

Segment Reporting

In 2012 Swiss Life generated an overall segment profit from operations of CHF 346 million (2011: CHF 699 million). The result was impacted by one-off effects, especially the impairment of AWD's intangible assets. Adjusted profit from operations rose 26% to CHF 993 million.

Swiss Life not only reports its insurance business by country (Switzerland, France and Germany), it also discloses separately the results of its cross-border segments Insurance International, Investment Management and AWD. The company posted a profit of CHF 634 million in its home market Switzerland, CHF 157 million in France and CHF 69 million in Germany. The Investment Management segment achieved a result of CHF 138 million. AWD and Insurance International both underperformed. AWD's operating result fell to EUR 40.3 million in a very challenging market environment and was also affected by provisions for litigation. The outcome was an EBIT of EUR 1.6 million. Taking into account the impairment of intangible assets, this gives a segment loss for AWD of CHF 591 million. Insurance International posted a CHF 34 million loss, mainly due to impairment of the customer relationship asset and restructuring costs.

The Group maintained its focus on profitability in the 2012 financial year and grew in strategically important business areas. With an overall figure of CHF 17.0 billion, gross written premiums, policy fees and deposits received across all segments were maintained at the prior-year level.

INSURANCE SWITZERLAND

In the year under review Swiss Life in Switzerland posted a segment result of CHF 634 million (2011: CHF 476 million). This major increase of 33% resulted to a large extent from the excellent investment result and strong premium growth. This improved result is an extremely good achievement, particularly in view of the enduring low interest rate environment and the high pressure on margins in life business.

Long-term initiatives, such as the reduction of risks on the investment side, further optimisations in the multichannel distribution strategy and the renewed sustained cost reduction made a major contribution to the encouraging result. The financial result increased to CHF 4.2 billion and direct investment income rose 3% to CHF 3.0 billion.

According to the Swiss Insurance Association (SIA), life insurance premiums in Switzerland rose by 1.7% over the previous year to CHF 30.3 billion. Premiums in group insurance climbed by 2.3% and in individual insurance fell by 0.3%. Swiss Life grew overall premium volume by 2% to CHF 8.3 billion. Group insurance contributed 81% of income, as per the previous year. Swiss Life's market share of group insurance came to 28.8%, and in individual insurance it increased to 20.1%.

Operating expenses rose by 11% to CHF 971 million. This mainly results from higher amortisation of deferred acquisition costs, additional expenses for the employee benefits plan (under IAS 19) and higher asset management fees – due to the higher asset volume. The renewed reduction in operational administrative costs results from a sustained efficiency-enhancing programme, which particularly impacted personnel costs.

Insurance benefits, including changes in technical reserves, rose by 12% to CHF 10.0 billion. This increase is mainly due to strengthening of reserves due to the ongoing low interest rate environment and higher savings deposits.

New products launched in 2012 were another key driver for premium growth in own distribution channels and intermediaries. In individual insurance Swiss Life launched a further Swiss Life Premium Select tranche, a non-tax-qualified unit-linked life insurance product. The fund products Swiss Life Premium Vitality Duo and Uno, combined tax- and non-tax-qualified savings under the BVG, were introduced in the second quarter. The Home Option was also launched, offering attractive supplementary benefits when purchasing owner-occupied residential property. In the third quarter another two attractive insurance products were brought out in the form of Swiss Life FlexSave, a modern and flexible savings solution combining guarantees and the potential for return, and the real estate tranche Swiss Life Premium Immo. For its Swiss corporate clients, Swiss Life launched Swiss Life Business Profit, an innovative pension solution with a selection of investment strategies for employees.

Swiss Life in Switzerland aims to continue to develop from a pure life insurer to a comprehensive life and pensions and financial solutions provider. The focus will be on closer and more regular customer interaction and the expansion of our services business. A corresponding growth and transformation programme launched in 2011 showed initial successes in 2012 in the form of new customer approach concepts. In addition, Swiss Life devised a whole new broker services offering for private housing. The company intends to further enhance its efficiency in 2013 and make more improvements to increase its distribution capacity and profitability. A major step towards improving distribution capabilities is the teaming up between Swiss Life in Switzerland and AWD Switzerland, now known as Swiss Life Select Switzerland. The teaming up will be realised during 2013.

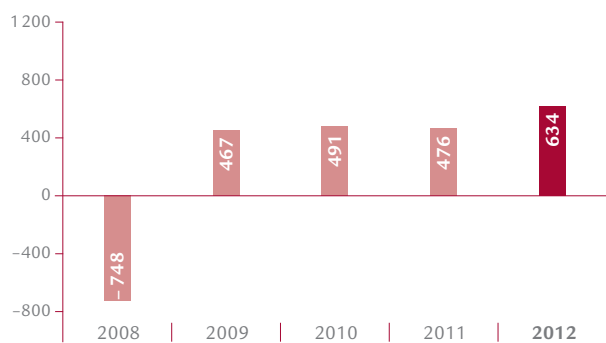
KEY FIGURES FOR INSURANCE SWITZERLAND

Amounts in CHF million

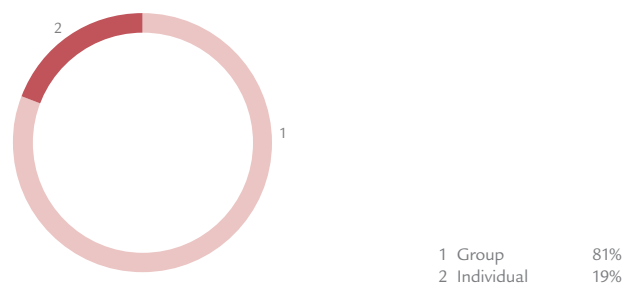
	2012	2011	+/-
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	8 292	8 123	2.1%
Net earned premiums and policy fees	7 868	7 757	1.4%
Commission income	34	19	78.9%
Financial result	4 246	3 021	40.5%
Other income	30	43	-30.2%
TOTAL INCOME	12 177	10 840	12.3%
Net insurance benefits and claims	-10 048	-8 964	12.1%
Policyholder participation	-455	-450	1.1%
Interest expense	-69	-77	-10.4%
Operating expense	-971	-873	11.2%
TOTAL EXPENSE	-11 543	-10 364	11.4%
SEGMENT RESULT	634	476	33.2%
Assets under control	93 002	85 604	8.6%
Insurance reserves	77 408	72 826	6.3%
Number of employees (full-time equivalents)	1 937	1 995	-2.9%

Segment result Insurance Switzerland

In CHF million



Premiums for Switzerland, by type of insurance



INSURANCE FRANCE

Swiss Life in France increased its segment result to CHF 157 million (2011: CHF 124 million). This significant growth is attributable to the rate increases made in 2012, an improved financial margin despite the uncertain financial market environment, cost discipline and the resultant operational efficiency gains.

The general French market for personal insurance contracted by 6%, principally driven by the 8% decline in savings and retirement provisions. Health, death and disability insurance, as well as property and casualty, on the other hand, grew by 4%. Swiss Life outperformed the market, generating currency-adjusted premium volume of CHF 4.3 billion, close to the previous year's performance. The company benefited from its diversified operations and its good positioning in life insurance business with high net worth individuals. In savings and retirement provisions the company again generated good quality net inflows in a relatively sharply declining market. The share of premiums generated by unit-linked contracts stood at well above the market average (28% compared to 13% for the market), primarily due to the good positioning, the dynamics of the different distribution networks and a differentiated bonus policy. Rate adjustments and better persistency led to growth in a hard fought market of 2% in health, death and disability insurance and 4% in property and casualty in local currency terms. Swiss Life Banque Privée also posted a positive result confirming its successful strategic focus.

In 2013, Swiss Life in France will continue to pursue its strategy of profitable growth. The company will thus maintain its focus on service quality in order to reinforce its leading position in life insurance for affluent and high net worth individuals.

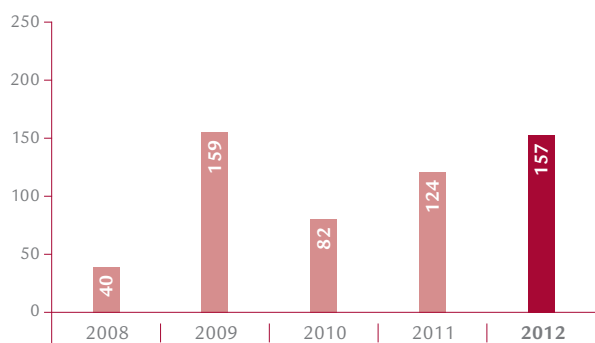
KEY FIGURES FOR INSURANCE FRANCE

Amounts in CHF million

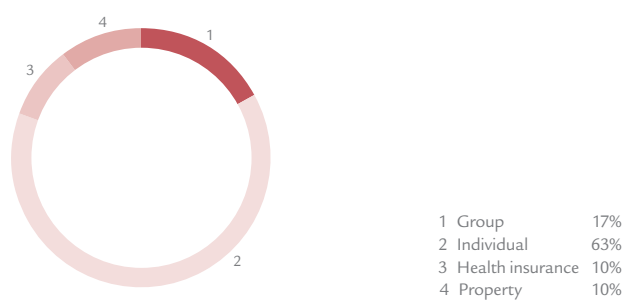
	2012	2011	+/-
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	4 260	4 379	-2.7%
Net earned premiums and policy fees	2 650	2 374	11.6%
Commission income	78	93	-16.1%
Financial result	878	727	20.8%
Other income	4	1	n/a
TOTAL INCOME	3 610	3 195	13.0%
Net insurance benefits and claims	-2 035	-1 847	10.2%
Policyholder participation	-311	-102	n/a
Interest expense	-156	-168	-7.1%
Operating expense	-949	-954	-0.5%
TOTAL EXPENSE	-3 453	-3 071	12.4%
SEGMENT RESULT	157	124	26.6%
Assets under control	29 283	26 436	10.8%
Insurance reserves	23 326	20 986	11.2%
Number of employees (full-time equivalents)	2 034	2 075	-2.0%

Segment result Insurance France

In CHF million



Premiums for France, by type of insurance



INSURANCE GERMANY

Swiss Life in Germany posted a segment result in 2012 of CHF 69 million (2011: CHF 58 million). This increase is primarily attributable to the improved financial result as well as cost savings. Swiss Life also grew periodic premium business, thereby securing sustainable income.

In 2012 Swiss Life generated premium volume of CHF 1.7 billion, almost equivalent to the prior-year level (-0.4% in local currency). Occupational pensions business was very successful. The long-term care product launched at the beginning of 2012 was well accepted by the market. Insurance benefits and policyholder participation rose by 1.5% overall in the year under review, chiefly due to the increase in policyholder participation to CHF 334 million on the back of the higher financial result. Operating expenses were up 13% (16% in local currency) particularly as a result of additional amortisation of acquisition costs. At the same time new business premiums fell by 7% (in local currency) to CHF 440 million.

Under the new Group-wide programme “Swiss Life 2015”, Swiss Life and Swiss Life Select (formerly AWD) in Germany aim to develop into a financial advisory and insurance company under one roof. All production and distribution organisations will be managed from a single source going forward. This will optimise market development and leverage synergies. In insurance the company is aiming to generate premium volume slightly above the market level, in particular with its successful occupational disability insurance, the long-term care insurance solution and products with modern guarantee concepts.

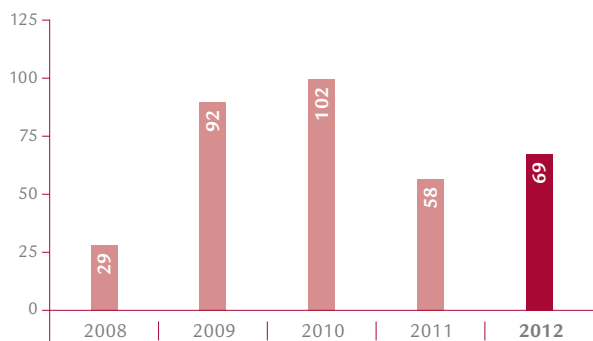
KEY FIGURES FOR INSURANCE GERMANY

Amounts in CHF million

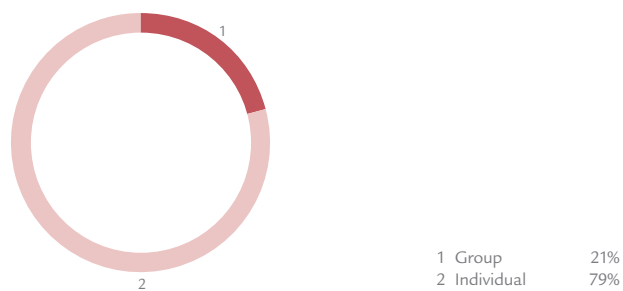
	2012	2011	+/-
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	1 692	1 739	-2.7%
Net earned premiums and policy fees	1 543	1 618	-4.6%
Commission income	35	34	2.9%
Financial result	880	727	21.0%
Other income	1	2	-50.0%
TOTAL INCOME	2 460	2 381	3.3%
Net insurance benefits and claims	-1 709	-1 776	-3.8%
Policyholder participation	-334	-237	40.9%
Interest expense	-13	-15	-13.3%
Operating expense	-334	-295	13.2%
TOTAL EXPENSE	-2 390	-2 323	2.9%
SEGMENT RESULT	69	58	19.0%
Assets under control	19 476	17 944	8.5%
Insurance reserves	18 379	17 269	6.4%
Number of employees (full-time equivalents)	699	715	-2.2%

Segment result Insurance Germany

In CHF million



Premiums for Germany, by type of insurance



INSURANCE INTERNATIONAL

The Insurance International segment serves international high net worth individuals (PPLI) and multinationals (Corporate Clients).

In the year under review the segment made a loss of CHF 34 million compared to a loss of CHF 10 million in the previous year. This decline is attributable to restructuring costs (CHF 7 million) and impairment of the customer relationship asset (CHF 17 million). Underlying this development is the concentration on two instead of three locations for business with high net worth individuals. The third location, the representative office in Dubai, was closed during the year under review. Adjusted for these one-offs, the segment result is close to the prior-year level. Gross written premiums, policy fees and deposits received came to CHF 2.9 billion in 2012 (2011: CHF 3.0 billion).

The PPLI area specialises in life insurance for high net worth individuals and has built up a presence in Liechtenstein, Luxembourg, Singapore and Switzerland. At CHF 2.7 billion, gross premium volume in 2012 was only slightly lower than the previous year's figure of CHF 2.8 billion despite the sustained low interest rate environment. The uncertainties in private banking continued to affect business, especially in the Swiss market and in Liechtenstein.

Corporate Clients specialises in global life and pensions solutions for multinationals. During the year under review the segment cemented its market leadership as a provider of global employee benefits solutions and premium volume on its own balance sheet in Luxembourg increased slightly.

As part of the Group-wide programme "Swiss Life 2015", the AWD companies in the UK, Austria, the Czech Republic and Poland joined the Insurance International segment on 1 January 2013 and now come under the umbrella of the International market unit with PPLI and Corporate Clients.

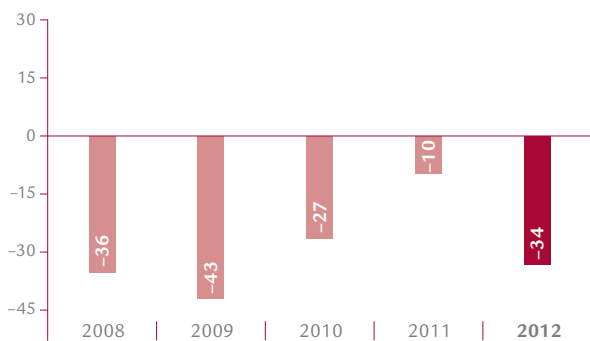
KEY FIGURES FOR INSURANCE INTERNATIONAL

Amounts in CHF million

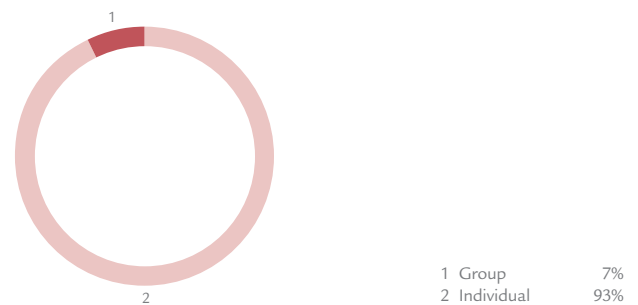
	2012	2011	+/-
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	2 892	3 033	-4.6%
Net earned premiums and policy fees	118	120	-1.7%
Commission income	12	13	-7.7%
Financial result	33	30	10.0%
Other income	0	-1	n/a
TOTAL INCOME	163	162	0.6%
Net insurance benefits and claims	-18	-19	-5.3%
Policyholder participation	-15	-14	7.1%
Interest expense	-16	-15	6.7%
Operating expense	-148	-124	19.4%
TOTAL EXPENSE	-197	-172	14.5%
SEGMENT RESULT	-34	-10	n/a
Assets under control	19 281	17 360	11.1%
Insurance reserves	18 927	17 075	10.8%
Number of employees (full-time equivalents)	262	286	-8.4%

Segment Result Insurance International

In CHF million



Premiums for International, by type of insurance



INVESTMENT MANAGEMENT

The Investment Management segment comprises Group-wide institutional asset management activities. At CHF 138 million, the 2012 result was CHF 8 million up on the previous year. This equates to an increase of 6%. Thanks to new asset inflows and positive market developments, assets under management increased by a total of CHF 14 billion to over CHF 148 billion. Insurance assets climbed CHF 10 billion to almost CHF 128 billion. Assets invested in funds and third-party mandates grew by around CHF 4 billion. Thanks to a greater volume of assets under management, income rose by 12%. Operating expenses increased by 11% due to business expansion.

The expansion of third-party business led to a net inflow in assets under management of over CHF 2 billion. One notable event in the year under review was a new investment opportunity offered in real estate in cooperation with the insurance units. In addition, the real estate management subsidiary Livit won a number of new mandates.

Following the introduction of the new asset management application in France at the start of 2013, Investment Management has a Group-wide uniform solution for managing assets entrusted to it from the insurance business. Investments managed for third parties are scheduled to be transferred to this application in 2013. The launch of the new brand "Swiss Life Asset Managers" is intended to promote the expansion of third-party business as well as to help to further develop existing markets and enter the German market.

KEY FIGURES FOR INVESTMENT MANAGEMENT

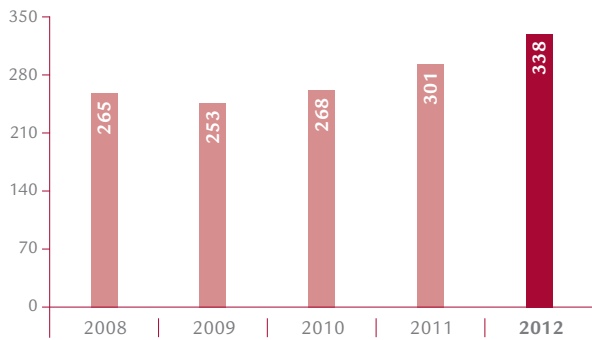
Amounts in CHF million

	2012	2011	+/-
Commission income	338	301	12.3%
Financial result	1	1	n/a
Other income	0	0	n/a
TOTAL INCOME	339	302	12.3%
Interest expense	0	0	n/a
Operating expense	-201	-172	16.9%
SEGMENT RESULT	138	130	6.2%
Assets under management ¹	148 466	134 264	10.6%
Number of employees (full-time equivalents)	655	610	7.4%

¹ incl. intragroup assets

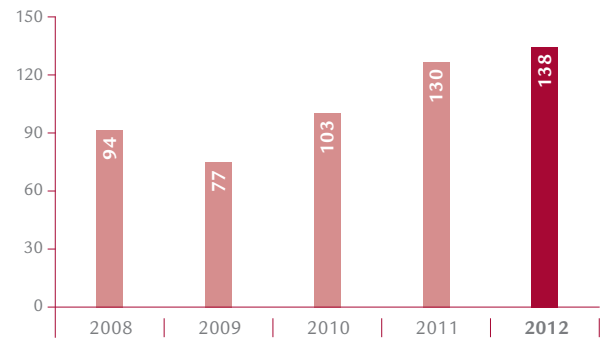
Asset management and other commission income, Investment Management

In CHF million



Segment result Investment Management

In CHF million



AWD

The AWD Group posted an adjusted operating result in 2012 of EUR 40.3 million compared to EUR 54.2 million the previous year. The company's operating result (EBIT) was affected by one-off effects, primarily caused by reserves for litigation. Factoring in these one-off effects, EBIT came to EUR 1.6 million. The segment result was adversely affected by impairments for goodwill, brand and the customer relationship asset of CHF 578 million. As a result the company posted a segment loss of CHF 591 million (2011: CHF -13 million).

The year under review was characterised by challenging market conditions. The AWD Group generated overall sales revenues of EUR 488.5 million, a drop of 12.9% from the prior-year level. This is partly attributable to a decline in commission income in the areas of life insurance and pensions products, investment funds and private health insurance.

In the core market of Germany, sales revenues fell to EUR 305.6 million (-18.6%). This development is largely attributable to cautious investment behaviour among customers caused by the difficult economic situation. This reticence among potential customers is also evident in the regions of Austria and Eastern Europe where sales revenues decreased by 11.6% compared to the previous year to EUR 56.9 million. Business in the UK showed a positive trend: sales revenues again improved, rising by 12.5% to EUR 54.8 million. AWD Switzerland generated revenues of EUR 71.2 million (-1.4%) in 2012.

At the end of 2012, the AWD Group had 4545 trained and registered financial advisors, as well as 2012 advisors in training under contract. The decline in the number of advisors from the previous year is chiefly due to stricter training and registration requirements within the financial services industry. Although this may quell growth in advisor numbers in the short term, it serves to improve the quality and sustainability of the advice provided in the medium term.

With the new Group-wide programme "Swiss Life 2015" the AWD segment is being repositioned within the Swiss Life Group. All production and distribution organisations in each market will be managed under one roof going forward in order to optimise market development and leverage synergies. From spring 2013, AWD will operate in the markets of Germany, Switzerland, Austria, Poland and the Czech Republic under the brand name "Swiss Life Select". In addition, the tecis, HORBACH and Proventus brands will continue to operate in Germany, while customers in the UK will be advised under the Chase de Vere brand. Reporting will be transferred to the existing segments Switzerland, Germany and International. AWD's former operations in Slovakia and Hungary were discontinued as of the end of 2012.

KEY FIGURES FOR AWD

Amounts in CHF million

	2012	2011	+/-
Commission income	583	692	-15.8%
Financial result	1	1	n/a
Other income	2	5	-60.0%
TOTAL INCOME	587	698	-15.9%
Interest expense	-2	-1	n/a
Operating expense	-1 177	-710	65.8%
SEGMENT RESULT	-591	-13	n/a
Number of employees (full-time equivalents)	1 430	1 452	-1.5%
Financial advisors	4 545	4 932	-7.8%