Another good result once again

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Group CEO
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(The spoken text is definitive)

Ladies and Gentlemen

It is my pleasure to give you an overview of the last financial year.

The Swiss Life Group once again achieved a good result in 2005. At the same time, we also set the course for a successful future.

In 2005 Swiss Life increased its profit by 44% to more than 870 million francs. All segments and markets contributed significantly to these gratifying results. This trend in earnings underscores our strategic and operational advances.

Shareholders' equity rose 22%, to 7.7 billion francs. This means that the financial strength at our disposal is very solid. That is an important prerequisite for the future successful development of our business.

The return on equity rose to more than 12%, and earnings per share came to almost 25 francs.

Based on these results, the Board of Directors will propose raising the dividend from 4 to 5 francs under item 2 on the agenda. As in the previous year, the dividend will take the form of a repayment of par value.

In 2005 we were once again successful in beating the 20 billion franc mark in premium income. In so doing we achieved organic growth of 8%. The growth momentum continued unabated in the markets outside Switzerland. Premiums grew by 19%. We were able to retain our market share and our number one position despite a slight decrease in premium income in our domestic market.

We managed to reduce operating costs by a further 2% in spite of this impressive growth.

The basic insurance result rose to 148 million francs last year. We are thus well on the way to achieving our goal of 500 million francs in 2008.

The trend in unit-linked products was also particularly pleasing. There was a sharp increase in volume of 36% to 1.9 billion francs. In total, the volume of non-traditional products rose by more than 42% to 6.5 billion. This already represents more than one third of the total premiums in life insurance.

The embedded value rose by 12% to around 9 billion francs. The value of new business also improved significantly – by 17% – to 48 million francs. However, it must be borne in mind that our calculations in the area of embedded value continue to be based on very conservative assumptions. Rising interest rates therefore indicate substantial potential to generate growth in value.

This illustration of premium growth per country shows the above-average growth in the individual markets.

We increased premium income in **France** by 19% to 7.4 billion francs in 2005. Life insurance premiums expanded by 26%, considerably above the market growth of 14%. All sales channels contributed to this rise in premiums. Health insurance premiums recorded a growth rate of 7%.

In **Germany** we increased our premium income by 8% from the prior-year figure to a total of 2.1 billion francs. This above-market premium growth was mainly possible thanks to a strong second half. The positive trend for periodic premiums in the individual life business was a carry-over of the strong demand at the end of 2004.

Premium volume in the **Netherlands** dropped by 19%, to 1.6 billion francs. This drop is due to the acquisition of the group insurance portfolio of the Dutch insurer «De Goudse» in 2004. Without this effect, amounting to more than 460 million francs, premium income rose by 6%.

In **Belgium and Luxembourg** we increased premium income to more than 1.2 billion francs. Premium growth in Belgium amounted to 37%. This development is due to the expansion of sales channels and an excellent range of cash value life insurance products. In Luxembourg we were able to double the premium volume to 473 million francs. The engine for growth here was the cross-border business with unit-linked life insurance contracts for high net worth individuals.

In **Switzerland** premium income totalled 7.8 billion francs. Once the one-off special effect from 2004 is screened out, premium volume decreased by 5%, in line with the market. In Switzerland our priorities are still to increase profitability and to maintain our position as number 1, rather than concentrating on growth.

In total we achieved around 40% of our gross written premiums in Switzerland and some 60% abroad. The trend towards international markets is set to continue.

Profit from operations came to 1 billion francs last year. The drop of 125 million francs is the result of additional write-downs of acquisition costs and goodwill, restructuring costs and, in particular, an extraordinary allocation to the bonus reserves of several hundred million francs. This extraordinary allocation, which considerably reduced the results of the insurance segment, was made in connection with the realisation of gains on bonds shortly before the increase in interest rates in the fourth quarter of last year. A large part of the profit realised was allocated to the bonus reserve, thereby building up additional risk capital. This now gives us more flexibility with regard to our investment policy.

We achieved a result of 117 million francs in the banking segment. Banca del Gottardo made up the bulk of the contribution to the segment. It turned in a good result in 2005. Under local accounting practices it increased its profit by 17% to 83 million francs.

The Investment Management segment, which includes the management of part of the insurance assets and also of custody assets, generated an operating result of 61 million francs.

With the investment of the insurance assets we achieved a return of 5.5%, which is a considerable total return when you consider the current interest rate environment. However, it should be borne in mind that our portfolio is heavily weighted towards the Swiss franc due to our liability structure. The direct return came to 3.7%. This is comparable to an average interest on our obligations of 3.0%.

The investment return of 5.5% on the total insurance portfolio was achieved with a well controlled level of risk. By the end of the year we had invested around three quarters of our assets in fixed-interest investments. You will also see a relatively large position in cash and cash equivalents in the investment structure at the end of 2005, which is the result of the sale of bonds as already mentioned. In the meantime we have reinvested part of these funds in equities, amongst other things. Our net equity exposure is currently above 6% compared to 4% at the end of the year.

From my experience of previous years I know that you are particularly interested in the course of business in Switzerland, so I shall now deal with our domestic market in slightly more detail.

The year 2005 was an important and successful one for Swiss Life in Switzerland. It was important because we took some far-reaching decisions and set the course for our future success. At the same time it was successful because we achieved our ambitious goals in a challenging market environment.

Most notably, we strengthened our role of leadership. We are number 1 once again in both private and occupational provisions. New business is developing very well indeed. We launched new products and further improved profitability. The integration of «La Suisse» progressed more quickly than anticipated and is already bearing its first fruits. We are making pleasing progress in reducting the number of our IT systems. And customer satisfaction is growing. Above all, our full insurance in occupational provisions has been well accepted by the market. People have confidence in us and value our expertise. Our arguments on behalf of more realistic BVG conditions are being taken seriously. The Federal Council is now recommending that the pension conversion rate should be lowered more quickly and more steeply than previously anticipated.

With a share of around 30% in occupational provisions and over 20% in private provisions we are clearly number one in the Swiss pensions market. Our business policy, which is geared towards long-term security, is paying off – for you as our shareholders as well.

New business developed very well in 2005, with a plus of 25% overall. We take particular pleasure in the fact that we have grown without compromising our profitability. All business segments and all premium types have contributed to this development. In the private client segment new contracts with periodic premiums rose by 10%; new business with single premiums rose by 15%. Group business resulted in 72% more new business from periodic premiums and 32% from single premiums.

We made rapid strides in expanding our product range for private clients in 2005. We launched an innovative product line with unit-linked life insurance under the name "GarantiePlus". "GarantiePlus" is attractive both for clients and for Swiss Life. For clients there are increased earnings opportunities because they take on a portion of the investment risk themselves. And for Swiss Life, the products tie up less risk capital. The impact of the general interest rate level on our profitability is reduced.

Our objective is to attain a market share for investment focused on returns that corresponds to our leading position. The first step towards this has gone very well. Numerous small adjustments to our investment funds and enhanced training for our client advisors laid the foundation for strong growth in this product area. Indeed, "GarantiePlus" gave an additional boost to our sales in the fourth quarter of 2005. In the last three months of the year we earned a total of 50% more sales in the area of investment focused on returns than in the previous three quarters put together. And we've carried this momentum with us into the new year.

With the integration of «La Suisse» and the acquisition of the Vaudoise group business, we have consolidated our leading role in Switzerland and created the basis for further improvements in efficiency. We are focused exclusively on one brand. We have united the synergies of two previously independently operating sales organisations, streamlined the organisation and intensified training. The sales cooperation agreements with Vaudoise and Helsana – the number 1 in health insurance – and Mobiliar – the number 1 in property insurance – have opened new markets to us and given our sales organisation additional impetus. Finally, the «La Suisse» and Vaudoise transactions create economies of scale in the IT and administration sectors.

To finish I should like to cast an eye to the future. Our strategic directions growth, efficiency and leadership are tied to clear objectives until 2008. Based on the figures that we have today, I can confirm that we are confident of achieving these goals.

We intend to grow at least 1% above the annual market average in all countries where we operate.

The first priority is for growth to be achieved organically, i.e. not through acquisitions. We draw a distinction here between Switzerland and abroad, where we want to continue our dynamic growth. By 2008 premiums should have grown by 23%. In Switzerland, where our focus lies on improving profitability, we are looking for a premium growth of 8% overall. This means that the share of premium volume in Switzerland will decrease from 40% currently to around 30% in 2008.

We are also striving for a considerable improvement in the quality of earnings. We want to further reduce our dependency on the financial result and considerably expand the share of the basic insurance result in our profits.

Another important element in our strategy is the further improvement of employee job satisfaction and identification with the company by 2008.

Swiss Life wants to be an attractive employer for its staff, a company they are proud to work for.

This concentration on growth, efficiency and leadership means that we will achieve our goals of posting a profit of 1 billion francs and creating a sustainable return on equity of more than 10% by 2008. At the same time we want to create the conditions that enable us to increase our shareholders' dividend annually – your dividend.

Ladies and Gentlemen, the pensions business is a sustainable growth market in the long term. With increasing life expectancy and the rising percentage of retired people, the need for individual retirement solutions in the form of pensions and long-term savings is also growing. The necessary reforms to the social security systems are far from complete and will open up new opportunities for growth. We are convinced that, in coming years, the market growth in Europe for both private and occupational benefits will be considerably above the general growth of the economy. With Swiss Life we are ideally positioned to profit from this growth.

Thank you for your attention.