



Helvea Swiss Equities Conference 2017

Swiss Life

Thomas Buess, Group CFO
Bad Ragaz, 12 January 2017

Agenda

→ **Swiss Life in a nutshell**

Strategy Swiss Life 2018

Achievements and outlook

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

Swiss Life Group: Facts and figures

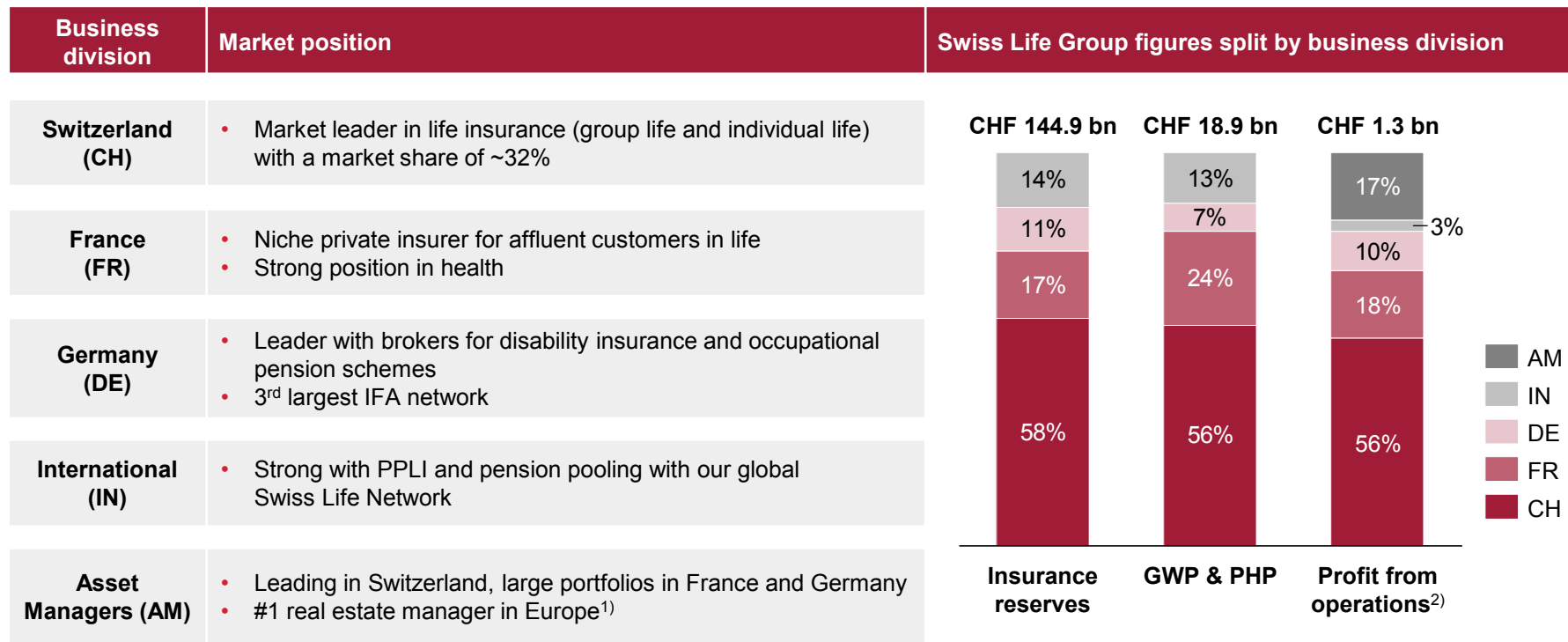
- **GWP** incl. policyholder deposits: CHF 18.9 bn (FY 2015)
- **Net profit**: CHF 878 m (FY 2015)
- **Assets under management**: CHF 202.2 bn, thereof CHF 44.4 bn with third parties (HY 2016)
- **Shareholders' equity**: CHF 14.3 bn (HY 2016)
- Current **workforce** of ~ 7 600 employees and ~ 4 600 certified financial advisors
- **SST** of 146% and **Solvency II** of > 200% (as of 01 January 2016)
- **S&P** financial strength rating of Swiss Life AG: A / stable outlook

Market presence



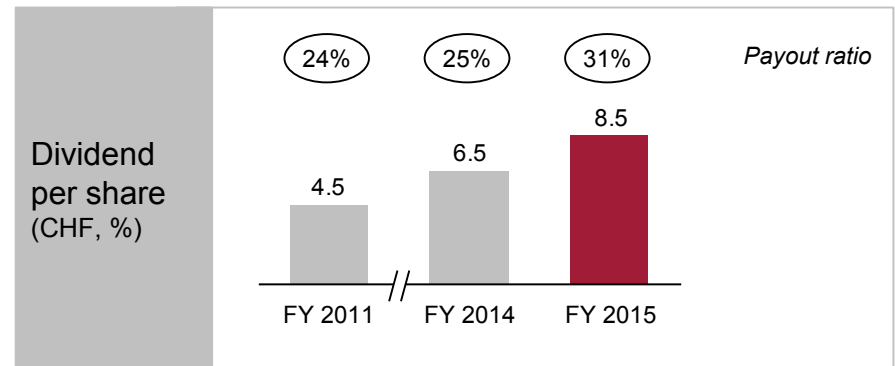
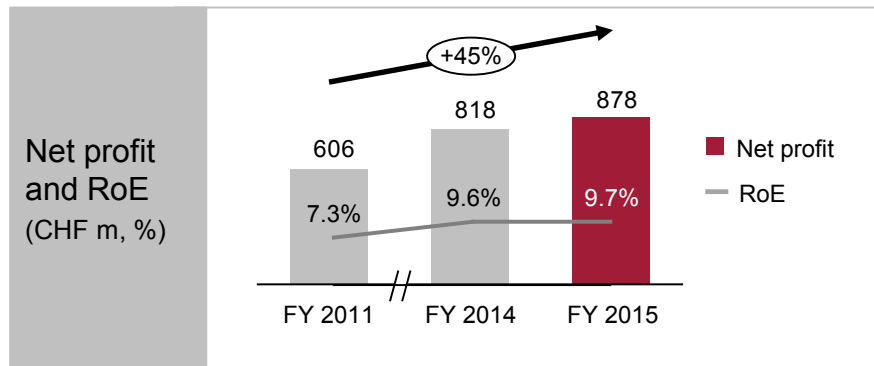
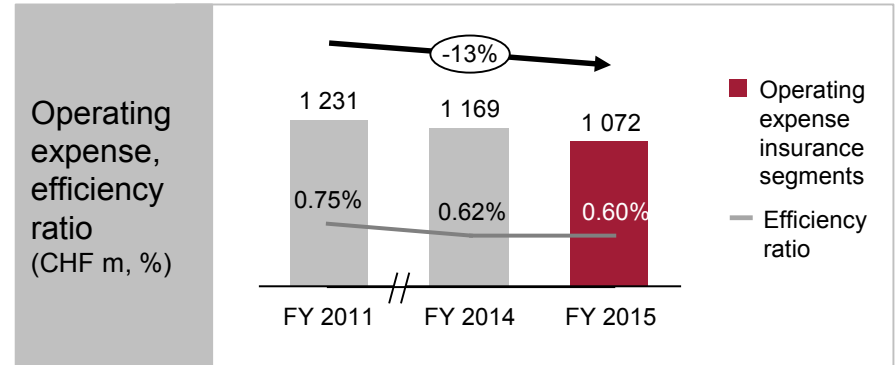
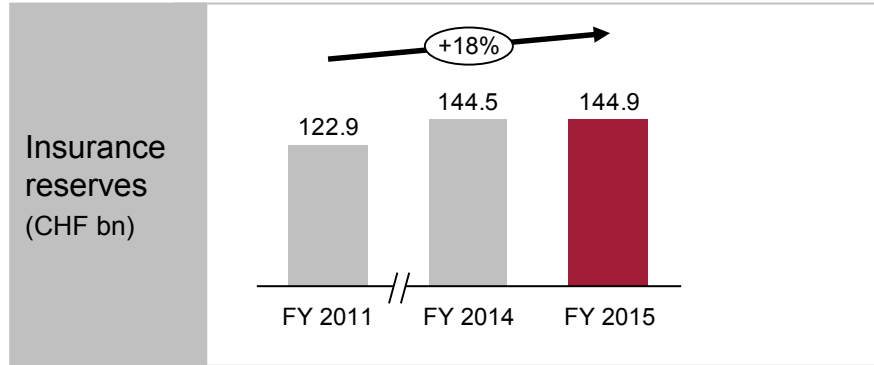
... with an attractive and diversified portfolio based on strong market positions

FY 2015 (IFRS basis)



1) PropertyEU, Top 100 Investors, October 2016 2) Does not sum up to 100% due to eliminations and unallocated corporate costs

Key performance indicators: Swiss Life increased its profitability and improved its financial strength



Swiss Life supports its customers in living a self-determined life

Solutions for both individual and group clients

Provision for old age	<ul style="list-style-type: none">• Insurance products for the accumulation and decumulation phase• Traditional, modern-traditional or modern products, with / without guarantees
Risk	<ul style="list-style-type: none">• Products to cover biometric risks like death, disability, care and longevity• Health and P&C insurance• Reinsurance
Investment	<ul style="list-style-type: none">• Investment products for retail and institutional clients
Real Estate	<ul style="list-style-type: none">• Real estate products for retail and institutional clients like fund business, asset management services, project development• Mortgages to retail clients

Services / advice

- Swiss Life **Select**
(independent financial advisors)
- Swiss Life **Immopulse**
(brokerage)
- Swiss Life **Pension Services**
(pension fund consulting)
- Swiss Life **Anlagestiftung**
(investment foundation)
- Swiss Life **Corpus Sireo**
(real estate management)
- Swiss Life **Livit**
(real estate management)
- Swiss Life **Network**
(employee benefit solutions for multinational companies)

How does Swiss Life generate profits?

Source	Description	Key contributor to profit source in 2015 ¹⁾	Capital intensity ²⁾	Capital market dependency ²⁾	Policyholder participation
56% Savings result	<ul style="list-style-type: none"> Investment spread (net investment result, technical interest, reserve changes) 	<ul style="list-style-type: none"> CH (65%); FR (23%); DE (12%) 			<ul style="list-style-type: none"> Yes
28% Risk result	<ul style="list-style-type: none"> Gross risk result (risk premiums less claims / expenses, reserve changes) 	<ul style="list-style-type: none"> CH (68%); FR (22%); DE (7%) 			<ul style="list-style-type: none"> Yes
25% Fee result	<ul style="list-style-type: none"> Income from fee business less related expenses 	<ul style="list-style-type: none"> AM (67%); FR (13%); DE (12%); IN (9%) 			<ul style="list-style-type: none"> No
-9% Cost result	<ul style="list-style-type: none"> Gross cost result (cost premiums less expenses) 				<ul style="list-style-type: none"> Yes

1) Based on adjusted segment result 2) Very high ● very low ○

Agenda

Swiss Life in a nutshell

→ **Strategy Swiss Life 2018**

Achievements and outlook

Meeting challenges is key to capturing market potential

Regulatory / political

- Regulatory pressure on capitalisation and profitability
- Pension and health reforms
- Customer protection

Economic

- Capital market environment

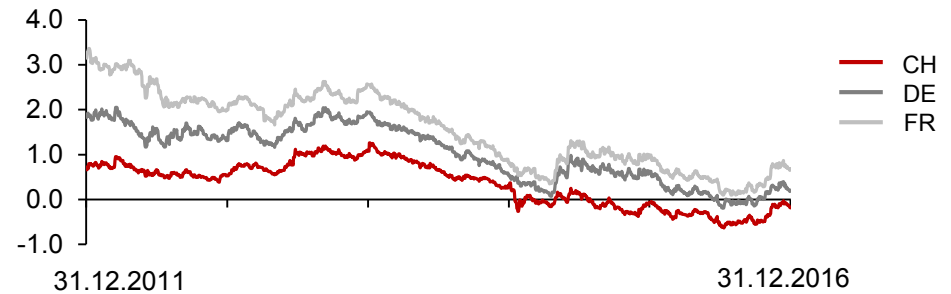
Demographic

- Dependency ratio
- Longevity

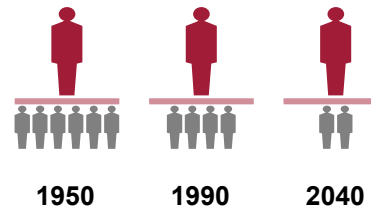
Changing customer behaviour

- Better informed
- Using multi-channels, mobile
- Less tolerant & loyal

Development of 10 year government bonds (in %)



AHV pensioners supported by wage earners



Average age at retirement in Switzerland in 2015:

65.5

(increased by 0.5 years since 2011)

Key financial targets of Swiss Life 2018

Customer centricity and advice

Quality of earnings and earnings growth

- **Fee result** FY 2018: CHF 400-450 m
- **Risk result** FY 2018: CHF 350-400 m
- Cumulative **value of new business** (2016-2018): > CHF 750 m

Operational efficiency

- **Cost savings** FY 2018: CHF 100 m
- Stable operating expenses¹⁾

Capital, cash and dividend

- Cumulative **cash remittance** to Holding (2016-2018): > CHF 1.5 bn
- **Dividend payout ratio**: 30-50%

RoE²⁾ of 8-10%

1) Excl. Asset Managers 2) Equity excl. unrealised gains/losses on bonds

Swiss Life 2018: Working on right levers in low interest rate environment

Swiss Life 2018

Quality of earnings and earnings growth

Operational efficiency

Capital, cash and dividend

Focus in low interest rate environment

1

Earnings quality:

Reduce dependency from savings result

- Grow fee result (capital light, cash supportive)
- Defend risk result
- Improve cost efficiency

2

In-force business:

Disciplined ALM

- Safeguard interest rate margin
- Protect resilience of investment result and reduce average technical interest rates

3

New business:

Strive for profitability and capital efficiency

- Manage new business for value
- Focus on risk, modern and hybrid products

4

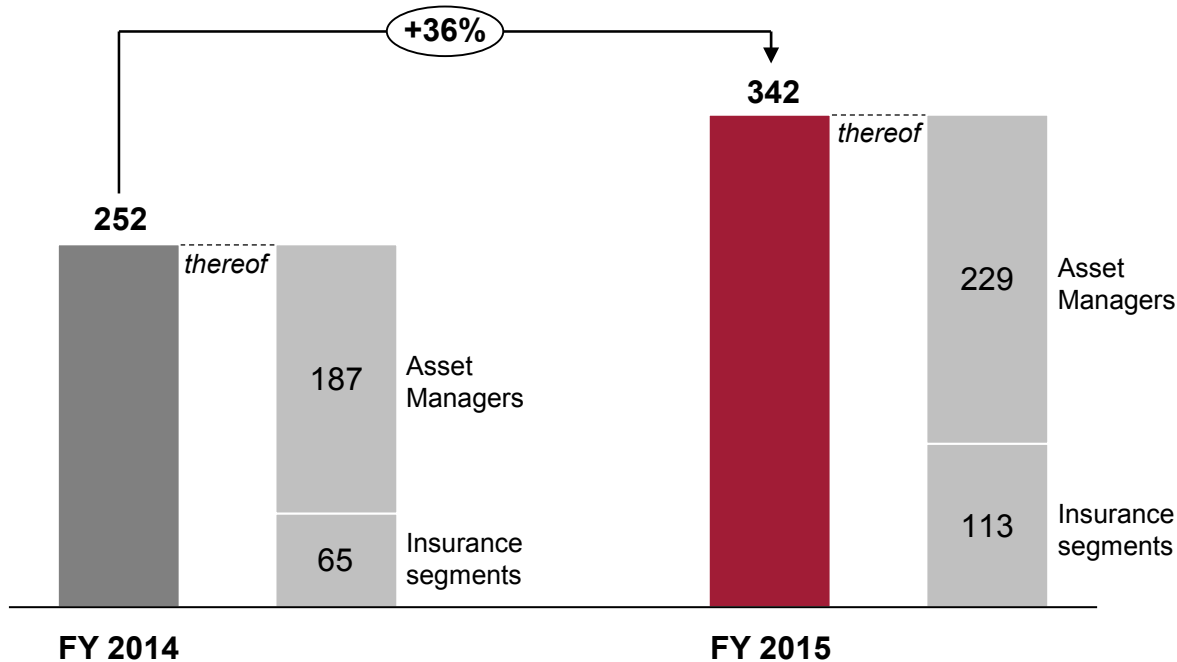
Capital, cash, dividend:

Disciplined capital management

- Continue with disciplined capital management
- Maintain healthy solvency ratio
- Increase cash remittance and payout ratio

Strong improvement in fee result

Fee result, CHF million (IFRS basis)



HY 2016
not annualised

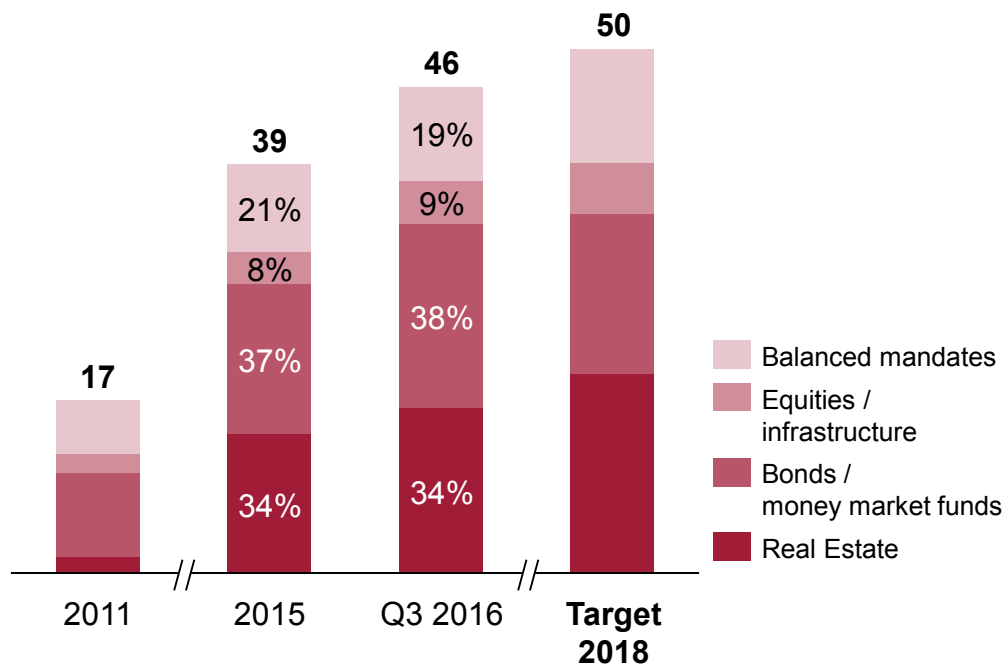
CHF 194 m
(+16%)

Swiss Life 2018

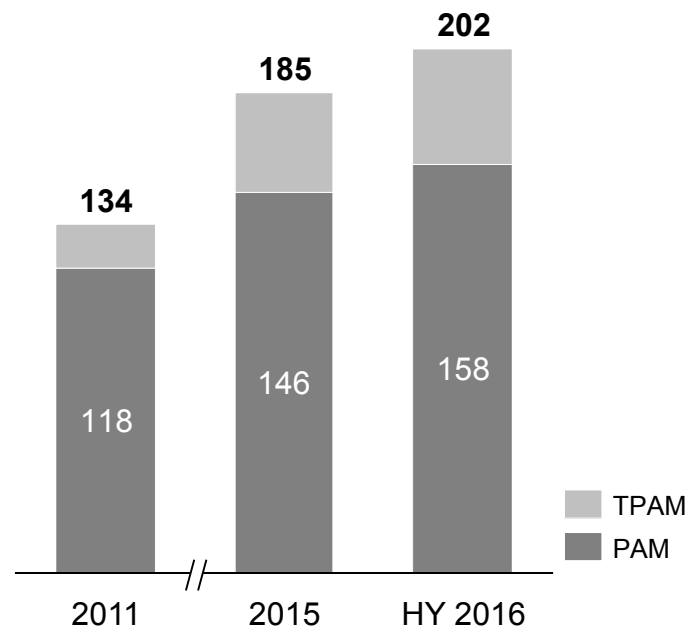
CHF 400-450 m

Growing assets under management in our PAM and TPAM business

TPAM AuM per asset class
CHF billion



Swiss Life Asset Managers: Total AuM
CHF billion



Swiss Life Asset Managers has a leading edge in the European real estate market

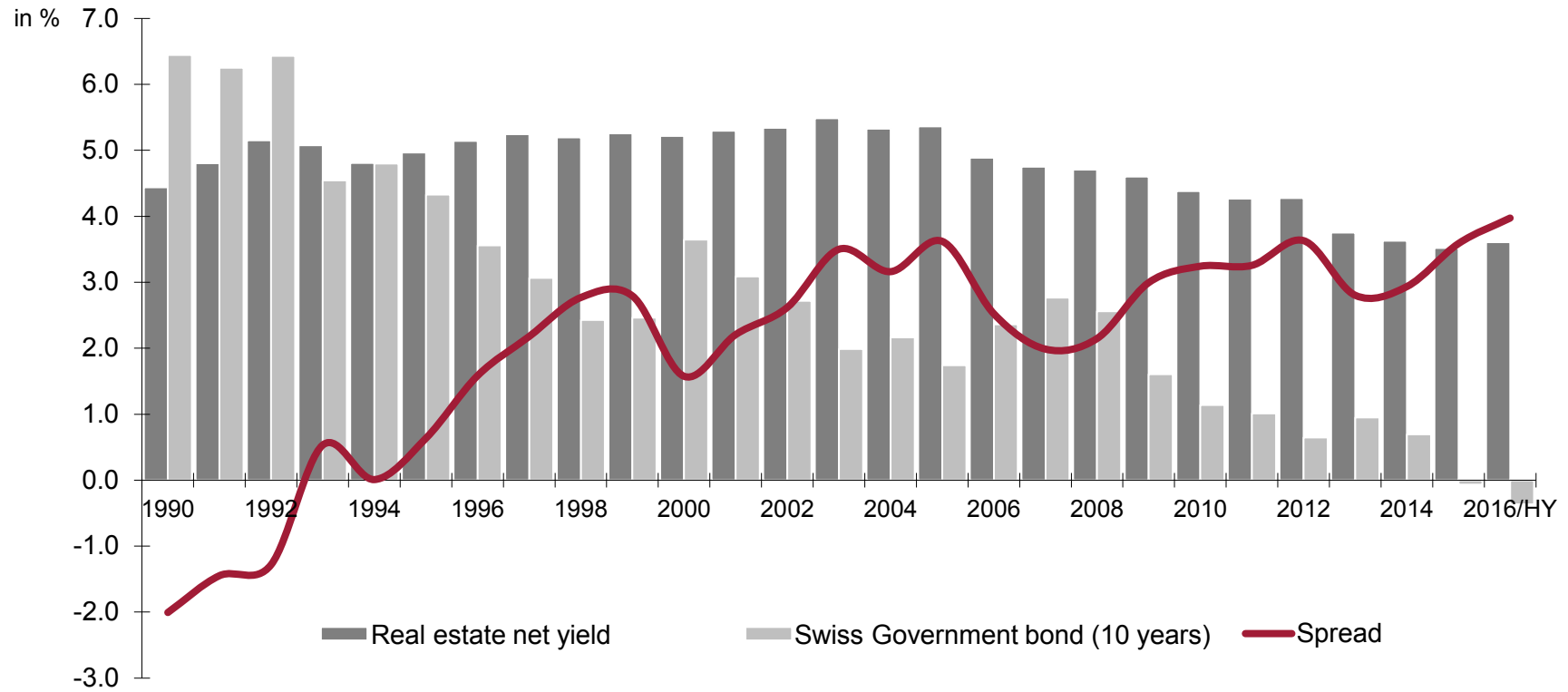


- **#1 European real estate investor¹⁾** with > CHF 60 billion of real estate under management and administration
- Through **organic and inorganic²⁾ growth**, Swiss Life has successfully transferred its real estate know-how to the third-party business
- Swiss Life has the **critical size** to operate this labour-intensive business across Europe (over 1 100 employees)
- Swiss Life has a **strong position** in Europe:
 - Cross-border investments
 - Co / joint investments with customers

1) PropertyEU, Top 100 Investors, October 2016

2) Acquisition / integration of Viveris REIM in France (2011), Corpus Sireo in Germany (2014), Mayfair Capital in UK (2016)

Real estate attractive due to historically high risk premium (spread)

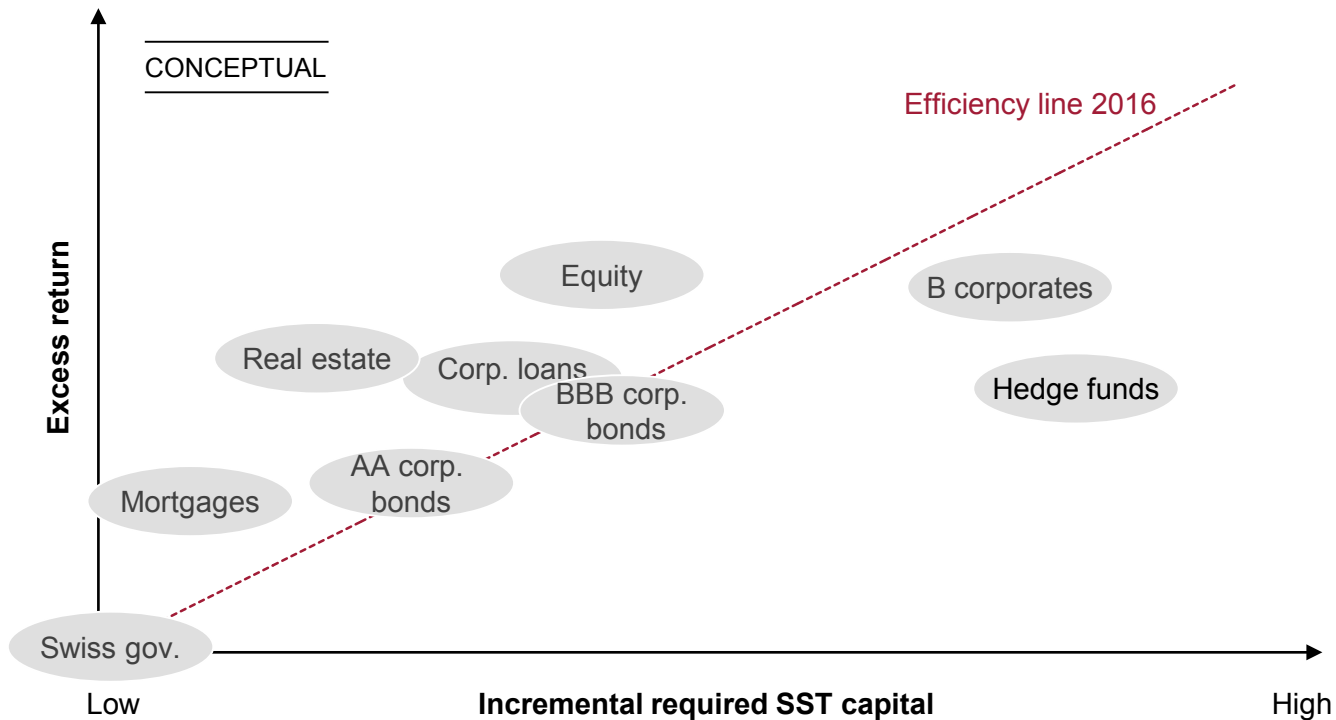


Source: Prof. Studer, University of Basel until 2004, from 2005 Wüest & Partner, SNB, own calculations



Capital efficiency considerations key in investing new money

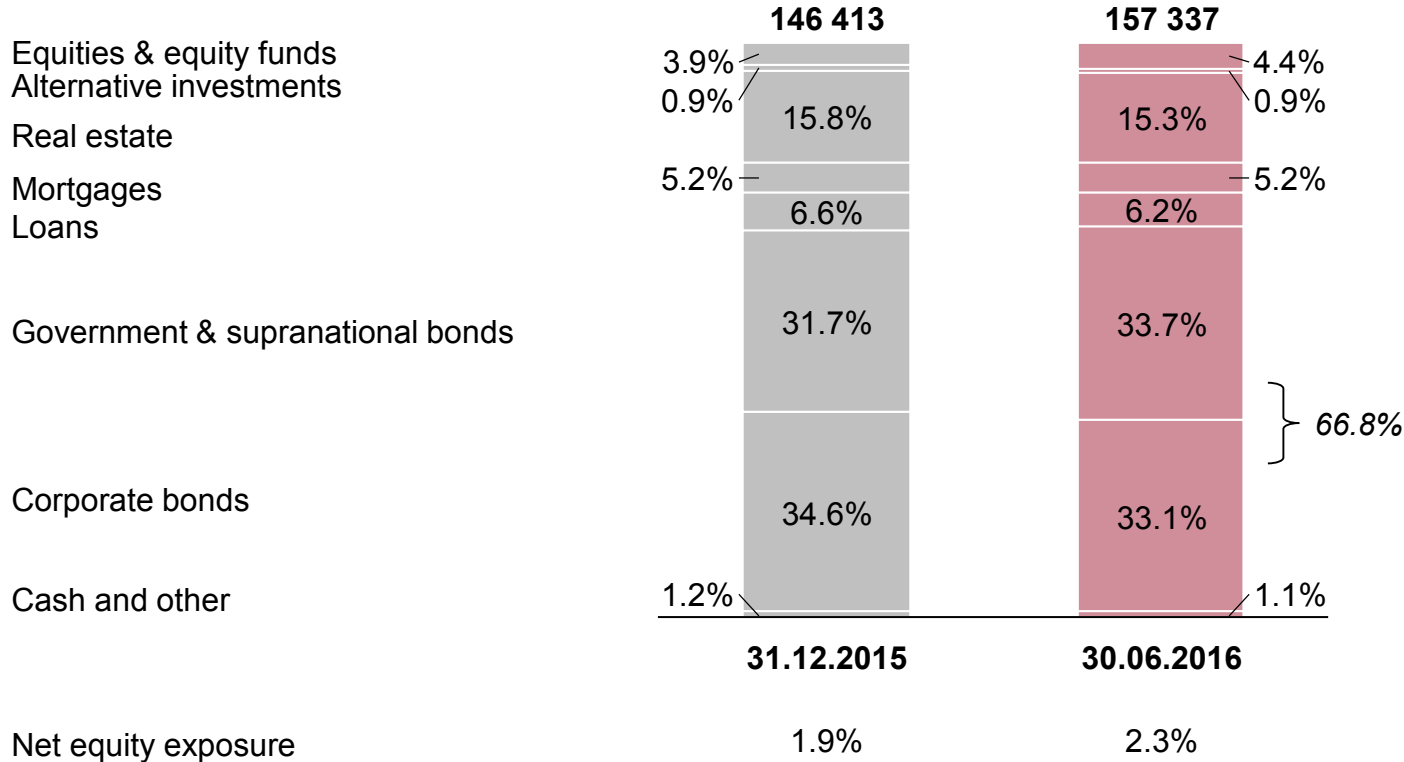
Swiss portfolio, marginal investment (HY 2016)



- Risk / return considerations to optimise asset return in view of required solvency capital
- Other considerations such as local statutory and IFRS accounting also important

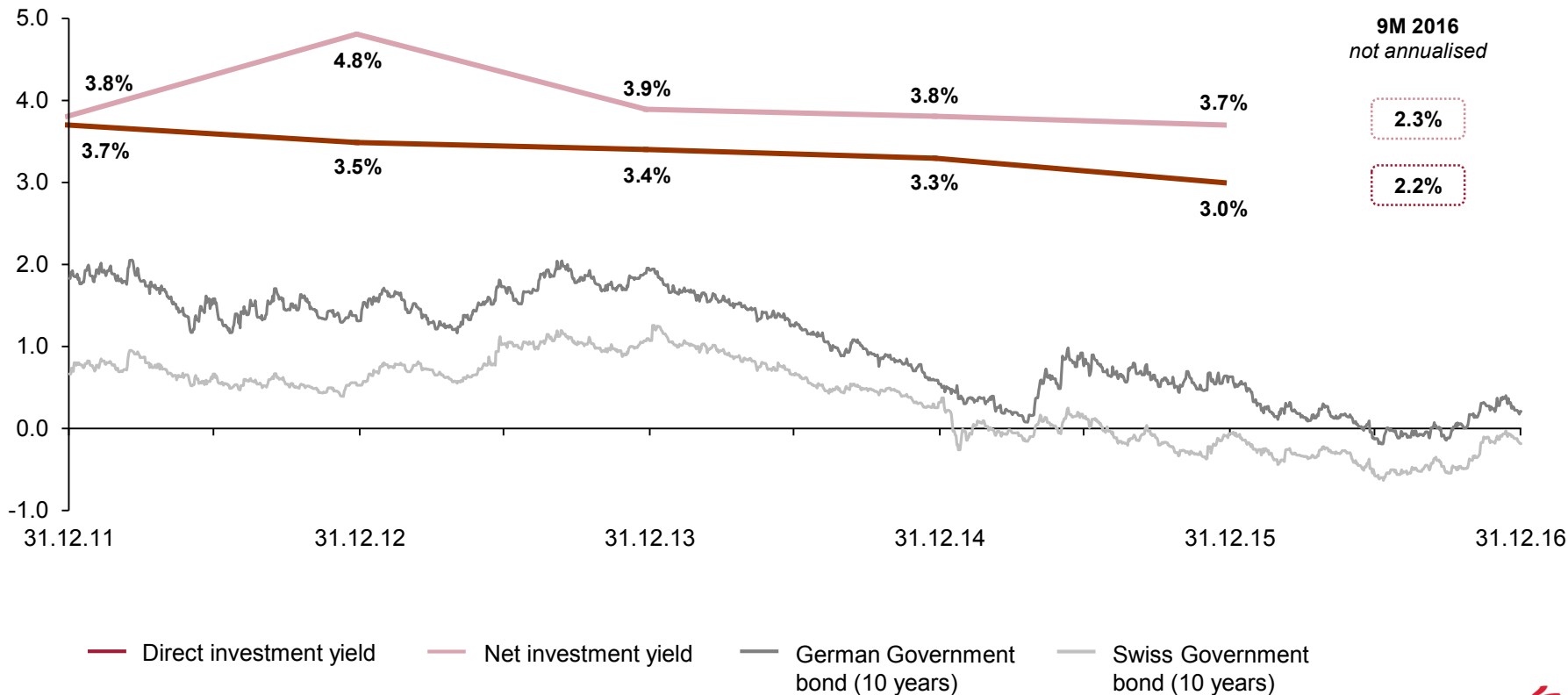
Investment portfolio in an ALM context

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



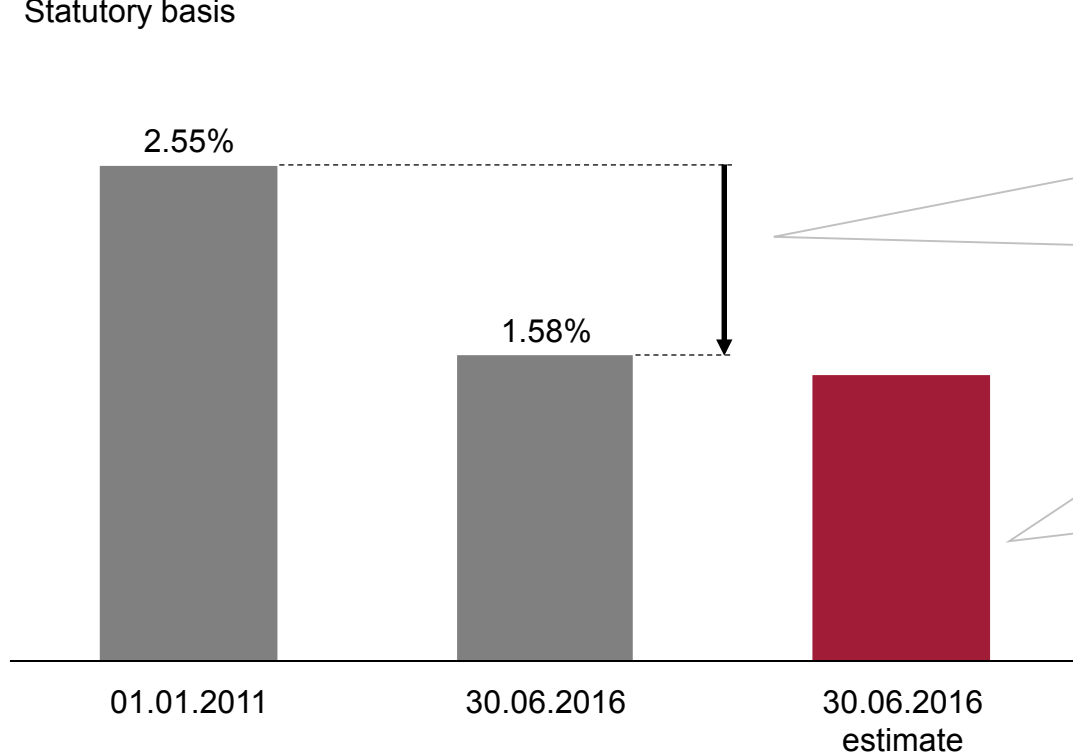
Continued strong returns in a low interest rate environment

Direct and net investment yield (IFRS basis, in %)



Average technical interest rate decreased further

Statutory basis



01.01.2011 – 30.06.2016:

- FX translation effect -2 bps
- Reserve strengthening -46 bps
- Group life CH -21 bps
- Business mix -28 bps

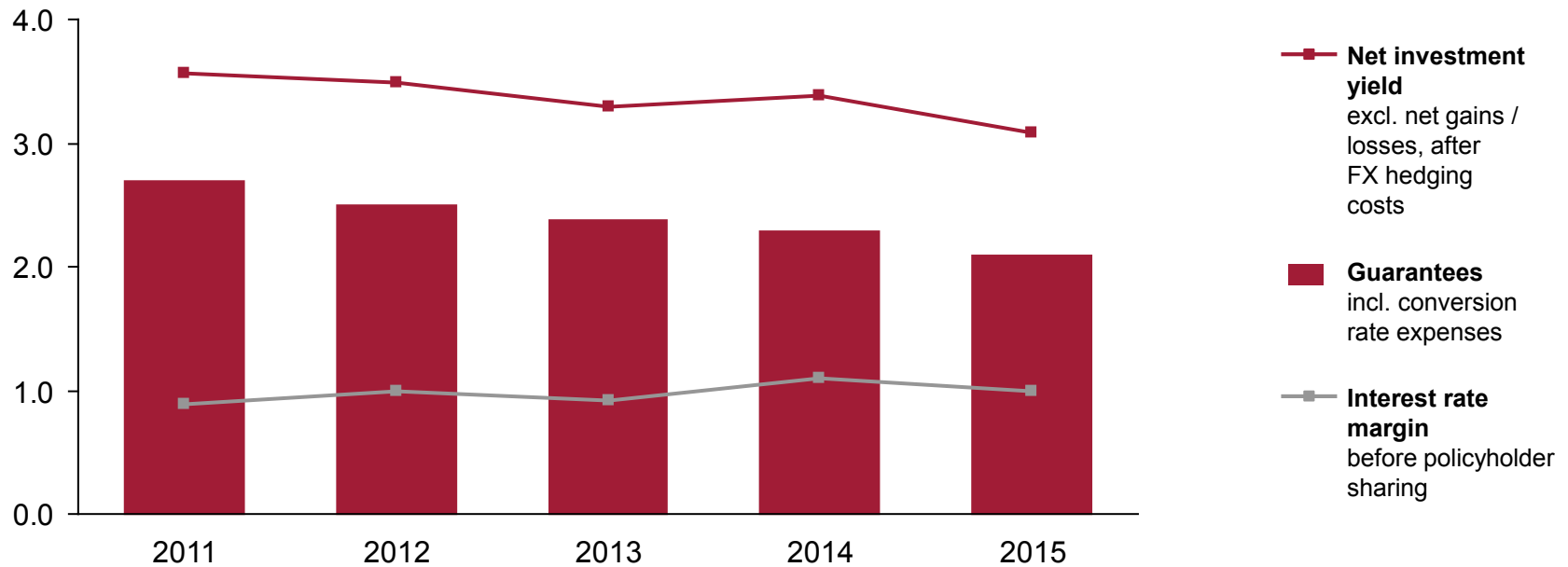
Total -97 bps

After impact of around -11 bps due to lowered guaranteed rates from 2017 for:

- CH mandatory group life: 1.25% to 1.00%
- CH non-mandatory group life: 0.75% to 0.25%

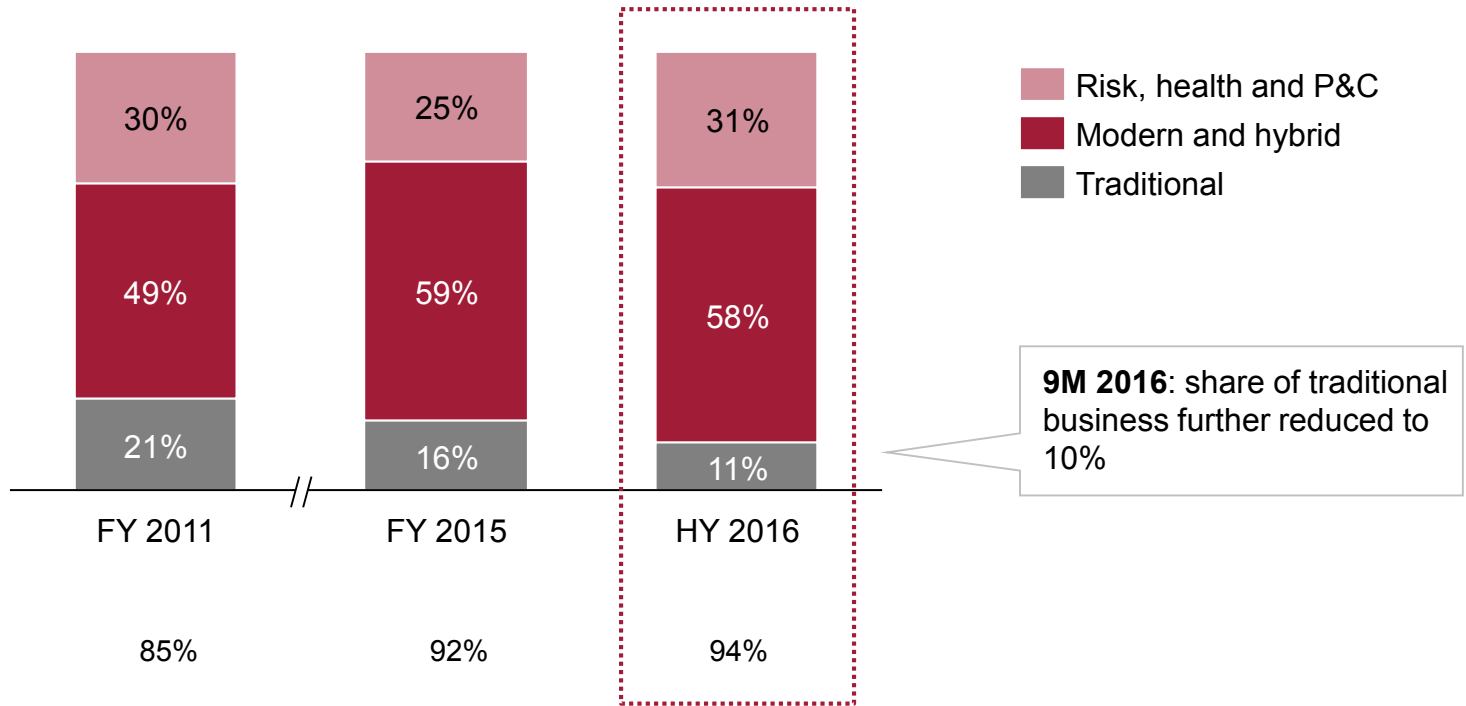
Disciplined ALM has safeguarded the interest rate margin

Aggregated view, IFRS basis, in % of technical reserves



New business mix with higher share of non-traditional products

New business production (NBP)



Shift excl. traditional CH GL

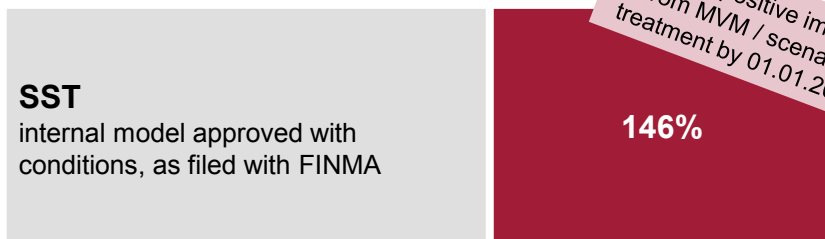
85%

92%

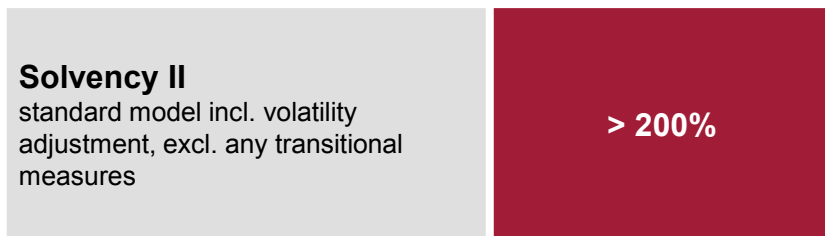
94%

Healthy solvency ratios

Swiss Life Group: Economic solvency
(as of 01.01.2016)



Expect positive impact from MVM / scenario treatment by 01.01.2017



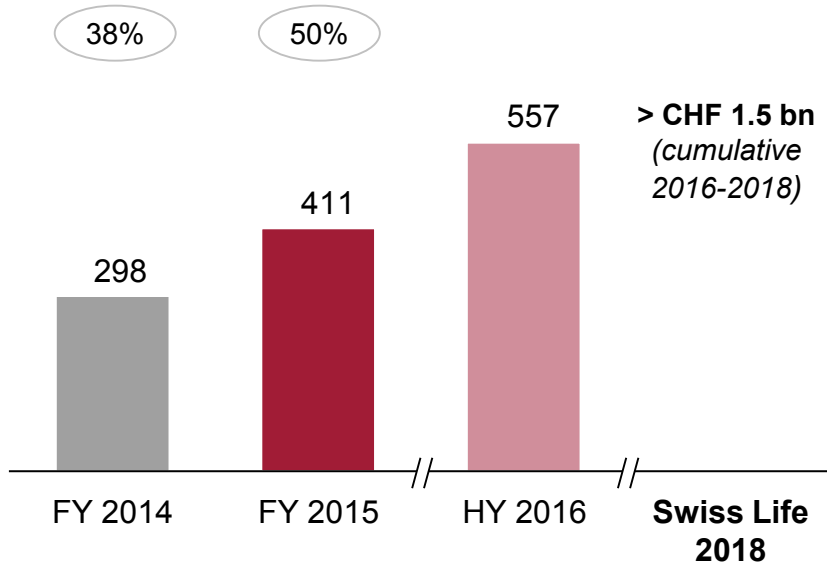
SST sensitivities
(as of 01.01.2016)

Real estate -10%	-12 pts
Credit spreads¹⁾ +100 bps	-8 pts
Interest rates²⁾ -50 bps	-8 pts
Equities -30%	-7 pts
Insurance 1 in 10 year event	-8 pts

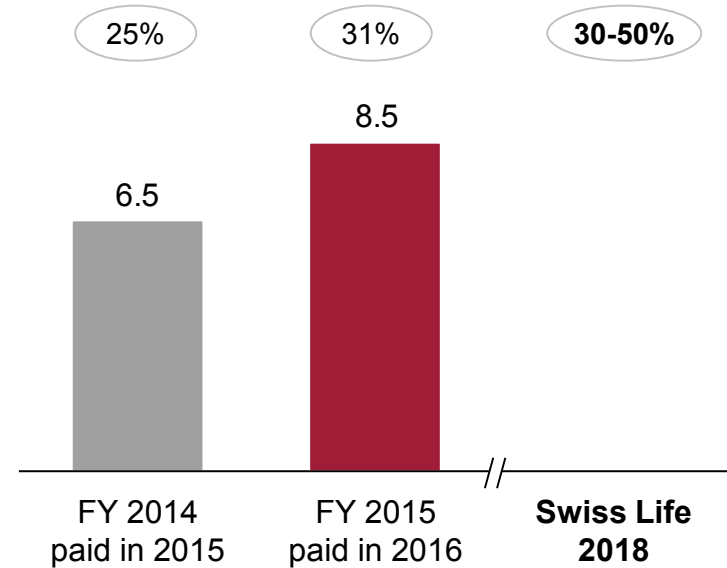
1) Corporate bonds (excl. covered / guaranteed bonds) 2) MCEV based; excludes benefit of dynamic duration management

Increased cash remittance to Holding and dividends to shareholders

Cash remittance to Holding
(CHF million, remittance in % of previous year's IFRS net profit)



Dividend per share
(CHF, payout ratio in % of IFRS net profit)



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Strategy Swiss Life 2018

→ **Achievements and outlook**

Swiss Life delivered strong HY 2016 results

HY 2016 vs. HY 2015

- ✓ **Net profit** increased by 1% to CHF 500 m
- ✓ Adjusted **profit from operations** improved by 4% to CHF 730 m
- ☐ **Premiums** decreased by 9% in local currency to CHF 10.1 bn
- ✓ **Fee and commission income** grew 3% in local currency to CHF 656 m
- ✓ **Fee result** increased by 16% to CHF 194 m
- ✓ Strong **direct investment income** of CHF 2 235 m at 1.5% (HY 15: CHF 2 179 m at 1.5%); yields not annualised
- ✓ **AuM TPAM** up by 14% to CHF 44.4 bn
- ✓ **Value of new business** decreased to CHF 113 m with NBM of 1.5% (HY 15: CHF 145 m and 1.7%)
- ✓ Annualised **return on equity**¹⁾ at 11.1% (HY 15: 11.6%)

1) Equity excl. unrealised gains/losses on bonds

Swiss Life 2018 off to a good start

Swiss Life 2018 financial targets

Current assessment

Quality of earnings and earnings growth

- **Fee result** FY 2018: CHF 400-450 m
- **Risk result** FY 2018: CHF 350-400 m
- Cumulative **value of new business** (2016-2018): > CHF 750 m

On track (slightly ahead)

On track

Challenging

Operational efficiency

- **Cost savings** FY 2018: CHF 100 m
- Stable operating expenses¹⁾

On track

On track

Capital, cash and dividend

- Cumulative **cash remittance** to Holding (2016-2018): > CHF 1.5 bn
- **Dividend payout ratio**: 30-50%
- **RoE²⁾**: 8-10%

On track (slightly ahead)

On track

On track

1) Excl. Asset Managers 2) Equity excl. unrealised gains/losses on bonds

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Contact details and financial calendar

Contact

Heidi Hinterhuber
Head of Investor Relations

Phone +41 (43) 284 67 67
E-mail heidi.hinterhuber@swisslife.ch

Rolf Winter
Senior Investor Relations Manager

Phone +41 (43) 284 49 19
E-mail rolf.winter@swisslife.ch

Financial calendar

Full-year results 2016
Annual General Meeting 2017
Interim Statement Q1 2017

03 March 2017
25 April 2017
10 May 2017

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