



**Full-year results 2006  
Investors' Presentation**

Zurich, 27 March 2007

# Agenda



**1. Overview**

**Rolf Dörig**

2. Business development

Rolf Dörig

3. Financial results

Thomas Müller

4. Outlook

Rolf Dörig

# Delivering on promises



- Well on track to reach 2008 targets
- Operating result significantly improved
- Dynamic growth in international markets continued
- Further efficiency improvements realised
- Embedded value and value of new business significantly increased
- Enhanced strategic and financial flexibility going forward

# Advancing strongly towards our targets



<b>Net profit</b>	➔	<b>CHF 954 million</b>	<b>+9%</b>
<b>Profit from operations</b>	➔	<b>CHF 1.3 billion</b>	<b>+23%</b>
<b>Return on equity</b>	➔	<b>12.2%</b>	<b>&gt;10%</b>
<b>Embedded value</b>	➔	<b>CHF 10.7 billion</b>	<b>+20%</b>
<b>Value of new business</b>	➔	<b>CHF 121 million</b>	<b>+152%</b>
<b>Proposed dividend (par value reduction)</b>	➔	<b>CHF 7</b>	<b>+40%</b>

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3. Financial results

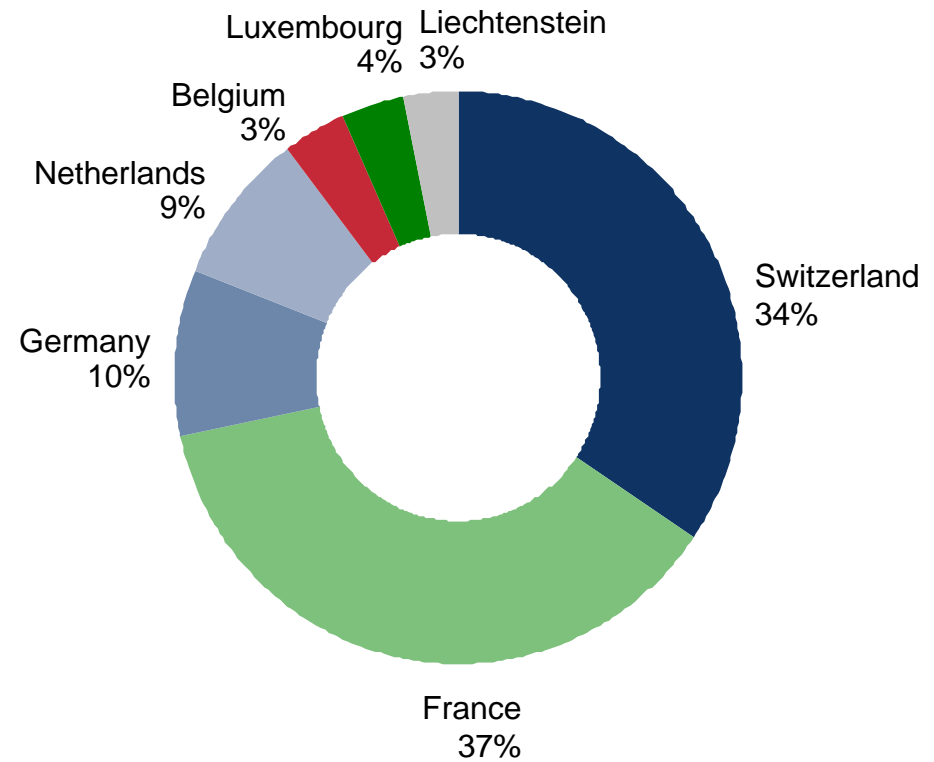
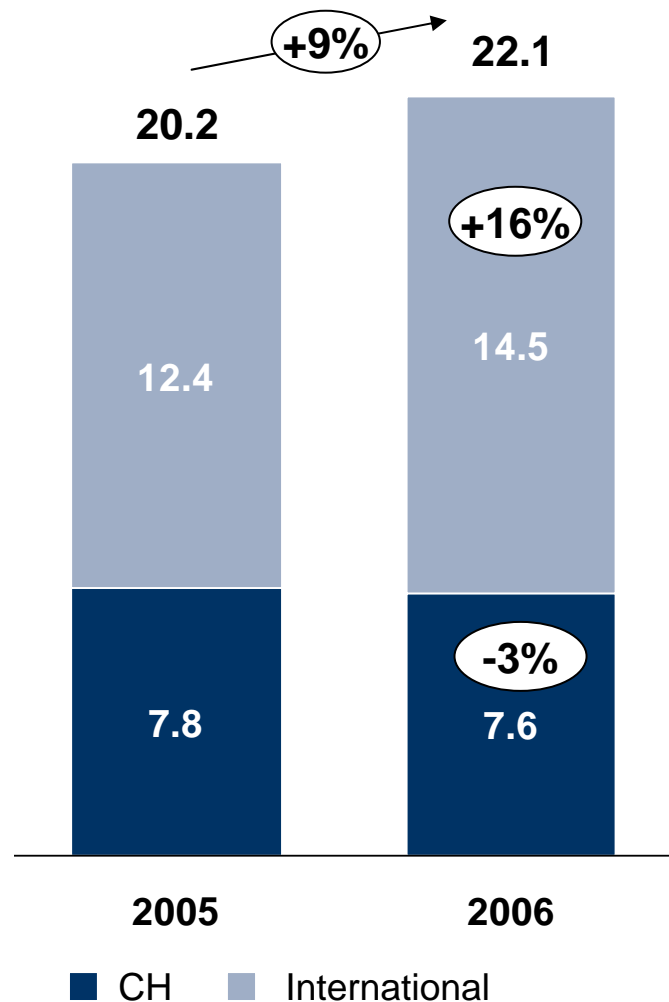
Thomas Müller

4. Outlook

Rolf Dörig

# Geographic mix improved along strategic priorities

GWP & PHD; CHF billion (IFRS basis)



# International: Dynamic growth continued



## Growth

- Strong premium growth of 16%
- Distribution mix improved
- Contributed substantially to the 38% share on non-traditional products in the Group's premium volume

## Efficiency

- Contribution to insurance segment result increased by 38%
- Substantial increase in basic insurance result of CHF 251 million to CHF 379 million
- Efficiency initiatives on track

## Leadership

- Awards for products and services in all markets
- International cooperation strengthened
- Employee commitment further improved

# Switzerland: Number one position confirmed



## Growth

- Number one position confirmed with market share of 28%
- Value of new business further increased to CHF 41 million, positive in both group and individual business
- Recently launched performance-oriented products with good market take-up

## Efficiency

- Basic insurance result of CHF 219 million well above target of CHF 150 million
- Efficiency projects on track
- Adjusted operating expenses reduced by 2%

## Leadership

- Customer satisfaction further improved
- Employee commitment confirmed at high level
- Political discussion on legal framework acknowledging economic realities (i.e. conversion rate, minimum interest rate)



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# Net profit increased by 9% to CHF 954 million



CHF million (IFRS basis)

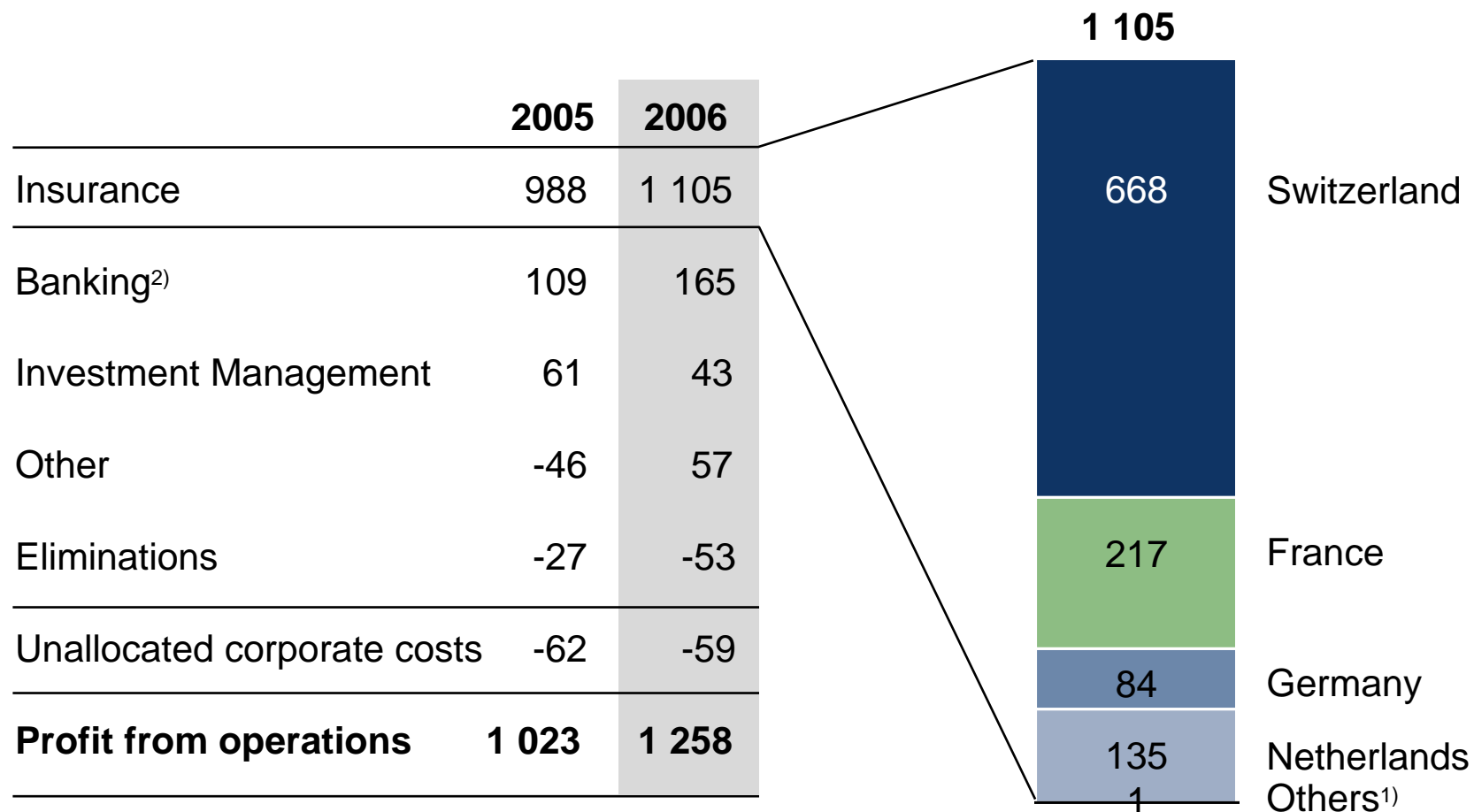
	2006	2005
Gross written premiums, fees and deposits received	22 064	20 211
Financial result for own risk	6 598	6 966
Net insurance benefits and claims	-13 840	-14 040
Policyholder participation	-2 320	-2 227
Operating expenses	-3 205	-3 390
<b>Profit from operations</b>	<b>1 258</b>	<b>1 023</b>
Borrowing costs	-177	-173
Taxes and results of associates	-127	24
<b>Net profit</b>	<b>954</b>	<b>874</b>
Earnings per share (in CHF) <sup>1)</sup>	26.92	24.82
Return on equity (ROE)	12.2%	12.3%

1) Diluted, based on 35 104 369 shares in 2006 and 35 095 099 shares in 2005

# Profit contribution of insurance and banking segments increased



Segment results; CHF million (IFRS basis)



1) Comprises Belgium, Luxembourg, Liechtenstein and Italy

2) Including gains on sales of BdG (Monaco) & Dreieck Industrie Leasing Ltd of CHF 50 million in 2006

# Operating expenses (adjusted)



CHF million (IFRS basis)

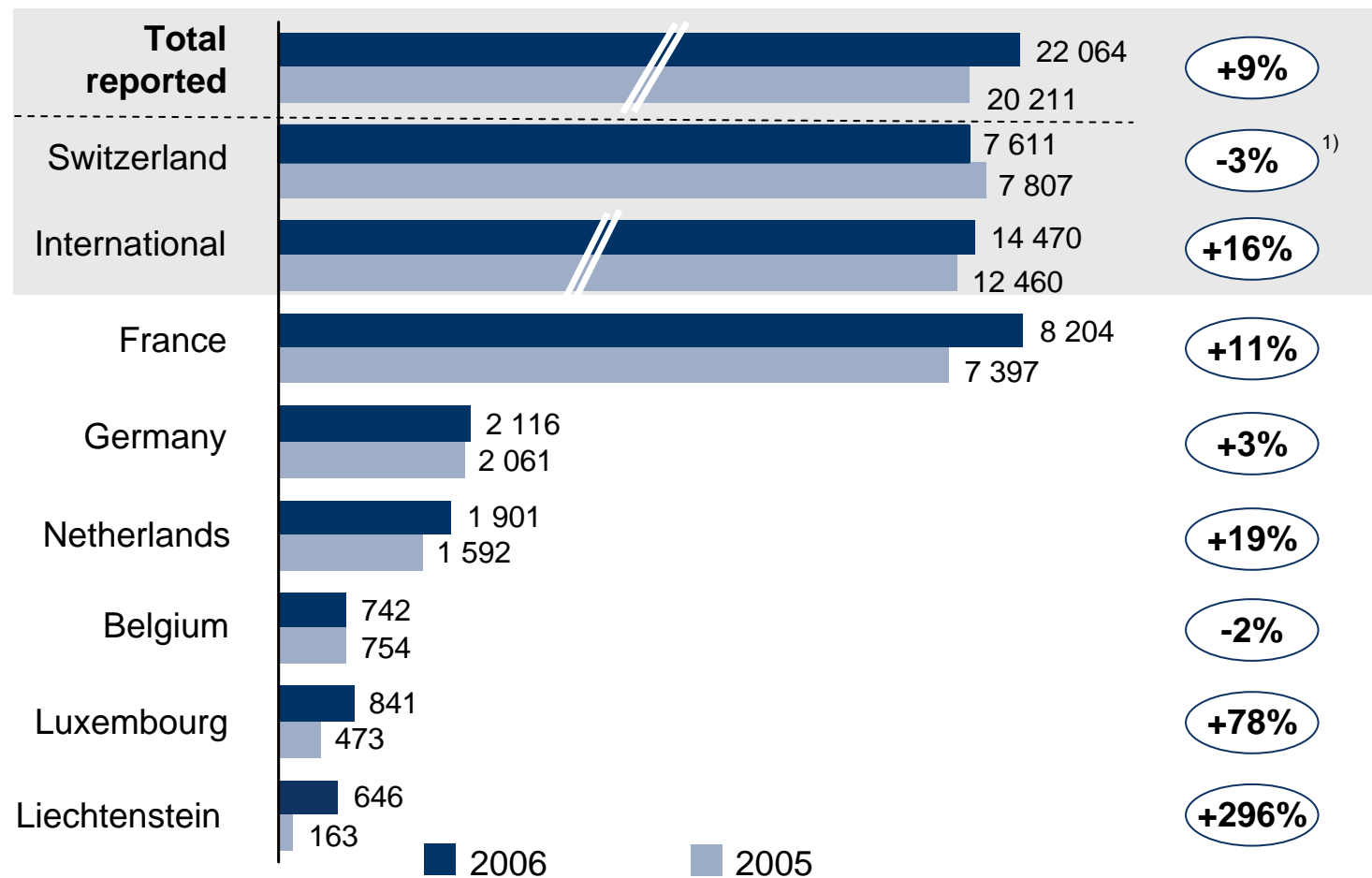
	2006	2005	Change
<b>Total operating expenses</b>	<b>3 205</b>	<b>3 390</b>	<b>-5.5%</b>
Commissions and DAC amortisation	-1 071	-1 141	
Goodwill, PVP and intangible assets impairment	-32	-129	
Restructuring costs	-76	-116	
Divestments <sup>1)</sup>		-41	
Change in reserves for employee benefits	-13	41	
Currency effects		15	
<b>Operating expenses (adjusted)</b>	<b>2 013</b>	<b>2 019</b>	<b>-0.3%</b>
- of which insurance International	933	905	+3.1%
- of which insurance Switzerland	701	717	-2.2%

1) BdG (Monaco), Dreieck Industrie Leasing Ltd

# Strong premium growth of 16% in international markets



GWP & PHD; CHF million (IFRS basis)



1) Excluding non-life premiums in 2005 of CHF 290 million, life premium in Switzerland grew by 1.3%

# Net profit increased by 9% to CHF 954 million



CHF million (IFRS basis)

	2006	2005
Gross written premiums, fees and deposits received	22 064	20 211
Financial result for own risk	6 598	6 966
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# Shareholders' equity stable in challenging environment



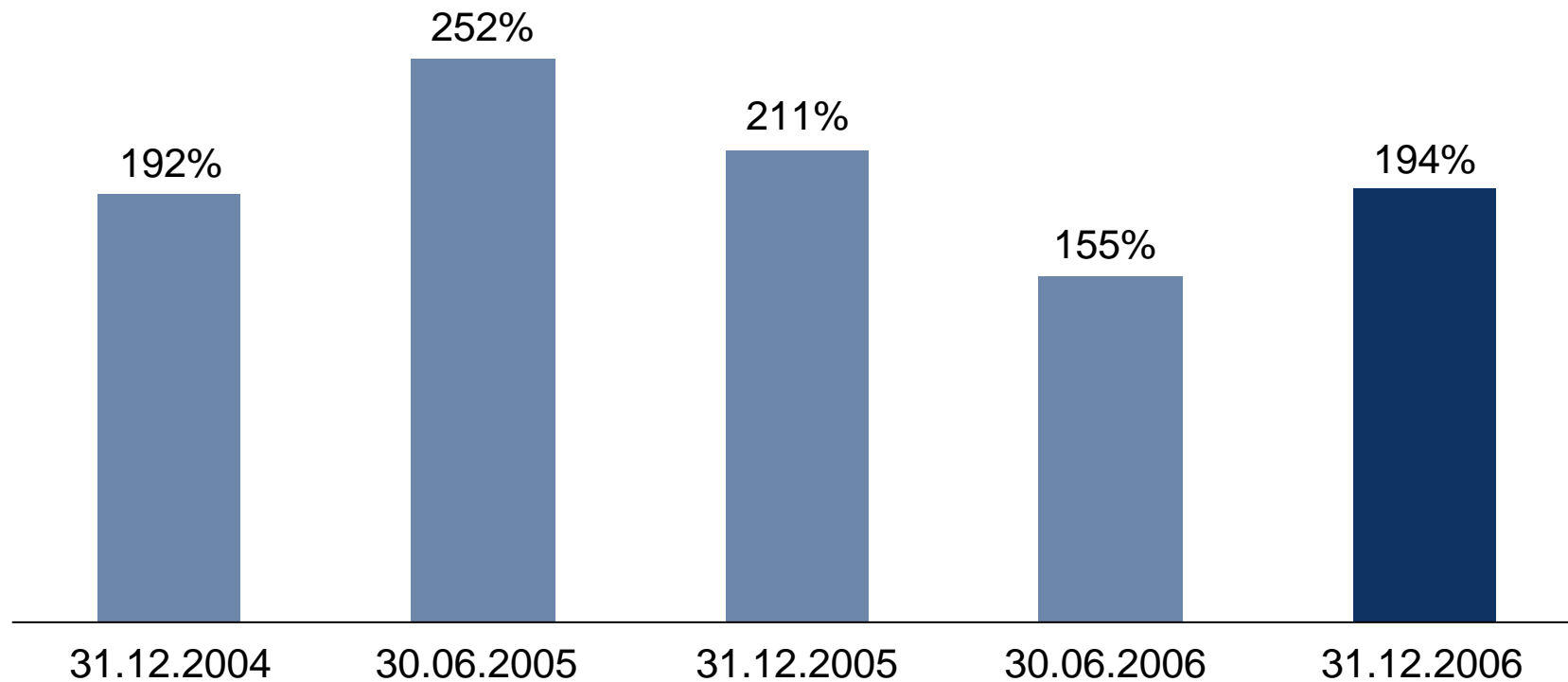
CHF million (IFRS basis)

	31.12.2006	31.12.2005
<b>Insurance reserves</b>	<b>145 180</b>	<b>139 252</b>
Insurance liabilities	109 235	106 541
Investment contracts	28 853	24 629
Policyholder participation liabilities	7 092	8 082
<b>Borrowings</b>	<b>6 139</b>	<b>4 750</b>
<b>Shareholders' equity</b>	<b>7 579</b>	<b>7 655</b>
Total liabilities and equity	186 950	177 597
<b>Core capital</b>	<b>14 761</b>	<b>16 621</b>
Equity	7 851	7 953
Hybrid capital instruments	1 739	1 689
Deferred Group-related funds	5 171	6 979

# Group solvency at a comfortable level



Based on IFRS equity, according to methodology applied by Swiss regulator

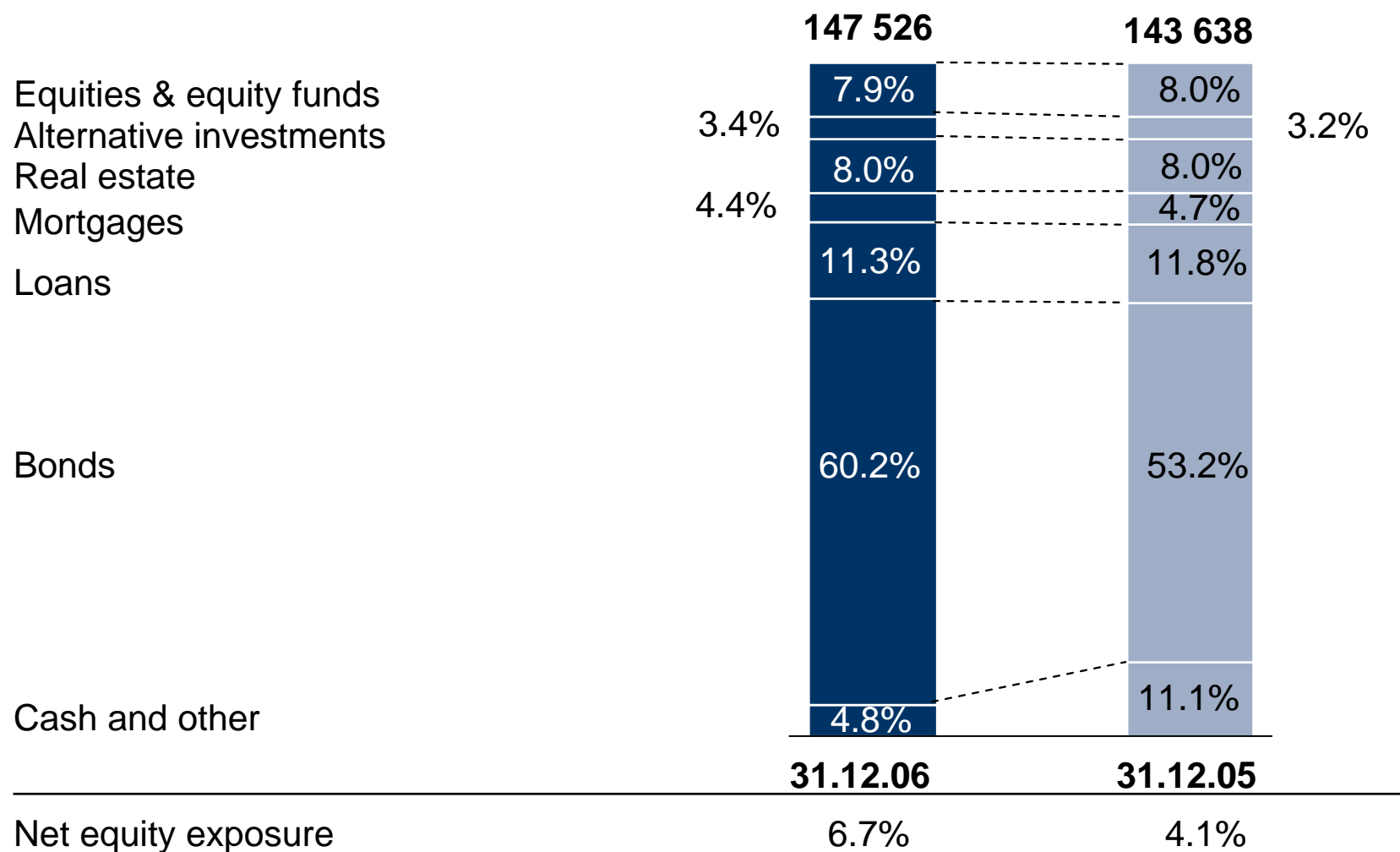




# Asset allocation of insurance portfolio



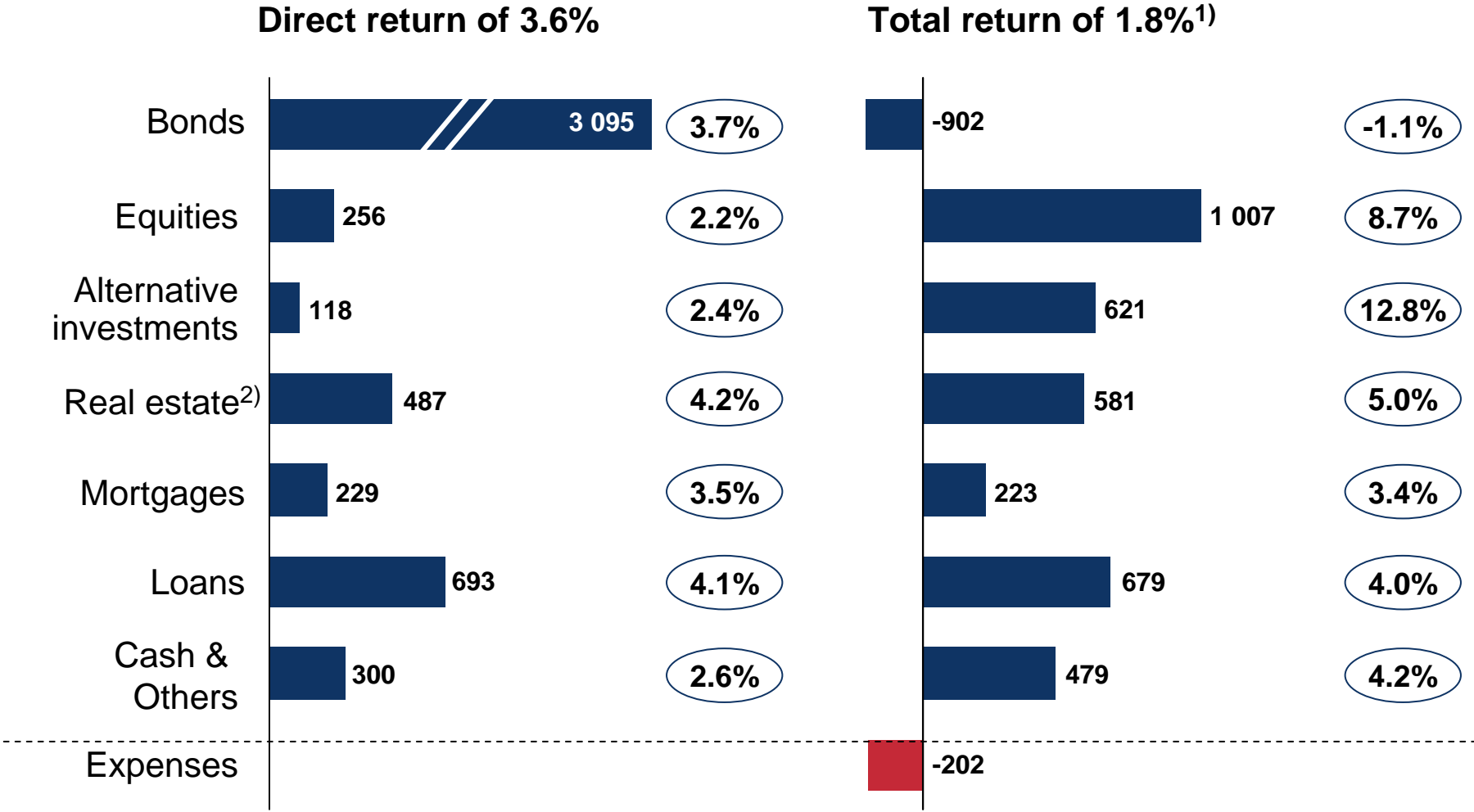
CHF million (IFRS basis)



# Stable direct return with low risk profile



Investment return on insurance portfolio; CHF million



1) Before expenses; after expenses: 1.7%  
 2) Direct return and total return include operating expenses on investment property of CHF 161 million

# Embedded value increased by 20%



CHF million (statutory basis)

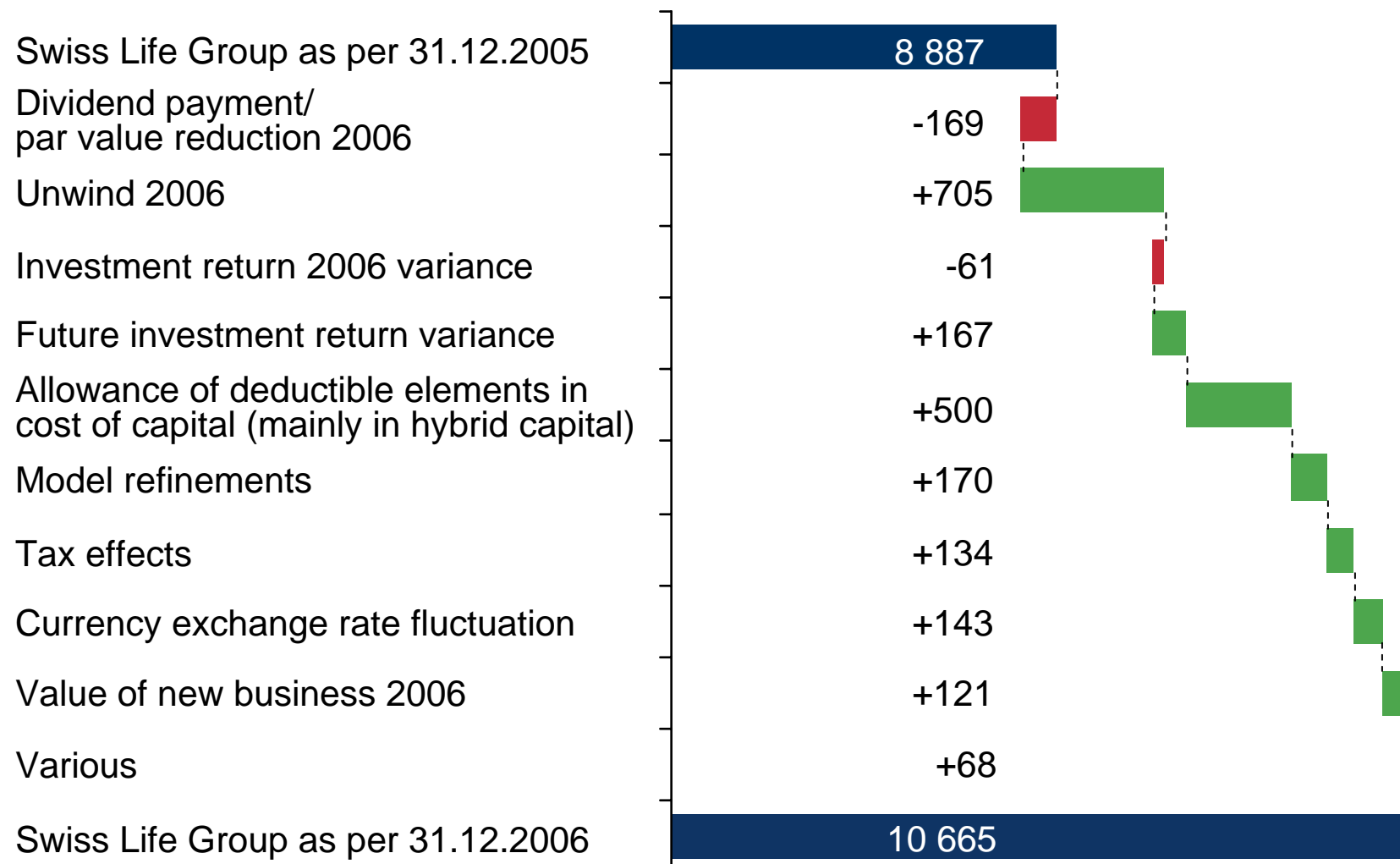
	31.12.2006	31.12.2005	Change	RoEV <sup>1)</sup>
Embedded value Switzerland	4 053	3 614	+12.1%	+16.5%
Embedded value International	4 502	3 460	+30.1%	+29.4%
ANAV Swiss Life Holding	2 110	1 813		
<b>Swiss Life Group</b>	<b>10 665</b>	<b>8 887</b>	<b>+20.0%</b>	<b>+21.9%</b>
of which ANAV	6 793	5 942		
PVFP	4 922	4 809		
Cost of holding capital	-1 050	-1 864		
Embedded value per share <sup>2)</sup>	316	263		

1) Net of intra-group transfers  
2) Based on 33.8 million shares

# Embedded value – analysis of change



CHF million (statutory basis)



# Value of new business significantly improved



CHF million (statutory basis)



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# Well on track to reach 2008 targets



IFRS basis

	2006	→	2008
<b>GWP incl. PHD</b> (CHF billion)	<b>22.1</b>		<b>23.7</b>
Switzerland	7.6		8.5
International	14.5		15.2
<b>Basic insurance result</b> (CHF million)	<b>598</b>		<b>500</b>
Switzerland	219		150
International	379		350
<b>Net profit</b> (CHF million)	<b>954</b>		<b>1 000</b>
<b>Return on equity</b>	<b>12.2%</b>		<b>&gt; 10%</b>

# Priorities and outlook



## International

- Seize growth opportunities and increase profitability
- Leverage leading market position in structured insurance solutions for high net worth individuals
- Enhance international cooperation to realise additional growth and synergies

## Switzerland

- Realise full potential of current efficiency initiatives
- Leverage leading market position by targeting unexploited customer segments

## Investment management activities and ALM

- Optimise financial result by using available risk capital
- Protect capital and add value with holistic ALM approach

## Banca del Gottardo

- Focus on growth and profit contribution
- Further enhance cooperation between banking and insurance





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**Supplementary information**

# Supplementary information



## 1. Profit and loss

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# Organic premium growth



CHF million (IFRS basis)

	2006	2005	Change
<b>GWP &amp; PHD</b>	<b>22 064</b>	<b>20 211</b>	<b>9.2%</b>
“Bols” deal Netherlands	-204		
Currency effects		196	
<b>GWP &amp; PHD (adjusted)</b>	<b>21 860</b>	<b>20 407</b>	<b>7.1%</b>

# Switzerland: Life insurance premiums



CHF million (IFRS basis)

	2006	2005	Change
<b>Total life GWP incl. PH deposits<sup>1)</sup></b>	<b>7 611</b>	<b>7 517</b>	<b>+1.3%</b>
Single premiums	3 648	3 572	+2.1%
Periodic premiums	3 892	3 883	+0.2%
Reinsurance premiums assumed	71	62	+14.5%
<b>Group life</b>	<b>5 799</b>	<b>5 624</b>	<b>+3.1%</b>
Single premiums	3 004	2 878	+4.4%
Periodic premiums	2 795	2 746	+1.8%
<b>Individual life</b>	<b>1 741</b>	<b>1 831</b>	<b>-4.9%</b>
Single premiums	644	694	-7.2%
Periodic premiums	1 097	1 137	-3.5%

1) Excluding non-life premium CHF 290 million in 2005

# Insurance segment result by country



CHF million (IFRS basis)

	FY 2006	FY 2005
Switzerland	668	671
France	217	105
Germany	84	85
Netherlands	135	115
Belgium	5	31
Luxembourg	10	-10
Other (Liechtenstein, Italy)	-14 <sup>1)</sup>	-5
Eliminations	-	-4
<b>Insurance segment</b>	<b>1 105</b>	<b>988</b>

1) Includes realised loss on the sale of Italy of CHF 11 million

## Sale of ERISA participation

- Swiss Life to sell its majority 50.01% stake in ERISA to HSBC
- Valuation at 1.15 x EV results in sales price of EUR 229 million
- Transaction expected to be completed in third quarter; no impact on first half of 2007
- IFRS gain from sale of around EUR 50 million in the second half of 2007
- ERISA contribution in 2006: CHF 21 million to net profit attributable to shareholders and around CHF 3 billion to premium volume
- Profit and volume to be compensated by dynamic growth in other sales channels in France and in other international markets
- Sales enhances strategy and financial flexibility regarding profitable growth in France

No change to ambitious international growth targets

# Acquisition of CapitalLeben



- Swiss Life to merge Swiss Life (Liechtenstein) and CapitalLeben into a leading provider of structured insurance solutions for high net worth individuals
- Enables accelerated expansion into an attractive global business with major growth potential
- Earnings synergies through joint product marketing and common market presence in complementary markets
- In 2007, the combined business is expected to generate more than CHF 2 billion in premium and to break-even

# Switzerland: 92.0% statutory distribution ratio in BVG business



CHF million (statutory basis)

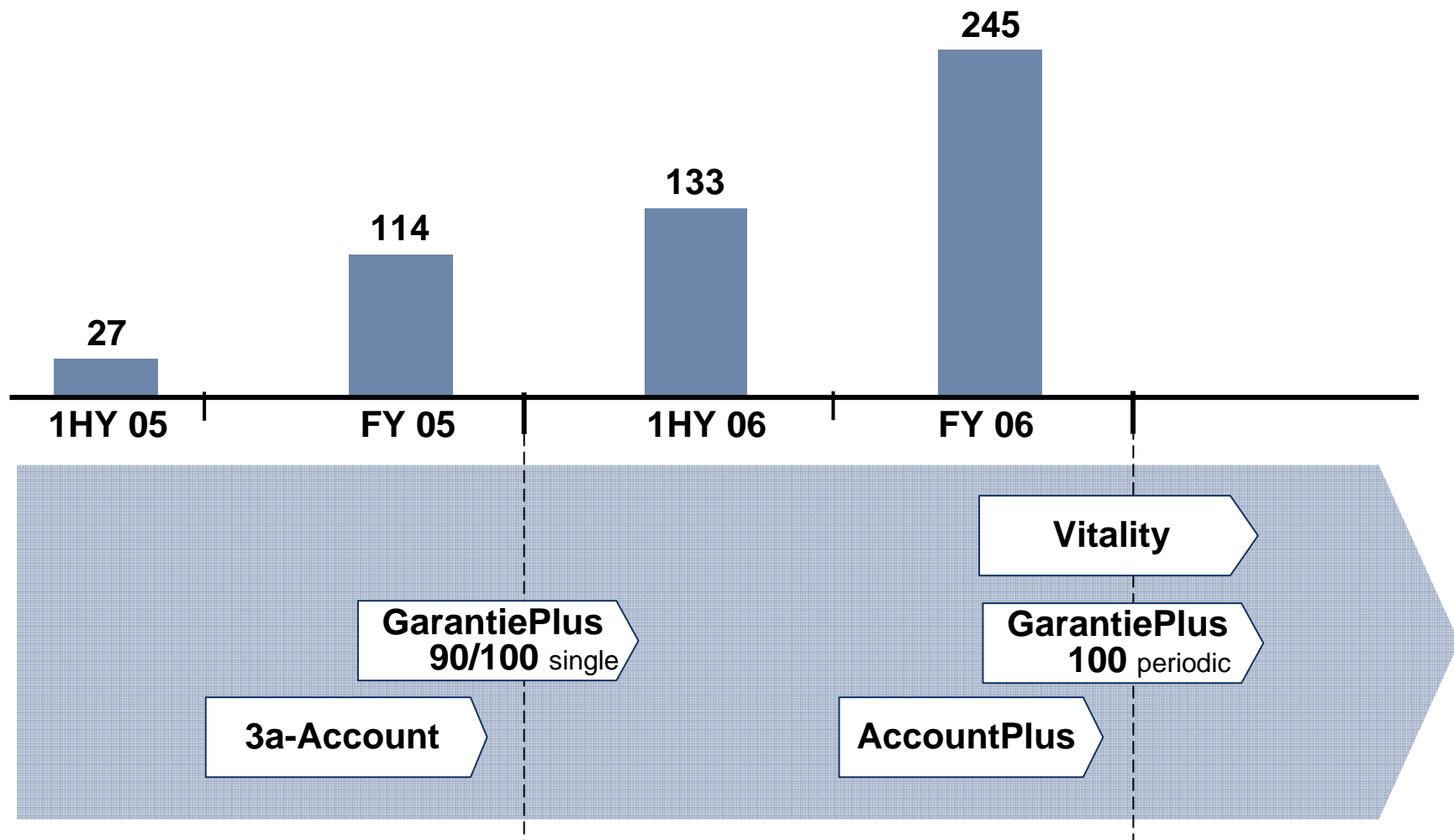
Gross revenue	2 084	100.0%
Total insurance benefits paid (incl. bonuses)	1 918	<b>92.0%</b>
Operating income BVG business	167	
Operating income other group business	25	
Operating income total group business	192	



# Switzerland: Performance oriented products with good market take-up



New business gross premium; CHF million



# Supplementary information



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# Duration of bond portfolio – including hedges



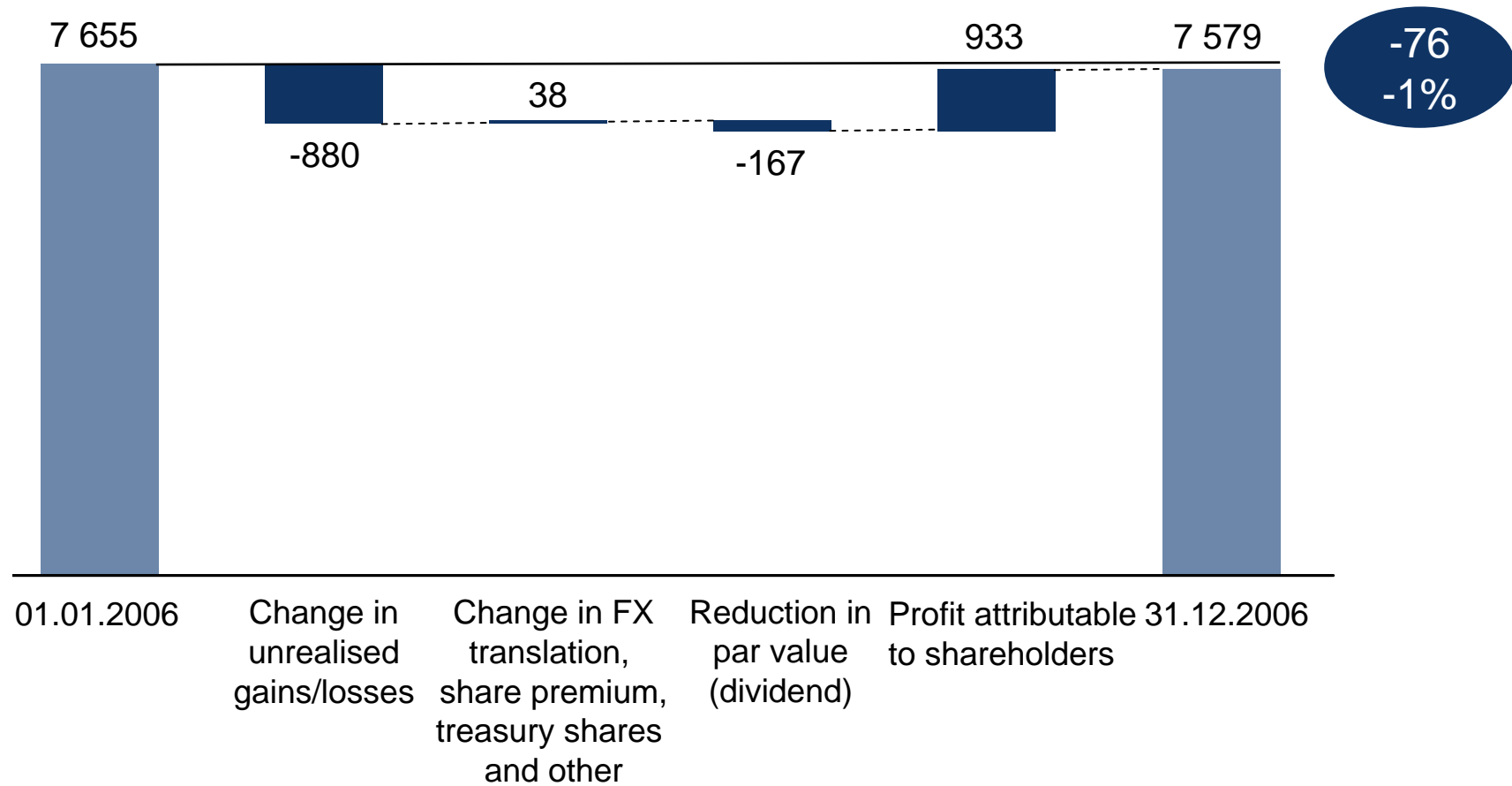
Effective duration parent company (Stammhaus); years

	<b>31.12.2006</b>	30.06.2006	31.12.2005
CHF	<b>8.7</b>	7.2	8.7
EUR	<b>8.5</b>	4.8	7.3
GBP	<b>2.4</b>	5.1	5.4
USD	<b>6.4</b>	2.9	3.4
Average	<b>8.4</b>	5.4	7.6

# Development of shareholders' equity



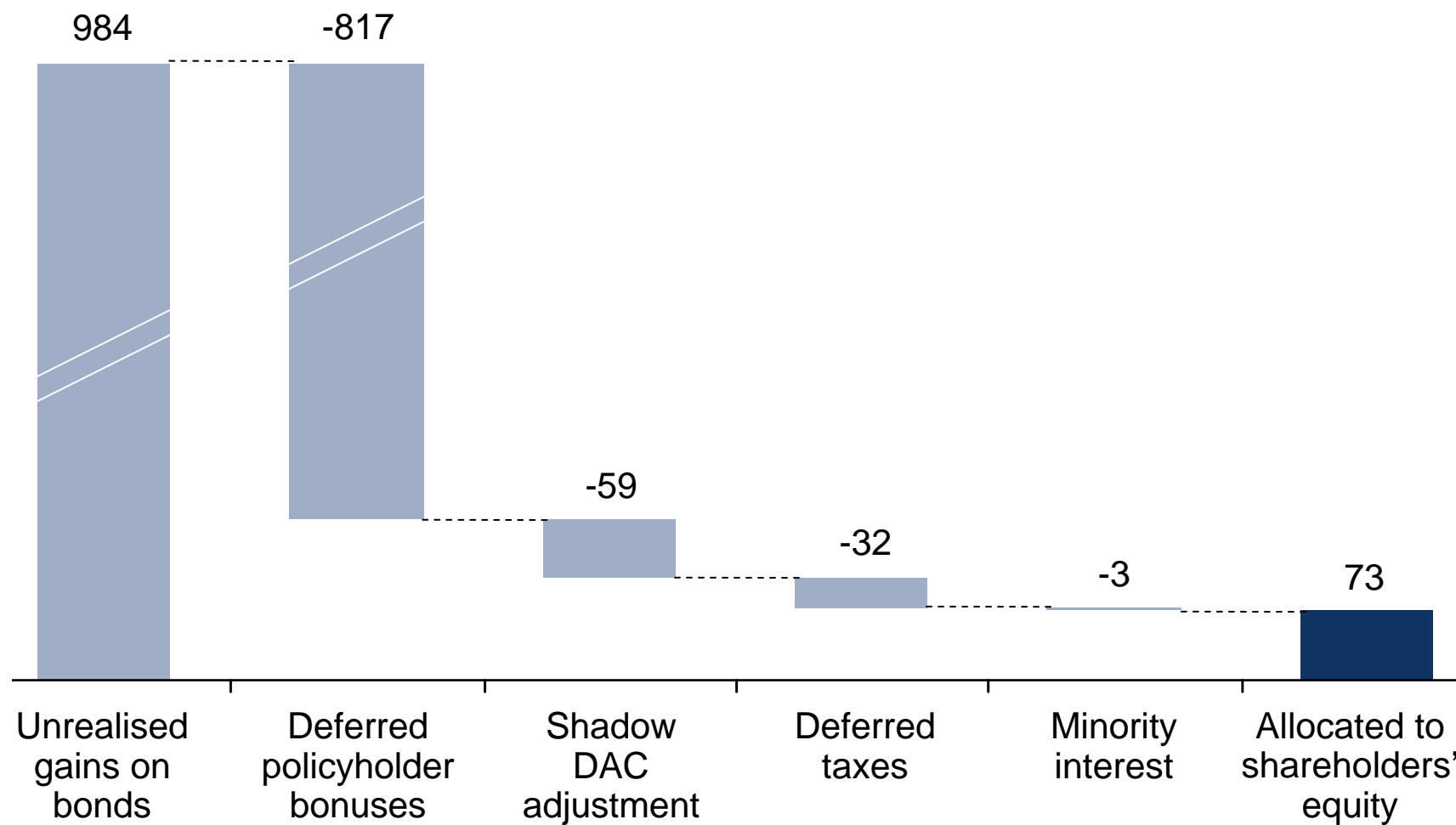
CHF million (IFRS basis)



# Allocation of unrealised gains/losses on bonds

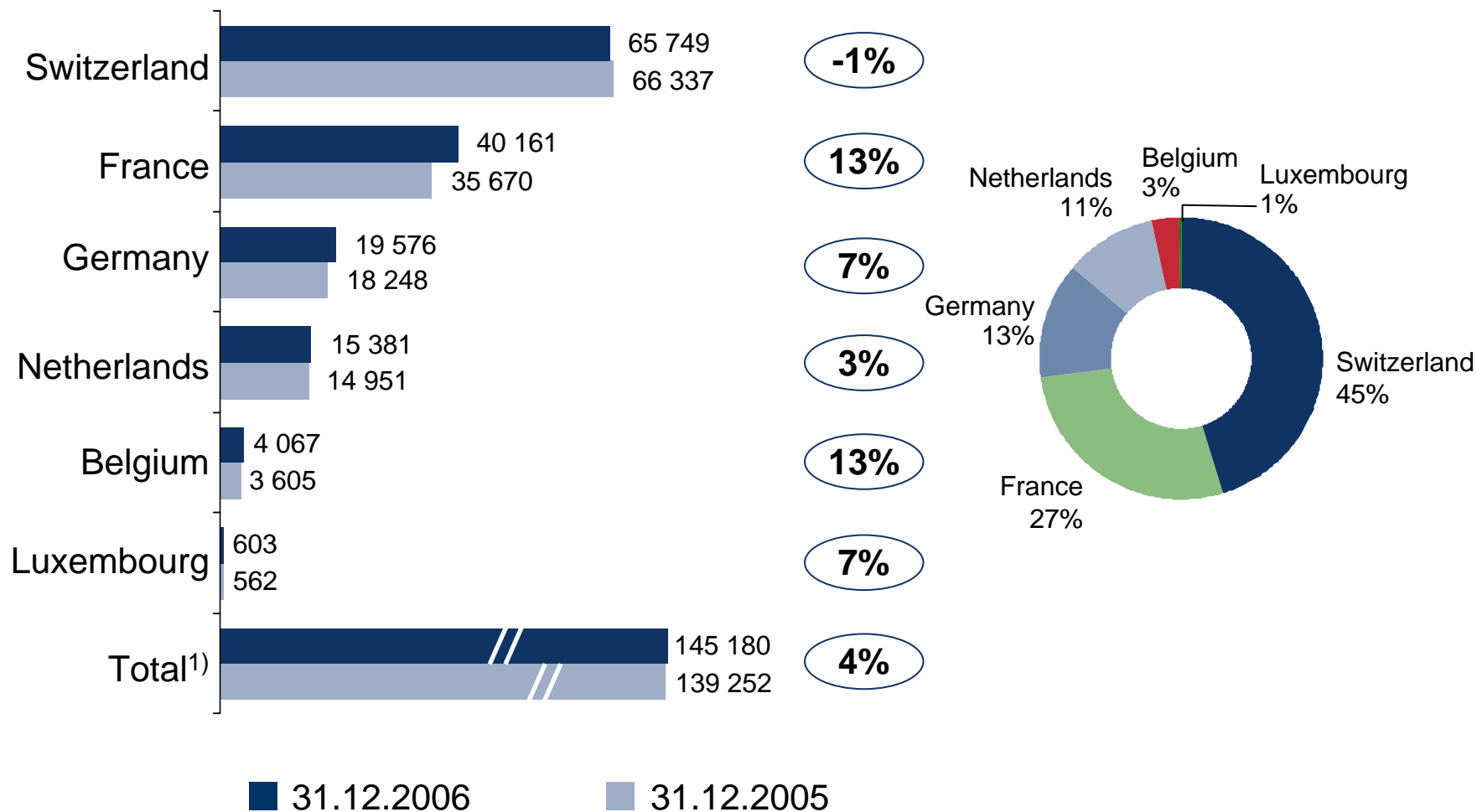


CHF million (IFRS basis)



# Insurance reserves by country

CHF million (IFRS basis)

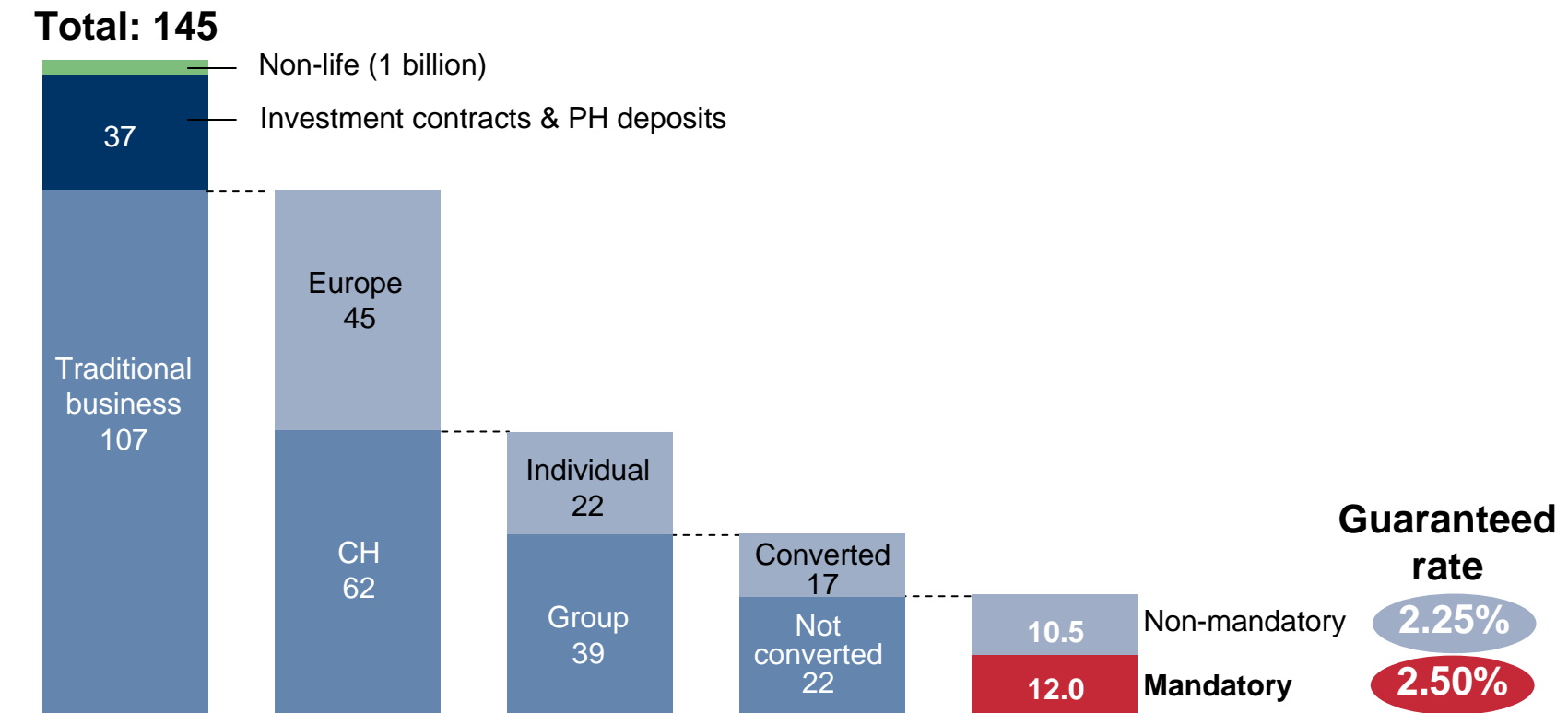


1) Includes other (Liechtenstein & Italy) and intersegment eliminations: in 2005 CHF -121 million; in 2006 CHF -357 million

# Less than 9% of Swiss Life Group reserves subject to BVG minimum interest rates



Breakdown of technical reserves as per 31.12.2006; CHF billion (IFRS basis)



# Average technical interest rate of 3.00%



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

	CHF	EUR	USD	GBP
Total reserves	63 271	34 336	482	9
Mean technical interest rate	2.78%	3.25%	4.10%	3.59%

Overall: 3.00% (FY 2005: 3.03%)



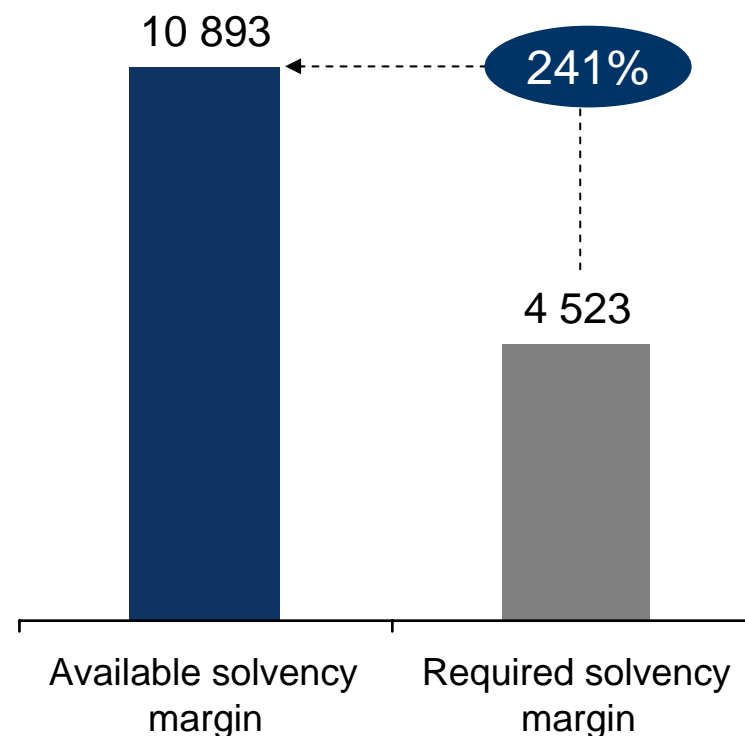
# Statutory solvency at 241%

CHF million (statutory basis)

## Available solvency margin

Parent company statutory equity	3 070
Intangibles	-15
Hybrid capital	1 578
Fund for future appropriation	712
Additional Zillmerisation	505
Unrealised capital gains	4 266 <sup>1)</sup>
Unattributed surplus	777
<b>Available solvency margin</b>	<b>10 893</b>

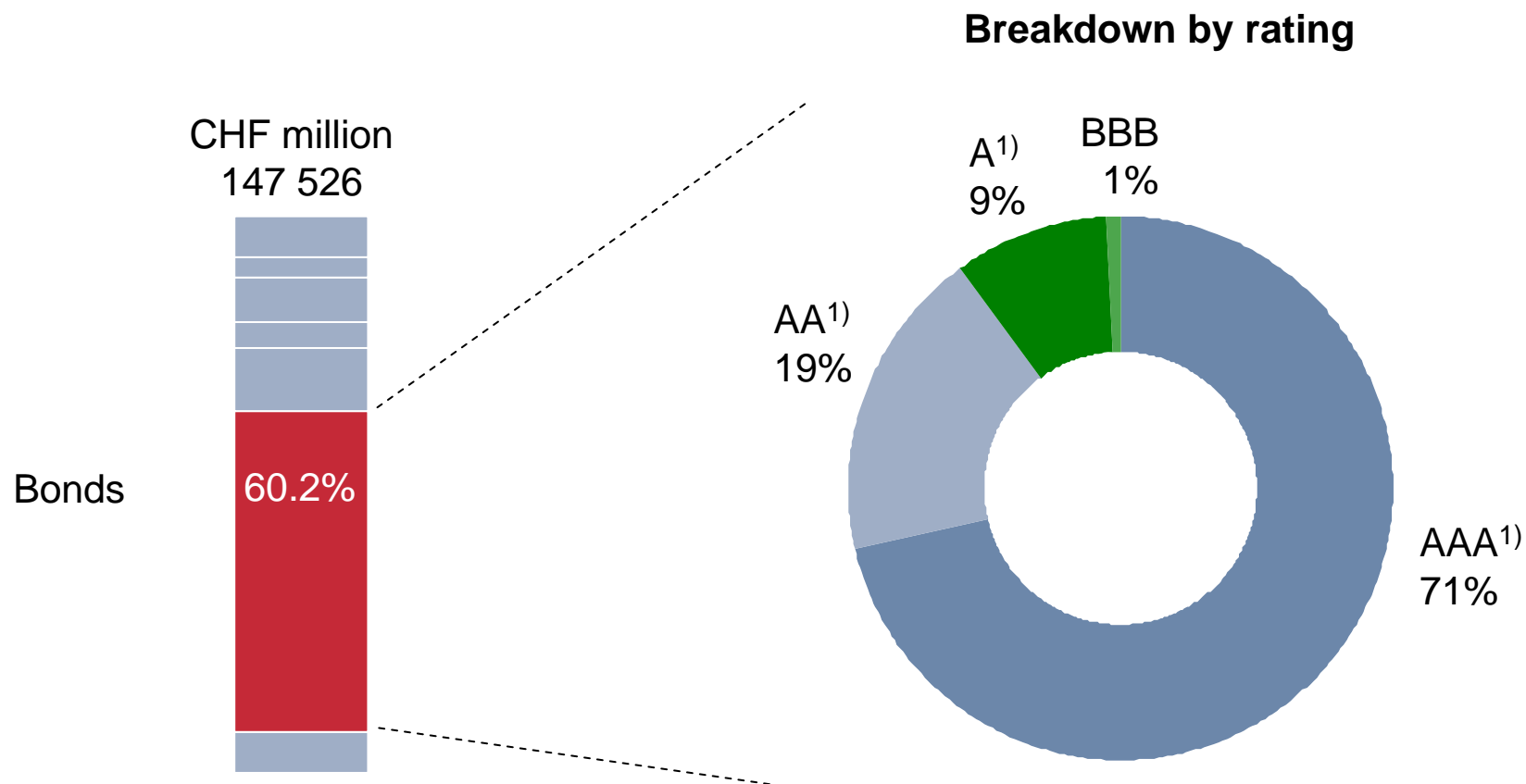
## Statutory solvency



1) Thereof CHF 1 877 million from real estate

# Bond portfolio: Ratings

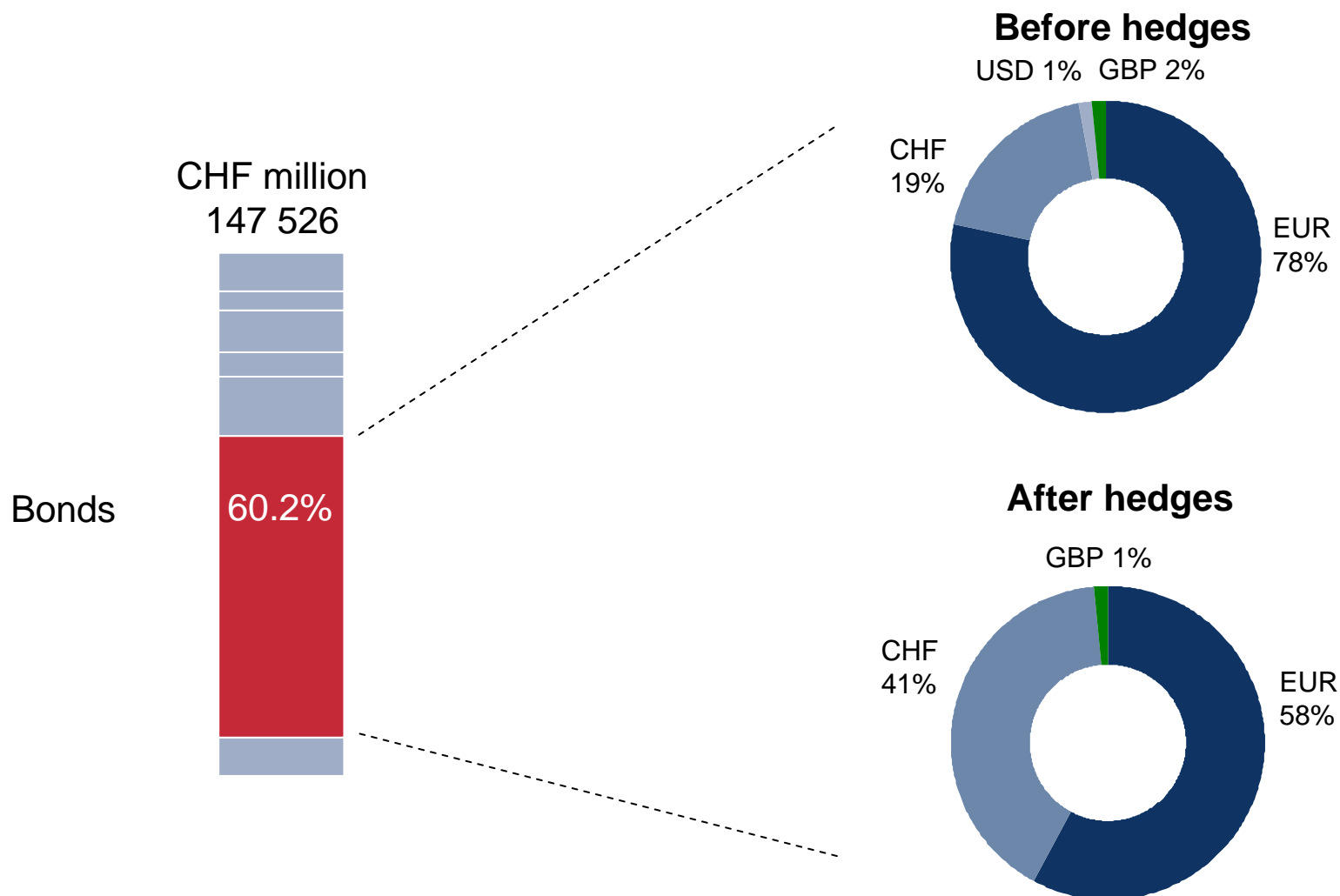
Insurance portfolio (IFRS basis)



1) Including 56% government bonds in aggregate

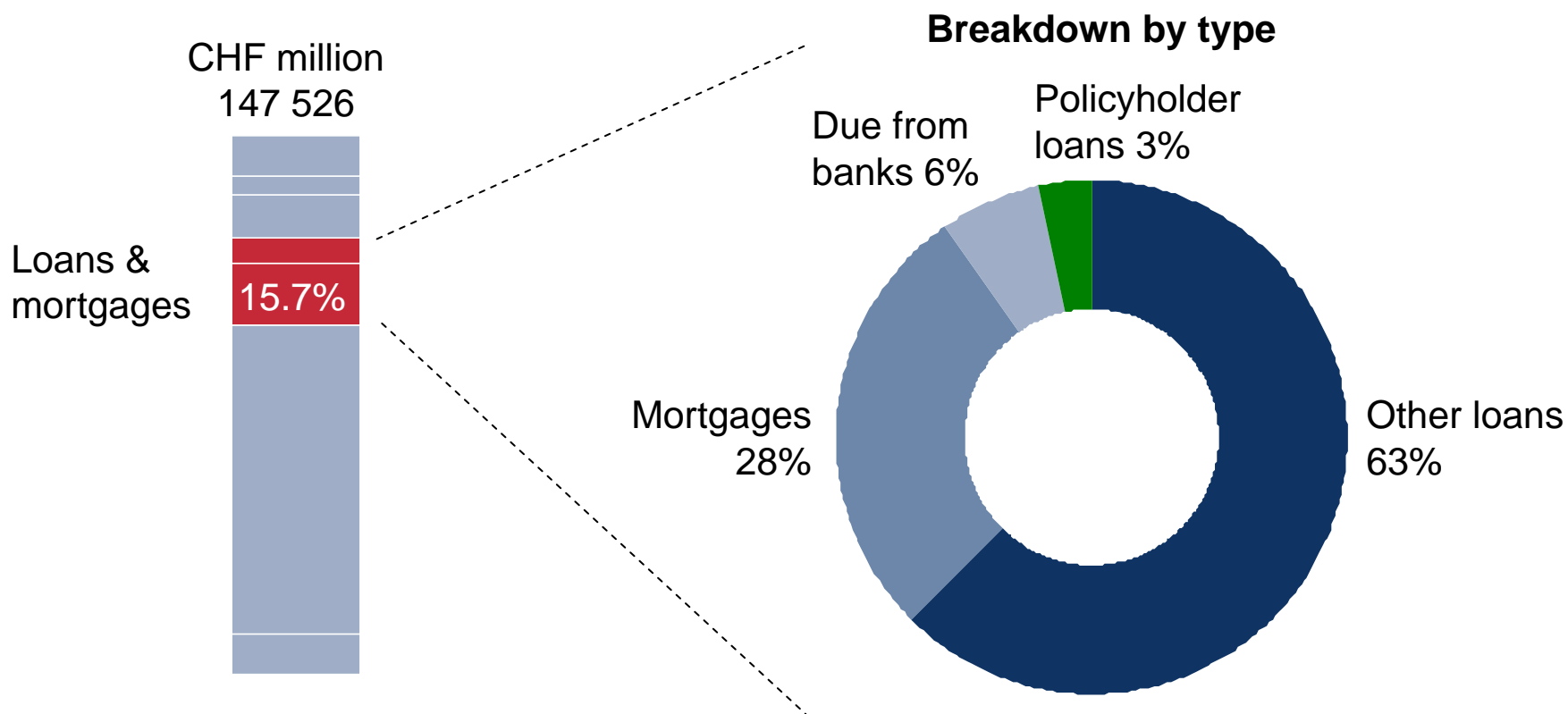
# Bond portfolio: Currency exposure

Insurance portfolio (IFRS basis)



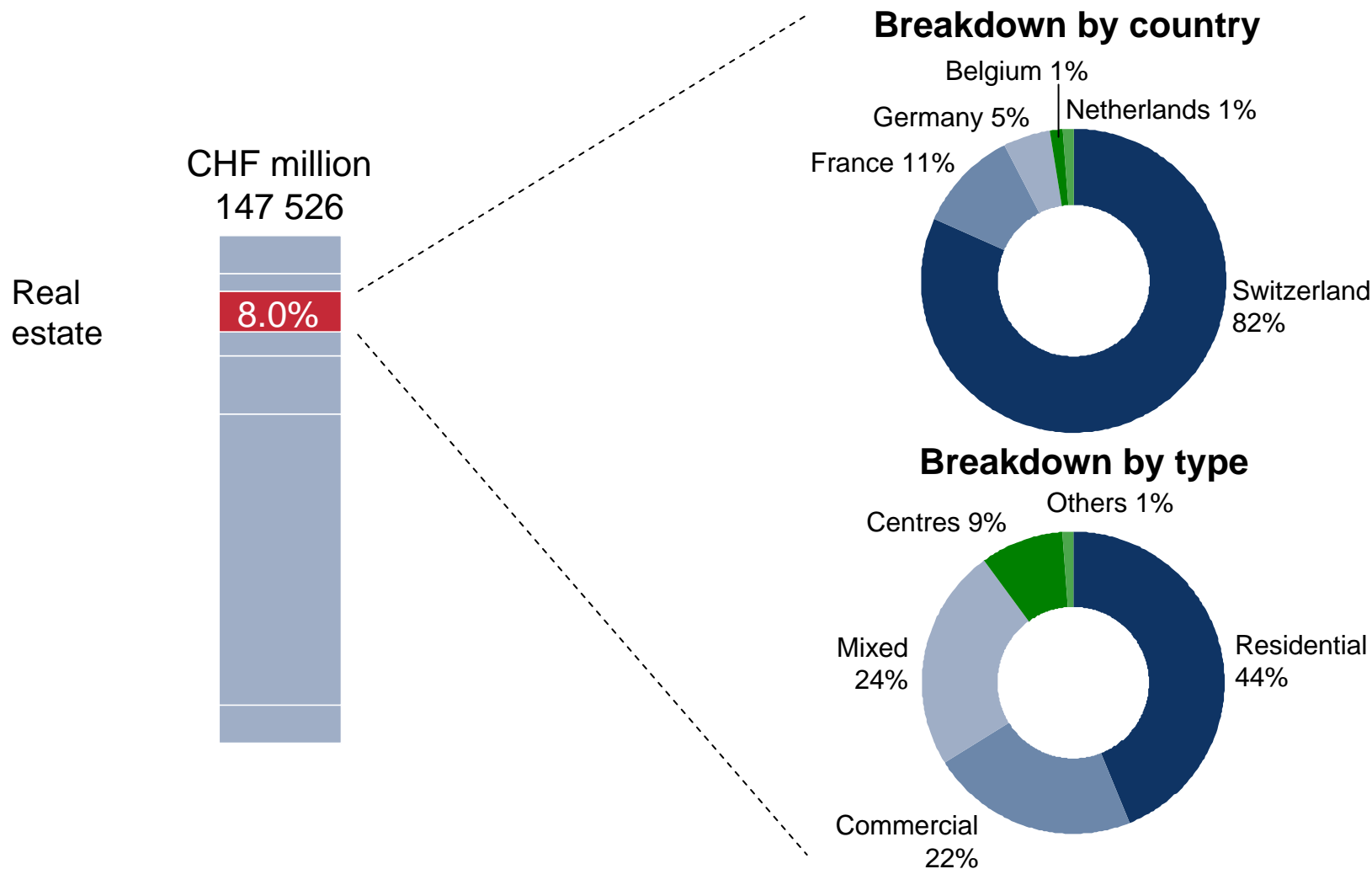
# Loan and mortgage portfolio

Insurance portfolio (IFRS basis)



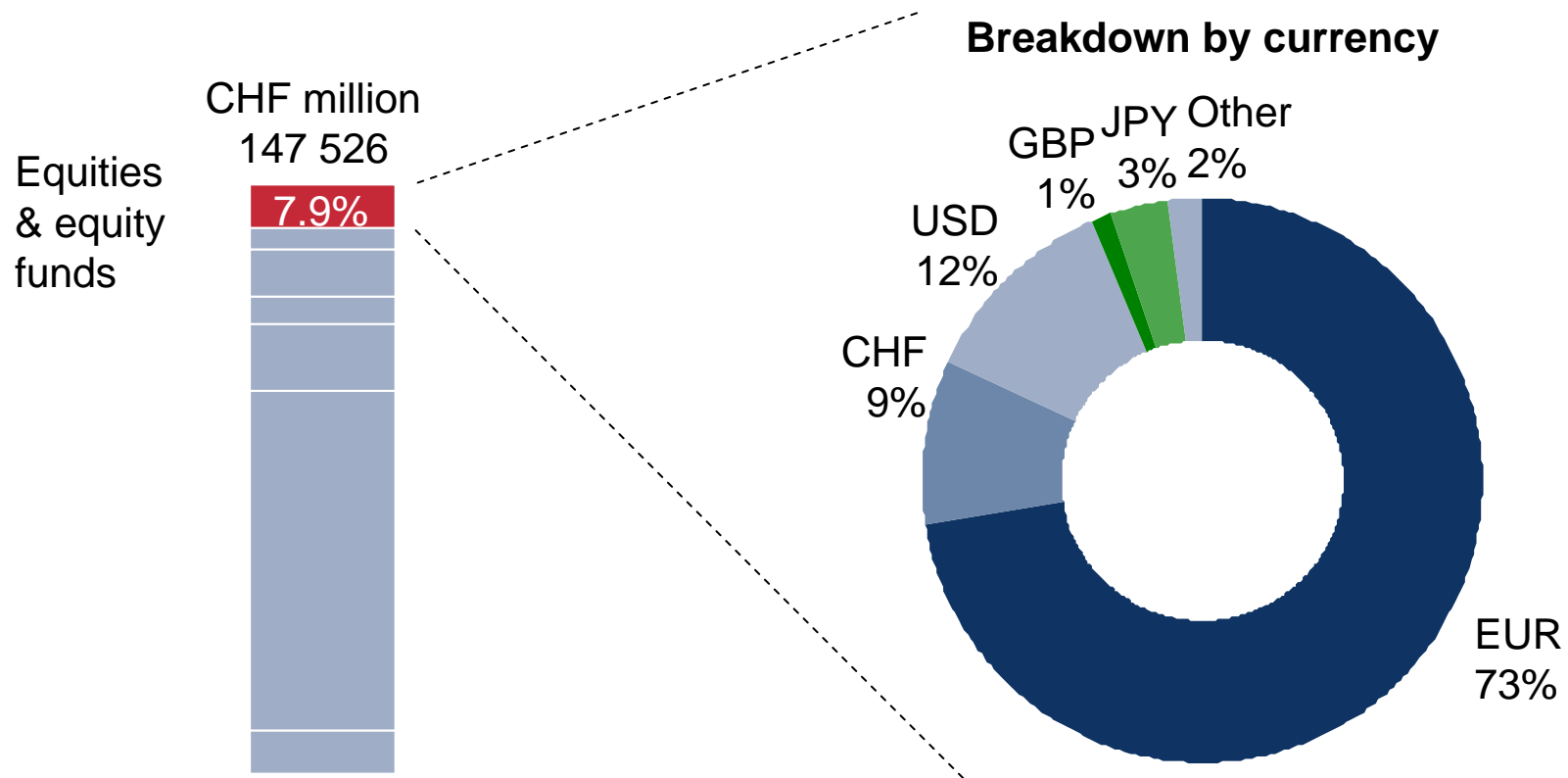
# Real estate portfolio

Insurance portfolio (IFRS basis)



# Equity portfolio: Currency exposure

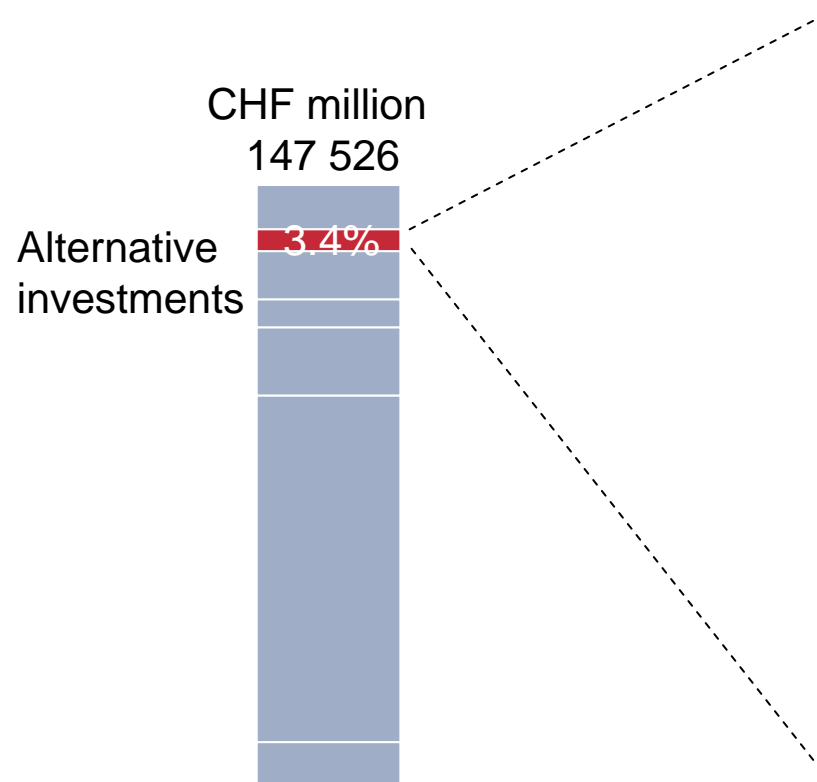
Insurance portfolio (IFRS basis)



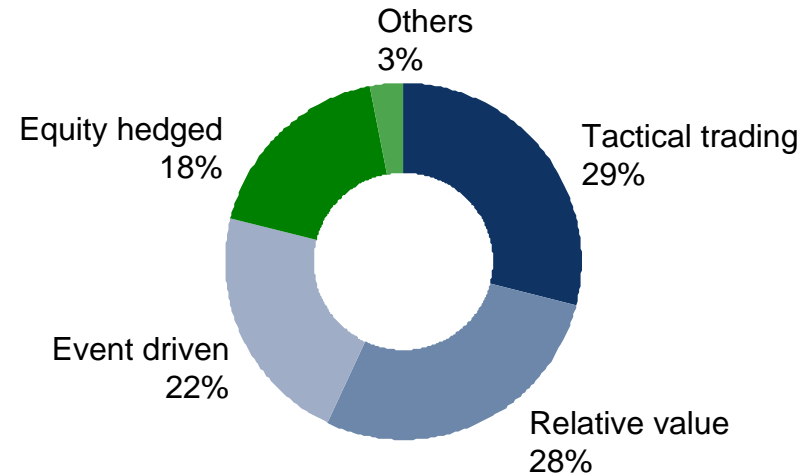
# Alternative investment portfolio



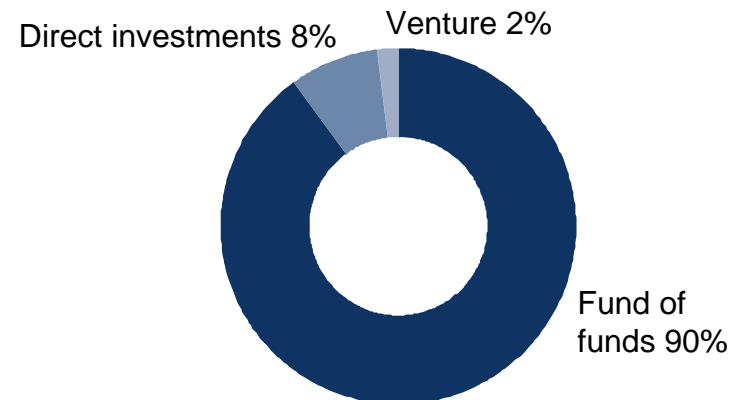
Insurance portfolio (IFRS basis)



**Hedge funds: CHF 5.0 billion  
(2005: CHF 4.5 billion)**



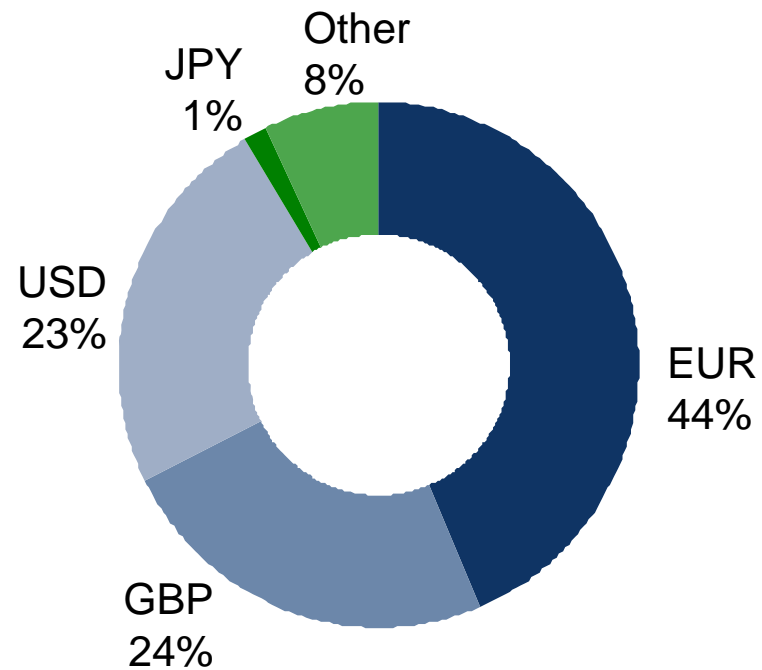
**Private equity: CHF 129 million  
(2005: CHF 214 million)**



# Currency exposure



**Net 3.1% of insurance portfolio**



Gross currency exposure

CHF 30 843 million

Hedged currency exposure

CHF 26 278 million

Net currency exposure

CHF 4 565 million



# Forex and interest rates



## Foreign currency exchange rates

	<b>31.12.06</b>	30.06.06	31.12.05	1.1.-31.12.06	1.1.-30.06.06
EUR	<b>1.6078</b>	1.5670	1.5550	1.5731	1.5616
GBP	<b>2.3949</b>	2.2620	2.2640	2.3076	2.2729
USD	<b>1.2207</b>	1.2330	1.3100	1.2538	1.2712

## Interest rates<sup>1)</sup>

	<b>31.12.06</b>	30.06.06	31.12.05
CHF	<b>2.521</b>	2.830	1.971
EUR	<b>3.948</b>	4.071	3.309
USD	<b>4.702</b>	5.136	4.391
GBP	<b>4.741</b>	4.710	4.100

1) 10-year government bond

# Supplementary information



1. Profit and loss

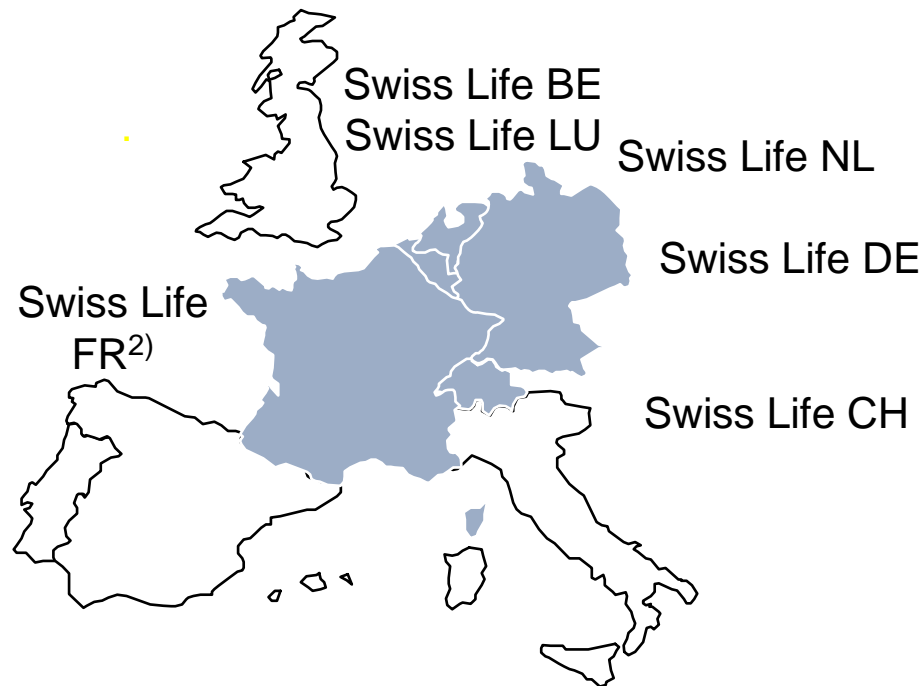
2. Balance sheet

**3. Embedded value**

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# Implementation of embedded value at Swiss Life



- ANAV and PVFP have been calculated for more than 95% of the mathematical reserves
- For other life insurance entities only the NAV has been included
- The banking<sup>1)</sup> and non-life insurance businesses have also been included at book value
- PwC has reviewed the embedded value calculations

1) Including Banca del Gottardo at book value of CHF 1 240 million

2) Swiss Life France consists of Swiss Life Assurance Retraite, Swiss Life Assurances et Patrimoine, Swiss Life Prévoyance et Santé, ERISA

# Key assumptions for embedded value calculation



	31.12.2006		31.12.2005	
	CH	EU	CH	EU
Risk discount rate	7.0%	8.0%	7.0%	8.0%
Equity return	6.5%	7.5%	6.5%	7.5%
Bond return	2.8%	4.2%	2.1%	3.6%
Real estate return	4.4%	5.1%	4.5%	5.2%
Hedge fund return	6.5%	7.0%	6.5%	7.5%
Weighted new money rate	3.6%	4.4%	3.2%	3.8%

- Weighted new money return based on asset allocation
- Weighted returns are lower due to reduced assumed future investment returns
- Long-term bond return from 2012 onwards
 

CH	2.9%
EU	4.4%
- Long-term weighted new money rate from 2012 onwards
 

CH	3.7%
EU	4.5%
- No uplift for foreign currency bonds assumed

10-year government bond:	31.12.2006	31.12.2005
Switzerland (CHF)	2.5%	2.0%
Europe (EUR)	4.0%	3.3%

# Asset allocation assumptions by region



	31.12.2006		31.12.2005	
	CH	EU	CH	EU
Cash and cash equivalents	1%	1%	4%	2%
Bonds and loans	63%	82%	56%	82%
Mortgages	7%	2%	9%	2%
Real estate	15%	5%	13%	5%
Equities	7%	7%	7%	7%
Participations	0%	0%	3%	0%
Alternative investments	7%	3%	8%	2%

# Sensitivities of embedded value



CHF million (statutory basis)

	Switzerland	International	Total
<b>EmbV 2006 (base case)</b>	<b>4 053</b>	<b>4 502</b>	<b>10 665<sup>1)</sup></b>
Δ Bond returns +100 bps	170	299	469
Δ Bond returns -100 bps	-286	-375	-661
Δ Equity & property returns +100 bps	183	157	340
Δ Equity & property returns -100 bps	-377	-134	-511
Δ Investment returns +100 bps	524	506	1 030
Δ Investment returns -100 bps	-1 070	-603	-1 673
Δ Risk discount rate -100 bps	267	320	587
Δ Cost of holding capital at 150% <sup>2)</sup>	-583	-322	-905

1) Includes ANAV of Swiss Life Holding and overhead of CHF 2 110 million

2) Currently 100% cost of capital

# Sensitivities of value of new business



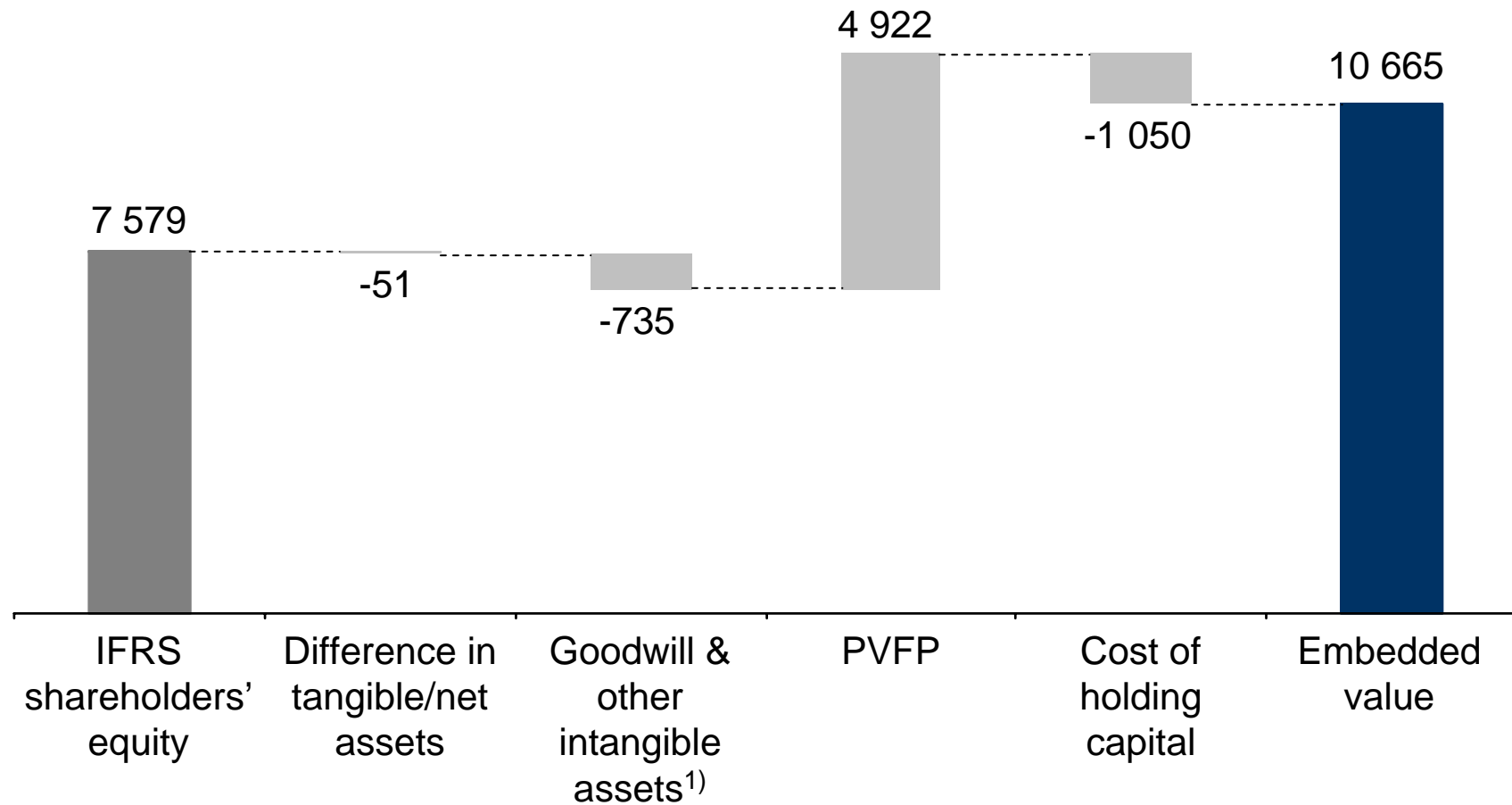
CHF million (statutory basis)

	<b>Total</b>
<b>VnB 2006 (base case)</b>	<b>121</b>
Δ Bond return +100 bps	46
Δ Investment returns +100 bps	66
Δ Risk discount rate -100 bps	40
Δ Administration costs -10 ppts	20
Δ Acquisition costs -10 ppts	19

# IFRS equity to embedded value bridge



CHF million



1) Including goodwill CHF 692 million, customer relationships CHF 7 million and other intangible assets CHF 36 million



# Supplementary information



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# Banca del Gottardo: Overview of key financials



CHF million (statutory basis)

	2006	2005	Change
Results from interest activities	126	146	-14%
Results from commission and service fee activities	254	262	-3%
Results from trading operations	61	76	-20%
Other ordinary result	6	9	-33%
<b>Net revenues</b>	<b>447</b>	<b>493</b>	<b>-9%</b>
Personnel expenses	-178	-194	-8%
Other operating expenses	-147	-141	+4%
<b>Total operating expenses</b>	<b>-325</b>	<b>-335</b>	<b>-3%</b>
<b>Gross profit</b>	<b>122</b>	<b>158</b>	<b>-23%</b>
Depreciation, provisions and losses	-102	-66	
Extraordinary result	103	14	
Taxes	-26	-23	
<b>Net profit</b>	<b>97<sup>1)</sup></b>	<b>83</b>	<b>17%</b>
Net new money	240	440	n.m.
PB revenue margin (parent company)	1.07%	1.05%	2 bps

1) Includes CHF 72 million after tax capital gains from divestments and CHF 71 million extraordinary charges (CHF 24 million accrual credit and legal risks, CHF 44 million for strategic projects and CHF 3 million for other extraordinary expenses). Normalised profit without extraordinary items would amount to CHF 96 million

# Banca del Gottardo: Key ratios



CHF million (statutory basis)

	31.12.2006	31.12.2005	Change
Return on equity <sup>1)</sup>	10%	8%	25%
Cost/income ratio <sup>2)</sup>	73%	68%	5 pts
BIS ratio (Tier 1)	13%	12%	1 pts
Assets under management	35 828	38 741	-8%
Assets under control <sup>3)</sup>	89 307	76 722	16%
Risk-weighted assets	5 946	7 629	-22%
Shareholders' equity	943	1 031	-9%
Excess capital <sup>4)</sup>	301	304	-1%
FTEs	987	1 101	-10%

- 1) Annualised ROE excluding extraordinary effects was 9.7% in FY 2006 and 9.3% in FY 2005  
 2) Excluding extraordinary effects cost/income ratio was 64.7% in FY 2006 and 65.4% in FY 2005  
 3) Includes assets under custody of CHF 53.5 billion as of FY 2006 and CHF 38.0 billion as of FY 2005  
 4) Under Swiss Federal Law on Banks

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# Supplementary information



1. Profit and loss
2. Balance sheet
3. Embedded value
4. Banca del Gottardo

## **5. Contact details**

## Contact details



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