

Letter to Shareholders

Financial Year 2019

Ladies and gentlemen,



Patrick Frost and Rolf Dörig

A long-term perspective is one of the keys to success. At Swiss Life, we focus on continuity and financial solidity, and base our work on the corporate objectives that best reflect the company's strengths. The Swiss Life Group has made continual progress, especially in two areas: consulting and asset management.

Today, we are not just a company with proven but also far-reaching expertise in pension and financial advice. Around 14 000 advisors work to support our customers in leading a self-determined life. In 2006, we had just under 1400, so we have increased our weight in the advisory market tenfold.

Our distribution capacity gives us access to customers that is envied by many of our competitors. And with good reason: according to the results of a survey, more than 80% of people in the markets we serve want personal advice on pension and financial matters. That shows how relevant our advisory expertise is – and that it is also a key to continuous growth. Customer centricity is not just an empty phrase for us.

There is also a second development that has strengthened our Group: we have increasingly made our successful work in managing policyholder assets available to external clients. In 2019, we thus achieved further successive growth in third-party assets under management, which are now CHF 83 billion.

Our goal is still to achieve a steady and sustainable rise in our fee result, risk result, value of new business and our third-party business. Premiums are important but they are not our principal driver – even though we registered a one-off increase of 22% in premiums in 2019 because a competitor withdrew from full insurance for occupational provisions. For a long time, we have focused successfully on earnings quality and profitability before premium growth.

The expansion of the fee business offers us strategic opportunities as a company: it is capital-efficient and less exposed to the capital markets than our savings result. Diversifying our profit sources has paid off for us in the low-interest environment and it will remain a key factor in the future because interest rates look set to remain low. Income from our life insurance investments will, however, remain the most important profit source for the Group in the foreseeable future. Here too, we have performed well in recent years and have increased the savings result from our life business despite low or even negative interest rates.

Swiss Life is very successful today because we did the groundwork early on. Our figures for 2019 once again present a clear picture: year-on-year, we managed to increase fee income by 16% to CHF 1.82 billion. And the fee result came to CHF 553 million, 15% higher than in 2018. We are also making progress in the life business. The risk result improved by 3% to CHF 417 million and the value of new business by 45% to CHF 561 million, with a new business margin of 1.9%.

Overall, we are able to report a net profit of CHF 1.2 billion for 2019 – an increase of 12% over the previous year. This includes a positive one-off of CHF 49 million related to the implementation of the Swiss tax reform in a number of cantons. The pleasing performance in 2019 enables the Board of Directors to propose a dividend of CHF 20.00 per share (previous year: CHF 16.50) at the Annual General Meeting, of which CHF 5.00 per share will be paid in the form of a reduction in par value. Furthermore, Swiss Life will implement a new share buyback programme of CHF 400 million, from March 2020 to May 2021.

Success can never be taken for granted. Our employees are fundamental to our very good development. It is their skills and engagement that make the difference. As the Swiss Life Group, we support people in realising their wish to live a self-determined life. We do this by ensuring they receive individual advice, that their money is invested well over decades and by providing pension solutions that meet their need for security. In times of political and economic uncertainty, our sustainable pension solutions are particularly invaluable.

We would like to thank you, dear shareholders, for supporting us in this mission.



Rolf Dörig
Chairman of the Board of Directors



Patrick Frost
CEO

Historical comparison

Swiss Life Group

In CHF million (if not stated otherwise)

	2019	2018	2017	2016	2015
PREMIUM VOLUME					
Gross written premiums, policy fees and deposits received	23 008	19 218	18 565	17 366	18 853
FIGURES FROM CONSOLIDATED STATEMENT OF INCOME					
Net earned premiums	17 034	13 157	12 791	13 228	13 771
Fee and commission income	1 820	1 615	1 469	1 351	1 292
Financial result	5 227	5 003	4 395	5 062	5 281
TOTAL INCOME	24 320	20 062	18 769	19 784¹	20 555
Net insurance benefits and claims	-17 838	-13 961	-13 189	-14 064	-15 516
Policyholder participation	-1 124	-1 155	-949	-1 325	-899
Operating expense	-3 541	-3 268	-2 842	-2 764 ¹	-2 649
TOTAL EXPENSE	-22 669	-18 527	-17 292	-18 393¹	-19 226
PROFIT FROM OPERATIONS	1 651	1 534	1 476	1 391¹	1 329
NET PROFIT	1 205	1 080	1 013	926	878
Net profit attributable to					
Equity holders of Swiss Life Holding	1 199	1 076	1 007	922	872
Non-controlling interests	6	4	6	4	6
FIGURES FROM CONSOLIDATED BALANCE SHEET					
Equity	16 435	15 034	15 583	13 739	12 258
Insurance reserves	183 339	170 048	171 649	159 899	154 953
Total assets	228 094	212 982	212 800	199 731	189 252
FURTHER KEY FIGURES					
Return on equity (in %) ²	10.8 ³	9.6 ³	9.8	10.0	10.0
Assets under control	303 677	277 040	269 255	243 255	223 411
Value of new business	561	386	351	296	268
Number of employees (full-time equivalents)	9 330	8 624	7 979	7 801	7 595

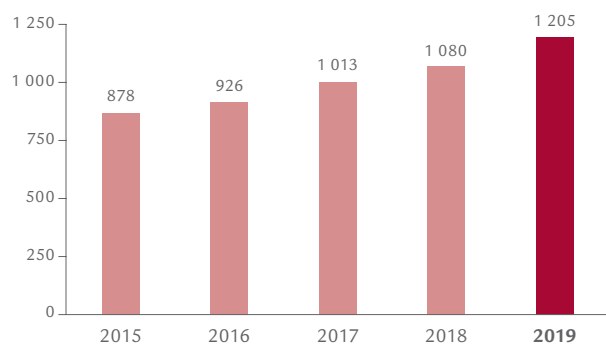
¹ adjusted

² equity excl. unrealised gains/losses on financial instruments

³ incl. share buy-back (2019: CHF 913 million / 2018: CHF 87 million)

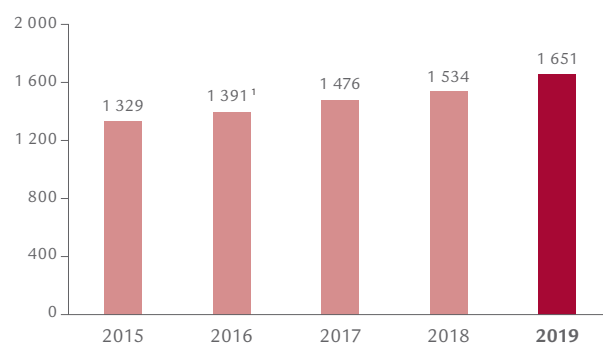
Net profit

In CHF million



Profit from operations

In CHF million



¹ adjusted

Share performance

Amounts in CHF

	as at 2019	2019	2018	2017	2016	2015
Number of shares	31.12.	33 594 606	34 223 106	34 223 106	32 081 201	32 081 054
Annual high	07.11.	508.40	395.90	363.50	290.30	272.90
Annual low	04.01.	380.20	328.10	292.40	211.50	201.80
Year-end price	30.12.	485.80	378.60	345.00	288.20	271.30
Performance of Swiss Life (in %)		+28	+10	+20	+6	+15
Swiss Market Index (SMI)	31.12.	10 617	8 429	9 382	8 220	8 818
Performance of Swiss Market Index (SMI) (in %)		+26	-10	+14	-7	-2
Dow Jones STOXX 600 Insurance Index (in EUR)	31.12.	322.75	259.40	288.35	269.66	285.56
Performance of Dow Jones STOXX 600 Insurance Index (in %)		+24	-10	+7	-6	+14
Average trading volume		156 762	177 519	144 983	158 405	142 838
Market capitalisation (in CHF million)	30.12.	16 320	12 957	11 807	9 246	8 704
Basic earnings per share		36.59	31.58	30.98	28.92	27.41
Diluted earnings per share		36.48	31.49	29.63	27.27	25.85
Dividend paid per share ¹	07.05.	16.50	13.50	11.00	8.50	6.50
Total dividend payout to shareholders (in CHF million)	07.05.	547	460	356	271	207
Dividend yield on year-end price (in %)	30.12.	3.40	3.57	3.19	2.95	2.40

Source: Bloomberg

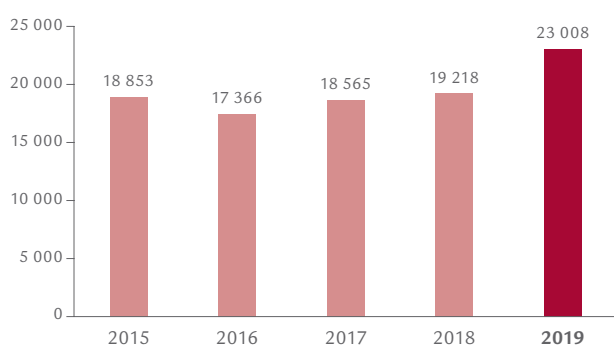
¹ The Board of Directors proposes a distribution of CHF 20.00 per share for the 2019 financial year; of which CHF 15.00 as dividend and CHF 5.00 as repayment of par value.

Swiss Life share details

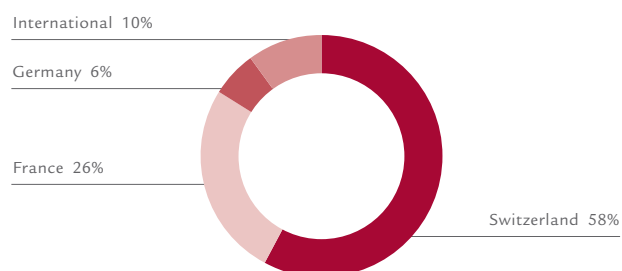
Swiss security number	1 485 278
ISIN	CH 001 485 278 1
Ticker symbol SIX	SLHN
Reuters	SLHN.S
Bloomberg	SLHN SW

Gross written premiums, policy fees and deposits received

In CHF million



Gross written premiums, policy fees and deposits received by segment



Key figures segments

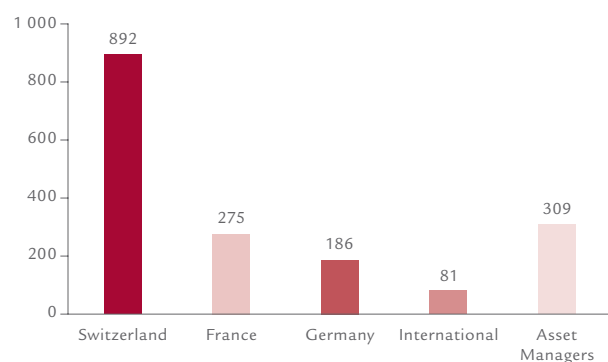
In CHF million

	2019	2018	+/-
SWITZERLAND			
Gross written premiums, policy fees and deposits received	13 453	9 525	41%
Fee and commission income	265	247	7%
Segment result	892	865	3%
FRANCE			
Gross written premiums, policy fees and deposits received	5 901	5 859	1%
Fee and commission income	326	310	5%
Segment result	275	278 ¹	-1%
GERMANY			
Gross written premiums, policy fees and deposits received	1 375	1 395	-1%
Fee and commission income	498	456	9%
Segment result	186	143 ¹	30%
INTERNATIONAL			
Gross written premiums, policy fees and deposits received	2 304	2 459	-6%
Fee and commission income	314	260	21%
Segment result	81	68 ¹	20%
ASSET MANAGERS			
Fee and commission income	833	697	20%
Segment result	309	272	14%
OTHER			
Fee and commission income	3	6	-40%
Segment result	15	-6	n/a

¹ adjusted

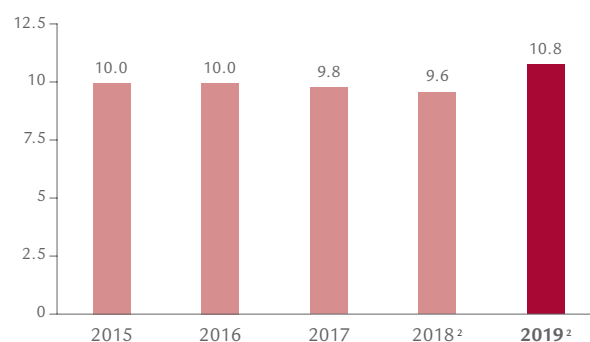
Segment results

In CHF million



Return on equity¹

In %

¹ equity excl. unrealised gains/losses on financial instruments² incl. share buy-back

(2019: CHF 913 million / 2018: CHF 87 million)

Important dates**Annual General Meeting 2020**

28 April 2020, Hallenstadion Zurich

Half-year Results 2020

13 August 2020

Interim Statement Q1 2020

12 May 2020

Interim Statement Q3 2020

4 November 2020

Contacts

Swiss Life

General-Guisan-Quai 40

P.O. Box 2831

CH-8022 Zurich

Tel. +41 43 284 33 11

www.swisslife.com

Investor Relations

Tel. +41 43 284 52 76

Fax +41 43 284 44 41

investor.relations@swisslife.ch

Shareholder Services

Tel. +41 43 284 61 10

Fax +41 43 284 61 66

shareholder.services@swisslife.ch

Media Relations

Tel. +41 43 284 77 77

Fax +41 43 284 48 84

media.relations@swisslife.ch

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

The German text is definitive.

Annual Report 2019

The Annual Report 2019 can be found at: www.swisslife.com/ar2019

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

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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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Swiss Life
General-Guisan-Quai 40
P.O. Box 2831
CH-8022 Zurich

Tel. +41 43 284 33 11
www.swisslife.com