



Kepler Cheuvreux 18th Swiss Seminar
Swiss Life

Thomas Buess, Group CFO
Zurich, 29 March 2017

Agenda

→ **Swiss Life in a nutshell**

Swiss Life FY 2016

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 (FY 2016)

- **GWP** incl. policyholder deposits: CHF 17.4 bn
- **Net profit:** CHF 926 m
- **Assets under management:** CHF 204.2 bn, thereof CHF 49.6 bn with third parties
- **Shareholders' equity:** CHF 13.7 bn
- Current **workforce** of ~ 7 800 employees and ~ 4 800 certified financial advisors
- **SST ratio** expected to be around **160%** (as of January 2017)
- **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 2016 (IFRS basis)

Business division	Market position	Swiss Life Group figures split by business division																								
Switzerland (CH)	<ul style="list-style-type: none"> Market leader in life insurance (group life and individual life) with a market share of 31.5% 	<p>CHF 147.9 bn CHF 17.4 bn CHF 1.4 bn</p> <p>Insurance reserves²⁾ GWP & PHP Profit from operations³⁾</p> <p>Legend: AM (Asset Managers), IN (International), DE (Germany), FR (France), CH (Switzerland)</p> <table border="1"> <caption>Swiss Life Group figures split by business division (%)</caption> <thead> <tr> <th>Business Division</th> <th>Insurance reserves²⁾</th> <th>GWP & PHP</th> <th>Profit from operations³⁾</th> </tr> </thead> <tbody> <tr> <td>CH</td> <td>59%</td> <td>57%</td> <td>58%</td> </tr> <tr> <td>FR</td> <td>17%</td> <td>26%</td> <td>18%</td> </tr> <tr> <td>DE</td> <td>11%</td> <td>7%</td> <td>9%</td> </tr> <tr> <td>IN</td> <td>13%</td> <td>10%</td> <td>17%</td> </tr> <tr> <td>AM</td> <td>-</td> <td>-</td> <td>3%</td> </tr> </tbody> </table>	Business Division	Insurance reserves ²⁾	GWP & PHP	Profit from operations ³⁾	CH	59%	57%	58%	FR	17%	26%	18%	DE	11%	7%	9%	IN	13%	10%	17%	AM	-	-	3%
Business Division	Insurance reserves ²⁾		GWP & PHP	Profit from operations ³⁾																						
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DE	11%		7%	9%																						
IN	13%	10%	17%																							
AM	-	-	3%																							
France (FR)	<ul style="list-style-type: none"> Niche private insurer for affluent customers in life Strong position in health 																									
Germany (DE)	<ul style="list-style-type: none"> Leader with brokers for disability insurance and occupational pension schemes 3rd largest IFA network 																									
International (IN)	<ul style="list-style-type: none"> Strong with PPLI and pension pooling with our global Swiss Life Network 																									
Asset Managers (AM)	<ul style="list-style-type: none"> Leading in Switzerland, large portfolios in France and Germany #1 real estate manager in Europe¹⁾ 																									

1) PropertyEU, Top 100 Investors, October 2016 2) Without policyholder participation liabilities 3) Does not sum up to 100% due to segment other and unallocated corporate costs

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 2016 ¹⁾	Capital intensity ²⁾	Capital market dependency ²⁾	Policyholder participation
55% Savings result	<ul style="list-style-type: none"> Investment spread (net investment result, technical interest, reserve changes) 	<ul style="list-style-type: none"> CH (66%); FR (24%); DE (9%); IN (1%) 			<ul style="list-style-type: none"> Yes
26% Risk result	<ul style="list-style-type: none"> Risk result (risk premiums less claims / expenses, reserve changes) 	<ul style="list-style-type: none"> CH (65%); FR (25%); DE (8%); IN (2%) 			<ul style="list-style-type: none"> Yes
27% Fee result	<ul style="list-style-type: none"> Income from fee business less related expenses 	<ul style="list-style-type: none"> AM (62%); DE (16%); FR (11%); IN (9%); CH (3%) 			<ul style="list-style-type: none"> No
-7% Cost result	<ul style="list-style-type: none"> Cost premiums less expenses 				<ul style="list-style-type: none"> Yes

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

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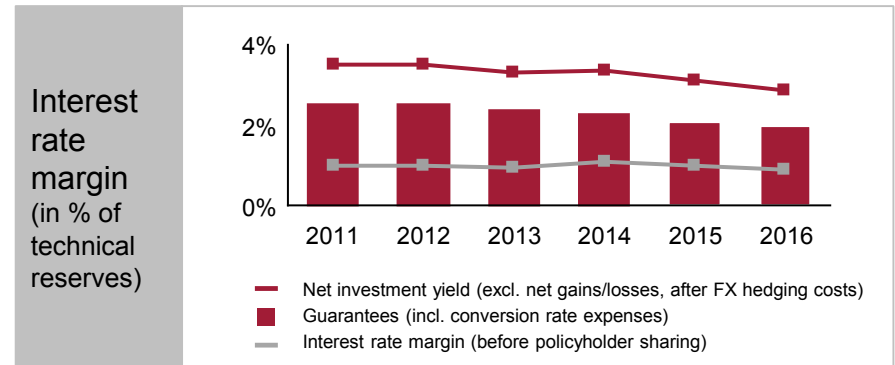
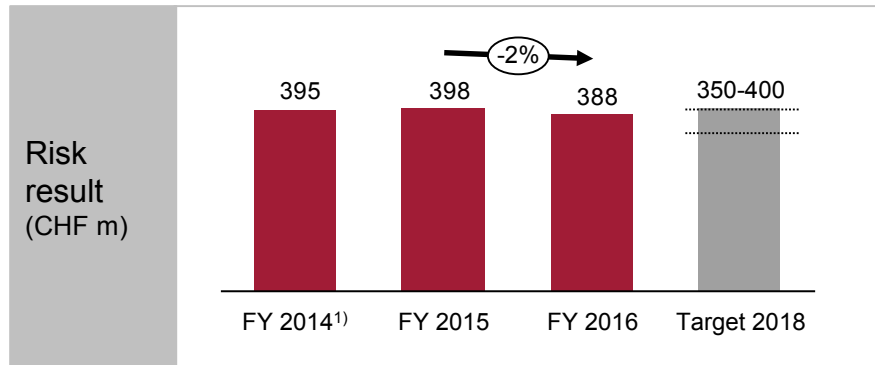
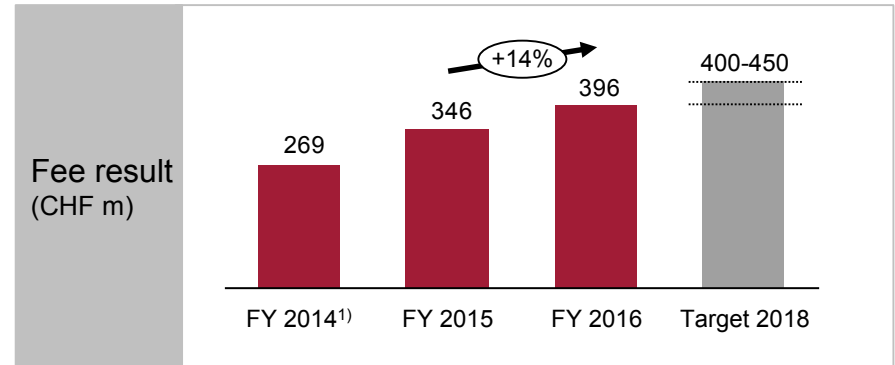
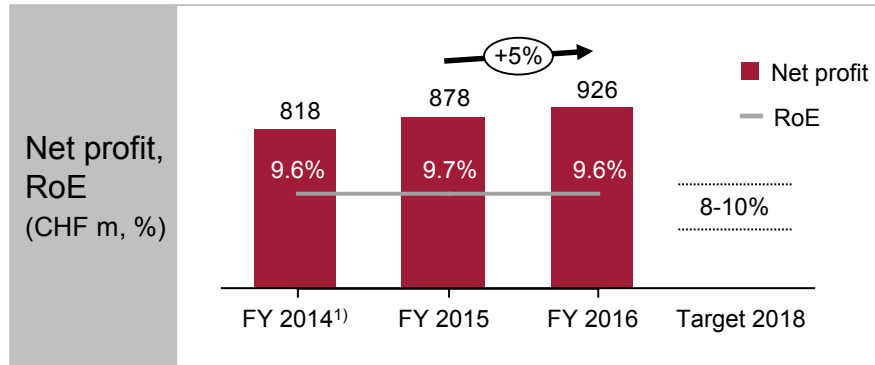
Swiss Life in a nutshell

→ **Swiss Life FY 2016**

Strategy Swiss Life 2018

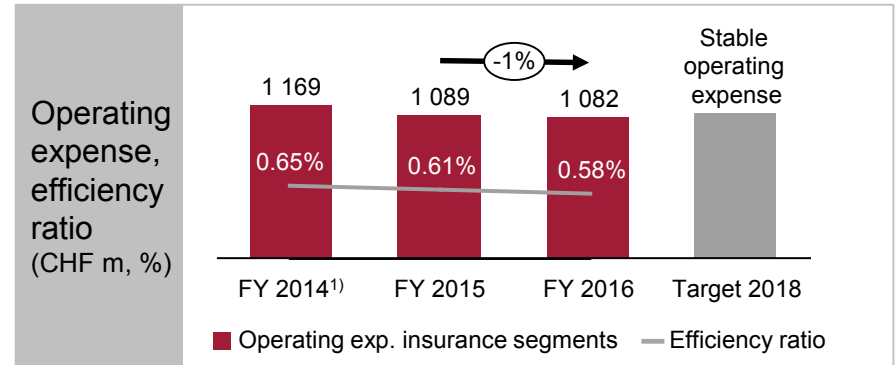
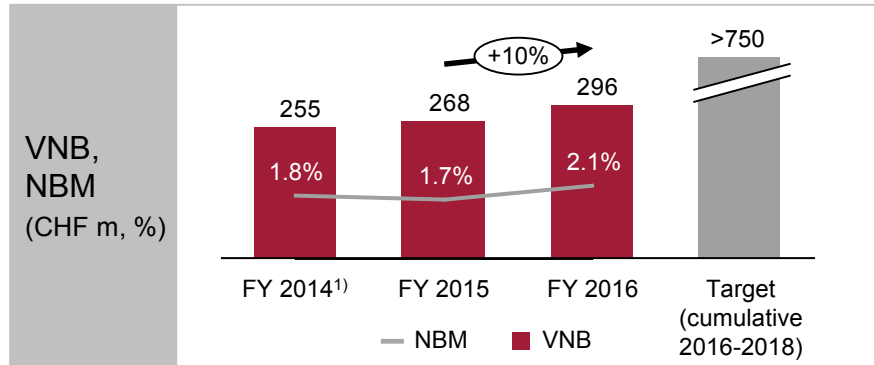
Achievements and outlook

Swiss Life delivers strong FY 2016 net profit driven by the fee result ...



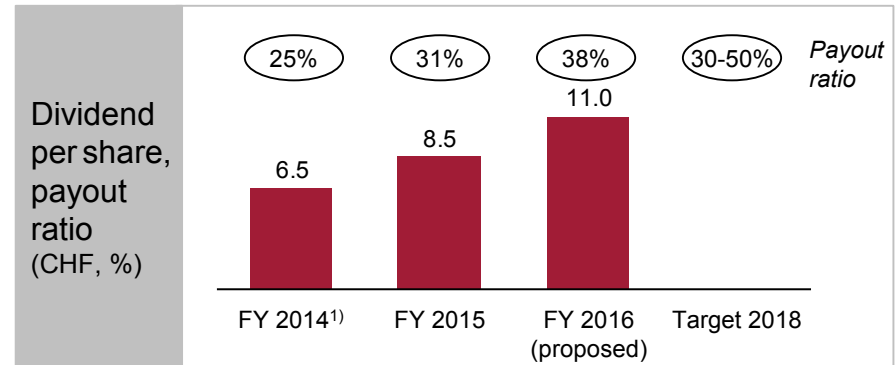
1) As reported in FY 2014

... while continuing with its disciplined capital management ...



Capitalisation

SST ratio expected to be around 160%
(as of 01.01.2017, based on internal model approved with conditions)



1) As reported in FY 2014

... and increasing the profit source diversification

CHF million (IFRS basis)

	FY 2015 adjusted		FY 2016 adjusted	
Savings result	805	57%	804	55%
Risk result	398	28%	388	26%
Fee result	346	25%	396	27%
Cost result	-133	-10%	-110	-7%
- <i>Thereof admin cost result gross¹⁾</i>	116	8%	118	8%
Other	-14	-1%	-10	-1%
Segment result	1 402	100%	1 468	100%
Unallocated corporate costs	-70		-66	
Profit from operations²⁾	1 332		1 402	

1) Gross = before policyholder participation 2) Adjusted

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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

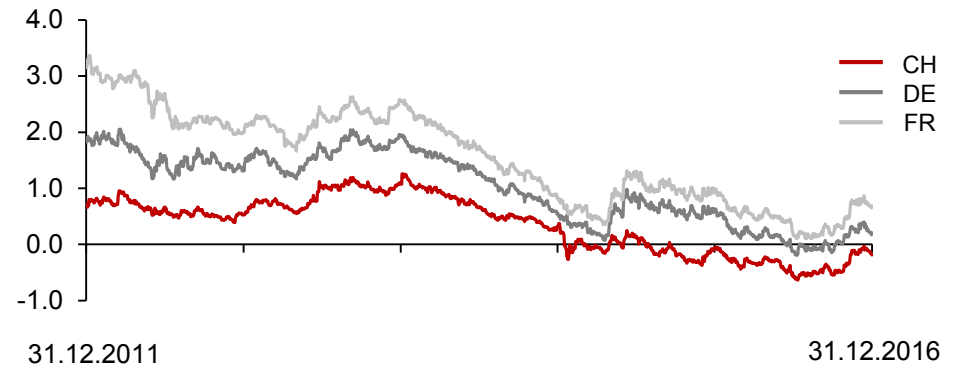
Demographic

- Dependency ratio
- Longevity

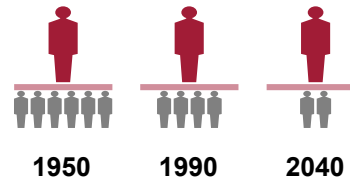
Changing customer behaviour

- 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

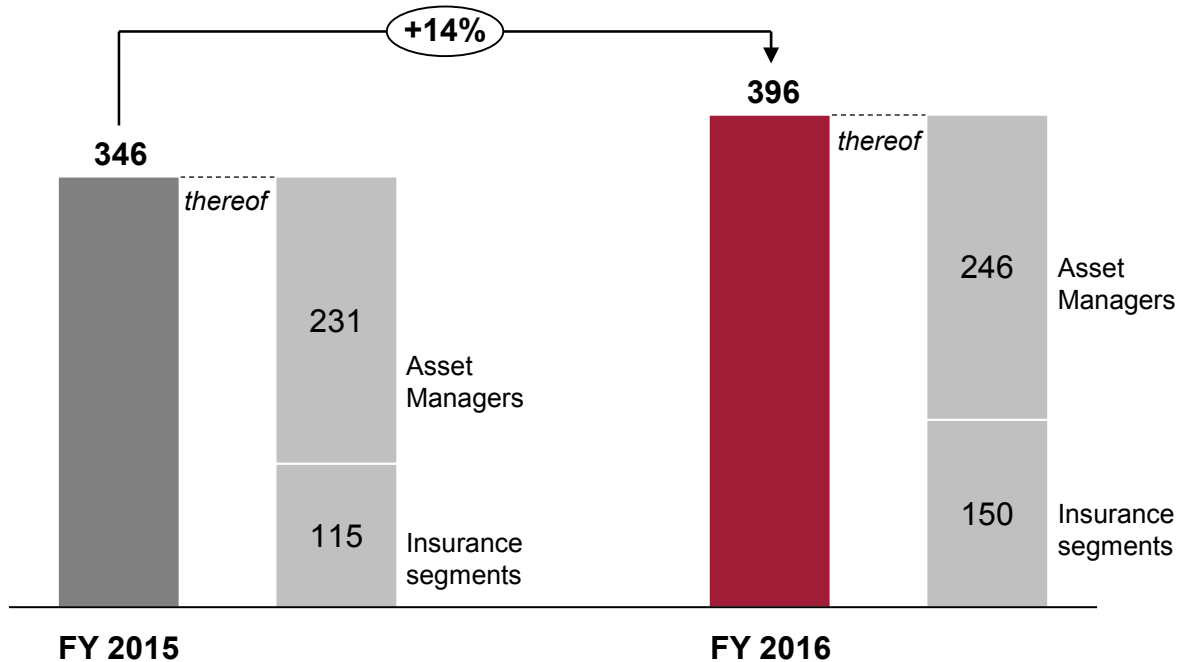
- Cumulative **cash remittance** to Holding (2016-2018): > CHF 1.5 bn
- **Dividend payout ratio**: 30-50%

RoE²⁾ of 8-10%

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

Strong improvement in fee result

Fee result, CHF million (IFRS basis)

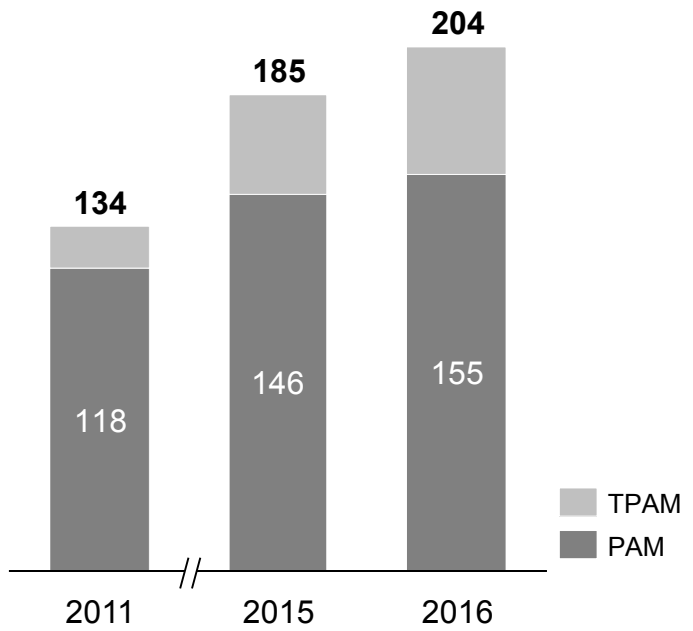


Swiss Life 2018

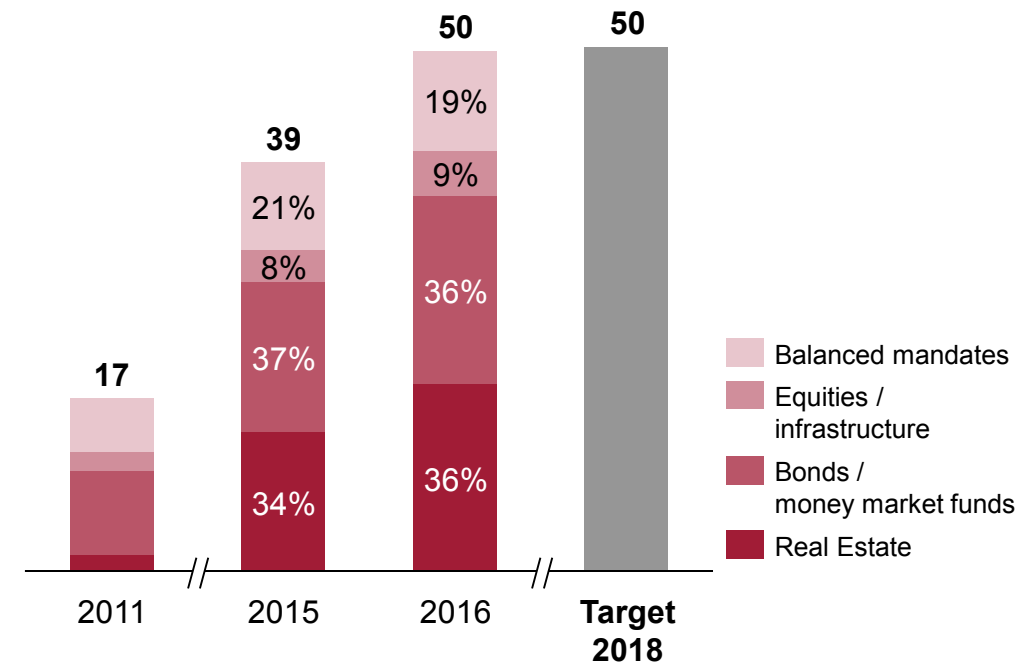
CHF 400-450 m

Growing assets under management in our PAM and TPAM business

Swiss Life Asset Managers: Total AuM
CHF billion



TPAM AuM per asset class
CHF billion



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

1 Quality of earnings and earnings growth



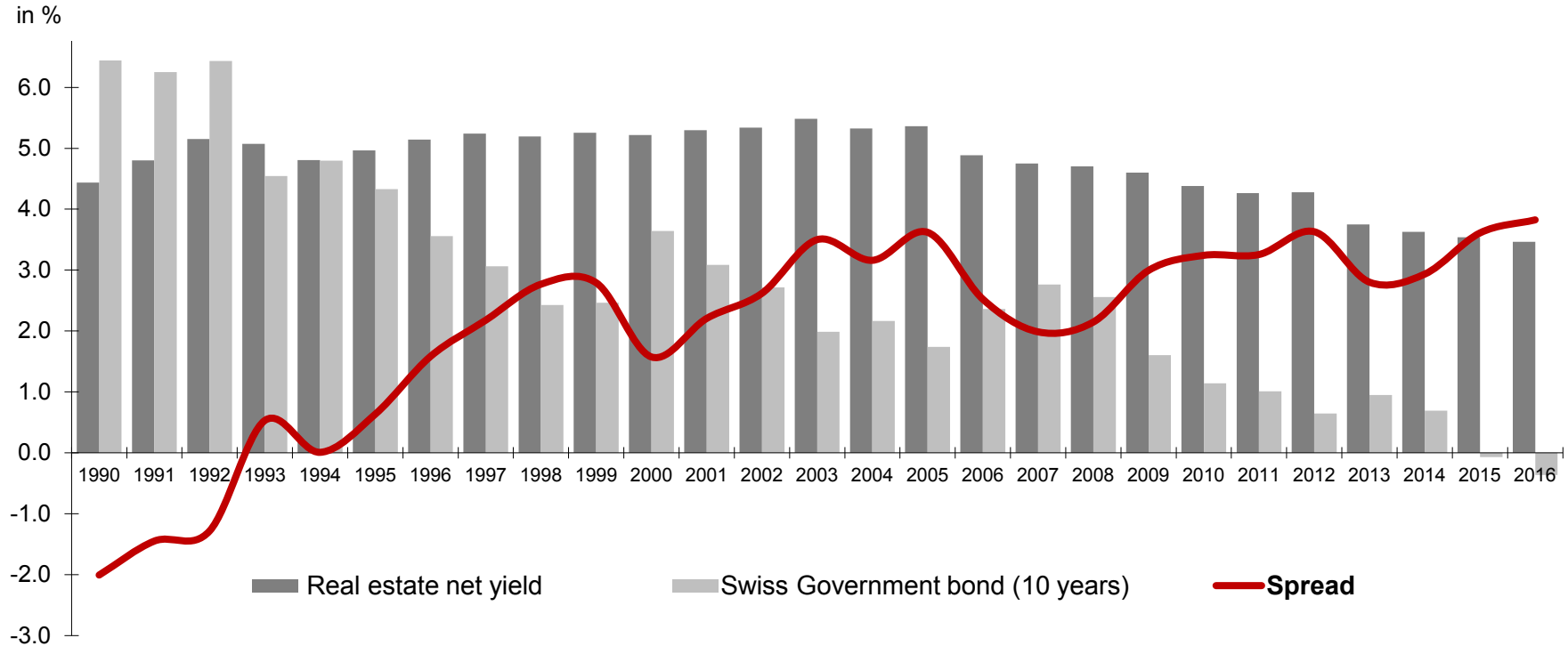
- **#1 European real estate investor¹⁾** with > CHF 72 billion of real estate under management and administration
- Through **organic and inorganic²⁾ growth**, Swiss Life has successfully transferred its real estate know-how to the third-party business
- Swiss Life has the **critical size** to operate this labour-intensive business across Europe (over 1 200 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)

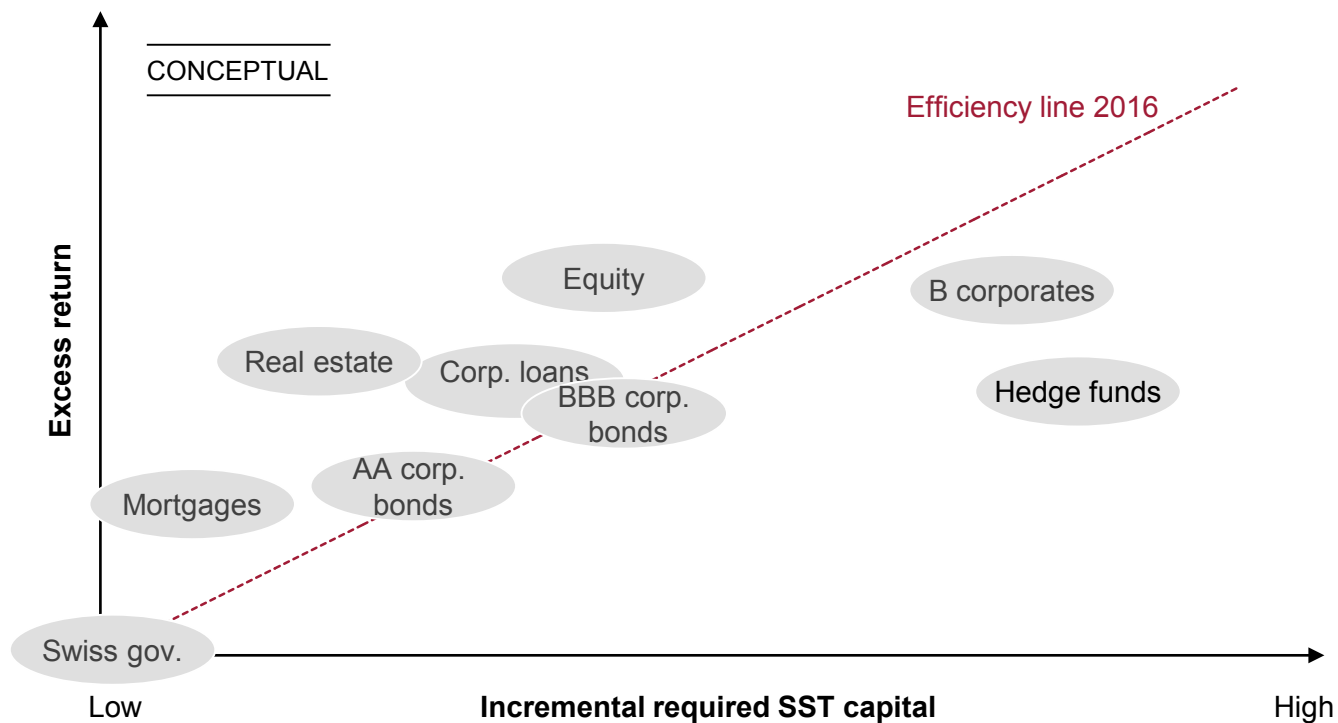
1 Quality of earnings and earnings growth



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

Capital efficiency considerations key in investing new money

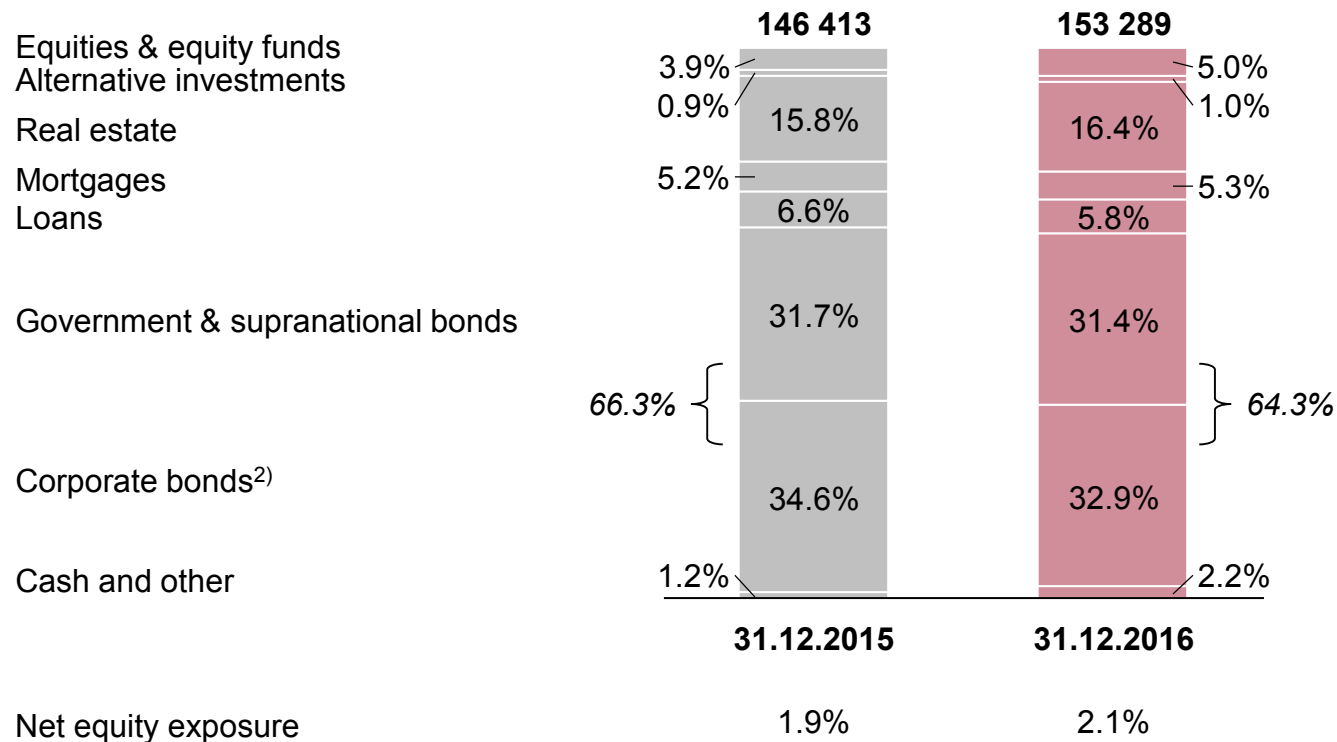
Swiss portfolio, marginal investment (HY 2016)



- 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 risk¹⁾

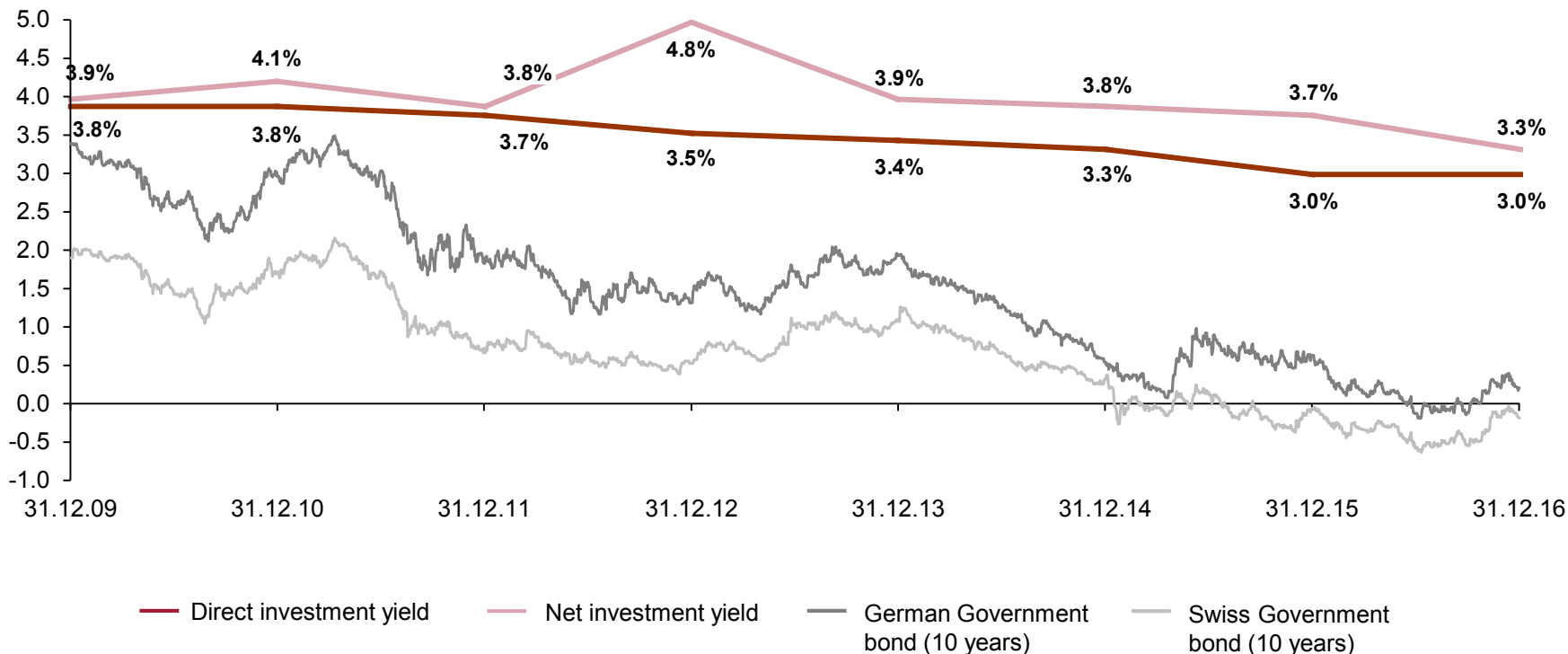


1) Excl. repo positions of CHF -2 146 m in FY 2015 and CHF -2 970 m in FY 2016 2) Incl. senior secured loan funds

Continued strong returns in a low interest rate environment

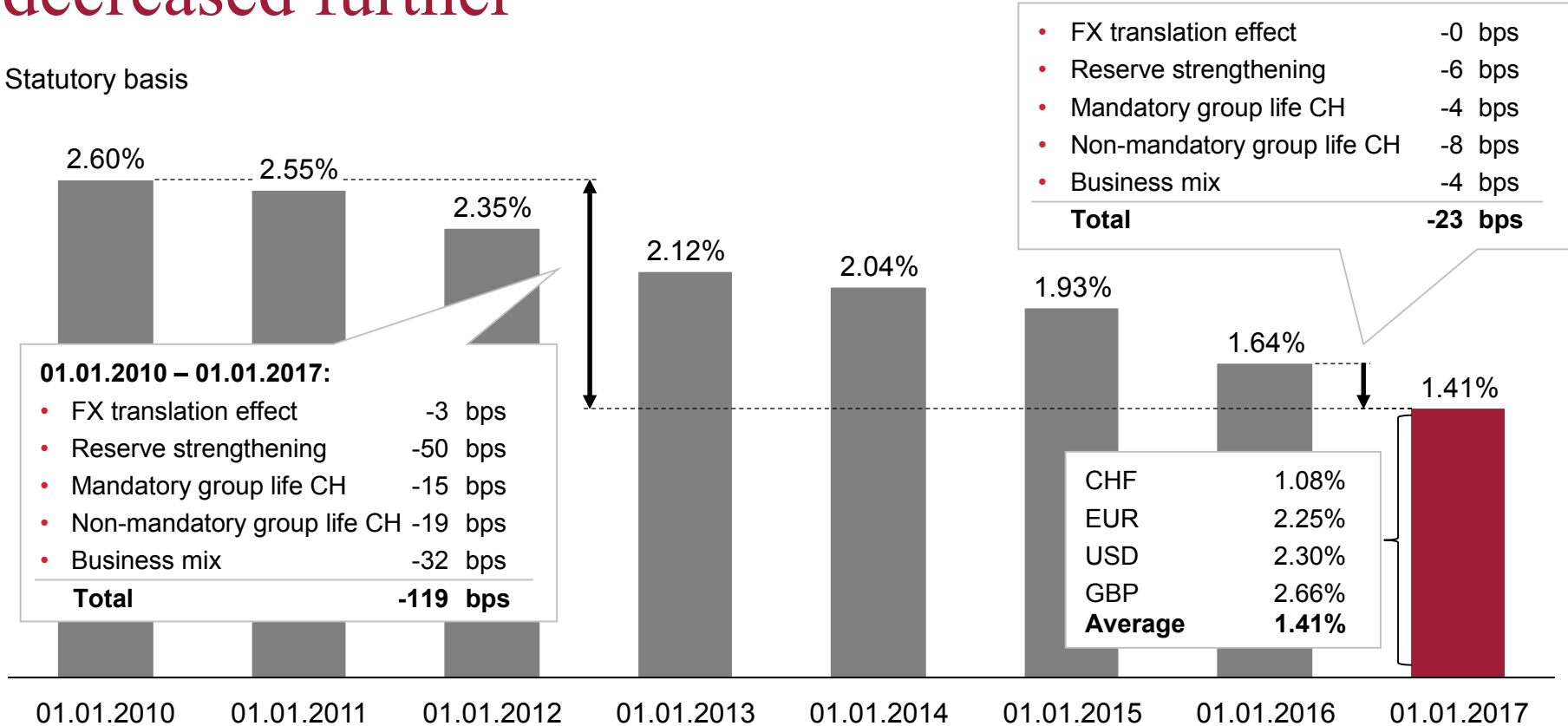
1 Quality of earnings and earnings growth

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



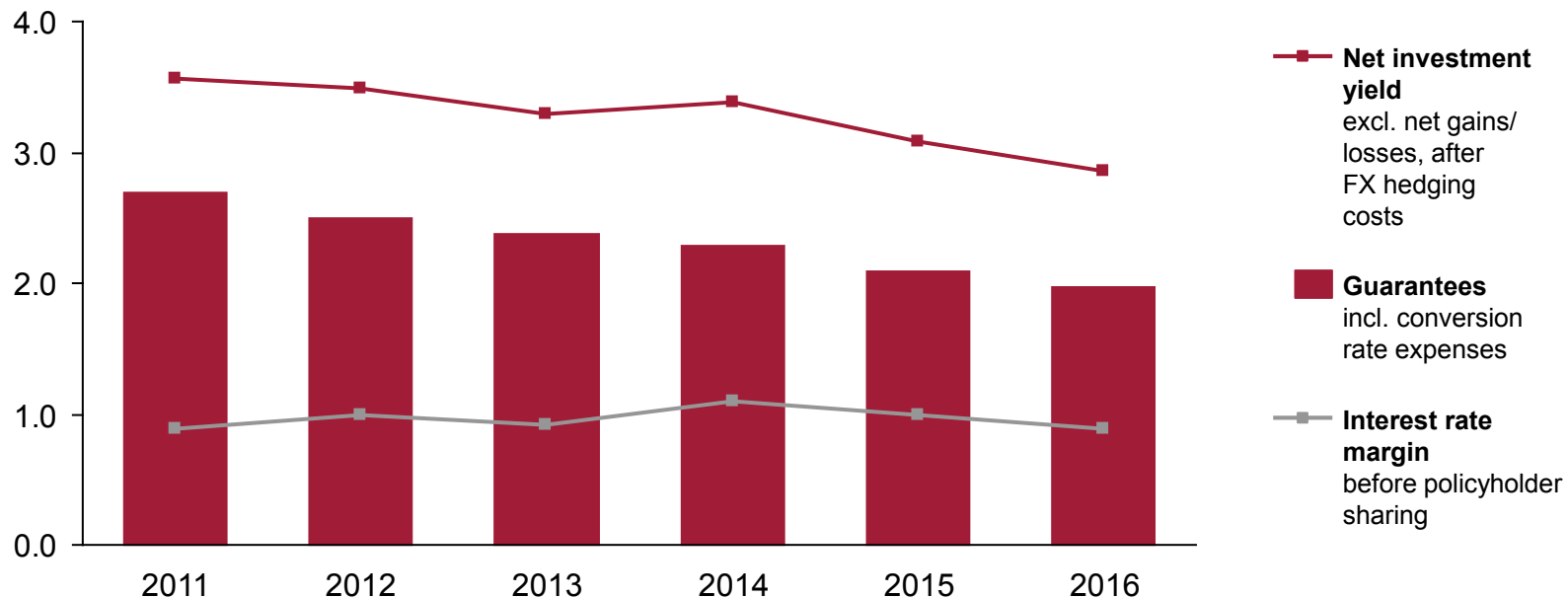
Average technical interest rate decreased further

Statutory basis



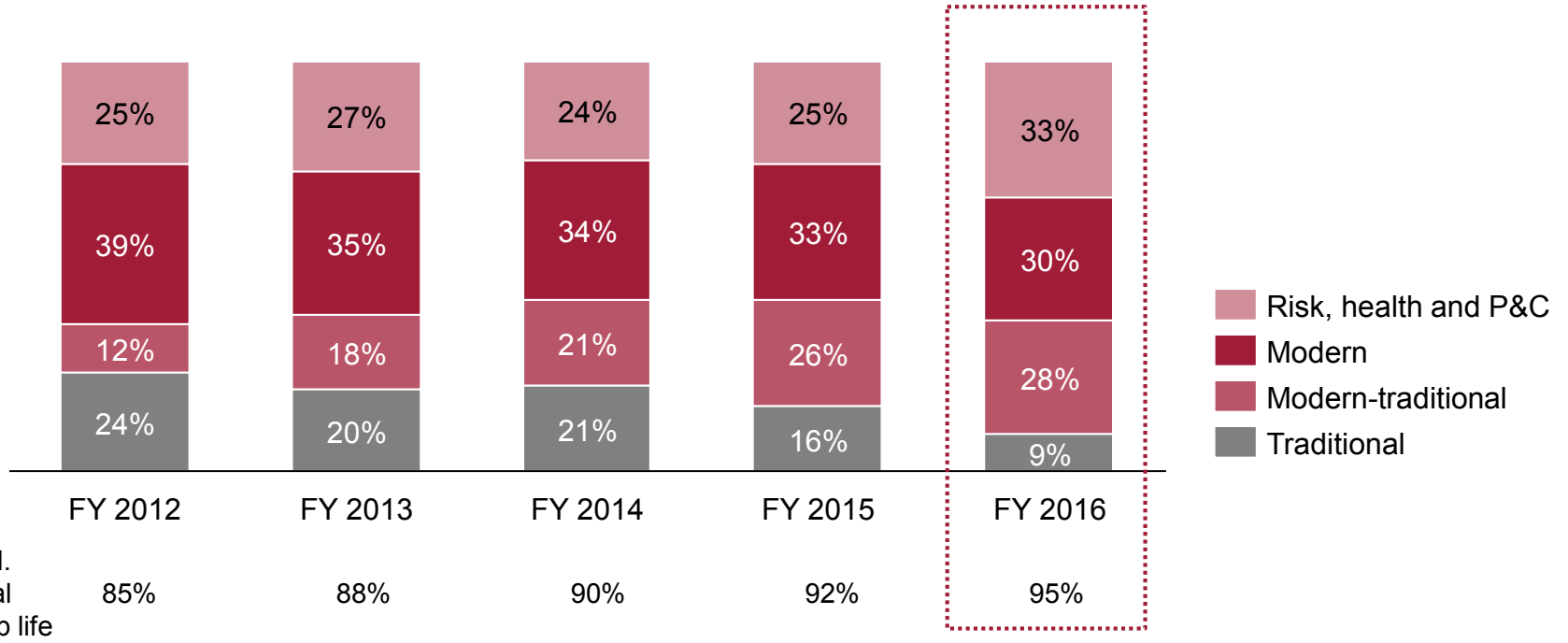
Disciplined ALM has safeguarded the interest rate margin

Aggregated view, IFRS basis, in % of technical reserves



New business mix

New business production (NBP)



Further improved efficiency ratios

2

Operational
efficiency

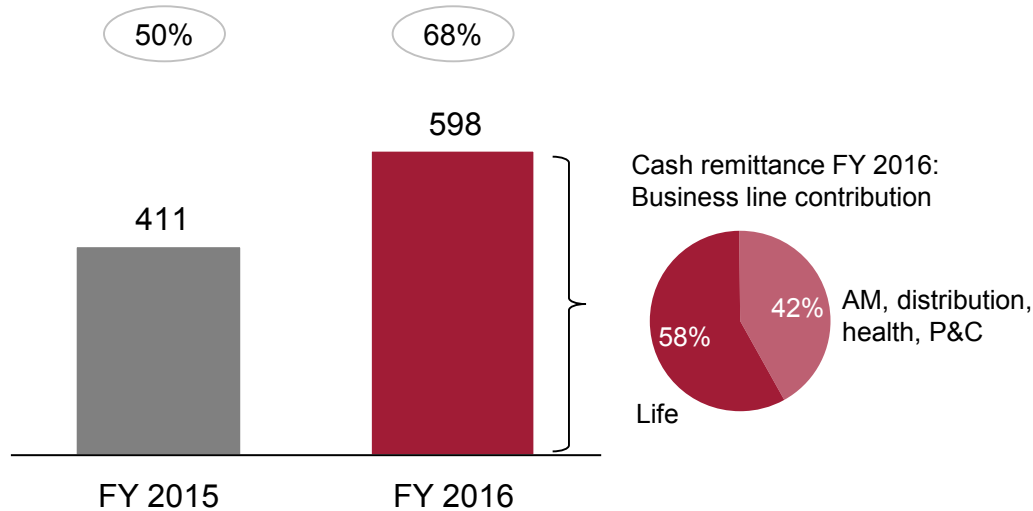
Adjusted operating expense in % of average technical reserves, excl. deferred PHP (adjusted IFRS basis)
Excluding expense from owned IFAs

	FY 2013	FY 2014	FY 2015	FY 2016	Change vs. FY 2015
Switzerland	0.51%	0.46%	0.44%	0.42%	-2 bps
France	1.50%	1.41%	1.34%	1.27%	-7 bps
<i>France Life</i>	0.66%	0.59%	0.57%	0.52%	-5 bps
Germany	0.75%	0.74%	0.71%	0.69%	-2 bps
International	0.36%	0.33%	0.31%	0.31%	0 bps
Total Insurance¹⁾	0.68%	0.64%	0.61%	0.58%	-3 bps

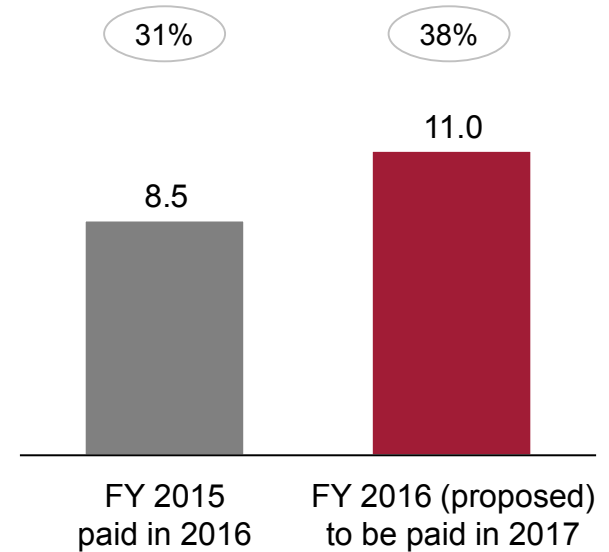
1) FX adjusted

Increased cash remittance to Holding and dividend to shareholders

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



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



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Swiss Life in a nutshell

Swiss Life FY 2016

Strategy Swiss Life 2018

→ **Achievements and outlook**

Swiss Life 2018 well on track

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

Ahead

On track

On track

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%

Ahead

On track

On track

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

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Financial calendar

Annual General Meeting 2017	25 April 2017
Interim Statement Q1 2017	10 May 2017
Half-year Results 2017	16 August 2017
Interim Statement Q3 2017	08 November 2017

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www.swisslife.com



The future starts here.