Zurich, 17 August 2011

Half-year results 2011

Swiss Life makes significant operational improvements and increases its profit from operations by 9% to CHF 452 million

Swiss Life improved its profit from operations by 9% in the first six months of 2011 to CHF 452 million (HY 2010: CHF 415 million), despite the strong Swiss franc. A 2% reduction in the cost base (CHF 17 million), active management of in-force business and another strong investment performance all contributed to the good result. Net profit stood at CHF 403 million, 50% higher than the same period the previous year (CHF 269 million). Overall, the Group succeeded in improving the quality of its premium income. Premium volume in local currency stood at CHF 10 104 million in the first half year, a drop of 13% on the same period the previous year. In the Swiss domestic market, on the other hand, Swiss Life outperformed the market with an 11% growth in premiums. Thanks to operational enhancements and an improved capital market environment, Swiss Life increased its new business margin compared to the same period the previous year from 0.9% to 1.6%; the value of new business grew from CHF 71 million to CHF 104 million, a rise of 46% over the same period the previous year. The Group solvency ratio also climbed from 172% at the end of 2010 to 177%. Within the framework of its Group-wide MILESTONE programme, Swiss Life continues to work systematically in the areas of product innovation, efficiency and financial strength towards achieving its goals for 2012.

Bruno Pfister, Group CEO, comments, “In the first half of 2011, Swiss Life again made advances in all key areas. We succeeded in significantly enhancing the quality of our premium income, our customer centricity and efficiency. We were thus able to report an encouraging improvement in our profit from operations despite challenging conditions in the capital markets. This improvement is primarily the result of the operational progress made. This shows that, with the disciplined execution of its Group-wide MILESTONE programme, Swiss Life can react purposefully and effectively to the tough market environment with its low interest rates and negative exchange rate effects."

Higher profit from operations and net profit

In the first half of 2011, Swiss Life generated a profit from operations of CHF 452 million – up 9% on the same period the previous year, despite negative exchange rate effects (HY 2010: CHF 415 million). Net profit amounted to CHF 403 million (HY 2010: CHF 269 million), representing a rise of 50%, bolstered by one-time tax revenue of CHF 89 million. This pleasing profit trend was made possible by further operational improvements, including the active management of in-force business and cost discipline. Swiss Life achieved cost savings in local currency of CHF 17 million (-2%). In Investment Management, the company generated a net investment result of CHF 2083 million on the insurance portfolio (HY 2010: CHF 2311 million). This represents a non-annualised net investment return of 1.9% (HY 2010: 2.1%) – an excellent performance in view of the volatile markets.

Further operational progress in all segments

Swiss Life in Switzerland improved its segment result compared to the previous year with an increase of 3% to CHF 291 million, largely thanks to stricter cost discipline and efficiency enhancements. Swiss Life in Germany's segment result fell by 31% to EUR 31 million (HY 2010: EUR 45 million), despite cost savings (-2%). This was due to reduced investment performance, which had been positively affected in the same period of the previous year by adjustments in asset allocation. Swiss Life in France, on the other hand, recorded a substantial increase in profits, reporting a 76% improvement in the segment result to EUR 58 million, (HY 2010: EUR 33 million). The reasons behind this rise include successful margin management and stronger investment performance. In the Insurance International segment, Swiss Life continued its positive trend, achieving a break-even result, compared with a loss of CHF 3 million in the same period the previous year. The Group's Investment Management segment made a significant contribution to the result, with a 24% improvement to CHF 57 million (HY 2010: CHF 46 million), mainly due to expansion and increased operations within the real estate sector. As a result of productivity enhancements, AWD reported an increase in its EBIT margin from 7.8% to 8.2%, generating a 7% improvement in its operating result to EUR 21.8 million.

No compromise on our commitment to profitable growth

Overall, the Group succeeded in improving the quality of its premium income. Premium volume stood at CHF 10 104 million in local currency, 13% down on the same period the previous year (CHF 12 241 million). “Premium development is in line with our expectations. We remain committed to our philosophy of profit before growth,” says Bruno Pfister, Group CEO. Profitable growth has been achieved in the Swiss domestic market in particular, where premiums rose by 11% to CHF 5856 million, outperforming the market (HY 2010: CHF 5285 million). Growth was driven by an increase in single premiums in group business and individual insurance business with modern life and pensions products. In addition, Nationale Suisse group business, which Swiss Life took over on 1 April 2011, contributed around CHF 50 million to this result. Swiss Life in France was able to curb the decline in premiums in the hard-fought market by diversifying its activities: premium volume fell by 6% to EUR 1828 million (HY 2010: EUR 1942 million), which is in line with trends in the French market. Swiss Life in Germany saw its premium income reduce on the back of active margin management, but nevertheless outperformed the market. At EUR 686 million, premiums fell by 7% (overall market -8%) compared with the very strong performance in the same period in 2010 (EUR 736 million). In the Insurance International segment, which includes the business with high net worth individuals, premiums dropped sharply by 62% to CHF 1157 million (HY 2010: CHF 3047 million). This decrease is due to an exceptionally strong result in the same period the previous year (an effect of the Italian tax amnesty (“Scudo Fiscale”)) and to the reorientation in private banking – the most important client interface in this business. Furthermore, Swiss Life is increasingly focusing on higher-margin products and services, which will in the medium term also affect growth targets in this global business segment. Turning to AWD, this segment was able to increase its sales revenues by 1% to EUR 265.5 million during the period under review (HY 2010: EUR 262.9 million).

Solid capital base and a rise in the solvency ratio

Swiss Life again strengthened its capital base: Shareholders’ equity at mid-year stood at CHF 7.5 billion, up 1% on the previous year's level of CHF 7.4 billion. The Group solvency ratio rose from 172% to 177%. Swiss Life comfortably met the Swiss Solvency Test requirements based on its internal model. Assets under management totalled CHF 141.4 billion (up 6% on the end of 2010). Thanks to the positive course of business, the insurance reserves grew 3% in local currency to CHF 125.2 billion.

Disciplined execution of MILESTONE

Swiss Life is systematically focusing on the implementation of the MILESTONE targets, which the Group set for 2012. Thomas Buess, Group CFO, comments, “The increase in our profit from operations in the first half of the year is mainly attributable to the operational advances made through MILESTONE. This is very encouraging. We will continue to resolutely follow this path in the second half of 2011 and in 2012.” Other partial successes were also achieved in the first half of 2011. These include the following:

- With risk and modern products representing a 70% share of new business, Swiss Life has already reached its 2012 target.
- Costs have been reduced by a total of CHF 324 million over the 2008 cost base, with the target of CHF 350 to CHF 400 million for 2012 remaining.
- The new business margin rose from 0.9% to 1.6%.
- The value of new business stood at CHF 104 million, up CHF 33 million on the same period the previous year.

Information on today’s events – next Investors’ Day in 2012

Today's events will be broadcast at 9 a.m. (media presentation in German) and 11:30 a.m. (analysts’ and investors’ presentation in English) on www.swisslife.com. All additional documentation on the half-year results can also be found there. The implementation of the MILESTONE programme for 2012 continues to be Swiss Life's priority. The targets remain unchanged. The Group will therefore not be holding an Investors’ Day in 2011, although one is planned for 2012.

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Swiss Life

The Swiss Life Group is one of Europe's leading providers of life insurance and pension solutions. In Switzerland, France and Germany, the Group offers individuals and corporations comprehensive advice and a broad range of products through its own sales force as well as brokers and banks.

Swiss Life provides international corporations with employee benefits solutions from a single source, and is one of the global leaders in structured life and pension products for international high net worth individuals.

The AWD Group has been part of the Swiss Life Group since 2008. Hanover-based AWD is one of the leading European financial services providers in the medium and high-income client segments and offers its clients comprehensive financial advisory services. Germany, the UK, Austria and Switzerland are the AWD Group's core markets.

Swiss Life Holding Ltd, registered in Zurich, was founded in 1857 as Schweizerische Rentenanstalt. The shares of Swiss Life Holding Ltd are listed on the SIX Swiss Exchange (SLHN). The Swiss Life Group employs a staff of around 8100.

Cautionary statement regarding forward-looking information

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