capacity

**SL growth 2005-2008: 23%
vs. market expectation of 19%**

Key actions in Switzerland

- Launch new products and less interest rate sensitive products
- Increase sales effectiveness of own sales force
- Develop relationships with brokers, banks and strategic partners

**SL growth 2005-2008: 8%
vs. market expectation of 5%**

Efficiency: Continue increase in efficiency on all levels



Key actions in Europe

- Continue efficiency improvement on all levels
 - Only marginal fixed-cost increase despite increasing premium volume
- Exit from unprofitable products or particularly price-sensitive areas



Contribution to basic insurance result by 2008: CHF 350 million

Key actions in Switzerland

- Reap efficiency benefits of “La Suisse” and Vaudoise integration
- Continue efficiency driven by IT and Business Engineering projects to increase efficiency drive
- Increase effectiveness and efficiency of sales forces



Contribution to basic insurance result by 2008: CHF 150 million

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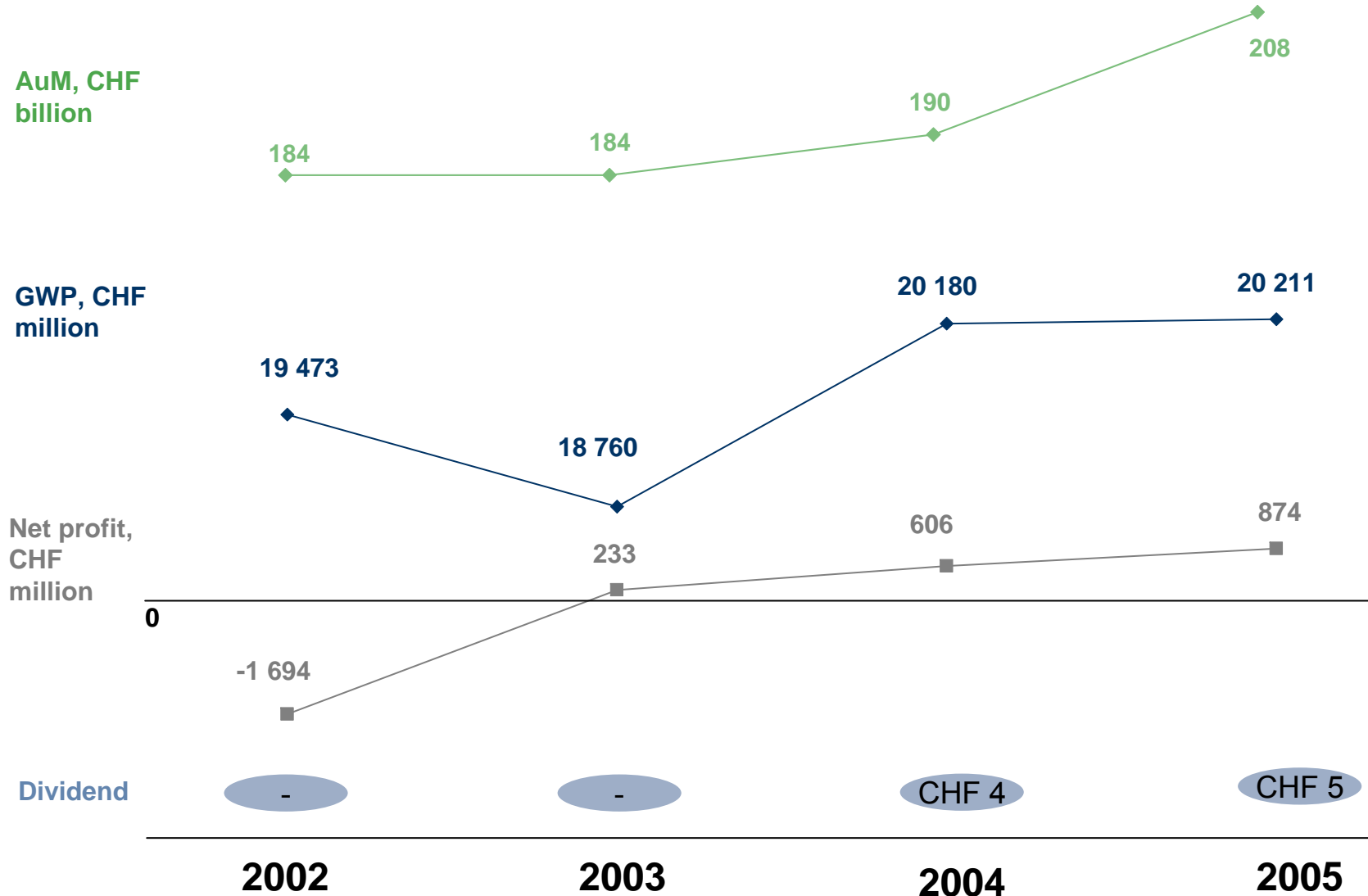
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Back to profitable growth

CHF million (IFRS basis)



Results improve consistently



Net profit	➔	CHF 523 million	+13%
Profit from operations	➔	CHF 660 million	+22%
Premium growth	➔	CHF 12.7 billion	+9%
Operating expenses	➔	reduced to CHF 1.5 billion	-4%
Shareholders' equity	➔	CHF 7.2 billion	-6%
Embedded value	➔	CHF 10.1 billion	+13%

Strong business performance

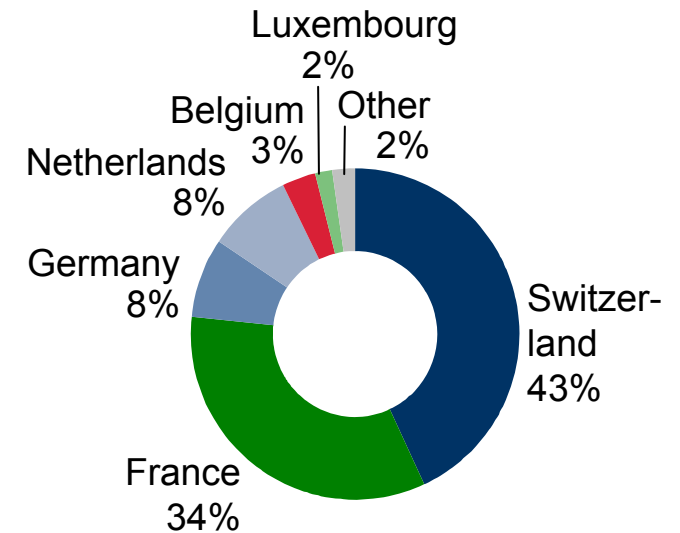
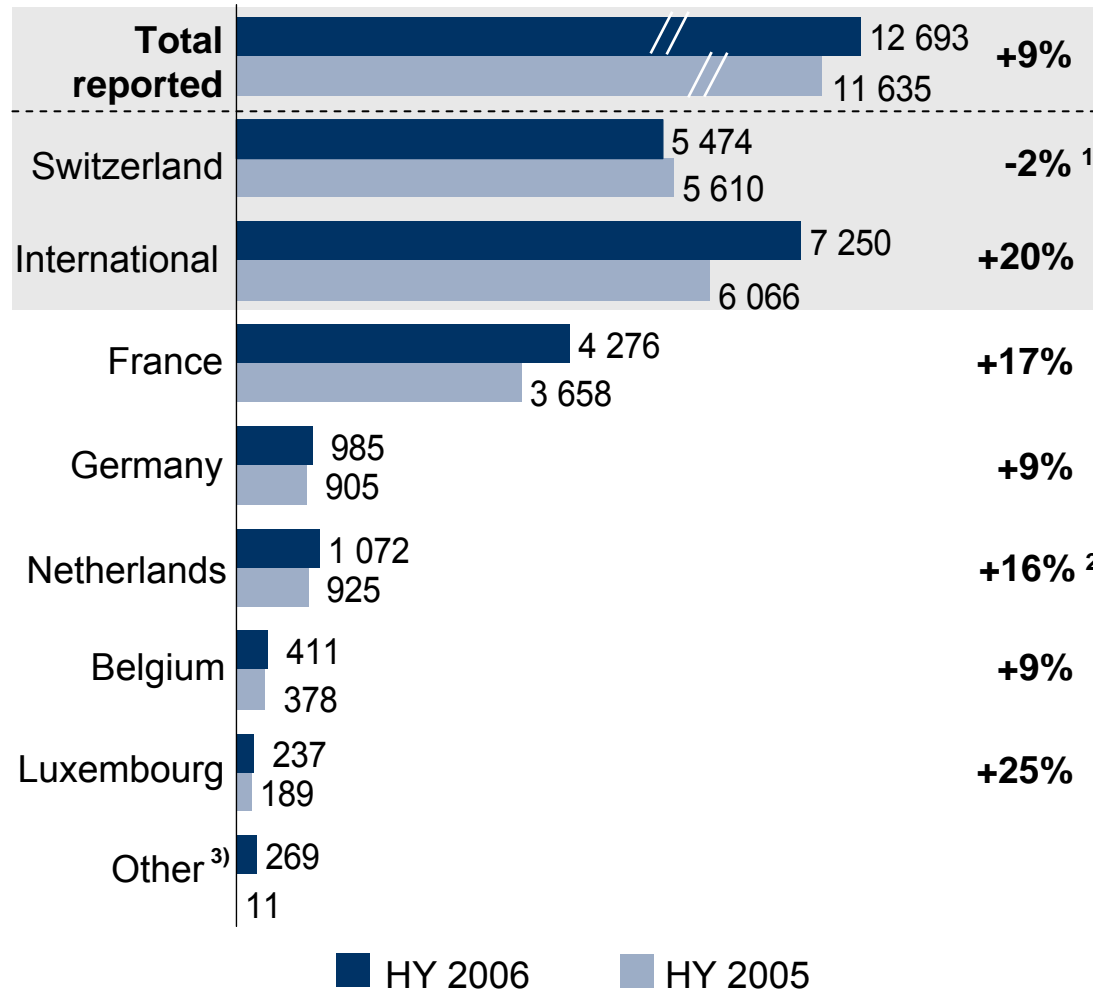


- **International:** Sustainable growth continued
 - 20% premium growth; outperforms market average
 - Active measures to further improve profitability
- **Switzerland:** New business profitability in group and individual business increased
 - Efficiency measures start to take effect
 - Good development of unit-linked sales ongoing
- **Investment Management:** Active ALM delivered expected results
 - Direct return stable
 - Results and shareholders' equity under control due to hedge accounting and use of derivatives
- **Banca del Gottardo:** Solid profit contribution
 - Strategy implementation on track
 - Promising net new money inflow

Premium growth of 20% in international markets



GWP & PHD; CHF million (IFRS basis)



1) Growth +3% on an adjusted basis (excluding non-life premiums CHF 289 million in HY 2005)
 2) Growth -6% on an adjusted basis (excluding Bols deal in 2006 CHF 202 million)
 3) Including Italy CHF 11 million in 2005 and CHF 10 million in 2006; including Liechtenstein CHF 259 million in 2006

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Our priorities



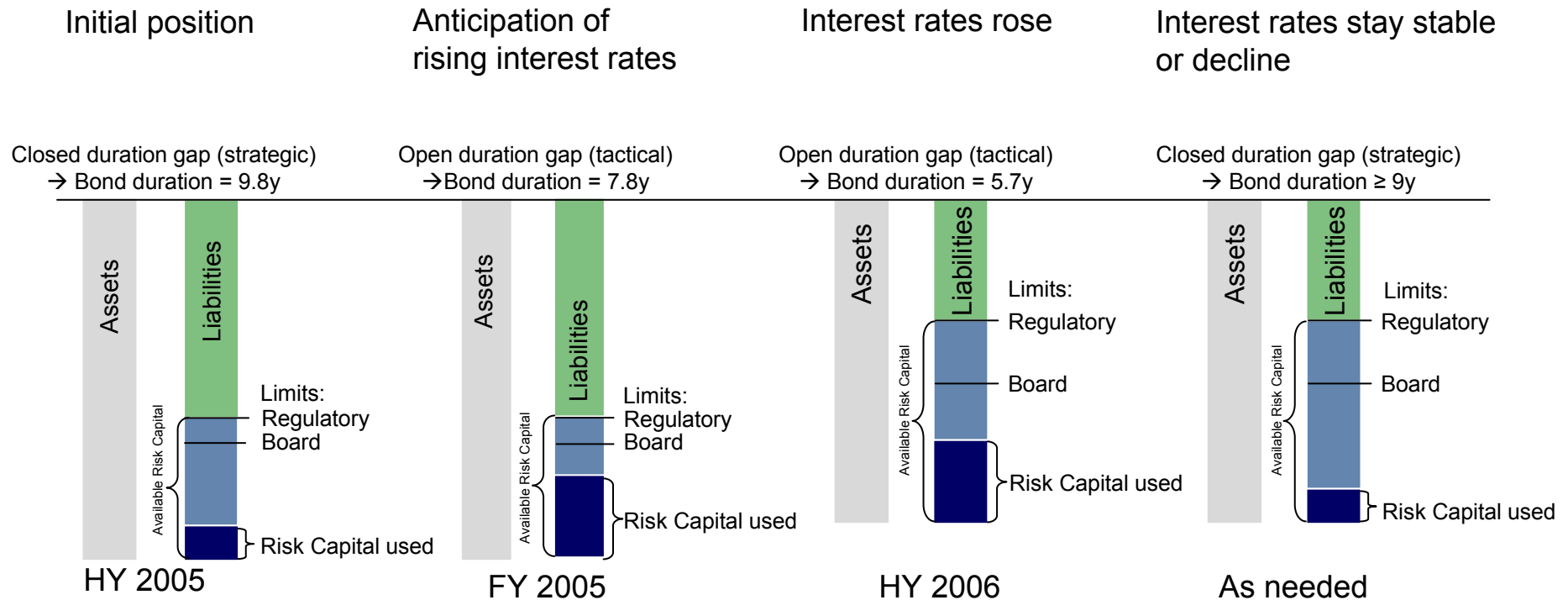
- **International**
 - Seize growth opportunities
 - Increase profitability on in-force and new business
- **Switzerland**
 - Increase efficiency, profitability and launch new products
 - Leverage existing portfolio and strengthen market position
- **Investment management activities - ALM**
 - Keep the financial result stable
 - Protect solid equity
- **Banca del Gottardo**
 - Focus on private banking
 - Implement strategy successfully

Several measures in place to mitigate interest rate volatility



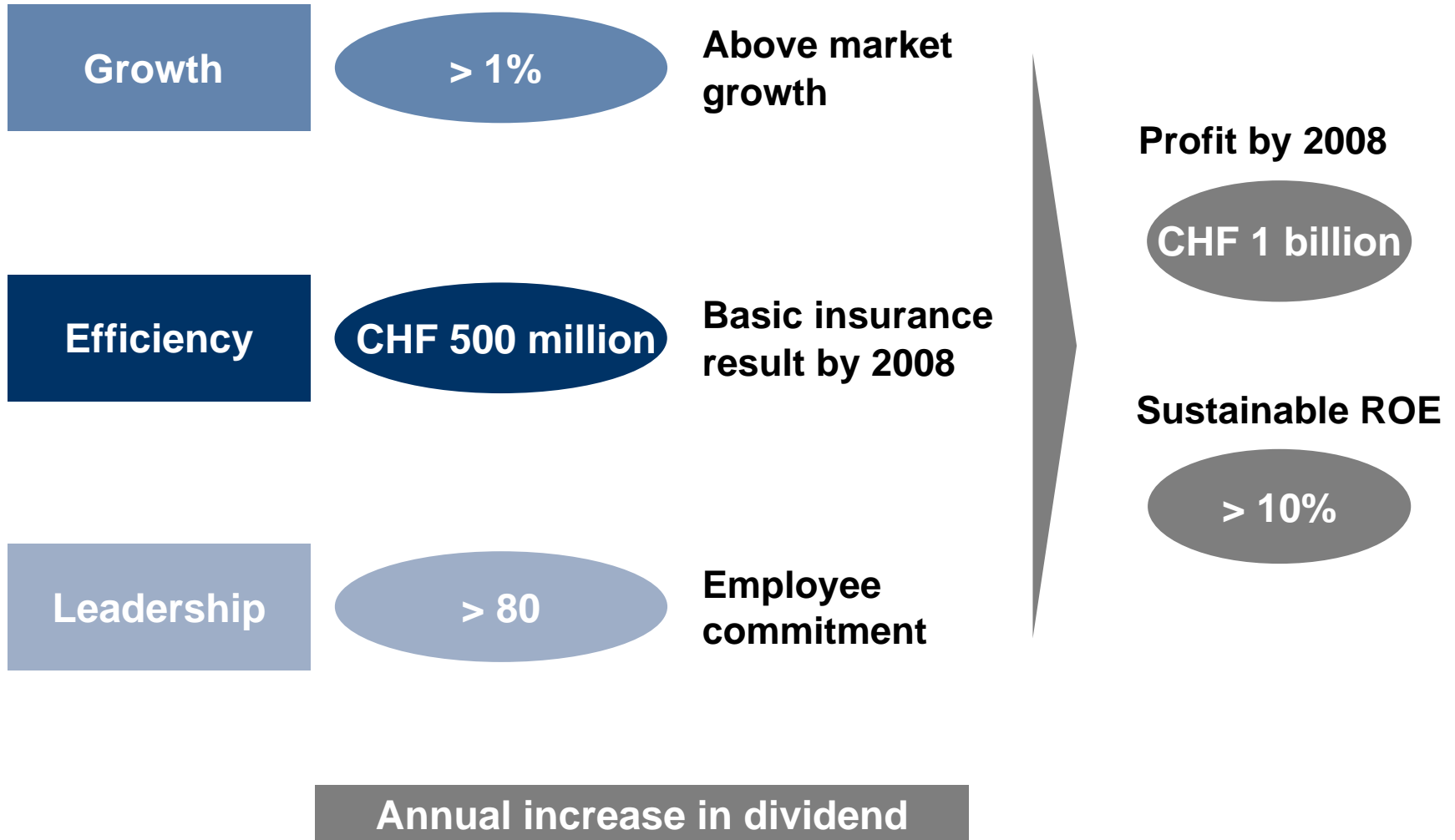
- **Rising interest rates enhance embedded value and economic net worth**
- **IFRS equity protected by**
 - Use of derivatives and hedge accounting
 - Active management of duration gap
 - Policyholder/shareholder split and bonus adjustment potential
- **Statutory equity not affected**
 - Solvency I at a comfortable level and with downside protection (floored)
 - Business steered with Solvency II (SST, as defined by Swiss regulator); Active ALM has significantly increased Solvency II level

Active Asset and Liability Management at Swiss Life



- Flexibility to increase duration due to bonds classified as available for sale (AFS) and unwind of the derivatives and hedges
- Solvency I at a comfortable level and with downside protection (floored) in case of rising interest rates; Business steered with Solvency II (SST, as defined by Swiss regulator); Active ALM has significantly increased Solvency II level

On track to achieve our 2008 goals





SwissLife
Prepared for the future.



Supplementary information

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1. Profit and loss

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Net profit increased 13% to CHF 523 million



CHF million (IFRS basis)

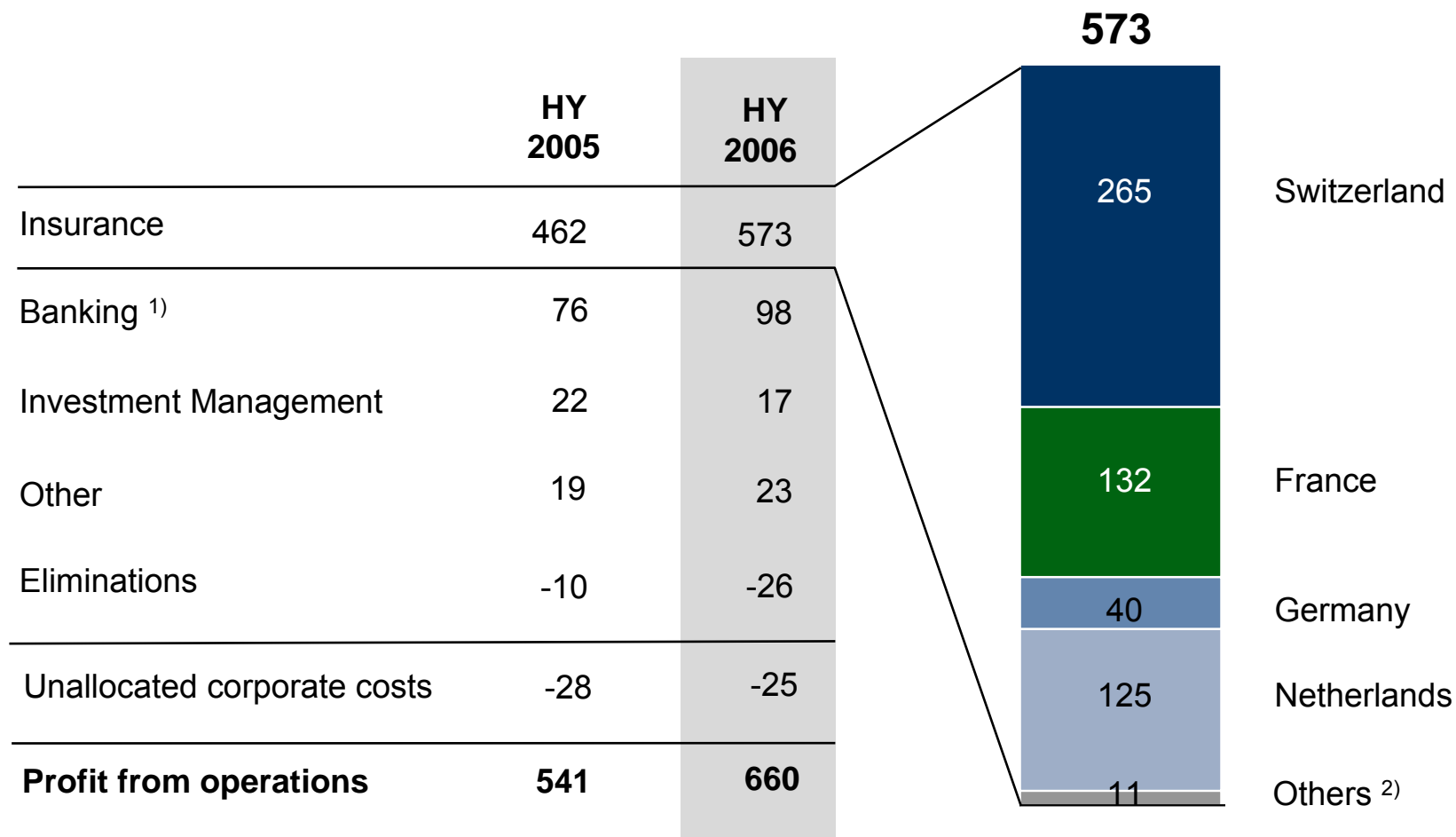
	HY 2006	HY 2005
Gross written premiums, fees and deposits received	12 693	11 635
Financial result for own risk	2 958	2 902
Net insurance benefits and claims	-8 783	-8 529
Policyholder participation	-869	-870
Operating expenses	-1 474	-1 528
Profit from operations	660	541
Borrowing costs	-80	-95
Taxes and results of associates	-57	17
Net profit	523	463
Earnings per share (in CHF) ¹⁾	14.72	12.93
Return on equity (ROE) annualised	14.3%	13.4%

1) Diluted, based on 35 095 361 shares in 2006 and 35 006 638 shares in 2005

Increasing profit contribution of insurance and banking segments



Segment results; CHF million (IFRS basis)



1) Including gains on sales of BdG (Monaco) & Dreieck Industrie Leasing CHF 50 million minus one-off effects of CHF 42 million in 2006

2) Comprises Belgium, Luxembourg, Liechtenstein, Italy, Eliminations

Switzerland: Life insurance premiums



CHF million (IFRS basis)

	HY 2006	HY 2005	Change
Total life GWP incl. PH deposits ¹⁾	5 474	5 321	+2.9%
Single premiums	2 184	2 064	5.8%
Periodic premiums	3 163	2 966	6.6%
Investment contract prem. & policy fees	76	250	n.m.
Reinsurance premiums assumed	51	41	24.4%
Group life	4 600	4 363	5.4%
Single premiums	1 886	1 673	12.7%
Periodic premiums	2 654	2 456	8.1%
Investment contract prem. & policy fees	60	234	n.m.
Individual life	823	917	-10.3%
Single premiums	298	391	-23.4%
Periodic premiums	509	510	-0.2%
Investment contract prem. & policy fees	16	16	-5.2%

1) Excluding non-life premium CHF 289 million in HY 2005

Switzerland: Current issues in legislation



Group business

- **Conversion Rate:** More substantial and faster reduction recommended by the Federal Council (6.4% by 2011)
- **Minimum Interest Rate:** The majority of the BVG Commission to the Federal Council recommends keeping it at 2.5% for the next year. The Federal Council has yet to decide (approx. mid September 2006)

Broad interest in a stable 2nd pillar with secure funding and guaranteed pensions

Individual business

The following parliamentary initiatives have been put forward, but have not yet been decided upon:

Pillar 3a:

- Make pillar 3a accessible to those not working
- Expand pillar 3a from retirement age 65 to 70

Pillar 3c:

- Launch a pillar 3c to finance costs of old age care

Positive tendency to expand pillar 3: Potential to develop new business

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Balance sheet develops as expected in rising interest rate scenario



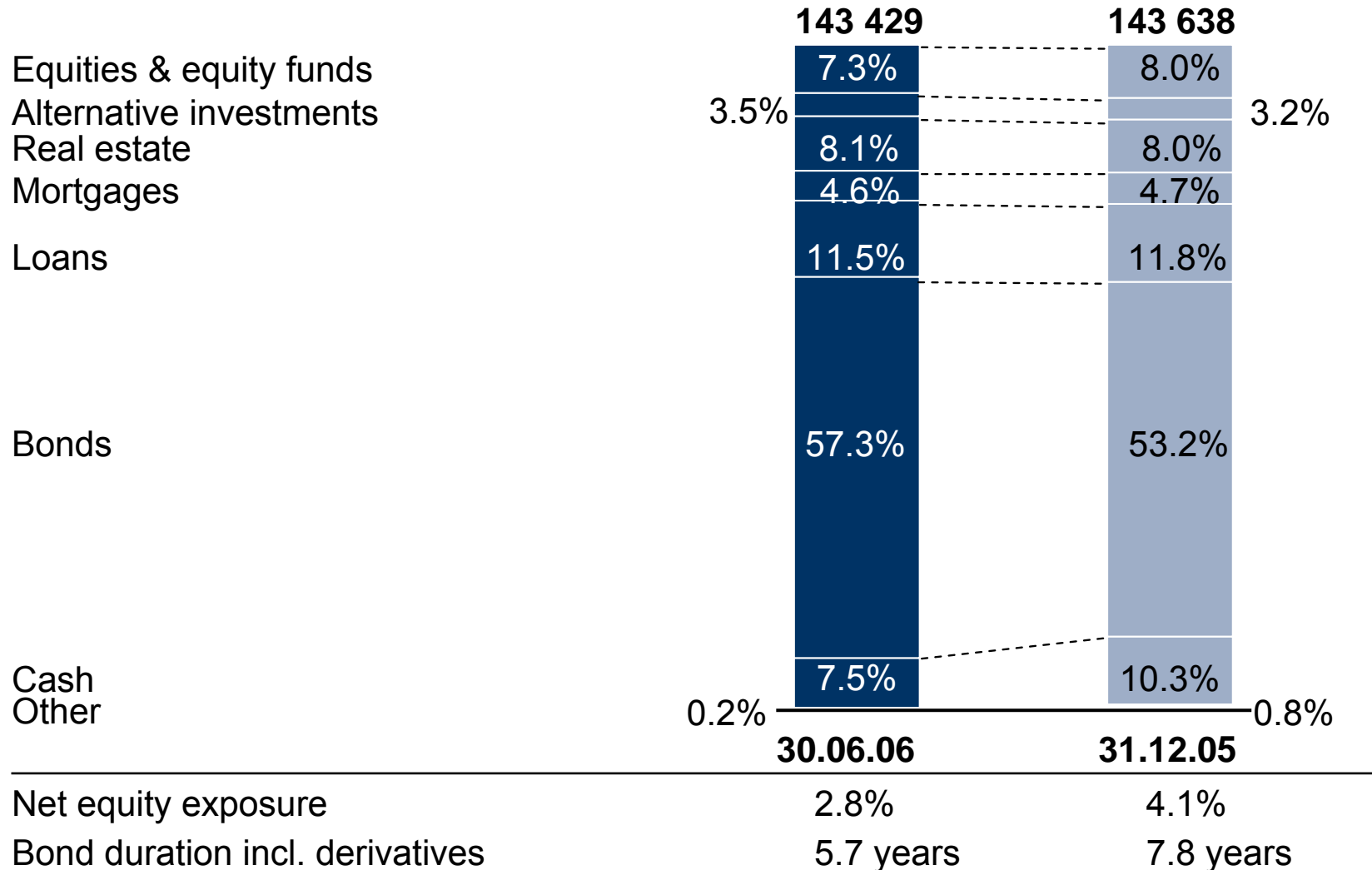
CHF million (IFRS basis)

	30.06.2006	31.12.2005
Insurance reserves	141 282	139 252
Insurance liabilities	108 854	106 541
Investment contracts	26 712	24 629
Policyholder participation liabilities	5 716	8 082
Borrowings	5 267	4 388
Shareholders' equity	7 172	7 655
<hr/>		
Total liabilities and equity	179 223	177 597
<hr/>		
Core capital	13 233	16 621
Equity	7 426	7 953
Hybrid capital instruments	1 701	1 689
Deferred Group-related funds	4 106	6 979

Reinvesting in bonds while maintaining short duration through derivatives



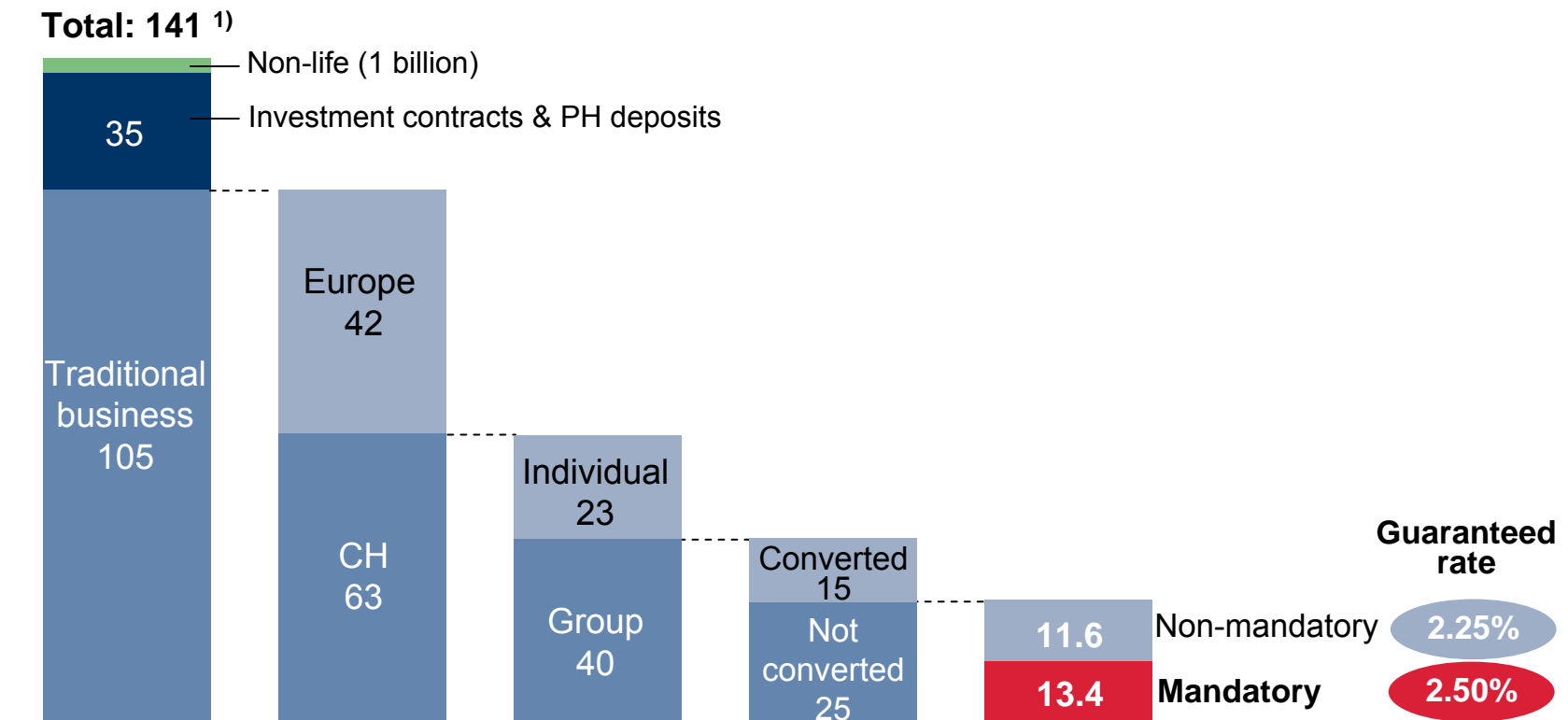
Asset allocation of insurance portfolio; CHF million (IFRS basis)



Less than 10% of Swiss Life Group reserves are subject to BVG minimum interest rates

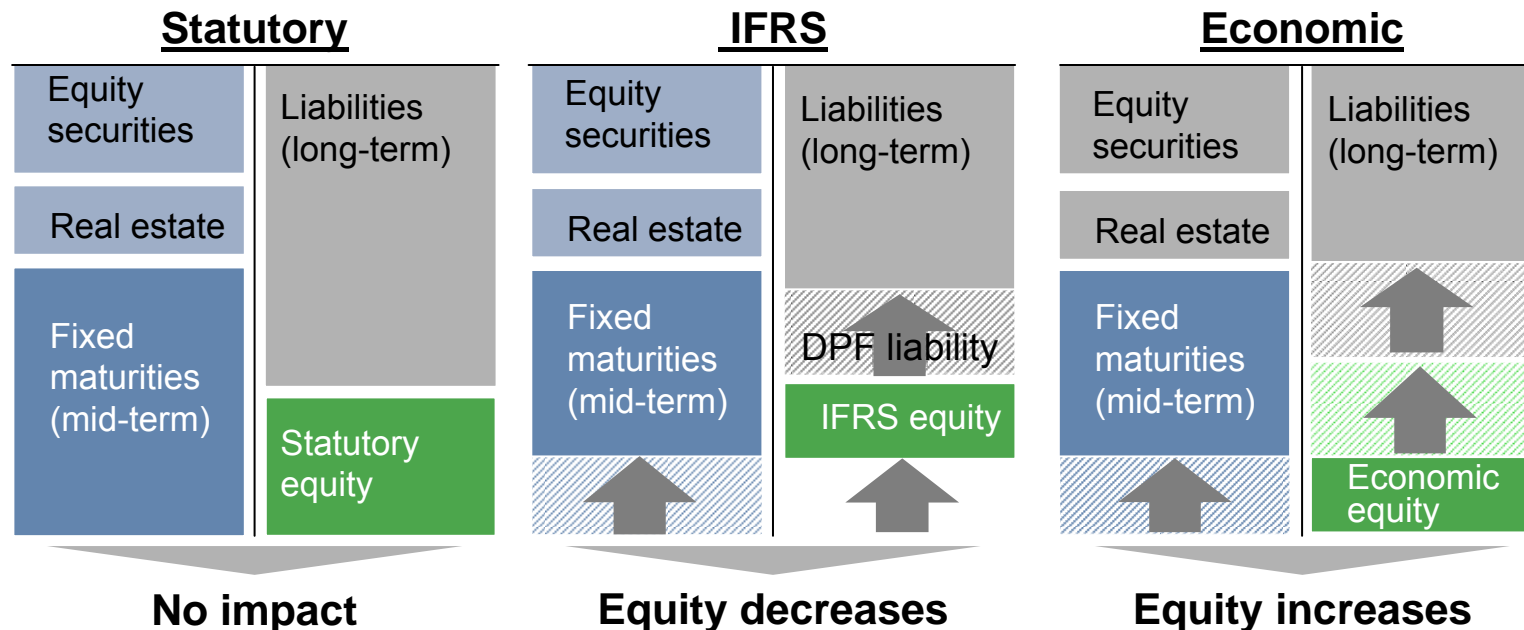


Breakdown of technical reserves as per 30.06.2006; CHF billion (IFRS basis)



1) Excludes 3rd party reserves of CHF 6 billion: Unit-linked and embedded derivatives insurance

Example of rising interest rates



- Positive impact of rising interest rates visible in embedded value and economic net worth
- IFRS equity is not the appropriate measure for insurance value; IFRS equity, however, protected by use of derivatives and hedge accounting in a first step
- Active steering of the duration gap has a positive effect on economic equity and protect IFRS equity
- IFRS equity further protected by policyholders: through DPF liability (incl. bonus reserves) and bonus adjustments potential
- Solvency I at a comfortable level and protected towards downside (floored) in case of rising interest rate; Business steered with Solvency II (SST) and defined by Swiss regulator; Active ALM has significantly increased Solvency II level

Duration of bond portfolio - including interest rate hedges



Effective duration parent company (Stammhaus); years

	30.06.2006	31.12.2005	30.06.2005
CHF	7.2	8.8	8.9
EUR	5.3	7.7	10.0
GBP	5.1	5.5	10.1
USD	2.9	3.4	11.6
Average	5.7	7.8	9.8

Average technical interest rate of 3.02%



CHF / EUR / USD / GBP million (statutory basis)

	CHF	EUR	USD	GBP
Total reserves	64 819	33 489	471	9
Mean technical interest rate	2.79%	3.29%	4.09%	3.58%

Overall: 3.02% (FY 2005: 3.03%)

Statutory solvency at 169%

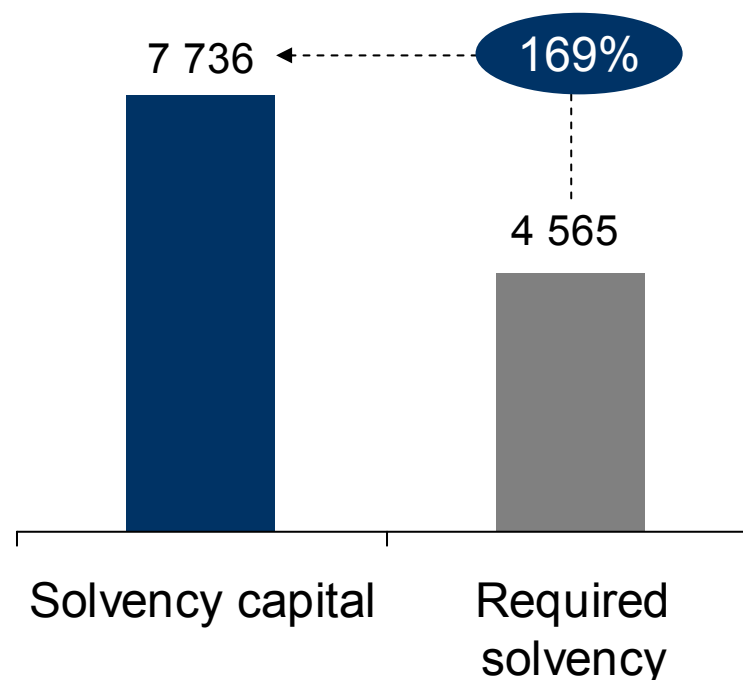


CHF million (statutory basis)

Solvency capital

Parent company statutory equity	3 032
Intangibles	-47
Hybrid capital	1 544
Fund for future appropriation	678
Additional Zillmerisation	527
Unrealised capital gains	1 311
Unattributed surplus	691
Solvency capital	7 736

Statutory solvency



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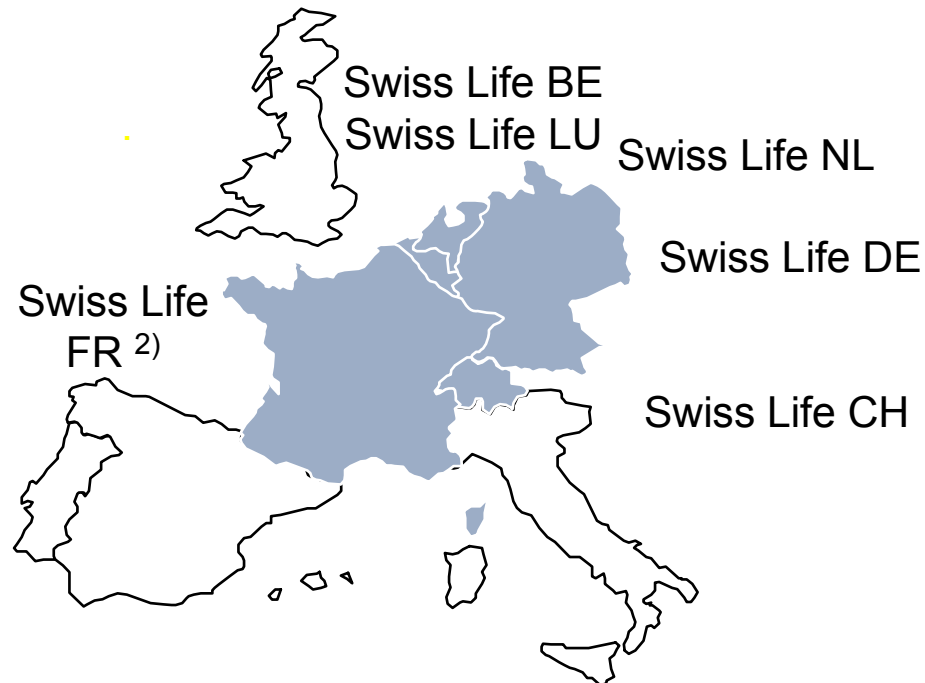
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Implementation of embedded value at Swiss Life



- ANAV and PVFP have been calculated for more than 95% of the mathematical reserves
- For other life insurance entities only the NAV has been included
- The banking ¹⁾ and non-life insurance businesses have also been included at book value
- PwC has reviewed the embedded value calculations

1) Including Banca del Gottardo at book value of CHF 1 340 million

2) Swiss Life France consists of: Swiss Life Assurance Retraite, Swiss Life Assurances et Patrimoine, Swiss Life Prévoyance et Santé, Erisa

Embedded value exceeds CHF 10 billion



CHF million (statutory basis)

	30.06.2006	31.12.2005	Change	RoEV ¹⁾
Embedded value Switzerland	3 863	3 614	+6.9%	+11.2%
Embedded value International	4 175	3 460	+20.7%	+20.0%
ANAV Swiss Life Holding	2 037	1 813		
Swiss Life Group	10 075	8 887		+13.4%
of which ANAV	6 636	5 942		
PVFP	5 303	4 809		
Cost of capital	-1 864	-1 864		
Embedded value per share ²⁾	298	263		

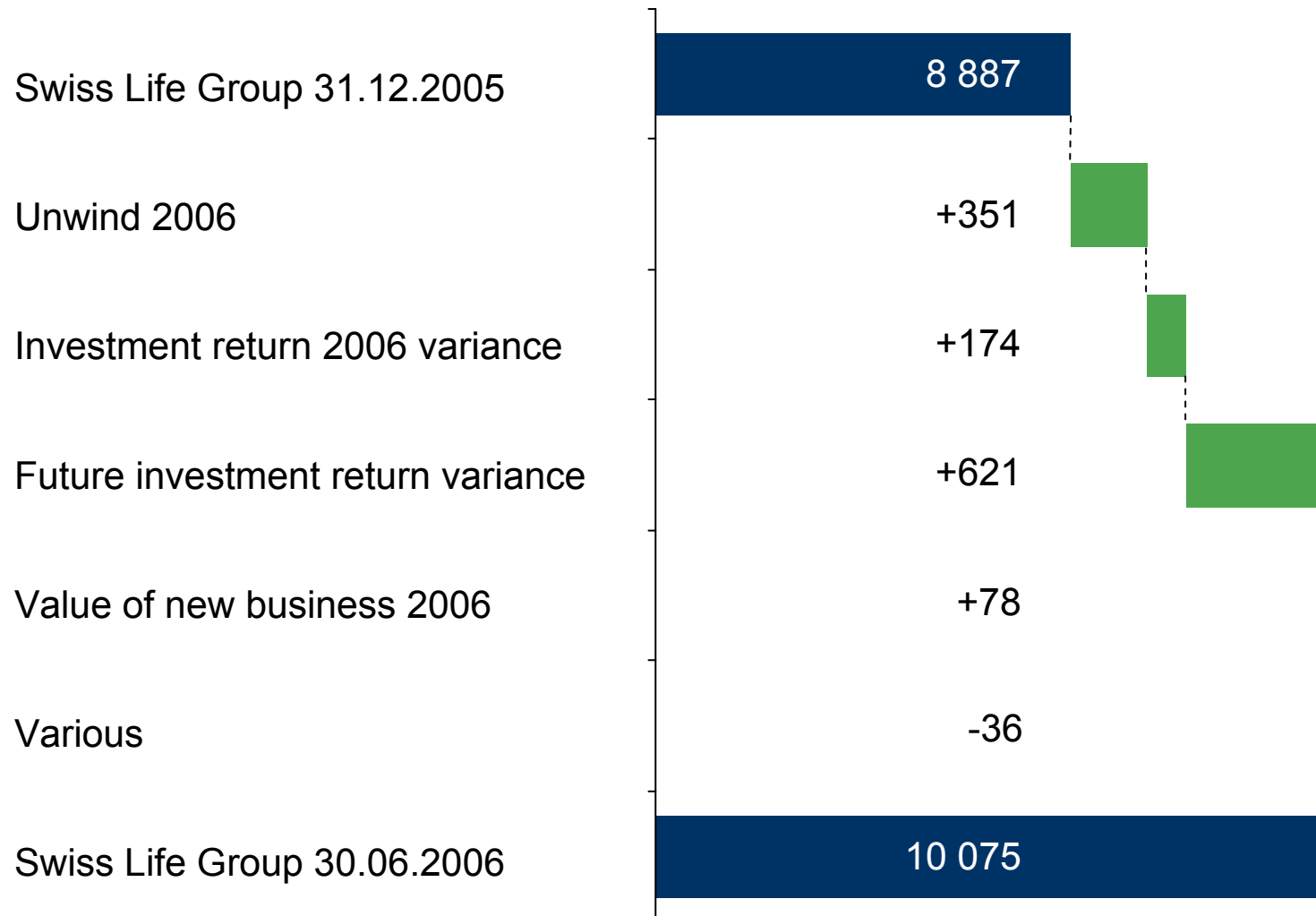
1) Net of intra-group transfers

2) Based on 33.8 million shares

Embedded value increased by 13%



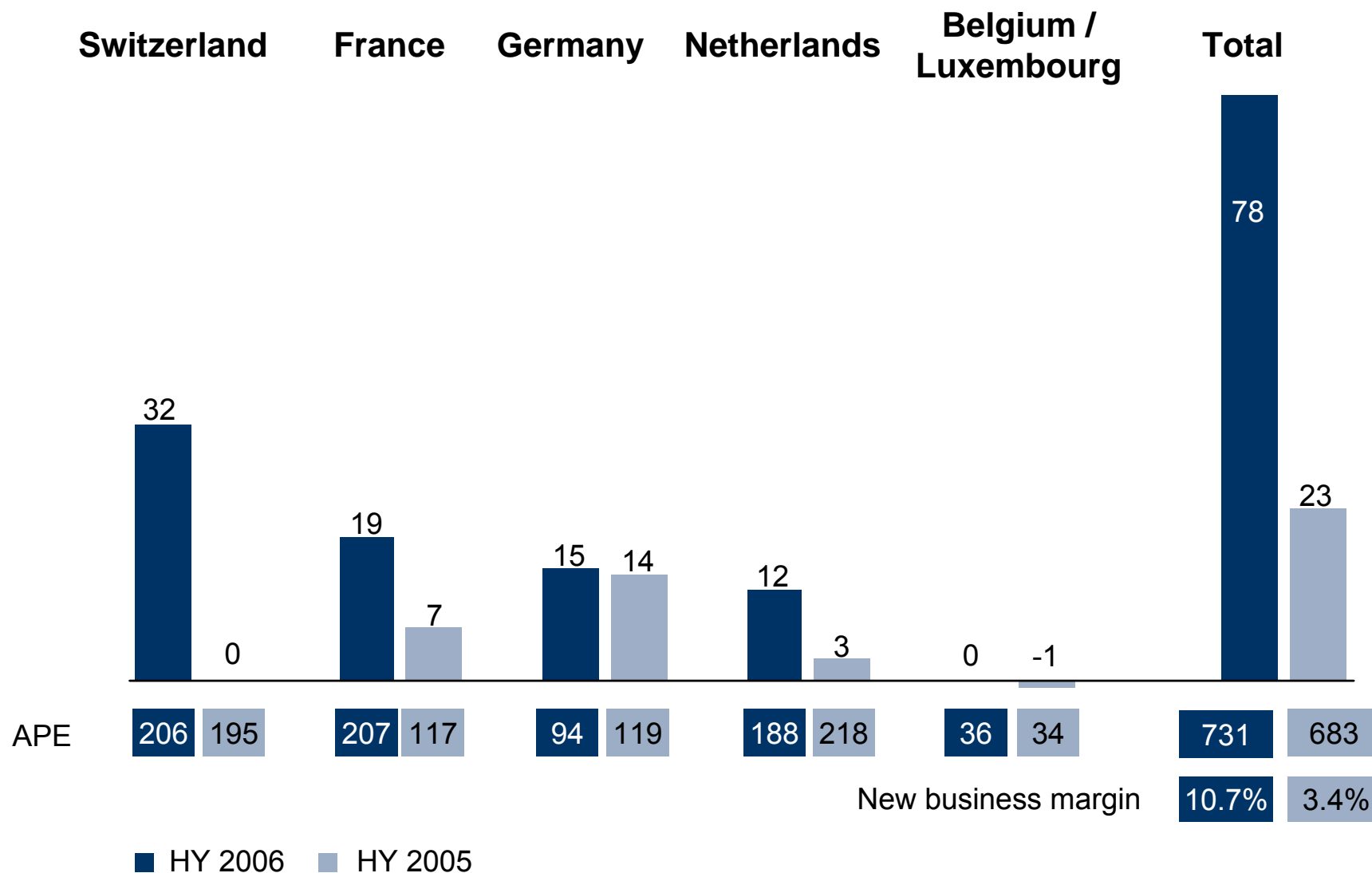
Analysis of change; CHF million (statutory basis)



Strong contribution to value of new business by all markets



CHF million (statutory basis)



Key assumptions for embedded value calculation



	30.06.2006		31.12.2005	
	CH	EU	CH	EU
Risk discount rate	7.0%	8.0%	7.0%	8.0%
Equity return	6.5%	7.5%	6.5%	7.5%
Bond return	3.1%	4.3%	2.1%	3.6%
Real estate return	4.5%	5.2%	4.5%	5.2%
Hedge fund return	6.0%	7.0%	6.5%	7.5%
Weighted new money rate	3.7%	4.5%	3.2%	3.8%

- Weighted new money return based on asset allocation
- Weighted returns are lower due to reduced assumed future investment returns
- Long-term bond return from 2011 onwards

CH	3.5%
EU	4.7%
- Long-term weighted new money rate from 2011 onwards

CH	4.1%
EU	4.9%
- No uplift for foreign currency bonds assumed

10-year government bond:	30.06.2006	31.12.2005
Switzerland (CHF)	2.9%	2.0%
Europe (EUR)	4.1%	3.3%

Asset allocation assumptions by region



	30.06.2006		31.12.2005	
	CH	EU	CH	EU
Cash and cash equivalents	1%	1%	4%	2%
Bonds and loans	65%	82%	56%	82%
Mortgages	7%	2%	9%	2%
Real estate	14%	5%	13%	5%
Equities	7%	6%	7%	7%
Participations	0%	0%	3%	0%
Alternative investments	6%	4%	8%	2%

Sensitivities of embedded value



CHF million (statutory basis)

	Switzerland	International	Total
EmbV HY 2006 (base case)	3 863	4 175	10 075¹⁾
Δ Bond returns +100 bps	145	294	439
Δ Bond returns -100 bps	-198	-310	-508
Δ Equity returns +10 ppts	192	65	257
Δ Equity returns -10 ppts	-201	-62	-263
Δ Investment returns +100 bps	496	599	1 095
Δ Investment returns -100 bps	-935	-680	-1 615
Δ Risk discount rate -100 bps	430	295	725
Δ Cost of capital at 150% ²⁾	-594	-301	-895

1) Including ANAV of Swiss Life Holding and overhead of CHF 2 037 million

2) Currently 100% cost of capital

Sensitivities of value of new business



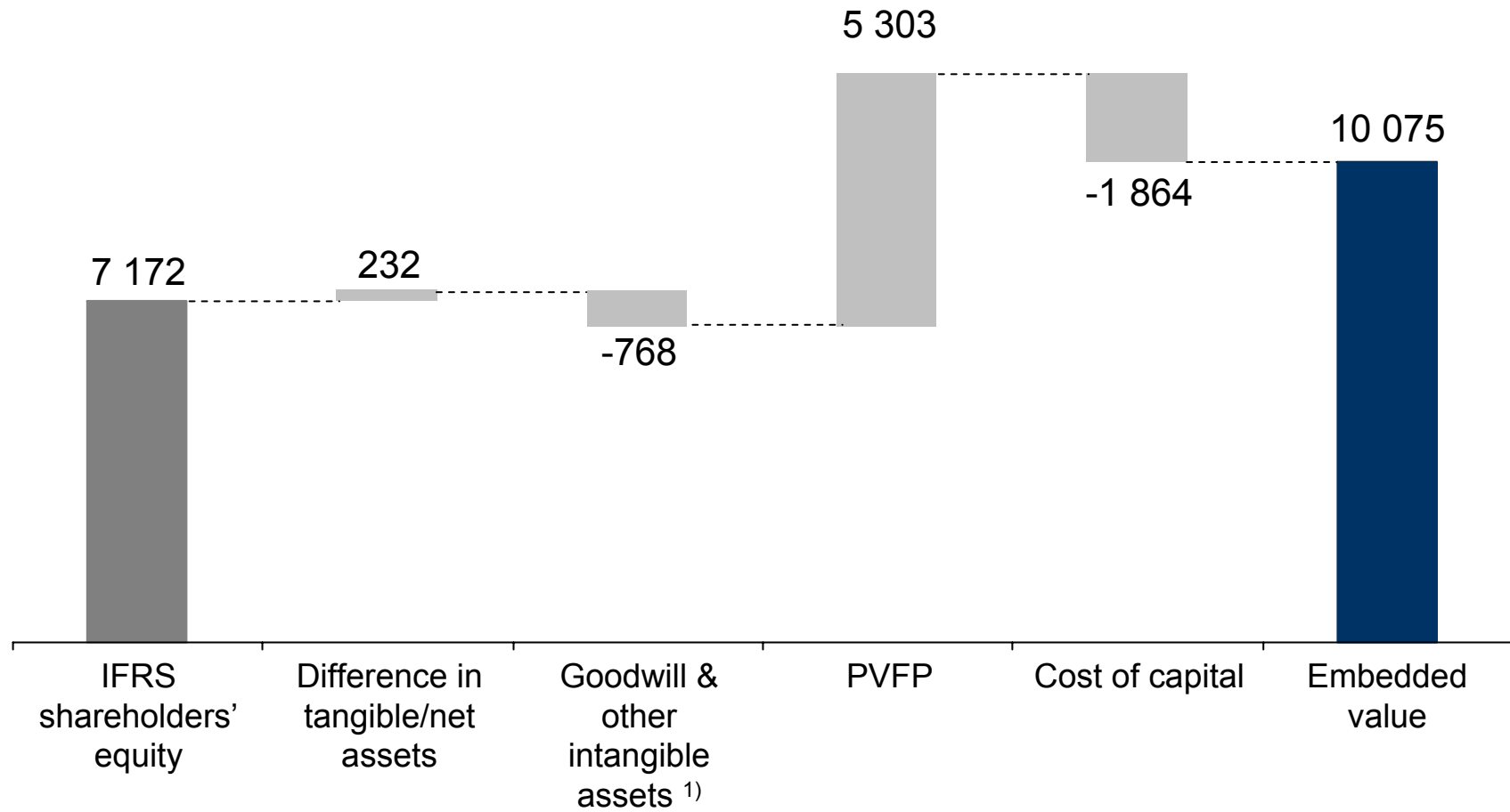
CHF million (statutory basis)

	Total
VnB HY 2006 (base case)	78
Δ Bond return +100 bps	19
Δ Investment returns +100 bps	22
Δ Risk discount rate -100 bps	26
Δ Administration costs -10 ppts	8
Δ Acquisition costs -10 ppts	14

IFRS equity to embedded value bridge



CHF million



1) Including goodwill CHF 692 million, customer relationships CHF 8 million and other intangible assets CHF 68 million

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Banca del Gottardo: Overview of key financials



CHF million (statutory basis)

	HY 2006	HY 2005	Change
Results from interest activities	62	71	-13%
Results from commission and service fee activities	128	126	2%
Results from trading operations	37	37	-
Other ordinary result	5	3	67%
Net revenues	232	237	-2%
Personnel expenses	-88	-96	-8%
Other operating expenses	-73	-60	22%
Total operating expenses	-161	-156	3%
Gross profit	71	81	-12%
Depreciation, provisions and losses	-59	-24	146%
Extraordinary result	100	1	100%
Taxes	-29	-14	107%
Net profit ¹⁾	83	44	89%
Net new money	399	33	n.m.
PB revenue margin	1.10%	1.05%	0.05%

1) Includes CHF 70 million after tax capital gains from divestments and CHF 38 million extraordinary charges (CHF 21 million accrual credit and legal risks, CHF 12 million accrual for the transformation process and CHF 5 million for the outsourcing of IT activities and the migration to a new IT platform). Normalised profit without extraordinary items would amount to CHF 51 million

Banca del Gottardo: Key ratios



CHF million (statutory basis)

	30.6.2006	31.12.2005	Change
Return on equity	16.8% ¹⁾	8.1%	9%
Cost/income ratio	69.4% ²⁾	68.0%	1.4 ppts
BIS ratio (Tier 1)	14.7%	11.6%	3.1 ppts
BIS ratio (Tier 2)	15.2%	12.0%	3.2 ppts
Assets under management	33 819	38 741	-13%
Assets under control ³⁾	75 882	76 721	-1%
Risk-weighted assets	6 031	7 629	-21%
Shareholders' equity	1 019	1 031	-1%
Excess capital ⁴⁾	437	304	44%
FTEs	972	1 101	-12%

1) Annualised ROE excluding extraordinary effects 10.2%

2) Excluding extraordinary effects cost/income ratio 66%

3) Includes assets under custody of CHF 42.1 billion as of HY 2006 and CHF 38.0 billion as of FY 2005

4) Under Swiss Federal Law on Banks

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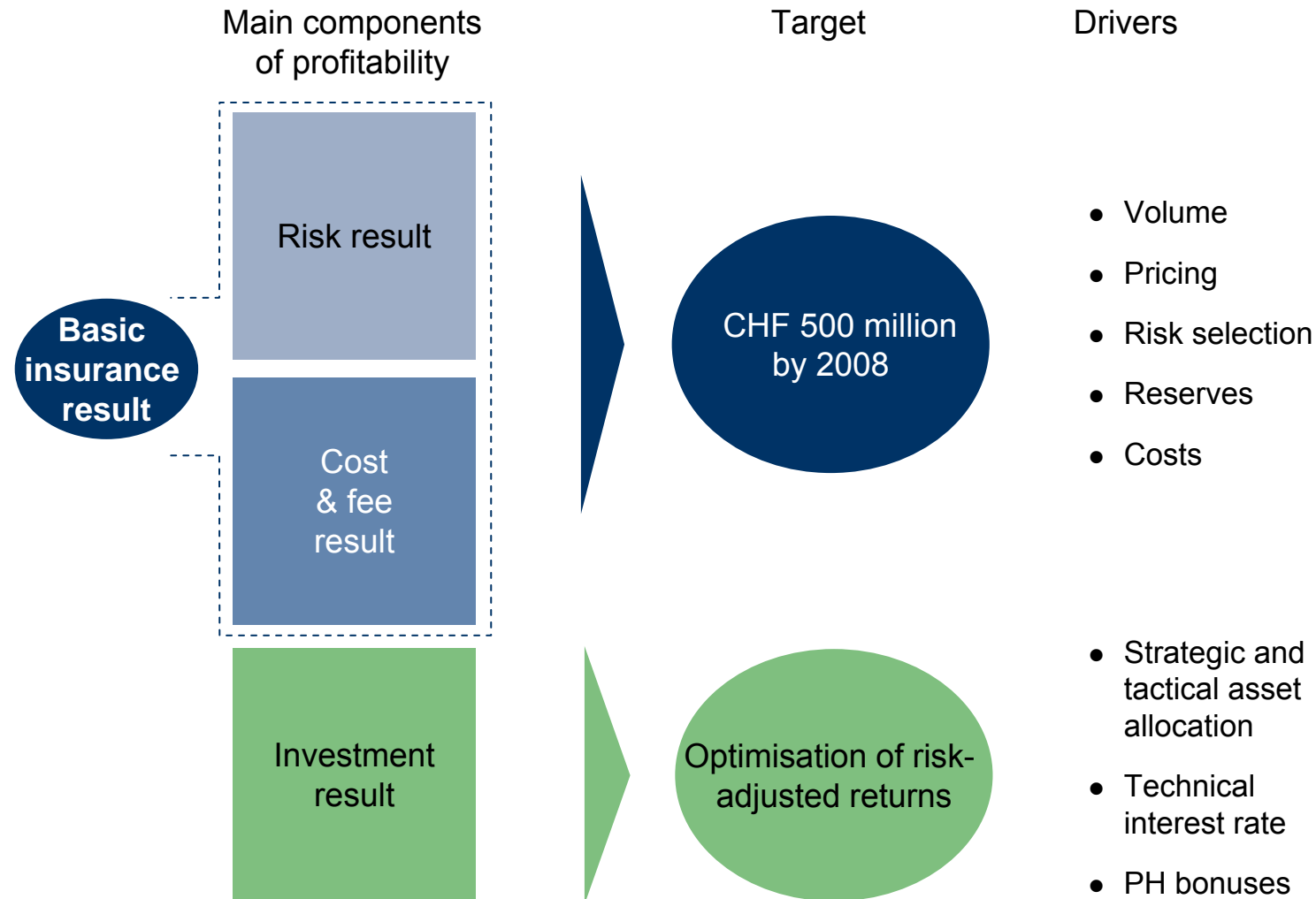


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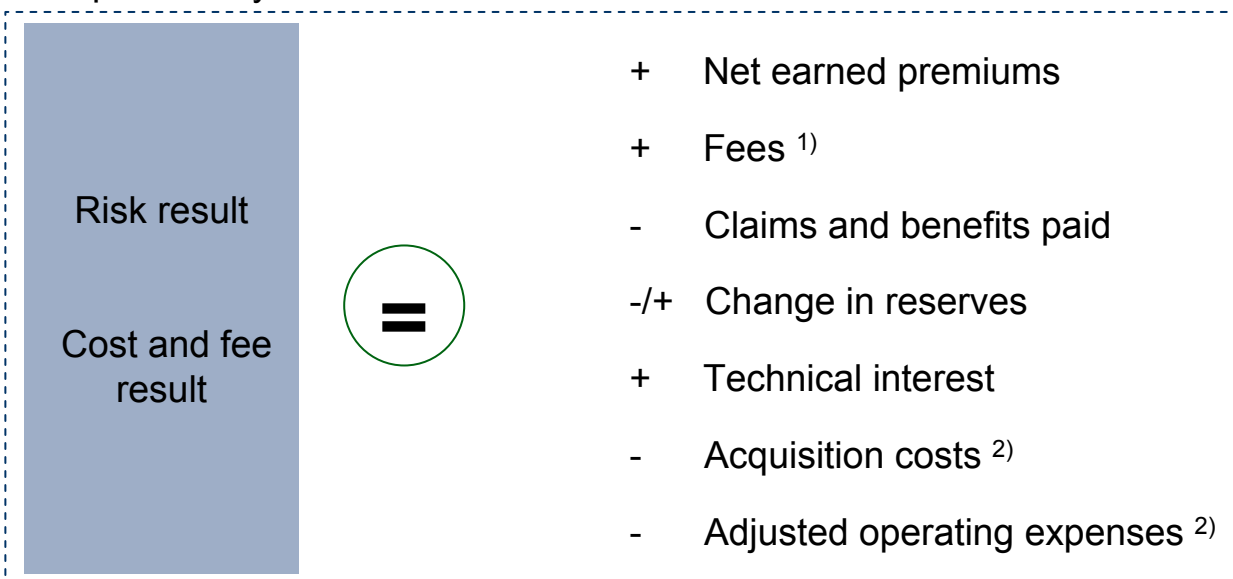
Basic insurance result best reflects operational performance



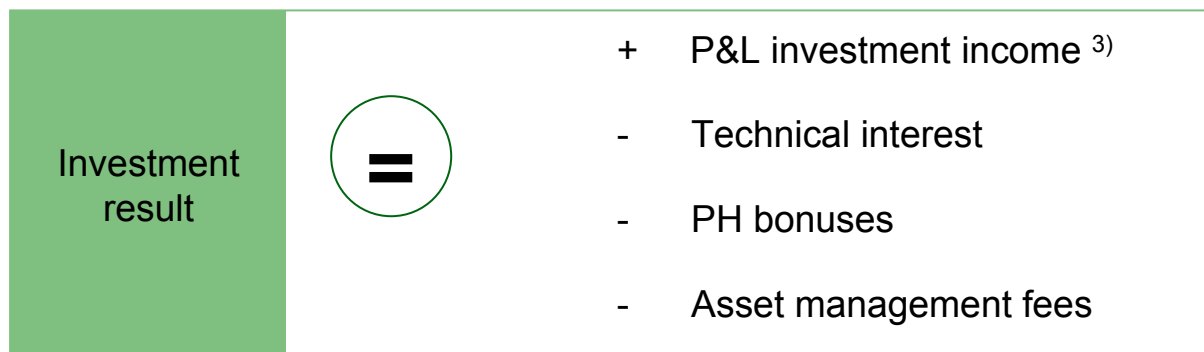
Basic insurance result: Definitions

Main components of profitability

Definition (IFRS basis)



BASIC INSURANCE RESULT



1) E.g. for unit-linked, distribution of third-party products
 2) Including cost normalisation e.g. DAC, restructuring costs
 3) Including costs

Cautionary statement regarding forward-looking information



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Contact details



Iris Welten
Head Investor Relations

Tel. +41 (43) 284 67 67
E-mail: iris.welten@swisslife.ch

Fabrizio Croce

Tel. +41 (43) 284 49 19
E-mail: fabrizio.croce@swisslife.ch

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