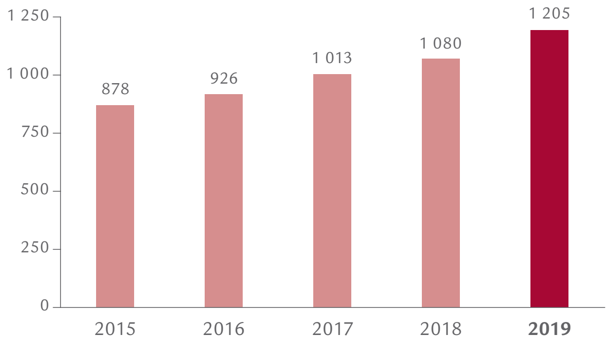
Swiss Life

Annual Report 2019

Contents

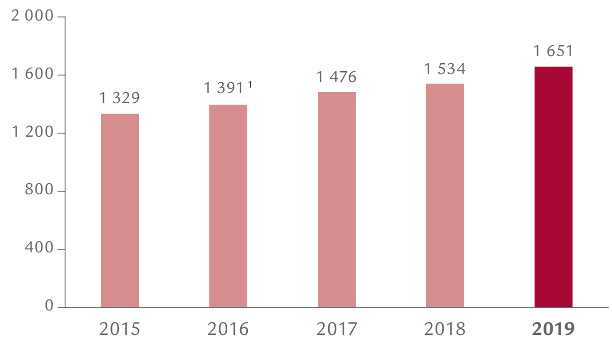
Net profit

In CHF million



Profit from operations

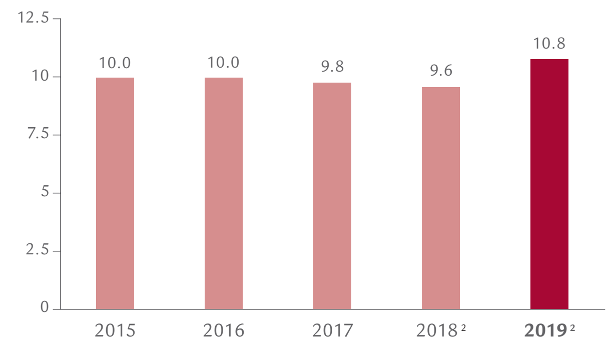
In CHF million



[1] adjusted

Return on equity[1]

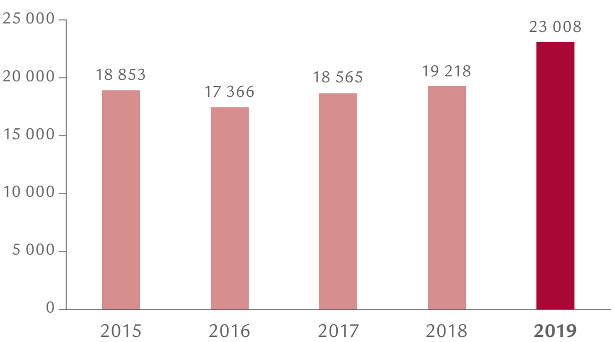
In %



[1] equity excl. unrealised gains/losses on financial instruments
[2] incl. share buy-back
(2019: CHF 913 million / 2018: CHF 87 million)

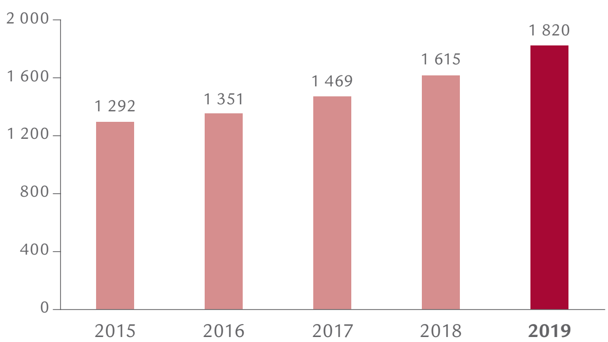
Gross written premiums, policy fees and deposits received

In CHF million



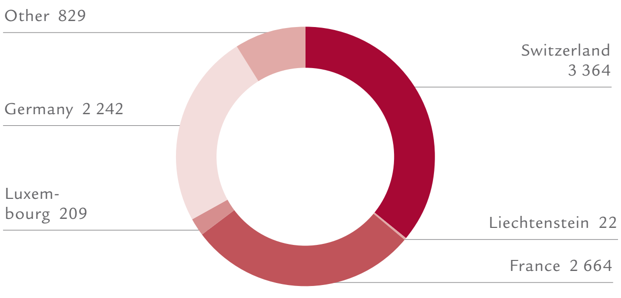
Fee and commission income

In CHF million



Full-time equivalents by country

Total 9 330 as at 31.12.2019



The Swiss Life Group's 2019 financial year at a glance:

Business development – Business at Swiss Life continued to develop well in 2019: adjusted profit from operations rose by 10% over the previous year to CHF 1.69 billion, driven mainly by the improved fee result. Net profit came to CHF 1.20 billion, an increase of 12% over the previous year. Swiss Life was able to increase its fee income by 16% to CHF 1.82 billion in local currency. Gains were recorded in fee income from third-party business, with independent financial advisors as well as from own and third-party products and services. Premiums totalled CHF 23.0 billion; insurance reserves to the benefit of the company's policyholders rose by 7% in local currency. In its insurance business Swiss Life generated direct investment income of CHF 4.4 billion, which corresponds to a direct investment yield of 2.8%. The net investment yield was 2.9%. As of 31 December 2019, Swiss Life Asset Managers had a total of CHF 254.4 billion assets under management. Of this, third-party business accounted for CHF 83.0 billion.

Markets – As a leading European provider of comprehensive life and pensions and financial solutions, the Swiss Life Group enables people to lead a self-determined life. In 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. The 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 Asset Managers offers institutional and private investors access to investment and asset management solutions. Swiss Life provides multinational corporations with employee benefits solutions and high net worth individuals with structured life and pensions products. The subsidiaries Livit, Corpus Sireo, Mayfair Capital, Beos and Fontavis are also part of the Group.

Employees – At the end of 2019 the Swiss Life Group employed approximately 9300 people worldwide and had a network of some 14 000 advisors.

Ladies and gentlemen,

Patrick Frost and Rolf Dörig

A long-term perspective is one of the keys to success. At Swiss Life, we focus on continuity and financial solidity, and base our work on the corporate objectives that best reflect the company's strengths. The Swiss Life Group has made continual progress, especially in two areas: consulting and asset management.

Today, we are not just a company with proven but also far-reaching expertise in pension and financial advice. Around 14 000 advisors work to support our customers in leading a self-determined life. In 2006, we had just under 1400, so we have increased our weight in the advisory market tenfold.

Our distribution capacity gives us access to customers that is envied by many of our competitors. And with good reason: according to the results of a survey, more than 80% of people in the markets we serve want personal advice on pension and financial matters. That shows how relevant our advisory expertise is – and that it is also a key to continuous growth. Customer centricity is not just an empty phrase for us.

There is also a second development that has strengthened our Group: we have increasingly made our successful work in managing policyholder assets available to external clients. In 2019, we thus achieved further successive growth in third-party assets under management, which are now CHF 83 billion.

Our goal is still to achieve a steady and sustainable rise in our fee result, risk result, value of new business and our third-party business. Premiums are important but they are not our principal driver – even though we registered a one-off increase of 22% in premiums in 2019 because a competitor withdrew from full insurance for occupational provisions. For a long time, we have focused successfully on earnings quality and profitability before premium growth.

The expansion of the fee business offers us strategic opportunities as a company: it is capital-efficient and less exposed to the capital markets than our savings result. Diversifying our profit sources has paid off for us in the low-interest environment and it will remain a key factor in the future because interest rates look set to remain low. Income from our life insurance investments will, however, remain the most important profit source for the Group in the foreseeable future. Here too, we have performed well in recent years and have increased the savings result from our life business despite low or even negative interest rates.

Swiss Life is very successful today because we did the groundwork early on. Our figures for 2019 once again present a clear picture: year-on-year, we managed to increase fee income by 16% to CHF 1.82 billion. And the fee result came to CHF 553 million, 15% higher than in 2018. We are also making progress in the life business. The risk result improved by 3% to CHF 417 million and the value of new business by 45% to CHF 561 million, with a new business margin of 1.9%.

Overall, we are able to report a net profit of CHF 1.2 billion for 2019 – an increase of 12% over the previous year. This includes a positive one-off of CHF 49 million related to the implementation of the Swiss tax reform in a number of cantons. The pleasing performance in 2019 enables the Board of Directors to propose a dividend of CHF 20.00 per share (previous year: CHF 16.50) at the Annual General Meeting, of which CHF 5.00 per share will be paid in the form of a reduction in par value. Furthermore, Swiss Life will implement a new share buyback programme of CHF 400 million, from March 2020 to May 2021.

Success can never be taken for granted. Our employees are fundamental to our very good development. It is their skills and engagement that make the difference. As the Swiss Life Group, we support people in realising their wish to live a self-determined life. We do this by ensuring they receive individual advice, that their money is invested well over decades and by providing pension solutions that meet their need for security. In times of political and economic uncertainty, our sustainable pension solutions are particularly invaluable.

We would like to thank you, dear shareholders, for supporting us in this mission.

Rolf Dörig
Chairman of the Board of Directors

Patrick Frost
CEO

Strategy & Brand

Swiss Life offers its customers a long-term value proposition – so they can lead their life with self-determination and confidence.

The Swiss Life Group is one of Europe's leading comprehensive life and pensions and financial solutions providers. Swiss Life's success is due to a clear strategy, the disciplined implementation of Group-wide programmes, a sound purpose and a charismatic brand.

Swiss Life addresses a fundamental need

Swiss Life enables people to lead a self-determined life. In doing so, the company is helping to meet a fundamental human need: for independence and self-determination. Against the backdrop of demographic change and the individual's increasing personal responsibility for his or her own future provisions, Swiss Life's work will continue to grow in relevance.

Swiss Life's environment is heavily influenced by regulatory and political trends as well as socio-economic changes, such as increasing life expectancy. Results of market research performed by Swiss Life show that people find pensions a stressful topic. And most of them are aware that their financial security is largely up to them. In view of these developments, Swiss Life sees growth opportunities and differentiation potential on the market for pension solutions as well as in consulting.

Unique market position

Swiss Life must address changing customer behaviour and consistently implement any findings from such study to actively and profitably exploit market opportunities. Customers are ever better informed; they are able to compare services immediately and demand new products and services. Swiss Life wants to best combine the strengths of its broad distribution networks and advisors with the opportunities of digital change. Swiss Life derives its "phygital approach," from this targeted combination of personal advice and digital support, which is described in more detail in the "Digitalisation" section on page 97.

With its core markets of Switzerland, France and Germany as well as the cross-border business of the International segment and the asset management business of Swiss Life Asset Managers, Swiss Life enjoys a very strong market position. With around 14 000 advisors, Swiss Life has proven advisory expertise and unique customer access.

Unique position in the life insurance sector	Dynamic asset management	Broad distribution networks	High earnings quality
Market leader in Switzerland Attractive position in the private insurance sector in France Strong niche player in Germany and in the International division	Specialist expertise in asset and liability management and in risk management via asset management for the insurance business Rapidly growing third-party asset management Leading real estate manager in Europe	Strong network of owned IFAs especially in the Germany and International segments Major proprietary distribution in Switzerland Integrated multichannel distribution in France	Diversified profit sources with saving, risk, fee and cost result Around 30% of profit from operations stems from the fee business

The Swiss Life product strategy is explained in the section on "Products, Services and Advice" from page 95. In view of its varied positioning in the relevant markets, Swiss Life uses a multi-local approach. Swiss Life also reports on strategic focuses and investments by individual divisions as part of its segment information.

Three Group-wide programmes have been successfully implemented since 2009

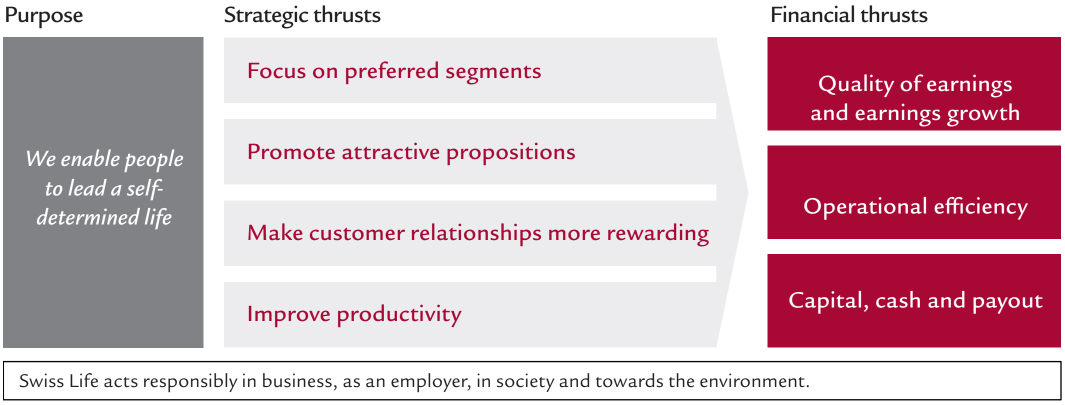
Swiss Life has successfully completed its last three Group-wide programmes "Milestone" (financial targets for 2009–2012), "Swiss Life 2015" (2013–2015) and "Swiss Life 2018" (2016–2018). The company completed "Swiss Life 2018" when it presented the 2018 annual results and achieved all its goals – even exceeding most of them:

	2018 objectives setting	2018 annual results	Objectives achievement
Fee result	CHF 400–450 m	CHF 488 m	Exceeded
Risk result	CHF 350–400 m	CHF 410 m	Exceeded
Cumulative value of new business (2016–2018)	> CHF 750 m	CHF 1033 m	Exceeded
Stable operating costs	Stable	Stable	Achieved
Cumulative cash remittance to holding (2016–2018)	> CHF 1.5 bn.	CHF 1.9 bn.	Exceeded
Dividend payout ratio	30–50%	51%	Achieved
Return on equity	8–10%	9.1%	Achieved

Swiss Life regularly reports in detail on the current status of its strategic implementation, including during its annual and half-year reporting. The documents are always available at www.swisslife.com under “Investors and Shareholders”.

New financial objectives under “Swiss Life 2021”

At the end of November 2018 Swiss Life presented its latest Group-wide programme, “Swiss Life 2021”. It is based on our purpose and four strategic directions: the focus on preferred segments, the promotion of attractive offers, the steady improvement of customer relations and the continuing increase of productivity.



The Group-wide programme contains specific financial goals for the period from 2019 to 2021 in the areas of earnings quality and growth, operational efficiency and disciplined capital management.

Increased earnings quality
- Marked increase in the fee result, to between CHF 600 and 650 million by the end of 2021, around 50% more than in the previous Group-wide programme
- Increase in the risk result from CHF 400 to 450 million by the end of 2021, 10% more than in “Swiss Life 2018”
- Increase in cumulative value of new business (2019–2021) to over CHF 1.2 billion, 60% more than in the previous programme

Operational efficiency
- Improvement of the efficiency ratio in the life business to below 40 basis points by the end of 2021
- In its owned IFAs, a distribution operating expense ratio below 25 percent by the end of 2021
- Cost/income ratio in third-party asset management of around 75 percent by the end of 2021

Capital management
- Increase in cash remittance to the holding company to a cumulative value between CHF 2 and 2.25 billion (2019–2021)
- SST ambition range of 140 to 190%
- Increase in dividend payout ratio for the shareholders to 50–60% of profit
- From December 2018 to December 2019, the Group will implement a share buyback programme of CHF 1 billion.

"Swiss Life 2021" well underway

Swiss Life made progress in implementing all strategic thrusts in 2019. With the fee result of CHF 553 million and the risk result of CHF 417 million, Swiss Life is on track in relation to the relevant targets up until 2021. And the value of new business increased last year by 45% to CHF 561 million. Swiss Life is also making good progress with its targets for operational efficiency: the life efficiency ratio stood at 41 basis points and the distribution operating expense ratio in the owned IFAs was 26%. In third-party business, the cost/income ratio improved to 84%. In capital management Swiss Life increased its cash remittance to the holding company by 8% to CHF 752 million. The payout ratio came to 53%. Swiss Life is thus on track to achieve all its financial objectives under the "Swiss Life 2021" Group-wide programme.

A charismatic brand

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

The sub-brands are assigned to various levels in a clear brand hierarchy. The strategic management of the entire brand portfolio is an element of corporate communication. The brand hierarchy is under permanent review and adjustments are made regularly as needed.

While the umbrella and sub-brands are managed centrally, brand management for the level 3 brands Endorsement and 4 Individual brands is performed directly in the relevant divisions. There were no changes in the brand hierarchy in 2019.

Level 1 **Umbrella brand**	SwissLife	Swiss Life has a strong umbrella brand. As a rule, all products and services are offered under the umbrella brand.
Level 2 **Sub-brands**	SwissLife Asset Managers; SwissLife Banque Privée; SwissLife Global Solutions; SwissLife Select	Sub-brands emphasise the expertise of the umbrella brand in specific market segments. Swiss Life maintains a deliberately limited portfolio for individual sales channels.
Level 3 **Endorsement**	*Swiss Life Group*: SLPM; *Member of Swiss Life Asset Managers*: CORPUS SIREO REAL ESTATE, MAYFAIR CAPITAL, BEOS	Brands with little relevance for core business and potential for a positive image transfer are at the third level. The umbrella brand or sub-brand serves as an additional textual identifier at this level.
Level 4 **Individual brands**	fincentrum®; Livit Real Estate Management; Chase de Vere; tecis; HORBACH; PROVENTUS	This is the repository for brands whose connection to the umbrella brand is potentially the source of conflict or are kept separate for strategic reasons. These brands have an independent existence without visible relation to the umbrella brand.

Corporate identity & design

With its brand personality and clear corporate design guidelines, Swiss Life guarantees a standardised appearance at all brand contact points. The Swiss Life brand personality always centres on the customer: "We enable people to lead a self-determined life."

The corporate design is derived from the brand personality and, in addition to ensuring recognisability, contributes to a uniform brand experience. Whether they are browsing the website, reading a brochure or looking at an advert, the stakeholder groups are to receive the same strong impression of Swiss Life at all contact points. The pictorial world is one of the key instruments in making the brand personality tangible for external and internal target groups. It differentiates Swiss Life from the competition and produces its robust recognition effect.

Brand identity

In the home market of Switzerland, Swiss Life focuses on sports and cultural sponsorship in addition to classical advertising. For example, the company has sponsored the Swiss national football teams for over ten years. Swiss Life has been the main sponsor of the ZSC Lions ice hockey team for over four years and, since 2019, name sponsor of the Swiss Life Arena ice hockey stadium undergoing construction in Zurich. In the cultural arena, film is the cornerstone of its engagement: Swiss Life is the main sponsor of the Solothurn Film Festival for example.

In 2018, Swiss Life launched its first cross-divisional brand campaign in Switzerland. At the heart of the campaign is a connection between the Swiss Life logo and the private and corporate clients of Swiss Life Switzerland, the institutional clients of Swiss Life Asset Managers and the Group's stakeholders. The campaign continued in 2019 with over 30 new subjects and was also adapted for Swiss Life France and Asset Managers in France.

The success of the Swiss Life brand is constantly measured on the local front by independent institutes, which review brand awareness and perception. The findings garnered are continuously used for the development and adjustment of marketing measures.

Worldwide brand protection and assessment

Swiss Life protects its brands around the world. It takes vigorous action in cases of brand or copyright infringement. Our customers can be sure that the Swiss Life logo and corporate name stand for Swiss Life quality and service wherever they appear.

Swiss Life also carries out regular internal studies of brand value, which demonstrate the development of the brand's value on the basis of a wide range of factors.

Segment Reporting

Swiss Life continued its positive performance: adjusted profit from operations increased by 10% in 2019, compared with the previous year, to CHF 1.69 billion and net profit was up 12%, to CHF 1.20 billion.

In the Swiss domestic market, Swiss Life achieved a segment result of CHF 892 million, a rise of 3% over the previous year. France reported a segment result of CHF 275 million. The 1% decrease is attributable to the currency effects. Swiss Life in Germany contributed CHF 186 million to the result. The 30% rise is partly attributable to an exceptionally high savings result. Swiss Life International increased its segment result by 20% to CHF 81 million and Swiss Life Asset Managers achieved a segment result of CHF 309 million, which was 14% higher than the previous year.

Swiss Life generated direct investment income of CHF 4.4 billion, equal to its 2018 level. Reflecting appreciations in the investment portfolio and higher average capital investments, the direct investment yield fell to 2.8% (previous year: 2.9%). After appreciations, the net investment yield came to 2.9% (previous year: 3.0%).

Swiss Life was able to increase its fee income by 13% to CHF 1820 million. This growth was supported by acquisitions in the past year and consolidation effects. Swiss Life posted premiums of CHF 23.0 billion for 2019 (previous year: CHF 19.2 billion). The extraordinary rise is attributable to group life business in Switzerland and the withdrawal of a competitor from full insurance. Insurance reserves for the benefit of the company's policyholders rose by 8% in local currency.

As of 31 December 2019, Swiss Life Asset Managers had a total of CHF 254.4 billion under management. Third-party assets under management at year-end were CHF 83.0 billion – a 17% increase over the previous year.

Swiss Life's segment reporting is on a country basis: Switzerland, France and Germany. It also discloses separately the results of its cross-border segments: International and Asset Managers.

Events after the reporting period

There were no events after the reporting period.

Key figures for the Swiss Life Group

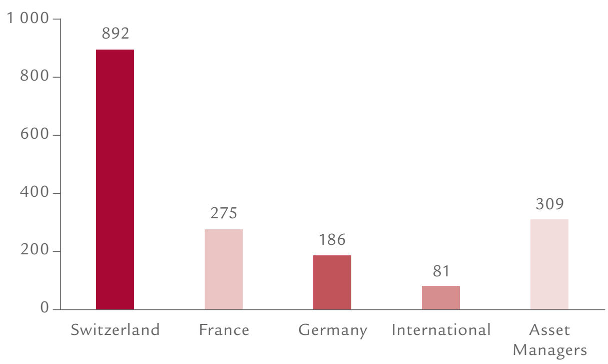
Amounts in CHF million

	2019	2018	+/–
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	**23 008**	19 218	20%
Net earned premiums	**17 034**	13 157	29%
Fee and commission income	**1 820**	1 615	13%
Financial result	**5 227**	5 003	4%
Other income	**239**	286	–17%
TOTAL INCOME	**24 320**	20 062	21%
Net insurance benefits and claims	**–17 838**	–13 961	28%
Policyholder participation	**–1 124**	–1 155	–3%
Interest expense	**–165**	–143	15%
Operating expense	**–3 541**	–3 268	8%
TOTAL EXPENSE	**–22 669**	–18 527	22%
PROFIT FROM OPERATIONS	**1 651**	1 534	8%
NET PROFIT	**1 205**	1 080	12%
Equity	**16 435**	15 034	9%
Insurance reserves	**183 339**	170 048	8%
Assets under management	**279 258**	254 200	10%
Assets under control	**303 677**	277 040	10%
Return on equity (in %) [1,2]	**10.8**	9.6	+1.2 ppt
Number of employees (full-time equivalents)	**9 330**	8 624	8%

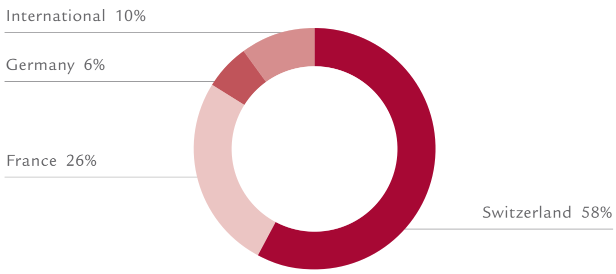
[1] equity excl. unrealised gains/losses on financial instruments
[2] incl. share buy-back (2019: CHF 913 million / 2018: CHF 87 million)

Segment results

In CHF million



Gross written premiums, policy fees and deposits received by segment



Switzerland

In the home market of Switzerland, Swiss Life increased its segment result in 2019 by 3% to CHF 892 million (previous year: CHF 865 million). The growth was driven by the cost result, the risk result and the fee result.

In the year under review, Swiss Life Switzerland increased premium volume to a total CHF 13.5 billion (+41%), due especially to a competitor's withdrawal from the full insurance business. Of the total premium volume, 88% came from group life business.

According to the Swiss Insurance Association (SIA), life insurance premiums in Switzerland increased to CHF 29.8 billion, up 0.6% on the previous year. In group life business, premiums for the market as a whole remained constant compared to the previous year, while premiums for individual life business increased 2.4% compared to the previous year. Swiss Life further increased its market share of group and individual life business.

Insurance benefits, including changes in insurance reserves, rose by 35% to CHF 14.2 billion in 2019, due mainly to the exceptionally large rise in premiums and the concomitant greater reserving requirements. Operating expenses rose by 9% during the year under review to CHF 1.2 billion. This rise is attributable to higher acquisition costs due to the steep rise in premiums. Operational administrative costs were once again slightly lower than the previous year.

The range of provisions products for private clients fully meets their fundamental requirements: predictability and security. The 2018 launch of Swiss Life Dynamic Elements savings insurance again helped to significantly increase the share of capital light solutions in new business in 2019, in line with the offer strategy. In single premium business, new business volume increased by more than 34% compared with 2018, partly due to attractive tranche solutions. A new investment product, the Swiss Life Premium PayoutPlan, was launched in Switzerland in co-operation with Swiss Life Asset Managers. The product is an innovative, actively managed payout plan for private customers.

The group life business focused on operational processing of the new clients won in the previous year. At the same time, another investment strategy, with a 75% equity share, was added to the offer in the individual investment field (1e solution) and successfully launched. The market remained noticeably dynamic, as falling conversion rates prompted many clients to review their existing occupational pension plans in line with their needs.

In 2020 Swiss Life Switzerland will continue the intensive implementation of its "Swiss Life 2021" strategy programme. The strategic thrust of the programme is the digitally supported advisory process, which should improve the customer journey and the effectiveness of consulting as well as leading to more business with existing and new customers.

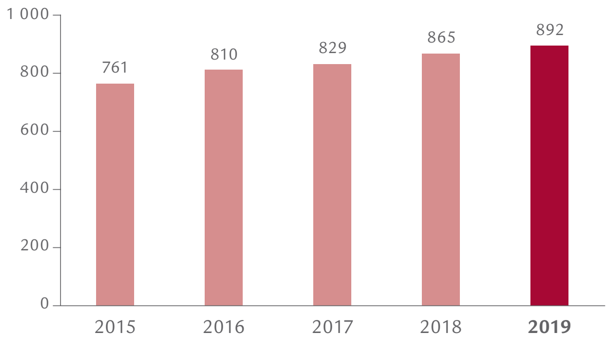
Key figures for Switzerland

Amounts in CHF million

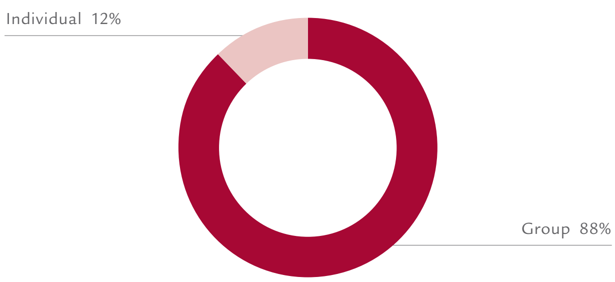
	2019	2018	+/–
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	**13 453**	9 525	41%
Net earned premiums	**13 067**	9 254	41%
Fee and commission income	**265**	247	7%
Financial result	**3 301**	3 330	–1%
Other income	**159**	158	1%
TOTAL INCOME	**16 793**	12 989	29%
Net insurance benefits and claims	**–14 211**	–10 531	35%
Policyholder participation	**–468**	–477	–2%
Interest expense	**–42**	–31	36%
Operating expense	**–1 179**	–1 086	9%
TOTAL EXPENSE	**–15 900**	–12 124	31%
SEGMENT RESULT	**892**	865	3%
Assets under control	**127 330**	119 624	6%
Insurance reserves	**103 344**	96 097	8%
Number of employees (full-time equivalents)	**2 074**	2 029	2%

Segment result Switzerland

In CHF million



Premiums for Switzerland, by type of insurance



France

In the year under review, Swiss Life France posted a segment result of CHF 275 million (previous year: CHF 278 million). The slight decline is due to currency effects; the segment result increased by 3% in local currency. The result is primarily due to an increase in the still high-quality new business, higher fee income due to increased assets as well as an improved financial margin and improved technical margins in property and liability insurance. Health, death and disability insurance, meanwhile, experienced an unfavourable claims experience.

The insurance market grew by 4% in local currency in 2019 despite the ongoing low interest rate environment and in the context of increasing regulation as a result of the pension reform. Savings and retirement business was up 4%, while health, death and disability insurance and property and casualty business grew by 4.6% and 4%, respectively. Swiss Life in France increased premium volume to CHF 5.9 billion, maintaining its focus on profitability and quality of new business over growth. Premiums in savings and retirement provisions rose by 5% at Swiss Life in local currency. The share of premiums from unit-linked contracts was 49%, and thus about twice as high as the market average – thanks to the private insurer strategy and bonus distribution policy for investments in the premium customer segment. The contribution of unit-linked contracts to new business remained stable at a high level at 61%. At the end of 2019, these contracts accounted for 42% of reserves in the life business. In health, death and disability insurance, premium volume increased by 4% as a result of strong sales momentum in both health and death and disability. With its distribution of savings products, Swiss Life Banque Privée also made a positive contribution to business with high net worth individuals in 2019. Fee income rose from CHF 310 million to CHF 326 million in the year under review, due to increased assets and the good quality of new business. In local currency this equates to a 9% increase.

In 2020, Swiss Life in France will continue to focus on existing customer segments, in particular by expanding its pension, health, death and disability offerings. Based on multichannel distribution, the company will drive the further development of its "phygital" model, which best combines the personal, physical customer relationship with digitalisation and services.

Key figures for France

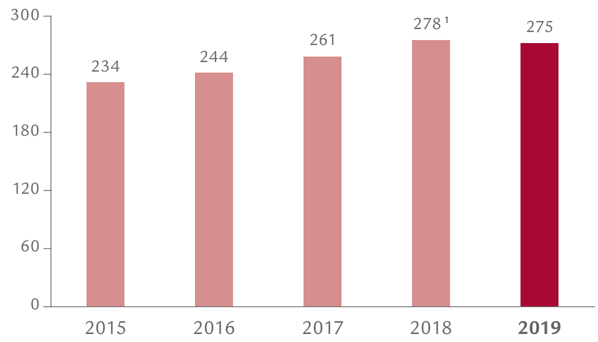
Amounts in CHF million

	2019	2018	+/–
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	**5 901**	5 859	1%
Net earned premiums	**2 828**	2 709	4%
Fee and commission income	**326**	310	5%
Financial result	**933**	853	9%
Other income	**5**	4	30%
TOTAL INCOME	**4 093**	3 876	6%
Net insurance benefits and claims	**–2 410**	–2 155	12%
Policyholder participation	**–252**	–372	–32%
Interest expense	**–84**	–89	–6%
Operating expense	**–1 072**	–981 [1]	9%
TOTAL EXPENSE	**–3 818**	–3 598 [1]	6%
SEGMENT RESULT	**275**	278 [1]	–1%
Assets under control	**46 055**	41 722	10%
Insurance reserves	**36 935**	33 199	11%
Number of employees (full-time equivalents)	**2 455**	2 396	2%

[1] adjusted

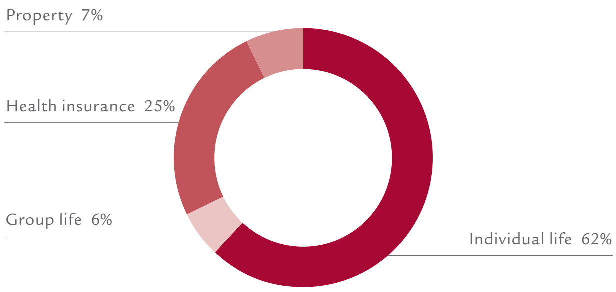
Segment result France

CHF million



[1] adjusted

Premiums for France, by type of insurance



Germany

Swiss Life Germany is a leading provider of insurance and pension solutions in the sectors of life insurance, occupational pension provision and employee insurance. Swiss Life Germany offers all-round financial and pensions advice, independent of product provider, under the Swiss Life Select, Tecis, Horbach, Proventus and Swiss Compare brands. The segment reporting comprises local insurance activities and the financial consultancies operating in Germany.

During the reporting year, in a still challenging market environment characterised by continuing low interest rates, Swiss Life Germany achieved a segment result of CHF 186 million (previous year: CHF 143 million). The rise reflects a higher fee result and an exceptionally high savings result. Slightly improved risk and cost results supported this positive development.

Fee income increased in 2019 to CHF 498 million, equivalent to an increase of 14% in local currency. The main driver was the strong growth of the distribution base in the owned IFAs as well as the brokered new business across all product areas. At the end of 2019 the proprietary financial advisory companies in Germany had 4173 trained and registered financial advisors under contract (+10% over the previous year).

Swiss Life Germany posted premiums of CHF 1.4 billion in 2019. This corresponds to an increase of 2% in local currency compared to the previous year. The core product areas of Swiss Life Germany are employee insurance, occupational pensions, long-term care insurance and modern guarantee concepts.

Operating costs increased 6% due to investments under the new Group-wide programme "Swiss Life 2021."

In the coming three years, Swiss Life Germany will focus on the three strategic thrusts: expansion of position as biometry and occupational pensions specialist, positioning as leading advisor to German Mittelschicht companies and increase of efficiency and service quality. The focus on insurance is on biometric, sector-specific and occupational pensions solutions. Swiss Life Germany wants to leverage its competency in biometry to set insurance market standards in service as well as in the scalable application process. In financial consulting Swiss Life Germany has set its sights on becoming the "financial home" of the German Mittelschicht companies and further increasing its own distribution strength – for example through a scalable distribution platform. In order to achieve this goal, connectivity is being improved and the administration processes are being automated, in step with the systematic advance of digitalisation.

Key figures for Germany

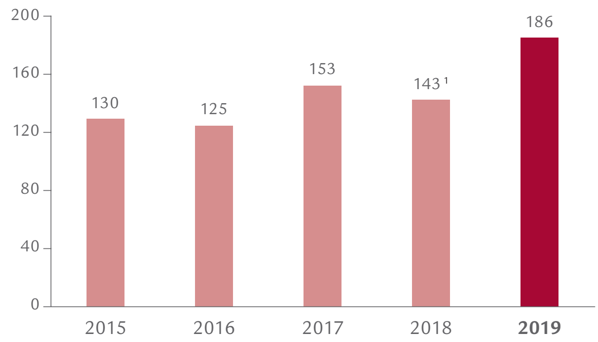
Amounts in CHF million

	2019	2018	+/–
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	**1 375**	1 395	–1%
Net earned premiums	**1 092**	1 156	–6%
Fee and commission income	**498**	456	9%
Financial result	**933**	772	21%
Other income	**2**	3	–17%
TOTAL INCOME	**2 526**	2 386	6%
Net insurance benefits and claims	**–1 199**	–1 263	–5%
Policyholder participation	**–390**	–292	33%
Interest expense	**–37**	–13	n/a
Operating expense	**–715**	–674[1]	6%
TOTAL EXPENSE	**–2 340**	–2 243[1]	4%
SEGMENT RESULT	**186**	143[1]	30%
Assets under control	**23 549**	21 941	7%
Insurance reserves	**20 443**	19 670	4%
Number of employees (full-time equivalents)	**1 608**	1 482	9%

[1] adjusted

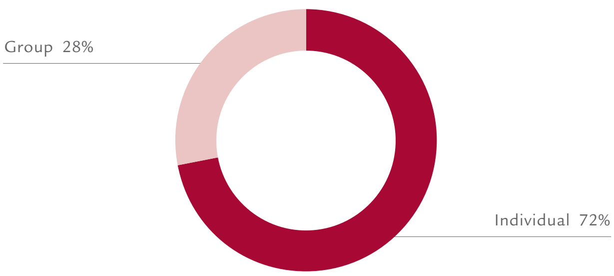
Segment result Germany

In CHF million



[1] adjusted

Premiums for Germany, by type of insurance



International

The International segment comprises cross-border business for high net worth international individuals (Global Private Wealth Solutions) and multinational companies (Global Employee Benefits Solutions), under the brand “Swiss Life Global Solutions”, as well as the financial services providers Chase de Vere in the United Kingdom, Fincentrum in the Czech Republic and Slovakia, and Swiss Life Select in Austria and the Czech Republic.

In the year under review, the International segment achieved a result of CHF 81 million, a growth rate of 20% over the previous year (2018: CHF 68 million). The rise stems predominantly from higher fee income of CHF 314 million (2018: CHF 260 million).

The Global Private Wealth Solutions business area, with carriers based in Luxembourg, Liechtenstein and Singapore, specialises in life insurance solutions for high net worth individuals. Thanks to a comprehensive international product range and higher assets under control of CHF 21.2 billion (previous year: CHF 19.6 billion), fee income again increased in the year under review.

The Global Employee Benefits Solutions business area concentrates on global provisions solutions for multinational companies. Good risk and volume development leads to attractive profitability in the provisions business. Swiss Life Network, a leading independent provider of global employee benefits solutions, made another strong contribution to the result due to its fee optimisation and thus confirmed its good market position.

Fee income from the financial advisory companies rose by CHF 52 million to CHF 211 million, due to the acquisition of Fincentrum, growth at Chase de Vere, and growth at Swiss Life Select in Austria.

In 2020 Swiss Life Global Solutions will continue to focus on innovative approaches and digital channels to win more new business. In financial consulting the company anticipates an increase in the number of advisors and an increase in revenue per advisor. Systematic digitalisation will ensure that people can be offered suitable high-quality financial services and advice going forward. Through its digitalisation, Swiss Life International is targeting further growth in fee and risk business.

Key figures for International

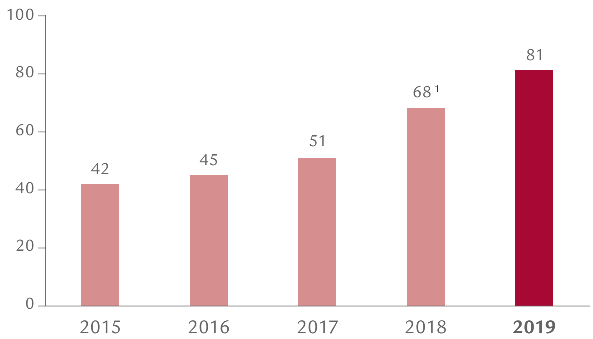
Amounts in CHF million

	2019	2018	+/–
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	**2 304**	2 459	–6%
Net earned premiums	**47**	38	21%
Fee and commission income	**314**	260	21%
Financial result	**38**	37	2%
Other income	**0**	–4	n/a
TOTAL INCOME	**398**	331	20%
Net insurance benefits and claims	**–18**	–12	44%
Policyholder participation	**–14**	–14	1%
Interest expense	**–15**	–15	–6%
Operating expense	**–270**	–222	22%
TOTAL EXPENSE	**–317**	–263	20%
SEGMENT RESULT	**81**	68[1]	20%
Assets under control	**23 242**	21 484	8%
Insurance reserves	**22 694**	21 116	7%
Number of employees (full-time equivalents)	**987**	965	2%

[1] adjusted

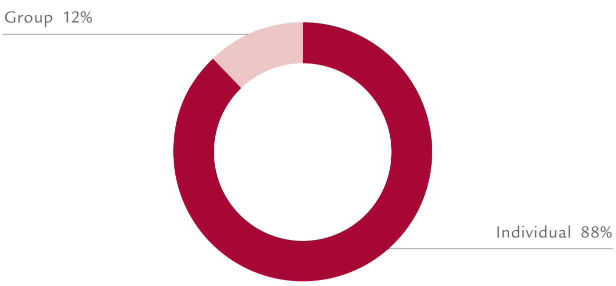
Segment result International

In CHF million



[1] adjusted

Premiums for International, by type of insurance



Asset Managers

The Asset Managers segment comprises Swiss Life's Group-wide asset management and real estate services activities.

In 2019, Swiss Life Asset Managers posted a segment result of CHF 309 million (previous year: CHF 272 million), corresponding to a 14% increase. Fee income in the year under review increased by 20% to CHF 833 million overall, of which half is attributable to organic growth. Consolidation effects and the acquisition of Beos contributed also to that. Meanwhile operating costs rose by 20%, of which just under 80% was due to the newly included companies.

Assets under management by Swiss Life Asset Managers came to CHF 254.4 billion at the end of 2019. Assets from insurance business climbed by around CHF 9.9 billion to CHF 171.4 billion. Due to the long-term nature of its liabilities, Swiss Life invests especially in fixed-income securities, which at the end of 2019 made up 57% of its portfolio. The real estate holding increased further from 20% to 21% and the net equity holding was 4% as at 31 December 2019.

Third-party business grew vigorously: Swiss Life Asset Managers had third-party assets of CHF 83.0 billion under management at the end of 2019, an increase of 17% compared with the previous year. This growth is primarily due to net new assets of CHF 8.9 billion. Demand was strong for all investment classes, especially real-estate products.

In 2018 Swiss Life Asset Managers signed up to the United Nations-supported Principles for Responsible Investment (PRI) and became a member of the Global Real Estate Sustainability Benchmark (GRESB). With its acquisition of Fontavis AG as of 1 October 2019, Swiss Life Asset Managers enhanced its real estate competency and facilitates access for institutional investors to sustainable investment solutions in the energy and infrastructure sector. Fontavis develops and manages investment solutions in the areas of hydropower, wind parks, power grids, local heat networks and district heating grids, solar installations, recycling plants and other infrastructure facilities.

The expansion of the pan-European real estate funds, investing in real estate in various European countries, was pursued further in 2019. Growth and increasing demand in the competitive real estate business prompted Swiss Life Asset Managers to introduce a new property management solution during the year under review, to further enhance the quality of its European fund and asset administration.

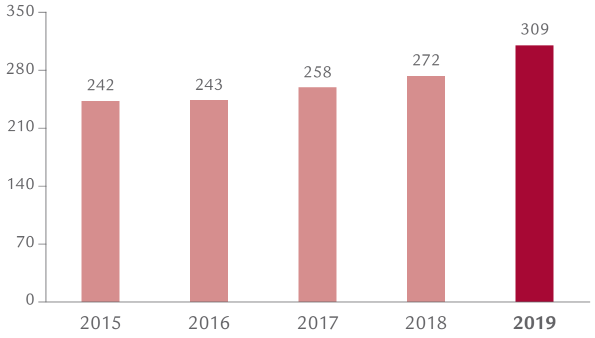
Key figures for Asset Managers

Amounts in CHF million

	2019	2018	+/–
Fee and commission income	**833**	697	20%
Financial result	**0**	7	–94%
Other income	**72**	127	–43%
TOTAL INCOME	**905**	831	9%
Interest expense	**–5**	–3	73%
Operating expense	**–592**	–556	6%
SEGMENT RESULT	**309**	272	14%
Assets under management	**254 400**	232 637	9%
Number of employees (full-time equivalents)	**2 174**	1 719	26%

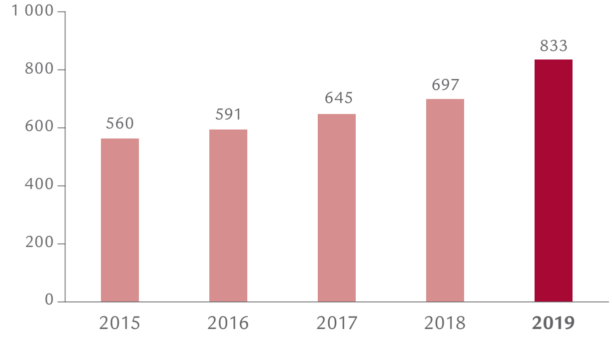
Segment results

In CHF million



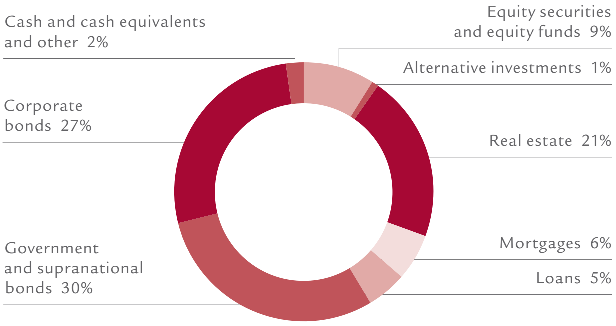
Fee and commission income Asset Managers

In CHF million



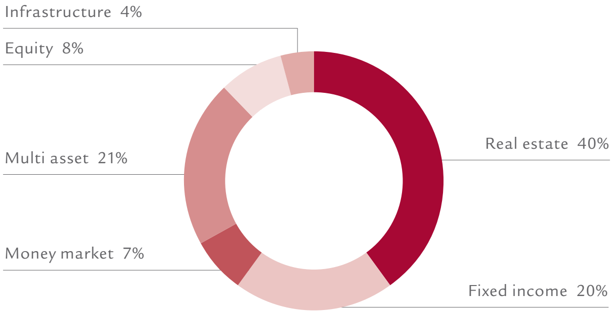
Assets under management for insurance business – breakdown by asset class

As at 31.12.2019



Assets under management for third-party clients – breakdown by asset class

As at 31.12.2019



Corporate Governance

Responsible and sustainable corporate governance is of central importance to the Swiss Life Group.

Swiss Life structures its corporate governance openly and transparently in the interests of its shareholders, policyholders and employees, taking account of leading national and international corporate governance standards.

The corporate governance of Swiss Life Holding Ltd (Swiss Life Holding) is based on the relevant provisions issued by the SIX Swiss Exchange and the Swiss Financial Market Supervisory Authority FINMA and is modelled in particular on the Swiss Code of Best Practice for Corporate Governance issued by the Swiss Business Federation "economiesuisse", as well as the Organization for Economic Cooperation and Development's (OECD) principles on corporate governance.

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

This report describes the essential features of corporate governance within the Swiss Life Group. The structure below largely follows the Annex to the Directive on Information Relating to Corporate Governance issued by the SIX Swiss Exchange, which came into force on 20 March 2018. The compensation report on pages 53 to 70 takes into consideration the regulations on transparency stipulated in the Compensation Ordinance and FINMA circular 2010/1 on minimum standards for remuneration schemes of financial institutions.

Group Structure and Shareholders

Group structure

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

The companies falling within the Group's scope of consolidation are presented in the Consolidated Financial Statements (note 35) on pages 299 to 304. Information on the listing on the SIX Swiss Exchange and market capitalisation can be found in the section "Share Performance and Historical Comparison" on pages 327 and 328. The organisational structure of the Group shows the key business markets and areas. The resulting operational responsibilities are reflected in the allocation of responsibilities among the Corporate Executive Board. With regard to insurance operations, one person with responsibility for the market and results is assigned to each specific area.

The operational management structure as at 31 December 2019 is shown on page 47.

Shareholders

The purchase or sale of shares or of acquisition/disposal considerations regarding shares in companies that are domiciled in Switzerland and have their shares listed in Switzerland, must be reported to the company in question and the SIX Swiss Exchange if the shareholdings exceed, fall below or reach certain thresholds. The relevant thresholds are 3, 5, 10, 15, 20, 25, 33⅓, 50 and 66⅔% of the voting rights. The details are set out in the Financial Market Infrastructure Act (FMIA) and in the implementation provisions of the Financial Market Infrastructure Ordinance-FINMA (FMIO-FINMA) and Financial Market Infrastructure Ordinance (FMIO).

The disclosures of shareholdings that exceed the disclosure threshold on the balance sheet date of 31 December 2019 are shown below. In accordance with the disclosure requirements, the percentage figures given relate to the share capital and number of outstanding shares pursuant to the Articles of Association applicable at the time of the relevant disclosure.

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

BlackRock Inc., 55 East 52nd Street, New York 10055, USA, reported in a publication of 6 May 2017 that it held through various companies a total of 5.28% of the voting rights for Swiss Life Holding (1 292 673 shares, of which 56 953 shares from securities lending and comparable transactions, 342 486 voting rights transferred from a third party to exercise at its own discretion and 58 691 voting rights from equity derivatives). At the same time, BlackRock Inc. held sales positions in the amount of 0.002% of the voting rights (613 CFD).

In publications dated 23 April 2019, 20 July 2019, 6 August 2019 and 28 November 2019 in the context of a share buyback programme for approximately CHF 1 billion (CHF 999 995 716.25) launched at the end of 2018 and completed on 5 December 2019, **Swiss Life Holding Ltd,** General Guisan-Quai 40, 8002 Zurich, Switzerland, reported several instances in which figures exceeded or fell short of thresholds. According to the last report dated 28 November 2019, Swiss Life Holding Ltd then held 1 685 005 treasury shares, corresponding to 5.02% of voting rights.

All complete notifications can be seen on the website of the SIX Swiss Exchange's disclosure office at www.six-exchange-regulation.com, "Publications" area, "Major Shareholders" subsection (https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html).

Additional information on the share buyback programme of Swiss Life Holding Ltd completed on 5 December 2019 can be accessed on the internet at www.swisslife.com "Investors & Shareholders" area, "Swiss Life share" section (www.swisslife.com/share).

There are no cross participations between Swiss Life Holding or its subsidiaries with other listed companies that exceed the participation threshold of 3%.

Shareholder structure

On the balance sheet date, some 157 000 shareholders and nominees were listed in the Swiss Life Holding share register, of which about 4200 were institutional shareholders. Taken together, the shareholders entered in the share register held around 50% of the shares issued. Over half of these shares were owned by shareholders domiciled in Switzerland. Approximately a third of the registered shares were in private hands.

A table showing the shareholder structure is provided in the section "Share Performance and Historical Comparison" on page 328.

Capital Structure

Capital and changes in capital

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

– Ordinary share capital: CHF 171 332 490.60, divided into 33 594 606 fully paid registered shares with a par value of CHF 5.10 each;
– Conditional share capital: CHF 19 675 534.80, divided into 3 857 948 registered shares with a par value of CHF 5.10 each;
– Authorised share capital: none.

If the conditional share capital were utilised to the maximum extent possible, the share capital would increase by around 11% (19 675 534.80 divided by 171 332 490.60 or 3 857 948 divided by 33 594 606).

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

Since the establishment of Swiss Life Holding on 17 September 2002, a number of capital market transactions have been conducted. A detailed description of the transactions carried out up to and including the end of 2016 can be found in the Corporate Governance section of the annual reports for the relevant years. The annual reports can be accessed at www.swisslife.com, "Investors & Shareholders" area, "Results & Reports" section (www.swisslife.com/annualreports).

In 2017, the convertible bond (2013–2020) issued by Swiss Life Holding Ltd in the amount of CHF 500 000 000 was almost entirely converted, whereby another 2 141 905 new registered shares were created. The ordinary share capital thus increased by CHF 10 923 715.50 from CHF 163 614 125.10 to CHF 174 537 840.60. There were no further changes with regard to equity capital; the distribution of CHF 11.00 per share approved by the General Meeting on 25 April 2017 was made from the capital contribution reserves.

In 2018 there were no changes to the share capital. The distribution of CHF 13.50 per share approved by the General Meeting on 24 April 2018 was made from the capital contribution reserves.

In the year under review, as part of the share buyback programme announced by Swiss Life on 29 November 2018, the 628 500 registered shares with a par value of CHF 5.10 each that had been repurchased up to and including 8 March 2019 were cancelled on 17 July 2019 in accordance with the resolution of the Annual General Meeting on 30 April 2019. As a result, the ordinary share capital decreased from CHF 174 537 840.60 to CHF 171 332 490.60.

Shares

33 594 606 fully paid Swiss Life Holding registered shares with a par value of CHF 5.10 each were outstanding on the balance sheet date. Subject to the ten per cent limit on voting rights set out in the Articles of Association (cf. the section on “Shareholders’ participation rights” on page 71), each share grants the right to one vote at the General Meeting of Shareholders.

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

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

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

Additional information on the Swiss Life share is available in the section “Share Performance and Historical Comparison” on pages 327 and 328.

Limitations on transferability and nominee registrations

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

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

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

Convertible bonds and options

Swiss Life Holding has no convertible bonds outstanding on the balance sheet date. The 0% convertible bond (2013–2020) issued by Swiss Life Holding Ltd in 2013 in the amount of CHF 500 000 000 was fully converted or repurchased during the 2017 financial year.

As at 31 December 2019 Swiss Life Holding and its Group companies had not granted any options on rights to participate in Swiss Life Holding.

Board of Directors

Function

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

Elections and terms of office

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

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

Composition

With the exception of Thomas Buess, up until 28 February 2019 Group Chief Financial Officer (Group CFO), no member of Swiss Life Holding's Board of Directors exercised any duties relating to operational management within the Swiss Life Group in the year under review and during the three financial years preceding the reporting period.

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

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

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

The Articles of Association and Organisational Regulations of Swiss Life Holding can be seen at www.swisslife.com, "Investors & Shareholders" area, "Shareholders and services" section, "Articles of Association" subsection (www.swisslife.com/articles).

The following information on the members of the Board of Directors is based on the situation on the balance sheet date. The CVs of former members of the Board of Directors and information on previous external mandates of current Board members can be found in the Corporate Governance section of the relevant previous annual reports, available at www.swisslife.com, "Investors & Shareholders" area, "Results and reports" section (www.swisslife.com/annualreports).

Members of the Board of Directors

On the balance sheet date of 31 December 2019, the Board of Directors was composed of the following members.

Name	Main function	Additional functions	Year of admission[1]
Rolf Dörig	Chairman	Chairman's and Corporate Governance Committee, Chairman	2008
Frank Schnewlin	Vice Chairman	Chairman's and Corporate Governance Committee Investment and Risk Committee Compensation Committee, Chairman	2009
Thomas Buess	Member	Investment and Risk Committee	2019
Adrienne Corboud Fumagalli	Member	Audit Committee	2014
Ueli Dietiker	Member	Chairman's and Corporate Governance Committee Investment and Risk Committee, Chairman	2013
Damir Filipovic	Member	Investment and Risk Committee	2011
Frank W. Keuper	Member	Investment and Risk Committee	2013
Stefan Loacker	Member	Audit Committee, Chairman Investment and Risk Committee	2017
Henry Peter	Member	Chairman's and Corporate Governance Committee Audit Committee	2006
Martin Schmid	Member	Audit Committee	2018
Franziska Tschudi Sauber	Member	Compensation Committee	2003
Klaus Tschütscher	Member	Audit Committe Compensation Committee	2013

[1] Change since AGM of 23 April 2014 due to the Minder Initiative: in accordance with Articles 3, 4 and 29 of the Ordinance against Excessive Compensation in Listed Stock Companies (VegüV), the General Meeting of Shareholders shall elect the members and the Chairman of the Board of Directors individually every year for a term of office of one year each. Furthermore, in accordance with Articles 7 and 29 of the VegüV, the members of the Compensation Committee are also to be elected individually for a term of office of one year each.

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

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

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

Rolf Dörig will be put forward for re-election as Member and Chairman of the Board of Directors at the General Meeting of Shareholders of Swiss Life Holding on 28 April 2020.

Other appointments:
- Adecco Group AG, Chairman of the Board of Directors (until April 2020)
- dormakaba Holding Ltd, Member of the Board of Directors (until October 2020)
- Danzer Holding AG, Member of the Supervisory Board
- Emil Frey Holding AG, Member of the Board of Directors
- Swiss Insurance Association (SIA), Chairman
- economiesuisse, Member of the Board Committee

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

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

Frank Schnewlin will be put forward for re-election as Member of the Board of Directors and as Member of the Compensation Committee at the General Meeting of Shareholders of Swiss Life Holding on 28 April 2020.

Other appointments:
– Vontobel Holding Ltd and Bank Vontobel Ltd, Vice Chairman of the Board of Directors and Member of the Risk and Audit Committee
– Twelve Capital AG and Twelve Capital Holding AG, Chairman of the Board of Directors

Thomas Buess — Born 1957, Swiss national
Member of the Board of Directors

After completing his business administration and economics studies at the University of St. Gallen and a two-year research activity at the Institute of International Economics, Thomas Buess launched his career in insurance in 1985. From 1985 to 1993 he assumed various positions in the area of finance at the ELVIA Group. In 1994 he joined Zurich Financial Services Group as Chief Financial Officer and Member of the Executive Committee of the Swiss P&C business unit. From 1997 to 1999 he was Chief Financial Officer of all Swiss operations. In 1999 Thomas Buess moved to the USA as Chief Financial Officer of Zurich Financial Services Group's North American business area. In 2002 he was appointed Group Chief Financial Officer and Member of the Group Management Board before assuming the role of Chief Operating Officer of Zurich Financial Services Global Life in 2004. In January 2009 he moved to Allianz Group as Head of Operational Transformation. In August 2009 Thomas Buess was named Group Chief Financial Officer and Member of the Corporate Executive Board of the Swiss Life Group. After nearly ten years, Thomas Buess handed over his function as Group CFO to his successor at the end of February 2019.

Thomas Buess will be put forward for re-election as Member of the Board of Directors at the General Meeting of Shareholders of Swiss Life Holding on 28 April 2020.

Other appointment:
– Sygnum Bank AG, Member of the Board of Directors and Chairman of the Audit and Risk Committee

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

Adrienne Corboud Fumagalli is a Doctor of Economics and Social Sciences and a graduate of the University of Fribourg. In 1996 she joined the PTT in the management team of Radiocom (radio, TV, mobile) in charge of New Business Development and the international market. The PTT then became Swisscom and Adrienne Corboud Fumagalli held various positions from 1997 to 2000, ultimately becoming Director of Product Marketing in Radio Broadcasting Services. In November 2000, Adrienne Corboud Fumagalli joined the Kudelski Group as Corporate Secretary and Member of the Corporate Executive Board. In January 2004, she was appointed Executive Vice President in charge of Business Development. From 2008 to 2016, Adrienne Corboud Fumagalli served as Vice President for Innovation and Technology Transfer at EPF Lausanne. As of July 2017, she is also President of the Board of Directors and Chief Executive Officer of Deeption SA (spin-off of the EPF Lausanne Social Media Lab).

Adrienne Corboud Fumagalli will be put forward for re-election as Member of the Board of Directors at the General Meeting of Shareholders of Swiss Life Holding on 28 April 2020.

Other appointment:
– Federal Communications Commission (ComCom), Vice-President

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

Certified accountant Ueli Dietiker started his career at Ernst & Young. He later assumed management responsibility in the finance division at Motor-Columbus Ltd. From 1995 to 2001 he worked at Cablecom Holdings Ltd, ultimately as CEO. In 2001 he switched to the Swiss telecommunications company Swisscom AG where he held several positions of responsibility. From 2002 until 2006 he was CFO and deputy CEO of the Swisscom Group. In 2006 and the first half of 2007 he was CEO of Swisscom Fixnet AG and afterwards became CFO and deputy CEO of the Swisscom Group again until the end of 2012. From 2013 until the end of February 2018 he had a 50% position at Swisscom, managed selected projects and served on the Board of Directors of various Swisscom subsidiaries and investment companies.

Ueli Dietiker will be put forward for re-election as Member of the Board of Directors at the General Meeting of Shareholders of Swiss Life Holding on 28 April 2020.

Other appointments:
– Sanitas Krankenversicherung and Sanitas Beteiligungen AG, Vice Chairman of the Board of Trustees and Chairman of the Board of Directors
– Zuckermühle Rupperswil AG, Member of the Board of Directors
– BLS Ltd. and BLS Netz AG, Member of the Board of Directors and President of the Audit Committee
– Renaissance KMU Schweizerische Anlagestiftung, Member of the Board of Trustees
– Emaform AG, Member of the Board of Directors
– Mobilejobs AG, Chairman of the Board of Directors
– Bomatec Holding AG, Member of the Board of Directors
– F&P Robotics AG, Member of the Board of Directors
– CT Cinetrade Ltd, as well as Teleclub Ltd and Kitag AG, Member of the Board of Directors

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

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

Damir Filipovic will be put forward for re-election as Member of the Board of Directors at the General Meeting of Shareholders of Swiss Life Holding on 28 April 2020.

Other appointment:
– Evooq SA, Member of the Board of Directors

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

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

Frank W. Keuper will be put forward for re-election as Member of the Board of Directors at the General Meeting of Shareholders of Swiss Life Holding on 28 April 2020.

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

Stefan Loacker — Born 1969, Austrian national
Member of the Board of Directors

Stefan Loacker studied economics at Vienna University of Economics and Business and at the University of St. Gallen (Mag. rer. soc. oec., lic. oec. HSG). He began his professional career with stints at the Institute of Insurance Economics (I.VW) at the University of St. Gallen and at the then-Rentenanstalt (now Swiss Life) before joining Helvetia Patria Versicherungen in 1997 as assistant to the Executive Board. He was promoted to Head of Business Development, served in that capacity from 2000 to 2002 and subsequently became CFO and Head of IT at ANKER Versicherung (a subsidiary of the Helvetia Group) in Vienna from 2002 to 2005. In 2005 Stefan Loacker took over management of Helvetia Versicherungen AG (previously ANKER Versicherung). He returned to Switzerland in 2007 and, at age 38, became CEO of Helvetia Group. Stefan Loacker led Helvetia Group for nine years before handing over his function as CEO to a successor in 2016. Since October 2016 he has been managing partner of DELOS Management GmbH.

Stefan Loacker will be put forward for re-election as Member of the Board of Directors at the General Meeting of Shareholders of Swiss Life Holding on 28 April 2020.

Other appointments:
- Vontobel Holding AG and Bank Vontobel Ltd, Member of the Board of Directors and Member of the Risk and Audit Committee
- Institute of Insurance Economics at the University of St. Gallen, Member of the Executive Committee

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

Henry Peter completed his studies in law at the University of Geneva in 1979, and in 1981 he was called to the Geneva bar. Following an assistantship in Geneva, a period of study as a visiting scholar at the University of California in Berkeley and legal work in Lugano, he obtained his PhD at the University of Geneva in 1988. Since 1988 he has been a partner in a Lugano law firm, currently Kellerhals Carrard Lugano SA. He has also served since 1997 as professor of business law, and since 2017 President of the Geneva Center for Philanthropy, at the University of Geneva. Between 2004 and 2015 he was a Member of the Swiss Takeover Board. Since 2007 he has been a Member of the Sanctions Commission of the SIX Swiss Exchange.

Henry Peter will be put forward for re-election as Member of the Board of Directors at the General Meeting of Shareholders of Swiss Life Holding on 28 April 2020.

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

Martin Schmid — Born 1969, Swiss national
Member of the Board of Directors

Martin Schmid completed his law degree at University of St. Gallen in 1995 and was admitted to the bar of Canton Graubünden in 1997. Following an assistantship in St. Gallen and a stint as an independent lawyer plus a spell at PricewaterhouseCoopers, he attained a doctorate from the University of St. Gallen in 2005. Martin Schmid was a member of the Cantonal Parliament of Canton Graubünden from 1994 to 2002. He was elected to the government of Canton Graubünden in 2002, where he initially managed the Department for Justice, Security and Health (2003–2007), and then the Department for Finance and Municipalities (2007–2011). He was elected to the Council of States in 2011 and gave up his mandate as a cantonal councillor. In addition to his role as a member of the Council of States, Martin Schmid has worked as a lawyer at the law firm KUNZ SCHMID Rechtsanwälte und Notare AG in Chur since 2012.

Martin Schmid will be put forward for re-election as Member of the Board of Directors at the General Meeting of Shareholders of Swiss Life Holding on 28 April 2020.

Other appointments:
- Siegfried Holding Ltd, Member of the Board of Directors
- Repower AG, Member of the Board of Directors
- Engadiner Kraftwerke AG, Chairman of the Board of Directors
- Elettricità Industriale SA, Chairman of the Board of Directors
- Calanda Kies und Beton Gruppe, Chairman of the Board of Directors
- Fontavis AG, Member of the Board of Directors
- Dogger Ltd, Member of the Board of Directors
- The Association of the Swiss Natural Gas Industry (Verband der Schweizerischen Gasindustrie [VSG ASIG]), Chairman of the Board of Directors
- Swissgas, Member of the Board of Directors
- Kantonsspital Graubünden Foundation, Chairman of the Board of Trustees
- economiesuisse, Member of the Executive Board
- Entwicklung Schweiz, President of the association
- Institute for Financial Economics and Financial Law (IFF) at the University of St. Gallen, President of the Executive Committee

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

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

Franziska Tschudi will be put forward for re-election as Member of the Board of Directors and as Member of the Compensation Committee at the General Meeting of Shareholders of Swiss Life Holding on 28 April 2020.

Other appointments:
– BIOMED AG, Member of the Board of Directors
– economiesuisse, Member of the Executive Board
– Swissmem, Member of the Executive Board
– Commercial Court St. Gallen, part-time commercial judge

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

Klaus Tschütscher studied law at the University of St. Gallen and obtained a doctorate (Dr. iur.) in 1996. In 2004 he also completed a postgraduate LL.M. degree in International Business Law at the University of Zurich, specialising in banking, capital market and insurance law. He started his career in 1993 as a research assistant at the University of St. Gallen. Two years later he became Head of Legal Services and Deputy Director of Liechtenstein Tax Administration. In this function he was notably a Member of the Liechtenstein OECD delegation and Governor of the European Bank for Reconstruction and Development (EBRD) in London for four years. Klaus Tschütscher went on to start his political career as a Member of government of the Principality of Liechtenstein. Initially he was Deputy Prime Minister from 2005 to 2009, responsible in particular for Justice and Economic Affairs. From 2009 to 2013 Klaus Tschütscher was Prime Minister and Finance Minister of Liechtenstein. He has received various awards and international distinctions. Klaus Tschütscher serves as Vice President and delegate at UNICEF Switzerland and Liechtenstein. Since his withdrawal from politics, Klaus Tschütscher has been a member of the Board of Directors of Swiss Life Holding Ltd. Since January 2014 he has been Owner and Chairman of the Board of Directors of Tschütscher Networks & Expertise AG and supports various startups.

Klaus Tschütscher will be put forward for re-election as Member of the Board of Directors and as Member of the Compensation Committee at the General Meeting of Shareholders of Swiss Life Holding on 28 April 2020.

Other appointments:
- Büchel Holding AG, Member of the Board of Directors
- Grand Resort Bad Ragaz Ltd., Member of the Board of Directors
- responsAbility Investments AG, Member of the Board of Directors
- University of Liechtenstein, President of the University Council
- UNICEF Switzerland and Liechtenstein, Vice President of the Board

Resignations and new Members

No members of the Board of Directors resigned during the reporting period. Thomas Buess was newly elected to the Board of Directors.

Changes in the Board of Directors with effect from the 2020 General Meeting of Shareholders

No changes are planned for the forthcoming General Meeting of Shareholders on 28 April 2020; the current members of the Board of Directors will be proposed for re-election.

Internal organisational structure

In accordance with the Articles of Association, the Board of Directors has issued Organisational Regulations setting forth the internal organisational structure and the duties and competencies of the Board of Directors, the Board of Directors' committees, the Chairman of the Board of Directors and the Corporate Executive Board. The Organisational Regulations are reviewed regularly and adjusted where necessary. They can be found at www.swisslife.com, "Investors & Shareholders" area, "Shareholders and services" section, "Articles of Association" subsection (www.swisslife.com/articles).

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

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

The Board of Directors met ten times during the year under review. The meetings lasted around three hours on average. All members of the Board of Directors attended all the meetings, with the exception of one meeting, where one member was excused. The Group CEO and the other members of the Corporate Executive Board were present at all meetings. The Board of Directors conducted parts of the meetings among themselves.

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

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

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

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

Chairman's and Corporate Governance Committee

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

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

The Chairman's Committee held eight meetings during the year under review. Each session lasted for around one-and-a-half hours on average. The meetings were attended by all members. The Group CEO and Group CFO attended all the meetings.

Compensation Committee

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

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

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

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

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

At the General Meeting of Shareholders on 28 April 2020 the following will be proposed as Members of the Compensation Committee: Frank Schnewlin, Franziska Tschudi and Klaus Tschütscher. It is planned that Frank Schnewlin will again take over as Chairman of the Compensation Committee following the 2020 General Meeting.

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

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

Nine meetings of the Investment and Risk Committee were held in the year under review. Each session lasted for around two hours on average. All members attended all the meetings. The Chairman of the Board of Directors was also present at all meetings. The Group CEO attended seven meetings, while the Group CFO attended eight and the Group CIO attended all nine meetings of the Investment and Risk Committee. The Group CRO also attended all the meetings.

It is planned that the Investment and Risk Committee will be constituted as follows once voting has been completed at the General Meeting of 28 April 2020: Ueli Dietiker as Chairman, Thomas Buess, Damir Filipovic, Frank W. Keuper, Stefan Loacker and Frank Schnewlin as Members.

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

Generally, the Group CFO and the Head of Corporate Internal Audit attend the Audit Committee meetings or parts of the meetings in an advisory capacity. The Group CEO may attend the meetings of the Audit Committee (without voting rights). Representatives from the external audit services are also regularly invited (cf. also “Supervisory and control instruments vis-à-vis the auditors”, page 74). In addition, further members of the Corporate Executive Board or in-house specialists may also be invited to attend. The Audit Committee meets at least four times a year. The frequency of meetings depends on the financial budgeting and reporting process.

In the year under review, the Audit Committee convened six times, with a meeting lasting about two hours on average. There was full attendance at all meetings. The Chairman of the Board of Directors was present at one meeting of the Audit Committee. The Group CEO and Group CFO attended all the meetings. The Head of Corporate Internal Audit was present at all meetings and representatives of the external auditors attended some meetings.

It is planned that the Audit Committee will be constituted as follows once voting has been completed at the General Meeting of 28 April 2020: Stefan Loacker as Chairman, Adrienne Corboud Fumagalli, Henry Peter, Martin Schmid and Klaus Tschütscher as Members.

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

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

The Articles of Association of Swiss Life Holding can be seen at www.swisslife.com, "Investors & Shareholders" area, "Shareholders and services" section, "Articles of Association" subsection (www.swisslife.com/articles). The Organisational Regulations can also be found on the Swiss Life website, "Investors & Shareholders" area, "Shareholders and services" section, "Articles of Association" subsection (www.swisslife.com/articles).

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

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

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

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

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

Corporate Internal Audit, which reports directly to the Chairman of the Board, represents a suitable means of independent monitoring and information gathering for the Board of Directors. Regular meetings take place between the Chairman of the Board of Directors and the Head of Corporate Internal Audit, as well as between the Chairman of the Audit Committee and the Head of Corporate Internal Audit. In the same way, the Group CRO has direct access to the Chairman of the Board of Directors and to the Chairman of the Investment and Risk Committee. This ensures that in addition to regular reporting information is provided in a situation-specific and timely manner.

In accordance with the audit plan approved by the Audit Committee, Corporate Internal Audit prepares topic-related audit reports, which are distributed to the Chairman of the Board of Directors, the Members of the Audit Committee and the competent management staff and persons in charge of the audited area. In addition, Corporate Internal Audit prepares a written quarterly report for the attention of the Audit Committee at least four times a year. Qualitative risk management is generally discussed by the Audit Committee at least twice a year.

Implementation of the measures recommended by Corporate Internal Audit is monitored by Group Compliance and Operational Risk Management. The Audit Committee regularly receives a report on operational risk management within the Swiss Life Group. The Internal Control System (ICS) is another instrument available to the Board of Directors for information and controlling purposes. Further details are available in the “Risk Management” section from page 76.

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

Corporate Executive Board

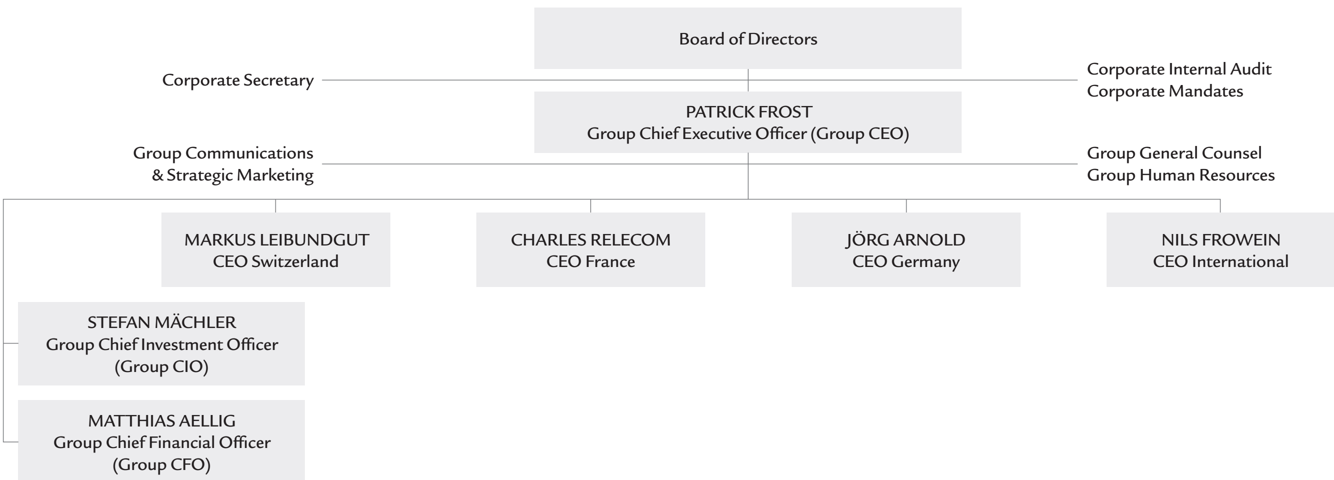
The Group CEO directs the business operations of the Group. The Group CEO, together with the Corporate Executive Board, works out the long-term objectives and strategic orientation of the Group for submission to the Board of Directors and, based on the resolutions of the Board of Directors, ensures the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

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

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

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

Management structure of the Swiss Life Group as at 31 December 2019



The following information on the members of the Corporate Executive Board is based on the situation on the balance sheet date. The information on former members of the Corporate Executive Board and information on any previous external mandates can be found in the Corporate Governance section of the relevant previous annual reports, available at www.swisslife.com, “Investors & Shareholders” area, “Results and reports” section (www.swisslife.com/annualreports).

Members of the Corporate Executive Board

On 31 December 2019 the Corporate Executive Board of Swiss Life Holding was composed of the following members:

Name	Function	Member of the Corporate Executive Board since
Patrick Frost	Group CEO	01.07.2006
Markus Leibundgut	CEO Switzerland	01.04.2014
Matthias Aellig	Group CFO	01.03.2019
Charles Relecom	CEO France	01.07.2008
Jörg Arnold	CEO Germany	01.07.2017
Stefan Mächler	Group CIO	01.09.2014
Nils Frowein	CEO International	01.01.2015

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

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

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

Other appointments:
– Roche Holding AG, Member of the Board of Directors (from March 2020)
– American Chamber of Commerce, Member of the Financial Services Chapter Board
– Zurich Chamber of Commerce, Member of the Board of Directors
– Zürcher Volkswirtschaftliche Gesellschaft, (Zurich Economic Society), 1st Vice Chairman of the Board

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

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

From April 2014 to March 2017 Markus Leibundgut was Chief Executive Officer Germany (CEO Germany) and Member of the Corporate Executive Board of the Swiss Life Group.

Markus Leibundgut was appointed Chief Executive Officer Switzerland (CEO Switzerland) in April 2017. He continues as a Member of the Corporate Executive Board of the Swiss Life Group.

Other appointments:
- Palladio Foundation, Member of the Board of Trustees
- Swiss Insurance Association (SIA), Member of the Board of Directors
- Society for the Promotion of the Institute of Insurance Economics of the University of St. Gallen, Member of the Board

Matthias Aellig — Born 1971, Swiss national
Group Chief Financial Officer (Group CFO)

Matthias Aellig studied Physics at the University of Bern. After receiving his doctorate in the field of solar wind and completing a research visit at the Massachusetts Institute of Technology (MIT) in Cambridge, USA, he joined McKinsey & Company in Zurich as an advisor in 2000, mainly charged with projects in the banking and insurance area. At the end of 2003, Matthias Aellig joined the then-Winterthur Group (now AXA), initially as Head of Value Management and then, as of 2004, as Chief actuary Life, running the Winterthur Group's actuarial office. In 2007 he was named Chief actuary Life at Zurich Switzerland, in which role he was notably responsible for reserving, the group life operating account and market-consistent valuation. In 2010 Matthias Aellig became Chief Risk Officer of the Swiss Life Group. In this function he was charged with the Group-wide enterprise risk management framework, which includes, in addition to quantitative and qualitative risk management, the Group's actuarial office and product and margin management.

Since March 2019, Matthias Aellig has been Group Chief Financial Officer (Group CFO) and Member of the Corporate Executive Board.

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

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

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

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

Other appointment:
– French Insurance Association (FFA), Member of the Board of Directors

Jörg Arnold — Born 1964, German national
Chief Executive Officer Germany (CEO Germany)

After completing his studies in business economics at the University of Cologne, Jörg Arnold joined what was then Colonia Versicherung (now the AXA Group) in 1991 as assistant to the CEO. Jörg Arnold worked in a variety of positions at the company, including head of the Distribution Management department and district manager of the Frankfurt branch office, and in 1998 was made sales director and Member of the Executive Committee of Colonia Versicherung at its Berlin branch office. In 2001 he was appointed Head of Sales at Deutsche Ärzteversicherung AG, joining their Management Committee. In 2010 Jörg Arnold took over as CEO of Deutsche Ärzteversicherung AG. In this capacity he was responsible for sales as well as for operations, business development and human resources. In 2014 Jörg Arnold became Global Head of Savings, Retirement & Distribution at AXA Group in Paris within the Life & Savings Global Business Line, which is responsible for the Group's worldwide life insurance business.

Since July 2017, Jörg Arnold has been Chief Executive Officer Germany (CEO Germany) and Member of the Corporate Executive Board of the Swiss Life Group.

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

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

Since September 2014, Stefan Mächler has been Group Chief Investment Officer (Group CIO) and Member of the Corporate Executive Board of the Swiss Life Group.

Other appointments:
– Stiftung Technopark Zürich, Member of the Board of Trustees

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

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

Nils Frowein has been Chairman of the Swiss Life subsidiary Chase de Vere in the UK since 2010 and since 2011 Chairman of the Supervisory Board of Swiss Life Select Austria and the Czech Republic.

Nils Frowein has been Chief Executive Officer of the International market unit (CEO International) since 1 January 2013 and Member of the Corporate Executive Board of the Swiss Life Group since 1 January 2015.

Since 2017 he has in addition been Chairman of Swiss Life Singapore, Swiss Life Luxembourg and Swiss Life Liechtenstein. In October 2018 Nils Frowein became Chairman of the Supervisory Board of Fincentrum, in the Czech Republic and Slovakia.

Other appointments:
- German-Swiss Chamber of Commerce, Member of the Board
- British Swiss Chamber of Commerce, Member of the Board
- International School Hannover Region (ISHR), Member of the Supervisory Board (since December 2019)

Resignations and new members

On 1 March 2019, Thomas Buess, up until 28 February 2019 Group Chief Financial Officer (Group CFO) handed over his function to Matthias Aellig, who previously served as Group Chief Risk Officer. In his new role as Group CFO, Matthias Aellig has been Member of the Corporate Executive Board since 1 March 2019. Thomas Buess was elected to the Board of Directors of Swiss Life Holding by the General Meeting on 30 April 2019; his CV can therefore be found in the section providing information on Members of the Board of Directors on page 35.

Transfer of Management Tasks

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

Swiss Life Compensation Report for the Financial Year 2019

The General Meeting of Shareholders of Swiss Life Holding on 23 April 2014 approved various provisions of the Articles of Association, in response to a proposal by the Board of Directors pertaining to the implementation of the Ordinance against Excessive Compensation in Listed Stock Companies (Compensation Ordinance, VegüV), which take account of the requirements and powers of the General Meeting of Shareholders in relation to corporate governance and compensation.

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

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

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

On the basis of the powers of the General Meeting of Shareholders in relation to compensation under the Articles of Association, which came into effect on 1 January 2015, the General Meeting of Shareholders had approved the compensation for the Board of Directors and the Corporate Executive Board on 24 April 2018 as follows:

– For the Board of Directors: The maximum total amount of fixed compensation until the next ordinary General Meeting in 2019 in the amount of CHF 3 200 000 in total.
– For the Corporate Executive Board: The short-term variable compensation component for the 2017 financial year in the amount of CHF 3 698 750 in total (bonus and deferred compensation in cash), determined by the Board of Directors at the beginning of 2018 in view of the 2017 annual results, and the maximum total amount of the fixed compensation and the long-term variable compensation (equity compensation plan) for the 2019 financial year in the amount of CHF 13 800 000 in total.

At the General Meeting of Shareholders of 30 April 2019, the following compensation was approved for the Board of Directors and Corporate Executive Board:

– For the Board of Directors: The maximum total amount of fixed compensation until the next ordinary General Meeting in 2020 in the amount of CHF 3 200 000 in total.
– For the Corporate Executive Board: The short-term variable compensation component for the 2018 financial year in the amount of CHF 4 675 000 in total (bonus and deferred compensation in cash), determined by the Board of Directors at the beginning of 2019 in view of the 2018 annual results, and the maximum total amount of the fixed compensation and the long-term variable compensation (equity compensation plan) for the 2020 financial year in the amount of CHF 13 800 000 in total.

In the same way, the General Meeting on 28 April 2020 will be asked to approve the exclusively fixed compensation to be paid to the Board of Directors until the 2021 ordinary General Meeting, the short-term variable compensation component for the Corporate Executive Board for the 2019 financial year and the maximum total amount of fixed compensation (basic salary incl. ancillary benefits and occupational provisions) and of the long-term variable compensation component (equity compensation plan) for the 2021 financial year.

The proposed budget/maximum amount for the fixed and long-term variable compensation for the Corporate Executive Board for the 2021 financial year represents an upper limit, which would only be exhausted in the case of exceptional business performance. The Board of Directors will determine the fixed compensation and the long-term variable compensation component for the Corporate Executive Board at the beginning of 2021 and will detail the key underlying factors in the respective compensation report, on which the shareholders can in turn hold an advisory vote.

The Articles of Association of Swiss Life Holding can be seen and printed out at www.swisslife.com, “Investors and Shareholders” area, “Shareholders and services” section, “Articles of Association” (www.swisslife.com/articles) subsection. For stipulations on compensation and on the approval of compensation for the Board of Directors and the Corporate Executive Board, particular reference is made to Articles 14–16 of the Articles of Association.

Guidelines and standards

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

Additional information on compensation and benefit expenditure for the management and employees of the Swiss Life Group can be found in the Consolidated Financial Statements (notes 23 and 29 on pages 257 to 267 and 281 to 282). The information according to Art. 663c of the Swiss Code of Obligations regarding the shareholdings of members of the Board of Directors and the Corporate Executive Board is shown in the Notes to the Swiss Life Holding Financial Statements on pages 319 to 321.

The information on compensation granted to Corporate Executive Board members also includes the variable compensation, which was determined by the Board of Directors at the beginning of 2020 and is published on an accrual basis as compensation for the 2019 financial year. The members of the Board of Directors are granted exclusively fixed compensation, payable 70% in cash and 30% in Swiss Life Holding shares; the allocated shares are subject to a three-year blocking period.

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

Compensation policy principles

The compensation policy principles are governed by the Articles of Association of Swiss Life Holding, which can be seen at www.swisslife.com, "Investors and Shareholders" area, "Shareholders and services" section, "Articles of Association" (www.swisslife.com/articles) subsection. Within this framework, the Board of Directors as a whole establishes the compensation policy guidelines for the Group (incl. variable compensation and equity compensation plans) and relevant guidelines for the employee benefit institutions.

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

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

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

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

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

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

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

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

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

Practice and procedure

Pursuant to the Organisational Regulations, the Board of Directors as a whole is responsible for determining the level and make-up of compensation for its members, whereas the Compensation Committee is responsible for putting forward appropriate proposals (for the internal organisation of the Board of Directors see "Internal organisational structure", pages 42 to 45). The Board of Directors as a whole also establishes the guidelines for the company's compensation policy. In doing so, it takes into consideration the compensation policies of other companies in the financial services industry, drawing its findings from publicly available information and studies by independent external experts. Comparable companies in the insurance sector in Switzerland used for the purposes of providing relevant information for the current compensation policy included Allianz, AXA, Baloise Insurance, Swiss Re, Zurich Insurance Group and Helvetia.

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

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

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

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

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

Within the framework of the compensation arrangements for members of the Corporate Executive Board, “deferred compensation in cash” was introduced as a new compensation component linked to short-term variable compensation on 1 January 2012. On the basis of the corresponding regulations, a portion of the short-term variable cash compensation determined by the Board of Directors is not paid immediately but after a period of three years has elapsed and provided that the regulatory requirements are satisfied at that point. The allocated deferred compensation in cash represents an entitlement during the three-year deferral period. The underlying “deferred cash plan” also provides for adjustment and reclaiming mechanisms (clawback). A full or partial reduction of the deferred compensation is provided for in the following cases: negative impact of the key figures applying to the allocation of deferred compensation due to a restatement of the annual accounts or damage to Swiss Life as a result of a violation of statutory, regulatory or compliance standards by participants in the plan. If the employment relationship is terminated by a participant during the three-year deferral period for deferred compensation in cash, the entitlements expire worthless (retention component). For the 2019 financial year, the Board of Directors has determined that, as from a variable compensation amount in cash of CHF 500 000, 23% (or 33% for the Group CEO) of the total variable compensation in cash is to be allocated as deferred compensation.

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

Since 2011 participants in the equity compensation plan have been allocated Restricted Share Units (RSUs) on 1 April (2011–2013 equity compensation plans) or on 1 March (equity compensation plans from 2014). The RSUs grant the holder future subscription rights, entitling them to receive Swiss Life Holding shares free of charge after a three-year period has elapsed. The attribution of shares after the expiry of the three-year deferral period is effected on a 1:1 basis (1 RSU = 1 share): the plan is therefore very simple, transparent throughout the whole term and directly linked to the performance of the Swiss Life share price. The value of RSUs during the three-year term develops linearly with the Swiss Life Holding share price and thus symmetrically corresponds with shareholder interests. Altogether 51 members participated in the 2016 equity compensation plan, in which a total of 51 270 RSUs were allocated: 14 586 in total to the Corporate Executive Board, of which 3478 to Patrick Frost in his capacity as Group CEO. In all, 58 members of Swiss Life Group senior management participated in the 2017 equity compensation plan, in which a total of 43 768 RSUs were allocated: 12 177 in total to the Corporate Executive Board, of which 3017 to Patrick Frost, in his capacity as Group CEO. A total of 57 members of Swiss Life Group senior management participated in the 2018 equity compensation plan. A total of 42 950 RSUs were allocated: 11 454 in total to the members of the Corporate Executive Board, of which 2828 RSUs to Patrick Frost as Group CEO. 65 persons participated in the 2019 equity compensation plan and a total of 40 840 RSUs were allocated: 10 237 in total to the Corporate Executive Board, of which 2496 to Group CEO Patrick Frost. Under the 2020 equity compensation plan, a total of 42 553 RSUs were allocated to 62 members of Swiss Life Group senior management; members of the Corporate Executive Board received a total of 10 993 RSUs, of which 2519 were allocated to Group CEO Patrick Frost.

The 2016, 2017 and 2018 equity compensation plans are based on the "Swiss Life 2018" Group-wide programme, which was announced at the Swiss Life Group's Investor Day on 25 November 2015 (see www.swisslife.com/investorsday2015). On that basis and based on the relevant mid-term planning (MTP), the following performance criteria were set for the next three years, in each case cumulatively over the three-year period: IFRS profit (50% weighting), the risk and fee result (25% weighting) and Cash to Swiss Life Holding (25% weighting).

The 2019 and 2020 equity compensation plans are based on the new Group-wide programme "Swiss Life 2021", which was announced at the Swiss Life Group's Investor Day on 29 November 2018 (see www.swisslife.com/investorsday2018). For the purpose of supporting the achievement of the respective corporate goals, the performance criteria have been determined by the Board of Directors as follows: IFRS profit (50% weighting), the risk and fee result (25% weighting), Cash to Swiss Life Holding (25% weighting).

In accordance with the Group-wide programme "Swiss Life 2021" (financial years 2019–2021) the following target values were communicated in relation to these performance criteria: IFRS profit/equity ratio of 8–10%, risk result of CHF 400–450 million in 2021, fee result of CHF 600–650 million in 2021 and Cash to Swiss Life Holding of CHF 2.00–2.25 billion cumulatively in 2019–2021. On this basis the Board of Directors determined the specific performance targets applicable to the 2019 and 2020 equity compensation programmes pursuant to the 2019–2021 MTP (2019 equity compensation programme) and the 2020–2022 MTP (2020 equity compensation programme). These MTP target values cannot be disclosed for reasons of business secrecy. The respective specific target values have been set on a basis consistent with the "Swiss Life 2021" Group-wide programme, taking account of the current business development, with comparatively at least equally high requirements for target achievement.

After expiry of the thee-year period of the RSU plan, the target value for each performance criterion according to the medium-term planning is compared with the actual result achieved. The share allocation corresponds to the number of allocated RSUs (1 RSU = 1 share) if all three performance criteria have been achieved or exceeded after the three-year period has elapsed; overperformance does not lead to a higher share allocation. If the targets are only partly achieved, the share allocation is correspondingly reduced in accordance with the weighting of the performance target concerned or the RSUs expire worthless. After expiry of the equity compensation plan, the number of RSUs available for exercise according to the effective performance and, respectively, the corresponding degree of target achievement and the corresponding share allocation (vesting) will be disclosed. The corresponding information on the vesting of the various equity compensation plans and the shares allocated, is set out in Note 23 of the Consolidated Financial Statements on pages 265 to 267.

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

Compensation to members of the Board of Directors

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

The compensation takes into account membership of the Board of Directors of Swiss Life Holding and its subsidiary Swiss Life Ltd, as well as membership of the individual Board Committees, and is commensurate with the individual's function and workload. According to the regulatory requirements, it consists of basic compensation for serving on the Boards of Directors of Swiss Life Holding and Swiss Life Ltd, and additional compensation depending on membership of one or more Board committees and any chairing of such committees.

There were no contributions to occupational provisions for the members of the Board of Directors.

For the period from the 2018 ordinary General Meeting to the 2019 ordinary General Meeting, the General Meeting of Shareholders of 24 April 2018 approved a maximum amount of fixed compensation for the Board of Directors totalling CHF 3 200 000. Effectively the fixed compensation for the Board of Directors during the period in question (2018 General Meeting to 2019 General Meeting) was CHF 3 044 938 in total.

For the period from the 2019 ordinary General Meeting to the 2020 ordinary General Meeting, the General Meeting of Shareholders of 30 April 2019 approved a maximum amount of fixed compensation for the Board of Directors totalling CHF 3 200 000. In 2019, the Board of Directors determined the compensation for the members of the Board of Directors unchanged at the same level as in the previous year.

The compensation paid to members of the Board of Directors in the 2019 financial year is shown on an individual basis in the 2019 compensation table below. For comparison purposes, the compensation for the 2018 financial year is shown again after the 2019 compensation table.

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

At the General Meeting of 28 April 2020, the Board of Directors will submit for approval to the shareholders the maximum amount of fixed compensation for the Board of Directors for the new term from the 2020 ordinary General Meeting until the 2021 ordinary General Meeting.

Compensation to the Board of Directors in 2019 (audited)

Amounts in CHF	Compensation in cash	Compensation in blocked shares[3]		
	Amount	Number	Amount (at closing price on allocation)	Aggregate total in cash and shares (amount)[4]
Rolf Dörig, Chairman of the Board of Directors	**840 000**	743	360 492	**1 200 492**
Frank Schnewlin	**245 000**	217	105 287	**350 287**
Thomas Buess[1]	**73 500**	65	31 708	**105 208**
Adrienne Corboud Fumagalli	**98 000**	87	42 213	**140 213**
Ueli Dietiker	**161 000**	143	69 375	**230 375**
Damir Filipovic	**98 000**	87	42 213	**140 213**
Frank W. Keuper	**98 000**	87	42 213	**140 213**
Stefan Loacker	**135 333**	120	58 298	**193 631**
Henry Peter	**137 667**	123	59 591	**197 258**
Martin Schmid[2]	**114 000**	87	42 213	**156 213**
Franziska Tschudi Sauber	**98 000**	87	42 213	**140 213**
Klaus Tschütscher	**112 000**	100	48 514	**160 514**
TOTAL BOARD OF DIRECTORS	**2 210 500**	1 946	944 331	**3 154 831**

1 Joined 30.04.2019.

2 This includes the compensation of CHF 16 000 for the membership of the Board of Directors of Fontavis AG, a 100% subsidiary of Swiss Life Investment Management Holding AG.

3 The allocation of shares was effected on 18.06.2019 and 16.12.2019 at the stock exchange closing price of CHF 477.50 and CHF 493.10 respectively. Taking into account the blocking period of three years, the economic value, which is equal to the tax value, is CHF 400.9186 and CHF 414.0166 respectively.

4 All contributions are gross contributions, i.e. they include employee contributions to AHV/IV/ALV. Employer contributions to AHV/IV/ALV/FAK amounted to a total of CHF 186 002 in the year under review.

Compensation to the Board of Directors in 2018 (audited)

Amounts in CHF	Compensation in cash	Compensation in blocked shares[3]		
	Amount	Number	Amount (at closing price on allocation)	Aggregate total in cash and shares (amount)[4]
Rolf Dörig, Chairman of the Board of Directors	**840 000**	1 001	360 514	**1 200 514**
Gerold Bührer[1]	**81 667**	102	35 088	**116 755**
Frank Schnewlin	**245 000**	292	105 160	**350 160**
Adrienne Corboud Fumagalli	**98 000**	118	42 490	**140 490**
Ueli Dietiker	**144 666**	172	62 287	**206 953**
Damir Filipovic	**98 000**	118	42 490	**140 490**
Frank W. Keuper	**98 000**	118	42 490	**140 490**
Stefan Loacker	**107 333**	128	46 202	**153 535**
Henry Peter	**156 333**	187	67 447	**223 780**
Martin Schmid[2]	**73 500**	87	31 826	**105 326**
Franziska Tschudi Sauber	**98 000**	118	42 490	**140 490**
Klaus Tschütscher	**107 333**	128	46 202	**153 535**
TOTAL BOARD OF DIRECTORS	**2 147 832**	2 569	924 686	**3 072 518**

1 Left 24.04.2018.

2 Joined 24.04.2018.

3 The allocation of shares was effected on 18.06.2018 and 17.12.2018 at the stock exchange closing price of CHF 344.00 and CHF 377.90 respectively. Taking into account the blocking period of three years, the economic value, which is equal to the tax value, is CHF 288.8293 and CHF 317.2924 respectively.

4 All contributions are gross contributions, i.e. they include employee contributions to AHV/IV/ALV. Employer contributions to AHV/IV/ALV/FAK amounted to a total of CHF 180 502 in the year under review.

Compensation to members of the Corporate Executive Board

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

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

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

The amount of the variable compensation (short-term variable compensation in cash and equity compensation plan as a long-term variable compensation component) is limited in the Articles of Association of Swiss Life Holding to a maximum of 181% of the fixed basic salary (statutory "bonus cap", upper limit for the variable compensation). On the basis of the current compensation policy the Board of Directors has, with a view to harmonising fixed and variable compensation in the case of maximum target achievement and departing from a benchmark of 100%, set a range of 100–130% of the fixed basic salary for the variable compensation components; under extraordinarily positive circumstances the Board of Directors may augment this range at its own discretion to a maximum of 150% (Group CEO 165%). The short-term and long-term variable compensation components are, in principle, apportioned equally in a ratio determined by the Board of Directors in consideration of the results achieved in the given financial year (discretionary decision). In the case of an "on target" achievement, the range for variable compensation of members of the Corporate Executive Board is 80–100% of the fixed basic salary ("on-target bonus").

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

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

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

In what remains a very challenging economic environment, Swiss Life was again, as in the previous year, able to significantly exceed its medium-term planning targets based on the "Swiss Life 2021" Group-wide programme in the year under review: Net profit rose by 12% from CHF 1080 million to CHF 1205 million. Likewise, insurance reserves were again substantially strengthened to the benefit of the company's policyholders. The cash remittance to Swiss Life Holding increased by 8% to CHF 752 million. The value of new business in the year under review also posted a marked increase of 45% from CHF 386 million to CHF 561 million in the context of the extraordinarily high demand for full insurance solutions in Switzerland; the new business margin was 1.9%. The solvency target was clearly exceeded from a qualitative and quantitative perspective; Swiss Life estimates its SST ratio at slightly above 200% as of 1 January 2020, based on the regulatory solvency standard model. The fee result grew 15% over the previous year to CHF 553 million. The risk result of CHF 417 million was also above target. The cost targets were met in their entirety. Finally, the target range of 8–10% for the adjusted return on equity in the 2019 financial year was exceeded at 10.8%.

For the 2019 financial year, the General Meeting of Shareholders of 24 April 2018, as mentioned at the start of the present Compensation Report, had approved a maximum total amount of the fixed compensation and the long-term variable compensation component (equity compensation plan) for the Corporate Executive Board of CHF 13 800 000, based on the Articles of Association applicable on 1 January 2015. In line with this, the Board of Directors accordingly set a fixed compensation at the beginning of 2019 (basic salary incl. ancillary costs and occupational provisions) of CHF 8 568 120 in total for the members of the Corporate Executive Board. It also granted future subscription rights worth CHF 3 896 816, as long-term variable compensation under the 2018 RSU plan, to the members of the Corporate Executive Board, on 1 March 2019, for the extraordinarily good performance in 2018, when Swiss Life again increased its operational effectiveness and achieved profitable growth. The subscription rights allocated under the 2019 RSU plan entitle the holder to receive Swiss Life Holding shares following a three-year vesting period, provided the requirements are satisfied at that point. The approved budget for the 2019 financial year was applied to the sum of CHF 12 464 936, in view of the excellent business development.

At the General Meeting of Shareholders of 28 April 2020, the Board of Directors will again submit for approval the maximum amount of the fixed compensation and long-term variable compensation component (equity compensation plan) for the Corporate Executive Board for the 2021 financial year.

The compensation for members of the Corporate Executive Board for the 2019 financial year is reported in detail in the 2019 compensation table below. Patrick Frost, Chairman of the Corporate Executive Board (Group CEO) since 1 July 2014, received the highest compensation of the members of the Corporate Executive Board in the 2019 financial year; accordingly his compensation is disclosed individually.

In addition to Group CEO Patrick Frost, seven persons were members of the Corporate Executive Board during the 2019 reporting period, as reported in the compensation table below.

The short-term variable compensation component for the Corporate Executive Board of a total CHF 4 290 000 (cash bonus of CHF 3 790 000 and deferred compensation in cash of CHF 500 000), which was determined by the Board of Directors at the beginning of 2020 for the 2019 financial year and will be proposed to the General Meeting of Shareholders on 28 April 2020 for approval, is disclosed in the following compensation table on an accrual basis as compensation for the 2019 financial year (accrual method). The members of the Corporate Executive Board did not receive any compensation in shares for the 2019 financial year; they are participating in the current equity compensation plan that provides for the allocation of so-called Restricted Share Units (RSUs).

The long-term variable compensation component in the form of the equity compensation plan (RSU plan 2020) is also reported in the compensation table for the 2019 financial year, which serves as the basis for the amount of the allocation and the corresponding number of allocated RSUs (accrual method).

The variable compensation for the members of the Corporate Executive Board reflects the excellent business development. The variable compensation components in the year under review amounted to around 163% of the fixed basic salary of the Group CEO and 115% of the fixed basic salaries of the other Corporate Executive Board members. The variable compensation relative to the fixed basic salary is thus well below the statutory maximum of 181%. With regard to the overall compensation for the Group CEO, the Board of Directors has decided, as in the previous year, in favour of maintaining the fixed salary and applying a correspondingly higher weighting of the performance-related variable compensation; with regard to variable compensation, the deferred components (variable deferred compensation in cash and RSUs) were overweighted.

Expenditure for occupational provisions for members of the Corporate Executive Board in the period under review amounted to CHF 1 633 465. This includes the ordinary annual employer contribution of CHF 275 470 for the occupational benefits of Patrick Frost, Group CEO.

The stated amounts do not include social security contributions (AHV/IV/ALV/FAK) payable by the employer under the law. The respective expenditure is shown in footnote 6 of the 2019 compensation table.

Following the 2019 compensation table, the details of the compensation for 2018 are stated in a separate table for comparison.

Compensation to the Corporate Executive Board in 2019 (audited)

Amounts in CHF	Compensation in cash				Compensation in shares		
	Salary	Bonus for 2019 paid in 2020[3]	Other compensation[4]	Total compensation in cash	Number	Amount	Total compensation in cash and shares (amount)
Patrick Frost, Group CEO	1 500 000	1 000 000	29 599	**2 529 599**	0	0	**2 529 599**
Other members of Corporate Executive Board [1,2]	5 204 770	2 790 000	200 286	**8 195 056**	0	0	**8 195 056**
TOTAL CORPORATE EXECUTIVE BOARD	6 704 770	3 790 000	229 885	**10 724 655**	0	0	**10 724 655**

1 7 individuals were taken into account in the period under review.

2 The salary amounts also include tax-equalisation payments and international travel expenses totalling CHF 270 800.

3 The short-term variable compensation component for the 2019 financial year (bonus and deferred compensation in cash) was determined by the Board of Directors at the beginning of 2020 for the 2019 financial year.

4 Child allowances (CHF 12 700), company cars (CHF 11 808), premium contributions to 3rd pillar pension plans (CHF 164 683), other (CHF 40 694) in total amounts.

Amounts in CHF	Expenditure for occupational provisions		
	Regular contributions[5]	Extraordinary contributions	Aggregate total compensation in cash and in shares and occupational provisions expense (amount)[6]
Patrick Frost, Group CEO	275 470	0	**2 805 069**
Other members of Corporate Executive Board	1 357 995	0	**9 553 051**
TOTAL CORPORATE EXECUTIVE BOARD	1 633 465	0	**12 358 120**

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

6 All contributions are gross contributions, i.e. they include employee contributions to AHV/IV/ALV. Employer contributions to AHV/IV/ALV/FAK amounted to a total of CHF 1 055 501 in the year under review.

Amounts in CHF	Variable deferred compensation in cash[3]	Restricted Share Units (RSUs) 2020 RSU plan 2020[8,9]		
	Amount[7]	Number	Amount	Aggregate total compensation incl. deferred compensation in cash and RSUs (amount)
Patrick Frost, Group CEO	**500 000**	2 519	950 268	**4 255 337**
Other members of Corporate Executive Board	**0**	8 474	3 196 731	**12 749 782**
TOTAL CORPORATE EXECUTIVE BOARD	**500 000**	10 993	4 146 999	**17 005 119**

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

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

9 For the 2020 RSU plan beginning 01.03.2020 the 2019 financial year forms the basis for the amount of the allocation and the corresponding number of allocated RSUs. The allocation of RSUs on 01.03.2020 was effected at a fair value of CHF 377.24 as calculated by the independent consultancy firm KPMG AG, Zurich.

Compensation to the Corporate Executive Board in 2018 (audited)

Amounts in CHF	Compensation in cash				Compensation in shares		
	Salary	Bonus for 2018 paid in 2019[3]	Other compensation[4]	Total compensation in cash	Number	Amount	Total compensation in cash and shares (amount)
Patrick Frost, Group CEO	1 500 000	1 000 000	29 562	**2 529 562**	0	0	**2 529 562**
Other members of Corporate Executive Board [1,2]	5 669 594	2 975 000	207 895	**8 852 489**	0	0	**8 852 489**
TOTAL CORPORATE EXECUTIVE BOARD	7 169 594	3 975 000	237 457	**11 382 051**	0	0	**11 382 051**

1 6 individuals were taken into account in the period under review.

2 The salary amounts also include tax-equalisation payments and international travel expenses totalling CHF 251 400.

3 The short-term variable compensation component for the 2018 financial year (bonus and deferred compensation in cash) was determined by the Board of Directors at the beginning of 2019 for the 2018 financial year.

4 Child allowances (CHF 10 950), company cars (CHF 12 061), premium contributions to 3rd pillar pension plans (CHF 172 401), other (CHF 42 045) in total amounts.

Amounts in CHF	Expenditure for occupational provisions		
	Regular contributions[5]	Extraordinary contributions	Aggregate total compensation in cash and in shares and occupational provisions expense (amount)[6]
Patrick Frost, Group CEO	273 146	0	**2 802 708**
Other members of Corporate Executive Board	1 444 310	0	**10 296 799**
TOTAL CORPORATE EXECUTIVE BOARD	1 717 456	0	**13 099 507**

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

6 All contributions are gross contributions, i.e. they include employee contributions to AHV/IV/ALV. Employer contributions to AHV/IV/ALV/FAK amounted to a total of CHF 896 478 in the year under review.

Amounts in CHF	Variable deferred compensation in cash[3]	Restricted Share Units (RSUs) 2019 RSU plan[8,9]		
	Amount[7]	Number	Amount	Aggregate total compensation incl. deferred compensation in cash and RSUs (amount)
Patrick Frost, Group CEO	**500 000**	2 496	950 127	**4 252 835**
Other members of Corporate Executive Board	**200 000**	7 741	2 946 689	**13 443 488**
TOTAL CORPORATE EXECUTIVE BOARD	**700 000**	10 237	3 896 816	**17 696 323**

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

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

9 For the 2019 RSU plan beginning 01.03.2019 the 2018 financial year forms the basis for the amount of the allocation and the corresponding number of allocated RSUs. The allocation of RSUs on 01.03.2019 was effected at a fair value of CHF 380.66 as calculated by an independent consultancy firm.

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

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

Compensation to former members of governing bodies[1]

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

Compensation to closely linked parties[1,2]

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

Loans and credits to members of governing bodies[1]

In accordance with Article 20 of the Articles of Association, which can be seen at www.swisslife.com, “Investors and Shareholders” area, “Shareholders and services” section, “Articles of Association” subsection (www.swisslife.com/articles), the Company may grant members of the Board of Directors and the Corporate Executive Board secured loans and credits at usual market terms for up to CHF 10 million each and unsecured loans and credit of up to CHF 0.5 million each.

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

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

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

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

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

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

Share ownership/Participation rights

As at the balance sheet date of 31 December 2019, acting members of the Board of Directors and the Corporate Executive Board (including closely linked parties) held the following number of registered Swiss Life Holding shares and future subscription rights to Swiss Life Holding shares in the form of Restricted Share Units (RSU):

Board of Directors

	SLH shares 31.12.2019
Rolf Dörig, Chairman of the Board of Directors	**31 108**
Frank Schnewlin	**5 627**
Thomas Buess [1]	**24 224**
Adrienne Corboud Fumagalli	**794**
Ueli Dietiker	**1 156**
Damir Filipovic	**1 777**
Frank W. Keuper	**1 014**
Stefan Loacker	**848**
Henry Peter	**12 405**
Martin Schmid	**374**
Franziska Tschudi Sauber	**3 231**
Klaus Tschütscher	**1 037**
TOTAL BOARD OF DIRECTORS	**83 595**

Corporate Executive Board

	Restricted Share Units (RSUs) 31.12.2019 [1]	SLH shares 31.12.2019
Patrick Frost, Group CEO	**8 341**	**22 071**
Matthias Aellig	**3 934**	**2 623**
Jörg Arnold	**3 740**	**250**
Nils Frowein	**4 000**	**2 008**
Markus Leibundgut	**4 479**	**5 805**
Stefan Mächler	**4 307**	**4 807**
Charles Relecom	**4 205**	**1 644**
TOTAL CORPORATE EXECUTIVE BOARD	**33 006**	**39 208**

[1] Total number of RSUs allocated in the years 2017, 2018 and 2019 in connection with the relevant equity compensation plan. The RSUs represent future subscription rights that entitle the individuals concerned to receive SLH shares after a period of three years, provided that the relevant conditions are met at that point. In addition to the reported shareholding, Thomas Buess held a total of 4512 RSUs as at the balance sheet date of 31 December 2019, which were allocated to him in 2017, 2018 and 2019 in the context of his former function as Group CFO and Member of the Corporate Executive Board of Swiss Life.

Shareholdings as well as future subscription rights to Swiss Life Holding shares as at 31 December 2018 are shown in the Notes to the Swiss Life Holding Financial Statements on page 321.

Options

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

Further information

In the form of an overview, the following additional information is provided on the Swiss Life Group compensation systems for the 2019 financial year:

In CHF (unless otherwise indicated)

Total compensation [1]	**1 001 242 765**
of which total variable compensation (total pool) [2]	176 482 642
Number of persons who received variable compensation	7 796
Total outstanding deferred compensation	**16 052 694**
of which cash payment	698 894
of which shares	0
of which options	0
of which others (Restricted Share Units, RSU)	13 343 345
Charges and credits in the financial year from compensation for previous financial years [3]	**2 110**
Board of Directors, Executive Board and persons whose activities have a significant influence on the risk profile of the company:	
Total sign-on payments made in the financial year [4]	0
Total severance payments made in the financial year [5]	0

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

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

[3] Decrease in expenses affecting net income for variable compensation for the 2019 financial year.

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

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

Report of the Statutory Auditor

Report of the statutory auditor

to the General Meeting of Swiss Life Holding Ltd

Zürich

We have audited the compensation report of Swiss Life Holding Ltd for the year ended 31 December 2019. The audit was limited to the information contained on pages 61 and 65 to 67 of the compensation report.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the compensation report of Swiss Life Holding Ltd for the year ended 31 December 2019 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Peter Eberli	Nebojsa Baratovic
Audit expert Auditor in charge	Audit expert

Zürich, 10 March 2020

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Shareholders' Participation Rights

Restrictions on voting rights

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

Right of representation

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

Independent voting representative

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

Required majorities

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

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

Convocation of the General Meeting of Shareholders and agenda

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

Entry in the share register

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

Voting system and procedures

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

Changes of Control and Defence Measures

Duty to make an offer

Swiss Life Holding's Articles of Association provide for neither an "opting up" nor an "opting out" clause within the meaning of Art. 135 para. 1 and Art. 125 paras 3 and 4 of the Financial Market Infrastructure Act (FMIA).

Clauses on changes of control

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

Auditors

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

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

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

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

The partner at PwC in charge of auditing the Swiss Life Holding annual financial statements and consolidated financial statements (lead auditor) has exercised this function since 2018.

The role of lead auditor rotates in compliance with the term of office regulations stipulated by the Swiss Code of Obligations, the independency guidelines set forth by the Swiss Institute of Certified Accountants and Tax Consultants, and internal guidelines at PwC. Under the Swiss Code of Obligations and independency guidelines set forth by the Swiss Institute of Certified Accountants and Tax Consultants, the maximum term of office of the lead auditor is limited to seven years.

Auditing fees

In 2019 the auditing fees credited to PricewaterhouseCoopers came to around CHF 9.1 million (prior year: CHF 8.6 million). This includes the fees for reviewing the 2019 half-year accounts.

Additional fees

PwC invoiced additional fees of approximately CHF 0.9 million in 2019 (prior year CHF 1.0 million), for services in the areas of risk management, fiscal and legal consulting and other advisory services. All services were performed in compliance with the relevant independency regulations set out in the Swiss Code of Obligations, the Audit Supervision Act and FINMA circular 2013/3, “Auditing”.

Supervisory and control instruments vis-à-vis the auditors

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

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

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

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

Information Policy

The Communications and Investor Relations areas provide up-to-date reports to private and institutional investors, financial analysts, journalists and the public.

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

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

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

On 29 November 2018, furthermore, Swiss Life presented its targets for 2021 as part of its Investor Day. The relevant information and presentations can be accessed on the internet at www.swisslife.com, "Investors & Shareholders" area, "Investor Days" section (www.swisslife.com/investordays).

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

Risk Management

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

Risk management is a key component of Swiss Life's management process. The responsible committees of the Corporate Executive Board and the Board of Directors continually monitor and manage risks, and their decisions are then incorporated into the annual planning process. On the one hand they conduct qualitative assessments of strategic risks, as well as evaluating operational risks, the internal control system (ICS) and measures to safeguard information and system security. On the other hand, they also cover quantitative elements, such as risk appetite at Group level, risk budgeting for the insurance units and Asset Liability Management's investment strategy. The Board of Directors employs a limits framework based on solvency ratios and economic capitalisation to determine Swiss Life's risk appetite. Limits for the financial risks taken by the individual business units are based on local regulatory provisions and risk appetite at Group level, and are used to determine their investment objectives.

The key risk management elements are presented and discussed below. Additional statements on the risk management principles and procedures plus the risk budgeting process, asset liability management and the management of insurance risks (including mortality, disability and longevity) are included in Annex 5 of the consolidated financial statements.

Strategic risk management

Swiss Life uses structured processes to ensure that strategic risks are dealt with adequately in what continues to be a very challenging economic environment. Swiss Life incorporates all the information on risks and corresponding earnings opportunities in its strategic decisions as part of its strategic risk management process. An understanding of the interplay of individual risks is essential to take due account of the factors influencing risks during strategy development, so that they can be addressed appropriately.

Integration of sustainability factors

Swiss Life has been systematically obtaining information on ESG ratings and CO_2 since 2019. As part of a Group-wide sustainability program, these metrics are integrated into the existing risk framework for the management of the company's business. Except for uncertainty about new regulatory requirements, the physical and transitory risks of the movement towards a climate-compatible society are not currently seen as strategic risks for a life insurer. Further information can be found in the sustainability report under the heading "Sustainable construction and renovation".

Operational risk management and internal control system

Operational risk management at Swiss Life employs methods and processes to identify, assess, control and avoid operational risks. Operational risk management defines operational risk as the danger that losses may result from shortcomings or failures stemming from internal processes, people, systems or external events. Swiss Life's internal control system consists of the entirety of procedures, methods and measures prescribed by the Board of Directors and the Corporate Executive Board to ensure the orderly conduct of business. The focus is on the reliability of financial reporting, the effectiveness of business processes and compliance with laws and regulations issued to protect the company's assets. Risk Management prepares and maintains corresponding internal directives and minimum requirements for qualitative risk management and the ICS. These are based on the standard "Internal Control — Integrated Framework (2013)" of the internationally recognised Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Information and system security

Swiss Life depends on its information systems and communication technologies for the attainment of the operational goals derived from its business strategy. Ensuring availability, confidentiality and integrity of systems, data and information is a central component of its internal control system.

Risk Management prepares and maintains directives and minimum requirements for information security. These are based on various internationally recognised standards, such as British Standards ISO/IEC 27001 and 27002, the Control Objectives for Information and Related Technology (CobiT) Framework v5/2019, the Center of Internet Security (CIS) Controls v7.1 and the Cyber Security Framework v1.1 of the National Institute of Standards and Technology (NIST). Line management implements these requirements, and compliance with them is assessed at Group and divisional level in cooperation with information security experts. This includes topics such as vulnerability management, security operations, effective IT risk management and business continuity management. Corporate Internal Audit periodically reviews the area of information security as part of its audit activities, and appropriate measures are taken to deal with any weaknesses.

All Swiss Life employees, including external staff, undergo regular information security training in their divisions. There were no significant information or system security incidents within the Swiss Life Group during the reporting year.

Information security is closely related to locally applicable data protection provisions, such as the Swiss Federal Act on Data Protection (DSG) and the European Union's General Data Protection Regulation (GDPR). More information on data protection is provided in the "Compliance at Swiss Life" section of the Sustainability Report from page 103.

Capital management

Swiss Solvency Test

The new SST standard model with company-specific adjustments has been used to determine regulatory solvency since 1 January 2019. The Swiss Solvency Test (SST) sets out the capital requirements valid for insurance companies and groups in Switzerland. The SST capital requirements are based on the understanding that insurers will meet their obligations towards policyholders even under difficult conditions. In addition to this solvency model, Swiss Life calculates economic solvency based on an internal model, as the standard model is too simplified to be used for business management.

Monitoring of solvency in accordance with the solvency model and the internal economic model is performed continuously. Calibration is based on the full SST calculations at the beginning of the calendar year.

Economic assessment

Swiss Life uses an integrated approach to risk and capital management. The economic capital of a life insurance company for its shareholders comprises its economic net worth and the present value of future profits. The economic risk capital is determined bottom-up for each large business unit and takes into account market, credit and insurance risks. 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 regulatory capital requirements and the profit target are the main elements in risk budgeting. Based on the overall risk budget set by the Investment and Risk Committee of the Board of Directors, the Group Risk Committee of the Corporate Executive Board defines the risk limits for the business areas. Adherence to these limits is checked continuously.

Standard & Poor's rating capital

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

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

In April 2019, in the light of Swiss Life's improved diversification of profit sources and its capital position, which has stabilised at a sound level, Standard & Poor's raised its rating to "A+", outlook stable.

Sustainability Report

In this report, Swiss Life outlines its understanding of thinking and acting in a sustainable way. That applies to business operations, the role of Swiss Life as an employer and its responsibility to society and the environment. The reporting corresponds to the standards of the Global Reporting Initiative (GRI).

Sustainability Report

Ladies and gentlemen,

Our customer relationships often extend over decades. During this time we take on risks for many of our customers and we invest accordingly. We rely on professional, forward-looking action to ensure we can keep our promise over such a lengthy period. Sustainability has been at the core of our actions since the company was founded in 1857 and is part of the corporate culture at Swiss Life.

Overall responsibility for all relevant questions and decisions relating to sustainability rests with the Corporate Executive Board. In future, it will have the support of a dedicated sustainability team at the head office and a cross-border and inter-divisional organisation to ensure that sustainability measures and goals are coordinated, developed and implemented throughout the Group.

One topic that concerns all of us is climate change. At Swiss Life we want to find answers to this challenge in three areas:

– As a large property owner we rely on prudent use of resources and in 2019 we continued to drive the expansion of renewable energies. In all our investment decisions – in the real estate sector, but also beyond – we naturally take environmental aspects as well as governance and social criteria into consideration. They are a key component in our risk management approach, which ensures that we act in a sustainable and responsible manner.

– Based on the goals of the Paris Agreement we also initiated other analyses and measures in the year under review and will continue to develop the climate strategy for the Swiss Life Group in the coming months.

– A third area is operational ecology: we already set ourselves goals in 2018 to reduce greenhouse gas emissions by 2021.

Through our seven charitable foundations and targeted site promotion activities we also succeeded in achieving both small- and large-scale progress in the fields of culture, science, education, the environment and research. These engagements are also very important to me and are highly valued by our employees too.

This report summarises where we currently stand with regard to our sustainability initiatives. I hope that it will provide you with a good insight into this topic, which is important for us.

P. Frost

Patrick Frost
CEO

Sustainability at Swiss Life

In the pursuit of its core business, financial provision and consulting, Swiss Life contributes directly to the sustainability of society and the economy. In addition, the company aims to act responsibly as an employer and in relation to the environment.

Swiss Life has set out its corporate sustainability principles in a Group-wide sustainability concept, which is subdivided into four areas: sustainability in daily business, as an employer, in society and with regard to the environment. The reporting in this Sustainability Report is based on this structure.

Our understanding of sustainability

In business activities

- Good governance, diligence and responsible conduct form the basis for successful business operations and for long-term and sustainable customer and business relationships.
- Swiss Life takes ESG criteria into account in the investment process and is, among other things, a signatory of the Principles for Responsible Investment (PRI) and a member of the Global Real Estate Sustainability Benchmark (GRESB).

In society

- As a pension provider, Swiss Life assumes social and economic responsibility and is in active dialogue with associations, authorities and politicians.
- With its own foundations, Swiss Life supports projects and institutions in the fields of culture, science, education and the environment and research that promote self-determination and confidence.

As an employer

- Swiss Life believes in the competence and engagement of its employees and promotes flexible working models and continuous development throughout all phases of life.
- Swiss Life offers its employees a collaborative working environment in which they can act with personal responsibility. Diversity, an open feedback culture, appreciation and trustworthy cooperation are key in this regard.

In the environment

- As a property owner, Swiss Life supports to energy-saving measures, renewable energy and the sparing use of resources.
- In its own operations, Swiss Life has set itself goals for the reduction of CO_2 and fossil fuels, among other things. They apply to the entire Swiss Life Group.

Organisational implementation

In the reporting period, Swiss Life continued to develop its organisational structure and governance in the area of sustainability. The extended Corporate Executive Board is the highest steering committee for sustainability. It is chaired by the Group CEO. In the period under review, a new organisational structure was developed at Group level to coordinate, manage and implement the measures. It took effect on 1 January 2020 and is led by the Group Head of Sustainability. Alongside operational implementation, the new organisation is responsible for regular interaction between all specialists, ensures controlling and reporting functions, and prepares the basis for decisions by the extended Corporate Executive Board in its role as the steering committee.

Organisational structure as at 1 January 2020

Steering Committee: extended Corporate Executive Board
Chairman: Group CEO

The Swiss Life Group sustainability team

- Sustainability delegate Switzerland
- Sustainability delegate France
- Sustainability delegate Germany
- Sustainability delegate Swiss Life International
- Sustainability delegate Asset Managers

Specialist delegates on specific topics

- Strategy, objectives and KPI's
- Reporting, ratings, memberships
- Responsible investing / responsible real estate management
- Products, insurance, services
- Operational ecology
- Risk management
- Regulation and compliance
- Consulting
- Communications, investor relations and corporate citizenship
- Employees

The sustainability organisation is aligned to Swiss Life's multi-divisional organisation and comprises sustainability delegates from all divisions and specialist delegates. Ten topics have been defined for specialist management.

The new organisation ensures operational implementation of the measures adopted at Group level directly in the relevant divisions and cross-divisional exchange on the defined focus topics.

Materiality Matrix

Swiss Life's materiality matrix shows which topics are relevant for Swiss Life and its stakeholders. All of the topics highlighted form the basis for annual sustainability reporting.

Swiss Life has reported on the basis of the Global Reporting Initiative's standards since 2016. In 2015 it produced the first version of its materiality matrix in a multi-step materiality process involving internal and external stakeholders. The matrix has been continuously refined since then. In 2019, Swiss Life performed an extensive re-evaluation of the material topics.

By revising its materiality matrix, Swiss Life aims to respond to the changing expectations of the various stakeholder groups, developments in its business environment and the development of the standards.

Swiss Life consulted the following internal and external stakeholder groups in this re-evaluation:

- Internal specialists from the areas of Sustainability, Asset Management, Communications, Human Resources, Investor Relations, Finance and Risk Management
- Extended Corporate Executive Board
- Representatives of the Board of Directors
- Representatives of financial institutions and rating agencies
- Representatives of sustainability organisations and a university

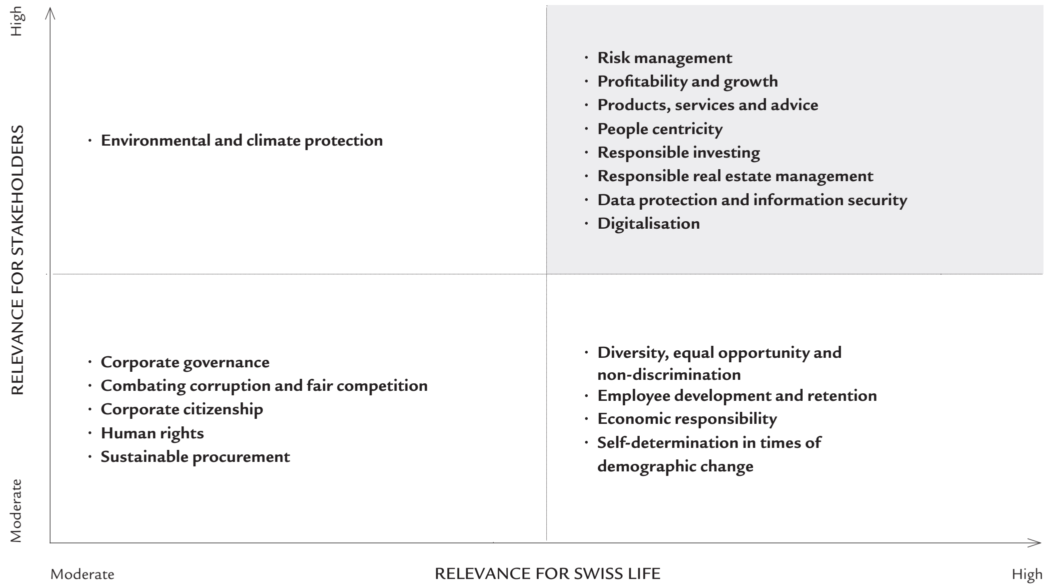
Procedure for re-evaluating the materiality matrix (GRI 102-49)

As a first step, specialists from Sustainability, Asset Management, Communications, Group Human Resources, Investor Relations and Group Finance & Risk drew up a longlist of potential topics. Over a dozen specialists from the entire Swiss Life Group were involved in this step.

Stakeholder relevance was determined using an online survey and a workshop with internal specialists from Sustainability, Communications, Group Human Resources, Investor Relations, Asset Management and Group Finance & Risk. Involving various specialist disciplines and representatives of the entire Group ensured that the survey covered the broadest possible spectrum of stakeholder groups.

Relevance for Swiss Life was determined by conducting interviews with the entire extended Corporate Executive Board and two members of the Board of Directors.

Materiality matrix of the Swiss Life Group



(GRI 102-47)
To enhance readability, the dimension “Impact on sustainable development” is not directly integrated into the materiality matrix.

Survey of external sustainability experts

The dimension “Impact on sustainable development” was taken into account through structured interviews with five external sustainability experts and analysts. They included representatives of financial institutions, rating agencies, sustainability organisations and a Swiss university.

To enhance readability, the dimension “Impact on sustainable development” has not been integrated into the existing materiality matrix. The four topics that external stakeholders indicate as having the greatest impact on sustainable development are:

– Responsible investing
– Responsible real estate management
– Risk management
– Data protection and information security

Evaluation method and results

Everyone included in the survey rated and prioritised the relevance or impact of potentially significant issues using a four-point scale. This distinguished between “high relevance”, “significant relevance”, “moderate relevance”, and “low relevance”.

The materiality analysis showed that the topics “innovation” and “health, safety and well-being in the workplace”, which were included in the questionnaire, were considered by the majority of those surveyed, whether internal or external, to be less relevant. Consequently, they are not included in the new materiality matrix.

Further, compared with the previous matrix, some topics have been renamed and some new topics included:

Changes to the topics compared with the previous matrix

Unchanged	New designation	New topic
Economic responsibility	Risk management (formerly: Risk management and compliance)	Responsible real estate management
Environmental and climate protection	Profitability and growth (formerly: Sustainable profitability)	Data protection and information security
Human rights	Products, services and advice (formerly: Products and services)	Digitalisation
Sustainable procurement	People centricity (formerly: Customer centricity)	Corporate governance
	Responsible investing (formerly: Investment strategy)	Combating corruption and fair competition
	Diversity, equal opportunities and non-discrimination (formerly: Equal treatment and non-discrimination and Diversity and equal opportunities)	Corporate citizenship
	Employee development and retention (formerly: Employee commitment and development)	
	Self-determined living in times of demographic change (formerly: Demographic change)	

The Corporate Executive Board validated and adopted the revised materiality matrix in November 2019 (GRI 102-46).

Overview of the material sustainability topics[1]

Risk management[2]

Business conduct in compliance with the law is a given for Swiss Life. Swiss Life accompanies its customers over many years. Responsible risk management is thus indispensable.

Profitability and growth

Swiss Life's business model is aligned to long-term, profitable growth within the framework of the corporate strategy, focusing on profit growth and quality, efficiency, and financial strength.

Products, services and advice

Swiss Life has over 160 years of experience in developing products and services, in consulting and in the life insurance, investment and pensions business. It aims to create optimal customer value and profitability for the company. Its offering is subject to continuous review and refinement.

People centricity

Swiss Life puts people first and advocates encounters on an equal footing – whether in customer advising, processes, products and services, dealing with employees, using technology or in our role in society as a whole.

Responsible investing

Swiss Life's investment strategy has a long-term and sustainable focus. The company's investment policy is oriented towards long-term and stable returns. In addition to its legal obligations, Swiss Life observes ethical principles and environmental, social and governance (ESG) topics.

Responsible real estate management

Swiss Life is one of Europe's leading real estate investors and has the biggest private real estate portfolio in Switzerland. It systematically integrates sustainability criteria into the entire value-creation process in real estate investments.

Data protection and information security

There are Group-wide data protection and information security standards. Information security at Swiss Life is closely related to locally applicable data protection provisions, such as the Swiss Federal Act on Data Protection and the European Union's General Data Protection Regulation (GDPR).

Digitalisation

Swiss Life is pursuing digitalisation along the entire value chain, using it to create relevant and sustainable added value for customers and employees.

[1] The subject parameters and the impact of Swiss Life on the material topics are set out in the relevant sections.
[2] This topic is discussed in the Annual Report in the section "Risk Management" from page 76.

Diversity, equality of opportunity and non-discrimination

Diversity, equality of opportunity and non-discrimination are part of Swiss Life's corporate values. Accordingly, potential, abilities and skills are promoted equally among all employees of all ages.

Employee development and retention

The Swiss Life corporate culture is based on mutual respect and trustworthy cooperation. Regular feedback and professional development interviews and the recognition and appreciation of performance are important prerequisites for corporate success.

Economic responsibility

As a corporation, Swiss Life takes social and economic responsibility by enabling its customers to lead a self-determined life. As a long-term investor, Swiss Life contributes to the stability of the financial centre. Swiss Life also meets its social and economic responsibility in its role as an employer and taxpayer.

Self-determined living in times of demographic change[1]

Helping people live a self-determined life is Swiss Life's purpose. That includes its contribution to the public debate on demographic change and people's growing responsibility for managing their own future provisions.

Environmental and climate protection

Swiss Life places a high value on operational ecology and climate protection. As a real estate owner and in its business operations, Swiss Life places importance on efficient use of resources, renewable energy and measures to reduce CO_2 emissions.

Corporate governance[2]

Responsible and sustainable corporate governance is of central importance for Swiss Life. It structures its corporate governance openly and transparently in compliance with the acknowledged national and international standards.

[1] This topic is discussed in the Annual Report in the section "Strategy & Brand" from page 8.
[2] This topic is discussed in the Annual Report in the section "Corporate Governance" from page 26.

Combating corruption and fair competition

Swiss Life does everything in its power to avoid infringing any legal and/or regulatory requirements, and to prevent all forms of corruption and bribery. Therefore, Compliance monitors and assesses the legal and regulatory environment and focuses on training and raising employee awareness.

Corporate citizenship

Swiss Life fosters contacts with representatives of its political and business world and liaises with trade and umbrella associations. In addition, Swiss Life is committed to projects and institutions in the areas of culture, science, education, the environment and research.

Human rights

Swiss Life prioritises high social standards in its own operations and expects similar standards from its business partners and suppliers. As a co-signatory of the "UN Global Compact" Swiss Life pledges, notably, to respect human rights.

Sustainable procurement

Swiss Life requires its procurement to comply fully with the law. When selecting suppliers and partners, Swiss Life bases its decisions on ethical, social and ecological principles and works with local suppliers whenever possible.

Sustainability in Business

Swiss Life maintains high standards for its consulting, service and product range. Diligence and responsible action form the basis for successful business operations as well as for long-term, sustainable customer and business relationships.

This section shows how Swiss Life thinks and acts sustainably in its business activities. For this, it has defined the following focus topics:

- → Profitability and growth
- → People centricity
- → Products, services and advice
- → Digitalisation
- → Responsible investing
- → Compliance at Swiss Life
- → Sustainable procurement

Profitability and Growth

The economic performance and sustainable profitability of Swiss Life are fundamental to the long-term success of its corporate management. Thanks to consistent implementation of its plans, since 2009 Swiss Life has successfully achieved the targets of its last three corporate programmes.

Swiss Life's business model is aligned to the long term. We must be able to keep the promises made to our customers for decades. That is why long-term investing plays a central role in the life insurance business. Swiss Life has crafted its investment strategy to ensure that the interest margin remains positive even when interest rates stay low for more than three decades. In addition, Swiss Life has continuously developed its business in recent years. With its successful enhancement of asset management for third parties, owned IFA channels, modern products and acquisitions, Swiss Life has over the past years significantly increased the contribution made to its result by so-called fee business, and thus reduced its dependency on investment results. In addition to the focus on profitability, capital efficiency remains a relevant control parameter in new insurance business.

At its Investor Day in November 2018, Swiss Life presented its corporate programme and financial targets for the period to 2021. With "Swiss Life 2021" the company is aiming at a continuous and yet ambitious further development of its profit sources, efficiency and distribution to shareholders.

Further information on the Group-wide programme and the Swiss Life Group strategy may be found in the section "Strategy & Brand" from page 8 of the Annual Report.

People Centricity

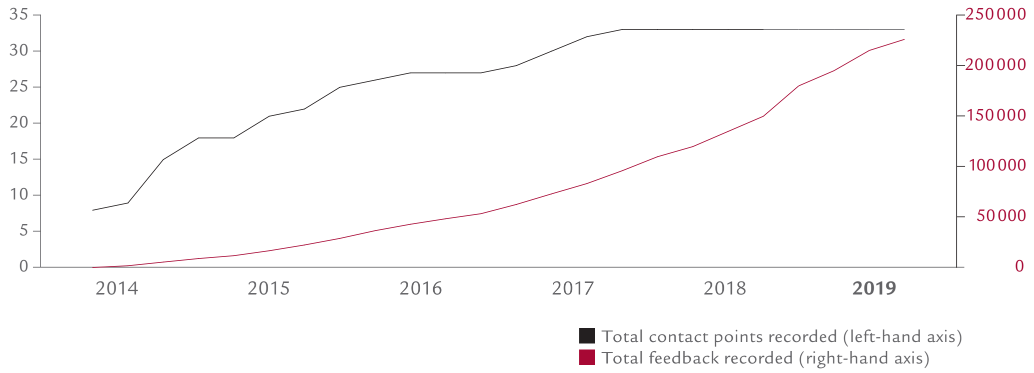
Swiss Life places people at the centre of its activities and engages with them on an equal footing – whether in customer advising, processes, products and services, dealing with employees, using technology or in our role in society as a whole.

Since 2014, Swiss Life has been continuously assessing customer satisfaction at the key contact points. Customers are asked about their experience, satisfaction and willingness to recommend Swiss Life at selected contact points. Anyone who gives a negative response is contacted within 48 hours. This allows Swiss Life to ensure it has understood the reasons for a negative review and to offer the customer a solution. Customer satisfaction is surveyed in close collaboration with an independent market research institute.

Swiss Life aims to use customer feedback to detect systemic problems, drive appropriate process optimisation measures and enable customers to express appreciation. The findings and lessons learned are used for ongoing employee training and coaching and are shared at Group level.

Swiss Life has continuously expanded its Direct Customer Feedback programme in recent years. Since launching it in 2014, Swiss Life has received and analysed around 226 000 customer communications, including more than 66 000 in 2019.

Development of Direct Customer Feedback programme



Swiss Life depends on the Net Promoter Score (NPS) for its quantitative measurement of customer satisfaction, which indicates a customer's willingness to recommend a provider to family and friends. The NPS is surveyed continuously and reported internally on a quarterly basis. What is more, the NPS is a component of the objectives-setting and performance review of employees with customer contact.

The Swiss Life NPS has improved by and large at the key contact points, Consulting and Service Center, over the past four years, thanks to regular customer feedback analysis and the improvements derived from it.

The development of the NPS at consulting contact points

	2019	2018	2017	2016
Switzerland Individual life	**+59**	+51	+52	+43
Switzerland Swiss Life Select	**+48**	+41	+39	+29
France	**+57**	+52	+46	n/a
Germany Swiss Life Select	**+64**	+62	+53	+45
Austria Swiss Life Select	**+58**	+49	+44	+34
UK Chase de Vere	**+56**	+52	+56	+52

The NPS at the Service Center contact point has also either developed positively or remained stable. In 2020, Swiss Life wants to make further improvements with the aid of digital tools.

The development of the NPS at the Service Center contact point

	2019	2018	2017	2016
Switzerland Individual life	**+37**	+33	+23	+13
France	**–13**	–13	–17	–28
Germany Individual life	**+16**	+10	+4	+3
Germany Swiss Life Select	**+9**	+11	+10	–7

Promoting and consolidating a customer-oriented work culture

In addition, Swiss Life surveys the internal perception of customer orientation. Until 2019, the Employees' Customer Centricity Index (ECCI) was applied in-house and summarised the results. The Index rose in the last assessment, in 2017, by three index points over the previous year, to 81. The internal perception of customer centricity improved in 2017 in relation to all areas surveyed.

In 2019, the internal perception of customer centricity was measured as part of a Group-wide survey on employee engagement. The survey is held biannually and conducted in cooperation with an independent consulting agency.

Above-average customer orientation at Swiss Life

	2019
Swiss Life Group	86%
Relative to the most successful companies worldwide	+4 ppt
Relative to the global average of companies in the financial sector	+10 ppt

The 2019 survey showed that 86% of all employees see Swiss Life as a customer-oriented company. The results were 4 percentage points above the results for the most successful companies worldwide and 10 percentage points above the global average for companies in the financial sector.

Products, Services and Advice

A customer relationship at Swiss Life often spans several decades. Thanks to its individual pension and financial advice for private and corporate customers and proven investment expertise for institutional investors, Swiss Life enables people to lead a self-determined life.

Swiss Life's consulting and product strategy combines optimal customer value with profitability for the company. The company offers private and corporate clients comprehensive and individual advice plus a broad range of proprietary and partner products through its financial advisors, agents and distribution partners. Swiss Life Select, the subsidiary specialising in financial planning for private households and brokering financial products, as well as the advisors at Tecis, Horbach, Proventus, Chase de Vere and Fincentrum, use the Best Select approach to let their customers choose the product from the market that suits them best. In this way, customers are given access to an extensive range of products from many suppliers.

In France, Swiss Life developed a sustainable investment solution in 2019. "Swiss Life Choix Responsable" offers a new option of investing in a product that focuses on responsible management and environmental, social and governance (ESG) criteria. Moreover, in the reporting period Swiss Life started work on a Group-wide ESG approach in the area of insurance as part of its new sustainability organisation.

Transparent product information and promotion of financial literacy

In addition to its customer-focused consulting approach, Swiss Life pays great attention to extensive and understandable documentation. In addition to product documents on various insurance and provisions topics on the local websites or customer portals, supporting video sequences are available along with publications for download.

Swiss Life would like to help people acquire financial knowledge so they can make better decisions. That is why Swiss Life has supported the Swiss financial literacy platform fintool.ch for years now. In Germany, by way of the Swiss Life Stiftung für Chancenreichtum und Zukunft (Foundation for opportunities and the future), Swiss Life also advocates projects that promote the growth of financial literacy.

Customer centricity and Group-wide value proposition standards

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

Swiss Life makes sure that it can deliver its value proposition: through mandatory Group-wide regulations that are implemented through corresponding local directives:

- The specific structure of products and services is based on Group-wide standards and stringent compliance with local regulatory requirements and local laws. The ability of the local Compliance teams to make adjustments, even to existing products and services, is guaranteed. Group-wide standards for the development of products and services are also adapted to framework conditions as required.

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

Digitalisation

Swiss Life is pursuing digitalisation along the entire value chain. The focus is on initiatives that create sustainable added value for customers and employees.

As a pensions and financial services company, Swiss Life puts people at the centre of its business. This includes digitalisation. The roughly 14 000 advisors that conduct Swiss Life's dialogue with customers have access at all times to digital solutions that support them in the advisory process. Personal contact, however, remains a key factor. Digital aids give advisors more time for personal contact and to clarify the needs of their customers. This purposeful combination of personal advice and digital support is the root of Swiss Life's "phygital approach".

In this way, Swiss Life meets the needs of its customers, a fact clearly highlighted by a representative survey conducted by the company in 2019 in Switzerland, France and Germany. In this survey, around 80% of respondents said that talking to an advisor is a must for them when signing a contract. People value the flexibility and independence that digital tools give them. At the same time, around 70% trust an advisor more than an algorithm. People want digital aids to help advisors identify the best solution, giving them more time for personal advice.

Digital customer portals and new forms of collaboration

Among other things, Swiss Life offers its customers online portals, where they can access their documents anytime, anywhere, make appointments, request offers and make changes quickly and unbureaucratically. Customers can use online calculators to simulate scenarios on their own. In this way, customers decide how they interact with Swiss Life and choose their mode of access themselves. Swiss Life applies industry standards and uses digital solutions to prevent discontinuity in the use of media and guarantee high quality.

Swiss Life also makes increasing use of digital platforms within the company. In 2019, Group-wide collaboration software was introduced, enabling employees to hold virtual meetings and share and work together on files.

Responsible Investing

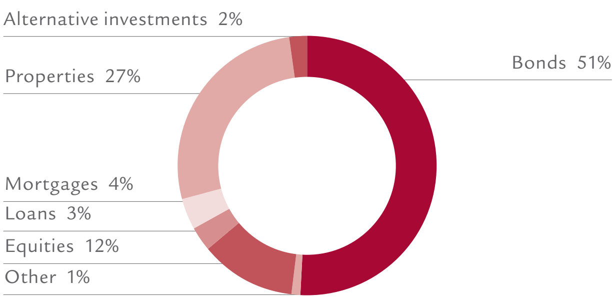
Swiss Life systematically integrates ecological and social factors, including aspects of good corporate governance, into the investment process and risk management for all asset classes. Swiss Life is guided in this regard by the UN Principles of Responsible Investment (PRI).

At the heart of Swiss Life's mission as an asset manager for its proprietary insurance companies and for third-party clients – such as pension funds, other insurers and private investors via collective investments – are the long-term protection of customer funds and the optimal allocation of risk capital. Invested assets must be secure, profitable and liquid in their entirety. Due to the long-term nature of its liabilities, Swiss Life invests predominantly in fixed-income securities, such as government and corporate bonds, real estate and equity and infrastructure investments. Its investment decisions have always been informed by a long-term assessment of risks and returns.

As a major investor, Swiss Life is committed to ensuring that direct investments in its portfolio are in line with its fundamental standards and values. As a signatory to the UN Global Compact, Swiss Life is committed, among other things, to the fundamental principles for respecting human rights.

Assets under management[1] – breakdown by asset class

As at 31.12.2019



[1] total assets under management for insurance business and third-party-clients

Systematic integration of ESG criteria

Swiss Life systematically integrates environmental, social and governance (ESG) factors into its investment process and the risk management of all asset classes. This results in a broader information base and more balanced risk cover.

ESG factors are taken into account in nearly 90% of the total assets under management by Swiss Life. The remaining 10% are investment products such as the replication of share indices or mortgages, where this sustainability approach currently still cannot be used because of their product structure. This sustainability approach is used for third-party assets as well as for proprietary assets.

Swiss Life has set out its principles for responsible investing in its "Responsible Investment Policy", which is available at www.swisslife-am.com/responsible-investment.

Sustainability in securities investment

In the investment process for securities – for example, shares and corporate and government bonds – Swiss Life uses, among other things, analyses by the independent international ESG research and valuation service provider MSCI ESG Research. ESG information on over 17 000 share and bond issuers worldwide helps Swiss Life identify and anticipate the risks relating to environmental and social issues and governance aspects at an early stage. This should ensure early recognition of risks arising from ESG problems such as infringements of labour law, shortcomings in corporate governance and indications of corruption or environmental risks relating to climate change.

Selective exclusions and exit from coal for power stations

For all of its assets, Swiss Life has defined specific limits for investment in the defence industry. Swiss Life recognises that sovereign states have a right to self-defence, but refrains from investing in companies with a significant involvement in the production of internationally banned controversial weapons such as land mines, cluster ammunition, and chemical, biological and nuclear weapons. For this, Swiss Life uses data from MSCI ESG Research, the exclusion lists for controversial weapons published by PAX, an international non-profit and NGO-type peace organisation, and from SVVK-ASIR, the Swiss association for responsible investments.

Climate change is one of the biggest challenges of our time. Swiss Life supports the objectives of the Paris climate agreement and has defined a strategy for exiting its assets from insurance business from the carbon-intensive coal sector. In particular, investments in coal for power stations harbour a risk of "stranded assets", in other words assets exposed to early losses or impairment charges due to environmental or climate-related factors. Swiss Life therefore refrains from investing in bonds issued by companies which derive more than 10% of their revenue from the mining, extraction and sale of coal for power stations. With infrastructure investments, this 10%

threshold is measured in terms of the carrying amount. A corresponding threshold also applies to infrastructure investments: Swiss Life does not invest in projects or companies in which more than 10% of the company or project valuation is attributable to contributions from transactions involving coal for power stations.

Swiss Life endeavours to persuade third-party customers to apply a similar exit strategy to their assets.

Exercise of voting rights

Swiss Life also represents its interests by exercising voting rights and actively fosters responsible investing through “active ownership”. In this way, it strives to increase the company’s long-term value. ESG factors are used to make a balanced assessment of the purpose of motions and the overall benefits for the shareholders of the respective company. In the past financial year, for instance, Swiss Life voted for corporate transparency in social and environmental aspects and for better governance. When exercising voting rights, Swiss Life uses analyses and services provided by the external voting rights consultant “Institutional Shareholder Services” (ISS) and other sources. In 2019, Swiss Life voted 4749 times at 361 annual general meetings. In 1% of cases it deviated from the recommendations made by ISS and in 9% of cases it voted against the Board of Directors.

Reporting und networking

Swiss Life is a signatory of, among other things, the Principles for Responsible Investment supported by the United Nations (www.unpri.org). The corresponding PRI Transparency Reports are updated annually by Swiss Life and can be viewed on PRI’s website. In the reporting period, Swiss Life became a member of Swiss Sustainable Finance (SSF). In this way, it is continuing to expand its network and is involved in an active exchange on aspects of responsible investing (see also page 141 “Memberships”).

Responsible real estate management

Swiss Life is one of Europe's leading real estate investors and has the biggest private real estate portfolio in Switzerland. Preserving and increasing value in the long term and ensuring sustainable earnings are of central significance to Swiss Life. All decisions are thus oriented to a long-term property life cycle.

– To ensure that sustainability criteria can be integrated systematically into the value creation process in real estate investment, Swiss Life has developed its own Responsible Property Investment Framework. This applies for all real estate management activities and optimises the environmental and social aspects of the real estate portfolio.

– In the transaction process, a due diligence checklist is used to identify sustainability opportunities and thus highlight potential to increase value. At the same time, this checklist allows early identification of potential risks so that value can be preserved in the long term.

– Sustainability aspects play a central role in real estate development, from the feasibility study to the construction decision and are integrated into the planning process. For example, minimum energy standards are defined, ecological risk profiles are examined, the socio-economic effects of real estate development projects are analysed and decisions are taken on obtaining quality certificates such as Minergie, DGNB, SGNI, LEED, BREEAM and HQE for buildings. These sustainability certificates provide external confirmation of the sustainable quality of buildings.

– Implementing sustainability measures in property management, for example extensive renovation, specific optimisation measures, efficient in-house utilities and maintenance work helps reduce energy consumption in the portfolio. In turn, the associated increase in the energy efficiency of the properties leads to a reduction in CO_2 emissions. In this way, energy-related maintenance activities (for example, replacement of heating generators or refurbishment of the building shell) can result in energy and CO_2 savings of up to 50% at the properties concerned. In this way, dependence on fossil fuels can be reduced further, with a shift to renewable energy sources (for example, solar power, geothermal energy, use of river and sea water or pellets).

– Moreover, energy-saving settings on technical installations and smaller renovations with a shorter payback period (for example, lighting systems or insulation of water pipes) can bring improvements outside of major refurbishment cycles. Experience shows that such optimisation measures can generate energy and CO_2 savings of around 10%.

38% of proprietary real estate investments are in Switzerland. A review of the energy consumption and CO_2 emissions of the real estate portfolio in the reporting period identified properties where energy consumption is currently above average and modernisation is due in the coming years. Energy-related maintenance, for example, replacement of heating generators or refurbishment of the building shell, will be carried out at these properties in the next three to four years. Thanks to targeted optimisation of operating and maintenance activities, the energy consumption and corresponding CO_2 emissions will be reduced. To sharpen tenants' awareness of energy efficiency, the tenant survey was expanded and information leaflets on saving energy were distributed.

GRESB – Global Real Estate Sustainability Benchmark

Since 2018, six of Swiss Life's investment vehicles (approximately 50% of total real estate assets under management) have been included in the annual Global Real Estate Sustainability Benchmark (GRESB). This sustainability benchmarking analysis enables Swiss Life to systematically measure sustainability aspects of the real estate portfolios evaluated and to integrate this into its facility management. All of the portfolios analysed qualify for the Green Star, which positions their sustainability performance versus the benchmark in the top quadrant.

Sustainability in infrastructure and clean energy investments

ESG criteria are a central element in the evaluation of alternative investments such as infrastructure projects, which may involve a combination of a substantial financial investment, a long-term horizon and potential to enhance sustainability. As at year-end 2019, Swiss Life managed assets in infrastructure investments with a value of over CHF 3.3 billion. For classical infrastructure investments, an internal ESG assessment scheme is used to ensure that these investments offer added value from an environmental and social perspective. This internal assessment scheme is based on the European Investment Bank's ESG benchmarks.

In October 2019, Swiss Life acquired Fontavis AG, a leading investment manager for clean energy and infrastructure funds in Switzerland. Fontavis manages and advises infrastructure funds with total assets of CHF 1.25 billion. The portfolios are broadly diversified, with a special focus on heat and on hydroelectric, solar and wind power. These installations generate 2.6 billion kWh power a year from renewable energy sources. Broken down to the stakes in the respective companies, that corresponds to around 500 million kWh. In addition, the companies in the portfolios generate 200 million kWh ecological heat (68 million kWh based on the stake in each company). This ecological heat generation avoids emissions of 44 500 tonnes CO_2, which would result, for example, from oil-fired heating.

Compliance at Swiss Life

Swiss Life sets great store by compliance with all applicable legal provisions and regulatory stipulations. Correct and honest behaviour by its employees is mandatory.

Code of Conduct

Swiss Life maintains high standards for the quality of its consulting and services. That includes values and conduct that form the basis for a trusting relationship with customers and partners. The Code of Conduct contains Swiss Life's Group-wide values and principles, and rules of conduct, which are binding for all employees.

Integrity and trustworthiness	Avoidance of conflicts of interest; mandates and secondary commercial activities; pecuniary advantages and invitations; insider information
Communications	Authorisations; corporate communication; corporate identity
Confidentiality and data protection	General information on data handling, special protection of personal data and commercial secrets, need-to-know principle, data security and use of IT resources
Prevention of money laundering, combating terrorism financing, sanctions and embargos	Customer identification and monitoring of business relationships for money-laundering, the financing of terrorism, sanctions and embargos
Conduct towards customers	Due diligence in advising and how to deal with complaints
Cooperating with business partners	Due diligence in the selection of business partners including the incorporation of ethical considerations and environmental factors in the selection process
Products	Review of products
Contracts and agreements	Contracts, anti-competitive behaviour and copyright
Personal conduct and security at the workplace	Non-discrimination, dealing with private activities, collegiality and handling access rights
Reporting of material misconduct and implementing the Code of Conduct	Identifying and reporting misconduct; reporting investigations or legal proceedings, implementation of the Code of Conduct

The Code of Conduct applies Group-wide. The present version was revised in 2018 and published in January 2019. When it was published, all employees in the Swiss Life Group were informed about the changes. The Code of Conduct can be viewed at www.swisslife.com/en/coc.

Directives

Swiss Life has extensive directives to make sure the Code of Conduct is put into practice in daily activities. These contain binding Group-wide minimum standards implemented in all business units and included in the regulations for the local offices. Directives are reviewed regularly to ensure they are still correct and up-to-date. They are adapted where necessary to take account of new regulatory and business-specific requirements.

Regular training ensures that the employees are kept informed about the relevant compliance themes and directives. All new employees throughout the Group receive training on the Code of Conduct and essential rules of behaviour as well as the data protection and data security requirements, within six months after joining. All new employees are likewise provided within the same period with training on the prevention of monetary laundering, combating the financing of terrorism and sanctions and embargos, to the extent relevant for their activity. All employees also undergo refresher training on these issues every two years. Participation in such training is compulsory and is checked. The goal is a 100% participation and success rate. Refresher courses are provided more often in divisions where the regulator prescribes more frequent training. In addition, in some cases external advisors and other contractors are trained in compliance issues or required to give a contractual assurance that they will comply with the Code of Conduct. Development of a uniform, Group-wide ruling is planned for 2020.

Swiss Life has established processes to ensure adequate identification, management and control of compliance and data protection risks. The roles, responsibilities and competencies of Compliance are defined and documented by Swiss Life within the governance framework.

Data protection

Data protection has absolute priority at Swiss Life. All legal, regulatory and internal requirements are implemented throughout the Group. Group-wide standards for data protection have been defined. These cover all areas of business and are specified and implemented through divisional directives and data protection undertakings. These cover the processing, storage, deletion, archiving and transfer of data and documents, uniform data classification, handling of personal data and data requiring special protection and trade secrets, and the rights of data subjects, such as the right to information and erasure. When processing personal data, Swiss Life consistently complies with the applicable regulations for Switzerland and the EU, and other local laws.

Infringements of data protection must be reported immediately to Compliance and information security incidents are handled consistently throughout the Group through operational risk management. The compliance framework contains defined processes for dealing with infringements of data protection. These include, for example, informing the data subjects and supervisory authorities.

There were no significant data protection infringements within the Swiss Life Group during the reporting year.

The individual divisions have their own data protection officers and ensure that their employees are all provided with regular mandatory training in the material. The line implements these requirements and assesses their observance in collaboration with the relevant divisional Compliance teams, as well as at Group level. Compliance regularly assesses the implementation and observance of the applicable provisions. The Board of Director's Audit Committee and the Corporate Executive Board's Risk Committee receive continuous information on data protection issues within the framework of compliance reporting. Corporate Internal Audit regularly reviews data protection as part of its auditing activities and addresses any weak spots with the appropriate measures.

Data are secured and protected with the appropriate organisational and technical protection measures and are a part of risk management. More information on the subject of risk management can be found in the Annual Report in the section "Risk Management" from page 76.

Lawful business activity

Compliance monitors and assesses the legal and regulatory environment, taking account of relevant local legislation. The aim is not to infringe any legal and/or regulatory requirements, and to prevent all forms of corruption and bribery. Swiss Life also considers it very important to comply with sanctions and embargos. Regular risk assessments as well as permanent and comprehensive compliance reporting to the top echelons provide support for the implementation of all requisite measures at Group level and within the business units. The compliance framework is subject to periodic review and is reworked and adapted to new prerequisites as necessary.

Swiss Life incurred no significant monetary penalties or fines during the year under review, nor did the company make any settlements in connection with corruption charges or anti-competitive behaviour.

Sustainable Procurement

Swiss Life also demands compliance with high sustainability standards from its external service providers and suppliers, which extends to their responsibility towards their employees, society and the environment.

Group-wide principles for sustainable procurement

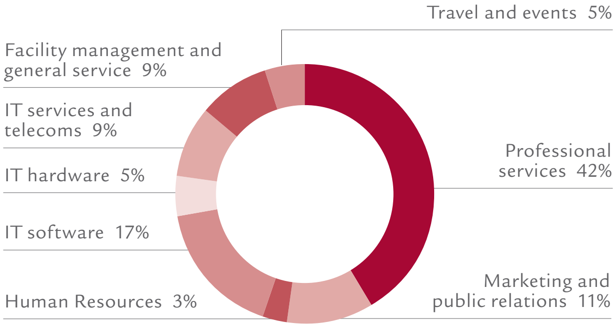
Our standards as a consumer	✔ We treat our suppliers and service providers fairly ✔ We communicate clearly and understandably ✔ We are neutral
Our expectations of our suppliers and service providers	✔ Compliance with Swiss Life principles ✔ Compliance with legal regulations must be assured at all times ✔ Open and honest communication with the principal
Our expectations for products and services	✔ Satisfaction of Swiss Life's general expectations regarding the person, society and the environment ✔ Environment-friendly distribution, transport and production appropriate to the product

Swiss Life mainly accesses products and services from the following categories:

- Professional services (advisory services for example)
- Marketing and public relations
- Human resources
- IT services and telecoms
- IT software and IT hardware
- Facility management services (e.g. security personnel, building maintenance, cleaning) and general services (refreshments, electricity, gas, etc.)
- Travel and events

Percentage split of purchasing volume by category based on the Swiss location (excl. Asset Managers)

As at 31.12.2019



Swiss Life is one of Europe's leading real estate investors and has the biggest private real estate portfolio in Switzerland. As part of this activity, Swiss Life mainly uses external services for architecture and expert planning services plus general construction services.

Most of the suppliers and service providers in Switzerland are domestically based. About 20% are from the EU.

Swiss Life also works mainly with national suppliers in its other core markets, France and Germany. Foreign suppliers account for under 5% in both countries.

In cooperating with major international companies in the IT area, Swiss Life works with their national subsidiaries wherever possible at all locations.

Guidelines for suppliers and service providers

All companies at all locations that wish to work with Swiss Life must ensure compliance with the standard statutory provisions. Evaluation of key suppliers and service providers is integrated in the Swiss Life Group risk management framework.

Swiss Life demands corrective action against any violations of agreed standards. The cooperation is terminated in the event of serious or repeated violations. Swiss Life contractually asserts its right to conduct audits of suppliers and service providers. That includes requesting, for example, confirmation of ISO certification, the validity of such certification and analysis of the underlying reports.

When concluding contracts with suppliers and service providers in France and Switzerland, Swiss Life stipulates that they must guarantee the following standards as a rule:

- Compliance with applicable environmental and climate protection standards
- Compliance with legal regulations on working hours and ensuring working conditions that do not endanger employee health or security.
- Fulfilment of legal regulations relating to salaries, compensating overtime and payouts.
- Ensuring that their employees can work in an environment free of discrimination on the basis of race, gender, religion, origin, disability, age, sexual orientation, handicap or other attributes.
- Respect for employees' rights of association and collective bargaining.
- Renunciation of child and forced labour

At its Swiss location, Swiss Life also gives priority to products and services from companies that can prove they have a certified environmental management system (ISO 14001 or EMAS) and a general quality certification (e.g. ISO 9001 or ISAE 3402).

In France, Swiss Life commits to monitoring its strategic suppliers' environmental, social and ethical risks based on the EcoVadis methodology, which is derived from a framework of 21 corporate social responsibility criteria. The methodology is based on leading and recognised standards, such as the Global Reporting Initiative (GRI), "UN Global Compact" and ISO 26000, and is supervised by an international scientific committee. When issuing tenders, Swiss Life France routinely asks for any available sustainability rating results and ISO certification and decides on a case-by-case basis whether certification is required as a basis for cooperation.

Swiss Life Germany stipulates in its contracts with partners that they must guarantee, for example, compliance with all health and safety regulations and payment of the minimum annual salary. Moreover, Swiss Life Germany checks the sustainability and recyclability of purchased products.

Sustainability in Society

As a pension provider, Swiss Life assumes social and economic responsibility. In addition, Swiss Life supports projects and institutions in the fields of culture, science, education and research that promote self-determination and confidence.

This section shows how Swiss Life thinks and acts sustainably towards society. For this, it has defined the following focus topics:

→ Economic responsibility

→ Political commitment

→ Corporate citizenship

Economic Responsibility

Insurance companies are an important pillar of the economy, both as providers of products and services and as employers, taxpayers and investors. Furthermore, the insurance sector offers young people an attractive starting point for a career.

In Switzerland, the insurance sector as a whole generates gross value-added of nearly CHF 30 billion and makes a significant contribution of nearly 5% to the country's economic output.

However, Swiss Life's economic contribution is much more than that.

– Insurance companies use statistical tools to translate dangers and uncertainty into risks that can be evaluated and mitigated. Over the past centuries, they have fundamentally changed society's view of risks: instead of being seen as a potential loss, risks are now often seen as an opportunity.

– Swiss Life covers risks and, with its products and services, offers people the chance to focus on their skills and look to the future with confidence. Swiss Life's services help people to accumulate capital and ensure they achieve financial security.

– Through their skills and their work, Swiss Life's advisors play a key role in improving the financial literacy of society.

– At the same time, as a long-term investor, Swiss Life contributes to the stability of the financial centre.

– As one of Europe's leading institutional real estate investors and owner of Switzerland's largest private real estate portfolio, Swiss Life invests several hundred million francs every year in the renewal of its properties, and thus plays a part in shaping urban areas, creating living and working space, and acts as a key principal on the construction scene.

– As a taxpayer, Swiss Life makes a contribution to the economy and to society, as well as offering jobs and training opportunities to many people in its role as an employer.

Swiss Life's business is relevant for people and society. The consequences of demographic change are widely underestimated and entail new challenges. If people are living ever longer and state pension systems reach their limits, every single individual will have to take on greater personal responsibility for their own future provisions. At the same time, self-determination is a basic human need, and the source of the Swiss Life purpose: Swiss Life enables people to lead a self-determined life.

Political Commitment

Swiss Life's operational environment is significantly defined by political and regulatory conditions. For example, they have a direct effect on product design, processes and the manner of reporting to shareholders, supervisory authorities and the public.

Swiss Life monitors politically relevant issues and develops its own positions. It maintains dialogue with the relevant players. A Political Communication Steering Committee defines the strategic focus. Its members are the Group CEO and the Group CFO, the CEOs of divisions headquartered in Switzerland, the General Counsel, the Chief Risk Officer and the head of Group Communications and Strategic Marketing. The steering committee meets four times a year and defines its political communication priorities. The Public Affairs team is responsible for implementing the measures at operational level.

Swiss Life is committed to promoting a competitive business location and appropriate regulation in all markets. In this, it focuses on the most significant issues for its business areas, for example pensions and insurance, investment and consulting, and insurance solvency and consumer protection requirements.

Stakeholder management and work on industry associations

Swiss Life fosters contacts with representatives of the political, administrative and business communities as well as supervisory authorities. In its direct exchanges with political groups, Swiss Life aims to better understand their opinions, expectations and perceptions while at the same time gauging how the enactment or amendment of legal principles could affect its business. In Switzerland, parties of the political centre-right and individual politicians receive financial support mainly for their election campaigns. The total amount of support provided during the year under review was around CHF 500 000. No (significant) support was provided to parties in the markets outside Switzerland. Here, Swiss Life is guided by the rules of its Code of Conduct, as specified in the internal directive "Code of Conduct". These rules decree, for example, that donations in the home market of Switzerland to political parties are to be free of any obligation.

Political advocacy work and communication in Switzerland, France and Germany are closely coordinated with trade associations. Moreover, a number of company executives are members of various national trade associations. The Chairman of Swiss Life's Board of Directors, Rolf Dörig, is chairman of the Swiss Insurance Association (SIA). In addition, members of the Corporate Executive Board and Swiss Life employees work on various SIA committees.

Swiss Life France is a member of the Fédération française de l'assurance – FFA (French Insurance Federation), France's largest trade association in the insurance sector. The company is represented through a number of employees who participate in the committees for different insurance-related themes.

Swiss Life Germany is represented on the major committees of the German Insurance Association (GDV) and is a member of various associations of intermediaries. It is in regular professional dialogue with the AFW Bundesverband Finanzdienstleistung e.V. (German federal association of financial service providers) as well as with the Verband unabhängiger Finanzdienstleistungs-Unternehmen in Europa e.V. (Votum, an association representing the interests of financial service providers operating throughout Europe). In addition to its advocacy work through these associations, in 2019 Swiss Life Germany established a new "Regulatory and Public Affairs" unit, headed by the General Counsel. The role of this staff unit is to ensure the best possible alignment of the most relevant regulatory issues and the related political communication with the goal of optimum advocacy of the interests of financial services distributors and insurers.

In addition to its other memberships (see "Memberships" page 141), Swiss Life Asset Managers has a seat on the board of Immobilien Schweiz (Real Estate Switzerland). Issues followed at national level in the reporting period included sustainable investing, tenancy law and cantonal implementation of the Spatial Planning Act (value-added levy).

Committed to the militia system

Swiss Life is committed to Switzerland's militia system (part-time public service). This promotes better understanding among the worlds of politics, society and business and enables valuable knowledge transfer. Swiss Life therefore supports employees who take on a political or public office. Full-time employees can use up to 20% of their working hours for such work. In addition, Swiss Life holds regular events in Switzerland for employees who hold public or political mandates. During the reporting period, Swiss Life organised an event called "Transfer" in conjunction with Avenir Suisse, Swiss Re, Zurich Insurance Group, Helvetia and Axa. At this event, over 60 mandate holders from different companies discussed current political issues. In addition, various activities were organised to mark Switzerland's "Jahr der Milizarbeit" (year of public service). Swiss Life played a key role in shaping some of these activities and was therefore able to make an important contribution to improving understanding of the militia system.

Corporate Citizenship

Swiss Life supports projects and institutions in the fields of culture, science, education and research, and operates seven foundations. The focus is on encouraging commitment, self-determination and confidence.

Switzerland

- In 2005, Swiss Life founded the **"Perspectives" Foundation**, which supports charitable initiatives in the fields of health, science, education, culture and sport and spends CHF 1.3 to 1.5 million every year on charitable projects in Switzerland. In 2019, support of around CHF 1.5 million was provided for 127 projects. All funds are made available in their entirety by the founder, Swiss Life.

- In its home market Swiss Life runs a second foundation, the **"Anniversary Foundation for Public Health and Medical Research",** which was founded in 1957 to mark the company's centenary. This foundation supports medical research projects and specific charitable organisations for people with physical and mental disabilities. Swiss Life has made annual donations of around CHF 400 000 to this foundation in recent years.

- In addition to is foundation work, Swiss Life promotes Swiss film-making and helps artists follow their own path. For example, in 2019 Swiss Life supported the Solothurn Film Festival, the Locarno Festival and the Zurich Film Festival. Moreover, Swiss Life in Switzerland supports classical music through its financial commitment to Tonhalle-Orchester Zurich, Zurich Opera House, the Lucerne Festival and the Davos Festival.

- The Swiss Life Select distribution company operates the **"Confidence for Children"** foundation in Switzerland, which aims to improve the life and development opportunities of disadvantaged children and give them a better chance at leading a self-determined and independent life. Among its key undertakings are two projects in Kyrgyzstan providing medical care to children with cleft lips and palates. The foundation is supported principally by Swiss Life Select financial advisors and employees, who donated CHF 120 000 to the foundation in 2019. Swiss Life Select Switzerland pays all administrative costs.

- Swiss Life Asset Managers has sponsored the **"Swiss Life Thesis Award"** for the past six years. This award, presented in cooperation with the Institute for Financial Services Zug (IFZ), part of Lucerne University of Applied Sciences and Arts, and the business journal Finanz und Wirtschaft, provides a platform for innovative and practice-oriented research work at Swiss institutes of higher education. The best theses in the fields of financial investments, financial markets, financial services companies, financial instruments and corporate finance are singled out for awards each year. The Swiss Life Thesis Award comes to CHF 20 000 in total.

France

- Since its establishment in 2008, **“Fondation Swiss Life”** has supported long-term projects in the areas of healthcare (Institut Curie and France Alzheimer), voluntary work by employees (Aider à Aider – Help to Help) and, since 2014, art work that brings together two different art forms, music and photography (Prix Swiss Life à 4 mains).

- In 2019, the “Fondation Swiss Life” was the principal source of funding for a cancer research project conducted by the Institut Curie. Donations totalling EUR 117 000 were collected by employees in connection with their work in sales.

- The “Fondation Swiss Life” also supported people with Alzheimer’s and their relatives and carers through France Alzheimer in the reporting period. The purpose is to enable innovative non-medical therapies such as art and music therapy.

- In addition, the foundation supports projects and associations in which Swiss Life employees are actively involved. “Fondation Swiss Life” donated a total of EUR 291 000 to all initiatives during 2019.

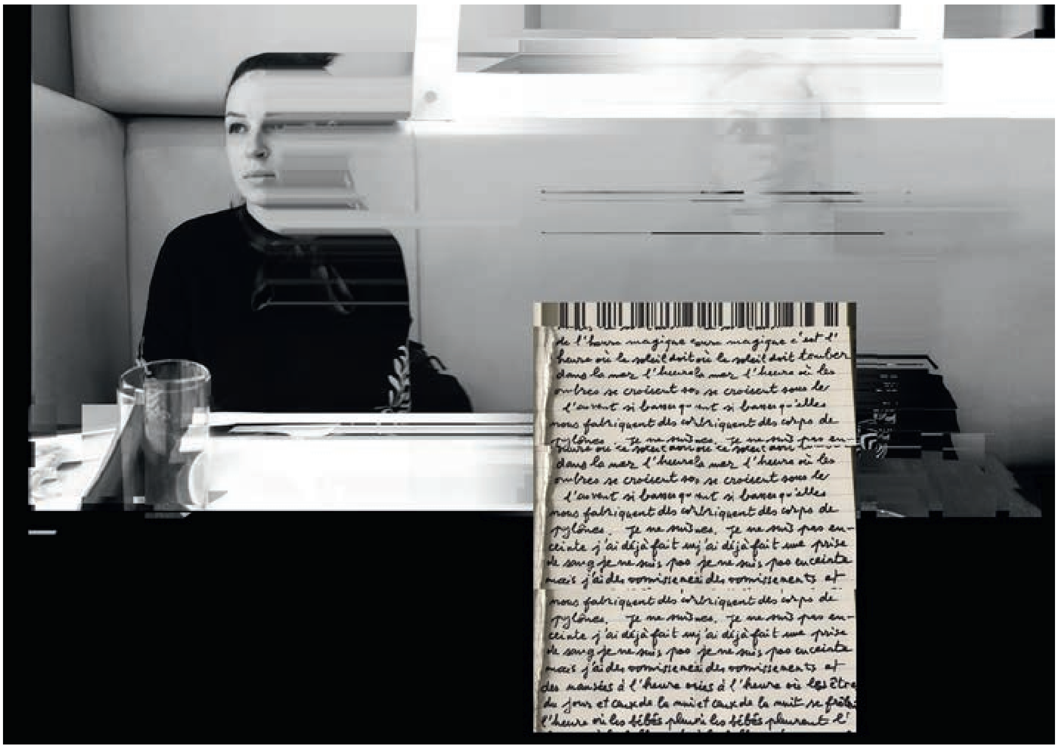


Photo from the series “Digital After Love. Que restera-t-il de nos amours?”, Prix Swiss Life à 4 mains.

Germany

- Through the Swiss Life **Stiftung für Chancenreichtum und Zukunft** (Foundation for opportunities and the future), Swiss Life Germany does its part for educational equity and equal opportunity in Germany. It works towards having as many people as possible – regardless of their social background – remain curious, acquire knowledge and, as a result, lead a self-determined life. The Foundation is mainly financed with donations from employees and financial advisors. Swiss Life Germany covers staff and administrative costs, thus allowing 100% of donation revenues to go towards project work. In 2019, its third year of operation, the Foundation provided support totalling just under EUR 430 000 for 35 initiatives.

Fostering self-determination: partner project "KinderHelden" provides support and encouragement for children.

- In 2019, the foundation set up a new project **"KinderHelden"**, a mentoring initiative that gives primary school children who started life in challenging conditions better opportunities for education and a place in society. The project will run for at least three years and more than ten Swiss Life employees already volunteer as mentors. Preparations are under way for a further "KinderHelden" location in Munich, which is scheduled to open in 2020.

- Corpus Sireo, a German company belonging to Swiss Life Asset Managers, supports the charitable **"Cornelius Stiftung für Kinder suchtkranker Eltern"** (Foundation for children of parents suffering from addiction). The foundation focuses on the advancement of children from underprivileged homes afflicted by addiction, and thus offers them better perspectives for the future. Its average yearly donation volume is EUR 100 000.

Other locations

- Swiss Life Select in Austria runs a foundation called **"Zuversicht für Kinder"** (Giving children confidence). In 2019, this foundation supported 20 local and international aid projects as well as providing medical aid in specific cases. Donations of EUR 65 000 were collected, mainly from Swiss Life Select financial advisors. With their help and the support of customers and private individuals, numerous children were given a new outlook on life. In addition, for the past four years Swiss Life Select in Austria has been the main sponsor of the "Junge Philharmonie Wien" (Vienna young people's philharmonic orchestra).

- Six years ago, employees of Swiss Life International in Luxembourg initiated **"Rock Against Cancer"**, a benefit concert sponsored by Swiss Life Global Solutions. This annual event raises money for two foundations: Fondation Cancer Luxembourg and Fondation Kriibskrank Kanner (children with cancer). Both foundations are committed to fighting cancer. Although they were not founded by Swiss Life International, it has supported them through donations for years.

Sustainability as an Employer

The success of Swiss Life is based on the skills and engagement of its staff. Swiss Life promotes the continuous development of its employees and offers them a working environment where they can take responsibility.

This section outlines Swiss Life's understanding of sustainability as an employer. For this, it has defined the following focus topics:

→ Leadership and employee communication

→ Employee development and retention

→ Training and development

→ Talent development

→ Collaboration and diversity

→ Health and security

→ Social partnership

Leadership and Employee Communication

As a basis for successful leadership and communication, the Swiss Life Group has issued behavioural principles that are applicable throughout the Group. The focus is on encouraging employees to take personal responsibility. By delegating competencies and responsibility to employees, managers do not simply encourage their innovative capability and ability to act independently, they also express respect and appreciation, which leads to greater engagement from everyone. Through their leadership and communication, line managers establish credibility and trust in their daily work, provide guidance and perspective, and put shared goals into practice.

The behavioural principles of the Swiss Life Group:

– I think and act in an exemplary manner and in the best interests of the company
– I collaborate effectively in the best interests of the company.
– I act in an efficient and goal-oriented way.
– I work in a committed and agile manner.
– I build trust by listening and communicating openly.
– I pursue continual self-development.

The behavioural principles for managers in the Swiss Life Group:

– I think and act in an exemplary manner and in the best interests of the company.
– I create meaning and understanding within the context of our purpose.
– I trust my employees.
– I encourage appreciative collaboration.
– I promote the development of my employees.
– I set and achieve ambitious goals.

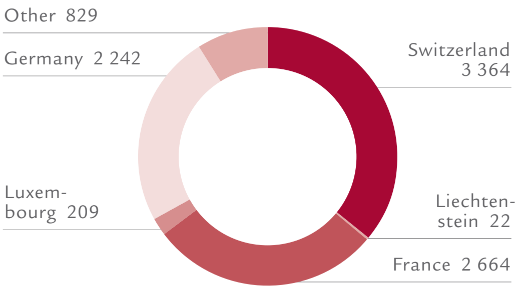
Transparent human resources management through standardised processes

The following Group-wide standard HR management processes are used to provide optimal support to managers and employees.

- Performance reviews with all employees
- Performance assessments with all employees (setting of objectives and assessment)
- Professional development interviews and measures
- Decisions on salaries and promotions
- Strategy and value-oriented behaviour – as set out in the Group-wide behavioural principles for employees and management
- Assessment and management of employee risks

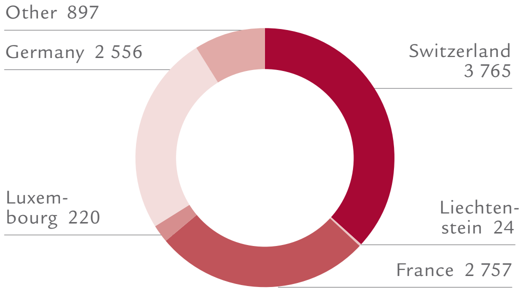
Full-time equivalents by country

Total 9 330 as at 31.12.2019



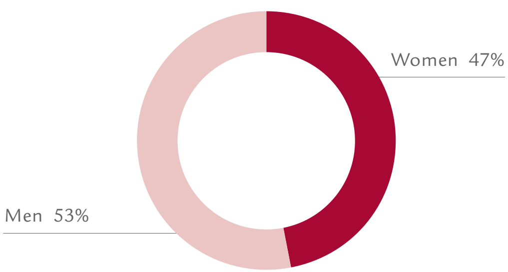
Employees by country

Total 10 219 as at 31.12.2019



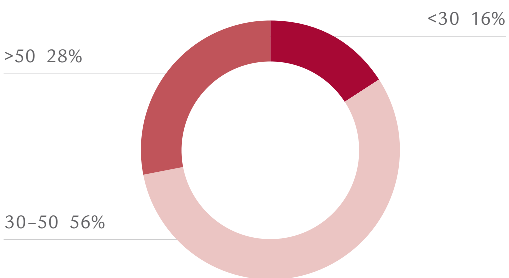
Employees by gender

Total 10 219 as at 31.12.2019



Employees by age group

Total 10 219 as at 31.12.2019



Newly hired employees by gender per segment

Total 2 125 as at 31.12.2019

	Men	in %	Women	in %
Switzerland	**218**	**68.7**	**99**	**31.3**
France	**200**	**41.0**	**287**	**59.0**
Germany	**232**	**54.5**	**194**	**45.5**
International	**106**	**49.8**	**107**	**50.2**
Asset Managers	**291**	**42.9**	**387**	**57.1**
Other	**4**	**100.0**	**0**	**0.0**
TOTAL	**1 051**	**50.5**	**1 074**	**49.5**

Departures of employees by gender per segment

Total 1 719 as at 31.12.2019

	Men	in %	Women	in %
Switzerland	**178**	**71.2**	**72**	**28.8**
France	**226**	**44.3**	**284**	**55.7**
Germany	**131**	**45.5**	**157**	**54.5**
International	**89**	**47.8**	**97**	**52.2**
Asset Managers	**223**	**46.4**	**258**	**53.6**
Other	**1**	**25.0**	**3**	**75.0**
TOTAL	**848**	**49.3**	**871**	**50.7**

Employee Development and Retention

Swiss Life performs a Group-wide employee survey every two years in cooperation with an independent research institute[1]. The participation rate in the 2019 survey was 89% (+2 percentage points compared with the 2017 survey). The engagement score for the Swiss Life Group shows the extent to which employees are prepared to go the extra mile for Swiss Life. It is above the average at 73%. That is 6 percentage points higher than the score for the peer group comprising the "global financial industry" and only 1 percentage point below the external benchmark comprising "the most successful companies worldwide". In the 2019 employee survey, Swiss Life refined the questions and specifically included enablement for the first time. Enablement describes the extent to which employees feel they are able to do an interesting job that reflects their abilities and the extent to which working conditions facilitate productive work. The score was 78% (4 percentage points above the external benchmark comprising "the most successful companies worldwide" and 10 percentage points above the external benchmark comprising the "global financial industry").

Actively shaping your career

Swiss Life plays an active public role in "self-determined living". The same aspiration is implemented within the company: Swiss Life provides an extensive range of offers and opportunities for its employees to help them shape their working lives themselves through all phases of their career. In its Group-wide "Actively shaping your career" programme, Swiss Life focuses on three success factors: "Ensuring employability through constant development", "Valuing and exploiting diversity" and "Maintaining long-term work ability". In this way, Swiss Life aims to strengthen employees' individual resources. This takes into account and balances different operational requirements and personal needs in various phases of working and private life.

"Actively shaping your career" defines the following success factors and activities:

"Ensuring employability through constant development"
– Continuous training and development for employees of all ages
– Systematic career analyses and situation reviews for employees of all ages
– Enabling part-time work in old age

"Valuing and exploiting diversity"
– Offering flexible working models
– Promoting cooperation among generations
– Childcare offerings and support for those caring for relatives
– Specific training for managers in leading diverse teams

"Maintaining long-term work ability"
– Offering time-out models
– Diverse range of offerings for the promotion and maintenance of health
– Social counselling offers

[1] Korn Ferry, 2019

Training and Development

Swiss Life anticipates the rapid changes in professional knowledge and methodology in the world of work by offering its employees a wide range of training and development activities.

All divisions have a wide range of training offers for managers and for employees who are newly promoted to a management function. These focus on introducing and deepening knowledge of the behavioural principles for managers. In France, Swiss Life offers various management training courses in cooperation with "Grande Ecole de Commerce KEDGE Business School", leading to a recognised certificate. Other training modules offered by the divisions are an onboarding module for managers joining the company, supervision and peer-to-peer coaching, team development workshops on future-oriented skills, inclusive management coaching and further modules focusing on social and methodological skills.

The continuing development modules offer content through a combination of conventional training formats and a digital platform so that managers and employees can undertake advanced training anytime, anywhere. The learning platform permits quick access to standardised management processes, skills-oriented training and other topics associated with social and methodological skills.

For the training and certification of sales and asset management staff, Swiss Life France has entered into a partnership with KEDGE Business School, EM Normandie Business School and Université Dauphine, Paris.

Young employees with potential have the opportunity to undertake all sorts of vocational courses, apprenticeships, placements, graduate programmes and combined university degrees. Here, Swiss Life places great value on offering them wide-ranging perspectives.

– At Swiss Life Switzerland, 90% of trainees, interns and graduates on graduate training programmes are offered employment on completion of their training.

– Swiss Life France has established partnerships with educational institutions in the fields of insurance, actuarial services, finance and engineering. The budding professionals receive support in the development of their abilities, for example through a network of managers and tutors.

– At Swiss Life Germany, talented youngsters are offered a choice of training courses. In addition, there is a partnership with Hannover Center of Finance e.V., an initiative of Leibniz University in Hanover and various companies.

– In 2019, the Luxembourg location held negotiations with the universities in Luxembourg, Brussels and Maastricht to develop and introduce partnership offers in order to offer perspective to young people at Swiss Life.

– Asset Managers offers students employment opportunities while they are studying.

Talent Development

Swiss Life provides targeted support to junior staff with potential. For example, employees displaying a high level of performance and strong potential are nominated for a talent programme. These initiatives support efforts to open up career paths within the company – whether in people leadership, project management or specialist functions. This paves the way for key positions to be filled with qualified young managers from within the company.

The individual divisional talent pools help to prepare future first and second-level managers (team leaders and department heads) as well as project managers and specialists for their future roles through training modules and project work.

The Key Persons Programme (KPP) is intended for Swiss Life Group management, specialists and project managers who are already in a key function or show potential for such a function. The aim of the Group-wide programme is to prepare people who show the desire and ability to help shape the company's future in their own areas for a key position so they can live up to their role as decision maker. The programme also plays a role in employee and succession planning. Within a 12-month period, the participants acquire a detailed insight into the most important business areas within the Swiss Life Group, give and receive new impulses and apply what they have learnt to their daily work. The KPP's four focus themes are:

- People leadership and communication
- Finance
- Innovation
- Corporate strategy

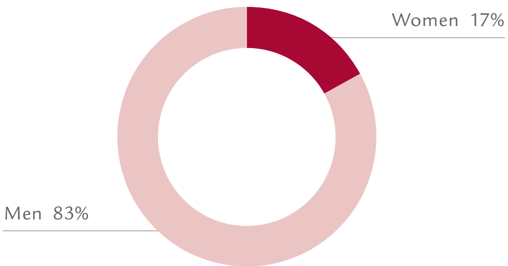
Alumni of the Key Persons Programme meet the participants every year at the "Shaping the Future Day". This conference looks in further detail at strategically relevant issues in the context of implementation of the corporate programme, including discussing them with the Group Executive Board and other key people.

Collaboration and Diversity

Mutual respect is the precondition for a work environment based on trust, in which employees are comfortable. Personal well-being and equality of opportunity, which includes diversity and inclusion, work-life balance, mutual respect, workload and workplace atmosphere, were also addressed in the 2019 employee survey[1]. 76% of employees feel they receive support from their manager in achieving an appropriate work-life balance. That is 5 percentage points above the external benchmark comprising "the most successful companies worldwide" and 9 percentage points above the benchmark comprising the "global financial industry".

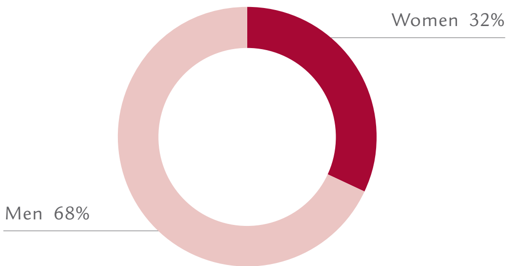
Board of Directors by gender

Total 12 as at 31.12.2019



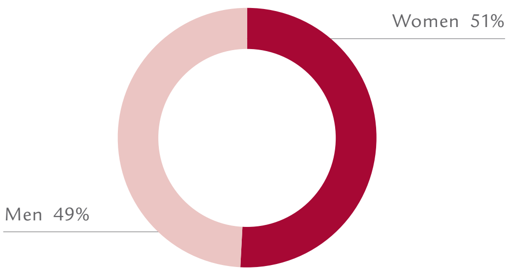
Employees with management functions by gender

Total 2 015 as at 31.12.2019



Employees without management functions by gender

Total 8 204 as at 31.12.2019



[1] Korn Ferry, 2019

Diversity and respect as the basis for collaboration based on trust

Both managers and specialists are of prime importance to the corporate success of Swiss Life. Swiss Life employs many specialists with enormous sector-specific knowledge and ability. By doing so, it aims to achieve a good balance between new career entrants, employees with experience and staff with substantial professional experience. To achieve this goal, Swiss Life offers flexible working models, for example, for employees in Switzerland from the age of 58. These enable employees to continue to work until they are 70. More than 30% of employees aged 58+ use Swiss Life in Switzerland's flexible working models. Through offers like these, Swiss Life ensures that specialist knowledge is passed on to the next generation.

Swiss Life offers its employees a work environment characterised by individual responsibility, respect and esteem. Based on this, there are divisional directives and regulations that set out our zero-tolerance policy regarding mobbing and discrimination on the basis of race, gender, religion, confession, national origin, disability, age, sexual orientation, physical or mental handicap, marital status, political views and other attributes.

The principles by which we work together at the Swiss Life Group are set down in the Code of Conduct, valid Group-wide. The Swiss Life behavioural principles, which are applicable for all employees, are integrated into Group-wide management processes. The behavioural principles set out, for example, principles of responsible behaviour, particularly with regard to compliance standards, laws and risks. Employees are regularly informed about the legal framework in which they operate, backed up by training courses to ensure they behave with integrity and in conformity with the law. Swiss Life has established management processes and informal channels (e.g. an ombudsman managed by a third party) for reporting and dealing with cases of discrimination or complaints.

Fair employment procedures free of discrimination

In accordance with national and international law (such as the ILO conventions), the Swiss Life Group applies fair employment procedures that are free of discrimination. Recruitment and promotion are based exclusively on ability, skills and potential, in line with the requirements of the position in question. Fair and equal compensation for all employees is ensured by the Group Compensation Policy, which is applicable throughout the Group. At all its national companies Swiss Life has used processes and instruments for a number of years to review and ensure equal pay for men and women. In Switzerland, for example, Logib software from the Federal Office for Gender Equality is used to review equal treatment. The review conducted in 2019 with the involvement of the Human Resource Committee did not identify any significant differences in the functional groups analysed. The next review is scheduled for 2020.

Employees by contract type

Total 10 219 as at 31.12.2019

	Men	in %	Women	in %	Total in %
Employees full-time	**4 937**	**60**	**3 329**	**40**	**81**
Employees part-time	**459**	**24**	**1 494**	**76**	**19**
Permanent employment contracts	**5 276**	**53**	**4 605**	**47**	**97**
Temporary employment contracts	**116**	**34**	**222**	**66**	**3**

Health and Safety

The Swiss Life Group aims to offer its employees a safe and healthy working environment. The nature of the work it performs as a service provider means that general health and safety risks are relatively low. The framework conditions for health and security at the workplace are provided by the local regulatory measures governing each Swiss Life company. Furthermore, all companies implement measures and initiatives aimed at preserving employee health.

Occupational safety and health management

Good working conditions influence employee health. Swiss Life supports this strategically by promoting uniform work structuring, providing a variety of tasks, fostering social interaction, enabling autonomy, room to manoeuvre and learning and development opportunities, ensuring meaningfulness and showing appreciation for its employees and their performance and contributions.

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

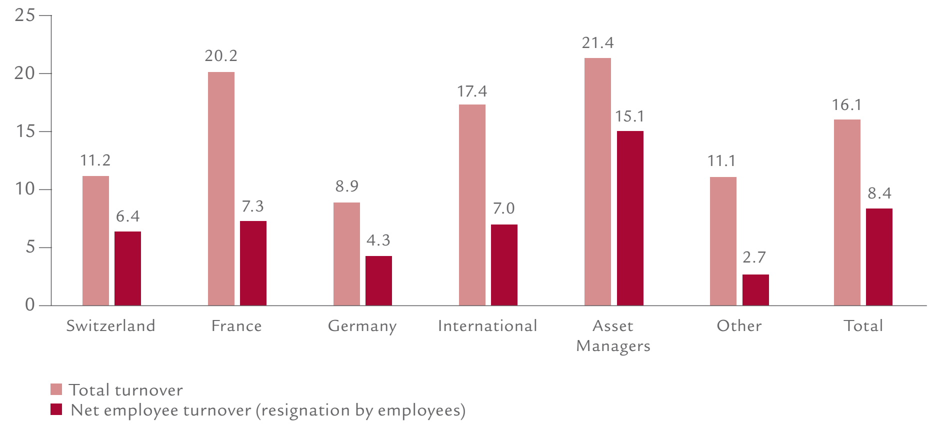
– Prevention
– Early intervention
– Reintegration

All employees of the Swiss Life Group have access to online offerings consisting of text content, short videos, checklists and learning programmes on the topic of "Health and well-being", which they can use anytime and anywhere they like. The topics on the online platform are divided among three groups: meaningfulness, dealing with stress and dealing with others (line managers, colleagues).

In addition, the divisions – in collaboration with their social partners – provide a range of additional services covering exercise and sport, massages and therapy, relaxation rooms and counselling of all types, e.g. nutrition and social counselling, as well as preventive measures (e.g. medical services, flu vaccines, preventing nicotine dependence, protection of non-smokers). Safety in the workplace (fittings, work stations, instructions) is continuously monitored and adapted to changing requirements.

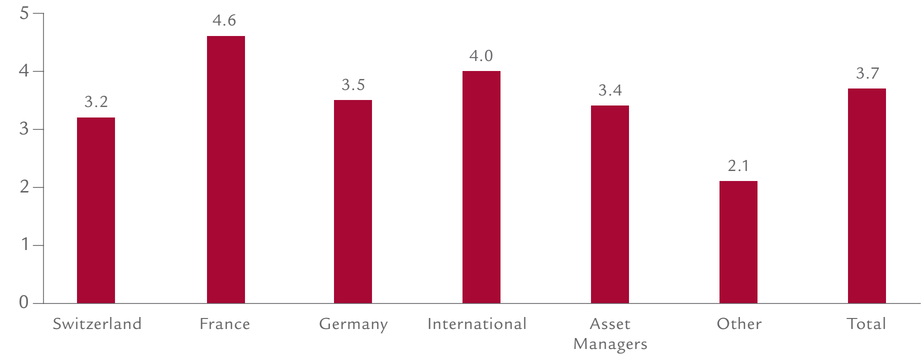
Turnover by segment

In 2019 (%)



Absences by segment

In 2019 (%)



Social Partnership

The employee representatives and Corporate Executive Board maintain close contact with each other. Since 1996, Swiss Life has had a European Works Council (pursuant to EU Directives 94/45/EC and 2009/38/EC).

The ten-person "Europa Forum", a committee comprising delegates from four countries, meets regularly with representatives of the Corporate Executive Board at ordinary and extraordinary meetings. It deals with transnational information and consultation on topics which affect all Swiss Life employees. The focal areas in 2019 were: HR strategy 2021, corporate culture, collaboration, people leadership, the 2019 Employee Survey and the new "Workday" HR management system.

At Swiss Life, collective bargaining takes place in the following countries and units on the basis of local laws (freedom of association and right to collective bargaining) (GRI 102-41):

- Swiss Life Germany
- Swiss Life in France
- Collective bargaining agreement for insurance companies at Swiss Life Asset Management GmbH and Swiss Life Invest GmbH in Germany
- Swiss Life Luxembourg: The collective bargaining agreement signed in 2018 remained in force in 2019 and ends in 2020. Negotiations between the trade unions and insurance sector will start in the course of the coming year.

In addition, Swiss Life has local employee representation in numerous countries as legally required.

Switzerland

Agreements signed	Number of Works Council members broken down by full-time and part-time
Swiss Life Switzerland	
– The agreement concerning recording of working hours, which entered into force on 1 April 2016, was formally confirmed at the annual review and will be continued. – In 2019 the staff committee was actively involved in designing the new "Workday" HR management system, especially with a view to employee experience, reporting, and the overviews of key performance indicators. – As part of the 2020 salary review, the staff committee made a formal application to the Executive Board for a salary increase. – The routine elections for the period 2020–2023 were held in autumn 2019. At the constitutive meeting in December 2019, the chair and the delegates to the European Works Council were decided. – Based on the extended directive on protection of non-smokers, which came into effect on 1 January 2019, implementation of measures to protect non-smokers at both Zurich locations was monitored. – In 2019, the staff committee answered around 300 enquiries from employees	– Nine members; the chairwoman enjoys up to 20% work dispensation for work on the staff committee, the vice chairwoman up to 15% and the members up to 10%.

France

Agreements signed	Number of Works Council members broken down by full-time and part-time
Swiss Life France	
Elections to the staff council were held electronically in January 2019. A new business and social committee was established. It has four sub-committees: “Occupational health and working conditions”, “Business and strategy”, “Social affairs” and “Workplace learning”. A specific training programme is available to enable the employee representatives to develop their competencies. – Three annual wage negotiations in 2019 (NAO): salary agreements – extension of the mobile office agreement – third agreement on the mandate of administrative employees	– 22 regular members of the Economic and social committee, 30 hours per month – including one secretary (25 hours per month), an assistant secretary (15 hours per month) – a treasurer (15 hours per month) an assistant treasurer (5 hours per month) – 14 trade union delegates (24 hours per month) – 4 central delegates (26 hours per month – three mediators, responsible for dealing with harassment/mobbing
SWISS LIFE ASSET MANAGERS France	
The Adaptation Agreement (works agreement) which was signed unanimously following the merger, contains: – Amendment of working time regulations – Implementation of Home Office – Harmonisation of bonus and fringe benefits, profit sharing and employee savings plans, etc. – Employee referendum for the implementation of the agreement – Expansion of the Works Council The following agreements have also been signed: – Adaptation agreement following the merger of 21 June 2019, followed by the employee referendum for implementation of the agreement – Agreement on additional Works Council elections on 3 July 2019 – Pre-electoral agreement for the organisation of Works Council elections of 29 July 2019 – Supplement to the profit sharing agreement of 28 June 2019 – Supplement to the company savings plan in addition to the employer’s contribution of 16 April 2019	Prior to the merger of 1 April 2019 between SWISS LIFE REIM (France) and Swiss Life Asset Management (France), there were three representative union organisations (CFDT, CFE-CGC and CFTC) with a total of 14 Works Council members, nine for SWISS LIFE REIM (France) and five for Swiss Life Asset Management (France). Following the merger on 1 April 2019, a union organisation (CFDT) was established with eleven members of the Works Council in accordance with the agreement on the additional Works Council elections in July 2019. No employee representative carries out his/her activity full-time.

Germany

Agreements signed	Number of Works Council members broken down by full-time and part-time, area of responsibility
Swiss Life Germany	
The Works Council performs its duties through various committees in accordance with the local Works Constitution Act. To meet local requirements, various constructive works agreements have been concluded with management. – An extensive works agreement focuses on professional development, safeguarding knowledge management, defining training requirements and planning professional training – In cooperation with the HR department, in occupational health management, greater importance has been given to the special subject of resilience and psychological stress at work – An extensive works agreement focuses on continuing professional development at Swiss Life, without restrictions on entitlement to training (age, gender, department) – The Works Council has responded to the new working requirements (workplaces and technology) through a works agreement on more flexible working.	– The Central Works Council as the overarching body of all operations consists of five persons (two representatives of Works Council Internal Services, two representatives of Works Council Sales Force, 1 representative of the severely handicapped). The Central Works Council chair is also chair of the Works Council Internal Services, a member of the business committee and spokesperson for the European Works Council of Swiss Life Ltd. – The Works Council Internal Services (responsible for the German branch in Garching as well as Swiss Life Partner Service- und Finanzvermittlungs GmbH and SLPM Schweizer Leben PensionsManagement GmbH) is composed as follows: Eleven members, of whom the Works Council chair with 100% work dispensation for Works Council activities. – The Works Council Sales Force is responsible for intermediary distribution at the branch office and comprises five people, none of whom has dispensation.

Germany

Agreements signed	Number of Works Council members broken down by full-time and part-time, area of responsibility
Asset Managers Germany **Swiss Life Investment Management Deutschland Holding GmbH**	
– Interim agreement during the project phase for the introduction of the "Workday" human resources management system	The members of the Works Council representing CORPUS SIREO Real Estate GmbH, Swiss Life Asset Management GmbH and Swiss Life Invest GmbH established a Group Works Council on 29 October 2019. In connection with the establishment of Swiss Life Investment Management Deutschland Holding GmbH, the aim of the Group Works Council is to define cross-company issues. The Group Works Council has four members, who are appointed by the above works councils. One member of the works council at Corpus Sireo with 100% dispensation is also a member of the European Works Council.
Swiss Life Asset Management GmbH and Swiss Life Invest GmbH	
– Works agreement on whistleblowing (supplementary agreement to the Code of Conduct of the Swiss Life Group) – Calculation of variable compensation (bonus) for 2018 – Basic salary adjustment process for non-management, non-pay-scale employees as at 1 April 2019 – Occupational pension provisions through deferred compensation (additional pension provision) including all additional benefit – Framework agreement on IT – Framework agreement on Office 365 – Agreement on the use of the Rosetta Stone language course	The Works Council of Swiss Life Management GmbH and Swiss Life Invest GmbH comprises three members. All members work without dispensation.
Corpus Sireo	
– Regulation concerning working hours at Corpus Sireo – Dealing with working time regulations from old contracts prior to 1 July 2017 – Mobile working – Supplementary framework conditions for employment relationships at Corpus Sireo – Voluntary social security benefits – Spendit Card – MITE project time recording – Deployment and use of "Competence Booster" at Corpus Sireo – Company framework agreement on IT	The Works Council of CORPUS SIREO Real Estate GmbH consists of eleven members, one member with 100% work dispensation (Works Council chair), all other members without dispensation.

Luxembourg

Agreements signed	Number of Works Council members broken down by full-time and part-time, area of responsibility
Swiss Life Luxembourg	
Elections were held in March 2019 and the newly elected staff committee started its work in April. – The new staff committee is continuing to concentrate on its key role in facilitating the flow of information between staff and the management in order to avoid potential conflicts. – Ensuring appropriate investment in the retraining of insurance workers and adapting skills to future workplace demands	The number of employee representatives and the time required for their work are directly proportional to the number of employees. In the Global Solutions area in Luxembourg the future employee representation consists of five ordinary representatives and five deputies. The employee representatives have at their disposal 16 hours a week to exercise their mandate. The Swiss Life Products (Luxembourg) S.A. team has reached the threshold of 15 employees and thus elected its own employee representation in 2019.
Asset Managers Luxembourg	
The staff committee of Swiss Life Asset Managers Luxembourg was reelected in March 2019 and met four times in 2019. The staff committee meets the Executive Board every quarter. No formal agreements were reached between the staff committee and the Executive Board in 2019.	The staff committee of Swiss Life Asset Managers Luxembourg consists of two active delegates, two deputy delegates and one security delegate. All delegates work without dispensation.

Sustainability in the Environment – Environmental and Climate Protection in Operational Ecology

In its operational ecology, Swiss Life focuses on climate protection and aims to continuously reduce its carbon footprint.

Swiss Life wants to make an active contribution to climate protection and to reducing CO_2 emissions. Therefore, the company has set targets for operational ecology. These are set out in a Group-wide directive. At the same time, the company wants to further increase employee awareness of environmental and climate protection. It therefore has awareness-raising activities at various locations.

In addition to reducing greenhouse gas emissions in its own operations, Swiss Life systematically integrates environmental aspects into asset management and real estate management (see "Responsible Investing" section from page 98).

Operational ecology goals of the Swiss Life Group

Greenhouse gas[1]
Swiss Life wants to reduce its greenhouse gas emissions by 10% by 2021.

Electricity[1]
Swiss Life wants to increase the share of electricity it uses in its buildings from renewable energy sources, with a target of reaching 100% by 2021.

Fossil fuels
Swiss Life wants to continuously reduce its use of fossil fuels in its business premises within its investment cycles.

[1] The reference base for this goal per FTE is 2016 and it covers Scope 1, 2 and 3 emissions.

Operational ecology indicators

Environmental data on operational ecology are gathered annually in accordance with the globally recognised standard of the Association for Environmental Management and Sustainability at Financial Institutions (VfU). Its annual data collection allows Swiss Life to determine where progress has been made, where risks lie and where steps must be taken. The VfU key figures conform to the international Greenhouse Gas Protocol (Scope 1, 2 and 3) standards, and thus to the Carbon Disclosure Project (CDP) as well. The data are gathered, evaluated and analysed across the Group. All the major Swiss Life locations have environmental officers and the individual divisions work closely together. Following the extensive professionalisation of operational ecology initiated in 2018, Swiss Life has also set itself the goal of continuously improving data quality and significantly reducing the proportion of estimates.

Absolute environmental indicators[1]

	2019	2018	2017	2016[2]
TOTAL ENERGY CONSUMPTION (IN MWH)	**51 694**	49 500	47 819	49 075
Electricity (in MWh)	**32 570**	32 011	31 557	33 501
Heating (in MWh)	**13 937**	15 933	14 759	13 965
District heating/cooling (in MWh)	**5 187**	1 556	1 503	1 609
RENEWABLE ELECTRICITY (IN MWH)	**23 080**	15 890	17 868	13 905
Proportion of renewable electricity (in %)	**71**	50	57	42
BUSINESS TRAVEL (IN MILLION KM)	**61.9**	68.8	63.1	62.0
PAPER CONSUMPTION (IN T)	**1 228**	934	1 031	1 084
Proportion of paper with FSC label (in %)	**68**	66	63	60
WATER CONSUMPTION (IN M^3)	**104 380**	100 940	84 361	73 677
WASTE (IN T)	**1 118**	1 009	1 132	1 002
WASTE RECYCLING (IN T)	**507**	542	655	613
Waste recycling (in %)	**45**	54	58	61
TOTAL GREENHOUSE GAS EMISSIONS (IN T)	**23 657**	24 436	22 788	26 647
Greenhouse gas emissions Scope 1 (CO_2 equivalents in t)	**6 596**	9 341	8 667	8 660
Greenhouse gas emissions Scope 2 (CO_2 equivalents in t)	**4 808**	3 439	2 935	6 578
Greenhouse gas emissions Scope 1 and 2 (CO_2 equivalents in t)	**11 404**	12 780	11 601	15 239
Greenhouse gas emissions Scope 3 (CO_2 equivalents in t)	**12 254**	11 656	11 186	11 408

Relative environmental indicators per full-time position (FTP)[1]

	2019	2018	2017	2016[2]
TOTAL ENERGY CONSUMPTION (IN KWH/FTE)	**5 540**	5 614	5 823	6 098
Electricity (in KWh/FTE)	**3 491**	3 631	3 843	4 163
Heating (in KWh/FTE)	**1 494**	1 807	1 797	1 735
District heating/cooling (in KWh/FTE)	**556**	176	183	200
RENEWABLE ELECTRICITY (IN KWH/FTE)	**2 474**	1 802	2 176	1 728
BUSINESS TRAVEL (IN KM/FTE)	**6 634**	7 804	7 686	7 709
PAPER CONSUMPTION (IN KG/FTE)	**132**	106	126	135
WATER CONSUMPTION (IN M^3/FTE)	**11**	11	10	9
WASTE (IN KG/FTE)	**120**	114	138	125
WASTE RECYCLING (IN KG/FTE)	**54**	61	80	76
TOTAL GREENHOUSE GAS EMISSIONS (IN KG/FTE)	**2 536**	2 771	2 775	3 311
Greenhouse gas emissions Spope 1 (CO_2 equivalents in kg/FTE)	**707**	1 059	1 055	1 076
Greenhouse gas emissions Scope 2 (CO_2 equivalents in kg/FTE)	**515**	390	357	817
Greenhouse gas emissions Scope 1 and 2 (CO_2 equivalents in kg/FTE)	**1 222**	1 449	1 413	1 893
Greenhouse gas emissions Scope 3 (CO_2 equivalents in kg/FTE)	**1 313**	1 322	1 362	1 418

1 The key figures for the 2019 financial year refer to VfU 2018, the previous key figures to VfU 2013.

2 Following the recording of environmental data in 2018, minor corrections were also made to the assessment of the 2016 data.

The Swiss Life Group reduced its greenhouse gas emissions by 3% in 2019. One contributory factor to that was a reduction in business traffic (–10%). In addition, Swiss Life increased its share of electricity from renewable energy sources by 21 percentage points in the year under review, which helped reduce greenhouse gas emissions. In addition, the share of fossil fuels was further reduced in favour of district heating. Overall, total energy consumption increased slightly, which can be traced back to the cold winter of 2019.

Principal activities of the Swiss Life Group and its divisions

Swiss Life Group

- In 2019 Swiss Life introduced collaboration software to enable Group-wide digital collaboration and optimal use of resources in the future. Meetings can now be held Group-wide in virtual rooms, with information being made available digitally. Among other things, Swiss Life expects this to significantly reduce greenhouse gas emissions in the coming years by reducing business trips and cutting consumption of paper and printing.

Switzerland

- In Switzerland, Swiss Life is a member of the Zurich Energy Model and has been drawing all its electricity from renewable energy sources for over ten years. This has enabled the company to reduce its annual greenhouse gas emissions by over 1300 tonnes. Under its energy model, Swiss Life has pledged to improve energy efficiency at its Zurich location by 1.76 % every year up to 2020.

- Swiss Life's head office in Zurich is virtually carbon-neutral. Since the early 1990s, the building has been cooled with water from Lake Zurich. Around four years ago, the system was further developed to make use of lake water for heating as well, by means of a heat pump. Over 95% of the building's heating needs are now supplied in this fashion. All the sanitary facilities at both Zurich locations are equipped with water-saving installations. This enables Swiss Life Switzerland to save some three million litres of water each year. Moreover, rainwater has been used for some sanitary installations for the past 20 years.

- All printers and copiers use paper from environmentally and socially friendly forestry, certified by the FSC label. Swiss Life also uses paper with the FSC label for larger print-runs, for example for its customer magazine. In the reporting period, all printers at the two locations in Zurich were set to standard double-sided black-and-white printing and separate printers in offices were abolished. The measures implemented in the year under review have already led to a paper reduction of 25 tonnes in the two Zurich office buildings. Moreover, an awareness-raising campaign was run to encourage employees to minimise the use of paper.

- Swiss Life wants to make an active contribution to climate protection through operational ecology, for which reason it set up the Swiss Climate Foundation in 2008 in cooperation with other Swiss companies. The foundation supports SMEs in becoming more energy efficient and reducing their CO_2 emissions.

France

- Regular theme days are organised in France to raise employee awareness of environmental protection. Recycling stations were introduced at the Roubaix location in 2019 and measures to optimise energy efficiency were introduced at the main buildings in Levallois and Roubaix in the reporting period.

Germany

- In Germany, the two main Swiss Life branch offices, in Garching near Munich and in Hanover, have repeatedly been awarded the ECOPROFIT seal for their outstanding commitment to corporate environmental protection. The seal rewards efforts to reduce CO_2 emissions and save resources. At both locations, Swiss Life sources electricity from renewable sources.

- Swiss Life Germany has also been represented in the Klima-Allianz der Stadt Hannover (Climate Alliance of the City of Hanover) network for over ten years and undertakes, in cooperation with other companies, to reduce CO_2 emissions and increase energy efficiency in urban areas.

Swiss Life International

- The locations in Liechtenstein, Luxembourg, the UK, Austria, the Czech Republic, Singapore and Slovakia are in modern, energy-efficient office buildings. Environmental impact is steadily being reduced in all areas through progressive digitalisation and optimised use of workplaces. The most important measures include reducing paper consumption and waste and encouraging the use of public transport.

CDP

Since 2011, the Swiss Life Group has taken part in the CDP (Carbon Disclosure Project) survey. The CDP is an independent charitable organisation which holds the world's most comprehensive collection of corporate information on climate change. In both 2018 and 2019, Swiss Life was awarded a B-rating.

Swiss Life's Contribution to the Sustainable Development Goals (SDG)

The United Nations' 17 Sustainable Development Goals (SDGs) are the heart of the Agenda 2030 for Sustainable Development. Swiss Life is transparent about which of these goals it is already making a contribution to.

In this report, Swiss Life focuses on the sustainable development goals where the company is currently having the biggest impact through its business activities, investments and social commitment. In keeping with this, the reporting is restricted to six of the 17 SDGs.

SDG (target)	Our contribution
3 GOOD HEALTH AND WELL-BEING We guarantee all people of all ages a healthy life and promote their well-being	The social and economic consequences of increased life expectancy are insufficiently accounted for in almost all areas of life. Swiss Life is committed to raising society's awareness of this topic and actively addressing the attendant challenges. Swiss Life supports its customers in preparing early so they can lead a self-determined life. Swiss Life supports its employees, for example, by offering them flexible working models and a wide range of health and prevention services. See also "Strategy & Brand" (pages 8–13) and "Sustainability as an Employer", sections "Collaboration and Diversity" and "Health and Safety" (pages 124–128).
4 QUALITY EDUCATION Guaranteeing inclusive, high-quality education respectful of equality and advocating lifelong learning for all	Swiss Life supports its employees maintain their employability and promotes their ongoing development. This includes continuous internal and external education for employees of all ages, training for apprentices and trainees and entry-level opportunities for university graduates. In addition, Swiss Life uses its own foundations to support institutions that help people from a wide range of backgrounds educate and better themselves. See also "Products, Services and Advice" (pages 95–96), "Corporate Citizenship" (pages 113–116) and "Sustainability as an Employer" (pages 117–131).
7 AFFORDABLE AND CLEAN ENERGY Ensuring access to affordable, dependable, sustainable, modern energy for all	Swiss Life specifically uses some of its investments to support climate-friendly technologies, projects and initiatives. In this way, it also makes a direct contribution to the global climate targets. In 2019, Swiss Life acquired Fontavis AG, a leading investment manager for clean energy and infrastructure funds in Switzerland. The Fontavis portfolios are focused on thermal, water, solar and wind power.

SDG (target)	Our contribution
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE Developing a resilient infrastructure, promoting sustainable industrialisation with broad-scale effect and supporting innovation	Swiss Life promotes projects from the worlds of research and science. In Switzerland, Swiss Life has supported medical research projects through its own foundation, the "Anniversary Foundation for Public Health and Medical Research", since 1957. In addition, Swiss Life supports Technopark Zurich, which brings together representatives of science, technology and business, and the NEST research and innovation platform, which tests and develops new materials, technologies, products, energy concepts and usage concepts for the construction sector. In addition, Swiss Life is Member of the Foundation Board and of the Business Council of Swiss Innovation Park.
11 SUSTAINABLE CITIES AND COMMUNITIES Making cities and developments inclusive, safe, resilient and sustainable	Swiss Life is one of Europe's leading real estate investors and has the biggest private real estate portfolio in Switzerland. The majority of its properties are in urban areas. As a builder, property owner and asset manager, Swiss Life aims to use ecological and economic resources with maximum efficiency and to make an active contribution to sustainable urban development. See also "Responsible Real Estate Management" (pages 101–102).
12 RESPONSIBLE CONSUMPTION AND PRODUCTION Ensuring sustainable consumption and production patterns	As a builder and in its own operations, Swiss Life supports the sparing use of resources. Swiss Life publishes current developments in greenhouse gas emissions and its use of paper and energy, its production of waste, and other indicators on operational ecology on an annual basis. Furthermore, Swiss Life uses Group-wide targets to ensure that the company is able to continue developing in the realm of operational ecology. When selecting suppliers and service providers, Swiss Life works with local contractors whenever possible and prefers products and services from companies that have implemented a certified environmental protection system. See also "Responsible Real Estate Management" (pages 101–102), "Sustainable Procurement" (pages 106–108) and "Sustainability in the Environment" (pages 132–135).

UN Global Compact Progress Report

As a signatory of the UN Global Compact, Swiss Life supports its ten principles of sustainability and makes a contribution to making globalisation socially and ecologically compatible.

Declaration of support

In 2018 Swiss Life signed the principles of the UN Global Compact. We acknowledge the ten principles, because we want to accept our responsibility as a company in the key areas of human rights, labour, the environment and anti-corruption and publicly affirm these global values. The focal areas of the UN Global Compact are reflected in both our Code of Conduct and our materiality matrix. The way in which we contribute to meeting these principles within our area of responsibility is shown in our annual progress report.

WE SUPPORT
UN GLOBAL COMPACT

P. Frost
Patrick Frost
CEO

Human rights

Principles 1 and 2:

– Businesses should support and respect the protection of internationally proclaimed human rights in their area of influence and make sure that they are not complicit in human rights abuses
– and make sure that they are not complicit in human rights abuses.

→ “CEO Foreword” (page 81)
→ “Sustainability at Swiss Life” (pages 82–89)
→ “Responsible Investing” (pages 98–102)
→ “Compliance at Swiss Life” (pages 103–105)
→ “Sustainable Procurement” (pages 106–108)

Labour

Principles 3, 4, 5 and 6:

- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- the elimination of all forms of forced and compulsory labour;
- the effective abolition of child labour; and
- the elimination of discrimination in respect of employment and occupation

→ “Sustainable Procurement” (pages 106–108)
→ “Sustainability as an Employer” (pages 117–131)

Environment

Principles 7, 8 and 9:

- Businesses should support a precautionary approach to environmental challenges;
- undertake initiatives to promote greater environmental responsibility; and
- encourage the development and diffusion of environmentally friendly technologies

→ “Responsible Investing” (pages 98–102)
→ “Responsible Real Estate Management” (pages 101–102)
→ “Sustainable Procurement” (pages 106–108)
→ “Sustainability in the Environment” (pages 132–135)

Combating corruption

Principle 10:

- Businesses should work against corruption in all its forms, including extortion and bribery.

→ “Compliance at Swiss Life” (pages 103–105)
→ “Sustainable Procurement” (pages 106–108)

Information on Sustainability Reporting

Consistent reporting to stakeholder groups

The annual reporting on sustainability creates transparency and strengthens communication with stakeholder groups. Swiss Life's stakeholders include employees, customers, investors, and representatives of the media, politics, and associations. Swiss Life is in regular dialogue with relevant stakeholder groups. This ensures that it is aware of their requirements and expectations and is able to react to challenges or changes (Global Reporting Initiative, GRI 102-40, 102-42, 102-43, 102-44). Further information on our dialogue with stakeholder groups is available on the Swiss Life website at www.swisslife.com/en/stakeholdercommunication.

Reporting in line with the European CSR Directive

The Swiss Life Group's Sustainability Report conforms with the EU's CSR Directive. In this Sustainability Report, Swiss Life reports on environmental matters (pages 81–82, 85–89, 95, 99–103, 106–108, 132–135), employee-related matters (pages 87–89, 117–131), social issues (pages 81, 85–89, 98–102, 109–112, 141), reports and the observance of human rights pages 85–86, 89, 98, 103–108, 138, 141) and anti-corruption and bribery (pages 85–86, 89, 99, 101–105, 138–139). The pages cited also provide information on the concepts and associated results, as well as on due diligence process and risk management. The determination of the material topics performed in the reporting period takes account of the requirements of the CSR Directive on the non-financial content of the report through two dimensions: "relevance for Swiss Life" and "impact on sustainable development".

Reporting in accordance with the standards of the Global Reporting Initiative

The Swiss Life Sustainability Report meets the requirements of the Global Reporting Initiative (GRI), a framework for transparent sustainability reporting. The 2019 report covers the Switzerland, France, Germany, International and Asset Managers segments. This report has been prepared in accordance with the GRI Standards: Core option. The aim of the GRI is, on the one hand, to support companies, governments and non-governmental organisations (NGOs) in focusing their reporting on topics that are material from the perspective of their stakeholders and their influence on sustainable development. On the other hand, the standardised format of the reports, based on key figures, also contributes to the comparability and transparency of sustainability reporting.

Memberships

The Swiss Life Group is a member of all sorts of organisations and networks in the area of sustainability, as well as co-signatory of initiatives. These include the following:

– **Principles for Responsible Investment (PRI):** unpri.org
– **UN Global Compact (UNGC):** unglobalcompact.org
– **Global Real Estate Sustainability Benchmark (GRESB):** gresb.com
– **CDP (formerly Carbon Disclosure Project):** cdp.net
– **Task Force on Climate-related Financial Disclosure (TCFD):** fsb-tcfd.org
– **Institutional Investors Group on Climate Change (IIGCC):** iigcc.org
– **Forum Nachhaltige Geldanlagen (Sustainable Investment Forum):** forum-ng.org
– **International Corporate Governance Network (ICGN):** icgn.org

Swiss Life's local locations are active, among others, in the following organisations:

– **Swiss Sustainable Finance (SSF):** sustainablefinance.ch
– **Swiss Climate Foundation:** klimastiftung.ch
– **Energy Model Zurich:** energiemodell-zuerich.ch
– **Observatoire de l'immobilier durable (Green Building Observatory):** o-immobilierdurable.fr
– **Plan Bâtiment Durable (Sustainable Building Plan):** planbatimentdurable.fr
– **Netzwerk der Klima-Allianz der Stadt Hannover (Network of the Climate Alliance of the City of Hanover):** klimaallianz-hannover.de

Do you have any questions or suggestions about sustainability at Swiss Life? Write to us at sustainability@swisslife.ch.

GRI Content Index

GRI Materiality Disclosures Swiss Life Holding AG Feb 2020 Service

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. The Materiality Disclosures Service was performed on the German version of the report.

	GENERAL STANDARD DISCLOSURES	Page number in Annual Report 2019
GRI 101	FOUNDATION (2016)	
GRI 102	GENERAL DISCLOSURES (2016)	
	ORGANISATIONAL PROFILE	
GRI 102-1	Name of the organisation	p. 26
GRI 102-2	Activities, brands, products and services	p. 5, p. 8–13, p. 95–96
GRI 102-3	Location of headquarters	Zurich
GRI 102-4	Location of operations	p. 5
GRI 102-5	Ownership and legal form	p. 27–28
GRI 102-6	Markets served	p. 5
GRI 102-7	Scale of the organisation	p. 4–5, p. 119
GRI 102-8	Information on employees and other workers	p. 119
GRI 102-9	Supply chain	p. 106–108
GRI 102-10	Significant changes to the organisation and its supply chain	p. 52
GRI 102-11	Precautionary principle or approach	p. 87
GRI 102-12	External initiatives	p. 111–112
GRI 102-13	Membership of associations	p. 111–112, p. 141
	STRATEGY	
GRI 102-14	Statement from senior decision-maker	p. 81
	ETHICS AND INTEGRITY	
GRI 102-16	Values, principles, standards and norms of behaviour	p. 87–89
	GOVERNANCE	
GRI 102-18	Governance structure	p. 47
	STAKEHOLDER ENGAGEMENT	
GRI 102-40	List of stakeholder groups	p. 140
GRI 102-41	Collective bargaining agreements	p. 129
GRI 102-42	Identifying and selecting stakeholders	p. 140
GRI 102-43	Approach to stakeholder engagement	p. 140
GRI 102-44	Key topics and concerns raised	p. 140
	REPORTING PRACTICE	
GRI 102-45	Entities included in the consolidated financial statements	p. 299
GRI 102-46	Defining report content and topic boundaries	p. 86
GRI 102-47	List of material topics	p. 85
GRI 102-48	Restatements of information	No significant changes
GRI 102-49	Changes in reporting	p. 84
GRI 102-50	Reporting period	01.01.–31.12.2019
GRI 102-51	Date of most recent report	Sustainability Report 2018, published in March 2019
GRI 102-52	Reporting cycle	Annual
GRI 102-53	Contact point for questions regarding the report	Media Relations, p. 331
GRI 102-54	Claims of reporting in accordance with the GRI standards	p. 140
GRI 102-55	GRI content index	p. 142–145
GRI 102-56	External assurance	None

	TOPIC-SPECIFIC STANDARDS	Page number in Annual Report 2019	Omission
GRI 200	ECONOMY		
GRI 201: 2016	ECONOMIC PERFORMANCE		
GRI 103: 2016 103-1/103-2/103-3	Management approach	p. 91	
GRI 201-1	Direct economic value generated and distributed	p. 152–155	
GRI 201-2	Financial implications and other risks and opportunities due to climate change	p. 76–77, p. 99–100, p. 102	
GRI 203: 2016	INDIRECT ECONOMIC IMPACTS		
GRI 103: 2016 103-1/103-2/103-3	Management approach	p. 109–110	
GRI 203-1	Infrastructure investments and services supported	p. 113–116, p. 136–137	
GRI 203-2	Significant indirect economic impacts	p. 88	
	SELF-DETERMINATION IN TIMES OF DEMOGRAPHIC CHANGE		
GRI 103: 2016 103-1/103-2/103-3	Management approach	p. 8	
	RESPONSIBLE INVESTMENT		
GRI 103: 2016 103-1/103-2/103-3	Management approach	p. 98–100	
	RESPONSIBLE REAL ESTATE MANAGEMENT		
GRI 103: 2016 103-1/103-2/103-3	Management approach	p. 101–102	
	DIGITALISATION		
GRI 103: 2016 103-1/103-2/103-3	Management approach	p. 97	
GRI 205: 2016	ANTI-CORRUPTION		
GRI 103: 2016 103-1/103-2/103-3	Management approach	p. 103–105	
GRI 205-3	Confirmed incidents of corruption and actions taken	None	
GRI 206: 2016	ANTI-COMPETITIVE BEHAVIOUR		
GRI 103: 2016 103-1/103-2/103-3	Management approach	p. 103–105	
GRI 206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	None	
	RISK MANAGEMENT		
GRI 103: 2016 103-1/103-2/103-3	Management approach	p. 76–78	
GRI 300	ENVIRONMENT		
GRI 302: 2016	ENERGY		
GRI 103: 2016 103-1/103-2/103-3	Management approach	p. 132	
GRI 302-1	Energy consumption within the organisation	p. 133	
GRI 302-3	Energy intensity	p. 133	
GRI 302-4	Reduction of energy consumption	p. 133–135	
GRI 305: 2016	EMISSIONS		
GRI 103: 2016 103-1/103-2/103-3	Management approach	p. 132	
GRI 305-1	Direct (Scope 1) GHG emissions	p. 133	
GRI 305-2	Energy indirect (Scope 2) GHG emissions	p. 133	
GRI 305-3	Other indirect (Scope 3) GHG emissions	p. 133	
GRI 305-4	GHG emission intensity	p. 133	
GRI 305-5	Reduction of GHG emissions	p. 133–135	
GRI 308: 2016	SUPPLIER ENVIRONMENTAL ASSESSMENT		
GRI 103: 2016 103-1/103-2/103-3	Management approach	p. 106–108	
GRI 308-1	New suppliers that were screened using environmental criteria	p. 106–108	

	TOPIC-SPECIFIC STANDARDS	Page number in Annual Report 2019	Omission
GRI 400	SOCIAL		
	PEOPLE CENTRICITY		
GRI 103: 2016 103-1/103-2/103-3	Management approach	p. 92–94	
	Net promoter score (NPS)	p. 93	
GRI 401: 2016	EMPLOYMENT		
GRI 103: 2016 103-1/103-2/103-3	Management approach	p. 117–119, p. 121	
GRI 401-1	New employee hires and employee turnover	p. 120, p. 128	
GRI 402: 2016	LABOUR/MANAGEMENT RELATIONS		
GRI 103: 2016 103-1/103-2/103-3	Management approach	p. 117–119	
GRI 402-1	Minimum notice periods regarding operational changes	p. 75	
GRI 403: 2016	OCCUPATIONAL HEALTH AND SAFETY		
GRI 103: 2016 103-1/103-2/103-3	Management approach	p. 127	
GRI 403-1	Workers representation in formal joint management-worker health and safety committees	p. 129–131	
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities	p. 128	
GRI 403-4	Health and safety topics covered in formal agreements with trade unions	p. 127	
GRI 404: 2016	TRAINING AND EDUCATION		
GRI 103: 2016 103-1/103-2/103-3	Management approach	p. 122–123	
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	p. 122–123	
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	p. 119	
GRI 405: 2016	DIVERSITY AND EQUAL OPPORTUNITY		
GRI 103: 2016 103-1/103-2/103-3	Management approach	p. 124–126	
GRI 405-1	Diversity of governance bodies and employees	p. 119, p. 124	
GRI 405-2	Ratio of basic salary and remuneration of women to men	p. 126	
GRI 406: 2016	NON-DISCRIMINATION		
GRI 103: 2016 103-1/103-2/103-3	Management approach	p. 126	
GRI 406-1	Incidents of discrimination and corrective actions taken	None	
GRI 412: 2016	HUMAN RIGHTS ASSESSMENT		
GRI 103: 2016 103-1/103-2/103-3	Management approach	p. 98–108	
GRI 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	p. 107–108	
GRI 414: 2016	SUPPLIER SOCIAL ASSESSMENT		
GRI 103: 2016 103-1/103-2/103-3	Management approach	p. 106–108	
GRI 414-1	New supplier that were screened using social criteria	p. 106–108	
GRI 415: 2016	PUBLIC POLICY		
GRI 103: 2016 103-1/103-2/103-3	Management approach	p. 111–112	
GRI 415-1	Political contributions	p. 111	

	TOPIC-SPECIFIC STANDARDS	Page number in Annual Report 2019	Omission
GRI 417: 2016	MARKETING AND LABELING		
GRI 103: 2016 103-1/103-2/103-3	Management approach	p. 95–96	
GRI 417-1	Requirements for product and service information and labeling	p. 95–96	
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	None	
GRI 418: 2016	CUSTOMER PRIVACY		
GRI 103: 2016 103-1/103-2/103-3	Management approach	p. 104–105	
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	None	
GRI 419: 2016	SOCIOECONOMIC COMPLIANCE		
GRI 103: 2016 103-1/103-2/103-3	Management approach	p. 103–105	
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	None	

Key Sustainability Indicators

Topic	Metric	2019	2018	2017	2016	Reference
ENVIRONMENT						
GHG EMISSIONS [1]						
	Total greenhouse gas emissions (in kg CO_2-equivalents/FTE)	**2 536**	2 771	2 775	3 311[2]	AR, p. 133
	Scope 1 emissions (in kg CO_2 equivalents/FTE)	**707**	1 059	1 055	1 076[2]	AR, p. 133
	Scope 2 emissions (in kg CO_2 equivalents/FTE)	**515**	390	357	817[2]	AR, p. 133
	Scope 3 emissions (in kg CO_2 equivalents/FTE)	**1 313**	1 322	1 362	1 418[2]	AR, p. 133
	Targets to reduce GHG emissions	**yes**	yes	yes	yes	AR, p. 132
ENERGY [1]						
	Total energy consumption (in KWh/FTE)	**5 540**	5 614	5 823	6 098[2]	AR, p. 133
	Electricity consumption (in KWh/FTE)	**3 491**	3 631	3 843	4 163[2]	AR, p. 133
	Consumption of renewable energy (in KWh/FTE)	**2 474**	1 802	2 176	1 728[2]	AR, p. 133
	Targets to reduce energy consumption	**yes**	yes	yes	yes	AR, p. 101–102, p. 132
WATER [1]						
	Total water consumption (in m^3/FTE)	**11**	11	10	9[2]	AR, p. 133
WASTE [1]						
	Total waste (in kg/FTE)	**120**	114	138	125[2]	AR, p. 133
	Paper consumption (in 1000 t)	**1.23**	0.93	1.03	1.08[2]	AR, p. 133
	Share of paper with FSC label	**68%**	66%	63%	60%[2]	AR, p. 133
CORPORATE ENVIRONMENTAL PROTECTION GUIDELINES AND INITIATIVES						
	Energy efficiency policy	**yes**	yes	yes	yes	AR, p. 101–102, p. 132–135
	Emissions reduction initiatives	**yes**	yes	yes	yes	AR, p. 102, p. 132–135
	Waste reduction policy	**yes**	yes	yes	yes	AR, p. 135
	Environmental information verified	**no**	no	no	no	
	Participation CDP (formerly Carbon Disclosure Project)	**yes**	yes	yes	yes	AR, p. 132, p. 135, p. 141
CLIMATE CHANGE						
	Climate change listed as a business risk factor	**yes**	yes	yes	yes	AR, p. 76–77, p. 81, p. 85–86, p. 88, p. 99–100
	Climate reporting as per the recommendations of the Task Force on Climate-Related Disclosures	**under develop-ment**	no	no	no	

[1] The key figures for the 2019 financial year refer to VfU 2018, the previous key figures to VfU 2013.
[2] Following the recording of environmental data in 2018, minor corrections were also made to the assessment of the 2016 data.
AR = Annual report

Topic	Metric	2019	2018	2017	2016	Reference
SOCIAL						
HEALTH & SAFETY						
	Health and safety policy	**yes**	yes	yes	yes	AR, p. 127–128
	Health and safety policy is Group-wide	**yes**	yes	yes	yes	AR, p. 127–128
	Workforce absences, total	**3.7%**	3.2%	3.1%	2.8%	AR, p. 128
	Workforce absences per segment	**yes**	yes	yes	yes	AR, p. 128
EMPLOYMENT AND EMPLOYEE RETENTION						
	Number of employees	**10 219**	9 298	8 457	7 801	AR, p. 119
	Number of part-time employees	**1 953**	1 528	1 380	1 285	AR, p. 126
	Employee turnover	**8.4%**	8.3%	8.1%	6.3%	AR, p. 128
	Target fluctuation	**no**	no	no	no	
	Company monitors employee satisfaction on a regular basis	**yes**	yes	yes	yes	AR, p. 94, p. 121, p. 124
	Major layoffs in the last three years (affecting 10% of staff or over 1000 employees)	**no**	no	no	no	
	Major merger or acquisition in the last three years (affecting large proportion of staff)	**no**	no	no	no	
TRAINING & HUMAN CAPITAL DEVELOPMENT						
	Formal talent pipeline development strategy (forecasts hiring needs, actively develops new pools of talent)	**yes**	yes	yes	yes	AR, p. 123
	Graduate/trainee apprenticeship program	**yes**	yes	yes	yes	AR, p. 122
	Job-specific development training programs	**yes**	yes	yes	yes	AR, p. 122–123
	Leadership training and skills development	**yes**	yes	yes	yes	AR, p. 122–123
	Partnerships with training institutions	**yes**	yes	yes	yes	AR, p. 122
	Proportion of employees with professional development interviews / performance reviews per year	**100%**	100%	100%	100%	AR, p. 119
LABOUR & HUMAN RIGHTS						
	UN Global Compact Signatory	**yes**	yes	no	no	AR, p. 89, p. 98, p. 108, p. 138–139, p. 141
	Human rights policy	**yes**	yes	yes	yes	AR, p. 85–86, p. 89, p. 98, p. 103–108, p. 138, p. 141
	Collective employment contracts	**yes**	yes	yes	yes	AR, p. 129
SUPPLY CHAIN						
	Guidelines for social assessment of suppliers	**yes**	yes	yes	yes	AR, p. 89, p. 106–108
	Guidelines for environmental assessment of suppliers	**yes**	yes	yes	yes	AR, p. 89, p. 106–108, p. 137
	Inclusion of ESG criteria in supplier contracts	**yes**	yes	yes	yes	AR, p. 106–108

AR = Annual report

Topic	Metric	2019	2018	2017	2016	Reference
PHILANTHROPY						
	Company has foundations	**yes**	yes	yes	yes	AR, p. 81–82, p. 113–116, p. 137
	Total Group-wide spending on foundations (in CHF million)	**3.0**	2.6	2.5[1]	yes	AR, p. 113–116
ETHICS AND COMPLIANCE						
	Business ethics policy incl. anti-corruption and conflict of interest guidelines	**yes**	yes	yes	yes	Code of Conduct
	Anti-bribery / pecuniary policy	**yes**	yes	yes	yes	Anti-bribery policy: Code of Conduct
	Board oversight of anti-corruption measures / ethics	**yes**	yes	yes	yes	AR, p. 33 and Swiss Life Holding Ltd, Articles of Association, Article 11
	Employee training on anti-corruption/ethics	**yes**	yes	yes	yes	AR, p. 89, p. 105
	Employee protection / Whistle blowing policy	**yes**	yes	yes	yes	Code of Conduct
DIVERSITY & INCLUSION						
	Women in workforce	**47%**	47%	45%	45%	AR, p. 119
	Women in management	**32%**	27%	25%	25%	AR, p. 124
	Equality policy and promotion of diversity	**yes**	yes	yes	yes	AR, p. 126
	Equal pay guidelines	**yes**	yes	yes	yes	AR, p. 126
RESPONSIBLE INVESTING						
	Exclusion criteria exist	**yes**	yes	yes	yes	AR, p. 98–102
	Responsible investment policy	**yes**	yes	yes	yes	AR, p. 98–102
	ESG integration in asset management	**yes**	yes	no	no	AR, p. 99–100, p. 102
	Active ownership guidelines	**under develop-ment**	no	no	no	
	ESG products	**under develop-ment**	no	no	no	
	Monitoring of investment portfolio's CO_2 intensity	**under develop-ment**	no	no	no	
	Sustainable real estate strategy	**yes**	yes	yes	yes	AR, p. 101–102
	Principles for Responsible Investment (PRI)	**yes**	yes	no	no	AR, p. 82, p. 98, p. 141
UNDERWRITING RISK MANAGEMENT						
	Obesity and emerging health issues listed as a business risk factor	**yes**	yes	yes	yes	AR, Notes of the Consolidated Financial Statements, Note 5 "Risk management policies and procedures" and Note 5.5 "Insurance risk management objectives and policies"
	Aging population and demographic change listed as a business risk factor	**yes**	yes	yes	yes	AR, Notes of the Consolidated Financial Statements, Note 5 "Risk management policies and procedures" and Note 5.5 "Insurance risk management objectives and policies"
	Principles for sustainable insurance	**no**				
DATA PROTECTION & SECURITY						
	Data privacy policy	**yes**	yes	yes	yes	AR, p. 76–78, p. 87, p. 103–105
	Company has customer privacy policy	**yes**	yes	yes	yes	AR, p. 76–78, p. 87, p. 103–105 Code of Conduct plus additional directives
	Possibility to review, correct and delete personal data	**yes**	yes	yes	yes	Applicable law and internal guidelines
	Prevents unauthorised access to personal data	**yes**	yes	yes	yes	AR, p. 76–78, p. 87, p. 103–105
CUSTOMER PROTECTION						
	Due diligence in advising and how to deal with complaints	**yes**	yes	yes	yes	AR, p. 103, p. 125
	Auditable product development process	**yes**	yes	yes	yes	AR, p. 96

[1] A detailed survey now includes the expenses for a total of seven foundations. As a result, the 2017 value had to be corrected upwards.
AR = Annual report

Topic	Metric	2019	2018	2017	2016	Reference
GOVERNANCE						
BOARD OF DIRECTORS						
	Total directors	**12**	11	11	11	AR, p. 33, p. 124
	Independence	**92%**	100%	100%	100%	AR, p. 32–33
	Average term of office (years)	**8**	7	7	7	AR, p. 33
	CEO duality	**no**	no	no	no	AR, p. 32
	Independent chairperson	**yes**	yes	yes	yes	AR, p. 32
	Former CEO or equivalent on Board	**yes**	yes	yes	yes	AR, p. 34–35
	Voting rights of largest shareholder	**>5%**	>5%	>5%	>5%	AR, p. 27–28
BOARD DIVERSITY						
	Number of women on the Board	**2**	2	2	2	AR, p. 33
	Proportion of women on the Board	**17%**	18%	18%	18%	AR, p. 124
	Average age of Board member	**59**	58	59	60	AR. p. 34–41
	Commitment to Board diversity	**yes**	yes	yes	yes	AR. p. 34–41
CSR-GOVERNANCE						
	CSR/sustainability committee at Corporate Executive Board level	**yes**	yes	yes	yes	AR, p. 83
	Sustainability strategy	**under develop-ment**	no	no	no	
COMPENSATION						
	CEO total summary compensation (in CHF million)	**4.3**	4.3	3.4	3.8	AR, p. 65–66
	Clawback policy	**yes**	yes	yes	yes	AR, p. 57–60, p. 273–274
	Equal remuneration policy	**yes**	yes	yes	yes	AR, p. 53
OWNERSHIP & CONTROL						
	Controlling shareholder	**no**	no	no	no	
	Deviation from one share one vote	**yes**	yes	yes	yes	AR, p. 30, p. 71
RISK MANAGEMENT						
	Company has a risk management framework	**yes**	yes	yes	yes	AR, p. 76–78
	Risk management system covers reputational risks	**yes**	yes	yes	yes	AR, p. 76–78
	Risk management system covers market conduct risks	**yes**	yes	yes	yes	AR, p. 76–78
	Board oversight of risk management	**yes**	yes	yes	yes	AR, p. 195

AR = Annual report

Consolidated Financial Statements

Consolidated Statement of Income

Consolidated statement of income for the years ended 31 December

In CHF million

	Notes	2019	2018
INCOME			
Premiums earned on insurance contracts		**16 323**	12 540
Premiums earned on investment contracts with discretionary participation		**890**	795
Premiums ceded to reinsurers		**–179**	–177
Net earned premiums	7	**17 034**	13 157
Policy fees earned on insurance contracts		**26**	27
Policy fees earned on investment and unit-linked contracts		**342**	313
Net earned policy fees	7	**368**	340
Commission income	8	**1 452**	1 275
Investment income	5, 8	**4 387**	4 372
Net gains/losses on financial assets	5, 8	**1 678**	–509
Net gains/losses on financial instruments at fair value through profit or loss	5, 8	**–1 620**	415
Net gains/losses on investment property	5, 14	**776**	725
Share of profit or loss of associates	5, 15	**6**	0
Other income	8	**239**	286
TOTAL INCOME		**24 320**	20 062
EXPENSES			
Benefits and claims under insurance contracts		**–17 037**	–13 388
Benefits and claims under investment contracts with discretionary participation		**–898**	–665
Benefits and claims recovered from reinsurers		**98**	92
Net insurance benefits and claims	8	**–17 838**	–13 961
Policyholder participation		**–1 124**	–1 155
Interest expense	8	**–165**	–143
Commission expense	8	**–1 285**	–1 051
Employee benefits expense	8	**–1 094**	–1 008
Depreciation and amortisation expense	8	**–516**	–512
Impairment of property and equipment and intangible assets	16, 17	**–3**	–14
Other expenses	8	**–643**	–683
TOTAL EXPENSES		**–22 669**	–18 527
PROFIT FROM OPERATIONS		**1 651**	1 534
Borrowing costs		**–123**	–137
PROFIT BEFORE INCOME TAX		**1 528**	1 397
Income tax expense	24	**–324**	–318
NET PROFIT		**1 205**	1 080
Net profit attributable to			
equity holders of Swiss Life Holding		**1 199**	1 076
non-controlling interests		**6**	4
NET PROFIT		**1 205**	1 080
Earnings per share attributable to equity holders of Swiss Life Holding			
Basic earnings per share (in CHF)	6	**36.59**	31.58
Diluted earnings per share (in CHF)	6	**36.48**	31.49

Consolidated Statement of Comprehensive Income

Consolidated statement of comprehensive income for the years ended 31 December

In CHF million

	2019	2018
NET PROFIT	**1 205**	1 080
OTHER COMPREHENSIVE INCOME		
ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT		
Exchange differences on translating foreign operations	**–237**	–134
Net investment hedges	**95**	9
Financial assets available for sale	**6 265**	–3 726
Cash flow hedges	**340**	–116
Debt securities reclassified to loans	**6**	30
Adjustments relating to items that may be reclassified:		
Policyholder participation	**–4 274**	1 950
Shadow accounting	**–69**	106
Income tax	**–374**	371
TOTAL	**1 754**	–1 510
ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT		
Revaluation surplus on investment property	**–4**	–4
Remeasurements on defined benefit pension liability	**–289**	50
Adjustments relating to items that will not be reclassified:		
Policyholder participation	**181**	4
Shadow accounting	**0**	0
Income tax	**15**	–5
TOTAL	**–97**	45
NET OTHER COMPREHENSIVE INCOME	**1 655**	–1 465
TOTAL NET COMPREHENSIVE INCOME	**2 859**	–385
Total net comprehensive income attributable to		
equity holders of Swiss Life Holding	**2 855**	–388
non-controlling interests	**4**	3
TOTAL NET COMPREHENSIVE INCOME	**2 859**	–385

Consolidated Balance Sheet

Consolidated balance sheet

In CHF million

	Notes	31.12.2019	31.12.2018
ASSETS			
Cash and cash equivalents		**8 247**	8 410
Derivatives	9, 31	**2 090**	2 140
Assets held for sale		**–**	28
Financial assets at fair value through profit or loss	10	**43 692**	39 155
Financial assets available for sale	11	**108 386**	100 437
Loans and receivables	13, 30	**22 955**	21 463
Financial assets pledged as collateral	12, 31, 33	**2 438**	4 767
Investment property	14, 30	**34 866**	31 381
Investments in associates	15	**266**	189
Reinsurance assets		**527**	512
Property and equipment	16	**532**[1]	392
Intangible assets including intangible insurance assets	17	**3 074**	3 135
Current income tax assets		**10**	38
Deferred income tax assets	24	**72**	55
Other assets	18	**940**	880
TOTAL ASSETS		**228 094**	212 982

[1] Including IFRS 16 right-of-use assets

Consolidated balance sheet

In CHF million

	Notes	31.12.2019	31.12.2018
LIABILITIES AND EQUITY			
LIABILITIES			
Derivatives	9, 31	**1 311**	1 048
Investment and unit-linked contracts	19	**42 303**	39 738
Borrowings	20, 30	**3 951**	3 385
Other financial liabilities	21, 30	**17 741** [1]	18 973
Insurance liabilities	22	**124 985**	118 771
Policyholder participation liabilities		**16 052**	11 539
Employee benefit liabilities	23	**2 160**	1 889
Current income tax liabilities		**323**	172
Deferred income tax liabilities	24	**2 432**	1 991
Provisions	25	**66**	87
Other liabilities	18	**336**	356
TOTAL LIABILITIES		**211 659**	197 949
EQUITY			
Share capital		**171**	175
Share premium		**7**	341
Treasury shares		**–787**	–140
Accumulated other comprehensive income	26	**3 542**	1 885
Retained earnings		**12 988**	12 261
TOTAL SHAREHOLDERS' EQUITY		**15 920**	14 522
Hybrid equity		**425**	425
Non-controlling interests		**89**	86
TOTAL EQUITY		**16 435**	15 034
TOTAL LIABILITIES AND EQUITY		**228 094**	212 982

[1] Including IFRS 16 lease liabilities

Consolidated Statement of Cash Flows

Consolidated statement of cash flows for the years ended 31 December

In CHF million

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums, policy fees and deposits received, net of reinsurance	**18 702**	16 613
Benefits and claims paid, net of reinsurance	**–14 283**	–14 086
Interest received	**3 014**	3 184
Dividends received	**742**	644
Commissions received	**1 476**	1 294
Rentals received	**1 303**	1 178
Interest paid	**–42**	–36
Commissions, employee benefit and other payments	**–3 890**	–2 679
Net cash flows from		
derivatives	**–1 102**	–488
financial instruments at fair value through profit or loss	**–219**	–1 169
financial assets available for sale	**1 064**	–2 334
loans	**–1 277**	1 522
investment property	**–3 015**	–2 286
deposits	**71**	1 633
other operating assets and liabilities	**–173**	–75
Income taxes paid	**–211**	–221
TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES	**2 161**	2 693

Consolidated statement of cash flows for the years ended 31 December

In CHF million

	Notes	2019	2018
TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES		**2 161**	2 693
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of investments in associates		**–90**	–6
Sales of investments in associates		**10**	4
Dividends received from associates		**4**	7
Purchases of property and equipment		**–30**	–28
Sales of property and equipment		**5**	7
Purchases of computer software and other intangible assets		**–21**	–20
Acquisitions of subsidiaries, net of cash and cash equivalents	28	**–886**	–243
Disposals of subsidiaries, net of cash and cash equivalents	28	**–118**	48
TOTAL NET CASH FLOWS FROM INVESTING ACTIVITIES		**–1 125**	–231
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of debt instruments	20	**850**	174
Redemption of debt instruments	20	**–225**	–301
Lease principal payments		**–40**	–
Issuance of hybrid equity	26	**–**	422
Distribution out of capital contribution reserve		**–83**	–460
Purchases of treasury shares		**–913**	–126
Borrowing costs paid		**–123**	–140
Interest paid on hybrid equity		**–7**	–4
Dividends paid to equity holders of Swiss Life Holding		**–464**	–
Dividends paid to non-controlling interests		**–2**	–4
TOTAL NET CASH FLOWS FROM FINANCING ACTIVITIES		**–1 007**	–439
TOTAL CHANGE IN CASH AND CASH EQUIVALENTS		**29**	2 022
Cash and cash equivalents as at 1 January		**8 410**	6 611
Foreign currency differences		**–192**	–224
Total change in cash and cash equivalents		**29**	2 022
CASH AND CASH EQUIVALENTS AS AT END OF PERIOD		**8 247**	8 410
COMPONENTS OF CASH AND CASH EQUIVALENTS			
Cash on hand and demand deposits		**5 298**	5 586
Cash equivalents		**5**	7
Cash and cash equivalents for the account and risk of the Swiss Life Group's customers		**2 944**	2 817
TOTAL CASH AND CASH EQUIVALENTS AS AT END OF PERIOD		**8 247**	8 410

Consolidated Statement of Changes in Equity

Consolidated statement of changes in equity for the year ended 31 December 2019

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		175	341	–140	1 885	12 261	14 522	425	86	15 034
Total net comprehensive income		–	–	–	1 656	1 199	2 855	–	4	2 859
Distribution out of capital contribution reserve	1	–	–83	–	–	–	–83	–	–	–83
Equity-settled share-based payments		–	12	–	–	–	12	–	–	12
Share buyback		–	–	–913	–	–	–913	–	–	–913
Cancellation of treasury shares		–3	–249	252	–	–	–	–	–	–
Allocation of treasury shares under equity compensation plans		–	–14	14	–	–	–	–	–	–
Dividends	1	–	–	–	–	–464	–464	–	–2	–465
Interest on hybrid equity	26	–	–	–	–	–7	–7	–	–	–7
BALANCE AS AT END OF PERIOD		171	7	–787	3 542	12 988	15 920	425	89	16 435

Consolidated statement of changes in equity for the year ended 31 December 2018

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		175	803	–26	3 374	11 169	15 495	–	88	15 583
Total net comprehensive income		–	–	–	–1 464	1 076	–388	–	3	–385
Issuance of hybrid equity		–	–	–	–	–3	–3	425	–	422
Distribution out of capital contribution reserve	26	–	–460	–	–	–	–460	–	–	–460
Equity-settled share-based payments		–	10	–	–	–	10	–	–	10
Purchases of treasury shares		–	–	–39	–	–	–39	–	–	–39
Share buyback		–	–	–87	–	–	–87	–	–	–87
Allocation of treasury shares under equity compensation plans		–	–12	12	–	–	–	–	–	–
Disposals of subsidiaries		–	–	–	–	–	–	–	–5	–5
Acquisitions of subsidiaries		–	–	–	–	–	–	–	3	3
Transfer of revaluation surplus		–	–	–	–25	25	–	–	–	–
Dividends		–	–	–	–	–	–	–	–4	–4
Interest on hybrid equity	26	–	–	–	–	–4	–4	–	–	–4
BALANCE AS AT END OF PERIOD		175	341	–140	1 885	12 261	14 522	425	86	15 034

Notes to the Consolidated Financial Statements
1 General Information

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

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

Dividend and distribution out of capital contribution reserve

For the 2018 financial year, Swiss Life paid a dividend of CHF 14.00 per registered share and made a distribution to the shareholders of Swiss Life Holding Ltd (hereafter referred to as "Swiss Life Holding") from the capital contribution reserve of CHF 2.50 per registered share. Both payments amounted to CHF 547 million in total and were paid in the first half of 2019.

Share buyback programme

In November 2018, the Group announced a CHF 1 billion share buyback programme that commenced in December 2018 and ended in December 2019 when the target size had been reached. 2 208 715 Swiss Life Holding shares were repurchased for CHF 1 billion under the share buyback programme. The average price paid was CHF 452.75.

Approval of financial statements

On 10 March 2020, the Board of Directors approved the annual financial statements and the financial report and authorised them for issue. The financial report, therefore, only reflects events up to that date.

2 Summary of Significant Accounting Policies

The principal accounting policies are set out below. These policies have been applied consistently to all the periods presented unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of Swiss Life have been prepared in accordance and comply with International Financial Reporting Standards (IFRS). The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities, which are stated at their fair value: derivatives, financial assets and liabilities at fair value through profit or loss, financial assets classified as available for sale and investment property.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

Figures may not add up exactly due to rounding.

2.2 Changes in accounting policies

In September 2016, the 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. In the exposure draft ED/2019/4, dated 27 June 2019, the IASB proposes to defer the effective date of IFRS 17 by one year and consequently extend the use of the deferral approach to IFRS 9, so that qualifying insurance entities would only be required to apply IFRS 9 for annual periods beginning on or after 1 January 2022.

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.

Effective from 1 January 2019, the Swiss Life Group adopted IFRS 16 Leases. The new standard eliminates the classification of leases as either operating leases or finance leases for lessees. Instead, the Swiss Life Group records most of these leases on-balance sheet, the effect being that reported assets and liabilities increase. The straight-line operating lease expense is replaced with a depreciation charge for the right-of-use asset and an interest expense on the lease liability. As a practical expedient, the Swiss Life Group excludes short-term and low-value leases from this treatment and expenses the related lease payments as they occur. From a lessor's perspective, the

Swiss Life Group's accounting treatment was carried forward. As a lessee, the Swiss Life Group measures the lease liability at the present value of the future lease payments comprising the following components: fixed payments net of lease incentives receivable, variable payments that depend on an index or rate, expected payments for residual value guarantees, penalties and the exercise price of a purchase option, if reasonably certain to be exercised. The lease liability is included in other financial liabilities on the balance sheet. Its present value is determined using the implicit interest rate from the lease contract if available or, otherwise, an incremental borrowing rate, which represents the borrowing costs the lessee would pay to finance the purchase of the leased asset, taking into consideration the economic environment, the lease term and the asset type. The Swiss Life Group measures the right-of-use asset at cost, comprising the following components: the amount of the initial measurement of the lease liability, any lease payments made before the commencement date, any initial direct costs and an estimate of costs for dismantling, removing or restoring 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 asset, which comprises leased premises, vehicles and office equipment, is included in property and equipment on the balance sheet. It is the Swiss Life Group's policy that for perpetual lease contracts with a termination right given only to the lessee, the assumed remaining lease term should not exceed ten years. The remaining lease term should be reassessed and the lease liability should be remeasured by the end of the ten years considering all relevant facts and circumstances. At transition as per 1 January 2019, the Swiss Life Group applied the modified retrospective approach with the following practical expedients: the exclusion of short-term and low-value leases and leases with a short remaining term, the treatment of non-lease components as lease components, the measurement of the right-of-use asset being equal to the lease liability at transition date, the use of discount rates as per transition date and the use of hindsight. The lease liability as per 1 January 2019 amounted to CHF 171 million and the right-of-use asset amounted to CHF 171 million. The adjustment through equity relating to prior periods was nil. Prior period financial statements have not been restated. Further transition-related information is summarised in the following table.

In CHF million	
Future lease payments under non-cancellable operating leases as disclosed at 31.12.2018	170
effect of lease extension and termination options	23
short-term leases/leases terminating in 2019	–6
leases of low-value assets	–2
Undiscounted lease liability	185
effect of discounting	–14
LEASE LIABILITY RECOGNISED AT 1 JANUARY 2019	171
Weighted average borrowing rate	2.32%

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 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

	For the balance sheet		For the income statement	
	31.12.2019	31.12.2018	**Average 2019**	Average 2018
1 British pound (GBP)	**1.2817**	1.2527	**1.2688**	1.3065
1 Czech koruna (CZK)	**0.0427**	0.0437	**0.0433**	0.0450
1 Euro (EUR)	**1.0852**	1.1255	**1.1125**	1.1558
1 Singapore dollar (SGD)	**0.7187**	0.7210	**0.7285**	0.7253
1 US dollar (USD)	**0.9664**	0.9828	**0.9938**	0.9786

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 in the near term exists. Loans are initially recognised at fair value, net of transaction costs, or direct origination costs. Subsequent measurement is at amortised cost using the effective interest method.

Financial assets reclassified from financial assets available for sale to loans due to the disappearance of an active market are not reclassified back to financial assets available for sale if the market becomes active again.

Financial assets pledged as collateral

Transfers of securities under repurchase agreements or under lending agreements continue to be recognised if substantially all the risks and rewards of ownership are retained. They are accounted for as collateralised borrowings, i.e. the cash received is recognised with a corresponding obligation to return it, which is included in other financial liabilities.

Financial assets that have been sold under a repurchase agreement or lent under an agreement to return them, and where the transferee has the right to sell or repledge the securities given as collateral, are reclassified to financial assets pledged as collateral.

Measurement rules are consistent with the ones for corresponding unrestricted financial assets.

2.8 Impairment of financial assets

The Group reviews the carrying value of financial assets regularly for indications of impairment.

Financial assets at amortised cost

The Group assesses at each balance sheet date if there is objective evidence that a financial asset or a group of financial assets is impaired. It is assessed whether there is objective evidence of impairment individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant.

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. 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 dealing with similar and related issues, definitions, recognition and measurement criteria for assets, liabilities, income and expenses as set out in the IASB Framework for the Preparation and Presentation of Financial Statements has been considered.

Discretionary participation features (DPF)

Discretionary participation features are defined in IFRS 4 Insurance Contracts as contractual rights to receive, as a supplement to guaranteed benefits, additional benefits which are likely to be a significant portion of the total contractual benefits and whose amount or timing is contractually at the discretion of the issuer. These DPF are contractually based on the performance of a specified pool of contracts or a specified type of contract or on the realised and unrealised investment returns on a specified pool of assets held by the issuer or on the profit or loss of the company. The unrealised investment returns comprise gains/losses recognised in other comprehensive income.

The bonuses which are allocated to the policyholders in the participating insurance business (insurance and investment contracts) in Switzerland, France, Germany, Luxembourg and Liechtenstein generally follow the definition of DPF as set out in IFRS 4 Insurance Contracts.

IFRS 4 Insurance Contracts is silent on the measurement of the amounts identified as DPF. This topic will be 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 statutory basis on the assets and liabilities relating to the respective insurance portfolio measured using the statutory minimum distribution ratio ("legal quote"). The policy of the Swiss Life Group is to classify as a liability the entire DPF as defined.

When such temporary valuation differences disappear (e.g. management decides to realise certain unrealised gains and losses on assets), additional benefits which arise from the application of the statutory minimum distribution ratio ("legal quote") are allocated to the policyholders and become part of their guaranteed benefits. These amounts are always accounted for as liabilities.

Because there is a direct effect on the measurement of DPF liabilities when asset gains or losses are realised, changes in these liabilities are recognised in other comprehensive income when, and only when, the valuation differences on the assets arise from gains or losses recognised in other comprehensive income ("shadow accounting").

As the liabilities to policyholders arising from the insurance business are fully recognised, no further liabilities relating to the rights arising from DPF have been set up.

The statutory minimum distribution ratios ("legal quote") relating to the Swiss Life Group's operations are as follows:

Switzerland
Group business subject to "legal quote": at least 90% of the calculated income on the savings, risk and cost components minus the expenses thereof must be allocated to the policyholders. All other business: no "legal quote".

France
In life insurance business, 85% of the 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

Until 31 December 2018, under the application of IAS17, the Group primarily entered into operating leases for the rental of equipment and property. The total payments made under operating leases were charged to the income statement on a straight-line basis over the period of the lease. When an operating lease was terminated before the lease period had expired, any payment required to be made to the lessor by way of penalty was recognised as an expense in the period the lease became onerous.

If the lease agreement transferred the risks and rewards of the assets, the lease was recorded as a finance lease and the related asset was capitalised. At inception, the asset was recognised at the lower of the present value of the minimum lease payments or fair value and was depreciated over its estimated useful life. The corresponding finance lease obligations were recorded as liabilities.

Since 1 January 2019, applying IFRS 16, future lease payments that are fixed or variable based on an index or rate are discounted and recorded on the balance sheet as lease liability. 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 fee income.

Costs primarily comprise commissions paid to independent financial advisors, fees for asset management and other (advisory) services.

2.16 Intangible assets

Present value of future profits (PVP) arising from acquired insurance contracts and investment contracts with discretionary participation features
On acquisition of a portfolio of insurance contracts or a portfolio of investment contracts with discretionary participation features (DPF), either directly from another insurer or through the acquisition of a subsidiary undertaking, the Group recognises an intangible asset representing the present value of future profits (PVP) embedded in the contracts acquired. The PVP represents the difference between the fair value of the contractual rights acquired and insurance obligations assumed and a liability measured in accordance with the accounting policies for insurance contracts and investment contracts with DPF. The PVP is determined by estimating the net present value of future cash flows from the contracts in force at the date of acquisition. For acquired insurance and investment contracts with DPF, future positive cash flows generally include net valuation premiums while future negative cash flows include policyholders' benefits and certain maintenance expenses.

PVP is amortised in proportion to gross profits or gross margins over the effective life of the acquired contracts, which generally ranges from 20 to 30 years. Realised gains/losses are thereby taken into account as well as gains/losses recognised in other comprehensive income (unrealised gains/losses). If these unrealised gains/losses were to be realised, the gross profits or gross margins used to amortise PVP would be affected. Therefore, an adjustment relating to these unrealised gains/losses is recognised in other comprehensive income and is also reflected in the amount of PVP in the balance sheet ("shadow accounting").

PVP is subject to impairment tests. The effect of changes in estimated gross profits or margins on unamortised PVP is reflected as an expense in the period in which such estimates of expected future profits or margins are revised.

Deferred acquisition costs (DAC)
Costs that vary with and are directly related to the acquisition of new and renewed insurance contracts and investment contracts with discretionary participation features, including commissions, underwriting costs, agency and policy issue expenses, are deferred. Deferred acquisition costs are periodically reviewed to ensure that they are recoverable from future revenues.

For participating life insurance contracts, where the contribution principle applies to the allocation of the policyholder bonus, the deferred acquisition costs are amortised over the life of the contract based on the present value of the estimated gross margin amounts expected to be realised.

Expected gross margins include expected premiums and investment results less expected benefit claims and administrative expenses, anticipated changes to future life policyholder benefit liabilities and expected annual policyholder bonuses.

Deferred acquisition costs for other traditional life insurance contracts and annuities with life contingencies are amortised in proportion to the expected premiums.

Deferred acquisition costs for investment-type contracts such as universal life contracts are amortised over the life of the contract based on the present value of the estimated gross profits or gross margins expected to be realised. The estimated gross profits are made up of margins available from mortality charges and contract-administration costs, investment earnings spreads, surrender charges and other expected assessments and credits.

When DAC 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 directly attributable to securing rights to receive fees for asset management services sold with investment contracts without DPF are recognised as an asset if they can be identified separately and measured reliably and if it is probable that they will be recovered. These incremental costs are costs that would not have been incurred if the Group had not secured the investment contracts. All other origination costs are recognised as an expense when incurred.

Deferred origination costs are generally amortised on a straight-line basis over the life of the contracts.

Goodwill

The Group's acquisitions of other companies are accounted for under the acquisition method.

Goodwill represents the excess of the fair value of the consideration transferred and the amount of any non-controlling interest recognised, if applicable, over the fair value of the assets and liabilities recognised at the date of acquisition. The Group has the option for each business combination in which control is achieved without buying all of the equity of the acquiree to recognise 100% of the goodwill in business combinations, not just the acquirer's portion of the goodwill ("full goodwill method"). Goodwill on acquisitions of subsidiaries is included in intangible assets. Acquisition-related costs are expensed. Goodwill on associates is included in the carrying amount of the investment.

For the purpose of impairment testing, goodwill is allocated to cash-generating units. Goodwill is tested for impairment annually and whenever there is an indication that the unit may be impaired. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed in subsequent periods.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Negative goodwill is immediately recognised in profit and loss.

Customer relationships
Customer relationships consist of established relationships with customers through contracts that have been acquired in a business combination or non-contractual customer relationships that meet the requirement for separate recognition. They have a definite useful life of generally 5 to 20 years. Amortisation is calculated using the straight-line method over their useful lives.

Computer software
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis for the expected useful life up to three years. Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly associated with identifiable software products controlled by the Group and that will probably generate future economic benefits are capitalised. Direct costs include the software development team's employee costs. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a period of three years.

Brands and other
Brands and other intangible assets with a definite useful life of generally 5 to 20 years are amortised using the straight-line method over their useful lives.

2.17 Impairment of non-financial assets

For non-financial assets the recoverable amount is measured as the higher of the fair value less costs of disposal and its value in use. Fair value less costs of disposal is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date, less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit from its continuing use.

Impairment losses and reversals on non-financial assets are recognised in profit or loss.

2.18 Income taxes

Current and deferred income taxes are recognised in profit or loss except when they relate to items recognised directly in equity. Income taxes are calculated using the tax rates enacted or substantively enacted as of the balance sheet date.

Deferred income taxes are recognised for all temporary differences between the carrying amounts of assets and liabilities in the consolidated balance sheet and the tax bases of these assets and liabilities using the balance sheet liability method. Current income taxes and deferred income taxes are charged or credited directly to equity if the income taxes relate to items that are credited or charged in the same or a different period, directly to equity.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which they can be used. For unused tax losses a deferred tax asset is recognised to the extent that it is probable that these losses can be offset against future taxable profits. Deferred tax liabilities represent income taxes payable in the future in respect of taxable temporary differences.

A deferred tax liability is recognised for taxable temporary differences relating to investments in subsidiaries, branches and associates, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Where the entity has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority, the corresponding assets and liabilities are presented on a net basis.

2.19 Assets held for sale and associated liabilities

A disposal group consists of a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with these assets. Non-current assets classified as held for sale and disposal groups are measured at the lower of the carrying amount and the fair value less costs to sell. The carrying amount will be recovered through a highly probable sale transaction rather than through continuing use. Assets held for sale and the associated liabilities are presented separately in the balance sheet.

2.20 Financial liabilities

Financial liabilities are recognised in the balance sheet when the Swiss Life Group becomes a party to the contractual provisions of the instrument. A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings.

Based on the terms and conditions, such as repayment provisions and contractual interest payments, 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.

Remeasurements, comprising actuarial gains and losses, the effect of the changes of the asset ceiling and the return on plan assets (excluding interest), are reflected immediately in the consolidated balance sheet and in other comprehensive income in the period in which they occur. Such remeasurements recognised in other comprehensive income will subsequently not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit asset or liability. Defined benefit costs comprise service costs and net interest expense, which are presented in the income statement under employee benefits expense.

Insurance contracts issued to a defined benefit pension plan covering own employees have generally been eliminated. However, certain assets relating to these plans qualify as plan assets and are therefore not eliminated.

The Group recognises the contribution payable to a defined contribution plan in exchange for the services of the employees rendered during the period as an expense.

Healthcare benefits

Some Group companies provide healthcare benefits to their retirees. The entitlement to these benefits is usually based on the employee remaining in service up to the retirement age and the completion of a minimum service period. The expected costs of these benefits are accounted for in the same manner as for defined benefit plans.

Share-based payments

The Group operates equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the shares is recognised in profit or loss with a corresponding increase in equity. As the fair value of the services received cannot reliably be measured, the value is measured by reference to the fair value of the equity instruments granted and the price the employees are required to pay.

2.22 Provisions and contingent liabilities

Provisions are liabilities with uncertainties as to the amount or timing of payments. Provisions are recognised if there is a present obligation that probably requires an outflow of resources and a reliable estimate can be made at the balance sheet date and be measured on a best estimate basis. Contingent liabilities are disclosed in the Notes if there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources or the amount of the obligation cannot be measured with sufficient reliability.

2.23 Treasury shares

Treasury shares are presented in the consolidated balance sheet as a deduction from equity and are recorded at cost. The difference between the purchase price and the sales proceeds is included in share premium.

2.24 Earnings per share

Basic earnings per share are calculated by dividing net profit or loss available to shareholders by the weighted average number of shares in issue during the reporting period, excluding the average number of shares purchased by the Group and held as treasury shares.

For diluted earnings per share the profit and the weighted average number of shares in issue are adjusted to assume conversion of all dilutive potential shares, such as convertible debt and share options issued. Potential or contingent share issuance is treated as dilutive when conversion to shares would decrease earnings per share.

2.25 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.26 Forthcoming changes in accounting policies

In response to the IBOR reform, the International Accounting Standards Board amended the IFRS Standards IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures in September 2019. The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties, if applicable. The amendments will be effective on 1 January 2020. Since the effectiveness of the Swiss Life Group's hedging relationships is typically not impaired by the IBOR reform, the amendments will not be applicable.

In May 2017, IFRS 17 Insurance Contracts was published and replaces IFRS 4 insurance contracts, which currently permits a wide variety of practices. IFRS 17 will fundamentally change the accounting by entities that issue insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. 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 profit of the contract. The standard provides a simplified accounting approach for certain short-duration contracts. At initial recognition, insurance contracts are grouped into contracts of similar risks which are managed together and further into three groups of profitability, whereby each group is limited to contracts written in one year. Changes in cash flows related to future services should be recognised against the CSM, which cannot be negative, so any excess is recognised in profit or loss. The CSM is released to profit or loss based on the transfer of services in each period. IFRS 17 provides an accounting policy choice to recognise the impact of changes in discount rates and other assumptions that relate to financial risks either in profit or loss or in other comprehensive income. The variable fee approach is required for insurance contracts that specify a link between payments to the policyholder and the returns on underlying items. Requirements in IFRS 17 align the presentation of revenue with other industries. Revenue is allocated to periods in proportion to the value of expected coverage and other services that the insurer provides in the period, and claims are presented when incurred. The disclosure requirements are more detailed than currently required under IFRS 4. On transition to IFRS 17, an entity applies the standard fully retrospectively to groups of insurance contracts, unless it is impracticable, in which case there is a choice between a modified retrospective approach and the fair value approach. In the exposure draft ED/2019/4, dated 27 June 2019, the IASB proposes to defer the effective date of IFRS 17 by one year to reporting periods beginning on or after 1 January 2022. The Swiss Life Group is currently assessing the impact on its financial statements, which will be significant.

In July 2014 the International Accounting Standards Board completed IFRS 9 Financial Instruments. The new standard replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 covers classification and measurement of financial instruments, impairment of financial assets and hedge accounting. Classification determines how financial assets and financial liabilities are accounted for in financial statements and how they are measured on an ongoing basis. Financial assets are classified on the basis of the business model within which they are held and their contractual cash flow characteristics. An expected-loss impairment model is introduced. Under the new model, it is no longer necessary for a credit event to have occurred before an impairment loss is recognised. The new model for hedge accounting aligns accounting treatment more closely with risk management activities. IFRS 9 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 and continue to apply IAS 39 Financial Instruments: Recognition and Measurement, as its activities were predominantly connected with insurance on 31 December 2015.

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 goodwill 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 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.

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 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, accident and health insurance and payment protection 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, as well as payment protection insurance.

The statement of income and the balance sheet for the segments are provided on the following pages.

Statement of income for the year ended 31 December 2019

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	12 186	2 960	1 135	60	–	–	16 341	–18	16 323
Premiums earned on investment contracts with discretionary participation	890	–	–	–	–	–	890	–	890
Premiums ceded to reinsurers	–8	–132	–43	–14	–	–	–197	18	–179
Net earned premiums	13 067	2 828	1 092	47	–	–	17 034	0	17 034
Policy fees earned on insurance contracts	5	5	16	0	–	–	26	–	26
Policy fees earned on investment and unit-linked contracts	46	200	8	88	–	–	342	0	342
Net earned policy fees	51	205	25	88	–	–	368	0	368
Commission income	214	121	474	226	833	3	1 871	–419	1 452
Investment income	2 992	767	562	34	1	39	4 396	–9	4 387
Net gains/losses on financial assets	1 500	57	132	–1	–2	–8	1 678	–	1 678
Net gains/losses on financial instruments at fair value through profit or loss	–1 774	–11	162	4	1	–1	–1 620	0	–1 620
Net gains/losses on investment property	579	119	77	0	–	–	776	–	776
Share of profit or loss of associates	4	2	0	–	0	–	6	–	6
Other income	159	5	2	0	72	1	240	–2	239
TOTAL INCOME	16 793	4 093	2 526	398	905	34	24 749	–429	24 320
of which intersegment	27	–1	–6	–4	400	13	429	–429	
EXPENSES									
Benefits and claims under insurance contracts	–13 316	–2 487	–1 219	–21	–	–	–17 044	7	–17 037
Benefits and claims under investment contracts with discretionary participation	–898	–	–	–	–	–	–898	–	–898
Benefits and claims recovered from reinsurers	3	77	20	4	–	–	104	–6	98
Net insurance benefits and claims	–14 211	–2 410	–1 199	–18	–	–	–17 838	0	–17 838
Policyholder participation	–468	–252	–390	–14	–	–	–1 123	–1	–1 124
Interest expense	–42	–84	–37	–15	–5	2	–180	15	–165
Commission expense	–616	–470	–395	–154	–64	0	–1 700	414	–1 285
Employee benefits expense	–258	–212	–154	–64	–325	–5	–1 017	–3	–1 021
Depreciation and amortisation expense	–154	–227	–88	–16	–30	0	–516	–	–516
Impairment of property and equipment and intangible assets	–	–	0	–	–3	–	–3	–	–3
Other expenses	–151	–163	–77	–36	–170	–16	–614	4	–609
TOTAL EXPENSES	–15 900	–3 818	–2 340	–317	–597	–20	–22 991	429	–22 561
of which intersegment	–298	–31	–64	3	–32	–7	–429	429	
SEGMENT RESULT	892	275	186	81	309	15	1 758	–	1 758
Unallocated corporate costs									–107
PROFIT FROM OPERATIONS									1 651
Borrowing costs									–123
Income tax expense									–324
NET PROFIT									1 205
Additions to non-current assets	5 166	250	222	39	91	–	5 769	–	5 769

Statement of income for the year ended 31 December 2018

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	8 469	2 843	1 200	47	–	0	12 558	–18	12 540
Premiums earned on investment contracts with discretionary participation	795	–	–	–	–	–	795	–	795
Premiums ceded to reinsurers	–9	–135	–44	–8	–	–	–196	18	–177
Net earned premiums	9 254	2 709	1 156	38	–	0	13 157	0	13 157
Policy fees earned on insurance contracts	9	6	12	0	–	–	27	–	27
Policy fees earned on investment and unit-linked contracts	39	180	7	87	–	–	313	0	313
Net earned policy fees	48	185	20	87	–	–	340	0	340
Commission income	199	125	436	172	697	6	1 635	–360	1 275
Investment income	2 931	754	613	33	0	44	4 374	–2	4 372
Net gains/losses on financial assets	–754	33	232	6	0	–26	–509	–	–509
Net gains/losses on financial instruments at fair value through profit or loss	580	–15	–138	–2	1	–11	415	0	415
Net gains/losses on investment property	582	78	66	–	–	–	725	–	725
Share of profit or loss of associates	–9	3	0	–	6	–	0	–	0
Other income	158	4	3	–4	127	1	289	–3	286
TOTAL INCOME	12 989	3 876	2 386	331	831	14	20 427	–365	20 062
of which intersegment	27	–1	–7	–3	338	9	365	–365	
EXPENSES									
Benefits and claims under insurance contracts	–9 868	–2 225	–1 287	–13	–	0	–13 393	5	–13 388
Benefits and claims under investment contracts with discretionary participation	–665	–	–	–	–	–	–665	–	–665
Benefits and claims recovered from reinsurers	2	70	24	1	–	–	97	–5	92
Net insurance benefits and claims	–10 531	–2 155	–1 263	–12	–	0	–13 961	0	–13 961
Policyholder participation	–477	–372	–292	–14	–	–	–1 155	0	–1 155
Interest expense	–31	–89	–13	–15	–3	0	–152	8	–143
Commission expense	–472	–417	–344	–115	–62	–1	–1 410	359	–1 051
Employee benefits expense	–258	–211	–152	–59	–257	–5	–943	–3	–947
Depreciation and amortisation expense	–210	–176	–103	–8	–15	0	–512	–	–512
Impairment of property and equipment and intangible assets	–1	–	–	–	–13	–	–14	–	–14
Other expenses	–146	–177	–75	–40	–209	–14	–660	1	–659
TOTAL EXPENSES	–12 124	–3 598	–2 243	–263	–559	–19	–18 807	365	–18 442
of which intersegment	–247	–24	–58	0	–31	–4	–365	365	
SEGMENT RESULT	865	278	143	68	272	–6	1 620	–	1 619
Unallocated corporate costs									–85
PROFIT FROM OPERATIONS									1 534
Borrowing costs									–137
Income tax expense									–318
NET PROFIT									1 080
Additions to non-current assets	2 527	410	751	69	257	–	4 014	–	4 014

Balance sheet as at 31 December 2019

In CHF million	Switzerland	France	Germany	International	Asset Managers	Other	Total before eliminations	Eliminations	Total
ASSETS									
Cash and cash equivalents	2 327	2 375	249	3 011	216	68	8 247	–	8 247
Derivatives	1 897	205	15	–	–	14	2 131	–41	2 090
Financial assets at fair value through profit or loss	7 931	14 284	2 943	18 521	14	–	43 692	–	43 692
Financial assets available for sale	75 105	21 125	9 739	1 623	0	794	108 386	–	108 386
Loans and receivables	14 357	3 141	6 300	153	407	2 737	27 094	–4 140	22 955
Financial assets pledged as collateral	841	1 330	–	78	–	189	2 438	–	2 438
Investment property	28 984	3 270	2 590	5	17	–	34 866	–	34 866
Investments in associates	58	107	98	–	3	–	266	–	266
Reinsurance assets	32	279	120	101	–	–	532	–5	527
Property and equipment [1]	239	73	126	28	66	0	532	–	532
Intangible assets including intangible insurance assets	651	363	1 320	337	404	–	3 074	–	3 074
Other assets	554	60	13	7	460	2	1 095	–155	940
SEGMENT ASSETS	132 974	46 611	23 513	23 863	1 587	3 804	232 352	–4 340	228 012
Income tax assets									82
TOTAL ASSETS									228 094
LIABILITIES AND EQUITY									
LIABILITIES									
Derivatives	1 275	18	17	–	–	42	1 352	–41	1 311
Investment and unit-linked contracts	6 582	12 211	1 030	22 480	–	–	42 304	–1	42 303
Other financial liabilities [2]	10 089	6 353	1 091	356	539	418	18 847	–1 106	17 741
Insurance liabilities	88 017	20 597	16 260	187	–	–	125 060	–76	124 985
Policyholder participation liabilities	8 746	4 127	3 153	26	–	–	16 052	0	16 052
Employee benefit liabilities	1 624	87	255	17	177	–	2 160	–	2 160
Provisions	15	21	6	4	7	13	66	–	66
Other liabilities	124	115	48	21	28	1	337	–2	336
SEGMENT LIABILITIES	116 471	43 530	21 860	23 092	751	475	206 179	–1 226	204 953
Borrowings									3 951
Income tax liabilities									2 755
EQUITY									16 435
TOTAL LIABILITIES AND EQUITY									228 094

[1] Including IFRS 16 right-of-use assets
[2] Including IFRS 16 lease liabilities

Balance sheet as at 31 December 2018

In CHF million	Switzer-land	France	Germany	Inter-national	Asset Managers	Other	Total before elimi-nations	Elimi-nations	Total
ASSETS									
Cash and cash equivalents	3 759	1 081	298	2 923	223	125	8 410	–	8 410
Derivatives	1 967	178	14	–	–	16	2 176	–36	2 140
Assets held for sale	28	–	–	–	–	–	28	–	28
Financial assets at fair value through profit or loss	7 093	13 279	1 707	17 057	20	–	39 155	–	39 155
Financial assets available for sale	69 533	18 762	9 188	1 502	1	1 451	100 437	–	100 437
Loans and receivables	12 937	2 931	6 494	140	363	2 115	24 980	–3 517	21 463
Financial assets pledged as collateral	3 086	1 576	–	–	–	105	4 767	–	4 767
Investment property	25 108	3 063	3 207	–	4	–	31 381	–	31 381
Investments in associates	56	106	22	0	5	–	189	–	189
Reinsurance assets	32	274	114	97	–	–	517	–5	512
Property and equipment	204	46	125	6	10	–	392	–	392
Intangible assets including intangible insurance assets	662	366	1 410	320	377	–	3 135	–	3 135
Other assets	579	48	6	9	377	2	1 021	–141	880
SEGMENT ASSETS	125 045	41 711	22 583	22 055	1 381	3 814	216 589	–3 699	212 889
Income tax assets									93
TOTAL ASSETS									212 982
LIABILITIES AND EQUITY									
LIABILITIES									
Derivatives	1 009	22	12	–	–	40	1 084	–36	1 048
Investment and unit-linked contracts	6 648	11 324	867	20 901	–	–	39 739	–1	39 738
Other financial liabilities	12 335	5 687	1 210	212	417	344	20 204	–1 232	18 973
Insurance liabilities	83 075	18 915	16 622	192	–	0	118 805	–34	118 771
Policyholder participation liabilities	6 375	2 960	2 181	23	–	–	11 539	0	11 539
Employee benefit liabilities	1 479	78	214	14	104	–	1 889	–	1 889
Provisions	31	18	11	5	9	12	87	–	87
Other liabilities	103	123	44	20	37	32	358	–2	356
SEGMENT LIABILITIES	111 056	39 127	21 162	21 367	566	427	193 706	–1 304	192 401
Borrowings									3 385
Income tax liabilities									2 163
EQUITY									15 034
TOTAL LIABILITIES AND EQUITY									212 982

Premiums and policy fees from external customers

In CHF million	Net earned premiums		Net earned policy fees	
	2019	2018	2019	2018
LIFE				
Individual life	3 461	3 410	352	324
Group life	13 187	9 373	16	16
TOTAL LIFE	16 647	12 783	368	340
NON-LIFE				
Accident and health	12	12	–	–
Property, casualty and other	375	363	–	–
TOTAL NON-LIFE	386	374	–	–
TOTAL	17 034	13 157	368	340

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	
	2019	2018	31.12.2019	31.12.2018
Switzerland	16 427	12 936	27 093	23 868
France	4 267	3 894	4 979	3 351
Germany	2 710	2 584	3 042	4 373
Liechtenstein	24	23	152	152
Luxembourg	608	397	1 227	1 149
Austria	41	42	44	43
United Kingdom	104	103	101	83
Other countries	138	83	467	428
TOTAL	24 320	20 062	37 105	33 446

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

	31.12.2019	31.12.2018
Cash and cash equivalents	**2 944**	2 817
Derivatives	**0**	0
Financial assets at fair value through profit or loss		
Debt securities	**6 934**	6 378
Equity securities	**5 611**	4 974
Investment funds	**22 692**	20 233
Other	**13**	12
TOTAL ASSETS FOR THE ACCOUNT AND RISK OF THE SWISS LIFE GROUP'S CUSTOMERS	**38 193**	34 414

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

In CHF million

	Notes	31.12.2019	31.12.2018
Unit-linked contracts	19	**26 308**	24 122
Investment contracts	19	**4 901**	4 194
Insurance liabilities	22	**7 109**	5 905
TOTAL LIABILITIES LINKED TO ASSETS FOR THE ACCOUNT AND RISK OF THE SWISS LIFE GROUP'S CUSTOMERS		**38 318**	34 222

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	2019	2018	2019	2018	2019	2018
Investment income	8	4 387	4 372	–	–	4 387	4 372
Net gains/losses on financial assets	8	1 680	–511	–2	2	1 678	–509
Net gains/losses on financial instruments at fair value through profit or loss	8	–1 636	420	16	–5	–1 620	415
Net gains/losses on investment property		776	725	–	–	776	725
Share of profit or loss of associates		6	0	–	–	6	0
FINANCIAL RESULT		5 213	5 006	14	–2	5 227	5 003

5.4 Financial risk management objectives and policies

The Group is exposed to financial risk through its financial assets, financial liabilities (primarily investment contracts and borrowings), reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from the financial assets are not sufficient to fund the obligations arising from the insurance and investment contracts, as well as from borrowings and other liabilities. The most important components of the financial risk are interest rate risk, equity and real estate price risk, credit risk, currency risk and liquidity risk.

The risk budgeting and limit setting described above ensure that the corresponding risks remain under control. The market risk capital, interest rate risk capital, credit spread risk capital and credit risk capital limits, as well as exposure limits for currencies and net equity for each large insurance operation, are defined based on the risk appetite per operation.

Monitoring

Swiss Life monitors the risks through exposure limits on a regular basis.

Interest rate risk relating to financial instruments and insurance contracts

The Group's primary interest rate exposure is to contracts with guaranteed benefits and the risk that the interest rates of the financial assets purchased with the consideration received from the contract holders 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 2019				
Minimum guaranteed interest rate 0 – < 1%	**25 214**	**6 439**	**3**	**31 656**
Minimum guaranteed interest rate 1 – < 2%	**27 067**	**1 374**	**6**	**28 447**
Minimum guaranteed interest rate 2 – < 3%	**8 146**	**6 243**	**18**	**14 407**
Minimum guaranteed interest rate 3 – < 4%	**17 178**	**5 224**	**16**	**22 418**
Minimum guaranteed interest rate 4 – < 5%	**62**	**5 440**	**20**	**5 523**
Minimum guaranteed interest rate 5 – < 6%	**–**	**–**	**1**	**1**
TOTAL INTEREST-SENSITIVE INSURANCE LIABILITIES	**77 667**	**24 721**	**65**	**102 452**
Insurance liabilities with no minimum guaranteed interest rate				**15 424**
Insurance liabilities linked to assets for the account and risk of the Swiss Life Group's customers				**7 109**
TOTAL INSURANCE LIABILITIES				**124 985**

CARRYING AMOUNT AS AT 31 DECEMBER 2018				
Minimum guaranteed interest rate 0 – < 1%	21 073	6 076	4	27 152
Minimum guaranteed interest rate 1 – < 2%	25 469	1 346	6	26 821
Minimum guaranteed interest rate 2 – < 3%	8 246	6 238	17	14 502
Minimum guaranteed interest rate 3 – < 4%	18 153	5 527	19	23 699
Minimum guaranteed interest rate 4 – < 5%	62	5 889	21	5 973
Minimum guaranteed interest rate 5 – < 6%	–	–	1	1
TOTAL INTEREST-SENSITIVE INSURANCE LIABILITIES	73 004	25 076	69	98 149
Insurance liabilities with no minimum guaranteed interest rate				14 717
Insurance liabilities linked to assets for the account and risk of the Swiss Life Group's customers				5 905
TOTAL INSURANCE LIABILITIES				118 771

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 2019 (2018: 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 swaptions are used to hedge the risk of fair value changes of interest-sensitive financial assets. A minimum interest rate risk is accepted, since a perfect interest rate hedge can either not be achieved or may not be targeted.

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.

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 is managed through the holding of credit default swaps or credit default swap indices and options on credit default swap indices. A credit default swap provides insurance to the debt holder against a default of the debt issuer. It is traded over-the-counter and itself underlies the collateral management process described above. The credit default swap index is a hedge on credit risk of a basket of counterparties and is an over-the-counter derivative. A put option on a credit default swap index provides protection against adverse credit spread movements in the underlying basket of counterparties, and is traded over-the-counter.

The Group is also exposed to credit risk associated with reinsurance recoverables. As a consequence, the financial strength of reinsurers is monitored. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength and also prior to any contract being signed. The general policy of the Swiss Life Group is to reinsure its insurance risks only with counterparties rated A– or above (Standard & Poor's or equivalent). In exceptional cases, reinsurers with a lower rating may be considered. Additionally, the Group holds substantial collateral under related reinsurance agreements in the form of deposited funds and securities.

No single reinsurer is a material reinsurer to the Group, nor is the Group's business substantially dependent upon one single reinsurer.

For fixed-income assets the total exposure per counterparty is aggregated and reported to the Group Risk Committee. Ratings and single positions above a certain level with regard to fixed-income assets are reported to management on a regular basis. The exposure to individual counterparties is also managed by other mechanisms, such as the right to offset where counterparties are both debtors and creditors of the Group. In addition, limits regarding single counterparty exposure are in place which depend on the rating and amount of exposure in relation to total investments. Information reported to management includes assessment of bad debts. Where there exists a certain exposure to individual policyholders due to size of the contract, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out.

The non-rated loans primarily comprise mortgages and policy loans. For the bulk of the mortgages a risk class system is in place which allows the company to identify, measure, monitor and manage the risks at the level of portfolios, borrowers and loans at all times. The risk class system also enables a risk-adequate pricing of the loans. Implementation, parametrisation and control of the system are set out in an internal directive which has been approved by the Group Chief Investment Officer.

In certain countries, specific additional guidelines and rules have been defined locally to monitor credit risk. Such guidelines cover investments in fixed-income securities which are mostly based on the average rating of the issuers (calculated by weighting default probabilities). Minimum and maximum thresholds apply with regard to permitted investments in non-government bonds. For investments in government bonds with a rating lower than AA– (according to Standard & Poor's or equivalent), 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	
	31.12.2019	31.12.2018	**31.12.2019**	31.12.2018	**31.12.2019**	31.12.2018
DEBT SECURITIES						
Debt securities at fair value through profit or loss	**622**	340	**6 934**	6 378	**7 556**	6 718
Debt securities available for sale	**87 766**	81 242	**–**	–	**87 766**	81 242
Debt securities pledged as collateral	**2 438**	4 767	**–**	–	**2 438**	4 767
Debt securities classified as loans	**1 127**	1 344	**–**	–	**1 127**	1 344
TOTAL DEBT SECURITIES	**91 954**	87 693	**6 934**	6 378	**98 887**	94 071
LOANS AND RECEIVABLES						
Senior secured loans available for sale	**3 144**	3 010	**–**	–	**3 144**	3 010
Mortgages	**9 783**	8 777	**–**	–	**9 783**	8 777
Corporate and other loans	**1 845**	1 549	**–**	–	**1 845**	1 549
Note loans	**5 324**	5 388	**–**	–	**5 324**	5 388
Receivables	**4 874**	4 405	**–**	–	**4 874**	4 405
TOTAL LOANS AND RECEIVABLES	**24 971**	23 129	**–**	–	**24 971**	23 129
OTHER ASSETS						
Cash and cash equivalents	**5 303**	5 593	**2 944**	2 817	**8 247**	8 410
Derivatives	**2 090**	2 140	**0**	0	**2 090**	2 140
Reinsurance assets	**527**	512	**–**	–	**527**	512
TOTAL OTHER ASSETS	**7 920**	8 244	**2 944**	2 817	**10 864**	11 062
UNRECOGNISED ITEMS						
Financial guarantees	**31**	47	**–**	–	**31**	47
Loan commitments	**787**	284	**–**	–	**787**	284
TOTAL UNRECOGNISED ITEMS	**818**	331	**–**	–	**818**	331
TOTAL EXPOSURE TO CREDIT RISK	**125 663**	119 398	**9 877**	9 195	**135 540**	128 593

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 2019

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	–	29	–	1 332	162	–	1 524
Securities collateral	–	182	–	–	272	21	475
Mortgage collateral	9 157	11 622	–	–	–	654	21 433
Other collateral	–	3 890	–	–	–	45	3 935
Guarantees	639	56	329	–	–	–	1 025
Netting agreements	–	837	–	653	1	–	1 491
TOTAL SECURED	9 796	16 616	329	1 986	434	720	29 882
UNSECURED							
Governments and supranationals	52 472	3 582	49	–	–	–	56 103
Corporates	29 572	1 148	4 925	104	92	98	35 939
Other	114	3 625	–	–	–	–	3 739
TOTAL UNSECURED	82 157	8 355	4 974	104	92	98	95 781
TOTAL	91 954	24 971	5 303	2 090	527	818	125 663

Credit risk mitigation – collateral held and other credit enhancements as at 31 December 2018

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	–	21	–	1 017	159	–	1 197
Securities collateral	–	109	–	–	272	17	398
Mortgage collateral	9 209	10 780	–	–	–	229	20 218
Other collateral	–	3 772	–	–	–	61	3 833
Guarantees	536	68	506	–	–	–	1 110
Netting agreements	–	730	–	509	1	–	1 240
TOTAL SECURED	9 745	15 480	506	1 526	432	307	27 996
UNSECURED							
Governments and supranationals	48 870	3 455	186	–	–	–	52 511
Corporates	28 965	1 075	4 900	614	80	24	35 658
Other	113	3 119	–	–	–	–	3 232
TOTAL UNSECURED	77 948	7 649	5 086	614	80	24	91 401
TOTAL	87 693	23 129	5 593	2 140	512	331	119 398

To mitigate specific credit risk, the Group purchases credit risk protection in the form of credit default swaps and credit default swap indices. As at 31 December 2019, these derivative contracts provided a notional principal protection of CHF 821 million (2018: CHF 5271 million).

Exposure to credit risk of debt instruments – credit rating by class as at 31 December 2019

In CHF million	AAA	AA	A	BBB	Below BBB	Individual impairment loss allowance	Total
DEBT SECURITIES							
Supranationals	2 703	880	20	21	–	–	3 624
Governments	24 286	18 983	1 606	1 170	45	–	46 090
Sovereigns	280	709	753	996	20	–	2 758
Covered/guaranteed	8 970	539	23	259	6	–	9 796
Corporates	483	2 806	10 273	15 192	818	–	29 572
Other	19	–	32	37	26	–	114
TOTAL DEBT SECURITIES	36 740	23 917	12 708	17 674	915	–	91 954
MORTGAGES							
Commercial	–	–	2 422	–	–	–	2 422
Residential	–	–	7 347	0	14	0	7 361
TOTAL MORTGAGES	–	–	9 769	0	14	0	9 783
OTHER LOANS AND RECEIVABLES							
Governments and supranationals	1 687	1 682	171	42	–	–	3 582
Corporates	1 142	778	645	1 454	3 171	0	7 190
Other	15	12	231	4 153	25	–20	4 416
TOTAL OTHER LOANS AND RECEIVABLES	2 844	2 472	1 047	5 650	3 196	–20	15 187

Exposure to credit risk of debt instruments– credit rating by class as at 31 December 2018

In CHF million	AAA	AA	A	BBB	Below BBB	Individual impairment loss allowance	Total
DEBT SECURITIES							
Supranationals	2 669	725	18	20	–	–	3 431
Governments	21 854	17 481	1 985	1 028	44	–	42 392
Sovereigns	314	871	937	904	22	–	3 047
Covered/guaranteed	8 754	603	246	125	18	–	9 745
Corporates	477	3 054	10 217	14 262	953	–	28 965
Other	14	6	34	33	26	–	113
TOTAL DEBT SECURITIES	34 082	22 741	13 436	16 372	1 062	–	87 693
MORTGAGES							
Commercial	–	–	2 639	–	–	–	2 639
Residential	–	–	6 126	–	11	0	6 137
TOTAL MORTGAGES	–	–	8 765	–	11	0	8 777
OTHER LOANS AND RECEIVABLES							
Governments and supranationals	1 548	1 644	220	44	0	–	3 455
Corporates	1 233	662	727	1 976	2 417	–	7 014
Other	16	11	245	3 602	29	–20	3 884
TOTAL OTHER LOANS AND RECEIVABLES	2 796	2 317	1 192	5 621	2 446	–20	14 352

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 2019

in CHF million	AAA	AA	A	BBB	Below BBB	Total
DEBT SECURITIES						
Governments and supranationals	26 848	20 437	2 371	2 185	63	51 905
Corporates	9 325	3 322	9 807	15 253	820	38 526
Other	–	–	–	1	–	1
TOTAL DEBT SECURITIES	36 173	23 759	12 178	17 439	883	90 432
MORTGAGES						
Commercial	–	–	2 422	–	–	2 422
Residential	–	–	7 347	0	14	7 361
TOTAL MORTGAGES	–	–	9 769	0	14	9 783
OTHER LOANS AND RECEIVABLES						
Governments and supranationals	1 687	1 639	171	42	–	3 539
Corporates	810	502	645	1 454	3 171	6 581
Other	15	12	231	4 153	25	4 436
TOTAL OTHER LOANS	2 511	2 152	1 047	5 650	3 196	14 556

Exposure to credit risk of debt instruments that meet the SPPI criterion as at 31 December 2018

in CHF million

	AAA	AA	A	BBB	Below BBB	Total
DEBT SECURITIES						
Governments and supranationals	24 768	18 930	2 932	1 950	64	48 644
Corporates	9 105	3 588	9 929	14 133	968	37 723
Other	–	–	–	1	–	1
TOTAL DEBT SECURITIES	33 873	22 518	12 861	16 083	1 032	86 368
MORTGAGES						
Commercial	–	–	2 639	–	–	2 639
Residential	–	–	6 126	–	11	6 137
TOTAL MORTGAGES	–	–	8 765	–	11	8 777
OTHER LOANS AND RECEIVABLES						
Governments and supranationals	1 548	1 599	220	44	0	3 410
Corporates	887	477	591	1 976	2 420	6 352
Other	16	11	245	3 602	29	3 903
TOTAL OTHER LOANS	2 451	2 087	1 056	5 621	2 449	13 664

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	
	31.12.2019	31.12.2018	**31.12.2019**	31.12.2018	**31.12.2019**	31.12.2018	**31.12.2019**	31.12.2018	**31.12.2019**	31.12.2018
MORTGAGES										
Residential	**0**	0	**2**	0	**1**	2	**20**	18	**23**	21
TOTAL	**0**	0	**2**	0	**1**	2	**20**	18	**23**	21
OTHER LOANS AND RECEIVABLES										
Governments and supranationals	**0**	0	**0**	0	**0**	0	**–**	–	**0**	0
Corporates	**44**	14	**6**	2	**–**	–	**–**	1	**49**	16
Other	**87**	74	**9**	7	**9**	12	**5**	6	**109**	99
TOTAL	**131**	88	**15**	9	**9**	12	**5**	6	**159**	114

Financial assets individually determined as impaired

In CHF million	Gross amount		Impairment loss allowance		Carrying amount	
	31.12.2019	31.12.2018	**31.12.2019**	31.12.2018	**31.12.2019**	31.12.2018
MORTGAGES						
Residential	**2**	3	**0**	0	**2**	3
TOTAL	**2**	3	**0**	0	**2**	3
OTHER LOANS AND RECEIVABLES						
Corporates	**5**	4	**0**	0	**5**	4
Other	**36**	40	**–20**	–20	**17**	19
TOTAL	**42**	44	**–20**	–20	**22**	23

Financial assets individually determined as impaired – impairment loss allowance for the year 2019

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
MORTGAGES					
Residential	**0**	**0**	**0**	**–**	**0**
TOTAL	**0**	**0**	**0**	**–**	**0**
OTHER LOANS AND RECEIVABLES					
Corporates	**0**	**0**	**–**	**0**	**0**
Other	**20**	**5**	**–5**	**–1**	**20**
TOTAL	**20**	**5**	**–5**	**–1**	**20**

Financial assets individually determined as impaired – impairment loss allowance for the year 2018

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	30	–	–30	–	–
TOTAL	30	–	–30	–	–
MORTGAGES					
Commercial	0	0	–	–	–
Residential	0	0	0	–	0
TOTAL	1	0	0	–	0
OTHER LOANS AND RECEIVABLES					
Corporates	16	18	–34	0	0
Other	12	9	0	–1	20
TOTAL	28	27	–34	–1	20

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 2019						
Cash and cash equivalents	**116**	**2 080**	**2 346**	**761**	**1**	**5 303**
Derivatives	**177**	**570**	**1 189**	**150**	**4**	**2 090**
Reinsurance assets	**–**	**415**	**77**	**35**	**–**	**527**
TOTAL	**293**	**3 065**	**3 612**	**945**	**4**	**7 920**
CREDIT RATING AS AT 31 DECEMBER 2018						
Cash and cash equivalents	252	2 539	2 165	637	1	5 593
Derivatives	224	420	1 412	83	–	2 140
Reinsurance assets	–	305	171	36	–	512
TOTAL	476	3 263	3 748	756	1	8 244

At 31 December 2019 and 2018, 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 2019						
Financial guarantees	**–**	**–**	**4**	**27**	**–**	**31**
Loan commitments	**–**	**2**	**653**	**132**	**–**	**787**
TOTAL	**–**	**2**	**657**	**159**	**–**	**818**
CREDIT RATING AS AT 31 DECEMBER 2018						
Financial guarantees	–	–	0	47	–	47
Loan commitments	–	–	229	54	–	284
TOTAL	–	–	230	102	–	331

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 rate

In CHF million	Gain (+)/loss (–)[1]	
	2019	2018
EUR/CHF	**3**	–7
USD/CHF	**–12**	–19
GBP/CHF	**–1**	–1
CAD/CHF	**–1**	–2

[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.

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 2019

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	–	–	245	476	–	11	733	16
Investment contracts with discretionary participation	24	42	227	2 893	1 822	5 881	10 888	10 888
Investment contracts without discretionary participation	0	0	0	0	0	205	206	206
Borrowings	–	–	118	2 150	2 347	–	4 614	3 951
Lease liabilities	2	5	25	117	16	–	165	152
Other financial liabilities	8 548	1 917	4 769	1 863	417	341	17 854	17 589
TOTAL	8 574	1 963	5 384	7 499	4 601	6 438	34 459	32 801
INSURANCE AND POLICYHOLDER PARTICIPATION LIABILITIES								
Insurance liabilities	330	344	3 453	9 028	16 369	88 352	117 876	117 876
Policyholder participation liabilities	138	222	3 940	8 762	133	2 857	16 052	16 052
TOTAL	468	565	7 392	17 791	16 502	91 209	133 928	133 928
GUARANTEES AND COMMITMENTS								
Financial guarantees	18	–	4	9	–	–	31	–
Loan commitments	81	272	363	65	6	1	787	–
Capital commitments	661	–	483	79	–	–	1 222	–
TOTAL	759	272	850	153	6	1	2 040	–

Exposure to liquidity risk as at 31 December 2018

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	–	–	137	715	–	225	1 077	21
Investment contracts with discretionary participation	24	42	231	2 747	1 821	6 331	11 196	11 196
Investment contracts without discretionary participation	0	0	0	0	0	226	226	226
Borrowings	0	0	339	1 541	2 282	–	4 163	3 385
Other financial liabilities	9 755	1 349	5 821	1 440	299	341	19 004	18 973
TOTAL	9 778	1 391	6 527	6 444	4 403	7 123	35 665	33 801
INSURANCE AND POLICYHOLDER PARTICIPATION LIABILITIES								
Insurance liabilities	337	355	3 498	8 913	16 126	83 637	112 866	112 866
Policyholder participation liabilities	103	160	3 368	5 888	133	1 886	11 539	11 539
TOTAL	440	515	6 867	14 801	16 259	85 523	124 405	124 405
GUARANTEES AND COMMITMENTS								
Financial guarantees	23	–	0	24	–	–	47	–
Loan commitments	27	98	149	9	0	0	284	–
Capital commitments	1 222	–	129	109	–	–	1 459	–
TOTAL	1 272	98	278	141	0	0	1 790	–

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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
ASSETS								
Cash and cash equivalents	5 303	5 593	–	–	2 944	2 817	8 247	8 410
Derivatives	730	1 226	1 360	914	0	0	2 090	2 140
Assets held for sale	–	28	–	–	–	–	–	28
Financial assets at fair value through profit or loss	3 670	3 139	4 772	4 420	35 250	31 597	43 692	39 155
Financial assets available for sale	8 270	9 447	100 116	90 990	–	–	108 386	100 437
Loans and receivables	6 337	5 889	16 617	15 574	–	–	22 955	21 463
Financial assets pledged as collateral	13	92	2 425	4 676	–	–	2 438	4 767
Investment property	–	–	34 866	31 381	–	–	34 866	31 381
Investments in associates	–	–	266	189	–	–	266	189
Reinsurance assets	294	290	232	222	–	–	527	512
Property and equipment	–	–	532	392	–	–	532	392
Intangible assets including intangible insurance assets	–	–	3 074	3 135	–	–	3 074	3 135
Current income tax assets	10	38	–	–	–	–	10	38
Deferred income tax assets	–	–	72	55	–	–	72	55
Other assets	319	296	622	584	–	–	940	880
TOTAL ASSETS	24 946	26 036	164 954	152 533	38 193	34 414	228 094	212 982
LIABILITIES								
Derivatives	456	534	856	514	–	–	1 311	1 048
Investment and unit-linked contracts	293	296	10 801	11 125	31 209	28 316	42 303	39 738
Borrowings	–	217	3 951	3 168	–	–	3 951	3 385
Other financial liabilities	13 711	13 887	4 030	5 085	–	–	17 741	18 973
Insurance liabilities	4 127	4 190	113 749	108 676	7 109	5 905	124 985	118 771
Policyholder participation liabilities	4 299	3 632	11 752	7 907	–	–	16 052	11 539
Employee benefit liabilities	170	157	1 989	1 733	–	–	2 160	1 889
Current income tax liabilities	323	172	–	–	–	–	323	172
Deferred income tax liabilities	–	–	2 432	1 991	–	–	2 432	1 991
Provisions	38	37	29	50	–	–	66	87
Other liabilities	292	331	43	26	–	–	336	356
TOTAL LIABILITIES	23 709	23 453	149 632	140 274	38 318	34 222	211 659	197 949

Hedging

The Swiss Life Group uses derivatives within the strict limits set by the applicable insurance legislation and by internal guidelines. Derivatives are primarily used to manage the exposure to foreign exchange rates, interest rates, equity securities and counterparties. The main instruments include index futures and option structures in stock markets, bond futures and swaps in order to manage duration, currency forwards and options in order to manage currency risk and credit default swaps or credit default swap indices and options on credit default swap indices in order to manage counterparty risk. Within certain limits, derivatives are used to enhance returns on the existing portfolio. The types of derivatives generally permitted for usage within the Swiss Life Group, as well as the list of allowed over-the-counter trading partners, have been approved by the Group Risk Committee.

Hedging strategies involve hedge accounting in accordance with International Financial Reporting Standards as well as “economic hedging”. “Economic hedges” comprise derivatives in combination with financial assets and financial liabilities which have a common risk factor and give rise to opposite changes in fair value that tend to offset each other.

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

	31.12.2019	31.12.2018
Life annuities – in payment	**565**	586
Life annuities – deferred	**412**	442
Annuities certain – in payment	**5**	5
Annuities certain – deferred	**33**	36
Disability income and other annuities – in payment	**231**	230
Disability income and other annuities – deferred	**7 438**	7 569
TOTAL INDIVIDUAL LIFE	**8 684**	8 868

Annuities payable per annum by type of annuity – group life

In CHF million

	31.12.2019	31.12.2018
Retirement annuities – in payment	**1 045**	1 013
Retirement annuities – deferred	**438**	427
Survivors' annuities – in payment	**147**	146
Survivors' annuities – deferred	**2 896**	2 718
Disability income and other annuities – in payment	**370**	366
Disability income and other annuities – deferred	**17 921**	15 906
TOTAL GROUP LIFE	**22 815**	20 575

Life benefits insured by type of insurance – individual life

In CHF million

	31.12.2019	31.12.2018
Whole life and term life	**31 823**	33 373
Disability lump-sum payment	**21**	23
Other	**295**	231
TOTAL INDIVIDUAL LIFE	**32 138**	33 627

Life benefits insured by type of insurance – group life

In CHF million

	31.12.2019	31.12.2018
Term life	**58 449**	57 426
Disability lump-sum payment	**2 853**	668
Other	**1 399**	1 516
TOTAL GROUP LIFE	**62 701**	59 610

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 epidemics, widespread changes in lifestyle, such as eating, smoking and exercise habits, and economic effects.

Embedded options

The ability of a policyholder to pay reduced or no future premiums under a contract, to terminate the contract completely or to exercise a guaranteed annuity option means that the insurer's liability is also subject to policyholder behaviour to a certain extent. On the assumption that a certain group of policyholders will make decisions rationally, overall insurance risk can be aggravated by such behaviour. For example, it is conceivable that policyholders whose health has deteriorated significantly will be less inclined to terminate contracts insuring disability or death benefits than those policyholders remaining in good health, thus 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 demographic risk factors for which no reliable data is available must be submitted for approval irrespective of the amount of coverage offered. Insurance coverage exceeding set limits is subject to regular internal reporting requirements. Additionally, the underwriting practices must be in line with local laws.

For certain group life business, local law is relevant with regard to medical examinations required before any business is written. For certain individual life business, agreements exist with regard to medical examinations of applicants before business is written. If the risk is assessed as high, exclusion of specific risks, premium adjustments and reinsurance are considered or the application may be rejected.

In the accident and health business, 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										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
At end of year of loss occurrence	323	311	303	335	342	296	267	297	331	304	n/a
1 year later	369	362	330	361	346	322	331	317	352	–	n/a
2 years later	314	324	331	296	309	322	276	282	–	–	n/a
3 years later	286	336	285	281	324	291	259	–	–	–	n/a
4 years later	301	300	276	299	296	273	–	–	–	–	n/a
5 years later	265	293	297	280	279	–	–	–	–	–	n/a
6 years later	257	313	278	264	–	–	–	–	–	–	n/a
7 years later	279	294	260	–	–	–	–	–	–	–	n/a
8 years later	265	277	–	–	–	–	–	–	–	–	n/a
9 years later	253	–	–	–	–	–	–	–	–	–	n/a
CURRENT ESTIMATE OF CUMULATIVE CLAIMS	253	277	260	264	279	273	259	282	352	304	2 802
Cumulative payments to date	–236	–241	–232	–234	–231	–217	–201	–200	–198	–124	–2 116
LIABILITIES BEFORE DISCOUNTING	17	35	28	30	47	55	59	82	153	179	686
LIABILITIES FOR THE CURRENT AND 9 PREVIOUS YEARS	17	35	28	30	47	55	59	82	153	179	686
Liabilities for prior years											209
TOTAL GROSS CLAIMS UNDER NON-LIFE INSURANCE CONTRACTS											896

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 1.0% in terms of earned insurance premiums was ceded as at 31 December 2019 (2018: 1.3%).

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 and steering or avoidance of operational risks. Operational risk management defines operational risk as the danger that losses may result 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 an integral part 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, currencies and equity capital 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 2019, if interest rates had been 50 basis points higher, profit or loss would have been CHF 20 million lower (2018: CHF 8 million higher) and other comprehensive income would have been CHF 1540 million lower (2018: CHF 1236 million lower). If interest rates had been 50 basis points lower, profit or loss would have been CHF 13 million higher (2018: CHF 11 million lower) and other comprehensive income would have been CHF 1740 million higher (2018: CHF 1383 million higher). These impacts are net after policyholder 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 2019, if equity prices had been higher by 10%, profit or loss would have been CHF 347 million lower (2018: CHF 329 million lower) and other comprehensive income would have been CHF 701 million higher (2018: CHF 703 million higher). If equity prices had been lower by 10%, profit or loss would have been CHF 246 million higher (2018: CHF 217 million higher) and other comprehensive income would have been CHF 690 million lower (2018: CHF 680 million lower). These impacts are gross before policyholder 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 2019, if mortality rates for life assurance had been higher by 5%, profit or loss would have been CHF 1 million lower (2018: 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 5 million lower (2018: CHF 4 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 and tax.

At 31 December 2019, if morbidity rates had been higher by 5%, profit or loss would have been CHF 27 million lower (2018: CHF 21 million lower). If morbidity rates would have been lower by 5%, profit or loss would have been CHF 27 million higher (2018: CHF 21 million higher). These impacts are net after policyholder 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.

In 2019, diluted earnings per share solely include the dilutive effect of share options issued. Share options are dilutive when they would result in the issuance of shares for less than the average market price during the period. Dilutive share options are assumed to have been exercised. The assumed proceeds are regarded as having been received from the issuance of shares at the average market price during the period. The difference between the number of shares issued and the number of shares that would have been issued at the average market price during the period is considered an issuance of shares for no consideration.

In CHF million (if not noted otherwise)

	2019	2018
BASIC EARNINGS PER SHARE		
Net result attributable to equity holders of Swiss Life Holding	**1 199**	1 076
Weighted average number of shares outstanding	**32 768 031**	34 059 072
BASIC EARNINGS PER SHARE FOR THE NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF SWISS LIFE HOLDING (IN CHF)	**36.59**	31.58
DILUTED EARNINGS PER SHARE		
Net result attributable to equity holders of Swiss Life Holding	**1 199**	1 076
RESULT USED TO DETERMINE DILUTED EARNINGS PER SHARE	**1 199**	1 076
Weighted average number of shares outstanding	**32 768 031**	34 059 072
Adjustments (number of shares)		
Equity compensation plans	**93 803**	99 395
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING FOR DILUTED EARNINGS PER SHARE	**32 861 834**	34 158 467
DILUTED EARNINGS PER SHARE FOR THE NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF SWISS LIFE HOLDING (IN CHF)	**36.48**	31.49

7 Premiums, Policy Fees and Deposits Received

Written premiums

In CHF million

	2019	2018
Direct	**16 699**	12 905
Assumed	**520**	439
GROSS WRITTEN PREMIUMS	**17 219**	13 345
Ceded	**–180**	–177
NET WRITTEN PREMIUMS	**17 039**	13 167

Earned premiums

In CHF million

	2019	2018
Direct	**16 699**	12 905
Assumed	**513**	429
GROSS EARNED PREMIUMS	**17 213**	13 335
Ceded	**–179**	–177
NET EARNED PREMIUMS	**17 034**	13 157

Written policy fees

In CHF million

	2019	2018
Direct	**380**	346
GROSS WRITTEN POLICY FEES	**380**	346
Ceded	**0**	0
NET WRITTEN POLICY FEES	**381**	345

Earned policy fees

In CHF million

	2019	2018
Direct	**368**	340
GROSS EARNED POLICY FEES	**368**	340
Ceded	**0**	0
NET EARNED POLICY FEES	**368**	340

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

	2019	2018
Gross written premiums and policy fees	**17 599**	13 691
Deposits received under insurance and investment contracts	**5 409**	5 527
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	**23 008**	19 218

8 Details of Certain Items in the Consolidated Statement of Income

Commission income

In CHF million

	2019	2018
Brokerage commissions	723	631
Asset management commissions	482	359
Other commissions and fees	247	285
TOTAL COMMISSION INCOME	1 452	1 275

Investment income

In CHF million

	Notes	2019	2018
Interest income on financial assets available for sale		2 356	2 445
Interest income on loans and receivables		465	482
Other interest income		5	7
Dividend income on financial assets available for sale		549	506
Net income on investment property		1 012	933
TOTAL INVESTMENT INCOME	5	4 387	4 372

Net gains/losses on financial assets

In CHF million

	Notes	2019	2018
Sale of			
financial assets available for sale		2 273	–117
loans		36	200
Net gains/losses from sales		2 309	83
Impairment losses on			
debt instruments available for sale		0	–18
equity instruments available for sale		–32	–101
loans and receivables		–4	–7
Impairment losses on financial assets		–36	–125
Foreign currency gains/losses		–595	–467
TOTAL NET GAINS/LOSSES ON FINANCIAL ASSETS	5	1 678	–509

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

In CHF million

	Notes	2019	2018
Currency derivatives		–335	–389
Interest rate derivatives		132	119
Equity derivatives		–1 665	594
Other derivatives		–76	45
Financial assets designated as at fair value through profit or loss [1]		599	109
Associates at fair value through profit or loss [1]		3	6
Investment contracts without discretionary participation		35	–34
Third party interests in consolidated investment funds		–330	–32
Other financial liabilities		1	1
Assets for the account and risk of the Swiss Life Group's customers [1]		3 907	–2 169
Liabilities linked to assets for the account and risk of the Swiss Life Group's customers		–3 891	2 164
TOTAL NET GAINS/LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	5	–1 620	415

[1] includes interest and dividend income of CHF 199 million (2018: CHF 150 million)

Other income

In CHF million

	2019	2018
Realised gains/losses on sales of subsidiaries and other assets	19	21
Revenue from sale of inventory property	99	125
Other foreign currency gains/losses	89	110
Other	32	30
TOTAL OTHER INCOME	239	286

Net insurance benefits and claims

In CHF million

	2019	2018
Benefits and claims under insurance contracts		
Life benefits and claims paid, gross	10 929	10 642
Change in liability for future life policyholder benefits, gross	5 864	2 489
Non-life claims paid, gross	232	228
Change in reserve for non-life claims, gross	12	29
Benefits and claims recovered from reinsurers	–98	–92
Net benefits and claims under insurance contracts	16 939	13 296
Benefits and claims under investment contracts with discretionary participation		
Life benefits and claims paid, gross	1 355	876
Change in liability for future life policyholder benefits, gross	–457	–211
Net benefits and claims under investment contracts with discretionary participation	898	665
TOTAL NET INSURANCE BENEFITS AND CLAIMS	17 838	13 961

Interest expense

In CHF million

	Notes	2019	2018
Interest expense on deposits		13	16
Negative interest on repurchase agreements		–29	–25
Interest expense on due to banks		31	29
Interest expense on investment contracts		72	77
Interest expense on deposits under insurance contracts	22	49	36
Interest expense on lease liabilities	2	3	–
Other interest expense		27	11
TOTAL INTEREST EXPENSE		165	143

Commission expense

In CHF million

	2019	2018
Insurance agent and broker commissions	962	899
Asset management commissions	187	95
Other commissions and fees	136	57
TOTAL COMMISSION EXPENSE	1 285	1 051

Employee benefits expense

In CHF million

	Notes	2019	2018
Wages and salaries		783	703
Social security		149	144
Defined benefit plans	23	95	94
Defined contribution plans		2	2
Other employee benefits		65	65
TOTAL EMPLOYEE BENEFITS EXPENSE		1 094	1 008

Depreciation and amortisation expense

In CHF million

	Notes	2019	2018
Depreciation of property and equipment	16	67[1]	26
Amortisation of present value of future profits (PVP)	17	1	1
Amortisation of deferred acquisition costs (DAC)	17	401	445
Amortisation of deferred origination costs (DOC)	17	12	10
Amortisation of other intangible assets	17	34	31
TOTAL DEPRECIATION AND AMORTISATION EXPENSE		516	512

[1] including depreciation of IFRS 16 right-of-use assets

Other expenses

In CHF million

	Notes	2019	2018
Marketing and advertising		57	53
Information technology and systems		113	96
Maintenance and repair		28	23
Rental expense	2	–	53
Short-term leases	2	7	–
Leases of low-value assets	2	3	–
Professional services		209	201
Cost of inventory property sold		80	105
Premium taxes and other non-income taxes		68	69
Other		80	84
TOTAL OTHER EXPENSES		643	683

9 Derivatives and Hedge Accounting

In CHF million	Notes	Fair value assets 31.12.2019	Fair value assets 31.12.2018	Fair value liabilities 31.12.2019	Fair value liabilities 31.12.2018	Notional amount/exposure 31.12.2019	Notional amount/exposure 31.12.2018
CURRENCY DERIVATIVES							
Forward contracts		**531**	615	**275**	340	**48 739**	50 396
Swaps		**–**	–	**–**	0	**–**	1 745
Futures		**0**	0	**0**	0	**40**	56
Options (over-the-counter)		**94**	148	**67**	93	**7 045**	7 370
TOTAL CURRENCY DERIVATIVES		**625**	763	**343**	433	**55 824**	59 567
INTEREST RATE DERIVATIVES							
Forward contracts		**126**	58	**5**	5	**722**	852
Swaps		**1 258**	833	**834**	484	**62 349**	35 351
Futures		**0**	–	**–**	11	**23**	395
Options (over-the-counter)		**4**	4	**–**	–	**0**	551
Other		**0**	0	**–**	–	**1**	1
TOTAL INTEREST RATE DERIVATIVES		**1 389**	895	**838**	500	**63 095**	37 150
EQUITY/INDEX DERIVATIVES							
Futures		**12**	84	**99**	11	**7 330**	4 924
Options (over-the-counter)		**–**	0	**–**	–	**–**	267
Options (exchange-traded)		**10**	397	**–**	59	**33**	2 406
Other		**54**	0	**9**	3	**1 469**	1 204
TOTAL EQUITY/INDEX DERIVATIVES		**76**	481	**108**	72	**8 832**	8 800
OTHER DERIVATIVES							
Credit derivatives		**–**	–	**22**	42	**821**	3 086
TOTAL OTHER DERIVATIVES		**–**	–	**22**	42	**821**	3 086
DERIVATIVES FOR THE ACCOUNT AND RISK OF THE SWISS LIFE GROUP'S CUSTOMERS	5	**0**	0	**–**	–	**0**	0
TOTAL DERIVATIVES		**2 090**	2 140	**1 311**	1 048	**128 571**	108 604
of which derivatives designated and accounted for as hedging instruments							
Derivatives designated as fair value hedges		**106**	149	**12**	26	**12 354**	11 650
Derivatives designated as cash flow hedges		**420**	72	**16**	21	**3 489**	1 358
Derivatives designated as net investment hedges		**85**	40	**–**	5	**4 461**	4 217

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 2019

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	**18**	**9**	**3 545**	**11**	**–43**	**43**	**–11**
Foreign currency risk							
Currency forwards to hedge non-monetary investments	**88**	**3**	**8 809**	**649**	**–584**	**584**	**–649**
TOTAL DERIVATIVES DESIGNATED AS FAIR VALUE HEDGES	**106**	**12**	**12 354**	**660**	**–627**	**627**	**–660**

Derivatives designated as fair value hedges as at 31 December 2018

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	107	22	5 826	196	–38	38	–196
Foreign currency risk							
Currency forwards to hedge non-monetary investments	42	4	5 824	672	–616	616	–672
TOTAL DERIVATIVES DESIGNATED AS FAIR VALUE HEDGES	149	26	11 650	867	–654	654	–867

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 2019 was CHF 3.3 billion (2018: CHF 5.6 billion).

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, hedge funds and investment funds (equity funds and corporate loan 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 2019						
Foreign currency borrowing to hedge currency risk of non-monetary investments	**68**	**63**	**3**	**0**	**0**	**–3**
AS AT 31 DECEMBER 2018						
Foreign currency borrowing to hedge currency risk of non-monetary investments	89	80	6	–2	2	–6

In 2019 and 2018, 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 2019

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	**231**	**–**	**2 170**	**231**	**–**	**2020–2028**	**2020–2058**
Euro	**190**	**16**	**1 318**	**178**	**–**	**2020–2024**	**2020–2045**
Total interest rate risk	**420**	**16**	**3 489**	**408**	**–**	**n/a**	**n/a**
TOTAL DERIVATIVES DESIGNATED AS CASH FLOW HEDGES	**420**	**16**	**3 489**	**408**	**–**	**n/a**	**n/a**

Derivatives designated as cash flow hedges as at 31 December 2018

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	–	–	–	–80	–	2019–2026	2019–2043
Euro	72	21	1 358	47	–	2019–2023	2019–2045
Total interest rate risk	72	21	1 358	–33	–	n/a	n/a
TOTAL DERIVATIVES DESIGNATED AS CASH FLOW HEDGES	72	21	1 358	–33	–	n/a	n/a

In 2019 and 2018, the Group used forward starting swaps and forward starting bonds to hedge the exposure to variability in interest cash flows arising on the highly probable purchase of bonds in order to achieve an adequate yield level for reinvestments.

In 2019, a gain of CHF 50 million was reclassified from other comprehensive income to profit or loss (2018: gain of CHF 66 million), of which CHF 49 million were included in investment income (2018: CHF 45 million), and CHF 1 million in net gains/losses on financial assets (2018: gain of CHF 21 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 comprehen-sive income	Ineffective portion recognised in profit or loss
AS AT 31 DECEMBER 2019					
Currency forwards	**85**	**–**	**4 461**	**107**	**–**
TOTAL DERIVATIVES DESIGNATED AS NET INVESTMENT HEDGES	**85**	**–**	**4 461**	**107**	**–**
AS AT 31 DECEMBER 2018					
Currency forwards	40	5	4 217	9	–
TOTAL DERIVATIVES DESIGNATED AS NET INVESTMENT HEDGES	40	5	4 217	9	–

In 2019, investments in senior secured loan funds of USD 3282 million (2018: USD 3196 million) and EUR 125 million (2018: nil) and investments in real estate funds of EUR 1281 milllion (2018: EUR 1012 milllion) were hedged.

Foreign currency debt designated as net investment hedges 2019

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
Foreign currency borrowing to hedge net investments in foreign entities	**203**	**188**	**6**	**–**

In 2019, investments in real estate funds of EUR 188 million were hedged (2018: nil).

10 Financial Assets at Fair Value through Profit or Loss

In CHF million	Notes	31.12.2019	31.12.2018
Debt securities		**622**	340
Equity securities		**239**	82
Investment funds – debt		**1 211**	2 218
Investment funds – equity		**1 470**	713
Investment funds – balanced		**259**	252
Real estate funds		**1 999**	1 864
Infrastructure investments		**2 620**	2 087
Private equity and hedge funds		**22**	3
Financial assets for the account and risk of the Swiss Life Group's customers	5	**35 250**	31 597
TOTAL FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS		**43 692**	39 155

11 Financial Assets Available for Sale

In CHF million	Cost/amortised cost		Net unrealised gains/losses		Fair value (carrying amount)	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Debt securities	**74 294**	73 553	**13 472**	7 689	**87 766**	81 242
Senior secured loans	**3 143**	3 132	**1**	–122	**3 144**	3 010
Equity securities	**9 621**	8 568	**1 199**	1 021	**10 820**	9 588
Investment funds – debt	**2 886**	3 399	**147**	45	**3 032**	3 444
Investment funds – equity	**2 466**	2 249	**401**	100	**2 867**	2 349
Investment funds – balanced	**10**	22	**0**	0	**10**	22
Real estate funds	**522**	459	**34**	20	**556**	478
Private equity	**109**	181	**45**	63	**153**	244
Hedge funds	**25**	43	**12**	17	**36**	60
TOTAL FINANCIAL ASSETS AVAILABLE FOR SALE	**93 076**	91 605	**15 310**	8 832	**108 386**	100 437

Financial assets available for sale that have been sold under a repurchase agreement or lent under an agreement to return them, and where the transferee has the right to sell or repledge the financial assets given as collateral, were reclassified to financial assets pledged as collateral.

12 Financial Assets Pledged as Collateral

In CHF million	Carrying amount	
	31.12.2019	31.12.2018
Debt securities reclassified from		
financial assets available for sale	2 438	4 767
TOTAL DEBT SECURITIES PLEDGED AS COLLATERAL	2 438	4 767
TOTAL FINANCIAL ASSETS PLEDGED AS COLLATERAL	**2 438**	4 767

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.

13 Loans and Receivables

In CHF million		Gross amount		Allowance for impairment losses		Cost/amortised cost (carrying amount)	
	Notes	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
LOANS							
Mortgages		**9 801**	8 792	**–18**	–16	**9 783**	8 777
Corporate and other loans		**1 849**	1 553	**–4**	–4	**1 845**	1 549
Note loans		**5 324**	5 388	**–**	–	**5 324**	5 388
Debt securities previously classified as available for sale		**968**	1 133	**–**	–	**968**	1 133
Other debt securities classified as loans		**159**	211	**–**	–	**159**	211
TOTAL LOANS	30	**18 102**	17 078	**–22**	–20	**18 081**	17 058
RECEIVABLES							
Insurance receivables		**1 550**	1 423	**–22**	–23	**1 529**	1 400
Reinsurance receivables		**322**	308	**–**	–	**322**	308
Accrued income		**1 304**	1 370	**–**	–	**1 304**	1 370
Settlement accounts		**669**	341	**–**	–	**669**	341
Other receivables		**1 057**	994	**–6**	–8	**1 051**	986
TOTAL RECEIVABLES	30	**4 902**	4 436	**–28**	–31	**4 874**	4 405
TOTAL LOANS AND RECEIVABLES		**23 004**	21 514	**–50**	–51	**22 955**	21 463

Allowance for impairment losses

In CHF million	Individual evaluation of impairment		Collective evaluation of impairment		Total	
	2019	2018	2019	2018	2019	2018
LOANS						
Balance as at 1 January	**4**	5	**16**	14	**20**	19
Impairment losses/reversals	**1**	0	**2**	1	**2**	1
Write-offs and disposals	**–1**	0	**–**	–	**–1**	0
Foreign currency translation differences	**0**	0	**–**	–	**0**	0
BALANCE AS AT END OF PERIOD	**4**	4	**17**	16	**22**	20
RECEIVABLES						
Balance as at 1 January	**16**	8	**15**	18	**31**	26
Impairment losses/reversals	**4**	9	**–3**	–3	**2**	6
Write-offs and disposals	**–4**	0	**0**	1	**–4**	0
Foreign currency translation differences	**0**	0	**0**	–1	**–1**	–1
BALANCE AS AT END OF PERIOD	**16**	16	**12**	15	**28**	31
TOTAL ALLOWANCE FOR IMPAIRMENT LOSSES	**20**	20	**30**	31	**50**	51

Interest income accrued on impaired loans was CHF 0.1 million as at 31 December 2019 (2018: CHF 0.08 million). The Group's loan portfolio is monitored closely through the review of information such as debt service, annual reports and assessments. This information is evaluated in light of current economic conditions and other factors, such as diversification of the property portfolio. This evaluation is part of the regular review to determine whether the allowance for potential loan losses is warranted. Management believes that the allowance for loan losses is sufficient. However, management cannot predict with assurance the impact of future economic circumstances or how the mortgage and real estate portfolios would be affected by various economic circumstances.

As at 1 July 2008, certain financial assets were reclassified from financial assets available for sale to loans due to the disappearance of an active market. The financial assets reclassified primarily consist of corporate debt instruments and debt instruments relating to emerging markets. The fair value as at 1 July 2008 of the financial assets reclassified amounted to CHF 14 966 million. At the date of reclassification the effective interest rate ranged from 0.8% to 9.7%, and the amount of cash flows expected to be recovered was estimated at CHF 32 658 million. In 2008, unrealised losses of CHF 740 million were recognised in other comprehensive income in respect of these assets.

Further details with regard to the financial assets reclassified are as follows.

Debt securities previously classified as available for sale

In CHF million

	2019	2018
Carrying amount as at 31 December	**968**	1 133
Fair value as at end of period	**1 296**	1 345
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)	**122**	–149
Gains (+)/losses (–) recognised in profit or loss (including impairment)	**2**	18
Interest income	**67**	89

14 Investment Property

In CHF million

	Notes	2019	2018
Balance as at 1 January		**31 381**	27 946
Additions		**4 263**	3 487
Additions from business combinations	28	**1 179**	–
Capitalised subsequent expenditure		**156**	153
Classification as assets held for sale and other disposals		**–2 580**	–630
Gains/losses from fair value adjustments		**776**	725
Transfers to inventory property		**–**	–10
Foreign currency translation differences		**–309**	–290
BALANCE AS AT END OF PERIOD		**34 866**	31 381
of which pledged as security for mortgage loans		**1 054**	1 522
Investment property consists of			
completed investment property		**33 874**	30 615
investment property under construction		**992**	766
TOTAL INVESTMENT PROPERTY		**34 866**	31 381

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 1276 million for the period ended 31 December 2019 (2018: CHF 1154 million). Operating expenses arising from investment property that generated rental income amounted to CHF 266 million for the period ended 31 December 2019 (2018: CHF 221 million).

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

In CHF million

	31.12.2019	31.12.2018
Less than 1 year	**706**	908
1 to 2 years	**596**	445
2 to 3 years	**512**	345
3 to 4 years	**441**	287
4 to 5 years	**389**	299
More than 5 years	**1 700**	959
TOTAL UNDISCOUNTED LEASE PAYMENTS	**4 345**	3 243[1]

[1] Under IAS 17 payments for perpetual lease contracts with a termination option were not included

15 Investments in Associates

Summarised financial information for the year 2019

Amounts in CHF million	Ownership interest	Carrying amount	Dividends received	Share of profit or loss	Share of other comprehensive income	Share of total comprehensive income
EQUITY METHOD ASSOCIATES						
Crédit et Services Financiers (CRESERFI), Paris	**33.4%**	**47**	**–**	**0**	**–**	**0**
Other associates	**n/a**	**56**	**3**	**6**	**–**	**6**
TOTAL	**n/a**	**102**	**3**	**6**	**–**	**6**
ASSOCIATES AT FAIR VALUE THROUGH PROFIT OR LOSS						
Agrippa Quartier GmbH & Co, Heusenstamm	**37.5%**	**49**	**1**	**n/a**	**n/a**	**n/a**
Oskar Verwaltungs GmbH, Heusenstamm	**25.0%**	**32**	**–**	**n/a**	**n/a**	**n/a**
Oskar 20 GmbH, Heusenstamm	**25.0%**	**46**	**–**	**n/a**	**n/a**	**n/a**
SCI Tour LM, Marseille	**33.3%**	**37**	**–**	**n/a**	**n/a**	**n/a**
Other associates	**n/a**	**0**	**0**	**n/a**	**n/a**	**n/a**
TOTAL	**n/a**	**164**	**1**	**n/a**	**n/a**	**n/a**

Summarised financial information for the year 2018

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%	48	0	1	–	1
Groupe Assuristance, Paris	34.0%	14	2	2	–	2
Artemis Acquisition Germany S.à r.l., Luxembourg	29.9%	16	–	0	–	0
Other associates	n/a	27	4	–3	–	–3
TOTAL	n/a	105	7	0	–	0
ASSOCIATES AT FAIR VALUE THROUGH PROFIT OR LOSS						
Agrippa Quartier GmbH & Co. Geschlossene InvKG, Heusenstamm	38.4%	48	0	n/a	n/a	n/a
SCI TOUR LM, Marseille	33.3%	36	–	n/a	n/a	n/a
Other associates	n/a	0	–	n/a	n/a	n/a
TOTAL	n/a	84	0	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 Heusenstamm		Oskar Verwaltungs GmbH Heusenstamm		Oskar 20 GmbH Heusenstamm		SCI TOUR LM Marseille	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
SUMMARISED FINANCIAL INFORMATION										
Current assets	**178**	185	**3**	6	**14**	–	**8**	–	**14**	10
Non-current assets	**13**	13	**134**	138	**291**	–	**437**	–	**207**	234
Current liabilities	**–14**	–15	**–1**	–3	**–1**	–	**–52**	–	**–64**	–205
Non-current liabilities	**–37**	–38	**–40**	–39	**–177**	–	**–209**	–	**–47**	–45
Revenue	**35**	37	**1**	4	**1**	–	**7**	–	**16**	8
Profit or loss	**3**	3	**2**	11	**1**	–	**12**	–	**7**	–7
Other comprehensive income	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Total comprehensive income	**3**	3	**2**	11	**1**	–	**12**	–	**7**	–7
RECONCILIATION										
Net assets	**140**	145	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a
Ownership interest	**33.4%**	33.4%	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a
Share of net assets (carrying amount)	**47**	48	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a

In March 2018, the asset management and real estate company Artemis Acquisition Germany S.à r.l, Luxembourg, was acquired. Due to loss of control in the second half of 2018, Artemis Acquisition Germany S.à r.l., Luxembourg, is accounted for as an investment in associates.

16 Property and Equipment

Property and equipment for the year 2019

In CHF million	Notes	Land and buildings	Furniture and fixtures	Hardware	Other equipment	Total
Balance as at 1 January		**340**	**21**	**10**	**21**	**392**
Additions		**4**	**6**	**12**	**8**	**30**
Additions from business combinations	28	**–**	**0**	**0**	**–**	**0**
Disposals		**–1**	**–3**	**0**	**0**	**–5**
Depreciation		**–12**	**–4**	**–5**	**–4**	**–26**
Foreign currency translation differences		**–5**	**0**	**0**	**–1**	**–6**
BALANCE AS AT END OF PERIOD		**326**	**19**	**16**	**24**	**385**
Cost		**555**	**65**	**75**	**52**	**746**
Accumulated depreciation and impairment		**–229**	**–46**	**–59**	**–28**	**–361**
TOTAL PROPERTY AND EQUIPMENT AS AT END OF PERIOD		**326**	**19**	**16**	**24**	**385**
of which buildings in the course of construction		**4**				

Property and equipment for the year 2018

In CHF million

	Notes	Land and buildings	Furniture and fixtures	Hardware	Other equipment	Total
Balance as at 1 January		356	20	11	17	404
Additions		5	5	7	9	26
Additions from business combinations	28	0	1	0	0	2
Disposals		–3	–1	–1	–1	–6
Depreciation		–12	–5	–6	–3	–26
Impairment losses		–	0	–	–	0
Foreign currency translation differences		–6	–1	0	–1	–7
BALANCE AS AT END OF PERIOD		340	21	10	21	392
Cost		558	64	67	40	729
Accumulated depreciation and impairment		–218	–43	–57	–19	–336
TOTAL PROPERTY AND EQUIPMENT AS AT END OF PERIOD		340	21	10	21	392
of which buildings in the course of construction		3				

No borrowing costs were capitalised in property and equipment in 2019 and 2018.

Right-of-use assets for the year 2019

In CHF million

	Notes	Premises	IT equipment	Vehicles	Other equipment	Total
Balance as at 1 January		**156**	**5**	**7**	**3**	**171**
Additions		**26**	**0**	**2**	**0**	**27**
Additions from business combinations	28	**1**	**–**	**–**	**–**	**1**
Depreciation		**–35**	**–2**	**–3**	**–1**	**–41**
Other changes		**–8**	**0**	**0**	**–**	**–8**
Foreign currency translation differences		**–3**	**0**	**0**	**0**	**–3**
BALANCE AS AT END OF PERIOD		**136**	**3**	**5**	**3**	**147**

Total property and equipment

In CHF million

	31.12.2019	31.12.2018
Property and equipment owned	**385**	392
Right-of-use assets	**147**	–
TOTAL PROPERTY AND EQUIPMENT	**532**	392

17 Intangible Assets including Intangible Insurance Assets

In CHF million	31.12.2019	31.12.2018
Intangible insurance assets	**1 421**	1 494
Other intangible assets	**1 653**	1 641
TOTAL INTANGIBLE ASSETS	**3 074**	3 135

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	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Balance as at 1 January	**8**	9	**1 454**	1 453	**32**	20	**1 494**	1 482
Additions	**–**	–	**403**	384	**35**	22	**437**	405
Amortisation	**–1**	–1	**–401**	–445	**–12**	–10	**–414**	–455
Effect of shadow accounting	**0**	0	**–61**	100	**–**	–	**–62**	100
Foreign currency translation differences	**0**	0	**–34**	–39	**0**	0	**–34**	–39
BALANCE AS AT END OF PERIOD	**7**	8	**1 360**	1 454	**54**	32	**1 421**	1 494

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 2019

In CHF million

	Notes	Goodwill	Customer relationships	Computer software	Brands and other	Total
COST						
Balance as at 1 January		1 457	111	39	34	1 641
Additions		–	–	18	3	21
Additions from business combinations	28	30	15	–	12	57
Disposals		0	–	–1	0	–1
Amortisation		–	–17	–15	–1	–34
Impairment losses		–3	–	–	–	–3
Foreign currency translation differences		–23	–3	–1	–1	–29
BALANCE AS AT END OF PERIOD		1 461	105	41	46	1 653
Cost		1 968	238	220	49	2 476
Accumulated amortisation and impairment		–507	–133	–179	–3	–822
TOTAL OTHER INTANGIBLE ASSETS AS AT END OF PERIOD		1 461	105	41	46	1 653

Other intangible assets for the year 2018

In CHF million

	Notes	Goodwill	Customer relationships	Computer software	Brands and other	Total
COST						
Balance as at 1 January		1 318	62	46	24	1 449
Additions		–	2	14	4	20
Additions from business combinations	28	180	77	0	44	304
Disposals		–8	–	–4	–37	–49
Amortisation		–	–14	–15	–1	–31
Impairment losses		–1	–13	–	–	–14
Foreign currency translation differences		–32	–3	–1	0	–40
BALANCE AS AT END OF PERIOD		1 457	111	39	34	1 641
Cost		1 981	229	216	36	2 462
Accumulated amortisation and impairment		–524	–119	–177	–2	–822
TOTAL OTHER INTANGIBLE ASSETS AS AT END OF PERIOD		1 457	111	39	34	1 641

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.

The acquisition of Fontavis AG, Baar, in September 2019 resulted in the recognition of goodwill of CHF 25 million. The goodwill has been allocated to the "Asset Managers" segment. The goodwill resulting from the acquisition of in total eight property entities in Geneva and Vaud was nil. A goodwill of CHF 5 million was recognised in the segment "International" in connection with the acquisition of Ferguson Oliver Limited in Angus, United Kingdom.

The acquisition of BEOS AG, Berlin, the leading investment manager of corporate real estate in Germany, in August 2018 led to the recognition of goodwill of CHF 138 million. The goodwill has been allocated to the "Asset Managers" segment.

In October 2018, the Swiss Life Group acquired Fincentrum a.s., one of the leading independent financial advisors in the Czech Republic, domiciled in Prague, and Slovakia, domiciled in Bratislava. The goodwill relating to this acquisition amounted to CHF 41 million and has been allocated to the "International" segment.

Artemis Acquisition Germany S.à r.l., Luxembourg, a company that was acquired in March 2018, is now accounted for as an investment in associates due to loss of control in the second half of 2018. Its goodwill, which was allocated to the "Switzerland" segment, amounted to CHF 1 million and was fully impaired.

Goodwill relating to Lloyd Continental has been allocated to the "France" segment. Goodwill relating to CapitalLeben has been allocated to the "International" segment. Goodwill relating to Corpus Sireo and Beos has been allocated to the "Asset Managers" segment. Of the goodwill relating to other acquisitions, CHF 18 million (31.12.2018: CHF 19 million) have been allocated to the "France" segment, CHF 51 million (31.12.2018: CHF 26 million) to the "Asset Managers" segment and CHF 67 million (31.12.2018: CHF 61 million) to the "International" segment as at 31 December 2019.

The calculations relating to the recoverable amounts, which have been determined on a value-in-use basis, use cash flow projections based on financial budgets approved by management. The projection covers a three-year period for Lloyd Continental, Corpus Sireo and Beos. Due to the duration of the insurance and investment contracts a five-year period was used for CapitalLeben. The calculations for Lloyd Continental, Corpus Sireo and CapitalLeben are based on present values that traditionally use a single set of estimated cash flows and a single discount rate.

In CHF million	Lloyd Continental		CapitalLeben		Corpus Sireo		Beos		Other	
	31.12.2019	31.12.2018	**31.12.2019**	31.12.2018	**31.12.2019**	31.12.2018	**31.12.2019**	31.12.2018	**31.12.2019**	31.12.2018
Net carrying amount of goodwill	**287**	287	**149**	149	**94**	101	**132**	136	**136**	106
Impairment losses	**–**	–	**–**	–	**3**	–	**–**	–	**–**	1
KEY ASSUMPTIONS USED FOR IMPAIRMENT TESTS										
Growth rate	**2.0%**	2.0%	**1.0%**	1.0%	**2.0%**	2.0%	**2.0%**	2.0%	**2.0%**	2.0%
Discount rate	**7.9%**	9.3%	**6.5%**	6.6%	**7.5%**	8.7%	**7.5%**	8.7%	**7.4-7.9%**	8.4–9.3%

The discount rates used for the value-in-use calculations are based on weighted average cost of capital (WACC) derived from the Capital Asset Pricing Model. Peer group comparisons and the beta of the Swiss Life Group are used for determining the beta used in the calculation. Capital structure reflected in the WACC calculation is in line with the actual and target capital structure of the Swiss Life Group.

The growth rates reflect the long-term inflation expectations of the International Monetary Fund for Switzerland and Liechtenstein and of the European Central Bank for the euro zone.

Goodwill relating to "Swiss Life Select" (acquisitions of AWD Holding AG and Deutsche Proventus AG) has been allocated to the "Switzerland", "Germany" and "International" segments. The recoverable amounts have been determined on a value-in-use basis and use cash flow projections based on financial budgets approved by management. The projection covers a three-year period for Switzerland, Germany and International (AT/CEE, UK). The calculations are based on present values that traditionally use a single set of estimated cash flows and a single discount rate. The key assumptions used for the impairment testing on the carrying amount of goodwill are as follows.

Goodwill relating to Swiss Life Select

In CHF million	Switzerland		Germany		International		Total	
	31.12.2019	31.12.2018	**31.12.2019**	31.12.2018	**31.12.2019**	31.12.2018	**31.12.2019**	31.12.2018
Net carrying amount of goodwill	**152**	152	**438**	454	**72**	72	**663**	678
KEY ASSUMPTIONS USED FOR IMPAIRMENT TESTS								
Growth rate	**1.0%**	1.0%	**2.0%**	2.0%	**2.0%**	2.0%	**n/a**	n/a
Discount rate	**7.0%**	7.1%	**7.5%**	8.7%	**7.7%**	8.4%	**n/a**	n/a

Customer relationships

The acquisition of Fontavis AG, Baar, in September 2019 led to the recognition of customer relationships of CHF 15 million.

The acquisition of BEOS AG, Berlin, in August 2018 led to the recognition of customer relationships of CHF 68 million.

The acquisition of Fincentrum a.s., Prague and Bratislava, in October 2018 led to the recognition of customer relationships of CHF 9 million.

As at 31 December 2019, customer relationships comprise customer relationships relating to Swiss Life Select: CHF 2 million (31.12.2018: CHF 3 million), which were allocated to the "Switzerland" segment. The "France" segment comprises customer relationships of CHF 8 million (31.12.2018: CHF 12 million) and the "Asset Managers" segment of CHF 87 million (31.12.2018: CHF 87 million). The "International" segment comprises customer relationships of CHF 8 million (31.12.2018: CHF 9 million). Customer relationships were included in the impairment test of the respective cash-generating unit.

Brands and other

As at 31 December 2019, "Brands and other" comprises the brands Corpus Sireo, Mayfair, Beos, Fincentrum and Fontavis and each a performance fee related to the acquisition of Beos and Fontavis, which is recognised as other intangible assets. At acquisition date the performance fee of Beos had a fair value of CHF 38 million. Subsequent to the acquisition date, the condition for receiving most of the performance fee was met. Therefore, CHF 35 million resulted in a disposal in the last quarter of 2018. The performance fee of Fontavis had a fair value of CHF 12 million at acquisition date. The brands of Beos, Fincentrum and Fontavis are amortised over their useful lives.

18 Other Assets and Liabilities

Other assets

In CHF million

	31.12.2019	31.12.2018
Deferred charges and prepaid expenses	77	75
Employee benefit assets	67	64
Inventory property [1]	559	544
VAT and other tax receivables	231	183
Sundry assets	6	15
TOTAL OTHER ASSETS	940	880

1 of which CHF 214 million pledged as security for loans (2018: CHF 247 million)

Other liabilities

In CHF million

	31.12.2019	31.12.2018
Deferred income	152	143
VAT and other tax payables	167	186
Sundry liabilities	17	28
TOTAL OTHER LIABILITIES	336	356

19 Investment and Unit-Linked Contracts

In CHF million		Gross		Ceded		Net	
	Notes	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Unit-linked contracts	30	**26 308**	24 122	**–**	–	**26 308**	24 122
Investment contracts with discretionary participation features (DPF)		**15 395**	15 102	**114**	110	**15 281**	14 992
Investment contracts without DPF at fair value through profit or loss	30	**599**	514	**–**	–	**599**	514
Investment contracts without DPF at amortised cost	30	**1**	0	**–**	–	**1**	0
TOTAL INVESTMENT AND UNIT-LINKED CONTRACTS		**42 303**	39 738	**114**	110	**42 188**	39 628
of which for the account and risk of the Swiss Life Group's customers							
unit-linked contracts	5	**26 308**	24 122	**–**	–	**26 308**	24 122
investment contracts	5	**4 901**	4 194	**–**	–	**4 901**	4 194

Unit-linked contracts

In CHF million	2019	2018
Balance as at 1 January	**24 122**	25 130
Deposits received	**2 573**	2 760
Fair value changes	**2 260**	–1 154
Policy fees and other charges	**–123**	–113
Deposits released	**–1 926**	–1 905
Other movements	**0**	26
Reclassifications	**–17**	–10
Foreign currency translation differences	**–582**	–612
BALANCE AS AT END OF PERIOD	**26 308**	24 122

Investment contracts with discretionary participation – gross

In CHF million	2019	2018
Balance as at 1 January	**15 102**	16 243
Premiums and deposits received	**3 789**	3 756
Interest and bonuses credited	**243**	240
Policy fees and other charges	**–201**	–181
Liabilities released for payments on death, surrender and other terminations	**–2 986**	–2 401
Effect of changes in actuarial assumptions and other movements	**1 415**	–1 044
Reclassifications	**–1 526**	–1 050
Foreign currency translation differences	**–440**	–461
BALANCE AS AT END OF PERIOD	**15 395**	15 102

Investment contracts without discretionary participation – gross

In CHF million

	2019	2018
Balance as at 1 January	**514**	383
Deposits received	**149**	138
Fair value changes	**–10**	23
Interest and bonuses credited	**0**	0
Policy fees and other charges	**–4**	–4
Deposits released	**–30**	–13
Other movements	**0**	0
Reclassifications	**–6**	–2
Foreign currency translation differences	**–13**	–10
BALANCE AS AT END OF PERIOD	**600**	514

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	31.12.2019	31.12.2018
Hybrid debt		**2 902**	2 960
Senior bonds		**1 049**	424
Other		**–**	0
TOTAL BORROWINGS	30	**3 951**	3 385

Reconciliation of liabilities arising from financing activities

In CHF million	Hybrid debt		Senior bonds		Lease liabilities[1]		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Balance as at 1 January	**2 960**	3 152	**424**	424	**0**	1	**3 385**	3 577
Initial application of IFRS 16	**–**	–	**–**	–	**171**	–	**171**	–
Cash flows								
Issuance	**–**	174	**850**	–	**–**	–	**850**	174
Redemption	**–**	–300	**–225**	–	**–40**	–1	**–265**	–301
Other changes								
New leases	**–**	–	**–**	–	**25**	–	**25**	–
Premium/discount amortisation	**3**	3	**0**	0	**3**	0	**7**	4
Other movements	**–**	–	**–**	–	**–5**	–	**–5**	–
Acquisitions and disposals of subsidiaries	**–**	–	**–**	–	**0**	–	**0**	–
Foreign currency translation differences	**–62**	–69	**–**	–	**–3**	0	**–65**	–69
BALANCE AS AT END OF PERIOD	**2 902**	2 960	**1 049**	424	**152**	0	**4 104**	3 385

[1] included in other financial liabilities; 2018: finance lease liabilities

Hybrid debt

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 24 March 2016, Swiss Life Ltd issued subordinated perpetual callable bonds in the amount of CHF 450 million. The bonds are guaranteed by Swiss Life Holding and are first callable on 24 September 2021 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 3.75% p.a. until 24 September 2021. If the bonds are not redeemed on 24 September 2021, 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 4.392% 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 November 2022. If the loan is not redeemed on 30 November 2022, the margin increases by 1%.

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 31.12.2019	Interest rate	Year of issue	Optional redemption	Carrying amount	Carrying amount
Borrower						**31.12.2019**	**31.12.2018**
Swiss Life AG	CHF 175	CHF 175	2.625%	2018	2028	**174**	174
Swiss Life AG	EUR 600	EUR 600	4.500%	2016	2027	**646**	669
Swiss Life AG	CHF 150	CHF 150	4.375%	2016	2026	**149**	149
Swiss Life AG	CHF 450	CHF 450	3.750%	2016	2021	**449**	448
Swiss Life AG	EUR 750	EUR 750	4.375%	2015	2025	**806**	834
Swiss Life AG	CHF 471	CHF 471	Libor +4.200%	2012	2022	**469**	469
Swiss Life AG	EUR 443	EUR 193	Euribor +2.050%	1999	2024	**209**	217
TOTAL						**2 902**	2 960

Senior bonds

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 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					**31.12.2019**	**31.12.2018**
Swiss Life Holding AG	CHF 225	1.125%	2013	2019	–	225
Swiss Life Holding AG	CHF 200	1.875%	2013	2023	**199**	199
Swiss Life Holding AG	CHF 250	0.250%	2019	2023	**250**	–
Swiss Life Holding AG	CHF 150	0.350%	2019	2029	**150**	–
Swiss Life Holding AG	CHF 250	0.000%	2019	2025	**249**	–
Swiss Life Holding AG	CHF 200	3m CHF Libor[1]	2019	2021	**201**	–
TOTAL					**1 049**	424

[1] floored at 0.00% and capped at 0.05%

21 *Other Financial Liabilities*

In CHF million	Notes	31.12.2019	31.12.2018
Insurance payables		**2 932**	2 436
Policyholder deposits		**1 054**	1 126
Reinsurance deposits		**163**	160
Customer deposits		**2 427**	1 278
Repurchase agreements		**2 495**	4 625
Amounts due to banks		**2 933**	2 376
Lease liabilities		**152**	–
Third party interests in consolidated investment funds	30	**3 589**	3 700
Accrued expenses		**495**	565
Settlement accounts		**658**	372
Other		**843**	2 335
TOTAL OTHER FINANCIAL LIABILITIES		**17 741**	18 973

22 Insurance Liabilities

In CHF million	Gross		Ceded		Net	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Claims under non-life insurance contracts	**896**	917	**173**	174	**722**	743
Unearned premiums non-life	**45**	51	**1**	0	**44**	51
Claims under life insurance contracts	**6 366**	6 203	**101**	90	**6 265**	6 113
Future life policyholder benefits	**106 923**	102 210	**134**	136	**106 789**	102 074
Unearned premiums life	**59**	49	**0**	0	**59**	49
Deposits under insurance contracts	**10 696**	9 341	**–**	–	**10 696**	9 341
TOTAL INSURANCE LIABILITIES	**124 985**	118 771	**410**	400	**124 574**	118 371
of which for the account and risk of the Swiss Life Group's customers	**7 109**	5 905	**–**	–	**7 109**	5 905

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	2019	2018
Balance as at 1 January	**917**	924
Claims and claim settlement costs incurred		
Reporting period	**311**	339
Prior reporting periods	**–52**	–69
Claims and claim settlement costs paid		
Reporting period	**–127**	–134
Prior reporting periods	**–120**	–108
Foreign currency translation differences	**–33**	–36
BALANCE AS AT END OF PERIOD	**896**	917

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

	2019	2018
Balance as at 1 January	**108 413**	106 979
Premiums received	**12 762**	9 060
Interest credited	**1 765**	1 792
Claims incurred, benefits paid and surrenders	**–9 552**	–9 335
Effect of changes in actuarial assumptions and other movements	**856**	938
Reclassifications	**15**	23
Foreign currency translation differences	**–969**	–1 044
BALANCE AS AT END OF PERIOD	**113 289**	108 413

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

	2019	2018
Balance as at 1 January	**9 341**	8 847
Deposits received	**207**	183
Interest credited	**49**	36
Participating bonuses	**6**	8
Policy fees and insurance charges	**–38**	–33
Deposits released for payments on death, surrender and other terminations during the year	**–233**	–314
Other movements	**184**	–91
Reclassifications	**1 535**	1 038
Foreign currency translation differences	**–353**	–334
BALANCE AS AT END OF PERIOD	**10 696**	9 341

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

	31.12.2019	31.12.2018
Insurance liabilities with discretionary participation	**103 245**	98 843
Insurance liabilities without discretionary participation	**14 631**	14 023
Insurance liabilities linked to assets for the account and risk of the Swiss Life Group’s customers	**7 109**	5 905
TOTAL INSURANCE LIABILITIES	**124 985**	118 771

23 Employee Benefits

Employee benefit liabilities

In CHF million

	31.12.2019	31.12.2018
Employee benefit liabilities consist of		
gross defined benefit liabilities	**1 976**	1 721
other employee benefit liabilities	**183**	169
TOTAL EMPLOYEE BENEFIT LIABILITIES	**2 160**	1 889

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.

As a result of the effects of the continuing low interest rate environment, reduced investment return expectations on the plan assets and increasing life expectancy, the board of trustees announced measures to support the long-term financial stability of the Swiss pension plan. As of 2021, the pension plan will operate with lower conversion rates. To mitigate the effects of such a plan change, the employees' individual pension assets will be increased. The respective contribution of the foundation will be defined by the board of trustees in 2020. Additionally, the pension plan will increase savings contributions as of 1 January 2021.

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

	31.12.2019	31.12.2018
Present value of defined benefit obligation	**–3 989**	–3 554
Fair value of plan assets	**2 078**	1 897
NET DEFINED BENEFIT LIABILITY	**–1 911**	–1 658
Insurance contracts not eligible as plan assets under IFRS	**1 346**	1 319
NET DEFINED BENEFIT SURPLUS (+)/DEFICIT (–) (ECONOMIC VIEW)	**–566**	–338
The net defined benefit liability consists of		
gross defined benefit liabilities	**–1 976**	–1 721
gross defined benefit assets	**65**	63

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 deficit of CHF 566 million as at 31 December 2019 (2018: deficit of CHF 338 million).

Amounts recognised in profit or loss

In CHF million

	2019	2018
Current service cost	**113**	111
Past service cost	**0**	0
Net interest cost	**16**	14
Gains/losses settlements	**0**	–
Employee contributions	**–34**	–31
TOTAL DEFINED BENEFIT EXPENSE	**95**	94

Amounts recognised in other comprehensive income

In CHF million

	2019	2018
Actuarial gains and losses on the defined benefit obligation	**–371**	45
Return on plan assets excluding interest income	**77**	2
TOTAL REMEASUREMENTS OF THE NET DEFINED BENEFIT LIABILITY	**–294**	46

Defined benefit plans

In CHF million

	2019	2018
CHANGES IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION		
Balance as at 1 January	**–3 554**	–3 600
Current service cost	**–113**	–111
Past service cost including curtailments	**0**	0
Interest cost	**–32**	–27
Contributions by plan participants	**–76**	–70
Actuarial gains (+)/losses (–) arising from		
experience adjustments	**–81**	–25
changes in demographic assumptions	**1**	–4
changes in financial assumptions	**–291**	74
Benefit payments	**192**	196
Settlements	**0**	–
Effect of business combinations	**–7**	–
Effect of reclassifications and other disposals	**–42**	–1
Foreign currency translation differences	**13**	13
BALANCE AS AT END OF PERIOD	**–3 989**	–3 554
of which amounts owing to		
active plan participants	**–2 112**	–1 813
retired plan participants	**–1 877**	–1 741
CHANGES IN THE FAIR VALUE OF PLAN ASSETS		
Balance as at 1 January	**1 897**	1 848
Interest income	**16**	13
Return on plan assets excluding interest income	**77**	2
Contributions by the employer	**114**	75
Contributions by plan participants	**71**	69
Benefit payments	**–95**	–102
Effect of business combinations	**5**	–
Effect of reclassifications and other disposals	**–5**	–5
Foreign currency translation differences	**–2**	–3
BALANCE AS AT END OF PERIOD	**2 078**	1 897

Plan assets

In CHF million	Quoted market price		Other		Total	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Cash and cash equivalents	–	–	48	50	48	50
Debt securities						
Governments	10	10	–	–	10	10
Equity securities						
Financials	1	1	–	–	1	1
Investment funds						
Debt	669	603	–	–	669	603
Equity	586	474	–	–	586	474
Balanced	73	114	–	–	73	114
Real estate	–	–	504	474	504	474
Other	–	–	100	89	100	89
Derivatives						
Currency	–	–	0	0	0	0
Property						
located in Switzerland	–	–	16	13	16	13
Qualifying insurance policies	–	–	71	69	71	69
TOTAL PLAN ASSETS	1 340	1 202	738	695	2 078	1 897
Plan assets include						
own equity instruments	1	1	–	–	1	1

Principal actuarial assumptions

	Switzerland/Liechtenstein		Other countries	
	2019	2018	2019	2018
Discount rate	0.2–0.3%	0.6–0.9%	0.5–1.8%	1.6–1.9%
Future salary increases	0.8–1.5%	1.0–1.5%	1.0–3.0%	1.0–3.0%
Future pension increases	0.0%	0.0%	1.0–1.8%	1.0–1.8%
Ordinary retirement age (women)	64	64	63–65	63–65
Ordinary retirement age (men)	65	64–65	63–65	63–65
Average life expectation at ordinary retirement age (women)	25.6	25.5	25.7–31.4	23.2–30.2
Average life expectation at ordinary retirement age (men)	22.6–23.1	22.5–23.4	22.0–28.0	19.8–27.0

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 2019, if the discount rate had been 50 basis points higher (lower), the defined benefit obligation would have decreased by CHF 298 million (increase CHF 340 million). At 31 December 2018, if the discount rate had been 50 basis points higher (lower), the defined benefit obligation would have decreased by CHF 253 million (increase CHF 286 million).

At 31 December 2019, if the future expected salary growth had increased (decreased) by 50 basis points, the defined benefit obligation would have increased by CHF 24 million (decrease CHF 23 million). At 31 December 2018, if the future expected salary growth had increased (decreased) by 50 basis points, the defined benefit obligation would have increased by CHF 19 million (decrease CHF 19 million).

At 31 December 2019, if the average life expectancy had increased by one year (for both men and women), the defined benefit obligation would have increased by CHF 133 million. At 31 December 2018, if the average life expectancy had increased by one year (for both men and women), the defined benefit obligation would have increased by CHF 112 million.

Expected benefit payments

Amounts in CHF million (if not noted otherwise)

	2019	2018
Duration of the defined benefit obligation (weighted average no. of years)	16.2	15.3
Benefits expected to be paid (undiscounted amounts)		
within 12 months	168	156
between 1 and 2 years	159	151
between 3 and 5 years	438	444
between 6 and 10 years	733	725

The contributions expected to be paid for the year ending 31 December 2020 are CHF 71 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 2 million in 2019 (2018: CHF 2 million).

Equity compensation plans

For 2019, 2018, 2017, 2016 and 2015 participants in the 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 2019 equity compensation plan is based on the new Group-wide programme “Swiss Life 2021”, which was announced on 29 November 2018. The 2016, 2017 and 2018 equity compensation plans are based on the Group-wide programme “Swiss Life 2018”. For the purpose of supporting the achievement of the respective corporate goals, performance criteria have been determined by the Board of Directors analogously to the previous year’s objectives: IFRS profit (50% weighting), the risk and fee result (25% weighting) and cash to Swiss Life Holding for further strengthening of the financial substance and payout capacity (25% weighting).

The 2015 equity compensation plan is based on the Group-wide programme “Swiss Life 2015”, which was announced at the Swiss Life Group’s Investors’ Day on 28 November 2012. On the basis of the medium-term planning 2013–2015 (2013 equity compensation plan) and 2014 – 2016 (2014 equity compensation plan), performance criteria relating to cost efficiency (50% weighting), the risk and fee result (25% weighting) and IFRS profit (25% weighting) have been determined by the Board of Directors. With regard to the 2015 equity compensation plan, the Board of Directors has set the following performance criteria on the basis of the medium-term planning 2015–2017: IFRS profit (50% weighting), the risk and fee result (25% weighting) and cash to Swiss Life Holding for further strengthening of the financial substance and payout capacity (25% weighting). After expiry of the three-year period of the RSU plan, the target value for each performance criterion according to the medium-term planning is compared with the actual result achieved. The share allocation corresponds to the number of allocated RSUs (1 RSU = 1 share) if all three performance criteria have been achieved or exceeded after the three-year period has elapsed; overperformance does not lead to a higher share allocation. If the targets are only partly achieved, the share allocation is correspondingly reduced in accordance with the weighting of the performance target concerned, or the RSUs expire worthless.

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

In 2015, the number of RSUs granted under this programme amounted to 51 660. The fair value at the measurement date amounted to CHF 205.87. The date of grant was 1 March 2015.

In 2016, the number of RSUs granted under this programme amounted to 51 270. The fair value at the measurement date amounted to CHF 215.66. The date of grant was 1 March 2016.

In 2017, the number of RSUs granted under this programme amounted to 45 135. The fair value at the measurement date amounted to CHF 281.80. The date of grant was 1 March 2017.

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.

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.

The expense recognised for share-based payment amounted to CHF 14 million in 2019 (2018: CHF 12 million).

Share-based payment programmes (restricted share units)

Number of restricted share of units	Balance as at 1 January	Issued	Employee departures	Vested	Balance as at end of period
2019					
Granted in 2016	**48 425**	–	–	**–48 425**	–
Granted in 2017	**43 952**	–	–	–	**43 952**
Granted in 2018	**43 649**	–	–	–	**43 649**
Granted in 2019	–	**40 840**	–	–	**40 840**
2018					
Granted in 2015	47 548	–	–	–47 548	–
Granted in 2016	49 089	–	–664	–	48 425
Granted in 2017	44 460	–	–508	–	43 952
Granted in 2018	–	43 649	–	–	43 649
2017					
Granted in 2015	48 423	–	–875	–	47 548
Granted in 2016	49 971	–	–882	–	49 089
Granted in 2017	–	45 135	–675	–	44 460
2016					
Granted in 2015	49 735	–	–1 312	–	48 423
Granted in 2016	–	51 270	–1 299	–	49 971
2015					
Granted in 2015	–	51 660	–1 925	–	49 735

24 Income Taxes

Income tax expense

In CHF million

	2019	2018
Current income tax expense	**390**	236
Deferred income tax expense	**–67**	82
TOTAL INCOME TAX EXPENSE	**324**	318

The expected weighted-average tax rate for the Group in 2019 was 19.0% (2018: 21.1%). 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

	2019	2018
PROFIT BEFORE INCOME TAX	**1 528**	1 397
Income tax calculated using the expected weighted-average tax rate	**291**	295
Increase/reduction in taxes resulting from		
lower taxed income	**–102**	–102
non-deductible expenses	**45**	85
other income taxes (incl. withholding taxes)	**29**	12
change in unrecognised tax losses	**–6**	2
adjustments for current tax of prior periods	**71**	–13
changes in tax rates	**–103**	–22
intercompany effects	**91**	52
other	**8**	8
INCOME TAX EXPENSE	**324**	318

The enactment of the federal law on tax reform and AHV (Swiss old-age and survivors' insurance) financing as of 1 January 2019, combined with cantonal tax law revisions led to a revaluation of the deferred tax assets and liabilities in Switzerland. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority.

Deferred income tax assets and liabilities

In CHF million	Deferred tax assets		Deferred tax liabilities	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Financial assets	**314**	314	**1 566**	1 223
Investment property	**100**	128	**1 102**	999
Intangible assets	**37**	42	**178**	196
Property and equipment	**12**	12	**22**	0
Financial liabilities	**64**	38	**21**	29
Insurance liabilities	**18**	23	**158**	160
Employee benefits	**151**	126	**82**	77
Deferred income	**1**	1	**0**	0
Other	**75**	71	**45**	40
Tax losses	**43**	33		
DEFERRED INCOME TAX ASSETS/LIABILITIES	**815**	787	**3 175**	2 723
Offset	**–743**	–732	**–743**	–732
TOTAL DEFERRED INCOME TAX ASSETS/LIABILITIES	**72**	55	**2 432**	1 991

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 2019						
Financial assets	**–909**	**30**	**–382**	**0**	**9**	**–1 252**
Investment property	**–871**	**–10**	**1**	**–129**	**6**	**–1 002**
Intangible assets	**–154**	**15**	**–1**	**–3**	**2**	**–141**
Property and equipment	**12**	**–22**	**–**	**–1**	**0**	**–10**
Financial liabilities	**9**	**37**	**–4**	**1**	**–1**	**43**
Insurance liabilities	**–137**	**–7**	**1**	**–**	**3**	**–140**
Employee benefits	**49**	**6**	**14**	**–1**	**–2**	**69**
Deferred income	**1**	**0**	**–**	**0**	**0**	**1**
Other	**31**	**4**	**–**	**–3**	**–2**	**30**
Tax losses	**33**	**11**	**–**	**0**	**–1**	**43**
NET DEFERRED INCOME TAX ASSETS/LIABILITIES	**–1 936**	**67**	**–371**	**–135**	**15**	**–2 360**
MOVEMENT BY TYPE OF TEMPORARY DIFFERENCE DURING THE YEAR 2018						
Financial assets	–1 197	–64	379	–35	6	–909
Investment property	–776	–125	36	–10	4	–871
Intangible assets	–134	32	–19	–36	2	–154
Property and equipment	12	–1	–	–	0	12
Financial liabilities	–11	19	1	0	0	9
Insurance liabilities	–140	1	0	–	3	–137
Employee benefits	48	9	–6	1	–2	49
Deferred income	1	0	–	1	0	1
Other	7	26	–	0	–2	31
Tax losses	12	22	–	–	–1	33
NET DEFERRED INCOME TAX ASSETS/LIABILITIES	–2 176	–82	391	–80	11	–1 936

Deferred tax liabilities have not been recognised on the aggregate amount of temporary differences with consolidated investments in subsidiaries to the extent the Group considers such undistributed earnings as being indefinitely reinvested. The amount of such temporary differences was approximately CHF 11.7 billion as at 31 December 2019 (2018: CHF 9.6 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 tax assets are recognised for tax-loss carryforwards only to the extent that realisation of the related tax benefit is probable. Swiss tax assets are calculated in accordance with cantonal and municipal tax legislation. The uncertainty of the utilisation of tax losses is taken into account in establishing the valuation allowance. For the following tax-loss carryforwards, which will expire as follows, no deferred tax asset has been recognised.

Unrecognised tax losses

Amounts in CHF million	Tax losses		Tax rate	
	31.12.2019	31.12.2018	**31.12.2019**	31.12.2018
2020	**2**	2	**21.3%**	21.2%
2021	**1**	1	**21.2%**	21.2%
2022	**1**	1	**21.2%**	21.2%
Thereafter	**280**	319	**18.0%**	18.3%
TOTAL	**284**	323	**n/a**	n/a

25 Provisions

In CHF million		Restructuring		Litigation		Other		Total	
	Notes	2019	2018	2019	2018	2019	2018	2019	2018
Balance as at 1 January		**17**	9	**22**	28	**48**	37	**87**	74
Additions from business combinations	28	**–**	–	**–**	–	**–**	0	**–**	0
Additional provisions made		**1**	10	**9**	5	**7**	11	**17**	25
Amounts used		**–7**	–2	**–2**	–3	**–1**	–1	**–10**	–7
Unused amounts reversed		**0**	0	**–6**	–7	**–5**	–3	**–11**	–10
Unwinding of discount and effect of change in discount rate		**–**	–	**0**	0	**–**	–	**0**	0
Reclassifications and other disposals		**–**	–	**–**	0	**–16**	6	**–16**	6
Foreign currency translation differences		**0**	0	**–1**	–1	**–1**	–1	**–2**	–2
BALANCE AS AT END OF PERIOD		**11**	17	**23**	22	**33**	48	**66**	87

Restructuring

Provisions for restructuring were set up in 2019 in Germany (2018: Switzerland and Germany). 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).

26 Equity

Share capital

As at 31 December 2019, the share capital of Swiss Life Holding consisted of 33 594 606 fully-paid shares with a par value of CHF 5.10 each (2018: 34 223 106 fully-paid shares with a par value of CHF 5.10 each). In exercising voting rights, no shareholder can collect more than 10% of the total share capital directly or indirectly in respect of own shares or shares they represent. Conditional share capital was CHF 19 675 534.80 as at 31 December 2019 (2018: CHF 19 675 534.80).

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.

In 2019, a distribution to shareholders out of the capital contribution reserve of CHF 83 million (CHF 2.50 per registered share) was made (2018: distribution out of the capital contribution reserve of CHF 460 million, CHF 13.50 per registered share).

Share buyback

In November 2018, the Group announced a CHF 1 billion share buyback programme that commenced in December 2018 and ended in December 2019 when the target size had been reached. 2 208 715 Swiss Life Holding shares were repurchased for CHF 1 billion under the share buyback programme. The average share price paid was CHF 452.75. In July 2019, 628 500 shares were cancelled.

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

	2019	2018
SHARES ISSUED		
Balance as at 1 January	**34 223 106**	34 223 106
Cancellation of treasury shares	**–628 500**	–
BALANCE AS AT END OF PERIOD	**33 594 606**	34 223 106
TREASURY SHARES		
Balance as at 1 January	**418 899**	131 201
Purchases of treasury shares	**–**	110 000
Share buyback	**1 981 015**	227 700
Allocation under equity compensation plans	**–50 063**	–50 002
Cancellation of treasury shares	**–628 500**	–
BALANCE AS AT END OF PERIOD	**1 721 351**	418 899

Foreign currency translation differences

Foreign currency translation differences comprise the resulting differences arising on the translation of assets, liabilities, income and expenses of Group entities denominated in foreign currencies into Swiss francs.

Accumulated other comprehensive income

Accumulated other comprehensive income comprises items of income and expense that are recognised directly in equity rather than in profit or loss, as required or permitted by certain IFRSs.

Items presented in other comprehensive income are grouped on the basis of whether they will be reclassified subsequently to profit or loss when specific conditions are met, and those that will not be reclassified.

The amounts are presented net of certain policyholder bonuses and other policyholder liabilities, deferred acquisition costs, deferred income taxes and non-controlling interests.

Items that may be reclassified to profit or loss comprise:

- Foreign currency translation differences arising on the translation of assets, liabilities, income and expenses of Group entities denominated in foreign currencies into Swiss francs.
- Gains and losses from fair value changes of financial assets available for sale.
- Effective portion of gains and losses on hedging instruments in qualifying cash flow hedges.
- Other items consisting of unrealised losses on financial assets reclassified from “available for sale” to “loans” in 2008 due to the disappearance of an active market, and the Group’s share of other comprehensive income of investments in associates accounted for using the equity method.

Items that will not be reclassified to profit or loss comprise:

- Revaluation surplus on the transfer of owner-occupied property to investment property following a change in use evidenced by the end of owner-occupation.
- Remeasurements of the net defined benefit liability relating to employee benefit plans.

The following table provides information relating to amounts recognised in accumulated other comprehensive income.

Accumulated other comprehensive income for the year 2019

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	Debt securities reclassified to loans	Total	Revaluation surplus investment property	Remeasurements net defined benefit liability	Total	
Net balance as at 1 January	–1 012	2 791	348	–10	2 117	68	–301	–232	1 885
Net other comprehensive income	–138	1 782	103	7	1 756	–1	–96	–97	1 656
NET BALANCE AS AT END OF PERIOD	–1 150	4 574	451	–2	3 873	67	–397	–330	3 542
NET OTHER COMPREHENSIVE INCOME IS COMPOSED OF THE FOLLOWING:									
Revaluation – gross	–237	8 672	408	–	8 844	–	–294	–294	8 549
Net investment hedges – gross	107	–	–	–	107	–	–	–	107
Reclassification to profit or loss – gross	–12	–2 240	–49	6	–2 295	–	–	–	–2 295
Effects of									
policyholder participation	–	–4 165	–245	3	–4 407	–1	182	182	–4 225
shadow accounting	2	–79	4	0	–73	0	–	0	–73
income tax	0	–372	–13	–1	–386	1	14	15	–371
foreign currency translation differences	–	–34	–2	0	–36	–2	1	0	–37
Net other comprehensive income before non-controlling interests	–140	1 782	103	7	1 754	–1	–96	–97	1 655
Non-controlling interests	2	0	0	0	2	0	0	0	2
NET OTHER COMPREHENSIVE INCOME	–138	1 782	103	7	1 756	–1	–96	–97	1 656

Accumulated other comprehensive income for the year 2018

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	Debt securities reclassified to loans	Total	Revaluation surplus investment property	Remeasurements net defined benefit liability	Total	
Net balance as at 1 January	–888	4 127	410	–22	3 626	72	–325	–252	3 374
Reclassification to retained earnings	–	–	–	–	–	–25	–	–25	–25
Net other comprehensive income	–124	–1 335	–62	13	–1 508	21	24	45	–1 464
NET BALANCE AS AT END OF PERIOD	–1 012	2 791	348	–10	2 117	68	–301	–232	1 885
NET OTHER COMPREHENSIVE INCOME IS COMPOSED OF THE FOLLOWING:									
Revaluation – gross	–134	–3 865	–33	–	–4 032	0	46	47	–3 986
Net investment hedges – gross	9	–	–	–	9	–	–	–	9
Reclassification to profit or loss – gross	0	257	–66	30	221	–	–	–	221
Effects of									
policyholder participation	0	1 854	11	–12	1 852	21	–17	4	1 856
shadow accounting	–	94	10	–1	103	0	–	0	103
income tax	0	347	18	–4	362	1	–7	–5	357
disposals of subsidiaries	–	0	–	–	0	–	0	0	0
foreign currency translation differences	–	–23	–2	0	–25	–2	1	–1	–26
Net other comprehensive income before non-controlling interests	–125	–1 336	–62	13	–1 510	21	24	45	–1 465
Non-controlling interests	2	0	0	0	2	0	0	0	1
NET OTHER COMPREHENSIVE INCOME	–124	–1 335	–62	13	–1 508	21	24	45	–1 464

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 2019, a dividend payment of CHF 464 million (CHF 14.00 per registered share) was made in addition to the distribution to shareholders out of the capital contribution reserve.

Hybrid equity

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 accounted for as equity, the issuance costs of CHF 3 million (in 2018 only) and the interest net of tax of CHF 7 million (2018: CHF 4 million) are 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	
	2019	2018	**2019**	2018
Principal place of business	**France**	France	**Switzerland**	Switzerland
Ownership interests held by non-controlling interests	**40.0%**	40.0%	**33.3%**	33.3%
Voting rights held by non-controlling interests	**40.0%**	40.0%	**33.3%**	33.3%
SUMMARISED FINANCIAL INFORMATION BEFORE INTRAGROUP ELIMINATIONS				
Current assets	**2 425**	1 341	**8**	12
Non-current assets	**380**	239	**217**	206
Current liabilities	**–2 697**	–1 476	**–69**	–69
Non-current liabilities	**–6**	–3	**–23**	–21
NET ASSETS	**102**	100	**133**	128
Accumulated non-controlling interests	**41**	40	**44**	43
Revenue	**94**	116	**13**	11
Profit or loss	**7**	6	**8**	6
Total comprehensive income	**3**	6	**8**	6
Profit or loss allocated to non-controlling interests	**3**	2	**3**	2
Net cash flows from operating activities	**1 203**	–147	**–1**	–3
Net cash flows from investing activities	**–1**	–5	**–**	0
Net cash flows from financing activities	**–6**	–2	**–3**	–1
NET CHANGE IN CASH AND CASH EQUIVALENTS	**1 197**	–154	**–4**	–4
Dividends paid to non-controlling interests	**–1**	–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 new 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 2019 and 2018, 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	2019	2018
CONSIDERATION			
Cash consideration		**890**	266
Contingent consideration arrangement(s)		**30**	72
TOTAL CONSIDERATION		**920**	337
TOTAL		**920**	337
ACQUISITION-RELATED COSTS			
Other expenses		**9**	2
TOTAL		**9**	2
IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED			
Cash and cash equivalents		**4**	23
Loans and receivables		**7**	21
Investment property	14	**1 179**	–
Property and equipment	16	**1**	2
Intangible assets including intangible insurance assets	17	**27**	121
Inventory property		**–**	181
Other assets		**0**	1
Other financial liabilities		**–192**	–130
Provisions	25	**–**	0
Deferred income tax liabilities		**–132**	–40
Other liabilities		**–4**	–18
TOTAL IDENTIFIABLE NET ASSETS		**890**	161
Non-controlling interests		**–**	–3
Goodwill	17	**30**	180
TOTAL		**920**	337
ACQUIRED LOANS AND RECEIVABLES			
Fair value		**7**	21
Gross contractual amounts receivable		**7**	21
Estimated uncollectible cash flows		**0**	0

The Swiss Life Group acquired Fontavis AG, an independent funds and investment manager in Baar, Switzerland, in October 2019. The total consideration of this acquisition consists of a cash component and a contingent consideration in relation to the performance fee payable and earn-out liability.

In October 2019, the Swiss Life Group acquired Gneiss Properties SA, Sandstone Properties SA and Granite Properties SA and a group of five property entities in Geneva. The acquired entities hold and operate a large property portfolio in the Swiss cantons of Geneva and Vaud.

Also in October 2019, Ferguson Oliver Limited in Angus, United Kingdom, an independent financial advisor, was acquired.

In March 2018, the asset management and real estate company Artemis Acquisition Germany S.à r.l., Luxembourg, was acquired.

The Swiss Life Group acquired BEOS AG, Berlin, the leading investment manager of corporate real estate in Germany, in August 2018. The total consideration of this acquisition consists of a cash component and a contingent consideration in relation to the performance fee payable and earn-out liability.

Fincentrum a.s., one of the leading independent financial advisors in the Czech Republic and Slovakia, domiciled in Prague and Bratislava, was acquired in October 2018.

Assets and liabilities from disposals

In CHF million

	2019	2018
CONSIDERATION		
Consideration received in cash	165	57
TOTAL CONSIDERATION RECEIVED	165	57
ASSETS AND LIABILITIES DISPOSED		
Cash and cash equivalents	283	9
Assets held for sale	–	4
Loans and receivables	14	4
Investment property	978	–
Intangible assets including intangible insurance assets	–	12
Inventory property	–	181
Other assets	33	2
Liabilities associated with assets held for sale	–	–3
Other financial liabilities	–906	–132
Employee benefit liabilities	–	–2
Other liabilities	–2	–6
NET ASSETS DISPOSED OF	401	70
GAIN/LOSS ON DISPOSALS		
Consideration received	165	57
Net assets disposed of	–401	–70
Fair value of retained equity interest(s)	242	27
Amounts recognised in other comprehensive income	10	1
Non-controlling interests	–	5
GAIN (+)/LOSS (–) ON DISPOSALS	17	21

Due to loss of control in 2019, BEOS Corporate Real Estate Fund Germany IV and SL REF (DE) European Real Estate Living and Working both are accounted for as financial assets through profit and loss.

In 2018, the Swiss Life Group sold the S Corpus Immobilienmakler GmbH, Cologne.

Due to loss of control in the first half of 2018, SOBRADO Software AG, Cham, is accounted for as an investment in associates.

Due to loss of control in the second half of 2018, Artemis Acquisition Germany S.à r.l., Luxembourg, is accounted for as an investment in associates.

29 Related Party Transactions

Consolidated statement of income

In CHF million	Associates	Key management personnel	Other	Total 2019	Total 2018
Net earned premiums	0	–	–	0	0
Asset management and other commission income	1	–	–	1	0
Investment income	0	–	–	0	0
Other income	1	–	–	1	0
Net insurance benefits and claims	0	–	–	0	0
Policyholder participation	0	–	–	0	0
Employee benefits expense	–	–20	–	–20	–21

Consolidated balance sheet

In CHF million	Associates	Key management personnel	Other	Total 31.12.2019	Total 31.12.2018
Loans and receivables	16	–	–	16	1
Other assets	–	–	–	–	0
Other financial liabilities	–1	–	–	–1	–1
Insurance liabilities	–2	–	–	–2	–2
Policyholder participation liabilities	0	–	–	0	0

For the years ended 31 December 2019 and 2018, 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
				31.12.2019	31.12.2018
Commitments	–	–	0	0	–

Key management compensation

In CHF million	2019	2018
Short-term employee benefits	14	14
Post-employment benefits	2	2
Equity-settled share-based payments	4	5
TOTAL	20	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 2019 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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
FINANCIAL ASSETS								
Derivatives								
Currency	**0**	0	**625**	763	**–**	–	**625**	763
Interest rate	**0**	0	**1 389**	895	**–**	–	**1 389**	895
Equity	**22**	480	**54**	1	**–**	–	**76**	481
Total derivatives	**22**	480	**2 068**	1 660	**–**	–	**2 090**	2 140
Debt instruments								
Governments and supranationals	**52 066**	48 293	**266**	376	**1**	–	**52 334**	48 669
Corporates	**40 923**	39 718	**399**	654	**201**	205	**41 523**	40 577
Other	**53**	56	**25**	25	**36**	32	**114**	113
Total debt instruments	**93 042**	88 067	**690**	1 056	**238**	237	**93 970**	89 359
Equity instruments								
Equity securities	**10 571**	9 260	**17**	16	**472**	395	**11 059**	9 670
Investment funds	**6 937**	7 240	**2 308**	2 613	**2 158**	1 486	**11 404**	11 340
Alternative investments	**–**	–	**24**	40	**2 807**	2 354	**2 831**	2 394
Total equity instruments	**17 508**	16 500	**2 350**	2 669	**5 438**	4 235	**25 296**	23 404
Assets for the account and risk of the Swiss Life Group's customers	**29 920**	26 917	**1 055**	1 297	**4 275**	3 383	**35 250**	31 597
TOTAL FINANCIAL ASSETS	**140 492**	131 964	**6 162**	6 681	**9 951**	7 856	**156 605**	146 500
INVESTMENTS IN ASSOCIATES								
Associates at fair value through profit or loss	**–**	–	**33**	31	**131**	52	**164**	84
FINANCIAL LIABILITIES								
Derivatives								
Currency	**0**	0	**343**	433	**–**	–	**343**	433
Interest rate	**–**	11	**838**	489	**–**	–	**838**	500
Equity	**99**	70	**9**	3	**–**	–	**108**	72
Other	**–**	–	**22**	42	**–**	–	**22**	42
Total derivatives	**99**	81	**1 212**	967	**–**	–	**1 311**	1 048
Investment contracts without discretionary participation	**–**	–	**599**	514	**–**	–	**599**	514
Unit-linked contracts	**–**	–	**26 171**	23 961	**136**	161	**26 308**	24 122
Third party interests in consolidated investment funds	**–**	–	**1 007**	2 089	**2 582**	1 611	**3 589**	3 700
TOTAL FINANCIAL LIABILITIES	**99**	81	**28 990**	27 531	**2 719**	1 772	**31 808**	29 383

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

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

Level 2: Valuation techniques and inputs

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

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

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

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

Alternative investments: Alternative investments classified as level 2 assets comprise hedge funds of funds and leveraged 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 evaluated with some time lag.

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

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

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

Equity derivatives:
Over-the-counter equity-index options are valued using the Black-Scholes model. Main inputs are the current spot value and the dividend yield of the underlying index. The implied volatility is taken from similar exchange-traded equity index options.

Other derivatives:
Other derivatives mainly comprise credit default swap indices. CDS indices are valued using the discounted cash flow method for the fee and the contingent leg. Main inputs for the valuation are the swap curve and the CDS par spreads quoted in the market.

In the exceptional case that a theoretical valuation of an OTC derivative is not available in Swiss Life's asset management system, the fair value is provided by counterparties. The appropriateness of such quotes is validated by Swiss Life based on established models using observable market data as input.

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

Level 3: Valuation techniques and inputs

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

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

Level 3 fair values of CDO/CLO positions are determined by external providers. Their proprietary methodologies typically rely both on indicative market prices of comparable assets as well as discounted expected cash flows. Unobservable inputs for the cash flow models include assumptions about prepayment rates, discount margins and asset default rates.

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

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

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

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

Investments in associates: The valuation methods of investments in associates categorised as level 3 of the fair value hierarchy are identical to the methods outlined for level 3 private equity investments and 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	
	31.12.2019	31.12.2018	**31.12.2019**	31.12.2018	**31.12.2019**	31.12.2018	**31.12.2019**	31.12.2018
Commercial	**–**	–	**–**	–	**16 327**	13 962	**16 327**	13 962
Residential	**–**	–	**–**	–	**10 632**	10 068	**10 632**	10 068
Mixed use	**–**	–	**–**	–	**7 907**	7 351	**7 907**	7 351
TOTAL INVESTMENT PROPERTY	**–**	–	**–**	–	**34 866**	31 381	**34 866**	31 381

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	
	2019	2018	2019	2018
Rent growth p.a.	**0.2 – 4.5%**	0.3–5.0%	**-**	–
Long-term vacancy rate	**3.9 – 8.7%**	3.2–8.3%	**-**	–
Discount rate	**2.2 – 4.7%**	2.3–4.7%	**2.7 – 8.9%**	2.3–6.3%
Market rental value p.a. (price/m²/year)	**CHF 257 – 305**	CHF 252–304	**EUR 87 – 471**	EUR 87–377

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 show 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 2019, 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 2260 million lower (2018: CHF 1887 million). At 31 December 2019, if discount rates had been 10 basis points higher, the fair value of investment property would have been CHF 1139 million lower (2018: CHF 862 million).

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	
	2019	2018	31.12.2019	31.12.2018
DEBT INSTRUMENTS THAT MEET THE SPPI CRITERION				
Governments and supranationals	**4 108**	–847	**56 983**	53 076
Corporates	**2 309**	–2 484	**48 496**	47 407
Other	**126**	–17	**12 109**	10 223
TOTAL	**6 543**	–3 348	**117 588**	110 706
DEBT INSTRUMENTS THAT DO NOT MEET THE SPPI CRITERION				
Governments and supranationals	**21**	–5	**131**	114
Corporates	**36**	–47	**1 468**	1 631
Other	**4**	–8	**112**	112
TOTAL	**61**	–60	**1 712**	1 857
DEBT INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Debt instruments managed on a fair value basis	**28**	–11	**622**	340
Debt instruments for the account and risk of the Swiss Life Group’s customers	**773**	–652	**6 934**	6 378
TOTAL	**800**	–663	**7 556**	6 718

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	
	31.12.2019	31.12.2018	**31.12.2019**	31.12.2018
DEBT SECURITIES				
Governments and supranationals	**63**	64	**63**	64
Corporates	**820**	968	**820**	968
TOTAL	**883**	1 032	**883**	1 032
MORTGAGES				
Residential	**14**	11	**14**	12
TOTAL	**14**	11	**14**	12
OTHER LOANS AND RECEIVABLES				
Corporates	**3 171**	2 420	**3 168**	2 420
Other	**25**	29	**22**	29
TOTAL	**3 196**	2 449	**3 190**	2 449

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 2019

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	–	12	225	3 236	1 051	3 383	31 381	39 289
Total gains/losses recognised in profit or loss	–	0	–2	145	33	–128	776	823
Total gains/losses recognised in other comprehensive income	–	–	10	–	4	–	–	14
Additions	–	–	12	1 330	158	1 774	5 598	8 873
Disposals	–	–12	–	–106	–185	–650	–2 580	–3 534
Foreign currency translation differences	–	0	–7	–68	–29	–104	–309	–517
BALANCE AS AT END OF PERIOD	–	–	238	4 537	1 032	4 275	34 866	44 948
Unrealised gains/losses recognised in profit or loss for assets held at the end of the period	–	–	0	145	–21	–128	748	743

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

Assets measured at fair value based on level 3 for the year 2018

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	–	14	107	2 770	1 179	2 622	27 946	34 637
Total gains/losses recognised in profit or loss	–	0	0	132	54	339	725	1 249
Total gains/losses recognised in other comprehensive income	–	–	–10	–	–34	–	–	–44
Additions	–	3	241	793	116	620	3 640	5 413
Disposals	–	–5	–105	–413	–234	–106	–640	–1 503
Transfers into level 3	–	–	–	–	1	–	–	1
Foreign currency translation differences	–	–1	–9	–45	–30	–92	–290	–465
BALANCE AS AT END OF PERIOD	–	12	225	3 236	1 051	3 383	31 381	39 289
Unrealised gains/losses recognised in profit or loss for assets held at the end of the period	–	0	–	130	–28	338	711	1 151

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

During 2019, debt securities of CHF 32 million (2018: CHF 36 million) were transferred from level 1 into level 2 due to reduced frequency of price quotations, and debt securities of CHF 344 million (2018: CHF 23 million) were transferred from level 2 into level 1 due to new liquid price sources. Real estate funds of CHF 161 million were listed at the SIX Swiss Exchange and therefore transferred from level 2 into level 1. Changes in the pricing frequency (daily/weekly) resulted in the following transfers of investment funds during 2019: CHF 10 million (2018: CHF 19 million) from level 1 into level 2, and CHF 6 million (2018: nil) from level 2 into level 1.

The transfers between the levels of the fair value hierarchy were made at the end of the reporting period.

Liabilities measured at fair value based on level 3

In CHF million	Derivatives		Unit-linked contracts		Third party interests in consolidated investment funds		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Balance as at 1 January	**–**	–	**161**	152	**1 611**	933	**1 772**	1 085
Total gains/losses recognised in profit or loss	**–**	–	**1**	0	**504**	60	**505**	60
Additions	**–**	–	**2**	10	**1 026**	679	**1 028**	689
Disposals	**–**	–	**–27**	–1	**–515**	–40	**–542**	–41
Transfers out of level 3	**–**	–	**–**	–	**0**	–	**0**	–
Foreign currency translation differences	**–**	–	**0**	0	**–43**	–21	**–43**	–21
BALANCE AS AT END OF PERIOD	**–**	–	**136**	161	**2 582**	1 611	**2 719**	1 772
Unrealised gains/losses recognised in profit or loss for liabilities held at the end of the period	**–**	–	**1**	0	**73**	59	**74**	59

Gains/losses recognised in profit or loss

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

In CHF million	Net gains/losses on financial assets		Net gains/losses on financial instruments at fair value through profit or loss		Net gains/losses on investment property	
	2019	2018	**2019**	2018	**2019**	2018
ASSETS						
Total gains/losses recognised in profit or loss	**31**	54	**17**	471	**776**	725
Unrealised gains/losses recognised in profit or loss for assets held at the end of the period	**–21**	–28	**17**	468	**748**	711
LIABILITIES						
Total gains/losses recognised in profit or loss	**–**	–	**–505**	–60	**–**	–
Unrealised gains/losses recognised in profit or loss for liabilities held at the end of the period	**–**	–	**–74**	–59	**–**	–

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	
	31.12.2019	31.12.2018	**31.12.2019**	31.12.2018
ASSETS				
Loans	**18 081**	17 058	**21 078**	19 139
Receivables [1]	**4 874**	4 405	**4 874**	4 405
LIABILITIES				
Investment contracts without discretionary participation [1]	**1**	0	**1**	0
Borrowings	**3 951**	3 385	**4 395**	3 583
Other financial liabilities [1,2]	**14 152**	15 273	**14 152**	15 273

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	
	31.12.2019	31.12.2018	**31.12.2019**	31.12.2018	**31.12.2019**	31.12.2018	**31.12.2019**	31.12.2018
ASSETS								
Loans	**1 521**	1 592	**8 359**	7 704	**11 198**	9 844	**21 078**	19 139
LIABILITIES								
Borrowings	**3 673**	3 366	**721**	217	**–**	–	**4 395**	3 583

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 libor/swap curve and a flat spread. Contract-specific spreads are based on an internal model that covers both risk and administration costs. Main inputs to that model are characteristics of the underlying property, the financial situation of the debtor and the duration of the contract. If no contract-specific spread is available a standard spread is applied that shall cover the marketability disadvantages and the administration costs, as mortgages are less standardised and tradable than exchange-traded bonds.

The discount factors for other loans are derived from the Group's current lending rates for similar loans. For variable-rate loans that reprice frequently and have no significant change in credit risk, fair values equal the carrying values.

Borrowings

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

Level 2: Privately placed hybrid debt is 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.

31 Offsetting Financial Assets and Liabilities

The Swiss Life Group enters into separate collateral management and netting agreements with counterparties to manage the credit risks associated with repurchase and reverse repurchase transactions, securities lending and over-the-counter and exchange-traded derivatives transactions. These agreements and similar arrangements generally enable the counterparties to set off liabilities in connection with the respective agreement against assets received in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. The right to setoff is a legal right to settle or otherwise eliminate all or a portion of an amount due by applying an amount receivable from the same counterparty against it to reduce credit exposure.

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

Offsetting financial assets

in CHF million	Derivatives		Repurchase agreements		Other financial instruments		Total	
	31.12.2019	31.12.2018	**31.12.2019**	31.12.2018	**31.12.2019**	31.12.2018	**31.12.2019**	31.12.2018
Gross amounts of recognised financial assets before offsetting	**2 090**	2 140	**–**	–	**9**	19	**2 099**	2 159
Gross amounts of recognised financial liabilities set off	**–**	–	**–**	–	**0**	0	**0**	0
NET AMOUNTS PRESENTED IN THE BALANCE SHEET	**2 090**	2 140	**–**	–	**9**	19	**2 099**	2 158
Related amounts not set off in the balance sheet:								
Financial instruments	**–653**	–509	**–**	–	**–**	–	**–653**	–509
Cash collateral received	**–1 332**	–1 017	**–**	–	**–**	–	**–1 332**	–1 017
Net amounts	**104**	614	**–**	–	**9**	19	**113**	632

Offsetting financial liabilities

In CHF million	Derivatives		Repurchase agreements		Other financial instruments		Total	
	31.12.2019	31.12.2018	**31.12.2019**	31.12.2018	**31.12.2019**	31.12.2018	**31.12.2019**	31.12.2018
Gross amounts of recognised financial liabilities before offsetting	**1 311**	1 048	**2 495**	4 625	**0**	15	**3 806**	5 688
Gross amounts of recognised financial assets set off	**–**	–	**–**	–	**0**	0	**0**	0
NET AMOUNTS PRESENTED IN THE BALANCE SHEET	**1 311**	1 048	**2 495**	4 625	**–**	14	**3 806**	5 688
Related amounts not set off in the balance sheet:								
Financial instruments	**–653**	–512	**–2 438**	–4 767	**–**	–	**–3 092**	–5 279
Cash collateral pledged	**–638**	–528	**–**	–	**–**	–	**–638**	–528
Net amounts	**20**	8	**57**	–142	**–**	14	**77**	–120

32 Guarantees and Commitments

In CHF million

	31.12.2019	31.12.2018
Financial guarantees	**31**	47
Loan commitments	**787**	284
Capital commitments for alternative investments	**123**	497
Capital commitments for real estate investments	**618**	365
Other capital commitments	**481**	597
Operating lease commitments	**–**	170
Commitments for joint ventures	**–**	1
Contractual obligations to purchase or construct investment property	**1 070**	862
Other contingent liabilities and commitments	**483**	344
TOTAL	**3 593**	3 168

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 2019, committed principal amounts totalled EUR 1 million and CHF 651 million (2018: EUR 5 million and CHF 223 million). The range of committed interest rates is 1.54% to 5.09% for commitments in euro and 0.75% to 1.89% for commitments in Swiss francs.

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.

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.

Operating lease commitments

The Group has entered into various operating leases as a lessee. Rental expenses for these items totalled CHF 53 million for the year ended 31 December 2018. Minimum lease payments totalled CHF 53 million in 2018. Since 1 January 2019, applying IFRS 16, the operating lease commitments are accounted for as lease liabilities on the balance sheet.

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.

Other contingent liabilities and commitments

Contractual obligations for repairs and maintenance of investment property amounted to CHF 357 million as at 31 December 2019, which are included in this line item (2018: CHF 179 million).

The Group is involved in various legal proceedings, claims and litigation generally relating to its insurance operations. The outcome of such current legal proceedings, claims and litigation could have a material effect on operating results or cash flows when resolved in a future period. However, in the opinion of the management these matters are adequately provided for as at the balance sheet date.

According to the media release of 14 September 2017 Swiss Life is in dialogue with the US Department of Justice regarding its cross-border business with US clients. Swiss Life is using the opportunity for dialogue and explaining its past cross-border business in cooperation with the US authorities. At this stage of the dialogue it cannot be predicted if in this context possible financial charges for the Group will result.

33 Collateral

Financial assets pledged as collateral

The following table provides details of financial assets which have been sold or otherwise transferred, but which do not qualify for derecognition because substantially all risks and rewards of ownership are retained. Repurchase agreements and securities lending transactions are discussed in notes 2.7 and 12. Other securities pledged include debt securities pledged as collateral under reinsurance contracts issued and debt securities pledged as collateral under prime broker contracts to cover margins due in respect of derivative transactions.

In CHF million	Pledged amount		Fair value	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Securities pledged under repurchase agreements[1]	**2 438**	4 767	**2 438**	4 767
Securities lent in exchange for securities received	**3 448**	3 861	**3 448**	3 861
Other securities pledged	**997**	745	**997**	745
TOTAL	**6 883**	9 374	**6 883**	9 374
[1] of which can be sold or repledged by transferee	**2 438**	4 767	**2 438**	4 767

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	
	31.12.2019	31.12.2018
Securities received as collateral in exchange for securities lent	**3 448**	3 861
Securities received for loans and receivables	**182**	109
Securities received for reinsurance assets	**272**	272
Other securities received	**21**	49
TOTAL	**3 923**	4 291

34 Events after the Reporting Period

There were no events after the reporting period that would require disclosure.

35 Scope of Consolidation

Switzerland

	Segment [1]	Consolidation period		Group share	Direct share	Principal activity	Currency	Subscribed Capital
ABCON AG, Bern	CH	until	25.06.2019	–	–			
Actuaires et Associés SA, Petit-Lancy	CH	until	25.06.2019	–	–			
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
Fontavis AG, Baar	AM	from	23.10.2019	100.0%	100.0%	Services	CHF	210 000
LIVIT AG, Zürich	AM			100.0%	100.0%	Asset management & Real estate	CHF	3 000 000
Livit FM Services AG, Zürich	AM			100.0%	100.0%	Services	CHF	100 000
Neue Warenhaus AG, Zürich	CH			100.0%	100.0%	Real estate	CHF	5 000 000
Oscar Weber AG, Zürich	CH			100.0%	100.0%	Real estate	CHF	5 000 000
Rhein-Wiese AG, Zürich	CH	from	20.06.2019	100.0%	100.0%	Real estate	CHF	160 000 000
Sobrado Software AG, Cham	CH	until	27.03.2018	–	–			
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	171 332 491
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 (formerly Schaan), Zweigniederlassung Zürich (Branch Swiss Life International Services AG), Zürich	IN			100.0%	100.0%	Services		
Swiss Life Investment Management Holding AG, Zürich	AM			100.0%	100.0%	Holding	CHF	50 000 000
Swiss Life Lab AG, Zürich	CH			100.0%	100.0%	Services	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			53.5%	53.5%	Investment funds	EUR	400 000 000
Swiss Life Schweiz Holding AG, Zürich	CH			100.0%	100.0%	Holding	CHF	250 000
Swiss Life Select International Holding AG, Zürich	IN	until	17.06.2019	–	–			
Swiss Life Select Schweiz AG, Zug	CH			100.0%	100.0%	Services	CHF	5 600 000
SwissFEX AG, Zürich	CH	from	01.10.2019	100.0%	100.0%	Information technology	CHF	300 000
Swissville Centers Holding AG, Zürich	CH			100.0%	100.0%	Holding	CHF	7 100 000
TECHNOPARK Immobilien AG, Zürich	CH			66.7%	66.7%	Real estate	CHF	40 000 000

Liechtenstein

	Segment [1]	Consolidation period	Group share	Direct share	Principal activity	Currency	Subscribed Capital
Swiss Life (Liechtenstein) AG, Ruggell (formerly Schaan)	IN		100.0%	100.0%	Life insurance	CHF	5 000 000
Swiss Life International Services AG, Ruggell (formerly Schaan)	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.

France

	Segment[1]	Consolidation period		Group share	Direct share	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			100.0%	100.0%	Real estate	EUR	72 789 644
AXYALIS PATRIMOINE, Valence	FR			77.6%	97.0%	Services	EUR	100 000
Cegema, Villeneuve-Loubet	FR			92.5%	92.5%	Broker	EUR	306 840
CLUB PRIME HOSPITALITY, Paris	CH/FR			100.0%	100.0%	Real estate	EUR	191 328 396
CrossQuantum, Nanterre	FR			100.0%	100.0%	Services	EUR	500 000
DYNACAPITALE, Paris	FR	from	15.07.2019	82.1%	100.0%	Real estate	EUR	407 846
DYNAPTIM, Paris	FR	from	15.07.2019	81.3%	100.0%	Real estate	EUR	1 758 937
Financière du Capitole, Toulouse	FR			80.0%	80.0%	Finance	EUR	1 700 000
Financière du Patrimoine, Balma (formerly Toulouse)	FR	until	31.10.2019	–	–			
MA Santé Facile, Levallois-Perret	FR			100.0%	100.0%	Services and broker	EUR	600 000
PARIS PRIME OFFICE 1, Paris	CH	from	04.04.2019	55.4%	100.0%	Real estate	EUR	76 096 000
PARIS PRIME OFFICE, Paris	CH	from	07.05.2019	55.4%	55.4%	Real estate	EUR	426 165 000
PIERRE CAPITALE, Paris	FR			89.8%	89.9%	Real estate	EUR	77 908 000
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
SL RETAIL FRANCE 1, Paris	FR/DE			51.4%	100.0%	Real estate	EUR	22 035 000
Swiss Life Asset Management (France), Levallois-Perret	AM	until	01.04.2019	–	–			
SWISS LIFE ASSET MANAGERS France (formerly SWISS LIFE REIM (France)), Marseille	AM			100.0%	100.0%	Asset management	EUR	671 167
SwissLife Agence Régionale, Nanterre	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 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 Dynapierre, Levallois-Perret	FR/INT			73.3%	73.3%	Real estate	EUR	219 162 716
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	Principal activity	Currency	Subscribed Capital
ACB Projekt GmbH, Köln	CH			50.0%	50.0%	Asset management & Real estate	EUR	25 000
BCP GP GmbH, Berlin	AM	from	12.12.2018	100.0%	100.0%	Asset management & Real estate	EUR	25 000
BCP Steinerne Furt GmbH & Co. KG, Berlin	AM	from	01.10.2019	100.0%	100.0%	Asset management & Real estate	EUR	100 000
BEOS AG, Berlin	AM	from	30.08.2018	100.0%	100.0%	Asset management & Real estate	EUR	500 000
BEOS Fixture GmbH, Berlin	AM	from	30.08.2018	100.0%	100.0%	Asset management & Real estate	EUR	25 000
BEREM Property Management GmbH, Berlin	AM	from	30.08.2018	100.0%	100.0%	Asset management & Real estate	EUR	25 300
BVIFG I General Partner GmbH, Berlin	AM	from	30.08.2018	100.0%	100.0%	Asset management & Real estate	EUR	25 000
BVIFG I Management GmbH, Berlin	AM	from	30.08.2018	100.0%	100.0%	Asset management & Real estate	EUR	25 000
CitCor Residential Verwaltungs GmbH, Köln (formerly Düsseldorf)	AM	until	14.08.2019	–	–			
CORPUS SIREO Aurum GmbH & Co. KG, Köln	CH			100.0%	100.0%	Asset management & Real estate	EUR	100 000
CORPUS SIREO Immobilien Beteiligungs GmbH, Köln	CH			100.0%	100.0%	Asset management & Real estate	EUR	25 000
CORPUS SIREO Investment Residential No. 2 GmbH, Köln	AM			100.0%	100.0%	Asset management & Real estate	EUR	25 000
CORPUS SIREO Investment Residential No. 30 GmbH & Co. KG, Köln	AM			99.0%	100.0%	Asset management & Real estate	EUR	101 000
CORPUS SIREO Projektentwicklung Beteiligungs GmbH, Köln	AM			100.0%	100.0%	Asset management & Real estate	EUR	30 000
CORPUS SIREO Projektentwicklung Düsseldorf GmbH, Köln	AM			99.9%	100.0%	Asset management & Real estate	EUR	25 000
CORPUS SIREO Projektentwicklung Köln-West GmbH, Köln	AM	until	16.05.2018	–	–			
CORPUS SIREO Projektentwicklung München GmbH, Köln	AM	until	08.08.2019	–	–			
CORPUS SIREO Projektentwicklung München II GmbH, Köln	AM			100.0%	100.0%	Asset management & Real estate	EUR	25 000
CORPUS SIREO Projektentwicklung Wohnen GmbH, Köln	AM			99.9%	100.0%	Asset management & Real estate	EUR	4 000 000
CORPUS SIREO Real Estate GmbH, Köln	AM			100.0%	100.0%	Holding	EUR	49 230 768
DEUTSCHE PROVENTUS AG, Hannover	DE			100.0%	100.0%	Services	EUR	511 292
Financial Solutions AG Service & Vermittlung, Garching b. München	DE			100.0%	100.0%	Services	EUR	200 000
FRECOR Projektentwicklung und Wohnbau GmbH, Köln	AM	until	23.08.2019	–	–			
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
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
S Corpus Immobilienmakler GmbH, Köln	AM	until	02.01.2018	–	–			
Schwabengalerie GmbH & Co. Geschlossene Investment-kommanditgesellschaft, Heusenstamm	DE			100.0%	100.0%	Real estate	EUR	10 100
SELECT Bauprojektentwicklung GmbH, Köln	AM	until	01.03.2018	–	–			
SL Beteiligungs-GmbH & Co. Grundstücksverwaltung KG, Garching b. München	DE			100.0%	100.0%	Real estate	EUR	50 000
SL Beteiligungs-GmbH & Co. Immobilien I KG, Garching b. München	DE			100.0%	100.0%	Real estate	EUR	10 000
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			100.0%	100.0%	Real estate	EUR	10 000
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			100.0%	100.0%	Real estate	EUR	10 000

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

Germany (continued)

	Segment[1]	Consolidation period	Group share	Direct share	Principal activity	Currency	Subscribed Capital
SL Immobilien-Beteiligungs-Gesellschaft mbH, Garching b. München	DE		100.0%	100.0%	Holding	EUR	25 000
SL Private Equity GmbH, Frankfurt am Main	DE		98.9%	98.9%	Private equity	EUR	91 000
SLP Swiss Life Partner Vertriebs GmbH, Hamburg	DE	from 30.06.2019	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, Garching b. München (Branch Swiss Life AG)	DE		100.0%	100.0%	Life insurance		
Swiss Life Asset Management GmbH, Garching b. München	AM		100.0%	100.0%	Services	EUR	1 000 000
Swiss Life Deutschland erste Vermögensverwaltungs 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 Gastronomie GmbH, Hannover	DE		100.0%	100.0%	Staff restaurant/Canteen	EUR	25 000
Swiss Life Invest GmbH, München	AM		100.0%	100.0%	Asset management	EUR	700 000
Swiss Life Investment Management Deutschland Holding GmbH, Frankfurt am Main	AM	from 23.08.2019	100.0%	100.0%	Holding	EUR	25 000
Swiss Life Kapitalverwaltungsgesellschaft mbH, Heusenstamm	AM		100.0%	100.0%	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	from 30.06.2019	51.0%	51.0%	Services	EUR	25 600

Luxembourg

	Segment[1]	Consolidation period	Group share	Direct share	Principal activity	Currency	Subscribed Capital
CORPUS SIREO Investment Residential No. 24 S.à r.l., Luxembourg	AM	until 05.06.2018	–	–			
CORPUS SIREO Real Estate S.à r.l., Luxembourg	AM	until 21.03.2019	–	–			
CORPUS SIREO RetailCenter-Fonds Deutschland SICAV-FIS (in Liquidation), Luxembourg	DE		57.0%	57.0%	Asset management & Real estate	EUR	92 631 568
EVER.S. München S.C.S., Munsbach	DE	from 15.02.2019	100.0%	100.0%	Asset management & Real estate	EUR	1 000
Fontavis Capital Partners, Luxembourg	AM	from 23.10.2019	100.0%	100.0%	Asset management	EUR	12 000
Heralux S.A., Luxembourg	FR		99.8%	100.0%	Reinsurance	EUR	3 500 000
SchwabenGalerie Stuttgart S.C.S., Munsbach	DE		100.0%	100.0%	Asset management & Real estate	EUR	1 000
SL Institutional Fund SICAV-SIF, S.A. (formerly SL Fixed Income Fund SICAV-SIF, S.A.), Luxembourg	CH		100.0%	100.0%	Investment funds	USD	40 000
SL Place de Paris S.à r.l., Luxembourg	FR		100.0%	100.0%	Real estate	EUR	12 500
SWISS LIFE (LUXEMBOURG) S.A., Luxembourg	IN		100.0%	100.0%	Life insurance	EUR	23 000 000
Swiss Life Asset Managers Luxembourg (formerly Swiss Life Fund Management (LUX) S.A.), Luxembourg	AM		100.0%	100.0%	Investment funds	EUR	2 399 300
Swiss Life Assurance Solutions S.A., Luxembourg	Other	until 23.09.2019	–	–			
Swiss Life ERE Capital Partners Fund S.C.S. SICAV-FIS (formerly Swiss Life Hotel Properties SCS), Luxembourg	DE		100.0%	100.0%	Asset management & Real estate	EUR	261 977 750

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

Luxembourg (continued)

	Segment [1]	Consolidation period	Group share	Direct share	Principal activity	Currency	Subscribed Capital
Swiss Life Funds (Lux) Global Infrastructure Opportunities Management S.à r.l., Luxembourg	AM		100.0%	100.0%	Asset management	EUR	12 500
Swiss Life Funds (Lux) Global Infrastructure Opportunities S.C.A., SICAV-SIF, Luxembourg	AM		82.6%	82.6%	Asset management	EUR	895 738 871
Swiss Life Invest Luxembourg S.A., Luxembourg	IN		100.0%	100.0%	Holding	EUR	60 211 000
Swiss Life Investment Company S.A., SICAF-SIF, Luxembourg	CH	from 02.04.2019	100.0%	100.0%	Investment funds	EUR	10 837 500
Swiss Life Loan Fund (LUX) SA, SICAV-SIF, Luxembourg	CH/FR/DE		100.0%	100.0%	Investment funds	USD	40 000
Swiss Life Participations Luxembourg S.A., Luxembourg	IN		100.0%	100.0%	Holding	EUR	67 496 000
Swiss Life Products (Luxembourg) S.A., Luxembourg	CH		100.0%	100.0%	Life insurance/Reinsurance	EUR	86 538 000
Swiss Life REF (LUX) European Retail SCS, SICAV-SIF, Luxembourg	FR/DE		51.4%	51.4%	Real estate	EUR	129 999 998
Swiss Life REF (LUX) German Core Real Estate SCS, Société en Commandite simple sous la forme d'une SICAV, Luxembourg	AM/CH/FR/DE		62.5%	62.5%	Real estate	EUR	499 278 000
Swiss Life REF (LUX) Paris Prime Office S.A., SICAV-SIF, Luxembourg	CH	from 15.04.2019	100.0%	100.0%	Real estate	EUR	500 000
SwissLife LuxCo S.à r.l., Luxembourg	FR		100.0%	100.0%	Holding	EUR	12 000

United Kingdom

	Segment [1]	Consolidation period	Group share	Direct share	Principal activity	Currency	Subscribed Capital
Chase de Vere Consulting Limited, Manchester	IN		100.0%	100.0%	n/a	GBP	15 000
Chase de Vere Financial Solutions Limited, Manchester	IN		100.0%	100.0%	n/a	GBP	1
Chase de Vere IFA Group Plc, London	IN		100.0%	100.0%	Finance	GBP	26 000 000
Chase de Vere IFA Services Limited, Manchester	IN		100.0%	100.0%	n/a	GBP	1
Chase de Vere Independent Financial Advisers Limited, London	IN		100.0%	100.0%	Broker	GBP	17 000 000
Chase de Vere Loans Limited, Manchester	IN		100.0%	100.0%	n/a	GBP	1 000 000
Chase de Vere Private Client Trustees Limited, London	IN		100.0%	100.0%	n/a	GBP	1
Ferguson Oliver Limited, Angus	IN	from 18.10.2019	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 TGF GENERAL PARTNER LLP, London	AM		100.0%	100.0%	Asset management	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
Oakfield Wealth Holdings Limited, London	IN		100.0%	100.0%	Holding	GBP	90
Oakfield Wealth Management Limited, London	IN		100.0%	100.0%	Broker	GBP	100

Austria

	Segment [1]	Consolidation period	Group share	Direct share	Principal activity	Currency	Subscribed Capital
Select INVESTMENT GmbH, Wien	IN	from 30.05.2019	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

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

Belgium

	Segment [1]	Consolidation period		Group share	Direct share	Principal activity	Currency	Subscribed Capital
Cortenbergh 107 SA, Bruxelles	CH	until	01.05.2019	–	–			
MONTOYER 51 LEASEHOLD, 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, Etterbeek	FR			100.0%	100.0%	Real estate	EUR	3 500 070

Cayman Islands

	Segment [1]	Consolidation period		Group share	Direct share	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

Czech Republic

	Segment [1]	Consolidation period		Group share	Direct share	Principal activity	Currency	Subscribed Capital
Fincentrum & Swiss Life Select a.s. (formerly Fincentrum a.s.), Praha	IN	from	19.10.2018	100.0%	100.0%	Services	CZK	700 700 000
Fincentrum Reality s.r.o., Praha	IN	from	19.10.2018	100.0%	100.0%	Services	CZK	200 000
Swiss Life Select Ceska Republika s.r.o., Brno	IN	until	01.09.2019	–	–			

Singapore

	Segment [1]	Consolidation period		Group share	Direct share	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	Principal activity	Currency	Subscribed Capital
Fincentrum a.s., Bratislava	IN	from	19.10.2018	100.0%	100.0%	Services	EUR	33 200
Fincentrum Reality s.r.o., Bratislava	IN	from	19.10.2018	100.0%	100.0%	n/a	EUR	5 000

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

Report of the Statutory Auditor

Report of the statutory auditor
to the General Meeting of Swiss Life Holding Ltd

Zurich

Report on the audit of the consolidated financial statements

Opinion
We have audited the consolidated financial statements of Swiss Life Holding Ltd and its subsidiaries (the Group), which comprise the consolidated statement of income, consolidated statement of comprehensive income, consolidated balance sheet as at 31 December 2019, the consolidated statement of cash flows, consolidated statement of changes in equity for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 152-304) give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion
We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall Group materiality: CHF 128 million

We concluded full scope audit work at 10 reporting units in 5 countries. Our audit scope addressed over 89% of the Group's total assets and 99% of the Group's total net earned premiums. In addition, specified procedures were performed on a further six reporting units.

As key audit matters the following areas of focus have been identified:

Models and assumptions used to calculate future life policyholder benefits

Recoverability of Goodwill

Valuation of investment property

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Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 128 million
How we determined it	5% of profit before tax and policyholder participation
Rationale for the materiality benchmark applied	We chose profit before tax and policyholder participation as the benchmark because, in our view, it is a prevailing indicator for the performance of the Group as it is free from management's decisions regarding profit allocation.

We agreed with the Audit Committee that we would report to them misstatements above CHF 5 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We continuously adjusted our audit approach to the developments of the Swiss Life Group and its subsidiaries. While all material positions in the consolidated financial statements are audited, emphasis is placed on matters identified during our risk assessment process. We have described such matters further below in section “Key audit matters”.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Models and assumptions used to calculate future life policyholder benefits

Key audit matter	How our audit addressed the key audit matter
As set out in note 22 – Insurance Liabilities – total net future life policyholder benefits of the Swiss Life Group amount to CHF 106’789 million. We consider the future life policyholder benefits in Switzerland, which make up 76% of the future life policyholder benefits on the Group's balance sheet as a key audit matter. Policyholders’ benefits represent the estimated future benefit liability for traditional life insurance policies and include the value of accumulated declared bonuses or dividends that have vested to policyholders. The reserves for life benefits for participating traditional life insurance policies are calculated using a net level premium valuation model. The actuarially determined liabilities depend on the type of profit participation and are based on actuarial assumptions, such as	Our audit procedures relating to actuarially determined liabilities primarily consist of testing the models used in developing these balances, reviewing management’s assumptions in light of current economic conditions, industry developments and policyholder behaviour and performing procedures over the completeness and accuracy of underlying data used in the calculations. We were supported by actuaries in our audit work. We assessed the biometric assumptions, such as mortality and disability for reasonableness. As the future life policyholder benefits are calculated using a discount rate, we have assessed significant assumption changes made during the year with a focus on the interest

Swiss Life Holding Ltd | Report of the statutory auditor to the General Meeting guaranteed mortality benefits, interest rates, persistency, expenses and investment return, plus a margin for adverse deviations.

Management assesses the appropriateness of the main assumptions used for the calculation of these liabilities at each reporting date. Management's process for updating assumptions varies by territory and product.

We focused our audit on these liabilities due to their significance to the consolidated financial statements, the sensitivity to changes in the economic conditions, and the level of judgment involved in setting assumptions.

rate used in the traditional life insurance policies. In assessing the interest rate used, we tested that the interest rates are supported by the anticipated economic performance of the assets backing the liability when considering any planned changes in asset strategy and reinvestment. We assessed the different components of the discount rate on a portfolio level. Our audit procedures for the discount rate included, but were not limited to:

- Assessment of the estimated future expected returns for all major investment classes, such as bonds, investment property, loans, mortgages, equity, and alternative investments
- Comparison of the allocation of the major asset classes to the strategic asset allocation as determined by management
- Verification of the consistency of the assumptions made by management with assumptions made elsewhere
- Assessment of the methodology for determining the selected discount rate, based on the above input parameters.

Based on the work performed, we determined that the models and assumptions used in the valuation of actuarially determined future life policyholder benefits are reasonable and in line with financial reporting requirements and industry accepted practice.

Recoverability of Goodwill

Key audit matter	How our audit addressed the key audit matter
As elaborated in note 17 - Intangible Assets including Intangible Insurance Assets - 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 existing goodwill amounts to CHF 1'461 million as a result of various business combinations, mainly Swiss Life Select, Lloyd Continental, CapitalLeben, Corpus Sireo and Beos. Goodwill is subject to management testing, at least annually, for impairment at the cash generating unit level. The recoverable amounts have been determined on a value-in-use basis and use cash flow projections based on financial budgets approved by management and the board of directors. The calculations are based on present values that use a single set of estimated cash flows and a single discount rate per cash generating unit. The cash flow projections cover a three or five-year period, and consider a terminal value after such period, based on long-term growth assumptions in the various geographical markets, which is material to the overall value-in-use.	We have obtained the cash flow projections based on financial budgets for the individual cash generating units approved by management and the board of directors, including details on activities supporting the expected development. We challenged management as to the feasibility of reaching the cash flows. Further evidence of reasonableness of planned cash flows was to validate if these were met in the past. Where actual results deviated from planned results, we inquired as to the reasons and potential impact they may have, in reaching future goals. We critically assessed the deviations from planned results. In addition, with the support of our valuation experts, we assessed the main parameters used in the calculation of the weighted average cost of capital, from which the discount rate is derived. We identified the market data inputs used by the Group and tested these against independent data. As for the long-term growth rate used at the end of the mid-term planning period, we compared it to the economic environment and industry trends.

In addition, a significant driver of the value-in-use is the discount rate, which is based on the weighted average cost of capital. As the actual cash flows naturally vary from planned projections, management have created detailed sensitivity analysis. This sensitivity analysis provides insights as to the recoverability of goodwill when the assumptions used in the planned projections, individually or as a whole, are not met. We focused on goodwill, since the cash flow projections extending into the future are based on significant management judgement, as to the development of the acquired businesses.	We critically assessed management's sensitivity analyses to ascertain the level of reliability of the assumptions when compared to past performance. We consider the valuation approach, and the assumptions and parameters used within, as a reasonable and adequate basis for management's assessment of the recoverability of goodwill. The audit evidence obtained through our audit procedures was sufficient and suitable to assess the recoverability of goodwill

Valuation of investment property

Key audit matter	How our audit addressed the key audit matter
As set out in note 14 Investment Property - property held for investment amount to CHF 34'866 million for the Swiss Life Group. We focused on investment property due to the size of such property with respect to the total amount of invested assets and the fact that there is a high degree of judgement involved in determining the fair value. Further, we consider the investment property held by Swiss Life Switzerland as a key audit matter, as the value makes up a substantial part of the investment property on the Group's balance sheet. The fair value is usually derived using the generally accepted discounted cash flow method. Ordinarily the valuation of each investment property is determined on an annual basis by an independent valuation expert. Consideration is given to the expected rental revenue, over the period in use, and discounted using a rate which reflects the risk assessment of the investment property, such as location and market value. The fair value of investment property is essentially sensitive to a) the development of the investment property market for residential, commercial, and mixed-use properties in general, to b) the expected rental revenue, and c) the discount rate.	We assessed the overall portfolio structure, compared the current portfolio to the prior year, and assessed the overall process of determining the fair values. Based on the overall risk assessment, we selected investment properties for an individual valuation testing. Our sample selection was conducted using specified criteria, such as location, market value, market value deviation compared to the previous year, type of use, and acquisitions of investment property during the reporting period. During the audit we have been supported by our real estate valuation experts. Our valuation testing included the following: • Assessment of the completeness and appropriateness of the valuation report • Evaluation of the competence, objectivity and independence of the valuation expert • Examination of the formal aspects, in particular the compliance with investment property valuation standards • Amongst other procedures, we examined the valuation assumptions for expected rental income, with regards to reasonableness and market conformity • Test of the mathematical correctness of fundamental calculation steps through the reperformance of such calculations • Examination of the appropriateness of the valuation methodology used • Examination of the valuation parameters (discount rate and operating costs) used and comparison of the same to market data In addition, we assessed the average discount rate resulting from valuing the investment property portfolio and compared it to market data.

	We compared the booked values with the valuation results of the valuation experts. We examined if valuation adjustments (if applicable) were correctly booked. We consider the valuation methodology, and the underlying valuation parameters used, to be reasonable. The audit evidence obtained through our audit procedures was sufficient and suitable to assess the valuation of investment property.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the remuneration report of Swiss Life Holding Ltd and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Peter Eberli	Nebojsa Baratovic
Audit expert Auditor in charge	Audit expert

Zürich, 10 March 2020

Swiss Life Holding Financial Statements

Management Report

Swiss Life Holding increased its profit in the 2019 financial year from CHF 460 million to CHF 758 million

The annual profit of Swiss Life Holding in 2019 mainly consisted of dividends, investment income and revenues from guaranteed benefits and commissions. During the year under review, dividend payments from subsidiaries to the holding company increased from CHF 623 million to CHF 670 million, while there was a slight decrease in investment income from CHF 74 million to CHF 72 million and in income from guaranteed benefits and commissions from CHF 47 million to CHF 46 million.

As at the end of the year, Swiss Life Holding had assets (liquid funds, receivables from Group companies, debt securities, investment funds and equities) of CHF 1056 million. Liquid funds declined to CHF 51 million (previous year: CHF 118 million) and debt security, investment fund and equity holdings fell to CHF 937 million (previous year: CHF 1524 million). The main reason for the decrease is the financing of the share buyback programme begun in 2018 and completed in 2019 with a total value of CHF 1 billion. A total of 2 208 715 treasury shares were repurchased, 628 500 of which had already been cancelled by the end of the year under review. As at the end of the year, Swiss Life Holding held 5.12% treasury shares.

Swiss Life Holding's distribution to shareholders in the period under review came to CHF 547 million, or CHF 16.50 per share, of which CHF 83 million (CHF 2.50 per share) was made from the capital contribution reserve and CHF 464 million (CHF 14.00 per share) as an ordinary dividend. The par value of the share remains unchanged at CHF 5.10. The nominal share capital of Swiss Life Holding decreased slightly to CHF 171 million (previous year: CHF 175 million) due to the shares cancelled as part of the share buyback programme.

Long-term debt capital increased by CHF 625 million to CHF 1049 million. Short-term debt capital mainly consists of repo transactions. As of the end of the year, it amounted to CHF 190 million (previous year: CHF 100 million). In the year under review, interest on long-term bonds totalled CHF 6 million. With short-term repo transactions, Swiss Life Holding generated interest income of CHF 2 million.

New loans totalling CHF 682 million were awarded to Group units to finance real estate projects or smaller acquisitions. Including repayments of expired loans and payments under lines of credit granted, the outstanding amount increased to CHF 1637 million (previous year: CHF 986 million).

Statement of Income

Statement of income for the years ended 31 December

In CHF million

	2019	2018
Net income on non-current assets		
Dividends received	**670**	623
Realised gain/loss on non-current assets	**30**	–12
Unrealised gain/loss on non-current assets	**11**	–231
Other finance income	**72**	74
Other financial expense	**–6**	–7
Foreign currency gains/losses	**–16**	–18
Total net income on non-current assets	**761**	429
Staff costs	**–6**	–6
Operating expense	**–10**	–9
Other profit from operations	**46**	47
Other operating expense	**–1**	–2
Income tax	**–32**	0
ANNUAL PROFIT	**758**	460

Balance Sheet

Balance sheet

In CHF million

	31.12.2019	31.12.2018
ASSETS		
Cash and cash equivalents	**51**	118
Receivables from Group companies	**68**	36
Receivables from third parties	**3**	1
Accrued income	**11**	14
CURRENT ASSETS	**132**	169
Financial assets		
Debt securities	**857**	1 368
Shares	**8**	15
Investment funds	**73**	141
Loans to Group companies	**1 637**	986
Other investments	**13**	12
Participations	**3 216**	3 216
NON-CURRENT ASSETS	**5 803**	5 737
TOTAL ASSETS	**5 935**	5 906
LIABILITIES AND EQUITY		
Short-term debt capital		
Short-term, interest-bearing liabilities due to third parties	**194**	100
Other short-term liabilities due to third parties	**92**	92
Accrued expenses	**3**	4
Long-term debt capital		
Senior bonds	**1 049**	424
LIABILITIES	**1 338**	620
Share capital	**171**	175
Statutory capital reserve		
Capital contribution reserve	**181**	263
Statutory retained earnings		
General reserves	**33**	33
Voluntary retained earnings		
Free reserves	**4 242**	4 494
Profit shown in the balance sheet		
Balance carried forward from previous year	**–**	1
Annual profit	**758**	460
Own capital shares	**–787**	–140
EQUITY	**4 598**	5 286
TOTAL LIABILITIES AND EQUITY	**5 935**	5 906

Notes to the Financial Statements

Accounting Rules

The 2018 Financial Statements were prepared in accordance with the provisions of Swiss accounting law (Title 32 of the Swiss Code of Obligations). Swiss Life Holding's Financial Statements are presented in millions of Swiss francs (CHF), which is the presentation currency. Figures may not add up exactly due to rounding.

Explanations on the balance sheet and statement of income

Participations

	Currency	Authorised share capital in 1000	Direct share	Currency	Authorised share capital in 1000	Direct share
		31.12.2019			31.12.2018	
Swiss Life Ltd, Zürich	**CHF**	**587 350**	**100.00%**	CHF	587 350	100.00%
Swiss Life Deutschland Holding GmbH, Hannover	**EUR**	**25**	**100.00%**	EUR	25	100.00%
Swiss Life Intellectual Property Management AG, Zürich	**CHF**	**250**	**100.00%**	CHF	250	100.00%
Swiss Life International Holding AG, Zürich	**CHF**	**1 000**	**100.00%**	CHF	1 000	100.00%
Swiss Life Investment Management Holding AG, Zürich	**CHF**	**50 000**	**100.00%**	CHF	50 000	100.00%
Swiss Life Schweiz Holding AG, Zürich	**CHF**	**250**	**100.00%**	CHF	250	100.00%

Loans to Group companies

CHF 703 million of the loans to Group companies is classified as subordinated.

Major shareholders

BlackRock Inc., 55 East 52nd Street, New York 10055, USA, reported in a publication of 6 May 2017 that it held through various companies a total of 5.28% of the voting rights for Swiss Life Holding.

In publications dated 23 April 2019, 20 July 2019, 6 August 2019 and 28 November 2019 in the context of a share buyback programme on a scale of around CHF 1 billion (CHF 999 995 716.25) launched at the end of 2018 and completed on 5 December 2019, Swiss Life Holding Ltd, General Guisan-Quai 40, 8002 Zurich, Switzerland, reported several instances in which figures exceeded or fell short of thresholds. According to the last report dated 28 November 2019, at this point in time Swiss Life Holding Ltd held 1 685 005 treasury shares, corresponding to 5.02% of voting rights. As at 31 December 2019, Swiss Life Holding Ltd held a total of 1 721 351 treasury shares, corresponding to 5.12% of voting rights

Share capital

As at 31 December 2019, the share capital of Swiss Life Holding (SLH) consisted of 33 594 606 fully-paid shares with a par value of CHF 5.10 each. In exercising voting rights, no shareholder can collect more than 10% of the total share capital directly or indirectly in respect of his own shares and those he represents. As at 31 December 2018, Swiss Life Holding had 34 223 106 registered shares outstanding with a par value of CHF 5.10 per share. Conditional share capital was CHF 19 675 534.80 as at 31 December 2019 (previous year: CHF 19 675 534.80).

Statutory capital reserve

The statutory capital reserve consists of the capital contribution reserve of CHF 181 million (previous year: CHF 263 million). The capital contribution reserve fell by CHF 2.50 per share or CHF 83 million due to the distribution of profit during the year under review. As at 31 December 2019, the capital contribution reserve came to CHF 181 million. Of this amount, CHF 4 million is recognised by the Federal Tax Administration, while the legal qualification of CHF 177 million is still open and is to be reassessed according to future legal developments.

Statutory retained earnings

Statutory retained earnings comprise the general reserves.

Free reserves

This post comprises accumulated retained earnings which have not been distributed to the shareholders. In order to pay the ordinary dividend of CHF 464 million, CHF 3 million was withdrawn from the free reserve in the year under review. In addition, the free reserve was reduced by CHF 249 million due to the cancellation of 628 500 shares, which took place on 15 July 2019.

Issue of senior bonds

Volume	Year of issue	Maturity	Coupon
CHF 200 millions	2013	2023	1.875%
CHF 250 millions	2019	2023	0.250%
CHF 200 millions	2019	2021	variable
CHF 250 millions	2019	2025	0.000%
CHF 150 millions	2019	2029	0.350%

Issue of two senior bonds in 2013

Two senior bonds for a total amount of CHF 425 million were issued on 21 June 2013, split into a tranche of CHF 225 million with a tenor of six years which was repaid on 21 June 2019 (coupon of 1.125%) and a tranche of CHF 200 million with a tenor of ten years until 2023 (coupon of 1.875%).

Issue of four senior bonds in 2019

On 6 December 2019, Swiss Life Holding placed three senior green bond tranches totalling CHF 600 million: a tranche of CHF 200 million with a tenor of two years and variable coupon (floor at 0.00%, cap at 0.05%), a tranche of CHF 250 million with a tenor of 5.5 years and a coupon of 0% and a tranche of CHF 150 million with a tenor of 9.25 years and a coupon of 0.35% p.a.

On 13 March 2019, Swiss Life Holding placed a senior bond amounting to CHF 250 million. The bond has a tenor of 4.6 years and a coupon of 0.25% p.a.

Treasury shares

The Swiss Life Group companies did not purchase any treasury shares during the year under review. In the same period, they did not sell any shares. As at 31 December 2019, the Swiss Life Group held 141 136 treasury shares which are not part of the share buyback programme.

As part of the share buyback programme, the year under review saw Swiss Life Holding purchase a total of 1 981 015 treasury shares at an average price of CHF 461.02. Over the same period, 628 500 shares were cancelled in the first share cancellation programme. The Swiss Life Group therefore held 1 580 215 treasury shares as at 31 December 2019.

Contingent liabilities

Swiss Life Holding acts as warrantor for all Swiss Life Ltd liabilities with regard to the various tranches of the subordinated perpetual step-up loans (hybrid debt), which amounted to an equivalent value of CHF 4139 million at the balance sheet date. The guarantees are classified as subordinated at Swiss Life Holding.

Swiss Life Holding further provides capital guarantees for a maximum net asset value of CHF 1100 million to Swiss Life Ltd, CHF 141 million to Swiss Life Products, CHF 6 million to Swiss Life Liechtenstein, CHF 9 million to Corpus Sireo and CHF 100 million to cover regulatory requirements at the level of subsidiaries.

In addition, under drawn credit lines Swiss Life Holding held liabilities totalling CHF 25 million for Swiss Life Products and credit lines totalling CHF 63 million for Corpus Sireo companies.

Financial assets pledged as collateral

Debt securities of CHF 190 million were pledged on the balance sheet date as part of a repurchase agreement (repo transactions).

Statement of changes in equity for the years ended 31 December

In CHF million

	2019	2018
SHARE CAPITAL		
Balance as at 1 January	**175**	175
cancellation of treasury shares	**–3**	–
TOTAL SHARE CAPITAL	**171**	175
STATUTORY CAPITAL RESERVE		
Balance as at 1 January	**263**	724
Distribution of profit from the capital contribution reserve	**–83**	–460
Changes due to conversion of the convertible bond		–
TOTAL STATUTORY CAPITAL RESERVE	**181**	263
STATUTORY RETAINED EARNINGS		
General reserves		
Balance as at 1 January	**33**	33
Change	**–**	–
Total general reserves	**33**	33
TOTAL STATUTORY RETAINED EARNINGS	**33**	33
VOLUNTARY RETAINED EARNINGS		
Free reserves		
Balance as at 1 January	**4 494**	4 181
Allocation to free reserves		313
Distribution of profit from free reserves	**–3**	–
cancellation of treasury shares	**–249**	–
Total free reserves	**4 242**	4 494
Profit shown in the balance sheet		
Balance as at 1 January	**461**	314
Allocation to free reserves		–313
Dividend	**–461**	
Annual profit	**758**	460
Total profit shown in the balance sheet	**758**	461
TOTAL VOLUNTARY RETAINED EARNINGS	**5 000**	4 955
OWN CAPITAL SHARES		
Balance as at 1 January	**–140**	–26
Change in own capital shares	**–647**	–114
TOTAL OWN CAPITAL SHARES	**–787**	–140
TOTAL EQUITY	**4 598**	5 286

Number of full-time positions

As in the previous year, the number of full-time positions is not above 50 employees on average over the year.

Disclosure of compensation to the Board of Directors and the Corporate Executive Board in accordance with Art. 663b^{bis} of the Swiss Code of Obligations (CO) and Art. 14–16 of the Federal Ordinance against Excessive Compensation in Listed Stock Companies, and disclosure of the shareholdings of members of the Board of Directors and the Corporate Executive Board in accordance with Art. 663c of the CO

Compensation in 2019

The Board of Directors is responsible for drawing up a written compensation report each year to include the information required by Articles 14–16 of the Federal Ordinance against Excessive Compensation in Listed Stock Companies (Compensation Ordinance). This compensation report supersedes the details in the notes to the balance sheet according to Art. 663b^{bis} CO. Swiss Life's compensation report for the 2018 financial year is provided on pages 53 to 70.

The following tables contain information on the share ownership and participation rights of members of the Board of Directors and the Corporate Executive Board in accordance with Art. 663c CO.

Share ownership/participation rights as at 31 December 2019

As at 31 December 2018, acting members of the Board of Directors and the Corporate Executive Board (including closely linked parties) held the following number of registered Swiss Life Holding shares and future subscription rights to Swiss Life Holding shares in the form of Restricted Share Units (RSUs).

Board of Directors

	SLH shares 31.12.2019
Rolf Dörig, Chairman of the Board of Directors	31 108
Frank Schnewlin	5 627
Thomas Buess [1]	24 224
Adrienne Corboud Fumagalli	794
Ueli Dietiker	1 156
Damir Filipovic	1 777
Frank W. Keuper	1 014
Stefan Loacker	848
Henry Peter	12 405
Martin Schmid	374
Franziska Tschudi Sauber	3 231
Klaus Tschütscher	1 037
TOTAL BOARD OF DIRECTORS	83 595

Corporate Executive Board

	SLH shares 31.12.2019
Patrick Frost, Group CEO	22 071
Matthias Aellig	2 623
Jörg Arnold	250
Nils Frowein	2 008
Markus Leibundgut	5 805
Stefan Mächler	4 807
Charles Relecom	1 644
TOTAL CORPORATE EXECUTIVE BOARD	39 208

	Restricted Share Units (RSUs) 31.12.2019 [1]
Patrick Frost, Group CEO	8 341
Matthias Aellig	3 934
Jörg Arnold	3 740
Nils Frowein	4 000
Markus Leibundgut	4 479
Stefan Mächler	4 307
Charles Relecom	4 205
TOTAL CORPORATE EXECUTIVE BOARD	33 006

[1] Total number of RSUs allocated in the years 2017, 2018 and 2019 in connection with the relevant equity compensation plan. The RSUs represent future subscription rights that entitle the individuals concerned to receive SLH shares after a period of three years, provided that the relevant conditions are met at that point. In addition to the reported shareholding, Thomas Buess held a total of 4512 RSUs as at the balance sheet date of 31 December 2019, which were allocated to him in 2017, 2018 and 2019 in the context of his former function as Group CFO and Member of the Corporate Executive Board of Swiss Life.

Share ownership/participation rights as at 31 December 2018
As at 31 December 2017, acting members of the Board of Directors and the Corporate Executive Board (including closely linked parties) held the following number of registered Swiss Life Holding shares and future subscription rights to Swiss Life Holding shares in the form of Restricted Share Units (RSUs).

Board of Directors

	SLH shares 31.12.2018
Rolf Dörig, Chairman of the Board of Directors	35 365
Frank Schnewlin	5 410
Adrienne Corboud Fumagalli	707
Ueli Dietiker	1 013
Damir Filipovic	1 690
Frank W. Keuper	927
Stefan Loacker	728
Henry Peter	11 682
Martin Schmid	287
Franziska Tschudi Sauber	3 179
Klaus Tschütscher	937
TOTAL BOARD OF DIRECTORS	61 925

Corporate Executive Board

	SLH shares 31.12.2018
Patrick Frost, Group CEO	18 593
Jörg Arnold	250
Thomas Buess	22 002
Nils Frowein	2 842
Markus Leibundgut	4 866
Stefan Mächler	3 091
Charles Relecom	1 644
TOTAL CORPORATE EXECUTIVE BOARD	53 288

	Restricted Share Units (RSUs) 31.12.2018[1]
Patrick Frost, Group CEO	9 323
Jörg Arnold	2 557
Thomas Buess	5 355
Nils Frowein	4 533
Markus Leibundgut	4 812
Stefan Mächler	4 656
Charles Relecom	4 540
TOTAL CORPORATE EXECUTIVE BOARD	35 776

[1] Total number of RSUs allocated in the years 2016, 2017 and 2018 in connection with the relevant equity compensation plan. The RSUs represent future subscription rights that entitle the individuals concerned to receive SLH shares after a period of three years, provided that the relevant conditions are met at that point.

Appropriation of Profit
Profit and Appropriation of Profit

Annual profit amounts to CHF 758 292 876. The Board of Directors proposes to the General Meeting of Shareholders that the profit be appropriated in accordance with the table below. If this proposal is adopted, an ordinary dividend of CHF 15.00 per share will be made from profit. In addition, if this proposal is adopted, a distribution of CHF 5.00 per share will be made in the form of a reduction in par value. This amounts to a total distribution of CHF 20.00 per share.

The proposal of the Board of Directors to the General Meeting of Shareholders on 28 April 2020 is based on shares entitled to a dividend as at 31 December 2019. The actual total amount of distribution depends on the number of shares entitled to a dividend on 2 May 2019. Swiss Life Holding Ltd waives a corresponding dividend in respect of treasury shares it holds at the time of distribution.

Profit shown in the balance sheet

In CHF

	2019	2018
Balance carried forward from previous year	**0**	695 784
Annual profit	**758 292 876**	460 147 097
TOTAL PROFIT SHOWN IN THE BALANCE SHEET	**758 292 876**	460 842 881

Appropriation of profit

In CHF

	2019	2018
Dividend	**503 919 090**	479 123 484
Allocation to legal reserves		–
Allocation to free reserves	**254 000 000**	–
Withdrawal from the free reserves		–18 280 603
Balance carried forward to new account	**373 786**	–
TOTAL PROFIT SHOWN IN THE BALANCE SHEET	**758 292 876**	460 842 881

Zurich, 10 March 2020

For the Swiss Life Holding Board of Directors

Rolf Dörig Frank Schnewlin

Report of the Statutory Auditor

Report of the statutory auditor

to the General Meeting of Swiss Life Holding Ltd

Zürich

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Swiss Life Holding Ltd, which comprise the statement of income, balance sheet as at 31 December 2019, and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 313 - 321) as at 31 December 2019 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall materiality: CHF 59 Million

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:

Valuation of participations

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 59 Million
How we determined it	1% of sum of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because the company mainly holds participations in areas of insurance and financial services providers, as well as providing loans to group companies.

We agreed with the Audit Committee that we would report to them misstatements above CHF 5 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of participations

Key audit matter	How our audit addressed the key audit matter
Participations represent a significant amount of the balance sheet (CHF 3'216 million, 54% of total assets). We refer to page 314 of the financial statements of Swiss Life Holding Ltd. Annually, management analyses participations to assess valuation adjustments. For the analysis significant judgement is applied, to determine assumptions, such as new business volume, commission income, cost development applied discount rates on projected cash flows. We consider our audit procedures in this area as particularly important, due to the size of the balance sheet position and level of significant assumptions. In accordance with the Swiss Code of Obligations, participations are valued with deductions for write-downs as necessary.	Our audit work in the area of participations focused on the audit of management's analysis of valuation adjustments of participations as well as an assessment of assumptions used by management to determine the value in use. As part of our audit procedures, we compared the book value with the IFRS equity value or value in use. For material participations, we audited the IFRS equity value as part of the IFRS group audit. For immaterial participations, we performed an assessment of differences between the IFRS equity value and the statutory equity. For participations where the book value exceeds the IFRS equity value, we audited the underlying valuation analysis. We tested the financial budgets approved by management and the board of directors. The financial budgets include details on certain planned activities supporting the expected business development. In particular, we challenged

Management test the valuation of individual participations through a comparison of the book value of each participation to the respective IFRS equity value. Management utilize the equity value of each participation determined for the IFRS closings. As long as the IFRS equity value exceeds the book value of the participation, the conclusion is drawn that the valuation of the participation is sufficient.

In case that the IFRS equity value is below the book value of the participation, management performs an extensive valuation analysis and the value in use is compared to the book value of the participation. For the calculation of the value in use, an extensive valuation analysis using cash flow projections, based on mid-term planning approved by management and the board of directors, is performed.

As the actual cash flows naturally vary from planned projections, management have created detailed sensitivity analyses. The sensitivity analyses provide insights as to the valuation of the participation, when key assumptions, individually or as a whole, on which planned projections are based, are not met.

management as to the feasibility of reaching the planned cash flow projections.

An element of placing trust in planned cash flow projections is the extend they were reached in the past. Where actual results varied from planned results, we inquired as to the reasons and potential impact they may have in reaching future goals and assessed the key drivers which contributed to the deviation.

We critically assessed the additional sensitivity analyses prepared by management to ascertain the level of prudency used.

In addition, we, together with our valuation experts, assessed the main parameters used in the calculation of the weighted average cost of capital, from which the discount rate is derived. In particular, we identified the market data inputs used by management and compared these against independent data. As for the long-term growth rate used at the end of the mid-term planning period, we compared it to the economic environment and industry trends.

We consider the valuation approach, and the assumptions and parameters used within, as a reasonable and adequate basis for the management assessment of the participation value recorded on the balance sheet. The audit evidence obtained through our audit procedures was sufficient and suitable to assess the valuation of participations.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Peter Eberli
Audit expert
Auditor in charge

Nebojsa Baratovic
Audit expert

Zürich, 10 March 2020

Share Performance and Historical Comparison

The Swiss Life share price developed strongly in 2019, closing the year at CHF 485.80. This is an increase of 28%, or 33% taking into account the dividend payment of CHF 16.50 in April 2019.

The global stock market indices performed strongly in 2019, mainly due to three consecutive rate cuts decided by the US Federal Reserve. In such an environment the Swiss Market Index (SMI) also showed a very good performance of +26%. Swiss Life's share price developed strongly in 2019, closing the year with an increase of 28%. The share thus outperformed both the SMI and the European Dow Jones StOXX 600 insurance index (+24%). At the Annual General Meeting in April 2019, shareholders approved a withholding tax-free distribution of CHF 2.50 per share from the capital contribution and an ordinary dividend payment of CHF 14.00. In December 2019, Swiss Life has also successfully completed a CHF 1 billion share buyback programme.

Swiss Life share details

Swiss security number	1 485 278
ISIN	CH 001 485 278 1
Ticker symbol SIX	SLHN
Reuters	SLHN.S
Bloomberg	SLHN SW

Share performance

Amounts in CHF

	as at 2019	2019	2018	2017	2016	2015
Number of shares	**31.12.**	**33 594 606**	34 223 106	34 223 106	32 081 201	32 081 054
Annual high	**07.11.**	**508.40**	395.90	363.50	290.30	272.90
Annual low	**04.01.**	**380.20**	328.10	292.40	211.50	201.80
Year-end price	**30.12.**	**485.80**	378.60	345.00	288.20	271.30
Performance of Swiss Life (in %)		**+28**	+10	+20	+6	+15
Swiss Market Index (SMI)	**30.12.**	**10 617**	8 429	9 382	8 220	8 818
Performance of Swiss Market Index (SMI) (in %)		**+26**	–10	+14	–7	–2
Dow Jones STOXX 600 Insurance Index (in EUR)	**31.12.**	**322.75**	259.40	288.35	269.66	285.56
Performance of Dow Jones STOXX 600 Insurance Index (in %)		**+24**	–10	+7	–6	+14
Average trading volume		**156 762**	177 519	144 983	158 405	142 838
Market capitalisation (in CHF million)	**30.12.**	**16 320**	12 957	11 807	9 246	8 704
Basic earnings per share		**36.59**	31.58	30.98	28.92	27.41
Diluted earnings per share		**36.48**	31.49	29.63	27.27	25.85
Dividend paid per share	**07.05.**	**16.50**	13.50	11.00	8.50	6.50
Total dividend payout to shareholders (in CHF million)	**07.05.**	**547**	460	356	271	207
Dividend yield on year-end price (in %)	**30.12.**	**3.40**	3.57	3.19	2.95	2.40

Source: Bloomberg

Breakdown of registered shares with voting rights as at 31.12.2019

Number of shares	Number of shareholders	As % of registered shareholders
1–25	**123 392**	**78.40**
26–100	**22 651**	**14.39**
101–1 000	**10 314**	**6.55**
> 1 000	**1 035**	**0.66**
TOTAL	**157 392**	**100.00**

Standard & Poor’s financial strength ratings as at 31.12.2019

	Classification	Outlook
Swiss Life Ltd, Zurich	**A+**	**stable**
Swiss Life Ltd, Branch Germany, Munich	**A+**	**stable**

Swiss Life Group historical comparison

In CHF million (if not stated otherwise)

	2019	2018	2017	2016	2015
PREMIUM VOLUME					
Gross written premiums, policy fees and deposits received	**23 008**	19 218	18 565	17 366	18 853
FIGURES FROM CONSOLIDATED STATEMENT OF INCOME					
Net earned premiums	**17 034**	13 157	12 791	13 228	13 771
Fee and commission income	**1 820**	1 615	1 469	1 351	1 292
Financial result	**5 227**	5 003	4 395	5 062	5 281
TOTAL INCOME	**24 320**	20 062	18 769	19 784 [1]	20 555
Net insurance benefits and claims	**–17 838**	–13 961	–13 189	–14 064	–15 516
Policyholder participation	**–1 124**	–1 155	–949	–1 325	–899
Operating expense	**–3 541**	–3 268	–2 842	–2 764 [1]	–2 649
TOTAL EXPENSE	**–22 669**	–18 527	–17 292	–18 393 [1]	–19 226
PROFIT FROM OPERATIONS	**1 651**	1 534	1 476	1 391 [1]	1 329
NET PROFIT	**1 205**	1 080	1 013	926	878
Net profit attributable to					
Equity holders of Swiss Life Holding	**1 199**	1 076	1 007	922	872
Non-controlling interests	**6**	4	6	4	6
FIGURES FROM CONSOLIDATED BALANCE SHEET					
Equity	**16 435**	15 034	15 583	13 739	12 258
Insurance reserves	**183 339**	170 048	171 649	159 899	154 953
Total assets	**228 094**	212 982	212 800	199 731	189 252
FURTHER KEY FIGURES					
Return on equity (in %) [2]	**10.8** [3]	9.6 [3]	9.8	10.0	10.0
Assets under control	**303 677**	277 040	269 255	243 255	223 411
Value of new business	**561**	386	351	296	268
Number of employees (full-time equivalents)	**9 330**	8 624	7 979	7 801	7 595

[1] adjusted

[2] equity excl. unrealised gains/losses on financial instruments

[3] incl. share buy-back (2019: CHF 913 million / 2018: CHF 87 million)

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Annual Report 2019

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.

The Annual Report can be found online at: www.swisslife.com/ar2019

Publishing details

Publisher — Swiss Life Holding Ltd, Zurich
Editorial responsibility — Swiss Life, Group Communications and Strategic Marketing, Zurich
Concept, design and technical realisation — EQS Group, Zurich
Production — Management Digital Data AG, Lenzburg

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

Important dates

Annual General Meeting 2020
28 April 2020, Hallenstadion Zurich

Interim Statement Q1 2020
12 May 2020

Half-year Results 2020
13 August 2020

Interim Statement Q3 2020
4 November 2020

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