

# *Letter to Shareholders*

*Financial Year 2015*

# *Dear Shareholders,*



Patrick Frost and Rolf Dörig

2015 proved to be a very successful year for Swiss Life. We achieved, and in some cases even exceeded, all our financial targets under the Group-wide programme “Swiss Life 2015” launched in 2012. Our new business margin of 1.7% again outstripped our goal of 1.5%. We also performed well in fee and commission business. In 2010, our fee result only came to CHF 134 million, compared to CHF 342 million by the end of 2015. We have also reduced costs by over a quarter since 2008 in spite of investments and organic growth. Moreover, our return on equity in 2015 was in the higher end of our target range at 9.7% and our proposed dividend of CHF 8.50 shows we are on the right track.

Even if recent years have seen us make consistent progress – these successes were not just given to us, especially considering the low and even negative interest rate levels. Nor was it necessarily to be expected that Standard & Poor’s would improve our rating from A– to A, as they did in May last year. We also see Swiss Life’s return to the Swiss Market Index of the 20 largest Swiss companies in March as further confirmation of our progress.

Nevertheless the question remains, what can we expect over the next few years? What are the trends that will drive our daily business? We can already discern a number of developments, for example regulatory changes. We are bound to face yet more requirements and claims over the next few years. We will respond by continuing to strongly advocate a level of proportion in formulating these requirements so they don’t place the Swiss insurance centre and, more importantly still, our customers, at a disadvantage.

Low interest rates and strong market fluctuations are also a major hurdle given the long-term nature of our business, although we have demonstrated in recent years that we are equal to this particular challenge. There is also another trend which affords us an opportunity as well as posing a challenge: Demographic development. The social and economic consequences of increased life expectancy are insufficiently accounted for in almost all areas of life. The urgency of this issue is enhanced by people's fundamental need to enjoy a self-determined and dignified life. We at Swiss Life want to play our part in helping the issue of a "longer self-determined life" get the attention from society it deserves given its relevance to people. In doing so, we will focus on the economic aspects.

Dear shareholders, Swiss Life is in an excellent position to successfully negotiate these trends. After all, we are a company that will soon have proven its adaptability for 160 years. Our success stems from our proven business model. Profitability, margin management, cost efficiency and disciplined asset and liability management have been our priorities over the past few years. And this is not going to change.

Our new Group-wide programme into 2018 has four strategic priorities:

- We will increase the quality and growth of our earnings. We want to raise the fee result from CHF 400 to 450 million and defend our savings and risk result.
- We will maintain our focus on operational efficiency and save another CHF 100 million.
- We will increase our corporate room for manoeuvre to expand our capital adequacy, generate more cash for the Group and be able to pay higher dividends. To this end, we will expand our target band for payment of the dividend as a percentage of net profit by ten percentage points to between 30 and 50%.
- Finally, we will stay true to our strategic direction and consistently orient our company to the needs of its customers. That is an end in itself and talking to customers is the key to continual improvement. Customers are now better informed, they can quickly compare benefits and they demand new contact points. That is why we are investing in new digital access points; we can't afford not to. We will invest in the region of CHF 100 million in the next three years in digitalisation and in the quality of our consultancy services and organic growth.

Swiss Life is on a strong footing and our success is due to the efforts of our staff. They guarantee the quality of our company and we would like to thank them for their strong engagement. We also thank our customers and you, our shareholders. Your trust and your support give us the platform on which we can develop our leading position in the European life and pensions market.



Rolf Dörig  
Chairman of the Board of Directors



Patrick Frost  
CEO

# Historical comparison

## Swiss Life Group

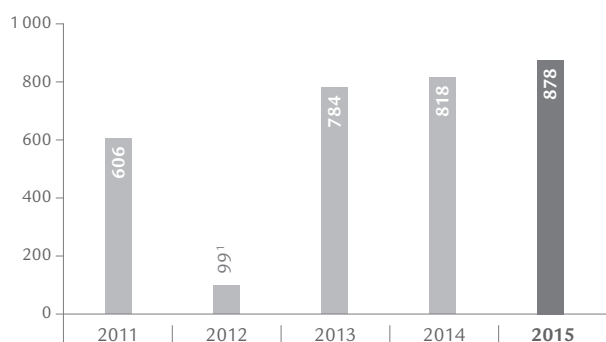
In CHF million (if not stated otherwise)

	2015	2014	2013	restated 2012	2011
<b>PREMIUM VOLUME</b>					
Gross written premiums, policy fees and deposits received	18 853	19 102	17 969	17 046	17 143
<b>FIGURES FROM CONSOLIDATED STATEMENT OF INCOME</b>					
Net earned premiums	13 771	13 776	12 944	11 871	11 599
Fee and commission income	1 292	1 305	1 143	1 135	1 188
Financial result	5 281	5 361	5 376	6 051	4 459
<b>TOTAL INCOME</b>	<b>20 555</b>	<b>20 474</b>	<b>19 462</b>	<b>19 082</b>	<b>17 291</b>
Net insurance benefits and claims	-15 516	-15 218	-13 920	-13 819	-12 614
Policyholder participation	-899	-1 146	-1 361	-1 115	-791
Operating expense	-2 649	-2 735	-2 809	-3 534	-2 913
<b>TOTAL EXPENSE</b>	<b>-19 226</b>	<b>-19 304</b>	<b>-18 312</b>	<b>-18 721</b>	<b>-16 592</b>
<b>PROFIT FROM OPERATIONS</b>	<b>1 329</b>	<b>1 169</b>	<b>1 149</b>	<b>361</b>	<b>699</b>
<b>NET PROFIT</b>	<b>878</b>	<b>818</b>	<b>784</b>	<b>99</b>	<b>606</b>
Net profit attributable to					
Equity holders of Swiss Life Holding	872	814	781	98	605
Non-controlling interests	6	4	3	1	1
<b>FIGURES FROM CONSOLIDATED BALANCE SHEET</b>					
Equity	12 258	12 831	9 018	10 155	9 162
Insurance reserves	154 953	156 684	142 479	137 736	128 089
Total assets	189 252	192 854	170 530	164 461	151 875
<b>FURTHER KEY FIGURES</b>					
Return on equity (in %) <sup>1</sup>	9.7	9.6	10.0	1.3	8.2
Assets under control	223 411	224 593	192 855	180 785	164 604
Year-end embedded value	12 509	12 901	11 378	9 628	7 728
Value of new business	268	255	289	158	150
Number of employees (full-time equivalents)	7 595	7 492	6 992	7 046	7 168

<sup>1</sup> equity excl. unrealised gains/losses on bonds

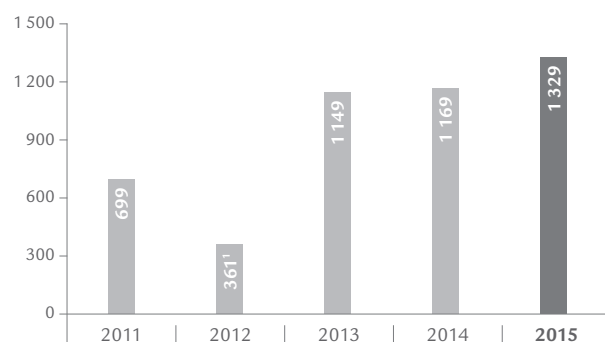
### Net profit

In CHF million

<sup>1</sup> restated

### Profit from operations

In CHF million

<sup>1</sup> restated

## Share performance

Amounts in CHF

	as at 2015	2015	2014	2013	2012	2011
Number of shares	31.12.	32 081 054	32 081 054	32 081 054	32 081 054	32 081 054
Annual high	29.12.	272.90	238.90	192.60	130.70	164.50
Annual low	28.01.	201.80	185.70	124.60	75.85	83.65
Year-end price	30.12.	271.30	236.40	185.20	121.40	86.40
Performance Swiss Life (in %)		+15	+28	+53	+41	-36
Swiss Market Index (SMI)	30.12.	8 818	8 983	8 203	6 822	5 936
Performance Swiss Market Index (SMI) (in %)		-2	+10	+20	+15	-8
Dow Jones STOXX 600 Insurance Index (in EUR)	31.12.	285.56	250.55	228.22	177.11	133.25
Performance of Dow Jones STOXX 600 Insurance Index (in %)		+14	+10	+29	+33	-14
Average trading volume		142 838	121 462	140 007	172 732	140 620
Market capitalisation (in CHF million)	30.12.	8 704	7 584	5 941	3 895	2 772
Basic earnings per share		27.41	25.52	24.45	2.88	18.97
Diluted earnings per share		25.85	24.11	24.22	2.86	18.87
Dividend paid per share <sup>1</sup>	30.04.	6.50	5.50	4.50	4.50	4.50
Total dividend payout to shareholders (in CHF million)	30.04.	207	176	144	144	144
Dividend yield on year-end price (in %)	30.12.	2.40	2.33	2.43	3.71	5.21

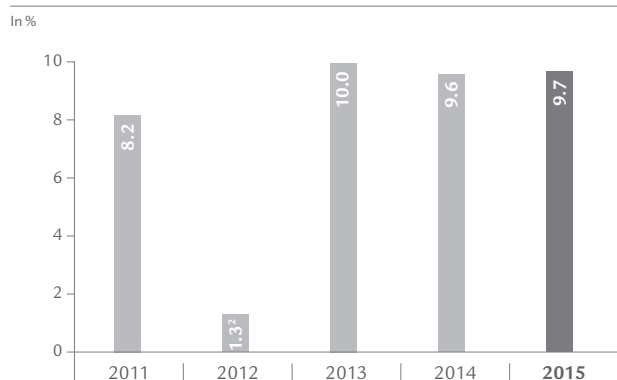
Source: Bloomberg

<sup>1</sup> For the 2015 financial year the Board of Directors proposes a distribution from the capital contribution reserve of CHF 8.50 per share.

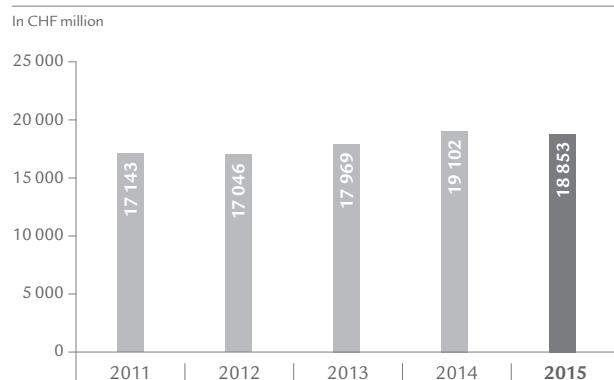
## Swiss Life share details

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<sup>1</sup>

<sup>1</sup> equity excl. unrealised gains/losses on bonds<sup>2</sup> restated

### Gross written premiums, policy fees and deposits received



## Key figures segments

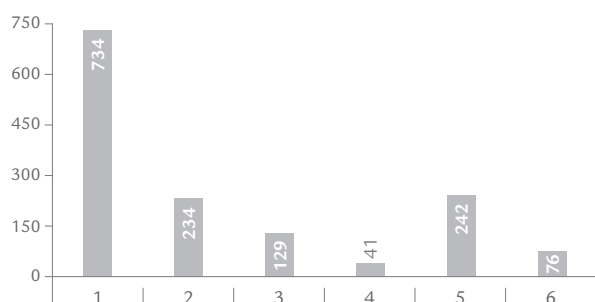
In CHF million

	2015	2014	+/-
<b>SWITZERLAND</b>			
Gross written premiums, policy fees and deposits received	10 534	10 038	5%
Fee and commission income	199	182	10%
Segment result	734	669 <sup>1</sup>	10%
<b>FRANCE</b>			
Gross written premiums, policy fees and deposits received	4 536	5 069	-11%
Fee and commission income	236	260	-9%
Segment result	234	222 <sup>1</sup>	5%
<b>GERMANY</b>			
Gross written premiums, policy fees and deposits received	1 399	1 618	-14%
Fee and commission income	364	425	-14%
Segment result	129	97 <sup>1</sup>	33%
<b>INTERNATIONAL</b>			
Gross written premiums, policy fees and deposits received	2 453	2 451	0%
Fee and commission income	225	240	-7%
Segment result	41	37 <sup>1</sup>	11%
<b>ASSET MANAGERS</b>			
Fee and commission income	560	450	24%
Segment result	242	189 <sup>1</sup>	28%
<b>OTHER</b>			
Fee and commission income	48	48 <sup>1</sup>	-1%
Segment result	76	87 <sup>1</sup>	-12%

<sup>1</sup> adjusted for the Group's internal trademark fees, both levied and received (Swiss Life brand)

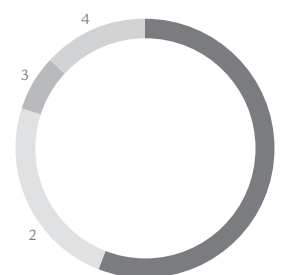
### Segment results

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 56%
- 2 France 24%
- 3 Germany 7%
- 4 International 13%

**Important dates****Annual General Meeting 2016**

26 April 2016, Hallenstadion Zurich

**Interim Statement Q1 2016**

12 May 2016

**Half-year Results 2016**

11 August 2016

**Interim Statement Q3 2016**

9 November 2016

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

The German text is definitive.

**Annual Report 2015**

The Annual Report 2015 can be found at: [www.swisslife.com/ar2015](http://www.swisslife.com/ar2015)

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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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