Summary in English
of the “Solvency” chapter of the
Swiss Life Financial Condition Report 2024

This summary provides relevant solvency information for the Swiss Life Group in English. The information in this summary is taken from the “Bericht über die Finanzlage 2024” chapter “Solvabilität” for the Swiss Life Group. For additional information, please see “Bericht über die Finanzlage 2024”.

Please note that this summary is not intended to be a literal translation of the original authoritative report published in German. In case of any discrepancy between the English and German texts, the full German report is prevailing.

Solvency of the Swiss Life Group

SST ratio

Solvency of the Swiss Life Group

CHF m	31.12.2023	**31.12.2024**
Risk-bearing capital	29 368	**28 377**
Target capital	13 884	**14 119**
SST ratio in %	212%	**201%**

The SST ratio of the Swiss Life Group was 201% as at 31 December 2024, a decrease of 11 percentage points compared to the prior year. The target capital increased by CHF 0.2 bn compared to 31 December 2023 and amounted to CHF 14.1 bn. The risk-bearing capital decreased by CHF 1.0 bn from the prior-year level to CHF 28.4 bn.

The SST ratio is calculated as the risk-bearing capital divided by the target capital.

The abovementioned information on solvency (risk-bearing capital, target capital) corresponds to the reporting to FINMA and is subject to supervisory review.

SST model

Since 1 January 2019, Swiss Life has been calculating its SST ratio using the FINMA SST standard model with the Solvency II valuation curves for insurance units in the EU and company-specific adjustments to the market risk model that are approved by FINMA.

As of 1 January 2024, the revised Insurance Supervision Ordinance (ISO) came into force. The market value margin is accordingly shown in the market-conform value of the insurance liabilities and is therefore reflected in the risk-bearing capital as at 31 December 2023 and as at 31 December 2024.

The market value margin is the cost of capital for the risk-bearing capital required to be held by the Group while fulfilling its insurance liabilities. It consists of two parts, one to cover the insurance risk and the other to cover the non-hedgeable market risk.

Risk-bearing capital

The risk-bearing capital comprises the core capital and the supplementary capital.

The core capital comprises the market value of the assets minus the sum of the market-conform value of the insurance liabilities and the remaining liabilities (including the market value margin). Planned dividends and capital repayments, treasury shares held directly by the Group at its own risk, intangible assets and latent property and transfer taxes (if they cannot be offset) are deducted.

Tier 1 instruments may be included in the core capital. As at 31 December 2024, Swiss Life had no tier 1 instruments outstanding.

The supplementary capital consists of risk-absorbing capital instruments. In the case of Swiss Life this corresponds to the market value of the outstanding hybrid (or Tier 2) instruments.

Risk-bearing capital

CHF m	31.12.2023	**31.12.2024**
Excess of assets over liabilities	27 847	**27 295**
Deductions	-1 163	**-1 764**
CORE CAPITAL	26 685	**25 532**
Supplementary capital	2 684	**2 845**
RISK-BEARING CAPITAL	29 368	**28 377**

The risk-bearing capital of the Swiss Life Group decreased by CHF 1.0 bn from the prior-year level and amounted to CHF 28.4 bn as at 31 December 2024.

The change in risk-bearing capital is mainly driven by the negative capital market developments, in particular due to lower interest rates in Swiss francs. The change in deductions was primarily driven by the share buyback programmes, and also by the increase in the planned dividend payment compared to the prior year.

As part of the CHF 300 m share buyback programme, which ran until March 2024, shares in the amount of CHF 150 m were to be repurchased as at 31 December 2023 and accordingly deducted from the risk-bearing capital as at 31 December 2023. As announced at the Investor Day on 3 December 2024, Swiss Life launched a new CHF 750 m share buyback programme running from December 2024 to May 2026. As at 31 December 2024, around 5% of the CHF 750 m had already been repurchased. The remaining amount of the shares to be repurchased is deducted from the risk-bearing capital as at 31 December 2024.

The supplementary capital increased by CHF 0.2 bn. In September 2024, a perpetual hybrid bond in the amount of CHF 425 m was redeemed. In October 2024, a new hybrid bond in the amount of EUR 500 m was issued, with final maturity in 2044, first callable in October 2034. A further perpetual hybrid bond in the amount of EUR 750 m has a call date on 16 June 2025 and continued to be allocated to the supplementary capital as at 31 December 2024.

As a result of the decrease in interest rates, the subordinated bonds included in the supplementary capital increased their value by around CHF 0.1 bn.

The following section analyses the change in the risk-bearing capital of the Swiss Life Group as at 31 December 2024 compared with the last report.

Reconciliation of risk-bearing capital of the Swiss Life Group and Swiss Life Ltd

CHF bn	Swiss Life Group	Swiss Life Ltd
As at 31.12.2023	29.4	28.8
Regulatory changes	-0.2	-0.2
Business development	0.7	0.5
Parameter updates	0.1	0.1
Capital market development	-0.9	-1.0
Share buyback	-0.8	-
As at 31.12.2024	28.4	28.3

Regulatory changes

According to FINMA requirements, the ultimate forward rate (UFR) was lowered by 35 basis points for CHF and by 15 basis points for EUR, which reduced the risk-bearing capital.

Business development

The positive business development in 2024 increased the risk-bearing capital. This was partly offset by the dividend proposed for payment for the 2024 financial year at the Annual General Meeting on 14 May 2025.

Parameter updates

The experience-based update of the actuarial parameters along with additional updates increased the risk-bearing capital.

Capital market development

Capital market developments in 2024 led to an overall reduction in risk-bearing capital. The largest impact had the decrease of Swiss-franc interest rates in combination with the increase of USD interest rates. This effect was partly offset by the positive equity market development. Furthermore, the depreciation of the Swiss Franc against the Euro led to an increase in the risk-bearing capital of insurance units in the EU. However, this FX effect had only a small impact on the SST ratio overall, as the target capital increased to the same extent.

Share buyback

The CHF 750 m share buyback programme that will run from December 2024 to May 2026, is fully deducted from the risk-bearing capital.

Target capital

The required capital (target capital) is determined in consideration of possible losses over a time horizon of one year in unfavourable circumstances for the company.

This takes place in accordance with the FINMA SST standard model with company-specific adjustments to the market risk model that are approved by FINMA. The company-specific adjustment allows for a refined determination of the market risk of those financial instruments, which the SST standard model treats in a simplified manner, e.g. derivatives.

Target capital

CHF m	31.12.2023	**31.12.2024**
Market risk	12 349	**12 548**
Insurance risk	3 092	**3 176**
Credit risk	2 747	**2 772**
Diversification	-2 684	**-2 708**
Other effects on target capital	-1 620	**-1 669**
TARGET CAPITAL	13 884	**14 119**

The target capital of the Swiss Life Group increased by CHF 0.2 bn compared to the prior year and amounted to CHF 14.1 bn.

The following section analyses the change in the target capital of the Swiss Life Group as at 31 December 2024 compared with the last report.

Reconciliation of target capital of the Swiss Life Group and Swiss Life Ltd

CHF bn	Swiss Life Group	Swiss Life Ltd
As at 31.12.2023	13.9	12.8
Change in market risk	0.2	0.2
Change in insurance risk	0.1	0.1
Change in credit risk	0.0	0.0
Change in diversification	-0.0	-0.0
Change in other effects on target capital	-0.0	0.4
As at 31.12.2024	14.1	13.5

Change in market risk

The increase in market risk was mainly driven by higher market risks of interest rates caused by a sharp fall in rates. Market risk of spreads decreased slightly as increasing effects due to lower Swiss-franc interest rates and higher currency exchange rates were more than compensated by higher USD interest rates. The market risk of equities increased due to the positive asset valuations. The diversification effect within the market risk slightly increased on an absolute basis.

Components of the market risk

CHF m	31.12.2023	**31.12.2024**
Market risk of interest rates	2 863	**3 388**
Market risk of spreads	4 383	**4 329**
Market risk of currency exchange rates	2 558	**2 454**
Market risk of equities	3 628	**3 933**
Market risk of real estate	6 026	**6 031**
Market risk of participations	546	**665**
Diversification effects of market risk	-7 655	**-8 253**
MARKET RISK	12 349	**12 548**

Change in insurance risk

The increase of the insurance risk is explained mainly by the decrease in Swiss-franc interest rates.

Components of insurance risk

CHF m	31.12.2023	**31.12.2024**
Insurance risk of mortality	445	**450**
Insurance risk of longevity	2 080	**2 083**
Insurance risk of disability	1 384	**1 401**
Insurance risk of reactivation rate	470	**479**
Insurance risk of costs	1 356	**1 389**
Insurance risk of lapses	743	**825**
Insurance risk of option exercise	259	**313**
Diversification effects of insurance risk	-3 645	**-3 763**
INSURANCE RISK	3 092	**3 176**

Change in credit risk

The credit risk was nearly stable as effects from lower Swiss-franc interest rates and higher currency exchange rates were partly offset by higher USD interest rates.

Change in diversification

The diversification effects between the individual risks did not change significantly.

Change in other effects on target capital

The other effects on the Swiss Life Group's target capital did not materially change compared to the prior year.

General note on Swiss Life Ltd

Swiss Life Ltd is the major subsidiary of Swiss Life Holding and plays a major role within the Swiss Life Group.

The SST ratio of the Swiss Life Group is therefore largely driven by Swiss Life Ltd, while effects from other companies only exert a minor additional impact. The SST solvency model of Swiss Life Ltd corresponds to that of the Swiss Life Group.

The solvency ratio of Swiss Life Ltd as at 31 December 2024 amounted to 211%.