Vontobel
SMI Conference

Hans-Jürgen Wolter, Chief Risk Officer
Iris M. Welten, Head Investor Relations
Frankfurt, 8 May 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

Source: Mercer Oliver Wyman, Life at the end of the Tunnel
Well-positioned with strong focus on life

Significant peers move towards life insurance

Source: ISIS, Annual Reports
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
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

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>FR</td>
<td>159.9</td>
<td>+1-2%</td>
</tr>
<tr>
<td>DE</td>
<td>104.9</td>
<td>+3%</td>
</tr>
<tr>
<td>NL</td>
<td>38.7</td>
<td>+3-5%</td>
</tr>
<tr>
<td>BE/LU</td>
<td>40.1</td>
<td>+10-12%</td>
</tr>
<tr>
<td>CH</td>
<td>29.9</td>
<td>-1%</td>
</tr>
</tbody>
</table>

Source: Local insurance associations (historic growth); growth estimates 2005-2008 by Swiss Life
Strong position in chosen markets

GWP in SL markets ¹) 2004; CHF billion

- Swiss Life is the only focused, international provider of life insurance among top peers ²)
- SL markets ¹)
  - Number 6 life insurer
  - Number 2 group life provider
- European market:
  - Number 9 life insurer

¹) CH, FR, DE, NL, BE, LU
²) Other top competitors are composite insurers (Allianz, AXA, Generali) or solely active in its domestic market (CNP, Crédit Agricole, Ergo)

Source: ISIS Database, company annual reports
1. Market environment and position

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Our ambition: “Pensions Leadership“

**Ambition**

Swiss Life Group wants to achieve Pensions Leadership and generate net profit of CHF 1 billion by 2008, and a sustainable ROE > 10%

**Mission**

“Committed to helping people create a financially secure future. For life”
Three strategic directions for achieving our ambition

<table>
<thead>
<tr>
<th>Growth</th>
<th>Focus on “pensions”-related value proposition…</th>
<th>… to answer and satisfy clients’ growing pension needs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Develop own and third-party channels…</td>
<td>… to reduce single channel dependency</td>
</tr>
<tr>
<td>Efficiency</td>
<td>Increase basic insurance profitability substantially…</td>
<td>… to become less dependent on financial result</td>
</tr>
<tr>
<td></td>
<td>Reduce complexity at all stages of the value chain…</td>
<td>… to improve process efficiency and lower costs</td>
</tr>
<tr>
<td>Leadership</td>
<td>Enhance entrepreneurial responsibility and steering…</td>
<td>… to allow flexible and close-to-market decision making</td>
</tr>
<tr>
<td></td>
<td>Develop integrated human capital portfolio…</td>
<td>… to anchor our leadership culture</td>
</tr>
</tbody>
</table>
**Growth: Targets underpinned by concrete actions**

<table>
<thead>
<tr>
<th>Key actions in Europe</th>
<th>Key actions in Switzerland</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Focus on organic growth</td>
<td>• Launch new products and less interest rate sensitive products</td>
</tr>
<tr>
<td>• Focus on products and services with</td>
<td>• Increase sales effectiveness of own sales force</td>
</tr>
<tr>
<td>profitable growth</td>
<td>• Develop relationships with brokers, banks and strategic</td>
</tr>
<tr>
<td>- Launch new products in pensions</td>
<td>partners</td>
</tr>
<tr>
<td>with tailored advice</td>
<td></td>
</tr>
<tr>
<td>• Increase distribution capacity</td>
<td></td>
</tr>
<tr>
<td>- Set up new distribution</td>
<td></td>
</tr>
<tr>
<td>partnerships to increase sales</td>
<td></td>
</tr>
<tr>
<td>capacity</td>
<td></td>
</tr>
</tbody>
</table>

**SL growth 2005-2008: 23%**

*vs. market expectation of 19%*

**SL growth 2005-2008: 8%**

*vs. market expectation of 5%*
Growth: Successful launch of new products and distribution partnerships in Switzerland

Products
Unit-linked & funds; CHF million

Distribution

#1 Swiss property insurer

#1 Swiss health insurer

#7 Swiss health insurer

#9 Swiss non-life insurer

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1) GarantiePlus 100 (100% capital protection) and GarantiePlus 90 (90% capital protection)
2) Including pending applications
Efficiency: Basic insurance result best reflects operational performance

Main components of profitability

- Risk result
- Cost & fee result
- Investment margin

Drivers

- Volume
- Pricing
- Risk selection
- Reserves
- Costs
- Strategic and tactical asset allocation
- Technical interest rate
- PH bonuses

Target

- CHF 500 million by 2008

Optimisation of risk adjusted returns

Note: Basic insurance result published: 2003: CHF 201 million, 2004: CHF 21 million
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

**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 350 million (Europe)
- CHF 150 million (Switzerland)
Efficiency: Measures lead to significant improvement in basic insurance result

Basic insurance result, CHF million

- **Europe**
  - 2005: 148
  - 2008: 350

- **Switzerland**
  - 2005: 128
  - 2008: 150

500

SwissLife
Leadership: Development of employee commitment 2004-2008

SL Group employee commitment, as measured by annual survey

Measure and track employee commitment
Leadership: Active role in political discussion

- Future of social security systems

- Regulatory aspects of second pillar
  - Inadequate conversion rate
  - BVG minimum rate formulas
  - Financing pension funds with insufficient reserves

- Opening third pillar pensions to economically inactive dependants (e.g. housewives)

Political discussion on a more realistic basis
Agenda

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   - Efficiency
   - Leadership

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4. Summary and outlook
Advancing towards our goals

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit</td>
<td>CHF 874 million</td>
<td>+44%</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>CHF 7.7 billion</td>
<td>+22%</td>
</tr>
<tr>
<td>Return on equity</td>
<td>from 10.7% to 12.3%</td>
<td></td>
</tr>
<tr>
<td>Earnings per share</td>
<td>CHF 24.82</td>
<td>+36%</td>
</tr>
<tr>
<td>Proposed dividend (par value reduction)</td>
<td>CHF 5</td>
<td>+25%</td>
</tr>
</tbody>
</table>
## Advancing towards our goals

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic growth</td>
<td>CHF 20.2 billion</td>
<td>+8%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>reduced to CHF 2 billion</td>
<td>-2%</td>
</tr>
<tr>
<td>Basic insurance result</td>
<td>from CHF 21 million to CHF 148m</td>
<td></td>
</tr>
<tr>
<td>Non-traditional products</td>
<td>CHF 6.5 billion (34% of life premium)</td>
<td>+42%</td>
</tr>
<tr>
<td>Embedded value</td>
<td>CHF 8.9 billion</td>
<td>+12%</td>
</tr>
<tr>
<td>Value of new business</td>
<td>CHF 48 million</td>
<td>+17%</td>
</tr>
</tbody>
</table>
Strong business performance

- **International**: Continued dynamic growth
  - 19% organic premium growth; outperforms market average
  - Product and distribution mix optimised

- **Switzerland**: Basis for sustainable profitability established
  - Successful integration of La Suisse life insurance business and Vaudoise group life business improves efficiency
  - Substantially higher new business volume increased profitability

- **Banca del Gottardo**: Solid contribution to group results
  - New management established
  - Strategy implementation well on track
Agenda

1. Market environment and position

2. Group strategy
   - Growth
   - Efficiency
   - Leadership

3. Financial results

4. Summary and outlook
### Swiss Life Group: Who we are

**Ambition**

Swiss Life Group wants to...
- Achieve “Pensions Leadership” ("Führend in der finanziellen Vorsorge")
- Generate net profit of CHF 1 billion by 2008, and sustainable ROE > 10%

<table>
<thead>
<tr>
<th>Lines of business 1)</th>
<th>Insurance 2)</th>
<th>Investment Management</th>
<th>Banking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Est. profit contr. by 2008</td>
<td>~ 85%</td>
<td>~15%</td>
<td></td>
</tr>
<tr>
<td>Mission</td>
<td>Committed to helping people create a financially secure future. For life</td>
<td>Maintain excellence in investment performance</td>
<td>First-class private bank offering high-quality wealth management services to our HNWI and affluent</td>
</tr>
<tr>
<td>Focus</td>
<td>Pension products and services for corporate clients and private clients</td>
<td>Investment management for life insurance and third-party clients</td>
<td>Private Banking for affluent and HNWI</td>
</tr>
<tr>
<td>Geographic focus</td>
<td>Europe (CH, FR, DE, NL, BE, LU, FL)</td>
<td></td>
<td>CH, IT</td>
</tr>
</tbody>
</table>
| Financial targets | • Achieve basic insurance result of CHF 500 million by 2008
• Achieve investment margin of at least 29 bps | | Achieve CHF 130 m net profit by 2008, sustainable ROE >15% and net new assets of CHF 1 bn p.a. |

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1) Mostly, but not fully congruent with “reporting segments”
2) Full value chain
Ambitious goals

- Growth: > 1% Above market growth
- Efficiency: CHF 500 million Basic insurance result by 2008
- Leadership: > 80% Employee commitment

Profit by 2008:
- CHF 1 billion Sustainable ROE: > 10%

Annual increase in dividend
Swiss Life Group well on track to reach the 2008 targets

(IFRS basis)

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GWP incl. PHD</strong></td>
<td><strong>18.7</strong></td>
<td><strong>20.2</strong></td>
<td><strong>23.7</strong></td>
</tr>
<tr>
<td>(in CHF billion)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Switzerland</td>
<td>7.8</td>
<td>8.5</td>
<td></td>
</tr>
<tr>
<td>International</td>
<td>12.4</td>
<td>15.2</td>
<td></td>
</tr>
<tr>
<td><strong>Basic Insurance Result</strong></td>
<td>21</td>
<td>148</td>
<td>500</td>
</tr>
<tr>
<td>(in CHF million)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Switzerland</td>
<td>20</td>
<td>150</td>
<td></td>
</tr>
<tr>
<td>International</td>
<td>128</td>
<td>350</td>
<td></td>
</tr>
<tr>
<td><strong>Profit</strong></td>
<td>606</td>
<td>874</td>
<td>1000</td>
</tr>
<tr>
<td>(in CHF million)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Return on Equity</strong></td>
<td>10.7%</td>
<td>12.3%</td>
<td>&gt;10%</td>
</tr>
</tbody>
</table>
Investment case

1. Strategy: Pension leadership to deliver sustainable profitability
   - Attractive growth and efficiency potential in EU
   - Achieve efficiency of Swiss business
   - Excellence in long-term investment performance
   - First-class private bank with good return

2. Financial targets:
   Operational excellence as main target until 2008
   - Growth: > 1% above market (16% over 3 years)
   - Efficiency: CHF 500m Basic insurance result
   - Leadership: > 80% employee commitment
   - Net result of CHF 1 billion
   - Sustainable ROE of > 10% (Banking > 15%)
   - Dividend > CHF 5

3. Management: Credible and strong with excellent track record of implementing restructuring and strategy measures

4. Risk: Holistic risk management with “best in class” ALM
Supplementary information
Agenda

1. Swiss business

2. Banca del Gottardo

3. Additional financial information
## Implementation in Switzerland until 2008

| Growth          | Create best solutions to meet increasing customers needs for pensions | • Maintain market leadership  
  • Customers satisfaction 4.25 index points (out of 5) |
|-----------------|------------------------------------------------------------------------|----------------------------------------------------------------------------------|
|                 | Improve opportunities for getting in touch with customers              | • Premiums CHF 8.5 billion  
  • Growth 1% above market |

<table>
<thead>
<tr>
<th>Efficiency</th>
<th>Reduce dependency on financial result</th>
<th>• Basic insurance result CHF 150 million</th>
</tr>
</thead>
</table>
|                 | Design more efficient processes and reduce costs                       | • Reduce administration costs  
  • Tighten structures |

<table>
<thead>
<tr>
<th>Leadership</th>
<th>Enable decisions close to the needs of the market</th>
<th>• Customer focus 80 index points (out of 100)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Enforce company values based on excellence</td>
<td>• Commitment 80 index points (out of 100)</td>
</tr>
</tbody>
</table>

Leadership  
Efficiency  
Growth
Existing business: Basic insurance profitability turnaround achieved until 2008 in Switzerland

Basic insurance result Switzerland, CHF million

2005  
20

2008  
150

Measures
- Costs cross subsidising through sounding risk result
- Cost saving starts to grip, however project costs does mitigate effect
- 2 out of 3 main efficiency project are mature and start to yield results

Increase of underlying profitability driven by solid risk and increasing cost result

Stable and increasing basic insurance result, due to
- Maintain solid risk margin
- Efficiency measures
Key messages on products

- Offer range of products, which suit the risk appetite of different customers

- Highest profit contribution and lower competition in traditional, full-risk coverage, therefore maintain strong strategic position

- Concentrate improvements and development on products as well as on sales skills in those specific segments where above-average market growth is expected
BVG mandatory business conversion rate to come down

IFRS impact on P&L and B/S
Statutory impact on P&L and B/S
Impact on EmbV 1)

One time
CHF ~60m
Marginal
Marginal

Recurring
Guarantees relief starting 2008, full relief in 2011

1) Overall marginal impact, but additional reserve strengthening no longer needed
Summary strategic drivers Switzerland

**Growth**
- Growth of 8% to CHF 8.5 billion in 2008
- Sales force with higher profitability
- Product portfolio established

**Efficiency**
- Profitability: Basic insurance result of CHF 150 million in 2008
- IT-environment will be renewed
- Integration «La Suisse»

**Leadership**
- Highly motivated employees: Focus on commitment >80%
- Taking part in political discussion
Agenda

1. Swiss business

2. Banca del Gottardo

3. Additional financial information
Focused strategy to achieve efficiency and profitable growth

From …

- Private banking
- Commercial
- Retail

Broad products and services universe

To …

- Private banking
  - High Net Worth Individuals
  - Affluents

Products and services tailored to specific client needs
Clear strategic focus in all key business areas

- Private banking
  - High Net Worth Individuals
  - Affluents

- Products and services tailored to specific client needs

- Geography
  - Switzerland off- and onshore
  - Italy onshore

- Segments
  - HNWI as the core segment
  - Affluent as new growth thrust
  - UHNWI as adjacent
  - EAM segments

- Products and services
  - Investment and wealth management products and services
  - Lending as integrated part of private banking value proposition

Note:
HNWI = High Net Worth Individual,
UHNWI = Ultra High Net Worth Individual,
EAM = External Asset Manager
### Main value drivers of performance improvements

<table>
<thead>
<tr>
<th>Driver</th>
<th>Driver Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Growth</strong></td>
<td>- Net new money through share-of-wallet increase and new client acquisition</td>
</tr>
<tr>
<td></td>
<td>- Margin enhancement through cross-selling and value-added pricing</td>
</tr>
<tr>
<td><strong>Efficiency</strong></td>
<td>- Outsourcing of IT and back-office operations</td>
</tr>
<tr>
<td></td>
<td>- Leveraging third-party product and service providers</td>
</tr>
<tr>
<td></td>
<td>- Cost reduction through lean processes and structure</td>
</tr>
<tr>
<td><strong>Leadership</strong></td>
<td>- Comprehensive implementation program</td>
</tr>
<tr>
<td></td>
<td>- Strong commitment of BdG employees</td>
</tr>
</tbody>
</table>
Growth and efficiency leading to improved cost/income ratio

**Growth**
- PB net new money growth
- PB margin enhancement

**Efficiency**
- Complexity reduction
- Outsourcing of back-office

**Drivers**
- Cross-selling
- Share of wallet
- New clients
- Pricing

**Cost/income-ratio (%)**

<table>
<thead>
<tr>
<th>2004</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>69</td>
<td>~ 60</td>
</tr>
</tbody>
</table>

- 5–6% p.a. AuM growth
- 1–2% p.a. lower cost

* Effect net of inflation
## Clear financial objectives for BdG Group

Swiss GAAP

<table>
<thead>
<tr>
<th>Metric</th>
<th>2004</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets under control (AuC)</strong></td>
<td>CHF 41.1 bn</td>
<td>CHF ~60 bn</td>
</tr>
<tr>
<td><strong>Assets under management (AuM)</strong></td>
<td>CHF 34.4 bn</td>
<td>CHF ~43 bn</td>
</tr>
<tr>
<td><strong>Private banking net new money</strong></td>
<td>CHF –200 mio</td>
<td>CHF ~ +1.0 bn p.a.</td>
</tr>
<tr>
<td><strong>PB revenue margin (BdG parent)</strong></td>
<td>97 bps</td>
<td>105 bps</td>
</tr>
<tr>
<td><strong>Net profit after tax</strong></td>
<td>CHF 70.6 mio</td>
<td>&gt; CHF 130 mio</td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td>7.4 %</td>
<td>&gt; 15 %</td>
</tr>
<tr>
<td><strong>Cost/income ratio</strong></td>
<td>69 %</td>
<td>~ 60 %</td>
</tr>
</tbody>
</table>
Agenda

1. Swiss business

2. Banca del Gottardo

3. Additional financial information
Strong growth in Europe

GWP & PHD; CHF million (IFRS basis)

<table>
<thead>
<tr>
<th>Region</th>
<th>2005</th>
<th>2004</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switzerland</td>
<td>8,764</td>
<td>7,397</td>
<td>-11%</td>
</tr>
<tr>
<td>France</td>
<td>6,224</td>
<td>7,807</td>
<td>+19%</td>
</tr>
<tr>
<td>Germany</td>
<td>2,061</td>
<td>1,907</td>
<td>+8%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1,592</td>
<td>1,963</td>
<td>-19%</td>
</tr>
<tr>
<td>Belgium/Lux.</td>
<td>1,226</td>
<td>808</td>
<td>+52%</td>
</tr>
<tr>
<td>Other</td>
<td>183</td>
<td>569</td>
<td></td>
</tr>
<tr>
<td><strong>Total reported</strong></td>
<td>20,211</td>
<td>18,648</td>
<td></td>
</tr>
</tbody>
</table>

1) Growth -5% on an adjusted basis (excluding BVG contingency fund CHF 554 million in 2004)
2) Growth +6% on an adjusted basis (excluding De Goudse CHF 463 million in 2004)
3) Including United Kingdom CHF 548 million and Italy CHF 21 million for 2004; including Liechtenstein CHF 163 million and Italy CHF 20 million for 2005
Continued stringent cost management

CHF million (IFRS basis)

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>3 390</td>
<td>3 341</td>
<td>1.5%</td>
</tr>
<tr>
<td>Commissions and DAC amortisation</td>
<td>-1 141</td>
<td>-905</td>
<td></td>
</tr>
<tr>
<td>Goodwill &amp; PVP amortisation</td>
<td>-128</td>
<td>-248</td>
<td></td>
</tr>
<tr>
<td>Change in reserves for employee benefits</td>
<td>41</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructuring costs</td>
<td>-116</td>
<td>-39</td>
<td></td>
</tr>
<tr>
<td>Currency effects</td>
<td></td>
<td>-4</td>
<td></td>
</tr>
<tr>
<td>Adjustment UK</td>
<td></td>
<td>-57</td>
<td></td>
</tr>
<tr>
<td><strong>Operating expenses</strong> (adjusted)</td>
<td>2 046</td>
<td>2 088</td>
<td>-2.0%</td>
</tr>
</tbody>
</table>
Profit surges 44% to CHF 874 million

CHF million (IFRS basis)

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross written premiums, fees and deposits received</td>
<td>20 211</td>
<td>20 180</td>
</tr>
<tr>
<td>Financial result for own risk</td>
<td>6 966</td>
<td>6 844</td>
</tr>
<tr>
<td>Net insurance benefits and claims</td>
<td>-14 040</td>
<td>-15 375</td>
</tr>
<tr>
<td>Policyholder participation</td>
<td>-2 227</td>
<td>-1 553</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>-3 390</td>
<td>-3 341</td>
</tr>
</tbody>
</table>

| Profit from operations         | 1 023  | 1 148  |
| Borrowing costs                | -173   | -208   |
| Taxes and results of associates| 24     | -334   |
| Profit                        | 874    | 606    |
| Earnings per share (in CHF) 1) | 24.82  | 18.27  |
| Return on equity (ROE)         | 12.3%  | 10.7%  |

1) Diluted, based on 35 095 099 shares in 2005 and 32 036 924 shares in 2004
Increase in policyholder participation driven by higher realised capital gains

Illustrative

- Technical reserves
- Borrowing
- Bonus reserves
- Equity

Liabilities

Risk Capital

June 2005

- Interest rate outlook revised
- Realised gains around the lowest interest rate point
- Hedge accounting applied
- Bonus reserves increased

December 2005

- Duration on bond portfolio shortened
- Increased cash position retained for reinvestment at higher interest rate
- Bond value protected from a long term point of view
- Lower operating result
- Risk capital provided by policyholders increased
- Bonus reserves at comfortable level

Consistent with dynamic ALM

Increase in policyholder participation driven by higher realised capital gains

Illustrative

- Technical reserves
- Borrowing
- Bonus reserves
- Equity

Liabilities

Risk Capital

June 2005

- Interest rate outlook revised
- Realised gains around the lowest interest rate point
- Hedge accounting applied
- Bonus reserves increased

December 2005

- Duration on bond portfolio shortened
- Increased cash position retained for reinvestment at higher interest rate
- Bond value protected from a long term point of view
- Lower operating result
- Risk capital provided by policyholders increased
- Bonus reserves at comfortable level

Consistent with dynamic ALM
### Balance sheet further strengthened

CHF million (IFRS basis)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Insurance reserves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>140 883</td>
<td>131 415</td>
</tr>
<tr>
<td>Insurance liabilities</td>
<td>106 909</td>
<td>103 068</td>
</tr>
<tr>
<td>Investment contracts with DPF</td>
<td>23 652</td>
<td>19 988</td>
</tr>
<tr>
<td>Investment contracts and PH deposits</td>
<td>2 608</td>
<td>2 679</td>
</tr>
<tr>
<td>Discretionary participation liabilities</td>
<td>7 714</td>
<td>5 680</td>
</tr>
<tr>
<td><strong>Borrowings</strong></td>
<td>4 388</td>
<td>6 313</td>
</tr>
<tr>
<td><strong>Shareholders’ equity</strong></td>
<td>7 655</td>
<td>6 277</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>177 597</td>
<td>164 736</td>
</tr>
<tr>
<td><strong>Core capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total equity</td>
<td>7 953</td>
<td>6 490</td>
</tr>
<tr>
<td>Mandatory convertible debt</td>
<td>-</td>
<td>250</td>
</tr>
<tr>
<td>Hybrid capital instruments</td>
<td>1 689</td>
<td>1 451</td>
</tr>
<tr>
<td>Deferred Group-related funds</td>
<td>6 979</td>
<td>5 549</td>
</tr>
</tbody>
</table>
Shareholders’ equity up 22%  

CHF million (IFRS basis)

01.01.2005  |
---|---
Change in unrealised gains/losses | 6 281
Change in FX translation, share premium, treasury shares and other | 295
Conversion mandatory convertible securities (MCS) | 95
Reduction in par value (dividend) | -126
Profit attributable to shareholders 2) | 860
31.12.2005 | 7 655

1) CHF 6 277 million plus IFRS 3 impact of CHF 4 million
2) Profit of CHF 874 million, less amount of CHF 14 million attributable to minority interest
 Positioned for rising interest rates

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

<table>
<thead>
<tr>
<th>Category</th>
<th>31.12.05</th>
<th>31.12.04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities &amp; equity funds</td>
<td>8.5%</td>
<td>9.3%</td>
</tr>
<tr>
<td>Alternative investments</td>
<td>3.2%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Real estate</td>
<td>7.8%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Mortgages</td>
<td>4.6%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Loans</td>
<td>11.5%</td>
<td>12.4%</td>
</tr>
<tr>
<td>Bonds</td>
<td>54.1%</td>
<td>56.8%</td>
</tr>
<tr>
<td>Cash</td>
<td>10.0%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Other</td>
<td>0.3%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

Net equity exposure 4.1% 5.0%
High returns - low risk profile

Investment return on insurance portfolio; CHF million

<table>
<thead>
<tr>
<th>Classification</th>
<th>Direct return of 3.7%</th>
<th>Total return of 5.5% 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>3,184</td>
<td>5,115 1)</td>
</tr>
<tr>
<td>Equities</td>
<td>153</td>
<td>892 1)</td>
</tr>
<tr>
<td>Alternative investments</td>
<td>87</td>
<td>72 1)</td>
</tr>
<tr>
<td>Real estate</td>
<td>675</td>
<td>480</td>
</tr>
<tr>
<td>Mortgages</td>
<td>243</td>
<td>248</td>
</tr>
<tr>
<td>Loans</td>
<td>716</td>
<td>795</td>
</tr>
<tr>
<td>Cash</td>
<td>133</td>
<td>133</td>
</tr>
<tr>
<td>Derivatives &amp; other</td>
<td>25</td>
<td>94</td>
</tr>
</tbody>
</table>

1) Including hedge effects, before expenses
## Solid operating growth in embedded value

CHF million (statutory basis)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>3 614</td>
<td>3 601</td>
<td>+0.4%</td>
<td>+7.3%</td>
<td></td>
</tr>
</tbody>
</table>

| Embedded value Europe       | 3 460      | 2 819      | +22.7% | +22.7%  |
| ANAV of Swiss Life Holding  | 1 813      | 1 516      |        |         |

| Swiss Life Group            | 8 887      | 7 936      | +12.0% | +13.7%  |

| of which ANAV               | 5 942      | 4 909      |        |         |
| PVFP                        | 4 809      | 4 507      |        |         |
| Cost of capital             | -1 864     | -1 480     |        |         |

| Embedded value per share 2) | 263        | 235        |

1) Net of transfers
2) Based on 33 775 818 shares as of 31.12.2004 and on 33 776 078 as of 31.12.2005
Higher than projected investment returns

Embedded value: Analysis of change; CHF million (statutory basis)

- Dividend: -135
- Unwind 2005: +580
- Actual investment return 2005: +622
- Future investment return: -239
- Persistency: +41
- Value of new business 2005: +48
- Various: +34
- Swiss Life Group 31.12.2005: 8,887
## Value of new business significantly improved

<table>
<thead>
<tr>
<th>CHF million (statutory basis)</th>
<th>Switzerland</th>
<th>France</th>
<th>Germany</th>
<th>Netherlands</th>
<th>Belgium / Luxembourg</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>New business margin</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>APE</td>
<td>284</td>
<td>400</td>
<td>203</td>
<td>425</td>
<td>106</td>
<td>1,418</td>
</tr>
<tr>
<td>Value of new business significantly improved</td>
<td>228</td>
<td>263</td>
<td>298</td>
<td>292</td>
<td>43</td>
<td>1,124</td>
</tr>
<tr>
<td>New business margin</td>
<td>3.4%</td>
<td>3.6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** The figures for 2005 are shown in dark blue, and for 2004 in light blue.
Group solvency increased

1) After restatement; 195% before restatement
Life growth above market average in all countries

2005 life premiums (excl. health and excl. non-life) in local currency, in %

- Switzerland: -5% \(^1\)
- France: +26%
- Germany: +8%
- Netherlands: +6% \(^2\)
- Belgium/Lux.: +57%

\(^1\) Growth -5% on an adjusted basis (excluding BVG contingency fund CHF 554 million in 2004) including Non-Life; -4% growth excluding Non-Life
\(^2\) Adjusted for De Goudse CHF 463 million in 2004
\(^3\) Mainly based on estimates of industry associations
Basic insurance result best reflects operational performance

Main components of profitability

- Risk result
  - Today unsatisfying basic insurance result

- Cost & fee result
  - Results under pressure due to low interest rate environment 1)
  - Technical interest partially externally driven

- Investment result

Issues

- Today unsatisfying basic insurance result
  - Results under pressure due to low interest rate environment 1)
  - Technical interest partially externally driven

Drivers

- Volume
- Pricing
- Risk selection
- Reserves
- Costs

Target

- CHF 500 million by 2008

Optimisation of risk adjusted returns

1) Due to reinvestments
**Basic insurance result: Definitions**

### Main components of profitability

- **Risk result**
  - Net earned premiums
  - Fees \(^1\)
  - Claims and benefits paid
  - Change in reserves
  - Technical interest
  - Acquisition costs \(^2\)
  - Adjusted operating expenses \(^2\)

- **Cost and fee result**

- **Investment result**
  - P&L investment income \(^3\)
  - Technical interest
  - PH bonuses
  - Asset management fees

---

1) E.g. from unit-linked, distribution of third party products
2) Including cost normalisation e.g. DAC, restructuring costs
3) Including costs
**Average technical interest rate of 3.03%**

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

<table>
<thead>
<tr>
<th></th>
<th>CHF</th>
<th>EUR</th>
<th>USD</th>
<th>GBP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total reserves</td>
<td>63 760</td>
<td>32 452</td>
<td>485</td>
<td>9</td>
</tr>
<tr>
<td>Mean technical</td>
<td>2.79%</td>
<td>3.31%</td>
<td>4.10%</td>
<td>3.58%</td>
</tr>
<tr>
<td>interest rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Overall: 3.03% (-7 bps)
Key assumptions for embedded value calculation

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CH</td>
<td>EU</td>
</tr>
<tr>
<td>Risk discount rate</td>
<td>7.0%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Equity return</td>
<td>6.5%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Bond return</td>
<td>2.1%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Real estate return</td>
<td>4.5%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Hedge fund return</td>
<td>6.5%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Weighted new money rate</td>
<td>3.2%</td>
<td>3.8%</td>
</tr>
</tbody>
</table>

- 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: 2.4%
  - EU: 3.8%
- Long-term weighted new money rate from 2011 onwards
  - CH: 3.5%
  - EU: 4.0%
- No uplift for foreign currency bonds assumed

10-year government bond:
## Sensitivities of embedded value

CHF million (statutory basis)

<table>
<thead>
<tr>
<th></th>
<th>Switzerland</th>
<th>Europe</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EV 31.12.2005 (base case)</strong></td>
<td>3 614</td>
<td>3 460</td>
<td>8 887 1)</td>
</tr>
<tr>
<td><strong>Δ Risk discount rate -100 bps</strong></td>
<td>375</td>
<td>294</td>
<td>669</td>
</tr>
<tr>
<td><strong>Δ Investment returns +100 bps</strong></td>
<td>657</td>
<td>697</td>
<td>1 354</td>
</tr>
<tr>
<td><strong>Δ Investment returns -100 bps</strong></td>
<td>-985</td>
<td>-842</td>
<td>-1 827</td>
</tr>
<tr>
<td><strong>Δ Bond returns +100 bps</strong></td>
<td>216</td>
<td>386</td>
<td>602</td>
</tr>
<tr>
<td><strong>Δ Bond returns -100 bps</strong></td>
<td>-369</td>
<td>-458</td>
<td>-827</td>
</tr>
<tr>
<td><strong>Δ Property values -10%</strong></td>
<td>-481</td>
<td>-36</td>
<td>-517</td>
</tr>
<tr>
<td><strong>Δ Investment margin -10 bps</strong></td>
<td>-461</td>
<td>-186</td>
<td>-647</td>
</tr>
<tr>
<td><strong>Δ Cost of capital at 150% 2)</strong></td>
<td>-583</td>
<td>-513</td>
<td>-1096</td>
</tr>
</tbody>
</table>

1) Including ANAV of Swiss Life Holding and overhead of CHF 1 813 million
2) Currently 100% cost of capital
# Sensitivities of value of new business

CHF million (statutory basis)

<table>
<thead>
<tr>
<th>VnB 31.12.2005 (base case)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>48</td>
</tr>
<tr>
<td>△ Risk discount rate -100 bps</td>
<td>37</td>
</tr>
<tr>
<td>△ Investment returns +100 bps</td>
<td>84</td>
</tr>
<tr>
<td>△ Administration expenses -10%</td>
<td>28</td>
</tr>
<tr>
<td>△ Acquisition expenses -10%</td>
<td>33</td>
</tr>
</tbody>
</table>
Less than 10% of Swiss Life Group reserves are subject to BVG minimum interest rates

Breakdown of technical reserves

CHF billion (IFRS basis); 31.12.2005

Total: 141 1)

- Non-life (2 billion)
- Investment contracts & PH deposits

Traditional business 108

- Europe (+ other CH) 44
- CH 2)
  - Individual 23
  - Group 41
  - Converted 17
  - Not converted 24

Guaranteed rate

- Non-mandatory 2.25%
- Mandatory 2.50%

1) Excludes 3rd party reserves of CHF 5 billion: Unit-linked and embedded derivatives insurance
2) CH includes SL ZH, La Suisse Vie and Vaudoise
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