Kepler Cheuvreux Swiss Seminar 2014
Swiss Life: Continued disciplined execution

Thomas Buess, Group CFO
Zurich, 1 April 2014
Agenda

→ Swiss Life Group

FY 2013 results

Swiss Life 2015

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- / stable

**Business units**

- France
- Liechtenstein
- United Kingdom
- Germany
- Luxembourg
- Switzerland
- Poland
- Austria
- Czech Republic
- Singapore

Distribution only
Swiss Life Group

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

FY 2013, in CHF, based on new segment structure (IFRS)

<table>
<thead>
<tr>
<th>Business segments</th>
<th>Market position</th>
<th>Insurance reserves (excl. PH liabilities)</th>
<th>GWP &amp; PHD</th>
<th>Fee &amp; commission income</th>
<th>Adjusted profit from operations</th>
</tr>
</thead>
</table>
| Switzerland       | - Individual Life: No 1\(^1\)  
|                   | - Group Life: No 2\(^1\)  
|                   | - Swiss Life Select: Largest IFA | 55%        | 49%                    | 14%                      | 57%                            |
| France            | - Individual Health: No 2\(^2\)  
|                   | - Life: No 13; focus on HNWI and affluent | 17%        | 26%                    | 22%                      | 17%                            |
| Germany           | - BU\(^3\): A market leader  
|                   | - BAV\(^4\): No 8  
|                   | - IFA network: No 3 | 13%        | 10%                    | 33%                      | 11%                            |
| International     | - PPLI: No 2\(^5\)  
|                   | - SL Network: Market Leader\(^6\)  
|                   | - 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\(^7\) | n.a.                  | 32%                      | 15%                            |

1) Q3 2013  
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)

-22%

2008 2009 2010 2011 2012 2013

Operating expense adjusted

-29%

2008 2009 2010 2011 2012 2013

Efficiency ratios (Owned IFAs expense excluded)

-31 bps

2008 2009 2010 2011 2012 2013

Net profit

2008 2009 2010 2011 2012 2013

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

Swiss Life Group

→ FY 2013 results

Swiss Life 2015

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

### FY 2013 vs. FY 2012

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2013</th>
<th>Change</th>
<th>FY 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted profit from operations</td>
<td>CHF 1 143 m</td>
<td>+13%</td>
<td></td>
</tr>
<tr>
<td>Net profit</td>
<td>CHF 784 m</td>
<td>+685 m</td>
<td></td>
</tr>
<tr>
<td>GWP incl. PHD (in local currency)</td>
<td>CHF 18.0 bn</td>
<td>+4%</td>
<td></td>
</tr>
<tr>
<td>Fee and commission income</td>
<td>CHF 1 157 m</td>
<td>+1%</td>
<td></td>
</tr>
<tr>
<td>New business margin (% PVNBP)</td>
<td>2.2%</td>
<td>+0.8 ppts</td>
<td></td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>CHF 8.9 bn</td>
<td>-12%</td>
<td></td>
</tr>
<tr>
<td>Return on equity 1)</td>
<td>10.0%</td>
<td>+8.7 ppts</td>
<td></td>
</tr>
<tr>
<td>Group solvency</td>
<td>210%</td>
<td>-29 ppts</td>
<td></td>
</tr>
<tr>
<td>Dividend (proposed)</td>
<td>CHF 5.50</td>
<td>CHF +1.00</td>
<td></td>
</tr>
</tbody>
</table>

1) Equity excl. unrealised gains/losses on bonds
## FY 2013: Profitable growth and strong cost discipline in all market units

**IFRS basis, MCEV**

### FY 2012 vs. FY 2013

<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></td>
<td>17.0</td>
<td>18.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(in bn)</td>
<td>+4%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>New business</strong></td>
<td>1.4</td>
<td>2.2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>**margin (in ppts)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adj. operating</strong></td>
<td>1.39</td>
<td>1.38</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>expense</strong> (in bn)</td>
<td>-1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Efficiency</strong></td>
<td>72</td>
<td>68</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ratios</strong> (in bps)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adj. profit from</strong></td>
<td>1.01</td>
<td>1.14</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>operations</strong> (in bn)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-0%</td>
<td>+18%</td>
<td>+34%</td>
<td>n.m.</td>
<td>+21%</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

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
Agenda

Swiss Life Group

FY 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)
Continued pricing discipline and margin management

New business margin development (VNB as % of PVNBP)

<table>
<thead>
<tr>
<th></th>
<th>FY 2012</th>
<th>Economic variances</th>
<th>Expense variances</th>
<th>Pricing, volume and business mix</th>
<th>Other variances</th>
<th>FY 2013</th>
<th>Target 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>PVNBP</td>
<td>11 276</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12 929</td>
<td></td>
</tr>
<tr>
<td>APE</td>
<td>1 100</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1 184</td>
<td></td>
</tr>
<tr>
<td>VNB</td>
<td>158</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>289</td>
<td></td>
</tr>
<tr>
<td>NBM (APE)</td>
<td>14.4%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>24.4%</td>
<td></td>
</tr>
</tbody>
</table>

Economic variances
- Higher interest rates

Expense variances
- Lower admin expenses offset by structural re-assessments

Pricing, volume and business mix
- CH: Continued pricing discipline, new modern-traditional products in individual life and real estate funds in group life
- FR: Strong UL business in life and scale effects more than offset margin pressure in health driven by ANI
- DE: Increasing risk business, targeted de-emphasis of products and disciplined approach towards guarantee levels and surplus sharing
- IN: New business focus on two carriers and cost reductions contain impacts from lower volumes

Other variances
- Driven by persistency improvement in Swiss group life business
New business mix heading towards 2015 target

New business production (NBP)

- **Risk, health and P&C**
  - FR: Lower sales of individual health in anticipation of ANI
  - DE: Increased production in disability and long-term care

- **Modern**
  - CH: Withdrawal of low margin savings product in Q4 2012
  - FR: UL share supported by HNWI positioning and product management strategy
  - IN: HNWI production below previous year

- **Modern-traditional**
  - CH: Strong production of a savings product

- **Traditional**
  - CH: Shift to modern-traditional after re-pricings in individual life, continued demand for full insurance solutions in group life
  - DE: Lower share of traditional products following stricter underwriting with focus on margins

**FY 2011**
- Risk, health and P&C: 30%
- Modern: 40%
- Modern-traditional: 9%
- Traditional: 21%

**FY 2012**
- Risk, health and P&C: 25%
- Modern: 39%
- Modern-traditional: 12%
- Traditional: 24%

**FY 2013**
- Risk, health and P&C: 27%
- Modern: 35%
- Modern-traditional: 18%
- Traditional: 20%

**2015P**
- Risk, health and P&C: 30%
- Modern: 35%
- Modern-traditional: 20%
- Traditional: 15%
3. Distribution

Asset Managers and unit-linked business supporting fee and commission income

Fee and commission income\(^1\), CHF million

<table>
<thead>
<tr>
<th></th>
<th>FY 2012</th>
<th>FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swiss Life Asset Managers</td>
<td>338</td>
<td>373</td>
</tr>
<tr>
<td>Owned IFA channels(^2)</td>
<td>631</td>
<td>602</td>
</tr>
<tr>
<td>Own and 3rd party products and services</td>
<td>467</td>
<td>490</td>
</tr>
<tr>
<td>Other and eliminations(^3)</td>
<td>-292</td>
<td>-309</td>
</tr>
</tbody>
</table>

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

- External customer business: Higher commissions due to increased AuM and new mandates in facility management; insurance mandates: Optimised asset mix
- Lower number of financial advisors in Germany; higher commission income of owned IFAs in other markets
- Strong unit-linked business in France and higher assets under control at HNWI in International

Swiss Life Asset Managers

+10%\(^3\)

-5%\(^3\)

+5%\(^3\)

Kepler Cheuvreux Swiss Seminar 2014
Proven expertise and strong performance as basis for AuM growth at external customer business

Assets under Management external customer business
CHF billion (fair value basis)

AuM development

- Strong NNA inflows and performance
- Proven expertise in particular in fixed income and real estate at Mandates leveraged in third-party AM Business

AuM split as per FY 2013

- Excellent performance supports NNA inflows and AuM
  - 79% of investment funds in first or second quartile
  - 80% of investment groups of Swiss Life Investment Foundation (SL-AST) in the first or second quartile
  - 92% of mandates above benchmark

1) Including CHF 2.6 bn from acquisition of Viveris REIM
4. Efficiency

About 75% of targeted cost savings implemented

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

Operating cost savings\(^1\)

Variable acquisition cost savings\(^1\)

About 80% of targeted 2015 operating cost savings implemented by FY13
- CH: Staff reduction, mainly in IT
- FR: Process optimisations
- DE: Lower back office expenses, mainly in owned IFAs
- IN: Cost reductions particularly due to two carrier strategy
- AM: Group-wide asset management system implemented

> Total non-recurring restructuring costs of CHF 100 m incurred by FY 2013 (28% in 2012 and 72% in 2013)

Nearly 70% of targeted 2015 variable acquisition cost savings implemented by FY13
- CH: Adjustments in own sales force compensation
- FR: Revised broker commission scheme in health
- DE: Optimisation of sales structure

1) At constant EUR CHF FX rate of 1.20
## 5. Financial strength

### 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>2.5%</td>
<td>127 595</td>
</tr>
<tr>
<td>Real estate</td>
<td>15.2%</td>
<td></td>
</tr>
<tr>
<td>Mortgages</td>
<td>4.8%</td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>7.5%</td>
<td></td>
</tr>
<tr>
<td>Government &amp; supranational bonds</td>
<td>29.3%</td>
<td></td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>40.5%</td>
<td></td>
</tr>
<tr>
<td>Cash and other</td>
<td>0.2%</td>
<td></td>
</tr>
</tbody>
</table>

- Direct held, non-leveraged properties
- 83% of portfolio in Switzerland
- Largest private real estate owner in Switzerland
- Well diversified between residential and commercial
- Overall, 76% of bond portfolio is A-rated or higher
- Government bonds:
  - 90% A-rated or higher with 43% 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 0.7%

31.12.2013
5. Financial strength

Continued strong returns in a low interest rate environment

Direct yield and net investment yield (IFRS basis)

<table>
<thead>
<tr>
<th>Year</th>
<th>Direct Yield</th>
<th>Net Investment Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.2007</td>
<td>0.3%</td>
<td>4.1%</td>
</tr>
<tr>
<td>31.12.2008</td>
<td>4.1%</td>
<td>4.1%</td>
</tr>
<tr>
<td>31.12.2009</td>
<td>3.8%</td>
<td>3.8%</td>
</tr>
<tr>
<td>31.12.2010</td>
<td>3.8%</td>
<td>3.8%</td>
</tr>
<tr>
<td>31.12.2011</td>
<td>3.7%</td>
<td>3.8%</td>
</tr>
<tr>
<td>31.12.2012</td>
<td>3.5%</td>
<td>4.8%</td>
</tr>
<tr>
<td>31.12.2013</td>
<td>3.4%</td>
<td>3.9%</td>
</tr>
</tbody>
</table>
Development of average technical interest rate

Statutory basis

<table>
<thead>
<tr>
<th>Date</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>01.01.2007</td>
<td>3.00%</td>
</tr>
<tr>
<td>01.01.2008</td>
<td>2.90%</td>
</tr>
<tr>
<td>01.01.2009</td>
<td>2.66%</td>
</tr>
<tr>
<td>01.01.2010</td>
<td>2.60%</td>
</tr>
<tr>
<td>01.01.2011</td>
<td>2.55%</td>
</tr>
<tr>
<td>01.01.2012</td>
<td>2.35%</td>
</tr>
<tr>
<td>01.01.2013</td>
<td>2.12%</td>
</tr>
<tr>
<td>01.01.2014</td>
<td>2.04%</td>
</tr>
</tbody>
</table>

**Mandatory Group life CH**
- Reduction in minimum interest rate by 75 bps to 1.75% by Federal Council -10 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**
-36 bps

**Reserve strengthening**
-28 bps

**Disposals and FX**
-10 bps

**Total**
-96 bps
### Profit by source driven by improved efficiency and fee business result

CHF million (IFRS basis)

<table>
<thead>
<tr>
<th>Source</th>
<th>FY 2012 adjusted</th>
<th>FY 2013 adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings result</td>
<td>879 82%</td>
<td>839 69%</td>
</tr>
<tr>
<td>Risk result</td>
<td>354 33%</td>
<td>272 22%</td>
</tr>
<tr>
<td>Cost result</td>
<td>-314 -29%</td>
<td>-143 -12%</td>
</tr>
<tr>
<td>- Thereof admin cost result gross¹)</td>
<td>24 +2%</td>
<td>67 +6%</td>
</tr>
<tr>
<td>Fee result</td>
<td>122 11%</td>
<td>190 16%</td>
</tr>
<tr>
<td>Others &amp; eliminations</td>
<td>35 3%</td>
<td>51 4%</td>
</tr>
<tr>
<td><strong>Segment result</strong></td>
<td><strong>1 075 100%</strong></td>
<td><strong>1 208 100%</strong></td>
</tr>
<tr>
<td>- Unallocated corporate costs</td>
<td>-61</td>
<td>-65</td>
</tr>
<tr>
<td><strong>Profit from operations</strong></td>
<td><strong>1 014</strong></td>
<td><strong>1 143</strong></td>
</tr>
</tbody>
</table>

¹) Gross = before policyholder participation
Agenda

Swiss Life Group

HY 2013 results and Q3 interim statement

Swiss Life 2015

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

<table>
<thead>
<tr>
<th>Strategic thrust</th>
<th>Target</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer promise</td>
<td>Increase quality and quantity of touch points with customers</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Offering</td>
<td>- New business margin: &gt;1.5%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- New business shift: ~85% of NBP from risk, modern and modern-traditional products</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution</td>
<td>- Fee and commission income: Increase by 20-25%</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Efficiency and quality</td>
<td>- Cost savings: CHF 130-160 m (project view)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Efficiency: Improve efficiency ratios</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial strength</td>
<td>- Adjusted RoE: 8-10%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Dividend payout ratio: 20-40%</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Profit by source:
- Savings result <50%
- Fee and risk result 60-70%
- Admin cost result >0%
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Contact details and financial calendar

Contact

Robert Moser
Head of Investor Relations
Phone +41 (43) 284 67 67
E-mail robert.moser@swisslife.ch

Rolf Winter
Senior Investor Relations Manager
Phone +41 (43) 284 49 19
E-mail rolf.winter@swisslife.ch

Financial calendar

Annual General Meeting 2014 23 April 2014
Interim statement Q1 13 May 2014
Half-year results 2014 13 August 2014

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