

Zurich, 27 March 2007

Swiss Life Group presents its results for the 2006 financial year

**Swiss Life increases net profit by 9% to CHF 954 million and gross premiums by 9% to CHF 22.1 billion**

The Swiss Life Group increased its net profit by 9% to CHF 954 million compared to the previous year and achieved a return on equity of 12.2%. The good result was largely driven by the 23% rise in profit from operations to CHF 1258 million. Gross written premiums rose by 9% to CHF 22.1 billion. Operating expenses decreased 5% to CHF 3.2 billion. Shareholders' equity on 31 December 2006 amounted to CHF 7.6 billion. The value of new business increased from CHF 48 million to CHF 121 million. Embedded value rose by 20% overall to CHF 10.7 billion, which corresponds to CHF 316 per share. The Board of Directors will propose a dividend of CHF 7 per share at the General Meeting of Shareholders on 8 May 2007, in the form of a repayment of par value (previous year: CHF 5). Swiss Life is also announcing the sale of its 50.01% interests in the French companies ERISA and ERISA IARD to HSBC France for EUR 229 million (approximately CHF 360 million). These divestments enhance Swiss Life's strategic and financial flexibility with respect to its focus on profitable growth in the French market.

The Swiss Life Group again achieved good results in 2006. Net profit increased by 9% to CHF 954 million compared to the previous year, above all due to the 23% rise in profit from operations to CHF 1258 million.

In the words of Rolf Dörig, Group CEO: "Our strategic and operational progress is clearly reflected in the results for the 2006 financial year. We not only produced a

higher profit but also improved the quality of earnings. The very good results reflect a systematic focus on profitable growth, further increases in efficiency and the good risk experience."

#### **40% increase in dividend recommended**

Excluding CHF 21 million for minority interest, CHF 933 million is available for the shareholders of Swiss Life Holding. This corresponds to (diluted) earnings per share of CHF 26.92 and a return on equity of 12.2% (previous year: 12.3%). Based on these strong results, the Board of Directors will recommend an increase in the dividend by 40% from CHF 5 to CHF 7 at the General Meeting of Shareholders on 8 May 2007. As in previous years, the dividend is to take the form of a repayment of par value.

#### **Profit from operations increased 23%**

In the insurance business, Swiss Life achieved a segment result of CHF 1105 million, which represents more than 80% of the Group's entire segment result. CHF 668 million or 60% of the segment profit from the insurance operations was generated in Switzerland. The insurance result from international operations amounted to CHF 437 million (France: CHF 217 million; Germany: CHF 84 million; the Netherlands: CHF 135 million; Belgium: CHF 5 million; Luxembourg: CHF 10 million; Liechtenstein/Italy: CHF –14 million). The segment result for banking, to which Banca del Gottardo contributed a solid performance, came to CHF 165 million (previous year: CHF 109 million). In the Investment Management segment, Swiss Life generated a result of CHF 43 million (previous year: CHF 61 million). The result from the "Other" segment (mainly financing and holding companies) together with "Eliminations" totalled CHF 4 million (previous year: CHF –73 million).

#### **Premium income from international insurance operations up 16%**

Gross written premiums, policy fees and deposits received under insurance and investment contracts climbed 9% to CHF 22.1 billion. This increase was largely attributable to international business, where the premium volume grew by 16%. Swiss Life outpaced the market in France (+11%), Germany (+3%), the Netherlands (+19%), Belgium (–2%), Luxembourg (+78%) and Liechtenstein (+296%), in some cases by a wide margin. Overall premium income in Switzerland was down 3% due to the sale of the non-life business. Swiss Life increased its gross premiums in the life business in Switzerland by 1% to CHF 7.6 billion.

As in the previous year, the Swiss Life Group's total income amounted to CHF 21.5 billion. Net earned premiums rose 2% to CHF 13.8 billion and policy fees were up 17% to CHF 460 million in the period under review. Deposits received under insurance and investment contracts (usually counted as premiums for sector comparisons but not included in the income statement) grew by 27% to CHF 7.6 billion. At CHF 493 million, the fee income from asset management and banking matched the 2005 figure.

### **Financial result slightly lower**

The financial result for investments held at own risk came to CHF 6.6 billion and was thus 5% lower than in the previous year. Direct investment income of CHF 5.2 billion was in line with the year-ago figure but realised and unrealised gains on assets were about CHF 370 million lower because fewer capital gains were realised on bond investments. The direct yield on insurance portfolio investments amounted to 3.6% (previous year: 3.7%) and the total return was 1.8% (previous year: 5.5%). The reason for this decline from the previous year was the rise in interest rates, which adversely affected the value of bond holdings. Having significantly shortened the duration up to mid 2006, Swiss Life lengthened the average term of the bond portfolio again, to 8.4 years, up to the end of the financial year. Net equity exposure stood at 6.7% as at 31 December 2006.

### **Efficiency continues to improve**

Due to the good risk experience, insurance benefits fell slightly to CHF 13.8 billion compared with the previous year. At CHF 2.3 billion, total policyholder participation matched the previous year's high level. Interest expenses (excluding borrowing costs) went up 5% to CHF 908 million. Despite the strong growth in premiums, operating costs remained stable at CHF 2.0 billion, which attests to additional efficiency gains. All in all, operating expenses were reduced 5% to CHF 3.2 billion. Following a tax credit of CHF 21 million in the previous year, tax expense totalled CHF 128 million in the period under review. The low tax rate was the result of special situations in the Netherlands and France.

### **Sound capital base**

Shareholders' equity on 31 December 2006 amounted to CHF 7.6 billion. It declined by 6% to CHF 7.2 billion in the first half of the year due to the significant rise in interest rates and the resultant reduction in revaluation reserves on bond holdings but rose again in the second half, buoyed by the reported net profit and the slightly lower interest

levels. Core capital totalled CHF 14.8 billion. The solvency margin of the Swiss Life Group stood at 194% as at 31 December 2006 (previous year: 211%). Assets under management amounted to CHF 205.5 billion (-1%), of which CHF 175.8 billion was carried on the company's own balance sheet (+6%).

### **Embedded value up 20% to CHF 10.7 billion**

Embedded value (which serves to indicate the value of the existing insurance portfolio) rose by 20% in the period under review to stand at CHF 10.7 billion. The value of new business (VnB) accounted for CHF 121 million of this increase. The rise in VnB can be attributed to operational advances, growth and the improved economic environment. Embedded value per share amounted to CHF 316.

### **ERISA participations to be sold to HSBC**

Swiss Life is also announcing today that it is selling its interests in the French companies ERISA and ERISA IARD to HSBC France. HSBC France is buying Swiss Life's stake of 50.01% in each of the companies for the sum of EUR 229 million (approx. CHF 370 million), which is in line with current market valuations. HSBC France already owned the rest of the equity in both companies. In the words of Bruno Pfister, CEO International of the Swiss Life Group: "It was known for some time that HSBC France was interested in assuming full control over the ERISA companies. We took this into account in our plans. The sale, which is on market terms, enhances our strategic and financial flexibility with respect to our focus on profitable growth in the French market. Our goals in France and the other international insurance markets remain unchanged."

Subject to the approval of the authorities, the sale of the ERISA companies will be completed by 2 July 2007. The ERISA companies will thus remain fully consolidated in the first half of 2007. Swiss Life will realise a one-off profit in France of about CHF 80 million (EUR 50 million) on this sale, after allocation to the bonus reserves. The post-tax contribution of the ERISA companies to the profit attributable to Swiss Life shareholders in 2006 amounted to CHF 21 million. Swiss Life will make up for the business volume generated by the ERISA companies, approx. EUR 1.9 billion (CHF 3.0 billion) in 2006, with the high pace of growth in other distribution channels in France and in the other international markets. Swiss Life's subsidiary in Liechtenstein will already make a particularly strong contribution to the Swiss Life Group's premium volume in 2007 due to the acquisition of CapitalLeben.

## **Objectives for 2008 confirmed**

In announcing its 2006 results, the Swiss Life Group reiterated its objectives for 2008. The Group aims to generate a profit of CHF 1 billion and achieve a sustainable return on equity of more than 10%. Rolf Dörig, Group CEO: "We have further improved our earning power and financial strength as well as our operational efficiency. We have built up an attractive portfolio of business activities and will continue to expand it. Our substantially increased strategic and financial flexibility puts us in a good position to remain successful in the long term as well in the growing market for pensions and long-term savings."

## **Transmission of today's events and further documentation**

Today's events will be transmitted at 9:00 a.m. (presentation for analysts and investors in English) and 11:15 a.m. (presentation for media in German) at [www.swisslife.com](http://www.swisslife.com). All other material on our financial results for 2006 is also available on our website.

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## **Swiss Life**

The Swiss Life Group is one of Europe's leading providers of pension and life insurance products. The Swiss Life Group offers individuals and companies comprehensive advice across a broad range of products via agents, brokers and banks in its domestic market, Switzerland, where it is market leader, and selected European markets. Multinational companies are serviced with tailor-made solutions by a network of partners in over 60 countries and regions. With Banca del Gottardo, the Swiss Life Group is also active in private banking. The bank, with its head office in Lugano, has an extended national and international network and around CHF 36 billion in customer assets under management.

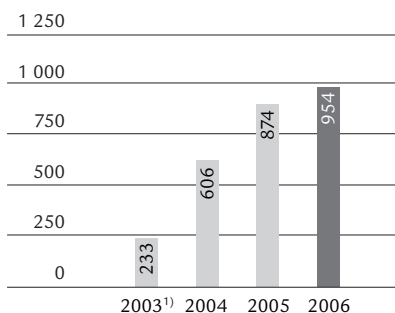
Swiss Life Holding, registered in Zurich, dates back to Schweizerische Rentenanstalt founded in 1857. Shares of Swiss Life Holding are listed on the SWX Swiss Exchange (SLHN). The Swiss Life Group employs a staff of around 9000.

**Cautionary statement regarding forward-looking information**

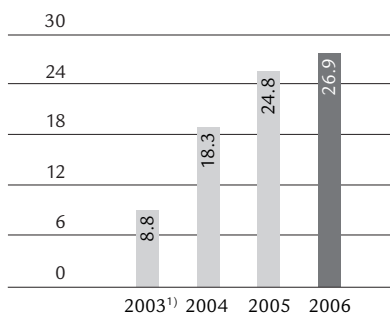
This publication contains specific forward-looking statements, e.g. statements including terms like “believe”, “assume”, “expect” or similar expressions. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors which may result in a substantial divergence between the actual results, financial situation, development or performance of the company and those explicitly or implicitly presumed in these statements. Against the background of these uncertainties readers should not place undue reliance on forward-looking statements. The company assumes no responsibility to update forward-looking statements or to adapt them to future events or developments.

## Key Figures

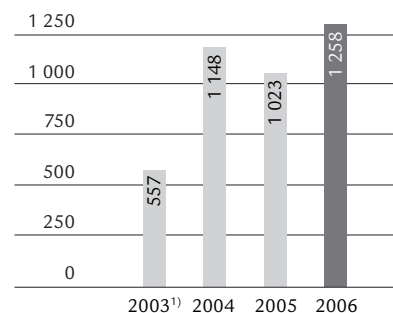
**Net profit** CHF million



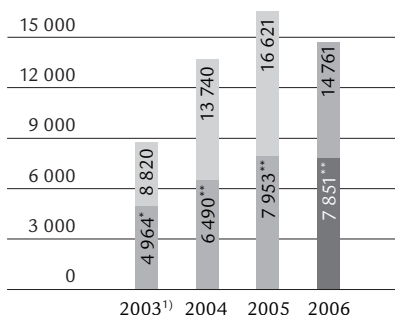
**Diluted earnings per share** CHF



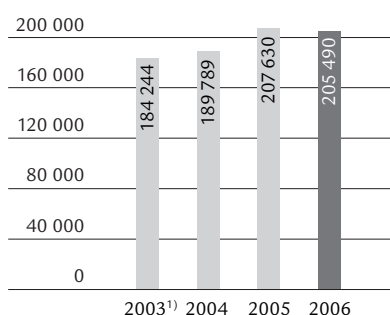
**Profit from operations** CHF million



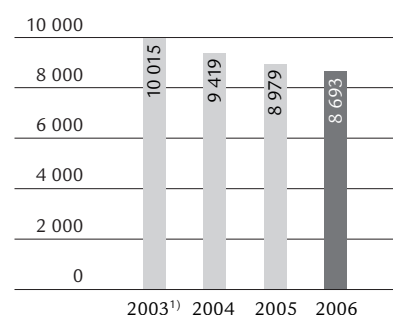
**Core capital** CHF million



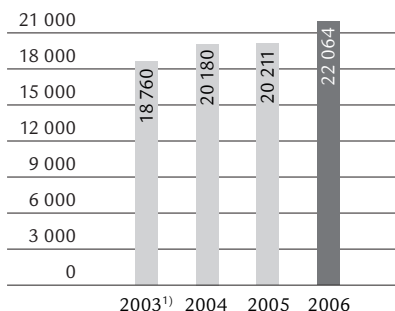
**Assets under management** CHF million



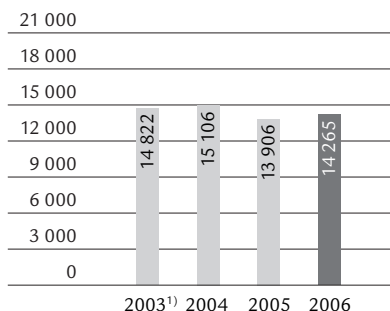
**Employees** (full-time equivalents)



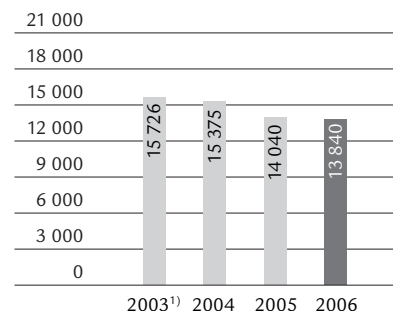
**Gross written premiums, policy fees and deposits received** CHF million



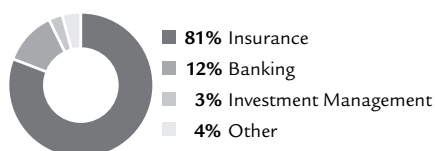
**Net earned premiums and policy fees earned** CHF million



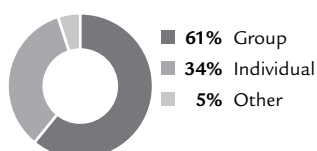
**Net insurance benefits and claims** CHF million



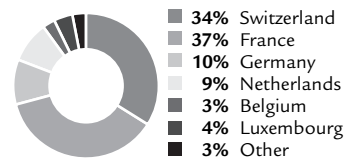
**Segment result**



**Direct written premiums by type of insurance**



**Gross written premiums, policy fees and deposits received by country**



1) The 2003 figures were not adjusted to the financial reporting requirements as at 1 January 2005.

\* Equity

\*\* Equity (incl. minority interest)

## Consolidated Statement of Income

### Consolidated statement of income for the years ended 31 December

In CHF million	2006	2005
<b>Income</b>		
Premiums earned on insurance contracts	13 960	13 519
Premiums earned on investment contracts with discretionary participation	78	233
Premiums ceded to reinsurers	-233	-240
Net earned premiums	13 805	13 512
Policy fees earned on insurance contracts	128	114
Policy fees earned on investment and unit-linked contracts	332	280
Policy fees earned	460	394
Asset management and other commission income	493	494
Investment income	5 188	5 185
Net gains/losses on financial assets	1 045	2 582
Net gains/losses on financial instruments at fair value through profit or loss	351	-687
Net gains/losses on investment property	97	-24
Other income	92	86
<b>Total income</b>	<b>21 531</b>	<b>21 542</b>
<b>Expenses</b>		
Benefits and claims under insurance contracts	-13 909	-13 944
Benefits and claims under investment contracts with discretionary participation	-91	-240
Benefits and claims recovered from reinsurers	160	144
Net insurance benefits and claims	-13 840	-14 040
Policyholder participation	-2 320	-2 227
Interest expense	-908	-862
Commission expense	-1 172	-1 092
Employee benefits expense	-1 215	-1 208
Depreciation and amortisation expense	-521	-750
Impairment of property and equipment and intangible assets	-32	-119
Acquisition and origination costs deferred	538	572
Other expenses	-803	-793
<b>Total expenses</b>	<b>-20 273</b>	<b>-20 519</b>
<b>Profit from operations</b>	<b>1 258</b>	<b>1 023</b>
Borrowing costs	-177	-173
Share of results of associates	1	3
<b>Profit before income tax</b>	<b>1 082</b>	<b>853</b>
Income tax expense	-128	21
<b>Net profit</b>	<b>954</b>	<b>874</b>
<i>Net profit attributable to</i>		
equity holders of Swiss Life Holding	933	860
minority interest	21	14
<b>Net profit</b>	<b>954</b>	<b>874</b>
Basic earnings per share for the net profit attributable to equity holders of Swiss Life Holding (in CHF)	27.87	25.67
Diluted earnings per share for the net profit attributable to equity holders of Swiss Life Holding (in CHF)	26.92	24.82



## Consolidated Balance Sheet

### Consolidated balance sheet

In CHF million	31.12.2006	31.12.2005
<b>Assets</b>		
Cash and cash equivalents	7 621	14 170
Insurance receivables and other receivables	4 899	4 175
Derivatives	859	777
Financial assets at fair value through profit or loss	29 437	23 653
Financial assets available for sale	92 916	80 031
Loans	28 883	30 280
Financial assets held to maturity	4 090	4 256
Financial assets pledged as collateral	124	1 232
Investment property	11 816	11 439
Investments in associates	75	76
Reinsurance assets	969	923
Property and equipment	1 159	1 263
Intangible assets including intangible insurance assets	3 507	3 075
Current income tax assets	22	53
Deferred income tax assets	94	79
Assets held for sale	14	1 409
Other assets	465	706
<b>Total assets</b>	<b>186 950</b>	<b>177 597</b>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Insurance payables and other payables	4 268	4 093
Derivatives	2 262	1 881
Financial liabilities at fair value through profit or loss	9 538	6 830
Investment contracts	28 853	24 629
Deposits	7 356	6 419
Borrowings	6 139	4 750
Insurance liabilities	109 235	106 541
Policyholder participation liabilities	7 092	8 082
Employee benefit liabilities	2 561	2 576
Current income tax liabilities	232	273
Deferred income tax liabilities	865	1 136
Provisions	202	212
Liabilities associated with assets held for sale	-	1 734
Other liabilities	496	488
<b>Total liabilities</b>	<b>179 099</b>	<b>169 644</b>
<b>Equity</b>		
Share capital	1 385	1 554
Share premium	2 459	2 467
Treasury shares	-66	-42
Foreign currency translation differences	61	-11
Gains/losses recognised directly in equity	305	1 185
Retained earnings	3 435	2 502
<b>Total shareholders' equity</b>	<b>7 579</b>	<b>7 655</b>
Minority interest	272	298
<b>Total equity</b>	<b>7 851</b>	<b>7 953</b>
<b>Total liabilities and equity</b>	<b>186 950</b>	<b>177 597</b>