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 bn\(^4\)
- Shareholders’ equity:
  CHF 8.8 bn\(^4\)
- Group MCEV:
  CHF 9.6 bn
- FTEs: 7 000\(^4\)
- Certified financial advisors: 4 500\(^4\)
- 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

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

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

→ HY 2013 results and Q3 interim statement

Swiss Life 2015

Wrap-up
## HY 2013: Operational progress and strong investment result

**HY 2013 vs. HY 2012**

<table>
<thead>
<tr>
<th>Metric</th>
<th>CHF</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted profit from operations</td>
<td>639 m</td>
<td>+16%</td>
</tr>
<tr>
<td>Net profit</td>
<td>472 m</td>
<td>+29%</td>
</tr>
<tr>
<td>New business margin (% PVNBP)</td>
<td>2.0%</td>
<td>+1.0 ppts</td>
</tr>
<tr>
<td>GWP incl. PHD (in local currency)</td>
<td>10.4 bn</td>
<td>+6%</td>
</tr>
<tr>
<td>Fee and commission income</td>
<td>551 m</td>
<td>+5%</td>
</tr>
<tr>
<td>Net investment yield</td>
<td>2.4%</td>
<td>-0.3 ppts</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>8.8 bn</td>
<td>-14% 1)</td>
</tr>
<tr>
<td>Return on equity (annualised)</td>
<td>12.7%</td>
<td>+3.0 ppts</td>
</tr>
<tr>
<td>Group solvency</td>
<td>205%</td>
<td>-34 ppts 1)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>CH</th>
<th>FR</th>
<th>DE</th>
<th>IN</th>
<th>AM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business growth</strong>&lt;sup&gt;1,2&lt;/sup&gt; (in bn)</td>
<td>+6%</td>
<td>+5%</td>
<td>+8%</td>
<td>+4%</td>
<td>+5%</td>
</tr>
<tr>
<td></td>
<td>9.8</td>
<td>10.4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>New business margin</strong> (in ppts)</td>
<td>+100%</td>
<td>+1.7</td>
<td>+0.3</td>
<td>+1.3</td>
<td>+0.1</td>
</tr>
<tr>
<td></td>
<td>1.0</td>
<td>2.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adj. operating expense</strong>&lt;sup&gt;2&lt;/sup&gt; (in m)</td>
<td>+0%</td>
<td>-3%</td>
<td>+3%</td>
<td>-2%</td>
<td>-10%</td>
</tr>
<tr>
<td></td>
<td>663</td>
<td>664</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Efficiency ratios</strong>&lt;sup&gt;2,3&lt;/sup&gt; (in bps)</td>
<td>-2 bps</td>
<td>-2</td>
<td>-3</td>
<td>-2</td>
<td>-2</td>
</tr>
<tr>
<td></td>
<td>35</td>
<td>33</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adj. profit from operations</strong> (in m)</td>
<td>+16%</td>
<td>+16%</td>
<td>+12%</td>
<td>+0%</td>
<td>n.m.</td>
</tr>
<tr>
<td></td>
<td>553</td>
<td>639</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

→ HY 2013 results

Topline growth with higher new business margins in all market units

Business growth and continued cost discipline led to further improved efficiency ratios

Operational progress and strong investment result
Q3 Interim statement: Continued profitable growth momentum

Q3 2013

Premium development (in CHF bn)

- Direct investment yield of 2.6% (9m 2012: 2.7%)
- Net investment yield of 3.1% (9m 2012: 3.7%)
- 50% of planned cost savings implemented (HY 2013: 40%)
- Share of risk, modern and modern-trad. products at 81% (HY 2013: 82%)

Fee and commission income

- CHF 826 m (+4% vs. 9m 2012)
- 207% (+2 ppts vs. HY 2013)
- 190% (+2 ppts vs. HY 2013) excluding unrealised gains/losses on bonds

Investment return (non-annualised)

- 13.7 12.8

IFRS group solvency

- Switzerland
- France
- Germany
- International
- Total

Total

+7%
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Swiss Life Group

HY 2013 results and Q3 interim statement

➔ 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)
Driving profit source diversification

Profit by source

<table>
<thead>
<tr>
<th>Source</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings result</td>
<td>58%</td>
<td>82%</td>
</tr>
<tr>
<td>Risk &amp; fee result</td>
<td>63%</td>
<td>44%</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Cost result</td>
<td>-24%</td>
<td>-30%</td>
</tr>
</tbody>
</table>

Targets 2015

- Stable savings result despite low interest rates
- Continue disciplined Asset Liability Management
- Grow fee business
- Defend risk result in highly competitive environment
- Continue efficiency measures
- Achieve a sustainable positive administration cost result

- Savings result:
  - 2011: 58%
  - 2012: 82%
- Risk & fee result:
  - 2011: 63%
  - 2012: 44%
- Other:
  - 2011: 3%
  - 2012: 3%
- Cost result:
  - 2011: -24%
  - 2012: -30%

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
Swiss Life 2015: Focus areas

**Focus areas by market unit**

- **Asset Managers**
  - Increase fee volume at stable cost/income ratios

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

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

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

- **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)
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

<table>
<thead>
<tr>
<th></th>
<th>HY 2012</th>
<th>FY 2012</th>
<th>Economic variances</th>
<th>Expense variances</th>
<th>Pricing, business mix and other variances</th>
<th>HY 2013</th>
<th>Target 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>PVNBP</td>
<td>6 102</td>
<td>11 276</td>
<td></td>
<td></td>
<td></td>
<td>7 133</td>
<td></td>
</tr>
<tr>
<td>APE</td>
<td>605</td>
<td>1 100</td>
<td></td>
<td></td>
<td></td>
<td>653</td>
<td></td>
</tr>
<tr>
<td>VNB</td>
<td>59</td>
<td>158</td>
<td></td>
<td></td>
<td></td>
<td>141</td>
<td></td>
</tr>
<tr>
<td>NBM (APE)</td>
<td>9.7%</td>
<td>14.4%</td>
<td></td>
<td></td>
<td></td>
<td>21.6%</td>
<td></td>
</tr>
</tbody>
</table>
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 income<sup>1)</sup>, CHF million

<table>
<thead>
<tr>
<th></th>
<th>HY 2012</th>
<th>HY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swiss Life Asset Managers</td>
<td>148</td>
<td>169</td>
</tr>
<tr>
<td>2) Swiss Life Select, Tecis, Horbach, Proventus, Chase de Vere and Agami</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owned IFA channels&lt;sup&gt;2&lt;/sup&gt;</td>
<td>298</td>
<td>286</td>
</tr>
<tr>
<td>Own and 3rd party products and services</td>
<td>224</td>
<td>242</td>
</tr>
<tr>
<td>Other and eliminations&lt;sup&gt;3&lt;/sup&gt;</td>
<td>-145</td>
<td>-146</td>
</tr>
</tbody>
</table>

- 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

<sup>1</sup> Net earned policy fees as well as commission income gross which includes asset management fees
<sup>2</sup> Swiss Life Select, Tecis, Horbach, Proventus, Chase de Vere and Agami
<sup>3</sup> 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 savings$^{1)}$

Variable acquisition cost savings$^{1)}$

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities &amp; alternatives</td>
<td>126,727</td>
<td>2.2%</td>
</tr>
<tr>
<td>Real estate</td>
<td></td>
<td>14.0%</td>
</tr>
<tr>
<td>Mortgages</td>
<td></td>
<td>4.7%</td>
</tr>
<tr>
<td>Loans</td>
<td></td>
<td>8.3%</td>
</tr>
<tr>
<td>Government &amp; supranational bonds</td>
<td></td>
<td>29.5%</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td></td>
<td>40.5%</td>
</tr>
<tr>
<td>Cash and other</td>
<td></td>
<td>0.8%</td>
</tr>
</tbody>
</table>

- Only direct held, non-leveraged properties
- 83% of portfolio in Switzerland
- Largest private real estate owner in Switzerland
- Well diversified between residential and commercial
- Overall, 77% of bond portfolio is A-rated or higher
- Government bonds:
  - 92% A-rated or higher with 48% AAA-rated
  - Very low exposure to GIIPS sovereigns with less than 0.6% of invested assets
- Corporate bonds:
  - 65% A-rated or higher with only 4% non-investment grade
- Low duration gap of 0.6%

30.06.2013

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**Helvea Swiss Equities Conference 2014**
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

- Mandatory group life CH
  Reduction in min. interest rate by 125 bps to 1.50% by Federal Council -17 bps
- Non-mandatory Group life CH
  Reduction in guaranteed rates by 100 bps to 1.25% by Swiss Life -12 bps
- Change in business mix -29 bps
- Reserve strengthening -25 bps
- FX -1 bps

Total -84 bps
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Swiss Life Group

HY 2013 results and Q3 interim statement

Swiss Life 2015

→ Wrap-up
## Well on track with Swiss Life 2015

### Strategic thrust

<table>
<thead>
<tr>
<th>Customer promise</th>
<th>Offerings</th>
<th>Distribution</th>
<th>Efficiency and quality</th>
<th>Financial strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase quality and quantity of touch points with customers</td>
<td>Increase quality and quantity of touch points with customers</td>
<td>Fee and commission income: Increase by 20-25%</td>
<td>Cost savings: CHF 130-160 m (project view)</td>
<td>Adjusted RoE: 8-10%</td>
</tr>
</tbody>
</table>

### Target

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

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

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

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

### Status

- New business margin: >1.5%
- New business shift: ~85% of NBP from risk, modern and modern-traditional products
- Fee and commission income: Increase by 20-25%
- Cost savings: CHF 130-160 m (project view)
- Efficiency: Improve efficiency ratios
- 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

Full-year results 2013 26 February 2014
Annual General Meeting 23 April 2014
Interim statement Q1 13 May 2014

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