

Letter to Shareholders

Financial Year 2014

Dear Shareholders



Rolf Dörig and Patrick Frost

2014 proved to be a very successful year for Swiss Life. Once again this year our results clearly demonstrate that, thanks to the resilience of our business model, we have achieved steady and profitable growth. Swiss Life is in good shape, has a strong capital base and is close to its customers. Recent developments have again testified to the importance of our robust business model: The abolition of the minimum exchange rate by the Swiss National Bank will not stop us from achieving the goals under our Group-wide programme “Swiss Life 2015” during the current financial year.

The progress we have made with “Swiss Life 2015” is reflected in our figures for the past financial year. Let us pick out a few key points: Swiss Life has grown profitably and increased its premium income by 7% in local currency to CHF 19.1 billion. Our growth stems mainly from the home market of Switzerland, where we made significant gains in both group life and individual life business.

In spite of the persistent low interest rate environment, Swiss Life achieved a net investment result of 3.8% (2013: 3.9%). The Group’s fee and commission income also developed well, increasing significantly by 15% in local currency to CHF 1.3 billion. As a result, adjusted profit from operations stood at CHF 1182 million and net profit was up 4% to CHF 818 million (2013: CHF 784 million).

The success factors for Swiss Life’s promising figures are many and varied. They include our expertise in the field of comprehensive life and pensions advice, our competitive products and solutions, our asset and liability management, by which we match our long-term liabilities with a high-quality investment portfolio, our risk management, as well as our above-average investment performance and our ability to continuously improve our efficiency. It is our employees who have made this possible, and once again we would like to thank them warmly for their engagement.

The main driver of the investment business result is our exceptional know-how in the areas of corporate and government bonds and real estate. Our experience and our reputation in the market were the basis for the very successful expansion of our services for external customer assets. At the end of 2014 we achieved a further net new asset inflow of CHF 4.5 billion. This brought total assets under management for external customers to CHF 33.7 billion, up 22%.

In view of the successful financial year 2014 we will be proposing that the General Meeting of Shareholders approve in April this year an 18% increase in the dividend from CHF 5.50 to CHF 6.50 per share – once again in the form of a withholding tax-free distribution from the capital contribution reserves.

Yet, despite all these positive trends, challenges remain. We will continue to advocate fair and sustainable framework conditions for our business in the interests of our shareholders, our customers and our employees. The debate surrounding employee pension fund reform, which is also ongoing outside Switzerland in one form or another, has grown more urgent against a background of low interest rates and volatile markets. Furthermore, the impact of an ageing society cannot and should not be ignored. As a company we share in the responsibility of ensuring that we do not bequeath an impossibly heavy burden to future generations.

Where will our journey take us as we look beyond 2015? Of course, the main emphasis this year remains on achieving the goals we set ourselves under “Swiss Life 2015”. At the same time we would like to present our goals for the period up to 2018 to you and the broader public in late autumn. The following elements are crucial in this regard:

- We are placing the sustainability of our earnings at the heart of our ambitions.
- We will continue to prioritise profitable growth.
- We want to further develop existing business and to be very selective about any new initiatives.

We will take advantage of our solid position to steadily evolve Swiss Life – always in the best interests of our customers, employees and, of course, you our shareholders. On behalf of the Board of Directors and the Corporate Executive Board, we would like to thank you for your trust.



Rolf Dörig
Chairman of the Board of Directors



Patrick Frost
CEO

Historical comparison

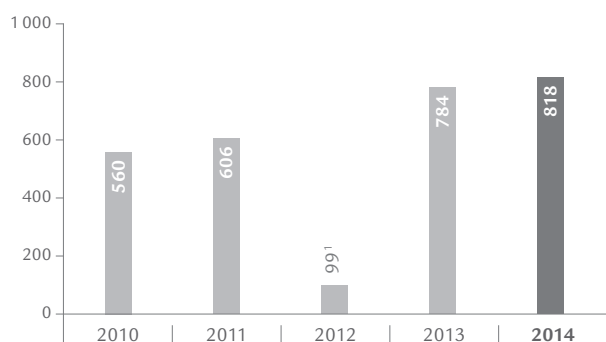
Swiss Life Group

In CHF million (if not stated otherwise)

	2014	2013	2012	2011	2010
restarted					
PREMIUM VOLUME					
Gross written premiums, policy fees and deposits received	19 102	17 969	17 046	17 143	20 191
FIGURES FROM CONSOLIDATED STATEMENT OF INCOME					
Net earned premiums	13 776	12 944	11 871	11 599	11 753
Fee and commission income	1 305	1 143	1 135	1 188	1 220
Financial result	5 378	5 376	6 051	4 459	4 368
TOTAL INCOME	20 474	19 462	19 082	17 291	17 844
Net insurance benefits and claims	-15 218	-13 920	-13 819	-12 614	-12 704
Policyholder participation	-1 146	-1 361	-1 115	-791	-1 073
Operating expense	-2 735	-2 809	-3 534	-2 913	-3 062
TOTAL EXPENSE	-19 304	-18 312	-18 721	-16 592	-17 150
PROFIT FROM OPERATIONS	1 169	1 149	361	699	694
NET PROFIT	818	784	99	606	560
Net profit attributable to					
Equity holders of Swiss Life Holding	814	781	98	605	557
Non-controlling interests	4	3	1	1	3
FIGURES FROM CONSOLIDATED BALANCE SHEET					
Equity	12 831	9 018	10 155	9 162	7 437
Insurance reserves	156 684	142 479	137 736	128 089	122 279
Total assets	192 854	170 530	164 461	151 875	147 203
FURTHER KEY FIGURES					
Return on equity (in %)	7.5	8.2	1.0	7.3	7.6
Assets under control	224 593	192 855	180 785	164 604	149 899
Year-end embedded value	12 901	11 378	9 628	7 728	7 595
Value of new business	255	289	158	150	209
Number of employees (full-time equivalents)	7 492	6 992	7 046	7 168	7 483

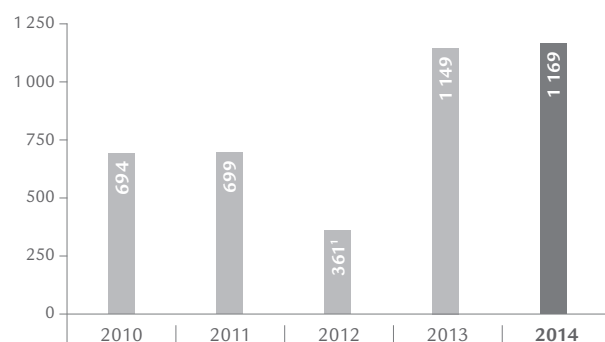
Net profit

In CHF million

¹ restated

Profit from operations

In CHF million

¹ restated

Share performance

Amounts in CHF

	as at 2014	2014	2013	2012	2011	2010
Number of shares	31.12.	32 081 054	32 081 054	32 081 054	32 081 054	32 081 054
Annual high	29.12.	238.90	192.60	130.70	164.50	152.70
Annual low	03.01.	185.70	124.60	75.85	83.65	100.30
Year-end price	30.12.	236.40	185.20	121.40	86.40	135.20
Performance Swiss Life (in %)		+28	+53	+41	-36	+2
Swiss Market Index (SMI)	30.12.	8 983	8 203	6 822	5 936	6 436
Performance Swiss Market Index (SMI) (in %)		+10	+20	+15	-8	-2
Dow Jones STOXX 600 Insurance Index (in EUR)	31.12.	250.55	228.22	177.11	133.25	154.45
Performance of Dow Jones STOXX 600 Insurance Index (in %)		+10	+29	+33	-14	+2
Average trading volume		121 462	140 007	172 732	140 620	220 061
Market capitalisation (in CHF million)	30.12.	7 584	5 941	3 895	2 772	4 337
Basic earnings per share		25.52	24.45	2.88	18.97	17.46
Diluted earnings per share		24.11	24.22	2.86	18.87	17.37
Dividend paid per share ¹	30.04.	5.50	4.50	4.50	4.50	2.40
Total dividend payout to shareholders (in CHF million)	30.04.	176	144	144	144	77
Dividend yield on year-end price (in %)	30.12.	2.33	2.43	3.71	5.21	1.78

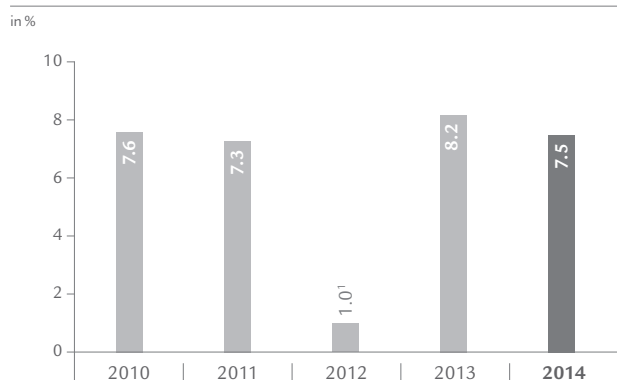
Source: Bloomberg

¹ For the 2014 financial year the Board of Directors proposes a distribution from the capital contribution reserve of CHF 6.50 per share.

Swiss Life share details

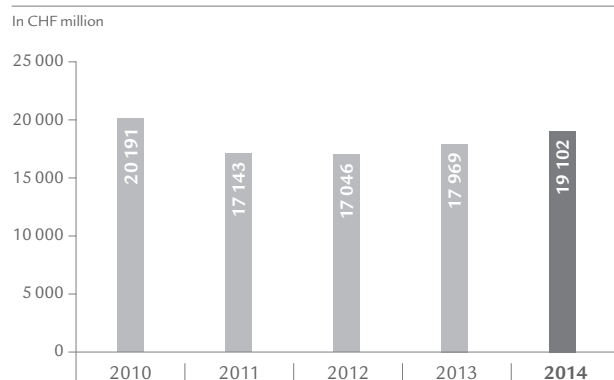
Swiss security number	1 485 278
ISIN	CH 001 485 278 1
Ticker symbol SIX	SLHN
Reuters	SLHN.VX
Bloomberg	SLHN VX

Return on equity



¹ restated

Gross written premiums, policy fees and deposits received



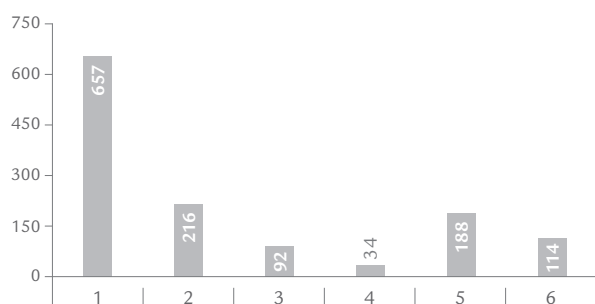
Key figures segments

In CHF million

	2014	2013	+/-
SWITZERLAND			
Gross written premiums, policy fees and deposits received	10 038	9 020	11.3%
Fee and commission income	182	166	9.6%
Segment result	657	716	-8.2%
FRANCE			
Gross written premiums, policy fees and deposits received	5 069	4 685	8.2%
Fee and commission income	260	235	11.0%
Segment result	216	194	11.6%
GERMANY			
Gross written premiums, policy fees and deposits received	1 618	1 724	-6.2%
Fee and commission income	425	383	10.8%
Segment result	92	96	-3.6%
INTERNATIONAL			
Gross written premiums, policy fees and deposits received	2 451	2 643	-7.2%
Fee and commission income	240	231	3.9%
Segment result	34	16	n/a
ASSET MANAGERS			
Fee and commission income	450	373	20.6%
Segment result	188	166	12.8%
OTHER			
Fee and commission income	75	74	1.4%
Segment result	114	108	4.7%

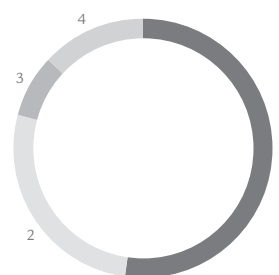
Segment results

In CHF million



- 1 Switzerland
- 2 France
- 3 Germany
- 4 International
- 5 Asset Managers
- 6 Other

Gross written premiums, policy fees and deposits received by segment



- 1 Switzerland 53%
- 2 France 27%
- 3 Germany 8%
- 4 International 13%

Important dates**Annual General Meeting 2015**

27 April 2015, Hallenstadion Zurich

Interim Statement Q1 2015

12 May 2015

Half-year Results 2015

14 August 2015

Interim Statement Q3 2015

12 November 2015

Investors' Day

25 November 2015

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This **Letter to Shareholders** is also available in German, French and Italian.

The German text is definitive.

Annual Report 2014

The Annual Report 2014 can be found at: www.swisslife.com/report

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There may be minor discrepancies in total figures and percentages in this report due to rounding effects.

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The future starts here.

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