

2022

operating result

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Swiss Life 2022 operating result in brief

2.36%

Investment yield

CHF

9 748

m.
Total return

CHF

636

m.
Allocation to
bonus reserve

48 956

Contracts

95.0%

Payout ratio

510 693

Active insured
persons

CHF

138

m.
Operating result

Editorial

Dear Reader

Thanks to its careful and solid business activities in previous years, Swiss Life again reported a successful financial year in 2022 with its full-range offering for corporate clients.

Swiss Life generated an operating result for occupational provisions of CHF 138 million in the past financial year (2021: CHF 124 million), recorded a 1% increase in the number of contracts to 48 956 and thus again posted slight portfolio growth. Thanks to the continuation of the prudent underwriting policy and the unchanged focus on profitability in new business, the accustomed quality for corporate clients was maintained in 2022. Swiss Life's security-oriented investment policy again proved its worth in a challenging market environment, generating a net investment result of 2.36%. Insured persons also received CHF 211 million from the bonus reserve (2021: CHF 136 million).

CHF 636 million was allocated to the bonus reserve accumulated in favour of the insured persons. This corresponds to an increase of CHF 486 million over the previous year. The long-term financing of our value propositions for our insured persons remains sustainably ensured by the stable development in group insurance and solid reserves.

With the end of the negative interest rate environment, Swiss Life noted a slight increase in demand for comprehensive guaranteed solutions during the past financial year. Swiss Life continues to offer SMEs and large companies freedom of choice in the organisation of their occupational provisions and flexible group insurance solutions. As part of its full-range provider strategy, it can also offer semi-autonomous business that meets the desire for individual investment opportunities even in a volatile business environment. Interest in and demand for 1e management solutions in particular continue to rise sharply.

We would like to thank you as a Swiss Life customer for your loyalty and the trust you have placed in us. We look forward to continuing to support you in your occupational provisions.

A stylized, handwritten signature in blue ink, consisting of several fluid, connected strokes.

Hans-Jakob Stahel
Head of Corporate Clients Division
Member of the Executive Board

At a glance – Operating result, occupational provisions Switzerland

Income	2022	2021
Gross written premiums	7 949	7 893
Savings premiums	6 970	6 916
Risk premiums	751	745
Cost premiums	228	232
Net investment result	1 796	1 418
Direct investment income	1 920	1 942
Result from disposals	331	-208
Balance from write-ups and write-downs	-155	-34
Currency result	-62	-56
Interest expense	-6	-6
Gross investment result	2 028	1 638
Asset management costs	-232	-220
Other income	7	7
Reinsurance result	-4	0
Total income	9 748	9 318

Expenses	2022	2021
Insurance benefits	9 227	8 020
Benefits as a result of old age, death and disability	2 873	2 716
Individual lump-sum payments (vested benefits, WEF, divorce, vested benefit policy)	4 058	3 955
Surrender values from contract terminations	2 253	1 311
Benefit processing expenses	43	38
Change in insurance reserves	-506	793
Retirement savings	-1 088	-77
Provision for future pension conversions	-15	-2
Mathematical reserve for current retirement and survivors' benefits	493	896
Mathematical reserve for current disability pensions and disabled person's children's benefits	-15	-3
Mathematical reserve, vested benefit policies	-76	-81
Mathematical reserve other cover	49	45
Strengthening of mathematical reserve for pension reserves and vested benefit policies	-161	-23
Provision for incurred but not settled claims	-47	4
Value fluctuation and interest rate guarantee reserves	258	0
Cost of living reserves	1	1
Other insurance reserves	95	33
Costs for acquisitions and administration	236	213
Change in reserves for unearned premiums	0	0
Other expenses	17	18
Allocation to the bonus reserve	636	150
Operating result	138	124
Total expenses	9 748	9 318

All figures in CHF million



Breakdown of savings premiums

Breakdown of savings premiums	2022	2021
Retirement credits	2 581	2 618
Individual deposits due to commencing employment, purchase, WEF or divorce	3 569	3 384
Transferred retirement savings on transfers of contract	119	170
Deposits for retirement and survivors' benefits	7	1
Deposits for disability pensions and disabled person's children's benefits	9	17
Deposits for vested benefit policies	685	726
Total savings premiums	6 970	6 916

All figures in CHF million

Breakdown of insurance benefits

Breakdown of insurance benefits	2022	2021
Benefits as a result of old age	2 173	2 039
Annuity benefits	1 027	996
Lump sums	1 146	1 043
Ratio annuity benefits	47%	49%
Ratio lump sums	53%	51%
Benefits as a result of death and disability	700	677
Annuity benefits	444	447
Lump sums	256	230
<i>Total benefits as a result of old age, death and disability</i>	<i>2 873</i>	<i>2 716</i>

All figures in CHF million

Breakdown of investment income

Breakdown of direct investment income	2022	2021
Liquid assets	-12	-8
Bonds	1 004	1 041
Properties	472	450
Mortgages	106	105
Other investments	350	354
<i>Direct investment income</i>	<i>1 920</i>	<i>1 942</i>

All figures in CHF million



Accounting principles

The occupational provisions operating result comprises group life business in Switzerland. The legal bases include the BVG (Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans), the VAG (Insurance Supervisory Law) and resulting decrees.

The main income figures presented in the operating result are periodic premiums, single premiums and investment income. The insurance benefits consist primarily of benefits paid out as a result of old age, disability and death or lump-sum benefits resulting from vesting and surrenders.

The material presented is based on the statutory financial statements. The statutory financial statements for Switzerland describe the Swiss group life and individual life operations from an actuarial perspective. Based on

these statements, the Federal Financial Market Supervisory Authority FINMA can check compliance with solvency and other regulations. The statutory financial statements form the basis for the allocation of bonuses to policyholders, dividend policy and reporting to the supervisory authorities.

The statutory financial statements are not to be confused with the consolidated financial statements of the Swiss Life Group, which describe the business activities of the whole Group from a shareholder's point of view. They are produced in accordance with consistent rules conforming to IFRS (International Financial Reporting Standards) requirements. The results of the foreign subsidiaries are also consolidated in the annual financial statements. It is not possible to make a direct comparison with the operating result for Switzerland.

Proof of adherence to statutory minimum distribution ratio

The occupational pensions business can be divided into the three processes of savings, risk and costs. The income is first used to cover the expenses allotted to each pro-

cess. The remaining income is then used to strengthen the reserves, to ensure that promised benefits will always be paid and to build up the bonus reserve.

Process	Income	Associated services
Savings process	Net investment income	Interest on retirement savings and mathematical reserves for current pensions, conversion of retirement savings into retirement pensions
Risk process	Risk premium	Payment of disability and survivors' benefits, formation of mathematical reserves for new pensions
Cost process	Cost premium	Services for the administration of benefit and insurance solutions and for client advisory services

Business subject to statutory minimum distribution ratio

The bulk of the group business is subject to the statutory minimum distribution ratio. The legal provisions on the statutory minimum distribution ratio – also known as the legal quote – require that at least 90% of

the income is used for the benefit of the policyholders. This ensures that they participate appropriately in any profit the insurance company makes.

	2022	2021
Sum of income components	2 495	2 138
Savings process	1 626	1 286
Risk process	659	638
Cost process	210	214
Sum of expenses	1 720	1 946
Savings process	1 103	1 315
Risk process	391	425
Cost process	226	206
Gross result	775	192
Accumulation (+) or release (-) of technical reserves	108	-5
In the savings process	56	-35
Longevity risk	-176	-38
Insufficient funding upon conversion into pension	-10	3
Interest rate guarantees	0	0
Release of cost of living reserves for strengthening	0	0
Fluctuations in value of investments	242	0
In the risk process	52	30
Reported but not settled claims*	-30	-2
Incurred but not reported claims	0	0
Fluctuations in claims	82	32
Rate adjustments and rate restructuring	0	0
Release of cost of living reserves for strengthening	0	0
Accumulation of additional cost of living reserves	0	0
Release of cost of living reserves for bonus reserve	0	0
Costs of raising additional borrowed capital	0	0
Allocation to the bonus reserve	543	90
Operating result	124	107
Distribution ratio	95.0%	95.0%

All figures in CHF million

*Including strengthening of mathematical reserve for disability and surviving dependants' pensions

In 2022, Swiss Life used a total of CHF 2 371 million in favour of the insured persons in business subject to the statutory minimum distribution ratio. With a distribu-

tion ratio of 95.0%, the minimum legal requirements have been met.

Business not subject to statutory minimum distribution ratio

Contracts with a special arrangement for surplus participation are not subject to the statutory minimum distribution ratio. This includes contracts with their

own profit and loss accounts, where participation in any surplus (bonus) is determined by the risk experience of the individual contract.

	2022	2021
Sum of income components	280	257
Savings process	170	132
Risk process	92	107
Cost process	18	18
Sum of expenses	154	169
Savings process	84	83
Risk process	51	69
Cost process	19	17
Gross result	126	88
Accumulation (+) or release (-) of technical reserves	19	11
In the savings process	6	1
Longevity risk	-4	5
Insufficient funding upon conversion into pension	-6	-4
Interest rate guarantees	0	0
Release of cost of living reserves for strengthening	0	0
Fluctuations in value of investments	16	0
In the risk process	13	10
Reported but not settled claims*	-1	9
Incurred but not reported claims	0	0
Fluctuations in claims	14	1
Rate adjustments and rate restructuring	0	0
Release of cost of living reserves for strengthening	0	0
Accumulation of additional cost of living reserves	0	0
Release of cost of living reserves for bonus reserve	0	0
Costs of raising additional borrowed capital	0	0
Allocation to the bonus reserve	93	60
Operating result	14	17
Distribution ratio	95.3%	93.3%

All figures in CHF million

*Including strengthening of mathematical reserve for disability and surviving dependants' pensions

In 2022, Swiss Life used a total of CHF 266 million in favour of the insured persons in business not subject to the statutory minimum distribution ratio.

Summary

	*MDR	**NMDR	Total
Gross income	2 495	280	2 775
Sum of expenses	1 720	154	1 874
Accumulation (+) or release (-) of technical reserves	108	19	127
Allocation to the bonus reserve	543	93	636
Operating result	124	14	138
Distribution ratio	95.0%	95.3%	95.0%
Bonus reserve	717	81	798

*MDR: subject to minimum distribution ratio

**NMDR: not subject to minimum distribution ratio

Insurance reserves

Insurance reserves	Total	Mandatory	Supplementary
Retirement savings	40 778	19 800	20 978
Provision for future pension conversions	1 921	1 479	442
Mathematical reserve for current retirement and survivors' benefits	16 719	8 561	8 158
Mathematical reserve for current disability and disabled person's children's benefits	2 019	1 348	671
Mathematical reserve, vested benefit policies	3 482		
Mathematical reserve other cover	3 998		
Strengthening of mathematical reserve for current pensions and VBP	3 036		
Provision for incurred but not settled claims	716		
Reserves for interest rate guarantees, claim and value fluctuations	0		
Cost of living reserves	637		
Other insurance reserves	553		
Total insurance reserves	73 859		

All figures in CHF million

In view of the persistent low interest rate environment, Swiss Life has taken further steps to guarantee its obligations to beneficiaries and has valued pension liabilities with a technical interest rate of 0.85% (2021: 0.85%). By building up additional insurance reserves it has been

able to further reduce its future interest burden. This will guarantee that Swiss Life can continue to fulfil its customer promise. In addition, Swiss Life has built up a generous bonus reserve, which will guarantee beneficiaries a high level of profit participation in the future.

Bonus reserve

The bonus reserve is a reserve for future bonus distributions to policyholders. It serves to even out fluctuations in the course of business so that policyholder bonuses remain stable. The bonus reserve is used exclusively for the policyholders. It is built up using allocations from the operating result. The distributions to policyholders

are taken from this reserve. Money that flows into the bonus reserve must be passed on to the policyholders within five years at the most. No more than two-thirds of the bonus reserve can be distributed to policyholders in any given year.

Balance as at beginning of year	373
Allocated to employee benefits institutions	-211
Valuation adjustment	0
Withdrawn from bonus reserve to cover an operating shortfall	0
Allocation to the bonus reserve	636
Balance as at end of 2022	798
of which: fixed allocation	287
of which: free	511

All figures in CHF million

From the 2022 result, a total of CHF 636 million was allocated to the bonus reserve.

Cost of living reserves

The cost of living adjustment fund is an insurance reserve used to finance future adjustments of current disability and surviving dependants' pensions to price

developments. The fund is financed by cost of living premiums paid by the active insured persons.

Balance as at beginning of year	636
Gross cost of living premiums	5
Outlay	-3
Expenditure for COL increases in risk pensions	-1
Release for strengthening under Art. 149 para. 1a	0
Release for bonus reserve	0
Accumulation of additional cost of living reserves	0
Balance as at end of 2022	637

All figures in CHF million

Book values – Liability items

Total insurance reserves	73 859
Bonus reserve	798
Reserves for unearned premiums	0
Credited bonuses	107
Other liabilities	3 933
Total book value	78 697

All figures in CHF million

Other key figures

Number of group insurance contracts	48 956
Number of insured persons at end of accounting year	698 249
Number of active insured persons	510 693
of which number of fully insured persons	325 170
of which number of other active insured persons	185 523
Number of pension recipients	86 771
Number of vested benefit policies	100 785
Interest rate for retirement savings in mandatory insurance	1.00%
Interest rate for retirement savings in supplementary insurance	0.250%
Mandatory minimum BVG interest rate (compliance account)	1.00%
Technical interest rate used to value pension liabilities	0.85%
Mandatory minimum BVG pension conversion rate for women at retirement age 64 (compliance account)	6.80%
Mandatory minimum BVG pension conversion rate for men at retirement age 65 (compliance account)	6.80%
Conversion rate for women's mandatory retirement savings with full insurance (retirement age 64)	6.50%
Conversion rate for women's supplementary retirement savings with full insurance (retirement age 64)	4.76%
Conversion rate for men's mandatory retirement savings with full insurance (retirement age 65)	6.50%
Conversion rate for men's supplementary retirement savings with full insurance (retirement age 65)	4.71%

Information on the 2022 investment year

Economic environment

The economic uncertainty of the pandemic had scarcely receded at the beginning of 2022 when the next wave of unpredictability began in February with the start of the war in Ukraine. The Western community of states reacted with sanctions against Russian banks, companies and individuals, in response to which Russia restricted its energy exports to Europe. The USA is less affected by the consequences: its exports to Russia are insignificant and it is not dependent on Russian energy. In most other countries, however, higher energy prices significantly drove up inflation.

The zero-Covid strategy has been shaping life in China since the start of the pandemic. In early December the Chinese government announced a significant easing of its Covid measures. As a result, city-wide lockdowns and daily PCR testing of millions of people became a thing of the past. These easing measures were introduced much earlier and were more far-reaching than expected.

Switzerland lifted its remaining containment measures almost entirely at the end of February, which accelerated economic activity in the short term. At 2.2% annual inflation, Switzerland's inflation rate exceeded the upper end of the National Bank's target range of 0% to 2% in February 2022 for the first time since 2008. Compared with other central banks in the developed economies, the Swiss National Bank raised key interest rates much more sharply, measured against current inflation.

Equities

The US market was a bear market in 2022 with a maximum loss of -24% in mid-October. The market has since recovered and ended the year at -19.4%. In 2022, the US market underperformed the European equity market in local currency for the first time in over ten years. Despite the war in Ukraine, the European equity market only lost 13.9% in 2022. From mid-October to mid-December, the market gained as much as 14%. The Swiss equity market did not benefit from its defensive character, losing 16.6%.

Interest rates

Due to the monetary policy tightening in 2022 to combat the highest inflation in a decade, bond investors also suffered significant price losses as interest rates and spreads rose simultaneously. The ECB's interest rate hikes were less pronounced than those of the Fed, but spreads widened more strongly than in the US due to the Ukraine war and the difficult energy situation in Europe. Despite negative overall returns, Swiss bonds outperformed almost all others due to their higher rating quality and a better economic environment.

Currencies

2022 was an extraordinary year for the USD. Of the major currencies, only the Brazilian real and the Mexican peso performed better, with both countries' central banks raising interest rates more sharply than the Fed to contain inflationary risks. The EUR lost 6% against the USD, but outperformed the Nordic currencies and the GBP. The CHF lost slightly against the USD and appreciated by 5% in trade-weighted terms. The JPY performed the weakest of all major currencies as the Bank of Japan adhered to its expansionary monetary policy.

Swiss Life investment strategy

Swiss Life continued the strategy implemented in previous years in this market environment, too, and invested in senior secured loans, mortgages and infrastructure investments as well as bonds. As in previous years, additional expansions were made to the real estate portfolio. These measures enabled Swiss Life to generate a net return on investment for occupational benefits insurance of 2.36% (2021: 1.86%), with an investment performance at market values of -9.36% (2021: 0.43%).

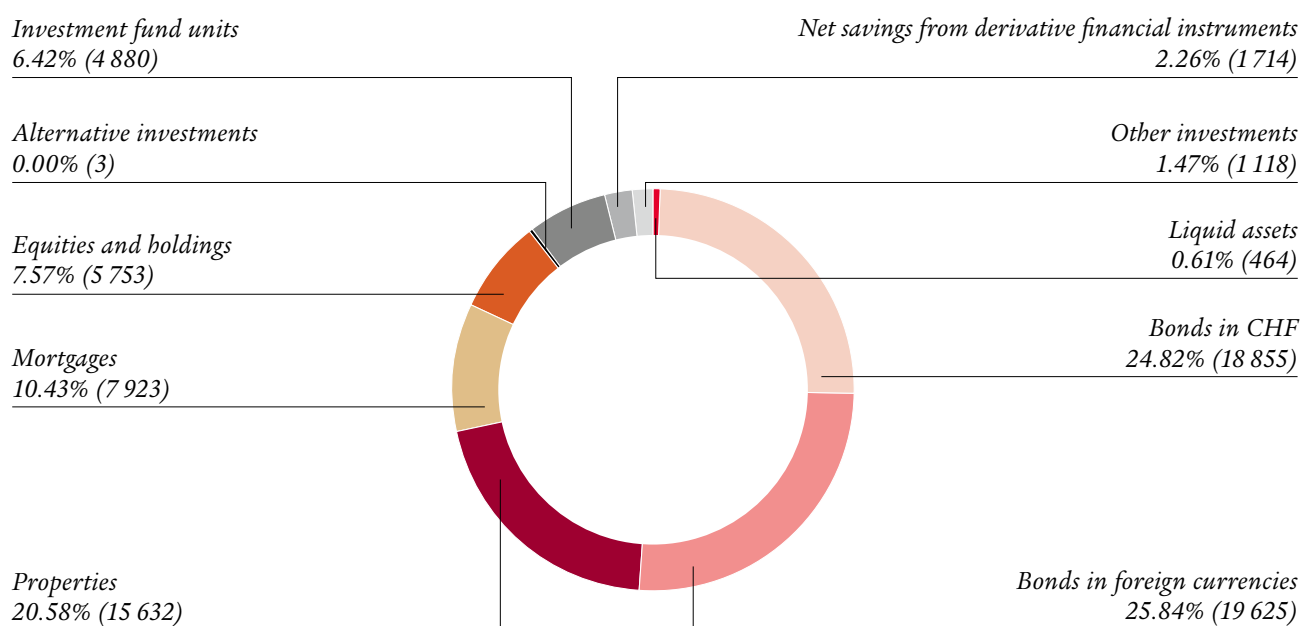
Information on Swiss Life's investment policy

Swiss Life manages investments in such a way that the economic risk capital is used in line with its risk appetite. The company's asset and liability management (ALM) is applied for this purpose, and the investment strategy is based on these risk assessment findings. The aim is to be in a position to pay benefits whenever

they fall due and always to have sufficient equity to absorb fluctuations in the value of assets and liabilities. Clearly defined criteria on security, yield and liquidity are always taken into account when policyholder assets, the company's free reserves and shareholders' equity are invested.

The investment portfolio in detail

Investments by asset class as at 31 December 2022 (as a percentage of the book value).
The total is CHF 75 967 million (all figures in brackets in CHF million).





Investments, valuation reserves, return and performance

Investments	Book value	Market value	Share
Investments at beginning of accounting year	76 552	87 762	
Investments at end of accounting year	75 967	77 640	100,00%
Direct investments		70 959	91.40%*
Single and multi-tier collective investment schemes		6 233	8.02%*
Non-cost-transparent investments		448	0.58%*

All figures in CHF million

*Measured by market value of investments at end of accounting year

Valuation reserve (hidden reserves)	2022	2021
Valuation reserve at beginning of accounting year	11 210	12 248
Valuation reserve at end of accounting year	1 673	11 210
Change in valuation reserve	-9 537	-1 038

Yield and performance	gross	net
Investment income	2 028	1 796
Return on book values*	2.66%	2.36%
Market value performance**	-9.08%	-9.36%

All figures in CHF million

*Investment income as percentage of average book value

**Investment income and change in valuation reserve as percentage of average market value

Book values – Asset items

Total investments	75 967
Obligations arising from derivative financial instruments	1 392
Other assets	1 338
Passive reinsurance	0
Total book value	78 697

All figures in CHF million

Asset management costs

The gross expenses for management of occupational pension investments are posted by cost category: Administration and management (TER), Transaction and

commission (TTC) and Other non-assignable service costs (SC).

Asset management costs (net as per BVG operating account)	232
Asset management costs (gross as per OAK scheme)	409
TER costs	343
Direct investments	302
Single and multi-tier investments (cost key figure)	41
TTC costs	56
Service costs	10
Capitalised costs	-36
Maintenance and upkeep costs for properties	-141

All figures in CHF million



Cost premiums and operating expense

	Operating expense (in CHF million)	per capita (in CHF)	Cost premiums (in CHF million)	per capita (in CHF)
Active insured persons	229	449	223	437
Vested benefits policies	3	25	2	20
Other	4		3	
Subtotal	236	400	228	327
Pensioners	43*	500		
Total	279			

*Operating expense for pensioners is borne by the savings and risk process

Breakdown of operating expenses by cost unit

Acquisition expenses	64
for brokers and intermediaries*	36
for own sales force	28
other	0
Expenses for marketing and advertisement	4
Other general administrative expenses	168
Acquisition and administrative costs	236
Benefit processing expenses	43
Reinsurers' share in operating expense	0
Total operating expense	279

All figures in CHF million

*Incl. commissions for distribution agreements

The administrative costs of CHF 236 million include all the costs for acquisitions and administration, which Swiss Life incurs in managing its occupational provi-

sions business. Swiss Life aims to reduce these costs still further in the future.



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

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