

# **Half-year results 2010 Investors' presentation**

**Zurich, 18 August 2010**

# Agenda

## → Overview

Financial results and  
MILESTONE update

Outlook

**Bruno Pfister**

Thomas Buess

Bruno Pfister

# Highlights:

## Key performance metrics further improved

- Net result increased to CHF 269 m from CHF 139 m at HY09
- Operating expenses further reduced by 8% in line with our MILESTONE targets
- Premium growth at 20% in local currency
- Good net investment result remains at 1.8%
- IFRS equity up 7% to CHF 7.7 bn vs FY 2009
- Group solvency improved to 175% from 164% at FY 2009
- Share of modern and risk products in new business at 72%; already above 2012 target
- AWD's local EBIT strongly improved to EUR 20.4 m from EUR -10.3 m as restructuring measures paid off
- VNB margin maintained at year-end level of 0.9%, despite lower interest rates
- Return on equity at 7.3%

# Key figures

HY 2010 vs HY 2009

Net profit	➔	CHF 269 m	+94%
Result from operations	➔	CHF 415 m	+65%
New business margin (% PVNBP)	➔	0.9%	-0.3 pts
GWP incl. PHD	➔	CHF 12.2 bn	+20% <sup>1)</sup>
Shareholders' equity	➔	CHF 7.7 bn	+7%
Group solvency	➔	175%	+11 pts

1) Local currency

# Agenda

Overview

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Outlook

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# Income statement

CHF million (IFRS basis)

<b>Continuing operations</b>	<b>HY 2009</b>	<b>HY 2010</b>
Gross written premiums, fees and deposits received	10 387	12 241
Commission income	450	467
Financial result for own risk	2 122	2 155
Net insurance benefits and claims	-7 446	-7 627
Policyholder participation	-651	-762
Operating expense	-1 646	-1 574
<b>Profit from operations</b>	<b>251</b>	<b>415</b>
Borrowing costs	-81	-54
Share of results of associates	6	2
Income tax expense	-4	-94
<b>Net profit from continuing operations</b>	<b>172</b>	<b>269</b>
Net result from discontinued operations	-33	-
<b>Net profit</b>	<b>139</b>	<b>269</b>
Earnings per share (in CHF) <sup>1)</sup>	4.56	8.36

1) Diluted, based on 32 022 677 shares in HY 2010 and 31 301 745 shares in HY 2009

# Business review Insurance Switzerland

CHF million (IFRS basis, MCEV)

	HY 2009	HY 2010	Change	
GWP incl. PHD	5 334	5 285	-1%	<ul style="list-style-type: none"> <li>GL: Stable premiums vs market +2%, periodic premiums up due to lower lapses, lower single premiums</li> <li>IL: -8% vs market -4%, effect of focus on margins</li> </ul>
Operating expense adjusted <sup>1)</sup>	-228	-206	-10%	<ul style="list-style-type: none"> <li>Continued impact of cost savings initiatives</li> </ul>
Segment result	193	282	+46%	<ul style="list-style-type: none"> <li>Operating improvements, good investment and stable risk result</li> </ul>
New business volume (PVNBP)	2 583	1 916	-26%	<ul style="list-style-type: none"> <li>+4% after premium recognition adjustment for HY 2009</li> </ul>
New business margin (% PVNBP)	1.5%	0.6%	-0.9 pts	<ul style="list-style-type: none"> <li>Positive: Costs reduction, adjustment of conditions in IL, improved biometric experience</li> <li>Negative: lower interest rates, removal of liquidity premium</li> </ul>

1) Excluding unallocated corporate costs



# Business review Insurance France

EUR million (IFRS basis, MCEV)

	HY 2009	HY 2010	Change	
GWP incl. PHD	1 676	1 971	+18%	<ul style="list-style-type: none"> <li>Driven by life +36% (market +8%), while health remains stable</li> <li>UL share at 22% (market 13%)</li> </ul>
Operating expense adjusted <sup>1)</sup>	-144	-146	+1%	<ul style="list-style-type: none"> <li>Cost increase lower than business growth</li> </ul>
Segment result	46	33	-28%	<ul style="list-style-type: none"> <li>Lower financial result</li> </ul>
New business volume (PVNBP)	1 273	1 849	+45%	<ul style="list-style-type: none"> <li>Increased sales in life and change to MCEV for health</li> </ul>
New business margin (% PVNBP)	1.0%	0.6%	-0.4 pts	<ul style="list-style-type: none"> <li>Positive contribution by increased share of UL offset by lower share of risk products</li> <li>Adverse economic environment and removal of liquidity premium with negative impact</li> </ul>

1) Excluding unallocated corporate costs



# Business review Insurance Germany

EUR million (IFRS basis, MCEV)

	HY 2009	HY 2010	Change	
GWP incl. PHD	645	736	+14%	▪ Growth slightly above market mainly due to disability and immediate annuity products
Operating expense adjusted <sup>1)</sup>	-56	-53	-5%	▪ Impact of first MILESTONE cost savings initiatives
Segment result	20	45	+125%	▪ Mainly due to higher financial result
New business volume (PVNBP)	416	634	+52%	▪ Increased sales volume
New business margin (% PVNBP)	1.3%	1.4%	+0.1 ppts	▪ Improved margins due to lower policyholder attribution and higher share of risk products

1) Excluding unallocated corporate costs

# Business review Insurance Other<sup>1)</sup>

CHF million (IFRS basis, MCEV)

	HY 2009	HY 2010	Change	
GWP incl. PHD	1 573	3 072	+95%	▪ Due to PPLI's strong growth
Operating expense adjusted <sup>2)</sup>	-46	-48	+4%	▪ Investments in growth and product platforms
Segment result	-14	-6	+57%	▪ PPLI reaching profitability and CS improved already good contribution
New business volume (PVNBP <sup>3)</sup> )	1 430	2 667	+87%	▪ Increased sales volume in PPLI
New business margin <sup>3)</sup> (% PVNBP)	0.6%	1.2%	+0.6 ppts	▪ Effect of ongoing margin management actions and reaching critical mass at PPLI

1) Insurance Other consists of Private Placement Life Insurance (PPLI), Corporate Solutions Luxembourg (CS), Swiss Life Products, Payment Protection Insurance (PPI) and Swiss Life Austria

2) Excluding unallocated corporate costs

3) Includes only PPLI and CS



# Business review Investment Management

CHF million (IFRS basis)

	HY 2009	HY 2010	Change	
Total income	120	129	+8%	▪ Increase of insurance assets and change in product mix
Operating expense adjusted <sup>1)</sup>	-74	-70	-5%	▪ Efficiency improvements supported by new investment administration tool
Segment result	35	46	+31%	
<hr/>				
	FY 2009	HY 2010	Change	
Assets under management	116 411	120 559	+4%	▪ Increase mainly driven by higher valuation of assets which was partly offset by weaker Euro
– of which PAM	106 535	111 131	+4%	▪ Mainly due to fair value increase from lower interest rates
– of which TPAM	9 876	9 428	-5%	▪ TPAM assets suffered from the loss of one large institutional client and weak Euro
Average assets under management	113 965	118 485	+4%	

1) Excluding unallocated corporate costs

# Business review AWD

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

	HY 2009	HY 2010	Change
<b>Revenues</b>	<b>258.3</b>	<b>262.9</b>	<b>+2%</b> <ul style="list-style-type: none"> <li>Change in product mix and better conditions from product providers</li> </ul>
Germany	164.5	166.5	
Austria & CEE	35.6	36.4	
United Kingdom	22.3	23.2	
Switzerland	35.8	36.8	
<b>EBIT</b>	<b>-10.3</b>	<b>20.4</b>	<b>n.m.</b> <ul style="list-style-type: none"> <li>Result of restructuring programme</li> </ul>
Germany	14.9	24.0	
Austria & CEE	-10.3	-1.6	
United Kingdom	0.0	3.3	
Switzerland	2.9	4.2	
Holding	-17.8	-9.5	
<b>EBIT margin</b>	<b>-4.0</b>	<b>7.8</b>	<b>n.m.</b>
<b>Financial advisors<sup>1)</sup></b>	<b>5 349</b>	<b>5 378</b>	<b>+1%</b> <ul style="list-style-type: none"> <li>Focus on high quality advice and stricter advisor selection</li> </ul>
<b>Advised customers<sup>1)</sup></b>	<b>243 613</b>	<b>233 300</b>	<b>-4%</b> <ul style="list-style-type: none"> <li>Challenging market environment</li> </ul>

1) Figures excl. CRO and ROM

# Expense development

CHF million (IFRS basis)

	HY 2009	HY 2010	Change
<b>Total operating expense</b>	<b>1 646</b>	<b>1 574</b>	<b>-4%</b>
Commissions and DAC amortisation adjusted <sup>1)</sup>	-787	-804	
<b>Operating expense (before FX)</b>	<b>859</b>	<b>770</b>	<b>-10%</b>
Restructuring costs	-5	-3	
Currency effect	-24		
<b>Operating expense adjusted</b>	<b>830</b>	<b>767</b>	<b>-8%</b>

1) Adjustment of CHF +19.7 m in HY 2009 due to reclassification of non variable costs



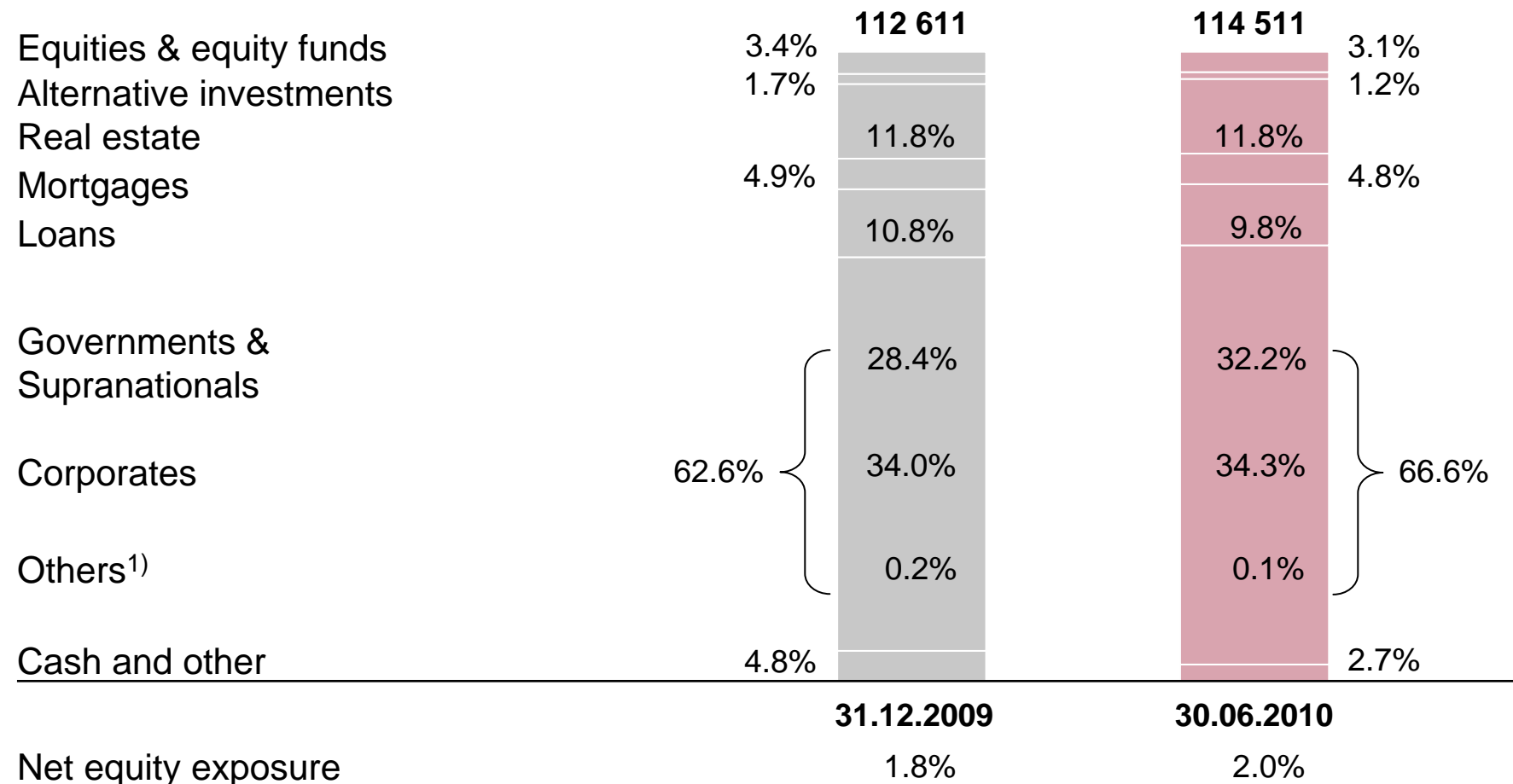
# Investment result

CHF million (IFRS basis) – insurance portfolio for own risk  
Yields not annualised

	<b>HY 2009</b>	<b>HY 2010</b>
Direct investment income	2 119	2 121
Direct investment income in %	1.9%	1.9%
Expense	-88	-108
Net capital gains/losses on investments and impairments	-49	26
Net investment result	1 982	2 039
Net investment result in %	1.8%	1.8%
Changes in net unrealised gains/losses on investments	-230	1 863
Total investment result	1 752	3 902
Total investment result in %	1.6%	3.5%
Average net investments	108 861	111 984
Total investment performance (fair value) in %	2.0%	4.7%

# Investment portfolio

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



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

# Insurance reserves and borrowings

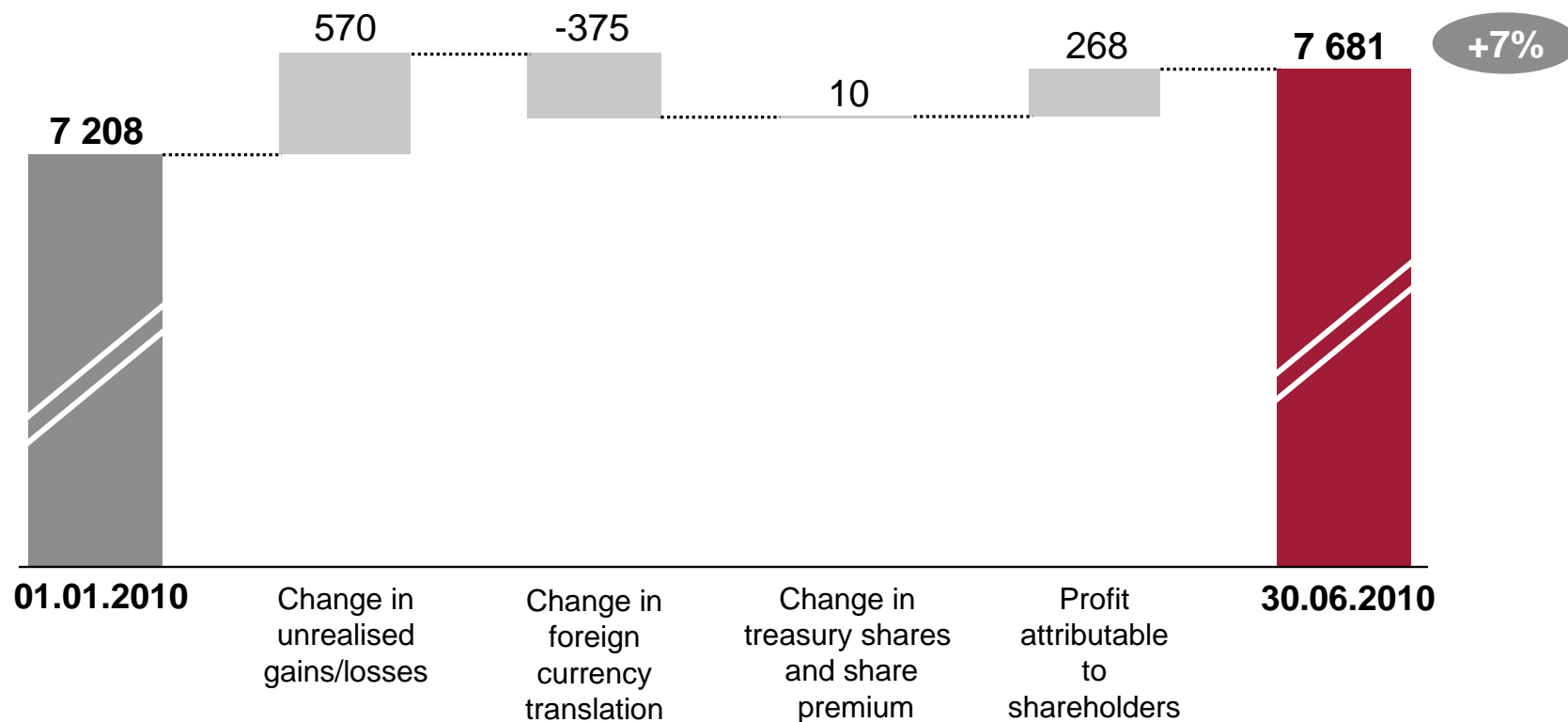
CHF million (IFRS basis)

	31.12.2009	30.06.2010	Change
<b>Insurance reserves</b>	<b>122 616</b>	<b>122 459</b>	<b>0%</b>
Insurance liabilities	92 317	91 308	
Investment contracts	12 089	11 211	
Financial liabilities FVPL (unit-linked)	15 101	15 854	
Policyholder participation liabilities	3 109	4 086	
<b>Borrowings</b>	<b>2 731</b>	<b>2 328</b>	<b>-15%</b>



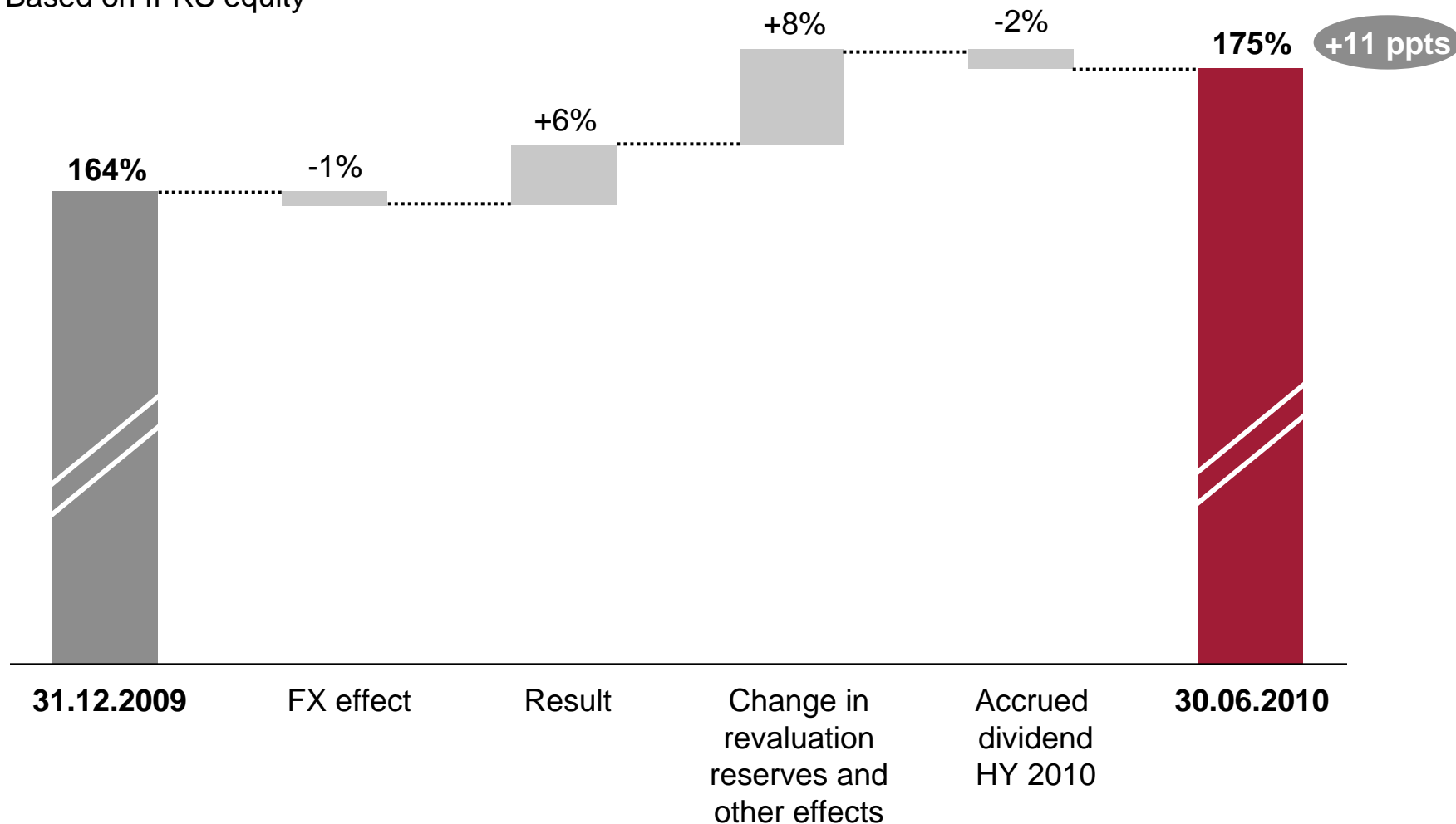
# Development of shareholders' equity

CHF million (IFRS basis)



# Group solvency

Based on IFRS equity





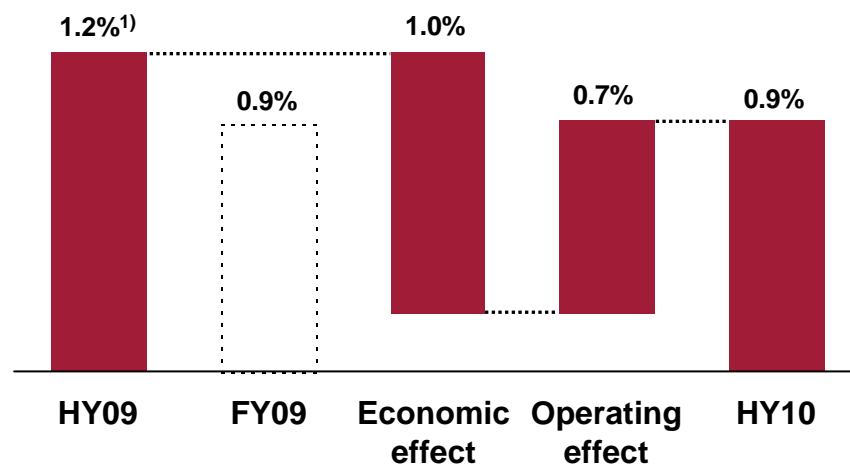
# Update on MILESTONE programme

Workstream	Objectives	
<b>1</b> Enhance customer value & new business profitability	<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>2</b> Increase distribution quality and power	<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</b> Improve operational efficiency	<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</b> Strengthen the balance sheet	<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”

**5** Drive disciplined execution

# MILESTONE absorbed negative economic effects on margin

New business margin development  
(VNB as % of PVNBP)



<b>PVNBP</b> (CHF bn)	6 589	14 390		7 863
<b>APE</b> (CHF m)	659	1 493		790
<b>VnB</b> (CHF m)	76	123		71
<b>NBM (APE)</b>	11.6%	8.2%		9.0%

Interest rate effect and  
MILESTONE impacts influencing  
margin development

## Milestone impacts

- Higher sales volumes and related scale effects: PPLI, FR, DE
- Group-wide cost savings initiatives
- Repricing and lowering profit sharing: for CH, DE, PPLI
- Shifts in product mix
  - CH: Shift to VA
  - FR: Increased share of UL within Life
  - DE: Higher share of risk products

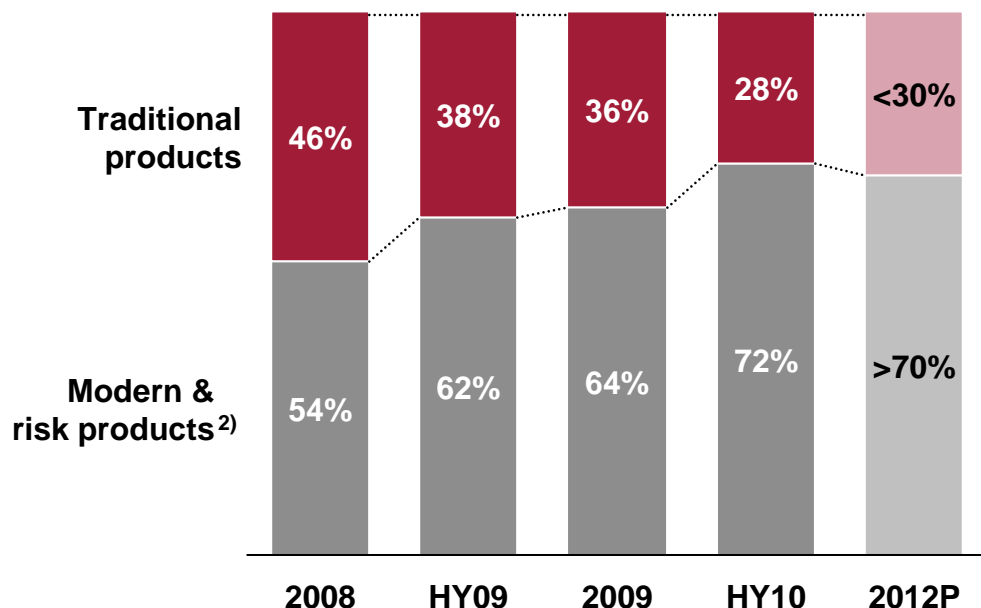
## Economic effects

- Lower interest rates
- Higher volatilities
- No liquidity premium at FY09 and HY10

1) Incl. liquidity premium of 50 bps for CH, FR, DE & Lux

# Share of modern and risk products already at 2012 target level

New business mix (based on NBP<sup>1)</sup>) in %



## Contribution to shift mainly through

- Strong sales of risk products in DE
- Life Asset Portfolio family as main product line of PPLI
- Increasing share of UL pension products in FR
- Services and new products launched
- Withdrawal and modification of several products

## Further services & product launches planned

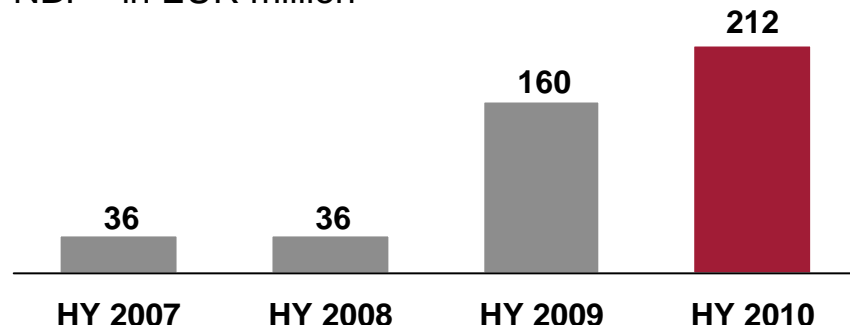
- CH: “Champion Kids”, “Champion Lifeplan”, “SL Index II”
- DE: “VA-Riester”, relaunch of disability products, modification of funds portfolio
- FR: Risk product for self-employed segment, new modular health offer

1) New business production  
2) Incl. health

# Distribution through AWD channel well under way in DE and challenging in CH

## Swiss Life in Germany – AWD channel

NBP<sup>1)</sup> in EUR million



### Reasons for development

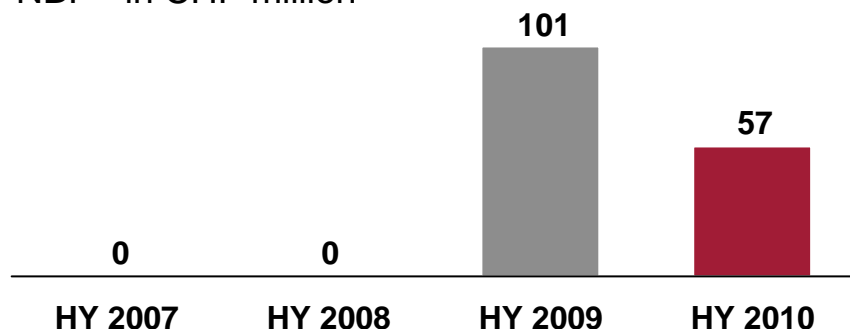
- Successful sale of Champion products: e.g. “Direktversicherung”
- Very successful disability product: “selbständige Berufsunfähigkeitsversicherung”
- Single premium products introduced at AWD

### Action points

- Continually improve product development process to meet of AWD “best select” requirements
- Systemise input to product development process

## Swiss Life in Switzerland – AWD channel

NBP<sup>1)</sup> in CHF million



### Reasons for development

- Competitive reaction

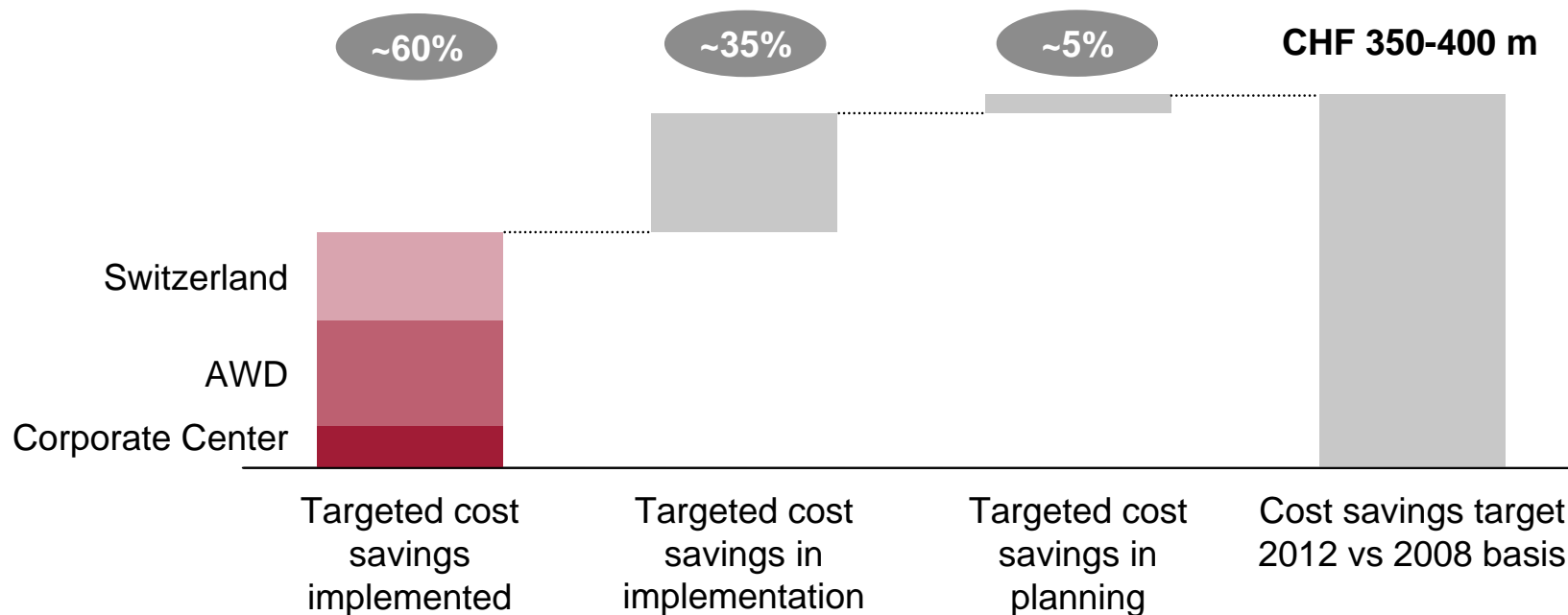
### Action points

- New products launched (e.g. “SL Champion Timeplan”)
- Exclusive packages for AWD tied up (e.g. “SL Champion Duo Package”)
- Customised offering process implemented
- Service levels improved

1) New business production

# Cost initiatives implemented represent major annual impact 2012

Status of cost savings initiatives at HY 2010



## Major milestones

- AWD's cost savings initiatives almost fully implemented
- Initiatives in FR and DE are well under way
- Restructuring charges of CHF 152 m already booked at end of HY 2010

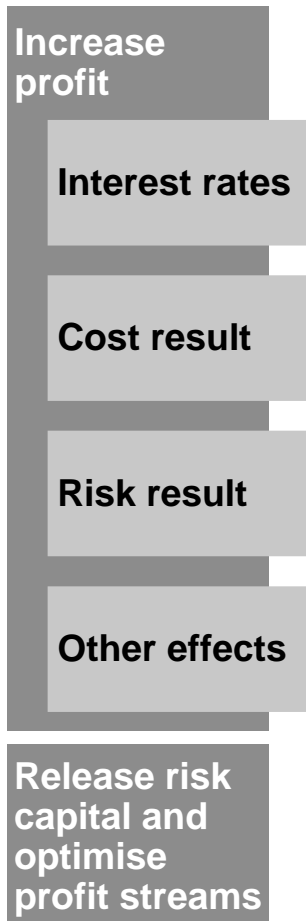
# Selected activities with major contribution to 2012 cost base reduction target

Value chain	Contribution	Major activities initiated
Support services	~40%	<ul style="list-style-type: none"> <li>Relocation, reduction of offices, facility optimisation and dimensioning of legal structures</li> <li>Optimised and standardised sourcing</li> <li>Outsourcing of selected IT services</li> </ul>
Policy administration & back office	~35%	<ul style="list-style-type: none"> <li>Front office centralisation &amp; workflow</li> <li>Back office optimisation (business process outsourcing for new product families &amp; logistic services, integration of legacy)</li> </ul>
Product development & marketing		
Asset management	~15%	<ul style="list-style-type: none"> <li>Implementation of integrated platform</li> <li>Reorganisation of sub-units</li> </ul>
Distribution support	~10%	<ul style="list-style-type: none"> <li>Introduction of self-service</li> <li>New structure and steering mechanisms in sales</li> <li>AWD's selected market exits in Croatia and Romania</li> </ul>
Distribution		



# Strengthen balance sheet and increase value of in-force business in 2010

Levers to manage value of in-force business



## Selected initiatives per country

## Achievements HY 2010

### Switzerland



- Optimise annual commissions
- Optimise risk capital consumption

- Operating model between distribution and administration reviewed leading to lower commissions on back book
- Risk capital preserving product line launched

### France



- “Cantonnement”
- Active shift to unit-linked policies
- Prévoyance

- Asset allocation structured along legal quote levels
- Tariffs adjusted

### Germany



- Align reinsurance
- Manage lapses
- Optimise legal structure

- Duration adjusted and further assets de-risked

### Group

- ALM
- Capital management
- Reinsurance strategy

- ALM adjustments to improve SST
- Debt leverage reduced
- Implementation of reinsurance strategy started



# Change analysis of profit from operations

Segment results; CHF million (IFRS basis)

	HY 2009	HY 2010	Change	Driven by operating improvements
<b>Insurance businesses</b>	<b>294</b>	<b>393</b>	<b>+99</b>	<b>55%</b>
Switzerland	193	282		
France	70	47		
Germany	31	64		
<b>Fee businesses</b>	<b>-7</b>	<b>55</b>	<b>+62</b>	<b>100%</b>
Investment Management	35	46		
AWD	-28	15		
Insurance other	-14	-6		
<b>Unallocated corp. costs &amp; others</b>	<b>-36</b>	<b>-33</b>	<b>+3</b>	<b>100%</b>
<b>Profit from operations</b>	<b>251</b>	<b>415</b>	<b>+164</b>	<b>73%</b>

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

# Agenda

Overview

Financial results and  
MILESTONE update







→ **Outlook**


Bruno Pfister

Thomas Buess

**Bruno Pfister**

# 2012 targets confirmed

Workstream	Objectives	Status
1 Enhance customer value & new business profitability	<ul style="list-style-type: none"> <li>▪ New business margin &gt; 2.2%</li> <li>▪ &gt; 70% of NBP from modern and risk products</li> </ul>	 
2 Increase distribution quality and power	<ul style="list-style-type: none"> <li>▪ 20–25% share of Swiss Life products in relevant product categories of AWD</li> </ul>	
3 Improve operational efficiency	<ul style="list-style-type: none"> <li>▪ CHF 350–400 m reduced cost base vs 2008</li> </ul>	
4 Strengthen the balance sheet	<ul style="list-style-type: none"> <li>▪ ROE 10–12%</li> <li>▪ Dividend payout ratio 20–40%</li> </ul>	 

5 **Drive disciplined execution** 

Reporting on achievements, challenges, and actions on ongoing basis

# Wrap-up

- ✓ Significantly improved operating and net result
- ✓ Good growth momentum kept in PPLI, France and Germany
- ✓ Stable net investment result delivered
- ✓ IFRS equity and Group solvency further strengthened
- ✓ Proven and robust ALM to manage through low yielding interest cycle

**Half-year results 2010**  
**Investors' presentation**  
**Supplementary information**

# Supplementary information

## → Profit and loss

Balance sheet

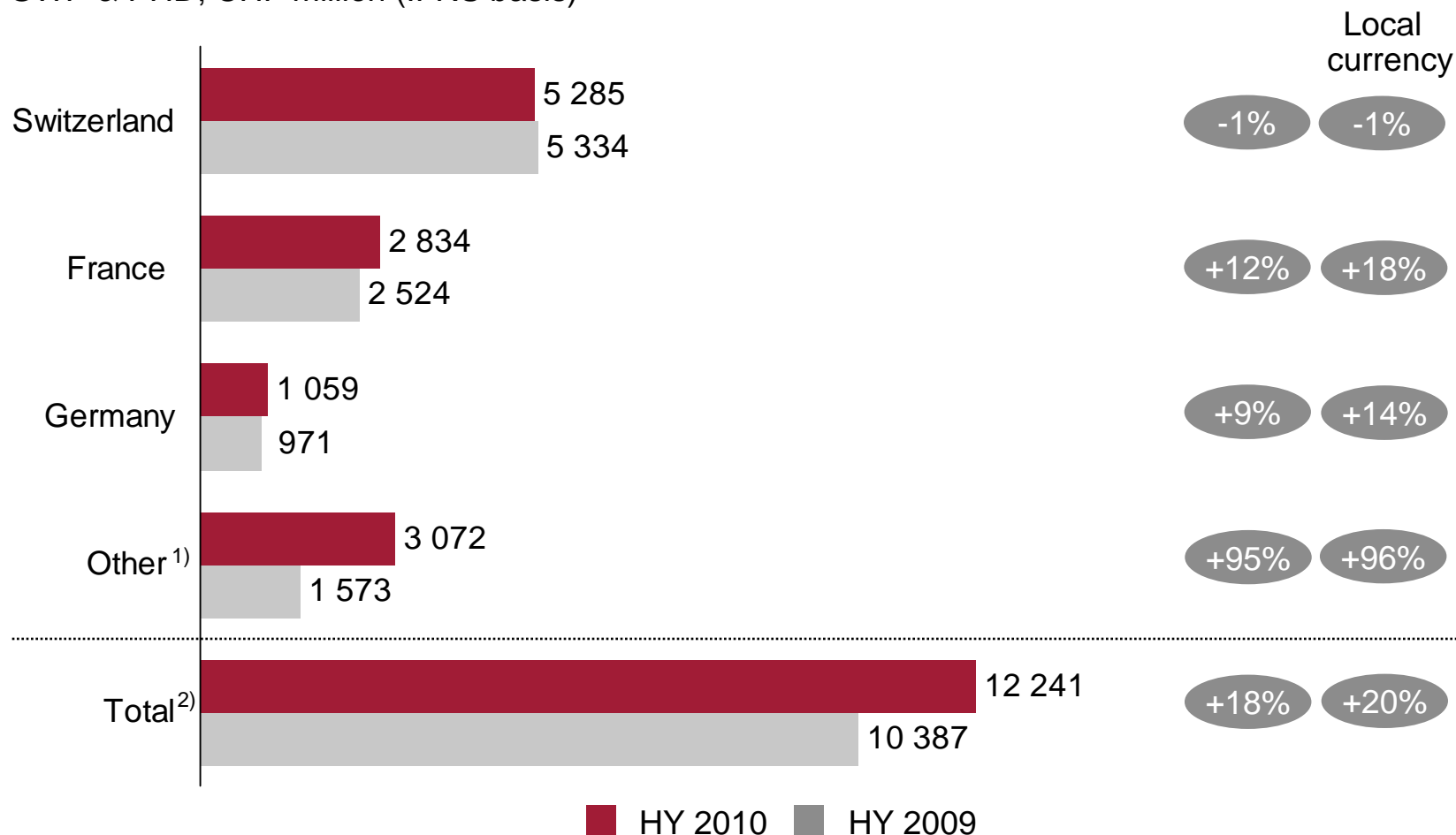
Investments

Market consistent embedded value (MCEV)

Contact details and financial calendar

# Premium growth

GWP & PHD; CHF million (IFRS basis)



1) Includes Private Placement Life Insurance (PPLI), Corporate Solutions Luxembourg (CS), Swiss Life Products, Payment Protection Insurance (PPI)

2) Total includes intersegment eliminations of CHF -9 m in HY 2010 and CHF -15 m in HY 2009





# Switzerland: Life insurance premiums

CHF million (IFRS basis)

	HY 2009	HY 2010	Change
<b>Total life GWP incl. PHD</b>	5 334	5 285	-1%
Single premiums	2 225	2 060	-7%
Periodic premiums	3 109	3 225	4%
<b>Group life</b>	4 578	4 589	0%
Single premiums	1 948	1 836	-6%
Periodic premiums	2 630	2 753	5%
<b>Individual life</b>	756	696	-8%
Single premiums	277	224	-19%
Periodic premiums	479	472	-2%



# Details of net investment result

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

	Direct investment income	Impairments	Gains & losses through income statement			Net investment result
			on underlyings	on derivatives	Net	
Bonds	1 459	9	-1 306	1 221	-85	<b>1 383</b>
Equities	46	-9	-117	-16	-133	<b>-96</b>
Loans	231	0	37		37	<b>268</b>
Mortgages	89	-5	-1		-1	<b>83</b>
Alternative investments	1	-3	134	-2	132	<b>130</b>
Real estate	293	0	125		125	<b>418</b>
Cash & other	2	0	-41		-41	<b>-39</b>
<b>Total</b>	<b>2 121</b>	<b>-8</b>	<b>-1 169</b>	<b>1 203</b>	<b>34</b>	<b>2 147</b>
Expense						<b>-108</b>
<b>Net investment result</b>						<b>2 039</b>

Net capital gains/  
losses on investments

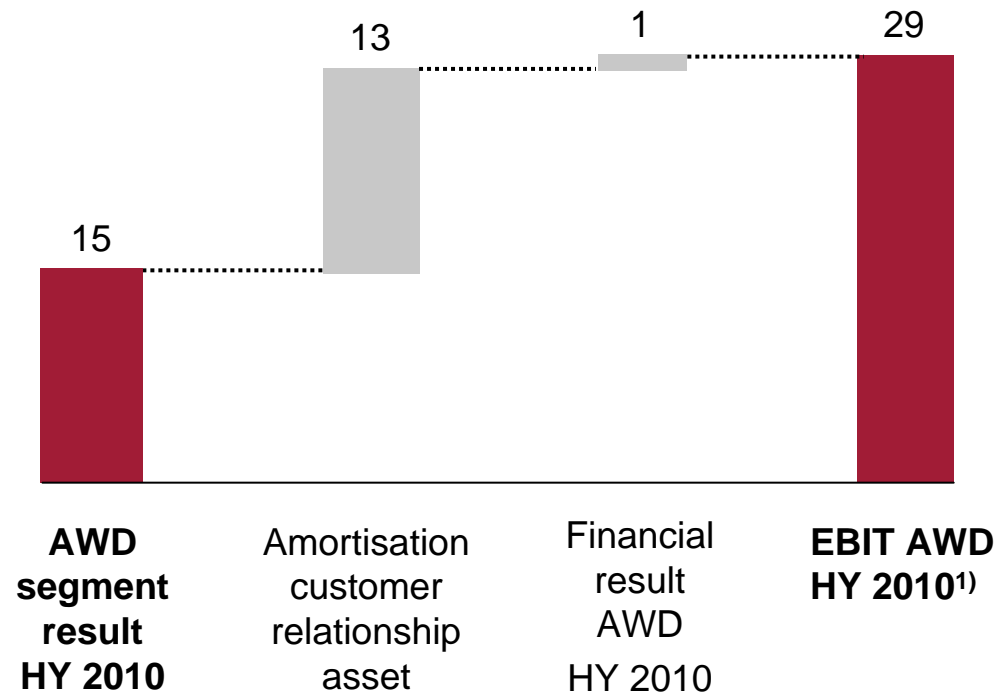
# Operating result

Segment results; CHF million (IFRS basis)

	HY 2009	HY 2010
Insurance (Continuing)	280	387
of which		
- Switzerland	193	282
- France	70	47
- Germany	31	64
- Other	-14	-6
Investment Management	35	46
AWD	-28	15
Insurance & Banking (Discontinued)	-33	-
Other & eliminations	-4	-11
Unallocated corporate costs	-32	-22
<b>Profit from operations</b>	<b>218</b>	<b>415</b>
of which continuing	251	415

# Reconciliation AWD segment result to AWD EBIT

CHF million (IFRS basis)



1) EBIT AWD HY2010: EUR 20.4 m

## Supplementary information

Profit and loss

→ **Balance sheet**

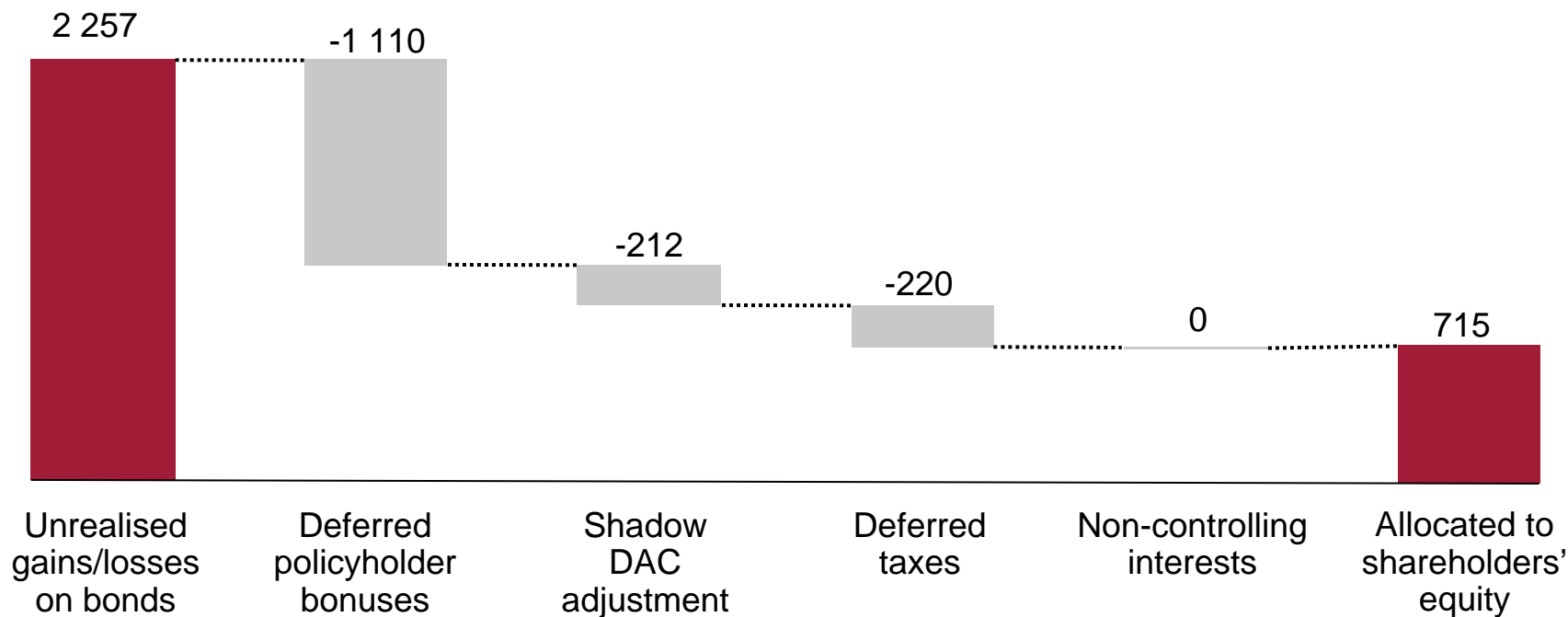
Investments

Market consistent embedded value (MCEV)

Contact details and financial calendar

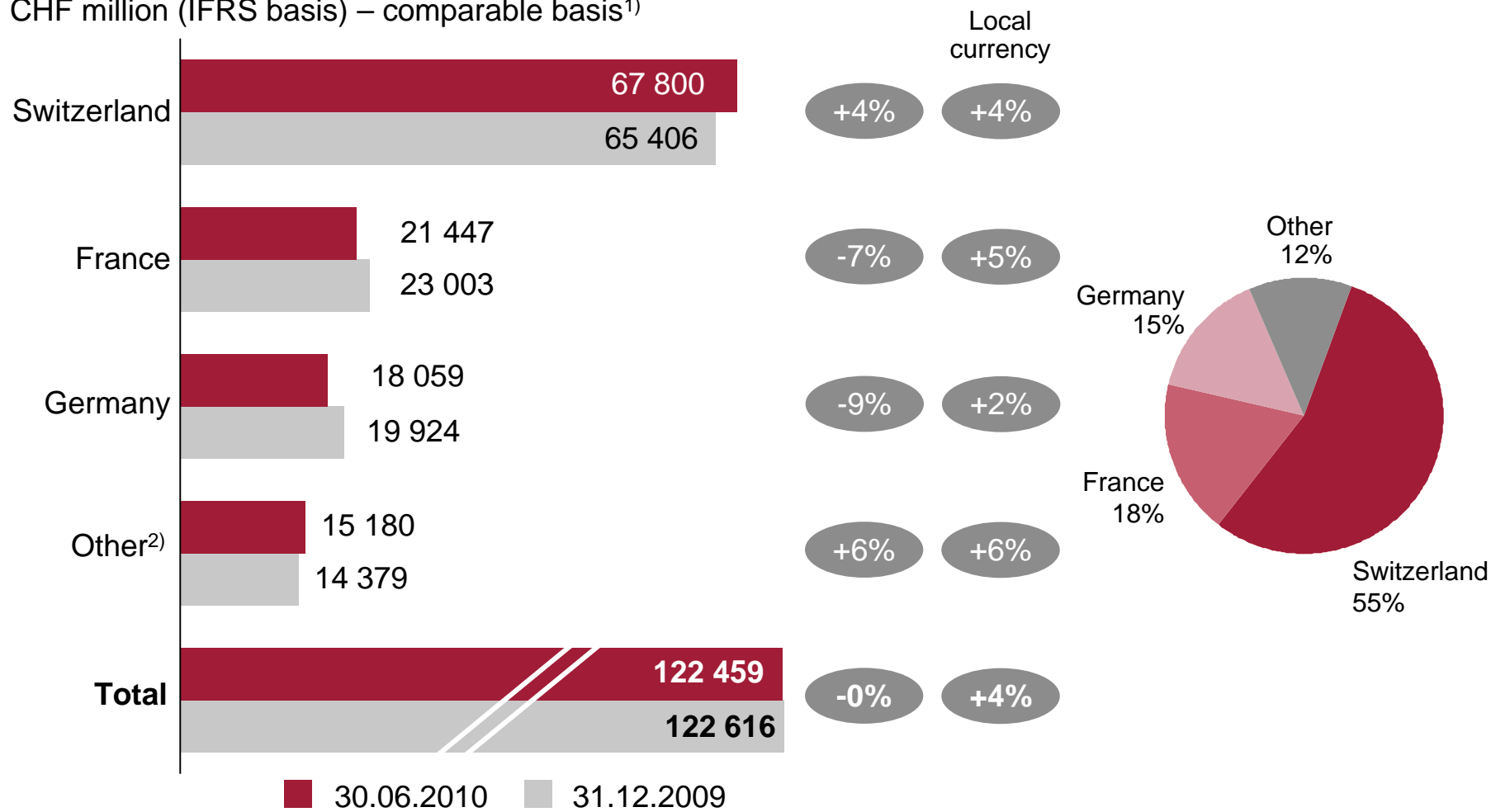
# Allocation of unrealised gains/losses on bonds

CHF million (IFRS basis)



# Insurance reserves by country

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

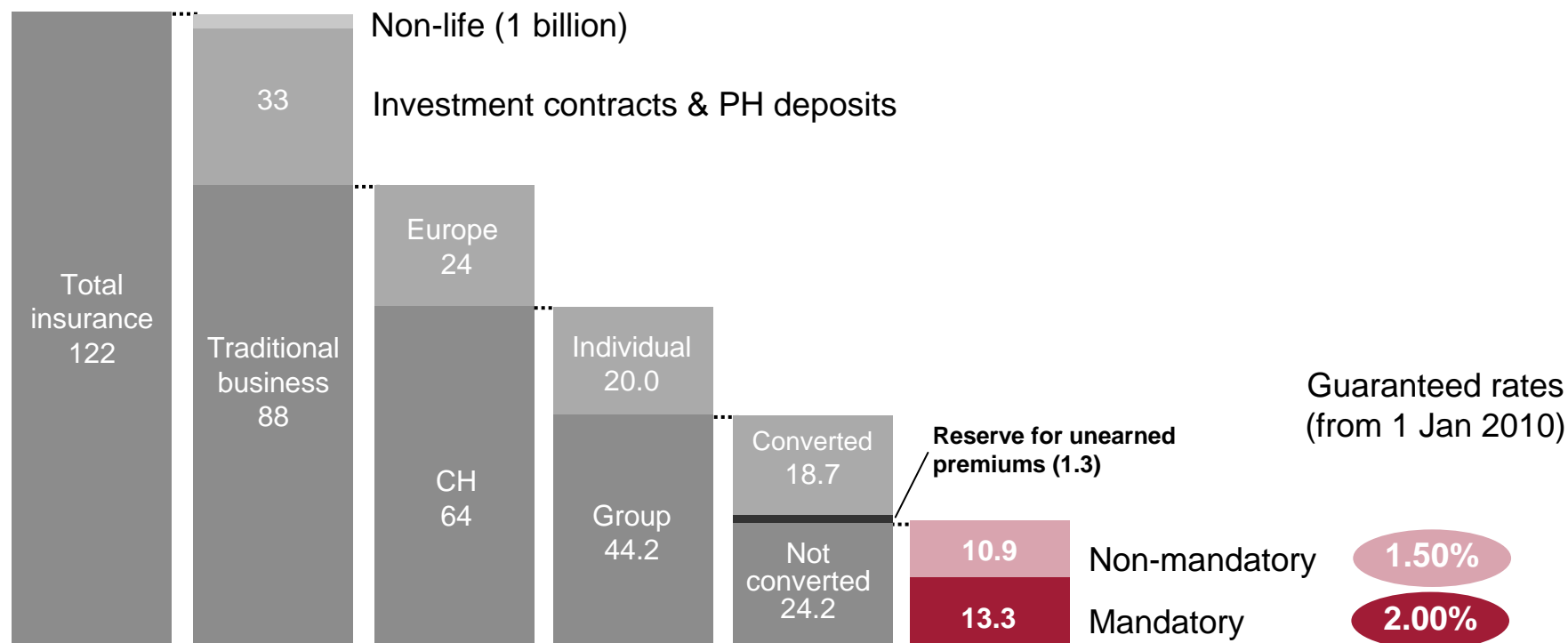


1) Total includes intersegment eliminations of CHF -27 m in HY 2010 and CHF -96 m in HY 2009

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

# Swiss Life Group reserves subject to BVG minimum interest rates

Breakdown of insurance reserves (incl. unit-linked) as per 30.06.2010;  
CHF billion (IFRS basis)





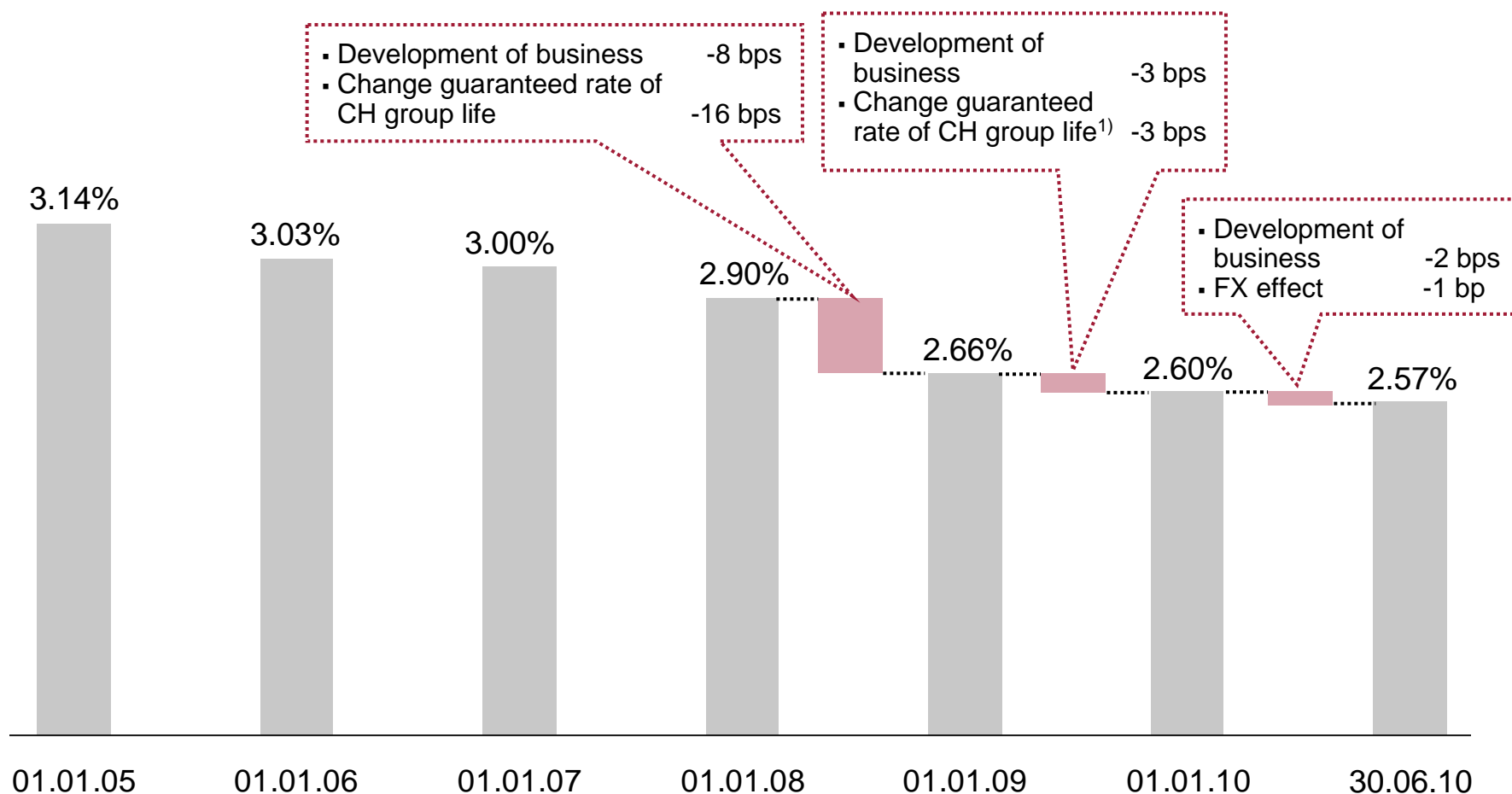
# Average technical interest rate of 2.57%

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

	CHF	EUR	USD	GBP
Total reserves	64 204	24 055	101	8
Average technical interest rate	2.44%	2.84%	3.73%	3.54%

Overall: 2.57%  
(31.12.2009: 2.60%)

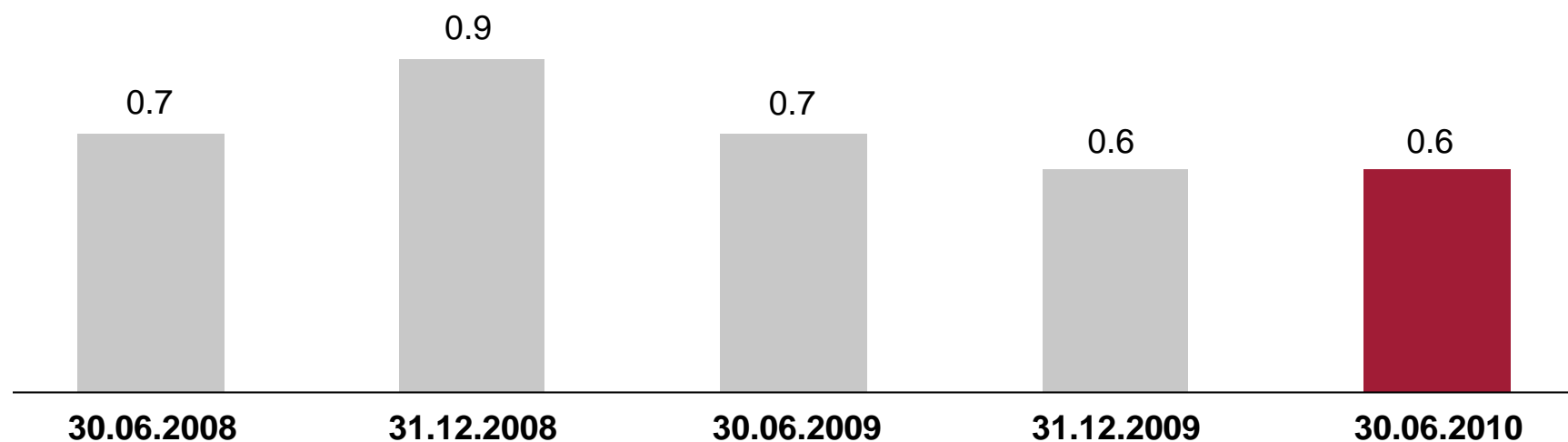
# Development of average technical interest rate



1) Guaranteed interest rate for non-mandatory group life business as from 2010: 1.50%

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

in %



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

# Capitalisation models, methods and scope

	Required capital	Available capital	
		Shareholders' equity includes:	Additional elements includes <sup>1)</sup> :
<b>Solvency I Swiss Life Group</b> (IFRS)	Factor based <sup>2)</sup>	Shareholder part of revaluation reserves	+ Minority interest - DAC non-life
<b>Solvency I Parent company</b> (statutory)	Factor based <sup>2)</sup>	No revaluation reserves on assets	+ Revaluation reserves on assets (excl. bonds) + Fund for future appropriation + Additional Zillmerisation
<b>S&amp;P capital adequacy Swiss Life Group</b> (IFRS)	Factor based <sup>3)</sup>	Shareholder part of revaluation reserves	+ 50% present value of future profits - Unrealised gains on bonds + Unrealised losses on bonds
<b>SST Parent company and Swiss Life Group</b> (market consistent)	Stochastic <sup>3)</sup>	Revaluation reserves on all assets and liabilities	+ Fund for future appropriation

1) All metrics include: + eligible part of hybrid capital, + free part of PH dividend reserve, - intangible assets & dividend

2) Only liability risks considered

3) Asset and liability risks considered

# Group solvency

CHF million (IFRS basis)

	31.12.2009	30.06.2010
<b>Available solvency margin</b>		
IFRS equity (incl. minority interests)	7 245	7 715
Eligible part of hybrid capital	2 339	2 116
Unattributed surplus	656	657
Goodwill and other intangible assets	-2 238	-2 039
DAC non-life	-57	-55
Dividends and par value reduction	-80	-157
Tax losses	-41	-38
<b>Total available solvency margin</b>	<b>7 824</b>	<b>8 199</b>
<b>Total required solvency margin</b>	<b>4 782</b>	<b>4 693</b>
<b>Solvency ratio</b>	<b>164%</b>	<b>175%</b>

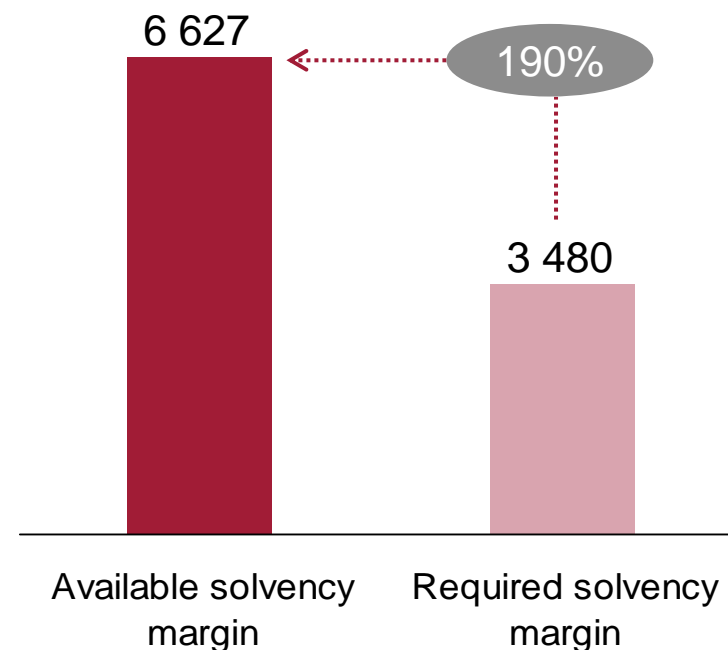
# Statutory solvency

CHF million (statutory basis) as per 30.06.2010

## Available solvency margin

Parent company statutory equity	1 835
<hr/>	
Intangibles	-8
Eligible part of hybrid capital <sup>1)</sup>	1 740
Fund for future appropriation	148
Additional Zillmerisation	250
Unrealised capital gains	2 180
Unattributed surplus	482
<hr/>	
<b>Available solvency margin</b>	<b>6 627</b>

## Statutory solvency



1) Limited to 50% of the required solvency margin

## Supplementary information

Profit and loss

Balance sheet

→ **Investments**

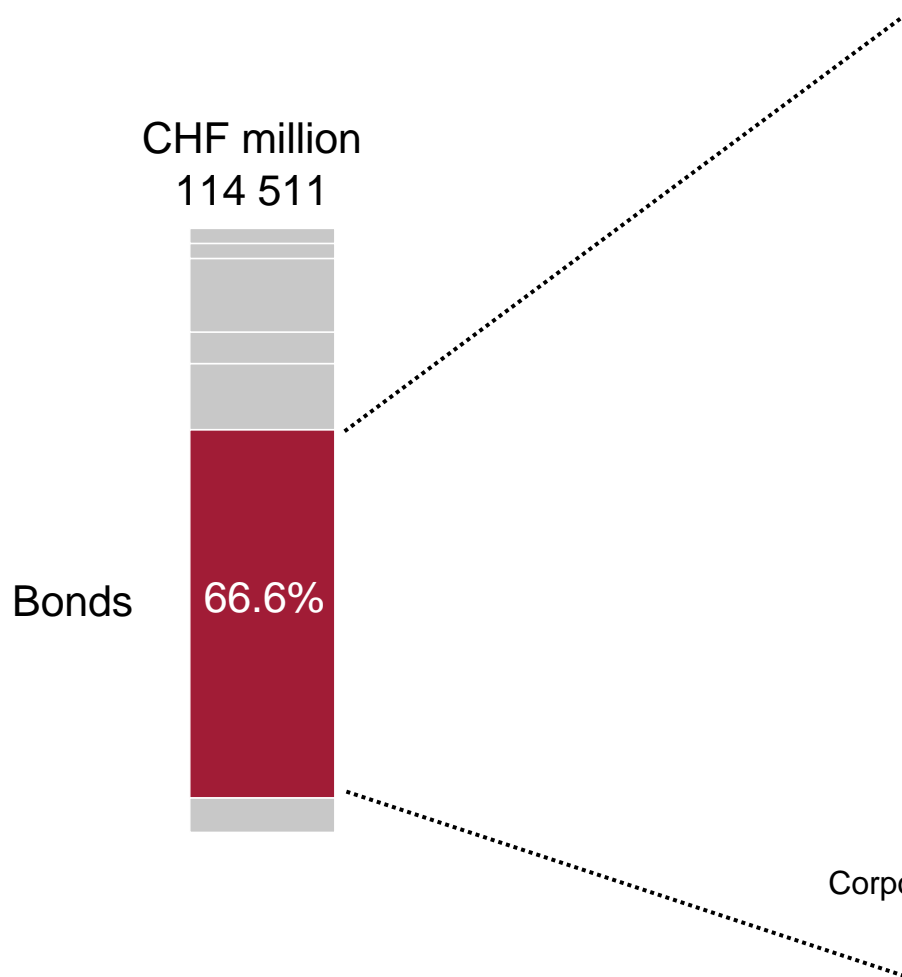
Market consistent embedded value (MCEV)

Contact details and financial calendar

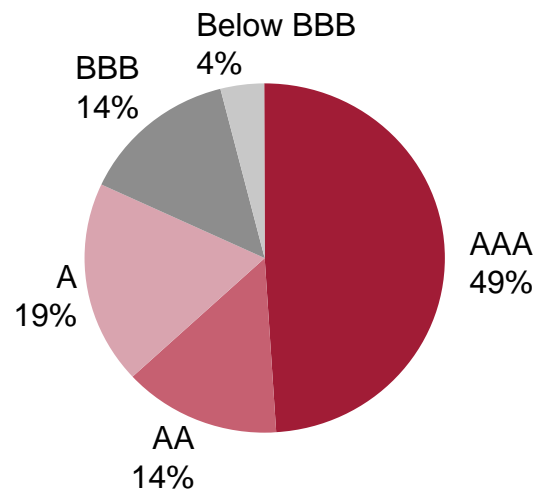


# Bond portfolio: Ratings and classification

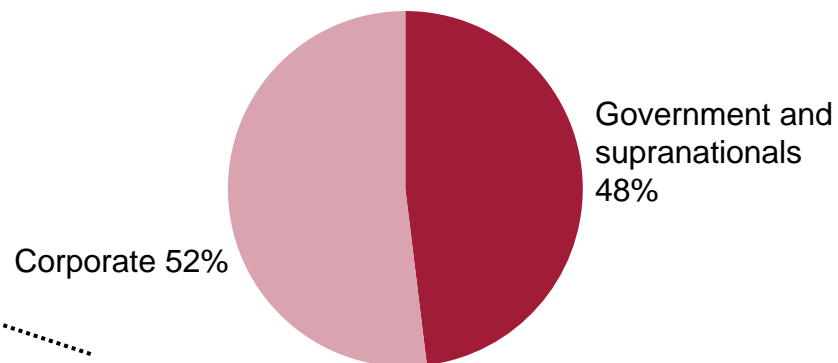
Insurance portfolio (fair value basis)



### Breakdown by rating



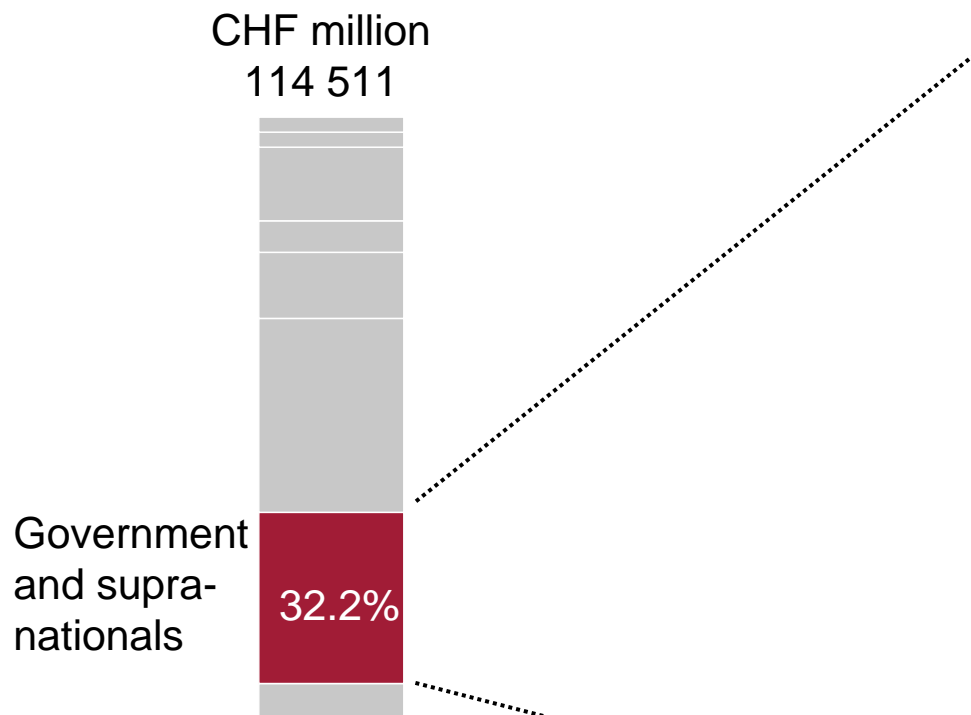
### Breakdown by classification



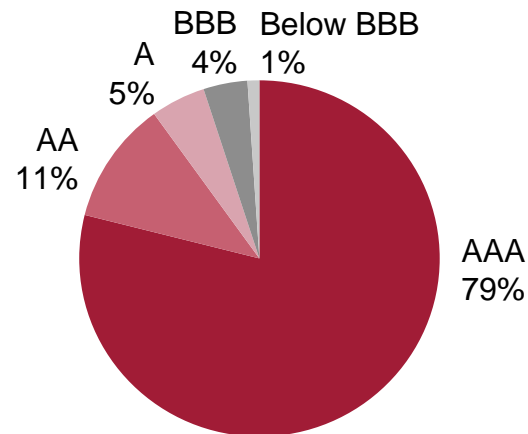


# Government and supranational bond portfolio: Ratings and currency

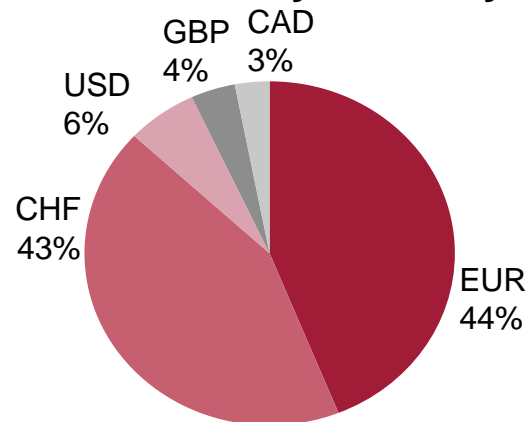
Insurance portfolio (fair value basis)



## Breakdown by rating



## Breakdown by currency

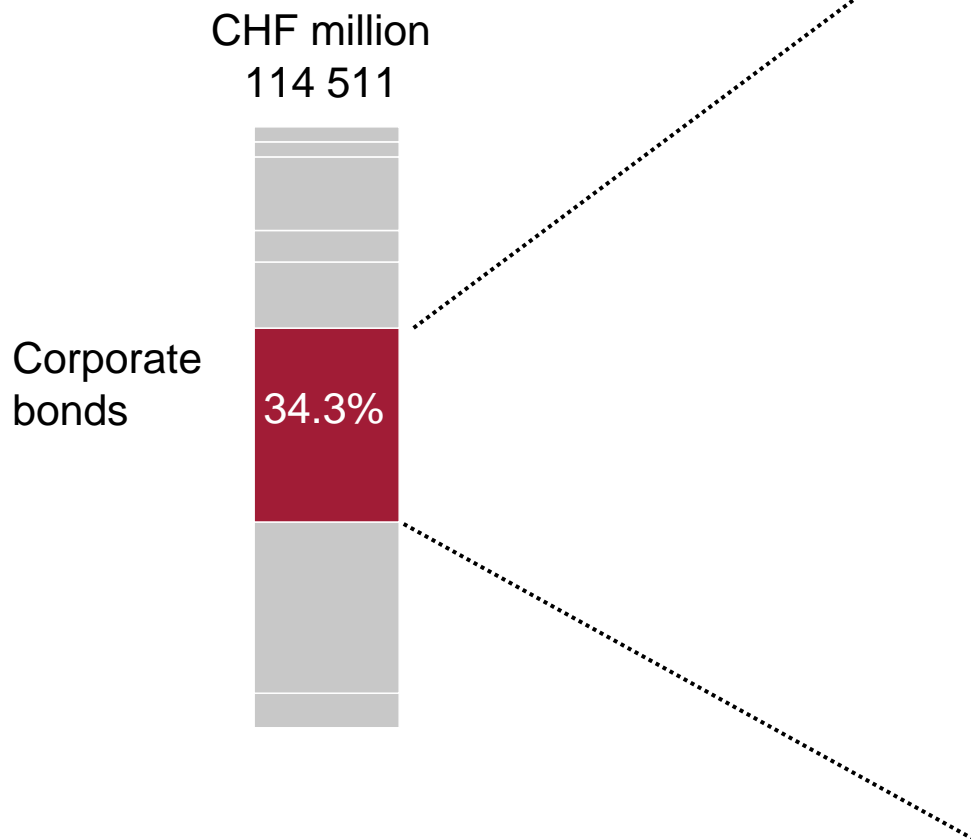


### Exposures to sovereigns under observation (30.06.2010)

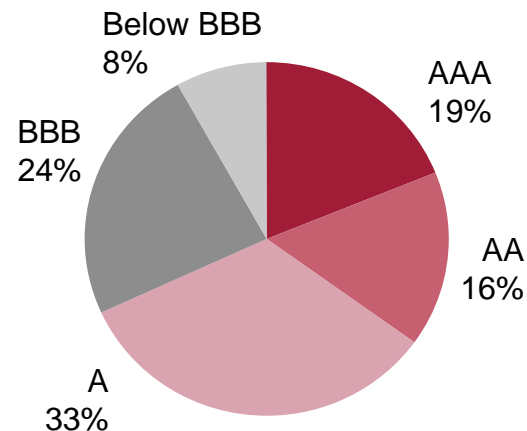
- Portugal: CHF 163 m	- Greece: CHF 82 m
- Italy: CHF 509 m	- Spain: CHF 235 m
- Ireland: CHF 473 m	- Total: CHF 1 462 m

# Corporate bond portfolio: Ratings and currency

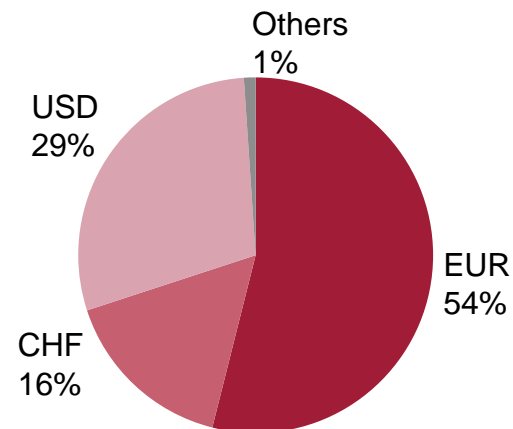
Insurance portfolio (fair value basis)



## Breakdown by rating



## Breakdown by currency

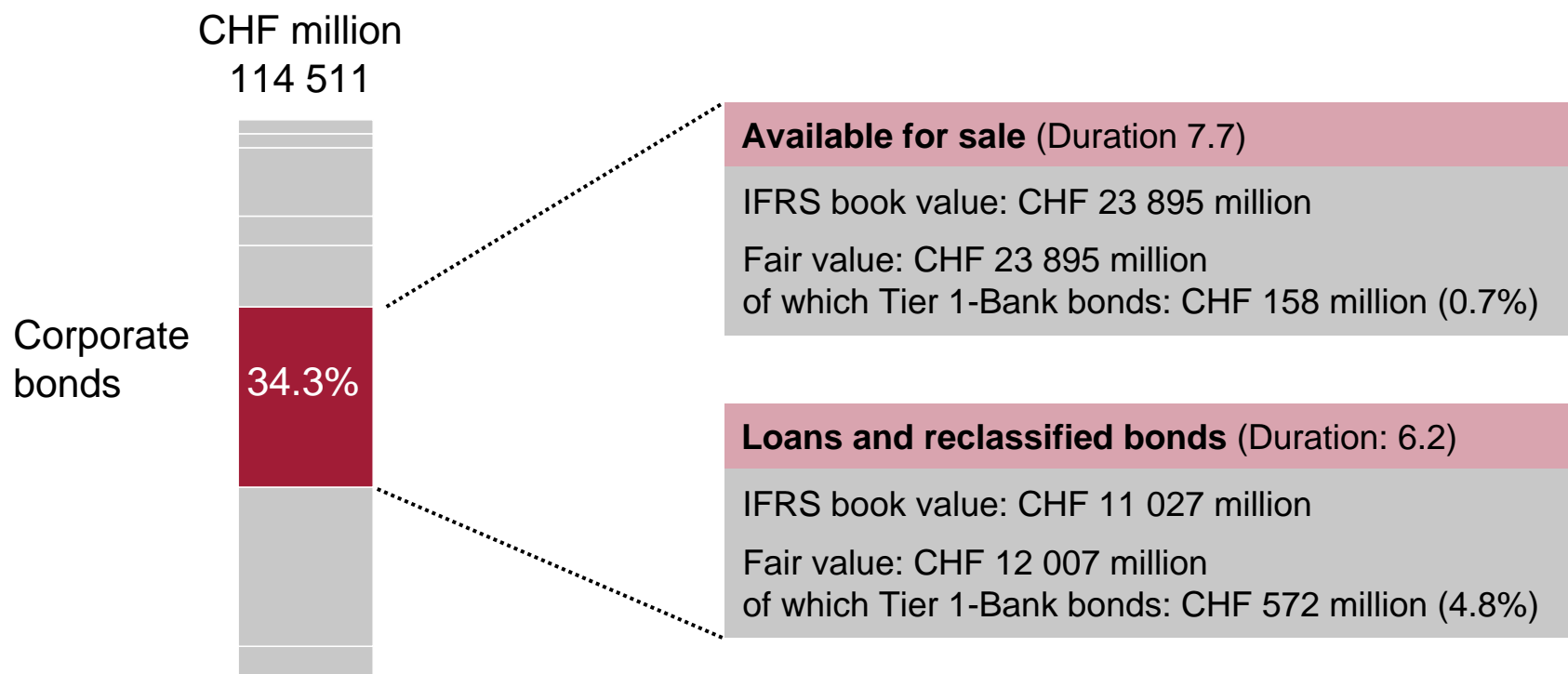


# Corporate bond portfolio: Details on “available for sale” and “loans” classifications



SwissLife

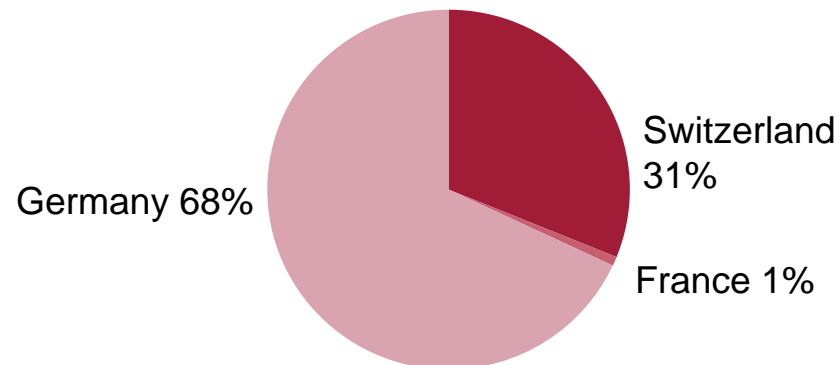
Insurance portfolio (fair value basis)



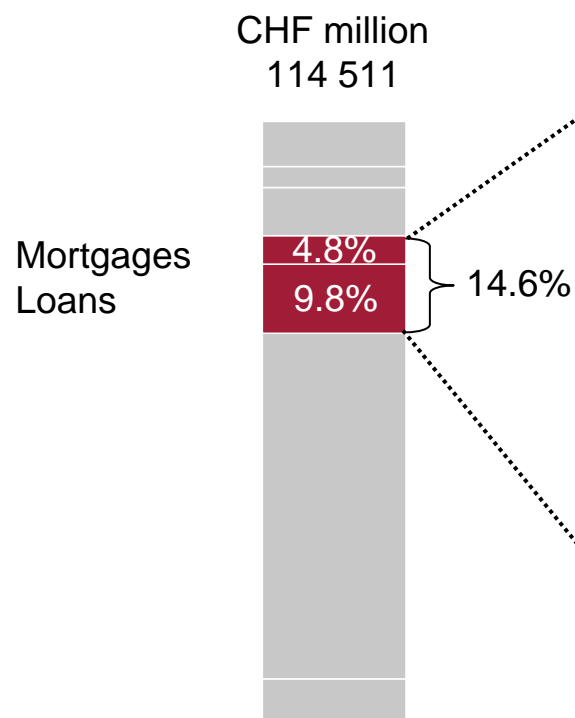
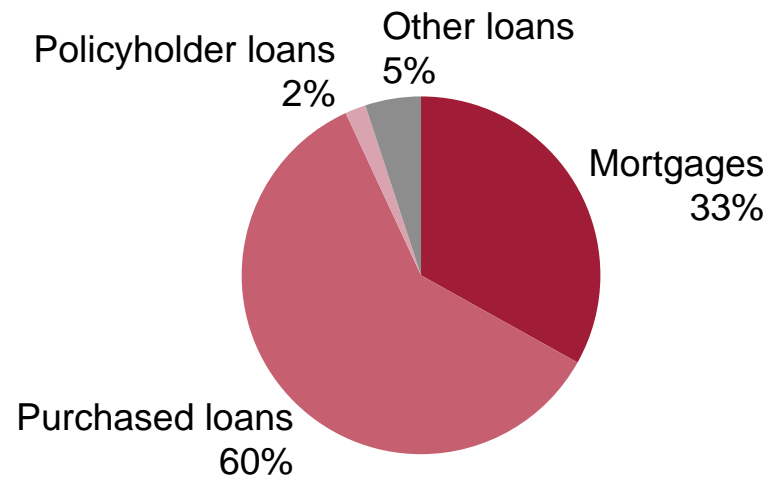
# Loan and mortgage portfolio

Insurance portfolio (fair value basis)

Breakdown by country

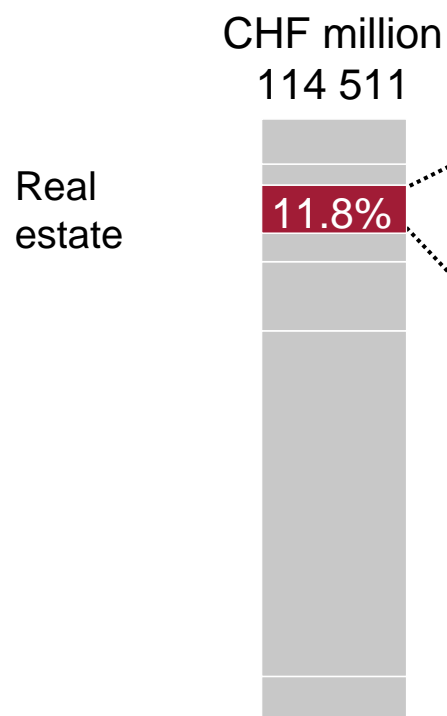


Breakdown by type

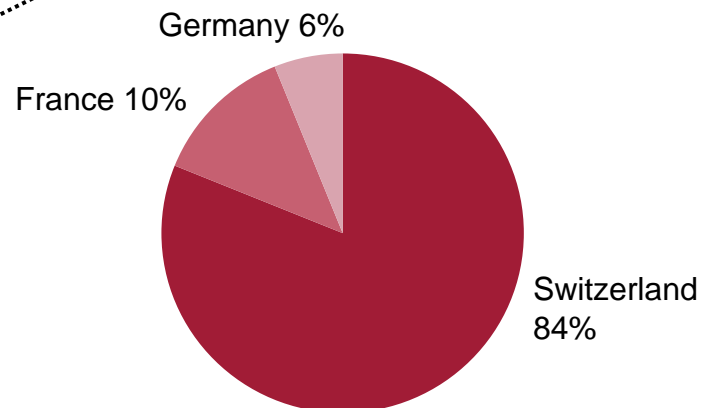


# Real estate portfolio

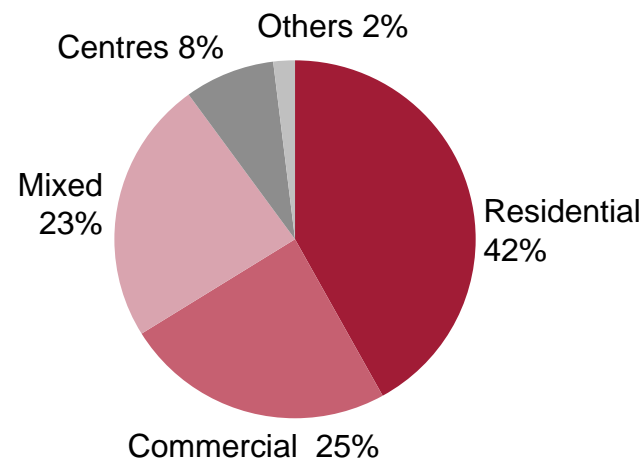
Insurance portfolio (fair value basis)



## Breakdown by country

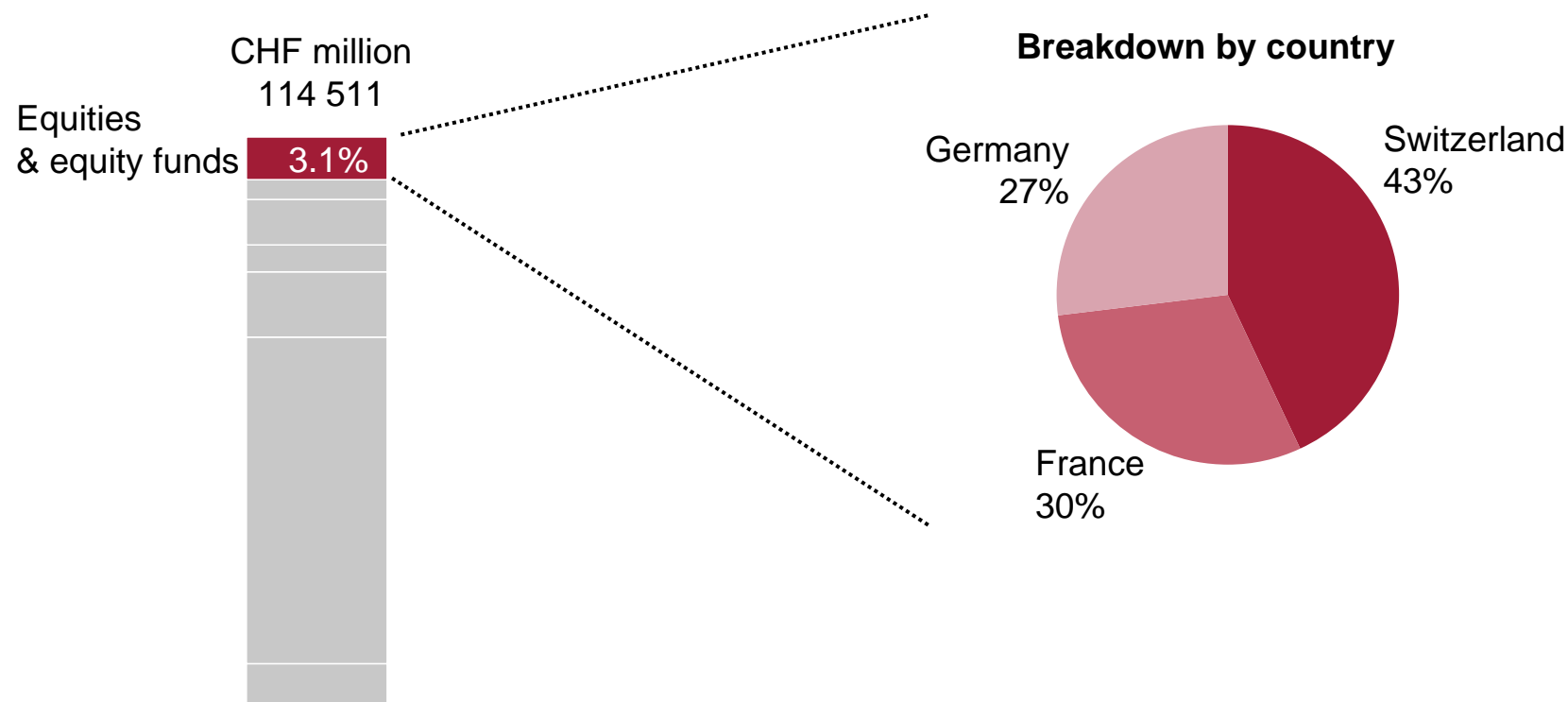


## Breakdown by type



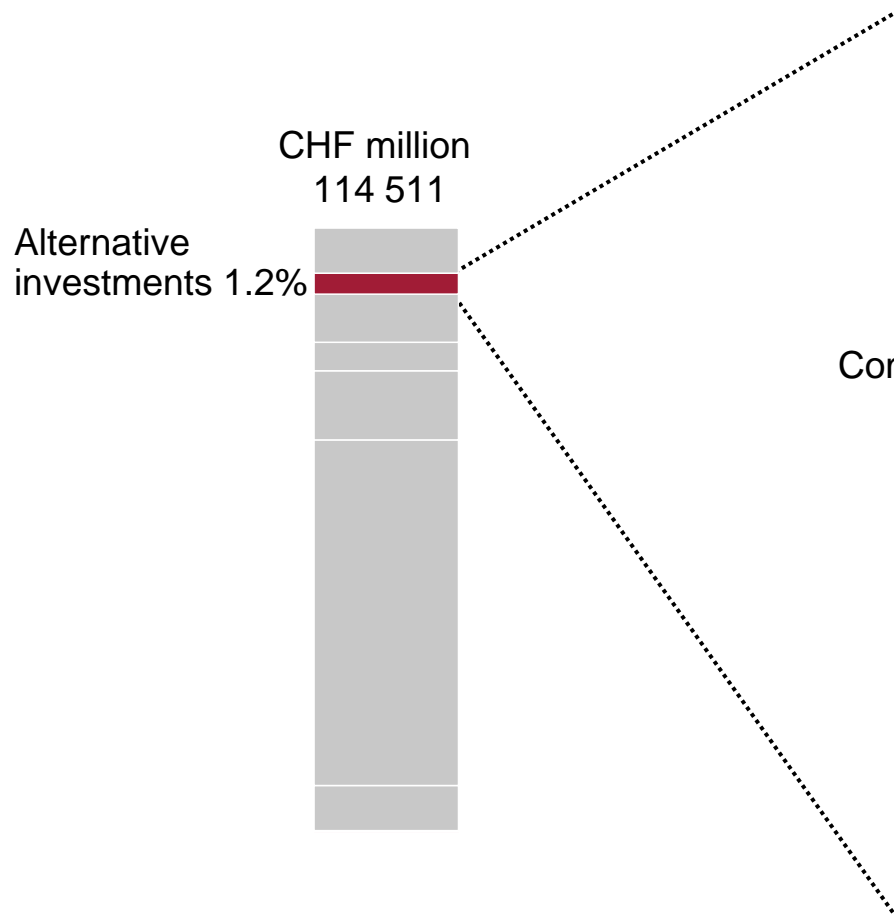
# Equity portfolio: Gross exposure

Insurance portfolio (fair value basis)

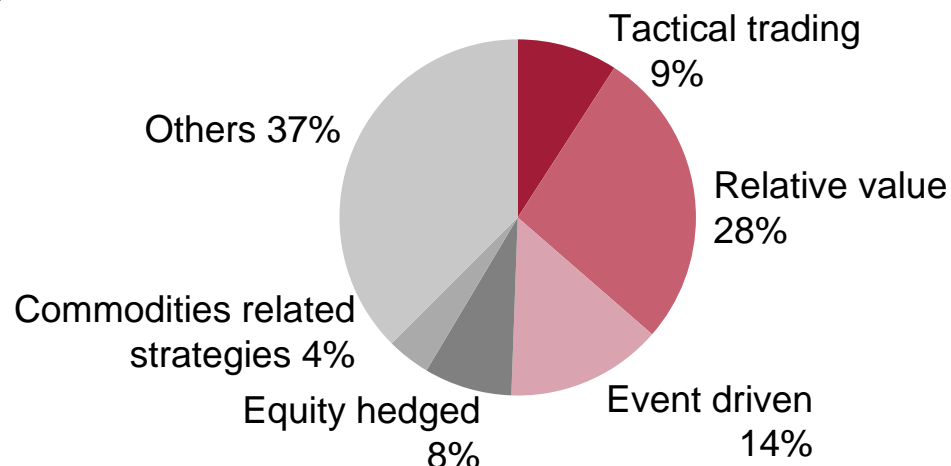


# Alternative investment portfolio

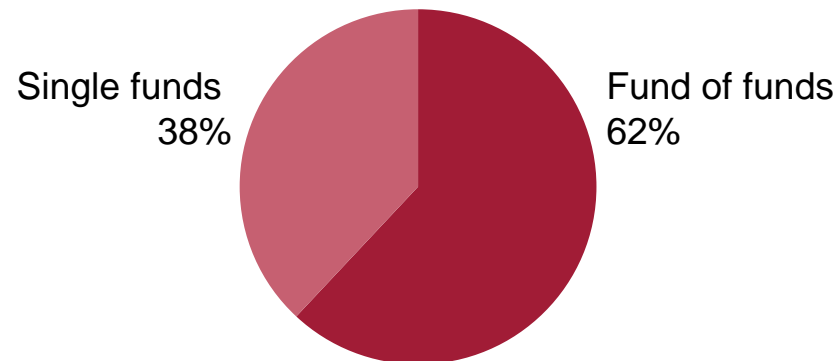
Insurance portfolio (fair value basis)



**Hedge funds: CHF 1.1 billion  
(FY 2009: CHF 1.7 billion)**

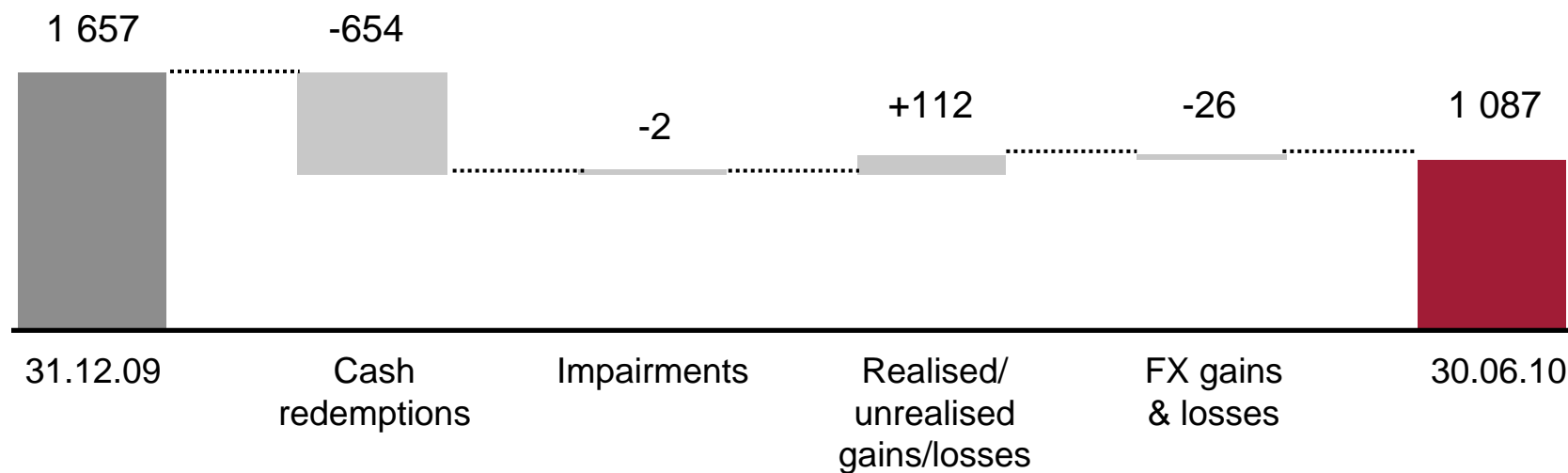


**Private equity: CHF 353 million  
(FY 2009: CHF 305 million)**



# Hedge funds movements

CHF million (fair value basis)





# Forex and interest rates

## Foreign currency exchange rates

	30.06.09	31.12.09	30.06.10	01.01.-30.06.09	01.01.-30.06.10
EUR	1.5255	1.4837	1.3210	1.5061	1.4383
GBP	1.7927	1.6639	1.6126	1.6841	1.6524
USD	1.0799	1.0300	1.0778	1.1293	1.0829

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

	30.06.09	31.12.09	30.06.10
CHF	2.319	1.901	1.482
EUR	3.386	3.387	2.577
USD	3.533	3.837	2.931
GBP	3.690	4.015	3.355

1) 10-year government bond

## Supplementary information

Profit and loss

Balance sheet

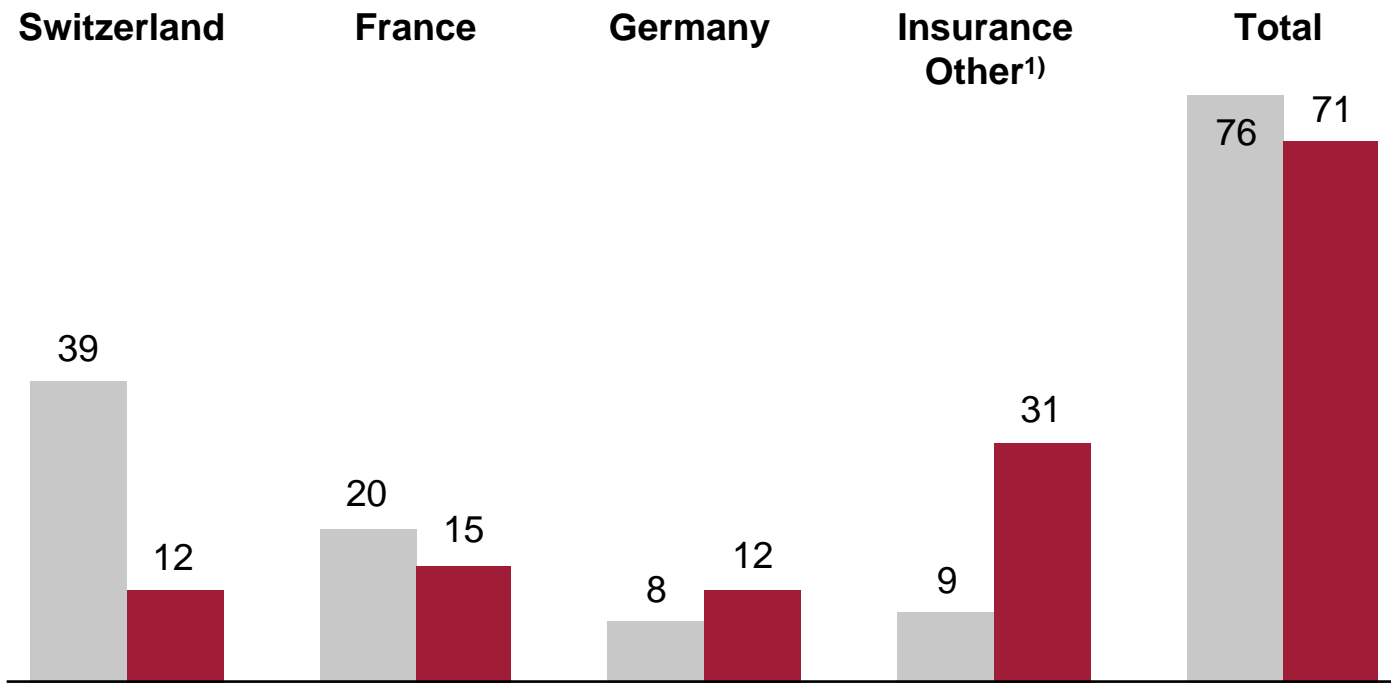
Investments

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

Contact details and financial calendar

# Value of new business

CHF million



	Switzerland		France		Germany		Insurance Other <sup>1)</sup>		Total	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
PVNBP	2 583 <sup>2)</sup>	1 916	1 942	2 443	635	838	1 430	2 667	6 589	7 863

	Switzerland		France		Germany		Insurance Other <sup>1)</sup>		Total	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
New business margin (% PVNBP)	1.5	0.6	1.0	0.6	1.3	1.4	0.6	1.2	1.2 <sup>3)</sup>	0.9

■ HY 2009    ■ HY 2010

1) Includes only PPLI and Corporate Solutions Luxembourg

2) Not adjusted for premium recognition effect

3) Incl. liquidity premium of 50 bps in CH, FR, DE & Lux



# Value of new business

CHF million (MCEV)

	Switzerland	France	Germany	Other	Total
Value of new business	12	15	12	31	71
New business strain	-21	-24	-4	-5	-54
VNB before new business strain	33	39	16	36	125
Annual premiums	96	163	67	3	330
Single premiums	714	1 106	137	2 642	4 600
Present value of new premiums (PVNBP)	1 916	2 443	838	2 667	7 863
Average annual premium multiplier	12.5	8.2	10.4	7.2	9.9
New business annual premium equivalent (APE)	167	274	81	268	790
change to HY 2009	-6%	+4%	+9%	+86%	+20%
New business margin (% PVNBP)	0.6%	0.6%	1.4%	1.2%	0.9%
change to HY 2009	-90 bps	-40 bps	+10 bps	+60 bps	-30 bps
New business margin (% APE)	7.4%	5.6%	14.9%	11.6%	9.0%
change to HY 2009	-1470 bps	-210 bps	+410 bps	+540 bps	-260 bps

# Economic assumptions

## Swap rates

Economy	1 year	2 year	5 year	10 year	15 year	30 year
Switzerland	0.32%	0.56%	1.25%	1.95%	2.21%	2.15%
Euro zone	1.17%	1.37%	2.08%	2.90%	3.26%	3.23%
USA	0.72%	0.98%	2.07%	3.03%	3.44%	3.72%

## Forward inflation rates

Economy	Year 1	Year 2	Year 5	Year 10	Year 15	Year 30
Switzerland	0.8%	0.7%	1.0%	1.6%	1.6%	1.3%
Euro zone	1.4%	1.1%	1.5%	2.5%	2.8%	2.2%

## 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	31.4%	30.3%	29.2%	32.9%	n/a	n/a
Euro zone	23.1%	22.5%	19.5%	19.1%	21.5%	21.5%
USA	27.2%	25.5%	21.9%	18.7%	16.8%	16.4%

## Equity option implied volatilities

Economy	Index	Volatility
Switzerland	SMI	23.7%
Euro zone	Eurostoxx	30.0%
USA	S&P 500	33.8%

## Real estate volatilities

Economy	Volatility
Switzerland	10.0%
Euro zone	15.0%

# Cautionary statement regarding forward-looking information



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## Supplementary information

Profit and loss

Balance sheet

Investments

Market consistent embedded value (MCEV)

→ **Contact details and financial calendar**

# Contact details and financial calendar

## Contact

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## Financial calendar

Interim statement Q3  
Investors' Day 2010  
Full-year results 2010

10 November 2010  
24 November 2010  
2 March 2011

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