

# Swiss Life Group Investor Day 2018

29 November 2018

# Agenda

## **10.30**      ***Start of Investor Day 2018***

10.30 – 11.00	Swiss Life 2021	Patrick Frost	Group CEO
11.00 – 11.30	Swiss Life 2021 – Financial aspirations	Thomas Buess	Group CFO
11.30 – 11.50	Solvency, ALM and capital efficiency	Matthias Aellig	Group CRO
11.50 – 12.10	Swiss Life Asset Managers	Stefan Mächler	Group CIO
12.10 – 12.45	1 <sup>st</sup> Q&A session	Patrick Frost, Thomas Buess, Matthias Aellig, Stefan Mächler	

## **12.45 – 13.50**      ***Lunch break***

13.50 – 14.10	Swiss Life Switzerland	Markus Leibundgut	CEO Swiss Life Switzerland
14.10 – 14.30	Swiss Life France	Charles Relecom	CEO Swiss Life France
14.30 – 14.50	Swiss Life Germany	Jörg Arnold	CEO Swiss Life Germany
14.50 – 15.10	Swiss Life International	Nils Frowein	CEO Swiss Life International
15.10 – 15.45	2 <sup>nd</sup> Q&A session and closing remarks	Patrick Frost, Markus Leibundgut, Charles Relecom, Jörg Arnold, Nils Frowein	

## **15.45**      ***End of Investor Day 2018 and Apéro***

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SwissLife

# Investor Day 2018 Swiss Life 2021

Patrick Frost, Group CEO  
Zurich, 29 November 2018

# Swiss Life will reward shareholders by further enhancing earnings quality and payout

## *Swiss Life* 2018

- We have significantly improved our **profitability** and the **quality of earnings**, strengthened our **solvency**, increased **cash remittance** and **payout** to shareholders
- We expect to **achieve** or **exceed our Swiss Life 2018 financial targets**

## *Swiss Life* 2021

- We will build on our strengths, such as local execution power and capitalise on key market opportunities
- We will refine our segmentation as a basis for offering tailored solutions and advice, supporting customers in leading a self-determined life
- We will increase the **quality of earnings**, improve **operational efficiency** and enhance shareholder return by introducing a **share buyback** and by growing the **dividend** based on a higher **cash remittance**

# Swiss Life to achieve or even exceed the 2018 financial targets

## Swiss Life 2018 financial targets

## Current assessment

Quality of earnings and earnings growth	• <b>Fee result</b> FY 2018: CHF 400-450 m	Ahead	✓
	• <b>Risk result</b> FY 2018: CHF 350-400 m	On track	✓
	• Cumulative <b>value of new business</b> (2016-2018): > CHF 750 m	Ahead	✓
Operational efficiency	• <b>Cost savings</b> FY 2018: CHF 100 m	Exceeded	✓
	• Stable operating expense <sup>1)</sup>	On track	✓
Capital, cash and dividend	• Cumulative <b>cash remittance</b> to Holding (2016-2018): > CHF 1.5 bn	Exceeded	✓
	• <b>Dividend payout ratio</b> : 30-50%	On track	✓
	• <b>RoE<sup>2)</sup></b> : 8-10%	On track	✓

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

# Swiss Life has a unique position

## *Unique life insurance footprint*

- Market leader in CH life insurance
- Attractive private insurance positioning in FR
- Strong niche player in DE and IN

## *Growing asset manager*

- Strong ALM and risk management expertise backed by PAM
- Fast growing TPAM
- Top real estate manager in Europe

## *Broad distribution networks*

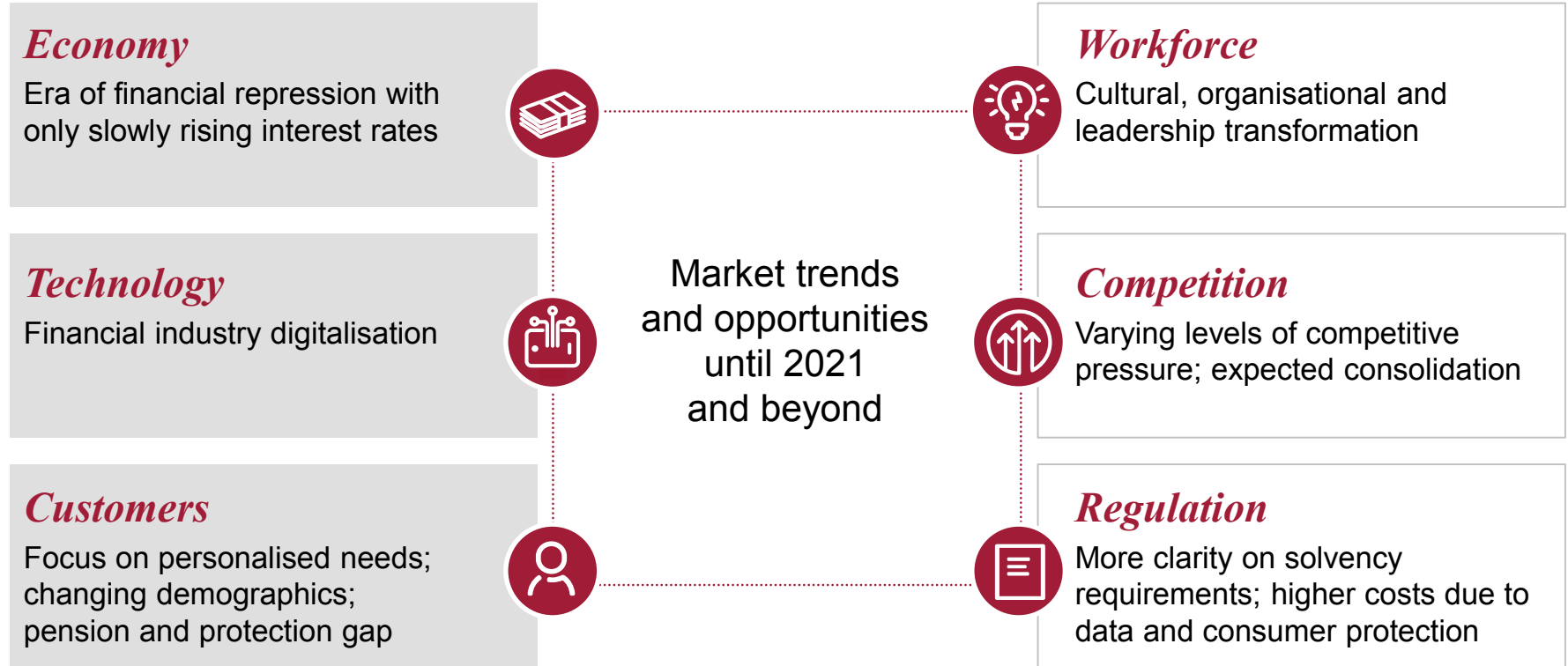
- Strong network of owned IFAs
- Large proprietary distribution in CH
- Integrated multi distribution in FR

## *Strong quality of earnings*

- Diversified profit sources: Savings, risk, fee and cost result
- ~30% of profit from operations from fee businesses

*Life, pensions, financial solutions and advice for the long run*

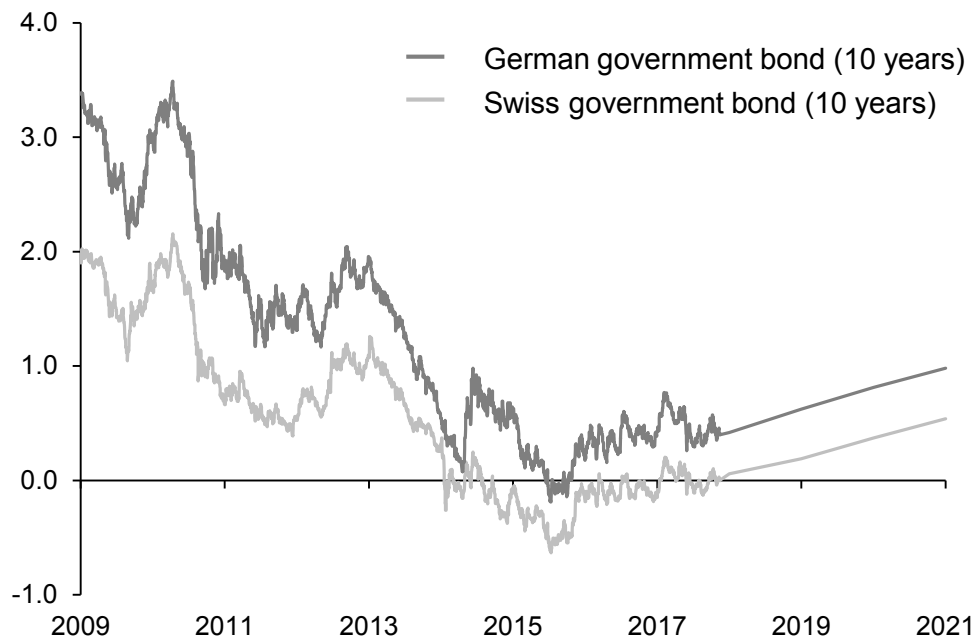
# Swiss Life will address market trends and capitalise on market opportunities





# We will successfully navigate through a continuously low interest rate environment

Yields on government bonds (in %)



## Our current view

Swiss Life is well positioned to face still low, but slightly higher interest rates until 2021

- Resilient yields due to a long asset duration and optimised portfolio structure (real estate and equities)
- Disciplined ALM and past reserve strengthening protect interest rate margin
- Effective margin management and capital-efficient new business
- High quality of earnings with growing fee businesses
- Disciplined cost management

## Alternative: Rising interest rates

- Positive for VNB and SST
- Broadly neutral for IFRS net profit and cash generation

# We see digitalisation as an opportunity

Technology

## Digital becomes “phygital”

We regard digitalisation as an opportunity to improve our business processes, to transform the servicing of our customers and to further develop our distribution model by combining digital tools with our people-centric advisory model

### *Dimensions of digitalisation*

#### **Customer interface**

### *Examples of how Swiss Life benefits from digitalisation*

- Enhance physical advice through the support of digital tools
- Integrated and digital customer service and advice process
- Digital offerings and access, e.g. platforms

#### **Operations**

- Automate interfaces to providers, intermediaries, customers
- Optimise processes, e.g. underwriting and claims management

#### **Data analytics and machine learning**

- Use customer-related data to better understand customer needs
- Translate customer data into actions to increase share of wallet

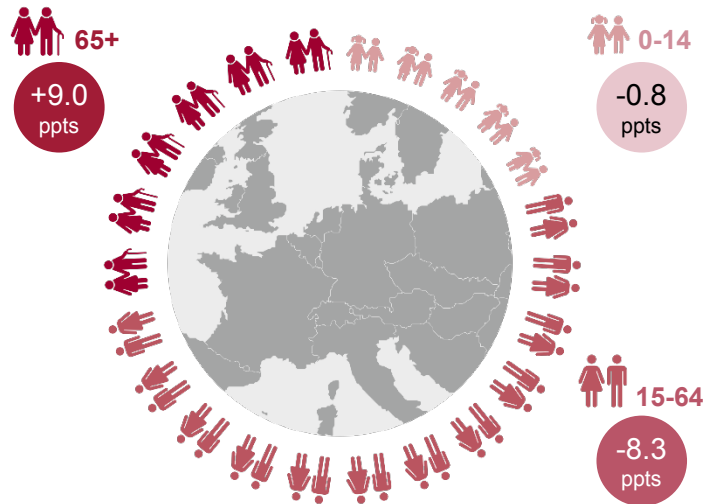
#### **Partnerships and innovation**

- Leverage partnerships with specialised technology providers
- Apply technological innovation

# We are well positioned in a growing pension market as demographic change continues

Projected population structure in 2050 ...

... with fundamental impact on all dimensions of our society



Change of age structure 2050 vs. 2017<sup>1)</sup>

29%

in Europe will be aged 65 or older by 2050<sup>1)</sup>

3 in 4

see themselves as responsible for providing for old age<sup>3)</sup>

52%

of Millennials believe that older people today are living off the young<sup>3)</sup>

>50%

old-age dependency ratio in 2050 vs. 29.9 % in 2017<sup>1)</sup>

46.6

years median age in Europe in 2050 versus 41.6 in 2015<sup>2)</sup>

63%

find there is insufficient acceptance of older people in society<sup>3)</sup>

1) Eurostat 2) United Nations Department of Economic and Social Affairs, Population Division 3) Exclusive research conducted by Swiss Life

# As a leading specialist, we enable people to lead a self-determined life

## People feel stressed about not having enough money in old age<sup>1)</sup>

89%

see independence and self-determination as a fundamental part of their longer life

*Financial resources*

are the most limiting factor when it comes to self-determination

42%

are afraid of not having enough money in old age

46%

feel confident about their current financial situation

75%

of Millennials have no clue what their income will be in retirement

71%

associate financial confidence with peace of mind

## Swiss Life is a preferred partner

Swiss Life is a **leading European specialist** for life, pensions, financial solutions and advice for the long run

**Our purpose:**

**We enable people to lead a self-determined life**

<sup>1)</sup> Exclusive research conducted by Swiss Life in Switzerland, Germany, France and Austria

# Swiss Life 2021:

## Clear strategic and financial objectives

### Purpose

*We enable people  
to lead a self-  
determined life*

### Strategic thrusts

*Focus on preferred segments*

*Promote attractive propositions*

*Make customer relationships more rewarding*

*Improve productivity*

### Financial thrusts

**Quality of earnings  
and earnings growth**

**Operational efficiency**

**Capital, cash and payout**

Swiss Life acts responsibly in business, as an employer, in society and towards the environment

# Making the most of opportunities

## Swiss Life 2021 objectives

## Trends addressed

## Supported financial targets

*Focus on preferred segments*

Refine our customer segmentation as a basis for offering tailored solutions and advice



Fee & risk result / cash  
VNB

*Promote attractive propositions*

Offer comprehensive and capital-efficient solutions and continue to focus on disciplined margin / product management



Fee & risk result / cash  
VNB  
SST

*Make customer relationships more rewarding*

Improve service and advice to customers to support business growth and productivity



Fee & risk result / cash  
VNB  
Operational efficiency

*Improve productivity*

Make use of technology / digitalisation to increase process automation, as well as sales and service effectiveness

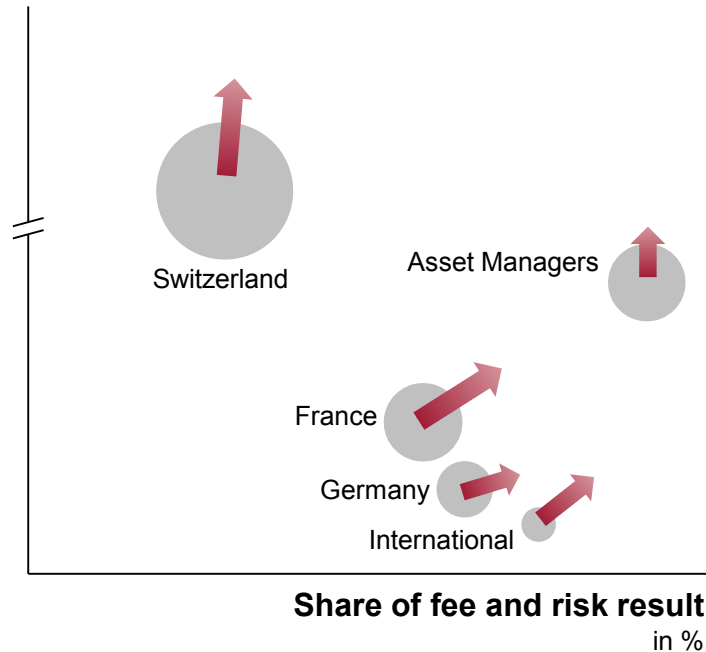


Operational efficiency

# Each division to contribute to Swiss Life 2021

## Cash remittance

CHF m



● Segment result

## Focus points by business division

CH

- Ensure growth and sustainability of cash remittance
- Increase risk result and double fee result

FR

- Increase fee result in the unit-linked business
- Grow risk result in the personal protection business

DE

- Grow fee result in the IFA business
- Increase risk result in the biometric business

IN

- Double fee result supported by all lines of business
- Increase risk result in the Global Solutions business

AM

- Grow fee result in TPAM
- Strengthen real estate business for further growth

# New Swiss Life 2021 financial targets

CHF

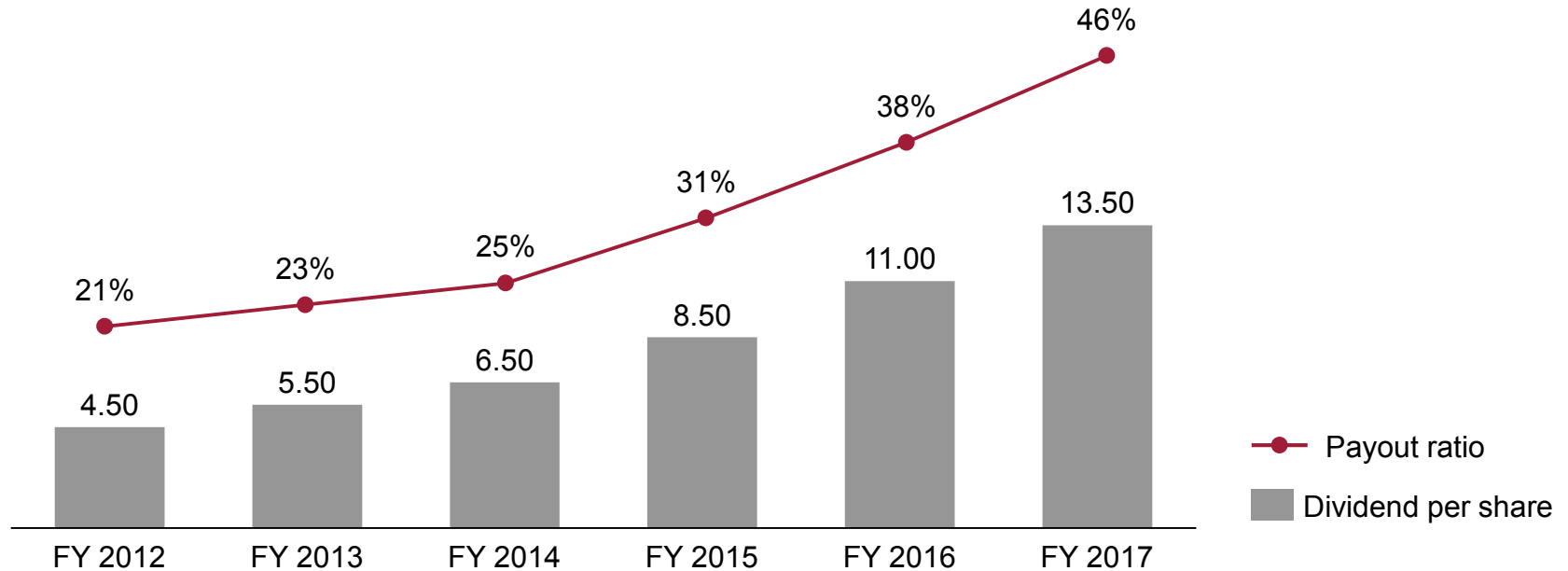
Quality of earnings and earnings growth		Operational efficiency		Capital, cash and payout	
<b>Fee result</b> FY 2021	<b>600-650 m</b>	<b>Life efficiency ratio</b> FY 2021	<b>&lt; 40 bps</b>	<b>SST ambition range</b> 2019-2021	<b>140-190%</b>
<b>Risk result</b> FY 2021	<b>400-450 m</b>	<b>Distribution operating expense ratio</b> FY 2021	<b>&lt; 25%</b>	<b>Cash to Holding</b> cumulative 2019-2021	<b>2-2.25 bn</b>
<b>VNB</b> cumulative 2019-2021	<b>&gt; 1.2 bn</b>	<b>TPAM</b> cost income ratio FY 2021	<b>~75%</b>	<b>Dividend</b> payout ratio 2019-2021	<b>50-60%</b>
				<b>Share buyback</b> Dec 18 - Dec 19	<b>1 bn</b>
<b>RoE<sup>1)</sup> of 8-10%</b>					

1) Equity excl. unrealised gains / losses



# Since 2012, we have tripled our dividend payment and doubled our payout ratio

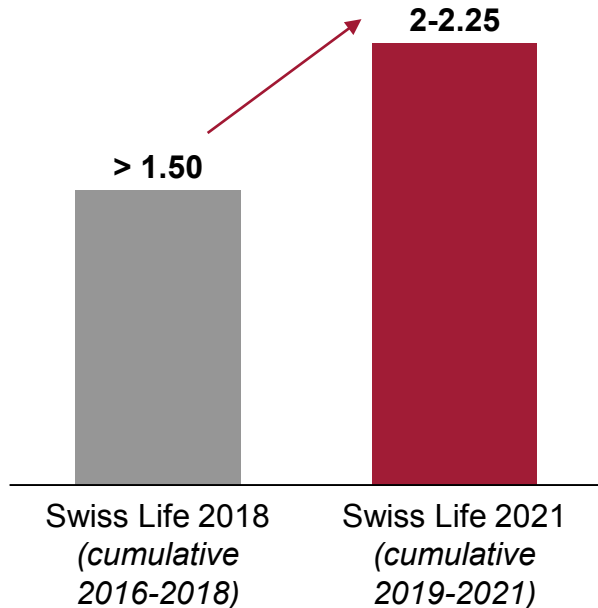
Dividend history, CHF



# We will enhance shareholder return: Share buyback and higher dividend based on strong cash remittance

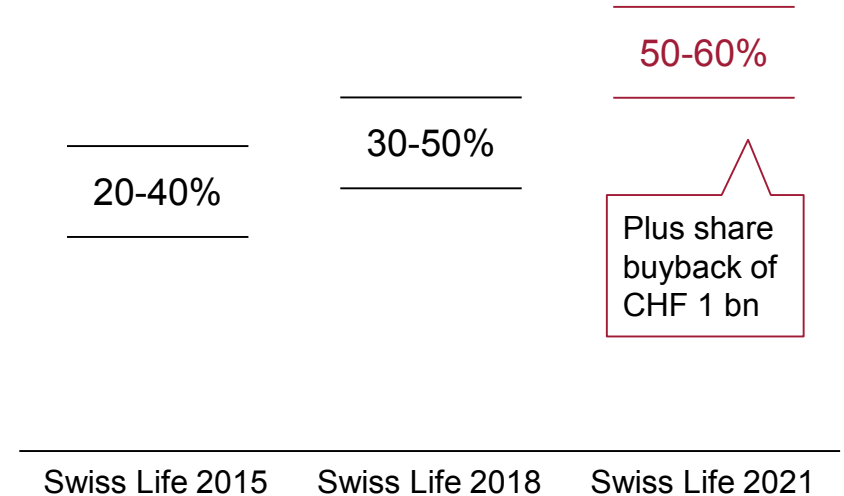
## Increasing cash remittance, CHF bn

Targets as communicated



## Growing payout

Targets as communicated



# We are fully committed to achieving our Swiss Life 2021 strategic and financial ambitions

## *Swiss Life 2018*

- We have significantly improved our profitability and the quality of earnings, strengthened our solvency, increased cash remittance and payout to shareholders
- We expect to achieve or exceed our Swiss Life 2018 financial targets

## *Swiss Life 2021*

- We will build on our strengths, such as local execution power and capitalise on key market opportunities
- We will refine our segmentation as a basis for offering tailored solutions and advice, supporting customers in leading a self-determined life
- We will increase the **quality of earnings**, improve **operational efficiency** and enhance shareholder return by introducing a **share buyback** and by growing the **dividend** based on a higher **cash remittance**



SwissLife

# Investor Day 2018

## Swiss Life 2021 – Financial aspirations

Thomas Buess, Group CFO  
Zurich, 29 November 2018

# We plan to enhance our earnings quality and shareholder return

## *Swiss Life 2018*

We have significantly improved our profitability and the quality of earnings, strengthened our solvency, increased cash remittance and payout to shareholders

We expect to achieve or exceed our Swiss Life 2018 financial targets

## *Swiss Life 2021*

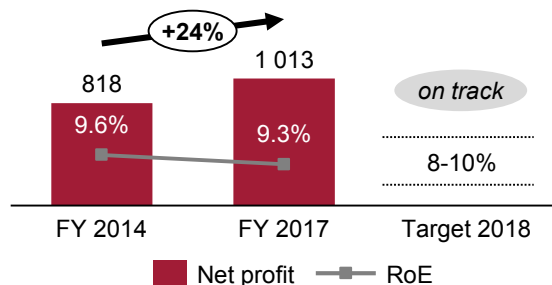
Swiss Life will continue on the successful path of Swiss Life 2018 by focusing on the following financial thrusts:

- **Quality of earnings and earnings growth**  
We will strive to strengthen our earnings quality and grow our earnings, particularly by increasing the fee result
- **Operational efficiency**  
We will aim to further improve operational efficiency through cost discipline, increased process automation and digitalisation
- **Capital, cash and payout**  
We will pursue an attractive shareholder return based on solid capital management and increased cash remittance

# Swiss Life has increased profitability and earnings quality ...

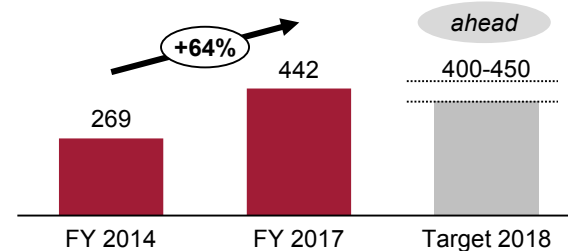
Net profit,  
RoE  
(CHF m)

► Net profit strongly increased; RoE at upper end of range



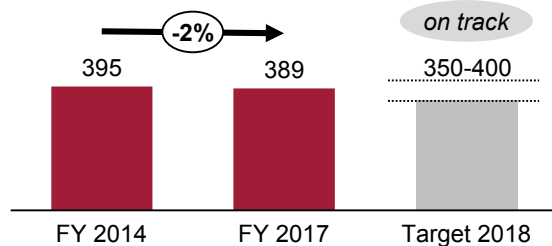
Fee  
result  
(CHF m)

► Fee result substantially increased in all business divisions



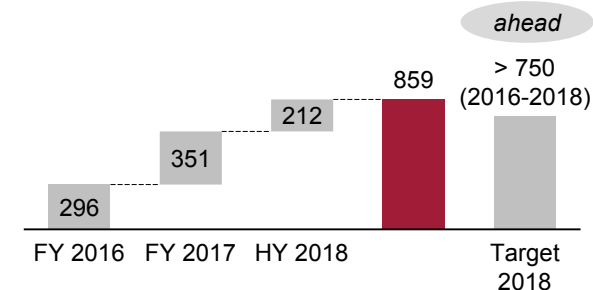
Risk  
result  
(CHF m)

► Risk result defended in highly competitive environment



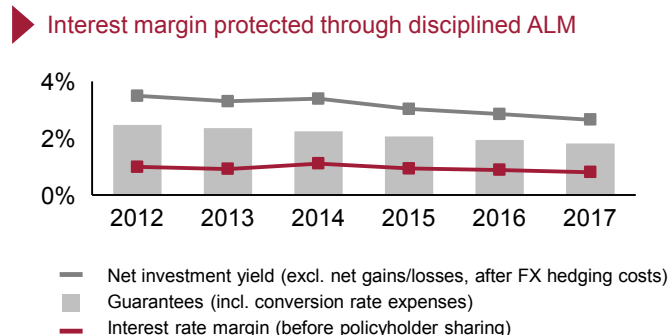
VNB,  
NBM  
(CHF m)

► Value of new business expected to be exceeded

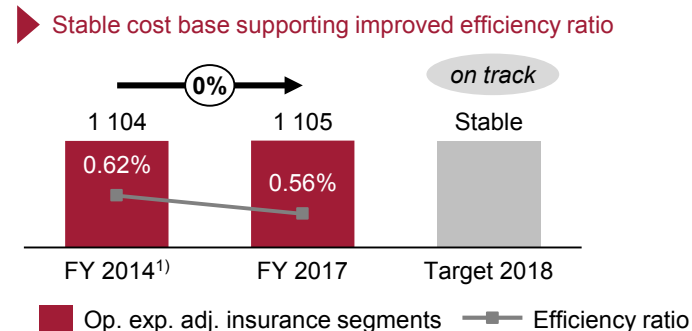


# ... which resulted in a substantial increase of cash remittance and dividend

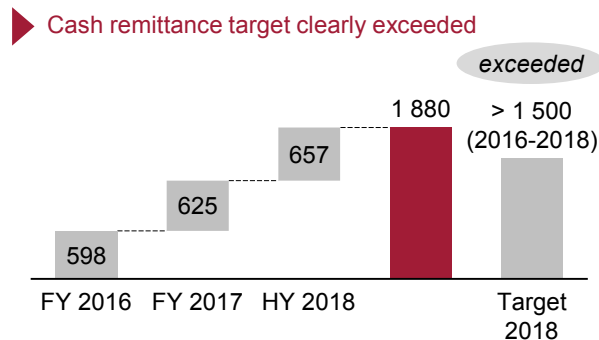
## Interest rate margin (in % of technical reserves)



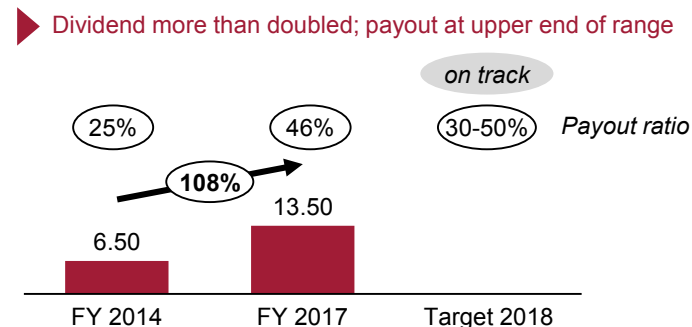
## Operating expense, efficiency ratio (CHF m)



## Cash remittance (CHF m)



## Dividend per share, payout ratio (CHF)

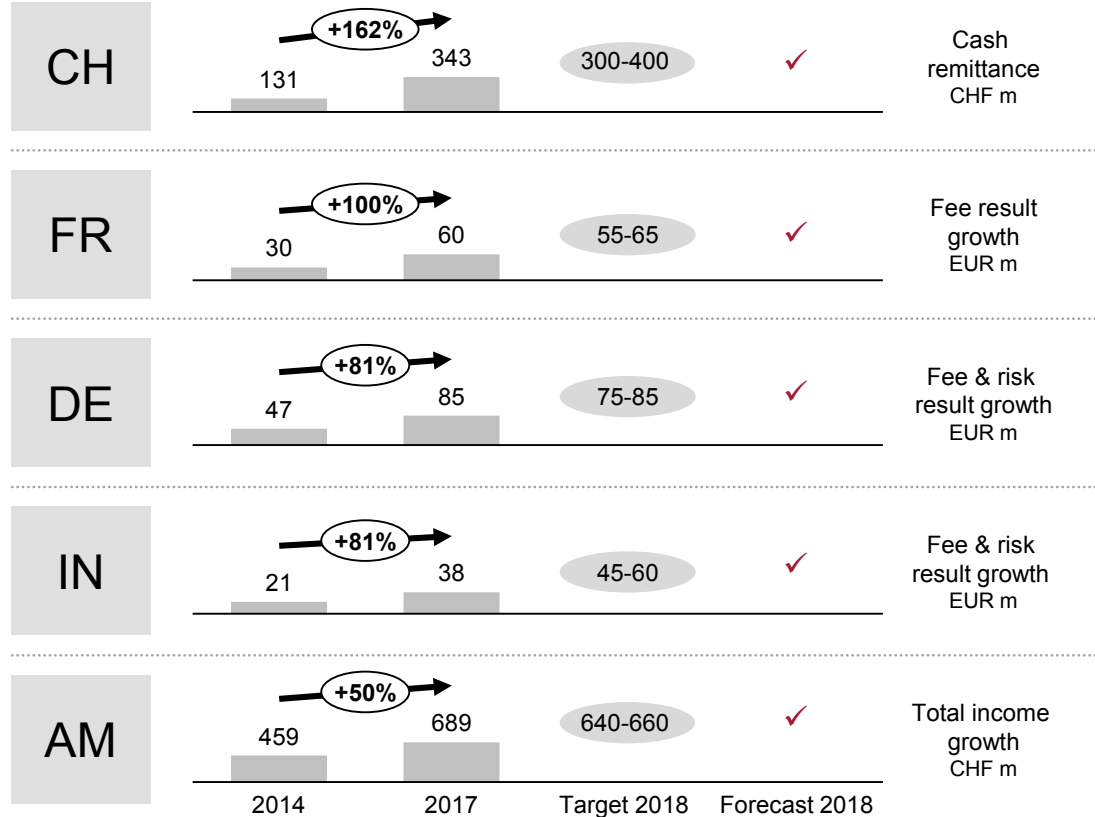
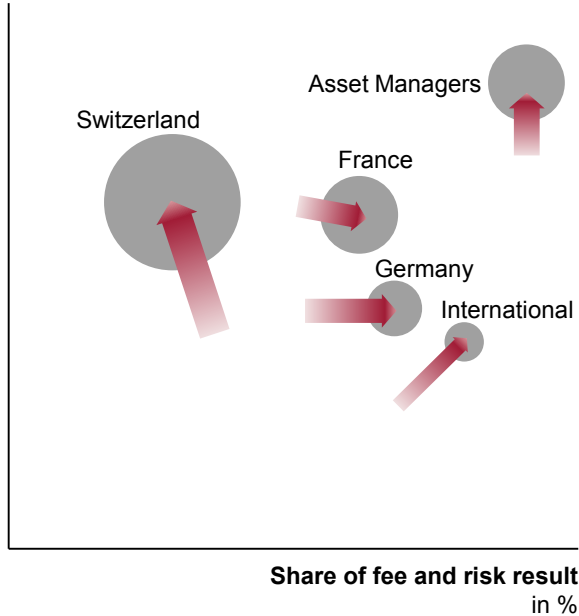


1) FX adjusted at 2017 exchange rate

# All business divisions expected to achieve their 2018 targets

Cash remittance  
in %

Segment result





# Focus points of Swiss Life 2021

	What remains key	Increased focus on
Quality of earnings and earnings growth	<ul style="list-style-type: none"><li>• Protect savings result through disciplined ALM</li></ul>	<ul style="list-style-type: none"><li>• Substantial increase in ambition for fee result, risk result and value of new business</li></ul>
Operational efficiency	<ul style="list-style-type: none"><li>• Maintain cost discipline and process automation</li></ul>	<ul style="list-style-type: none"><li>• Further leverage digitalisation to increase operational efficiency</li><li>• Increase productivity and scalability in distribution and asset management</li></ul>
Capital, cash and payout	<ul style="list-style-type: none"><li>• Maintain solid capital management and increase cash generation</li></ul>	<ul style="list-style-type: none"><li>• Manage capital within SST ambition range</li><li>• Increase dividend payout ratio covered by strong cash remittance to Holding</li><li>• Return CHF 1 bn through a share buyback</li></ul>











# New Swiss Life 2021 financial targets



CHF

Quality of earnings and earnings growth		Operational efficiency		Capital, cash and payout	
<b>Fee result</b> FY 2021	<b>600-650 m</b>	<b>Life efficiency ratio</b> FY 2021	<b>&lt; 40 bps</b>	<b>SST ambition range</b> 2019-2021	<b>140-190%</b>
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1) Equity excl. unrealised gains / losses

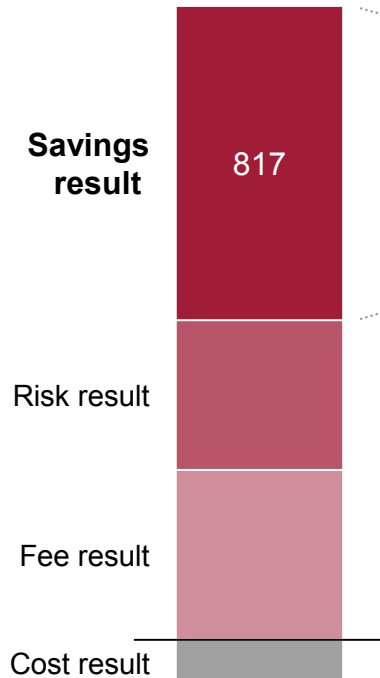
# We will pursue higher quality of earnings

Source <sup>1)</sup>	Description	Capital intensity <sup>2)</sup>	Capital market dependency <sup>2)</sup>	Policyholder participation	Expected development until 2021
53% <b>Savings result</b>	Net investment result less technical interest and policyholder participation			Yes	<b>Protect</b> through disciplined ALM 
25% <b>Risk result</b>	Risk premiums less claims / expenses and policyholder participation			Yes	<b>Increase</b> to CHF 400-450 m 
29% <b>Fee result</b>	Income from fee business less related expenses			No	Substantially <b>grow</b> to CHF 600-650 m 
-7% <b>Cost result</b>	Insurance cost premiums less expenses and policyholder participation			Yes	Further <b>improve admin cost result</b> 

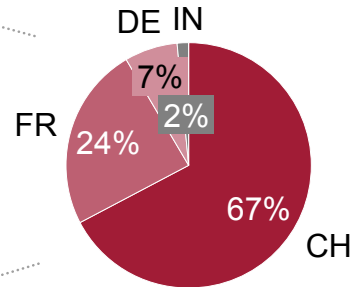
1) Based on adjusted segment result of CHF 1.5 bn, FY 2017    2) Very high  very low 

# Savings result will remain an important profit contributor

**Profit by source**  
FY 2017 adjusted<sup>1)</sup> (CHF m)



**Savings result by division**



**Savings result managed in a capital-efficient way**

- Resilient yields due to a long asset duration and optimised portfolio structure
- Reserve strengthening and focus on profitable new business have led to lower guarantees
- Interest rate margin protected by our disciplined ALM and narrow duration gap
- In group life Switzerland, savings result is bundled with attractive risk and cost result
- The comprehensive offering including full insurance solutions is capital efficient

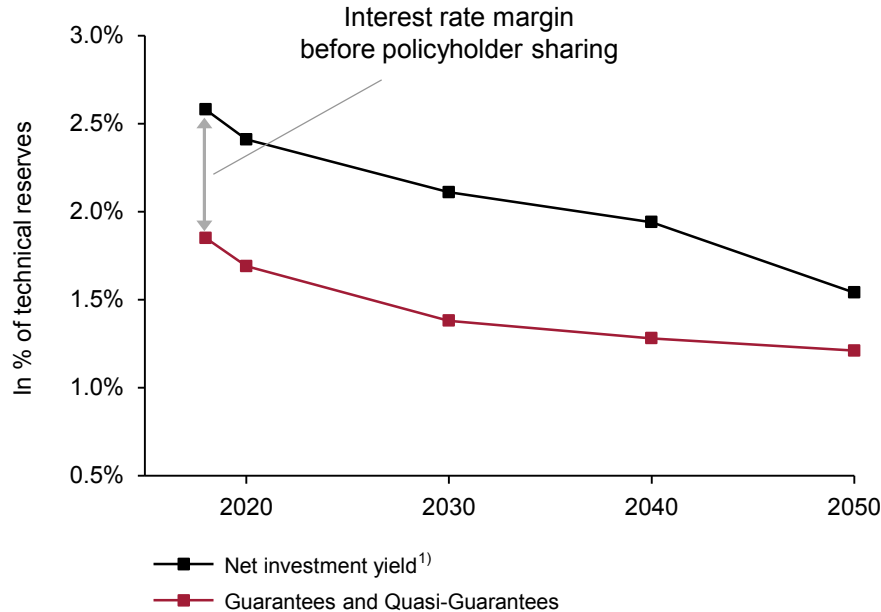
<sup>1)</sup> Based on adjusted segment result of CHF 1.5 bn

# Disciplined ALM to safeguard savings result going forward

## Structurally healthy interest rate margin

Statutory basis

PROJECTION



- Resilient for more than three decades even if rates stay low
- Reserve strengthening from current income has positive impact on long-term resilience
- Assumed reinvestment rates<sup>2)</sup>
  - Switzerland: 1.0%
  - France: 1.5%
  - Germany: 1.7%
- No new business assumed
- Risk and fee income not considered

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

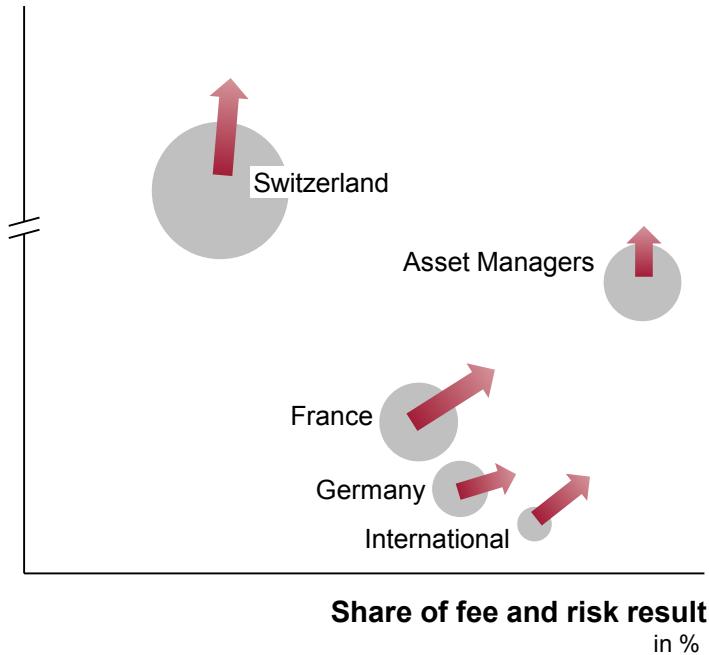
2) Based on forward rates as of end of July 2018; values shown for 2020

# Every division will play its part in Swiss Life 2021

## Cash remittance

CHF m

Segment result



CH

343

> 400

Cash remittance  
CHF m

FR

151

180-200

Fee & risk result  
EUR m

DE

85

100-110

Fee & risk result  
EUR m

IN

38

73-82

Fee & risk result  
EUR m

AM

263

340-360

Fee result  
CHF m

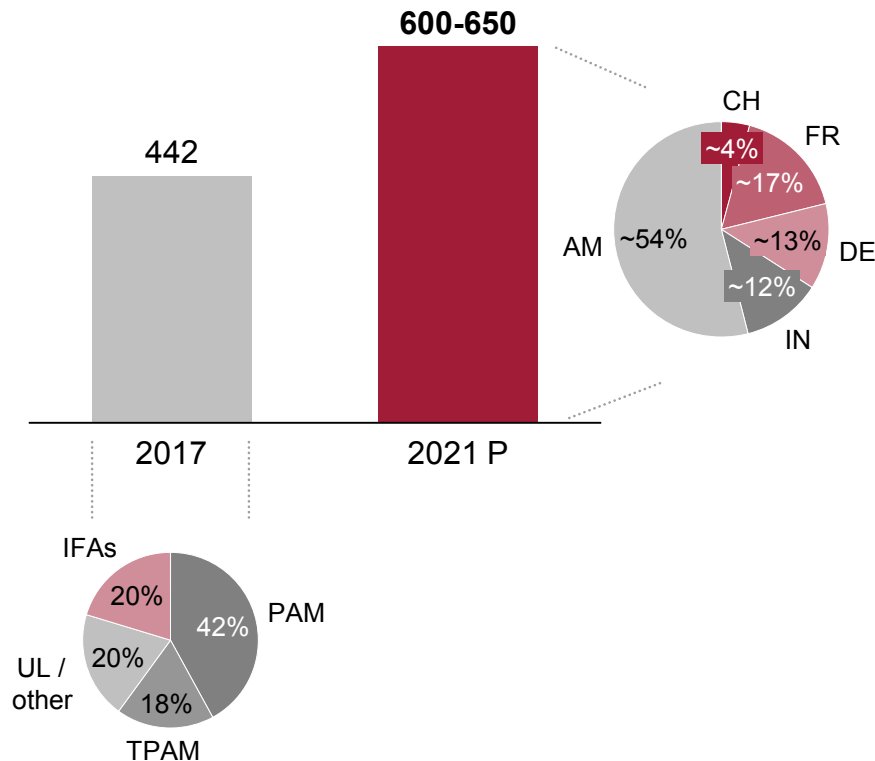
2017

2021 P

# We aim to further grow the fee result

Quality of earnings  
and earnings growth

## Fee result, CHF m



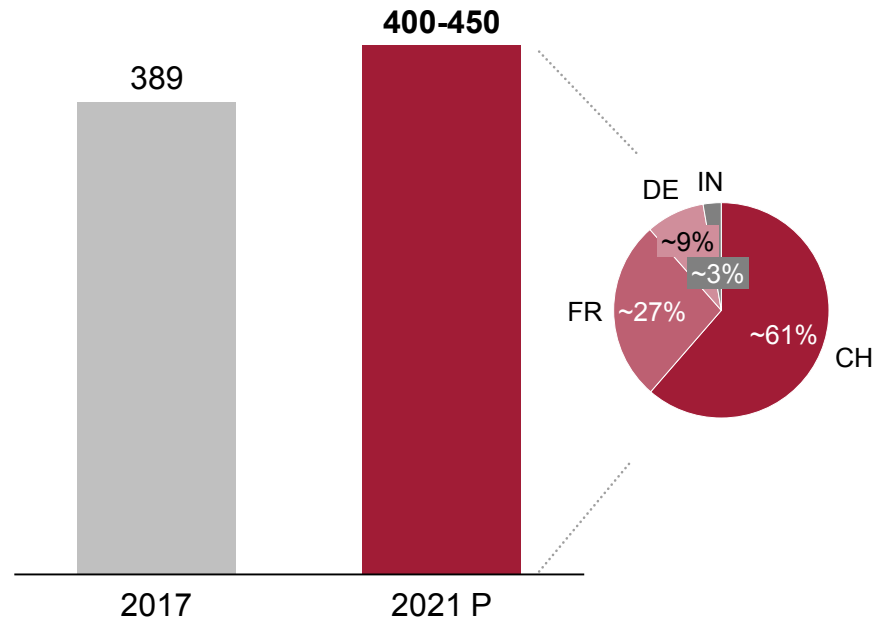
## Main drivers

		Growth contribution
CH	<ul style="list-style-type: none"> <li>Further develop existing offerings, e.g. investment solutions for private customers and pension consulting</li> </ul>	
FR	<ul style="list-style-type: none"> <li>Further grow in UL business above market by leveraging private insurer positioning</li> </ul>	
DE	<ul style="list-style-type: none"> <li>Increase the number of advisors</li> <li>Make advisors more productive thanks to an attractive platform</li> </ul>	
IN	<ul style="list-style-type: none"> <li>Leverage cross-border wealth transfer solutions</li> <li>Strengthen business with affinity groups</li> </ul>	
AM	<ul style="list-style-type: none"> <li>Strengthen distribution capabilities</li> <li>Provide international clients with access to European real estate market</li> </ul>	

# We will increase the risk result despite competitive pressure

Quality of earnings  
and earnings growth

Risk result, CHF m



Main drivers

CH	<ul style="list-style-type: none"><li>Exploit market opportunities in GL</li></ul>
FR	<ul style="list-style-type: none"><li>Enhance positioning in health and protection</li><li>Further develop credit life and P&amp;C business</li></ul>
DE	<ul style="list-style-type: none"><li>Further grow biometric risk business</li><li>Intensify solutions for specific industries</li></ul>
IN	<ul style="list-style-type: none"><li>Sell more large case death cover solutions</li><li>Increase risk plan offering for corporates</li></ul>

Growth  
contribution

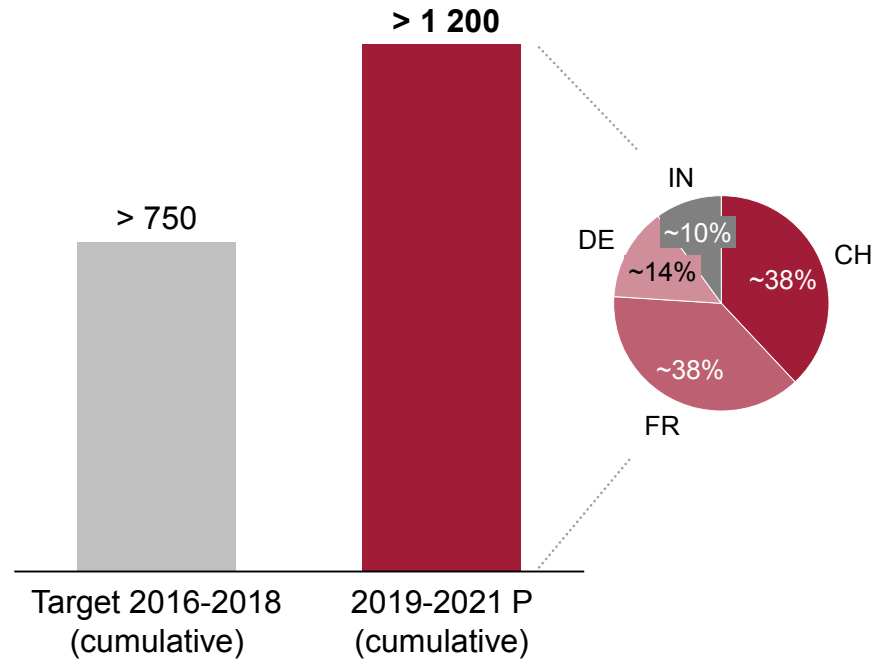




# We will grow the value of new business

Quality of earnings  
and earnings growth

## Value of new business, CHF m



## Main drivers

CH	<ul style="list-style-type: none"><li>Further develop full-range offering in GL</li><li>Continue capital-light strategy and modern traditional offering for private customers</li></ul>	
FR	<ul style="list-style-type: none"><li>Pursue growth in UL and risk business</li><li>Maintain the attractive business mix</li></ul>	
DE	<ul style="list-style-type: none"><li>Grow biometric solutions as well as modern and modern-traditional solutions</li></ul>	
IN	<ul style="list-style-type: none"><li>Leverage cross-border wealth transfer solutions and further develop tailored solutions for corporates</li></ul>	

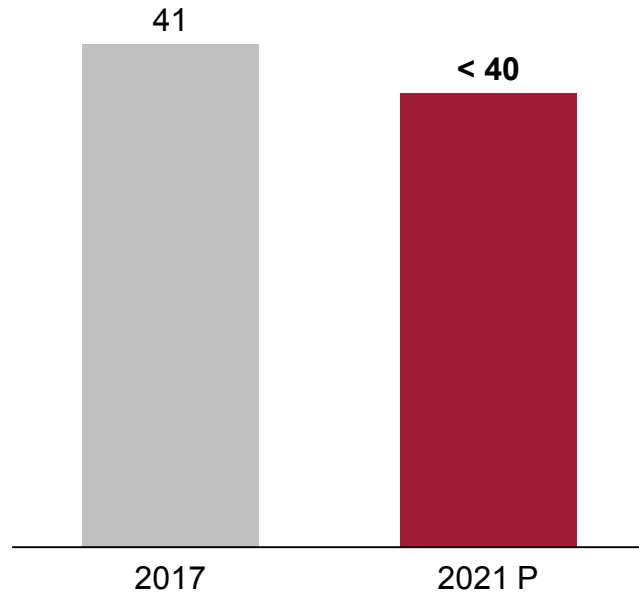
## Growth contribution

# Our goal is to further improve the life efficiency ratio ...

Operational  
efficiency

## Life

Efficiency ratio<sup>1)</sup>, in bps



## Main drivers

CH

- Enhance administration and self-service platforms
- Digitalise customer processes

FR

- Foster digital transformation to increase process automation
- Promote portals and self-care for clients and distributors

DE

- Further automate underwriting and enhance digital interfaces to improve admin cost result

IN

- Introduce hybrid / phygital distribution model
- Optimise target operating model

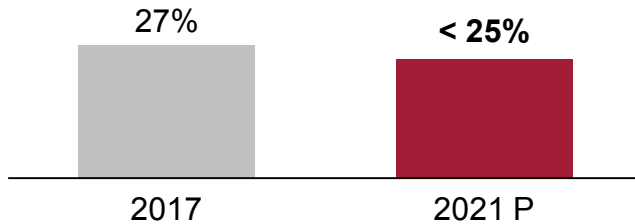
1) Excl. all non-life and distribution businesses

# ... and reduce cost ratios at our owned IFAs and in our TPAM business

Operational  
efficiency

## Distribution

Operating expense ratio<sup>1)</sup>



## Main drivers

DE

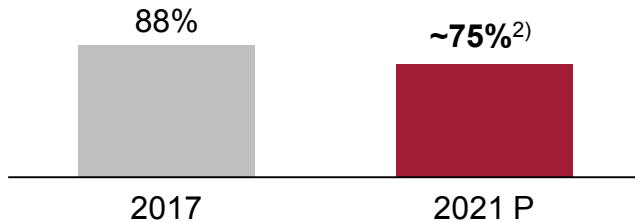
- Further develop scalable platform
- Improve self-service functionalities

IN

- Realise operational synergies in Central Eastern Europe
- Leverage digital client portals in UK

## TPAM

Cost income ratio



AM

- Improve scalability by further growing TPAM
- Adapt operating model and simplify legal structures

1) Owned IFAs and Agami 2) Excl. Livit

# We will strive for more attractive shareholder return

Capital, cash and  
payout

## Starting point

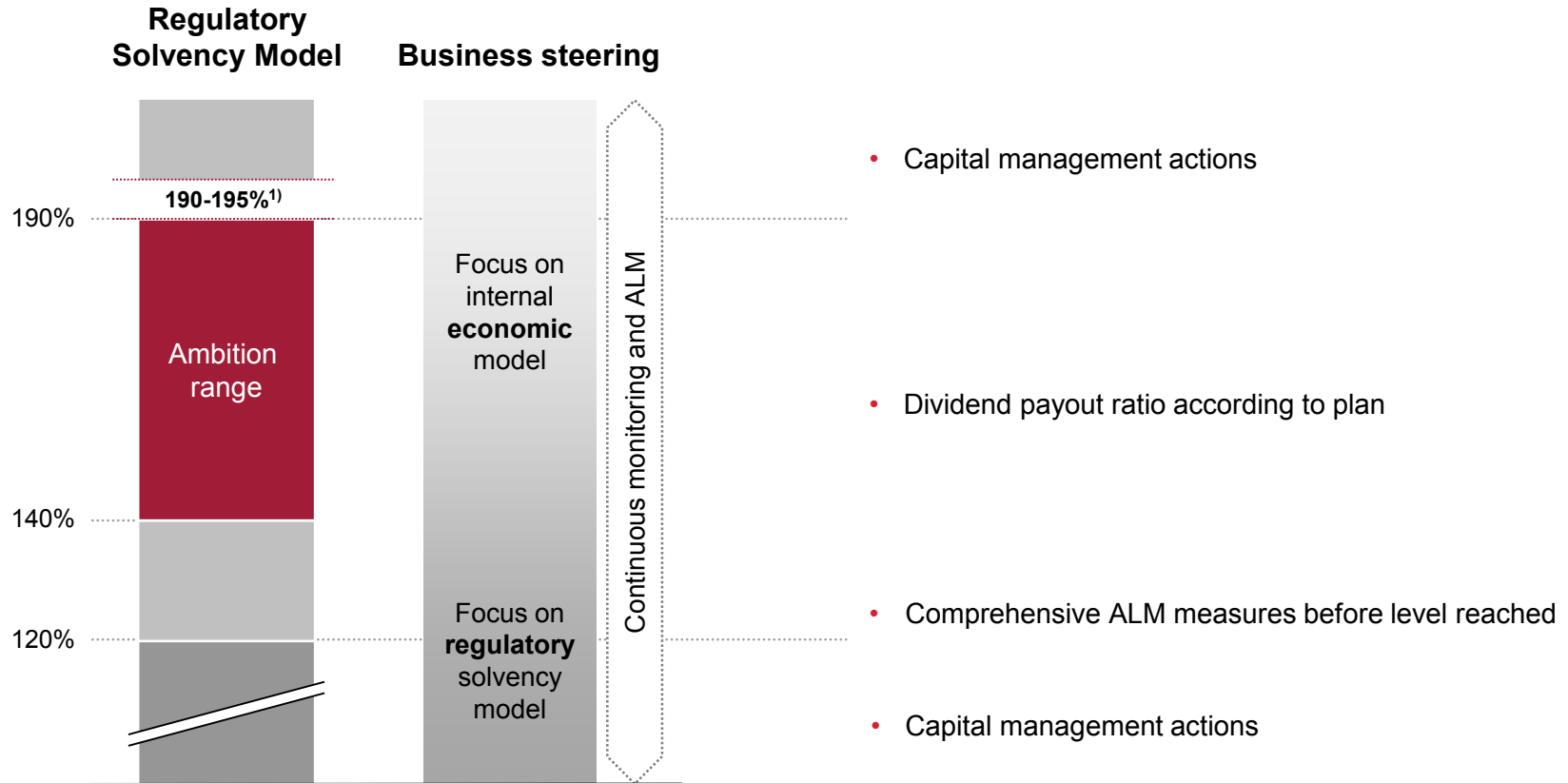
## New / increased focus on

- Solid capitalisation
- Improved quality of earnings
- Attractive new business mix
- Clarity on SST model
- Strong liquidity
- SST ambition range
- Enhance cash remittance
- Increase payout ratio

**Attractive  
shareholder  
return**

# We are introducing an SST ambition range

Capital, cash and  
payout

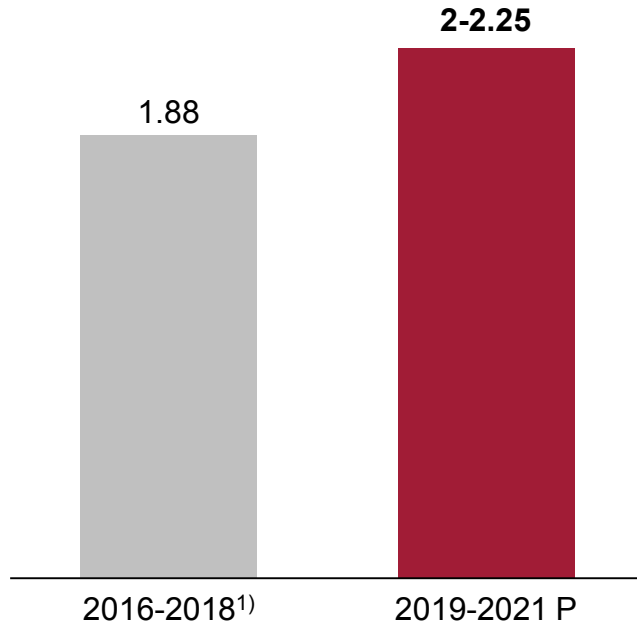


1) As of 30.6.2018, pro-forma new model

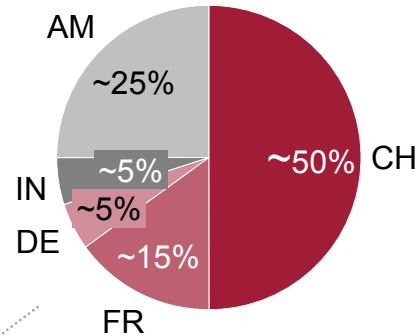
# We plan to increase cash remittance ...

Capital, cash and  
payout

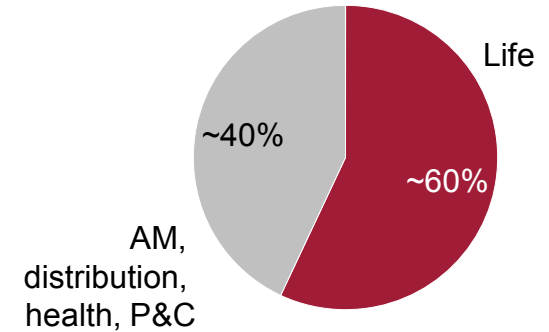
Cash remittance to Holding, CHF bn



by division



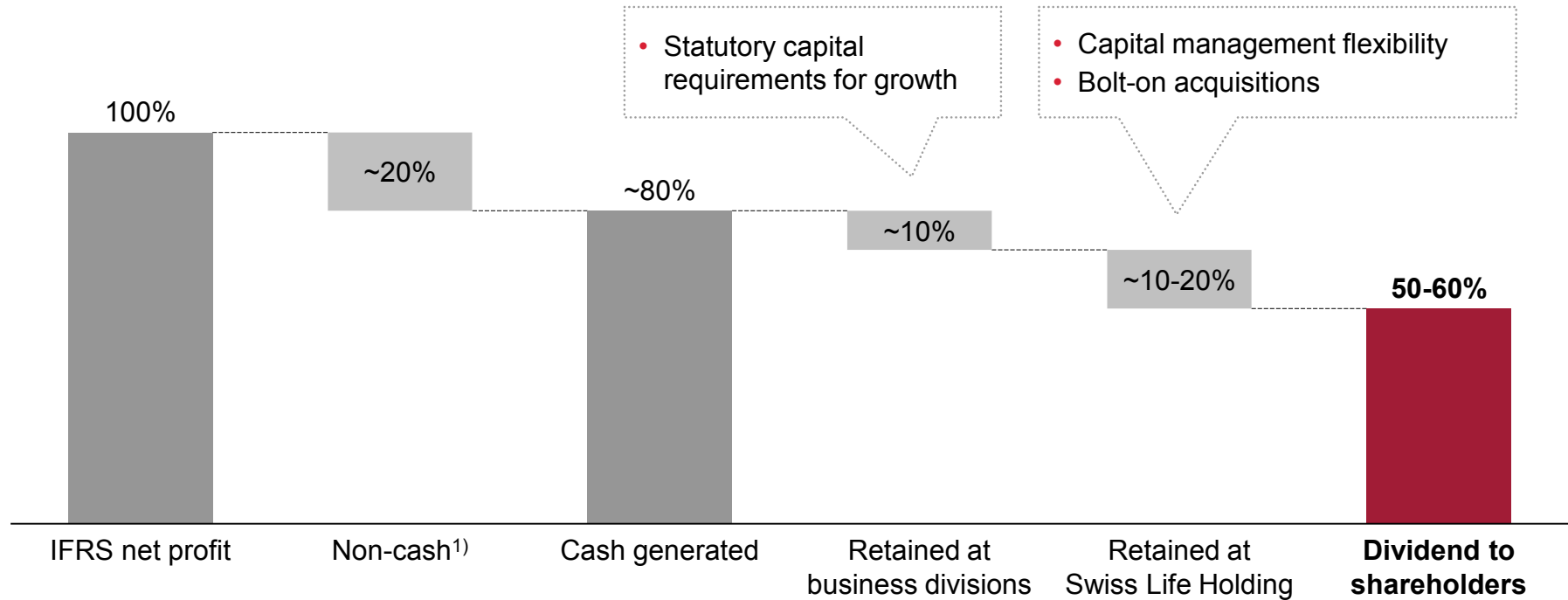
by business mix



1) FY 2016, FY 2017 and HY 2018

# ... with the majority of cash being returned to shareholders

Capital, cash and payout

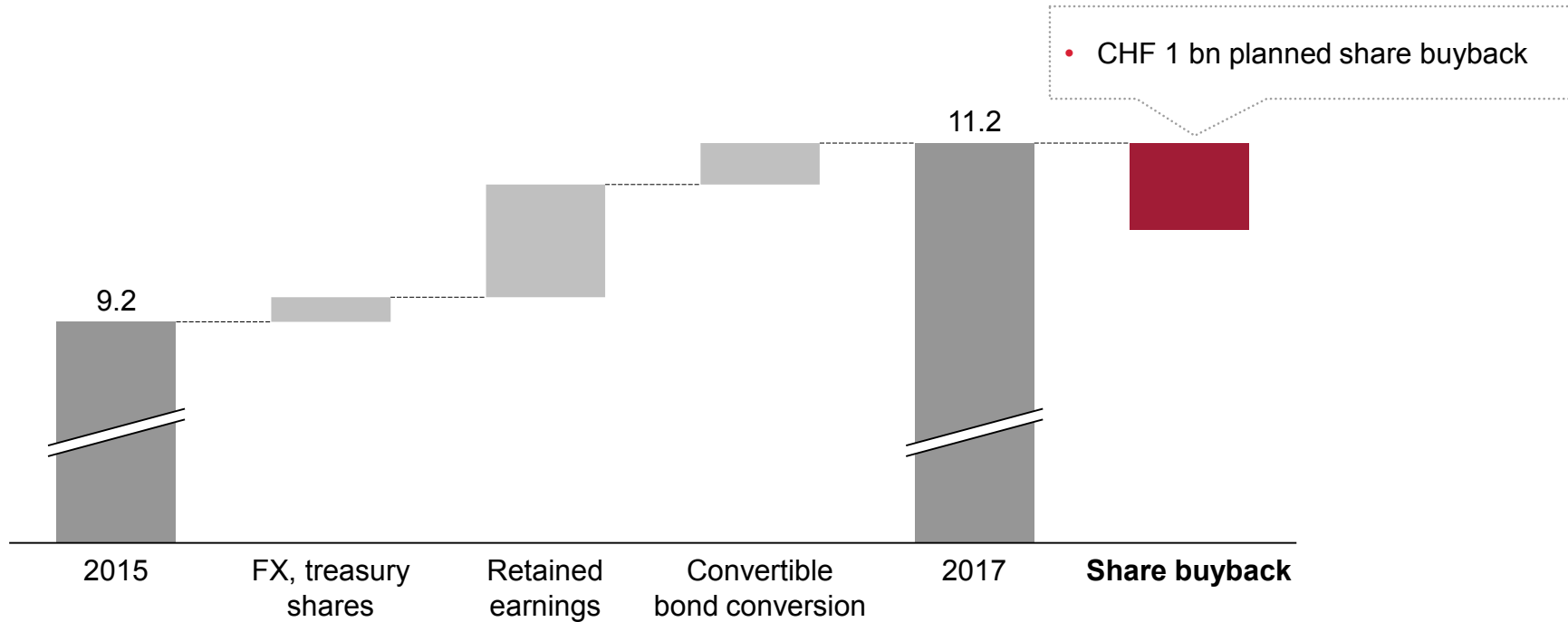


1) Mainly real estate revaluations and DAC

# CHF 1 bn share buyback to more than offset dilution by convertible bond

Capital, cash and payout

Development of shareholders' equity<sup>1)</sup>, CHF bn



1) Adjusted for unrealised gains/losses



# Share buyback to be completed by the end of 2019

Capital, cash and  
payout

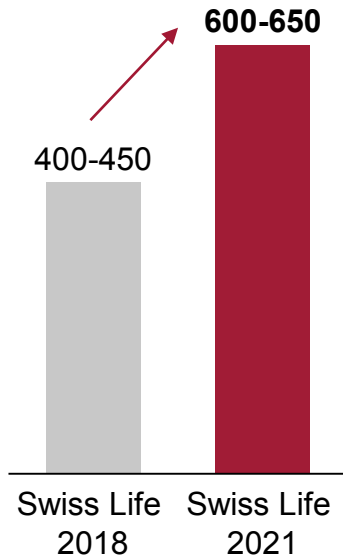
## Swiss Life share buyback programme

<b>Conditions</b>	<ul style="list-style-type: none"><li>• CHF 1 bn (corresponds to approx. 2.6 million<sup>1)</sup> shares)</li><li>• Purchases at market price</li></ul>
<b>Execution</b>	<ul style="list-style-type: none"><li>• Purchases on 2<sup>nd</sup> trading line</li><li>• Execution delegated to partner bank</li><li>• Cancellation of repurchased shares: Request will be made at AGMs 2019 / 2020</li></ul>
<b>Timing</b>	<ul style="list-style-type: none"><li>• Starts in December 2018</li><li>• To be completed by the end of 2019</li></ul>
<b>Disclosure</b>	<ul style="list-style-type: none"><li>• Number of shares purchased per day to be disclosed weekly on Swiss Life website</li></ul>

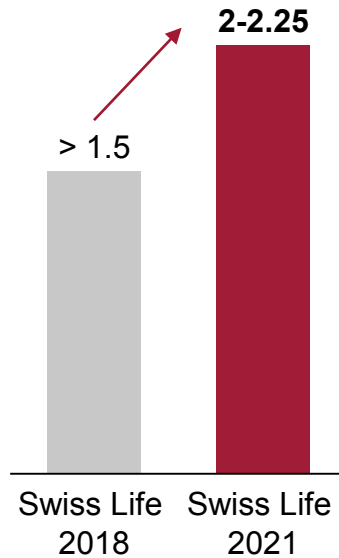
1) Based on share price on 26 November 2018

# Swiss Life 2021: Raising our ambitions

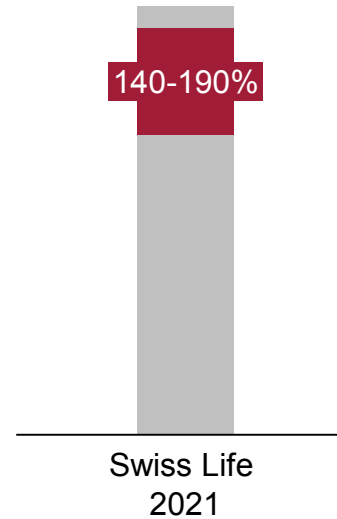
**Fee result**  
CHF m



**Cash remittance**  
3 years cumulative, CHF bn



**SST ambition range**



Strong cash remittance based on growing fee result and healthy solvency lead to **attractive shareholder return** under Swiss Life 2021

- Dividend payout ratio: **50-60%**
- Share buyback: **CHF 1 bn**

# We plan to enhance our earnings quality and shareholder return

## *Swiss Life 2018*

We have significantly improved our profitability and the quality of earnings, strengthened our solvency, increased cash remittance and payout to shareholders

We expect to achieve or exceed our Swiss Life 2018 financial targets

## *Swiss Life 2021*

Swiss Life will continue on the successful path of Swiss Life 2018 by focusing on the following financial thrusts:

- **Quality of earnings and earnings growth**  
We will strive to strengthen our earnings quality and grow our earnings, particularly by increasing the fee result
- **Operational efficiency**  
We will aim to further improve operational efficiency through cost discipline, increased process automation and digitalisation
- **Capital, cash and payout**  
We will pursue an attractive shareholder return based on solid capital management and increased cash remittance

# Investor Day 2018

## Solvency, ALM and capital efficiency

Matthias Aellig, Group CRO  
Zurich, 29 November 2018

# Capital-efficient value creation in back-book and new business

## *Swiss Life 2018*

- Cumulative VNB and new business margin above ambition
- Technical reserves strengthened by around CHF 7 bn since 2012
- Healthy SST capitalisation of > 175% as of Q3 2018 (Solvency II > 200%)
- New solvency model effective as of 01.01.2019

## *Swiss Life 2021*

- Strive for SST ratio within ambition range of 140-190%
- Maintain business steering based on economic view
- Interest rate margin protected with disciplined ALM
- Cumulative VNB generation of CHF > 1.2 bn
- Attractive dividend policy

# New regulatory model focused on one-year solvency monitoring

## *New solvency model 01.01.2019*

### *Valuation*

- Short projection of BVG business
- Future PH bonus recognised as capital
- Deterministic valuation

### *Target capital*

- Market risk based on limited number of risk factors
- Credit risk factor-based (Basel III)
- No diversification between market and credit risk
- Insurance risk based on relevant risk factors

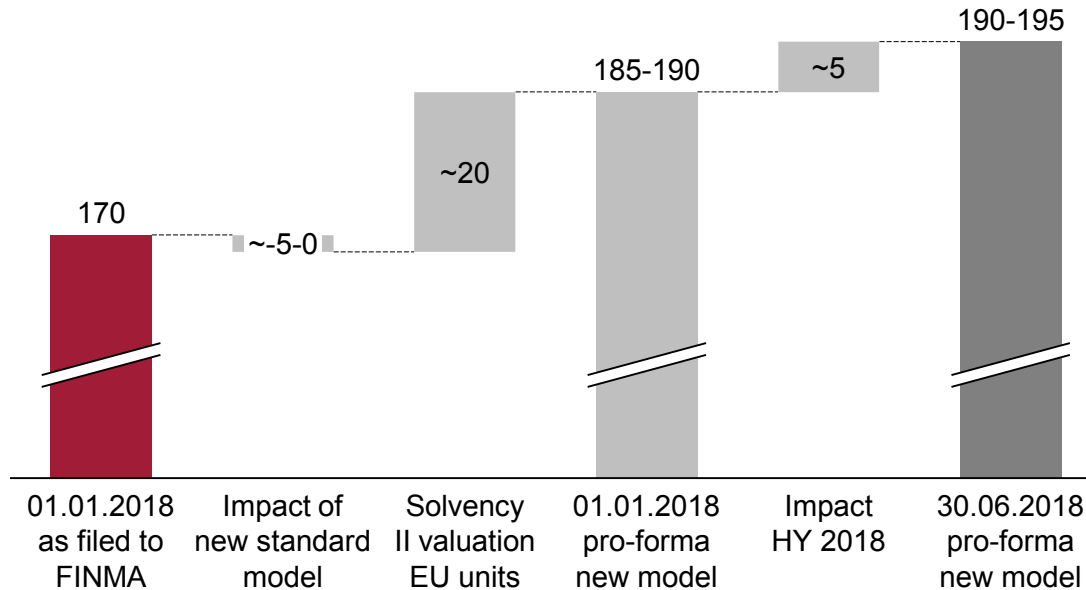
### *“Use test”*

#### **Not required to be used for business steering**

- Relatively simple model based on guaranteed benefits

# New solvency model with higher capitalisation ...

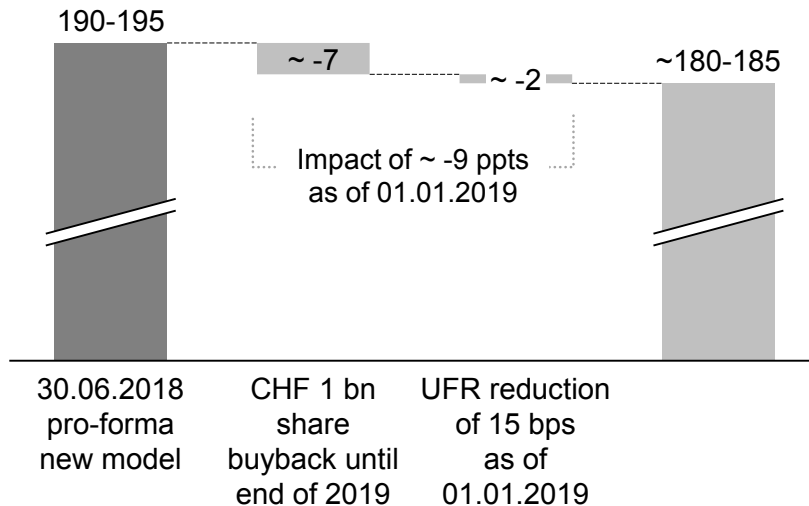
*SST Swiss Life Group (in %)*



- New solvency model to become effective 01.01.2019 based on standard model
- At the same time, Swiss Life will move to Solvency II valuation basis for EU units

# ... and with higher sensitivities

## SST Swiss Life Group (in %)



- Share buyback to start in 2018 until year-end 2019
- UFR reduction of 15 bps p.a. until year-end 2021

## Sensitivities

	Old solvency model 01.01.2018	New solvency model effective 01.01.2019	
		01.01.2018	30.06.2018
Real estate -10%	-14 ppts	-17 ppts	-18 ppts
Credit spreads <sup>1)</sup> +100 bps	-8 ppts	-16 ppts	-13 ppts
Interest rates <sup>2)</sup> -50 bps	-14 ppts	-3 ppts	-6 ppts
Equities -30%	-9 ppts	-10 ppts	-13 ppts
Insurance 1 in 10 year event	-8 ppts	-10 ppts	-10 ppts

- New model with generally higher sensitivities, especially to credit spreads
- Reduction of credit spread sensitivity in HY 2018 due to shift from corporate bonds to equity and government bonds

1) Corporate bonds and GIPS (excluding covered / guaranteed bonds) 2) Excludes benefit of dynamic duration management



# Internal economic model for business steering enables long-term value creation

## *New solvency model 01.01.2019*

### *Valuation*

- Short projection of BVG business
- Future PH bonus recognised as capital
- Deterministic valuation

### *Target capital*

- Market risk based on limited number of risk factors
- Credit risk factor-based (Basel III)
- No diversification between market and credit risk
- Insurance risk based on relevant risk factors

### *“Use test”*

#### **Not required to be used for business steering**

- Relatively simple model based on guaranteed benefits

## *Internal economic model*

- Long-term projection of BVG business
- Future PH bonus recognised as risk-absorbing liability
- Stochastic valuation

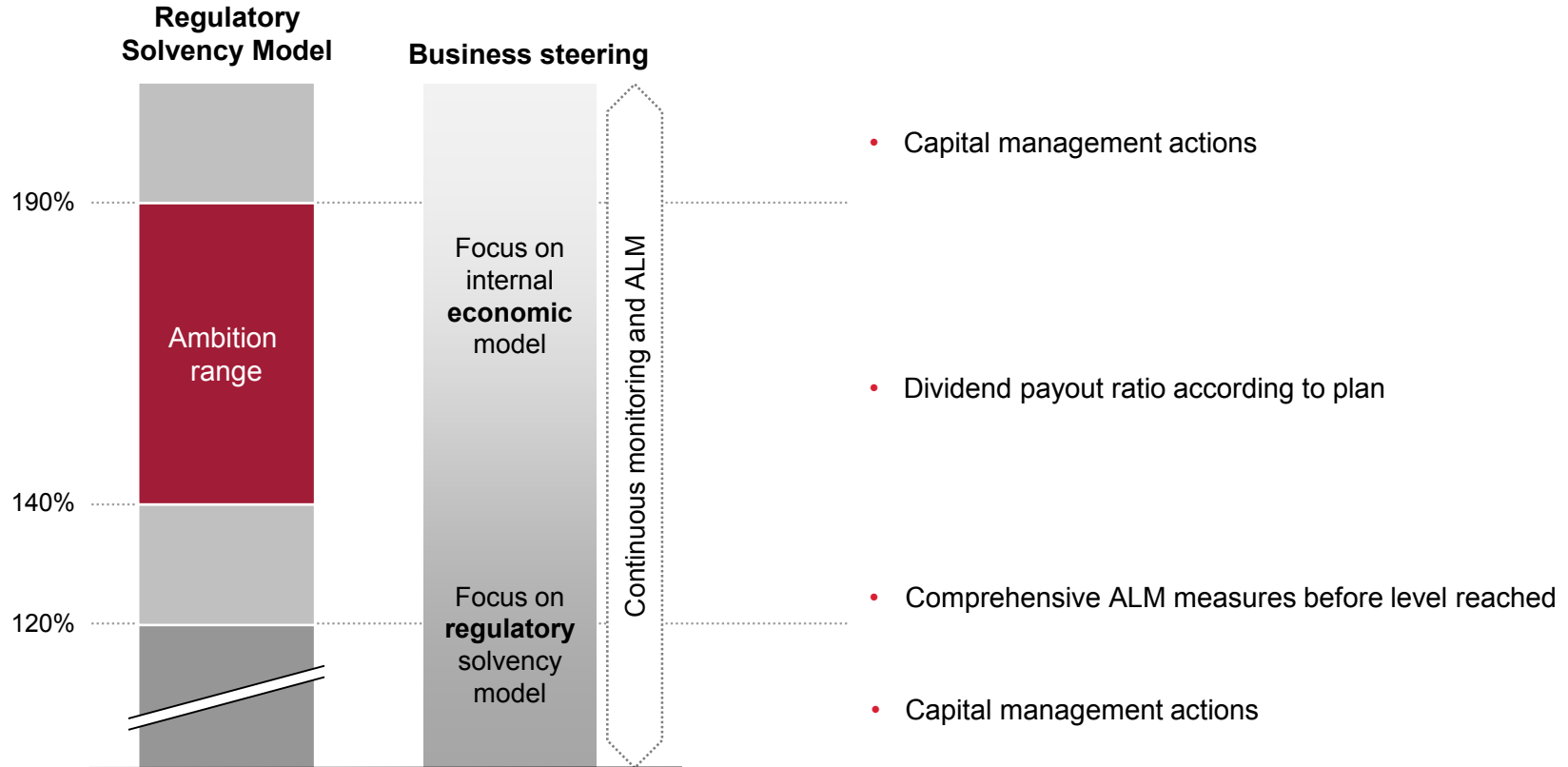
- Large number of risk factors
- Counterparties modelled stochastically
- Economic diversification between market and credit risk

#### **Used for business steering**

- Economic features of life business captured
- Effective duration gap management
- Risk-adjusted capital efficiency considerations

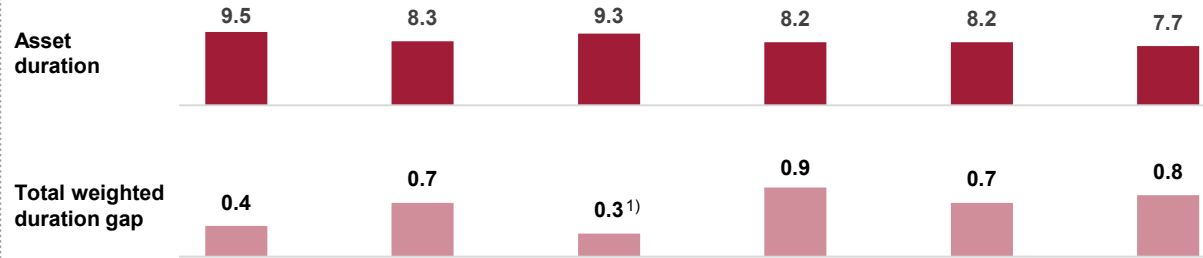
# Focus on economic view in ambition range

Solvency



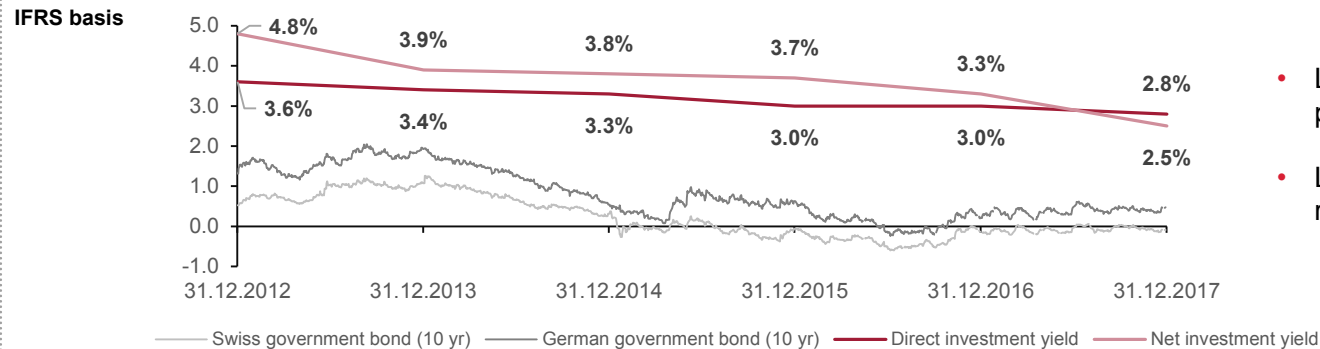
# Disciplined ALM with narrow duration gap results in resilient yield

## Duration management



- Dynamic duration management on economic basis to keep narrow gap
- Efficient economic capital consumption maintained
- Also corresponds to narrow duration gap in new solvency model

## Yield development



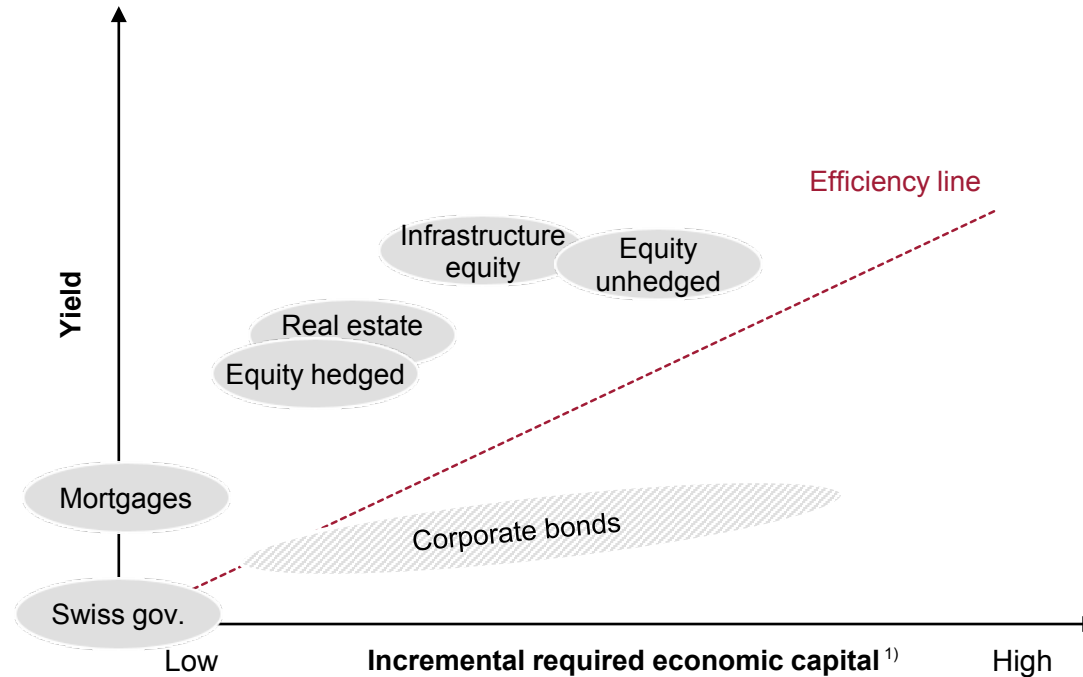
- Low interest rate environment persists
- Long asset duration leads to resilient direct yield

1) Restatement based on full calculation instead of preliminary estimation; starting 2015, FY disclosure is based on full calculation

# Capital efficiency considerations key in investing new money

## Marginal investment

Swiss portfolio



- Risk / return considerations to optimise asset return in view of required economic capital
- Other considerations also important
  - IFRS accounting
  - Local statutory accounting
  - Solvency model
- In the new solvency model, favoured asset classes also attractive re-investments

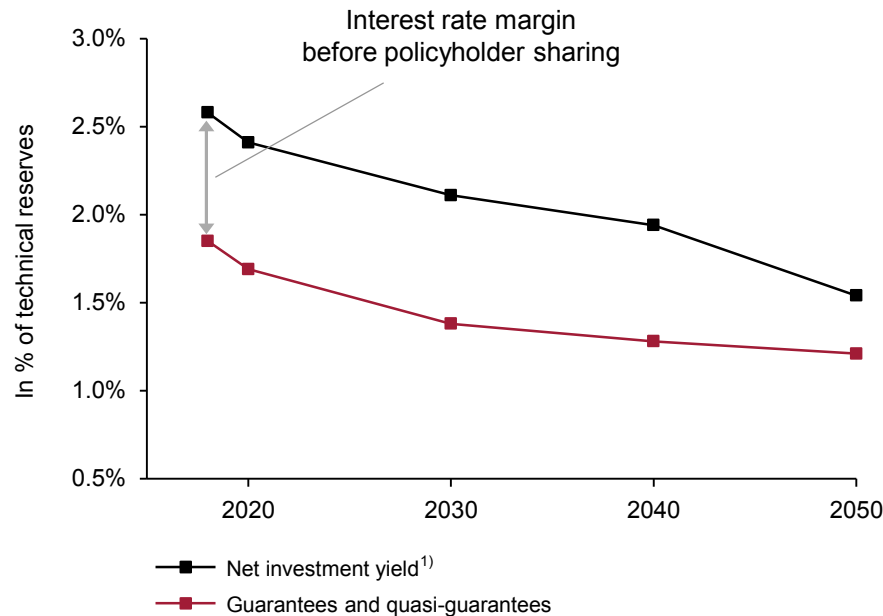
1) Based on internal economic model

# Swiss Life's interest rate margin resilient in low interest rate environment

## Structurally healthy interest rate margin

Statutory basis

PROJECTION



- Resilient for more than three decades even if rates stay low
- Reserve strengthening from current income has positive impact on long-term resilience
- Assumed reinvestment rates<sup>2)</sup>
  - Switzerland: 1.0%
  - France: 1.5%
  - Germany: 1.7%
- No new business assumed
- Risk and fee income not considered

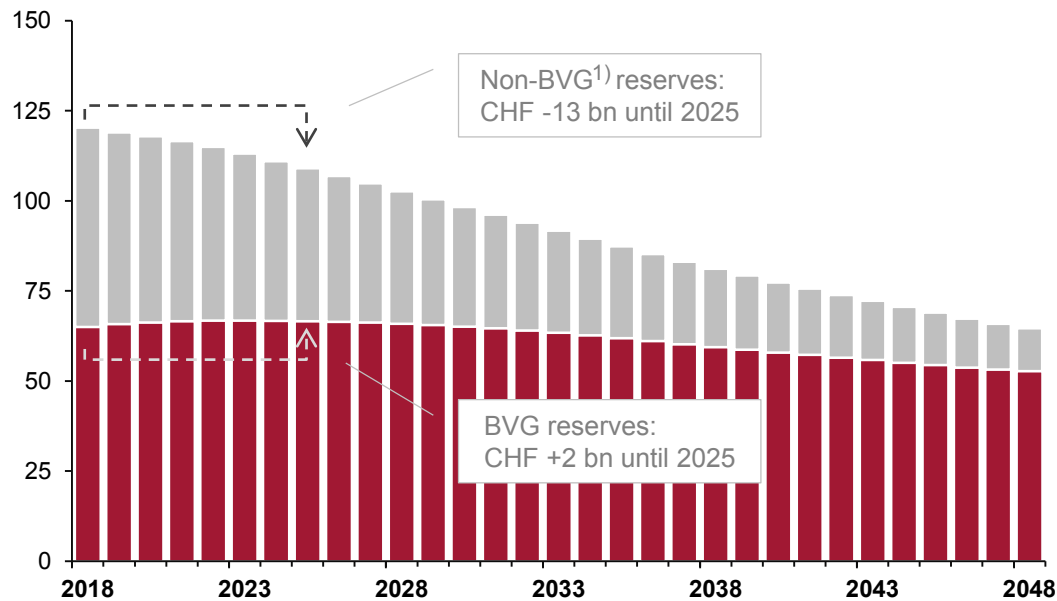
1) Net investment yield excl. realisations on fixed income investments except for ZZR build-up ("Zinszusatzreserve") in Germany (which is also included in guarantees)

2) Based on forward rates as of end of July 2018; values shown for 2020

# Back-book development implies moderate capital relief in the medium term

## Projection excluding new business

Statutory reserves bearing technical interest rate, CHF bn



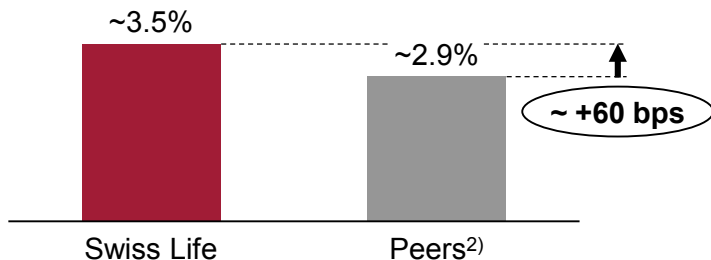
- The Group's reserve development is driven by persistent Swiss BVG business
- As a result, moderate capital relief from total back-book
- Back-book and new business managed for value creation

1) Swiss individual, French and German life businesses

# Swiss Life with strong track record on investment yields in BVG business

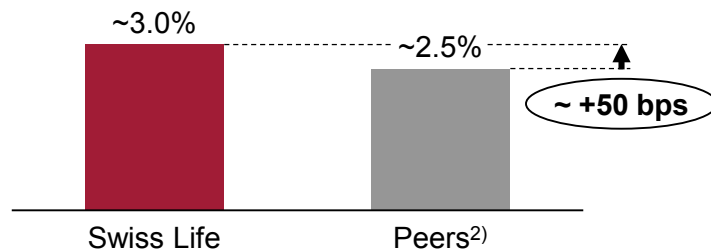
## Annual direct investment yield

Average 2010-2017<sup>1)</sup>



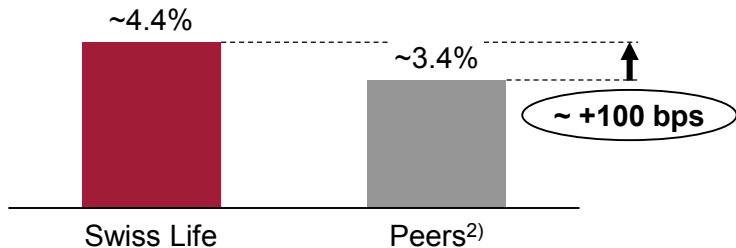
## Annual net investment yield

Average 2008-2017



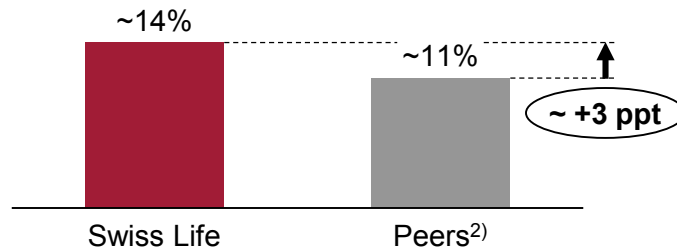
## Total annual investment yield

Average 2008-2017



## Unrealised gains in % of net investments

As of 31.12.2017

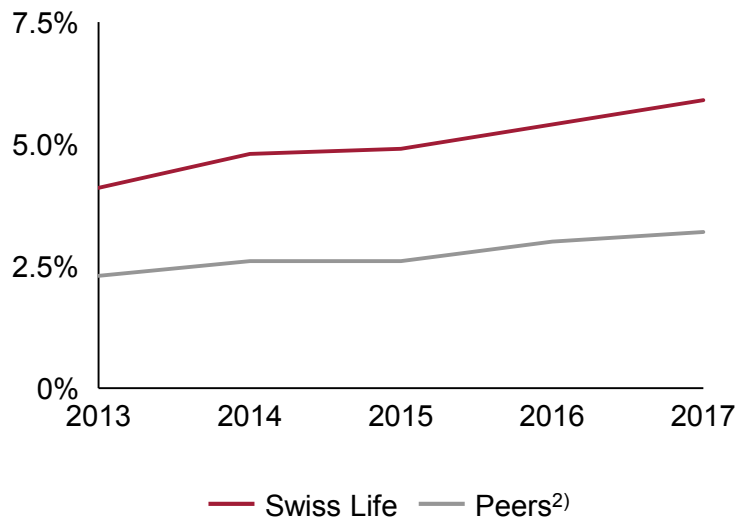


1) 2008-2009 not disclosed 2) Unweighted average of Axa, Baloise, Helvetia, Allianz; Source: Betriebsrechnungen BVG

# Swiss Life has an above-average reserving position in BVG business

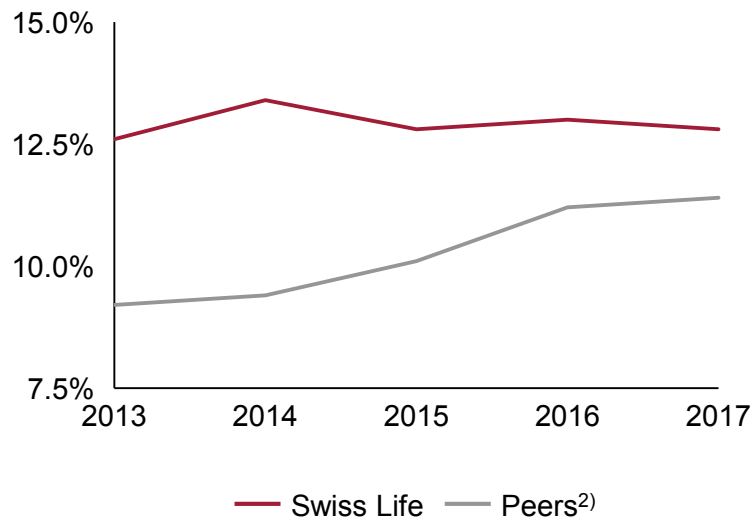
## Conversion rate reserves

in % of old-age savings accounts



## Additional reserves group life<sup>1)</sup>

in % of old-age savings accounts + reserve for annuities in payment



1) Strengthening for annuities in payment + conversion rate reserves + IBNR + cost of living adjustment fund 2) Unweighted average of Axa, Baloise, Helvetia, Allianz



# BVG new business maximises incremental net profit and VNB; capital efficiency as prerequisite

New business management

BVG  
new business

Semi-autonomous  
business only

Comprehensive  
offering incl. full  
insurance

$\Delta$  Net profit

~3x

VNB

~2.5x

Capital  
efficiency

Efficiency line

Strategy with comprehensive offering pursued

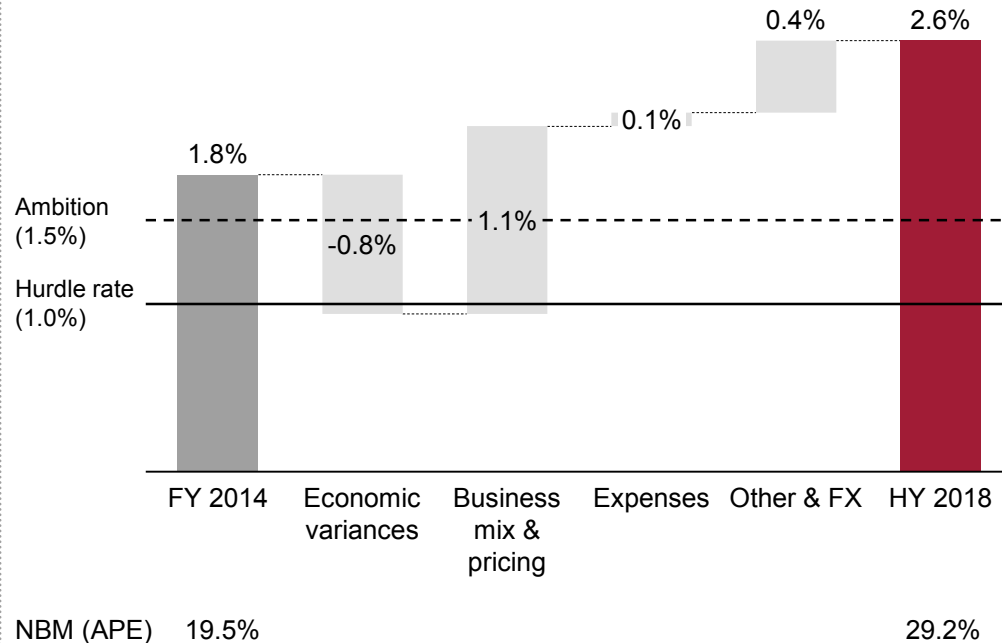
- Incremental net profit higher for comprehensive offering due to
  - Higher risk and cost result (volume effect)
  - Additional savings result
- VNB higher for comprehensive offering, mainly due to higher volumes; both strategies with margin above hurdle rate
- Both new business strategies are capital efficient

# New business margin substantially above ambition level

New business  
management

## New business margin development

VNB as % of PVNBP



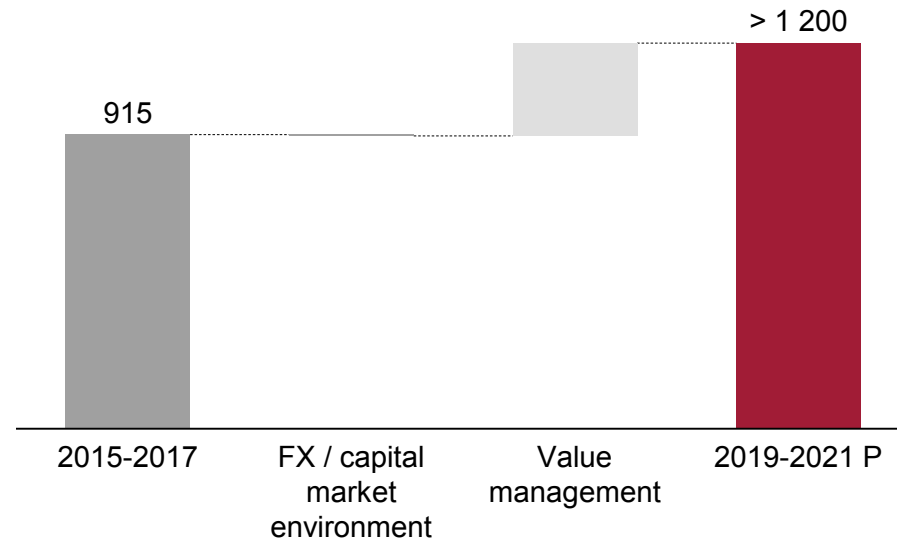
**Challenging capital markets compensated for by capital-efficiency-focused new business and continued margin management**

- CH: Comprehensive offering in group and individual life
- FR: Share of unit-linked business further increased
- DE: Share of risk business further increased; traditional business phased out, replaced with modern-traditional
- IN: Focus on unit-linked w/o guarantees and risk

# Further grow value of new business

## Value of new business

CHF m



### Capital efficiency remains guiding principle

- Aspiration to generate a cumulative VNB in excess of CHF 1.2 bn in the low interest rate environment
- New business margin ambition of 1.5% and minimum hurdle rate of 1.0% remain in place

# Capital-efficient value creation in back-book and new business

## *Swiss Life 2018*

- Cumulative VNB and new business margin above ambition
- Technical reserves strengthened by around CHF 7 bn since 2012
- Healthy SST capitalisation of > 175% as of Q3 2018 (Solvency II > 200%)
- New solvency model effective as of 01.01.2019

## *Swiss Life 2021*

- Strive for SST ratio within ambition range of 140-190%
- Maintain business steering based on economic view
- Interest rate margin protected with disciplined ALM
- Cumulative VNB generation of CHF > 1.2 bn
- Attractive dividend policy



SwissLife  
Asset Managers

# Investor Day 2018 Swiss Life Asset Managers

Stefan Mächler, Group CIO  
Zurich, 29 November 2018

# Key messages Swiss Life Asset Managers

## *Where we are today*

- **We are a leading institutional asset manager**
  - Top 3 institutional asset manager in Switzerland<sup>1)</sup>
  - # 1 asset manager in European real estate<sup>2)</sup>
  - > 1 750 employees (> 80% in real estate)
  - Strong ALM investment expertise for pension schemes and insurance companies

## *What we will do*

- **Captive clients (PAM / Proprietary Insurance Asset Manager)**
  - We are leveraging pronounced ALM expertise and benefiting from scalability
- **Third-party clients (TPAM / Third-Party Asset Manager)**
  - We are further strengthening our proven real estate and securities platform
  - We are expanding distribution and harmonising the client experience

## *What we will achieve with Swiss Life 2021*

- We have **ambitious financial targets for Swiss Life 2021**

– TPAM AuM	CHF 100 bn
– Total income	CHF 950-970 m
– Segment result	CHF 340-360 m
– TPAM cost / income ratio	~75%
- We aim for AuM growth above expected European market growth at global industry profitability<sup>3),4)</sup>

1) IPE Survey 2017 Top 400 Asset Managers in Europe 2) PropertyEU Top 100 Investors, 2015, 2016, 2017 3) PriceWaterhouseCoopers: Asset & Wealth Management Revolution: Embracing Exponential Change 4) The Boston Consulting Group: Global Asset Management 2018: The Digital Metamorphosis



# Expect successful completion of Swiss Life 2018 with strong performance and growth

## *Strong performance and business expansion*

- Proven investment capabilities and **resilient investment income** even in a low interest rate environment
- **Diversification of asset classes** into equities, multi-asset, infrastructure and loans
- Existing business set-up allows leveraging of **Mayfair Capital** and **BEOS acquisitions**

## *Faster growth than market*

- **Double-digit AuM growth** (%) exceeds European asset management industry growth<sup>1)</sup>
- Swiss Life AST (# 7) **fastest growing** top 10 **investment foundation** in Switzerland
- **Share of wallet** increase exemplifies quality of the platform and product offering
- **Large scale real estate transactions** highlight skills (full value chain) & financial (risk) capacity

## *Expect to successfully deliver on Swiss Life 2018*

### Swiss Life 2018 financial targets

- |                             |               |
|-----------------------------|---------------|
| • Third-party clients (AuM) | CHF 50 bn     |
| • Total income              | CHF 640-660 m |
| • Segment result            | +30-40%       |

### FY 2017

CHF 61 bn
CHF 689 m
+37% <sup>2)</sup>

### Current assessment

Exceeded	✓
Ahead	✓
Ahead	✓

1) The Boston Consulting Group: Global Asset Management 2016: Doubling Down on Data; The Boston Consulting Group: Global Asset Management 2017: The Innovator's Advantage; The Boston Consulting Group: Global Asset Management 2018: The Digital Metamorphosis 2) Compared to FY 2014

# Swiss Life Asset Managers grows faster than the European market at industry profitability level

## Industry growth<sup>1)</sup> and cost / income ratio<sup>2)</sup>

USD tn, CAGR in %	2004		2016		2025 E
North America	19.9	7%	46.9	5%	71.2
Europe	12.9	5%	21.9	6%	35.7
Asia-Pacific	3.9	10%	12.1	10%	29.6
Middle East / Africa	0.0	n.a.	0.7	10%	1.6
Latin America	0.6	15%	3.3	9%	7.3
Global industry cost / income ratio		~65%			

## Swiss Life growth

CHF bn, CAGR in %	2014		2016		2021 P
TPAM	33.7	21%	49.6	15%	100.0
SL AM cost / income ratio by 2021: 60-65% (TPAM ~75%)					

## Comments

- Investments in asset management products are sizeable and expected to **grow substantially** until 2025
- Europe is an attractive market** due to its size despite lower growth rates than other markets
- Historically, the industry has proved to be **profitable** and remained at a similar cost / income ratio level even during periods of margin compression
- Swiss Life Asset Managers** expects to grow significantly above market in the third-party business
- Profitability measured by **cost / income ratio** for overall Swiss Life Asset Managers estimated at or **below** the current **global industry average**

1) PriceWaterhouseCoopers: Asset & Wealth Management Revolution: Embracing Exponential Change, 2017 2) The Boston Consulting Group: Global Asset Management 2018: The Digital Metamorphosis



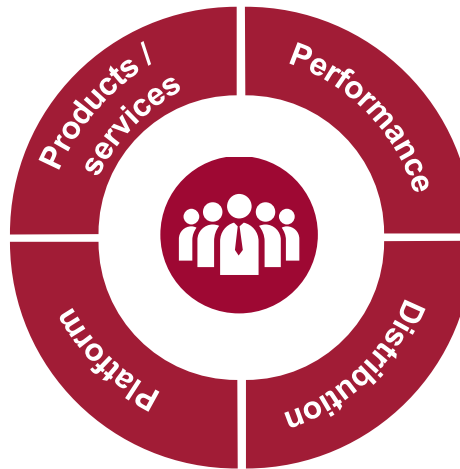
# Leveraging the captive asset management capabilities key for further growth

## Products / services

- **TPAM credibility** due to PAM investment know-how
- **Diversification** of TPAM product offering
- High **maturity level** of the **real estate business**
- **Growth of investment foundation (AST)** in Switzerland

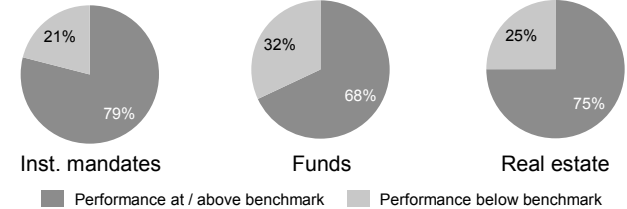
## Platform

- Success / visibility of real estate **attracts talents**
- **Integrated securities IT platform** across locations
- **Simplification** of operating structure



## Performance

- PAM investment / ALM results
- TPAM performance (3-year)<sup>1)</sup>:



## Distribution

- Development from a Swiss asset manager into a **European asset manager**
- **Investment expertise** in close proximity to client domicile
- Ability to increase **share of wallet** with existing clients

<sup>1)</sup> Volume weighted as of September 2018 and June 2018 for real estate

# We put client needs at the centre of our attention and provide relevant solutions

## *Captive clients (PAM)*

## *Third-party clients (TPAM)*

### **Client needs**

- Stable returns / margins
- Capital efficiency

- Asset protection
- ALM services
- Cost effectiveness
- Responsible investing

- Access to European real estate market incl. large transactions
- Outcome driven solutions (e.g. LDI<sup>2)</sup>)

### **Relevant solutions**

- Asset classes for long-term investments
- Expertise in capital-efficient investments

- Offering PAM investment schemes to TPAM clients
- Access to real estate
- Competitive fees
- ESG<sup>1)</sup> compliant solutions

- Pan-European real estate funds
- Co-investments real estate
- Balanced actively managed products
- Tailor-made offerings

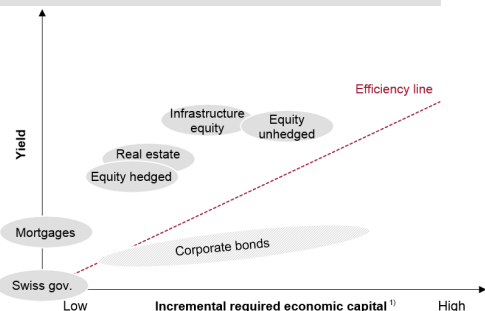
1) ESG = Environmental, Social, Governance 2) Liability driven investments

# We offer captive clients a resilient investment performance despite low interest rates

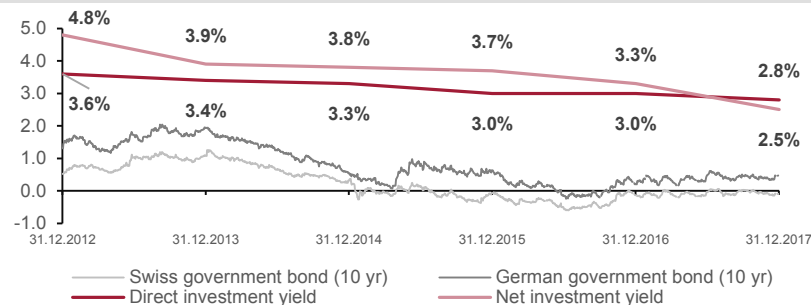
Captive clients  
(PAM)

## Long-term ALM expertise for insurance BS

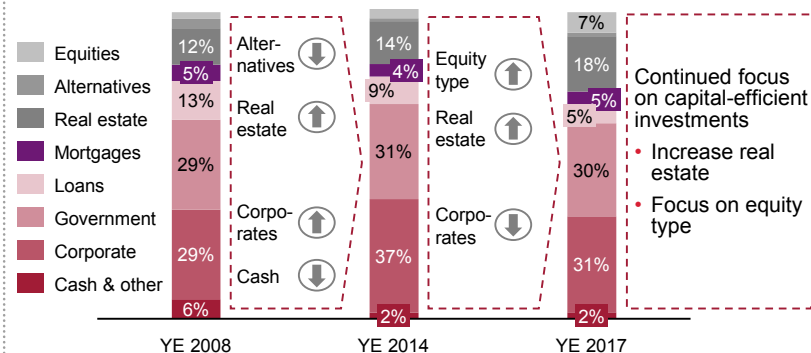
Swiss portfolio,  
marginal investment



## Resilience of investment income despite low interest rates



## Continued capital-efficient investments



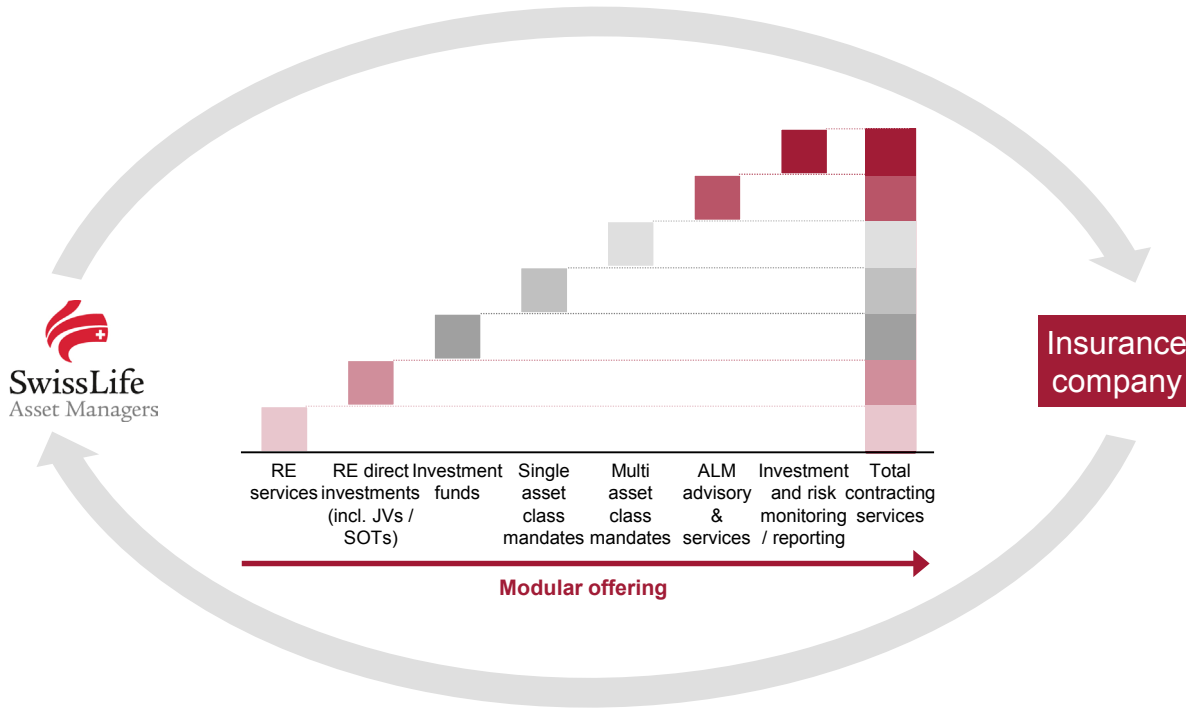
## Additional strengths

- Low cash holdings due to **efficient cash management**
- Large real estate business with **competent access to European real estate market** at competitive prices
- **Negligible impairments / defaults** in fixed income
- **Competitive fees**, especially in Swiss BVG business
- **SST expertise** as basis for additional TPAM business

# We are a preferred partner for outsourcing the investment function

Third-party clients  
(TPAM)

## Total contracting services – modular outsourcing offering



## Example for a health insurer

### Outsourced services

- Securities asset management mandate
- ALM advisory and services
- Investment and risk monitoring / reporting

### Total contracting service concept

- Possible from a regulatory perspective
- Provides a win-win situation
- Allows the partners to focus on their core business

# Project development is an important pillar for our real estate business

Real estate

## *In a nutshell*

- Project development constitutes an important value driver with solid fee income and investment returns for Swiss Life Asset Managers
- Business includes both **development-to-sell and to-hold** objects
- **Ambition to grow** project development activity to generate
  - Development profits
  - Transaction fees
  - Other fees
- Continuous **renewal of project pipeline** for own balance sheet and third-party clients through land purchases

## Examples of real estate project development



### **Berlin, Adlershof**

- ~62 300 sqm, office
- Completion: 2019



### **Cologne, Reiterstaffel**

- ~45 000 sqm, 495 apartments
- Completion: 2018

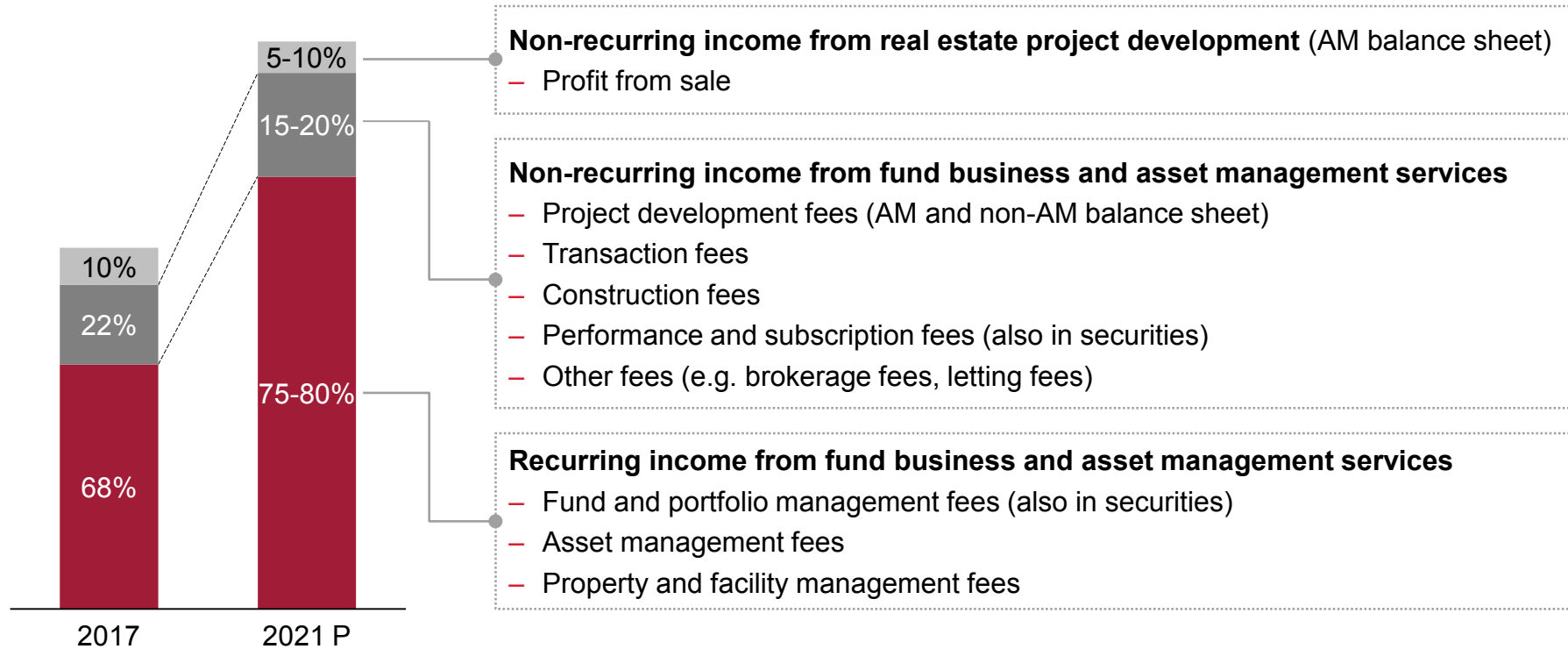


### **Berlin, Dock 100**

- ~86 000 sqm, business park (office, warehousing, production)
- Completion: 2018

# Total income quality expected to increase, however non-recurring fees remain important

Based on TPAM total income



# Initiatives to further leverage our strengths

## *Focus on preferred segments*

- Expanding **captive** and **third-party distribution**
- Launching **real estate access** for **international clients**
- Implementing and reporting of **sustainability<sup>1)</sup>** related activities

## *Promote attractive propositions*

- Ongoing implementation of **ALM driven asset allocation**
- Leveraging of **PAM expertise** for the benefit of third-party clients
- Delivering **risk-based investment philosophy** and products

## *Make customer relationships more rewarding*

- Transforming **client needs** into attractive products / solutions
- Increasing **visibility of securities business** in the market by promoting successful propositions
- Multiplying the success with existing clients by additional sales efforts to attract **new clients**

## *Improve productivity*

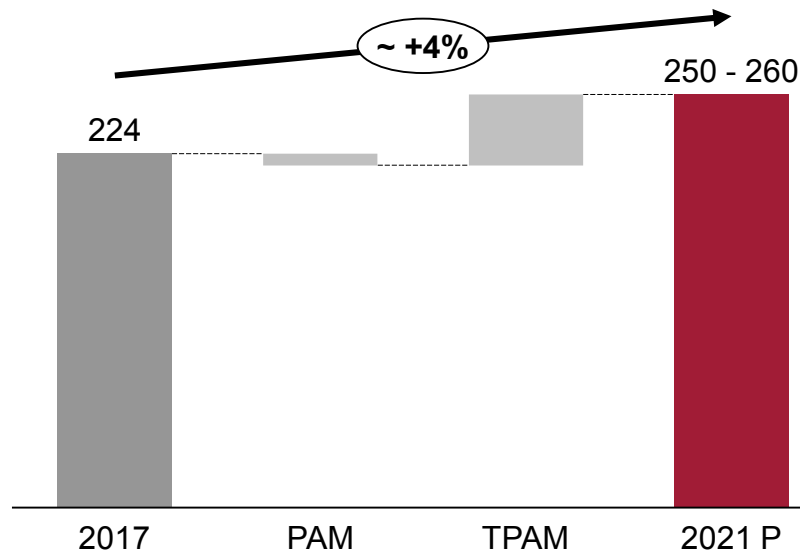
- Increasing alignment and automation of **real estate IT platform**
- Continuing **operating model** adjustments
- Improving efficiency by **larger volume funds / transactions**

1) E.g. ESG, incl. PRI signatory and GRESB membership

# Significant AuM growth in TPAM based on a strong product portfolio and targeted initiatives

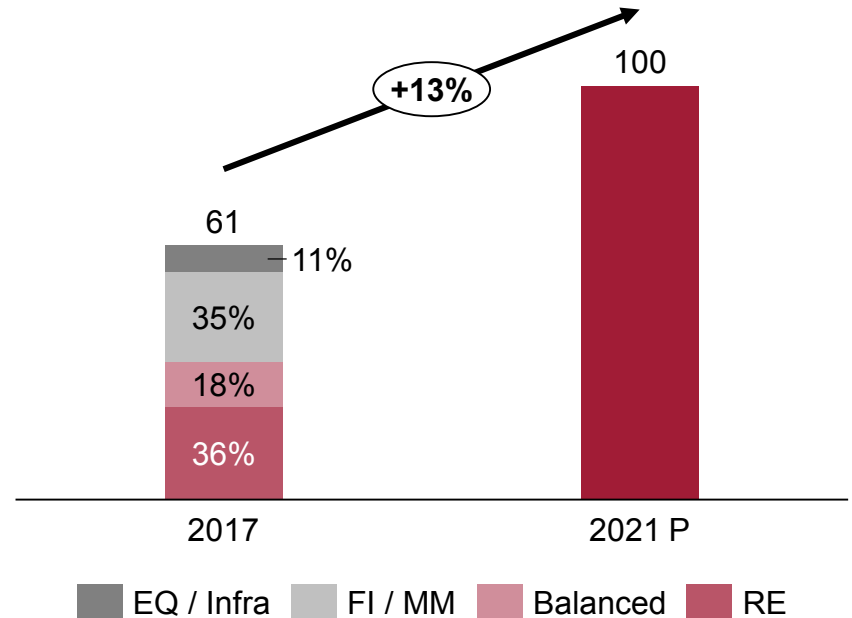
## Total AuM development

CHF bn, CAGR in %



## TPAM AuM development

CHF bn, CAGR in %



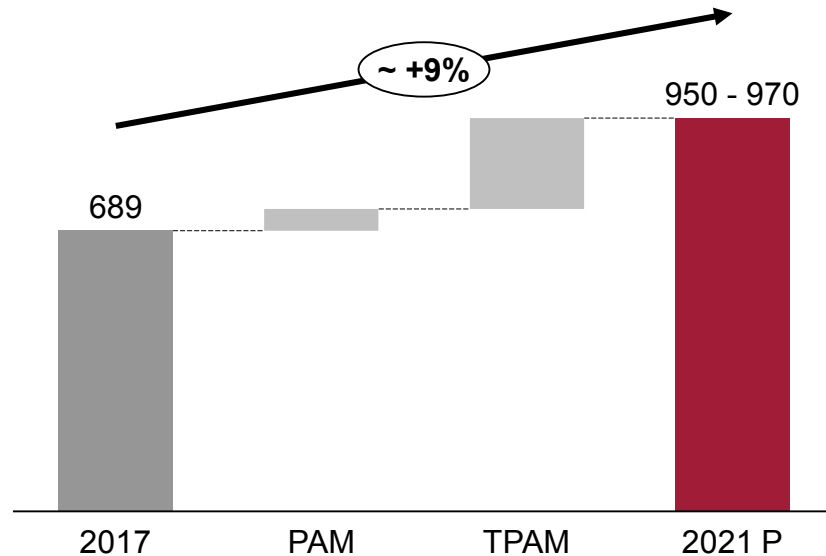
Note: BEOS included in targets



# Focus on higher margin products and economies of scale drives TPAM profitability increase

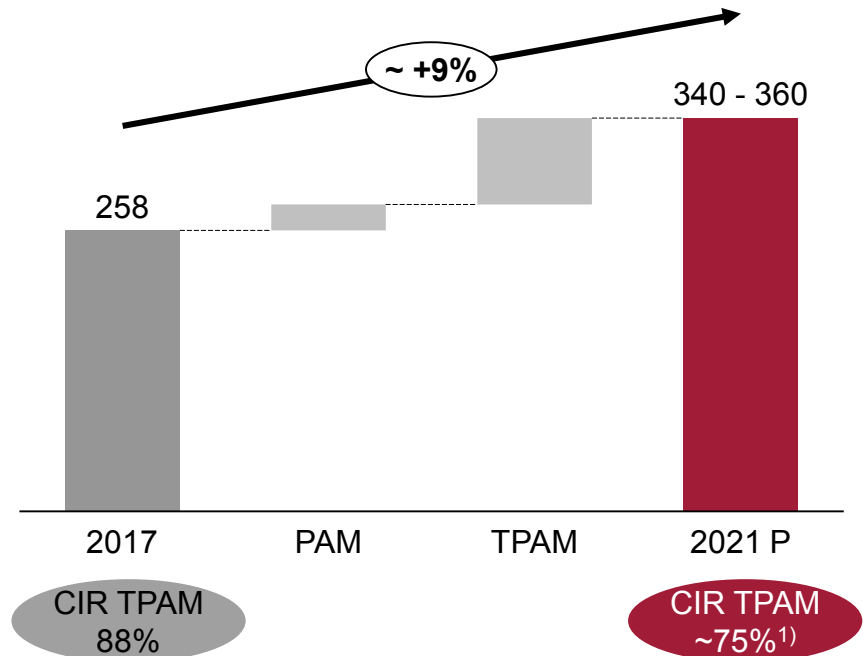
## Total income development

CHF m, CAGR in %



## Segment result development

CHF m, CAGR in %



1) Excl. Livit

Note: BEOS and Livit Facility Management Services consolidated and included in targets

# Key messages Swiss Life Asset Managers

## *Where we are today*

- **We are a leading institutional asset manager**
  - Top 3 institutional asset manager in Switzerland<sup>1)</sup>
  - # 1 asset manager in European real estate<sup>2)</sup>
  - > 1 750 employees (> 80% in real estate)
  - Strong ALM investment expertise for pension schemes and insurance companies

## *What we will do*

- **Captive clients (PAM / Proprietary Insurance Asset Manager)**
  - We are leveraging pronounced ALM expertise and benefiting from scalability
- **Third-party clients (TPAM / Third-Party Asset Manager)**
  - We are further strengthening our proven real estate and securities platform
  - We are expanding distribution and harmonising the client experience

## *What we will achieve with Swiss Life 2021*

- We have **ambitious financial targets for Swiss Life 2021**

– TPAM AuM	CHF 100 bn
– Total income	CHF 950-970 m
– Segment result	CHF 340-360 m
– TPAM cost / income ratio	~75%
- We aim for AuM growth above expected European market growth at global industry profitability<sup>3),4)</sup>

1) IPE Survey 2017 Top 400 Asset Managers in Europe 2) PropertyEU Top 100 Investors, 2015, 2016, 2017 3) PriceWaterhouseCoopers: Asset & Wealth Management Revolution: Embracing Exponential Change 4) The Boston Consulting Group: Global Asset Management 2018: The Digital Metamorphosis

# Swiss Life 2021 1<sup>st</sup> Q&A session

Swiss Life 2021  
Lunch break until 1.50 pm

# Investor Day 2018

## Swiss Life Switzerland

Markus Leibundgut, CEO Switzerland  
Zurich, 29 November 2018

# Key messages Swiss Life Switzerland

## *Where we are today*

- We are **the market leading provider** of comprehensive life, pension and financial solutions
- We **enable people** to lead a self-determined life with expert advice
- We are **delivering** on our Swiss Life 2018 shareholder promise, including cash remittance













## *What we will do*

- Our **new advisory model**, building on digital technologies, will enhance customer experience and advisory effectiveness, **leading to more business** with existing and new customers
- We will **increase our market share** with a full-range offering while focusing on margin management and capital efficiency

## *What we will achieve with Swiss Life 2021*

- We aim to **raise the fee and risk result and increase cash remittance** by 2021
  - Double **fee result** to CHF 25-30 m
  - Enhance **risk result** to CHF 260-270 m
  - Increase **VNB** to CHF > 480 m (cumulative 2019-2021)
  - Improve **life efficiency ratio** to 34-36 bps
  - Increase **cash remittance** to CHF > 400 m

# Swiss Life Switzerland builds on strong and leading market position

<i>Strong positioning in Swiss market</i>	<div></div> <table><tr><th>Market position in CH</th><th>Customer base</th><th>Market access</th></tr><tr><td><ul style="list-style-type: none"><li># 1 provider of comprehensive life and pension solutions</li><li>Market leader with a 20% share in IL and 34% in GL</li></ul></td><td><ul style="list-style-type: none"><li>&gt; 1.4 million insured persons</li><li>&gt; 40 000 companies with &gt; 600 000 insured employees</li></ul></td><td><ul style="list-style-type: none"><li>1 300 advisors at 60 locations</li><li>Collaboration with 850 brokers</li><li>Expert advisors in life, P&amp;C, health, mortgages and investment solutions</li></ul></td></tr></table>	Market position in CH	Customer base	Market access	<ul style="list-style-type: none"><li># 1 provider of comprehensive life and pension solutions</li><li>Market leader with a 20% share in IL and 34% in GL</li></ul>	<ul style="list-style-type: none"><li>&gt; 1.4 million insured persons</li><li>&gt; 40 000 companies with &gt; 600 000 insured employees</li></ul>	<ul style="list-style-type: none"><li>1 300 advisors at 60 locations</li><li>Collaboration with 850 brokers</li><li>Expert advisors in life, P&amp;C, health, mortgages and investment solutions</li></ul>									
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<i>Further strengthened core business and expanded business model</i>	<div></div> <ul style="list-style-type: none"><li>Further <b>strengthened</b> the <b>core business</b> and protected profitability by applying disciplined margin management and improving the business mix</li><li><b>Expanded</b> the <b>business model</b> and grew the fee business with additional services / offerings</li><li>Successfully developed into a <b>leading omnichannel</b> provider of life, pensions and financial solutions</li><li>Improved life efficiency ratio thanks to <b>strict cost management</b></li></ul>															
<i>Expect to successfully deliver on Swiss Life 2018</i>	<div></div> <table><tr><th>Swiss Life 2018 financial targets</th><th>FY 2017</th><th>Current assessment</th></tr><tr><td>• Fee result FY 2018:</td><td>CHF 10-15 m</td><td>CHF 14 m Ahead </td></tr><tr><td>• Risk result FY 2018:</td><td>CHF 240-265 m</td><td>CHF 251 m On track </td></tr><tr><td>• VNB cumulative (2016-2018):</td><td>CHF &gt; 325 m</td><td>CHF 302<sup>1)</sup> m Ahead </td></tr><tr><td>• Cost savings (2015-2018):</td><td>CHF 25-30 m</td><td>CHF 20<sup>2)</sup> m On track </td></tr></table>	Swiss Life 2018 financial targets	FY 2017	Current assessment	• Fee result FY 2018:	CHF 10-15 m	CHF 14 m Ahead 	• Risk result FY 2018:	CHF 240-265 m	CHF 251 m On track 	• VNB cumulative (2016-2018):	CHF > 325 m	CHF 302 <sup>1)</sup> m Ahead 	• Cost savings (2015-2018):	CHF 25-30 m	CHF 20 <sup>2)</sup> m On track 
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1) Cumulative 2016-2017 2) Cumulative 2015-2017

# Swiss Life 2021 leverages key strengths

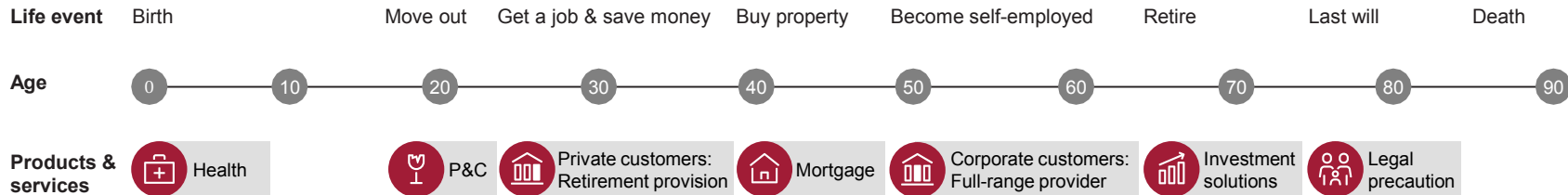
	<i>Private customers</i>	<i>Corporate customers</i>
<i>Focus on preferred segments</i>	<b>Leverage market access</b> in attractive segments: <ul style="list-style-type: none"><li>• Young families and couples (DINKs<sup>1)</sup>)</li><li>• Best agers<sup>2)</sup></li><li>• Employees of corporate customers</li></ul>	<b>Build on strong position</b> <ul style="list-style-type: none"><li>• <b>SME:</b> Product offering with / without guarantees</li><li>• <b>Large corporates / pension funds:</b> Modular range of product components</li></ul>
<i>Promote attractive propositions</i>	<ul style="list-style-type: none"><li>• Expand our <b>full-range provider strategy</b> with guarantee, capital-light and investment products</li><li>• Package solutions in health, P&amp;C, private wealth and living</li><li>• Continued margin management &amp; capital efficiency</li></ul>	<ul style="list-style-type: none"><li>• Strengthen our <b>full-range provider strategy</b><ul style="list-style-type: none"><li>– Full insurance and semi-autonomous solutions</li><li>– Pension consulting, risk management and administration</li></ul></li><li>• Continued margin management &amp; capital efficiency</li></ul>
<i>Make customer relationships more rewarding</i>	<ul style="list-style-type: none"><li>• Integrated and digitally supported advisory and service process</li><li>• Market management to define focused segment strategies</li><li>• Package solutions to cover all life events enabling our customers to lead a self-determined life</li></ul>	
<i>Improve productivity</i>	<ul style="list-style-type: none"><li>• Enhanced effectiveness and efficiency in sales through digitally supported customer process</li><li>• Further development of administration and self-service platforms</li><li>• Profit from 'pay as you use' IT services, first mover in private and public cloud</li></ul>	

1) Double Income No Kids    2) People between the age of 50 and 60



# Swiss Life poised to seize market potential

*Average individual buys ~70 financial contracts throughout life to strive for financial confidence*



Customers<sup>1)</sup> understand the need to make financial provisions, cover risks and are prepared to act

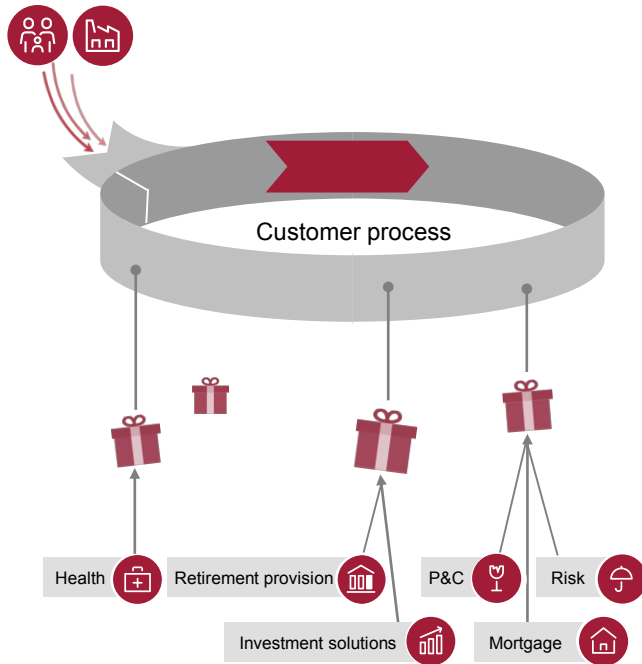
- **91%** see independence and self-determination as a fundamental part of their longer life
- **86%** see themselves as being responsible for providing for their old age
- Only **65%** feel confident about their current financial situation

*Swiss Life has market access and offering to support people in their deep-rooted desire for financial security*

<sup>1)</sup> Exclusive research conducted by Swiss Life in Switzerland

# Advisory model makes relationships more rewarding and increases the share of wallet

## Advisory model



### Life events

● Private and corporate customer

### Customer process

➤ Support

➤ Advice

### Market management

📁 Package solutions

### Products & services

● Conscious make-or-buy decision

- **Phygital advisory model** building on digital technologies, enhancing **customer experience** and **advisory effectiveness** leading to more business
- **Efficiency increases** through digitalisation of end-to-end processes
- Coordinated **market management** process develops segment strategies and orchestrates:
  - Offering
  - Price
  - Customer access
  - Marketing communication
- **Make-or-buy decisions** are based on profitability and capital-efficiency considerations at product / service level

# Focus on capital efficiency in broad product range

Private customers

## *Our broad product offering to fulfil customer needs*

### **Continue capital-light strategy and modern traditional offering**

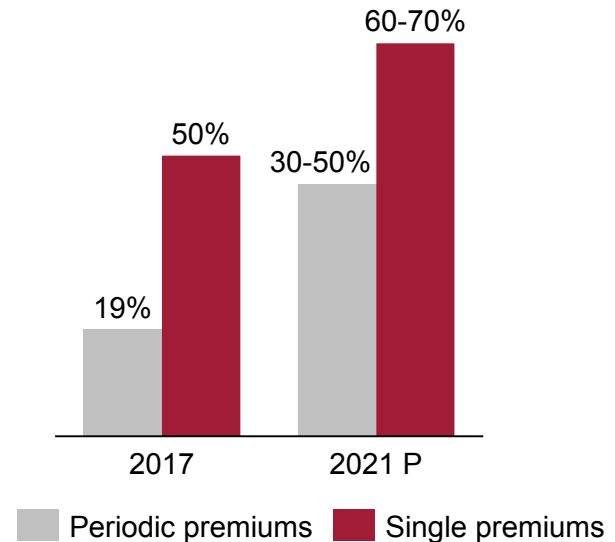
- Expanding offering of guarantee and capital-light life products
  - Attractive VNB and new business margin
  - Future profit streams: Savings-, risk- and cost results
  - Capital efficiency
- Example of a **new capital-light product**:
  - Swiss Life Dynamic Elements: Dynamic split of premium investment in managed equity funds portfolio and an interest-bearing security element
  - Target segments: Young families and couples (DINKs)

### **New package solutions in health, P&C, private wealth and living pursuing the best-select strategy**

- Broaden product & service offering with additional package and advice solutions for tied agents / owned IFAs to grow fee result

## **Grow share of capital-light production**

in % of total individual life new business



# Deep dive: Private wealth for retail and affluent customers

Private customers

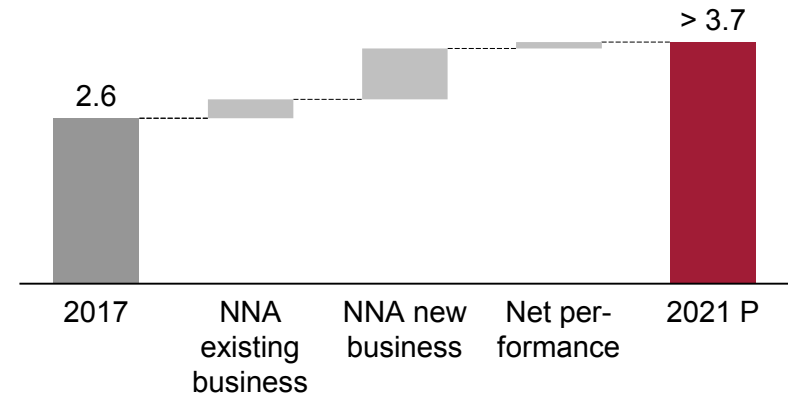
## *Deep dive: Investment package solutions*

**Fulfil customer demand for more flexibility and ultimately grow fee business**

- Provide solutions for expiring insurance contracts
- Make use of the longstanding expertise of Swiss Life Asset Managers to ensure sustainable asset growth
- Example of an implemented **investment package solution**:
  - Swiss Life Premium Delegate / Preference: Best-Select approach with Swiss Life and third-party funds on the basis of a systematic selection and monitoring process
  - Target segments: DINKs and best agers
  - Available via physical and digital sales channels

## **Assets under management and net new assets (NNA)**

CHF bn



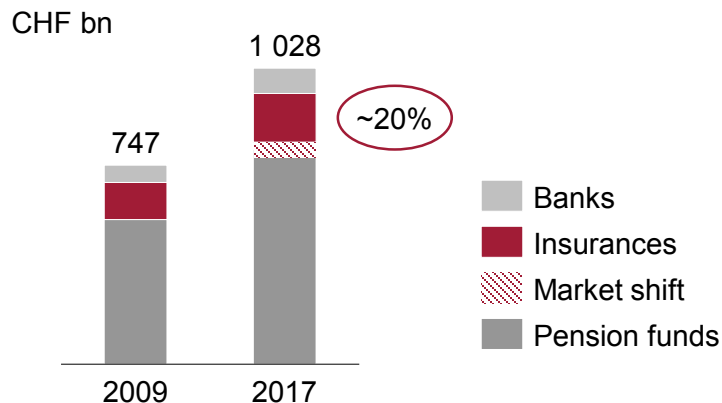
# Swiss Life seizing opportunity to grow in 2nd pillar market

Corporate customers

## *The 2nd pillar market in Switzerland*

- Totals around **CHF 1 028 bn** of which around 20% are in insurance books
- **48% growth** between 2009 - 2017 driven by
  - Intrinsic reserve growth
  - Employment and salary growth
  - Asset performance
- **Consolidation tendencies** of small and mid-sized pension funds
- Market shift due to **competitor move**

## **Total assets in the 2nd pillar**



Source: Finma, BSV, Swiss Life estimate

## *Swiss Life opportunity*

Competitor move opens up substantial assets, offering unique opportunity for Swiss Life

# Swiss Life market leader with decade-long outperformance of peers

Corporate customers

## Swiss Life a true full-range provider ...

### Swiss Life attractive to customers due to

- Outperforming peers' investment results
- Very competitive AM costs
- High convenience through digital self-service platform

### Full insurance solutions

- Market leader with 34% market share (2017)
- Selective growth to protect profitability & capital efficiency with positive impact on: Savings-, risk-, cost- and fee result (AM)

### Autonomous / semi-autonomous pension funds

- 30% of NBP with semi-autonomous pension funds in 2017
- Grow business to increase risk-, cost- and fee result (pension consulting and AM)

### Broad range of advisory and other services

- Fee income for specific and individual advisory services for employees and their relatives
- Expert mandates in the areas of investment, risk, advice and implementation for pension schemes: Strengthen fee result

## ... with a strong performance

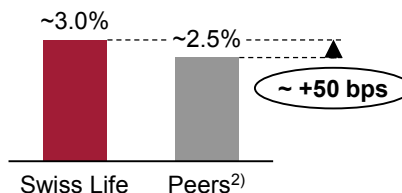
### Annual direct investment yield

Average 2010-2017<sup>1)</sup>



### Annual net investment yield

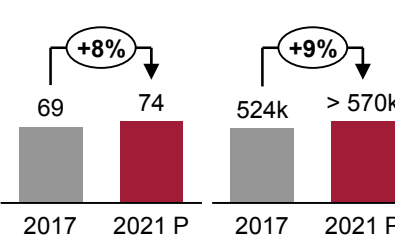
Average 2008-2017



### Full insurance solutions

AuM in CHF bn

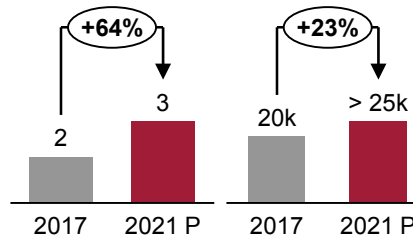
# of insured persons



### Semi-autonomous solutions

AuM in CHF bn

# of insured persons



1) 2008-2009 not disclosed 2) Unweighted average of Axa, Baloise, Helvetia, Allianz; source: Betriebsrechnungen BVG

# BVG business key and stable contributor to Swiss Life

Corporate customers

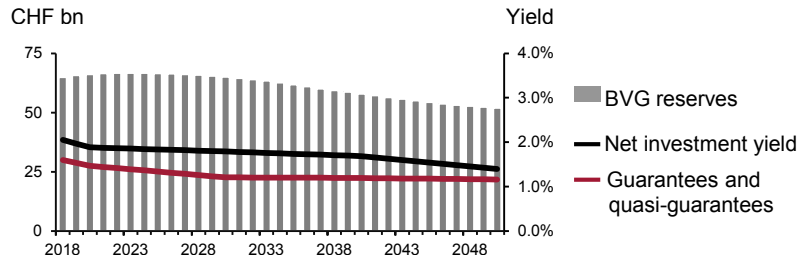
## Optimised new business

Balanced mix of guaranteed and non-guaranteed business

- Incremental net profit
- VNB
- Capital efficiency
- Quality of future profits

## Stable back-book

Structurally healthy interest rate margin for decades due to active steering of guarantees and ALM



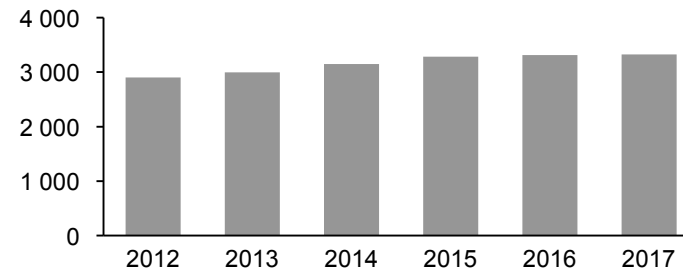
## Contribution of BVG portfolio to Swiss Life Group

FY 2017

- **~25%** contribution to risk result
- **~25%** contribution to asset management income
- Cost premium covers **~20%** of total costs

## Predictable periodic premium

CHF m



# Swiss Life deepens 2nd pillar coverage

Corporate customers

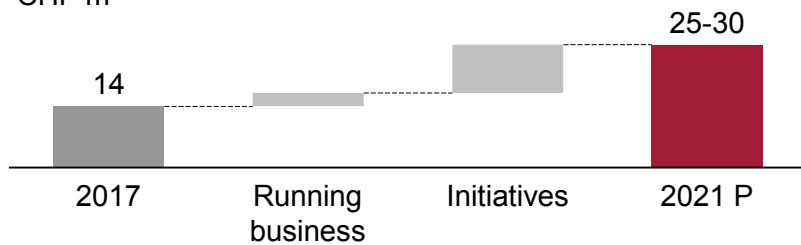
Solution	Best of peers	Swiss Life	Further ambitions of Swiss Life until 2021
<i>Full insurance</i>	✓	✓	Selective, capital-efficient growth with positive impact on entire profit by source
<i>Semi-autonomous solutions</i> <ul style="list-style-type: none"> <li>• <i>pooled on foundation level</i></li> <li>• <i>pooled on corporate level</i></li> </ul>	✓ ✓	✓ ✓	Grow capital-light offering ensuring stable customer base and strengthening fee business (AM) as well as capital efficiency
<i>Semi-autonomous investments on individual level (1e solutions)</i>		✓	Leverage unique offering to capture attractive high-end customer segments strengthening fee business and capital efficiency
<i>Expert mandates for pension funds</i>		✓	Grow fee result and strengthen expertise
<i>Administration for pension funds</i>		✓	Grow fee result and leverage infrastructure
<i>IT and projects for pension funds</i>		✓	Grow fee result and drive innovation



# Swiss Life Switzerland well positioned to achieve our financial 2021 targets

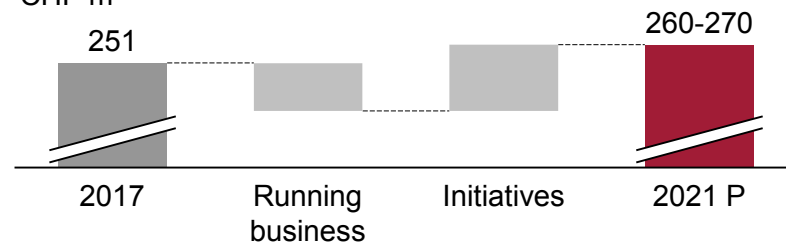
## Double the **fee** result

CHF m



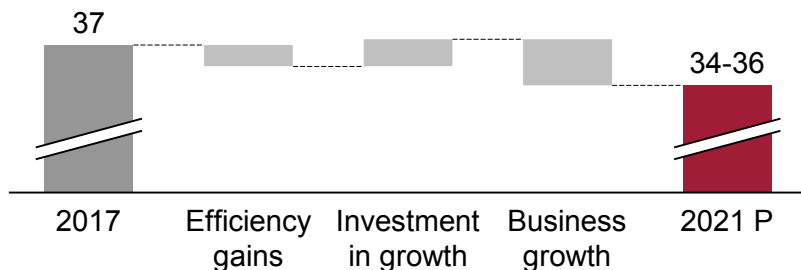
## Increase the **risk** result

CHF m



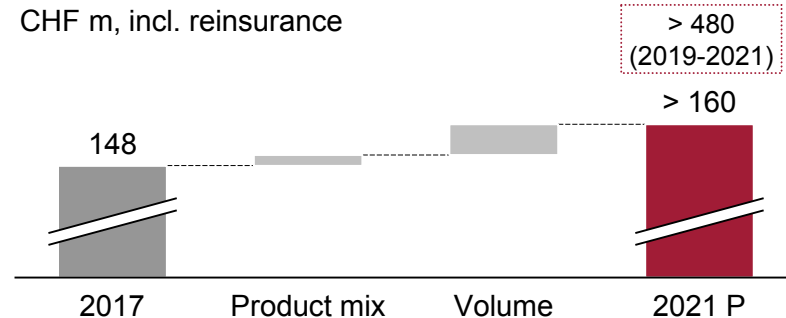
## Improve an already strong **life efficiency ratio**

bps

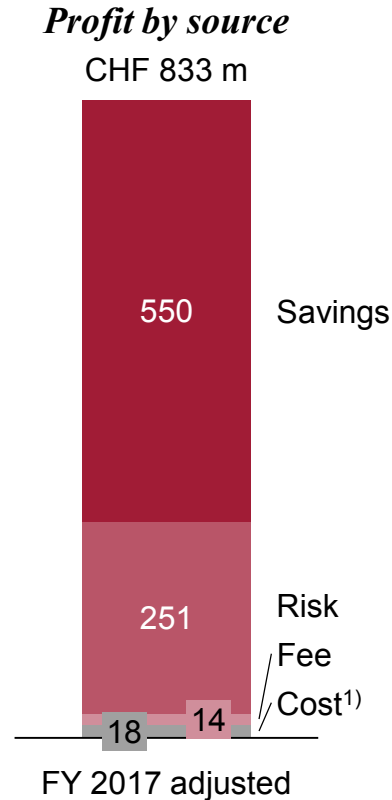


## Enhance the **value of new business**

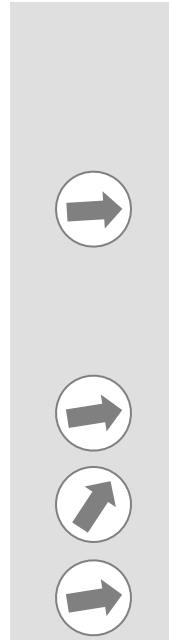
CHF m, incl. reinsurance



# Solid savings result with more growth in the fee and risk results seen by 2021



## Trend 2018-2021



## Comments

- **Savings result**  
Stable savings result despite ongoing low interest rate environment
- **Risk result**  
Enhance risk result
- **Fee result**  
Strong increase in fee result due to growth in existing initiatives, such as investment solutions, real estate brokerage and new fee-based services and products
- **Cost result**  
Strengthen positive cost result by promoting efficiency gains and a comprehensive offering

1) Thereof admin cost result gross: CHF 101 m

# Key messages Swiss Life Switzerland

## *Where we are today*

- We are **the market leading provider** of comprehensive life, pension and financial solutions
- We **enable people** to lead a self-determined life with expert advice
- We are **delivering** on our Swiss Life 2018 shareholder promise, including cash remittance

## *What we will do*

- Our **new advisory model**, building on digital technologies, will enhance customer experience and advisory effectiveness, **leading to more business** with existing and new customers
- We will **increase our market share** with a full-range offering while focusing on margin management and capital efficiency

## *What we will achieve with Swiss Life 2021*

- We aim to **raise the fee and risk result and increase cash remittance** by 2021
  - Double **fee result** to CHF 25-30 m
  - Enhance **risk result** to CHF 260-270 m
  - Increase **VNB** to CHF > 480 m (cumulative 2019-2021)
  - Improve **life efficiency ratio** to 34-36 bps
  - Increase **cash remittance** to CHF > 400 m



# Investor Day 2018 Swiss Life France

Charles Relecom, CEO France  
Zurich, 29 November 2018

# Key messages Swiss Life France

## *Where we are today*

- We are a unique **private insurer** for HNWI and affluent customers with an integrated “pensions & savings – private banking – asset management” model
- We offer strong expertise in **personal protection** in individual and group businesses
- We expect to deliver on our Swiss Life 2018 profitable growth promises

## *What we will do*

- We aim to reinforce our position in our **preferred customer segments** (HNWI / affluents and SMEs / self-employed) while leveraging our **multi-distribution model**
- We will **enrich our products and services** mainly through digital marketing to pursue our fee and risk strategy while keeping a focus on capital efficiency
- We will take a **phygital approach** to enhance customer experience and improve efficiency

## *What we will achieve with Swiss Life 2021*

- We will further **improve earnings growth and diversification** by 2021
  - Significantly increase **fee result** by ~50% to EUR 85-95 m
  - Grow the **risk result** to EUR 95-105 m in a competitive environment
  - Grow **VNB** to above EUR 400 m (cumulative 2019-2021)
  - Further improve **life efficiency ratio** to 40-42 bps

# Swiss Life France – a unique business model with a strong brand ...

*Attractive insurance portfolio with strong multi-distribution network*

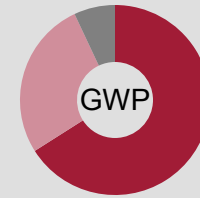
## Positioning

- Successful private insurer for HNWI and affluent customers
- Key player in pensions & savings and health & protection
- Integrated multi-distribution network

## Customer base

- ~1.5 m insured persons
- ~135 000 companies with ~325 000 employees

## Diversification



GWP EUR 4.8 bn  
FY 2017

*Sustainable growth due to strong focus on preferred segments while investing in digital transformation*

- Successful development of our **market position** towards our preferred customer segments
- Improved **share of unit-linked** life insurance premiums (twice as high as market) and reserves
- Strengthened expertise in **profitable risk business** (credit life, health & protection)
- Further expanded our **distribution** networks
- Started with a **phygital** approach to capitalise on advice and enhance customer experience

*Expect to successfully deliver on Swiss Life 2018*

## Swiss Life 2018 financial targets

- |                               |             |
|-------------------------------|-------------|
| • Fee result FY 2018:         | EUR 55-65 m |
| • Risk result FY 2018:        | EUR 65-75 m |
| • VNB cumulative (2016-2018): | EUR > 235 m |
| • Cost savings (2015-2018):   | EUR 15-20 m |

## FY 2017

EUR 60 m
EUR 91 m
EUR 202 <sup>1)</sup> m
EUR 15 <sup>2)</sup> m

## Current assessment

On track	✓
Ahead	✓
Ahead	✓
Ahead	✓

1) Cumulative 2016-2017 2) Cumulative 2015-2017



# ... that will be even more developed by 2021

	<i>Private insurer (Wealth management)</i>	<i>Personal protection (Health &amp; protection, credit life, P&amp;C)</i>
<i>Focus on preferred segments</i>	<ul style="list-style-type: none"><li>• Further develop our positioning towards <b>HNWI and affluent clients</b></li></ul>	<ul style="list-style-type: none"><li>• Increase penetration rate with <b>SMEs and self-employed</b></li></ul>
	<ul style="list-style-type: none"><li>• Leverage our <b>multi-distribution model</b> by reinforcing presence with IFAs, brokers and proprietary networks</li><li>• Boost our <b>digital marketing</b> distribution capacity and target other customer segments</li></ul>	
<i>Promote attractive propositions</i>	<ul style="list-style-type: none"><li>• Maintain and foster our <b>unit-linked</b> outperformance</li><li>• Promote our in-house <b>asset management solutions</b> in unit-linked contracts and enrich third-party asset management offering</li></ul>	<ul style="list-style-type: none"><li>• Exploit our positioning in <b>health &amp; protection</b> in individual, group and international business</li><li>• Further pursue our “push risk” strategy through <b>group protection, credit life, P&amp;C</b> and the launch of an <b>international health</b> platform</li></ul>
<i>Make customer relationships more rewarding</i>	<ul style="list-style-type: none"><li>• Design a new customer journey in a <b>phygital approach</b>, capitalising on portals and face-to-face interactions</li><li>• Develop the use of <b>portals</b> and <b>self-care</b> amongst clients and distributors (incl. e-signature)</li></ul>	
<i>Improve productivity</i>	<ul style="list-style-type: none"><li>• Foster <b>digital transformation</b> to further increase efficiency and process automation</li><li>• Implement data science and artificial intelligence; explore innovation opportunities (e.g. cognitive technologies)</li></ul>	

# Customer and market opportunities to be exploited in both our lines of business

## *Customer opportunities<sup>1)</sup>*

Our preferred customer segments understand challenges and are willing to act

- **94%** see independence and **self-determination** as a fundamental part of their longer life
- **Only 57%** feel **confident** about their current financial situation
- **75%** see themselves as being responsible for **providing for old age**

## *Private insurer market opportunities*

- **Growing public pension gap** generating new opportunities in pension / long-term savings life insurance
- **Complex regulation** increasing need for seamless, digital-based **advisory / expertise / support**
- Growing client **mobility** requiring **international solutions**
- **Low interest rate environment** generating strong expectations for asset management solutions / unit-linked
- **New affluent and HNWI profiles**

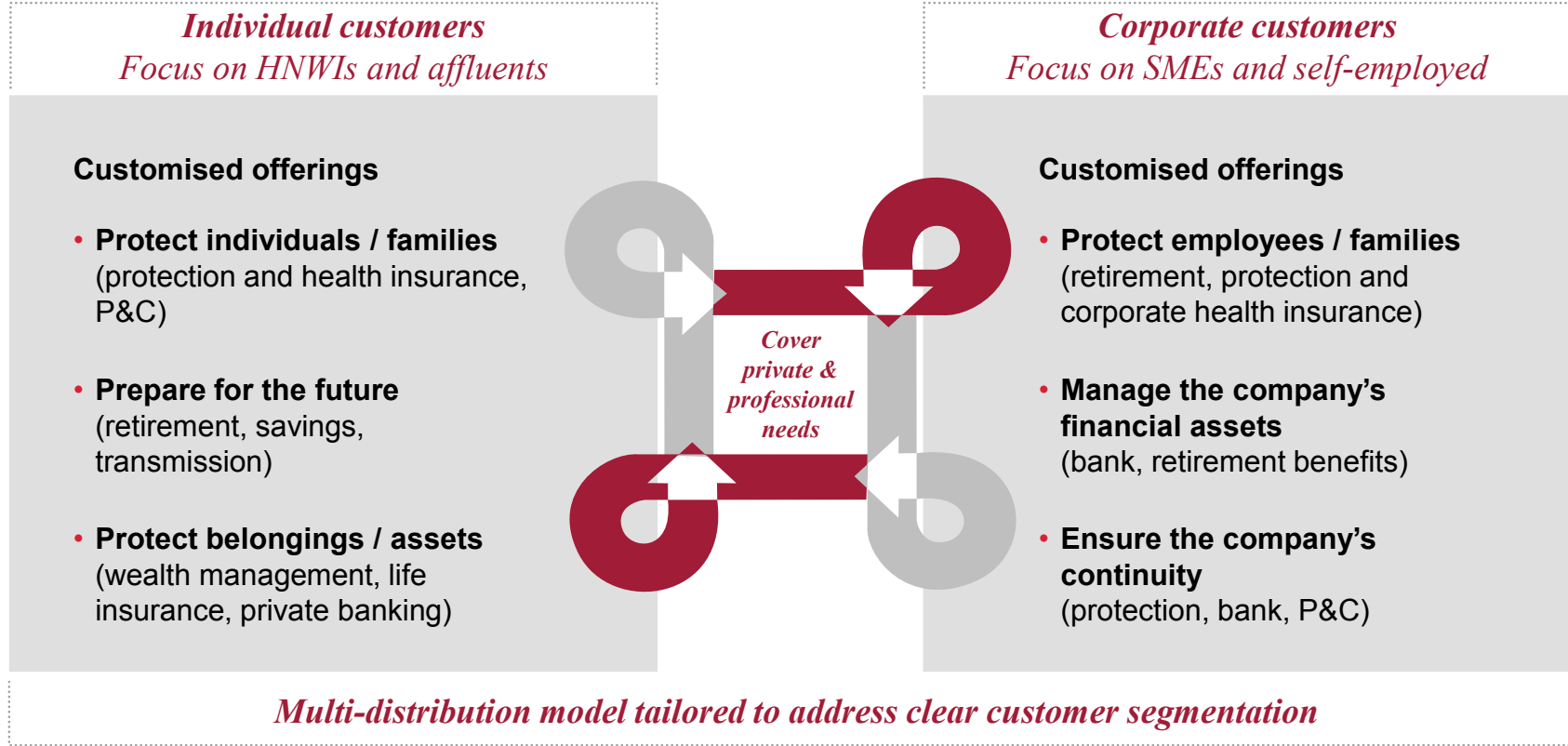
## *Personal protection market opportunities*

- **Growing public protection gap** generating opportunities in health & protection
- Evolving **regulation** requiring more agility
- Increasing **globalisation** requiring international solutions
- **Legal and tax** environment complexity leading to growing client expectations for a **global advice-based** approach
- New **digital tools** to address retail customer segments with limited / no physical sales presence

1) Source: LINK Institute, based on 85 interviews in France among affluents with a monthly income of > EUR 4 000



# Support self-determination by providing relevant advice and tailored solutions

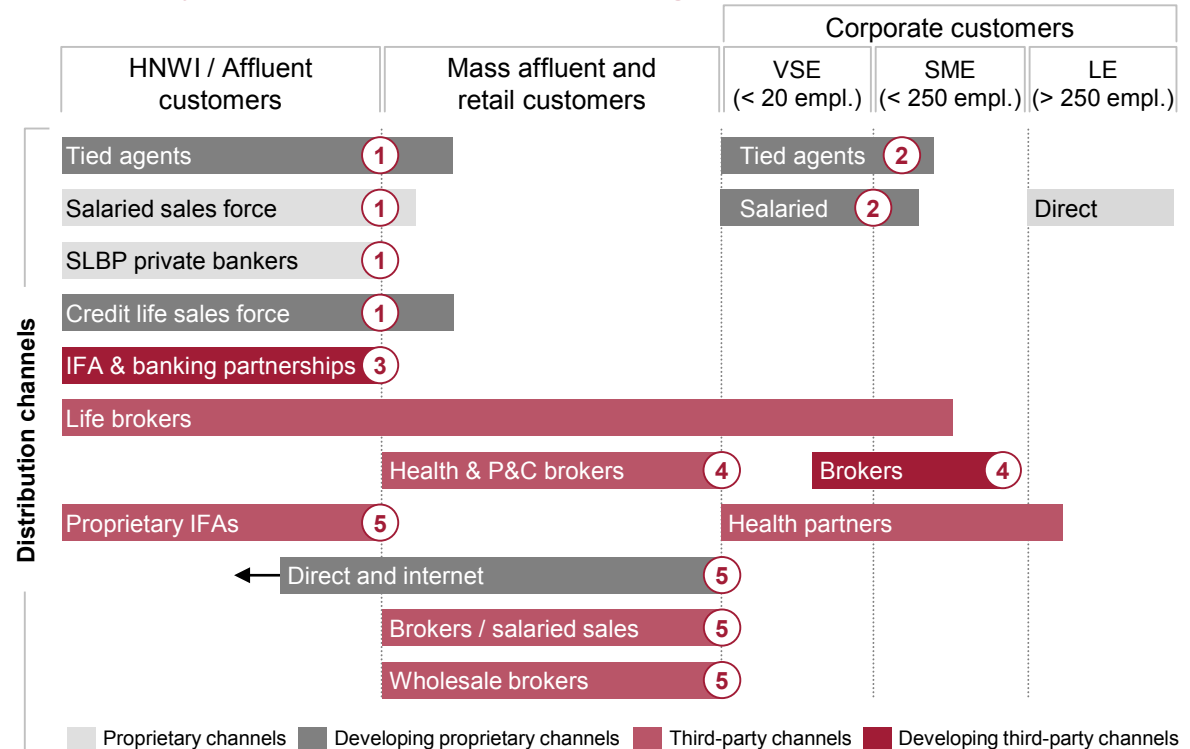


# We will leverage our multi-distribution model focusing on our target customer segments

## Distribution strategy



## Swiss Life France multi-distribution target model



# Strong market position and successful private insurer model

Private insurer

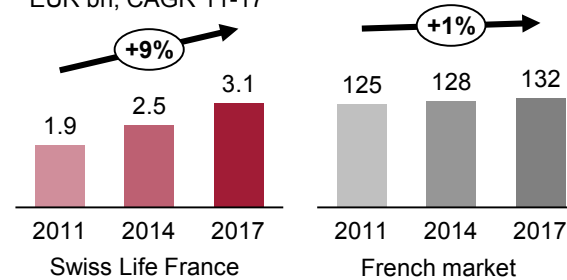
## Our strengths as private insurer

- Strong, successful **private insurer** model
- Recognised and **legitimate brand** leveraging "Swissness" attributes
- Clear **customer segmentation** as a key success factor
- Comprehensive range of **advisory services** and **wealth management offers** addressing all customer needs
- Well positioned to outperform thanks to **customised in-house solutions**
- **High-quality distribution network** delivering tailor-made advice

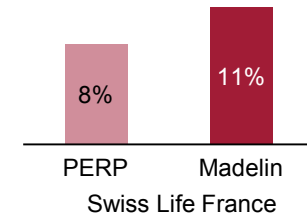
## Swiss Life outperformed the French life market<sup>1)</sup>

### Life GWP growth

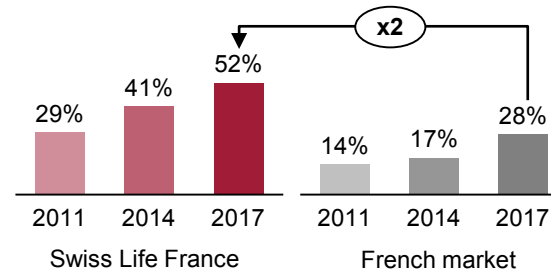
EUR bn, CAGR 11-17



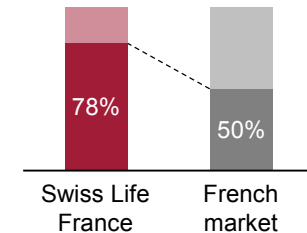
### Market share pensions products



### Unit-linked share in GWP



### HNWI and affluent life reserves



1) Source: Accounting studies from Fédération Française de l'Assurance (FFA), 2011, 2014 and 2017

# Private insurer model to be leveraged through our Swiss Life 2021 initiatives

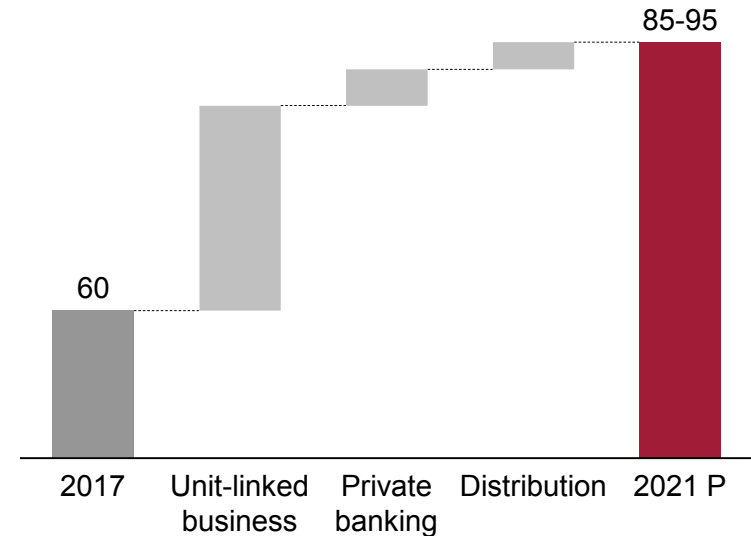
Private insurer

## Strategic initiatives for 2021

- **Focus on target customer segments**
  - Unique private insurer set-up, also covering cross-border needs
  - Grow and improve penetration rate with HNWI / affluents (loyal clients, high risk appetite, high average premiums)
- **Further promote pension products**
- **Enhance distribution capacity and quality**
  - Deliver high-level wealth management and planning advice
  - Further outperform market growth
- **Increase share of unit-linked GWP and reserves:**
  - Enriched range of both third party and in-house asset management solutions
  - Enhance capital efficiency
- **Expand customers' portfolio and enhance a phygital customer journey** by leveraging digital marketing opportunities

## Fee result benefits from high quality of production

EUR m



# We are a recognised expert in health & protection

Personal  
protection

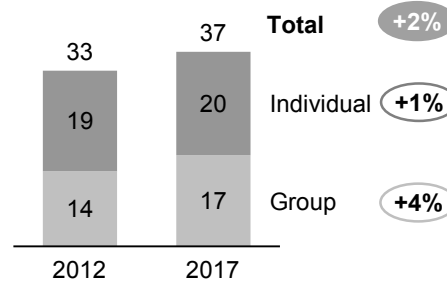
## Our strengths in health & protection

- **Well positioned** player with **strong expertise** (#10 – 1.5m clients)
- Strong **complement** to our private insurer business
- **Focused customer segment** approach (seniors, self-employed, SMEs and expats)
- Successful **multi-distribution model** recognised as preferred long-term partner by **brokers**
- Proven **agility to innovate and adapt** more quickly than our competitors
- Successfully managed the shift from individual to **group health** business

## Swiss Life successfully dealt with health reform, defended volumes

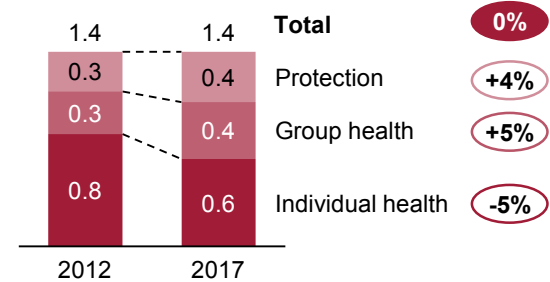
### French health market<sup>1)</sup>

EUR bn, CAGR 12-17



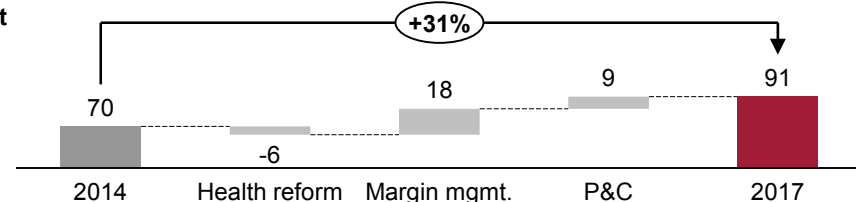
### Swiss Life France health & protection GWP

EUR bn, CAGR 12-17



## and strongly improved profitability in a very competitive market

Risk result  
EUR m



1) Source: Yearly reports from Direction de la Recherche, des Etudes, de l'Evaluation et des Statistiques (DREES), 2012 and 2017

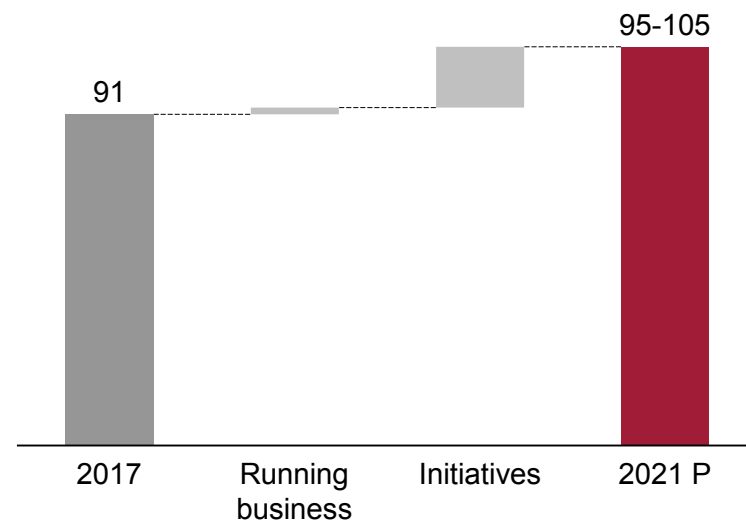
# We will reinforce our positioning in the health & protection market

## Strategic initiatives for 2021

- **Focus on target segments of clients**
  - Grow in **group health** business both on standard products for SMEs and business with large brokers
  - Redevelop the profitable **individual health** business with brokers and partners including a digital marketing approach
  - Develop **protection** business for individuals and groups
- **Pursue our credit life initiative**
  - Further develop our fully digital credit life offering, supported by a specialised commercial organisation
- **Leverage our relationship with brokers / partners in P&C**
  - Capitalise on delivering expert and advice-based solutions
- **Launch an international health offer platform**
  - Fully leverage Swiss Life International network for (large) corporate clients

## Grow **risk result** in a competitive market

EUR m



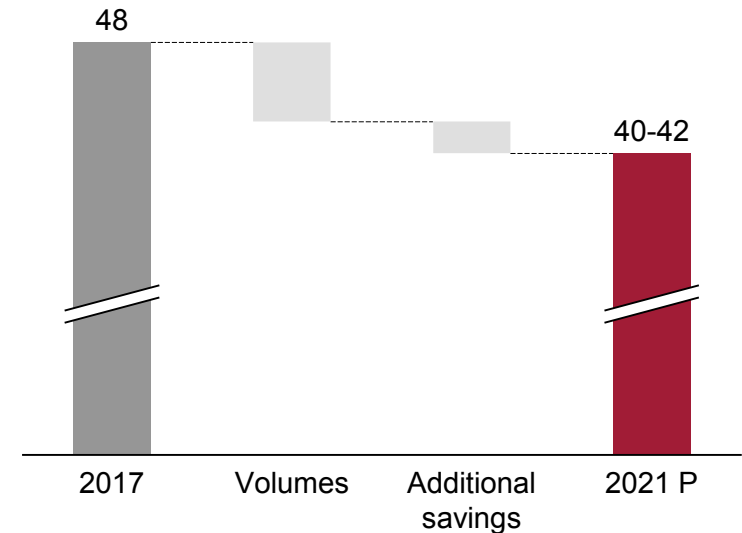
# We use technology to increase operational efficiency and make the customer journey more rewarding

## *Strategic initiatives for 2021*

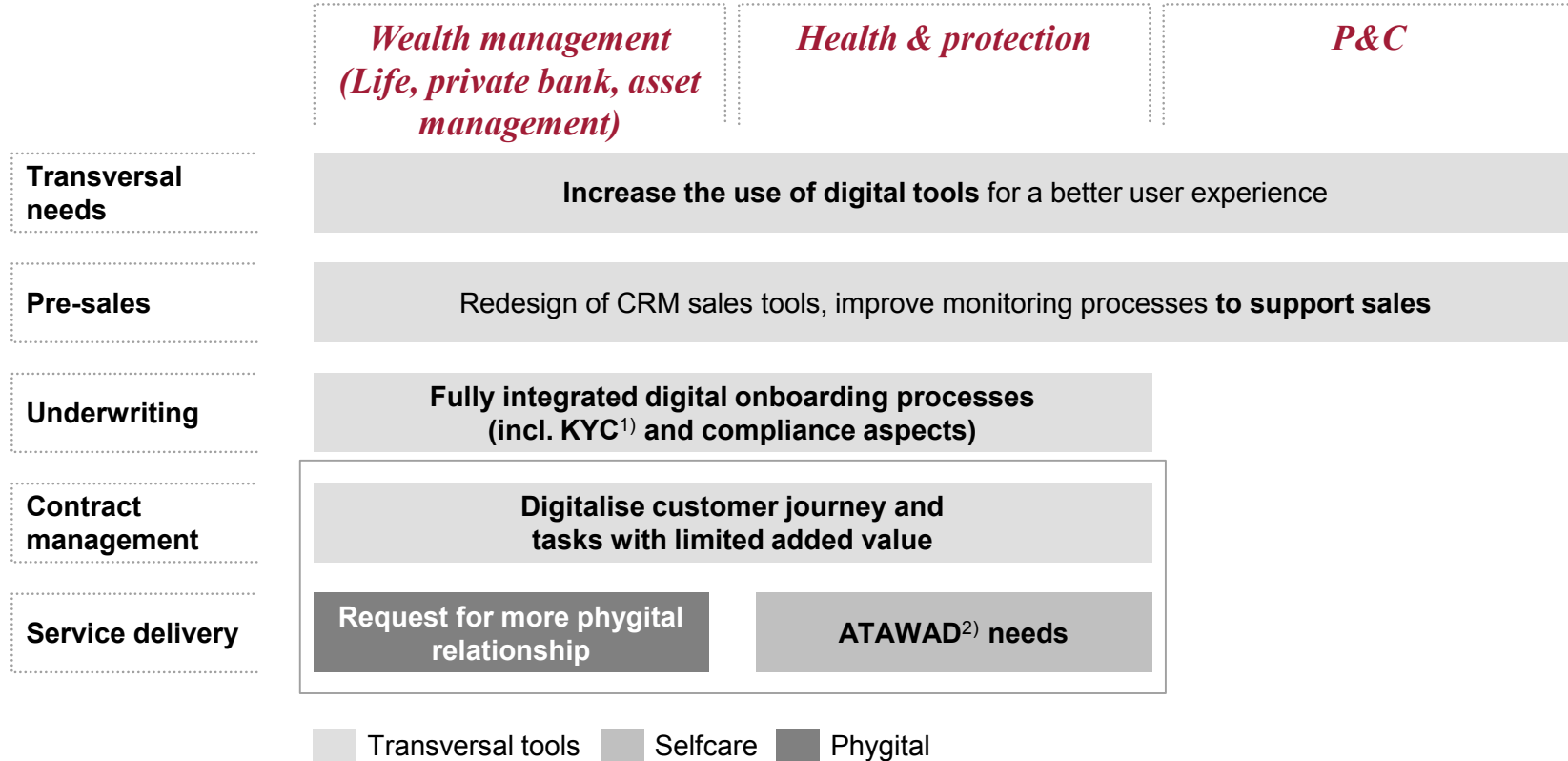
- **Implement our phygital approach**
  - Combine digital and physical interaction between customers, distributors, back office
  - Invest in digital client / distribution portal to foster self-care and electronic signature
- **Foster digital transformation to further increase efficiency**
  - Explore data management / cognitive technologies to improve operations
  - Enable “intelligent process-driven automation”
- **Tackle new market segments based on digital marketing**
- **Promote innovation and investment in fintechs**
  - Internal innovation squads selecting innovative initiatives along the value chain
  - Invest in aggregators, robo-advisors (LaFinBox) and “voicebot” to enrich user experience

## Improve life efficiency ratio

bps



# We will use a phygital approach along the value chain both for advisors and customers



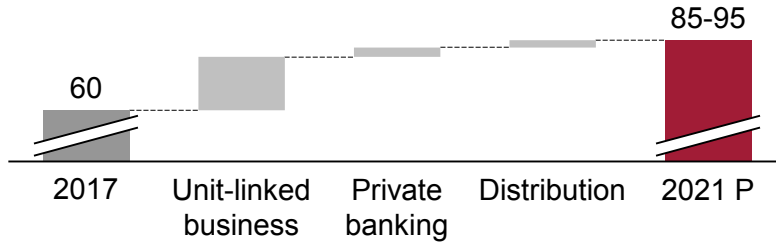
1) Know Your Customer 2) Any Time Any Where Any Device



# We will significantly increase our contribution to key Swiss Life 2021 financial targets

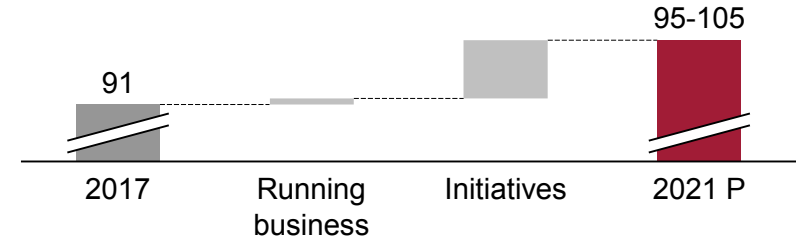
## Grow the **fee result** by 50%

EUR m



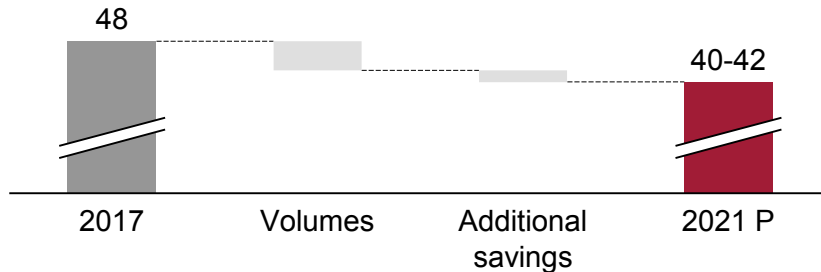
## Grow **risk result** in a competitive market

EUR m



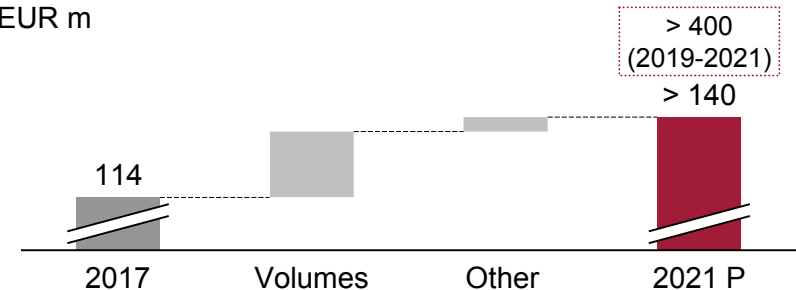
## Improve **life efficiency ratio**

bps



## Increase quality of new business and grow **VNB**

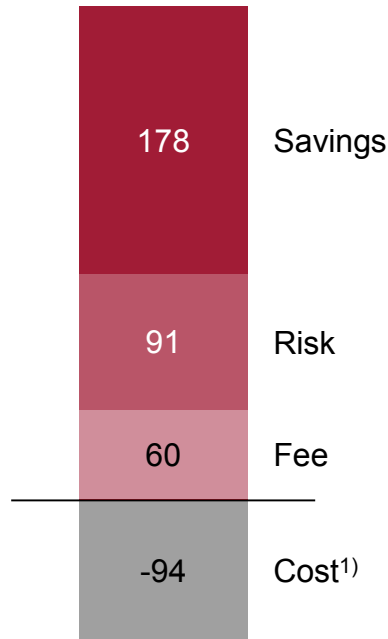
EUR m



# Deliver strong and diversified earnings growth, mainly driven by fee and risk result

## Profit by source

EUR 236 m



FY 2017 adjusted

## Trend 2018-2021



## Comments

- **Savings result**  
Stable life financial margin in a low interest rate environment, supported by a decrease in served rates
- **Risk result**  
Increase in a competitive environment in credit life, health & protection and P&C
- **Fee result**  
Strong increase driven by unit-linked and private banking businesses
- **Cost result**  
Improvement of **admin costs** driven by efficiency gains; higher **acquisition costs** due to increase in volumes and higher share of life and individual health products

1) Thereof admin cost result gross: EUR 13 m

# Key messages Swiss Life France

## *Where we are today*

- We are a unique **private insurer** for HNWI and affluent customers with an integrated “pensions & savings – private banking – asset management” model
- We offer strong expertise in **personal protection** in individual and group businesses
- We expect to deliver on our Swiss Life 2018 profitable growth promises

## *What we will do*

- We aim to reinforce our position in our **preferred customer segments** (HNWI / affluents and SMEs / self-employed) while leveraging our **multi-distribution model**
- We will **enrich our products and services** mainly through digital marketing to pursue our fee and risk strategy while keeping a focus on capital efficiency
- We will take a **phygital approach** to enhance customer experience and improve efficiency

## *What we will achieve with Swiss Life 2021*

- We will further **improve earnings growth and diversification** by 2021
  - Significantly increase **fee result** by ~50% to EUR 85-95 m
  - Grow the **risk result** to EUR 95-105 m in a competitive environment
  - Grow **VNB** to above EUR 400 m (cumulative 2019-2021)
  - Further improve **life efficiency ratio** to 40-42 bps

# Investor Day 2018 Swiss Life Germany

Jörg Arnold, CEO Germany  
Zurich, 29 November 2018

# Key messages Swiss Life Germany

## *Where we are today*

- We are the **second-largest IFA in Germany** with our **owned IFAs** fulfilling customer needs
- We successfully promote profitable risk and modern-traditional products as a **niche provider** in a large but competitive **insurance** market

## *What we will do*

- Owned IFAs:  
**We will expand our distribution power** since we are an attractive partner for talented and experienced advisors and serve all our financial advisory brands from one scalable platform
- Insurance:  
**We will leverage our strengths** in biometric products, solutions for specific industry sectors and group business

## *What we will achieve with Swiss Life 2021*

- We will **improve quality of earnings and earnings growth** by 2021
  - Boost **fee result** to EUR 70-75 m
  - Develop **risk result** to EUR 30-35 m
  - Grow **VNB** to EUR > 140 m (cumulative 2019-2021)
  - Decrease **distribution operating expense ratio** to 22-24%

# Unique business model and successful track record

<i>Unique positioning</i>	<div><div>Owned IFAs:</div><ul style="list-style-type: none"><li>• ~1.2 m customers</li><li>• ~515 000 new contracts in 2017</li><li>• 524 offices in 2018</li></ul></div> <div><div>Specialised life insurance:</div><ul style="list-style-type: none"><li>• ~900 000 contracts in force 2017</li><li>• 8 branches</li></ul></div>																												
<i>Where we stand: Our USPs</i>	<div><ul style="list-style-type: none"><li>• Second-largest and growing IFA in Germany with 3 538 financial advisors</li><li>• Award-winning advisory process</li><li>• Strong IFA platform</li></ul></div> <div><ul style="list-style-type: none"><li>• Successful push of risk and modern-traditional products in competitive market</li><li>• Active in-force management; reduction of the technical interest rate</li><li>• Strong Solvency II ratio</li></ul></div>																												
<i>How we did it: Growing core business</i>	<div><ul style="list-style-type: none"><li>• <b>IFAs:</b> Strong recruiting of new advisors; higher productivity e.g. due to digital CRM tools</li><li>• <b>Insurance:</b> Development of biometric risk products with a strong emphasis on solutions for specific industry sectors</li><li>• <b>Overall:</b> Operational excellence and digitalisation of interfaces between back office and sales</li></ul></div>																												
<i>Expect to successfully deliver on Swiss Life 2018</i>	<div><div>Swiss Life 2018 financial targets</div><table><tr><td>• Fee result FY 2018:</td><td>EUR 45-50 m</td><td>FY 2017</td><td>EUR 57 m</td><td>Current assessment</td><td>Ahead</td><td>✓</td></tr><tr><td>• Risk result FY 2018:</td><td>EUR 30-35 m</td><td></td><td>EUR 28 m</td><td></td><td>On track</td><td>✓</td></tr><tr><td>• VNB cumulative (2016-2018):</td><td>EUR &gt; 65 m</td><td></td><td>EUR 65<sup>1)</sup> m</td><td></td><td>Ahead</td><td>✓</td></tr><tr><td>• Cost savings (2015-2018):</td><td>EUR 32-40 m</td><td></td><td>EUR 30<sup>2)</sup> m</td><td></td><td>On track</td><td>✓</td></tr></table></div>	• Fee result FY 2018:	EUR 45-50 m	FY 2017	EUR 57 m	Current assessment	Ahead	✓	• Risk result FY 2018:	EUR 30-35 m		EUR 28 m		On track	✓	• VNB cumulative (2016-2018):	EUR > 65 m		EUR 65 <sup>1)</sup> m		Ahead	✓	• Cost savings (2015-2018):	EUR 32-40 m		EUR 30 <sup>2)</sup> m		On track	✓
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• Cost savings (2015-2018):	EUR 32-40 m		EUR 30 <sup>2)</sup> m		On track	✓																							

1) Cumulative 2016-2017 2) Cumulative 2015-2017



# Profitable growth and higher productivity by 2021

## *Owned IFAs*

### *Focus on preferred segments*

- **Become the “financial home”** for mass to mass-affluent customers
- **Seize the consolidation of the market**

### *Promote attractive propositions*

- **Open new offices** in areas with high potential
- Make our **advisors more productive** by offering the best IFA platform and optimised training
- Maintain **best-select approach** to customers

### *Make customer relationships more rewarding*

- **Enhance customer value** by offering products and services based on individual trigger events
- **New phygital customer services:** Digital portal and claims services

### *Improve productivity*

- **Higher productivity of advisors** by providing sales impulses based on improved data analytics
- **Scalable admin platform** leads to higher efficiency to handle up to 25% contract growth

## *Insurance*

- **Intensify established solutions for specific industry sectors** and initiate new cooperations
- **Offer tailored services and phygital support** to intermediaries

- Focus on **profitable & capital-efficient products**
- **Exploit group business** through new (biometric) offers

- **Improve connectivity with intermediaries** by digital interfaces, partly supported by AI technology

- Further **automation in underwriting** to cope with up to 25% more applications
- **Optimisation of input- and output-management**

# German industry trends offer promising opportunities

## *Industry trends*

### *Customer*

- Pension gap: Government supports private savings for retirement
- Low interest rates: Customers accept lower guarantees
- Protection gap: Growing awareness of risk/disability products

### *Competition Owned IFAs*

- Ageing sales forces result in fewer sales people / tied agents
- Increasing pressure on commission, increasing regulation
- Direct distribution of life insurance products remains a niche

### *Competition Insurance*

- Key criteria: Financial strength, seamless service, attractive products
- Brokers are intensively looking for alternatives to the market leader
- Controversial run-off discussion

### *Technology*

- Efficiency programmes
- Increased digitalisation of customer interface

## *Swiss Life opportunities*

**Well established specialist for risk and modern-traditional products and financial advice**

**Gain market share from competitors that cut down or lose distribution capacity**

**Swiss solidity is increasingly appreciated**

**Leverage existing hybrid (phygital) advisory platform and gain efficiency in underwriting**



# We allow for self-determination by addressing the needs of our customers

## *Customer preferences*

*Demand for retirement planning*



**69%** of Millennials believe that the measures taken will not lead to sufficient finances after retirement<sup>1)</sup>

*Need for support*



**92%** of young people between 16 and 25 believe they do not have sufficient financial skills<sup>2)</sup>

*Preference for personal advice*



**83%** prefer personal advice for their pension scheme<sup>3)</sup>

*Customers want to have a choice*



**80%** prefer an advisor who offers different insurers over one who works exclusively for just one insurer<sup>4)</sup>

*We enable people to lead a self-determined life*

1) LINK Institute, based on online interviews among Millennials (18-35 years) in Germany 2) Finanzmonitor 2018 by Forsa

3) Gothaer Digitalization study for the insurance industry in 2017 4) Study exclusively conducted by Swiss Life Germany with youGov, 2018

# We have grown our own network and gained market share

Owned IFAs

## *We are in pole position for further growth*

### Growing advisor network

- Proven track record in advisor recruiting
- Young network with average age of ~37 years

### Promising customer base

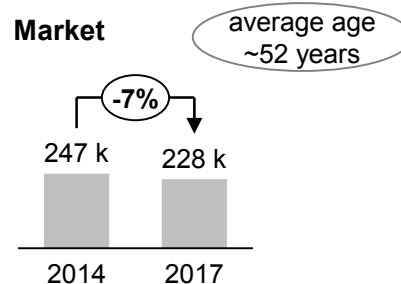
- Strong positioning in Millennials (20-35 years) customer segment (~70 % of new customers)
- High growth potential as our IFAs currently cover only ~3% of households (18-55 years)

### Digitalised and scalable platform

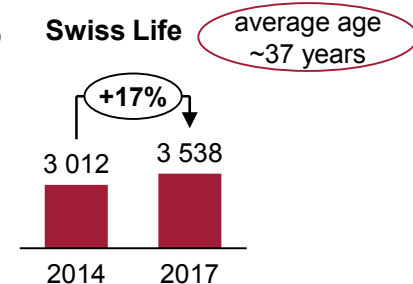
- Broad product range for our customers covering over 1 500 product providers
- Award-winning advisory software ensures high-quality advisory process and meets all regulatory obligations
- State-of-the-art platform with growing attractiveness for independent advisors

## Continuous growth of financial advisors

### Market



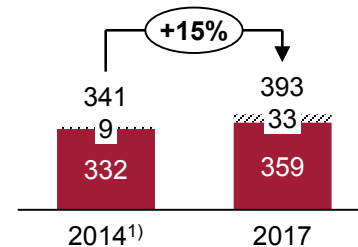
### Swiss Life



## Growing fee income

EUR m

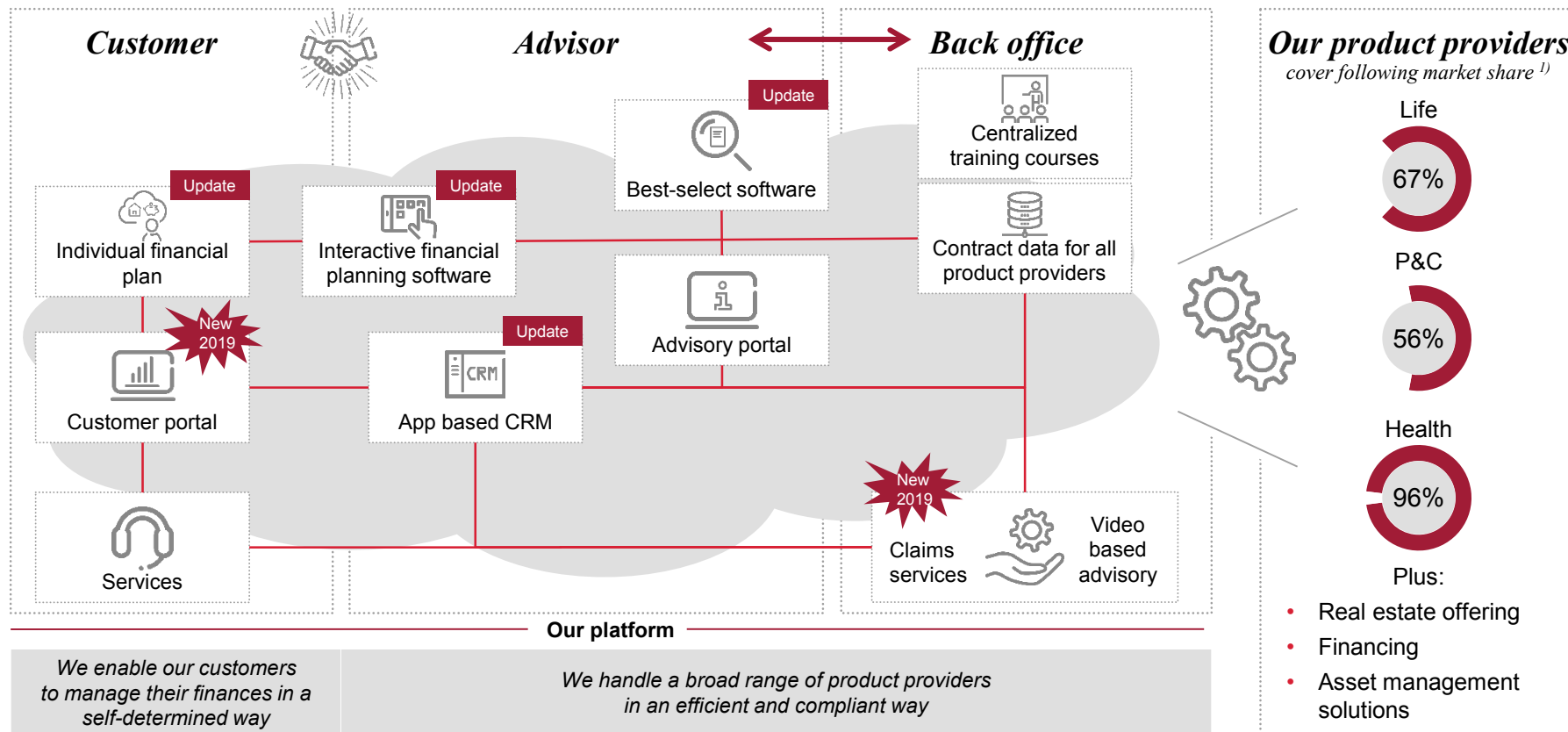
IFAs revenues with Swiss Life



1) Adjusted for scope changes

# Our IFA platform supports the full value chain and differentiates us from peers

Owned IFAs



1) Premiums earned by our product providers in relation to the total market

# We will become the “financial home” for the mass to mass-affluent market

Owned IFAs

## Strategic initiatives by 2021

### Grow the advisor network

- Increase the number of advisors in our network
- Open new offices in areas with high potential
- Expand lead-based and already profitable video advisory

### Expand customer touchpoints

- Establish a new customer portal & connect our advisors with digital communication channels to become the “financial home”
- Smartphone-driven digital impulse management to expand our phygital customer-advisor relationship
- Systematic use of centrally-collected trigger events

### Further digitalise platform

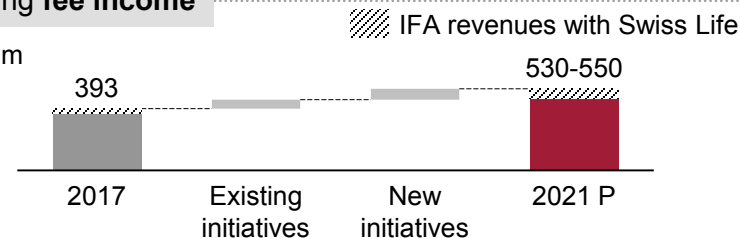
- Offer self-service to gain convenience for our customers
- Enlarge the functionalities of our platform and increase efficiency to handle up to 25% contract growth
- Use the consolidation of the market to attract new advisors to our platform to create additional fee income

## More financial advisors



## Growing fee income

EUR m



## Decreasing distribution operating expense ratio



# On the insurance side, we have developed into a leading biometric specialist

Insurance

## Core strengths established over recent years

### Reputable specialist for risk & modern-traditional products

- Successful product shift from traditional to modern-traditional with innovative offers in biometric and hybrid savings solutions
- First mover in innovative biometric process tools developed in cooperation with market-leading partners

### Established solutions provider for specific industry sectors

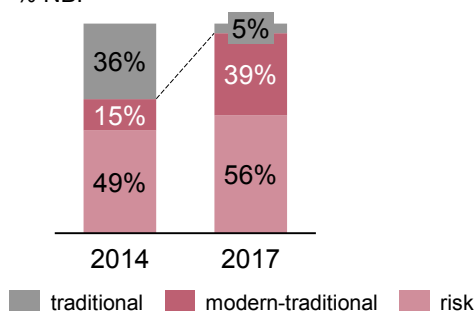
- Strong access to specific industries with labour union supported consortia MetallRente and KlinikRente (leadership)
- Well prepared as an expert in group business to benefit from the growth of this segment stimulated by the government

### Strong solidity

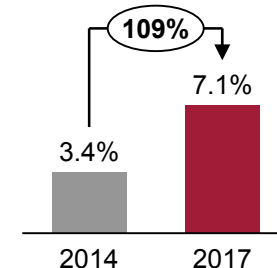
- Solidity of Swiss-based life insurer increasingly appreciated
- Stable insurance back-book: Disciplined asset liability management leads to high Solvency II ratio

## Growing risk products

% NBP

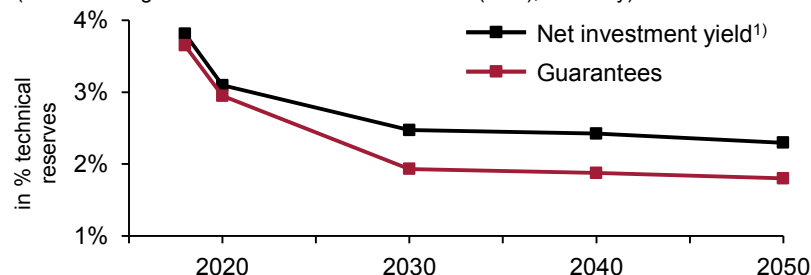


## Growing market share disability



## Resilient interest rate margin

(incl. financing of additional interest rate reserve (ZZR), statutory)



1) Net investment yield incl. realisations on fixed income investments for ZZR build-up ("Zinszusatzreserve" incl. "Korridormethode", also included in guarantees)  
Reinvestment rates based on forward rates as of end of July 2018

# We will further expand our biometric and specific industry sector solutions

Insurance

## Strategic initiatives by 2021

### Secure profitability

- Accomplish our successful product range with innovations in biometric business & savings products with a unit-linked engine
- Accelerate growth of profitable segments and leverage our own scalable service platform in Leipzig
- Increase quality of back-book through disciplined ALM

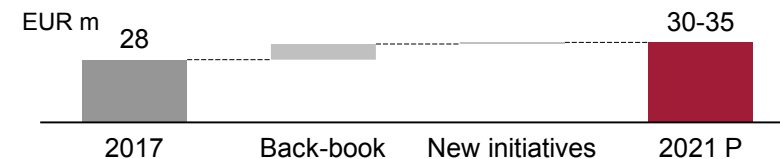
### Enlarge distribution reach

- Intensify established solutions for specific industry sectors and exploit group business through new (biometric) offers
- New distribution structure with intensified phygital support and centralisation at 4 locations

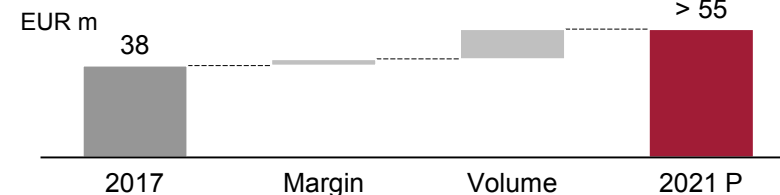
### Connectivity: Improve interface to intermediaries

- Biometric business requires investments that raise admin cost result but slightly increase efficiency ratio (~0.70% in 2021 P)
- Enhance digital interfaces, partly supported by AI technology, and further automate underwriting to cope with up to 25% more applications

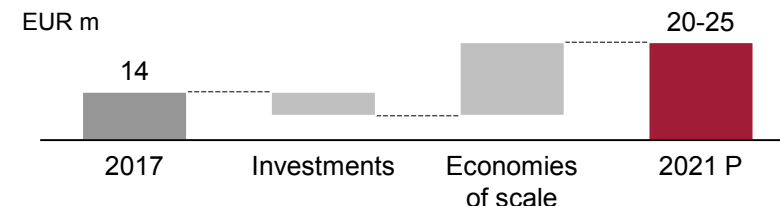
### Develop risk result



### Grow value of new business



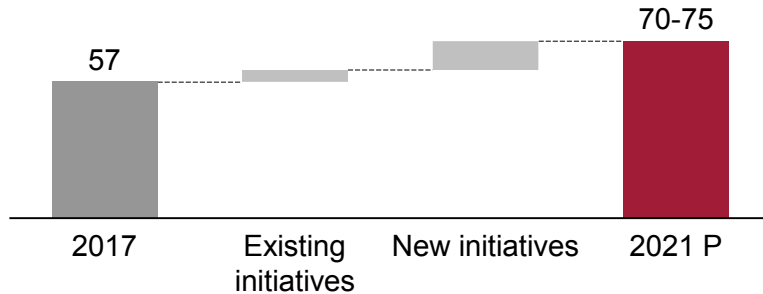
### Raise admin cost result



# Our strategic initiatives will lead to significant improvement of key financials by 2021

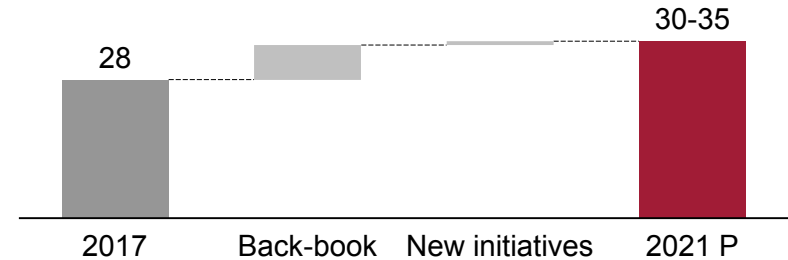
## Boost fee result

EUR m

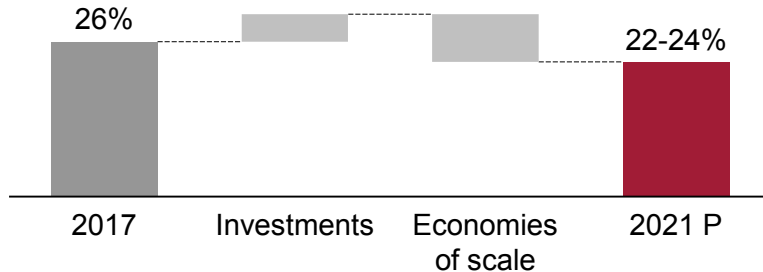


## Develop risk result

EUR m

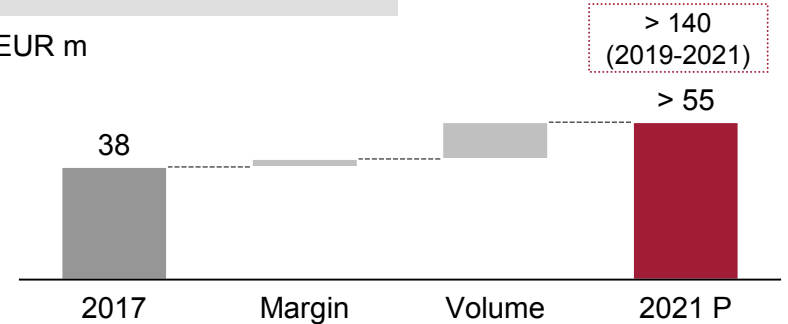


## Decrease distribution operating expense ratio



## Grow value of new business

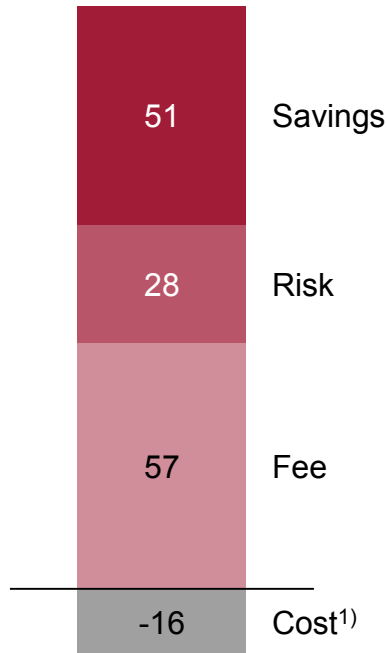
EUR m



# Overall, earnings growth will be accompanied by an even higher quality of earnings

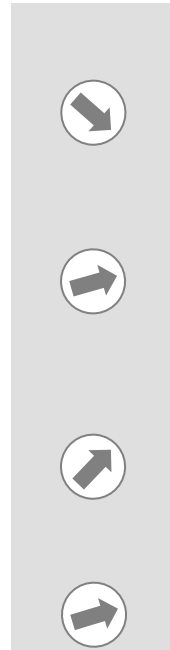
## Profit by source

EUR 121 m



FY 2017 adjusted<sup>2)</sup>

## Trend 2018-2021



## Comments

- **Savings result**  
Decrease due to lower expected realised gains
- **Risk result**  
Increase as a result of the growing biometric portfolio; long-term potential of risk result visible in VNB
- **Fee result**  
Significant growth driven by owned IFAs
- **Cost result**  
Improvement due to economies of scale & consistent focus on biometric products with higher cost margin

1) Thereof admin cost result gross: EUR 14m 2) Excl. one-off due to release of policyholder TDR to ZZR: EUR 17 m



# Key messages Swiss Life Germany

## *Where we are today*

- We are the **second-largest IFA in Germany** with our **owned IFAs** fulfilling customer needs
- We successfully promote profitable risk and modern-traditional products as a **niche provider** in a large but competitive **insurance** market

## *What we will do*

- Owned IFAs:  
**We will expand our distribution power** since we are an attractive partner for talented and experienced advisors and serve all our financial advisory brands from one scalable platform
- Insurance:  
**We will leverage our strengths** in biometric products, solutions for specific industry sectors and group business

## *What we will achieve with Swiss Life 2021*

- We will **improve quality of earnings and earnings growth** by 2021
  - Boost **fee result** to EUR 70-75 m
  - Develop **risk result** to EUR 30-35 m
  - Grow **VNB** to EUR > 140 m (cumulative 2019-2021)
  - Decrease **distribution operating expense ratio** to 22-24%



# Investor Day 2018 Swiss Life International

Nils Frowein, CEO International  
Zurich, 29 November 2018

# Key messages Swiss Life International

## *Where we are today*

- **Global Solutions:** We are a leading player in cross-border insurance solutions for U/ HNWIs and corporates
- **International IFAs:** We provide financial planning services for retail and affluent clients in UK and CEE

## *What we will do*

- Leverage **cross-border wealth transfer solutions**
- Strengthen **affinity business** and our **Central Eastern European (CEE)** markets
- Further develop **innovative solution offering**
- Introduce **hybrid / phygital distribution model**
- Drive digital and scalable **target operating model**
- Grow high-quality **distribution network**

## *What we will achieve with Swiss Life 2021*

- We will deliver **sustainable growth** of high-quality **fee and risk result** by 2021
- Double **fee result** to EUR 65-70 m
  - Increase **risk result** by ~50% to EUR 8-12 m
  - Increase **VNB** to > EUR 110 m (cumulative 2019-2021)
  - Reduce **life efficiency ratio** to 20-22 bps & **distribution operating expense ratio** to 22-24%

# Swiss Life International as an important contributor to a growing fee and risk result

## *Two lines of business:*

### *Global Solutions & International IFAs*

#### **Global Solutions:**

- 250 global experts with insurance carriers in Luxembourg, Liechtenstein and Singapore
- 80+ countries covered with our solutions together with the Swiss Life Network
- Number 1 pension provider in Luxembourg
- Among the leading global insurance networks

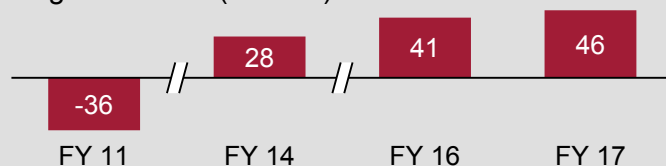
#### **International IFAs:**

- Among the leading UK IFAs for almost 50 years
- Number 1 IFA in Austria
- Number 1 IFA in Czech Republic
- Top 3 IFA in Slovakia

## *Achieved turnaround and delivery of profitable growth*

- Swiss Life 2015: Managed turnaround
- Swiss Life 2018: Delivering profitable growth

#### Segment result (EUR m)



## *Expect to successfully deliver on Swiss Life 2018*

#### **Swiss Life 2018 financial targets**

- Fee result FY 2018: EUR 40-50 m
- Risk result FY 2018: EUR 5-10 m
- VNB cumulative (2016-2018): EUR > 105 m
- Cost savings (2015-2018): EUR 10-15 m

#### **FY 2017**

EUR 32 m  
EUR 6 m  
EUR 39<sup>1)</sup> m  
EUR 13<sup>2)</sup> m

#### **Current assessment**

On track ✓  
On track ✓  
Challenging  
On track ✓

1) Cumulative 2016-2017 2) Cumulative 2015-2017

# Sustainable growth of high-quality fee and risk result by 2021

	 <p><b>Global Solutions</b> Leading brand and business partner for cross-border insurance solutions servicing U/ HNWIs and corporates</p>	 <p><b>International IFAs</b> Leading IFA platform in UK and Central Eastern Europe</p>
<b>Focus on preferred segments</b>	<ul style="list-style-type: none"> <li>• U/ HNWl</li> <li>• Corporates</li> </ul>	<ul style="list-style-type: none"> <li>• Retail clients</li> <li>• Affluent clients</li> </ul>
<b>Promote attractive propositions</b>	<p><b>Enhance cross-border insurance solutions (B2B):</b></p> <ul style="list-style-type: none"> <li>• Wealth transfer and protection of family assets and estate</li> <li>• Group pension, protection and health</li> </ul>	<p><b>Strengthen offering:</b></p> <ul style="list-style-type: none"> <li>• Wealth accumulation, preservation, decumulation and transfer</li> <li>• Investment, pension, insurance and financing</li> </ul>
<b>Make relationships more rewarding</b>	<ul style="list-style-type: none"> <li>• Present <b>comprehensive B2B partner services:</b> Assistance, reports / intelligence, digital interaction, compliance and training</li> </ul>	<ul style="list-style-type: none"> <li>• Introduce <b>hybrid / phygital distribution model</b></li> </ul>
<b>Improve productivity</b>	<ul style="list-style-type: none"> <li>• Drive digital and scalable target <b>operating model</b></li> <li>• Enhanced servicing through <b>digital business partner platforms</b></li> </ul>	<ul style="list-style-type: none"> <li>• Drive digital and scalable target <b>operating model</b></li> <li>• Realise <b>operational synergies</b> in CEE</li> </ul>



# Leveraging brand and cross-border expertise

Global Solutions

## *Private wealth offering*

### ***Client offering***



*U/ HNWI's*

- Leverage wealth transfer solutions
- Support succession & estate planning
- Manage comprehensive cross-border needs

## *Employee benefits offering*



*Corporates*

- Tailored solutions for local & mobile employees: Life insurance, health & pension
- Cross-border solutions combined with local Swiss Life Network expertise

### ***B2B distribution***

- Presence in key wealth transfer centres with carriers in Luxembourg, Liechtenstein, Singapore
- Partnerships with leading private banks, family offices, asset managers and brokers
- Global footprint through Swiss Life Network with headquarters in Luxembourg
- Established relationships with major European corporates

## *Outstanding value proposition for business partners with excellent cross-border services*



**Assistance** for  
wealth transfer &  
legal services



**Reports and  
intelligence**



**Digital  
interaction**



**Compliance**  
with full  
transparency



**Customised  
training**

# Leading business partner for cross-border insurance solutions

## Market opportunities

UHNWIs expected to transfer **USD 3.9 tn** to next generation within next decade (equal to 13% of all UHNW assets)

Global private **financial wealth** projected to grow by **~6%** annually until 2021

**Growing globalisation** increases demand for cross-border employee benefits

**Longevity** & instability of state-owned **pension solutions** favour private solutions

## Initiatives

**Leverage cross-border wealth transfer solutions**

**Further develop innovative solution offering**

**Introduce hybrid / phygital distribution model**

**Drive digital and scalable target operating model**

## Target state

### Leading brand & business partner

- Servicing **U/ HNWI**s through
  - Flexible and innovative cross-border **wealth transfer** solutions
  - Strategic **business partnerships** supported by digital platforms
- Servicing **corporates** centrally through Luxembourg with
  - Tailored, modular cross-border **insurance solutions** (pension, risk and health)
  - Digital interaction with **business partners**

# Major initiatives to capture growth opportunities

## Cross-border wealth solutions

- Grow **footprint in Asia**
- Increase penetration of **European markets**

## Innovative solution offering

- Leverage **high death cover** solutions for U/ HNWIs in **Europe and Asia**
- Increase **risk plan offering** for corporates in **Europe**
- Launch **international medical** plans for corporates

## Hybrid distribution model

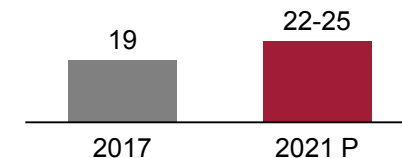
- Leverage **business partner platform** for U/ HNW cross-border solutions
- Build **digital interface to banking platforms** with selected partners
- Develop **digital distribution of risk offering** to corporates

## Digital / scalable operating model

- Optimise **target operating model** with centralised responsibilities and **joint IT platform** for all insurance carriers

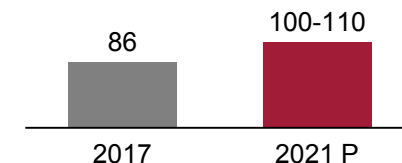
## Assets under control

EUR bn



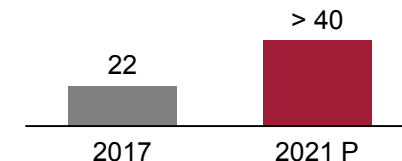
## Fee income

EUR m



## VNB

EUR m





# Offering comprehensive financial advice

International IFAs

*Financial planning for affluent and retail clients based on face-to-face advice combined with digital tools covering:*

*Investment*

*Pension*

*Insurance*

*Financing*

## *Leading IFA in UK and CEE*

### **UK:**

250+ financial advisors

### **CEE:**

(Austria, Czech Republic, Slovakia)

1 200+ financial advisors



## *Trusted advisor for a self-determined life*

Self-determined life  
with financial  
confidence



Holistic protection  
with best-select  
approach



Tailored investment  
and pension  
planning



Financial home  
providing full  
transparency on the  
personal situation



# Dedicated strategies for both leading IFA platforms

**UK**

*Chase de Vere*

Comprehensive **financial advice** with focus on **investment** and **pension** and with specialist advice for **medical professionals**

**Among the leading UK IFAs for almost 50 years**

Current number of financial advisors: > **250**

## **Strategic approach**

- Exclusive partnership with British Medical Association
- Continuously grow distribution network

**Central  
Eastern  
Europe**



Comprehensive **financial advice** with focus on **investment** and **pension** (**Austria** and **Czech Republic**)

**#1 IFA in Czech Republic**

**#1 IFA in Austria**

**#3 IFA in Slovakia**

Current number of financial advisors: > **1 200**

## **Strategic approach**

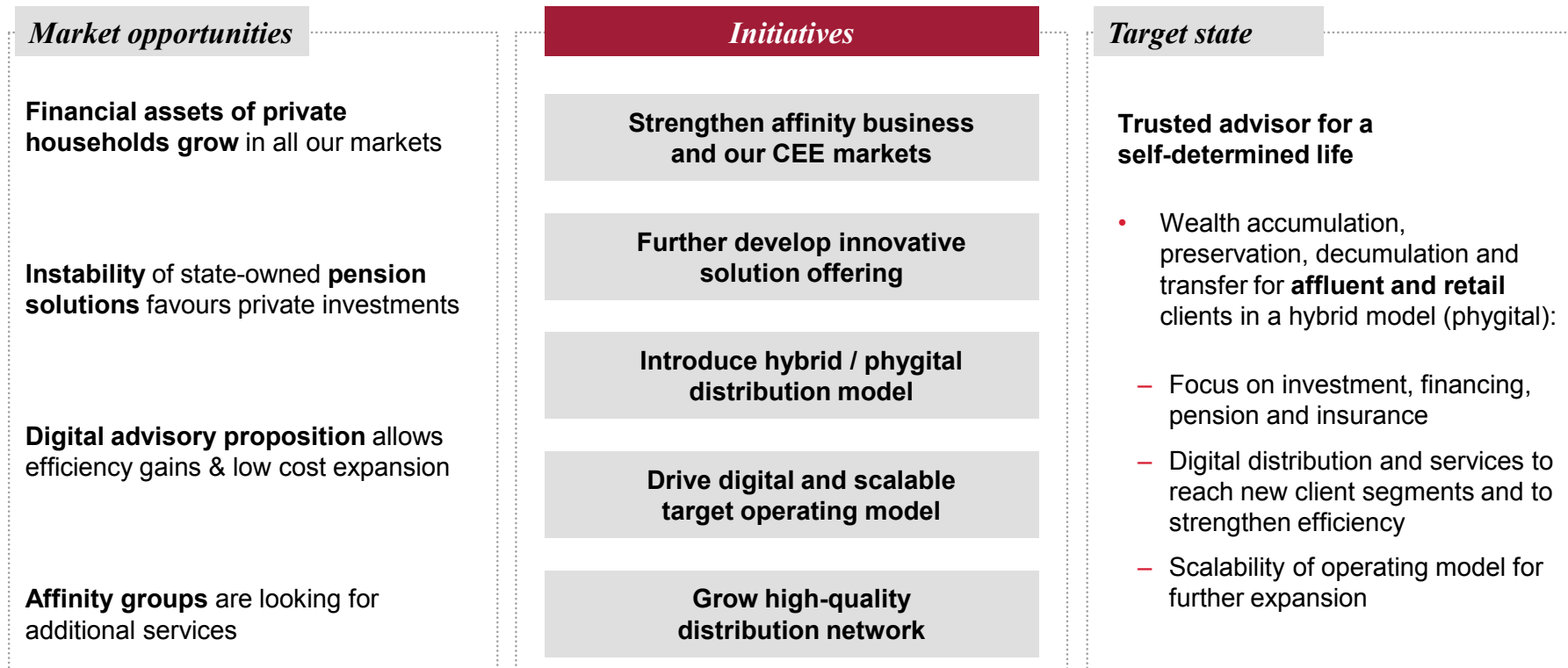
- Realise operational synergies
- Combine strengths in client coverage
- Leverage investment offering
- Develop and expand online proposition



**Quality advice** addressing specific client needs (**Czech Republic** and **Slovakia**)

# Leading IFA platform in UK and CEE

International IFAs



Sources: Wealth-X, 2016 / BCG Global Wealth Report, 2017

# Major initiatives to capture growth opportunities

## Affinity business and CEE markets

- Leverage business with **affinity groups** (e.g. professional associations)
- Strengthen **CEE markets** through harmonised set-up

## Innovative solutions

- Leverage **discretionary portfolio management** service in the UK
- Push new digital **investment offering** in CEE

## Hybrid distribution model

- Develop **multichannel distribution** and offer **phygital advice**
- Further **develop online portals** with client self-servicing functionalities

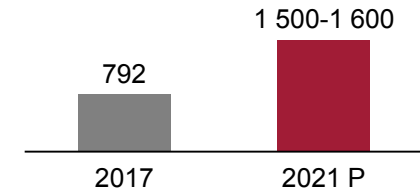
## Digital / scalable operating model

- Realise **operational synergies in CEE**, harmonise IT back-end systems
- Leverage new **UK client portal** and back-end system

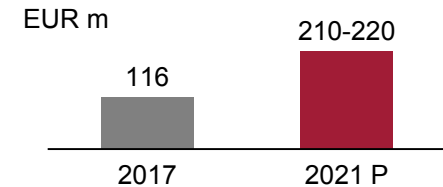
## High-quality distribution network

- Attract **independent financial advisory teams** to strengthen existing markets

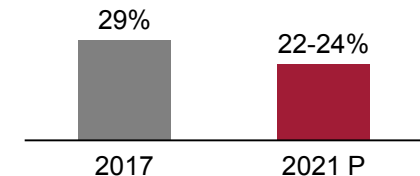
## Number of financial advisors



## Fee and commission income



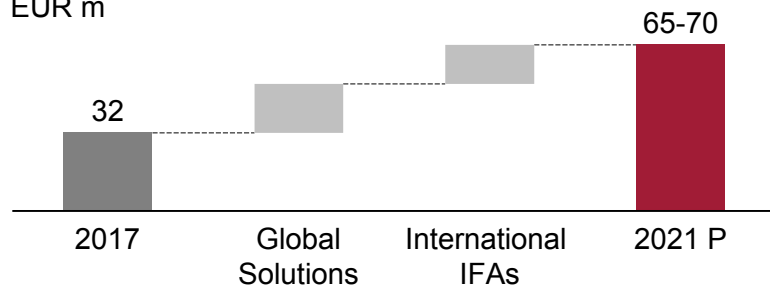
## Distribution operating expense ratio



# Significant growth contribution from both Global Solutions and International IFAs by 2021

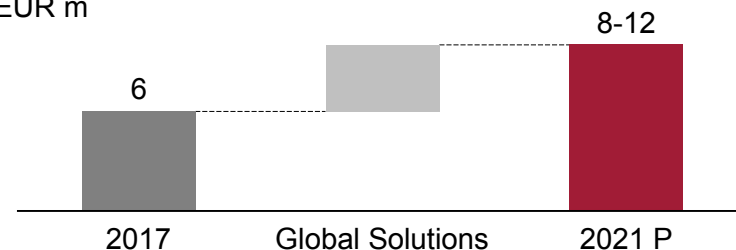
## Double **fee** result

EUR m



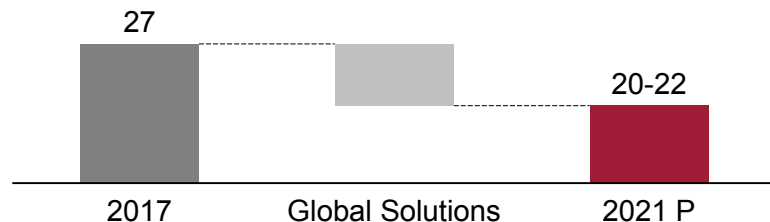
## Increase **risk** result by ~50%

EUR m



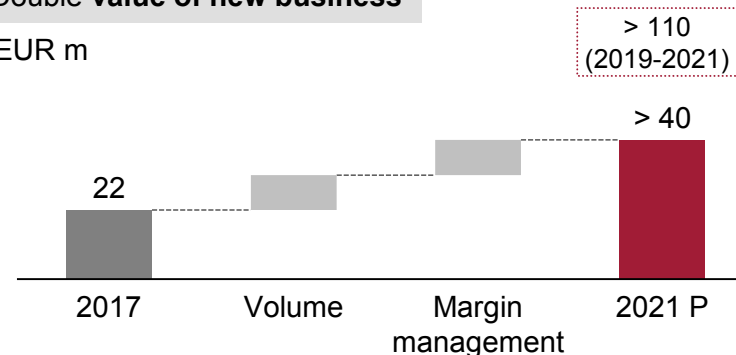
## Life efficiency ratio improving by growing portfolio

bps



## Double **value** of new business

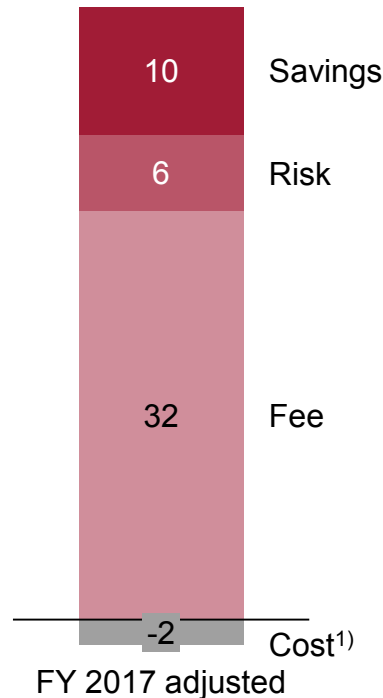
EUR m



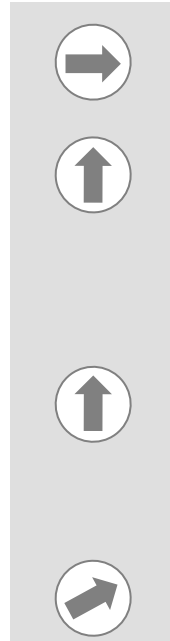
# Double fee result and increase risk result by ~50%

## Profit by source

EUR 46 m



## Trend 2018-2021



## Comments

- **Savings result:** Protect savings result
- **Risk result**  
Growth driven by Global Solutions:
  - High death cover solutions for U/ HNWI
  - Risk plan offering for corporates in Europe
- **Fee result**  
Growth driven by Global Solutions and International IFAs:
  - Growing footprint of Global Solutions in Asia and increased penetration of European markets
  - Strengthen International IFAs with leverage from new CEE set-up and hybrid distribution models
- **Cost result:** Sustainably manage the cost result

1) Thereof admin cost result gross: EUR -1 m

# Key messages Swiss Life International

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  - Reduce **life efficiency ratio** to 20-22 bps & **distribution operating expense ratio** to 22-24%

# Swiss Life 2021

## 2<sup>nd</sup> Q&A session and closing remarks



# Contact details and financial calendar

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## Financial calendar

Full-year results 2018	26 February 2019
Annual General Meeting 2019	30 April 2019
Interim statement Q1 2019	9 May 2019
Half-year results 2019	13 August 2019

Visit our website for up-to-date information [www.swisslife.com](http://www.swisslife.com)



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