

# **Full-year results 2011 Investors' presentation**

**Zurich, 29 February 2012**

# Agenda

## → Overview

Financial results and  
MILESTONE update

Wrap-up

**Bruno Pfister**

Thomas Buess

Bruno Pfister

# Highlights FY 2011 results

FY 2011 vs FY 2010

- Net profit increased by 8% to CHF 606 m
- Adjusted profit from operations improved 6% to CHF 793 m
- Premiums declined by 10% in local currency; Swiss market unit with 6% growth
- Strong net investment yield of 3.8%
- MILESTONE on track:
  - Share of modern and risk products in new business at target level of 70%
  - New business margin declined to 1.2% from 1.4% and VNB decreased to CHF 150 m from CHF 209 m due to challenging capital market environment
  - Cost savings of CHF 404 m achieved since 2008 and target reached ahead of plan
  - Return on equity at 7.3%
  - SST in the green based on our internal model
  - Dividend per share of CHF 4.50 unchanged

# Key figures FY 2011 results

FY 2011 vs FY 2010

Net profit	➔	CHF 606 m	+8%
Profit from operations (adjusted)	➔	CHF 793 m	+6%
New business margin (% PVNBP)	➔	1.2%	-0.2 pts
GWP incl. PHD (in local currency)	➔	CHF 17.1 bn	-10%
Shareholders' equity	➔	CHF 9.1 bn	+23%
Return on equity	➔	7.3%	-0.3 pts
Group solvency	➔	213%	+41 pts
Dividend (proposed)	➔	CHF 4.50	unchanged

# Agenda

Overview

Bruno Pfister

→ **Financial results and  
MILESTONE update**

**Thomas Buess**

Wrap-up

Bruno Pfister

# Income statement

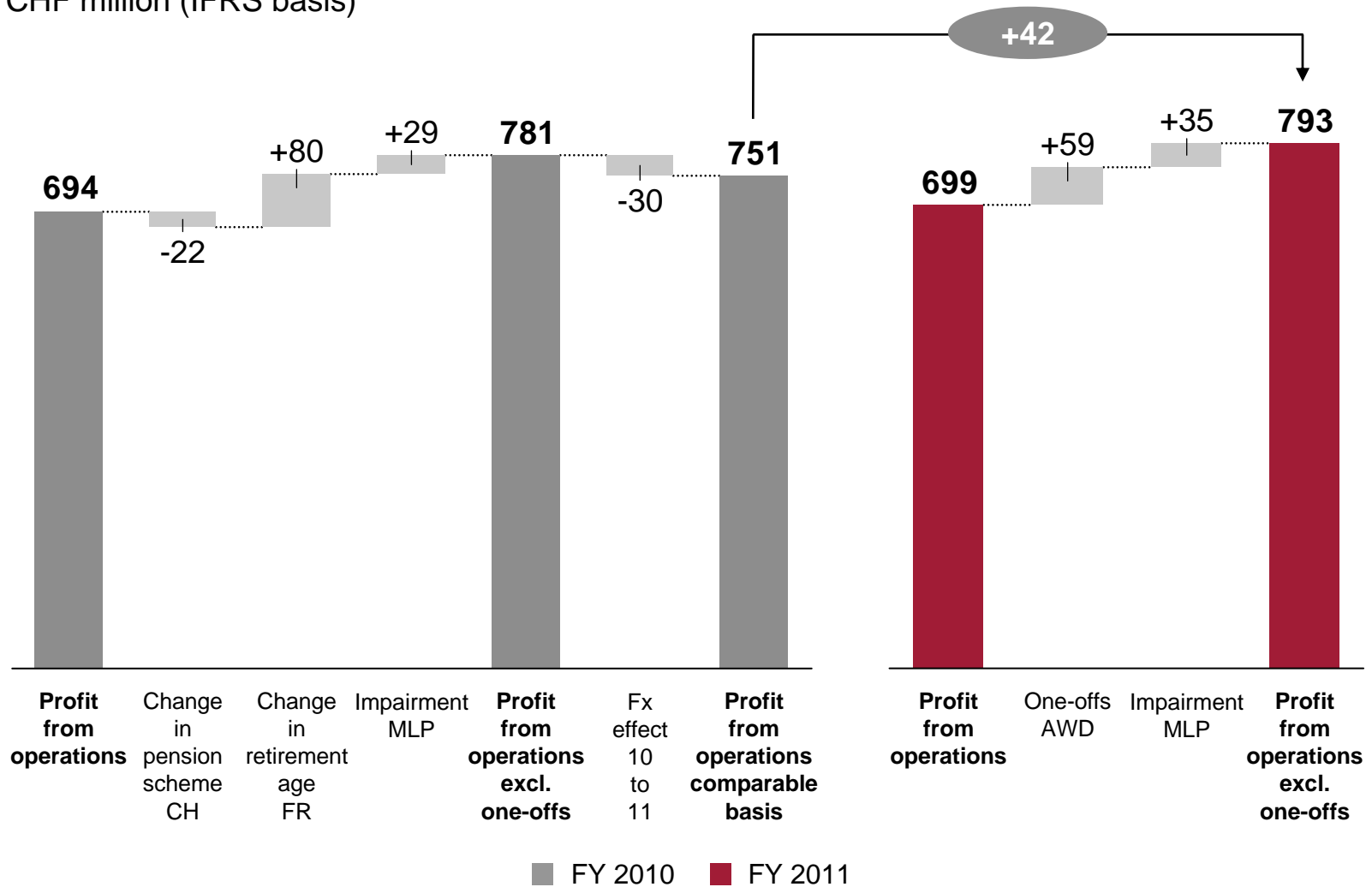
CHF million (IFRS basis)

	FY 2010	FY 2011
Gross written premiums, fees and deposits received	20 191	17 143
Commission income	922	893
Financial result for own risk	4 338	4 447
<i>Net investment result insurance portfolio for own risk</i>	4 564	4 263
Net insurance benefits and claims	-12 704	-12 614
Policyholder participation	-1 073	-791
Operating expense	-3 062	-2 913
<b>Profit from operations</b>	<b>694</b>	<b>699</b>
Borrowing costs	-104	-120
Share of results of associates	6	6
Income tax expense	-36	21
<b>Net profit</b>	<b>560</b>	<b>606</b>
<b>Earnings per share (in CHF)<sup>1)</sup></b>	<b>17.37</b>	<b>18.87</b>

1) Diluted, based on 32 075 409 shares in FY 2010 and 32 060 313 shares in FY 2011

# Profit from operations 2010 and 2011 excluding major one-off effects

CHF million (IFRS basis)



# Business review Insurance Switzerland

CHF million (IFRS basis, MCEV)

	FY 2010	FY 2011	Change
GWP incl. PHD	7 631	8 123	+6% <ul style="list-style-type: none"> <li>GL: +9%, single and periodic premiums up</li> <li>IL: -2%, growth with modern products; lower volumes from traditional products</li> </ul>
Operating expense adjusted <sup>1),2)</sup>	-410	-381	-7% <ul style="list-style-type: none"> <li>Impact of cost saving initiatives</li> </ul>
Segment result <sup>2)</sup>	491	476	-3% <ul style="list-style-type: none"> <li>+1% when excl. one-off due to change in pension scheme in 2010; good investment and risk result, lower costs</li> </ul>
New business volume (PVNBP)	3 819	3 875	+1% <ul style="list-style-type: none"> <li>Growth stronger in GL than IL; largely offset by decrease in reinsurance volumes</li> </ul>
New business margin (% PVNBP)	0.8%	0.3%	-0.5 pts <ul style="list-style-type: none"> <li>Challenging capital market environment</li> </ul>
MCEV	2 212	2 689	+22% <ul style="list-style-type: none"> <li>Strong in-force contribution with improved persistency in GL</li> </ul>

1) Excluding unallocated corporate costs

2) Prior year adjusted to reflect new organisational set-up





# Business review Insurance France

EUR million (IFRS basis, MCEV)

	FY 2010	FY 2011	Change
GWP incl. PHD <sup>1)</sup>	3 781	3 547	-6% <ul style="list-style-type: none"> <li>Overall, better than market (-8%)</li> <li>Driven by life -16% (market -14%), growth with UL (+10% vs market -9%)</li> <li>Health and disability: +8% (market +5%)</li> </ul>
Operating expense adjusted <sup>2)</sup>	-273	-275	+1% <ul style="list-style-type: none"> <li>Improved efficiency ratios; investments into infrastructure and growth outweigh expense savings</li> </ul>
Segment result	59	100	+69% <ul style="list-style-type: none"> <li>15% decrease excl. one-off in 2010<sup>3)</sup>; lower financial result; higher margin in life; higher loss ratio in health</li> </ul>
New business volume (PVNBP)	3 876	3 681	-5% <ul style="list-style-type: none"> <li>Strong modern and risk (incl. health) business; lower single premiums in life</li> </ul>
New business margin (% PVNBP)	1.7%	1.8%	+0.1 pts <ul style="list-style-type: none"> <li>Improved business mix</li> <li>Challenging capital market environment</li> </ul>
MCEV	1 505	1 559	+4% <ul style="list-style-type: none"> <li>New business value and efficiency gains outweigh higher health loss ratio and capital market developments</li> </ul>

1) FY 2010 adjusted for premium tax (CMU) of GWP EUR 57 m

2) Excluding unallocated corporate costs, prior year adjusted for reclassifications of non-variable costs

3) Change in legal retirement age

# Business review Insurance Germany

EUR million (IFRS basis, MCEV)

	FY 2010	FY 2011	Change
GWP incl. PHD <sup>1)</sup>	1 507	1 409	-6% <ul style="list-style-type: none"><li>▪ Result of deliberate reduction in single premium capitalisation product; excl. this product line SL +1%, market -3%</li></ul>
Operating expense adjusted <sup>1),2)</sup>	-107	-115	+7% <ul style="list-style-type: none"><li>▪ Entirely due to investments into new asset management, policy admin and commissioning system</li></ul>
Segment result <sup>1)</sup>	71	47	-34% <ul style="list-style-type: none"><li>▪ Mainly due to lower financial result, 2010 enhanced by realised gains (effect of duration lengthening)</li></ul>
New business volume (PVNBP)	1 368	1 429	+5% <ul style="list-style-type: none"><li>▪ Underlying business development</li></ul>
New business margin (% PVNBP)	2.4%	1.7%	-0.7 pts <ul style="list-style-type: none"><li>▪ Challenging capital market environment</li><li>▪ Ongoing high proportion of risk products</li></ul>
MCEV	486	432	-11% <ul style="list-style-type: none"><li>▪ Challenging capital market environment</li><li>▪ Operating earnings positive</li></ul>

1) Prior year adjusted to reflect new organisational set-up

2) Excluding unallocated corporate costs

# Business review Insurance International

CHF million (IFRS basis, MCEV)

	FY 2010 <sup>1)</sup>	FY 2011	Change
GWP incl. PHD	5 159	3 033	-41% <ul style="list-style-type: none"> <li>▪ Lower volumes in HNWI segment</li> <li>▪ Negative FX effects, -37% in local currencies</li> </ul>
Operating expense adjusted <sup>2),3)</sup>	-83	-82	-1% <ul style="list-style-type: none"> <li>▪ Ongoing expense management</li> </ul>
Segment result <sup>3)</sup>	-27	-10	+63% <ul style="list-style-type: none"> <li>▪ Higher fee income</li> <li>▪ Reduced investments</li> <li>▪ Negative FX effects</li> </ul>
New business volume (PVNBP)	4 242	2 822	-33% <ul style="list-style-type: none"> <li>▪ Reduction in line with GWP</li> </ul>
New business margin (% PVNBP)	1.3%	1.1%	-0.2 pts <ul style="list-style-type: none"> <li>▪ Negative effects from lower volumes</li> </ul>
MCEV	262	249	-5% <ul style="list-style-type: none"> <li>▪ Lower future volume assumptions in HNWI segment</li> </ul>

1) Excluding PPI run-off business

2) Excluding unallocated corporate costs, currency adjusted

3) Prior year adjusted to reflect new organisational set-up

# Business review Investment Management

CHF million (IFRS basis; AuM fair value basis)

	FY 2010	FY 2011	Change	
Total income	269	302	+12%	▪ Higher AuM with particularly strong increase in real estate related income
Operating expense adjusted <sup>1)</sup>	-136	-135	-1%	▪ Stable costs despite growth initiatives
Segment result	103	130	+26%	▪ Improved cost/income ratio
Assets under management <sup>2)</sup>	121 971	134 264	+10%	
– of which PAM	109 713	117 723	+7%	▪ Mainly driven by market valuation (lower interest rates) and by an acquisition of a group life portfolio
– of which TPAM <sup>2)</sup>	12 258	16 541	+35%	▪ Higher real estate assets due to an acquisition in France; strong growth in Switzerland
Average assets under management <sup>2)</sup>	119 191	128 117	+7%	

1) Excluding unallocated corporate costs, excluding acquisition in France

2) Restated due to model change

# Business review AWD

AWD, stand-alone, EUR million (IFRS basis)

	FY 2010	FY 2011	Change
<b>Revenues</b>	<b>547.0</b>	<b>560.9</b>	<b>+3%</b> <ul style="list-style-type: none"> <li>▪ Enhanced advisors' productivity</li> <li>▪ Higher recurring commissions</li> </ul>
Germany	351.6	375.7	
Austria & CEE	74.8	64.4	
United Kingdom	46.6	48.7	
Switzerland	74.0	72.2	
<b>EBIT (before one-offs)</b>	<b>49.1</b>	<b>54.2</b>	<b>+10%</b> <ul style="list-style-type: none"> <li>▪ Reduced administration costs offset by investments in sales support</li> <li>▪ Improved cost/income ratio</li> </ul>
Germany	58.4	66.8	
Austria & CEE	-4.5	-5.0	
United Kingdom	6.3	3.8	
Switzerland	7.8	5.7	
Holding	-18.9	-17.1	
<b>EBIT margin in % (before one-offs)</b>	<b>9.0</b>	<b>9.7</b>	<b>+0.7 ppts</b>
<b>EBIT (incl. one-offs)</b>	<b>49.1</b>	<b>7.0</b>	<b>-86%</b> <ul style="list-style-type: none"> <li>▪ Due to legal provisions of EUR 47.2 m</li> </ul>
<b>Financial advisors</b>	<b>5 292</b>	<b>4 932</b>	<b>-7%</b> <ul style="list-style-type: none"> <li>▪ Challenging market environment and ongoing focus on further improving quality of advice</li> </ul>

# Expense development

CHF million (IFRS basis)

	FY 2010	FY 2011	Change
<b>Total operating expense</b>	<b>3 062</b>	<b>2 913</b>	<b>-5%</b>
Commissions and DAC amortisation adjusted <sup>1)</sup>	-1 596	-1 477	
<b>Operating expense (before FX)</b>	<b>1 466</b>	<b>1 436</b>	<b>-2%</b>
Restructuring costs and one-offs	-20	-39	
Scope changes		-7	
Change in pension scheme in CH	39		
Currency effect	-93		
<b>Operating expense adjusted</b>	<b>1 392</b>	<b>1 390</b>	<b>-0%</b>

1) Adjustment of CHF +4 m in FY 2010 due to reclassifications

# Investment result

CHF million (IFRS basis), insurance portfolio for own risk

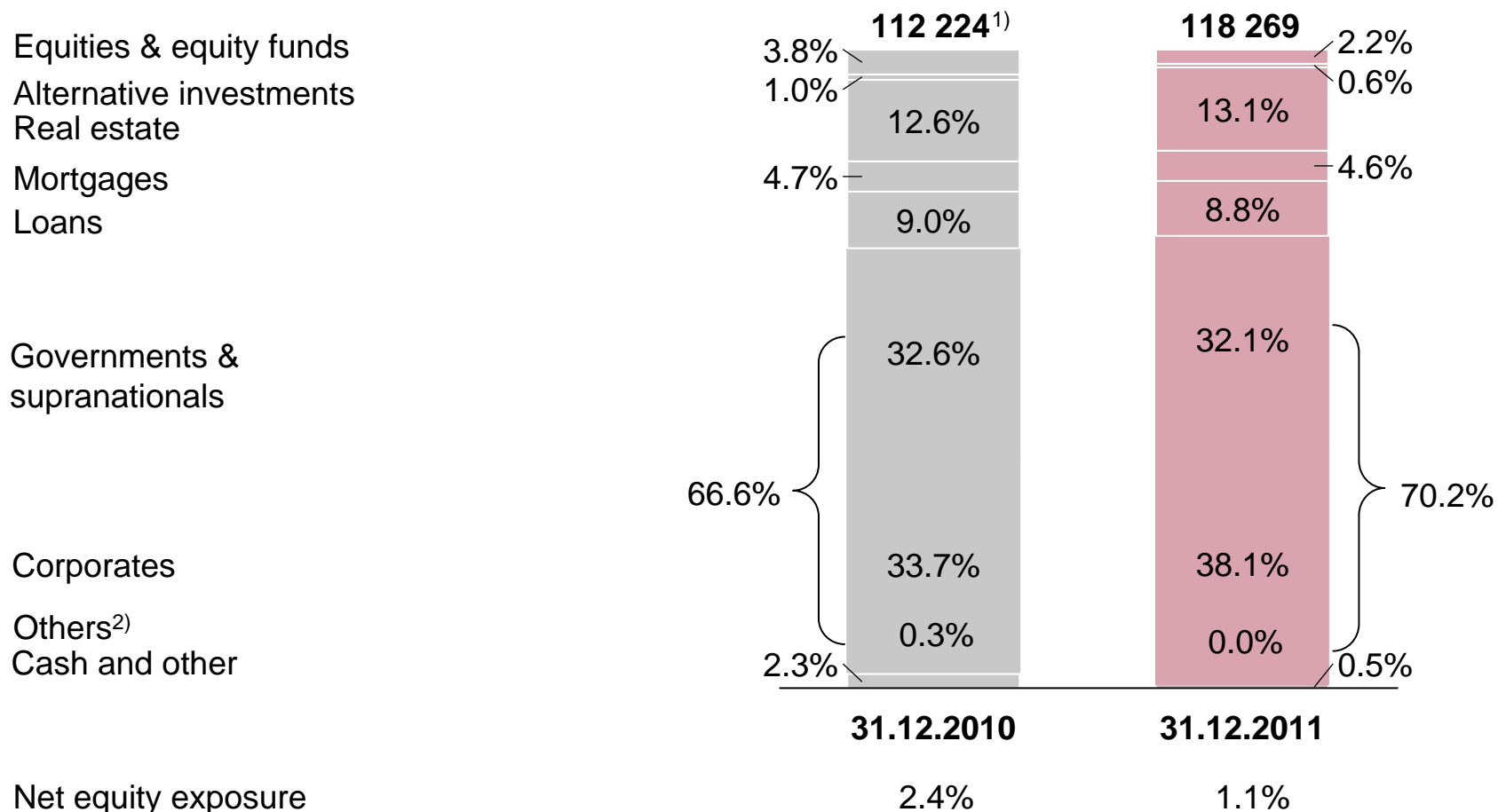
	FY 2010 <sup>1)</sup>	FY 2011
Direct investment income	4 213	4 182
Direct investment income in %	3.8%	3.7%
Expense	-222	-231
Net capital gains/losses on investments and impairments <sup>2)</sup>	573	312
Net investment result	4 564	4 263
Net investment result in %	4.1%	3.8%
Changes in unrealised gains/losses on investments	826	3 286
Total investment result	5 390	7 549
Total investment result in %	4.8%	6.7%
Average net investments	111 161	113 272
Total investment performance (fair value) in %	5.3%	7.4%

1) Excluding PPI

2) Including FX gains on hybrid (FY10 CHF 396 m; FY11 CHF 51 m)

# Investment portfolio

CHF million (fair value basis), insurance portfolio<sup>1)</sup> for own risk



1) Excluding PPI

2) Exposure to CDO/CLO, ABS, MBS, etc.



# Government and supranational bond portfolio: Split by country

Government and supranational bond portfolio (fair value basis), as per FY 2011, 32.1% of insurance portfolio (CHF 38.0 bn)

## % of total government and supranational bond portfolio

Switzerland	25%
France	16%
Germany	12%
UK	7%
Netherlands	5%
Sovereigns under observation	1%
Supranationals	4%
Other	12%
<b>Europe</b>	<b>82%</b>
Canada	9%
USA	2%
Supranationals	2%
Other	5%
<b>Rest of the world</b>	<b>18%</b>
<b>Total</b>	<b>100%</b>

In CHF million<sup>1)</sup>

	FY 2010	FY 2011	
	FV <sup>2)</sup>	FV <sup>2)</sup>	AC <sup>3)</sup>
Portugal	131	78	153
Italy	216	81	94
Ireland	186	177	214
Greece	48	11	11
Spain	214	189	203
<b>Total</b>	<b>795</b>	<b>536</b>	<b>675</b>

1) Before policyholder/shareholder split and tax 2) Fair value 3) Amortised cost value

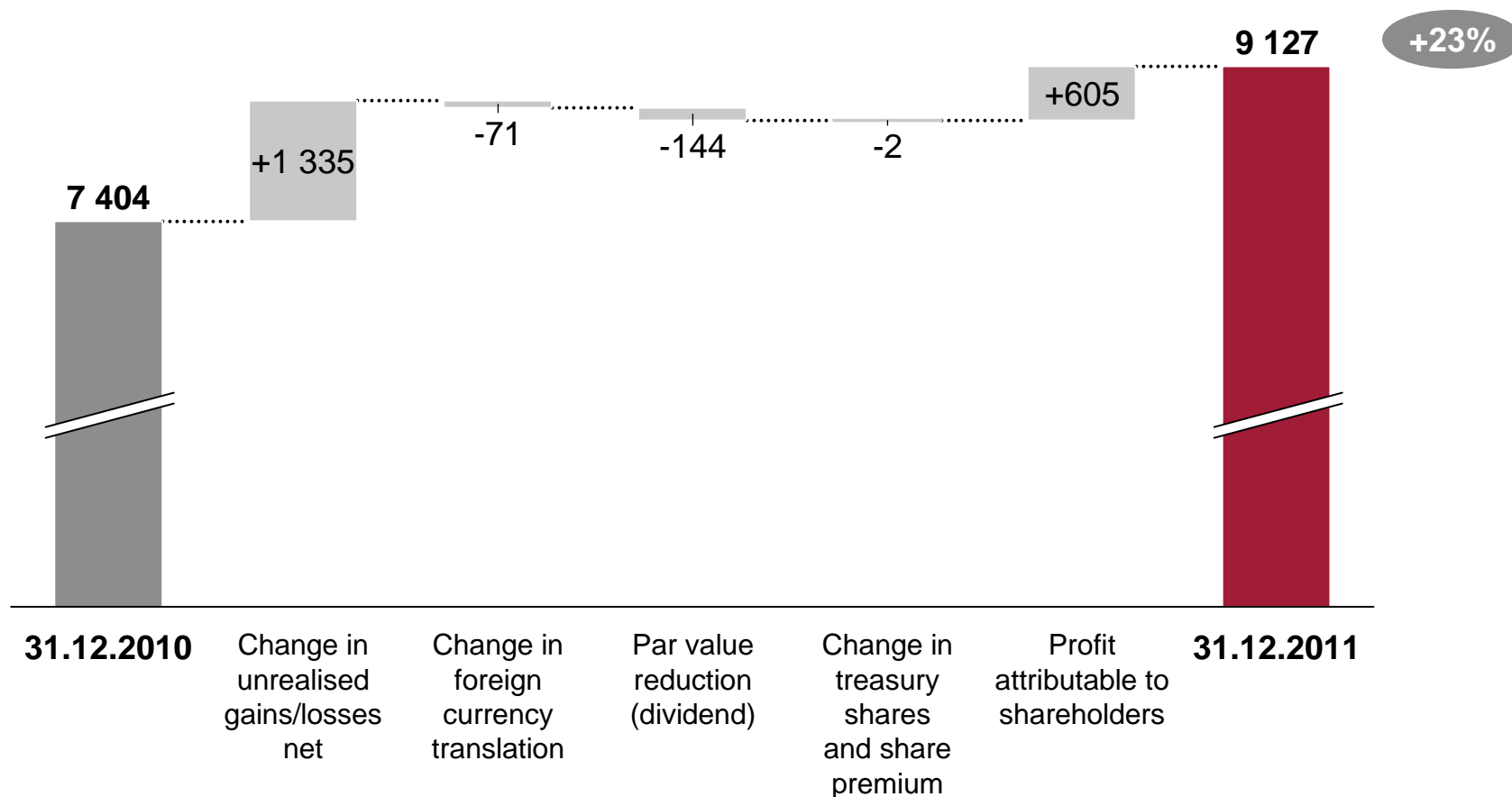
# Insurance reserves and borrowings

CHF million (IFRS basis)

	31.12.2010	31.12.2011	Change	Local currency
<b>Insurance reserves</b>	<b>122 279</b>	<b>128 089</b>	<b>+5%</b>	<b>+6%</b>
Insurance liabilities	90 305	93 365		
Investment contracts	11 279	11 358		
Unit-linked contracts	17 259	18 216		
Policyholder participation liabilities	3 436	5 150		
<b>Borrowings</b>	<b>2 142</b>	<b>2 624</b>	<b>+23%</b>	

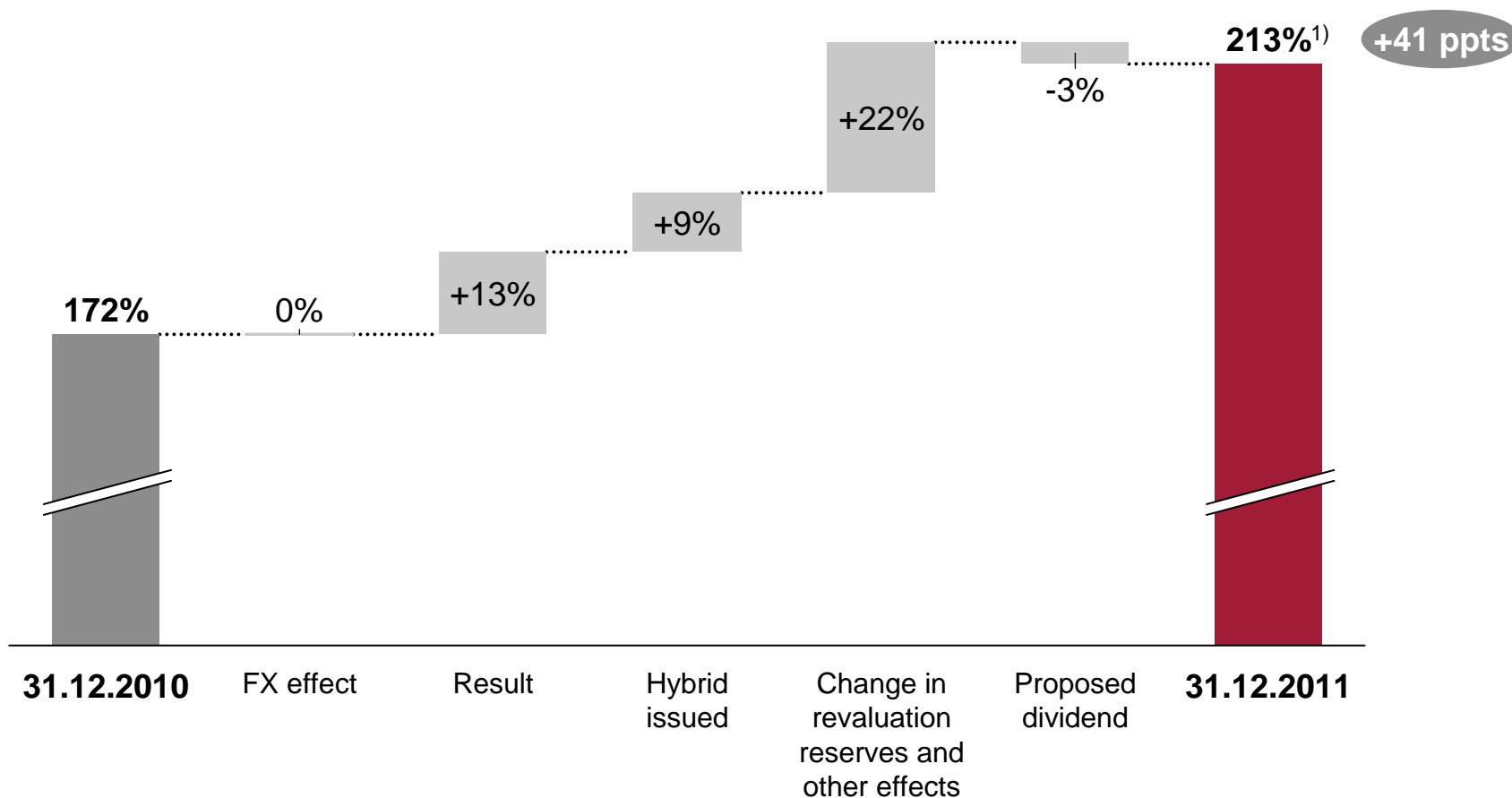
# Shareholders' equity

CHF million (IFRS basis)



# Group solvency

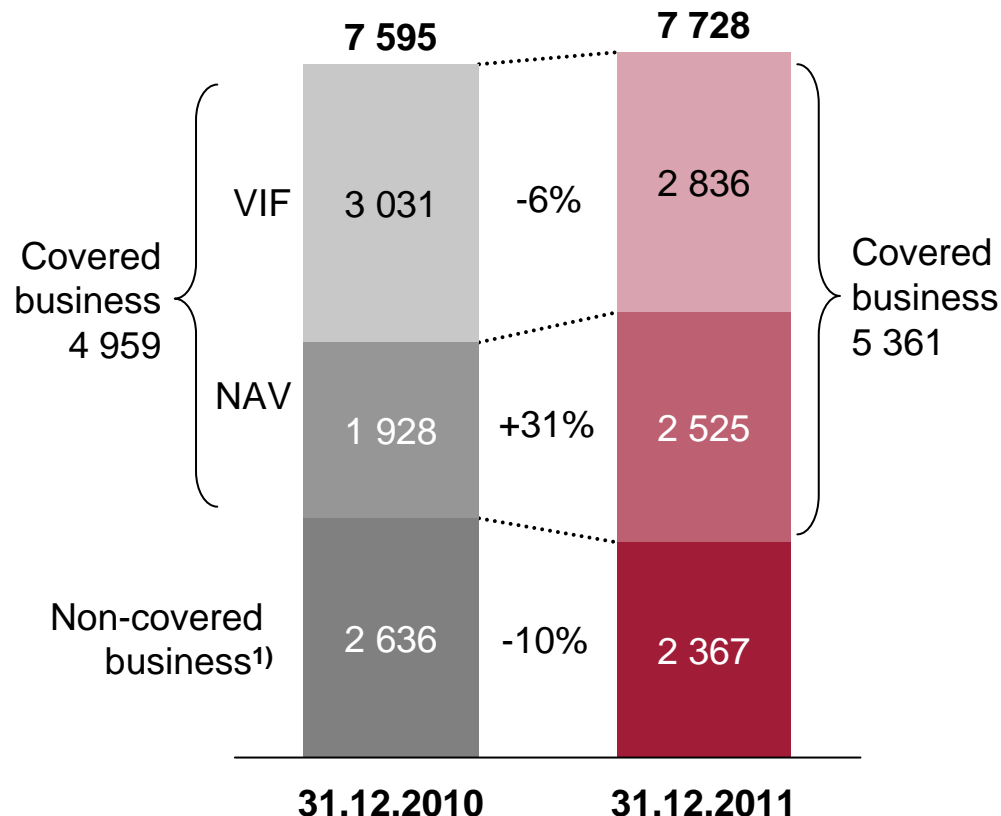
Based on IFRS equity



1) Group solvency excluding unrealised gains/losses on bonds: 183% (166% per FY10)

# Group MCEV

CHF million



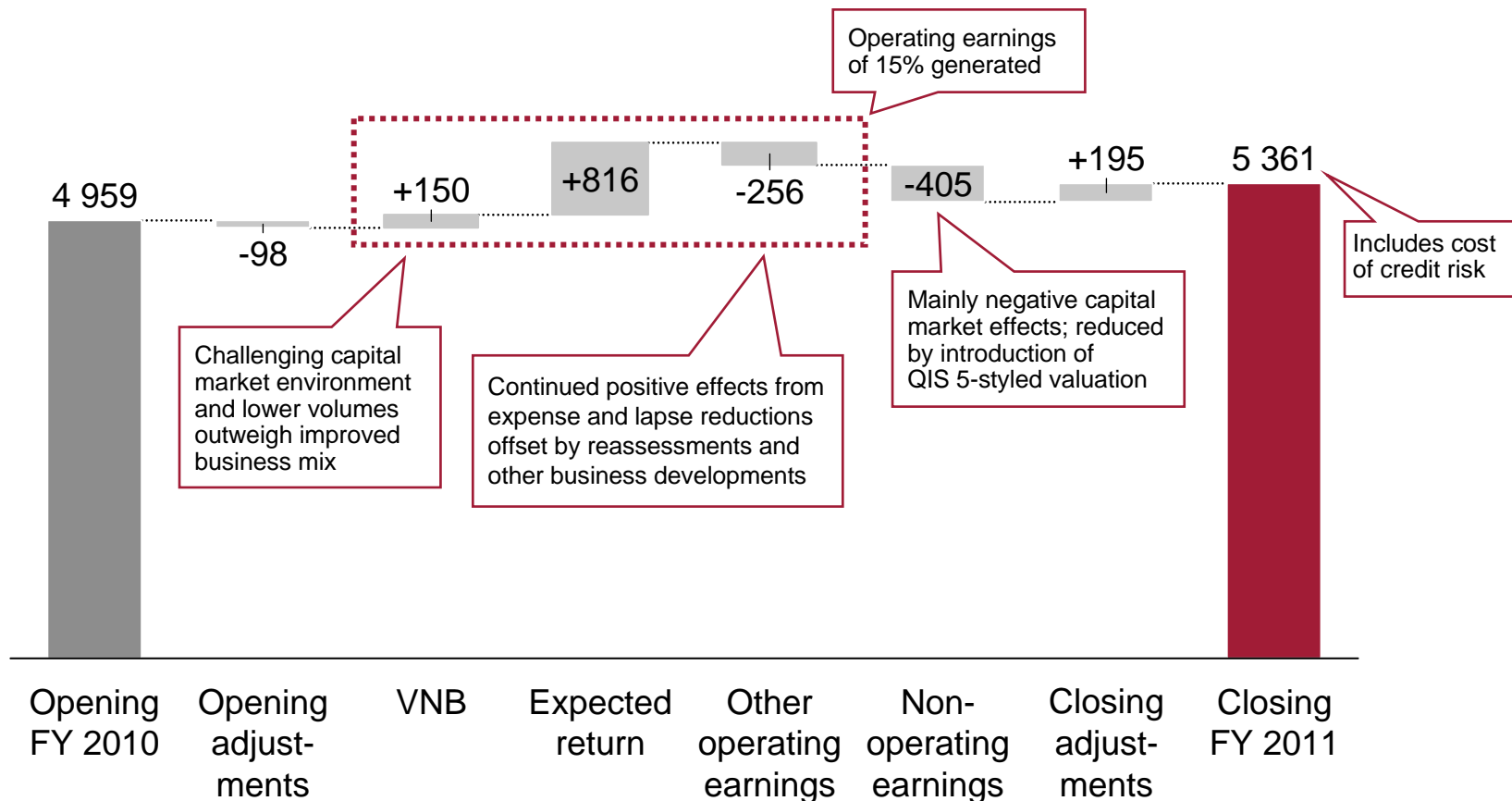
- Group MCEV: Increased by 2% or CHF 133 m
- Value of covered business:
  - Up 8% or CHF 402 m
  - Negative economic variance reduced by introduction of QIS 5-styled valuation for closing MCEV
- Value of non-covered business: Improved operating earnings offset by dividends and capital transfers
- MCEV per share<sup>2)</sup>: CHF 243 from CHF 238 (FY10)

1) Non-covered business consists mainly of Swiss Life Holding and AWD

2) Based on 31.8 m shares outstanding at YE 2011 (YE 2010: 31.9 m)

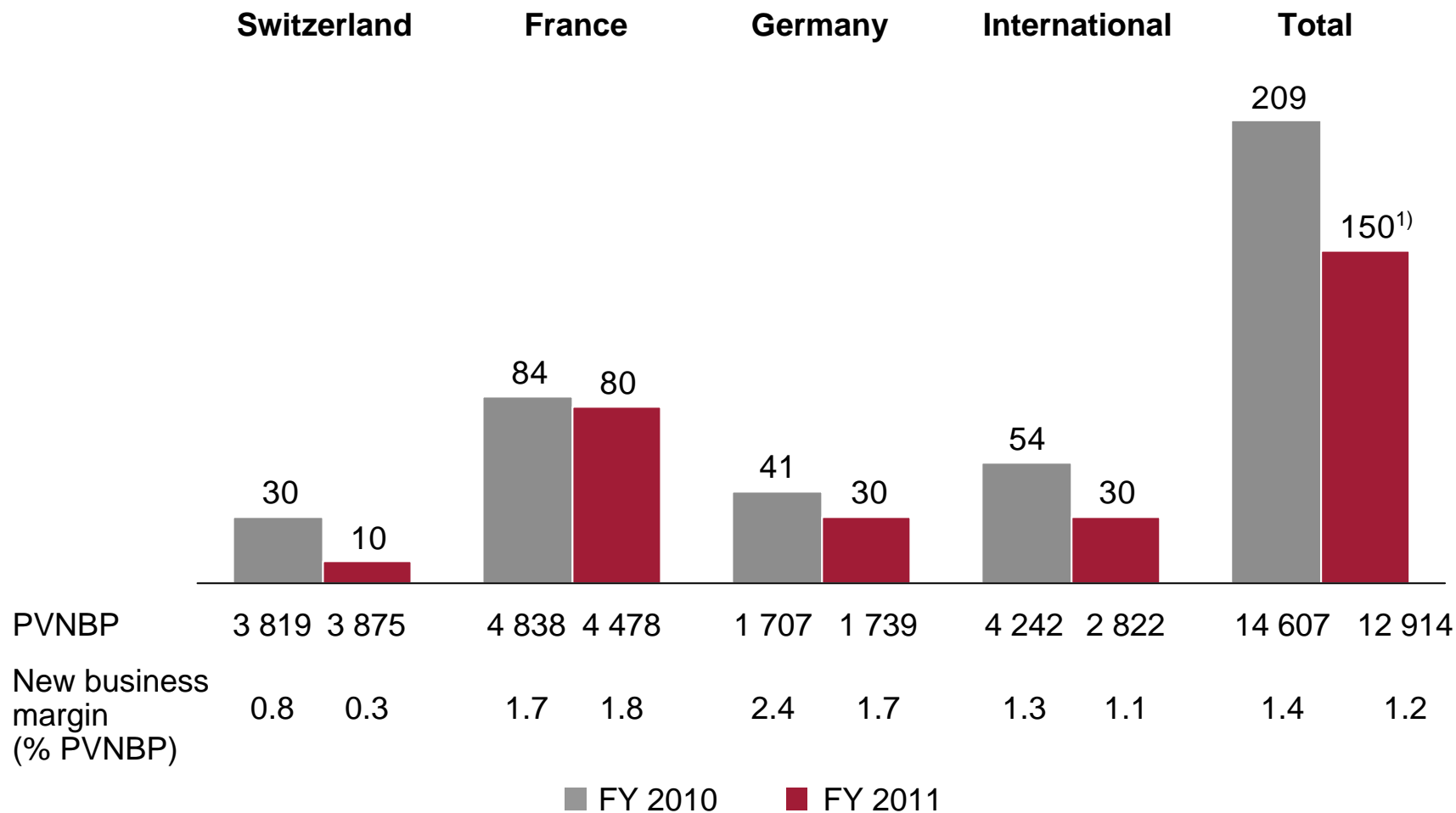
# MCEV covered business

MCEV covered business, CHF million



# Value of new business

CHF million



1) FY 2011 value of new business based on QIS 5-styled valuation including liquidity premium; see MCEV report for details



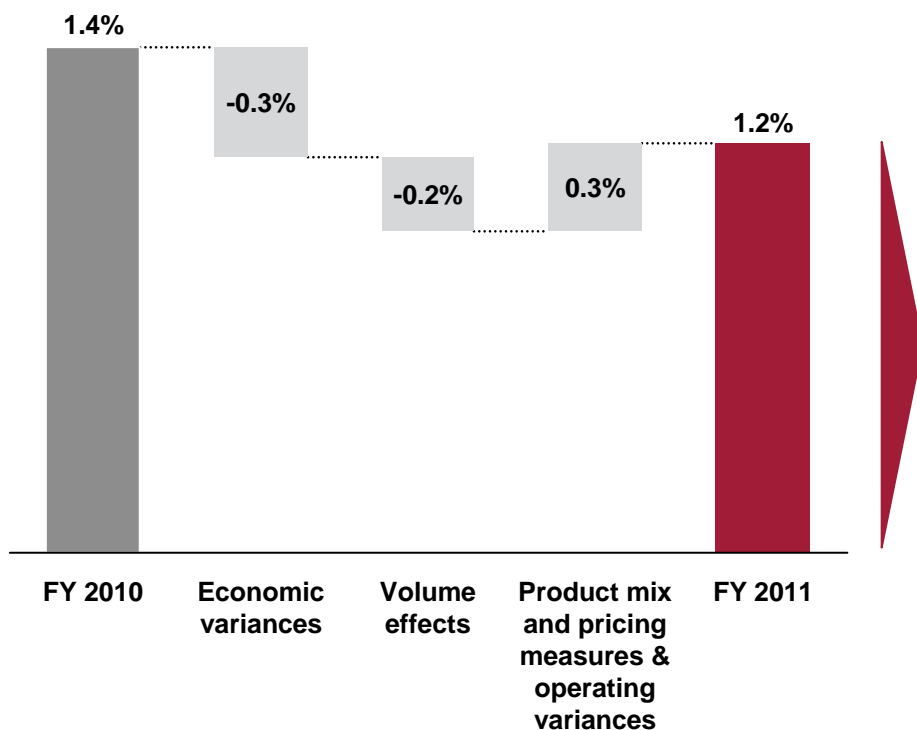
# Update on MILESTONE programme

Workstream	Objectives		
<b>1 Enhance customer value &amp; new business profitability</b>	<ul style="list-style-type: none"><li>▪ Margin management focus: VNB and NBM</li><li>▪ Drive shift to modern products &amp; promote risk products</li></ul>	“We are growing – but not at the expense of value”	<b>5 Drive disciplined execution</b>
<b>2 Increase distribution quality and power</b>	<ul style="list-style-type: none"><li>▪ Optimise distribution channel mix</li><li>▪ Capture full potential of AWD</li></ul>	“We are increasing growth in 3rd party channels and AWD”	
<b>3 Improve operational excellence</b>	<ul style="list-style-type: none"><li>▪ Plan with clear accountabilities to achieve 2012 cost target</li><li>▪ Eliminate negative cost result and move to continuous improvement</li></ul>	“We are managing our cost base rigorously and continuously”	
<b>4 Preserve the balance sheet &amp; optimise in-force business</b>	<ul style="list-style-type: none"><li>▪ Initiatives to optimise profit stream from in-force business and risk capital usage</li></ul>	“We are actively managing our capital and in-force business”	



# Improved business mix in adverse capital markets contains margin decrease

New business margin development  
(VNB as % of PVNBP)



<b>PVNBP</b>	14 607	12 914
<b>APE</b>	1 486	1 269
<b>VNB</b>	209	150
<b>NBM (APE)</b>	14.0%	11.9%

## Economic variances

- Strong increase in interest rate volatilities
- Decrease of interest rate levels

## Volume effects

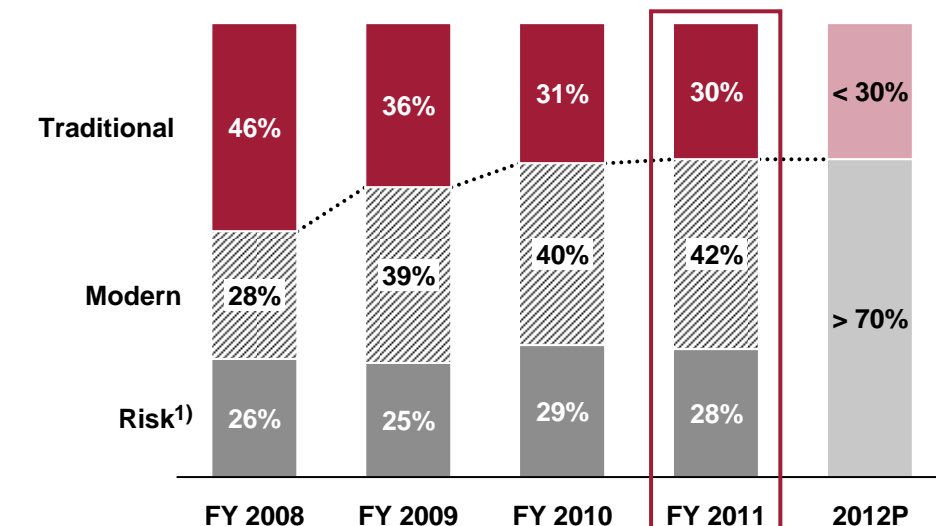
- Generally driven by lower single premiums
- FR: lower volumes in traditional life insurance
- International: baseline effect due to strong prior year and reorientation in private banking

## Product mix and pricing measures as well as operating variances

- Overall positive effects from further administration cost reductions and other variances
- CH: Higher share of group life business
- FR: Increased share and volumes of unit-linked business in life; higher proportion of disability and death products
- DE: Refined underwriting approach in disability insurance

# Modern products strongly contributed to targeted business mix

New business product mix (based on new business production)



**Without PPLI**

Traditional	53%	52%	40%	37%
Modern	16%	14%	21%	28%
Risk <sup>1)</sup>	31%	34%	39%	35%
<b>Modern &amp; risk</b>	<b>47%</b>	<b>48%</b>	<b>60%</b>	<b>63%</b>

**2012 target achieved in 2011**

- CH: Strong sales of modern products driven by 'SL Champion', 'SL Premium Select' and commercial real estate fund
- FR: Good performance of risk and health business; share of UL increased
- DE: Successful sales of disability insurance despite increasing competition; modern Riester supporting shift
- SLI: HNWI production below target

**Further product modifications and improvements already put in place**

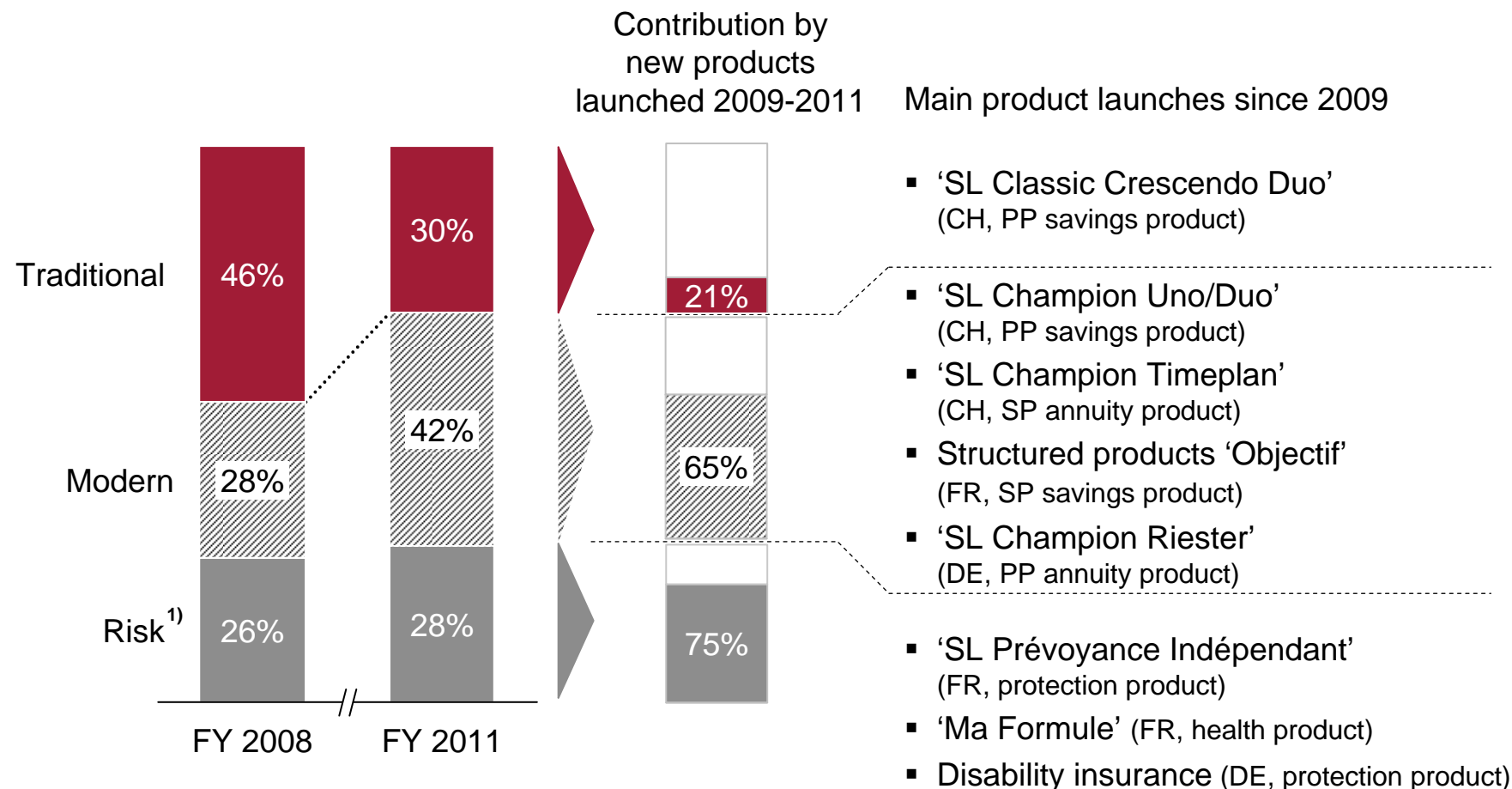
- CH: New tranche of structured product launched in January 2012
- FR: Additional tranche of structured product to be sold by April 2012
- DE: Care insurance launched in January 2012

1) Including health



## Shift supported by innovation

New business product mix (based on new business production)

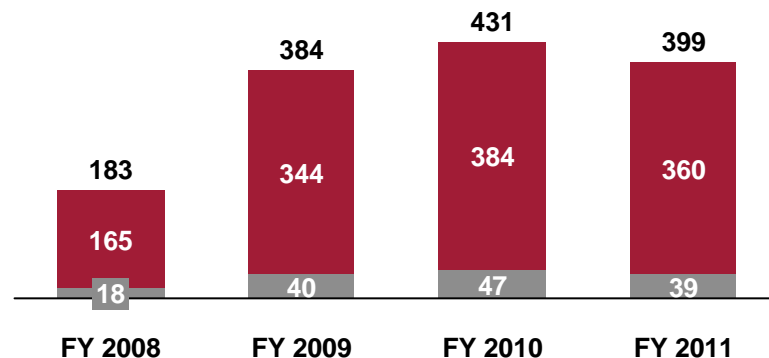


1) Including health

# Sales through AWD distribution channel increased by 20%<sup>1)</sup>

## Swiss Life in Germany – AWD channel

NBP<sup>2)</sup> in EUR million



### Reasons for development in 2011

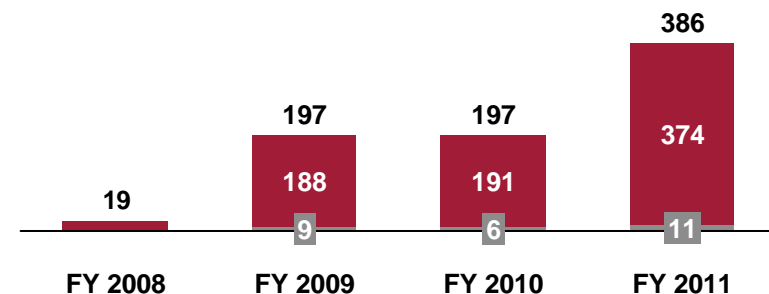
- Refined underwriting criteria in price sensitive product segments of AWD
- Successful sales of Champion products

### Action points 2012

- Further product optimisations, push care insurance

## Swiss Life in Switzerland – AWD channel

NBP<sup>2)</sup> in CHF million



### Reasons for development in 2011

- Continued strong sales of 'SL Champion Duo'
- 'SL Calmo' and 'SL Classic Crescendo Duo' launched, 'SL Champion Duo' redesigned and repriced

### Action points 2012

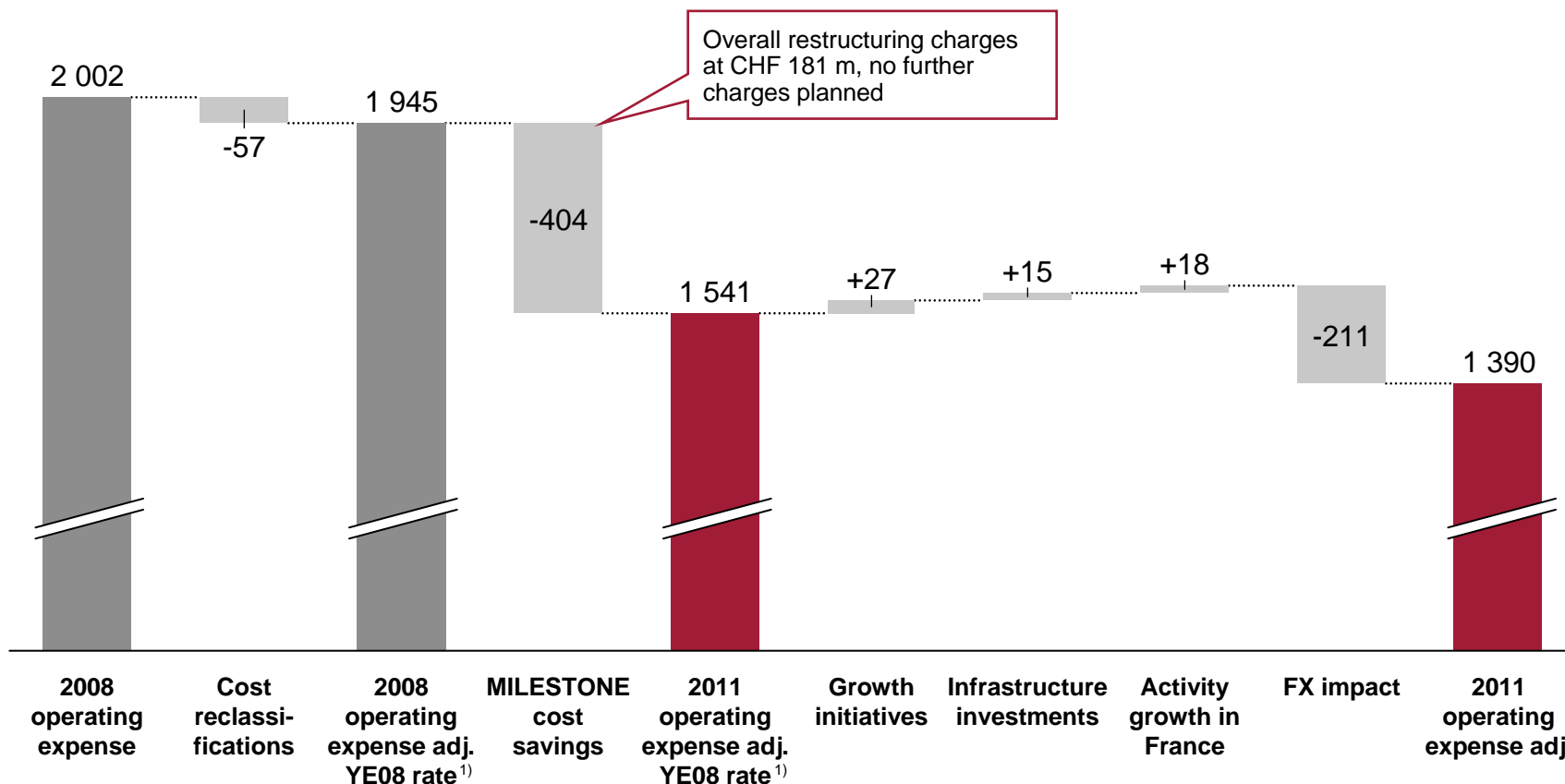
- Joint development of consulting tools and product package for affluent segment

■ Modern or risk products  
■ Traditional products

1) Currency adjusted  
2) New business production

# MILESTONE cost savings of CHF 404 million realised

CHF million (IFRS basis)



1) YE08 FX rate: EUR/CHF 1.5874

# MILESTONE cost savings reflected in improved efficiency ratios in all market units



Adjusted IFRS basis; in local currency

## Operating expense in % of average technical reserves (excl. deferred PHP)

	FY 2008	FY 2009	FY 2010	FY 2011	Change vs FY08
Insurance Switzerland	0.81%	0.69%	0.63%	0.56%	-31%
Insurance France	1.96%	1.87%	1.72%	1.64%	-16%
<i>France Life</i>	<i>0.79%</i>	<i>0.75%</i>	<i>0.69%</i>	<i>0.68%</i>	-14%
Insurance Germany	0.88%	0.89%	0.80%	0.84%	-5%
Insurance International	0.91%	0.75%	0.58%	0.49%	n.m.
<b>Total Insurance</b>	<b>1.00%</b>	<b>0.92%</b>	<b>0.84%</b>	<b>0.79%</b>	<b>-21%</b>

# Ongoing balance sheet measures and in-force business optimisation are effective

## Levers to manage in-force business

Release risk capital and optimise profit streams

Increase profit

Savings result

Cost result

Risk result

Other effects

## Selected initiatives per country

## Achievements FY 2011

### Group

- Capital management
- Reinsurance strategy
- S&P rating
- Risk mitigations to protect the balance sheet

- Hybrid capital of CHF 500 m raised
- Assumed and ceded reinsurance optimised
- S&P rating outlook enhanced to 'positive'
- Group-wide measures taken to preserve the balance sheet and further contingency measures defined in case of persistently low interest rates

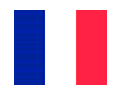
### Switzerland



- Risk mitigation to protect the balance sheet
- Business commission adjustment

- Measures taken to preserve the balance sheet
  - Interest rate sensitivity reduced
  - Equity exposure reduced
  - Guaranteed interest rate for non-mandatory group life business lowered
- Reserves strengthened due to low interest rates
- Commission scheme for group life and individual life optimised and implemented

### France



- Risk mitigation to protect the balance sheet
- Pricing adjustments
- Shift to modern on in-force
- Adjust policyholder sharing

- Measures taken to preserve the balance sheet
  - Equity hedging effectiveness improved
  - Duration gap and interest rate sensitivity reduced
- Pricing of all business lines adjusted
- Safeguard clauses introduced
- Served rates reduced and policyholder funds strengthened

### Germany



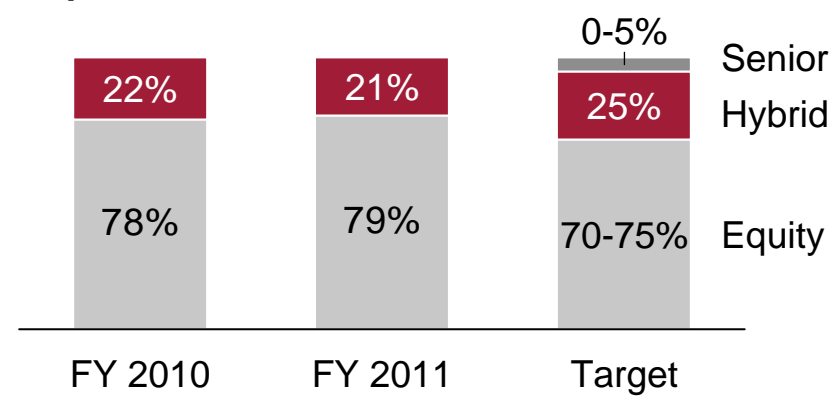
- Manage free 'RfB'
- Risk mitigation to protect the balance sheet

- Free 'RfB' strengthened
- Statutory 'additional interest reserve' built up

# Well-balanced capital structure and maturity profile

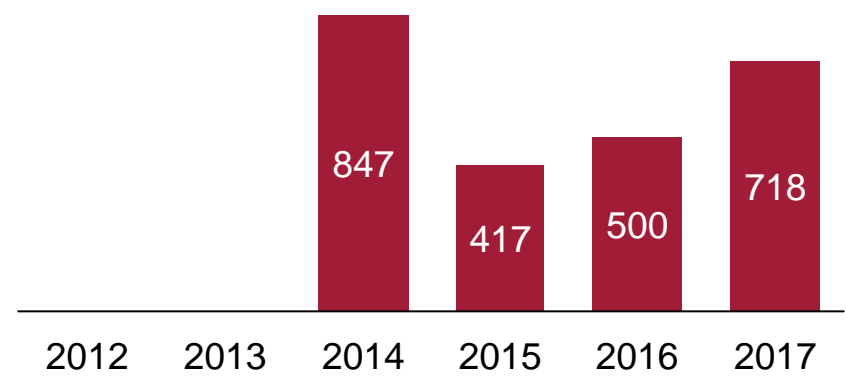
As per 31.12.2011

## Capital structure



## Hybrid debt maturity profile: Next optional call dates

Nominal value, CHF million



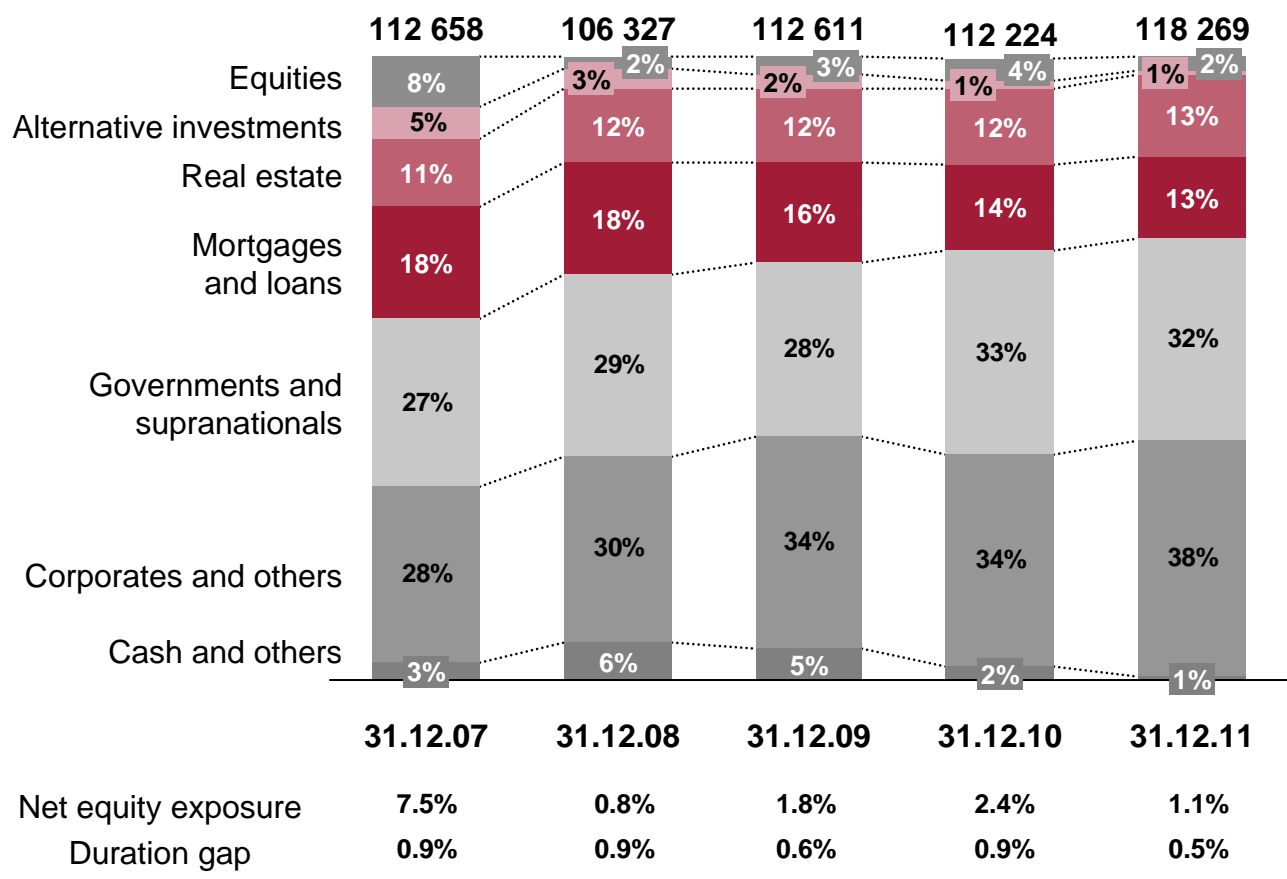
- Strong capital structure, well-balanced leverage
- FY 2011 highlights:**
- CHF 500 m hybrid issued
    - Increased share of CHF-denominated hybrid
    - Limited impact on borrowing costs (coupon 5.25%)
    - Call date in 2016 fits well into maturity profile
  - EUR 100 m hybrid loan repaid at first call date in December 2011





# Assets de-risked

CHF million (fair value basis), insurance portfolio for own risk

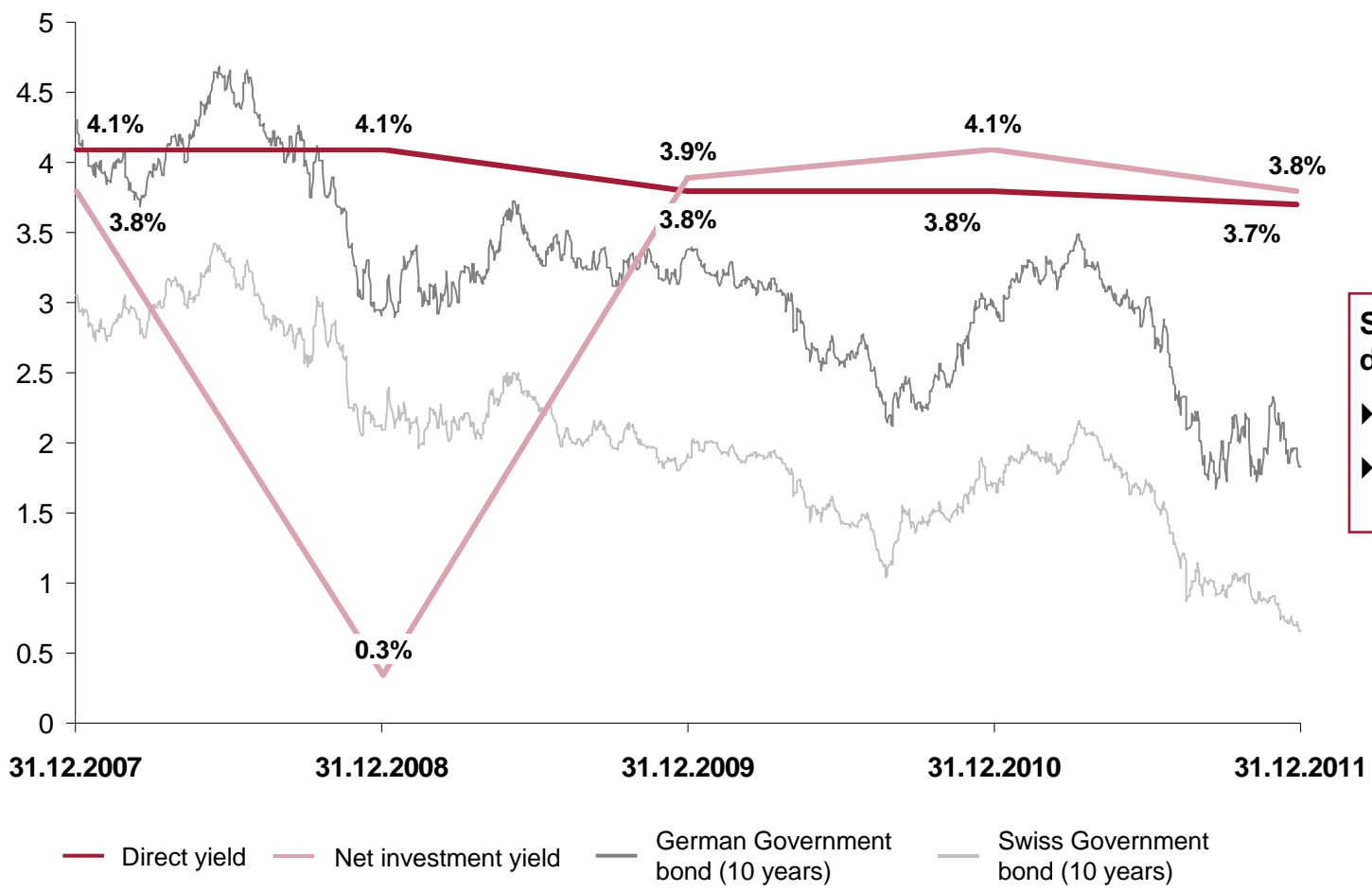


- SAA adjustments implemented:**
- Share of bonds, particularly corporates, and real estate increased at the expense of equities and hedge funds
  - Cash position reduced through improved liquidity management via repo transactions
  - Asset duration lengthened
  - FX and equity hedging in place



# Continued strong yields in decreasing interest rate environment

IFRS basis



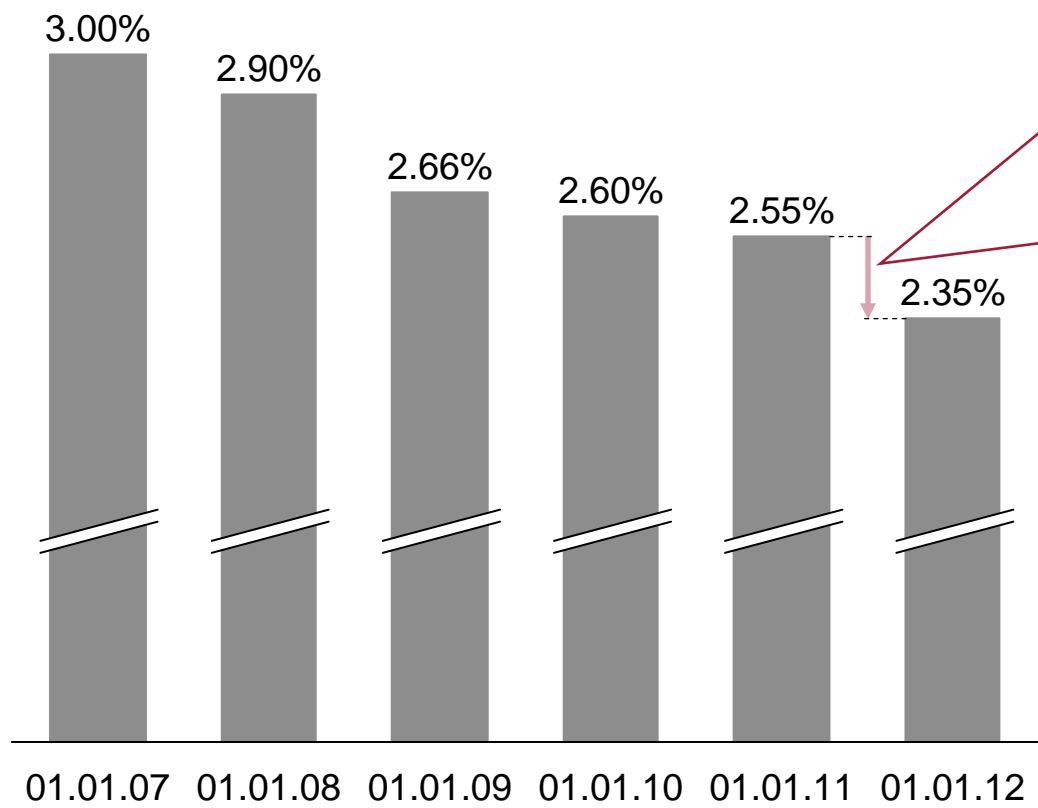
**SAA adjustments with desired effect to:**

- ▶ Maintain direct yield
- ▶ Increase stability of net investment result



# Average technical interest rate reduced by management actions and regulatory decisions

Statutory basis



- **Mandatory group life CH:**  
Reduction in minimum interest rate by 50 bps to 1.50% by Federal Council ~7 bps
  - **Non-mandatory group life CH:**  
Reduction in guaranteed rates by 25 bps to 1.25% by Swiss Life ~3 bps
  - **Reserve strengthening** ~4 bps
  - **Change of business mix** ~6 bps
- 
- Total** **20 bps**

# Profit by source demonstrates reduced dependency on investment result

CHF million; IFRS basis

	FY 2010 adjusted		FY 2011 adjusted	
Savings result	545	68%	477	56%
Risk result	333	42%	382	45%
Cost result	-192	-24%	-200	-23%
- <i>Thereof admin cost result gross<sup>1)</sup></i>	-9	-1%	29	3%
Fee result	134	17%	164	19%
Others & eliminations	-21	-3%	24	3%
<b>Segment result</b>	<b>799</b>	<b>100%</b>	<b>847</b>	<b>100%</b>
- Unallocated corporate costs	-48		-54	
<b>Profit from operations</b>	<b>751</b>		<b>793</b>	

1) gross = before policyholder participation

# MILESTONE: Swiss Life's response to the low interest rate environment

Comprehensive set of measures implemented over the course of last 2 years:

## Measures

### Asset side

- Enhance sustainable investment returns
- Preserve investment margin

- Solid and proven ALM: Duration gap kept below 1 year and significantly reduced interest rate sensitivity
- SAA adjusted: Share of bonds and real estate increased at the expense of equities and hedge funds
- FX and equity hedging in place
- ➔ **Maintain direct yield**

### Liability side

- Strengthen technical results
- Build up policyholder buffers

- In-force: Policyholder participation reduced
- Cost base significantly reduced
- Policyholder buffers and reserves strengthened
- New business: Share of risk products increased, dynamic product offerings management
- ➔ **Improve technical margins**

### Other

- Reduce dependency on investment income

- Fee income increased
- Successful shift towards modern products
- ➔ **Diversify profit sources towards fee business**

**Increased resilience of business model**

# Agenda

Overview

Financial results and  
MILESTONE update

→ **Wrap-up**

Bruno Pfister

Thomas Buess

**Bruno Pfister**

# Wrap-up

- Completion of the MILESTONE programme is top priority
- MILESTONE approach is part of our corporate DNA
- New plan to be presented at Investors' Day on 28 November 2012
- Focus on diversifying profit sources with goal of increasing fee and risk business

Thrusts are:

- ➔ Significantly increase customer orientation
- ➔ Modernise and develop product and service offering
- ➔ Enhance margin management
- ➔ Achieve further operational improvements

**Full-year results 2011**  
**Investors' presentation**  
**Supplementary information**



# Supplementary information

## → Profit and loss

Balance sheet

Investments

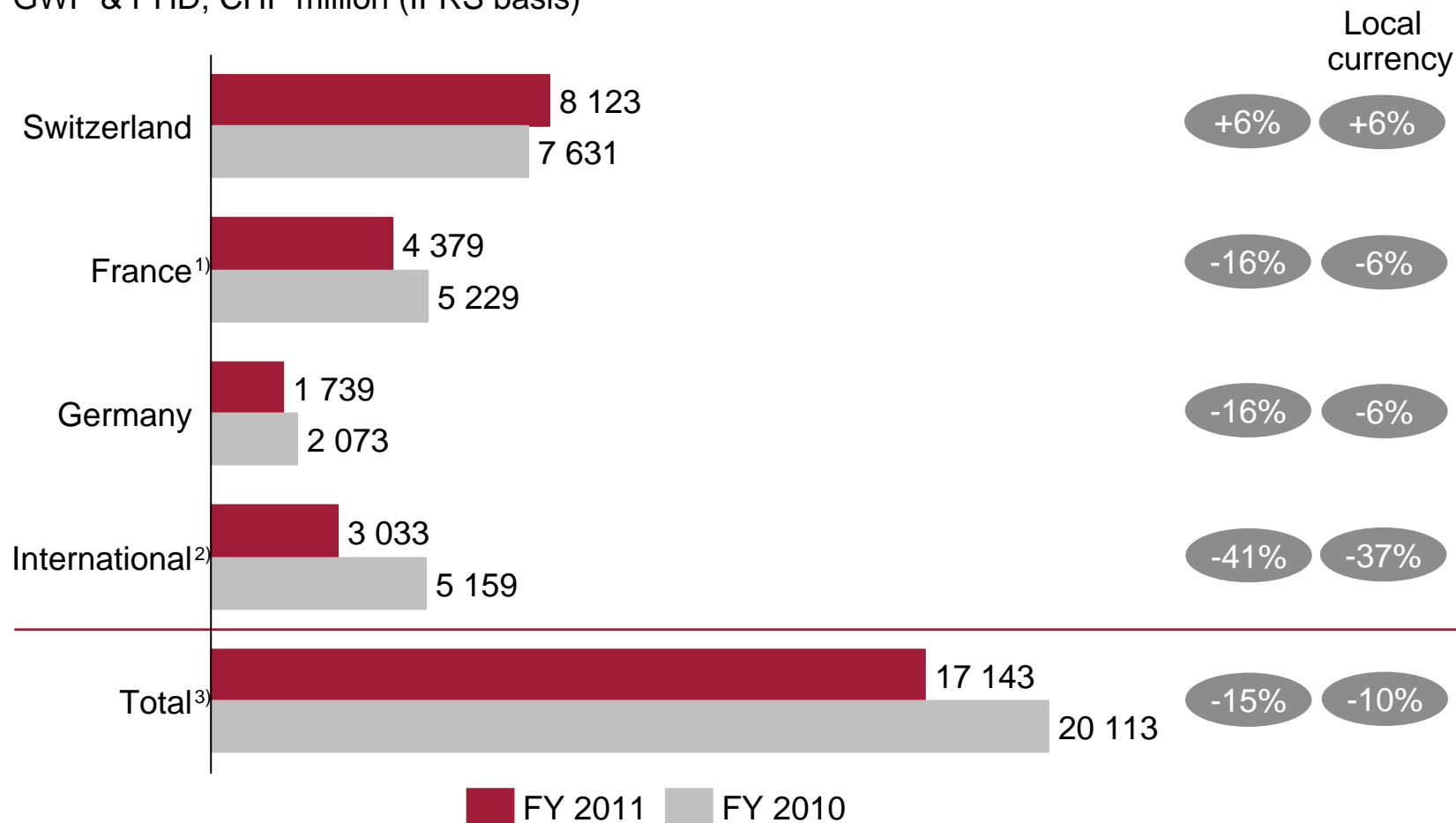
Market consistent embedded value (MCEV)

Contact details and financial calendar



# Premium growth

GWP & PHD; CHF million (IFRS basis)



1) Premium tax (CMU) of CHF 78 m in FY 2010 excluded

2) Includes Private Placement Life Insurance (PPLI), Corporate Solutions Luxembourg and Swiss Life Products

3) Total includes intersegment eliminations of CHF -167 m in FY 2011, CHF -26 m in FY 2010 and Payment Protection Insurance (PPI) of CHF 36 m in FY 2011, CHF 47 m in FY 2010

# Switzerland: Premium development

CHF million (IFRS basis)

	FY 2010	FY 2011	Change
<b>Total life GWP incl. PHD</b>	<b>7 631</b>	<b>8 123</b>	<b>+6%</b>
Single premiums	3 794	4 197	+11%
Periodic premiums	3 837	3 926	+2%
<b>Group life</b>	<b>6 014</b>	<b>6 542</b>	<b>+9%</b>
Single premiums	3 185	3 604	+13%
Periodic premiums	2 829	2 938	+4%
<b>Individual life</b>	<b>1 617</b>	<b>1 581</b>	<b>-2%</b>
Single premiums	609	593	-3%
Periodic premiums	1 008	988	-2%

# Switzerland: Statutory distribution ratio in BVG business

CHF million (statutory basis)

	FY 2008		FY 2009		FY 2010		FY 2011	
Gross revenue	505	100 %	2 192	100 %	2 041	100%	2 227	100 %
Total insurance benefits paid (incl. bonuses)	1 453	>100%	2 019	92.1%	1 896	92.9%	2 050	92.0%
Operating income BVG business	-948		173		145		177	
Operating income other group business	-135		33		20		36	
Operating income total group business	-1 083		206		165		213	



# Details of net investment result

CHF million (IFRS basis), insurance portfolio for own risk FY 2011

	Direct investment income	Impairments	Gains & losses through income statement			Net investment result
			On underlying	On derivatives	Net	
Bonds	2 990	-59	341	-69	272	3 203
Equities	70	-33	-51	-78	-129	-92
Loans	367		159		159	526
Mortgages	164	2	-4		-4	162
Alternative investments	3	-15	102	4	106	94
Real estate	586		513		513	1 099
Cash & other	2					2
<b>Total before FX</b>	<b>4 182</b>	<b>-105</b>	<b>1 060</b>	<b>-143</b>	<b>917</b>	<b>4 994</b>
FX hedging costs & gains/losses			22	-522	-500	-500
<b>Total after FX</b>	<b>4 182</b>	<b>-105</b>	<b>1 082</b>	<b>-665</b>	<b>417</b>	<b>4 494</b>
Expenses						-231
<b>Net investment result</b>						<b>4 263</b>

Net capital gains/losses  
on investments of **312**

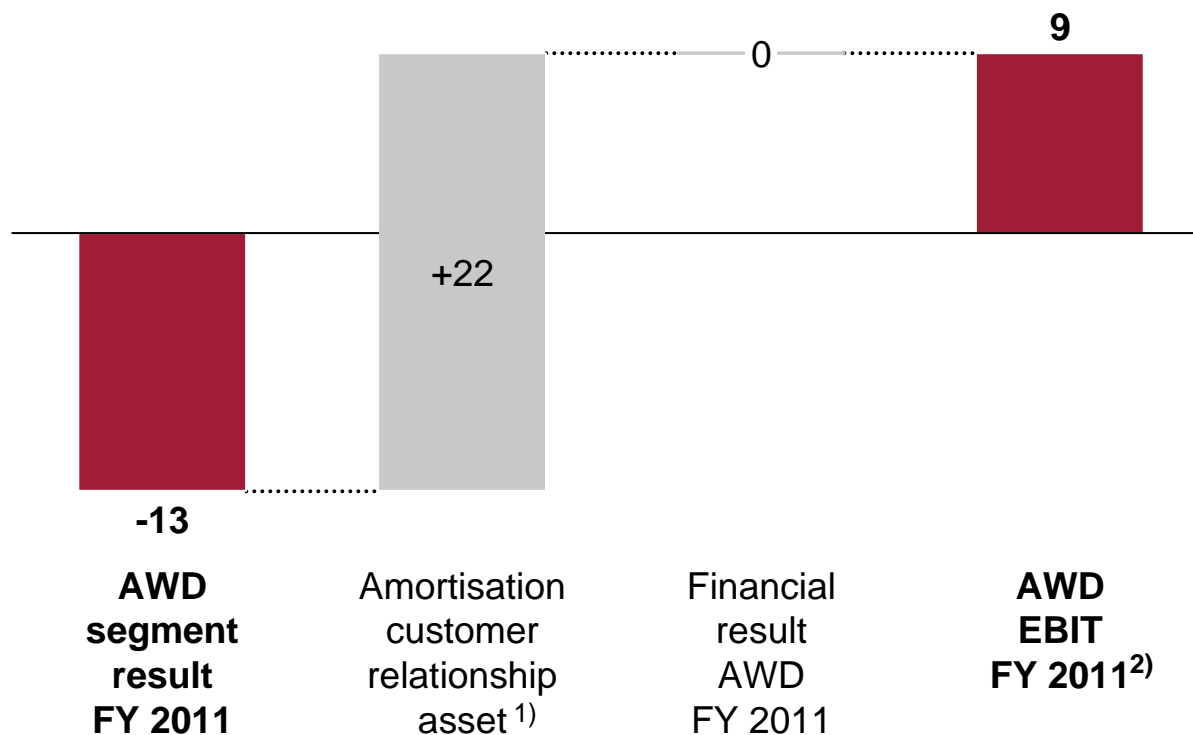
# Operating result

Segment results; CHF million (IFRS basis)

	FY 2010	FY 2011
Insurance	648	648
of which - Switzerland	491	476
- France	82	124
- Germany	102	58
- International	-27	-10
Investment Management	103	130
AWD	43	-13
Other & eliminations	-52	-12
Unallocated corporate costs	-48	-54
<b>Profit from operations</b>	<b>694</b>	<b>699</b>

# Reconciliation AWD segment result to AWD EBIT

CHF million (IFRS basis)



1) Annual amortisation: EUR 18.0 m

2) AWD EBIT FY 2011: EUR 7.0 m

# Goodwill impairment test AWD

## IAS 36 Impairment of Assets:

No impairment loss to be recognised if the recoverable amount exceeds the carrying amount of a cash-generating unit



- Goodwill impairment tests are performed on an annual basis or more frequently if there are indications of impairment
- The headroom by which the recoverable amount exceeded the carrying amount of AWD amounted to approximately CHF 270 million as at 31.12.2011

## Recoverable amount:

The determination of the recoverable amount requires assumptions about:

- Pre-tax cash flows based on mid-term planning
- Cost of capital (WACC), pre-tax
- Growth rate used to extrapolate the cash flow projection (e.g. 1%)

- The model used for the calculation of the recoverable amount of AWD has been refined and the discount rate has been adjusted to reflect lower interest rates WACC 2011: 9.4% (10.7% in 2010)
- If AWD were to achieve an annual growth rate on operating earnings (EUR 54.2 m in 2011) of ~6% over the next 5 years, the recoverable amount would equal the carrying amount as at 31.12.2011



# Change analysis of adjusted profit from operations

Segment results adjusted<sup>1)</sup>; CHF million (IFRS basis)

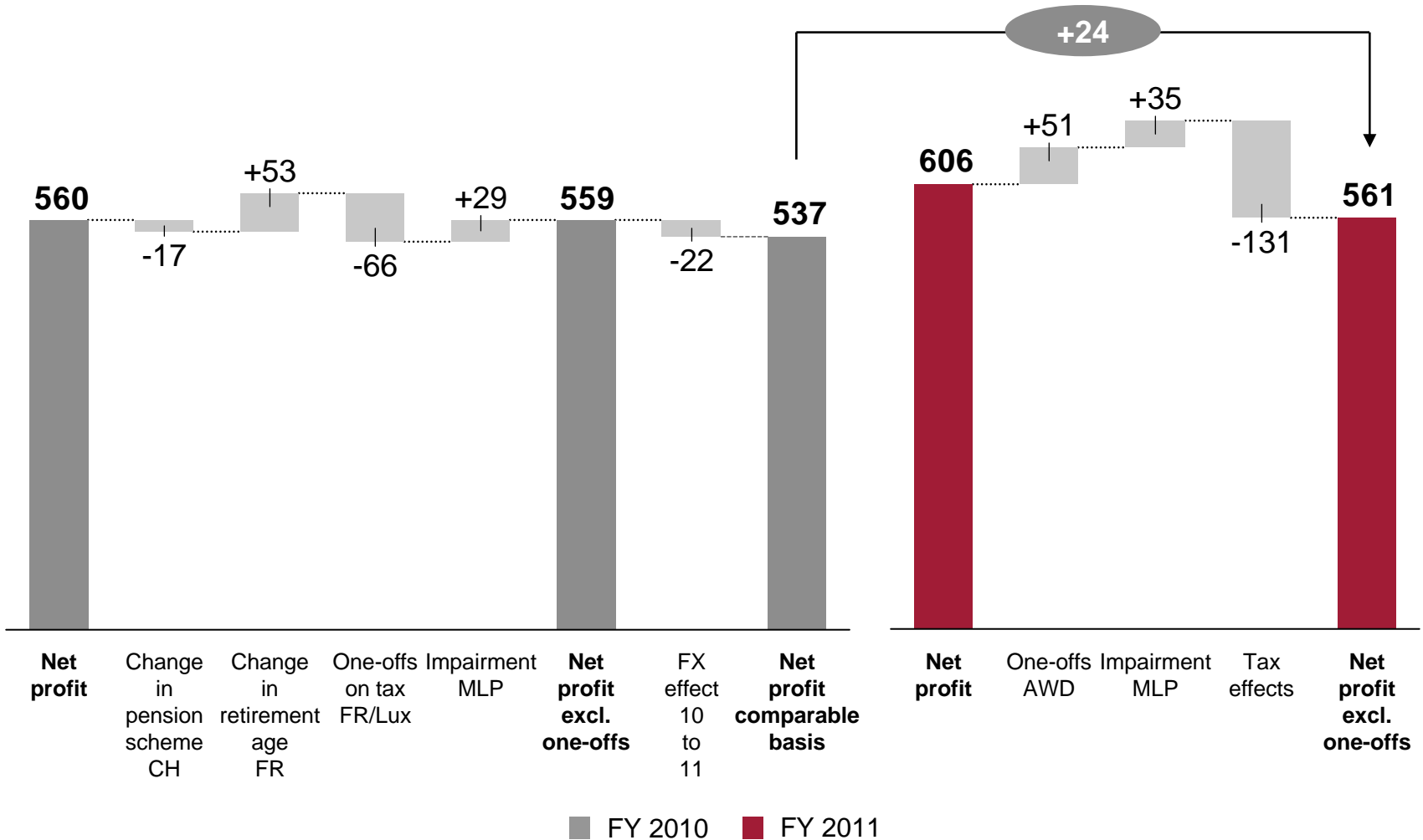
	FY 2010 adjusted	FY 2011 adjusted	Change
<b>Insurance business</b>	<b>705</b>	<b>658</b>	<b>-47</b>
Switzerland	469	476	
France	145	124	
Germany	91	58	
<b>Fee business</b>	<b>116</b>	<b>165</b>	<b>+49</b>
Investment Management	104	130	
AWD	38	45	
Insurance International	-26	-10	
<b>Unallocated corp. costs and others</b>	<b>-70</b>	<b>-30</b>	<b>+40</b>
<b>Profit from operations</b>	<b>751</b>	<b>793</b>	<b>+42</b>

**Profit improvement mainly due to operational progress in line with MILESTONE execution**

1) Adjusted for major one-offs and for EUR/CHF FX effects in FY 2010

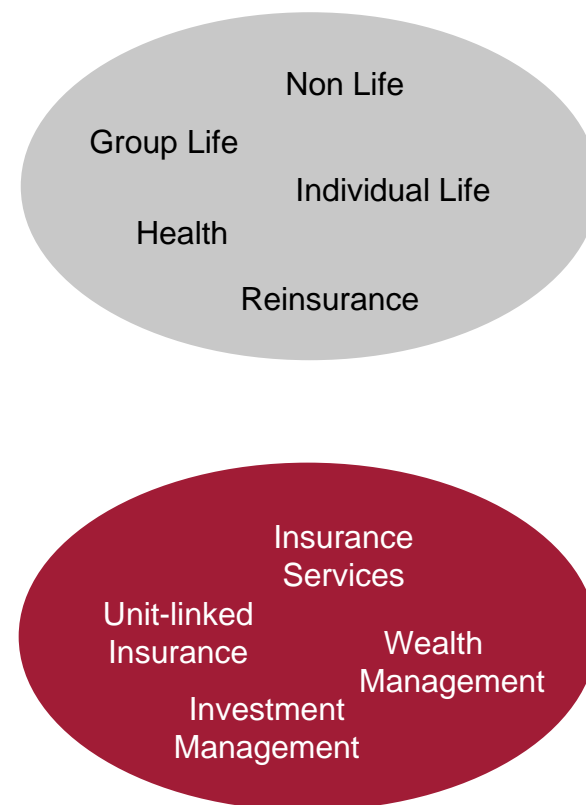
# Net result 2010 and 2011 excluding major one-off effects

CHF million (IFRS basis)



# Profit by source: Structure and scope

<b>Savings result</b>	<ul style="list-style-type: none"> <li>+ Income from investments<sup>1)</sup></li> <li>+ Income from savings premiums</li> <li>– Expense related to savings process</li> <li>– Technical interests<sup>2)</sup></li> <li>= Investment spread</li> <li>– Policyholder participation</li> <li>= <b>Net savings result</b></li> </ul>
<b>Risk result</b> (incl. reinsurance)	<ul style="list-style-type: none"> <li>+ Income from risk premiums</li> <li>– Expense related to risk<sup>3)</sup></li> <li>= Gross risk result</li> <li>– Policyholder participation</li> <li>= <b>Net risk result</b></li> </ul>
<b>Cost result</b>	<ul style="list-style-type: none"> <li>+ Income from cost premiums</li> <li>– Expense related to costs</li> <li>= Gross cost result<sup>4)</sup></li> <li>– Policyholder participation</li> <li>= <b>Net cost result</b></li> </ul>
<b>Fee result</b>	<ul style="list-style-type: none"> <li>+ Income related to fee business</li> <li>– Expense related to fee business</li> <li>= <b>Fee result</b></li> </ul>



1) Income from invested insurance assets (incl. also IFRS P&L capital gains & losses and impairments)

2) Interests on insurance liabilities

3) Incurred claims incl. change in reserves

4) Acquisition cost result (incl. net DAC effect) plus administration cost result both before policyholder participation

## Supplementary information

Profit and loss

→ **Balance sheet**

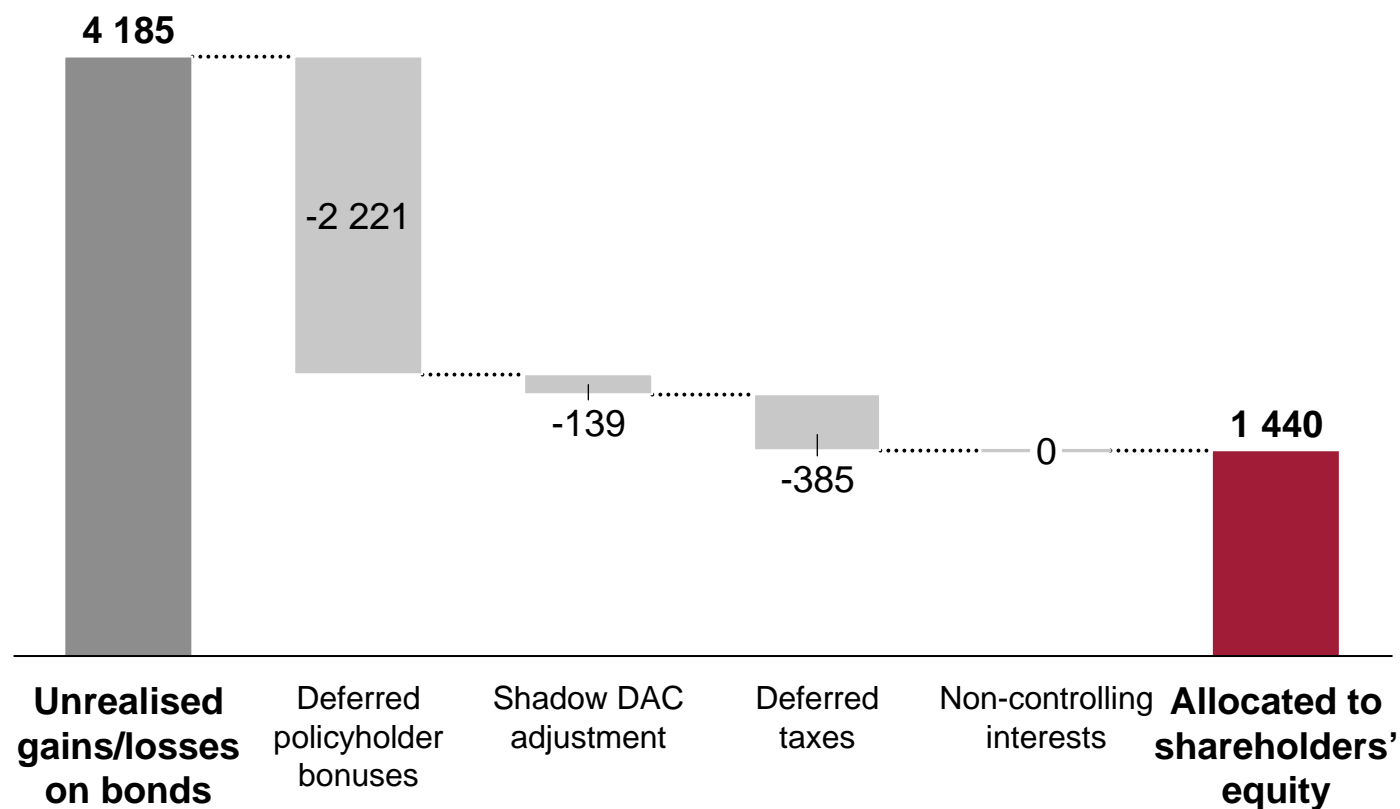
Investments

Market consistent embedded value (MCEV)

Contact details and financial calendar

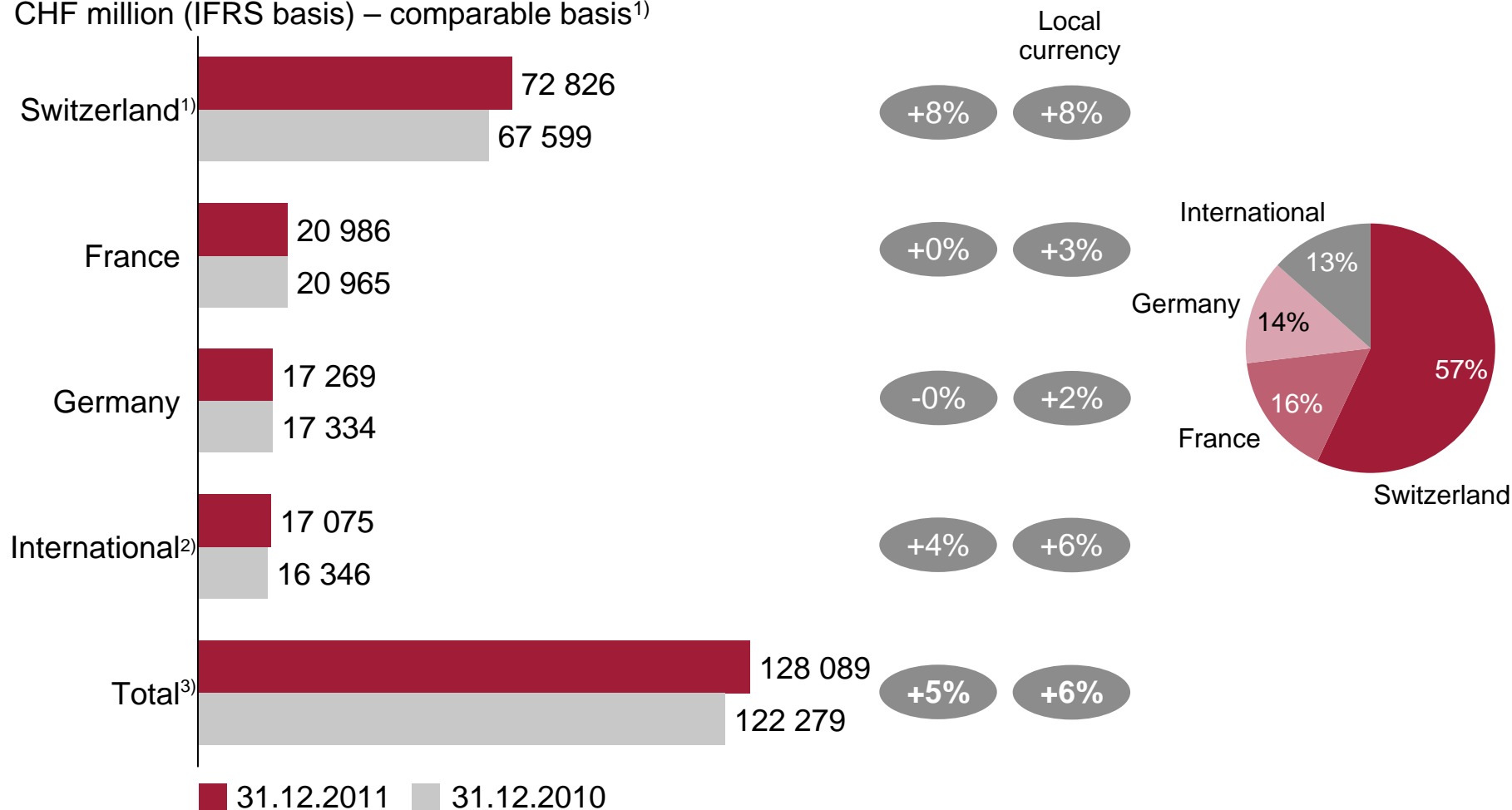
# Allocation of unrealised gains/losses on bonds

CHF million (IFRS basis)



# Insurance reserves by country

CHF million (IFRS basis) – comparable basis<sup>1)</sup>



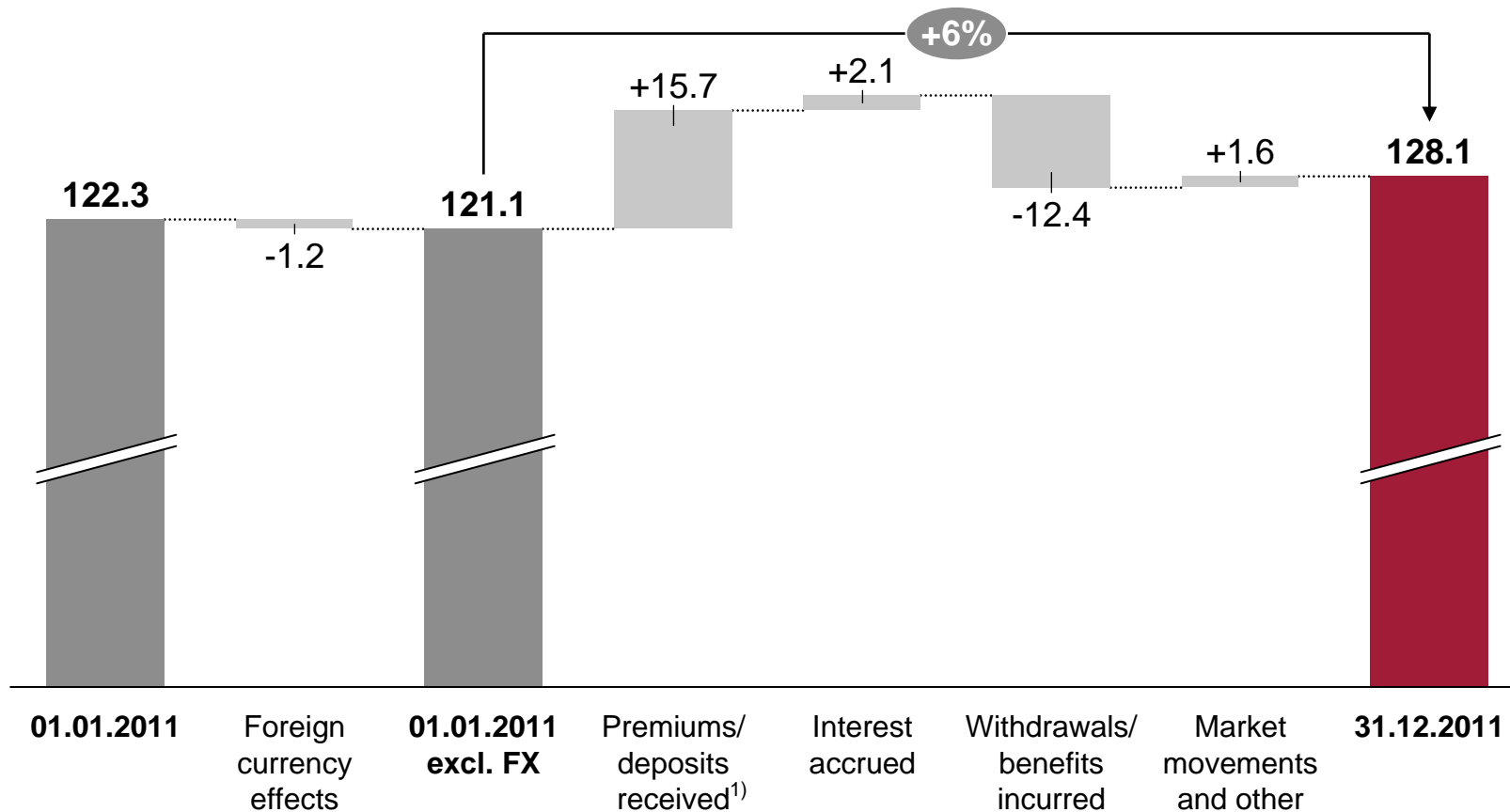
1) Includes insurance reserves Nationale Suisse portfolio of CHF 1.7 bn in 2011

2) Includes Private Placement Life Insurance (PPLI), Corporate Solutions Luxembourg (CS) and Swiss Life Products

3) Total includes intersegment eliminations of CHF -120 m in FY 2011 and CHF -27 m in FY 2010; and PPI of CHF 53 m in FY 2011, CHF 62 m in FY 2010

# Insurance reserves roll-forward 2011

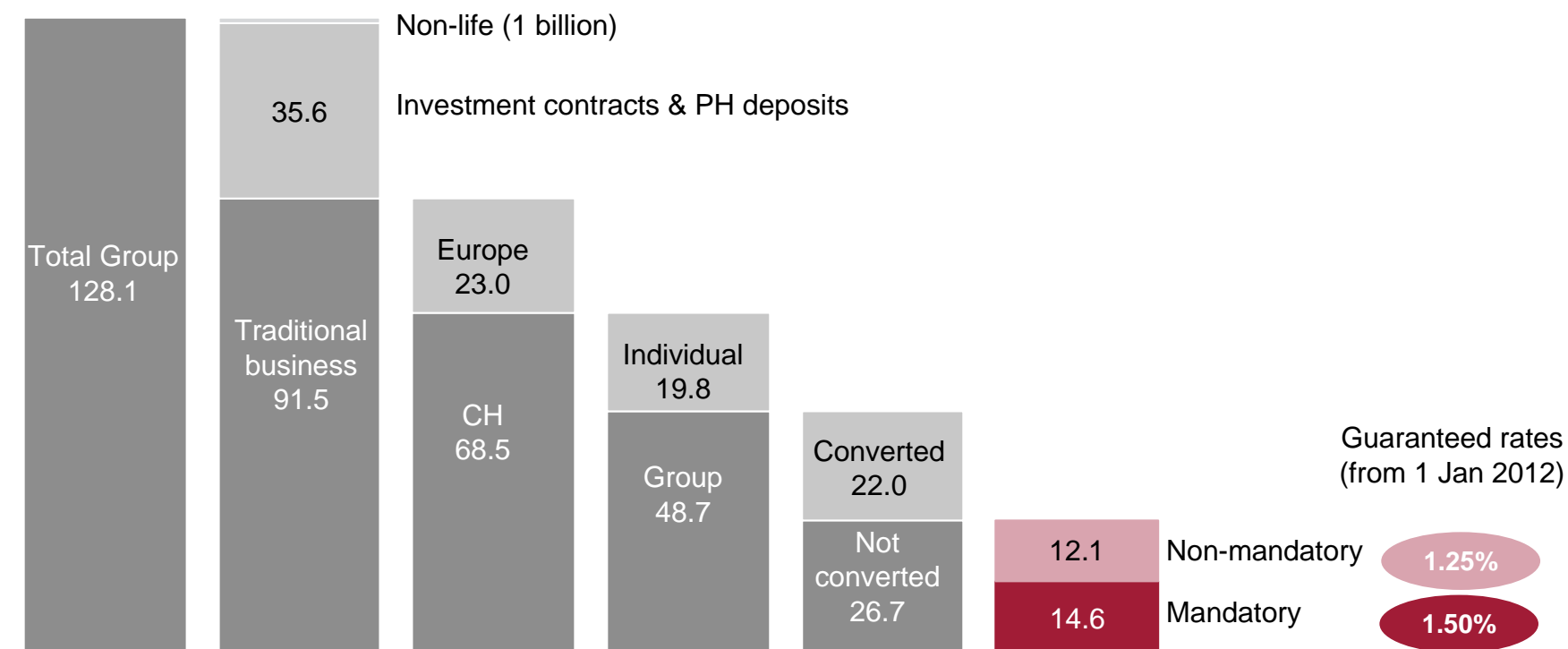
CHF billion (IFRS basis)



1) Includes entry of insurance reserves Nationale Suisse portfolio of CHF 1.7 bn in 2011

# Swiss Life Group reserves subject to BVG minimum interest rates

Breakdown of insurance reserves (incl. unit-linked) as per 31.12.2011;  
CHF billion (IFRS basis)





# Average technical interest rate of 2.35%

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

	CHF	EUR	USD	GBP
Total reserves	66 329	25 048	108	8
Average technical interest rate	2.17%	2.74%	3.30%	3.49%

Overall: 2.35%  
(01.01.2011: 2.55%)

# Group solvency

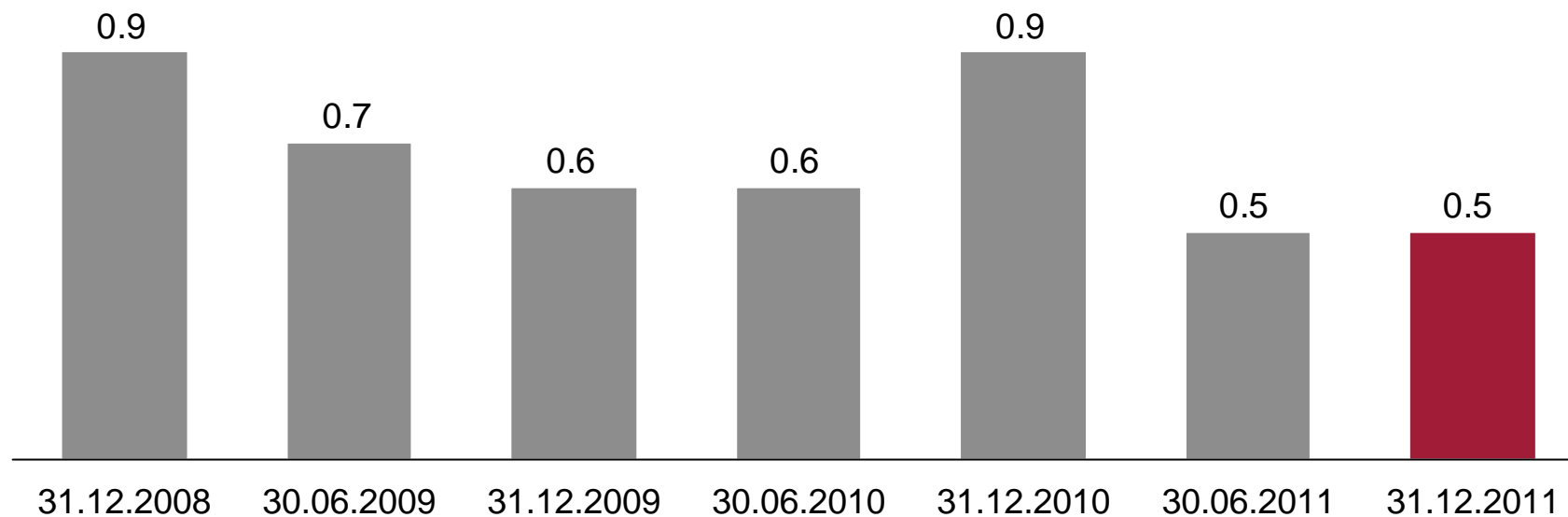
CHF million (IFRS basis)

	31.12.2010	31.12.2011
<b>Available solvency margin</b>		
IFRS equity (incl. minority interests)	7 437	9 162
Eligible part of hybrid capital <sup>1)</sup>	2 016	2 384
Unattributed surplus	722	750
Goodwill and other intangible assets	-1 948	-1 905
DAC non-life	-60	-72
Dividends and par value reduction	-144	-144
Tax losses	-14	-9
<b>Total available solvency margin</b>	<b>8 009</b>	<b>10 166</b>
<b>Total required solvency margin</b>	<b>4 653</b>	<b>4 768</b>
<b>Solvency ratio</b>	<b>172%</b>	<b>213%</b>

1) Limited to 50% of the required solvency margin

# Total weighted duration gap<sup>1)</sup>

in %



1) Explains the linear change in risk bearing capital due to a parallel shift of the underlying interest rate curve in percentage of the present value of insurance liabilities

## Supplementary information

Profit and loss

Balance sheet

→ **Investments**

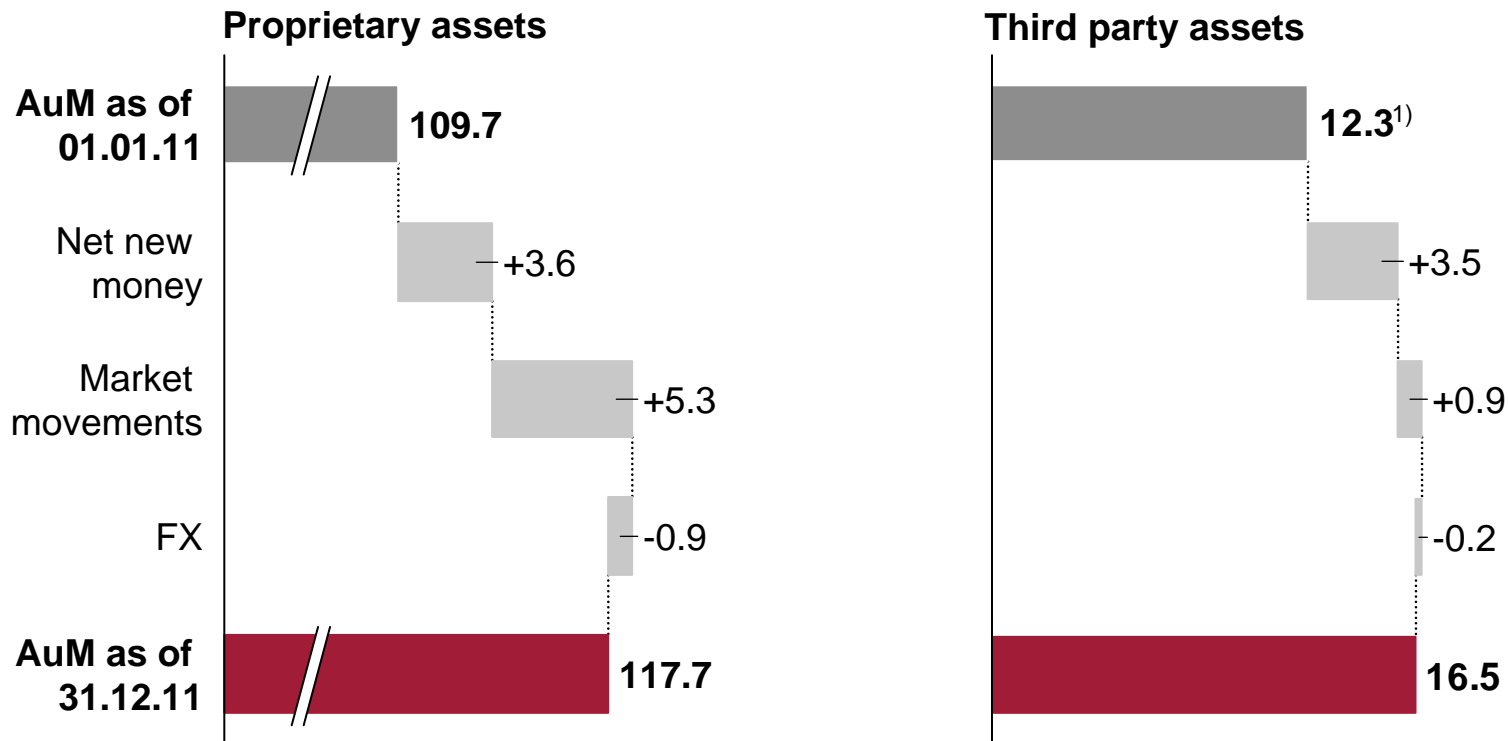
Market consistent embedded value (MCEV)

Contact details and financial calendar

# Business review Investment Management: Change analysis of assets under management



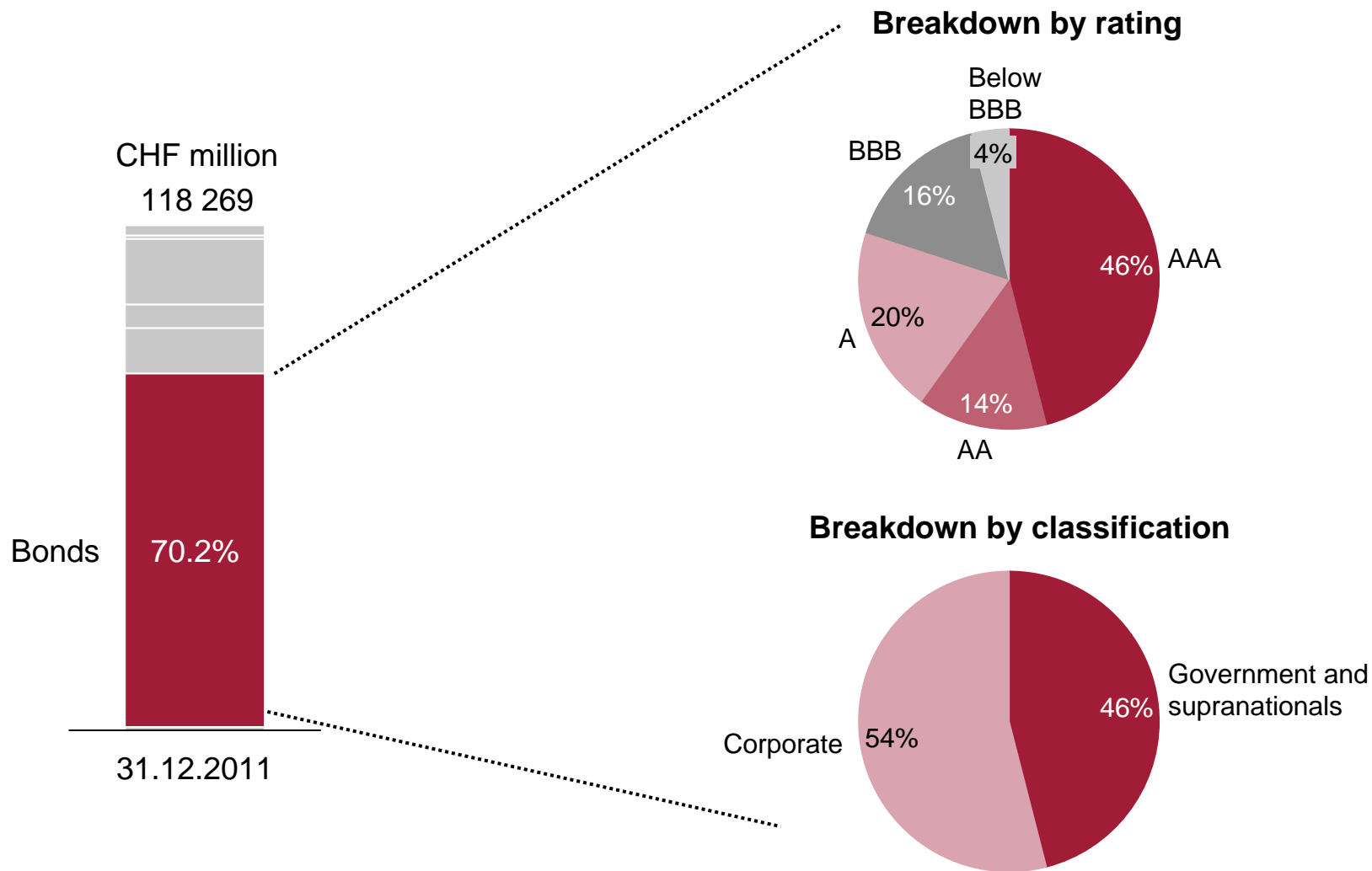
CHF billion (fair value basis)



1) Restated due to model change

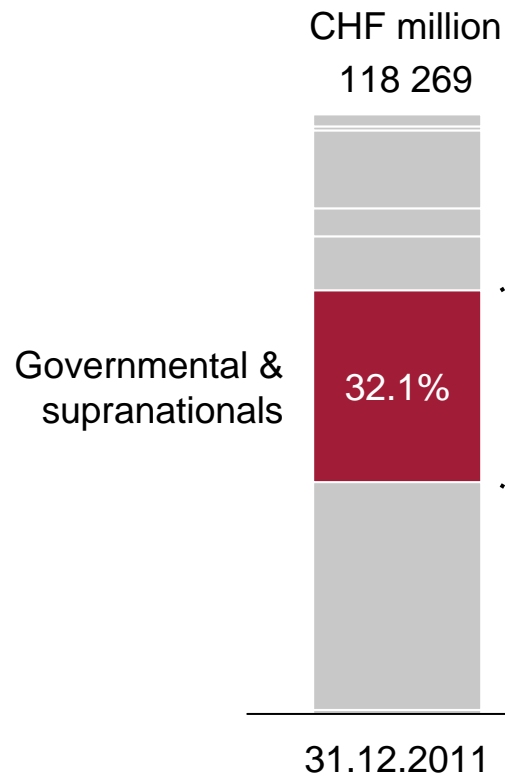
# Bond portfolio: Ratings and classification

Insurance portfolio (fair value basis)

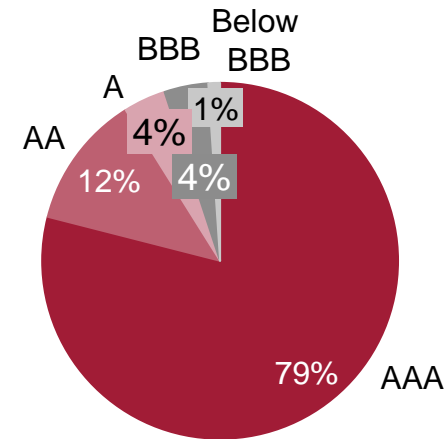


# Government and supranational bond portfolio: Ratings and currency

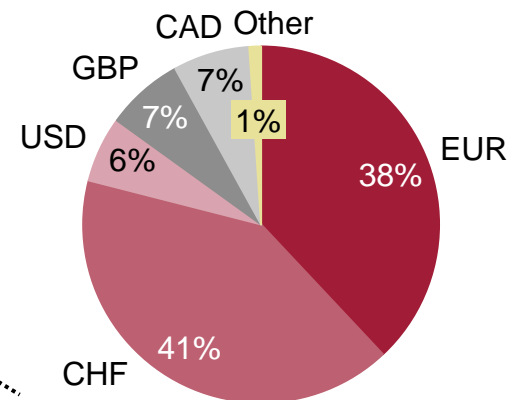
Insurance portfolio (fair value basis)



Breakdown by rating

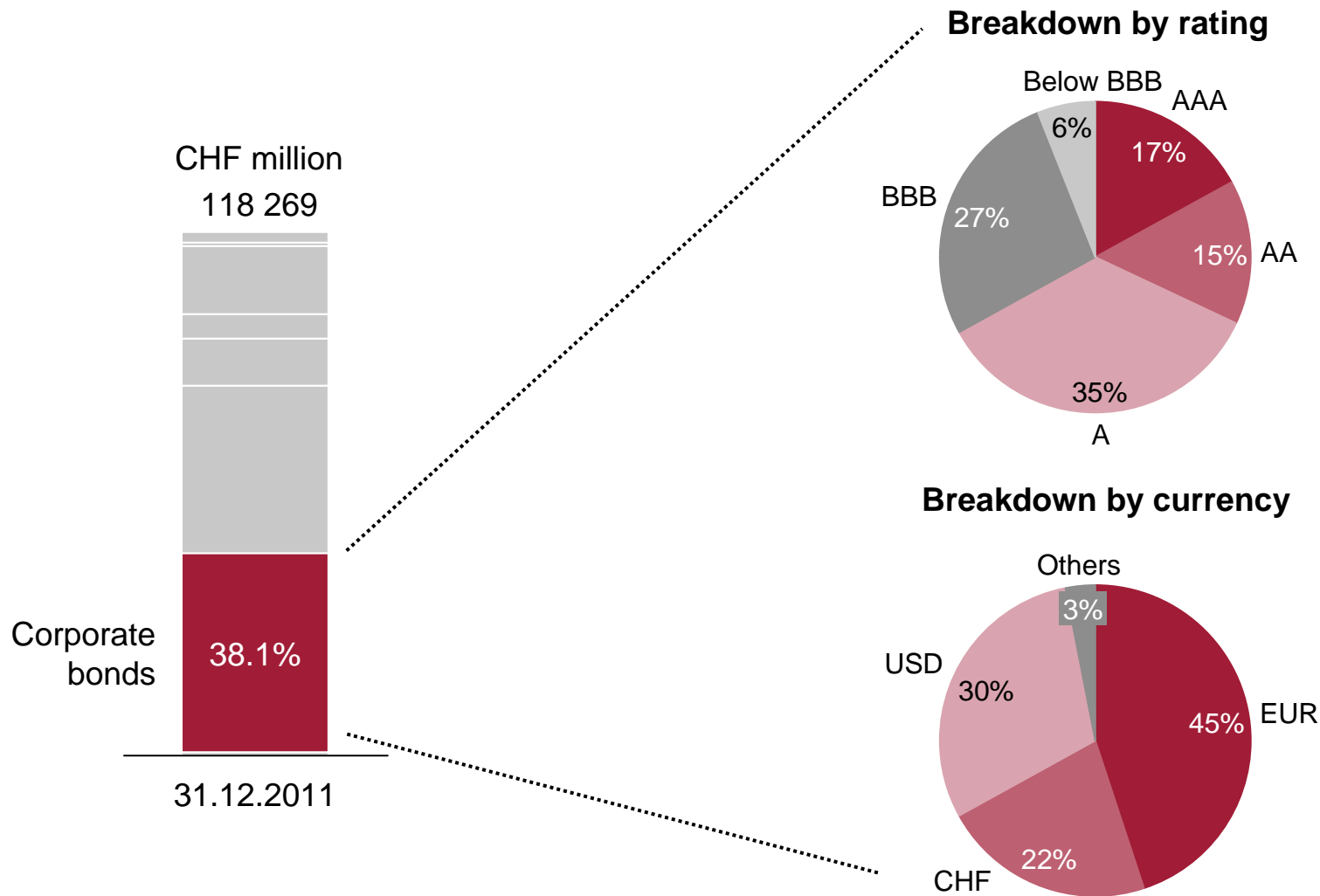


Breakdown by currency



# Corporate bond portfolio: Ratings and currency

Insurance portfolio (fair value basis)







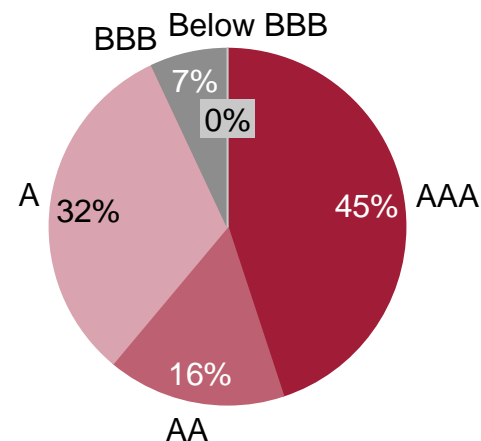
# Corporate bond portfolio: Industry split

Corporate bond portfolio (fair value basis), as per FY 2011, 38.1% of insurance portfolio (CHF 45.1 bn)

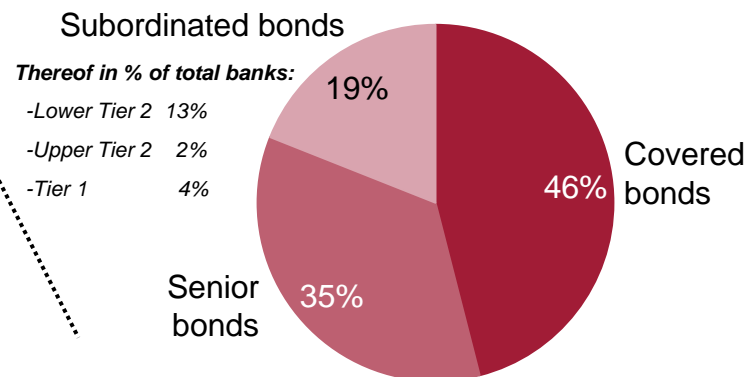
## Breakdown by industry

	% of total corporate bond portfolio
Banks	35%
Other financials	5%
Utilities	10%
Industrial	8%
Consumer non-cyclical	9%
Energy	7%
Communication	7%
Consumer discretionary	5%
Health	4%
Other	10%
<b>Total</b>	<b>100%</b>

## Breakdown by rating

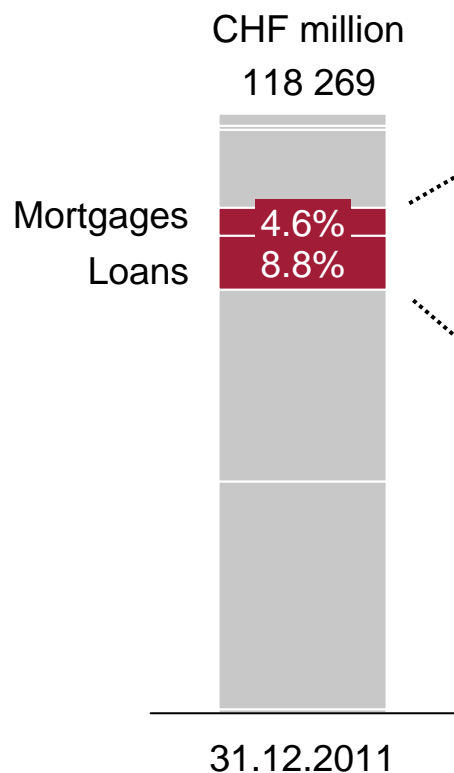


## Breakdown by structure

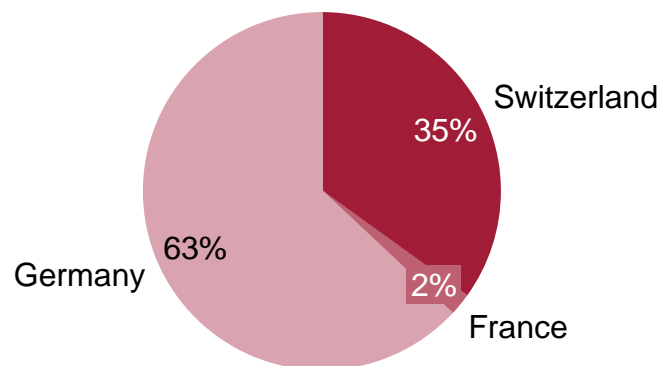


# Loan and mortgage portfolio

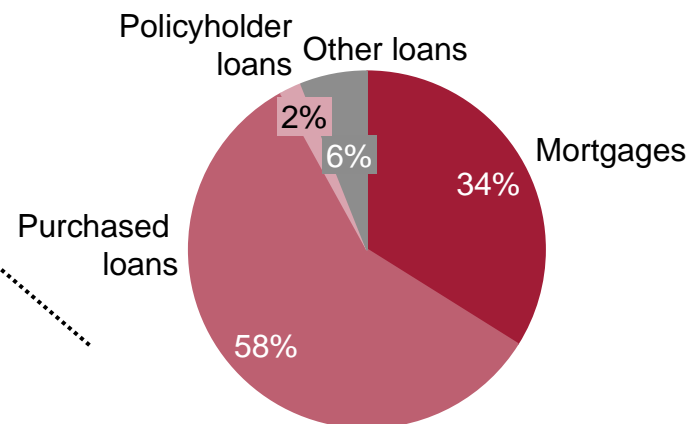
Insurance portfolio (fair value basis)



Breakdown by country

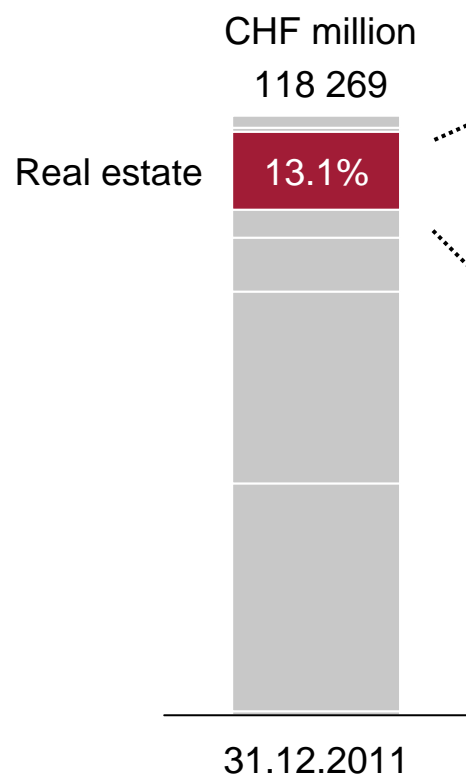


Breakdown by type

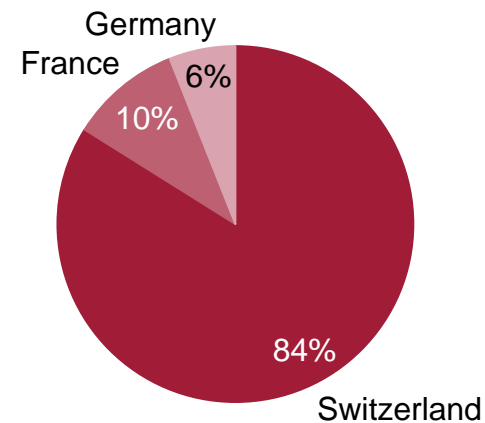


# Real estate portfolio

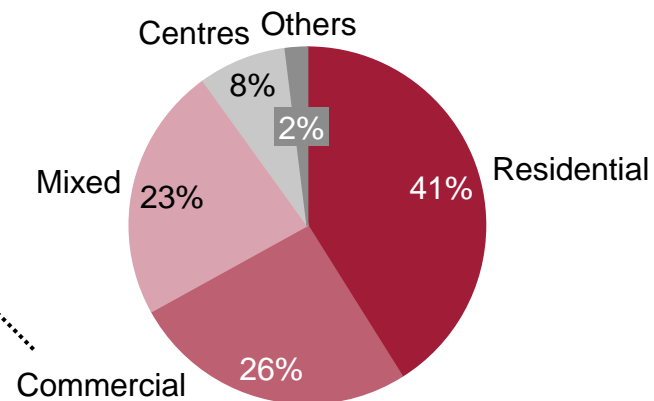
Insurance portfolio (fair value basis)



## Breakdown by country

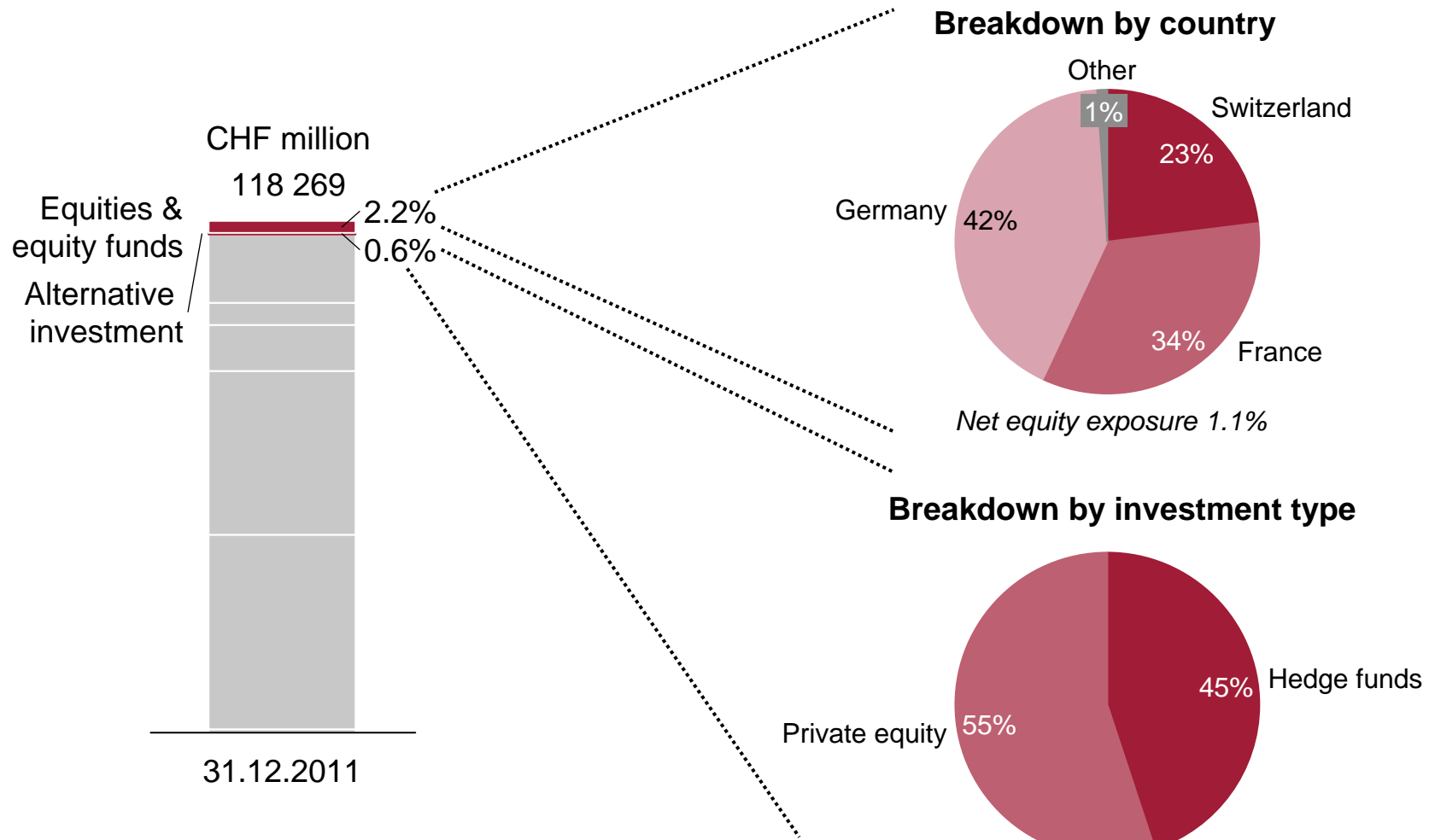


## Breakdown by type



# Equities and alternative investment portfolio: Gross exposure

Insurance portfolio (fair value basis)



# Forex and interest rates

## Foreign currency exchange rates

	31.12.10	30.06.11	31.12.11	01.01.-31.12.10	01.01.-31.12.11
EUR	1.2483	1.2217	1.2166	1.3827	1.2345
GBP	1.4560	1.3528	1.4559	1.6111	1.4221
USD	0.9339	0.8420	0.9388	1.0423	0.8866

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

	31.12.10	30.06.11	31.12.11
CHF	1.716	1.732	0.663
EUR	2.963	3.025	1.829
GBP	3.396	3.380	1.977
USD	3.294	3.160	1.876

1) 10-year government bond

## Supplementary information

Profit and loss

Balance sheet

Investments

→ **Market consistent embedded value (MCEV)**

Contact details and financial calendar



# Value of new business

CHF million (MCEV)

	Switzer-land	France	Germany	Internation-al	Total
Value of new business	10	80	30	30	150
New business strain	-52	-62	-8	-5	-127
VNB before new business strain	62	142	38	35	277
Annual premiums	164	375	117	4	659
Single premiums	1 437	1 550	323	2 791	6 101
Present value of new premiums (PVNBP)	3 875	4 478	1 739	2 822	12 914
Average annual premium multiplier	14.9	7.8	12.1	7.9	10.3
New business annual premium equivalent (APE)	307	530	150	283	1 269
change from FY 2010	+0%	-10%	-8%	-34%	-15%
New business margin (% PVNBP)	0.3%	1.8%	1.7%	1.1%	1.2%
change from FY 2010	-50 bps	+10 bps	-70 bps	-20 bps	-30 bps
New business margin (% APE)	3.4%	15.2%	19.8%	10.7%	11.9%
change from FY 2010	-640 bps	+100 bps	-530 bps	-200 bps	-220 bps

# Economic assumptions

## Swap rates

Economy	1 year	2 year	5 year	10 year	15 year	30 year
Switzerland	0.03%	0.09%	0.58%	1.24%	1.48%	1.47%
Eurozone	1.42%	1.32%	1.73%	2.37%	2.67%	2.56%
USA	0.67%	0.72%	1.22%	2.02%	2.37%	2.59%

## Forward inflation rates

Economy	Year 1	Year 2	Year 5	Year 10	Year 15	Year 30
Switzerland	0.0%	0.0%	0.8%	1.5%	1.3%	1.2%
Eurozone	1.6%	0.6%	0.7%	1.6%	1.9%	2.5%

## Swaption implied volatilities (tenor: 20 years for EUR and USD, 10 years for CHF)

Economy	1 year option	2 year option	5 year option	10 year option	15 year option	30 year option
Switzerland	53.3%	47.3%	39.5%	45.3%	45.2%	31.4%
Eurozone	38.5%	35.3%	30.3%	28.7%	29.3%	23.3%
USA	40.2%	36.9%	32.2%	28.4%	27.4%	32.8%

## Equity option implied volatilities

Economy	Index	Volatility
Switzerland	SMI	22.2%
Eurozone	EuroStoxx 50	27.2%
USA	S&P 500	30.7%

## Real estate volatilities

Economy	Volatility
Switzerland	8.0%
Eurozone	13.0%



# Cautionary statement regarding forward-looking information



This presentation is made by Swiss Life and may not be copied, altered, offered, sold or otherwise distributed to any other person by any recipient without the consent of Swiss Life. Although all reasonable effort has been made to ensure the facts stated herein are accurate and that the opinions contained herein are fair and reasonable, this document is selective in nature and is intended to provide an introduction to, and overview of, the business of Swiss Life. Where any information and statistics are quoted from any external source, such information or statistics should not be interpreted as having been adopted or endorsed by Swiss Life as being accurate. Neither Swiss Life nor any of its directors, officers, employees and advisors nor any other person shall have any liability whatsoever for loss howsoever arising, directly or indirectly, from any use of this information. The facts and information contained herein are as up to date as is reasonably possible and may be subject to revision in the future. Neither Swiss Life nor any of its directors, officers, employees or advisors nor any other person makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this presentation. Neither Swiss Life nor any of its directors, officers, employees and advisors nor any other person shall have any liability whatsoever for loss howsoever arising, directly or indirectly, from any use of this presentation. This presentation may contain projections or other forward-looking statements related to Swiss Life that involve risks and uncertainties. Readers are cautioned that these statements are only projections and may differ materially from actual future results or events. All forward-looking statements are based on information available to Swiss Life on the date of its posting and Swiss Life assumes no obligation to update such statements unless otherwise required by applicable law. This presentation does not constitute an offer or invitation to subscribe for, or purchase, any shares of Swiss Life.

## Supplementary information

Profit and loss

Balance sheet

Investments

Market consistent embedded value (MCEV)

→ **Contact details and financial calendar**

# Contact details and financial calendar

## Contact

Robert Moser  
Head of Investor Relations

Phone +41 (43) 284 67 67  
E-mail [robert.moser@swisslife.ch](mailto:robert.moser@swisslife.ch)

Rolf Winter  
Senior Investor Relations Manager

Phone +41 (43) 284 49 19  
E-mail [rolf.winter@swisslife.ch](mailto:rolf.winter@swisslife.ch)

## Financial calendar

Annual General Meeting  
Interim statement Q1  
Half-year Results 2012  
Investors' Day

19 April 2012  
8 May 2012  
17 August 2012  
28 November 2012

Visit our website for up-to-date information  
[www.swisslife.com](http://www.swisslife.com)