Annual General Meeting of Swiss Life Holding Ltd
Zurich, April 23, 2013

Rolf Dörig
Chairman of the Board of Directors

(The German spoken text is definitive)

Dear Shareholders

On behalf of the Board of Directors and the Corporate Executive Board I would like to welcome you to this year's general meeting of Swiss Life Holding. Thank you for taking the time to come here today and thus demonstrating your keen interest in the future development of our Group.

One year ago I announced that 2012 would test our mettle and I am pleased to report that Swiss Life has passed the test. The facts speak for themselves.

Let me pick out a few key figures which attest to the progress we have made. Swiss Life generated adjusted profit from operations of 993 million Swiss francs, 26% up on the previous year. The new business margin rose from 1.2% to 1.4% despite the low interest rate environment. Meanwhile we were able to maintain premium income at the previous year's level despite the tough market conditions. Excluding one-off effects, attributable in particular to the impairment in the value of AWD's intangible assets of 578 million Swiss francs, we generated an adjusted return on equity of 8.6% – that's one percentage point higher than in 2011 on a comparable basis.

The efficiency improvements in all units were also very encouraging. And Investment Management, which has been operating since the start of the year under the brand name "Swiss Life Asset Managers", generated an investment result of 5.7 billion Swiss francs, giving a net investment return of 4.8% compared to 3.8% in 2011. This is also an excellent result when compared with the competition at home and abroad. It enabled us to considerably bolster the technical provisions. And, last but not least, shareholders' equity rose by 12% in 2012 to 10.3 billion Swiss francs, while Group solvency increased from 213% in the previous year to 242% at the end of 2012.

All the progress we have made is also reflected in the share price: up 40% in 2012 – and this year our share price has already risen by 10 %.

2012 was also the year in which we brought our Group-wide MILESTONE programme to a successful close. You will remember that Swiss Life launched MILESTONE in 2009 with the aim of creating more leeway and flexibility for our Group in the long term. As well as cost and margin discipline and the further development of our broad range of products and solutions, our efforts focused on protecting the balance sheet.

We will follow the same path going forward: From a financial perspective, Swiss Life remains committed to continuity and discipline in executing its objectives. Firstly, we will focus on diversifying profit sources and thereby enhancing earnings quality. Secondly, we aim to further protect the balance sheet, steadily optimise in-force business and increase the profitability of new business.

The fact that the operational progress of recent years has been made in an extremely challenging market environment where the operating conditions were not the easiest underlines the resilience of our business model. With the challenging market conditions set to persist into the coming years, this fills me with confidence.

Standard & Poor's upgrade of Swiss Life to an A– rating last year provides further strong confirmation of our enhanced strength and efficiency. The fact that this revaluation runs counter to the general negative trend for financial services providers makes it especially significant – particularly also in view of the fact that, with massive turbulence on the financial markets and widespread uncertainty, we have not been able to benefit from much tailwind in recent years. Yet there is an upside to all this: It is precisely in the aftermath of the financial crises of recent years that people feel a strong need for security, trust, confidence and a care-free life. These are not qualities which can be taken for granted these days, but they are areas which Swiss Life can address with credibility with its life and pensions and financial solutions.

Nevertheless, faced as it is with record low interest rates, far-reaching regulatory changes and volatilities on the financial markets, Swiss Life is compelled to adjust its business model to reflect prevailing economic realities. This goes hand in hand with our ambition to create added value for customers, partners, employees and shareholders.

This ambition was the starting point for our new Group-wide programme "Swiss Life 2015", which we presented to the public at our Investors' Day in November 2012. "Swiss Life 2015" combines continuity with change. On the one hand we are steadfastly following the path we set ourselves in recent years by continuing to put profit before growth. On the other hand we are placing a stronger emphasis on the expansion of our offering and a consistently customer-centric approach to enable us to better exploit market opportunities. In other words, the goal of "Swiss Life 2015" is to orientate all processes throughout the Group more closely to the customer in order to gain new customers and consolidate relationships with existing ones. At the same time we intend to further enhance the efficiency and quality of our services and to strengthen our financial solidity.

With "Swiss Life 2015" we are also addressing the challenges which the current market environment poses for financial advisory companies like the former AWD. We are confident that our new Group-wide programme will enable us to master what is at present an extremely challenging environment for financial distribution companies. After all, we want to consolidate our position in all our markets.

From now on Swiss Life will therefore manage all its production and distribution organisations in each market under one roof in order to optimise market development, further improve the quality of advice and become even more efficient. In this connection the companies which previously operated in the market under the AWD brand are now operating under the brand name “Swiss Life Select”. The actual rebranding was finalised at the beginning of the month. The brand switch has been very well received across the board.

Let me now talk briefly about the goodwill impairment of AWD which produced a considerable contraction in our net profit and also hurt me too. As we were drawing up our new plans under “Swiss Life 2015” we also reassessed the situation with respect to the AWD Group as a whole. And here we had to put our hands up and acknowledge that we underestimated the volatilities and the associated need for change in the financial distribution market.

This is something we must accept, even if our strategic intentions when we acquired AWD are still valid: After all, from a strategic perspective the expansion of the Swiss Life Group by adding a complementary financial distribution company like AWD was and is a logical step towards further diversification and enhanced customer centricity throughout the Group. Professional and customer-centric distribution organisations continue to be a crucial success factor in our industry. And this is not likely to change.

Our reassessment of the earning power of AWD units showed us that the next few years will remain challenging. The market conditions will test the mettle of all financial solution providers. And Swiss Life is no exception. It's against this background that we adapted our plans for the coming years, a result of which was the writedown in AWD's intangible assets of 578 million Swiss francs. This adjustment did not actually have an impact on cash flow, solvency or tied assets of insured persons, but it did affect the current financial year as I described at the beginning of my speech.

The operational efficiency of Swiss Life which was confirmed during 2012 follows on naturally from the operational advances made since 2002 when the current management team took over the reins at Swiss Life. Over the last ten years, Swiss Life has become steadily more efficient, dynamic and flexible. Thanks to the resilience and profitability of our business model, according to which the protection of customer assets has always had top priority, we have been able to keep Swiss Life on course even through the various financial crises of the last decade. Our company has never compromised on reliability and security. We did not report any losses during these times and we were always able to pay a dividend. Our earnings power even enabled us to overcome the regrettable goodwill writedown on AWD.

In particular it is our motivated and professional employees who we have to thank for the operational improvements made. They deserve our utmost respect and gratitude. In their day-to-day work, our employees ensure that our customers know that they are in safe hands and that Swiss Life is ideally positioned in the promising market for life and pensions and financial solutions.

Our company's performance also determines the compensation policy which I would now like to explain to you in more detail.

Setting the company's compensation policy is one of the key roles of the Board of Directors. We set out our compensation policy in detail in the Report on Compensation, which forms part of the annual report. As in recent years we are again submitting the Report on Compensation separately for your vote under agenda item 1.2.

The Board of Directors determines the compensation policy for the Swiss Life Group on the basis of proposals put forward by the Nomination and Compensation Committee. The Swiss Life Group's compensation policy underpins the corporate strategy and, as an integral part of HR policy, it aims to retain well-qualified employees and gain new, highly skilled staff.

The overall compensation takes into account employees’ professional skills, responsibility and personal performance. It is made up of the basic salary and, if applicable, performance-related variable salary components. Contributions to occupational provisions and risk insurance come on top. The salary is determined according to the employee's function and skill set. It is annually re-assessed and adjusted if appropriate; salary compensation studies and recognised job evaluation systems are used to check appropriateness and to ensure internal and external comparability. The variable compensation components are linked to the strategic objectives of the Group and the individual divisions, and are dependent on the degree of target achievement.

The Board of Directors as a whole is responsible for determining the compensation of its members. The members of the Board of Directors are granted exclusively fixed compensation with no variable components. The fixed compensation is paid 70% in cash and 30% in Swiss Life Holding shares, with the shares subject to a three-year blocking period from the date of allocation.

On the basis of a proposal by the Nomination and Compensation Committee, the Board of Directors also sets the level and distribution of the variable compensation pool for all employees and the compensation for members of the Corporate Executive Board.

The members of the Corporate Executive Board receive a fixed basic salary and variable compensation, which is payable on the one hand as a cash bonus and as deferred compensation in cash and on the other hand as deferred compensation in shares in the form of the current equity compensation plan. On top of this come employer contributions to occupational provisions.

60% of the bonus paid to members of the Corporate Executive Board depends directly on the company's success. 40% is based on their achievement of personal goals which are in turn linked to the company's success. Each Corporate Executive Board member has to meet personal quantitative objectives contributing to the company's success in relation to his particular division. In addition, the personal goals cover qualitative factors, namely in relation to risk management and compliance, as well as requirements relating to leadership and to supporting and further developing the corporate culture.

The cash bonus is set at a maximum of 117% of the basic salary and requires that all objectives have been considerably exceeded. The level of the bonus is therefore explicitly limited from the outset in line with current best practice requirements. About a quarter of the variable compensation in cash is not paid immediately but in the form of so-called "deferred compensation in cash". It is paid after a period of three years has elapsed and provided that the regulatory requirements are satisfied at that point. Adjustment and reclaiming mechanisms – so-called clawbacks – are provided for. These are applied if annual results have to be restated or personal misconduct results in a loss. Furthermore, the entitlements expire worthless if the employment relationship is terminated by a participant during the three-year deferral period.

As I've already mentioned, a long-term compensation component is in place for members of the Corporate Executive Board and other key performers within the Swiss Life Group in the form of an equity compensation plan. Participants in this plan are granted future subscription rights – so-called restricted share units, RSUs for short – to Swiss Life Holding shares. These entitle the participants to receive Swiss Life Holding shares free of charge on a one-to-one basis (1 RSU = 1 share) provided that the requirements under the RSU plan are satisfied after the three-year deferral period has elapsed. As with the deferred compensation in cash, adjustment and reclaiming measures are provided for, and the future entitlements expire worthless if the employment relationship is terminated by the participant during the three-year deferral period.

The new RSU plan with an effective date of 1 April 2013 incorporates performance criteria which have been set by the Board of Directors on the basis of the new Group-wide programme “Swiss Life 2015” and relate to cost efficiency, the risk and fee result and IFRS profit. If all three performance targets have been achieved or exceeded, the maximum allocation of shares after the three-year term of the RSU plan has elapsed is limited to the number of allocated RSUs. If the targets are only partly achieved, the share allocation is correspondingly reduced or the RSUs expire worthless.

As I've already explained, Swiss Life made significant operational progress in the year under review. Adjusted profit from operations in 2012 considerably exceeded expectations, up 26% on the previous year despite a very challenging economic, regulatory and political environment. The fact that reported net profit was lower is mainly attributable to the extraordinary writedown in AWD's intangible assets. Furthermore Swiss Life's investment result of 5.7 billion Swiss francs was excellent, also by peer comparison, with net investment return at 4.8% and investment performance of 8.5%.

The Board of Directors has given the exceptionally good operating result and above-average investment result particular weighting in the assessment of target achievement for the determination of variable compensation for the 2012 financial year precisely in view of the extremely challenging market situation for life insurers caused by the persistently low interest rates.

The appropriate level of variable compensation is reviewed each year by the Board of Directors in accordance with the targets, which from now on will be based on the new Group-wide programme “Swiss Life 2015”.

I hope my explanation has given you a better understanding of the principles underlying our compensation arrangements. With these transparent and differentiated arrangements, the Swiss Life Group has a modern, goal-based compensation policy which is comprehensible to all stakeholders.

And now to conclude, let me broaden the scope of my presentation a little.

Swiss Life operates in a market which is hugely relevant to society as a whole. The issues of financial provisions for the future and biometric risk coverage are becoming increasingly important for everybody in this country. Swiss Life has a responsibility here. Firstly we are committed to a constructive organisation of the Swiss pension system. Secondly we promote Switzerland as a strong and competitive insurance market by international standards. Both elements make a key contribution to the Swiss success model.

This country's pension system is without doubt a great achievement. It stands for a balancing of social interests and a clever combination of individual and collective responsibility. Of course a pension system is also always a reflection of society and therefore subject to change. We need to safeguard this system – and this is why it should be regularly adapted to new circumstances, particularly if the system parameters no longer reflect reality.

Although doom-mongering should not be the principle on which we reform our employee benefits institutions, we should not dismiss or downplay emerging problems. Above all it's a question of securing the prosperity of future generations. This fairness constitutes an obligation to future generations within the framework of a balanced inter-generational contract, especially since demographic and economic trends pose enormous challenges to our society. As we are living longer, so our pension fund assets need to last longer. And this is in an economic environment that is likely to continue to be characterised by volatility, record low interest rates and high levels of national debt.

At the moment it is future generations who will have to pick up the bill for our pension system. But this cannot be allowed to continue. I'm therefore arguing against the unjust redistribution from the young to the old, the shifting of problems to the future and thus onto the shoulders of the actively employed and future generations. Let's not kid ourselves: Debt is increasingly becoming a problem for social welfare institutions. Even if disability insurance is going the right way – if we take our foot off the pedal now, we will not reach our goal of a debt brake. To dismiss or downplay these problems is unfair, unrealistic and ultimately antisocial. Our ultimate aim should be not to place a permanent burden on future generations – and for this reason it's important to exercise sound judgement when reforming the present system.

The past year showed in particular that the Federal Council as well as wider political circles and the general public are willing to enter into a comprehensive debate in the search for solutions, leaving polemics and party politics aside. This is what our country needs right now. Even if such reform cannot happen overnight, we must conduct active dialogue today to ensure that the current system will still function well in the future.

We must also preserve the insurance centre of Switzerland – another area where our involvement at Swiss Life goes beyond our day-to-day business. The insurance industry is a vital and dynamic economic sector which is of massive economic importance for our country. I agree with the findings of a study by the Canton of Zurich which considers over-regulation a danger for the insurance centre of Switzerland and in particular warns that Swiss insurance companies will be faced with huge disadvantages, divorced as it were from developments in Europe. This would adversely affect the competitiveness of Swiss companies and would thus cause the costs of regulation to exceed the benefits – with fatal consequences for our country's competitiveness and prosperity. Unfortunately we often tend to forget that we have no need to fear comparison when it comes to professionalism, financial solidity and innovative strength.

As members of the Board of Directors and the management of the Swiss Life Group we see it as our duty not only to work towards maintaining the competitive edge of Swiss Life but also in particular towards maintaining that of our country as a whole. We will not always do this quietly – too much is at stake. We regard it as an essential part of our social responsibility to inject ourselves into the debate. I'm sure that as shareholders you will support us in our aspirations.

So, I have now reached the end of my opening speech. Thank you for your attention. I would now like to hand over to our CEO, Bruno Pfister, who will speak to you in more detail about the 2012 financial year.