Investors’ Day 2012
Swiss Life Germany

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Klaus G. Leyh, CEO Swiss Life Germany
Zurich, 28 November 2012
### Key messages

**New Swiss Life Germany: Jointly stronger – Swiss Life, Swiss Life Select, tecis, Horbach and Proventus revive growth and increase profits through a transformation into a unique financial advisory and insurance company under one roof**

- Swiss Life will increase **competitiveness and efficiency** by managing German operations under one roof
- Swiss Life will further **strengthen the Best-Select approach** for end-customers and the **open platform approach remains paramount** with product partners
- **Swiss Life’s high-quality brand** will support and strengthen Swiss Life Select, tecis, Horbach and Proventus in the German market
- Swiss Life will **optimise market management**, building on strong distribution channels and product expertise
- Swiss Life will further **enhance market positioning** in biometric risk, employee benefits and modern savings products with a focused and optimised offering
- Swiss Life will **reduce costs** through synergies, harmonisation and standardisation
- New Swiss Life Germany provides an even **more attractive platform for advisors and intermediaries** with best-in-class service and support
Swiss Life and AWD Group Germany have successfully implemented MILESTONE

<table>
<thead>
<tr>
<th>Workstream</th>
<th>Achievements</th>
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| Enhance customer value & new business profitability | • New modern life and care products successfully launched  
• Several traditional products withdrawn  
• New business margin increased from 0.9% in FY08 to 1.7% in FY11 despite decreasing interest rates |
| Increase distribution quality and power | • New business production through AWD Group Germany increased due to innovative modern and risk products  
• Excellent reputation in broker market retained  
• New bank distribution channel implemented |
| Improve operational excellence | • Improved efficiency ratio supported by insurance reserves growth and lower cost base as a result of front office centralisation and improved back office processes  
• Cost base of AWD Group Germany lowered through  
  - Refocusing of marketing activities  
  - Streamlining of management structure  
  - Integration of administrative processes of AWD Germany and Horbach |

<table>
<thead>
<tr>
<th>Year</th>
<th>Traditional</th>
<th>Modern</th>
<th>Risk</th>
<th>NBP 1) (in EUR m)</th>
<th>Efficiency ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>47% 18% 35%</td>
<td>37% 16% 47%</td>
<td></td>
<td>2,165</td>
<td>0.88%</td>
</tr>
<tr>
<td>2011</td>
<td>47% 16% 47%</td>
<td>37% 14% 53%</td>
<td></td>
<td>2,851</td>
<td>0.84%</td>
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</table>

1) New business production (excl. consortia and pension funds)
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Point of departure

New Swiss Life Germany positioned to weather challenging market environment

Market situation in Germany

- Public social security system is at its limit while individual and corporate pension solutions become more and more essential, making this market fundamentally attractive in the medium and long-term

- Financial institutions and distributors are generally under substantial pressure (e.g. Solvency II, MIFID II, increasing transparency requirements)

- Customers are alienated by uncertain development of capital markets, general economic situation, and negative public perception of financial services providers

- Fundamental change in values: importance of financial strength and trust in institutions is ever increasing

- High-quality financial advice is becoming even more important; however, increasing regulatory cost will drive consolidation
New Swiss Life Germany builds on strong distribution and product expertise

FY 2011, in EUR

**Strategic positioning and market share**

**Swiss Life Germany:**
- A leading specialised life product factory in the German market for private and employee benefit business
- New business: 1.4% market share
- GWP: 1.6% market share
- A market leader in disability (BUZ) and occupational pension schemes (bAV)

**AWD Group Germany:**
- Third largest financial advisory network in Germany
- Commissions: ~12% market share (IFAs in total)

**Key strengths**

- Strong track record in biometric risk and employee benefit solutions as well as modern saving concepts, proven by external ratings and awards
- Professional local sales support and high service orientation with regard to brokers, banks and IFAs
- Clear competitive advantage based on proven Best-Select approach and close collaboration with strong partners
- Strong customer orientation with many awards from independent institutions

**Financials**

**Swiss Life Germany:**
- Life NBP: 2.9 bn
- GWP: 1.4 bn (68% individual life, 32% group life)
- Segment result: 47 m
- Insurance reserves: 14.7 bn

**AWD Group Germany:**
- Revenues: 376 m
- Operational EBIT: 50 m

**Other key figures**

**Swiss Life Germany:**
- ~650 000 customers
- ~6 500 active business partners (brokers, IFAs, banks)

**AWD Group Germany:**
- 234 000 customers
- 3 432 advisors

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1) Excl. special items of EUR 20 m and incl. holding costs for AWD Group of EUR 17 m  
2) Thereof 400 000 individual and 250 000 group customers  
3) Customers with new contracts in 2011 only. Total number of new contracts in 2011: 536 000
New Swiss Life Germany becomes a unique financial advisory and insurance company.

New Swiss Life Germany

Customers

Distribution
- Brokers
- IFAs
- Banks
- Swiss Life Select
- tecis
- Horbach
- Pro-Ventus

Differentiated intermediary
Account Management

Open platform

Best-Select

Factory
- Swiss Life Insurance
- 3rd-party product partners

Swiss Life shared services
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<th>Objectives</th>
<th>Initiatives</th>
<th>Impact</th>
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</table>
| **Customer promise** | Customer centricity as basis for all activities | - Improve segment alignment of multilevel and advisory sales forces  
- Differentiate service levels for broker, bank and IFA channels | - Increase customer satisfaction through improved quality and lifelong service |
| **Offering** | Further strengthening of Best-Select approach for customers and focusing own production on core fields of expertise | - Apply Best-Select approach for consistent partner and product selection in end-customer channels  
- Focus own production on core fields of expertise:  
  - Biometric risks (disability, long-term care)  
  - Employee benefit solutions  
  - Modern guarantee concepts | - New business margin (NBM) targets 2.5%  
- New business mix: Launch modern-trad. products and reduce trad. products |
| **Distribution** | Optimise market management and geographic footprint | - Grow multilevel sales forces and customer base by systematically targeting attractive mass segments, focusing on “part time” and “additional income” recruiting models and modern training concepts  
- Increase cross-selling on in-force customer base through activity-based management and coaching of advisory sales forces  
- Strengthen multi-channel approach in intermediary channels through optimised services and technical support  
- Re-brand AWD channel to Swiss Life Select  
- Optimise regional footprint in end-customer channels | - Enhance fee income by 10-15% (vs. FY FC 2012 EUR 369 m)  
- Increase number of end-customer advisors to ~3 600  
- Improve distribution margin  
- Grow end-customer channels in under-penetrated regions |
| **Efficiency and quality** | Leverage synergies and optimise distribution platforms | - Use shared services for all channels and review number of locations  
- Harmonise processes across all channels and differentiate service levels | - Further reduction of cost base by EUR 35-40 m by 2015 |
1. Customer promise

New Swiss Life Germany with even stronger focus on customer needs

Segment specific needs of end-customers/intermediaries

**Trainees/Young professionals**
Savings (UL product with flexible guarantees), disability solutions

**Specific professional groups**
Dependent on approach to professional networks such as soldiers, teachers, etc.

**Families**
Financial security for today and for the future (care protection; UL products with flexible guarantees)

**Academics**
Protection against financial consequences of disability

**Affluent**
Wealth management and protection (care protection; pension schemes with tax benefits)

**Brokers and IFAs**
Strong brand, convincing product story, elevated level of support, e.g. short processing time

**Banks**
Reputable product partner, simple though differentiated products and fully-fledged technical and back-office support
2. Offering

Best-Select for products and partners through open platform remains paramount

Partner and product selection as basis of Best-Select approach for end-customers

- Stringent partner and product selection through Best-Select approach for end-customer channels, resulting in a recommended “product set”
- High-quality advice at point of sale, i.e. combination of customer characteristics with the “product set”
- Focus of own production on core fields of expertise, i.e. biometric risks, employee benefits and modern guarantee concepts
2. Offering

End-customer channels with de-risked offering

AWD Group Germany commissions 2001 – 2011 (in %)

Tax optimised funds
- 2001: 29%
- 2003: 13%
- 2005: 12%
- 2007: 3%
- 2009: 4%
- 2011: 4%

Credit/Mortgages
- 2001: 2%
- 2003: 5%
- 2005: 4%
- 2007: 7%
- 2009: 6%
- 2011: 5%

Non-Life
- 2001: 4%
- 2003: 9%
- 2005: 8%
- 2007: 17%
- 2009: 10%
- 2011: 10%

Health
- 2001: 6%
- 2003: 31%
- 2005: 32%
- 2007: 25%
- 2009: 12%
- 2011: 39%

Investment
- 2001: 2%
- 2003: 3%
- 2005: 10%
- 2007: 4%
- 2009: 2%
- 2011: 2%

Traditional life and disability
- 2001: 28%
- 2003: 37%
- 2005: 30%
- 2007: 40%
- 2009: 32%
- 2011: 37%

Unit-linked products
- 2001: 22%
- 2003: 37%
- 2005: 30%
- 2007: 40%
- 2009: 32%
- 2011: 37%

Bread and butter business
Swiss Life production continuously optimised in recent years

**Focus 2013 - 2015**

- Discontinuation of non-competitive tariffs
- Re-pricing to balance profitability and volumes
- Development of new products (e.g. long-term care product)
- Mid-term replacement of traditional guarantee products through modern (modern-traditional) guarantee concepts
- Application of NBM\(^2\) minimum hurdle rate of 1%

**Impact**

- NBM\(^2\) target 2.5%

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1) Closure of individual product variants  2) New business margin
2. Offering

**Increase of risk products and shift towards modern and modern-traditional concepts**

- Increase of risk products driven by recurring product improvements
- Modern-traditional guarantee concepts partially replacing traditional products; focus on products with low solvency/capital requirements

**New business mix (in NBP)**

<table>
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<th></th>
<th>FY 2008</th>
<th>FY 2011</th>
<th>2015P</th>
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<tbody>
<tr>
<td>Risk</td>
<td>35%</td>
<td>47%</td>
<td>45-50%</td>
</tr>
<tr>
<td>Modern</td>
<td>19%</td>
<td>16%</td>
<td>15-20%</td>
</tr>
<tr>
<td>Modern-traditional</td>
<td>47%</td>
<td>37%</td>
<td>5-15%</td>
</tr>
<tr>
<td>Traditional</td>
<td>47%</td>
<td>37%</td>
<td>20-30%</td>
</tr>
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- Ongoing margin management through re-pricings
- Development of new products (e.g. long-term care product)
- Replacement of traditional products through modern and modern-traditional products
- Application of new NBM minimum hurdle rate of 1%

**New business margin**

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<th>FY 2011</th>
<th>2015P</th>
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<tbody>
<tr>
<td>Traditional</td>
<td>1.7%</td>
<td>2.5%</td>
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Further enhance productivity and quality of advice in end-customer channels

**Key elements of initiatives**

- **Advisory sales forces**
  - Boost cross-selling and lifelong customer care, through existing tecis coaching-programme, proved to generate productivity boost of up to 30%

- **Call centre & centralised back office support**
  - Support long-term customer care and generation of leads through central call centre
  - Source back office support from shared service centre

- **Multilevel sales forces**
  - Grow sales force and customer base through systematic targeting of mass segments and regions with potential, additionally supported through “part-time” and “additional income” models

**Value proposition for advisors**

- State-of-the-art productivity tools support advice in customer interest while allowing advisors to make the most of their in-force book
- New leadership and coaching model helps advisors to identify and exploit development opportunities

- Focus on advisory time with customers
- Improve effectiveness through professional customer lifecycle management

- Attractive “part-time” approaches
- Officially recognised degrees based on formal and “on the job” training
- Variety of career paths allows for development into leadership or senior advisory roles
Increase effectiveness of broker, IFA and banking channels

**3. Distribution**

**Key elements of initiatives**

**Increase effectiveness of account managers** through
- Quantitative segmentation of partners
- Segment specific service levels
- Strengthened performance-oriented compensation
- Optimised regional footprint

**Increase of banking distribution** due to
- Engagement of new local non-exclusive partners and focus on strategic partnerships
- Significant increase in share of wallet based on specialised product offering
- Introduction of key account management

**Value proposition for partners**

- **Best-in-class service offering** tailored to segment specific needs
- **High-quality advice** through convenient channels (phone, e-mail, internet)
- **Fast quoting and decision making**
- **Simple and reliable technical support**
3. Distribution

Significant potential in currently underpenetrated regions

**Intermediary channels**
- Solid footprint in Bavaria with more than 20% of new business and three representative offices as well as in Hamburg (ca. 10% of new business)
- Strong relationships to broker pools, especially in Hessen and North Rhine Westphalia – latter contributes in excess of 15% of new business
- Pro-active business development efforts in North Rhine Westphalia through the mix of channels including banks, broker pools and IFAs

**End-customer channels**
- Historical focus on North-West of Germany – Hamburg, North Rhine Westphalia and Lower Saxony (more than 50% of new business)
- Dynamic customer acquisition in new federal states, mostly economically stronger Berlin, Brandenburg and Saxony (~13% of new business)
- Focus for geographical expansion particularly on the south
4. Efficiency and quality

Further reduction of cost base through closer integration of AWD and SL Germany

Pro forma\(^1\), operating expense adjusted (in EUR m)

<table>
<thead>
<tr>
<th>FY 2011</th>
<th>Cost savings and synergies</th>
<th>2015P</th>
</tr>
</thead>
<tbody>
<tr>
<td>239</td>
<td>-15-20%</td>
<td>~200</td>
</tr>
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- Harmonise back-office processes across all distribution channels
- Optimise geographic footprint
- Capture synergies through implementing a strict functional organisational model, integrating administrative functions and removing duplications
- Internalise to reduce administration costs
- Standardise IT platforms and applications across the organisations

\(^1\) Pro forma incl. Swiss Life Select, tecis, Horbach and Proventus
## Key messages

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Financial calendar

Full-year results 2012 27 February 2013
Publication of Annual Report 2012 18 March 2013
Annual General Meeting 23 April 2013
Interim Statement Q1 2013 23 May 2013

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