



SwissLife

*First-Half
Financial Report
2019*

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Condensed Consolidated Statement of Income (unaudited)

Consolidated statement of income for the 6 months ended 30 June

In CHF million

| | Notes | 2019 HY | 2018 HY |
|---|-------|----------------|----------------|
| INCOME | | | |
| Premiums earned on insurance contracts | | 10 965 | 7 600 |
| Premiums earned on investment contracts with discretionary participation | | 442 | 413 |
| Premiums ceded to reinsurers | | -79 | -76 |
| Net earned premiums | 5 | 11 328 | 7 938 |
| Policy fees earned on insurance contracts | | 13 | 13 |
| Policy fees earned on investment and unit-linked contracts | | 167 | 158 |
| Net earned policy fees | 5 | 180 | 170 |
| Commission income | 6 | 695 | 628 |
| Investment income | 4, 6 | 2 237 | 2 231 |
| Net gains/losses on financial assets | 4, 6 | 995 | 461 |
| Net gains/losses on financial instruments at fair value through profit or loss | 4, 6 | -1 244 | -145 |
| Net gains/losses on investment property | 4 | 505 | 275 |
| Share of profit or loss of associates | 4 | 4 | -4 |
| Other income | 6 | 124 | 103 |
| TOTAL INCOME | | 14 824 | 11 657 |
| EXPENSES | | | |
| Benefits and claims under insurance contracts | | -11 869 | -7 898 |
| Benefits and claims under investment contracts with discretionary participation | | 249 | -280 |
| Benefits and claims recovered from reinsurers | | 45 | 40 |
| Net insurance benefits and claims | 6 | -11 574 | -8 138 |
| Policyholder participation | | -633 | -1 135 |
| Interest expense | 6 | -82 | -78 |
| Commission expense | 6 | -676 | -494 |
| Employee benefits expense | 6 | -537 | -488 |
| Depreciation and amortisation expense | 6 | -186 | -232 |
| Impairment of property and equipment and intangible assets | 11 | 0 | -1 |
| Other expenses | 6 | -305 | -290 |
| TOTAL EXPENSES | | -13 994 | -10 856 |
| PROFIT FROM OPERATIONS | | 830 | 801 |
| Borrowing costs | | -63 | -71 |
| PROFIT BEFORE INCOME TAX | | 767 | 730 |
| Income tax expense | 7 | -150 | -169 |
| NET PROFIT | | 617 | 561 |
| Net profit attributable to | | | |
| equity holders of Swiss Life Holding | | 615 | 558 |
| non-controlling interests | | 2 | 3 |
| NET PROFIT | | 617 | 561 |
| Earnings per share attributable to equity holders of Swiss Life Holding | | | |
| Basic earnings per share (in CHF) | | 18.47 | 16.39 |
| Diluted earnings per share (in CHF) | | 18.42 | 16.35 |

Condensed Consolidated Statement of Comprehensive Income (unaudited)

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

In CHF million

| | 2019 HY | 2018 HY |
|--|--------------|-------------|
| NET PROFIT | 617 | 561 |
| OTHER COMPREHENSIVE INCOME | | |
| ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT | | |
| Exchange differences on translating foreign operations | -91 | 6 |
| Net investment hedges | 34 | -37 |
| Financial assets available for sale | 6 634 | -2 193 |
| Cash flow hedges | 300 | -87 |
| Financial assets reclassified to loans | 4 | 27 |
| Share of other comprehensive income of associates | 0 | 0 |
| Adjustments relating to items that may be reclassified: | | |
| Policyholder participation | -4 446 | 1 127 |
| Shadow accounting | -99 | 60 |
| Income tax | -431 | 222 |
| TOTAL | 1 906 | -875 |
| ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT | | |
| Revaluation surplus on investment property | -1 | -1 |
| Remeasurements on defined benefit pension liability | -236 | 72 |
| Adjustments relating to items that will not be reclassified: | | |
| Policyholder participation | 132 | -39 |
| Shadow accounting | 0 | 0 |
| Income tax | 17 | -6 |
| TOTAL | -89 | 25 |
| NET OTHER COMPREHENSIVE INCOME | 1 817 | -850 |
| TOTAL NET COMPREHENSIVE INCOME | 2 434 | -289 |
| Total net comprehensive income attributable to | | |
| equity holders of Swiss Life Holding | 2 433 | -291 |
| non-controlling interests | 2 | 2 |
| TOTAL NET COMPREHENSIVE INCOME | 2 434 | -289 |

Condensed Consolidated Balance Sheet (unaudited)

Consolidated balance sheet

In CHF million

| | Notes | 30.06.2019 | 31.12.2018 |
|---|-------|------------------|----------------|
| ASSETS | | | |
| Cash and cash equivalents | | 7 499 | 8 410 |
| Derivatives | | 2 530 | 2 140 |
| Assets held for sale | | – | 28 |
| Financial assets at fair value through profit or loss | 8 | 42 310 | 39 155 |
| Financial assets available for sale | 9 | 108 826 | 100 437 |
| Loans and receivables | 10 | 22 201 | 21 463 |
| Financial assets pledged as collateral | | 4 460 | 4 767 |
| Investment property | | 33 565 | 31 381 |
| Investments in associates | | 278 | 189 |
| Reinsurance assets | | 528 | 512 |
| Property and equipment | | 551 ¹ | 392 |
| Intangible assets including intangible insurance assets | 11 | 3 087 | 3 135 |
| Current income tax assets | | 23 | 38 |
| Deferred income tax assets | | 69 | 55 |
| Other assets | | 853 | 880 |
| TOTAL ASSETS | | 226 782 | 212 982 |

¹ Including IFRS 16 right-of-use assets

Consolidated balance sheet

In CHF million

| | Notes | 30.06.2019 | 31.12.2018 |
|--|-------|---------------------|----------------|
| LIABILITIES AND EQUITY | | | |
| LIABILITIES | | | |
| Derivatives | | 1 773 | 1 048 |
| Investment and unit-linked contracts | 12 | 41 486 | 39 738 |
| Borrowings | 13 | 3 387 | 3 385 |
| Other financial liabilities | | 18 581 ¹ | 18 973 |
| Insurance liabilities | 14 | 123 884 | 118 771 |
| Policyholder participation liabilities | | 16 128 | 11 539 |
| Employee benefit liabilities | 15 | 2 087 | 1 889 |
| Current income tax liabilities | | 211 | 172 |
| Deferred income tax liabilities | | 2 397 | 1 991 |
| Provisions | | 82 | 87 |
| Other liabilities | | 320 | 356 |
| TOTAL LIABILITIES | | 210 337 | 197 949 |
| EQUITY | | | |
| Share capital | | 175 | 175 |
| Share premium | | 250 | 341 |
| Treasury shares | | -600 | -140 |
| Accumulated other comprehensive income | | 3 703 | 1 885 |
| Retained earnings | | 12 405 | 12 261 |
| TOTAL SHAREHOLDERS' EQUITY | | 15 933 | 14 522 |
| Hybrid equity | | 425 | 425 |
| Non-controlling interests | | 87 | 86 |
| TOTAL EQUITY | | 16 445 | 15 034 |
| TOTAL LIABILITIES AND EQUITY | | 226 782 | 212 982 |

¹ Including IFRS 16 lease liabilities

Condensed Consolidated Statement of Cash Flows (unaudited)

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

In CHF million

| | Notes | 2019 HY | 2018 HY |
|--|-------|---------------|--------------|
| TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES | | 364 | 1 177 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of investments in associates | | -90 | -6 |
| Dividends received from associates | | 3 | 2 |
| Purchases of property and equipment | | -16 | -11 |
| Sales of property and equipment | | 4 | 2 |
| Purchases of computer software and other intangible assets | | -9 | -12 |
| Acquisitions of subsidiaries, net of cash and cash equivalents | 17 | - | -63 |
| Disposals of subsidiaries, net of cash and cash equivalents | 17 | - | 7 |
| TOTAL NET CASH FLOWS FROM INVESTING ACTIVITIES | | -107 | -79 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Issuance of debt instruments | 13 | 250 | 174 |
| Redemption of debt instruments | 13 | -225 | -1 |
| Lease payments | | -20 | - |
| Issuance of hybrid equity | | - | 422 |
| Distribution out of capital contribution reserve | | -83 | -460 |
| Purchases of treasury shares | | -473 | -20 |
| Sales of treasury shares | | - | 0 |
| Borrowing costs paid | | -84 | -86 |
| Dividends paid to equity holders of Swiss Life Holding | | -464 | - |
| Dividends paid to non-controlling interests | | -2 | -1 |
| TOTAL NET CASH FLOWS FROM FINANCING ACTIVITIES | | -1 100 | 28 |
| TOTAL CHANGE IN CASH AND CASH EQUIVALENTS | | -843 | 1 127 |
| Cash and cash equivalents as at 1 January | | 8 410 | 6 611 |
| Foreign currency differences | | -67 | -62 |
| Total change in cash and cash equivalents | | -843 | 1 127 |
| CASH AND CASH EQUIVALENTS AS AT END OF PERIOD | | 7 499 | 7 676 |

Condensed Consolidated Statement of Changes in Equity (unaudited)

Consolidated statement of changes in equity for the 6 months ended 30 June 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 | | - | - | - | 1 818 | 615 | 2 433 | - | 2 | 2 434 |
| Distribution out of capital contribution reserve | 1 | - | -83 | - | - | - | -83 | - | - | -83 |
| Equity-settled share-based payments | | - | 6 | - | - | - | 6 | - | - | 6 |
| Purchases of treasury shares | | - | - | -473 | - | - | -473 | - | - | -473 |
| Allocation of treasury shares under equity compensation plans | | - | -14 | 14 | - | - | - | - | - | - |
| Dividends | 1 | - | - | - | - | -464 | -464 | - | -2 | -466 |
| Interest on hybrid equity | | - | - | - | - | -6 | -6 | - | - | -6 |
| BALANCE AS AT END OF PERIOD | | 175 | 250 | -600 | 3 703 | 12 405 | 15 933 | 425 | 87 | 16 445 |

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.

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.

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 (hereinafter 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.

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 2018, except for the changes in accounting policies as described below.

These interim financial statements should be read in conjunction with the 2018 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. 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, all leases are treated in a way similar to finance leases as per the former standard IAS 17. The new standard brings most of the leases on-balance sheet for lessees, the effect being that reported assets and liabilities increase. IFRS 16 Leases replaces the straight-line operating lease expense with a depreciation charge for the right-of-use asset and an interest expense on the lease liability. This change aligns the lease expense treatment for all leases. As a practical expedient, short-term and low-value leases are exempt from this treatment. The exemption permits a lessee to account for qualifying leases in the same manner as former operating leases under IAS 17 Leases. From a lessor's perspective, the Swiss Life Group's accounting treatment was substantially 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, the lessee's incremental borrowing rate. 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 and where the lessee is reasonably certain to continue the lease for an indefinite number of years, 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 several practical expedients, such as 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.

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 | |
|--------------------------|-----------------------|------------|--------------------------|-----------------|
| | 30.06.2019 | 31.12.2018 | Average 2019 HY | Average 2018 HY |
| 1 British pound (GBP) | 1.2402 | 1.2527 | 1.2937 | 1.3307 |
| 1 Czech koruna (CZK) | 0.0436 | 0.0437 | 0.0440 | 0.0459 |
| 1 Euro (EUR) | 1.1097 | 1.1255 | 1.1295 | 1.1707 |
| 1 Singapore dollar (SGD) | 0.7217 | 0.7210 | 0.7357 | 0.7290 |
| 1 US dollar (USD) | 0.9769 | 0.9828 | 1.0000 | 0.9671 |

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

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 that 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, Fincentrum in the Czech Republic and Slovakia, and Chase de Vere operating in the United Kingdom.

Non-life operations involve operations in the “France” segment 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 6 months ended 30 June 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 | 8 989 | 1 398 | 561 | 26 | - | - | 10 974 | -8 | 10 965 |
| Premiums earned on investment contracts with discretionary participation | 442 | - | - | - | - | - | 442 | - | 442 |
| Premiums ceded to reinsurers | -4 | -68 | -9 | -7 | - | - | -88 | 8 | -79 |
| Net earned premiums | 9 426 | 1 331 | 551 | 19 | - | - | 11 328 | 0 | 11 328 |
| Policy fees earned on insurance contracts | 2 | 3 | 9 | 0 | - | - | 13 | - | 13 |
| Policy fees earned on investment and unit-linked contracts | 24 | 96 | 3 | 44 | - | - | 167 | 0 | 167 |
| Net earned policy fees | 26 | 99 | 12 | 44 | - | - | 180 | 0 | 180 |
| Commission income | 107 | 58 | 229 | 118 | 374 | 3 | 890 | -194 | 695 |
| Investment income | 1 556 | 345 | 297 | 16 | 0 | 22 | 2 237 | 0 | 2 237 |
| Net gains/losses on financial assets | 883 | 25 | 96 | -2 | -1 | -7 | 995 | - | 995 |
| Net gains/losses on financial instruments at fair value through profit or loss | -1 238 | -27 | 24 | 2 | 0 | -5 | -1 244 | 0 | -1 244 |
| Net gains/losses on investment property | 383 | 68 | 54 | 0 | - | - | 505 | - | 505 |
| Share of profit or loss of associates | 2 | 1 | - | - | 0 | - | 4 | - | 4 |
| Other income | 69 | 3 | 3 | 0 | 49 | 0 | 124 | 0 | 124 |
| TOTAL INCOME | 11 215 | 1 903 | 1 266 | 199 | 423 | 13 | 15 018 | -194 | 14 824 |
| of which intersegment | 11 | -1 | -4 | -1 | 184 | 4 | 194 | -194 | |
| EXPENSES | | | | | | | | | |
| Benefits and claims under insurance contracts | -10 127 | -1 130 | -604 | -12 | - | - | -11 873 | 4 | -11 869 |
| Benefits and claims under investment contracts with discretionary participation | 249 | - | - | - | - | - | 249 | - | 249 |
| Benefits and claims recovered from reinsurers | 3 | 38 | 6 | 3 | - | - | 50 | -4 | 45 |
| Net insurance benefits and claims | -9 875 | -1 092 | -598 | -9 | - | - | -11 574 | 0 | -11 574 |
| Policyholder participation | -306 | -87 | -234 | -5 | - | - | -632 | -1 | -633 |
| Interest expense | -19 | -42 | -17 | -8 | -3 | 1 | -88 | 5 | -82 |
| Commission expense | -340 | -232 | -185 | -79 | -30 | 0 | -866 | 190 | -676 |
| Employee benefits expense | -124 | -106 | -79 | -32 | -158 | -3 | -501 | -2 | -503 |
| Depreciation and amortisation expense | -20 | -113 | -30 | -8 | -15 | 0 | -186 | - | -186 |
| Other expenses | -71 | -78 | -27 | -18 | -92 | -5 | -290 | 1 | -289 |
| TOTAL EXPENSES | -10 755 | -1 750 | -1 170 | -159 | -297 | -7 | -14 138 | 194 | -13 944 |
| of which intersegment | -140 | -9 | -29 | 3 | -16 | -3 | -194 | 194 | |
| SEGMENT RESULT | 460 | 153 | 96 | 40 | 126 | 6 | 880 | - | 880 |
| Unallocated corporate costs | | | | | | | | | -50 |
| PROFIT FROM OPERATIONS | | | | | | | | | 830 |
| Borrowing costs | | | | | | | | | -63 |
| Income tax expense | | | | | | | | | -150 |
| NET PROFIT | | | | | | | | | 617 |

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 | -85 | -28 | -21 | -81 | -2 | -281 | 1 | -280 |
| TOTAL EXPENSES | -7 651 | -1 799 | -1 166 | -126 | -236 | -5 | -10 984 | 165 | -10 819 |
| of which intersegment | -114 | -6 | -29 | 0 | -14 | -1 | -165 | 165 | |
| SEGMENT RESULT | 439 | 153 | 93 | 34 | 118 | 2 | 838 | - | 838 |
| Unallocated corporate costs | | | | | | | | | -37 |
| PROFIT FROM OPERATIONS | | | | | | | | | 801 |
| Borrowing costs | | | | | | | | | -71 |
| Income tax expense | | | | | | | | | -169 |
| NET PROFIT | | | | | | | | | 561 |

Balance sheet as at 30 June 2019

In CHF million

| | Switzer-land | France | Germany | Inter-national | Asset Managers | Other | Total before elimi-nations | Elimi-nations | Total |
|---|----------------|---------------|---------------|----------------|----------------|--------------|----------------------------|---------------|----------------|
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | 2 603 | 1 443 | 320 | 2 899 | 159 | 75 | 7 499 | - | 7 499 |
| Derivatives | 2 209 | 296 | 48 | - | - | 19 | 2 571 | -41 | 2 530 |
| Financial assets at fair value through profit or loss | 7 086 | 14 895 | 2 423 | 17 899 | 7 | - | 42 310 | - | 42 310 |
| Financial assets available for sale | 75 400 | 20 597 | 10 115 | 1 544 | 0 | 1 169 | 108 826 | - | 108 826 |
| Loans and receivables | 13 817 | 2 733 | 6 468 | 148 | 305 | 2 196 | 25 667 | -3 465 | 22 201 |
| Financial assets pledged as collateral | 2 650 | 1 483 | - | 11 | - | 316 | 4 460 | - | 4 460 |
| Investment property | 27 635 | 3 155 | 2 765 | 7 | 4 | - | 33 565 | - | 33 565 |
| Investments in associates | 60 | 105 | 110 | 0 | 3 | - | 278 | - | 278 |
| Reinsurance assets | 32 | 287 | 116 | 98 | - | - | 533 | -5 | 528 |
| Property and equipment ¹ | 245 | 84 | 127 | 31 | 63 | 0 | 551 | - | 551 |
| Intangible assets including intangible insurance assets | 675 | 365 | 1 355 | 326 | 367 | - | 3 087 | - | 3 087 |
| Other assets | 576 | 18 | 5 | 8 | 417 | 3 | 1 026 | -174 | 853 |
| SEGMENT ASSETS | 132 987 | 45 460 | 23 852 | 22 973 | 1 324 | 3 778 | 230 374 | -3 685 | 226 689 |
| Income tax assets | | | | | | | | | 92 |
| TOTAL ASSETS | | | | | | | | | 226 782 |
| LIABILITIES AND EQUITY | | | | | | | | | |
| LIABILITIES | | | | | | | | | |
| Derivatives | 1 770 | - | 3 | - | - | 42 | 1 814 | -41 | 1 773 |
| Investment and unit-linked contracts | 6 326 | 12 480 | 971 | 21 709 | - | - | 41 487 | -1 | 41 486 |
| Other financial liabilities ² | 11 036 | 6 074 | 1 345 | 239 | 452 | 548 | 19 694 | -1 113 | 18 581 |
| Insurance liabilities | 87 833 | 19 373 | 16 554 | 202 | - | 0 | 123 961 | -77 | 123 884 |
| Policyholder participation liabilities | 8 723 | 4 298 | 3 083 | 24 | - | - | 16 128 | 0 | 16 128 |
| Employee benefit liabilities | 1 595 | 81 | 247 | 13 | 152 | - | 2 087 | - | 2 087 |
| Provisions | 30 | 19 | 8 | 4 | 8 | 12 | 82 | - | 82 |
| Other liabilities | 96 | 105 | 43 | 25 | 21 | 35 | 325 | -5 | 320 |
| SEGMENT LIABILITIES | 117 408 | 42 430 | 22 254 | 22 217 | 633 | 636 | 205 579 | -1 237 | 204 342 |
| Borrowings | | | | | | | | | 3 387 |
| Income tax liabilities | | | | | | | | | 2 608 |
| EQUITY | | | | | | | | | 16 445 |
| TOTAL LIABILITIES AND EQUITY | | | | | | | | | 226 782 |

¹ Including IFRS 16 right-of-use assets² 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 elim- inations | 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 HY | 2018 HY | 2019 HY | 2018 HY |
| LIFE | | | | |
| Individual life | 1 624 | 1 664 | 173 | 163 |
| Group life | 9 516 | 6 085 | 8 | 7 |
| TOTAL LIFE | 11 140 | 7 749 | 180 | 170 |
| NON-LIFE | | | | |
| Accident and health | 6 | 6 | - | - |
| Property, casualty and other | 182 | 183 | - | - |
| TOTAL NON-LIFE | 188 | 189 | - | - |
| TOTAL | 11 328 | 7 938 | 180 | 170 |

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.

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 adjustment 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 | | 30.06.2019 | 31.12.2018 |
|--|--|---------------|---------------|
| Cash and cash equivalents | | 2 834 | 2 817 |
| Derivatives | | 0 | 0 |
| Financial assets at fair value through profit or loss | | | |
| Debt securities | | 6 847 | 6 378 |
| Equity securities | | 5 336 | 4 974 |
| Investment funds | | 21 561 | 20 233 |
| Other | | 13 | 12 |
| TOTAL ASSETS FOR THE ACCOUNT AND RISK OF THE SWISS LIFE GROUP'S CUSTOMERS | | 36 591 | 34 414 |

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

| In CHF million | | Notes | 30.06.2019 | 31.12.2018 |
|--|--|-------|---------------|---------------|
| Unit-linked contracts | | 12 | 25 369 | 24 122 |
| Investment contracts | | 12 | 5 040 | 4 194 |
| Insurance liabilities | | 14 | 6 185 | 5 905 |
| TOTAL LIABILITIES LINKED TO ASSETS FOR THE ACCOUNT AND RISK OF THE SWISS LIFE GROUP'S CUSTOMERS | | | 36 594 | 34 222 |

Financial result for the 6 months ended 30 June

| In CHF million | Notes | 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 | |
|--|-------|---|--------------|---|----------|--------------|--------------|
| | | 2019 HY | 2018 HY | 2019 HY | 2018 HY | 2019 HY | 2018 HY |
| Investment income | 6 | 2 237 | 2 231 | – | – | 2 237 | 2 231 |
| Net gains/losses on financial assets | 6 | 997 | 460 | –1 | 2 | 995 | 461 |
| Net gains/losses on financial instruments at fair value through profit or loss | 6 | –1 252 | –145 | 8 | 0 | –1 244 | –145 |
| Net gains/losses on investment property | | 505 | 275 | – | – | 505 | 275 |
| Share of profit or loss of associates | | 4 | –4 | – | – | 4 | –4 |
| FINANCIAL RESULT | | 2 490 | 2 816 | 7 | 2 | 2 497 | 2 818 |

5 Premiums, Policy Fees and Deposits Received

Written premiums

| In CHF million | | |
|------------------------|---------|---------|
| | 2019 HY | 2018 HY |
| Direct | 11 196 | 7 876 |
| Assumed | 264 | 193 |
| GROSS WRITTEN PREMIUMS | 11 460 | 8 069 |
| Ceded | -86 | -81 |
| NET WRITTEN PREMIUMS | 11 374 | 7 988 |

Earned premiums

| In CHF million | | |
|-----------------------|---------|---------|
| | 2019 HY | 2018 HY |
| Direct | 11 145 | 7 821 |
| Assumed | 262 | 192 |
| GROSS EARNED PREMIUMS | 11 407 | 8 013 |
| Ceded | -79 | -76 |
| NET EARNED PREMIUMS | 11 328 | 7 938 |

Written policy fees

| In CHF million | | |
|---------------------------|---------|---------|
| | 2019 HY | 2018 HY |
| Direct | 192 | 180 |
| GROSS WRITTEN POLICY FEES | 192 | 180 |
| Ceded | 0 | 0 |
| NET WRITTEN POLICY FEES | 192 | 180 |

Earned policy fees

In CHF million

| | 2019 HY | 2018 HY |
|---------------------------------|------------|------------|
| Direct | 180 | 170 |
| Assumed | - | - |
| GROSS EARNED POLICY FEES | 180 | 170 |
| Ceded | 0 | 0 |
| NET EARNED POLICY FEES | 180 | 170 |

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 HY | 2018 HY |
|--|---------------|---------------|
| Gross written premiums and policy fees | 11 652 | 8 249 |
| Deposits received under insurance and investment contracts | 2 429 | 2 492 |
| GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED | 14 081 | 10 741 |

6 Details of Certain Items in the Consolidated Statement of Income

Commission income

In CHF million

| | 2019 HY | 2018 HY |
|--------------------------------|------------|------------|
| Brokerage commissions | 369 | 312 |
| Asset management commissions | 181 | 174 |
| Other commissions and fees | 145 | 142 |
| TOTAL COMMISSION INCOME | 695 | 628 |

Investment income

In CHF million

| | 2019 HY | 2018 HY |
|--|--------------|--------------|
| Interest income on financial assets available for sale | 1 201 | 1 232 |
| Interest income on loans and receivables | 229 | 253 |
| Other interest income | 4 | 2 |
| Dividend income on financial assets available for sale | 280 | 310 |
| Net income on investment property | 522 | 434 |
| TOTAL INVESTMENT INCOME | 2 237 | 2 231 |

Net gains/losses on financial assets

In CHF million

| | 2019 HY | 2018 HY |
|---|--------------|------------|
| Sale of | | |
| financial assets available for sale | 1 222 | 266 |
| loans | 37 | 171 |
| Net gains/losses from sales | 1 258 | 437 |
| Impairment losses on | | |
| debt instruments available for sale | 0 | -17 |
| equity instruments available for sale | -17 | -24 |
| loans and receivables | 0 | -3 |
| Impairment losses on financial assets | -17 | -45 |
| Foreign currency gains/losses | -245 | 69 |
| TOTAL NET GAINS/LOSSES ON FINANCIAL ASSETS | 995 | 461 |

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

In CHF million

| | 2019 HY | 2018 HY |
|---|---------------|-------------|
| Currency derivatives | -214 | -425 |
| Interest rate derivatives | 28 | 97 |
| Equity derivatives | -1 109 | 107 |
| Other derivatives | -59 | 19 |
| Financial assets designated as at fair value through profit or loss | 322 | 108 |
| Associates at fair value through profit or loss | 2 | -1 |
| Investment contracts without discretionary participation | 17 | -2 |
| Non-controlling interests in investment funds | -239 | -48 |
| Other financial liabilities | 0 | 0 |
| Assets for the account and risk of the Swiss Life Group's customers | 2 211 | -293 |
| Liabilities linked to assets for the account and risk of the Swiss Life Group's customers | -2 203 | 293 |
| TOTAL NET GAINS/LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS | -1 244 | -145 |

Other income

In CHF million

| | 2019 HY | 2018 HY |
|---|------------|------------|
| Realised gains/losses on sales of subsidiaries and other assets | 4 | 19 |
| Revenue from sale of inventory property | 71 | 38 |
| Other foreign currency gains/losses | 30 | 27 |
| Other | 19 | 19 |
| TOTAL OTHER INCOME | 124 | 103 |

Net insurance benefits and claims

In CHF million

| | 2019 HY | 2018 HY |
|--|---------------|--------------|
| Benefits and claims under insurance contracts | | |
| Life benefits and claims paid, gross | 6 615 | 5 934 |
| Change in liability for future life policyholder benefits, gross | 5 135 | 1 840 |
| Non-life claims paid, gross | 128 | 120 |
| Change in reserve for non-life claims, gross | -9 | 4 |
| Benefits and claims recovered from reinsurers | -45 | -40 |
| Net benefits and claims under insurance contracts | 11 824 | 7 858 |
| Benefits and claims under investment contracts with discretionary participation | | |
| Life benefits and claims paid, gross | 355 | 590 |
| Change in liability for future life policyholder benefits, gross | -604 | -310 |
| Net benefits and claims under investment contracts with discretionary participation | -249 | 280 |
| TOTAL NET INSURANCE BENEFITS AND CLAIMS | 11 574 | 8 138 |

Interest expense

In CHF million

| | 2019 HY | 2018 HY |
|--|-----------|-----------|
| Interest expense on deposits | 6 | 9 |
| Negative interest on repurchase agreements | -14 | -10 |
| Interest expense on due to banks | 16 | 12 |
| Interest expense on investment contracts | 36 | 39 |
| Interest expense on deposits under insurance contracts | 26 | 21 |
| Interest expense on lease liabilities | 2 | - |
| Other interest expense | 11 | 7 |
| TOTAL INTEREST EXPENSE | 82 | 78 |

Commission expense

In CHF million

| | 2019 HY | 2018 HY |
|--|------------|------------|
| Insurance agent and broker commissions | 477 | 415 |
| Asset management commissions | 144 | 34 |
| Other commissions and fees | 54 | 45 |
| TOTAL COMMISSION EXPENSE | 676 | 494 |

Employee benefits expense

In CHF million

| | 2019 HY | 2018 HY |
|--|------------|------------|
| Wages and salaries | 388 | 348 |
| Social security | 74 | 73 |
| Defined benefit plans | 45 | 45 |
| Defined contribution plans | 1 | 1 |
| Other employee benefits | 29 | 22 |
| TOTAL EMPLOYEE BENEFITS EXPENSE | 537 | 488 |

Depreciation and amortisation expense

In CHF million

| | Notes | 2019 HY | 2018 HY |
|---|-------|------------|------------|
| Depreciation of property and equipment | | 13 | 13 |
| Depreciation of right-of-use assets | | 21 | - |
| Amortisation of present value of future profits (PVP) | 11 | 0 | 0 |
| Amortisation of deferred acquisition costs (DAC) | 11 | 129 | 200 |
| Amortisation of deferred origination costs (DOC) | 11 | 6 | 5 |
| Amortisation of other intangible assets | 11 | 17 | 14 |
| TOTAL DEPRECIATION AND AMORTISATION EXPENSE | | 186 | 232 |

Other expenses

In CHF million

| | 2019 HY | 2018 HY |
|--|------------|------------|
| Marketing and advertising | 21 | 21 |
| Information technology and systems | 53 | 44 |
| Maintenance and repair | 12 | 11 |
| Rental expense | - | 27 |
| Short-term leases | 4 | - |
| Leases of low-value assets | 1 | - |
| Professional services | 92 | 85 |
| Cost of inventory property sold | 57 | 33 |
| Premium taxes and other non-income taxes | 33 | 32 |
| Other | 32 | 38 |
| TOTAL OTHER EXPENSES | 305 | 290 |

7 Income Taxes

Income tax expense

In CHF million

| | 2019 HY | 2018 HY |
|---------------------------------|------------|------------|
| Current income tax expense | 173 | 115 |
| Deferred income tax expense | -24 | 54 |
| TOTAL INCOME TAX EXPENSE | 150 | 169 |

8 Financial Assets at Fair Value through Profit or Loss

In CHF million

| | Notes | 30.06.2019 | 31.12.2018 |
|--|-------|---------------|---------------|
| Debt securities | | 624 | 340 |
| Equity securities | | 179 | 82 |
| Investment funds – debt | | 2 409 | 2 218 |
| Investment funds – equity | | 952 | 713 |
| Investment funds – balanced | | 230 | 252 |
| Real estate funds | | 1 812 | 1 864 |
| Infrastructure investments | | 2 330 | 2 087 |
| Private equity and hedge funds | | 19 | 3 |
| Financial assets for the account and risk of the Swiss Life Group's customers | 4 | 33 757 | 31 597 |
| TOTAL FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS | | 42 310 | 39 155 |

9 Financial Assets Available for Sale

| In CHF million | Cost/amortised cost | | Net unrealised gains/losses | | Fair value (carrying amount) | |
|--|---------------------|---------------|-----------------------------|--------------|------------------------------|----------------|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| | Debt securities | 74 280 | 73 553 | 13 522 | 7 689 | 87 802 |
| Senior secured loans | 3 245 | 3 132 | -29 | -122 | 3 216 | 3 010 |
| Equity securities | 9 797 | 8 568 | 1 350 | 1 021 | 11 146 | 9 588 |
| Investment funds – debt | 3 049 | 3 399 | 163 | 45 | 3 212 | 3 444 |
| Investment funds – equity | 2 347 | 2 249 | 341 | 100 | 2 687 | 2 349 |
| Investment funds – balanced | 2 | 22 | 0 | 0 | 2 | 22 |
| Real estate funds | 494 | 459 | 28 | 20 | 522 | 478 |
| Private equity | 140 | 181 | 55 | 63 | 194 | 244 |
| Hedge funds | 29 | 43 | 15 | 17 | 44 | 60 |
| TOTAL FINANCIAL ASSETS AVAILABLE FOR SALE | 93 382 | 91 605 | 15 444 | 8 832 | 108 826 | 100 437 |

10 Loans and Receivables

| In CHF million | Notes | Gross amount | | Allowance for impairment losses | | Cost/amortised cost (carrying amount) | |
|---|-------|---------------|---------------|---------------------------------|------------|---------------------------------------|---------------|
| | | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| | | | | | | | |
| LOANS | | | | | | | |
| Mortgages | | 9 303 | 8 792 | -17 | -16 | 9 287 | 8 777 |
| Corporate and other loans | | 1 946 | 1 553 | -3 | -4 | 1 943 | 1 549 |
| Note loans | | 5 441 | 5 388 | - | - | 5 441 | 5 388 |
| Debt securities previously classified as available for sale | | 1 014 | 1 133 | - | - | 1 014 | 1 133 |
| Other debt securities classified as loans | | 161 | 211 | - | - | 161 | 211 |
| TOTAL LOANS | 16 | 17 865 | 17 078 | -20 | -20 | 17 846 | 17 058 |
| RECEIVABLES | | | | | | | |
| Insurance receivables | | 1 710 | 1 423 | -20 | -23 | 1 690 | 1 400 |
| Reinsurance receivables | | 319 | 308 | - | - | 319 | 308 |
| Accrued income | | 1 161 | 1 370 | - | - | 1 161 | 1 370 |
| Settlement accounts | | 310 | 341 | - | - | 310 | 341 |
| Other receivables | | 884 | 994 | -8 | -8 | 876 | 986 |
| TOTAL RECEIVABLES | 16 | 4 384 | 4 436 | -28 | -31 | 4 356 | 4 405 |
| TOTAL LOANS AND RECEIVABLES | | 22 250 | 21 514 | -48 | -51 | 22 201 | 21 463 |

11 Intangible Assets including Intangible Insurance Assets

| In CHF million | 30.06.2019 | 31.12.2018 |
|--------------------------------|--------------|--------------|
| Intangible insurance assets | 1 466 | 1 494 |
| Other intangible assets | 1 621 | 1 641 |
| TOTAL INTANGIBLE ASSETS | 3 087 | 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 HY | 2018 YE | 2019 HY | 2018 YE | 2019 HY | 2018 YE | 2019 HY | 2018 YE |
| Balance as at 1 January | 8 | 9 | 1 454 | 1 453 | 32 | 20 | 1 494 | 1 482 |
| Additions | – | – | 195 | 384 | 16 | 22 | 211 | 405 |
| Amortisation | 0 | –1 | –129 | –445 | –6 | –10 | –135 | –455 |
| Effect of shadow accounting | 0 | 0 | –90 | 100 | – | – | –90 | 100 |
| Foreign currency translation differences | 0 | 0 | –13 | –39 | 0 | 0 | –13 | –39 |
| BALANCE AS AT END OF PERIOD | 7 | 8 | 1 416 | 1 454 | 42 | 32 | 1 466 | 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 6 months ended 30 June 2019

| In CHF million | | | | | |
|--|--------------|------------------------|-------------------|------------------|--------------|
| | Goodwill | Customer relationships | Computer software | Brands and other | Total |
| COST | | | | | |
| Balance as at 1 January | 1 981 | 229 | 216 | 36 | 2 462 |
| Additions | - | - | 6 | 3 | 9 |
| Disposals ¹ | - | - | 0 | 0 | 0 |
| Foreign currency translation differences | -15 | -3 | -3 | 0 | -21 |
| BALANCE AS AT END OF PERIOD | 1 967 | 227 | 219 | 38 | 2 451 |
| ACCUMULATED AMORTISATION AND IMPAIRMENT | | | | | |
| Balance as at 1 January | -524 | -119 | -177 | -2 | -822 |
| Amortisation | - | -9 | -7 | -1 | -17 |
| Disposals ¹ | - | - | 0 | - | 0 |
| Foreign currency translation differences | 5 | 1 | 2 | 0 | 9 |
| BALANCE AS AT END OF PERIOD | -519 | -127 | -181 | -2 | -830 |
| TOTAL OTHER INTANGIBLE ASSETS AS AT END OF PERIOD | 1 448 | 100 | 37 | 35 | 1 621 |

¹ includes elimination of fully amortised/impaird assets

Other intangible assets for the year 2018

| In CHF million | | | | | |
|--|--------------|------------------------|-------------------|------------------|--------------|
| | Goodwill | Customer relationships | Computer software | Brands and other | Total |
| COST | | | | | |
| Balance as at 1 January | 1 865 | 157 | 215 | 25 | 2 262 |
| Additions | - | 2 | 14 | 4 | 20 |
| Additions from business combinations | 180 | 77 | 0 | 44 | 304 |
| Disposals ¹ | -18 | - | -5 | -37 | -60 |
| Foreign currency translation differences | -46 | -6 | -8 | 0 | -64 |
| BALANCE AS AT END OF PERIOD | 1 981 | 229 | 216 | 36 | 2 462 |
| ACCUMULATED AMORTISATION AND IMPAIRMENT | | | | | |
| Balance as at 1 January | -547 | -95 | -170 | -1 | -812 |
| Amortisation | - | -14 | -15 | -1 | -31 |
| Impairment losses | -1 | -13 | - | - | -14 |
| Disposals ¹ | 10 | - | 1 | - | 11 |
| Foreign currency translation differences | 14 | 3 | 7 | 0 | 24 |
| BALANCE AS AT END OF PERIOD | -524 | -119 | -177 | -2 | -822 |
| TOTAL OTHER INTANGIBLE ASSETS AS AT END OF PERIOD | 1 457 | 111 | 39 | 34 | 1 641 |

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 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 25 million (31.12.2018: CHF 26 million) to the "Asset Managers" segment and CHF 62 million (31.12.2018: CHF 61 million) to the "International" segment as at 30 June 2019.

| In CHF million | Lloyd Continental | | CapitalLeben | | Corpus Sireo | | Beos | | Other | |
|---------------------------------|-------------------|------------|--------------|------------|--------------|------------|------------|------------|------------|------------|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| Net carrying amount of goodwill | 287 | 287 | 149 | 149 | 100 | 101 | 134 | 136 | 105 | 106 |
| 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 | |
|---------------------------------|-------------|------------|------------|------------|---------------|------------|------------|------------|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| Net carrying amount of goodwill | 152 | 152 | 448 | 454 | 72 | 72 | 673 | 678 |

Customer relationships

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 30 June 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 9 million (31.12.2018: CHF 12 million) and the “Asset Managers” segment of CHF 80 million (31.12.2018: CHF 87 million). The “International” segment comprises customer relationships of CHF 9 million (31.12.2018: CHF 9 million). Customer relationships were included in the impairment test of the respective cash-generating unit.

Brands and other

Comprises the brands Corpus Sireo, Mayfair, Beos and Fincentrum and a performance fee related to the acquisition of Beos, which is recognised as intangible assets. At the acquisition date the performance fee 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. At the acquisition date the brands of Beos, with a fair value of CHF 2 million, and Fincentrum, with a fair value of CHF 4 million, had a definite useful life of approximately eight years each.

12 Investment and Unit-Linked Contracts

| In CHF million | | Gross | | Ceded | | Net | |
|---|----|---------------|---------------|------------|------------|---------------|---------------|
| | | Notes | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 | 30.06.2019 |
| Unit-linked contracts | 16 | 25 369 | 24 122 | – | – | 25 369 | 24 122 |
| Investment contracts with discretionary participation features (DPF) | | 15 576 | 15 102 | 111 | 110 | 15 466 | 14 992 |
| Investment contracts without DPF at fair value through profit or loss | 16 | 540 | 514 | – | – | 540 | 514 |
| Investment contracts without DPF at amortised cost | 16 | 0 | 0 | – | – | 0 | 0 |
| TOTAL INVESTMENT AND UNIT-LINKED CONTRACTS | | 41 486 | 39 738 | 111 | 110 | 41 375 | 39 628 |
| of which for the account and risk of the Swiss Life Group's customers | | | | | | | |
| unit-linked contracts | 4 | 25 369 | 24 122 | – | – | 25 369 | 24 122 |
| investment contracts | 4 | 5 040 | 4 194 | – | – | 5 040 | 4 194 |

13 Borrowings

| In CHF million | | | |
|-------------------------|-------|--------------|--------------|
| | Notes | 30.06.2019 | 31.12.2018 |
| Hybrid debt | | 2 938 | 2 960 |
| Senior bonds | | 449 | 424 |
| Other | | - | 0 |
| TOTAL BORROWINGS | 16 | 3 387 | 3 385 |

Reconciliation of liabilities arising from financing activities for the 6 months ended 30 June 2019

| In CHF million | | | | | |
|--|--------------|------------------|--------------|----------|--------------|
| | Hybrid debt | Convertible debt | Senior bonds | Other | Total |
| Balance as at 1 January | 2 960 | - | 424 | 0 | 3 385 |
| Cash flows | | | | | |
| Issuance | - | - | 250 | - | 250 |
| Redemption | - | - | -225 | - | -225 |
| Non-cash changes | | | | | |
| Premium/discount amortisation | 2 | - | 0 | - | 2 |
| Conversions and other changes | - | - | - | 0 | 0 |
| Foreign currency translation differences | -24 | - | - | 0 | -24 |
| BALANCE AS AT END OF PERIOD | 2 938 | - | 449 | - | 3 387 |

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 |

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.

Senior bonds

In March 2019, Swiss Life Holding issued a CHF 250 million senior bond with 0.25% coupon and maturity in October 2023. In June 2019, a CHF 225 million senior bond issued by Swiss Life Holding matured and was redeemed.

14 Insurance Liabilities

| In CHF million | Gross | | Ceded | | Net | |
|---|----------------|----------------|------------|------------|----------------|----------------|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| Claims under non-life insurance contracts | 895 | 917 | 170 | 174 | 725 | 743 |
| Unearned premiums non-life | 67 | 51 | 2 | 0 | 65 | 51 |
| Claims under life insurance contracts | 6 210 | 6 203 | 99 | 90 | 6 110 | 6 113 |
| Future life policyholder benefits | 106 939 | 102 210 | 138 | 136 | 106 801 | 102 074 |
| Unearned premiums life | 85 | 49 | 5 | 0 | 80 | 49 |
| Deposits under insurance contracts | 9 689 | 9 341 | – | – | 9 689 | 9 341 |
| TOTAL INSURANCE LIABILITIES | 123 884 | 118 771 | 414 | 400 | 123 470 | 118 371 |
| of which for the account and risk of the Swiss Life Group's customers | 6 185 | 5 905 | – | – | 6 185 | 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

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 | | |
|---|--------------|--------------|
| | 30.06.2019 | 31.12.2018 |
| Employee benefit liabilities consist of | | |
| gross defined benefit liabilities | 1 957 | 1 721 |
| other employee benefit liabilities | 130 | 169 |
| TOTAL EMPLOYEE BENEFIT LIABILITIES | 2 087 | 1 889 |

Amounts recognised as defined benefit assets/liabilities

| In CHF million | | |
|--|---------------|---------------|
| | 30.06.2019 | 31.12.2018 |
| Present value of defined benefit obligation | -3 880 | -3 554 |
| Fair value of plan assets | 1 988 | 1 897 |
| NET DEFINED BENEFIT LIABILITY | -1 893 | -1 658 |
| Insurance contracts not eligible as plan assets under IFRS | 1 355 | 1 319 |
| NET DEFINED BENEFIT SURPLUS (+)/DEFICIT (-) (ECONOMIC VIEW) | -537 | -338 |
| The net defined benefit liability consists of | | |
| gross defined benefit liabilities | -1 957 | -1 721 |
| gross defined benefit assets | 64 | 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 537 million as at 30 June 2019 (31.12.2018: deficit of CHF 338 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 levels 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 Swiss Life's 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 | |
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| FINANCIAL ASSETS | | | | | | | | |
| Derivatives | | | | | | | | |
| Currency | 2 | 0 | 943 | 763 | - | - | 945 | 763 |
| Interest rate | 0 | 0 | 1 363 | 895 | - | - | 1 363 | 895 |
| Equity | 199 | 480 | 23 | 1 | - | - | 222 | 481 |
| Total derivatives | 201 | 480 | 2 330 | 1 660 | - | - | 2 530 | 2 140 |
| Debt instruments | | | | | | | | |
| Governments and supranationals | 52 447 | 48 293 | 357 | 376 | - | - | 52 804 | 48 669 |
| Corporates | 42 446 | 39 718 | 518 | 654 | 216 | 205 | 43 181 | 40 577 |
| Other | 55 | 56 | 25 | 25 | 36 | 32 | 116 | 113 |
| Total debt instruments | 94 948 | 88 067 | 900 | 1 056 | 253 | 237 | 96 101 | 89 359 |
| Equity instruments | | | | | | | | |
| Equity securities | 10 843 | 9 260 | 15 | 16 | 467 | 395 | 11 325 | 9 670 |
| Investment funds | 7 635 | 7 240 | 1 896 | 2 613 | 2 296 | 1 486 | 11 826 | 11 340 |
| Alternative investments | - | - | 32 | 40 | 2 554 | 2 354 | 2 587 | 2 394 |
| Total equity instruments | 18 478 | 16 500 | 1 944 | 2 669 | 5 316 | 4 235 | 25 739 | 23 404 |
| Assets for the account and risk of the Swiss Life Group's customers | 28 603 | 26 917 | 1 259 | 1 297 | 3 895 | 3 383 | 33 757 | 31 597 |
| TOTAL FINANCIAL ASSETS | 142 230 | 131 964 | 6 433 | 6 681 | 9 464 | 7 856 | 158 126 | 146 500 |
| INVESTMENTS IN ASSOCIATES | | | | | | | | |
| Associates at fair value through profit or loss | - | - | 122 | 31 | 51 | 52 | 173 | 84 |
| FINANCIAL LIABILITIES | | | | | | | | |
| Derivatives | | | | | | | | |
| Currency | - | 0 | 227 | 433 | - | - | 227 | 433 |
| Interest rate | 0 | 11 | 796 | 489 | - | - | 796 | 500 |
| Equity | 342 | 70 | 314 | 3 | - | - | 656 | 72 |
| Other | 93 | - | 1 | 42 | - | - | 94 | 42 |
| Total derivatives | 435 | 81 | 1 338 | 967 | - | - | 1 773 | 1 048 |
| Investment contracts without discretionary participation | - | - | 540 | 514 | - | - | 540 | 514 |
| Unit-linked contracts | - | - | 25 207 | 23 961 | 161 | 161 | 25 369 | 24 122 |
| Non-controlling interests in investment funds | - | - | 1 615 | 2 089 | 2 599 | 1 611 | 4 214 | 3 700 |
| TOTAL FINANCIAL LIABILITIES | 435 | 81 | 28 701 | 27 531 | 2 761 | 1 772 | 31 897 | 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.

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 2018, Note 30 Fair Value Measurements.

During the first half of 2019, debt securities of CHF 58 million were transferred from level 1 into level 2, generally resulting from a reduced frequency of price quotations, and debt securities of CHF 228 million were transferred from level 2 into level 1 due to new liquid price sources. Real estate funds of CHF 157 million were listed at the SIX Swiss Exchange and therefore transferred from level 2 into level 1. No significant transfers were made during the comparative period.

The transfers between the levels of the fair value hierarchy were made at the end of the reporting period.

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 2019

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 | – | 12 | 225 | 3 236 | 1 051 | 3 383 | 7 908 |
| Total gains/losses recognised in profit or loss | – | 0 | –1 | 130 | 15 | 13 | 158 |
| Total gains/losses recognised in other comprehensive income | – | – | 8 | – | 5 | – | 13 |
| Additions | – | – | 11 | 1 135 | 91 | 660 | 1 896 |
| Disposals | – | – | – | –142 | –112 | –120 | –374 |
| Transfers into level 3 | – | – | 0 | 0 | – | 2 | 2 |
| Foreign currency translation differences | – | 0 | –3 | –32 | –11 | –43 | –89 |
| BALANCE AS AT END OF PERIOD | – | 12 | 241 | 4 328 | 1 039 | 3 895 | 9 515 |
| Unrealised gains/losses recognised in profit or loss for assets held at the end of the period | – | 0 | 0 | 125 | –11 | 13 | 127 |

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 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

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 | |
|---|-------------|---------|-----------------------|---------|--|---------|---------|---------|
| | 2019 HY | 2018 HY | 2019 HY | 2018 HY | 2019 HY | 2018 HY | 2019 HY | 2018 HY |
| Balance as at 1 January | - | - | 161 | 152 | 1 611 | 933 | 1 772 | 1 085 |
| Total gains/losses recognised in profit or loss | - | - | 0 | 0 | 66 | 18 | 66 | 18 |
| Additions | - | - | 1 | 1 | 1 190 | 371 | 1 191 | 372 |
| Disposals | - | - | -1 | 0 | -242 | -12 | -243 | -12 |
| Foreign currency translation differences | - | - | 0 | 0 | -26 | -5 | -26 | -5 |
| BALANCE AS AT END OF PERIOD | - | - | 161 | 153 | 2 599 | 1 304 | 2 761 | 1 457 |
| Unrealised gains/losses recognised in profit or loss for liabilities held at the end of the period | - | - | 0 | 0 | 66 | 17 | 66 | 17 |

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 | |
|---|---|---------|--|---------|
| | 2019 HY | 2018 HY | 2019 HY | 2018 HY |
| ASSETS | | | | |
| Total gains/losses recognised in profit or loss | 14 | 32 | 143 | 62 |
| Unrealised gains/losses recognised in profit or loss for assets held at the end of the period | -11 | -7 | 138 | 63 |
| LIABILITIES | | | | |
| Total gains/losses recognised in profit or loss | - | - | -66 | -18 |
| Unrealised gains/losses recognised in profit or loss for liabilities held at the end of the period | - | - | -66 | -17 |

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 | |
|---|-----------------|------------|------------|------------|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| ASSETS | | | | |
| Loans | 17 846 | 17 058 | 21 021 | 19 139 |
| Receivables ¹ | 4 356 | 4 405 | 4 356 | 4 405 |
| LIABILITIES | | | | |
| Investment contracts without discretionary participation ¹ | 0 | 0 | 0 | 0 |
| Borrowings | 3 387 | 3 385 | 3 758 | 3 583 |
| Other financial liabilities ^{1,2} | 14 367 | 15 273 | 14 367 | 15 273 |

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 |
| TOTAL CONSIDERATION | | 64 |
| 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 |
| Inventory property | | 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 S.à r.l., Luxembourg, was acquired.

There were no significant acquisitions in the first half of 2019.

No significant disposals of subsidiaries took place in the first half of 2019 and 2018.

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 44) of Swiss Life Holding Ltd for the period ended 30 June 2019. The Board of Directors is responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers AG



Peter Eberli



Nebojsa Baratovic

Zürich, 12 August 2019

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Important Dates

Interim Statement Q3 2019

6 November 2019

Presentation of 2019 results

28 February 2020

Annual General Meeting 2020

28 April 2020, Hallenstadion Zurich

Interim Statement Q1 2020

12 May 2020

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Financial Publications

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

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

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

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