



Investors' Day 2008

**Financials - Preserving a good capital position,
and managing risks tightly**

Thomas Müller, Group CFO
Zurich, 2 December 2008

Agenda



1. Strategy execution

Bruno Pfister

2. AWD

Manfred Behrens

3. Switzerland

Ivo Furrer

4. Financials

Thomas Müller

5. Investments

Patrick Frost

6. Wrap-up

Bruno Pfister

Key points

Preserving a good capital position, and managing risks tightly



ERM framework has ensured good capital position



Risks reduced and tightly managed, leading to limited impact in case of further adverse capital market movements

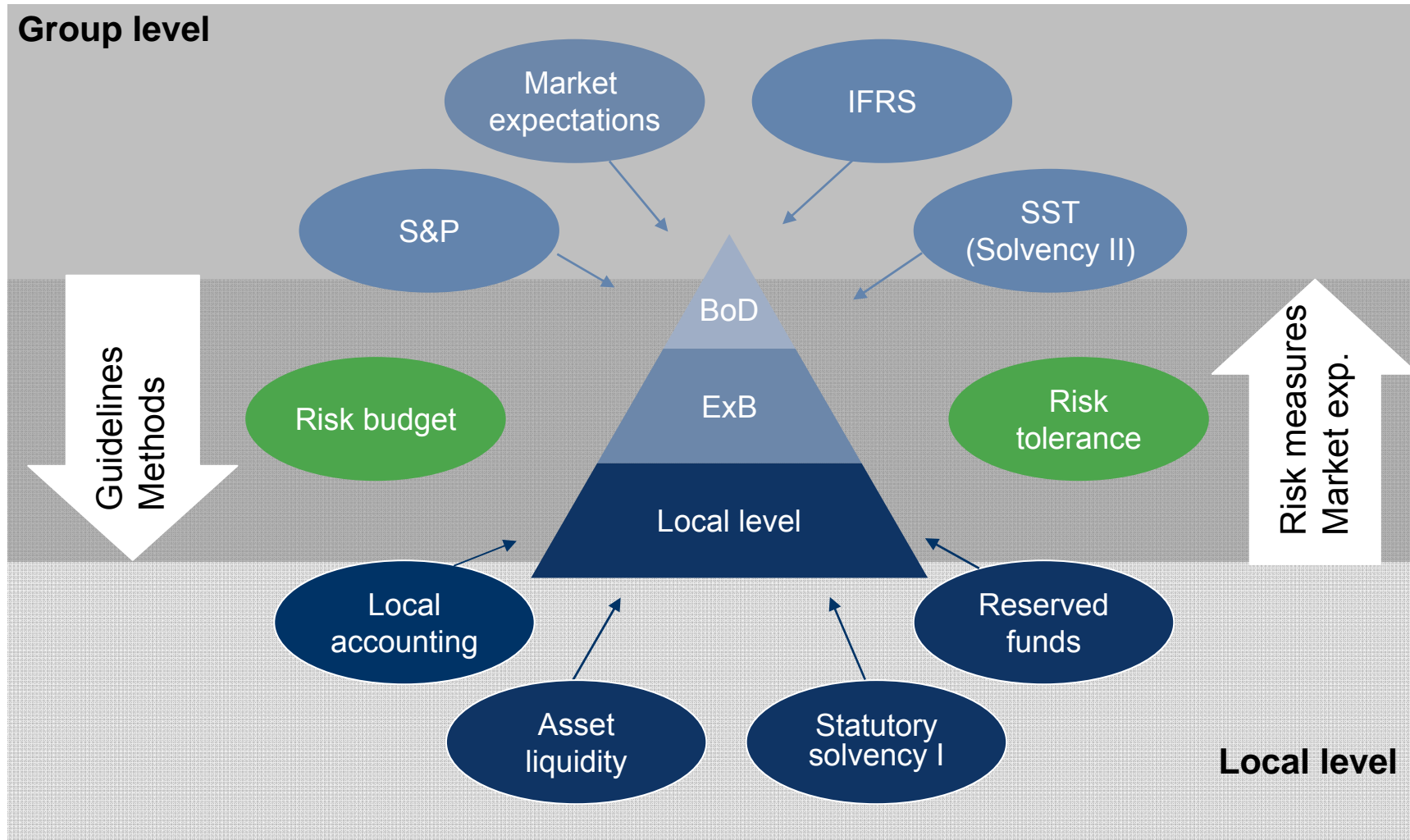


Positive interest margin going forward



Mid-term funding secured, and comfortable liquidity position

Capitalisation management is an integral part of our enterprise risk management



Capitalisation is managed based on different models, methods and scope



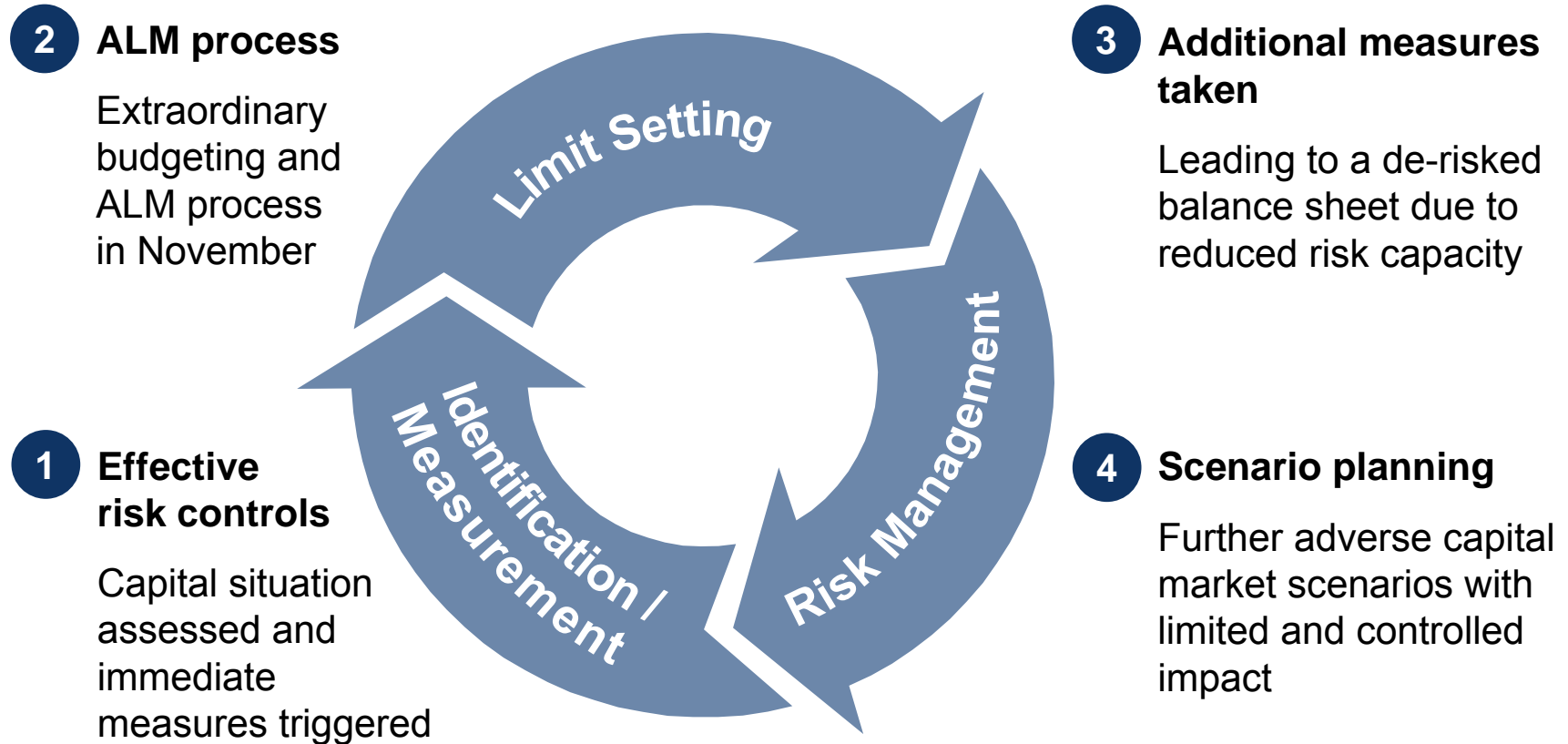
	Required capital	Available capital	
		Shareholders' equity includes:	Additional elements included ¹⁾ :
Solvency I Swiss Life Group (IFRS)	Factor Based ²⁾	Shareholder part of revaluation reserves	+ Minority interest - DAC non-life
Solvency I Parent company (statutory)	Factor based ²⁾	No revaluation reserves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

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

Risks are tightly managed within our enterprise risk management framework



Fast actions taken to protect capital

Balance sheet substantially de-risked



Measures taken	Period	Impact on capitalisation metrics			
		Solvency I parent company	S&P Capital model	Solvency I Swiss Life Group	SST parent company
<ul style="list-style-type: none"> Balance sheet de-risking <ul style="list-style-type: none"> Duration gap nearly closed Net equity exposure reduced to well below 1% Hedge funds partly redeemed and proxy hedged Net FX risk in investment portfolio reduced to almost zero Reclassification of CHF 15 bn bonds under the position of loans Dividend expectation reduced and share buyback stopped Capital transfer to parent company 	since January	→	↗	→	↗
	Sept-Oct	→	↗	→	↗
	Sept-Oct	→	↗	→	↗
	Oct	→	→	→	↗
	Oct	→	→	↗	→
	Nov	→	↗	↗	→
	Nov	↗	→	→	↗

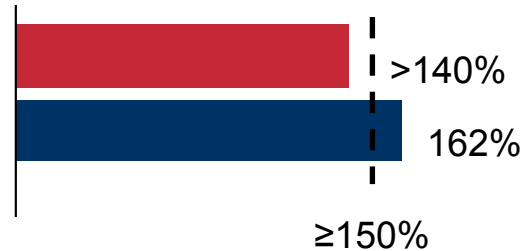
→ No impact ↗ Positive impact

Improved capitalisation metrics and lower volatility going forward

Year-end capitalisation metrics expected to be close to targets

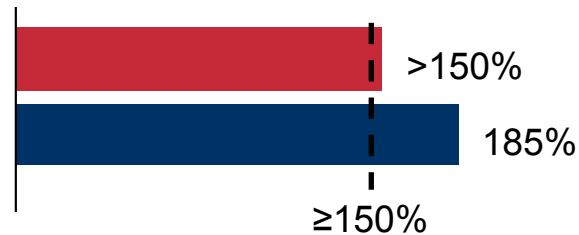


**IFRS Solvency I
Swiss Life
Group**



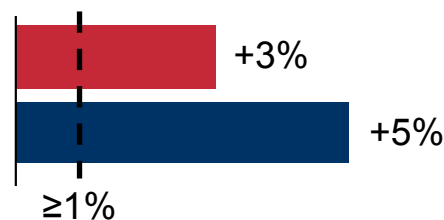
- Used by Swiss regulator as Group solvency assessment
- Internal trigger for actions stands at 125%

**Solvency I
Parent company**



- Legally binding
- Parent company solvency maintained at comfortable level
- Internal trigger for actions stands at 150%

**S&P capital
model
“A” rating level**



- Parameter for the S&P rating category “capitalisation”
- In line with target capitalisation

**Internal economic
risk model**

- Economic model shows adequate capitalisation
- SST requirement fulfilled

■ Forecast FY 2008 vs. ■ HY 2008 vs. - - Target levels

Despite interest rate changes, further market movements with limited impact on IFRS solvency



IFRS Solvency I SL Group Scenario basis: Forecast FY 2008 (140%)	Impact in solvency points Forecast FY 2008
<ul style="list-style-type: none"> Equity markets -20% 	-1.4
<ul style="list-style-type: none"> Hedge funds -20% 	-5.3
<ul style="list-style-type: none"> Rise of corporate credit spreads +100 bps 	-11.0
<ul style="list-style-type: none"> Corporate bond defaults with nominal value of CHF 250 m 	-3.7
<ul style="list-style-type: none"> Decline of risk free interest rates - 50 bps 	22.2



Sensitivities confirm good capitalisation for year-end 2008

We are working actively on measures to further mitigate our exposure to near-term risks



Hedge funds

- Maintain the proxy hedge
- Rebalancing of hedges planned

Credit defaults

- Prepare first loss protection strategies covering selected portfolios
- Implement selective single name CDS protection

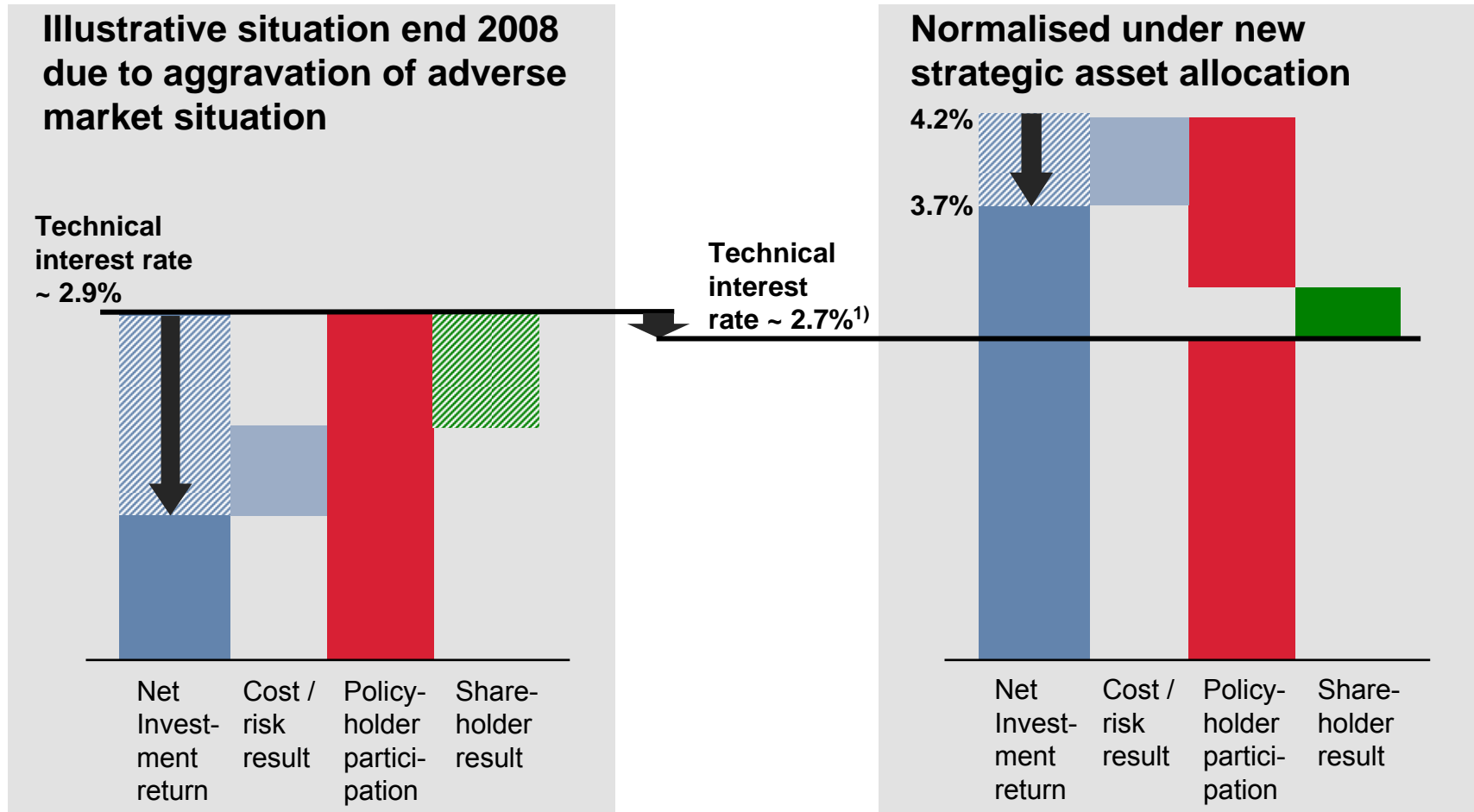
Asset allocation

- New asset allocation being developed under consideration of stress tests and reduced risk capacity to secure a positive interest margin

Positive interest margin secured with lower investment return



- illustrative -



1) Forecast 2009

Mid-term funding secured, and liquidity position comfortable



CHF m

Maturity	Instrument/Structure	Size	Issuer	Issue	Remark
2010	Senior Convertible Bond	43 ¹⁾	Swiss Life Holding	2004	
2011	Senior Syndicated Loan	306	Swiss Life Insurance Finance Ltd.	2008	Additionally, undrawn credit facility of EUR 300 m available
2021	Hybrid, Lower Tier 2, Private Placement	153	Swiss Life/Rentenanstalt	2001	First call date in 2011
Perpetual	Hybrid, Upper Tier 2, Private Placement issued in three tranches	840	Swiss Life/Rentenanstalt	1999	First call date in 2009. Partially bought back in 2005, partially refinanced in 2005 and 2007
Perpetual	Hybrid, Upper Tier 2, via fiduciary notes	536	Swiss Life/Rentenanstalt	2005	First call date in 2015
Perpetual	Hybrid, Tier 1, via ELM B.V. notes	1071	Swiss Life/Rentenanstalt	2007	First call date in 2017

Comfortable liquidity position of roughly 7% of invested assets as of 31 October 2008, with additional flexibility from repo agreements

1) CHF 61 m outstanding as of 30.06.2008

Key points



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Contact details and financial calendar



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Financial calendar

Full-year results 2008
Interim statement Q1 2009
Annual General Meeting

24 March 2009
5 May 2009
7 May 2009

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