Investors’ Day
Netherlands

Marco Keim
Zurich, 2 December 2004
Zwitserleven: Mission, Ambition and Goals

**Mission**

- Let people enjoy their future without financial worries

**Ambition**

- Become *the* pension insurer in the Dutch market

**Main high-level goals**

- Growth in market share in relevant segments
- Growth in volume
- Growth in value of new business and profit
- Increase in efficiency
- Increase in customer satisfaction
Zwitserleven's achievements in the last decade

Main achievements
- A unique brand with a strong emotional resonance in the life insurance market in the Netherlands, built up since eighties
- Outpaced the market-growth in the last five years
- Rapid increase in customer satisfaction
- Our cost ratio decreased from 18% to 11% within five years

Competitive advantages
- Strong brand with solid pension provider image, 95% brand recognition
- Sustainable, customer-oriented and cost-competitive organisation
- Comprehensive range of products with good price/quality ratio
How we organise our business

Business model

Customers
- Self-employed professionals
- Mass affluents
- SMEs
- Large enterprises

Distribution Channel
- Brokers
- Fee consultants

Suppliers outsourcing partners
- NIB Capital mortgage capital provider
- Stater, mortgage administration

1) NIB Capital bank plc., merchant bank
Main market developments in the Netherlands

Market environment

- Modest economic growth expected for 2004-2007
- Concerns about funding and affordability of public occupational and corporate pension plans
- Higher labour participation will be enforced, retirement age is under pressure
- Fiscal changes still pending regarding pre-retirement and disability; and fiscal allowances for pension products decrease
- Shift from traditional insurance products to pure savings products
Main developments in the life market

Life market

- Saturated market: growth -7%\(^1\) in 2002, 3%\(^1\) in 2003 and 1-3% growth expected in 2004-2007
- The Wfd\(^2\) (“best” advice) law is expected to have a big impact on brokers
- Individual market: Competitive and mainly commoditised market with shift towards 3rd and 4th pillar. Market growth due to annuities
- Group market: Displacement effects. Improved operational performance gives Zwitserleven a head start compared with main competitors
- Opportunity to capture small pension funds due to legislative and regulatory changes

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1) Source: AM Yearbook
2) Wfd: Wet financiële dienstverlening ('financial services law')
Competitive landscape in 2002 and 2003

Lots of mergers, acquisitions and special deals.
Acquisitions did not have a great impact on the market share over a longer period.
With HBG transaction Zwitserleven moved up one place.

Source: VVP weekblad August 2004
Zwitserleven grew fast in group business, from 4.5% in 1998 to 7.5% in 2003 (HBG excluded) and further growth expected. Group business position represents solid basis for further growth.

Source: Zwitserleven
Zwitserleven outpaces growth compared to the overall market

Growth 1998; n = 1

- Zwitserleven above market and most peers in GWP growth over the last five years, especially considering the fact that this growth is purely organic and does not include any acquisitions.

- Mergers and acquisitions were premium-income destroying, they did not have a great impact on the market shares of the top 5 and top 10; top 5 market share grew from 44% to 49% and top 10 market share grew from 67% to 70%.
Zwitserleven is well on track

Special transactions:
- 1HY 2003: HBG, pension fund
- 2HY 2004: Acquisition of group business from Goudse Verzekeringen
- Sale of mortgage portfolio

Outlook:
- Further above-market growth with at least 1% expected in the coming years, acquisitions excluded
- Focus on group business will sustain growth
Life premiums and PH deposits, balance between products in portfolio, shift to group business

HY 2004, CHF million (IFRS basis)
Life premiums incl. PH deposits

- Increase in periodic premiums
- Life premiums HY 2003 including HBG. Effect HY 2003: CHF 856 million
- 30% of group premiums are contractual (yearly payable)
Zwitserleven is specialist in broker channel

Dutch Life Market

- Direct: 16%
- Employers: 2%
- Other: 9%
- Banks: 30%

Zwitserleven

- Brokers: 43%
- Banks: 8%
- Brokers: 92%

Distribution by GWP

- Zwitserleven well positioned as the alternative brand
- 25% of the broker segment within Zwitserleven are fee consultants

Note: 2003 figures
Zwitserleven focuses on profitable markets

<table>
<thead>
<tr>
<th>Market</th>
<th>Market size premium production</th>
<th>Market share</th>
<th>Attractiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group market, SME and large enterprises</td>
<td>€ 7 700m(^1)</td>
<td>7%(^1)</td>
<td>Strategic, profitable and volume</td>
</tr>
<tr>
<td>Individual pension market (PSW)</td>
<td>€ 290m</td>
<td>6%</td>
<td>Strategic and profitable</td>
</tr>
<tr>
<td>Risk insurances</td>
<td>€ 45m</td>
<td>1%</td>
<td>Growth market, profitable</td>
</tr>
<tr>
<td>Annuities</td>
<td>€ 2 150m</td>
<td>3%</td>
<td>Competitive and volume</td>
</tr>
<tr>
<td>Mortgage-related insurance market</td>
<td>€ 450m</td>
<td>2%</td>
<td>Competitive</td>
</tr>
</tbody>
</table>

**Comments**

- New proposition and product will be launched in 2005 for SME market
- Focus on market share in group business and individual pension market because of profitability; share is 7%
- New risk insurance product launch

\(^1\) Total premium income 2002
Increasing profitability

CHF million (IFRS basis)

**Profitability**
- Operating result almost doubled in HY 2004 compared with HY 2003
- Growth of operating result at least 10% per annum in last 5 years
- Growth of 10% p.a. expected in the coming years

**Costs**
- Cost ratio decreased by 7% per annum since 1999. Cost premium ratio now at 11%
- Cost ratio comparable with or below top 5 levels
- Product and portfolio rationalisation will reduce the cost ratio further in the period 2005-2007
Decreasing administrative expenses and strong growth of operating result due to technical result

CHF million (IFRS basis)

<table>
<thead>
<tr>
<th></th>
<th>HY 2004</th>
<th>HY 2003</th>
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<tbody>
<tr>
<td>GWP life incl. PH deposits</td>
<td>830</td>
<td>1 701</td>
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<tr>
<td>Operating expenses</td>
<td>-92</td>
<td>-91</td>
</tr>
<tr>
<td>- Commissions &amp; DAC amortisation</td>
<td>-18</td>
<td>-13</td>
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<tr>
<td>- Administrative expenses</td>
<td>-74</td>
<td>-78</td>
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<tr>
<td>Operating result</td>
<td>70</td>
<td>39</td>
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<tr>
<td>Cost ratio(^1)</td>
<td>11.1%</td>
<td>5.3%</td>
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<tr>
<td>FTEs</td>
<td>732</td>
<td>760</td>
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1) Cost ratio calculated on GWP
Zwitserleven, focus on VnB instead of volume

Value of new business

- 2003: Great impact on VnB due to fierce price competition in annuity market
- 2004: Important tariff increase for costs in UL products and change of policy, focus on VnB versus volume, regarding annuity business
- Double-digit increase in VnB is expected in coming years
Zwitserleven value overview, margins increased

CHF million (statutory basis)

Zwitserleven

Value of new business

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<td>2003</td>
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APE\(^1\)  

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New business margins

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<td>2%</td>
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<td>2003</td>
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\(^1\) Annual premium equivalent
Zwitserleven is well placed to outpace the market

- Our Zwitserleven brand provides us with a good opportunity to sustain our position in the broker channel and to be the alternative in the bank channel.

- Our operational cost ratio has improved over the last five years, while that of the top 5 has deteriorated.

- Current broker satisfaction: Ranked number two within top 10, giving us a head start in the competitive market environment.

- In the group market growth will be achieved by cutting into the market share of our competitor based on customer service and product innovation.

- Our image as a pension provider and recent major transactions put us in a good market position to acquire small pension funds and portfolios “as icing on the cake”
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