

Letter to Shareholders

Financial Year 2018

Ladies and gentlemen,



Patrick Frost and Rolf Dörig

A wide range of issues moved people in 2018 – especially in Europe, our main area of activity at Swiss Life. The EU's quest for identity, sustainability matters in conjunction with climate change, the migration issue, discussions of political direction in the French and German markets, so critical for us, as well as the rapid pace of change in the working world due to digitalisation: all of these topics shaped the public debate.

In Switzerland, meanwhile, the main subject of discussion was the viability of our pension systems. The reason is obvious: people are living ever longer, and the systems are failing to keep pace. The brunt is borne by the younger generations, who must pay for the flaws. The politicians are still far from being able to present us with sustainable solutions for our pension system. Solutions palatable to the majority of the population.

Whatever the economic or socio-political climate, however – our chief duty at Swiss Life is sustainable success. For our customers, for our employees and for our investors. At Swiss Life we offer security and solutions that last for decades, even in turbulent times. And we've been doing it for over 160 years.

Economic success ensures us our role in society. What we achieved as a group in 2018 makes us proud. Two key figures provide resounding proof of that: for one there is net profit, which we were able to increase year on year by 7% to CHF 1080 million. Then there is the development of our fee business: the 2014 fee result of CHF 269 million had grown to CHF 488 million by the end of 2018 – an increase of over 80%.

Swiss Life is in excellent shape. We have achieved all of the objectives we set ourselves in our last Group-wide programme, "Swiss Life 2018"; indeed, in many cases we even exceeded them. This means that, since 2009, we have managed to successfully complete three Group-wide programmes in a row. Our financial strength has been growing every year. We have also flourished in an area in which we have been able to leverage one of our core competencies: witness the excellent work we have been doing with long-term investments. Despite persistently low interest rates, we have managed to generate returns for our customers the equal of any benchmark. Our growth in third-party investment management also testifies to our strong performance, as we have doubled assets in this business area since 2014, from CHF 33.7 billion to CHF 71.2 billion.

Our successes have allowed the Board of Directors to propose a dividend of CHF 16.50 per share for the 2018 financial year at the Annual General Meeting – a dividend payout ratio more than double that of 2014.

Success can never be taken for granted and depends to a degree on the general operating conditions. Last year, as the capital requirements for full insurance were considered excessive by its globally active parent company, another competitor withdrew from the full insurance business in Switzerland. It was a wake-up call for the Swiss insurance sector.

At Swiss Life we continue to offer full insurance solutions and to strongly support our time-tested three-pillar system, and are accordingly opposed to a Swiss Solvency Test for life insurance companies, which not only disadvantages us in the provision of pension solutions on the international market but also gives our customers less choice. Disproportionate regulation means an unnecessary threat to the pension assets of many SME employees. Any other second pillar solution makes employees and employers bear the investment risk, which is why the offer of guarantees, that only life insurance companies provide in the second pillar, is of such fundamental importance to our country's small and micro enterprises most of all.

Solidity and continuity become more important in times of great change. At Swiss Life we live by that maxim: our ambitious plans for the coming three years depend on our confidence in the extreme robustness of our business model. Our capacity for implementation, financial strength and outstanding employees provide the ideal basis for us to write yet another successful chapter in the Swiss Life story.

We thank you kindly, dear shareholders, for your confidence and support, and look forward to continuing to enjoy your company and interest in years to come.

Rolf Dörig Chairman of the Board of Directors

Fast

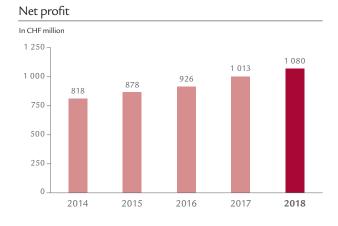
Patrick Frost CEO

Historical comparison Swiss Life Group

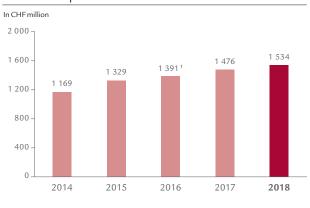
In CHF million (if not stated otherwise)					
	2018	2017	2016	2015	2014
PREMIUM VOLUME					
Gross written premiums, policy fees and deposits received	19 218	18 565	17 366	18 853	19 102
FIGURES FROM CONSOLIDATED STATEMENT OF INCOME					
Net earned premiums	13 157	12 791	13 228	13 771	13 776
Fee and commission income	1 615	1 469	1 351	1 292	1 305
Financial result	5 003	4 395	5 062	5 281	5 361
TOTAL INCOME	20 062	18 769	19 784 ¹	20 555	20 474
Net insurance benefits and claims	-13 961	-13 189	-14 064	-15 516	-15 218
Policyholder participation	-1 155	-949	-1 325	-899	-1 146
Operating expense	-3 268	-2 842	-2 764 ¹	-2 649	-2 735
TOTAL EXPENSE	-18 527	-17 292	-18 3931	-19 226	-19 304
PROFIT FROM OPERATIONS	1 534	1 476	1 391 ¹	1 329	1 169
NET PROFIT	1 080	1 013	926	878	818
Net profit attributable to					
Equity holders of Swiss Life Holding	1 076	1 007	922	872	814
Non-controlling interests	4	6	4	6	4
FIGURES FROM CONSOLIDATED BALANCE SHEET					
Equity	15 034	15 583	13 739	12 258	12 831
Insurance reserves	170 048	171 649	159 899	154 953	156 684
Total assets	212 982	212 800	199 731	189 252	192 854
FURTHER KEY FIGURES					
Return on equity (in %) ²	9.1	9.3	9.6	9.7	9.6
Assets under control	277 040	269 255	243 255	223 411	224 593
Value of new business	386	351	296	268	255
Number of employees (full-time equivalents)	8 624	7 979	7 801	7 595	7 492

¹ adjusted

² equity excl. unrealised gains/losses on bonds



Profit from operations



¹ adjusted

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Share performance

Amounts in CHF as at 2018 2018 2017 2016 2015 2014 Number of shares 31.12. 34 223 106 34 223 106 32 081 201 32 081 054 32 081 054 272.90 238.90 Annual high 03.12. 395.90 363.50 290.30 292.40 185.70 Annual low 09.02. 328.10 211.50 201.80 Year-end price 378.60 345.00 288.20 271.30 236.40 28.12. +10 +28 Performance of Swiss Life (in %) +20 +15 +6 Swiss Market Index (SMI) 28.12. 8 4 2 9 9 382 8 818 8 983 8 2 2 0 Performance of Swiss Market Index (SMI) (in %) -10 +14 -7 -2 +10 Dow Jones STOXX 600 Insurance Index (in EUR) 31.12. 259.40 288.35 269.66 285.56 250.55 Performance of Dow Jones STOXX 600 Insurance Index (in %) -10 +7 -6 +14 +10 Average trading volume 177 519 144 983 158 405 142 838 121 462 Market capitalisation (in CHF million) 28.12. 12957 11 807 9 246 8 704 7 584 31.58 30.98 28.92 27.41 25.52 Basic earnings per share Diluted earnings per share 27.27 24.11 31.49 29.63 25.85 Dividend paid per share¹ 30.04. 11.00 13.50 8.50 6.50 5.50 Total dividend payout to shareholders (in CHF million) 30.04. 460 356 271 207 176 Dividend yield on year-end price (in %) 28.12. 3.57 3.19 2.95 2.40 2.33

Source: Bloomberg

¹ For the 2018 financial year, the Board of Directors proposes a distribution of CHF 16.50 per share, CHF 14.00 as dividend and CHF 2.50 from the capital contribution reserves.

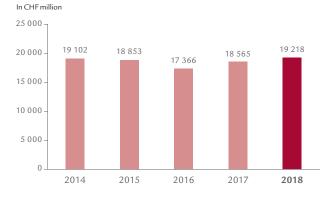
Swiss Life share details

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



¹ equity excl. unrealised gains/losses on bonds

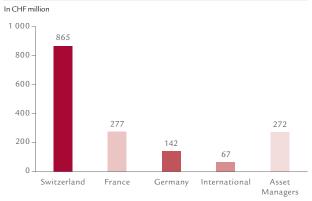
Gross written premiums, policy fees and deposits received



Key figures segments

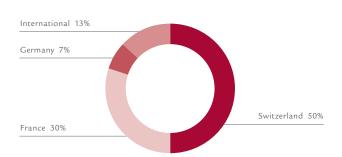
In CHF million			
	2018	2017	+/-
SWITZERLAND			
Gross written premiums, policy fees and deposits received	9 525	9 290	3%
Fee and commission income	247	230	7%
Segment result	865	829	49
FRANCE			
Gross written premiums, policy fees and deposits received	5 859	5 310	10%
Fee and commission income	310	302	3%
Segment result	277	261	6%
GERMANY			
Gross written premiums, policy fees and deposits received	1 395	1 313	6%
Fee and commission income	456	400	14%
Segment result	142	153	-7%
INTERNATIONAL			
Gross written premiums, policy fees and deposits received	2 459	2 674	-8%
Fee and commission income	260	225	16%
Segment result	67	51	32%
ASSET MANAGERS			
Fee and commission income	697	645	8%
Segment result	272	258	5%
OTHER			
Fee and commission income	6	5	2%
Segment result	-6	-7	11%

Segment results



Swiss Life – Letter to Shareholders 2018

Gross written premiums, policy fees and deposits received by segment



Important dates

Annual General Meeting 2019 30 April 2019, Hallenstadion Zurich

Interim Statement Q1 2019 9 May 2019 Half-year Results 2019 13 August 2019

Interim Statement Q3 2019 6 November 2019

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

Annual Report 2018

The Annual Report 2018 can be found at: www.swisslife.com/ar2018

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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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