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Group Chief Executive Officer (Group CEO)
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(The spoken text is definitive)

Ladies and gentlemen

I am pleased to present some of the key figures from our results for the 2008 financial year.

Gross written premiums including policy fees and deposits amounted to 18.5 billion francs. Adjusted for the contribution of the ERISA companies which were sold in France in the course of 2007, this corresponds to a decline of 4% in premiums. The decline is mainly attributed to the lower income from deposits under insurance and investment contracts, especially in business with high net worth individuals.

The gross written premiums figure for Switzerland in 2008 came to 8.2 billion francs in all. This represents a slight drop of 3% from the very strong performance in 2007. Premium income for 2008 still came in clearly higher than the results for 2005 and 2006. Around 80% of Swiss Life's premium volume in Switzerland was derived from occupational benefits insurance. In our home market, we play a key role as a provider for small and medium-size companies which still rely on full cover from an insurance company for their occupational benefit plans. In 2008, a catastrophic year for the financial markets, these customers especially profited from our full insurance model. Under this model, we, as insurers – or perhaps I should say, you as shareholders – not only bear the risks of death, longevity and disability but the investment risks as well. Such full insurance cover is important to these companies, but of course it comes at a price. This is reflected in the big loss on the Swiss business.

We can see here that the minimum interest rate and conversion rate guarantees prescribed by the politicians without regard for demographic and economic realities are both unrealistic and clearly too high. Political solutions must be found which reflect with the demographic reality, make economic sense and ensure the sustainability of our tried and tested employee benefits system. So the lower conversion rate set for occupational benefits by the Federal Council, which is now being challenged in a left-wing referendum, absolutely must be supported.

On the expenses side, we were able to continue the positive trend of recent years. Operating costs were reduced by a further 3%. Particular attention was also given to product development. We were able to offer various product innovations which were closely tailored to clients' current requirements. Along with stronger product development and higher efficiency, other focal points in the Swiss business in 2008 were the expansion of multichannel distribution, the targeting of attractive client segments and better exploitation of the existing client base.

More than half of Swiss Life's gross written premiums in 2008, or 55%, were generated outside Switzerland. The premium volume in France came to 5.8 billion francs. Adjusted for the contributions of the ERISA companies in 2007, this works out at a growth of 8% in local currency. The French life insurance market showed a decline of 11% in the same period. Thanks to our multichannel distribution and comprehensive product range, as well as our strong brand, we were clearly better than the market average in France.

In Germany, Swiss Life achieved a premium income amounting to some 2 billion francs, which was a decline of 5% in local currency. New legal stipulations, such as the EU's Insurance Mediation Directive and the change in the law on insurance contracts, impacted negatively on premium growth. Thanks to the introduction of new products and the strategic partnership with AWD, Swiss Life has already returned to the growth path in the current year. We expect to record above-average growth in this market in the years ahead.

In our business with insurance solutions for international high net worth individuals, the premium volume went down around 20% from the previous year's level to stand at 2.4 billion francs. This is mainly because high net worth individuals were the people hit hardest by the financial market crisis. They had to adjust their wealth to the new circumstances and the long-term commitment inherent to insurance contracts took a back seat. Premium growth at the Liechtenstein company was also impaired by legal uncertainties in Germany. These uncertainties have now been eliminated and we have adjusted our products accordingly. We are again seeing an upward trend since the beginning of the second quarter of this year.

The Swiss Life Group's profit from operations in 2008 came to 861 million francs. The result from continuing insurance operations, however, produced a segment loss of 715 million francs. Because of the financial market crisis and the substantially lower financial results which followed, the segment result fell short of the 2007 figures in all operating units. The Swiss business was the most severely affected by this, with a segment loss of around 750 million francs. The unrealistic guarantees in the BVG business are clearly taking their toll.

The AWD Group has been consolidated in the figures reported by the Swiss Life Group since the end of March 2008 and is reported as a segment. Thus, the figures we are presenting today as part of our annual financial statements only include AWD from April onwards. Over these nine months, a segment loss was posted to the account of the Swiss Life Group of 41 million francs.

I would like to take a closer look at AWD's operating result on the basis of the local accounts for the entire business year. The AWD Group generated sales revenues of more than 630 million euros in 2008, down 12% from the record year of 2007. In the year under review, AWD achieved a profit of 19.7 million euros before taxes and interest.

Despite the distortions on the financial markets, as sales revenues in Germany were slightly above the previous year, the companies in the AWD Group were able to improve their market position further. Germany is by far the most important market for the AWD Group, accounting for more than 50% of sales. Despite the crisis, AWD generated sales in Switzerland of almost the same level as the previous year.

Sales revenues in Austria, and Central and Eastern Europe, dropped around 30% to 114 million euros. AWD was unable to match its previous year's result in Austria because its business with unit-linked and real estate products collapsed in the year under review due to the adverse market environment. The problems in Austria are being addressed with a high priority. AWD's expansion in the growth region of Central and Eastern Europe continues to be satisfactory, although the pace has weakened somewhat due to economic conditions. In the United Kingdom, the economic environment and the financial market crisis produced a drop of more than 30% in sales revenues from continuing operations. The necessary measures have been introduced to turn this business around.

The AWD Group's advisors helped around 430 000 clients to optimise their finances in the year under review. Around 248 000 were core clients and 182 000 new clients. AWD thus continues to enjoy a strong client base, which also constitutes a foundation for future success. The result for the first quarter of 2009 revealed the great challenges facing AWD, especially in this difficult economic environment: With a systematic focus on efficiency and productivity gains, AWD is setting its sights on clear increases in sales and profits for the years ahead. The AWD Group intends to achieve sales revenues of 1 billion euros by 2012 and operating income before interest and tax of 130 million euros.

Following these remarks on the operating results for the individual areas, I would now like to look at developments on the investment side and in equity.

As already mentioned, the investment result declined significantly, pushing down our overall result in continuing insurance operations. Direct investment income, at 4.5 billion francs, was held at the previous year's level and yielded a direct return on investment of 4.1%. On a comparable basis, the costs incurred in the investment business were lowered by 8% to 180 million francs. Realised losses and impairments of over 4 billion francs on investments led to a net investment income of 279 million francs and a net return on investment of 0.3%. The net investment loss of more than 4.1 billion francs stemmed from necessary impairments of 2.8 billion, realised losses of 4.2 billion and gains from hedging programmes amounting to 2.9 billion francs. The biggest declines were experienced in equities and alternative investments.

We had to take impairments of 1.4 billion francs on our equity positions. In our effort to reduce risks, we realised losses of 1.2 billion francs after hedging. Taking the dividend income into account, the total loss on equity positions came to 2.3 billion francs. The time-weighted performance of our position in shares thus comes to minus 28%. The index for the European share markets, the Euro Stoxx 50 Total Return Index, lost 42% in the same period. This shows that we clearly outperformed the market with our equity investments, despite the negative result.

Our alternative investments primarily consist of fund-of-funds positions. Here we recorded impairments of 1.3 billion francs, as well as realised losses and currency losses of close to 500 million francs. These losses were partly absorbed by earnings on hedge transactions, resulting in a net investment loss of 1.4 billion francs. The time-weighted movement in the value of our hedge fund investments thus came to minus 28%. In other words, we slightly underperformed the market in this area as measured by the performance of a frequently used index, such as the HFRX Global Hedge Fund Index which returned a loss of 23% for the year.

Taking unrealised gains and losses on investments into account, the total return on the Swiss Life Group's insurance assets came to 0.5% overall. Including the difference between the book value and the market value of the reclassified bonds amounting to 2.3 billion francs and the changes in unrealised gains and losses from other investments not measured at fair value, the time-weighted movement in the value of investments came to minus 0.7% in all. By way of comparison: The Swiss pension fund index calculated by Credit Suisse lost more than 13% in this period.

In the course of 2008 we adjusted our insurance business investment portfolio of over 100 billion francs, in response to the substantial changes in market conditions. We built up cash and cash equivalents to a comfortable level of more than 6% by the end of the year. At the same time, we reduced in particular our exposure to equities and alternative investments. On 31 December 2008, our net equity exposure was under 1%. We cut our exposure to alternative investments in half, from around 6 billion to 3 billion francs. This situation changed only slightly in the first quarter. We continue to hold considerable liquidity. Equity exposure remains well below 1% and this year we posted additional cash redemptions of hedge fund positions amounting to over 600 million francs.

Around 60% of our insurance business investments are in bonds. The portfolio is roughly equally divided between government and corporate issues. The securities in our portfolio of government bonds and issues from supranational borrowers are of a very high quality – more than 80% carry a triple-A rating. In the corporate bond segment we are very broadly diversified. Over 90% of all the bonds carry an investment grade rating of at least triple-B.

Based on our existing asset allocation, we expect a net investment result of 3.7% for 2009, which thus represents a clearly positive margin over the average technical interest rate of 2.7%.

The measures taken last year to reduce the balance sheet risks and protect equity have since proven effective. Shareholders' equity came to 6.6 billion francs on 31 December 2008, compared with 7.3 billion a year earlier. This reduction is primarily due to the capital returned to you, our esteemed shareholders, in the form of the share buyback programme and the distribution of profit amounting to around 1.1 billion francs. The return of capital was only partly offset by the profit and the positive change in unrealised gains and losses on assets. Based on the available equity, the group solvency ratio came to 159% for 31 December 2008. This is almost the same level as the year before. The slight rise in interest rates for long maturities since the beginning of the year reduced the solvency ratio to 150% in the first quarter of 2009. The statutory solvency ratio stood at 180% at the end of March. Swiss Life's capital base thus remains solid.

This brings me to the end of my presentation. I would now like to hand back to Bruno Gehrig.

Thank you for your attention.