SwissLife

Extract

From our 2022 Annual Report
Swiss Life Group

Draft Consolidated Financial Statements (unaudited)

Consolidated Financial Statements

Consolidated Statement of Income (unaudited)

Consolidated statement of income for the years ended 31 December

In CHF million

	Notes	2022	2021
INCOME			
Premiums earned on insurance contracts		**13 681**	13 778
Premiums earned on investment contracts with discretionary participation		**753**	790
Premiums ceded to reinsurers		**–527**	–179
Net earned premiums	7	**13 907**	14 389
Policy fees earned on insurance contracts		**31**	35
Policy fees earned on investment and unit-linked contracts		**392**	408
Net earned policy fees	7	**423**	443
Commission income	8	**1 947**	1 853
Investment income	5, 8	**3 917**	3 918
Net gains/losses on financial assets	5, 8	**–903**	715
Net gains/losses on financial instruments at fair value through profit or loss	5, 8	**713**	–953
Net gains/losses on investment property	5, 14	**1 047**	1 505
Share of profit or loss of associates	5, 15	**0**	8
Other income	8	**307**	340
TOTAL INCOME		**21 358**	22 219
EXPENSES			
Benefits and claims under insurance contracts		**–12 956**	–13 658
Benefits and claims under investment contracts with discretionary participation		**–742**	–800
Benefits and claims recovered from reinsurers		**405**	115
Net insurance benefits and claims	8	**–13 294**	–14 343
Policyholder participation		**–1 903**	–2 001
Interest expense	8	**–180**	–172
Commission expense	8	**–1 567**	–1 520
Employee benefits expense	8	**–1 255**	–1 210
Depreciation and amortisation expense	8	**–274**	–466
Impairment of property and equipment and intangible assets	16, 17	**–2**	–15
Other expenses	8	**–830**	–709
TOTAL EXPENSES		**–19 304**	–20 435
PROFIT FROM OPERATIONS		**2 054**	1 783
Borrowing costs		**–120**	–121
PROFIT BEFORE INCOME TAX		**1 934**	1 663
Income tax expense	24	**–479**	–406
NET PROFIT		**1 455**	1 257
Net profit attributable to			
equity holders of Swiss Life Holding		**1 449**	1 247
non-controlling interests		**6**	10
NET PROFIT		**1 455**	1 257
Earnings per share attributable to equity holders of Swiss Life Holding			
Basic earnings per share (in CHF)	6	**47.90**	40.05
Diluted earnings per share (in CHF)	6	**47.76**	39.93

01.03.2023

Consolidated Statement of Comprehensive Income (unaudited)

Consolidated statement of comprehensive income for the years ended 31 December

In CHF million

	2022	2021
NET PROFIT	**1 455**	1 257
OTHER COMPREHENSIVE INCOME		
ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT		
Exchange differences on translating foreign operations	**–324**	–153
Net investment hedges	**90**	–22
Financial assets available for sale	**–20 855**	–4 092
Cash flow hedges	**–1 017**	–335
Debt securities reclassified to loans and receivables	**6**	2
Adjustments relating to items that may be reclassified:		
Policyholder participation	**13 818**	2 855
Shadow accounting	**212**	129
Income tax	**1 620**	307
TOTAL	**–6 452**	–1 310
ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT		
Revaluation surplus on investment property	**–4**	–4
Remeasurements on defined benefit pension liability	**637**	333
Adjustments relating to items that will not be reclassified:		
Policyholder participation	**–338**	–179
Shadow accounting	**0**	0
Income tax	**–48**	–32
TOTAL	**247**	117
NET OTHER COMPREHENSIVE INCOME	**–6 205**	–1 193
TOTAL NET COMPREHENSIVE INCOME	**–4 750**	63
Total net comprehensive income attributable to		
equity holders of Swiss Life Holding	**–4 751**	56
non-controlling interests	**1**	8
TOTAL NET COMPREHENSIVE INCOME	**–4 750**	63

01.03.2023

Consolidated Balance Sheet (unaudited)

Consolidated balance sheet

In CHF million

	Notes	31.12.2022	31.12.2021
ASSETS			
Cash and cash equivalents		**6 910**	7 208
Derivatives	9, 31	**5 126**	2 768
Assets held for sale		**1**	69
Financial assets at fair value through profit or loss	10	**49 083**	53 313
Financial assets available for sale	11	**76 735**	101 471
Loans and receivables	12, 30	**26 020**	24 260
Financial assets pledged as collateral	13, 31, 33	**3 234**	4 140
Investment property	14, 30	**42 160**	41 234
Investments in associates	15	**152**	172
Reinsurance assets		**2 338**	570
Property and equipment	16	**566**	557
Intangible assets including intangible insurance assets	17	**3 764**	3 395
Current income tax assets		**35**	34
Deferred income tax assets	24	**462**	71
Other assets	18	**1 763**	1 164
TOTAL ASSETS		**218 349**	240 424

Consolidated balance sheet

In CHF million

	Notes	31.12.2022	31.12.2021
LIABILITIES AND EQUITY			
LIABILITIES			
Derivatives	9, 31	**3 175**	1 746
Investment and unit-linked contracts	19	**39 492**	44 837
Borrowings	20, 30	**4 409**	4 099
Other financial liabilities	21, 30	**22 623**	20 738
Insurance liabilities	22	**129 911**	130 258
Policyholder participation liabilities		**5 263**	17 401
Employee benefit liabilities	23	**869**	1 581
Current income tax liabilities		**424**	341
Deferred income tax liabilities	24	**1 374**	2 430
Provisions	25	**66**	48
Other liabilities	18	**460**	423
TOTAL LIABILITIES		**208 065**	223 902
EQUITY			
Share capital	26	**3**	3
Share premium	26	**17**	15
Treasury shares	26	**–640**	–285
Accumulated other comprehensive income	26	**–3 446**	2 804
Retained earnings	26	**13 555**	13 189
TOTAL SHAREHOLDERS' EQUITY		**9 489**	15 727
Hybrid equity	26	**675**	675
Non-controlling interests	26	**120**	120
TOTAL EQUITY		**10 285**	16 522
TOTAL LIABILITIES AND EQUITY		**218 349**	240 424

Consolidated Statement of Cash Flows (unaudited)

Consolidated statement of cash flows for the years ended 31 December

In CHF million

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums, policy fees and deposits received, net of reinsurance	**17 722**	18 310
Benefits and claims paid, net of reinsurance	**–17 204**	–15 282
Interest received	**2 580**	2 643
Dividends received	**570**	646
Commissions received	**1 989**	1 810
Rentals received	**1 393**	1 364
Interest paid on borrowings and other liabilities	**–216**	–202
Commissions, employee benefit and other payments	**–3 487**	–3 973
Net cash flows from		
derivatives	**–546**	–1 161
financial instruments at fair value through profit or loss	**–2 380**	–3 123
financial assets available for sale	**1 775**	2 341
loans	**–1 576**	–756
investment property	**–341**	–2 111
financial liabilities	**1 798**	394
other operating assets and liabilities	**–833**	–281
Income taxes paid	**–260**	–323
TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES	**986**	296

01.03.2023

Consolidated statement of cash flows for the years ended 31 December

In CHF million

	Notes	2022	2021
TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES		**986**	296
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of investments in associates		**–4**	–10
Sales of investments in associates		**26**	45
Dividends received from associates	15	**27**	4
Purchases of property and equipment		**–60**	–72
Sales of property and equipment		**5**	1
Purchases of computer software and other intangible assets		**–23**	–17
Acquisitions of subsidiaries, net of cash and cash equivalents	28	**6**	–143
Disposals of subsidiaries, net of cash and cash equivalents	28	**53**	–
TOTAL NET CASH FLOWS FROM INVESTING ACTIVITIES		**29**	–192
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of debt instruments	20	**878**	894
Redemption of debt instruments	20	**–470**	–650
Lease principal payments [1]	20	**–37**	–38
Issuance of hybrid equity	26	**–**	248
Purchases of treasury shares		**–726**	–425
Purchases of non-controlling interests		**–1**	–
Sales of ownership interests in subsidiaries		**–**	2
Capital contributions from non-controlling interests		**2**	–
Interest paid on hybrid equity		**–13**	–11
Dividends paid to equity holders of Swiss Life Holding		**–764**	–654
Dividends paid to non-controlling interests		**–4**	–2
TOTAL NET CASH FLOWS FROM FINANCING ACTIVITIES		**–1 135**	–634
TOTAL CHANGE IN CASH AND CASH EQUIVALENTS		**–119**	–530
Cash and cash equivalents as at 1 January		**7 208**	7 865
Foreign currency differences		**–179**	–127
Total change in cash and cash equivalents		**–119**	–530
TOTAL CASH AND CASH EQUIVALENTS AS AT END OF PERIOD		**6 910**	7 208
COMPONENTS OF CASH AND CASH EQUIVALENTS			
Cash on hand and demand deposits		**6 163**	6 366
Cash equivalents		**5**	3
Cash and cash equivalents for the account and risk of the Swiss Life Group's customers		**742**	839
TOTAL CASH AND CASH EQUIVALENTS AS AT END OF PERIOD		**6 910**	7 208

[1] Total cash outflow for leases CHF 47 million (2021: CHF 44 million)

01.03.2023

Consolidated Statement of Changes in Equity (unaudited)

Consolidated statement of changes in equity for the year ended 31 December 2022

In CHF million	Notes	Share capital	Share premium	Treasury shares	Accumulated other comprehensive income	Retained earnings	Total shareholders' equity	Hybrid equity	Non-controlling interests	Total equity
Balance as at 1 January		**3**	**15**	**–285**	**2 804**	**13 189**	**15 727**	**675**	**120**	**16 522**
Total net comprehensive income		**–**	**–**	**–**	**–6 200**	**1 449**	**–4 751**	**–**	**1**	**–4 750**
Equity-settled share-based payments		**–**	**18**	**–**	**–**	**–**	**18**	**–**	**–**	**18**
Purchases of treasury shares		**–**	**–**	**–25**	**–**	**–**	**–25**	**–**	**–**	**–25**
Share buyback	26	**–**	**–**	**–701**	**–**	**–**	**–701**	**–**	**–**	**–701**
Cancellation of treasury shares		**0**	**–**	**357**	**–**	**–357**	**–**	**–**	**–**	**–**
Allocation of treasury shares under equity compensation plans		**–**	**–14**	**14**	**–**	**–**	**–**	**–**	**–**	**–**
Disposals of subsidiaries		**–**	**–**	**–**	**–3**	**3**	**–**	**–**	**–**	**–**
Transfer of revaluation surplus investment property		**–**	**–**	**–**	**–46**	**46**	**–**	**–**	**–**	**–**
Changes in ownership interest in subsidiaries		**–**	**–**	**–**	**–**	**–1**	**–1**	**–**	**1**	**–**
Capital contributions from non-controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2**	**2**
Dividends	26	**–**	**–**	**–**	**–**	**–764**	**–764**	**–**	**–4**	**–769**
Interest on hybrid equity	26	**–**	**–**	**–**	**–**	**–13**	**–13**	**–**	**–**	**–13**
Income tax effects		**–**	**–3**	**–**	**–**	**2**	**0**	**–**	**–**	**0**
BALANCE AS AT END OF PERIOD		**3**	**17**	**–640**	**–3 446**	**13 555**	**9 489**	**675**	**120**	**10 285**

Consolidated statement of changes in equity for the year ended 31 December 2021

In CHF million	Notes	Share capital	Share premium	Treasury shares	Accumulated other comprehensive income	Retained earnings	Total shareholders' equity	Hybrid equity	Non-controlling interests	Total equity
Balance as at 1 January		3	14	–77	3 995	12 810	16 745	425	93	17 263
Total net comprehensive income		–	–	–	–1 191	1 247	56	–	8	63
Issuance of hybrid equity		–	–	–	–	–2[1]	–2	250	–	248
Equity-settled share-based payments		–	17	–	–	–	17	–	–	17
Purchases of treasury shares		–	–	–16	–	–	–16	–	–	–16
Share buyback	26	–	–	–409	–	–	–409	–	–	–409
Cancellation of treasury shares		0	–	205	–	–205	–	–	–	–
Allocation of treasury shares under equity compensation plans		–	–13	13	–	–	–	–	–	–
Acquisitions of subsidiaries		–	–	–	–	–	–	–	19	19
Changes in ownership interest in subsidiaries		–	–	–	–	2	2	–	2	4
Dividends	26	–	–	–	–	–654	–654	–	–2	–656
Interest on hybrid equity	26	–	–	–	–	–11	–11	–	–	–11
Income tax effects		–	–3	–	–	2	–1	–	–	–1
BALANCE AS AT END OF PERIOD		3	15	–285	2 804	13 189	15 727	675	120	16 522

[1] Issuance costs

01.03.2023

Notes to the Consolidated Financial Statements (unaudited)

1 General Information

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

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

Dividend payment

For the 2021 financial year, Swiss Life paid a dividend to the shareholders of Swiss Life Holding Ltd (hereinafter referred to as "Swiss Life Holding") of CHF 25.00 per registered share in April 2022. This payment amounted to CHF 764 million in total.

Share buyback programmes

As announced during the investor's day on 25 November 2021, Swiss Life started a new CHF 1 billion share buyback programme in December 2021. By 31 December 2022, 1 403 881 shares had been purchased for CHF 739 million at an average price of CHF 525.80 per share, of which 1 335 881 shares for CHF 701 million in 2022 and 68 000 shares for CHF 38 million in 2021. The programme will be completed in May 2023.

Approval of financial statements

On 15 March 2023, the annual financial statements and the financial report will be submitted to the Board of Directors for approval and authorization 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 compliance 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 consolidated 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

In September 2016, the International Accounting Standards Board (IASB) amended IFRS 4 (applying IFRS 9 financial instruments with IFRS 4 insurance contracts) by introducing an optional temporary exemption from applying IFRS 9 for companies whose activities are predominantly connected with insurance. The use of this deferral approach to IFRS 9 has been aligned with the amended effective date of IFRS 17, so that qualifying insurance entities would only be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

The Swiss Life Group made an assessment of whether it is eligible for the temporary exemption and decided to adopt the option of deferring the application of IFRS 9.

The Swiss Life Group determined its eligibility by comparing the carrying amount of its liabilities arising from contracts within the scope of IFRS 4 and liabilities relating to the insurance business such as investment contracts at FVPL (unit-linked), hybrid debt, post-employment liabilities, insurance payables and policyholder deposits with the total carrying amount of its liabilities. The insurance-related liabilities represent 93 per cent of the total carrying amount of its liabilities based on 31 December 2015.

Other new or amended standards and interpretations did not have an impact on the consolidated financial statements.

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 significant subsidiaries is set out in note 35. 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 the performance of certain associates that are held by the insurance business at fair value through profit or loss instead of applying the equity method. 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 consolidated 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

In CHF	For the balance sheet		For the income statement	
	31.12.2022	31.12.2021	**Average 2022**	Average 2021
1 British pound (GBP)	**1.1154**	1.2335	**1.1808**	1.2579
1 Czech koruna (CZK)	**0.0409**	0.0417	**0.0409**	0.0422
1 Euro (EUR)	**0.9874**	1.0377	**1.0060**	1.0814
100 Norwegian kroner (NOK)	**9.3921**	10.3485	**9.9279**	10.6334
1 Singapore dollar (SGD)	**0.6885**	0.6763	**0.6926**	0.6804
1 US dollar (USD)	**0.9219**	0.9114	**0.9551**	0.9143

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 (loss of control), such translation differences are recognised in profit or loss as part of the gain or loss related to 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 or for net investment hedges.

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 investment income 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 designated as at fair value through profit or loss. Financial assets are irrevocably designated as such on initial recognition 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, 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 exists in the near term. 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.

Debt securities reclassified from financial assets available for sale to loans and receivables due to the disappearance of an active market are not reclassified back to 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. 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 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 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 instruments 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. By 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 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).

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 in 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 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 addressed in IFRS 17 Insurance Contracts. Cash flows to policyholders that vary depending on returns on underlying items are included in the measurement of insurance liabilities. If these cash flows are substantial, a modification of the general measurement model in IFRS 17 Insurance Contracts applies ("variable fee approach" for direct participating 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 arise 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 the 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 policyholder bonus reserve and later assigned to the policyholders as 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 net investment returns and 90% of any other results are allocated to the policyholders as a minimum.

Germany
A minimum of 90% of the net investment returns, a minimum of 90% of the risk result and a minimum of 50% of the positive other result including expenses/costs 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

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 measured at fair value through profit and loss and are included in investment and unit-linked contracts ("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 measured at fair value through profit and loss and are included in investment and unit-linked contracts.

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 the cost of assets 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.

2.13 Leases

Future lease payments that are fixed or variable based on an index or rate are discounted and recorded on the balance sheet as a lease liability, included in other financial liabilities. The lease liability is amortised by the payments made to the lessor, less the interest expense.

At inception of the lease contract, the leased asset is capitalised (right-of-use asset), measured at the initial amount of the lease liability plus any additional initial payments made before the initial capitalisation and any payments for restoring the leased asset at the end of the lease term. The right-of-use asset is depreciated on a straight-line basis over the useful life of the underlying asset, if the ownership of the underlying asset will be transferred to the lessee by the end of the lease term or a purchase option is reasonably certain to be exercised. Otherwise, the right-of-use asset is depreciated over the useful life of the underlying asset, or the lease term, whichever is shorter. The right-of-use assets are included in property and equipment.

Purchase options, penalties, and changes to the lease term are considered in the measurement of the lease liability if reasonably certain. As an exemption, variable payments, payments for short-term leases with an initial lease term of less than twelve months and low-value leases with an initial value of less than CHF 5000 are expensed as they occur.

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 commission income.

Expenses 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 (DPF)
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 are 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 of obtaining investment management services for investment contracts without DPF are recognised as an intangible asset if they are expected to be recovered. The asset represents the contractual right to benefit from providing investment management services and is amortised on a straight-line basis consistent with the transfer to the customer of the investment management services. The asset is reviewed for impairment regularly. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained 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 income 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 income tax asset is recognised to the extent that it is probable that these losses can be offset against future taxable profits. Deferred income tax liabilities represent income taxes payable in the future in respect of taxable temporary differences.

A deferred income 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 income tax assets and deferred income 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.

Borrowings

Borrowings are recognised initially in the amount of 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, certain 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.

Financial liabilities arising from third-party interest in consolidated investment funds are irrevocably designated as at fair value through profit or loss, as the related assets are managed and their performance is evaluated on a fair value basis.

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 (asset ceiling).

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 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.

2.25 Forthcoming changes in accounting policies

IFRS 17 Insurance Contracts

In May 2017, IFRS 17 Insurance Contracts was published and replaces IFRS 4 Insurance Contracts, which currently permits a variety of practices. IFRS 17 will fundamentally change the accounting by entities that issue insurance contracts, reinsurance contracts and investment contracts with discretionary participation. The Swiss Life Group will apply IFRS 17 starting from 1 January 2023. The comparative information for 2022 will be restated. On transition, the standard is applied fully retrospectively, unless it is impracticable, in which case there is a choice between a modified retrospective approach and the fair value approach. The Swiss Life Group will generally apply the modified retrospective approach. This includes the aggregation of groups of contracts for the calculation of the transitional amounts where some historical information, e.g. cash flows or discount rates, was not fully available in the required granularity and format as well as certain assessments regarding portfolios of contracts done at transition rather than at inception date.

IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ("CSM") representing the unearned profits of the contracts.

Contracts of similar risks which are managed together are aggregated into groups for measurement purposes. Contracts that are onerous at initial recognition are grouped separately from contracts that are not onerous at initial recognition. At initial recognition of a group of contracts, if the future cash inflows and outflows over the projection period, any cash flows arising at that date and any amounts arising from the derecognition of any assets or liabilities previously recognised are a net inflow, a CSM is recognised and no income or expenses arise at that date. The CSM is subsequently released to profit or loss as the services to the policyholders are provided in each period. At initial recognition of a group of contracts, if the future cash inflows and outflows over the projection period, any cash flows arising at that date and any amount arising from the derecognition of any assets or liabilities previously recognised are a net outflow, the group of contracts is onerous and the net outflow is immediately recognised in profit or loss. A loss is also immediately recognised in profit or loss, if a group of contracts becomes onerous on subsequent measurement.

IFRS 17 foresees three accounting models for the contracts in scope: The general model ("BBA"), the variable fee approach ("VFA") for direct participating contracts and the premium allocation approach ("PAA") for short-duration contracts.

The most relevant model for the Swiss Life Group is the VFA which is applied to insurance contracts and investment contracts with direct participation. VFA contracts are substantially insurance and investment-related services contracts under which the Group promises the policyholder a return based on underlying items. Under a VFA contract, the Group has an obligation to pay policyholders an amount equal in value to specified underlying items minus a variable fee for service. A portion of the returns on underlying items is viewed as the compensation that the Group charges to the policyholder for services provided under the insurance contract. The Group adjusts any CSM for changes in the Group's share of the fair value of the underlying items, which relate to future services.

The Swiss Life Group measures the following types of businesses under the VFA:

- Direct participating life insurance contracts and investment contracts with discretionary participation
- Unit-linked contracts subject to IFRS 17

The CSM at any reporting date represents the profit in the group of contracts that has not yet been recognised in profit or loss. All profits will be recognised over the lifetime of the contracts as services to the policyholders are provided. Coverage units for a certain group of contracts are identified that represent these services provided. They relate to insurance coverage and for the large part of the contracts of the Swiss Life Group to investment services as well. For those contracts that provide both insurance and investment services, the relative weighting of the benefits provided to the policyholders by these services is assessed, determining how the benefits provided by each service change over the coverage period of the contracts. The coverage units are allocated to coverage units provided in the period and the expected coverage units to be provided in future periods. The coverage units are reviewed and updated at each reporting date.

The remaining CSM for a group of contracts at any reporting date is adjusted for changes in fulfilment cash flows that relate to future services. The fulfilment cash flows are the current estimates of the amounts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty in those amounts. The adjustment for uncertainty is called the risk adjustment for non-financial risk that will be recognised based on the compensation that the Group requires for bearing uncertainty about the amount and timing of the cash flows that arise from non-financial risk. The risk adjustment is released to profit or loss as the risk expires over the coverage period of the contracts.

Shareholders' equity as at 1 January 2022 due to the adoption of IFRS 17 is estimated at approximately CHF 8.3 billion. The reduction primarily relates to the recognition of the CSM representing the unearned profits of the contracts. The CSM as at 1 January 2022 is estimated at approximately CHF 17.5 billion. The CSM is released to profit or loss as the Swiss Life Group provides services to the policyholders under these contracts. Insurance liabilities under IFRS 17 amount to approximately CHF 180 billion in total as at 1 January 2022. This amount includes the CSM.

The Swiss Life Group has decided to apply the option provided by the Amendment to IFRS 17 issued in December 2021 to remeasure certain debt instruments (note loans) from amortised cost to fair value as at 1 January 2022. Furthermore, certain own-used property items that represent an underlying item in direct participating contracts have been remeasured to fair value. The remeasurements in total amount to approximately CHF 1.5 billion after tax and mitigate the accounting mismatches between assets and insurance contract liabilities.

This assessment of the impact of IFRS 17 is provisional as the analysis and refinement of the figures are still ongoing.

IFRS 9 Financial Instruments

In July 2014 the IASB 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. Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instrument's cash flows represent solely payments of principal and interest (the "SPPI test"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset will be classified and measured at fair value through profit and loss.

An expected credit loss impairment model will be introduced under IFRS 9. Under the new model, an impairment loss will be recognised immediately, regardless of whether the credit event has actually occurred. The new model for hedge accounting under IFRS 9, which will be applied by the Swiss Life Group, will align accounting treatment more closely with risk management activities. IFRS 9 was effective for annual periods beginning on or after 1 January 2018. However, as set out above, the Swiss Life Group will defer the application of IFRS 9 until 1 January 2023 and therefore continues to apply IAS 39, as its activities were predominantly connected with insurance on 31 December 2015. IFRS 9 will be applied from 1 January 2023 retrospectively without adjusting the comparative information for 2022.

The estimated impact on the total of shareholders' equity as at 1 January 2023 is limited as no significant remeasurement of financial assets from cost/amortised cost to fair value is expected. Most financial assets have already been measured at fair value under IAS 39. Furthermore, the most prevalent business model for the Swiss Life Group is to hold to collect and sell debt instruments. Hence, the measurement category "fair value through other comprehensive income" applies. Furthermore, the application of the expected credit loss model under IFRS 9 is expected to have limited impact on shareholders' equity. The estimated impact on shareholders' equity as at 1 January 2023 concentrates on the reclassification between components of shareholders' equity. Most equity instruments as well as debt instruments that do not meet the SPPI criterion will be reclassified from available-for-sale to fair value through profit or loss. Certain equity instruments will be classified as fair value through other comprehensive income. Subsequent changes in the fair value will be presented in other comprehensive income and will never be reclassified to profit or loss. Upon derecognition of these equity instruments the gains or losses in other comprehensive income will be reclassified to retained earnings.

Other new or amended standards and interpretations, such as the amendments to IAS 1 Presentation of Financial Statements, IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IAS 12 Income Taxes, that the IASB published in 2021 with an effective date of 1 January 2023, will not have an impact on the Group's accounting policies.

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies

Certain reported amounts of assets and liabilities are subject to estimates and judgements. 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 available-for-sale debt instruments and loans and receivables

As a Group policy, 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.

The carrying amounts of available-for-sale debt securities and loans and receivables are set out in notes 11, 12 and 13.

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.

The carrying amount of available-for-sale equity instruments is set out in note 11.

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.

In France, life annuities in payment are reserved using the regulatory tables TGH05/TGF05 and non-life annuities in payment are reserved with the regulatory table TD 88/90.

In Germany, mortality tables provided by the German Actuarial Association are in use. They are verified periodically by the Association and updated, if necessary. Best-estimate assumptions are deduced from these generally accepted tables.

In Luxembourg, mortality tables are updated when significant changes arise.

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 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 France, individual and group disability annuities are reserved using tables certified by an independent actuary.

In Germany, disability insurance products for the group life business are based on tables of the German Actuarial Association, which are reviewed periodically. New disability insurance products for the individual life business are developed in close collaboration with reinsurance companies, which evaluate pricing and valuation assumptions for disability and morbidity on statistics provided by the database of reinsurance pool results. Furthermore, own company records and occupation classes are considered. Similar to the disability insurance products for the individual life business, assumptions for pricing and valuation of nursing care insurance products are acquired in cooperation with reinsurance companies. In particular, best estimate assumptions are considered with respect to claims experience.

In Luxembourg, pricing reflects industry tables and own company records.

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 France, 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.

In Germany, expenses are divided into the following cost categories based on German regulation: acquisition costs, administration costs, regulatory costs and asset management expenses. They are subdivided into recurring and non-recurring costs. All recurring costs except asset management expenses are allocated to the different lines of business and transformed into cost parameters. An assumption on future inflation is applied to all cost parameters in euro.

In Luxembourg, expense allocation is based on an activity-based cost methodology. Recurring costs are subdivided into the following main cost categories: acquisition costs, administration costs and asset management costs, which are allocated by lines of business.

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.

The carrying amount of insurance liabilities is set out in note 22.

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 cash generating unit each goodwill is assigned to have been determined based on value-in-use calculations. These calculations require the use of estimates which are set out in note 17.

The carrying amount of goodwill is 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 carrying amounts of defined benefit liabilities and the assumptions are set out in note 23.

Income taxes

Deferred income 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.

The carrying amounts of deferred income tax assets and liabilities are set out in note 24.

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.

The carrying amount of provisions is set out in note 25.

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. Intersegmental services and transfers of assets and liabilities are treated as if the transactions were with third parties, i.e. at market prices applicable at the time of the transaction.

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

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

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

“International” comprises the cross-border insurance operations in Liechtenstein, Luxembourg and Singapore, the newly acquired elipsLife operations in Liechtenstein, Switzerland, Germany, Italy and the Netherlands, the Fincentrum and Swiss Life Select units operating in Austria, Czech Republic and Slovakia, and Chase de Vere operating in the United Kingdom.

Non-life operations involve operations in the segment “France” and mainly include property and casualty, liability and motor insurance and accident and health insurance.

“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” principally refers to various finance and service companies.

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 2022

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	8 679	3 569	994	469	–	–	13 711	–30	13 681
Premiums earned on investment contracts with discretionary participation	753	–	–	–	–	–	753	–	753
Premiums ceded to reinsurers	–11	–121	–42	–383	–	–	–557	30	–527
Net earned premiums	9 421	3 448	952	86	–	–	13 907	0	13 907
Policy fees earned on insurance contracts	4	2	25	0	–	–	31	–	31
Policy fees earned on investment and unit-linked contracts	65	224	22	81	–	–	392	–	392
Net earned policy fees	69	226	47	81	–	–	423	–	423
Commission income	253	198	625	294	984	1	2 354	–408	1 947
Investment income	2 754	647	474	27	2	18	3 921	–4	3 917
Net gains/losses on financial assets	–1 229	148	231	4	–3	–55	–903	–	–903
Net gains/losses on financial instruments at fair value through profit or loss	868	–51	–86	2	0	–20	713	0	713
Net gains/losses on investment property	646	86	135	–	180	–	1 047	–	1 047
Share of profit or loss of associates	2	–3	0	–	1	–	0	–	0
Other income	161	12	–2	–5	91	53	309	–2	307
TOTAL INCOME	12 945	4 711	2 377	489	1 255	–3	21 773	–414	21 358
of which intersegment	110	–43	–26	–13	385	1	414	–414	
EXPENSES									
Benefits and claims under insurance contracts	–8 395	–3 199	–1 042	–329	–	–	–12 965	9	–12 956
Benefits and claims under investment contracts with discretionary participation	–742	–	–	–	–	–	–742	–	–742
Benefits and claims recovered from reinsurers	4	90	25	295	–	–	414	–9	405
Net insurance benefits and claims	–9 133	–3 109	–1 018	–34	–	–	–13 294	0	–13 294
Policyholder participation	–1 425	–46	–432	0	–	–	–1 902	0	–1 903
Interest expense	–69	–80	–18	–12	–7	1	–187	6	–180
Commission expense	–552	–597	–537	–172	–115	0	–1 974	407	–1 567
Employee benefits expense	–304	–223	–161	–88	–409	–3	–1 189	–4	–1 193
Depreciation and amortisation expense	–48	–209	53	–39	–32	0	–274	–	–274
Impairment of property and equipment and intangible assets	–	–	–2	–	–1	–	–2	–	–2
Other expenses	–197	–167	–84	–43	–258	–35	–784	4	–780
TOTAL EXPENSES	–11 727	–4 432	–2 199	–388	–822	–38	–19 606	414	–19 192
of which intersegment	–303	–25	–42	9	–48	–6	–414	414	
SEGMENT RESULT	1 218	279	178	101	433	–41	2 167	–	2 167
Unallocated corporate costs									–112
PROFIT FROM OPERATIONS									2 054
Borrowing costs									–120
Income tax expense									–479
NET PROFIT									1 455
Additions to non-current assets	1 615	110	363	101	62	–	2 253	–	2 253

01.03.2023

Statement of income for the year ended 31 December 2021

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	8 588	4 035	1 086	93	–	–	13 802	–24	13 778
Premiums earned on investment contracts with discretionary participation	790	–	–	–	–	–	790	–	790
Premiums ceded to reinsurers	–10	–129	–45	–19	–	–	–203	24	–179
Net earned premiums	9 368	3 905	1 041	74	–	–	14 389	0	14 389
Policy fees earned on insurance contracts	4	4	27	0	–	–	35	–	35
Policy fees earned on investment and unit-linked contracts	62	244	19	83	–	–	408	0	408
Net earned policy fees	66	247	46	83	–	–	443	0	443
Commission income	264	167	652	254	944	1	2 282	–429	1 853
Investment income	2 709	662	500	28	4	18	3 920	–2	3 918
Net gains/losses on financial assets	140	273	327	20	–2	–44	715	–	715
Net gains/losses on financial instruments at fair value through profit or loss	–1 034	–65	167	0	0	–20	–953	0	–953
Net gains/losses on investment property	1 280	105	113	–	7	–	1 505	–	1 505
Share of profit or loss of associates	1	2	0	–	5	–	8	–	8
Other income	115	7	4	–13	170	58	342	–2	340
TOTAL INCOME	12 909	5 304	2 851	447	1 127	14	22 652	–433	22 219
of which intersegment	116	–47	–36	–3	403	1	433	–433	
EXPENSES									
Benefits and claims under insurance contracts	–8 948	–3 527	–1 153	–40	–	–	–13 667	9	–13 658
Benefits and claims under investment contracts with discretionary participation	–800	–	–	–	–	–	–800	–	–800
Benefits and claims recovered from reinsurers	7	84	25	8	–	–	125	–9	115
Net insurance benefits and claims	–9 740	–3 443	–1 128	–31	–	–	–14 343	0	–14 343
Policyholder participation	–1 137	–303	–543	–19	–	–	–2 001	0	–2 001
Interest expense	–33	–76	–48	–13	–6	1	–176	5	–172
Commission expense	–546	–574	–579	–170	–79	0	–1 948	429	–1 520
Employee benefits expense	–303	–228	–163	–64	–385	–3	–1 147	–3	–1 149
Depreciation and amortisation expense	–137	–219	–63	–19	–27	0	–466	–	–466
Impairment of property and equipment and intangible assets	–	–	0	–	–15	–	–15	–	–15
Other expenses	–114	–174	–80	–36	–240	–18	–662	3	–660
TOTAL EXPENSES	–12 011	–5 017	–2 604	–353	–753	–20	–20 758	433	–20 325
of which intersegment	–296	–31	–60	5	–47	–4	–433	433	
SEGMENT RESULT	897	287	247	94	374	–6	1 893	–	1 893
Unallocated corporate costs									–110
PROFIT FROM OPERATIONS									1 783
Borrowing costs									–121
Income tax expense									–406
NET PROFIT									1 257
Additions to non-current assets	2 238	235	693	114	205	–	3 485	–	3 485

01.03.2023

Balance sheet as at 31 December 2022

In CHF million	Switzer-land	France	Germany	Inter-national	Asset Managers	Other	Total before elimi-nations	Elimi-nations	Total
ASSETS									
Cash and cash equivalents	2 498	2 604	427	1 013	358	9	6 910	–	6 910
Derivatives	5 027	121	57	–	7	12	5 224	–98	5 126
Assets held for sale	1	–	–	–	–	–	1	–	1
Financial assets at fair value through profit or loss	8 092	19 803	3 353	18 065	9	–	49 321	–238	49 083
Financial assets available for sale	54 013	14 001	6 818	1 246	19	637	76 735	–	76 735
Loans and receivables	17 039	4 597	5 111	592	459	2 864	30 662	–4 642	26 020
Financial assets pledged as collateral	1 873	1 362	–	–	–	–	3 234	–	3 234
Investment property	35 135	2 935	3 767	–	323	–	42 160	–	42 160
Investments in associates	27	53	65	3	4	–	152	–	152
Reinsurance assets	31	293	145	1 908	–	–	2 378	–40	2 338
Property and equipment	222	117	140	29	58	0	566	–	566
Intangible assets including intangible insurance assets	906	419	1 558	472	409	–	3 764	–	3 764
Other assets	611	55	23	13	1 151	3	1 857	–93	1 763
SEGMENT ASSETS	125 474	46 362	21 464	23 342	2 798	3 524	222 964	–5 112	217 853
Income tax assets									497
TOTAL ASSETS									218 349
LIABILITIES AND EQUITY									
LIABILITIES									
Derivatives	2 473	656	86	–	–	56	3 272	–98	3 175
Investment and unit-linked contracts	7 113	11 586	1 240	19 588	–	–	39 526	–34	39 492
Other financial liabilities	12 433	7 515	1 989	980	984	208	24 108	–1 485	22 623
Insurance liabilities	87 581	25 045	15 361	1 965	–	–	129 951	–40	129 911
Policyholder participation liabilities	3 726	153	1 301	84	–	–	5 264	–1	5 263
Employee benefit liabilities	514	91	113	22	128	3	869	–	869
Provisions	13	6	2	12	8	24	66	–	66
Other liabilities	175	126	71	18	48	24	462	–1	460
SEGMENT LIABILITIES	114 029	45 176	20 162	22 668	1 168	316	203 518	–1 660	201 859
Borrowings									4 409
Income tax liabilities									1 798
EQUITY									10 285
TOTAL LIABILITIES AND EQUITY									218 349

Balance sheet as at 31 December 2021

In CHF million	Switzer-land	France	Germany	Inter-national	Asset Managers	Other	Total before elimi-nations	Elimi-nations	Total
ASSETS									
Cash and cash equivalents	3 093	2 518	358	901	287	51	7 208	–	7 208
Derivatives	2 680	108	32	–	3	6	2 829	–61	2 768
Assets held for sale	69	–	–	–	–	–	69	–	69
Financial assets at fair value through profit or loss	7 732	19 960	4 890	20 840	10	–	53 433	–120	53 313
Financial assets available for sale	69 856	20 150	9 067	1 529	19	850	101 471	–	101 471
Loans and receivables	16 182	3 499	5 544	212	472	2 895	28 805	–4 546	24 260
Financial assets pledged as collateral	2 490	1 486	–	–	–	164	4 140	–	4 140
Investment property	34 175	3 210	3 673	–	176	–	41 234	–	41 234
Investments in associates	34	90	44	–	3	–	172	–	172
Reinsurance assets	32	296	139	145	–	–	612	–42	570
Property and equipment	226	112	138	29	51	0	557	–	557
Intangible assets including intangible insurance assets	741	401	1 361	428	464	–	3 395	–	3 395
Other assets	595	58	81	9	598	3	1 344	–180	1 164
SEGMENT ASSETS	137 906	51 889	25 327	24 092	2 084	3 970	245 267	–4 948	240 319
Income tax assets									105
TOTAL ASSETS									240 424
LIABILITIES AND EQUITY									
LIABILITIES									
Derivatives	1 555	113	81	–	–	58	1 807	–61	1 746
Investment and unit-linked contracts	7 404	13 373	1 397	22 697	–	–	44 872	–35	44 837
Other financial liabilities	11 832	6 540	2 520	318	546	422	22 178	–1 439	20 738
Insurance liabilities	89 586	24 505	16 053	197	–	–	130 342	–84	130 258
Policyholder participation liabilities	9 982	4 133	3 264	27	–	–	17 406	–5	17 401
Employee benefit liabilities	1 110	100	176	11	182	3	1 581	–	1 581
Provisions	14	9	3	5	8	10	48	–	48
Other liabilities	164	124	72	16	27	21	425	–2	423
SEGMENT LIABILITIES	121 647	48 897	23 568	23 270	763	514	218 658	–1 626	217 032
Borrowings									4 099
Income tax liabilities									2 771
EQUITY									16 522
TOTAL LIABILITIES AND EQUITY									240 424

01.03.2023

Premiums and policy fees from external customers

In CHF million	Net earned premiums		Net earned policy fees	
	2022	2021	**2022**	2021
LIFE				
Individual life	**3 686**	4 228	**392**	421
Group life	**9 839**	9 735	**31**	22
TOTAL LIFE	**13 525**	13 963	**423**	443
NON-LIFE				
Accident and health	**10**	12	**–**	–
Property, casualty and other	**371**	413	**–**	–
TOTAL NON-LIFE	**382**	426	**–**	–
TOTAL	**13 907**	14 389	**423**	443

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	
	2022	2021	**31.12.2022**	31.12.2021
Switzerland	**12 940**	13 021	**32 045**	31 496
France	**4 822**	5 350	**5 242**	5 035
Germany	**2 725**	2 971	**5 639**	5 507
Other countries [1]	**871**	876	**1 701**	1 645
TOTAL	**21 358**	22 219	**44 627**	43 684

[1] Includes Luxembourg, United Kingdom and Other countries (previously reported separately) which are not material individually and in aggregate

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 more than 10% 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 may affect the financial stability of the Group.

Risks must be identified, assessed, managed and monitored locally and aggregated at Group level. During the year, regular reports covering interest rate risk, equity and real estate price risk, currency risk, credit risk, liquidity risk and insurance risk are prepared by the local insurance units and consolidated at Swiss Life Ltd and at Group level. Strategic and operational risks are assessed and reported on an annual basis.

The risk appetite is defined and set by the Board of Directors using limit frameworks based on solvency ratios and economic capitalisation. Furthermore, it is allocated by the Group Risk Committee of the Corporate Executive Board to the relevant units in the insurance business. This risk budget at unit level is 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 Group's mid-term planning.

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 aggregates 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 strategic and operational risks of the Swiss Life Group.

Since the Group's core business is insurance, its risk management is in line with the two main regulatory solvency frameworks in Switzerland (SST) and throughout Europe (Solvency II), as well as economic considerations. In addition to general governance aspects and extensive reporting requirements, this includes an annual Own Risk and Solvency Assessment (ORSA) at Group level covering a comprehensive risk assessment as well as the integration of risk and solvency aspects in the overall management of the Swiss Life Group.

The information below focuses first on the risk budgeting and asset and liability management process and then on the principal risk categories faced by the Swiss Life Group.

5.1 Risk budgeting and limit setting

Based on the risk appetite determined by the Board of Directors and using the same frameworks, the Group Risk Committee of the Corporate Executive Board sets risk budgets for the relevant units in the insurance business under consideration of local regulatory constraints. This process ensures a consistent and efficient use of the risk capacity of Swiss Life.

To control and steer exposure to risks, capital and exposure limits are defined in addition. They include capital limits for market and credit risk and, more specifically, capital limits for interest rate and credit spread risk as well as exposure limits for net equity and foreign currency.

5.2 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.

Consideration of constraints

Aspects other than the economic view, such as regulatory requirements including solvency, statutory minimum distribution ratios ("legal quote"), funding ratios, local accounting rules and International Financial Reporting Standards, liquidity requirements and rating targets, are also to be considered in the ALM process.

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 various 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 insurance liabilities 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.

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 influencing 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. Since 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 observed.

5.3 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-linked features contain financial and insurance guarantees. The liabilities relating to these guarantees are included in the financial and the 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

	31.12.2022	31.12.2021
Cash and cash equivalents	**742**	839
Derivatives	**0**	0
Financial assets at fair value through profit or loss		
Debt securities	**7 782**	7 275 [1]
Equity securities	**5 269**	6 073
Investment funds	**26 700**	29 977
Investment property	**369**	394
TOTAL ASSETS FOR THE ACCOUNT AND RISK OF THE SWISS LIFE GROUP'S CUSTOMERS	**40 862**	44 556

[1] Including CHF 18 million previously classified as other

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

In CHF million

	Notes	31.12.2022	31.12.2021
Unit-linked contracts	19	**23 900**	27 592
Investment contracts	19	**5 206**	6 213
Insurance liabilities	22	**11 228**	10 448
TOTAL LIABILITIES LINKED TO ASSETS FOR THE ACCOUNT AND RISK OF THE SWISS LIFE GROUP'S CUSTOMERS		**40 334**	44 253

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		Assets and liabilities for the account and risk of the Swiss Life Group		Assets and liabilities for the account and risk of the Swiss Life Group's customers		Total	
	Notes	2022	2021	2022	2021	2022	2021
Investment income	8	**3 914**	3 909	**3**	10	**3 917**	3 918
Net gains/losses on financial assets	8	**–902**	707	**–1**	7	**–903**	715
Net gains/losses on financial instruments at fair value through profit or loss	8	**732**	–980	**–18**	27	**713**	–953
Net gains/losses on investment property		**1 040**	1 493	**6**	13	**1 047**	1 505
Share of profit or loss of associates		**0**	8	**–**	–	**0**	8
FINANCIAL RESULT		**4 784**	5 137	**–9**	57	**4 774**	5 194

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 ensures 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.

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 policyholders are 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 2022				
Minimum guaranteed interest rate 0 – < 1%	**31 082**	**7 292**	**18**	**38 393**
Minimum guaranteed interest rate 1 – < 2%	**27 782**	**1 492**	**26**	**29 300**
Minimum guaranteed interest rate 2 – < 3%	**6 565**	**6 820**	**2**	**13 386**
Minimum guaranteed interest rate 3 – < 4%	**13 515**	**3 929**	**14**	**17 459**
Minimum guaranteed interest rate 4 – < 5%	**53**	**4 553**	**14**	**4 620**
Minimum guaranteed interest rate 5 – < 6%	**–**	**0**	**1**	**1**
Minimum guaranteed interest rate 6 – 8%	**–**	**0**	**–**	**0**
TOTAL INTEREST-SENSITIVE INSURANCE LIABILITIES	**78 997**	**24 086**	**76**	**103 159**
Insurance liabilities with no minimum guaranteed interest rate				**15 523**
Insurance liabilities linked to assets for the account and risk of the Swiss Life Group’s customers				**11 228**
TOTAL INSURANCE LIABILITIES				**129 911**
CARRYING AMOUNT AS AT 31 DECEMBER 2021				
Minimum guaranteed interest rate 0 – < 1%	29 865	6 411	12	36 289
Minimum guaranteed interest rate 1 – < 2%	27 418	1 530	30	28 978
Minimum guaranteed interest rate 2 – < 3%	7 913	6 236	2	14 152
Minimum guaranteed interest rate 3 – < 4%	14 480	4 623	14	19 118
Minimum guaranteed interest rate 4 – < 5%	55	4 864	16	4 936
Minimum guaranteed interest rate 5 – < 6%	–	–	1	1
TOTAL INTEREST-SENSITIVE INSURANCE LIABILITIES	79 732	23 665	76	103 473
Insurance liabilities with no minimum guaranteed interest rate				16 338
Insurance liabilities linked to assets for the account and risk of the Swiss Life Group’s customers				10 448
TOTAL INSURANCE LIABILITIES				130 258

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 1.00% in 2022 (2021: 1.00%).

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, longevity, 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 swaps 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.

In certain businesses, a large part of the impact of interest rate changes is taken by the policyholders based on the specific profit-sharing systems.

Credit spread risk

Spread risk arises from bond investments when the counterparties are not considered risk free. The market value of these bonds corresponds to the discounting of the agreed payment flows with an interest rate curve composed of the base interest rate curve and a spread curve. The spread curve is defined by the counterparty's credit quality and the risk aversion of the capital market actors. Spreads increase markedly during capital market crises, leading to a significant decrease in the bond portfolio's market value. On the other hand, typically historic spread volatility increases during such a crisis, which leads to a higher spread risk capital, even if the pre-crisis spread level has been restored. The credit spread risk can be managed through the holding of credit default swaps or credit default swap indices and options on credit default swap indices. The credit default swap index is a hedge on credit risk of a basket of counterparties. A put option on a credit default swap index provides protection against adverse credit spread movements in the underlying basket of counterparties.

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 (e. g. private equity and infrastructure funds). 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.

Real estate price risk
Due to the long-term nature of its liabilities, Swiss Life invests in direct residential, commercial and mixed-use property investments. In addition to direct investments, Swiss Life invests in real estate funds and real estate companies.

In building and maintaining its real estate portfolio, Swiss Life ensures adequate diversification in terms of use, location and geography.

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. Clearly defined processes ensure that exposure concentrations and limit utilisations are appropriately monitored and managed. 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. Furthermore, the counterparties must fulfil stringent minimum rating requirements 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 default risk can be managed through the holding of credit default swaps. 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 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. 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, parameterisation 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), 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	
	31.12.2022	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021
DEBT SECURITIES						
Debt securities at fair value through profit or loss	**374**	527	**7 782**	7 275	**8 156**	7 802
Debt securities available for sale	**59 713**	81 306	**–**	–	**59 713**	81 306
Debt securities pledged as collateral	**3 234**	4 140	**–**	–	**3 234**	4 140
Debt securities classified as loans	**733**	877	**–**	–	**733**	877
TOTAL DEBT SECURITIES	**64 054**	86 851	**7 782**	7 275	**71 837**	94 125
LOANS AND RECEIVABLES						
Senior secured loans available for sale	**4 293**	4 455	**–**	–	**4 293**	4 455
Mortgages	**12 034**	11 977	**–**	–	**12 034**	11 977
Note loans	**4 124**	4 465	**–**	–	**4 124**	4 465
Other loans	**4 268**	2 501	**–**	–	**4 268**	2 501
Receivables	**4 860**	4 439	**–**	–	**4 860**	4 439
TOTAL LOANS AND RECEIVABLES	**29 580**	27 837	**–**	–	**29 580**	27 837
OTHER ASSETS						
Cash and cash equivalents	**6 168**	6 369	**742**	839	**6 910**	7 208
Derivatives	**5 126**	2 768	**0**	0	**5 126**	2 768
Reinsurance assets	**2 338**	570	**–**	–	**2 338**	570
TOTAL OTHER ASSETS	**13 633**	9 707	**742**	839	**14 374**	10 545
UNRECOGNISED ITEMS						
Financial guarantees	**14**	19	**–**	–	**14**	19
Loan commitments	**378**	515	**–**	–	**378**	515
TOTAL UNRECOGNISED ITEMS	**392**	534	**–**	–	**392**	534
TOTAL EXPOSURE TO CREDIT RISK	**107 659**	124 929	**8 524**	8 113	**116 183**	133 042

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 2022

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	–	2	–	4 509	186	–	4 698
Securities collateral	–	484	–	–	295	32	811
Mortgage collateral	6 665	13 335	–	–	–	91	20 092
Other collateral	–	5 796	–	–	–	41	5 838
Guarantees	590	7	135	–	–	–	732
Netting agreements	–	2 206	–	421	1	–	2 627
TOTAL SECURED	7 255	21 831	135	4 930	481	165	34 798
UNSECURED							
Governments and supranationals	34 816	3 226	356	–	–	–	38 397
Corporates	21 954	1 072	5 677	196	1 857	227	30 983
Other	29	3 451	–	–	–	–	3 480
TOTAL UNSECURED	56 800	7 749	6 032	196	1 857	227	72 861
TOTAL	64 054	29 580	6 168	5 126	2 338	392	107 659

Credit risk mitigation – collateral held and other credit enhancements as at 31 December 2021

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	–	2	–	2 072	177	–	2 251
Securities collateral	–	244	–	–	279	9	532
Mortgage collateral	8 155	13 568	–	–	–	234	21 956
Other collateral	–	5 910	–	–	–	59	5 970
Guarantees	750	8	505	–	–	–	1 264
Netting agreements	–	826	–	646	1	–	1 473
TOTAL SECURED	8 905	20 557	505	2 719	456	302	33 445
UNSECURED							
Governments and supranationals	52 125	3 019	205	–	–	–	55 349
Corporates	25 776	1 123	5 659	49	114	232	32 952
Other	44	3 139	–	–	–	–	3 183
TOTAL UNSECURED	77 946	7 281	5 864	49	114	232	91 485
TOTAL	86 851	27 837	6 369	2 768	570	534	124 929

01.03.2023

To mitigate specific credit risk, the Group may purchase credit risk protection in the form of credit default swaps and credit default swap indices. As at 31 December 2022, these derivative contracts provided a notional principal protection of CHF 28 million (2021: nil).

Exposure to credit risk of debt instruments – credit rating by class as at 31 December 2022

In CHF million	AAA	AA	A	BBB	Below BBB	Individual impairment loss allowance	Total
DEBT SECURITIES							
Supranationals	**1 890**	**330**	**42**	**60**	**–**	**–**	**2 321**
Governments	**14 327**	**14 189**	**1 906**	**1 593**	**481**	**–**	**32 495**
Covered/guaranteed	**6 753**	**229**	**54**	**218**	**–**	**–**	**7 255**
Corporates	**303**	**1 280**	**7 304**	**12 526**	**540**	**–**	**21 954**
Other	**–**	**–**	**0**	**27**	**2**	**–**	**29**
TOTAL DEBT SECURITIES	**23 273**	**16 028**	**9 306**	**14 424**	**1 023**	**–**	**64 054**
MORTGAGES SECURED BY:							
Commercial property	**–**	**–**	**2 610**	**–**	**–**	**–**	**2 610**
Residential property	**–**	**–**	**9 419**	**–**	**5**	**0**	**9 424**
TOTAL MORTGAGES	**–**	**–**	**12 029**	**–**	**5**	**0**	**12 034**
OTHER LOANS AND RECEIVABLES							
Governments and supranationals	**1 295**	**1 693**	**195**	**39**	**4**	**–**	**3 226**
Corporates	**908**	**656**	**2 385**	**1 706**	**4 625**	**–2**	**10 278**
Other	**1**	**0**	**88**	**3 913**	**70**	**–30**	**4 041**
TOTAL OTHER LOANS AND RECEIVABLES	**2 204**	**2 349**	**2 668**	**5 657**	**4 699**	**–32**	**17 545**

Exposure to credit risk of debt instruments– credit rating by class as at 31 December 2021

In CHF million	AAA	AA	A	BBB	Below BBB	Individual impairment loss allowance	Total
DEBT SECURITIES							
Supranationals	2 882	336	49	33	–	–	3 300
Governments	21 805	22 249	2 659	1 882	230	–	48 825
Covered/guaranteed	8 080	474	44	298	10	–	8 905
Corporates	397	1 543	7 706	15 219	911	–	25 776
Other	6	–	0	33	5	–	44
TOTAL DEBT SECURITIES	33 170	24 602	10 459	17 464	1 156	–	86 851
MORTGAGES SECURED BY:							
Commercial property	–	–	2 647	–	–	–	2 647
Residential property	–	–	9 326	–	4	0	9 330
TOTAL MORTGAGES	–	–	11 973	–	4	0	11 977
OTHER LOANS AND RECEIVABLES							
Governments and supranationals	1 247	1 542	187	42	0	–	3 019
Corporates	1 160	544	755	1 479	5 050	–	8 987
Other	0	1	48	3 770	66	–32	3 854
TOTAL OTHER LOANS AND RECEIVABLES	2 407	2 087	991	5 291	5 116	–32	15 860

01.03.2023

Debt instruments that on a specific date give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding meet the SPPI criterion. The exposure to credit risk of such debt instruments is disclosed in the following table at gross carrying amounts.

Exposure to credit risk of debt instruments that meet the SPPI criterion as at 31 December 2022

in CHF million

	AAA	AA	A	BBB	Below BBB	Total
DEBT SECURITIES						
Supranationals	**1 887**	**328**	**41**	**60**	**–**	**2 316**
Governments	**14 106**	**14 130**	**1 904**	**1 591**	**465**	**32 196**
Covered/guaranteed	**6 667**	**221**	**45**	**210**	**–**	**7 143**
Corporates	**303**	**1 234**	**7 105**	**12 445**	**538**	**21 625**
Other	**–**	**–**	**0**	**–**	**2**	**2**
TOTAL DEBT SECURITIES	**22 964**	**15 914**	**9 095**	**14 306**	**1 004**	**63 283**
MORTGAGES SECURED BY:						
Commercial property	**–**	**–**	**2 610**	**–**	**–**	**2 610**
Residential property	**–**	**–**	**9 419**	**–**	**5**	**9 424**
TOTAL MORTGAGES	**–**	**–**	**12 029**	**–**	**5**	**12 034**
OTHER LOANS AND RECEIVABLES						
Governments and supranationals	**1 295**	**1 653**	**195**	**39**	**4**	**3 186**
Corporates	**489**	**525**	**2 384**	**1 706**	**4 139**	**9 242**
Other	**1**	**0**	**88**	**3 913**	**70**	**4 071**
TOTAL OTHER LOANS	**1 784**	**2 179**	**2 667**	**5 657**	**4 212**	**16 500**

Exposure to credit risk of debt instruments that meet the SPPI criterion as at 31 December 2021

in CHF million

	AAA	AA	A	BBB	Below BBB	Total
DEBT SECURITIES						
Supranationals	2 879	334	48	33	–	3 294
Governments	21 451	22 124	2 652	1 881	229	48 337
Covered/guaranteed	7 961	465	33	289	10	8 759
Corporates	393	1 542	7 546	15 058	908	25 448
Other	5	–	0	–	–	6
TOTAL DEBT SECURITIES	32 691	24 465	10 279	17 261	1 148	85 844
MORTGAGES SECURED BY:						
Commercial property	–	–	2 647	–	–	2 647
Residential property	–	–	9 326	–	4	9 330
TOTAL MORTGAGES	–	–	11 973	–	4	11 977
OTHER LOANS AND RECEIVABLES						
Governments and supranationals	1 247	1 500	187	42	0	2 977
Corporates	718	406	755	1 442	4 582	7 904
Other	0	1	48	3 770	66	3 885
TOTAL OTHER LOANS	1 965	1 907	991	5 255	4 648	14 767

01.03.2023

Financial assets past due (not impaired) – age analysis

In CHF million	Up to 3 months		3–6 months		6–12 months		More than 1 year		Total	
	31.12.2022	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021
DEBT SECURITIES										
Governments and supranationals	**–**	–	**–**	–	**–**	–	**9**	9	**9**	9
TOTAL	**–**	–	**–**	–	**–**	–	**9**	9	**9**	9
MORTGAGES SECURED BY:										
Residential property	**1**	1	**0**	2	**–**	0	**10**	11	**11**	14
TOTAL	**1**	1	**0**	2	**–**	0	**10**	11	**11**	14
OTHER LOANS AND RECEIVABLES										
Governments and supranationals	**0**	0	**–**	–	**–**	–	**–**	–	**0**	0
Corporates	**29**	19	**0**	0	**–**	–	**–**	–	**29**	19
Other	**156**	164	**5**	11	**6**	5	**10**	13	**177**	193
TOTAL	**185**	183	**5**	11	**6**	5	**10**	13	**206**	212

Financial assets individually determined as impaired

In CHF million	Gross carrying amount		Impairment loss allowance		Net carrying amount	
	31.12.2022	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021
DEBT SECURITIES						
Corporates	**1**	1	**–1**	–1	**1**	1
TOTAL	**1**	1	**–1**	–1	**1**	1
MORTGAGES SECURED BY:						
Residential property	**3**	1	**0**	0	**3**	1
TOTAL	**3**	1	**0**	0	**3**	1
OTHER LOANS AND RECEIVABLES						
Corporates	**64**	24	**–39**	–11	**25**	13
Other	**51**	40	**–30**	–32	**22**	8
TOTAL	**115**	64	**–68**	–43	**47**	21

Financial assets individually determined as impaired – impairment loss allowance for the year 2022

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	**1**	**0**	**0**	**0**	**1**
TOTAL	**1**	**0**	**0**	**0**	**1**
MORTGAGES SECURED BY:					
Residential property	**0**	**0**	**0**	**–**	**0**
TOTAL	**0**	**0**	**0**	**–**	**0**
OTHER LOANS AND RECEIVABLES					
Corporates	**11**	**29**	**–**	**–1**	**39**
Other	**32**	**4**	**–4**	**–1**	**30**
TOTAL	**43**	**32**	**–4**	**–2**	**68**

Financial assets individually determined as impaired – impairment loss allowance for the year 2021

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	–	0	–	0	1
TOTAL	–	0	–	0	1
MORTGAGES SECURED BY:					
Residential property	1	0	0	–	0
TOTAL	1	0	0	–	0
OTHER LOANS AND RECEIVABLES					
Corporates	15	11	–15	0	11
Other	31	6	–3	–1	32
TOTAL	45	17	–19	–1	43

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	Total
CREDIT RATING AS AT 31 DECEMBER 2022						
Cash and cash equivalents	**443**	**2 026**	**2 949**	**721**	**29**	**6 168**
Derivatives	**116**	**257**	**4 568**	**186**	**–**	**5 126**
Reinsurance assets	**–**	**2 224**	**74**	**40**	**–**	**2 338**
TOTAL	**559**	**4 507**	**7 590**	**947**	**29**	**13 633**
CREDIT RATING AS AT 31 DECEMBER 2021						
Cash and cash equivalents	245	2 771	2 776	577	0	6 369
Derivatives	89	373	2 195	111	–	2 768
Reinsurance assets	–	472	64	34	–	570
TOTAL	334	3 616	5 034	723	0	9 707

At 31 December 2022 and 2021, no reinsurance assets were past due or impaired.

Exposure to credit risk of unrecognised items

In CHF million

	AAA	AA	A	BBB	Below BBB	Total
CREDIT RATING AS AT 31 DECEMBER 2022						
Financial guarantees	**–**	**–**	**5**	**9**	**–**	**14**
Loan commitments	**91**	**58**	**99**	**67**	**63**	**378**
TOTAL	**91**	**58**	**104**	**76**	**63**	**392**
CREDIT RATING AS AT 31 DECEMBER 2021						
Financial guarantees	–	–	5	14	–	19
Loan commitments	116	111	233	55	–	515
TOTAL	116	111	238	69	–	534

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 in profit or loss before policyholder participation.

1% decrease in foreign currency exchange rate

In CHF million	Gain (+)/loss (–) [1]	
	2022	2021
EUR/CHF	**–16**	–2
USD/CHF	**–9**	–6
GBP/CHF	**2**	3
CAD/CHF	**–3**	–1

[1] before policyholder and income tax effect

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 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 regards to liquidity and duration, investments in Switzerland are also made in currencies other than the Swiss franc. However, the balance sheet currency exposure is to a large extent hedged using foreign currency derivatives.

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.

01.03.2023

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, when asset disposals are not desired, repurchase agreements and mitigating measures on the liability side 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 2022

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	–	–	259	993	–	84	1 336	638
Investment contracts with discretionary participation	20	35	201	2 694	1 522	5 704	10 176	10 176
Investment contracts without discretionary participation	0	0	1	3	6	200	210	210
Borrowings	–	151	613	2 291	2 049	–	5 103	4 409
Lease liabilities	4	6	29	118	30	121	308	249
Other financial liabilities	9 546	1 596	7 662	2 799	679	491	22 772	22 374
TOTAL	9 570	1 787	8 764	8 897	4 286	6 600	39 905	38 056
INSURANCE AND POLICYHOLDER PARTICIPATION LIABILITIES								
Insurance liabilities	411	418	3 712	9 518	15 606	89 018	118 683	118 683
Policyholder participation liabilities	41	55	1 267	2 829	143	928	5 263	5 263
TOTAL	452	473	4 979	12 347	15 749	89 946	123 945	123 945
GUARANTEES AND COMMITMENTS								
Financial guarantees	9	–	5	–	–	–	14	–
Loan commitments	183	90	72	33	0	–	378	–
Capital commitments	757	–	511	49	–	–	1 317	–
TOTAL	949	90	589	82	0	–	1 710	–

Exposure to liquidity risk as at 31 December 2021

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	–	–	324	1 228	–	10	1 562	111
Investment contracts with discretionary participation	22	39	229	2 878	1 723	5 959	10 850	10 850
Investment contracts without discretionary participation	0	0	0	1	2	179	182	182
Borrowings	–	1	576	2 134	1 900	–	4 611	4 099
Lease liabilities	3	6	27	117	20	98	272	224
Other financial liabilities	10 025	2 332	4 766	2 477	716	536	20 852	20 514
TOTAL	10 050	2 378	5 922	8 834	4 361	6 782	38 328	35 980
INSURANCE AND POLICYHOLDER PARTICIPATION LIABILITIES								
Insurance liabilities	297	319	3 425	9 072	16 039	90 659	119 810	119 810
Policyholder participation liabilities	138	223	5 858	8 109	143	2 930	17 401	17 401
TOTAL	436	542	9 283	17 180	16 182	93 589	137 211	137 211
GUARANTEES AND COMMITMENTS								
Financial guarantees	14	–	5	–	–	–	19	–
Loan commitments	274	72	149	18	1	–	515	–
Capital commitments	772	–	390	942	–	–	2 105	–
TOTAL	1 060	72	545	960	1	–	2 639	–

Current and non-current assets and liabilities

The table below shows the expected realisation 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 expected 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	
	31.12.2022	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021
ASSETS								
Cash and cash equivalents	**6 168**	6 369	**–**	–	**742**	839	**6 910**	7 208
Derivatives	**3 290**	2 032	**1 836**	736	**0**	0	**5 126**	2 768
Assets held for sale	**1**	69	**–**	–	**–**	–	**1**	69
Financial assets at fair value through profit or loss	**3 576**	5 083	**5 755**	4 906	**39 751**	43 324	**49 083**	53 313
Financial assets available for sale	**7 533**	8 220	**69 201**	93 251	**–**	–	**76 735**	101 471
Loans and receivables	**9 043**	6 530	**16 977**	17 730	**–**	–	**26 020**	24 260
Financial assets pledged as collateral	**194**	184	**3 041**	3 955	**–**	–	**3 234**	4 140
Investment property	**–**	–	**41 791**	40 840	**369**	394	**42 160**	41 234
Investments in associates	**–**	–	**152**	172	**–**	–	**152**	172
Reinsurance assets	**1 456**	333	**883**	237	**–**	–	**2 338**	570
Property and equipment	**–**	–	**566**	557	**–**	–	**566**	557
Intangible assets including intangible insurance assets	**–**	–	**3 764**	3 395	**–**	–	**3 764**	3 395
Current income tax assets	**35**	34	**–**	–	**–**	–	**35**	34
Deferred income tax assets	**–**	–	**462**	71	**–**	–	**462**	71
Other assets	**622**	461	**1 142**	703	**–**	–	**1 763**	1 164
TOTAL ASSETS	**31 917**	29 315	**145 570**	166 552	**40 862**	44 556	**218 349**	240 424
LIABILITIES								
Derivatives	**1 091**	1 103	**2 084**	643	**–**	–	**3 175**	1 746
Investment and unit-linked contracts	**256**	290	**10 130**	10 741	**29 106**	33 805	**39 492**	44 837
Borrowings	**650**	470	**3 759**	3 629	**–**	–	**4 409**	4 099
Other financial liabilities	**18 909**	16 466	**3 715**	4 272	**–**	–	**22 623**	20 738
Insurance liabilities	**5 836**	4 041	**112 846**	115 769	**11 228**	10 448	**129 911**	130 258
Policyholder participation liabilities	**1 362**	6 219	**3 900**	11 182	**–**	–	**5 263**	17 401
Employee benefit liabilities	**253**	218	**616**	1 363	**–**	–	**869**	1 581
Current income tax liabilities	**424**	341	**–**	–	**–**	–	**424**	341
Deferred income tax liabilities	**–**	–	**1 374**	2 430	**–**	–	**1 374**	2 430
Provisions	**45**	29	**21**	19	**–**	–	**66**	48
Other liabilities	**426**	379	**35**	43	**–**	–	**460**	423
TOTAL LIABILITIES	**29 251**	29 558	**138 479**	150 092	**40 334**	44 253	**208 065**	223 902

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, bond forwards, interest rate swaps and interest rate options 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 credit spread and 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.

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 Swiss Life Group favours transparent and simple product designs 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.

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/recovery rates and longevity.

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) business 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 expected to be as follows.

Annuities payable per annum by type of annuity – individual life

In CHF million

	31.12.2022	31.12.2021
Life annuities – in payment	584	613
Life annuities – deferred	326	361
Annuities certain – in payment	5	5
Annuities certain – deferred	30	31
Disability income and other annuities – in payment	234	246
Disability income and other annuities – deferred	7 053	7 319
TOTAL INDIVIDUAL LIFE	8 231	8 574

Annuities payable per annum by type of annuity – group life

In CHF million

	31.12.2022	31.12.2021
Retirement annuities – in payment	1 148	1 119
Retirement annuities – deferred	471	443
Survivors' annuities – in payment	152	151
Survivors' annuities – deferred	3 224	3 083
Disability income and other annuities – in payment	281	283
Disability income and other annuities – deferred	19 638	19 153
TOTAL GROUP LIFE	24 914	24 231

Life benefits insured by type of insurance – individual life

In CHF million

	31.12.2022	31.12.2021
Whole life and term life	**44 313**	43 255
Disability lump-sum payment	**16**	17
Other	**137**	271
TOTAL INDIVIDUAL LIFE	**44 465**	43 543

Life benefits insured by type of insurance – group life

In CHF million

	31.12.2022	31.12.2021
Term life	**56 248**	67 221
Disability lump-sum payment	**5 515**	4 477
Other	**1 079**	1 201
TOTAL GROUP LIFE	**62 842**	72 899

Disability and morbidity

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 spreading diseases, mental stress, 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 contributing to 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 and compliance assessments are performed before approval. Certain contracts which include specific risks relating to derivatives or insurance 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, as well as the credit life business in France, 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), property and casualty as well as credit life business.

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 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										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
At end of year of loss occurrence	335	342	296	267	297	331	304	295	321	**325**	n/a
1 year later	361	346	322	331	317	352	369	298	334	–	n/a
2 years later	296	309	322	276	282	325	306	259	–	–	n/a
3 years later	281	324	291	259	269	279	276	–	–	–	n/a
4 years later	299	296	273	255	241	262	–	–	–	–	n/a
5 years later	280	279	266	228	232	–	–	–	–	–	n/a
6 years later	264	271	227	222	–	–	–	–	–	–	n/a
7 years later	258	238	217	–	–	–	–	–	–	–	n/a
8 years later	231	223	–	–	–	–	–	–	–	–	n/a
9 years later	219	–	–	–	–	–	–	–	–	–	n/a
CURRENT ESTIMATE OF CUMULATIVE CLAIMS	219	223	217	222	232	262	276	259	334	**325**	2 569
Cumulative payments to date	–205	–203	–196	–178	–183	–201	–211	–182	–191	**–137**	–1 887
LIABILITIES BEFORE DISCOUNTING	15	20	21	44	48	61	65	77	143	**189**	682
LIABILITIES FOR THE CURRENT AND 9 PREVIOUS YEARS	15	20	21	44	48	61	65	77	143	**189**	682
Liabilities for prior years											191
TOTAL GROSS CLAIMS UNDER NON-LIFE INSURANCE CONTRACTS											873

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 are 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.

Monitoring of the risks taken is done 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 3.7% in terms of earned insurance premiums was ceded as at 31 December 2022 (2021: 1.2%).

5.6 Strategic risk management

Swiss Life uses a structured process 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 corresponding return characteristics in its strategic decisions. An understanding of the interplay of individual risks is essential in order to take into account the factors influencing risks during strategy development and address them accordingly.

5.7 Operational risk management and internal control system

Operational risk management at Swiss Life includes the methods and processes used for the identification, assessment, monitoring and steering of operational risks. Operational risk management defines operational risk as the adverse impacts from shortcomings or failures stemming from internal processes, people, systems or external events. Reliability of information and ensuring confidentiality, availability and integrity of data are integral parts of operational risk management. 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 Swiss Life Group's assets.

5.8 Risk concentrations

Asset allocation shows a concentration of bonds. The remaining investments are mainly distributed among property, equities and mortgages.

In addition to asset allocation, the main exposures are at counterparty level.

5.9 Applied instruments for risk minimisation

Reinsurance

The Group assumes and/or cedes reinsurance risks during the normal course of business. For reasons of diversification, some risks are ceded and others are assumed.

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.

Derivative financial market instruments

Derivatives held for risk management purposes primarily comprise derivatives sharing a risk with other financial instruments and lead to opposite changes in fair value, which normally cancel each other out (economic hedges), although the cancellation effect is not always simultaneous.

The Group defines risk categories for risk management in connection with derivatives transactions and monitors those risk positions. Price risks for derivatives and their underlying instruments are managed according to the risk limits defined by management for the purchase or sale of instruments or closing of positions. The risks arise through open positions in interest rates, credit, currencies and equity instruments dependent on general and specific market movements.

5.10 Sensitivity analysis

The sensitivity analysis is based on how IFRS profit or loss and other comprehensive income would have been affected if changes in the relevant risk variables that were reasonably possible at the end of the reporting period had occurred.

The sensitivity analysis with regard to market risk is as follows.

At 31 December 2022, if interest rates had been 50 basis points higher, profit or loss would have been CHF 34 million lower (2021: CHF 36 million lower) and other comprehensive income would have been CHF 884 million lower (2021: CHF 1472 million lower). If interest rates had been 50 basis points lower, profit or loss would have been CHF 35 million higher (2021: CHF 40 million higher) and other comprehensive income would have been CHF 955 million higher (2021: CHF 1686 million higher). These impacts are net after policyholder participation and tax. The sensitivity includes financial assets as well as insurance liabilities. "Investment funds – debt" and investment funds with substantial investment in debt instruments are included in the analysis. This sensitivity measures the impact of a parallel shift of the bond interest rates at the closing date.

At 31 December 2022, if equity prices had been higher by 10%, profit or loss would have been CHF 99 million higher (2021: CHF 217 million lower) and other comprehensive income would have been CHF 514 million higher (2021: CHF 759 million higher). If equity prices had been lower by 10%, profit or loss would have been CHF 173 million lower (2021: CHF 27 million higher) and other comprehensive income would have been CHF 474 million lower (2021: CHF 720 million lower). These impacts are gross before policyholder participation and tax. This sensitivity measures the impact of an increase/decrease in the market value of equities (incl. hedge funds and private equity) at the closing date. Investment funds with substantial investment in equities are included in the analysis, as are hedging effects.

The sensitivity analysis with regard to insurance risk is as follows.

At 31 December 2022, if mortality rates for life assurance had been higher by 5%, profit or loss would have been CHF 1 million lower (2021: CHF 1 million lower). This sensitivity measures the impact of an increase in the mortality rates in life assurance, e.g. endowments and term life insurance products where the net amount at risk is positive. If mortality rates for the annuity business had been lower by 5%, profit or loss would have been CHF 6 million lower (2021: CHF 5 million lower). This sensitivity concerns annuities in payment and future annuities. Whether policies are affected already during the savings accumulation period might depend on technical implementation issues, e.g. whether the accumulation and annuity phases are driven by the same mortality table. These impacts are net after policyholder participation and tax.

At 31 December 2022, if morbidity rates had been higher by 5%, profit or loss would have been CHF 27 million lower (2021: CHF 30 million lower). If morbidity rates had been lower by 5%, profit or loss would have been CHF 27 million higher (2021: CHF 30 million higher). These impacts are net after policyholder participation and tax.

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 shares contingently issuable under equity compensation plans calculated on the basis of the expected fulfilment of predefined conditions. For further information on the equity compensation plans please refer to note 23 Employee Benefits.

In CHF million (if not noted otherwise)

	2022	2021
BASIC EARNINGS PER SHARE		
Net result attributable to equity holders of Swiss Life Holding	**1 449**	1 247
Weighted average number of shares outstanding	**30 248 426**	31 131 512
BASIC EARNINGS PER SHARE FOR THE NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF SWISS LIFE HOLDING (IN CHF)	**47.90**	40.05
DILUTED EARNINGS PER SHARE		
Net result attributable to equity holders of Swiss Life Holding	**1 449**	1 247
Weighted average number of shares outstanding	**30 248 426**	31 131 512
Adjustments (number of shares)		
Equity compensation plans	**90 215**	89 528
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING FOR DILUTED EARNINGS PER SHARE	**30 338 642**	31 221 040
DILUTED EARNINGS PER SHARE FOR THE NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF SWISS LIFE HOLDING (IN CHF)	**47.76**	39.93

01.03.2023

7 Premiums, Policy Fees and Deposits Received

Written premiums

In CHF million

	2022	2021
Direct	**13 421**	13 926
Assumed	**698**	650
GROSS WRITTEN PREMIUMS	**14 118**	14 576
Ceded	**–211**	–179
NET WRITTEN PREMIUMS	**13 907**	14 397

Earned premiums

In CHF million

	2022	2021
Direct	**13 739**	13 925
Assumed	**695**	642
GROSS EARNED PREMIUMS	**14 434**	14 568
Ceded	**–527**	–179
NET EARNED PREMIUMS	**13 907**	14 389

Written policy fees

In CHF million

	2022	2021
Direct	**438**	455
GROSS WRITTEN POLICY FEES	**438**	455
Ceded	**0**	0
NET WRITTEN POLICY FEES	**438**	455

Earned policy fees

In CHF million

	2022	2021
Direct	**423**	443
Assumed	**–**	0
GROSS EARNED POLICY FEES	**423**	443
Ceded	**0**	0
NET EARNED POLICY FEES	**423**	443

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

	2022	2021
Gross written premiums and policy fees	**14 556**	15 031
Deposits received under insurance and investment contracts	**5 048**	5 157
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	**19 604**	20 188

8 Details of Certain Items in the Consolidated Statement of Income

Commission income

In CHF million

	2022	2021
Brokerage commissions	**879**	907
Asset management commissions	**706**	643
Other commissions and fees	**362**	303
TOTAL COMMISSION INCOME	**1 947**	1 853

Investment income

In CHF million

	Notes	2022	2021
Interest income on financial assets available for sale		**2 056**	2 081
Interest income on loans and receivables		**425**	456
Other interest income		**11**	–9
Dividend income on financial assets available for sale		**340**	345
Net income on investment property		**1 085**	1 045
TOTAL INVESTMENT INCOME	5	**3 917**	3 918

Net gains/losses on financial assets

In CHF million

	Notes	2022	2021
Sale of			
financial assets available for sale		**–147**	717
loans and receivables		**103**	138
Net gains/losses from sales		**–44**	855
Impairment losses on			
debt instruments available for sale		**–27**	–11
equity instruments available for sale		**–514**	–181
loans and receivables		**–3**	–2
Impairment losses on financial assets		**–544**	–195
Hedging gains/losses reclassified from other comprehensive income		**228**	–15
Foreign currency gains/losses		**–543**	70
TOTAL NET GAINS/LOSSES ON FINANCIAL ASSETS	5	**–903**	715

01.03.2023

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

In CHF million

	Notes	2022	2021
Currency derivatives		**–65**	–436
Interest rate derivatives		**383**	77
Equity derivatives		**468**	–1 088
Other derivatives		**4**	0
Financial assets designated as at fair value through profit or loss [1]		**–38**	698
Investments in associates [2]		**33**	2
Investment contracts without discretionary participation		**–5**	42
Third-party interests in consolidated investment funds		**–48**	–275
Other financial liabilities		**–**	0
Assets for the account and risk of the Swiss Life Group’s customers		**–4 379**	4 143
Liabilities linked to assets for the account and risk of the Swiss Life Group’s customers		**4 361**	–4 116
TOTAL NET GAINS/LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	5	**713**	–953

[1] Includes interest and dividend income of CHF 169 million (2021: CHF 245 million)
[2] Includes dividend income of CHF 15 million (2021: CHF 0 million)

Other income

In CHF million

	2022	2021
Realised gains/losses on sales of subsidiaries, associates and other assets	**53**	32
Revenue from sale of inventory property	**99**	133
Other foreign currency gains/losses	**138**	153
Other	**17**	22
TOTAL OTHER INCOME	**307**	340

Net insurance benefits and claims

In CHF million

	2022	2021
Benefits and claims under insurance contracts		
Life benefits and claims paid, gross	**13 421**	12 144
Change in future life policyholder benefits and claims, gross	**–776**	1 259
Non-life claims paid, gross	**266**	265
Change in non-life claims, gross	**45**	–10
Benefits and claims recovered from reinsurers	**–405**	–115
Net benefits and claims under insurance contracts	**12 552**	13 543
Benefits and claims under investment contracts with discretionary participation		
Life benefits and claims paid, gross	**686**	735
Change in future life policyholder benefits and claims, gross	**57**	65
Net benefits and claims under investment contracts with discretionary participation	**742**	800
TOTAL NET INSURANCE BENEFITS AND CLAIMS	**13 294**	14 343

01.03.2023

Interest expense

In CHF million

	Notes	2022	2021
Interest expense on deposits		**35**	20
Negative interest on repurchase agreements		**–16**	–28
Interest expense on due to banks		**61**	38
Interest expense on investment contracts		**57**	66
Interest expense on deposits under insurance contracts	22	**22**	55
Interest expense on lease liabilities		**4**	4
Other interest expense		**16**	16
TOTAL INTEREST EXPENSE		**180**	172

Commission expense

In CHF million

	2022	2021
Insurance agent and broker commissions	**1 308**	1 292
Asset management commissions	**114**	104
Other commissions and fees	**145**	124
TOTAL COMMISSION EXPENSE	**1 567**	1 520

Employee benefits expense

In CHF million

	Notes	2022	2021
Wages and salaries		**916**	862
Social security		**172**	177
Defined benefit plans	23	**88**	97
Defined contribution plans		**6**	5
Other employee benefits		**72**	69
TOTAL EMPLOYEE BENEFITS EXPENSE		**1 255**	1 210

Depreciation and amortisation expense

In CHF million

	Notes	2022	2021
Depreciation of property and equipment [1]	16	**66**	67
Amortisation of present value of future profits (PVP)	17	**0**	3
Amortisation of deferred acquisition costs (DAC)	17	**122**	342
Amortisation of deferred origination costs (DOC)	17	**36**	26
Amortisation of other intangible assets	17	**49**	28
TOTAL DEPRECIATION AND AMORTISATION EXPENSE		**274**	466

[1] including depreciation of right-of-use assets arising from leases of CHF 37 million (2021: CHF 38 million)

Other expenses

In CHF million

	2022	2021
Marketing and advertising	**67**	53
Information technology and systems	**140**	137
Maintenance and repair	**32**	32
Short-term leases	**6**	3
Leases of low-value assets	**1**	1
Professional services	**245**	238
Cost of inventory property sold	**93**	100
Premium taxes and other non-income taxes	**69**	74
Other	**178**	71
TOTAL OTHER EXPENSES	**830**	709

9 Derivatives and Hedge Accounting

In CHF million	Notes	Fair value assets		Fair value liabilities		Notional amount/exposure	
		31.12.2022	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021
CURRENCY DERIVATIVES							
Forward contracts		**1 438**	797	**395**	297	**49 694**	51 096
Futures		**–**	–	**–**	–	**–**	–
Options (over-the-counter)		**59**	94	**42**	117	**3 125**	6 424
TOTAL CURRENCY DERIVATIVES		**1 497**	891	**437**	413	**52 819**	57 519
INTEREST RATE DERIVATIVES							
Forward contracts		**–**	74	**505**	93	**1 203**	1 544
Swaps		**1 747**	585	**1 660**	555	**25 485**	55 362
Futures		**7**	3	**7**	2	**342**	349
Options (over-the-counter)		**118**	143	**–**	3	**830**	587
Other		**5**	3	**3**	1	**1 779**	520
TOTAL INTEREST RATE DERIVATIVES		**1 877**	807	**2 175**	654	**29 640**	58 362
EQUITY/INDEX DERIVATIVES							
Futures		**78**	46	**83**	79	**5 874**	6 622
Options (over-the-counter)		**6**	–	**6**	0	**150**	9
Options (exchange-traded)		**1 655**	973	**462**	597	**9 818**	10 222
Other		**13**	51	**2**	4	**1 921**	1 845
TOTAL EQUITY/INDEX DERIVATIVES		**1 752**	1 071	**554**	679	**17 763**	18 697
OTHER DERIVATIVES							
Credit derivatives		**–**	–	**9**	–	**–85**	–
TOTAL OTHER DERIVATIVES		**–**	–	**9**	–	**–85**	–
DERIVATIVES FOR THE ACCOUNT AND RISK OF THE SWISS LIFE GROUP'S CUSTOMERS	5	**0**	0	**–**	–	**0**	0
TOTAL DERIVATIVES		**5 126**	2 768	**3 175**	1 746	**100 136**	134 578
of which derivatives designated and accounted for as hedging instruments							
Derivatives designated as fair value hedges		**11**	29	**4**	3	**5 031**	6 909
Derivatives designated as cash flow hedges		**–**	76	**638**	111	**2 569**	1 974
Derivatives designated as net investment hedges		**190**	99	**14**	13	**6 776**	5 824

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 and monitors exposure and risk limits. Exposure to price risk on both derivatives and their underlyings is managed in accordance with risk limits set by risk committees 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 2022

In CHF million	Fair value		Contract/ notional amount	Hedging instruments		Hedged items	
	Assets	Liabilities		Gains	Losses	Gains	Losses
Interest rate risk							
Interest rate swaps to hedge bond portfolios	–	–	–	**137**	–	–	**–137**
Foreign currency risk							
Currency forwards to hedge non-monetary investments	**11**	**4**	**5 031**	**596**	**–506**	**506**	**–596**
TOTAL DERIVATIVES DESIGNATED AS FAIR VALUE HEDGES	**11**	**4**	**5 031**	**733**	**–506**	**506**	**–733**

Derivatives designated as fair value hedges as at 31 December 2021

In CHF million	Fair value		Contract/ notional amount	Hedging instruments		Hedged items	
	Assets	Liabilities		Gains	Losses	Gains	Losses
Interest rate risk							
Interest rate swaps to hedge bond portfolios	0	3	261	10	–3	3	–10
Foreign currency risk							
Currency forwards to hedge non-monetary investments	29	1	6 648	430	–452	452	–430
TOTAL DERIVATIVES DESIGNATED AS FAIR VALUE HEDGES	29	3	6 909	441	–455	455	–441

01.03.2023

The Swiss Life Group used interest rate swaps to hedge available-for-sale fixed-rate bonds and bonds classified as loans in Swiss francs, euro, British pounds and US dollars against changes in the fair value attributable to interest rate risk. The nominal amount of these bonds as at 31 December 2022 was nil (2021: CHF 270 million).

Forward contracts are used as hedging instruments to protect non-monetary investments against adverse movements in euro, British pound, US dollar and Japanese yen exchange rates. Such investments include equity securities, investment funds (equity funds and loan funds) and hedge funds.

Foreign currency debt designated as fair value hedge

In CHF million (if not noted otherwise)	Fair value	Nominal amount	Hedging instruments		Hedged items	
		EUR	Gains	Losses	Gains	Losses
AS AT 31 DECEMBER 2022						
Foreign currency borrowing to hedge currency risk of non-monetary investments	–	–	**3**	–	–	**–3**
AS AT 31 DECEMBER 2021						
Foreign currency borrowing to hedge currency risk of non-monetary investments	83	80	4	–	–	–4

Hybrid debt denominated in euro was used to protect non-monetary investments (hedge funds, equity securities and investment funds) against adverse movements in euro exchange rates.

Derivatives designated as cash flow hedges as at 31 December 2022

In CHF million (if not noted otherwise)	Fair value		Contract/ notional amount	Fair value gains (+)/ losses (–)		Hedged cash flows	
	Assets	Liabilities		Effective portion recognised in other comprehensive income	Ineffective portion recognised in profit or loss	Years expected to occur	Years expected to affect profit or loss
INTEREST RATE RISK							
Forward starting swaps/bonds							
Swiss franc	–	48	1 119	–82	–	2023–2027	2023–2051
Euro	–	589	1 450	–639	–	2023–2027	2023–2063
Total interest rate risk	–	638	2 569	–721	–	n/a	n/a
TOTAL DERIVATIVES DESIGNATED AS CASH FLOW HEDGES	–	638	2 569	–721	–	n/a	n/a

Derivatives designated as cash flow hedges as at 31 December 2021

In CHF million (if not noted otherwise)	Fair value		Contract/ notional amount	Fair value gains (+)/ losses (–)		Hedged cash flows	
	Assets	Liabilities		Effective portion recognised in other comprehensive income	Ineffective portion recognised in profit or loss	Years expected to occur	Years expected to affect profit or loss
INTEREST RATE RISK							
Forward starting swaps/bonds							
Swiss franc	–	5	150	–52	–	2022–2026	2022–2051
Euro	76	106	1 824	–215	–	2022–2026	2022–2063
Total interest rate risk	76	111	1 974	–267	–	n/a	n/a
TOTAL DERIVATIVES DESIGNATED AS CASH FLOW HEDGES	76	111	1 974	–267	–	n/a	n/a

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.

Amounts recognised in OCI are reclassified into profit or loss as investment income over the life of the hedged financial assets and as gains/losses on financial assets when a hedged financial asset is derecognised. In 2022, a gain of CHF 289 million was reclassified from other comprehensive income to profit or loss (2021: CHF 49 million), of which a gain of CHF 60 million was included in investment income (2021: gain of CHF 64 million), and a gain of CHF 229 million in net gains/losses on financial assets (2021: loss of CHF 15 million).

Derivatives designated as net investment hedges of foreign operations

In CHF million	Fair value		Contract/ notional amount	Fair value gains (+)/losses (–)	
	Assets	Liabilities		Effective portion recognised in other comprehensive income	Ineffective portion recognised in profit or loss
AS AT 31 DECEMBER 2022					
Currency forwards	**190**	**14**	**6 776**	**89**	**–**
TOTAL DERIVATIVES DESIGNATED AS NET INVESTMENT HEDGES	**190**	**14**	**6 776**	**89**	**–**
AS AT 31 DECEMBER 2021					
Currency forwards	99	13	5 824	–19	–
TOTAL DERIVATIVES DESIGNATED AS NET INVESTMENT HEDGES	99	13	5 824	–19	–

In 2022, investments in fixed-income funds of USD 3869 million (2021: USD 4219 million) and EUR 1358 million (2021: EUR 971 million) and investments in real estate funds of EUR 1269 million (2021: EUR 956 million) were hedged.

Foreign currency debt designated as net investment hedges of foreign operations

In CHF million (if not noted otherwise)	Fair value	Nominal amount	Fair value gains (+)/losses (–)	
		EUR	Effective portion recognised in other comprehensive income	Ineffective portion recognised in profit or loss
AS AT 31 DECEMBER 2022				
Foreign currency borrowing to hedge net investments in foreign entities	**172**	**169**	**9**	**–**
AS AT 31 DECEMBER 2021				
Foreign currency borrowing to hedge net investments in foreign entities	185	164	7	–

Hybrid debt denominated in euro was used to protect real estate funds against adverse movements in euro exchange rates.

10 Financial Assets at Fair Value through Profit or Loss

In CHF million		Designated as at fair value through profit or loss	
	Notes	**31.12.2022**	31.12.2021
Debt securities		**374**	527
Equity securities		**133**	136
Investment funds – debt		**1 342**	1 518
Investment funds – equity		**1 195**	1 827 [1]
Real estate funds		**1 714**	2 717
Alternative investments		**4 573**	3 263 [2]
Financial assets for the account and risk of the Swiss Life Group's customers	5	**39 751**	43 324
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		**49 083**	53 313

[1] Including CHF 214 million previously classified as investment funds – balanced
[2] Including CHF 3 238 million previously classified as infrastructure investments and CHF 24 million previously classified as private equity and hedge funds

11 Financial Assets Available for Sale

In CHF million	Cost/amortised cost		Net unrealised gains/losses		Fair value (carrying amount)	
	31.12.2022	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021
Debt securities	**66 993**	70 800	**–7 280**	10 506	**59 713**	81 306
Senior secured loans	**4 489**	4 477	**–196**	–21	**4 293**	4 455
Equity securities	**6 075**	7 563	**1 411**	2 510	**7 486**	10 073
Investment funds – debt	**2 133**	1 442	**–217**	90	**1 917**	1 532
Investment funds – equity	**2 421**	2 551	**115**	799	**2 536**	3 350
Real estate funds	**589**	553	**81**	70	**670**	623
Alternative investments	**62**	75 [1]	**59**	57 [2]	**121**	132 [3]
TOTAL FINANCIAL ASSETS AVAILABLE FOR SALE	**82 761**	87 460	**–6 027**	14 011	**76 735**	101 471

[1] Including CHF 58 million previously classified as private equity and CHF 16 million previously classified as hedge funds
[2] Including CHF 51 million previously classified as private equity and CHF 6 million previously classified as hedge funds
[3] Including CHF 109 million previously classified as private equity and CHF 22 million previously classified as hedge funds

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 Loans and Receivables

In CHF million	Notes	Gross carrying amount 31.12.2022	Gross carrying amount 31.12.2021	Allowance for impairment losses 31.12.2022	Allowance for impairment losses 31.12.2021	Carrying amount 31.12.2022	Carrying amount 31.12.2021
LOANS							
Mortgages		**12 057**	12 000	**–23**	–23	**12 034**	11 977
Note loans		**4 124**	4 465	**–**	–	**4 124**	4 465
Corporate and other loans		**4 041**	2 502	**–**	–1	**4 041**	2 501
Reverse repurchase agreements	33	**227**	–	**–**	–	**227**	–
Debt securities previously classified as available for sale		**625**	726	**–**	–	**625**	726
Other debt securities classified as loans		**108**	151	**–**	–	**108**	151
TOTAL LOANS	30	**21 183**	19 845	**–23**	–24	**21 160**	19 821
RECEIVABLES							
Insurance receivables		**1 622**	1 612	**–25**	–27	**1 597**	1 585
Reinsurance receivables		**513**	433	**–**	–	**513**	433
Accrued investment income		**964**	1 048	**–**	–	**964**	1 048
Settlement accounts		**78**	73	**–**	–	**78**	73
Other receivables		**1 717**	1 307	**–9**	–8	**1 708**	1 299
TOTAL RECEIVABLES	30	**4 894**	4 474	**–35**	–35	**4 860**	4 439
TOTAL LOANS AND RECEIVABLES		**26 077**	24 319	**–57**	–59	**26 020**	24 260

Allowance for impairment losses

In CHF million	Individual evaluation of impairment 2022	Individual evaluation of impairment 2021	Collective evaluation of impairment 2022	Collective evaluation of impairment 2021	Total 2022	Total 2021
LOANS						
Balance as at 1 January	**1**	2	**23**	20	**24**	23
Impairment losses/reversals	**0**	0	**0**	2	**0**	2
Write-offs and disposals	**–1**	–1	**–**	–	**–1**	–1
Foreign currency translation differences	**0**	0	**–**	–	**0**	0
BALANCE AS AT END OF PERIOD	**0**	1	**23**	23	**23**	24
RECEIVABLES						
Balance as at 1 January	**31**	29	**5**	8	**35**	37
Impairment losses/reversals	**5**	6	**–2**	–6	**3**	0
Write-offs and disposals	**–3**	–3	**0**	3	**–2**	0
Foreign currency translation differences	**–1**	–1	**0**	0	**–2**	–1
BALANCE AS AT END OF PERIOD	**32**	31	**3**	5	**35**	35
TOTAL ALLOWANCE FOR IMPAIRMENT LOSSES	**32**	32	**26**	27	**57**	59

Interest income accrued on impaired loans was CHF 0.04 million as at 31 December 2022 (2021: CHF 0.01 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 and receivables 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.

Details with regard to the financial assets reclassified are as follows.

Debt securities previously classified as available for sale

In CHF million

	2022	2021
Carrying amount as at 31 December	**625**	726
Fair value as at end of period	**684**	1 002
Gains (+)/losses (–) that would have been recognised in other comprehensive income if the assets had not been reclassified (before policyholder participation and income tax effect)	**–212**	–36
Gains (+)/losses (–) recognised in profit or loss (including impairment)	**6**	0
Interest income	**48**	49

01.03.2023

13 Financial Assets Pledged as Collateral

In CHF million	Carrying amount	
	31.12.2022	31.12.2021
Debt securities reclassified from financial assets available for sale	**3 234**	4 140
Total debt securities pledged as collateral	**3 234**	4 140
TOTAL FINANCIAL ASSETS PLEDGED AS COLLATERAL	**3 234**	4 140

Financial assets that have been sold under a repurchase agreement or lent under an agreement to return them are not derecognised when all the risks and rewards of ownership are retained substantially 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.

14 Investment Property

In CHF million

	2022	2021
Balance as at 1 January	**41 234**	38 120
Additions	**1 708**	2 813
Capitalised subsequent expenditure	**250**	238
Disposals	**–1 515**	–935
Gains/losses from fair value adjustments	**1 047**	1 505
Transfers from own-use property	**6**	–
Transfers to inventory property	**–54**	–
Classification as assets held for sale	**–1**	–69
Foreign currency translation differences	**–516**	–439
BALANCE AS AT END OF PERIOD	**42 160**	41 234
of which pledged as security for mortgage loans	**2 528**	2 342
Investment property consists of		
completed investment property	**40 916**	40 395
investment property under construction	**928**	727
Right-of-use investment property	**315**	112
TOTAL INVESTMENT PROPERTY	**42 160**	41 234

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 1391 million for the period ended 31 December 2022 (2021: CHF 1361 million). Operating expenses arising from investment property that generated rental income amounted to CHF 307 million for the period ended 31 December 2022 (2021: CHF 316 million).

The undiscounted lease payments to be received under operating leases were as follows.

In CHF million

	31.12.2022	31.12.2021
Less than 1 year	**842**	767
1 to 2 years	**799**	761
2 to 3 years	**750**	705
3 to 4 years	**685**	656
4 to 5 years	**634**	595
More than 5 years	**2 477**	2 410
TOTAL UNDISCOUNTED LEASE PAYMENTS	**6 186**	5 893

01.03.2023

15 Investments in Associates

Summarised financial information for the year 2022

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%**	**43**	**–**	**0**	**–**	**0**
Other associates	**n/a**	**38**	**12**	**1**	**0**	**1**
TOTAL	**n/a**	**80**	**12**	**0**	**0**	**0**
ASSOCIATES AT FAIR VALUE THROUGH PROFIT OR LOSS						
Agrippa Quartier GmbH & Co. Geschlossene InvKG, Frankfurt am Main	**35.8%**	**70**	**–**	**n/a**	**n/a**	**n/a**
SCI Tour LM, Marseille	**33.3%**	**2**	**15**	**n/a**	**n/a**	**n/a**
TOTAL	**n/a**	**72**	**15**	**n/a**	**n/a**	**n/a**

Summarised financial information for the year 2021

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%	45	0	0	–	0
Other associates	n/a	60	4	8	–	8
TOTAL	n/a	105	4	8	–	8
ASSOCIATES AT FAIR VALUE THROUGH PROFIT OR LOSS						
Agrippa Quartier GmbH & Co. Geschlossene InvKG, Frankfurt am Main	36.4%	47	–	n/a	n/a	n/a
SCI Tour LM, Marseille	33.3%	20	–	n/a	n/a	n/a
TOTAL	n/a	67	–	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		Agrippa Quartier GmbH & Co. Geschlossene InvKG Frankfurt am Main		SCI TOUR LM Marseille	
	2022	2021	**2022**	2021	**2022**	2021
SUMMARISED FINANCIAL INFORMATION						
Current assets	**131**	167	**0**	4	**38**	7
Non-current assets	**42**	17	**179**	130	**–**	239
Current liabilities	**–12**	–42	**0**	–2	**–33**	–1
Non-current liabilities	**–33**	–8	**–40**	–38	**–**	–185
Revenue	**0**	32	**–1**	–1	**5**	13
Profit or loss	**0**	1	**55**	0	**69**	11
Total comprehensive income	**0**	1	**55**	0	**69**	11
RECONCILIATION						
Net assets	**129**	135	**n/a**	n/a	**n/a**	n/a
Ownership interest	**33.4%**	33.4%	**n/a**	n/a	**n/a**	n/a
Share of net assets (carrying amount)	**43**	45	**n/a**	n/a	**n/a**	n/a

01.03.2023

16 Property and Equipment

In CHF million

	31.12.2022	31.12.2021
Property and equipment owned	**427**	417
Right-of-use property and equipment	**140**	139
TOTAL PROPERTY AND EQUIPMENT	**566**	557

Property and equipment owned for the year 2022

In CHF million

	Notes	Land and buildings	Furniture and fixtures	Hardware	Other equipment	Total
Balance as at 1 January		**362**	**21**	**15**	**19**	**417**
Additions		**45**	**8**	**6**	**2**	**60**
Additions from business combinations	28	**0**	**–**	**2**	**–**	**2**
Disposals	28	**–4**	**–1**	**0**	**–1**	**–7**
Transfers from/to investment property	14	**–6**	**–**	**–**	**–**	**–6**
Reclassifications		**–**	**4**	**–**	**–4**	**–**
Depreciation		**–13**	**–5**	**–7**	**–4**	**–29**
Foreign currency translation differences		**–9**	**–1**	**–1**	**–1**	**–11**
BALANCE AS AT END OF PERIOD		**374**	**26**	**15**	**12**	**427**
Cost		**635**	**71**	**78**	**36**	**820**
Accumulated depreciation and impairment		**–260**	**–45**	**–63**	**–25**	**–394**
TOTAL PROPERTY AND EQUIPMENT AS AT END OF PERIOD		**374**	**26**	**15**	**12**	**427**
of which buildings in the course of construction		**1**				

Property and equipment owned for the year 2021

In CHF million

	Notes	Land and buildings	Furniture and fixtures	Hardware	Other equipment	Total
Balance as at 1 January		325	21	15	24	384
Additions		57	5	8	3	72
Additions from business combinations	28	–	0	0	–	0
Disposals		–	0	0	–1	–1
Reclassifications		–	–	–	–	–
Depreciation		–12	–5	–7	–6	–29
Foreign currency translation differences		–8	0	0	–1	–9
BALANCE AS AT END OF PERIOD		362	21	15	19	417
Cost		612	73	80	46	811
Accumulated depreciation and impairment		–250	–52	–65	–27	–394
TOTAL PROPERTY AND EQUIPMENT AS AT END OF PERIOD		362	21	15	19	417
of which buildings in the course of construction		22				

No borrowing costs were capitalised in property and equipment in 2022 and 2021.

Right-of-use property and equipment for the year 2022

In CHF million

	Notes	Premises	IT equipment	Vehicles	Other equipment	Total
Balance as at 1 January		**129**	**4**	**5**	**1**	**139**
Additions		**45**	**1**	**2**	**1**	**49**
Additions from business combinations	28	**2**	**–**	**–**	**–**	**2**
Depreciation		**–32**	**–2**	**–3**	**–1**	**–37**
Impairment		**0**	**–**	**0**	**–**	**0**
Other changes		**–7**	**–1**	**0**	**0**	**–8**
Foreign currency translation differences		**–5**	**0**	**0**	**0**	**–5**
BALANCE AS AT END OF PERIOD		**133**	**2**	**4**	**1**	**140**

Right-of-use property and equipment for the year 2021

In CHF million

	Premises	IT equipment	Vehicles	Other equipment	Total
Balance as at 1 January	124	1	4	2	131
Additions	45	4	5	0	53
Depreciation	–33	–1	–3	–1	–38
Other changes	–4	0	–	–	–4
Foreign currency translation differences	–3	0	0	0	–3
BALANCE AS AT END OF PERIOD	129	4	5	1	139

01.03.2023

17 Intangible Assets including Intangible Insurance Assets

In CHF million

	31.12.2022	31.12.2021
Intangible insurance assets	**2 050**	1 637
Other intangible assets	**1 714**	1 758
TOTAL INTANGIBLE ASSETS	**3 764**	3 395

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	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Balance as at 1 January	**3**	6	**1 499**	1 363	**135**	89	**1 637**	1 459
Additions	**–**	–	**346**	411	**88**	72	**434**	483
Amortisation	**0**	–3	**–122**	–342	**–36**	–26	**–159**	–371
Impairment	**–2**	–	**–**	–	**–**	–	**–2**	–
Effect of shadow accounting	**0**	0	**195**	110	**–**	–	**195**	110
Foreign currency translation differences	**0**	0	**–56**	–44	**0**	0	**–56**	–44
BALANCE AS AT END OF PERIOD	**1**	3	**1 861**	1 499	**187**	135	**2 050**	1 637

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 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 Switzerland, Luxembourg and Singapore.

Other intangible assets for the year 2022

In CHF million

	Notes	Goodwill	Customer relationships	Computer software	Brands and other	Total
COST						
Balance as at 1 January		**1 575**	**123**	**35**	**25**	**1 758**
Additions		**–**	**0**	**21**	**2**	**23**
Additions from internal development		**–**	**–**	**0**	**–**	**0**
Additions from business combinations	28	**52**	**17**	**0**	**0**	**71**
Disposals	28	**–3**	**0**	**–3**	**–16**	**–22**
Amortisation		**–**	**–36**	**–11**	**–1**	**–49**
Foreign currency translation differences		**–56**	**–8**	**–1**	**0**	**–66**
BALANCE AS AT END OF PERIOD		**1 568**	**96**	**40**	**10**	**1 714**
Cost		**2 020**	**300**	**231**	**30**	**2 581**
Accumulated amortisation and impairment		**–452**	**–204**	**–191**	**–21**	**–867**
TOTAL OTHER INTANGIBLE ASSETS AS AT END OF PERIOD		**1 568**	**96**	**40**	**10**	**1 714**

Other intangible assets for the year 2021

In CHF million

	Notes	Goodwill	Customer relationships	Computer software	Brands and other	Total
COST						
Balance as at 1 January		1 452	76	40	32	1 600
Additions		–	–	16	1	17
Additions from business combinations	28	149	70	–	–	220
Disposals		–	–	–6	0	–6
Amortisation		–	–13	–14	–1	–28
Impairment		–	–8	–	–7	–15
Foreign currency translation differences		–26	–3	–1	0	–31
BALANCE AS AT END OF PERIOD		1 575	123	35	25	1 758
Cost		2 043	298	222	45	2 608
Accumulated amortisation and impairment		–468	–174	–187	–21	–850
TOTAL OTHER INTANGIBLE ASSETS AS AT END OF PERIOD		1 575	123	35	25	1 758

01.03.2023

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 acquisition of subsidiaries is included in intangible assets. Goodwill on associates is included in the carrying amount of the investment.

In July 2022, Swiss Life acquired elipsLife, an insurance company for institutional clients headquartered in Liechtenstein. The acquisition resulted in goodwill of CHF 51 million in the segment "International".

In November 2021, goodwill of CHF 99 million was recognised in the segment "Asset Managers" resulting from the acquisition of the real estate business of Ness, Risan & Partners (NRP) in Oslo.

In June 2021, goodwill of CHF 64 million was recognised in the segment "International" in relation to the acquisition of the Edinburgh based Principal & Prosper IFA Holdings Ltd. The amount of CHF 64 million, that was the result of a preliminary purchase price allocation, was adjusted to CHF 46 million in the second half of 2021 and CHF 47 million in the first half of 2022.

Following an adjustment of the consideration, goodwill in relation to the Nestor Financial Group Limited acquisition, which had been closed in October 2020, increased by CHF 4 million in March 2021.

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. The calculations are based on present values that use a single set of estimated cash flows and a single discount rate.

Goodwill

In CHF million	Switzerland		France		Germany		International		Asset Managers	
	31.12.2022	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021
Net carrying amount of goodwill	**152**	152	**294**	298	**399**	419	**379**	340	**344**	366
Impairment	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
KEY ASSUMPTIONS USED FOR IMPAIRMENT TESTS										
Eternal growth rate	**1.0%**	1.0%	**1.6%**	1.5%	**2.0%**	2.0%	**2.0%**	2.0%	**2.0%**	2.0%
Discount rate	**8.3%**	7.5%	**10.8%**	8.6%	**10.4%**	8.4%	**9.9%**	8.0%	**8.6%**	8.0%

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 target capital structure of the Swiss Life Group.

The growth rates reflect the long-term inflation expectations of the International Monetary Fund.

Customer relationships

As at 31 December 2022, the “France” segment comprises customer relationships of CHF 2 million (31.12.2021: CHF 4 million) and the “Asset Managers” segment comprises customer relationships of CHF 58 million (31.12.2021: CHF 77 million), of which CHF 34 million were acquired with Ness, Risan & Partners in November 2021. The “International” segment comprises customer relationships of CHF 36 million (31.12.2021: CHF 41 million). The amount includes CHF 17 million of customer relationships acquired with elipsLife in July 2022, which was fully amortised in the second half of 2022, and CHF 36 million of customer relationships added with the acquisition of Principal & Prosper IFA Holdings Ltd. in June 2021. Customer relationships are amortised over their useful lives.

Brands and other

As at 31 December 2022, “Brands and other” comprises the brands Mayfair, Beos and Fincentrum, as well as an intangible asset representing a performance fee related to the acquisition of Fontavis, which was fully earned in the second half of 2022. Brands are amortised over their useful lives. Following a reorganisation, the Corpus Sireo brand was fully impaired, resulting in an impairment loss of CHF 7 million in the first half of 2021.

18 Other Assets and Liabilities

Other assets

In CHF million

	31.12.2022	31.12.2021
Deferred charges and prepaid expenses	**124**	186
Employee benefit assets	**41**	43
Inventory property [1]	**1 408**	733
VAT and other tax receivables	**180**	196
Sundry assets	**10**	6
TOTAL OTHER ASSETS	**1 763**	1 164

[1] of which CHF 827 million pledged as security for loans (2021: CHF 463 million)

Other liabilities

In CHF million

	31.12.2022	31.12.2021
Deferred income	**190**	198
VAT and other tax payables	**248**	208
Sundry liabilities	**22**	17
TOTAL OTHER LIABILITIES	**460**	423

19 Investment and Unit-Linked Contracts

In CHF million		Gross		Ceded		Net	
	Notes	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Unit-linked contracts	30	**23 900**	27 592	**–**	–	**23 900**	27 592
Investment contracts with discretionary participation		**14 885**	16 627	**118**	119	**14 767**	16 508
Investment contracts without discretionary participation at FVPL	30	**687**	613	**–**	–	**687**	613
Investment contracts without discretionary participation at amortised cost	30	**20**	5	**–**	–	**20**	5
TOTAL INVESTMENT AND UNIT-LINKED CONTRACTS		**39 492**	44 837	**118**	119	**39 374**	44 718
of which for the account and risk of the Swiss Life Group's customers							
unit-linked contracts	5	**23 900**	27 592	**–**	–	**23 900**	27 592
investment contracts	5	**5 206**	6 213	**–**	–	**5 206**	6 213

Unit-linked contracts

In CHF million	2022	2021
Balance as at 1 January	**27 592**	25 693
Deposits received	**1 807**	1 696
Fair value changes	**–2 650**	2 636
Policy fees and other charges	**–146**	–131
Deposits released	**–1 968**	–1 622
Other movements	**–9**	19
Reclassifications	**13**	2
Foreign currency translation differences	**–739**	–702
BALANCE AS AT END OF PERIOD	**23 900**	27 592

Investment contracts with discretionary participation – gross

In CHF million	2022	2021
Balance as at 1 January	**16 627**	15 717
Premiums and deposits received	**4 035**	4 363
Interest and bonuses credited	**332**	224
Policy fees and other charges	**–223**	–240
Liabilities released for payments on death, surrender and other terminations	**–2 529**	–2 361
Effect of changes in actuarial assumptions and other movements	**–1 357**	1 165
Reclassifications	**–1 382**	–1 680
Foreign currency translation differences	**–617**	–560
BALANCE AS AT END OF PERIOD	**14 885**	16 627

01.03.2023

Investment contracts without discretionary participation – gross

In CHF million

	2022	2021
Balance as at 1 January	**618**	614
Deposits received	**189**	143
Fair value changes	**–8**	–16
Interest and bonuses credited	**0**	0
Policy fees and other charges	**–7**	–5
Deposits released	**–47**	–95
Reclassifications	**–17**	–4
Foreign currency translation differences	**–23**	–19
BALANCE AS AT END OF PERIOD	**707**	618

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 (status of US GAAP as of the first application of IFRS 4).

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.

20 Borrowings

In CHF million

	Notes	31.12.2022	31.12.2021
Hybrid debt		**2 089**	2 634
Senior bonds		**2 120**	1 466
Bank loans		**200**	–
TOTAL BORROWINGS	30	**4 409**	4 099

Reconciliation of liabilities arising from financing activities

In CHF million	Hybrid debt		Senior bonds		Bank loans		Lease liabilities[1]		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Balance as at 1 January	**2 634**	2 900	**1 466**	1 049	**–**	–	**224**	220	**4 323**	4 169
Cash flows										
Issuance	**–**	248	**678**	646	**200**	–	**–**	–	**878**	894
Redemption	**–470**	–450	**–**	–200	**–**	–	**–37**	–38	**–507**	–688
Other changes										
New leases	**–**	–	**–**	–	**–**	–	**77**	52	**77**	52
Premium/discount amortisation	**3**	3	**1**	0	**–**	–	**4**	4	**8**	8
Other movements	**–**	–	**–**	–	**–**	–	**–8**	–8	**–8**	–8
Acquisitions and disposals of subsidiaries	**–**	–	**–**	–	**–**	–	**–2**	–	**–2**	–
Foreign currency translation differences	**–77**	–68	**–25**	–29	**–**	–	**–10**	–7	**–112**	–104
BALANCE AS AT END OF PERIOD	**2 089**	2 634	**2 120**	1 466	**200**	–	**249**	224	**4 658**	4 323

[1] Included in other financial liabilities

01.03.2023

Hybrid debt

On 29 March 2021, Swiss Life Ltd issued subordinated dated callable bonds in the amount of CHF 250 million. The bonds are guaranteed by Swiss Life Holding, have their maturity date on 30 September 2041 and are first callable on 30 September 2031 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 2.125% p.a. until 30 September 2031. If the bonds are not redeemed on 30 September 2031, the interest resets at a rate fixed for the subsequent five years, consisting of the aggregate of the then-prevailing five-year CHF mid-market swap rate vs. SARON plus initial margin (216.7 bps) plus 100 bps step-up.

On 22 March 2018, Swiss Life Ltd issued subordinated dated callable bonds in the amount of CHF 175 million. The bonds are guaranteed by Swiss Life Holding, have their maturity date on 25 September 2048 and are first callable on 25 September 2028 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 2.625% p.a. until 25 September 2028. If the bonds are not redeemed on 25 September 2028, 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 2.113% p.a.

On 27 September 2016, ELM B.V., a Dutch repackaging vehicle, issued EUR 600 million in fixed to floating rate subordinated perpetual notes (at an issue price of 99.707%) 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 19 May 2027 or on any interest payment date thereafter, upon notice and subject to the consent of the Swiss Financial Market Supervisory Authority. The interest has been fixed at 4.50% p.a. until 19 May 2027. If the notes are not redeemed on 19 May 2027, the interest will be the aggregate of the three-month Euribor and a margin of 5.10% p.a.

On 24 March 2016, Swiss Life Ltd issued subordinated dated callable bonds in the amount of CHF 150 million. The bonds are guaranteed by Swiss Life Holding, have their maturity date on 24 September 2046 and are first callable on 24 September 2026 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 4.375% p.a. until 24 September 2026. If the bonds are not redeemed on 24 September 2026, 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 4.538% p.a.

On 16 June 2015, Demeter Investments B.V., a Dutch repackaging vehicle, issued EUR 750 million in fixed to 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 interest has been fixed at 4.375% p.a. until 16 June 2025. If the notes are not redeemed on 16 June 2025, the interest will be the aggregate of three-month Euribor and a margin of 4.30% 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 six-month Libor plus a margin of 4.20% p.a. until 30 May 2022. The bonds were redeemed on 30 November 2022, their first call date.

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 193 million remain outstanding. Swiss Life Ltd renounced the right to call the loan on the call dates falling in April 2014 and 2019, and can next call it in 2024, 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 31.12.2022	Interest rate	Year of issue	Optional redemption	Carrying amount	Carrying amount
Borrower						**31.12.2022**	31.12.2021
Swiss Life AG	CHF 250	CHF 250	2.125%	2021	2031	**249**	248
Swiss Life AG	CHF 175	CHF 175	2.625%	2018	2028	**174**	174
Swiss Life AG	EUR 600	EUR 600	4.500%	2016	2027	**589**	619
Swiss Life AG	CHF 150	CHF 150	4.375%	2016	2026	**150**	149
Swiss Life AG	EUR 750	EUR 750	4.375%	2015	2025	**737**	773
Swiss Life AG	CHF 471	CHF 471	Libor +4.200%	2012	2022	**–**	470
Swiss Life AG	EUR 443	EUR 193	Euribor +2.050%	1999	2024	**190**	200
TOTAL						**2 089**	2 634

01.03.2023

Senior bonds

On 31 August 2022, Swiss Life Finance I Ltd, a subsidiary of Swiss Life Holding AG, issued a EUR 700 million senior bond with a tenor of seven years and a coupon of 3.25%.

On 15 September 2021, Swiss Life Finance I Ltd, a subsidiary of SL Holding AG, issued a EUR 600 million senior green bond with a tenor of 10 years and coupon of 0.5% p.a.

On 6 December 2019, Swiss Life Holding issued three tranches of senior green bonds totalling CHF 600 million: one CHF 200 million tranche with a tenor of 2 years and floating rate coupon (floored at 0.00% capped at 0.05%), one CHF 250 million tranche with a tenor of 5.5 years and 0% coupon, and one CHF 150 million tranche with a tenor of 9.25 years and coupon of 0.35% p.a. On 6 December 2021, the CHF 200 million tranche matured and was redeemed.

On 13 March 2019, Swiss Life Holding issued a CHF 250 million senior bond with a tenor of 4.6 years and coupon of 0.25% p.a.

On 21 June 2013, Swiss Life Holding issued two tranches of senior bonds totalling CHF 425 million: one CHF 225 million tranche with a tenor of 6 years and coupon of 1.125% p.a. and one CHF 200 million tranche with a tenor of 10 years and coupon of 1.875% p.a. On 21 June 2019, the CHF 225 million tranche matured and was redeemed.

Amounts in CHF million (if not noted otherwise)	Nominal value	Interest rate	Year of issue	Redemption	Carrying amount	Carrying amount
Issuer					**31.12.2022**	31.12.2021
Swiss Life Finance I AG	EUR 700	3.250%	2022	2029	**683**	–
Swiss Life Finance I AG	EUR 600	0.500%	2021	2031	**588**	617
Swiss Life Holding AG	CHF 150	0.350%	2019	2029	**150**	150
Swiss Life Holding AG	CHF 250	0.000%	2019	2025	**250**	249
Swiss Life Holding AG	CHF 250	0.250%	2019	2023	**250**	250
Swiss Life Holding AG	CHF 200	1.875%	2013	2023	**200**	200
TOTAL					**2 120**	1 466

Bank loans

On 3 October 2022, Swiss Life AG entered into a CHF 500 million multicurrency revolving credit facility with a tenor of 5 years and 2 years of extension option. The interest paid on the drawn part is based on SARON or Euribor plus a margin of 30 basis points on the drawn part. The commitment fee on the undrawn part amounts up to 15 basis points. As at 31 December 2022, CHF 200 million have been drawn.

21 Other Financial Liabilities

In CHF million

	Notes	31.12.2022	31.12.2021
Insurance payables		**3 040**	2 768
Policyholder deposits		**817**	875
Reinsurance deposits		**187**	177
Customer deposits		**2 611**	2 712
Repurchase agreements		**2 887**	4 067
Amounts due to banks		**6 607**	3 954
Lease liabilities		**249**	224
Third-party interests in consolidated investment funds	30	**4 093**	4 033
Accrued expenses		**508**	573
Settlement accounts		**314**	441
Other		**1 310**	912
TOTAL OTHER FINANCIAL LIABILITIES		**22 623**	20 738

01.03.2023

22 Insurance Liabilities

In CHF million	Gross		Ceded		Net	
	31.12.2022	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021
Claims under non-life insurance contracts	**873**	871	**194**	185	**680**	686
Unearned premiums non-life	**38**	42	**1**	1	**37**	40
Claims under life insurance contracts	**8 121**	6 537	**1 795**	119	**6 326**	6 418
Future life policyholder benefits	**107 546**	109 669	**146**	144	**107 400**	109 525
Unearned premiums life	**100**	70	**27**	0	**72**	70
Deposits under insurance contracts	**13 233**	13 070	**–**	–	**13 233**	13 070
TOTAL INSURANCE LIABILITIES	**129 911**	130 258	**2 163**	449	**127 748**	129 809
of which for the account and risk of the Swiss Life Group's customers	**11 228**	10 448	**1**	1	**11 227**	10 447

Unearned premiums

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

Claims under life insurance contracts

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

Claims under non-life insurance contracts – gross

In CHF million	**2022**	2021
Balance as at 1 January	**871**	918
Claims and claim settlement costs incurred		
Reporting period	**331**	334
Prior reporting periods	**–3**	–64
Claims and claim settlement costs paid		
Reporting period	**–139**	–139
Prior reporting periods	**–143**	–141
Foreign currency translation differences	**–43**	–37
BALANCE AS AT END OF PERIOD	**873**	871

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.

Future life policyholder benefits and claims – gross

In CHF million

	2022	2021
Balance as at 1 January	**116 206**	116 123
Additions from business combinations	**1 618**	–
Premiums received	**9 503**	10 063
Interest credited	**1 558**	1 625
Claims incurred, benefits paid and surrenders	**–11 713**	–10 701
Effect of changes in actuarial assumptions and other movements	**–408**	256
Reclassifications	**276**	11
Foreign currency translation differences	**–1 373**	–1 172
BALANCE AS AT END OF PERIOD	**115 667**	116 206

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 – gross

In CHF million

	2022	2021
Balance as at 1 January	**13 070**	11 629
Deposits received	**228**	235
Interest credited	**22**	55
Participating bonuses	**3**	4
Policy fees and insurance charges	**–46**	–47
Deposits released for payments on death, surrender and other terminations during the year	**–195**	–226
Other movements	**–335**	282
Reclassifications	**1 109**	1 672
Foreign currency translation differences	**–624**	–536
BALANCE AS AT END OF PERIOD	**13 233**	13 070

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

	31.12.2022	31.12.2021
Insurance liabilities with discretionary participation	**102 012**	104 565
Insurance liabilities without discretionary participation	**16 671**	15 245
Insurance liabilities linked to assets for the account and risk of the Swiss Life Group’s customers	**11 228**	10 448
TOTAL INSURANCE LIABILITIES	**129 911**	130 258

23 Employee Benefits

Employee benefit liabilities

In CHF million

	31.12.2022	31.12.2021
Employee benefit liabilities consist of		
gross defined benefit liabilities	**607**	1 349
other employee benefit liabilities	**262**	232
TOTAL EMPLOYEE BENEFIT LIABILITIES	**869**	1 581

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, Survivors' and Disability Pension Plans (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 and the 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 and the interest rate for the accrual of the employee's 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 employee's 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 their former employers and discretionary contributions from the employees (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 retirement 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) and transfer of vested benefits in case of job changes. 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 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 various 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.

For some plans, a lump-sum benefit is provided when reaching retirement age. The capital benefit amount depends on the contributions and the performance of an underlying portfolio of assets. The benefit payable is the amount originally paid in plus interest.

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 major plan, 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, is 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.

For the plans that provide lump-sum benefits based on separate asset portfolios, the most significant but low risk is from capital markets fluctuations. The asset portfolios are broadly diversified with corporate bonds, German government bonds, covered bonds and exchange-traded funds.

Amounts recognised as defined benefit assets / liabilities

In CHF million

	31.12.2022	31.12.2021
Present value of defined benefit obligation	–3 012	–3 796
Fair value of plan assets	2 446	2 490
NET DEFINED BENEFIT LIABILITY	–566	–1 307
Insurance contracts not eligible as plan assets under IFRS	1 088	1 193
NET DEFINED BENEFIT SURPLUS (+)/DEFICIT (–) (ECONOMIC VIEW)	522	–113
The net defined benefit liability consists of		
gross defined benefit liabilities	–607	–1 349
gross defined benefit assets	41	42

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 a surplus of CHF 522 million as at 31 December 2022 (2021: deficit of CHF 113 million).

Amounts recognised in profit or loss

In CHF million

	2022	2021
Current service cost	129	139
Past service cost	–5	–6
Net interest cost	6	4
Gains/losses settlements	–	0
Employee contributions	–42	–40
TOTAL DEFINED BENEFIT EXPENSE	88	97

Amounts recognised in other comprehensive income

In CHF million

	2022	2021
Actuarial gains and losses on the defined benefit obligation	785	194
Return on plan assets excluding interest income	–154	132
TOTAL REMEASUREMENTS OF THE NET DEFINED BENEFIT LIABILITY	632	327

Defined benefit plans

In CHF million

	2022	2021
CHANGES IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION		
Balance as at 1 January	**–3 796**	–4 041
Current service cost	**–129**	–139
Past service cost including curtailments	**5**	8
Interest cost	**–16**	–8
Contributions by plan participants	**–69**	–88
Actuarial gains (+)/losses (–) arising from		
experience adjustments	**–61**	–76
changes in demographic assumptions	**0**	145
changes in financial assumptions	**846**	125
Benefit payments	**215**	226
Settlements	**–**	36
Effect of business combinations	**–56**	–
Effect of reclassifications and other disposals	**33**	0
Foreign currency translation differences	**15**	14
BALANCE AS AT END OF PERIOD	**–3 012**	–3 796
of which amounts owing to		
active plan participants	**–1 644**	–1 978
retired plan participants	**–1 368**	–1 818
CHANGES IN THE FAIR VALUE OF PLAN ASSETS		
Balance as at 1 January	**2 490**	2 306
Interest income	**10**	4
Return on plan assets excluding interest income	**–154**	132
Contributions by the employer	**111**	147
Contributions by plan participants	**63**	83
Benefit payments	**–128**	–139
Curtailments	**–**	–2
Settlements	**–**	–36
Effect of business combinations	**50**	–
Effect of reclassifications and other disposals	**11**	0
Foreign currency translation differences	**–6**	–5
BALANCE AS AT END OF PERIOD	**2 446**	2 490

01.03.2023

Plan assets

In CHF million	Quoted market price		Other		Total	
	31.12.2022	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021
Cash and cash equivalents	**–**	–	**45**	42	**45**	42
Debt securities						
Governments	**4**	4	**–**	–	**4**	4
Equity securities						
Financials	**1**	1	**–**	–	**1**	1
Investment funds						
Debt	**596**	848	**–**	–	**596**	848
Equity	**721**	644	**–**	–	**721**	644
Balanced	**86**	67	**–**	–	**86**	67
Real estate	**–**	–	**646**	611	**646**	611
Other	**–**	–	**153**	122	**153**	122
Derivatives						
Currency	**–**	–	**–1**	1	**–1**	1
Property						
located in Switzerland	**–**	–	**22**	22	**22**	22
Qualifying insurance policies	**–**	–	**173**	128	**173**	128
TOTAL PLAN ASSETS	**1 408**	1 564	**1 038**	926	**2 446**	2 490
Plan assets include						
own equity instruments	**1**	1	**–**	–	**1**	1

Principal actuarial assumptions

	Switzerland/Liechtenstein		Other countries	
	2022	2021	**2022**	2021
Discount rate	**1.9-2.3%**	0.0-0.4%	**3.8-3.9%**	1.0-2.0%
Future salary increases	**0.9-1.5%**	0.6-1.5%	**1.0-3.5%**	1.0-5.0%
Future pension increases	**0.0%**	0.0%	**1.0-2.0%**	1.0-1.8%
Ordinary retirement age (women)	**64**	64	**63–65**	63–65
Ordinary retirement age (men)	**65**	65	**63–65**	63–65
Average life expectation at ordinary retirement age (women)	**25.4-25.5**	25.4	**25.7-28.5**	25.7-28.5
Average life expectation at ordinary retirement age (men)	**22.6-23.8**	22.6-23.7	**22.4-25.1**	22.3-25.1

A sensitivity analysis was performed for each significant actuarial assumption showing the impact on the defined benefit obligation of changes in the respective actuarial assumptions 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 2022, if the discount rate had been 50 basis points higher (lower), the defined benefit obligation would have decreased by CHF 170 million (increase CHF 190 million). At 31 December 2021, if the discount rate had been 50 basis points higher (lower), the defined benefit obligation would have decreased by CHF 255 million (increase CHF 289 million).

At 31 December 2022, if the future expected salary growth had increased (decreased) by 50 basis points, the defined benefit obligation would have increased by CHF 9 million (decrease CHF 11 million). At 31 December 2021, if the future expected salary growth had increased (decreased) by 50 basis points, the defined benefit obligation would have increased by CHF 17 million (decrease CHF 18 million).

At 31 December 2022, if the average life expectancy had increased by one year (for both men and women), the defined benefit obligation would have increased by CHF 75 million. At 31 December 2021, if the average life expectancy had increased by one year (for both men and women), the defined benefit obligation would have increased by CHF 115 million.

Expected benefit payments

Amounts in CHF million (if not noted otherwise)

	2022	2021
Duration of the defined benefit obligation (weighted average no. of years)	**12.1**	14.2
Benefits expected to be paid (undiscounted amounts)		
within 12 months	**201**	194
between 1 and 2 years	**189**	181
between 3 and 5 years	**561**	551
between 6 and 10 years	**910**	905

The contributions expected to be paid for the year ending 31 December 2023 are CHF 88 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 6 million in 2022 (2021: CHF 5 million).

Equity compensation plans

For 2022, 2021, 2020, 2019 and 2018 participants in the group share-based payment programme are allocated restricted share units (RSUs). RSUs grant the holder future subscription rights, entitling him or her to receive Swiss Life Holding shares free of charge after a three-year period has elapsed and if certain conditions are fulfilled.

The 2022 equity compensation plan is based on the Group-wide programme “Swiss Life 2024”, which was announced on 25 November 2021. The 2019, 2020 and 2021 equity compensation plans are based on the Group-wide programme “Swiss Life 2021”. The 2018 equity compensation plan is based on the Group-wide programme “Swiss Life 2018”. For the purpose of supporting the achievement of the respective corporate goals, the following performance criteria have been determined by the Board of Directors for the 2019, 2020 and 2021 plans: IFRS profit (50% weighting), risk and fee result (25% weighting) and cash to Swiss Life Holding for further strengthening of the financial substance and payout capacity (25% weighting). For the 2022 equity compensation plan the Board of Directors determined the following performance criteria: IFRS profit (25% weighting), fee result (25% weighting) and cash to Swiss Life Holding (50% weighting).

Since 1 March 2021, a separate equity compensation plan (LTI-AM) has been in place for employees in key positions in the Swiss Life Asset Managers segment who are not participating in the Group’s equity compensation plan, specifically aligned to the targets for the Group-wide asset management and real estate services activity of Swiss Life Asset Managers. Participants in the LTI-AM equity compensation plan are granted restricted share units (AM RSU). AM RSUs grant the holder future subscription rights, entitling him or her to receive Swiss Life Holding shares free of charge after a three-year period has elapsed and if certain conditions are fulfilled. For the purpose of supporting the achievement of the targets, performance criteria have been determined as follows: IFRS profit of the Asset Managers segment (50% weighting), net new assets under third party asset management (25% weighting) and the Asset Managers segment’s cash remittance to Swiss Life Holding (25% weighting).

While the Group equity compensation plan and the LTI-AM equity compensation plan have different groups of participants and are aligned to different targets, they have the same mechanisms.

After expiry of the three-year period of the plan, the target value for each performance criterion 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.

Both programmes also provide for adjustment and reclaiming mechanisms (clawback).

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 taking into account input factors such as the dividend yield and the historical volatility of the Swiss Life Holding share. The associated expense during the vesting period is recognised under employee benefits expense with a corresponding increase in share premium.

In 2018, the number of RSUs granted under this programme amounted to 43 649. The fair value at the measurement date amounted to CHF 300.66. The date of grant was 1 March 2018.

In 2019, the number of RSUs granted under this programme amounted to 40 840. The fair value at the measurement date amounted to CHF 380.66. The date of grant was 1 March 2019.

In 2020, the number of RSUs granted under this programme amounted to 42 553. The fair value at the measurement date amounted to CHF 377.24. The date of grant was 1 March 2020.

In 2021, the number of RSUs granted under the Group programme amounted to 37 436 and the number of AM RSUs granted to the LTI-AM programme amounted to 7744. The fair value at the measurement date amounted to CHF 394.51. The date of grant was 1 March 2021.

In 2022, the number of RSUs granted under the Group programme amounted to 31 276 and the number of AM RSUs granted to the LTI-AM programme amounted to 8431. The fair value at the measurement date amounted to CHF 481.90. The date of grant was 1 March 2022.

The expense recognised for share-based payment amounted to CHF 18 million in 2022 (2021: CHF 17 million).

Group share-based payment programme (RSU, restricted share units)

Number of restricted share units	Balance as at 1 January	Issued	Employee departures	Vested	Balance as at end of period
2022					
Granted in 2019	**40 419**	**–**	**–**	**–40 419**	**–**
Granted in 2020	**41 796**	**–**	**–**	**–**	**41 796** [1]
Granted in 2021	**37 436**	**–**	**–**	**–**	**37 436**
Granted in 2022	**–**	**31 276**	**–**	**–**	**31 276**

[1] Number of restricted share units to be vested on 1 March 2023 based on circumstances as at 31 December 2022

Number of restricted share units	Balance as at 1 January	Issued	Employee departures	Vested	Balance as at end of period
2021					
Granted in 2018	43 150	–	–	–43 150	–
Granted in 2019	40 419	–	–	–	40 419
Granted in 2020	41 796	–	–	–	41 796
Granted in 2021	–	37 436	–	–	37 436
2020					
Granted in 2018	43 649	–	–499	–	43 150
Granted in 2019	40 840	–	–421	–	40 419
Granted in 2020	–	42 553	–757	–	41 796
2019					
Granted in 2018	43 649	–	–	–	43 649
Granted in 2019	–	40 840	–	–	40 840
2018					
Granted in 2018	–	43 649	–	–	43 649

Asset Managers share-based payment programme (LTI-AM, restricted share units)

Number of restricted share units	Balance as at 1 January	Issued	Employee departures	Vested	Balance as at end of period
2022					
Granted in 2021	**7 480**	**–**	**–274**	**–**	**7 206**
Granted in 2022	**–**	**8 431**	**–416**	**–**	**8 015**
2021					
Granted in 2021	–	7 744	–264	–	7 480

24 Income Taxes

Income tax expense

In CHF million

	2022	2021
Current income tax expense	**347**	345
Deferred income tax expense	**132**	61
TOTAL INCOME TAX EXPENSE	**479**	406

The expected weighted-average tax rate for the Group in 2022 was 20.0% (2021: 22.1%). 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

	2022	2021
PROFIT BEFORE INCOME TAX	**1 934**	1 663
Income tax calculated using the expected weighted-average tax rate	**388**	367
Increase/reduction in taxes resulting from		
lower taxed income	**–131**	–102
non-deductible expenses	**131**	54
other income taxes (incl. withholding taxes)	**40**	41
change in unrecognised tax losses	**28**	9
adjustments for current tax of prior periods	**24**	25
changes in tax rates	**10**	15
intercompany effects	**–47**	–27
other	**37**	24
INCOME TAX EXPENSE	**479**	406

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 income tax assets		Deferred income tax liabilities	
	31.12.2022	31.12.2021	**31.12.2022**	31.12.2021
Financial assets	**1 044**	339	**394**	1 368
Investment property	**114**	110	**1 496**	1 310
Intangible assets	**19**	32	**228**	201
Property and equipment	**13**	13	**25**	19
Financial liabilities	**129**	104	**14**	24
Insurance liabilities	**50**	53	**437**	178
Employee benefits	**68**	120	**81**	84
Other	**284**	46	**17**	39
Tax losses	**58**	48		
DEFERRED INCOME TAX ASSETS/LIABILITIES	**1 779**	864	**2 691**	3 223
Offset	**–1 317**	–793	**–1 317**	–793
TOTAL DEFERRED INCOME TAX ASSETS/LIABILITIES	**462**	71	**1 374**	2 430

The movements in net deferred income tax assets/liabilities during the period were as follows.

In CHF million	Balance as at 1 January	Profit or loss	Other comprehensive income	Acquisitions and disposals	Foreign currency translation differences	Balance as at end of period
MOVEMENTS BY TYPE OF TEMPORARY DIFFERENCE DURING THE YEAR 2022						
Financial assets	**–1 028**	**78**	**1 596**	**6**	**–2**	**650**
Investment property	**–1 200**	**–183**	**3**	**–17**	**15**	**–1 382**
Intangible assets	**–170**	**–13**	**–20**	**–11**	**5**	**–209**
Property and equipment	**–6**	**–8**	**–**	**1**	**1**	**–12**
Financial liabilities	**79**	**1**	**39**	**–1**	**–3**	**115**
Insurance liabilities	**–125**	**–265**	**–1**	**–**	**3**	**–387**
Employee benefits	**36**	**11**	**–50**	**–8**	**–2**	**–13**
Other	**6**	**240**	**–**	**23**	**–2**	**267**
Tax losses	**48**	**5**	**–**	**7**	**–2**	**58**
NET DEFERRED INCOME TAX ASSETS/LIABILITIES	**–2 358**	**–132**	**1 567**	**–1**	**12**	**–912**
MOVEMENT BY TYPE OF TEMPORARY DIFFERENCE DURING THE YEAR 2021						
Financial assets	–1 358	24	295	–	10	–1 029
Investment property	–1 127	–80	–1	–2	10	–1 200
Intangible assets	–143	–15	–7	–7	2	–169
Property and equipment	–10	3	–	1	0	–6
Financial liabilities	68	9	5	0	–2	80
Insurance liabilities	–145	18	–1	–	3	–125
Employee benefits	66	3	–31	–	–2	36
Other	39	–23	–	–9	–1	7
Tax losses	52	–1	–	–1	–2	48
NET DEFERRED INCOME TAX ASSETS/LIABILITIES	–2 557	–61	260	–18	19	–2 359

Deferred income 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 amount of such temporary differences was approximately CHF 6.4 billion as at 31 December 2022 (2021: CHF 12.0 billion). If such amounts from entities controlled by the Group are ever distributed, no material tax liabilities would be incurred due to participation exemption rules, unrecognised tax loss carryforwards and applicable double taxation treaties.

Deferred income 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 income tax asset has been recognised.

Unrecognised tax losses

Amounts in CHF million	Tax losses		Tax rate	
	31.12.2022	31.12.2021	**31.12.2022**	31.12.2021
2023	**8**	2	**19.7%**	19.7%
2024	**9**	2	**19.7%**	19.7%
2025	**23**	2	**20.1%**	19.7%
Thereafter	**314**	194	**23.0%**	20.4%
TOTAL	**354**	200	**n/a**	n/a

01.03.2023

25 Provisions

In CHF million	Restructuring		Litigation		Other		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Balance as at 1 January	**9**	10	**17**	22	**22**	89	**48**	121
Additions	**1**	1	**4**	6	**16**	8	**21**	15
Additions from business combinations	**7**	–	**–**	–	**–**	–	**7**	–
Amounts used	**–1**	–2	**–2**	–2	**–1**	–70	**–4**	–74
Reversals	**0**	0	**–3**	–9	**–2**	–4	**–5**	–13
Unwinding of discount and effect of change in discount rate	**–**	–	**0**	0	**0**	–	**0**	0
Reclassifications and other disposals	**–**	–	**0**	1	**0**	–1	**0**	–
Foreign currency translation differences	**0**	0	**0**	–1	**0**	0	**–1**	–1
BALANCE AS AT END OF PERIOD	**15**	9	**15**	17	**35**	22	**66**	48

Restructuring

Provisions for restructuring were set up in 2022 in the segment Germany (2021: Germany). A provision for restructuring in the segment International was part of the newly acquired elipsLife in 2022. 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 detailed 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). The balance of 2020 included a provision of CHF 70 million in relation to the expected resolution with the US Department of Justice (DOJ) inquiry concerning prior business with US clients that had been charged against the 2020 results. As disclosed in a press release dated 14 May 2021, Swiss Life reached a resolution with the DOJ. The resolution was in the form of a Deferred Prosecution Agreement (DPA) with a three-year term. The financial payments required as part of this resolution were in line with the provision of CHF 70 million.

26 Equity

Share capital

As at 31 December 2022, the share capital of Swiss Life Holding consisted of 30 825 887 fully-paid shares with a par value of CHF 0.10 each (2021: 31 528 567 fully-paid shares with a par value of CHF 0.10 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 385 794.80 as at 31 December 2022 (2021: CHF 385 794.80).

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.

Share buyback programmes

As announced during the investor's day on 25 November 2021, Swiss Life started a new CHF 1 billion share buyback programme in December 2021. By 31 December 2022, 1 403 881 shares had been purchased for CHF 739 million at an average price of CHF 525.80 per share, of which 1 335 881 shares for CHF 701 million in 2022 and 68 000 shares for CHF 38 million in 2021. The programme will be completed in May 2023.

In May 2021, Swiss Life completed the CHF 400 million share buyback programme, which had been announced in February 2020. Between March 2020 and May 2021 a total of 908 423 own shares were repurchased at an average purchase price of CHF 440.32 per share. In 2021, 829 099 shares were purchased for CHF 371 million.

702 680 of the repurchased shares were cancelled in July 2022 and 485 824 shares were cancelled in July 2021.

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

	2022	2021
SHARES ISSUED		
Balance as at 1 January	**31 528 567**	32 014 391
Cancellation of treasury shares	**–702 680**	–485 824
BALANCE AS AT END OF PERIOD	**30 825 887**	31 528 567
TREASURY SHARES		
Balance as at 1 January	**620 842**	219 132
Purchases of treasury shares	**50 000**	35 000
Share buyback	**1 335 881**	897 099
Allocation under equity compensation plans	**–41 912**	–44 565
Cancellation of treasury shares	**–702 680**	–485 824
BALANCE AS AT END OF PERIOD	**1 262 131**	620 842

Accumulated other comprehensive income

Accumulated other comprehensive income comprises items of income and expense that are recognised outside of 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.
- Unrealised losses on financial assets reclassified from available for sale to loans and receivables in 2008 due to disappearance of an active market.

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 2022

In CHF million	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	Gains/ losses debt securities reclassified to loans and receivables	Total	Revaluation surplus investment property	Remeasurements net defined benefit liability	Total	
Net balance as at 1 January	–1 351	4 066	314	–9	3 020	45	–261	–216	2 804
Transfer to retained earnings	–	–	–	–	–	–46	–3	–50	–50
Net other comprehensive income	–228	–6 011	–212	3	–6 447	42	205	247	–6 200
NET BALANCE AS AT END OF PERIOD	–1 579	–1 945	102	–5	–3 427	40	–59	–19	–3 446
NET OTHER COMPREHENSIVE INCOME IS COMPOSED OF THE FOLLOWING:									
Revaluation – gross	–324	–21 473	–721	–	–22 517	–	632	632	–21 886
Net investment hedges – gross	89	–	–	–	89	–	–	–	89
Share of other comprehensive income of associates – gross	–	–	–	0	0	–	–	–	0
Reclassification to profit or loss – gross	1	688	–289	6	406	–	–	–	406
Effects of									
policyholder participation	2	13 010	729	–1	13 740	40	–378	–338	13 403
shadow accounting	–	205	5	0	210	0	–	0	210
income tax	0	1 552	64	–1	1 615	2	–50	–48	1 567
foreign currency translation differences	–	6	–1	0	6	–1	1	0	6
Net other comprehensive income before non-controlling interests	–232	–6 011	–212	3	–6 452	42	205	247	–6 205
Non-controlling interests	4	1	0	0	5	0	0	0	5
NET OTHER COMPREHENSIVE INCOME	–228	–6 011	–212	3	–6 447	42	205	247	–6 200

01.03.2023

Accumulated other comprehensive income for the year 2021

In CHF million	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	Gains/ losses debt securities reclassified to loans and receivables	Total	Revalu- ation surplus investment property	Remea- sure- ments net defined benefit liability	Total	
Net balance as at 1 January	–1 178	5 118	383	6	4 328	64	–397	–333	3 995
Net other comprehensive income	–173	–1 052	–69	–14	–1 308	–19	136	117	–1 191
NET BALANCE AS AT END OF PERIOD	–1 351	4 066	314	–9	3 020	45	–261	–216	2 804
NET OTHER COMPREHENSIVE INCOME IS COMPOSED OF THE FOLLOWING:									
Revaluation – gross	–153	–3 364	–267	–	–3 784	–	327	327	–3 457
Net investment hedges – gross	–19	–	–	–	–19	–	–	–	–19
Reclassification to profit or loss – gross	–3	–525	–49	2	–574	–	–	–	–574
Effects of									
policyholder participation	1	2 476	228	–16	2 688	–18	–161	–179	2 509
shadow accounting	–	122	3	0	125	0	–	0	125
income tax	0	274	18	0	292	–1	–31	–32	260
foreign currency translation differences	–	–36	–2	0	–38	–1	2	1	–38
Net other comprehensive income before non-controlling interests	–175	–1 052	–69	–14	–1 310	–19	136	117	–1 193
Non-controlling interests	2	0	0	0	2	0	0	0	2
NET OTHER COMPREHENSIVE INCOME	–173	–1 052	–69	–14	–1 308	–19	136	117	–1 191

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.

In 2022, a dividend payment of CHF 764 million or CHF 25.00 per registered share was made (2021: CHF 654 million or CHF 21.00 per registered share).

Hybrid equity

On 29 March 2021, Swiss Life Ltd placed a perpetual subordinated bond in the amount of CHF 250 million, presented in equity. The bonds are guaranteed by Swiss Life Holding and are first callable on 30 September 2026 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 1.75% p.a. until 30 September 2026. If the bonds are not redeemed on 30 September 2031, the interest resets at a rate fixed for the subsequent five years, consisting of the aggregate of the then-prevailing five-year CHF mid-market swap rate vs. SARON plus initial margin (218.2 bps).

On 22 March 2018, Swiss Life Ltd issued subordinated perpetual callable bonds in the amount of CHF 425 million. The bonds are guaranteed by Swiss Life Holding, have no fixed maturity date and are first callable on 25 September 2024 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 2.00% p.a. until 25 September 2024. If the bonds are not redeemed on 25 September 2024, 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 1.842% p.a. The bonds are classified as equity instruments.

Interest payments for hybrid equity become mandatory depending on other transactions, which are themselves at the discretion of the Swiss Life Group, such as dividend payments. There is no accrual of interest to be recorded for the annual financial statements. The interest net of tax of CHF 11 million (2021: CHF 9 million) is accounted for as a deduction from equity.

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		Swiss Life Asset Managers Holding (Nordic) AS Oslo	
	2022	2021	**2022**	2021	**2022**	2021
Principal place of business	**France**	France	**Switzerland**	Switzerland	**Norway**	Norway
Ownership interests held by non-controlling interests	**40.0%**	40.0%	**33.3%**	33.3%	**10.0%**	10.0%
Voting rights held by non-controlling interests	**40.0%**	40.0%	**33.3%**	33.3%	**10.0%**	10.0%
SUMMARISED FINANCIAL INFORMATION BEFORE INTRAGROUP ELIMINATIONS						
Current assets	**2 405**	2 875	**16**	11	**23**	22
Non-current assets	**597**	395	**232**	231	**116**	134
Current liabilities	**–2 606**	–3 139	**–69**	–68	**–17**	–16
Non-current liabilities	**–270**	–16	**–25**	–24	**–6**	–9
NET ASSETS	**126**	115	**154**	150	**116**	131
Accumulated non-controlling interests	**50**	46	**51**	49	**12**	13
Revenue	**161**	139	**11**	16	**27**	–
Profit or loss	**25**	15	**7**	13	**4**	–
Total comprehensive income	**25**	15	**7**	13	**4**	–
Profit or loss allocated to non-controlling interests	**10**	6	**2**	4	**0**	–
Net cash flows from operating activities	**–408**	788	**7**	6	**3**	–
Net cash flows from investing activities	**–1**	–1	**0**	0	**0**	–
Net cash flows from financing activities	**–6**	–5	**–1**	–1	**0**	–
NET CHANGE IN CASH AND CASH EQUIVALENTS	**–415**	782	**6**	5	**3**	–
Dividends paid to non-controlling interests	**–4**	–2	**–1**	–1	**–**	–

27 Capital Management

Swiss Life's objectives when managing capital are as follows: to comply with the legal and regulatory requirements, to manage economic capital, to fulfil the company's rating capital target and to optimise capital efficiency. The company also actively manages the composition and quality of the capital to continuously optimise its capital structure and interest coverage ratio.

Swiss Solvency Test

The Swiss Solvency Test (SST) is the Swiss legislation which governs the capital requirements of insurance companies and groups. It is a principle-based framework whose 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. Since 1 January 2019 Swiss Life has used the SST standard model with some company-specific adjustments for the determination of the regulatory solvency.

Continuous monitoring of solvency under the SST is conducted on an ongoing basis and calibration is updated based on the full SST calculations as at the beginning of each calendar year.

Regulatory requirements

Swiss Life reports to the Swiss Financial Market Supervisory Authority FINMA. The reporting covers risk management and solvency, liquidity, legal structure, management organisation and intra-group transactions. The reporting is submitted on an ad-hoc, quarterly, 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 2022 and 2021, Swiss Life was compliant with the legal requirements.

In addition to the Group's solvency requirements, constraints at local level such as Solvency II 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 checked on an ongoing 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. Capital adequacy is monitored on an ongoing basis according to Standard & Poor's capital model.

Managing the capital structure and flows

The Group has defined a reference capital structure based on IFRS with the goal of optimising the return on equity and the interest coverage ratio, while taking into account restrictions such as regulatory and rating agency targets. The capital components include shareholders' equity, hybrid capital and senior debt. The Swiss Life Group seeks to maintain its capital structure close to the reference levels.

Swiss Life Holding is the ultimate parent of all of the Group's legal entities. Capital and cash held at Swiss Life Holding have the highest fungibility. Therefore, the Group aims to hold an appropriate capital buffer at the holding level. Under consideration of legal and regulatory restrictions, internal limits and local capital buffers, the legal entities of the Group transfer cash and capital to Swiss Life Holding, in the form of dividends, interest on loans and fees (cash remittance). Capital at Swiss Life Holding is used as a buffer to ensure financial flexibility of the Group, to purchase treasury shares, to pay dividends to shareholders and to finance growth.

Capital planning

Capital planning is an integral part of the Group's yearly mid-term plan. Intercompany and external capital flows are planned based on the Group's objectives and according to the frameworks set out above. In this context, the Swiss Life Group also plans to fund transactions in accordance with its reference capital structure and its debt maturity profile.

28 Acquisitions and Disposals of Subsidiaries

Assets and liabilities from acquisitions

In CHF million

	Notes	2022	2021
CONSIDERATION			
Cash consideration		**133**	159
Contingent consideration arrangement(s)		**1**	38
TOTAL CONSIDERATION		**134**	196
TOTAL		**134**	196
ACQUISITION-RELATED COSTS			
Other expenses		**0**	0
TOTAL		**0**	0
IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED			
Cash and cash equivalents		**139**	16
Loans and receivables		**519**	1
Investments in associates		**3**	–
Reinsurance assets		**1 914**	–
Property and equipment	16	**4**	0
Intangible assets including intangible insurance assets	17	**17**	70
Income taxes and other assets		**10**	0
Other financial liabilities		**–492**	–6
Insurance liabilities		**–1 956**	–
Policyholder participation liabilities		**–35**	–
Provisions and employee benefit liabilities		**–17**	–1
Provisions	25	**–7**	–
Deferred income tax liabilities		**–**	–15
Other liabilities		**–15**	–5
TOTAL IDENTIFIABLE NET ASSETS		**83**	60
Non-controlling interests		**–**	–13
Goodwill and other intangible assets	17	**51**	149
TOTAL		**134**	196
ACQUIRED LOANS AND RECEIVABLES			
Fair value		**519**	1
Gross contractual amounts receivable		**520**	1
Estimated uncollectible cash flows		**1**	–

01.03.2023

On 10 December 2021 Swiss Life and Swiss Re announced a long-term partnership for European employee benefits solutions. The partnership aims to provide biometric risk solutions to corporates. In this context, on 1 July 2022, Swiss Life acquired 100% of the shares of elipsLife from Swiss Re and simultaneously entered into a long-term reinsurance arrangement with Swiss Re.

elipsLife, headquartered in Liechtenstein and other locations in various European countries, is an insurance company for institutional clients such as pension funds and corporates. The company focuses on insurance products that cover the financial consequences of death and disability. With that, Swiss Life International further strengthens its presence in core employee benefits markets and scales its operational platform.

The transaction is still in the measurement period, therefore purchase price, insurance/reinsurance assets and liabilities, goodwill and other intangible assets are not yet final. The purchase agreement includes a contingent consideration which depends on realisation of tax losses carried forward.

On 30 November 2021, Swiss Life acquired 90% of the shares of the real estate business of Ness, Risan & Partners (NRP), a leading provider of real estate projects and funds in the Nordics, based in Oslo, Norway. With the acquisition Swiss Life Asset Managers expands its geographic footprint and strengthens access to new investors in the Nordic region and further enhances its position as Europe’s leading real estate manager.

On 1 June 2021, Swiss Life completed the acquisition of 100% of the shares of Principal & Prosper IFA Holdings Ltd, an independent financial advisor based in Edinburgh, United Kingdom.

Since the two transactions are individually immaterial, their information is disclosed in aggregate form in the table above. The settlement of the above contingent consideration liability depends on certain revenue targets that are expected to be fully met. CHF 11 million were paid in 2022. The remaining fair value as at 31 December 2022 was CHF 25 million, approximately a third of which is expected to be paid in each of the years 2023 to 2025.

Assets and liabilities from disposals

In CHF million

	2022
CONSIDERATION	
Consideration received in cash	57
TOTAL CONSIDERATION RECEIVED	57
ASSETS AND LIABILITIES DISPOSED	
Cash and cash equivalents	4
Financial assets available for sale	0
Loans and receivables	6
Property and equipment	5
Intangible assets including intangible insurance assets	6
Other assets	56
Other financial liabilities	–20
Employee benefit liabilities	–52
Provisions	0
Other liabilities	–2
NET ASSETS DISPOSED OF	3
GAIN/LOSS ON DISPOSALS	
Consideration received	57
Net assets disposed of	–3
Amounts recognised in other comprehensive income	–1
GAIN (+)/LOSS (–) ON DISPOSALS	53

On 28 October 2022, Swiss Life sold the facility management service provider Livit FM Services AG to ISS Facility Services. On 15 November 2022, Swiss Life sold Cegema to the Kereis Group.

There were no significant disposals of subsidiaries in 2021.

29 Related Party Transactions

Consolidated statement of income

In CHF million	Associates	Key management personnel	Other	Total	Total
				2022	2021
Asset management and other commission income	**1**	–	–	**1**	1
Investment income	**0**	–	–	**0**	0
Other income	**1**	–	–	**1**	0

Consolidated balance sheet

In CHF million	Associates	Key management personnel	Other	Total	Total
				31.12.2022	31.12.2021
Loans and receivables	**12**	–	–	**12**	27
Other assets	–	–	**0**	**0**	–
Other financial liabilities	**–1**	–	–	**–1**	–2

For the years ended 31 December 2022 and 2021, 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
				31.12.2022	31.12.2021
Commitments	–	–	**0**	**0**	0

Key management compensation

In CHF million		
	2022	2021
Short-term employee benefits	**14**	14
Post-employment benefits	**2**	2
Equity-settled share-based payments	**5**	5
TOTAL	**21**	21

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 Article 663b^{bis} of the Swiss Code of Obligations or the Ordinance against Excessive Compensation in Listed Stock Companies (Compensation Ordinance, VegüV), respectively, are set out in the Compensation Report, which forms part of the Corporate Governance section of the Annual Report 2022 of the Swiss Life Group. The information according to Article 663c of the Swiss Code of Obligations is shown in the Notes to the Swiss Life Holding Financial Statements.

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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
FINANCIAL ASSETS								
Derivatives								
Currency	–	–	1 497	891	–	–	1 497	891
Interest rate	7	3	1 871	804	–	–	1 877	807
Equity	1 733	1 020	19	51	–	–	1 752	1 071
Other	–	–	–	–	–	–	–	–
Total derivatives	1 740	1 023	3 386	1 745	–	–	5 126	2 768
Debt instruments								
Governments and supranationals	34 481	51 734	245	300	–	–	34 726	52 034
Corporates	31 933	37 707	819	521	106	122	32 859	38 350
Other	2	6	27	38	–	–	29	44
Total debt instruments	66 416	89 448	1 092	858	106	122	67 614	90 428
Equity instruments								
Equity securities	6 975	9 553	15	15	629	641	7 619	10 209
Investment funds	6 108	7 072	1 121	1 526	2 144	2 970	9 374	11 567
Alternative investments	–	–	4	352	4 689	3 042	4 694	3 393
Total equity instruments	13 083	16 625	1 141	1 893	7 463	6 652	21 686	25 171
Assets for the account and risk of the Swiss Life Group's customers	34 297	37 736	1 134	1 219	4 319	4 369	39 751	43 324
TOTAL FINANCIAL ASSETS	115 536	144 831	6 753	5 716	11 888	11 144	134 178	161 691
INVESTMENTS IN ASSOCIATES								
Associates at fair value through profit or loss	–	–	–	–	72	67	72	67
FINANCIAL LIABILITIES								
Derivatives								
Currency	–	–	437	413	–	–	437	413
Interest rate	–	1	2 175	652	–	–	2 175	654
Equity	546	676	8	4	–	–	554	679
Other	–	–	9	–	–	–	9	–
Total derivatives	546	677	2 629	1 069	–	–	3 175	1 746
Investment contracts without discretionary participation	–	–	687	613	–	–	687	613
Unit-linked contracts	–	–	23 880	27 468	20	124	23 900	27 592
Third-party interests in consolidated investment funds	–	–	1 103	826	2 991	3 208	4 093	4 033
TOTAL FINANCIAL LIABILITIES	546	677	28 299	29 976	3 010	3 331	31 855	33 984

01.03.2023

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 and over-the-counter derivatives.

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.

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 valuated 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 loan 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 valuated 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.

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 tics.

Interest rate derivatives:
- Interest rate swaps are valued on a discounted cash flow basis. Main inputs used to derive the discount factors and forward curves are the overnight index/swap rates.
- Swaptions are theoretically valued with a model based on normal distributed interest rates. Main inputs are the current par swap rate and the implied volatility that is derived from observable 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.

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

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

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

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	
	31.12.2022	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021
Commercial	**–**	–	**–**	–	**19 863**	19 775	**19 863**	19 775
Residential	**–**	–	**–**	–	**11 734**	11 602	**11 734**	11 602
Mixed use	**–**	–	**–**	–	**10 562**	9 858	**10 562**	9 858
TOTAL INVESTMENT PROPERTY	**–**	–	**–**	–	**42 160**	41 234	**42 160**	41 234

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	
	2022	2021	**2022**	2021
Rent growth p.a.	**0.4 – 2.8%**	0.1 – 1.6%	**-**	-
Long-term vacancy rate	**3.5 – 6.4%**	3.7 – 6.2%	**-**	-
Discount rate	**1.85 – 3.8%**	1.9 – 4.6%	**2.4 – 5.5%**	2.6 – 5.5%
Market rental value p.a. (price/m²/year)	**CHF 277 – 317**	CHF 277 – 309	**EUR 79 – 500**	EUR 79 – 400

Significant increases or decreases in estimated rental value and rent growth per annum would result in a higher or lower fair value of investment property. Significant decreases or increases in the discount rate would result in a higher or lower fair value. The following sensitivity information shows how the fair value of investment property would have been affected if changes in certain parameters that are used in the discounted cash flow model for the determination of fair value had occurred. At 31 December 2022, if rental income that can be earned in the long term had decreased by 5%, the fair value of investment property would have been CHF 2879 million lower (2021: CHF 2811 million). At 31 December 2022, if discount rates had been 10 basis points higher, the fair value of investment property would have been CHF 1564 million lower (2021: CHF 1469 million).

Deferred application of IFRS 9

Financial assets that on a specific date give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding meet the SPPI criterion. The fair value of such assets and those that do not meet the SPPI criterion as well as the change in fair value are disclosed in the following table.

Fair value of debt instruments

In CHF million	Change in the fair value		Fair value	
	2022	2021	**31.12.2022**	31.12.2021
DEBT INSTRUMENTS THAT MEET THE SPPI CRITERION				
Governments and supranationals	**–15 382**	–4 644	**37 468**	55 881
Corporates	**–6 669**	–1 431	**40 300**	45 435
Other	**–992**	–444	**12 406**	13 118
TOTAL	**–23 043**	–6 519	**90 173**	114 435
DEBT INSTRUMENTS THAT DO NOT MEET THE SPPI CRITERION				
Governments and supranationals	**–24**	–12	**57**	129
Corporates	**–205**	–60	**1 387**	1 551
Other	**–5**	–1	**27**	38
TOTAL	**–234**	–73	**1 471**	1 717
DEBT INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Debt instruments managed on a fair value basis	**–28**	–2	**374**	527
Debt instruments for the account and risk of the Swiss Life Group’s customers	**–515**	736	**7 782**	7 275
TOTAL	**–543**	734	**8 156**	7 802

The fair value and gross carrying amount of debt instruments that meet the SPPI criterion and have a credit rating below investment grade are disclosed in the following table.

Debt instruments SPPI below investment grade

In CHF million	Gross carrying amount		Fair value	
	31.12.2022	31.12.2021	**31.12.2022**	31.12.2021
DEBT SECURITIES				
Governments and supranationals	**465**	229	**465**	229
Corporates	**538**	918	**538**	919
Other	**2**	–	**2**	–
TOTAL	**1 004**	1 148	**1 004**	1 148
MORTGAGES				
Residential	**5**	4	**5**	4
TOTAL	**5**	4	**5**	4
OTHER LOANS AND RECEIVABLES				
Governments and supranationals	**4**	0	**4**	0
Corporates	**4 139**	4 582	**4 132**	4 579
Other	**70**	66	**41**	37
TOTAL	**4 212**	4 648	**4 177**	4 616

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 2022

In CHF million	Derivatives	Debt instruments		Equity instruments		Financial assets for the account and risk of the Swiss Life Group's customers	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	–	–	122	5 487	1 232	4 369	41 234	52 445
Total gains/losses recognised in profit or loss	–	–	–3	144	–124	55	1 047	1 119
Total gains/losses recognised in other comprehensive income	–	–	–8	–	189	–	–	181
Additions	–	–	0	1 859	511	498	1 964	4 831
Disposals	–	–	–1	–1 047	–489	–455	–1 570	–3 562
Transfers out of level 3	–	–	–	–	–3	–	–	–3
Foreign currency translation differences	–	–	–4	–172	–53	–148	–516	–892
BALANCE AS AT END OF PERIOD	–	–	106	6 272	1 263	4 319	42 160	54 120
Unrealised gains/losses recognised in profit or loss for assets held at the end of the period	–	–	–4	152	–7	55	915	1 112

[1] including associates at fair value through profit or loss

Assets measured at fair value based on level 3 for the year 2021

In CHF million	Derivatives	Debt instruments		Equity instruments		Financial assets for the account and risk of the Swiss Life Group's customers	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	–	–	156	5 677	1 238	3 862	38 120	49 053
Total gains/losses recognised in profit or loss	–	–	1	332	11	349	1 505	2 198
Total gains/losses recognised in other comprehensive income	–	–	0	–	59	–	–	59
Additions	–	–	–	928	84	598	3 051	4 661
Disposals	–	–	–32	–1 296	–116	–313	–1 004	–2 761
Transfers out of level 3	–	–	–	–	–	–	–	–
Foreign currency translation differences	–	–	–3	–154	–43	–127	–439	–766
BALANCE AS AT END OF PERIOD	–	–	122	5 487	1 232	4 369	41 234	52 445
Unrealised gains/losses recognised in profit or loss for assets held at the end of the period	–	–	0	247	–4	349	1 481	2 073

[1] including associates at fair value through profit or loss

During 2022, debt securities of CHF 646 million (2021: CHF 264 million) were transferred from level 1 into level 2 as prices are based on a model, or due to reduced frequency of price quotations. In addition, debt securities of CHF 52 million (2021: CHF 56 million) were transferred from level 2 into level 1 due to new liquid price sources. Assets for the account and risk of the Swiss Life Group's customers of CHF 130 million (2021: CHF 35 million) were transferred from level 2 into level 1 due to available quoted prices.

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		Third-party interests in consolidated investment funds		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Balance as at 1 January	**–**	–	**124**	126	**3 208**	3 062	**3 331**	3 188
Total gains/losses recognised in profit or loss	**–**	–	**0**	1	**137**	213	**138**	213
Additions	**–**	–	**3**	4	**231**	427	**234**	431
Disposals	**–**	–	**–106**	–6	**–494**	–409	**–600**	–415
Foreign currency translation differences	**–**	–	**–1**	–1	**–92**	–85	**–93**	–86
BALANCE AS AT END OF PERIOD	**–**	–	**20**	124	**2 991**	3 208	**3 010**	3 331
Unrealised gains/losses recognised in profit or loss for liabilities held at the end of the period	**–**	–	**0**	1	**125**	201	**125**	201

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	Financial assets		Financial instruments at fair value through profit or loss		Investment property	
	2022	2021	**2022**	2021	**2022**	2021
ASSETS						
Total gains/losses recognised in profit or loss	**–127**	12	**199**	681	**1 047**	1 505
Unrealised gains/losses recognised in profit or loss for assets held at the end of the period	**–11**	–4	**207**	596	**915**	1 481
LIABILITIES						
Total gains/losses recognised in profit or loss	**–**	–	**–138**	–213	**–**	–
Unrealised gains/losses recognised in profit or loss for liabilities held at the end of the period	**–**	–	**–125**	–201	**–**	–

01.03.2023

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	
	31.12.2022	31.12.2021	**31.12.2022**	31.12.2021
ASSETS				
Loans	**21 160**	19 821	**19 544**	21 812
Receivables [1]	**4 860**	4 439	**4 860**	4 439
LIABILITIES				
Investment contracts without discretionary participation [1]	**20**	5	**20**	5
Borrowings	**4 409**	4 099	**4 372**	4 406
Other financial liabilities [1,2]	**18 530**	16 705	**18 530**	16 705

[1] Carrying amount approximates fair value.
[2] Excluding third-party interests in consolidated investment funds

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	
	31.12.2022	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021
ASSETS								
Loans	**719**	1 224	**6 492**	6 952	**12 333**	13 636	**19 544**	21 812
LIABILITIES								
Borrowings	**2 290**	3 720	**2 082**	687	**–**	–	**4 372**	4 406

Receivables, investment contracts 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 carrying amount of investment contracts without discretionary participation approximates the fair value at reporting date. 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 SARON-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.

Borrowings

Level 1: This category consists of senior bonds and hybrid debt listed on the stock exchange.

Level 2: Privately placed hybrid 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 bank loans is determined on the basis of discounted cash flows, using a SARON yield curve and credit spreads as the main inputs.

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		Reverse repurchase agreements		Other financial instruments		Total	
	31.12.2022	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021
Gross amounts of recognised financial assets before offsetting	**5 126**	2 768	**227**	–	**–**	4	**5 353**	2 772
Gross amounts of recognised financial liabilities set off	**0**	–	**–**	–	**–**	0	**0**	0
NET AMOUNTS PRESENTED IN THE BALANCE SHEET	**5 126**	2 768	**227**	–	**–**	4	**5 353**	2 772
Related amounts not set off in the balance sheet:								
Financial liabilities	**–421**	–646	**–**	–	**–**	–	**–421**	–646
Collateral received	**–4 509**	–2 072	**–227**	–	**–**	–	**–4 736**	–2 072
Net amounts	**196**	49	**–**	–	**–**	4	**196**	53

Offsetting financial liabilities

In CHF million	Derivatives		Repurchase agreements		Other financial instruments		Total	
	31.12.2022	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021
Gross amounts of recognised financial liabilities before offsetting	**3 175**	1 746	**2 887**	4 067	**–**	0	**6 061**	5 814
Gross amounts of recognised financial assets set off	**–**	–	**–**	–	**–**	0	**–**	0
NET AMOUNTS PRESENTED IN THE BALANCE SHEET	**3 175**	1 746	**2 887**	4 067	**–**	–	**6 061**	5 814
Related amounts not set off in the balance sheet:								
Financial assets	**–421**	–646	**–**	–	**–**	–	**–421**	–646
Collateral pledged	**–2 685**	–1 082	**–2 847**	–3 998	**–**	–	**–5 532**	–5 079
Net amounts	**69**	18	**40**	70	**–**	–	**109**	88

32 Guarantees and Commitments

In CHF million

	31.12.2022	31.12.2021
Financial guarantees[1]	14	19
Loan commitments	378	515
Capital commitments for alternative investments	568	1 300
Capital commitments for real estate investments	611	672
Other capital commitments	138	133
Contractual obligations to purchase or construct investment property	1 077	711
Commitments to construct inventory property	261	372
Other contingent liabilities and commitments	147	167
TOTAL	3 195	3 889
[1]of which relating to investments in associates	–	–

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 2022, committed principal amounts totalled CHF 89 million for commitments in Swiss francs (2021: CHF 232 million) and CHF 158 million for commitments in euro (2021: CHF 227 million). The range of committed interest rates is 0.80% to 3.47% for commitments in Swiss francs and 1.15% to 3.34% for commitments in euro.

Capital commitments for real estate and alternative investments

They 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.

01.03.2023

Other capital commitments

They represent agreements to provide liquidity to protection funds in the insurance industry, commitments to make investments in real estate funds and other commitments.

Contractual obligations to purchase or construct investment property

They mainly relate to projects for the purchase or construction of investment property in Switzerland and Germany.

Commitments to construct inventory property

Contractual obligations for repairs and maintenance of investment property amounted to CHF 109 million as at 31 December 2022, which are included in this line item (2021: CHF 121 million).

Other contingent liabilities and commitments

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.

It had been announced in the media release of 14 September 2017 that Swiss Life was engaged in discussions with the US Department of Justice (DOJ) concerning its prior cross-border business with US clients. As a result of the advanced discussions with the DOJ about the resolution of their inquiry, Swiss Life had taken a provision of CHF 70 million charged against the 2020 results to address the financial component of the expected resolution. As disclosed in a press release dated 14 May 2021, Swiss Life reached a resolution with the DOJ. The resolution is in the form of a Deferred Prosecution Agreement (DPA) with a three-year term. The financial payments required as part of this resolution were in line with the provision of CHF 70 million, see note 25 to the consolidated financial statements.

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 13. Other securities pledged include debt securities pledged as collateral under reinsurance contracts issued and debt securities pledged as collateral to cover margins due in respect of derivative transactions.

In CHF million	Pledged amount		Fair value	
	31.12.2022	31.12.2021	**31.12.2022**	31.12.2021
Securities pledged under repurchase agreements[1]	**3 234**	4 140	**3 234**	4 140
Securities lent in exchange for securities received	**755**	2 498	**755**	2 498
Other securities pledged	**543**	789	**543**	789
TOTAL	**4 533**	7 427	**4 533**	7 427
[1] of which can be sold or repledged by transferee	**3 234**	4 140	**3 234**	4 140

Collateral held

The table below presents marketable securities received from third parties that are not recognised in the balance sheet, but are held as collateral in respect of the following transactions.

In CHF million	Fair value	
	31.12.2022	31.12.2021
Securities received under reverse repurchase agreements[1]	**227**	–
Securities received as collateral in exchange for securities lent	**755**	2 498
Securities received for loans and receivables	**291**	276
Securities received for reinsurance assets	**295**	279
Other securities received	**71**	26
TOTAL	**1 638**	3 079
[1] of which sold or repledged	**–**	–

01.03.2023

34 Events after the Reporting Period

Assets and liabilities from acquisitions after the reporting period

In CHF million

	2022
CONSIDERATION	
Cash consideration	50
TOTAL CONSIDERATION	50
ACQUISITION-RELATED COSTS	
Other expenses	–1
TOTAL	–1
IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED	
Cash and cash equivalents	5
Loans and receivables	0
Investments in associates	0
Property and equipment	0
Intangible assets including intangible insurance assets	10
Other assets	0
Other financial liabilities	–1
Employee benefit liabilities	0
Deferred income tax liabilities	–3
Other liabilities	–5
TOTAL IDENTIFIABLE NET ASSETS	7
Goodwill	43
TOTAL	50
ACQUIRED LOANS AND RECEIVABLES	
Fair value	0
Gross contractual amounts receivable	0
Estimated uncollectible cash flows	0

On 1 January 2023, Swiss Life Holding Deutschland GmbH acquired 100% of the shares of fb research GmbH, based in Hanover, Germany.

The transaction is still in the measurement period, therefore the amounts of the purchase price, the acquired assets and liabilities, goodwill and other intangible assets are not yet final.

35 Scope of Consolidation

Switzerland

	Segment [1]	Consolidation period		Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
Adroit Private Equity AG, Zürich	CH			100.0%	100.0%	Private equity	CHF	5 000 000
aXenta AG, Baden	CH			100.0%	100.0%	Information technology	CHF	150 000
Climatch AG, Zürich	AM	from	26.11.2021	100.0%	100.0%	Services	CHF	100 000
Elips Life AG, Vaduz, Zweigniederlassung Schweiz in Zürich (Branch Elips Life AG), Zürich	IN	from	01.07.2022	100.0%	100.0%	Life insurance		n/a
LIVIT AG, Zürich	AM			100.0%	100.0%	Asset management & Real estate	CHF	3 000 000
Livit FM Services AG, Zürich	AM	until	28.10.2022	–	–			
Oscar Weber AG, Zürich	CH			100.0%	100.0%	Real estate	CHF	5 000 000
Rhein-Wiese AG, Zürich	CH			100.0%	100.0%	Real estate	CHF	160 000 000
SLIM Real Estate Beteiligungen AG, Zürich	AM			89.0%	89.0%	Services	CHF	100 000
Swiss Life AG, Zürich	CH			100.0%	100.0%	Life insurance	CHF	587 350 000
Swiss Life Asset Management AG, Zürich	AM			100.0%	100.0%	Finance	CHF	20 000 000
Swiss Life Capital Holding AG, Zürich	Other			100.0%	100.0%	Holding	CHF	5 514 000
Swiss Life Holding AG, Zürich	Other			–	–	Holding	CHF	3 082 589
Swiss Life Intellectual Property Management AG, Zürich	Other			100.0%	100.0%	Services	CHF	250 000
Swiss Life International Holding AG, Zürich	IN			100.0%	100.0%	Holding	CHF	1 000 000
Swiss Life International Services AG, Ruggell, Zweigniederlassung Zürich (Branch Swiss Life International Services AG), Zürich	IN			100.0%	100.0%	Services		n/a
Swiss Life Investment Management Holding AG, Zürich	AM			100.0%	100.0%	Holding	CHF	50 000 000
Swiss Life Lab AG, Zürich	CH	from	27.09.2021	100.0%	100.0%	Information technology	CHF	100 000
Swiss Life Pension Services AG, Zürich	CH			100.0%	100.0%	Services	CHF	250 000
Swiss Life Private Equity Partners AG, Zürich	AM			100.0%	100.0%	Asset management	CHF	250 000
Swiss Life REF (CH) European Properties, Zürich	CH			47.7%	47.7%	Investment funds	EUR	583 333 100
Swiss Life Schweiz Holding AG, Zürich	CH			100.0%	100.0%	Holding	CHF	250 000
Swiss Life Select Schweiz AG, Zug	CH			100.0%	100.0%	Services	CHF	5 600 000
SwissFEX AG, Zürich	CH			100.0%	100.0%	Information technology	CHF	300 000
TECHNOPARK Immobilien AG, Zürich	CH			66.7%	66.7%	Real estate	CHF	40 000 000

Liechtenstein

	Segment [1]	Consolidation period		Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
Elips Life AG, Vaduz	IN	from	01.07.2022	100.0%	100.0%	Life insurance	CHF	12 400 000
Swiss Life (Liechtenstein) AG, Ruggell	IN			100.0%	100.0%	Life insurance	CHF	5 000 000
Swiss Life Finance I AG, Ruggell	Other			100.0%	100.0%	Finance	CHF	100 000
Swiss Life Finance II AG, Ruggell	CH			100.0%	100.0%	Finance	CHF	100 000
Swiss Life International Services AG, Ruggell	IN			100.0%	100.0%	Services	CHF	100 000

[1] Segment (CH = Switzerland, AM = Asset Managers, IN = International, FR = France, DE = Germany)

This page contains information on GRI Disclosure 102-45.

01.03.2023

France

	Segment [1]	Consolidation period		Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
AGAMI, Levallois-Perret	FR			100.0%	100.0%	Services and broker	EUR	1 250 055
ATIM Université SCI, Paris	FR			99.9%	100.0%	Real estate	EUR	77 947 601
Cegema, Villeneuve-Loubet	FR	until	15.11.2022	–	–			
CLUB PRIME HOSPITALITY, Paris	CH/FR			100.0%	100.0%	Real estate	EUR	191 328 396
ESG GRAND PARIS HARMONY OPCI, Paris	CH	from	01.04.2022	100.0%	100.0%	Investment funds	EUR	343 500 000
ESG PARIS PRIME OFFICE (formerly PARIS PRIME OFFICE), Paris	CH			41.6%	55.4%	Real estate	EUR	426 165 000
GRAND PARIS HARMONY HOLDING, Paris	CH	from	01.04.2022	87.1%	100.0%	Investment funds	EUR	14 190 800
MA Santé Facile, Levallois-Perret	FR			100.0%	100.0%	Services and broker	EUR	600 000
Mont Nébo Invest, Paris	AM	from	17.02.2022	90.0%	90.0%	Asset management & Real estate	EUR	22 455 600
OWELLO, Levallois-Perret	FR	until	24.05.2022	–	–			
PARIS PRIME OFFICE 1, Paris	CH			41.6%	100.0%	Real estate	EUR	76 096 000
SAS Placement Direct, Levallois-Perret	FR			100.0%	100.0%	Services and broker	EUR	250 000
SCI SWISSLIFE 148 UNIVERSITE, Paris	FR			100.0%	100.0%	Real estate	EUR	1 000
Swiss Life (Luxembourg) (Branch SWISS LIFE (LUXEMBOURG) S.A., Luxembourg), Levallois-Perret	FR	from	15.04.2021	100.0%	100.0%	Life insurance		n/a
SWISS LIFE ASSET MANAGERS France, Marseille	AM			100.0%	100.0%	Asset management	EUR	671 167
SwissLife Agence Nationale, Levallois-Perret	FR			100.0%	100.0%	Asset management	EUR	101 000
SwissLife Assurance et Patrimoine, Levallois-Perret	FR			100.0%	100.0%	Life insurance	EUR	169 036 086
SwissLife Assurance Retraite, Levallois-Perret	FR	from	01.10.2022	100.0%	100.0%	Life insurance	EUR	114 877 636
SwissLife Assurances de Biens, Levallois-Perret	FR			100.0%	100.0%	Non-life insurance	EUR	80 000 000
SwissLife Banque Privée, Paris	FR			60.0%	60.0%	Bank	EUR	37 902 080
SwissLife France, Levallois-Perret	FR			100.0%	100.0%	Holding	EUR	267 767 057
SwissLife Gestion Privée, Paris	FR			60.0%	100.0%	Bank	EUR	277 171
SwissLife Prestigimmo, Levallois-Perret	FR			100.0%	100.0%	Real estate	EUR	583 377 121
SwissLife Prévoyance et Santé, Levallois-Perret	FR			99.8%	99.8%	Non-life insurance	EUR	150 000 000

[1] Segment (CH = Switzerland, AM = Asset Managers, IN = International, FR = France, DE = Germany)

Germany

	Segment [1]	Consolidation period		Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
BCP Adlershof Objektgesellschaft GmbH & Co. KG, Berlin	AM	from	01.04.2022	89.9%	100.0%	Asset management & Real estate	EUR	100 000
BCP Fixture GmbH & Co. KG, Berlin	AM	until	01.01.2022	–	–			
BCP GP GmbH, Berlin	AM			100.0%	100.0%	Asset management & Real estate	EUR	25 000
BCP Siebte Objektgesellschaft GmbH & Co. KG, Berlin	AM			100.0%	100.0%	Asset management & Real estate	EUR	100 000
BCP Steinerne Furt GmbH & Co. KG, Berlin	AM			100.0%	100.0%	Asset management & Real estate	EUR	100 000
BEOS AG, Berlin	AM			100.0%	100.0%	Asset management & Real estate	EUR	500 000
BEOS Berlin Prime Industrial GmbH & Co. Geschlossene Investmentkommanditgesellschaft, Frankfurt	DE	from	01.10.2021	100.0%	100.0%	Investment funds	EUR	105 605 100
BEOS Logistics Dritte Projektgesellschaft GmbH & Co. KG, Berlin	AM	from	12.05.2021	82.5%	100.0%	Asset management & Real estate	EUR	100 000
BEOS Logistics Erste Projektgesellschaft GmbH & Co. KG, Berlin	AM	from	12.05.2021	82.5%	100.0%	Asset management & Real estate	EUR	100 000
BEOS Logistics Fünfte Projektgesellschaft GmbH & Co. KG, Berlin	AM	from	12.05.2021	82.5%	100.0%	Asset management & Real estate	EUR	100 000
BEOS Logistics Sechste Projektgesellschaft GmbH & Co. KG, Berlin	AM	from	11.06.2021	82.5%	100.0%	Asset management & Real estate	EUR	100 000
BEOS Logistics Vierte Projektgesellschaft GmbH & Co. KG, Berlin	AM	from	01.04.2022	82.5%	100.0%	Asset management & Real estate	EUR	100 000
BEREM Property Management GmbH, Berlin	AM			100.0%	100.0%	Asset management & Real estate	EUR	25 300
BVIFG I General Partner GmbH, Berlin	AM			100.0%	100.0%	Asset management & Real estate	EUR	25 000
Climatch GmbH, Frankfurt am Main	AM	from	23.03.2022	100.0%	100.0%	Services	EUR	25 000
DEUTSCHE PROVENTUS AG, Hannover	DE			100.0%	100.0%	Services	EUR	511 292
Elips Life AG, Vaduz, Zweigniederlassung Deutschland (Branch Elips Life AG), Köln	IN	from	01.07.2022	100.0%	100.0%	Life insurance		n/a
Financial Solutions AG Service & Vermittlung, Garching b. München	DE			100.0%	100.0%	Services	EUR	200 000
Horbach Wirtschaftsberatung GmbH, Hannover	DE			100.0%	100.0%	Services	EUR	260 000
IC Investment Commercial No. 5 GmbH, Köln	AM			100.0%	100.0%	Asset management & Real estate	EUR	250 100
Karriere Campus & Gastronomie GmbH (formerly Swiss Life Gastronomie GmbH), Hannover	DE			100.0%	100.0%	Staff restaurant/Canteen	EUR	25 000
Kurfürstendamm 47 Grundbesitz GmbH, Berlin	AM	from	02.11.2021	89.9%	89.9%	Real estate	EUR	25 000
Maicor Projektentwicklung Winterhafen GmbH, Mainz	AM			74.2%	74.2%	Asset management & Real estate	EUR	25 600
RheinCOR Projektentwicklung GmbH, Köln	AM			55.0%	55.0%	Asset management & Real estate	EUR	25 000
Schwabengalerie GmbH & Co. Geschlossene Investmentkommanditgesellschaft, Frankfurt am Main	DE			99.9%	100.0%	Real estate	EUR	10 100
SL AM Aurum GmbH & Co. KG, Köln	CH			100.0%	100.0%	Asset management & Real estate	EUR	100 000
SL AM Development Bergedorf 1 GmbH, Köln	AM	from	01.03.2022	100.0%	100.0%	Asset management & Real estate	EUR	25 000
SL AM Development Bergedorf 2 GmbH, Köln	AM	from	01.03.2022	100.0%	100.0%	Asset management & Real estate	EUR	25 000
SL AM Development Commercial GmbH, Köln	AM			100.0%	100.0%	Asset management & Real estate	EUR	25 000
SL AM Development Corporate Real Estate GmbH, Frankfurt am Main	AM	from	09.02.2021	100.0%	100.0%	Asset management & Real estate	EUR	25 000
SL AM Development Logistics GmbH, Frankfurt am Main	AM			100.0%	100.0%	Holding	EUR	25 000
SL AM Development Residential GmbH, Köln	AM			100.0%	100.0%	Asset management & Real estate	EUR	30 000
SL AM Firmwerk GmbH, Köln	AM			100.0%	100.0%	Asset management & Real estate	EUR	25 000
SL AM Immobilien Beteiligungs GmbH, Köln	CH			100.0%	100.0%	Asset management & Real estate	EUR	25 000
SL AM Investment Residential No. 2 GmbH, Köln	AM	until	18.03.2022	–	–			
SL AM Projektentwicklung Firmwerk GmbH & Co. KG, Köln	AM			100.0%	100.0%	Asset management & Real estate	EUR	100 000
SL AM Projektentwicklung Wohnen GmbH (formerly CORPUS SIREO Projektentwicklung Wohnen GmbH), Köln	AM			100.0%	100.0%	Asset management & Real estate	EUR	4 000 000

[1] Segment (CH = Switzerland, AM = Asset Managers, IN = International, FR = France, DE = Germany)

01.03.2023

Germany (continued)

	Segment [1]	Consolidation period		Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
SL Beteiligungs-GmbH & Co. Grundstücksverwaltung KG, Garching b. München	DE			100.0%	100.0%	Real estate	EUR	50 000
SL Beteiligungs-GmbH & Co. Immobilien II KG, Garching b. München	DE			100.0%	100.0%	Real estate	EUR	10 000
SL Beteiligungs-GmbH & Co. Immobilien III KG, Garching b. München	DE			100.0%	100.0%	Real estate	EUR	10 000
SL Beteiligungs-GmbH & Co. Immobilien IV KG, Garching b. München	DE	until	18.10.2022	–	–			
SL Beteiligungs-GmbH & Co. Immobilien Ost KG, Garching b. München	DE			100.0%	100.0%	Real estate	EUR	50 000
SL Beteiligungs-GmbH & Co. Immobilien V KG, Garching b. München	DE			100.0%	100.0%	Real estate	EUR	10 000
SL Beteiligungs-GmbH & Co. Immobilien VI KG, Garching b. München	DE			100.0%	100.0%	Real estate	EUR	10 000
SL Beteiligungs-GmbH & Co. Immobilien VII KG, Garching b. München	DE	until	12.12.2022	–	–			
SL Beteiligungs-GmbH & Co. Immobilien VIII KG, Garching b. München	DE	from	25.11.2022	100.0%	100.0%	Real estate	EUR	10 000
SL Immobilien-Beteiligungs-Gesellschaft mbH, Garching b. München	DE			100.0%	100.0%	Holding	EUR	25 000
SLP Swiss Life Partner Vertriebs GmbH, Hamburg	DE			51.0%	100.0%	Services	EUR	76 694
SLPM Schweizer Leben PensionsManagement GmbH, Garching b. München	DE			100.0%	100.0%	Services	EUR	150 000
Swiss Compare GmbH, Hannover	DE			100.0%	100.0%	Services	EUR	100 000
Swiss Life AG (Branch Swiss Life AG), Garching b. München	DE			100.0%	100.0%	Life insurance		n/a
Swiss Life Asset Managers Deutschland GmbH, Köln	AM			100.0%	100.0%	Holding	EUR	49 230 768
Swiss Life Asset Managers Luxembourg Niederlassung Deutschland (Branch Swiss Life Asset Managers Luxembourg), Frankfurt am Main	AM			100.0%	100.0%	Investment funds		n/a
Swiss Life Deutschland erste Vermögensverwaltung GmbH, Garching b. München	DE			100.0%	100.0%	Services	EUR	50 000
Swiss Life Deutschland Holding GmbH, Hannover	DE			100.0%	100.0%	Holding	EUR	25 000
Swiss Life Deutschland Operations GmbH, Hannover	DE			100.0%	100.0%	Services	EUR	25 000
Swiss Life Deutschland Vertriebsservice GmbH, Hannover	DE			100.0%	100.0%	Services	EUR	25 000
Swiss Life Healthcare Immo I GmbH & Co. Geschlossene Investmentkommanditgesellschaft, Heusenstamm	DE/FR/CH			82.0%	100.0%	Real estate	EUR	20 100
Swiss Life Insurance Asset Managers GmbH, Garching b. München	AM			100.0%	100.0%	Services	EUR	1 000 000
Swiss Life Invest GmbH, München	AM			100.0%	100.0%	Asset management	EUR	700 000
Swiss Life Kapitalverwaltungsgesellschaft mbH, Frankfurt am Main	AM			89.0%	89.0%	Asset management & Real estate	EUR	125 000
Swiss Life Partner Service- und Finanzvermittlungs GmbH, Garching b. München	DE			100.0%	100.0%	Services	EUR	300 000
Swiss Life Pensionsfonds AG, Garching b. München	DE			100.0%	100.0%	Life insurance	EUR	3 000 000
Swiss Life Pensionskasse AG, Garching b. München	DE			100.0%	100.0%	Life insurance	EUR	3 000 000
Swiss Life Select Deutschland GmbH, Hannover	DE			100.0%	100.0%	Services	EUR	2 700 000
Swiss Life Service GmbH, Leipzig	DE			100.0%	100.0%	Services	EUR	50 000
Swiss Life Vermittlungs GmbH, Garching b. München	DE			100.0%	100.0%	Services	EUR	50 000
tecis Finanzdienstleistungen Aktiengesellschaft, Hamburg	DE			100.0%	100.0%	Services	EUR	500 000
Verwaltung SLP Swiss Life Partner Vertriebs GmbH, Hamburg	DE			51.0%	51.0%	Services	EUR	25 600

[1] Segment (CH = Switzerland, AM = Asset Managers, IN = International, FR = France, DE = Germany)

Luxembourg

	Segment [1]	Consolidation period		Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
EVER.S München S.C.S., Munsbach	DE			99.9%	100.0%	Asset management & Real estate	EUR	1 000
Fontavis Capital Partners, Luxembourg	AM			100.0%	100.0%	Asset management	EUR	12 000
German Office Landmark Properties Partnership S.C.S., Luxembourg	DE/CH	from	01.10.2021	100.0%	100.0%	Life insurance	EUR	150 780 874
Heralux S.A., Luxembourg	FR			99.8%	100.0%	Reinsurance	EUR	3 500 000
SchwabenGalerie Stuttgart S.C.S., Munsbach	DE			99.9%	100.0%	Asset management & Real estate	EUR	1 000
SL Institutional Fund SICAV-SIF, S.A., Luxembourg	CH/FR			100.0%	100.0%	Investment funds	USD	40 000
SLAM Consilium S.à r.l., Luxembourg	AM	from	19.04.2022	100.0%	100.0%	Services	EUR	12 000
SLIC Infra EV S.A., SICAF-SIF, Luxembourg	CH			100.0%	100.0%	Investment funds	CHF	10 080 738
SLIC Infra KV S.A., SICAF-SIF, Luxembourg	CH			100.0%	100.0%	Investment funds	CHF	20 345 922
SLIC Real Estate KV S.A., SICAF-SIF, Luxembourg	CH			100.0%	100.0%	Investment funds	CHF	29 220 975
SWISS LIFE (LUXEMBOURG) S.A., Luxembourg	IN			100.0%	100.0%	Life insurance	EUR	23 000 000
Swiss Life Asset Managers Luxembourg, Luxembourg	AM			100.0%	100.0%	Investment funds	EUR	2 399 300
Swiss Life Funds (Lux) Global Infrastructure Opportunities Management S.à r.l., Luxembourg	AM	until	30.09.2022	–	–			
Swiss Life Funds (Lux) Global Infrastructure Opportunities S.C.A., SICAV-SIF, Luxembourg	AM			82.7%	82.7%	Asset management	EUR	1 011 944 079
Swiss Life High Voltage Holding S.à r.l., Luxembourg	DE/CH	from	07.06.2022	100.0%	100.0%	Investment funds	EUR	41 506 400
Swiss Life Invest Luxembourg S.A., Luxembourg	IN			100.0%	100.0%	Holding	EUR	60 211 000
Swiss Life Loan Fund (LUX) S.A., SICAV-SIF, Luxembourg	CH/DE/ FR			100.0%	100.0%	Investment funds	USD	40 000
Swiss Life Products (Luxembourg) S.A., Luxembourg	CH			100.0%	100.0%	Life insurance/Reinsurance	EUR	86 538 000
Swiss Life Real Estate Funds (LUX) Feeder S.A., SICAV-SIF, Luxembourg	CH			100.0%	100.0%	Investment funds		n/a
Swiss Life Real Estate Funds (LUX) S.A., SICAV-SIF - ESG European Thematic Income & Growth, Luxembourg	CH/DE			92.0%	92.0%	Investment funds	EUR	327 175 000
Swiss Life Real Estate Funds (LUX) Feeder S.A., SICAVSIF - ESG Grand Paris Harmony Feeder, Luxembourg	CH	from	01.10.2022	100.0%	100.0%	Investment funds	EUR	162 169 200
Swiss Life Real Estate Funds (LUX) S.A., SICAV-SIF - ESG Grand Paris Harmony, Luxembourg	CH	from	01.10.2022	73.7%	73.7%	Investment funds	EUR	180 393 580
Swiss Life REF (LUX) ESG German Core Real Estate SCS, Société en Commandite simple sous la forme d'une SICAV (formerly Swiss Life REF (LUX) German Core Real Estate SCS, Société en Commandite simple sous la forme d'une SICAV), Luxembourg	AM/DE/ FR/CH			57.4%	57.4%	Real estate	EUR	695 481 000
Swiss Life REF (LUX) European Retail SCS, SICAV-SIF, Luxembourg	FR/DE			56.5%	56.5%	Real estate	EUR	197 251 000
SwissLife Co-Invest, Luxembourg	FR			100.0%	100.0%	Real estate	EUR	2 017 547
SwissLife LuxCo 2, Luxembourg	FR			100.0%	100.0%	Real estate	EUR	936 504
SwissLife LuxCo S.à r.l., Luxembourg	FR			100.0%	100.0%	Holding	EUR	12 000

[1] Segment (CH = Switzerland, AM = Asset Managers, IN = International, FR = France, DE = Germany)

United Kingdom

	Segment [1]	Consolidation period		Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
Chase de Vere Consulting Limited, Manchester	IN			100.0%	100.0%	n/a	GBP	15 000
Chase de Vere IFA Group Plc, London	IN			100.0%	100.0%	Finance	GBP	71 500 000
Chase de Vere Independent Financial Advisers Limited, London	IN			100.0%	100.0%	Broker	GBP	17 000 000
Chase de Vere Private Client Trustees Limited, London	IN			100.0%	100.0%	n/a	GBP	1
Ferguson Oliver Limited, Angus	IN			100.0%	100.0%	Services	GBP	23 000
MAYFAIR CAPITAL INVESTMENT MANAGEMENT LIMITED, London	AM			100.0%	100.0%	Asset management	GBP	22 123
MAYFAIR CAPITAL PARTNERS LIMITED, London	AM			100.0%	100.0%	n/a	GBP	1
MAYFAIR CAPITAL SELF STORAGE LIMITED, London	AM	from	09.11.2022	100.0%	100.0%	Asset management	GBP	100
MAYFAIR CAPITAL TGF GENERAL PARTNER LLP, London	AM			100.0%	100.0%	n/a	GBP	1
MAYFAIR CAPITAL TRUST MANAGER (JERSEY) LIMITED, St. Helier	AM			100.0%	100.0%	Asset management	GBP	10 000
MCIM CORPORATE TRUSTEES LIMITED, London	AM			100.0%	100.0%	n/a	GBP	1
Nestor Financial Group Limited, London	IN			100.0%	100.0%	Broker	GBP	1 000
Oakfield Wealth Holdings Limited, London	IN	until	09.08.2022	–	–			
Oakfield Wealth Management Limited, London	IN	until	02.08.2022	–	–			
Principal & Prosper IFA Holdings Ltd, London	IN	from	01.06.2021	100.0%	100.0%	Holding	GBP	4 401 000
Principal & Prosper Ltd, London	IN	from	01.06.2021	100.0%	100.0%	Broker	GBP	193 713

Austria

	Segment [1]	Consolidation period	Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
Select INVESTMENT GmbH, Wien	IN		100.0%	100.0%	Services	EUR	127 000
Swiss Life Select CEE Holding GmbH, Wien	IN		100.0%	100.0%	Holding	EUR	35 000
Swiss Life Select Österreich GmbH, Wien	IN		100.0%	100.0%	Services	EUR	726 728

Belgium

	Segment [1]	Consolidation period	Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
Forest 1, Bruxelles	FR		100.0%	100.0%	Real estate	EUR	61 500
MONTOYER 51 LEASEHOLD, Bruxelles (formerly Etterbeek)	FR		100.0%	100.0%	Real estate	EUR	7 787 081
RENAISSANCE OFFICE SPRL, Bruxelles	FR		100.0%	100.0%	Real estate	EUR	2 484 148
Swiss Life BelCo, Bruxelles	FR		100.0%	100.0%	Real estate	EUR	3 889 340

Cayman Islands

	Segment [1]	Consolidation period	Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
Adroit Investment (Offshore) Ltd., Grand Cayman	CH		100.0%	100.0%	Private equity	CHF	192
Adroit Partnerships (Offshore) L.P., Grand Cayman	CH		100.0%	100.0%	Private equity	CHF	6 579 948
Swiss Life Financial Services (Cayman) Ltd., Grand Cayman	Other		100.0%	100.0%	Services	CHF	100
Swiss Life Insurance Finance Ltd., Grand Cayman	Other		100.0%	100.0%	Finance	EUR	5 000

[1] Segment (CH = Switzerland, AM = Asset Managers, IN = International, FR = France, DE = Germany)

Czech Republic

	Segment[1]	Consolidation period	Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
Fincentrum & Swiss Life Select a.s., Praha	IN		100.0%	100.0%	Services	CZK	700 700 000
Fincentrum Reality s.r.o., Praha	IN		100.0%	100.0%	Services	CZK	200 000

Italy

	Segment[1]	Consolidation period	Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
ELIPS LIFE LTD, SEDE SECONDARIA ITALIANA (Branch Elips Life AG, Vaduz), Milano	IN	from 01.07.2022	100.0%	100.0%	Life insurance		n/a

Netherlands

	Segment[1]	Consolidation period	Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
Elips Life AG (Branch Elips Life AG, Vaduz), Hoofddorp	IN	from 01.07.2022	100.0%	100.0%	Life insurance		n/a

Norway

	Segment[1]	Consolidation period	Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
Aker Drift AS, Oslo	AM	from 30.11.2021	90.0%	100.0%	Services	NOK	100 000
Swiss Life Asset Managers Business Management AS, Oslo	AM	from 30.11.2021	90.0%	100.0%	Services	NOK	133 250
Swiss Life Asset Managers Facility Management AS (formerly AED Eiendom AS), Oslo	AM	from 30.11.2021	90.0%	100.0%	Services	NOK	30 000
Swiss Life Asset Managers Funds AS (formerly Swiss Life Asset Managers Nordic AS), Oslo	AM	from 30.11.2021	90.0%	100.0%	Asset management	NOK	3 587 100
Swiss Life Asset Managers Nordic AS (formerly Swiss Life Asset Managers Holding (Nordic) AS), Oslo	AM	from 30.11.2021	90.0%	90.0%	Holding	NOK	300 000
Swiss Life Asset Managers Property Management AS (formerly Aker Eiendomsdrift AS), Oslo	AM	from 30.11.2021	90.0%	100.0%	Services	NOK	468 300
Swiss Life Asset Managers Transactions AS, Oslo	AM	from 30.11.2021	90.0%	100.0%	Services	NOK	99 856

Singapore

	Segment[1]	Consolidation period	Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
Swiss Life (Singapore) Pte. Ltd., Singapore	IN		100.0%	100.0%	Life insurance	SGD	23 000 000
Swiss Life Network (Asia) Pte. Ltd., Singapore	IN		100.0%	100.0%	Services	SGD	1

Slovakia

	Segment[1]	Consolidation period	Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
Swiss Life Select Slovensko, a.s., Bratislava	IN		100.0%	100.0%	Services	EUR	33 200

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01.03.2023

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Annual Report 2022
The Annual Report is published in German and English and contains information on corporate governance, risk management, sustainability and the annual accounts.
The English text is definitive for the Consolidated Financial Statements; the original German text is binding in all other respects.

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

Important dates

Annual General Meeting 2023
28 April 2023

Interim Statement Q1 2023
11 May 2023

Half-year Results 2023
6 September 2023

Interim Statement Q3 2023
8 November 2023

01.03.2023

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