

UBS 'Best of Switzerland' conference 2013
Swiss Life: Continued disciplined strategy execution

Bruno Pfister, Group CEO
Zurich, 20 September 2013

Agenda

→ **Swiss Life Group:
Attractive business portfolio**

HY 2013 results:

Operational progress and profitable growth

Swiss Life 2015:

Increase resilience through profit source diversification

Wrap-up:

Continue successful strategy execution

Swiss Life Group offers an attractive business portfolio with strong market positions



FY 2012

Swiss Life Group – Facts and figures	Business units as of 1.1.2013	Strong market positions
<ul style="list-style-type: none"> ▪ Leading provider of comprehensive life and pensions and financial solutions ▪ GWP incl. PHD: CHF 17.0 bn ▪ Net profit: CHF 93 m ▪ Adjusted profit from operations: CHF 993 m ▪ Asset under Mgmt: CHF 149 bn¹⁾ ▪ Insurance reserves: CHF 140 bn¹⁾ ▪ Group MCEV: CHF 9.6 bn ▪ FTEs: 6 998¹⁾ 	Switzerland	<ul style="list-style-type: none"> - Individual Life: No 1 - Group Life: No 2 - Swiss Life Select: Largest IFA
	France	<ul style="list-style-type: none"> - Individual Health: No 2²⁾ - Life: No 13; focus on HNWI and affluent
	Germany	<ul style="list-style-type: none"> - BUZ³⁾: A market leader - BAV⁴⁾: No 9 - IFA network: No 3
	International	<ul style="list-style-type: none"> - PPLI: No 2 globally⁵⁾ - Swiss Life Network: No 1 - Leading IFA in UK and AT
	Asset Managers	<ul style="list-style-type: none"> - Leading insurance asset manager in CH with large portfolios in FR & DE

1) HY 2013 2) Excl. mutuals 3) BUZ: Supplementary occupational disability insurance 4) BAV: Occupational pension scheme 5) Providers with global exposure

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Increased profitability due to operational progress and strong investment result



HY 2013 vs. HY 2012

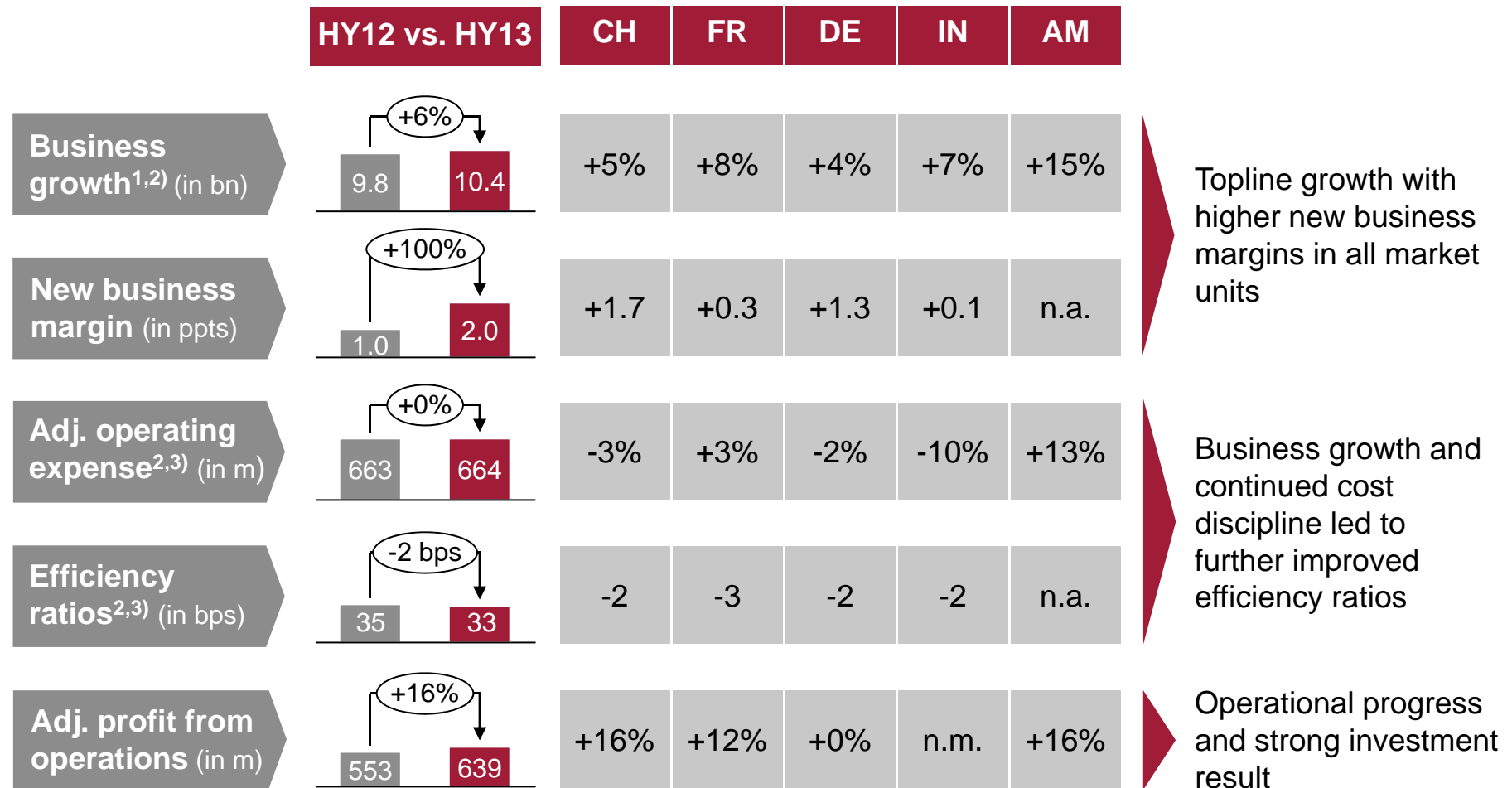
Adjusted profit from operations	➔	CHF 639 m	+16%
Net profit	➔	CHF 472 m	+29%
New business margin (% PVNBP)	➔	2.0%	+1.0 ppts
GWP incl. PHD (in local currency)	➔	CHF 10.4 bn	+6%
Fee and commission income	➔	CHF 551 m	+5%
Shareholders' equity	➔	CHF 8.8 bn	-14% ¹⁾
Return on equity ²⁾ (annualised)	➔	12.7%	+3.0 ppts
Group solvency	➔	205%	-34 ppts ¹⁾

1) HY 2013 vs. FY 2012 2) Equity excl. unrealised gains/losses on bonds

Profitable growth in all market units with continued strong cost discipline



IFRS basis, MCEV



1) GWP, fees and deposits for CH, FR, DE, IN; total income for AM 2) Total currency adjusted; CH, FR, DE, IN in local currency

3) Adjusted operating expense (excl. owned IFAs) in % of average technical reserves (excl. deferred PHP) for CH, FR, DE, IN; AM with stable cost-income ratio

Resilient direct yield and very strong net investment yield



CHF million (IFRS basis), insurance portfolio for own risk
Yields not annualised

	HY 2012	HY 2013
Direct investment income	2 183	2 158
Direct investment income in %	1.8%	1.7%
Expense	-113	-128
Net capital gains/losses on investments and impairments ¹⁾	1 168	964
Net investment result	3 237	2 994
Net investment result in %	2.7%	2.4%
Changes in unrealised gains/losses on investments	1 718	-5 195
Total investment result	4 955	-2 201
Total investment result in %	4.2%	-1.8%
Average net investments	118 119	124 919
Total investment performance (fair value) in %	4.4%	-2.6%

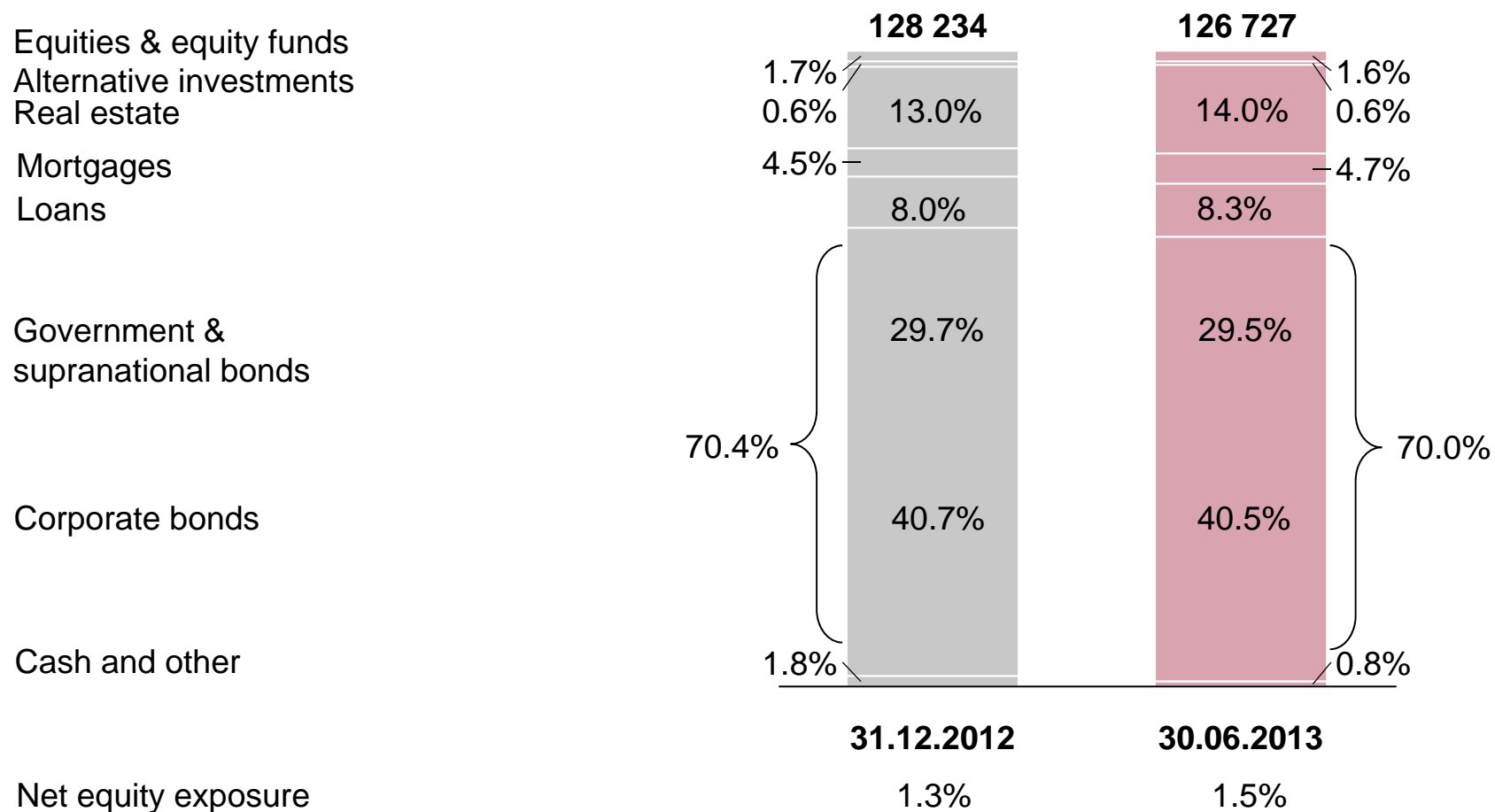
1) Including FX gains/losses on hybrid (HY12 CHF 25 m; HY13 CHF -37 m)



SwissLife

Well diversified investment portfolio

CHF million (fair value basis), insurance portfolio for own risk



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Swiss Life 2015: Continue on the successful path of MILESTONE



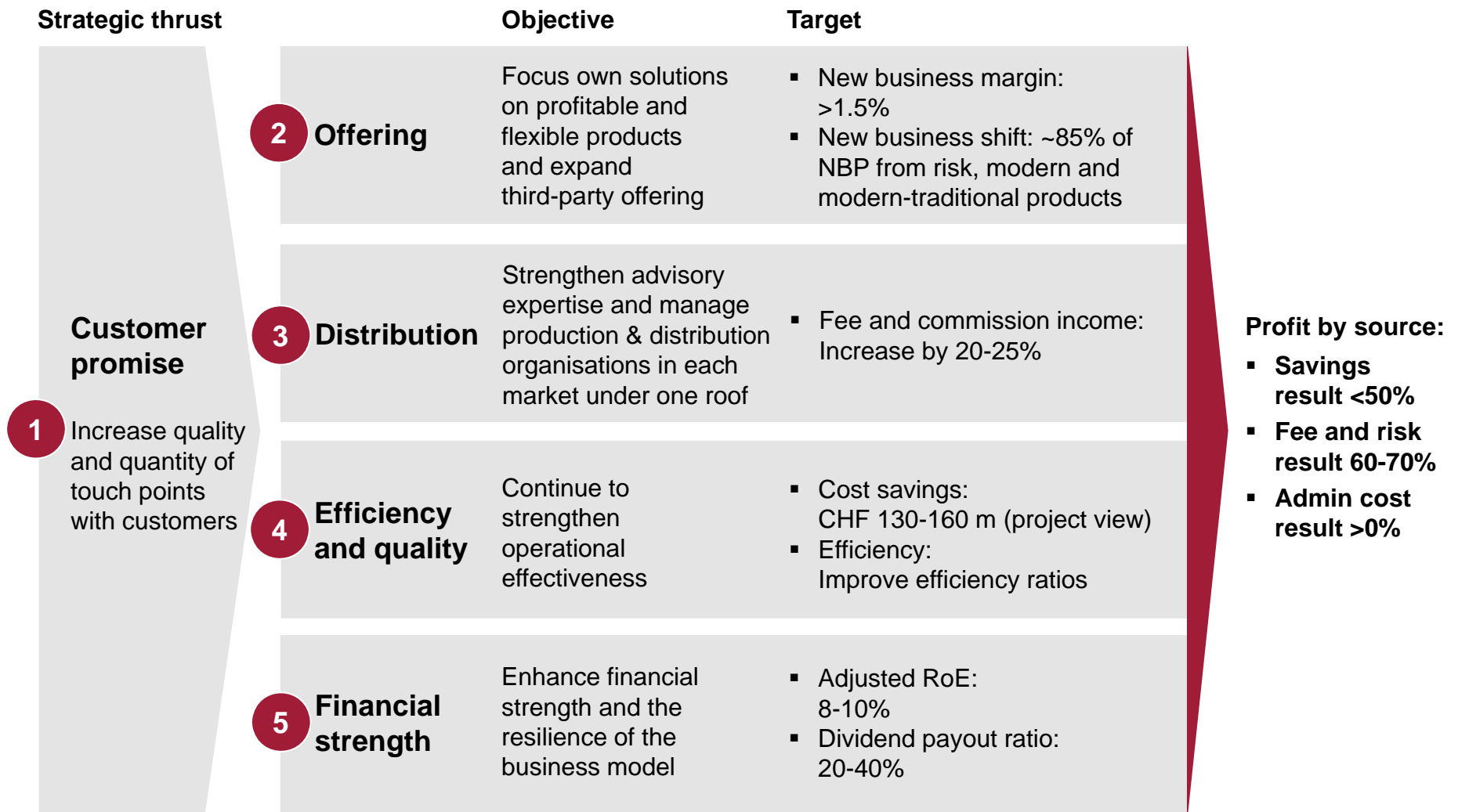
MILESTONE (2009 – 2012)

- Balance sheet significantly strengthened
- Cost savings of > CHF 400 m realised
- New business margin substantially improved
- New business mix shifted to < 30% traditional
- Disciplined ALM keeps duration gap low and protects interest rate margin
- Regained A- rating

Swiss Life 2015 (2013 – 2015)

- Build on solid foundation laid by MILESTONE
- Continue to transform business model and increase its resilience

Swiss Life 2015: Increase earnings while diversifying profit sources



Swiss Life continues to transform business model based on a multi-local approach



Switzerland	Develops from a pure life insurer to a comprehensive life and pensions and financial solutions provider
Germany	Becomes a financial advisory and insurance company under one roof
France	Expands its strong position as a "private and personal insurer"
International	Provides protection, financial solutions and advice in selected markets
Asset Managers	Grows its business with external customers

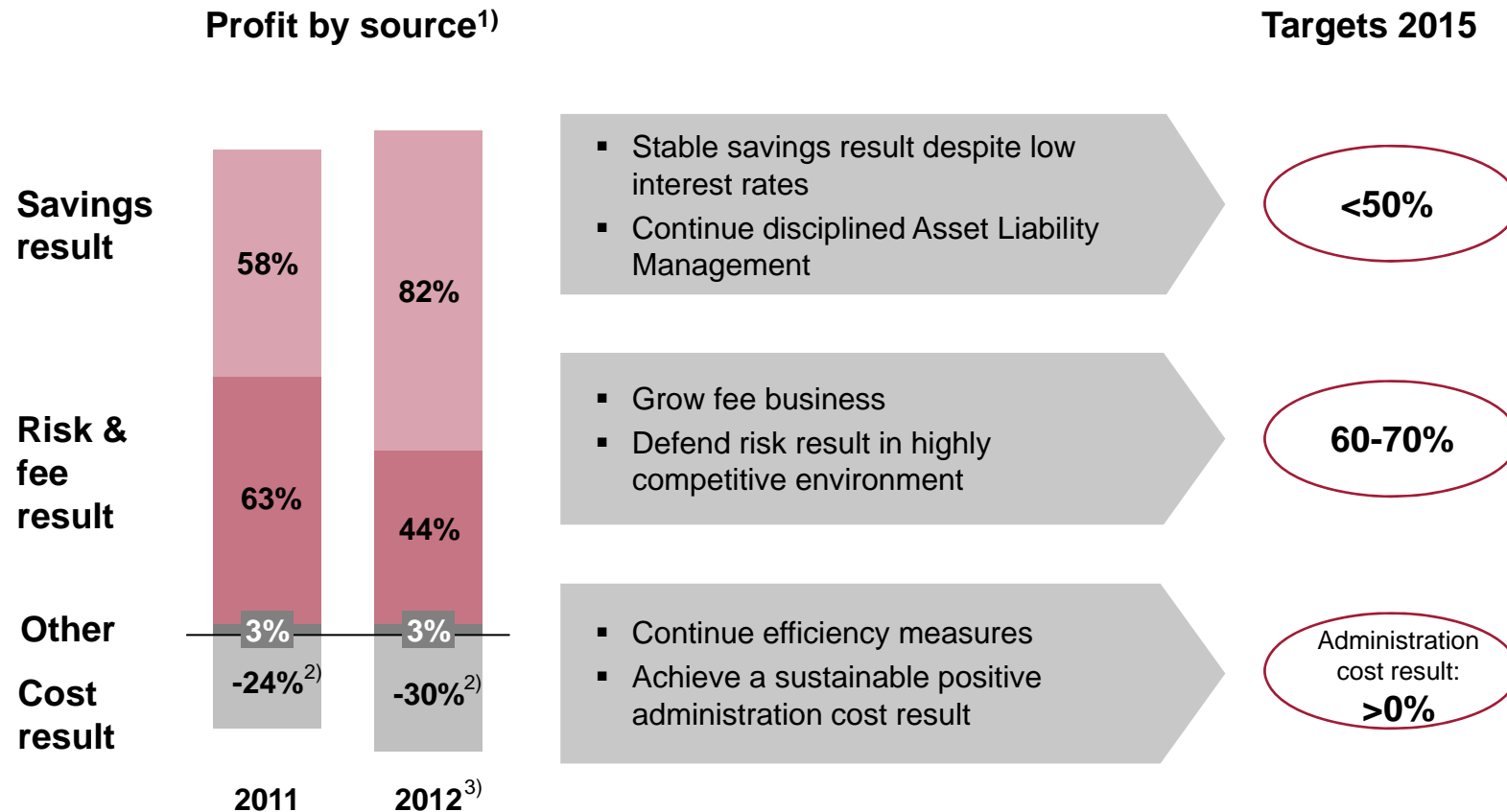


SwissLife

Focus areas by market unit

<div style="background-color: #800000; color: white; padding: 10px;"> <p style="text-align: center;">Focus on growth</p> <hr style="border-top: 1px dashed white;"/> <p style="text-align: center;">Focus on efficiency</p> <hr style="border-top: 1px dashed white;"/> <p style="text-align: center;">Consolidate and prepare for growth</p> </div>	Asset Managers	<ul style="list-style-type: none"> ▪ Increase fee volume at stable cost/income ratios 	<p>272 272</p> <p>2011 2015</p>	<p>Fee income growth</p> <p>Net fee income, CHF</p>
	France	<ul style="list-style-type: none"> ▪ Overall cost discipline, allowing for investments in distribution ▪ Improve loss ratios in health and P&C 	<p>68 bps 58 bps</p> <p>2011 2015</p>	<p>Efficiency gains</p> <p>Life efficiency ratio % of techn. reserves</p>
	Switzerland	<ul style="list-style-type: none"> ▪ Overall cost discipline, allowing for investments to enlarge fee business ▪ Focus on margin management in individual life 	<p>56 bps 51 bps</p> <p>2011 2015</p>	<p>Efficiency gains</p> <p>Life efficiency ratio % of techn. reserves</p>
	Germany	<ul style="list-style-type: none"> ▪ New set up in Germany enabling significant cost reduction ▪ Important contribution to profit diversification 	<p>239 200</p> <p>2011 2015</p>	<p>Cost reduction</p> <p>Operating expenses excl. restructuring costs & one-offs, EUR</p>
	International	<ul style="list-style-type: none"> ▪ Reduction of complexity and costs by focus on 2 carriers for new business ▪ Further develop Swiss Life Select (AT, CEE) and Chase de Vere (UK) 	<p>138 125</p> <p>2011 2015</p>	<p>Cost reduction</p> <p>Operating expenses excl. restructuring costs & one-offs, CHF</p>

Driving profit source diversification



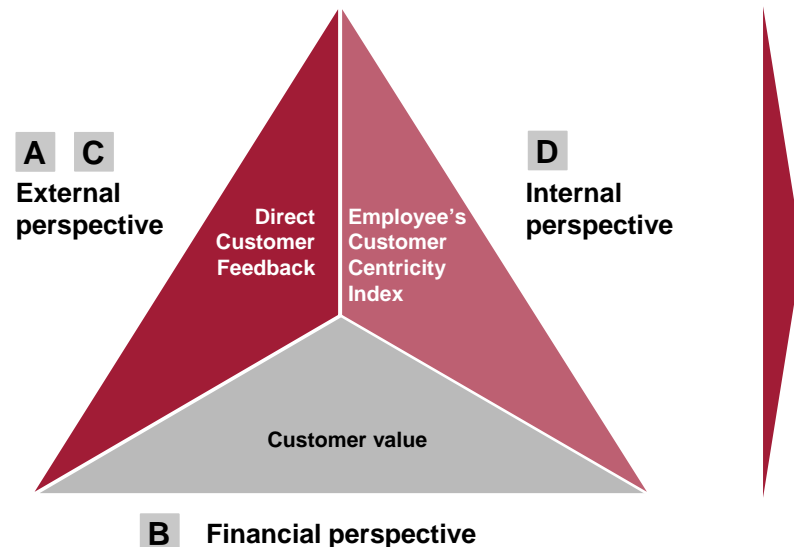
1) Profit by source (PbS) based on adjusted segment results

2) Thereof admin cost result before policyholder participation: -2% in 2011 and 1% in 2012

3) PbS (particularly savings and cost result) impacted by high amount of realised gains

1. Customer promise

Customer centricity to increase customer loyalty and corporate profitability



Customer centricity framework implemented with clear focus points to cover all perspectives of customer centricity

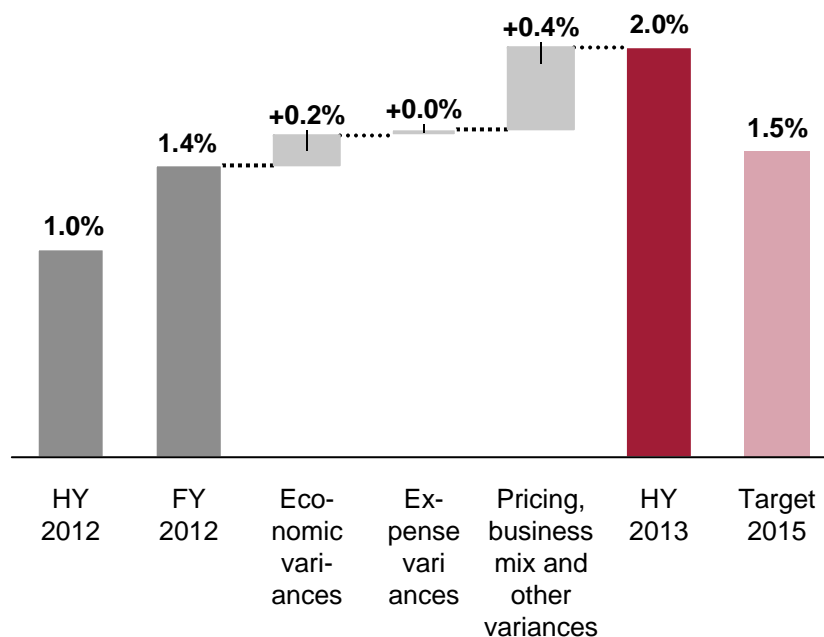
- A** Know your customer
- B** Design innovative and value creating bundles of products and services
- C** Enlarge customer engagement
- D** Build a customer centric culture and vision

2. Offering

Higher new business margin due to favourable business mix and capital markets



New business margin development
(VNB as % of PVNBP)



Economic variances

- Higher interest rates and lower interest rate volatilities with positive impact

Expense variances

- Expense reductions with slightly positive impact

Pricing, business mix and other variances

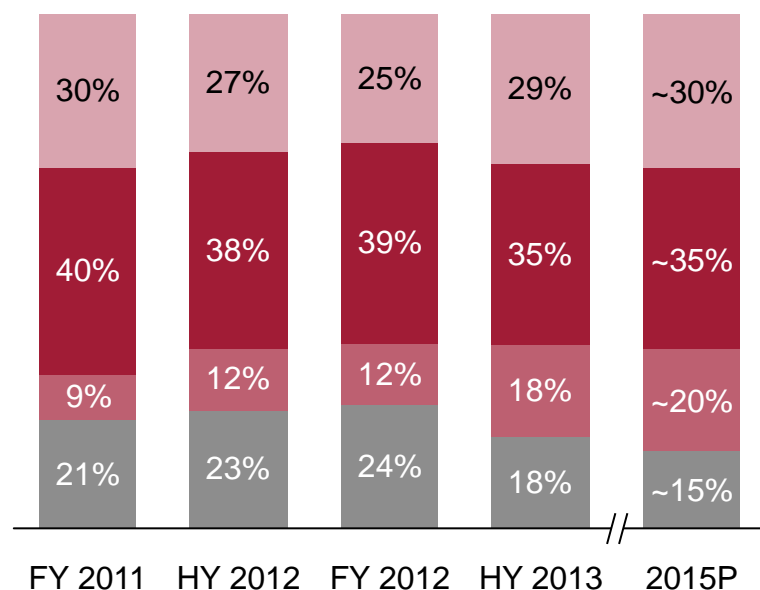
- Repricing measures and improved business mix in CH, FR and DE with strong positive contribution

PVNBP	6 102	11 276	7 133
APE	605	1 100	653
VNB	59	158	141
NBM (APE)	9.7%	14.4%	21.6%



New business mix close to 2015 target

New business production (NBP)



Risk, health and P&C

- DE: Improved competitive position in disability insurance
- FR: Lower sales of individual health in anticipation of health reform

Modern

- CH: De-emphasising of low profitable savings products in Q4 2012
- FR: UL share of multisupport further increased, two tranches of structured products sold in HY 2013

Modern-traditional

- CH: Launch of 'FlexSave' savings product in Q4 2012

Traditional

- CH: Successful shift to alternative guarantee concepts in individual life after repricings, continuous high demand for full insurance solutions in group life

3. Distribution

Asset Managers and unit-linked business driving fee and commission income growth



Fee and commission income¹⁾, CHF million



1) Net earned policy fees as well as commission income gross which includes asset management fees

2) Swiss Life Select, Tecis, Horbach, Proventus, Chase de Vere and Agami

3) Eliminations attributable to Swiss Life Mandates and owned IFA channels

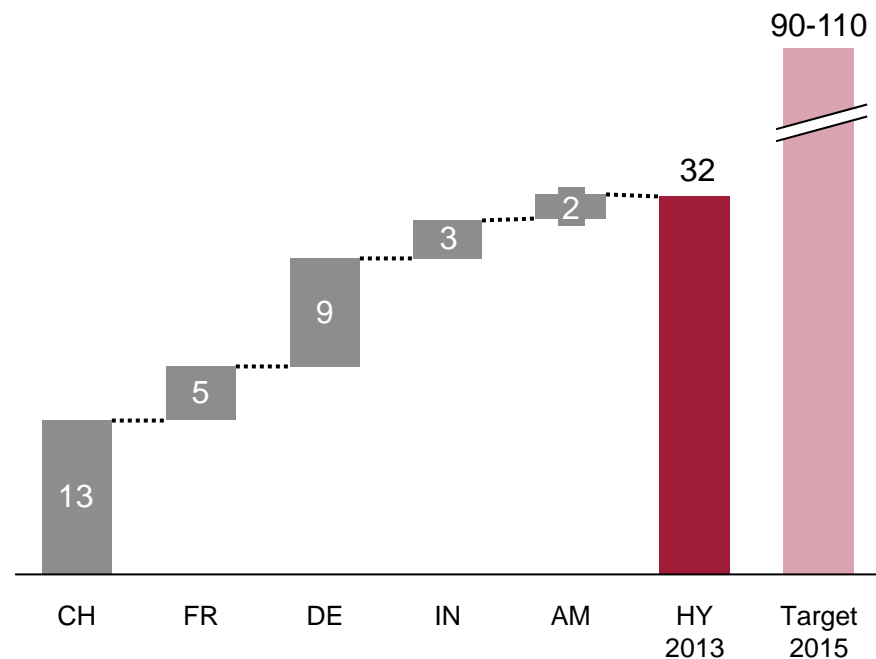
4. Efficiency

About 40% of overall targeted cost savings implemented

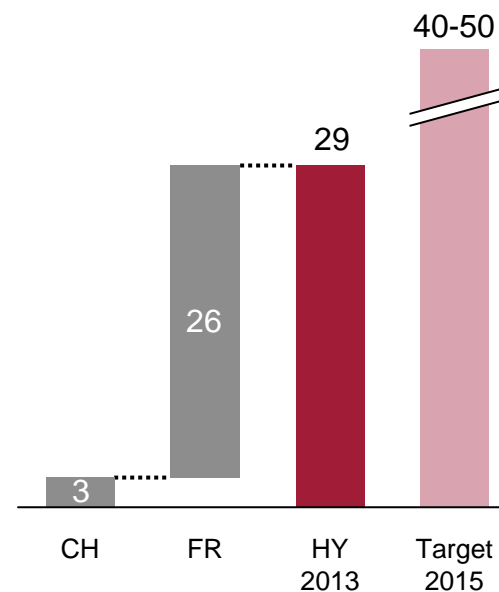


CHF million (project view), vs. cost base FY 2011

Operating cost savings¹⁾



Variable acquisition cost savings¹⁾



Non-recurring restructuring costs of CHF 41 m incurred by HY13

– Approximately 70% in 2012, 30% in HY13

– Representing about 45% of announced restructuring charges for Swiss Life 2015

1) At constant EUR CHF FX rate of 1.20

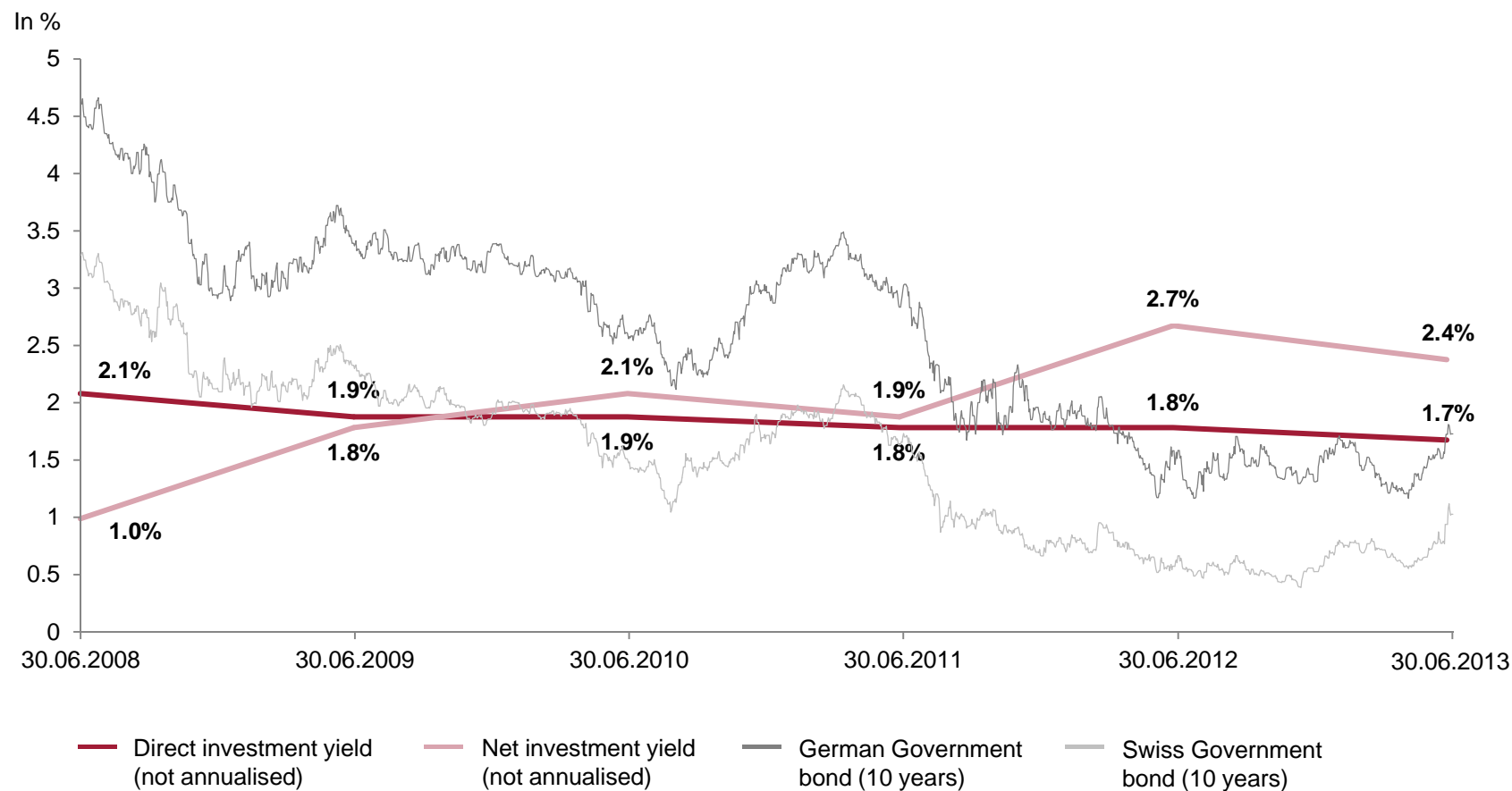
5. Financial strength

Continued strong returns in a low interest rate environment



Direct and net investment yield not annualised (IFRS basis)

Direct and net investment yield vs. Swiss and German government bond yield

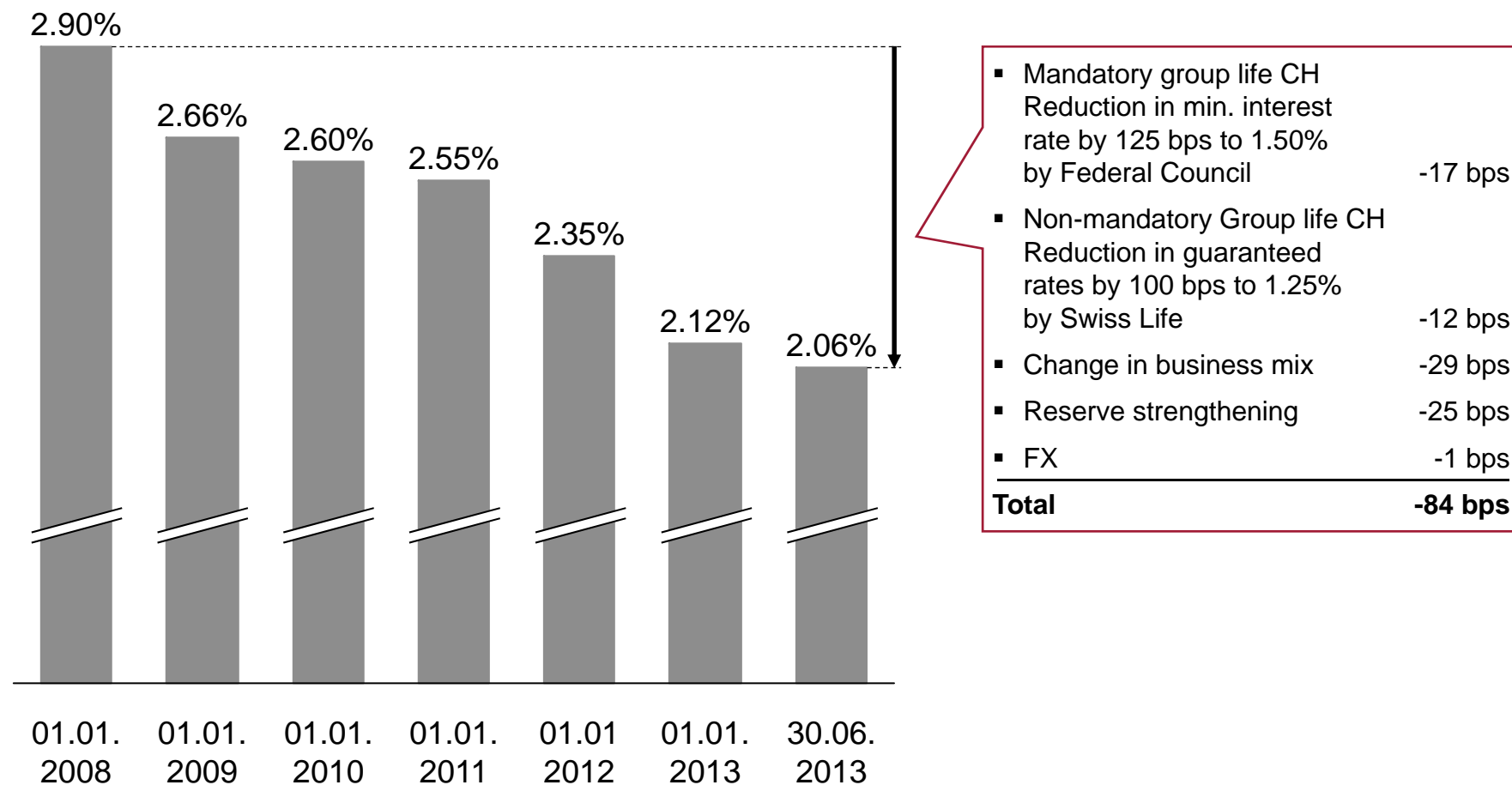


5. Financial strength

Average technical interest rate significantly decreased



Statutory basis



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Wrap-up: Well on track with Swiss Life 2015



Strategic thrust

Target

Status

Customer promise

1 Increase quality and quantity of touch points with customers

2 Offering

- New business margin: >1.5%
- New business shift: ~85% of NBP from risk, modern and modern-traditional products

3 Distribution

- Fee and commission income: Increase by 20-25%

4 Efficiency and quality

- Cost savings: CHF 130-160 m (project view)
- Efficiency: Improve efficiency ratios

5 Financial strength

- Adjusted RoE: 8-10%
- Dividend payout ratio: 20-40%

Profit by source:

- Savings result <50%
- Fee and risk result 60-70%
- Admin cost result >0%

Cautionary statement regarding forward-looking information



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Financial calendar

Interim statement Q3
Full-year results 2013
Annual General Meeting

12 November 2013
26 February 2014
23 April 2014

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