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→ Swiss Life at a glance

  Overview of FY 2012 results

  Swiss Life 2015: The way forward

  Wrap-up
Swiss Life Group offers an attractive business portfolio with strong market positions

**FY 2012**

<table>
<thead>
<tr>
<th><strong>Swiss Life Group – Facts and figures</strong></th>
<th><strong>Business units as of 1.1.2013</strong></th>
<th><strong>Strong market positions</strong></th>
<th><strong>Strategic focus point</strong></th>
</tr>
</thead>
</table>
| ▪ Leading provider of comprehensive life and pensions and financial solutions | Switzerland | - Individual Life: No 1  
- Group Life: No 2  
- Swiss Life Select: Largest IFA | Develops from a pure life insurer to a comprehensive life and pensions and financial solutions provider |
| ▪ GWP incl. PHD: CHF 17.0 bn | France | - Individual Health: No 2<sup>1)</sup>  
- Life: No 13<sup>2)</sup>; focus on HNWI and affluent | Expands its strong position as a “private and personal insurer” |
| ▪ Net profit: CHF 93 m | Germany | - BUZ<sup>3)</sup>: a market leader  
- BAV<sup>4)</sup>: No 9  
- IFA network: No 3 | Becomes a financial advisory and insurance company under one roof |
| ▪ Adjusted profit from operations: CHF 993 m | International | - PPLI: No 2 globally<sup>5)</sup>  
- Swiss Life Network: No 1  
- Leading IFA in UK and AT | Provides protection, financial solutions and advice in selected markets |
| ▪ Shareholders’ equity: CHF 10.3 bn | Asset Managers | - Leading insurance asset manager in CH with large portfolios in FR & DE | Grows its business with external customers |
| ▪ Asset under Mgmt: CHF 148 bn | | | |
| ▪ Group MCEV: CHF 9.6 bn | | | |
| ▪ FTEs: 7 046 | | | |

1) Excl. mutuals  2) Estimate for 2012  3) BUZ: supplementary occupational disability insurance  4) BAV: occupational pension scheme  5) Providers with global exposure
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Swiss Life at a glance

→ **Overview of FY 2012 results**

Swiss Life 2015: The way forward

Wrap-up
Highlights FY 2012 results

FY 2012 vs. FY 2011

- Adjusted profit from operations improved 26% to CHF 993 m
- Net profit declined by 85% to CHF 93 m due to impairments at AWD
- Premium income of CHF 17.0 bn remained stable in local currency
- Resilient direct yield of 3.6% and very strong net investment yield of 4.8%
- Cost base under control with further improved efficiency ratios

- New business margin increased to 1.4% from 1.2% and VNB went up to CHF 158 m from CHF 150 m
- Return on equity at 0.9%; at 8.6%\(^1\) when profit adjusted for major one-offs

- Group solvency rose to 242\% (FY 2011: 213\%); SST in the green based on our internal model\(^2\)

---

1) Equity excluding unrealised gains/losses on bonds  
2) Model is still being reviewed by FINMA
Cost discipline and growth led to improved efficiency ratios in FY 2012

In local currency (adjusted IFRS basis)

Operating expense in % of average technical reserves (excl. deferred PHP)

<table>
<thead>
<tr>
<th></th>
<th>FY 2008</th>
<th>FY 2011</th>
<th>FY 2012</th>
<th>Change vs. FY08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance Switzerland</td>
<td>0.81%</td>
<td>0.56%</td>
<td>0.54%</td>
<td>-33%</td>
</tr>
<tr>
<td>Insurance France</td>
<td>1.96%</td>
<td>1.64%</td>
<td>1.60%</td>
<td>-18%</td>
</tr>
<tr>
<td>Life France</td>
<td>0.79%</td>
<td>0.68%</td>
<td>0.67%</td>
<td>-15%</td>
</tr>
<tr>
<td>Insurance Germany</td>
<td>0.88%</td>
<td>0.84%</td>
<td>0.78%</td>
<td>-11%</td>
</tr>
<tr>
<td>Insurance International</td>
<td>0.91%</td>
<td>0.49%</td>
<td>0.45%</td>
<td>-51%</td>
</tr>
<tr>
<td><strong>Total Insurance</strong>¹</td>
<td><strong>0.99%</strong></td>
<td><strong>0.78%</strong></td>
<td><strong>0.74%</strong></td>
<td><strong>-25%</strong></td>
</tr>
</tbody>
</table>

¹ Currency adjusted
**Well diversified investment portfolio**

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

<table>
<thead>
<tr>
<th>Category</th>
<th>CHF million (fair value basis)</th>
<th>31.12.2012</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities &amp; equity funds</td>
<td>118 093</td>
<td>127 951</td>
<td>8.0%</td>
</tr>
<tr>
<td>Alternative investments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real estate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mortgages</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governments &amp; supranationals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net equity exposure</strong></td>
<td></td>
<td>1.1%</td>
<td>1.3%</td>
</tr>
</tbody>
</table>

- **31.12.2011**
  - Equities & equity funds: 118 093 CHF million
  - Real estate: 13.1%
  - Mortgages: 4.6%
  - Loans: 8.9%
  - Governments & supranationals: 32.0%
  - Corporates: 38.1%
  - Cash and other: 0.5%

- **31.12.2012**
  - Equities & equity funds: 127 951 CHF million
  - Real estate: 13.0%
  - Mortgages: 4.6%
  - Loans: 8.0%
  - Governments & supranationals: 29.7%
  - Corporates: 40.8%
  - Cash and other: 0.5%
## Resilient direct yield and very strong net investment yield

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

<table>
<thead>
<tr>
<th></th>
<th>FY 2011</th>
<th>FY 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct investment income</td>
<td>4,182</td>
<td>4,269</td>
</tr>
<tr>
<td>Direct investment income in %</td>
<td>3.7%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Expense</td>
<td>-231</td>
<td>-242</td>
</tr>
<tr>
<td>Net capital gains/losses on investments and impairments¹)</td>
<td>312</td>
<td>1,702</td>
</tr>
<tr>
<td>Net investment result</td>
<td>4,263</td>
<td>5,729</td>
</tr>
<tr>
<td>Net investment result in %</td>
<td>3.8%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Changes in unrealised gains/losses on investments</td>
<td>3,348</td>
<td>3,998</td>
</tr>
<tr>
<td>Total investment result</td>
<td>7,611</td>
<td>9,727</td>
</tr>
<tr>
<td>Total investment result in %</td>
<td>6.7%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Average net investments</td>
<td>113,183</td>
<td>120,237</td>
</tr>
<tr>
<td>Total investment performance (fair value) in %</td>
<td>7.5%</td>
<td>8.5%</td>
</tr>
</tbody>
</table>

¹) Including FX gains on hybrid (FY11 CHF 51 m; FY12 CHF 15 m)
Realised gains from asset de-risking largely used for reserve strengthening

1st HY 2012 – Reduction of euro exposure

- **Pro-active risk management**
  - Reassessment of situation around the euro and related risk-return considerations resulted in a substantial reduction of the overall euro-zone sovereign exposure on the Swiss balance sheet

- **Action taken**
  - Particularly German, French and Dutch sovereign bonds with a market value of CHF 7.8 bn sold in May/June which generated realised gains of CHF 0.9 bn
  - Proceeds mainly invested in US Treasuries

2nd HY 2012 – Reduction of US Treasuries and high-yield bonds

- **Pro-active risk management**
  - On the basis of diversification and risk-return considerations exposure in US Treasuries and high-yield bonds on Swiss balance sheet reduced
  - Continued duration management

- **Action taken**
  - Proceeds including realised gains mainly reinvested in Swiss government and investment grade corporate bonds on Swiss balance sheet
  - Part of the loan portfolio in Germany switched to longer dated corporate bonds

- **Excess investment result used for further reserve strengthening**
- **Protects interest rate margin**
Reserve strengthening and change in business mix lowers average technical interest rate

Statutory basis

- Reserve strengthening: 17 bps
- Change in business mix: 6 bps

Total: 23 bps
Continued strong returns despite decreasing interest rates

IFRS basis

- Direct yield
- Net investment yield
- German Government bond (10 years)
- Swiss Government bond (10 years)
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Swiss Life 2015: Continue on the successful path of MILESTONE

MILESTONE

- Balance sheet significantly strengthened
- Cost savings of > CHF 400 m realised
- New business margin substantially improved
- New business mix shifted to < 30% traditional
- Disciplined ALM keeps duration gap low and protects interest rate margin
- Regained A- rating

Swiss Life 2015

- Diversify profit sources
- Cost savings of CHF 130 – 160 m
- Achieve new business margin > 1.5%
- Further improve new business mix
- Strengthen solvency through retained earnings
- Achieve 8 – 10% RoE

## Swiss Life 2015: Focus areas

### Focus areas by market unit

<table>
<thead>
<tr>
<th>Market Unit</th>
<th>Focus Areas</th>
<th>2011</th>
<th>2015</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Asset Managers</strong></td>
<td>- Increase fee volume at stable cost/income ratios</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>France</strong></td>
<td>- Overall cost discipline, allowing for investments in distribution</td>
<td>68 bps</td>
<td>-10 bps</td>
<td>~10 bps</td>
</tr>
<tr>
<td></td>
<td>- Improve loss ratios in health and P&amp;C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Switzerland</strong></td>
<td>- Overall cost discipline, allowing for investments to enlarge fee business</td>
<td>56 bps</td>
<td>56 bps</td>
<td>-3-5 bps</td>
</tr>
<tr>
<td></td>
<td>- Focus on margin management in individual life</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Germany</strong></td>
<td>- New set up in Germany enabling significant cost reduction</td>
<td>239 bps</td>
<td>239 bps</td>
<td>-15-20%</td>
</tr>
<tr>
<td></td>
<td>- Important contribution to profit diversification</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>International</strong></td>
<td>- Reduction of complexity and costs by focus on 2 carriers for new business</td>
<td>138 bps</td>
<td>138 bps</td>
<td>-5-10%</td>
</tr>
<tr>
<td></td>
<td>- Further develop Swiss Life Select (AT, CEE) and Chase de Vere (UK)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Driving profit source diversification

<table>
<thead>
<tr>
<th>Profit by source</th>
<th>Targets 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings result</td>
<td>&lt;50%</td>
</tr>
<tr>
<td>58%</td>
<td></td>
</tr>
<tr>
<td>Risk &amp; fee result</td>
<td>60-70%</td>
</tr>
<tr>
<td>63%</td>
<td></td>
</tr>
<tr>
<td>Other Cost result</td>
<td>&gt;0%</td>
</tr>
<tr>
<td>-24%&lt;sup&gt;2)&lt;/sup&gt;</td>
<td>Administration cost result:</td>
</tr>
</tbody>
</table>

1) Profit by source (PbS) based on adjusted segment results; PbS restated due to model improvements
2) Thereof admin cost result before policyholder participation: -2%
Swiss Life Group’s interest rate margin resilient in low interest rate environment

Structurally healthy interest rate margin
- Interest rate margin resilient for more than two decades even if rates stay low
- Policy adjustments in non-mandatory Group life could further extend this period
- Reserve strengthening has an additional positive impact on resilience against low interest rates

Analysis is based on conservative assumptions
- No new business assumed beyond 2015, i.e. beneficial effect of new low-guarantee business not considered
- Reinvestment rates in this analysis are lower than effective ones; assumed are
  - Switzerland: 1.3%
  - France: 2.2%
  - Germany: 2.2%
- Risk and fee income are not considered

1) Net investment yield excl. gain realisations on fixed income investments
2) Includes further guarantees and quasi-guarantees
## Defending the risk result in a competitive environment

<table>
<thead>
<tr>
<th>Major sources</th>
<th>Initiatives supporting risk result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switzerland</td>
<td></td>
</tr>
<tr>
<td>Group Life</td>
<td>▪ Further develop full range product and services offering in the group life business</td>
</tr>
<tr>
<td></td>
<td>▪ Launch of new protection coverage and open up new distribution channels to develop risk product offering</td>
</tr>
<tr>
<td></td>
<td>▪ Reinsurance: Further expand mortality and longevity business</td>
</tr>
<tr>
<td>France</td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td>▪ Further develop death and disability products</td>
</tr>
<tr>
<td></td>
<td>▪ Improve loss ratio in health and P&amp;C</td>
</tr>
<tr>
<td></td>
<td>▪ New innovative health solutions</td>
</tr>
<tr>
<td>Germany</td>
<td></td>
</tr>
<tr>
<td>Disability</td>
<td>▪ Maintain leading position in disability</td>
</tr>
<tr>
<td></td>
<td>▪ Development of new long-term care products</td>
</tr>
<tr>
<td>International</td>
<td></td>
</tr>
<tr>
<td>Corporate customers</td>
<td>▪ Corporate customers: Extension of group life risk products to Asian market</td>
</tr>
</tbody>
</table>
Investments in growth initiatives will generate additional fee income

Initiatives supporting fee result

Major sources

- **Asset Managers**
  - Leverage existing expertise to increase distribution of real estate products

- **Distribution**
  - DE: Leverage shared services and exploit synergies with insurance units
  - DE: Align distribution channels to segment-specific value propositions
  - IN: Further develop Swiss Life Select (AT, CEE) and Chase de Vere (UK) operations

- **Unit-linked**
  - FR: Continue to push unit-linked products
  - IN: Offering for estate planning and asset protection in selected geographies out of two carriers

- **Other**
  - CH: Further strengthen partnerships for non-life offerings (e.g. Swissquote, Sanitas, Mobiliar)
  - CH: Real estate offering for private customers
  - CH: Expansion of advisory services offering
  - FR: Further develop affluent HNWI offering (e.g. private banking) and real estate offering
Additional cost savings of CHF 130-160 m on top of MILESTONE

In CHF m, vs. FY 2011

**Operating expenses**

- CH: 25-30
- FR: 20-25
- DE: 40-45
- IN: 5-10
- Target 2015: 90-110

**Variable acquisition expenses**

- CH: 10-15
- FR: 30-35
- Target 2015: 40-50

- Savings programme results in reduction of approximately 300 – 400 FTEs (DE and CH)
- Total restructuring costs of around CHF 80-100 m; of which CHF 80-90m in 2012/2013

→ Improve cost efficiency and effectiveness
New alternative guarantee products lead to an improved product mix

New Business Production (NBP), in %

- Modern
- Modern-traditional
- Traditional

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk &amp; Health</td>
<td>26%</td>
<td>28%</td>
<td>30%</td>
<td>25%</td>
<td>~30%</td>
</tr>
<tr>
<td>Modern</td>
<td>28%</td>
<td>42%</td>
<td>40%</td>
<td>39%</td>
<td>~35%</td>
</tr>
<tr>
<td>Modern-traditional</td>
<td>46%</td>
<td>30%</td>
<td>21%</td>
<td>24%</td>
<td>~20%</td>
</tr>
<tr>
<td>Traditional</td>
<td>9%</td>
<td>9%</td>
<td>9%</td>
<td>12%</td>
<td>~15%</td>
</tr>
</tbody>
</table>

New alternative guarantee products introduced:
- Moderate interest rate guarantee
- Option to readjust surplus system
- Selectable guarantee design reduces market risk
- Decreased economic solvency capital requirements

Reduce traditional share to about 15%
Reduce solvency capital intensity of new business
Increase new business profitability to more than 1.5% through margin management

New business margin development (VNB as % of PVNBP)

Disciplined value management activities
- Introducing alternative guarantee concepts
- Launch new biometric risk products
- Tap into new fee propositions
- Continuously improve in-force and new business profitability

Hurdle rates for new business margin increased

1) Includes effects from introduction of liquidity premiums
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**Swiss Life 2015: Increase earnings and improve resilience through disciplined execution**

<table>
<thead>
<tr>
<th>Strategic thrust</th>
<th>Objective</th>
<th>Target</th>
</tr>
</thead>
</table>
| **Offering**     | Focus own solutions on profitable and flexible products and expand third-party offering | - New business margin: >1.5%  
- New business shift: ~85% of NBP from risk, modern and modern-traditional products |
| **Distribution** | Strengthen advisory expertise and manage production & distribution organisations in each market under one roof | - Fee income: Increase by 20-25% |
| **Efficiency and quality** | Continue to strengthen operational effectiveness | - Cost savings: CHF 130-160 m (project view)  
- Efficiency: Improve efficiency ratios |
| **Financial strength** | Enhance financial strength and the resilience of the business model | - Adjusted RoE: 8-10%  
- Dividend payout ratio: 20-40% |

**Profit by source:**
- Savings result <50%
- Fee and risk result 60-70%
- Admin cost result >0%
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Financial calendar

Annual General Meeting 23 April 2013
Interim Statement Q1 2013 23 May 2013
Half-year Results 2013 14 August 2013

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