Investors’ Day 2012
Swiss Life Switzerland

Ivo Furrer, CEO Switzerland
Zurich, 28 November 2012
Key messages

Swiss Life Switzerland is evolving from a pure life insurer into a comprehensive life and pensions and financial solutions provider, broadening its business model, diversifying and strengthening its long-term profitability and fortifying its market position.

- Swiss Life is the largest provider of life and pensions and financial solutions in Switzerland with an annual premium volume of over CHF 8 billion and about 1.2 million customers.
- Swiss Life implemented the MILESTONE programme ahead of schedule and fully achieved its goals in the three areas of products, profitability and costs.
- Swiss Life will expand its activities and offer new products in savings, healthcare insurance, property and asset protection and private housing.
- Swiss Life will increase the effectiveness of its distribution and optimise market development through consistent multi-channel management and thanks to its “teaming up” with Swiss Life Select Switzerland.
- Swiss Life will intensify its margin management through integrated product, distribution and margin steering and continue to practise disciplined cost management.
# Swiss Life Switzerland with a strong and leading market position

**FY 2011, in CHF**

## Switzerland at a glance

- Customised products and solutions for corporate customers
- Outstanding customer proximity with 40 general agencies and 15 Swiss Life Select branches located throughout Switzerland
- Market share (GWP):
  - Private customer business: 20%
  - Corporate customer business: 29%

## Strategic positioning and market share

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<tbody>
<tr>
<td><strong>Largest provider in Switzerland of comprehensive life and pensions and financial solutions for private and corporate customers</strong></td>
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<tr>
<td><strong>Outstanding customer proximity with 40 general agencies and 15 Swiss Life Select branches located throughout Switzerland</strong></td>
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<td><strong>Market share (GWP):</strong></td>
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<tr>
<td>- Private customer business: 20%</td>
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<td>- Corporate customer business: 29%</td>
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## Key strengths

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<tr>
<td><strong>Customised products and solutions for corporate customers</strong></td>
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<td><strong>Individual products and solutions catering to the various needs of private customers</strong></td>
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<td><strong>In addition &quot;Best-Select&quot; and package solutions for private customers and open platform for partners</strong></td>
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<td><strong>Wealth of expertise and high level of know-how</strong></td>
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## Financials

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<tbody>
<tr>
<td><strong>Swiss Life Switzerland</strong></td>
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<tr>
<td>- GWP: 8.1 bn</td>
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<td>(81% group life, 19% individual life)</td>
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<td>- Segment result: 476 m</td>
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<tr>
<td>- Insurance reserves: 72.8 bn</td>
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<tr>
<td><strong>Swiss Life Select Switzerland</strong></td>
<td></td>
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<tr>
<td>- Revenues: 89.1 m</td>
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<td>- EBIT: 7.0 m</td>
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## Other key figures

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<tr>
<td><strong>Customers:</strong></td>
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<td>- About 1.2 million private customers</td>
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<td>(1)</td>
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<td>- Approximately 38 000 corporate customers</td>
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<td><strong>Distribution:</strong></td>
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<td>- 600 Swiss Life tied agents;</td>
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<td>350 Swiss Life Select senior financial advisors, 220 FA’s</td>
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<tr>
<td>- 680 accredited brokers/IFAs; 60 Swiss Life Select partners</td>
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<td><strong>Staff (incl. distribution):</strong></td>
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<tr>
<td>- 1995 Swiss Life FTE’s</td>
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<tr>
<td>- 675 Swiss Life Select head count</td>
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</tbody>
</table>

1) Including 515 000 beneficiaries in group life
MILESTONE goals fully achieved ahead of schedule

**Workstream**

**Enhance customer value & new business profitability**
- Attractive new products launched with and without guarantees
- Sales force trained intensely on modern products
- NBM of 0.3% at FY11 (vs 1.2% FY08) due to challenging capital market environment; at HY12 0.7% due to repricings with promising FY12 forecast

**Increase distribution quality and power**
- Tied agents’ productivity increased
- Swiss Life Select and broker channels leveraged
- Bank and internet as additional channels implemented
- New sales cooperation with Nationale Suisse in Group Life established

**Improve operational excellence**
- Cost savings of CHF 188 m since 2008 successfully implemented leading to a significantly improved efficiency ratio

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1) New business production
From pure life insurer to a provider of comprehensive life and pensions and financial solutions

1) Swissquote, Sanitas, Mobiliar, Nationale Suisse, Vaudoise, DAS and 60 Swiss Life Select product partners
Focus on broader business model for corporate and private customers

Corporate customers and their employees

- Comprehensive range of occupational pensions products and solutions
  - Comprehensive product offering (with/without guarantees) – high standardisation, competitive costs
  - Modular range of product components – high specialisation, expertise
- Broad range of advisory and other services
  - Provision of specific services and individual advisory services
  - Expert mandates in the areas of investment, risk, advice and implementation
- Efficient and effective settlement system with enhanced opportunities for targeted market development
  - Modern online portal, self-service Business Services (information, management, archiving)
  - By the end of 2012 over 70% of standard business migrated to the new administration platform

Private customers

- Innovative offering of own private insurance products and solutions
  - Focus on profitable products despite the low interest rate environment (saving, investment, dissaving, risk)
  - Launch of innovative modern and modern-traditional products (Premium Immo, FlexSave, etc.)
- Expansion of the offering with new activities and pertinent third-party products
  - Branching into new business fields
    - Real estate: SL Immopulse | Savings: One100.ch
  - Increase in third-party production through cooperations, partner products, “Best-Select” and package solutions
- Tiered advisory system and fee-based advisory services
  - Establishing of advice as a fee-based service (integrated advisory services)
  - Individual, needs-based life and pensions advice (SL tied agents) and comprehensive financial planning (Swiss Life Select)
## Initiatives with a sound impact by 2015

<table>
<thead>
<tr>
<th>Strategic thrusts</th>
<th>Objectives</th>
<th>Initiatives</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer promise</strong></td>
<td>Transformation towards customer satisfaction</td>
<td>Establishing a new customer focus&lt;br&gt;Perceptible implementation of the new customer promise</td>
<td>Increase in NBP&lt;br&gt;CHF +100 to +200 m&lt;br&gt;Share of wallet&lt;br&gt;Reinvestment rate&lt;br&gt;Recommendation rate</td>
</tr>
<tr>
<td><strong>Offering</strong></td>
<td>Expansion into a comprehensive life and pensions and financial solutions provider</td>
<td>Corporate customers&lt;br&gt;Strengthening of full-range provider role&lt;br&gt;Expansion of advisory services offering Private customers&lt;br&gt;Further development of product portfolio&lt;br&gt;Expansion of new business fields&lt;br&gt;“Best-Select” &amp; packages, open platform</td>
<td>Improvement in VNB&lt;br&gt;1%, target 1.3%&lt;br&gt;Product margin &amp; capital efficiency Increase in fee business&lt;br&gt;CHF +30 to +40 m&lt;br&gt;Fee business with third-party products &amp; services</td>
</tr>
<tr>
<td><strong>Distribution</strong></td>
<td>Individual enhancement of distribution channels&lt;br&gt;Continuation of product, distribution and margin management</td>
<td>Strength-based positioning of distribution channels and “teaming up” with Swiss Life Select&lt;br&gt;Intensification of multi-channel management</td>
<td>Increase in NBP&lt;br&gt;CHF +200 to +300 m Increase in fee business&lt;br&gt;CHF +10 to +15 m Market penetration&lt;br&gt;Opening up of new customer segments Distribution margin</td>
</tr>
<tr>
<td><strong>Efficiency and quality</strong></td>
<td>Maintaining high cost discipline&lt;br&gt;Implementing “teaming up” with Swiss Life Select</td>
<td>Increasing effectiveness and efficiency&lt;br&gt;More selective exchange of best practices&lt;br&gt;Realisation of synergies over time</td>
<td>Costs savings&lt;br&gt;Operating expense: CHF -25 to -30 m&lt;br&gt;Operational costs&lt;br&gt;IT costs Variable expense: CHF -10 to -15 m Distribution effectiveness</td>
</tr>
</tbody>
</table>
1. Customer promise

Increase in number of touchpoints leads to higher new business production

Focus areas

- Increase in number of touchpoints along customer journey for new and existing customers (e.g. health insurer, real estate, final payout)
- Embedding of a sustainable customer relationship and lifecycle management

Impact

- Significant increase in reinvestment rate: doubling from ~10% to >20%
- Substantial increase in cross- and up-selling rate (share of wallet): from 1.4 to 2 contracts per active customer
- Net increase in number of customers

→ Leads to an increase in new business production of CHF +100 to +200 m

Customer promise as the basis for developing the customer journey

New customer journey with customer promise “Vor-Sorge wird Vor-Freude”

Previous customer journey

Customer promise as the basis for developing the customer journey

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2. Offering

Strong, healthy corporate customer business

FY 2011, assets in CHF

Market and competition
- Market volume for insurance: Approx. CHF 153 billion assets, plus biometric risks and fee business
- Annual tariff adjustments for new and in-force business possible
- Insurer of tied assets always with cover ratio >100%
- Some public-sector funds with shortfalls and poor investment performance

Swiss Life’s position
- Swiss Life is market leader in Swiss corporate customer business
- Comprehensive full-range provider offering
- High level of know-how
- Mathematical reserve of 35% with a market share of 29% (GWP)
- Above-average investment return (2011: CS PF Index 125% | Swiss Life 147%)
- New innovative business model based on a new administration system

> Stable, sustained income
> VNB margin >1%, target 1.3%

Source: FINMA & Swiss Life estimate
2. Offering

Own production - Corporate customers: Comprehensive, modular offering

- Smaller and medium-sized enterprises
  - Investment
  - Risk
  - Advice
  - Administration
  - Swiss Life Business Protect (Full insurance solutions)
  - Including guarantees for the savings component
  - Excluding guarantees for the savings component

- Large businesses and pension funds
  - Investment
  - Risk
  - Advice
  - Administration
  - Swiss Life Business Invest (semi-autonomous, standardised)
  - Swiss Life Business Select (semi-autonomous with special requirements)
  - Swiss Life Business Profit (semi-autonomous, personalised)

Focus areas

- Full-range offering with possibility to push off-balance and modern solutions
- Generation of fee business through Swiss Life Pension Services
- Investment in expansion of modern portfolio management system

Impact

- Profitable products
- Mix of on- and off-balance income streams incl. fee business
- Contains VNB and bottom-line contribution
- Substantial share in increase of fee business of a total of CHF +30 to +40 m across businesses
2. Offering

**Own production - Private customers: Innovative, streamlined product range**

<table>
<thead>
<tr>
<th>Products</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
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</thead>
<tbody>
<tr>
<td><strong>Saving - periodic</strong></td>
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<td>Garantie Plus</td>
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<td>Crescendo / Forte</td>
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<td>Vitality PP / Junior Plan</td>
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<td>Champion Duo</td>
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<td>FlexSave</td>
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<td>Dreams</td>
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<td><strong>Investment - single premium</strong></td>
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<td>Harvest</td>
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<td>Invest</td>
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<td>Vitality EE</td>
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<td>G90/G100</td>
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<td>Index / Premium Select</td>
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<tr>
<td>Premium Immo</td>
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<td>Tree</td>
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<td><strong>Dissaving - single premium</strong></td>
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<td>Calmo</td>
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<td>Timeplan</td>
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<td>Flowfix</td>
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<td><strong>Risk - pure risk</strong></td>
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<td>Airbag</td>
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<td>Umbrella</td>
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<td>Protection</td>
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- Traditional
- Modern
- Modern-traditional
- Risk
- Number of products: 14 13 12 11 9

**Focus areas**

- Maintaining a streamlined product range and continue intense margin management
  - Economic pricing
  - New and lower guarantees
  - Strict management process
- Development of innovative products including and excluding guarantees (e.g. Premium Immo, FlexSave)
- Compensation of volume shifts in distribution through increase in third-party production

**Impact**

- Sale of profitable products
- Improvement in new business margin

→ VNB margin >1%, target 1.3%
2. Offering

Own production - Private customers: Active margin management

Assumed interest rate

- Worst Case
  - Assumed interest rate: 1.5% < 1.0%
  - Examples:
    - Very strong reduction in guarantee level
    - Strong reduction in distribution fees = virtual sales freeze

- Bad Case
  - Assumed interest rate: < 0.4%
  - Examples:
    - Appreciable reduction in guarantee level
    - Fund portfolio with equity exposure of 15%
    - Reduction in distribution fees
    - Restriction of scope of application (e.g. duration)

- Good Case
  - Assumed interest rate: 1.5% 0.6%
  - Examples:
    - Slight reduction in guarantee level
    - Fund portfolio with equity exposure above 15%

- Best Case
  - Assumed interest rate: 2.0% 0.9%
  - Examples:
    - Guarantee level and participation level remain unchanged
    - Distribution fees at normal level

- Decision point

- Spot rates government bonds CHF (10Y)
- SWAP-AA CHF (10Y)

- Repricing possible within 4-8 weeks, in exceptional cases even within 2-3 weeks
- Monthly assessment and measures by the Swiss Executive Committee

1) First half-year 2011  2) First half-year 2012
### 2. Offering

**Tied agents and Swiss Life Select offering:** Attractive own and partner products

<table>
<thead>
<tr>
<th>Customer need</th>
<th>Providers 2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
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<tbody>
<tr>
<td>Own production IL&lt;sup&gt;1&lt;/sup&gt; / GL&lt;sup&gt;2&lt;/sup&gt;</td>
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<tr>
<td>Fee-based advisory services</td>
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<td>New business fields (SL Immopulse, One100, advice)</td>
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<tr>
<td><strong>Partner offerings</strong></td>
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<tr>
<td>Healthcare insurance</td>
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<td>Property/liability insurance</td>
<td>Sanitas</td>
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<td>Personal insurer Corp.</td>
<td>Helsana</td>
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<tr>
<td>Investing / Financing</td>
<td>Various a)</td>
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<tr>
<td><strong>Customer need</strong></td>
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<tr>
<td><strong>“Best-Select”</strong></td>
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<tr>
<td>Property and asset protection</td>
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<tr>
<td>Healthcare insurance</td>
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<tr>
<td>Mortgages</td>
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<tr>
<td>Life insurance</td>
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<tr>
<td>Income protection</td>
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<tr>
<td>Investment / capital investments</td>
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<tr>
<td>Insurance through banks</td>
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<tr>
<td>Vested benefits</td>
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<tr>
<td>Personal insurance Group</td>
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**Focus areas**

- Swiss Life tied agents: Main channel for own products
- Swiss Life Select: Open platform for partners and "Best-Select" for customers
- Strengthen third-party production with selected partners
- Development of attractive package solutions
- Fee-based advisory services (integrated advisory offering)

**Impact**

- Increase in third-party production
- Compensation for fall in volume of own production
- Customer franchise and exploitation of distribution asset

- Increase in VNB
  - > 1%, target 1.3%
- Substantial share in increase of fee business of a total of CHF +30 to +40 m across businesses

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1) IL = Individual Life  
2) GL = Group Life  

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## Compensation for own production through third-party products and/or fee business

In CHF m

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>Profitability before growth</th>
<th>SL 2015 upside</th>
<th>2015P</th>
</tr>
</thead>
<tbody>
<tr>
<td>New business production of Swiss Life own products</td>
<td>3 400</td>
<td>-600-700</td>
<td>300-500</td>
<td>3 000-3 300</td>
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<thead>
<tr>
<th></th>
<th>2011</th>
<th>Expand third party offering</th>
<th>2015P</th>
</tr>
</thead>
<tbody>
<tr>
<td>New business production of Swiss Life Select and third-party production tied agents</td>
<td>1 600</td>
<td>350-400</td>
<td>1 950-2 000</td>
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<thead>
<tr>
<th></th>
<th>2011</th>
<th>Push fee business</th>
<th>2015P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee income of Swiss Life and Swiss Life Select(^1))</td>
<td>145</td>
<td>40-55</td>
<td>185-200</td>
</tr>
</tbody>
</table>

**Profitability before growth:**
- Lower new business production as a result of repricing measures and margin management
- Partly compensated by focusing on customer promise and distribution activities

**Increase in third-party production:**
as a result of launch of relevant offerings with product partners

**Increase in fee business:**
from Swiss Life Pension Services, real estate offering for private customers, One100, third-party production sales force, Swiss Life Select commission income and fee-based advisory services

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\(^1\) Pro forma
Consistent modification of product offering

New business mix (in NBP)

- First modern-traditional product with an alternative guarantee concept introduced in Q3 2012 (Individual life saving ‘SL FlexSave’)
- Development and launch of further alternative guarantee concepts in appropriate segments
- Continue tranche products
- Promote off-balance and modern product solutions in Group Life

<table>
<thead>
<tr>
<th>Year</th>
<th>Risk</th>
<th>Modern-traditional</th>
<th>Modern</th>
<th>Traditional</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2008</td>
<td>79%</td>
<td>49%</td>
<td>2%</td>
<td>19%</td>
</tr>
<tr>
<td>FY 2011</td>
<td>49%</td>
<td>1%</td>
<td>48%</td>
<td>79%</td>
</tr>
<tr>
<td>FY 2011 revised</td>
<td>49%</td>
<td>2%</td>
<td>48%</td>
<td>2%</td>
</tr>
<tr>
<td>2015P</td>
<td>49%</td>
<td>2%</td>
<td>25-35%</td>
<td>30-40%</td>
</tr>
</tbody>
</table>

65-75% 25-35%
Sophisticated “teaming up” allows optimised market development

Focus areas

- **Customer** is segment-specific, actively addressed
- Strength-based **positioning**, leading to optimised market development
- Evolving of respective strengths
- Expansion of current strategic initiatives
- Mutual exchange of **best practices**
- Tailored recruitment and personnel development
- Sales training and distribution training
- Realisation of **synergies** in the case of overlapping functions

Impact

- Increase in new business production by CHF +200 to +300 m
- Increase in fee business by CHF +10 to +15 m
3. Distribution

Enhancement of individual strengths

**Tied agents**
- Life and pensions specialists
- Main channel for Swiss Life own products
- Private and corporate customers’ perspective

**Swiss Life Select**
- Comprehensive financial planning
- Systematic customer development strategy (pyramid concept)
- Entrepreneurship

**Brokers, banks, direct**
- Preferred partner for brokers
- Integral enhancement
- Active distribution partner retention

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**Expansion of life & pensions specialist**
Healthcare insurance, investments, P&C, real estate

**Customer development strategy**
through “Best-Select” and comprehensive package solutions

**Integral enhancement**
Systematic strengthening & new communication media

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**Tied**

**Open Platform**

**Partners & Direct**
4. Efficiency & quality

Strict cost management will further improve efficiency ratio

Efficiency ratio1,2)

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2015P</th>
</tr>
</thead>
<tbody>
<tr>
<td>56 bps</td>
<td>3-5 bps</td>
<td></td>
</tr>
</tbody>
</table>

Despite flat costs, efficiency ratio will be further improved over the period from 2011 to 2015

Operating expense2) (in CHF m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost savings</th>
<th>Investments in growth</th>
<th>Activity growth</th>
<th>2015P</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>-25-30</td>
<td>15-20</td>
<td>3-8</td>
<td>410-415</td>
</tr>
</tbody>
</table>

All investments are financed from current income

Quality measures
- Profitability before growth
- Fee business and grow risk business
- Customer centricity

Variable expense
- Reduction in distribution costs

Operating expense
- Cost savings
  - Synergies "teaming up" with Swiss Life Select and within IT
- Investments in growth
  - Growth programme
  - New administration system for corporate customers
  - Sanitas sales support
- Activity growth

Impact
→ Reduction in operating expense by CHF -25 to -30 m
→ Reduction in variable expense by CHF -10 to -15 m

1) Operating expense in % of average technical reserves
2) Pro forma adjusted incl. Swiss Life Select
### Key messages

Swiss Life Switzerland is evolving from a pure life insurer into a comprehensive life and pensions and financial solutions provider, broadening its business model, diversifying and strengthening its long-term profitability and fortifying its market position.

<table>
<thead>
<tr>
<th>Message</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swiss Life is <strong>the largest provider of life and pensions and financial solutions</strong> in Switzerland with an annual premium volume of over CHF 8 billion and about 1.2 million customers.</td>
<td></td>
</tr>
<tr>
<td>Swiss Life <strong>implemented the MILESTONE programme ahead of schedule</strong> and fully achieved its goals in the three areas of products, profitability and costs.</td>
<td></td>
</tr>
<tr>
<td>Swiss Life <strong>will expand its activities</strong> and offer new products in savings, healthcare insurance, property and asset protection and private housing.</td>
<td></td>
</tr>
<tr>
<td>Swiss Life <strong>will increase the effectiveness of its distribution and optimise market development</strong> through consistent multi-channel management and thanks to its “teaming up” with Swiss Life Select Switzerland.</td>
<td></td>
</tr>
<tr>
<td>Swiss Life <strong>will intensify its margin management</strong> through integrated product, distribution and margin steering and <strong>continue to practise disciplined cost management</strong>.</td>
<td></td>
</tr>
</tbody>
</table>
Cautionary statement regarding forward-looking information

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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

Visit our website for up-to-date information
www.swisslife.com