# *Media release*

Zurich, 11 August 2016

## Swiss Life increases its earning power in the first half of 2016 and achieves a net profit of CHF 500 million

- **In the first six months of 2016, Swiss Life again strengthened its earning power and increased its adjusted profit from operations by 4% to CHF 730 million. Net profit amounted to CHF 500 million (prior year: CHF 493 million).**
- **Fee income rose by 3% in local currency to CHF 656 million and the fee result improved by 16% to CHF 194 million.**
- **Premium income was CHF 10.1 billion, down 9% in local currency.**
- **Direct investment income was slightly up at CHF 2.2 billion (plus CHF 56 million). The non-annualised direct investment yield remained stable at 1.5%. The corresponding net investment return was 1.6% (prior year: 2.0%).**
- **Net new assets from third-party business totalled CHF 4.9 billion (2015: CHF 4.2 billion), as a result Swiss Life Asset Managers had CHF 44.4 billion in assets under management for third parties at the end of June 2016. Total assets under management came to CHF 202.2 billion (9% more than the end of 2015).**
- **The new business margin was at the ambition level of 1.5% in spite of extremely low and negative interest rates (prior year: 1.7%); the value of new business was CHF 113 million (prior year: CHF 145 million).**
- **Shareholders' equity rose 18% to CHF 14.3 billion. Swiss Life generated an adjusted return on equity of 11.1% (2015: 11.6%).**

"Our new Group-wide programme "Swiss Life 2018" had a successful start. The consistent focus on profitable growth and the development of the fee business remained effective in the first half of 2016," says Patrick Frost, CEO of the Swiss Life Group. "We succeeded again in growing fundamental areas of our business and managing the tough market conditions. The increase in operating profit, direct investment income and fee business plus the lowering of the technical interest rate and insurance operating costs, show that Swiss Life is in a very strong position to achieve the financial targets for 2016."

**Operational strength increases again**
In the first half of 2016, the Swiss Life Group again improved its earning power and increased its adjusted profit from operations by 4% to CHF 730 million. This resulted in a net profit of CHF 500 million (prior year: CHF 493 million). Swiss Life also grew its fee result by 16% to CHF 194 million – particularly due to the increased contribution by Swiss Life Asset Managers and Swiss Life Select in Germany and Switzerland. The company thus progressed further in diversifying its profit sources.

In the first half of 2016, Swiss Life generated direct investment income of CHF 2.2 billion in spite of persistently low interest rates, which was slightly higher than the prior-year level (plus CHF 56 million). That corresponds to a non-annualised direct investment yield of 1.5% (2015: 1.5%). Net investment income fell due to lower net capital gains to CHF 2.3 billion (2015: CHF 2.8 billion), resulting in a net investment yield of 1.6% (2015: 2.0 %). This investment return allowed a further strengthening of the insurance reserves to the benefit of the company's insured parties by CHF 0.5 billion. The average technical interest rate decreased to 1.58% (against 1.64% as at 1 January 2016) due to the strengthening of the technical reserves and improved business mix.

Swiss Life **Switzerland** grew its operating profit to CHF 420 million (plus 2%) against the prior-year period. The fee result increased to CHF 11 million (prior year: CHF 2 million) – primarily from the increased contribution by Swiss Life Select Switzerland. In **France,** Swiss Life stayed close to its prior year result with EUR 125 million (2015: EUR 126 million). The fee result decreased to EUR 16 million due to reduced business at Swiss Life Banque Privée (prior year: EUR 20 million). **Germany** posted a 13% increase in its result to EUR 57 million, driven mainly by a higher fee result of EUR 29 million (2015: EUR 21 million) stemming from an increased contribution by our owned IFAs. Swiss Life **International** improved its result from EUR 20 million to EUR 22 million (plus 11%) with disciplined cost management. The fee result increased to EUR 17 million (prior year: EUR 16 million). **Swiss Life Asset Managers** posted a strong segment result of CHF 115 million, up 13%, which notably included an 84% increase in third-party business to CHF 27 million.

**Profitability and capital efficiency take priority**
Premium income in local currency was down 9% year-on-year in local currency to CHF 10.1 billion. This is primarily due to the Group's focus on profitability and capital efficiency in a challenging market environment. The Group grew its fee income in local currency by 3% to CHF 656 million.

Premium volume in the home market of **Switzerland** came to CHF 6.6 billion, down 6% against the prior-year period due to selective underwriting, particularly in single premium business. In group life business, premium income fell by 5% to CHF 5.9 billion. Premiums in individual life business fell by 17% to CHF 0.7 billion. In addition, Swiss Life Switzerland successfully pursued its full-range provider strategy for group life clients, more than doubling the share of new business production with semi-autonomous insurance solutions to 23% (2015: 9%). Premiums fell by 2% in **France** to EUR 2.0 billion, mainly as a result of a reduction in the life insurance business. Swiss Life in **Germany** achieved EUR 576 million in premium volume (2015: EUR 604 million), down 5%. The planned reduction in traditional business was partially offset by the increase in modern-traditional pension products as well as disability insurance. Swiss Life **International** experienced a 42% fall in premium income to EUR 651 million, mainly stemming from its business with private clients.

**Swiss Life Asset Managers** attracted CHF 4.9 billion in net new assets for its third-party business in the first half of 2016, which brought total assets under management for third parties to CHF 44.4 billion (plus 14% relative to the end of 2015). Together with insurance mandates (CHF 157.8 billion), total assets under management at Swiss Life Asset Managers stood at CHF 202.2 billion as at 30 June 2016 (up 9% from the end of the prior year). Income at Swiss Life Asset Managers increased by 9% to CHF 288 million (2015: CHF 263 million), over 50% of which came from external customer business at CHF 153 million (plus 17%).

**Improved efficiency – solid solvency**

Efficiency ratios improved Group-wide by 2 basis points over the corresponding period in 2015 to 0.28% (non-annualised). This was due to a reduction in operating costs for insurance segments and an increase in the insurance reserves. In spite of interest rates falling again, the new business margin remained at the ambition level of 1.5% (2015: 1.7%). The value of new business fell from CHF 145 million in the first half of 2015 to CHF 113 million. Swiss Life generated an adjusted return on equity of 11.1% during the period under review, relative to 11.6% in the prior year. Shareholders' equity increased 18% to CHF 14.3 billion – mainly due to higher unrealised gains on bonds. The cash remittance to Swiss Life Holding Ltd increased to CHF 557 million in the first half of 2016 (2015: CHF 369 million). Swiss Life had an SST ratio of 146% as at 1 January 2016 (as filed with FINMA based on the internal model approved with conditions). Solvency as per the European standard "Solvency II" was over 200% as at 1 January 2016.

Patrick Frost: "The macroeconomic conditions applying to our business will continue to test us. Nonetheless, the results from the first half of 2016 show that we can respond quickly to challenges. Our consistent focus on the customer allows us to ensure that Swiss Life remains innovative and close to the market."

**Telephone conference for investors and analysts**
Patrick Frost, Group CEO, and Thomas Buess, Group CFO, will hold a telephone conference in English for financial analysts and investors at 9 a.m. (CET) today.

Dial-in numbers:
Europe: +41 (0) 58 310 50 00
UK: +44 (0) 203 059 58 62
USA: +1 (1) 631 570 56 13

**Telephone conference for media representatives**
Patrick Frost, Group CEO, and Thomas Buess, Group CFO, will hold a telephone conference in German for media representatives today at 11 a.m. (CET).

Dial-in number:
Europe: +41 (0) 58 310 50 00

An audio webcast of both conferences will be made available at www.swisslife.com. Please dial in ten minutes before the start of the conference.

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**Swiss Life**

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Swiss Life Holding Ltd, registered in Zurich, was founded in 1857 as Schweizerische Rentenanstalt. The shares of Swiss Life Holding Ltd are listed on the SIX Swiss Exchange (SLHN). The two subsidiaries Livit and Corpus Sireo are also part of the Swiss Life Group. The Group employs a workforce of around 7600 and approximately 4600 certified financial advisors.

A journey through Swiss Life Group


What matters in life

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