



SwissLife

# **Investors' Day Belgium & Luxembourg**

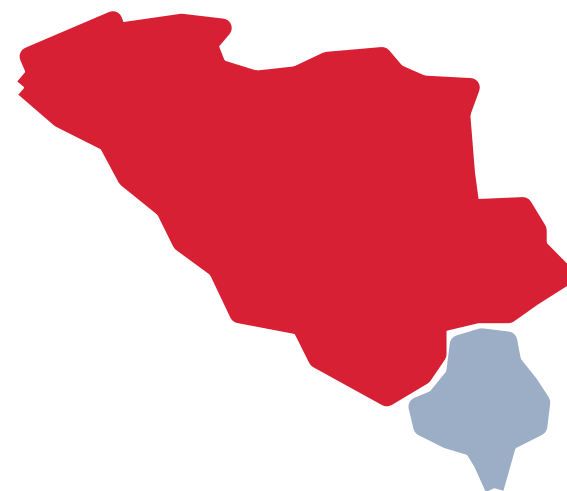
Johan Bertrands

Zurich, 2 December 2004



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**Belgium**



# In a nutshell: Major shift in distribution and products towards focus on pension market

## History

From a life specialist to a pension provider

## Channels

From tied agents towards open channels (including banks)

## Products launched

Concentration on pension products and services

## Segment

Strong position in self-employed and above average income (AAI) population (middle market)



2004 / 2005

“Les trophées de l’assurance-vie”

Innovation award for pension product for self-employed

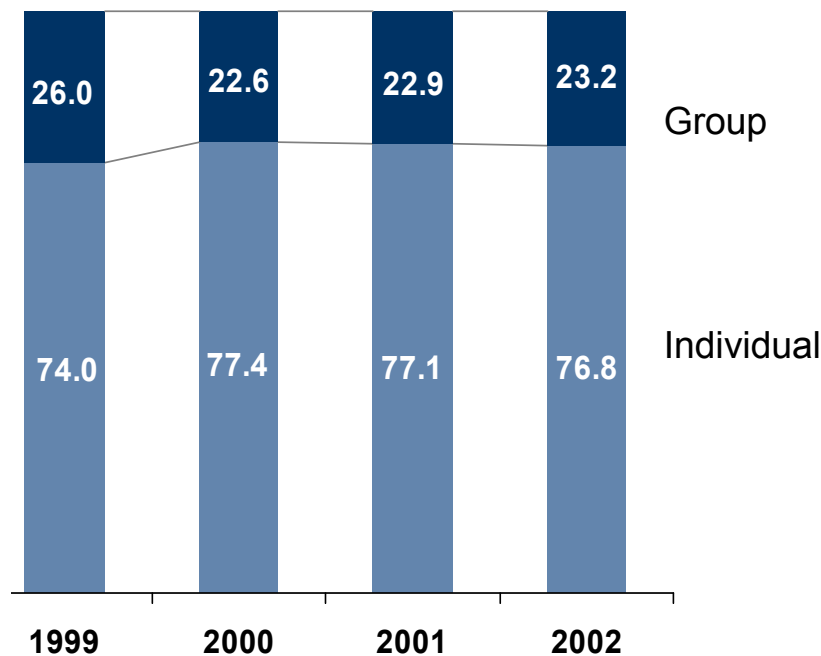
## Opportunities for profitable growth

- Leverage new pension legislation by focusing on pension market for above-average income individuals and self-employed professionals
- Growth potential into open distribution model
- Strong penetration of self-employed segment
- Significant B2B market presence

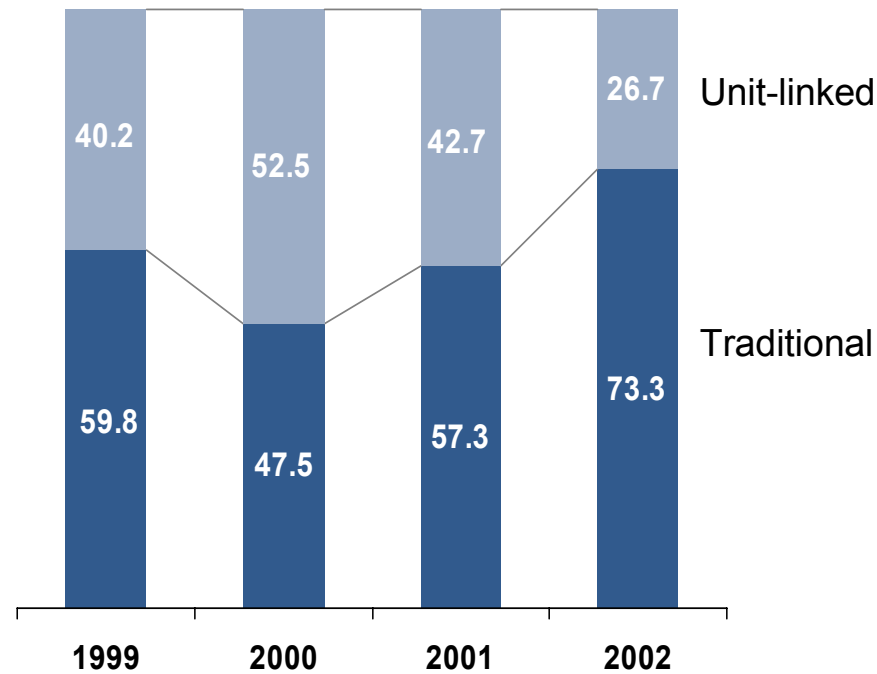
# Individual insurance dominates in Belgian market

Belgium

Life premiums in %

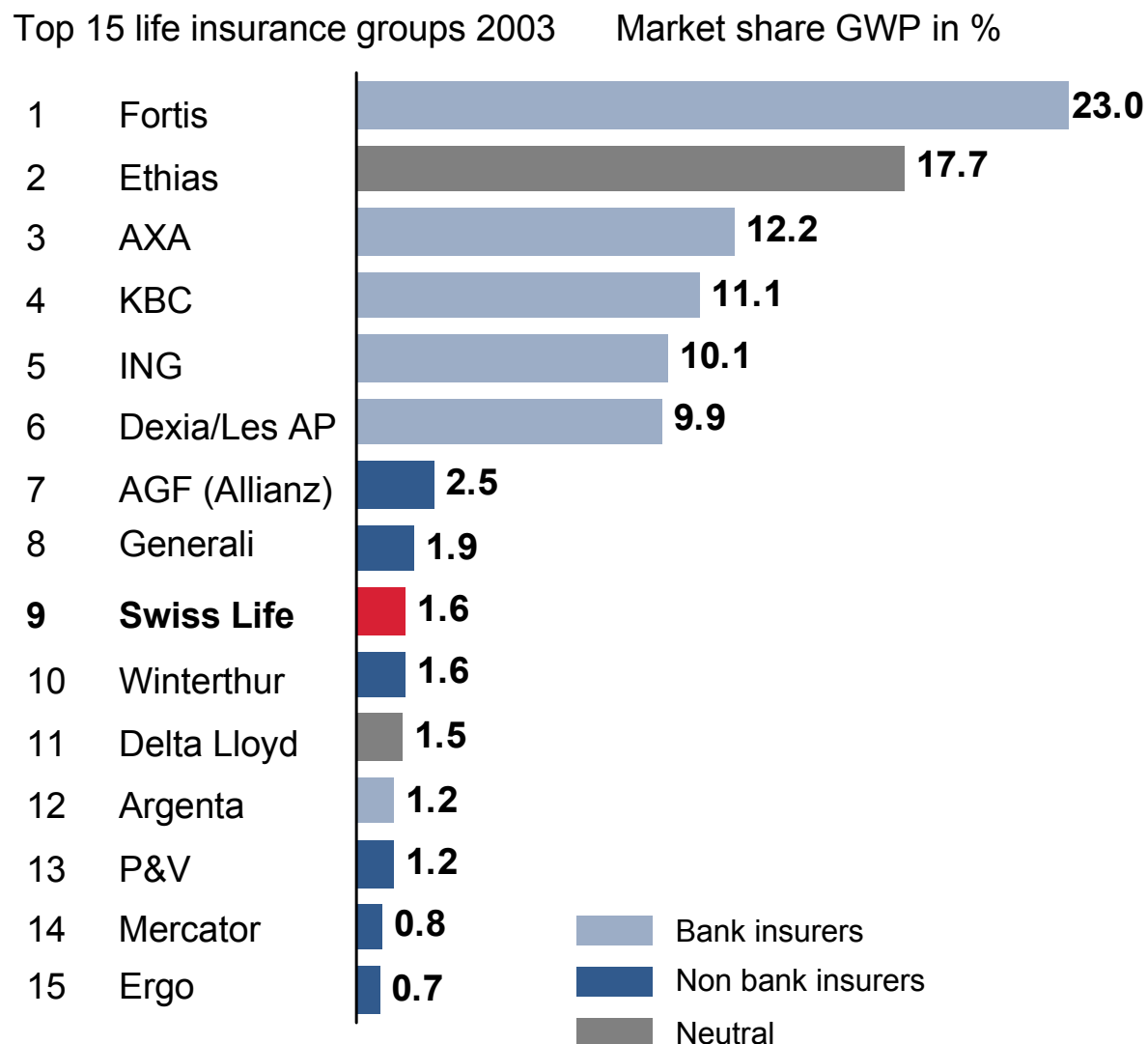


Life premiums in %



- The market is dominated by individual life premiums
- Non-linked products, because of universal life savings & investment products, have regained market share and dominate market again
- Unit-linked accounted for more than 50% in 2000 but fell back due to decline in equity market

# Swiss Life ranks as number 9, and in top 3 for non-bank distribution



## Comments & conclusions

- 5 of the top 6 are “bankinsurers” with core business in distribution of single premium investment products
- Swiss Life ranks in **top 3** for non-bank distribution
- Swiss Life number 6 in B2B

# Key strengths focus on self-employed & above average income through open channels

## Strategy

**Move from broad market coverage to focus on pension market**

- Be **the pension solutions provider** for above-average income individuals (AAI), self-employed, SMEs and major & international companies
- Achieve a **significant position on the individual market and consolidate in group business**

## Business priorities

**Centred around organic growth and operational excellence**

### Growth

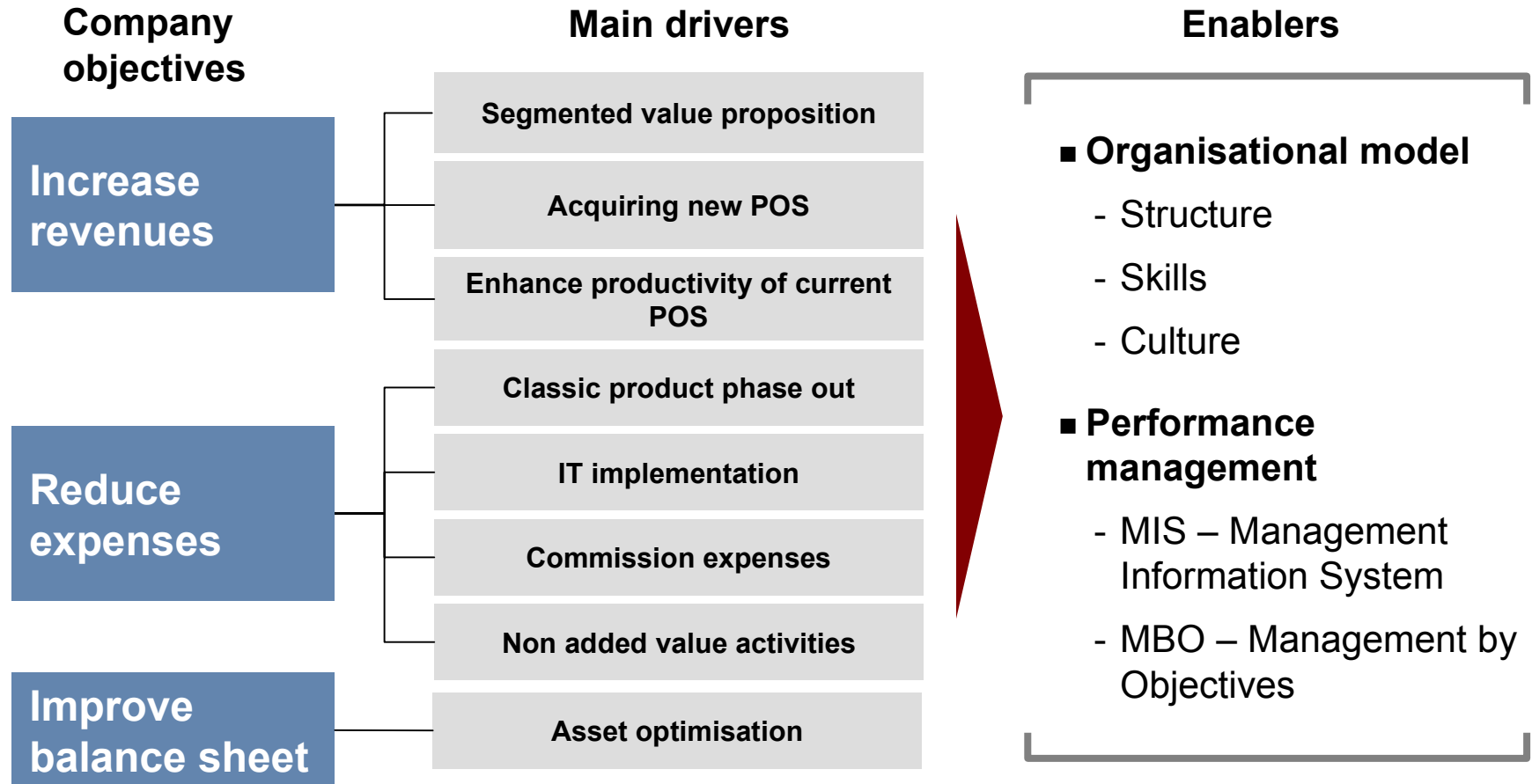
**Acquisition strategy** to step into the open distribution model in individual business:

- Acquire points of sale among brokers and independent bank agents
- Develop partnerships with mega brokers

### Operational excellence

- Increase the service quality and re-deploy employees into customer facing or revenue generating positions
- Expand the internal performance culture

# Achieve company objectives through well defined main drivers and enablers





# Swiss Life Belgium ready to take advantage of future pension market

## Life & Pensions market

### Trends

Pension related savings and risks will shape the landscape in the next 20 years

### Regulatory changes

The new pension law creates awareness and increase market opportunities

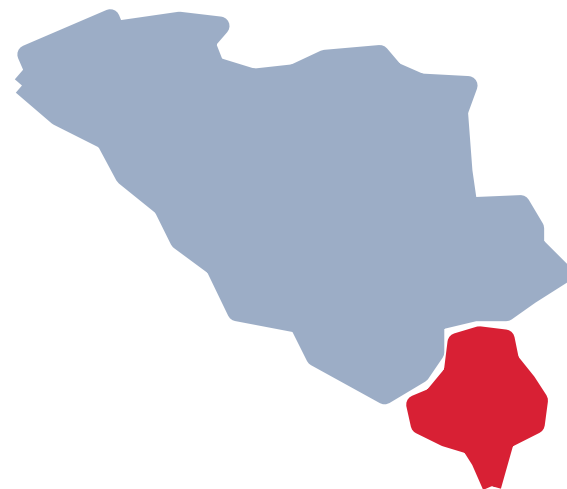
### Growth potential

In view of the difficulties of financing first pillar commitments in the future, the pension arena has outstanding growth potential. This growth will be very significant (double digit) and even higher depending on the degree of fiscal discipline at state level



SwissLife

**Luxembourg**



# In a nutshell: From the leading local B2B pension provider towards a cross-border growth scenario

## History

Excellent track record in B2B solutions for local companies

## Channels

Open distribution model as historical basis for a mega-broker approach as well as building on the Swiss Life companies abroad

## Products launched

Time-to-market in whole pension products range for HNWI (High Net Worth Individuals), including unit-linked and dedicated funds

## Segment

Cross-border business, launched in 2003, is key to future growth

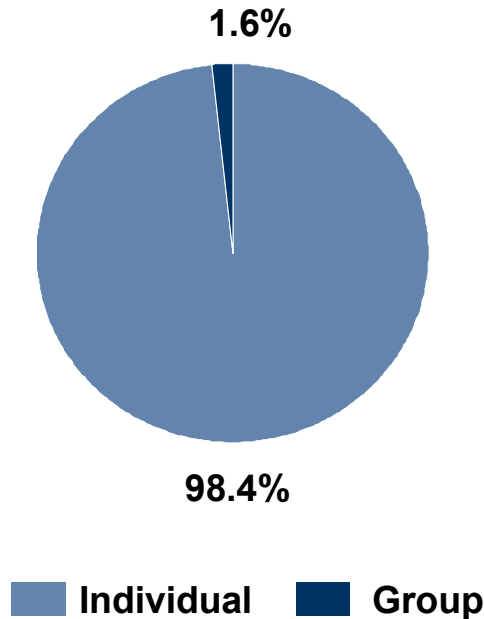
# Opportunities for profitable growth in Luxembourg market

- Leader in local group segment
- Participating in booming cross-border assurance market through relations with core countries - Belgium, France, Germany - within Swiss Life group
- Lean organisation with international experience and recognised competencies
- Reputation and compliance environment of Luxembourg
- Excellent name awareness in financial industry

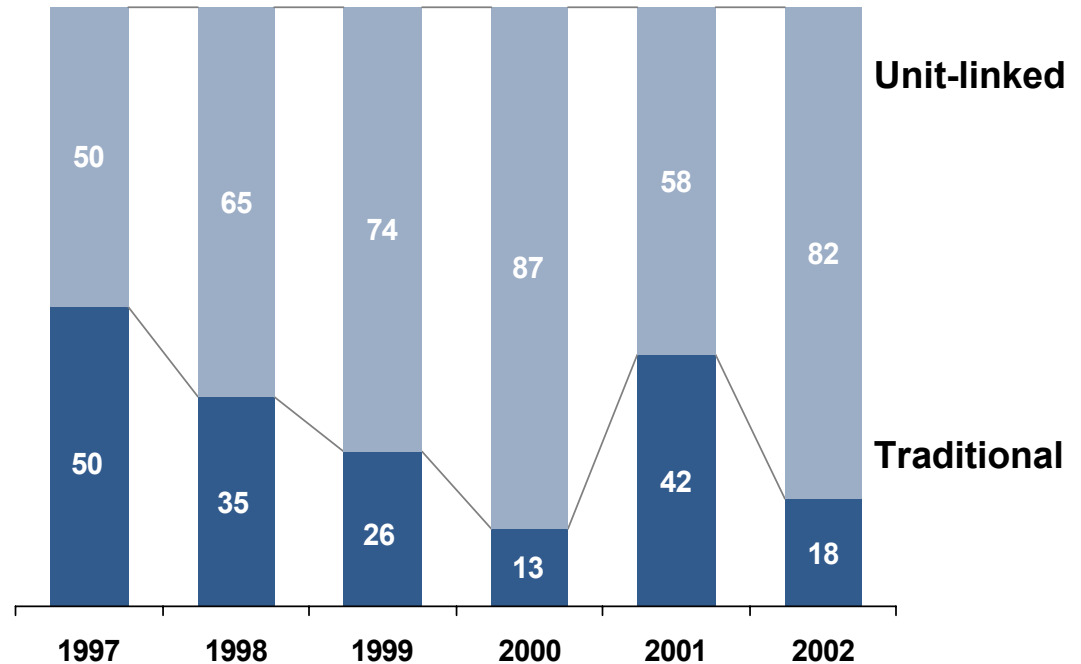


# Individual insurance, especially unit-linked, dominates in Luxembourg

Life premiums in %



Life premiums in %

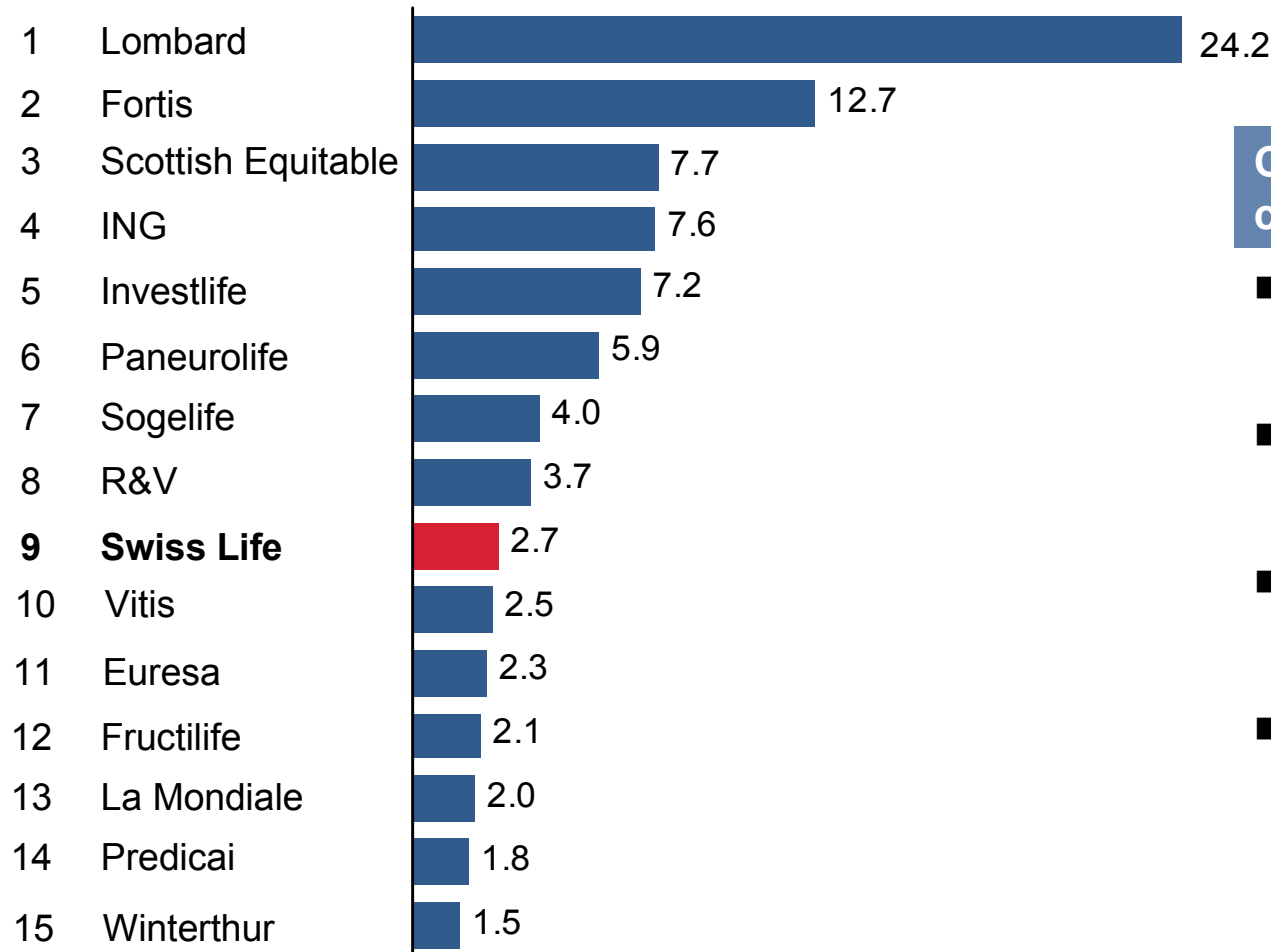


- The market is almost completely dominated by individual products - reflecting the voluntary 2<sup>nd</sup> pillar
- Unit-linked products accounted for 60-80% of premiums in the last four years

Source: CEA 2002, Morgan Stanley 2000/2, Swiss Life, Commissariat aux assurances, UPEA

# Swiss Life ranks as number 9 in a major European market with important upside potential

Top 15 life insurers in 2002 Market share GWP in %



## Comments & conclusions

- Global market characterised by cross-border activities
- SL started cross-border activity only in 2003
- Top 8 operators mainly active in cross-border
- Swiss Life number 2 in local market

# Swiss Life Luxembourg as market leader in B2B and challenger in cross-border activity

## Regulatory changes

In group business: increased stability for the leading players in the industry

## Growth

Development of cross-border business will insure growth in coming years; the Luxembourg market offers advantages for foreigners in legal and regulation terms

## Value creation

Value creation will be based on the strength of Swiss Life's distribution in all countries and on relations with mega-brokers



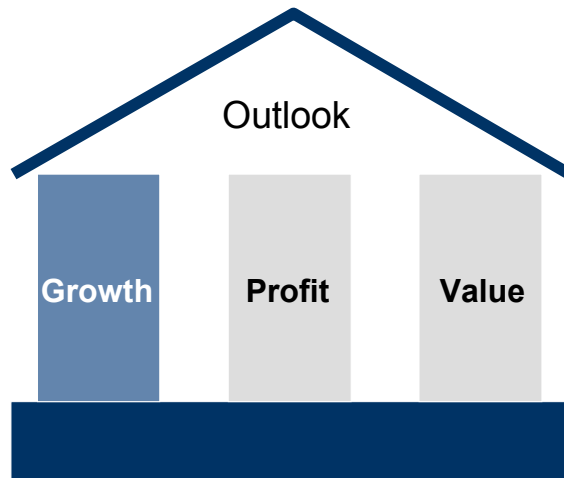
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# Growth: Boosted by multi distribution in middle market and cross-border activity



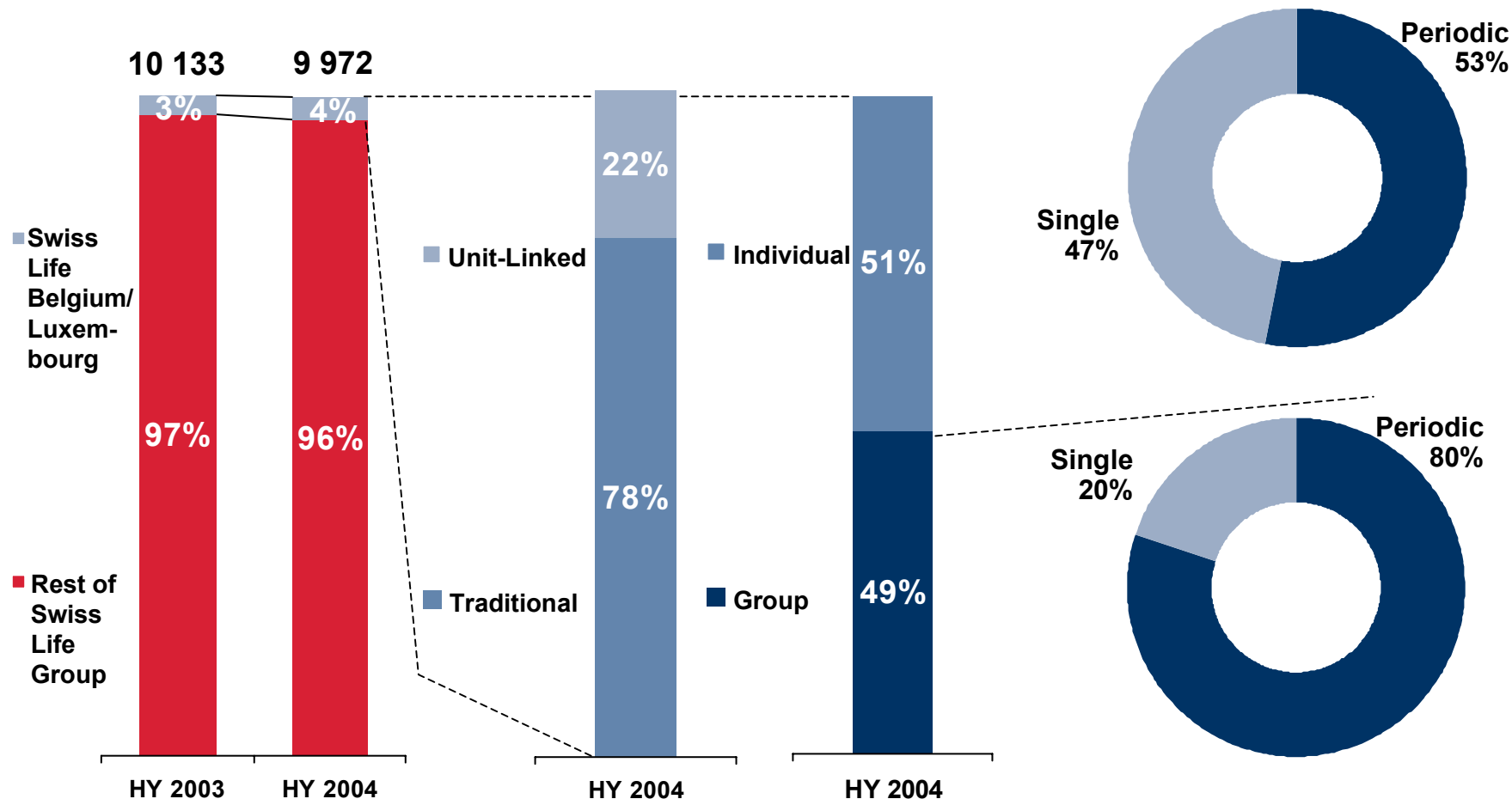
- Premiums and policyholder deposits: **27%** (from CHF 275 million in HY03 to CHF 349 million in HY04)
- Belgium: Strong **growth** in **retail deposit** products (universal life: 124% in HY04), much **better** than general **market** trend
- Luxembourg: In HY04 GWP doubled due to the **increase** mainly generated by **cross-border** business

# Balanced portfolio in products, type of premiums and activities

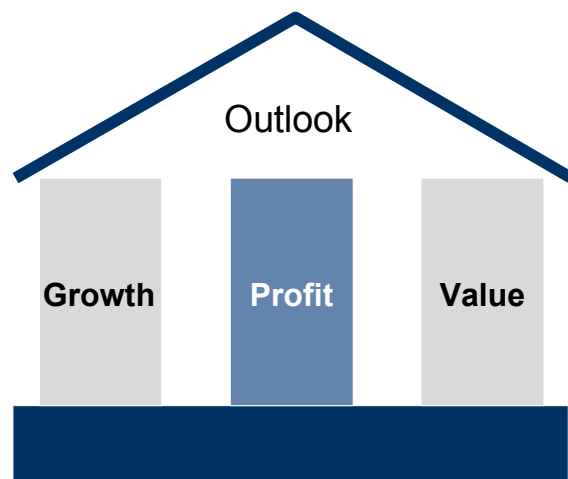
HY 2004, CHF million (IFRS basis)

BE/LU

Life premiums incl. PH deposits



# Efforts in recent years leads to sustainable profitability in the years ahead



- Operating result HY:  
from CHF 7 million in 2003 to CHF 13 million in 2004
- Improvement of cost ratio from 12.7% to 9.7% thanks to restructuring programme
- Improvement of cost result will continue in 2005 & 2006
- Gradual increase of investment margin
  - By investing in long-term bonds & alternative investments
  - By changing product mix

# Profit and profit driver

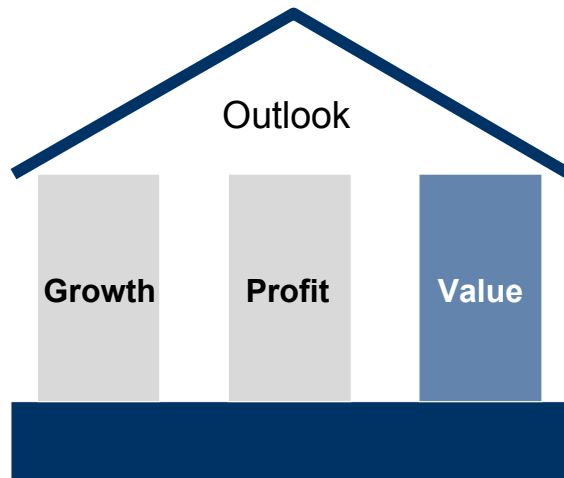
CHF million (IFRS basis)

BE/LU

	<b>HY 2004</b>	<b>HY 2003</b>
<b>GWP life incl. PH deposits</b>	<b>349</b>	275
<b>Operating expenses</b>	<b>-34</b>	-35
- Commissions & DAC amortisation	<b>-5</b>	-5
- Administrative expenses	<b>-28</b>	-30
<b>Operating result</b>	<b>13</b>	7
<b>Cost ratio <sup>1)</sup></b>	<b>9.7%</b>	12.7%
<b>FTEs</b>	<b>300</b>	350

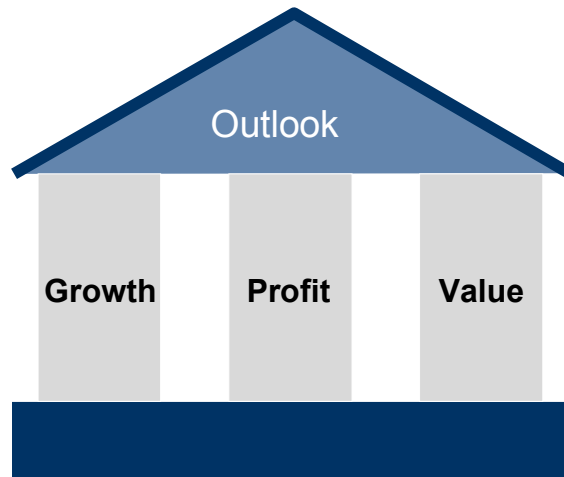
1) Cost ratio calculated on GWP

# Increased VnB margins related to the new product mix and strong risk result



- New business margin:  
20% in HY 2004 versus 19% in HY 2003
- Positive trend in risk result
- Strong cost reductions in 2002 and 2003 have influenced value of new business
- Trend to be confirmed by future product choice (universal life product and lower interest rates)

# Outlook: Sustainable profitable growth as key driver



## Growth

- Consistent pattern of growth will continue by increased strength in distribution and pensions focus
- Growth for 2004E and next 5 years above market

## Profit

- Sustainable long-term profit targets

## Value

- Increasing value of new business as basis for value growth due to changes in product mix and focused ALM approach



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Prepared for the future.

# Cautionary statement regarding forward-looking information



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