

Rentenanstalt 

Swiss Life 

# **Swiss Life Group 2002 Results Analyst & Investor Presentation**

Zurich, 8 April 2003

# Agenda

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1. Overview

Rolf Dörig

2. Financial Results

Bruno Pfister

3. Embedded Value

Michael Koller

4. Swiss Business

Paul Müller

5. Summary and Outlook

Rolf Dörig

# Consolidated net loss of CHF 1.7 billion

In million CHF (IAS basis)

	2001 (restated)	2002	Change
Gross written premiums and policyholder deposits	19 980	19 473	-2.5%
Gross written premiums	15 630	15 757	+0.8%
Financial result	5 771	4 713	-18.3%
Operating result	80	-788	-
Net result	-115	-1 694	-
Shareholders' equity	4 982	4 170	-16.3%
Core capital	7 744	7 540	-2.6%
Number of employees (full-time equivalents)	12 265	11 541	-5.9%

# Review financial year

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## Group result impacted by special items

- Goodwill impairments on BdG and STG: CHF -832 million
- Other special items: CHF -838 million

## Cost reduction target ahead of plan

- Cost reduction target achieved: CHF - 212 million (= 41% of target 2004)
- Headcount reduction target achieved: - 724 FTE (= 48% of target 2004)

## Capital at adequate level

- Shareholders' equity: CHF 4.2 billion
- Core capital: CHF 7.5 billion

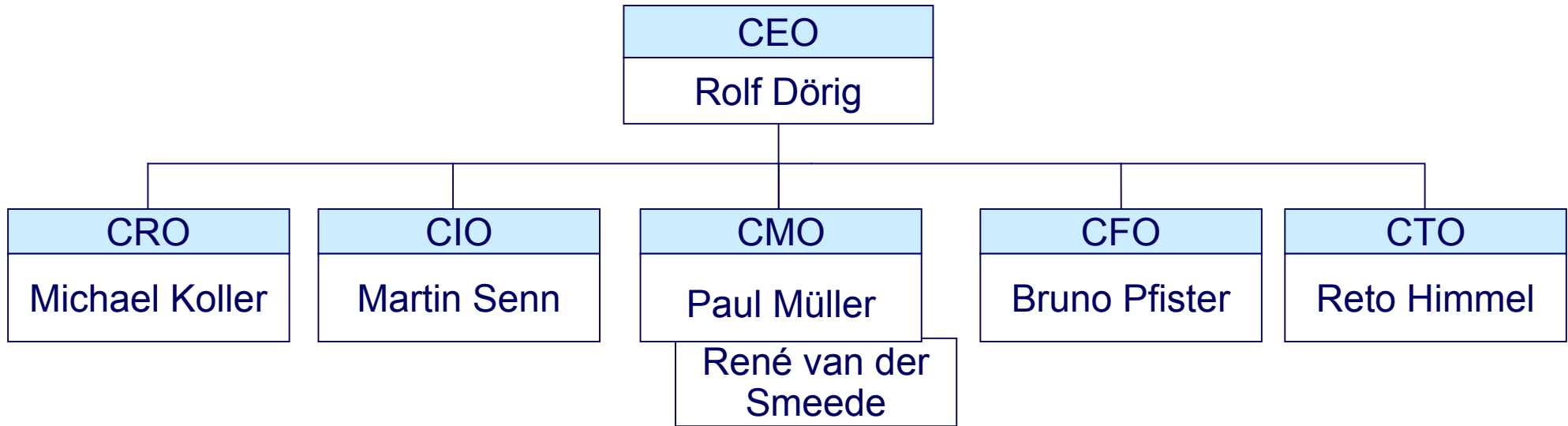
## Solvency remains strong

- Rentenanstalt solvency: 182%<sup>(1)</sup>

(1) Rentenanstalt represents 90% of total mathematical reserves

# Management team in charge

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Risk Management

Actuary

Products

Investment  
Management

Real Estate

Funds

Switzerland

International

Controlling

Accounting

Corporate  
Finance

Investor  
Relations

Information  
Technology

General Services

Business Process  
Engineering

# Achievements to date

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- Successful capital increase of CHF 1.1 billion (gross)
- Cost reduction program ahead of plan
- Repricing of Swiss group life business

- New management team operational
- New board of directors proposed for upcoming annual general meeting

- Functional structure across core countries implemented
- Improved financial controls and risk management processes

- Refinement of local French strategy (health business allocated to life segment)
- Consolidation of real estate operations

# Key actions to return to profitability

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## Business Focus

- Consolidate/strengthen position in core markets
- Pursue divestment opportunities

## Streamlined Structure

- Establish governance along core functions/across countries
- Delist RAN VX and optimise legal structure

## Operational Excellence

- Achieve planned cost reduction targets
- Underwrite based on economic pricing principles

## Financial Strength

- Reduce risks
- Refine ALM and investment management processes

## Performance Culture

- Establish functional and financial KPI framework

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# Profit and loss highlights

In million CHF (IAS basis)

	2001 (restated)	2002	Change
Premiums and policyholder deposits (gross)	19 980	19 473	- 2.5%
• <i>Gross written premiums</i>	15 630	15 757	0.8%
• <i>Policyholder deposits</i>	4 350	3 716	- 14.6%
Financial result and investment income	5 771	4 713	- 18.3%
Net paid benefits and claims (incl. PHD paid)	13 106	14 100	+ 7.6%
Operating expenses	3 600	3 455	- 4.0%
Operating result <sup>(1)</sup>	80	- 788	
Goodwill amortization and intangibles	- 183	- 1 059	
Taxes, minorities and other	-12	153	
Consolidated group result	- 115	- 1 694	

(1) Profit before amortization of goodwill, taxes and minority interests.

# Group result impacted by special items

In million CHF (IAS basis)

## Goodwill impairments on

- BdG (CHF 745 m)
- STG (CHF 87 m)

-832

## Tax loss carry forward

302

## Reduction in equity exposure<sup>(1)</sup>

-792

## Special effects

- Restructuring costs (CHF 144 m)
- DAC adjustments (CHF 136 m)
- Reserve for employee pensions<sup>(2)</sup> (CHF 68 m)

-348

(1) Difference between realized and unrealized gains and losses and trading account income (net) recorded in the income statement

(2) IAS 19

# Segment results

In million CHF (IAS basis)

	2001 (restated)	2002	Change
Life Core	- 83	- 559	-476
Life Non-Core	18	- 155	-173
Non-Life	- 2	- 89	-87
Private Banking	100	- 109	-209
Investment Management	131	106	-25
Other	- 84	18	+102
<b>Operating result<sup>(1)</sup></b>	<b>80</b>	<b>- 788</b>	<b>-868</b>

(1) Profit before amortization of goodwill and other intangible assets, taxes and minority interests; after intersegment dividends

# Adjusted operating expenses

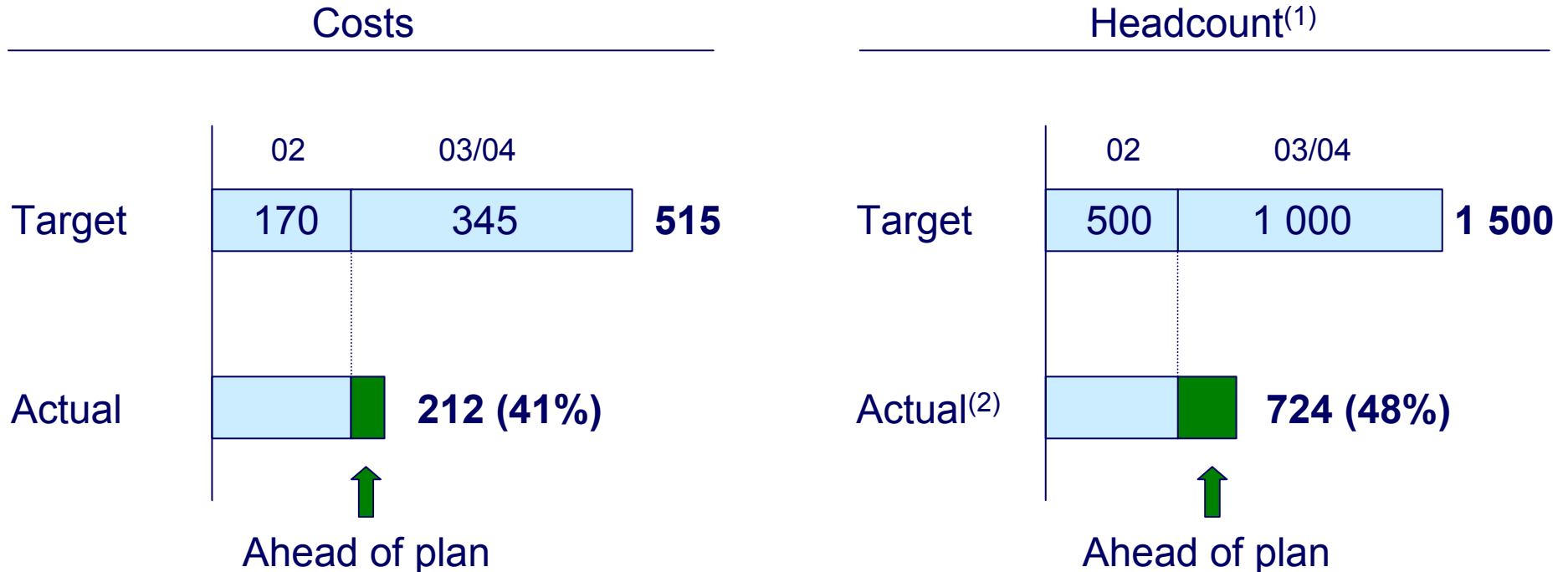
In million CHF (IAS basis)

	2001 (restated)	2002	Change
Operating expenses	3 600	3 455	- 145
DAC amortization & commissions	- 725	- 744	- 19
Loss adjustment expenses	+128	+181	+ 53
Currency effects	-36	0	+ 36
Restructuring cost	- 32	- 144	- 112
Reserve for employee pensions <sup>(1)</sup>	-16	- 68	- 52
Reclassification Germany	-27	0	+ 27
Adjusted operating expenses	2 892	2 680	- 212

(1) IAS 19

# Cost reduction target exceeded

In million CHF (IAS basis)



- Measures with immediate effect have been realized in 2002
- Initiated 2002 FTE reductions will show stronger effect in 2003

(1) In full time equivalents (FTE)

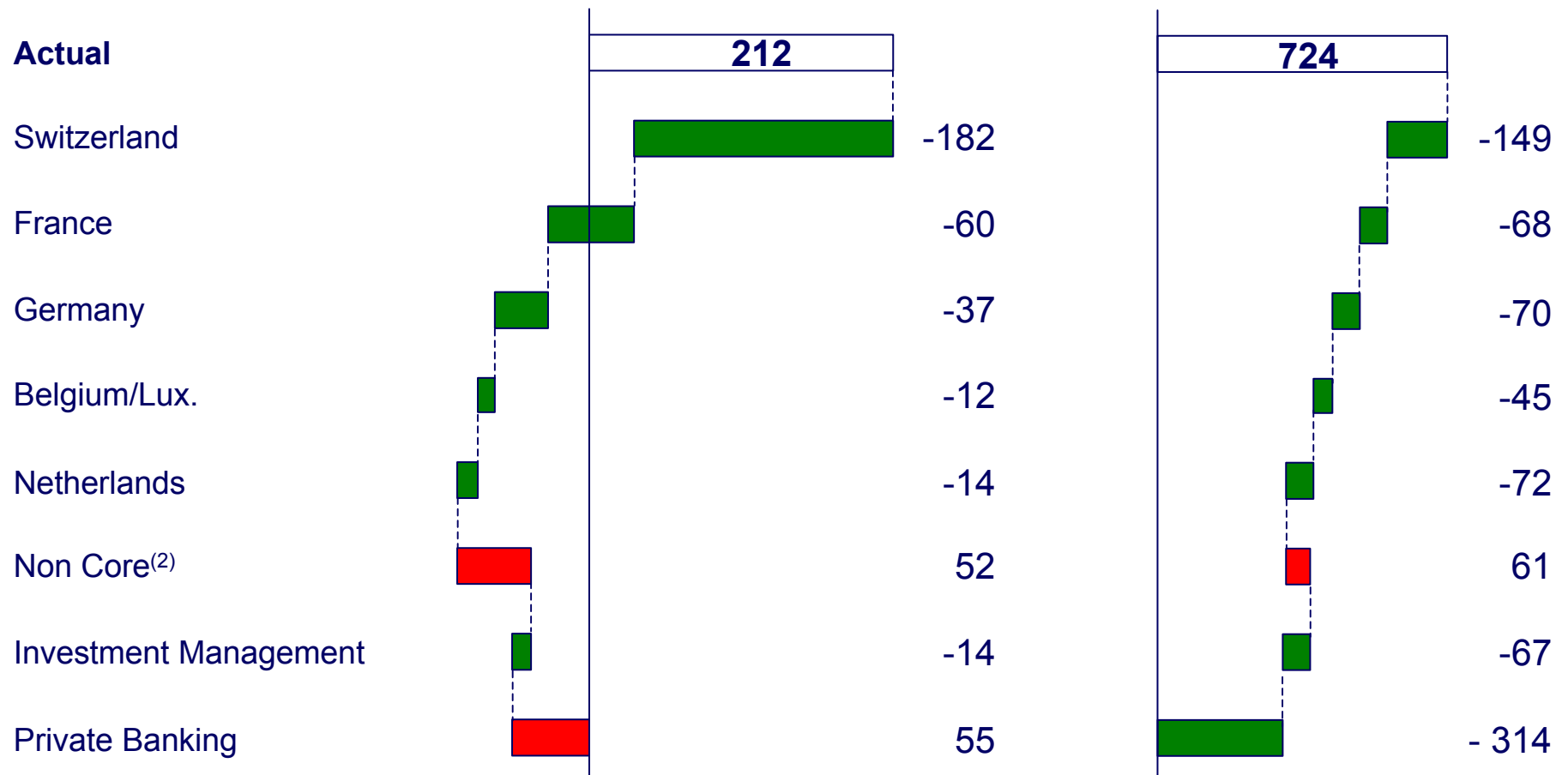
(2) Sale of BdG subsidiary included (-51 FTE)

# Details on cost and headcount reduction

In million CHF (IAS basis)

## Costs

## Headcount<sup>(1)</sup>



(1) Full time equivalents

(2) Excluding La Suisse

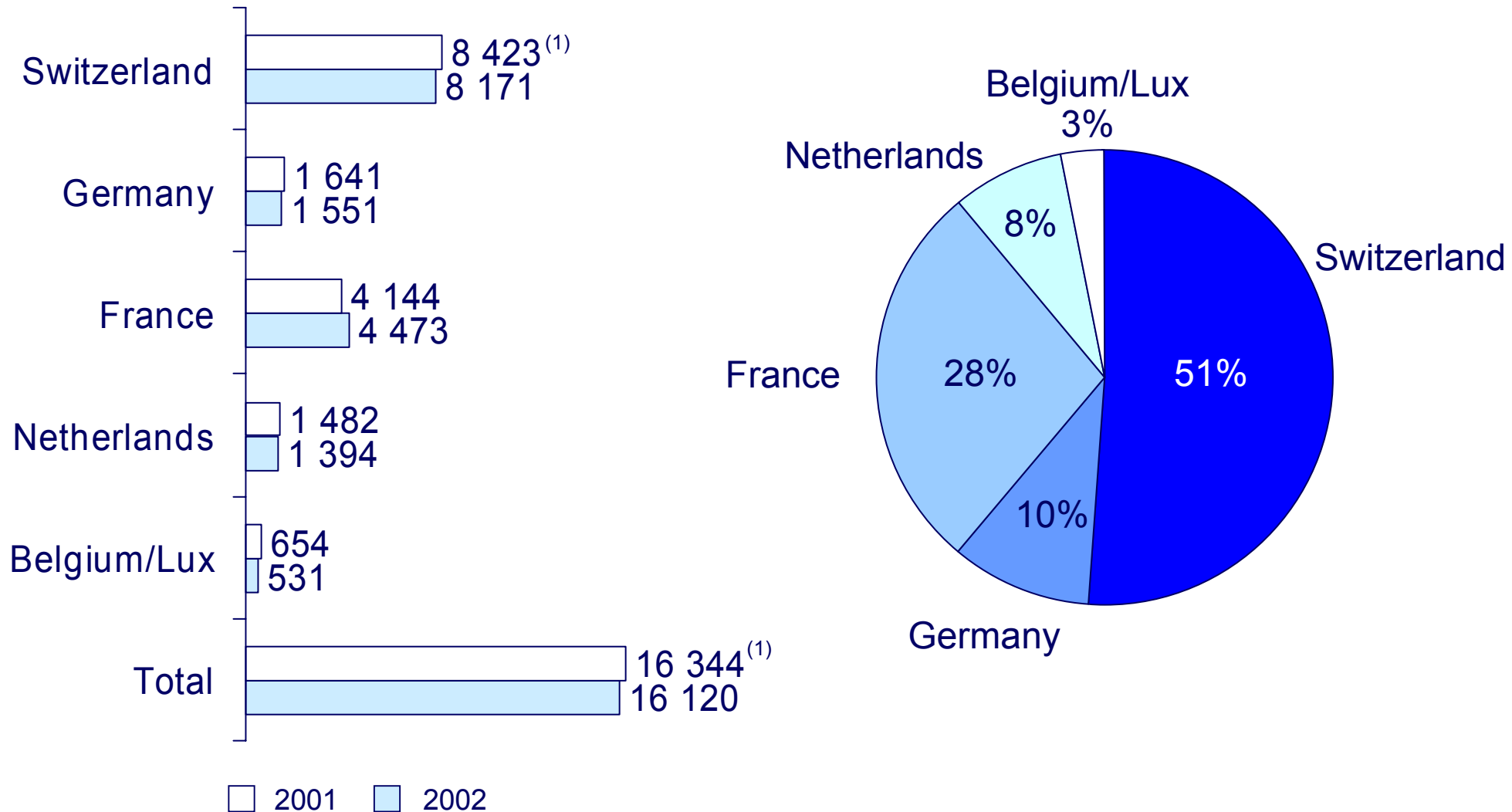
# Life core: Cost ratio reduced

In million CHF (IAS basis)

	2001 (restated)	2002	Change
Premium and policyholder deposits	16 334	16 120	-224 (-1.4%)
Operating expenses	2 413	2 045	-368 (-15.3%)
Technical reserves	116 341	117 413	+1 072 (+0.9%)
<b>Cost ratio</b>			
• in % of technical reserves	2.1%	1.7%	-33 bps
• in % of premiums & deposits	14.8%	12.7%	-208 bps

# Life core: Premiums and policyholder deposits

In million CHF (IAS basis)



(1) Includes health business that was transferred to La Suisse in 2002 (to segment non-life)



# Balance sheet highlights

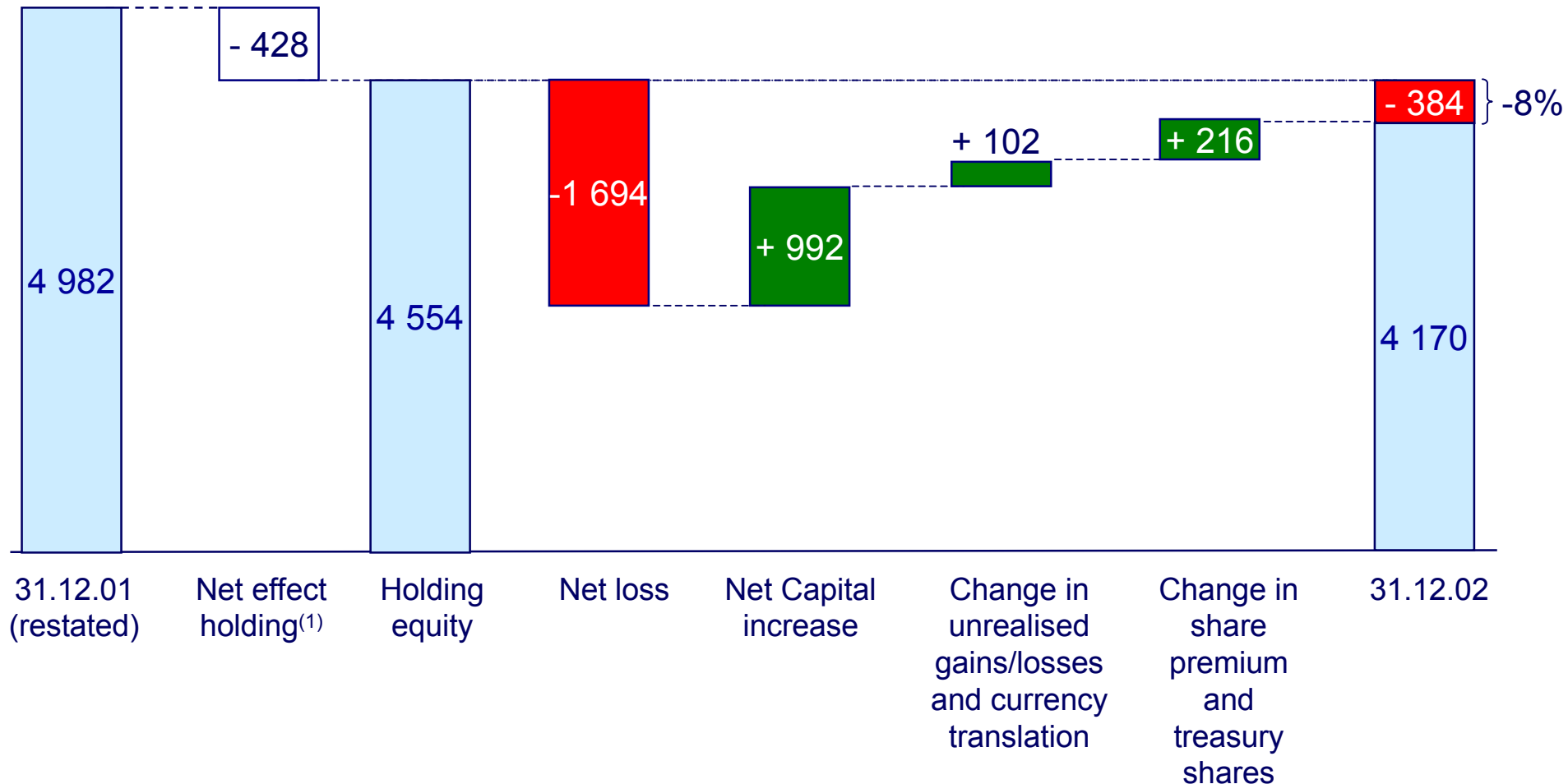
In million CHF (IAS basis)

	2001 (restated)	2002	Change
<b>Insurance policy and claim reserves</b>	98 827	<b>100 638</b>	<b>1.8%</b>
<b>Shareholders' equity</b>	4 982	<b>4 170</b>	<b>- 16.3%</b>
• <i>Shareholders' equity<sup>(1)</sup></i>	4 699	3 807	
• <i>Revaluation reserves</i>	283	363	
<b>Total liabilities and equity</b>	163 279	<b>159 566</b>	<b>-2.3%</b>
<b>Core Capital</b>	7 744	<b>7 540</b>	<b>-2.6%</b>
• <i>Shareholders' equity</i>	4 982	4 170	
• <i>Minority interests</i>	213	505	
• <i>Hybrid debt</i>	1 402	1 384	
• <i>Subordinated debt</i>	201	213	
• <i>Deferred Group-related funds</i>	946	1 268	

(1) Excluding revaluation reserves

# Net reduction in shareholders' equity of 8%

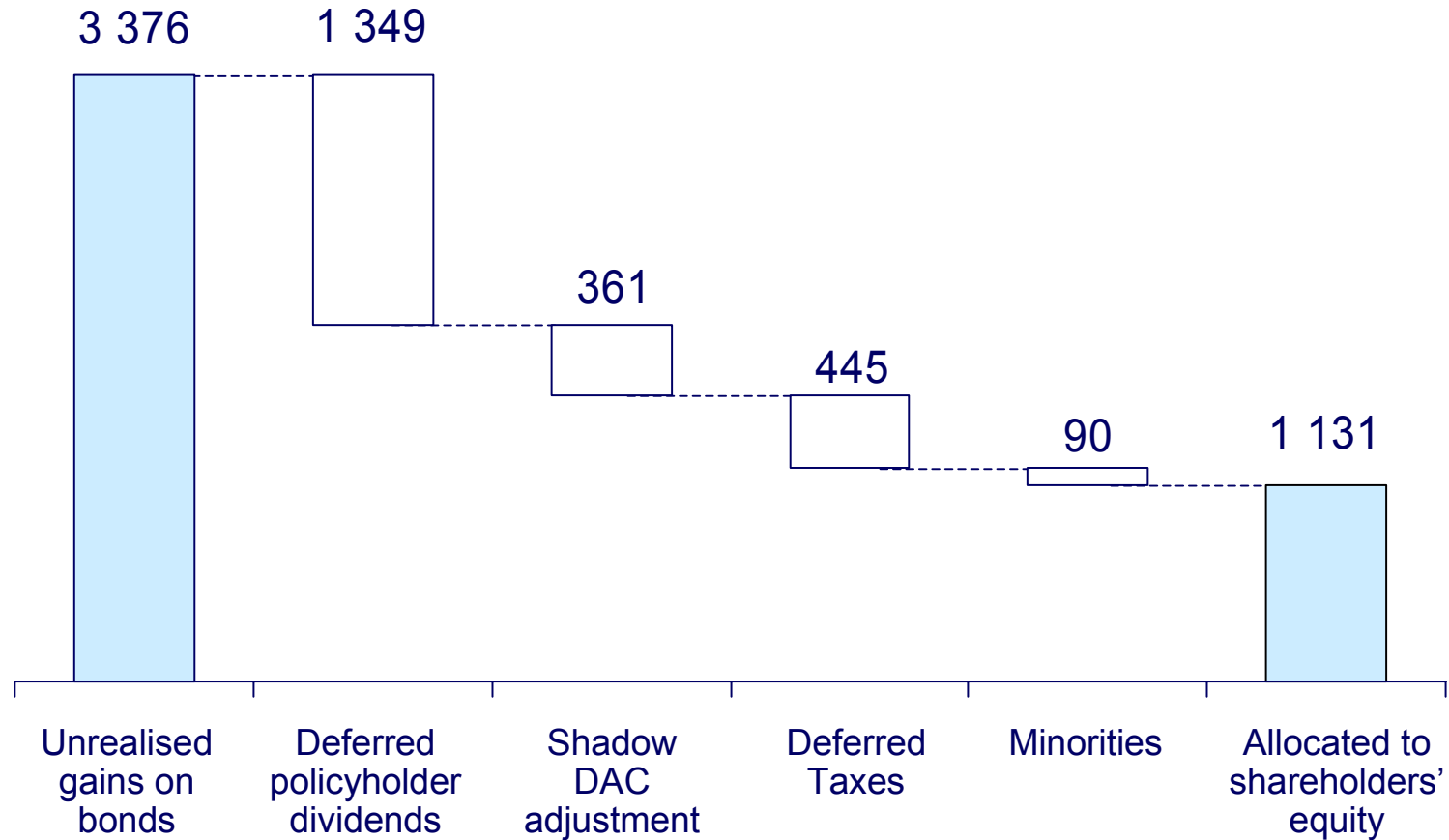
In million CHF (IAS basis)



(1) Minority interests

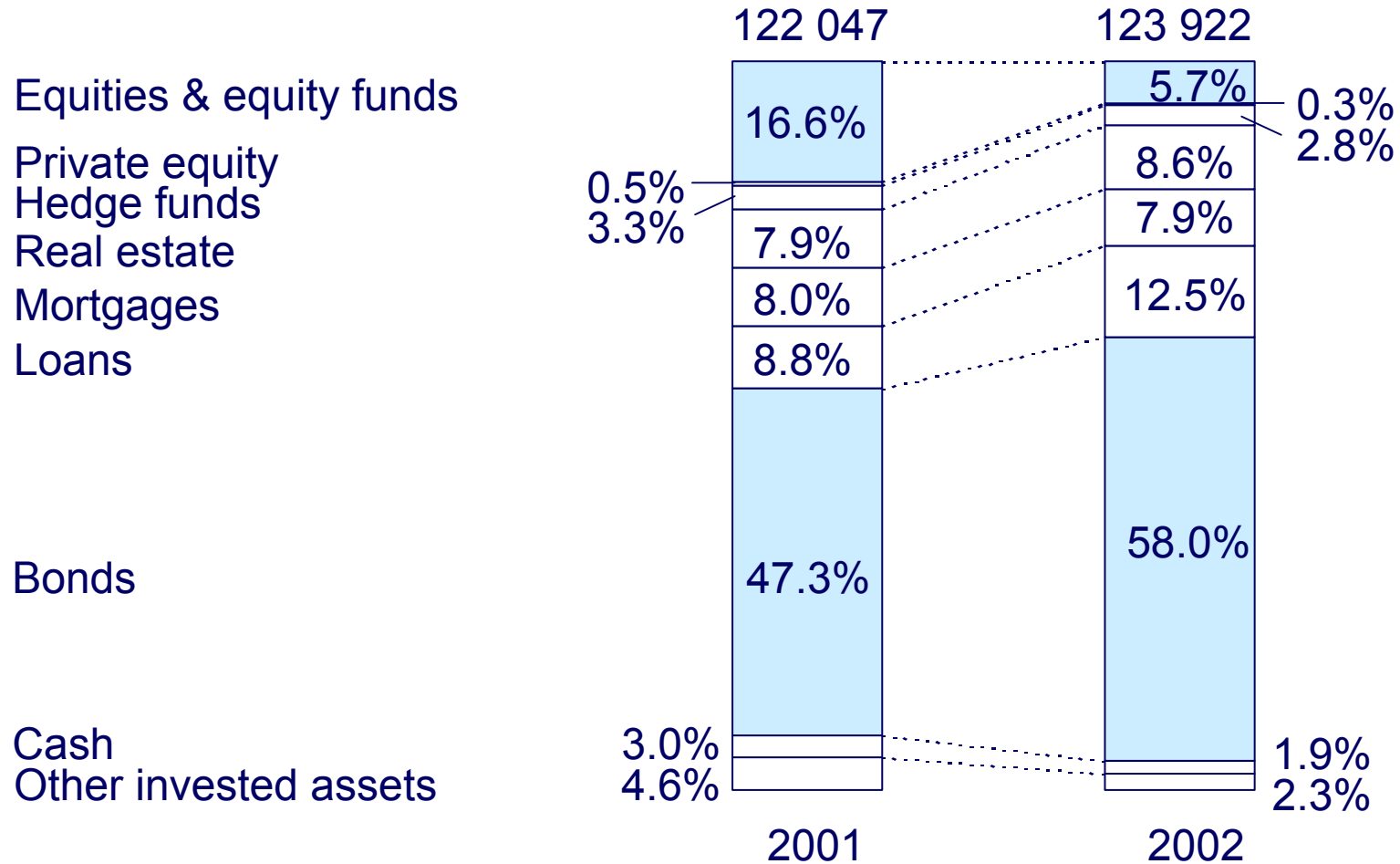
# Split of unrealised gains on bonds

In million CHF (IAS basis)



# Equity exposure further reduced

Insurance portfolio, in million CHF (IAS basis)



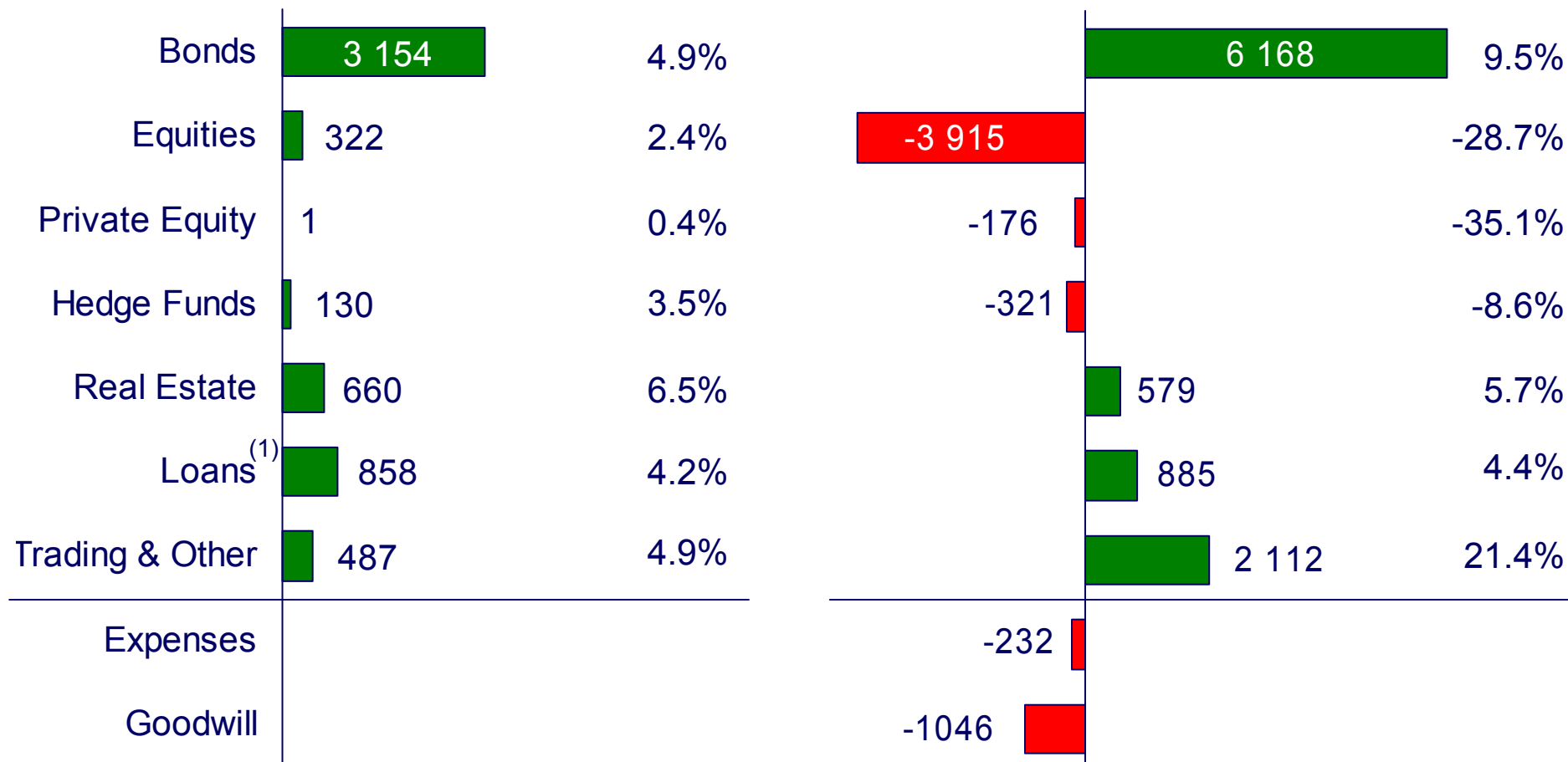
Net equity exposure at 1.8%

# Investment return on insurance portfolio

In million CHF (IAS basis)

Direct return of **4.6%**

Total return of **3.3%**



(1) Including mortgages

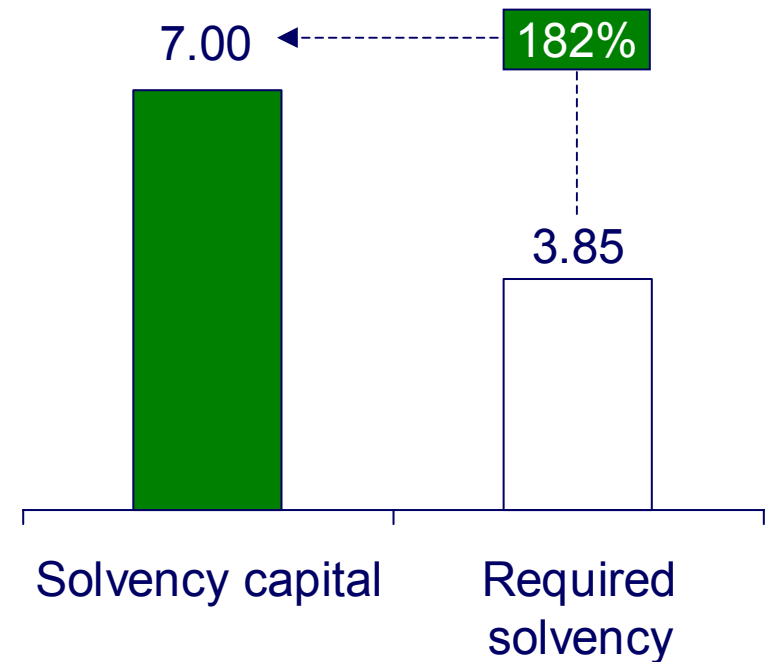
# Statutory solvency remains strong at 182%

In billion CHF (statutory basis)

## Solvency capital<sup>(1)</sup>

Rentenanstalt stat.equity capital	1.3
Intangibles	-0.1
Hybrid capital	+1.3
Additional Zillmerisation	+0.5
Unrealised capital gains	+3.4
Unattributed surplus	+0.6
<b>Solvency capital</b>	<b>7.0</b>

## Statutory solvency<sup>(1)</sup>



Capital increase and additional reserves not included in the CHF 7 billion

(1) Rentenanstalt represents 90% of total mathematical reserves

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# Mean technical interest rate of 3.5% for liabilities

In million CHF / EUR / USD (statutory basis); without Spain, Luxembourg and UK

Technical interest rate	in CHF	in EUR	in USD
0% - < 2%	1 998 (0.00%)	663 (0.40%)	0 (0.00%)
2% - < 3%	3 037 (2.50%)	1 002 (2.38%)	0 (0.00%)
3% - < 4%	32 725 (3.25%)	13 587 (3.31%)	0 (0.00%)
4% - < 5%	24 340 (4.00%) <sup>(1)</sup>	13 446 (4.12%)	468 (4.04%)
5% - < 6%	81 (5.47%)	463 (5.33%)	51 (5.51%)
6% - < 7.5%	25 (6.00%)	197 (6.15%)	10 (6.55%)
<b>Total Reserves</b>	<b>62 205 (3.41%)</b>	<b>29 358 (3.63%)</b>	<b>529 (4.23%)</b>

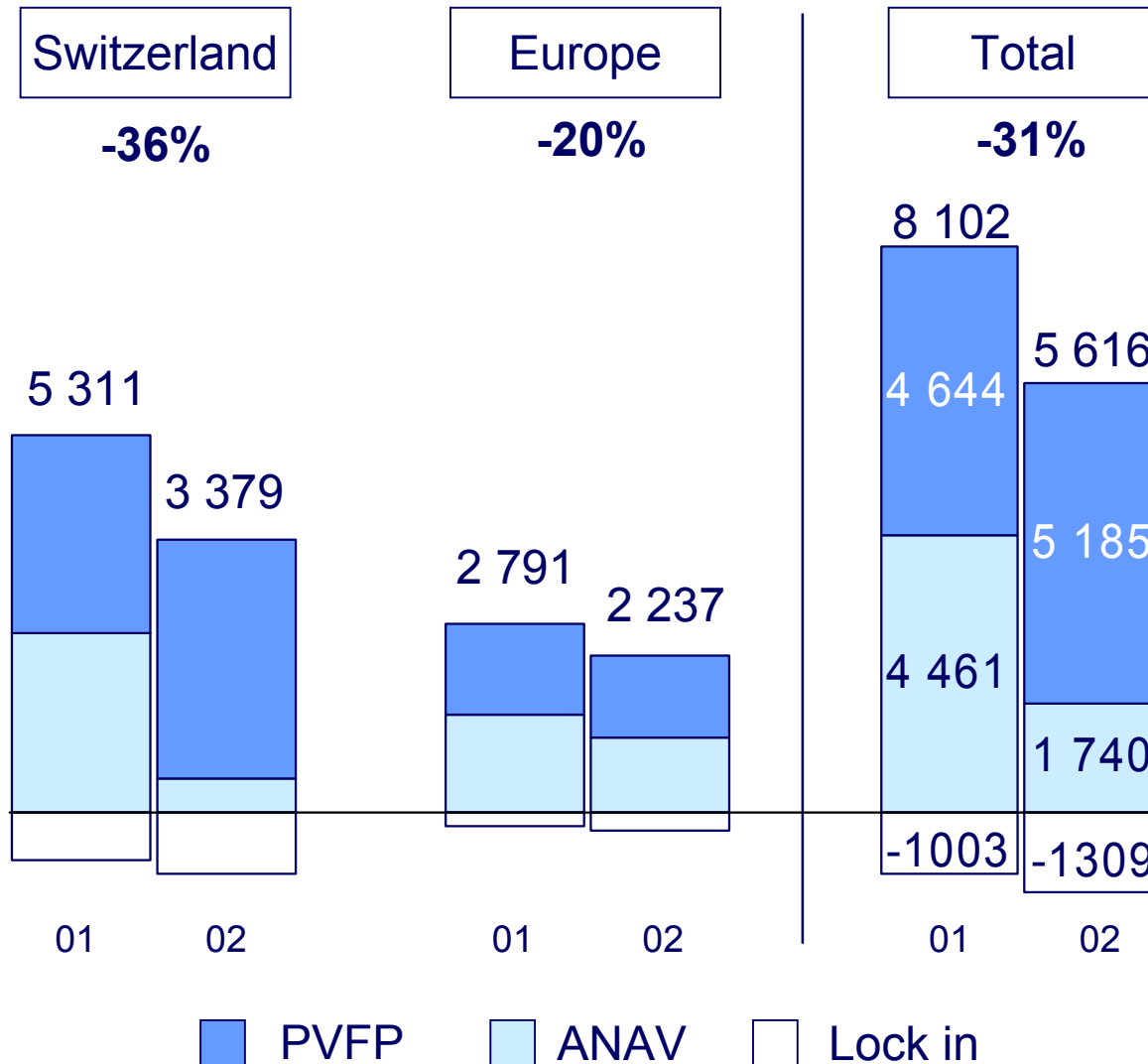
**Overall: 3.5%**

(1) of which BVG business of 19.9 billion for RA/SL and 1.8 billion for La Suisse.



# Embedded value impacted by weaker stock markets

RA/SL, in million CHF (statutory basis)



Decrease due to

- Poor performance of stock markets
- Lower interest rates and reduced equity backing ratio

But partially offset by

- Increased premium rates
- Reduced expenses
- Positive value of new business

# Embedded value for Swiss Life Holding

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RA/SL, in million CHF (statutory basis)

RA/SL EV 2002 5 616

- SL Holding owns 92.23%

SL Holding share of embedded value 5 179

Free Capital 881

**Total 6 060**

EV per share<sup>(1)</sup> CHF 279

EV per share (fully diluted)<sup>(2)</sup> CHF 259

(1) Based on 21 679 408 shares

(2) Based on 23 447 943 shares; including 1 768 535 shares issued for Mandatory Convertible Security

# ANAV of CHF 1.7 bn does not include capital increase

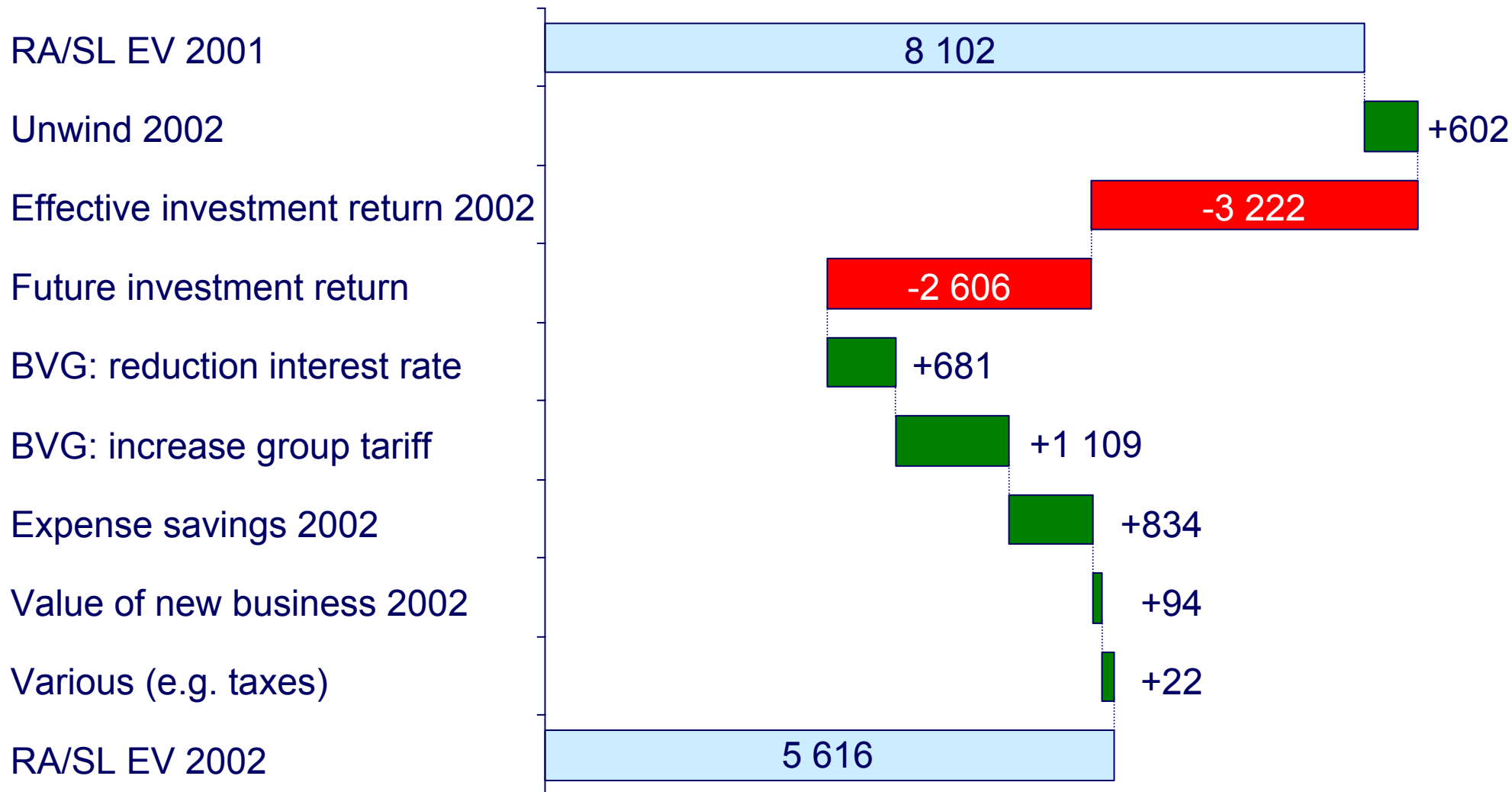
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RA/SL, in million CHF (statutory basis)

Statutory equity of RA/SL	1 327
Unrealised capital gains after tax / policyholder participation	+1 019
Statutory book value of life subsidiaries	-854
Net asset value of other units	+248
Adjusted net asset value	1 740

# EV decreased by CHF 2.5 billion

RA/SL, in million CHF (statutory basis)



# EV decreased 31% but resilient since mid 2002

RA/SL, in million CHF (statutory basis)

<b>RA/SL EV 2001</b>	<b>8 102</b>	<b>100%</b>
Investment returns	-5 226	-64%
• <i>Unwind 2002</i>	+602	
• <i>Effective 2002</i>	-3 222	
• <i>Future</i>	-2 606	
BVG Changes 2002	1 790	+22%
• <i>Reduction of interest rate</i>	681	
• <i>Increase of group tariffs</i>	1 109	
Expense savings 2002	834	+10%
Value of new business 2002	94	+1%
Various (e.g. taxes)	22	+0%
<b>RA/SL EV 2002</b>	<b>5 616</b>	<b>69%</b>

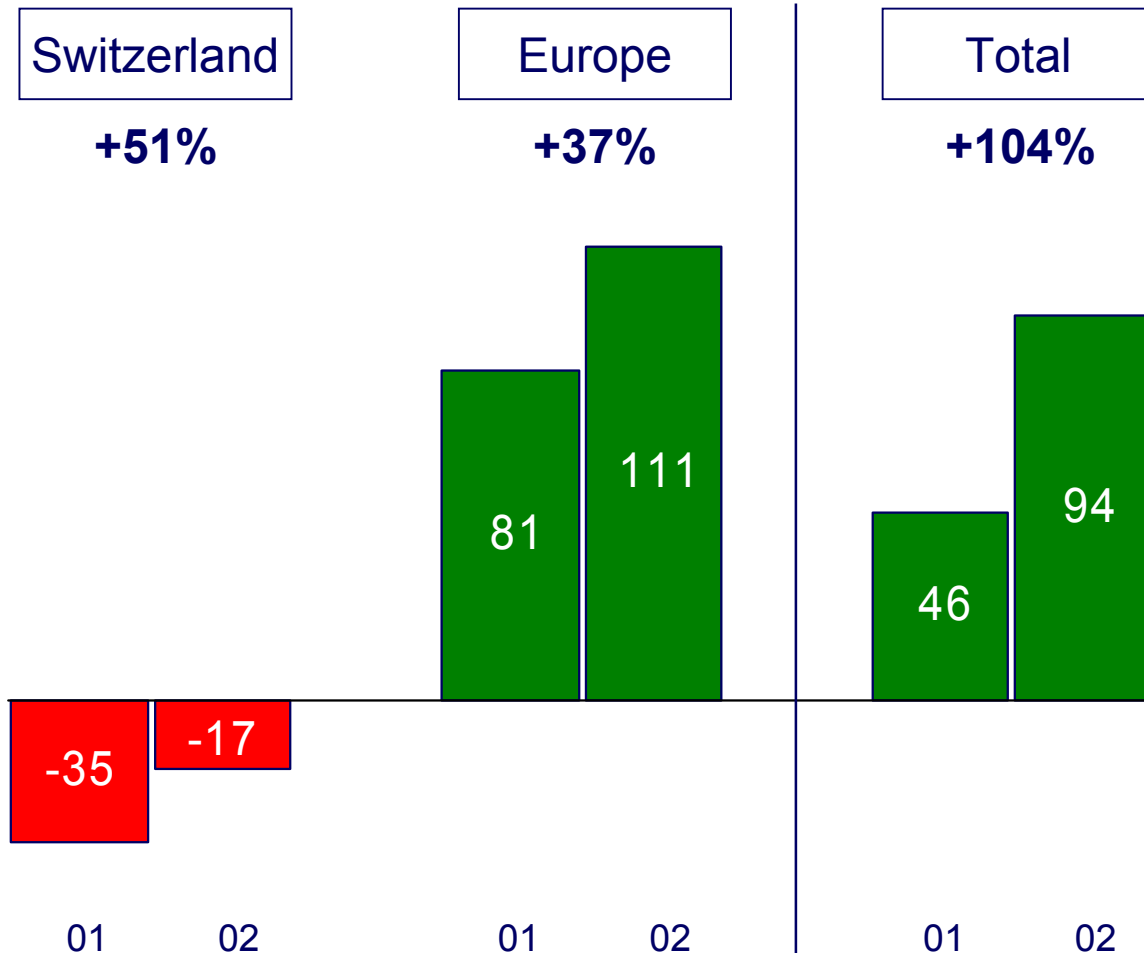
**Jan-Jun 02<sup>(1)</sup>: - 2 150 (-27%)**

**Jul-Dec 02: -336 (-6%)**

(1) EV at 30.06.02: CHF 5 952 million

# Value of new business improved by 104%

RA/SL, in million CHF (statutory basis)



Value of new business of CHF 94 million due to

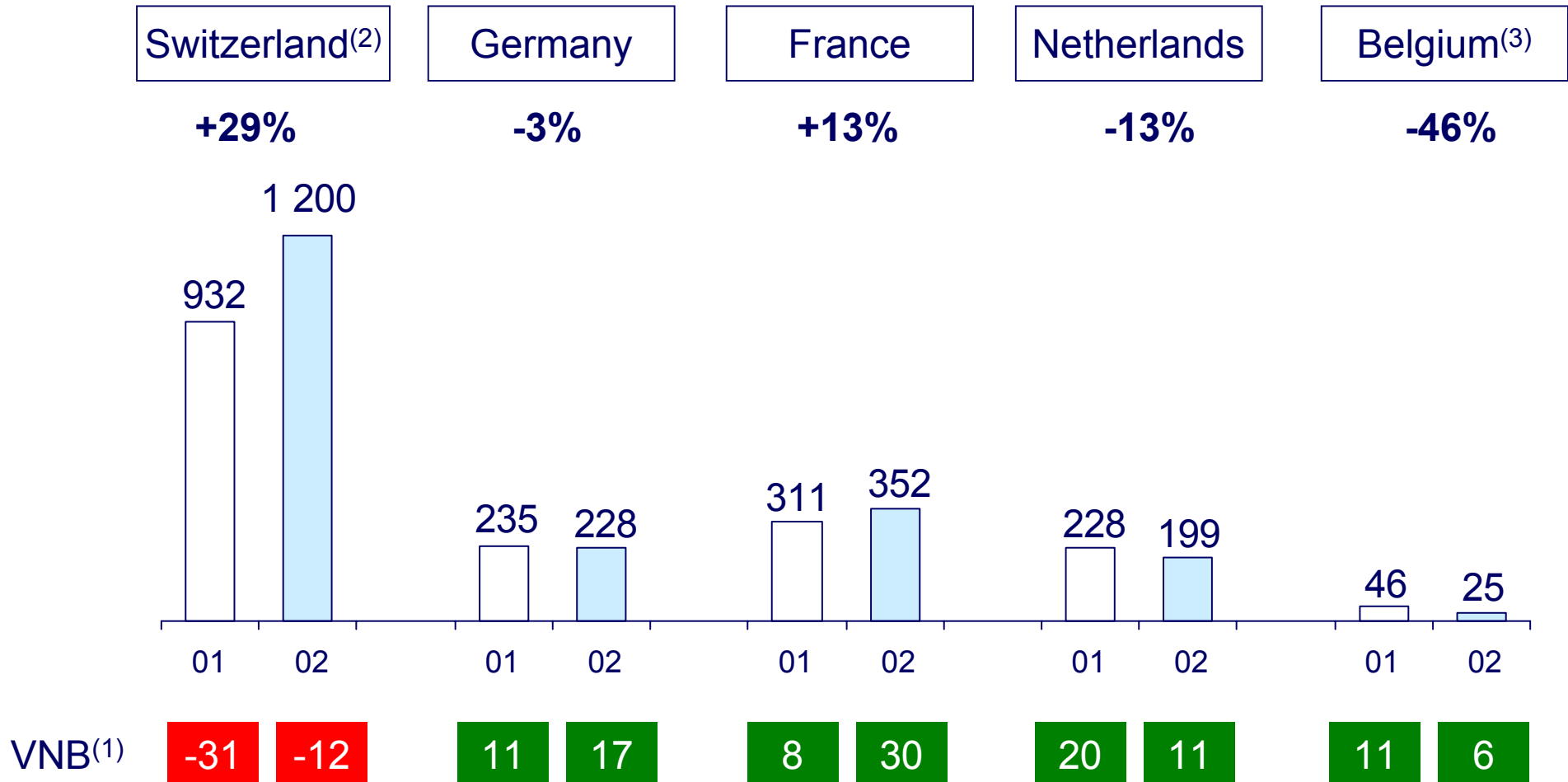
- Reduced policyholder profit participation and reduced expenses in Switzerland
- Increased volumes, particularly in Switzerland, and some repricing

Increase partially offset by

- Lower interest rates
- Lower equity backing

# Annual premium equivalents

RA/SL, in million CHF (statutory basis)



(1) Value of New Business  
 (2) Excluding La Suisse Vie  
 (3) Without Luxembourg

# Sensitivities of embedded value

RA/SL, in million CHF (statutory basis)

	Switzerland	Europe	Total
RA/SL EV 2002 (base case)	3 379	2 237	5 616
• Cost Reduction Program	+304	+183	+487
• $\Delta$ Risk discount rate $-100$ bps	+213	+91	+304
• $\Delta$ Risk discount rate $+280$ bps <sup>(1)</sup>	-596	-254	-850
• $\Delta$ Investment returns $+50$ bps	+512	+278	+790
• $\Delta$ Investment returns $-50$ bps	-1 185	-266	-1 451
• $\Delta$ Equity Values $+10\%$	+63	+70	+133
• $\Delta$ Property Values $+10\%$	+620	+31	+651

(1) Using Beta of 1.4 to reflect recent market volatility



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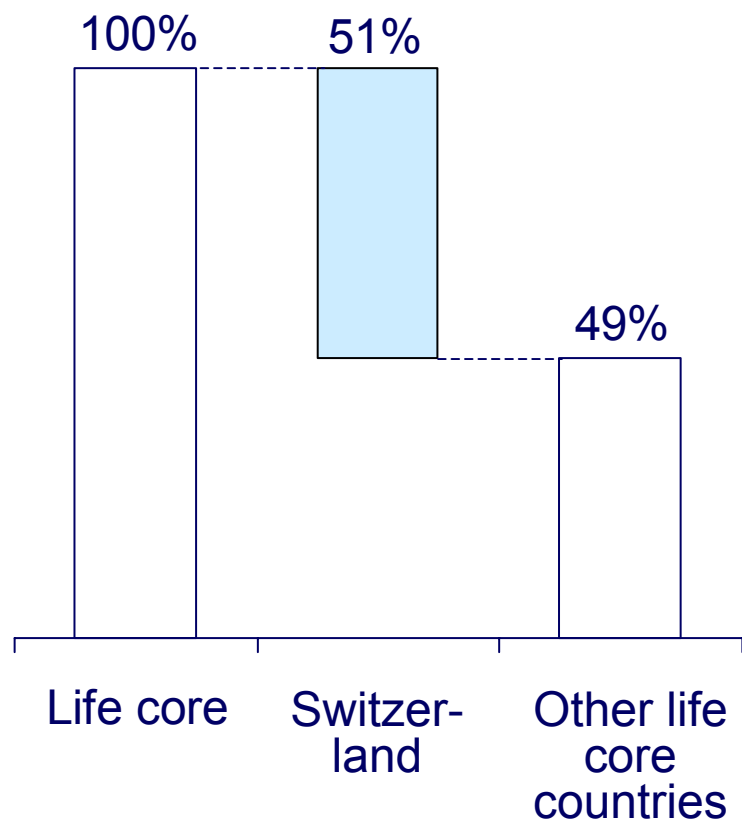
Paul Müller

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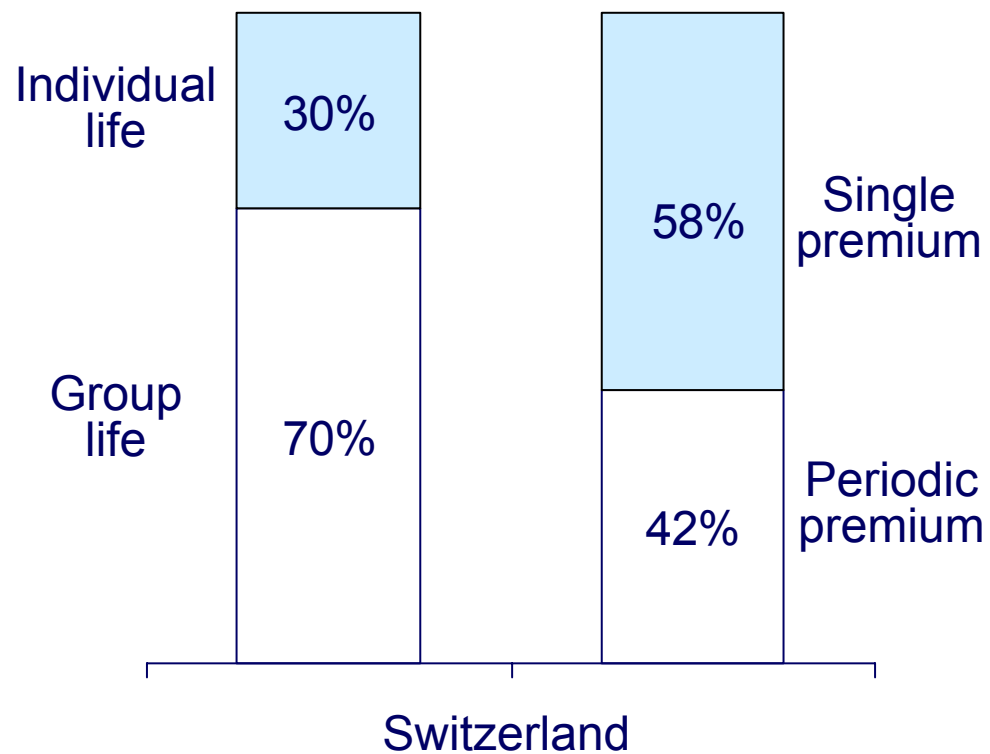
Rolf Dörig

# Biggest market with strong focus on group life

Premium and policyholder deposits  
(IAS basis)



Premium volume  
(statutory basis)



# Moderate premium growth

In million CHF (statutory basis)

	2001	2002	Change
Individual life			
• single premiums	1 401	1 377	-1.7%
• periodic premiums	1 045	1 045	0.0%
<u>Sub total</u>	<u>2 446</u>	<u>2 422</u>	<u>-1.0%</u>
Group life			
• single premiums	3 322	3 296	-0.8%
• periodic premiums	2 257	2 401	6.4%
<u>Sub total</u>	<u>5 579</u>	<u>5 697</u>	<u>2.1%</u>
Total Life			
• single premiums	4 723	4 673	-1.1%
• periodic premiums	3 302	3 446	4.4%
<u>Total</u>	<u>8 025<sup>(1)</sup></u>	<u>8 119</u>	<u>1.2%</u>

(1) Excluding health business that was transferred to La Suisse

# Positive portfolio development

In million CHF (statutory basis)

	2001 <sup>(1)</sup>	2002	Change
Individual insurance			
• Capital insurance	48 171	46 651	-3.2%
• Pension insurance	419	454	8.4%
Sub total <sup>(2)</sup>	52 357	51 187	-2.2%
Group insurance			
• Capital insurance	92 443	95 903	3.7%
• Pension insurance	2 347	2 273	-3.1%
Sub total <sup>(2)</sup>	115 911	118 633	2.3%
Total Life			
• Capital insurance	140 614	142 554	1.4%
• Pension insurance	2 765	2 727	-1.4%
Total <sup>(2)</sup>	168 268	169 820	0.9%

(1) FX as of 31.12.2002

(2) Total = Capital insurance + 10 x pension insurance

# Analysis of surplus

In million CHF (statutory basis)

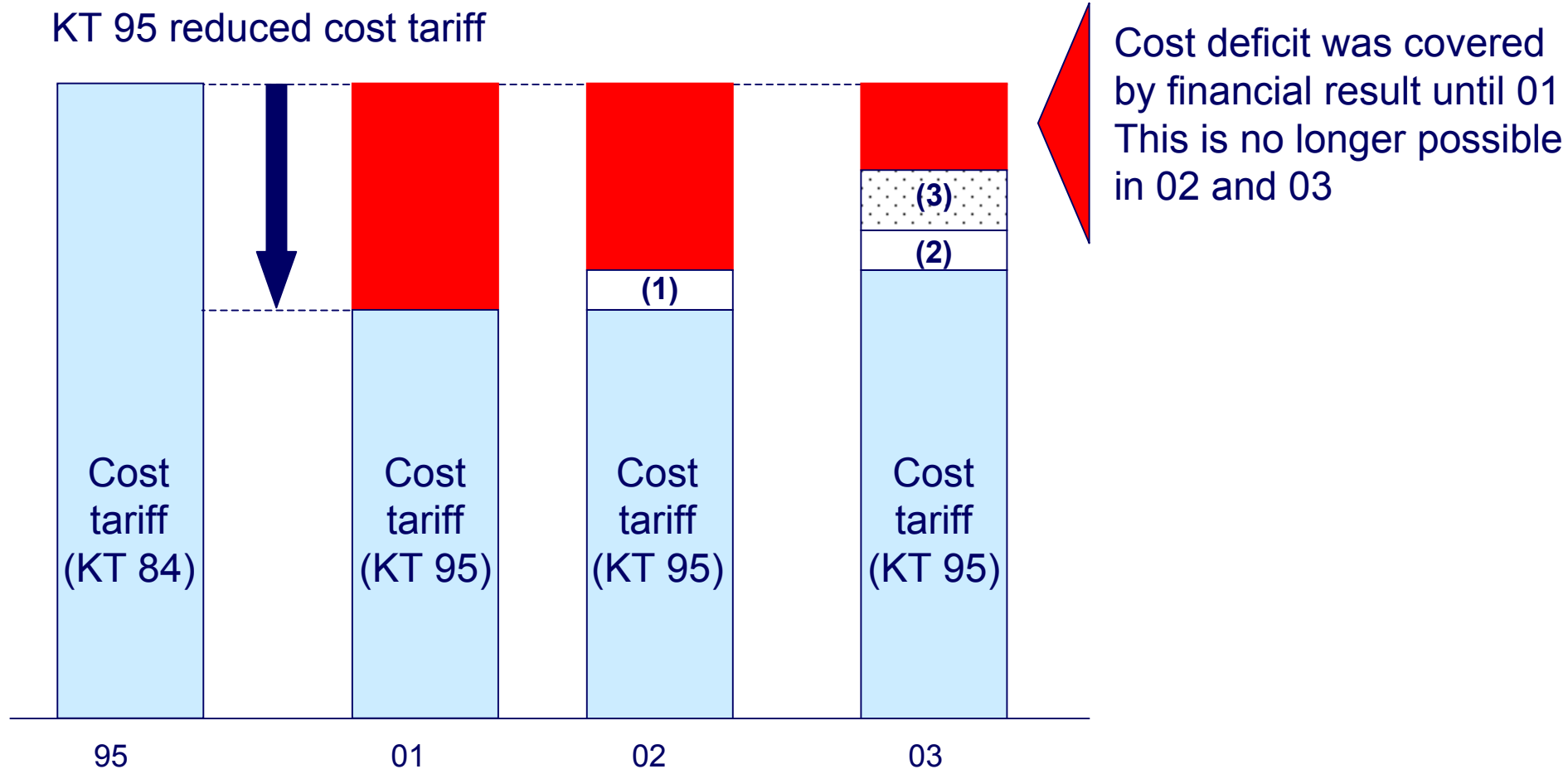
	Individual life	Group life	Total	Change vs. 01
Risk result	16.5	97.9	114.4	-95.1
Cost result	-73.4	-189.2	-262.6	198.3
Net interest income	280.2	88.2	368.5	57.0
Other income/expend.	-68.9	-74.3	-143.2	208.8
Technical result	154.5	-77.4	77.1	369.0
Investment result	-848.9	-1 115.9	-1 964.8	
Total	-694.4	-1 193.3	-1 887.7	

# Current bonuses can be paid from available reserves

Individual and group bonuses, in million CHF (statutory basis)

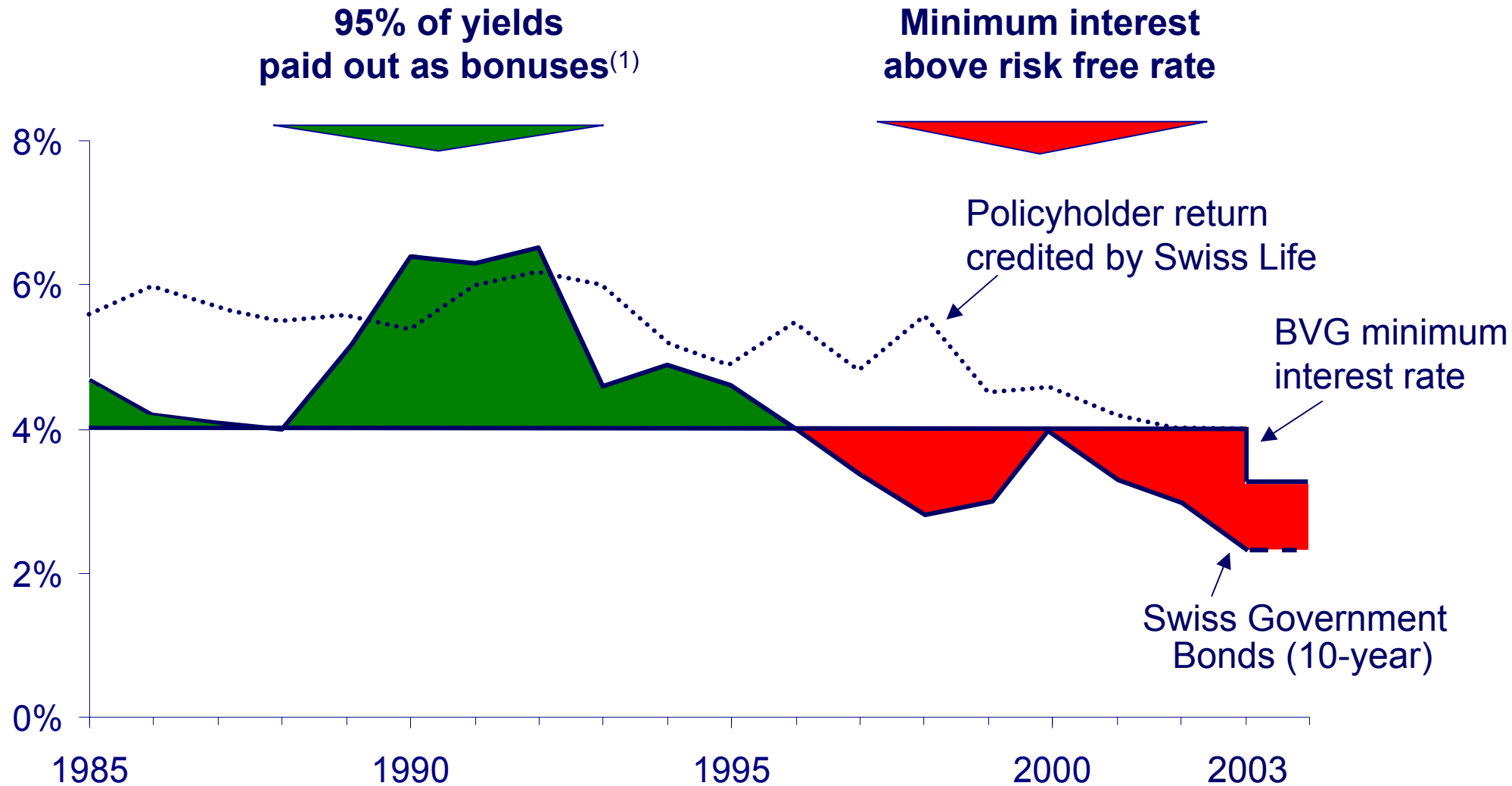
	Individual life	Group life	Total
As of 31.12.2001 prior to allocation	80.4	268.0	348.4
• allocation charged to 2001	180.0	1 450.0	1 630.0
Provision for policyholder bonuses on 01.01.2002	260.4	1 718.0	1 978.4
• charged to 2002 surplus reserves	-239.3	-1 670.3	-1 909.6
As of 31.12.2002 prior to allocation	21.1	47.7	68.9
• allocation charged to 2002	113.9	49.6	163.4
Provision for policyholder bonuses on 31.12.2002	135.0	97.3	232.3

# Cost deficit in Swiss group life



- (1) First cost tariff adjustment CHF 30 million
- (2) Second cost tariff adjustment CHF 30 million
- (3) Reduction of operational expenses CHF 40 million

# Guarantees do not reflect interest rate environment



(1) For 1985-2001; average return paid out 5.5%



# Interest rate structure in Swiss business

In billion CHF (statutory basis)

	Technical reserves	Technical interest rate
Group Life	36.8	3.6%
• <i>BVG tariffs</i>	19.9 <sup>(1)</sup>	4.0%
• <i>Other tariffs</i>	16.9	3.2%
Individual Life	24.0	3.1%
<b>Total</b>	<b>60.8</b>	<b>3.4%</b>

(1) Excluding La Suisse CHF 1.8 billion

# Impact of minimum interest rate

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## The change of the minimum interest rate affects only part of the technical reserves

- CHF 19.9 billion of technical reserves affected (54%<sup>(1)</sup> of group life reserves)

## Technical reserves not affected are those for

- Annuities in payment
- Vested benefits from employees leaving schemes
- Traditional products with interest rate guarantees

## Impact of changes in minimum interest rate

- Minimum interest rate 2.00% : CHF +249 million<sup>(2)</sup>
- Minimum interest rate 2.50% : CHF +149 million<sup>(2)</sup>

(1) Only Rentenanstalt Zurich

(2) Before taxes and policyholder split

# EU has clear rules for adjustments of guarantees

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EU rule

Maximum technical interest rates  
for new business (Swiss Life)

## EU legislation

- Maximum interest rate may not exceed 60% of 10-year risk-free investments on a rolling basis

EU risk-free rate on average at 4.14%

- 170 bps higher than in Switzerland

Germany

3.25

France

2.50

Belgium

3.25

Netherlands

3.00

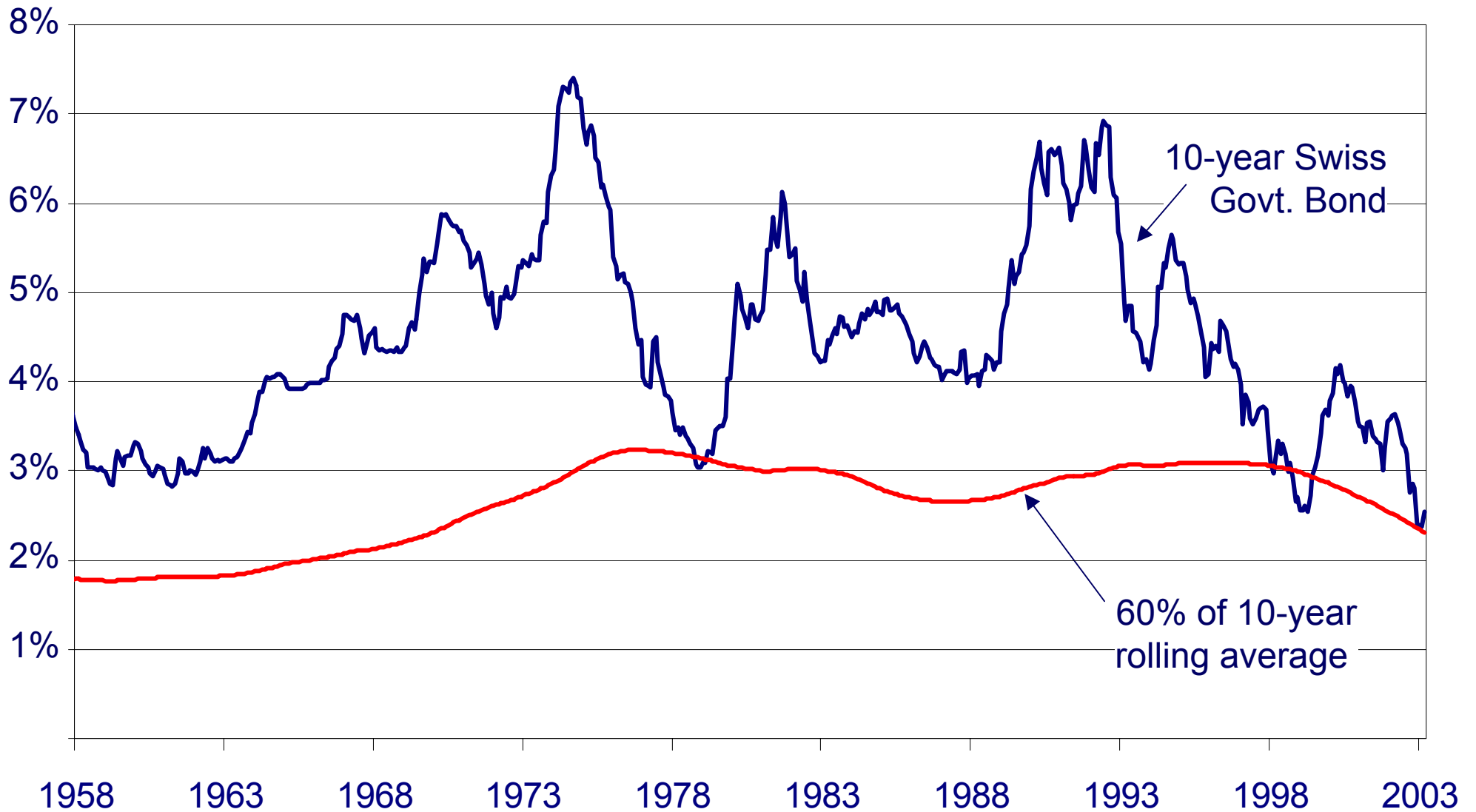
Spain

2.89

Italy

2.50

# EU model applied to interest situation in Switzerland



# Measures to return to profitability in BVG business

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## Increased transparency

- Split of premiums into risk, savings, interest and cost components

## Economically based tariff schemes

- Introduction of increased disability, death and cost tariffs

## Reduced operational cost

- Reduction of operational expenses to sustainable level

# Swiss Life takes a clear position in the BVG debate

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## **Belief in a sustainable secure BVG system**

- Collective foundations reserves are always for at least 100%

## **BVG minimum interest and conversion rate must be determined on the basis of economic and actuarial factors**

- Swiss Life is aware of its responsibilities at all times and Swiss Life has adjusted tariffs accordingly

## **Full transparency in results and management of collective foundations**

- Swiss Life will be prepared as of January 2004

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# **Necessary steps taken**

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**Financial stability with capital increase and reduced equity exposure**

**Strategy implementation on track**

**New management team and functional organization established**

**Cost reduction ahead of plan**

**Pricing measures implemented in Swiss group life business**



# However, environment remains volatile

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## Sharp decrease in interest rates

- Long-term interest rates at the end of first quarter 80 bps below average of 2002

## Further fall in equity markets

- 12% decline in SMI in first quarter of 2003

## Slow and cautious M&A market

- Divestment opportunities are limited in the near term and have to be carefully reviewed

# Nevertheless, we stick to our targets

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**Return to profitability in 2003**

**Achieve announced cost reduction target of CHF 515 million in 2004**

**Accomplish RoE goal of 10% in 2005/06**

Rentenanstalt 

Swiss Life 

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Zurich, 8 April 2003

# Appendix

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Profit and Loss

Balance Sheet

Embedded Value

Contact Details

# Accounting changes in 2002

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## **New holding structure reflected in the consolidated financial statements with effect from January 1, 2002**

- Non-exchanged RA/SL shares represent minority interests (= 7.8%)

## **Segmental reporting changed due to new business strategy**

- Segment „Life“ split into „Life Core“ and „Life Non-Core“
- Société Suisse Santé (health business in France) reclassified from „Non-Life“ to „Life Core“

## **Restatement fully reflected in the 2001 figures**

- Reclassification within equity due to change in fair value of equity securities (HSBC/CCF)
- Transaction involving 220 000 treasury shares

# Applied impairment policy for financial assets

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## General impairment rule

- Impairment write-down if carrying amount is greater than estimated recoverable amount

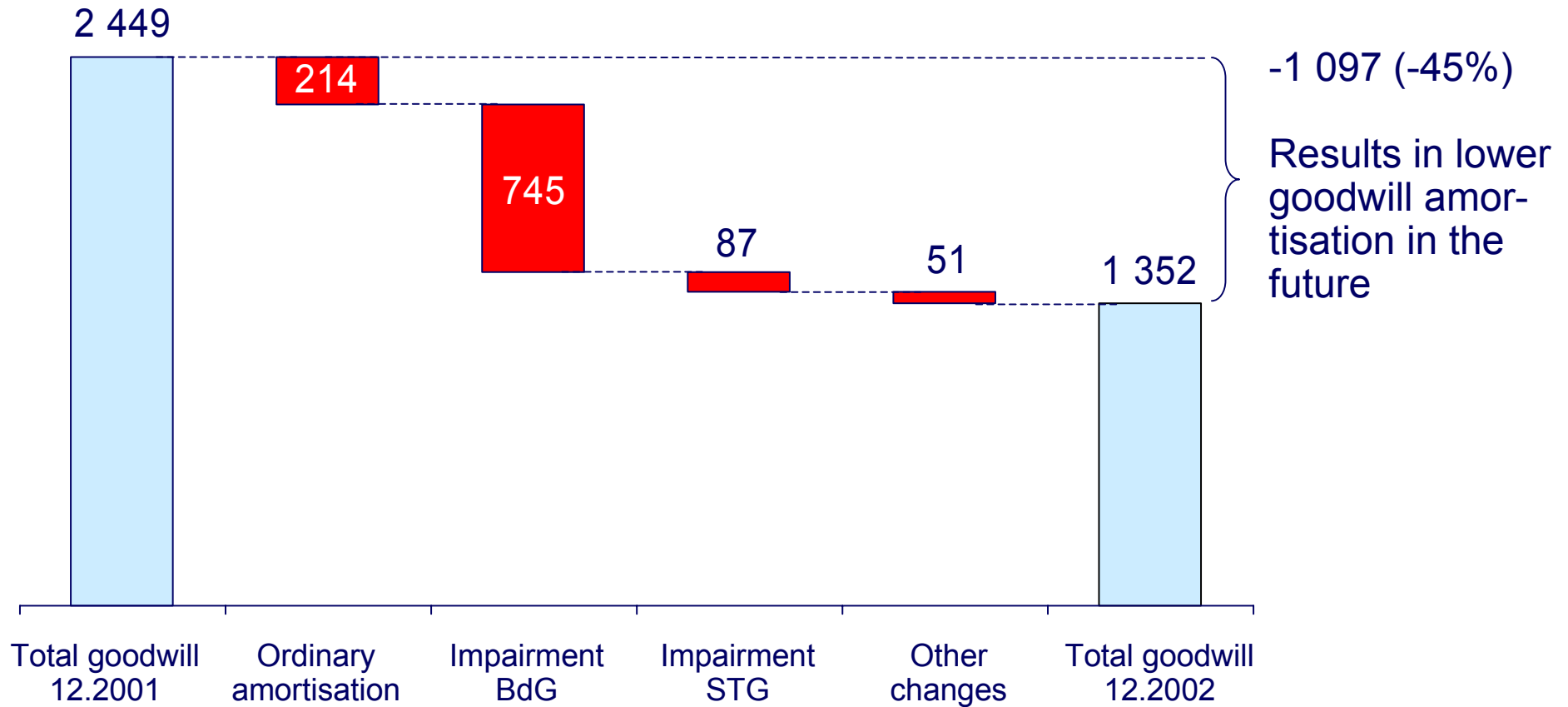
## Special case equity securities

- As a Group policy, available-for-sale equity securities are reviewed for impairment where the market value remains at 80% or less below cost for the previous 12 months, and/or the market value remains at 80% or less below the respective sector index

**Group policy was followed group wide on a conservative basis due to difficult capital markets conditions**

# Goodwill impairments in 2002

In million CHF (IAS basis)<sup>(1)</sup>

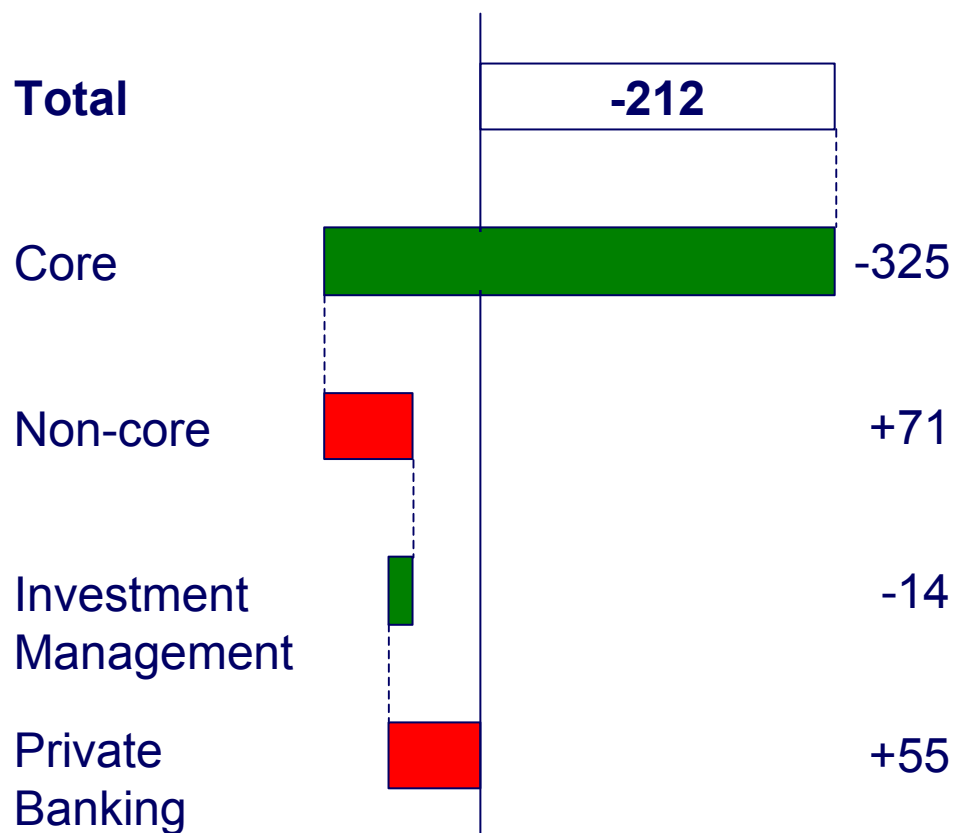


(1) Only fully consolidated companies

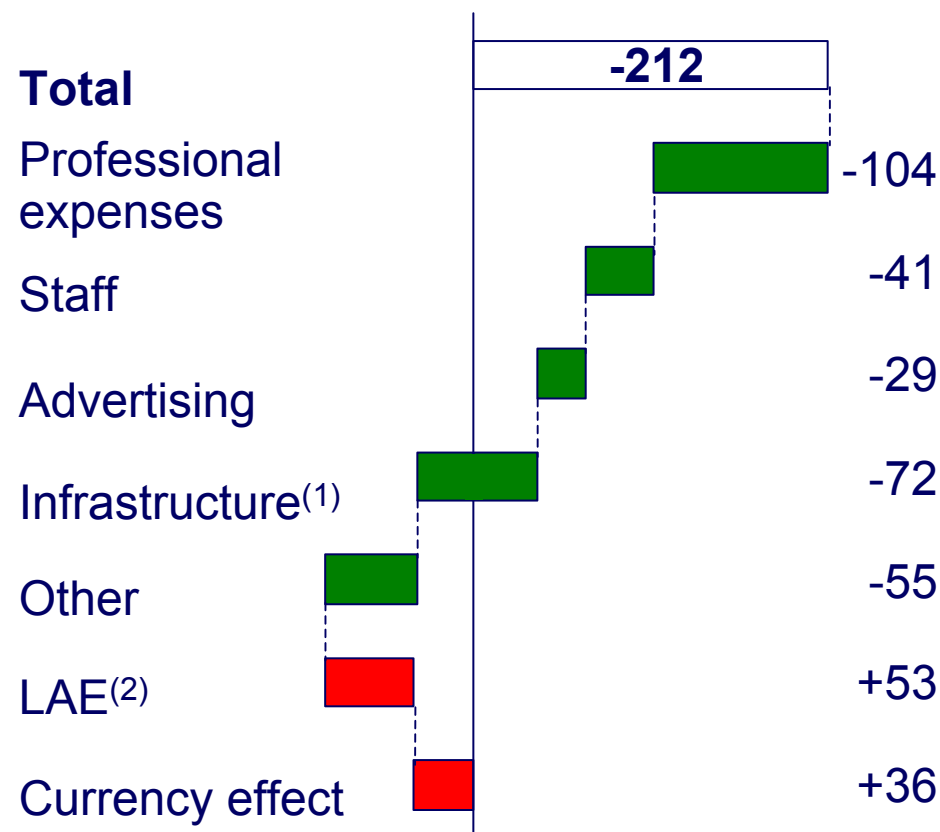
# Cost reduction by segment and by cost category

In million CHF (IAS basis)

Progress by segment



Progress by cost category



(1) IT, rental, maintenance and depreciation of property/equipment

(2) Loss adjustment expenses



# Life core: Overview of key financials

In million CHF (IAS basis)

	2001 (restated)	2002	Change
Premiums, policy fees, other fee income <sup>(1)</sup>	12 559	12 661	0.8%
Financial result	4 852	4 182	- 13.8%
Other income	181	136	- 24.9%
<b>Total Revenues</b>	<b>17 592</b>	<b>16 979</b>	<b>- 3.5%</b>
Interest credited to clients & borrowings	- 1 208	- 1 070	- 11.4%
Provisions for ins. reserves + benefits paid	- 13 336	- 13 805	3.5%
PH dividends and participation in profit	- 666	- 349	- 47.6%
Operating expenses	- 2 413	- 2 045	15.3%
<b>Total benefits, claims and expenses</b>	<b>- 17 623</b>	<b>- 17 269</b>	<b>2.0%</b>
<b>Operating result<sup>(2)</sup></b>	<b>- 83</b>	<b>- 559</b>	<b>-</b>

(1) Excluding policyholder deposits

(2) Profit before amortization of goodwill and other intangible assets, taxes and minority interests; after intersegment dividends

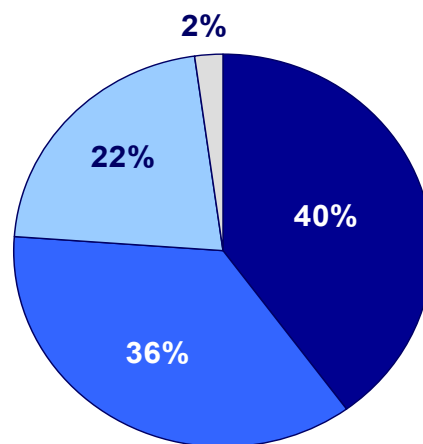
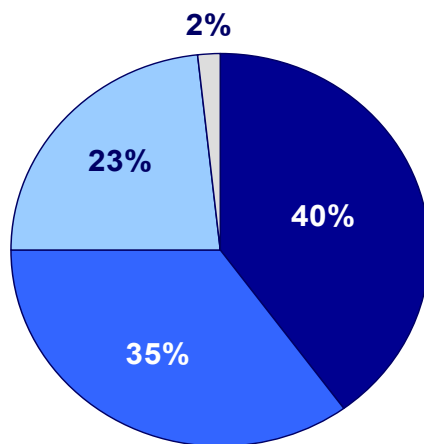
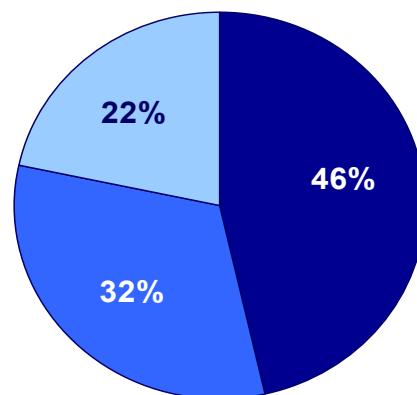
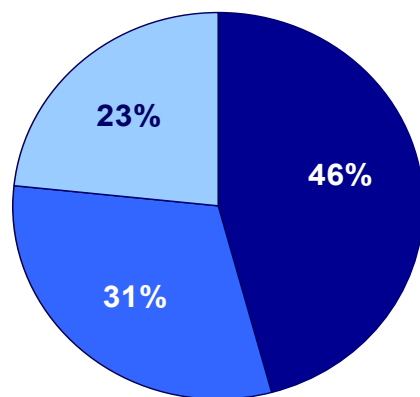
# Life core: Premiums and policyholder deposits (direct)

In million CHF (IAS basis)

2001: **16 171 m**

2002: **15 971 m**

Growth in life core  
premiums by line of business



Group	+ 0.4%
Individual	+ 1.9%
Policyholder deposits	- 8.6%

Periodical	- 0.8%
Single	+ 1.5%
Policyholder deposits	- 8.6%
Fee income unit-linked	+ 32.5%

# Life Non-Core: Overview of key financials

In million CHF (IAS basis)

	2001 (restated)	2002	Change
Premiums, policy fees, other fee income <sup>(1)</sup>	1 697	1 592	- 6.2%
Financial result	347	315	- 9.2%
Other income	15	17	13.3%
<b>Total Revenues</b>	<b>2 059</b>	<b>1 924</b>	<b>- 6.6%</b>
Interest credited to clients & borrowings	- 43	- 39	9.3%
Provisions for ins. reserves + benefits paid	- 1 744	- 1 657	5.0%
PH dividends and participation in profit	- 22	- 20	9.1%
Operating expenses	- 226	- 363	- 60.6%
<b>Total Expenses</b>	<b>- 2 035</b>	<b>- 2 079</b>	<b>- 2.2%</b>
<b>Operating result<sup>(2)</sup></b>	<b>18</b>	<b>- 155</b>	<b>-</b>
<b>Cost ratio<sup>(3)</sup></b>	<b>2.0%</b>	<b>3.2%</b>	<b>+122bps</b>

(1) Excluding policyholder deposits

(2) Profit before amortization of goodwill and other intangible assets, taxes and minority interests; after intersegment dividends

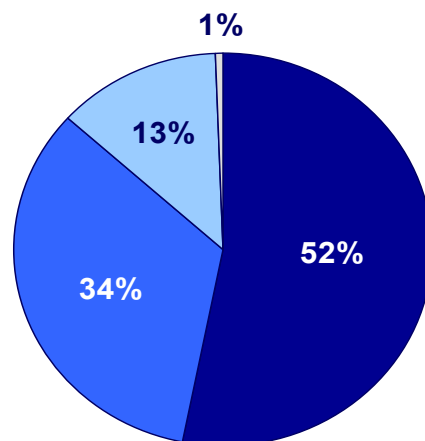
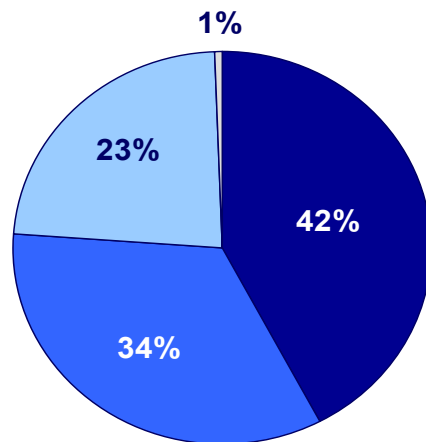
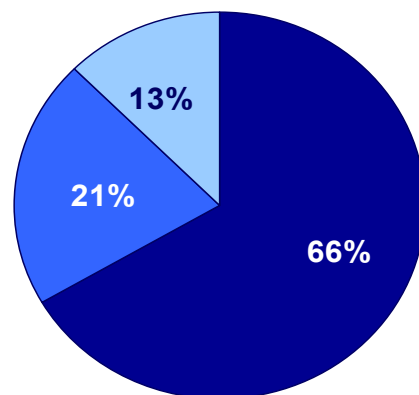
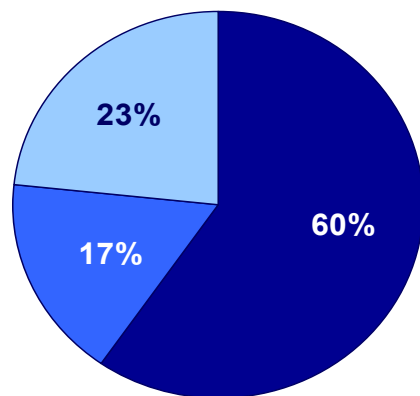
(3) In % of mathematical reserves

# Life Non-Core: Premiums and policyholder deposits (direct)

In million CHF (IAS basis)

2001: 2 411 m

2002: 2 035 m



Growth in life non-core premiums by line of business

Group - 5.8%

Individual + 4.2%

Policyholder deposits - 54.6%

Periodical + 6.6%

Single - 16.4%

Policyholder deposits - 54.5%

Fee income (unit-linked) 0%

# Non-Life: Overview of key financials

In million CHF (IAS basis)

	2001 (restated)	2002	Change
Revenues from Insurance	866	1 004	+15.9%
Provisions for ins. reserves + benefits paid	- 704	- 868	- 23.3%
PH dividends and participation in profit	3	25	-
Operating expenses	- 329	- 346	- 5.2%
Total Expenses from Insurance	- 1 030	- 1 189	- 15.4%
Technical Result	- 164	- 185	- 12.8%
Financial result	126	88	- 30.2%
Interest credited to clients & borrowings	- 10	- 4	+60.0%
Other income	48	16	- 66.6%
Operating result <sup>(1)</sup>	-2	- 89	-
Combined ratio	118.7%	120.7%	+200bps

(1) Profit before amortization of goodwill and other intangible assets, taxes and minority interests; after intersegment dividends

# Banca del Gottardo: Overview of key financials

In million CHF (statutory basis)

	2001 (restated)	2002	Change
Results from interest activities	165	155	- 5.8%
Results from commission and service act.	295	250	- 15.3%
Results from trading operations	20	52	+ 162.5%
Other	5	- 10	nm
<b>Net revenues</b>	<b>485</b>	<b>447</b>	<b>- 7.7%</b>
Personnel expenses	- 222	- 210	- 5.6%
Other operating expenses	- 122	- 126	+ 3.3%
<b>Total operating expenses</b>	<b>- 344</b>	<b>- 335</b>	<b>- 2.4%</b>
<b>Gross profit</b>	<b>141</b>	<b>112</b>	<b>- 20.5%</b>
Depreciation, adj. provisions and losses	- 133	- 285	+ 113.9%
Extraordinary result	41	19	- 54.0%
Taxes	- 12	- 6	- 48.9%
<b>Net profit</b>	<b>37</b>	<b>- 160</b>	<b>-</b>
<b>Cost/income ratio</b>	<b>71%</b>	<b>75%</b>	<b>+ 400bps</b>
<b>BIS ratio (Tier I)</b>	<b>7.57%</b>	<b>8.62%</b>	<b>+ 105bps</b>

# Banca del Gottardo: Special items

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In million CHF (statutory basis)

	2002
Depreciation on financial participation	- 84
Depreciation on goodwill and real estate	- 76
Provisioning for loans	- 27
Social plan and other provisions	- 24
<hr/> Total extraordinary items <hr/>	<hr/> - 211 <hr/>

# Investment Management: Overview of key financials

In million CHF (IAS basis)

	2001 (restated)	2002	Change
Investment management, other income	319	229	- 28.2%
Financial result	23	50	117.4%
Total revenues	342	279	- 18.4%
Total expenses	- 209	- 173	- 17.2%
Operating result <sup>(1)</sup>	131	106	- 19.1%

(1) Profit before amortization of goodwill and other intangible assets, taxes and minority interests; after intersegment dividends



# Appendix

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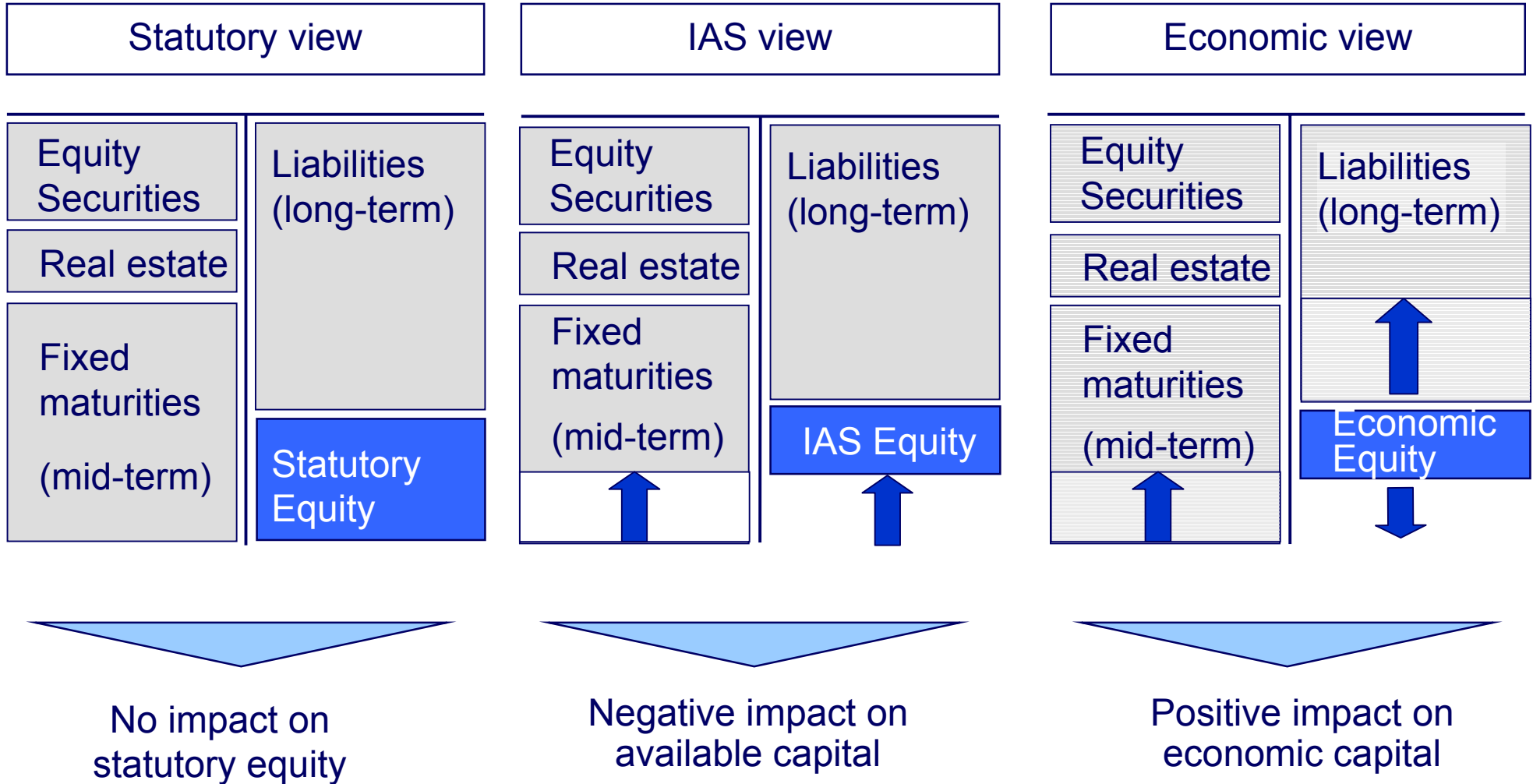
Profit and Loss

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# What is the impact of rising interest rates?



# Change of assets under management definition

Category	Background	Major changes to 2001
Total cash and invested assets ⊕	All assets where Swiss Life bears the investment risk	Stable
Total on-balance sheet assets ⊖	All assets that are on Swiss Life's balance sheet, including separate accounts	Decrease due to the reduction of separate account assets (performance, negative growth)
Externally managed on-balance sheet assets ⊕	Adjustment for assets which are not managed by Swiss Life	Increase due to sale of Hedge Fund Partners
Third party off-balance sheet assets ⊖	Client assets managed by Swiss Life Banking and Investment Management units	Decrease, negative performance, outflow of funds due to Tremonti decree at BdG, sale of Gesfid and Hedge Fund Partners
Total assets under management	Total asset base under Swiss Life's Management	Decrease due to the combination of the overall effects

# Assets under management decreased by 6%

In billion CHF (IAS basis)

<b>AuM as per 31.12.2001</b>	<b>203.3</b>	<div data-bbox="1674 382 2042 505" style="background-color: green; color: white; padding: 5px;"> <b>Changed definition</b> </div>
Exclusion of certain asset categories <sup>(1)</sup>	- 9.9	
Change allocation methodology on-balance sheet assets BdG	+8.0	
Externally managed on-balance sheet assets <sup>(2)</sup>	- 7.2	
<b>AuM as per 31.12.2001 (newly defined)</b>	<b>194.2</b>	<div data-bbox="1674 843 2042 1068" style="background-color: red; color: white; padding: 5px;"> <b>AuM decrease</b> <ul style="list-style-type: none"> <li>CHF 11 bn</li> <li>5.7%</li> </ul> </div>
Insurance and banking on-balance sheet assets	+ 0.5	
Separate accounts and unit linked assets	-2.7	
Externally managed on-balance sheet assets <sup>(3)</sup>	- 2.6	
Sales of units <sup>(4)</sup>	- 2.0	
Third party off-balance sheet assets due to performance/net flow	- 4.2	
<b>AuM as per 31.12.2002</b>	<b>183.2</b>	

(1) E.g. receivables

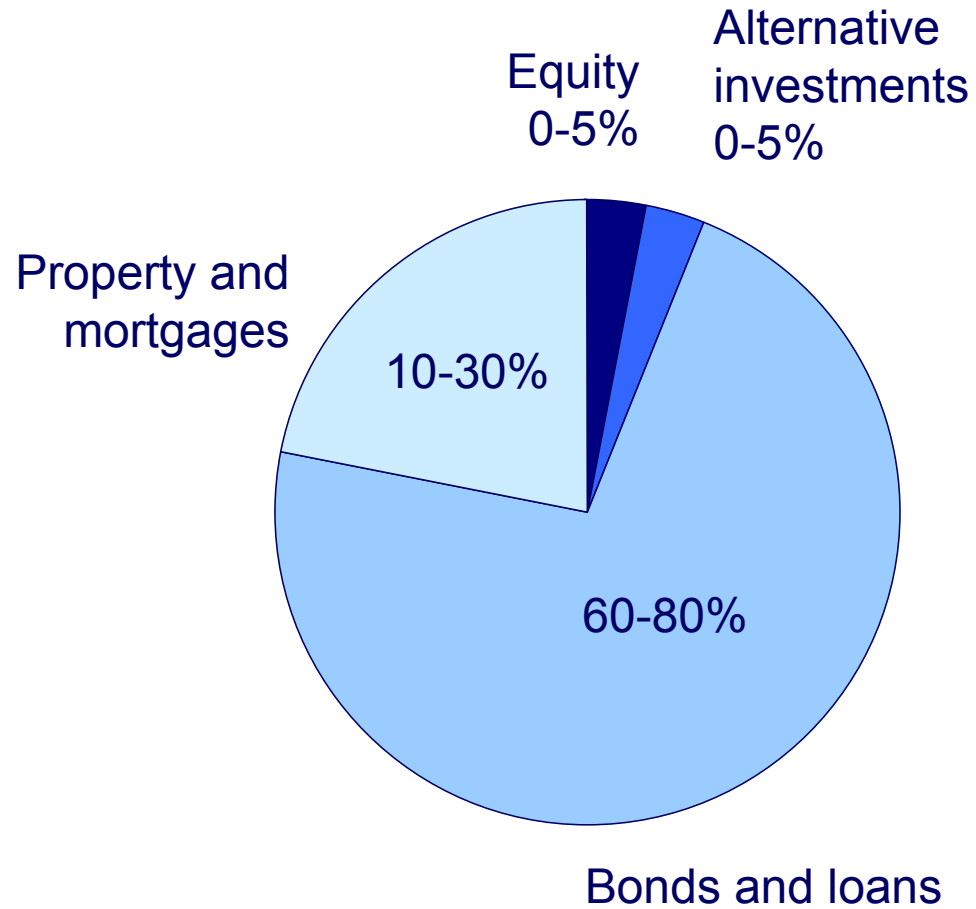
(3) Major influence: Sale of SL Hedge Fund Partners

(2) Unit linked, hedge funds

(4) Gesfid SA, SL Hedge Fund Partners

# Target asset allocation

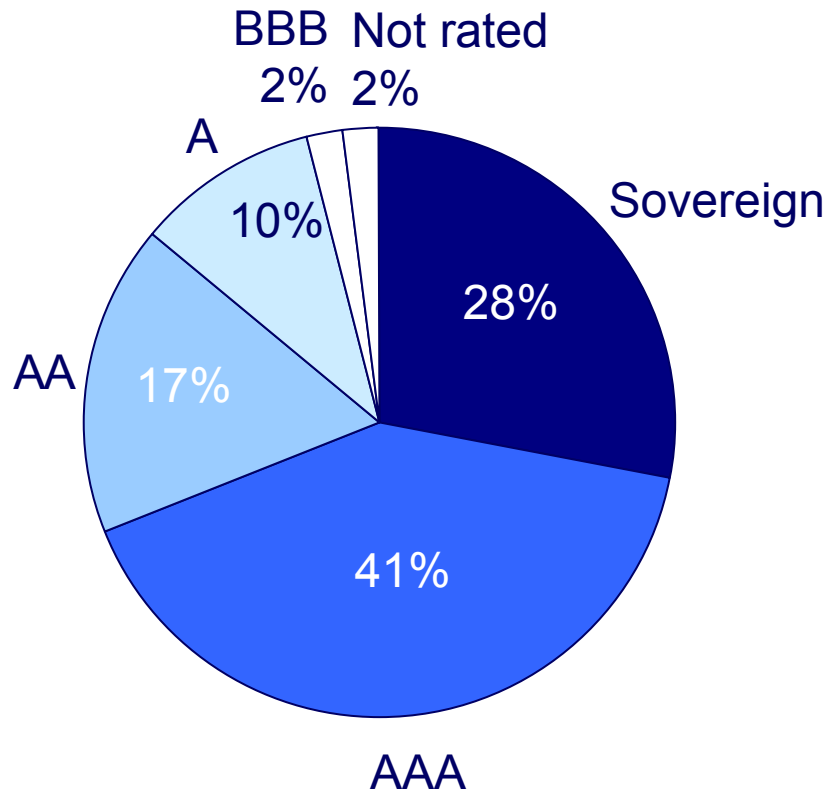
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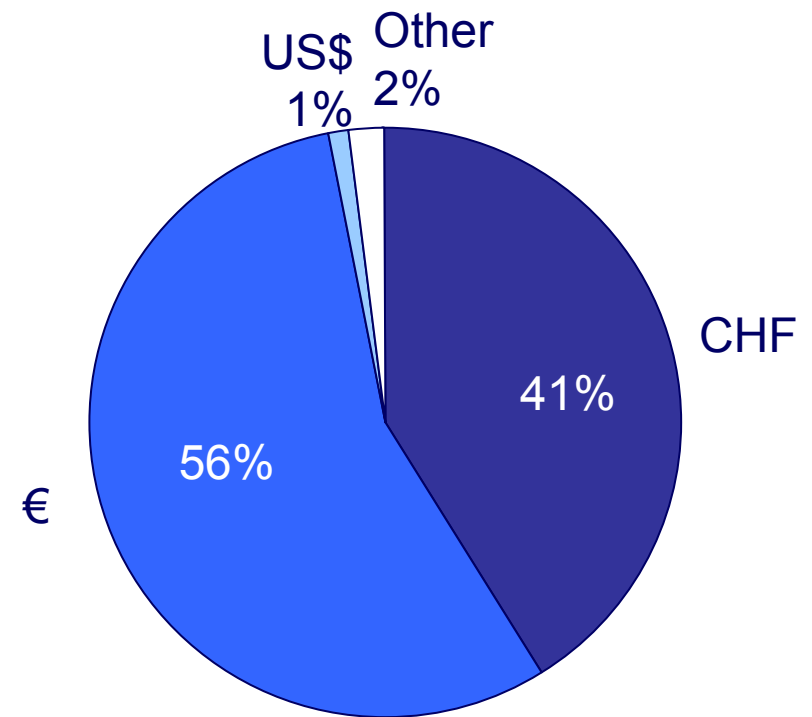
# Bond portfolio

Insurance portfolio (IAS basis)

Split by rating 2002



Split by currency<sup>(1)</sup> 2002

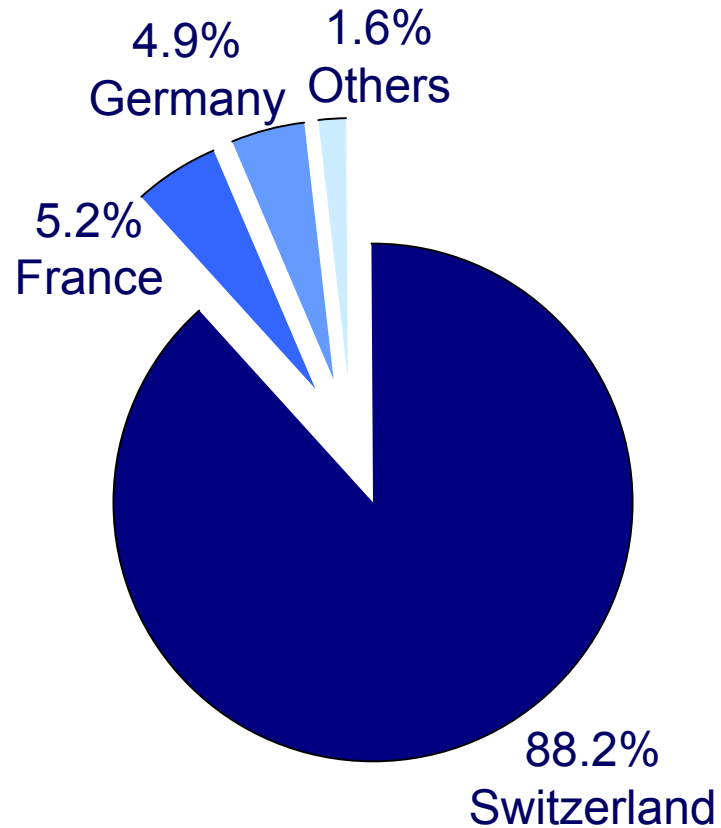


(1) After currency hedges

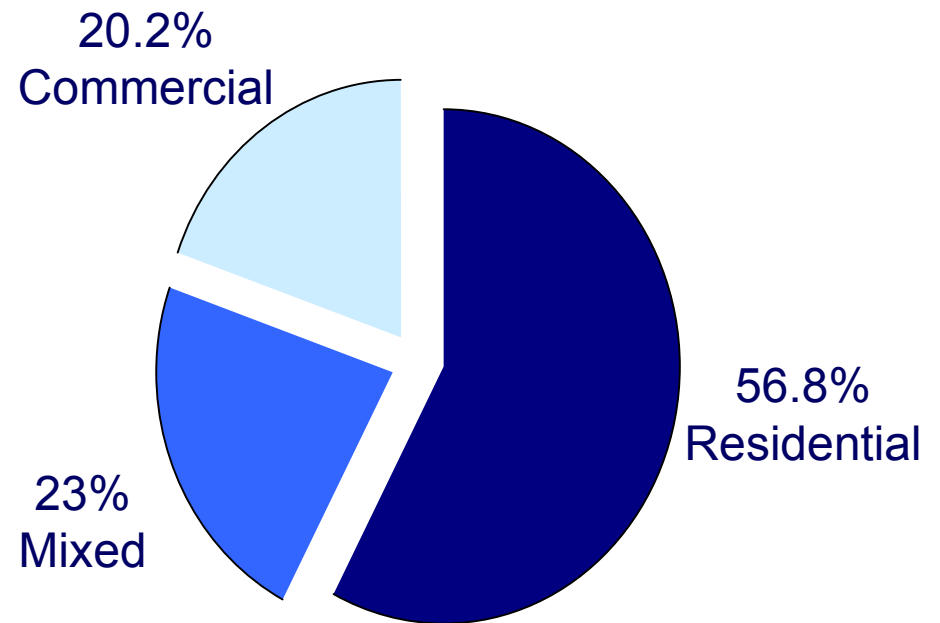
# Real estate portfolio

Insurance portfolio (IAS basis)

Split by country



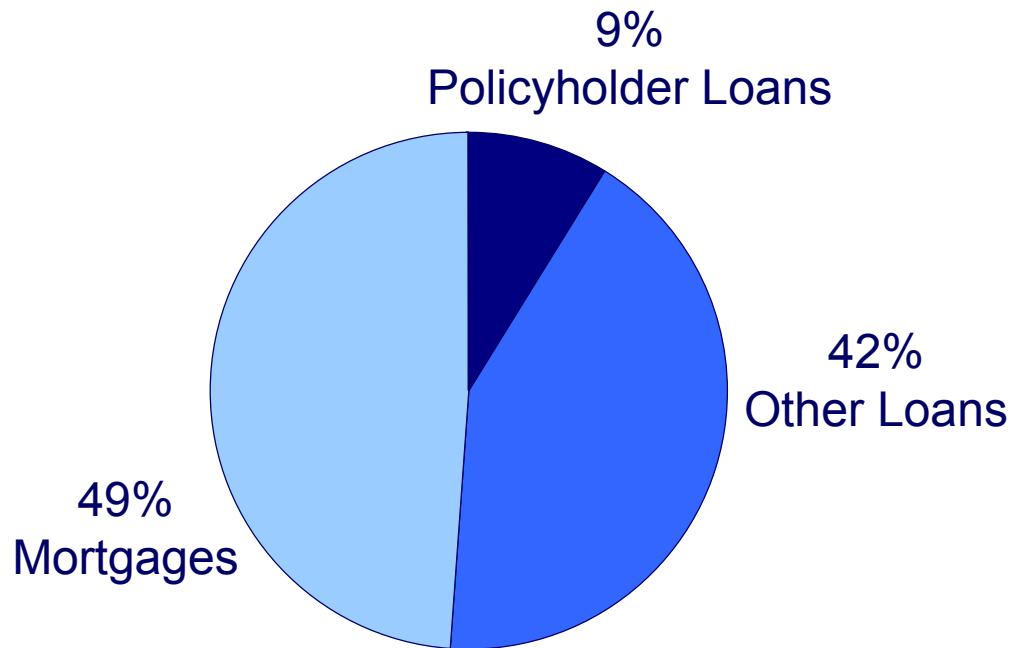
Split by type



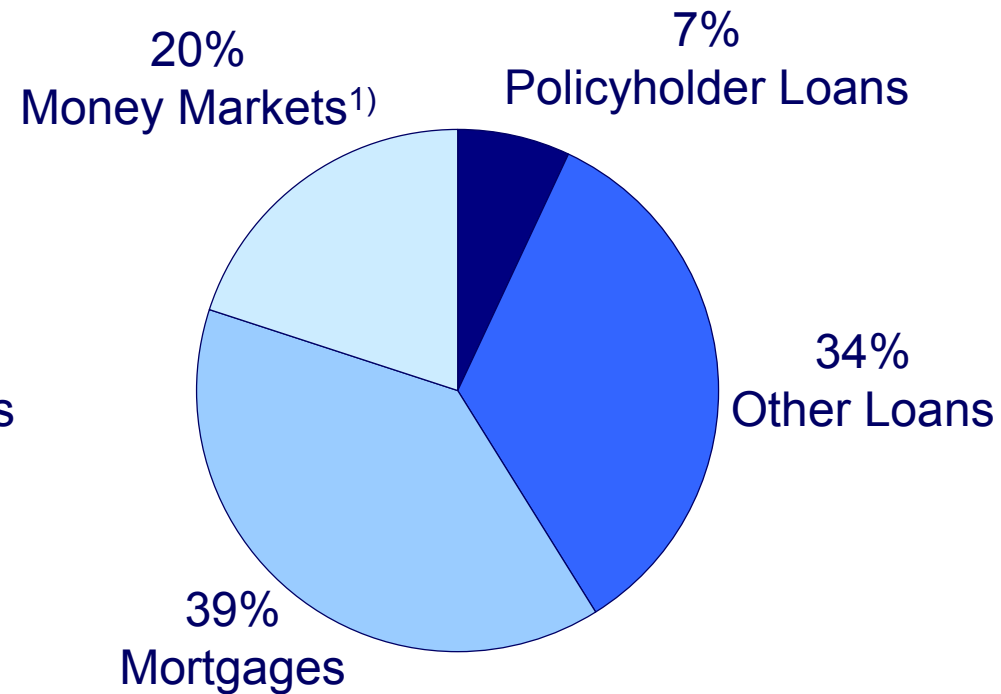
# Loan portfolio

Insurance portfolio (IAS basis)

2001



2002



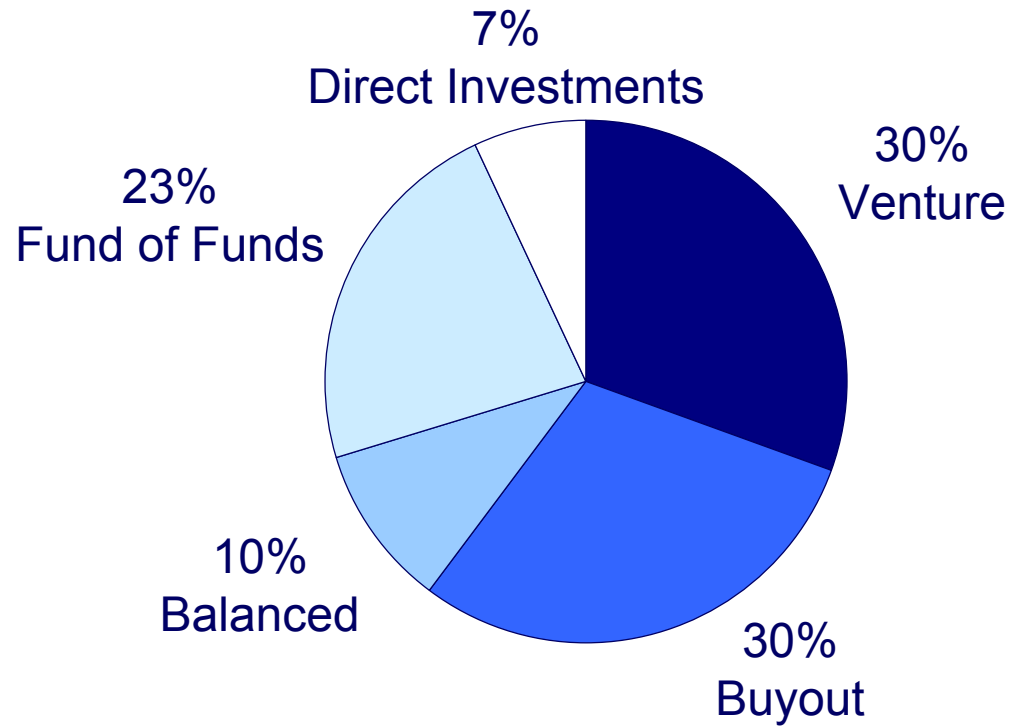
(1) Money markets: in 2002 the fixed term deposits were reclassified from cash & cash equivalents into money markets



# Private equity portfolio

Insurance portfolio (IAS basis)

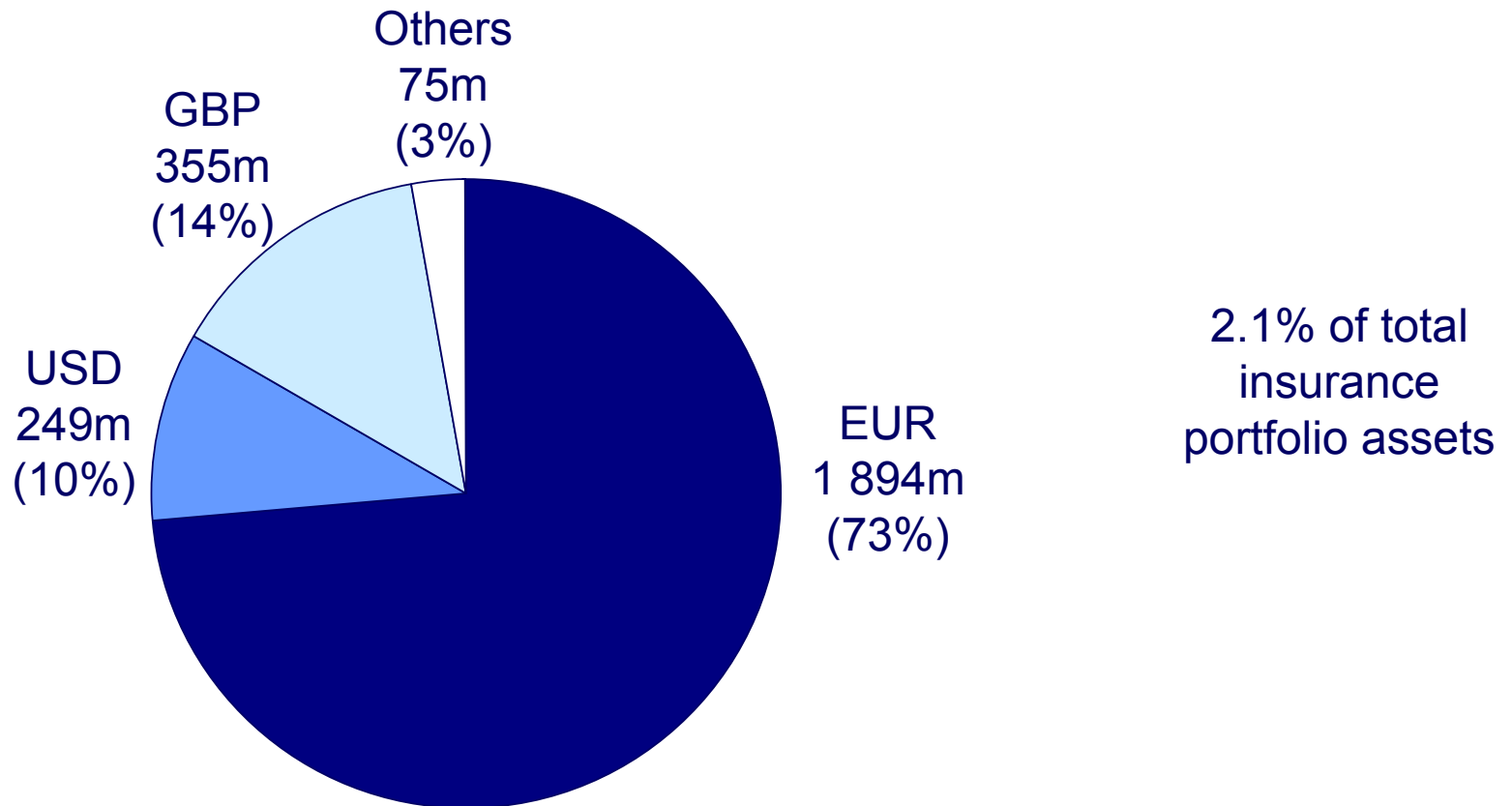
Investments: CHF 401 million



Additional commitments : CHF 623 million

# Currency exposure

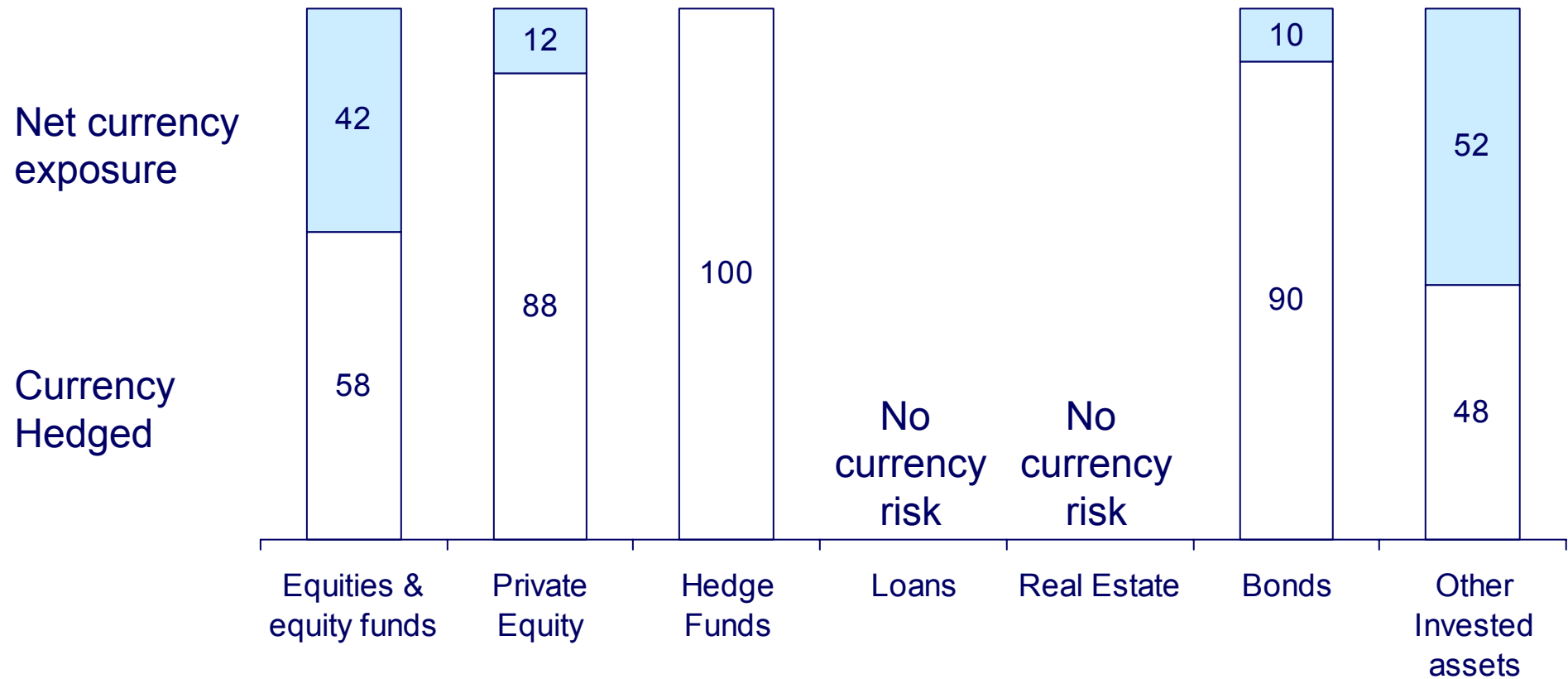
Insurance portfolio (IAS basis)



Net currency exposure	CHF 2 573 million
Hedged	CHF 11 893 million
Gross exposure	CHF 14 466 million

# Net currency exposure in % of asset class

Group, not consolidated (IAS basis)



# Financial result

In million CHF (IAS basis)

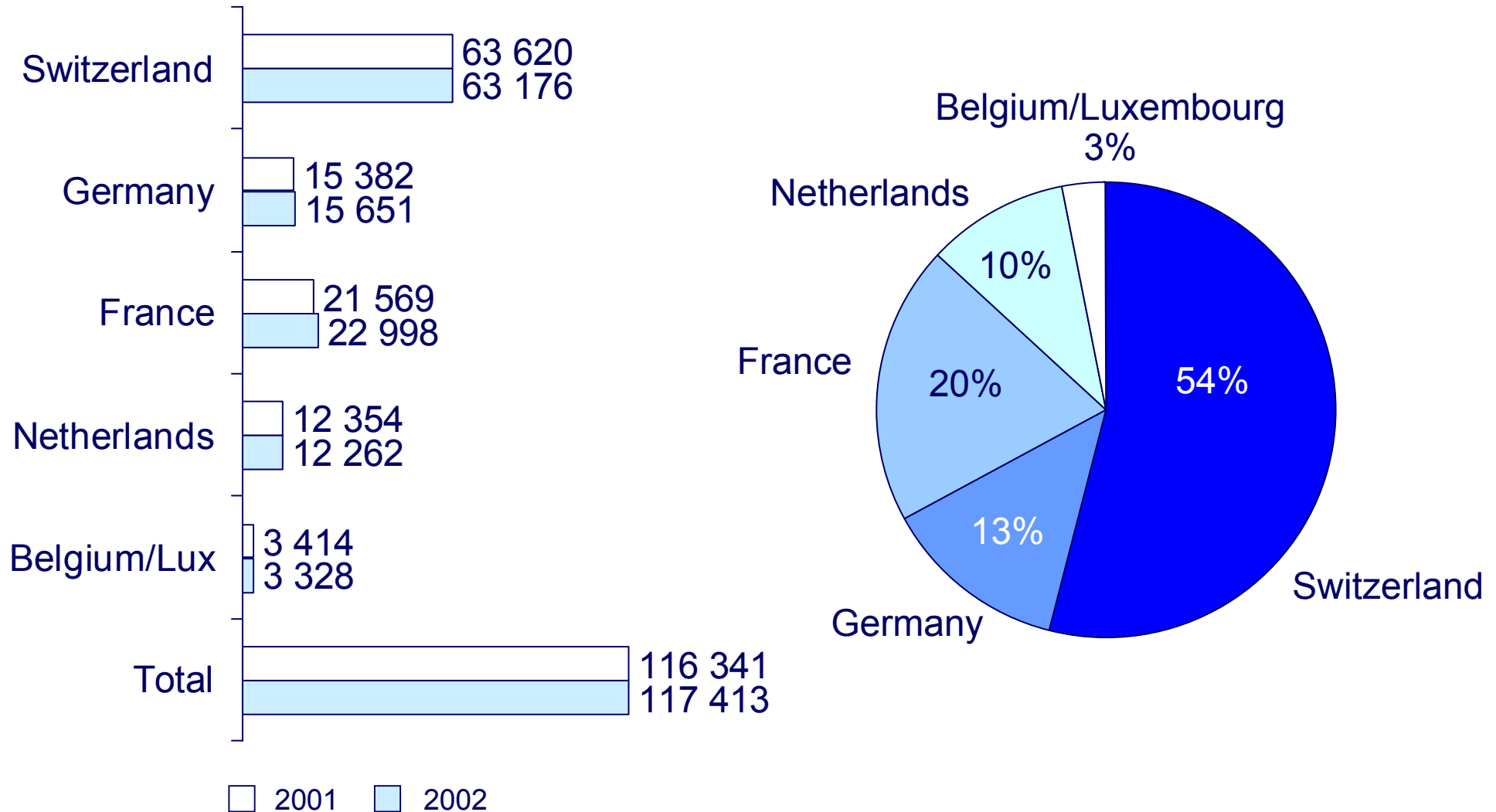
	2001 (restated)	2002	Change
Investment income, net	5 626	5 505	- 2.2%
Real. & unreal. gains/losses <sup>(1)</sup>	- 141	- 2 304	-
Trading account income, net <sup>(2)</sup>	286	1 512	-
<b>Financial result</b>	<b>5 771</b>	<b>4 713</b>	<b>-18.3%</b>

(1) Includes foreign currency gains and losses recorded in the income statement

(2) Includes hedges on foreign currencies and equities

# Life core: Technical reserves per country

In million CHF (IAS basis)



(1) Includes health business that was transferred to La Suisse in 2002 (to segment non-life)

# Appendix

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# Components of the embedded value

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**ANAV:** Adjusted Net Asset Value:  $ANAV = \text{Equity} + \text{Adjustments}$

**PVFP:** Present Value of Future Profits: Cash flow projection model

- Calculation of the yearly statutory profits and losses
- Long-term perspective

**Lock-in:** Cost of solvency capital

Value of the existing portfolio only: not appraisal value

No PVFP calculated for Non-Life and Health Insurance

$$EV = ANAV + PVFP - \text{Lock-in}$$

# Implementation of embedded value at Swiss Life

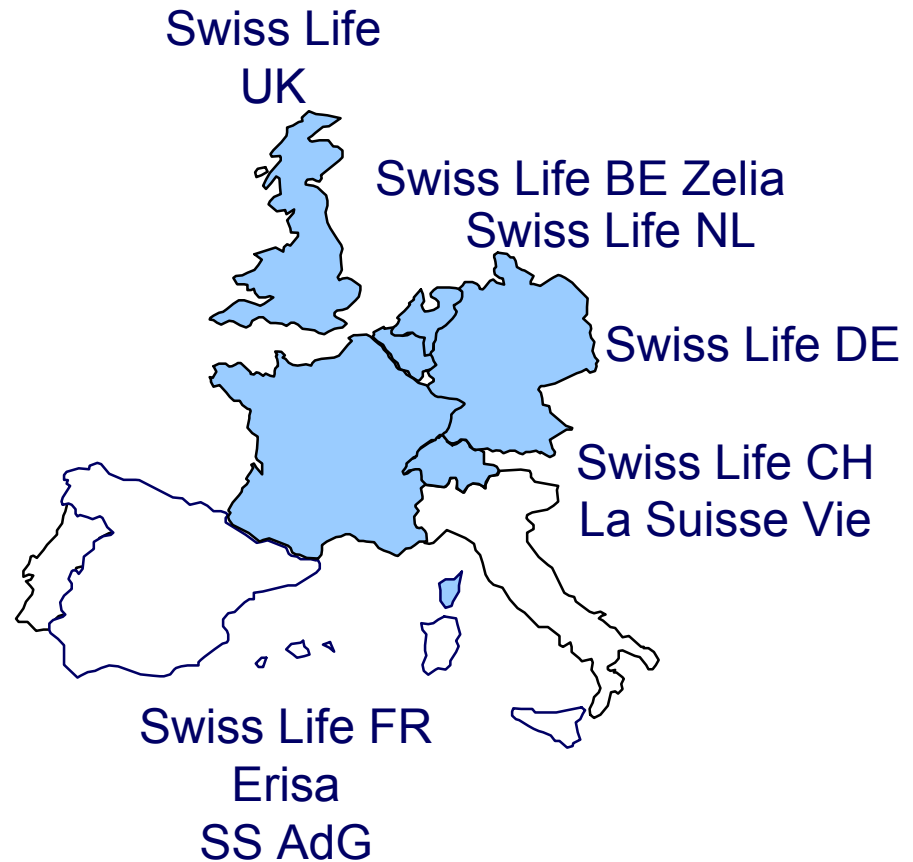
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ANAV and PVFP were calculated for more than 95% of the Mathematical Reserves

For other life insurance entities only the NAV has been included

The banking and non-life insurance businesses have also been included at book values

B&W Deloitte have reviewed the Embedded Value calculations





# Key assumptions for embedded value calculation

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2001		2002	
CH	EU	CH	EU

Risk discount rate	7.0%	8.3%	7.0%	7.9%
Equity return	7.0%	8.1%	7.0%	8.0%
Bond return	3.5%	5.1%	2.5%	4.3%
Real estate return	-	-	4.6%	5.6%

- Risk discount rates include higher risk margins since 2001
- Weighted new money return based on strategic asset allocation
- Weighted returns are lower due to reduced equity backing ratio and lower interest rates

# Strategic asset allocation by region 31.12.2002

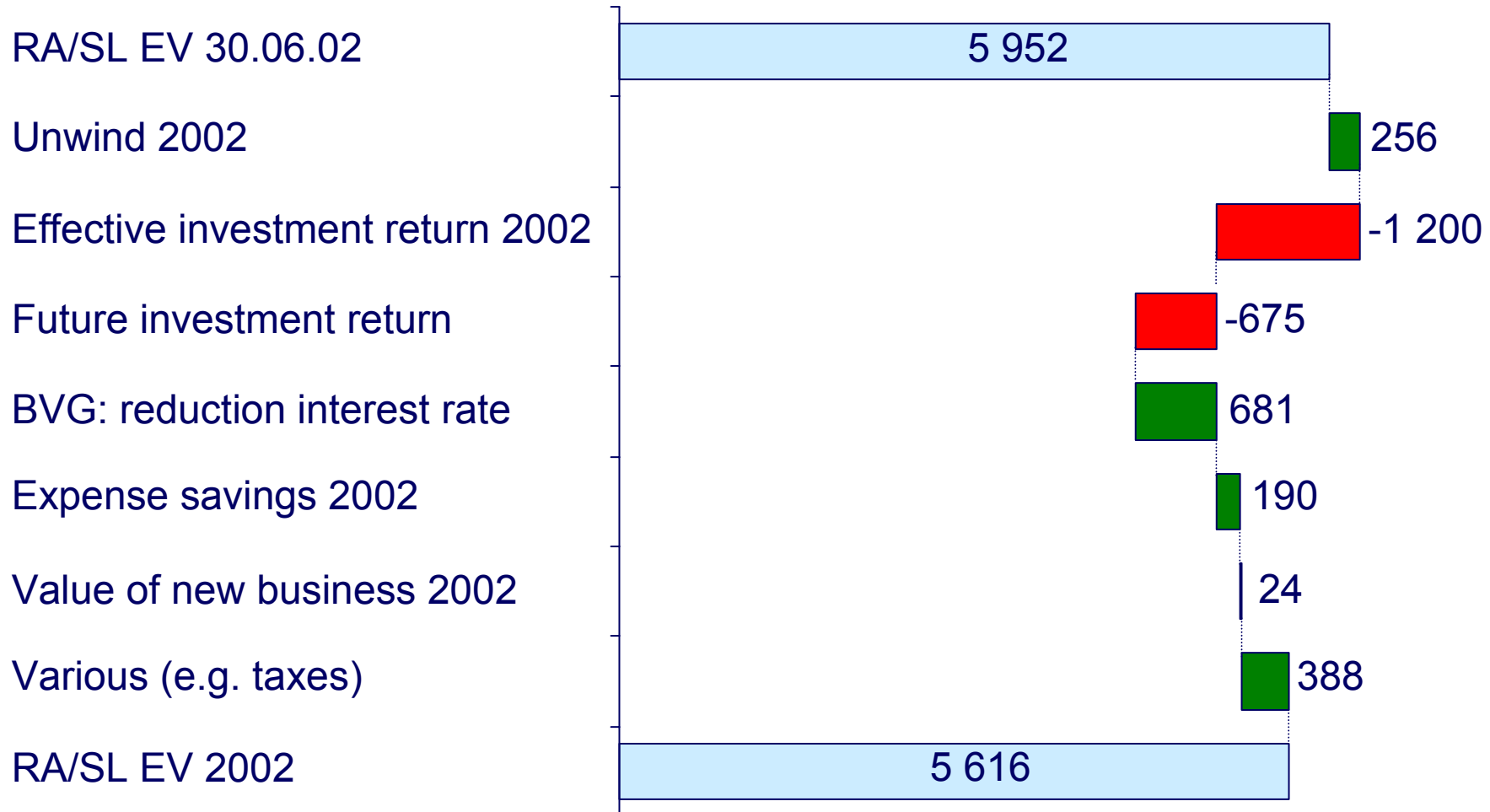
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2002		2001	
CH	EU	CH	EU

Cash & Cash-equivalent	1%	3%	0%	1%
Bonds & Loans	61%	75%	49%	59%
Mortgages & Real Estate	24%	8%	28%	8%
Equities	3%	8%	19%	31%
Participation	4%	6%	0%	1%
Alternatives	7%	0%	7%	0%

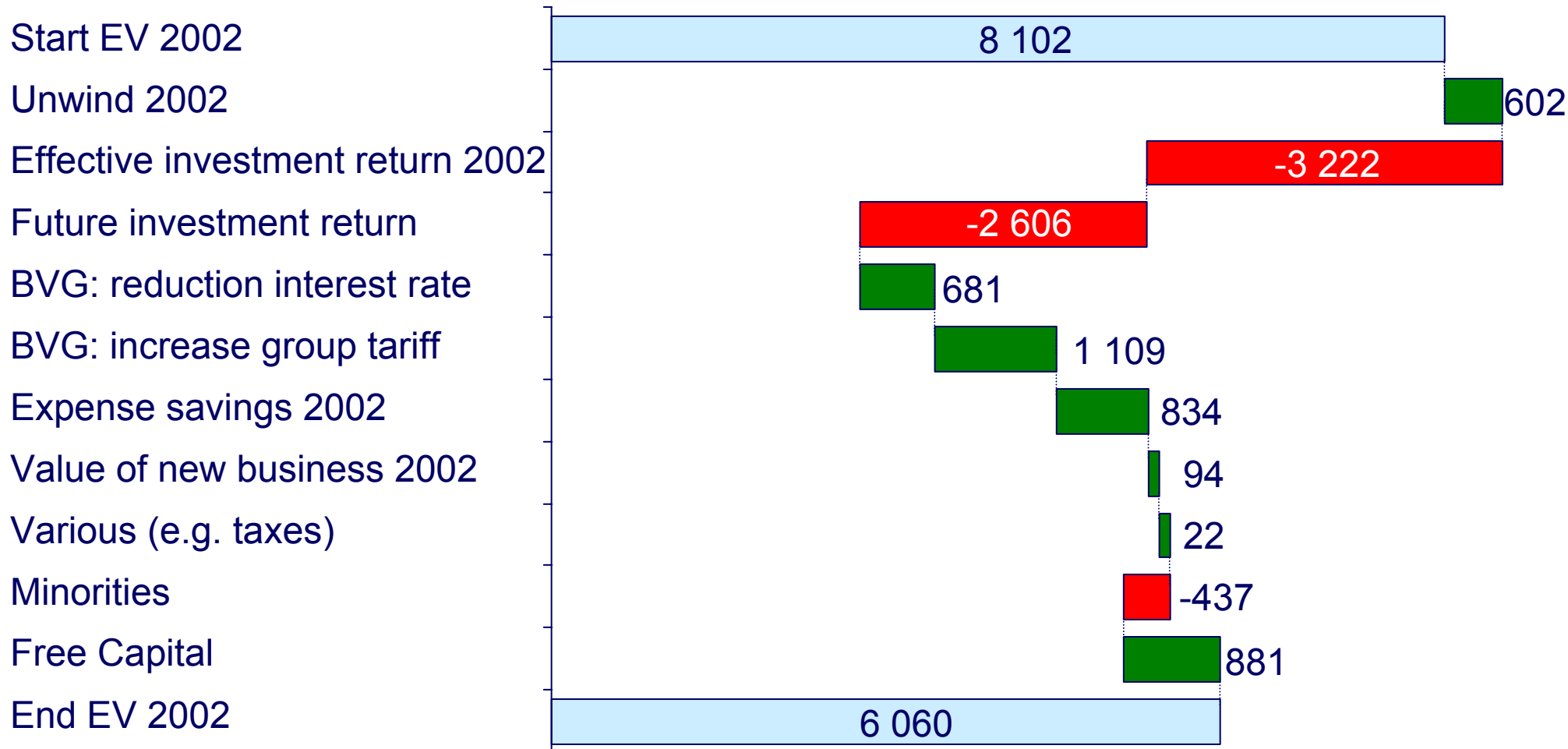
# Analysis of change (since 30.06.2002)

In million CHF (statutory basis)



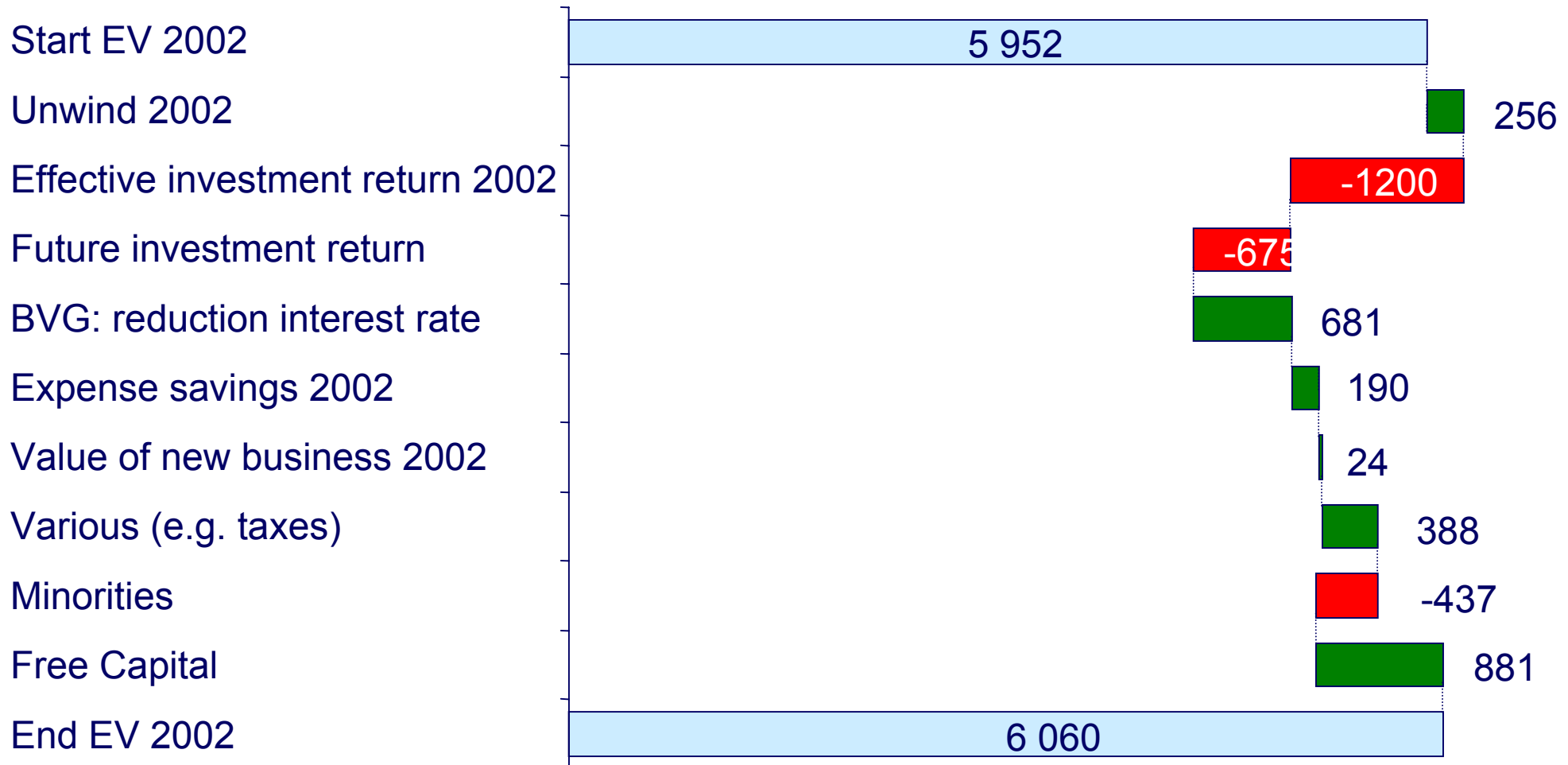
# Analysis of change (since 31.12.2001 SL Holding)

In million CHF (statutory basis)



# Analysis of change (since 30.06.2002 SL Holding)

In million CHF (statutory basis)



# Cautionary statement regarding forward-looking information

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# Appendix

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# Contact the Investor Relations Team

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