UBS Global Insurance Conference

Swiss Life: Accelerating momentum in PPLI

Peter Huber, CEO Private Placement Life Insurance
London, 26 June 2008
Key messages

- PPLI\(^1\) is a key element of Swiss Life’s strategy and targets until 2012
- Accelerating momentum in PPLI through global expansion in a harmonised business model
- PPLI contributing to Swiss Life’s earnings and diversification

\(^1\) Private Placement Life Insurance = PPLI
Agenda

1. PPLI a key element of strategy and targets until 2012

2. Accelerating momentum in Private Placement Life Insurance

3. Summary: PPLI contributing to Swiss Life’s earnings and diversification
Strategy until 2012: Accelerating profitable growth

**Mission:** Committed to helping people create a financially secure future. For life.

**Ambition:** Become a leading international life and pensions specialist.

<table>
<thead>
<tr>
<th>Focus on retirement needs</th>
<th>Focus on growth opportunities</th>
<th>Focus on functional excellence</th>
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<tbody>
<tr>
<td>• Address needs of corporate and individual customers, before and after retirement</td>
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<tr>
<td>• Offer innovative products and solutions of enhanced profitability</td>
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<tr>
<td>• Distribute through optimised market-specific channel mix</td>
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<tr>
<td>• Expand cross-border businesses</td>
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<td>• Realise inorganic opportunities in existing markets</td>
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<tr>
<td>• Tap into new high growth markets</td>
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<tr>
<td>• Adapt Group governance, combining market proximity and best practice transfer</td>
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<td>• Realise economies of scale and skills</td>
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<tr>
<td>• Strengthen performance management, and active capital management</td>
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**Foster employee commitment**
Swiss Life to accelerate momentum in PPLI

<table>
<thead>
<tr>
<th>Activity / Milestones</th>
<th>Market scope</th>
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<tbody>
<tr>
<td></td>
<td>Belgium, Germany, France, Luxemburg</td>
</tr>
<tr>
<td></td>
<td>Italy, Spain, Sweden</td>
</tr>
<tr>
<td></td>
<td>Asia, Austria, Czech Republic, Norway, Switzerland, United Kingdom, United States</td>
</tr>
<tr>
<td></td>
<td>Latin America, Middle East</td>
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- **2004**: Luxemburg – set up new hub
- **2005**: Liechtenstein – set up new hub
- **2006**: Acquisition and integration CapitalLeben
- **2008**: Integration PPLI Luxemburg
- **2009 - 2012**: Singapore, Dubai1) in Q4 2008 and Latam in 2009

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1) Subject to approval by Dubai Financial Services Authority (DFSA)
Swiss Life’s cross-border initiatives are a major contributor to top-line growth

GWP, CHF billion

Target for PPLI by 2012: total GWP of CHF 8 – 10 bn and Assets under Control CHF 40 – 45 bn

1) Excl. Zwitserleven, Belgium, Erisa
2) Private insurer (France), Golden Life (Switzerland)
3) PPLI, PULSE
Agenda

1. PPLI a key element of strategy and targets until 2012

2. **Accelerating momentum in Private Placement Life Insurance**

3. Summary: PPLI contributing to Swiss Life‘s earnings and diversification
Growing global wealth planning market with increasing demand for specialised products

“By 2017, there will be 12 countries with one million US$ millionaire households”

Barclays Wealth Insights, 2008, page 4

“Given HNW clients’ increasing demands for specialised products and services, ..., new dynamic, needs-based services are becoming essentials”

Life insurance becoming important instrument in today’s global wealth planning market

- Still under penetrated market
- Integrated wealth management with ‘high-end life insurance’
- Worldwide recognised legal format
- Effective and compliant structure: demand for transparency and on-shore solutions
- Both substitute and complement to traditional wealth planning instruments
Private Placement Life Insurance gaining momentum through key design features

Answering client-specific needs
- Tax optimisation and compliance
- Liquidity and flexibility
- Estate planning
- Asset protection

Including attractive features
- Asset-linked solutions
- Solutions, compliant with respective country tax laws and regulations
- Risk covers: Both high and low death benefits as well as annuities

Optimal locations for issuing PPLI
- Bermuda
- Ireland
- Liechtenstein
- Luxemburg
- Singapore

Focused B2B distribution approach
- Mainly through Private banks
- Specialised IFAs
- Family offices
Market potential for life insurance in HNWI estimated at CHF 250-300 billion

CHF billion

<table>
<thead>
<tr>
<th>Region</th>
<th>Total</th>
<th>Europe</th>
<th>Asia</th>
<th>Middle East and Africa</th>
<th>Latin America</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>16 024</td>
<td>9 259</td>
<td>3 442</td>
<td>1 890</td>
<td>1 433</td>
</tr>
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</table>

- **Estimated penetration potential**
  - Europe: 2.0%
  - Asia: 1.0%
  - Middle East and Africa: 1.1%
  - Latin America: 1.7%

- **Estimated market potential for PPLI**
  - Europe: 185
  - Asia: 35
  - Middle East and Africa: 21
  - Latin America: 24

Source: BCG Global Wealth Market Sizing Database 2006; BCG analysis
Total Bankable Assets 2005 (CHF billion) of client segment with > USD 1 million net worth
Untapped potential for life insurance still huge

Estimates for market potential; CHF billion

- Total market potential for PPLI: 250 - 300
- Captured by captive bank channel: 20
- Captured by life insurers: 40
- Untapped potential: 240
- Potential for captive bank channel: 50
- Potential for life insurers: 190

- Latin America: 20
- Middle East: 30
- Asia: 50
- Europe: 90
Swiss Life with strong growth in PPLI since 2003

GWP\(^1\) in CHF billion

<table>
<thead>
<tr>
<th>Year</th>
<th>GWP (in CHF billion)</th>
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<tbody>
<tr>
<td>2004</td>
<td>0.1</td>
</tr>
<tr>
<td>2005</td>
<td>0.5</td>
</tr>
<tr>
<td>2006</td>
<td>1.3</td>
</tr>
<tr>
<td>2007</td>
<td>3.1</td>
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GWP target for 2012:
- CHF 8 – 10 billion

Expected annual growth 2007 – 2012:
- 20 – 25%

1) Swiss Life Liechtenstein and Swiss Life Luxemburg (PPLI business only)
Wide range of solutions in terms of complexity, intent and death cover options

Key products

<table>
<thead>
<tr>
<th></th>
<th>Life Asset Portfolio (LAP)</th>
<th>Deferred Variable Annuities (DVA)</th>
<th>Variable Universal Life (VUL)</th>
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<tbody>
<tr>
<td><strong>Goal</strong></td>
<td>Basic product for global use</td>
<td>Intended for persons with pension planning needs</td>
<td>Intended for needs of high death covers</td>
</tr>
<tr>
<td><strong>Flexibility</strong></td>
<td>Wide flexibility in terms of policyholders and beneficiaries</td>
<td>Limited flexibility in terms of policyholders and beneficiaries</td>
<td>Wide flexibility in terms of policyholders and beneficiaries</td>
</tr>
<tr>
<td><strong>Investments</strong></td>
<td>Wide investment choices and freedom</td>
<td>Restricted investments choices and freedom</td>
<td>Investments linked to discretionary mandates</td>
</tr>
<tr>
<td><strong>Term</strong></td>
<td>Whole-of-life</td>
<td>Annuity with capital option</td>
<td>Whole-of-life</td>
</tr>
<tr>
<td><strong>Tax</strong></td>
<td>Depending on residency / nationality of policyholder</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Risk cover</strong></td>
<td>Minimal death benefit (1% of NAV)</td>
<td>No death benefit</td>
<td>High death benefit (300-400 % of NAV)</td>
</tr>
<tr>
<td><strong>Benefits</strong></td>
<td>Asset protection, confidentiality and estate planning</td>
<td>Tax deferral, asset protection and no limitations in investments</td>
<td>High death benefit (liquidity), asset protection, estate planning and confidentiality</td>
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# Structured insurance solutions for HNWI

## Business model

<table>
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<tr>
<th>Target audience</th>
<th>Products/Solutions</th>
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| ● International clientele  
● HNWI and Ultra HNWI | ● Tailor-made cross-border solutions combining wealth management with life insurance  
● Full transparency to clients regarding fees, investment returns and high death benefit |

<table>
<thead>
<tr>
<th>Distribution B2B</th>
<th>Market of activities</th>
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</table>
| ● Private banks  
● Family offices  
● IFAs | ● Global approach  
● Presence in multiple international markets |

<table>
<thead>
<tr>
<th>Economics</th>
<th>Framework conditions</th>
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| ● Fee driven business  
● Efficiency and scale are profit drivers  
● Low capital intensity | ● No change of custodian bank relationship required  
● No change in investment strategy  
● Better client retention and access to heirs |
Swiss Life with unique set of competences

Core competences

- Unified operational principles and structure with functional leadership across locations to ensure:
  - Efficiency for partners and employees
  - Best practice sharing
  - Harmonised product offering irrespective of booking centres
  - And hence, unique & unified customer experience at ‘Point of Sales’

- Flexibility and variety of global solutions and strong innovation capabilities available to partners

- Underwriting capabilities for high death benefit configurations

- Brand recognition as crucial success factor:
  - Strong brand and reputation of mother company
  - “Swissness” in private banking still a clear advantage
  - Renowned business partner preferring to collaborate with reputable and well known insurance company

- Swiss Life only life insurer of significant size with strategic commitment on PPLI
PPLI with attractive revenue model and low capital requirement

Recurring fees from existing business
- Annual fees
- Annual risk margin
- Target: 40 bps on technical reserves

Fees from new business production
- Set-up fees
- Annual fees
- Annual risk margin
- 50% C/I ratio

Scalable business platform
- Costs
- Taxes
- Net profit
- 15 - 20 bps on technical reserves

Low capital intensity
- Solvency capital requirements for new PPLI contracts:
  - 25% of operating costs in Liechtenstein and Singapore
  - 0.25% of technical reserves in Luxemburg
1. PPLI a key element of strategy and targets until 2012

2. Accelerating momentum in Private Placement Life Insurance

3. Summary: PPLI contributing to Swiss Life’s earnings and diversification
PPLI will contribute to Swiss Life’s overall targets until 2012 and diversify earnings

IFRS basis

Targets 2008 to 2012

- **EPS**: > 12% growth every year
- **ROE**: > 12% every year
- **Dividend**: Payout ratio 40-60% of net profit

Expected 2012

- **GWP**: > CHF 36 billion
Swiss Life’s Private Placement Life Insurance uniquely positioned to deliver on targets

- PPLI one of the key drivers of Swiss Life’s strategy

- Swiss Life is accelerating momentum in PPLI
  - Market growth and market potential is huge
  - Swiss Life has become an important player
  - Swiss Life has the ideal set-up for global solutions

- PPLI contributing to Swiss Life’s earnings and diversification
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Half-Year Results 2008 28 August 2008
Interim Statement Q3 2008 12 November 2008
Investors’ Day 2 December 2008

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