

# *Letter to Shareholders*

*Financial Year 2017*

# *Ladies and gentlemen,*



Rolf Dörig and Patrick Frost

Just over three years ago, when the Swiss National Bank abandoned the exchange rate floor against the euro and interest rates turned negative, we at Swiss Life had to brace ourselves for some difficult years ahead – and not just in Switzerland. Back then, only great optimists would have predicted that we could now be posting such strong results just a few years later. Despite challenging market conditions, the last financial year (2017) again saw Swiss Life perform positively in all units.

Thanks to a net profit of CHF 1013 million (previous year: CHF 926 million), an increase in the value of new business from CHF 296 million to CHF 351 million and a renewed increase in the fee result by 11% to CHF 442 million, Swiss Life remains on track for success. This means that the 2017 financial year saw a seamless continuation of the success story of recent years.

Swiss Life posted an adjusted return on equity of 9.3%, which is within the 8–10% target. Moreover, in terms of the fee result, we have already achieved our objective under the Group-wide programme “Swiss Life 2018” sooner than planned. We are ahead of target for the value of new business and cash generation. Meanwhile the development of the risk result lies within the target range we were aiming for. Third-party asset management business also contributed to our success, as we once again made gains last year. As of the end of 2017, third-party assets under management stood at CHF 61.4 billion – an increase of 24%. In the light of all these results, we are able to propose to the General Meeting of Shareholders on 24 April 2018 an increase in the dividend from CHF 11.00 to CHF 13.50 per share – once again in the form of a withholding tax-free distribution from the capital contribution reserves.

Our successes are the foundation on which we are building the future of Swiss Life. This coming November, we shall be unveiling a new Group-wide programme to the public. We shall be maintaining our successful strategic thrust of recent years. Our plans nevertheless include selective further developments. After all, we see the technological challenges and changes in customer behaviour as offering great opportunities to expand our range of products and services. Needless to say, we shall also be announcing new financial objectives at the Investors' Day.

The key reason for our success lies in our employees. They stand behind our ambitions and the management teams. This is the picture that emerges from last autumn's Employee Survey: our employees' commitment is outstanding – even by international comparison. This is an invaluable asset: in the business world it is always ultimately people who make the difference. On behalf of the Board of Directors and the Corporate Executive Board, we would like to express our sincere gratitude to all our colleagues for their great commitment and the success that has been achieved.

The life and pensions market remains a growth market. The need for people to be self-determined in structuring their pension provision will continue to increase. This is where we aspire to win over customers as a proactive and reliable partner. New technologies can help us to develop even better and more individualised services and products. The concept of digitalisation dominates business reporting. However, when debating digitalisation we should not confine ourselves to technological aspects. After all, one thing remains unchanged: a prosperous society relies on a culture of trust. At Swiss Life, we work with and for people – their needs are at the heart of what we do.

Life insurers such as Swiss Life assume long-term commitments and in doing so have a stabilising effect on the financial system as a whole. Contracts running for terms of several decades are nothing unusual for us. The oldest policy we have that is still active was written in 1918. We are proud of our ability to be there for our customers across such long cycles.

We as Swiss Life also generate economic benefit. We create certainty even in uncertain times. Insurers like Swiss Life can help businesses and individuals to take risks without having to put their whole professional or personal survival on the line, thus encouraging innovation and investment. That is in addition to providing people in all life situations – but especially in old age – with financial security.

We support people in living self-determined lives. That means following an individual path in many respects. But when it comes to financial security and covering risks, our customers' needs and demands are the same – this is both an opportunity and an obligation for us.

We would like to thank you, our esteemed shareholders, for the trust with which you are supporting us in this important task.



Rolf Dörig  
Chairman of the Board of Directors



Patrick Frost  
CEO

# Historical comparison

## Swiss Life Group

In CHF million (if not stated otherwise)

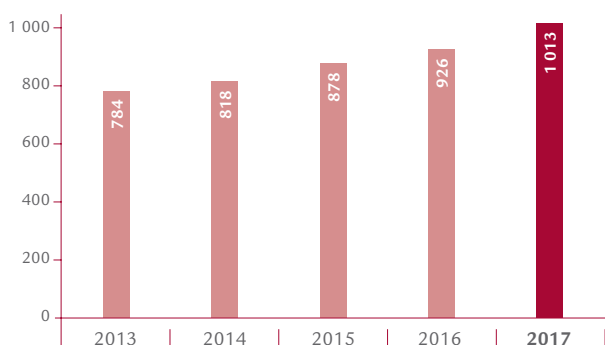
	2017	2016	2015	2014	2013
<b>PREMIUM VOLUME</b>					
Gross written premiums, policy fees and deposits received	18 565	17 366	18 853	19 102	17 969
<b>FIGURES FROM CONSOLIDATED STATEMENT OF INCOME</b>					
Net earned premiums	12 791	13 228	13 771	13 776	12 944
Fee and commission income	1 469	1 351	1 292	1 305	1 143
Financial result	4 395	5 062	5 281	5 361	5 376
<b>TOTAL INCOME</b>	<b>18 769</b>	<b>19 784<sup>1</sup></b>	<b>20 555</b>	<b>20 474</b>	<b>19 462</b>
Net insurance benefits and claims	-13 189	-14 064	-15 516	-15 218	-13 920
Policyholder participation	-949	-1 325	-899	-1 146	-1 361
Operating expense	-2 842	-2 764 <sup>1</sup>	-2 649	-2 735	-2 809
<b>TOTAL EXPENSE</b>	<b>-17 292</b>	<b>-18 393<sup>1</sup></b>	<b>-19 226</b>	<b>-19 304</b>	<b>-18 312</b>
<b>PROFIT FROM OPERATIONS</b>	<b>1 476</b>	<b>1 391<sup>1</sup></b>	<b>1 329</b>	<b>1 169</b>	<b>1 149</b>
<b>NET PROFIT</b>	<b>1 013</b>	<b>926</b>	<b>878</b>	<b>818</b>	<b>784</b>
Net profit attributable to					
Equity holders of Swiss Life Holding	1 007	922	872	814	781
Non-controlling interests	6	4	6	4	3
<b>FIGURES FROM CONSOLIDATED BALANCE SHEET</b>					
Equity	15 583	13 739	12 258	12 831	9 018
Insurance reserves	171 649	159 899	154 953	156 684	142 479
Total assets	212 800	199 731	189 252	192 854	170 530
<b>FURTHER KEY FIGURES</b>					
Return on equity (in %) <sup>2</sup>	9.3	9.6	9.7	9.6	10.0
Assets under control	269 255	243 255	223 411	224 593	192 855
Value of new business	351	296	268	255	289
Number of employees (full-time equivalents)	7 979	7 801	7 595	7 492	6 992

<sup>1</sup> adjusted

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

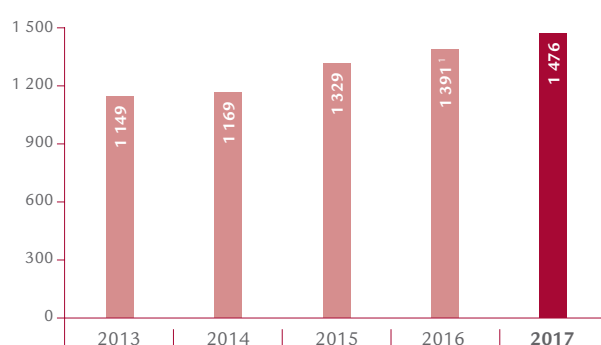
### Net profit

In CHF million



### Profit from operations

In CHF million



<sup>1</sup> adjusted

## Share performance

Amounts in CHF

	as at 2017	2017	2016	2015	2014	2013
Number of shares	31.12.	34 223 106	32 081 201	32 081 054	32 081 054	32 081 054
Annual high	08.08.	363.50	290.30	272.90	238.90	192.60
Annual low	18.01.	292.40	211.50	201.80	185.70	124.60
Year-end price	29.12.	345.00	288.20	271.30	236.40	185.20
Performance Swiss Life (in %)		+20	+6	+15	+28	+53
Swiss Market Index (SMI)	29.12.	9 382	8 220	8 818	8 983	8 203
Performance Swiss Market Index (SMI) (in %)		+14	-7	-2	+10	+20
Dow Jones STOXX 600 Insurance Index (in EUR)	29.12.	288.35	269.66	285.56	250.55	228.22
Performance of Dow Jones STOXX 600 Insurance Index (in %)		+7	-6	+14	+10	+29
Average trading volume		144 983	158 405	142 838	121 462	140 007
Market capitalisation (in CHF million)	29.12.	11 807	9 246	8 704	7 584	5 941
Basic earnings per share		30.98	28.92	27.41	25.52	24.45
Diluted earnings per share		29.63	27.27	25.85	24.11	24.22
Dividend paid per share <sup>1</sup>	02.05.	11.00	8.50	6.50	5.50	4.50
Total dividend payout to shareholders (in CHF million)	02.05.	356	271	207	176	144
Dividend yield on year-end price (in %)	29.12.	3.19	2.95	2.40	2.33	2.43

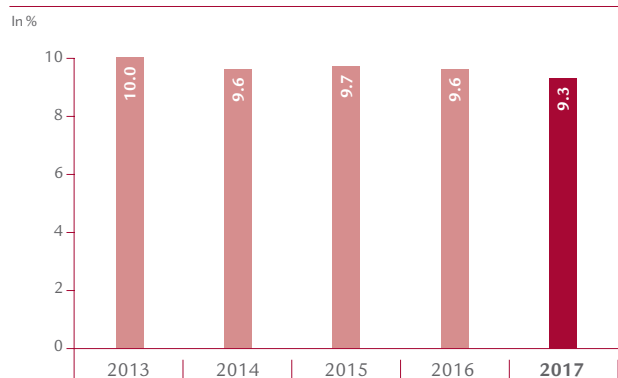
Source: Bloomberg

<sup>1</sup> For the financial year 2017 the Board of Directors proposes a distribution from the capital contribution reserve of 13.50 CHF per share.

## Swiss Life share details

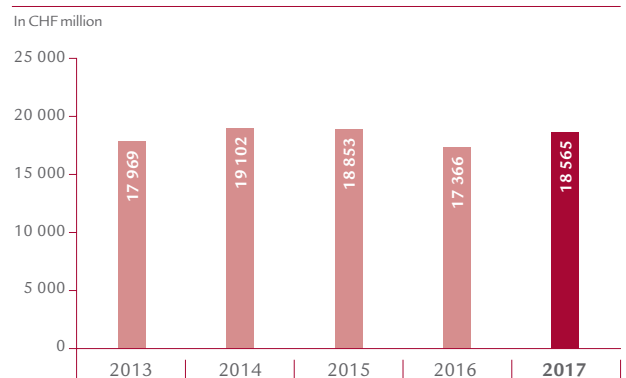
Swiss security number	1 485 278
ISIN	CH 001 485 278 1
Ticker symbol SIX	SLHN
Reuters	SLHN.S
Bloomberg	SLHN SW

### Return on equity<sup>1</sup>



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

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



## Key figures segments

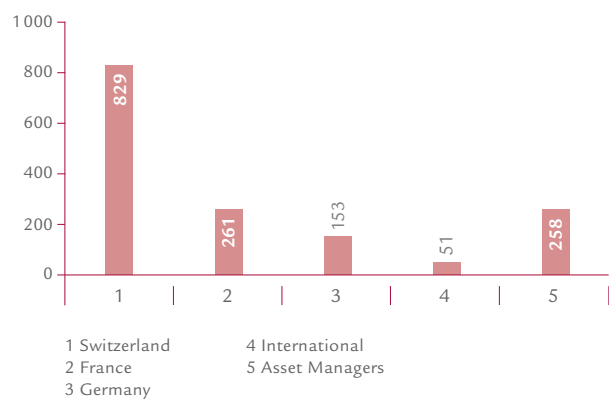
In CHF million

	2017	2016	+/-
<b>SWITZERLAND</b>			
Gross written premiums, policy fees and deposits received	9 290	9 876	-6%
Fee and commission income	230	233	-1%
Segment result	829	810 <sup>1</sup>	2%
<b>FRANCE</b>			
Gross written premiums, policy fees and deposits received	5 310	4 507	18%
Fee and commission income <sup>2</sup>	302	241	25%
Segment result	261	244	7%
<b>GERMANY</b>			
Gross written premiums, policy fees and deposits received	1 313	1 290	2%
Fee and commission income	400	379	6%
Segment result	153	125	22%
<b>INTERNATIONAL</b>			
Gross written premiums, policy fees and deposits received	2 674	1 718	56%
Fee and commission income	225	213	6%
Segment result	51	45	14%
<b>ASSET MANAGERS</b>			
Fee and commission income	645	591	9%
Segment result	258	243	6%
<b>OTHER</b>			
Fee and commission income	5	6	-5%
Segment result	-7	-10	33%

<sup>1</sup> adjusted<sup>2</sup> incl. banking and Pôle AGAMI

### Segment results

In CHF million



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



**Important dates****Annual General Meeting 2018**

24 April 2018, Hallenstadion Zurich

**Interim Statement Q3 2018**

7 November 2018

**Interim Statement Q1 2018**

8 May 2018

**Investor Day 2018**

29 November 2018

**Half-year Results 2018**

14 August 2018

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

The German text is definitive.

**Annual Report 2017**

The Annual Report 2017 can be found at: [www.swisslife.com/ar2017](http://www.swisslife.com/ar2017)

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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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