



SwissLife

*First-Half
Financial Report
2014*

Contents

4	Condensed Consolidated Statement of Income (unaudited)
5	Condensed Consolidated Statement of Comprehensive Income (unaudited)
6	Condensed Consolidated Balance Sheet (unaudited)
8	Condensed Consolidated Statement of Cash Flows (unaudited)
9	Condensed Consolidated Statement of Changes in Equity (unaudited)
10	Condensed Notes to the Consolidated Financial Statements (unaudited)
10	1 General Information
11	2 Summary of Significant Accounting Policies
12	3 Segment Information
19	4 Contracts for the Account and Risk of the Swiss Life Group's Customers
20	5 Premiums, Policy Fees and Deposits Received
21	6 Details of Certain Items in the Consolidated Statement of Income
24	7 Income Taxes
25	8 Financial Assets and Liabilities at Fair Value through Profit or Loss
26	9 Financial Assets Available for Sale
26	10 Loans and Receivables
27	11 Intangible Assets including Intangible Insurance Assets
30	12 Investment Contracts
30	13 Borrowings
31	14 Insurance Liabilities and Reinsurance Assets
32	15 Employee Benefits
33	16 Fair Value of Financial Instruments
41	17 Events after the Reporting Period
42	Review Report

Condensed Consolidated Statement of Income (unaudited)

Consolidated statement of income for the 6 months ended 30 June

In CHF million

	Notes	2014 HY	2013 HY
INCOME			
Premiums earned on insurance contracts		8 128	7 584
Premiums earned on investment contracts with discretionary participation		368	344
Premiums ceded to reinsurers		-90	-97
Net earned premiums	5	8 406	7 832
Policy fees earned on insurance contracts		11	13
Policy fees earned on investment and unit-linked contracts		136	140
Net earned policy fees	5	147	153
Commission income	6	435	393
Investment income	4, 6	2 217	2 154
Net gains/losses on financial assets	4, 6	92	1 146
Net gains/losses on financial instruments at fair value through profit or loss	4, 6	179	-463
Net gains/losses on investment property	4	132	385
Share of profit or loss of associates	4	2	5
Other income	6	14	-27
TOTAL INCOME		11 623	11 577
EXPENSES			
Benefits and claims under insurance contracts		-8 509	-7 986
Benefits and claims under investment contracts with discretionary participation		-387	-357
Benefits and claims recovered from reinsurers		46	59
Net insurance benefits and claims	6	-8 849	-8 284
Policyholder participation		-665	-1 193
Interest expense	6	-105	-124
Commission expense	6	-416	-412
Employee benefits expense	6	-416	-416
Depreciation and amortisation expense	6	-253	-212
Impairment of property and equipment and intangible assets		-1	-4
Other expenses	6	-241	-244
TOTAL EXPENSES		-10 946	-10 889
PROFIT FROM OPERATIONS		677	688
Borrowing costs		-78	-68
PROFIT BEFORE INCOME TAX		599	620
Income tax expense	7	-112	-148
NET PROFIT		487	472
Net profit attributable to			
equity holders of Swiss Life Holding		484	472
non-controlling interests		3	0
NET PROFIT		487	472
Earnings per share attributable to equity holders of Swiss Life Holding			
Basic earnings per share (in CHF)		15.16	14.78
Diluted earnings per share (in CHF)		14.29	14.72

Condensed Consolidated Statement of Comprehensive Income (unaudited)

Consolidated statement of comprehensive income for the 6 months ended 30 June

In CHF million

	2014 HY	2013 HY
NET PROFIT	487	472
OTHER COMPREHENSIVE INCOME		
ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT		
Exchange differences on translating foreign operations	-23	44
Financial assets available for sale	5 131	-4 775
Cash flow hedges	362	-509
Financial assets reclassified to loans	34	27
Share of other comprehensive income of associates	0	0
Adjustments relating to items that may be reclassified:		
Policyholder participation	-3 265	2 915
Shadow accounting	-109	105
Income tax	-500	499
TOTAL	1 631	-1 695
ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT		
Revaluation surplus on investment property	-1	3
Remeasurements on defined benefit pension liability	-7	1
Adjustments relating to items that will not be reclassified:		
Policyholder participation	6	-8
Shadow accounting	0	0
Income tax	1	0
TOTAL	-2	-5
NET OTHER COMPREHENSIVE INCOME	1 630	-1 699
TOTAL NET COMPREHENSIVE INCOME	2 116	-1 227
Total net comprehensive income attributable to		
equity holders of Swiss Life Holding	2 113	-1 228
non-controlling interests	3	1
TOTAL NET COMPREHENSIVE INCOME	2 116	-1 227

Condensed Consolidated Balance Sheet (unaudited)

Consolidated balance sheet

In CHF million

	Notes	30.06.2014	31.12.2013
ASSETS			
Cash and cash equivalents		5 677	6 088
Derivatives		1 497	1 268
Financial assets at fair value through profit or loss	8	30 992	31 486
Financial assets available for sale	9	88 984	81 071
Loans and receivables	10	25 557	25 548
Financial assets pledged as collateral		1 482	1 999
Investment property		19 355	18 517
Investments in associates		288	271
Reinsurance assets	14	398	396
Property and equipment		474	448
Intangible assets including intangible insurance assets	11	2 788	2 937
Current income tax assets		12	3
Deferred income tax assets		53	96
Other assets		466	402
TOTAL ASSETS		178 022	170 530

Consolidated balance sheet

In CHF million

	Notes	30.06.2014	31.12.2013
LIABILITIES AND EQUITY			
LIABILITIES			
Derivatives		747	814
Financial liabilities at fair value through profit or loss	8	23 990	24 794
Investment contracts	12	13 498	13 130
Borrowings	13	3 808	3 677
Other financial liabilities		7 926	9 040
Insurance liabilities	14	104 701	101 432
Policyholder participation liabilities		8 926	5 481
Employee benefit liabilities	15	1 506	1 553
Current income tax liabilities		88	104
Deferred income tax liabilities		1 458	973
Provisions		139	200
Other liabilities		283	314
TOTAL LIABILITIES		167 070	161 511
EQUITY			
Share capital		164	164
Share premium		1 233	1 414
Treasury shares		-27	-26
Accumulated other comprehensive income		1 518	-112
Retained earnings		7 988	7 505
TOTAL SHAREHOLDERS' EQUITY		10 877	8 945
Non-controlling interests		76	74
TOTAL EQUITY		10 952	9 018
TOTAL LIABILITIES AND EQUITY		178 022	170 530

Condensed Consolidated Statement of Cash Flows (unaudited)

Consolidated statement of cash flows for the 6 months ended 30 June

In CHF million

	2014 HY	2013 HY
TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES	-35	-1 532
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of investments in associates	3	1
Dividends received from associates	1	2
Purchases of property and equipment	-43	-21
Sales of property and equipment	3	0
Purchases of computer software and other intangible assets	-6	-7
TOTAL NET CASH FLOWS FROM INVESTING ACTIVITIES	-43	-25
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of debt instruments	-	422
Redemption of debt instruments	-42	0
Distribution out of capital contribution reserve	-176	-144
Purchases of treasury shares	-10	-
Sales of treasury shares	-	1
Borrowing costs paid	-65	-56
Dividends paid to non-controlling interests	-1	0
TOTAL NET CASH FLOWS FROM FINANCING ACTIVITIES	-294	223
TOTAL CHANGE IN CASH AND CASH EQUIVALENTS	-372	-1 334
Cash and cash equivalents as at 1 January	6 088	6 480
Foreign currency differences	-39	29
Total change in cash and cash equivalents	-372	-1 334
CASH AND CASH EQUIVALENTS AS AT END OF PERIOD	5 677	5 175

Condensed Consolidated Statement of Changes in Equity (unaudited)

Consolidated statement of changes in equity for the 6 months ended 30 June 2014

In CHF million									
Notes	Share capital	Share premium	Treasury shares	Accumulated other comprehensive income	Retained earnings	Total shareholders' equity	Non-controlling interests	Total equity	
Balance as at 1 January	164	1 414	-26	-112	7 505	8 945	74	9 018	
Total net comprehensive income	-	-	-	1 630	484	2 113	3	2 116	
Distribution out of capital contribution reserve	1	-	-176	-	-	-176	-	-176	
Equity-settled share-based payments	-	4	-	-	-	4	-	4	
Purchases of treasury shares	-	-	-10	-	-	-10	-	-10	
Allocation of treasury shares under equity compensation plans	-	-9	9	-	-	-	-	-	
Dividends	-	-	-	-	-	-	-1	-1	
BALANCE AS AT END OF PERIOD	164	1 233	-27	1 518	7 988	10 877	76	10 952	

Consolidated statement of changes in equity for the 6 months ended 30 June 2013

In CHF million									
Notes	Share capital	Share premium	Treasury shares	Accumulated other comprehensive income	Retained earnings	Total shareholders' equity	Non-controlling interests	Total equity	
Balance as at 1 January	164	1 507	-17	1 745	6 724	10 122	33	10 155	
Total net comprehensive income	-	-	-	-1 700	472	-1 228	1	-1 227	
Distribution out of capital contribution reserve	-	-144	-	-	-	-144	-	-144	
Equity-settled share-based payments	-	4	-	-	-	4	-	4	
Sales of treasury shares	-	0	1	-	-	1	-	1	
Allocation of treasury shares under equity compensation plans	-	-3	3	-	-	-	-	-	
Dividends	-	-	-	-	-	-	0	0	
BALANCE AS AT END OF PERIOD	164	1 364	-14	45	7 195	8 754	34	8 789	

Condensed Notes to the Consolidated Financial Statements (unaudited)

1 General Information

The Swiss Life Group is one of Europe's leading comprehensive life and pensions and financial solutions providers. In its core markets of Switzerland, France and Germany, Swiss Life offers individuals and corporations comprehensive and individual advice plus a broad range of own and partner products through its sales force and distribution partners such as brokers and banks.

Swiss Life Select, tecis, HORBACH, Proventus and Chase de Vere advisors choose suitable products for customers from the market according to the Best Select approach. Swiss Life Asset Managers offers institutional and private investors access to investment and asset management solutions. Swiss Life provides multinational corporations with employee benefits solutions and high net worth individuals with structured life and pensions products.

Distribution out of capital contribution reserve

For the 2013 financial year, a distribution was made to the shareholders of Swiss Life Holding Ltd (hereinafter referred to as "Swiss Life Holding") from the capital contribution reserve instead of a dividend payment from profit. This amounted to CHF 176 million (CHF 5.50 per registered share) and was paid in the first half of 2014.

2 Summary of Significant Accounting Policies

The half-year financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies used in the preparation of the interim financial statements are consistent with those used in the financial statements for the year ended 31 December 2013, except for the changes in accounting policies as described below.

These interim financial statements should be read in conjunction with the 2013 annual financial statements.

Figures may not add up exactly due to rounding.

Changes in accounting policies

The following standards and interpretations have been implemented in the period under review with no material changes to the consolidated statement of income and the consolidated balance sheet:

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)
- IFRIC 21 Levies

Related party transactions

Transactions with subsidiaries have been eliminated on consolidation.

No major transactions with other related parties have been entered into in the period under review.

Functional and presentation currency

Items included in the Group's financial statements are measured using the currency of the primary economic environment in which the Group's entities operate (the "functional currency"). The consolidated financial statements are presented in millions of Swiss francs (CHF), which is the Group's presentation currency.

Foreign currency exchange rates

	30.06.2014	31.12.2013	Average 2014 HY	Average 2013 HY
1 British pound (GBP)	1.5172	1.4721	1.4870	1.4461
1 Czech koruna (CZK)	0.0442	0.0448	0.0445	0.0479
1 Euro (EUR)	1.2145	1.2253	1.2214	1.2298
100 Hungarian forint (HUF)	n/a	n/a	n/a	0.4153
100 Polish zloty (PLN)	29.2107	29.4873	29.2541	29.4437
1 Singapore dollar (SGD)	0.7114	0.7039	0.7067	0.7534
1 US dollar (USD)	0.8871	0.8886	0.8909	0.9365

3 Segment Information

Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by management (corporate executive board) in deciding how to allocate resources and in assessing performance.

The accounting policies for the segments are the same as those described in the Summary of Significant Accounting Policies section. Inter-segmental services and transfers of assets and liabilities are treated as if the transactions were with third parties, i.e. at market prices applicable at the time of the transaction.

Corporate costs were not allocated to the individual segments as they consist of general administrative expenses and head office expenses that relate to the Swiss Life Group as a whole.

The reportable segments have been identified based on information about the components of the entity that management uses to make decisions about operating matters. The business is managed based on IFRS results.

The information provided to management focuses on product lines and services. The organisational and management structure within the insurance business is geographical. The reportable segments have therefore been identified as follows:

- Switzerland
- France
- Germany
- International
- Asset Managers
- Other

Switzerland, France, Germany and International primarily consist of life insurance operations and distribution units. The life insurance operations offer a broad range of life, pension, health, annuity and investment-type policies to both groups and individuals, including disability coverage. The Group's strategy focuses primarily on life and pensions in Switzerland, France and Germany and on cross-border business from Liechtenstein, Luxembourg and Singapore. These segments also include a number of companies which hold investments primarily pertaining to life insurance.

"International" comprises the cross-border insurance operations in Liechtenstein, Luxembourg and Singapore, the Swiss Life Select units operating in Austria, Czech Republic and Poland as well as Chase de Vere operating in the United Kingdom.

Non-life operations involve operations in France and Luxembourg and mainly include property and casualty, liability and motor insurance, accident and health insurance and payment protection insurance. These operations are included in the segments “France” and “Other”.

“Asset Managers” refers to the management of assets for institutional clients and the Group’s insurance business, as well as the provision of expert advice for such clients.

“Other” refers principally to various finance and service companies, as well as payment protection insurance.

The statement of income and the balance sheet for the segments are provided in the following pages:

Statement of income for the 6 months ended 30 June 2014

In CHF million									
	Switzer-land	France	Germany	Inter-national	Asset Managers	Other	Total before elimi-nations	Elimi-nations	Total
INCOME									
Premiums earned on insurance contracts	6 051	1 375	708	25	-	6	8 165	-37	8 128
Premiums earned on investment contracts with discretionary participation	368	-	-	-	-	-	368	-	368
Premiums ceded to reinsurers	-16	-93	-12	-6	-	0	-127	37	-90
Net earned premiums	6 403	1 282	695	20	-	6	8 406	0	8 406
Policy fees earned on insurance contracts	4	7	-	0	-	-	11	-	11
Policy fees earned on investment and unit-linked contracts	20	63	9	43	-	-	136	-	136
Net earned policy fees	24	70	9	43	-	-	147	-	147
Commission income	68	58	173	74	185	37	595	-160	435
Investment income	1 521	340	339	18	0	33	2 250	-33	2 217
Net gains/losses on financial assets	-60	45	114	1	0	-8	92	-	92
Net gains/losses on financial instruments at fair value through profit or loss	122	47	3	1	0	6	179	-	179
Net gains/losses on investment property	98	14	20	-	-	0	132	-	132
Share of profit or loss of associates	-	2	-	-	-	0	2	-	2
Other income	9	1	1	0	1	3	15	-1	14
TOTAL INCOME	8 186	1 859	1 353	157	187	76	11 818	-195	11 623
of which inter-segment	46	-21	12	-21	116	63	195	-195	
EXPENSES									
Benefits and claims under insurance contracts	-6 568	-1 172	-793	-3	-	3	-8 533	24	-8 509
Benefits and claims under investment contracts with discretionary participation	-387	-	-	-	-	-	-387	-	-387
Benefits and claims recovered from reinsurers	11	51	9	1	-	-2	70	-24	46
Net insurance benefits and claims	-6 945	-1 120	-784	-2	-	2	-8 850	0	-8 849
Policyholder participation	-379	-68	-202	-16	-	0	-665	0	-665
Interest expense	-30	-62	-7	-8	0	0	-108	3	-105
Commission expense	-205	-172	-123	-57	-20	-1	-578	162	-416
Employee benefits expense	-125	-100	-73	-31	-64	-3	-397	0	-397
Depreciation and amortisation expense	-41	-136	-71	-2	-2	-1	-253	-	-253
Impairment of property and equipment and intangible assets	0	-	-1	-	-	-	-1	-	-1
Other expenses	-53	-81	-43	-23	-27	-6	-233	-1	-233
TOTAL EXPENSES	-7 778	-1 741	-1 303	-139	-113	-10	-11 084	165	-10 919
of which inter-segment	-138	14	-22	0	-14	-4	-165	165	
SEGMENT RESULT	407	118	50	18	74	66	733	-30	704
of which inter-segment	-92	-8	-10	-22	102	58	30	-30	
Unallocated corporate costs									-27
PROFIT FROM OPERATIONS									677
Borrowing costs	-87	0	-2	-1	-	-17	-108	30	-78
Income tax expense									-112
NET PROFIT									487

Statement of income for the 6 months ended 30 June 2013

In CHF million									
	Switzer-land	France	Germany	Inter-national	Asset Managers	Other	Total before elimi-nations	Elimi-nations	Total
INCOME									
Premiums earned on insurance contracts	5 421	1 414	768	25	-	0	7 629	-44	7 584
Premiums earned on investment contracts with discretionary participation	344	-	-	-	-	-	344	-	344
Premiums ceded to reinsurers	-16	-102	-18	-5	-	0	-141	45	-97
Net earned premiums	5 749	1 312	750	20	-	0	7 832	0	7 832
Policy fees earned on insurance contracts	4	9	-	0	-	-	13	-	13
Policy fees earned on investment and unit-linked contracts	22	57	19	42	-	-	140	-	140
Net earned policy fees	26	65	19	42	-	-	153	-	153
Commission income	54	49	161	73	169	36	542	-149	393
Investment income	1 494	311	334	17	0	40	2 197	-43	2 154
Net gains/losses on financial assets	866	53	225	0	0	2	1 146	-	1 146
Net gains/losses on financial instruments at fair value through profit or loss	-478	32	-15	-1	0	-2	-463	-	-463
Net gains/losses on investment property	357	25	3	-	-	0	385	-	385
Share of profit or loss of associates	1	2	0	-	2	0	5	-	5
Other income	-31	1	2	0	0	1	-27	-1	-27
TOTAL INCOME	8 039	1 851	1 480	152	172	77	11 770	-193	11 577
of which inter-segment	51	-22	-14	3	108	67	193	-193	
EXPENSES									
Benefits and claims under insurance contracts	-6 105	-1 059	-854	-5	-	6	-8 017	30	-7 986
Benefits and claims under investment contracts with discretionary participation	-357	-	-	-	-	-	-357	-	-357
Benefits and claims recovered from reinsurers	10	71	11	1	-	-3	90	-31	59
Net insurance benefits and claims	-6 452	-989	-843	-4	-	3	-8 284	0	-8 284
Policyholder participation	-675	-211	-296	-12	-	0	-1 193	0	-1 193
Interest expense	-33	-77	-8	-8	0	0	-126	3	-124
Commission expense	-189	-189	-112	-52	-18	-1	-561	149	-412
Employee benefits expense	-129	-99	-75	-31	-58	-2	-395	0	-394
Depreciation and amortisation expense	-38	-124	-46	-2	-1	-1	-212	-	-212
Impairment of property and equipment and intangible assets	-	-	-4	0	-	-	-4	-	-4
Other expenses	-51	-69	-48	-34	-24	-13	-238	0	-238
TOTAL EXPENSES	-7 567	-1 757	-1 430	-144	-101	-14	-11 014	152	-10 862
of which inter-segment	-138	18	-19	1	-10	-4	-152	152	
SEGMENT RESULT	472	93	50	8	71	63	756	-41	715
of which inter-segment	-87	-5	-32	4	99	63	41	-41	
Unallocated corporate costs									-28
PROFIT FROM OPERATIONS									688
Borrowing costs	-85	0	-12	-1	-	-11	-109	41	-68
Income tax expense									-148
NET PROFIT									472

Balance sheet as at 30 June 2014

In CHF million

	Switzer- land	France	Germany	Inter- national	Asset Managers	Other	Total before elim- inations	Elimi- nations	Total
ASSETS									
Cash and cash equivalents	1 509	514	561	2 490	70	533	5 677	0	5 677
Derivatives	1 205	231	74	14	-	4	1 527	-30	1 497
Financial assets at fair value through profit or loss	3 804	8 510	1 045	17 632	0	-	30 992	-	30 992
Financial assets available for sale	62 374	17 299	7 249	1 210	40	812	88 984	-	88 984
Loans and receivables	14 562	2 248	9 904	181	153	1 402	28 450	-2 893	25 557
Financial assets pledged as collateral	395	1 087	-	-	-	-	1 482	-	1 482
Investment property	16 267	2 015	1 069	-	-	3	19 355	-	19 355
Investments in associates	10	60	205	-	-	11	288	-	288
Reinsurance assets	32	388	58	5	-	3	486	-89	398
Property and equipment	227	43	184	2	2	15	474	-	474
Intangible assets including intangible insurance assets	650	444	1 434	239	16	3	2 788	-	2 788
Other assets	496	7	5	4	43	1	556	-90	466
SEGMENT ASSETS	101 532	32 847	21 789	21 778	325	2 788	181 060	-3 103	177 957
Income tax assets									65
TOTAL ASSETS									178 022
LIABILITIES AND EQUITY									
LIABILITIES									
Derivatives	715	-	28	4	-	30	777	-30	747
Financial liabilities at fair value through profit or loss	2 974	523	775	19 718	-	-	23 990	-	23 990
Investment contracts	2 375	10 307	6	811	-	-	13 498	-	13 498
Other financial liabilities	4 320	3 231	739	377	30	163	8 860	-934	7 926
Insurance liabilities	73 240	14 022	17 310	220	-	22	104 814	-113	104 701
Policyholder participation liabilities	5 003	2 398	1 493	34	-	0	8 928	-2	8 926
Employee benefit liabilities	1 282	72	106	4	42	0	1 506	-	1 506
Provisions	19	12	71	29	6	3	139	-	139
Other liabilities	125	90	43	21	3	3	283	0	283
SEGMENT LIABILITIES	90 053	30 654	20 571	21 217	80	222	162 796	-1 079	161 717
Borrowings									3 808
Income tax liabilities									1 546
EQUITY									10 952
TOTAL LIABILITIES AND EQUITY									178 022

Balance sheet as at 31 December 2013

In CHF million

	Switzer- land	France	Germany	Inter- national	Asset Managers	Other	Total before elim- inations	Elimi- nations	Total
ASSETS									
Cash and cash equivalents	1 504	713	320	2 668	109	774	6 089	-1	6 088
Derivatives	1 068	109	118	0	-	0	1 296	-28	1 268
Financial assets at fair value through profit or loss	3 673	9 626	1 008	17 180	0	-	31 486	-	31 486
Financial assets available for sale	56 954	16 022	6 493	1 104	37	461	81 071	-	81 071
Loans and receivables	14 331	2 100	10 267	163	180	1 454	28 496	-2 947	25 548
Financial assets pledged as collateral	826	1 173	-	-	-	-	1 999	-	1 999
Investment property	15 600	1 874	1 040	-	-	3	18 517	-	18 517
Investments in associates	12	59	185	-	4	10	271	-	271
Reinsurance assets	31	391	51	4	-	6	482	-86	396
Property and equipment	230	44	154	2	3	16	448	-	448
Intangible assets including intangible insurance assets	702	463	1 512	238	16	5	2 937	-	2 937
Other assets	426	40	6	2	25	1	501	-99	402
SEGMENT ASSETS	95 359	32 615	21 153	21 361	374	2 731	173 593	-3 161	170 432
Income tax assets									99
TOTAL ASSETS									170 530
LIABILITIES AND EQUITY									
LIABILITIES									
Derivatives	785	4	16	9	-	28	842	-28	814
Financial liabilities at fair value through profit or loss	2 809	1 784	713	19 488	-	-	24 794	-	24 794
Investment contracts	2 188	10 146	24	772	-	-	13 130	-	13 130
Other financial liabilities	5 183	3 573	747	275	22	170	9 969	-930	9 040
Insurance liabilities	70 454	13 580	17 258	220	-	30	101 541	-109	101 432
Policyholder participation liabilities	2 957	1 455	1 046	24	-	0	5 483	-2	5 481
Employee benefit liabilities	1 327	71	100	5	48	1	1 553	-	1 553
Provisions	23	12	91	66	5	3	200	-	200
Other liabilities	185	88	49	11	2	1	336	-22	314
SEGMENT LIABILITIES	85 910	30 715	20 044	20 869	78	232	157 848	-1 091	156 757
Borrowings									3 677
Income tax liabilities									1 077
EQUITY									9 018
TOTAL LIABILITIES AND EQUITY									170 530

Premiums and policy fees from external customers

In CHF million	Net earned premiums		Net earned policy fees	
	2014 HY	2013 HY	2014 HY	2013 HY
LIFE				
Individual life	1 790	1 857	142	149
Group life	6 416	5 780	5	4
TOTAL LIFE	8 206	7 637	147	153
NON-LIFE				
Accident and health	7	7	-	-
Property, casualty and other	193	188	-	-
TOTAL NON-LIFE	199	194	-	-
TOTAL	8 406	7 832	147	153

4 Contracts for the Account and Risk of the Swiss Life Group's Customers

Assets relating to certain life insurance and investment contracts are managed for the account and risk of the Swiss Life Group's customers (separate account/unit-linked contracts, private placement life insurance). They are segregated and managed to meet specific investment objectives of the policyholders. The assets back the insurance liabilities and the financial liabilities arising from these contracts. The fair values of the liabilities reflect the fair values of the assets. Certain contracts with unit-linking features contain financial and insurance guarantees. The liabilities relating to this part are included in financial liabilities and insurance liabilities.

Assets for the account and risk of the Swiss Life Group's customers

In CHF million			
	Notes	30.06.2014	31.12.2013
Cash and cash equivalents		2 361	2 499
Derivatives		0	0
Financial assets at fair value through profit or loss			
Debt securities	8	6 178	5 607
Equity securities	8	5 900	4 639
Investment funds	8	15 363	15 813
Other	8	1	0
TOTAL ASSETS FOR THE ACCOUNT AND RISK OF THE SWISS LIFE GROUP'S CUSTOMERS		29 803	28 559

Liabilities linked to assets for the account and risk of the Swiss Life Group's customers

In CHF million			
	Notes	30.06.2014	31.12.2013
Unit-linked contracts	8	22 992	22 436
Investment contracts	12	4 115	3 762
Insurance liabilities	14	2 466	2 200
TOTAL LIABILITIES LINKED TO ASSETS FOR THE ACCOUNT AND RISK OF THE SWISS LIFE GROUP'S CUSTOMERS		29 573	28 398

The financial result for the six months ended 30 June for the account and risk of the Swiss Life Group and the Swiss Life Group's customers was as follows:

In CHF million							
		For the account and risk of the Swiss Life Group		For the account and risk of the Swiss Life Group's customers		Total	
	Notes	2014 HY	2013 HY	2014 HY	2013 HY	2014 HY	2013 HY
Investment income	6	2 217	2 154	–	–	2 217	2 154
Net gains/losses on financial assets	6	92	1 145	–	0	92	1 146
Net gains/losses on financial instruments at fair value through profit or loss (FVPL)	6	173	–452	6	–11	179	–463
Net gains/losses on investment property		132	385	–	–	132	385
Share of profit or loss of associates		2	5	–	–	2	5
FINANCIAL RESULT		2 616	3 238	6	–11	2 621	3 227

5 Premiums, Policy Fees and Deposits Received

Written premiums

In CHF million

	2014 HY	2013 HY
Direct	8 359	7 845
Assumed	182	140
GROSS WRITTEN PREMIUMS	8 541	7 985
Ceded	-90	-96
NET WRITTEN PREMIUMS	8 451	7 889

Earned premiums

In CHF million

	2014 HY	2013 HY
Direct	8 318	7 792
Assumed	178	136
GROSS EARNED PREMIUMS	8 496	7 928
Ceded	-90	-97
NET EARNED PREMIUMS	8 406	7 832

Written policy fees

In CHF million

	2014 HY	2013 HY
Direct	156	163
Assumed	-	0
GROSS WRITTEN POLICY FEES	156	163
Ceded	-	0
NET WRITTEN POLICY FEES	156	163

Earned policy fees

In CHF million

	2014 HY	2013 HY
Direct	147	153
Assumed	-	0
GROSS EARNED POLICY FEES	147	153
Ceded	-	0
NET EARNED POLICY FEES	147	153

Under the accounting principles adopted, deposits received under insurance and investment contracts for which deposit accounting is used are not recognised as income:

In CHF million		
	2014 HY	2013 HY
Gross written premiums and policy fees	8 697	8 148
Deposits received under insurance and investment contracts	2 110	2 220
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	10 807	10 368

6 Details of Certain Items in the Consolidated Statement of Income

Commission income

In CHF million		
	2014 HY	2013 HY
Brokerage commissions	261	245
Asset management commissions	83	66
Other commissions and fees	90	82
TOTAL COMMISSION INCOME	435	393

Investment income

In CHF million		
	2014 HY	2013 HY
Interest income on financial assets available for sale	1 373	1 339
Interest income on loans and receivables	426	465
Other interest income	3	3
Dividend income on financial assets available for sale	68	30
Net income on investment property	348	316
TOTAL INVESTMENT INCOME	2 217	2 154

Net gains/losses on financial assets

In CHF million

	2014 HY	2013 HY
Sale of		
financial assets available for sale	46	484
loans	82	158
Net gains/losses from sales	128	642
Impairment losses on		
debt securities available for sale	0	0
equity securities available for sale	-2	-5
loans and receivables	1	2
Impairment losses on financial assets	-1	-3
Foreign currency gains/losses	-35	506
TOTAL NET GAINS/LOSSES ON FINANCIAL ASSETS	92	1 146

Net gains/losses on financial instruments at fair value through profit or loss

In CHF million

	2014 HY	2013 HY
Interest rate derivatives	125	48
Equity derivatives	-12	-33
Currency derivatives	-48	-606
Other derivatives	-7	0
Financial assets designated as at fair value through profit or loss	99	116
Financial liabilities designated as at fair value through profit or loss	-8	13
Associates at fair value through profit or loss	25	10
Financial instruments for the account and risk of the Swiss Life Group's customers	6	-11
TOTAL NET GAINS/LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	179	-463

Other income

In CHF million

	2014 HY	2013 HY
Realised gains/losses on sales of subsidiaries and other assets	0	0
Other foreign currency gains/losses	10	-31
Other	4	4
TOTAL OTHER INCOME	14	-27

Net insurance benefits and claims

In CHF million

	2014 HY	2013 HY
Benefits and claims under insurance contracts		
Life benefits and claims paid, gross	5 112	5 323
Change in liability for future life policyholder benefits, gross	3 274	2 530
Non-life claims paid, gross	140	143
Change in reserve for non-life claims, gross	-17	-10
Benefits and claims recovered from reinsurers	-46	-59
Net benefits and claims under insurance contracts	8 462	7 927
Benefits and claims under investment contracts with discretionary participation		
Life benefits and claims paid, gross	217	203
Change in liability for future life policyholder benefits, gross	170	154
Net benefits and claims under investment contracts with discretionary participation	387	357
TOTAL NET INSURANCE BENEFITS AND CLAIMS	8 849	8 284

Interest expense

In CHF million

	2014 HY	2013 HY
Interest expense on deposits	13	12
Interest expense on investment contracts	41	53
Interest expense on deposits under insurance contracts	36	39
Other interest expense	15	20
TOTAL INTEREST EXPENSE	105	124

Commission expense

In CHF million

	2014 HY	2013 HY
Insurance agent and broker commissions	372	370
Asset management and banking commissions	30	31
Other commissions and fees	14	11
TOTAL COMMISSION EXPENSE	416	412

Employee benefits expense

In CHF million

	2014 HY	2013 HY
Wages and salaries	286	293
Social security	64	61
Defined benefit plans	44	47
Defined contribution plans	1	1
Other employee benefits	21	15
TOTAL EMPLOYEE BENEFITS EXPENSE	416	416

Depreciation and amortisation expense

In CHF million

	Notes	2014 HY	2013 HY
Depreciation of property and equipment		12	12
Amortisation of present value of future profits (PVP)	11	1	2
Amortisation of deferred acquisition costs (DAC)	11	220	180
Amortisation of deferred origination costs (DOC)	11	6	6
Amortisation of other intangible assets	11	14	12
TOTAL DEPRECIATION AND AMORTISATION EXPENSE		253	212

Other expenses

In CHF million

	2014 HY	2013 HY
Marketing and advertising	24	34
Information technology and systems	37	36
Rental, maintenance and repair	31	31
Professional services	83	76
Premium taxes and other non-income taxes	27	26
Other	39	41
TOTAL OTHER EXPENSES	241	244

7 Income Taxes

Income tax expense

In CHF million

	2014 HY	2013 HY
Current income tax expense	85	65
Deferred income tax expense	27	82
TOTAL INCOME TAX EXPENSE	112	148

8 Financial Assets and Liabilities at Fair Value through Profit or Loss

In CHF million

		30.06.2014	31.12.2013
FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS			
	Notes		
Debt securities		678	856
Money market instruments		1	1
Equity securities		5	7
Investment funds – debt		1 017	1 470
Investment funds – equity		264	288
Investment funds – balanced		58	14
Real estate funds		428	338
Private equity		–	3
Hedge funds		9	14
Infrastructure investments		91	77
Assets attributable to non-controlling interests of investment funds		999	2 358
Assets for the account and risk of the Swiss Life Group's customers	4	27 442	26 059
TOTAL FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS		30 992	31 486
FINANCIAL LIABILITIES DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Unit-linked contracts	4	22 992	22 436
Share of net assets of investment funds attributable to non-controlling interests		999	2 358
TOTAL FINANCIAL LIABILITIES DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS		23 990	24 794

During the first half of 2014, investment funds were deconsolidated due to loss of control. This resulted in a significant decrease in the amount of assets attributable to non-controlling interests of investment funds and of the related liability.

9 Financial Assets Available for Sale

In CHF million	Cost/amortised cost		Net unrealised gains/losses		Fair value (carrying amount)	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013	30.06.2014	31.12.2013
Debt securities	76 980	74 307	7 486	2 533	84 466	76 841
Money market instruments	–	4	–	–	–	4
Equity securities	956	731	131	109	1 086	841
Investment funds – debt	995	728	47	–1	1 042	728
Investment funds – equity	962	1 362	68	57	1 030	1 418
Investment funds – balanced	12	13	0	0	12	13
Real estate funds	657	511	9	4	666	515
Private equity	478	504	90	80	569	583
Hedge funds	68	81	46	47	114	128
TOTAL FINANCIAL ASSETS AVAILABLE FOR SALE	81 107	78 242	7 878	2 829	88 984	81 071

10 Loans and Receivables

In CHF million	Notes	Gross amount		Allowance for impairment losses		Cost/amortised cost (carrying amount)	
		30.06.2014	31.12.2013	30.06.2014	31.12.2013	30.06.2014	31.12.2013
LOANS							
Mortgages		5 964	5 947	–12	–12	5 952	5 935
Policy loans		257	265	–	–	257	265
Other originated loans		957	962	–	–	957	962
Note loans		8 033	8 259	–	–	8 033	8 259
Debt securities previously classified as available for sale		5 623	5 863	–6	–6	5 617	5 857
Debt securities designated as loans		477	508	–	–	477	508
TOTAL LOANS	16	21 311	21 804	–18	–18	21 293	21 786
RECEIVABLES							
Insurance receivables		1 566	1 174	–18	–22	1 548	1 152
Reinsurance receivables		247	206	–	–	247	206
Accrued income		1 427	1 664	–	–	1 427	1 664
Settlement accounts		416	273	–	–	416	273
Other		628	469	–1	–1	627	468
TOTAL RECEIVABLES	16	4 284	3 786	–20	–23	4 264	3 763
TOTAL LOANS AND RECEIVABLES		25 594	25 590	–37	–41	25 557	25 548

11 Intangible Assets including Intangible Insurance Assets

In CHF million

	30.06.2014	31.12.2013
Intangible insurance assets	1 483	1 618
Other intangible assets	1 306	1 319
TOTAL INTANGIBLE ASSETS	2 788	2 937

Intangible insurance assets

In CHF million

	Present value of future profits from acquired insurance portfolios (PVP)		Deferred acquisition costs (DAC)		Deferred origination costs (DOC)		Total	
	2014 HY	2013 YE	2014 HY	2013 YE	2014 HY	2013 YE	2014 HY	2013 YE
Balance as at 1 January	16	15	1 567	1 554	35	36	1 618	1 605
Additions	–	2	193	381	5	11	197	393
Amortisation	–1	–1	–220	–474	–6	–11	–227	–486
Impairment	–	–	–1	–5	–	–	–1	–5
Effect of shadow accounting	0	0	–96	94	–	–	–96	94
Disposals	–	0	–	–	–	–	–	0
Foreign currency translation differences	0	0	–9	16	0	1	–9	17
BALANCE AS AT END OF PERIOD	15	16	1 434	1 567	34	35	1 483	1 618

Present value of future profits (PVP)

The present value of future profits relates to portfolios of insurance contracts and investment contracts with discretionary participation acquired in a business combination or transfer of portfolios. It relates to contracts acquired in Germany and France and is amortised in proportion to gross profits or margins over the effective life of the acquired insurance and investment contracts.

Deferred acquisition costs (DAC)

Certain acquisition costs relating to new and renewed insurance contracts and investment contracts with discretionary participation are deferred.

Deferred origination costs (DOC)

These costs are recoverable and are directly attributable to securing the right for investment management services within investment contract policies. They relate to contracts in Luxembourg and Switzerland.

Other intangible assets

In CHF million								
	Goodwill		Customer relationships		Computer software and other		Total	
	2014 HY	2013 YE	2014 HY	2013 YE	2014 HY	2013 YE	2014 HY	2013 YE
COST								
Balance as at 1 January	1 743	1 726	223	309	186	258	2 151	2 293
Additions	-	-	-	-	5	16	5	16
Additions from business combinations	-	8	-	17	-	0	-	25
Additions from internal software development	-	-	-	-	2	6	2	6
Disposals ¹	-	-7	-91	-107	0	-98	-92	-212
Foreign currency translation differences	-7	16	-1	4	-1	4	-10	22
BALANCE AS AT END OF PERIOD	1 736	1 743	130	223	191	186	2 056	2 151
ACCUMULATED AMORTISATION AND IMPAIRMENT								
Balance as at 1 January	-550	-550	-164	-255	-120	-200	-833	-1 005
Amortisation	-	-	-7	-13	-7	-14	-14	-27
Impairment losses	-	-	-	-	0	-1	0	-1
Disposals ¹	-	7	91	107	0	98	91	212
Foreign currency translation differences	3	-7	1	-4	1	-3	5	-13
BALANCE AS AT END OF PERIOD	-547	-550	-79	-164	-126	-120	-750	-833
TOTAL OTHER INTANGIBLE ASSETS AS AT END OF PERIOD	1 189	1 193	51	59	65	67	1 306	1 319

¹ includes elimination of fully amortised/impaired assets

Goodwill

Goodwill represents the excess of the fair value of the consideration transferred and the amount of any non-controlling interest recognised, if applicable, over the fair value of the assets and liabilities recognised at the date of acquisition. Goodwill includes amounts relating to both the Swiss Life Group's interest and the non-controlling interest in the business acquired in the case where non-controlling interest is measured at fair value. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on associates is included in the carrying amount of the investment.

Goodwill relating to Lloyd Continental has been allocated to the “France” segment. Goodwill relating to CapitalLeben has been allocated to the “International” segment. Of the goodwill relating to other acquisitions, CHF 21 million (31.12.2013: CHF 21 million) has been allocated to the “France” segment and CHF 9 million (31.12.2013: CHF 9 million) to the “Asset Managers” segment as at 30 June 2014.

In CHF million	Lloyd Continental		CapitalLeben		Other	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013	30.06.2014	31.12.2013
Net carrying amount of goodwill	287	287	149	149	30	30

Goodwill relating to “Swiss Life Select” (acquisitions of AWD Holding AG and Deutsche Proventus AG) has been allocated to the “Switzerland”, “Germany” and “International” segments.

Goodwill relating to “Swiss Life Select”

In CHF million	Switzerland		Germany		International		Total	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013	30.06.2014	31.12.2013	30.06.2014	31.12.2013
Net carrying amount of goodwill	152	152	490	494	81	81	723	727

No impairment losses on the goodwill were recognised in the first half of 2014.

Customer relationships

As at 30 June 2014, customer relationships comprise customer relationships relating to “Swiss Life Select”: CHF 5 million (31.12.2013: CHF 6 million) which were allocated to the “Switzerland” segment and CHF 16 million (31.12.2013: CHF 21 million) which were allocated to the “Germany” segment. The “France” segment comprises customer relationships of CHF 29 million (31.12.2013: CHF 31 million) and the “Asset Managers” segment CHF 1 million (31.12.2013: CHF 1 million).

No impairment losses on customer relationships were recognised in the first half of 2014.

12 Investment Contracts

In CHF million

	30.06.2014	31.12.2013
Investment contracts with discretionary participation with deposit accounting	10 927	10 728
Investment contracts with discretionary participation with actuarial valuation	2 344	2 173
Investment contracts without discretionary participation at amortised cost	16	36
Investment contracts without discretionary participation at fair value through profit or loss	212	193
TOTAL INVESTMENT CONTRACTS	13 498	13 130
of which for the account and risk of the Swiss Life Group's customers		
investment contracts with discretionary participation	3 933	3 580
investment contracts without discretionary participation	182	182

13 Borrowings

In CHF million

	30.06.2014	31.12.2013
Hybrid debt	2 624	2 634
Convertible debt	448	445
Senior bonds	422	422
Bank loans	311	174
Other	3	3
TOTAL BORROWINGS	3 808	3 677

Hybrid debt

In March 1999, Swiss Life Ltd privately placed a subordinated perpetual step-up loan comprising three simultaneous advances of EUR 443 million (at a rate of interest of Euribor plus a margin of 1.05%, increased by 100 basis points as from April 2009), CHF 290 million (at a rate of interest of Libor plus a margin of 1.05%, increased by 100 basis points as from April 2009) and EUR 215 million (at a rate of interest of Euribor plus a margin of 1.05%, increased by 100 basis points as from October 2009). In 2009, Swiss Life Ltd renounced the right to call the loan on its first call date. Following the purchase offer by Swiss Life Insurance Finance Ltd. in 2012, EUR 192 million remain outstanding and were not called on the second optional call date in April 2014. Swiss Life Ltd can next call the outstanding loan in 2019 or at five-year intervals thereafter, at its discretion, upon notice and subject to the consent of the Swiss Financial Market Supervisory Authority.

Bank loans

The increase in bank loans in the first half of 2014 primarily relates to mortgage loans of newly acquired investment property.

14 Insurance Liabilities and Reinsurance Assets

In CHF million	Gross		Reinsurance assets		Net	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013	30.06.2014	31.12.2013
Claims under non-life insurance contracts	954	979	195	197	758	782
Unearned premiums non-life	86	67	0	0	86	66
Claims under life insurance contracts	6 163	6 270	86	90	6 077	6 180
Future life policyholder benefits	91 065	87 890	116	108	90 949	87 781
Unearned premiums life	68	44	0	0	68	44
Deposits under insurance contracts	6 366	6 182	-	-	6 366	6 182
TOTAL INSURANCE LIABILITIES AND REINSURANCE ASSETS	104 701	101 432	398	396	104 304	101 035
of which for the account and risk of the Swiss Life Group's customers	2 466	2 200	-	-	2 466	2 200

Unearned premiums

Unearned premiums represent the portion of the premiums written relating to the unexpired terms of coverage.

Claims under non-life insurance contracts

Claims under non-life insurance contracts represent the liability needed to provide for the estimated ultimate cost of settling claims relating to insured events that have occurred on or before the financial reporting date. The estimated liability includes the amount that will be required for future payments on both claims that have been reported to the insurer and claims relating to insured events that have occurred but have not been reported to the insurer as at the date the liability is estimated. Loss development tables are generally used to make these estimates.

Claims under life insurance contracts

Claims under life insurance contracts represent the liability for unpaid portions of claims incurred. It includes an estimate of the liability for claims incurred but not reported (IBNR). The measurement at reporting date is a best estimate of ultimate future claim payments.

Future life policyholder benefits

For participating contracts where the contribution principle applies to the allocation of the policyholder bonus, future life policy benefit liabilities are determined by using the net-level-premium method on the basis of appropriate mortality and interest rate assumptions.

The valuation of other long-duration contracts is also based on the net-level-premium method with actuarial assumptions as to mortality, persistency, expenses and investment returns including provisions for adverse deviation.

Deposits under insurance contracts

For investment-type contracts with significant insurance risk, savings premiums collected are reported as deposits (deposit accounting).

15 Employee Benefits

Employee benefit liabilities

In CHF million	30.06.2014	31.12.2013
Employee benefit liabilities consist of		
gross defined benefit liabilities	1 407	1 434
other long-term employee benefit liabilities	0	0
other employee benefit liabilities	98	119
TOTAL EMPLOYEE BENEFIT LIABILITIES	1 506	1 553

Amounts recognised as defined benefit assets/liabilities

In CHF million	30.06.2014	31.12.2013
Present value of defined benefit obligation	-2 749	-2 700
Fairvalue of plan assets	1 436	1 361
NET DEFINED BENEFIT LIABILITY	-1 312	-1 339
Insurance contracts not eligible as plan assets under IFRS	1 420	1 424
NET DEFINED BENEFIT SURPLUS (+)/DEFICIT (-) (ECONOMIC VIEW)	107	85
The net defined benefit liability consists of		
gross defined benefit liabilities	-1 407	-1 434
gross defined benefit assets	95	95

To assess the funding situation of the defined benefit plans in total, plan assets as well as insurance contracts not eligible as plan assets under IFRS must be set off against the present value of the defined benefit obligation. The total surplus taking into consideration insurance contracts not eligible as plan assets under IFRS amounted to CHF 107 million as at 30 June 2014 (31.12.2013: surplus of CHF 85 million).

16 Fair Value of Financial Instruments

For reporting purposes, a fair value hierarchy is established that categorises the inputs to valuation techniques used to measure fair value into level 1, 2 or 3. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1 inputs) and the lowest priority to unobservable inputs (level 3 inputs).

The fair value of assets or liabilities included in level 1 is based on unadjusted quoted prices in active markets for identical assets or liabilities. The fair value of assets or liabilities that are not traded in an active market is determined using valuation techniques. If all significant inputs to these valuation techniques are observable (directly and indirectly) in the market, the assets or liabilities are included in level 2.

If one or more significant inputs to these valuation techniques are not observable in the market, the assets or liabilities are included in level 3. Such inputs may include information that is derived through extrapolation which is not substantiated by observable market data or that reflects own assumptions about what market participants would use in pricing the asset or liability.

Financial instruments measured at fair value on a recurring basis

As a general rule, fair values of financial instruments are based on quoted prices sourced from well-known independent price providers such as Bloomberg. Model-based level 2 and level 3 valuations of financial instruments are applied to a minority of the assets.

Fair value hierarchy

In CHF million								
	Quoted prices (level 1)		Valuation technique – observable inputs (level 2)		Valuation technique – unobservable inputs (level 3)		Total	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013	30.06.2014	31.12.2013	30.06.2014	31.12.2013
FINANCIAL ASSETS								
Derivatives								
Currency	0	0	176	361	–	–	177	361
Interest rate	–	–	969	641	–	–	969	641
Equity	347	266	0	0	–	–	347	267
Other	–	0	4	–	–	–	4	0
Total derivatives	348	266	1 149	1 002	–	–	1 497	1 268
Debt instruments								
Government/Supranational	38 094	34 254	344	478	–	–	38 438	34 732
Corporate	45 534	41 757	962	932	68	140	46 563	42 829
Other	126	127	18	14	–	–	144	141
Total debt instruments	83 755	76 138	1 323	1 425	68	140	85 145	77 702
Equity instruments								
Equity securities	809	549	64	64	218	235	1 091	848
Investment funds	3 133	4 046	762	235	621	504	4 517	4 784
Alternative investments	2	7	54	48	728	750	783	805
Total equity instruments	3 945	4 601	879	348	1 567	1 488	6 391	6 437
Financial assets pledged as collateral	1 482	1 999	–	–	–	–	1 482	1 999
Assets attributable to non-controlling interests of investment funds	638	2 078	–	–	361	280	999	2 358
Assets for the account and risk of the Swiss Life Group's customers	23 375	22 224	1 082	911	2 985	2 924	27 442	26 059
TOTAL FINANCIAL ASSETS	113 541	107 306	4 434	3 686	4 980	4 832	122 955	115 824
INVESTMENTS IN ASSOCIATES								
Associates at fair value through profit or loss	–	–	216	195	8	10	225	205
FINANCIAL LIABILITIES								
Derivatives								
Currency	0	0	166	118	–	–	166	118
Interest rate	–	–	472	612	–	–	472	612
Equity	88	84	0	–	–	–	89	84
Other	–	–	20	–	–	–	20	–
Total derivatives	89	84	658	730	–	–	747	814
Investment contracts without discretionary participation	–	–	212	193	–	–	212	193
Unit-linked contracts	–	–	22 884	22 329	108	107	22 992	22 436
Share of net assets of investment funds attributable to non-controlling interests	–	–	638	2 078	361	280	999	2 358
TOTAL FINANCIAL LIABILITIES	89	84	24 391	25 331	469	387	24 949	25 801

The fair value hierarchy of assets for the account and risk of the Swiss Life Group's customers is consistent with the categorisation of assets for the account and risk of the Swiss Life Group.

At the end of the reporting period, bonds of CHF 200 million were transferred from level 2 into level 1 due to available price quotations in an active market, and investment funds of CHF 498 million were transferred from level 1 into level 2 due to diminished fund pricing frequency.

Due to the adoption of IFRS 13 Fair Value Measurement in 2013 the fair value hierarchy for equity instruments was subject to a review. This resulted in the transfers of equity securities of CHF 67 million from level 2 into level 3, and transfers of investment funds of CHF 480 million from levels 1 and 2 into level 3. In addition, assets for the account and risk of the Swiss Life Group's customers of CHF 2416 million were transferred from level 2 into level 3. Debt securities of CHF 20 million were transferred from level 2 into level 3 as the predominant inputs are no longer derived from market observable inputs. The transfers between the levels of the fair value hierarchy were made at the end of the reporting period.

The following sections outline the valuation techniques and significant inputs used in the fair value measurement of financial instruments categorised within level 2 and level 3 of the fair value hierarchy.

Level 2: Valuation techniques and inputs

Level 2 financial instruments carried at fair value include debt instruments, equity securities, investment funds, alternative investments, over-the-counter derivatives on currencies, interest rates, and equity as well as investments in associates.

Debt instruments: Debt instruments categorised as level 2 of the fair value hierarchy comprise government, supranational, and corporate bonds for which prices are only available on an irregular basis or with a significant time lag. The price for such assets is obtained from an independent, acknowledged market data provider, which refers to quotes of recent transactions with the same or similar actively traded bonds and systematically derives a comparable price for those less liquid securities. Alternatively, if such a derived price is missing, level 2 fair values of debt instruments are measured on a discounted cash flow basis using risk-adjusted discount factors. Main inputs to determine the discount factor are zero coupon yield curves and observable, rating-implied flat spreads to account for credit risk.

Equity securities: Equity securities categorised as level 2 of the fair value hierarchy comprise unlisted equities for which the prices are not available in the exchange market. The instruments are evaluated by counterparties or third-party independent agencies based on market consistent valuation parameters.

Investment funds: Some fair value measurements of fund units, including unlisted fixed income funds, are only available on an irregular basis and are therefore categorised as level 2. Prices are provided by independent external market data providers who measure the fair value using market-consistent parameters.

Alternative investments: Alternative investments classified as level 2 assets comprise hedge fund of funds and leveraged loans funds that are based on third-party quotes substantiated by observable market data such as recent transactions or valuation techniques that reflect market participants' assumptions. The level 2 classification is chosen because those funds maintain an irregular price basis and are evaluated with some time lag.

Over-the-counter derivatives: Level 2 fair values of over-the-counter derivatives on currencies, interest rates, and equities are based on theoretical valuations with observable market data from well-known data providers as inputs. The fair value measurement is based on acknowledged, well-established models. In certain cases, the market quotes used in those models may be slightly adjusted to better reflect specific market behaviour, e.g. volatility smiles.

Currency derivatives:

- Foreign currency options are valued on the basis of the Garman-Kohlhagen model with the spot foreign exchange rate, the interest rates of the underlying currencies and the foreign exchange rate volatility as main inputs.
- The fair value of foreign currency forwards is derived from the foreign exchange spot rate and actively traded foreign exchange ticks.

Interest rate derivatives:

- Interest rate swaps are valued on a discounted cash flow basis. Main inputs used to derive the discount factors are the overnight index/deposit/swap rates.
- Swaptions are theoretically valued with the Black model. Main inputs are the current par swap rate that is calculated out of the standard yield curve and the implied volatility that is derived from observable at-the-money swaption volatility curves.
- Forward starting bonds are valued on a cost-of-carry basis using the discounted cash flow method. Main inputs to calculate the current forward rate are the spot price of the underlying bond and the discount factors to coupon payment dates/maturity date.

Other derivatives:

Other derivatives mainly comprise credit default swap indices. CDS indices are valued using the discounted cash flow method for the fee and the contingent leg. Main inputs for the valuation are the swap curve and the CDS par spreads quoted in the market. In the exceptional case that a theoretical valuation of an OTC derivative is not available in Swiss Life's asset management system the fair value is provided by counterparties. The appropriateness of such quotes is validated by Swiss Life off system based on established models using observable market data as input.

Investments in associates: The associate is categorised as level 2 of the fair value hierarchy as the entity holds direct and indirect investments in assets that qualify inherently as level 1 financial instruments.

Level 3: Valuation techniques and inputs

The exposure of level 3 financial instruments primarily consists of alternative investments (private equity, hedge funds) and real estate funds.

Debt instruments: Debt instruments categorised as level 3 of the fair value hierarchy mainly comprise instruments with embedded derivatives to guarantee the participation on a defined underlying (hedge fund of fund or equity basket). The valuation, which is provided by banks, is derived from valuation techniques that take into account the market value of the underlying assets, transaction prices and other information such as market participants' assumptions.

Equity securities: The fair values of equity securities, which are not traded in an active market and are determined using unobservable inputs, classify as level 3 within the fair value hierarchy. These fair values are based on generally accepted valuation techniques. Valuation techniques try to use a maximum of market inputs and include discounted cash flow analysis (e.g. profit situation, investment plans, investment property) and other valuation techniques commonly used by market participants.

Investment funds: Level 3 fair values of investment funds are primarily related to real estate funds. The valuation of the underlying property investments is done by independent appraisers using generally accepted valuation techniques (mainly discounted cash flow). The appraisers consider the general economic situation and the individual condition of the property investments. Main input factors applied in the discounted cash flow method are estimates on rental income and vacancies, projections of non-recoverable running costs (e.g. property taxes), maintenance costs, and risk-adjusted discount rates, which are determined individually for each property.

Alternative investments: The fair values of private equity investments are based on generally accepted valuation techniques. Valuation techniques use a maximum of market inputs and include the use of comparable recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants. Because of the inherent valuation uncertainty, those estimated fair values may differ significantly from the values that would be used if a ready market for the financial assets existed, and those differences could be material. The fair values are determined by the general partner in the partnership and reviewed by management. In determining the fair value of fund investments, the partnership considers the funds as transparent holding vehicles. The fair values of the underlying investments are determined using the general partner valuation. These fair value measurements are generally categorised as level 3 within the fair value hierarchy.

To measure the fair value of hedge funds for which no quoted market price is available, valuation techniques are used that take into account the market value of the underlying assets, transaction prices and other information.

Investments in associates: The valuation methods of investments in associates categorised as level 3 of the fair value hierarchy are identical to the methods outlined for level 3 private equity investments.

Financial liabilities

Investment contracts without discretionary participation: The fair value of investment contracts, which are carried at fair value, is measured using market consistent, risk-neutral economic option price models, i.e. Monte Carlo simulations based on scenarios of capital market variables (share price and interest rate indices, interest rates and foreign currency rates). These inputs to fair value measurements are generally categorised as level 2 within the fair value hierarchy.

Unit-linked contracts: The fair value of liabilities arising from unit-linked insurance and investment contracts is measured by reference to the fair value of the underlying assets. Unit-linked contract liabilities are generally categorised as level 2, except for contracts that are backed predominantly by assets categorised within level 3 of the fair value hierarchy.

Reconciliation of fair value measurements categorised within level 3

The following tables show a reconciliation from the opening balances to the closing balances for fair value measurements categorised within level 3 of the fair value hierarchy:

Financial assets measured at fair value based on level 3 for the 6 months ended 30 June 2014

In CHF million

	Derivatives	Debt instruments		Equity instruments		Financial assets for the account and risk of the Swiss Life Group's customers	Associates at fair value through profit or loss	Total
		At fair value through profit or loss	Available for sale	At fair value through profit or loss ¹	Available for sale			
Balance as at 1 January	-	139	1	665	1 103	2 924	10	4 842
Total gains/losses recognised in profit or loss	-	3	0	61	26	0	0	90
Total gains/losses recognised in other comprehensive income	-	-	-	-	-15	-	-	-15
Purchases	-	-	-	173	7	86	-	266
Sales	-	-74	-	-11	-75	-7	-2	-169
Foreign currency translation differences	-	-1	-	-3	-4	-18	-	-25
BALANCE AS AT END OF PERIOD	-	67	1	886	1 042	2 985	8	4 988
Unrealised gains/losses recognised in profit or loss for assets held at the end of the period	-	2	0	60	-2	0	0	60

¹ including assets attributable to non-controlling interests of investment funds

Financial assets measured at fair value based on level 3 for the year 2013

In CHF million

	Derivatives	Debt instruments		Equity instruments		Financial assets for the account and risk of the Swiss Life Group's customers	Associates at fair value through profit or loss	Total
		At fair value through profit or loss	Available for sale	At fair value through profit or loss ¹	Available for sale			
Balance as at 1 January	-	154	4	308	759	68	11	1 304
Total gains/losses recognised in profit or loss	-	6	0	10	40	5	1	62
Total gains/losses recognised in other comprehensive income	-	-	0	-	33	-	-	33
Purchases	-	1	-	111	159	477	-	748
Sales	-	-43	-3	-34	-166	-14	-2	-262
Transfers into level 3	-	20	-	271	276	2 416	-	2 982
Foreign currency translation differences	-	2	0	-1	1	-27	-	-25
BALANCE AS AT END OF PERIOD	-	139	1	665	1 103	2 924	10	4 842
Unrealised gains/losses recognised in profit or loss for assets held at the end of the period	-	5	0	5	-9	4	1	6

¹ including assets attributable to non-controlling interests of investment funds

Liabilities measured at fair value based on level 3 for the 6 months ended 30 June 2014

In CHF million

	Derivatives	Investment contracts without discretionary participation	Unit-linked contracts	Share of net assets of investment funds attributable to non-controlling interests	Other financial liabilities	Total
Total gains/losses recognised in profit or loss	-	-	0	0	-	0
Issues	-	-	0	82	-	82
Foreign currency translation differences	-	-	0	-	-	0
BALANCE AS AT END OF PERIOD	-	-	108	361	-	469
Unrealised gains/losses recognised in profit or loss for liabilities held at the end of the period	-	-	0	0	-	0

Liabilities measured at fair value based on level 3 for the year 2013

In CHF million						
	Derivatives	Investment contracts without discretionary participation	Unit-linked contracts	Share of net assets of investment funds attributable to non-controlling interests	Other financial liabilities	Total
Balance as at 1 January	-	-	68	-	-	68
Total gains/losses recognised in profit or loss	-	-	39	7	-	46
Issues	-	-	1	291	-	292
Settlements	-	-	-	-19	-	-19
Foreign currency translation differences	-	-	0	-	-	0
BALANCE AS AT END OF PERIOD	-	-	107	280	-	387
Unrealised gains/losses recognised in profit or loss for liabilities held at the end of the period						
	-	-	39	7	-	46

Gains/losses recognised in profit or loss

Gains/losses on level 3 fair value measurements recognised in profit or loss are presented in the income statement as follows:

In CHF million				
	Net gains/losses on financial assets		Net gains/losses on financial instruments at fair value through profit or loss	
	2014 HY	2013 YE	2014 HY	2013 YE
ASSETS				
Total gains/losses recognised in profit or loss	26	40	64	22
Unrealised gains/losses recognised in profit or loss for assets held at the end of the period	-2	-9	62	15
LIABILITIES				
Total gains/losses recognised in profit or loss	-	-	0	-46
Unrealised gains/losses recognised in profit or loss for liabilities held at the end of the period	-	-	0	-46

Fair value of financial instruments carried at amortised cost

The following table shows the carrying amounts and fair values of those financial assets and liabilities not measured at fair value in the Group's balance sheet:

In CHF million	Carrying amount		Fair value	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
ASSETS				
Loans	21 293	21 786	23 869	23 405
Receivables ¹	4 264	3 763	4 264	3 763
LIABILITIES				
Investment contracts without discretionary participation	16	36	16	36
Borrowings	3 808	3 677	4 229	3 991
Other financial liabilities ¹	7 926	9 040	7 926	9 040

¹ Carrying amount approximates fair value

17 Events after the Reporting Period

In August 2014, the Swiss Life Group announced the 100% acquisition of CORPUS SIREO, the leading independent German real estate service provider offering real estate asset management for commercial, retail and residential real estate portfolios, real estate investment (fund) management for institutional clients, residential project development and real estate brokerage services. The acquisition still requires approval by the competition authorities and is expected to be closed in the second half of 2014. The acquisition price is EUR 210 million.

By the time that these condensed consolidated financial statements had been completed, management had not become aware of any further events that would have a material impact on the condensed consolidated financial statements as a whole.

Review Report

Report on the Review of
the condensed consolidated financial statements
to the Board of Directors of
Swiss Life Holding Ltd
Zurich

Introduction

We have reviewed the accompanying condensed consolidated financial statements (condensed consolidated statement of income, condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated statement of cash flows, condensed consolidated statement of changes in equity and condensed notes, pages 4 to 41) of Swiss Life Holding Ltd for the period ended 30 June 2014. The Board of Directors is responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Swiss Auditing Standard 910 and International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Swiss Auditing Standards and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers AG

Ray Kunz

Christian Schacher

Zurich, 12 August 2014

Important Dates

Interim Statement Q3 2014

12 November 2014

Presentation of 2014 results

27 February 2015

Annual General Meeting of Shareholders 2015

27 April 2015, Hallenstadion Zurich

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

E-mail investor.relations@swisslife.ch

Shareholder Services

Tel. +41 43 284 61 10

Fax +41 43 284 61 66

E-mail shareholder.services@swisslife.ch

Media Relations

Tel. +41 43 284 77 77

Fax +41 43 284 48 84

E-mail media.relations@swisslife.ch

Financial Publications

All the Swiss Life Group's financial publications can be found at: www.swisslife.com/report

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This document may contain projections or other forward-looking statements related to Swiss Life that are subject to known and unknown risks, uncertainties and other important factors. The reader should be aware that these statements are only projections which could differ materially from the actual results, financial situation, development, performance or expectations and that therefore no undue reliance should be placed on such forward-looking statements. Neither Swiss Life nor any of its directors, officers, employees or advisors, nor any other person connected or otherwise associated with Swiss Life, makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this document. Neither Swiss Life nor any of its directors, officers, employees or advisors, nor any other person connected or otherwise associated with Swiss Life, shall have any liability whatsoever for loss howsoever arising, directly or indirectly, from any use of this document. All forward-looking statements are based on the data available to Swiss Life at the time the present document was compiled. Unless otherwise required by applicable law, Swiss Life assumes no responsibility to publicly update or alter its forward-looking statements or to adapt them, whether as a result of new information, future events or developments or any other reason.

There may be minor discrepancies in total figures and percentages in this report due to rounding effects.

© Swiss Life Holding Ltd, 2014

The future starts here.

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

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