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Swiss Life increases net profit to CHF 493 million despite negative currency effects

- Swiss Life increased adjusted profit from operations by 7% in the first half of 2015 to CHF 694 million. The main driver of this positive development was the growth in fee and commission income. Despite the negative currency effect of CHF 18 million, Swiss Life was able to increase net profit by 1% to CHF 493 million (adjusted for currency and one-off effects: +5%).
- Fee and commission income climbed 15% in local currency to CHF 617 million. This positive trend is driven by growth in Swiss Life Asset Managers, the owned IFA channels and in unit-linked business in France.
- Premium income grew by 7% in local currency to CHF 11.0 billion. A major contributor was the home market of Switzerland, where premium income rose to CHF 7.0 billion (+7%).
- Despite continued low interest rates and an adverse currency effect, Swiss Life maintained its direct investment income almost on a par with the same period the previous year (CHF 2.2 billion). The non-annualised net investment result rose to 2.0% (HY 2014: 1.9%), corresponding in absolute figures to an increase of CHF 339 million to CHF 2.8 billion.
- Swiss Life Asset Managers posted net new assets of CHF 4.2 billion in its external customer business, increasing assets under management for external customers by 4% to CHF 34.9 billion in spite of the currency effect.
- Active margin management largely offset the impact of the capital market conditions. The new business margin stood at 1.7% (HY 2014: 2.4%) and the value of new business was CHF 145 million (HY 2014: CHF 185 million).
- The adjusted return on equity was 11.6% (HY 2014: 11.9%).
- Swiss Life is achieving its targets under the Group-wide programme "Swiss Life 2015".

"Swiss Life is on track: The improvements in profit from operations and net profit demonstrate that we can operate successfully even in a persistently challenging capital market environment," says Patrick Frost, CEO of the Swiss Life Group. "Thanks to the huge commitment of our employees we have further diversified our profit sources and more than offset the renewed drop in interest rates and the currency effect following the discontinuation of the minimum exchange rate. We were helped by the fact that we are well ahead of schedule with our Group-wide programme 'Swiss Life 2015' and have achieved the vast majority of our targets ahead of plan."

Strong growth in fee and commission income

In the first half of the year, the Swiss Life Group increased premium income by 7% in local currency to CHF 11.0 billion (HY 2014: CHF 10.8 billion, in Swiss francs: +2%). Over the same period Swiss Life increased fee and commission income in local currency by 15% to CHF 617 million.

The key driver of premium growth was once again the home market of **Switzerland**, where premium volume rose by 7% from CHF 6.6 billion to CHF 7.0 billion. Both group and individual life business recorded growth of 7%. Swiss Life continued to successfully apply its full-range provider strategy in group life business. In addition to full insurance solutions, which were again in high demand, the share of new business represented by other products, such as semi-autonomous solutions, increased significantly. At the same time, Swiss Life Switzerland grew its fee and commission income by 4%, due in part to Swiss Life Select and real estate brokerage. Swiss Life in **France** also recorded growth: Premiums were up 3% to EUR 2.1 billion compared with the same period the previous year, primarily attributable to the strong performance of life business (+8%). With unit-linked business representing a 47% share of life premiums, premium quality in Swiss Life France is very strong compared with the rest of the market. Compared with the previous year, fee and commission income rose by 7% to EUR 117 million. In **Germany**, the focus on profitability together with repricing initiatives led to a 6% decline in premiums to EUR 604 million. At the same time, fee and commission income increased by 7% to EUR 159 million due to successful recruitment measures in the owned IFA channels. The **International** market unit recorded premium growth of 15% to CHF 1.2 billion. Fee and commission income in the market unit fell by 5% in Swiss francs to CHF 111 million; adjusted for currency translation effects, it rose by 2%.

In its external customer business, Swiss Life **Asset Managers** achieved organic net new assets of CHF 4.2 billion in the first half of the year. Assets under management for external customers amount to CHF 34.9 billion (up 4% from their FY 2014 level), with the net new assets more than offsetting the adverse currency effect. Together with insurance mandates (CHF 143.7 billion), total assets under management at Swiss Life Asset Managers stood at CHF 178.7 billion as at 30 June 2015 (down 2% from their FY 2014 level). Income at Swiss Life Asset Managers increased by 41% to CHF 263 million, of which CHF 125 million (+73%) was earned in external customer business, thanks partly to the first-time consolidation of Corpus Sireo.

Improved profit from operations and robust investment income

Swiss Life reports adjusted profit from operations of CHF 694 million, up 7% on the previous year. The increase in profits was driven by Swiss Life Asset Managers and France. Despite the negative currency effect of CHF 18 million, net profit rose 1% to CHF 493 million. Adjusted for currency and one-off effects, this corresponds to a rise of 5%.

Despite persistent low interest rates and an adverse currency effect, Swiss Life generated direct investment income of CHF 2.2 billion in the first half of 2015, almost equivalent to the previous year (HY 2014: 2.2 billion). Overall, the non-annualised net investment yield over the first six months came to 2.0% (HY 2014: 1.9%). The non-annualised direct investment yield fell to 1.5% (HY 2014: 1.7%), also due to higher average net investments. Thanks to realised gains, the net investment result improved by CHF 339 million to CHF 2.8 billion (HY 2014: CHF 2.5 billion). The realised gains were mainly used to strengthen policyholder reserves.

Swiss Life **Switzerland** confirmed its earnings power of the previous year with a segment result of CHF 400 million (HY 2014: CHF 414 million). In **France**, the segment result increased substantially by 27% to EUR 126 million, while Swiss Life **Germany** contributed EUR 50 million, an increase of 17% from its HY 2014 level. The **International** market unit confirmed its positive development, improving its result by 13% to CHF 21 million. The segment result for Swiss Life **Asset Managers** was also very positive, up 36% to CHF 101 million (HY 2014: CHF 75 million).

Goals under "Swiss Life 2015" achieved

Swiss Life has achieved almost all its targets under the Group-wide programme "Swiss Life 2015". Despite investments in growth initiatives, for example at Swiss Life Asset Managers, costs were maintained at prior-year levels and efficiency ratios improved again in all insurance units. As a result, operating costs in Switzerland fell by 3% despite business growth and investment in the further expansion of fee initiatives. Although the new business margin fell to 1.7% due to the interest rate environment (HY 2014: 2.4%), it remains above the targeted 1.5%. The decline from the FY 2014 level of 1.8% attributable to the difficult capital market conditions was largely offset by active margin management and a further improved product mix. The value of new business amounted to CHF 145 million (HY 2014: CHF 185 million) with approximately two-thirds accounted for by Switzerland. The Group generated an adjusted return on equity of 11.6% in the first half year (HY 2014: 11.9%). Shareholders' equity decreased from CHF 12.8 billion to CHF 11.7 billion (-8%) as a result of currency effects. The Group's solvency ratio stood at 252% (FY 2014: 269%); excluding unrealised gains and losses on bonds, the adjusted solvency ratio fell by 2 percentage points from its FY 2014 level to 194%.

Patrick Frost: "The solid set of figures for the first half year is our reward for staying true to our course. Our successful business model is an excellent basis on which to steadily develop our company going forward."

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25 November 2015

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Swiss Life

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[Swiss Life in 3 minutes \(video\)](#)

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