



SwissLife

*First-Half
Financial Report
2018*

Contents

4	Condensed Consolidated Statement of Income (unaudited)
5	Condensed Consolidated Statement of Comprehensive Income (unaudited)
6	Condensed Consolidated Balance Sheet (unaudited)
8	Condensed Consolidated Statement of Cash Flows (unaudited)
9	Condensed Consolidated Statement of Changes in Equity (unaudited)
10	Condensed Notes to the Consolidated Financial Statements (unaudited)
10	1 General Information
11	2 Summary of Significant Accounting Policies
13	3 Segment Information
19	4 Contracts for the Account and Risk of the Swiss Life Group's Customers
20	5 Premiums, Policy Fees and Deposits Received
22	6 Details of Certain Items in the Consolidated Statement of Income
26	7 Income Taxes
26	8 Financial Assets at Fair Value through Profit or Loss
27	9 Financial Assets Available for Sale
27	10 Loans and Receivables
28	11 Intangible Assets including Intangible Insurance Assets
31	12 Investment and Unit-Linked Contracts
31	13 Borrowings
33	14 Insurance Liabilities
34	15 Employee Benefits
35	16 Fair Value of Financial Instruments
40	17 Acquisitions and Disposals of Subsidiaries
41	Review Report

Condensed Consolidated Statement of Income (unaudited)

Consolidated statement of income for the 6 months ended 30 June

In CHF million

	Notes	2018 HY	2017 HY
INCOME			
Premiums earned on insurance contracts		7 600	7 148
Premiums earned on investment contracts with discretionary participation		413	438
Premiums ceded to reinsurers		-76	-72
Net earned premiums	5	7 938	7 515
Policy fees earned on insurance contracts		13	9
Policy fees earned on investment and unit-linked contracts		158	140
Net earned policy fees	5	170	149
Commission income	6	628	527
Investment income	4, 6	2 231	2 182
Net gains/losses on financial assets	4, 6	461	-486
Net gains/losses on financial instruments at fair value through profit or loss	4, 6	-145	283
Net gains/losses on investment property	4	275	348
Share of profit or loss of associates	4	-4	2
Other income	6	103	153
TOTAL INCOME		11 657	10 674
EXPENSES			
Benefits and claims under insurance contracts		-7 898	-7 539
Benefits and claims under investment contracts with discretionary participation		-280	-448
Benefits and claims recovered from reinsurers		40	30
Net insurance benefits and claims	6	-8 138	-7 958
Policyholder participation		-1 135	-452
Interest expense	6	-78	-71
Commission expense	6	-494	-441
Employee benefits expense	6	-488	-457
Depreciation and amortisation expense	6	-232	-195
Impairment of property and equipment and intangible assets		-1	-
Other expenses	6	-290	-340
TOTAL EXPENSES		-10 856	-9 915
PROFIT FROM OPERATIONS		801	759
Borrowing costs		-71	-82
PROFIT BEFORE INCOME TAX		730	676
Income tax expense	7	-169	-152
NET PROFIT		561	524
Net profit attributable to			
equity holders of Swiss Life Holding		558	521
non-controlling interests		3	3
NET PROFIT		561	524
Earnings per share attributable to equity holders of Swiss Life Holding			
Basic earnings per share (in CHF)		16.39	16.22
Diluted earnings per share (in CHF)		16.35	15.37

Condensed Consolidated Statement of Comprehensive Income (unaudited)

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

In CHF million

	2018 HY	2017 HY
NET PROFIT	561	524
OTHER COMPREHENSIVE INCOME		
ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT		
Exchange differences on translating foreign operations	6	-53
Net investment hedges	-37	122
Financial assets available for sale	-2 193	-503
Cash flow hedges	-87	-103
Financial assets reclassified to loans	27	11
Share of other comprehensive income of associates	0	0
Adjustments relating to items that may be reclassified:		
Policyholder participation	1 127	442
Shadow accounting	60	13
Income tax	222	14
TOTAL	-875	-56
ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT		
Revaluation surplus on investment property	-1	2
Remeasurements on defined benefit pension liability	72	58
Adjustments relating to items that will not be reclassified:		
Policyholder participation	-39	-34
Shadow accounting	0	0
Income tax	-6	-6
TOTAL	25	21
NET OTHER COMPREHENSIVE INCOME	-850	-35
TOTAL NET COMPREHENSIVE INCOME	-289	490
Total net comprehensive income attributable to		
equity holders of Swiss Life Holding	-291	486
non-controlling interests	2	4
TOTAL NET COMPREHENSIVE INCOME	-289	490

Condensed Consolidated Balance Sheet (unaudited)

Consolidated balance sheet

In CHF million

	Notes	30.06.2018	31.12.2017
ASSETS			
Cash and cash equivalents		7 676	6 611
Derivatives		1 807	1 675
Assets held for sale		1	52
Financial assets at fair value through profit or loss	8	41 165	40 228
Financial assets available for sale	9	102 953	104 922
Loans and receivables	10	22 631	22 974
Financial assets pledged as collateral		3 927	3 601
Investment property		29 113	27 946
Investments in associates		170	163
Reinsurance assets		535	529
Property and equipment		398	404
Intangible assets including intangible insurance assets	11	2 966	2 931
Current income tax assets		77	36
Deferred income tax assets		40	40
Other assets		957	688
TOTAL ASSETS		214 417	212 800

Consolidated balance sheet

In CHF million

	Notes	30.06.2018	31.12.2017
LIABILITIES AND EQUITY			
LIABILITIES			
Derivatives		1 630	1 619
Liabilities associated with assets held for sale		–	3
Investment and unit-linked contracts	12	41 496	41 756
Borrowings	13	3 735	3 577
Other financial liabilities		16 307	15 574
Insurance liabilities	14	118 866	116 844
Policyholder participation liabilities		12 756	13 050
Employee benefit liabilities	15	1 844	1 986
Current income tax liabilities		166	153
Deferred income tax liabilities		2 058	2 216
Provisions		71	74
Other liabilities		248	366
TOTAL LIABILITIES		199 179	197 218
EQUITY			
Share capital		175	175
Share premium		336	803
Treasury shares		–34	–26
Accumulated other comprehensive income		2 524	3 374
Retained earnings		11 721	11 169
TOTAL SHAREHOLDERS' EQUITY		14 722	15 495
Hybrid equity		425	–
Non-controlling interests		91	88
TOTAL EQUITY		15 238	15 583
TOTAL LIABILITIES AND EQUITY		214 417	212 800

Condensed Consolidated Statement of Cash Flows (unaudited)

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

In CHF million

	Notes	2018 HY	2017 HY
TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES		1 177	855
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of investments in associates		-6	-11
Dividends received from associates		2	2
Purchases of property and equipment		-11	-22
Sales of property and equipment		2	5
Purchases of computer software and other intangible assets		-12	-5
Acquisitions of subsidiaries, net of cash and cash equivalents	17	-63	-
Disposals of subsidiaries, net of cash and cash equivalents		7	51
TOTAL NET CASH FLOWS FROM INVESTING ACTIVITIES		-79	20
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of debt instruments	13	174	-
Redemption of debt instruments	13	-1	-631
Issuance of hybrid equity		422	-
Distribution out of capital contribution reserve		-460	-356
Purchases of treasury shares		-20	-
Sales of treasury shares		0	0
Borrowing costs paid		-86	-110
Dividends paid to non-controlling interests		-1	-1
TOTAL NET CASH FLOWS FROM FINANCING ACTIVITIES		28	-1 099
TOTAL CHANGE IN CASH AND CASH EQUIVALENTS		1 127	-224
Cash and cash equivalents as at 1 January		6 611	7 333
Foreign currency differences		-62	64
Total change in cash and cash equivalents		1 127	-224
CASH AND CASH EQUIVALENTS AS AT END OF PERIOD		7 676	7 173

Condensed Consolidated Statement of Changes in Equity (unaudited)

Consolidated statement of changes in equity for the 6 months ended 30 June 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		-	-	-	-850	558	-291	-	2	-289
Distribution out of capital contribution reserve	1	-	-460	-	-	-	-460	-	-	-460
Issuance of hybrid equity		-	-	-	-	-3	-3	425	-	422
Equity-settled share-based payments		-	5	-	-	-	5	-	-	5
Purchases of treasury shares		-	-	-20	-	-	-20	-	-	-20
Sales of treasury shares		-	0	0	-	-	0	-	-	0
Allocation of treasury shares under equity compensation plans		-	-12	12	-	-	-	-	-	-
Disposals of subsidiaries		-	-	-	-	-	-	-	0	0
Acquisitions of subsidiaries		-	-	-	-	-	-	-	3	3
Dividends		-	-	-	-	-	-	-	-3	-3
Interest on hybrid equity		-	-	-	-	-2	-2	-	-	-2
BALANCE AS AT END OF PERIOD		175	336	-34	2 524	11 721	14 722	425	91	15 238

On 22 March 2018, Swiss Life Ltd issued a CHF 425 million perpetual subordinated bond (“hybrid equity”) with a fixed interest rate of 2.00 % p.a. until first call date in September 2024.

Consolidated statement of changes in equity for the 6 months ended 30 June 2017

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		164	745	-37	2 673	10 113	13 657	-	82	13 739
Total net comprehensive income		-	-	-	-35	521	486	-	4	490
Distribution out of capital contribution reserve		-	-356	-	-	-	-356	-	-	-356
Conversion of convertible debt	13	2	81	-	-	9	93	-	-	93
Equity-settled share-based payments		-	5	-	-	-	5	-	-	5
Sales of treasury shares		-	0	0	-	-	0	-	-	0
Allocation of treasury shares under equity compensation plans		-	-11	11	-	-	-	-	-	-
In-kind contributions from non-controlling interests		-	-	-	-	-	-	-	11	11
Dividends		-	-	-	-	-	-	-	-1	-1
BALANCE AS AT END OF PERIOD		166	464	-26	2 638	10 643	13 884	-	96	13 980

Condensed Notes to the Consolidated Financial Statements (unaudited)

1 General Information

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

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

Distribution out of capital contribution reserve

For the 2017 financial year, a distribution was made to the shareholders of Swiss Life Holding Ltd (hereinafter referred to as "Swiss Life Holding") from the capital contribution reserve instead of a dividend payment from available retained earnings. This amounted to CHF 460 million (CHF 13.50 per registered share) and was paid in the first half of 2018.

2 Summary of Significant Accounting Policies

The half-year financial statements are prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”. The accounting policies used in the preparation of the interim financial statements are consistent with those used in the financial statements for the year ended 31 December 2017, except for the changes in accounting policies as described below.

These interim financial statements should be read in conjunction with the 2017 annual financial statements.

Figures may not add up exactly due to rounding.

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. The temporary exemption will end on 1 January 2021.

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 with the total carrying amount of its liabilities. The activities of Swiss Life Group are predominantly connected with insurance, as the carrying amount of its liabilities arising from contracts within the scope of IFRS 4 is significant compared to the total carrying amount of all its liabilities. The insurance related liabilities represent more than 90 per cent of the total carrying amount of all its liabilities based on the Consolidated Financial Statements 2015.

The Swiss Life Group adopted IFRS 15 Revenue from Contracts with Customers effective from 1 January 2018. The core principle of the standard is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration of which the entity expects to be entitled in exchange for those goods or services. The adoption of IFRS 15 did not have a material impact on the Swiss Life Group’s financial statements.

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

Related party transactions

Transactions with subsidiaries were eliminated on consolidation. No major transactions with other related parties were entered into in the period under review.

Functional and presentation currency

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

Foreign currency exchange rates

	For the balance sheet		For the income statement	
	30.06.2018	31.12.2017	Average 2018 HY	Average 2017 HY
1 British pound (GBP)	1.3088	1.3167	1.3307	1.2522
1 Czech koruna (CZK)	0.0446	0.0458	0.0459	0.0402
1 Euro (EUR)	1.1583	1.1704	1.1707	1.0770
1 Singapore dollar (SGD)	0.7278	0.7284	0.7290	0.7082
1 US dollar (USD)	0.9920	0.9736	0.9671	0.9944

3 Segment Information

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

The accounting policies for the segments are the same as those described in the Summary of Significant Accounting Policies section. 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

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 Swiss Life 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 Swiss Life Select units operating in Austria and the Czech Republic, as well as Chase de Vere operating in the United Kingdom.

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

"Asset Managers" refers to the management of assets for institutional clients and the Swiss Life Group's insurance business, as well as the provision of expert advice for such clients.

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

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

Statement of income for the 6 months ended 30 June 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	5 575	1 416	595	23	-	0	7 609	-9	7 600
Premiums earned on investment contracts with discretionary participation	413	-	-	-	-	-	413	-	413
Premiums ceded to reinsurers	-5	-66	-10	-4	-	-	-85	9	-76
Net earned premiums	5 983	1 350	585	19	-	0	7 938	0	7 938
Policy fees earned on insurance contracts	4	3	6	0	-	-	13	-	13
Policy fees earned on investment and unit-linked contracts	20	92	2	43	-	-	158	0	158
Net earned policy fees	24	95	8	43	-	-	170	0	170
Commission income	102	70	224	81	312	2	790	-162	628
Investment income	1 519	372	303	17	0	22	2 233	-2	2 231
Net gains/losses on financial assets	230	20	200	6	0	5	461	-	461
Net gains/losses on financial instruments at fair value through profit or loss	-27	-14	-79	-2	0	-23	-145	0	-145
Net gains/losses on investment property	203	55	18	-	-	-	275	-	275
Share of profit or loss of associates	-9	1	-	-	3	-	-4	-	-4
Other income	66	4	0	-5	38	0	104	-1	103
TOTAL INCOME	8 090	1 952	1 259	160	353	7	11 822	-165	11 657
of which intersegment	14	0	-4	-1	151	4	165	-165	
EXPENSES									
Benefits and claims under insurance contracts	-6 150	-1 105	-638	-8	-	0	-7 901	4	-7 898
Benefits and claims under investment contracts with discretionary participation	-280	-	-	-	-	-	-280	-	-280
Benefits and claims recovered from reinsurers	2	33	7	0	-	-	43	-3	40
Net insurance benefits and claims	-6 428	-1 072	-630	-7	-	0	-8 138	0	-8 138
Policyholder participation	-738	-169	-221	-7	-	-	-1 135	0	-1 135
Interest expense	-19	-47	-8	-8	-1	0	-82	4	-78
Commission expense	-208	-205	-164	-51	-27	0	-656	162	-494
Employee benefits expense	-127	-106	-74	-28	-120	-3	-458	-2	-461
Depreciation and amortisation expense	-67	-115	-40	-4	-6	0	-232	-	-232
Impairment of property and equipment and intangible assets	-1	-	0	-	-	-	-1	-	-1
Other expenses	-64	-86	-28	-21	-81	-2	-282	1	-281
TOTAL EXPENSES	-7 651	-1 800	-1 166	-126	-236	-5	-10 985	165	-10 820
of which intersegment	-114	-6	-29	0	-14	-1	-165	165	
SEGMENT RESULT	439	152	93	34	118	2	837	-	837
Unallocated corporate costs									-36
PROFIT FROM OPERATIONS									801
Borrowing costs									-71
Income tax expense									-169
NET PROFIT									561

Statement of income for the 6 months ended 30 June 2017

In CHF million									
	Switzer-land	France	Germany	Inter-national	Asset Managers	Other	Total before elimi-nations	Elimi-nations	Total
INCOME									
Premiums earned on insurance contracts	5 336	1 247	550	24	-	0	7 158	-9	7 148
Premiums earned on investment contracts with discretionary participation	438	-	-	-	-	-	438	-	438
Premiums ceded to reinsurers	-6	-60	-12	-4	-	-	-81	9	-72
Net earned premiums	5 769	1 187	539	20	-	0	7 515	0	7 515
Policy fees earned on insurance contracts	2	3	3	0	-	-	9	-	9
Policy fees earned on investment and unit-linked contracts	19	78	2	41	-	-	140	0	140
Net earned policy fees	21	81	5	41	-	-	149	0	149
Commission income	94	53	177	71	295	4	694	-167	527
Investment income	1 547	302	301	16	0	18	2 184	-1	2 182
Net gains/losses on financial assets	-480	-33	33	22	-1	-27	-486	-	-486
Net gains/losses on financial instruments at fair value through profit or loss	131	25	136	-32	0	23	283	0	283
Net gains/losses on investment property	283	65	0	-	-	-	348	-	348
Share of profit or loss of associates	0	2	-	-	0	-	2	-	2
Other income	31	0	2	9	100	0	141	12	153
TOTAL INCOME	7 396	1 682	1 193	147	394	18	10 830	-156	10 674
of which intersegment	-1	1	-4	-2	157	5	156	-156	
EXPENSES									
Benefits and claims under insurance contracts	-5 953	-985	-593	-10	-	0	-7 541	3	-7 539
Benefits and claims under investment contracts with discretionary participation	-448	-	-	-	-	-	-448	-	-448
Benefits and claims recovered from reinsurers	3	20	8	1	-	0	32	-3	30
Net insurance benefits and claims	-6 398	-965	-585	-10	-	0	-7 958	0	-7 958
Policyholder participation	-122	-71	-251	-8	-	-	-452	0	-452
Interest expense	-15	-46	-6	-7	-1	0	-75	3	-71
Commission expense	-193	-191	-131	-50	-26	-1	-592	151	-441
Employee benefits expense	-135	-93	-68	-27	-113	0	-436	0	-436
Depreciation and amortisation expense	-30	-104	-52	-3	-6	0	-195	-	-195
Impairment of property and equipment and intangible assets	-	-	-	-	-	-	-	-	-
Other expenses	-77	-69	-30	-18	-125	-11	-330	2	-328
TOTAL EXPENSES	-6 972	-1 538	-1 123	-122	-271	-13	-10 038	156	-9 882
of which intersegment	-93	-6	-23	0	-30	-4	-156	156	
SEGMENT RESULT	424	145	70	25	123	5	791	-	791
Unallocated corporate costs									-33
PROFIT FROM OPERATIONS									759
Borrowing costs									-82
Income tax expense									-152
NET PROFIT									524

Balance sheet as at 30 June 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	2 759	1 439	355	2 884	134	105	7 676	-	7 676
Derivatives	1 607	191	37	-	-	8	1 843	-36	1 807
Assets held for sale	1	-	-	-	-	-	1	-	1
Financial assets at fair value through profit or loss	6 890	14 695	1 680	17 884	16	-	41 165	-	41 165
Financial assets available for sale	71 133	19 092	9 547	1 516	3	1 661	102 953	-	102 953
Loans and receivables	14 030	2 587	6 942	135	223	2 046	25 963	-3 332	22 631
Financial assets pledged as collateral	2 562	1 364	-	-	-	-	3 927	-	3 927
Investment property	23 179	2 898	3 036	-	-	-	29 113	-	29 113
Investments in associates	42	101	21	0	6	-	170	-	170
Reinsurance assets	33	286	108	116	-	-	542	-7	535
Property and equipment	206	48	130	5	8	-	398	-	398
Intangible assets including intangible insurance assets	681	371	1 452	269	194	0	2 966	-	2 966
Other assets	756	19	5	8	328	3	1 119	-161	957
SEGMENT ASSETS	123 878	43 092	23 313	22 817	911	3 823	217 835	-3 536	214 300
Income tax assets									117
TOTAL ASSETS									214 417
LIABILITIES AND EQUITY									
LIABILITIES									
Derivatives	1 458	41	96	-	-	71	1 666	-36	1 630
Investment and unit-linked contracts	6 586	12 210	952	21 749	-	-	41 497	0	41 496
Other financial liabilities	9 800	5 825	1 187	154	295	257	17 518	-1 211	16 307
Insurance liabilities	82 875	18 810	17 002	214	-	0	118 902	-35	118 866
Policyholder participation liabilities	7 030	3 329	2 365	32	-	-	12 756	0	12 756
Employee benefit liabilities	1 456	86	214	11	78	-	1 844	-	1 844
Provisions	29	14	7	7	7	8	71	-	71
Other liabilities	80	103	42	15	7	3	251	-2	248
SEGMENT LIABILITIES	109 313	40 417	21 866	22 182	387	340	194 505	-1 285	193 220
Borrowings									3 735
Income tax liabilities									2 224
EQUITY									15 238
TOTAL LIABILITIES AND EQUITY									214 417

Balance sheet as at 31 December 2017

In CHF million

	Switzer- land	France	Germany	Inter- national	Asset Managers	Other	Total before elim- inations	Elimi- nations	Total
ASSETS									
Cash and cash equivalents	2 099	1 040	430	2 862	132	47	6 611	-	6 611
Derivatives	1 404	209	88	-	-	7	1 708	-33	1 675
Assets held for sale	37	5	5	-	4	-	52	-	52
Financial assets at fair value through profit or loss	6 609	14 009	1 627	17 983	0	-	40 228	-	40 228
Financial assets available for sale	72 716	19 411	9 573	1 528	28	1 664	104 922	-	104 922
Loans and receivables	13 717	2 807	7 425	108	334	1 964	26 355	-3 380	22 974
Financial assets pledged as collateral	2 214	1 344	-	-	-	42	3 601	-	3 601
Investment property	22 635	2 762	2 545	-	4	-	27 946	-	27 946
Investments in associates	36	103	21	0	3	-	163	-	163
Reinsurance assets	32	282	104	117	-	-	535	-6	529
Property and equipment	209	48	135	6	7	-	404	-	404
Intangible assets including intangible insurance assets	644	368	1 443	266	210	0	2 931	-	2 931
Other assets	539	36	12	6	263	3	859	-171	688
SEGMENT ASSETS	122 891	42 425	23 409	22 877	986	3 727	216 314	-3 590	212 724
Income tax assets									76
TOTAL ASSETS									212 800
LIABILITIES AND EQUITY									
LIABILITIES									
Derivatives	1 520	40	35	-	-	56	1 652	-33	1 619
Liabilities associated with assets held for sale	-	-	-	-	3	-	3	-	3
Investment and unit-linked contracts	6 897	12 201	948	21 709	-	-	41 756	0	41 756
Other financial liabilities	9 095	5 661	1 239	264	260	304	16 823	-1 248	15 574
Insurance liabilities	81 347	18 251	17 078	203	-	0	116 878	-35	116 844
Policyholder participation liabilities	7 255	3 370	2 387	37	-	-	13 050	0	13 050
Employee benefit liabilities	1 576	81	217	13	100	-	1 986	-	1 986
Provisions	30	11	10	8	7	8	74	-	74
Other liabilities	178	124	46	8	7	5	368	-1	366
SEGMENT LIABILITIES	107 899	39 739	21 962	22 241	376	373	192 590	-1 318	191 272
Borrowings									3 577
Income tax liabilities									2 369
EQUITY									15 583
TOTAL LIABILITIES AND EQUITY									212 800

Premiums and policy fees from external customers

In CHF million	Net earned premiums		Net earned policy fees	
	2018 HY	2017 HY	2018 HY	2017 HY
LIFE				
Individual life	1 664	1 531	163	143
Group life	6 085	5 812	7	5
TOTAL LIFE	7 749	7 343	170	149
NON-LIFE				
Accident and health	6	5	-	-
Property, casualty and other	183	166	-	-
TOTAL NON-LIFE	189	172	-	-
TOTAL	7 938	7 515	170	149

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

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

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

In CHF million		
	30.06.2018	31.12.2017
Cash and cash equivalents	2 831	2 830
Derivatives	0	0
Financial assets at fair value through profit or loss		
Debt securities	6 593	6 647
Equity securities	4 788	4 588
Investment funds	21 899	21 586
Other	4	3
TOTAL ASSETS FOR THE ACCOUNT AND RISK OF THE SWISS LIFE GROUP'S CUSTOMERS	36 115	35 654

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

In CHF million			
	Notes	30.06.2018	31.12.2017
Unit-linked contracts	12	25 142	25 130
Investment contracts	12	4 909	4 875
Insurance liabilities	14	5 896	5 462
TOTAL LIABILITIES LINKED TO ASSETS FOR THE ACCOUNT AND RISK OF THE SWISS LIFE GROUP'S CUSTOMERS		35 947	35 466

Financial result for the 6 months ended 30 June

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	2018 HY	2017 HY	2018 HY	2017 HY	2018 HY	2017 HY
Investment income	6	2 231	2 182	–	–	2 231	2 182
Net gains/losses on financial assets	6	460	–518	2	32	461	–486
Net gains/losses on financial instruments at fair value through profit or loss	6	–145	324	0	–41	–145	283
Net gains/losses on investment property		275	348	–	–	275	348
Share of profit or loss of associates		–4	2	–	–	–4	2
FINANCIAL RESULT		2 816	2 339	2	–9	2 818	2 330

5 Premiums, Policy Fees and Deposits Received

Written premiums

In CHF million		
	2018 HY	2017 HY
Direct	7 876	7 474
Assumed	193	161
GROSS WRITTEN PREMIUMS	8 069	7 635
Ceded	-81	-77
NET WRITTEN PREMIUMS	7 988	7 558

Earned premiums

In CHF million		
	2018 HY	2017 HY
Direct	7 821	7 426
Assumed	192	160
GROSS EARNED PREMIUMS	8 013	7 586
Ceded	-76	-72
NET EARNED PREMIUMS	7 938	7 515

Written policy fees

In CHF million		
	2018 HY	2017 HY
Direct	180	158
Assumed	-	-
GROSS WRITTEN POLICY FEES	180	158
Ceded	0	-
NET WRITTEN POLICY FEES	180	158

Earned policy fees

In CHF million		
	2018 HY	2017 HY
Direct	170	149
Assumed	-	-
GROSS EARNED POLICY FEES	170	149
Ceded	0	-
NET EARNED POLICY FEES	170	149

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		
	2018 HY	2017 HY
Gross written premiums and policy fees	8 249	7 793
Deposits received under insurance and investment contracts	2 492	2 189
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	10 741	9 982

6 Details of Certain Items in the Consolidated Statement of Income

Commission income

In CHF million

	2018 HY	2017 HY
Brokerage commissions	312	254
Asset management commissions	174	170
Other commissions and fees	142	103
TOTAL COMMISSION INCOME	628	527

Investment income

In CHF million

	2018 HY	2017 HY
Interest income on financial assets available for sale	1 232	1 237
Interest income on loans and receivables	253	298
Other interest income	2	20
Dividend income on financial assets available for sale	310	231
Net income on investment property	434	397
TOTAL INVESTMENT INCOME	2 231	2 182

Net gains/losses on financial assets

In CHF million

	2018 HY	2017 HY
Sale of		
financial assets available for sale	266	432
loans	171	164
Net gains/losses from sales	437	596
Impairment losses on		
debt instruments available for sale	-17	0
equity instruments available for sale	-24	-6
loans and receivables	-3	0
Impairment losses on financial assets	-45	-6
Foreign currency gains/losses	69	-1 075
TOTAL NET GAINS/LOSSES ON FINANCIAL ASSETS	461	-486

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

In CHF million

	2018 HY	2017 HY
Currency derivatives	-425	758
Interest rate derivatives	97	-73
Equity derivatives	107	-430
Other derivatives	19	-30
Financial assets designated as at fair value through profit or loss	108	109
Associates at fair value through profit or loss	-1	-1
Investment contracts without discretionary participation	-2	23
Non-controlling interests in investment funds	-48	-31
Other financial liabilities	0	0
Assets for the account and risk of the Swiss Life Group's customers	-293	679
Liabilities linked to assets for the account and risk of the Swiss Life Group's customers	293	-720
TOTAL NET GAINS/LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	-145	283

Other income

In CHF million

	2018 HY	2017 HY
Realised gains/losses on sales of subsidiaries and other assets	19	30
Revenue from sale of inventory property	38	131
Other foreign currency gains/losses	27	-22
Other	19	13
TOTAL OTHER INCOME	103	153

Net insurance benefits and claims

In CHF million

	2018 HY	2017 HY
Benefits and claims under insurance contracts		
Life benefits and claims paid, gross	5 934	5 685
Change in liability for future life policyholder benefits, gross	1 840	1 752
Non-life claims paid, gross	120	114
Change in reserve for non-life claims, gross	4	-12
Benefits and claims recovered from reinsurers	-40	-30
Net benefits and claims under insurance contracts	7 858	7 509
Benefits and claims under investment contracts with discretionary participation		
Life benefits and claims paid, gross	590	381
Change in liability for future life policyholder benefits, gross	-310	67
Net benefits and claims under investment contracts with discretionary participation	280	448
TOTAL NET INSURANCE BENEFITS AND CLAIMS	8 138	7 958

Interest expense

In CHF million

	2018 HY	2017 HY
Interest expense on deposits	9	6
Negative interest on repurchase agreements	-10	-9
Interest expense on due to banks	12	8
Interest expense on investment contracts	39	38
Interest expense on deposits under insurance contracts	21	23
Other interest expense	7	6
TOTAL INTEREST EXPENSE	78	71

Commission expense

In CHF million

	2018 HY	2017 HY
Insurance agent and broker commissions	415	368
Asset management and banking commissions	34	36
Other commissions and fees	45	37
TOTAL COMMISSION EXPENSE	494	441

Employee benefits expense

In CHF million

	2018 HY	2017 HY
Wages and salaries	348	324
Social security	73	64
Defined benefit plans	45	46
Defined contribution plans	1	1
Other employee benefits	22	22
TOTAL EMPLOYEE BENEFITS EXPENSE	488	457

Depreciation and amortisation expense

In CHF million

	Notes	2018 HY	2017 HY
Depreciation of property and equipment		13	11
Amortisation of present value of future profits (PVP)	11	0	0
Amortisation of deferred acquisition costs (DAC)	11	200	165
Amortisation of deferred origination costs (DOC)	11	5	4
Amortisation of other intangible assets	11	14	14
TOTAL DEPRECIATION AND AMORTISATION EXPENSE		232	195

Other expenses

In CHF million

	2018 HY	2017 HY
Marketing and advertising	21	24
Information technology and systems	44	42
Rental, maintenance and repair	38	33
Professional services	85	73
Cost of inventory property sold	33	106
Premium taxes and other non-income taxes	32	28
Other	38	35
TOTAL OTHER EXPENSES	290	340

7 Income Taxes

Income tax expense

In CHF million

	2018 HY	2017 HY
Current income tax expense	115	120
Deferred income tax expense	54	32
TOTAL INCOME TAX EXPENSE	169	152

8 Financial Assets at Fair Value through Profit or Loss

In CHF million

	Notes	30.06.2018	31.12.2017
Debt securities		385	545
Equity securities		5	11
Investment funds – debt		2 775	2 444
Investment funds – equity		812	852
Investment funds – balanced		336	392
Real estate funds		1 622	1 433
Infrastructure investments		1 944	1 723
Private equity and hedge funds		3	4
Financial assets for the account and risk of the Swiss Life Group's customers	4	33 284	32 824
TOTAL FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS		41 165	40 228

9 Financial Assets Available for Sale

In CHF million	Cost/amortised cost		Net unrealised gains/losses		Fair value (Carrying amount)	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017
	Debt securities	75 184	77 097	8 381	10 349	83 565
Senior secured loans	2 549	2 652	2	-4	2 551	2 649
Equity securities	8 453	6 283	1 419	1 448	9 872	7 731
Investment funds – debt	3 691	3 680	68	72	3 759	3 752
Investment funds – equity	2 052	1 937	315	419	2 367	2 356
Investment funds – balanced	4	18	0	0	3	18
Real estate funds	432	406	14	7	446	413
Private equity	253	332	87	162	341	494
Hedge funds	31	41	17	23	48	64
TOTAL FINANCIAL ASSETS AVAILABLE FOR SALE	92 650	92 447	10 303	12 475	102 953	104 922

10 Loans and Receivables

In CHF million	Notes	Gross amount		Allowance for impairment losses		Cost/amortised cost (carrying amount)	
		30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017
LOANS							
Mortgages		8 463	8 148	-15	-15	8 448	8 134
Corporate and other loans		2 019	2 221	-4	-4	2 015	2 216
Note loans		5 628	6 061	-	-	5 628	6 061
Debt securities previously classified as available for sale		1 208	1 932	-	-	1 208	1 932
Other debt securities classified as loans		275	270	-	-	275	270
TOTAL LOANS	16	17 593	18 632	-19	-19	17 574	18 613
RECEIVABLES							
Insurance receivables		1 594	1 518	-20	-21	1 574	1 496
Reinsurance receivables		327	320	-	-	327	320
Accrued income		1 240	1 502	-	-	1 240	1 502
Settlement accounts		1 184	419	-	-	1 184	419
Other receivables		737	629	-5	-5	732	624
TOTAL RECEIVABLES	16	5 082	4 387	-25	-26	5 058	4 361
TOTAL LOANS AND RECEIVABLES		22 675	23 020	-44	-45	22 631	22 974

11 Intangible Assets including Intangible Insurance Assets

In CHF million

	30.06.2018	31.12.2017
Intangible insurance assets	1 539	1 482
Other intangible assets	1 426	1 449
TOTAL INTANGIBLE ASSETS	2 966	2 931

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	
	2018 HY	2017 YE	2018 HY	2017 YE	2018 HY	2017 YE	2018 HY	2017 YE
Balance as at 1 January	9	9	1 453	1 319	20	15	1 482	1 343
Additions	–	–	205	405	11	14	216	419
Amortisation	0	0	–200	–336	–5	–9	–205	–346
Impairment	–	–	0	–	–	–	0	–
Effect of shadow accounting	0	0	56	–16	–	–	56	–16
Foreign currency translation differences	0	1	–10	81	0	1	–11	82
BALANCE AS AT END OF PERIOD	9	9	1 504	1 453	27	20	1 539	1 482

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 6 months ended 30 June 2018

In CHF million						
	Notes	Goodwill	Customer relationships	Computer software	Brands and other	Total
COST						
Balance as at 1 January		1 865	157	215	25	2 262
Additions		-	2	6	4	12
Additions from business combinations	17	1	-	-	-	1
Disposals ¹		-18	-	-3	-2	-23
Foreign currency translation differences		-11	-1	-2	0	-15
BALANCE AS AT END OF PERIOD		1 837	157	216	27	2 237
ACCUMULATED AMORTISATION AND IMPAIRMENT						
Balance as at 1 January		-547	-95	-170	-1	-812
Amortisation		-	-6	-8	0	-14
Impairment losses		-1	-	-	-	-1
Disposals ¹		10	-	1	-	11
Foreign currency translation differences		4	1	2	0	6
BALANCE AS AT END OF PERIOD		-535	-100	-175	-1	-810
TOTAL OTHER INTANGIBLE ASSETS AS AT END OF PERIOD		1 302	57	42	25	1 426

¹ Includes elimination of fully amortised/impaird assets.

Other intangible assets for the year 2017

In CHF million						
		Goodwill	Customer relationships	Computer software	Brands and other	Total
COST						
Balance as at 1 January		1 754	147	188	22	2 110
Additions		-	0	14	1	15
Additions from business combinations		23	-	-	-	23
Disposals ¹		-	-	-3	-	-3
Foreign currency translation differences		88	10	16	2	116
BALANCE AS AT END OF PERIOD		1 865	157	215	25	2 262
ACCUMULATED AMORTISATION AND IMPAIRMENT						
Balance as at 1 January		-516	-76	-143	0	-736
Amortisation		-	-13	-15	0	-29
Disposals ¹		-	-	2	-	2
Foreign currency translation differences		-31	-5	-13	0	-49
BALANCE AS AT END OF PERIOD		-547	-95	-170	-1	-812
TOTAL OTHER INTANGIBLE ASSETS AS AT END OF PERIOD		1 318	62	46	24	1 449

¹ Includes elimination of fully amortised/impaird assets.

Goodwill

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

The acquisition of Artemis Acquisition Germany Sarl, Luxembourg, in March 2018, led to the recognition of goodwill of CHF 1 million. The goodwill has been allocated to the "Switzerland" segment and was fully impaired.

In October 2017, the Swiss Life Group acquired Medical Money Management Ltd., Liverpool. The goodwill relating to this acquisition amounted to CHF 23 million and has been allocated to the "International" segment.

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 has been allocated to the "Asset Managers" segment. Of the goodwill relating to other acquisitions, CHF 19 million (31.12.2017: CHF 21 million) have been allocated to the "France" segment, CHF 27 million (31.12.2017: CHF 26 million) to the "Asset Managers" segment and CHF 23 million to the "International" segment as at 30 June 2018 (31.12.2017: CHF 23 million).

In CHF million	Lloyd Continental		CapitalLeben		Corpus Sireo		Other	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017
Net carrying amount of goodwill	287	287	149	149	104	113	69	70
Impairment losses	-	-	-	-	-	-	1	-

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

Goodwill relating to Swiss Life Select

In CHF million	Switzerland		Germany		International		Total	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017
Net carrying amount of goodwill	152	152	467	472	74	75	693	699

Customer relationships

As at 30 June 2018, customer relationships comprise customer relationships relating to Swiss Life Select: CHF 3 million (31.12.2017: CHF 3 million), which were allocated to the “Switzerland” segment. The “France” segment comprises customer relationships of CHF 13 million (31.12.2017: CHF 13 million) and the “Asset Managers” segment CHF 41 million (31.12.2017: CHF 45 million). Customer relationships were included in the impairment test of the respective cash-generating unit.

Brands and other

Comprises the brands Corpus Sireo and Mayfair.

12 Investment and Unit-Linked Contracts

In CHF million		Gross		Ceded		Net	
		Notes	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018
Unit-linked contracts	16	25 142	25 130	–	–	25 142	25 130
Investment contracts with discretionary participation features (DPF)		15 881	16 243	128	130	15 752	16 113
Investment contracts without DPF at fair value through profit or loss	16	473	383	–	–	473	383
Investment contracts without DPF at amortised cost	16	0	0	–	–	0	0
TOTAL INVESTMENT AND UNIT-LINKED CONTRACTS		41 496	41 756	128	130	41 368	41 626
of which for the account and risk of the Swiss Life Group's customers							
unit-linked contracts	4	25 142	25 130	–	–	25 142	25 130
investment contracts	4	4 909	4 875	–	–	4 909	4 875

13 Borrowings

In CHF million		Notes	30.06.2018	31.12.2017
Hybrid debt			3 310	3 152
Senior bonds			424	424
Other			1	1
TOTAL BORROWINGS		16	3 735	3 577

Reconciliation of liabilities arising from financing activities for the 6 months ended 30 June 2018

In CHF million					
	Hybrid debt	Convertible debt	Senior bonds	Other	Total
Balance as at 1 January	3 152	–	424	1	3 577
Cash flows					
Issuance	174	–	–	–	174
Redemption	–	–	–	–1	–1
Non-cash changes					
Premium/discount amortisation	2	–	0	0	2
Foreign currency translation differences	–19	–	–	1	–18
BALANCE AS AT END OF PERIOD	3 310	–	424	1	3 735

Reconciliation of liabilities arising from financing activities for the 6 months ended 30 June 2017

In CHF million					
	Hybrid debt	Convertible debt	Senior bonds	Other	Total
Balance as at 1 January	3 633	467	423	1	4 524
Cash flows					
Redemption	–631	0	–	–	–631
Non-cash changes					
Premium/discount amortisation	2	4	0	0	6
Conversions and other changes	–	–92	–	–	–92
Foreign currency translation differences	31	–	–	0	31
BALANCE AS AT END OF PERIOD	3 035	379	424	1	3 838

Hybrid debt

On 22 March 2018, Swiss Life Ltd issued a CHF 175 million callable subordinated bond with a fixed interest rate of 2.625% p.a. until the first call date in September 2028 and final maturity in 2048.

EUR 590 million in fixed to floating rate subordinated perpetual notes issued in 2007 were redeemed on the first call date on 12 April 2017.

Convertible debt

In September 2017, Swiss Life Holding announced its intention to use its right to redeem the convertible bonds at par on 27 December 2017. Bondholders could convert their bonds into shares until 11 December 2017. Convertible bonds with a nominal value of CHF 499 million were converted into 2 141 905 Swiss Life Holding shares with a corresponding increase in share capital of CHF 11 million and an increase in share premium of CHF 462 million. The remaining amount of the convertible bonds of CHF 0.8 million was repaid on 27 December 2017.

As at 30 June 2017, 19 680 bonds were converted into 415 530 Swiss Life Holding shares, which led to an increase in share capital of CHF 2 million and share premium of CHF 90 million.

14 Insurance Liabilities

In CHF million	Gross		Ceded		Net	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017
Claims under non-life insurance contracts	919	924	174	176	744	748
Unearned premiums non-life	70	55	0	1	70	55
Claims under life insurance contracts	6 138	6 219	88	88	6 050	6 131
Future life policyholder benefits	102 402	100 760	135	132	102 267	100 628
Unearned premiums life	77	38	6	0	72	38
Deposits under insurance contracts	9 259	8 847	-	-	9 259	8 847
TOTAL INSURANCE LIABILITIES	118 866	116 844	404	397	118 462	116 447
of which for the account and risk of the Swiss Life Group's customers	5 896	5 462	-	-	5 896	5 462

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

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

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

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

Deposits under insurance contracts

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

15 Employee Benefits

Employee benefit liabilities

In CHF million		
	30.06.2018	31.12.2017
Employee benefit liabilities consist of		
gross defined benefit liabilities	1 714	1 815
other employee benefit liabilities	130	172
TOTAL EMPLOYEE BENEFIT LIABILITIES	1 844	1 986

Amounts recognised as defined benefit assets/liabilities

In CHF million		
	30.06.2018	31.12.2017
Present value of defined benefit obligation	-3 532	-3 600
Fair value of plan assets	1 880	1 848
NET DEFINED BENEFIT LIABILITY	-1 651	-1 752
Insurance contracts not eligible as plan assets under IFRS	1 405	1 422
NET DEFINED BENEFIT SURPLUS (+)/DEFICIT (-) (ECONOMIC VIEW)	-246	-330
The net defined benefit liability consists of		
gross defined benefit liabilities	-1 714	-1 815
gross defined benefit assets	63	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 CHF 246 million as at 30 June 2018 (31.12.2017: deficit of CHF 330 million).

16 Fair Value of Financial Instruments

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

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

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

Financial instruments measured at fair value on a recurring basis

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

Fair value hierarchy

In CHF million								
	Quoted prices (level 1)		Valuation technique - observable inputs (level 2)		Valuation technique - unobservable inputs (level 3)		Total	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017
FINANCIAL ASSETS								
Derivatives								
Currency	0	4	393	354	-	-	393	358
Interest rate	0	3	1 069	1 099	-	-	1 069	1 102
Equity	339	141	6	74	-	-	345	215
Total derivatives	339	148	1 468	1 527	-	-	1 807	1 675
Debt instruments								
Governments and supranationals	48 229	48 770	263	378	-	-	48 492	49 148
Corporates	40 979	44 149	655	653	146	62	41 781	44 864
Other	72	147	26	23	56	58	154	228
Total debt instruments	89 280	93 065	945	1 054	202	121	90 428	94 241
Equity instruments								
Equity securities	9 529	7 368	16	17	331	357	9 877	7 742
Investment funds	8 341	8 276	2 240	2 007	1 539	1 376	12 120	11 660
Alternative investments	1	72	48	51	2 286	2 163	2 336	2 285
Total equity instruments	17 872	15 715	2 305	2 076	4 156	3 897	24 333	21 687
Assets for the account and risk of the Swiss Life Group's customers	29 825	28 885	768	1 318	2 691	2 622	33 284	32 824
TOTAL FINANCIAL ASSETS	137 317	137 813	5 485	5 974	7 049	6 639	149 852	150 426
INVESTMENTS IN ASSOCIATES								
Associates at fair value through profit or loss	-	-	33	34	51	52	84	86
FINANCIAL LIABILITIES								
Derivatives								
Currency	0	0	876	755	-	-	877	755
Interest rate	0	-	501	678	-	-	501	678
Equity	165	57	3	3	-	-	169	60
Other	-	-	84	126	-	-	84	126
Total derivatives	166	58	1 464	1 561	-	-	1 630	1 619
Investment contracts without discretionary participation	-	-	473	383	-	-	473	383
Unit-linked contracts	-	-	24 989	24 977	153	152	25 142	25 130
Non-controlling interests in investment funds	-	-	2 095	2 349	1 304	933	3 399	3 282
TOTAL FINANCIAL LIABILITIES	166	58	29 021	29 270	1 457	1 085	30 644	30 413

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.

For a detailed description of the valuation techniques and significant inputs used in the fair value measurement of financial instruments, refer to the Consolidated Financial Statements 2017, Note 30 Fair Value Measurements.

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 6 months ended 30 June 2018

In CHF million

	Derivatives	Debt instruments		Equity instruments		Financial assets for the account and risk of the Swiss Life Group's customers	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	6 691
Total gains/losses recognised in profit or loss	–	0	1	90	31	–28	94
Total gains/losses recognised in other comprehensive income	–	–	–1	–	–34	–	–35
Additions	–	3	241	300	57	175	776
Disposals	–	–3	–158	–33	–132	–57	–383
Foreign currency translation differences	–	0	–1	–12	–7	–21	–42
BALANCE AS AT END OF PERIOD	–	14	188	3 114	1 093	2 691	7 100
Unrealised gains/losses recognised in profit or loss for assets held at the end of the period	–	0	–	91	–7	–28	55

¹ Including associates at fair value through profit or loss.

Assets measured at fair value based on level 3 for the 6 months ended 30 June 2017

In CHF million

	Derivatives	Debt instruments		Equity instruments		Financial assets for the account and risk of the Swiss Life Group's customers	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	–	13	0	2 315	1 328	2 316	5 972
Total gains/losses recognised in profit or loss	–	0	–2	32	16	1	47
Total gains/losses recognised in other comprehensive income	–	–	0	–	–17	–	–17
Additions	–	–	49	359	51	114	574
Disposals	–	–	–	–538	–387	–7	–932
Transfers into level 3	–	–	–	–	–	0	0
Foreign currency translation differences	–	0	–	17	12	34	63
BALANCE AS AT END OF PERIOD	–	13	47	2 186	1 003	2 458	5 707
Unrealised gains/losses recognised in profit or loss for assets held at the end of the period	–	0	–	28	–1	2	28

¹ Including associates at fair value through profit or loss.

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

In CHF million	Derivatives		Unit-linked contracts		Non-controlling interests in investment funds		Total	
	2018 HY	2017 HY	2018 HY	2017 HY	2018 HY	2017 HY	2018 HY	2017 HY
Balance as at 1 January	-	-	152	150	933	877	1 085	1 027
Total gains/losses recognised in profit or loss	-	-	0	0	18	10	18	10
Additions	-	-	1	-5	371	220	372	215
Disposals	-	-	0	0	-12	-296	-12	-296
Foreign currency translation differences	-	-	0	0	-5	6	-5	6
BALANCE AS AT END OF PERIOD	-	-	153	145	1 304	817	1 457	962
Unrealised gains/losses recognised in profit or loss for liabilities held at the end of the period	-	-	0	0	17	10	17	10

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	
	2018 HY	2017 HY	2018 HY	2017 HY
ASSETS				
Total gains/losses recognised in profit or loss	32	14	62	33
Unrealised gains/losses recognised in profit or loss for assets held at the end of the period	-7	-1	63	30
LIABILITIES				
Total gains/losses recognised in profit or loss	-	-	-18	-10
Unrealised gains/losses recognised in profit or loss for liabilities held at the end of the period	-	-	-17	-10

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 Swiss Life Group's balance sheet.

In CHF million	Carrying amount		Fairvalue	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017
ASSETS				
Loans	17 574	18 613	19 755	21 285
Receivables ¹	5 058	4 361	5 058	4 361
LIABILITIES				
Investment contracts without discretionary participation ¹	0	0	0	0
Borrowings	3 735	3 577	3 962	4 080
Other financial liabilities ^{1,2}	12 908	12 292	12 908	12 284

¹ Carrying amount approximates fair value.

² Excluding non-controlling interests in investment funds.

17 Acquisitions and Disposals of Subsidiaries

Assets and liabilities from acquisitions

In CHF million	Notes	2018 HY
CONSIDERATION		
Cash consideration		64
Non-cash consideration		–
TOTAL CONSIDERATION		64
Fair value of equity interest(s) held before acquisition		–
TOTAL		64
ACQUISITION-RELATED COSTS		
Other expenses		2
TOTAL		2
IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED		
Cash and cash equivalents		1
Loans and receivables		2
Other assets		181
Other financial liabilities		–111
Deferred income tax liabilities		–5
TOTAL IDENTIFIABLE NET ASSETS		67
Non-controlling interests		–3
Goodwill	11	1
TOTAL		64
ACQUIRED LOANS AND RECEIVABLES		
Fair value		2
Gross contractual amounts receivable		2
Estimated uncollectible cash flows		0

In March 2018, the asset management and real estate company Artemis Acquisition Germany Sarl, Luxembourg, was acquired.

No significant disposals of subsidiaries took place in the first half of 2018 and 2017.

Review Report



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

Introduction

We have reviewed the accompanying condensed consolidated financial statements (condensed consolidated statement of income, condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated statement of cash flows, condensed consolidated statement of changes in equity and condensed notes, pages 4 to 40) of Swiss Life Holding Ltd for the period ended 30 June 2018. The Board of Directors is responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers AG

A handwritten signature in blue ink, appearing to read "P. Eberli".

Peter Eberli

A handwritten signature in blue ink, appearing to read "Nebojsa Baratovic".

Nebojsa Baratovic

Zurich, 13 August 2018

Important Dates

Interim Statement Q3 2018

7 November 2018

Investor Day 2018

29 November 2018

Presentation of 2018 results

26 February 2019

Annual General Meeting 2019

30 April 2019, Hallenstadion Zurich

Interim Statement Q1 2019

9 May 2019

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Financial Publications

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

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

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The future starts here.

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