SPEECH / PATRICK FROST / AGM 2016

Thank you Rolf.

Dear shareholders

I would also like to welcome you to our General Meeting.

When a company can report on such a successful financial year as we are doing today, it means that many things have worked out well. As you all know: Success is based on many factors, some of which we can control as a company, while others are determined by our operating environment.

Before I go into the results in more detail, I would like to start by picking one reason for our success, which I find particularly gratifying: I am referring to the exemplary engagement and customer orientation of our staff, which again played a crucial part in the company's strong performance. It was this engagement that enabled us to negotiate the adverse operating conditions and increase our earning power. I would therefore like to express my sincere thanks to our teams on behalf of the Corporate Executive Board and Board of Directors.

You will remember that 2015 started with a bang. The SNB's decision to lift the minimum exchange rate against the euro set the bar higher still for those of us who report in Swiss francs. In fact, the operating conditions weren't great in general last year, especially of course the low interest rates. That makes it all the more pleasing to look back on such a successful business year in 2015.

I would like now to pick out some key areas from our reporting.

(Slide)

We increased our net profit by 7% to CHF 878 million, which corresponds to an adjusted return on equity of 9.7% and is at the upper end of our target range of 8-10%. This pleasing outcome was due to the savings result and, to a large extent, our fee income: We managed to increase fee and commission income by 36% to CHF 342 million and the risk result by 4% to CHF 395 million. Our ability to defend the interest rate margin also remains crucial and we succeeded in doing that in the face of strong market headwinds. On that note, it is important to mention that we added CHF 1.2 billion to the reserves and again managed to reduce the average technical interest rate, thus further strengthening the sustainability of our business model.

On the next page (slide) you will see that we increased the value of new business by 5% to CHF 268 million. At the same time we managed to keep costs stable and improve the efficiency ratio by 2 basis points to 0.60%. Furthermore, this was achieved in spite of investment in growth and customer orientation initiatives. Our capital strength is also solid: Swiss Life estimated its SST ratio at 140% as of 1 January 2016 - based on the internal model approved by FINMA with certain conditions. There is one more performance indicator from last year, which surely warrants a mention: The Board of Directors will propose today an increase in the dividend from 6.50 to 8.50 in the form of a withholding tax-free distribution from the capital contribution reserve.

Ladies and gentlemen
2015 also featured the end of our Group-wide programme Swiss Life 2015, which defined our strategic orientation over the past three years. I am very proud of what we achieved through the programme. All in all we can confidently say that we exceeded the goals we set in 2012. Swiss Life is in an excellent position to embark on its next strategic phase.

Our success in recent years stems from our proven business model. Profitability, improving earnings quality, margin management, cost efficiency and disciplined asset and liability management have been our priorities over the past few years. These strategic thrusts also provide the basis for our future.

Furthermore, the market has recognised our increased financial strength and profitability, as shown by the S&P upgrade and our return to the leading Swiss Market Index (SMI).

Dear shareholders

Let us now look ahead.

I would like to talk about our goals for the next three years as defined by our new Group-wide programme Swiss Life 2018.

(next slide)

We have defined four strategic thrusts for our programme. We want to increase the quality of our earnings again, by achieving a major expansion of our fee and commission result. Secondly, we want to achieve additional cost savings to facilitate investment and implement growth initiatives. Our third thrust is capital management, whereby we aim to strengthen solvency and increase cash remittances to the holding company to increase our payout capacity further. Finally, we will invest well over 100 million francs in advice and digitalisation to further enhance customer centricity.

We are placing particular emphasis on "capital management", which will become even more important for us during the next three years. On the one hand, we want to generate capital by, for example, adding value through new business.

At the same time, we will also address the fundamental question of how to make the most efficient use of the capital. One way to achieve that could be by having the most capital-efficient products possible for our new business.

We have set our sights quite high in this area. Our ambition is to generate over CHF 1.5 billion in cash for the holding company by 2018. This will enable us to target a payout ratio of 30 to 50% over the next three years. As we still intend to strengthen our capital buffer, we assume that we will start out at the lower end of that range.

In the past, our success hinged on protecting our interest-rate margin. Our investment strategy is structured in such a way that – even if interest rates remain low – we will be able to defend our positive interest-rate margin over the next decades and meet our guarantees. By doing so we offer our customers solid, secure and therefore convincing products and services.

(Slide) Let's now take a quick look at our Group's business areas. Our portfolio shows that all the units have different positions in their respective markets. That is why we take a multi-local management approach, which means the main decision-making authority lies where the market impact is greatest. This chart demonstrates the role the divisions play in our strategy.

You see that our current portfolio shows enough potential to grow profitably and generate cash at the same time. That is also one of the reasons our main focus is on organic growth. The arrows show how we want to develop our divisions over the next three years.

Our new company portrait sums up our business well. Start film.

(corporate film)

Ladies and gentlemen

Innovation, process security and competence are the ingredients of a good customer relationship. Swiss Life is closely oriented to customer needs and invests in consulting, digitalisation and organic growth. We know how we want to attract customers: We want to increase customer satisfaction, loyalty and the referral rate.

Our ambitions for 2018 take the shape of specific financial goals.

(Slide)

- We aim to increase the fee and commission result from CHF 252 million in 2014 to CHF 400-450 million.
- Our target for the risk result is CHF 350-400 million.
- Cumulatively over the next three years, we are aiming at new business worth over CHF 750 million.
- To free up resources for investment, we will make additional cost savings of CHF 100 million by 2018.
- We also have a cumulative goal over the next strategic phase, which is to generate at least CHF 1.5 billion in cash for the Group.
- Our payout ratio meanwhile – as mentioned before – will be between 30 and 50%.
- We continue to expect an adjusted return on equity of 8-10%.

Ladies and gentlemen

I'd like to conclude by addressing a topic of equal importance to our society and to our company. I'm referring to demographic development:

When our company was founded almost 160 years ago, pension provision in Europe was still in its infancy. England, Germany and France were some decades ahead of Switzerland in terms of future provisions. Nevertheless, most people in Europe had no financial protection. Companies such as Swiss Life took steps to change that. And there were good reasons for this.

Life expectancy has risen considerably, especially over the past 100 years. In 1900 people lived to around 45 on average. By the 1960s the average age had risen to around 70. Today, most Europeans can expect to live to over 80. This positive development is the result of social and medical progress.

There is no doubt that this has consequences, both for our industry and for the stability of state and private pension systems. By 2030, we can assume that about 24% of the population in Europe will be over 65; in 2014 it was about 18%. The strongest growth is among the over-80s segment, which will have increased by 40% between 2014 and 2030. There are fewer and fewer people in gainful employment versus more and more pensioners. That can only go so far and is also a well-known fact.

What does it mean if generations live for 20 or 30 years post-retirement? I have to admit that I have a very personal interest here.

The generation of my daughters, who are now between two months and two years old, will grow old in a very different world. They will look back at our time as an era in which the issue of an ageing society resulted in the first attempts at a solution.

My generation will experience some sea changes in how it deals with its senior citizens.

When I was born there was a lot of enthusiasm about the future. The economy was on the up. In Switzerland, the introduction of mandatory occupational provisions in the '80s laid the cornerstone of a three-pillar system that is one of the most stable and forward-looking pension models worldwide.

Nevertheless, public-sector finances in many countries are being thrown out of equilibrium. Countries are being pushed to their limits and, in many cases, are finding it harder to meet the financial challenges of people living longer. The longer they live, the harder it gets. Switzerland is no different in that regard. These are unpleasant prospects. Personal responsibility as regards pension provision is growing.

The ageing population poses a huge challenge.

I would venture to say that wherever you look in terms of these trends, demographic development is an underestimated phenomenon, although it affects many areas of people's lives. The same goes for the implications of the desire for "self-determination". And this is particularly relevant. For instance, our market research shows that the majority of the population is afraid of being dependent on others in old age.

That is why the Swiss Life Group wants to actively promote the subject of a "longer self-determined life" in public debate over the coming years. As people we have a fundamental need to grow old in a self-determined and dignified way. This desire also opens new and positive perspectives for the subject of longevity. The Swiss Life Group wants to provide impetus for public debate, not just about a longer life but about a longer self-determined life.

Let's return one last time to the screen (Film "What matters in life")

An ageing society – both a risk and opportunity for me. Politicians and society – and all of us – are called on to bring about changes that take the many consequences of rising life expectancy into account.

In the midst of all this uncertainty, I would nevertheless hazard to predict that not only our pension systems and company will have changed by 2050. If you think about the pace of change over the past thirty years, you can imagine how little we can predict about what the next decades will bring.

Still, there is one thing I know: Our role at Swiss Life will lose none of its relevance. Our company is positioned in such a way that we can expand our leading position in the European pensions market.

That brings me to the end of my speech. Thank you very much for your attention. I will now hand back to Rolf Dörig.

(ENDE)