Media release

Zurich, 3 March 2017

Swiss Life achieves further operational improvements and increases net profit by 5% to CHF 926 million

- **Swiss Life again improved its earnings power in 2016 and generated an adjusted profit from operations of CHF 1402 million – 5% higher than the prior year.**
- **Net profit increased to CHF 926 million (plus 5%).**
- **The fee result rose by 14% to CHF 396 million; the risk result came to CHF 388 million (minus 2%).**
- **Premium income of CHF 17.4 billion equates to a decrease of 8% in Swiss francs.**
- **Swiss Life Asset Managers continued on its growth path: net new assets from its third-party business amounted to CHF 8.5 billion – third-party assets under management rose by 28% to CHF 49.6 billion (2015: CHF 38.8 billion).**
- **Direct investment yield proved robust at 3.0% in spite of the adverse environment (2015: 3.0%). The net investment yield at the end of 2016 was 3.3% (2015: 3.7%).**
- **The new business margin was 2.1% (2015: 1.7%) and the value of new business rose by 10% to CHF 296 million (2015: CHF 268 million).**
- **Shareholders' equity increased by 12% to CHF 13.7 billion. The adjusted return on equity was 9.6% (2015: 9.7%).**
- **The Board of Directors proposes to the Annual General Meeting an increase in the dividend from CHF 8.50 to CHF 11.00.**

Patrick Frost, CEO of the Swiss Life Group: "The 2016 results again show a pleasing picture. Our strong operational performance proves that we are increasing profitability in a demanding environment and implementing our plans under the 'Swiss Life 2018' Group-wide strategy programme. Our continuous development is paying off."

Expansion of fee business is the main growth driver

The Swiss Life Group increased its net profit from CHF 878 million to CHF 926 million (plus 5%). Adjusted profit from operations also rose by 5%, to CHF 1402 million. The savings result of

CHF 804 million was stable (2015: CHF 805 million) and the risk result was CHF 388 million (2015: CHF 398 million). The fee result (fee and commission business) was again very pleasing: it increased by 14% to CHF 396 million (2015: CHF 346 million).

In 2016, Swiss Life achieved direct investment income of CHF 4.3 billion (2015: CHF 4.3 billion). The net investment result was CHF 4.8 billion (2015: CHF 5.2 billion), which equates to a net investment yield of 3.3% (2015: 3.7%). The robust net investment result allowed Swiss Life to again strengthen the insurance reserves by about CHF 1 billion, and thus shore up the sustainability of its business model.

Swiss Life **Switzerland** increased its operating profit by 7% to CHF 812 million. The fee result contributed CHF 12 million (2015: CHF -4 million) and the risk result accounted for CHF 253 million (2015: CHF 267 million). The savings result was CHF 534 million (plus 2%); and the cost result also made a positive contribution (plus CHF 16 million). In **France**, Swiss Life posted a 2% increase in its result to EUR 224 million. The savings and risk results were both strong at EUR 175 million (plus 8%) and EUR 90 million (plus 9%), respectively. The fee result came to EUR 39 million (minus 9%). Swiss Life in **Germany** posted a contribution of EUR 115 million to the result (minus 5%), driven by a savings result of EUR 63 million (minus 26%), a fee result of EUR 57 million (plus 52%) and a risk result of EUR 28 million (plus 6 %). Swiss Life **International** achieved a segment result of EUR 41 million (plus 6%). The main driver was the fee result at EUR 31 million (plus 6%), while the risk result added EUR 6 million (minus 2%) and the savings result EUR 9 million (plus 12%). Swiss Life **Asset Managers** contributed CHF 243 million to the Group result, which equates to an 8% increase: plus 19% in third-party asset management and plus 4% in proprietary asset management.

Profitability before growth – 10% increase in assets under management

Swiss Life posted a 9% fall in premiums in local currency to CHF 17.4 billion in 2016 (minus 8% in Swiss francs). This is primarily a result of the continuing focus on profitability and capital efficiency. The Group grew its fee income in local currency by 3% to CHF 1.4 billion (plus 5% in Swiss francs).

In the home market of **Switzerland**, premium volume decreased by 6% to CHF 9.9 billion. This was mainly due to maintaining the discerning underwriting policy in group life business, with premium income totalling CHF 8.4 billion (minus 6%). Swiss Life continued its full-range provider strategy in its group life business: the share of new business with semi-autonomous solutions more than doubled to 26% (2015: 11%). In individual life business, Swiss Life achieved a premium volume of CHF 1.5 billion (minus 7%).

In **France**, Swiss Life saw a 3% fall in premiums to EUR 4.1 billion. Premium quality in life insurance business was again high with a share of unit-linked solutions at 42%, relative to 45% in 2015 – which was twice the market level. The focus on profitable business and planned reduction in single-premium business in **Germany**, resulted in a 10% drop in premiums to EUR 1.2 billion. The growth in risk and modern products partially offset this decline. Swiss Life **International** experienced a 31% fall in premium income to EUR 1.6 billion, due to difficult market conditions.

As of 31 December 2016, Swiss Life **Asset Managers** overall had a total of CHF 204 billion assets under management (plus 10%). In its third-party customer business, Swiss Life Asset Managers posted net new assets of CHF 8.5 billion. We thus had CHF 49.6 billion in assets under management from third parties by the end of 2016, which includes CHF 1.3 billion from the purchase of Mayfair Capital in the last quarter of 2016.

Assets under management in real estate came to CHF 43.5 billion. Swiss Life also administers CHF 28.8 billion in real estate for third parties. With a total of CHF 72.3 billion under management and administration, the company is one of Europe's leading real estate managers.

Major progress in the implementation of "Swiss Life 2018"

In addition to its fee and risk results, Swiss Life is making good progress towards all its goals under "Swiss Life 2018". The Group's efficiency ratio for insurance business improved by three basis points to 0.58%. Operating costs in insurance fell by 1% and the insurance reserves increased by 3%. In spite of interest rates falling further, the new business margin improved to 2.1%, compared to 1.7% in the prior year, due to disciplined margin management and an improved, more capital-efficient new business mix. The value of new business rose from CHF 268 million in 2015 to CHF 296 million (plus 10%). Swiss Life achieved an adjusted return on equity of 9.6% (prior year 9.7%) in 2016, which was again close to the upper end of the 8-10% target range. The cash remittance to Swiss Life Holding Ltd increased to CHF 598 million, compared to CHF 411 million in 2015. Shareholders' equity amounted to CHF 13.7 billion (plus 12%). Swiss Life estimates its SST ratio at about 160% as of 1 January 2017 (based on the internal model approved with conditions).

Management change in Germany – Jörg Arnold to be new CEO

Jörg Arnold will take over as the new CEO Germany and member of the Corporate Executive Board of the Swiss Life Group from 1 July 2017. He will replace Markus Leibundgut, who was nominated CEO of Swiss Life Switzerland with effect from 1 April 2017.

Jörg Arnold is currently Global Head of Savings, Retirement & Distribution in Life & Savings, the Global Business Line charged with global life insurance business at AXA Group in Paris. He is 52 years old and has a track record in insurance going back over 25 years – including within AXA

Group as member of the Executive Board and Head of Sales at Deutsche Ärzteversicherung AG (2001-2009), where he was also chair of the Management Board from 2010 to 2013.

Patrick Frost, CEO of the Swiss Life Group: “In Jörg Arnold we have acquired an executive whose broad experience in advice, distribution and product development will add valuable impetus.”

Increase in dividend to CHF 11 per share
At the Annual General Meeting of Shareholders on 25 April 2017, the Board of Directors will propose an increase in the dividend in the form of a withholding tax-free distribution from the capital contribution reserves of CHF 11.00 per share (2015: CHF 8.50).

Nomination to the Board of Directors
Wolf Becke (born 1947) will resign from the Swiss Life Board of Directors at the next Annual General Meeting, due to having reached the statutory age limit. Stefan Loacker (born 1969) will be proposed to the shareholders for election to the Board of Directors. As the long-serving CEO of the Helvetia Group, Stefan Loacker will contribute his experience and thorough knowledge of the insurance sector to the Board.

Telephone conference for investors and analysts
Patrick Frost, Group CEO, and Thomas Buess, Group CFO, will hold a telephone conference in English for financial analysts and investors today at 9 a.m. (CET).

Dial-in numbers:
Europe: +41 (0) 58 310 50 00
UK: +44 (0) 203 059 58 62
USA: +1 (1) 631 570 56 13

Telephone conference for media representatives
Patrick Frost, Group CEO, and Thomas Buess, Group CFO, will hold a telephone conference in German for media representatives today at 11 a.m. (CET).

Dial-in number:
Europe: +41 (0) 58 310 50 00

An audio webcast of both conferences will be made available on the www.swisslife.com website. Please dial in ten minutes before the start of the conference.

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Swiss Life

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Swiss Life Holding Ltd, registered in Zurich, was founded in 1857 as Schweizerische Rentenanstalt. The shares of Swiss Life Holding Ltd are listed on the SIX Swiss Exchange (SLHN). The subsidiaries Livit, Corpus Sireo and Mayfair Capital are also part of the Swiss Life Group. The Group employs a workforce of around 7800 and approximately 4800 certified financial advisors.


A journey through Swiss Life Group

What matters in life

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This publication contains specific forward-looking statements, e.g. statements including terms like “believe”, “assume”, “expect” or similar expressions. Such forward-looking statements, by their nature, are subject to known and unknown risks, uncertainties and other important factors. These may result in a substantial divergence between the actual results, developments and expectations of Swiss Life and those explicitly or implicitly described in these forward-looking statements. Given these uncertainties, the reader is reminded that these statements are merely projections and should not be overvalued. Neither Swiss Life nor its Members of the Board of Directors, executive managers, managers, employees or external advisors nor any other person associated with Swiss Life or with any other relationship to the company makes any express or implied representation or warranty as to the correctness or completeness of the information contained in this publication. Swiss Life and the abovementioned persons shall not be liable under any circumstances for any direct or indirect loss resulting from the use of this information. Furthermore, Swiss Life undertakes no obligation to publicly update or change any of these forward-looking statements, or to adjust them to reflect new information, future events, developments or similar.