



SwissLife

*First-Half
Financial Report
2020*

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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	2020 HY	2019 HY
INCOME			
Premiums earned on insurance contracts		8 805	10 965
Premiums earned on investment contracts with discretionary participation		431	442
Premiums ceded to reinsurers		-73	-79
Net earned premiums	5	9 163	11 328
Policy fees earned on insurance contracts		14	13
Policy fees earned on investment and unit-linked contracts		161	167
Net earned policy fees	5	175	180
Commission income	6	741	695
Investment income	4, 6	1 998	2 237
Net gains/losses on financial assets	4, 6	-437	995
Net gains/losses on financial instruments at fair value through profit or loss	4, 6	269	-1 244
Net gains/losses on investment property	4	270	505
Share of profit or loss of associates	4	3	4
Other income	6	77	124
TOTAL INCOME		12 260	14 824
EXPENSES			
Benefits and claims under insurance contracts		-8 913	-11 869
Benefits and claims under investment contracts with discretionary participation		-422	249
Benefits and claims recovered from reinsurers		44	45
Net insurance benefits and claims	6	-9 291	-11 574
Policyholder participation		-533	-633
Interest expense	6	-53	-82
Commission expense	6	-601	-676
Employee benefits expense	6	-550	-537
Depreciation and amortisation expense	6	-185	-186
Impairment of property and equipment and intangible assets	11	-12	0
Other expenses	6	-269	-305
TOTAL EXPENSES		-11 495	-13 994
PROFIT FROM OPERATIONS		765	830
Borrowing costs		-59	-63
PROFIT BEFORE INCOME TAX		706	767
Income tax expense	7	-169	-150
NET PROFIT		537	617
Net profit attributable to			
equity holders of Swiss Life Holding		533	615
non-controlling interests		3	2
NET PROFIT		537	617
Earnings per share attributable to equity holders of Swiss Life Holding			
Basic earnings per share (in CHF)		16.75	18.47
Diluted earnings per share (in CHF)		16.71	18.42

Condensed Consolidated Statement of Comprehensive Income (unaudited)

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

In CHF million

	2020 HY	2019 HY
NET PROFIT	537	617
OTHER COMPREHENSIVE INCOME		
ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT		
Exchange differences on translating foreign operations	-184	-91
Net investment hedges	91	34
Financial assets available for sale	-207	6 634
Cash flow hedges	180	300
Debt securities reclassified to loans	3	4
Adjustments relating to items that may be reclassified:		
Policyholder participation	-557	-4 446
Shadow accounting	-24	-99
Income tax	125	-431
TOTAL	-574	1 906
ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT		
Revaluation surplus on investment property	-2	-1
Remeasurements on defined benefit pension liability	-76	-236
Adjustments relating to items that will not be reclassified:		
Policyholder participation	47	132
Shadow accounting	0	0
Income tax	5	17
TOTAL	-26	-89
NET OTHER COMPREHENSIVE INCOME	-600	1 817
TOTAL NET COMPREHENSIVE INCOME	-63	2 434
Total net comprehensive income attributable to		
equity holders of Swiss Life Holding	-66	2 433
non-controlling interests	3	2
TOTAL NET COMPREHENSIVE INCOME	-63	2 434

Condensed Consolidated Balance Sheet (unaudited)

Consolidated balance sheet

In CHF million

	Notes	30.06.2020	31.12.2019
ASSETS			
Cash and cash equivalents		8 212	8 247
Derivatives		3 265	2 090
Assets held for sale		96	-
Financial assets at fair value through profit or loss	8	42 291	43 692
Financial assets available for sale	9	106 240	108 386
Loans and receivables	10	23 445	22 955
Financial assets pledged as collateral		3 944	2 438
Investment property ¹		35 688	34 866
Investments in associates		190	266
Reinsurance assets		529	527
Property and equipment ¹		530	532
Intangible assets including intangible insurance assets	11	3 046	3 074
Current income tax assets		39	10
Deferred income tax assets		79	72
Other assets		968	940
TOTAL ASSETS		228 563	228 094

¹ Including IFRS 16 right-of-use assets

Consolidated balance sheet

In CHF million

	Notes	30.06.2020	31.12.2019
LIABILITIES AND EQUITY			
LIABILITIES			
Derivatives		1 613	1 311
Investment and unit-linked contracts	12	40 542	42 303
Borrowings	13	3 921	3 951
Other financial liabilities ¹		18 368	17 741
Insurance liabilities	14	126 440	124 985
Policyholder participation liabilities		16 764	16 052
Employee benefit liabilities	15	2 098	2 160
Current income tax liabilities		289	323
Deferred income tax liabilities		2 428	2 432
Provisions		53	66
Other liabilities		351	336
TOTAL LIABILITIES		212 866	211 659
EQUITY			
Share capital		12	171
Share premium		-1	7
Treasury shares		-809	-787
Accumulated other comprehensive income		2 943	3 542
Retained earnings		13 036	12 988
TOTAL SHAREHOLDERS' EQUITY		15 181	15 920
Hybrid equity		425	425
Non-controlling interests		91	89
TOTAL EQUITY		15 697	16 435
TOTAL LIABILITIES AND EQUITY		228 563	228 094

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	2020 HY	2019 HY
TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES		725	364
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of investments in associates		-2	-90
Dividends received from associates		1	3
Purchases of property and equipment		-13	-16
Sales of property and equipment		0	4
Purchases of computer software and other intangible assets		-6	-9
TOTAL NET CASH FLOWS FROM INVESTING ACTIVITIES		-21	-107
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of debt instruments	13	-	250
Redemption of debt instruments	13	-	-225
Lease principal payments		-19	-20
Distribution out of capital contribution reserve		-	-83
Purchases of treasury shares		-34	-473
Borrowing costs paid		-78	-84
Dividends paid to equity holders of Swiss Life Holding		-477	-464
Dividends paid to non-controlling interests		-1	-2
TOTAL NET CASH FLOWS FROM FINANCING ACTIVITIES		-608	-1 100
TOTAL CHANGE IN CASH AND CASH EQUIVALENTS		96	-843
Cash and cash equivalents as at 1 January		8 247	8 410
Foreign currency differences		-131	-67
Total change in cash and cash equivalents		96	-843
TOTAL CASH AND CASH EQUIVALENTS AS AT END OF PERIOD		8 212	7 499
COMPONENTS OF CASH AND CASH EQUIVALENTS			
Cash on hand and demand deposits		5 518	4 659
Cash equivalents		10	6
Cash and cash equivalents for the account and risk of the Swiss Life Group's customers		2 684	2 834
TOTAL CASH AND CASH EQUIVALENTS AS AT END OF PERIOD		8 212	7 499

Condensed Consolidated Statement of Changes in Equity (unaudited)

Consolidated statement of changes in equity for the 6 months ended 30 June 2020

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		171	7	-787	3 542	12 988	15 920	425	89	16 435
Total net comprehensive income		-	-	-	-599	533	-66	-	3	-63
Reduction in par value	1	-159	-	-	-	-	-159	-	-	-159
Equity-settled share-based payments		-	8	-	-	-	8	-	-	8
Share buyback		-	-	-34	-	-	-34	-	-	-34
Allocation of treasury shares under equity compensation plans		-	-13	13	-	-	-	-	-	-
Dividends	1	-	-	-	-	-477	-477	-	-1	-478
Interest on hybrid equity		-	-	-	-	-9	-9	-	-	-9
Income tax effects		-	-2	-	-	-	-2	-	-	-2
BALANCE AS AT END OF PERIOD		12	-1	-809	2 943	13 036	15 181	425	91	15 697

Consolidated statement of changes in equity for the 6 months ended 30 June 2019

In CHF million										
		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		-	-83	-	-	-	-83	-	-	-83
Equity-settled share-based payments		-	7	-	-	-	7	-	-	7
Share buyback		-	-	-473	-	-	-473	-	-	-473
Allocation of treasury shares under equity compensation plans		-	-14	14	-	-	-	-	-	-
Dividends		-	-	-	-	-464	-464	-	-2	-466
Interest on hybrid equity		-	-	-	-	-6	-6	-	-	-6
Income tax effects		-	-1	-	-	-	-1	-	-	-1
BALANCE AS AT END OF PERIOD		175	250	-600	3 703	12 405	15 933	425	87	16 445

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

Dividend and repayment of par value

For the 2019 financial year, Swiss Life paid a dividend to the shareholders of Swiss Life Holding Ltd (hereinafter referred to as "Swiss Life Holding") of CHF 15.00 per registered share in May 2020. This payment amounted to CHF 477 million in total.

In addition to this dividend payment in the first half of 2020, a repayment of par value in the amount of CHF 5.00 per share was made on 24 July 2020, amounting to CHF 159 million in total.

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 2019, except for the changes in accounting policies as described below.

These interim financial statements should be read in conjunction with the 2019 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 use of this deferral approach to IFRS 9 has been aligned with the amended effective date of IFRS 17, so that qualifying insurance entities would only be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

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

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

Effective from 1 January 2020, the Swiss Life Group implemented the amendments to the definition of a business in IFRS 3 Business Combinations, issued by the IASB in October 2018. The amendments include the following changes: a business exists if inputs and substantive processes together have the “ability to contribute to the creation of outputs” rather than the “ability to create outputs”; the assessment of whether market participants are capable of replacing any missing elements has been removed; the definitions of “substantive processes” and “outputs” have been narrowed; an optional fair value concentration test has been introduced to identify transactions that are not a business combination, that is, if substantially all of the gross assets’ fair value is concentrated in a single identifiable asset or group of similar identifiable assets. The amendments will be applied prospectively and have not impacted the consolidated financial statements yet.

Swiss Life Group decided to adopt the amendment to IFRS 16 early, which was published in response to the COVID-19 pandemic in May 2020. This IFRS 16 amendment had no effect on the consolidated financial statements.

Other new or amended standards and interpretations did not have an 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	
	30.06.2020	31.12.2019	Average 2020 HY	Average 2019 HY
1 British pound (GBP)	1.1724	1.2817	1.2177	1.2937
1 Czech koruna (CZK)	0.0400	0.0427	0.0404	0.0440
1 Euro (EUR)	1.0648	1.0852	1.0643	1.1295
1 Singapore dollar (SGD)	0.6794	0.7187	0.6908	0.7357
1 US dollar (USD)	0.9471	0.9664	0.9660	1.0000

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 which hold investments mainly pertaining to life insurance.

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

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

“Asset Managers” refers to the management of assets for institutional clients and the Group’s insurance business, as well as the provision of expert advice for such clients.

“Other” principally refers to various finance and service companies.

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

Statement of income for the 6 months ended 30 June 2020

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	6 745	1 503	531	37	-	-	8 816	-11	8 805
Premiums earned on investment contracts with discretionary participation	431	-	-	-	-	-	431	-	431
Premiums ceded to reinsurers	-5	-63	-9	-8	-	-	-84	11	-73
Net earned premiums	7 172	1 440	522	29	-	-	9 163	0	9 163
Policy fees earned on insurance contracts	2	2	9	0	-	-	14	-	14
Policy fees earned on investment and unit-linked contracts	23	94	5	40	-	-	161	-	161
Net earned policy fees	25	96	14	40	-	-	175	-	175
Commission income	116	65	249	99	392	1	922	-181	741
Investment income	1 419	297	252	16	1	14	1 999	-1	1 998
Net gains/losses on financial assets	-563	-44	186	5	-1	-20	-437	-	-437
Net gains/losses on financial instruments at fair value through profit or loss	313	-11	-44	-7	6	13	269	-	269
Net gains/losses on investment property	216	9	29	-	16	-	270	-	270
Share of profit or loss of associates	1	2	-	-	0	-	3	-	3
Other income	71	2	-17	3	18	0	78	0	77
TOTAL INCOME	8 769	1 857	1 192	185	432	7	12 442	-182	12 260
of which intersegment	34	-2	-21	-3	172	2	182	-182	
EXPENSES									
Benefits and claims under insurance contracts	-7 249	-1 073	-573	-20	-	-	-8 915	3	-8 913
Benefits and claims under investment contracts with discretionary participation	-422	-	-	-	-	-	-422	-	-422
Benefits and claims recovered from reinsurers	2	35	5	4	-	-	47	-3	44
Net insurance benefits and claims	-7 670	-1 038	-568	-16	-	-	-9 291	0	-9 291
Policyholder participation	-243	-122	-161	-6	-	-	-533	0	-533
Interest expense	-16	-38	7	-7	-3	1	-56	3	-53
Commission expense	-244	-220	-219	-65	-31	0	-780	180	-601
Employee benefits expense	-133	-104	-80	-30	-167	-2	-516	-1	-517
Depreciation and amortisation expense	-2	-117	-43	-9	-16	0	-185	-	-185
Impairment of property and equipment and intangible assets	-	-	-	0	-12	-	-12	-	-12
Other expenses	-47	-85	-29	-14	-67	-7	-250	0	-249
TOTAL EXPENSES	-8 354	-1 724	-1 094	-146	-297	-9	-11 624	182	-11 442
of which intersegment	-123	-12	-27	0	-17	-3	-182	182	
SEGMENT RESULT	415	133	98	38	135	-1	818	-	818
Unallocated corporate costs									-53
PROFIT FROM OPERATIONS									765
Borrowing costs									-59
Income tax expense									-169
NET PROFIT									537
Additions to non-current assets	1 550	109	28	9	96	-	1 792	-	1 792

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
Additions to non-current assets	2 556	76	26	20	12	-	2 690	-	2 690

Balance sheet as at 30 June 2020

In CHF million

	Switzer- land	France	Germany	Inter- national	Asset Managers	Other	Total before elim- inations	Elimi- nations	Total
ASSETS									
Cash and cash equivalents	2 608	1 746	923	2 724	169	42	8 212	–	8 212
Derivatives	2 926	331	43	–	–	9	3 310	–44	3 265
Assets held for sale	96	–	–	–	–	–	96	–	96
Financial assets at fair value through profit or loss	7 062	14 195	3 554	17 467	13	–	42 291	–	42 291
Financial assets available for sale	73 503	21 093	9 124	1 598	0	922	106 240	–	106 240
Loans and receivables	15 489	2 941	5 884	164	333	2 841	27 652	–4 207	23 445
Financial assets pledged as collateral	2 420	1 415	–	78	–	30	3 944	–	3 944
Investment property ¹	29 966	2 820	2 785	–	117	–	35 688	–	35 688
Investments in associates	33	108	47	–	3	–	190	–	190
Reinsurance assets	31	278	121	104	–	–	534	–5	529
Property and equipment ¹	239	70	129	24	67	0	530	–	530
Intangible assets including intangible insurance assets	711	359	1 276	328	373	–	3 046	–	3 046
Other assets	571	23	22	9	475	5	1 105	–137	968
SEGMENT ASSETS	135 655	45 380	23 909	22 495	1 551	3 849	232 839	–4 393	228 445
Income tax assets									118
TOTAL ASSETS									228 563
LIABILITIES AND EQUITY									
LIABILITIES									
Derivatives	1 585	19	6	–	–	47	1 657	–44	1 613
Investment and unit-linked contracts	6 655	11 690	1 044	21 152	–	–	40 542	–	40 542
Other financial liabilities ²	11 228	5 573	1 396	308	622	400	19 526	–1 158	18 368
Insurance liabilities	89 996	20 236	16 085	203	–	–	126 520	–80	126 440
Policyholder participation liabilities	8 839	4 518	3 387	20	–	–	16 764	0	16 764
Employee benefit liabilities	1 628	85	213	13	158	–	2 098	–	2 098
Provisions	14	18	5	4	6	6	53	–	53
Other liabilities	142	103	48	27	23	9	352	–1	351
SEGMENT LIABILITIES	120 087	42 242	22 184	21 728	809	462	207 512	–1 284	206 228
Borrowings									3 921
Income tax liabilities									2 717
EQUITY									15 697
TOTAL LIABILITIES AND EQUITY									228 563

¹ Including IFRS 16 right-of-use assets² Including IFRS 16 lease liabilities

Balance sheet as at 31 December 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	2 327	2 375	249	3 011	216	68	8 247	-	8 247
Derivatives	1 897	205	15	-	-	14	2 131	-41	2 090
Financial assets at fair value through profit or loss	7 931	14 284	2 943	18 521	14	-	43 692	-	43 692
Financial assets available for sale	75 105	21 125	9 739	1 623	0	794	108 386	-	108 386
Loans and receivables	14 357	3 141	6 300	153	407	2 737	27 094	-4 140	22 955
Financial assets pledged as collateral	841	1 330	-	78	-	189	2 438	-	2 438
Investment property	28 984	3 270	2 590	5	17	-	34 866	-	34 866
Investments in associates	58	107	98	-	3	-	266	-	266
Reinsurance assets	32	279	120	101	-	-	532	-5	527
Property and equipment ¹	239	73	126	28	66	0	532	-	532
Intangible assets including intangible insurance assets	651	363	1 320	337	404	-	3 074	-	3 074
Other assets	554	60	13	7	460	2	1 095	-155	940
SEGMENT ASSETS	132 974	46 611	23 513	23 863	1 587	3 804	232 352	-4 340	228 012
Income tax assets									82
TOTAL ASSETS									228 094
LIABILITIES AND EQUITY									
LIABILITIES									
Derivatives	1 275	18	17	-	-	42	1 352	-41	1 311
Investment and unit-linked contracts	6 582	12 211	1 030	22 480	-	-	42 304	-1	42 303
Other financial liabilities ²	10 089	6 353	1 091	356	539	418	18 847	-1 106	17 741
Insurance liabilities	88 017	20 597	16 260	187	-	-	125 060	-76	124 985
Policyholder participation liabilities	8 746	4 127	3 153	26	-	-	16 052	0	16 052
Employee benefit liabilities	1 624	87	255	17	177	-	2 160	-	2 160
Provisions	15	21	6	4	7	13	66	-	66
Other liabilities	124	115	48	21	28	1	337	-2	336
SEGMENT LIABILITIES	116 471	43 530	21 860	23 092	751	475	206 179	-1 226	204 953
Borrowings									3 951
Income tax liabilities									2 755
EQUITY									16 435
TOTAL LIABILITIES AND EQUITY									228 094

¹ Including IFRS 16 right-of-use assets² Including IFRS 16 lease liabilities

Premiums and policy fees from external customers

In CHF million	Net earned premiums		Net earned policy fees	
	2020 HY	2019 HY	2020 HY	2019 HY
LIFE				
Individual life	1 698	1 624	166	173
Group life	7 279	9 516	9	8
TOTAL LIFE	8 977	11 140	175	180
NON-LIFE				
Accident and health	5	6	-	-
Property, casualty and other	181	182	-	-
TOTAL NON-LIFE	186	188	-	-
TOTAL	9 163	11 328	175	180

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		30.06.2020	31.12.2019
Cash and cash equivalents		2 684	2 944
Derivatives		0	0
Financial assets at fair value through profit or loss			
Debt securities		6 999	6 934
Equity securities		5 953	5 611
Investment funds		20 764	22 692
Other		13	13
Investment property		307	-
TOTAL ASSETS FOR THE ACCOUNT AND RISK OF THE SWISS LIFE GROUP'S CUSTOMERS		36 721	38 193

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

In CHF million		Notes	30.06.2020	31.12.2019
Unit-linked contracts		12	24 985	26 308
Investment contracts		12	4 961	4 901
Insurance liabilities		14	6 598	7 109
TOTAL LIABILITIES LINKED TO ASSETS FOR THE ACCOUNT AND RISK OF THE SWISS LIFE GROUP'S CUSTOMERS			36 544	38 318

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	
		2020 HY	2019 HY	2020 HY	2019 HY	2020 HY	2019 HY
Investment income	6	1 998	2 237	-	-	1 998	2 237
Net gains/losses on financial assets	6	-443	997	6	-1	-437	995
Net gains/losses on financial instruments at fair value through profit or loss	6	290	-1 252	-20	8	269	-1 244
Net gains/losses on investment property		270	505	-	-	270	505
Share of profit or loss of associates		3	4	-	-	3	4
FINANCIAL RESULT		2 118	2 490	-15	7	2 103	2 497

5 Premiums, Policy Fees and Deposits Received

Written premiums

In CHF million		
	2020 HY	2019 HY
Direct	9 028	11 196
Assumed	261	264
GROSS WRITTEN PREMIUMS	9 289	11 460
Ceded	-79	-86
NET WRITTEN PREMIUMS	9 209	11 374

Earned premiums

In CHF million		
	2020 HY	2019 HY
Direct	8 980	11 145
Assumed	256	262
GROSS EARNED PREMIUMS	9 236	11 407
Ceded	-73	-79
NET EARNED PREMIUMS	9 163	11 328

Written policy fees

In CHF million		
	2020 HY	2019 HY
Direct	186	192
GROSS WRITTEN POLICY FEES	186	192
Ceded	0	0
NET WRITTEN POLICY FEES	186	192

Earned policy fees

In CHF million		
	2020 HY	2019 HY
Direct	175	180
GROSS EARNED POLICY FEES	175	180
Ceded	0	0
NET EARNED POLICY FEES	175	180

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		
	2020 HY	2019 HY
Gross written premiums and policy fees	9 475	11 652
Deposits received under insurance and investment contracts	2 144	2 429
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	11 619	14 081

6 Details of Certain Items in the Consolidated Statement of Income

Commission income

In CHF million

	2020 HY	2019 HY
Brokerage commissions	372	369
Asset management commissions	249	181
Other commissions and fees	120	145
TOTAL COMMISSION INCOME	741	695

Investment income

In CHF million

	2020 HY	2019 HY
Interest income on financial assets available for sale	1 083	1 201
Interest income on loans and receivables	210	229
Other interest income	-3	4
Dividend income on financial assets available for sale	234	280
Net income on investment property	475	522
TOTAL INVESTMENT INCOME	1 998	2 237

Net gains/losses on financial assets

In CHF million

	2020 HY	2019 HY
Sale of		
financial assets available for sale	366	1 246
loans	105	37
Net gains/losses from sales	471	1 282
Impairment losses on		
debt instruments available for sale	-16	0
equity instruments available for sale	-521	-17
loans and receivables	-7	0
Impairment losses on financial assets	-544	-17
Hedging gains/losses reclassified from OCI	359	-24
Foreign currency gains/losses	-723	-245
TOTAL NET GAINS/LOSSES ON FINANCIAL ASSETS	-437	995

An impairment loss for an equity instrument classified as available for sale is recognised if there is a significant decline of 30% or more, or a prolonged decline of 12 months or longer, in the fair value of the instrument below its cost. As at 30 June 2020, the Swiss Life Group recognised an impairment loss of CHF 521 million for equity instruments available for sale, including CHF 426 million mainly due to significant declines that occurred during the stock market volatility in relation with the COVID-19 pandemic.

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

In CHF million

	2020 HY	2019 HY
Currency derivatives	392	-214
Interest rate derivatives	-134	28
Equity derivatives	160	-1 109
Other derivatives	4	-59
Financial assets designated as at fair value through profit or loss ¹	-249	322
Associates at fair value through profit or loss	2	2
Investment contracts without discretionary participation	-11	17
Third party interests in consolidated investment funds	121	-239
Other financial liabilities	6	0
Assets for the account and risk of the Swiss Life Group's customers	-1 938	2 211
Liabilities linked to assets for the account and risk of the Swiss Life Group's customers	1 918	-2 203
TOTAL NET GAINS/LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	269	-1 244

¹ Includes interest and dividend income of CHF 55 million (2019: CHF 49 million)

Other income

In CHF million

	2020 HY	2019 HY
Realised gains/losses on sales of subsidiaries and other assets	0	4
Revenue from sale of inventory property	15	71
Other foreign currency gains/losses	53	30
Other	8	19
TOTAL OTHER INCOME	77	124

Net insurance benefits and claims

In CHF million

	2020 HY	2019 HY
Benefits and claims under insurance contracts		
Life benefits and claims paid, gross	6 423	6 615
Change in future life policyholder benefits and claims, gross	2 376	5 135
Non-life claims paid, gross	120	128
Change in non-life claims, gross	-6	-9
Benefits and claims recovered from reinsurers	-44	-45
Net benefits and claims under insurance contracts	8 868	11 824
Benefits and claims under investment contracts with discretionary participation		
Life benefits and claims paid, gross	338	355
Change in future life policyholder benefits and claims, gross	84	-604
Net benefits and claims under investment contracts with discretionary participation	422	-249
TOTAL NET INSURANCE BENEFITS AND CLAIMS	9 291	11 574

Interest expense

In CHF million

	2020 HY	2019 HY
Interest expense on deposits	7	6
Negative interest on repurchase agreements	-12	-14
Interest expense on due to banks	12	16
Interest expense on investment contracts	34	36
Interest expense on deposits under insurance contracts	3	26
Interest expense on lease liabilities	2	2
Other interest expense	7	11
TOTAL INTEREST EXPENSE	53	82

Commission expense

In CHF million

	2020 HY	2019 HY
Insurance agent and broker commissions	496	477
Asset management commissions	44	144
Other commissions and fees	60	54
TOTAL COMMISSION EXPENSE	601	676

Employee benefits expense

In CHF million

	2020 HY	2019 HY
Wages and salaries	396	388
Social security	77	74
Defined benefit plans	47	45
Defined contribution plans	2	1
Other employee benefits	29	29
TOTAL EMPLOYEE BENEFITS EXPENSE	550	537

Depreciation and amortisation expense

In CHF million

	Notes	2020 HY	2019 HY
Depreciation of property and equipment ¹		33	34
Amortisation of present value of future profits (PVP)	11	0	0
Amortisation of deferred acquisition costs (DAC)	11	129	129
Amortisation of deferred origination costs (DOC)	11	7	6
Amortisation of other intangible assets	11	16	17
TOTAL DEPRECIATION AND AMORTISATION EXPENSE		185	186

¹ Including depreciation of IFRS 16 right-of-use assets

Other expenses

In CHF million

	2020 HY	2019 HY
Marketing and advertising	20	21
Information technology and systems	56	53
Maintenance and repair	14	12
Short-term leases	1	4
Leases of low-value assets	2	1
Professional services	93	92
Cost of inventory property sold	13	57
Premium taxes and other non-income taxes	42	33
Other	29	32
TOTAL OTHER EXPENSES	269	305

7 Income Taxes

Income tax expense

In CHF million

	2020 HY	2019 HY
Current income tax expense	67	173
Deferred income tax expense	102	-24
TOTAL INCOME TAX EXPENSE	169	150

8 Financial Assets at Fair Value through Profit or Loss

In CHF million

	Notes	30.06.2020	31.12.2019
Debt securities		727	622
Equity securities		136	239
Investment funds – debt		1 196	1 211
Investment funds – equity		1 502	1 470
Investment funds – balanced		157	259
Real estate funds		2 340	1 999
Infrastructure investments		2 486	2 620
Private equity and hedge funds		18	22
Financial assets for the account and risk of the Swiss Life Group's customers	4	33 729	35 250
TOTAL FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS		42 291	43 692

9 Financial Assets Available for Sale

In CHF million	Cost/amortised cost		Net unrealised gains/losses		Fair value (carrying amount)	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Debt securities	74 347	74 294	14 399	13 472	88 746	87 766
Senior secured loans	3 927	3 143	-181	1	3 746	3 144
Equity securities	7 696	9 621	216	1 199	7 913	10 820
Investment funds – debt	2 226	2 886	167	147	2 393	3 032
Investment funds – equity	2 511	2 466	227	401	2 738	2 867
Investment funds – balanced	3	10	0	0	3	10
Real estate funds	503	522	35	34	538	556
Private equity	94	109	41	45	135	153
Hedge funds	20	25	9	12	29	36
TOTAL FINANCIAL ASSETS AVAILABLE FOR SALE	91 327	93 076	14 913	15 310	106 240	108 386

10 Loans and Receivables

In CHF million	Notes	Gross carrying amount		Allowance for impairment losses		Carrying amount	
		30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019
LOANS							
Mortgages		10 759	9 801	-19	-18	10 741	9 783
Corporate and other loans		1 827	1 849	-2	-4	1 825	1 845
Note loans		4 946	5 324	-	-	4 946	5 324
Debt securities previously classified as available for sale		820	968	-	-	820	968
Other debt securities classified as loans		156	159	-	-	156	159
TOTAL LOANS	16	18 508	18 102	-21	-22	18 488	18 081
RECEIVABLES							
Insurance receivables		1 762	1 550	-27	-22	1 734	1 529
Reinsurance receivables		335	322	-	-	335	322
Accrued income		1 054	1 304	-	-	1 054	1 304
Settlement accounts		284	669	-	-	284	669
Other receivables		1 557	1 057	-6	-6	1 551	1 051
TOTAL RECEIVABLES	16	4 991	4 902	-34	-28	4 957	4 874
TOTAL LOANS AND RECEIVABLES		23 499	23 004	-54	-50	23 445	22 955

11 Intangible Assets including Intangible Insurance Assets

In CHF million	30.06.2020	31.12.2019
Intangible insurance assets	1 447	1 421
Other intangible assets	1 600	1 653
TOTAL INTANGIBLE ASSETS	3 046	3 074

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	
	2020 HY	2019 YE	2020 HY	2019 YE	2020 HY	2019 YE	2020 HY	2019 YE
Balance as at 1 January	7	8	1 360	1 454	54	32	1 421	1 494
Additions	–	–	182	403	23	35	205	437
Amortisation	0	–1	–129	–401	–7	–12	–136	–414
Effect of shadow accounting	0	0	–24	–61	–	–	–24	–62
Foreign currency translation differences	0	0	–17	–34	–1	0	–18	–34
BALANCE AS AT END OF PERIOD	7	7	1 370	1 360	69	54	1 447	1 421

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 2020

In CHF million					
	Goodwill	Customer relationships	Computer software	Brands and other	Total
COST					
Balance as at 1 January	1 461	105	41	46	1 653
Additions	-	-	6	1	6
Disposals	-	-	-1	-4	-4
Amortisation	-	-8	-7	-1	-16
Impairment losses	-	-12	-	-	-12
Foreign currency translation differences	-23	-3	-1	-1	-27
BALANCE AS AT END OF PERIOD	1 438	82	38	42	1 600
Cost					
Cost	1 915	233	212	46	2 406
Accumulated amortisation and impairment	-477	-152	-175	-4	-807
TOTAL OTHER INTANGIBLE ASSETS AS AT END OF PERIOD	1 438	82	38	42	1 600

Other intangible assets for the year 2019

In CHF million					
	Goodwill	Customer relationships	Computer software	Brands and other	Total
COST					
Balance as at 1 January	1 457	111	39	34	1 641
Additions	-	-	18	3	21
Additions from business combinations	30	15	-	12	57
Disposals	0	-	-1	0	-1
Amortisation	-	-17	-15	-1	-34
Impairment losses	-3	-	-	-	-3
Foreign currency translation differences	-23	-3	-1	-1	-29
BALANCE AS AT END OF PERIOD	1 461	105	41	46	1 653
Cost					
Cost	1 968	238	220	49	2 476
Accumulated amortisation and impairment	-507	-133	-179	-3	-822
TOTAL OTHER INTANGIBLE ASSETS AS AT END OF PERIOD	1 461	105	41	46	1 653

Goodwill

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

The acquisition of Fontavis AG, Baar, in September 2019 resulted in the recognition of goodwill of CHF 25 million. The goodwill has been allocated to the "Asset Managers" segment. The goodwill resulting from the acquisition of in total eight property entities in Geneva and Vaud in 2019 was nil. A goodwill of CHF 5 million was recognised in the segment "International" in connection with the acquisition of Ferguson Oliver Limited in Angus, United Kingdom.

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 (31.12.2019: CHF 18 million) have been allocated to the "France" segment, CHF 49 million (31.12.2019: CHF 51 million) to the "Asset Managers" segment and CHF 62 million (31.12.2019: CHF 67 million) to the "International" segment as at 30 June 2020.

In CHF million	Lloyd Continental		CapitalLeben		Corpus Sireo		Beos		Other	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Net carrying amount of goodwill	287	287	149	149	93	94	129	132	129	136
Impairment losses	-	-	-	-	-	3	-	-	-	-

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	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Net carrying amount of goodwill	152	152	430	438	69	72	651	663

As a result of the COVID-19 pandemic, input factors for the assessment of an impairment indication have become more volatile. At 30 June 2020, Swiss Life did not identify any indication for an impairment. Headrooms on all individual positions of goodwill were assessed as sufficient to absorb the aforementioned additional volatility. Swiss Life performs its annual assessment of recoverable amounts in the second half of each financial year.

Customer relationships

The acquisition of Fontavis AG, Baar, in September 2019 led to the recognition of customer relationships of CHF 15 million.

As at 30 June 2020, customer relationships comprise customer relationships relating to Swiss Life Select: CHF 2 million (31.12.2019: CHF 2 million), which were allocated to the “Switzerland” segment. The “France” segment comprises customer relationships of CHF 7 million (31.12.2019: CHF 8 million) and the “Asset Managers” segment of CHF 66 million (31.12.2019: CHF 87 million). An impairment loss of CHF 12 million was recognised related to customer relationships in the “Asset Managers” segment in the first half of 2020. The “International” segment comprises customer relationships of CHF 7 million (31.12.2019: CHF 8 million). Customer relationships are included in the impairment test of the respective cash-generating unit.

Brands and other

As at 30 June 2020, “Brands and other” comprises the brands Corpus Sireo, Mayfair, Beos, Fincentrum and Fontavis, as well as an intangible asset representing a performance fee related to the acquisition of Fontavis. At the acquisition date in 2019 the performance fee of Fontavis had a fair value of CHF 12 million. The brands of Beos, Fincentrum and Fontavis are amortised over their useful lives.

12 Investment and Unit-Linked Contracts

In CHF million	Notes	Gross		Ceded		Net	
		30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Unit-linked contracts	16	24 985	26 308	–	–	24 985	26 308
Investment contracts with discretionary participation features (DPF)		14 939	15 395	117	114	14 823	15 281
Investment contracts without DPF at fair value through profit or loss	16	617	599	–	–	617	599
Investment contracts without DPF at amortised cost	16	1	1	–	–	1	1
TOTAL INVESTMENT AND UNIT-LINKED CONTRACTS		40 542	42 303	117	114	40 425	42 188
of which for the account and risk of the Swiss Life Group's customers							
unit-linked contracts	4	24 985	26 308	–	–	24 985	26 308
investment contracts	4	4 961	4 901	–	–	4 961	4 901

13 Borrowings

In CHF million	Notes	30.06.2020	31.12.2019
		Hybrid debt	2 872
Senior bonds	1 049	1 049	
TOTAL BORROWINGS	16	3 921	3 951

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

In CHF million	Hybrid debt		Senior bonds		Lease liabilities ¹		Total	
	2020 HY	2019 HY	2020 HY	2019 HY	2020 HY	2019 HY	2020 HY	2019 HY
Balance as at 1 January	2 902	2 960	1 049	424	152	0	4 104	3 385
Initial application of IFRS 16	–	–	–	–	–	171	–	171
Cash flows								
Issuance	–	–	–	250	–	–	–	250
Redemption	–	–	–	-225	-19	-21	-19	-246
Other changes								
New leases	–	–	–	–	109	13	109	13
Premium/discount amortisation	2	2	0	0	2	2	4	4
Other movements	–	–	–	–	-4	-1	-4	-1
Foreign currency translation differences	-31	-24	–	–	-3	-1	-34	-26
BALANCE AS AT END OF PERIOD	2 872	2 938	1 049	449	237	161	4 158	3 548

¹ Included in other financial liabilities

Hybrid debt

There were no issuances or redemptions of hybrid debt in the first half of 2020 or in 2019.

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.

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

14 Insurance Liabilities

In CHF million	Gross		Ceded		Net	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Claims under non-life insurance contracts	873	896	171	173	701	722
Unearned premiums non-life	61	45	1	1	60	44
Claims under life insurance contracts	6 295	6 366	98	101	6 197	6 265
Future life policyholder benefits	108 868	106 923	135	134	108 733	106 789
Unearned premiums life	93	59	6	0	87	59
Deposits under insurance contracts	10 250	10 696	–	–	10 250	10 696
TOTAL INSURANCE LIABILITIES	126 440	124 985	411	410	126 028	124 574
of which for the account and risk of the Swiss Life Group's customers	6 598	7 109	1	–	6 597	7 109

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	30.06.2020	31.12.2019
Employee benefit liabilities consist of		
gross defined benefit liabilities	1 961	1 976
other employee benefit liabilities	137	183
TOTAL EMPLOYEE BENEFIT LIABILITIES	2 098	2 160

Amounts recognised as defined benefit assets/liabilities

In CHF million	30.06.2020	31.12.2019
Present value of defined benefit obligation	-4 053	-3 989
Fair value of plan assets	2 157	2 078
NET DEFINED BENEFIT LIABILITY	-1 896	-1 911
Insurance contracts not eligible as plan assets under IFRS	1 287	1 346
NET DEFINED BENEFIT SURPLUS (+)/DEFICIT (-) (ECONOMIC VIEW)	-609	-566
The net defined benefit liability consists of		
gross defined benefit liabilities	-1 961	-1 976
gross defined benefit assets	65	65

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 609 million as at 30 June 2020 (31.12.2019: deficit of CHF 566 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	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019
FINANCIAL ASSETS								
Derivatives								
Currency	0	0	654	625	-	-	654	625
Interest rate	0	0	1 735	1 389	-	-	1 735	1 389
Equity	854	22	22	54	-	-	876	76
Total derivatives	854	22	2 412	2 068	-	-	3 265	2 090
Debt instruments								
Governments and supranationals	55 593	52 066	329	266	-	1	55 922	52 334
Corporates	40 552	40 923	401	399	195	201	41 148	41 523
Other	49	53	12	25	32	36	94	114
Total debt instruments	96 194	93 042	742	690	227	238	97 163	93 970
Equity instruments								
Equity securities	7 565	10 571	16	17	467	472	8 048	11 059
Investment funds	6 303	6 937	2 135	2 308	2 429	2 158	10 867	11 404
Alternative investments	-	-	20	24	2 648	2 807	2 668	2 831
Total equity instruments	13 868	17 508	2 171	2 350	5 544	5 438	21 583	25 296
Assets for the account and risk of the Swiss Life Group's customers	28 327	29 920	979	1 055	4 423	4 275	33 729	35 250
TOTAL FINANCIAL ASSETS	139 244	140 492	6 303	6 162	10 194	9 951	155 740	156 605
INVESTMENTS IN ASSOCIATES								
Associates at fair value through profit or loss	-	-	-	33	85	131	85	164
FINANCIAL LIABILITIES								
Derivatives								
Currency	0	0	359	343	-	-	360	343
Interest rate	0	-	866	838	-	-	866	838
Equity	382	99	5	9	-	-	387	108
Other	-	-	-	22	-	-	-	22
Total derivatives	383	99	1 230	1 212	-	-	1 613	1 311
Investment contracts without discretionary participation	-	-	617	599	-	-	617	599
Unit-linked contracts	-	-	24 836	26 171	149	136	24 985	26 308
Third party interests in consolidated investment funds	-	-	754	1 007	2 317	2 582	3 071	3 589
TOTAL FINANCIAL LIABILITIES	383	99	27 438	28 990	2 466	2 719	30 287	31 808

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 2019, Note 30 Fair Value Measurements.

During the first half of 2020, debt securities of CHF 65 million (HY2019: CHF 58 million) were transferred from level 1 into level 2 due to reduced frequency of price quotations, and assets for the account and risk of the Swiss Life Group's customers of CHF 67 million (HY2019: nil) were transferred from level 3 into level 1 due to available quoted prices. During the comparative period only, debt securities of CHF 228 million were transferred from level 2 into level 1 due to new liquid price sources, and real estate funds of CHF 157 million were listed at the SIX Swiss Exchange and therefore transferred from level 2 into level 1.

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

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 2020

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	-	-	238	4 537	1 032	4 275	10 082
Total gains/losses recognised in profit or loss	-	-	0	-182	-6	-3	-191
Total gains/losses recognised in other comprehensive income	-	-	-6	-	3	-	-3
Additions	-	-	-	980	34	667	1 680
Disposals	-	-	-	-659	-55	-333	-1 047
Transfers out of level 3	-	-	-1	-	-	-67	-68
Foreign currency translation differences	-	-	-4	-40	-15	-116	-176
BALANCE AS AT END OF PERIOD	-	-	227	4 635	994	4 423	10 279
Unrealised gains/losses recognised in profit or loss for assets held at the end of the period	-	-	0	-92	-12	-3	-107

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 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

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

In CHF million	Derivatives		Unit-linked contracts		Third party interests in consolidated investment funds		Total	
	2020 HY	2019 HY	2020 HY	2019 HY	2020 HY	2019 HY	2020 HY	2019 HY
	Balance as at 1 January	-	-	136	161	2 582	1 611	2 719
Total gains/losses recognised in profit or loss	-	-	0	0	-84	66	-84	66
Additions	-	-	13	1	72	1 190	84	1 191
Disposals	-	-	0	-1	-226	-242	-226	-243
Foreign currency translation differences	-	-	0	0	-27	-26	-27	-26
BALANCE AS AT END OF PERIOD	-	-	149	161	2 317	2 599	2 466	2 761
Unrealised gains/losses recognised in profit or loss for liabilities held at the end of the period	-	-	0	0	-88	66	-88	66

Gains/losses recognised in profit or loss

Gains/losses on level 3 fair value measurements recognised in profit or loss are presented in the income statement as follows.

In CHF million	Financial assets		Financial instruments at fair value through profit or loss	
	2020 HY	2019 HY	2020 HY	2019 HY
	ASSETS			
Total gains/losses recognised in profit or loss	-6	14	-185	143
Unrealised gains/losses recognised in profit or loss for assets held at the end of the period	-12	-11	-95	138
LIABILITIES				
Total gains/losses recognised in profit or loss	-	-	84	-66
Unrealised gains/losses recognised in profit or loss for liabilities held at the end of the period	-	-	88	-66

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	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
ASSETS				
Loans	18 488	18 081	21 847	21 078
Receivables ¹	4 957	4 874	4 957	4 874
LIABILITIES				
Investment contracts without discretionary participation ¹	1	1	1	1
Borrowings	3 921	3 951	4 190	4 395
Other financial liabilities ^{1,2}	15 297	14 152	15 297	14 152

¹ Carrying amount approximates fair value.

² Excluding third party interests in consolidated investment funds

17 Acquisitions and Disposals of Subsidiaries

There were no significant acquisitions and disposals of subsidiaries in the first half of 2020 and 2019.

Review Report

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

Introduction

We have reviewed the 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 to the consolidated financial statements, pages 4 to 40) of Swiss Life Holding Ltd for the period ended 30 June 2020. 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 2020



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Important Dates

Interim Statement Q3 2020

4 November 2020

Presentation of 2020 results

2 March 2021

Annual General Meeting 2021

23 April 2021, Hallenstadion Zurich

Interim Statement Q1 2021

11 May 2021

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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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