

**Vontobel Summer Conference**  
**Swiss Life: Continued disciplined execution**

**Thomas Buess, Group CFO**  
**Interlaken, 12 June 2014**

# Agenda

## → **Swiss Life Group at a glance**

Recent financial developments

Swiss Life 2015 and wrap-up

# Swiss Life Group is a leading provider of life and pensions and financial solutions...

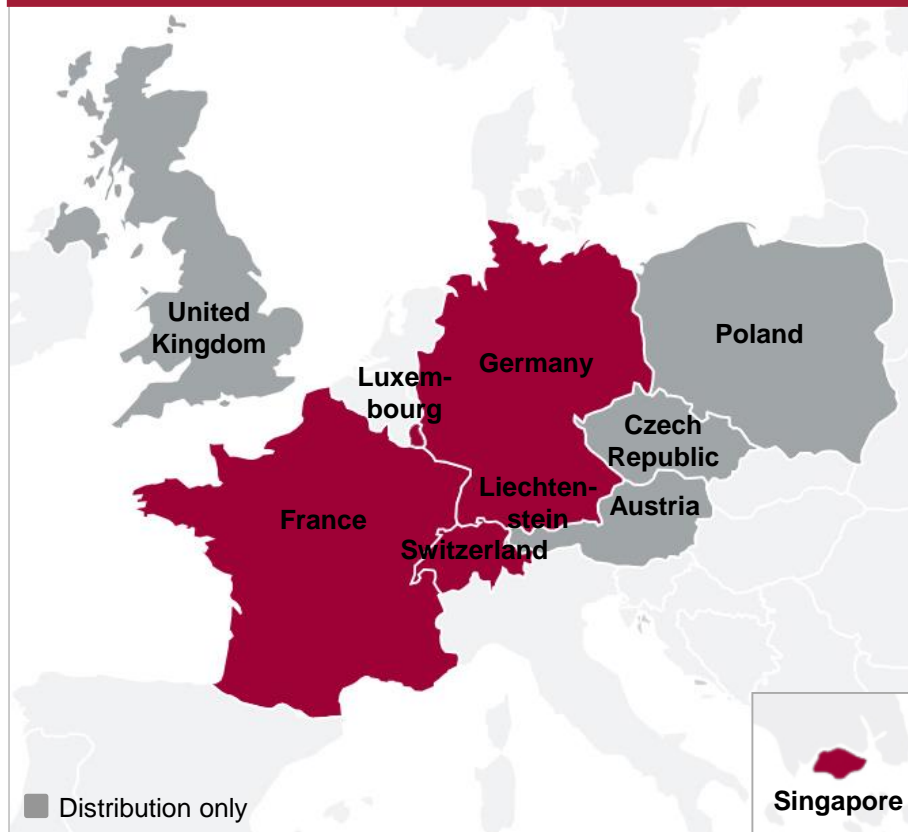


FY 2013

## Swiss Life Group – Facts and figures

- GWP incl. PHD: CHF 18.0 bn
- Net profit: CHF 784 m
- Adjusted profit from operations: CHF 1 143 m
- Asset under Management: CHF 155.1 bn
- Shareholders' equity: CHF 8.9 bn
- Group MCEV: CHF 11.4 bn
- FTEs: 7 000
- Certified financial advisors: 4 500
- S&P financial strength rating of Swiss Life Ltd: A- / positive

## Business units



# ... with an attractive and diversified business portfolio based on strong market positions



FY 2013, in CHF (IFRS basis)

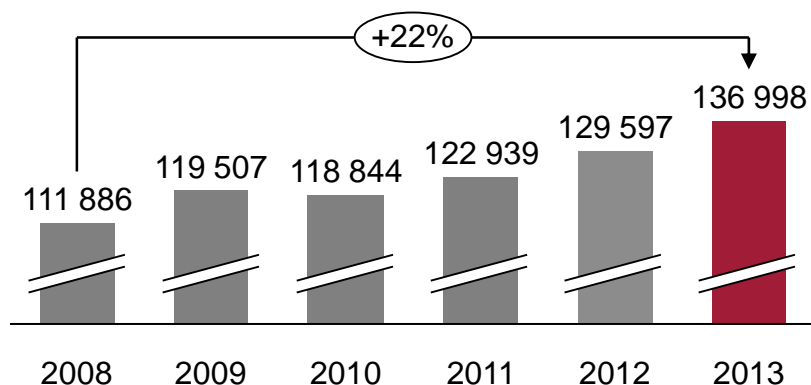
Business segments	Market position	Insurance reserves (excl. PH liabilities)	GWP & PHD	Fee & commission income <sup>8)</sup>	Adjusted profit from operations <sup>8)</sup>
		137.0 bn	18.0 bn	1 157 m	1 143 m
Switzerland	- Individual Life: No 1 <sup>1)</sup> - Group Life: No 2 <sup>1)</sup> - Swiss Life Select: Largest IFA	55%	49%	14%	57%
France	- Individual Health: No 2 <sup>2)</sup> - Life: No 13; focus on HNWI and affluent	17%	26%	22%	17%
Germany	- BU <sup>3)</sup> : A market leader - BAV <sup>4)</sup> : No 8 - IFA network: No 3	13%	10%	33%	11%
International	- PPLI: No 2 <sup>5)</sup> - SL Network: Market leader <sup>6)</sup> - Leading IFA in UK and AT	15%	15%	20%	1%
Asset Managers	- Leading insurance asset manager in CH with large portfolios in FR & DE	155.1 bn <sup>7)</sup>	n.a.	32%	15%

1) Q1 2014 2) Excl. mutuals 3) Disability insurance 4) Occupational pension scheme 5) Providers with global exposure (Europe and Asia) 6) Among non-reinsurance networks 7) AuM 8) Percentage figures do not sum up to 100% mainly due to elimination effects (fee & comm. income) and unallocated corp. costs (adj. profit from operations)

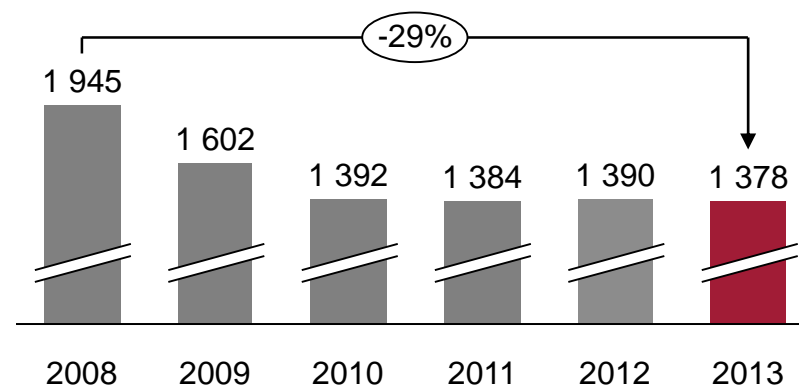
# Development of key figures demonstrate progress of our strategy

CHF million (IFRS basis)

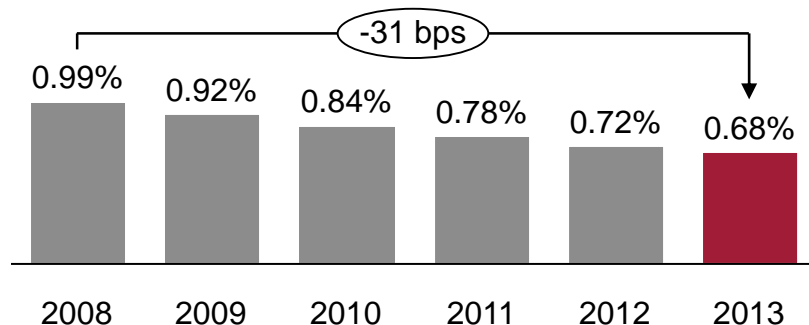
Insurance reserves  
(w/o policyholder participation liabilities)



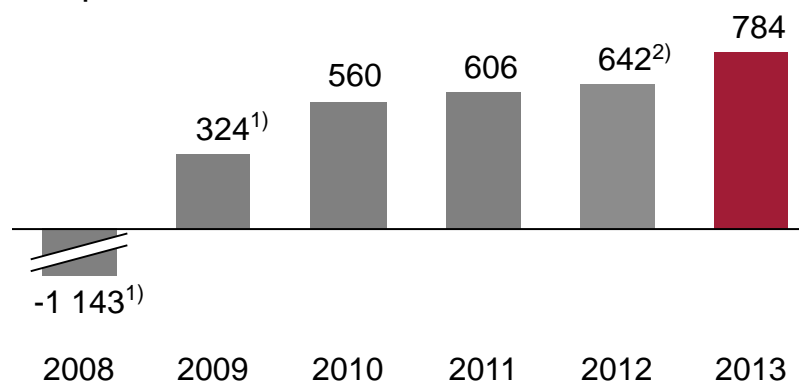
Operating expense adjusted



Efficiency ratios  
(Owned IFAs expense excluded)



Net profit



1) Continuing operations 2) Adjusted for impairments at owned IFAs and IN of total CHF 543 m (post tax)

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# FY 2013: Operational progress and strong investment result

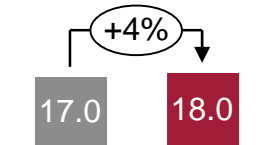
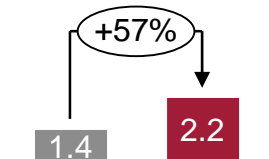
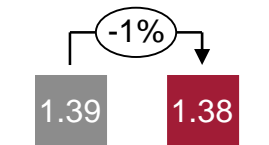
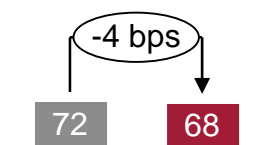
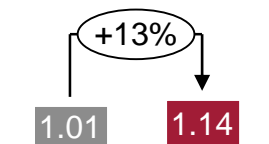
FY 2013 vs. FY 2012

Adjusted profit from operations	➔	CHF 1 143 m	+13%
Net profit	➔	CHF 784 m	+685 m
GWP incl. PHD (in local currency)	➔	CHF 18.0 bn	+4%
Fee and commission income	➔	CHF 1 157 m	+1%
New business margin (% PVNBP)	➔	2.2%	+0.8 pts
Shareholders' equity	➔	CHF 8.9 bn	-12%
Return on equity <sup>1)</sup>	➔	10.0%	+8.7 pts
Group solvency	➔	210%	-29 pts
Dividend	➔	CHF 5.50	CHF +1.00

1) Equity excl. unrealised gains/losses on bonds

# FY 2013: Profitable growth and strong cost discipline in all market units

IFRS basis, MCEV

	FY12 vs. FY13	CH	FR	DE	IN	AM	
<b>Business growth<sup>1,2)</sup></b> (in bn)		+9%	+8%	-0%	-9%	+11%	<p>▶ Topline growth with higher new business margins in all market units</p>
<b>New business margin</b> (in pts)		+1.1	+0.3	+2.1	-0.0	n.a.	
<b>Adj. operating expense<sup>2)</sup></b> (in bn)		-3%	+1%	-2%	-10%	+8%	<p>▶ Business growth and continued cost discipline led to further improved efficiency ratios</p>
<b>Efficiency ratios<sup>2,3)</sup></b> (in bps)		-4	-8	-3	-2	n.a.	
<b>Adj. profit from operations</b> (in bn)		-0%	+18%	+34%	n.m.	+21%	<p>▶ Operational progress and strong investment result</p>

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

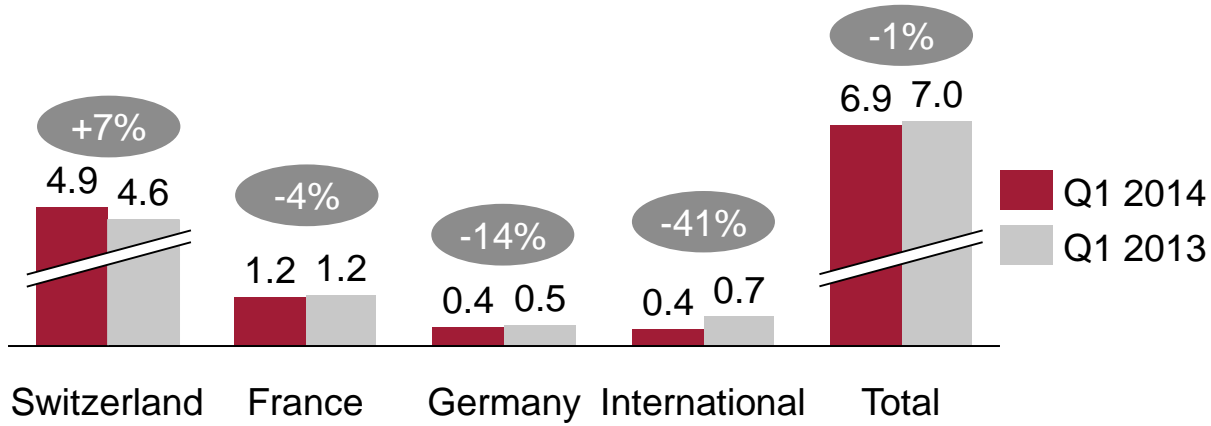




# Q1 2014: Continued operational progress

CHF million (IFRS basis, unaudited)

## Premium development (in CHF bn)



## Fee and commission income

- CHF 298 m (+9% vs. Q1 2013)

## Investment return (non-annualised)

- Direct investment yield of 0.8% (Q1 2013: 0.8%)
- Net investment yield of 1.0% (Q1 2013: 1.4%)

## IFRS group solvency

- 226% (+16 pts vs. FY 2013)
- 196% excluding unrealised gains/losses on bonds (unchanged vs. FY 2013)

## Swiss Life 2015

- 80% of planned cost savings implemented (FY 2013: 75%)
- Share of risk, modern and modern-trad. products at 79% (FY 2013: 80%)

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# Swiss Life 2015: Continue on the successful path of MILESTONE



## MILESTONE

- 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

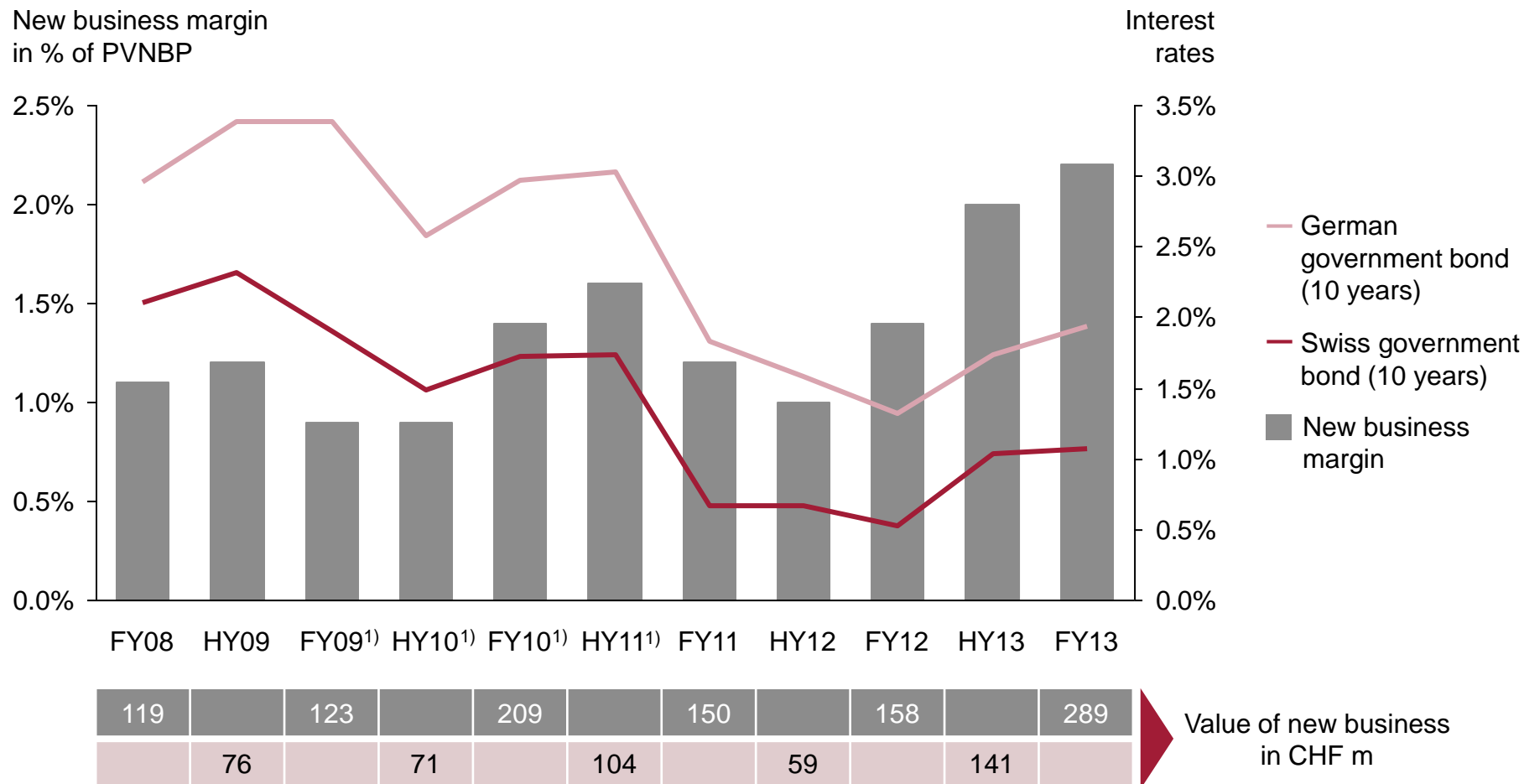
- Diversify profit sources
- Cost savings of CHF 130 – 160 m
- Achieve new business margin > 1.5%
- Further improve new business mix
- Strengthen solvency through retained earnings
- Achieve 8 – 10% RoE (adjusted)

2009 – 2012

2013 – 2015

# Disciplined margin management: Higher margins and VnB despite lower interest rates

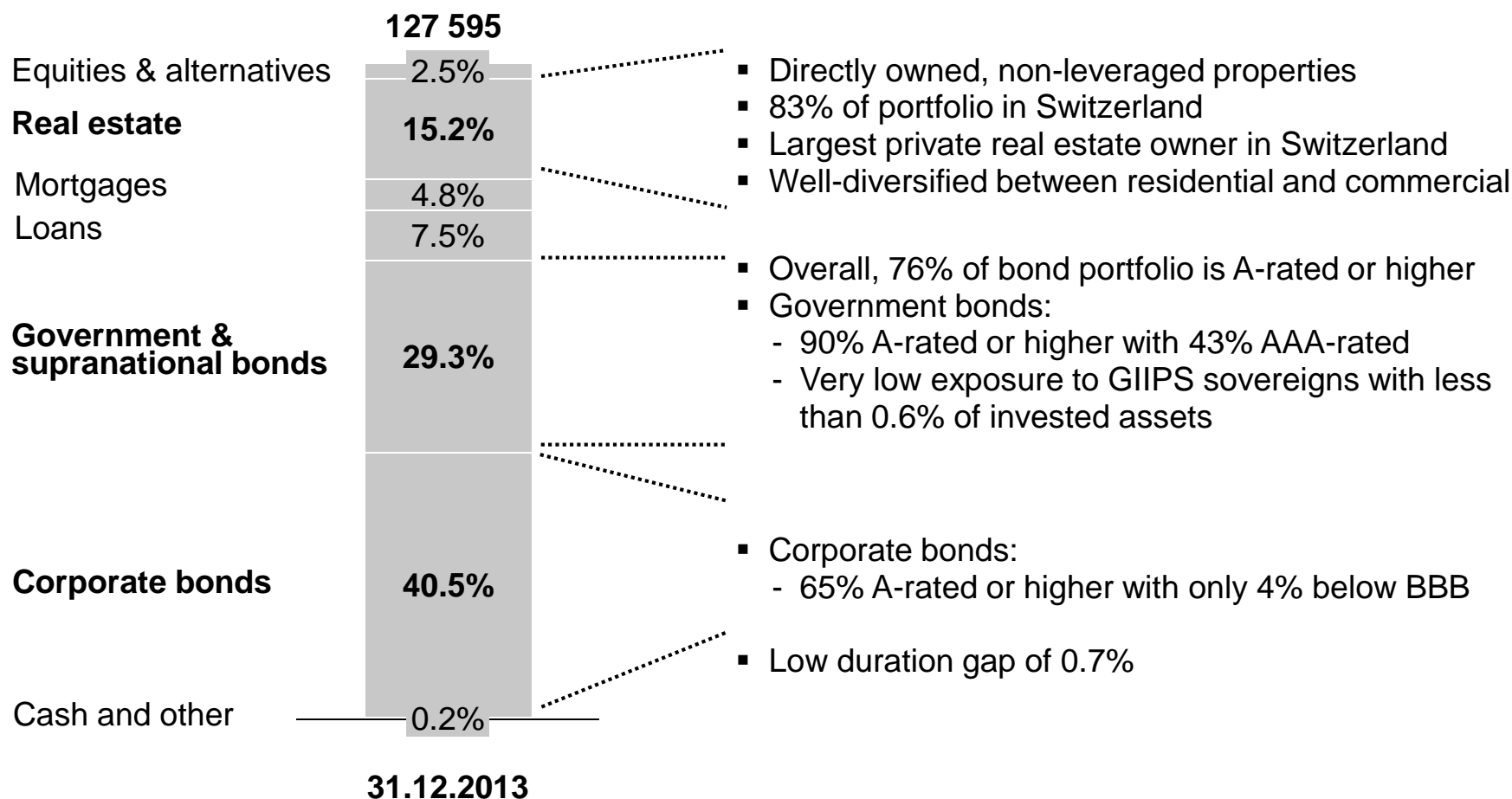
New business margin vs. interest rate development



1) Excl. liquidity premium

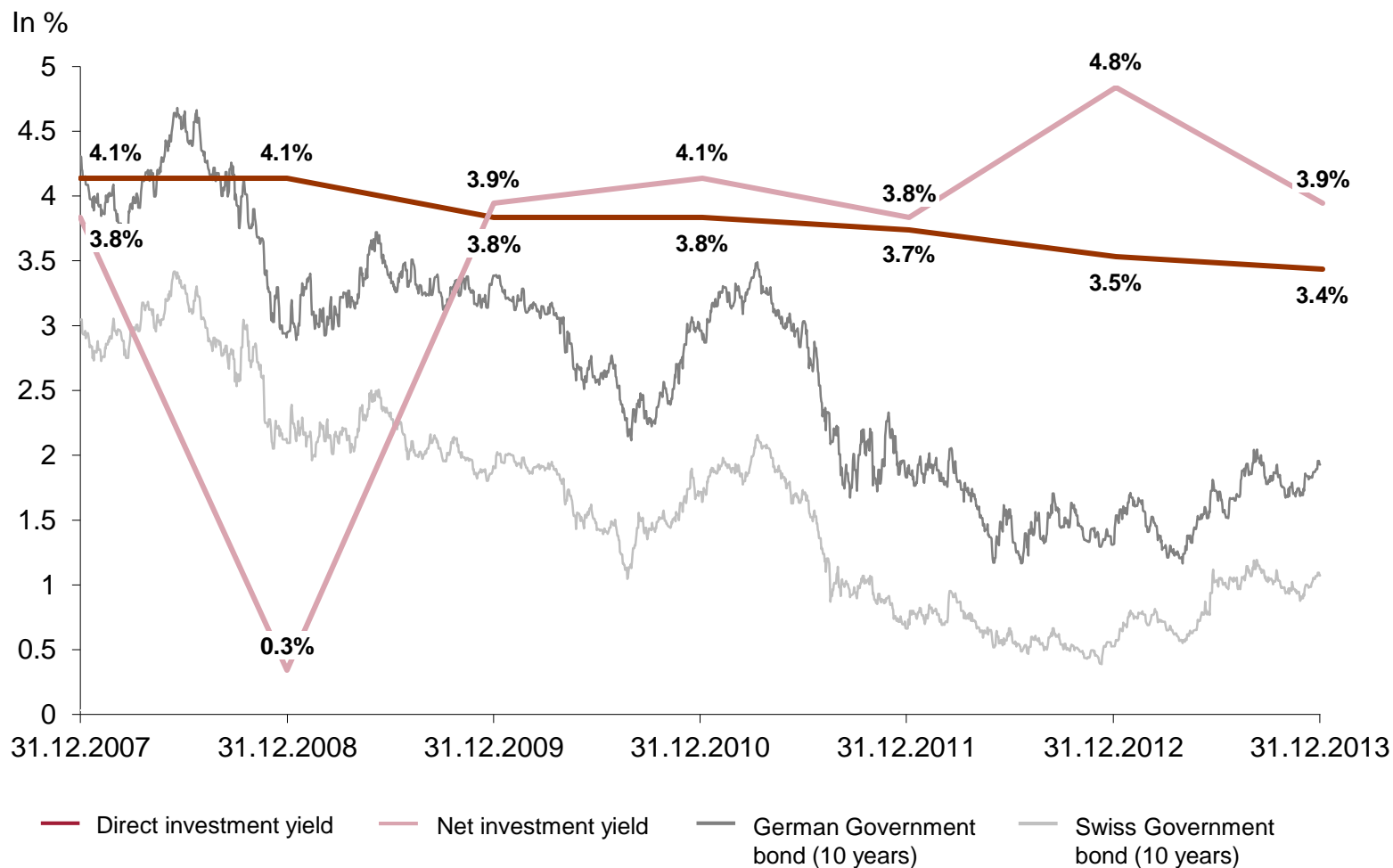
# Well-diversified investment portfolio

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



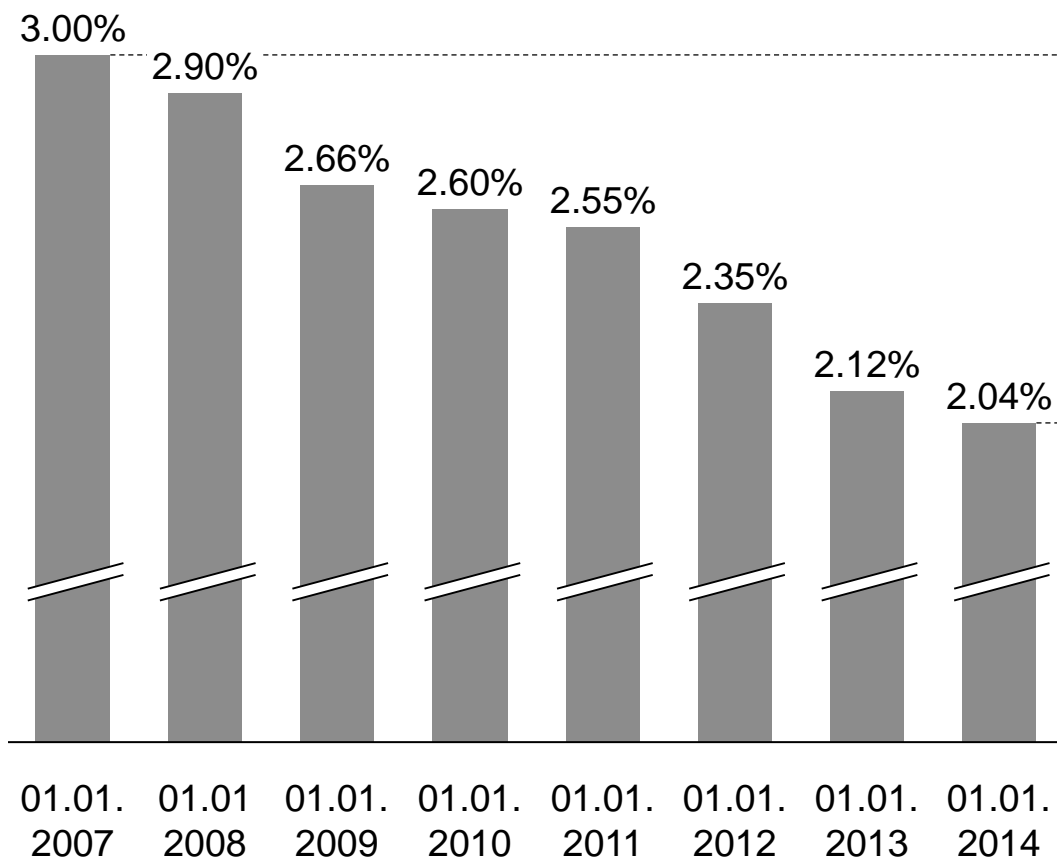
# Continued strong returns in a low interest rate environment

Direct yield and net investment yield (IFRS basis)



# Average technical interest rate significantly decreased

Statutory basis



<b>Mandatory Group life CH</b>	
▪ Reduction in minimum interest rate by 75 bps to 1.75% by Federal Council	-10 bps
<b>Non-mandatory Group life CH</b>	
▪ Reduction in guaranteed rates by 100 bps to 1.25% by Swiss Life	-12 bps
<b>Change in business mix</b>	-36 bps
<b>Reserve strengthening</b>	-28 bps
<b>Disposals and FX</b>	-10 bps
<b>Total</b>	<b>-96 bps</b>

# Profit by source driven by improved efficiency and fee business result

CHF million (IFRS basis)

	FY 2012 adjusted		FY 2013 adjusted	
Savings result	879	82%	839	69%
Risk result	354	33%	272	22%
Cost result	-314	-29%	-143	-12%
- <i>Thereof admin cost result gross<sup>1)</sup></i>	24	+2%	67	+6%
Fee result	122	11%	190	16%
Others & eliminations	35	3%	51	4%
<b>Segment result</b>	<b>1 075</b>	<b>100%</b>	<b>1 208</b>	<b>100%</b>
- Unallocated corporate costs	-61		-65	
<b>Profit from operations</b>	<b>1 014</b>		<b>1 143</b>	

1) Gross = before policyholder participation





# Swiss Life 2015 well on track

Strategic thrust	Target	Status
<b>Customer promise</b> <b>1</b> Increase quality and quantity of touch points with customers	<b>2 Offering</b> <ul style="list-style-type: none"> <li>New business margin: &gt;1.5%</li> <li>New business shift: ~85% of NBP from risk, modern and modern-traditional products</li> </ul>	<ul style="list-style-type: none"> <li>At 2.2% as per FY 2013</li> <li>79% of NBP from risk, modern and modern-traditional products as per Q1 2014</li> </ul>
	<b>3 Distribution</b> <ul style="list-style-type: none"> <li>Fee and commission income: Increase by 20-25%</li> </ul>	<ul style="list-style-type: none"> <li>Up by 9% as per Q1 2014 vs. Q1 2013</li> </ul>
	<b>4 Efficiency and quality</b> <ul style="list-style-type: none"> <li>Cost savings: CHF 130-160 m (project view)</li> <li>Efficiency: Improve efficiency ratios</li> </ul>	<ul style="list-style-type: none"> <li>~80% of overall targeted cost savings implemented as per Q1 2014</li> <li>Efficiency ratio at 0.68% as per FY 2013 (FY 2012: 0.72%)</li> </ul>
	<b>5 Financial strength</b> <ul style="list-style-type: none"> <li>Adjusted RoE: 8-10%</li> <li>Dividend payout ratio: 20-40%</li> <li>Profit by source (PbS):                             <ul style="list-style-type: none"> <li>Savings result &lt;50%</li> <li>Fee &amp; risk result 60-70%</li> <li>Admin cost result &gt;0%</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>At 10.0% as per FY 2013</li> <li>At 23% as per FY 2013</li> <li>PbS as per FY 2013; savings result 69%, fee &amp; risk result 38% and cost result -12% (admin cost result +6%)</li> </ul>

# Cautionary statement regarding forward-looking information



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## Financial calendar

Half-year results 2014  
Interim statement Q3

13 August 2014  
12 November 2014

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