

# FY 2022 under IFRS 17 at Swiss Life Investor presentation

28 June 2023

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# FY 2022 under IFRS 17: Key messages

## *IFRS 17 key impact on Swiss Life*

- FY 2022 net profit of CHF 1 189 m
- FY 2022 return on equity of 13.9%
- Shareholders' equity of CHF 8.4 bn at 31.12.2022
- Contractual service margin (CSM) of CHF 16.4 bn at 31.12.2022

## *No impact from IFRS 17*

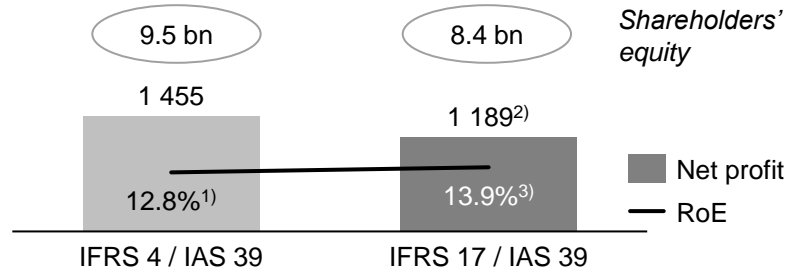
- Swiss Life 2024 strategy and its implementation confirmed
- Fee result essentially unaffected
- Solvency, cash remittance and dividends unaffected

- **IFRS 17** accounting standard for insurance business, applied retrospectively starting 01.01.2022
- **IFRS 9** accounting standard for financial assets, applied from 01.01.2023, without restating the comparative period
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- Local statutory accounting – basis for cash remittance – unaffected

# Key metrics for FY 2022: IFRS 17 vs. IFRS 4

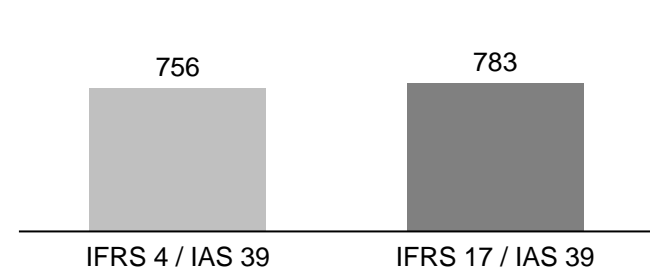
## Net profit, shareholders' equity, RoE

CHF m, %



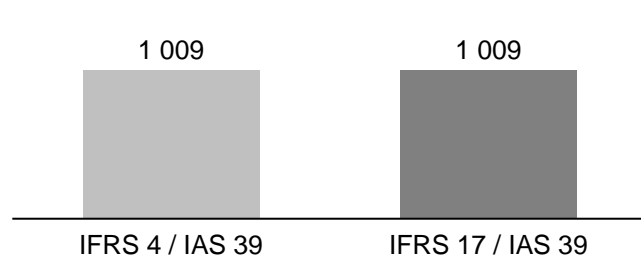
## Fee result

CHF m



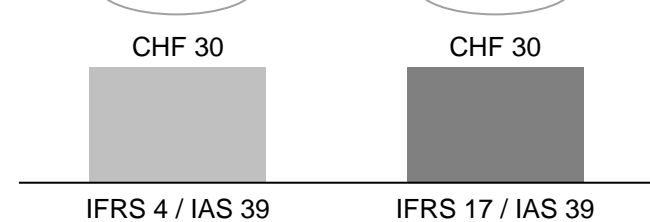
## Cash remittance to Holding

CHF m



## Payout ratio, DPS

Payout ratio



1) Shareholders' equity excl. net unrealised gains / losses on financial assets 2) Pro-forma IFRS 17 / 9 net profit of CHF 1 029 m 3) Unadjusted shareholders' equity

# Swiss Life's insurance portfolios and key P&L aspects of VFA and non-VFA businesses

## *IFRS 17 classifications*

Simplified

### *Key portfolios<sup>1)</sup>*

### *Key P&L aspects<sup>2)</sup>*

#### *VFA business*

With policyholder participation

- CH: Individual and group-life business
- FR: Savings & pension business (incl. UL)
- DE: Insurance business
- IN: Group pension business

- **CSM** recognised as reserve of future expected profits
- **Fair value changes** in investments (e.g. equities, bonds, real estate) and **reserve releases / strengthening absorbed by CSM** and released to **P&L over time<sup>3)</sup>**

#### *Non-VFA business*

Essentially without policyholder participation

- PAA: FR health & protection and P&C, IN group risk business
- BBA: CH reinsurance business, FR credit life business

- **Equity** instruments accounted for at **FVPL** (FVOCI option in some areas of non-VFA business; no recognition of realised gains / losses in P&L)
- **Real estate** fair value changes continue to be accounted for through **P&L** as well as PAA **reserve strengthening / releases**

1) Insurance liabilities valued at best estimate using current discount rates; CSM of BBA business valued at locked-in rates 2) IFRS 17 / 9 3) In line with services provided

# Different timing of IFRS 17 profit recognition for VFA business

*Recognition of asset and liability changes in different accounting frameworks<sup>1)</sup>*

*IFRS 17 examples relate to VFA insurance business*

Simplified

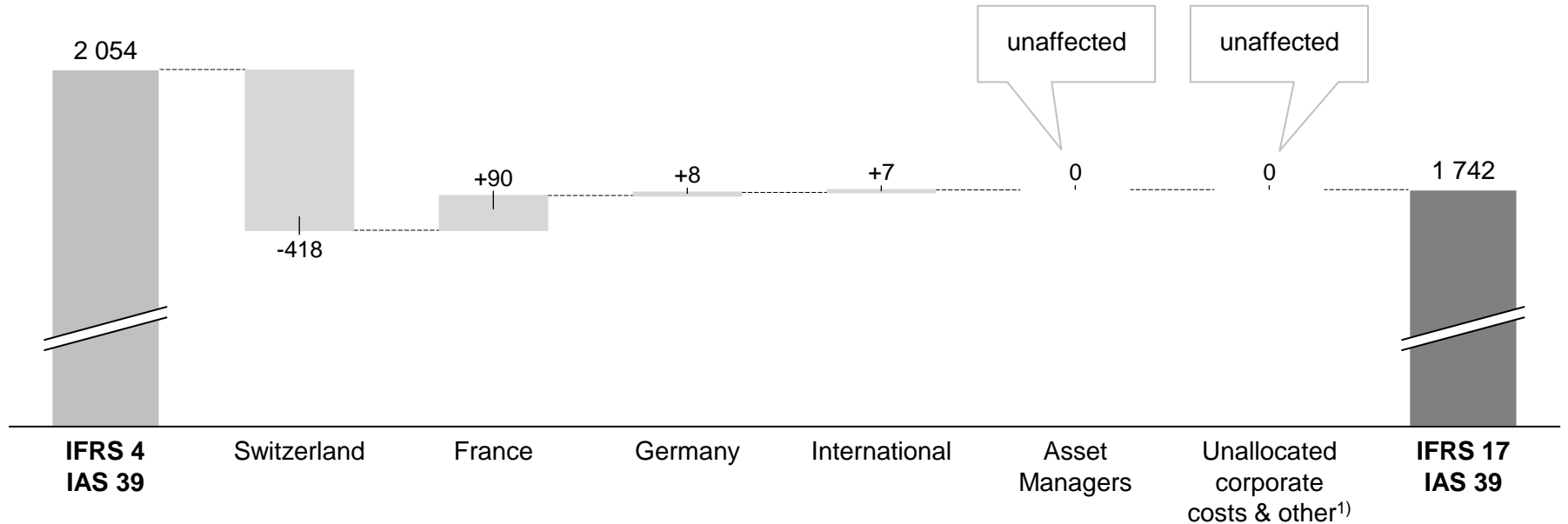
	<i>previous</i> <b>IFRS 4</b>	<i>new</i> <b>IFRS 17</b>	<i>unaffected</i> <b>Local statutory accounting</b>	<b>Cash remittance</b>
<b>Real estate fair value changes</b>	P&L	CSM	Lower of cost or market through P&L	<p><i>Based on local statutory accounts of Swiss Life Holding subsidiaries</i></p>
<b>Realised gains / losses (real estate, fixed income, equities)</b>	P&L	CSM	P&L	
<b>Insurance reserve strengthening / release</b>	P&L	CSM	P&L	
<b>Equities fair value changes</b>	OCI	CSM	Lower of cost or market through P&L	
<b>Fixed income fair value changes</b>	OCI	CSM	Amortised cost	
<b>CSM / RA release over time</b>	n.a.	P&L	n.a.	

1) Shareholder / policyholder sharing in all accounting frameworks

# IFRS 17 profit from operations lower compared to IFRS 4 driven by Switzerland

## Profit from operations

FY 2022, CHF m

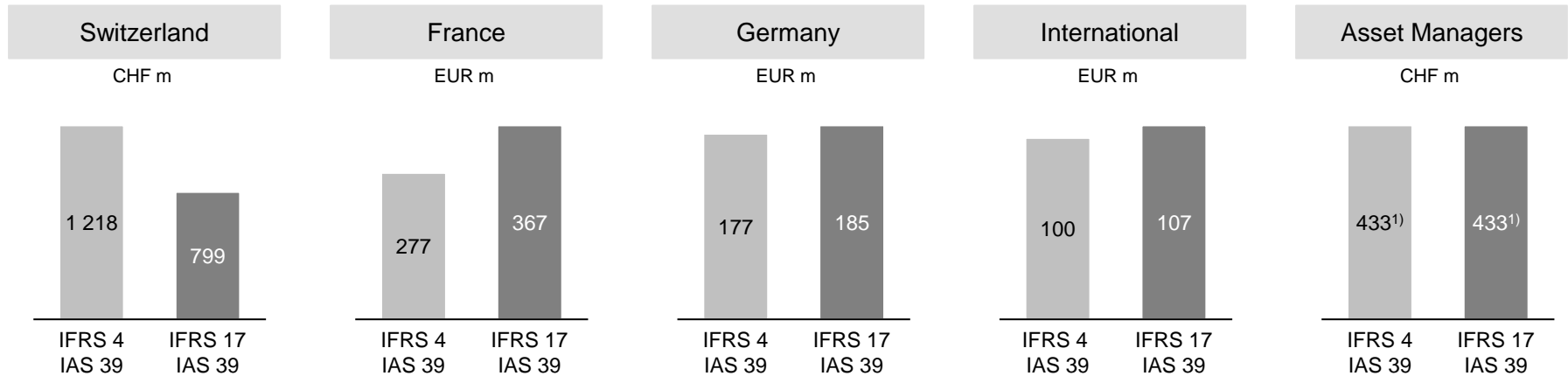


Financial supplement (excel file) disclosed on our website

1) Other refers to segment Other

# IFRS 17 segment result: Main impacts by division

## Segment result FY 2022



Negative impact due to different timing of profit recognition for VFA business (e.g. real estate fair value changes, reserve releases)

Positive impact from different timing regarding the recognition of acquisition costs in VFA business

Positive impact from discounting of current year PAA claims

> 50% of segment result is fee result

Segment result largely fee related

Unaffected

1) Corresponds to CHF 404 m, adjusted mainly for net gain on sale of subsidiary

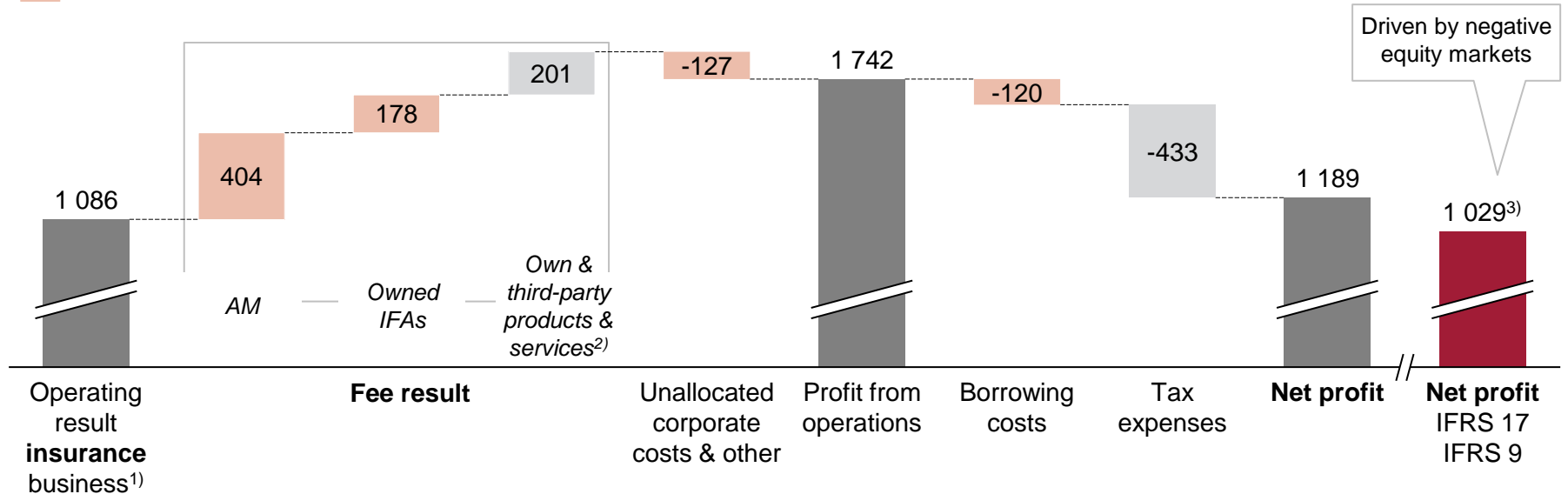


# Swiss Life profit reporting with continued focus on the fee result, which is essentially unaffected

## Profit components

FY 2022, IFRS 17 / IAS 39, CHF m

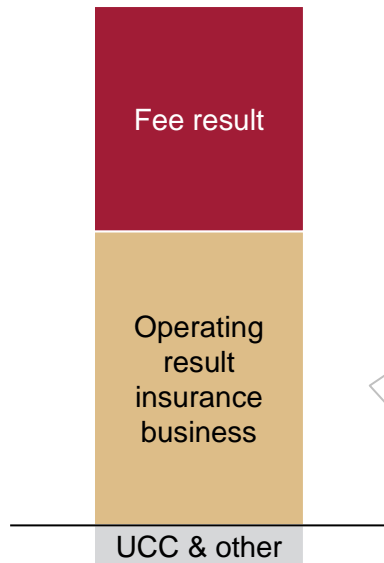
■ unaffected



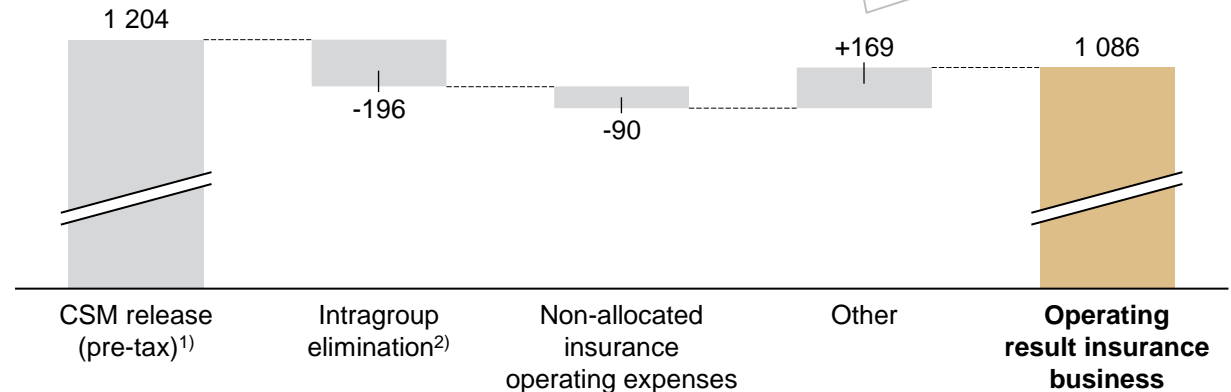
1) Excl. UL business 2) Refined approach: UL contribution of CH IL products now fully shown in fee result 3) Pro-forma: Some equity instruments at FVPL outside VFA business

# Operating result from insurance business driven by the CSM release

**Profit from operations**  
FY 2022, IFRS 17 / IAS 39



**Components of operating result insurance business**  
FY 2022, IFRS 17 / IAS 39, CHF m



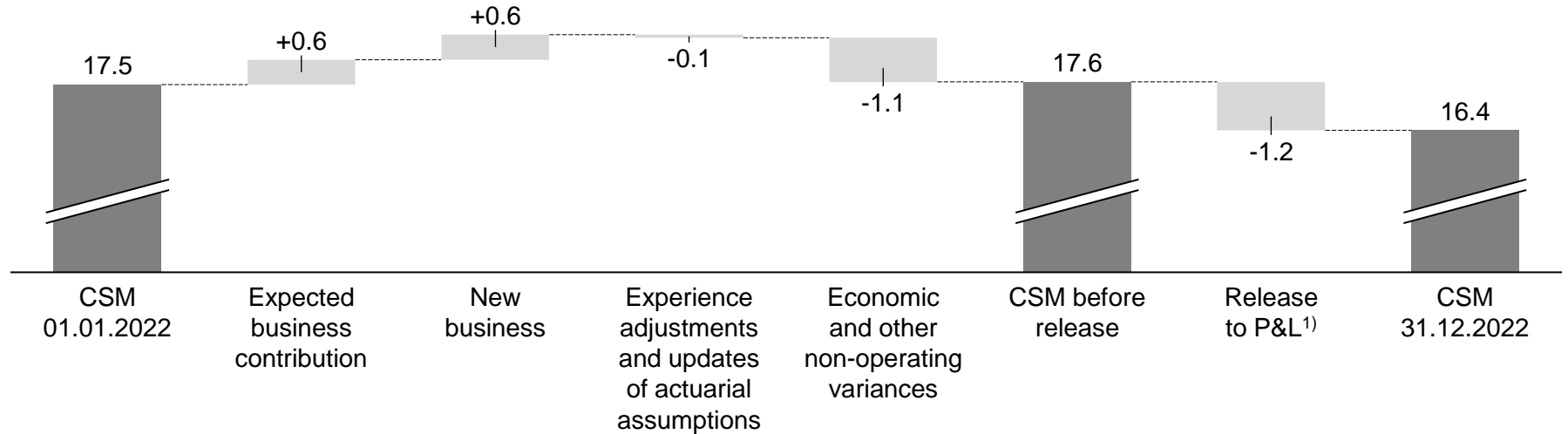
- PAA insurance service result
- RA release
- Total net investment result, which is net of insurance finance expenses including all fair value changes of underlying items<sup>3)</sup> recognised in P&L
- UL business in scope of IFRS 17 deducted and shown in fee result

1) Incl. UL business in scope of IFRS 17 2) Elimination of release of intragroup margin from insurance asset management services 3) VFA experience adjustments

# CSM development in 2022 explained by economic variances

## CSM development (pre-tax)

CHF bn



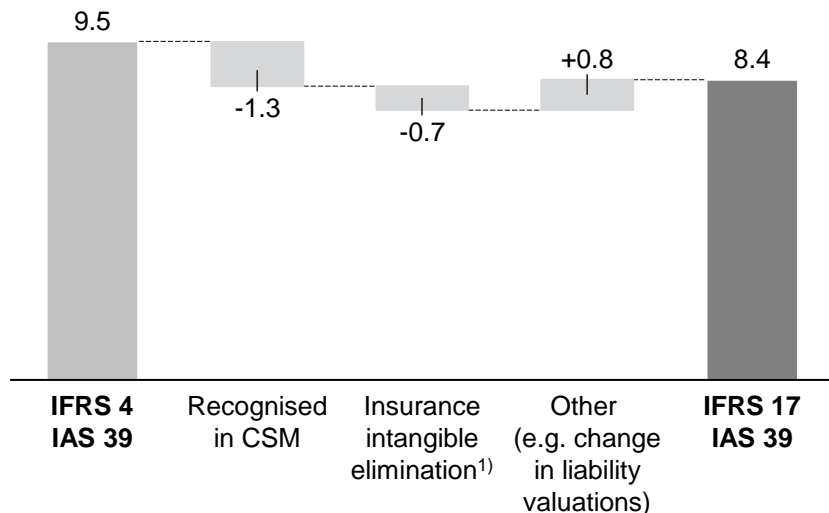
- **CSM release to P&L** of 7% within indicated release ratio of 6-8% p.a. on average
- Lower **intragroup margin** from insurance asset management services<sup>2)</sup> (CHF 3.3 bn at 31.12.2022 vs. CHF 3.7 bn at 01.01.2022) and lower non-allocated insurance operating expenses due to higher interest rates

1) Incl. release of intragroup margin from insurance asset management services 2) Similar to VNB / MCEV approach

# Shareholders' equity lower under IFRS 17

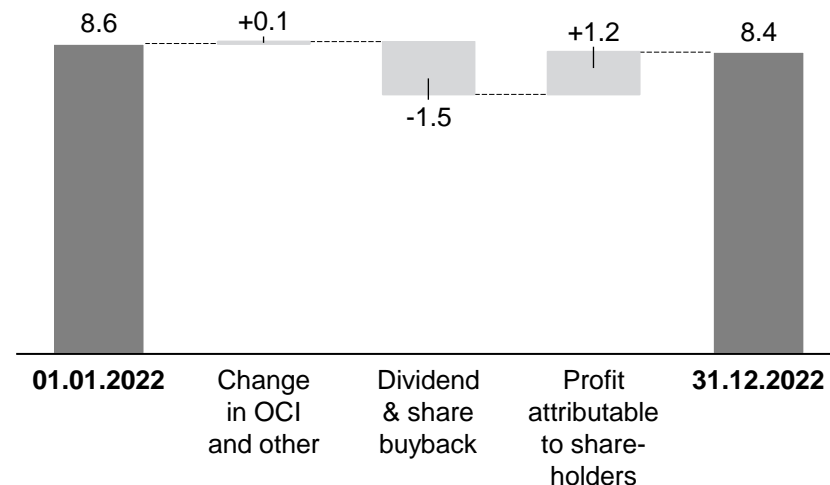
## Shareholders' equity IFRS 4 vs. IFRS 17

31 December 2022, CHF bn



## Shareholders' equity under IFRS 17 / IAS 39

CHF bn

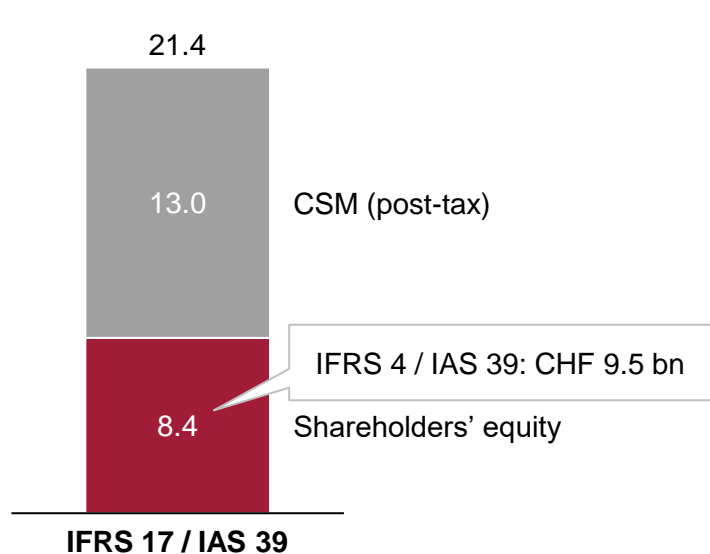


1) Relates mainly to DAC

# Shareholders' equity plus CSM (post-tax) and its consideration in the capital structure

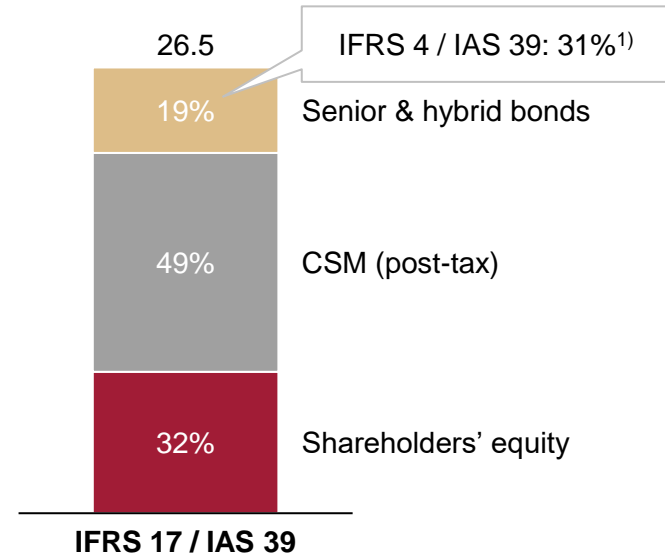
## Shareholders' equity plus CSM (post-tax)

31 December 2022, CHF bn



## Capital structure

31 December 2022, CHF bn, %

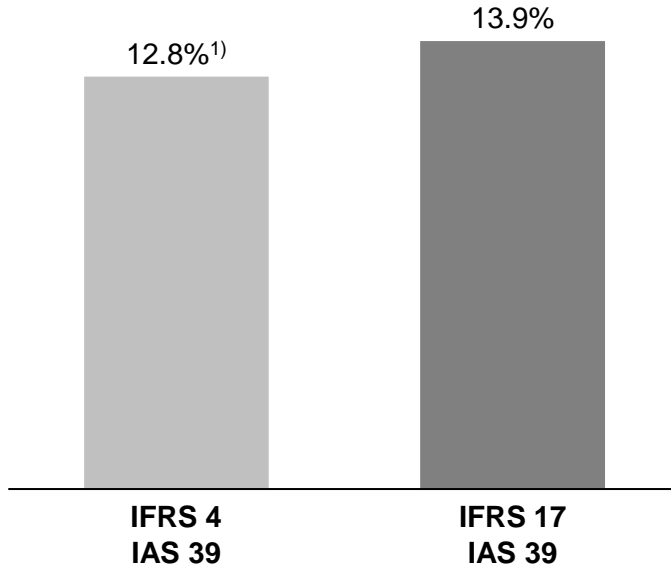


1) Based on shareholders' equity excl. net unrealised gains / losses on financial assets

# IFRS 17 return on equity on an unadjusted basis

## *Return on equity*

FY 2022, %



## *Calculation*

IFRS 17 / IAS 39

*Shareholders' equity*

- 01.01.2022: CHF 8.6 bn
- 31.12.2022: CHF 8.4 bn

*Net profit*

- FY 2022: CHF 1 182 m  
(profit attributable to shareholders, excl. minorities)

*RoE*

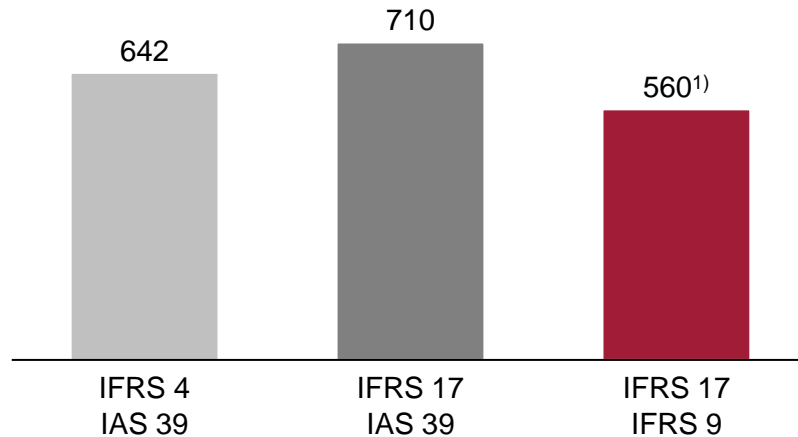
- FY 2022: 13.9%  
(based on average shareholders' equity without making any adjustments)

1) Based on shareholders' equity excl. net unrealised gains / losses on financial assets

# HY 2022 pro forma net profit under IFRS 17 / 9 and important considerations for 2023

## HY 2022 pro-forma net profit under IFRS 17 / 9

CHF m



FY 2022

1 455

1 189

1 029<sup>1)</sup>

## Important considerations for 2023

IFRS 17 / IFRS 9

- IFRS 9 option of accounting for **equity instruments at FVOCI** in some areas outside the VFA business, with no recognition of realised gains / losses in P&L (“no recycling”)
- Introduction of IFRS 9 on 1 January 2023 with limited impact on **shareholders’ equity**

1) Pro-forma: Some equity instruments at FVPL outside VFA business

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# IFRS 17 / 9 glossary and abbreviations

## *IFRS 17 / 9 glossary*

<b>BBA</b>	Building block approach – General Measurement Model (GMM) to measure insurance liabilities under IFRS 17
<b>BEL</b>	Best estimate liabilities – the unbiased estimate of the present value of expected future cash flows
<b>CSM</b>	Contractual service margin – reflects unearned future profits of the insurance contract liability presented in the balance sheet
<b>ECL</b>	Expected credit loss – the weighted average of credit losses with the respective risks of a default
<b>PAA</b>	Premium allocation approach – a simplified optional approach of the General Measurement Model for short-term contracts
<b>RA</b>	Risk adjustment – reflects the compensation required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risks
<b>VFA</b>	Variable fee approach – a specific, mandatory adaptation of the GMM for contracts with direct participation features

Segment Other: Includes Swiss Life Holding and finance/service companies

Owned IFAs: Includes Swiss Life Select, tecis, Horbach, Proventus, Chase de Vere, Pôle Agami and Principal & Prosper

## *Abbreviations*

AM	Business division Asset Managers
bn	Billion
CH	Business division Switzerland
CHF	Swiss francs
DAC	Deferred acquisition costs
DE	Business division Germany
DPS	Dividend per share
EUR	Euro
FR	Business division France
FVOCI	Fair value through other comprehensive income
FVPL	Fair value through profit or loss
FY	Full-year
HY	Half-year
IAS	International Accounting Standards
IFA	Independent financial advisor
IFRS	International Financial Reporting Standards
IL	Individual life
IN	Business division International
m	Million
MCEV	Market consistent embedded value
n.a.	Not applicable
OCI	Other comprehensive income
P&C	Property and casualty
P&L	Profit and loss
RoE	Return on equity
UCC	Unallocated corporate costs
UL	Unit-linked
VNB	Value of new business

# Contact details and financial calendar

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## *Financial calendar*

Half-year 2023 results  
Q3 2023 trading update  
Full-year 2023 results

6 September 2023  
8 November 2023  
14 March 2024

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a self-determined life.*