

Zurich, 2 March 2011

Financial year 2010

Swiss Life doubles net profit to CHF 560 million, achieves profitable growth and makes significant operational improvements

Swiss Life more than doubled its net profit in 2010 from CHF 277 million to CHF 560 million. The main reasons for this very good result are improvements at operational level, a reduction in costs and an outstanding investment result: The investment result of CHF 4.6 billion corresponds to a net investment return of 4.1% – with investment performance of 5.3%. The Group is growing profitably in all key markets, achieving a premium volume of CHF 20.2 billion, which represents currency-adjusted growth of 4% against the previous year. Thanks to the MILESTONE revitalisation programme, Swiss Life has made further substantial progress in improving margins and in capital management. Swiss Life confirms its goals for 2012. The Board of Directors proposes that the General Meeting of Shareholders approve a distribution of profit of CHF 4.50 per share.

Bruno Pfister, Group CEO, comments, “This very good result shows that we have made advances in all key areas. An important factor here, in addition to the improvements at operational level, continuing disciplined cost reduction and an outstanding investment result, is the pleasing increase in new business margins – despite historically low interest rates and the euro’s unfavourable exchange rate development.”

Further significant improvement in net profit

Net profit in 2010 doubled to CHF 560 million (2009: CHF 277 million). This corresponds to earnings per share of CHF 17.37 and a return on equity of 7.6%. In investment management Swiss Life achieved a net investment result on the insurance portfolio of CHF 4.6 billion. This gives a net investment return of 4.1% (2009: 3.9%).

Profitable growth continues

Swiss Life successfully achieved profitable growth in all units, despite the difficult market conditions. The Group generated premium volume of CHF 20.2 billion, which represents a currency-adjusted increase of 4% over the previous year. It grew in its key markets of Switzerland, Germany and France and was able to confirm its top-level position in business with high net worth individuals. In Switzerland, premium income climbed 2% to CHF 7.6 billion. Premium income (currency adjusted) in France rose by 9% to CHF 5.3 billion, and in Germany by 4% to CHF 2.1 billion. The Insurance Other segment, with premiums earned primarily through business with high net worth individuals, was able to further expand its premium volume on a currency-adjusted basis to CHF 5.2 billion, 4% up on the previous year. Swiss Life Investment Management's assets under management totalled CHF 120 billion (a currency-adjusted increase of 9%). These include third-party assets under management, in which the Group achieved growth of CHF 1.2 billion and was thus able to offset the negative currency effects (CHF 9.9 billion in total, as in the previous year). Insurance reserves totalled CHF 122 billion – a currency-adjusted increase of 7%. AWD improved its sales revenues by 4% to EUR 547 million.

Positive performance in all business areas and in AWD

The Swiss Life Group's profit from operations climbed from CHF 562 million to CHF 694 million. Around 80% of the jump in profits was driven by operational improvements. All segments have made a valuable contribution. In Switzerland, Swiss Life increased its segment result by 4% to CHF 488 million, chiefly as a result of major new operational improvements and a further reduction in costs of 8%. In France, thanks to a rise in productivity and a better financial margin, Swiss Life increased its result from operations by 10% (currency adjusted) to CHF 162 million and improved its new business margin. As a result of a one-off negative effect (CHF -80 million) caused by the raising of the retirement age, the segment result in France stood at CHF 82 million. Germany improved its segment result by 11% to CHF 102 million. In the Insurance Other segment, where Swiss Life made further investments in the previous year in expanding its global business and in the product platform in Luxembourg, losses were reduced by 19% to CHF 35 million. With a 34% increase in income over the previous year, Investment Management contributed CHF 103 million to the Group result. Following its successful reorganisation, AWD posted an impressive operating profit of EUR 49 million (2009: EUR -41 million), improving its EBIT margin to 9% (2009: -8%).

MILESTONE delivers significant advances

“Swiss Life has made considerable improvements in all aspects of its MILESTONE revitalisation programme,” explains Thomas Buess, Group CFO. “The results show that we are systematically implementing our goals and steadily reducing our dependence on the investment result.” Through consistent margin management, Swiss Life has been able to improve its new business margin to 1.4%, compared with the previous year's figure of 0.9%, thus more than offsetting the negative impacts of historically low interest rates. The value of new business grew by 70% to CHF 209 million; as in the case of the margin, this represents an increase in all units over the previous year. New business production through AWD in Swiss Life in Germany rose by 12% to EUR 431 million, while in Swiss Life in Switzerland it was maintained at the previous year's level of CHF 197 million as a result of a very good last quarter. Swiss Life also succeeded in increasing the share of new business generated with modern and risk products from 64% in the previous year to 69%. The Group was also able to reduce costs by a further CHF 121 million. Of the CHF 350 million to CHF 400 million cost savings announced as part of the MILESTONE programme, CHF 311 million had already been achieved by the end of 2010. Progress was also made in optimising in-force business and in balance sheet management – in asset and liability management for example, by lowering borrowings, increasing reserves and implementing a new reinsurance strategy. “Thanks to MILESTONE, Swiss Life has been able to substantially reduce interest rate sensitivity,” says Thomas Buess. “As part of our active capital management, we are monitoring the bond market for opportunities to further optimise our capital structure.”

Distribution of profit of CHF 4.50 per share

Swiss Life has a sound capital base. Shareholders' equity stood at CHF 7.4 billion at the end of 2010, up 3% on the previous year's figure of CHF 7.2 billion. The Group's solvency ratio climbed to 172% (2009: 164%). Based on its internal model, Swiss Life comfortably meets the SST requirements. At the General Meeting of Shareholders on 5 May 2011, the Board of Directors will propose a distribution of profit in the form of a repayment of par value amounting to CHF 4.50 per share (2009: CHF 2.40). It will also recommend that Damir Filipovic, Professor of Quantitative Finance at the Swiss Federal Institute of Technology, EPF Lausanne, be elected to the Board of Directors to replace Professor Paul Embrechts, who is stepping down after three terms of office. Gerold Bühner, Rolf Dörig and Franziska Tschudi will be standing for re-election.

Disciplined execution of MILESTONE remains a focus for 2011

Bruno Pfister, Group CEO, comments, "We intend to make further improvements at operational level in 2011 by keeping a sharp focus on the disciplined execution of MILESTONE. This should be reflected in particular in a further improvement in margins and greater cost efficiency. To do this we rely on our employees whose high level of engagement plays such an important part in strengthening and shaping Swiss Life. With this very good result for 2010, they have helped us score a successful first stage victory on the way to our goals for 2012."

Contact

Media Relations

Phone +41 43 284 77 77
media.relations@swisslife.ch

Investor Relations

Phone +41 43 284 52 76
investor.relations@swisslife.ch

www.swisslife.com

Swiss Life

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The AWD Group has been part of the Swiss Life Group since 2008. Hanover-based AWD is one of the leading European financial services providers in the medium and high-income client segments and offers its clients comprehensive financial advisory services. Germany, the UK, Austria and Switzerland are the AWD Group's core markets.

Swiss Life Holding Ltd, registered in Zurich, was founded in 1857 as Schweizerische Rentenanstalt. The shares of Swiss Life Holding Ltd are listed on the SIX Swiss Exchange (SLHN). The Swiss Life Group employs a staff of around 8100.

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