

## SPEECH / ROLF DÖRIG / AGM 2017

Dear shareholders

Ladies and gentlemen

Allow me to look back on the past year.

2016 proved to be an excellent financial year for Swiss Life. The continuity and consistency we have shown in pursuing our key topics over the years has paid off once again. I am of course delighted that the results for the financial year past represent a seamless continuation of the good years that preceded it.

The fact that this ongoing success has come in spite of a persistently challenging regulatory and economic environment proves the solidity of Swiss Life and naturally adds to our confidence as we look to the future.

I can substantiate my positive view with a few key figures.

Swiss Life again increased its net profit, by 5% this time, to CHF 926 million. The increase in earnings power mainly stems from the successful expansion of our fee and commission business, which we refer to as fee business: its contribution to operating profit increased by 14%, to 396 million. The market recognises that this strategic success has occurred in an area beyond the traditional field of life insurance.

Despite our successful diversification of profit sources, the investment result remains of course central: Swiss Life earned direct investment income of CHF 4.3 billion, which corresponds to an investment yield of 3% and the previous year's level.

Another strategic milestone, which we set several years ago, is also making a sustained contribution to our current strength: I am speaking of the growth of Swiss Life Asset Managers and in particular the marketing of our investment skills to third parties. The company had CHF 49.6 billion in assets under management from third parties at the end of 2016, a year-on-year increase of 28%.

Our investment competence is gaining growing market recognition, particularly in view of the long-term nature of our business.

And what about premiums, for which we have deliberately refrained from setting growth targets: how are they developing?

Overall, premium volume fell by 8 percent, to CHF 17.4 billion. This came as no surprise, since we have clearly set our sights on profitability – and are making no compromises.

Progress on our Swiss Life 2018 Group-wide programme is also extremely encouraging, and we are well on our way to achieving all of the objectives set at our Investors' Day in November 2015.

We are thus focusing on an even more resilient business model to underpin a solid and secure Swiss Life. This will enable us in the

coming years – despite difficult financial market conditions – to continue generating sustainable profits and paying you, our shareholders, an attractive dividend.

I hope you will agree that these figures constitute an excellent and very solid base for the continuing development of Swiss Life in years to come – even in the face of all the challenges ahead. This is largely thanks to our employees, to whom I would like to express heartfelt thanks in the name of our Board of Directors and Corporate Executive Board.

Dear shareholders

With regard to our salary policy over the past financial year, I would like to refer to the detailed compensation report, which you can find on pages 51 to 68 of the Annual Report or at [swisslife.com](http://swisslife.com).

Swiss Life has given you the opportunity to vote separately on the compensation report since 2009 and this year is no different, as you can see from agenda item 1.2. This is an advisory vote. The outcome of the vote is nonetheless significant for the Board of Directors when evaluating and structuring future compensation.

Moreover, the General Meeting has to approve compensation for the Board of Directors and the Corporate Executive Board pursuant to the articles of association. Under agenda item 4.1, you can see the

proposed fixed compensation for the Board of Directors until the next General Meeting. Agenda items 4.2 and 4.3 apply to the compensation for the Corporate Executive Board. Under 4.2 the General Meeting can rule retroactively on the short-term variable compensation of the Corporate Executive Board as a bonus for the financial year past. Under 4.3 the General Meeting can approve the prospective maximum level of fixed compensation and long-term variable compensation components for the 2018 financial year.

The Board of Directors' proposals for agenda items 4.1 – 4.3 are outlined in detail in Annex 2 to the invitation for today's General Meeting. I will return to those items in due course.

The success and good result enjoyed by Swiss Life – your company – are also yours to enjoy, dear shareholders. For the 2016 financial year, the Board of Directors proposes a dividend of 11 francs per share, an increase of 29%. This corresponds to a pay-out ratio of 38% compared with 31% in the previous year.

Ladies and gentlemen

What are our priorities for 2017?

The Corporate Executive Board and Swiss Life teams will continue to focus on implementing the “Swiss Life 2018” strategy. We have embarked on the right path with our Group-wide programme: Staying the course and persevering remains a priority for us all. We’ve done a great job of it so far, but it won't get any easier in the next few years.

Despite the consistency of our accomplishments in recent years, success is not a given for Swiss Life. Political, social and economic challenges lie ahead, and will influence our business development. The low interest rates in particular leave their mark on our work and remain a challenge for us and our customers.

Some topics are central to our long-term successful development. First there is “regulation”, or to be more precise the solvency regime known as the Swiss Solvency Test (SST). The capital requirements in Switzerland under the SST are roughly twice as high as in the EU under Solvency II. This massively hampers our competitiveness against our European rivals. Disadvantaging the Swiss insurance sector harms Swiss SMEs, which count on our services, as well as the Swiss economic and financial centre. We are headed in the wrong direction here, to the detriment of customers, shareholders and working Switzerland in equal measures.

Equally important to us as a life insurance company remains the fact that people are living ever longer. Longevity is not something to be taken for granted; it is an achievement by society.

The demographic trend in our country has prompted discussions concerning the reform of our pension system. A lively series of debates in parliament has now produced a draft for Pensions 2020 Reform. The bill will be put before the people in September 2017. In the interest of policyholders, we hope now for a factual and pragmatic public discussion.

By 2060 at the latest there will be two gainfully employed people for every pensioner, as against approximately four today. When the AHV was founded in 1948, the ratio was 100 actively employed persons to 15 pensioners. This development poses major problems for our system of public and private pension provisions, and raises all sorts of social issues. One of these is solidarity among the generations, which ensures harmonious coexistence in our country. For this reason, intergenerational solidarity belongs front and centre in these debates.

At the same time, we must not lose sight of the fact that young people tend to see their interests jeopardised by their interaction with other generations much more than older people do. For instance, in a representative study carried out by Swiss Life,

- Almost two thirds of those surveyed take it as a given that redistribution from young to old will lead to conflict. The younger the respondent, the more likely he or she is to detect potential for conflict.
- More than half of 18 to 35-year-olds believe that older people today are living at the cost of the young.
- Younger people also see an imbalance in political affairs, with almost half of them saying that older people exert undue influence in elections.

Although people desire sound intergenerational solidarity and are willing to actively support it, there remains considerable potential for conflict, with financial redistribution from young to old a particular thorn in the side of the young generation, and considered an unfair burden. This should not go unheard. In the interest of fairness to future generations, the next steps, regardless of the outcome of the vote in September, must be taken quickly to adapt provisions in Switzerland for the long term.

It's the only way we can ensure that we will leave a sustainably financed pension system to future generations, which would send a strong signal that intergenerational solidarity is alive and well.

I believe and very much hope the day is coming when young people begin to speak up, and call the redistribution of wealth from young to

old as it is: an unfair and short-sighted business in a society committed to mutual support. Our children, grandchildren and great-grandchildren do not deserve to have us live at their expense.

The financial sector, along with the services it provides, forms an important and fundamental element of our social provision. It offers customers – private, corporate and institutional – a broad range of products, which they need to operate successfully in their own sectors. Why am I telling you this? Because in Switzerland as elsewhere, the economy will not prosper without a healthy financial sector.

This is of central importance when it comes to the insurance sector. After all, insurance and pension solutions allow companies both large and small, as well as professionals, to concentrate on what their strengths.

They can pursue their interests without having to worry whether their employees' pensions are secure.

The insurance sector, however, is also a growth industry in our country. There is a great concentration of relevant know-how and capital in Switzerland – indeed, Zurich is a veritable insurance hub. We need to foster this phenomenon, since any industry that puts Switzerland among the world's leaders is a promise for the future. Needlessly weakening ourselves on the international stage is an act



of gross negligence. At the moment, however, I am afraid that this is happening.

It is in the interest of politicians and the supervisory authorities to reduce the capital requirements on insurers to an appropriate level, comparable to that in EU countries. Opposing excessive regulation and constraints is not just an end in itself, it is imperative for Switzerland and its economy. If the supervisory authorities begin unnecessarily restricting the strategic and operational freedom of individual companies, this will drastically worsen those companies' prospects. We continue to enjoy an outstanding and strong Swiss insurance sector by international comparison. We must not only defend it, we must expand it.

Ladies and gentlemen

A flourishing economy requires a culture of trust, such as we have here in Switzerland.

This is something we need to protect. People seek guidance and values all the more in times of political, social and economic uncertainty. Trust remains the currency of all business success. Politics and the economy are equally charged with strengthening trust in their commitment to the welfare of our society.

The effects of the financial crisis of 2008, the stagnation of the middle class in many highly developed countries and growing income inequality are challenges for our deeply rooted conviction sense of how a fair and well-functioning society should be organised.

Our society, which is built around its members, is founded on lived democracy, trust, solidarity and a liberal economic system.

I am convinced that only those companies that add value for society as a whole will remain viable. As entrepreneurs and responsible business leaders, we are bound to help solve social problems. It is of paramount relevance how the economy is judged by the population at large, along with the corporate world and its performance, for ultimately we work with and for the people. We have no other *raison d'être*.

Social peace and solidarity, a liberal climate, a culture of achievement, courage to change and, in a similar vein, the wish for self-determination: taken together, these are the recipe for success that has made our country strong. A recipe that must be constantly revised, in the interest of future generations, all our work must consistently revolve around them.

Ladies and gentlemen

Swiss Life understands this responsibility. Thank you for your attentiveness, and for your trust.

I now come to the first item on the agenda of our annual general meeting.