



Swiss Life

Investors Day, St.Galler Kantonalbank

07. September 2016

# Agenda

## → **Swiss Life Group: Overview**

Swiss Life 2018: Strategy update

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

## Swiss Life Group: Facts and figures

- **GWP** incl. PHD<sup>1)</sup>: CHF 18.9 bn (FY 2015)
- **Net profit**: CHF 878 m (FY 2015)
- **Assets under Management**: CHF 202.2 bn, thereof CHF 44.4 bn with third parties (HY 2016)
- **Shareholders' equity**: CHF 14.3 bn (HY 2016)
- Current **workforce** of ~ 7 600 employees and ~ 4 600 certified financial advisors
- **SST** of 146% and **Solvency II** of > 200% (as of 01. January 2016)
- **S&P** financial strength rating of Swiss Life AG: A / stable outlook

1) Policyholder deposits

## Market presence



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

FY 2015, in CHF (IFRS basis)

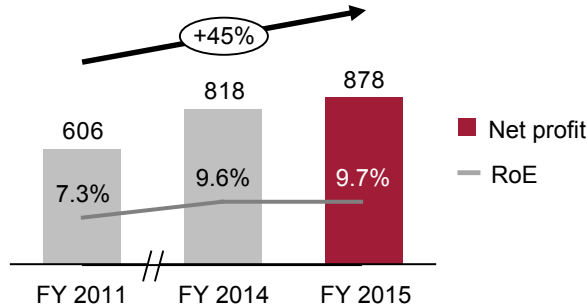
Business divisions	Market position	Insurance reserves	GWP & PHD	Adjusted profit from operations <sup>4)</sup>
		144.9 bn	18.9 bn	1 323 m
<b>Switzerland</b>	<ul style="list-style-type: none"> <li>Market leader in life insurance (group life and individual life) with a market share of ~32%</li> </ul>	58%	56%	56%
<b>France</b>	<ul style="list-style-type: none"> <li>Niche private insurer for affluent customers in life</li> <li>Strong position in health</li> </ul>	17%	24%	18%
<b>Germany</b>	<ul style="list-style-type: none"> <li>Leader with brokers for BU<sup>1)</sup> and BAV<sup>2)</sup></li> <li>3<sup>rd</sup> largest IFA network</li> </ul>	11%	7%	10%
<b>International</b>	<ul style="list-style-type: none"> <li>Strong with PPLI and pension pooling with our global Swiss Life Network</li> </ul>	14%	13%	3%
<b>Asset Managers</b>	<ul style="list-style-type: none"> <li>Leading in Switzerland, large portfolios in France and Germany</li> <li># 1 real estate manager in Europe<sup>3)</sup></li> </ul>	n.a.	n.a.	17%

1) Disability insurance 2) Occupational pension scheme 3) PropertyEU, Top 100 Investors, October 2015

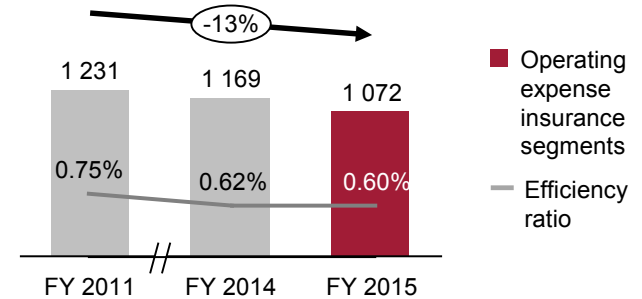
4) Percentage figures do not sum up to 100% mainly due to elimination effects (fee & comm. income) and unallocated corp. costs (adj. profit from operations)

# Development of key figures: Swiss Life increased its profitability and improved its financial strength

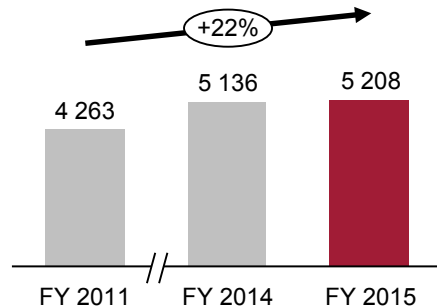
Net profit and RoE  
(CHF m, %)



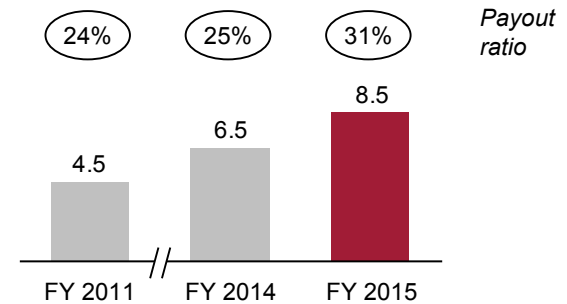
Operating expense, efficiency ratio  
(CHF m, %)







Net investment result  
(CHF m)



Dividend per share  
(CHF, %)



# Profit by source: How does Swiss Life generate profits?

Source	Description	Capital intensity	Key contributor to profit source in 2015 <sup>1)</sup>
 <b>Savings result</b>	<ul style="list-style-type: none"> <li>Investment spread (net investment result, technical interest, reserve changes)</li> <li>After policyholder participation</li> </ul>	<ul style="list-style-type: none"> <li>High</li> </ul>	<ul style="list-style-type: none"> <li>Switzerland (65%), France (23%), Germany (12%)</li> </ul>
 <b>Risk result</b>	<ul style="list-style-type: none"> <li>Gross risk result (risk premiums less expenses, reserve changes)</li> <li>After policyholder participation</li> </ul>	<ul style="list-style-type: none"> <li>Low-medium</li> </ul>	<ul style="list-style-type: none"> <li>Switzerland (68%), France health and P&amp;C (22%), Germany (7%)</li> </ul>
 <b>Fee result</b>	<ul style="list-style-type: none"> <li>Income from fee business less related expenses</li> <li>No policyholder participation</li> </ul>	<ul style="list-style-type: none"> <li>Low</li> </ul>	<ul style="list-style-type: none"> <li>Asset Managers (67%), France unit-linked and banking (13%), International (9%)</li> </ul>
 <b>Cost result</b>	<ul style="list-style-type: none"> <li>Gross cost result (cost premiums less expenses)</li> <li>After policyholder participation</li> </ul>		

1) Based on adjusted profit from operations

# Profit by source showing improved quality of earnings

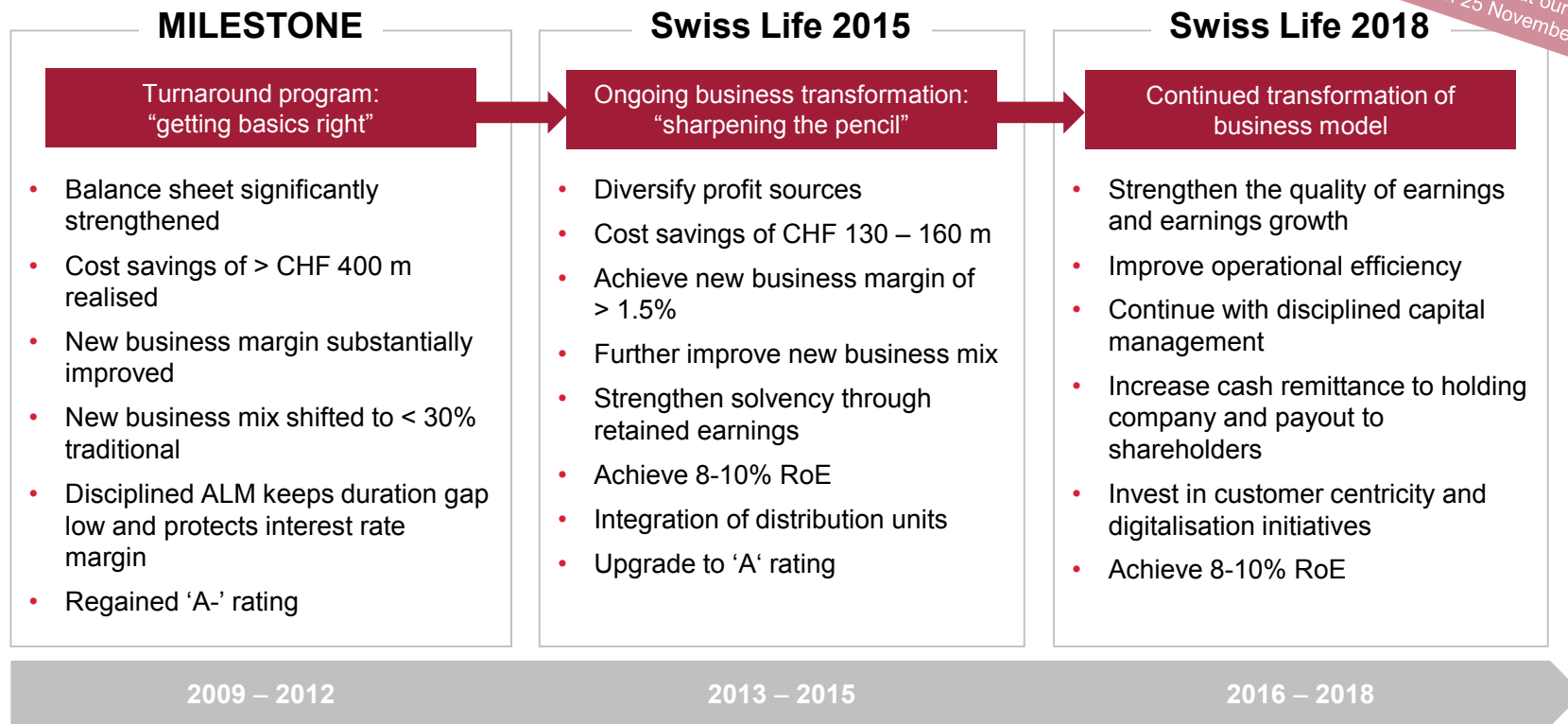
CHF million (IFRS basis)

	FY 2014 adjusted		FY 2015 adjusted		HY 2016 <i>not annualised</i>
Savings result	656	55%	773	56%	
<b>Risk result</b>	<b>380</b>	<b>32%</b>	<b>395</b>	<b>28%</b>	
<b>Fee result</b>	<b>252</b>	<b>21%</b>	<b>342</b>	<b>25%</b>	CHF 194 m
Cost result	-109	-9%	-132	-9%	
- <i>Thereof admin cost result gross<sup>1)</sup></i>	99	8%	115	8%	
Others & eliminations	16	1%	14	1%	
<b>Segment result</b>	<b>1 196</b>	<b>100%</b>	<b>1 393</b>	<b>100%</b>	
- Unallocated corporate costs	-66		-70		
<b>Profit from operations<sup>2)</sup></b>	<b>1 129</b>		<b>1 323</b>		CHF 730 m

1) Gross = before policyholder participation    2) Based on adjusted profit from operations

# Swiss Life 2018: Continue on the successful path of MILESTONE and Swiss Life 2015

Communicated at our Investors Day  
on 25 November 2015



# Agenda

Swiss Life Group: Overview

→ **Swiss Life 2018: Strategy update**

# Key financial targets of Swiss Life 2018

## Customer centricity and advice

### Quality of earnings and earnings growth

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

### Operational efficiency

- **Cost savings** FY 2018: CHF 100 m
- Stable operating expenses<sup>1)</sup>

### Capital, cash and dividend

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

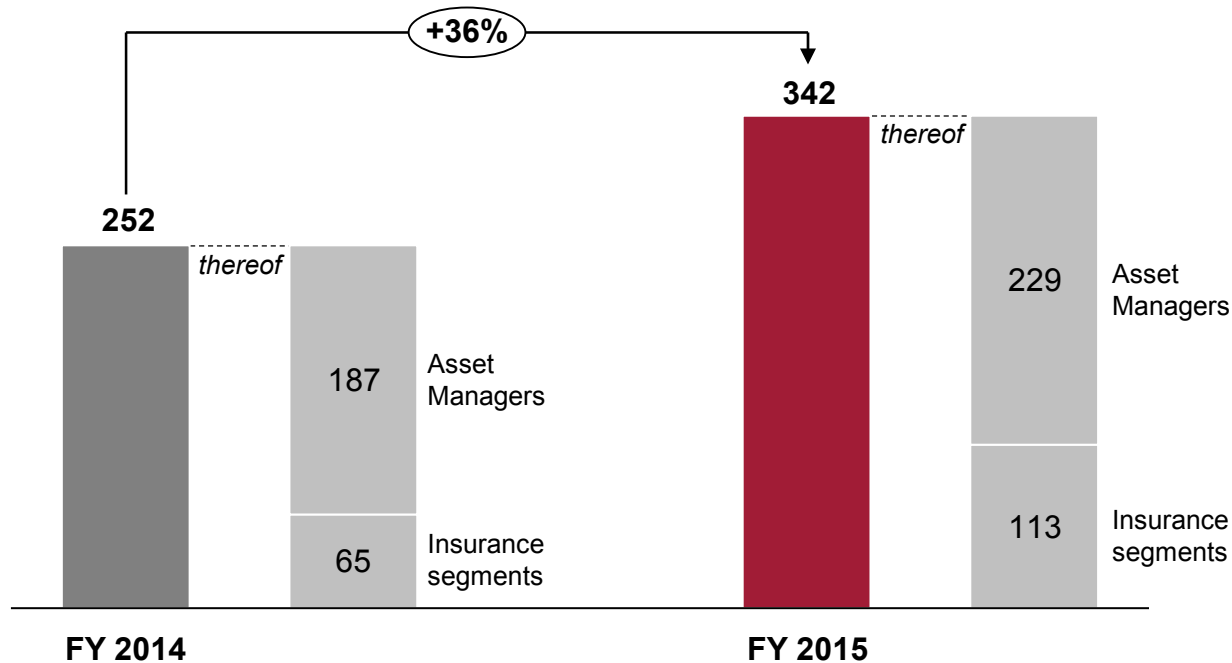
**RoE<sup>2)</sup>** of 8-10%

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

# Fee result further improved

Quality of earnings  
and earnings  
growth

Fee result, CHF million (IFRS basis)



**HY 2016**  
*not annualised*

**CHF 194 m**  
(+16%)

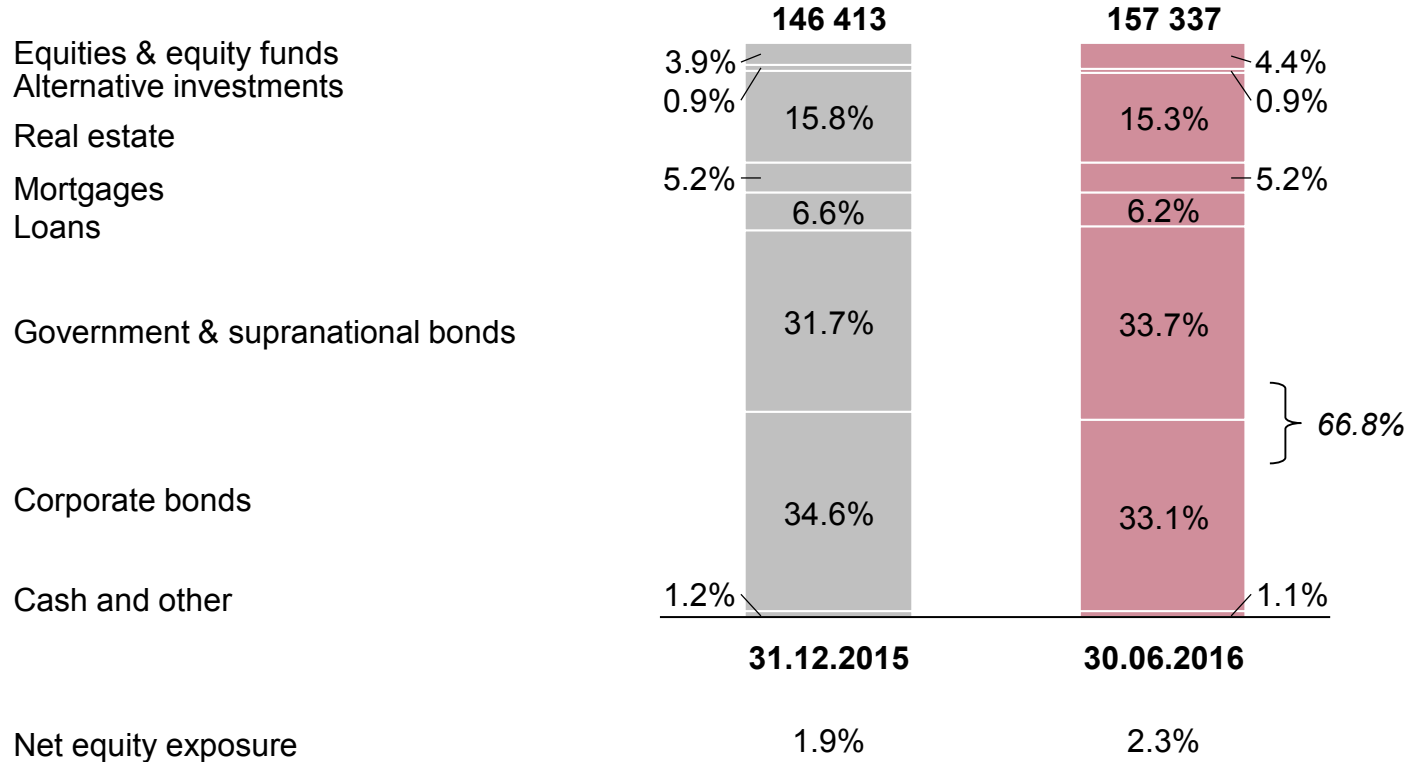
**Swiss Life 2018**

**CHF 400-450 m**

# Investment portfolio in an ALM context

Quality of earnings  
and earnings  
growth

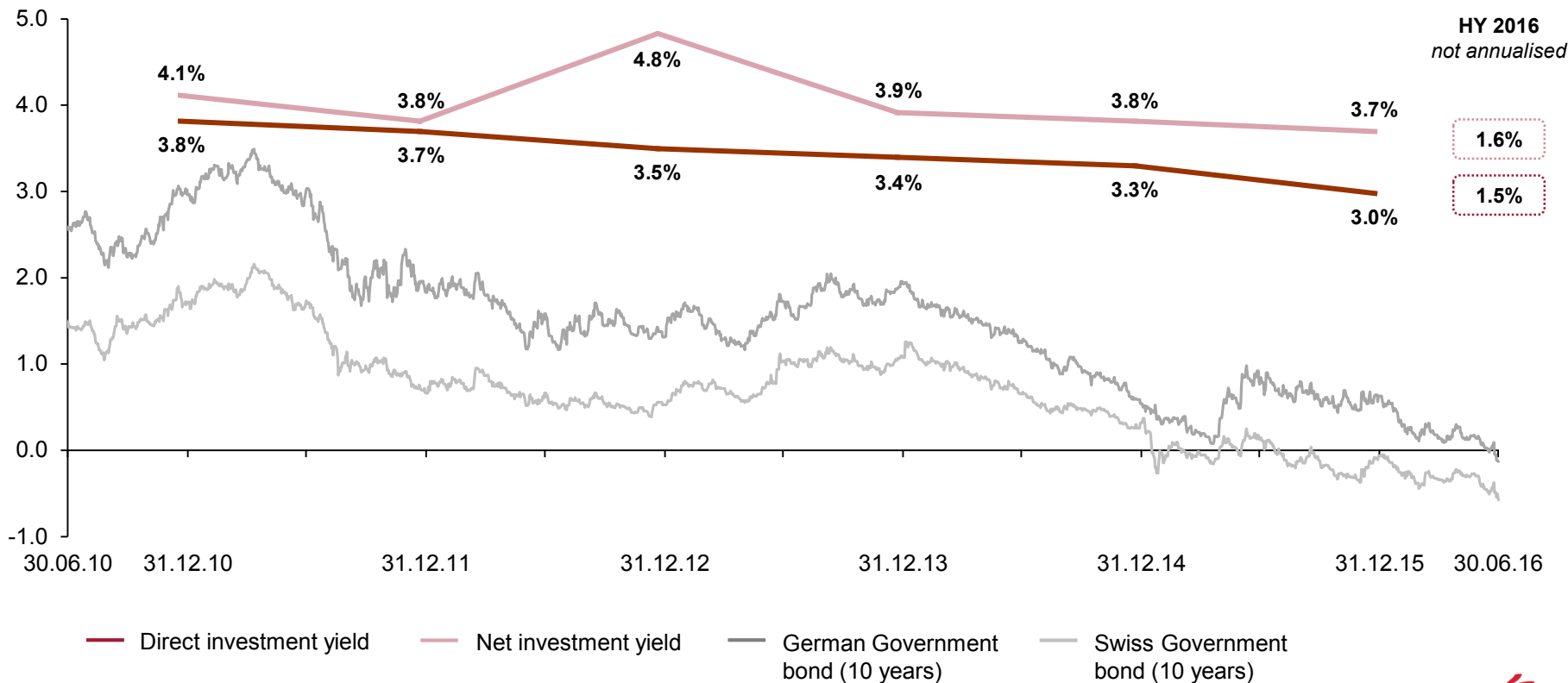
CHF million (fair value basis), insurance portfolio for own risk



# Continued strong returns in a low interest rate environment

Quality of earnings  
and earnings  
growth

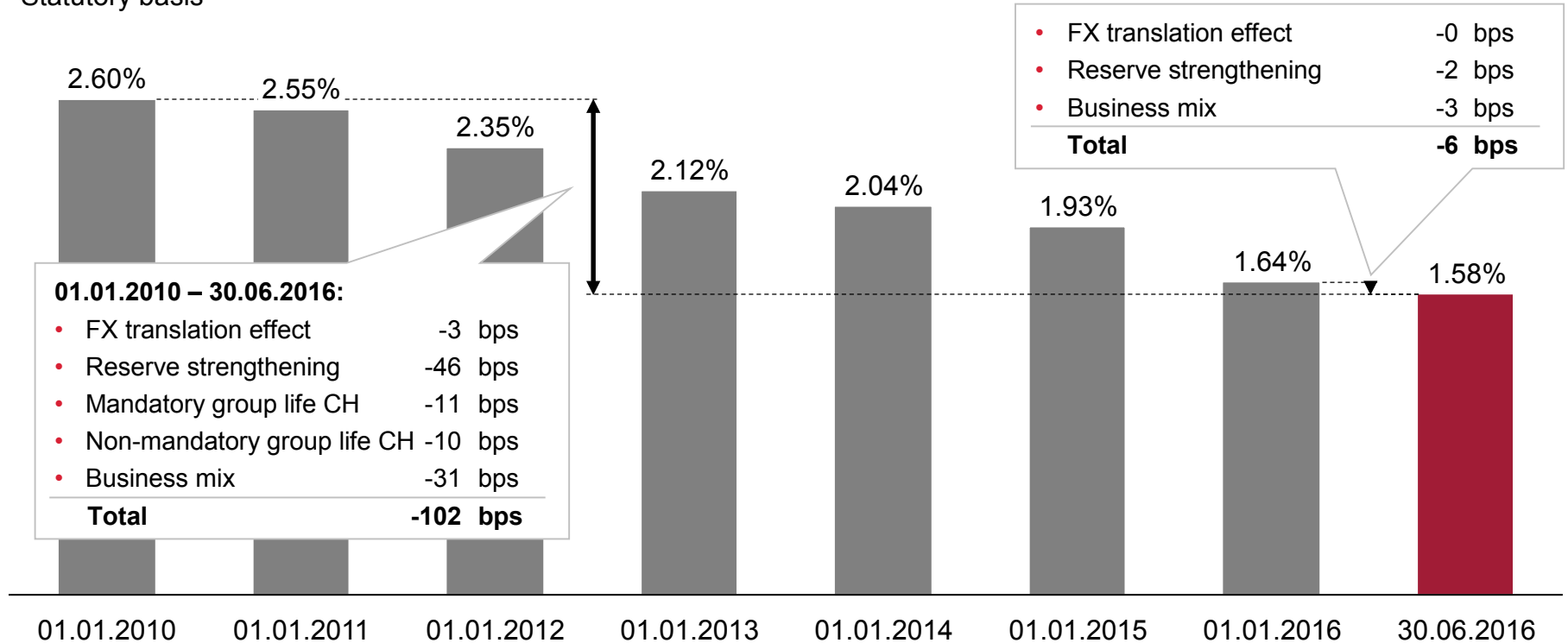
Direct and net investment yield (IFRS basis, in %)



# Average technical interest rate decreased further

Quality of earnings and earnings growth

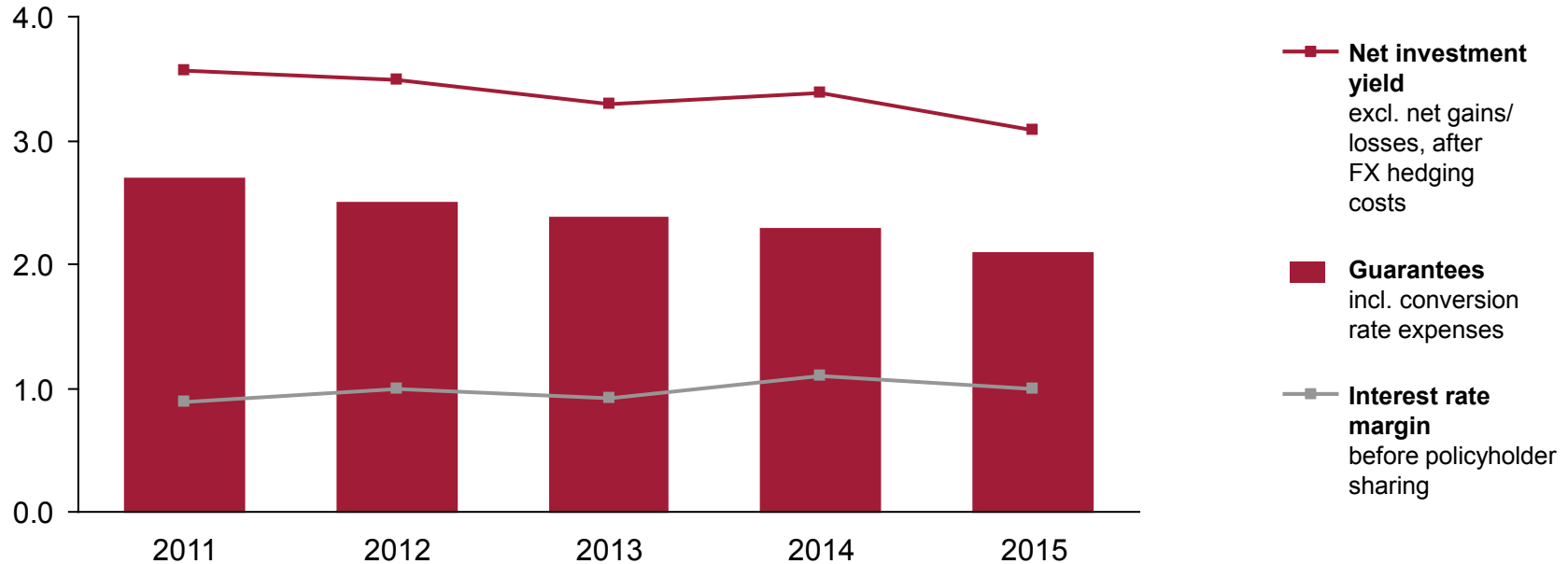
Statutory basis



# Disciplined ALM has safeguarded the interest rate margin

Quality of earnings  
and earnings  
growth

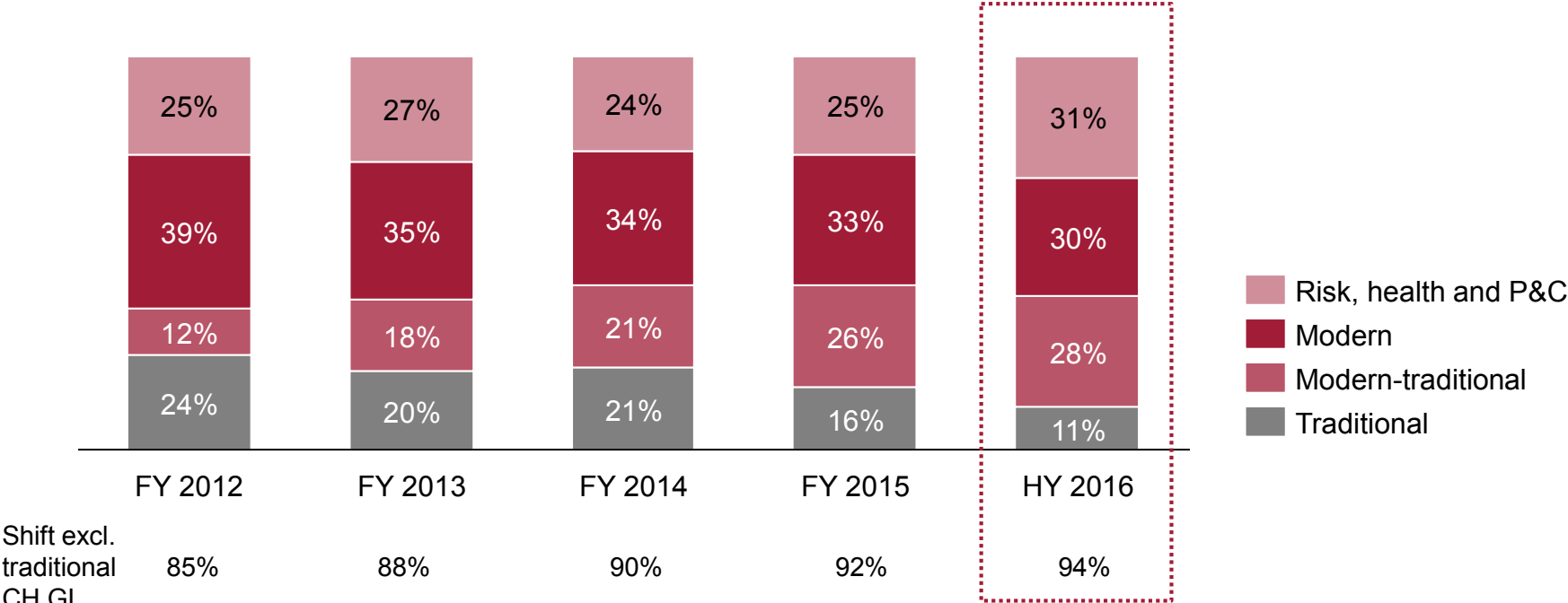
Aggregated view, IFRS basis, in % of technical reserves



# New business mix with higher share of non-traditional products

Quality of earnings and earnings growth

New business production (NBP)

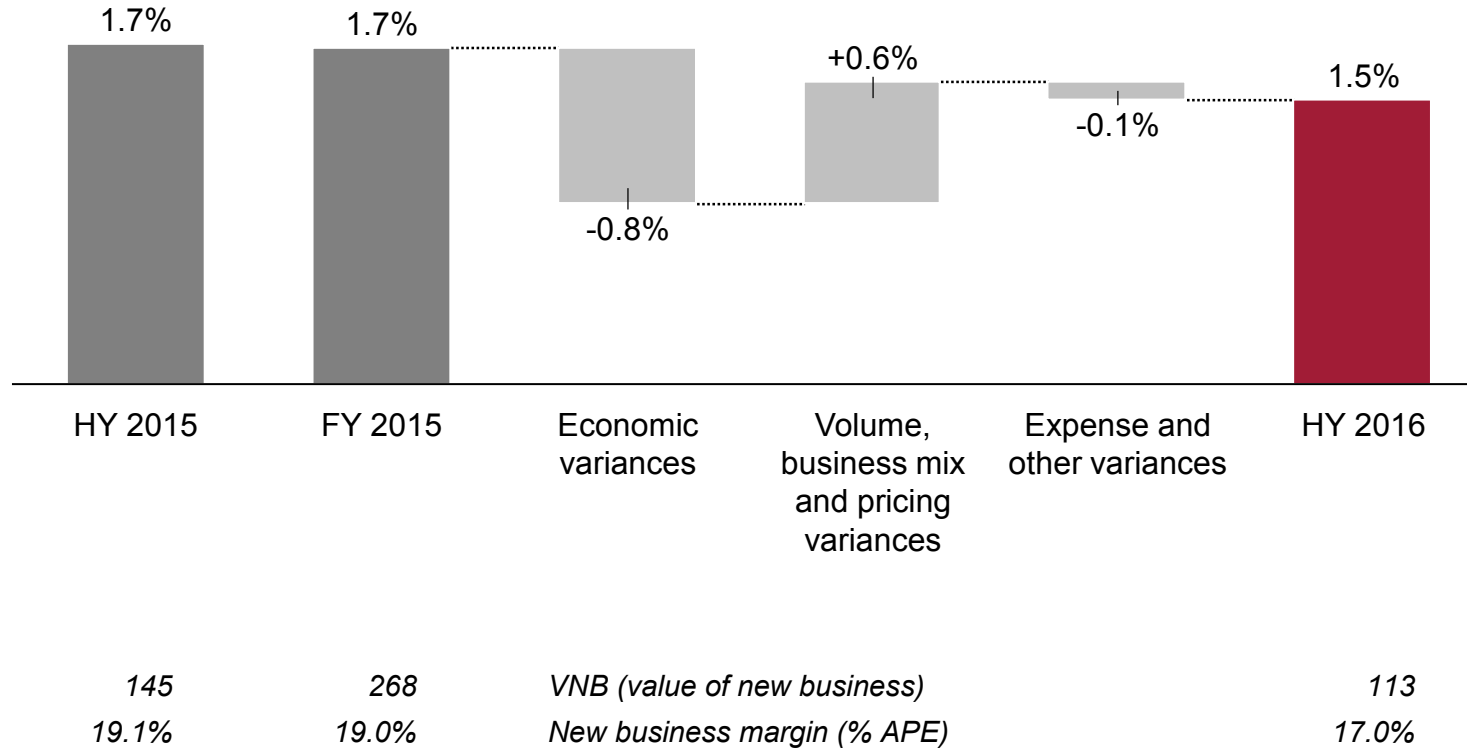


Shift excl.  
traditional  
CH GL

# Continued margin management

Quality of earnings  
and earnings  
growth

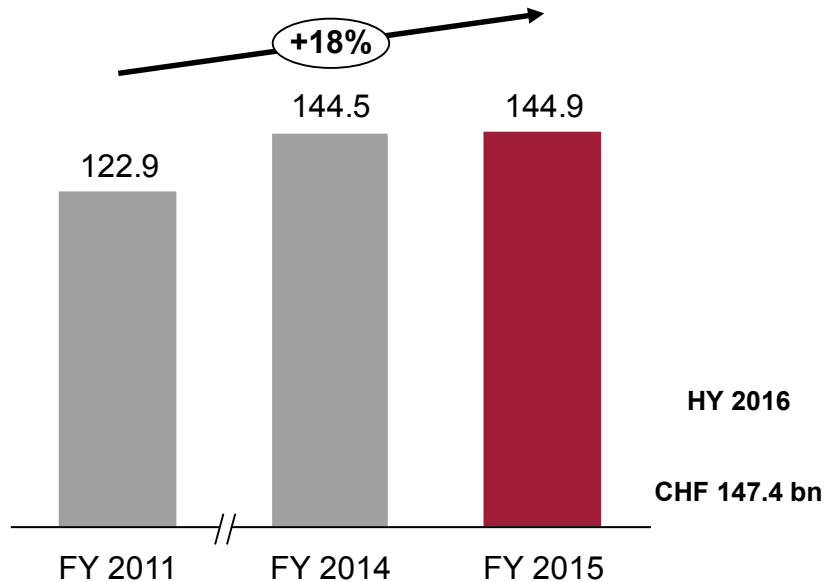
New business margin (NBM) development (VNB in % PVNBP)



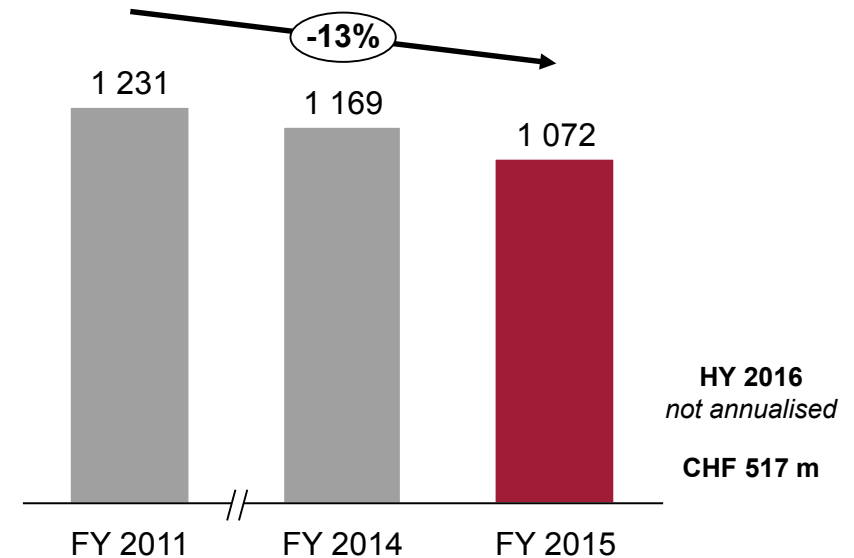
# Further improved efficiency

Operational  
efficiency

Insurance reserves (excl. PHP liabilities)  
CHF billion



Operating expense insurance segments  
CHF million



# Healthy solvency ratios

Capital, cash and dividend

Swiss Life Group: Economic solvency  
(as of 01.01.2016)

## SST

internal model approved with conditions, as filed with FINMA

146%

## Solvency II

standard model incl. volatility adjustment, excl. any transitional measures

> 200%

SST sensitivities  
(as of 01.01.2016)

Real estate -10%

-12 pts

Credit spreads<sup>1)</sup> +100 bps

-8 pts

Interest rates<sup>2)</sup> -50 bps

-8 pts

Equities -30%

-7 pts

Insurance 1 in 10 year event

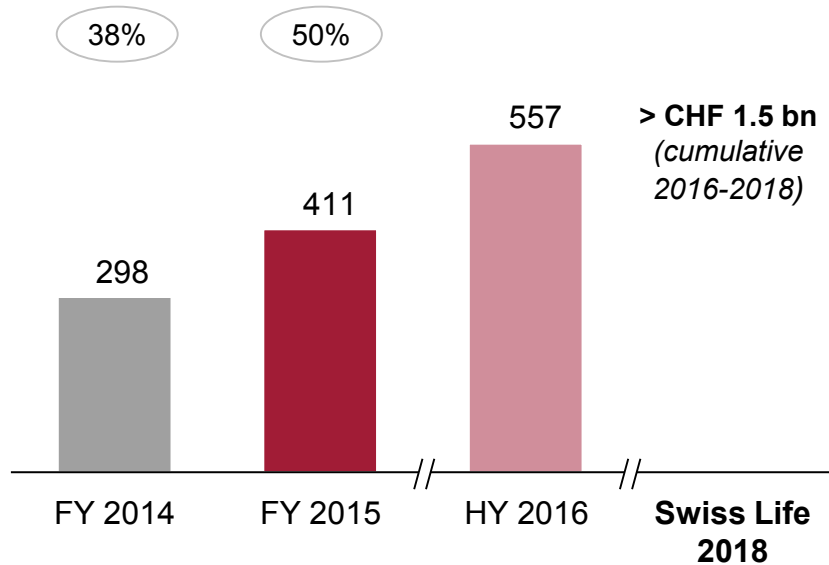
-8 pts

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

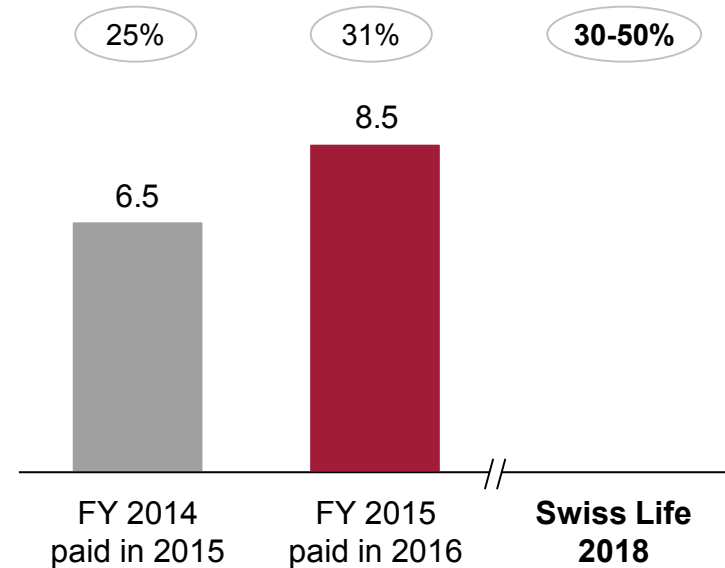
# Increased cash remittance to Holding and dividends to shareholders

Capital, cash and dividend

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



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



# Swiss Life 2018 off to a good start

## Swiss Life 2018 financial targets

## Current assessment

### Quality of earnings and earnings growth

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

*On track (slightly ahead)*

*On track*

*Challenging*

### Operational efficiency

- **Cost savings** FY 2018: CHF 100 m
- Stable operating expenses<sup>1)</sup>

*On track*

*On track*

### Capital, cash and dividend

- Cumulative **cash remittance** to Holding (2016-2018): > CHF 1.5 bn
- **Dividend payout ratio**: 30-50%
- **RoE<sup>2)</sup>**: 8-10%

*On track (slightly ahead)*

*On track*

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

# Cautionary statement regarding forward-looking information

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# Contact details and financial calendar

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## Financial calendar

Interim Statement Q3 2016  
Full-year results 2016  
Annual General Meeting 2017

09 November 2016  
03 March 2017  
25 April 2017

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*The future starts here.*