

Helvea Swiss Equities Conference 2014

Swiss Life: Continued disciplined execution

Thomas Buess, Group CFO
Bad Ragaz, 16 January 2014

Agenda

→ Swiss Life Group

HY 2013 results and Q3 interim statement

Swiss Life 2015

Wrap-up

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



FY 2012

Swiss Life Group – Facts and figures

- GWP incl. PHD: CHF 17.0 bn
- Net profit^{1,2}: CHF 99 m
- Adjusted profit from operations^{1,3}: CHF 1 009 m
- Asset under Management: CHF 149 bn⁴
- Shareholders' equity: CHF 8.8 bn⁴
- Group MCEV: CHF 9.6 bn
- FTEs: 7 000⁴
- Certified financial advisors: 4 500⁴
- S&P financial strength rating of Swiss Life Ltd: A- / stable

Business units



1) Incl. application of IFRS changes 2) Impacted by one-offs; particularly impairments on AWD of CHF 578 m 3) Adjusted for major one-off effects 4) HY 2013

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



FY 2012, in CHF, based on new segment structure

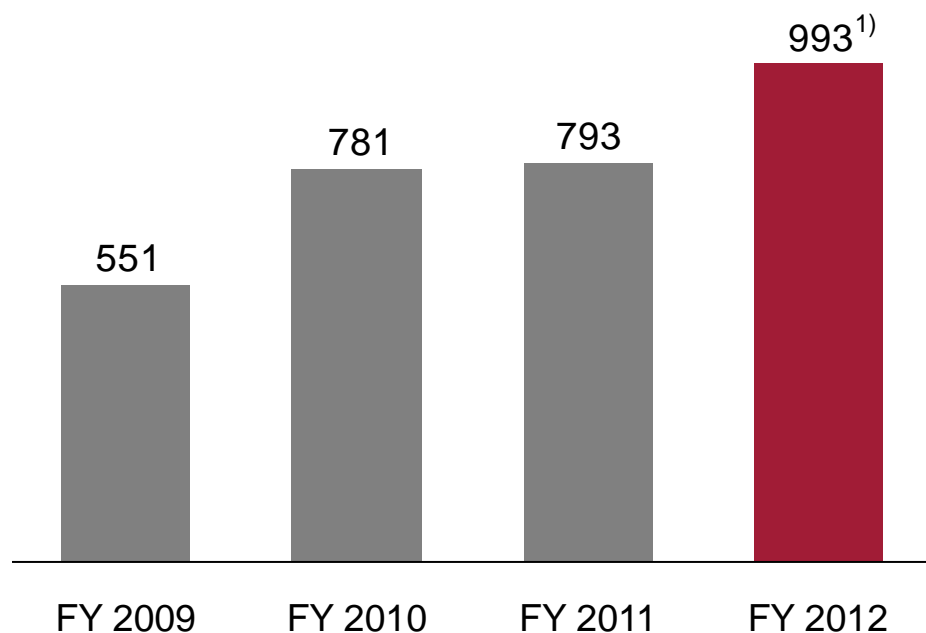
Business segments	Market position	Insurance reserves	GWP & PHD	Fee & commission income ⁷⁾	Adjusted profit from operations ⁷⁾
		140.4 bn ⁵⁾	17.0 bn	1 135 m	1 009 m
Switzerland	- Individual Life: No 1 - Group Life: No 2 - Swiss Life Select: Largest IFA	55%	49%	15%	65%
France	- Individual Health: No 2 ¹⁾ - Life: No 13; focus on HNWI and affluent	17%	25%	18%	16%
Germany	- BUZ ²⁾ : A market leader - BAV ³⁾ : No 9 - IFA network: No 3	13%	10%	37%	9%
International	- PPLI: No 2 globally ⁴⁾ - Swiss Life Network: No 1 - Leading IFA in UK and AT	14%	17%	20%	-1%
Asset Managers	- Leading insurance asset manager in CH with large portfolios in FR & DE	149 bn ⁶⁾	n.a.	30%	14%

1) Excl. mutuals 2) Supplementary disability insurance 3) Occupational pension scheme 4) Providers with global exposure 5) HY 2013 6) Assets under Management
7) Percentage figures do not sum up to 100%; fee & commission income: elimination effects of -20%; adj. profit from operations: unallocated corp. costs of -3%

Adjusted profit from operations demonstrates progress of our strategy



CHF million (IFRS basis; adjusted)



Result of successful execution of MILESTONE, which led to substantial operational improvements

1) FY 2012 includes approx. CHF 90 m from extraordinary realised gains

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Swiss Life Group

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Wrap-up

HY 2013: Operational progress and strong investment result

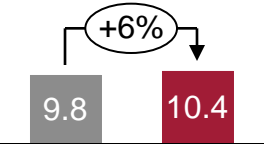

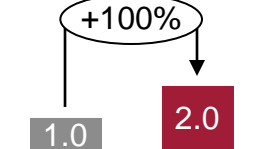
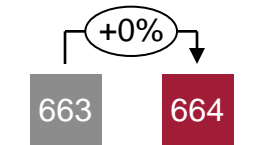

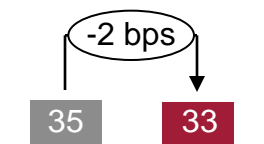
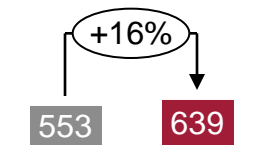

HY 2013 vs. HY 2012

Adjusted profit from operations	➔	CHF 639 m	+16%
Net profit	➔	CHF 472 m	+29%
New business margin (% PVNBP)	➔	2.0%	+1.0 pts
GWP incl. PHD (in local currency)	➔	CHF 10.4 bn	+6%
Fee and commission income	➔	CHF 551 m	+5%
Net investment yield	➔	2.4%	-0.3 pts
Shareholders' equity	➔	CHF 8.8 bn	-14% ¹⁾
Return on equity ²⁾ (annualised)	➔	12.7%	+3.0 pts
Group solvency	➔	205%	-34 pts ¹⁾

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

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

IFRS basis, MCEV

	HY12 vs. HY13	CH	FR	DE	IN	AM	
Business growth^{1,2)} (in bn)		+5%	+8%	+4%	+5%	+15%	 Topline growth with higher new business margins in all market units
New business margin (in ppts)		+1.7	+0.3	+1.3	+0.1	n.a.	
Adj. operating expense²⁾ (in m)		-3%	+3%	-2%	-10%	+13%	 Business growth and continued cost discipline led to further improved efficiency ratios
Efficiency ratios^{2,3)} (in bps)		-2	-3	-2	-2	n.a.	
Adj. profit from operations (in m)		+16%	+12%	+0%	n.m.	+16%	 Operational progress and strong investment result

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

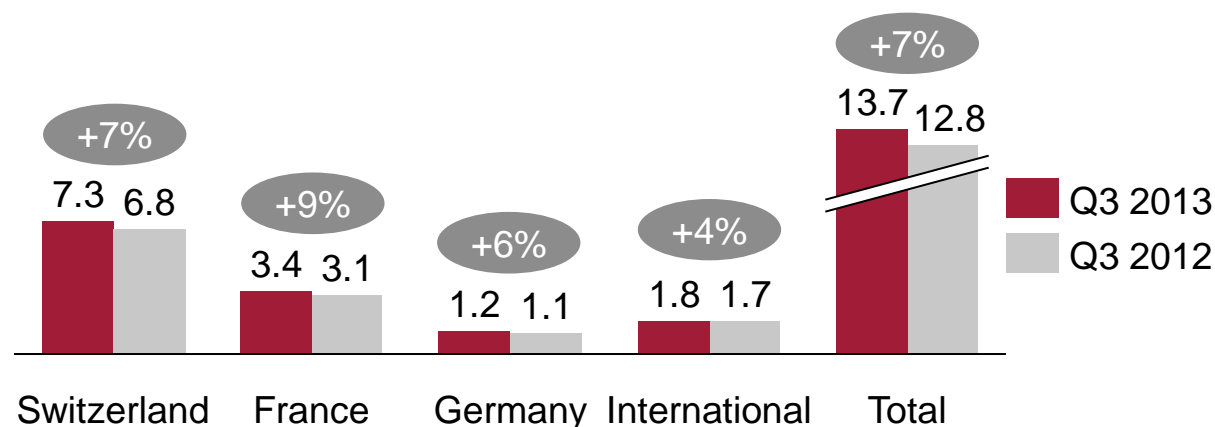
3) Adjusted operating expense (excl. owned IFAs) in % of average technical reserves (excl. deferred PHP) for CH, FR, DE, IN; AM with stable cost-income ratio

Q3 Interim statement: Continued profitable growth momentum



Q3 2013

Premium development (in CHF bn)



Fee and commission income

- CHF 826 m (+4% vs. 9m 2012)

Investment return (non-annualised)

- Direct investment yield of 2.6% (9m 2012: 2.7%)
- Net investment yield of 3.1% (9m 2012: 3.7%)

IFRS group solvency

- 207% (+2 ppts vs. HY 2013)
- 190% (+2 ppts vs. HY 2013) excluding unrealised gains/losses on bonds

Swiss Life 2015

- 50% of planned cost savings implemented (HY 2013: 40%)
- Share of risk, modern and modern-trad. products at 81% (HY 2013: 82%)

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→ **Swiss Life 2015**

Wrap-up

Swiss Life 2015: Continue 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

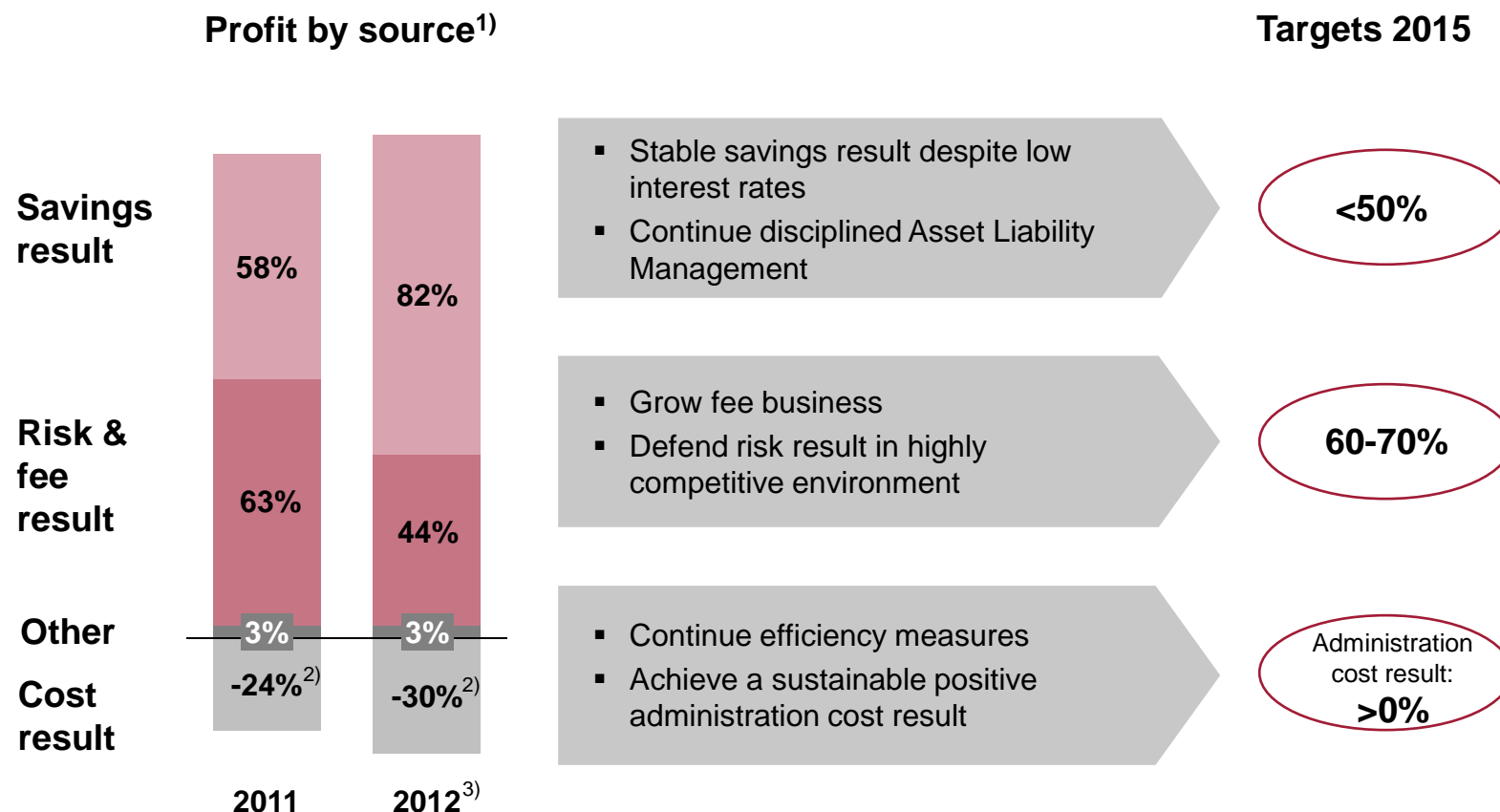
Swiss Life 2015

- 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

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



SwissLife

Focus areas by market unit

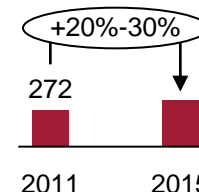
Focus
on
growth

Focus
on
efficiency

Consolidate
and prepare
for growth

Asset Managers

- Increase fee volume at stable cost/income ratios

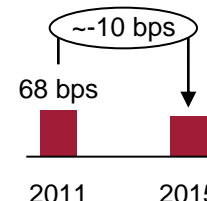


Fee income growth

Net fee income, CHF

France

- Overall cost discipline, allowing for investments in distribution
- Improve loss ratios in health and P&C

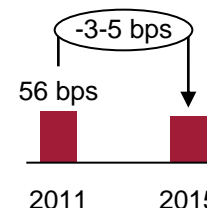


Efficiency gains

Life efficiency ratio
% of techn. reserves

Switzerland

- Overall cost discipline, allowing for investments to enlarge fee business
- Focus on margin management in individual life

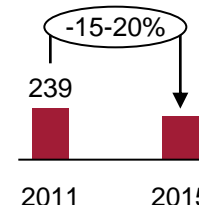


Efficiency gains

Life efficiency ratio
% of techn. reserves

Germany

- New set up in Germany enabling significant cost reduction
- Important contribution to profit diversification

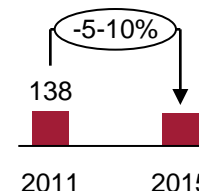


Cost reduction

Operating expenses
excl. restructuring
costs & one-offs, EUR

International

- 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)

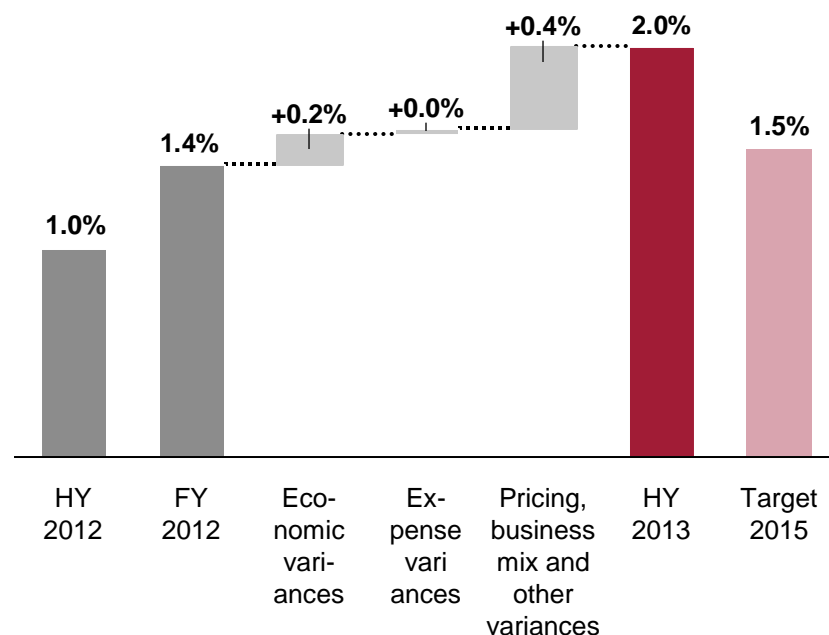


Cost reduction

Operating expenses
excl. restructuring
costs & one-offs, CHF

New business margin increase 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

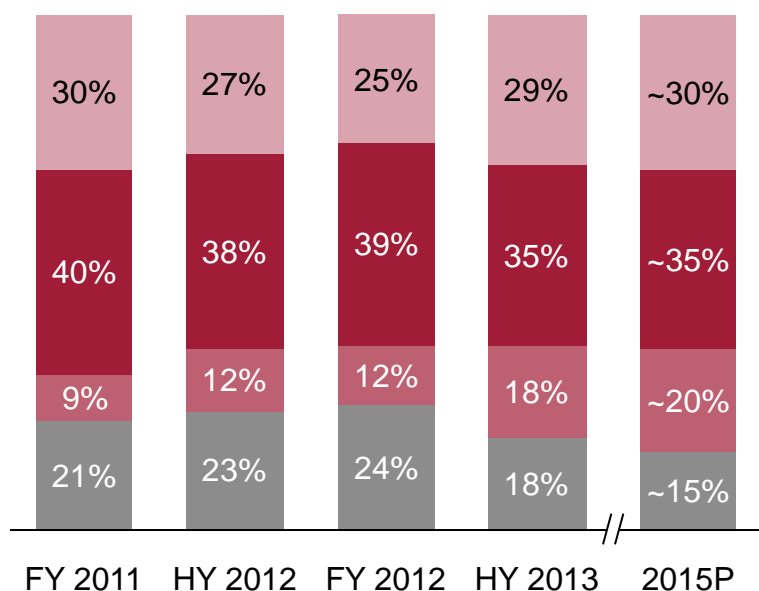
Pricing, business mix and other variances

- 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

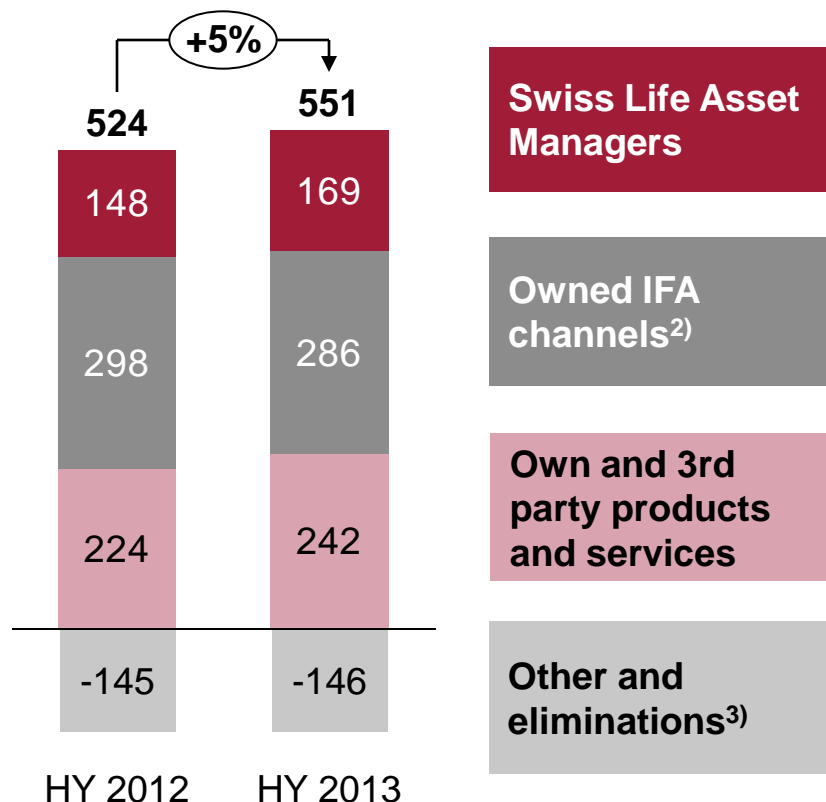
- CH: Successful shift to alternative guarantee concepts in individual life after repricings, continuous high demand for full insurance solutions in group life



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



Fee and commission income¹⁾, CHF million



- New mandates and strong performance of Swiss Life Asset Managers business, higher real estate related income and average asset base growth in Swiss Life Mandates business
- Challenging market environment leading to reduced advisor base
- Strong growth of unit-linked business in France and higher assets under control at HNWI business in International

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

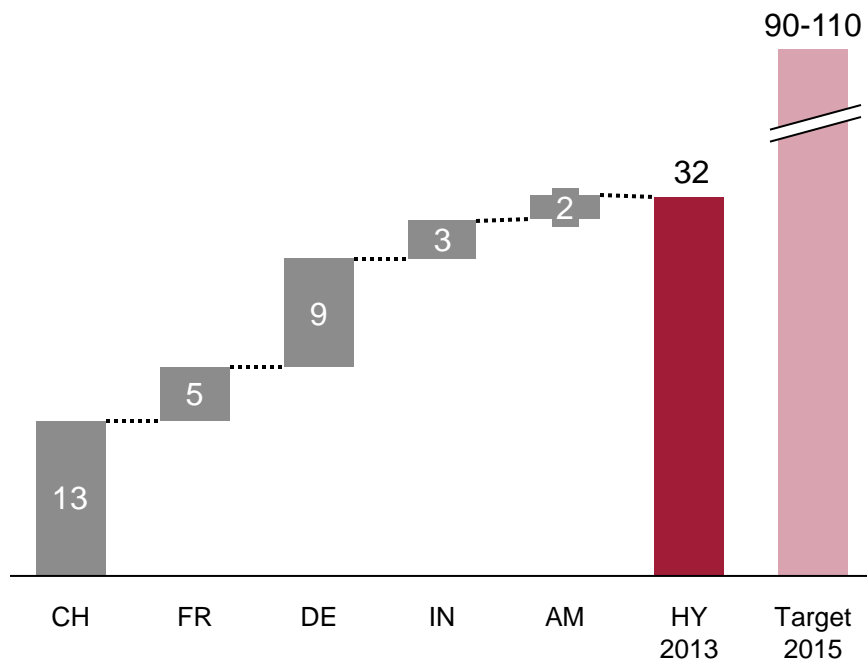
2) Swiss Life Select, Tecis, Horbach, Proventus, Chase de Vere and Agami

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

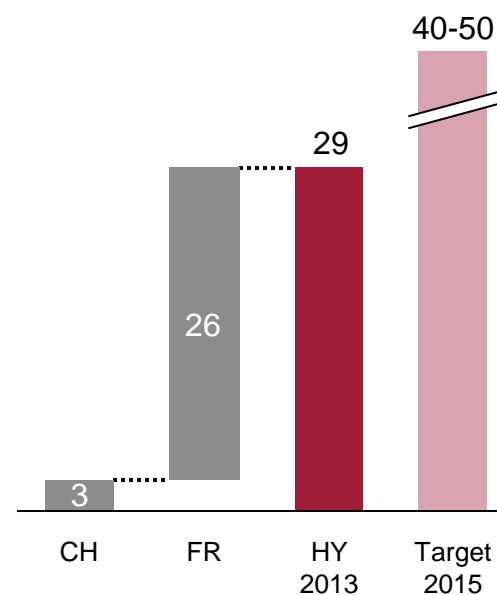
About 40% of overall targeted cost savings implemented

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

Operating cost savings¹⁾



Variable acquisition cost savings¹⁾



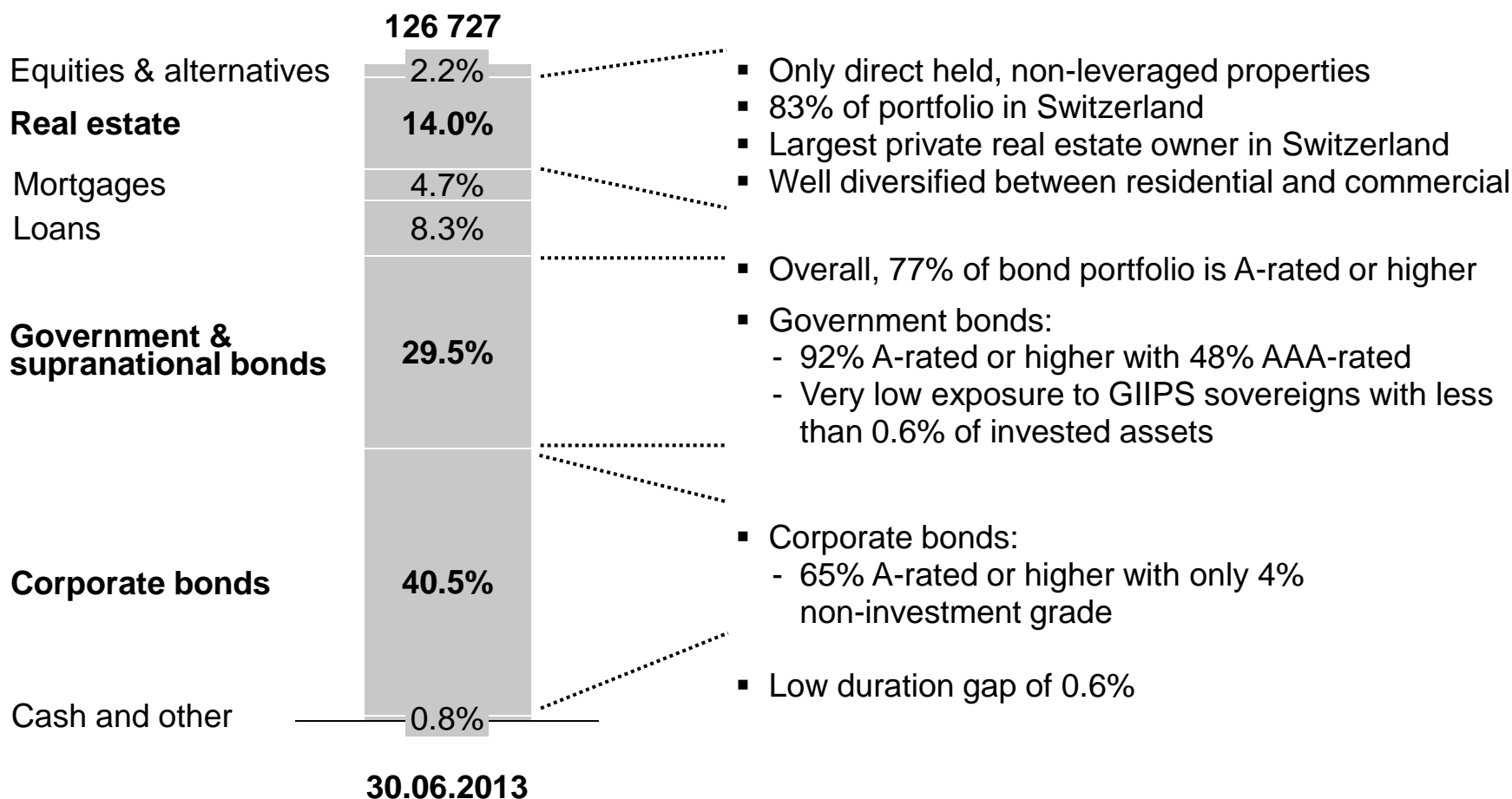
Non-recurring restructuring costs of CHF 41 m incurred by HY13

- 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

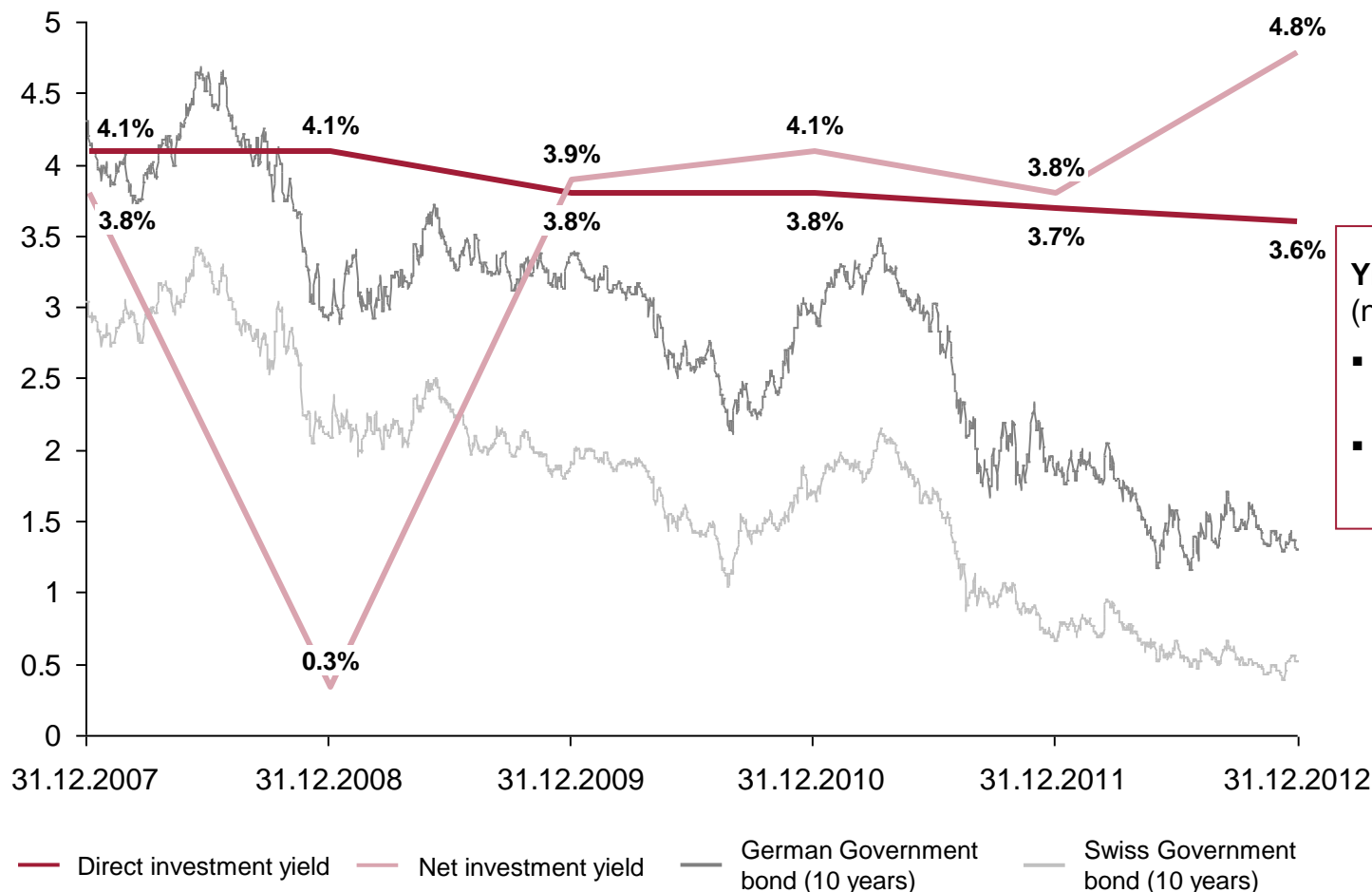
Well diversified investment portfolio

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



Continued strong returns in a low interest rate environment

IFRS basis, %

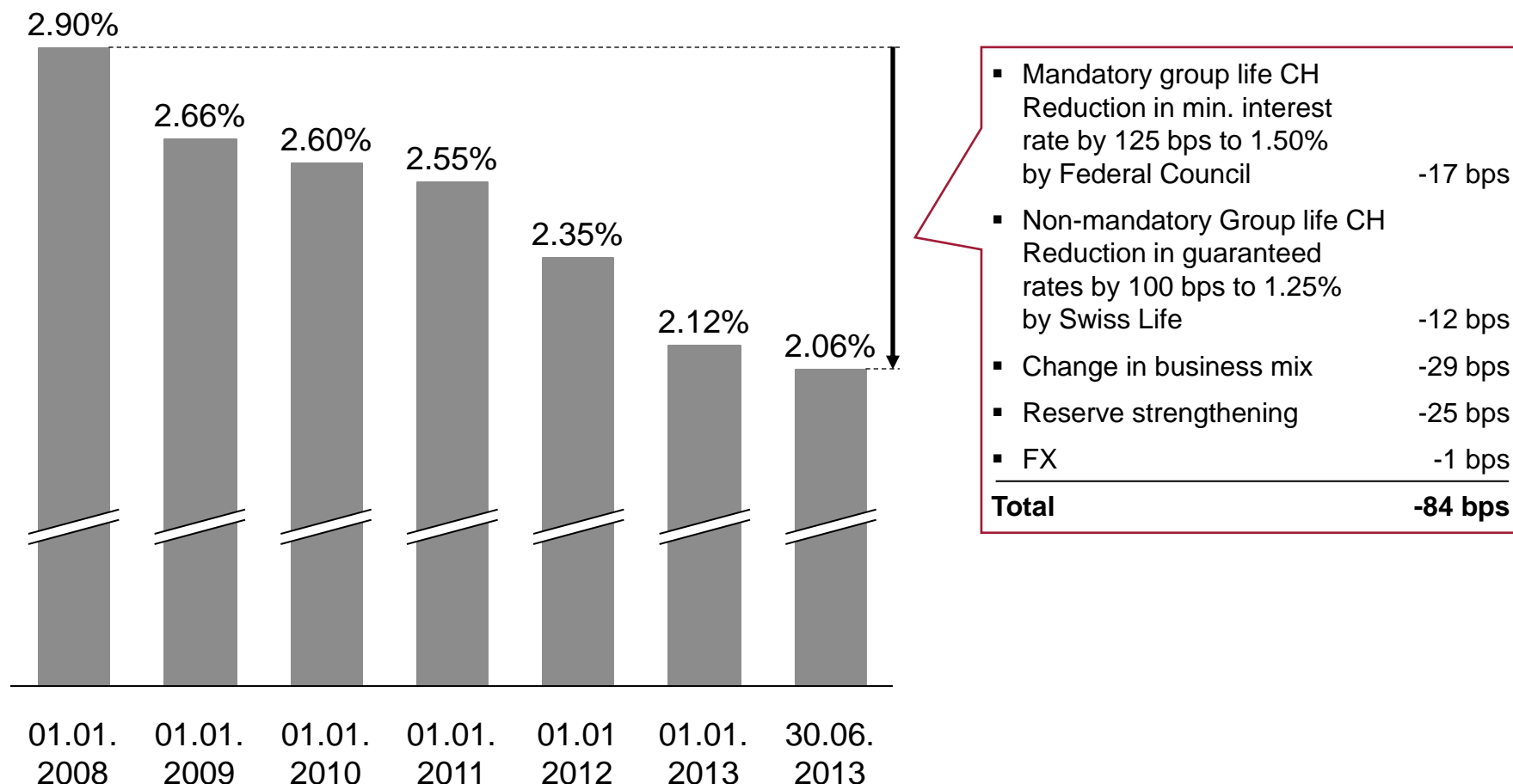


Yields 3Q13 vs. 3Q12:
(non-annualised)

- Net investment yield:
3.1% vs. 3.7%
- Direct investment yield:
2.6% vs. 2.7%

Average technical interest rate significantly decreased

Statutory basis



Agenda







Swiss Life Group

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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	<ul style="list-style-type: none"> New business margin: >1.5% New business shift: ~85% of NBP from risk, modern and modern-traditional products 	 	Profit by source: <ul style="list-style-type: none"> Savings result <50% Fee and risk result 60-70% Admin cost result >0%
	3 Distribution	<ul style="list-style-type: none"> Fee and commission income: Increase by 20-25% 		
	4 Efficiency and quality	<ul style="list-style-type: none"> Cost savings: CHF 130-160 m (project view) Efficiency: Improve efficiency ratios 	 	
	5 Financial strength	<ul style="list-style-type: none"> Adjusted RoE: 8-10% Dividend payout ratio: 20-40% 		

Cautionary statement regarding forward-looking information



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Financial calendar

Full-year results 2013
Annual General Meeting
Interim statement Q1

26 February 2014
23 April 2014
13 May 2014

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