SwissLife

Investors' Day 2008

Investments – Ensuring predictable returns in 2009

Patrick Frost, Chief Investment Officer

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

SwissLife

Ensuring predictable returns in 2009

- **Significantly de-risked balance sheet in 2008**
- **Steps taken to cope with additional market downturn**

De-risking of investment portfolio accelerated in second half of 2008

- ☑ Net equity quota reduced to 0.4%
  (30 June: 2.5%, YE07: 7.5%)
- ☑ Cash quota increased to ~7%
  (30 June: 4.7%, YE07: 2.6%)
- ☑ Alternative investment quota reduced to ~4.0%
  (30 June: 4.9% , YE07: 5.3%)
- ☑ Duration gap kept below 1
- ☑ Risk in corporate bonds increased,
  but well diversified
- ☑ Net FX risk in investment portfolio substantially reduced
  to almost zero (30 June: 3.7 bn, YE07: 2.2 bn)

Exposure to equities significantly reduced

SwissLife

Key measures taken – Equities

- ***Net equity quota reduced to 0.4%***
  (30 June: 2.5%)
- ***Gross equity quota reduced to 2.5%***
  (30 June: 5.9%) through country-specific hedging
  – Switzerland: CHF 200 m in short futures on major indices
  – France: CHF 250 m short futures and CHF 100 m long put options
  – Germany: Net CHF 800 m put options

- ***Benchmarks outperformed*** until October 2008
- ***Equity exposure reduced to close to zero*** –
  at present, minimal downside risk

Outlook

- Expected net equity quota for 2009 ~1%
- Rolling equity option programme in place with different strikes

Exposure to alternative investments significantly reduced

SwissLife

Key measures taken – Hedge Funds

- ***Hedge funds redeemed:*** >CHF 500 m net redemptions until September 2008, further ~CHF 900 m by year end
- ***Proxy hedging programme implemented*** for remaining hedge fund exposure
- ***Portfolio well diversified*** across different management styles (mostly fund of funds)

Outlook

- Redemptions on fund of funds of CHF ~2 bn initiated
- Rebalancing of hedges planned
- Rebalancing of portfolio planned with lower exposure

Key measures taken – Private Equity

- ***Private Equity exposure increased*** through capital calls to CHF 250 m (30 June: CHF 166 m)
- ***Allocation to distressed strategies increased***

Outlook

- Additional net capital calls in 2009 of CHF 150 m expected
- Further focus on distressed strategies planned

Credit portfolio optimised through several measures

SwissLife

Key measures taken – credit portfolio	Outlook

Key measures taken – credit portfolio

Credit portfolio further optimised

- Build up of investment-grade credit portfolio in H2 2008 by CHF ~1 bn by buying additional bonds
- Exposure to structured credit further reduced to CHF 0.5 bn (as of 31 October) – more than CHF 200 m matured in 2008
- Portfolio selectively hedged through single name CDS
- Reclassification of parts of the portfolio (~CHF 15 bn) to "loans and receivables“
- CDS protection of CHF ~0.5 bn bought, protection of CHF ~0.1 bn sold; exposure to monoliners <20 m

Stricter risk limits applied

- Risk limits, set by the Group Risk Committee, for below BBB counter parties further tightened since 2007
- Bonds below BBB standing at ~3% of total insurance portfolio

Impairments ~15bps of assets mainly due to defaults in 2008

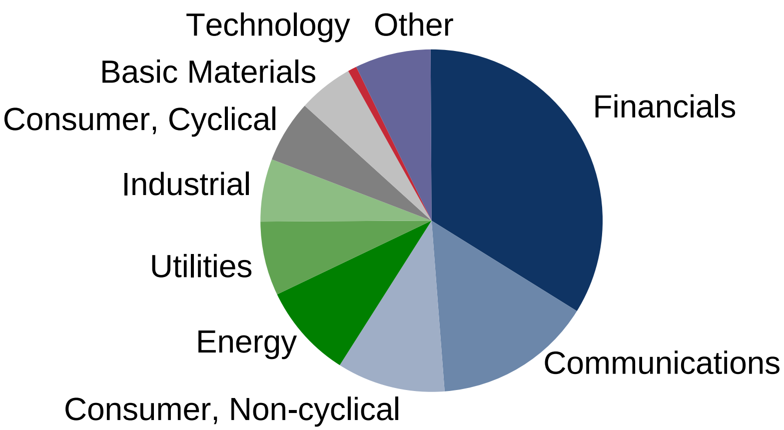
Outlook

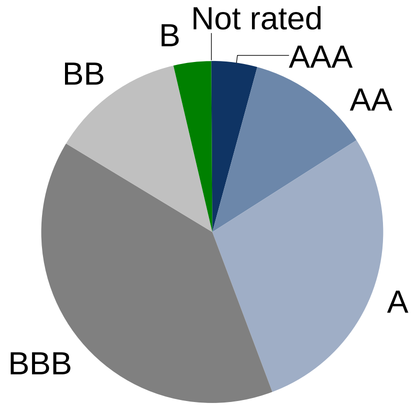
- Consideration of opportunities to selectively increase credit portfolio
- Ongoing risk management to take advantage of markets

Characteristics of Credit Portfolio

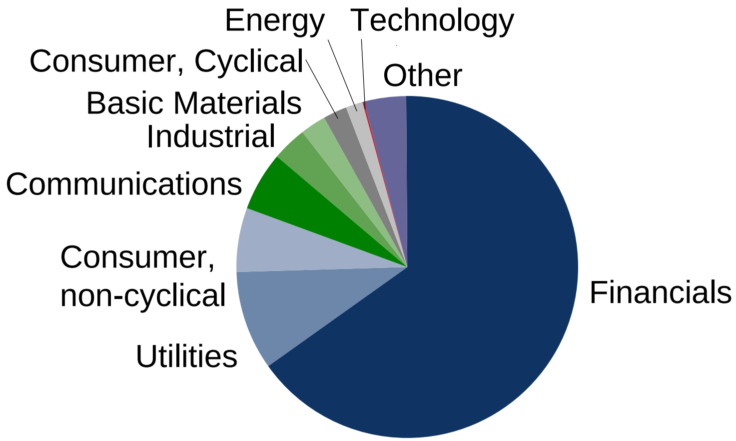
Non-government bond portfolio, 31 October 2008

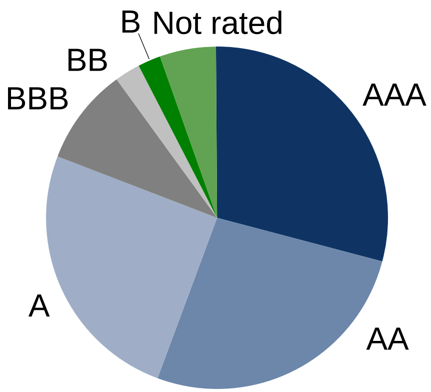
Loans and receivables (Duration: 5.7)





Available for sale (Duration: 5.3)





Minimal exposure to CDO/CLO, ABS, MBS, etc.

As of 31 October 2008; CHF m

Category	Fair value	**Rating,** percent					**Year of maturity,** percent		
		AAA	AA	A	BBB	Below BBB or unrated	2009	2010–2012	After 2012
CDO/CLO [1]	142	83	0	0	0	17	72	16	12
• *With ABS collateral*	*32*	*48*	*0*	*0*	*0*	*52*	*0*	*48*	*52*
• *Corporates*	*110*	*94*	*0*	*0*	*0*	*6*	*94*	*6*	*0*
ABS [2]	301	61	0	18	18	3	20	37	43
• *Credit Cards*	*183*	*100*	*0*	*0*	*0*	*0*	*32*	*46*	*22*
• *Others*	*118*	*0*	*0*	*46*	*45*	*9*	*0*	*24*	*76*
RMBS	74	100	0	0	0	0	0	0	100
Total	**517**	**73**	**0**	**10**	**10**	**7**	**31**	**26**	**43**

1) CDO, CLO, ABS, MBS: note volume with US subprime and Alt-A components total CHF 16 m
2) 61% in ABS credit cards

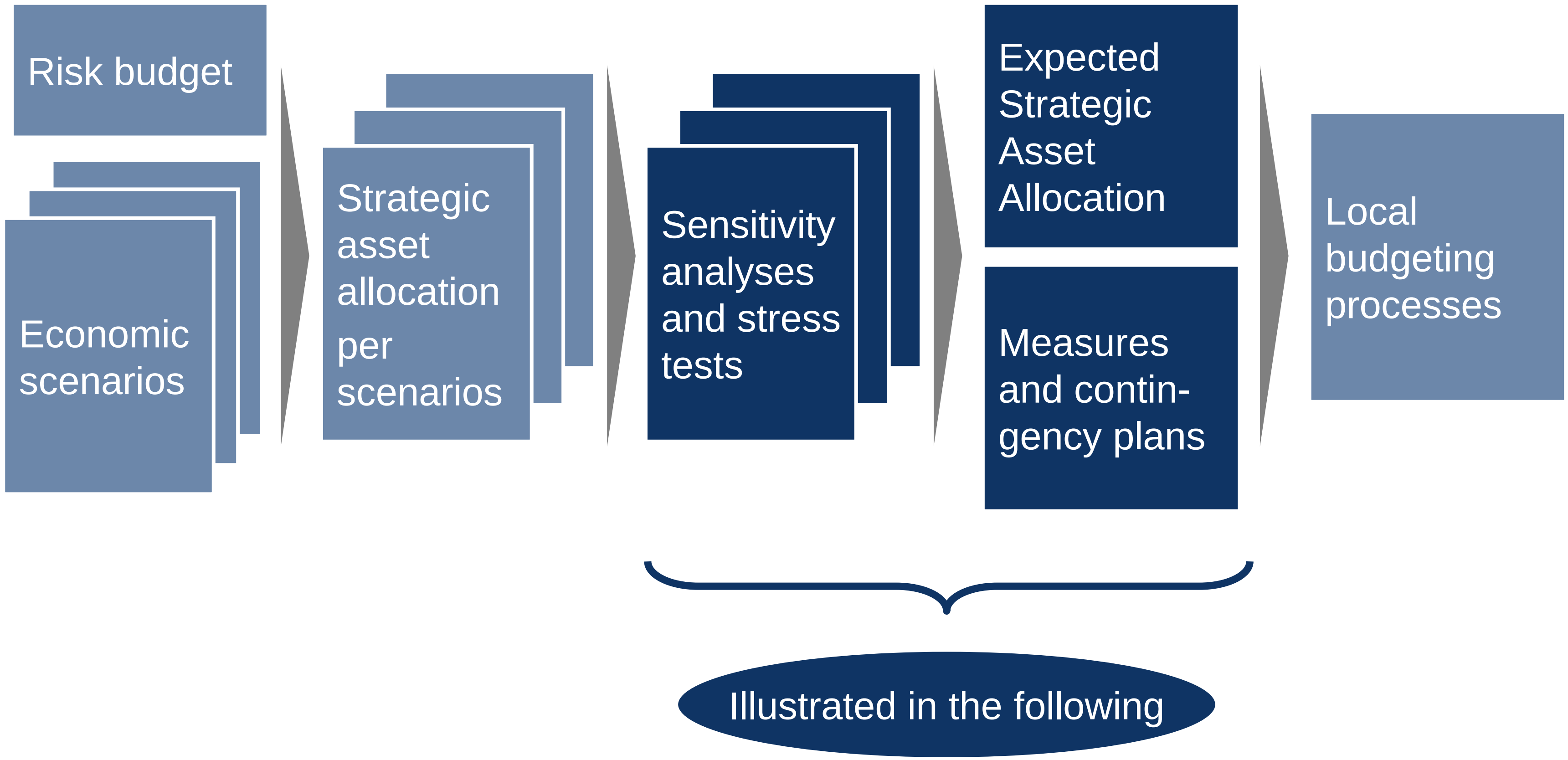
Characteristics of remaining fixed income portfolio and cash

Government bonds	• About half of the AAA bonds are AAA rated government bonds of our principal markets (CH, FR, DE)
Mortgages	• Switzerland: 85% residential, strict guidelines of max. 65% to 80% LTV[1)] depending on type of real estate • Germany: 94% residential, max. 60% to 80% LTV[1)]
Loans	• Switzerland: ~ 27% Swiss municipalities, ~25% to one AAA canton, ~20% other cantons or cantonal banks with cantonal guarantees, ~9% power stations, rest other, including Swiss private banks • Germany: 55% in Pfandbriefe (AAA equivalent), 20% Länder or government debt (Germany, Austria), 25% German banks (public and private, the latter fully covered by deposit insurance)
Cash	• Cash held at several banks in Switzerland, Germany and France • Most of cash holdings collateralised via reverse repo transactions • Further cash investments including short term funding to the Swiss government, bills of the Swiss National Bank and investments in very high grade money market funds in France

1) LTV: Loan-To-Value

Strategic asset allocation determined based on scenarios, sensitivity analyses and stress-tests

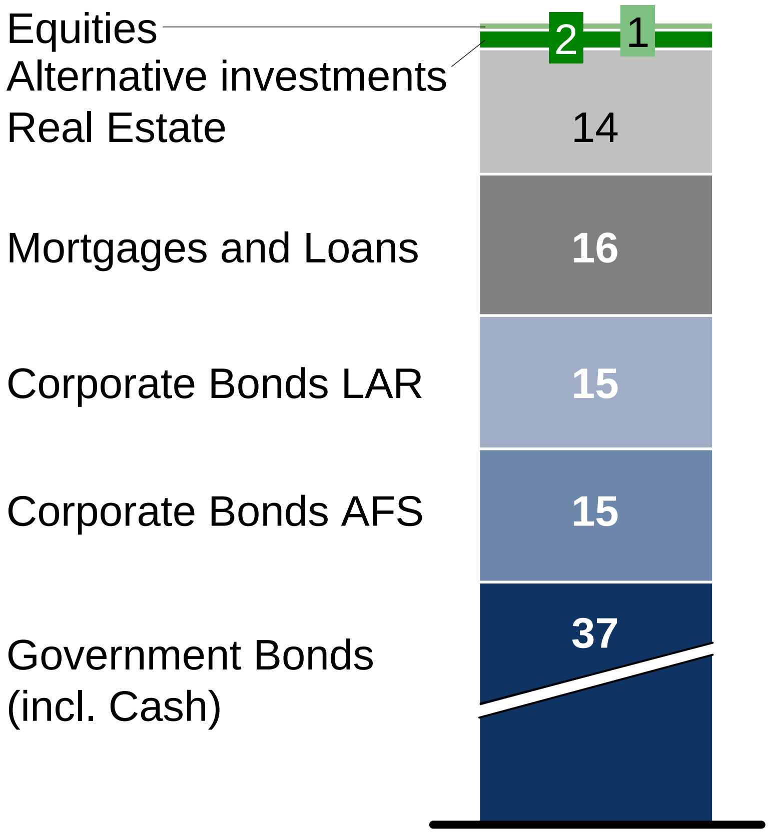
Scenario-based integrated budgeting process



On expected strategic asset allocation for 2009 lower and stabilised investment income assumed

SwissLife

Expected Asset Allocation for 2009, percent



Key assumptions for sensitivity analysis and stress tests

- **Overall asset returns** expected to be 3.7%
  - 50 bp lower than expectations for 2008
  - Annualised direct yield on our portfolio as at 31.10.2008 of 4.2% – FX hedging costs of about 50 bp to be deducted
- **Shareholder vs. policyholder split** of about 15/85
- **Guarantees** considered
- **Local tax rates** applied

Analysis reveals strong sensitivity to interest rate increase on government bonds

SwissLife

Sensitivity analysis (estimates, based on internal model)

Expected Asset Allocation 2009		Sensitivity		Impact on IFRS solvency Solvency points	Impact on Stat solvency Solvency points
Equities	1%	Prices	-10%p	-0.2%	-0.1%
Alternative Investments	2%	Prices	-10%p	-0.6%	-0.6%
Real Estate	14%	Index [1]	-10%p	-3.3%	-4.0%
Mortgages and loans	16%	Prices	-1%p	0%	0%
Corporate Bonds	30%	Loss on defaults	+100 bp	-0.7%	-0.7%
• *Thereof LAR* [2]	*15%*	*Spreads*	*+100 bp*	0%	0%
• *Thereof AFS*	*15%*	*Spreads*	*+100 bp*	-14.1%	0%
Government Bonds (incl. cash)	37%	Interest rates	+100 bp	-49.7%	-0.1%

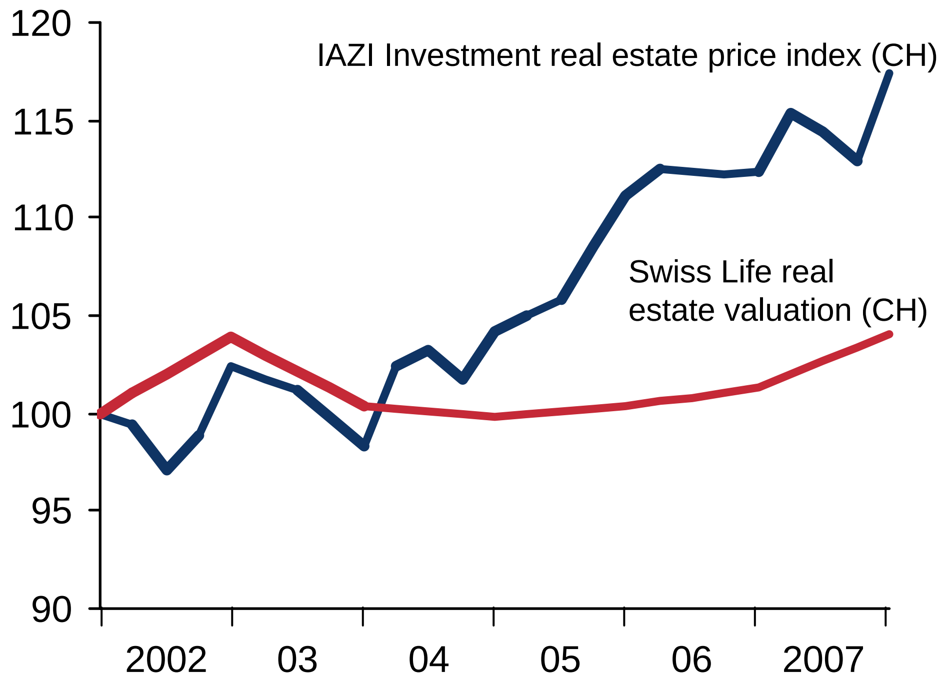
Conclusions

- Interest rate increases on government bonds as key risk to IFRS Solvency
- Credit spread widening of 100 bp on AFS bonds with significant impact on IFRS solvency
- Real estate index correction of 10% with noticeable impact
- Credit defaults as well as a 10% market correction of Alternative Investments and Equities with limited impact on solvency

1) Assumed sensitivity of real estate valuation to index decline of 1/3 in Switzerland
2) Loans and accounts receivables

Special characteristics of Swiss Life's real estate portfolio lead to low volatility

**Swiss market move vs.
Valuation of Swiss Life’s Real Estate portfolio in CH**



Characteristics of Swiss Life's real estate portfolio

- **84% of exposure to Swiss real estate** with no strong price increases in this cycle
- **Excellent quality of assets**
  - Conservative
  - Very well seasoned
  - Geared towards residential properties
  - Focused on excellent locations in the major urban areas
- **DCF model** applied once a year for property portfolio valuation by an external valuation agent

- **Only 1/3 of total market move reflected in Swiss Life's Swiss real estate portfolio valuation**
- **Real estate portfolio positively contributing to investment returns, also in 2008**

Stress test 1 – same returns in 2009 as in 2008 with limited downside on solvency

Stress test 1 – Same returns in 2009 as in 2008 (estimates, based on internal model)

Expected Asset Allocation 2009		Stress test assumption		Impact on IFRS solvency Solvency points	Impact on Stat solvency Solvency points
Equities	1%	Prices	-46%p	-1.0%	-0.6%
Alternative Investments	2%	Prices	-23%p	-3.1%	-3.9%
Real Estate	14%	Index [1]	0%p	0%	0%
Mortgages and loans	16%	Prices	0%p	0%	0%
Corporate Bonds	30%	Loss on defaults	50 bp	-0.4%	-0.3%
• *Thereof LAR [2]*	*15%*	*Yields*	*280 bp*	0%	0%
• *Thereof AFS*	*15%*	*Yields*	*280 bp*	-39.6%	0%
Government Bonds (incl. cash)	37%	Interest rates	-85 bp	38.3%	0%
Cumulative effect of stress test scenario				**-3.2%**	**-6.8%**

1) Assumed sensitivity of real estate valuation to index decline of 1/3 in Switzerland
2) Loans and accounts receivables

Stress test 2 – severe recession and deflation in 2009 with limited impact on statutory solvency

Stress test 2 – Severe recession and deflation in 2009 (estimates, based on internal model)

Expected Asset Allocation 2009		Stress test assumption		Impact on IFRS solvency Solvency points	Impact on Stat solvency Solvency points
Equities	1%	Prices	-30%p	-0.6%	-0.4%
Alternative Investments	2%	Prices	-10%p	-0.6%	-0.6%
Real Estate	14%	Index [1]	-10%p	-3.3%	-4.0%
Mortgages and loans	16%	Prices	0%p	0%	0%
Corporate Bonds	30%	Loss on defaults	249 bp	-5.6%	-6.7%
• *Thereof LAR* [2]	*15%*	*Yields*	*100 bp*	0%	0%
• *Thereof AFS*	*15%*	*Yields*	*100 bp*	-14.1%	0%
Government Bonds (incl. cash)	37%	Interest rates	-100 bp	44.9%	-0.2%
Cumulative effect of stress test scenario				**16.4%**	**-15.0%**

1) Assumed sensitivity of real estate valuation to index decline of 1/3 in Switzerland
2) Loans and accounts receivables

Number of additional potential measures evaluated and prepared

- Increase in default protection
- Selling or hedging of long government bonds
- Re-classification of further bonds, including government bonds, as held to maturity
- Re-modification of Strategic Asset Allocation

Key points

Swiss Life

Ensuring predictable returns in 2009

Significantly de-risked balance sheet in 2008

- ✓ Low sensitivity to further market downturn
- ✓ Minimal exposure to structured credit
- ✓ Low real estate risk due to special portfolio characteristics
- ✓ FX exposure in investment portfolio close to zero
- ✓ Comfortable cash position
- ✓ Duration gap below 1

Steps taken to cope with additional market downturn

SwissLife

Prepared for the future.

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.

Contact details and financial calendar

Contact

Marcus Händel	Tel.	+41 (43) 284 67 67
Head of Investor Relations	E-mail:	marcus.haendel@swisslife.ch
Rolf Winter	Tel.	+41 (43) 284 49 19
Senior Investor Relations Manager	E-mail:	rolf.winter@swisslife.ch

Financial calendar

Full-year results 2008	24 March 2009
Interim statement Q1 2009	5 May 2009
Annual General Meeting	7 May 2009

Visit www.swisslife.com for up-to-date information