



Investor Day 2021
Swiss Life 2024: Higher financial ambitions

Matthias Aellig, Group CFO
Zurich, 25 November 2021

Swiss Life 2024 with higher ambitions for quality of earnings and cash returns to shareholders

Attractive starting position

- Successfully enhanced **earnings quality**, particularly by growing the fee result
- Further improved **operational efficiency** by scaling businesses
- Attractive **shareholder return** based on strong solvency and higher cash remittance

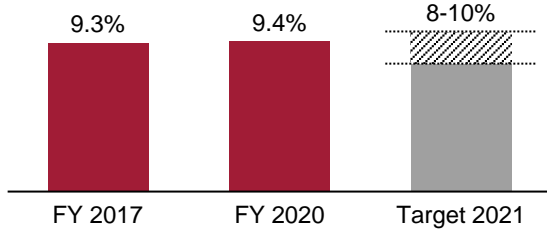
Ambitious Swiss Life 2024 targets

- Strengthen **quality of earnings**
 - Increase **fee result** to CHF 850-900 m
 - Lift **RoE** target range to 10-12%
- Higher **cash remittance** and **cash returns to shareholders**
 - Grow cumulative 2022-2024 **cash remittance** to CHF 2.8-3.0 bn
 - Raise **dividend payout ratio** to > 60%
 - In addition, return CHF 1 bn to shareholders via **share buyback**

Swiss Life 2021 financial targets ...

RoE¹⁾

Ahead

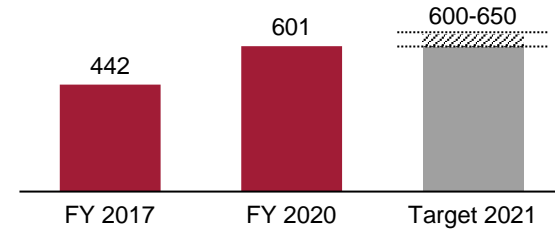


Fee result

Ahead



CHF m

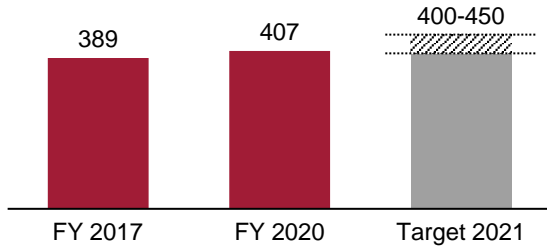


Risk result

On track



CHF m

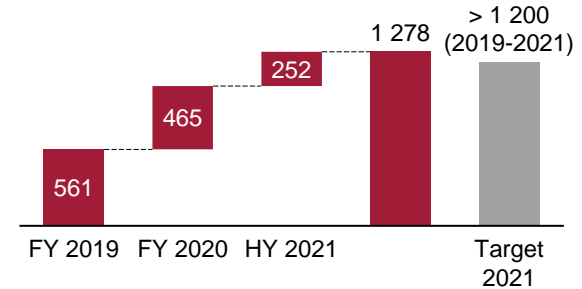


VNB

Ahead



CHF m

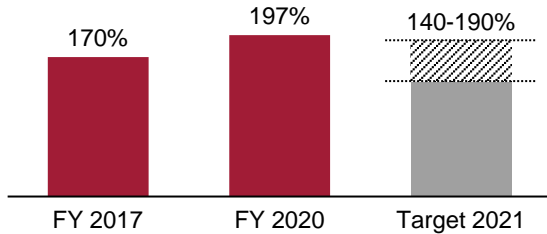


1) Shareholders' equity excl. unrealised gains/losses

... to be achieved or exceeded

SST ratio

Ahead

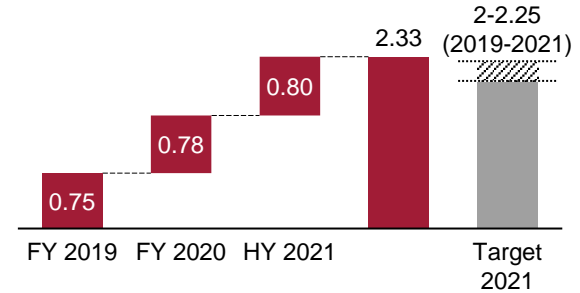


Cash to Holding

Ahead

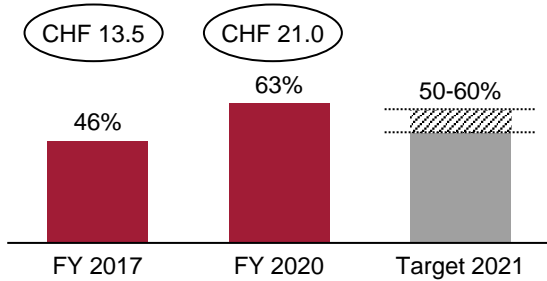


CHF bn



Payout ratio, DPS

On track



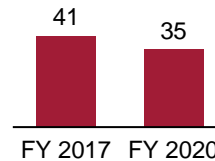
In addition,
share buybacks
of CHF 1 bn¹⁾
and CHF 400 m²⁾

Efficiency

On track

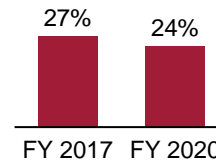


Life efficiency ratio
bps



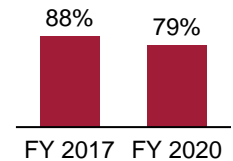
< 40 bps by 2021

Distribution operating
expense ratio



< 25% by 2021

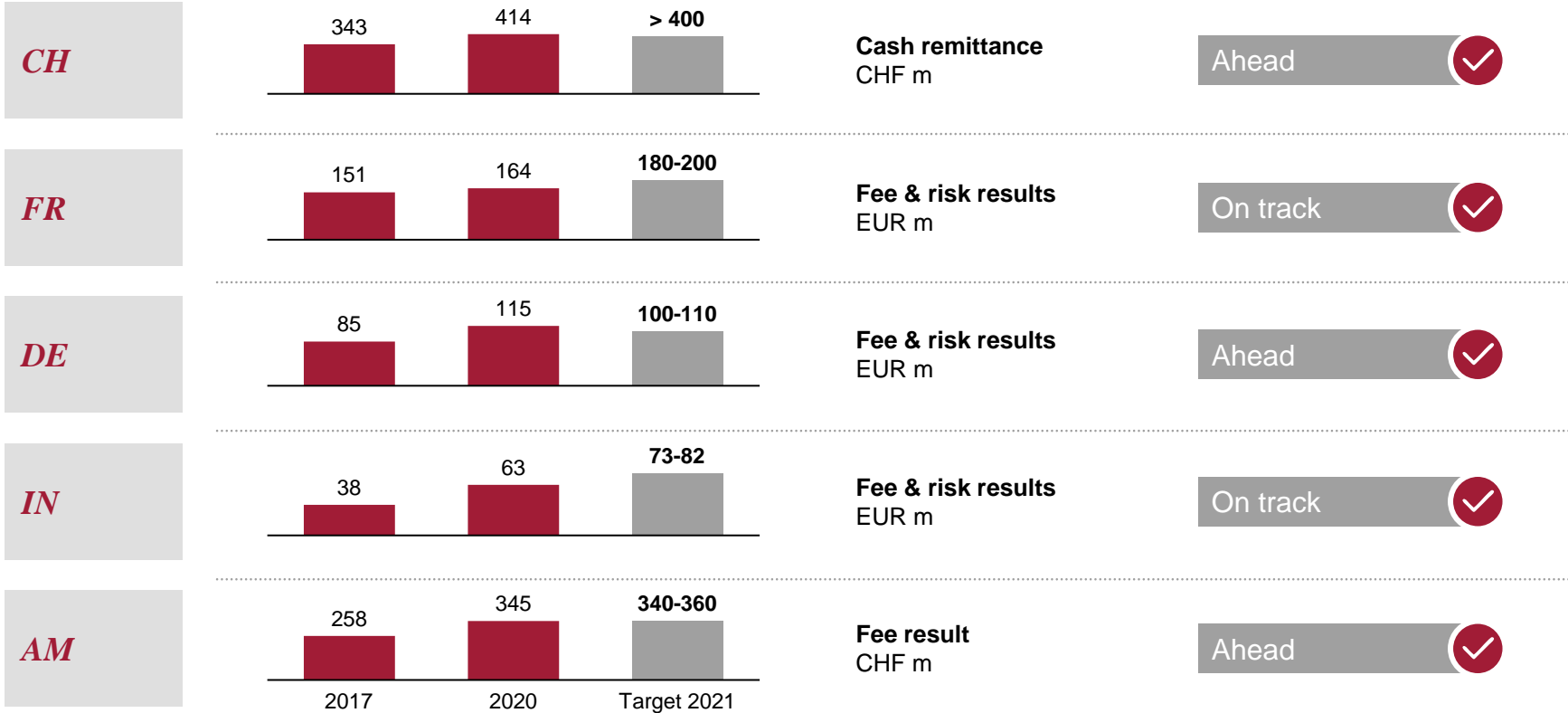
TPAM cost
income ratio



~75% by 2021

1) From December 2018 to December 2019 2) From March 2020 to May 2021

Every division successfully played its part in Swiss Life 2021



Swiss Life 2024 to build on proven strengths and success factors

What remains key

Quality of earnings and earnings growth

- Continued focus on **growing fee result** and on **return on equity**
- Disciplined **ALM** and **capital-efficient** investments
- Active **margin management** on back-book and new business
- Significant **value of new business** creation in insurance
- Ongoing **cost management**

Capital, cash and payout

- Strong **SST ratio** and confirmed **SST ambition range**
- Active **capital management** and **cash remittance** to Holding
- Attractive **cash returns to shareholders**

Increase in ambitions for quality of earnings and cash returns to shareholders

Ambitious Swiss Life 2024 financial targets

Swiss Life 2024 financial ambitions and targets

Quality of earnings and earnings growth

- **Fee result**
FY 2024
- **RoE^{1) 2)}**
2022-2024

CHF 850-900 m

10-12%

Capital, cash and payout

- **Cash to Holding**
Cumulative 2022-2024
- **Dividend payout ratio²⁾**
2022-2024
- **Share buyback**
Dec 2021 – May 2023

CHF 2.8-3.0 bn

> 60%

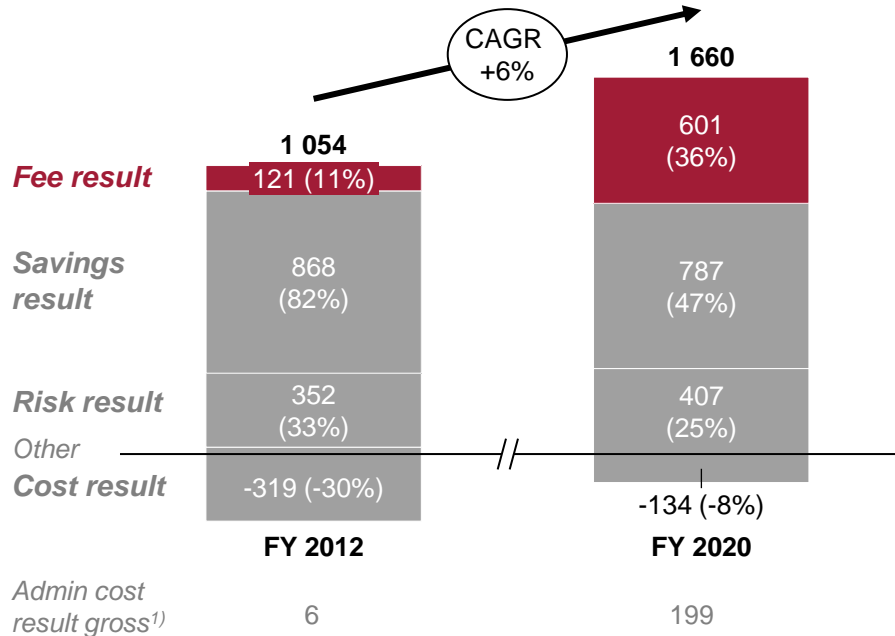
CHF 1 bn

1) Shareholders' equity excl. unrealised gains/losses 2) Targets based on IFRS 4 / IAS 39 accounting standard

Fee result as key driver of earnings quality and resilience of business model

Long-term profit by source development

CHF m, share of profit contribution in %



Importance of fee result to Swiss Life

- Strong contributor to profit growth
- Low capital intensity, no policyholder sharing, limited capital market dependency, cash accretive
- Earnings quality and resilience of business model improve with higher share of fee result

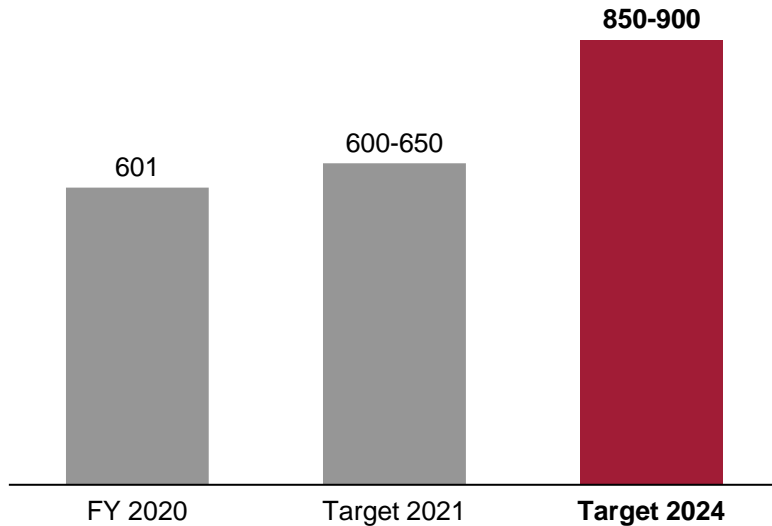
1) Gross = before policyholder participation



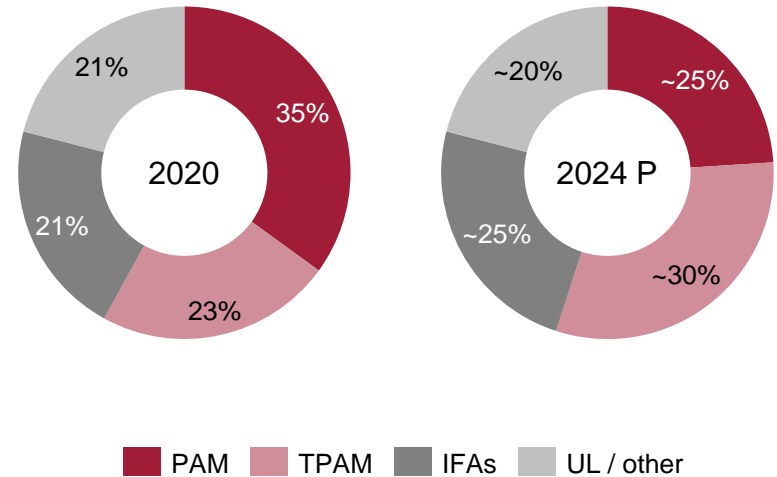
Fee result target to grow significantly by about 40% to CHF 850-900 m

Quality of earnings and earnings growth

Fee result
CHF m



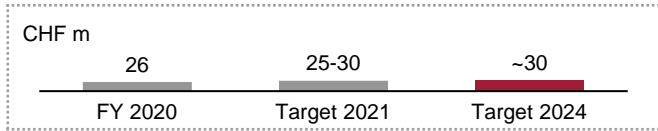
Fee result by business line
Contribution in % of total fee result



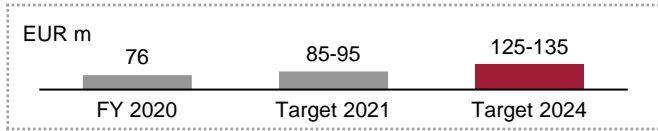
Each business division to contribute to a growing fee result

Fee result targets by business division

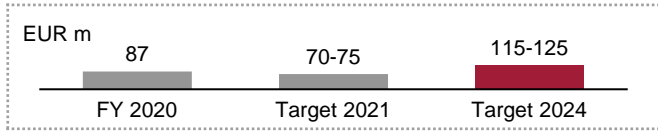
CH



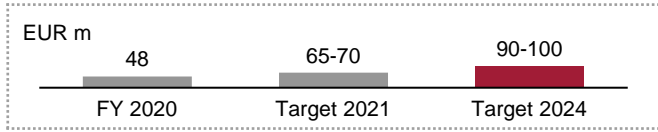
FR



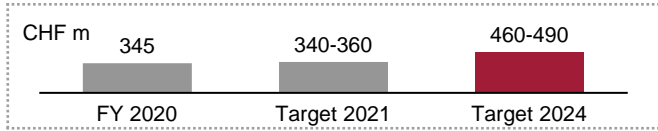
DE



IN



AM



Main drivers / initiatives

- Increase in fee result while investing in growth initiatives

- Leverage private insurer model and multi-distribution to further grow UL business

- Grow owned IFA network based on a higher number of advisors and further digitise the advisory platform

- Scale private wealth and employee benefit businesses
- Expand owned IFA advisory power and increase productivity

- Expand TPAM offering across asset classes
- Growing contribution from real estate project development

Savings, risk and cost results remain important profit sources

Expected development until 2024¹⁾

Savings result

- Important **profit and cash contributor**; savings result expected to **grow** from FY 2020 level, which was negatively impacted by Covid-19 market volatility
- Continues to be managed in a **capital-efficient** way focusing on **disciplined ALM**
 - Long asset duration and optimal portfolio structure support **resilient yields**
 - Reserve strengthening and focus on profitable new business **reduce guarantees**
 - Positive **interest rate margin** secured for more than three decades



Risk result

- Expected to **grow** from FY 2020 level in all business divisions



Cost result

- Expected to **further improve** while growing and investing in the business



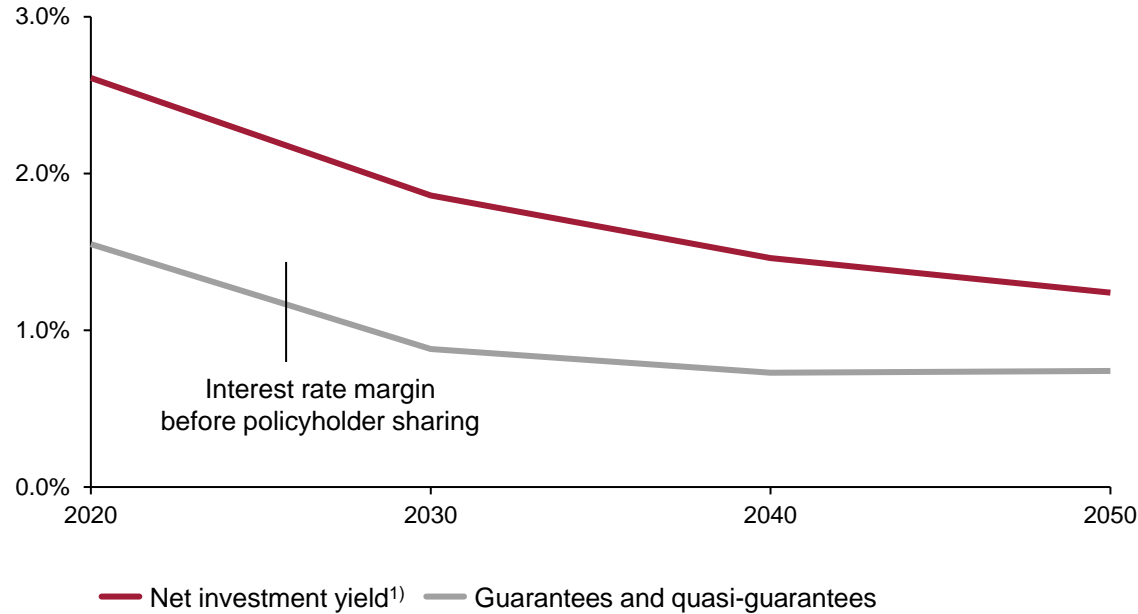
1) Expectations based on IFRS 4 / IAS 39 accounting standard



Disciplined ALM to secure positive interest rate margin in low interest rate environment

Interest rate margin

Statutory basis, in % of technical reserves



- Robust for **more than three decades** even if rates stay low
- **No new business** assumed
- **No risk, fee and cost results** considered
- Projected reinvestment rates²⁾
 - Switzerland: 0.3%
 - France: 0.4%
 - Germany: 0.6%
- **Effective reinvestment rates** substantially higher

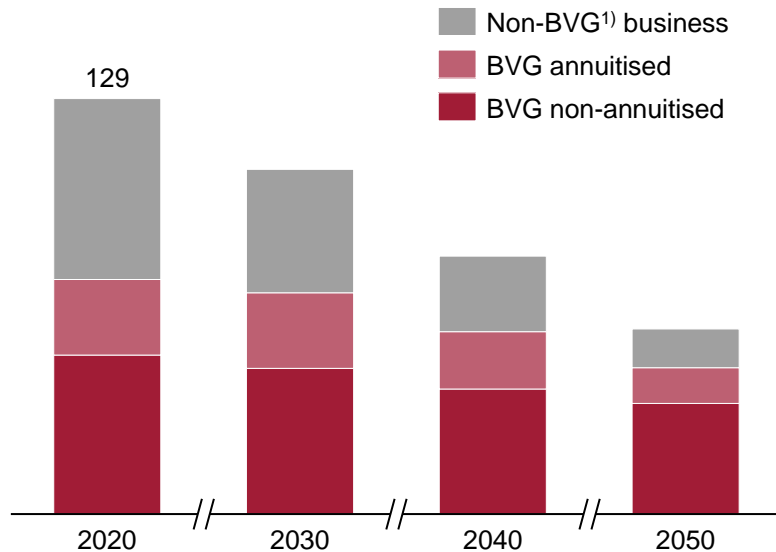
1) Net investment yield excl. realisations on fixed income investments except for ZZR build-up (“Zinszusatzreserve”) in Germany (which is also included in guarantees)

2) Based on swap forward rates as of end of July 2021; values shown for 2023

Continued optimisation of back-book ...

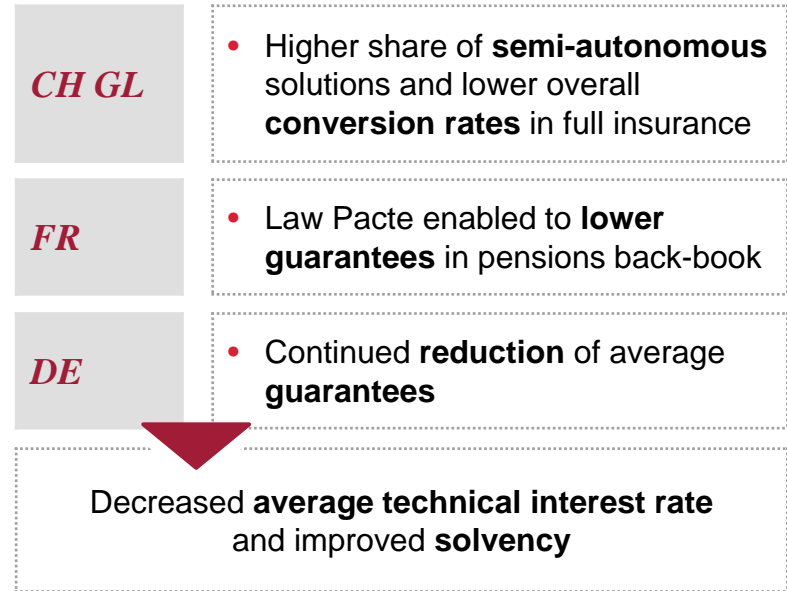
Traditional back-book, excluding new business

Statutory reserves bearing technical interest rate, CHF bn



Disciplined back-book management

Selected examples from business divisions²⁾



1) Swiss individual, French and German life businesses 2) For more information, see separate Investor Day presentations of Swiss Life Switzerland, France and Germany

... and focus on capital-efficient new business reduce economic capital required

Ongoing management of new business

- Focus on **capital-efficient new business**
- Product design geared to reduce **interest rate sensitivity** and **economic capital required**
- New business margin **hurdle** of 1% and **ambition** of 1.5%

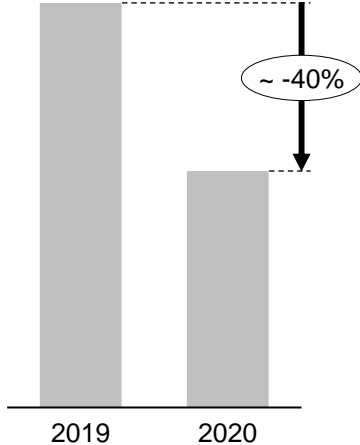


Swiss Life well positioned to further grow **value of new business** in the insurance operations compared to Swiss Life 2021 targets

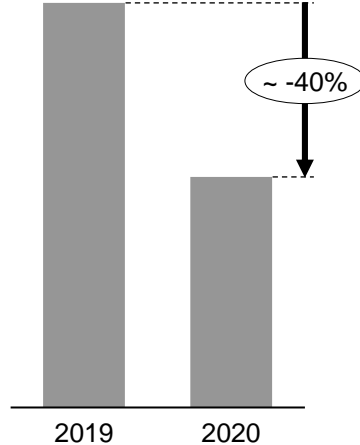
Value management of new business

Incremental required economic capital for new business in % of PVNBP, selected examples from business divisions¹⁾

CH IL new business



DE new business



1) For more information, see separate Investor Day presentations of Swiss Life Switzerland and Germany

Operational scalability to be further increased across businesses

Scalability in fee businesses¹⁾

CH	Fee income²⁾ growth CAGR 2020-2024	+ 4-6%	Fee result growth CAGR 2020-2024	+ ~4%
FR	Fee income growth CAGR 2020-2024	+ 6-8%	Fee result growth CAGR 2020-2024	+ 13-15%
DE	Fee income²⁾ growth CAGR 2020-2024	+ 7-8%	Fee result growth CAGR 2020-2024	+ 7-10%
IN	Fee income growth CAGR 2020-2024	+ 11-13%	Fee result growth CAGR 2020-2024	+ 17-20%
TPAM	Income growth CAGR 2020-2024	+ 10-12%	Fee result growth CAGR 2020-2024	+ 16-19%

Main drivers / initiatives

- Investments for expansion in affluent / digitally savvy customer segments affect growth of fee result
- Leverage private insurer model and increase advisory power while optimising customer service processes
- Achieve business growth combined with further digitalisation of advisory platform and back office
- Grow volumes and leverage digital advisory and servicing capabilities
- Grow TPAM volumes and further invest in digitalisation

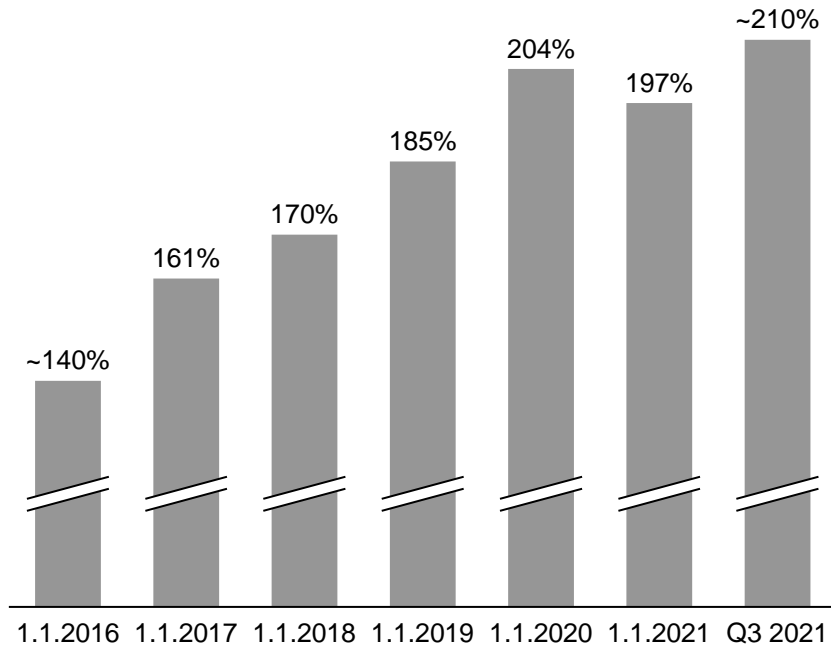
1) For more information, see separate Investor Day presentations of business divisions 2) Standalone, incl. owned IFA income with Swiss Life

Strong capitalisation and confirmation of the SST ambition range

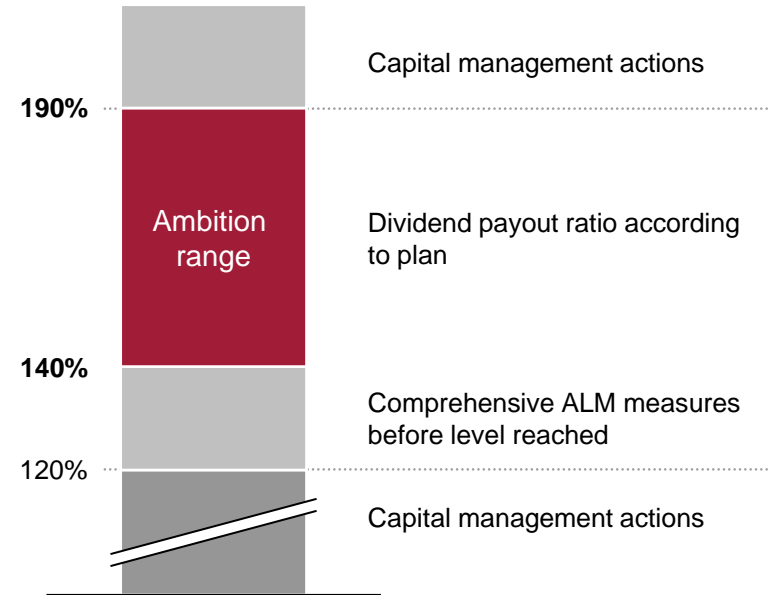
Capital, cash and payout

Group SST development

In %



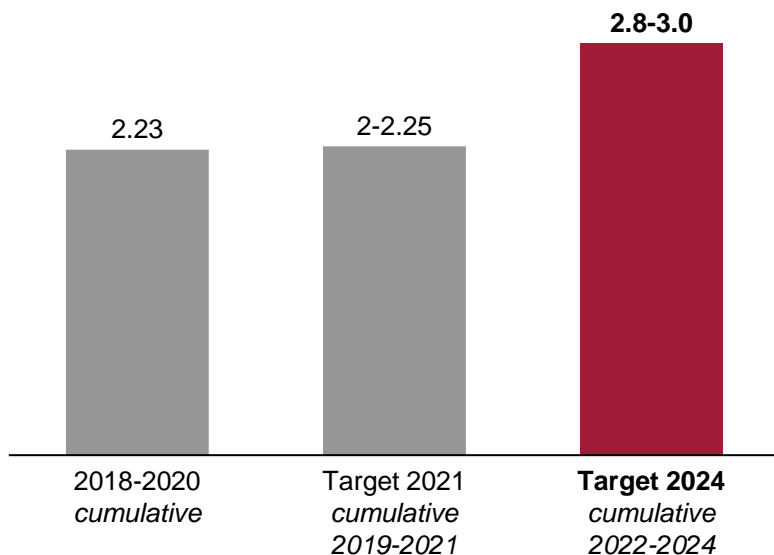
SST ambition range



Significantly increase cash remittance to Holding by about 35% ...

Cash remittance to Holding

CHF bn



Drivers of cash remittance

- Increase in cash remittance primarily due to growing fee result
- Additional increase in cash remittance driven by other profit sources
- Cash remittance based on local statutory accounts of Swiss Life Holding subsidiaries

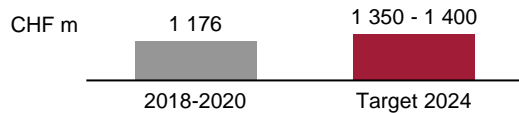
... with a growing contribution from every business division

Capital, cash and payout

Cumulative cash remittance¹⁾ targets

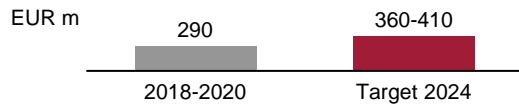
Main drivers / initiatives

CH



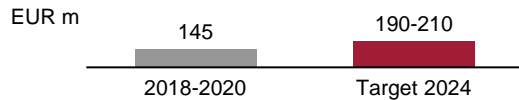
- Strong growth of savings result
- Positive contributions also from other profit sources

FR



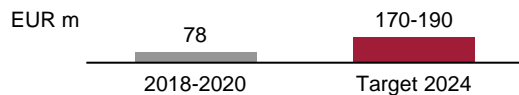
- Higher fee result from UL and banking businesses
- Growing risk and savings results

DE



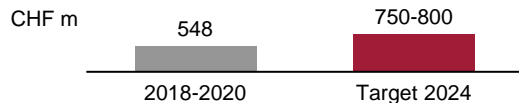
- Scalable and capital-efficient advisory model
- Higher fee result from owned IFAs

IN



- Scalable business model with low investment needs
- Higher fee and risk results based on capital-light offerings

AM



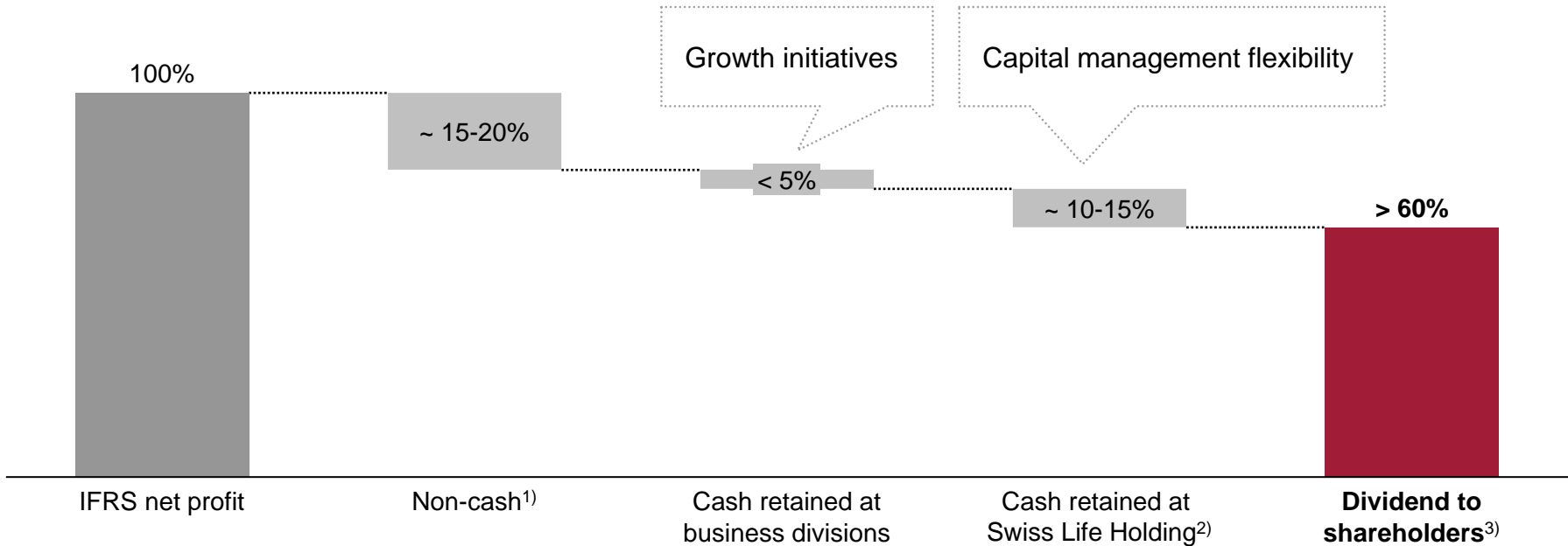
- Growth of TPAM across all asset classes
- Stable contribution from PAM

1) Three-year cumulative, before eliminations

Attractive dividend payout ratio while maintaining capital management flexibility

Capital, cash and payout

Cash remittance and dividend

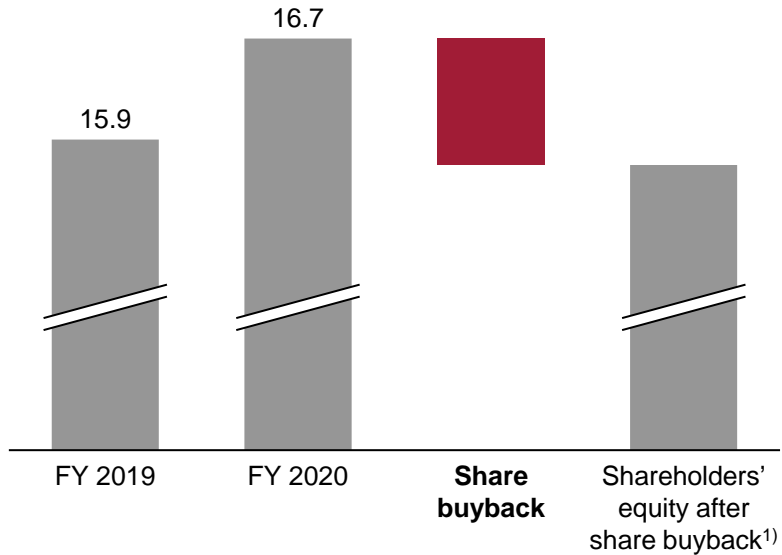


1) Mainly real estate revaluations and DAC 2) Hybrid and overhead expenses are borne by opcos 3) Target based on IFRS 4 / IAS 39 accounting standard

Additional cash return to shareholders with share buyback of CHF 1 bn starting in December

Capital, cash and payout

Shareholders' equity
CHF bn



Share buyback
Additional details

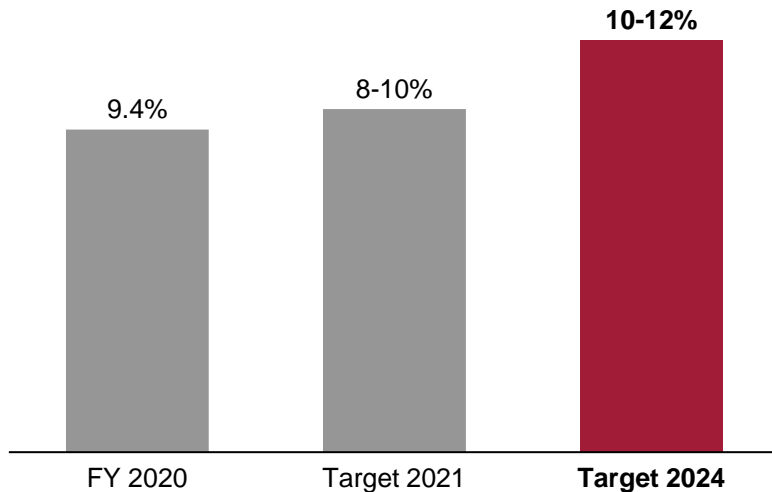
<i>Amount</i>	<ul style="list-style-type: none"> CHF 1 bn
<i>Timing</i>	<ul style="list-style-type: none"> Dec 2021 – May 2023
<i>Execution</i>	<ul style="list-style-type: none"> Purchases on 2nd trading line delegated to partner bank Cancellation of repurchased shares to be approved at AGMs
<i>Disclosure</i>	<ul style="list-style-type: none"> Weekly transaction disclosure on Swiss Life website

1) Illustrative, without considering future retained earnings and impact from future capital market movements



Swiss Life 2024 to further improve the return on equity

Return on equity (RoE)^{1) 2)}
%



Key drivers of RoE development

- Improved quality of earnings from growing fee businesses
- Operational scalability and efficiency at business division level
- Healthy interest rate margin through disciplined ALM and capital-efficient new business
- Strong capitalisation and optimised capital structure of ~70% shareholders' equity¹⁾
- Higher dividend payout ratio and share buyback

1) Shareholders' equity excl. unrealised gains/losses 2) Based on IFRS 4 / IAS 39 accounting standard

Substantial increase in financial targets with Swiss Life 2024 programme

Swiss Life 2024 financial ambitions and targets

		Swiss Life 2024	Swiss Life 2021
Quality of earnings and earnings growth	• Fee result FY 2024	CHF 850-900 m	CHF 600-650 m
	• RoE^{1) 2)} 2022-2024	10-12%	8-10%
Capital, cash and payout	• Cash to Holding Cumulative 2022-2024	CHF 2.8-3.0 bn	CHF 2-2.25 bn
	• Dividend payout ratio²⁾ 2022-2024	> 60%	50-60%
	• Share buyback Dec 2021 – May 2023	CHF 1 bn	CHF 1 bn

1) Shareholders' equity excl. unrealised gains/losses 2) Targets based on IFRS 4 / IAS 39 accounting standard

Swiss Life 2024 with higher ambitions for quality of earnings and cash returns to shareholders

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Contact details and financial calendar

Contact

Heidi Hinterhuber
Head of Investor Relations

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

Rolf Winter
Senior Investor Relations Manager

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

Martina Bihr
Investor Relations Manager

Phone +41 (43) 284 49 74
E-mail martina.bihr@swisslife.ch

Financial calendar

Full-year results 2021	01 March 2022
Annual General Meeting 2022	22 April 2022
Interim statement Q1 2022	11 May 2022
Half-year results 2022	17 August 2022

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a self-determined life.*