



Investors' Day 2015

ALM & product management

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Zurich, 25 November 2015

ALM & product management

Swiss Life pursues the integrated application of ALM, in-force and new business margin management to optimise capital efficient value creation

A Asset liability management

Capital efficiency criteria driving ALM decisions support the resilience of the interest rate margin for more than three decades

B New business and in-force management

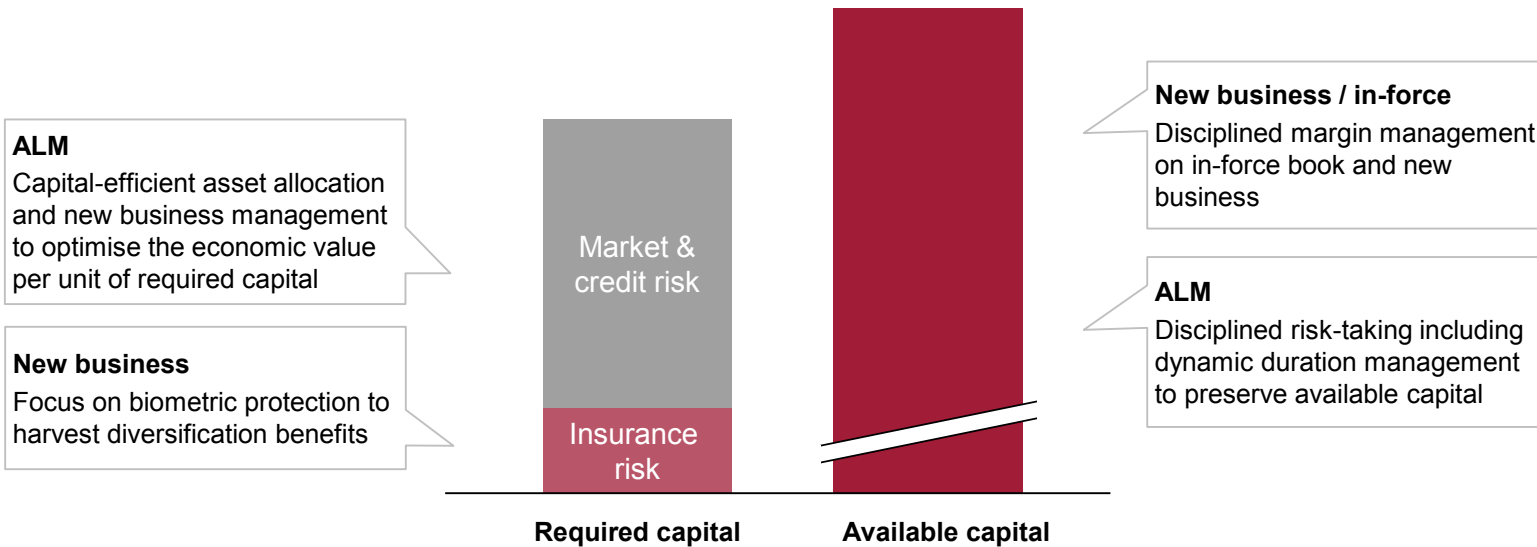
Profitable new business and disciplined in-force management create economic capital used to maintain and enhance risk capacity

C Value of new business

Ambition to further increase the value of new business to more than CHF 750 m accumulated over the period 2016-2018

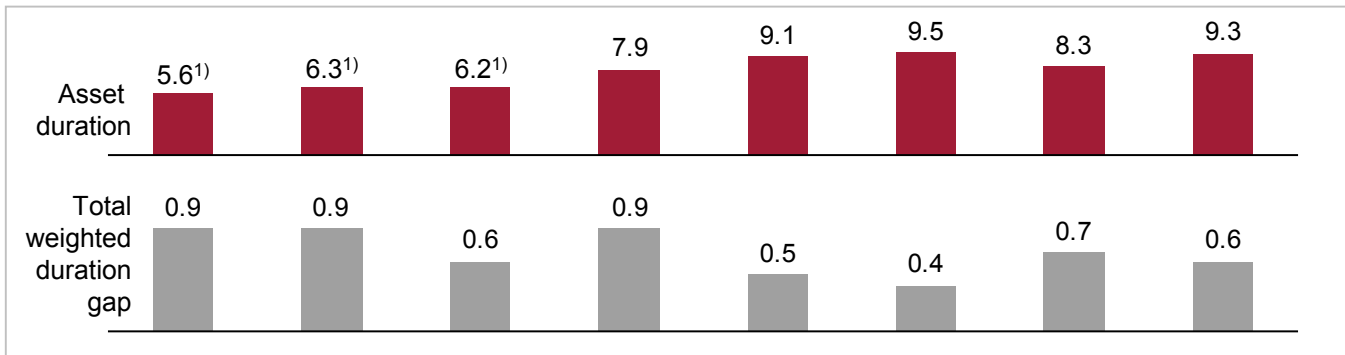
Economic capital framework requires efficient use of resources

CONCEPTUAL

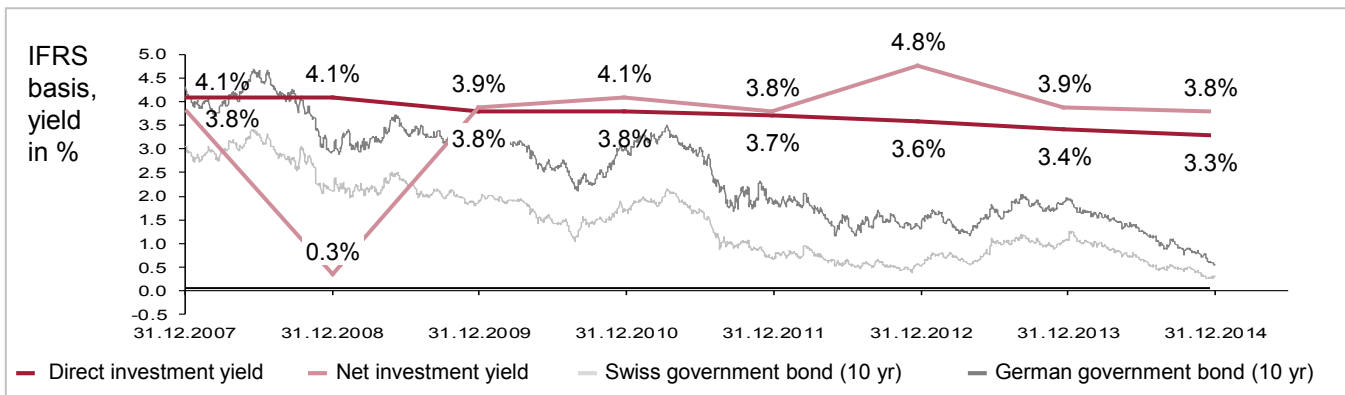


Integrated application of ALM, in-force and new business margin management to optimise the use and generation of economic capital as a pre-requisite for upstreaming cash from insurance operations

Disciplined ALM with narrow duration gap results in resilient yield



- Dynamic duration management to keep gap below one
- Efficient capital consumption maintained

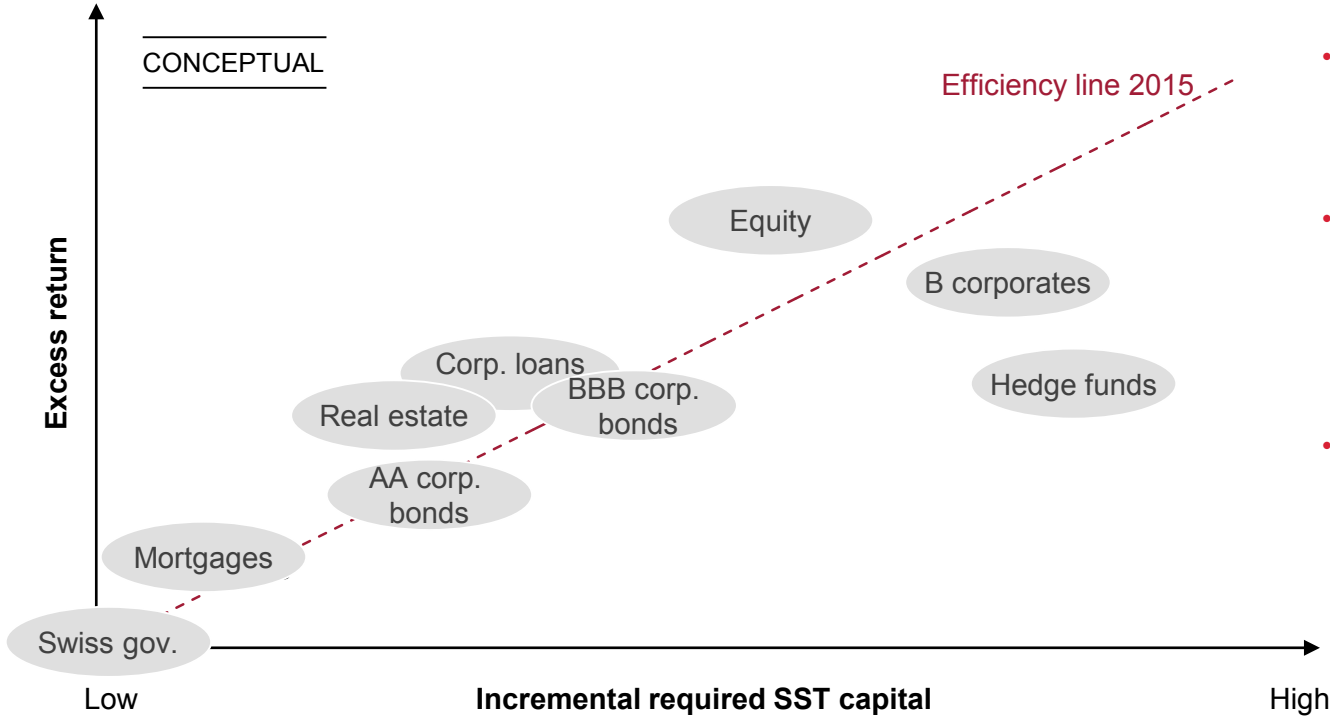


- Long asset duration leads to resilient yield in low interest rate environment

1) Excludes duration contribution of real estate, modelled as interest rate sensitive assets until YE 2009

Capital efficiency considerations key in investing new money

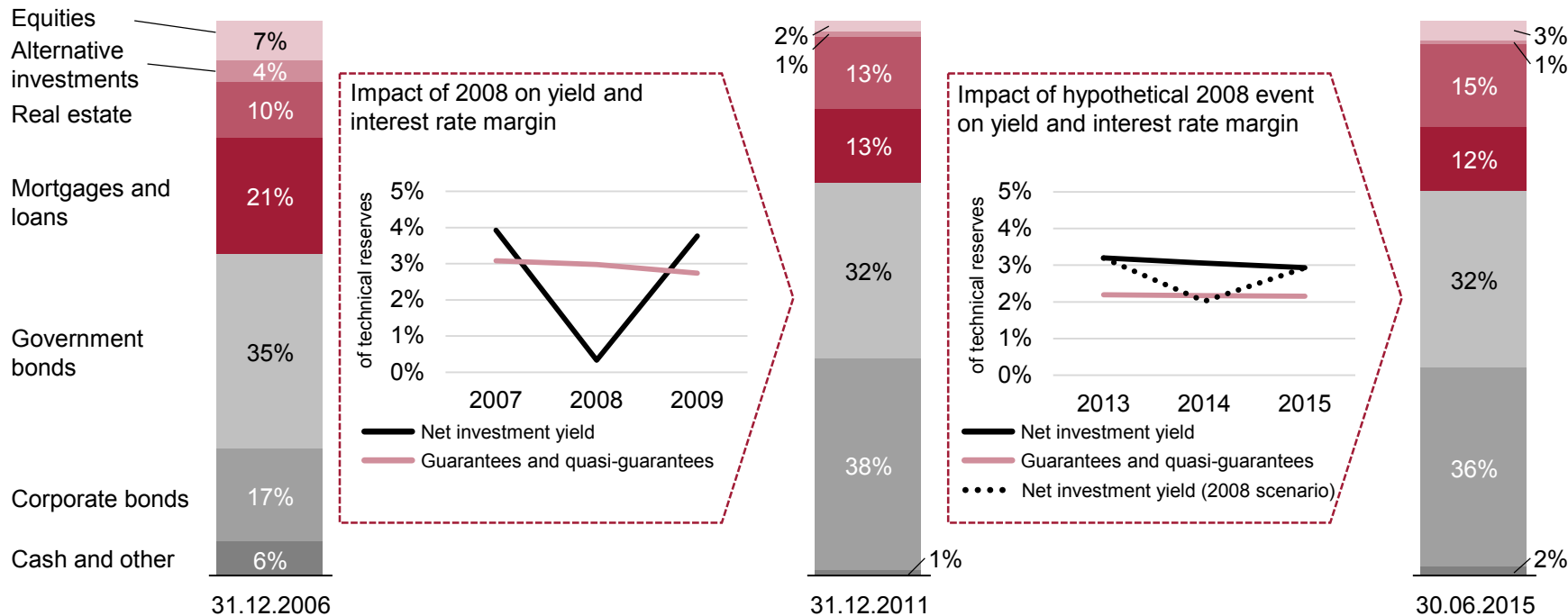
Swiss portfolio, marginal investment (HY 2015)



- As part of the integrated ALM process, investments are assessed in view of their capital efficiency
- Real estate, mortgages and corporate loans continue to be particularly efficient
 - Currently, marginal investments in hedged equities are also efficient
- Risk/return considerations to optimise asset return in view of required solvency capital
 - Other considerations such as local statutory and IFRS accounting also important

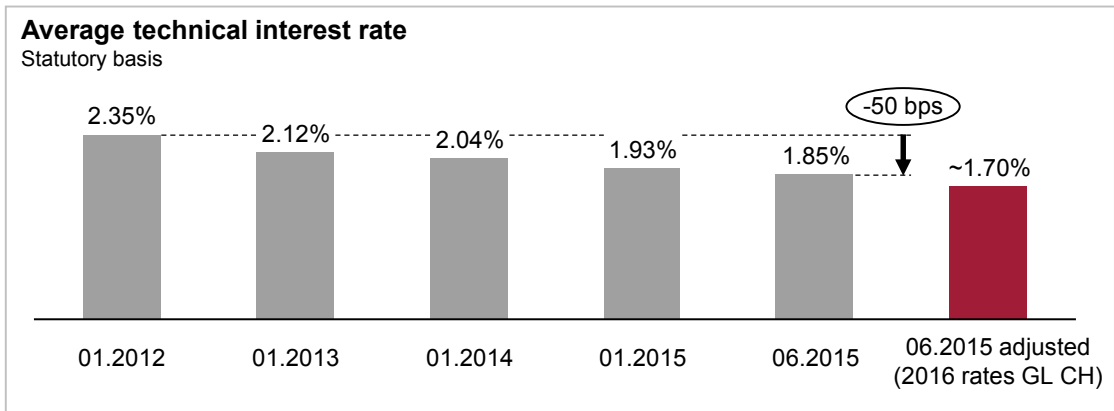
Asset allocation with improved resilience of yield and of interest rate margin

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



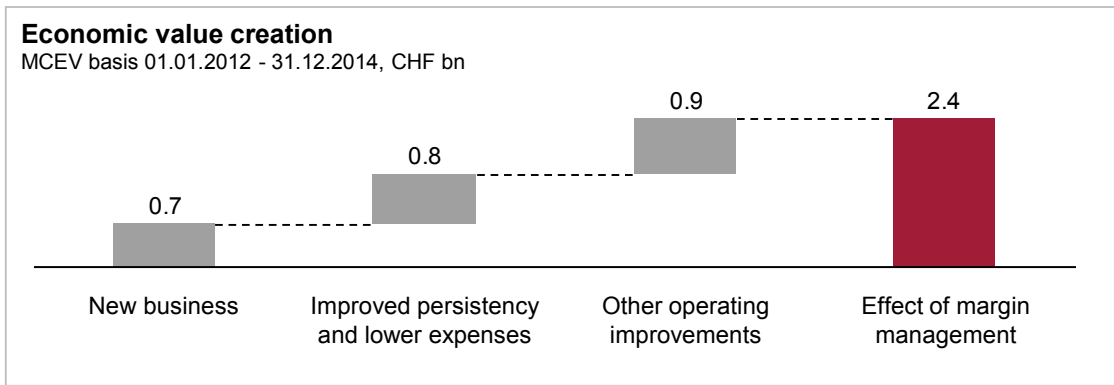
- Repetition of 2008 scenario with lower P&L impact due to asset allocation shift until 2011 (no major changes since then)
- Less volatile net investment yield and lower technical interest rates as key drivers

Disciplined in-force management reduced interest guarantees while increasing risk capacity



Guarantees on in-force business substantially reduced due to

- Reserve strengthening
- Shift to products with lower guarantees



Other in-force management measures taken

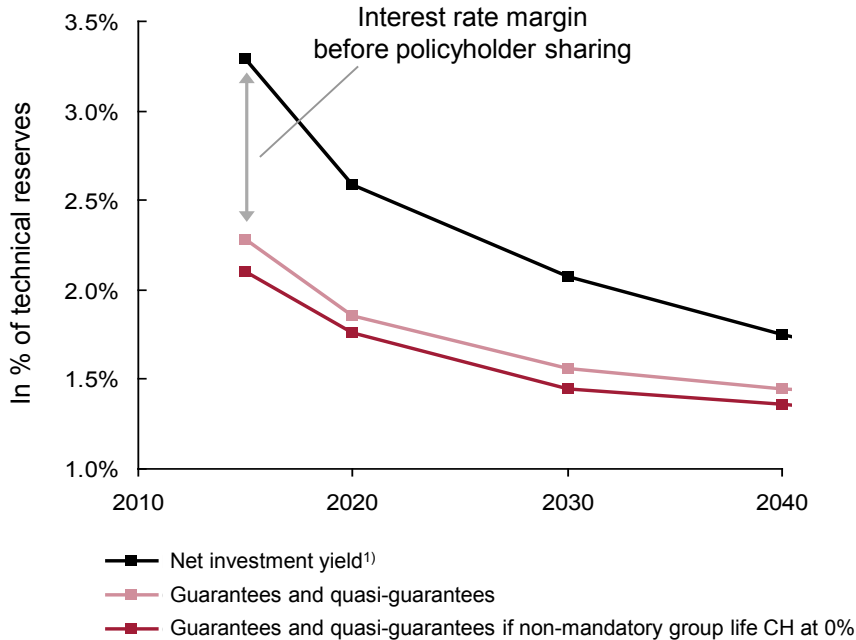
- Lowered expenses
- Lowered surplus sharing
- Improved persistency

Created available capital used to maintain and enhance risk capacity in economic framework

As a result, Swiss Life Group's interest rate margin remains resilient

Aggregated view, statutory basis (October 2015)

PROJECTION



Structurally healthy interest rate margin

- Interest rate margin resilient for more than three decades even if rates stay low
- Policy adjustments in non-mandatory group life and reserve strengthening could further extend this period
- Assumed reinvestment rates based on implied forward rates²⁾
 - Switzerland: 0.8%
 - France: 1.6%
 - Germany: 1.7%
- No new business assumed beyond 2015
- Risk and fee income not considered

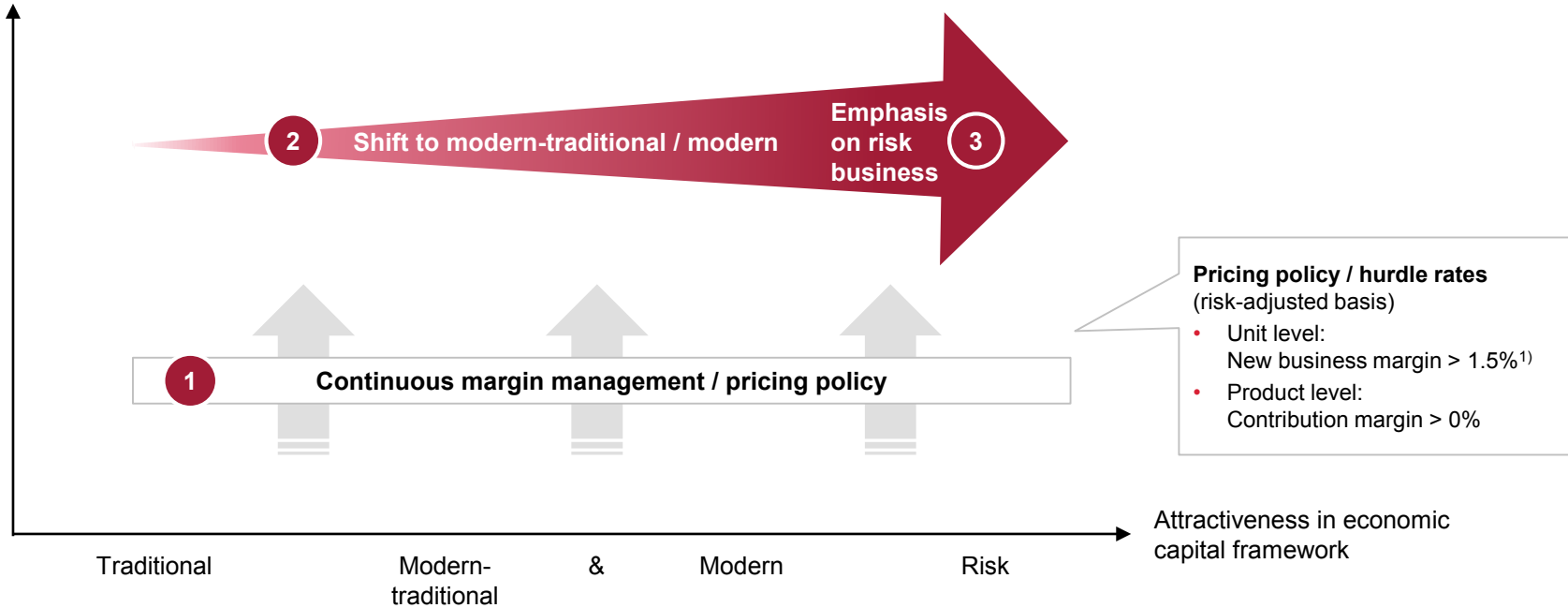
1) Net investment yield excl. realizations on fixed income investments except for ZZR build-up ("Zinszusatzreserve") in SL Germany (which is also included in guarantees)

2) Implied forward rates are used as at end of July 2015; values shown for 2018

New business steered to generate available capital within economic capital framework

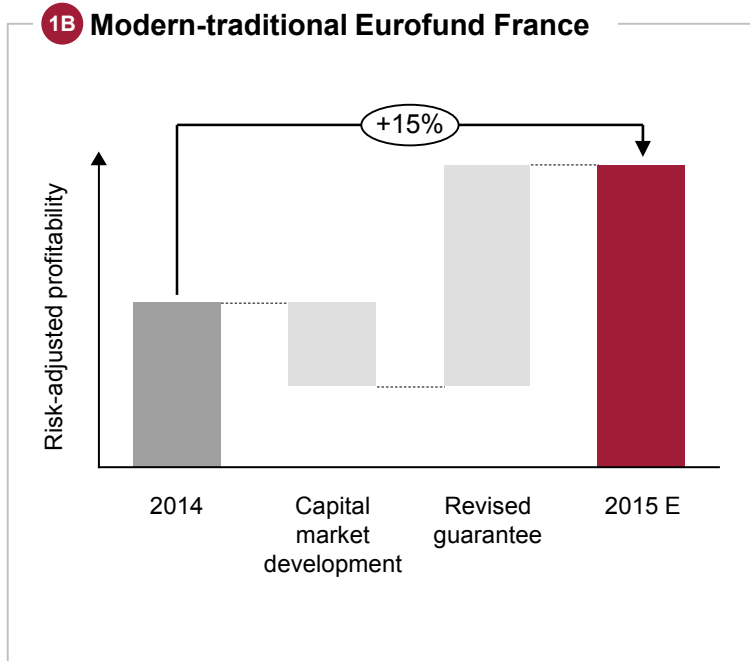
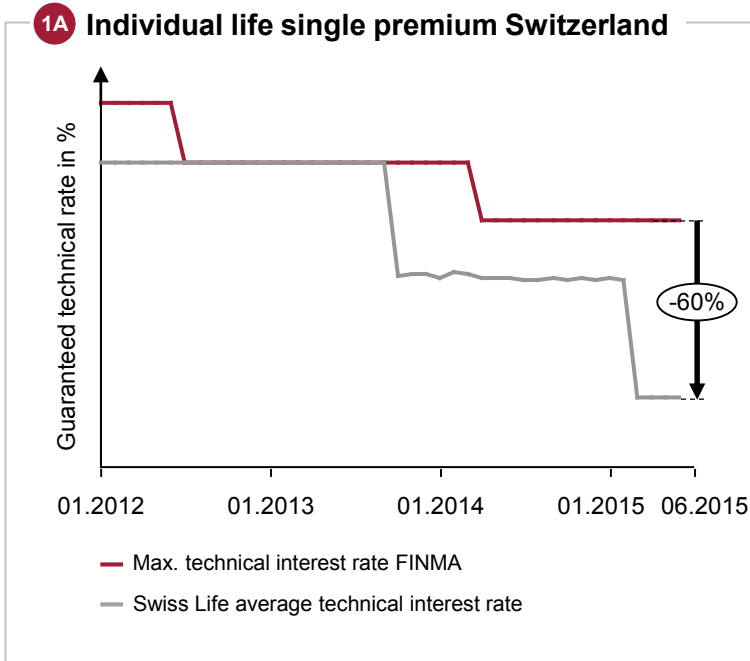
Generation of available capital

CONCEPTUAL



1) Minimum hurdle rate: > 1.0%

1 Margin management by guarantee reduction in traditional and modern-traditional business

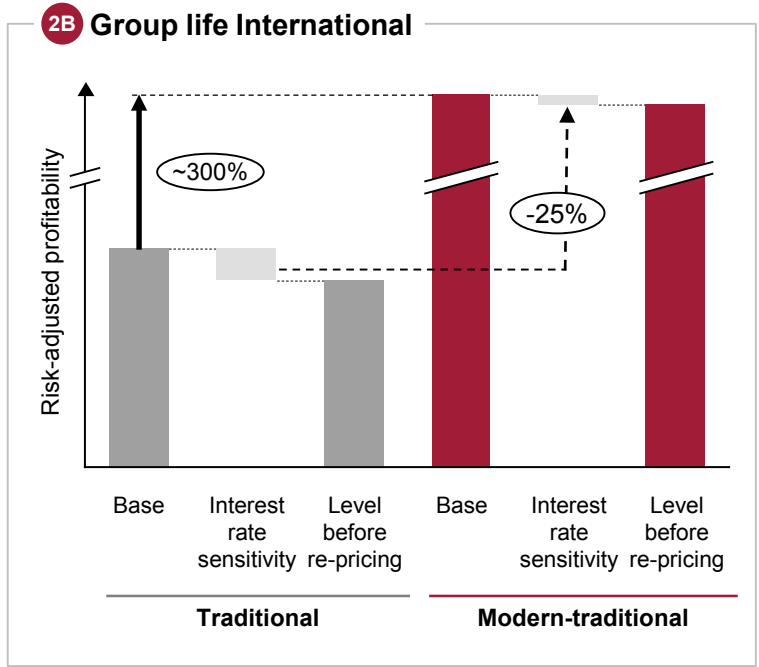
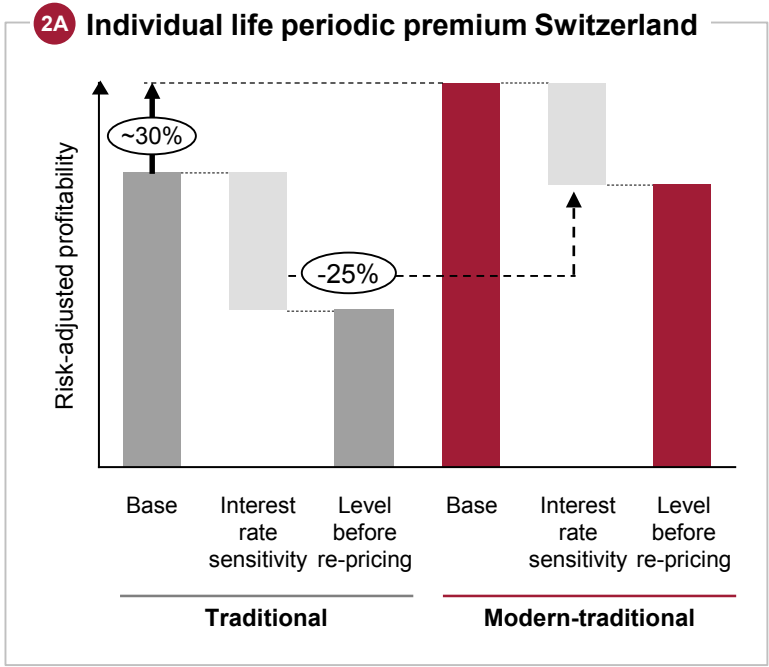


▶ Lower guarantees improve profitability and enhance policyholder's upside

▶ Improved profitability due to

- Adjusted capital preservation guarantee
- Net served rate re-design to support unit-linked

② Product portfolio shift and product design geared to reduce economic capital consumption

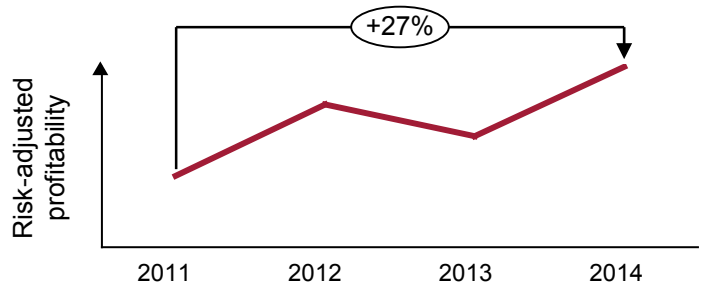


- Modern-traditional more profitable and less interest rate sensitive (proxy for lower capital requirement)
- Increased upside for policyholder

- Reshaping of product offering and de-risking guarantee design improves profitability
- Refined charging structure aligning economics

3 Emphasis on biometric risk products to optimise required capital and profitability

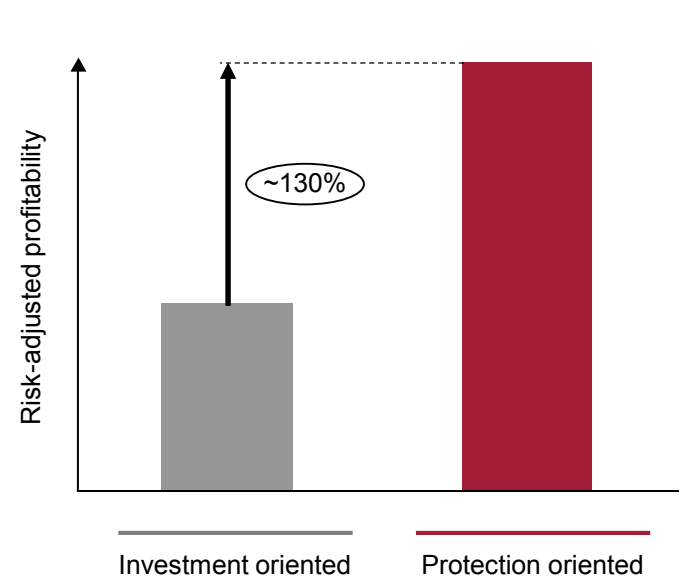
3A Biometric risk business Germany



Product initiatives

Product initiatives	2011	2012	2013	2014	2015
Disability income by profession	▲				
Care insurance	▲				
Smoker tariff in death coverage		▲			
Product bundle care/disability		▲			
Improve care			▲		
Alternative disability insurance				▲	
Klinikrente					▲

3B Single premium offering International



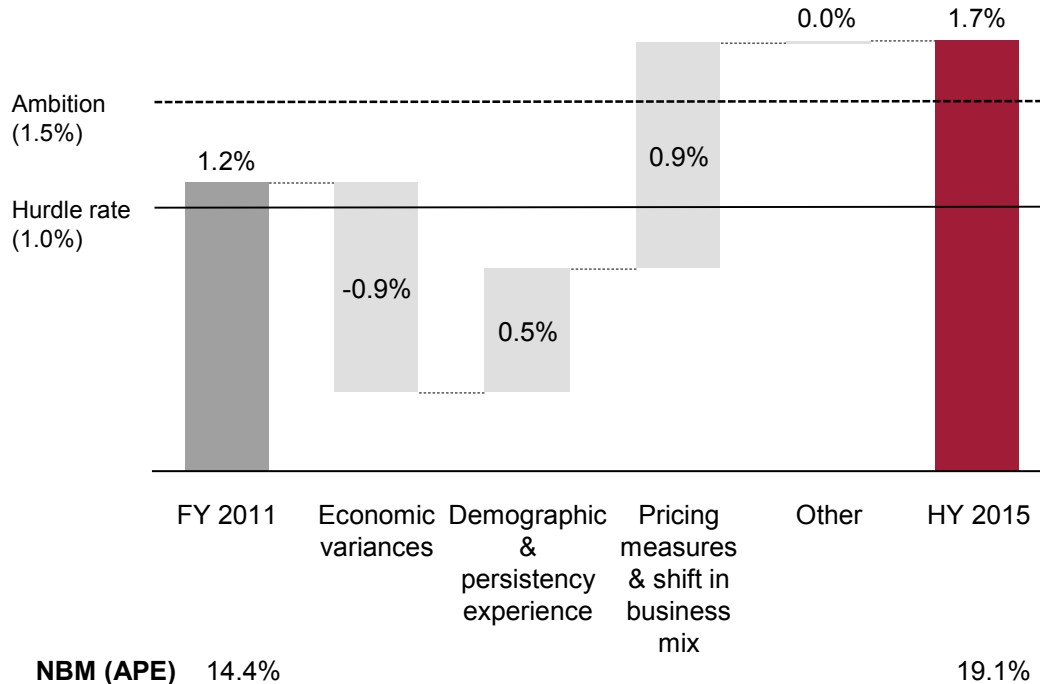
▶ Adaptation of offering to changing customer needs is increasing attractive returns of biometric risk products

▶ Protection-oriented product with substantially improved new business margin

Measures taken lead to new business margin above ambition level

New business margin development

(VNB as % of PVNBP)



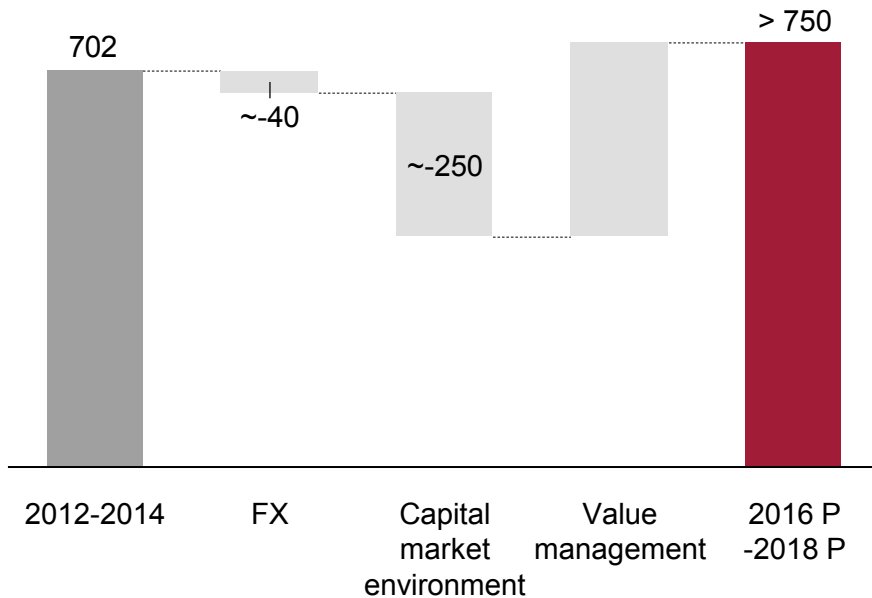
Years 2012 – 2015

- Challenging capital market environment
- Improved demographic & persistency experience and lowered expenses
- Switzerland: Modern-traditional business established
- France: Share and profitability of unit-linked business increased
- Germany: Share and profitability of risk business increased
- International: Product offering improved

Further grow value of new business going forward



Value of new business (CHF m)



- Aspiration to generate a cumulative VNB in excess of CHF 750 m in the low interest rate environment
- New business margin ambition of 1.5% and minimum hurdle rate of 1.0% remain in place

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Contact details and financial calendar

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Financial calendar

Full-year results 2015	01 March 2016
Annual General Meeting 2016	26 April 2016
Interim Statement Q1 2016	12 May 2016

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