



**Half-year results 2006  
Investors' Presentation**

Zurich, 6 September 2006

# Agenda



**1. Overview**

**Rolf Dörig**

2. Results

Thomas Müller

3. Outlook

Rolf Dörig

# Results improve consistently



<b>Net profit</b>	➔	<b>CHF 523 million</b>	<b>+13%</b>
<b>Profit from operations</b>	➔	<b>CHF 660 million</b>	<b>+22%</b>
<b>Premium growth</b>	➔	<b>CHF 12.7 billion</b>	<b>+9%</b>
<b>Operating expenses</b>	➔	<b>reduced to CHF 1.5 billion</b>	<b>-4%</b>
<b>Shareholders' equity</b>	➔	<b>CHF 7.2 billion</b>	<b>-6%</b>
<b>Embedded value</b>	➔	<b>CHF 10.1 billion</b>	<b>+13%</b>

# Strong business performance



- **International:** Sustainable growth continued
  - 20% premium growth; outperforms market average
  - Active measures to further improve profitability
- **Switzerland:** New business profitability in group and individual business increased
  - Efficiency measures start to take effect
  - Good development of unit-linked sales ongoing
- **Investment Management:** Active ALM delivered expected results
  - Direct return stable
  - Results and shareholders' equity under control due to hedge accounting and use of derivatives
- **Banca del Gottardo:** Solid profit contribution
  - Strategy implementation on track
  - Promising net new money inflow

# Agenda



1. Overview

Rolf Dörig

**2. Results**

**Thomas Müller**

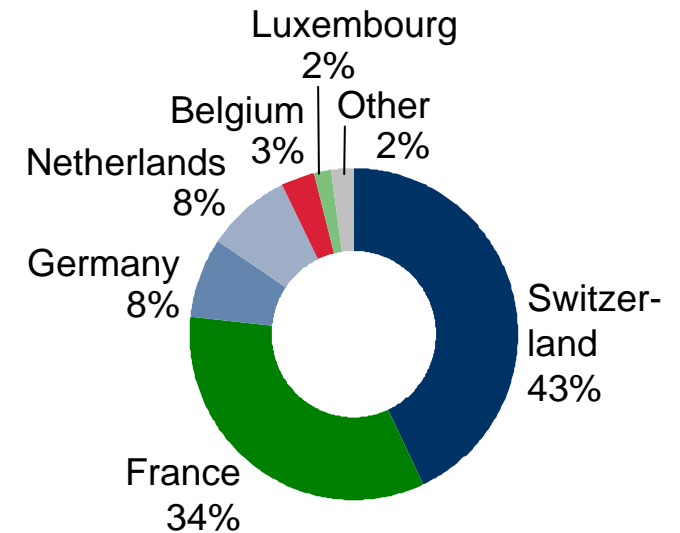
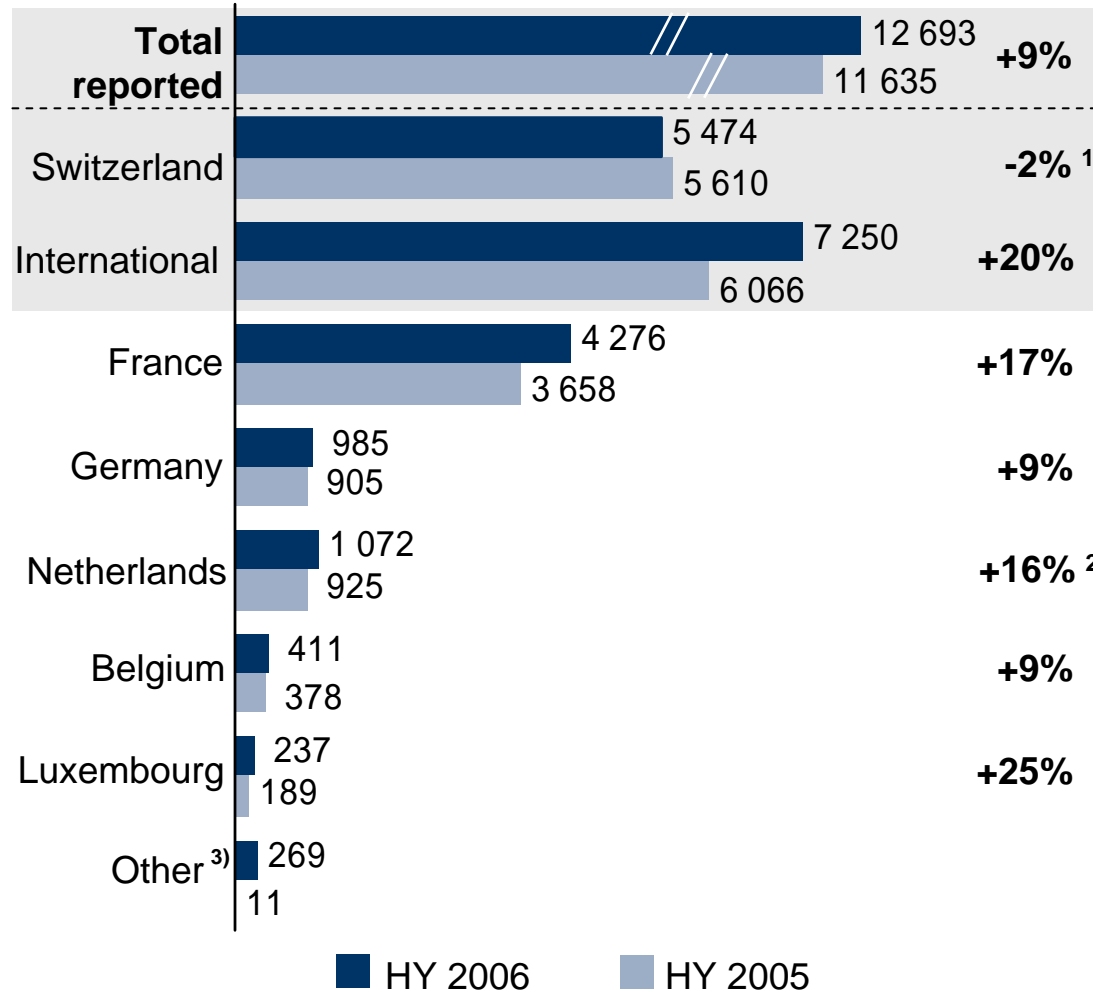
3. Outlook

Rolf Dörig

# Strong premium growth of 20% in international markets



GWP & PHD; CHF million (IFRS basis)



1) Growth +3% on an adjusted basis (excluding non-life premiums CHF 289 million in HY 2005)  
 2) Growth -6% on an adjusted basis (excluding Bols deal in 2006 CHF 202 million)  
 3) Including Italy CHF 11 million in 2005 and CHF 10 million in 2006; including Liechtenstein CHF 259 million in 2006

# Net profit increased 13% to CHF 523 million



CHF million (IFRS basis)

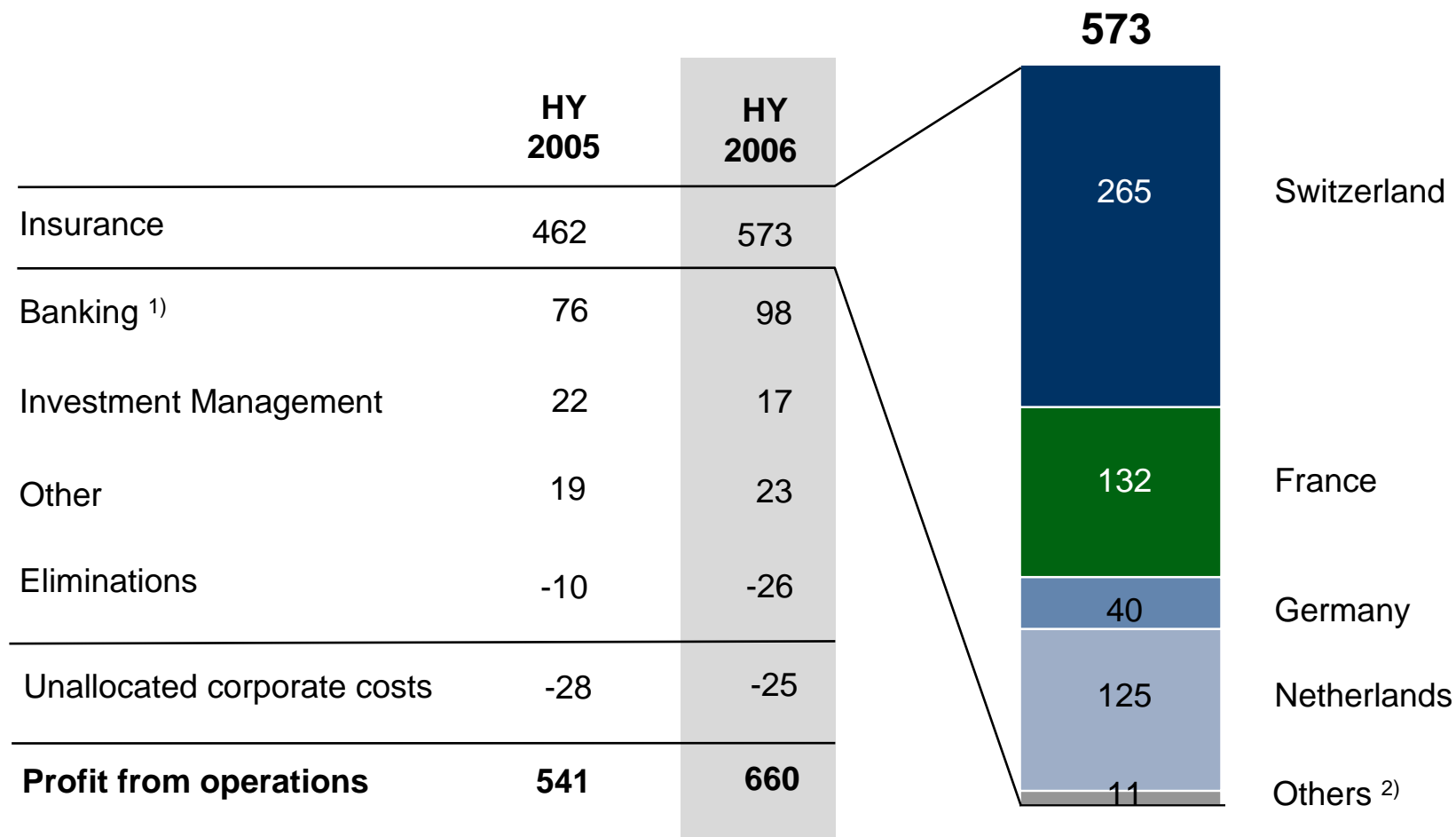
	<b>HY 2006</b>	<b>HY 2005</b>
Gross written premiums, fees and deposits received	12 693	11 635
Financial result for own risk	2 958	2 902
Net insurance benefits and claims	-8 783	-8 529
Policyholder participation	-869	-870
Operating expenses	-1 474	-1 528
<b>Profit from operations</b>	<b>660</b>	<b>541</b>
Borrowing costs	-80	-95
Taxes and results of associates	-57	17
<b>Net profit</b>	<b>523</b>	<b>463</b>
Earnings per share (in CHF) <sup>1)</sup>	14.72	12.93
Return on equity (ROE) annualised	14.3%	13.4%

1) Diluted, based on 35 095 361 shares in 2006 and 35 006 638 shares in 2005

# Increasing profit contribution of insurance and banking segments



Segment results; CHF million (IFRS basis)



1) Including gains on sales of BdG (Monaco) & Dreieck Industrie Leasing CHF 50 million minus one-off effects of CHF 42 million in 2006  
 2) Comprises Belgium, Luxembourg, Liechtenstein, Italy, Eliminations



# Balance sheet develops as expected in rising interest rate scenario



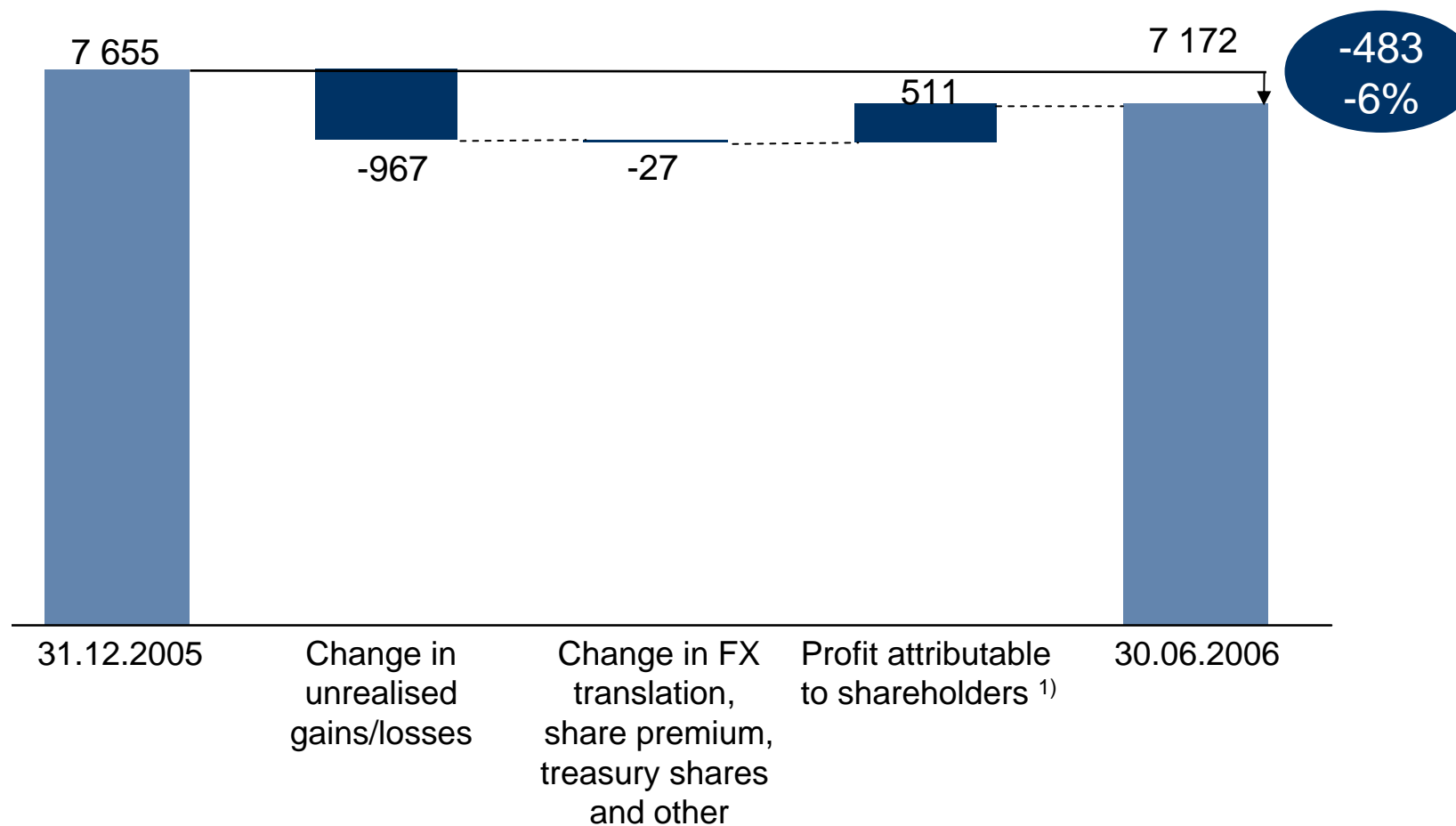
CHF million (IFRS basis)

	30.06.2006	31.12.2005
<b>Insurance reserves</b>	<b>141 282</b>	<b>139 252</b>
Insurance liabilities	108 854	106 541
Investment contracts	26 712	24 629
Policyholder participation liabilities	5 716	8 082
<b>Borrowings</b>	<b>5 267</b>	<b>4 388</b>
<b>Shareholders' equity</b>	<b>7 172</b>	<b>7 655</b>
<hr/>		
Total liabilities and equity	179 223	177 597
<hr/>		
<b>Core capital</b>	<b>13 233</b>	<b>16 621</b>
Equity	7 426	7 953
Hybrid capital instruments	1 701	1 689
Deferred Group-related funds	4 106	6 979

# Resilient shareholders' equity



CHF million (IFRS basis)

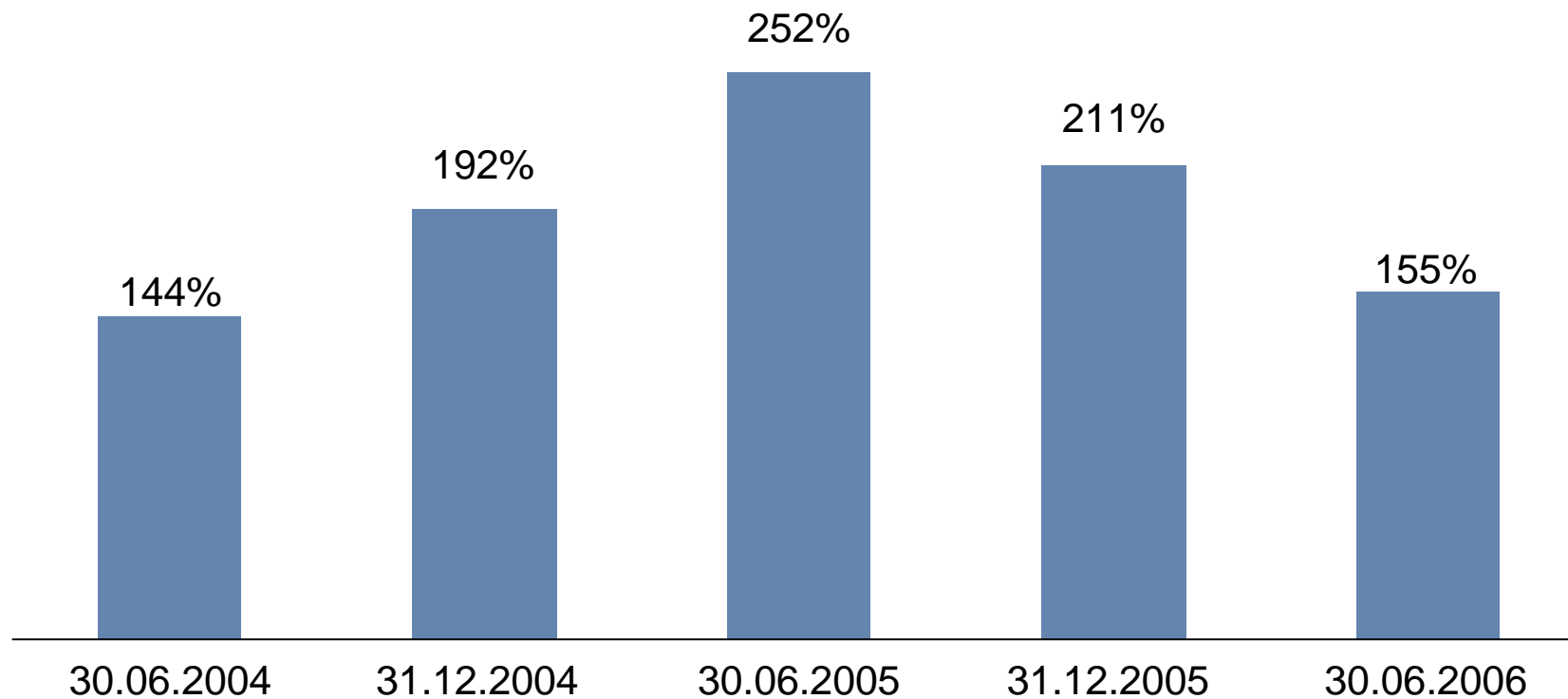


1) Profit of CHF 523 million, less amount of CHF 12 million attributable to minority interest

# Group solvency at a comfortable level



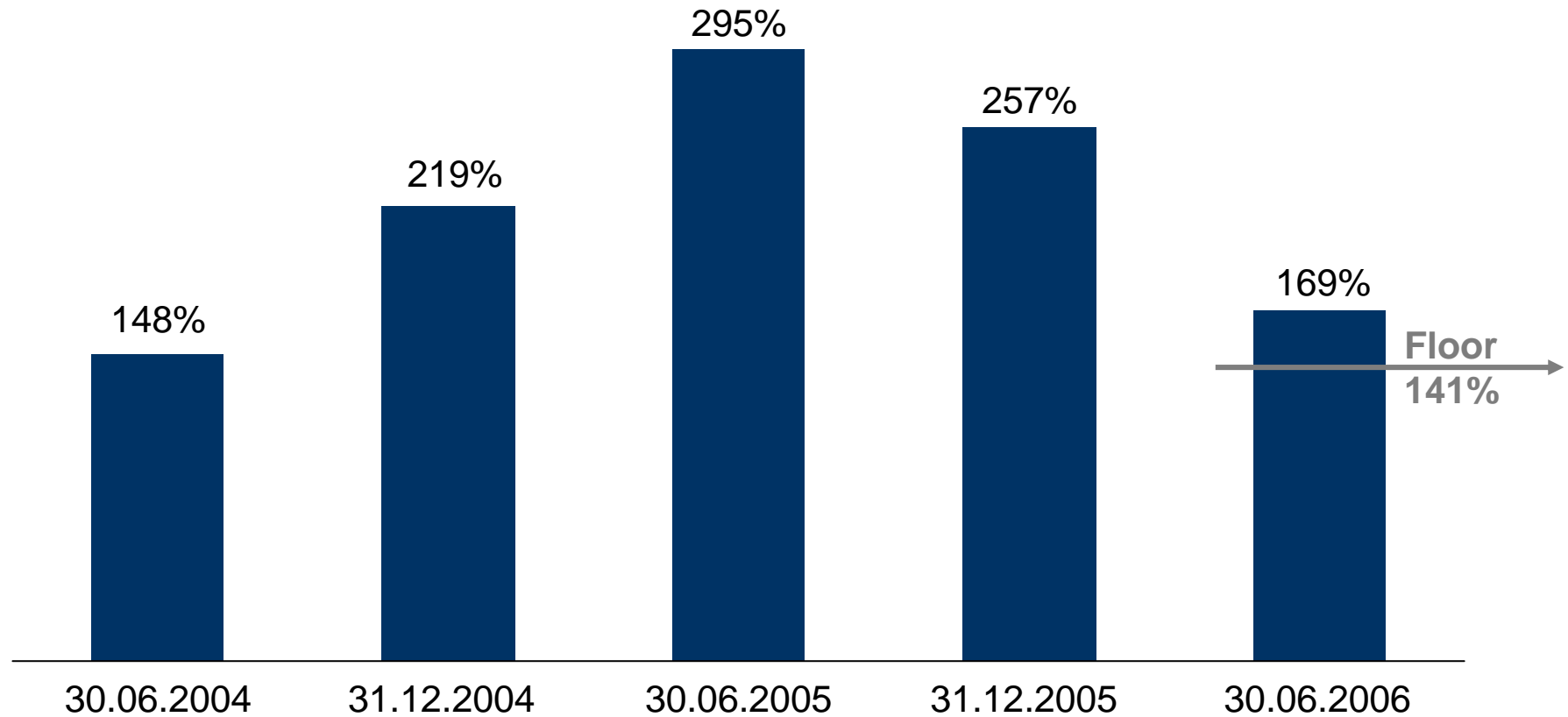
Based on IFRS equity, according to methodology applied by Swiss regulator



# Statutory solvency floor at 141%



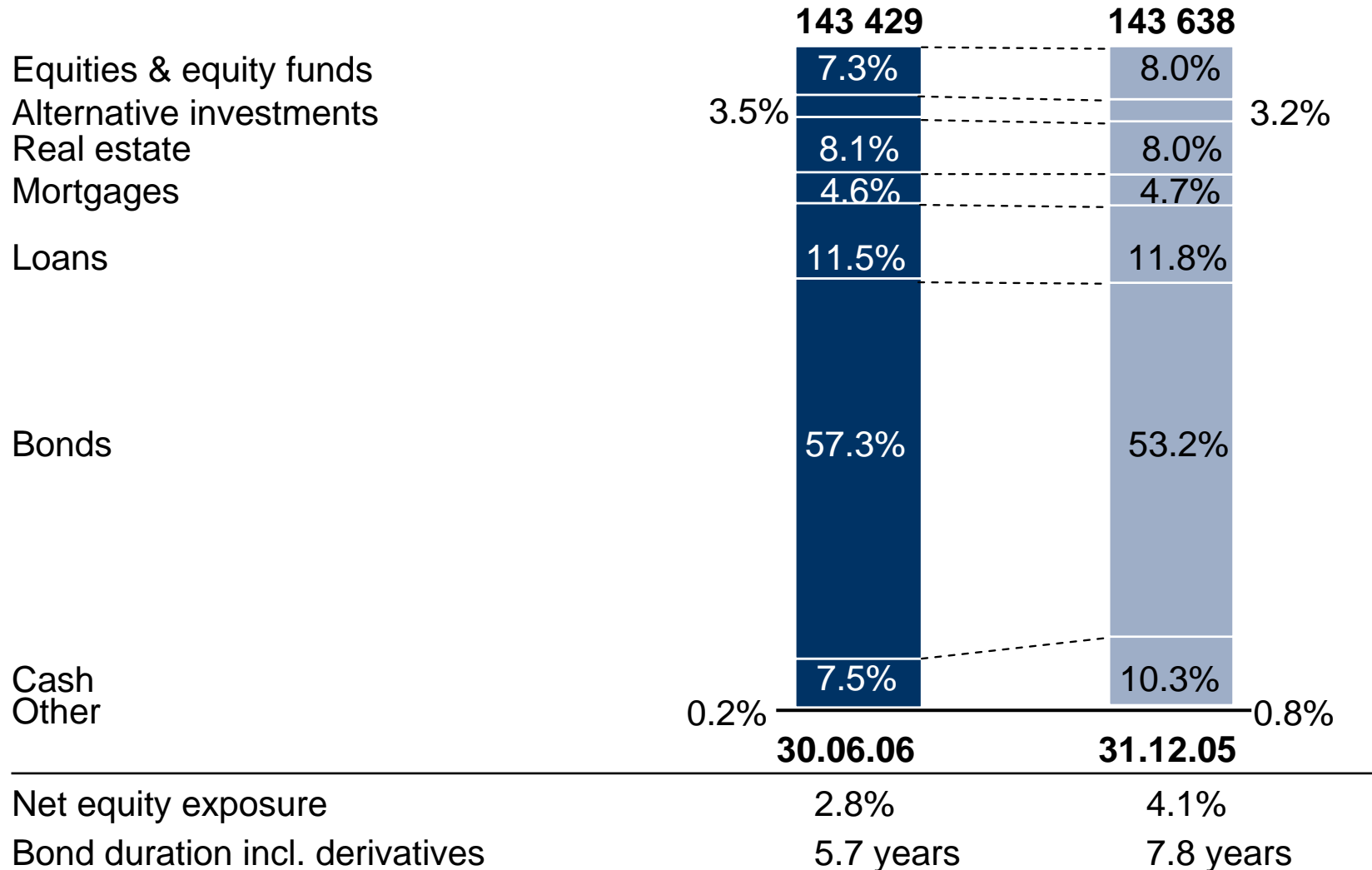
Based on parent company (Stammhaus)



# Reinvesting in bonds while maintaining short duration through derivatives



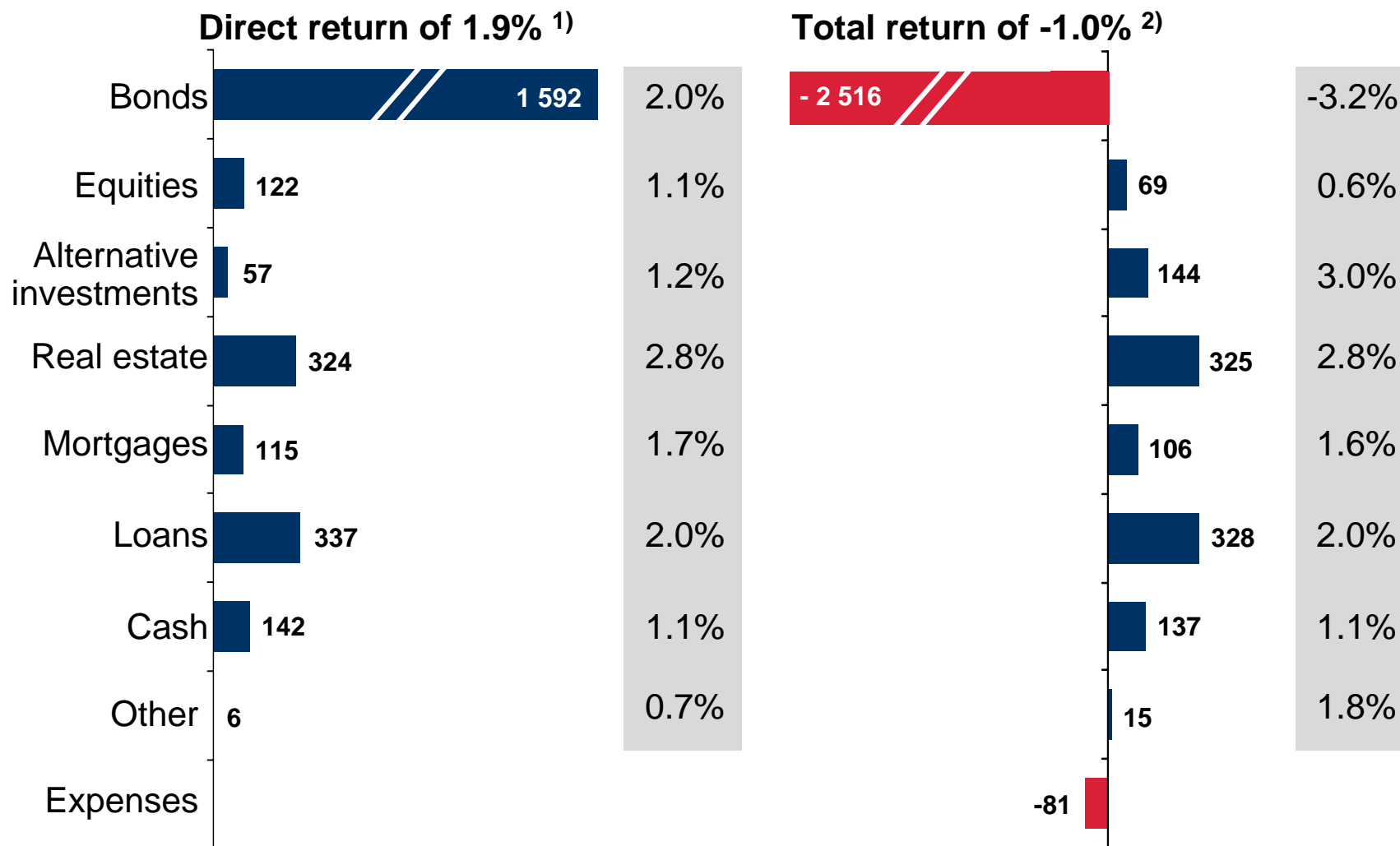
Asset allocation of insurance portfolio; CHF million (IFRS basis)



# Stable direct returns



Investment return on insurance portfolio; CHF million; not annualised



1) Direct return FY 2005 annualised at 3.8%

2) Including hedge effects, before expenses

# Embedded value exceeds CHF 10 billion



CHF million (statutory basis)

	30.06.2006	31.12.2005	Change	RoEV <sup>1)</sup>
Embedded value Switzerland	3 863	3 614	+6.9%	+11.2%
Embedded value International	4 175	3 460	+20.7%	+20.0%
ANAV Swiss Life Holding	2 037	1 813		
<b>Swiss Life Group</b>	<b>10 075</b>	<b>8 887</b>		<b>+13.4%</b>
of which ANAV	6 636	5 942		
PVFP	5 303	4 809		
Cost of capital	-1 864	-1 864		
Embedded value per share <sup>2)</sup>	298	263		

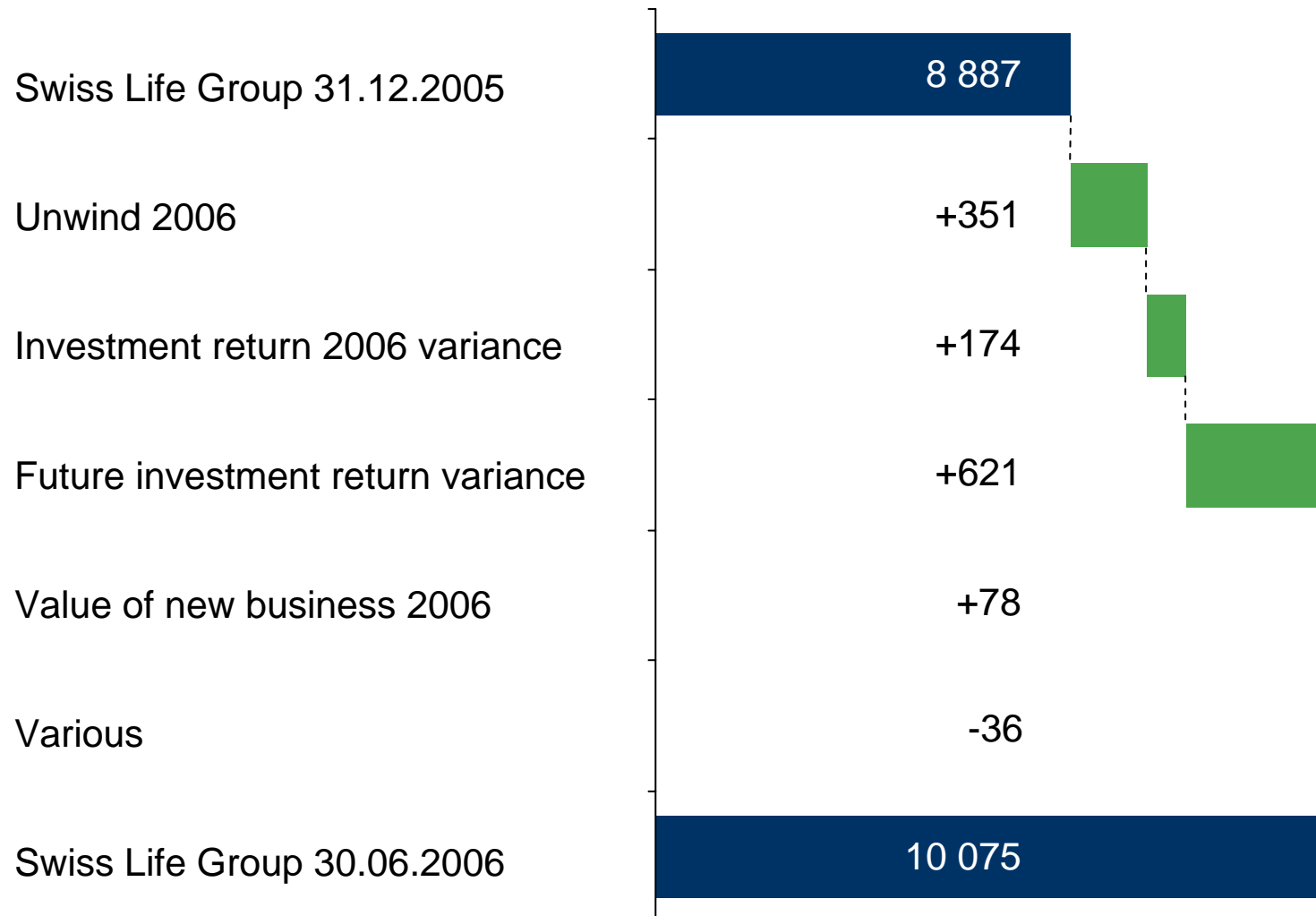
1) Net of intra-group transfers

2) Based on 33.8 million shares

# Embedded value increased by 13%



Analysis of change; CHF million (statutory basis)

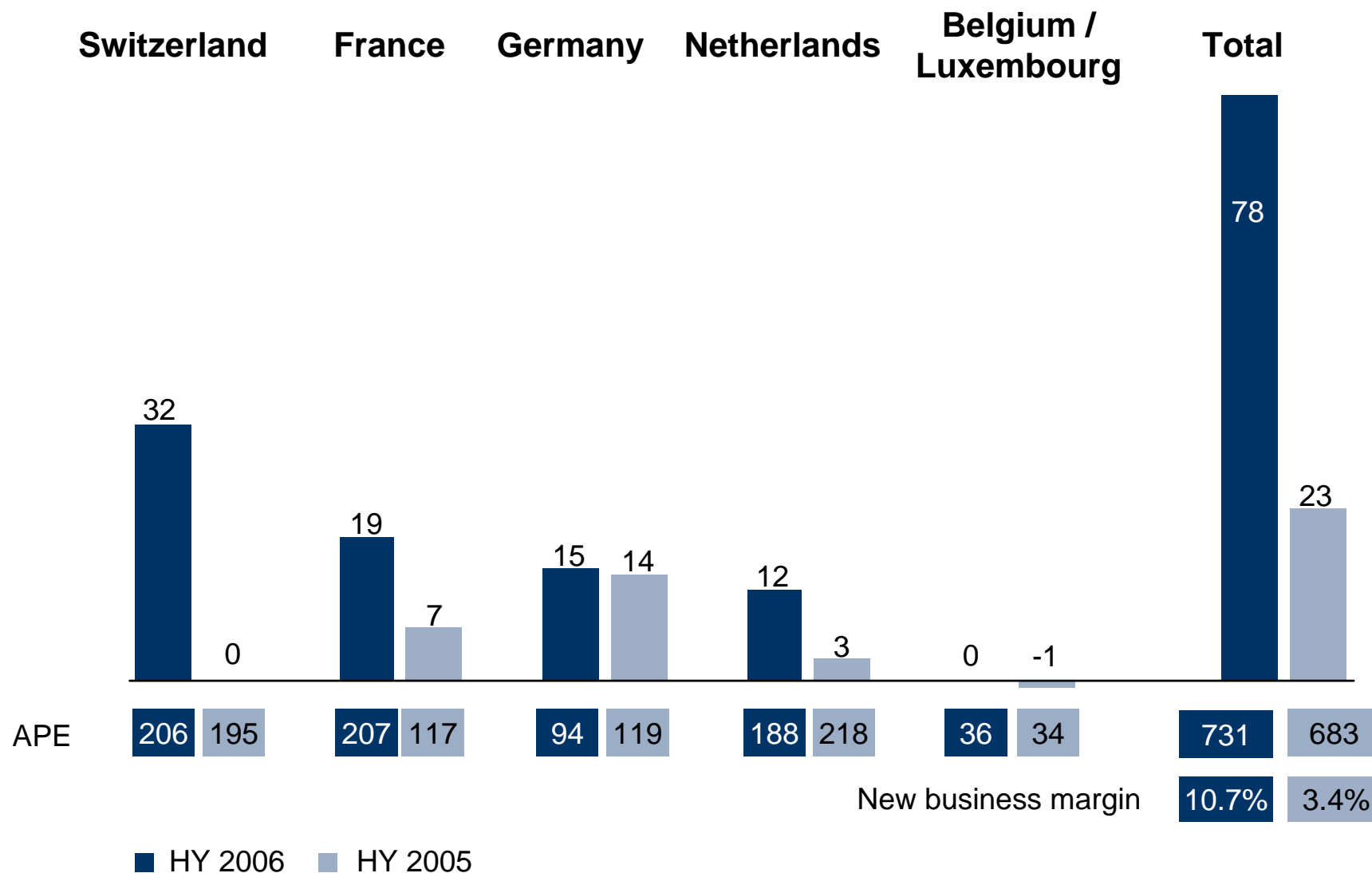




# Strong contribution to value of new business by all markets



CHF million (statutory basis)



# Agenda



1. Overview

Rolf Dörig

2. Results

Thomas Müller

**3. Outlook**

**Rolf Dörig**

# Results improve consistently



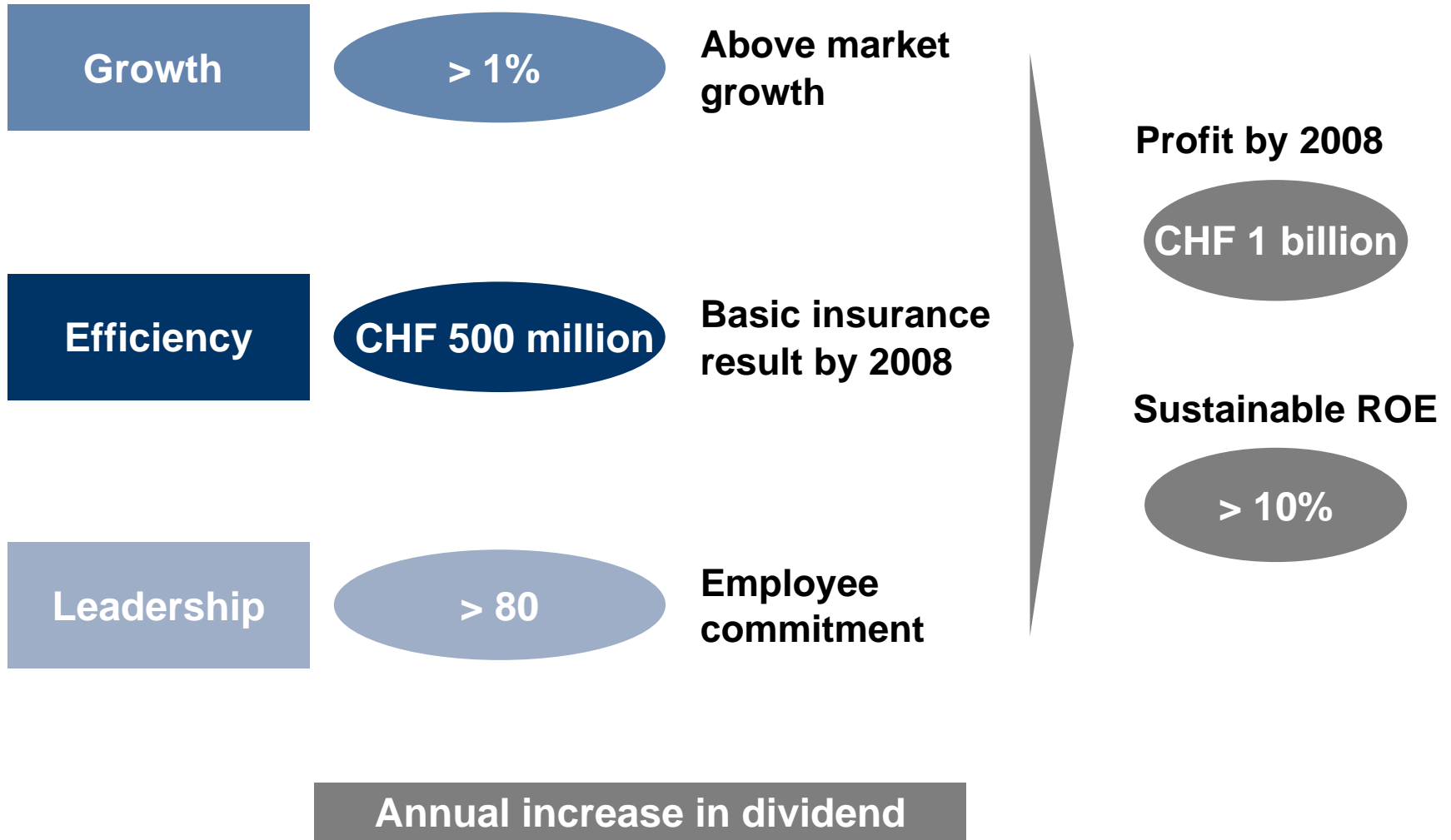
- Improved operating performance
  - Increased premium growth in international markets
  - Enhanced efficiency and new business profitability in Switzerland
- Protected strong equity base despite interest rate development
- Raised embedded value and value of new business

# Our priorities



- **International**
  - Seize growth opportunities
  - Increase profitability on in-force and new business
- **Switzerland**
  - Increase efficiency, profitability and launch new products
  - Leverage existing portfolio and strengthen market position
- **Investment management activities - ALM**
  - Keep the financial result stable
  - Protect solid equity
- **Banca del Gottardo**
  - Focus on private banking
  - Implement strategy successfully

# On track to achieve our 2008 goals





**Supplementary information**

# Supplementary information



## 1. Profit and loss

2. Balance sheet

3. Embedded value

4. Banca del Gottardo

5. Assumptions and definitions

6. Contact details

# Organic premium growth



CHF million (IFRS basis)

	<b>HY 2006</b>	<b>HY 2005</b>	<b>Change</b>
<b>GWP &amp; PHD</b>	<b>12 693</b>	<b>11 635</b>	<b>9.1%</b>
“Bols” deal Netherlands	-202		
Currency effects		58	
<b>GWP &amp; PHD (adjusted)</b>	<b>12 491</b>	<b>11 693</b>	<b>6.8%</b>



# Adjusted operating expenses



CHF million (IFRS basis)

	<b>HY 2006</b>	<b>HY 2005</b>	<b>Change</b>
<b>Total operating expenses</b>	<b>1 474</b>	<b>1 528</b>	<b>-4%</b>
Commissions and DAC amortisation	-465	-476	
Goodwill & PVP amortisation	-1	0	
Restructuring costs	-40	-60	
Divestments <sup>1)</sup>		-27	
Currency effects		5	
<b>Operating expenses (adjusted)</b>	<b>968</b>	<b>970</b>	<b>0%</b>

1) BdG (Monaco) & Dreieck Industrie Leasing

# Switzerland: Life insurance premiums



CHF million (IFRS basis)

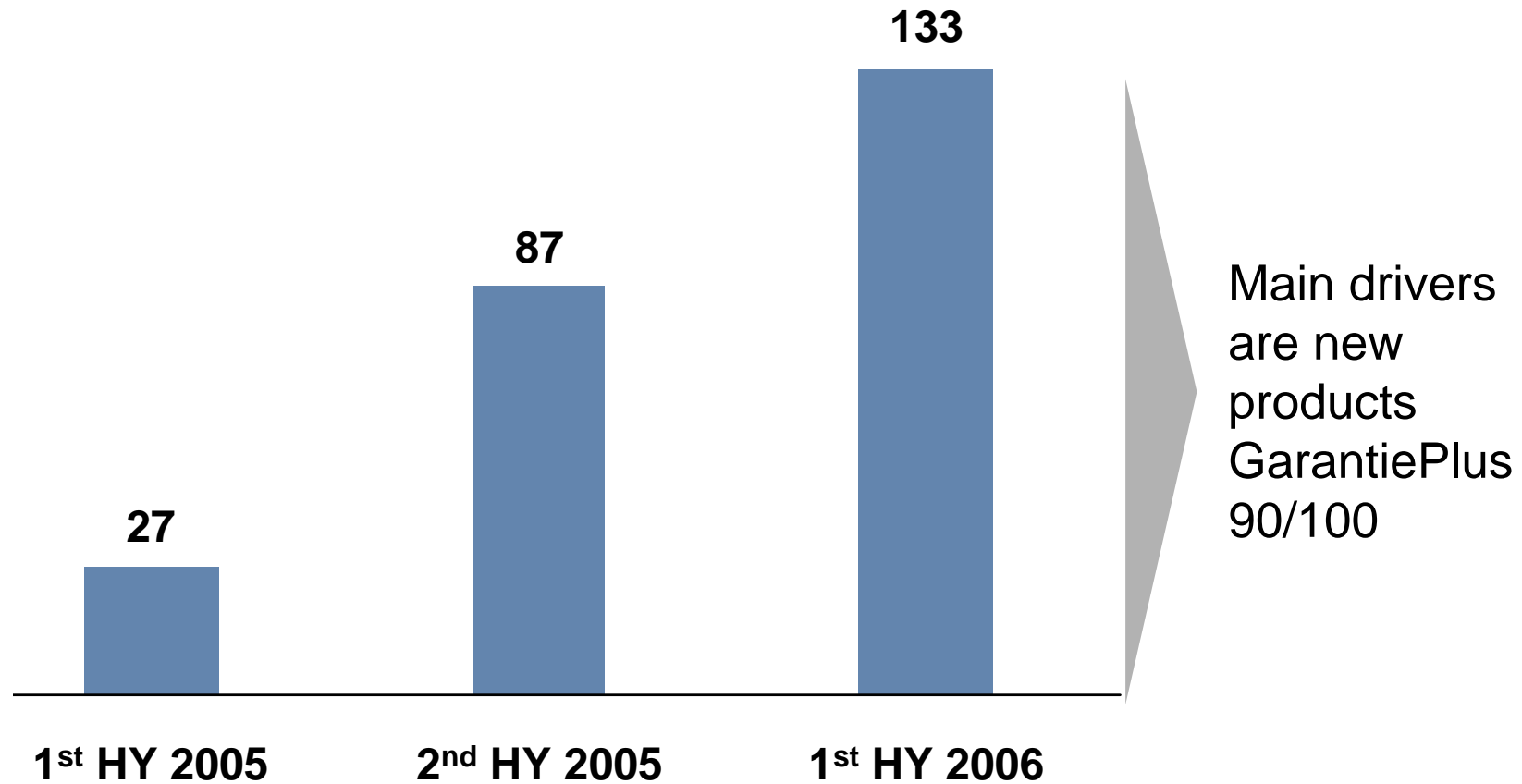
	HY 2006	HY 2005	Change
<b>Total life GWP incl. PH deposits <sup>1)</sup></b>	<b>5 474</b>	<b>5 321</b>	<b>+2.9%</b>
Single premiums	2 184	2 064	5.8%
Periodic premiums	3 163	2 966	6.6%
Investment contract prem. & policy fees	76	250	n.m.
Reinsurance premiums assumed	51	41	24.4%
<b>Group life</b>	<b>4 600</b>	<b>4 363</b>	<b>5.4%</b>
Single premiums	1 886	1 673	12.7%
Periodic premiums	2 654	2 456	8.1%
Investment contract prem. & policy fees	60	234	n.m.
<b>Individual life</b>	<b>823</b>	<b>917</b>	<b>-10.3%</b>
Single premiums	298	391	-23.4%
Periodic premiums	509	510	-0.2%
Investment contract prem. & policy fees	16	16	-5.2%

1) Excluding non-life premium CHF 289 million in HY 2005

# Switzerland: Sales volume of performance-oriented products increased



Gross premium/asset growth; unit-linked & funds (in CHF million)



# Switzerland: Current issues in legislation



## Group business

- **Conversion Rate:** More substantial and faster reduction recommended by the Federal Council (6.4% by 2011)
- **Minimum Interest Rate:** The majority of the BVG Commission to the Federal Council recommends keeping it at 2.5% for the next year. The Federal Council has yet to decide (approx. mid September 2006)

Broad interest in a stable 2nd pillar with secure funding and guaranteed pensions

## Individual business

The following parliamentary initiatives have been put forward, but have not yet been decided upon:

### Pillar 3a:

- Make pillar 3a accessible to those not working
- Expand pillar 3a from retirement age 65 to 70

### Pillar 3c:

- Launch a pillar 3c to finance costs of old age care

Positive tendency to expand pillar 3: Potential to develop new business

# Supplementary information



1. Profit and loss

**2. Balance sheet**

3. Embedded value

4. Banca del Gottardo

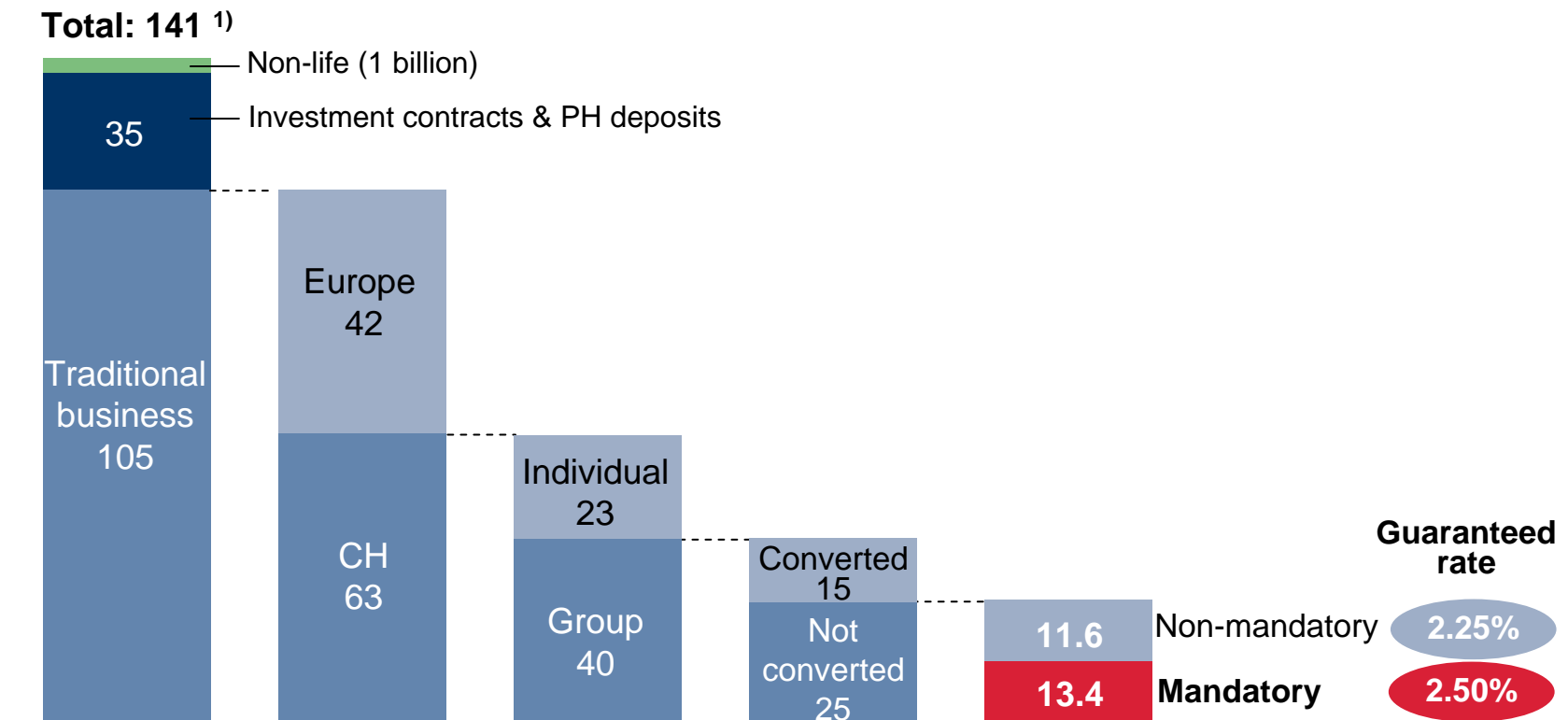
5. Assumptions and definitions

6. Contact details

# Less than 10% of Swiss Life Group reserves are subject to BVG minimum interest rates

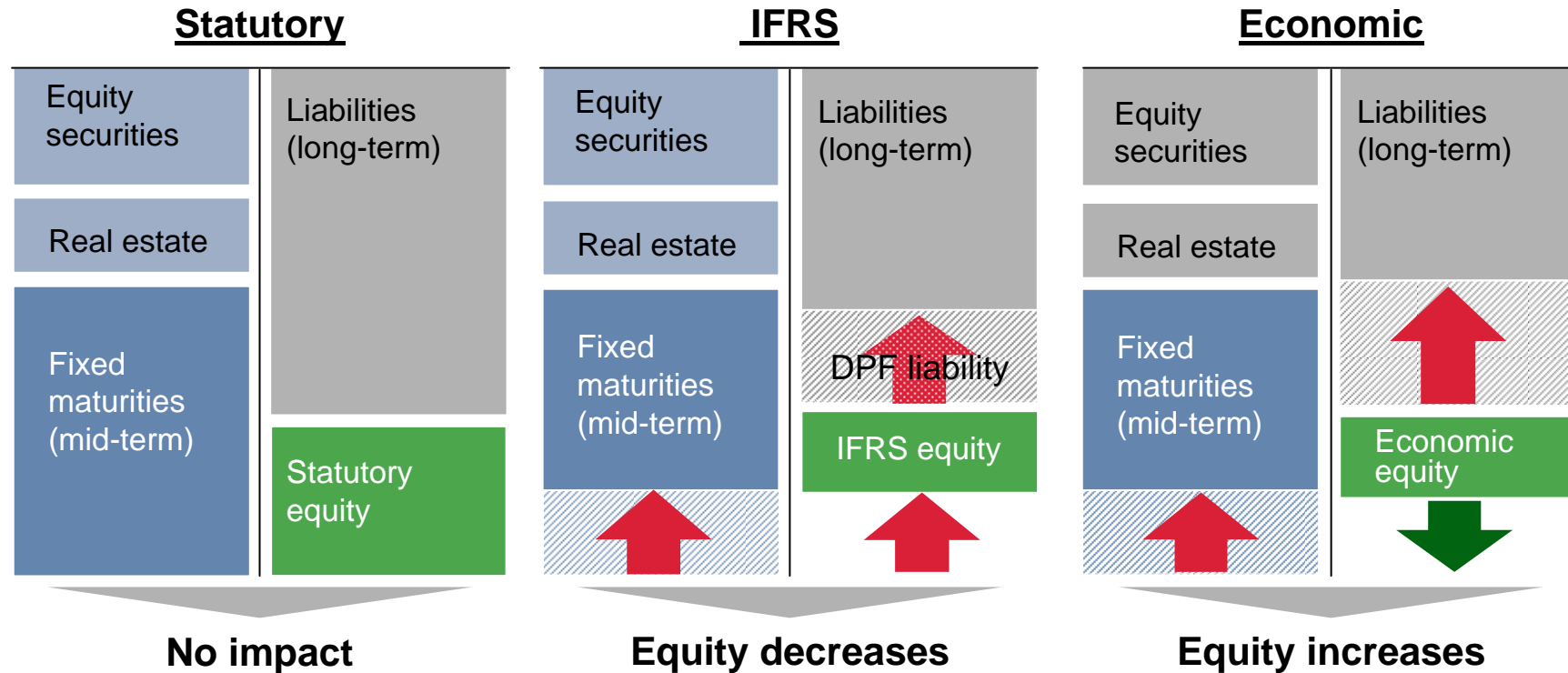


Breakdown of technical reserves as per 30.06.2006; CHF billion (IFRS basis)



1) Excludes 3rd party reserves of CHF 6 billion: Unit-linked and embedded derivatives insurance

# Impact of rising interest rates



- IFRS equity is not the appropriate measure for insurance value
- Positive impact of rising interest rates visible in embedded value and economic net worth
- Derivatives and hedge accounting allow protection of IFRS equity
- IFRS equity further protected by policyholders: through DPF liability (incl. bonus reserves) and bonus adjustments potential
- Legal required statutory solvency currently floored in case of rising interest rate

# Duration of bond portfolio - including interest rate hedges



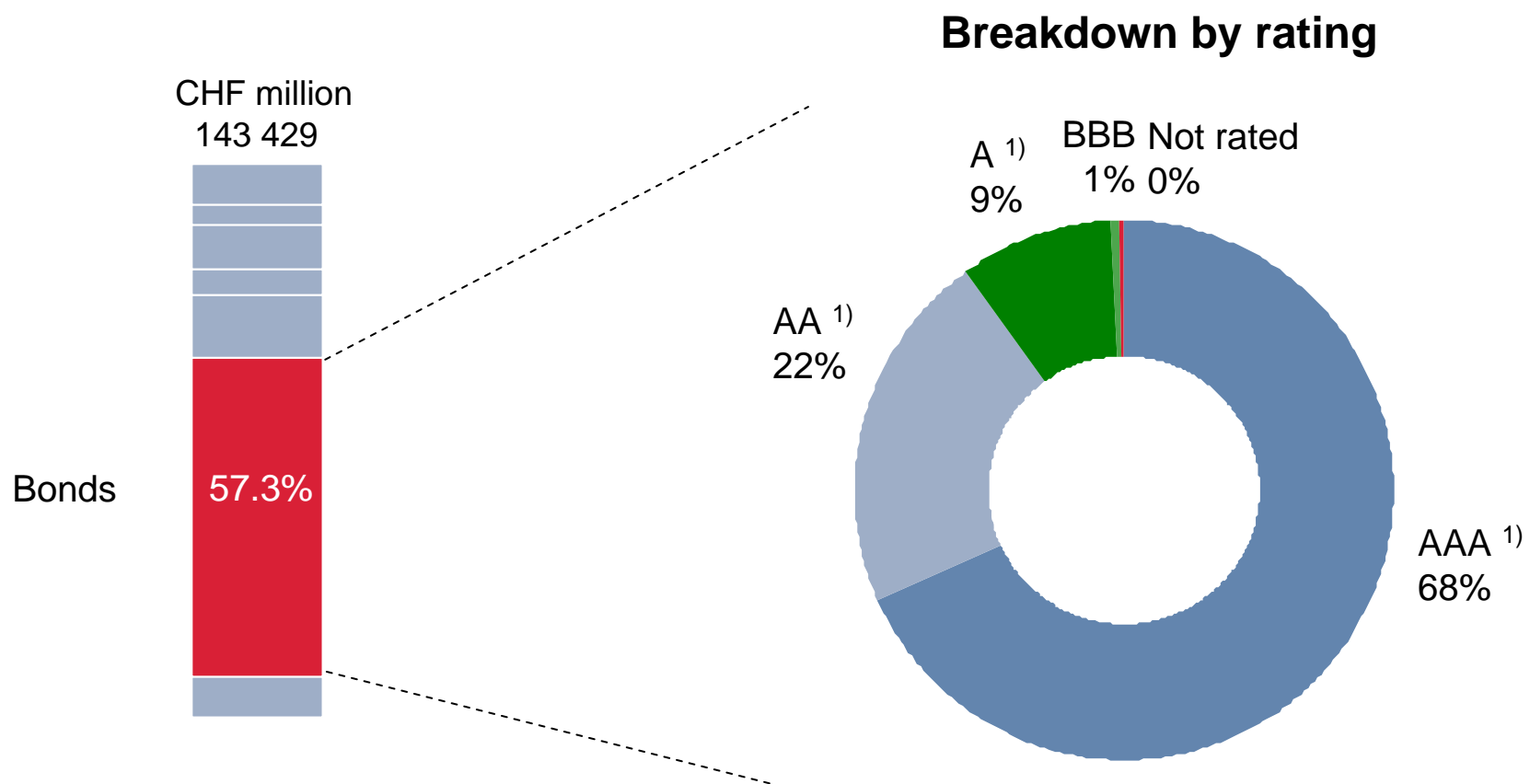
Effective duration parent company (Stammhaus); years

	<b>30.06.2006</b>	<b>31.12.2005</b>	<b>30.06.2005</b>
CHF	<b>7.2</b>	8.8	8.9
EUR	<b>5.3</b>	7.7	10.0
GBP	<b>5.1</b>	5.5	10.1
USD	<b>2.9</b>	3.4	11.6
<b>Average</b>	<b>5.7</b>	7.8	9.8



# Bond portfolio: Ratings

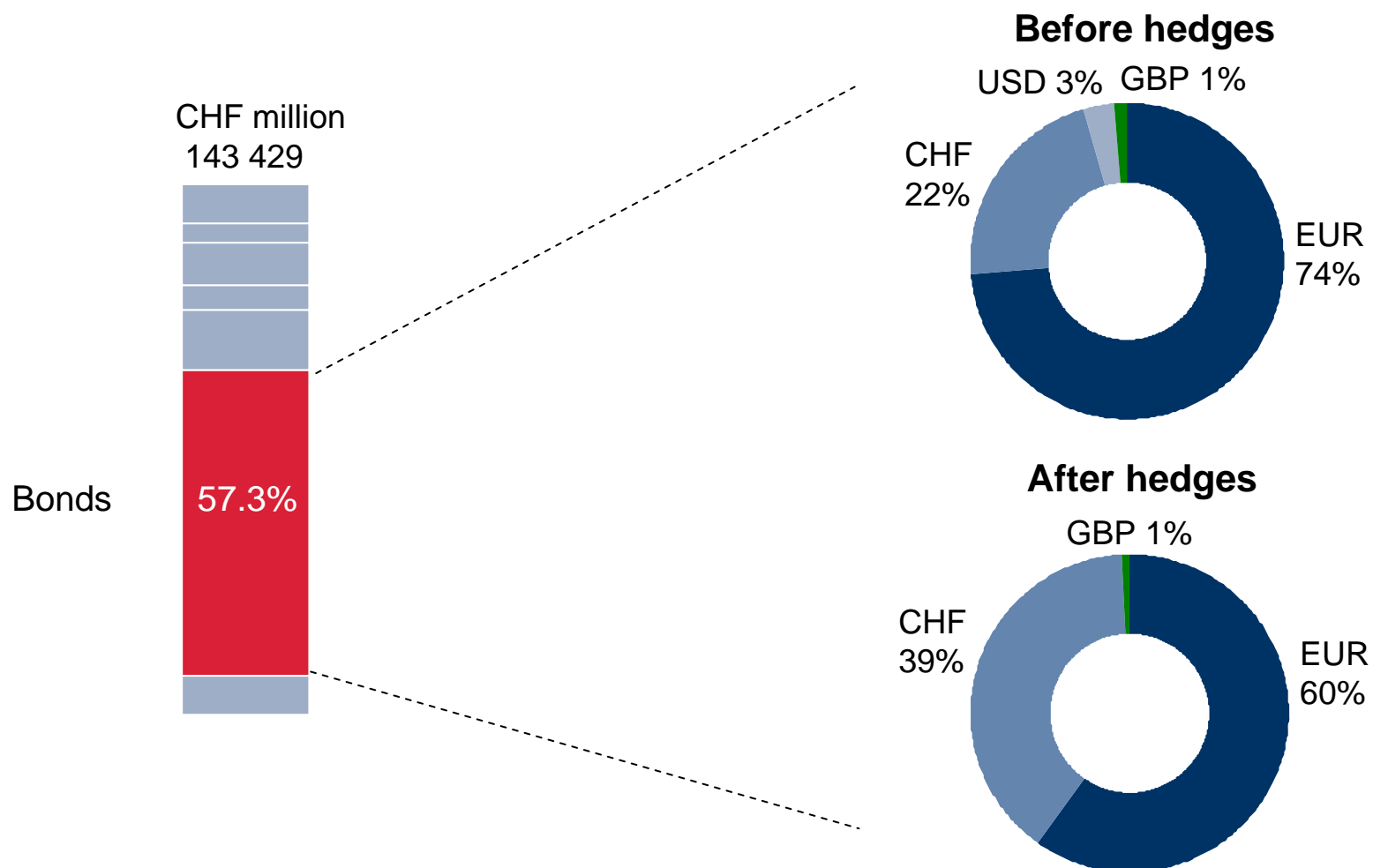
Insurance portfolio (IFRS basis)



1) Including 56% government bonds in aggregate

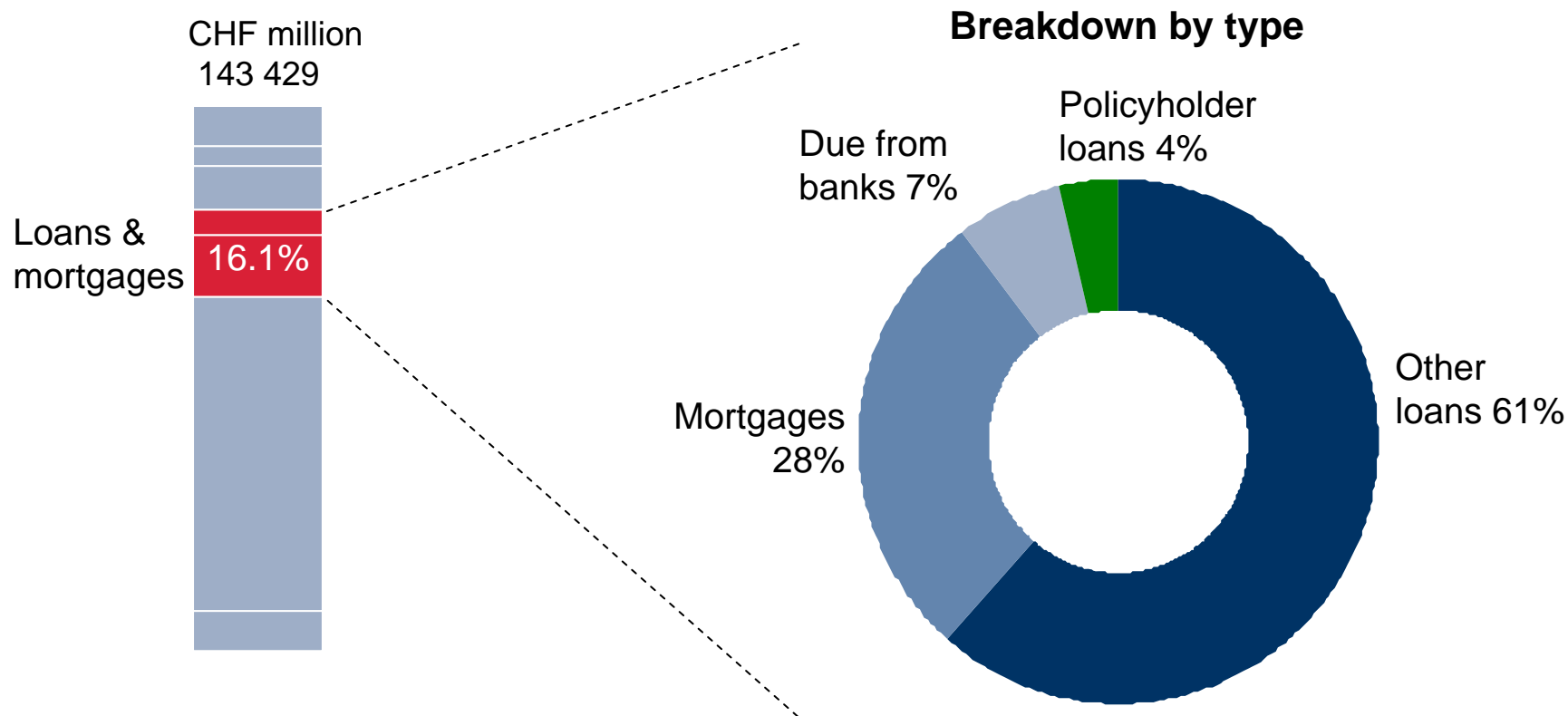
# Bond portfolio: Currency exposure

Insurance portfolio (IFRS basis)



# Loan and mortgage portfolio

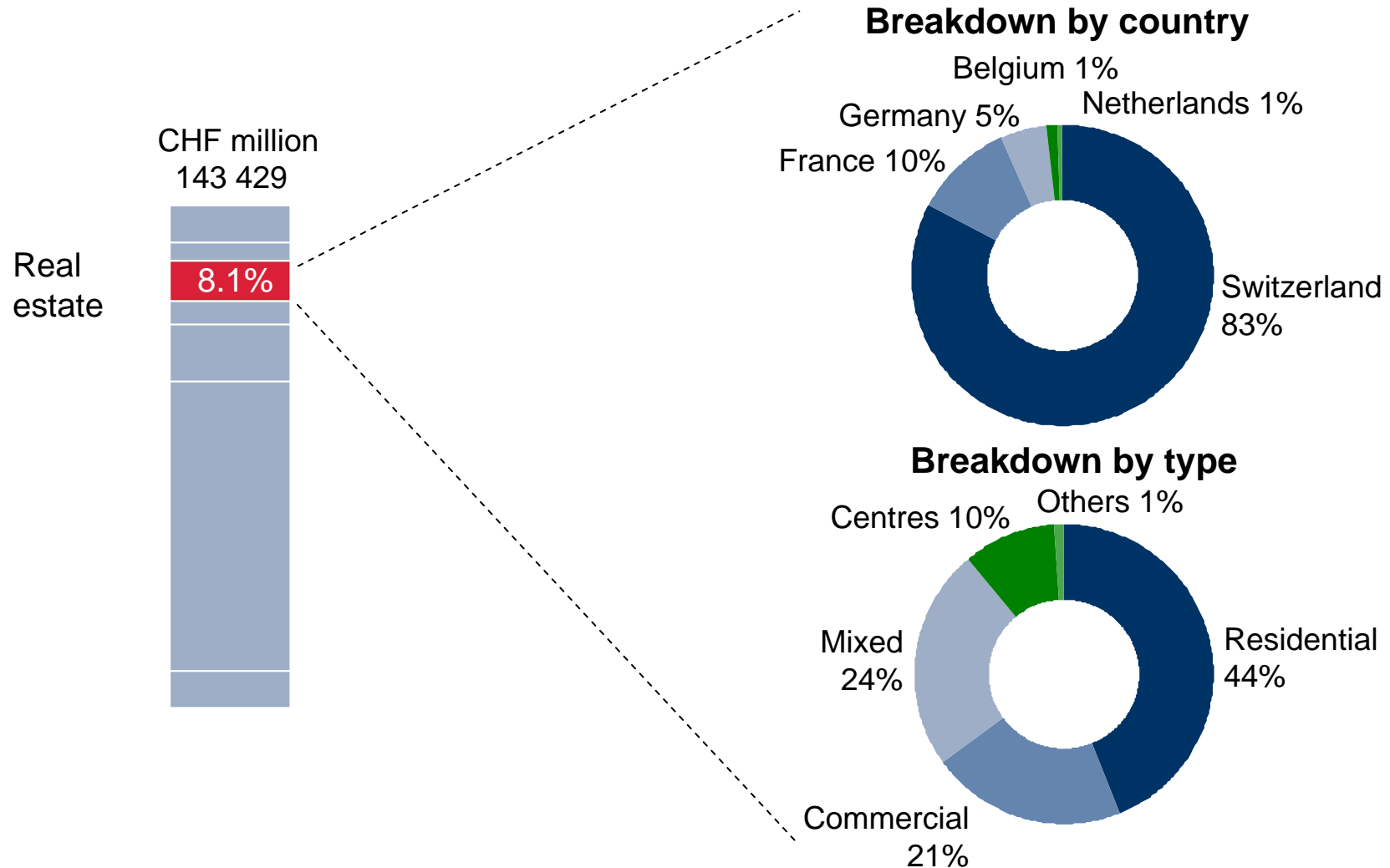
Insurance portfolio (IFRS basis)



# Real estate portfolio

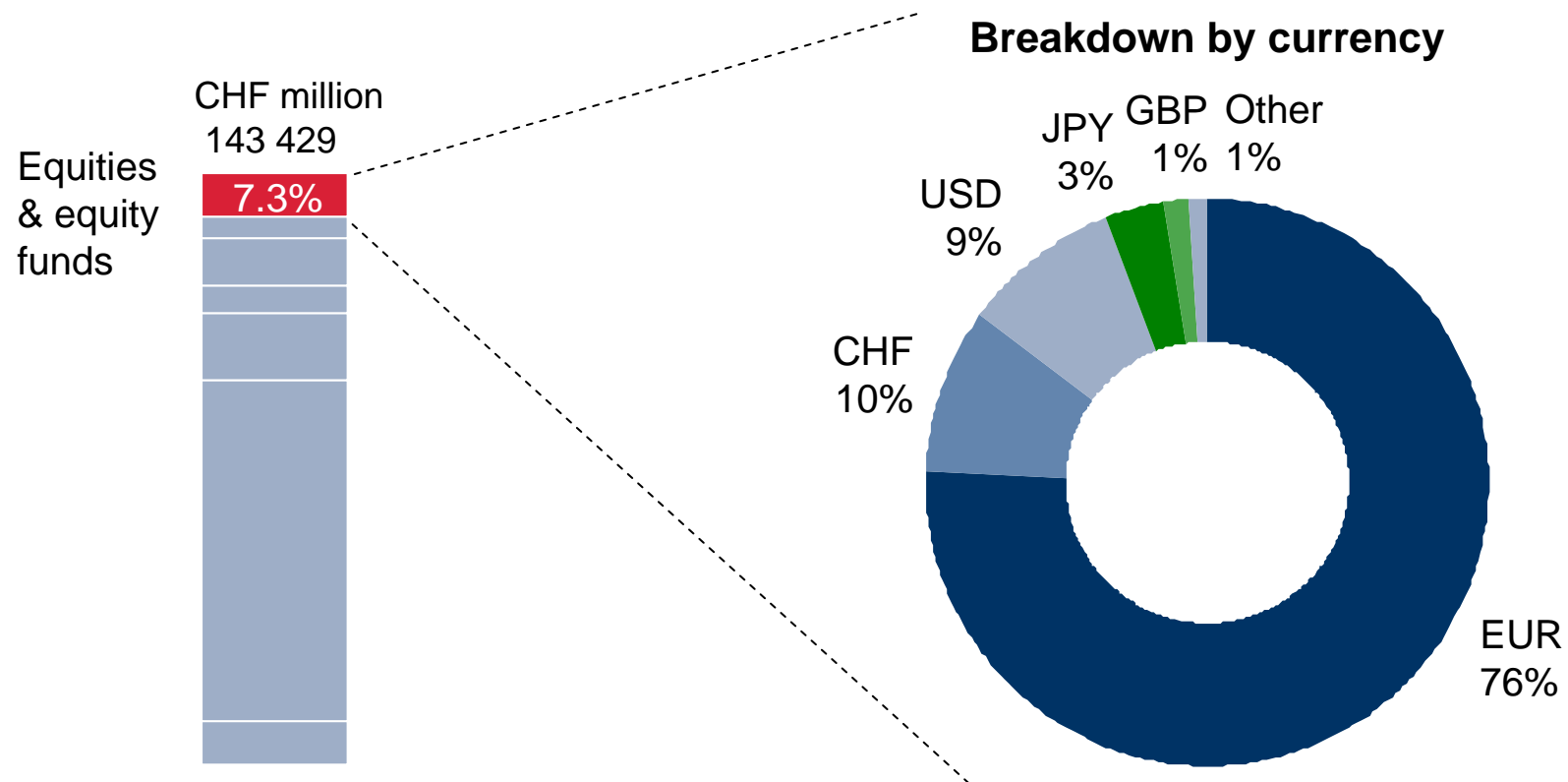


Insurance portfolio (IFRS basis)



# Equity portfolio: Currency exposure

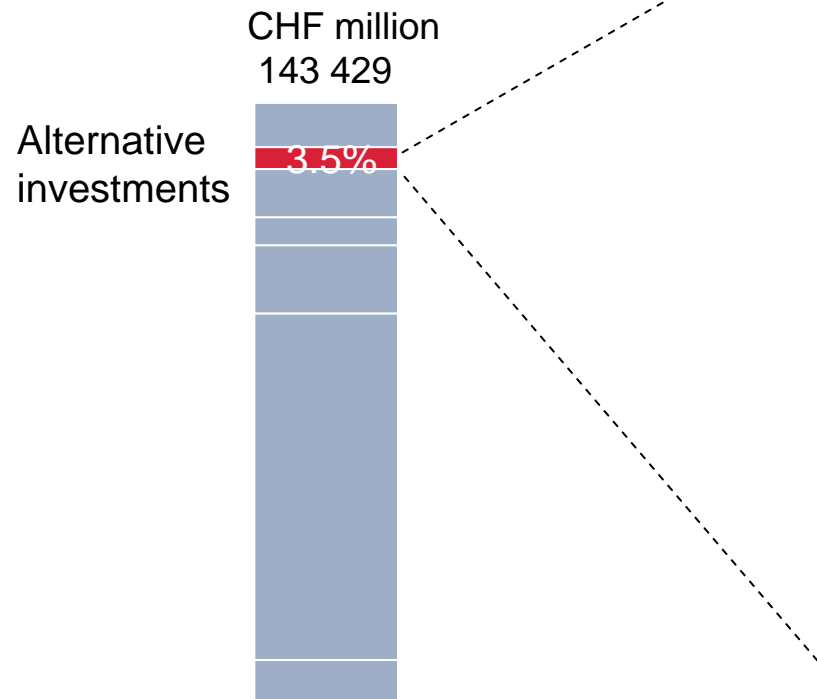
Insurance portfolio (IFRS basis)



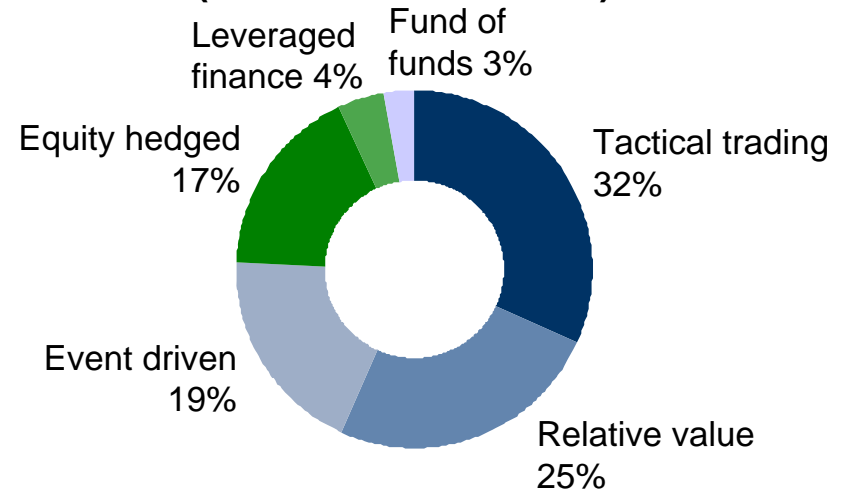
# Alternative investment portfolio



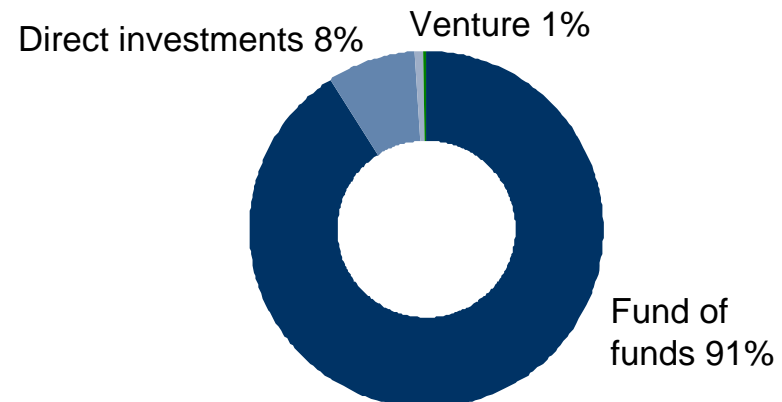
Insurance portfolio (IFRS basis)



## Hedge funds: CHF 4.9 billion (2005: CHF 4.5 billion)



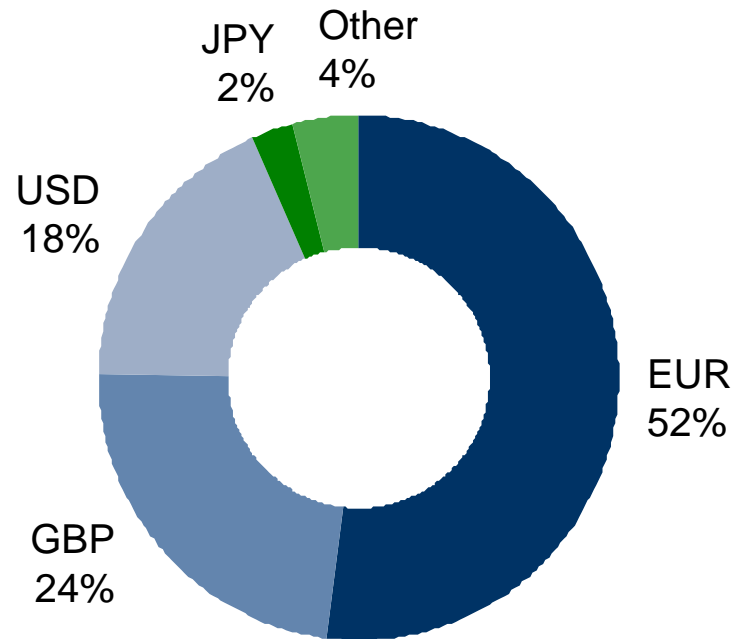
## Private equity : CHF 162 million (2005: CHF 214 million)



# Currency exposure



## Net 3.5% of insurance portfolio



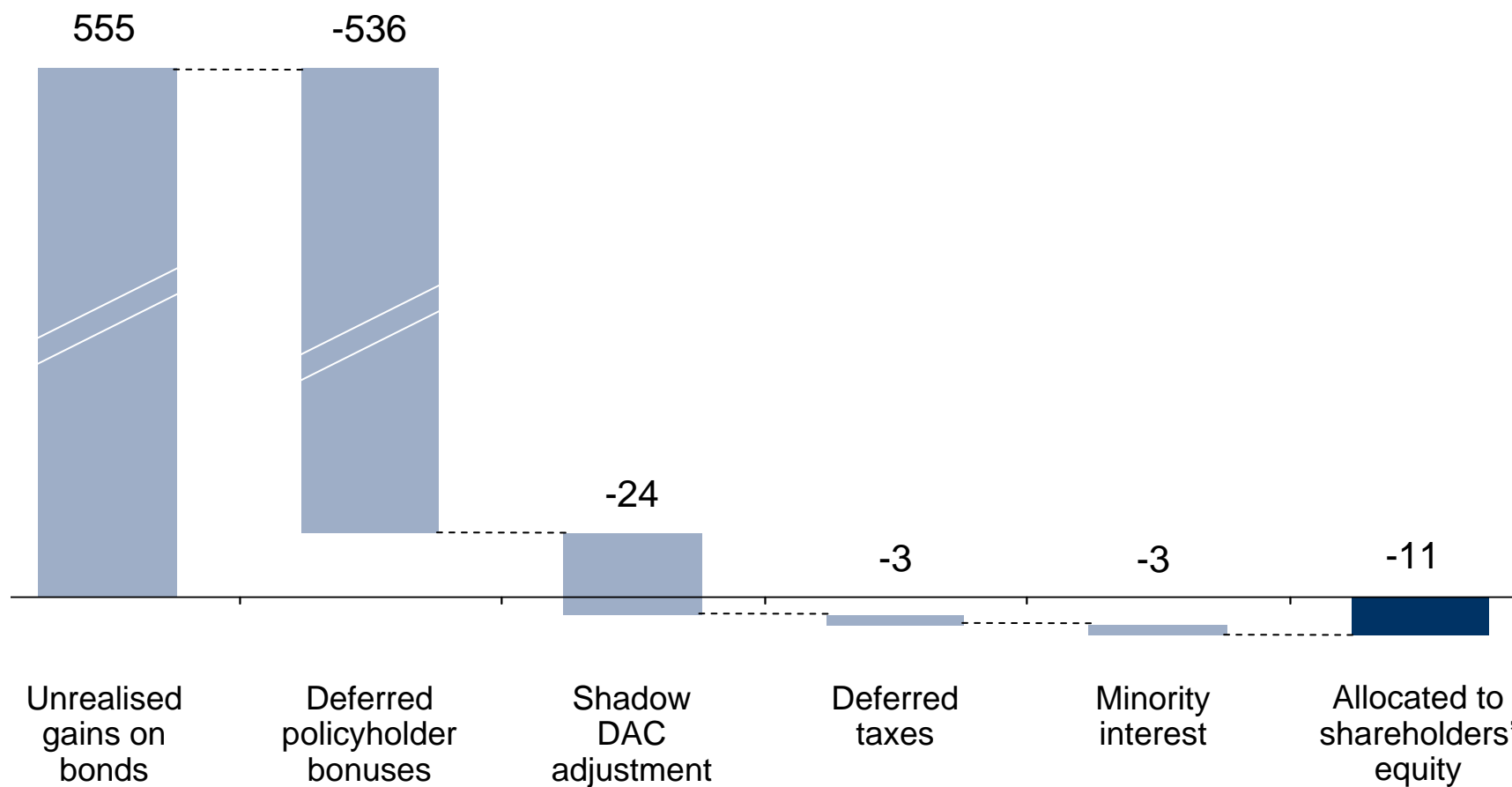
Gross currency exposure  
Hedged currency exposure  
Net currency exposure

CHF 28 327 million  
CHF 23 875 million  
CHF 4 452 million

# Allocation of unrealised gains/losses on bonds



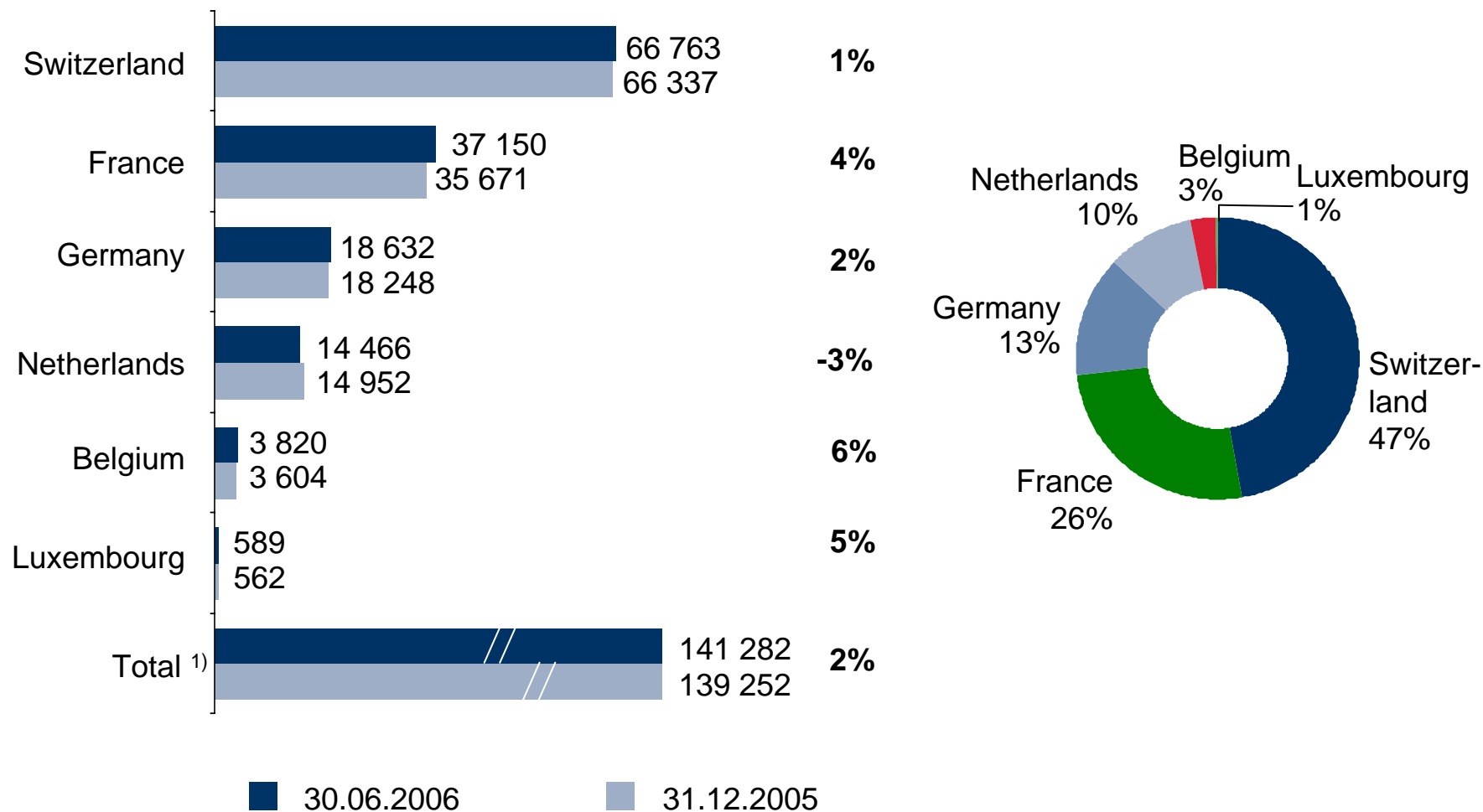
CHF million (IFRS basis)





# Insurance reserves by country

CHF million (IFRS basis)



1) Includes other and intersegment eliminations: In HY 2005 CHF -122 million; in HY 2006 CHF -138 million

# Average technical interest rate of 3.02%



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

	<b>CHF</b>	<b>EUR</b>	<b>USD</b>	<b>GBP</b>
Total reserves	64 819	33 489	471	9
Mean technical interest rate	2.79%	3.29%	4.09%	3.58%

Overall: 3.02% (FY 2005: 3.03%)

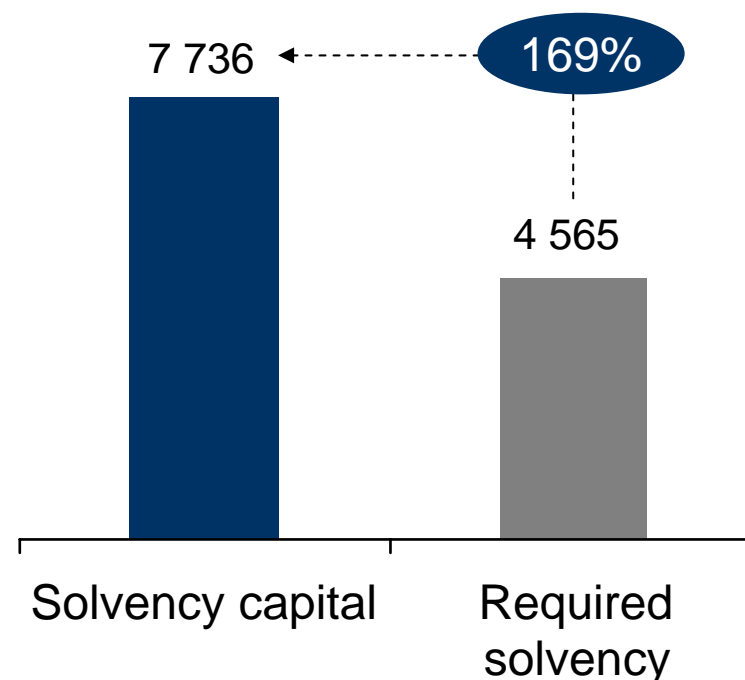
# Statutory solvency at 169%

CHF million (statutory basis)

## Solvency capital

Parent company statutory equity	3 032
Intangibles	-47
Hybrid capital	1 544
Fund for future appropriation	678
Additional Zillmerisation	527
Unrealised capital gains	1 311
Unattributed surplus	691
<b>Solvency capital</b>	<b>7 736</b>

## Statutory solvency



# Supplementary information



1. Profit and loss

2. Balance sheet

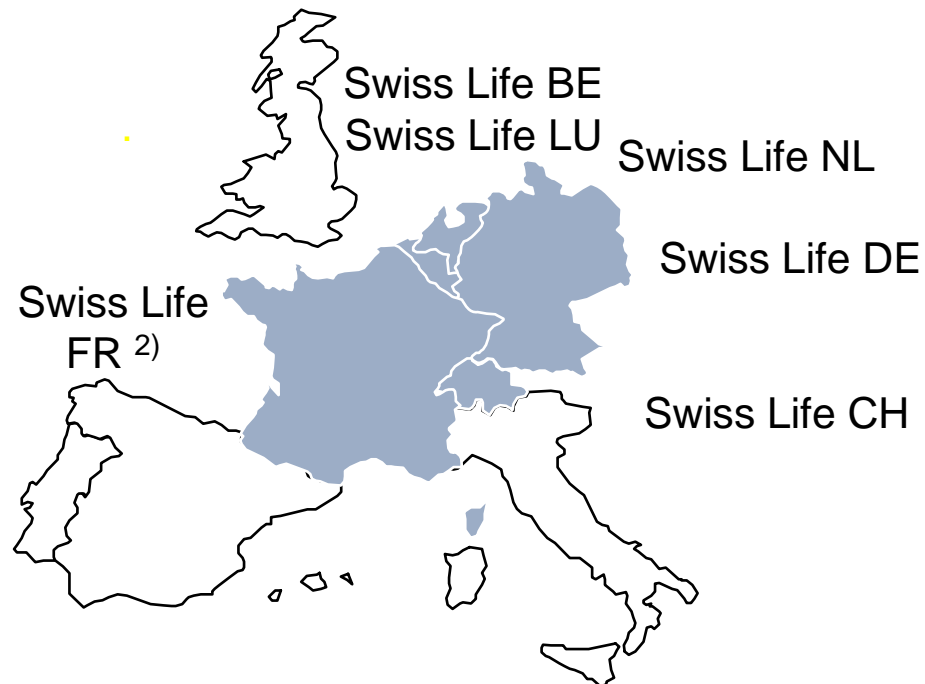
**3. Embedded value**

4. Banca del Gottardo

5. Assumptions and definitions

6. Contact details

# Implementation of embedded value at Swiss Life



- ANAV and PVFP have been calculated for more than 95% of the mathematical reserves
- For other life insurance entities only the NAV has been included
- The banking <sup>1)</sup> and non-life insurance businesses have also been included at book value
- PwC has reviewed the embedded value calculations

1) Including Banca del Gottardo at book value of CHF 1 340 million

2) Swiss Life France consists of: Swiss Life Assurance Retraite, Swiss Life Assurances et Patrimoine, Swiss Life Prévoyance et Santé, Erisa

# Key assumptions for embedded value calculation



	30.06.2006		31.12.2005	
	CH	EU	CH	EU
Risk discount rate	7.0%	8.0%	7.0%	8.0%
Equity return	6.5%	7.5%	6.5%	7.5%
Bond return	3.1%	4.3%	2.1%	3.6%
Real estate return	4.5%	5.2%	4.5%	5.2%
Hedge fund return	6.0%	7.0%	6.5%	7.5%
Weighted new money rate	3.7%	4.5%	3.2%	3.8%

- Weighted new money return based on asset allocation
- Weighted returns are lower due to reduced assumed future investment returns
- Long-term bond return from 2011 onwards
 

CH	3.5%
EU	4.7%
- Long-term weighted new money rate from 2011 onwards
 

CH	4.1%
EU	4.9%
- No uplift for foreign currency bonds assumed

10-year government bond:	30.06.2006	31.12.2005
Switzerland (CHF)	2.9%	2.0%
Europe (EUR)	4.1%	3.3%

# Asset allocation assumptions by region



	30.06.2006		31.12.2005	
	CH	EU	CH	EU
Cash and cash equivalents	1%	1%	4%	2%
Bonds and loans	65%	82%	56%	82%
Mortgages	7%	2%	9%	2%
Real estate	14%	5%	13%	5%
Equities	7%	6%	7%	7%
Participations	0%	0%	3%	0%
Alternative investments	6%	4%	8%	2%

# Sensitivities of embedded value



CHF million (statutory basis)

	Switzerland	International	Total
<b>EmbV HY 2006 (base case)</b>	<b>3 863</b>	<b>4 175</b>	<b>10 075<sup>1)</sup></b>
Δ Bond returns +100 bps	145	294	439
Δ Bond returns -100 bps	-198	-310	-508
Δ Equity returns +10 ppts	192	65	257
Δ Equity returns -10 ppts	-201	-62	-263
Δ Investment returns +100 bps	496	599	1 095
Δ Investment returns -100 bps	-935	-680	-1 615
Δ Risk discount rate -100 bps	430	295	725
Δ Cost of capital at 150% <sup>2)</sup>	-594	-301	-895

1) Including ANAV of Swiss Life Holding and overhead of CHF 2 037 million

2) Currently 100% cost of capital



# Sensitivities of value of new business



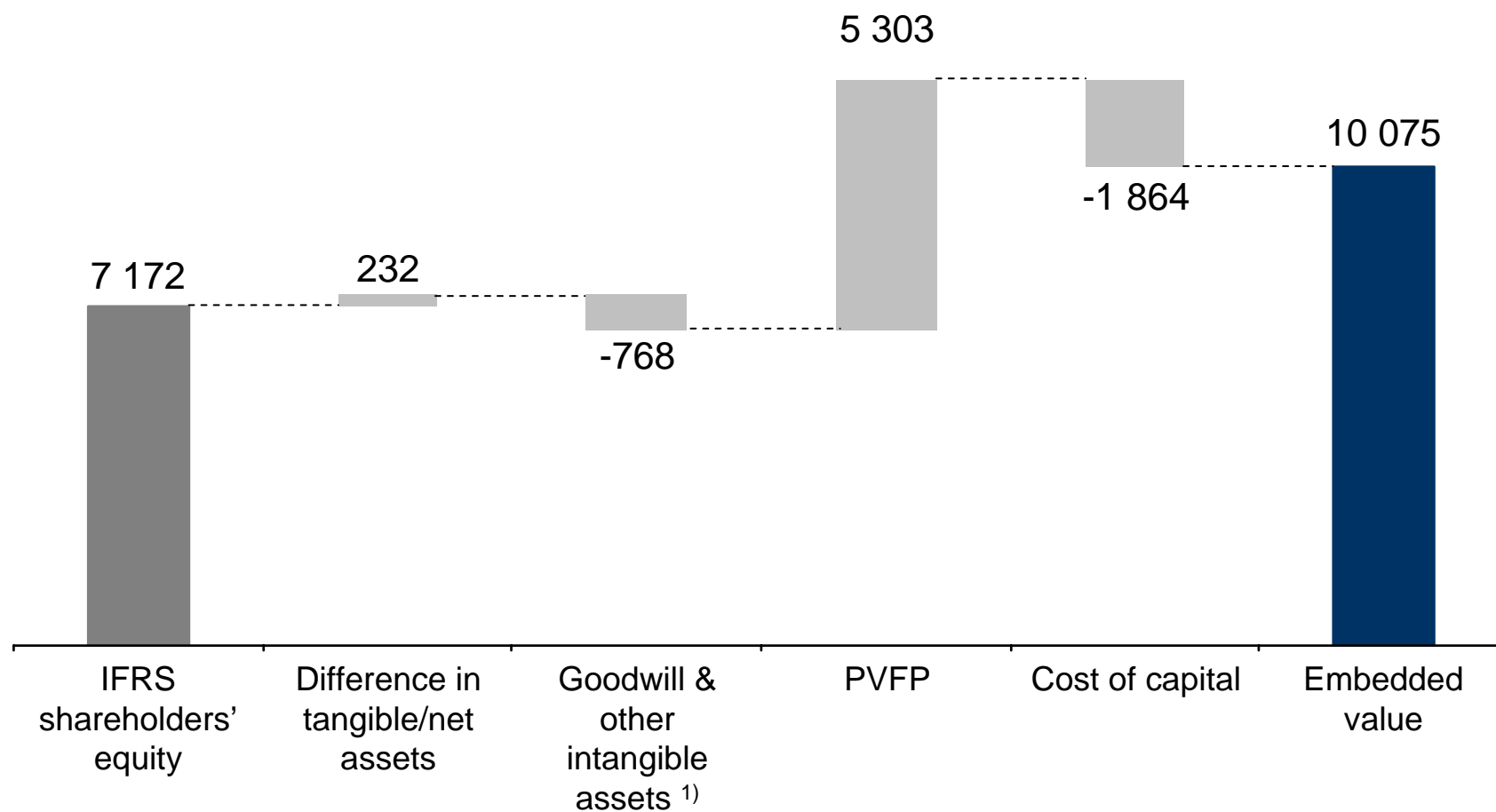
CHF million (statutory basis)

	<b>Total</b>
<b>VnB HY 2006 (base case)</b>	<b>78</b>
Δ Bond return +100 bps	19
Δ Investment returns +100 bps	22
Δ Risk discount rate -100 bps	26
Δ Administration costs -10 ppts	8
Δ Acquisition costs -10 ppts	14

# IFRS equity to embedded value bridge



CHF million



1) Including goodwill CHF 692 million, customer relationships CHF 8 million and other intangible assets CHF 68 million

# Supplementary information



1. Profit and loss

2. Balance sheet

3. Embedded value

**4. Banca del Gottardo**

5. Assumptions and definitions

6. Contact details

# Banca del Gottardo: Overview of key financials



CHF million (statutory basis)

	HY 2006	HY 2005	Change
Results from interest activities	62	71	-13%
Results from commission and service fee activities	128	126	2%
Results from trading operations	37	37	-
Other ordinary result	5	3	67%
<b>Net revenues</b>	<b>232</b>	<b>237</b>	<b>-2%</b>
Personnel expenses	-88	-96	-8%
Other operating expenses	-73	-60	22%
<b>Total operating expenses</b>	<b>-161</b>	<b>-156</b>	<b>3%</b>
<b>Gross profit</b>	<b>71</b>	<b>81</b>	<b>-12%</b>
Depreciation, provisions and losses	-59	-24	146%
Extraordinary result	100	1	100%
Taxes	-29	-14	107%
<b>Net profit <sup>1)</sup></b>	<b>83</b>	<b>44</b>	<b>89%</b>
Net new money	399	33	n.m.
PB revenue margin	1.10%	1.05%	0.05%

1) Includes CHF 70 million after tax capital gains from divestments and CHF 38 million extraordinary charges (CHF 21 million accrual credit and legal risks, CHF 12 million accrual for the transformation process and CHF 5 million for the outsourcing of IT activities and the migration to a new IT platform). Normalised profit without extraordinary items would amount to CHF 51 million

# Banca del Gottardo: Key ratios



CHF million (statutory basis)

	30.6.2006	31.12.2005	Change
Return on equity	16.8% <sup>1)</sup>	8.1%	9%
Cost/income ratio	69.4% <sup>2)</sup>	68.0%	1.4 ppts
BIS ratio (Tier 1)	14.7%	11.6%	3.1 ppts
BIS ratio (Tier 2)	15.2%	12.0%	3.2 ppts
Assets under management	33 819	38 741	-13%
Assets under control <sup>3)</sup>	75 882	76 721	-1%
Risk-weighted assets	6 031	7 629	-21%
Shareholders' equity	1 019	1 031	-1%
Excess capital <sup>4)</sup>	437	304	44%
FTEs	972	1 101	-12%

1) Annualised ROE excluding extraordinary effects 10.2%

2) Excluding extraordinary effects cost/income ratio 66%

3) Includes assets under custody of CHF 42.1 billion as of HY 2006 and CHF 38.0 billion as of FY 2005

4) Under Swiss Federal Law on Banks

# Supplementary information

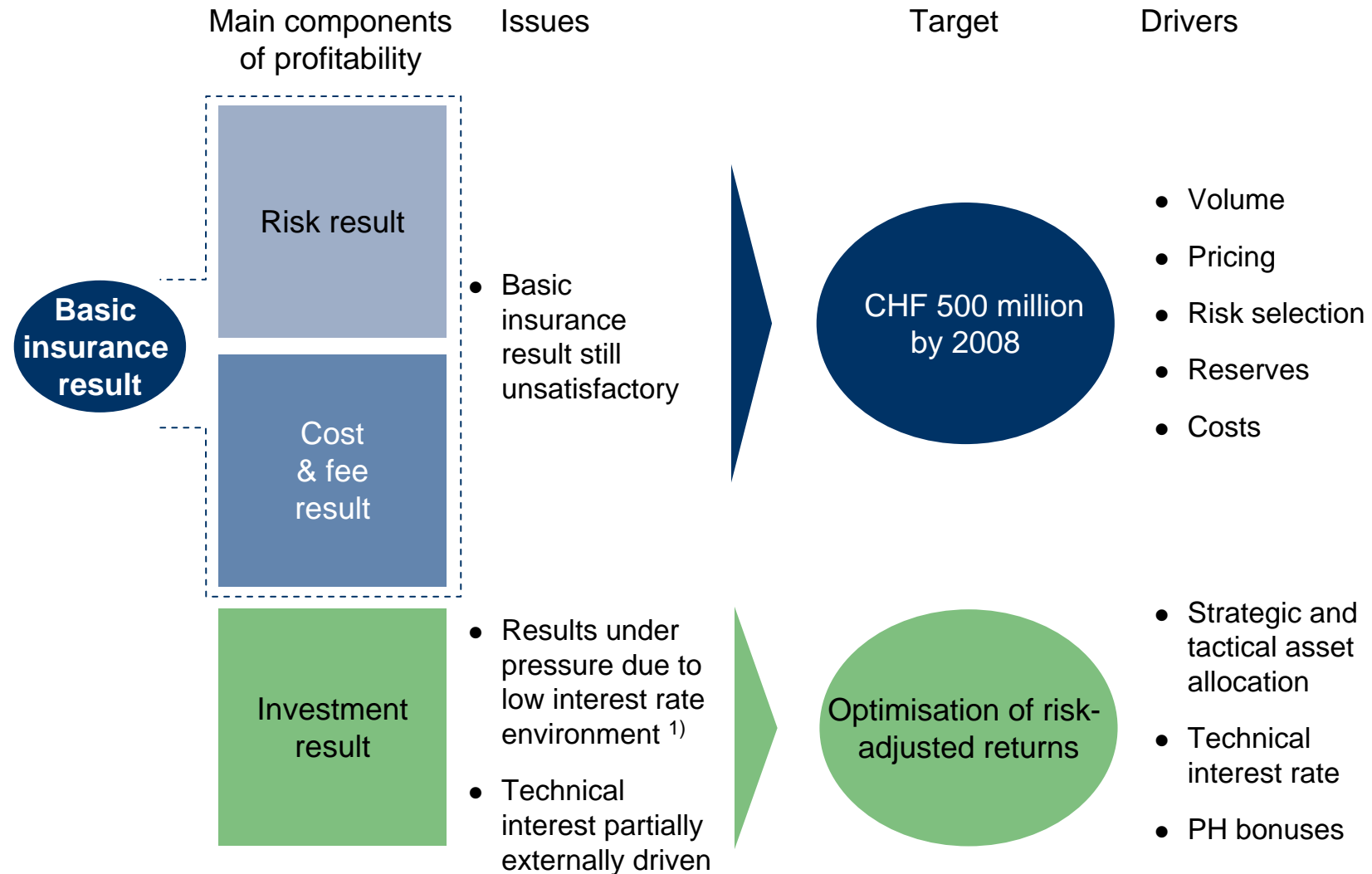


1. Profit and loss
2. Balance sheet
3. Embedded value
4. Banca del Gottardo

## **5. Assumptions and definitions**

6. Contact details

# Basic insurance result best reflects operational performance

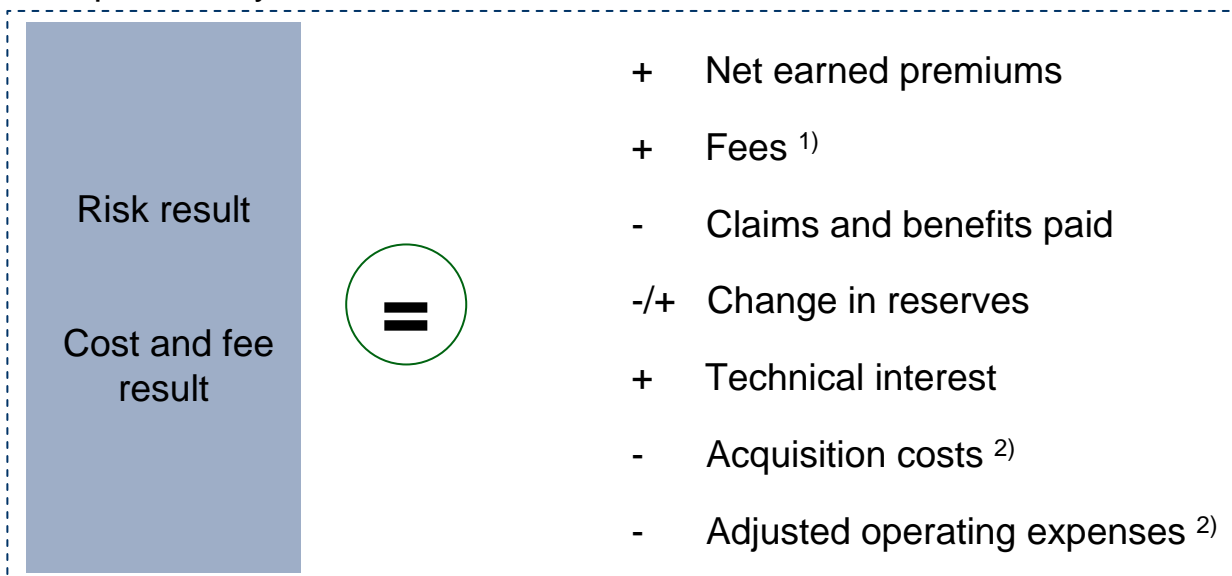


1) Due to reinvestments

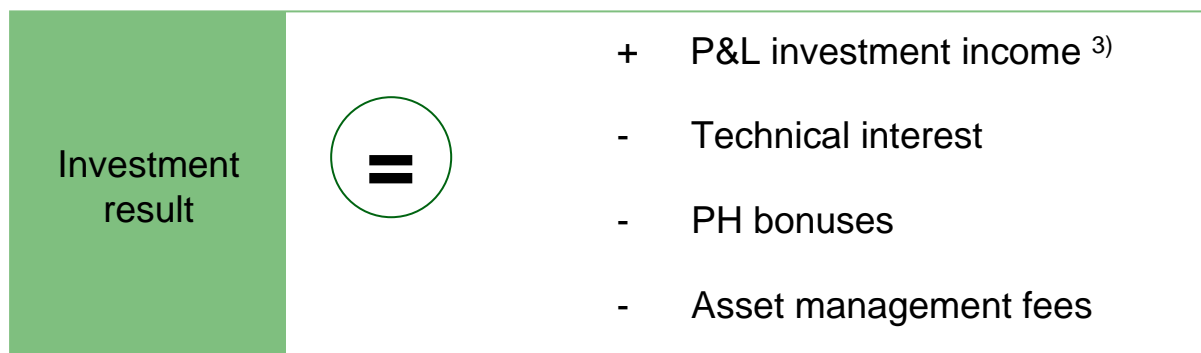
# Basic insurance result: Definitions

Main components of profitability

Definition (IFRS basis)



**BASIC INSURANCE RESULT**



1) E.g. for unit-linked, distribution of third-party products  
 2) Including cost normalisation e.g. DAC, restructuring costs  
 3) Including costs



# Forex and interest rates



## Foreign currency exchange rates

	<b>30.06.06</b>	31.12.05	30.06.05	1.1.-30.06.06	1.1.-30.06.05
EUR	<b>1.5670</b>	1.5550	1.5470	1.5616	1.5465
GBP	<b>2.2620</b>	2.2640	2.3130	2.2729	2.2548
USD	<b>1.2330</b>	1.3100	1.2800	1.2712	1.2035

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

	<b>30.06.06</b>	31.12.05	30.06.05
CHF	<b>2.830</b>	1.971	1.961
EUR	<b>4.071</b>	3.309	3.127
USD	<b>5.136</b>	4.391	3.913
GBP	<b>4.710</b>	4.100	4.173

1) 10-year government bond

# 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



1. Profit and loss
2. Balance sheet
3. Embedded value
4. Banca del Gottardo
5. Assumptions and definitions

## **6. Contact details**

## Contact details



Iris Welten  
Head Investor Relations

Tel. +41 (43) 284 67 67  
E-mail: [iris.welten@swisslife.ch](mailto:iris.welten@swisslife.ch)

Fabrizio Croce

Tel. +41 (43) 284 49 19  
E-mail: [fabrizio.croce@swisslife.ch](mailto:fabrizio.croce@swisslife.ch)

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



SwissLife  
Prepared for the future.