Swiss Life

Annual Report 2015

Contents

The Swiss Life Group's 2015 financial year at a glance:

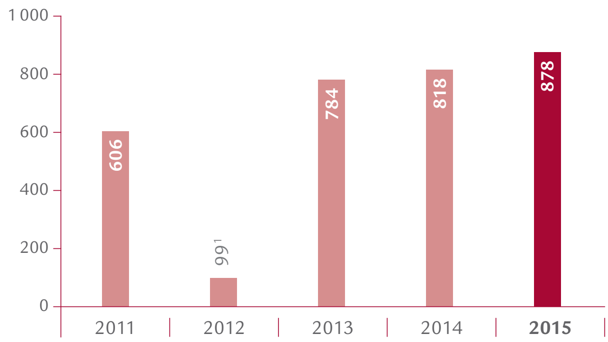
Course of business — In 2015 the Swiss Life Group once again grew its earning power: Net profit rose from CHF 818 million to CHF 878 million (+7%). Adjusted operating income was up 17% at CHF 1.3 billion. All units contributed to this positive development, with premium income up by 5% year-on-year in local currency to CHF 18.9 billion. The Group also saw an increase in its fee business, a central strategic area: Fee and commission income rose by 8% in local currency to CHF 1.3 billion (in CHF –1%). Swiss Life was also able to successfully conclude its "Swiss Life 2015" Group-wide programme during the year under review and meet or exceed all financial objectives. At its Investors' Day in the autumn of 2015, Swiss Life presented its new objectives up to 2018, featuring four strategic thrusts: Quality of earnings and earnings growth; capital, cash and dividends; customer centricity and advice; and operational efficiency.

Markets — The Swiss Life Group operates in Switzerland, Germany and France and has competency centres in Luxembourg, Liechtenstein and Singapore. The Swiss Life Select, Tecis, Horbach, Deutsche Proventus and Chase de Vere advisors use the Best Select approach in various European markets to choose suitable products for customers. Swiss Life Asset Managers affords institutional and private investors in Switzerland, France and Germany 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. The two subsidiaries Livit and Corpus Sireo are also part of the Group.

Workforce — Around 7600 employees and approximately 4600 certified financial advisors were working for the Swiss Life Group worldwide at the end of 2015.

Net profit

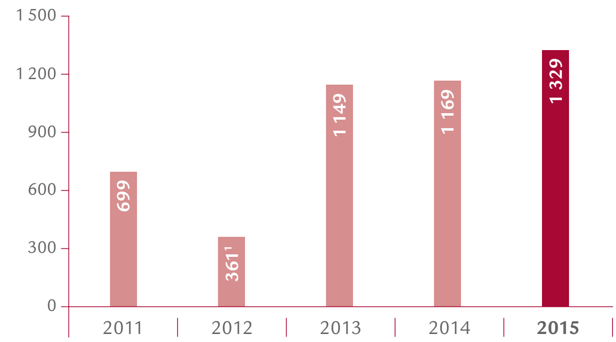
In CHF million



[1] restated

Profit from operations

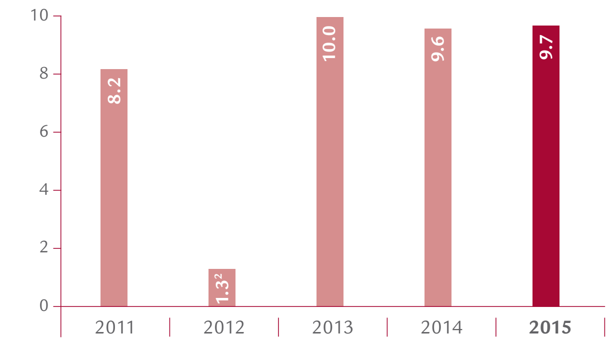
In CHF million



[1] restated

Return on equity[1]

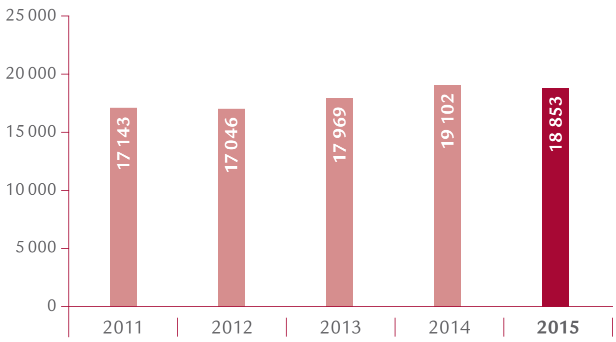
In %



[1] equity excl. unrealised gains/losses on bonds
[2] restated

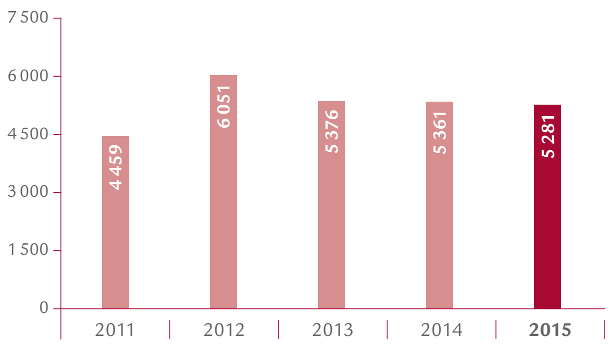
Gross written premiums, policy fees and deposits received

In CHF million



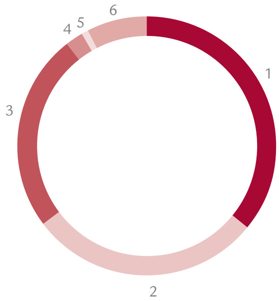
Financial result

In CHF million



Swiss Life employees by country

Total 7595 full-time equivalents as at 31.12.2015



1	Switzerland	2 736
2	France	2 199
3	Germany	1 868
4	Luxembourg	170
5	Liechtenstein	59
6	Other	563

Dear Shareholders,

Patrick Frost and Rolf Dörig

2015 proved to be a very successful year for Swiss Life. We achieved, and in some cases even exceeded, all our financial targets under the Group-wide programme "Swiss Life 2015" launched in 2012. Our new business margin of 1.7% again outstripped our goal of 1.5%. We also performed well in fee and commission business. In 2010, our fee result only came to CHF 134 million, compared to CHF 342 million by the end of 2015. We have also reduced costs by over a quarter since 2008 in spite of investments and organic growth. Moreover, our return on equity in 2015 was in the higher end of our target range at 9.7% and our proposed dividend of CHF 8.50 shows we are on the right track.

Even if recent years have seen us make consistent progress – these successes were not just given to us, especially considering the low and even negative interest rate levels. Nor was it necessarily to be expected that Standard & Poor's would improve our rating from A– to A, as they did in May last year. We also see Swiss Life's return to the Swiss Market Index of the 20 largest Swiss companies in March as further confirmation of our progress.

Nevertheless the question remains, what can we expect over the next few years? What are the trends that will drive our daily business? We can already discern a number of developments, for example regulatory changes. We are bound to face yet more requirements and claims over the next few years. We will respond by continuing to strongly advocate a level of proportion in formulating these requirements so they don't place the Swiss insurance centre and, more importantly still, our customers, at a disadvantage.

Low interest rates and strong market fluctuations are also a major hurdle given the long-term nature of our business, although we have demonstrated in recent years that we are equal to this particular challenge. There is also another trend which affords us an opportunity as well as posing a challenge: Demographic development. The social and economic consequences of increased life expectancy are insufficiently accounted for in almost all areas of life. The urgency of this issue is enhanced by people's fundamental need to enjoy a self-determined and dignified life. We at Swiss Life want to play our part in helping the issue of a "longer self-determined life" get the attention from society it deserves given its relevance to people. In doing so, we will focus on the economic aspects.

Dear shareholders, Swiss Life is in an excellent position to successfully negotiate these trends. After all, we are a company that will soon have proven its adaptability for 160 years. Our success stems from our proven business model. Profitability, margin management, cost efficiency and disciplined asset and liability management have been our priorities over the past few years. And this is not going to change.

Our new Group-wide programme into 2018 has four strategic priorities:
– We will increase the quality and growth of our earnings. We want to raise the fee result from CHF 400 to 450 million and defend our savings and risk result.
– We will maintain our focus on operational efficiency and save another CHF 100 million.
– We will increase our corporate room for manoeuvre to expand our capital adequacy, generate more cash for the Group and be able to pay higher dividends. To this end, we will expand our target band for payment of the dividend as a percentage of net profit by ten percentage points to between 30 and 50%.
– Finally, we will stay true to our strategic direction and consistently orient our company to the needs of its customers. That is an end in itself and talking to customers is the key to continual improvement. Customers are now better informed, they can quickly compare benefits and they demand new contact points. That is why we are investing in new digital access points; we can't afford not to. We will invest in the region of CHF 100 million in the next three years in digitalisation and in the quality of our consultancy services and organic growth.

Swiss Life is on a strong footing and our success is due to the efforts of our staff. They guarantee the quality of our company and we would like to thank them for their strong engagement. We also thank our customers and you, our shareholders. Your trust and your support give us the platform on which we can develop our leading position in the European life and pensions market.

Rolf Dörig
Chairman of the Board of Directors

Patrick Frost
CEO

Strategy

Swiss Life has almost 160 years of experience affording people financial security. Thanks to a clear strategy and consistent implementation of planning, Swiss Life can offer its customers a long-term, solid, attractive value proposition.

The Swiss Life Group is one of Europe's leading comprehensive life and pensions and financial solutions providers. Customers are the centrepiece of its corporate strategy: Swiss Life helps its customers lead a longer self-determined life with confidence. Its business is based on a clear strategy, strong corporate values and a powerful brand.

Swiss Life reports regularly on its strategic priorities and associated financial objectives. In November 2015 Swiss Life presented its Group-wide programme "Swiss Life 2018".

The Group-wide programme is based on the "Swiss Life 2015" and Milestone programmes, both now successfully concluded, which sustainably reinforced Swiss Life's competitive position despite a difficult environment. Alongside profitability, margin management and cost efficiency, disciplined asset and liability management remain central to Swiss Life's market success. Swiss Life's long investment duration and robust direct investment income enable it to withstand the current low interest rate environment and protect its interest margin. The investment strategy is structured so that consistent asset and liability management ensures the interest rate margin is protected for decades. The company can thus meet its customer guarantees, even if the low interest rate environment endures over the long term.

"Swiss Life 2018" – strategic thrusts

Quality of earnings and earnings growth	▪ Strengthen the **quality of earnings** particularly by increasing the fee result ▪ Generate substantial new business value through margin and product management
Operational efficiency	▪ Finance investments and growth by implementing further **cost savings**
Capital, cash and dividend	▪ Disciplined **capital management** as basis to increase the cash remittance and the payout to shareholders
Customer centricity and advice	▪ Invest more than CHF ~100 m in **advice and digitalisation** initiatives to enhance customer centricity

To promote quality of earnings and earnings growth, Swiss Life is focusing on four profit sources: The savings result, the risk result, the fee and commission result and the cost result. Swiss Life will increase the resilience of its business model by continuing the expansion of its fee and commission business, which is comparatively capital-light.

Swiss Life will continue in future consistently focusing all business processes on customers. In addition, over the next three years, Swiss Life will increase investment by well over CHF 100 million to further the development of the business model, and thus lay the foundations of the Group's future success. The investments are to be primarily in digitalisation, quality of advice and organic growth initiatives.

The financial objectives of the "Swiss Life 2018" Group-wide programme are as follows:

- We aim to increase the fee and commission result from CHF 269 million in 2014 to CHF 400–450 million;
- Our target for the risk result is CHF 350–400 million;
- Cumulatively over the next three years, we are aiming at new business worth over CHF 750 million;
- To free up resources for investment, we will make additional cost savings of CHF 100 million in 2018. Operating costs (excluding Asset Managers) are thus to remain stable over the next three years;
- Also cumulatively over the next strategic phase, our objective is to remit at least CHF 1.5 billion in cash to Swiss Life Holding;
- Our payout ratio, meanwhile, will be in the 30–50% range;
- We continue to expect an adjusted return on equity of 8–10%.

As part of its reporting on annual and semi-annual results, Swiss Life regularly provides detailed information on the current status of its strategic implementation and the progress of its objectives achievement.

Summary of Group Results

In 2015 the Swiss Life Group once again grew its earning power: Net profit rose from CHF 818 million to CHF 878 million (+7%). Adjusted operating income was up 17% at CHF 1.3 billion. All units contributed to this positive development.

Swiss Life continued its profitable growth in 2015, with premium income up by 5% year-on-year in local currency to CHF 18.9 billion. This corresponds to a fall of 1% in Swiss francs. In fee business the Group increased earnings in local currency by 8% to CHF 1.3 billion (–1% in Swiss francs).

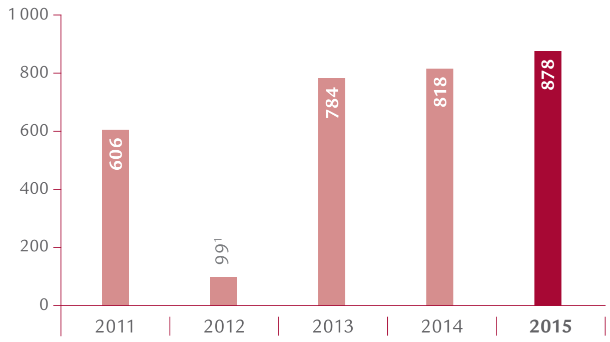
Earning power increases in all units – sustainable business model

In 2015, the Swiss Life Group increased net profit by 7% to CHF 878 million and adjusted profit from operations also rose by 17% to 1.3 billion. The savings result rose by 18% to CHF 773 million; the risk result by 4% to CHF 395 million; and the result from fee and commission business, or fee result, increased by 36% to CHF 342 million.

Despite continuing low interest rates and the negative currency effect, Swiss Life generated direct investment income of CHF 4.3 billion in 2015 (2014: CHF 4.5 billion). The net investment result improved from CHF 5.1 billion to CHF 5.2 billion, producing a net investment return of 3.7% (2014: 3.8%). The robust investment return allowed Swiss Life to again strengthen the insurance reserves in 2015 by CHF 1.2 billion, and thus shore up the sustainability of the business model.

Net profit

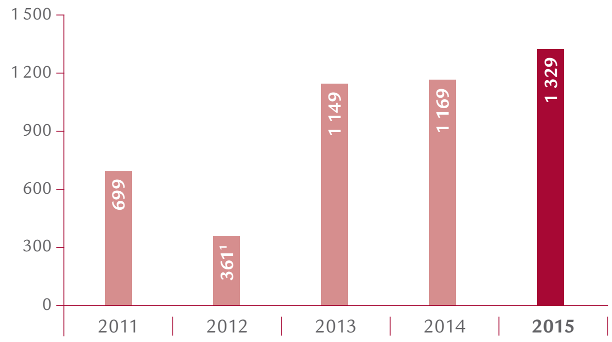
In CHF million



[1] restated

Profit from operations

In CHF million



[1] restated

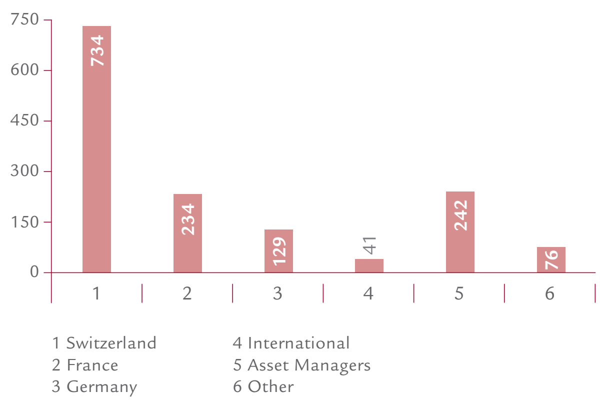
Swiss Life Switzerland increased its earning power by 10% to CHF 734 million. The main driver was the savings result of CHF 499 million (+19%). The risk result remained stable at a high level (CHF 267 million) and the fee result was slightly negative due to investments in growth initiatives (CHF –4 million). In France Swiss Life saw earnings enhanced by 20% to EUR 219 million. In addition to the savings result of EUR 163 million (+12%), the risk result of EUR 82 million (+18%) and fee result of EUR 43 million (+38%) also contributed to this increase. Germany posted earnings of EUR 121 million, up 51% over 2014, comprising a savings result of EUR 86 million (+33%), fee result of EUR 37 million (+159%) and a risk result of EUR 26 million (+8%). Swiss Life International improved its segment result of EUR 30 million to EUR 38 million (+26%), mainly driven by the fee result of EUR 29 million (+61%). An equally pleasing increase in the segment result was achieved by Swiss Life Asset Managers with 28% growth to CHF 242 million.

Profitable growth

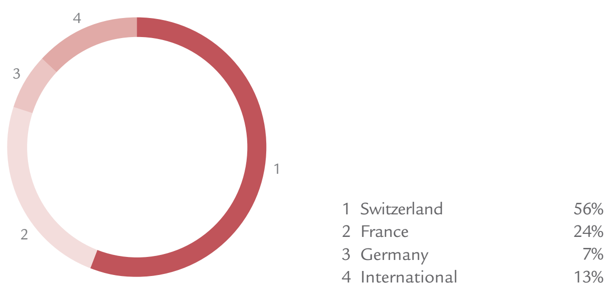
In the home market of Switzerland, premium volume rose by 5% to CHF 10.5 billion. In the corporate client sector Swiss Life saw a 6% increase in premiums to CHF 8.9 billion, while the market grew by only 1%. In private client business, the result of CHF 1.6 billion all but attained the previous year's level (–1%) while also outperforming the market (–2%). In addition, Swiss Life Switzerland successfully pursued its full-range provider strategy for corporate clients, growing the share of new business, alongside full insurance, with semi-autonomous insurance solutions to 11% (2014: 4%). In France Swiss Life grew premiums by 2% to CHF 4.2 billion. The quality of new life insurance business again posted a pleasing rate of growth with a higher proportion of unit-linked solutions (60%). The focus on profitable growth in Germany led to a 2% fall in premiums to EUR 1.3 billion: The planned reduction in traditional business was largely offset by the increase in the proportion of modern savings products as well as disability and long-term care insurance. Swiss Life International posted premium growth of 14% to EUR 2.3 billion.

Segment results

In CHF million



Gross written premiums, policy fees and deposits received by segment



As at 31 December 2015, Swiss Life Asset Managers had a total of CHF 185 billion under management (+1%), including CHF 39 billion in real estate. Swiss Life also manages CHF 28.6 billion in real estate for third parties, which makes the company one of Europe's leading real estate managers with CHF 67.6 billion under management and administration. In its third-party customer business, Swiss Life Asset Managers posted net new assets of CHF 7.2 billion. The company thus had CHF 38.8 billion in assets under management for third parties by the end of 2015.

Improved efficiency – solid solvency

Efficiency ratios improved Group-wide by 2 basis points to 0.60%. In spite of low interest rates, the new business margin of 1.7% (2014: 1.8%) was above the ambition level of 1.5%. The value of new business rose from CHF 255 million in 2014 to CHF 268 million (+5%). Swiss Life generated an adjusted return on equity of 9.7% in 2015 (2014: 9.6%), and thus once again attained the upper end of its target band of 8 to 10%. Shareholders' equity came to CHF 12.2 billion (–5%) due in particular to lower unrealised gains on bonds and currency effects. Swiss Life estimates its SST ratio at 140% as at 1 January 2016 (based on the internal model approved with certain conditions).

Events after the reporting period

For events of particular importance occurring after the end of the business year, please refer to Note 35, "Events after the Reporting Period", in the consolidated financial statements.

Key figures for the Swiss Life Group

Amounts in CHF million

	2015	2014	+/–
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	**18 853**	19 102	–1%
Net earned premiums	**13 771**	13 776	–0%
Fee and commission income	**1 292**	1 305	–1%
Financial result	**5 281**	5 361	–1%
Other income	**210**	31	n/a
TOTAL INCOME	**20 555**	20 474	0%
Net insurance benefits and claims	**–15 516**	–15 218	2%
Policyholder participation	**–899**	–1 146	–22%
Interest expense	**–162**	–205	–21%
Operating expense	**–2 649**	–2 735	–3%
TOTAL EXPENSE	**–19 226**	–19 304	–0%
PROFIT FROM OPERATIONS	**1 329**	1 169	14%
NET PROFIT	**878**	818	7%
Equity	**12 258**	12 831	–4%
Insurance reserves	**154 953**	156 684	–1%
Assets under management	**202 268**	199 750	1%
Assets under control	**223 411**	224 593	–1%
Return on equity (in %) [1]	**9.7**	9.6	+0.1 Ppkt.
Number of employees (full-time equivalents)	**7 595**	7 492	1%

[1] equity excl. unrealised gains/losses on bonds

Asset allocation on a fair value basis as at 31 December (insurance portfolio at own risk)

Amounts in CHF million

	2015	2015	2014	2014
Equity securities and equity funds	**5 744**	**3.9%**	4 044	2.7%
Alternative investments	**1 331**	**0.9%**	1 088	0.7%
Real estate	**23 164**	**15.8%**	20 712	13.8%
Mortgages	**7 634**	**5.2%**	6 647	4.4%
Loans	**9 638**	**6.6%**	12 820	8.5%
Bonds	**97 125**	**66.3%**	101 827	67.9%
Cash and cash equivalents and other	**1 779**	**1.2%**	2 819	1.9%
TOTAL	**146 413**	**100.0%**	149 957	100.0%
Net equity exposure		**1.9%**		1.9%
Duration of bonds		**11.0 years**		11.3 years

Segment Reporting

Swiss Life continued to improve its earning power in 2015, generating adjusted profit from operations across all segments of CHF 1323 million. All units contributed to this positive development. Net profit during the reporting period was CHF 878 million, a 7% rise.

Swiss Life reports by country: Switzerland, France and Germany. It also discloses separately the results of its cross-border segments: International and Asset Managers. In the Swiss domestic market, Swiss Life grew its segment result by 10%, to CHF 734 million. France increased its segment result to CHF 234 million (2014: CHF 222 million), while Germany contributed CHF 129 million (2014: CHF 97 million). The International market unit generated a segment result of CHF 41 million (2014: CHF 37 million). Swiss Life Asset Managers increased its contribution to the results by 28% to CHF 242 million. Net profit over all segments rose by 7% in the reporting period to CHF 878 million (2014: CHF 818 million).

The Swiss Life Group managed to ratchet up its operational effectiveness once again during the 2015 financial year. Gross written premiums, policy fees and deposits received across all segments grew by 5% in local currency to CHF 18.9 billion (2014: CHF 19.1 billion). The Group recorded growth in local currency of 8% in fee and commission income, a strategically central area of Swiss Life, to CHF 1.3 billion.

Switzerland

In the reporting year, Swiss Life managed an impressive 10% improvement in its segment result in its home market of Switzerland, to CHF 734 million (2014: CHF 669 million). The main driver of this pleasing outcome was the improved savings result and the risk result, which remained stable despite considerable margin pressure. Direct investment income was 1% lower than in 2014 at CHF 3.0 billion.

Long-term initiatives also contributed to this result, such as the proven distribution strategy with the sales force channels, Swiss Life Select plus brokers and partners, the expansion of the service and product offering, increased customer orientation and a renewed reduction in operating costs.

According to the Swiss Insurance Association (SIA), premiums in the Swiss Life insurance market remained steady relative to the previous year at CHF 32.5 billion. In Group life business, the market on the whole posted premium growth of 0.7% and a 2.2% reduction in individual life business. Swiss Life increased its premium volume by 4.9% to CHF 10.5 billion, thus again significantly outperforming the market as a whole. Group life business accounted for 85% of this result. Swiss Life increased its market share of group life business to 34.9% (2014: 33.2%) and of individual life business to 20.9% (2014: 20.1%), enabling the company to further consolidate its leadership position in the Swiss market.

Operating expenses rose by 10% to CHF 972 million due to higher acquisition costs from a lot of new business, higher writedowns and activated acquisition costs. Operational administrative costs, on the other hand, were reduced again.

Insurance benefits, including changes in insurance reserves, rose by 8% to CHF 12.3 billion. This mainly stemmed from higher savings premiums and the associated higher need for provisions.

The renewed optimisation of the product offering, which dovetails with the provider's strategy of comprehensive life and pensions and financial solutions, provided a strong foundation for premium growth. In individual life business, the successful product family Swiss Life FlexSave again proved very popular, despite necessary guarantee adjustments. The sale was also concluded of a further tranche of the Swiss Life Premium Immo product, which is a unit-linked life insurance policy whereby the customer's single premium is invested in a Swiss Life real estate fund comprising Swiss commercial real estate. The development and launch of the product innovation Swiss Life Calmo IncomePlan brought to market a new solution for leading a longer self-determined life. Swiss Life Calmo Income Plan provides older customers with a comprehensive package comprising a guaranteed payout plan, flexible investment, a component for longevity protection and digital services.

As a full-range provider, Swiss Life offers its corporate customers solutions to all their occupational pension requirements. The product offering was optimised further during the reporting year and aligned more closely with customers' needs, for example through the Swiss Life Business Premium product launched in 2015, which gives insured persons a say in the investment strategy based on their willingness and ability to assume risk. This executive solution is designed for companies which want to give their key employees more involvement in determining their own pension arrangements. The online portal Swiss Life myWorld, launched in 2015 for private clients' and insured persons' 2nd pillar pension provision, provides customers with a round-the-clock overview of their individual pension situation and allows them to make independent simulations.

Swiss Life aims to position itself as a leading provider of comprehensive life and pensions and financial solutions in Switzerland, supporting and accompanying its customers as they live a longer self-determined life. In this respect, the expansion of its service and product offering and a complete, fully synchronised customer experience via analogue and digital channels is a fundamental part of Swiss Life in Switzerland's strategy. The distribution successes – both in the core business and in the additional product categories of comprehensive life and pension provision – testify to Swiss Life's increased customer orientation. One example of this is Swiss Life Immopulse. Launched in 2012, the offering has established itself within three years as a leading Swiss real estate broker for private residential property.

For 2016, Swiss Life in Switzerland will focus on its long-term initiatives to strengthen its core business as part of the "Swiss Life 2018" strategy, to strengthen its product, service and advisory offering and expand the scope for customer access. Digital transformation initiatives including the use of analogue and digital channels play a key role in this strategy.

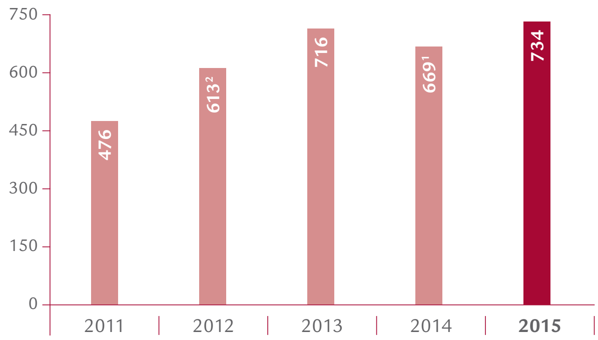
Key figures for Switzerland

Amounts in CHF million

	2015	2014	+/–
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	**10 534**	10 038	5%
Net earned premiums	**10 217**	9 654	6%
Fee and commission income	**199**	182	10%
Financial result	**3 819**	3 503	9%
Other income	**218**	31	n/a
TOTAL INCOME	**14 452**	13 370	8%
Net insurance benefits and claims	**–12 251**	–11 333	8%
Policyholder participation	**–455**	–427	7%
Interest expense	**–39**	–56	–30%
Operating expense	**–972**	–886	10%
TOTAL EXPENSE	**–13 718**	–12 702	8%
SEGMENT RESULT	**734**	669 [1]	10%
Assets under control	**108 731**	108 182	1%
Insurance reserves	**89 906**	86 365	4%
Number of employees (full-time equivalents)	**2 016**	1 972	2%

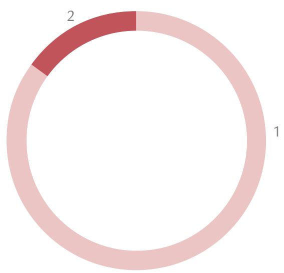
Segment result Switzerland

In CHF million



[1] adjusted for the Group's internal trademark fees, both levied and received (Swiss Life brand)
[2] restated

Premiums for Switzerland, by type of insurance



1	Group	85%
2	Individual	15%

France

Swiss Life in France increased its segment result to CHF 234 million (2014: CHF 222 million). This represents a 20% increase in local currency, due principally to the quality of new business, a higher financial margin, increased unit-linked business and improved technical margins in health, death and disability insurance and property and casualty business.

The French insurance market posted 4% growth in local currency. Savings and pension provisions were up 5%, health, death and disability insurance by 3% and property and casualty rose by 1.5%. Swiss Life grew its premium volume in France, meanwhile, by 2% in local currency to CHF 4.5 billion (2014: CHF 5.1 billion). The strong positioning of the life insurance business in the premium segment, the diversification of business activities and multichannel distribution all contributed to this increase. Premium income in savings and pension provisions rose by 5% in local currency, placing them at market level. The share of premium income from unit-linked contracts (45%) was above the market average of 20% thanks to the private insurer strategy and the bonus distribution policy for customers in the premium segment. The realignment in health, death and disability insurance to group business gathered momentum, particularly towards the end of the year, with significant new business in target products (group standard business and individual death and disability). The full effect of this realignment will become apparent in 2016. Swiss Life Banque Privée continues to contribute to the Group's business with high net worth individuals through its increased volume and improved operating result.

In 2016, Swiss Life in France will continue to pursue the expansion of its product and service offering in life insurance for high net worth individuals and drive the development of its group business offering. Furthermore, the Group will also continue to expand its digital services and financial advice in France through its LaFinBox application, which affords users an overview of all bank and savings accounts.

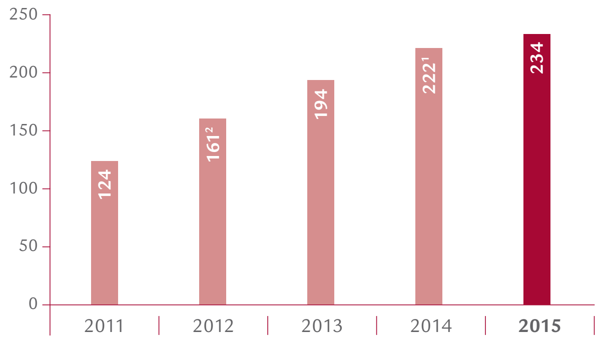
Key figures for France

Amounts in CHF million

	2015	2014	+/–
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	**4 536**	5 069	–11%
Net earned premiums	**2 346**	2 625	–11%
Fee and commission income	**236**	260	–9%
Financial result	**745**	863	–14%
Other income	**–1**	1	n/a
TOTAL INCOME	**3 327**	3 750	–11%
Net insurance benefits and claims	**–1 970**	–2 288	–14%
Policyholder participation	**–157**	–139	13%
Interest expense	**–102**	–124	–17%
Operating expense	**–863**	–977	–12%
TOTAL EXPENSE	**–3 093**	–3 528	–12%
SEGMENT RESULT	**234**	222[1]	5%
Assets under control	**34 578**	36 770	–6%
Insurance reserves	**26 848**	28 391	–5%
Number of employees (full-time equivalents)	**2 071**	2 088	–1%

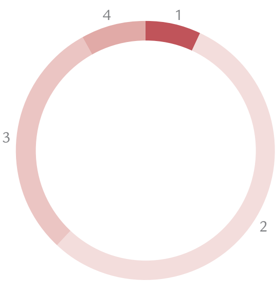
Segment result France

In CHF million



[1] adjusted for the Group's internal trademark fees, both levied and received (Swiss Life brand)
[2] restated

Premiums for France, by type of insurance



1 Group	7%
2 Individual	55%
3 Health insurance	30%
4 Property	8%

Germany

Swiss Life is positioning itself in Germany as a leading provider of pensions and financial solutions under one roof by managing all production and distribution organisations from a single source. The segment information comprises local insurance activities and the financial advisory companies operating in Germany under Swiss Life Select, tecis, Horbach and Deutsche Proventus.

During the year under review, Swiss Life Germany increased its segment result to CHF 129 million due to an excellent fee result and a good risk result – in spite of a challenging operating environment due mainly to sustained low interest rates and new requirements resulting from the Life Insurance Reform Act. Moreover, the operating result was affected by currency effects.

Swiss Life Germany generated premium volume of CHF 1.4 billion in 2015, equivalent to a fall of 14% (–2% in local currency). The core product areas of Swiss Life Germany are employee insurance, occupational pensions, long-term care insurance and modern guarantee concepts. Premium volume was affected by declining single-premium contributions in individual insurance due to the consistent focus on profitability before growth. New business premiums increased by 8.8% relative to 2014 (in local currency). The insurance benefits and bonus distribution were significantly lower than in the previous year, mainly due to the lower financial result in 2015.

Fee and commission income fell by 14% in 2015 to CHF 364 million due to exchange rate effects. In local currency they remained virtually at the previous year's level (–2%). 2014 was positively affected by the extraordinary economic circumstances triggered by a reduction in the maximum technical interest rate for life insurance effective 1 January 2015.

At the end of 2015 the proprietary financial advisory companies in Germany had 3138 trained and registered financial advisors under contract (+4%).

Administrative costs adjusted for one-offs fell by 5% in local currency to CHF 214 million. Swiss Life Germany thus continued its strict cost management and achieved additional cost savings.

The challenging market conditions look set to persist in 2016. Nevertheless, Swiss Life expects to again achieve an increase in its insurance business due to the extension and updating of its product range complemented by its efficient distribution structure. In financial consulting, Swiss Life expects the number of advisors to increase, which should have a positive impact on business development.

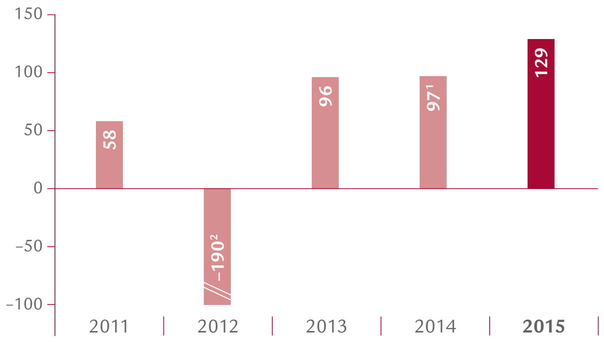
Key figures for Germany

Amounts in CHF million

	2015	2014	+/–
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	**1 399**	1 618	–14%
Net earned premiums	**1 167**	1 447	–19%
Fee and commission income	**364**	425	–14%
Financial result	**678**	958	–29%
Other income	**2**	2	17%
TOTAL INCOME	**2 211**	2 832	–22%
Net insurance benefits and claims	**–1 287**	–1 591	–19%
Policyholder participation	**–283**	–557	–49%
Interest expense	**–12**	–14	–13%
Operating expense	**–500**	–572	–13%
TOTAL EXPENSE	**–2 082**	–2 735	–24%
SEGMENT RESULT	**129**	97[1]	33%
Assets under control	**20 045**	22 956	–13%
Insurance reserves	**18 238**	20 187	–10%
Number of employees (full-time equivalents)	**1 364**	1 368	–0%

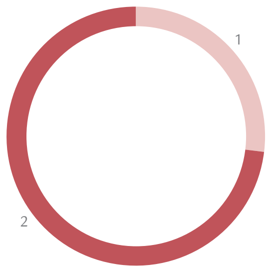
Segment result Germany

In CHF million



[1] adjusted for the Group's internal trademark fees, both levied and received (Swiss Life brand)
[2] restated

Premiums for Germany, by type of insurance



1 Group	27%
2 Individual	73%

International

The International segment covers business with international high net worth individuals (private clients), multinationals (corporate clients) and the financial distribution companies Swiss Life Select in Austria and the Czech Republic, as well as Chase de Vere in the United Kingdom.

In the year under review, the segment achieved a result of CHF 41 million, which was 11% higher than during the previous year (2014: CHF 37 million). This encouraging development is due to operational progress, ongoing cost discipline and growth in fee and commission income. Due to negative currency effects, fee and commission income in Swiss francs fell to CHF 225 million (2014: CHF 240 million). Gross written premiums, policy fees and deposits received came to CHF 2.5 billion, which was the same as the previous year.

The Private Clients business area, with carriers based in Luxembourg, Liechtenstein and Singapore, specialises in life insurance solutions for high net worth individuals. The identification and development of new markets in Europe and Asia further underpinned the sustained growth in fee income thanks to the development of the portfolio in local currency.

Corporate Clients specialises in global life and pensions solutions for multinationals. Sustained positive risk development and increased reserves enabled Corporate Clients to further consolidate its own balance sheet in Luxembourg. The Swiss Life Network, a leading independent provider of global employee benefits solutions, also consolidated its strong market position in 2015.

Fee income from the financial advisory companies fell by CHF 9 million to CHF 131 million, due to the negative development of the local currencies against the Swiss franc.

In 2016, the main focus is on continued growth in all business areas. Swiss Life International is also targeting an increase in its fee and commission income and risk result.

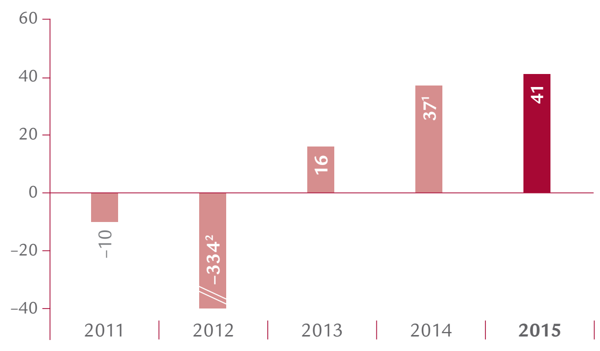
Key figures for International

Amounts in CHF million

	2015	2014	+/–
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	**2 453**	2 451	0%
Net earned premiums	**34**	38	–11%
Fee and commission income	**225**	240	–7%
Financial result	**51**	54	–7%
Other income	**–18**	–11	53%
TOTAL INCOME	**291**	321	–9%
Net insurance benefits and claims	**–10**	–9	19%
Policyholder participation	**–18**	–26	–30%
Interest expense	**–15**	–17	–10%
Operating expense	**–207**	–233	–11%
TOTAL EXPENSE	**–251**	–284	–12%
SEGMENT RESULT	**41**	37[1]	11%
Assets under control	**20 528**	22 393	–8%
Insurance reserves	**20 065**	21 841	–8%
Number of employees (full-time equivalents)	**760**	761	–0%

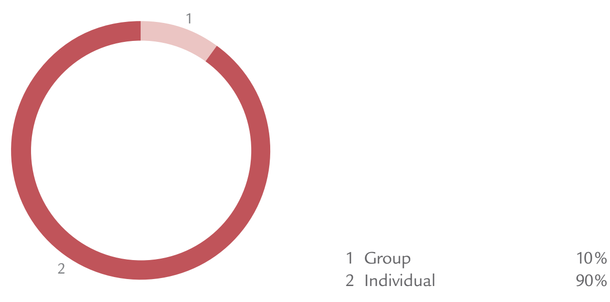
Segment result International

In CHF million



[1] adjusted for the Group's internal trademark fees, both levied and received (Swiss Life brand)
[2] restated

Premiums for International, by type of insurance



Asset Managers

The Asset Managers segment comprises Group-wide asset management activities. The German real estate asset management service provider Corpus Sireo, acquired in 2014, is incorporated for the first time for a full year in the 2015 financial year.

In 2015, Swiss Life Asset Managers achieved a segment result of CHF 242 million, which equates to an increase of CHF 53 million or 28% compared to the previous year. Assets under management by Swiss Life Asset Managers increased overall by CHF 2.3 billion to CHF 185.3 billion. Proprietary assets fell to CHF 146.5 billion and assets invested in investment funds and third-party customer mandates increased to CHF 38.8 billion. The expansion of higher-margin business and the first-time incorporation of Corpus Sireo for a full year led to an increase in income of 28.8%. Due in particular to the full deduction for Corpus Sireo, as well as to the continuing growth of third-party business, operating costs rose by 29%.

The expansion of third-party business led to a net inflow in assets under management of CHF 7.2 billion. This was due principally to the growth of institutional mandates in fixed income and real estate.

The support of Swiss Life Asset Managers enabled Corpus Sireo to significantly strengthen its operations in the German real estate market. Swiss Life Asset Managers aims to exploit its synergies further in 2016 to pursue its growth strategy in its third-party client business and strengthen its position in core markets.

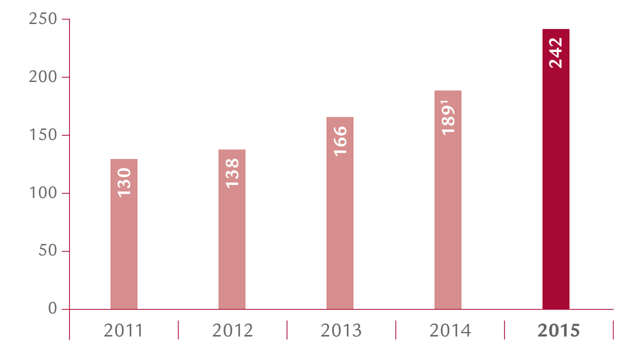
Key figures for Asset Managers

Amounts in CHF million

	2015	2014	+/–
Fee and commission income	**560**	450	24%
Financial result	**4**	0	n/a
Other income	**28**	8	n/a
TOTAL INCOME	**591**	459	29%
Interest expense	**–1**	–0	n/a
Operating expense	**–348**	–270	29%
SEGMENT RESULT	**242**	189[1]	28%
Assets under management	**185 286**	182 992	1%
Number of employees (full-time equivalents)	**1 344**	1 261	7%

Segment result Asset Managers

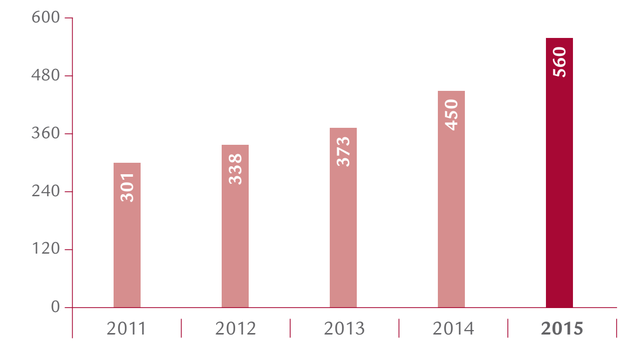
In CHF million



[1] adjusted for the Group's internal trademark fees, both levied and received (Swiss Life brand)

Fee and commission income Asset Managers

In CHF million



Corporate Governance

The Swiss Life Group is committed to good corporate governance. Its principles and guidelines for responsible corporate management are constantly fine-tuned in accordance with recognised national and international standards.

Swiss Life complies with accepted standards of corporate governance and, in the interests of its shareholders, policyholders and staff, attaches great importance to the requirements entailed in terms of the management and organisation of the Swiss Life Group. The corporate governance of Swiss Life Holding Ltd (Swiss Life Holding) is based on the relevant directives issued by the SIX Swiss Exchange and the Swiss Financial Market Supervisory Authority FINMA and is modelled on leading national and international corporate governance standards, in particular the Swiss Code of Best Practice for Corporate Governance issued by the Swiss Business Federation, "economiesuisse", as well as the Organization for Economic Cooperation and Development's (OECD) principles on corporate governance.

The measures and mechanisms implemented by Swiss Life to ensure good corporate governance work well in practice. Specific adjustments are examined on an ongoing basis, however, in order to adapt the management and control tools and disclosure to current circumstances and to implement further improvements.

The Ordinance against Excessive Compensation in Listed Stock Companies (Compensation Ordinance, VegüV) came into force on 1 January 2014. In order to implement these provisions, the General Meeting of Shareholders of Swiss Life Holding resolved on 23 April 2014 to amend the Articles of Association as proposed by the Board of Directors. The amendments take into account the new requirements and powers of the General Meeting of Shareholders with respect to corporate governance and compensation.

This report describes the essential features of corporate governance within the Swiss Life Group. The structure below largely follows the Directive on Information Relating to Corporate Governance issued by the SIX Swiss Exchange, which came into force on 1 October 2014. The compensation report on pages 51 to 68 takes into consideration the regulations on transparency stipulated in the Compensation Ordinance and FINMA circular 2010/1 on minimum standards for remuneration schemes of financial institutions.

Group Structure and Shareholders

Group structure

The public limited company Swiss Life Holding was established in 2002 and is incorporated under Swiss law. Its registered office is located in Zurich. Since 19 November 2002, its stock has been listed on the SIX Swiss Exchange. Swiss Life Holding brings together all the Swiss Life Group companies and activities under a single holding company. The holding company structure makes it easier to effect investments, enter into partnerships or cooperation agreements and execute capital market transactions. Transparency is also improved by separating the interests of shareholders from those of policyholders.

The companies falling within the Group's scope of consolidation are presented in the Consolidated Financial Statements (note 36). Information on the listing on the SIX Swiss Exchange and market capitalisation can be found in the section "Share Performance and Historical Comparison" on pages 312 and 313. The organisational structure of the Group shows the key business markets and areas. The resulting operational responsibilities are reflected in the allocation of responsibilities among the Corporate Executive Board. With regard to insurance operations, one person with responsibility for the market and results is assigned to each specific area.

The operational management structure as at 31 December 2015 is shown on page 45.

Shareholders

The purchase or sale of shares or of acquisition/disposal considerations regarding shares in companies that are domiciled in Switzerland and have their shares listed in Switzerland must be reported to the company in question and the SIX Swiss Exchange if the shareholdings exceed, fall below or reach certain thresholds. The relevant thresholds are 3, 5, 10, 15, 20, 25, 33⅓, 50 and 66⅔% of the voting rights. Details are set out in the Federal Act on Stock Exchanges and Securities Trading (SESTA) – as of 1 January 2016 in the Financial Market Infrastructure Act (FMIA) – and in the Stock Exchange Ordinance-FINMA (SESTO-FINMA).

The disclosures of shareholdings that exceed the disclosure threshold on the balance sheet date of 31 December 2015 are shown below. In accordance with the disclosure requirements, the percentage figures given relate to the share capital and number of outstanding shares pursuant to the Articles of Association applicable at the time of the relevant disclosure.

ETHENEA Independent Investors S.A., 16, rue Gabriel Lippmann, 5365 Munsbach, Luxembourg, reported in a publication of 1 December 2015 that it held 975 000 shares of Swiss Life Holding Ltd, equivalent to a 3.04% share of the voting rights.

Deutsche Bank AG, Taunusanlage 12, 60325 Frankfurt am Main, Germany, reported in a publication of 6 January 2015 that it held 1 714 876 shares of Swiss Life Holding, equivalent to a 5.35% share of the voting rights. At the same time, Deutsche Bank AG held sales positions in the amount of 5.09% of the voting rights (1 631 627 equity swaps).

BlackRock Inc., 55 East 52nd Street, New York 10055, USA, reported in a publication of 13 December 2014 that it held through various Group companies a total of 1 750 937 shares of Swiss Life Holding, equivalent to 5.58% of the voting rights.

UBS Fund Management (Switzerland) AG, P.O. Box, 4002 Basel, Switzerland, reported in a publication of 19 November 2014 that it held 990 414 shares of Swiss Life Holding, equivalent to a 3.09% share of the voting rights.

AQR Capital Management LLC, 2 Greenwich Plaza, 4th Floor, Greenwich CT 06830, USA, reported in a publication of 30 September 2014 that it controlled through various managed funds a total of 3.01% of the voting rights of Swiss Life Holding (950 453 shares of Swiss Life Holding and 14 963 equity swaps).

In addition, Norges Bank (the Norwegian central bank) reported during the year under review, in a publication of 28 January 2015, that it had exceeded (holdings of 3.23%), and, in a publication of 27 August 2015, that it had once again fallen below (holdings of 2.97%) the disclosure threshold.

All full disclosures can be found on the publication platform of the SIX Swiss Exchange's disclosure office at www.six-exchange-regulation.com, "Issuer" area, "Obligations" sub-area, "Disclosure of Shareholdings" section and "Significant Shareholders" subsection (www.six-exchange-regulation.com/de/home/publications/significant-shareholders.html).

No cross participations exceeding the 3% threshold exist between Swiss Life Holding or its subsidiaries and other listed companies.

Shareholder structure

On the balance sheet date some 165 000 shareholders and nominees were listed in the Swiss Life Holding share register, of which about 4000 were institutional shareholders. Taken together, the shareholders entered in the share register held around 50% of the shares issued. Over half of these shares were owned by shareholders domiciled in Switzerland. Approximately a third of the registered shares were in private hands.

A table showing the shareholder structure is provided in the section "Share Performance and Historical Comparison" on page 313.

Capital Structure

Capital and changes in capital

The capital structure of Swiss Life Holding was as follows on the balance sheet date:

- Ordinary share capital: CHF 163 613 375.40, divided into 32 081 054 fully paid registered shares with a par value of CHF 5.10 each
- Conditional share capital: CHF 30 600 000, divided into 6 000 000 registered shares with a par value of CHF 5.10 each
- Authorised share capital: none

The conditional share capital is at the disposal of the holders of conversion or option rights granted by Swiss Life Holding or by companies belonging to the Group in connection with the issuing of new or existing convertible bonds, bonds with option rights, loans or other financing instruments ("equity-linked financing instruments"). The shareholders are excluded from subscription rights. The respective owners of the equity-linked financing instruments are entitled to subscribe to the new shares. The Board of Directors is entitled to limit or exclude the preemptive subscription rights of the existing shareholders in connection with the issuing of equity-linked financing instruments up to a value of 3 000 000 registered shares or up to a maximum amount of CHF 15 300 000, if the equity-linked financing instruments are placed on national or international capital markets or with selected strategic investors or are used in connection with the financing or refinancing of the acquisition of companies, parts of companies, participations or new investment projects. If the preemptive subscription rights are not granted either directly or indirectly when issuing equity-linked financing instruments, the equity-linked financing instruments must be issued according to the prevailing market conditions and the exercise period may not exceed 7 years for option rights and 15 years for conversion rights from the issuance of the relevant equity-linked financing instruments.

Since the establishment of Swiss Life Holding on 17 September 2002, a number of capital market transactions have been conducted. A detailed description of the transactions carried out up to and including the end of 2012 can be found in the Corporate Governance section of the annual reports for the relevant years. The annual reports can be accessed at www.swisslife.com, "Investors" area, "Results & Reports" section, "Archive Reports" and "Annual Reports" subsections (www.swisslife.com/annualreports).

In 2013 the General Meeting of Shareholders of Swiss Life Holding decided on 23 April 2013 to change the conditional share capital: The previous conditional share capital of 2 359 386 registered shares or CHF 12 032 868.60 was increased to 6 000 000 registered shares or CHF 30 600 000 (clause 4.9 of the Articles of Association). The ordinary share capital remained unchanged; as in 2012 the decision was taken at the General Meeting of Shareholders on 23 April 2013 to make a distribution of CHF 4.50 per share out of the capital contribution reserve.

In 2014 and 2015 there were no changes to the share capital. The distributions of CHF 5.50 and CHF 6.50 per share decided by the General Meetings of 23 April 2014 and 27 April 2015 were made out of the capital contribution reserve.

Shares

32 081 054 fully paid Swiss Life Holding registered shares with a par value of CHF 5.10 each were outstanding on the balance sheet date. Subject to the ten per cent limit on voting rights set out in the Articles of Association (cf. the section on "Shareholders' participation rights" on page 69), each share grants the right to one vote at the General Meeting of Shareholders.

There are no outstanding shares with either increased or limited voting rights, privileged or restricted voting rights, privileged dividend entitlements or other preferential rights.

There are no other equity securities besides the registered shares mentioned above, nor do any participation certificates or dividend right certificates exist.

Regulations are in place to govern transactions in Swiss Life Holding shares carried out by Swiss Life Group employees. Pursuant to the Code of Conduct and the Swiss Life Group's Directive on Insider Information, all purchases and sales of Swiss Life Holding securities made by members of senior management or employees who are privy to confidential information are subject to a reporting requirement. Transactions by persons who, by virtue of their position, have regular access to insider information are also subject to a prior approval requirement. A general blackout period is imposed annually from 1 January until 24 hours after the year-end results have been presented and from 1 July until 24 hours after the half-year results have been presented, as well as from 20 days before until 24 hours after publication of the interim statements for the first and third quarters.

Additional information on the Swiss Life share is available in the section "Share Performance and Historical Comparison" on pages 312 and 313.

Limitations on transferability and nominee registrations

Swiss Life Holding shares are not subject to any limitations on transferability. According to the Articles of Association, resolutions for the introduction, amendment or repeal of limitations on transferability must be put before the General Meeting of Shareholders and must be approved by two thirds of the voting shares represented and by an absolute majority of the share par value represented.

The Board of Directors may refuse to recognise an acquirer as a shareholder with voting rights if, upon request, the acquirer does not expressly declare that he has acquired the registered shares in his own name and for his own account.

Swiss and foreign banks, securities brokers and companies acting on their behalf may be entered in the share register as nominees if they are holding shares of Swiss Life Holding in their custody for the account of the beneficial owners. Professional asset managers may also be registered as nominees if, in a fiduciary capacity, they have deposited Swiss Life Holding shares for the account of third parties with Swiss or foreign banks or securities brokers in their own name. Nominees are required to be subject to banking or financial market supervision. A request must be filed to register as a nominee. The voting right representation is restricted to 10% of the share capital overall, whereby nominees who are connected with regard to capital or voting rights under uniform management or contractual agreement will be counted as a single shareholder. The Board of Directors may approve exceptions to these restrictions on registration, observing the principle of responsible judgement. No such exceptions were granted during the period under review.

Convertible bonds and options

One convertible bond issue of Swiss Life Holding was outstanding on the balance sheet date: the 0% convertible bond (2013–2020) issued by Swiss Life Holding Ltd in the amount of CHF 500 000 000. The specific conditions attached to this convertible bond and further details on it can be found in the Consolidated Financial Statements, note 20, on page 247 and in the issue prospectus of 13 November 2013.

As at 31 December 2015, Swiss Life Holding and its Group companies had not granted any options on rights to participate in Swiss Life Holding.

Board of Directors

Function

The Board of Directors is responsible for all matters that are not reserved for the consideration of the General Meeting of Shareholders (formally the supreme decision-making body of a public limited company) under the terms of the law (Art. 698 of the Swiss Code of Obligations CO) or by the company's Articles of Association. In line with its non-transferable duties prescribed by law, the Board of Directors is responsible, in particular, for the ultimate direction of the Group, as well as the supervision of the Corporate Executive Board.

Elections and terms of office

The Board of Directors consists of no fewer than 5 and no more than 14 members in accordance with the Articles of Association. The Chairman, other members of the Board of Directors and members of the Compensation Committee of the Board of Directors are elected by the General Meeting of Shareholders on an individual basis for a one-year period. The term of one year is deemed to signify the period from one Annual General Meeting up to and including the next. Members whose terms of office are expiring are eligible to stand for immediate re-election.

The Organisational Regulations stipulate that a member of the Board of Directors shall automatically resign from the Board at the General Meeting of Shareholders in the year in which the member reaches the age of 70.

Composition

In the year under review, no member of Swiss Life Holding's Board of Directors exercised any duties relating to operational management within the Swiss Life Group. Furthermore, no such duties were exercised by any Board members during the three financial years preceding the reporting period.

No member of the Board has any significant business relationship with Swiss Life Holding or any other Group companies. The members of the Board of Directors of Swiss Life Holding also make up the Board of Directors of Swiss Life Ltd.

The number of external mandates for members of the Board of Directors and the Corporate Executive Board is limited in the Articles of Association as revised on 23 April 2014 as follows: Members of the Board of Directors may hold no more than 15 additional mandates, a maximum of 4 of which in other listed companies; members of the Corporate Executive Board may hold no more than 5 additional mandates, a maximum of 1 of which in another listed company. Mandates in different legal entities that are under joint control or same beneficial ownership are deemed one mandate. This restriction does not apply to mandates that a member of the Board of Directors or the Corporate Executive Board assumes at the request of the company or to mandates in associations, charitable foundations, family foundations and occupational benefit institutions.

The acceptance of appointments to the Board of Directors of other companies requires the consent of the Board of Directors at Swiss Life Holding; the Chairman of the Board of Directors is to be informed of any intention to accept an additional board mandate. Information on additional board mandates held by individual members of the Board of Directors is presented in the following section.

Members of the Board of Directors

On the balance sheet date of 31 December 2015, the Board of Directors was composed of the following members.

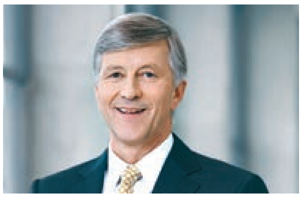
Name	Main function	Additional functions	Year appointed[1]
Rolf Dörig	Chairman	Chairman's and Corporate Governance Committee, Chairman	2008
Gerold Bührer	1st Vice Chairman	Chairman's and Corporate Governance Committee Investment and Risk Committee, Chairman Compensation Committee[3]	2002[2]
Frank Schnewlin	Vice Chairman	Chairman's and Corporate Governance Committee Investment and Risk Committee Compensation Committee, Chairman	2009
Wolf Becke	Member	Audit Committee	2012
Adrienne Corboud Fumagalli	Member	Audit Committee	2014
Ueli Dietiker	Member	Audit Committee	2013
Damir Filipovic	Member	Investment and Risk Committee	2011
Frank W. Keuper	Member	Investment and Risk Committee	2013
Henry Peter	Member	Audit Committee, Chairman	2006
Franziska Tschudi	Member	Compensation Committee	2003
Klaus Tschütscher	Member	Audit Committee	2013

1 In order to implement the Federal Ordinance against Excessive Compensation in Listed Stock Companies (Compensation Ordinance, VegüV), which came into force on 1 January 2014, the General Meeting of Shareholders on 23 April 2014 passed a resolution to amend the Articles of Association. Under the revised Articles of Association, members of the Board of Directors are to be elected for a one-year term of office, as had already been introduced by Swiss Life at the 2013 General Meeting and also implemented at the 2014 General Meeting.

2 Member of the Board of Directors of Swiss Life Ltd since 2000.

3 The Board of Directors proposes that the General Meeting of 26 April 2016 elect Henry Peter to the Compensation Committee in place of Gerold Bührer.

Rolf Dörig — Born 1957, Swiss national
Chairman of the Board of Directors



Rolf Dörig laid the groundwork for his professional career by obtaining a doctorate in law (Dr. iur.) from the University of Zurich before being called to the bar in Zurich. Joining Credit Suisse in 1986, he assumed a number of executive responsibilities in various areas of banking and in different geographical markets. As a Member of the Executive Board, he was assigned responsibility for Swiss Corporate and Retail Banking from 2000 onwards. In 2002 he assumed the role of Chairman Switzerland of Credit Suisse. Following his move to Swiss Life, Rolf Dörig held the positions of Chairman of the Corporate Executive Board from November 2002 to May 2008 and Delegate of the Board of Directors from May 2008 to May 2009.

He became Chairman of the Board of Directors of Swiss Life Holding in May 2009.

Rolf Dörig will be put forward for re-election as Member and Chairman of the Board of Directors at the General Meeting of Shareholders of Swiss Life Holding on 26 April 2016.

Other appointments:
- Adecco S.A., Chairman of the Board of Directors
- dorma+kaba Holding Ltd, Vice Chairman of the Board of Directors
- Danzer Holding AG, Member of the Supervisory Board
- Walter Frey Holding AG, Member of the Board of Directors

Gerold Bührer — Born 1948, Swiss national
First Vice Chairman of the Board of Directors

Gerold Bührer graduated in economics (lic. oec. publ.) from the University of Zurich in 1972. Following 17 years with the Union Bank of Switzerland as a member of senior management in its financial sector and a Member of the Executive Board of its fund investment company, he joined Georg Fischer Ltd in 1991, where he served as a Member of its Executive Board (Finances) from 1991 until 2000. He began working as an independent economic consultant in 2001 and, from 2006 until 2012, he held the office of Chairman of economiesuisse. Gerold Bührer was a Member of the Grand Council of the Canton of Schaffhausen from 1982 to 1991 and, from 1991 to 2007, a Member of the Swiss Parliament (National Councillor).

Gerold Bührer will be put forward for re-election as Member of the Board of Directors at the General Meeting of Shareholders of Swiss Life Holding on 26 April 2016.

Other appointments:
- Cellere AG, Member of the Board of Directors
- Georg Fischer Ltd, Vice Chairman of the Board of Directors
- J.P. Morgan, Member of the European Advisory Council
- FehrAdvice & Partners AG, Chairman of the Board of Directors
- Meier + Cie AG, Chairman of the Board of Directors (since 4 August 2015)

Frank Schnewlin — Born 1951, Swiss national
Vice Chairman of the Board of Directors

Frank Schnewlin studied at the University of St. Gallen (lic. oec. HSG), the London School of Economics (Master of Science) and the Harvard Business School (MBA) before earning his doctorate in economics in 1983 at the University of Lausanne (Dr. ès sc. écon.). From 1983 to 2001 he held various positions at the Zurich Financial Services Group in Switzerland and the USA, including Head of Corporate Center and Head of the Business Division Southern Europe, Asia/Pacific, Middle East, Africa and Latin America. From 1993 he served on the Zurich Financial Services Group's Executive Committee. From 2002 to 2007, Frank Schnewlin chaired the Baloise Group's Corporate Executive Committee as CEO and was, at the same time, Head of the International Division.

Frank Schnewlin will be put forward for re-election as Member of the Board of Directors and as Member of the Compensation Committee at the General Meeting of Shareholders of Swiss Life Holding on 26 April 2016.

Other appointments:
- Vontobel Holding Ltd and Bank Vontobel Ltd, Vice Chairman of the Board of Directors/ Chairman of the Risk and Audit Committee
- Twelve Capital AG and Twelve Capital Holding AG, Chairman of the Board of Directors
- Drosos Foundation, Vice Chairman of the Board of Trustees/Chairman of the Finance Committee

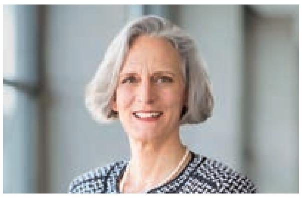
Wolf Becke — Born 1947, German national
Member of the Board of Directors

Wolf Becke studied mathematics, physics and economics at the Universities of Bonn and Freiburg and obtained a degree in mathematics. Between 1973 and 1977, he worked as a research assistant at the Mathematical Institute of the University of Freiburg and earned a doctorate in science. In 1978 Wolf Becke joined Hamburger Internationale Rückversicherung AG (HIR), where he was employed in various positions until 1990, ultimately responsible for the Life and Health Reinsurance, Finance and Accounting and Investments divisions. He then moved to Hannover Re and E+S Rück. From 1992 to 1999, as a Member of the Executive Board, he was responsible for both global life and health insurance business, and for non-life business in Asia, Africa and Australasia. From 1999 until his retirement for age reasons at the end of 2011, Wolf Becke concentrated on his responsibilities as CEO of the life and reinsurance business area (Hannover Life Re).

Wolf Becke will be put forward for re-election as Member of the Board of Directors at the General Meeting of Shareholders of Swiss Life Holding on 26 April 2016.

Other appointments:
- Hannover Life RE America, Vice Chairman of the Board of Directors
- AEGON Blue Square Re N.V., Member of the Board of Directors

Adrienne Corboud Fumagalli — Born 1958, Swiss and Italian national
Member of the Board of Directors



Adrienne Corboud Fumagalli is a Doctor of Economics and Social Sciences and a graduate of the University of Fribourg. In 1996 she joined the PTT in the management team of Radiocom (radio, TV, mobile) in charge of New Business Development and the international market. The PTT then became Swisscom and Adrienne Corboud Fumagalli held various positions from 1997 to 2000, ultimately becoming Director of Product Marketing in Radio Broadcasting Services. In November 2000, Adrienne Corboud Fumagalli joined the Kudelski Group as Corporate Secretary and Member of the Corporate Executive Board. In January 2004, she was appointed Executive Vice President in charge of Business Development. Since 2008 Adrienne Corboud Fumagalli has served as Vice-President for Innovation and Technology Transfer at EPF Lausanne (EPFL) with a special focus on the development of the EPFL Innovation Park Foundation and industrial partnerships.

Adrienne Corboud Fumagalli will be put forward for re-election as Member of the Board of Directors at the General Meeting of Shareholders of Swiss Life Holding on 26 April 2016.

Other appointments:
– Federal Communications Commission (ComCom), Member
– CSEM Swiss Center for Electronics and Microtechnology Inc, Member of the Board of Directors
– Fondation pour l'innovation technologique (FIT) in Lausanne, President
– Fondation EPFL Innovation Park, President

Ueli Dietiker — Born 1953, Swiss national
Member of the Board of Directors

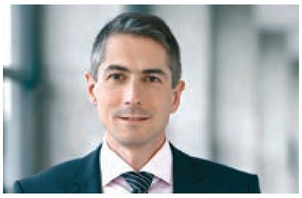
Certified accountant Ueli Dietiker started his career at Ernst & Young. He later assumed management responsibility in the finance division at Motor-Columbus Ltd. From 1995 to 2001 he worked at Cablecom Holdings Ltd, ultimately as CEO. In 2001 he switched to the Swiss telecommunications company Swisscom Ltd where he held several positions of responsibility. From 2002 until 2006 he was CFO and deputy CEO of the Swisscom Group. In 2006 and the first half of 2007 he was CEO of Swisscom Fixnet AG and afterwards became CFO and deputy CEO of the Swisscom Group again until the end of 2012. Today he still has a 60% position at Swisscom, manages selected projects and serves on the Board of Directors of various Swisscom subsidiaries and investment companies.

Ueli Dietiker will be put forward for re-election as Member of the Board of Directors at the General Meeting of Shareholders of Swiss Life Holding on 26 April 2016.

Other appointments:
– Sanitas Krankenversicherung and Sanitas Beteiligungen AG, Member of the Board of Trustees and the Board of Directors and Chairman of the Audit Committee
– Wincare health insurance, Member of the Board of Directors and Chairman of the Audit Committee
– Zuckermühle Rupperswil AG, Member of the Board of Directors
– thunerSeespiele AG, Member of the Board of Directors

– BLS Ltd. and BLS Netz AG, Member of the Board of Directors and Member of the Audit Committee
– Renaissance KMU Schweizerische Anlagestiftung, Member of the Board of Trustees (since 16 January 2015)

Damir Filipovic — Born 1970, Swiss national
Member of the Board of Directors



Damir Filipovic studied mathematics at the Swiss Federal Institute of Technology in Zurich (ETHZ), where he qualified in 1995 and gained a doctorate in financial mathematics in 2000. He then held research posts at various universities abroad, including the US universities of Stanford, Columbia and Princeton. He was appointed assistant professor at the University of Princeton in 2002, and then from 2003 to 2004 he worked on the development of the Swiss Solvency Test at the Federal Office of Private Insurance (now FINMA) in Switzerland. Damir Filipovic went on to hold the chair of financial and actuarial mathematics at the Ludwig Maximilian University of Munich from 2004 to 2007. From 2007 to 2009 he was head of the Vienna Institute of Finance, a research institute affiliated to the University of Vienna and the Vienna University of Economics and Business. In 2010 he was appointed Swissquote Chair in Quantitative Finance and Swiss Finance Institute Professor at the Swiss Federal Institute of Technology in Lausanne (EPFL).

Damir Filipovic will be put forward for re-election as Member of the Board of Directors at the General Meeting of Shareholders of Swiss Life Holding on 26 April 2016.

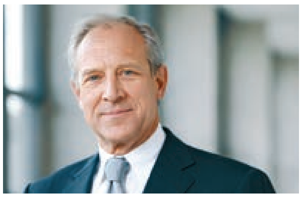
Frank W. Keuper — Born 1953, German national
Member of the Board of Directors

Frank W. Keuper studied social and economic sciences at Vienna University of Economics and Business and obtained a doctorate in the same subject. He started his career in the insurance sector in 1985 at the Albingia insurance group as assistant to the Management Board and later became Head of Sales and Marketing. After switching to the Zurich insurance group he returned to Albingia in 1992 and served as a Member of the Management Board from 1994 until 2000. He later assumed responsibility as a Member of the Management Board at AXA Versicherung AG for the Private and Corporate Clients division as well as Damages. From 2004 until 2007 he managed DBV Winterthur Holding AG as Chairman of the Management Board and was simultaneously a Member of the Management Board of Winterthur Group. From 2007 until 2012 Frank W. Keuper was CEO of AXA Konzern AG and a Member of the Executive Committee of AXA Group in Paris.

Frank W. Keuper will be put forward for re-election as Member of the Board of Directors at the General Meeting of Shareholders of Swiss Life Holding on 26 April 2016.

Other appointments:
– HanseMerkur Lebensversicherung AG, Member of the Supervisory Board
– HanseMerkur Allgemeine Versicherung AG, Member of the Supervisory Board
– JCK Holding GmbH Textil KG, Chairman of the Advisory Committee
– HVP Hanse Vertriebspartner AG, Chairman of the Supervisory Board

Henry Peter — Born 1957, Swiss and French national
Member of the Board of Directors



Henry Peter completed his studies in law at the University of Geneva in 1979, and in 1981 he was called to the Geneva bar. Following an assistantship in Geneva, a period of study as a visiting scholar at the University of California in Berkeley and legal work in Lugano, he obtained his PhD at the University of Geneva in 1988. Since 1988 he has been a partner in a Lugano law firm, currently PSM Law SA. He has also served since 1997 as professor of business law at the University of Geneva. Between 2004 and 2015 he was a Member of the Swiss Takeover Board. Since 2007 he has been a Member of the Sanction Commission of the SIX Swiss Exchange.

Henry Peter will be put forward for re-election as Member of the Board of Directors and for election as Member of the Compensation Committee at the General Meeting of Shareholders of Swiss Life Holding on 26 April 2016.

Other appointments:
- Sigurd Rück Ltd, Chairman of the Board of Directors
- Casino de Montreux SA, Chairman of the Board of Directors and Member of the Audit Committee
- Consitex SA, Member of the Board of Directors
- Ermenegildo Zegna Holditalia SpA, Member of the Board of Directors and Chairman of the Compensation Committee
- Banque Morval SA, Member of the Board of Directors
- PKB Privatbank AG, Chairman of the Board of Directors and the Executive Committee
- Global Petroprojects Services Ltd, Member of the Board of Directors
- Bank Lombard Odier & Co Ltd, Member of the Board of Directors and Chairman of the Audit Committee
- Swiss Olympic Association, Vice Chairman of the disciplinary chamber in charge of doping cases

Franziska Tschudi Sauber — Born 1959, Swiss national
Member of the Board of Directors

Franziska Tschudi graduated in law at the University of Bern and passed her bar exam there in 1984. She studied law at Georgetown University, Washington DC, earning an LL.M. in 1986, and passed the bar exam for the US states of New York and Connecticut in 1987. Franziska Tschudi completed postgraduate studies at the University of St. Gallen (1991 to 1993), receiving an Executive MBA. After initially working as an Assistant for Media Law at the Institute for Constitutional and Administrative Law at the University of Bern, and practising business and media law in Zurich, Washington DC and Geneva, she served as Secretary General at SIG Holding AG from 1992 to 1995. She then became a Member of the Executive Board of WICOR HOLDING AG (“WEIDMANN Group”), Rapperswil in 1995, where she was Head of Corporate Development and, from 1998, Head of the Business Area Electrical Technology Asia/Pacific. She has held the positions of Chief Executive Officer and Delegate of the Board of Directors of WICOR HOLDING AG since 2001.

Franziska Tschudi will be put forward for re-election as Member of the Board of Directors and as Member of the Compensation Committee at the General Meeting of Shareholders of Swiss Life Holding on 26 April 2016.

Other appointments:
– BIOMED AG, Member of the Board of Directors
– economiesuisse, Member of the Executive Board
– Swissmem, Member of the Executive Board

Klaus Tschütscher — Born 1967, Liechtenstein national
Member of the Board of Directors

Klaus Tschütscher studied law at the University of St. Gallen and obtained a doctorate (Dr. iur.) in 1996. In 2004 he also completed a postgraduate LL.M. degree in International Business Law at the University of Zurich. He started his career in 1993 as a research assistant at the University of St. Gallen. Two years later he became Head of Legal Services and Deputy Director of Liechtenstein Tax Administration. In this function he was notably a member of the Liechtenstein OECD delegation and Governor of the European Bank for Reconstruction and Development (EBRD) in London for four years. Klaus Tschütscher went on to start his political career as a member of government of the Principality of Liechtenstein. Initially he was Deputy Prime Minister from 2005 to 2009, responsible in particular for Justice and Economic Affairs. From 2009 to 2013 Klaus Tschütscher was Prime Minister and Finance Minister of Liechtenstein. He has received various awards and international distinctions. Klaus Tschütscher is a delegate to UNICEF Switzerland and an honorary member of the charitable foundation "Football is more" (FIM). Since his withdrawal from politics, Klaus Tschütscher has been a Member of the Board of Directors of Swiss Life Holding Ltd.

Klaus Tschütscher will be put forward for re-election as Member of the Board of Directors at the General Meeting of Shareholders of Swiss Life Holding on 26 April 2016.

Other appointments:
– Büchel Holding AG, Member of the Board of Directors
– Grand Resort Bad Ragaz Ltd., Member of the Board of Directors
– Montfort Werbung AG, Member of the Board of Directors
– Tschütscher Networks & Expertise AG, Owner and Chairman of the Board of Directors
– DMG Mori Schweiz AG and DMG Mori Europe Holding AG, Member of the Board of Directors (since 16 November 2015)

Resignations and new Members

None

Changes in the Board of Directors with effect from the 2016 General Meeting of Shareholders

The Board of Directors proposes that the General Meeting of 26 April 2016 elect Henry Peter to the Compensation Committee in place of Gerold Bührer. There are no other changes planned to the Board of Directors.

Internal organisational structure

In accordance with the Articles of Association, the Board of Directors has issued Organisational Regulations setting forth the internal organisational structure and the duties and competencies of the Board of Directors, the Board of Directors' committees, the Chairman of the Board of Directors and the Corporate Executive Board. The Organisational Regulations are reviewed regularly and adjusted where necessary. They are available on the internet at www.swisslife.com, "About us" area, "Organisation" section (www.swisslife.com/en/organisation).

The Chairman of the Board of Directors coordinates the work of the Board and the committees, and ensures reporting from the Corporate Executive Board to the Board of Directors. In urgent situations, the Chairman may also determine the necessary measures and take steps falling within the scope of the competencies of the Board until the Board of Directors takes a decision. If a timely decision cannot be reached by the Board of Directors, the Chairman is empowered to take a decision.

The Board of Directors meets as often as business requires, usually at least six times a year. Meetings are generally called by the Chairman. However, any member of the Board of Directors may request that a meeting be called, as may the Corporate Executive Board. In addition to the members of the Board of Directors, the Group CEO also generally attends the meetings or parts of meetings in an advisory capacity, as do other members of the Corporate Executive Board when required.

The Board of Directors met nine times during the year under review. The meetings lasted around three hours on average. All members of the Board of Directors attended all the meetings. The Group CEO and the other members of the Corporate Executive Board were present at all meetings. The Board of Directors conducted parts of the meetings among themselves.

The Board of Directors regularly performs a self-assessment. Furthermore, discussions take place between the Chairman of the Board and its members on an individual basis.

Four standing committees support the work of the Board of Directors as a whole: the Chairman's and Corporate Governance Committee, the Compensation Committee, the Investment and Risk Committee, and the Audit Committee. The Board of Directors may establish other committees to be entrusted with special tasks.

The committees of the Board of Directors sometimes call on the services of external consultants and assess their own work once a year. If the Chairman of the Board of Directors is not a member of a committee of the Board of Directors, he has the right to attend meetings (without voting rights).

The members of the Board of Directors or a committee of the Board of Directors are obliged to leave meetings when issues are discussed that affect their own interests or the interests of natural or legal persons close to them.

Chairman's and Corporate Governance Committee

The Chairman's and Corporate Governance Committee (Chairman's Committee) assists both the Chairman of the Board of Directors in performing his leadership and coordination duties and the Board of Directors with issues relating to corporate governance. The Committee also supports the Board of Directors in key strategic decisions.

The Chairman of the Board of Directors presides over meetings. As a rule, the Group CEO attends the Chairman's Committee meetings or parts of the meetings in an advisory capacity. Other members of the Corporate Executive Board and in-house or external specialists may also be invited. The Chairman's Committee meets at least six times a year.

The Chairman's Committee held ten meetings during the year under review. Each session lasted for around two hours on average. The meetings were attended by all members, including the Group CEO and the Group CFO.

Compensation Committee

The Compensation Committee supports the Board of Directors with regard to setting the compensation policy and in key personnel decisions regarding appointments to the highest levels of management and related performance-based and market consistent compensation. The fundamental duties and responsibilities of the Compensation Committee are set out in Article 12 of the Articles of Association as amended on 23 April 2014.

The Compensation Committee generally consists of three members, who are elected by the Annual General Meeting of Shareholders. All members of the Compensation Committee are independent members of the Board of Directors. A Board of Directors member is regarded as being independent if he has not exercised any operational management role within the Swiss Life Group for at least three years and has no or only a minor business relationship with the Group.

The Board of Directors appoints the Chairman of the Compensation Committee from among the latter's members and issues regulations for the Compensation Committee.

The Compensation Committee may invite the Group CEO to part or all of its meetings in an advisory capacity. Other members of the Corporate Executive Board and in-house or external specialists may also be invited. The Compensation Committee meets at least three times a year.

During the year under review, the Compensation Committee convened a total of five times. Each session lasted for around one-and-a-half hours on average. There was full attendance at all meetings. In the year under review, the Chairman of the Board of Directors also attended meetings of the Compensation Committee in relation to nomination and succession planning issues in the Board of Directors and Corporate Executive Board.

Investment and Risk Committee

The Investment and Risk Committee assists the Board of Directors in matters concerning investment management, financial management and risk management within the Group. The tasks of the Investment and Risk Committee include drafting proposals on the principal features of asset and liability management (ALM) and submitting them to the Board of Directors, determining the investment policy, assessing capital adequacy, verifying compliance with guidelines on investments, and establishing the risk tolerance in insurance and investment operations. The Investment and Risk Committee is vested with the authority to define various regulations and directives pertaining to the investment activities of the Swiss Life Group and must inform the Board of Directors accordingly. In addition, the Investment and Risk Committee is responsible for making decisions on investments above a certain amount and specifies the terms of significant intra-Group financing.

Generally, the Group CIO, the Group CFO and the Group CRO attend the Investment and Risk Committee meetings or parts of meetings in an advisory capacity. The Group CEO may attend (without the right to vote) the meetings of the Investment and Risk Committee. Further members of the Corporate Executive Board and in-house specialists may also be invited to attend. The Investment and Risk Committee meets at least four times a year.

Eleven meetings of the Investment and Risk Committee were held in the year under review. Each session lasted for around two hours on average. All members attended all the meetings, with the exception of one meeting, where one member was excused. The Chairman of the Board of Directors attended nine meetings of the Investment and Risk Committee. The Group CEO was present at ten of eleven meetings of the Investment and Risk Committee; the Group CFO, the Group CIO and the Group CRO were present at all meetings.

Audit Committee

The Audit Committee assists the Board of Directors in its supervision of the accounting function and financial reporting activities, as well as compliance with the legal framework. It reviews the appropriateness of the internal control structures and processes used to comply with the legal requirements. It monitors the activities of Corporate Internal Audit and the external audit services, takes due note of their reports and recommendations, and oversees any further measures that may prove necessary. The Committee is empowered to make decisions with respect to defining the terms and conditions for mandates to external auditors and keeps the Board of Directors appropriately informed. Moreover, the Audit Committee issues the regulations for Corporate Internal Audit and sets its annual programme of activities.

Generally, the Group CFO and the Head of Corporate Internal Audit attend the Audit Committee meetings or parts of the meetings in an advisory capacity. The Group CEO may attend the meetings of the Audit Committee (without voting rights). Representatives from the external audit services are also regularly invited (cf. also "Supervisory and control instruments vis-à-vis the auditors", page 73). In addition, further members of the Corporate Executive Board or in-house specialists may also be invited to attend. The Audit Committee meets at least four times a year. The frequency of meetings depends on the financial budgeting and reporting process.

In the year under review, the Audit Committee convened five times, with a meeting lasting over two hours on average. There was full attendance at all meetings, with the exception of one meeting, which one member was unable to attend. The Chairman of the Board of Directors was present at four meetings of the Audit Committee. The Group CEO, the Group CFO and the Head of Corporate Internal Audit, as well as representatives from the external audit services, attended all meetings. To prepare for the meetings relating to the annual and half-year reports, the Audit Committee regularly calls on the services of an independent financial and business expert.

Delineation of competencies between the Board of Directors and the Corporate Executive Board

The Organisational Regulations of Swiss Life Holding provide for the comprehensive delegation of the executive management responsibilities of the company to the Group CEO and the Corporate Executive Board, with the exception of those duties reserved for other bodies in accordance with the law, the Articles of Association or the Organisational Regulations themselves.

The Articles of Association of Swiss Life Holding can be found at www.swisslife.com, "About us" area, "Organisation" section, "Corporate Governance" and "Articles" subsections (www.swisslife.com/statuten). The Organisational Regulations are also published on Swiss Life's internet site in the "About us" area, "Organisation" section, "Corporate Governance" and "Organisational Regulations" subsections (www.swisslife.com/en/organisation).

The Corporate Executive Board bears responsibility in particular for the implementation of the corporate strategy, for the conditions governing business operations and for financial guidance. It is further responsible for preparing the resolutions for the Board of Directors and its committees, and for monitoring the implementation of these decisions in the Group. It is vested with the authority to rule on business referred to it by the Board of Directors, the Board of Directors' committees and the Chairman of the Board of Directors, insofar as approval or a decision is not reserved exclusively to the delegating body.

Information and control instruments of the Board of Directors vis-à-vis the Corporate Executive Board

The Board of Directors is continually and comprehensively briefed on the activities of the Corporate Executive Board. The Group CEO regularly informs the Chairman of the Board of Directors and the Board of Directors and its committees on the course of business, new business activities and significant projects. The Group CEO informs the Chairman of the Board of Directors immediately of any extraordinary matters. Considerable expenditure which is unbudgeted for and amounts to more than 10% of the relevant budget must be submitted to the Chairman's and Corporate Governance Committee for approval. Similarly, significant investments and divestments require the approval of the Investment and Risk Committee or, when they reach a certain level, the approval of the Board of Directors as a whole.

If required, the Board of Directors and its individual committees regularly invite all or some members of the Corporate Executive Board and in-house specialists to their meetings. Outside the meetings, each member of the Board of Directors may request information about the course of business from the Corporate Executive Board subject to the prior notification of the Chairman of the Board of Directors. Requests for information on individual transactions require the prior approval of the Chairman of the Board of Directors.

The Chairman of the Board of Directors may participate (without voting rights) in the meetings of the Corporate Executive Board. He receives the invitations and the minutes of the meetings.

Corporate Internal Audit, which reports directly to the Chairman of the Board, represents a suitable means of independent monitoring and information gathering for the Board of Directors. Regular meetings take place between the Chairman of the Board of Directors and the Head of Corporate Internal Audit, as well as between the Chairman of the Audit Committee and the Head of Corporate Internal Audit. Implementation of the measures recommended by Corporate Internal Audit is monitored by Group Compliance & Operational Risk Management. The Audit Committee regularly receives a report on operational risk management within the Swiss Life Group. The Internal Control System (ICS) is another instrument available to the Board of Directors for information and controlling purposes. Further details are available in the "Risk Management" section on page 86.

The performance of the Corporate Executive Board and the contributions made by the individual members are regularly discussed and evaluated by the Chairman's and Corporate Governance Committee, the Compensation Committee and the Board of Directors, with no members of the Corporate Executive Board being present. The acceptance of directorships and senior political or military roles by members of the Corporate Executive Board is subject to the consent of the Chairman of the Board of Directors.

Corporate Executive Board

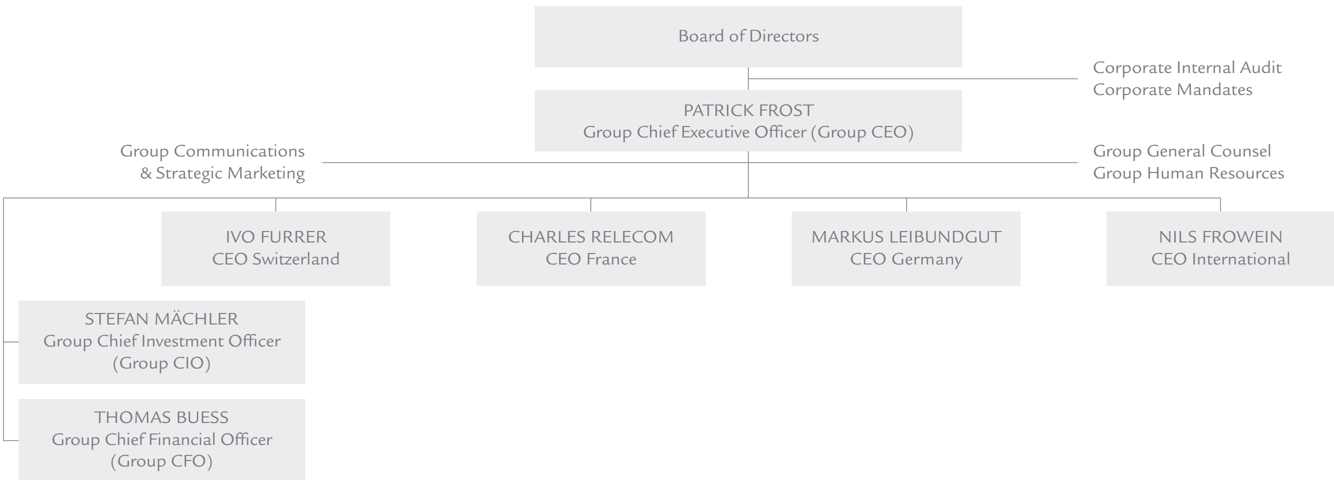
The Group CEO directs the business operations of the Group. The Group CEO, together with the Corporate Executive Board, works out the long-term objectives and strategic orientation of the Group for submission to the Board of Directors and, based on the resolutions of the Board of Directors, ensures the goal-oriented leadership and development of the Group. The Corporate Executive Board can form committees to address specific areas and can delegate competencies to such Corporate Executive Board committees.

The organisation and division of tasks within the Corporate Executive Board generally reflects the key business areas and functions. The members of the Corporate Executive Board have a direct management role with functional management responsibility for cross-divisional competencies. The members of the Corporate Executive Board are responsible for setting objectives, financial planning, HR management and achievement of objectives within their area. They issue directives for their area within the context of legal and regulatory requirements, the relevant regulations and the Group directives valid for the Group as a whole.

The Corporate Executive Board is responsible for the implementation of the corporate strategy, for the establishment of conditions governing business operations and for financial guidance. It is responsible for the preparation of the resolutions for the Board of Directors and its committees, and for monitoring the implementation of these decisions in the Group. The Corporate Executive Board is vested with the authority to rule on business referred to it by the Board of Directors, the Board of Directors' committees and the Chairman of the Board of Directors, insofar as decision or approval is not reserved exclusively to the delegating body.

The Corporate Executive Board may delegate operational responsibility for the management of subsidiaries to individual members of the Corporate Executive Board.

Management structure of the Swiss Life Group as at 31 December 2015



Members of the Corporate Executive Board

On 31 December 2015 the Corporate Executive Board of Swiss Life Holding was composed of the following members.

Name	Function	Member of the Corporate Executive Board since
Patrick Frost	Group CEO	01.07.2006
Ivo Furrer	CEO Switzerland	01.09.2008
Thomas Buess	Group CFO	01.08.2009
Charles Relecom	CEO France	01.07.2008
Markus Leibundgut	CEO Germany	01.04.2014
Stefan Mächler	Group CIO	01.09.2014
Nils Frowein	CEO International	01.01.2015

Patrick Frost — Born 1968, Swiss national
Group Chief Executive Officer (Group CEO)

Patrick Frost studied at the ETH in Zurich and the universities of Cologne, Basel and Zurich, obtaining degrees in natural science (dipl. Natural Science (dipl. Natw. ETH), economics (Dr. rer. pol.) and law (lic. iur.)). He began his career in the mid-nineties as an analyst and subsequently as a Portfolio Manager in asset management for Winterthur Group. After two years in the US as a Corporate Bond Manager, he was appointed Head of Fixed Income at Winterthur Group in 2001.

In 2006 Patrick Frost was appointed Member of the Corporate Executive Board and Group Chief Investment Officer of Swiss Life and in this capacity was responsible for the investment management of the Swiss Life Group. Since 1 July 2014 he has been Group Chief Executive Officer (Group CEO) of the Swiss Life Group.

Other appointments:
- economiesuisse, Member of the Executive Board
- American Chamber of Commerce, Member of the Financial Services Chapter Board
- Swiss Innovation Park Foundation, Member of the Foundation Board and of the Business Council (since October 2015)

Ivo Furrer — Born 1957, Swiss national
Chief Executive Officer Switzerland (CEO Switzerland)

Ivo Furrer graduated in law from the universities of Zurich and Fribourg and earned his PhD with a thesis on employee benefits in Switzerland. After joining Winterthur Life in 1982, he worked for several years in international industrial insurance in Switzerland, the UK and the USA. In 1998 he was appointed Chief Underwriting Officer at Winterthur International. He subsequently moved to Credit Suisse Group, where he was Head of e-Investment Services Europe and member of the management of Personal Financial Services. Ivo Furrer began working for Zurich Financial Services in 2002, initially in Germany as head of the international key account business, and in 2005 as a Member of the Global Corporate Executive Committee. In 2007 he was appointed CEO Life Switzerland and Member of the Global Life Executive Committee of Zurich Financial Services.

In September 2008 Ivo Furrer joined the Swiss Life Group as Member of the Corporate Executive Board and Chief Executive Officer Switzerland (CEO Switzerland).

Other appointments:
– Sanitas Krankenversicherung and Sanitas Beteiligungen AG, Member of the Board of Trustees and Vice Chairman of the Board of Directors
– Valiant Holding AG and Valiant Bank AG, Vice Chairman of the Board of Directors
– Swiss Insurance Association (SIA), Member of the Managing Board
– Zurich Chamber of Commerce, Member of the Board
– German-Swiss Chamber of Commerce, Member of the Board
– Financial Market Authority (FMA) Liechtenstein, Member of the Board of Directors

Thomas Buess — Born 1957, Swiss national
Group Chief Financial Officer (Group CFO)

After completing his business administration and economics studies at the University of St. Gallen and a two-year research activity at the Institute of International Economics, Thomas Buess launched his career in insurance in 1985. From 1985 to 1993 he assumed various positions in the area of finance at the ELVIA Group. In 1994 he joined Zurich Financial Services Group as Chief Financial Officer and Member of the Executive Committee of the Swiss P&C business unit. From 1997 to 1999 he was Chief Financial Officer of all Swiss operations. In 1999 Thomas Buess moved to the USA as Chief Financial Officer of Zurich Financial Services Group's North American business area. In 2002 he was appointed Group Chief Financial Officer and Member of the Group Management Board. Thomas Buess went on to head the reorganisation of the life insurance business before assuming the role of Chief Operating Officer of Zurich Financial Services Global Life in 2004. In January 2009 he moved to Allianz Group as Head of Operational Transformation.

In August 2009 Thomas Buess joined the Swiss Life Group as Group Chief Financial Officer (Group CFO) and Member of the Corporate Executive Board.

Other appointments:
– Swiss Insurance Association (SIA), Chairman of the Finance and Regulation Committee

Charles Relecom — Born 1953, Belgian and Swiss national
Chief Executive Officer France (CEO France)

Charles Relecom graduated from the University of Namur (Belgium) with a degree in mathematics and went on to gain a master's degree in Actuarial Science at the University of Louvain (Belgium). He began his career in 1978 as Chief Actuary and Chief Technology Officer at Swiss Life in Belgium. In 1984 he moved to the head office in Zurich, where he played a significant role in setting up the International Division. From 1988 to 1994 he worked for ELVIA Life as Director of Sales in the key accounts business. In 1994 he moved to "La Suisse" and, in 1998, was appointed CEO of the non-life business and Chief Actuary. In 2000 he became the CEO of "La Suisse", a position he held until 2005 when the company was integrated into the Swiss Life Group. Following the integration, Charles Relecom returned to Swiss Life in Belgium, initially as the CEO of Zelia S.A. and, from February 2006, as CEO for the entire Belgian business.

In July 2008 Charles Relecom was appointed Chief Executive Officer France (CEO France) of the Swiss Life Group and Member of the Corporate Executive Board.

Other appointments:
– French Insurance Association (FFSA), Member of the Board of Directors

Markus Leibundgut — Born 1969, Swiss national
Chief Executive Officer Germany (CEO Germany)

Markus Leibundgut studied Physics and Mathematics at the University of Bern and gained his doctorate in quantum field theory. Having joined McKinsey & Company in 1999 he worked in various positions as a strategic advisor for companies in a number of sectors including technology, telecommunications and management. During his career at McKinsey & Company, Markus Leibundgut focused on consulting in the insurance sector in Europe and Switzerland. He was elected a partner in 2005. From 2009 to 2011 Markus Leibundgut also managed the McKinsey European Life Insurance Center of Competence. He joined Swiss Life in 2012, initially heading the Finance & Actuarial Services business area as CFO and Member of the Executive Board at Swiss Life Switzerland. In 2013 Markus Leibundgut was appointed Chief Operating Officer and Member of the Executive Board of Swiss Life Germany.

In April 2014 Markus Leibundgut was appointed CEO Germany and Member of the Corporate Executive Board of the Swiss Life Group.

Stefan Mächler — Born 1960, Swiss national
Group Chief Investment Officer (Group CIO)

After studying law at the University of St. Gallen, Stefan Mächler (lic. iur. HSG) spent 18 years working for the Credit Suisse Group in the capital market and asset management areas. After nine years abroad and various posts in Tokyo, Osaka, Seoul and Frankfurt, he returned to Switzerland in early 1999 and was appointed Managing Director of Sales & Marketing Europe and Switzerland at Credit Suisse Asset Management. At the same time, he was the driving force behind the foundation of the listed real estate company Swiss Prime Site AG, where he served as Chairman of the Board of Directors until 2005. From 2005 until 2009 he worked for Deutsche Bank, initially assuming responsibility for managing family offices in Switzerland and in the final two years serving as CEO of Privatbank Rüd, Blass & Cie AG. From 2009 until 2014, Stefan Mächler was in charge of asset management at the Swiss Mobiliar Group as Chief Investment Officer and Member of the Group Executive Board.

On 1 September 2014 Stefan Mächler was appointed Group Chief Investment Officer and Member of the Corporate Executive Board of the Swiss Life Group.

Other appointments:
- Corporate Private Care AG, Member of the Board of Directors
- Rüegg-Naegeli AG, Member of the Board of Directors
- Stiftung Technopark Zürich, Member of the Board of Trustees
- Inter-Community School Foundation, Member of the Board of Trustees

Nils Frowein — Born 1964, German national
Chief Executive Officer International (CEO International)

Nils Frowein is an economics graduate with German and American accountancy certification. He is a skilled banker and has extensive expertise in the financial services sector and many years of capital market experience. From 1997 until 2004 he worked at the auditing firm BDO Deutsche Warentreuhand AG where he was responsible for the Financial Advisory Services division, most recently as partner. From 2004 to 2007 Nils Frowein was CFO of financial services provider MLP. There he was significantly involved in laying the strategic foundations for the company. Nils Frowein joined AWD as deputy Chief Executive Officer in January 2008. He was initially Chief Financial Officer and was appointed Chief Operating Officer on 1 September 2008. Between 2009 and 2010 he additionally took charge of the Swiss business of AWD as acting CEO. Since 2010 he has also been Chairman of the Swiss Life subsidiary Chase de Vere in the UK and since 2011 Chairman of the Supervisory Board of Swiss Life Select Austria.

Nils Frowein was appointed Chief Executive Officer of the International market unit (CEO International) on 1 January 2013, and Member of the Corporate Executive Board of the Swiss Life Group on 1 January 2015.

Other appointments:
- German-Swiss Chamber of Commerce, Member of the Board

Resignations and new members

Nils Frowein, CEO International since January 2013, was appointed Member of the Corporate Executive Board of the Swiss Life Group on 1 January 2015.

Transfer of Management Tasks

No management tasks have been contractually delegated to third parties by Swiss Life Holding.

Swiss Life Compensation Report for the Financial Year 2015

The General Meeting of Shareholders of Swiss Life Holding resolved on 23 April 2014 on a corresponding proposal by the Board of Directors to make various amendments to the Articles of Association in order to implement the Ordinance against Excessive Compensation in Listed Stock Companies (Compensation Ordinance, VegüV). The amendments take account of the new requirements and powers of the General Meeting of Shareholders in relation to corporate governance and compensation.

With regard to the compensation system, the key principles of the compensation policy of the Swiss Life Group have been incorporated into the Articles of Association. The members of the Board of Directors are granted exclusively fixed compensation. This is paid partly in blocked Swiss Life Holding shares, with the amount, date of allocation and duration of the blocking period set by the Board of Directors. The members of the Corporate Executive Board are entitled to a fixed basic salary and, if applicable, a short- and long-term variable compensation component. The variable compensation for members of the Corporate Executive Board has been limited under the Articles of Association to a maximum 181% of the fixed basic salary.

Pursuant to the Articles of Association, the General Meeting of Shareholders is responsible for approving the maximum total amount of fixed compensation for the Board of Directors until the next ordinary General Meeting. The General Meeting of Shareholders also votes on a prospective basis on the maximum amount of the fixed compensation and the long-term variable compensation component (equity compensation plan) for the Corporate Executive Board for the next financial year. By contrast, the short-term variable compensation component for the Corporate Executive Board is submitted for approval to the General Meeting of Shareholders on a retrospective basis for the previous financial year, in full cognisance of the respective business figures.

Since 2009, Swiss Life has given shareholders the opportunity to hold a separate advisory vote at the General Meeting on the compensation report for the relevant financial year. The outcome of the vote is important for the Board of Directors in their assessment and structuring of compensation. This vote on the compensation report will continue to be held in the future in line with good corporate governance practice.

On the basis of the new powers of the General Meeting of Shareholders in relation to compensation under the Articles of Association, which came into effect on 1 January 2015, the General Meeting of Shareholders approved the compensation for the Board of Directors and the Corporate Executive Board on 27 April 2015 as follows:

- For the Board of Directors: The maximum total amount of fixed compensation until the next ordinary General Meeting in 2016 in the amount of CHF 3 300 000 in total.
- For the Corporate Executive Board: The short-term variable compensation component for the 2014 financial year in the amount of CHF 3 949 081 in total (bonus and deferred compensation in cash), determined by the Board of Directors at the beginning of 2015 in view of the 2014 annual results, and the maximum total amount of the fixed compensation and the long-term variable compensation (equity compensation plan) for the 2016 financial year in the amount of CHF 12 800 000 in total.

In the same way, the General Meeting on 26 April 2016 will be asked to approve the exclusively fixed compensation for the Board of Directors until the 2017 ordinary General Meeting, the short-term variable compensation component for the Corporate Executive Board for the 2015 financial year and the maximum total amount of fixed compensation (basic salary incl. ancillary benefits and occupational provisions) and of the long-term variable compensation component (equity compensation plan) for the 2017 financial year.

The proposed budget/maximum amount for the fixed and long-term variable compensation for the Corporate Executive Board for the 2017 financial year represents an upper limit, which would only be exhausted in the case of exceptional business performance. The Board of Directors will determine the fixed compensation and the long-term variable compensation component for the Corporate Executive Board at the beginning of 2017 and will detail the key underlying factors in the respective compensation report, on which the shareholders can in turn hold an advisory vote.

The Articles of Association of Swiss Life Holding can be viewed online and printed out at www.swisslife.com, “About us” area, “Organisation” section, “Corporate Governance” and “Articles” subsections (www.swisslife.com/association). For stipulations on compensation and on the approval of compensation for the Board of Directors and the Corporate Executive Board, particular reference is made to Articles 14, 15 and 16 of the Articles of Association.

Guidelines and standards

The following information takes into account the requirements under the directive of the SIX Swiss Exchange on information relating to corporate governance and Circular 2010/1 of the Swiss Financial Market Supervisory Authority FINMA on minimum standards for remuneration schemes of financial institutions, as well as the transparency requirements under the Compensation Ordinance.

Additional information on compensation and benefit expenditure for the management and employees of the Swiss Life Group can be found in the Consolidated Financial Statements (notes 23 and 29) on pages 251 to 260 and 273 to 274. The information according to Art. 663c of the Swiss Code of Obligations regarding the shareholdings of members of the Board of Directors and the Corporate Executive Board is shown in the Notes to the Swiss Life Holding Financial Statements on pages 306 to 308.

The information on compensation granted to Corporate Executive Board members also includes the variable compensation, which was determined by the Board of Directors at the beginning of 2016 and is published on an accrual basis as compensation for the 2015 financial year. The members of the Board of Directors are granted exclusively fixed compensation, payable 70% in cash and 30% in Swiss Life Holding shares; the allocated shares are subject to a three-year blocking period.

The compensation received by each member of the Board of Directors, and that of the acting Chairman of the Corporate Executive Board (Group CEO), who in the period under review received the highest compensation of the members of the Corporate Executive Board, is disclosed on an individual basis.

Compensation policy principles

The compensation policy principles are governed by the Articles of Association of Swiss Life Holding. Within this framework, the Board of Directors as a whole establishes the compensation policy guidelines for the Group (incl. variable compensation and equity compensation plans) and relevant guidelines for the employee benefit institutions.

The compensation policy underpins the performance culture required by the corporate strategy and is part of the HR policy. The aim is to retain well-qualified employees and gain new, highly skilled staff. The compensation system is in line with the market environment and must be competitive. The individual overall compensation takes into account the employee's professional skills, engagement and personal performance. It is made up of the basic salary, a short-term variable compensation component based on achievement of the annual objectives, which is generally paid in cash and possibly in shares and, if applicable, as deferred compensation in cash, and a long-term variable compensation component in the form of an equity compensation plan, as well as contributions to occupational provisions and risk insurance.

Salary	
Variable compensation	
Short-term variable compensation component *(Bonus in cash and possibly in shares and, if applicable, deferred compensation in cash)*	Long-term variable compensation component *(Equity compensation plan, RSU plan)*
Contributions to occupational provisions and risk insurance	

The salary is determined according to the employee's function and skill set, and is annually reassessed and adjusted if appropriate. Salary comparison studies and recognised job evaluation systems are used to check appropriateness and to ensure internal and external comparability.

The variable compensation components are linked to the strategic objectives of the Group and the individual divisions, and the associated financial and HR-related targets. They are based on the achievement of annual objectives defined in advance for a period of three years as part of medium-term planning and determined on the basis of the actual performance of individuals or teams in relation to the objectives set (performance-linked payment) and on the degree of achievement of the Swiss Life Group targets as reflected in its annual result (share in the company's success). Quantitative and qualitative performance is assessed also on the basis of the competencies required for the function held, such as professional expertise, entrepreneurship, task fulfilment, cooperation and leadership. The percentage weighting between the individual and/or team performance and the share in the company's success depends on the position and responsibilities of the function holder.

The share in the company's success is measured using quantitative Group targets (Key Performance Indicators, KPIs), which are defined in advance for the following three years as part of medium-term planning. The main KPIs for the medium-term planning are, besides the annual profit, payout capacity, the planned cost savings, the risk and fee result, new business profitability, the return on equity and solvency (Swiss Solvency Test, SST). In order to avoid conduct aimed at the short-term achievement of key indicators with a higher weighting, the individual KPIs are not mechanistically weighted in advance. Their individual weighting is determined at the end of each financial year by the Board of Directors as a whole on the basis of a proposal by the Compensation Committee taking all developments into account and consideration (discretionary decision).

Personal performance based on the specified quantitative and qualitative objectives is assessed annually in the employee appraisal procedure implemented throughout the Group (Group Performance System, GPS). Two assessment elements/models are used for determining objectives and evaluating performance: The Group Objectives Model (GOM) relating to qualitative and quantitative objectives and the Group Competency Model (GCM) for measuring and assessing individual competencies and behaviour, including the compliance regulations.

For persons responsible for risk management and risk control, the quantitative objectives are set in such a way that performance is not linked to the result of the monitored business unit, specific products or transactions.

In order to be eligible for any variable compensation, a GPS target achievement of at least 80% is required.

Permanent employment contracts in Switzerland contain notice periods of between three and twelve months, depending on position and seniority. All employment contracts with members of the Corporate Executive Board specify a notice period of twelve months. Members of the Corporate Executive Board have no contractual entitlements to severance payments. Likewise members of the Board of Directors have no such entitlements.

Practice and procedure

Pursuant to the Organisational Regulations, the Board of Directors as a whole is responsible for determining the level and make-up of compensation for its members, whereas the Compensation Committee is responsible for putting forward appropriate proposals (for the internal organisation of the Board of Directors see “Internal organisational structure”, pages 40 to 43). The Board of Directors as a whole also establishes the guidelines for the company’s compensation policy. In doing so, it takes into consideration the compensation policies of other companies in the financial services industry, drawing its findings from publicly available information and studies by independent external experts. Comparable companies in the insurance sector in Switzerland used for the purposes of providing relevant information for the current compensation policy included Allianz, AXA, Baloise Insurance, Swiss Re, Zurich Insurance Group and Helvetia.

The Board of Directors as a whole also sets the level and distribution of the variable compensation pool for all employees on the basis of its compensation policy guidelines based on a proposal by the Compensation Committee. When determining the level of the allocation to the compensation pool, it takes into consideration the annual result, as well as the medium-term planning and the degree of target achievement.

Finally the Board of Directors as a whole is responsible for determining the individual compensation of members of the Corporate Executive Board.

As part of the implementation of the Compensation Ordinance and based on the amended Articles of Association as in force on 1 January 2015, the General Meeting of Shareholders approves, on the basis of a proposal by the Board of Directors, the maximum total amount of fixed compensation and long-term variable compensation for the Corporate Executive Board for the following financial year. This prospective approval excludes the short-term variable compensation component for the Corporate Executive Board, which is approved by the General Meeting of Shareholders retrospectively for the previous financial year. In addition, the General Meeting of Shareholders can, under Article 16 of the Articles of Association, pass a resolution at any time to retrospectively increase an approved total amount. If new members of the Corporate Executive Board are appointed after a resolution approving the compensation has been passed, the Articles of Association stipulate that a supplementary amount of a maximum 40% of the total amount for the year in question is available for their compensation and to offset any disadvantages in connection with the change of job; this does not require the approval of the General Meeting of Shareholders.

The Board of Directors carries out an annual performance assessment of all members of the Corporate Executive Board, based on preparatory work by the Compensation Committee. In addition, current aspects of HR policy and, in particular, succession planning are regularly discussed at meetings of the Compensation Committee and the Board of Directors as a whole.

The Board of Directors may consult independent professionals where deemed appropriate. In the year under review, Swiss Life was advised on specific compensation-related matters by PricewaterhouseCoopers (PwC).

Within the framework of the compensation arrangements for members of the Corporate Executive Board, "deferred compensation in cash" was introduced on 1 January 2012 as a new compensation component related to the short-term variable compensation. On the basis of the corresponding regulations, a portion of the short-term variable cash compensation determined by the Board of Directors is not paid immediately but after a period of three years has elapsed and provided that the regulatory requirements are satisfied at that point. The allocated deferred compensation in cash represents an entitlement during the three-year deferral period. The underlying "deferred cash plan" also provides for adjustment and reclaiming mechanisms (clawback). A full or partial reduction of the deferred compensation is provided for in the following cases: Negative impact of the key figures applying to the allocation of deferred compensation due to a restatement of the annual accounts or damage to Swiss Life as a result of a violation of statutory, regulatory or compliance standards by participants in the plan. If the employment relationship is terminated by a participant during the three-year deferral period for deferred compensation in cash, the entitlements expire worthless (retention component). For the 2015 financial year, the Board of Directors has determined that, as in the previous year, as from a variable compensation amount in cash of CHF 500 000, 23% of the total variable compensation in cash is to be allocated as deferred compensation in cash.

As a long-term variable compensation component linked to the performance of the Swiss Life Holding share price and to the medium-term planning and degree of target achievement, an equity compensation plan has been in place since 2004 for members of the Corporate Executive Board and other key performers within the Swiss Life Group, who are determined by the Corporate Executive Board with the approval of the Compensation Committee. Based on this plan, participants are granted future subscription rights to Swiss Life Holding shares. These subscription rights entitle them to receive Swiss Life Holding shares free of charge after a period of three years has elapsed, provided that the prerequisites under the plan have been satisfied at that point.

Since 2011 participants in the equity compensation plan have been allocated Restricted Share Units (RSUs) on 1 April (2011–2013 equity compensation plans) or on 1 March (equity compensation plans from 2014). The RSUs grant the holder future subscription rights, entitling them to receive Swiss Life Holding shares free of charge after a three-year period has elapsed. The attribution of shares after the expiry of the three-year deferral period is effected on a 1:1 basis (1 RSU = 1 share): The plan is therefore very simple, transparent throughout the whole term and directly linked to the performance of the Swiss Life Holding share price. The value of RSUs during the three-year term develops linear with the Swiss Life Holding share price and thus symmetrically corresponds with shareholder interests. 56 members of Swiss Life Group senior management participated in the 2013 equity compensation plan, in which a total of 74 630 RSUs were allocated; 18 590 in total to the Corporate Executive Board, of which 3360 to Bruno Pfister, in his capacity as Group CEO at the time. 57 members of Swiss Life Group senior management participated in the 2014 equity compensation plan. A total of 57 223 RSUs were allocated; 14 432 in total to the members of the Corporate Executive Board, of which 4226 to Bruno Pfister as Group CEO at the time. Altogether 51 members participated in the 2015 equity compensation plan, in which a total of 51 660 RSUs were allocated; 13 288 in total to the Corporate Executive Board, of which 3644 to Patrick Frost in his capacity as Group CEO since 1 July 2014. A total of 51 members of Swiss Life Group senior management participated in the 2016 equity compensation plan. A total of 51 270 RSUs were allocated; 14 586 in total to the members of the Corporate Executive Board, of which 3478 RSUs to Patrick Frost as Group CEO.

The 2013–2015 equity compensation plans are based on the Group-wide programme "Swiss Life 2015", which had been announced at the Swiss Life Group's Investors' Day on 28 November 2012 (see www.swisslife.com/investorsday2012). With regard to the 2013 and 2014 equity compensation plans, the Board of Directors has set the following performance criteria, based on the medium-term planning 2013–2015 (2013 equity compensation plan) and 2014–2016 (2014 equity compensation plan): Cost efficiency (50% weighting), risk and fee result (25% weighting) and IFRS profit (25% weighting). With regard to the 2015 equity compensation plan, the Board of Directors has set the following performance criteria on the basis of the medium-term planning 2015–2017: IFRS profit (50% weighting), the risk and fee result (25% weighting) and Cash to Swiss Life Holding for further strengthening of the financial substance and payout capacity (25% weighting). The 2016 equity compensation plan is based on the new Group-wide programme "Swiss Life 2018", which was announced at the Swiss Life Group's Investors' Day on 25 November 2015 (see www.swisslife.com/investorsday2015). For the purpose of supporting the achievement of the respective corporate goals, performance criteria have been determined by the Board of Directors analogously to the previous year's objectives (IFRS profit, 50% weighting; risk and fee result, 25% weighting; Cash to Swiss Life Holding, 25% weighting).

After expiry of the thee-year period of the RSU plan, the target value for each performance criterion according to the medium-term planning is compared with the actual result achieved. The share allocation corresponds to the number of allocated RSUs (1 RSU = 1 share) if all three performance criteria have been achieved or exceeded after the three-year period has elapsed; overperformance does not lead to a higher share allocation. If the targets are only partly achieved, the share allocation is correspondingly reduced in accordance with the weighting of the performance target concerned or the RSUs expire worthless. For reasons of trade secrecy, the precise target values cannot be disclosed in advance; after expiry of the equity compensation plan, the number of RSUs available for exercise according to the effective performance and, respectively, the corresponding degree of target achievement and the corresponding share allocation (vesting) will be disclosed. The corresponding information on the vesting of the various equity compensation plans, and the shares allocated, is set out in Note 23 of the Consolidated Financial Statements on pages 259 and 260. In distinction to the equity compensation plans in effect from 2013, no performance criteria were set for the 2012 equity compensation plan, which expired during the reporting period on 31 March 2015.

The attribution of the long-term variable compensation component (equity compensation plan, RSU plan) is deferred for a period of three years from the date of allocation as is the case with the deferred compensation in cash. Likewise, the RSU plans provide for adjustment and reclaiming mechanisms (clawback). These apply in the case of a negative impact of the key figures applying to the allocation of deferred compensation due to a retroactive correction to a restatement of the annual accounts and in the case of damage to Swiss Life as a result of a violation of statutory, regulatory or compliance standards. If the employment relationship is terminated by a participant during the three-year term of the RSU plan, the future entitlements expire worthless.

Compensation to members of the Board of Directors

The members of the Board of Directors are granted exclusively fixed compensation. This is paid 70% in cash and 30% in Swiss Life Holding shares; the shares are subject to a three-year blocking period.

The compensation takes into account membership of the Board of Directors of Swiss Life Holding and its subsidiary Swiss Life Ltd, as well as membership of the individual Board Committees, and is commensurate with the individual's function and workload.

As Chairman of the Board, Rolf Dörig is affiliated to the employee benefits institutions of Swiss Life for the purpose of occupational provisions. No such affiliation exists for other members of the Board of Directors and no contributions have been made on their behalf.

For the period from the 2015 ordinary General Meeting to the 2016 ordinary General Meeting, the General Meeting of 27 April 2015 approved a maximum total amount of fixed compensation for the members of the Board of Directors in the amount of CHF 3 300 000 in total. On this basis, the Board of Directors determined the compensation for the members of the Board of Directors unchanged at the same level as in the previous year. For the Chairman of the Board of Directors the fixed compensation in cash and blocked shares had been reduced by CHF 240 000 to CHF 1 200 000 as from the General Meeting of 23 April 2014.

The compensation paid to members of the Board of Directors in the 2015 financial year is shown on an individual basis in the 2015 compensation table below. For comparison purposes, the compensation for the 2014 financial year is shown again after the 2015 compensation table.

Compensation in blocked shares is reported in both tables on the basis of the respective stock exchange closing prices on the day of allocation. The economic value at allocation, which is equal to the tax value, is indicated in footnote 3.

Based on the Articles of Association of Swiss Life Holding, the maximum amount of the fixed compensation for the Board of Directors for the new period of office from the 2016 ordinary General Meeting until the 2017 ordinary General Meeting will be presented to the General Meeting of Shareholders on 26 April 2016 for approval. Compared to the previous years the Board of Directors proposes an augmentation of the compensation of CHF 140 000 in total. The basic compensation for members of the Board of Directors, which has remained unchanged at CHF 110 000 since 2011, is to be increased by CHF 10 000; in addition, compensation for time expenditure related to chairing a Board of Directors' committee is to be slightly increased. Compensation for the Vice Chairmen and the Chairman of the Board of Directors remains unchanged.

Compensation to the Board of Directors in 2015 (audited)

Amounts in CHF

	Compensation in cash	Compensation in blocked shares[1]			Expenditure for occupational provisions		
	Amount	Number	Amount (at closing price on allocation)	Total compensation in cash and shares (amount)[2]	Regular contributions[3]	Extra-ordinary contri-butions	Aggregate total (amount)
Rolf Dörig, Chairman of the Board of Directors	**840 000**	1 542	360 210	**1 200 210**	287 641	–	**1 487 851**
Gerold Bührer	**245 000**	451	105 342	**350 342**			
Frank Schnewlin	**245 000**	451	105 342	**350 342**			
Wolf Becke	**91 000**	168	39 247	**130 247**			
Adrienne Corboud Fumagalli	**91 000**	168	39 247	**130 247**			
Ueli Dietiker	**91 000**	168	39 247	**130 247**			
Damir Filipovic	**91 000**	168	39 247	**130 247**			
Frank W. Keuper	**91 000**	168	39 247	**130 247**			
Henry Peter	**112 000**	206	48 126	**160 126**			
Franziska Tschudi Sauber	**91 000**	168	39 247	**130 247**			
Klaus Tschütscher	**91 000**	168	39 247	**130 247**			
TOTAL BOARD OF DIRECTORS	**2 079 000**	3 826	893 749	**2 972 749**	287 641	–	**3 260 390**

1 The allocation of shares was effected on 18.06.2015 and 15.12.2015 at the stock exchange closing price of CHF 210.80 and CHF 261.90 respectively. Taking into account the blocking period of three years, the economic value, which is equal to the tax value, is CHF 176.9919 and CHF 219.8965 respectively.

2 All contributions are gross contributions, i.e. they include employee contributions to AHV/IV/ALV. Employer contributions to AHV/IV/ALV/FAK amounted to a total of CHF 176 787 in the year under review.

3 Pursuant to the pension fund regulations, occupational provisions were financed by the employer and the employee at a ratio of 70% to 30%.

Compensation to the Board of Directors in 2014 (audited)

Amounts in CHF

	Compensation in cash	Compensation in blocked shares[3]			Expenditure for occupational provisions		
	Amount	Number	Amount (at closing price on allocation)	Total compensation in cash and shares (amount)[4]	Regular contributions[5]	Extra-ordinary contri-butions	Aggregate total (amount)
Rolf Dörig, Chairman of the Board of Directors	**896 000**	1 761	384 401	**1 280 401**	286 416	–	**1 566 817**
Gerold Bührer	**244 767**	481	105 141	**349 908**			
Frank Schnewlin	**244 767**	481	105 141	**349 908**			
Wolf Becke	**91 000**	180	39 346	**130 346**			
Adrienne Corboud Fumagalli [1]	**68 250**	134	29 512	**97 762**			
Ueli Dietiker	**91 000**	180	39 346	**130 346**			
Damir Filipovic	**91 000**	180	39 346	**130 346**			
Frank W. Keuper	**91 000**	180	39 346	**130 346**			
Henry Peter	**112 000**	221	48 308	**160 308**			
Peter Quadri [2]	**30 333**	61	13 042	**43 375**			
Franziska Tschudi Sauber	**91 467**	181	39 560	**131 027**			
Klaus Tschütscher	**91 000**	180	39 346	**130 346**			
TOTAL BOARD OF DIRECTORS	**2 142 584**	4 220	921 835	**3 064 419**	286 416	–	**3 350 835**

1 Joined 23.04.2014.

2 Left 23.04.2014.

3 The allocation of shares was effected on 17.06.2014 and 15.12.2014 at the stock exchange closing price of CHF 213.80 and CHF 223.60 respectively. Taking into account the blocking period of three years, the economic value, which is equal to the tax value, is CHF 179.5108 and CHF 187.7390 respectively.

4 All contributions are gross contributions, i.e. they include employee contributions to AHV/IV/ALV. Employer contributions to AHV/IV/ALV/FAK amounted to a total of CHF 191 671 in the year under review.

5 Pursuant to the pension fund regulations, occupational provisions were financed by the employer and the employee at a ratio of 70% to 30%.

Compensation to members of the Corporate Executive Board

Compensation remitted to members of the Corporate Executive Board comprises the fixed basic salary, short-term variable compensation in cash and other compensation (child allowances, company cars, premium contributions to 3rd pillar pension plans). The short-term variable compensation in cash is allocated as a bonus and as deferred compensation in cash. The deferred compensation in cash is paid out after a period of three years has elapsed and provided that the regulatory requirements have been satisfied. In addition, a long-term variable compensation component is in place in the form of an equity compensation plan linked to the performance of the Swiss Life Holding share price, respectively to medium-term planning and corresponding target achievement (RSU plan). As already mentioned, participants are entitled to Swiss Life Holding shares after a period of three years has elapsed and provided that the relevant requirements are satisfied at the time of allocation.

The fixed basic salary is determined annually by the Board of Directors, on the basis of a proposal by the Compensation Committee, taking into account the individual member's function-related responsibility and the current market conditions.

The variable compensation components are determined by the Board of Directors in accordance with the compensation policy and based on the company result and the achievement of personal goals during the relevant business year, assessed in the employee appraisal procedure implemented throughout the Group (Group Performance System, GPS).

The amount of the variable compensation (short-term variable compensation in cash and equity compensation plan as a long-term variable compensation component) is limited in the Articles of Association of Swiss Life Holding to a maximum of 181% of the fixed basic salary (statutory "bonus cap", upper limit for the variable compensation). On the basis of the current compensation policy the Board of Directors has, with a view to harmonising fixed and variable compensation in the case of maximum target achievement and departing from a benchmark of 100%, set a range of 100–130% of the fixed basic salary for the variable compensation components. Starting from the principle of equal apportionment, the ratio of short-term to long-term variable compensation components is determined by the Board of Directors in consideration of the results achieved in the respective business year (discretionary decision). In the case of an "on target" achievement, the range for variable compensation of members of the Corporate Executive Board is 80–100% of the fixed basic salary ("on-target bonus").

The short-term and long-term components of the variable compensation are in principle allocated in equal amounts (1:1 ratio), whereby the deferred compensation components (RSU plan and deferred compensation in cash) are considered as a whole. The Board of Directors may determine a different ratio for the Corporate Executive Board as a whole or for the Chairman or individual members of the Corporate Executive Board (discretionary decision).

At Corporate Executive Board level, variable compensation depends 60% directly on the company's success. The Key Performance Indicators (KPIs) used to assess company success include, as mentioned above, key figures relating to annual profit, payout capacity, cost savings, the risk and fee result, new business profitability, return on equity and solvency (Swiss Solvency Test, SST).

40% of the variable compensation is based on Corporate Executive Board members' achievement of specified personal goals. On the one hand, these personal goals are linked back to the company's success, in that each Corporate Executive Board member has to meet personal quantitative objectives contributing to the company's success in relation to his division. On the other hand, the personal goals cover qualitative factors, namely project targets, risk management and compliance goals, as well as requirements relating to leadership and to supporting and further developing corporate culture.

Despite the low interest rate environment and negative interest rates, as well as the decision by the Swiss National Bank (SNB) of 15 January 2015 to discontinue the minimum rate against the euro, Swiss Life once again grew profitably during the year under review. The targets set in medium-term planning were clearly exceeded. Compared with the previous year, adjusted operating income grew at a high level, by 17% to CHF 1.3 billion, and IFRS net profit by 7% to CHF 878 million; insurance reserves, meanwhile, were also strengthened anew in favour of policyholders, by a total of CHF 1.2 billion. Fee and commission income stood at CHF 1.3 billion, and thus posted an 8% improvement year-on-year in local currency. The target was also surpassed with regard to adjusted return on equity, which at 9.7% is once again at the upper end of the target ambition of 8–10%. Also with regard to solvency all quantitative and qualitative solvency targets were met in the course of SST implementation. Although interest rates were low, the new business margin posted a robust 1.7%, and the value of new business increased by 5% to CHF 268 million despite the very difficult environment. Finally, targets for strengthening Swiss Life Holding's financial substance and payout capacity were also met, and all units achieved their cost targets.

The compensation for members of the Corporate Executive Board for the 2015 financial year is reported in detail in the 2015 compensation table below. Patrick Frost, Chairman of the Corporate Executive Board (Group CEO) since 1 July 2014, received the highest compensation of the members of the Corporate Executive Board in the 2015 financial year; accordingly his compensation is disclosed individually.

In the 2015 financial year, the compensation is reported, in addition to the compensation of Group CEO Patrick Frost, for six persons who were members of the Corporate Executive Board for the entire year under review.

The short-term variable compensation component for the Corporate Executive Board of a total CHF 4 152 500 (cash bonus of CHF 3 603 500 and deferred compensation in cash of CHF 549 000), which was determined by the Board of Directors at the beginning of 2016 for the 2015 financial year and will be proposed to the General Meeting of Shareholders on 26 April 2016 for approval, is disclosed in the following compensation table on an accrual basis as compensation for the 2015 financial year (accrual method). The members of the Corporate Executive Board did not receive any compensation in shares for the 2015 financial year; they are participating in the current equity compensation plan that provides for the allocation of so-called Restricted Share Units (RSUs).

The long-term variable compensation component in the form of the equity compensation plan (RSU plan 2016) is also reported in the compensation table for the 2015 financial year, which serves as the basis for the amount of the allocation and the corresponding number of allocated RSUs (accrual method).

Expenditure for occupational provisions for members of the Corporate Executive Board in the period under review amounted to CHF 1 622 925. This includes the ordinary annual employer contribution of CHF 228 421 for the occupational benefits of Patrick Frost, Group CEO.

The stated amounts do not include social security contributions (AHV/IV/ALV/FAK) payable by the employer under the law. The respective expenditure is shown in footnote 7 of the 2015 compensation table.

Following the 2015 compensation table, the details of the compensation for 2014 are stated in a separate table for comparison.

Compensation to the Corporate Executive Board in 2015 (audited)

Amounts in CHF	Compensation in cash				Compensation in shares		
	Salary	Bonus for 2015 paid in 2016[4]	Other compensation[5]	Total compensation in cash	Number	Amount	Total compensation in cash and shares (amount)
Patrick Frost, Group CEO [1]	1 500 000	830 000	24 762	**2 354 762**	0	0	**2 354 762**
Other members of Corporate Executive Board [2,3]	6 156 420	2 773 500	121 125	**9 051 045**	0	0	**9 051 045**
TOTAL CORPORATE EXECUTIVE BOARD	7 656 420	3 603 500	145 887	**11 405 807**	0	0	**11 405 807**

[1] Patrick Frost has been Group CEO since 1 July 2014. His salary as Group CEO is thus measured for the full reporting year in 2015 but not in 2014.

[2] 6 individuals were taken into account in the period under review who were on the Corporate Executive Board during the full reporting year (previous year: 4 persons). The compensation for Markus Leibundgut in 2014 (appointed on 1 April 2014) and Stefan Mächler (appointed on 1 September 2014) is reported pro rata for the period of their membership of the Corporate Executive Board in 2014. The compensation for Bruno Pfister is also reported pro rata for the period of his membership of the Corporate Executive Board in 2014. Nils Frowein has been a member of the Corporate Executive Board since 1 January 2015.

[3] The salary amounts also include tax-equalisation payments and international travel expenses totalling CHF 1 178 820.

[4] The short-term variable compensation component for the 2015 financial year (bonus and deferred compensation in cash) was determined by the Board of Directors at the beginning of 2016 for the 2015 financial year.

[5] Child allowances (CHF 8200), allowance for years of service (CHF 6512) and premium contributions to 3rd pillar pension plans (CHF 131 175).

Amounts in CHF	Expenditure for occupational provisions		
	Regular contributions[6]	Extraordinary contributions	Aggregate total compensation in cash and in shares and occupational provisions expense (amount)[7]
Patrick Frost, Group CEO	228 421	0	**2 583 183**
Other members of Corporate Executive Board [1]	1 394 504	0	**10 445 549**
TOTAL CORPORATE EXECUTIVE BOARD	1 622 925	0	**13 028 732**

[6] Pursuant to the pension fund regulations, occupational provisions were financed by the employer and the employee at a ratio of 70% to 30%.

[7] All contributions are gross contributions, i.e. they include employee contributions to AHV/IV/ALV. Employer contributions to AHV/IV/ALV/FAK amounted to a total of CHF 1 051 107 in the year under review.

Amounts in CHF	Variable deferred compensation in cash[4]	Restricted Share Units (RSUs) RSU plan 2016[9,10]		
	Amount[8]	Number	Amount	Aggregate total compensation incl. deferred compensation in cash and RSUs (amount)
Patrick Frost, Group CEO	**245 000**	3 478	750 065	**3 578 248**
Other members of Corporate Executive Board [1]	**304 000**	11 108	2 395 553	**13 145 102**
TOTAL CORPORATE EXECUTIVE BOARD	**549 000**	14 586	3 145 618	**16 723 350**

[8] The variable deferred compensation in cash is paid out after a deferral period of three years, provided the requirements are satisfied at that point.

[9] The RSUs represent future subscription rights that entitle the individuals concerned to receive Swiss Life Holding shares after a period of three years, provided the requirements are satisfied at that point.

[10] For the 2016 RSU plan beginning 01.03.2016 the 2015 financial year forms the basis for the amount of the allocation and the corresponding number of allocated RSUs. The allocation of RSUs on 01.03.2016 was effected at a fair value of CHF 215.66, as calculated by an independent consultancy firm.

Compensation to the Corporate Executive Board in 2014 (audited)

Amounts in CHF	Compensation in cash				Compensation in shares		
	Salary	Bonus for 2014 determined in 2015[3]	Other compensation[4]	Total compensation in cash	Number	Amount	Total compensation in cash and shares (amount)
Patrick Frost, Group CEO from 01.07.2014	1 125 000	575 000	24 742	**1 724 742**	0	0	**1 724 742**
Other members of Corporate Executive Board [1,2]	5 615 374	2 793 081	115 167	**8 523 622**	0	0	**8 523 622**
TOTAL CORPORATE EXECUTIVE BOARD	6 740 374	3 368 081	139 909	**10 248 364**	0	0	**10 248 364**

1 Seven individuals were taken into account in the period under review. For Bruno Pfister, Group CEO until 30 June 2014, and Manfred Behrens, CEO Germany until 31 March 2014, compensation is disclosed for both the period of their membership of the Corporate Executive Board and the period until termination of their employment relationship on 30 November 2014 and 31 December 2014 respectively. For Markus Leibundgut (appointed on 1 April 2014) and Stefan Mächler (appointed on 1 September 2014), compensation is reported pro rata for the period of their membership of the Corporate Executive Board in 2014.

2 In the 2014 financial year, Bruno Pfister received the salary agreed in his contract of employment until formal termination of the employment relationship on 30 November 2014; for his service as Group CEO until 30 June 2014 a short-term variable compensation (bonus and deferred compensation in cash) of a total of CHF 540 000 was determined. In addition he received 1415 RSUs as a long-term variable compensation component (2014 RSU plan: the allocation was effected at a fair value of CHF 203.54 as calculated by an independent consultancy firm). This compensation is included in the tabular amounts for the other members of the Corporate Executive Board or the corresponding total amount.

3 The short-term variable compensation component for the 2014 financial year (bonus and deferred compensation in cash) was determined by the Board of Directors at the beginning of 2015 for the 2014 financial year.

4 Child allowances (CHF 8650), company cars (CHF 23 426), premium contributions to 3rd pillar pension plans (CHF 104 112), other (CHF 3721), each in total.

Amounts in CHF	Expenditure for occupational provisions		
	Regular contributions[5]	Extraordinary contributions	Aggregate total compensation in cash and in shares and occupational provisions expense (amount)[6]
Patrick Frost, Group CEO from 01.07.2014	205 224	0	**1 929 966**
Other members of Corporate Executive Board [1]	1 707 960	0	**10 231 582**
TOTAL CORPORATE EXECUTIVE BOARD	1 913 184	0	**12 161 548**

5 Pursuant to the pension fund regulations, occupational provisions were financed by the employer and the employee at a ratio of 70% to 30%.

6 All contributions are gross contributions, i.e. they include employee contributions to AHV/IV/ALV. Employer contributions to AHV/IV/ALV/FAK amounted to a total of CHF 959 830 in the year under review.

Amounts in CHF	Variable deferred compensation in cash[3]	Restricted Share Units (RSUs) RSU plan 2015[8,9]		
	Amount[7]	Number	Amount	Aggregate total compensation incl. deferred compensation in cash and RSUs (amount)
Patrick Frost, Group CEO from 01.07.2014	**175 000**	3 644	750 190	**2 855 156**
Other members of Corporate Executive Board [1]	**406 000**	9 644	1 985 409	**12 911 000**
TOTAL CORPORATE EXECUTIVE BOARD	**581 000**	13 288	2 735 599	**15 766 156**

7 The variable deferred compensation in cash is paid out after a deferral period of three years, provided the requirements are satisfied at that point.

8 The RSUs represent future subscription rights that entitle the individuals concerned to receive Swiss Life Holding shares after a period of three years, provided the requirements are satisfied at that point.

9 For the 2015 RSU plan beginning 01.03.2015 the 2014 financial year forms the basis for the amount of the allocation and the corresponding number of allocated RSUs. The allocation of RSUs on 01.03.2015 was effected at a fair value of CHF 205.87, as calculated by an independent consultancy firm.

Additional fees and compensation to members of governing bodies[1]

No additional fees and compensation were paid to members of governing bodies in the year under review.

Compensation to former members of governing bodies[1]

No compensation was paid to former members of governing bodies in the year under review.

Compensation to closely linked parties[1,2]

No compensation was paid to closely linked parties in the year under review.

Loans and credits to members of governing bodies[1]

In accordance with the Articles of Association, the Company may grant members of the Board of Directors and the Corporate Executive Board secured loans and credits at usual market terms for up to CHF 10 million each and unsecured loans and credit of up to CHF 0.5 million each.

No loans or credit were granted to members of governing bodies in the year under review; as at the balance sheet date, there are no outstanding loans or credit to members of governing bodies.

Loans and credits to former members of governing bodies[1]

No loans or credit were granted to former members of governing bodies in the year under review; as at the balance sheet date, there are no outstanding loans or credit to former members of governing bodies.

Loans and credits to closely linked parties[1,2]

No loans or credit were granted to closely linked parties in the year under review; as at the balance sheet date, there are no outstanding loans or credit to closely linked parties.

[1] audited

[2] "Closely linked parties" are natural persons and legal entities (in the sense of Art. 678 of the Swiss Code of Obligations and Art. 16 of the Compensation Ordinance) that have close personal, economic, legal or de facto ties with members of governing bodies. This typically includes spouses, minor children, companies controlled by members of governing bodies, and natural or legal persons serving as members of governing bodies in a fiduciary capacity.

Share ownership/Participation rights

On the balance sheet date of 31 December 2015, acting members of the Board of Directors and the Corporate Executive Board (including closely linked parties) held the following number of Swiss Life Holding registered shares and future subscription rights to Swiss Life Holding shares in the form of Restricted Share Units (RSUs).

Board of Directors

	SLH shares 31.12.2015
Rolf Dörig, Chairman of the Board of Directors	**38 850**
Gerold Bührer	**6 740**
Frank Schnewlin	**4 393**
Wolf Becke	**822**
Adrienne Corboud Fumagalli	**302**
Ueli Dietiker	**522**
Damir Filipovic	**1 285**
Frank W. Keuper	**522**
Henry Peter	**8 258**
Franziska Tschudi Sauber	**2 739**
Klaus Tschütscher	**522**
TOTAL BOARD OF DIRECTORS	**64 955**

Corporate Executive Board

	Restricted Share Units (RSUs) 31.12.2015 [1]	SLH shares 31.12.2015
Patrick Frost, Group CEO	**9 218**	**14 130**
Thomas Buess	**7 148**	**14 854**
Nils Frowein	**5 942**	**300**
Ivo Furrer	**7 148**	**2 000**
Markus Leibundgut	**4 946**	**1 420**
Stefan Mächler	**1 591**	**500**
Charles Relecom	**5 694**	**3 130**
TOTAL CORPORATE EXECUTIVE BOARD	**41 687**	**36 334**

[1] Total number of RSUs allocated in the years 2013, 2014 and 2015 in connection with the relevant equity compensation plan. The RSUs represent future subscription rights that entitle the individuals concerned to receive SLH shares after a period of three years, provided that the relevant conditions are met at that point.

Shareholdings as well as future subscription rights to Swiss Life Holding shares as at 31 December 2014 are shown in the Notes to the Swiss Life Holding Financial Statements on page 308.

Options

No share options have been granted in the Swiss Life Group since 2003 and no options are outstanding.

Further information

In the form of an overview, the following additional information is provided on the Swiss Life Group compensation systems for the 2015 financial year.

In CHF (unless otherwise indicated)

Total compensation [1]	**794 503 933**
of which total variable compensation (total pool) [2]	132 540 859
Number of persons who received variable compensation	6 280
Total outstanding deferred compensation	**11 456 814**
of which cash payment	946 177
of which shares	0
of which options	0
of which others (Restricted Share Units, RSU)	10 510 637
Charges and credits in the financial year from compensation for previous financial years [3]	**–1 753 281**
Board of Directors, Executive Board and persons whose activities have a significant influence on the risk profile:	
Total sign-on payments made in the financial year [4]	0
Total severance payments made in the financial year [5]	0

[1] The totality of any monetary value which the company distributes to a person directly or indirectly for the work performed for the company, e.g. in the form of cash payments, non-cash benefits, expenditure which establishes or increases entitlements to occupational provisions, pensions, shares or other allocation of shareholding rights as well as the forgiving, extinguishing or renunciation of any claims or debts.

[2] Part of the total compensation, the granting or the amount of which is at the discretion of the company or which is contingent on fulfilment of predefined conditions. This includes compensation contingent on performance or meeting certain targets. Sign-on payments and severance payments also fall within the scope of the definition of variable compensation.

[3] In particular reduction in expenses affecting net income due to only partial consumption of reserves for variable compensation in Germany.

[4] Compensation which is agreed on the conclusion of an employment agreement to be paid or be due once. Also deemed to constitute a sign-on payment shall be compensation for benefits foregone vis-à-vis a previous employer.

[5] Compensation which is agreed in connection with the termination of an employment relationship.

Report of the Statutory Auditor

Report of the Statutory Auditor
to the General Meeting of
Swiss Life Holding Ltd
Zurich

Report of the Statutory Auditor on the Compensation Report

We have audited the sections on pages 59 and 63 to 65 of the accompanying compensation report of Swiss Life Holding Ltd for the year ended 31 December 2015.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility
Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the compensation report of Swiss Life Holding Ltd for the year ended 31 December 2015 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Ray Kunz	Nebojsa Baratovic
Audit expert	Audit expert
Auditor in charge	

Zurich, 15 March 2016

Shareholders' Participation Rights

Restrictions on voting rights

In exercising voting rights, no shareholder can collect more than 10% of the total share capital directly or indirectly in respect of his own shares and those he represents. Legal entities and partnerships which are connected through capital, voting rights, uniform management or in any other way, as well as individuals or legal entities and partnerships which act in concert by virtue of agreement, as a syndicate or in any other way, are deemed to be a single person. Any amendment to or revocation of restrictions on voting rights must be approved by at least two thirds of the voting shares represented at the General Meeting of Shareholders and an absolute majority of the share par value represented. The Board of Directors can permit exceptions to this limit on the basis of its discretionary powers. During the year under review, no such exceptions were granted.

Right of representation

Under the terms of the Articles of Association, a shareholder may be represented by a legal representative, or, if a written power of attorney exists, by another shareholder entitled to vote or by the independent voting representative.

Independent voting representative

The General Meeting of Shareholders elects an independent voting representative. His term of office ends after completion of the next ordinary General Meeting of Shareholders. Re-election is possible. The independent voting representative is obliged to exercise the represented voting rights pursuant to the instructions given. He can be represented at the General Meeting of Shareholders by an assistant. He remains fully responsible for compliance with his obligations. If the company does not have an independent voting representative, the Board of Directors appoints one for the next General Meeting of Shareholders.

Required majorities

In addition to the resolutions provided for by law, a qualified majority (corresponding to at least two thirds of the voting shares represented and an absolute majority of the share par value represented) is required to:

– change provisions concerning restrictions on voting rights
– dissolve the company (liquidation)
– dismiss more than one third of the members of the Board of Directors
– change these provisions of the Articles of Association

Convocation of the General Meeting of Shareholders and agenda

The rules set out in the Articles of Association for convening a General Meeting of Shareholders and drawing up the agenda comply with the stipulations of the law. Shareholders who represent at least 0.25% of the share capital can submit a written request within a time limit published in advance by Swiss Life Holding for the inclusion on the agenda of an item for discussion, together with the relevant motions. The written application must be accompanied by a blocking certificate issued by a bank to confirm that the shares are deposited with it until after the General Meeting of Shareholders is held.

Entry in the share register

Entries can be made in the share register up to the day before the General Meeting of Shareholders. In all cases, however, the company reserves the right to adhere to the legal maximum period of 20 days for recognition of entries in the share register in accordance with Art. 685g of the Swiss Code of Obligations. For administrative reasons (postal delivery times), the deadline for registering to participate in the General Meeting of Shareholders is usually seven calendar days before the event takes place.

Voting system and procedures

Based on a corresponding authorisation in the Articles of Association, the presiding officer at Swiss Life Holding's General Meeting of Shareholders generally requests that votes be taken electronically. Swiss Life Holding uses a certified electronic voting system which permits balloting with remote-controlled handsets and records the exact number of voting shares represented.

Changes of Control and Defence Measures

Duty to make an offer

Swiss Life Holding's Articles of Association provide for neither an "opting up" nor an "opting out" clause within the meaning of Art. 32 and 22 of the Federal Act on Stock Exchanges and Securities Trading (SESTA).

Clauses on changes of control

No contractual provisions exist in favour of the Board of Directors or the Corporate Executive Board with regard to changes in control of the company.

Auditors

As was the case last year PricewaterhouseCoopers (PwC) is again serving as external statutory auditor for all Swiss Life Group companies that are directly or indirectly held by Swiss Life Holding under its scope of consolidation.

PwC confirms that it meets the legal requirements concerning professional qualification and independence.

Duration of the mandate and term of office of the lead auditor

The Articles of Association stipulate that the external auditor is to be elected by the General Meeting of Shareholders for one financial year at a time. When Swiss Life Holding was established in 2002, PwC was named statutory auditor and Group auditor. Since then, PwC has been reappointed without interruption. PwC has also acted as statutory auditor for Swiss Life Ltd since 1994. Swiss Life Holding last invited tenders for its statutory auditor and Group auditor mandate for the 2008 financial year. On completion of the evaluation process, the Board of Directors, in accordance with the proposal of the Audit Committee, again nominated PwC as its statutory auditor and Group auditor at the General Meeting of Shareholders.

The partner at PwC in charge of auditing the Swiss Life Holding annual financial statements and consolidated financial statements (lead auditor) has exercised this function since 2011. The role of lead auditor rotates in compliance with the term of office regulations stipulated by the Swiss Code of Obligations, the independency guidelines set forth by the Swiss Institute of Certified Accountants and Tax Consultants and internal guidelines at PwC.

Auditing fees

In 2015 the auditing fees credited to PwC came to approximately CHF 8.1 million (2014: CHF 8.2 million). This includes the fees for reviewing the 2015 half-year accounts.

Additional fees

Additional fees in the region of CHF 1.1 million were paid to PwC in 2015 (2014: CHF 1.5 million), approximately CHF 0.5 million of which was for the audit of the Market Consistent Embedded Value (MCEV) report. The remainder consists of fees for legal, fiscal and other advisory services. All services were performed in compliance with the relevant independency regulations set out in the Swiss Code of Obligations, the Audit Supervision Act and FINMA circular 2013/3, “Auditing”.

Supervisory and control instruments vis-à-vis the auditors

The Audit Committee maintains regular contact with the external auditors. It evaluates the independence of the external auditors and identifies possible conflicts of interest. It also examines the terms and conditions of the external audit mandates and assesses the audit plan and strategy for the year in question.

The external auditors submit regular written reports on the status of the auditing work. They also submit detailed reports on the half-year and annual financial statements to the Audit Committee. At the end of the year, the external auditors draw up a comprehensive report for the attention of the General Meeting of Shareholders and a detailed report on the financial year just completed for the attention of the Audit Committee, the Board of Directors and the Swiss Financial Market Supervisory Authority FINMA.

The Audit Committee also acknowledges and approves the various recommendations of the external auditors, including the Management Letter. If required, the committee discusses with representatives of the external auditors any issues which could have a major impact, either collectively or individually, on the financial situation or the result of the audit.

In the year under review, representatives of the external auditors attended all Audit Committee meetings, either in their entirety or for specific items on the agenda.

Information Policy

Swiss Life communicates actively and openly both within and outside the company. The Investor Relations and Communications areas provide up-to-date reports to private and institutional investors, financial analysts, journalists and the public.

Key facts and figures about the Swiss Life Group and info kits on previous years' reports are available on the internet at www.swisslife.com, "Investors" area, "Results & Reports" section (www.swisslife.com/results). Details on events relevant to shareholders, analysts and the media (General Meetings of Shareholders, media conferences, etc.) can be found at www.swisslife.com, "Investors" area, "Financial Calendar" section (www.swisslife.com/financialcalendar).

At www.swisslife.com/subscription, all interested parties can subscribe to the company's mailing list so as to receive timely ad hoc reports and media releases free of charge via the e-mail distribution system. These releases are also published on the Swiss Life website at the same time as they are sent to subscribers, and are available online for at least two years at www.swisslife.com, "Media" area, "Media releases" section (www.swisslife.com/mediareleases).

In addition to its comprehensive Annual Report and Financial Statements, Swiss Life Holding also publishes its half-year results. Furthermore, in May and November of each year, it publishes specific details on the previous quarter. All Swiss Life's annual reports since 1998 and all half-year reports since 2001 can be accessed on the internet at www.swisslife.com/en/home/investors/results/archive.html, "Investors" area, "Results & Reports" section, "Archive Reports" and "Annual Reports" subsections (www.swisslife.com/annualreports). A report detailing the key facts and figures on business operations is sent out on an annual basis to all the shareholders listed in the share register.

Furthermore, Investors' Day 2015 was held on 25 November 2015, on which occasion Swiss Life presented the objectives of the "Swiss Life 2018" Group-wide programme, the successor to the "Swiss Life 2015" Group-wide programme. The relevant documents and presentations can be found at www.swisslife.com, "Investors" area, "Investors' Day 2015" section (www.swisslife.com/investorentag2015).

Contact details are available at the end of this Annual Report.

Corporate Responsibility

Swiss Life attaches great importance to corporate responsibility – be this in its business activities, society, its role as an employer or towards the environment. This year Swiss Life is presenting a complete Corporate Responsibility Report for the first time as part of its Annual Report 2015. The reporting corresponds to the guidelines of the Global Reporting Initiative (GRI).

Ladies and gentlemen,

In our business, responsible and far-sighted management is the platform on which long-term success is built. Our customer relationships often last for several decades. And our various target groups are increasingly interested in the way we think and act as a company and how we contribute to society. The basis for all our activities is provided by the ethical values and instructions contained in our Code of Conduct. We aim to act sustainably and responsibly in our fields of activity. So it is fitting that we hope in future to make a signal contribution to public discussion of a "longer self-determined life". Supporting current and future customers as they take their financial future into their own hands forms the core of our daily work at Swiss Life.

We assume social responsibility first and foremost in our core business – long-term financial provisions: We help people look to the future with confidence. But we also want to take responsibility beyond our immediate field of operations. We do this by lending our constant support to a host of projects that aim to promote confidence and self-determination – whether through charitable foundations or volunteer work. In our home market of Switzerland we back domestic charitable initiatives by way of the "Perspectives" foundation; in France and Germany we make a contribution to social and cultural projects with our own foundations. We are also the proud co-founder of the Swiss Climate Foundation and have been supporting sports and culture with sponsorship commitments for years.

Our reporting on the subject of "Corporate Responsibility" in our Annual Report now conforms to the voluntary standards of the Global Reporting Initiative (GRI), recognised worldwide. This is our way of contributing to the promotion of transparency, comparability and standardisation in sustainability reporting.

For the first time we have determined the sustainability topics that are key for us as a company and for our main target groups, and set them out in the report. Among the topics given the greatest weight in surveys are customer orientation, sustainable profitability and subjects such as compliance and the advancement of our employees.

Patrick Frost
CEO

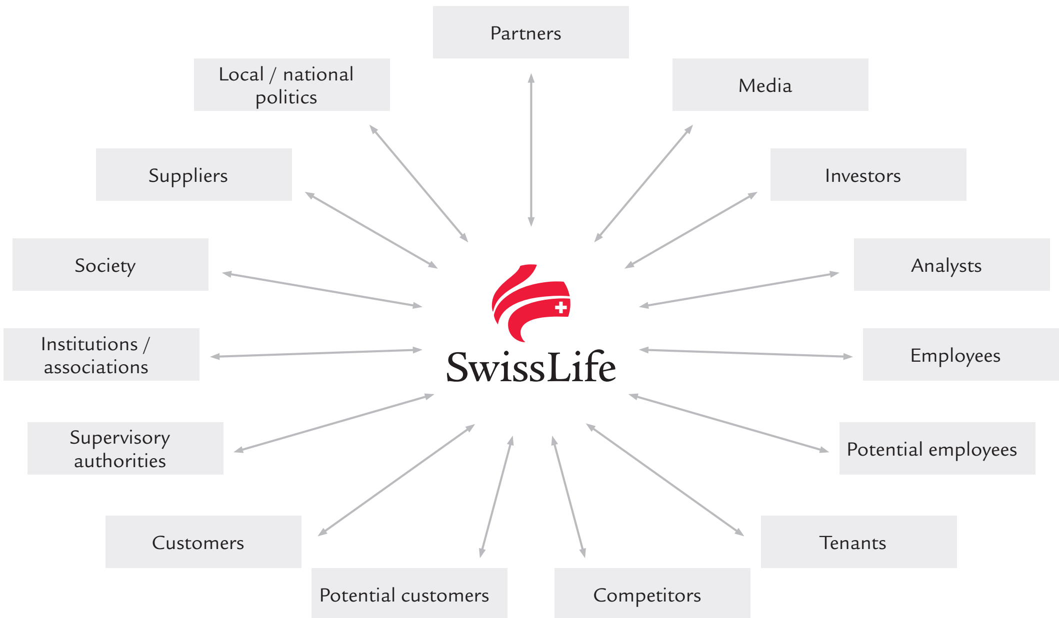
Introduction

Together with its Annual Report 2015, the Swiss Life Group is for the first time presenting a Corporate Responsibility Report in accordance with the guidelines of the Global Reporting Initiative (GRI).

The Corporate Responsibility Report sets out what corporate responsibility means to Swiss Life and what topics are relevant in this context to the company and its stakeholders. It focuses on business activities, society, employees and the environment and is guided by the principle of materiality. For Swiss Life, the responsible and economically successful pursuit of its business in line with the values set out in the Code of Conduct is of pivotal importance. Reporting is oriented to GRI, the world's leading standard for comparable sustainability reporting based on key figures (www.globalreporting.org). Swiss Life applies the guidelines in conformity with the GRI-G4 "Core" option. In addition, industry-specific requirements for financial services providers (financial sector disclosures) have also been taken into account.

The expanded reporting is intended to enhance our communication with target groups. Swiss Life's stakeholders include, in addition to its employees and customers, investors, authorities and legislators as well as representatives of the media, politics and associations, all of whom are affected either directly or indirectly by Swiss Life's activities. Swiss Life is in regular dialogue with all of its stakeholders, which ensures that it is aware of the requirements and expectations of its stakeholder groups and is able to react to challenges or changes (G4-24, G4-26).

Swiss Life's stakeholder groups



For more information on dialogue with the various stakeholders, see: www.swisslife.com/en/stakeholdercommunication (G4-25, G4-27).

How we understand corporate responsibility

Responsibility in our business

Diligence, integrity and forward-looking actions form the basis for successful and responsible business operations. We consistently orient our business to customer needs and invest in consulting, digitalisation and organic growth.This benefits our customers, investors, shareholders and employees.

Responsibility as an employer

Our success is based on the competence and performance of our employees. We create attractive working conditions, we support our employees with further training, talent and management programmes and offer varied career prospects in a traditional Swiss company.

Our values

Support individuality – the way we think
Create confidence – the way we feel
Prove reliability – the way we act

We help our customers lead a longer self-determined life with confidence.

What we stand for

Integrity | Trustworthiness
Competence | Open communication
Customer centricity | Responsible conduct

Environmental responsibility

We consider environmental and climate protection as a priority. We support energy-saving measures, renewable energy sources and the sparing use of resources in our own business and in our position as a property investor with a view to consistently reducing our ecological footprint.

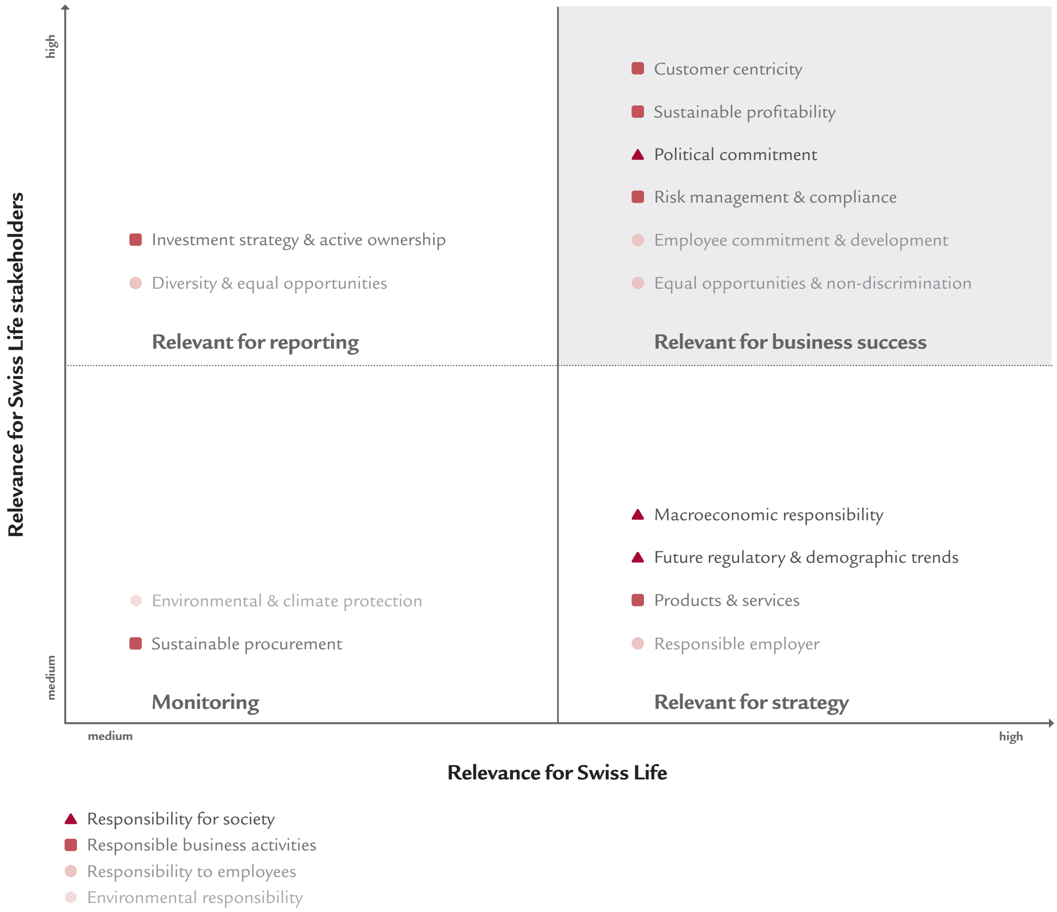
Responsibility in society

We are at the centre of public life and very much aware of our social responsibility. That is why we engage in public dialogue around the subject of "a longer self-determined life", and are involved in many charitable initiatives and foundations as well as contributing to culture, health and sport.

Report structure and materiality matrix

The contents of the Corporate Responsibility Report were established as part of a multi-level materiality process with internal and external stakeholders. Based on qualitative and quantitative interviews with the Swiss Life Executive Board, a project group comprising specialists from Investor Relations, Asset Managers, Human Resources and Corporate Communication worked on selected key themes for Swiss Life, discussed them with selected investors and media professionals and refined them in structured interviews. Finally, the completed materiality matrix was approved and ratified by the Corporate Executive Board (G4-18). The report comprises Swiss Life's main locations in Switzerland, Germany and France and refers to all company entities within the scope of consolidation (pages 290 to 296; G4-17).

Materiality matrix of the Swiss Life Group[1]



The materiality matrix displays and organises the central issues from the "Corporate Responsibility" area along two axes: The upper right quadrant of the matrix contains the issues that have proven most important to both internal and external stakeholders. These are action points, which are classified as being particularly important to business success and they feature prominently in the reporting.

The Corporate Responsibility Report covers all the subjects included in the matrix. The reporting on the key areas (GRI aspects) is based on the indicators outlined in the GRI-G4 guidelines.

[1] (G4-20, G4-21)

Responsibility in our business operations

Swiss Life maintains high standards for its consulting, service and product range. Diligence and responsible action form the basis for successful business operations.

Diligent business conduct in compliance with the law is a given for Swiss Life. The basis for this is provided by the values set out in the Code of Conduct, diligent and forward-looking risk management and a regular inventory of customer requirements.

Swiss Life has potential for profitable growth in all markets. Its divisions are managed in accordance with a multi-local approach; a significant portion of the decision-making power is with the local divisions. This ensures that decisions can be made close to the market and with commensurate effect. Customer needs form the basis for local guidance. Only those who can win over existing customers and the new generation with relevant offers and services will be among the winners in decades to come. Swiss Life is closely oriented to customer needs and invests in consulting, digitalisation and organic growth. With these measures, Swiss Life aims to increase customer satisfaction and loyalty along with the recommendation rate, and thus further expand the groundwork for future economic success.

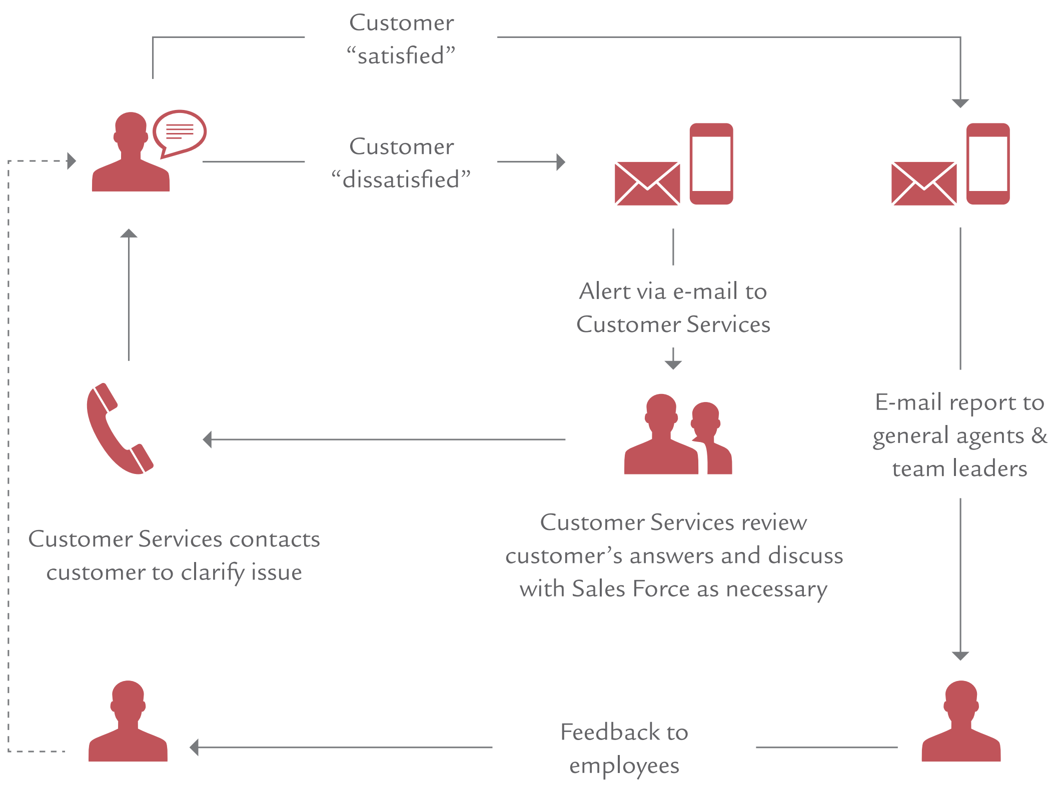
Customer centricity

Customer centricity is a strategic thrust of Swiss Life. The company has launched various initiatives in recent years with an eye to further strengthening Swiss Life's customer centricity. These initiatives are centrally coordinated and meticulously analysed and assessed.

External perspective: Direct customer feedback

Swiss Life collaborates with an independent market research institute to carry out continuous assessments of customer feedback at the key contact points. This involves asking customers from various segments about their experience, their satisfaction and their willingness to recommend Swiss Life directly following contact with the company. Dissatisfied customers, or those less willing to recommend, are contacted within 48 hours by Swiss Life, provided they have agreed to such contact. The reason for getting in touch with the customer is to understand precisely the reasons for the negative assessment and to offer an appropriate solution.

"Closing-the-Loop"-process

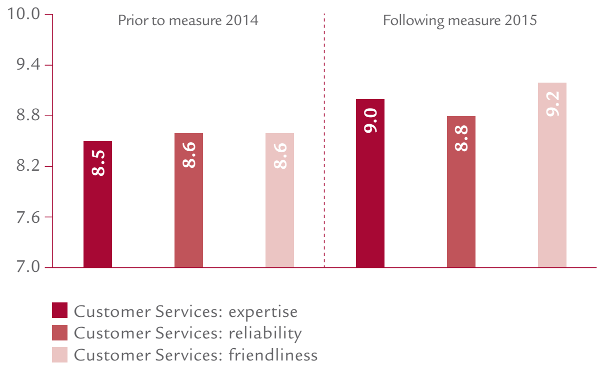


On the basis of this information Swiss Life has built special processes and services, and created committees tasked with the regular analysis of customer opinion and the conveyance of their findings to the company. Recent months have thus seen a wide and varied range of measures implemented to help Swiss Life further improve its customer value.

In Switzerland customer service training courses were offered by leading providers from other sectors (aviation, hospitality) to allow employees to learn and adopt new and best-practice service approaches. The success of this measure is shown by increased customer satisfaction with the Corporate Clients Service Center, as well as the rise in the net promoter score (NPS).

Trend in customer satisfaction in Swiss new business with corporate customers

Mean values on a scale of 0–10



In addition to direct feedback, Swiss Life has established a host of local instruments to assess customer satisfaction and responsiveness to customer needs, such as with its own customer panels.

In Switzerland and France digital platforms and services have been introduced to provide customers with round-the-clock access to contract information and other data, and to channel inquiries more effectively.

In Germany written customer communication has been rethought to make it clearer and better structured. The number of inquiries to customer service has thus been reduced by some 30% over the previous year.

In the United Kingdom the ratio of customers to advisors has been significantly reduced to ensure more intensive consulting and improved accessibility.

Internal perspective: Employees' Customer Centricity Index

As a counterpoint to the external perspective, Swiss Life surveys all of its employees once a year on their perception of progress in customer centricity. The survey results are compiled in an internal index. The feedback received in 2015 shows the success of the measures taken. The Swiss Life Employees' Customer Centricity Index (ECCI) thus increased in 2015 by three points over 2014, to post a value of 81, significantly above the target value of 75 points. The survey is conducted together with an independent market research institute.

Last year saw various internal initiatives undertaken Group-wide to increase customer centricity.

In late 2015 a company-wide campaign entitled “100 employees visit 100 customers” was successfully concluded. Over the past two years, Swiss Life allowed 100 employees who have no direct customer contact in their daily work to spend a day with a customer and get a glimpse into his or her life. The reports published on all the visits meant that all employees could follow the campaign. Furthermore, following each visit a meeting room was named after the customer and adorned with his or her portrait. The aim of this campaign was to anchor customers’ lives in the company, and to render customer centricity palpable.

A customer portrait in the “Patrick Hemmelmayr” meeting room in Zurich

In France an obligatory electronic training programme was instituted for every employee with five golden rules for a customer-centric organisation.

In Germany employees are able to experience customer feedback in real time on a centrally-positioned screen and thus watch as customer needs are met in consulting and customer service.

All initiatives support Swiss Life in its quest to become a customer-oriented organisation and ensure its customers will remain at the heart of its business going forward.

Products and services

Swiss Life has longstanding experience in developing innovative and customer-oriented products in its life insurance and pensions business. Its customers and their needs are always the focus of all Swiss Life's activities. The Swiss Life product strategy thus combines optimal customer value with profitability for the company. Regulators' demands, regarding such things as solvency, as well as external factors like the economic and interest rate environment or demographic trends, must also be considered. Optimising and constantly developing the existing range of offerings so as to take into account all target groups, such as customers, investors, shareholders and supervisory authorities, is crucial in this endeavour.

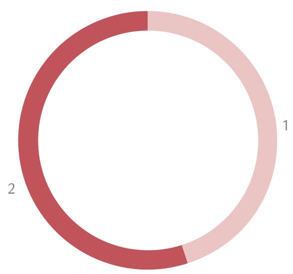
The company offers private and corporate clients comprehensive and individual advice plus a broad range of own and partner products through its own agents, financial advisors and distribution partners. Swiss Life Select, the subsidiary specialising in financial planning for private households and brokering financial products, as well as the advisors of Tecis, Horbach, Deutsche Proventus and Chase de Vere, also part of the Group, use the Best Select approach to choose suitable products for customers from the market.

Transparent product information

Swiss Life sets great store by transparent and accessible information about product and service offerings. Swiss Life supports customer-oriented advice by providing clear and comprehensive documentation. Swiss Life holistically promotes the comprehensibility and transparency of its products and services. Thus there are supporting video sequences on the various insurance and provisions topics available on the local internet pages, along with publications for download.

Long-term benefit commitments and obligations arising from pension and financial products demand a precise preliminary analysis of the legal and regulatory environment, and the associated risk. This also provides the basis for customer-oriented consulting and is a major factor in the avoidance of mistakes or violations in advising, and their possible consequences.

Innovations in the product range in 2015



In 2015, Swiss Life launched a total of 147 products in the market.

1 Products which are either new or enhance customer value 45%
2 Other products in the market 55%

The practical design of products and services is guided by Group-wide standards and is in strict accordance with the local regulatory environment and legislation. The ability of Compliance to make adjustments even to existing products and services is guaranteed. Group-wide standards for the development of products and services are also adapted to framework conditions as required.

Swiss Life uses a variety of directives at Group level to regulate product management and has established a uniform, auditable product development process. This process defines the minimum requirements of local product development as well as the approval and escalation process for initiatives at Group level. The observance of laws and provisions, practical customer value and the quality of customer documentation are naturally essential criteria in the assessment process.

Group-wide compulsory regulations are implemented locally in the relevant directives. Swiss Life regularly reviews its product solutions and provides information on innovations and products with added customer value in its Annual Report.

Compliance within Swiss Life

Swiss Life sets great store by compliance with all applicable legal provisions and regulatory stipulations in all its activities. In addition to the Code of Conduct there is also a comprehensive directives system which defines minimum standards mandatory Group-wide, and implemented in all business units in corresponding local regulations. In this directives system, Swiss Life sets out, for example, the duties, responsibilities and competencies of Compliance.

Compliance focuses in particular on the prevention of money laundering and the financing of terrorism, the observance of sanctions and embargoes, data confidentiality, conformity with data protection, avoidance of conflicts of interest, preventing insider trading and market manipulation and monitoring and assessing the legal and regulatory environment. It ensures that employees receive ongoing training in topics relevant to compliance.

By means of precise investigations in accordance with the local regulatory environment and local legislation, Compliance supports employees and management in their work with an eye to avoiding infringements of legal and regulatory stipulations. Regular risk assessments as well as permanent and comprehensive compliance reporting to the top echelons provide support for the implementation of all requisite measures at Group level as well as within the business units.

The compliance framework is subject to periodic review and is reworked and adapted to new prerequisites as necessary.

The year under review saw Swiss Life subject to no monetary penalties or fines, and the company did not make any settlements in connection with corruption charges.

Risk management

A further pillar of Swiss Life's responsible, sustainable business is its integrated, value-oriented risk management involving both quantitative and qualitative elements. The goal is to protect customers' funds and ensure the best possible investment of risk capital, while complying with regulatory requirements and taking into account persistently challenging economic conditions.

Risk management is a key component of Swiss Life's management process. The respective committees of the Corporate Executive Board and the Board of Directors continually monitor and take decisions in the area of risk management; these are then incorporated into the annual planning process. On the one hand, they comprise qualitative assessments from a strategic perspective, taking into consideration operational risks and the internal control system (ICS). On the other hand, quantitative elements for each insurance unit, such as risk budgeting and investment strategy, are included in Asset Liability Management. Based on overall risk capacity and risk appetite and taking account of regulatory provisions, limits are set in the individual units for the financial risks incurred, according to which the investment targets are set. The qualitative risk management elements mentioned above are presented and discussed below. Detailed information on the risk budgeting process and asset and liability management is provided in Note 5 (Risk Management Policies and Procedures) of the Consolidated Financial Statements.

Strategic risk management

Swiss Life uses analytical methods to ensure that strategic risks are dealt with adequately in what continues to be a very challenging economic environment. In its strategic risk management process, Swiss Life incorporates all the information on risks and the risk/return characteristics in its strategic decisions. An understanding of the interplay of individual risks is essential in order to take due account of the factors influencing risks during strategy development so that these factors can be steered appropriately.

Operational risk management and internal control system

Operational risk management (ORM) at Swiss Life includes the methods and processes used for the identification, assessment and steering or avoidance of operational risks. ORM defines operational risk as the danger that losses may result from shortcomings or failures in internal processes, people or systems, or from external events. Swiss Life's internal control system consists of the entirety of procedures, methods and measures prescribed by the Board of Directors and the Corporate Executive Board to ensure the orderly conduct of business. The focus is on the reliability of financial reporting, the effectiveness of business processes and compliance with laws and regulations issued to protect the company's assets.

Capital management

Swiss Solvency Test

The Swiss Solvency Test (SST) sets out the capital requirements valid for insurance companies and groups in Switzerland. It was enacted in 2006 with the revised Insurance Supervision Law and corresponding Insurance Supervision Ordinance and constituted a reporting requirement during a five-year transition period before it ultimately became binding on 1 January 2011. The SST is a principles-based framework where the main objective is the alignment of the required capital with the underlying risks. The SST capital requirements are based on the understanding that insurers will meet their obligations towards policyholders even under difficult conditions. Swiss Life uses an internal model to calculate the available and required capital for the SST. Based on this internal model, which has been partially or conditionally approved by FINMA, Swiss Life meets the capital requirements.

Economic capital
The value of a life insurance company for its shareholders comprises the economic net worth and the present value of future profits. The optimal amount of economic capital an insurance company needs to hold in order to maximise the company value is based on a risk/return trade-off. For risk and capital management decisions, Swiss Life uses an integrated approach. The economic risk capital is determined bottom-up for each large business unit and takes into account market risks, credit risks and insurance risks. These risks are calculated on the basis of loss distributions using a specified risk measure. The overall capital requirements are obtained by taking into consideration respective diversification effects.

Continuous monitoring of solvency under the SST is conducted on a monthly basis; calibration is effected based on the full SST calculations as at the beginning of each calendar year and as at mid-year.

Economic and statutory capital requirements and the profit target are the main elements determining the risk budgets. Based on the overall risk budget set by the Investment and Risk Committee of the Board of Directors, the Group Risk Committee of the Corporate Executive Board defines the risk limits for the business areas. Adherence to these limits is also checked on a monthly basis.

Standard & Poor's rating capital
In the Standard & Poor's risk-based model, the total adjusted capital (TAC) is the measure used for available capital. TAC is set against the capital required given the company's target rating category (target capital). The calculation of target capital takes into account, in particular, insurance risks, asset value volatility and credit risks.

Swiss Life has established a target capital level in line with its rating ambition. Within the capital analysis, in addition to assessing capital adequacy, Standard & Poor's assesses the quality of capital with respect to its structure (including the share of equity and hybrid capital). Capital adequacy is monitored on an ongoing basis according to the Standard & Poor's model.

Following the rating upgrade to "A–" in May of 2012 and the raising of the outlook from "stable" to "positive" in May 2014, Standard & Poor's once again recognised Swiss Life's operational progress and increased its rating to "A with stable outlook" in May 2015.

Responsible investing

Swiss Life manages assets for its own insurance companies and for institutional investors as clients (such as pension funds, fund management companies, other insurance companies etc.), whereby it complies with the stipulations of the supervisory authorities as an insurance company and asset manager. Furthermore, Swiss Life relies on the aforementioned integrated, value-oriented risk management with an eye to protecting customer assets and optimally deploying risk capital.

As a manager of insurance companies' and institutional investors' assets, Swiss Life represents clients' interests. The company is aware of its duty to policyholders and customers and acts responsibly in its asset allocation and when exercising voting rights.

Moreover, Swiss Life undertakes to observe ethical principles, besides acting in accordance with the law, when taking investment decisions.

Sustainable procurement

Swiss Life ensures that its procurement is in compliance with all applicable legislation. When selecting suppliers and partners, Swiss Life bases its decisions on ethical and ecological principles and works with local suppliers wherever possible.

Responsibility in society

Swiss Life is at the centre of public life and aware of its social responsibility. The company contributes to public dialogue around the subject of a "longer self-determined life" and is involved in many projects promoting self-determination and confidence.

Swiss Life wants to assume responsibility beyond the scope of its business operations. That includes a topic that affects everyone in Swiss Life's core markets: Demographic development. People are living ever longer and want to maintain their self-determination and dignity as they grow old. Today most Europeans can expect to live over 80 years and some studies indicate the life expectancy of newborns today will even reach 100. By comparison: In 1900 people lived to about 45 on average. This development has far-reaching consequences.

Self-determination and pension provision are an opportunity for Swiss Life, as a co-founder of private pension provision in Switzerland, given demographic trends, to improve its solutions and products and add customer value in a growing pensions market by providing high-quality, targeted advice. Politicians and society are being called on to bring about changes that take the many consequences of rising life expectancy into account. Swiss Life set the ball rolling in Switzerland at the start of 2015 by launching the "Look after yourself" image campaign; in 2016, the "longer self-determined life" campaign will be rolled out across the Swiss Life Group. The company wants to engage in public discussion to raise cross-generational awareness around the subject of the social and economic consequences of ageing.

You can find further information on a "longer self-determined life" from 29 March 2016 at: www.swisslife.com/hub.

Politics

Swiss Life's operational environment is heavily influenced by political and regulatory decisions. For example, legal principles and their practical application in the form of ordinances have a direct effect on product design, processes and the manner of reporting to shareholders, supervisory authorities and the public.

That is why Swiss Life needs to know what topics are being discussed in political circles, so it can better understand the opinions, expectations and perceptions of political groups. It is also important to gauge how the enactment or amendment of legal principles could affect Swiss Life's business. Swiss Life is committed to promoting a competitive business location and appropriate regulation density in all its core markets.

The company is also in direct contact with representatives of political committees and organisations as well as supervisory authorities on a number of levels. Political work and cooperation are closely coordinated with business associations in all the core markets. Moreover, a number of company executives are members of various national business associations: For example, Patrick Frost, Group CEO of Swiss Life, is on the Board of the economic umbrella organisation economiesuisse, while Ivo Furrer, CEO of Swiss Life Switzerland, is on the Managing Board of the Swiss Insurance Association (SIA) where he is also Chairman of the Board Committee.

Swiss Life also fosters relationships with politicians and industry groupings in France and Germany as part of its socio-political responsibility. Swiss Life Germany is represented on all the major committees of the German Insurance Association (GDV) and maintains regular contact with the Bundesverband der Verischerungskaufleute (BVK, a German association for self-employed insurance brokers) and the Verband unabhängiger Finanzdienstleistungs-Unternehmen in Europa (Votum, an association representing the interests of financial service providers operating throughout Europe).

Charles Relecom, CEO of Swiss Life France, is a member of the Board of Directors of the French Insurance Association (FFSA); Nils Frowein, CEO of Swiss Life International, sits on the Board of the German Chamber of Commerce; and there are also other examples of Swiss Life representatives being members of committees relevant to the company's business.

Furthermore, Swiss Life cultivates direct contact with members of parliament at a regional and national level. In its dealings with politicians it is guided by the rules of the Swiss Life Group Code of Conduct, as specified in the internal directive "Code of Conduct". These rules decree, for example, that donations in the home market of Switzerland to political parties are to be free of any obligation.

In Switzerland, parties of the political centre-right and individual politicians receive financial support mainly for their election campaigns. The total amount of support provided during the year under review was CHF 400 000. No donations are provided in Germany or France.

Swiss Life is committed to the militia principle in Switzerland and it encourages its employees to exercise public and political mandates. As a company operating in the social insurance sector, Swiss Life has an interest in promoting a fully functional and integrated society. This led Swiss Life to join an initiative launched by economiesuisse and the Swiss Employer's Association in June 2015 designed to strengthen the militia system.

The Public Affairs organisational unit is responsible for monitoring political challenges. In addition, the Political Communications Steering Committee meets four times a year. This internal committee is chaired by the Group CEO and sets the topical priorities.

Charitable engagement

Swiss Life has been supporting a host of charitable projects for many years. The emphasis here is on projects and initiatives compatible with confidence and self-determination.

The “Perspectives Foundation”, founded in 2005, has a leading role in the Swiss home market. It promotes charitable initiatives in the areas of health, science, education, culture and sport, donating between CHF 1.3 and 1.5 million every year to social and charitable projects in Switzerland.

Swiss Life is also a co-founder of the Swiss Climate Foundation, which promotes improved energy efficiency and innovative climate protection solutions and supports small and medium-sized enterprises engaged in climate protection initiatives.

In France, Swiss Life gives support to the Fondation Swiss Life, which was founded in 2009 and works with charitable healthcare institutions, such as the Institut Curie or Association France Alzheimer.

Swiss Life Germany has been a contributor to the Nicolaidis Foundation since 2007, a non-profit organisation for widows, widowers and their children.

Swiss Life Select, with locations in Germany, Switzerland, Austria and the Czech Republic, has been helping children in need since 1991 through its charity known as “Foundation Confidence for Children”.

Swiss Life works with impoverished children through the Foundation Confidence for Children

Cultural commitment

Swiss Life has been an active supporter of film-making in Switzerland for many years. The films usually centre around people and their stories – just as Swiss Life does. For example, Swiss Life is committed to the Solothurner Filmtage, the Festival del Film in Locarno and the Zurich Film Festival.

The Fondation Swiss Life in France supports cultural initiatives in France through its "Art en partage" initiative. The project focuses mainly on events for people whose daily lives make it difficult to obtain access to culture. For example, the foundation finances concerts and art exhibitions for the benefit of people in nursing homes, sick children or patients with dementia.

Sport sponsorship

In Switzerland, Swiss Life has sponsored the Swiss Football Association for over ten years; it is also a partner of Swiss Orienteering and of schweiz.bewegt, the biggest personal mobility and nutrition project in Switzerland.

Swiss Life in Germany has also been committed to regional grass-roots and disabled sporting activities for several years.

Swiss Life has supported the Swiss national football teams for years and promotes up-and-coming talent

Responsibility for employees

The success of Swiss Life is based on the skills and performance of its staff. That is why Swiss Life wants to find the most suitable employees, get them interested in working for the company, retain them and support their further development.

The corporate culture of Swiss Life is based on respectful interaction and responsible team-based cooperation. Since we operate in a dynamic environment, we attach great importance to lifelong learning and the ongoing professional and personal development of all employees. Readiness to question the status quo leads to new ideas.

The success factors of this performance culture at Swiss Life include open dialogue and a cooperative management style. The leadership priorities contain binding principles for collaboration between managers and employees in day-to-day activities. These priorities help managers achieve their goals and deliver on their promises to customers, partners and investors.

The Swiss Life Group leadership priorities are as follows:

– We act as if Swiss Life were our own business
– We communicate openly and clearly
– We trust, motivate, empower and support people
– We develop efficient teams – across the company as well
– We deliver results on time
– We accept accountability – follow through and act consistently

Swiss Life regularly conducts employee surveys in cooperation with an independent research institute.[1] The 2015 results show that employee engagement in the Swiss Life Group is above average:

– 86% of all employees took part in the survey (+5 percentage points over the 2013 survey); the global engagement value is 85% (+10 percentage points over the European financial industry external benchmark)
– 90% of all employees are proud to work at Swiss Life (+13 percentage points over the European financial industry external benchmark)
– 94% of employees say they would go the extra mile for Swiss Life (+14 percentage points over the European financial industry external benchmark)
– 88% of employees support the strategy and direction of their unit

[1] Source: Global Employee Engagement Survey, IPSOS (Suisse) SA 2015

Group-wide standard processes are used to provide optimal support to managers and employees:

- Employee performance reviews (all)
- Performance assessments with all employees (setting of objectives and subsequent performance assessment)
- Professional development interviews and measures
- Decisions on salary and promotions
- Strategy and value-oriented behaviour – as per the Group-wide competency model
- Assessment of employee risks

Training & development

Swiss Life continuously invests in the internal and external training and development of its employees. True to the motto of lifelong learning, employees, specialists and managers are offered a range of learning opportunities on specialist topics as well as modules on social and methodological skills.

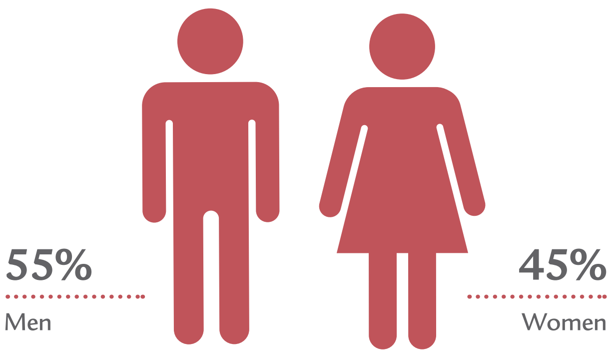
Young employees with potential have the opportunity to undertake all sorts of vocational courses, apprenticeships, placements, graduate programmes and combined university degrees. Around 300 employees took part in one of these training opportunities in 2015. The Swiss Life Group employs these measures to ensure its future management and professional requirements.

Expenses for staff training and development within the Group in 2015 amounted to CHF 14.7 million – about CHF 1749 per employee. As a proportion of total personnel costs, the outlay for training and development is 1.8%. The investment is earmarked for a varied, needs-based training offering.

In addition to the traditional training options, a digital learning platform offers managers the opportunity to learn about leadership and management competencies in an efficient way, independently of time or place. The platform provides rapid access to standardised management processes, skills-oriented further training and other management topics. Where necessary, a manager can select and combine a learning sequence from an extensive pool of learning resources including brief videos, checklists and learning programmes. The learning platform provides the basis for integrated learning architecture. In addition, a number of tailored training, advisory and coaching modules are available for managers and teams.

Workforce breakdown by gender

As of 31.12.2015

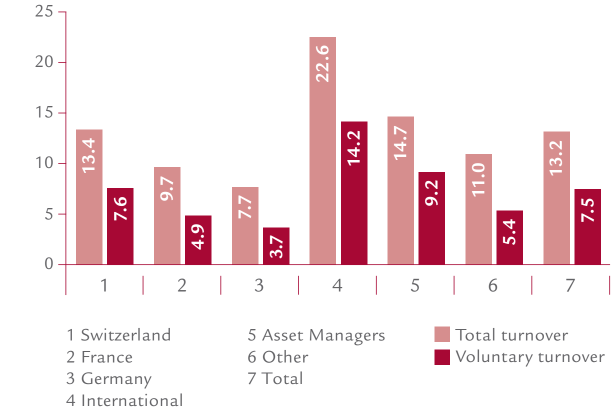


Workforce breakdown by age group

As of 31.12.2015

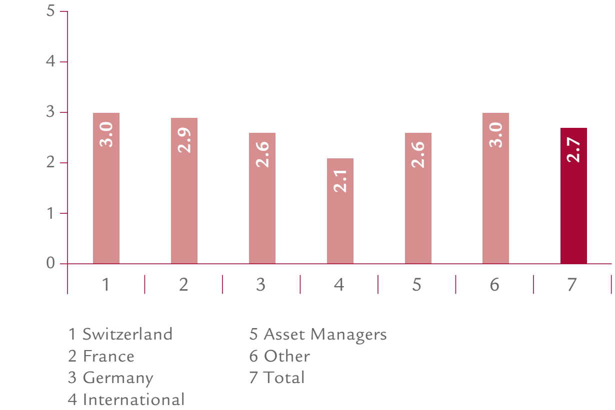
Turnover by segment

In 2015 (%)



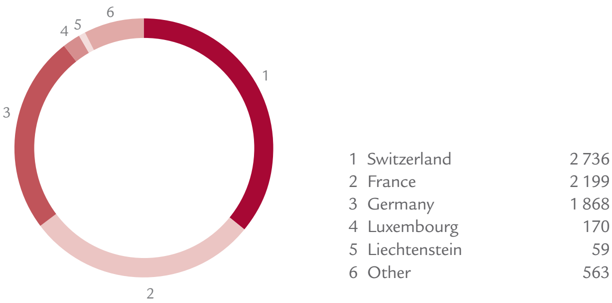
Absences by segment

In 2015 (%)



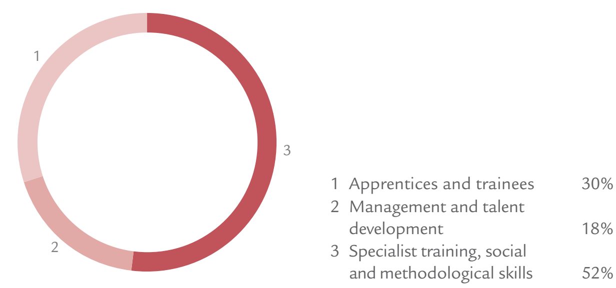
Swiss Life employees by country

Total 7595 full-time equivalents as at 31.12.2015



Investments in training and development

In 2015



Talent development

Swiss Life attaches great importance to the ongoing development and motivation of its employees and therefore provides target-oriented support to junior staff with potential. Employees displaying a high level of performance and potential are nominated each year for the talent programme. The initiative supports efforts to open up career paths within the company – in management, project management or specialist functions – with a view to filling key positions with qualified young staff from within Swiss Life.

The divisional talent pools help to prepare future first and second-level managers (team leaders and department heads) as well as project managers and specialists for their future roles through training modules and project work. All divisions conducted programmes, tailored to the particular requirements of each unit, at all locations during the reporting period.

The Key Persons Programme (KPP) implemented at Group level in 2015 is based on the Senior Manager programme, which proved a success over a number of years. Now, in addition to line managers, professional experts or project managers already in a key position or who have the potential for such a role are eligible for the programme. The aim of the Key Persons Programme is to prepare people who show the desire and ability to help shape the company's future in their own areas for a key position so they can live up to their role as a decision maker. The programme also plays a role in employee and succession planning. Within a 12-month period, the participants acquire a detailed insight into the Swiss Life Group, give and receive new impulses and directly apply what they have learnt to their daily work. The programme is based on the following four modules:

- Leadership (communication)
- Finance
- Innovation, including dealing with competition and trends
- Corporate strategy

Alumni meet the participants every year at the "Shaping the Future Day" when there is in-depth analysis of the Group's strategic orientation, as well as an update and ensuing discussion on the progress of the Group-wide programme with the Corporate Executive Board.

Health & safety

Mutual respect across all hierarchical levels is part of the Swiss Life DNA. Respect fosters trust and helps create a comfortable working atmosphere for employees with conditions conducive to carrying out their everyday work.

Wellbeing is a part of the employee survey, which also asks about such issues as diversity and inclusion, work-life balance, mutual respect, workload and workplace atmosphere. 82% of employees rate these factors as positive (+9 percentage points over the European financial industry benchmark)[1].

The principles by which we work together at the Swiss Life Group are set out in the Group-wide Code of Conduct. Among these is our zero-tolerance policy regarding mobbing and discrimination on the basis of race, sex, religion, confession, national origin, disability, age, sexual orientation, physical or mental handicap, marital status, political views or other attributes. Swiss Life undertakes to offer its employees a work environment characterised by respect and mutual recognition, and to uphold such an environment.

In explicit terms that entails behaving responsibly and adhering to the compliance standards, laws, risks etc. The competency model is applied to the Group-wide management processes for all employees. Employees are regularly informed about the legal framework in which they operate, backed up by training courses to ensure they behave with integrity.

In the 2015 financial year, there were no cases of discrimination or other complaints (e.g. mobbing) via the established management processes or other informal channels (e.g. an Ombudsman managed by a third party).

[1] Source: Global Employee Engagement Survey, IPSOS (Suisse) SA 2015

In accordance with valid national and international law, the Swiss Life Group follows fair employment procedures free of discrimination. Recruitment or promotion is based solely on ability, competence and potential in view of the requirements of the position in question. Fair and equal compensation for all employees is ensured by the Group-wide Group Compensation Policy. Swiss Life uses instruments in all its major national companies to review and ensure equal pay for men and women. In Switzerland, for example, Logib software based on data provided by the Swiss Federal Statistical Office is used for that purpose. The insurance sector is not subject to any collective agreements.

Occupational health management is a priority at Swiss Life. Good working conditions influence employee health to the extent that:

- a comprehensive workplace concept is provided,
- diverse requirements are met,
- social interaction is promoted,
- autonomy, freedom to act, learning and development opportunities are facilitated,
- meaningfulness is ensured and
- employees and their contributions and performance are valued.

The measures to maintain employee health, promote good working conditions and prevent incapacity to work are based on three pillars:

- Prevention
- Early intervention
- Reintegration

In 2015, an online offer of text, brief videos, checklists and learning programmes was put together on the subject of "Health and wellbeing" and placed on the intranet for employees in Switzerland, Luxembourg, Austria and the Czech Republic. It will be rolled out to Germany, France and the UK in 2016.

Besides the "Health and wellbeing" platform, the divisions – plus their social partners – provide additional services in movement and sport, massages and therapy, relaxation rooms and all types of consulting (nutrition, social counselling, prevention etc.).

Social partnership

The employee representatives and Corporate Executive Board maintain close contact with each other. Since 1996, Swiss Life has had a European Works Council (Art. 13 of Council Directive 94/45/EC of the European Parliament and Council). The nine-person "Europa Forum", a committee comprising delegates from four countries, meets regularly with representatives of the Corporate Executive Board at ordinary and extraordinary meetings. It deals with transnational information and consultation on topics which affect all Swiss Life employees. There was, by way of example, an in-depth discussion in 2015 on the Swiss Life 2015 Group-wide programme.

The Group-wide initiative "Health" launched in 2014 was brought to a successful conclusion during the year under review. The market units have already formulated many offers in recent years geared towards this field. Current offers were reviewed, consolidated and extended as part of the initiative. The jointly managed working groups (employer representatives of Swiss Life and representatives of the local works councils) were responsible for the implementation in the divisions.

Switzerland

In Switzerland the interests of employees of Swiss Life Holding in Switzerland and its subsidiaries are represented by the staff committee. The staff committee works to promote mutual trust and understanding between the Executive Board or Corporate Executive Board and the employees. It is entitled to early information targeted to the situation by the Executive Board committees and is subject to the duty of confidentiality and loyalty. The staff committee has nine members each selected for a four-year term. In autumn 2015 new elections were held for staff committee representatives.

Germany

In Germany the sales force works council had to be restructured due to the new sales structure for intermediary distribution. This realignment resulted in a structural simplification. Instead of five individual works council committees for the five organisational offices, there is now one committee for the entire salesforce, comprising seven members.

In 2015 the works council participated in the German Works Councils Prize for the first time. In the "Innovative works council work" category the "Whistleblowing" works agreement and "Talent pool" internal agreement were nominated, and the "Occupational reintegration" works agreement was nominated in the "Good work" category.

The reduction of about 200 jobs organised with the works councils in 2013, involving a reconciliation of interests, social plan and voluntary programme at the Munich, Hanover, Bremen, Hamburg and Cologne locations, was completed by 31 December 2015.

France

In France, the close cooperation between the social partners progressed further during the reporting period. Negotiations and agreements are conducted and concluded on an ongoing basis on the basis of "good partnership".

In 2015, there were a total of nine negotiations on the following subjects (with an average of five meetings per negotiation topic):

- An agreement on the union law establishing the number of hours for union representatives, the works council and the Committee for Health Protection and Security to fulfil their role is ready for signing (the unions have already signed);
- An agreement on a forward-looking employment and qualification policy (obligatory in France) is ready for signing;
- A company-wide agreement on psychosocial risks is ready for signing;
- Annual mandatory salary negotiations: Two agreements for commercial employees and inspectors and one agreement for administrative employees are ready for signing;
- An agreement about equality in the workplace has been signed by all the trade union organisations;
- Agreement on carrying over days off (signed);
- Agreement on health insurance for employees (signed);
- Agreement on flat-rate hourly fees including the right to be "incommunicado" when not at work.

Environmental responsibility

Swiss Life places a high value on operational ecology and climate protection: In its own operations and in its capacity as an investor in property, Swiss Life supports energy-saving measures, renewable energies and the sparing use of resources. Moreover, Swiss Life encourages its employees to use public transport.

Environmental and climate protection

Environmental data on operational ecology are gathered annually in accordance with the globally recognised standard of the Association for Environmental Management and Sustainability at Financial Institutions (VfU) and published every May of the following year at swisslife.com/betriebsoekologie. The data is gathered, evaluated and analysed on a Group-wide basis. Environmental officers work closely with the individual divisions at all Group locations. The aim is to consistently reduce the environmental impact and improve energy efficiency.

In Switzerland, Swiss Life is a member of the Zurich Energy Model and it has been drawing all its electricity from renewable energy sources for almost ten years. This has enabled the company to reduce its annual greenhouse gas emissions by over 1300 tonnes. The head office in Zurich is also heated and cooled with water from Lake Zurich. All the sanitary installations are equipped with water-saving installations, which allows Swiss Life Switzerland to save some three million litres of water each year. Rain water has also been one of the water sources used for the sanitary facilities since 1999.

In Germany, the two main branch offices, in Garching near Munich and in Hanover, have repeatedly been awarded the Ecoprofit seal for their outstanding commitment to corporate environmental protection. The seal rewards the efforts of Swiss Life in Germany in terms of CO_2 reduction and saving resources. For example in Garching, from where the insurance business is managed, Swiss Life uses green electricity and has a new energy-efficient building.

In France, regular awareness campaigns have been held since 2008 to sensitise employees to the urgent need to reduce the impact on the environment. That includes a programme to reduce paper consumption and waste.

Swiss Life also wants to make an active contribution to climate protection. It is for this reason that it set up the Swiss Climate Foundation in 2008 in cooperation with other Swiss companies. Through the foundation, Swiss Life undertakes to consistently reduce its greenhouse gas emissions at all locations in Switzerland. The foundation also supports SMEs in becoming more energy-efficient and reducing their CO_2 emissions.

Swiss Life Germany is also represented in the Klima-Allianz der Stadt Hannover and undertakes, in cooperation with other companies, to reduce CO_2 emissions and increase energy efficiency in urban areas.

Moreover, Swiss Life has taken part in the Carbon Disclosure Project (CDP) survey since 2011. CDP is an independent charitable organisation which holds the most comprehensive set of corporate data on climate change in the world. In its first survey, Swiss Life scored 70 out of 100 index points for transparency (climate disclosure score). Since then, the company has steadily improved and it now rates above the average for the Swiss financial sector at 97 index points.

Ecological construction and renovation

Swiss Life is one of Europe's leading real estate investors and has the biggest private real estate portfolio in Switzerland. The long-term maintenance and appreciation of its properties is therefore an important aspect of Swiss Life's investment activities on behalf of its policyholders and customers. This includes outfitting its buildings for the future. Swiss Life invests several hundred million francs a year in the upkeep of its properties, ensuring the responsible use of resources and active environmental management in doing so and meeting its responsibility of reducing the property portfolio's environmental footprint.

Swiss Life assesses the use of alternative energies and ecologically sound, sustainable construction methods against the relevant standards for its renovation and construction projects. The aim is a steady diminution of the environmental impact through targeted reduction of energy use and CO_2 emissions.

When constructing new buildings, Swiss Life aims for the Minergie® standard as a rule or other sustainable construction standards. Renovations are based on a comprehensive approach whereby the first step is to massively reduce energy consumption and then provide the required energy in the most environmentally-friendly way possible. Swiss Life applies the "Variantenvergleich Energiesysteme" (VVES, a standard for comparing energy systems) to its investments and its operating and maintenance costs. The VVES provides reliable figures on alternative power supply methods for properties. Intelligent building technology concepts and universal controls ensure the sparing and optimal use of resources. Extensive documentation and straightforward systems facilitate sustainability in operations and maintenance.

Tenants' requirements also influence the planning and completion of construction projects. The demands of tenants and property owners have increased considerably in recent years. An optimal location and flexibility in the use of the property are fundamental requirements. People also want space for recreation. Swiss Life advocates increased building density, the application of new construction methods and optimal use of the available space, which is of direct benefit to the environment.

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Materiality Disclosures
Swiss Life Holding AG
Mar 2016
Service

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Brand

The success of the Swiss Life brand results from a consistent marketing strategy. On the basis of a corporate strategy and positioning as a provider of comprehensive life and pensions and financial solutions, the Swiss Life umbrella brand, flanked by its sub-brands, provides orientation and creates confidence.

The brands are assigned to various levels in a clear brand hierarchy. The strategic management of the entire brand portfolio is an element of corporate communications.

Level 1 **Umbrella brand**	SwissLife	Swiss Life presents itself with a strong umbrella brand. As a rule all products and services are offered under the umbrella brand and reinforce its positioning.
Level 2 **Sub-brands**	SwissLife Select · SwissLife Asset Managers · SwissLife Banque Privée	Sub-brands underline the expert role of the umbrella brand in specific market segments. Swiss Life maintains a deliberately restricted portfolio of sub-brands for individual sales channels.
Level 3 **Endorsement**	SLPM · Swiss Life Group	Brands which have less affinity with the core business but potential for a positive image transfer are allocated to level 3. Here the umbrella brand serves as an additional textual identifier.
Level 4 **Individual brands**	CORPUS SIREO Real Estate · Chase de Vere · Livit Real Estate Management · tecis · HORBACH · Deutsche Proventus AG	This level contains brands whose connection to the umbrella brand harbours potential conflicts or which are used independently for strategic reasons. These brands are used independently with no visible reference to the umbrella brand.

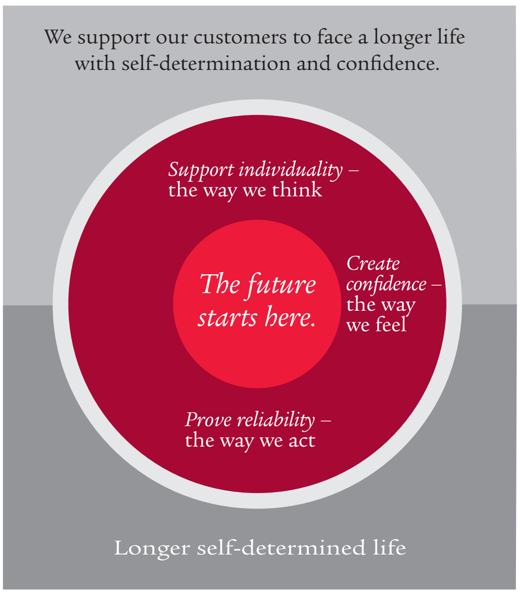
In 2015, in a survey carried out by Reader's Digest Switzerland, Swiss Life was once again voted "Most Trusted Brand" in the Life Insurance category. Furthermore, in 2015 the "Best Swiss Brands" study, conducted for the past several years by Interbrand, again lists Swiss Life, with a brand value of CHF 279 million, among the 50 most valuable brands in Switzerland. Numerous awards in other divisions also confirm the strength of the Swiss Life brand internationally. For example, Swiss Life Asset Managers was nominated best international asset manager for the second time in the European Funds Trophy 2015, organised by Funds Class. And in Germany, Swiss Life was voted best broker insurer in 2015 by Focus Money business magazine and the AfW Federal Financial Services Association.

Worldwide brand protection

Swiss Life sets great store by the global and local protection of its brands. It takes vigorous action in cases of brand or copyright infringement, so customers can be sure that the Swiss Life logo and corporate name stand for Swiss Life quality and service wherever they appear.

Corporate identity

With a uniform brand personality and clear corporate design guidelines, Swiss Life guarantees a standardised appearance at all brand contact points. The Swiss Life personality always centres on the customer: "We help our customers lead a longer self-determined life with confidence."



Brand Core
The essence of the brand.

Values
The effect and perception we want to convey.

Support individuality – the way we think
We know our customers. We understand their needs and empower them to make the right selection from a wide range of flexible solutions to live a longer self-determined life.

Create confidence – the way we feel
We work with passion to contribute to our customers' peace of mind. The positive attitude towards life characterises the lifelong relationship we strive for.

Prove reliability – the way we act
We serve our customers with our know-how built on long-standing experience and financial solidity. We do everything we can to be their trusted partner for transparent solutions – today and tomorrow.

Style elements
The way we want to express our brand.

Mission

Brand theme
The central message we want to communicate.

Brand identity

The brand identity is one of the key instruments in making the Swiss Life brand personality tangible for internal and external target groups, and in distinguishing it from the competition. In 2015, the launch of the "Reversed sentences" campaign, winner of many awards in Switzerland, in Germany and the Czech Republic, set the foundation for the Swiss Life Select sub-brand in those countries. In Switzerland, meanwhile, a new brand campaign was launched, featuring the concept of a "longer self-determined life". Brand awareness and other important factors, such as advertising and sponsorship presence, are subject to continuous local market research by independent institutes. The assessments made regularly in Switzerland, Germany and France show positive trends in brand performance in 2015. The results have an ongoing influence on the preparation and adaptation of marketing measures.

Reversed sentence campaign in Germany

Swiss campaign on the subject of a "longer self-determined life"

Market Consistent Embedded Value (MCEV)

The Group MCEV is a measure of the consolidated value of shareholders' interest in the in-force business of the Swiss Life Group. It includes the insurance business covered by the MCEV methodology and all other businesses valued by its IFRS net asset value.

Contents

1 Introduction

1.1 Basis of preparation

Market consistent embedded value (MCEV) is a measure of the consolidated value of shareholders' interests in the in-force covered business of the Swiss Life Group. Covered business includes life, health and pension business of the company. The Group MCEV is a measure of the consolidated value of shareholders' interest in the covered and non-covered business in force of the company. Business in force includes business written as at 31 December 2015; future new business is not included. The notion of market consistent embedded value (MCEV) will alternatively refer within the course of this report to the MCEV of Swiss Life's covered business, of one of its market units, or to Swiss Life's Group MCEV.

Swiss Life's market consistent embedded value reporting follows the European Insurance CFO Forum Market Consistent Embedded Value Principles©[1]. The cost of credit risk relating to bonds is calculated and disclosed in addition to the Principles' mandatory requirements. Further details on the MCEV methodology and assumptions are given in sections 4 and 5.

PricewaterhouseCoopers have audited this market consistent embedded value report. Their opinion is part of this report (section 6).

1.2 Covered business and non-covered business

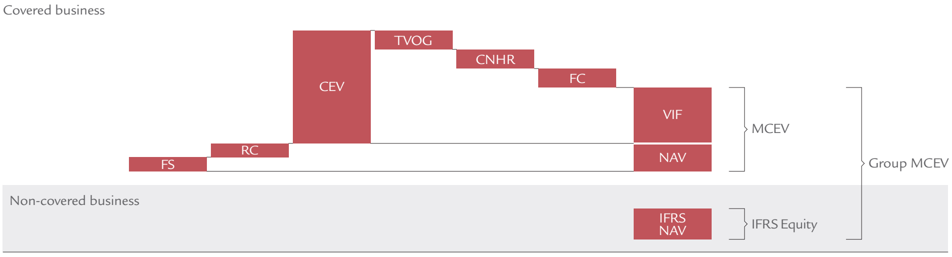
Covered business includes all of Swiss Life's life, health and pension business as well as assumed external reinsurance, with the exception of Swiss Life Insurance Solutions S.A., which is not material for MCEV purposes. MCEV (and Group MCEV) are net of ceded external reinsurance. Included are namely insurance operations in Switzerland, France, Germany, Luxembourg, Liechtenstein and Singapore. All other businesses such as investment management and Swiss Life Select are generally included in the non-covered business at their IFRS net asset values, with the exception of France, where they are included in the covered business.

1.3 Definitions

Swiss Life's Group MCEV consists of the MCEV for covered business and the IFRS net asset value for non-covered business.

According to MCEV Principle 3, the MCEV represents the present value of shareholders' interests in the earnings distributable from assets allocated to the covered business after allowance for the aggregate risks in the covered business. It is calculated on a post-tax basis taking into account current legislation and known future changes.

Components of Group MCEV



The MCEV for covered business consists of the net asset value (NAV), i.e. the value of assets not backing liabilities, and the value of in-force business (VIF), i.e. the value of future profits emerging from operations and assets backing liabilities.

The net asset value is split between:

- the required capital (RC): the amount of capital provided by shareholders deemed necessary to run the business under the chosen definition (see section 4.1)
- the free surplus (FS): additional capital allocated to the covered business above the required capital

The value of in-force covered business is defined as the sum of:

- the certainty equivalent value of future profits (CEV)
- the time value of financial options and guarantees (TVOG), including the cost of credit risks
- the cost of residual non-hedgeable risks (CNHR)
- the frictional costs of required capital (FC)

The IFRS net asset value (IFRS NAV) is defined as the unadjusted IFRS net asset value allocated to the non-covered business.

For details about the MCEV components, see section 4 on methodology. Please note that the notion of certainty equivalent value is equivalent to the notion of present value of future profits in the CFO Forum Principles.

2 Summary of MCEV Results

2.1 Key results

Benefiting from strong operating earnings, Swiss Life contained the adverse effects from the challenging capital market environment and negative currency translation effects. The MCEV in 2015 amounted to CHF 12 509 million, compared to CHF 12 901 million in the prior year. In an environment of very low interest rates, Swiss Life generated a value of new business of CHF 268 million (CHF 255 million in 2014).

Results are shown in CHF million. Rounding differences may occur.

The following tables show key results as at 31 December 2015 compared to the results as at 31 December 2014.

In CHF million	2015	2014
Value of new business	**268**	255
Present value of new business premium (PVNBP)	**15 643**	14 414
New business margin (%PVNBP)	**1.7%**	1.8%

The value of new business profited from considerably increased volumes while the interest rate development had a substantial negative impact. The resulting pressure on new business profitability was mitigated by active new business steering across the Group. In local currency the value of new business increased by 10%.

In CHF million	Net asset value	Value of in-force business	Total 2015	Total 2014
Covered business	***3 514***	***7 050***	***10 564***	*11 071*
Non-covered business	***1 945***	***n/a[1]***	***1 945***	*1 831*
GROUP MCEV	**5 458**	**7 050**	**12 509**	12 901
Total MCEV earnings			**329**	1 737
Operating MCEV earnings			**1 211**	1 322

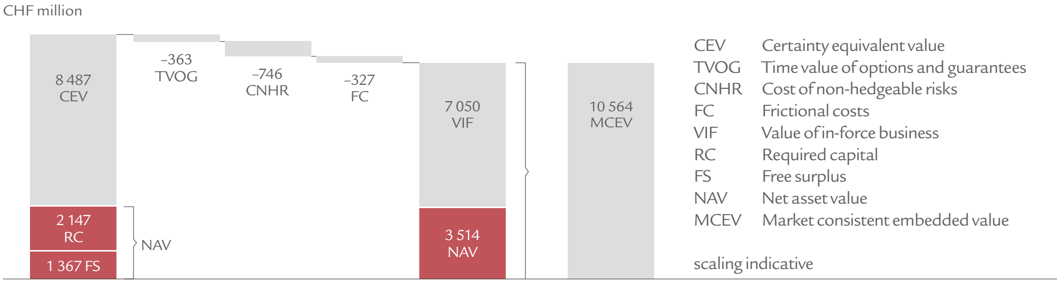
[1] n/a: not applicable

Due to the capital market and currency developments mentioned, the value of covered business decreased by 5% despite substantial operating MCEV earnings resulting from profitable new business and operating returns on the in-force business supported by margin management and favourable demographic experience. The Group MCEV decreased by 3% in total.

2.2 MCEV of covered business

The following graph and table show the MCEV by components, together with the previous year's results.

MCEV of covered business 2015



In CHF million

	2015	2014
NET ASSET VALUE	**3 514**	3 755
Free surplus	**1 367**	1 622
Required capital	**2 147**	2 133
VALUE OF IN-FORCE BUSINESS	**7 050**	7 315
Certainty equivalent value	**8 487**	8 735
Time value of financial options and guarantees	**–363**	–373
Cost of residual non-hedgeable risks	**–746**	–748
Frictional costs of required capital	**–327**	–298
MCEV	**10 564**	11 071

Excluding currency translation effects of CHF –405 million, the MCEV of the covered business would have remained at a comparable level.

The net asset value and similarly the free surplus decreased because of negative currency translation effects and reserve strengthenings, while the dividends and new business were financed from operating earnings. Goodwill and other intangibles are not included in the net asset value, with the exception of France (see section 4.7).

The value of in-force business decreased by 4% driven by the adverse capital markets and, for the non-CHF denominated units, currency developments. Frictional costs increased, among others, due to new business written.

The cost of credit risk amounts to CHF –693 million for 2015 compared to CHF –665 million for the previous year.

2.3 Value of new business

2.3.1 Value of new business, premiums and margins

Amounts in CHF million

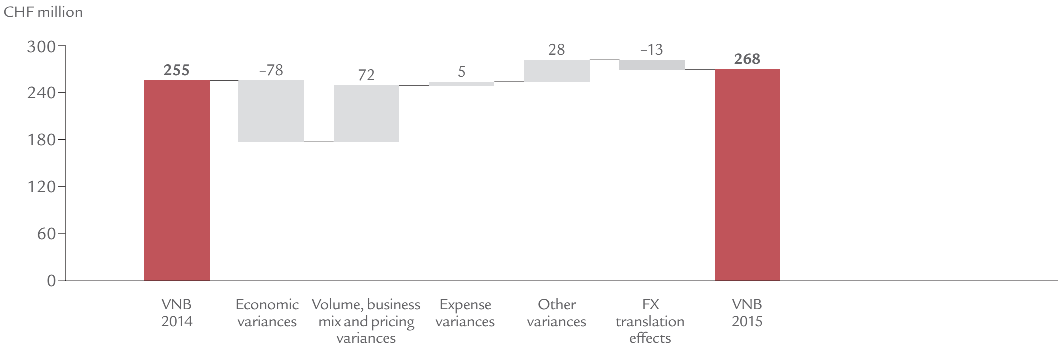
	2015	2014
VALUE OF NEW BUSINESS	**268**	255
New business strain [1]	***–165***	*–133*
Value of new business before new business strain	***433***	*388*
Annual premiums	**706**	612
Single premiums	**7 026**	6 919
PRESENT VALUE OF NEW BUSINESS PREMIUMS (PVNBP)	**15 643**	14 414
Average annual premium multiplier	**12.2**	12.3
New business annual premium equivalent (APE)	**1 408**	1 304
NEW BUSINESS MARGIN (% PVNBP)	**1.7%**	1.8%
New business margin (% APE)	**19.0%**	19.5%

[1] New business strain represents the effect on the net asset value from writing new business.

2.3.2 Value of new business — analysis of change

The following graph and table detail the drivers for the change in new business value and margin of the business sold in 2015 compared to the business sold in 2014.

Value of new business – analysis of change



Amounts in CHF million

	PVNBP	VNB	NBM (% PVNBP)	Change in NBM (% PVNBP)
VALUE OF NEW BUSINESS 2014	14 414	**255**	**1.8%**	
Economic variances	132	**–78**		**–0.6%**
Volume, business mix and pricing variances	1 774	**72**		**0.3%**
Expense variances	–1	**5**		**0.0%**
Other variances	99	**28**		**0.2%**
FX translation effects	–775	**–13**		**0.0%**
VALUE OF NEW BUSINESS 2015	15 643	**268**	**1.7%**	

In local currency all market units contributed to the new business growth of 14% measured in PVNBP. Including the adverse currency development the volumes increased by 9%. This, in combination with active new business steering, pricing discipline and cost efficiency gains, mitigated the adverse impacts of the challenging capital market environment on both the new business value and margin.

Additional explanations about the new business methodology are given in section 4.2 of this report.

2.4 Group MCEV – analysis of earnings

The table below shows the development of Group MCEV split by components from 31 December 2014 to 31 December 2015.

In CHF million	Covered business MCEV	Non-covered business IFRS	Total Group MCEV	Total Group MCEV
			2015	2014
OPENING GROUP MCEV	*11 071*	*1 831*	**12 901**	11 378
Opening adjustments	*–227*	*16*	**–211**	–175
ADJUSTED OPENING GROUP MCEV	*10 844*	*1 846*	**12 690**	11 203
Operating MCEV earnings	*960*	*251*	**1 211**	1 322
Non-operating MCEV earnings	*–870*	*–11*	**–881**	415
TOTAL MCEV EARNINGS	*90*	*240*	**329**	1 737
Other movements in IFRS net equity	*n/a*[1]	*–40*	**–40**	17
Closing adjustments	*–370*	*–101*	**–471**	–55
CLOSING GROUP MCEV	*10 564*	*1 945*	**12 509**	12 901

[1] n/a: not applicable

The opening adjustment of the Group MCEV represents the distribution in 2015 to shareholders out of the capital contribution reserve of CHF 6.50 per share, corresponding to a total of CHF 207 million as described in the Consolidated Financial Statements (note 26), and foreign currency translation effects of CHF –4 million.

The following comments refer mainly to the non-covered business as the analysis of earnings for the covered business is commented upon in detail in sections 2.5 and 3.2.

The operating MCEV earnings for non-covered business correspond mainly to the results from Swiss Life Asset Managers, Swiss Life Holding and distribution and insurance units outside the scope of covered business.

The non-operating MCEV earnings relate to borrowing costs and tax effects of the non-covered business. For Group MCEV, the change in non-operating MCEV earnings compared to 2014 arises almost entirely from the covered business.

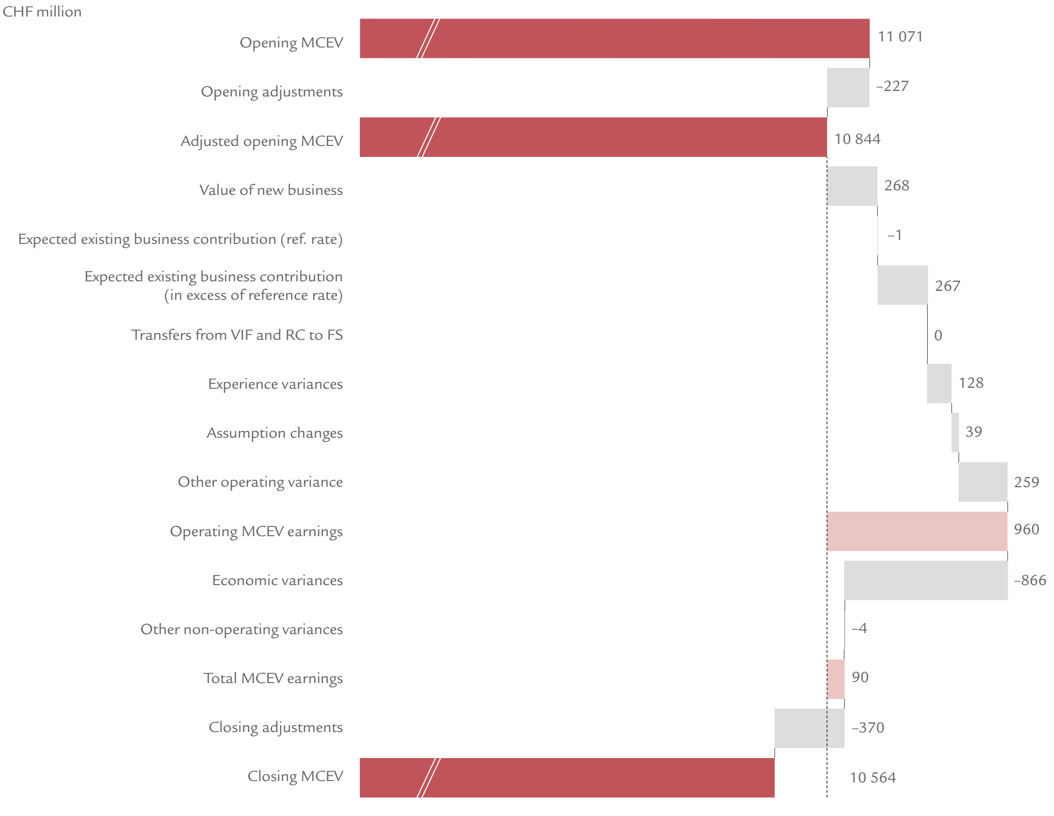
The other movements in IFRS net equity (non-covered business only) include effects from the sale and purchase of treasury shares, changes in unrealised gains and losses and effects from equity-settled share-based payments.

The closing adjustments result mainly from foreign currency translation effects and the transfer of funds between covered and non-covered business.

2.5 Covered business — analysis of earnings

The graph and table below show the analysis of earnings for the covered business in 2015.

Covered business – analysis of earnings for 2015



In CHF million	Free surplus	Required capital	VIF	MCEV 2015	MCEV 2014
OPENING MCEV	1 622	2 133	7 315	11 071	9 669
Opening adjustments	–227	–	–	–227	–121
ADJUSTED OPENING MCEV	1 395	2 133	7 315	10 844	9 548
Value of new business	–350	185	433	268	255
Expected existing business contribution (reference rate)	1	–5	3	–1	21
Expected existing business contribution (in excess of reference rate)	14	0	253	267	306
Transfers from VIF and required capital to free surplus	661	–182	–479	–	–
Experience variances	–243	109	262	128	111
Assumption changes	–13	1	51	39	71
Other operating variance	–40	23	276	259	351
OPERATING MCEV EARNINGS	30	130	799	960	1 116
Economic variances	–18	4	–852	–866	485
Other non-operating variances	14	–	–18	–4	–52
TOTAL MCEV EARNINGS	26	134	–70	90	1 549
Closing adjustments	–55	–121	–195	–370	–26
CLOSING MCEV	1 367	2 147	7 050	10 564	11 071

Opening adjustments

Opening adjustments represent the increased dividend payments from covered to non-covered business.

Value of new business

Value of new business contributions from free surplus and required capital sum up to the new business strain of CHF –165 million (2014: CHF –133 million). This represents the shareholders' share in acquisition expenses for new business. The VIF-component of CHF 433 million (2014: CHF 388 million) is the value of future profits from new business.

Expected existing business contribution (reference rate)

Expected existing business contribution (reference rate) shows the unwinding of discount on all value of in-force components with reference rates as at start of year. Additionally, the notional interest on the net asset value is included.

Expected existing business contribution (in excess of reference rate)

Expected existing business contribution (in excess of reference rate) represents the additional contribution to MCEV by taking into account investment returns for the reporting period expected at the beginning of the period over and above the initial reference rates for the period. Also, releases from the period's contribution to the time value of financial options and guarantees and cost of residual non-hedgeable risks are included. The expected existing business contribution is explained to a large extent by spreads expected to be earned on the corporate bond and real estate portfolio.

Transfers from value in force and required capital to free surplus

Transfers from value in force and required capital to free surplus include the transfer of the results of the preceding step from value in force to free surplus. Also, the required capital is normally reduced after this step, resulting in an equal increase of free surplus. The total effect in this line is zero. In the context of a life insurer's business model, this should be seen in combination with effects from new business which partly reverses this effect by an increase of required capital and a reduction of net asset value.

Experience variances

Experience variances aggregate the impact of actual development versus expectations regarding non-economic assumptions such as mortality, expenses, lapses and deviations in handling of additional reserves. A variety of effects relating to persistency and other demographic experience as well as reserve strengthening resulted in a MCEV increase. The last had a negative impact on free surplus and a positive effect on value of in-force business; the largest contribution stems from the Swiss business.

Assumption changes

Assumption changes refer to the impact of the change on assumptions such as future expense, surrender, mortality, morbidity and longevity rates. The impacts of positive longevity experience and efficiency gains in France were reduced by effects from updated policyholder behaviour parameters in Germany.

Other operating variance

Other operating variance includes effects from the revised profit-sharing in view of the low interest rate environment.

Economic variances

Economic variances represent the change in embedded value by replacing the starting economic scenarios by the closing ones. Effects from deviations between actual and expected investment returns are included here. Overall, the economic variances had a negative impact on MCEV, driven by lower interest rates in Switzerland and widened credit spreads, mitigated by a strong real estate performance.

Other non-operating variances

Other non-operating variances encompass effects relating to government-set parameters, tax impacts and changes in the regulatory environment.

Closing adjustments

Closing adjustments represent foreign currency translation effects resulting from the consolidation in Swiss francs and the transfer of funds into the covered business.

2.6 Sensitivities

Operational and demographic sensitivities for MCEV remained stable overall, while the sensitivities with regard to reference rates increased. Sensitivities relating to swaption implied volatilities are influenced by the Swiss group life business, where continued operating improvements have contained the cost of policyholder options and guarantees, such that business-inherent shareholder options drive the time value of options and guarantees. As in the previous year, we disclose corresponding sensitivities of ±10%. The relative sensitivities with regard to equity/property market values and their volatilities slightly increased compared to 2014.

The economic sensitivities are assumed to occur after the new business contracts have been sold, indicating how the value of in-force business and the value of new business written would be affected by sudden economic shocks.

The table below shows sensitivities of the MCEV and the value of new business to important financial market parameters as well as to operational and demographic assumptions.

Sensitivities as at 31 December 2015

Amounts in CHF million

	Change in MCEV	+/–	Change in value of new business	+/–
BASE VALUE	10 564		268	
Economic				
100 bp increase of interest rates (reference rates)	987	9%	88	33%
100 bp decrease of interest rates (reference rates)	–1 428	–14%	–154	–57%
10% increase in equity / property market values	811	8%	[1]	[1]
10% decrease in equity / property market values	–958	–9%	[1]	[1]
25% increase in equity / property implied volatilities	–338	–3%	–17	–6%
25% decrease in equity / property implied volatilities	273	3%	14	5%
10% increase in swaption implied volatilities	37	0%	–0	–0%
10% decrease in swaption implied volatilities	–121	–1%	–4	–1%
Operational				
10% increase in maintenance expenses	–202	–2%	–18	–7%
10% decrease in maintenance expenses	197	2%	16	6%
10% proportionate increase in lapse rates	–168	–2%	–20	–7%
10% proportionate decrease in lapse rates	188	2%	21	8%
Demographic				
5% proportionate increase in mortality rates (death cover)	–27	–0%	–6	–2%
5% proportionate decrease in mortality rates (annuities)	–163	–2%	–19	–7%
5% increase of longevity driver (annuities)	–31	–0%	–5	–2%
5% proportionate increase in morbidity rates	–41	–0%	–4	–2%
5% proportionate decrease in morbidity rates	40	0%	4	2%
Other				
Required capital 100% statutory solvency capital	147	1%	10	4%

[1] not available

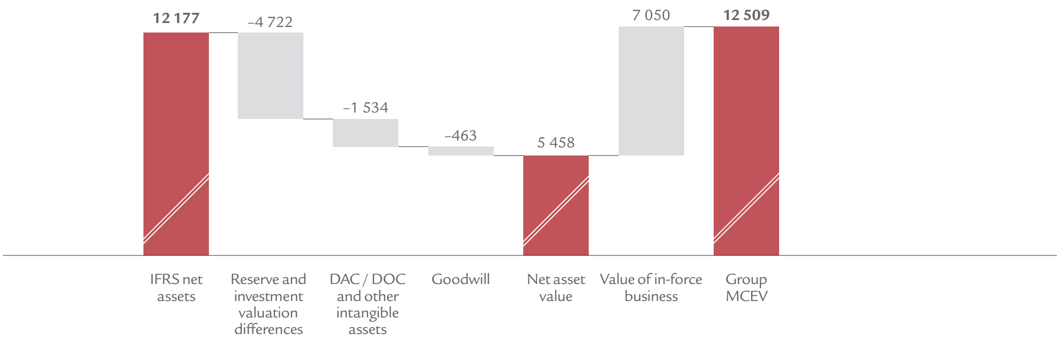
2.7 Reconciliation of IFRS net asset value to Group MCEV

Swiss Life's MCEV for covered business reflects the value of the shareholders' interest in the life, health and pension business of the Swiss Life Group. This value includes the determination of best estimate liabilities for policyholder bonuses and tax payments, which are derived from results based on local statutory accounting rather than on IFRS. Therefore local balance sheets and profit and loss accounts are the starting point for the projections. The net asset value (of assets not backing liabilities) is based on the local balance sheet, and adjusted to market value.

For the other parts of the Swiss Life Group, i.e. the non-covered business, the shareholder value is derived from their contribution to the Group's IFRS net asset value.

Reconciliation of IFRS net asset value to Group MCEV

CHF million



Reconciliation of IFRS net assets to Group MCEV as at 31 December 2015

In CHF million

	2015
IFRS NET ASSETS	**12 177**
Adjustments	**–6 718**
Reserve and investment valuation differences	***–4 722***
DAC / DOC and other intangible assets	***–1 534***
Goodwill [1]	***–463***
Net asset value	**5 458**
Value of in-force business	**7 050**
GROUP MCEV [2]	**12 509**

[1] Goodwill adjustments correspond to goodwill of covered business with the exception of CHF 78 million from French operations (see section 3.2).

[2] Group MCEV includes CHF 844 million of goodwill and intangible assets as part of the unadjusted IFRS net assets for non-covered business.

Starting with the total IFRS net assets, there are valuation differences between IFRS and MCEV regarding the net asset value for the covered business. In the reconciliation these valuation differences are shown under “adjustments”. The main elements that have been adjusted are deferred acquisition costs (DAC), goodwill and other intangible assets, differences between statutory and IFRS balance sheet items reflecting different reserving bases, and different treatment of the investments and unrealised gains (that form part of the IFRS net assets but are projected on MCEV as part of the value of in-force business in the MCEV calculations).

The adjusted IFRS net asset value corresponds to the MCEV net asset value of the Swiss Life Group. Adding the value of in-force business leads to the Group MCEV.

3 Information by Market Unit

3.1 Market units

Swiss Life's covered business is subdivided according to market units as follows:

- Life, pension and assumed external reinsurance business in Switzerland
- All businesses in France, mainly life, health and pension business
- Life and pension business in Germany
- Life and pension business in Luxembourg, Liechtenstein and Singapore (together referred to as International)

This breakdown by market unit essentially coincides with the IFRS insurance segments in the annual report. There are some differences since the MCEV classification generally follows the legal structure. A divergence from the IFRS insurance segment reporting is the treatment of distribution units such as Swiss Life Select, which are reported for MCEV purposes under non-covered business, and Swiss Life Asset Management in France, which is reported for MCEV purposes under France.

Switzerland

Swiss Life's main business in the Swiss market is group life business with a full range of offerings. The individual business includes modern savings and retirement products with flexible and lower guarantees, risk and annuity products, as well as traditional savings products. Swiss Life's own sales force plays the major role in distribution, followed by brokers and Swiss Life Select. The business for assumed external reinsurance is included here.

France

Swiss Life offers savings, annuity and risk products, as well as health insurance. New business for life insurance focuses on multi-support products, combining unit-linked and traditional savings components. The main distribution channels are brokers, tied agents and own sales force. Additionally, Swiss Life in France has developed strong relations with independent financial advisors and private banks.

Germany

Swiss Life focuses its offering on comprehensive disability insurance and modern products with flexible and lower guarantees in individual and group life business. The main distribution channels are independent brokers, followed by financial advisors such as Swiss Life Select.

International

Swiss Life International provides life and pension solutions for High Net Worth Individuals (HNWI) in Europe and Asia through its Private Clients business with insurance carriers in Luxembourg, Liechtenstein and Singapore. For multinational corporations, Corporate Clients business, together with its network, offers local employee benefit and expatriates solutions out of Luxembourg.

3.2 Results by market unit

MCEV by market unit for the year 2015

In CHF million

	Switzerland	France[1]	Germany	International	Total
NET ASSET VALUE	**1 640**	**1 379**	**353**	**143**	**3 514**
Free surplus	**1 158**	**223**	**–45**	**31**	**1 367**
Required capital	**482**	**1 155**	**397**	**112**	**2 147**
VALUE OF IN-FORCE BUSINESS	**5 059**	**1 415**	**299**	**278**	**7 050**
Certainty equivalent value	**5 401**	**2 178**	**535**	**372**	**8 487**
Time value of financial options and guarantees	**251**	**–441**	**–154**	**–18**	**–363**
Cost of residual non-hedgeable risks	**–373**	**–247**	**–70**	**–57**	**–746**
Frictional costs of required capital	**–221**	**–75**	**–11**	**–20**	**–327**
MCEV	**6 698**	**2 793**	**652**	**420**	**10 564**

[1] The value for France includes CHF 78 million in goodwill and intangible assets originating from the non-life and non-health insurance operations.

MCEV by market unit for the year 2014

In CHF million

	Switzerland	France[1]	Germany	International	Total
NET ASSET VALUE	1 776	1 469	401	110	3 755
Free surplus	1 313	237	34	39	1 622
Required capital	463	1 232	367	72	2 133
VALUE OF IN-FORCE BUSINESS	5 240	1 405	380	290	7 315
Certainty equivalent value	5 557	2 211	582	384	8 735
Time value of financial options and guarantees	261	–470	–143	–21	–373
Cost of residual non-hedgeable risks	–363	–274	–55	–55	–748
Frictional costs of required capital	–214	–61	–4	–19	–298
MCEV	7 016	2 874	781	400	11 071

[1] The value for France includes CHF 90 million in goodwill and intangible assets originating from the non-life and non-health insurance operations.

The MCEV of Swiss Life in France, Germany and International was negatively affected by the impacts of foreign currency translation into group presentation currency CHF.

Switzerland

The positive operating earnings including the value of new business, were offset by the negative capital market development, which led to a decrease of the MCEV by CHF 318 million.

The reduction of the free surplus is driven by further balance sheet strengthening. The value of the in-force business decreased following the adverse capital market development. This was partly offset by sustained business growth and in-force management. In group life, characterised by variable guarantees, the business-inherent shareholder options drive the time value of options and guarantees.

France

The MCEV increased by CHF 204 million excluding the currency translation effect, notably due to an enhanced financial margin and the correspondingly revised profit-sharing for life business, as well as the increased new business value.

Swiss Life in France is subject to a tax of 3% applied to dividends paid to Switzerland, which is considered for the actual payment.

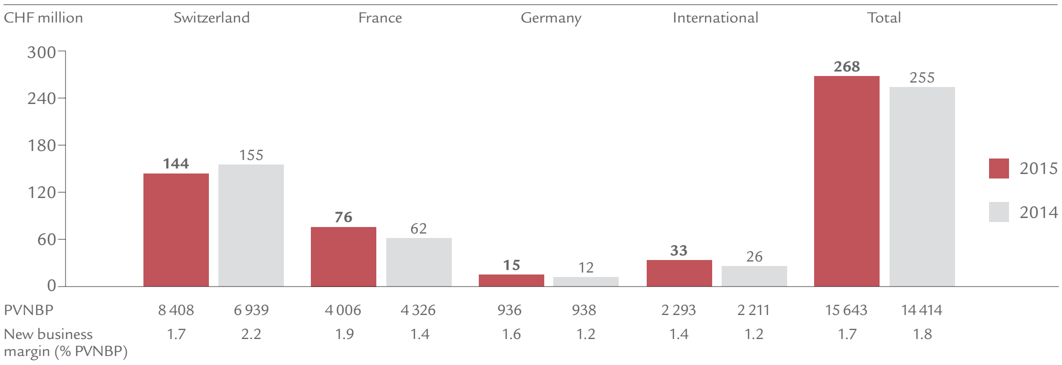
Germany

Mainly due to the unfavourable capital market development, the MCEV decreased by CHF 49 million excluding the currency translation effect. This was counteracted by revised surplus sharing.

International

The MCEV increased by CHF 20 million despite adverse foreign currency translation effects, driven by a strong value of new business. In addition to the good annual profit, a capital transfer contributed to the increase of the net asset value.

Value of new business by market unit



Value of new business by market unit – premiums and margins for the year 2015

Amounts in CHF million

	Switzerland	France	Germany	International	Total
VALUE OF NEW BUSINESS	**144**	**76**	**15**	**33**	**268**
New business strain [1]	***–100***	***–51***	***–6***	***–8***	***–165***
Value of new business before new business strain	***244***	***127***	***21***	***41***	***433***
Annual premiums	**360**	**285**	**54**	**7**	**706**
Single premiums	**2 622**	**2 056**	**121**	**2 228**	**7 026**
PRESENT VALUE OF NEW BUSINESS PREMIUMS (PVNBP)	**8 408**	**4 006**	**936**	**2 293**	**15 643**
Average annual premium multiplier	**16.1**	**6.8**	**15.2**	**9.2**	**12.2**
New business annual premium equivalent (APE)	**622**	**491**	**66**	**230**	**1 408**
NEW BUSINESS MARGIN (% PVNBP)	**1.7%**	**1.9%**	**1.6%**	**1.4%**	**1.7%**
New business margin (% APE)	**23.2%**	**15.4%**	**23.2%**	**14.3%**	**19.0%**

[1] New business strain represents the effect on the net asset value from writing new business.

Value of new business by market unit – premiums and margins for the year 2014

Amounts in CHF million

	Switzerland	France	Germany	International	Total
VALUE OF NEW BUSINESS	155	62	12	26	255
New business strain [1]	*–71*	*–50*	*–3*	*–10*	*–133*
Value of new business before new business strain	*225*	*113*	*14*	*36*	*388*
Annual premiums	237	315	52	8	612
Single premiums	2 499	2 079	199	2 142	6 919
PRESENT VALUE OF NEW BUSINESS PREMIUMS (PVNBP)	6 939	4 326	938	2 211	14 414
Average annual premium multiplier	18.7	7.1	14.2	8.1	12.3
New business annual premium equivalent (APE)	487	522	72	223	1 304
NEW BUSINESS MARGIN (% PVNBP)	2.2%	1.4%	1.2%	1.2%	1.8%
New business margin (% APE)	31.8%	11.9%	16.3%	11.6%	19.5%

[1] New business strain represents the effect on the net asset value from writing new business.

Switzerland
New business consists of new contracts and new coverages on existing contracts. Within group life business, replacements and newly insured persons entering existing group life contracts are not accounted for as new business.

The pressure on margins due to the challenging interest rate environment following the decisions of the Swiss National Bank from January 2015 was counteracted by comprehensive repricing measures in individual life and mitigated by further reduced guarantees in group life. Combined with increased volumes in both group and individual life and a strong contribution from assumed reinsurance business, the value of new business remained at a high level.

France
Ongoing margin management led to an increased value of new business and at the same time the volume increased on a local currency basis by 3%.

The new business margin in life improved substantially thanks to the enhanced financial margin and the revised profit-sharing, a further increased share of unit-linked business and cost efficiency gains. Along with the higher new business volumes this led to a significant increase in new business value.

In health, the general shift of the offering to group business and some niches in individual business led to stable margins, although volumes decreased.

Germany
New business margin and value increased as a result of continued pricing discipline, revised surplus sharing and the shift towards modern-traditional products with flexible and lower guarantees. On a local currency basis, volumes increased by 10% with a maintained high share of risk business.

International
Both new business value and margin could be expanded in International. This is due to increased volumes in Private Clients business and a higher share of risk business in Corporate Clients business.

Because of the weight of Private Clients business within International, by far the biggest share of new business premiums consists of single premiums.

Analysis of earnings by market unit for the year 2015

In CHF million

	Switzerland	France	Germany	International	Total
OPENING MCEV	7 016	2 874	781	400	11 071
Opening adjustments	–134	–76	–16	–1	–227
ADJUSTED OPENING MCEV	6 882	2 798	764	399	10 844
New business value	144	76	15	33	268
Expected existing business contribution (reference rate)	–2	1	1	–0	–1
Expected existing business contribution (in excess of reference rate)	144	107	3	14	267
Experience variances	125	1	9	–7	128
Assumption changes	–9	83	–37	2	39
Other operating variance	39	135	76	9	259
OPERATING MCEV EARNINGS	441	402	67	50	960
Economic variances	–613	–135	–100	–19	–866
Other non-operating variances	–25	13	–0	8	–4
TOTAL MCEV EARNINGS	–196	280	–33	39	90
Closing adjustments	12	–285	–79	–18	–370
CLOSING MCEV	6 698	2 793	652	420	10 564

All market units contributed positively to the value creation with their operating earnings.

Switzerland

Opening adjustments reflect the dividend payment to the Swiss Life Holding net of dividends received.

Operating earnings of CHF 441 million correspond to a return of 6% on MCEV.

The positive experience variances relate to portfolio true-ups including improved persistency. Also balance-sheet strengthening, such as a reduction of technical interest rates, had a positive impact.

Assumption changes mainly relate to group life and are influenced by the regular inclusion of the demographic and persistency experience, which had minor opposite effects.

The positive other operating variances stem mostly from changes in the asset allocation and the reduction of the minimum interest rate for non-mandatory group life business, slightly reduced by the effect of hybrid debt issued in the reporting period.

Economic variances are influenced by the significantly lower interest rates in Swiss francs following the decisions of the Swiss National Bank in January 2015 and widened credit spreads, mitigated by a good real estate performance.

France
Opening adjustments reflect dividend payments of CHF 76 million.

Operating earnings of CHF 402 million correspond to a return of 14% on MCEV. In addition to the expected business contribution and the positive new business value, this is driven by an enhanced financial margin and the correspondingly revised profit-sharing for life business, a favourable longevity development and efficiency gains for the life operations.

Economic variances reflect mainly the increased credit spreads, positive real estate and equity performance, and related changes of the asset allocation.

Other non-operating variances are positive tax variances.

Closing adjustments relate to the depreciation of the Euro against the Swiss franc.

Germany
Opening adjustments reflect dividend payments of CHF 16 million.

Operating earnings of CHF 67 million correspond to a return of 9% on MCEV.

The assumption changes mainly reflect updated lapse and capital take-up parameters.

Other operating variances include effects from a revised surplus sharing approach and the handling of bond realisations.

The negative economic variances result mainly from increased credit spreads and more than offset the operating earnings.

Closing adjustments relate to the aforementioned effects of foreign currency translation.

International
Operating earnings of CHF 50 million correspond to a return of 12% on MCEV. This was driven by a strong value of new business, the operating profit and overall positive true-up effects on the in-force business relating to mortality, persistency and expenses.

Economic variances mostly relate to the performance of the assets under management, which are the basis for the fees earned in the Private Clients business.

Other non-operating variances reflect the reduction of the applied tax rate in Luxembourg.

Closing adjustments include foreign currency translation effects of CHF –40 million and capital transfers of CHF 23 million.

4 Methodology

4.1 MCEV components for covered business

Net asset value (NAV)

The net asset value is the market value of assets allocated to the covered business, which are not backing liabilities from the covered business.

The net asset value is calculated as the statutory equity capital, adjusted by the unrealised gains or losses on assets covering the equity capital that are attributable to shareholders after taxes. Depending on local regulatory restrictions, equalisation reserves are also included in the net asset value. Intangible assets are not accounted for in the net asset value.

The net asset value is further split between the required capital (RC) and the free surplus (FS).

Required capital (RC)

The required capital is the market value of assets, attributed to the covered business – over and above that required to back liabilities for covered business – whose distribution to shareholders is restricted. As in prior years Swiss Life bases the amount of required capital on 150% of the level according to Solvency I, except for assumed external reinsurance where an economic approach is used instead.

The amount of required capital disclosed is presented from a shareholder's perspective and thus is net of funding sources other than shareholder resources (such as subordinated loans or unallocated bonus reserves).

Free surplus (FS)

The free surplus is the market value of assets allocated to, but not required to support, the in-force covered business at the valuation date. The free surplus is calculated as the difference between the net asset value and the required capital.

Under the chosen definition of required capital, the free surplus, unlike the required capital, is supposed to be immediately releasable and hence does not affect the frictional costs of required capital.

Value of in-force business (VIF)

The value of in-force business consists of the following components:

1. Certainty equivalent value (CEV)
2. Time value of financial options and guarantees (TVOG), including the cost of credit risk (see below)
3. Cost of residual non-hedgeable risks (CNHR)
4. Frictional costs of required capital (FC)

In the MCEV Principles, the term present value of future profits (PVFP) is used instead of certainty equivalent value.

Certainty equivalent value and time value of financial options and guarantees are items that involve projections encompassing local statutory liabilities and assets in line with:

- local legal and regulatory obligations
- company practice due to commercial and competitive constraints
- local market practice in the calculation of embedded value

Certainty equivalent value (CEV)
The certainty equivalent value is defined as the present value of the future shareholders' statutory profits (net of tax) under the certainty equivalent scenario.

In this particular scenario, future market returns are determined as the forward rates implied in the reference rates at the valuation date. Discounting is performed at the same reference rates. The certainty equivalent value includes that part of the value of financial options and guarantees which materialises in the underlying scenario.

The rules for anticipated management and policyholders' actions applied in the certainty equivalent scenario are the same as those for the stochastic projection used to determine the time value of financial options and guarantees.

Time value of financial options and guarantees (TVOG)
The certainty equivalent value does not allow for the risk that the financial outcome for shareholders could differ from the one implied by the certainty equivalent scenario. This is of particular relevance when products or funds include guarantees or options for the policyholder such as:

- guaranteed interest rates
- discretionary profit-sharing and regulatory constraints, e.g. "legal quotes"
- maturity guarantees
- guaranteed minimum death benefits
- guaranteed annuity options
- surrender options

For such products or funds, a stochastic projection has been run allowing for the range of possible scenarios for financial markets. The TVOG is calculated as the difference between the average present value of shareholder cash flows (profits or losses) and the certainty equivalent value, plus the cost for credit risk (see remarks on credit risk below). The TVOG therefore represents the additional market consistent value of those financial options and guarantees in excess of the intrinsic value which are already allowed for in the certainty equivalent value.

At the end of the projection, shareholders are assumed to meet any shortfall of assets against liabilities or to receive a share of any residual assets. The same applies to the certainty equivalent value.

The cost of credit risk accounts for the shareholder's share of credit risk of investments in bonds that would have otherwise been unaccounted for in other MCEV components. It is defined as the present value of charges on the projected economic capital for credit risk.

The initial economic capital for credit risk is defined as the impact on the value of in-force business corresponding to the 99% expected shortfall of the credit loss from the actual bond portfolio over one year, due to the migration and default risk. The underlying credit risk calculations are performed using an internal model based on the CreditMetrics©[2] methodology.

The economic capital for cost of credit risk has been projected based on mathematical reserves. An annual charge of 4% has been applied to the resulting projected economic capital.

Cost of residual non-hedgeable risks (CNHR)

The cost of residual non-hedgeable risks for risk factors such as mortality, morbidity, expenses and lapse rates is calculated under a cost of capital approach. It is defined as the present value of annual charges on the projected economic capital for residual non-hedgeable risks.

The initial capital for the CNHR has been calculated in line with Swiss Life's internal model. The corresponding economic capital is calculated by aggregating the stand-alone economic capital amounts that correspond to non-hedgeable risk factors, notably the following:

– mortality
– longevity
– disability/morbidity
– recovery rates
– capital options
– lapses
– expenses

The drivers for projecting the economic capital for CNHR are generally based on the statutory solvency margin.

An annual charge of 4% has been applied to the resulting projected capital at risk. It represents the excess return or risk premium that a shareholder might expect on capital exposed to non-hedgeable risks.

In order to be consistent with the CFO Forum Principles, no diversification between hedgeable and non-hedgeable risks has been taken into account. Furthermore, no diversification effects between market units have been accounted for.

Frictional costs of required capital (FC)

The frictional costs of required capital for the covered business are defined as the present value of the costs incurred by shareholders due to investment via the structure of an insurance company (compared to direct investment as individuals), such as tax on profits generated by the insurance company or the costs of asset management. Other potential frictional costs such as agency costs or financial distress costs have not been taken into account in the frictional costs of required capital.

4.2 New business

New business is defined as covered business arising from the sale of new contracts and from new covers to existing contracts during the reporting year, including cash flows arising from the projected renewal of those new contracts. Higher premiums in Swiss group life contracts from wage increases are not considered new business. The value of new business (VNB) reflects the additional value to shareholders created through the activity of writing new business during the reporting period.

The value of new business of a period represents the effect on the MCEV as at end of period from writing new business, i.e. it is the difference between the actual closing MCEV and the closing MCEV which would result if no new business had been written during the period. This is known as the "marginal" approach to value of new business. It applies to every MCEV component: CEV, TVOG, CNHR and FC. Legal constraints – e.g. "legal quotes" – or management rules often apply to books of contracts as a whole instead of individual contracts. That is why the value of new business can be dependent on the business in force before the writing of new business.

A "stand-alone" valuation for value of new business has been performed when the business in force is not affected by writing new business (for example for unit-linked contracts). In this case, the value of new business has been valued independently of the business in force.

The value of new business is generally calculated with economic scenarios and assumptions as at end of period.

4.3 Asset and liability data

All assets and liabilities reflect the actual positions as at valuation date.

Assets
The asset model used for the calculation of the MCEV differentiates three main asset classes:

- cash and fixed income instruments
- equity-type investments (including real estate)
- derivatives

All bonds and bond-like securities (such as mortgages) are modelled as fixed or floating government bonds. For all bonds, coupons and nominals have been recalibrated so that the valuation of the bonds using the reference yields converges to the observed market value.

Equities, real estate, participations and alternative investments (hedge funds and private equity) are modelled separately using appropriate indices for the corresponding currencies.

Current initial market values of assets have been taken where available ("marked-to-market"), or estimated where there is no reliable market ("marked-to-model"), for example by discounting unquoted loan and mortgage asset proceeds. Local regulatory and accounting frameworks (such as the amortisation of bonds or lower of cost or market principle) are reflected.

When a substantial share of the assets is held in foreign currencies, these foreign assets are modelled explicitly (including the foreign currency exchange risk).

Insurance liabilities
Liabilities are valued in line with local statutory requirements generally using individual policy data. For projection purposes, policies of the same product with similar risk profiles are grouped together to form model points.

Hybrid debt
In accordance with the MCEV Principles (G3.4), hybrid debt allocated to covered business is valued by discounting the corresponding coupon and nominal payments (liability cash flows) with reference interest rates and spreads that would be used by capital markets for debt with similar characteristics. For the spread used, see section 5.1.1.

4.4 Economic scenario generator

The MCEV is calculated using a risk-neutral valuation, based on market consistent and arbitrage-free stochastic economic scenarios. Under this approach, the key economic assumptions are:

– the reference rates
– interest rate and equity-type volatilities
– correlations between the economic risk factors
– inflation rates

The stochastic economic scenarios are generated by the economic scenario generator developed and provided by Barrie & Hibbert, part of Moody's Analytics, Inc. For variable annuity products a dedicated economic scenario generator is used.

The assets and liabilities within the Swiss Life Group are mostly denominated in Swiss francs, euros or US dollars. The economic scenarios reflect these three major economies, and also British pounds and Canadian dollars, which are of lesser importance. The exchange rates and dividend yields are modelled as additional risk factors, as well as the inflation rates in each economy.

For the calculation of the MCEV and the value of the new business as at valuation date, 2000 economic scenarios are used, ensuring convergence of the results for all market units. For the calculation of the sensitivities and some steps in the movement analysis, some market units use fewer scenarios in connection with variance reduction techniques.

4.5 Dynamic management actions and policyholder behaviour

Anticipated dynamic management actions and policyholder behaviour mainly concern the following areas: profit-sharing for participating life businesses, asset allocation and realisation of gains and losses, and assumed policyholder behaviour with regards to their contractual options. They are dependent on the economic scenario considered and reflect local regulations and type of business.

The crediting rules for policyholders are consistent with current company practices and local regulatory and legal requirements, in particular regarding the existence of a "legal quote".

The rules for future asset allocations are consistent with going-concern assumptions. Asset realignment avoids deviating from the strategic asset allocation by more than a predefined margin and takes place after each projected year.

Lapse rates from policyholders have been dynamically modelled. For traditional business, lapse rates depend on the difference between the credited rate to the policyholders and the anticipated policyholders' expectations. Lapse parameters depend on the country and product line considered.

4.6 Look-through principle

MCEV guidance requires that profits or losses incurred in service companies from managing covered business are measured on a "look-through" basis. This principle ensures that all profits and losses incurred in relation to the covered business are passed to the corresponding entity, and consequently incorporated into the value of in-force business.

The look-through principle is applied for asset management services and corporate centre services. The future profits or losses taken into account for these services are limited to those linked to the insurance business, after "legal quote" and taxes.

4.7 Consolidation

The Group MCEV for Swiss Life comprises MCEV results for covered business and IFRS net asset values for non-covered business.

Covered business comprises all of Swiss Life's major life, health and pension business as well as assumed external reinsurance with the exception of Swiss Life Insurance Solutions S.A., which is not material for MCEV purposes. In the case of France, the remaining operations are sub-consolidated with their IFRS net asset value and also included in the French covered business.

As described in section 3.1, covered business relates to the operations in:

- Switzerland
- France
- Germany
- Luxembourg
- Liechtenstein
- Singapore

International includes results for Luxembourg, Liechtenstein and Singapore.

The sum of all market consistent embedded values for the market units of the covered business forms the total MCEV for covered business.

Non-covered business comprises all other entities of the Swiss Life Group that are valued at the unadjusted IFRS net asset value on a consolidated level, such as the distribution units of Swiss Life Select or investment management (including CORPUS SIREO), financing and holding companies. Non-covered business is added to the MCEV results from the covered business to form the Group MCEV.

4.8 Employee pension schemes and share-based payment programmes

Allowance is made for gains or losses arising from the defined benefit pension plans for Swiss Life's own employees. In Switzerland there is a semi-autonomous pension fund with biometric risks covered by an insurance contract. In other units the major part is covered by insurance contracts. The remaining part is modelled as commensurate expenses in the projections.

The costs of share-based payment programmes for employees are not included in the MCEV, other than to the extent that they are allowed for in the local statutory accounts upon which the shareholder net assets are based. Further information on the costs of share-based payment programmes is given in the Group's Consolidated Financial Statements (note 23).

5 Assumptions

5.1 Economic assumptions

The market consistent calibration of the economic scenarios is based on traded market instruments at the valuation date wherever possible. This includes nominal and real yield curves, interest rate volatility and equity volatilities. Where market data is not available or the market is not liquid enough, the model calibration is based on best estimate assumptions. This notably includes correlations, exchange rate volatilities and real estate volatilities.

5.1.1 Reference rates

The reference rates used for the calculation of the MCEV 2015 are based on the swap rates as at 31 December 2015 and include, where appropriate, a liquidity premium. Extrapolation of the interest curves and determination of liquidity premiums closely follow the QIS 5 framework.

The underlying liquidity premium is determined by applying the formula Maximum (0; 50%*(corporate credit spread over swap –40bp)), where the corporate spreads over swap are measured with appropriate market indices. For the corporate credit spread over swap rates for the three currencies euro, US dollar and British pound, we use the quotation from Markit©[3] instead of using the two-step approach as described in the QIS 5 guidance. For Canadian dollar we use the quotation from BofA Merrill Lynch. For the spread over swap rates for Swiss franc we use a SIX Swiss Exchange Bond Index (SBI® Corporate) composed of investment grade, foreign and domestic corporate issues in Swiss francs.

We apply no liquidity premium to unit-linked, portfolio-linked and variable annuities business, 50% of the underlying liquidity premium to health insurance and assumed external reinsurance, and 75% to all participating and other businesses, including traditional annuities. Liquidity premiums are applied over a term of 10 years for Swiss franc, 15 years for euro and 30 years for US dollar, and phased out over the following five years.

As some of Swiss Life's liabilities are running longer than asset durations are available on financial markets in sufficient depth and liquidity, an extrapolation of yields is applied to assess swap rates beyond this horizon. Swiss Life uses the approach for extrapolation prescribed by EIOPA for QIS 5.

The spread (over swap rates) applied for the valuation of the hybrid debt was updated based on a subordinated bond index and amounts to 319bp as at 31 December 2015. For the opening MCEV the spread amounted to 287bp.

The whole yield curve is shifted for the 100bp increase/decrease in reference rate sensitivity including the extrapolated part beyond terms where market data is used for calibration of the reference rates.

[3] Copyright © 2011 Markit Group Limited

5.1.1.1 Swap rates as at 31 December 2015

Economy	1 year	2 year	5 year	10 year	15 year	30 year
Switzerland	**–0.70%**	**–0.64%**	**–0.31%**	**0.25%**	**0.56%**	**0.88%**
Euro Zone	**–0.06%**	**–0.03%**	**0.33%**	**1.00%**	**1.40%**	**1.61%**
United States	**0.85%**	**1.15%**	**1.70%**	**2.16%**	**2.40%**	**2.60%**

5.1.1.2 Swap rates as at 31 December 2014

Economy	1 year	2 year	5 year	10 year	15 year	30 year
Switzerland	–0.11%	–0.13%	0.06%	0.52%	0.79%	1.16%
Euro Zone	0.16%	0.18%	0.36%	0.82%	1.15%	1.47%
United States	0.44%	0.89%	1.75%	2.27%	2.49%	2.69%

5.1.1.3 100% Liquidity premium, relative to swap rates, as at 31 December 2015 and 31 December 2014

Economy	**2015** [1]	2014
Switzerland	**24bp**	20bp
Euro Zone	**38bp**	24bp
United States	**84bp**	63bp

[1] Liquidity premium for British pound: 83bp (2014: 69bp), for Canadian dollar: 48bp (2014: 25bp)

5.1.2 Volatility assumptions

Volatility assumptions for the year-end 2015 and 2014 calculations are derived from market data as at 31 December 2015 and 2014.

The interest rate volatilities are based on implied volatilities of at-the-money receiver swaptions. The tables below show rates for euro and US dollar with 20-year tenors and rates for Swiss franc with 10-year tenors.

5.1.2.1 Swaption implied volatilities as at 31 December 2015

Economy	1 year option	2 year option	5 year option	10 year option	15 year option	30 year option
Switzerland	**144.0%**	**120.1%**	**89.7%**	**76.0%**	**74.7%**	[1]
Euro Zone	**42.4%**	**40.5%**	**36.0%**	**34.5%**	**35.5%**	**38.6%**
United States	**29.5%**	**29.1%**	**27.4%**	**24.1%**	**22.1%**	**22.2%**

[1] not available

5.1.2.2 Swaption implied volatilities as at 31 December 2014

Economy	1 year option	2 year option	5 year option	10 year option	15 year option	30 year option
Switzerland	65.7%	61.8%	59.4%	49.7%	43.1%	49.0%
Euro Zone	43.5%	41.1%	35.9%	32.6%	30.7%	26.6%
United States	27.6%	27.4%	26.1%	23.4%	20.8%	21.3%

The equity implied volatilities are derived from the 10-year at-the-money equity put option prices.

5.1.2.3 Equity option implied volatilities as at 31 December 2015 and 31 December 2014

Economy	Index	Volatility 2015	Volatility 2014
Switzerland	SMI	**18.1%**	18.5%
Euro Zone	EuroStoxx 50	**21.6%**	20.8%
United States	S&P 500	**26.8%**	25.9%

The property volatilities are based on best estimate assumptions considering historical data.

5.1.2.4 Property volatilities used for the calculation as at 31 December 2015 and 31 December 2014

Economy	Volatility 2015	Volatility 2014
Switzerland	**8.0%**	8.0%
Euro Zone	**13.0%**	13.0%

5.1.3 Correlation assumptions

The correlation assumptions between different asset classes are based on historical market data. The correlations between returns on equities and on 10-year zero coupon bonds are assumed to be 15% for 2015 and for 2014.

5.1.4 Inflation assumptions

The inflation assumptions have been derived from inflation-linked bond prices, where inflation-linked bonds are traded. For the Swiss economy, the real interest rate model is calibrated on the inflation forecast by Consensus Economics, an international economic survey organisation.

5.1.4.1 Forward inflation rates used for the calculation as at 31 December 2015

Economy	1 year	2 year	5 year	10 year	15 year	30 year
Switzerland	**–0.1%**	**–0.1%**	**–0.2%**	**0.6%**	**0.8%**	**0.7%**
Euro Zone	**1.2%**	**0.7%**	**0.8%**	**1.6%**	**1.7%**	**1.0%**

5.1.4.2 Forward inflation rates used for the calculation as at 31 December 2014

Economy	1 year	2 year	5 year	10 year	15 year	30 year
Switzerland	0.1%	–0.1%	–0.2%	0.5%	0.7%	0.4%
Euro Zone	0.1%	0.3%	0.9%	1.6%	1.6%	0.9%

5.1.5 Real world assumptions

These assumptions are used for the step “expected existing business contribution in excess of reference rates”.

For fixed interest assets, the “real world” investment return assumptions are based on the gross redemption yield on the assets less a rating-dependent allowance for expected defaults derived from historical data.

Fixed risk premiums are used for other risky assets. Return assumptions for equity and property are derived from the 10-year swap rates, plus a risk premium; see table 5.1.5.1 below.

5.1.5.1 Equity and property assumptions for real world projection

Risk premiums by asset class	**2015**	2014
Equity	**400bp**	400bp
Property (Switzerland and Europe)	**200bp**	200bp

5.2 Taxation and legislation

Tax assumptions for the projection of annual results have been set in line with the local tax regime. Tax losses carried forward are considered. Taxation rules are based on individual companies' total results. Tax impact of future new business has not been allowed for. The following table 5.2.1 shows the corporate tax rates applied.

5.2.1 Tax assumptions

	2015	2014
Switzerland	**21.1%**	21.1%
France	**34.4%**	34.4%[1]
Germany	**28.3%**	28.3%
Luxembourg	**20.0%**	22.0%
Liechtenstein	**12.5%**	12.5%
Singapore	**17.0%**	17.0%

1 Following French legislation the tax rate assumption applied for 2015 is 38.0%.

5.3 Operating assumptions

Non-economic assumptions such as mortality, morbidity and lapse rates have been determined by the respective business units based on their best estimate as at the valuation date. Best estimate assumptions are set by considering past and current experience.

Expense assumptions are reconciled with past and current experience. They do not account for future cost reductions. Projected expenses are subject to inflation. All the expected expense overruns affecting the covered business, such as overhead expenses and development costs in new markets, have been allowed for in the calculations. Corporate costs are included in the expenses of market units by means of a "look-through" procedure (see section 4.6).

6 Auditor's Report on Embedded Value

To the Board of Directors of
Swiss Life Holding Ltd

We have audited the Market Consistent Embedded Value Report ("MCEV Report") of Swiss Life Holding Ltd for the year ended 31 December 2015. The embedded value information included in the MCEV Report has been prepared in accordance with the Market Consistent Embedded Value ("MCEV") Principles issued by the European Insurance CFO Forum, as described in sections 1 and 4 of the MCEV Report.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the MCEV Report in accordance with the MCEV Principles, including the applied methodology and the assumptions used and for such internal controls as determined necessary to enable the preparation of the MCEV Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on whether the MCEV Report has been properly prepared in accordance with the MCEV Principles. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the MCEV Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the MCEV Report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the MCEV Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the MCEV Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of the principles used and the reasonableness of significant estimates made, as well as evaluating the adequacy of the overall presentation of the MCEV Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the MCEV Report of Swiss Life Holding Ltd for the year ended 31 December 2015 is prepared, in all material respects, in accordance with the MCEV Principles.

Basis of preparation
Without modifying our opinion, we draw attention to sections 4 and 5 of the MCEV Report, which describe the basis of MCEV methodology and assumptions.

This report has been prepared solely for the Board of Directors of Swiss Life Holding Ltd in accordance with the terms of our engagement letter. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown except where explicitly agreed by our prior consent in writing. This report does not extend to any financial statements of Swiss Life Holding Ltd.

PricewaterhouseCoopers AG

Ray Kunz Thomas Hull
Audit expert

Zurich, 29 February 2016

7 Glossary and List of Abbreviations

Annual premium equivalent (APE)
Volume measure for new business. Sum of regular premiums from new business +10% of single premiums on business written during the period.

Average annual premium multiplier
The average annual premium multiplier is determined as the difference between PVNBP and the new business single premiums, divided by new business annual premiums.

Best estimate assumptions
A best estimate assumption should equal the mean estimate (probability weighted average) of outcomes of that risk variable.

Certainty equivalent scenario
Economic scenario under which asset returns are equal to the reference rates.

Certainty equivalent value (CEV)
Certainty equivalent value is defined as the present value of the future shareholders' statutory profits (net of tax) under the certainty equivalent scenario.

CFO Forum
The CFO Forum is a high-level discussion group formed and attended by the Chief Financial Officers of major European listed, and some non-listed, insurance companies. Its aim is to discuss issues relating to proposed new accounting regulations for their businesses and how they can create greater transparency for investors. It published the MCEV Principles together with a detailed Basis for Conclusions on 4 June 2008 and an amendment in October 2009.

Cost of credit risk
The cost of credit risk accounts for the credit risk of investments in bonds that would otherwise have been unaccounted for in other MCEV components.

Cost of residual non-hedgeable risks (CNHR)
The cost of residual non-hedgeable risks accounts for risk factors such as mortality, morbidity, expenses and lapse rates.

Covered business
Covered business includes all of Swiss Life's major life, health and pension business as well as assumed external reinsurance. In the case of France, all business operations are included in the covered business.

Free surplus (FS)
The free surplus is the market value of any assets allocated to, but not required to support, the in-force covered business at the valuation date.

Frictional costs of required capital (FC)
The additional investment and taxation cost incurred by shareholders through investing required capital in the company compared to direct investment as individuals.

Group MCEV
The Group MCEV for Swiss Life comprises MCEV results for covered business and IFRS net asset values for non-covered business of the Swiss Life Group (as explained above under point 4.7).

IFRS
International Financial Reporting Standards

"Legal quote"
Statutory minimum policyholder participation ratio

Liquidity premium
As stipulated in the MCEV Principles, liquidity premiums are included in swap yield curves in cases where liabilities are not liquid.

Look-through principle
Method by which profits or losses from service companies within the Swiss Life Group, which are directly related to managing the covered business, are included in the MCEV and in the value of new business.

Market consistent embedded value (MCEV)
Market consistent embedded value is a measure of the consolidated value of shareholders' interests in the in-force covered business of the Swiss Life Group.

Net asset value (NAV)
The net asset value is the market value of assets attributed to the covered business over and above that required to back liabilities for covered business.

New business margin
The value of new business divided by the present value of new business premiums (PVNBP) or divided by the annual premium equivalent (APE), respectively.

Non-covered business
All businesses of the Swiss Life Group which are not accounted for under covered business, such as investment management and Swiss Life Select, are included in the non-covered business of the Group MCEV by means of their IFRS net asset values.

Non-traditional business
Unit-linked-type contracts, with or without additional financial guarantees and policyholder options.

Operating MCEV earnings
Change in MCEV and in Group MCEV in the reporting period after initial and closing adjustments, economic variances and other non-operating variances, as well as other movements in IFRS net equity.

Present value of new business premiums (PVNBP)
Volume measure for new business. It represents the present value of premiums from new business. It is the sum of single premiums and the present value of periodic premiums from new business.

QIS 5
EIOPA's fifth quantitative impact study for Solvency II.

Reference rate
The reference rates used for the calculation of the MCEV are based on the swap rates at the valuation date.

Required capital (RC)
The required capital is the market value of assets, attributed to the covered business over and above that required to back liabilities for covered business, whose distribution to shareholders is restricted based on statutory solvency.

Time value of financial options and guarantees (TVOG)
The TVOG represents the additional market price of those financial options and guarantees in excess of the intrinsic value of options and guarantees which is already allowed for in the certainty equivalent value.

Total MCEV earnings
Change in MCEV and in Group MCEV in the reporting period after initial and closing adjustments and other movements in IFRS net equity.

Value of in-force business (VIF)
The value of in-force business represents the net present value of future profits emerging from operations and assets backing liabilities, after accounting for TVOG, CNHR and FC.

Value of new business (VNB)
The value of new business reflects the additional value to shareholders created by writing new business during the reporting period.

Variable annuities
Unit-linked contracts with additional guarantees and policyholder options.

Zinszusatzreserve (ZZR)
Additional statutory reserve requirement in Germany in view of the low interest rate environment.

Consolidated Financial Statements

Consolidated Statement of Income

Consolidated statement of income for the years ended 31 December

In CHF million

	Notes	2015	2014
INCOME			
Premiums earned on insurance contracts		**12 903**	13 075
Premiums earned on investment contracts with discretionary participation		**1 009**	893
Premiums ceded to reinsurers		**–141**	–192
Net earned premiums	7	**13 771**	13 776
Policy fees earned on insurance contracts		**18**	24
Policy fees earned on investment and unit-linked contracts		**259**	284
Net earned policy fees	7	**276**	308
Commission income	8	**1 016**	998
Investment income	5, 8	**4 290**	4 448
Net gains/losses on financial assets	5, 8	**248**	2 631
Net gains/losses on financial instruments at fair value through profit or loss	5, 8	**81**	–2 009
Net gains/losses on investment property	5, 14	**655**	288
Share of profit or loss of associates	5, 15	**7**	3
Other income	8	**210**	31
TOTAL INCOME		**20 555**	20 474
EXPENSES			
Benefits and claims under insurance contracts		**–14 558**	–14 385
Benefits and claims under investment contracts with discretionary participation		**–1 053**	–932
Benefits and claims recovered from reinsurers		**95**	98
Net insurance benefits and claims	8	**–15 516**	–15 218
Policyholder participation		**–899**	–1 146
Interest expense	8	**–162**	–205
Commission expense	8	**–797**	–940
Employee benefits expense	8	**–871**	–867
Depreciation and amortisation expense	8	**–468**	–383
Impairment of property and equipment and intangible assets	16, 17	**–16**	–12
Other expenses	8	**–497**	–532
TOTAL EXPENSES		**–19 226**	–19 304
PROFIT FROM OPERATIONS		**1 329**	1 169
Borrowing costs		**–161**	–157
PROFIT BEFORE INCOME TAX		**1 168**	1 012
Income tax expense	24	**–290**	–194
NET PROFIT		**878**	818
Net profit attributable to			
equity holders of Swiss Life Holding		**872**	814
non-controlling interests		**6**	4
NET PROFIT		**878**	818
Earnings per share attributable to equity holders of Swiss Life Holding			
Basic earnings per share (in CHF)	6	**27.41**	25.52
Diluted earnings per share (in CHF)	6	**25.85**	24.11

Consolidated Statement of Comprehensive Income

Consolidated statement of comprehensive income for the years ended 31 December

In CHF million

	Notes	2015	2014
NET PROFIT		**878**	818
OTHER COMPREHENSIVE INCOME			
ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT			
Exchange differences on translating foreign operations		**–294**	–48
Financial assets available for sale		**–3 395**	10 104
Cash flow hedges		**97**	847
Financial assets reclassified to loans		**64**	61
Share of other comprehensive income of associates		**0**	0
Adjustments relating to items that may be reclassified:			
Policyholder participation		**2 022**	–6 516
Shadow accounting		**71**	–195
Income tax		**279**	–980
TOTAL	26	**–1 156**	3 274
ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT			
Revaluation surplus on investment property		**–13**	–3
Remeasurements on defined benefit pension liability		**–173**	–297
Adjustments relating to items that will not be reclassified:			
Policyholder participation		**105**	176
Shadow accounting		**0**	1
Income tax		**16**	27
TOTAL	26	**–65**	–96
NET OTHER COMPREHENSIVE INCOME		**–1 221**	3 178
TOTAL NET COMPREHENSIVE INCOME		**–343**	3 996
Total net comprehensive income attributable to			
equity holders of Swiss Life Holding		**–346**	3 993
non-controlling interests		**3**	3
TOTAL NET COMPREHENSIVE INCOME		**–343**	3 996

Consolidated Balance Sheet

Consolidated balance sheet

In CHF million

	Notes	31.12.2015	31.12.2014
ASSETS			
Cash and cash equivalents		**5 296**	6 062
Derivatives	9, 31	**2 113**	2 358
Assets held for sale		**4**	–
Financial assets at fair value through profit or loss	10	**33 590**	32 389
Financial assets available for sale	11	**96 026**	97 162
Loans and receivables	13, 30	**24 334**	27 948
Financial assets pledged as collateral	12, 33	**2 109**	2 763
Investment property	14	**21 557**	19 596
Investments in associates	15	**67**	284
Reinsurance assets	22	**376**	397
Property and equipment	16	**407**	442
Intangible assets including intangible insurance assets	17	**2 840**	2 972
Current income tax assets		**17**	14
Deferred income tax assets	24	**47**	34
Other assets	18	**471**	431
TOTAL ASSETS		**189 252**	192 854

Consolidated balance sheet

In CHF million

	Notes	31.12.2015	31.12.2014
LIABILITIES AND EQUITY			
LIABILITIES			
Derivatives	9, 31	**989**	2 165
Financial liabilities at fair value through profit or loss	10	**25 111**	25 415
Investment contracts	19	**14 115**	14 070
Borrowings	20, 30	**4 078**	3 798
Other financial liabilities	21, 30	**10 284**	12 056
Insurance liabilities	22	**108 157**	106 136
Policyholder participation liabilities		**10 065**	12 152
Employee benefit liabilities	23	**1 976**	1 821
Current income tax liabilities		**104**	78
Deferred income tax liabilities	24	**1 720**	1 913
Provisions	25	**101**	128
Other liabilities	18	**293**	289
TOTAL LIABILITIES		**176 994**	180 023
EQUITY			
Share capital		**164**	164
Share premium		**1 022**	1 237
Treasury shares		**–49**	–31
Accumulated other comprehensive income	26	**1 849**	3 067
Retained earnings		**9 191**	8 319
TOTAL SHAREHOLDERS' EQUITY		**12 177**	12 755
Non-controlling interests		**81**	76
TOTAL EQUITY		**12 258**	12 831
TOTAL LIABILITIES AND EQUITY		**189 252**	192 854

Consolidated Statement of Cash Flows

Consolidated statement of cash flows for the years ended 31 December

In CHF million

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums, policy fees and deposits received, net of reinsurance	**15 004**	15 239
Benefits and claims paid, net of reinsurance	**–12 744**	–11 539
Interest received	**3 430**	3 658
Dividends received	**376**	191
Commissions received	**1 028**	939
Rentals received	**870**	850
Interest paid	**–19**	–40
Commissions, employee benefit and other payments	**–2 187**	–2 971
Net cash flows from		
derivatives	**–727**	–1 294
financial instruments at fair value through profit or loss	**–1 169**	566
financial assets available for sale	**–3 764**	–4 572
loans	**2 262**	–1 249
investment property	**–2 155**	–1 030
deposits	**–684**	2 125
other operating assets and liabilities	**–47**	–52
Income taxes paid	**–186**	–171
TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES	**–713**	650

Consolidated statement of cash flows for the years ended 31 December

In CHF million

	Notes	2015	2014
TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES		–713	650
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of investments in associates		0	–
Sales of investments in associates		1	4
Dividends received from associates	15	181	10
Purchases of property and equipment		–13	–80
Sales of property and equipment		3	6
Purchases of computer software and other intangible assets		–11	–11
Acquisitions of subsidiaries, net of cash and cash equivalents	28	–7	–222
TOTAL NET CASH FLOWS FROM INVESTING ACTIVITIES		154	–291
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of debt instruments		774	5
Redemption of debt instruments		–401	–50
Distribution out of capital contribution reserve		–207	–176
Purchases of treasury shares		–35	–15
Capital contributions from non-controlling interests		3	–
Borrowing costs paid		–138	–146
Dividends paid to non-controlling interests		–1	–1
TOTAL NET CASH FLOWS FROM FINANCING ACTIVITIES		–5	–383
TOTAL CHANGE IN CASH AND CASH EQUIVALENTS		–563	–24
Cash and cash equivalents as at 1 January		6 062	6 088
Foreign currency differences		–203	–3
Total change in cash and cash equivalents		–563	–24
CASH AND CASH EQUIVALENTS AS AT END OF PERIOD		5 296	6 062
COMPONENTS OF CASH AND CASH EQUIVALENTS			
Cash on hand and demand deposits		2 660	3 740
Cash equivalents		11	14
Cash and cash equivalents for the account and risk of the Swiss Life Group’s customers		2 625	2 309
TOTAL CASH AND CASH EQUIVALENTS AS AT END OF PERIOD		5 296	6 062

Consolidated Statement of Changes in Equity

Consolidated statement of changes in equity for the year ended 31 December 2015

In CHF million	Notes	Share capital	Share premium	Treasury shares	Accumulated other comprehen-sive income	Retained earnings	Total shareholders' equity	Non-controlling interests	Total equity
Balance as at 1 January		164	1 237	–31	3 067	8 319	12 755	76	12 831
Total net comprehensive income	26	–	–	–	–1 218	872	–346	3	–343
Distribution out of capital contribution reserve	26	–	–207	–	–	–	–207	–	–207
Equity-settled share-based payments		–	9	–	–	–	9	–	9
Purchases of treasury shares		–	–	–35	–	–	–35	–	–35
Allocation of treasury shares under equity compensation plans		–	–17	17	–	–	–	–	–
Acquisitions of subsidiaries		–	–	–	–	–	–	1	1
Capital contributions from non-controlling interests		–	–	–	–	–	–	3	3
Dividends		–	–	–	–	–	–	–1	–1
BALANCE AS AT END OF PERIOD		164	1 022	–49	1 849	9 191	12 177	81	12 258

Consolidated statement of changes in equity for the year ended 31 December 2014

In CHF million	Notes	Share capital	Share premium	Treasury shares	Accumulated other comprehen-sive 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	26	–	–	–	3 179	814	3 993	3	3 996
Distribution out of capital contribution reserve	26	–	–176	–	–	–	–176	–	–176
Equity-settled share-based payments		–	9	–	–	–	9	–	9
Purchases of treasury shares		–	–	–15	–	–	–15	–	–15
Allocation of treasury shares under equity compensation plans		–	–10	10	–	–	–	–	–
Acquisitions of subsidiaries		–	–	–	–	–	–	0	0
Dividends		–	–	–	–	–	–	–1	–1
BALANCE AS AT END OF PERIOD		164	1 237	–31	3 067	8 319	12 755	76	12 831

Notes to the Consolidated Financial Statements
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 2014 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 207 million (CHF 6.50 per registered share) and was paid in 2015.

Approval of financial statements

On 15 March 2016, the Board of Directors approved the annual financial statements and the financial report and authorised them for issue. The financial report, therefore, only reflects events up to that date.

2 Summary of Significant Accounting Policies

The principal accounting policies are set out below. These policies have been applied consistently to all the periods presented unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of Swiss Life have been prepared in accordance and comply with International Financial Reporting Standards (IFRS). The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which are stated at their fair value: derivatives, financial assets and liabilities at fair value through profit or loss, financial assets classified as available for sale and investment property.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

Figures may not add up exactly due to rounding.

2.2 Changes in accounting policies

No new or revised accounting standards or interpretations were adopted in 2015.

2.3 Consolidation principles

The Group's consolidated financial statements include the assets, liabilities, income and expenses of Swiss Life Holding and its subsidiaries. A subsidiary is an entity over which Swiss Life Holding has control. Control is achieved if Swiss Life Holding has the power over the subsidiary, is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to use its power to affect its returns. Subsidiaries are consolidated from the date on which effective control is obtained. All intercompany balances, transactions and unrealised gains on such transactions have been eliminated. Unrealised losses have been eliminated unless the transaction provides evidence of an impairment of the asset transferred. A listing of the Group's subsidiaries is set out in note 36. The financial effect of acquisitions and disposals of subsidiaries is shown in note 28. Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions.

The Swiss Life Group acts as a fund manager for various investment funds. In order to determine if the Group controls an investment fund, aggregate economic interest (including performance fees, if any) is taken into account. Third-party rights to remove the fund manager without cause (kick-out rights) are also taken into account.

Associates for which the Group has significant influence are accounted for using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those decisions. The investment is initially recognised at cost and subsequently adjusted to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. The Group's share of net income is included from the date on which significant influence begins until the date on which significant influence ceases. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. The carrying amount includes goodwill on the acquisition.

The Group has elected to measure certain associates held by venture capital entities and investment-linked insurance funds at fair value through profit or loss, as permitted by IAS 28 Investments in Associates and Joint Ventures. Changes in the fair value of such investments are included in net gains/losses on financial instruments at fair value through profit or loss.

A listing of the Group's principal associates is shown in note 15.

Non-controlling interest is the part of profit or loss and net assets of a subsidiary attributable to equity interest that is not controlled, directly or indirectly, through subsidiaries by the parent. The amount of non-controlling interest comprises the proportion of the net fair value of the identifiable assets, liabilities and contingent liabilities not attributable, directly or indirectly, to the parent at the date of the original acquisition, goodwill attributable to non-controlling interest, if any, and the proportion of changes in equity not attributable, directly or indirectly, to the parent since the date of acquisition. Summarised financial information of subsidiaries with material non-controlling interests is set out in note 26.

2.4 Foreign currency translation and transactions

Functional and presentation currency

Items included in the financial statements of the Group 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

	31.12.2015	31.12.2014	**Average 2015**	Average 2014
1 British pound (GBP)	**1.4729**	1.5485	**1.4718**	1.5082
1 Czech koruna (CZK)	**0.0402**	0.0434	**0.0392**	0.0441
1 Euro (EUR)	**1.0863**	1.2026	**1.0689**	1.2163
100 Polish zloty (PLN)	**25.4470**	28.0772	**25.5327**	29.0058
1 Singapore dollar (SGD)	**0.7055**	0.7502	**0.7004**	0.7225
1 US dollar (USD)	**0.9997**	0.9939	**0.9630**	0.9155

Foreign currency translation
On consolidation, assets and liabilities of Group entities denominated in foreign currencies are translated into Swiss francs at year-end exchange rates. Income and expense items are translated into Swiss francs at the annual average exchange rate. Goodwill reported before 1 January 2005 is translated at historical exchange rates. Goodwill for which the acquisition date is on or after 1 January 2005 is carried in the foreign operation's functional currency and is translated into Swiss francs at year-end exchange rates. The resulting translation differences are recorded in other comprehensive income as cumulative translation adjustments. On disposal of foreign entities, such translation differences are recognised in profit or loss as part of the gain or loss on the sale.

Foreign currency transactions
For individual Group entities, foreign currency transactions are accounted for using the exchange rate at the date of the transaction. Outstanding balances in foreign currencies at year-end arising from foreign currency transactions are translated at year-end exchange rates for monetary items while historical rates are used for non-monetary items. Those non-monetary items in foreign currencies recorded at fair values are translated at the exchange rate on the revaluation date.

2.5 Cash and cash equivalents

Cash amounts represent cash on hand and demand deposits. Cash equivalents are primarily short-term highly liquid investments with an original maturity of 90 days or less. Cash and cash equivalents include cash and cash equivalents for the account and risk of the Swiss Life Group's customers.

2.6 Derivatives

The Group enters into forward contracts, futures, forward rate agreements, currency and interest rate swaps, options and other derivative financial instruments for hedging risk exposures or for trading purposes. The notional amounts or contract volumes of derivatives, which are used to express the volume of instruments outstanding and to provide a basis for comparison with other financial instruments, do not, except for certain foreign exchange contracts, represent the amounts that are effectively exchanged by the parties and, therefore, do not measure the Group's exposure to credit risk. The amounts exchanged are calculated on the basis of the notional amounts or contract volumes and other terms of the derivatives that relate to interest or exchange rates, securities prices and the volatility of these rates and prices.

All derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value as assets when favourable to the Group and as liabilities when unfavourable. Gains and losses arising on remeasurement to fair value are recognised immediately in profit or loss, except for derivatives that are used for cash flow hedging.

Derivatives embedded in other financial instruments or in insurance contracts which are not closely related to the host contract are separated and measured at fair value, unless they represent surrender options with a fixed strike price embedded in host insurance contracts and host investment contracts with discretionary participation features. Changes in the fair value are included in profit or loss. Derivatives embedded in insurance contracts which are closely related or which are insurance contracts themselves, such as guaranteed annuity options or guaranteed interest rates, are reflected in the measurement of the insurance liabilities. Options, guarantees and other derivatives embedded in an insurance contract that do not carry any insurance risk are recognised as derivatives.

Derivatives and other financial instruments are also used to hedge or modify exposures to interest rate, foreign currency and other risks if certain criteria are met. Such financial instruments are designated to offset changes in the fair value of an asset or liability and unrecognised firm commitments (fair value hedge), or changes in future cash flows of an asset, liability or a highly probable forecast transaction (cash flow hedge) or hedges of net investments in foreign operations. In a qualifying fair value hedge, the change in fair value of a hedging derivative is recognised in profit or loss. The change in fair value of the hedged item attributable to the hedged risk adjusts the carrying value of the hedged item and is also recognised in profit or loss.

In a qualifying cash flow hedge, the effective portion of the gain or loss on the hedging derivative is recognised in other comprehensive income. Any ineffective portion of the gain or loss is recognised immediately in profit or loss. For a hedged forecast transaction that results in the recognition of a financial asset or liability, the associated gain or loss recognised in other comprehensive income is reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss. When a hedging instrument expires or is sold, or a hedge no longer meets the criteria for hedge accounting, any cumulative hedging gain or loss at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in profit or loss. However, when a forecast transaction is no longer expected to occur, the cumulative hedging gain or loss is immediately transferred from other comprehensive income to profit or loss.

Hedges of net investments in foreign operations (net investment hedges) are accounted for similarly to cash flow hedges, i.e. the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income and any ineffective portion is recognised immediately in profit or loss. On the disposal of the foreign operation, the gains or losses included in other comprehensive income are reclassified to profit or loss.

When a hedge relationship is no longer effective, expires or is terminated, hedge accounting is discontinued from that point on.

2.7 Financial assets

"Regular way" purchases and sales of financial assets are recorded on the trade date. The amortisation of premiums and discounts is computed using the effective interest method and is recognised in profit or loss as an adjustment of yield. Dividends are recorded as revenue on the ex-dividend date. Interest income is recognised on an accrual basis.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset have expired or substantially all risks and rewards of ownership have been transferred or the risks and rewards have neither been transferred nor retained, but control of the asset has been transferred.

Financial assets at fair value through profit or loss (FVPL)

Financial assets at fair value through profit or loss comprise financial assets held for trading and financial assets designated as at fair value through profit or loss. Financial assets which the Group buys with the intention to resell in the near term are classified as held for trading. Financial assets designated as at fair value through profit or loss are irrevocably designated as such when initially recognised. Financial assets are primarily designated as at fair value through profit or loss in the following instances:

- Financial assets backing insurance liabilities and liabilities arising from investment contracts for the account and risk of the Swiss Life Group's customers (contracts with unit-linked features, separate accounts, private placement life insurance) in order to avoid measurement inconsistencies with the corresponding liabilities.
- Certain equity instruments with a quoted price in an active market which are managed on a fair value basis.
- Certain financial assets with embedded derivatives which otherwise would have to be separated.
- Certain financial assets and financial liabilities where a measurement or recognition inconsistency can be avoided ("accounting mismatch") that would otherwise arise from measuring those assets or liabilities or recognising the gains and losses on them on different bases.

Interest, dividend income and realised and unrealised gains and losses are included in net gains/losses on financial instruments at fair value through profit or loss.

Financial assets available for sale (AFS)

Financial assets classified as available for sale are carried at fair value. Financial assets are classified as available for sale if they do not qualify as held to maturity, held for trading, loans and receivables or if they are not designated as at fair value through profit or loss. Gains and losses arising from fair value changes, being the difference between fair value and cost/amortised cost, are reported in other comprehensive income. On disposal of an AFS investment, the cumulative gain or loss is transferred from other comprehensive income to profit or loss for the period. Gains and losses on disposal are determined using the average cost method.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments. Loans include loans originated by the Group and investments in debt instruments which are not quoted in an active market and for which no intention of sale in the near term exists. Loans are initially recognised at fair value, net of transaction costs, or direct origination costs. Subsequent measurement is at amortised cost using the effective interest method.

Financial assets reclassified from financial assets available for sale to loans due to the disappearance of an active market are not reclassified back to financial assets available for sale if the market becomes active again.

Financial assets pledged as collateral

Transfers of securities under repurchase agreements or under lending agreements continue to be recognised if substantially all the risks and rewards of ownership are retained. They are accounted for as collateralised borrowings, i.e. the cash received is recognised with a corresponding obligation to return it, which is included in other financial liabilities.

Financial assets that have been sold under a repurchase agreement or lent under an agreement to return them, and where the transferee has the right to sell or repledge the securities given as collateral, are reclassified to financial assets pledged as collateral.

Measurement rules are consistent with the ones for corresponding unrestricted financial assets.

2.8 Impairment of financial assets

The Group reviews the carrying value of financial assets regularly for indications of impairment.

Financial assets at amortised cost

The Group assesses at each balance sheet date if there is objective evidence that a financial asset or a group of financial assets is impaired. It is assessed whether there is objective evidence of impairment individually for financial assets that are individually significant and collectively for financial assets that are not individually significant.

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Held-to-maturity securities and loans and receivables are assessed for impairment when a significant decrease in market value related to credit risk arises, namely after a downgrade of a debtor's rating below single B– after initial recognition (i.e. CCC or lower according to Standard and Poor's or equivalent) or when payments of principal and/or interest are overdue by more than 90 days. If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows from groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by the amount that represents the difference between the carrying amount and the new amortised cost value by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

Financial assets carried at fair value (available for sale)
At each balance sheet date, an assessment is made whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of an equity instrument classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered objective evidence of impairment. In this respect, a decline of 30% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. In such a situation, the impairment loss – measured as the difference between the acquisition cost and the current fair value – is removed from other comprehensive income and recognised in profit or loss. After recognition of an impairment loss, any further declines in fair value are recognised in profit or loss, and subsequent increases in fair value are recognised in other comprehensive income.

Available-for-sale debt securities are assessed for impairment when a significant decrease in market value related to credit risk arises, namely after a downgrade of a debtor's rating below single B– after initial recognition (i.e. CCC or lower according to Standard and Poor's or equivalent) or when payments of principal and/or interest are overdue by more than 90 days. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event after the impairment loss was recognised, the impairment loss is reversed through profit or loss.

Impairment losses are presented in the income statement as part of net gains and losses on financial assets.

2.9 Investment property

Investment property is property (land or a building or both) held by the Group to earn rentals or for capital appreciation or both, rather than for administrative purposes.

Investment property includes completed investment property and investment property under construction. Completed investment property consists of investments in residential, commercial and mixed-use properties primarily located within Switzerland.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for administrative purposes. If these portions could be sold separately, they are accounted for separately. If these portions could not be sold separately, the portion is investment property only if an insignificant portion is held for administrative purposes.

Investment property is carried at fair value and changes in fair values are recognised in profit or loss. Fair values are determined either on the basis of periodic independent valuations or by using discounted cash flow projections. The valuation of each investment property is reviewed by an independent recognised valuer at least once every three years. Rental income is recognised on a straight-line basis over the lease term. The fair value of an investment property is measured based on its highest and best use. The highest and best use of an investment property takes into account the use of the asset that is physically possible, legally permissible and financially feasible.

Investment property under construction is also measured at fair value with changes in fair value being recognised in profit or loss. However, where the fair value is not reliably determinable, the property is measured at cost until either its fair value becomes reliably measurable or construction is completed.

Investment property being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

If an item of property and equipment becomes an investment property because its use has changed, the positive difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in other comprehensive income as a revaluation surplus. However, to the extent a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Any resulting decrease in the carrying amount of the property is recognised in net profit or loss for the period. Upon the disposal of such investment property, any revaluation surplus included in other comprehensive income is transferred to retained earnings; the transfer is not made through profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property and equipment, and its fair value at the date of reclassification becomes its cost for subsequent measurement purposes.

2.10 Insurance operations

Definition of insurance contracts

Insurance contracts are contracts under which one party accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Significant insurance risk exists if an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e. have no discernible effect on the economics of the transaction). The classification of contracts identifies both the insurance contracts that the Group issues and reinsurance contracts that the Group holds. As a Group policy, Swiss Life considers those contracts to be insurance contracts that require the payment of additional benefits in excess of 10% of the benefits that would be payable if the insured event had not occurred, excluding scenarios that lack commercial substance.

The Group has assessed the significance of insurance risk on a contract-by-contract basis. Contracts that do not transfer insurance risk at inception but that transfer insurance risk at a later date are classified as insurance from inception unless the Group remains free to price the insurance premium at a later date. In this case, the contract is classified as insurance when the insurance premiums are specified. A contract that qualifies as an insurance contract remains an insurance contract until all rights and obligations are extinguished or expire.

Contracts under which the transfer of insurance risk to the Group from the policyholder is not significant are classified as investment contracts.

Investment contracts with and without discretionary participation features

For investment contracts that contain discretionary participation features (see below), the same recognition and measurement principles as for insurance contracts apply. For investment contracts without discretionary participation features, the recognition and measurement rules for financial instruments apply.

Recognition and measurement principles

Subject to certain limitations, the Group uses its existing accounting policies for the recognition and measurement of insurance contracts and investment contracts with discretionary participation features that it issues (including related deferred acquisition costs and related intangible assets) and reinsurance contracts that it holds. The existing accounting policies for recognition and measurement have primarily been based on the requirements of the Generally Accepted Accounting Principles in the United States (status of US GAAP as of the first application of IFRS 4 Phase I).

The accounting policies for insurance contracts and investment contracts with discretionary participation features have been modified as appropriate to be consistent with the IFRS requirements. Guidance dealing with similar and related issues, definitions, recognition and measurement criteria for assets, liabilities, income and expenses as set out in the IASB Framework for the Preparation and Presentation of Financial Statements has been considered.

Discretionary participation features (DPF)

Discretionary participation features are defined in IFRS 4 Insurance Contracts as contractual rights to receive, as a supplement to guaranteed benefits, additional benefits which are likely to be a significant portion of the total contractual benefits and whose amount or timing is contractually at the discretion of the issuer. These DPF are contractually based on the performance of a specified pool of contracts or a specified type of contract or on the realised and unrealised investment returns on a specified pool of assets held by the issuer or on the profit or loss of the company. The unrealised investment returns comprise gains/losses recognised in other comprehensive income.

The bonuses which are allocated to the policyholders in the participating insurance business (insurance and investment contracts) in Switzerland, France, Germany, Luxembourg and Liechtenstein generally follow the definition of DPF as set out in IFRS 4 Insurance Contracts.

IFRS 4 Insurance Contracts is silent on the measurement of the amounts identified as DPF. This topic will be solved in phase II of the project of the International Accounting Standards Board on insurance contracts.

The accounting for the amounts identified as DPF has been done as follows:

In jurisdictions where no statutory minimum distribution ratio ("legal quote") exists, the contractual right to receive, as a supplement to guaranteed benefits, additional benefits which are likely to be a significant portion of the total contractual benefits arises when management ratifies the allocation of policyholder bonuses. When ratified by management, a corresponding liability is set up. To the extent discretion with regard to amount and/or timing is involved, these amounts are included within policyholder participation liabilities. In that respect the policyholder bonus reserve set up in the statutory accounts for these contracts is regarded as discretionary. For these contracts the entire DPF is classified as a liability.

In other jurisdictions, a statutory minimum distribution ratio ("legal quote") exists for certain types of business. Geographical areas in which the Swiss Life Group is present and in which such a statutory minimum distribution ratio ("legal quote") exists are as follows: Switzerland (only group business subject to "legal quote"), France (life insurance business) and Germany. For these contracts the Swiss Life Group defines DPF as the policyholder bonus reserve set up in the statutory accounts and the amount of temporary valuation differences between the IFRS basis and statutory basis on the assets and liabilities relating to the respective insurance portfolio measured using the statutory minimum distribution ratio ("legal quote"). The policy of the Swiss Life Group is to classify as a liability the entire DPF as defined.

When such temporary valuation differences disappear (e.g. management decides to realise certain unrealised gains and losses on assets), additional benefits which arise from the application of the statutory minimum distribution ratio ("legal quote") are allocated to the policyholders and become part of their guaranteed benefits. These amounts are always accounted for as liabilities.

Because there is a direct effect on the measurement of DPF liabilities when asset gains or losses are realised, changes in these liabilities are recognised in other comprehensive income when, and only when, the valuation differences on the assets arise from gains or losses recognised in other comprehensive income ("shadow accounting").

As the liabilities to policyholders arising from the insurance business are fully recognised, no further liabilities relating to the rights arising from DPF have been set up.

The statutory minimum distribution ratios ("legal quote") relating to the Swiss Life Group's operations are as follows:

Switzerland
Group business subject to "legal quote": At least 90% of the calculated income on the savings, risk and cost components minus the expenses thereof must be allocated to the policyholders. All other business: No "legal quote".

France
In life insurance business, 85% of the investment result and 90% of any other results are allocated to the policyholders as a minimum.

Germany
A minimum of 90% of the net investment returns less 100% of the minimum guaranteed interest on the policyholder account ("interest result"), a minimum of 90% of the risk result and a minimum of 50% of the positive expense result are allocated to the policyholder. A negative investment result can be offset with positive other profit sources.

Luxembourg/Liechtenstein
No statutory minimum distribution ratios are in place.

Non-discretionary participation features
Certain policyholder participation systems do not satisfy the criteria for discretionary participation features. These policyholder bonuses might be guaranteed elements. Some policyholder bonuses are based on benchmark interest rates which are credited to the policyholders. For certain products, policyholder bonuses are based on the development of biometric parameters such as mortality and morbidity. These policyholder bonuses are allocated based on the risk result of the contracts involved. The amount and timing of these bonuses are not subject to management discretion and are accrued to the policyholders' liabilities based on the relevant contractual terms and conditions.

For investment-type products bonuses are only accrued on deposits under policyholder accounts if the policyholders were entitled to receive those bonuses upon surrender at the balance sheet date.

Income and related expenses from insurance contracts and investment contracts with discretionary participation features
Premiums from traditional life insurance contracts are recognised when due from the policyholder. Insurance liabilities are established in order to recognise future benefits and expenses. Benefits are recognised as an expense when due.

Amounts collected as premiums from investment-type contracts such as universal life and unit-linked contracts are reported as deposits. Only those parts of the premiums used to cover the insured risks and associated costs are treated as premium income. These include fees for the cost of insurance, administrative charges and surrender charges. Benefits recognised under expenses include claims for benefits incurred in the period under review that exceed the related deposits under policyholder contracts and interest that is credited to the appropriate insurance policy accounts.

For contracts with a short duration (e.g. most non-life contracts), premiums are recorded as written upon inception of the contract and are earned primarily on a pro-rata basis over the term of the related policy coverage. The unearned premium reserve represents the portion of the premiums written relating to the unexpired terms of coverage.

Insurance liabilities and liabilities from investment contracts with discretionary participation features

Future life policyholder benefit liabilities

These liabilities are determined by using the net-level-premium method. Depending on the type of profit participation, the calculations are based on various actuarial assumptions as to mortality, interest rates, investment returns, expenses and persistency, including a margin for adverse deviation. The assumptions are initially set at contract issue and are locked in except for deficiency.

Policyholder deposits

For investment-type contracts, savings premiums collected are reported as deposits (deposit accounting). The liabilities relating to these contracts comprise the accumulation of deposits received plus interest credited less expenses, insurance charges and withdrawals.

Liability adequacy test

If the actual results show that the carrying amount of the insurance liabilities together with anticipated future revenues (less related deferred acquisition costs (DAC) and related intangible assets) are not adequate to meet the future obligations and to recover the unamortised DAC or intangible assets, the entire deficiency is recognised in profit or loss, either by reducing the unamortised DAC or intangible assets or by increasing the insurance liabilities. The liability adequacy test is performed at portfolio level at each reporting date in accordance with a loss recognition test considering current estimates of future cash flows including those resulting from embedded options and guarantees.

Liabilities for claims and claim settlement costs

Liabilities for unpaid claims and claim settlement costs are for future payment obligations under insurance claims for which normally either the amount of benefits to be paid or the date when payments must be made is not yet fixed. They include claims reported at the balance sheet date, claims incurred but not yet reported and claim settlement expenses. Liabilities for unpaid claims and claim settlement costs are calculated at the estimated amount considered necessary to settle future claims in full, using actuarial methods. These methods are continually reviewed and updated. Claim reserves are not discounted except for claims with determinable and fixed payment terms.

Embedded options and guarantees in insurance contracts

Insurance contracts often contain embedded derivatives. Embedded derivatives which are not closely related to their host insurance contracts are separated and measured separately at fair value. Exposure to embedded options and guarantees in insurance contracts which are closely related or which are insurance contracts themselves, such as guaranteed annuity options or guaranteed interest rates, is reflected in the measurement of the insurance liabilities.

Reinsurance

The Group assumes and/or cedes insurance in the normal course of business. Reinsurance assets principally include receivables due from both insurance and reinsurance companies for ceded insurance liabilities. Amounts recoverable or due under reinsurance contracts are recognised in a manner consistent with the reinsured risks and in accordance with the terms of the reinsurance contract. Reinsurance is presented in the consolidated balance sheet and income statement on a gross basis unless a right and the intention to offset exist.

Reinsurance contracts that do not transfer insurance risk are accounted for as financial reinsurance and are included in financial assets or liabilities. A deposit asset or liability is recognised based on the consideration paid or received, less any explicitly identified premiums or fees retained by the reinsured. These contracts are primarily measured at amortised cost using the effective interest method with future cash flows being estimated to calculate the effective interest rate.

If a reinsurance asset is impaired, the impairment loss is recognised in profit or loss and the carrying amount is reduced accordingly.

Separate account/unit-linked contracts/private placement life insurance

Separate account contracts represent life insurance contracts with a separated part that is invested in assets managed for the account and risk of the Swiss Life Group's customers according to their specific investment objectives. Separate account liabilities are included in insurance liabilities. Separate account liabilities include the right of the policyholder to participate in the performance of the underlying assets.

Unit-linked contracts are insurance or investment contracts where the insurance benefits are linked to the unit values of investment funds. Certain unit-linked contracts contain guaranteed minimum insurance benefits. The deposit components of unit-linked liabilities are included in financial liabilities designated as at fair value through profit or loss ("unbundling of deposit components"). The components of the unit-linked liabilities that cover insurance risk, if any, are carried under insurance liabilities.

Liabilities relating to private placement life insurance are included in financial liabilities designated as at fair value through profit or loss.

Assets associated with separate account/unit-linked contracts and private placement life insurance are included in financial assets designated as at fair value through profit or loss, derivatives and cash and cash equivalents. The related income and gains or losses are included in the income statement under the respective line items. The Group has allocated on a rational basis the proportion of acquisition costs related to the insurance and deposit components. The accounting policy for deferred acquisition costs applies to the portion of acquisition costs associated with the insurance component, and the policy for deferred origination costs applies to the other portion (see 2.16 Intangible assets).

Administrative and surrender charges are included in policy fee income.

2.11 Property and equipment

Property and equipment are carried at cost less accumulated depreciation. Land is carried at cost and not depreciated. Depreciation is principally calculated using the straight-line method to allocate their cost to their residual values over the assets' estimated useful life as follows: buildings 25 to 50 years; furniture and fixtures five to ten years; computer hardware three to five years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the income statement during the financial period in which they are incurred. Borrowing costs directly attributable to the construction or acquisition of a qualifying asset are capitalised as part of the cost of that asset. Realised gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in profit or loss.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

2.12 Inventory property

Inventory property comprises land and buildings that are intended for sale in the ordinary course of business or in the process of construction or development for such a sale, primarily property acquired with a view to subsequent disposal in the near future or for development and resale. Such property is included in other assets.

Inventory property is measured at the lower of cost and net realisable value. Acquisition costs comprise the purchase price and other costs directly attributable to the acquisition of the property (notary fees, etc.). Construction costs include costs directly related to the process of construction of a property. Construction and other related costs are included in inventory property until disposal.

The estimated net realisable value is the proceeds expected to be realised from the sale in the ordinary course of business, less estimated costs to be incurred for renovation, refurbishment and disposal.

Revenue from sales is recognised when construction is complete and legal title to the property has been transferred to the buyer. Revenue and related costs of sales are presented in other income as realised gains/losses from sales of inventory property.

2.13 Leases

Operating lease

The Group primarily enters into operating leases for the rental of equipment and property. The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period the lease becomes onerous.

Finance lease

If the lease agreement transfers the risks and rewards of the assets, the lease is recorded as a finance lease and the related asset is capitalised. At inception, the asset is recognised at the lower of the present value of the minimum lease payments or fair value and is depreciated over its estimated useful life. The corresponding finance lease obligations are recorded as liabilities.

2.14 Investment management

Revenue consists principally of investment management fees, commission revenue from distribution and sales of investment fund units. Such revenue is recognised when earned, i.e. when the services are rendered.

Incremental costs that are directly attributable to securing an investment management contract are recognised as an asset if they can be identified separately and measured reliably and if it is probable that they will be recovered. Such deferred origination costs are included in intangible assets. Deferred investment management fees are included in other liabilities.

2.15 Commission income and expense

Revenue consists principally of brokerage fees, recurring fees for existing business and other fees. Such revenue is recognised when earned, i.e. when the services are rendered. Cancellations are recorded as a deduction of fee income.

Costs primarily comprise commissions paid to independent financial advisors, fees for asset management and other (advisory) services.

2.16 Intangible assets

Present value of future profits (PVP) arising from acquired insurance contracts and investment contracts with discretionary participation features

On acquisition of a portfolio of insurance contracts or a portfolio of investment contracts with discretionary participation features (DPF), either directly from another insurer or through the acquisition of a subsidiary undertaking, the Group recognises an intangible asset representing the present value of future profits (PVP) embedded in the contracts acquired. The PVP represents the difference between the fair value of the contractual rights acquired and insurance obligations assumed and a liability measured in accordance with the accounting policies for insurance contracts and investment contracts with DPF. The PVP is determined by estimating the net present value of future cash flows from the contracts in force at the date of acquisition. For acquired insurance and investment contracts with DPF, future positive cash flows generally include net valuation premiums while future negative cash flows include policyholders' benefits and certain maintenance expenses.

PVP is amortised in proportion to gross profits or gross margins over the effective life of the acquired contracts, which generally ranges from 20 to 30 years. Realised gains/losses are thereby taken into account as well as gains/losses recognised in other comprehensive income (unrealised gains/losses). If these unrealised gains/losses were to be realised, the gross profits or gross margins used to amortise PVP would be affected. Therefore, an adjustment relating to these unrealised gains/losses is recognised in other comprehensive income and is also reflected in the amount of PVP in the balance sheet ("shadow accounting").

PVP is subject to impairment tests. The effect of changes in estimated gross profits or margins on unamortised PVP is reflected as an expense in the period in which such estimates of expected future profits or margins are revised.

Deferred acquisition costs (DAC)

Costs that vary with and are directly related to the acquisition of new and renewed insurance contracts and investment contracts with discretionary participation features, including commissions, underwriting costs, agency and policy issue expenses, are deferred. Deferred acquisition costs are periodically reviewed to ensure that they are recoverable from future revenues.

For participating life insurance contracts, where the contribution principle applies to the allocation of the policyholder bonus, the deferred acquisition costs are amortised over the life of the contract based on the present value of the estimated gross margin amounts expected to be realised. Expected gross margins include expected premiums and investment results less expected benefit claims and administrative expenses, anticipated changes to future life policyholder benefit liabilities and expected annual policyholder bonuses.

Deferred acquisition costs for other traditional life insurance contracts and annuities with life contingencies are amortised in proportion to the expected premiums.

Deferred acquisition costs for investment-type contracts such as universal life contracts are amortised over the life of the contract based on the present value of the estimated gross profits or gross margins expected to be realised. The estimated gross profits are made up of margins available from mortality charges and contract-administration costs, investment earnings spreads, surrender charges and other expected assessments and credits.

When DAC is amortised in proportion to gross profits or gross margins on the acquired contracts, realised gains/losses are taken into account as well as gains/losses recognised in other comprehensive income (unrealised gains/losses). If these gains/losses were to be realised, the gross profits or gross margins used to amortise DAC would be affected. Therefore, an adjustment relating to these unrealised gains/losses is recognised in other comprehensive income and is also reflected in the amount of DAC in the balance sheet ("shadow accounting").

Assumptions used to estimate the future value of expected gross margins and profits are evaluated regularly and adjusted if estimates change. Deviations of actual results from estimated experience are reflected in profit or loss.

For short-duration contracts acquisition costs are amortised over the period in which the related premiums written are earned, in proportion to premium revenue.

Deferred origination costs (DOC)

Incremental costs directly attributable to securing rights to receive fees for asset management services sold with investment contracts without DPF are recognised as an asset if they can be identified separately and measured reliably and if it is probable that they will be recovered. These incremental costs are costs that would not have been incurred if the Group had not secured the investment contracts. All other origination costs are recognised as an expense when incurred.

Deferred origination costs are generally amortised on a straight-line basis over the life of the contracts.

Goodwill

The Group's acquisitions of other companies are accounted for under the acquisition method.

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. The Group has the option for each business combination in which control is achieved without buying all of the equity of the acquiree to recognise 100% of the goodwill in business combinations, not just the acquirer's portion of the goodwill ("full goodwill method"). Goodwill on acquisitions of subsidiaries is included in intangible assets. Acquisition-related costs are expensed. Goodwill on associates is included in the carrying amount of the investment.

For the purpose of impairment testing, goodwill is allocated to cash-generating units. Goodwill is tested for impairment annually and whenever there is an indication that the unit may be impaired. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed in subsequent periods.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Negative goodwill is immediately recognised in profit and loss.

Customer relationships
Customer relationships consist of established relationships with customers through contracts that have been acquired in a business combination or non-contractual customer relationships that meet the requirement for separate recognition. They have a definite useful life of generally 5 to 20 years. Amortisation is calculated using the straight-line method over their useful lives.

Computer software
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis for the expected useful life up to three years. Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly associated with identifiable software products controlled by the Group and that will probably generate future economic benefits are capitalised. Direct costs include the software development team's employee costs. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a period of three years.

Brands and other
Brands and other intangible assets with a definite useful life of generally 5 to 20 years are amortised using the straight-line method over their useful lives.

2.17 Impairment of non-financial assets

For non-financial assets the recoverable amount is measured as the higher of the fair value less costs of disposal and its value in use. Fair value less costs of disposal is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date, less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit from its continuing use.

Impairment losses and reversals on non-financial assets are recognised in profit or loss.

2.18 Income taxes

Current and deferred income taxes are recognised in profit or loss except when they relate to items recognised directly in equity. Income taxes are calculated using the tax rates enacted or substantively enacted as of the balance sheet date.

Deferred income taxes are recognised for all temporary differences between the carrying amounts of assets and liabilities in the consolidated balance sheet and the tax bases of these assets and liabilities using the balance sheet liability method. Current income taxes and deferred income taxes are charged or credited directly to equity if the income taxes relate to items that are credited or charged in the same or a different period, directly to equity.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which they can be used. For unused tax losses a deferred tax asset is recognised to the extent that it is probable that these losses can be offset against future taxable profits. Deferred tax liabilities represent income taxes payable in the future in respect of taxable temporary differences.

A deferred tax liability is recognised for taxable temporary differences relating to investments in subsidiaries, branches and associates, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Where the entity has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority, the corresponding assets and liabilities are presented on a net basis.

2.19 Assets held for sale and associated liabilities

A disposal group consists of a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with these assets. Non-current assets classified as held for sale and disposal groups are measured at the lower of the carrying amount and the fair value less costs to sell. The carrying amount will be recovered through a highly probable sale transaction rather than through continuing use. Assets held for sale and the associated liabilities are presented separately in the balance sheet.

2.20 Financial liabilities

Financial liabilities are recognised in the balance sheet when the Swiss Life Group becomes a party to the contractual provisions of the instrument. A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value are irrevocably designated as at fair value at initial recognition. Financial liabilities are designated as at fair value through profit or loss in the following instances:

- Financial liabilities where the insurance benefits are linked to unit values of investment funds or relate to private placement life insurance.
- Financial liabilities related to assets measured at fair value in order to reduce or eliminate a measurement or recognition inconsistency.
- Financial liabilities with embedded derivatives.

Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings.

Based on the terms and conditions, such as repayment provisions and contractual interest payments, hybrid instruments are considered financial liabilities.

Debt instruments with embedded conversion options to a fixed number of shares of the Group are separated into a debt and an equity component. The difference between the proceeds and fair value of the debt component at issuance is recorded in equity. The fair value of the debt component at issuance is determined using a market interest rate for similar instruments with no conversion rights. The Group does not recognise any change in the value of these options in subsequent reporting periods.

Borrowing costs presented in the consolidated statement of income relate to the interest expense on the financial liabilities classified as borrowings whilst interest expense presented in the consolidated statement of income relates to interest expense on insurance and investment contract deposits and other financial liabilities.

Other financial liabilities

For deposits with fixed and guaranteed terms the amortised cost basis is used. Initial recognition is at the proceeds received, net of transaction costs incurred. Subsequently, they are stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the deposits. For repurchase agreements, initial recognition is at the amount of cash received, net of transaction costs incurred. Subsequently, the difference between the amount of cash initially received and the amount of cash exchanged upon maturity is amortised over the life of the agreement using the effective interest method.

2.21 Employee benefits

Post-employment benefits

The Swiss Life Group provides post-employment benefits under two types of arrangement: defined benefit plans and defined contribution plans.

The assets of these plans are generally held separately from the Group's general assets in trustee-administered funds. Defined benefit plan contributions are based upon regulatory requirements and/or plan terms. The Group's defined benefit obligations and the related defined benefit costs are determined at each balance sheet date by a qualified actuary using the Projected Unit Credit Method.

The amount recognised in the consolidated balance sheet represents the present value of the defined benefit obligations reduced by the fair value of plan assets. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Remeasurements, comprising actuarial gains and losses, the effect of the changes of the asset ceiling and the return on plan assets (excluding interest) are reflected immediately in the consolidated balance sheet and in other comprehensive income in the period in which they occur. Such remeasurements recognised in other comprehensive income will subsequently not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit asset or liability. Defined benefit costs comprise service costs and net interest expense, which are presented in the income statement under employee benefits expense.

Insurance contracts issued to a defined benefit pension plan covering own employees have generally been eliminated. However, certain assets relating to these plans qualify as plan assets and are therefore not eliminated.

The Group recognises the contribution payable to a defined contribution plan in exchange for the services of the employees rendered during the period as an expense.

Healthcare benefits

Some Group companies provide healthcare benefits to their retirees. The entitlement to these benefits is usually based on the employee remaining in service up to the retirement age and the completion of a minimum service period. The expected costs of these benefits are accounted for in the same manner as for defined benefit plans.

Share-based payments

The Group operates equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the shares is recognised in profit or loss with a corresponding increase in equity. As the fair value of the services received cannot reliably be measured, the value is measured by reference to the fair value of the equity instruments granted and the price the employees are required to pay.

2.22 Provisions and contingent liabilities

Provisions are liabilities with uncertainties as to the amount or timing of payments. Provisions are recognised if there is a present obligation that probably requires an outflow of resources and a reliable estimate can be made at the balance sheet date and be measured on a best estimate basis. Contingent liabilities are disclosed in the Notes if there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources or the amount of the obligation cannot be measured with sufficient reliability.

2.23 Treasury shares

Treasury shares are presented in the consolidated balance sheet as a deduction from equity and are recorded at cost. The difference between the purchase price and the sales proceeds is included in share premium.

2.24 Earnings per share

Basic earnings per share are calculated by dividing net profit or loss available to shareholders by the weighted average number of shares in issue during the reporting period, excluding the average number of shares purchased by the Group and held as treasury shares.

For diluted earnings per share the profit and the weighted average number of shares in issue are adjusted to assume conversion of all dilutive potential shares, such as convertible debt and share options issued. Potential or contingent share issuance is treated as dilutive when conversion to shares would decrease earnings per share.

2.25 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.26 Forthcoming changes in accounting policies

In January 2016, the International Accounting Standards Board published amendments to IAS 7 Statement of Cash Flows in order to improve information provided to users of financial statements about an entity's financing activities. The amendments are effective for annual periods beginning on or after 1 January 2017. The Swiss Life Group is currently analysing the effect of the amendments on its financial statements.

In January 2016, IFRS 16 Leasing was issued by the International Accounting Standards Board. The new Standard eliminates the classification of leases as either operating leases or finance leases for lessees. Instead all leases are treated in a way similar to finance leases applying the current Standard IAS 17 Leases. The new Standard brings leases on-balance sheet for lessees, the effect being that reported assets and liabilities increase. IFRS 16 Leases replaces the straight-line operating lease expense with a depreciation charge for the lease asset and an interest expense on the lease liability. This change aligns the lease expense treatment for all leases. As a practical expedient, short-term and low-value leases are exempt from this treatment. The exemption permits a lessee to account for qualifying leases in the same manner as existing operating leases (IAS 17 Leases). For lessors, the accounting treatment from IAS 17 Leases is substantially carried forward. The Swiss Life Group is currently analysing the effect of the adoption of IFRS 16 on its financial statements.

In January 2016, the International Accounting Standards Board issued amendments to IAS 12 Income Taxes. The amendments, Recognition of Deferred Tax Assets for Unrealised Losses, clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments apply for annual periods beginning on or after 1 January 2017. The Swiss Life Group does not expect a major effect of the amendments on its financial statements.

In December 2014, the International Accounting Standards Board issued amendments to IAS 1 Presentation of Financial Statements. The amendments are part of the initiative to improve presentation and disclosure in financial statements. They are designed to encourage companies to apply professional judgement in determining what information to disclose in their financial statements. They clarify that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments become mandatory for annual periods beginning on or after 1 January 2016. The Swiss Life Group does not expect a major effect of the amendments on its financial statements.

In September 2014, Annual Improvements to IFRSs 2012–2014 Cycle was issued. These amendments are effective for annual periods beginning on or after 1 January 2016. The Swiss Life Group does not expect a major effect of the amendments on its financial statements.

The International Accounting Standards Board published in September 2014 amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendments relate to sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments apply prospectively for annual periods beginning on a date to be determined by the International Accounting Standards Board.

In July 2014, the International Accounting Standards Board completed IFRS 9 Financial Instruments. The new standard replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 covers classification and measurement of financial instruments, impairment of financial assets and hedge accounting. Classification determines how financial assets and financial liabilities are accounted for in financial statements and how they are measured on an ongoing basis. Financial assets are classified on the basis of the business model within which they are held and their contractual cash flow characteristics. An expected-loss impairment model is introduced. Under the new model, it is no longer necessary for a credit event to have occurred before an impairment loss is recognised. The new model for hedge accounting aligns accounting treatment more closely with risk management activities. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. In December 2015, the International Accounting Standards Board published for public comment proposals to amend the existing insurance contracts Standard, IFRS 4. This is to address the temporary consequences of the different effective dates of IFRS 9 Financial Instruments and the new insurance contracts Standard. The proposals include an optional temporary exemption from applying IFRS 9 that would be available to companies whose predominant activity is to issue insurance contracts (deferral approach). Such a deferral would be available until the new insurance contracts Standard comes into effect. But it could not be used after 1 January 2021. The Swiss Life Group is currently analysing the effect of the adoption of IFRS 9 on its financial statements.

IFRS 15 Revenue from Contracts with Customers was published in May 2014. The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 also introduces disclosure requirements that provide comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. IFRS 15 is effective for annual periods beginning on or after 1 January 2018. The Swiss Life Group does not expect a material impact from the adoption of the new standard on its financial statements.

In May 2014, the International Accounting Standards Board issued Amendments to IFRS 11 Joint Arrangements. The amendments provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendment is effective prospectively for annual periods beginning on or after 1 January 2016.

The following amended Standards and Interpretations are not relevant to the Swiss Life Group:

- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures (Investment Entities: Applying the Consolidation Exception)
- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
- IFRS 14 Regulatory Deferral Accounts
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods for Depreciation and Amortisation)
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture – Bearer Plants
- Amendments to IAS 27 Separate Financial Statements (Equity Method in Separate Financial Statements)

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies

Certain reported amounts of assets and liabilities are subject to estimates and assumptions. Estimates and judgements by management are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The sensitivity analysis with regard to insurance risk and market risk is set out in note 5.

Estimates and judgements in applying fair value measurement to financial instruments and investment property are described in note 30.

Impairment of held-to-maturity and available-for-sale debt instruments and loans and receivables

As a Group policy, held-to-maturity and available-for-sale debt securities and loans and receivables are assessed for impairment when a significant decrease in market value related to credit risk arises, namely after a downgrade of a debtor's rating below single B– after initial recognition (i.e. CCC or lower according to Standard and Poor's or equivalent) or when payments of principal and/or interest are overdue by more than 90 days.

Impairment of available-for-sale equity instruments

At each balance sheet date, an assessment is made whether there is objective evidence that an available-for-sale equity instrument is impaired. A significant or prolonged decline in the fair value of the security below its cost is considered objective evidence of impairment. In this respect, a decline of 30% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged.

Insurance liabilities

Past experience, adjusted for the effect of current developments and probable trends, is assumed to be an appropriate basis for predicting future events. Actuarial estimates for incurred but not reported losses are continually reviewed and updated and adjustments resulting from this review are reflected in income.

For insurance contracts and investment contracts with discretionary participation features with fixed and guaranteed terms, the definition of estimates occurs in two stages. At inception of the contract, estimates of future deaths, surrender, exercise of policyholder options, investment returns and administrative expenses are made and form the assumptions used for calculating the liabilities during the life of the contract. A margin for risk and uncertainty (adverse deviation) is added to these assumptions. These assumptions are "locked-in" for the duration of the contract. Subsequently, new estimates are made at each reporting date in order to determine whether the values of the liabilities so established are adequate in the light of these latest estimates (liability adequacy test). If the valuation of the liabilities is deemed adequate, the assumptions are not altered. However, if the valuation of the liabilities is deemed inadequate, the assumptions underlying the valuation of the liabilities are altered ("unlocked") to reflect the latest estimates; no margin is added to the assumptions in this event.

For insurance contracts and investment contracts with discretionary participation features without fixed and guaranteed terms, future premiums can be increased in line with experience. The assumptions used to determine the liabilities do not contain margins and are not locked-in but are updated at each reporting date to reflect the latest estimates.

Mortality and longevity

Pricing and valuation assumptions for mortality and longevity are generally based on the statistics provided by national insurance associations and complemented with internal claims experience reflecting own company records.

In Switzerland, mortality tables are usually reviewed every five years when new statistics from the Swiss Insurance Association become available. The tables are updated for significant changes.

Morbidity and disability

For the individual and group life business in Switzerland internal tables are in place. In the individual life business, the internal disability rates are based on the Swiss Insurance Association statistics and reflect the average situation of the past in the Swiss market. In the individual life business, only reactivation is considered, whereas increased mortality is also taken into account in group life business. In the individual life business, disability tables are usually reviewed every five years when new statistics from the Swiss Insurance Association become available.

In the group life business, tariffs can be adjusted due to loss experience with regard to disability each year. In the group life business, the tables are based on own company records reflecting loss experience. Especially in the group life business, changes in the labour market may have a significant influence on disability. The tables are updated for significant changes.

In other markets, standard industry disability tables, national statistics and own company records are applied. Standard valuation pricing principles are typically validated against the client-specific disability experience.

Policyholder options

Policyholders are typically offered products which include options such as the right to terminate the contract early or to convert the accumulated funds into a life annuity at maturity. In case of early termination the policyholder receives a specified surrender value or a value which varies in response to the change in financial variables such as an equity price or an index. In the case of the conversion option, the policyholder has the right to convert an assured sum into a fixed life annuity. The option values typically depend on both biometric assumptions and market variables such as interest rates or the value of the assets backing the liabilities. In certain countries and markets, policyholder behavioural assumptions are based on own company records. The assumptions vary by product type and policy duration.

Expenses and inflation

In Switzerland, expenses are taken into account in the pricing of the contracts using internal statistics. Such calculated amounts are allocated to the different lines of business. Inflation is reflected in these calculations.

In certain markets, expense allocation is based on an activity-based cost methodology. Recurrent costs are subdivided into the following main cost categories: acquisition costs, administration costs and asset management costs.

Investment returns

Assumptions relating to investment returns are based on the strategic asset allocation. From this gross investment return, projected asset management fees are deducted to obtain a net investment return.

The interest rates used in actuarial formulae to determine the present value of future benefits and contributions caused by an insurance contract are called technical interest rates. The technical interest rates have to be approved by the regulator. In certain countries, the insurance liabilities are based on the technical interest rates.

Impairment of goodwill

Goodwill is tested for impairment annually (in autumn), or more frequently if events or changes in circumstances indicate that goodwill might be impaired. The recoverable amounts of the business relating to the goodwill have been determined based on value-in-use calculations. These calculations require the use of estimates which are set out in note 17.

Defined benefit liabilities

The Swiss Life Group uses certain assumptions relating to the calculation of the defined benefit liabilities. These assumptions comprise future salary increases and future pension increases, which have been derived from estimates based on past experience. Assumptions are also made for mortality, employee turnover and discount rates. In determining the discount rate, the Swiss Life Group takes into account published rates of well-known external providers. The discount rates reflect the expected timing of benefit payments under the plans and are based on a yield curve approach.

The assumptions are set out in note 23.

Income taxes

Deferred tax assets are recognised for unused tax-loss carryforwards and unused tax credits to the extent that realisation of the related tax benefit is probable. The assessment of the probability with regard to the realisation of the tax benefit involves assumptions based on the history of the entity and budgeted data for the future.

Provisions

The recognition of provisions involves assumptions about the probability, amount and timing of an outflow of resources embodying economic benefits. A provision is recognised to the extent that an outflow of resources embodying economic benefits is probable and a reliable estimate can be made.

4 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.

Intercompany trademark fees charged and received for the use of the Swiss Life brand have been excluded from the segment result. The statement of income for the year ended 31 December 2014 has been adjusted accordingly.

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, health insurance in France and on cross-border business from Liechtenstein, Luxembourg and Singapore. These segments also include a number of companies which hold investments mainly pertaining to life insurance.

"International" comprises the cross-border insurance operations in Liechtenstein, Luxembourg and Singapore, the Swiss Life Select units operating in Austria, the 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 on the following pages.

Statement of income for the year ended 31 December 2015

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	9 218	2 502	1 207	44	–	9	12 979	–76	12 903
Premiums earned on investment contracts with discretionary participation	1 009	–	–	–	–	–	1 009	–	1 009
Premiums ceded to reinsurers	–10	–156	–40	–10	–	0	–217	76	–141
Net earned premiums	10 217	2 346	1 167	34	–	8	13 772	0	13 771
Policy fees earned on insurance contracts	7	10	1	0	–	–	18	–	18
Policy fees earned on investment and unit-linked contracts	33	130	13	82	–	–	259	–	259
Net earned policy fees	40	140	14	82	–	–	276	–	276
Commission income	159	97	350	142	560	48	1 357	–341	1 016
Investment income	3 004	645	605	32	2	67	4 353	–63	4 290
Net gains/losses on financial assets	–136	66	335	40	–1	–57	248	–	248
Net gains/losses on financial instruments at fair value through profit or loss	385	–36	–285	–21	0	39	81	–	81
Net gains/losses on investment property	565	67	23	–	–	0	655	–	655
Share of profit or loss of associates	0	3	0	–	3	0	7	–	7
Other income	218	–1	2	–18	28	1	230	–20	210
TOTAL INCOME	14 452	3 327	2 211	291	591	106	20 979	–424	20 555
of which inter-segment	112	–50	–4	–1	267	100	424	–424	
EXPENSES									
Benefits and claims under insurance contracts	–11 203	–2 095	–1 310	–13	–	1	–14 620	62	–14 558
Benefits and claims under investment contracts with discretionary participation	–1 053	–	–	–	–	–	–1 053	–	–1 053
Benefits and claims recovered from reinsurers	6	125	23	3	–	–1	156	–60	95
Net insurance benefits and claims	–12 251	–1 970	–1 287	–10	–	0	–15 518	2	–15 516
Policyholder participation	–455	–157	–283	–18	–	0	–914	15	–899
Interest expense	–39	–102	–12	–15	–1	0	–170	8	–162
Commission expense	–444	–303	–238	–102	–50	–2	–1 139	342	–797
Employee benefits expense	–249	–178	–129	–61	–204	–4	–825	1	–824
Depreciation and amortisation expense	–149	–246	–55	–4	–12	–2	–468	–	–468
Impairment of property and equipment and intangible assets	–16	–	0	–	–	–	–16	–	–16
Other expenses	–114	–136	–77	–40	–83	–22	–472	–2	–474
TOTAL EXPENSES	–13 718	–3 093	–2 082	–251	–349	–30	–19 522	366	–19 156
of which inter-segment	–315	48	–41	–13	–35	–11	–366	366	
SEGMENT RESULT	734	234	129	41	242	76	1 457	–58	1 398
of which inter-segment	–203	–1	–45	–15	233	90	58	–58	
Unallocated corporate costs									–70
PROFIT FROM OPERATIONS									1 329
Borrowing costs	–175	0	–6	–1	–7	–29	–219	58	–161
Income tax expense									–290
NET PROFIT									878
Additions to non-current assets	1 754	66	460	8	1	0	2 289	–	2 289

Statement of income for the year ended 31 December 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	8 789	2 815	1 491	49	–	11	13 156	–81	13 075
Premiums earned on investment contracts with discretionary participation	893	–	–	–	–	–	893	–	893
Premiums ceded to reinsurers	–28	–190	–44	–11	–	0	–273	81	–192
Net earned premiums	9 654	2 625	1 447	38	–	11	13 776	0	13 776
Policy fees earned on insurance contracts	9	15	0	0	–	–	24	–	24
Policy fees earned on investment and unit-linked contracts	40	132	23	88	–	–	284	–	284
Net earned policy fees	49	147	23	88	–	–	308	–	308
Commission income	133	113	401	152	450	48	1 298	–301	998
Investment income	3 064	688	666	35	2	60	4 516	–68	4 448
Net gains/losses on financial assets	2 025	112	463	16	0	15	2 631	–	2 631
Net gains/losses on financial instruments at fair value through profit or loss	–1 804	15	–198	2	0	–25	–2 009	–	–2 009
Net gains/losses on investment property	217	43	27	–	–	0	288	–	288
Share of profit or loss of associates	0	4	0	–	–1	0	3	–	3
Other income	31	1	2	–11	8	8	39	–7	31
TOTAL INCOME	13 370	3 750	2 832	321	459	118	20 850	–376	20 474
of which inter-segment	102	–49	57	–75	238	103	376	–376	
EXPENSES									
Benefits and claims under insurance contracts	–10 418	–2 413	–1 613	–11	–	5	–14 450	65	–14 385
Benefits and claims under investment contracts with discretionary participation	–932	–	–	–	–	–	–932	–	–932
Benefits and claims recovered from reinsurers	16	125	22	2	–	–3	163	–65	98
Net insurance benefits and claims	–11 333	–2 288	–1 591	–9	–	2	–15 218	0	–15 218
Policyholder participation	–427	–139	–557	–26	–	0	–1 150	4	–1 146
Interest expense	–56	–124	–14	–17	0	0	–211	6	–205
Commission expense	–400	–382	–298	–117	–45	–2	–1 243	304	–940
Employee benefits expense	–254	–198	–150	–65	–152	–5	–823	2	–821
Depreciation and amortisation expense	–118	–235	–18	–4	–6	–2	–383	–	–383
Impairment of property and equipment and intangible assets	0	–	–12	–	–	–	–12	–	–12
Other expenses	–114	–162	–94	–47	–67	–24	–508	–3	–512
TOTAL EXPENSES	–12 702	–3 528	–2 735	–284	–270	–31	–19 549	311	–19 238
of which inter-segment	–284	50	–39	–3	–26	–10	–311	311	
SEGMENT RESULT	669	222	97	37	189	87	1 301	–65	1 236
of which inter-segment	–182	1	18	–77	212	93	65	–65	
Unallocated corporate costs									–66
PROFIT FROM OPERATIONS									1 169
Borrowing costs	–176	0	–5	–2	–4	–35	–222	65	–157
Income tax expense									–194
NET PROFIT									818
Additions to non-current assets	1 080	300	163	4	206	0	1 754	–	1 754

Balance sheet as at 31 December 2015

In CHF million	Switzer-land	France	Germany	Inter-national	Asset Managers	Other	Total before elimi-nations	Elimi-nations	Total
ASSETS									
Cash and cash equivalents	1 262	688	221	2 737	166	224	5 297	–1	5 296
Derivatives	1 751	311	35	46	–	–	2 144	–31	2 113
Assets held for sale	4	–	–	–	–	–	4	–	4
Financial assets at fair value through profit or loss	5 316	10 527	1 261	16 485	0	–	33 590	–	33 590
Financial assets available for sale	69 768	16 394	7 502	1 246	48	1 068	96 026	–	96 026
Loans and receivables	14 608	2 357	8 363	308	247	1 650	27 533	–3 199	24 334
Financial assets pledged as collateral	508	1 595	–	5	–	–	2 109	–	2 109
Investment property	18 122	1 884	1 548	–	–	3	21 557	–	21 557
Investments in associates	8	56	0	–	2	0	67	–	67
Reinsurance assets	31	357	73	4	–	1	465	–89	376
Property and equipment	218	35	135	3	2	13	407	–	407
Intangible assets including intangible insurance assets	615	402	1 406	235	182	1	2 840	–	2 840
Other assets	383	14	1	2	220	2	622	–150	471
SEGMENT ASSETS	112 594	34 621	20 544	21 072	866	2 961	192 659	–3 471	189 188
Income tax assets									64
TOTAL ASSETS									189 252
LIABILITIES AND EQUITY									
LIABILITIES									
Derivatives	863	10	104	11	–	32	1 020	–31	989
Financial liabilities at fair value through profit or loss	3 716	1 585	904	18 907	–	–	25 111	–	25 111
Investment contracts	3 300	9 874	0	940	–	–	14 115	–	14 115
Other financial liabilities	5 830	4 145	722	368	221	220	11 506	–1 222	10 284
Insurance liabilities	77 977	14 318	15 774	192	–	12	108 273	–116	108 157
Policyholder participation liabilities	6 050	2 385	1 604	26	–	0	10 065	0	10 065
Employee benefit liabilities	1 636	70	167	13	90	0	1 976	–	1 976
Provisions	16	11	36	25	10	4	101	–	101
Other liabilities	159	71	45	10	7	2	294	–2	293
SEGMENT LIABILITIES	99 547	32 469	19 357	20 492	328	269	172 463	–1 370	171 092
Borrowings									4 078
Income tax liabilities									1 824
EQUITY									12 258
TOTAL LIABILITIES AND EQUITY									189 252

Balance sheet as at 31 December 2014

In CHF million	Switzer-land	France	Germany	Inter-national	Asset Managers	Other	Total before elimi-nations	Elimi-nations	Total
ASSETS									
Cash and cash equivalents	1 819	642	629	2 489	160	322	6 062	0	6 062
Derivatives	1 769	439	113	68	–	–	2 389	–30	2 358
Assets held for sale	–	–	–	–	–	–	–	–	–
Financial assets at fair value through profit or loss	4 133	8 478	1 172	18 607	0	–	32 389	–	32 389
Financial assets available for sale	68 179	18 749	8 080	1 219	45	891	97 162	–	97 162
Loans and receivables	15 903	3 292	9 815	272	157	1 588	31 027	–3 079	27 948
Financial assets pledged as collateral	1 682	1 081	–	–	–	–	2 763	–	2 763
Investment property	16 385	2 026	1 182	–	–	3	19 596	–	19 596
Investments in associates	9	60	202	–	3	11	284	–	284
Reinsurance assets	31	389	64	4	–	2	490	–93	397
Property and equipment	225	41	156	2	3	15	442	–	442
Intangible assets including intangible insurance assets	606	429	1 484	239	213	3	2 972	–	2 972
Other assets	331	40	5	3	124	1	504	–73	431
SEGMENT ASSETS	111 072	35 667	22 900	22 901	705	2 836	196 081	–3 275	192 807
Income tax assets									48
TOTAL ASSETS									192 854
LIABILITIES AND EQUITY									
LIABILITIES									
Derivatives	1 865	18	247	8	–	57	2 195	–30	2 165
Financial liabilities at fair value through profit or loss	3 233	651	847	20 684	–	–	25 415	–	25 415
Investment contracts	2 714	10 444	1	911	–	–	14 070	–	14 070
Other financial liabilities	7 246	4 167	881	384	99	149	12 925	–869	12 056
Insurance liabilities	74 202	14 547	17 277	209	–	18	106 253	–117	106 136
Policyholder participation liabilities	6 838	3 217	2 063	36	–	0	12 154	–2	12 152
Employee benefit liabilities	1 504	77	149	5	86	0	1 821	–	1 821
Provisions	18	13	57	30	9	2	128	–	128
Other liabilities	153	74	45	10	8	1	290	–1	289
SEGMENT LIABILITIES	97 773	33 207	21 566	22 276	203	227	175 251	–1 018	174 233
Borrowings									3 798
Income tax liabilities									1 991
EQUITY									12 831
TOTAL LIABILITIES AND EQUITY									192 854

Premiums and policy fees from external customers

In CHF million	Net earned premiums		Net earned policy fees	
	2015	2014	**2015**	2014
LIFE				
Individual life	**3 469**	3 857	**266**	297
Group life	**9 957**	9 524	**10**	10
TOTAL LIFE	**13 426**	13 381	**276**	308
NON-LIFE				
Accident and health	**11**	14	**–**	–
Property, casualty and other	**334**	381	**–**	–
TOTAL NON-LIFE	**345**	395	**–**	–
TOTAL	**13 771**	13 776	**276**	308

The Swiss Life Group operates in selected countries. The Group's income and non-current assets by geographical location are detailed below.

In CHF million	Total income		Non-current assets	
	2015	2014	**31.12.2015**	31.12.2014
Switzerland	**14 451**	13 228	**18 503**	16 773
France	**3 394**	3 811	**2 269**	2 430
Germany	**2 306**	2 807	**2 316**	2 052
Liechtenstein	**32**	37	**149**	149
Luxembourg	**180**	386	**46**	58
Other countries	**191**	205	**78**	84
TOTAL	**20 555**	20 474	**23 361**	21 546

Non-current assets for this purpose consist of investment property, property and equipment and intangible assets (except for intangible assets arising from insurance contracts).

Information about major customers

No revenue from transactions with a single external customer amounted to 10% or more of the Group's revenue.

5 Risk Management Policies and Procedures

The Group's core business is life insurance and pensions. A life insurance and pensions contract represents a long-term promise to the policyholder. To fulfil its future payment obligations to the policyholders, the insurance entities of the Group must be financially sound over an extended period of time. The ability to remain financially sound and strong depends on a number of risk factors. The Group's risk map can be broadly divided into financial, insurance, strategic and operational risks. All of these risk categories can impact the financial stability of the Group.

Risks must be identified, assessed, managed and monitored locally and aggregated at Group level. Monthly reports covering interest rate risk, equity and real estate price risk, currency risk, credit risk and insurance risk are prepared on a consolidated basis. Strategic and operational risks are assessed and reported on an annual basis.

The risk appetite for the largest operations in the insurance business is defined with the help of local risk budgets, which are used as a basis for the determination of the individual risk limits. These limits are used as a framework for the asset and liability management process, the objective of which is to define a strategic asset allocation. From this strategic asset allocation a scenario-based expected return is calculated, which forms the basis for the mid-term planning of the Group.

Risk management functions are performed at several levels by corresponding bodies within the Swiss Life Group, such as the Investment and Risk Committee at the level of the Board of Directors of the Swiss Life Group and the Group Risk Committee at the level of the Corporate Executive Board of the Swiss Life Group. The risk management functions at the level of the individual operations of the Swiss Life Group are organised accordingly.

Group risk management is responsible for the definition of the Group-wide methodology for the measurement of the risks and produces a consolidated risk report which consolidates the main quantitative elements of the risk management of the Swiss Life Group's operations. Furthermore, Group risk management also produces consolidated views on the operational and strategic risks of the Swiss Life Group.

The information below focuses first on the risk budgeting and asset and liability management process before covering in an extensive way the principal risk categories faced by the Swiss Life Group.

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

The 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 these guarantees are included in financial liabilities and insurance liabilities, respectively.

The assets and liabilities from separate account/unit-linked contracts and private placement life insurance are generally excluded from the Swiss Life Group's financial risk management considerations to the extent that the risks are borne by the customers.

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

In CHF million

	31.12.2015	31.12.2014
Cash and cash equivalents	2 625	2 309
Financial assets at fair value through profit or loss		
Debt securities	5 785	6 240
Equity securities	4 751	6 154
Investment funds	16 756	16 580
Other	1	1
TOTAL ASSETS FOR THE ACCOUNT AND RISK OF THE SWISS LIFE GROUP'S CUSTOMERS	29 918	31 284

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

In CHF million

	Notes	31.12.2015	31.12.2014
Unit-linked contracts	10	22 615	24 325
Investment contracts	19	3 995	4 107
Insurance liabilities	22	3 167	2 760
TOTAL LIABILITIES LINKED TO ASSETS FOR THE ACCOUNT AND RISK OF THE SWISS LIFE GROUP'S CUSTOMERS		29 777	31 192

The financial result for the years ended 31 December 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	2015	2014	2015	2014	2015	2014
Investment income	8	4 290	4 448	–	–	4 290	4 448
Net gains/losses on financial assets	8	228	2 631	21	–	248	2 631
Net gains/losses on financial instruments at fair value through profit or loss	8	95	–2 016	–15	7	81	–2 009
Net gains/losses on investment property		655	288	–	–	655	288
Share of profit or loss of associates		7	3	–	–	7	3
FINANCIAL RESULT		5 275	5 354	6	7	5 281	5 361

5.2 Risk budgeting and limit setting

The risk capacity and the risk appetite of the Swiss Life Group's insurance operations are primarily defined based on economic principles. Consequently, the market values or best estimates of both the assets and the liabilities are obtained by discounting the cash flows generated by these assets and liabilities by direct observation of market values or with another appropriate discount rate. The available economic capital is defined as the difference of the economic value of the assets compared to liabilities. The available economic capital is used to cover the different risks to which the Swiss Life Group's insurance operations are exposed by the nature of their activities. The final decision on the risk appetite for each insurance operation rests with the Corporate Executive Board.

To control and limit exposure to risks, capital and exposure limits are defined. They include overall market risk capital, credit risk capital and, more specifically, interest rate risk capital and credit spread risk capital as well as net equity and foreign currency exposure.

5.3 Asset and liability management (ALM)

The main objective of the ALM process is to ensure that the Swiss Life Group's insurance operations can meet their commitments to policyholders at all times while also adequately compensating shareholders for making risk capital available. Based on the economic principles of risk management and on the risk appetite definition applied in the risk budgeting process, ALM comprises the following main activity: the determination of the strategic asset allocation and of the risk capital and exposure sublimits.

The ALM process is centrally coordinated and steered at Group level by means of local asset and liability management committees with representatives from local senior management and representatives from the Group. The local units are in charge of implementing the decisions. The process requires the involvement of investment management, finance, actuarial and risk functions.

Compliance with external constraints

Aspects other than the purely economic view must also be considered in the ALM process, such as regulatory requirements including statutory minimum distribution ratios ("legal quote"), funding ratios, solvency, local accounting rules and International Financial Reporting Standards, liquidity requirements and rating targets. Some of these views may lead to results that are not aligned with the economic approach, but nevertheless need to be taken into account.

Depending on the regulatory framework in which the Swiss Life Group's insurance operations evolve, the asset portfolios might need to be split to reflect the different categories of insurance products. The asset portfolios of the insurance operations in Switzerland have been separated to distinguish between individual life and group life. As a consequence, such separation is also reflected in the ALM process. Insurance companies are generally obliged to hold tied assets in view of claims arising from insurance contracts. Special rules apply to investments in tied assets. They specify the eligible asset classes as well as requirements to be met in terms of investment organisation and processes.

Strategic asset allocation

Defining the strategic asset allocation is the first major task of the ALM process and aims at achieving an efficient risk capital allocation, i.e. optimising the returns on the asset portfolio for the available risk capital defined within the risk budgeting process, taking into account all known constraints.

The liabilities are largely predefined in terms of amount and timing of the payments and the associated assumptions are regularly reviewed. The corresponding asset portfolios mainly comprise fixed-income instruments. This way, the impact of interest rate fluctuations and the risk capital consumption are strategically optimised under a risk/return point of view, thus ensuring that the policyholders receive the benefits consistent with their products. Policyholders may benefit from the ensuing investment returns in the form of discretionary participation, while shareholders may benefit from an increase in the value of their investment in the Swiss Life Group.

The strategic asset allocation is therefore determined on the basis of the individual existing commitments and the risk capacity of the Swiss Life Group's insurance operations. The strategic asset allocation is reviewed at least once a year and adjusted if necessary.

The ALM process has been applied in all large insurance operations of the Swiss Life Group.

Distribution policy

The distribution policy seeks to align the interests of the different groups of stakeholders. Holders of traditional life insurance policies favour a guaranteed minimum interest rate coupled with regular and appropriate discretionary participation, whereas shareholders place greater emphasis on returns commensurate with the level of risk they are exposed to. The focus of the Swiss Life Group lies on the sustainability of the business model and should balance the policyholders' and shareholders' expectations.

External constraints must be considered in the definition of the distribution policy. Important elements which influence such policy are minimum guaranteed interest rates and the statutory minimum distribution ratio ("legal quote"), which depend on the regulatory environments of the Swiss Life Group's insurance operations.

Product design

The targets of risk management are supported by product management principles. Product design defines among other things which guarantees and benefits are built into a specific product to respond to the demand from and expectations of customers. The actuarial bases used for this purpose support each individual product generating a sufficient contribution margin. To ensure that the Group's principles are observed, guidelines and directives on product management and underwriting are in place. As the Group's insurance entities operate in a number of different countries, the local regulatory constraints may have an impact on the business units' product range. These constraints must always be obeyed.

5.4 Financial risk management objectives and policies

The Group is exposed to financial risk through its financial assets, financial liabilities (primarily investment contracts and borrowings), reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from the financial assets are not sufficient to fund the obligations arising from the insurance and investment contracts, as well as from borrowings and other liabilities. The most important components of the financial risk are interest rate risk, equity and real estate price risk, credit risk, currency risk and liquidity risk.

The risk budgeting and limit setting described above ensure that the corresponding risks remain under control. The market risk capital, interest rate risk capital, credit spread risk capital and credit risk capital limits, as well as exposure limits for currencies and net equity for each large insurance operation, are defined based on the risk appetite per operation. These limits are assessed and reported on a monthly basis.

Hedging

The Swiss Life Group uses derivatives within the strict limits set by the applicable insurance legislation and by internal guidelines. Derivatives are primarily used to manage the exposure to foreign exchange rates, interest rates, equity securities and counterparties. The main instruments include index futures and option structures in stock markets, bond futures and swaps in order to manage duration, currency forwards and options in order to manage currency risk and credit default swaps or credit default swap indices and options on credit default swap indices in order to manage counterparty risk. Within certain limits, derivatives are used to enhance returns on the existing portfolio. The types of derivatives generally permitted for usage within the Swiss Life Group as well as the list of allowed over-the-counter trading partners have been approved by the Group Risk Committee.

Hedging strategies involve hedge accounting in accordance with International Financial Reporting Standards as well as “economic hedging”. “Economic hedges” comprise derivatives in combination with financial assets and financial liabilities which have a common risk factor and give rise to opposite changes in fair value that tend to offset each other.

Interest rate risk relating to financial instruments and insurance contracts

The Group’s primary interest rate exposure is to contracts with guaranteed benefits and the risk that the interest rates of the financial assets purchased with the consideration received from the contract holders is insufficient to fund the guaranteed benefits and expected discretionary participation payable to them.

Interest-sensitive insurance liabilities

In CHF million

	CHF	EUR	Other	Total
CARRYING AMOUNTS AS AT 31 DECEMBER 2015				
Minimum guaranteed interest rate 0 – < 2%	**39 080**	**5 676**	**6**	**44 762**
Minimum guaranteed interest rate 2 – < 3%	**9 118**	**5 497**	**31**	**14 645**
Minimum guaranteed interest rate 3 – < 4%	**20 972**	**6 188**	**25**	**27 184**
Minimum guaranteed interest rate 4 – < 5%	**70**	**6 054**	**25**	**6 149**
Minimum guaranteed interest rate 5 – < 6%	**–**	**–**	**2**	**2**
TOTAL INTEREST-SENSITIVE INSURANCE LIABILITIES	**69 239**	**23 414**	**88**	**92 742**
Insurance liabilities with no minimum guaranteed interest rate				**12 249**
Insurance liabilities linked to assets for the account and risk of the Swiss Life Group's customers				**3 167**
TOTAL INSURANCE LIABILITIES				**108 157**

CARRYING AMOUNTS AS AT 31 DECEMBER 2014				
Minimum guaranteed interest rate 0 – < 2%	34 925	5 954	5	40 884
Minimum guaranteed interest rate 2 – < 3%	11 486	6 210	32	17 729
Minimum guaranteed interest rate 3 – < 4%	19 511	6 724	23	26 259
Minimum guaranteed interest rate 4 – < 5%	72	6 713	26	6 812
Minimum guaranteed interest rate 5 – < 6%	–	–	2	2
TOTAL INTEREST-SENSITIVE INSURANCE LIABILITIES	65 995	25 602	89	91 686
Insurance liabilities with no minimum guaranteed interest rate				11 690
Insurance liabilities linked to assets for the account and risk of the Swiss Life Group's customers				2 760
TOTAL INSURANCE LIABILITIES				106 136

Some life insurance products with a savings component and investment contracts are subject to minimum guaranteed interest rates. The guaranteed rate differs according to the type of contract. In Switzerland for instance the minimum guaranteed interest rate for the occupational pensions segment (mandatory BVG savings account) stood at 1.75% in 2015 and will be reduced to 1.25% for 2016 (2014: 1.75%).

In addition to these fixed and guaranteed payments, which are exposed to interest rate risk, contractual rights exist for certain contracts to receive additional benefits whose amount and/or timing is contractually at the discretion of the issuer.

The Group manages interest rate and interest rate volatility risk by managing the interest rate sensitivity of its investment portfolio against the corresponding sensitivity of liabilities issued. The interest rate and volatility exposure of the liabilities is determined by projecting the expected cash flows from the contracts using best estimates of mortality, disability, expenses, surrender and exercise of policyholder options in combination with interest rate and volatility scenarios. The ALM process defines the strategic asset allocation optimising the net interest rate sensitivity of the investment and liability portfolios. Where this is not practicable, swap contracts and other instruments are used to hedge interest rate risk. In certain markets payer swaptions are used to hedge the risk of fair value changes of interest-sensitive financial assets. A minimum interest rate risk is accepted, since a perfect interest rate hedge can either not be achieved or may not be targeted.

Regarding interest rate risk exposure existing on contracts with guaranteed benefits where the risk is that the interest rates earned on the assets are insufficient to fund the guaranteed payments, puttable bonds are used to counter the impact of increasing interest rates.

In certain businesses, a large part of the impact of interest rate changes is for the account and risk of the policyholders based on the specific profit-sharing systems.

Equity price risk

A decline in the equity market may lead to a reduction of the Swiss Life Group's realised and unrealised gains/losses, which also negatively affects the Swiss Life Group's results of operations and financial condition.

Hedges in place with respect to the Swiss Life Group's equity investments are designed to reduce the exposure to declines in equity values but would not prevent an impairment loss in the event that the impairment criteria were met.

A portion of Swiss Life's investment portfolio comprises investments in funds which hold securities issued by non-public companies (private equity, infrastructure). These investments may be illiquid or may only be disposed of over time or at a loss, and they may not produce adequate returns or capital gains. If Swiss Life were required to liquidate some or all of the investments in its private equity portfolio, the proceeds of such liquidation may be significantly less than the amount paid for, or the carrying amount of, such investments.

Swiss Life's investment portfolios also include investments in hedge funds. The liquidity of such investments can vary according to market conditions, and the investment styles of such hedge funds could amplify any factors affecting the performance of any particular class of funds or investments.

Credit risk

The Group is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Group is exposed to credit risk are:

- Counterparty risk with respect to bonds purchased
- Counterparty risk with respect to loans and mortgages granted
- Counterparty risk with respect to money market and cash positions
- Counterparty risk with respect to derivative transactions
- Reinsurance share of insurance liabilities
- Amounts due from reinsurers in respect of claims already paid
- Amounts due from insurance contract holders
- Amounts due from insurance intermediaries

To reduce the credit exposure relating to derivatives a collateral management process is in place. Contractually all outstanding positions must be fully collateralised if they reach a very low agreed minimum transfer amount. The collateral is called daily. Counterparties for derivative transactions, over-the-counter and exchange-traded, have to be approved by both the Group Chief Risk Officer and the Group Chief Investment Officer. The minimum rating for a counterparty is generally A– (Standard & Poor's or equivalent) for the Swiss Life Group's insurance operations. During periods of market turmoil reliance on ratings is of limited value; therefore an additional qualitative and quantitative counterparty monitoring process has been established to allow for immediate proactive measures.

Counterparty risk is primarily managed by counterparty exposure limits and diversification in a broad debtor universe. The specific credit risk is managed through the holding of credit default swaps or credit default swap indices and options on credit default swap indices. A credit default swap provides insurance to the debt holder against a default of the debt issuer. It is traded over-the-counter and itself underlies the collateral management process described above. The credit default swap index is a hedge on credit risk of a basket of counterparties and is an over-the-counter derivative. A put option on a credit default swap index provides protection against adverse credit spread movements in the underlying basket of counterparties and is traded over-the-counter.

The Group is also exposed to credit risk associated with reinsurance recoverables. As a consequence, the financial strength of reinsurers is monitored. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength and also prior to any contract being signed. The general policy of the Swiss Life Group is to reinsure its insurance risks only with counterparties rated A– or above (Standard & Poor's or equivalent). In exceptional cases, reinsurers with a lower rating may be considered. Additionally, the Group holds substantial collateral under related reinsurance agreements in the form of deposited funds and securities.

No single reinsurer is a material reinsurer to the Group, nor is the Group's business substantially dependent upon one single reinsurer.

For fixed-income assets the total exposure per counterparty is aggregated and reported to the Group Risk Committee. Ratings and single positions above a certain level with regard to fixed-income assets are reported to management on a regular basis. The exposure to individual counterparties is also managed by other mechanisms, such as the right to offset where counterparties are both debtors and creditors of the Group. In addition, limits regarding single counterparty exposure are in place which depend on the rating and amount of exposure in relation to total investments. Information reported to management includes assessment of bad debts. Where there exists a certain exposure to individual policyholders due to size of the contract, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out.

The non-rated loans primarily comprise mortgages and policy loans. For the bulk of the mortgages a risk class system is in place which allows the company to identify, measure, monitor and manage the risks at the level of portfolios, borrowers and loans at all times. The risk class system also enables a risk-adequate pricing of the loans. Implementation, parametrisation and control of the system are set out in an internal directive which has been approved by the Group Chief Investment Officer.

In certain countries, specific additional guidelines and rules have been defined locally to monitor credit risk. Such guidelines cover investments in fixed-income securities which are mostly based on the average rating of the issuers (calculated by weighting default probabilities). Minimum and maximum thresholds apply with regard to permitted investments in non-government bonds. For investments in government bonds with a rating lower than AA– (according to Standard & Poor's or equivalent) and non-government bonds, additional exposure limits are in place. For certain businesses, credit risk is monitored and controlled with a risk limit framework whereby maximum limits are reviewed and approved at least annually. The majority of the bond portfolio is invested in government bonds (including supranational and sovereigns) and bonds issued by the financial sector covered by collateral or government guarantees.

Maximum exposure to credit risk

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	
	31.12.2015	31.12.2014	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014
DEBT SECURITIES						
Debt securities at fair value through profit or loss	**635**	595	**5 785**	6 240	**6 421**	6 835
Debt securities available for sale	**84 884**	90 038	**–**	–	**84 884**	90 038
Debt securities pledged as collateral	**2 109**	2 763	**–**	–	**2 109**	2 763
Debt securities classified as loans	**4 392**	6 088	**–**	–	**4 392**	6 088
TOTAL DEBT SECURITIES	**92 020**	99 483	**5 785**	6 240	**97 805**	105 723
LOANS AND RECEIVABLES						
Mortgages	**7 073**	6 145	**–**	–	**7 073**	6 145
Corporate and other loans	**1 732**	3 171	**–**	–	**1 732**	3 171
Note loans	**6 758**	7 944	**–**	–	**6 758**	7 944
Receivables	**4 379**	4 600	**–**	–	**4 379**	4 600
TOTAL LOANS AND RECEIVABLES	**19 942**	21 860	**–**	–	**19 942**	21 860
OTHER ASSETS						
Cash and cash equivalents	**2 671**	3 753	**2 625**	2 309	**5 296**	6 062
Derivatives	**2 113**	2 358	**–**	–	**2 113**	2 358
Reinsurance assets	**376**	397	**–**	–	**376**	397
TOTAL OTHER ASSETS	**5 159**	6 509	**2 625**	2 309	**7 784**	8 818
UNRECOGNISED ITEMS						
Financial guarantees	**29**	42	**–**	–	**29**	42
Loan commitments	**320**	242	**–**	–	**320**	242
TOTAL UNRECOGNISED ITEMS	**349**	283	**–**	–	**349**	283
TOTAL EXPOSURE TO CREDIT RISK	**117 470**	128 135	**8 410**	8 549	**125 880**	136 684

The following table shows the extent to which collateral and other credit enhancements mitigate credit risk in respect of the maximum exposure to credit risk.

Credit risk mitigation – collateral held and other credit enhancements as at 31 December 2015

In CHF million	Debt securities	Loans and receivables	Cash and cash equivalents	Derivatives (assets)	Reinsurance assets	Financial guarantees and loan commitments	Total
SECURED BY							
Cash collateral	–	–	–	**1 939**	**90**	–	**2 029**
Securities collateral	–	**444**	–	–	**181**	**69**	**694**
Mortgage collateral	**9 213**	**9 294**	–	–	–	**274**	**18 781**
Other collateral	–	**298**	–	–	–	**4**	**302**
Guarantees	**624**	**554**	**212**	–	–	–	**1 389**
Netting agreements	–	**147**	–	**11**	–	–	**159**
TOTAL SECURED	**9 837**	**10 736**	**212**	**1 950**	**272**	**347**	**23 353**
UNSECURED							
Governments and supranationals	**46 612**	**4 103**	**350**	–	–	–	**51 065**
Corporates	**35 451**	**2 245**	**2 109**	**163**	**104**	**2**	**40 075**
Other	**120**	**2 858**	–	–	–	–	**2 978**
TOTAL UNSECURED	**82 183**	**9 206**	**2 459**	**163**	**104**	**2**	**94 117**
TOTAL	**92 020**	**19 942**	**2 671**	**2 113**	**376**	**349**	**117 470**

Credit risk mitigation – collateral held and other credit enhancements as at 31 December 2014

In CHF million	Debt securities	Loans and receivables	Cash and cash equivalents	Derivatives (assets)	Reinsurance assets	Financial guarantees and loan commitments	Total
SECURED BY							
Cash collateral	–	–	–	1 756	95	–	1 851
Securities collateral	–	479	–	–	230	74	782
Mortgage collateral	9 991	8 511	–	–	–	202	18 703
Other collateral	–	254	–	–	–	4	258
Guarantees	779	1 179	600	–	–	–	2 558
Netting agreements	–	134	–	571	–	–	706
TOTAL SECURED	10 769	10 557	600	2 327	324	280	24 858
UNSECURED							
Governments and supranationals	46 671	4 444	634	–	–	–	51 749
Corporates	41 881	3 776	2 519	31	73	4	48 284
Other	161	3 084	–	–	–	–	3 245
TOTAL UNSECURED	88 713	11 304	3 153	31	73	4	103 277
TOTAL	99 483	21 860	3 753	2 358	397	283	128 135

Exposure to credit risk of debt instruments – credit rating by class as at 31 December 2015

In CHF million

	AAA	AA	A	BBB	Below BBB	Not rated	Past due or impaired	Total
DEBT SECURITIES								
Supranational	**2 000**	**436**	**18**	**32**	–	–	–	**2 486**
Governments	**21 117**	**16 560**	**2 201**	**753**	**279**	**3**	–	**40 914**
Sovereign	**192**	**782**	**1 163**	**926**	**149**	–	–	**3 212**
Covered/guaranteed	**7 983**	**1 235**	**448**	**170**	–	–	–	**9 837**
Corporates	**523**	**4 329**	**14 537**	**13 850**	**2 172**	**0**	**39**	**35 451**
Other	–	**63**	**33**	**16**	**8**	–	–	**120**
TOTAL DEBT SECURITIES	**31 815**	**23 406**	**18 400**	**15 748**	**2 608**	**3**	**39**	**92 020**
MORTGAGES								
Commercial	–	–	–	–	–	**2 537**	**1**	**2 537**
Residential	–	–	–	–	–	**4 519**	**17**	**4 536**
TOTAL MORTGAGES	–	–	–	–	–	**7 056**	**17**	**7 073**
OTHER LOANS AND RECEIVABLES								
Governments and supranationals	**1 820**	**1 999**	**138**	**73**	**34**	**0**	–	**4 063**
Corporates	**1 361**	**754**	**972**	**773**	**63**	**1 132**	**0**	**5 055**
Other	**4**	**6**	**19**	**74**	**1**	**3 600**	**48**	**3 751**
TOTAL OTHER LOANS AND RECEIVABLES	**3 184**	**2 759**	**1 128**	**920**	**98**	**4 732**	**48**	**12 869**

Exposure to credit risk of debt instruments – credit rating by class as at 31 December 2014

In CHF million

	AAA	AA	A	BBB	Below BBB	Not rated	Past due or impaired	Total
DEBT SECURITIES								
Supranational	2 091	160	–	32	–	–	–	2 283
Governments	16 277	20 092	2 915	1 151	176	2	–	40 613
Sovereign	210	1 156	816	1 486	107	–	–	3 775
Covered/guaranteed	8 093	1 721	662	248	42	2	–	10 769
Corporates	494	4 763	17 923	16 496	2 171	1	33	41 881
Other	22	62	61	–	15	–	–	161
TOTAL DEBT SECURITIES	27 186	27 956	22 377	19 413	2 512	6	33	99 483
MORTGAGES								
Commercial	–	–	–	–	–	2 306	1	2 307
Residential	–	–	–	–	–	3 816	23	3 838
TOTAL MORTGAGES	–	–	–	–	–	6 122	23	6 145
OTHER LOANS AND RECEIVABLES								
Governments and supranationals	1 769	2 341	212	84	36	0	–	4 444
Corporates	1 442	1 164	2 493	492	68	1 649	1	7 309
Other	3	7	60	5	0	3 813	73	3 962
TOTAL OTHER LOANS AND RECEIVABLES	3 215	3 512	2 766	581	104	5 463	74	15 715

Financial assets past due (not impaired) – age analysis as at 31 December 2015

In CHF million	Up to 3 months	3–6 months	6–12 months	More than 1 year	Total
MORTGAGES					
Residential	**7**	**1**	**2**	**5**	**16**
TOTAL	**7**	**1**	**2**	**5**	**16**
OTHER LOANS AND RECEIVABLES					
Other	**7**	**6**	**6**	**9**	**28**
TOTAL	**7**	**6**	**6**	**9**	**28**

Financial assets past due (not impaired) – age analysis as at 31 December 2014

In CHF million	Up to 3 months	3–6 months	6–12 months	More than 1 year	Total
MORTGAGES					
Residential	11	2	2	4	20
TOTAL	11	2	2	4	20
OTHER LOANS AND RECEIVABLES					
Other	11	8	6	17	42
TOTAL	11	8	6	17	42

Financial assets individually determined as impaired

In CHF million	Gross amount		Impairment losses		Carrying amount	
	31.12.2015	31.12.2014	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014
DEBT SECURITIES						
Corporates	**103**	102	**–63**	–69	**39**	33
TOTAL	**103**	102	**–63**	–69	**39**	33
MORTGAGES						
Commercial	**1**	1	**0**	0	**1**	1
Residential	**1**	3	**0**	0	**1**	3
TOTAL	**2**	4	**0**	–1	**2**	3
OTHER LOANS AND RECEIVABLES						
Corporates	**0**	1	**0**	0	**0**	1
Other	**31**	39	**–11**	–8	**20**	31
TOTAL	**31**	40	**–11**	–8	**20**	32

Financial assets individually determined as impaired – impairment loss allowance for the year 2015

In CHF million	Balance as at 1 January	Impairment losses/ reversals	Write-offs and disposals	Foreign currency translation differences	Balance as at end of period
DEBT SECURITIES					
Corporates	**69**	**0**	**–6**	**0**	**63**
TOTAL	**69**	**0**	**–6**	**0**	**63**
MORTGAGES					
Commercial	**0**	**0**	**–**	**–**	**0**
Residential	**0**	**0**	**0**	**0**	**0**
TOTAL	**1**	**0**	**0**	**0**	**0**
OTHER LOANS AND RECEIVABLES					
Corporates	**0**	**–**	**–**	**0**	**0**
Other	**8**	**3**	**0**	**–1**	**11**
TOTAL	**8**	**3**	**0**	**–1**	**11**

Financial assets individually determined as impaired – impairment loss allowance for the year 2014

In CHF million	Balance as at 1 January	Impairment losses/ reversals	Write-offs and disposals	Foreign currency translation differences	Balance as at end of period
DEBT SECURITIES					
Corporates	51	18	–	–	69
TOTAL	51	18	–	–	69
MORTGAGES					
Commercial	1	–1	–	–	0
Residential	1	0	–1	0	0
TOTAL	2	0	–1	0	1
OTHER LOANS AND RECEIVABLES					
Corporates	0	–	–	0	0
Other	7	3	–1	0	8
TOTAL	7	3	–1	0	8

The criteria used for the assessment of financial assets for impairment are described in note 2.8.

Exposure to credit risk of other assets

In CHF million

	AAA	AA	A	BBB	Below BBB	Not rated	Total
CREDIT RATING AS AT 31 DECEMBER 2015							
Cash and cash equivalents	**358**	**737**	**1 333**	**155**	**0**	**87**	**2 671**
Derivatives	**369**	**717**	**855**	**131**	**–**	**40**	**2 113**
Reinsurance assets	**–**	**212**	**114**	**14**	**–**	**36**	**376**
TOTAL	**727**	**1 666**	**2 302**	**300**	**0**	**164**	**5 159**
CREDIT RATING AS AT 31 DECEMBER 2014							
Cash and cash equivalents	640	1 182	1 861	4	0	68	3 753
Derivatives	543	726	894	3	–	192	2 358
Reinsurance assets	–	228	115	18	–	35	397
TOTAL	1 183	2 136	2 870	25	0	295	6 509

At 31 December 2015 and 2014, no reinsurance assets were past due or impaired.

Exposure to credit risk of unrecognised items

In CHF million

	AAA	AA	A	BBB	Below BBB	Not rated	Total
CREDIT RATING AS AT 31 DECEMBER 2015							
Financial guarantees	**–**	**–**	**–**	**–**	**–**	**29**	**29**
Loan commitments	**–**	**–**	**–**	**–**	**–**	**320**	**320**
TOTAL	**–**	**–**	**–**	**–**	**–**	**349**	**349**
CREDIT RATING AS AT 31 DECEMBER 2014							
Financial guarantees	–	–	–	–	–	42	42
Loan commitments	–	–	–	–	–	242	242
TOTAL	–	–	–	–	–	283	283

Currency risk

The Swiss Life Group operates internationally and its exposures to currency risk primarily arise with respect to the euro, US dollar, British pound and Canadian dollar. Most of the investments and liabilities are denominated in Swiss francs, euros and US dollars, the values of which are subject to exchange rate fluctuations. The Group operates with various functional currencies (predominantly Swiss francs and euros). Its financial position and earnings could be significantly affected by a weakening of said foreign currencies against the Swiss franc.

The following table shows the Group's sensitivity of monetary items to foreign currency exchange rate fluctuations.

1% decrease in rate

In CHF million	Gain (+)/loss (–)[1]	
	2015	2014
EUR/CHF	–1	–1
USD/CHF	–11	–10
GBP/CHF	–4	–2
CAD/CHF	0	0

[1] Before policyholder and income tax impact

Additionally, foreign currency translation of the Group's equity would be affected by a strengthening/weakening of foreign currency exchange rates. If at the balance sheet date the euro exchange rate had been 1% higher/lower, total equity would have been higher/lower by approximately CHF 34 million.

The Swiss Life Group's European insurance and investment operations (excluding Switzerland) generally invest in assets denominated in the same currency as their insurance and investment contract liabilities, which mitigates the currency risk for these operations. As a result, currency risk arises from recognised assets and liabilities denominated in other currencies and net investments in foreign operations. Although the Swiss Life Group actively engages in currency management to reduce the effect of exchange rate fluctuations on its assets and liabilities, particularly by hedging against the risk of such movements in relation to part of its investments denominated in euros and in US dollars, significant movements in exchange rates could adversely affect the Swiss Life Group's earnings and financial position, including the value of its investment portfolio. Foreign exchange exposure is hedged to a large extent in line with the strategic asset allocation. The instruments which the Swiss Life Group uses to hedge exposure may not be perfectly correlated to the related assets, so the Group will still be exposed to losses if the value of the hedge and the value of the underlying asset or liability do not correspond appropriately.

Due to the limitations of the Swiss capital market with regard to liquidity and duration, investments in Switzerland are also made in currencies other than the Swiss franc.

The balance sheet currency exposure is to a large extent hedged using foreign currency derivatives. Hedging is done on an overall basis for monetary and non-monetary items.

Liquidity risk

Liquidity risk is the risk that not enough cash resources may be available to pay obligations when due (primarily obligations arising from the insurance business and debt) at a reasonable cost. The Swiss Life Group is exposed to liquidity risk which primarily arises on calls on its cash resources from claims, amounts payable at maturity and surrenders arising from insurance and investment contracts. The Swiss Life Group faces the risk of not being able to refinance its debt obligations due to unexpected long-term market disruptions.

At the operational level, rolling forecasts are in place to address situational liquidity risk, which primarily arises on unexpected calls on cash resources from claims, amounts payable at maturity and surrenders arising from insurance and investment contracts. To overcome unexpected liquidity shortfalls at times asset disposals are not desired, repurchase agreements are used to ensure short-term refinancing at minimal cost.

At the strategic level, the Swiss Life Group holds substantial liquidity and uses active debt maturity planning to ensure financial flexibility and efficient liquidity management.

The liquidity analysis of financial liabilities and commitments is based on undiscounted cash flows by remaining contractual maturities, whereas insurance and policyholder participation liabilities are analysed by estimated timing of net cash outflows. Cash outflows of derivative liabilities designated as cash flow hedging instruments are analysed on the basis of expected settlement dates for forward starting swaps, and on the basis of contractual maturity for forward starting bonds. The analysis is made for amounts for the account and risk of the Swiss Life Group.

Exposure to liquidity risk as at 31 December 2015

In CHF million	Cash flows							Carrying amount
	Up to 1 month	1–3 months	3–12 months	1–5 years	5–10 years	More than 10 years	Total	
FINANCIAL LIABILITIES								
Derivatives designated as cash flow hedges	–	–	163	71	–	391	625	3
Investment contracts with discretionary participation	22	38	203	2 272	1 683	5 711	9 929	9 929
Investment contracts without discretionary participation	0	0	0	2	3	185	190	190
Borrowings	156	19	668	1 766	2 248	–	4 856	4 078
Other financial liabilities	3 697	779	4 864	348	230	374	10 292	10 216[1]
TOTAL	3 875	836	5 899	4 458	4 163	6 662	25 893	24 417
INSURANCE AND POLICYHOLDER PARTICIPATION LIABILITIES								
Insurance liabilities	216	209	2 589	6 279	12 571	83 126	104 990	104 990
Policyholder participation liabilities	86	126	3 406	4 876	29	1 542	10 065	10 065
TOTAL	302	335	5 995	11 155	12 600	84 669	115 056	115 056
GUARANTEES AND COMMITMENTS								
Financial guarantees	29	–	–	–	–	–	29	–
Loan commitments	96	72	122	28	0	2	320	–
Capital commitments	544	–	–	96	–	–	640	–
TOTAL	669	72	122	124	0	2	989	–

[1] excluding accrued interest

Exposure to liquidity risk as at 31 December 2014

In CHF million	Cash flows							Carrying amount
	Up to 1 month	1–3 months	3–12 months	1–5 years	5–10 years	More than 10 years	Total	
FINANCIAL LIABILITIES								
Derivatives designated as cash flow hedges	–	–	301	612	–	–	913	–
Investment contracts with discretionary participation	24	41	229	2 322	1 818	5 435	9 869	9 869
Investment contracts without discretionary participation	0	0	1	3	4	87	95	94
Borrowings	1	20	585	2 478	1 291	–	4 376	3 798
Other financial liabilities	3 396	2 067	5 643	353	245	408	12 113	12 000[1]
TOTAL	3 421	2 129	6 759	5 768	3 357	5 931	27 366	25 761
INSURANCE AND POLICYHOLDER PARTICIPATION LIABILITIES								
Insurance liabilities	241	221	2 779	6 632	12 796	80 707	103 376	103 376
Policyholder participation liabilities	116	170	3 699	6 145	36	1 986	12 152	12 152
TOTAL	358	391	6 478	12 777	12 832	82 693	115 529	115 529
GUARANTEES AND COMMITMENTS								
Financial guarantees	42	–	–	–	–	–	42	–
Loan commitments	76	58	98	8	0	2	242	–
Capital commitments	453	–	42	79	32	–	606	–
TOTAL	571	58	139	87	32	2	889	–

[1] excluding accrued interest

Current and non-current assets and liabilities

The table below shows the expected recovery or settlement of assets and liabilities. Assets are classified as current if they are expected to be realised within twelve months after the balance sheet date. Liabilities are classified as current if they are due to be settled within twelve months after the balance sheet date. All other assets and liabilities are classified as non-current.

In CHF million	Current		Non-current		For the account and risk of the Swiss Life Group's customers		Total	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
ASSETS								
Cash and cash equivalents	2 671	3 753	–	–	2 625	2 309	5 296	6 062
Derivatives	623	577	1 490	1 781	–	–	2 113	2 358
Assets held for sale	4	–	–	–	–	–	4	–
Financial assets at fair value through profit or loss	3 095	1 420	3 202	1 994	27 293	28 975	33 590	32 389
Financial assets available for sale	6 177	6 306	89 848	90 857	–	–	96 026	97 162
Loans and receivables	6 533	9 041	17 801	18 907	–	–	24 334	27 948
Financial assets pledged as collateral	22	72	2 086	2 691	–	–	2 109	2 763
Investment property	–	–	21 557	19 596	–	–	21 557	19 596
Investments in associates	–	–	67	284	–	–	67	284
Reinsurance assets	303	333	73	64	–	–	376	397
Property and equipment	–	–	407	442	–	–	407	442
Intangible assets including intangible insurance assets	–	–	2 840	2 972	–	–	2 840	2 972
Current income tax assets	17	14	–	–	–	–	17	14
Deferred income tax assets	–	–	47	34	–	–	47	34
Other assets	179	203	292	228	–	–	471	431
TOTAL ASSETS	19 624	21 719	139 710	139 851	29 918	31 285	189 252	192 854
LIABILITIES								
Derivatives	389	1 288	601	876	–	–	989	2 165
Financial liabilities at fair value through profit or loss	1 359	468	1 137	622	22 615	24 325	25 111	25 415
Investment contracts	264	296	9 856	9 667	3 995	4 107	14 115	14 070
Borrowings	690	461	3 388	3 338	–	–	4 078	3 798
Other financial liabilities	9 401	11 135	884	921	–	–	10 284	12 056
Insurance liabilities	3 014	3 241	101 977	100 135	3 167	2 760	108 157	106 136
Policyholder participation liabilities	3 618	3 985	6 447	8 167	–	–	10 065	12 152
Employee benefit liabilities	143	140	1 834	1 681	–	–	1 976	1 821
Current income tax liabilities	104	78	–	–	–	–	104	78
Deferred income tax liabilities	–	–	1 720	1 913	–	–	1 720	1 913
Provisions	37	52	65	76	–	–	101	128
Other liabilities	271	265	22	25	–	–	293	289
TOTAL LIABILITIES	19 288	21 408	127 930	127 422	29 777	31 192	176 994	180 023

5.5 Insurance risk management objectives and policies

Insurance contracts are contracts under which one party (the insurer) agrees to compensate the other party (the policyholder) if a specified uncertain future event affects the policyholder. The Group's insurance entities neither generally accept nor generally deny insurance coverage to applicants, but ensure that all the insurance risks are identified and thoroughly assessed, and that the insurance premiums accurately reflect the risk taken. The amount and type of risk taken must be in line with the Group's risk policy and strategy, and must also meet the profitability targets.

Nature of insurance risk

When designing a new product or reviewing an existing one, care has to be taken that the product neither includes systemic risk nor provides incentives for adverse selection. The product should meet the market's needs. The Swiss Life Group favours transparent and simple product design with a reliable pricing basis with sufficient statistical data available. Insurance risk arises when biometric parameters deviate adversely from expectations. The uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts is due to the unpredictability of long-term changes in overall levels of mortality and disability, for instance. Furthermore, deviations from the expected outcome of a portfolio can also arise because of random fluctuations. The impact of random fluctuations depends on the extent of diversification within a portfolio of contracts: that is, on the size of the portfolio.

The quantification of life insurance risk is based on a sensitivity analysis. Insurance risk is thus measured as the deviation of (the realisations of) the insurance risk factors from the corresponding best estimate values. Life insurance risk factors include mortality rates, disability rates and longevity, among others.

The nature of insurance risk can be summarised as follows:

Mortality and longevity

Mortality and longevity risks reflect the financial consequences of insured people dying sooner or living longer than expected, respectively. For example, a life insurer with an annuity portfolio making payments to the policyholders until their death is financially exposed to those individuals who live longer than expected. Conversely, an insurer writing life insurance business that pays out amounts contingent on death of the policyholders is exposed to increases in mortality levels.

The Swiss occupational pensions (BVG) segment of the group life insurance business in Switzerland is a significant part of the Group's overall life insurance business. The BVG business provides an example of a minimum return guarantee. The guarantee takes the form of the right to convert an assured sum into a life annuity at a guaranteed conversion rate: The prevalent annuity conversion rate for the mandatory part of the BVG business is set at 6.8% for men (retirement age 65) and 6.8% for women (retirement age 64).

With regard to mortality, morbidity and longevity risk, the most important annuities payable (annuities in payment phase) or insured (annuities in deferral phase) as well as sums insured are as follows.

Annuities payable per annum by type of annuity – individual life

In CHF million

	31.12.2015	31.12.2014
Life annuities – in payment	586	593
Life annuities – deferred	529	604
Annuities certain – in payment	6	8
Annuities certain – deferred	41	41
Disability income and other annuities – in payment	219	237
Disability income and other annuities – deferred	7 045	7 526
TOTAL INDIVIDUAL LIFE	8 427	9 008

Annuities payable per annum by type of annuity – group life

In CHF million

	31.12.2015	31.12.2014
Retirement annuities – in payment	847	778
Retirement annuities – deferred	376	410
Survivors' annuities – in payment	135	126
Survivors' annuities – deferred	2 599	2 537
Disability income and other annuities – in payment	369	368
Disability income and other annuities – deferred	14 979	15 000
TOTAL GROUP LIFE	19 305	19 219

Life benefits insured by type of insurance – individual life

In CHF million

	31.12.2015	31.12.2014
Whole life and term life	24 277	25 571
Disability lump-sum payment	26	30
Other	4 594	5 046
TOTAL INDIVIDUAL LIFE	28 897	30 647

Life benefits insured by type of insurance – group life

In CHF million

	31.12.2015	31.12.2014
Term life	54 671	60 760
Disability lump-sum payment	479	465
Other	1 069	1 119
TOTAL GROUP LIFE	56 219	62 344

Morbidity and disability
Disability risk reflects the financial consequences of groups of individuals getting disabled more often and/or recovering less quickly than expected. With regard to morbidity, the most significant risk factors are epidemics, widespread changes in lifestyle, such as eating, smoking and exercise habits, and economic effects.

Embedded options
The ability of a policyholder to pay reduced or no future premiums under a contract, to terminate the contract completely or to exercise a guaranteed annuity option means that the insurer's liability is also subject to policyholder behaviour to a certain extent. On the assumption that a certain group of policyholders will make decisions rationally, overall insurance risk can be aggravated by such behaviour. For example, it is conceivable that policyholders whose health has deteriorated significantly will be less inclined to terminate contracts insuring disability or death benefits than those policyholders remaining in good health, thus resulting in an increasing trend in the expected mortality of policyholders, as the portfolio of insurance contracts is reduced due to surrender.

Underwriting strategy
Underwriting is the process of selecting and classifying insurable risks. The underwriting strategy attempts to ensure that the risks underwritten are profitable and well diversified in terms of type of risk and level of insured benefits. Life insurance underwriting is performed to ensure that the premiums and the general conditions of the insurance policies are adequate for the risks to be insured. The first step in the underwriting process is to determine which individual risks can be accepted. The second step is to place the accepted risks into groups of similar levels of risk. Both processes must be conducted objectively and consistently. The Group sets limits for the acceptance of insurance coverage arising from new and renewal business. Medical selection is part of the Group's underwriting procedures, whereby premiums are charged to reflect the health condition and family medical history of the applicants. The limits relate to sums at risk, maximum insured losses or present value of premiums at the contract or insured person level. Depending on the type of business and the limit exceeded, the new or renewed contract must be approved by the corresponding risk committee or senior management. Contracts exceeding the set limits are tested individually for profitability according to predefined procedures before approval. Certain contracts which include specific risks relating to derivatives or demographic risk factors for which no reliable data is available must be submitted for approval irrespective of the amount of coverage offered. Insurance coverage exceeding set limits is subject to regular internal reporting requirements. Additionally, the underwriting practices must be in line with local laws.

For certain group life business, local law is relevant with regard to medical examinations required before any business is written. For certain individual life business, agreements exist with regard to medical examinations of applicants before business is written. If the risk is assessed as high, exclusion of specific risks, premium adjustments and reinsurance are considered or the application may be rejected.

In the accident and health business, the underwriting strategy comprises biometric and financial data of the persons to be insured, type of contract and experience.

Non-life

The Swiss Life Group has non-life operations, mainly in France, covering risks associated with accident and health (disability) as well as property and casualty.

Claims arising from the accident and health business primarily cover refunds for medical treatment, daily allowances in the case of sick leave, annuities and long-term medical care. The most significant factors that could increase the overall liabilities in health insurance are the increase in the claim frequency due to an increase in the average age of the insured persons and negative economic and social factors. The insurance liabilities arising from accident and health insurance contracts must consider outstanding claims and claims incurred but not reported (IBNR). A large part of the insurance liabilities arising from these contracts relates to IBNR, and experience shows that health insurance contracts are sensitive to late reporting of claims in both number of claims and amounts.

The Group manages the risks arising from these contracts by means of its underwriting strategy and reinsurance arrangements.

Development of claims under non-life insurance contracts

In CHF million	Estimate of ultimate claim costs by year of loss occurrence										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
At end of year of loss occurrence	447	416	345	392	323	311	303	335	342	296	n/a
1 year later	403	383	387	373	369	362	330	361	346	–	n/a
2 years later	365	353	310	320	314	324	331	296	–	–	n/a
3 years later	350	296	275	293	286	336	285	–	–	–	n/a
4 years later	292	272	259	276	301	300	–	–	–	–	n/a
5 years later	266	261	242	297	265	–	–	–	–	–	n/a
6 years later	256	239	232	263	–	–	–	–	–	–	n/a
7 years later	231	260	225	–	–	–	–	–	–	–	n/a
8 years later	268	228	–	–	–	–	–	–	–	–	n/a
9 years later	240	–	–	–	–	–	–	–	–	–	n/a
CURRENT ESTIMATE OF CUMULATIVE CLAIMS	240	228	225	263	265	300	285	296	346	296	2 746
Cumulative payments to date	–225	–211	–206	–227	–232	–228	–217	–217	–203	–113	–2 080
LIABILITIES BEFORE DISCOUNTING	15	18	19	36	33	72	67	79	143	182	666
Effect of discounting	–	–	–	–	–	–	–	–	–	–	–
LIABILITIES FOR THE CURRENT AND 9 PREVIOUS YEARS	15	18	19	36	33	72	67	79	143	182	666
Liabilities for prior years											206
TOTAL GROSS CLAIMS UNDER NON-LIFE INSURANCE CONTRACTS											872

The development of claims under non-life insurance contracts comprises the non-life business in France. A minor part of the non-life business is very short-tailed. The claims incurred for this minor part are almost completely settled within one year. The amount of unpaid claims as at the balance sheet date is therefore not material and does not underlie any significant variation in its temporal development. The claims data regarding this type of business is not included in the figures above.

Acceptance rules for risks are consistent with both the Code des Assurances and the French regulations. Underwriting guidelines and tariffs are reviewed on an annual basis.

The monitoring of the risks taken is made on a monthly basis with regard to related premiums and claims. An automated claims supervision system is used for the adjustment of tariffs for risks with loss ratios above a certain level.

Reinsurance

Reinsurance is used to limit the Group's exposure to insurance risk. This does not, however, discharge the Group's liability as a primary insurer, and, if a reinsurer fails to pay a claim, the Group remains liable for the payments to the policyholder. A loss allowance would be recognised for any estimated unrecoverable reinsurance.

In addition, the Group holds substantial collateral under related reinsurance agreements in the form of deposited funds and securities. Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for the underlying policy benefits and are presented in the balance sheet as a component of the reinsurance assets.

Management reviews reinsurance programmes covering treaty, type, risks covered and retention on a regular basis. A process, competencies and limits are set up for the approval of reinsurance programmes and their modification. To ensure that the Group's principles are observed, guidelines on reinsurance are in place.

In accordance with its retention policy for mortality and disability benefits, the Group limits its exposure to CHF 5 million per life. Retention limits can be lower for other products (e.g. critical illness or long-term care) or for exposure in international markets. In addition, catastrophe reinsurance is in place to protect against accumulation of losses from a single event or a series of connected events.

The reinsurance team at Group level is responsible for implementing the retention policy by way of intra-group reinsurance. Intra-group reinsurance is transacted at arm's length.

As far as property and casualty insurance is concerned, the reinsurance arrangements mostly include non-proportional coverage on any single risk and/or event, and are adapted to the specific exposure. This includes excess of loss, stop-loss and catastrophe coverage, as well as facultative reinsurance for protection against specific risks.

Approximately 1.0% in terms of earned insurance premiums was ceded as at 31 December 2015 (2014: 1.4%).

Other risk transfer

Risk transfer primarily takes the form of reinsurance. Alternative forms of risk transfer (such as securitisation) require the formal approval of the Group Risk Committee. No significant alternative form of risk transfer is used by the Group at present.

Insurance risks are regularly reported to the Group Risk Committee.

Sensitivity analysis

The Swiss Life Group uses the market consistent embedded value (MCEV) following the guidelines of the European Insurance CFO Forum Market Consistent Embedded Value Principles©[1], as an important management tool, for its sensitivity analysis with regard to insurance risk and market risk. From the shareholders' point of view, the embedded value serves as an indicator of the value of the existing insurance portfolios. It is composed of two components: the net asset value (NAV) attributable to shareholders and the value of in-force business (VIF). Future new business is not included.

The market consistent embedded value of the Swiss Life Group amounted to CHF 12.5 billion as at 31 December 2015 (2014: CHF 12.9 billion). Due to different valuation principles, changes in the embedded value are typically not reflected to the same extent in the consolidated balance sheet and consolidated statement of income of the Swiss Life Group and vice versa.

The market consistent embedded value calculations are based on economic scenarios which are calibrated to market conditions at valuation date. Best estimate assumptions were made regarding a number of factors, in particular asset allocation, policyholder participation, development of costs and claims, policyholder behaviour, mortality and morbidity. Business is assumed to be continuing at the same level (going concern) and the current cost ratios – adjusted for inflation – are thus assumed to hold good for the future as well. Future costs from taxation and investment management expenses on assets backing solvency capital funded by the shareholders and which underpins the insurance business are charged to the MCEV. The Swiss Life Group calculates the embedded value for all its life and health insurance companies. All other companies are taken into account at their IFRS net asset value. As a consequence, embedded value sensitivities do not affect the value of these companies.

An analysis of sensitivity indicates to what extent the embedded value is affected by variations in risk factors. The analysis is based on changes in the assumptions used in the embedded value calculation whereby a specific risk factor is changed while holding all other assumptions constant (unless they are directly associated). In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. In the event of a change in a specific risk factor, the effect of anticipated management actions, such as different allocations to policyholder participation and dynamic policyholder behaviour, as a consequence is considered in the analysis. The changes in a specific risk factor are applied to the entire projection period.

The sensitivity analysis with regard to insurance risk is as follows:

Higher mortality would have a significant positive effect on the embedded value of life annuities (survival risk), whereas the negative effect on the embedded value of contracts with death cover (mortality risk) is comparatively limited due to corresponding reductions in policyholder bonuses. Therefore, this sensitivity is considered not significant as an adverse risk for the embedded value.

At 31 December 2015, if mortality rates (annuities) had decreased by 5%, the embedded value would have been CHF 163 million lower (2014: CHF 118 million lower).

At 31 December 2015, if morbidity had been 5% higher, the embedded value would have been CHF 41 million lower (2014: CHF 59 million lower).

At 31 December 2015, if morbidity had been 5% lower, the embedded value would have been CHF 40 million higher (2014: CHF 54 million higher).

The sensitivity analysis with regard to market risk is as follows:

The MCEV calculations of the Swiss Life Group are based on economic scenarios which are calibrated to market conditions at valuation date.

At 31 December 2015, if the interest rates had been 100 basis points higher, the embedded value would have been CHF 987 million higher (2014: CHF 530 million higher).

At 31 December 2015, if the interest rates had been 100 basis points lower, the embedded value would have been CHF 1428 million lower (2014: CHF 1068 million lower).

At 31 December 2015, if the swaption implied volatilities (interest rates) had been 10% higher, the embedded value would have been CHF 37 million higher (2014: CHF 61 million lower).

At 31 December 2015, if the swaption implied volatilities (interest rates) had been 10% lower, the embedded value would have been CHF 121 million lower (2014: CHF 79 million lower).

At 31 December 2015, if the market value of equity securities and property had been 10% higher, the embedded value would have been CHF 811 million higher (2014: CHF 722 million higher).

At 31 December 2015, if the market value of equity securities and property had been 10% lower, the embedded value would have been CHF 958 million lower (2014: CHF 818 million lower).

At 31 December 2015, if the equity securities and property implied volatilities had been 25% higher, the embedded value would have been CHF 338 million lower (2014: CHF 322 million lower).

At 31 December 2015, if the equity securities and property implied volatilities had been 25% lower, the embedded value would have been CHF 273 million higher (2014: CHF 263 million higher).

The sensitivity of insurance liabilities is also analysed on an economic basis for internal risk management purposes and to satisfy regulatory requirements (Swiss Solvency Test).

6 Earnings per Share

Basic earnings per share (EPS) are calculated on the weighted average number of shares outstanding during the reporting period, excluding the average number of shares purchased by the Group and held as treasury shares.

Diluted earnings per share include the dilutive effect of convertible bonds and share options issued. In the diluted EPS calculation, the convertible debt is assumed to have been converted into shares and the profit attributable to shareholders is adjusted for the applicable interest expense minus the related taxes. Share options are dilutive when they would result in the issuance of shares for less than the average market price during the period. Dilutive share options are assumed to have been exercised. The assumed proceeds are regarded as having been received from the issuance of shares at the average market price during the period. The difference between the number of shares issued and the number of shares that would have been issued at the average market price during the period is considered as an issuance of shares for no consideration.

In CHF million (if not noted otherwise)

	2015	2014
BASIC EARNINGS PER SHARE		
Net result attributable to equity holders of Swiss Life Holding	**872**	814
Weighted average number of shares outstanding	**31 829 018**	31 904 630
BASIC EARNINGS PER SHARE FOR THE NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF SWISS LIFE HOLDING (IN CHF)	**27.41**	25.52
DILUTED EARNINGS PER SHARE		
Net result attributable to equity holders of Swiss Life Holding	**872**	814
Elimination of interest expense on convertible bonds	**7**	7
RESULT USED TO DETERMINE DILUTED EARNINGS PER SHARE	**880**	821
Weighted average number of shares outstanding	**31 829 018**	31 904 630
Adjustments (number of shares)		
Assumed conversion of convertible bonds	**2 071 173**	1 998 862
Equity compensation plans	**122 528**	162 271
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING FOR DILUTED EARNINGS PER SHARE	**34 022 719**	34 065 763
DILUTED EARNINGS PER SHARE FOR THE NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF SWISS LIFE HOLDING (IN CHF)	**25.85**	24.11

7 Premiums, Policy Fees and Deposits Received

Written premiums

In CHF million

	2015	2014
Direct	13 587	13 633
Assumed	330	332
GROSS WRITTEN PREMIUMS	13 917	13 965
Ceded	–141	–192
NET WRITTEN PREMIUMS	13 775	13 774

Earned premiums

In CHF million

	2015	2014
Direct	13 586	13 636
Assumed	326	332
GROSS EARNED PREMIUMS	13 912	13 968
Ceded	–141	–192
NET EARNED PREMIUMS	13 771	13 776

Written policy fees

In CHF million

	2015	2014
Direct	278	306
GROSS WRITTEN POLICY FEES	278	306
Ceded	–	–
NET WRITTEN POLICY FEES	278	306

Earned policy fees

In CHF million

	2015	2014
Direct	276	308
GROSS EARNED POLICY FEES	276	308
Ceded	–	–
NET EARNED POLICY FEES	276	308

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

	2015	2014
Gross written premiums and policy fees	14 195	14 271
Deposits received under insurance and investment contracts	4 658	4 831
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	18 853	19 102

8 Details of Certain Items in the Consolidated Statement of Income

Commission income

In CHF million

	2015	2014[1]
Brokerage commissions	**496**	539
Asset management commissions	**341**	277
Other commissions and fees	**179**	182
TOTAL COMMISSION INCOME	**1 016**	998

[1] Comparative amounts have been adjusted due to refined definitions for the line items

Investment income

In CHF million

	Notes	2015	2014
Interest income on financial assets available for sale		**2 605**	2 812
Interest income on loans and receivables		**709**	836
Other interest income		**2**	3
Dividend income on financial assets available for sale		**299**	119
Net income on investment property		**675**	677
TOTAL INVESTMENT INCOME	5	**4 290**	4 448

Net gains/losses on financial assets

In CHF million

	Notes	2015	2014
Sale of			
financial assets available for sale	26	**561**	264
loans		**87**	168
Net gains/losses from sales		**647**	432
Impairment losses on			
debt securities available for sale	26	**0**	–18
equity securities available for sale	26	**–34**	–23
loans and receivables	13	**–18**	–6
Impairment losses on financial assets		**–52**	–47
Foreign currency gains/losses		**–348**	2 246
TOTAL NET GAINS/LOSSES ON FINANCIAL ASSETS	5	**248**	2 631

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

In CHF million

	Notes	2015	2014
Currency derivatives		–250	–2 306
Interest rate derivatives		352	168
Equity derivatives		16	–18
Other derivatives		31	–8
Financial assets designated as at fair value through profit or loss [1]		18	169
Financial liabilities designated as at fair value through profit or loss [2]		–59	–50
Associates at fair value through profit or loss [1]		–13	28
Assets for the account and risk of the Swiss Life Group's customers [1]		–315	1 897
Unit-linked contracts		300	–1 890
TOTAL NET GAINS/LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	5	81	–2 009

[1] includes interest and dividend income of CHF 274 million (2014: CHF 103 million)

[2] includes changes attributable to credit risk: nil (2014: nil)

Other income

In CHF million

	2015	2014
Realised gains/losses on sales of subsidiaries and other assets	1	0
Net income on inventory property	26	14
Other foreign currency gains/losses	193	12
Other	–9	6
TOTAL OTHER INCOME	210	31

Net insurance benefits and claims

In CHF million

	2015	2014
Benefits and claims under insurance contracts		
Life benefits and claims paid, gross	9 794	9 648
Change in liability for future life policyholder benefits, gross	4 532	4 484
Non-life claims paid, gross	222	262
Change in reserve for non-life claims, gross	10	–9
Benefits and claims recovered from reinsurers	–95	–98
Net benefits and claims under insurance contracts	14 463	14 287
Benefits and claims under investment contracts with discretionary participation		
Life benefits and claims paid, gross	565	475
Change in liability for future life policyholder benefits, gross	488	457
Benefits and claims recovered from reinsurers	–	–
Net benefits and claims under investment contracts with discretionary participation	1 053	932
TOTAL NET INSURANCE BENEFITS AND CLAIMS	15 516	15 218

Interest expense

In CHF million

	Notes	2015	2014
Interest expense on deposits		**12**	25
Interest expense on investment contracts	19	**75**	81
Interest expense on deposits under insurance contracts	22	**56**	69
Other interest expense		**20**	29
TOTAL INTEREST EXPENSE		**162**	205

Commission expense

In CHF million

	2015	2014
Insurance agent and broker commissions	**685**	839
Asset management and banking commissions	**68**	64
Other commissions and fees	**45**	37
TOTAL COMMISSION EXPENSE	**797**	940

Employee benefits expense

In CHF million

	Notes	2015	2014
Wages and salaries		**600**	588
Social security		**119**	133
Defined benefit plans	23	**84**	86
Defined contribution plans		**1**	1
Other employee benefits		**67**	60
TOTAL EMPLOYEE BENEFITS EXPENSE		**871**	867

Depreciation and amortisation expense

In CHF million

	Notes	2015	2014
Depreciation of property and equipment	16	**24**	26
Amortisation of present value of future profits (PVP)	17	**1**	1
Amortisation of deferred acquisition costs (DAC)	17	**401**	314
Amortisation of deferred origination costs (DOC)	17	**14**	11
Amortisation of other intangible assets	17	**28**	32
TOTAL DEPRECIATION AND AMORTISATION EXPENSE		**468**	383

Other expenses

In CHF million

	2015	2014
Marketing and advertising	**57**	58
Information technology and systems	**73**	80
Rental, maintenance and repair	**66**	66
Professional services	**158**	185
Premium taxes and other non-income taxes	**55**	54
Other	**87**	88
TOTAL OTHER EXPENSES	**497**	532

9 Derivatives and Hedge Accounting

In CHF million	Fair value assets		Fair value liabilities		Notional amount/exposure	
	31.12.2015	31.12.2014	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014
CURRENCY DERIVATIVES						
Forward contracts	**366**	16	**207**	1 104	**30 005**	34 728
Futures	**0**	1	**0**	2	**37**	155
Options (over-the-counter)	**50**	48	**168**	81	**3 730**	1 895
TOTAL CURRENCY DERIVATIVES	**416**	66	**375**	1 187	**33 773**	36 778
INTEREST RATE DERIVATIVES						
Forward contracts	**147**	266	**2**	–	**624**	913
Swaps	**1 259**	1 577	**570**	868	**36 423**	48 617
Futures	**0**	–	**–**	–	**26**	–
Options (over-the-counter)	**16**	37	**–**	–	**521**	1 611
TOTAL INTEREST RATE DERIVATIVES	**1 421**	1 880	**571**	868	**37 594**	51 142
EQUITY/INDEX DERIVATIVES						
Futures	**13**	3	**6**	12	**2 120**	803
Options (over-the-counter)	**0**	–	**–**	–	**9**	–
Options (exchange-traded)	**248**	405	**1**	70	**700**	3 561
Other	**13**	4	**1**	1	**76**	154
TOTAL EQUITY/INDEX DERIVATIVES	**275**	412	**8**	83	**2 905**	4 517
OTHER DERIVATIVES						
Credit derivatives	**–**	–	**35**	27	**5 435**	1 911
TOTAL OTHER DERIVATIVES	**–**	–	**35**	27	**5 435**	1 911
TOTAL DERIVATIVES	**2 113**	2 358	**989**	2 165	**79 708**	94 348
of which derivatives designated and accounted for as hedging instruments						
Derivatives designated as fair value hedges	**29**	–	**50**	46	**9 582**	1 312
Derivatives designated as cash flow hedges	**393**	744	**3**	–	**2 110**	3 584

Derivatives held for risk management

Derivatives held for risk management primarily comprise derivatives that share a risk with other financial instruments and give rise to opposite changes in fair value that tend to offset each other ("economic hedges"). The timing of the offset does not match in all cases.

To manage the risks associated with derivative activity, the Group establishes risk levels and monitors these exposures. Exposure to price risk on both derivatives and their underlyings is managed in accordance with risk limits set by management for buying or selling instruments or closing out positions. The risks arise from open positions in interest rates, currencies and equity instruments, all of which are exposed to general and specific market movements.

Derivatives designated and accounted for as hedging instruments

Derivatives designated and accounted for as hedging instruments comprise derivatives associated with fair value hedges, cash flow hedges and net investment hedges that qualify for hedge accounting.

Derivatives designated as fair value hedges as at 31 December 2015

In CHF million	Fair value		Hedging instruments		Hedged items		Notional amount
	Assets	Liabilities	Gains	Losses	Gains	Losses	
Interest rate risk							
Interest rate swaps to hedge available-for-sale bond portfolios	**11**	**27**	**53**	**32**	**28**	**53**	**4 540**
Foreign currency risk							
Currency forwards to hedge non-monetary investments	**18**	**23**	**522**	**599**	**616**	**539**	**5 043**
TOTAL DERIVATIVES DESIGNATED AS FAIR VALUE HEDGES	**29**	**50**	**575**	**632**	**644**	**592**	**9 582**

Derivatives designated as fair value hedges as at 31 December 2014

In CHF million	Fair value		Hedging instruments		Hedged items		Notional amount
	Assets	Liabilities	Gains	Losses	Gains	Losses	
Interest rate risk							
Interest rate swaps to hedge available-for-sale bond portfolios	–	–	–	96	101	–	–
Foreign currency risk							
Currency forwards to hedge non-monetary investments	–	46	22	160	153	17	1 312
TOTAL DERIVATIVES DESIGNATED AS FAIR VALUE HEDGES	–	46	22	256	255	17	1 312

The Swiss Life Group used interest rate swaps to hedge available-for-sale fixed-rate bonds in Swiss francs, euro and US dollars against changes in the fair value attributable to interest rate risk. The nominal amount of these bonds as at 31 December 2015 was CHF 4.5 billion (2014: nil).

Forward contracts are used as hedging instruments to protect non-monetary investments against adverse movements in euro, British pound and US dollar exchange rates. Such investments include equity securities, hedge funds and investment funds (equity funds, real estate funds and corporate loan funds).

Derivatives designated as cash flow hedges as at 31 December 2015

In CHF million (if not noted otherwise)	Fair value assets	Fair value liabilities	Amounts recognised in other comprehensive income	Ineffectiveness recognised in profit or loss	Amounts transferred to profit or loss	Contract/ notional amount	Cash flows expected to occur (year)	Cash flows expected to affect profit or loss (year)
INTEREST RATE RISK								
Forward starting swaps/bonds								
Switzerland	**217**	**–**	**127**	**–**	**–1**	**1 215**	**2016-2022**	**2016-2047**
France	**175**	**3**	**19**	**–**	**–6**	**895**	**2016-2020**	**2016-2038**
Germany	**–**	**–**	**1**	**–**	**–1**	**–**	**n/a**	**2016-2047**
Total interest rate risk	**393**	**3**	**146**	**–**	**–8**	**2 110**	**n/a**	**n/a**
TOTAL DERIVATIVES DESIGNATED AS CASH FLOW HEDGES	**393**	**3**	**146**	**–**	**–8**	**2 110**	**n/a**	**n/a**

Derivatives designated as cash flow hedges as at 31 December 2014

In CHF million (if not noted otherwise)	Fair value assets	Fair value liabilities	Amounts recognised in other comprehensive income	Ineffectiveness recognised in profit or loss	Amounts transferred to profit or loss	Contract/ notional amount	Cash flows expected to occur (year)	Cash flows expected to affect profit or loss (year)
INTEREST RATE RISK								
Forward starting swaps/bonds								
Switzerland	371	–	464	0	0	2 250	2015–2021	2015–2047
France	299	–	305	0	–1	1 094	2015–2018	2015–2038
Germany	74	–	84	0	–	241	2015–2017	2015–2047
Total interest rate risk	744	–	853	0	–1	3 584	n/a	n/a
TOTAL DERIVATIVES DESIGNATED AS CASH FLOW HEDGES	744	–	853	0	–1	3 584	n/a	n/a

In 2015 and 2014, the Group used forward starting swaps and forward starting bonds to hedge the exposure to variability in interest cash flows arising on the highly probable purchase of bonds in order to achieve an adequate yield level for reinvestments.

In 2015, a gain of CHF 8 million was reclassified from other comprehensive income to profit or loss and included in investment income (2014: gain of CHF 1 million).

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

In CHF million

	Notes	31.12.2015	31.12.2014
FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Debt securities		**635**	595
Money market instruments		**0**	0
Equity securities		**7**	6
Investment funds – debt		**1 499**	642
Investment funds – equity		**257**	266
Investment funds – balanced		**83**	59
Real estate funds		**696**	389
Hedge funds		**5**	6
Infrastructure investments		**619**	361
Assets attributable to non-controlling interests of investment funds		**2 496**	1 090
Financial assets for the account and risk of the Swiss Life Group's customers	5	**27 293**	28 975
TOTAL FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS		**33 590**	32 389
FINANCIAL LIABILITIES DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Unit-linked contracts	5	**22 615**	24 325
Share of net assets of investment funds attributable to non-controlling interests		**2 496**	1 090
TOTAL FINANCIAL LIABILITIES DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS		**25 111**	25 415

11 Financial Assets Available for Sale

In CHF million	Cost/amortised cost		Net unrealised gains/losses		Fair value (carrying amount)	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Debt securities	**76 030**	78 126	**8 854**	11 912	**84 884**	90 038
Equity securities	**3 431**	1 727	**232**	236	**3 663**	1 963
Investment funds – debt	**4 436**	2 351	**–69**	73	**4 367**	2 424
Investment funds – equity	**1 384**	1 118	**77**	139	**1 461**	1 257
Investment funds – balanced	**30**	14	**0**	0	**29**	14
Real estate funds	**881**	675	**33**	55	**914**	730
Private equity	**412**	463	**189**	138	**601**	601
Hedge funds	**76**	93	**30**	44	**106**	137
TOTAL FINANCIAL ASSETS AVAILABLE FOR SALE	**86 680**	84 567	**9 345**	12 595	**96 026**	97 162

Financial assets available for sale that have been sold under a repurchase agreement or lent under an agreement to return them, and where the transferee has the right to sell or repledge the financial assets given as collateral, were reclassified to financial assets pledged as collateral.

12 Financial Assets Pledged as Collateral

In CHF million	Carrying amount	
	31.12.2015	31.12.2014
Debt securities reclassified from		
financial assets available for sale	**2 109**	2 763
TOTAL DEBT SECURITIES PLEDGED AS COLLATERAL	**2 109**	2 763
TOTAL FINANCIAL ASSETS PLEDGED AS COLLATERAL	**2 109**	2 763

Financial assets that have been sold under a repurchase agreement or lent under an agreement to return them are not derecognised when substantially all the risks and rewards of ownership are retained by the Swiss Life Group. If the transferee has the right to sell or repledge the financial assets given as collateral, they are reclassified in the balance sheet as financial assets pledged at their respective carrying amounts.

13 Loans and Receivables

In CHF million		Gross amount		Allowance for impairment losses		Cost/amortised cost (carrying amount)	
	Notes	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
LOANS							
Mortgages		**7 086**	6 157	**–12**	–11	**7 073**	6 145
Corporate and other loans		**1 735**	3 173	**–4**	–2	**1 732**	3 171
Note loans		**6 758**	7 944	**–**	–	**6 758**	7 944
Debt securities previously classified as available for sale		**3 959**	5 617	**–**	–6	**3 959**	5 611
Other debt securities classified as loans		**433**	477	**–**	–	**433**	477
TOTAL LOANS	30	**19 971**	23 368	**–16**	–20	**19 955**	23 348
RECEIVABLES							
Insurance receivables		**1 413**	1 323	**–18**	–19	**1 395**	1 304
Reinsurance receivables		**367**	356	**–**	–	**367**	356
Accrued income		**1 530**	1 668	**–**	–	**1 530**	1 668
Settlement accounts		**341**	534	**–**	–	**341**	534
Other		**757**	740	**–9**	–3	**747**	737
TOTAL RECEIVABLES	30	**4 407**	4 622	**–28**	–22	**4 379**	4 600
TOTAL LOANS AND RECEIVABLES		**24 378**	27 990	**–44**	–42	**24 334**	27 948

Allowance for impairment losses

In CHF million	Individual evaluation of impairment		Collective evaluation of impairment		Total	
	2015	2014	2015	2014	2015	2014
LOANS						
Balance as at 1 January	**9**	8	**11**	10	**20**	18
Impairment losses/reversals	**2**	3	**2**	0	**4**	3
Write-offs and disposals	**–7**	–1	**–**	–	**–7**	–1
Foreign currency translation differences	**0**	0	**–**	–	**0**	0
BALANCE AS AT END OF PERIOD	**4**	9	**12**	11	**16**	20
RECEIVABLES						
Balance as at 1 January	**6**	7	**16**	16	**22**	23
Impairment losses/reversals	**1**	1	**13**	3	**14**	3
Write-offs and disposals	**1**	–1	**–7**	–3	**–6**	–4
Foreign currency translation differences	**–1**	0	**–1**	0	**–2**	0
BALANCE AS AT END OF PERIOD	**7**	6	**20**	16	**28**	22
TOTAL ALLOWANCE FOR IMPAIRMENT LOSSES	**11**	15	**32**	26	**44**	42

Interest income accrued on impaired loans was CHF 0.3 million as at 31 December 2015 (2014: CHF 0.4 million). The Group's loan portfolio is monitored closely through the review of information such as debt service, annual reports and assessments. This information is evaluated in light of current economic conditions and other factors such as diversification of the property portfolio. This evaluation is part of the regular review to determine whether the allowance for potential loan losses is warranted. Management believes that the allowance for loan losses is sufficient. However, management cannot predict with assurance the impact of future economic circumstances or how the mortgage and real estate portfolios would be affected by various economic circumstances.

As at 1 July 2008, certain financial assets were reclassified from financial assets available for sale to loans due to the disappearance of an active market. The financial assets reclassified primarily consist of corporate debt instruments and debt instruments relating to emerging markets. The fair value as at 1 July 2008 of the financial assets reclassified amounted to CHF 14 966 million. At the date of reclassification the effective interest rate ranged from 0.8% to 9.7%, and the amount of cash flows expected to be recovered was estimated at CHF 32 658 million. In 2008, unrealised losses of CHF 740 million were recognised in other comprehensive income in respect of these assets.

Further details with regard to the financial assets reclassified are as follows.

Debt securities previously classified as available for sale

In CHF million

	2015	2014
Carrying amount as at 31 December	**3 959**	5 611
Fair value as at 31 December	**4 375**	6 539
Gains (+)/losses (–) that would have been recognised in other comprehensive income if the assets had not been reclassified (excluding adjustments for income tax and policyholder participation)	**–449**	136
Gains (+)/losses (–) recognised in profit or loss (including impairment)	**72**	0
Interest income	**261**	330

14 Investment Property

In CHF million

	Notes	2015	2014
Balance as at 1 January		**19 596**	18 517
Additions		**1 917**	1 219
Capitalised subsequent expenditure		**327**	232
Classification as assets held for sale and other disposals		**–623**	–654
Gains/losses from fair value adjustments		**655**	288
Transfers from own-use property	16	**–**	54
Transfers to inventory property		**–13**	–
Foreign currency translation differences		**–302**	–58
BALANCE AS AT END OF PERIOD		**21 557**	19 596
Investment property consists of			
completed investment property		**21 242**	19 166
investment property under construction		**315**	430
TOTAL INVESTMENT PROPERTY		**21 557**	19 596

Investment property held by the Group includes residential, commercial and mixed-use properties primarily located within Switzerland, and comprises both completed investment property and investment property under construction. Property held for investment purposes comprises land and buildings owned by the Group to earn rentals and/or for capital appreciation. Property that is used by the Group itself or leased to, and occupied by, another entity of the Group is classified as owner-occupied property under property and equipment. Property acquired with a view to its subsequent disposal in the near future is carried under assets held for sale.

Rental income from investment property was CHF 868 million for the period ended 31 December 2015 (2014: CHF 850 million). Operating expenses arising from investment property that generated rental income stood at CHF 193 million for the period ended 31 December 2015 (2014: CHF 173 million).

15 Investments in Associates

Summarised financial information for the year 2015

Amounts in CHF million	Ownership interest	Carrying amount	Dividends received	Share of profit or loss	Share of other comprehensive income	Share of total comprehensive income
EQUITY METHOD ASSOCIATES						
Crédit et services financiers (CRESERFI), Paris	**33.4%**	**44**	**–**	**1**	**–**	**1**
Groupe Assuristance, Paris	**34.0%**	**12**	**1**	**2**	**–**	**2**
Other associates	**n/a**	**5**	**2**	**3**	**–**	**3**
TOTAL	**n/a**	**61**	**4**	**7**	**–**	**7**
ASSOCIATES AT FAIR VALUE THROUGH PROFIT OR LOSS						
DEPFA Holding Verwaltungsgesellschaft mbH, Düsseldorf	**20.4%**	**1**	**177**	**n/a**	**n/a**	**n/a**
Other associates	**n/a**	**5**	**–**	**n/a**	**n/a**	**n/a**
TOTAL	**n/a**	**6**	**177**	**n/a**	**n/a**	**n/a**

Summarised financial information for the year 2014

Amounts in CHF million	Ownership interest	Carrying amount	Dividends received	Share of profit or loss	Share of other comprehensive income	Share of total comprehensive income
EQUITY METHOD ASSOCIATES						
Crédit et services financiers (CRESERFI), Paris	33.4%	47	0	1	–	1
Groupe Assuristance, Paris	34.0%	12	2	3	0	3
Other associates	n/a	6	1	–1	–	–1
TOTAL	n/a	65	3	3	0	3
ASSOCIATES AT FAIR VALUE THROUGH PROFIT OR LOSS						
DEPFA Holding Verwaltungsgesellschaft mbH, Düsseldorf	20.4%	212	7	n/a	n/a	n/a
Other associates	n/a	7	–	n/a	n/a	n/a
TOTAL	n/a	219	7	n/a	n/a	n/a

Summarised financial information relating to material associates was as follows.

Amounts in CHF million	Crédit et services financiers (CRESERFI), Paris		Groupe Assuristance Paris		DEPFA Holding Verwaltungs-gesellschaft mbH, Düsseldorf	
	2015	2014	**2015**	2014	**2015**	2014
SUMMARISED FINANCIAL INFORMATION						
Current assets	**168**	185	**23**	19	**0**	130
Non-current assets	**12**	14	**36**	41	**4**	483
Current liabilities	**–32**	–37	**–23**	–23	**0**	–15
Non-current liabilities	**–17**	–20	**–1**	–2	**–**	–
Revenue	**33**	42	**50**	53	**174**	2
Profit or loss	**3**	4	**7**	8	**168**	150
Other comprehensive income	**–**	–	**–**	0	**–4**	0
Total comprehensive income	**3**	4	**7**	8	**164**	149
RECONCILIATION						
Net assets	**131**	142	**35**	35	**n/a**	n/a
Ownership interest	**33.4%**	33.4%	**34.0%**	34.0%	**n/a**	n/a
Share of net assets (carrying amount)	**44**	47	**12**	12	**n/a**	n/a

Due to dividend distribution of CHF 177 million, the fair value of DEPFA Holding Verwaltungsgesellschaft mbH, Düsseldorf, decreased significantly in 2015.

16 Property and Equipment

Property and equipment for the year 2015

In CHF million

	Notes	Land and buildings	Furniture and fixtures	Hardware	Other equipment	Total
COST						
Balance as at 1 January		570	54	61	27	713
Additions		2	4	5	1	13
Additions from business combinations	28	–	0	–	0	0
Disposals [1]		0	–5	–3	–1	–9
Foreign currency translation differences		–19	–3	–4	–2	–28
BALANCE AS AT END OF PERIOD		553	51	60	26	690
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
Balance as at 1 January		–177	–35	–46	–14	–271
Depreciation		–12	–4	–6	–2	–24
Impairment losses		–	–1	–	–	–1
Disposals [1]		0	3	2	0	6
Foreign currency translation differences		2	2	2	1	7
BALANCE AS AT END OF PERIOD		–186	–34	–48	–15	–283
TOTAL PROPERTY AND EQUIPMENT AS AT END OF PERIOD		367	17	12	11	407
of which assets held under a finance lease		–	–	1	–	1
of which buildings in the course of construction		–				

[1] includes elimination of fully depreciated assets

Property and equipment for the year 2014

In CHF million

	Notes	Land and buildings	Furniture and fixtures	Hardware	Other equipment	Total
COST						
Balance as at 1 January		603	53	59	27	742
Additions		56	11	11	1	80
Additions from business combinations	28	–	1	1	0	1
Disposals [1]		–3	–10	–9	–1	–23
Transfers to investment property	14	–81	–	–	–	–81
Revaluation in respect of transfers to investment property		0	–	–	–	0
Foreign currency translation differences		–4	0	–1	0	–5
BALANCE AS AT END OF PERIOD		570	54	61	27	713
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
Balance as at 1 January		–196	–39	–46	–12	–294
Depreciation		–12	–5	–7	–2	–26
Impairment losses		–	0	–	–	0
Disposals [1]		3	9	7	1	19
Transfers to investment property	14	27	–	–	–	27
Foreign currency translation differences		1	0	0	0	1
BALANCE AS AT END OF PERIOD		–177	–35	–46	–14	–271
TOTAL PROPERTY AND EQUIPMENT AS AT END OF PERIOD		394	20	16	13	442
of which assets held under a finance lease		–	–	1	–	1
of which buildings in the course of construction		0				

[1] includes elimination of fully depreciated assets

No borrowing costs were capitalised in property and equipment in 2015 and 2014.

17 Intangible Assets including Intangible Insurance Assets

In CHF million

	31.12.2015	31.12.2014
Intangible insurance assets	**1 464**	1 497
Other intangible assets	**1 376**	1 475
TOTAL INTANGIBLE ASSETS	**2 840**	2 972

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	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
Balance as at 1 January	**14**	16	**1 450**	1 567	**33**	35	**1 497**	1 618
Additions	**–**	–	**429**	394	**5**	9	**434**	403
Amortisation	**–1**	–1	**–401**	–314	**–14**	–11	**–415**	–326
Impairment	**–**	–	**0**	–1	**–**	–	**0**	–1
Effect of shadow accounting	**0**	0	**49**	–177	**–**	–	**49**	–178
Foreign currency translation differences	**–1**	0	**–96**	–18	**–3**	–1	**–101**	–19
BALANCE AS AT END OF PERIOD	**12**	14	**1 431**	1 450	**21**	33	**1 464**	1 497

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 to investment management services within investment contract policies. They relate to contracts in Luxembourg and Switzerland.

Other intangible assets for the year 2015

In CHF million

	Notes	Goodwill	Customer relationships	Computer software	Brands and other	Total
COST						
Balance as at 1 January		1 843	191	190	23	2 247
Additions		–	–	11	–	11
Additions from business combinations	28	15	–	1	–	16
Disposals [1]		–	–39	–4	–	–43
Foreign currency translation differences		–104	–16	–18	–2	–140
BALANCE AS AT END OF PERIOD		1 754	136	181	21	2 092
ACCUMULATED AMORTISATION AND IMPAIRMENT						
Balance as at 1 January		–542	–99	–131	0	–772
Amortisation		–	–13	–15	0	–28
Impairment losses		–15	–	–	–	–15
Disposals [1]		–	39	4	–	42
Foreign currency translation differences		37	7	12	0	57
BALANCE AS AT END OF PERIOD		–520	–66	–130	0	–716
TOTAL OTHER INTANGIBLE ASSETS AS AT END OF PERIOD		1 234	70	51	21	1 376

[1] includes elimination of fully amortised/impaired assets

Other intangible assets for the year 2014

In CHF million

	Notes	Goodwill	Customer relationships	Computer software	Brands and other	Total
COST						
Balance as at 1 January		1 743	223	183	3	2 151
Additions		–	–	10	–	10
Additions from business combinations	28	117	62	1	20	201
Additions from internal software development		–	–	2	–	2
Disposals [1]		–	–91	–2	–	–93
Foreign currency translation differences		–17	–3	–3	0	–24
BALANCE AS AT END OF PERIOD		1 843	191	190	23	2 247
ACCUMULATED AMORTISATION AND IMPAIRMENT						
Balance as at 1 January		–550	–164	–120	0	–833
Amortisation		–	–17	–15	0	–32
Impairment losses		–	–11	0	–	–11
Disposals [1]		–	91	2	–	93
Foreign currency translation differences		7	2	2	0	11
BALANCE AS AT END OF PERIOD		–542	–99	–131	0	–772
TOTAL OTHER INTANGIBLE ASSETS AS AT END OF PERIOD		1 301	91	59	23	1 475

[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.

In 2015, Actuaires & Associés, Petit-Lancy, ABCON AG, Bern, and Sobrado Software AG, Cham, were acquired. The goodwill amounted to CHF 15 million in total. The goodwill of all three acquisitions has been allocated to the "Switzerland" segment and was fully impaired in 2015.

In October 2014, the acquisition of Corpus Sireo Holding GmbH & Co. KG, Cologne, led to the recognition of goodwill of CHF 117 million. The goodwill has been allocated to the "Asset Managers" segment.

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 19 million (31.12.2014: CHF 21 million) has been allocated to the "France" segment and CHF 8 million (31.12.2014: CHF 9 million) to the "Asset Managers" segment as at 31 December 2015.

The calculations relating to the recoverable amounts, which have been determined on a value-in-use basis, use cash flow projections based on financial budgets approved by management. The projection covers a three-year period for Lloyd Continental and Corpus Sireo. Due to the duration of the insurance and investment contracts a five-year period was used for CapitalLeben. The calculations for Lloyd Continental, Corpus Sireo and CapitalLeben are based on present values that traditionally use a single set of estimated cash flows and a single discount rate.

In CHF million	Lloyd Continental		CapitalLeben		Corpus Sireo		Other	
	31.12.2015	31.12.2014	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014
Net carrying amount of goodwill	**287**	287	**149**	149	**105**	116	**27**	30
Impairment losses	**–**	–	**–**	–	**–**	–	**–**	–
KEY ASSUMPTIONS USED FOR IMPAIRMENT TESTS								
Growth rate	**2.0%**	2.0%	**1.0%**	1.0%	**2.0%**	2.0%	**2.0%**	2.0%
Discount rate	**9.3%**	9.7%	**6.4%**	7.0%	**8.7%**	9.1%	**9.3%**	9.7%

The discount rates used for the value-in-use calculations are based on weighted average cost of capital (WACC) derived from the Capital Asset Pricing Model. Peer group comparisons and the beta of the Swiss Life Group are used for determining the beta used in the calculation. Capital structure reflected in the WACC calculation is in line with the actual and target capital structure of the Swiss Life Group.

The growth rates reflect the long-term inflation expectations of the International Monetary Fund for Switzerland and Liechtenstein and of the European Central Bank for the euro zone.

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. The recoverable amounts have been determined on a value-in-use basis and use cash flow projections based on financial budgets approved by management. The projection covers a three-year period for Switzerland, Germany and International (AT/CEE, UK). The calculations are based on present values that traditionally use a single set of estimated cash flows and a single discount rate. The key assumptions used for the impairment testing on the carrying amount of goodwill are as follows.

Goodwill relating to Swiss Life Select

In CHF million	Switzerland		Germany		International		Total	
	31.12.2015	31.12.2014	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014
Net carrying amount of goodwill	**152**	152	**438**	485	**76**	82	**666**	719
Impairment losses	**–**	–	**–**	–	**–**	–	**–**	–
KEY ASSUMPTIONS USED FOR IMPAIRMENT TESTS								
Growth rate	**1.0%**	1.0%	**2.0%**	2.0%	**2.0%**	2.0%	**n/a**	n/a
Discount rate	**6.9%**	7.5%	**8.7%**	9.1%	**8.1%**	8.5%	**n/a**	n/a

Customer relationships

In October 2014, the acquisition of Corpus Sireo Holding GmbH & Co. KG, Cologne, led to the recognition of customer relationships of CHF 62 million.

As at 31 December 2015, customer relationships comprise customer relationships relating to Swiss Life Select: CHF 4 million (31.12.2014: CHF 5 million) which were allocated to the "Switzerland" segment. The "France" segment comprises customer relationships of CHF 20 million (31.12.2014: CHF 26 million) and the "Asset Managers" segment CHF 46 million (31.12.2014: CHF 60 million). Customer relationships were included in the impairment test of the respective cash-generating unit.

Brands and other

In October 2014, the acquisition of Corpus Sireo Holding GmbH & Co. KG, Cologne, led to the recognition of the brand "Corpus Sireo" of CHF 20 million and was included in the impairment test.

18 Other Assets and Liabilities

Other assets

In CHF million

	31.12.2015	31.12.2014
Deferred charges and prepaid expenses	**79**	62
Employee benefit assets	**97**	103
Inventory property [1]	**214**	149
VAT and other tax receivables	**72**	103
Sundry assets	**8**	14
TOTAL OTHER ASSETS	**471**	431

[1] of which CHF 103 million pledged as security for loans (2014: CHF 124 million)

Other liabilities

In CHF million

	31.12.2015	31.12.2014
Deferred income	**188**	189
VAT and other tax payables	**103**	100
Sundry liabilities	**2**	1
TOTAL OTHER LIABILITIES	**293**	289

19 Investment Contracts

In CHF million

	Notes	31.12.2015	31.12.2014
Investment contracts with discretionary participation with deposit accounting		**10 644**	11 167
Investment contracts with discretionary participation with actuarial valuation		**3 118**	2 630
Investment contracts without discretionary participation at amortised cost	30	**9**	11
Investment contracts without discretionary participation at fair value through profit or loss		**343**	262
TOTAL INVESTMENT CONTRACTS		**14 115**	14 070
of which for the account and risk of the Swiss Life Group's customers			
investment contracts with discretionary participation	5	**3 833**	3 928
investment contracts without discretionary participation	5	**162**	179

Investment contracts with discretionary participation with deposit accounting

In CHF million

	2015	2014
Balance as at 1 January	**11 167**	10 728
Deposits received	**2 043**	2 227
Interest credited	**75**	81
Participating bonuses	**156**	189
Policy fees	**–130**	–133
Deposits released	**–1 060**	–1 258
Other movements	**162**	226
Reclassifications and other disposals	**–711**	–702
Foreign currency translation differences	**–1 058**	–191
BALANCE AS AT END OF PERIOD	**10 644**	11 167

Investment contracts with discretionary participation with actuarial valuation

In CHF million

	2015	2014
Balance as at 1 January	**2 630**	2 173
Savings premiums	**1 008**	893
Accretion of interest	**36**	33
Liabilities released for payments on death, surrender and other terminations during the year	**–565**	–476
Effect of changes in actuarial assumptions and other movements	**9**	6
Foreign currency translation differences	**0**	–
BALANCE AS AT END OF PERIOD	**3 118**	2 630

In the case of contracts that do not have significant insurance risk but contain discretionary participation features, the Swiss Life Group primarily bases its accounting policies on the requirements of the Generally Accepted Accounting Principles in the United States (US GAAP).

For investment-type contracts, savings premiums collected are reported as deposits (deposit accounting). These amounts relate to contracts issued in France and Luxembourg.

In the case of traditional contracts in the life insurance business, future life policy benefit liabilities are determined by using the net-level-premium method on the basis of actuarial assumptions as to mortality, persistency, expenses and investment return, including a margin for adverse deviation. 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. These amounts relate to contracts issued in Switzerland.

Certain contracts that do not contain significant insurance risk and do not have discretionary participation features are carried at amortised cost or fair value.

Investment contracts without discretionary participation at amortised cost

In CHF million

	2015	2014
Balance as at 1 January	**11**	36
Deposits received	**1**	1
Interest credited	**0**	0
Policy fees	**0**	0
Deposits released	**–2**	–26
Other movements	**0**	0
Reclassifications and other disposals	**0**	–
Foreign currency translation differences	**–1**	0
BALANCE AS AT END OF PERIOD	**9**	11

Investment contracts without discretionary participation at fair value through profit or loss

In CHF million

	2015	2014
Balance as at 1 January	**262**	193
Deposits received	**25**	24
Fair value changes	**85**	61
Policy fees	**–1**	–1
Deposits released	**–10**	–13
Reclassifications and other disposals	**–1**	1
Foreign currency translation differences	**–17**	–3
BALANCE AS AT END OF PERIOD	**343**	262

20 Borrowings

In CHF million

	Notes	31.12.2015	31.12.2014
Hybrid debt		**2 916**	2 612
Convertible debt		**459**	452
Senior bonds		**423**	423
Mortgage loans		**278**	309
Other		**2**	3
TOTAL BORROWINGS	30	**4 078**	3 798

Hybrid debt

On 16 June 2015, Demeter Investments B.V., a Dutch repackaging vehicle, issued EUR 750 million in fixed/floating rate subordinated perpetual notes (at an issue price of 99.105%) secured by loan notes granted to Swiss Life Ltd, which are guaranteed by Swiss Life Holding. Swiss Life Ltd may repay the loan notes in full on 16 June 2025 or on any interest payment date thereafter, upon notice and subject to the consent of the Swiss Financial Market Supervisory Authority. The notes bear interest from 16 June 2015 to 16 June 2025 at a rate of 4.375% p.a. If the notes are not redeemed on 16 June 2025, the interest will be the aggregate of Euribor 3-month deposits and a margin of 4.3% p.a.

In November 2012, Swiss Life Insurance Finance Ltd. offered to existing lenders under the subordinated perpetual step-up loan placed in 1999 by Swiss Life Ltd to purchase their loan holdings against a consideration consisting of both a cash component and a credit component. Altogether, EUR 265 million and CHF 290 million were purchased from lenders. The cash component amounted to a total of CHF 139 million. The credit component consists of a tranche of a subordinated dated step-up loan newly issued by Swiss Life Ltd. The subordinated dated step-up loan placed in connection with the offer amounts to CHF 471 million, is guaranteed by Swiss Life Holding, has a tenor of thirty years and is first repayable on 30 November 2022 at the option of the issuer, upon notice and subject to the consent of the Swiss Financial Market Supervisory Authority. The interest rate is 6-month Libor plus a margin of 4.20% p.a. until 30 November 2022. If the loan is not redeemed on 30 November 2022, the margin increases by 1%.

On 22 October 2012, Swiss Life Ltd issued subordinated perpetual callable bonds in the amount of CHF 300 million. The bonds are guaranteed by Swiss Life Holding, have no fixed maturity date and are first callable on 22 August 2018 or at each interest payment date thereafter at the option of the issuer, upon notice and subject to the consent of the Swiss Financial Market Supervisory Authority. The interest has been fixed at 5.50% p.a. until 22 August 2018. If the bonds are not redeemed on 22 August 2018, the interest resets at a rate fixed for the subsequent five years, consisting of the aggregate of the then-prevailing five-year CHF swap rate and the initial margin of 5.091% p.a.

On 4 April 2011, Swiss Life Ltd issued subordinated perpetual callable bonds in the amount of CHF 325 million. CHF 75 million was additionally issued in June 2011 and CHF 100 million in October 2011. The bonds are guaranteed by Swiss Life Holding, have no fixed maturity date and are first callable on 4 October 2016 or at each interest payment date thereafter at the option of the issuer, upon notice and subject to the consent of the Swiss Financial Market Supervisory Authority.

The interest has been fixed at 5.25% p.a. until 4 October 2016. If the bonds are not redeemed on 4 October 2016, the interest resets at a rate fixed for the subsequent five years, consisting of the aggregate of the then-prevailing five-year CHF swap rate and the initial margin of 3.551% p.a.

On 12 April 2007, ELM B.V., a Dutch repackaging vehicle, issued EUR 700 million in fixed/floating rate subordinated perpetual notes to finance loan notes granted to Swiss Life Ltd, which are guaranteed by Swiss Life Holding. Swiss Life Ltd may repay the loan notes in full on 12 April 2017 or on any interest payment date thereafter, upon notice and subject to the consent of the Swiss Financial Market Supervisory Authority. The notes bear interest from 12 April 2007 to 12 April 2017 at a rate of 5.849% p.a. If the notes are not redeemed on 12 April 2017, the interest will be the aggregate of Euribor 3-month deposits and a margin of 2.5% p.a.

On 16 November 2005, J.P. Morgan Bank Luxembourg S.A. issued on a fiduciary basis EUR 350 million fixed/floating rate subordinated perpetual notes at a price of 99.423% to fund a loan made by it to Swiss Life Ltd. The notes bore interest from 16 November 2005 to 16 November 2015 at a rate of 5% p.a. Redemption took place on the first call date on 16 November 2015.

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% p.a., 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% p.a., 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% p.a., 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. Swiss Life Ltd renounced the right to call the loan on the second optional call date in April 2014 and can next call it 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.

Amounts in CHF million (if not noted otherwise)	Nominal value in year of issue	Nominal value at 31.12.2015	Interest rate	Year of issue	Optional redemption	Carrying amount	Carrying amount
Issuer						**31.12.2015**	**31.12.2014**
Swiss Life AG [1]	EUR 750	EUR 750	4.375%	2015	2025	**802**	–
Swiss Life AG	CHF 471	CHF 471	Libor +4.200%	2012	2022	**468**	468
Swiss Life AG	CHF 300	CHF 300	5.500%	2012	2018	**298**	298
Swiss Life AG	CHF 500	CHF 500	5.250%	2011	2016	**499**	496
Swiss Life AG [2]	EUR 700	EUR 590	5.849%	2007	2017	**640**	708
Swiss Life AG [3]	EUR 350	–	5.000%	2005	2015	**–**	411
Swiss Life AG	EUR 443	EUR 192	Euribor +2.050%	1999	2019	**209**	231
TOTAL						**2 916**	2 612

[1] hybrid loan notes issued by Demeter Investments B.V.
[2] hybrid loan notes granted by ELM B.V.
[3] hybrid bank loan originally granted by J.P. Morgan Bank Luxembourg S.A.

Convertible debt

In December 2013, Swiss Life Holding issued CHF 500 million in senior unsecured convertible bonds due in 2020. The coupon was set at 0%. The bonds may be converted into registered shares of Swiss Life Holding at the option of the holder. The initial conversion price was set at CHF 243.97 (later adjusted to CHF 240.70, valid since 29 April 2015). The proceeds from the issue of the convertible bonds have been split between a liability component and an equity component. The fair value of the liability component at issue date amounted to CHF 450 million and was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount of CHF 50 million represented the value of the option to convert the instrument into Swiss Life Holding shares and was included in share premium. Transaction costs of CHF 6 million were deducted from the liability and costs of CHF 1 million were recognised in share premium.

Senior bonds

In May 2013, Swiss Life Holding raised CHF 425 million debt through the issuance of a CHF public bond dual tranche transaction, split into a CHF 225 million tranche with a tenor of six years and a CHF 200 million tranche with a tenor of ten years. The unsecured senior bonds bear coupons of 1.125% p.a. and 1.875% p.a., respectively. Settlement took place on 21 June 2013.

Amounts in CHF million (if not noted otherwise)	Nominal value	Interest rate	Year of issue	Redemption	Carrying amount	Carrying amount
Issuer					**31.12.2015**	**31.12.2014**
Swiss Life Holding AG	CHF 225	1.125%	2013	2019	**224**	224
Swiss Life Holding AG	CHF 200	1.875%	2013	2023	**199**	199
TOTAL					**423**	423

Mortgage loans

The loans are secured by investment property in the amount of CHF 312 million (2014: CHF 428 million).

Amounts in CHF million (if not noted otherwise)	Currency	Interest rate	Fixed or variable rate	Maturity	Carrying amount	Carrying amount
Borrower					**31.12.2015**	**31.12.2014**
Swiss Life AG	CHF	1.130%	fixed	2015	**-**	5
TECHNOPARK Real Estate LTD	CHF	2.000%	fixed	2015	**-**	18
Swiss Life AG	CHF	0.565%	variable	2015	**-**	21
GENBLAN AG	CHF	3.165%	fixed	2016	**156**	156
Swiss Life AG	CHF	0.500%	variable	2016	**11**	11
TECHNOPARK Real Estate LTD	CHF	1.500%	fixed	2016	**18**	–
Swiss Life AG	CHF	3.975%	fixed	2018	**13**	16
Swiss Life AG	CHF	3.030%	fixed	2018	**32**	34
Swiss Life AG	CHF	1.894%	fixed	2020	**32**	33
Swiss Life AG	CHF	2.040%	fixed	2021	**16**	16
TOTAL					**278**	309

21 Other Financial Liabilities

In CHF million

	Notes	31.12.2015	31.12.2014
Insurance payables		**2 753**	3 303
Policyholder deposits		**1 266**	1 364
Reinsurance deposits		**129**	126
Customer deposits		**948**	845
Repurchase agreements		**2 146**	2 780
Amounts due to banks		**1 919**	2 280
Accrued expenses		**341**	328
Settlement accounts		**121**	317
Other		**662**	715
TOTAL OTHER FINANCIAL LIABILITIES	30	**10 284**	12 056

22 Insurance Liabilities and Reinsurance Assets

In CHF million

		Gross		Reinsurance assets		Net	
	Notes	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Claims under non-life insurance contracts		**872**	953	**170**	195	**702**	758
Unearned premiums non-life		**56**	63	**1**	0	**55**	63
Claims under life insurance contracts		**6 102**	6 193	**84**	85	**6 018**	6 108
Future life policyholder benefits		**94 481**	92 326	**122**	116	**94 359**	92 210
Unearned premiums life		**45**	42	**0**	0	**45**	41
Deposits under insurance contracts		**6 602**	6 559	**–**	–	**6 602**	6 559
TOTAL INSURANCE LIABILITIES AND REINSURANCE ASSETS		**108 157**	106 136	**376**	397	**107 782**	105 739
of which for the account and risk of the Swiss Life Group's customers	5	**3 167**	2 760	**–**	–	**3 167**	2 760

Unearned premiums

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

Claims under non-life insurance contracts

In CHF million

	2015	2014
BALANCE AS AT 1 JANUARY		
Gross claims under non-life insurance contracts	953	979
Less: reinsurance recoverable	–195	–197
NET CLAIMS UNDER NON-LIFE INSURANCE CONTRACTS	758	782
CLAIMS AND CLAIM SETTLEMENT COSTS INCURRED		
Reporting period	275	330
Prior reporting periods	–60	–73
TOTAL CLAIMS AND CLAIM SETTLEMENT COSTS INCURRED	215	257
CLAIMS AND CLAIM SETTLEMENT COSTS PAID		
Reporting period	–110	–131
Prior reporting periods	–88	–137
TOTAL CLAIMS AND CLAIM SETTLEMENT COSTS PAID	–198	–267
Foreign currency translation differences	–73	–14
BALANCE AS AT END OF PERIOD		
NET CLAIMS UNDER NON-LIFE INSURANCE CONTRACTS	702	758
Plus: reinsurance recoverable	170	195
TOTAL GROSS CLAIMS UNDER NON-LIFE INSURANCE CONTRACTS	872	953

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

In CHF million	Gross		Reinsurance assets		Net	
	2015	2014	2015	2014	2015	2014
Balance as at 1 January	6 193	6 270	85	90	6 108	6 180
Additions from acquisition of insurance portfolio	–	19	–	–	–	19
Accretion of interest	93	97	1	1	92	96
Claims incurred, benefits paid and surrenders	–73	–112	5	–1	–77	–110
Effect of changes in actuarial assumptions and other movements	90	–44	0	–3	90	–41
Foreign currency translation differences	–202	–38	–8	–2	–194	–36
BALANCE AS AT END OF PERIOD	6 102	6 193	84	85	6 018	6 108

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

In CHF million	Gross		Reinsurance assets		Net	
	2015	2014	2015	2014	2015	2014
Balance as at 1 January	92 326	87 890	116	108	92 210	87 781
Additions from acquisition of insurance portfolio	–	293	–	–	–	293
Savings premiums	9 584	9 380	41	48	9 543	9 332
Accretion of interest	1 973	2 005	3	2	1 971	2 003
Claims incurred, benefits paid and surrenders	–8 448	–8 093	–29	–37	–8 419	–8 056
Effect of changes in actuarial assumptions and other movements	1 290	1 257	–1	–4	1 291	1 261
Reclassifications and other disposals	22	18	–	–	22	18
Foreign currency translation differences	–2 267	–424	–8	–2	–2 259	–422
BALANCE AS AT END OF PERIOD	94 481	92 326	122	116	94 359	92 210

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

In CHF million	2015	2014
Balance as at 1 January	6 559	6 182
Deposits received	225	169
Interest credited	56	69
Participating bonuses	13	17
Policy fees and insurance charges	–19	–22
Deposits released for payments on death, surrender and other terminations during the year	–401	–469
Other movements	16	34
Reclassifications and other disposals	688	683
Foreign currency translation differences	–535	–104
BALANCE AS AT END OF PERIOD	6 602	6 559

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

Insurance liabilities with and without discretionary participation

In CHF million	31.12.2015	31.12.2014
Insurance liabilities with discretionary participation	92 867	90 594
Insurance liabilities without discretionary participation	12 123	12 783
Insurance liabilities linked to assets for the account and risk of the Swiss Life Group's customers	3 167	2 760
TOTAL INSURANCE LIABILITIES	108 157	106 136

23 Employee Benefits

Employee benefit liabilities

In CHF million

	31.12.2015	31.12.2014
Employee benefit liabilities consist of		
gross defined benefit liabilities	**1 823**	1 677
other employee benefit liabilities	**153**	144
TOTAL EMPLOYEE BENEFIT LIABILITIES	**1 976**	1 821

Defined benefit plans

Employees are covered under various funded and unfunded pension plans which operate under local regulations and practice. The major part of the defined benefit liability recognised arises from the plans covering employees in Switzerland. The impact on the consolidated financial statements arising from the plans covering employees in Germany and France is far less significant. Generally, the level of benefits is based on years of service and average compensation preceding retirement, and the main benefit is a pension after retirement or a lump-sum payment at the time of retirement. Most plans are funded and the funding is governed by local requirements and with respect to the liability (determined based on actuarial methods) based on the plans' benefit promises. For several plans, contributions are not only made by the employer, but also by the employee (generally as a part of gross salaries).

In Switzerland, France and Germany, insurance contracts have been issued to defined benefit plans covering own employees, which reinsure a part of the benefit promises made by the plans. Due to the requirements of IFRS 4 Insurance Contracts in combination with IAS 19 Employee Benefits, such insurance contracts are eliminated (self-insurance, non-eligibility as plan asset). To the extent the affected plans are funded by self-insurance, the defined benefit liabilities are backed by the investments relating to the eliminated insurance contracts. These investments are part of the investments presented in the consolidated balance sheet of the Swiss Life Group.

Plan descriptions

Switzerland

Pension plans in Switzerland are governed by the Swiss Federal Law on Occupational Retirement (BVG). Pension plans must be managed by independent, legally autonomous entities and are under regulatory supervision. The plans covering the Group's employees in Switzerland are set up as foundations. The foundation board as the most senior governing body must be composed of equal numbers of employee and employer representatives. Main responsibilities of the foundation board are the definition of plan benefits, funding system, setting of actuarial parameters and investment policies for the plan assets. The BVG defines minimum levels with regard to benefits (including conversion rate for old-age pensions), employer/employee contributions as well as the interest rate for the accrual of the employees' pension account. An annual actuarial report according to BVG requirements is prepared which shows the funding level of the respective plan. The measurement basis for the plan's assets and benefit obligations for this purpose is in accordance with BVG rules.

The primary benefit of Swiss Life's plans is an old-age pension after reaching retirement age. The level of the old-age pension is determined by the plan's conversion rate applied to the employees' individual pension account accumulated at retirement age. There are options for early retirement (with actuarially determined reduction of the conversion rate) and for choosing to receive a lump-sum payment instead of a pension. This old-age pension is funded by monthly contributions from the employer and the employee (deducted from salary) to an individual pension account which in addition is increased by a yearly interest accrual. The contributions are based on age and on a percentage of the contributory salary. Further funding of an individual pension account comprises mandatory transfers of funds made by new employees from plans of his/her former employers and discretionary contributions from the employee (with restrictions to maximum amounts). As a consequence of plan amendments in the past, certain age groups are granted guarantees of a minimum level of old-age pensions in case of early retirement. The cost with respect to early retirements of members from these age groups is borne by the employer.

Other benefits comprise survivors'/orphans' pensions and/or lump-sum payments in case of death as well as disability pensions (if disabled before retirement age). In these plans, which cover nearly all of the Group's employees in Switzerland, the cost of the benefits is funded by payment of insurance premiums to group insurance contracts issued by Swiss Life Ltd (self-insurance) and is borne by the employer. In addition, the administration expenses of the plans are also borne by the employer since the personnel managing the plans are Swiss Life employees.

France

Pension plans in France are covered by various national agreements. Defined benefit plans in France cover retirement benefits for employees, including executive officers, based on the last salary, length of service, cause of termination and the respective national agreement. Furthermore, service anniversary bonuses are paid based on employee category and length of service.

Germany
Pension plans in Germany are governed by the Law on Occupational Retirement (BetrAVG). The BetrAVG is part of the general labour legislation, which means that the BetrAVG establishes no rules on funding benefit obligations. It only describes the different possible ways of funding benefit obligations without further details on the practice of funding.

There are various defined benefit plans in place. They provide pension benefits after reaching retirement age.

For some plans, the level of the pension benefits is determined by the years of service and the last salary before retirement according to the benefit formula as defined in the pension plan. Other benefits comprise widows'/widowers' pensions in case of death as well as disability pensions (if disabled before retirement age). The levels of these benefits are determined similar to the old-age pensions assuming service up to normal retirement age. Widows'/widowers' pensions are 60% of the old age/disability pension benefits.

For some plans, the level of old-age pensions is determined by yearly amounts. Contributions are made in the form of premiums to an individual insurance contract with Swiss Life Germany. The premium is a fixed amount, determined by the rules of the pension plan, and depends on the employee's status. Every three years, there is an adjustment of the contribution amount due to the general development of salaries in the German insurance industry. There is a risk that the employer has to make additional payments in case the benefits of the individual insurance contract do not cover the benefits promised by the plan. Other benefits comprise lump-sum payments in case of death as well as disability pensions (if disabled before retirement age). The levels of these benefits are determined as fixed amounts by the plan depending on the employee's status. This part of the plan is also covered by insurance contracts with Swiss Life Germany.

Risks covered
With respect to its defined benefit plans the Group faces the risks of adverse development of the prominent actuarial/financial assumptions such as discount rates, mortality assumptions and future salary growth inherent in the measurement of plan liabilities. If the high-quality corporate bond yields (which are the basis for assessing the discount rate) decrease, the present value of the defined benefit obligation would increase, which would lead to a higher defined benefit liability in the consolidated balance sheet. However, this effect would be partly offset by the increase in the value of bonds in the plan assets. A higher defined benefit obligation would also result if the average life expectancy (longevity) or the rate of future salary growth were higher than the corresponding values reflected in the financial/actuarial parameters.

With respect to funded plans, the Group faces investment risk. In general, the return of plan assets – together with contributions – must be sufficient to cover the plan's benefit promises. In particular, if the return is below the discount rate, an actuarial loss would be created with negative impact on the net benefit liability/asset and other comprehensive income. The mitigation of this risk depends on the nature of the benefit promises and the regulatory/legal framework of the plan, and is therefore country-specific.

Switzerland

The responsibility for maintaining a sufficient funding status lies with the foundations. In the case of underfunding (as assessed according to BVG rules, not IFRS) the foundations are required to take appropriate measures to restore a sufficient funding status. Potential measures that could be taken are adjustments to the pension accounts' interest rate, benefit levels and regular employer/employee contributions. Furthermore, the foundations could require additional contributions from the employer and the employees. Because the funding status of the foundations in Switzerland is sufficient, it is not expected that any such additional contributions will be required in the near future.

The investment risk inherent in achieving an adequate return on the plan assets covering the pension accounts of active employees is borne by the foundations. In addition, the investment risk and actuarial risk relating to old-age pensions lie with the foundations. However, for the two major plans, all pensions which were already in payout before 1 January 2011 are fully covered under a group insurance contract issued by Swiss Life Ltd. Furthermore, all insurance risk relating to death/survivors'/disability benefits is fully covered by several group contracts issued by Swiss Life Ltd.

The objective of the investment process is to ensure that the return on the plan assets – together with the contributions – will be sufficient to fulfil the benefit promises. The investment strategy must be in line with the related BVG rules and regulations (e.g. requirements regarding diversification). The foundations are responsible for defining the investment strategy taking into account the objectives, benefit obligations and risk capacity. The implementation of the investment policy is delegated to an investment committee.

France

The investment risk inherent in achieving an adequate return on the plan assets in order to pay the promised benefits to employees as well as the mortality risk are borne by the company.

Germany

According to the German BetrAVG there are no specific rules regarding funding of pension obligations. The defined benefit plans are funded by individual insurance contracts with Swiss Life Germany that cover the promised benefits. Because of tax limitations, the individual insurance contracts do not cover the whole level of the benefit promises. Therefore, Swiss Life Germany has established a contractual trust arrangement to cover the additional risks from the pension plan. Plan risks mainly arise from salary increases and from an increase in pension payments.

Amounts recognised as defined benefit assets/liabilities

In CHF million

	31.12.2015	31.12.2014
Present value of defined benefit obligation	**–3 325**	–3 097
Fair value of plan assets	**1 599**	1 519
NET DEFINED BENEFIT LIABILITY	**–1 726**	–1 578
Insurance contracts not eligible as plan assets under IFRS	**1 459**	1 440
NET DEFINED BENEFIT SURPLUS (+)/DEFICIT (–) (ECONOMIC VIEW)	**–267**	–138
The net defined benefit liability consists of		
gross defined benefit liabilities	**–1 823**	–1 677
gross defined benefit assets	**97**	99

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 deficit taking into consideration insurance contracts not eligible as plan assets under IFRS amounted to CHF 267 million as at 31 December 2015 (2014: deficit of CHF 138 million).

Amounts recognised in profit or loss

In CHF million

	2015	2014
Current service cost	**99**	86
Past service cost	**–7**	1
Net interest cost	**20**	29
Employee contributions	**–27**	–30
TOTAL DEFINED BENEFIT EXPENSE	**84**	86

Defined benefit expense in 2015 comprises negative past service cost of CHF 7 million due to plan amendments in Switzerland.

Amounts recognised in other comprehensive income

In CHF million

	2015	2014
Actuarial gains and losses on the defined benefit obligation	**–216**	–352
Return on plan assets excluding interest income	**33**	53
TOTAL REMEASUREMENTS OF THE NET DEFINED BENEFIT LIABILITY	**–183**	–299

Defined benefit plans

In CHF million

	2015	2014
CHANGES IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION		
Balance as at 1 January	**–3 097**	–2 700
Current service cost	**–99**	–86
Past service cost incl. gains/losses from settlements	**7**	–1
Interest cost	**–39**	–57
Contributions by plan participants	**–78**	–57
Actuarial gains (+)/losses (–) arising from		
experience adjustments	**–91**	–16
changes in demographic assumptions	**41**	4
changes in financial assumptions	**–166**	–340
Benefit payments	**176**	172
Effect of business combinations	**–14**	–19
Effect of reclassifications and other disposals	**5**	–3
Foreign currency translation differences	**31**	5
BALANCE AS AT END OF PERIOD	**–3 325**	–3 097
of which amounts owing to		
active plan participants	**–1 650**	–1 483
retired plan participants	**–1 675**	–1 614
CHANGES IN THE FAIR VALUE OF PLAN ASSETS		
Balance as at 1 January	**1 519**	1 361
Interest income	**19**	28
Return on plan assets excluding interest income	**33**	53
Contributions by the employer	**76**	97
Contributions by plan participants	**77**	56
Benefit payments	**–82**	–77
Effect of business combinations	**11**	–
Transfer to intragroup insurance contracts, reclassifications and other disposals	**–44**	3
Foreign currency translation differences	**–12**	–2
BALANCE AS AT END OF PERIOD	**1 599**	1 519

Plan assets

In CHF million	Quoted market price		Other		Total	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Cash and cash equivalents	–	–	49	54	49	54
Debt securities						
Government	14	11	–	–	14	11
Corporates	15	15	–	–	15	15
Equity securities						
Oil and gas	1	1	–	–	1	1
Industrials	2	3	–	–	2	3
Consumer goods/services	5	5	–	–	5	5
Health care	4	4	–	–	4	4
Telecommunications	0	0	–	–	0	0
Utilities	0	0	–	–	0	0
Financials	4	12	–	–	4	12
Technology	2	2	–	–	2	2
Investment funds						
Debt	596	552	–	–	596	552
Equity	394	349	–	–	394	349
Balanced	69	67	–	–	69	67
Other	–	–	369	346	369	346
Property						
located in Switzerland	–	–	9	9	9	9
Qualifying insurance policies	–	–	63	91	63	91
TOTAL PLAN ASSETS	1 108	1 019	491	500	1 599	1 519
Plan assets include						
own equity instruments	1	8	–	–	1	8

Principal actuarial assumptions

	Switzerland/Liechtenstein		Other countries	
	2015	2014	2015	2014
Discount rate	0.6-1.0%	1.2%	1.9–2.4%	1.5–2.4%
Future salary increases	0.9-1.5%	1.3–1.5%	1.0–2.5%	1.5–2.5%
Future pension increases	0.0%	0.0%	1.2–2.0%	1.2–2.0%
Ordinary retirement age (women)	64	64	63–65	62–65
Ordinary retirement age (men)	64–65	64–65	63–65	62–65
Average life expectation at ordinary retirement age (women)	24.8-24.9	24.8	23.2–28.8	23.2–28.8
Average life expectation at ordinary retirement age (men)	21.5–22.4	21.4–22.3	19.8–25.6	19.8–25.6

The process and methodology for the determination of future salary increases for the plans in Switzerland/Liechtenstein were refined in 2015.

A sensitivity analysis was performed for each significant actuarial assumption which shows the impact on the defined benefit obligation of changes in the respective actuarial assumption that were reasonably possible at the balance sheet date. The calculation is done by leaving all other assumptions unchanged (i.e. at their value used in the calculation of the defined benefit obligation implicit in the net defined benefit asset/liability in the consolidated balance sheet as at end of period). In reality, it is unlikely that a change in assumption would happen in isolation. Some assumptions may well be correlated. In addition, the net effect in the consolidated balance sheet would also be driven by the change in the value of the plan assets.

At 31 December 2015, if the discount rate had been 50 basis points higher (lower), the defined benefit obligation would have decreased by CHF 240 million (increase CHF 272 million). At 31 December 2014, if the discount rate had been 50 basis points higher (lower), the defined benefit obligation would have decreased by CHF 221 million (increase CHF 251 million).

At 31 December 2015, if the future expected salary growth had increased (decreased) by 50 basis points, the defined benefit obligation would have increased by CHF 18 million (decrease CHF 18 million). At 31 December 2014, if the future expected salary growth had increased (decreased) by 50 basis points, the defined benefit obligation would have increased by CHF 22 million (decrease CHF 22 million).

At 31 December 2015, if the average life expectancy had increased by one year (for both men and women), the defined benefit obligation would have increased by CHF 105 million. At 31 December 2014, if the average life expectancy had increased by one year (for both men and women), the defined benefit obligation would have increased by CHF 105 million.

Expected benefit payments

Amounts in CHF million (if not noted otherwise)

	2015	2014
Duration of the defined benefit obligation (weighted average no. of years)	**15.5**	15.4
Benefits expected to be paid (undiscounted amounts)		
within 12 months	**142**	139
between 1 and 2 years	**141**	135
between 3 and 5 years	**409**	393
between 6 and 10 years	**644**	616

The contributions expected to be paid for the year ending 31 December 2016 are CHF 63 million. These contributions include amounts payable under insurance contracts issued to defined benefit plans covering own employees.

Defined contribution plans

Certain subsidiaries sponsor various defined contribution plans. Participation in the various plans is based either on completion of a specific period of continuous service or on the date of hire. The plans stipulate contributions by both employers and employees. The expenses under these plans amounted to CHF 1 million in 2015 (2014: CHF 1 million).

Equity compensation plans

For 2015, 2014, 2013, 2012 and 2011 participants in the share-based payment programme are allocated restricted share units (RSUs). RSUs grant the holder future subscription rights, entitling him to receive Swiss Life Holding shares free of charge after a three-year period has elapsed and if certain conditions are fulfilled.

The 2013–2015 equity compensation plans are based on the Group-wide programme “Swiss Life 2015”, which was announced at the Swiss Life Group’s Investors’ Day on 28 November 2012. On the basis of the medium-term planning 2013–2015 (2013 equity compensation plan) and 2014–2016 (2014 equity compensation plan), performance criteria relating to cost efficiency (50% weighting), the risk and fee result (25% weighting) and IFRS profit (25% weighting) have been determined by the Board of Directors. With regard to the 2015 equity compensation plan, the Board of Directors has set the following performance criteria on the basis of the medium-term planning 2015–2017: IFRS profit (50% weighting), the risk and fee result (25% weighting) and cash to Swiss Life Holding for further strengthening of the financial substance and payout capacity (25% weighting). After expiry of the three-year period of the RSU plan, the target value for each performance criterion according to the medium-term planning is compared with the actual result achieved. The share allocation corresponds to the number of allocated RSUs (1 RSU = 1 share) if all three performance criteria have been achieved or exceeded after the three-year period has elapsed; overperformance does not lead to a higher share allocation. If the targets are only partly achieved, the share allocation is correspondingly reduced in accordance with the weighting of the performance target concerned, or the RSUs expire worthless.

The RSU programmes also provide for adjustment and reclaiming mechanisms (clawback).

In 2011, the number of RSUs granted under this programme amounted to 68 730. The fair value at the measurement date amounted to CHF 140.05. The date of grant was 1 April 2011.

In 2012, the number of RSUs granted under this programme amounted to 94 040. The fair value at the measurement date amounted to CHF 93.77. The date of grant was 1 April 2012.

In 2013, the number of RSUs granted under this programme amounted to 74 630. The fair value at the measurement date amounted to CHF 127.34. The date of grant was 1 April 2013.

In 2014, the number of RSUs granted under this programme amounted to 58 800. The fair value at the measurement date amounted to CHF 203.54. The date of grant was 1 March 2014.

In 2015, the number of RSUs granted under this programme amounted to 51 660. The fair value at the measurement date amounted to CHF 205.87. The date of grant was 1 March 2015.

The fair value of the RSUs granted for each programme is determined at the grant date. The fair value was determined by an independent consulting company using the Black-Scholes formula. The associated expense during the vesting period is recognised under employee benefits expense with a corresponding increase in share premium.

The expense recognised for share-based payment amounted to CHF 12 million in 2015 (2014: CHF 12 million).

Share-based payment programmes (restricted share units)

Number of restricted share units	Balance as at 1 January	Issued	Employee departures	Vested	Balance as at end of period
2015					
Granted in 2012	**94 040**	**–**	**–1 080**	**–92 960**	**–**
Granted in 2013	**74 630**	**–**	**–1 620**	**–**	**73 010**
Granted in 2014	**58 800**	**–**	**–1 529**	**–**	**57 271**
Granted in 2015	**–**	**51 660**	**–1 925**	**–**	**49 735**
2014					
Granted in 2011	66 770	–	–	–66 770	–
Granted in 2012	94 040	–	–	–	94 040
Granted in 2013	74 630	–	–	–	74 630
Granted in 2014	–	58 800	–	–	58 800
2013					
Granted in 2011	66 770	–	–	–	66 770
Granted in 2012	94 040	–	–	–	94 040
Granted in 2013	–	74 630	–	–	74 630
2012					
Granted in 2011	68 070	–	–1 300	–	66 770
Granted in 2012	–	94 040	–	–	94 040
2011					
Granted in 2011	–	68 730	–660	–	68 070

24 Income Taxes

Income tax expense

In CHF million

	2015	2014
Current income tax expense	208	140
Deferred income tax expense	81	54
TOTAL INCOME TAX EXPENSE	290	194

The expected weighted-average tax rate for the Group in 2015 was 24.2% (2014: 26.6%). This rate was derived by obtaining a weighted average of the expected income tax rates in the various jurisdictions in which the Group operates. The change of the weighted-average tax rate is due to the geographical allocation of the profits and the different tax rates in these jurisdictions. The actual income tax expense differs from the expected amount as follows.

Reconciliation of income tax expense

In CHF million

	2015	2014
PROFIT BEFORE INCOME TAX	1 168	1 012
Income tax calculated using the expected weighted-average tax rate	283	270
Increase/reduction in taxes resulting from		
lower taxed income	–41	–45
non-deductible expenses	36	45
other income taxes (incl. withholding taxes)	28	25
change in unrecognised tax losses	–16	–57
adjustments for current tax of prior periods	–16	–49
changes in tax rates	–1	–2
intercompany effects	19	12
other	–3	–4
INCOME TAX EXPENSE	290	194

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority.

Deferred income tax assets and liabilities

In CHF million	Deferred tax assets		Deferred tax liabilities	
	31.12.2015	31.12.2014	**31.12.2015**	31.12.2014
Financial assets	**277**	213	**1 153**	1 366
Investment property	**4**	8	**696**	636
Intangible assets	**43**	49	**167**	174
Property and equipment	**14**	17	**0**	1
Financial liabilities	**42**	39	**26**	23
Insurance liabilities	**33**	34	**152**	142
Employee benefits	**111**	93	**79**	75
Deferred income	**3**	2	**0**	0
Other	**111**	113	**46**	48
Tax losses	**8**	18		
DEFERRED INCOME TAX ASSETS/LIABILITIES	**646**	586	**2 319**	2 465
Offset	**–599**	–552	**–599**	–552
TOTAL DEFERRED INCOME TAX ASSETS/LIABILITIES	**47**	34	**1 720**	1 913

The movements in net deferred income tax assets/liabilities during the period were as follows.

In CHF million	Balance as at 1 January	Recognised in profit or loss	Recognised in other comprehensive income	Acquisitions and disposals of subsidiaries	Foreign currency translation differences	Balance as at end of period
MOVEMENTS BY TYPE OF TEMPORARY DIFFERENCE DURING THE YEAR 2015						
Financial assets	**–1 153**	**–9**	**262**	**0**	**24**	**–876**
Investment property	**–628**	**–69**	**0**	**–**	**6**	**–692**
Intangible assets	**–125**	**1**	**–4**	**–**	**4**	**–124**
Property and equipment	**16**	**–2**	**–**	**–**	**0**	**14**
Financial liabilities	**16**	**2**	**0**	**0**	**–3**	**16**
Insurance liabilities	**–108**	**–14**	**0**	**–**	**3**	**–119**
Employee benefits	**18**	**0**	**16**	**1**	**–3**	**32**
Deferred income	**2**	**1**	**–**	**–**	**0**	**3**
Other	**65**	**17**	**–14**	**–**	**–2**	**65**
Tax losses	**18**	**–8**	**–**	**–**	**–2**	**8**
NET DEFERRED INCOME TAX ASSETS/LIABILITIES	**–1 879**	**–81**	**260**	**1**	**27**	**–1 673**
MOVEMENTS BY TYPE OF TEMPORARY DIFFERENCE DURING THE YEAR 2014						
Financial assets	–154	9	–1 010	0	2	–1 153
Investment property	–605	–24	0	0	1	–628
Intangible assets	–148	10	23	–11	1	–125
Property and equipment	16	0	–	0	0	16
Financial liabilities	20	9	–13	0	0	16
Insurance liabilities	–65	–44	1	–	0	–108
Employee benefits	–3	–7	27	2	0	18
Deferred income	1	1	–	0	0	2
Other	50	0	14	0	0	65
Tax losses	11	–8	–	15	0	18
NET DEFERRED INCOME TAX ASSETS/LIABILITIES	–877	–54	–957	6	3	–1 879

Deferred tax liabilities have not been recognised on the aggregate amount of temporary differences with consolidated investments in subsidiaries to the extent the Group considers such undistributed earnings as being indefinitely reinvested. The foreign entities are controlled by the Group and these earnings are not expected to be repatriated in the foreseeable future. The amount of such temporary differences was approximately CHF 7.4 billion as at 31 December 2015 (2014: CHF 8.0 billion). If such amounts are ever repatriated, no material tax liabilities would be incurred due to participation exemption rules, unrecognised tax loss carryforwards and applicable double taxation treaties.

Deferred tax assets are recognised for tax-loss carryforwards only to the extent that realisation of the related tax benefit is probable. Swiss tax assets are calculated in accordance with cantonal and municipal tax legislation. The uncertainty of the utilisation of tax losses is taken into account in establishing the valuation allowance. For the following tax-loss carryforwards, which will expire as follows, no deferred tax asset has been recognised.

Unrecognised tax losses

Amounts in CHF million	Tax losses		Tax rate	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
2016	–	1	15.5%	19.0%
2017	2	1	15.5%	19.0%
2018	2	4	15.5%	21.7%
Thereafter	421	437	17.5%	17.5%
TOTAL	425	442	n/a	n/a

25 Provisions

In CHF million		Restructuring		Litigation		Other		Total	
	Notes	2015	2014	2015	2014	2015	2014	2015	2014
Balance as at 1 January		**28**	54	**84**	129	**16**	17	**128**	200
Additions from business combinations	28	**–**	–	**–**	0	**–**	3	**–**	3
Additional provisions made		**9**	8	**11**	22	**7**	0	**27**	30
Amounts used		**–17**	–33	**–10**	–49	**–3**	0	**–29**	–82
Unused amounts reversed		**0**	–1	**–13**	–21	**–1**	0	**–15**	–23
Unwinding of discount and effect of change in discount rate		**0**	–	**0**	0	**–**	–	**0**	0
Reclassifications and other disposals		**–**	–	**0**	3	**0**	–3	**–**	–
Foreign currency translation differences		**–2**	0	**–7**	0	**–1**	0	**–10**	–1
BALANCE AS AT END OF PERIOD		**18**	28	**66**	84	**18**	16	**101**	128

Restructuring

Under the “Swiss Life 2015” programme, provisions for restructuring were set up in Germany, Switzerland, Liechtenstein and Luxembourg in 2015 and 2014. The outflow of the amounts is expected within the following one to two years.

Litigation

“Litigation” relates to several proceedings in several jurisdictions with uncertain outcome including customer claims relating to the distribution units in Germany. Litigation provisions have been set up to cover legal and administrative proceedings that arise in the ordinary course of business. These provisions concern numerous cases that are not of public knowledge or whose detail disclosure could prejudice the interests of the Group.

Other

“Other” comprises various liabilities of uncertain timing or amount (e.g. indemnification provision relating to property development and management).

26 Equity

Share capital

As at 31 December 2015 and 2014, the share capital of Swiss Life Holding consisted of 32 081 054 fully-paid shares with a par value of CHF 5.10 each. In exercising voting rights, no shareholder can collect more than 10% of the total share capital directly or indirectly in respect of own shares or shares they represent. Conditional share capital was CHF 30 600 000.00 as at 31 December 2015 (2014: CHF 30 600 000.00).

Share premium

Share premium comprises additional paid-in capital in excess of the par value (net of transaction costs), gains/losses on own equity instruments and equity compensation benefits.

In 2015, a distribution to shareholders out of the capital contribution reserve of CHF 207 million (CHF 6.50 per registered share) was made (2014: CHF 176 million, CHF 5.50 per registered share).

Number of shares

The following table shows the development of Swiss Life Holding shares issued and treasury shares held by the Swiss Life Group during the period.

Number of shares

	2015	2014
SHARES ISSUED		
Balance as at 1 January	**32 081 054**	32 081 054
SHARES ISSUED AS AT END OF PERIOD	**32 081 054**	32 081 054
TREASURY SHARES		
Balance as at 1 January	**192 697**	188 600
Purchases of treasury shares	**158 001**	74 739
Allocation under equity compensation plans	**–96 203**	–70 642
BALANCE AS AT END OF PERIOD	**254 495**	192 697

Foreign currency translation differences

Foreign currency translation differences comprise the resulting differences arising on the translation of assets, liabilities, income and expenses of Group entities denominated in foreign currencies into Swiss francs.

Accumulated other comprehensive income

Accumulated other comprehensive income comprises items of income and expense that are recognised directly in equity rather than in profit or loss, as required or permitted by certain IFRSs.

Items presented in other comprehensive income are grouped on the basis of whether they will be reclassified subsequently to profit or loss when specific conditions are met, and those that will not be reclassified.

The amounts are presented net of certain policyholder bonuses and other policyholder liabilities, deferred acquisition costs, deferred income taxes and non-controlling interests.

Items that may be reclassified to profit or loss comprise:

- Foreign currency translation differences arising on the translation of assets, liabilities, income and expenses of Group entities denominated in foreign currencies into Swiss francs.
- Gains and losses from fair value changes of financial assets available for sale.
- Effective portion of gains and losses on hedging instruments in qualifying cash flow hedges.
- Other items consisting of unrealised losses on financial assets reclassified from available for sale to loans in 2008 due to the disappearance of an active market, and the Group's share of other comprehensive income of investments in associates accounted for using the equity method.

Items that will not be reclassified to profit or loss comprise:

- Revaluation surplus on the transfer of owner-occupied property to investment property following a change in use evidenced by the end of owner-occupation.
- Remeasurements of the net defined benefit liability relating to employee benefit plans.

The following table provides information relating to amounts recognised in accumulated other comprehensive income.

Accumulated other comprehensive income for the year 2015

In CHF million		Items that may be reclassified to the income statement					Items that will not be reclassified to the income statement				Total
	Notes	Foreign currency translation differences	Gains/losses financial assets available for sale	Gains/losses cash flow hedges	Other items	Total	Revaluation surplus investment property	Remeasurements net defined benefit liability	Other items	Total	
Net balance as at 1 January		–866	3 852	378	–132	3 232	71	–236	–	–165	3 067
Reclassification of policyholder participation and income tax effects		–	–53	–	53	–	–	–	–	–	–
Net other comprehensive income		–291	–947	58	27	–1 153	–5	–60	–	–65	–1 218
NET BALANCE AS AT END OF PERIOD		–1 157	2 853	436	–53	2 079	66	–296	–	–230	1 849
NET OTHER COMPREHENSIVE INCOME IS COMPOSED OF THE FOLLOWING:											
Gains/losses arising during the period	9	–294	–2 439	146	–	–2 587	–	–183	–	–183	–2 770
Gains/losses transferred to the income statement	8, 9	0	–527	–8	64[1]	–471	–	–	–	–	–471
Effects of											
policyholder participation		–	1 746	–46	–29	1 671	0	104	–	104	1 775
shadow accounting		–	66	–6	–1	59	0	–	–	0	59
income tax		–	270	–20	–7	244	0	16	–	16	260
foreign currency translation differences		–	–64	–8	0	–71	–5	2	–	–3	–74
Net other comprehensive income before non-controlling interests		–294	–947	58	27	–1 156	–5	–60	–	–65	–1 221
Non-controlling interests		3	0	0	0	3	0	0	–	0	3
NET OTHER COMPREHENSIVE INCOME		–291	–947	58	27	–1 153	–5	–60	–	–65	–1 218

[1] Amount relates to debt securities reclassified to loans in 2008 (note 13)

Accumulated other comprehensive income for the year 2014

In CHF million	Notes	Items that may be reclassified to the income statement					Items that will not be reclassified to the income statement				Total
		Foreign currency translation differences	Gains/ losses financial assets available for sale	Gains/ losses cash flow hedges	Other items	Total	Revalu- ation surplus investment property	Remea- sure- ments net defined benefit liability	Other items	Total	
Net balance as at 1 January		–819	836	47	–107	–42	71	–140	–	–69	–112
Net other comprehensive income		–47	3 017	331	–26	3 275	0	–96	–	–96	3 179
NET BALANCE AS AT END OF PERIOD		–866	3 852	378	–132	3 232	71	–236	–	–165	3 067
NET OTHER COMPREHENSIVE INCOME IS COMPOSED OF THE FOLLOWING:											
Gains/losses arising during the period	9	–48	10 384	853	–	11 189	0	–299	–	–299	10 891
Share of other comprehensive income of associates	15	–	–	–	0	0	–	–	–	–	0
Gains/losses transferred to the income statement	8,9	–	–223	–1	61 [1]	–163	–	–	–	–	–163
Effects of											
policyholder participation		–	–6 054	–418	–89	–6 562	0	175	–	175	–6 386
shadow accounting		–	–174	–17	–5	–197	0	–	–	0	–196
income tax		–	–907	–85	7	–984	0	27	–	27	–957
foreign currency translation differences		–	–9	–1	0	–9	0	0	–	0	–10
Net other comprehensive income before non-controlling interests		–48	3 017	331	–26	3 274	0	–96	–	–96	3 178
Non-controlling interests		1	0	0	0	0	0	0	–	0	1
NET OTHER COMPREHENSIVE INCOME		–47	3 017	331	–26	3 275	0	–96	–	–96	3 179

[1] Amount relates to debt securities reclassified to loans in 2008 (note 13)

Retained earnings

Retained earnings comprise accumulated retained earnings of the Group entities which have not been distributed to the shareholders. The distribution of profit is subject to restrictions in the various jurisdictions where the Group entities are located.

The Group's insurance subsidiaries are subject to regulatory restrictions on the amount of dividends, cash loans and advances which can be remitted to the Group. Certain foreign jurisdictions have restrictions that allow the payment of dividends but may cause a delay in their remittance. Dividends payable are not accrued until they have been ratified at the General Meeting.

Non-controlling interests

Summarised financial information for subsidiaries with material non-controlling interests is as follows.

In CHF million	SwissLife Banque Privée Paris		TECHNOPARK Real Estate LTD Zurich	
	2015	2014	2015	2014
Principal place of business	**France**	France	**Switzerland**	Switzerland
Ownership interests held by non-controlling interests	**40.0%**	40.0%	**33.3%**	33.3%
Voting rights held by non-controlling interests	**40.0%**	40.0%	**33.3%**	33.3%
SUMMARISED FINANCIAL INFORMATION BEFORE INTRAGROUP ELIMINATIONS				
Current assets	**1 073**	768	**10**	11
Non-current assets	**182**	376	**189**	184
Current liabilities	**–1 160**	–1 048	**–58**	–58
Non-current liabilities	**–8**	–9	**–19**	–19
NET ASSETS	**87**	86	**121**	118
Accumulated non-controlling interests	**35**	35	**40**	39
Revenue	**83**	91	**11**	9
Profit or loss	**8**	6	**6**	4
Total comprehensive income	**0**	3	**6**	4
Profit or loss allocated to non-controlling interests	**3**	2	**2**	1
Net cash flows from operating activities	**105**	59	**4**	5
Net cash flows from investing activities	**–4**	–10	**–**	–1
Net cash flows from financing activities	**0**	6	**–5**	–4
NET CHANGE IN CASH AND CASH EQUIVALENTS	**101**	55	**–1**	0
Dividends paid to non-controlling interests	**–**	–	**1**	1

27 Capital Management

Swiss Life's objectives when managing capital are as follows: to comply with the regulatory capital requirements, to define and manage economic capital and to fulfil the company's target on rating capital. The company also actively manages the composition and quality of the capital to continuously optimise its capital structure and interest cover ratio.

Swiss Solvency Test

The Swiss Solvency Test (SST) is the Swiss legislation which governs the capital requirements of insurance companies and groups. It was enacted in 2006 with the revised Insurance Supervision Law and corresponding Insurance Supervision Ordinance and constituted a reporting requirement during a five-year transition period before the capital requirements ultimately became binding from January 2011. The SST is a principle-based framework where the main objective is the alignment of the required capital with the underlying risks. The SST capital requirement underpins a high level of confidence that insurers will meet their obligations towards policyholders even in adverse circumstances. Swiss Life uses an internal model to calculate the available and the required capital for the SST.

Continuous monitoring of solvency under the SST is conducted on a monthly basis, calibration is updated based on the full SST calculations as at the beginning of each calendar year and as at mid-year.

Regulatory requirements

Swiss Life reports to the Swiss Financial Market Supervisory Authority FINMA. The reporting covers risk management and solvency, legal structure, management organisation and intra-group transactions. The reporting is submitted on an ad-hoc, monthly, half-yearly or yearly basis depending on the topic and is reviewed on a yearly basis by the statutory auditor according to the legal requirements. As at 31 December 2015 and 2014, Swiss Life was compliant with the legal requirements.

In addition to the Group's solvency requirements, constraints at local level are considered to address the specific situation of each country and business unit.

Economic capital

The value of a life insurance company for its shareholders comprises the economic net worth and the present value of future profits. The optimal amount of economic capital an insurance company needs to hold in order to maximise the company value is based on a risk/reward trade-off. For risk and capital management decisions, Swiss Life uses an integrated approach. The economic risk capital is determined bottom-up for each large business unit and takes into account market risk, credit risk and insurance risk. These risks are calculated on the basis of loss distributions using a specified risk measure. The overall capital requirement is obtained by taking into consideration respective diversification effects.

Economic and statutory capital requirements and the profit target are the main elements determining the risk budgets. Based on the overall risk budget set by the Investment and Risk Committee of the Board of Directors, the Group Risk Committee of the Corporate Executive Board defines the risk limits for the particular business units. Adherence to these limits is also checked on a monthly basis.

Standard & Poor's rating capital

In Standard & Poor's risk-based capital model, the total adjusted capital (TAC) is the measure used for available capital. TAC is set against the capital required given the company's target rating category (target capital). The calculation of target capital takes into account, in particular, insurance risks, asset value volatility and credit risks. Swiss Life has established a target capital level in line with its rating ambition. Within the capital analysis, in addition to assessing capital adequacy, Standard & Poor's also evaluates the quality of capital with respect to its structure (including the share of equity and hybrid capital). Capital adequacy is monitored on an ongoing basis according to Standard & Poor's capital model.

28 Acquisitions and Disposals of Subsidiaries

Assets and liabilities from acquisitions

In CHF million

	Notes	2015	2014
CONSIDERATION			
Cash consideration		**12**	251
Contingent consideration arrangement(s)		**6**	–
TOTAL CONSIDERATION		**18**	251
Fair value of equity interest(s) held before acquisition		**1**	–
TOTAL		**19**	251
ACQUISITION-RELATED COSTS			
Commission expense		**0**	4
TOTAL		**0**	4
IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED			
Cash and cash equivalents		**5**	29
Loans and receivables		**1**	34
Investments in associates		**–**	4
Property and equipment	16	**0**	1
Intangible assets including intangible insurance assets	17	**1**	83
Other assets		**2**	120
Derivatives		**–**	0
Financial liabilities		**–1**	–86
Policyholder participation liabilities		**–**	–
Employee benefit liabilities		**–3**	–27
Provisions	25	**–**	–3
Deferred income tax liabilities		**–**	–12
Other liabilities		**0**	–9
TOTAL IDENTIFIABLE NET ASSETS		**5**	134
Non-controlling interests		**–1**	0
Goodwill	17	**15**	117
TOTAL		**19**	251
ACQUIRED LOANS AND RECEIVABLES			
Fair value		**1**	34
Gross contractual amounts receivable		**1**	34
Estimated uncollectible cash flows		**0**	0

In 2015, Actuaires & Associés, Petit-Lancy, ABCON AG, Bern, and Sobrado Software AG, Cham, were acquired. Actuaires & Associés, Petit-Lancy, and ABCON AG, Bern, operate as pension fund administrators. Sobrado Software AG, Cham, offers a software platform to facilitate transactions between brokers and insurers.

Through the purchase of additional shares, the Swiss Life Group obtained control of RheinCOR Projektentwicklung GmbH, Cologne.

In October 2014, the Swiss Life Group acquired a 100% share in Corpus Sireo Holding GmbH & Co. KG, Cologne, the leading independent real estate asset management service provider in Germany. Goodwill arose on the acquisition because of expected synergies and leveraging effects with existing business.

In 2015 and 2014, no significant disposals of subsidiaries took place.

29 Related Party Transactions

Consolidated statement of income

In CHF million	Associates	Key management personnel	Other	Total 2015	Total 2014
Net earned premiums	1	–	–	1	1
Asset management and other commission income	1	–	–	1	1
Investment income	0	–	–	0	0
Other income	0	–	–	0	0
Interest expense	–	–	0	0	0
Commission expense	–1	–	–	–1	–1
Employee benefits expense	–	–20	–	–20	–19

Consolidated balance sheet

In CHF million	Associates	Key management personnel	Other	Total 31.12.2015	Total 31.12.2014
Loans and receivables	6	–	–	6	9
Other assets	0	–	–	0	–
Borrowings	–	–	–1	–1	–1
Other financial liabilities	–2	–	–	–2	–2

For the years ended 31 December 2015 and 2014, no impairment allowance has been made for doubtful debts in respect of the amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Guarantees and commitments

In CHF million	Associates	Key management personnel	Other	Total	Total
				31.12.2015	31.12.2014
Financial guarantees issued	2	–	–	2	4

"Guarantees issued" relates to a bank loan granted to an associated company of the Group in relation to property under construction.

Key management compensation

In CHF million	2015	2014
Short-term employee benefits	14	13
Post-employment benefits	2	2
Equity-settled share-based payments	4	4
TOTAL	20	19

Key management comprises the members of the Board of Directors of Swiss Life Holding and the members of the Corporate Executive Board of Swiss Life Holding. These individuals have the authority and responsibility for planning, directing and controlling the activities of the Swiss Life Group, directly or indirectly.

The details regarding key management compensation in accordance with the Swiss Code of Obligations, Article 663b^{bis} and Article 663c and the Federal Ordinance against Excessive Compensation in Listed Stock Companies are set out in the Compensation Report, which forms part of the Corporate Governance section of the Annual Report 2015 of the Swiss Life Group.

30 Fair Value Measurements

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 which 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.

30.1 Assets and liabilities measured at fair value on a recurring basis

Financial instruments

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	
	31.12.2015	31.12.2014	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014
FINANCIAL ASSETS								
Derivatives								
Currency	**0**	1	**416**	64	**–**	–	**416**	66
Interest rate	**0**	–	**1 421**	1 880	**–**	–	**1 421**	1 880
Equity	**262**	408	**13**	4	**–**	–	**275**	412
Total derivatives	**262**	409	**1 851**	1 949	**–**	–	**2 113**	2 358
Debt instruments								
Government/supranational	**43 908**	44 115	**373**	419	**–**	–	**44 281**	44 534
Corporate	**40 692**	45 045	**410**	836	**16**	79	**41 118**	45 960
Other	**112**	123	**8**	15	**–**	–	**120**	139
Total debt instruments	**84 713**	89 283	**791**	1 270	**16**	79	**85 519**	90 633
Equity instruments								
Equity securities	**3 368**	1 616	**21**	67	**281**	229	**3 670**	1 912
Investment funds	**7 201**	4 368	**1 168**	845	**937**	568	**9 306**	5 781
Alternative investments	**65**	57	**69**	63	**1 197**	1 042	**1 331**	1 162
Total equity instruments	**10 634**	6 041	**1 258**	975	**2 415**	1 838	**14 307**	8 854
Financial assets pledged as collateral	**2 109**	2 763	**–**	–	**–**	–	**2 109**	2 763
Assets attributable to non-controlling interests of investment funds	**1 658**	364	**268**	299	**570**	427	**2 496**	1 090
Assets for the account and risk of the Swiss Life Group's customers	**23 300**	24 369	**1 243**	857	**2 750**	3 750	**27 293**	28 975
TOTAL FINANCIAL ASSETS	**122 675**	123 230	**5 411**	5 349	**5 751**	6 094	**133 837**	134 673
INVESTMENTS IN ASSOCIATES								
Associates at fair value through profit or loss	**–**	–	**1**	212	**5**	7	**6**	219
FINANCIAL LIABILITIES								
Derivatives								
Currency	**0**	2	**374**	1 185	**–**	–	**375**	1 187
Interest rate	**–**	–	**571**	868	**–**	–	**571**	868
Equity	**8**	82	**1**	1	**–**	–	**8**	83
Other	**–**	–	**35**	27	**–**	–	**35**	27
Total derivatives	**8**	85	**981**	2 080	**–**	–	**989**	2 165
Investment contracts without discretionary participation	**–**	–	**343**	262	**–**	–	**343**	262
Unit-linked contracts	**–**	–	**22 491**	24 212	**124**	113	**22 615**	24 325
Share of net assets of investment funds attributable to non-controlling interests	**–**	–	**1 926**	663	**570**	427	**2 496**	1 090
TOTAL FINANCIAL LIABILITIES	**8**	85	**25 742**	27 217	**693**	540	**26 443**	27 842

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.

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 and 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 funds of funds and leveraged loans funds based on third-party quotes substantiated by observable market data, such as recent transactions or valuation techniques that reflect the market participant's assumptions. The level 2 classification is chosen because those funds maintain an irregular basis of price 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.

Equity derivatives:
Over-the-counter equity-index options are valued using the Black-Scholes model. Main inputs are the current spot value and the dividend yield of the underlying index. The implied volatility is taken from similar exchange-traded equity index options.

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 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 investments 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 funds 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 aim at using 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 and infrastructure 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.

Investment property

The following table shows the fair value hierarchy of investment property as at 31 December.

In CHF million	Quoted prices (level 1)		Valuation technique – observable inputs (level 2)		Valuation technique – unobservable inputs (level 3)		Total	
	31.12.2015	31.12.2014	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014
Commercial	**–**	–	**–**	–	**7 648**	6 642	**7 648**	6 642
Residential	**–**	–	**–**	–	**7 933**	7 215	**7 933**	7 215
Mixed use	**–**	–	**–**	–	**5 976**	5 739	**5 976**	5 739
TOTAL INVESTMENT PROPERTY	**–**	–	**–**	–	**21 557**	19 596	**21 557**	19 596

Level 3: Valuation techniques and inputs

Discounted cash flow models used for investment property consider the present value of net cash flows to be generated from the property, taking into account expected rent growth rate, vacancy rate, rent-free periods, other costs not paid by tenants, maintenance costs and investment plans. The expected net cash flows are discounted using risk-adjusted discount rates. Location- and property-related criteria are reflected in the discount rate for each property. The criteria reflect the micro- and macro-location characteristics as well as the relevant parameters of the current management situation.

Trends in fair value are determined by various fundamental parameters. A distinction has to be made between property-specific factors and exogenous factors that relate to the real estate and finance market environments. Changes in the property management situation on both the income and the cost side directly trigger an adjustment in the reported market value. Key determinants are new and expiring leases, change in the vacancy situation, as well as movements in running, maintenance and repair costs. Developments in the relevant local real estate market have an impact on the calculation of potential rental values. Changes in the capital or transaction markets have an influence on discount rates. Property ageing is another key factor.

Significant unobservable inputs

	Switzerland		Other countries	
	2015	2014	**2015**	2014
Rent growth p.a.	**0.5–4.5%**	1.0–3.0%	**–**	–
Long-term vacancy rate	**4.0–7.0%**	4.0–7.0%	**–**	–
Discount rate	**2.5–5.0%**	3.1–5.0%	**3.3–7.5%**	3.3–9.1%
Market rental value p.a. (price/m^2/year)	**–**	–	**EUR 130–4500**	EUR 130–590

Significant increases or decreases in estimated rental value and rent growth per annum would result in a higher or lower fair value of the properties. Significant decreases or increases in long-term vacancy rate and discount rate would result in a higher or lower fair value.

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.

Assets measured at fair value based on level 3 for the year 2015

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	Investment property	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	–	46	33	1 182	1 083	3 750	7	19 596	25 697
Total gains/losses recognised in profit or loss	–	0	5	6	47	–380	0	655	334
Total gains/losses recognised in other comprehensive income	–	–	–	–	–36	–	–	–	–36
Additions	–	0	–	801	402	277	–	2 779	4 259
Disposals	–	–27	–37	–245	–172	–603	–1	–1 172	–2 257
Foreign currency translation differences	–	–5	–	–43	–42	–294	–	–302	–686
BALANCE AS AT END OF PERIOD	–	15	1	1 702	1 283	2 750	5	21 557	27 313
Unrealised gains/losses recognised in profit or loss for assets held at the end of the period	–	0	6	10	–18	–380	0	648	266

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

Assets measured at fair value based on level 3 for the year 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	Investment property	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	18 517	23 359
Total gains/losses recognised in profit or loss	–	5	–18	27	36	577	0	288	915
Total gains/losses recognised in other comprehensive income	–	–	0	–	78	–	–	–	78
Additions	–	0	50	555	56	521	–	1 659	2 841
Disposals	–	–96	–	–58	–181	–238	–4	–809	–1 387
Foreign currency translation differences	–	–2	–	–7	–9	–35	–	–58	–110
BALANCE AS AT END OF PERIOD	–	46	33	1 182	1 083	3 750	7	19 596	25 697
Unrealised gains/losses recognised in profit or loss for assets held at the end of the period	–	3	–18	25	–20	577	0	278	845

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

During 2015, debt securities of CHF 183 million (2014: CHF 197 million) were transferred from level 1 into level 2 due to reduced frequency of price quotations, and debt securities of CHF 415 million (2014: CHF 321 million) were transferred from level 2 into level 1 due to available quoted prices. Changes in fund pricing frequency (daily/weekly) resulted in the following transfers of investment funds during 2015: CHF 10 million (2014: CHF 493 million) from level 1 into level 2, and CHF 15 million (2014: CHF 63 million) from level 2 into level 1.

The transfers between the levels of the fair value hierarchy were made at the end of the reporting period.

Liabilities measured at fair value based on level 3

In CHF million	Derivatives		Unit-linked contracts		Share of net assets of investment funds attributable to non-controlling interests		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Balance as at 1 January	–	–	**113**	107	**427**	280	**540**	387
Total gains/losses recognised in profit or loss	–	–	**0**	0	**1**	0	**1**	0
Additions	–	–	**11**	1	**242**	148	**254**	149
Disposals	–	–	**0**	5	**–90**	–	**–91**	5
Foreign currency translation differences	–	–	**0**	0	**–11**	–1	**–11**	–1
BALANCE AS AT END OF PERIOD	–	–	**124**	113	**570**	427	**693**	540
Unrealised gains/losses recognised in profit or loss for liabilities held at the end of the period	–	–	**0**	0	**1**	0	**1**	0

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		Net gains/losses on investment property	
	2015	2014	2015	2014	2015	2014
ASSETS						
Total gains/losses recognised in profit or loss	**52**	18	**–374**	609	**655**	288
Unrealised gains/losses recognised in profit or loss for assets held at the end of the period	**–12**	–38	**–370**	605	**648**	278
LIABILITIES						
Total gains/losses recognised in profit or loss	–	–	**–1**	0	–	–
Unrealised gains/losses recognised in profit or loss for liabilities held at the end of the period	–	–	**–1**	0	–	–

30.2 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	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
ASSETS				
Loans	19 955	23 348	22 620	27 107
Receivables [1]	4 379	4 600	4 379	4 600
LIABILITIES				
Investment contracts without discretionary participation [1]	9	11	9	11
Borrowings	4 078	3 798	4 278	4 021
Other financial liabilities [1]	10 284	12 056	10 284	12 056

[1] Carrying amount approximates fair value

Fair value hierarchy

In CHF million	Quoted prices (level 1)		Valuation technique – observable inputs (level 2)		Valuation technique – unobservable inputs (level 3)		Total fair value	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
ASSETS								
Loans	4 735	6 991	9 281	12 058	8 604	8 058	22 620	27 107
LIABILITIES								
Investment contracts without discretionary participation	–	–	9	11	–	–	9	11
Borrowings	2 821	2 494	1 457	1 527	–	–	4 278	4 021

Receivables and other financial liabilities

The carrying amounts of receivables and other financial liabilities represent a reasonable estimate of fair value as the effect of discounting is immaterial and changes in credit risk are not significant. Such instruments include insurance receivables and payables, demand and short-term deposits and repurchase agreements. The disclosure of the fair value hierarchy is not applicable for these instruments.

Loans

Level 1: This category consists of debt securities reclassified from financial assets available for sale due to the disappearance of an active market and where the market has become active again. Additionally, debt securities not quoted in an active market at initial recognition and where the market has become active again are included in this category.

Level 2: This category mainly consists of note loans *(Schuldscheindarlehen)* classified as loans. The fair values are measured on a discounted cash flow basis with zero coupon yield curves and credit spreads as main inputs.

Level 3: The fair values of mortgages and other loans are estimated using the discounted cash flow method.

For mortgages, the discount factors are derived from the libor/swap curve and a flat spread. Contract-specific spreads are based on an internal model that covers both risk and administration costs. Main inputs to that model are characteristics of the underlying property, the financial situation of the debtor and the duration of the contract. If no contract-specific spread is available a standard spread is applied that shall cover the marketability disadvantages and the administration costs, as mortgages are less standardised and tradable than exchange-traded bonds.

The discount factors for other loans are derived from the Group's current lending rates for similar loans. For variable-rate loans that reprice frequently and have no significant change in credit risk, fair values equal the carrying values.

Investment contracts without discretionary participation

Level 2: The fair value of investment contracts without discretionary participation is estimated using discounted cash flow calculations based upon interest rates currently being offered for similar contracts with maturities consistent with those remaining for the contracts being valued. The fair values of deposits are equal to the amount payable on demand or the carrying amount. The carrying amounts of variable-rate deposits approximate their fair values at the reporting date.

Borrowings

Level 1: This category consists of hybrid debt listed on the stock exchange.

Level 2: Privately placed hybrid debt, the liability component of the convertible debt and bank loans are categorised as level 2. The fair value of Swiss Life's privately placed hybrid debt (subordinated step-up loans) is calculated as the present value of the prospective cash flows to the lenders. The discount rate used for the calculation consists of a relevant government bond rate plus a credit spread. The fair value of the liability component of the convertible debt is calculated as the present value of the prospective cash flows to the bondholders. The discount rate used for the calculation is based on the yield-to-maturity of outstanding straight senior bonds issued by Swiss Life Holding. The fair value of the bank loans secured by mortgage is estimated using discounted cash flow calculations based upon the Group's current borrowing rates for similar borrowings with remaining maturities consistent with the debt being valued.

31 Offsetting Financial Assets and Liabilities

The Swiss Life Group enters into separate collateral management and netting agreements with counterparties to manage the credit risks associated with repurchase and reverse repurchase transactions, securities lending and over-the-counter and exchange-traded derivatives transactions. These agreements and similar arrangements generally enable the counterparties to set off liabilities in connection with the respective agreement against assets received in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. The right to setoff is a legal right to settle or otherwise eliminate all or a portion of an amount due by applying an amount receivable from the same counterparty against it to reduce credit exposure.

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

Offsetting financial assets

In CHF million	Derivatives		Repurchase agreements		Total	
	31.12.2015	31.12.2014	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014
Gross amounts of recognised financial assets before offsetting	**2 113**	2 358	**–**	–	**2 113**	2 358
NET AMOUNTS PRESENTED IN THE BALANCE SHEET	**2 113**	2 358	**–**	–	**2 113**	2 358
Related amounts not set off in the balance sheet:						
Financial instruments	**–11**	–571	**–**	–	**–11**	–571
Cash collateral received	**–1 939**	–1 756	**–**	–	**–1 939**	–1 756
Net amounts	**163**	31	**–**	–	**163**	31

Offsetting financial liabilities

In CHF million	Derivatives		Repurchase agreements		Total	
	31.12.2015	31.12.2014	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014
Gross amounts of recognised financial liabilities before offsetting	**989**	2 165	**2 146**	2 780	**3 135**	4 944
NET AMOUNTS PRESENTED IN THE BALANCE SHEET	**989**	2 165	**2 146**	2 780	**3 135**	4 944
Related amounts not set off in the balance sheet:						
Financial instruments	**–11**	–571	**–2 109**	–2 763	**–2 120**	–3 334
Cash collateral pledged	**–754**	–1 265	**–**	–	**–754**	–1 265
Net amounts	**224**	329	**37**	17	**261**	345

32 Guarantees and Commitments

In CHF million

	31.12.2015	31.12.2014
Financial guarantees [1]	**29**	42
Loan commitments	**320**	242
Capital commitments for alternative investments	**376**	272
Other capital commitments	**264**	334
Operating lease commitments	**128**	136
Contractual obligations to purchase or construct investment property	**1 138**	1 253
Other contingent liabilities and commitments	**452**	451
TOTAL	**2 707**	2 730
[1] of which relating to investments in associates	**2**	4

Financial guarantees

The Group has issued financial guarantees and similar instruments. Financial guarantees provide for specified payments to be made to reimburse the holder for a loss incurred in the event that a client fails to make payment when due.

Loan commitments

The Group has also entered into irrevocable commitments to extend credit in the form of loans and other instruments. They represent undrawn credit lines which are available to clients to secure their liquidity needs. With respect to credit risk, these commitments are contingent upon clients maintaining certain credit standards, and the Group monitors its exposure on a regular basis.

The total amount of credit commitments includes commitments to lend at fixed rates, which expose the Group to interest rate risk. These commitments are entered into for restricted periods of time. As at 31 December 2015, committed principal amounts stood at EUR 66 million and CHF 200 million (2014: EUR 30 million and CHF 165 million). The range of committed interest rates is 1.2% to 4.7% for commitments in euro and 1.0% to 2.3% for commitments in Swiss francs.

Capital commitments for alternative investments

Represent unfunded commitments to make investments in direct private equity, private equity funds, infrastructure and hedge funds. Such commitments do not involve credit or market risk, as the Group purchases investments at market value at the time the commitments are invoked.

Other capital commitments

Represent agreements to provide liquidity to protection funds in the insurance industry.

Operating lease commitments

The Group has entered into various operating leases as a lessee. Rental expenses recognised in income for these items totalled CHF 41 million for the year ended 31 December 2015 (2014: CHF 39 million). Minimum lease payments totalled CHF 41 million in 2015 (2014: CHF 39 million).

Future minimum lease payments under non-cancellable operating leases

In CHF million

	31.12.2015	31.12.2014
Not later than 1 year	35	38
Later than 1 year and not later than 5 years	88	93
Later than 5 years	5	5
TOTAL	128	136
Expected future minimum sublease payments	0	–

Other contingent liabilities and commitments

Contractual obligations for repairs and maintenance of investment property amounted to CHF 152 million as at 31 December 2015, which are included in this line item (2014: CHF 182 million).

The Group is involved in various legal proceedings, claims and litigation generally relating to its insurance operations. The outcome of such current legal proceedings, claims and litigation could have a material effect on operating results or cash flows when resolved in a future period. However, in the opinion of the management these matters are adequately provided for as at the balance sheet date.

33 Collateral

Financial assets pledged as collateral

The following table provides details of financial assets which have been sold or otherwise transferred, but which do not qualify for derecognition because substantially all risks and rewards of ownership are retained. Repurchase agreements and securities lending transactions are discussed in notes 2.7 and 12. Other securities pledged include debt securities pledged as collateral under reinsurance contracts issued and debt securities pledged as collateral under prime broker contracts to cover margins due in respect of derivative transactions.

In CHF million	Pledged amount		Fair value	
	31.12.2015	31.12.2014	**31.12.2015**	31.12.2014
Securities pledged under repurchase agreements [1]	**2 109**	2 763	**2 109**	2 763
Securities lent in exchange for securities received	**3 619**	4 571	**3 619**	4 571
Other securities pledged	**1 068**	2 392	**1 068**	2 392
Cash pledged for derivative liabilities	**754**	1 265	**754**	1 265
Cash pledged for other liabilities	**31**	33	**31**	33
Other financial assets pledged	**1**	1	**1**	1
TOTAL	**7 581**	11 025	**7 581**	11 025
[1] of which can be sold or repledged by transferee	**2 109**	2 763	**2 109**	2 763

Collateral held

The Group holds marketable securities as collateral in respect of the following transactions.

In CHF million	Fair value	
	31.12.2015	31.12.2014
Securities received as collateral in exchange for securities lent	**3 619**	4 810
Securities received under derivative and other transactions	**885**	1 853
TOTAL	**4 504**	6 662

34 Future Minimum Lease Payments under Non-Cancellable Operating Leases – Lessor

In CHF million

	31.12.2015	31.12.2014
Not later than 1 year	**377**	336
Later than 1 year and not later than 5 years	**1 159**	1 014
Later than 5 years	**1 114**	952
TOTAL	**2 650**	2 303
Contingent rents recognised in profit or loss	**0**	0

Leased assets where the Group is a lessor primarily relate to investment property leased to third parties under operating leases.

35 Events after the Reporting Period

On 2 March 2016, Swiss Life Ltd successfully placed a CHF 450 million undated subordinated bond, first callable in September 2021 (coupon until first call date: 3.75%) and a CHF 150 million dated subordinated bond with final maturity in 2046, first callable in September 2026 (coupon until first call date: 4.375%). The bonds were placed with investors in the Swiss franc market. The proceeds will be used for general corporate purposes, including future refinancing of outstanding subordinated debt instruments in accordance with applicable laws and regulations.

36 Scope of Consolidation

Switzerland

	Segment [1]	Consolidation period		Group share	Direct share	Principal activity
ABCON AG, Bern	CH	from	06.07.2015	100.0%	100.0%	Services
Actuaires et Associés SA, Petit-Lancy	CH	from	12.01.2015	100.0%	100.0%	Services
Adroit Private Equity AG, Zürich	CH			100.0%	100.0%	Private equity
aXenta AG, Baden-Dättwil	CH			100.0%	100.0%	Information technology
GENBLAN AG, Zürich	CH			100.0%	100.0%	Real estate
Livit AG, Zürich	AM			100.0%	100.0%	Asset management & Real estate
Livit FM Services AG, Zürich	AM			100.0%	100.0%	Services
Neue Warenhaus AG, Zürich	CH			100.0%	100.0%	Real estate
Oscar Weber AG, Zürich	CH			100.0%	100.0%	Real estate
Oscar Weber Holding AG, Zürich	CH			100.0%	100.0%	Asset management & Real estate
Sobrado Software AG, Cham	CH	from	29.09.2015	66.7%	66.7%	Information technology
Swiss Life AG, Zürich	CH			100.0%	100.0%	Life insurance
Swiss Life Asset Management AG, Zürich	AM			100.0%	100.0%	Asset management
Swiss Life Capital Holding AG, Zürich	Other			100.0%	100.0%	Holding
Swiss Life Funds AG, Lugano	AM			100.0%	100.0%	Finance
Swiss Life Holding AG, Zürich	Other			–	–	Holding
Swiss Life Intellectual Property Management AG, Zürich	Other			100.0%	100.0%	Services
Swiss Life International Holding AG, Zürich	Other			100.0%	100.0%	Holding
Swiss Life International Services AG, Schaan, Branch Zürich, Zürich	IN			100.0%	100.0%	Services
Swiss Life Investment Management Holding AG, Zürich	AM			100.0%	100.0%	Holding
Swiss Life Lab AG, Zürich	CH	from	22.06.2015	100.0%	100.0%	Information technology
Swiss Life Pension Services AG, Zürich	CH			100.0%	100.0%	Services
Swiss Life Private Equity Partners AG, Zürich	AM			100.0%	100.0%	Asset management
Swiss Life REIM (Switzerland) AG, Zürich	AM			100.0%	100.0%	Asset management
Swiss Life Products (Luxembourg) S.A., Strassen, Branch Zürich, Zürich	DE	until	26.08.2014	–	–	
Swiss Life Schweiz Holding AG, Zürich	CH			100.0%	100.0%	Holding
Swiss Life Select International Holding AG, Zürich	IN			100.0%	100.0%	Holding
Swiss Life Select Schweiz AG, Zug	CH			100.0%	100.0%	Services
Swissville Centers Holding AG, Zürich	CH			100.0%	100.0%	Holding
Swissville Commerce AG, Zürich	CH			100.0%	100.0%	Real estate
TECHNOPARK Immobilien AG, Zürich	CH			66.7%	66.7%	Real estate

Liechtenstein

	Segment [1]	Consolidation period	Group share	Direct share	Principal activity
Swiss Life (Liechtenstein) AG, Schaan	IN		100.0%	100.0%	Life insurance
Swiss Life International Services AG, Schaan	IN		100.0%	100.0%	Services

[1] Segment (CH = Switzerland, AM = Asset Managers, IN = International, FR = France, DE = Germany)

France

	Segment [1]	Consolidation period		Group share	Direct share	Principal activity
AGAMI, Levallois-Perret	FR			100.0%	100.0%	Services and broker
ATIM Université SCI, Levallois-Perret	FR			100.0%	100.0%	Real estate
AXYALIS PATRIMOINE, Valence	FR			77.6%	97.0%	Services
Carte Blanche Partenaires, Paris	FR	until	31.12.2014	–	–	
Cegema, Villeneuve-Loubet	FR			97.6%	97.6%	Broker
CrossQuantum, Levallois-Perret	FR	from	06.11.2015	100.0%	100.0%	Services
Financière du Capitole, Balma	FR			80.0%	80.0%	Finance
Financière du Patrimoine, Balma	FR			80.0%	100.0%	Real estate
MA Santé Facile, Levallois-Perret	FR			100.0%	100.0%	Services and broker
PRIGEST, Paris	FR	until	29.04.2014	–	–	
SAS Placement Direct, Pau	FR			100.0%	100.0%	Services and broker
SCI SWISSLIFE 148 UNIVERSITE, Levallois-Perret	FR			100.0%	100.0%	Real estate
Swiss Life Asset Management (France), Levallois-Perret	AM			100.0%	100.0%	Asset management
SWISS LIFE REIM (France), Marseille	AM			79.8%	79.8%	Asset management
SwissLife Agence Régionale (formerly CGPI 2014), Levallois-Perret	FR			100.0%	100.0%	Asset management
SwissLife Assurance et Patrimoine, Levallois-Perret	FR			100.0%	100.0%	Life insurance
SwissLife Assurances de Biens, Levallois-Perret	FR			100.0%	100.0%	Non-life insurance
SwissLife Banque Privée, Paris	FR			60.0%	60.0%	Bank
SwissLife Dynapierre, Levallois-Perret	FR			100.0%	100.0%	Real estate
SwissLife France, Levallois-Perret	FR			100.0%	100.0%	Holding
SwissLife Gestion Privée, Paris	FR			60.0%	100.0%	Bank
SwissLife Immobilier, Levallois-Perret	AM			100.0%	100.0%	Real estate
SwissLife Prestigimmo, Levallois-Perret	FR			100.0%	100.0%	Real estate
SwissLife Prévoyance et Santé, Levallois-Perret	FR			99.8%	99.8%	Non-life insurance

[1] Segment (CH = Switzerland, AM = Asset Managers, IN = International, FR = France, DE = Germany)

Germany

	Segment[1]	Consolidation period		Group share	Direct share	Principal activity
Anatol Acquisition GmbH, Köln	AM	until	27.04.2015	–	–	
AWD Zweite Vermögensverwaltungsgesellschaft mbH, Hannover	DE			100.0%	100.0%	Services
CitCor Residential Verwaltungs GmbH, Düsseldorf	AM	from	01.10.2014	100.0%	100.0%	Asset management & Real estate
CORPUS SIREO Projektentwicklung Adlershof GmbH & Co. KG, Köln	CH	from	18.12.2015	100.0%	100.0%	Asset management & Real estate
CORPUS SIREO Asset Management Commercial GmbH, Heusenstamm	AM	from	01.10.2014	100.0%	100.0%	Asset management & Real estate
CORPUS SIREO Asset Management Residential GmbH, Köln	AM	from	01.10.2014	100.0%	100.0%	Asset management & Real estate
CORPUS SIREO Asset Management Retail GmbH, Köln	AM	from	01.10.2014	100.0%	100.0%	Asset management & Real estate
CORPUS SIREO Broadway Acquisition GmbH, Köln	AM	until	27.04.2015	–	–	
CORPUS SIREO HOLDING GmbH (formerly CORPUS SIREO Holding GmbH & Co. KG), Köln	AM	from	01.10.2014	100.0%	100.0%	Holding
CORPUS SIREO Immobilien Beteiligungs GmbH (formerly CitCor Commercial Properties Management GmbH), Köln	CH	from	01.10.2014	100.0%	100.0%	Asset management & Real estate
CORPUS SIREO Investment Commercial No. 6 GmbH, Köln	AM	until	04.05.2015	–	–	
CORPUS SIREO Investment Residential Berlin GmbH, Köln	AM	until	23.04.2015	–	–	
CORPUS SIREO Investment Residential No. 2 GmbH, Köln	AM	from	01.10.2014	100.0%	100.0%	Asset management & Real estate
CORPUS SIREO Investment Residential No. 24 S.à.r.l. – Branch Köln, Köln	AM	from	01.10.2014	100.0%	100.0%	Asset management & Real estate
CORPUS SIREO Investment Residential No. 30 GmbH & Co. KG, Köln	AM	from	01.10.2014	99.0%	100.0%	Asset management & Real estate
CORPUS SIREO Makler GmbH, Branch Düsseldorf, Düsseldorf	AM	from	01.10.2014	100.0%	100.0%	Asset management & Real estate
CORPUS SIREO Makler GmbH, Branch Frankfurt am Main, Frankfurt am Main	AM	from	19.03.2015	100.0%	100.0%	Asset management & Real estate
CORPUS SIREO Makler GmbH, Branch KölnBonn, Bonn	AM	from	01.10.2014	100.0%	100.0%	Asset management & Real estate
CORPUS SIREO Makler Frankfurt GmbH, Frankfurt am Main	AM	until	09.03.2015	–	–	
CORPUS SIREO Makler GmbH, Köln	AM	from	01.10.2014	100.0%	100.0%	Asset management & Real estate
CORPUS SIREO Projektentwicklung Beteiligungs GmbH (formerly CORPUS SIREO Holding GmbH), Köln	AM	from	01.10.2014	100.0%	100.0%	Asset management & Real estate
CORPUS SIREO Projektentwicklung Düsseldorf GmbH, Köln	AM	from	01.10.2014	99.9%	100.0%	Asset management & Real estate
CORPUS SIREO Projektentwicklung Frankfurt-Mitte GmbH, Köln	AM	until	19.03.2015	–	–	
CORPUS SIREO Projektentwicklung Köln-West GmbH, Köln	AM	from	01.10.2014	99.9%	100.0%	Asset management & Real estate
CORPUS SIREO Projektentwicklung Lessingstrasse GmbH, Köln	AM	from	01.10.2014	99.9%	100.0%	Asset management & Real estate
CORPUS SIREO Projektentwicklung München GmbH, Köln	AM	from	01.10.2014	99.9%	100.0%	Asset management & Real estate
CORPUS SIREO Projektentwicklung München II GmbH, Köln (formerly CORPUS SIREO Projektentwicklung München II S.à.r.l., Luxembourg)	AM	from	26.11.2014	100.0%	100.0%	Asset management & Real estate
CORPUS SIREO Projektentwicklung Neuenhöfer Allee GmbH, Köln	AM	until	19.03.2015	–	–	
CORPUS SIREO Projektentwicklung Wohnen Bonner Strasse GmbH, Köln	AM	until	19.03.2015	–	–	
CORPUS SIREO Projektentwicklung Wohnen GmbH, Köln	AM	from	01.10.2014	99.9%	100.0%	Asset management & Real estate
CORPUS SIREO Projektentwicklung Wohnen Residenz GmbH, Köln	AM	until	19.03.2015	–	–	

[1] Segment (CH = Switzerland, AM = Asset Managers, IN = International, FR = France, DE = Germany)

Germany (continued)

	Segment[1]	Consolidation period		Group share	Direct share	Principal activity
DEUTSCHE PROVENTUS AG, Hannover	DE			100.0%	100.0%	Services
Faircompare GmbH, Hannover	DE			100.0%	100.0%	Services
Financial Solutions AG Service & Vermittlung, Garching b. München	DE			100.0%	100.0%	Services
FRECOR Projektentwicklung und Wohnbau GmbH, Köln	AM	from	01.10.2014	76.0%	76.0%	Asset management & Real estate
Horbach Wirtschaftsberatung GmbH, Köln	DE			100.0%	100.0%	Services
IC Investment Commercial No. 5 GmbH, Köln	AM	from	01.10.2014	100.0%	100.0%	Asset management & Real estate
Maicor Projektentwicklung Winterhafen GmbH, Mainz	AM	from	01.10.2014	74.2%	74.2%	Asset management & Real estate
Pegasus Acquisition GmbH, Köln	AM	until	27.04.2015	–	–	
ProVentus Akademie- und Vertriebs GmbH, Hannover	DE			100.0%	100.0%	Services
RheinCOR Projektentwicklung GmbH, Köln	AM	from	19.01.2015	55.0%	55.0%	Asset management & Real estate
SELECT Bauprojektentwicklung GmbH, Köln	AM	from	01.10.2014	100.0%	100.0%	Asset management & Real estate
SL Beteiligungs-GmbH & Co. Grundstücksverwaltung KG, Garching b. München	DE			100.0%	100.0%	Real estate
SL Beteiligungs-GmbH & Co. Immobilien I KG, Garching b. München	DE			100.0%	100.0%	Real estate
SL Beteiligungs-GmbH & Co. Immobilien II KG, Garching b. München	DE			100.0%	100.0%	Real estate
SL Beteiligungs-GmbH & Co. Immobilien III KG, Garching b. München	DE			100.0%	100.0%	Real estate
SL Beteiligungs-GmbH & Co. Immobilien IV KG, Garching b. München	DE	from	22.01.2014	100.0%	100.0%	Real estate
SL Beteiligungs-GmbH & Co. Immobilien Ost KG, Garching b. München	DE			100.0%	100.0%	Real estate
SL-Immobilien-Beteiligungs-Gesellschaft mbH, Garching b. München	DE			100.0%	100.0%	Holding
SL Private Equity GmbH, Frankfurt am Main	DE			98.9%	98.9%	Private equity
SLPM Schweizer Leben PensionsManagement GmbH, Garching b. München	DE			100.0%	100.0%	Services
SolViva Immobilien GmbH, Köln	AM	from	01.10.2014	100.0%	100.0%	Asset management & Real estate
Swiss Life AG, Garching b. München (Branch Swiss Life AG)	DE			100.0%	100.0%	Life insurance
Swiss Life Asset Management GmbH, Garching b. München	AM			100.0%	100.0%	Services
Swiss Life Assurance Solutions S.A., Branch Germany, München	Other	until	10.03.2014	–	–	
Swiss Life Beteiligungen GmbH, Garching b. München	DE			100.0%	100.0%	Holding
Swiss Life Deutschland erste Vermögensverwaltungs AG, Garching b. München	DE			100.0%	100.0%	Services
Swiss Life Deutschland Holding GmbH, Hannover	DE			100.0%	100.0%	Holding
Swiss Life Deutschland Operations GmbH, Hannover	DE			100.0%	100.0%	Services
Swiss Life Deutschland Vertriebsservice GmbH, Hannover	DE			100.0%	100.0%	Services
Swiss Life Gastronomie GmbH, Hannover	DE			100.0%	100.0%	Staff restaurant/Canteen
Swiss Life Insurance Solutions S.A. Branch Germany, Garching b. München	Other			100.0%	100.0%	Life insurance/Reinsurance
Swiss Life Invest GmbH, München	AM			100.0%	100.0%	Asset management
Swiss Life Partner Service- und Finanzvermittlungs GmbH, Garching b. München	DE			100.0%	100.0%	Services
Swiss Life Pensionsfonds AG, Garching b. München	DE			100.0%	100.0%	Life insurance
Swiss Life Pensionskasse AG, Garching b. München	DE			100.0%	100.0%	Life insurance
Swiss Life Products (Luxembourg) S.A. Branch Germany, Garching b. München	DE			100.0%	100.0%	Life insurance/Reinsurance
Swiss Life Select Deutschland GmbH, Hannover	DE			100.0%	100.0%	Services
Swiss Life Service GmbH, Leipzig	DE			100.0%	100.0%	Services
Swiss Life Vermittlungs GmbH, Garching b. München	DE			100.0%	100.0%	Services
tecis Finanzdienstleistungen AG, Hamburg	DE			100.0%	100.0%	Services

[1] Segment (CH = Switzerland, AM = Asset Managers, IN = International, FR = France, DE = Germany)

Luxembourg

	Segment [1]	Consolidation period		Group share	Direct share	Principal activity
Basket Fonds (LUX), Luxembourg	AM	until	15.12.2015	–	–	
CORPUS SIREO Health Care III Management S.à.r.l., Luxembourg	AM	from	12.06.2015	100.0%	100.0%	Asset management & Real estate
CORPUS SIREO Health Care III SICAV-FIS, Luxembourg	AM	from	17.06.2015	100.0%	100.0%	Asset management & Real estate
CORPUS SIREO International S.à.r.l. (formerly CORPUS SIREO Investment Management S.à.r.l.), Luxembourg	AM	from	01.10.2014	100.0%	100.0%	Asset management & Real estate
CORPUS SIREO Investment Residential No. 24 S.à.r.l., Luxembourg	AM	from	01.10.2014	100.0%	100.0%	Asset management & Real estate
CORPUS SIREO RetailCenter Management S.à.r.l., Luxembourg	AM	from	17.12.2014	100.0%	100.0%	Asset management & Real estate
CORPUS SIREO RetailCenter-Fonds Deutschland SICAV-FIS, Luxembourg	AM	from	22.12.2014	57.0%	57.0%	Asset management & Real estate
CS Stella (LUX) S.à.r.l., Luxembourg	CH	from	16.11.2015	100.0%	100.0%	Asset management & Real estate
CORPUS SIREO Trust No. 1 S.à.r.l., Luxembourg	AM	until	31.12.2015	–	–	
DRED Real Estate Deutschland GP S.à.r.l., Luxembourg	AM	from	17.07.2015	100.0%	100.0%	Asset management & Real estate
Heralux S.A., Strassen	FR			99.8%	100.0%	Reinsurance
Stella (LUX) Holding S.à.r.l., Luxembourg	CH	from	16.11.2015	100.0%	100.0%	Asset management & Real estate
Stella (LUX) Pool 1 S.à.r.l., Luxembourg	CH	from	16.11.2015	100.0%	100.0%	Asset management & Real estate
Stella (LUX) Pool 2 S.à.r.l., Luxembourg	CH	from	16.11.2015	100.0%	100.0%	Asset management & Real estate
Stella (LUX) Pool 3 S.à.r.l., Luxembourg	CH	from	16.11.2015	100.0%	100.0%	Asset management & Real estate
Stella (LUX) Single 1 S.à.r.l., Luxembourg	CH	from	16.11.2015	100.0%	100.0%	Asset management & Real estate
Stella (LUX) Single 2 S.à.r.l., Luxembourg	CH	from	16.11.2015	100.0%	100.0%	Asset management & Real estate
Stella 2 SCS, Luxembourg	CH	from	19.11.2015	100.0%	100.0%	Asset management & Real estate
Stella 2-Management S.à.r.l., Luxembourg	CH	from	19.11.2015	100.0%	100.0%	Asset management & Real estate
Swiss Life (LUX) German Core Real Estate Management S.à.r.l., Luxembourg	AM	from	06.07.2015	100.0%	100.0%	Asset management & Real estate
SWISS LIFE (LUXEMBOURG) S.A., Strassen	IN			100.0%	100.0%	Life insurance
Swiss Life Assurance Solutions S.A., Strassen	Other			100.0%	100.0%	Non-life insurance
Swiss Life Fund Management (LUX) S.A., Luxembourg	AM			100.0%	100.0%	Investment funds
Swiss Life Funds (Lux) Global Infrastructure Opportunities Management S.à.r.l., Strassen	AM			100.0%	100.0%	Asset management
Swiss Life Funds (Lux) Global Infrastructure Opportunities S.C.A., SICAV-SIF, Luxembourg	AM			100.0%	100.0%	Asset management
Swiss Life Funds (LUX), Luxembourg	AM			–	–	Investment funds
Swiss Life German CRE Holding S.à.r.l., Luxembourg	AM	from	06.07.2015	–	–	Asset management & Real estate
Swiss Life German CRE Office and Retail S.C.S., Luxembourg	AM	from	06.07.2015	–	–	Asset management & Real estate
Swiss Life German CRE Residential S.C.S., Luxembourg	AM	from	06.07.2015	–	–	Asset management & Real estate
Swiss Life German CRE S.à.r.l., Luxembourg	AM	from	06.07.2015	–	–	Asset management & Real estate
Swiss Life Funds (Lux) Management Company S.A., Luxembourg	AM	until	17.12.2014	–	–	
Swiss Life GIO Holdings S.à.r.l., Luxembourg	AM			100.0%	100.0%	Asset management
Swiss Life GIO S.à.r.l., Luxembourg	AM			100.0%	100.0%	Asset management
Swiss Life Hotel Properties SCS, Luxembourg	DE			100.0%	100.0%	Asset management & Real estate
Swiss Life Immo-Arlon, Société Anonyme, Strassen	Other			100.0%	100.0%	Real estate
Swiss Life Insurance Solutions S.A., Strassen	Other			100.0%	100.0%	Life insurance/Reinsurance
Swiss Life International Pension Fund ASBL, Strassen	IN			–	–	Pension funds
Swiss Life Invest Luxembourg S.A., Strassen	Other			100.0%	100.0%	Holding
Swiss Life Participations Luxembourg S.A., Strassen	Other			100.0%	100.0%	Holding
Swiss Life Products (Luxembourg) S.A., Strassen	DE			100.0%	100.0%	Life insurance/Reinsurance
Swiss Life Real Estate Management Funds I S.C.S., Strassen	DE	from	05.11.2014	100.0%	100.0%	Real estate
Swiss Life Real Estate Management I S.à.r.l., Strassen	DE	from	03.11.2014	100.0%	100.0%	Real estate
Swiss Life Real Estate Management II S.à.r.l., Luxembourg	DE	from	27.10.2015	100.0%	100.0%	Asset management & Real estate
Swiss Life REF (LUX) German Core Real Estate SCS, Société en Commandite simple, Luxembourg	AM	from	06.07.2015	–	–	Asset management & Real estate
White Tower Munich General Partner S.à.r.l., Luxembourg	DE	from	27.10.2015	100.0%	100.0%	Asset management & Real estate
White Tower Munich SCS, Luxembourg	DE	from	27.10.2015	100.0%	100.0%	Asset management & Real estate

[1] Segment (CH = Switzerland, AM = Asset Managers, IN = International, FR = France, DE = Germany)

United Kingdom

	Segment [1]	Consolidation period	Group share	Direct share	Principal activity
Bazalgette (Investments) Limited, London	AM	from 07.04.2015	99.0%	99.0%	Asset Management
Chase de Vere Consulting Limited, Manchester	IN		100.0%	100.0%	Dormant
Chase de Vere Financial Solutions Limited, Manchester	IN		100.0%	100.0%	Dormant
Chase de Vere IFA Group Plc, London	IN		100.0%	100.0%	Finance
Chase de Vere IFA Services Limited, Manchester	IN		100.0%	100.0%	Dormant
Chase de Vere Independent Financial Advisers Limited, London	IN		100.0%	100.0%	Finance
Chase de Vere Loans Limited, Manchester	IN		100.0%	100.0%	Dormant
Chase de Vere Private Client Trustees Limited, London	IN		100.0%	100.0%	Dormant
Chase de Vere Trustees Limited, Leicestershire	IN	until 01.09.2014	–	–	

Austria

	Segment [1]	Consolidation period	Group share	Direct share	Principal activity
Swiss Life International Services AG, Branch Austria, Wien	CH		100.0%	100.0%	Services
Swiss Life Products (Luxembourg) S.A., Branch Austria, Wien	DE		100.0%	100.0%	Life insurance/Reinsurance
Swiss Life Select CEE Holding GmbH, Wien	IN		100.0%	100.0%	Holding
Swiss Life Select Österreich GmbH, Wien	IN		100.0%	100.0%	Services

Belgium

	Segment [1]	Consolidation period	Group share	Direct share	Principal activity
RENAISSANCE OFFICE SPRL, Bruxelles	FR		100.0%	100.0%	Real estate
RENAISSANCE RESIDENTIAL, Bruxelles	FR	until 31.07.2015	–	–	

Canada

	Segment [1]	Consolidation period	Group share	Direct share	Principal activity
Swiss Life GIO Canada Group Ltd, Montréal	AM		100.0%	100.0%	Asset management

Cayman Islands

	Segment [1]	Consolidation period	Group share	Direct share	Principal activity
Adroit Investment (Offshore) Ltd., Grand Cayman	CH		100.0%	100.0%	Private equity
Adroit Partnerships (Offshore) L.P., Grand Cayman	CH		100.0%	100.0%	Private equity
Swiss Life Financial Services (Cayman) Ltd., Grand Cayman	Other		100.0%	100.0%	Services
Swiss Life Insurance Finance Ltd., Grand Cayman	Other		100.0%	100.0%	Finance

Czech Republic

	Segment [1]	Consolidation period	Group share	Direct share	Principal activity
Swiss Life Select Ceska Republika s.r.o., Brno	IN		100.0%	100.0%	Services

[1] Segment (CH = Switzerland, AM = Asset Managers, IN = International, FR = France, DE = Germany)

Poland

	Segment[1]	Consolidation period	Group share	Direct share	Principal activity
Swiss Life Select Spólka z ograniczona odpowiedzialnoscia, Warszawa	IN		100.0%	100.0%	Services

Singapore

	Segment[1]	Consolidation period	Group share	Direct share	Principal activity
Swiss Life (Singapore) Pte. Ltd., Singapore	IN		100.0%	100.0%	Life insurance
Swiss Life Network (Asia) Pte. Ltd., Singapore	IN		100.0%	100.0%	Services

[1] Segment (CH = Switzerland, AM = Asset Managers, IN = International, FR = France, DE = Germany)

Report of the Statutory Auditor

Report of the Statutory Auditor
to the General Meeting of
Swiss Life Holding Ltd
Zurich

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the consolidated financial statements of Swiss Life Holding Ltd, which comprise the consolidated statement of income, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of cash flows, consolidated statement of changes in equity and notes to the consolidated financial statements (pages 152 to 296), for the year ended 31 December 2015.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Ray Kunz	Nebojsa Baratovic
Audit expert	Audit expert
Auditor in charge	

Zurich, 15 March 2016

Swiss Life Holding Financial Statements

Management Report

Swiss Life Holding increased its profit in the 2015 financial year to CHF 349 million (2014: CHF 258 million).

The annual profit of Swiss Life Holding consisted mainly of dividends, guarantee fees and interest income within the Group, as well as investment income. Dividend payments received by the holding company from subsidiaries increased from CHF 232 million to CHF 337 million. Guarantee fees including processing fees for new loans rose from CHF 44 million to CHF 45 million. Corpus Sireo units were granted two new loans totalling EUR 44 million to finance new real estate projects. In addition, the Group-wide credit structure was simplified, as a result of which the volume of loans to Group companies rose from CHF 638 million to CHF 642 million. Interest earned on loans to Group companies increased from CHF 25 million to CHF 30 million. Most of the additional interest income arises from loans granted to subsidiaries in the previous year. Earnings from investments in bonds and fund units rose from CHF 16 million to CHF 29 million. All loans granted internally and external investments in foreign currencies are hedged with currency futures. The cost of hedging during the reporting period was CHF 9 million (2014: CHF 1.3 million). During the period under review, CHF 31 million in loans granted to subsidiaries was converted into equity capital. Furthermore, the investment book value of Swiss Life Deutschland Holding was revalued by CHF 41 million. The value of all participations thus declined slightly, from CHF 3946 million to CHF 3936 million.

Swiss Life Holding's profit distribution to shareholders in the period under review came to CHF 207 million or CHF 6.50 per share and was made out of the capital contribution reserve. The par value of the Swiss Life Holding share stands unchanged at CHF 5.10. The company's nominal share capital at the end of the year remained at CHF 164 million.

As at the end of the year Swiss Life Holding holds debt capital amounting to CHF 918 million. It consists of two senior bonds in the total nominal amount of CHF 425 million, comprising a tranche of CHF 225 million with a six-year maturity (coupon 1.125%; maturing 2019) and a tranche of CHF 200 million with a ten-year maturity (coupon 1.875%; maturing 2023), as well as a seven-year convertible bond in the amount of CHF 500 million (coupon 0%; maturing 2020). All financial instruments were issued in 2013. Interest on the bonds came to CHF 7 million. Total expenditure including taxes remained unchanged at CHF 33 million.

As at the end of the year Swiss Life Holding has assets (liquid funds, debt securities and investment funds) of CHF 1184 million. Due primarily to the reallocation of assets, liquid funds reduced from CHF 287 million to CHF 183 million, while debt security and investment fund holdings increased from CHF 801 million to CHF 1001 million. All debt securities are eligible for repo transactions.

Statement of Income

Statement of income for the years ended 31 December

In CHF million

	2015	2014
Dividends received	**337**	232
Realised gain/loss on non-current assets	**–4**	–7
Unrealised gain/loss on non-current assets	**–51**	1
Other finance income	**58**	41
Other financial expense	**–10**	–9
Foreign currency gains/losses	**–9**	–25
NET INCOME ON NON-CURRENT ASSETS	**323**	232
STAFF COSTS	**–6**	–5
OPERATING EXPENSE	**–9**	–8
OTHER PROFIT FROM OPERATIONS	**45**	48
OTHER OPERATING EXPENSE	**–2**	–6
INCOME TAX	**–2**	–3
ANNUAL PROFIT	**349**	258

Balance Sheet

Balance sheet

In CHF million

	31.12.2015	31.12.2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**183**	287
Receivables from Group companies	**34**	23
Receivables from third parties	**1**	0
Prepayments and accrued income	**14**	13
TOTAL CURRENT ASSETS	**233**	323
NON-CURRENT ASSETS		
Debt securities	**798**	702
Investment funds	**203**	99
Loans to Group companies	**642**	638
Financial assets	**1 643**	1 439
Participations	**3 936**	3 946
TOTAL NON-CURRENT ASSETS	**5 578**	5 384
TOTAL ASSETS	**5 811**	5 708
LIABILITIES AND EQUITY		
LIABILITIES		
SHORT-TERM DEBT CAPITAL		
Payables to Group companies	**9**	–
Liabilities towards third parties	**53**	83
TOTAL SHORT-TERM DEBT CAPITAL	**61**	83
LONG-TERM DEBT CAPITAL		
Convertible securities	**495**	494
Senior bonds	**423**	423
TOTAL LONG-TERM DEBT CAPITAL	**918**	917
TOTAL LIABILITIES	**979**	1 000
EQUITY		
Share capital	**164**	164
Capital contribution reserve	**862**	1 070
Statutory capital reserve	**862**	1 070
General reserves	**32**	32
Statutory retained earnings	**32**	32
Free reserves	**3 473**	3 214
Balance carried forward from previous year	**0**	1
Annual profit	**349**	258
Profit shown in the balance sheet	**349**	259
Voluntary retained earnings	**3 822**	3 473
Own capital shares	**–49**	–31
TOTAL EQUITY	**4 832**	4 708
TOTAL LIABILITIES AND EQUITY	**5 811**	5 708

Notes to the Financial Statements
Accounting Rules

The 2015 Financial Statements are the first to incorporate the provisions of Swiss accounting law (Title 32 of the Swiss Code of Obligations). The previous year's balance sheet and income statement have been amended accordingly to ensure comparability. Treasury shares in particular are now represented as a negative value in equity. The reserve for treasury shares has been accordingly released. The valuation method for participations has also been adapted to the new Code of Obligations. With the introduction of new provisions, participations have been revalued by CHF 41 million. This adaptation is contained in the position "Unrealised gain/loss of capital assets". Swiss Life Holding's Financial Statements are presented in millions of Swiss francs (CHF), which is the presentation currency. Figures may not add up exactly due to rounding.

Explanations on the balance sheet and statement of income

Participations

	Currency	Authorised share capital in 1000	Direct share	Currency	Authorised share capital in 1000	Direct share
		31.12.2015			31.12.2014	
Swiss Life Ltd, Zürich	**CHF**	**587 350**	**100.00%**	CHF	587 350	100.00%
Swiss Life Deutschland Holding GmbH, Hannover	**EUR**	**25**	**100.00%**	EUR	25	100.00%
Swiss Life Intellectual Property Management AG, Zürich	**CHF**	**250**	**100.00%**	CHF	250	100.00%
Swiss Life International Holding AG, Zürich	**CHF**	**1 000**	**100.00%**	CHF	1 000	100.00%
Swiss Life Investment Management Holding AG, Zürich	**CHF**	**50 000**	**100.00%**	CHF	50 000	100.00%
Swiss Life Schweiz Holding AG, Zürich	**CHF**	**250**	**100.00%**	CHF	250	100.00%

Loans to Group companies

CHF 556 million of the loans to Group companies is classified as subordinated.

Major shareholders

The following shareholders hold over 5% of Swiss Life Holding's share capital.

As % of total share capital

	31.12.2015	31.12.2014
Deutsche Bank AG	**5.35%**	5.35%
BlackRock Inc.	**5.58%**	5.58%

Share capital

As at 31 December 2015, the share capital of Swiss Life Holding consisted of 32 081 054 fully-paid shares with a par value of CHF 5.10 each. In exercising voting rights, no shareholder can collect more than 10% of the total share capital directly or indirectly in respect of his own shares and those he represents. As at 31 December 2014, Swiss Life Holding had 32 081 054 registered shares outstanding with a par value of CHF 5.10 per share. Conditional share capital was CHF 30 600 000.00 as at 31 December 2015 (2014: 30 600 000.00).

Statutory capital reserve
The statutory capital reserve consists of the reserve from capital contribution reserves of CHF 862 million. Following the distribution of CHF 6.50 per share, the capital contribution reserve was reduced by CHF 207 million during the year under review from CHF 1070 million to CHF 862 million as at 31 December 2015. Of this amount CHF 691 million is recognised by the Federal Tax Administration, while the legal qualification of CHF 171 million is still open and is to be reassessed according to future legal developments.

Statutory retained earnings
Statutory retained earnings comprise the general reserves.

Free reserves
This post comprises accumulated retained earnings which have not been distributed to the shareholders.

Issue of a convertible bond in 2013
On 2 December 2013, Swiss Life Holding launched a bond issue in the amount of CHF 500 million with a coupon of 0%, due in 2020. The bonds may be converted into registered Swiss Life Holding shares. The conversion price is set at CHF 240.70.

In 2015 no convertible bonds were converted into Swiss Life Holding shares.

Issue of two senior bonds in 2013
Two senior bonds for a total amount of CHF 425 million were issued on 21 June 2013, split into a tranche of CHF 225 million with a tenor of six years until 2019 (coupon of 1.125%) and a tranche of CHF 200 million with a tenor of ten years until 2023 (coupon of 1.875%).

Treasury shares
In the year under review the companies in the Swiss Life Group purchased a total of 158 001 Swiss Life Holding shares at an average price of CHF 219.76. No shares were sold in the same period. As at 31 December 2015, the Swiss Life Group held 254 495 treasury shares.

Contingencies
Swiss Life Holding acts as warrantor for all Swiss Life Ltd liabilities with regard to the various tranches of the subordinated perpetual step-up loans (hybrid debt), which amounted to an equivalent value of CHF 3730 million at the balance sheet date.

Swiss Life Holding further provides capital guarantees for a maximum net asset value of CHF 1100 million to Swiss Life Ltd, CHF 150 million to Swiss Life Funds, CHF 185 million to Swiss Life Products, CHF 7 million to Swiss Life Liechtenstein and CHF 7 million to Corpus Sireo.

In addition, Swiss Life Holding grants a line of credit in the amount of CHF 16 million to Swiss Life Products, a line of credit in the amount of CHF 6 million to Swiss Life Schweiz Holding and a line of credit in the amount of CHF 83 million to Corpus Sireo.

Financial assets pledged as collateral
In the year under review, Swiss Life Holding pledged no liquid assets as margin cover for currency forward transactions.

Statement of changes in equity for the years ended 31 December

In CHF million

	2015	2014
SHARE CAPITAL		
Balance as at 1 January	164	164
TOTAL SHARE CAPITAL	164	164
STATUTORY CAPITAL RESERVE		
Balance as at 1 January	1 070	1 246
Distribution of profit from the capital contribution reserve	–207	–176
TOTAL STATUTORY CAPITAL RESERVE	862	1 070
STATUTORY RETAINED EARNINGS		
General reserves		
Balance as at 1 January	32	32
Total general reserves	32	32
TOTAL STATUTORY RETAINED EARNINGS	32	32
VOLUNTARY RETAINED EARNINGS		
Free reserves		
Balance as at 1 January	3 214	3 098
Allocation to free reserves	259	90
Release of reserve for treasury shares	–	26
Total free reserves	3 473	3 214
Profit shown in the balance sheet		
Balance as at 1 January	259	91
Allocation to free reserves	–259	–90
Annual profit	349	258
Total profit shown in the balance sheet	349	259
TOTAL VOLUNTARY RETAINED EARNINGS	3 822	3 473
OWN CAPITAL SHARES		
Balance as at 1 January	–31	–26
Change in own capital shares	–18	–5
TOTAL OWN CAPITAL SHARES	–49	–31
TOTAL EQUITY	4 832	4 708

As a result of the adaptation to new provisions of the Code of Obligations, treasury shares are now represented as a negative value in equity capital. A reserve for treasury shares is thus now only to be created if other Group companies hold treasury shares. Since no other Group companies hold treasury shares, the reserve for treasury shares has been accordingly released to free reserves.

Number of full-time positions

The number of full-time positions is not above 50 employees on average over the year.

Events after the Reporting Period

On 2 March 2016, Swiss Life Ltd issued a perpetual subordinated bond for CHF 450 million with an initial optional call date in September 2021 and a subordinated bond for CHF 150 million maturing in 2046 with an initial optional call date in September 2026. Both bonds are guaranteed by Swiss Life Holding Ltd on a subordinated basis.

Disclosure of compensation to the Board of Directors and the Corporate Executive Board in accordance with Art. 663b^{bis} of the Swiss Code of Obligations (CO) and Art. 14–16 of the Federal Ordinance against Excessive Compensation in Listed Stock Companies, and disclosure of the shareholdings of members of the Board of Directors and the Corporate Executive Board in accordance with Art. 663c of the CO

Compensation in 2015

The Board of Directors is responsible for drawing up a written compensation report each year to include the information required by Articles 14–16 of the Federal Ordinance against Excessive Compensation in Listed Stock Companies (Compensation Ordinance). This compensation report supersedes the details in the notes to the balance sheet according to Art. 663b^{bis} CO. Swiss Life's compensation report for the 2015 financial year is provided on pages 51 to 68.

The following tables contain information on the share ownership and participation rights of members of the Board of Directors and the Corporate Executive Board in accordance with Art. 663c CO.

Share ownership/participation rights as at 31 December 2015

As at 31 December 2015, acting members of the Board of Directors and the Corporate Executive Board (including closely linked parties) held the following number of registered Swiss Life Holding shares and future subscription rights to Swiss Life Holding shares in the form of Restricted Share Units (RSUs).

Board of Directors

	SLH shares 31.12.2015
Rolf Dörig, Chairman of the Board of Directors	**38 850**
Gerold Bührer	**6 740**
Frank Schnewlin	**4 393**
Wolf Becke	**822**
Adrienne Corboud Fumagalli	**302**
Ueli Dietiker	**522**
Damir Filipovic	**1 285**
Frank W. Keuper	**522**
Henry Peter	**8 258**
Franziska Tschudi Sauber	**2 739**
Klaus Tschütscher	**522**
TOTAL BOARD OF DIRECTORS	**64 955**

Corporate Executive Board

	SLH shares 31.12.2015
Patrick Frost, Group CEO	**14 130**
Thomas Buess	**14 854**
Nils Frowein	**300**
Ivo Furrer	**2 000**
Markus Leibundgut	**1 420**
Stefan Mächler	**500**
Charles Relecom	**3 130**
TOTAL CORPORATE EXECUTIVE BOARD	**36 334**

	Restricted Share Units (RSUs) 31.12.2015[1]
Patrick Frost, Group CEO	**9 218**
Thomas Buess	**7 148**
Nils Frowein	**5 942**
Ivo Furrer	**7 148**
Markus Leibundgut	**4 946**
Stefan Mächler	**1 591**
Charles Relecom	**5 694**
TOTAL CORPORATE EXECUTIVE BOARD	**41 687**

[1] Total number of RSUs allocated in the years 2013, 2014 and 2015 in connection with the relevant equity compensation plan. The RSUs represent future subscription rights that entitle the individuals concerned to receive SLH shares after a period of three years, provided that the relevant conditions are met at that point.

Share ownership/participation rights as at 31 December 2014

As at 31 December 2014, acting members of the Board of Directors and the Corporate Executive Board (including closely linked parties) held the following number of registered Swiss Life Holding shares and future subscription rights to Swiss Life Holding shares in the form of Restricted Share Units (RSUs).

Board of Directors

	SLH shares 31.12.2014
Rolf Dörig, Chairman of the Board of Directors	37 308
Gerold Bührer	6 289
Frank Schnewlin	3 942
Wolf Becke	654
Adrienne Corboud Fumagalli	134
Ueli Dietiker	354
Damir Filipovic	1 117
Frank W. Keuper	354
Henry Peter	7 052
Franziska Tschudi Sauber	2 571
Klaus Tschütscher	354
TOTAL BOARD OF DIRECTORS	60 129

Corporate Executive Board

	SLH shares 31.12.2014
Patrick Frost, Group CEO	10 000
Thomas Buess	10 874
Ivo Furrer	1 300
Markus Leibundgut	500
Stefan Mächler	500
Charles Relecom	1 410
TOTAL CORPORATE EXECUTIVE BOARD	24 584

	Restricted Share Units (RSUs) 31.12.2014[1]
Patrick Frost, Group CEO	9 704
Thomas Buess	8 869
Ivo Furrer	8 869
Markus Leibundgut	5 044
Stefan Mächler	0
Charles Relecom	7 201
TOTAL CORPORATE EXECUTIVE BOARD	39 687

[1] Total number of RSUs allocated in the years 2012, 2013 and 2014 in connection with the relevant equity compensation plan. The RSUs represent future subscription rights that entitle the individuals concerned to receive SLH shares after a period of three years, provided that the relevant conditions are met at that point.

Appropriation of Profit
Profit and Appropriation of Profit

Annual profit amounts to CHF 349 030 082. The Board of Directors proposes to the General Meeting of Shareholders that the profit be appropriated in accordance with the table below. If this proposal is adopted, a distribution of CHF 8.50 per share will be made from the capital contribution reserve.

Profit shown in the balance sheet

In CHF

	2015	2014
Balance carried forward from previous year	**301 707**	1 090 961
Annual profit	**349 030 082**	258 210 747
TOTAL PROFIT SHOWN IN THE BALANCE SHEET	**349 331 790**	259 301 707

Appropriation of profit

In CHF

	2015	2014
Dividend	**–**	–
Allocation to legal reserves	**–**	–
Allocation to free reserves	**349 000 000**	259 000 000
Balance carried forward to new account	**331 790**	301 707
TOTAL PROFIT SHOWN IN THE BALANCE SHEET	**349 331 790**	259 301 707

Zurich, 15 March 2016

For the Swiss Life Holding Board of Directors

Rolf Dörig Gerold Bührer

Report of the Statutory Auditor

Report of the Statutory Auditor
to the General Meeting of
Swiss Life Holding Ltd
Zurich

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the financial statements of Swiss Life Holding Ltd, which comprise the statement of income, balance sheet and notes to the financial statements (pages 301 to 308), for the year ended 31 December 2015.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2015 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Ray Kunz	Nebojsa Baratovic
Audit expert	Audit expert
Auditor in charge	

Zurich, 15 March 2016

Share Performance and Historical Comparison

The Swiss Life share price developed strongly in 2015, closing the year at CHF 271.30. This amounts to an appreciation of 15%, or 18% taking into account the dividend distribution of CHF 6.50.

Weak economic growth and political uncertainties in emerging markets fed unease regarding deflationary risks in the developed world in 2015. Swiss equities came under pressure with the announcement by the SNB on 15 January 2015 that it was discontinuing the minimum exchange rate of CHF 1.20 against the euro and introducing negative interest rates. The ECB's interest and monetary policy had some 40% of European sovereign debt trading at a negative yield by the end of 2015. Meanwhile, the markets prepared for the first monetary policy-tightening cycle in the US since 2004, which came into effect in December 2015 with an increase of the Fed Funds Target by 25 basis points. Against this backdrop, Swiss Life's share price performed well: With an increase of 15%, the shares outperformed the Swiss Market Index (–2%) and were slightly higher than the European insurance index Dow Jones STOXX 600 Insurance (+14%). At the Annual General Meeting in April 2015, the shareholders approved a withholding tax-free distribution from the capital contribution reserve of CHF 6.50 per share.

Swiss Life share details

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

Share performance

Amounts in CHF

	as at 2015	2015	2014	2013	2012	2011
Number of shares	**31.12.**	**32 081 054**	32 081 054	32 081 054	32 081 054	32 081 054
Annual high	**29.12.**	**272.90**	238.90	192.60	130.70	164.50
Annual low	**28.01.**	**201.80**	185.70	124.60	75.85	83.65
Year-end price	**30.12.**	**271.30**	236.40	185.20	121.40	86.40
Performance Swiss Life (in %)		**+15**	+28	+53	+41	–36
Swiss Market Index (SMI)	**30.12.**	**8 818**	8 983	8 203	6 822	5 936
Performance Swiss Market Index (SMI) (in %)		**–2**	+10	+20	+15	–8
Dow Jones STOXX 600 Insurance Index (in EUR)	**31.12.**	**285.56**	250.55	228.22	177.11	133.25
Performance of Dow Jones STOXX 600 Insurance Index (in %)		**+14**	+10	+29	+33	–14
Average trading volume		**142 838**	121 462	140 007	172 732	140 620
Market capitalisation (in CHF million)	**30.12.**	**8 704**	7 584	5 941	3 895	2 772
Basic earnings per share		**27.41**	25.52	24.45	2.88	18.97
Diluted earnings per share		**25.85**	24.11	24.22	2.86	18.87
Dividend paid per share	**30.04.**	**6.50**	5.50	4.50	4.50	4.50
Total dividend payout to shareholders (in CHF million)	**30.04.**	**207**	176	144	144	144
Dividend yield on year-end price (in %)	**30.12.**	**2.40**	2.33	2.43	3.71	5.21

Source: Bloomberg

Breakdown of registered shares with voting rights as at 31.12.2015

Number of shares	Number of shareholders	As % of registered shareholders
1 – 25	**137 144**	**83.08**
26 – 100	**18 305**	**11.09**
101 – 1 000	**8 739**	**5.29**
> 1 000	**898**	**0.54**
TOTAL	**165 086**	**100.00**

Standard & Poor's financial strength ratings as at 31.12.2015

	Classification	Outlook
Swiss Life Ltd, Zurich	**A**	**stable**
Swiss Life Ltd, Branch Germany, Munich	**A**	**stable**

Swiss Life Group historical comparison

In CHF million (if not stated otherwise)				restated	
	2015	2014	2013	2012	2011
PREMIUM VOLUME					
Gross written premiums, policy fees and deposits received	**18 853**	19 102	17 969	17 046	17 143
FIGURES FROM CONSOLIDATED STATEMENT OF INCOME					
Net earned premiums	**13 771**	13 776	12 944	11 871	11 599
Fee and commission income	**1 292**	1 305	1 143	1 135	1 188
Financial result	**5 281**	5 361	5 376	6 051	4 459
TOTAL INCOME	**20 555**	20 474	19 462	19 082	17 291
Net insurance benefits and claims	**–15 516**	–15 218	–13 920	–13 819	–12 614
Policyholder participation	**–899**	–1 146	–1 361	–1 115	–791
Operating expense	**–2 649**	–2 735	–2 809	–3 534	–2 913
TOTAL EXPENSE	**–19 226**	–19 304	–18 312	–18 721	–16 592
PROFIT FROM OPERATIONS	**1 329**	1 169	1 149	361	699
NET PROFIT	**878**	818	784	99	606
Net profit attributable to					
Equity holders of Swiss Life Holding	**872**	814	781	98	605
Non-controlling interests	**6**	4	3	1	1
FIGURES FROM CONSOLIDATED BALANCE SHEET					
Equity	**12 258**	12 831	9 018	10 155	9 162
Insurance reserves	**154 953**	156 684	142 479	137 736	128 089
Total assets	**189 252**	192 854	170 530	164 461	151 875
FURTHER KEY FIGURES					
Return on equity (in %) [1]	**9.7**	9.6	10.0	1.3	8.2
Assets under control	**223 411**	224 593	192 855	180 785	164 604
Year-end embedded value	**12 509**	12 901	11 378	9 628	7 728
Value of new business	**268**	255	289	158	150
Number of employees (full-time equivalents)	**7 595**	7 492	6 992	7 046	7 168

[1] equity excl. unrealised gains/losses on bonds

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Annual Report 2015

The Annual Report is published in German and English and contains additional information on risk management, market consistent embedded value (in English only), corporate governance and the annual accounts.
The English text is definitive for the Consolidated Financial Statements; the original German text is binding in all other respects.

The Annual Report can be found online at: www.swisslife.com/ar2015

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Important dates

Annual General Meeting 2016
26 April 2016, Hallenstadion Zurich

Interim Statement Q1 2016
12 May 2016

Half-year Results 2016
11 August 2016

Interim Statement Q3 2016
9 November 2016

The future starts here.

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