SwissLife

Extract

From our 2023 Annual Report
Swiss Life Group

Draft Consolidated Financial Statements (unaudited)

Consolidated Financial Statements

Consolidated Statement of Income (unaudited)

Consolidated statement of income for the years ended 31 December

In CHF million

	Notes	2023	restated 2022
Insurance revenue	7	**8 797**	8 017
Insurance service expenses	7	**–7 445**	–6 588
Net expenses from reinsurance contracts held		**–143**	–149
Insurance service result		**1 209**	1 280
Net investment result			
Investment income	7	**3 849**	3 891
Net gains/losses including impairment losses on financial assets available for sale and loans and receivables	7	**–**	–906
Net gains/losses including impairment losses on financial assets at fair value through other comprehensive income and amortised cost	7	**–2 165**	–
Net gains/losses on financial instruments at fair value through profit or loss	7	**4 018**	–1 948
Net gains/losses on investment property	7	**–880**	1 034
Net finance expenses from insurance contracts and investment contracts with discretionary participation	16	**–4 757**	–1 564
Net finance income from reinsurance contracts held	16	**38**	4
Net investment result		**103**	512
Commission income	7	**1 929**	1 938
Policy fees earned on investment contracts without discretionary participation		**66**	74
Share of profit or loss of associates	11	**1**	0
Other income	7	**646**	275
Other interest expense	7	**–284**	–87
Other expenses	7	**–2 172**	–2 251
PROFIT FROM OPERATIONS		**1 497**	1 742
Borrowing costs		**–132**	–120
PROFIT BEFORE INCOME TAX		**1 366**	1 622
Income tax expense	20	**–254**	–433
NET PROFIT		**1 111**	1 189
Net profit attributable to			
equity holders of Swiss Life Holding		**1 094**	1 182
non-controlling interests		**18**	7
NET PROFIT		**1 111**	1 189
Earnings per share attributable to shareholders of Swiss Life Holding			
Basic earnings per share (in CHF)	6	**37.13**	38.74
Diluted earnings per share (in CHF)	6	**37.01**	38.62

14.03.2024

Consolidated Statement of Comprehensive Income (unaudited)

Consolidated statement of comprehensive income for the years ended 31 December

In CHF million

	Notes	2023	restated 2022
NET PROFIT		**1 111**	1 189
OTHER COMPREHENSIVE INCOME			
ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT			
Exchange differences on translating foreign operations		**–875**	–321
Net investment hedges		**532**	90
Change in fair value of financial assets available for sale		**–**	–22 721
Change in fair value of debt securities reclassified to loans and receivables		**–**	6
Change in fair value of debt instruments measured at fair value through other comprehensive income		**4 898**	–
Cash flow hedges		**5**	–1 089
Cost of hedging		**0**	–
Net finance income/expenses from insurance contracts and investment contracts with discretionary participation		**–5 272**	23 619
Net finance income/expenses from reinsurance contracts held		**74**	–85
Share of other comprehensive income of associates		**0**	0
Income tax		**66**	55
TOTAL	22	**–572**	–448
ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT			
Revaluation surplus on investment property		**–2**	–3
Remeasurements of defined benefit pension liability		**–267**	637
Change in fair value of equity instruments measured at fair value through other comprehensive income		**75**	–
Fair value hedges of equity instruments measured at fair value through other comprehensive income		**–23**	–
Income tax		**35**	–106
TOTAL	22	**–181**	528
NET OTHER COMPREHENSIVE INCOME	22	**–753**	80
TOTAL NET COMPREHENSIVE INCOME		**358**	1 269
Total net comprehensive income attributable to			
equity holders of Swiss Life Holding		**346**	1 266
non-controlling interests		**13**	3
TOTAL NET COMPREHENSIVE INCOME		**358**	1 269

14.03.2024

Consolidated Balance Sheet (unaudited)

Consolidated balance sheet

In CHF million

	Notes	31.12.2023	restated 31.12.2022	restated 01.01.2022
ASSETS				
Cash and cash equivalents		**5 888**	6 910	7 208
Derivatives	8	**2 749**	5 126	2 813
Assets held for sale		**1**	1	69
Financial assets				
Designated as at fair value through profit or loss	9	**–**	49 747	54 149
Available for sale	9	**–**	79 968	106 880
Loans and receivables	9	**–**	19 741	17 722
Measured at fair value through profit or loss	9	**65 548**	–	–
Measured at fair value through other comprehensive income	9	**66 329**	–	–
Measured at amortised cost	9	**18 958**	–	–
Financial assets pledged as collateral	9	**6 424**	3 234	4 140
Total financial assets		**157 259**	152 690	182 891
Investment property	10	**40 710**	42 160	41 234
Investments in associates	11	**163**	152	172
Insurance contract assets incl. investment contracts with discretionary participation	16	**13**	5	72
Reinsurance contract assets	16	**2 079**	1 692	284
Property and equipment	12	**908**	932	925
Intangible assets	13	**1 701**	1 714	1 758
Current income tax assets		**62**	35	34
Deferred income tax assets	20	**274**	260	223
Other assets	14	**1 637**	1 764	1 164
TOTAL ASSETS		**213 445**	213 440	238 846

Consolidated balance sheet

In CHF million

	Notes	31.12.2023	restated 31.12.2022	restated 01.01.2022
LIABILITIES AND EQUITY				
LIABILITIES				
Derivatives	8	**1 265**	3 218	1 746
Investment contracts without discretionary participation	15	**18 201**	18 545	22 611
Borrowings	17	**4 195**	4 409	4 099
Other financial liabilities	18	**18 846**	19 136	17 272
Insurance contract liabilities incl. investment contracts with discretionary participation	16	**159 830**	156 115	180 464
Reinsurance contract liabilities	16	**18**	14	37
Employee benefit liabilities	19	**1 029**	869	1 571
Current income tax liabilities		**362**	424	341
Deferred income tax liabilities	20	**986**	1 033	864
Provisions	21	**40**	66	48
Other liabilities	14	**374**	402	359
TOTAL LIABILITIES		**205 146**	204 231	229 412
EQUITY				
Share capital		**3**	3	3
Share premium		**17**	17	15
Treasury shares		**–388**	–640	–285
Accumulated other comprehensive income		**–1 632**	–705	–738
Retained earnings		**9 499**	9 738	9 644
TOTAL SHAREHOLDERS' EQUITY	22	**7 499**	8 414	8 640
Hybrid equity		**675**	675	675
Non-controlling interests		**125**	120	119
TOTAL EQUITY		**8 299**	9 209	9 435
TOTAL LIABILITIES AND EQUITY		**213 445**	213 440	238 846

14.03.2024

Consolidated Statement of Cash Flows (unaudited)

Consolidated statement of cash flows for the years ended 31 December

In CHF million

	2023	restated 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums, policy fees and deposits received, including investment components	**18 567**	17 722
Insurance service expenses and insurance acquisition costs paid, including investment components	**–21 649**	–17 204
Interest received	**2 819**	2 580
Dividends received	**482**	570
Commissions received	**1 890**	1 989
Rentals received	**1 416**	1 393
Interest paid on borrowings and other liabilities	**–387**	–216
Commissions, employee benefit and other payments	**–4 199**	–3 487
Net cash flows from		
derivatives	**2 066**	–546
financial assets available for sale	**–**	1 775
loans	**–**	–1 576
financial instruments measured at fair value through profit or loss	**–3 465**	–2 380
financial assets measured at fair value through other comprehensive income	**3 362**	–
financial assets measured at amortised cost	**210**	–
investment property	**–327**	–341
other financial liabities	**18**	1 798
other operating assets and liabilities	**404**	–833
Income taxes paid	**–326**	–260
TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES	**881**	986

14.03.2024

Consolidated statement of cash flows for the years ended 31 December

In CHF million

	Notes	2023	restated 2022
TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES		**881**	986
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of investments in associates		**–15**	–4
Sales of investments in associates		**2**	26
Dividends received from associates	11	**3**	27
Purchases of property and equipment		**–89**	–60
Sales of property and equipment		**26**	5
Purchases of computer software and other intangible assets		**–20**	–23
Acquisitions of subsidiaries, net of cash and cash equivalents	24	**–53**	6
Disposals of subsidiaries, net of cash and cash equivalents	24	**37**	53
TOTAL NET CASH FLOWS FROM INVESTING ACTIVITIES		**–111**	29
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of debt instruments	17	**1 218**	878
Redemption of debt instruments	17	**–1 270**	–470
Lease principal payments [1]	17	**–38**	–37
Purchases of treasury shares		**–442**	–726
Purchases of non-controlling interests		**–**	–1
Capital contributions from non-controlling interests		**1**	2
Interest paid on hybrid equity		**–13**	–13
Dividends paid to equity holders of Swiss Life Holding	1	**–877**	–764
Dividends paid to non-controlling interests		**–8**	–4
TOTAL NET CASH FLOWS FROM FINANCING ACTIVITIES		**–1 430**	–1 135
TOTAL CHANGE IN CASH AND CASH EQUIVALENTS		**–661**	–119
Cash and cash equivalents as at 1 January		**6 910**	7 208
Foreign currency differences		**–361**	–179
Total change in cash and cash equivalents		**–661**	–119
TOTAL CASH AND CASH EQUIVALENTS AS AT END OF PERIOD		**5 888**	6 910
COMPONENTS OF CASH AND CASH EQUIVALENTS			
Cash on hand and demand deposits		**5 083**	6 905
Cash equivalents		**805**	5
TOTAL CASH AND CASH EQUIVALENTS AS AT END OF PERIOD		**5 888**	6 910

[1] Total cash outflow for leases: CHF 43 million (2022: CHF 47 million)

14.03.2024

Consolidated Statement of Changes in Equity (unaudited)

Consolidated statement of changes in equity for the year ended 31 December 2023

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 2023		3	17	–640	–705	9 738	8 414	675	120	9 209
Adjustment on initial application of IFRS 9	22	–	–	–	–230[1]	307[2]	77	–	0	77
Tax effect on initial application of IFRS 9	22	–	–	–	51	–76	–25	–	0	–25
Balance as at 1 January 2023 restated		3	17	–640	–883	9 968	8 466	675	120	9 261
Total net comprehensive income		–	–	–	–748	1 094	346	–	13	358
Equity-settled share-based payments		–	20	–	–	–	20	–	–	20
Purchases of treasury shares		–	–	–30	–	–	–30	–	–	–30
Share buyback	22	–	–	–412	–	–	–412	–	–	–412
Cancellation of treasury shares		0	–	677	–	–677	–	–	–	–
Allocation of treasury shares under equity compensation plans		–	–17	17	–	–	–	–	–	–
Disposals of subsidiaries		–	–	–	–	–	–	–	0	0
Transfer of gains/losses on disposal to retained earnings		–	–	–	–1	1	–	–	–	–
Capital contributions from non-controlling interests		–	–	–	–	–	–	–	1	1
Dividends	22	–	–	–	–	–877	–877	–	–8	–885
Interest on hybrid equity		–	–	–	–	–13	–13	–	–	–13
Income tax effects		–	–2	–	–	2	0	–	–	0
BALANCE AS AT END OF PERIOD		3	17	–388	–1 632	9 499	7 499	675	125	8 299

[1] Includes consequential impact from fair value change of underlying items of CHF 1095 million
[2] Includes consequential impact from fair value change of underlying items of CHF -1095 million

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

In CHF million	Notes	Share capital	Share premium	Treasury shares	Accumulated other comprehensive income	Retained earnings	Total shareholders' equity	Hybrid equity	Non-controlling interests	Total equity
Balance as at 1 January		3	15	–285	2 804	13 189	15 727	675	120	16 522
Adjustment on initial application of IFRS 17	22	–	–	–	–4 431	–4 375	–8 805	–	–1	–8 805
Tax effect on initial application of IFRS 17	22	–	–	–	889	829	1 718	–	0	1 718
Balance as at 1 January restated		3	15	–285	–738	9 644	8 640	675	119	9 435
Total net comprehensive income		–	–	–	84	1 182	1 266	–	3	1 269
Equity-settled share-based payments		–	18	–	–	–	18	–	–	18
Purchases of treasury shares		–	–	–25	–	–	–25	–	–	–25
Share buyback	22	–	–	–701	–	–	–701	–	–	–701
Cancellation of treasury shares		0	–	357	–	–357	–	–	–	–
Allocation of treasury shares under equity compensation plans		–	–14	14	–	–	–	–	–	–
Disposals of subsidiaries		–	–	–	–3	3	–	–	–	–
Transfer of gains/losses on disposal to retained earnings		–	–	–	–46	46	–	–	–	–
Changes in ownership interest in subsidiaries		–	–	–	–	–7	–7	–	1	–6
Capital contributions from non-controlling interests		–	–	–	–	–	–	–	2	2
Dividends	22	–	–	–	–	–764	–764	–	–4	–769
Interest on hybrid equity		–	–	–	–	–13	–13	–	–	–13
Income tax effects		–	–3	–	–	2	0	–	–	0
BALANCE AS AT END OF PERIOD		3	17	–640	–705	9 738	8 414	675	120	9 209

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 payment

For the 2022 financial year, a dividend of CHF 877 million (CHF 30.00 per registered share) was paid in May 2023 to the shareholders of Swiss Life Holding Ltd (hereinafter referred to as "Swiss Life Holding").

Share buyback programme

As announced during the Investor Day on 25 November 2021, Swiss Life started a CHF 1 billion share buyback programme in December 2021. By 30 May 2023, 1 876 368 shares had been purchased at an average price of CHF 532.94 per share, of which 472 487 shares for CHF 262 million were purchased in 2023, 1 335 881 shares for CHF 701 million in 2022 and 68 000 shares for CHF 38 million in 2021. The programme was completed in May 2023.

As announced on 6 September 2023, Swiss Life started a CHF 300 million share buyback programme in October 2023. By 31 December 2023, 261 800 shares had been purchased for CHF 150 million at an average price of CHF 573.46 per share. The programme will be completed in March 2024.

Approval of financial statements

On 8 April 2024, the Board of Directors approved the annual financial statements and the financial report and authorised them for issue. The financial report, therefore, only reflects events up to that date.

2 Summary of Significant Accounting Policies

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

2.1 Basis of preparation

The consolidated financial statements of Swiss Life have been prepared in accordance and compliance with IFRS® Accounting Standards (IFRS).

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

Figures may not add up exactly due to rounding.

2.2 Changes in accounting policies

The Swiss Life Group has adopted the following new standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2023.

- IFRS 17 Insurance Contracts
- IFRS 9 Financial Instruments
- Amendments to IAS 12 Income Taxes, International Tax Reform – Pillar Two Model Rules

The new accounting policies relating to IFRS 17, IFRS 9, Amendments to IAS 12 as well as the transition to IFRS 17 and IFRS 9 are described below. IFRS 17 has been applied retrospectively to the extent possible. The comparative periods have been restated. IFRS 9 has been applied retrospectively without restating the comparative periods.

Other new or amended standards and interpretations did not have a material impact on the Group's accounting policies.

2.2.1 IFRS 17 Insurance Contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features (DPF). It introduces three different models that measure groups of contracts based on the terms of the contracts. The models comprise the Group's estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment (RA) for non-financial risk and a contractual service margin (CSM).

Due to the nature of the business, the variable fee approach (VFA) is the predominant model applied at Swiss Life. The building block approach (BBA or the general model) as the default measurement model is applied to all insurance contracts unless the contract is subject to the VFA, or is eligible for, and the Group elects to apply, the simplified model – the premium allocation approach (PAA).

Under IFRS 17, insurance contract liabilities and assets under the BBA and the VFA consist of the present value of the best estimate future cash flows, a RA for non-financial risk and a CSM which represents the unearned profit under the contract. The CSM represents the profit that the company expects to earn as it provides insurance coverage. The CSM release is recognised in profit or loss over the coverage period as the company provides the insurance services or investment-related and investment-return services.

The Group applies the VFA to insurance and investment contracts with direct participation (VFA contracts). VFA contracts are substantially insurance and investment-related services contracts under which the Group expects to pay to the policyholder a return based on underlying items. Under a VFA contract, the Group expects to pay to the policyholders an amount equal in value to specified underlying items minus a variable fee for service. The variable fee is viewed as the compensation that the Group charges to the policyholder for services provided by the VFA contract.

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

– Direct participating life insurance contracts
– Unit-linked contracts subject to IFRS 17

The Group exercises judgement when deciding whether a contract contains direct participation features and, therefore, will be eligible to apply the VFA. Participating contracts differ significantly between jurisdictions. Not all participating contracts meet the criteria to be accounted for as direct participating contracts.

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

– Certain life insurance contracts without discretionary policyholder participation
– Reinsurance contracts issued and held with a contract boundary of more than one year

The measurement for insurance contract liabilities and assets under the PAA is similar to the unearned premium approach for short-duration contracts. The amounts recognised consist of an asset or liability for remaining coverage which comprises the premiums received under the contracts minus the insurance acquisition cash flows. In addition, a liability for incurred claims is set up.

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

– Non-life contracts
– Health and protection contracts
– Death and disability contracts
– Certain reinsurance contracts issued and held

2.2.1.1 Definition of insurance contracts

Insurance contracts are contracts under which one party accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Significant insurance risk exists if an insurance event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e. have no discernible effect on the economics of the transaction). The classification of contracts identifies both the insurance contracts the Group issues and reinsurance contracts that the Group holds. By Group policy, Swiss Life considers those contracts to be insurance contracts that require the payment of additional benefits in excess of 10% of the benefits that would be payable if the insured event had not occurred, excluding scenarios that lack commercial substance. The Group has assessed the significance of insurance risk on a contract-by-contract basis. Contracts that do not transfer insurance risk at inception but at a later date are classified as insurance from inception unless the Group remains free to price the insurance premium at a later date. In this case, the contract is classified as insurance when the insurance premiums are specified. A contract that qualifies as an insurance contract remains an insurance contract until all rights and obligations are extinguished or expire.

Contracts under which the transfer of insurance risk to the Group from the policyholder is not significant are classified as investment contracts.

2.2.1.2 Investment contracts with and without discretionary participation features

For investment contracts that contain discretionary participation features, the same recognition and measurement principles as for insurance contracts apply. For investment contracts without discretionary participation features, the recognition and measurement principles for financial instruments apply.

2.2.1.3 Level of aggregation

The Group identifies portfolios of insurance contracts. Each portfolio comprises contracts that are subject to similar risks and that are managed together and is divided into three groups: onerous contracts, contracts without significant risk of becoming onerous and remaining contracts unless the groups of contracts are mutualised. In case of non-mutualised groups of contracts, to distinguish between the two non-onerous groups of contracts, the Swiss Life Group primarily assesses each portfolio of insurance contracts on a qualitative basis with regard to profitability under reasonably possible scenarios. Additional criteria are taken into account if deemed necessary. Contracts are considered onerous at initial recognition, if the fulfilment cash flows arising from the contracts are a net outflow. For the contracts measured with the PAA, the Group assumes that no contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise.

Each group of insurance contracts is further divided by year of issue. The resulting groups represent the level at which the recognition and measurement accounting policies are applied. The groups are established on initial recognition and their composition is not reassessed subsequently. Contracts issued more than one year apart are not included in the same group.

2.2.1.4 Mutualisation

The policyholders of some direct participating contracts share with policyholders of other contracts the returns on the same pool of underlying items. The policyholder bears a reduction in his share of the return on the underlying items because of payments to policyholders of other contracts that share in that pool or vice versa. The mutual dependence of cash flows between contracts is commonly referred to as "mutualisation". This dependence is influenced by regulatory and statutory requirements as well as management views.

2.2.1.5 Initial recognition

The Group recognises a group of insurance contracts issued from the earliest of the following:

– the beginning of the coverage period;
– the date on which the first payment from a policyholder is due; and
– for a group of onerous contracts, when the group becomes onerous.

The Group recognises a group of reinsurance contracts issued that provide proportionate coverage at the later of the beginning of the coverage period of the group of reinsurance contracts and the initial recognition of any underlying contract and recognises all other groups of reinsurance contracts from the beginning of the coverage period of the group of reinsurance contracts. The coverage period is the period during which the Group receives coverage for claims arising from the reinsured portions of the underlying insurance contracts.

Subsequently, new contracts are added to the group when they are issued, provided that all contracts in the group are issued in the same year.

2.2.1.6 Contract boundaries

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the entity can compel the policyholder to pay the premiums or in which the entity has a substantive obligation to provide the policyholder with services.

The substantive rights and obligations end when:

– the entity has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or both of the following criteria are satisfied;
– the entity has the practical ability to reassess the risks of the portfolio of insurance contracts that contains the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
– the pricing of the premiums for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

The contract boundary is reassessed at each reporting date or when indicated by facts and circumstances. Therefore, it may change over time.

When assessing the practical ability to fully reflect the risk upon renewal of an existing contract, the following restrictions apply:

– restrictions arising from the terms and conditions of the contract;
– legal and regulatory restrictions; and
– commercial and reputational constraints.

However, restrictions are irrelevant if either of the following conditions is met:

– they equally apply to new and existing policyholders in the same market;
– they have no commercial substance (i.e. no discernible effect on the economics of the contract).

Finally, a constraint that limits the ability to reprice contracts differs from pricing choices made, which may not limit the practical ability to fully reflect the risk at renewal date. Pricing choices include, for example, the level of loadings in the premium, or commercial discounts given to policyholders.

The following contract boundaries apply at Swiss Life.

2.2.1.6.1 Switzerland
In the Swiss group life business, which comprises full insurance, semi-autonomous and pure risk, i.e. "BVG business", which is the business under the Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision, the contractual relations are determined by a collective life insurance contract between the insurer and a foundation and an affiliation contract between the foundation and the employer. Regarding contract boundaries, the relevant contract is the insurance contract between the insurer and the foundation. These contracts are usually open-ended contracts without a defined termination date, i.e. the continuation of the contract is not dependent on active renewal. There are cancellation rights and repricing possibilities. However, they are restricted due to regulatory and economic constraints. New policies for new employees of an existing affiliation contract are not regarded as new contracts at initial recognition ("new business"). New affiliation contracts to an existing foundation or new foundations are considered as outside of the contract boundary and shown as new business at initial recognition.

Individual life (annuities, endowments, pure risk, unit-linked): for all types of contracts, the contract boundary is the expiration date of the contract.

2.2.1.6.2 Other countries
For most savings and pensions contracts, additional premiums on existing contracts (either regular or non-regular) are within the contract boundary. In the case of open group contracts, the boundary of the contracts includes future premiums and annuities of existing affiliations. However, future adhesions to the group contracts are generally outside the contract boundary.

Group risk business, non-life contracts and health and protection contracts generally have a short contract boundary.

2.2.1.7 Discounting

2.2.1.7.1 General approach

Discount rates are applied to adjust the estimates of future cash flows of the insurance contract portfolios.

Discount rates are consistent with observable available current market prices for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts in terms of timing, currency and liquidity.

The Swiss Life Group determines the appropriate discount rates for portfolios of insurance contracts treated under VFA based on a yield curve that reflects the current market rates of return implicit in a fair value measurement of the reference portfolio of underlying assets. The Swiss Life Group adjusts this yield curve to eliminate the factors, i.e. market and credit risks, that are not relevant to the insurance contracts except for differences in liquidity characteristics of the insurance contracts and of the reference portfolio.

For the business accounted for under the BBA and PAA, the Swiss Life Group determines discount rates by adjusting a liquid yield curve with a credit risk adjustment if the curve is not sufficiently secured. Liquid yield curves are based on market swap rates. The most relevant currencies for Swiss Life insurance liabilities are the Swiss franc and the euro. The liquid yield curve for Swiss francs is based on SARON rates and for euro on EURIBOR.

2.2.1.7.2 Extrapolation

Beyond terms where the market for swap rates is assessed as not sufficiently deep, liquid and transparent, an extrapolation is performed to derive the yield curve. For the extrapolation the Smith-Wilson method is applied. The relevant characteristics are the so-called last liquid point (LLP) at which the extrapolation starts and the ultimate forward rate (UFR) to which the extrapolated yield curves converge.

Last liquid point (LLP) and ultimate forward rate (UFR) for the year 2023

CURRENCY	LLP in years	UFR
Swiss franc	**15**	**2.45%**
Euro	**20**	**3.45%**

The same LLP and UFR have been applied for all periods presented.

2.2.1.7.3 Liquidity premium

The liquidity premium for VFA portfolios can be calculated as the difference between the relevant rate for discounting the liabilities and the liquid yield curve, i.e. before the LLP. The following table shows the liquidity premiums for the relevant VFA portfolios.

Liquidity premium

In basis points

	31.12.2023	31.12.2022
Swiss franc (Swiss group life insurance)	**73**	68
Swiss franc (Swiss individual life insurance)	**73**	68
Euro	**75**	71

2.2.1.7.4 Discount rates

The following spot rates have been applied for the discounting of the insurance and investment contracts with DPF under VFA in Swiss francs and euro.

Discount rates for insurance and investment contracts with DPF under VFA

	Swiss franc		Euro	
Maturity in years	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022
1	**2.11%**	2.20%	**4.21%**	3.99%
5	**1.79%**	2.57%	**3.17%**	3.94%
10	**1.89%**	2.82%	**3.24%**	3.91%
15	**1.95%**	2.90%	**3.32%**	3.84%
30	**2.13%**	2.83%	**3.28%**	3.39%

2.2.1.7.5 Inflation

Inflation assumptions have been derived for the euro from inflation-swap data. For Swiss francs where no such instruments are traded, inflation assumptions over the next few years have been derived from forecasts of the Swiss National Bank. The Smith-Wilson method is applied for extrapolation.

2.2.1.7.6 Economic scenario generator

Where future cash flows vary with the returns on the underlying items and the effects of options and guarantees are relevant, the Swiss Life Group uses stochastic modelling techniques to value future cash flows. A risk-neutral valuation approach based on market-consistent and arbitrage-free stochastic economic scenarios is used. The calibration of the economic scenarios, e.g. regarding volatilities, is based on traded market instruments at the valuation date where available.

2.2.1.8 Actuarial assumptions

Non-economic assumptions such as mortality, morbidity and lapse rates that are used in estimating future cash flows are derived by product type at local level, reflecting recent experience and the profiles of policyholders within a group of insurance contracts. Experience analyses for each of these factors are undertaken on a regular basis with a particular focus on the most recent experience as well as longer term trends. Adjustments are made where the experience or trends are not expected to continue in the long term. Lapse rates from policyholders have been dynamically modelled. Lapse parameters depend on the country and product line as well as on the credited rates to the policyholders.

2.2.1.9 Measurement of contracts under the BBA and the VFA

2.2.1.9.1 Initial measurement

The Swiss Life Group assesses the rights and obligations arising from the groups of contracts and reflects them net on its balance sheet on a discounted basis. All insurance contracts are initially measured as the total of the fulfilment cash flows and the contractual service margin, unless the contracts are onerous.

At initial recognition of the contracts, the CSM is the present value of the future cash inflows less the present value of future cash outflows, i.e. it is the amount that, when added to the fulfilment cash flows, prevents the immediate recognition of unearned profit when a group of contracts is first recognised.

If contracts are onerous, losses are recognised immediately in profit or loss. No contractual service margin is recognised on the balance sheet at initial recognition for such contracts.

2.2.1.9.1.1 Fulfilment cash flows

The fulfilment cash flows are the current estimates of the amounts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty in those amounts. For the majority of Swiss Life's contracts under VFA and BBA, the fulfilment cash flows are derived from actuarial projections up to 40 years with closed formula approximations for the remaining contract terms. The future coverage units are determined consistently. The adjustment for uncertainty is called the risk adjustment (RA). For direct participating contracts the benefit cash flows are modelled in the actuarial projection tools reflecting legal and regulatory constraints as well as crediting and investment policies. The cash flows of a group of contracts may be affected by cash flows of other groups of contracts. This aspect, sometimes referred to as "mutualisation between contracts", is considered in the measurement of the fulfilment cash flows (see 2.2.4).

The measurement of the fulfilment cash flows of a group of insurance contracts does not reflect non-performance risk, which is the risk that the obligation will not be fulfilled. This includes, but may not be limited to, the entity's own credit risk.

The RA for non-financial risk for a group of insurance contracts is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The RA for non-financial risk is determined using the quantile method based on value at risk and a Group confidence level of 70%. The RA includes an allowance for diversification on portfolio level, reporting segment level and Group level. The considered risk factors comprise mortality, longevity, disability, recovery, surrender, expenses and capital option. The aggregation across risk factors is performed using the delta-normal approach. An allocation of corresponding diversification benefits to sub-risks is performed in line with the breakdown into group of contracts. The change in the RA due to diversification on Group level positively impacts the CSM. Changes in the RA in one group of contracts impact the RA and therefore also the CSM of other businesses.

Fulfilment cash flows generally include only expenses that are attributable to insurance contracts and investment contracts with DPF (insurance service expenses). For insurance contracts and investment contracts with DPF accounted for under VFA, projected profit-sharing cash flows also reflect the impact of non-attributable expenses on the profit sharing. Future expenses are taken into account in the cash flow projections by using best estimate assumptions based on current and past experienced cost levels. The best estimate assumptions are based on functional cost areas and cost centres allocated to groups of contracts according to appropriate keys and projected using suitable cost drivers. Best estimate expense assumptions are modelled subject to inflation.

The following costs qualify as insurance service expenses, e.g.:

- the costs of accounting, human resources, information technology and support, building depreciation, rent and maintenance and utilities directly attributable to fulfilling insurance contracts;
- policy administration and maintenance costs;
- claims and claims handling costs; and
- insurance acquisition cash flows that are directly attributable to the portfolio to which the contract belongs.

The following costs do not qualify as insurance service expenses, e.g.:

- payments to and from reinsurers;
- insurance acquisition cash flows that are not directly attributable to a portfolio of insurance contracts;
- general overhead (e.g. product development costs and training costs);
- asset investment returns; and
- income taxes.

Such costs are recognised in profit or loss as incurred.

2.2.1.9.1.2 Insurance acquisition cash flows
Insurance acquisition cash flows arise from the costs of selling, underwriting and initiating a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows include cash flows that are not directly attributable to individual contracts or groups of insurance contracts within the portfolio. Cash flows that are not directly attributable to a group of contracts are allocated on a reasonable and consistent basis to measure the group of insurance contracts. Insurance acquisition cash flows reduce the CSM of a group of contracts to which they relate when that group is recognised.

Insurance acquisition cash flows that the Group pays before the related group of contracts is recognised are presented in the portfolio of insurance contracts to which they relate. When the group of contracts is recognised, these cash flows are included in the measurement of the group and the previously recognised asset is derecognised. At the end of each reporting period, the recoverability of the asset for insurance acquisition cash flows is assessed if facts and circumstances indicate the asset may be impaired. If an impairment loss is identified, the impairment loss is recognised in profit or loss.

2.2.1.9.2 Subsequent measurement
The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the RA for non-financial risk. The CSM of each group of contracts subsequent to initial recognition is calculated on a half-yearly basis. The Group has elected to change the accounting estimates made in the first half of the year for the annual reporting period. Changes in estimates of future cash flows and of the RA for non-financial risk related to future services are recognised in the CSM until the CSM is exhausted, with any excess recognised as a liability for onerous contracts in profit or loss. Changes in estimates of future cash flows and of the RA for non-financial risk related to current and past services are recognised in the insurance service result. The Group releases the CSM to profit or loss in each period on the basis of the identified units of coverage in each group of contracts that reflects the services provided in the period.

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC). The LRC includes the fulfilment cash flows related to services that will be provided under the contracts in future periods and any remaining CSM at that date. The liability for incurred claims comprises the fulfilment cash flows for incurred claims and other insurance expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The Group establishes a loss component of the LRC for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently excluded from insurance revenue when they occur. When the fulfilment cash flows occur, they are allocated between the loss component and the LRC excluding the loss component on a systematic basis. The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the RA for non-financial risk at the beginning of each period (or on initial recognition if a group of contracts is initially recognised in the period). Changes in estimates of cash flows relating to future services and changes in the Group's share of the fair value of any underlying items are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts.

2.2.1.9.2.1 Direct participating contracts under VFA

VFA contracts are contracts under which the Group expects to pay to the policyholder the net of:

- an amount equal to the fair value of the underlying items; and
- a variable fee in exchange for future services provided by the contracts, being the Group's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items.

When measuring a group of direct participating contracts, the Group adjusts the fulfilment cash flows for the whole of the changes of the amounts related to changes in the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss. The Group then adjusts any CSM for changes in the Group's share of the fair value of the underlying items, which relate to future services, as explained below.

The carrying amount of the CSM at the end of each annual period is the carrying amount at the start of the reporting period, adjusted for:

- the CSM of any new contracts that are added to the group in the period;
- the Group's share of the change in the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that the Group has chosen to exclude from the CSM changes in the effect of financial risk on its share of the underlying items;
- the Group's share of a decrease in the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeding the carrying amount of the CSM, giving rise to a loss (included in insurance service expenses) and creating a loss component; or
- the Group's share of an increase in the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, as allocated to the loss component, reversing losses previously recognised in profit or loss (included in insurance service expenses);
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the period.

Changes in fulfilment cash flows that relate to future services include the changes relating to future services specified above for contracts without direct participation features (measured at current discount rates) and the effect of the time value of money and financial risks — e.g. the effect of financial guarantees.

2.2.1.9.2.2 Underlying items

2.2.1.9.2.2.1 Switzerland

The underlying items include all assets associated with the IFRS 17 insurance contracts and investment contracts with DPF, and represent the fair value of those assets. Thus, the underlying items consist of all tied assets of the group and individual life business including assets covering surplus funds and other insurance technical reserves associated with these portfolios. The fair values of the underlying items are affected by changes in the cost process, risk process and saving process: all premiums, guaranteed benefits and expenses flow to or from the underlying items. All bonus payments and all risk and expense payments exceeding their respective guaranteed part are also paid out from the underlying items and all returns exceeding the guaranteed interest rate flow into the underlying items (into the surplus funds). All cash flows, including those generating experience adjustments, impact the underlying item and thus flow through the CSM.

2.2.1.9.2.2.2 France
Underlying items consist of a quota share of the invested assets backing the direct participating insurance business, other insurance business as well as the shareholders' equity.

2.2.1.9.2.2.3 Germany
The underlying items are defined by the current and future cash flows of the Swiss Life branch in Germany. Therefore, in addition to the current and future gross surplus – related to investment-return services, insurance coverage and other services – the underlying items consist of the equivalent of the shareholders' equity as well as financial guarantees less future premium receivables.

2.2.1.9.2.2.4 Luxembourg
The underlying items consist of a quota share of the invested assets backing the direct participating insurance business and other insurance business.

2.2.1.9.3 Insurance service result and insurance finance income and expenses
2.2.1.9.3.1 Insurance service result
The insurance service result comprises insurance revenue and insurance service expenses.

Insurance revenue excludes any investment components and is measured as follows:

The Group recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides coverage or other services under groups of insurance contracts. For contracts not measured under the PAA, insurance revenue relating to services provided for each period represents the total of the changes in the LRC that relate to services for which the Group expects to receive consideration.

In addition, the Group allocates a portion of premiums that relates to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. The Group recognises the allocated amount as insurance revenue and an equal amount as insurance service expenses.

The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each reporting period is determined by identifying the coverage units in the group of contracts, allocating the CSM remaining at the end of the reporting period (before any allocation) equally to each coverage unit provided in the reporting period and expected to be provided in future periods, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the reporting period. The number of coverage units is the quantity of coverage provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage duration. In line with the future profits in the CSM, the coverage units are discounted. As a consequence, depending on the IFRS yield curve, a higher weight is assigned to the coverage units of the current period compared to future periods.

For the determination of the coverage units, the Swiss Life Group takes into account the volume and quantity of various services provided while considering all types of services provided, i.e. insurance and investment-related services. For this purpose, the respective volume measures for the different services such as mathematical reserves or sum assured are weighted. The weighting of the service components is based on the net charge paid by the policyholder which provides a reasonable and natural quantification of the value of a service provided. It is ensured that the weighting factors also reflect changes in the relationship between the different service components over time.

Coverage units are reassessed at the end of each reporting period before any allocation of CSM to profit or loss, as allocating the amount of the CSM adjusted for the most up-to-date assumptions provides the most relevant information about the profit earned from services provided in the period and the profit to be earned in the future from future services.

Changes in the RA for non-financial risk that relate to release from risk are recognised in the insurance service result.

Insurance service expenses comprise incurred claims (excluding investment components), amortisation of insurance acquisition cash flows, changes in the LIC that relate to past services and losses on onerous contracts or changes thereof.

2.2.1.9.3.2 Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein, unless any such changes for groups of direct participating contracts are allocated to a loss component and included in insurance service expenses.

The Group has chosen to disaggregate insurance finance income and expenses between profit or loss and OCI.

For direct participating contracts, the investment returns on underlying assets as well as other returns on underlying items arising from the risk or cost result included in profit or loss for the period are assessed and matching amounts of insurance finance income or expenses in profit or loss are recognised. The amount reflected in profit or loss eliminates the accounting mismatch with income or expenses included in profit or loss on the underlying investment assets and other underlying items arising from the risk and cost result.

For other insurance contracts, the amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income and expenses over the duration of the group of contracts. The systematic allocation is determined using the discount rates determined on initial recognition of the group of contracts.

If the Group derecognises a contract as a result of a transfer to a third party or a contract modification, then any remaining amounts of accumulated OCI for the contract are reclassified to profit or loss as a reclassification adjustment.

2.2.1.10 Measurement of contracts under the PAA

In the non-life, health, protection and reinsurance business as well as for certain group risk contracts, the Group chooses to apply the PAA to simplify the measurement of groups of contracts on the following bases:

– insurance contracts: the coverage period of each contract in the group of contracts is one year or less; and
– reinsurance contracts: the Group reasonably expects that the resulting measurement would not differ materially from the result of applying the accounting policies applicable to the BBA.

However, certain groups of insurance contracts are acquired in their claims settlement period. The claims from some of these groups are expected to develop over more than one year. The Group measures these groups under the accounting policies for BBA described above.

2.2.1.10.1 Initial measurement

On initial recognition of each group of contracts, the carrying amount of the LRC is measured as the premiums received on initial recognition, net of acquisition costs paid. Insurance acquisition cash flows are recognised in the LRC and amortised over the coverage period. On initial recognition of each group of contracts, the Group expects that the time between providing each part of the coverage and the related premium due date is not more than a year. Accordingly, the Group has chosen not to adjust the LRC to reflect the time value of money and the effect of financial risk.

Subsequently, the carrying amount of the LRC is increased by any premiums received and decreased by the amount recognised as insurance revenue for coverage provided and acquisition costs paid. Insurance revenue in each reporting period represents the changes in the LRC that relate to services for which the Group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group recognises a loss and increases the LRC to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage (including the RA for non-financial risk) exceed the carrying amount of the LRC.

2.2.1.10.2 Subsequent measurement

The LRC consists of the amount of premiums received less the acquisition cash flows paid, plus/minus the amount of premiums and acquisition cash flows that have already been recognised in profit or loss over the already completed portion of the coverage period. The LIC is measured in the same way under both the PAA and the BBA model.

Insurance acquisition cash flows are recognised in the LRC and amortised as insurance service expenses over the coverage period.

The insurance revenue in each period is the amount of expected premium receipts for providing coverage in the period. The Group allocates the expected premium receipts to each period on the following bases:

– certain property contracts: the expected timing of incurred insurance service expenses; and
– other contracts: the passage of time.

2.2.1.11 Reinsurance contracts held

Reinsurance contracts held are insurance contracts where the Swiss Life Group is the policyholder.

The Group applies the same accounting policies as for insurance contracts issued under BBA and PAA to measure a group of reinsurance contracts held, with the following modifications.

The carrying amount of a group of reinsurance contracts held at each reporting date is the sum of the remaining coverage component and the incurred claims component. The remaining coverage component consists of the fulfilment cash flows that relate to services that will be received under the contracts in future periods and where applicable any remaining CSM at that date.

The Group measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

The RA for non-financial risk is the amount of the risk transferred by the Group to the reinsurer.

On initial recognition, the CSM of a group of reinsurance contracts held represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of the fulfilment cash flows, any derecognised assets for cash flows occurring before the recognition of the group and any cash flows arising at that date. However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group of contracts, then the Group recognises the cost immediately in profit or loss as an expense.

On subsequent measurement, net expenses from reinsurance contracts comprise reinsurance service expenses less amounts recovered from reinsurers. The Group recognises reinsurance service expenses as it receives coverage or other services under groups of reinsurance contracts. For contracts not measured under the PAA, the reinsurance service expenses relating to services received for each reporting period represent the total of the changes in the remaining coverage component that relate to services for which the Group expects to pay consideration.

For contracts measured under the PAA, the reinsurance service expenses for each period are the amount of expected premium payments for receiving coverage in the period.

2.2.1.12 Derecognition and contract modification

The Group derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled.

The Group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Group treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

On the derecognition of a contract from a group of contracts:

– the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
– the CSM of the group is adjusted for the change in the fulfilment cash flows, except where such changes are allocated to a loss component; and
– the number of coverage units for the expected remaining coverage is adjusted to reflect the coverage units derecognised from the group.

If a contract is derecognised because it is transferred to a third party, then the CSM is also adjusted for the premium charged by the third party, unless the group is onerous.

If a contract is derecognised because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Group entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the Group received the premium that it would have charged less any additional premium charged for the modification.

2.2.1.13 Presentation

Assets and liabilities related to insurance contracts issued are presented separately from the assets and liabilities related to reinsurance contracts held.

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts held that are assets and those that are liabilities, are presented separately in the balance sheet.

The Group disaggregates amounts recognised in profit or loss and OCI into an insurance service result, comprising insurance revenue and insurance service expenses, and insurance finance income (expense).

Investment components represent amounts that are repaid to the policyholder in all circumstances, regardless of whether an insured event occurs. If the investment components are non-distinct, i.e. highly interrelated with the insurance components, the amounts expected to be paid are excluded from insurance revenue and insurance service expenses but included in the measurement of the insurance liabilities. The Group identifies the investment component of a contract as part of its product governance process by determining the amount that it would be required to repay to the policyholder even if an insured event does not occur.

Income and expenses from reinsurance contracts held are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts held, other than insurance finance income (expense), are presented on a net basis as net expenses from reinsurance contracts in the insurance service result.

All changes in the RA for non-financial risk are included in the insurance service result except for changes in the discount rate, which are presented in insurance finance income (expense) and disaggregated between profit or loss and OCI according to the disaggregation policy applied to the portfolios.

The Group no longer applies shadow accounting to insurance-related assets and liabilities.

2.2.1.14 Transition to IFRS 17

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied retrospectively to the extent practicable. As at the transition date, 1 January 2022, the Group:

– identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied;
– derecognised any existing balances that would not exist had IFRS 17 always applied; and
– recognised any resulting net difference in equity.

Notwithstanding the above, the following items have not been applied retrospectively:

For most groups of contracts in the life insurance business, it was impracticable for the Group to apply IFRS 17 fully retrospectively, because data had not been collected in a way that allowed full retrospective application or because of legal changes that occurred after inception of the contracts. In these cases, the Group applied the modified retrospective approach as set out in IFRS 17 as at 1 January 2022. The purpose of applying the modified retrospective approach is to achieve the closest outcome possible to the full retrospective approach. In line with the modified retrospective approach, the following simplifications have been applied for the transition:

Groups of contracts were aggregated for the calculation of the transitional amounts where some historical information, e.g. cash flows or discount rates, were not fully available in the required granularity and format. These aggregated groups of contracts contained contracts issued more than a year apart. For portfolios without mutualisation, a combination of the full retrospective approach and the modified retrospective approach was applied where for earlier groups of contracts the modified retrospective approach was applied and for later groups of contracts the full retrospective approach was applied. For portfolios with mutualisation, the modified retrospective approach was generally applied.

Certain assessments regarding portfolios of contracts were done at transition rather than at inception date e.g. identification of portfolios with similar risks and managed together or the application of VFA versus BBA.

For some groups of contracts, the RA for non-financial risk on initial recognition was determined by adjusting the amount at 1 January 2022 for the expected release of risk before 1 January 2022. The expected release of risk was determined with reference to the release of risk for similar insurance contracts that the Group issued at 1 January 2022 or after.

When any of these modifications were used to determine the CSM (or the loss component) on initial recognition, the amount of the CSM recognised in profit or loss before 1 January 2022 was determined by comparing the coverage units on initial recognition and the remaining coverage units at 1 January 2022; and the amount allocated to the loss component before 1 January 2022 was determined using the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the RA for non-financial risk on initial recognition.

For all groups of direct participating contracts issued or acquired before 1 January 2022, the Group determined the CSM (or the loss component) as at 1 January 2022 by calculating a proxy for the total CSM for all services to be provided under the group as follows:

The fair value of the underlying items at 1 January 2022 minus the fulfilment cash flows at 1 January 2022, adjusted for:

– amounts charged to the policyholders before 1 January 2022;
– amounts paid before 1 January 2022 that would not have varied based on the underlying items; and
– the change in the RA for non-financial risk caused by the release from risk before 1 January 2022.

If the calculation resulted in a CSM, then the Group measured the CSM as at 1 January 2022 by deducting the CSM related to services provided before 1 January 2022. The CSM related to services provided before 1 January 2022 was determined by comparing the coverage units on initial recognition and the remaining coverage units at 1 January 2022. If the calculation resulted in a loss component, then the Group adjusted the loss component to zero and increased the liability for remaining coverage excluding the loss component by the same amount as at 1 January 2022.

Generally, the longer the contracts had been in force, the less information was available for the past.

The full retrospective approach was applied to most groups of contracts under BBA that were initially recognised after 1 January 2020, as IFRS 17 was known and interpreted by that time so that models could be developed and the required data collected.

The fair value approach was not applied by the Swiss Life Group.

In accordance with the amendment to IFRS 17 Initial Application of IFRS 17 and IFRS 9 Comparative Information issued in December 2021, the Swiss Life Group has decided to measure the following items at fair value (classification overlay): note loans with a fair value of CHF 6.1 billion (previously measured at amortised cost) and certain loan commitments with a fair value of CHF 45 million as at 1 January 2022. In addition, the Swiss Life Group has decided to measure certain owner-occupied properties at fair value as at 1 January 2022 as they represent underlying items in direct participating contracts. The fair value as at 1 January 2022 amounted to CHF 701 million.

The above remeasurements led to an increase of accumulated other comprehensive income of CHF 1.1 billion and retained earnings of CHF 0.5 billion after taxes.

The Group has applied the transition provisions in IFRS 17 and has disclosed the impact of the adoption of IFRS 17 on a cumulative basis. The cumulative effect of adopting IFRS 17 on the consolidated financial statements as at 1 January 2022 is presented in the consolidated statement of changes in equity.

2.2.2 IFRS 9 Financial Instruments

The Group elected to defer the application of IFRS 9 to the date of initial application of IFRS 17 and has adopted IFRS 9 as at 1 January 2023 retrospectively without restating financial information presented for 2022 in accordance with the transition requirements of IFRS 9.

IFRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment for financial assets and hedge accounting with principal features as follows:

2.2.2.1 Classification and measurement

Classification of a financial asset is determined based on the model in which the financial asset is managed and the contractual characteristics of whether the asset comprises solely of payment of principal and interest (SPPI).

2.2.2.1.1 Business models

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are measured at fair value through profit or loss. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how management is compensated.

2.2.2.1.2 Solely payments of principal and interest (SPPI)

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

The Swiss Life Group uses three classification and measurement categories for financial assets:

2.2.2.2 Amortised cost (AmC)

Financial assets with terms that give rise to interest and principal cash flows only and which are held in a business model whose objective is to hold financial assets to collect their contractual cash flows are measured at AmC.

The amortised cost is the value at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial value and the maturity value and adjusted for any impairment allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying value. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired at initial recognition), the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying value and incorporates the impact of expected credit losses in estimated future cash flows.

When the Group revises the estimates of future cash flows, the carrying value of the respective financial asset or financial liability is adjusted to reflect the new estimated discount using the original effective interest rate. Any changes are recognised in profit or loss.

2.2.2.3 Fair value through other comprehensive income (FVOCI)

Debt instruments that are held for the collection of contractual cash flows and for selling the assets, where the asset's cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of loss allowance, gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in net gains/losses on financial assets.

Interest income from these financial assets is included in investment income using the effective interest rate method.

Certain equity instruments not backing VFA contracts have been selected to be classified as FVOCI. Subsequent changes in the fair value are presented in other comprehensive income and are never reclassified to profit or loss. Upon derecognition of these equity instruments, the gains or losses in other comprehensive income are reclassified to retained earnings.

2.2.2.4 Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. Also measured at FVPL are certain financial assets and liabilities where a measurement or recognition inconsistency, that would otherwise arise from measuring those assets or liabilities or recognising the gains and losses on them on different bases, can be avoided or reduced ("accounting mismatch").

All investment funds as well as equity securities not designated at fair value through other comprehensive income and certain debt instruments are measured at FVPL.

Interest, dividend income and realised and unrealised gains and losses are included in net gains/losses on financial instruments at FVPL.

2.2.2.5 Financial assets pledged as collateral

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

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

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

The following table summarises the category and the carrying amounts of financial assets in accordance with IFRS 9 as at 1 January 2023. It also reconciles the carrying amounts of financial assets from their previous measurement category in accordance with IAS 39 Financial Instruments: Recognition and Measurement as at 31 December 2022 to their new measurement categories upon transition to IFRS 9 on 1 January 2023:

Financial assets

In CHF million	IAS 39 measurement category[1]	IFRS 9 measurement category[1]	Carrying amount as at 31 December 2022 under IAS 39	Reclassification	Remeasurement	Carrying amount as at 1 January 2023 under IFRS 9
Debt instruments at amortised cost						
	AmC	AmC	19 741	–1 157	87	18 671
	-	FVPL	–	59	–13	46
	-	FVOCI	–	672	–52	621
Debt instruments at fair value						
	AFS (FVOCI)	FVOCI	70 473	458	55	70 987
	FVPL	FVPL	8 820	735	–	9 555
Equity instruments at fair value						
	AFS (FVOCI)	FVOCI	12 729	–11 317	–	1 412
	FVPL	FVPL	40 927	10 550	–	51 476

[1] AFS = Available for sale, AmC = Amortised cost, FVOCI = Fair value through other comprehensive income, FVPL = Fair value through profit or loss

Losses recognised in other comprehensive income of financial assets reclassified to amortised cost at the transition to IFRS 9 would have amounted to CHF 5 million in 2023.

As at 1 January 2023, debt instruments of CHF 90 million previously designated at FVPL were elected to be reclassified to fair value through OCI.

2.2.2.6 Financial liabilities

Upon adoption of IFRS 9, the classification of financial liabilities remained unchanged. Financial liabilities continue to be measured at either amortised cost or FVPL.

2.2.2.7 Expected credit losses (ECL)

An expected credit loss impairment model has been introduced. Under the new model, it is no longer necessary for a credit event to have occurred before an impairment loss is recognised.

2.2.2.7.1 Credit risk

Credit risk refers to the possibility that a financial loss will occur as a result of a borrower's or counterparty's deteriorating creditworthiness and/or inability to meet its financial obligations. The Group's credit risk exposure is low because its primary credit exposures relate to rated bonds with investment grade ratings issued by rated financial institutions, sovereigns and corporates and to loans collateralised by securities portfolios and/or to mortgages collateralised by residential or commercial property.

2.2.2.7.2 Credit loss measurement

The Group recognises ECL on the following types of financial instruments that are not measured at FVPL:

- financial assets that are debt instruments;
- financial guarantees and loan commitments issued; and
- receivables.

No ECL is recognised on equity instruments.

The Group applies the “three-stage” approach introduced by IFRS 9 for impairment measurement based on changes in credit quality of the financial assets since initial recognition:

- Stage 1: Comprises financial assets that have not had a significant increase in credit risk since initial recognition. The Group recognises ECL which represents an amount equal to the portion of the lifetime expected credit loss that results from default events possible within the next 12 months.
- Stage 2: Comprises financial assets which are considered to have experienced a significant increase in credit risk since initial recognition but do not have objective evidence of impairment. The Group recognises ECL at an amount equal to the lifetime expected credit loss allowance. This requires a computation of the ECL based on the lifetime probability of default (LTPD) of the financial asset.
- Stage 3: Comprises financial assets which are considered to be credit-impaired and the Group recognises the lifetime ECL using a probability of default (PD) of 100% reduced by the cash flows which the Group deems to be recoverable.

In all cases the maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk. For measuring ECL and determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort including forward-looking information.

A simplified approach is applied for receivables. Under this approach, loss allowances are always measured at an amount equal to lifetime ECL.

2.2.2.7.3 Credit-impaired financial assets
A financial asset is credit-impaired if one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Credit-impaired financial assets are referred to as stage 3 assets. Evidence that a financial asset is credit-impaired include observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract such as a default or past due event;
(c) concessions relating to the borrower's financial difficulty are granted that otherwise would not be considered;
(d) it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
(e) the disappearance of an active market for that financial asset because of financial difficulties; or
(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event. The combined effect of several events may have caused financial assets to become credit-impaired. To assess if rated debt instruments are credit-impaired, the specific asset is determined as credit-impaired if the asset falls below investment grade and the asset continues to demonstrate significant deterioration in credit quality including indicators such as days past due and breaches of covenant.

2.2.2.7.4 Significant increase in credit risk (SICR)
In assessing whether there has been a significant increase in the credit risk of a financial asset since initial recognition, the Group considers all information which is reasonable and substantiated and that is relevant and available without undue cost and effort. This includes both qualitative and quantitative information based on the Group's historical experience and expert credit risk assessment as well as forward-looking information. The Group's assessment is aligned with the Swiss Life Group credit risk management processes and procedures. The Group primarily identifies per investment whether a significant increase in credit risk has occurred.

2.2.2.7.5 Collateral and other credit enhancements
Cash flows expected from collateral and other credit enhancements are reflected in the ECL calculation. The Group employs a range of policies and practices to mitigate credit risk. The most traditional is securities collateral. The Group has implemented guidelines on the acceptability of specific classes of collateral for credit risk mitigation. The principal collateral types for loans are charges on financial instruments such as debt securities and equity instruments and residential and commercial property for mortgages.

The Group's policies regarding collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of collateral held by the Group since the prior period.

2.2.2.8 Rated debt instruments

2.2.2.8.1 Significant increase in credit risk

If available, the Swiss Life Group uses external credit ratings to assess the creditworthiness of its portfolios. Internal credit assessments are used in exceptional cases when external ratings are not available. To determine a significant increase in credit risk for this class of assets, the Group assumes that the "low credit risk simplification" applies at the reporting date in case rated debt instruments have an investment grade rating. Hence, the credit risk for rated debt instruments with an investment grade rating is not assumed to have increased significantly since initial recognition, and therefore the loss allowance is measured at an amount equal to twelve-month ECL.

In assessing an increase in credit risk for rated debt instruments with a high-yield rating at the reporting date, the Group relies on the magnitude of the downgrade since initial recognition. Thereby, the lower the credit rating at initial recognition, the lower the tolerated magnitude of downgrades until a significant increase in credit risk is assumed to have occurred.

The Group does not apply the rebuttable assumption that the credit risk on rated debt instruments has increased significantly since initial recognition when contractual payments are more than 30 days past due. The determination of a significant increase in credit risk is principally based on ratings. Updated external ratings are received as soon as they have been published by the rating agencies. Updates of internal credit assessments are done when there is evidence of significant deterioration in the creditworthiness of an issuer. In specific circumstances, the Group preserves the right to base the decision regarding a significant increase in credit risk on expert judgement.

2.2.2.8.2 Definition of default

The Group considers a rated debt instrument to be in default when the assigned rating is "CC" (S&P notation) or lower.

2.2.2.8.3 Inputs and assumptions

The ECL for debt instruments are estimated via three individual components:

- Probability of default (PD): PD constitutes a key input in measuring ECL and is estimated for a twelve-month and lifetime period. PD is derived using credit ratings, as well as default rates and forward-looking information. The data used considers credit risk of borrowers or instruments by giving each issuance a specific credit rating, which is monitored on an ongoing basis.
- Loss given default (LGD): The LGD is the magnitude of the likely loss if there is a default. The Group decided to base the modelling of LGDs on external credit risk information adjusted by forward-looking information. Historically observed global market data is used for ECL computations broken down by seniority of the instrument, geographic area and industry.
- Exposure at default (EAD): EAD represents the expected exposure in case of a default and is based on discounted contractual cash flows reflecting expected payments of principal and interest.

2.2.2.8.4 Estimation techniques

The Group incorporates forward-looking information in its measurement of ECL as described above. The effect of macroeconomic downturns for corporate exposure is considered as part of the SICR assessment during which an expert panel considers relevant market information including macroeconomic factors.

2.2.2.9 Mortgages

2.2.2.9.1 Significant increase in credit risk

For the assessment of a significant increase in credit risk of mortgages no external rating information is available. Each mortgage is assigned to a dedicated risk class on the basis of client-specific parameters, which take for instance the financial strength or the payment history of the clients into account. Unfavourable parameters result in assignment to a higher risk class. The definition of a significant increase in credit risk is thereby based on the currently assigned risk classes.

The Swiss Life Group rebuts the presumption that the credit risk for mortgages increases significantly if contract payments are more than 30 days past due. Payment information for mortgages is often available only with a certain delay. In any case, a significant increase in credit risk for mortgages is assumed if contractual payments are more than 90 days past due.

2.2.2.9.2 Definition of default

Mortgages are considered to be in default if payments are past due for 365 days or more or in case of foreclosure procedures.

2.2.2.9.3 Inputs and assumptions

The ECL for mortgages are estimated by allocation of loans to rating grades and estimation of cumulative probabilities of default (CPD). For each rating grade, the macroeconomic conditioning of default probabilities, projection of EAD including prepayments and losses on defaulted loans that do not cure are considered.

- PD: In estimating the probability of default the Group relies on the same statistical technique that is used for PD computations for rated debt instruments. However, there is no credit rating information including a default rate readily available for modelling. Hence, this is modelled using the available historical data incorporating credit quality features such as overdue contract payments.
- LGD: Is based on the observation of historical loss data.
- EAD: Is an estimate of the exposure at a future default date taking into account expected changes in the exposure after the reporting date, including contractual repayments.

2.2.2.9.4 Estimation techniques

The Group incorporates forward-looking information into its measurement of ECL as described above.

2.2.2.10 Loans and loan commitments

The general model as described above is also applied to loans and loan commitments. This approach requires that the relevant PD and LGD data similar to that which is currently in place for rated debt instruments is prepared. The Group relies on credit rating information and PD and LGD curves which are obtained externally. The Group has adopted the “low credit risk simplification” for the loan population. Hence, it is assumed that all investment grade loans and loan commitments are in stage 1.

2.2.2.11 Receivables

The Group has adopted a simplified approach to calculating expected credit losses for receivables. Therefore, losses allowances are always measured at an amount equal to a lifetime ECL since initial recognition regardless of factors that indicate significant increase in credit risk.

The ECL for receivables are calculated by using historical credit loss experience for groups sharing similar credit risk characteristics and adjusted as appropriate to reflect current conditions and estimates of future economic conditions that may exist during the period in which the receivables are expected to be outstanding.

2.2.2.12 Incorporation of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECL.

For measuring ECL, Swiss Life uses three different scenarios of future economic developments. The baseline scenario is regarded as the most likely scenario, while the other scenarios have a lower probability of occurrence.

For each scenario, five-year forecasts of macroeconomic and financial market variables are used for determining forward-looking PD and LGD figures. The forecasts of the macroeconomic and financial market variables are regularly prepared by the Swiss Life Group. The economic scenarios and their weightings are reviewed by Swiss Life Group's Economic Scenario Committee.

For the purpose of determining ECL, the weights of the three scenarios – as confirmed by the Economic Scenario Committee – are adjusted to take the credit loss distributions into account. Thereby, a higher weight is generally attributed to the negative scenario, which results in higher overall expected credit losses to account for.

Regarding the determination of forward-looking PD and LGD figures, macroeconomic and financial market variables are selected that are statistically relevant for the transformation of point-in-time to forward-looking PD and LGD figures. The relevant macroeconomic and financial variables are assigned to the financial instruments on the basis of country and issuer-specific information. The Swiss Life Group prepares forecast figures for the most relevant countries and applies meaningful mappings in case the country of origination of a financial instrument is not covered by these forecast figures. The selection of the statistically relevant macroeconomic and financial market variables is reviewed on an annual basis.

The tables below provide an overview of the scenario weightings as well as the ECL per scenario for the rated debt instruments.

Scenario weightings and ECL as at 31.12.2023

Amounts in CHF million (if not noted otherwise)	Probability weighted	Loss distribution weighted	ECL
Re-acceleration of growth and inflation scenario	**15%**	**30%**	**68**
Baseline scenario	**65%**	**25%**	**103**
Deeper global recession scenario	**20%**	**45%**	**184**
Weighted ECL (based on loss distribution weights)			**129**

14.03.2024

Re-acceleration of growth and inflation scenario: In this positive growth scenario, developed market economies are expected to withstand the past tightening of monetary policy much better than in the baseline scenario, leading to a re-acceleration of investment activities. Fiscal policy is a potential additional tailwind in this scenario, especially in the United States. However, the re-acceleration of economic growth is assumed to lead to higher inflation pressures, ultimately causing a second wave of monetary policy tightening and a deeper recession than in the baseline scenario later over the forecast horizon.

Baseline scenario: The baseline scenario assumes subdued global economic growth especially in the first half of 2024 due to the absence of growth drivers. Developed markets are mostly affected by the repercussions of past monetary policy tightening, a tightening of fiscal policy into 2024 especially in Europe, a negative global industrial cycle and the absence of a growth boost out of China, where domestic demand continues to suffer from the real estate crisis. Inflation is expected to continue its moderation due to weak economic growth, which should allow developed market central banks to reduce policy rates in the course of 2024. This is assumed to lead to a moderate re-acceleration of global growth thereafter.

Deeper global recession scenario: In this negative growth scenario, the repercussions of the past increases in policy rates are higher than in the baseline scenario. It is assumed that higher policy rates will lead to systemic stress in financial markets and the banking sector, ultimately causing a pronounced global recession. Potential triggers are for example a credit crisis in the United States or a real estate crisis in Europe. China is assumed to be in a prolonged “growth recession”. Inflation and central bank rates would recede swiftly in this scenario, leading to a recovery of global economic growth after the recession.

Scenario weightings and ECL as at 01.01.2023

Amounts in CHF million (if not noted otherwise)	Probability weighted	Loss distribution weighted	ECL
Soft landing scenario	15%	15%	102
Baseline scenario	60%	35%	168
Stagflation scenario	25%	50%	367
Weighted ECL (based on loss distribution weights)			258

Soft landing scenario: This positive scenario assumed that energy prices would recede swiftly and that a productivity boost in developed markets would reduce wage pressures. This in turn would allow central banks to ultimately reduce policy rates. A recession could thus be avoided and growth in developed market economies would stabilise at around long-term averages. The better-than-expected growth picture in developed markets would also be mirrored by solid growth in emerging markets, where central banks would be in a position to reduce policy rates swiftly.

Baseline scenario: The baseline scenario assumed that tightening financial conditions and negative wealth effects would lead to a mild recession in the United States in late 2023. The assumption was that a recession would occur earlier in 2023 in Europe as a result of the energy crisis, followed by a modest recovery due to easing supply chain issues and a re-acceleration of demand in China after the termination of its "zero-Covid" policy. Regarding inflation, energy prices were expected to remain volatile at elevated levels. Second-round effects were expected to keep inflation above central bank targets in 2023 in developed markets, with a softening towards central bank targets thereafter expected.

Stagflation scenario: This is a negative, high-inflation scenario in which the US Federal Reserve would be forced to tighten monetary policy more than expected, ultimately triggering a deeper recession than in the baseline scenario. Europe would experience outright stagflation, a combination of continuously high inflation due to the energy crisis and a recession. China was not assumed to be a tailwind for Europe in this scenario, as a prolonged "growth recession" in China was assumed in this scenario.

2.2.2.13 Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. The Group modifies the terms of loans provided to customers due to commercial renegotiations or for distressed loans with a view of maximising recovery. Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset.

If the financial asset is derecognised, the ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on twelve-month ECL except on rare occasions where the new loan is considered to be originated credit-impaired.

If the Group determines that the credit risk has significantly improved after restructuring, the assets are moved from stage 3 or 2 to stage 2 or 1 in accordance with the new terms for the six consecutive months or more.

2.2.2.14 Write-off policy

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovering the financial asset. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity, and where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Group may write-off financial assets that are still subject to enforcement activity. The Group still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectations of full recovery.

The following table reconciles the loan loss allowances in accordance with IAS 39 as at 31 December 2022 with the respective expected credit losses (ECL) calculated under IFRS 9 as at 1 January 2023:

In CHF million	Loan loss allowance under IAS 39 31 December 2022	Remeasurement	ECL under IFRS 9 1 January 2023
FINANCIAL ASSETS MEASURED AT AMORTISED COST			
Mortgages	23	–21	2
Corporate and other loans	–	2	2
Receivables	16	3	19
TOTAL	38	–16	23
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME			
Corporate and other loans	37	69	106
Debt securities	1	152	152
TOTAL	38	221	258
LOAN COMMITMENTS AND FINANCIAL GUARANTEES			
Financial guarantees	–	0	0
TOTAL	–	0	0

2.2.2.15 Derivatives and hedge accounting

The Group enters into forward contracts, futures, forward rate agreements, currency and interest rate swaps, options and other derivative financial instruments for hedging risk exposures or for trading purposes. The notional amounts or contract volumes of derivatives, which are used to express the volume of instruments outstanding and to provide a basis for comparison with other financial instruments, do not, except for certain foreign exchange contracts, represent the amounts that are effectively exchanged by the parties and, therefore, do not measure the Group’s exposure to credit risk. The amounts exchanged are calculated on the basis of the notional amounts or contract volumes and other terms of the derivatives that relate to interest or exchange rates, securities prices and the volatility of these rates and prices.

All derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value as assets when favourable to the Group and as liabilities when unfavourable. Gains and losses arising on remeasurement to fair value are recognised immediately in profit or loss, except for derivatives that are used for cash flow hedging, for net investment hedges and hedges of equity instruments at fair value through other comprehensive income.

Derivatives embedded in other financial instruments or in insurance contracts which are not closely related to the host contract are separated and measured at fair value, unless they represent surrender options with a fixed strike price embedded in host insurance contracts and host investment contracts with discretionary participation. Changes in the fair value are included in profit or loss. Derivatives embedded in insurance contracts which are closely related or which are insurance contracts themselves, such as guaranteed annuity options or guaranteed interest rates, are reflected in the measurement of the insurance contract liabilities. Options, guarantees and other derivatives embedded in an insurance contract that do not carry any insurance risk are recognised as derivatives.

Hedge requirements have been designed to improve the decision–usefulness of the financial statements by better aligning hedge accounting with risk management activities of the Group, permitting a greater variety of hedging instruments and simplifying certain rules-based requirements from the previous standard. The Group adopted the hedge accounting requirements of IFRS 9, and this change allowed the Group to consider a wider range of hedging options, with the ability to continue with the existing hedging relationships. In particular, the new standard removed the prescribed range for hedge effectiveness purposes to allow greater flexibility for an entity to apply hedge accounting.

Derivatives and other financial instruments are also used to hedge or modify exposures to interest rate, foreign currency and other risks if certain criteria are met. Such financial instruments are designated to offset changes in the fair value of an asset or liability and unrecognised firm commitments (fair value hedge), or changes in future cash flows of an asset, liability or a highly probable forecast transaction (cash flow hedge) or hedges of net investments in foreign operations. In a qualifying fair value hedge, except for hedges of equity instruments measured at fair value through other comprehensive income, the change in fair value of a hedging derivative is recognised in profit or loss. The change in fair value of the hedged item attributable to the hedged risk adjusts the carrying value of the hedged item and is also recognised in profit or loss.

In a cash flow hedge, the effective portion of the gain or loss on the hedging derivative is recognised in OCI. Any ineffective portion of the gain or loss is recognised immediately in profit or loss. For a hedged forecast transaction that results in the recognition of a financial asset or liability, the associated gain or loss recognised in other comprehensive income is reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss. When a hedging instrument expires or is sold, any cumulative hedging gain or loss at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in profit or loss. However, when a forecast transaction is no longer expected to occur, the cumulative hedging gain or loss is immediately transferred from other comprehensive income to profit or loss.

Hedges of net investments in foreign operations (net investment hedges) are accounted for similarly to cash flow hedges, i.e. the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income and any ineffective portion is recognised immediately in profit or loss. On the disposal of the foreign operation, the gains or losses included in other comprehensive income are reclassified to profit or loss.

When there is an imbalance in the hedge ratio that would create ineffectiveness, the hedge relationship is rebalanced. Rebalancing comprises changes to the hedge ratio to reflect expected changes in the relationship between the hedged item and the hedging instrument.

When a hedge relationship is no longer effective, expires, is terminated or if there is no longer an economic relationship between the hedged item and the hedging instrument, hedge accounting is discontinued from that point on.

Additionally, new hedge relationships have been set up by the Group to hedge fair value changes of equity securities at FVOCI. In this respect, currency forward contracts are used as hedging instruments to protect these investments against adverse movements in euro, British pound, US dollar and Japanese yen exchange rates, and equity derivatives are used as hedging instruments to protect these instruments against adverse fluctuations in the capital market. Changes in the fair value of a hedging derivative that is used to hedge equity instruments measured at fair value through other comprehensive income are recognised in other comprehensive income including hedge ineffectiveness. The time value of options used for hedging such equity instruments at fair value through other comprehensive income is recognised in other comprehensive income and amortised to profit or loss during the hedging period.

In a cash flow hedge, the effective portion of the gain or loss on the hedging derivative is recognised in OCI. Any ineffective portion of the gain or loss is recognised immediately in profit or loss. For a hedged forecast transaction that results in the recognition of a financial asset or liability, the associated gain or loss recognised in other comprehensive income is reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss. When a hedging instrument expires or is sold, any cumulative hedging gain or loss at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in profit or loss. However, when a forecast transaction is no longer expected to occur, the cumulative hedging gain or loss is immediately transferred from other comprehensive income to profit or loss.

2.2.3 Amendments to IAS 12 Income Taxes

The Amendments to IAS 12 relating to the International Tax Reform Pillar Two Model Rules have been implemented retrospectively with effect from 1 January 2023.

The Swiss Life Group is in the scope of the Organisation for Economic Co-operation and Development (OECD) Pillar Two model rules. The Pillar Two legislation was enacted in Switzerland, the jurisdiction in which the top holding company of the Swiss Life Group is incorporated as well as in a number of additional jurisdictions in which the Swiss Life Group has a presence. The Pillar Two legislation enacted in these jurisdictions is effective from 1 January 2024. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Swiss Life Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Under the legislation, the Group is liable to pay a top-up tax in implementing jurisdictions for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate. The Group operates in some jurisdictions with a nominal tax rate below 15%. However, although the nominal tax rate is below 15%, Swiss Life might not be exposed to paying a material amount of Pillar Two income taxes due to the impact of specific adjustments envisaged in the Pillar Two legislation which give rise to different effective tax rates compared to those calculated in accordance with IAS 12 and/or local tax legislation.

The Swiss Life Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. Due to the complexities in applying the legislation and calculating the GloBE effective tax rate, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. The Swiss Life Group is currently engaged with tax specialists to assist with applying the legislation.

2.3 Consolidation principles

The Group's consolidated financial statements include the assets, liabilities, income and expenses of Swiss Life Holding and its subsidiaries. A subsidiary is an entity over which Swiss Life Holding has control. Control is achieved if Swiss Life Holding has the power over the subsidiary, is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to use its power to affect its returns. Subsidiaries are consolidated from the date on which effective control is obtained. All intercompany balances, transactions and unrealised gains on such transactions have been eliminated. Unrealised losses have been eliminated unless the transaction provides evidence of an impairment of the asset transferred. A listing of the Group's significant subsidiaries is set out in note 31. The financial effect of acquisitions and disposals of subsidiaries is shown in note 24. Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions.

The Swiss Life Group acts as a fund manager for various investment funds. In order to determine if the Group controls an investment fund, aggregate economic interest (including performance fees, if any) is taken into account. Third-party rights to remove the fund manager without cause (kick-out rights) are also considered.

Associates for which the Group has significant influence are accounted for using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those decisions. The investment is initially recognised at cost and subsequently adjusted to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. The Group's share of net income is included from the date on which significant influence begins until the date on which significant influence ceases. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. The carrying amount includes goodwill on the acquisition.

The Group has elected to measure the performance of certain associates that are held by the insurance business at fair value through profit or loss instead of applying the equity method. Changes in the fair value of such investments are included in net gains/losses on financial instruments at fair value through profit or loss.

A listing of the Group's principal associates is shown in note 11.

Non-controlling interest is the part of profit or loss and net assets of a subsidiary attributable to equity interest that is not controlled, directly or indirectly, through subsidiaries by the parent. The amount of non-controlling interest comprises the proportion of the net fair value of the identifiable assets, liabilities and contingent liabilities not attributable, directly or indirectly, to the parent at the date of the original acquisition, goodwill attributable to non-controlling interest, if any, and the proportion of changes in equity not attributable, directly or indirectly, to the parent since the date of acquisition. Summarised financial information of subsidiaries with material non-controlling interests is set out in note 22.

2.4 Foreign currency translation and transactions

2.4.1 Functional and presentation currency

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

Foreign currency exchange rates

	For the balance sheet		For the income statement	
	31.12.2023	31.12.2022	**Average 2023**	Average 2022
1 British pound (GBP)	**1.07107**	1.11540	**1.11775**	1.18080
1 Czech koruna (CZK)	**0.03760**	0.04090	**0.04048**	0.04090
1 Euro (EUR)	**0.92853**	0.98740	**0.97184**	1.00600
1 Norwegian krone (NOK)	**0.08296**	0.09392	**0.08504**	0.09927
1 Danish krone (DKK)	**0.12456**	n/a	**0.13040**	n/a
1 Singapore dollar (SGD)	**0.63626**	0.68850	**0.66910**	0.69260
1 US dollar (USD)	**0.83920**	0.92190	**0.89858**	0.95510

2.4.2 Foreign currency translation

On consolidation, assets and liabilities of Group entities denominated in foreign currencies are translated into Swiss francs at year-end exchange rates. Income and expense items are translated into Swiss francs at the annual average exchange rate. Goodwill reported before 1 January 2005 is translated at historical exchange rates. Goodwill for which the acquisition date is on or after 1 January 2005 is carried in the foreign operation's functional currency and is translated into Swiss francs at year-end exchange rates. The resulting translation differences are recorded in other comprehensive income as cumulative translation adjustments. On disposal of foreign entities (loss of control), such translation differences are recognised in profit or loss as part of the gain or loss related to the sale.

2.4.3 Foreign currency transactions

For individual Group entities, foreign currency transactions are accounted for using the exchange rate at the date of the transaction. Outstanding balances in foreign currencies at year-end arising from foreign currency transactions are translated at year-end exchange rates for monetary items such as insurance contracts, while historical rates are used for non-monetary items. Those non-monetary items in foreign currencies recorded at fair values are translated at the exchange rate on the revaluation date.

2.5 Cash and cash equivalents

Cash amounts represent cash on hand and demand deposits. Cash equivalents are primarily short-term highly liquid investments with an original maturity of 90 days or less. Cash and cash equivalents include cash and cash equivalents for the account and risk of the Swiss Life Group's customers.

2.6 Investment property

Investment property is property (land or a building or both) held by the Group to earn rentals or for capital appreciation or both, rather than for administrative purposes.

Investment property includes completed investment property and investment property under construction. Completed investment property consists of investments in residential, commercial and mixed-use properties primarily located within Switzerland.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for administrative purposes. If these portions could be sold separately, they are accounted for separately. If these portions could not be sold separately, the portion is investment property only if an insignificant portion is held for administrative purposes.

Investment property is carried at fair value and changes in fair values are recognised in profit or loss. Fair values are determined either on the basis of periodic independent valuations or by using discounted cash flow projections. The valuation of each investment property is reviewed by an independent recognised valuer at least once every three years. Rental income is recognised on a straight-line basis over the lease term. The fair value of an investment property is measured based on its highest and best use. The highest and best use of an investment property takes into account the use of the asset that is physically possible, legally permissible and financially feasible.

Investment property under construction is also measured at fair value with changes in fair value being recognised in profit or loss. However, where the fair value is not reliably determinable, the property is measured at cost until either its fair value becomes reliably measurable or construction is completed.

Investment property being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

If an item of property and equipment becomes an investment property because its use has changed, the positive difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in other comprehensive income as a revaluation surplus. However, to the extent a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Any resulting decrease in the carrying amount of the property is recognised in net profit or loss for the period. Upon the disposal of such investment property, any revaluation surplus included in other comprehensive income is transferred to retained earnings; the transfer is not made through profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property and equipment, and its fair value at the date of reclassification becomes its cost for subsequent measurement purposes.

2.7 Property and equipment

Property and equipment are carried at cost less accumulated depreciation. Land is carried at cost and not depreciated. Depreciation is principally calculated using the straight-line method to allocate the cost of assets to their residual values over the assets' estimated useful life as follows: buildings 25 to 50 years; furniture and fixtures five to ten years; computer hardware three to five years.

Certain items of property and equipment represent underlying items for direct participating insurance or investment contracts (VFA) and are carried at fair value through profit or loss.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the income statement during the financial period in which they are incurred. Borrowing costs directly attributable to the construction or acquisition of a qualifying asset are capitalised as part of the cost of that asset. Realised gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in profit or loss.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

2.8 Inventory property

Inventory property comprises land and buildings that are intended for sale in the ordinary course of business or in the process of construction or development for such a sale or for development and resale. Such property is included in other assets.

Inventory property is measured at the lower of cost and net realisable value. Acquisition costs comprise the purchase price and other costs directly attributable to the acquisition of the property (notary fees etc.). Construction costs include costs directly related to the process of construction of a property. Construction and other related costs are included in inventory property until disposal.

The estimated net realisable value is the proceeds expected to be realised from the sale in the ordinary course of business, less estimated costs to be incurred for renovation, refurbishment and disposal.

Revenue from sales is recognised when construction is complete and legal title to the property has been transferred to the buyer.

2.9 Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate. The lease liability is subsequently increased by the interest expense on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index rate, a change in the estimate of the amount expected to be payable under a residual value guarantee or changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option reasonably certain not to be exercised. The Group applies judgement to determine the lease term for some lease contracts with renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of the lease liabilities and right-of-use assets recognised.

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, i.e. the total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

The Group acts as a lessor in various operating lease agreements and lease income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease.

2.10 Investment management

Revenue consists principally of investment management fees, commission revenue from distribution and sales of investment fund units. Such revenue is recognised when earned, i.e. when the services are rendered.

Incremental costs of obtaining investment management contracts and investment contracts without DPF are recognised as an asset if they are expected to be recovered. The asset represents the contractual right to benefit from providing investment management services and is amortised on a straight-line basis consistent with the transfer to the customer of the investment management services. Contract costs are included in other assets and reviewed for impairment regularly. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognised as an expense when incurred.

Deferred investment management fees are included in other liabilities.

2.11 Commission income and expense

Revenue consists principally of brokerage fees, recurring fees for existing business and other fees. Such revenue is recognised when earned, i.e. when the services are rendered. Cancellations are recorded as a deduction of fee income.

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

2.12 Intangible assets

2.12.1 Goodwill

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

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

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

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

Negative goodwill is immediately recognised in profit and loss.

2.12.2 Customer relationships

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

2.12.3 Computer software

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

2.12.4 Brands and other

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

2.13 Impairment of non-financial assets

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

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

2.14 Income taxes

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

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

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

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

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

2.15 Assets held for sale and associated liabilities

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

2.16 Financial liabilities

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

2.16.1 Borrowings

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

Based on the terms and conditions, such as repayment provisions and contractual interest payments, certain hybrid instruments are considered financial liabilities.

Debt instruments with embedded conversion options to a fixed number of shares of the Group are separated into a debt and an equity component. The difference between the proceeds and fair value of the debt component at issuance is recorded in equity. The fair value of the debt component at issuance is determined using a market interest rate for similar instruments with no conversion rights. The Group does not recognise any change in the value of these options in subsequent reporting periods.

Borrowing costs presented in the consolidated statement of income relate to the interest expense on the financial liabilities classified as borrowings, whilst interest expense presented in the consolidated statement of income relates to interest expense on insurance and investment contract deposits and other financial liabilities.

2.16.2 Other financial liabilities

For deposits with fixed and guaranteed terms the amortised cost basis is used. Initial recognition is at the value of the proceeds received, net of transaction costs incurred. Subsequently, they are stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the deposits. For repurchase agreements, initial recognition is at the amount of cash received, net of transaction costs incurred. Subsequently, the difference between the amount of cash initially received and the amount of cash exchanged upon maturity is amortised over the life of the agreement using the effective interest method.

Financial liabilities at fair value through profit or loss are irrevocably designated as at fair value at initial recognition. Financial liabilities are designated as at fair value through profit or loss in the following instances:

- Financial liabilities that relate to private placement life insurance
- Financial liabilities related to assets measured at fair value in order to reduce or eliminate a measurement or recognition inconsistency
- Financial liabilities with embedded derivatives

Financial liabilities relating to non-controlling interests in investment funds are measured at fair value and changes in fair value are recognised in profit or loss.

2.17 Employee benefits

2.17.1 Post-employment benefits

The Swiss Life Group provides post-employment benefits under two types of arrangement: defined benefit plans and defined contribution plans.

The assets of these plans are generally held separately from the Group's general assets in trustee-administered funds. Defined benefit plan contributions are based upon regulatory requirements and/or plan terms. The Group's defined benefit obligations and the related defined benefit costs are determined at each balance sheet date by a qualified actuary using the Projected Unit Credit Method.

The amount recognised in the consolidated balance sheet represents the present value of the defined benefit obligations reduced by the fair value of plan assets. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

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

Insurance contracts issued to a defined benefit pension plan covering own employees have generally been eliminated. However, certain assets relating to these plans qualify as plan assets and are therefore not eliminated.

The Group recognises the contribution payable to a defined contribution plan in exchange for the services of the employees rendered during the period as an expense.

2.17.2 Healthcare benefits

Some Group companies provide healthcare benefits to their retirees. The entitlement to these benefits is usually based on the employee remaining in service up to the retirement age and the completion of a minimum service period. The expected costs of these benefits are accounted for in the same manner as for defined benefit plans.

2.17.3 Share-based payments

The Group operates equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the shares is recognised in profit or loss with a corresponding increase in equity. As the fair value of the services received cannot reliably be measured, the value is measured by reference to the fair value of the equity instruments granted and the price the employees are required to pay.

2.18 Provisions and contingent liabilities

Provisions are liabilities with uncertainties as to the amount or timing of payments. Provisions are recognised if there is a present obligation that probably requires an outflow of resources and a reliable estimate can be made at the balance sheet date and be measured on a best estimate basis. Contingent liabilities are disclosed in the notes if there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources or the amount of the obligation cannot be measured with sufficient reliability.

2.19 Treasury shares

Treasury shares are presented in the consolidated balance sheet as a deduction from equity and are recorded at cost. The difference between the purchase price and the sales proceeds is included in share premium.

2.20 Earnings per share

Basic earnings per share are calculated by dividing net profit or loss available to shareholders by the weighted average number of shares in issue during the reporting period, excluding the average number of shares purchased by the Group and held as treasury shares.

For diluted earnings per share, the profit and the weighted average number of shares in issue are adjusted to assume conversion of all dilutive potential shares, such as convertible debt and share options issued. Potential or contingent share issuance is treated as dilutive when conversion to shares would decrease earnings per share.

2.21 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.22 Forthcoming changes in accounting policies

In October 2022, the International Accounting Standards Board issued an amendment to IAS 1 Non-current Liabilities with Covenants. The amendments to IAS 1 specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2024. No impact is expected from the adoption of this amendment.

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies

Certain reported amounts of assets and liabilities are subject to estimates and assumptions. Estimates and judgements by management are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

With respect to the transition to IFRS 17, the approach for determining whether sufficient reasonable and supportable information is available to apply a full or modified retrospective approach is described in note 2.

Estimates and judgements in applying fair value measurement to financial instruments including expected credit losses and estimates and judgements in applying fair value measurement to investment property are described in notes 2 and 26.

Estimates and judgements in measuring insurance contracts and investment contracts with direct participation are described in notes 2 and 16.

The sensitivity analysis with regard to financial market and biometric parameters is set out in note 5.

Impairment of goodwill

Goodwill is tested for impairment annually (in autumn), or more frequently if events or changes in circumstances indicate that goodwill might be impaired. The recoverable amounts of the business relating to the goodwill have been determined based on value-in-use calculations. These calculations require the use of estimates which are set out in note 13.

The carrying amount of goodwill is set out in note 13.

Defined benefit liabilities

The Swiss Life Group uses certain assumptions relating to the calculation of the defined benefit liabilities. These assumptions comprise future salary increases and future pension increases, which have been derived from estimates based on past experience. Assumptions are also made for mortality, employee turnover and discount rates. In determining the discount rate, the Swiss Life Group takes into account published rates of well-known external providers. The discount rates reflect the expected timing of benefit payments under the plans and are based on a yield curve approach.

The carrying amounts of defined benefit liabilities and the assumptions are set out in note 19.

Income taxes

Deferred tax assets are recognised for unused tax-loss carryforwards and unused tax credits to the extent that realisation of the related tax benefit is probable. The assessment of the probability with regard to the realisation of the tax benefit involves assumptions based on the history of the entity and budgeted data for the future.

The carrying amounts of deferred income tax assets and liabilities are set out in note 20.

Provisions

The recognition of provisions involves assumptions about the probability, amount and timing of an outflow of resources embodying economic benefits. A provision is recognised to the extent that an outflow of resources embodying economic benefits is probable and a reliable estimate can be made.

The carrying amount of provisions is set out in note 21.

4 Segment Information

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

The accounting policies for the segments are the same as those described in the Summary of Significant Accounting Policies section. Intersegmental services and transfers of assets and liabilities are treated as if the transactions were with third parties, i.e. at market prices applicable at the time of the transaction.

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

The reportable segments have been identified based on information about the components of the entity that management uses to make decisions about operating matters. The business is managed based on IFRS Accounting Standards 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 elipsLife operations in Liechtenstein, Switzerland, Germany, Italy and the Netherlands, the Swiss Life Select units operating in Austria, the Czech Republic and Slovakia, as well as Chase de Vere operating in the United Kingdom.

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

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

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

Statement of income for the year ended 31 December 2023

In CHF million	Switzer-land	France	Germany	Inter-national	Asset Managers	Other	Total before elimi-nations	Elimi-nations	Total
Insurance revenue	3 990	2 958	806	1 093	–	–	8 846	–50	8 797
Claims and benefits, losses and loss reversals on onerous contracts	–2 502	–2 275	–630	–902	–	–	–6 308	19	–6 289
Net expenses from reinsurance contracts held	–8	–44	–8	–114	–	–	–174	31	–143
Net investment result	7	149	88	4	–3	–130	116	–13	103
Commission income	248	229	636	303	914	0	2 330	–401	1 929
Policy fees earned on investment contracts without discretionary participation	2	–	1	63	–	–	66	–	66
Share of profit or loss of associates	0	–1	1	–	2	–	1	–	1
Other income	284	1	5	4	199	155	648	–3	646
Other interest expense	–152	–111	–14	–2	–16	0	–296	12	–284
Commission expense	–531	–322	–460	–161	–111	0	–1 585	402	–1 183
Employee benefits expense	–298	–223	–144	–112	–384	–5	–1 167	–3	–1 169
Depreciation and amortisation expense	–13	–11	–12	–18	–29	–	–83	–	–83
Impairment of property and equipment and intangible assets	0	–	–	–2	–	–	–2	–	–2
Miscellaneous expenses	–189	–153	–80	–58	–299	9	–770	4	–766
SEGMENT RESULT	839	199	187	98	272	29	1 623	–	1 623
Unallocated corporate costs									–124
PROFIT FROM OPERATIONS									1 497
Borrowing costs									–132
Income tax expense									–254
NET PROFIT									1 111
Additions to non-current assets	661	519	198	40	29	–	1 447	–	1 447

14.03.2024

Statement of income for the year ended 31 December 2022 (restated)

In CHF million	Switzerland	France	Germany	International	Asset Managers	Other	Total before eliminations	Eliminations	Total
Insurance revenue	3 820	2 795	841	592	–	–	8 048	–31	8 017
Claims and benefits, losses and loss reversals on onerous contracts	–2 459	–2 097	–612	–389	–	–	–5 557	13	–5 544
Net expenses from reinsurance contracts held	–7	–11	–11	–138	–	–	–167	19	–149
Net investment result	171	181	31	12	179	–57	517	–4	512
Commission income	253	196	618	294	984	1	2 346	–408	1 938
Policy fees earned on investment contracts without discretionary participation	2	–	–1	73	–	–	74	–	74
Share of profit or loss of associates	2	–3	0	–	1	–	0	–	0
Other income	121	12	–3	2	91	53	277	–2	275
Other interest expense	–52	–22	–12	–1	–7	1	–93	6	–87
Commission expense	–533	–279	–456	–172	–115	0	–1 556	407	–1 148
Employee benefits expense	–307	–223	–131	–88	–409	–3	–1 162	–4	–1 165
Depreciation and amortisation expense	–14	–12	–10	–33	–32	0	–102	–	–102
Impairment of property and equipment and intangible assets	–	–	0	–	–1	–	–1	–	–1
Miscellaneous expenses	–197	–168	–69	–43	–258	–35	–771	5	–766
SEGMENT RESULT	799	369	186	108	433	–41	1 854	–	1 854
Unallocated corporate costs									–112
PROFIT FROM OPERATIONS									1 742
Borrowing costs									–120
Income tax expense									–433
NET PROFIT									1 189
Additions to non-current assets	1 526	110	396	93	62	–	2 187	–	2 187

14.03.2024

Balance sheet as at 31 December 2023

In CHF million	Switzer-land	France	Germany	Inter-national	Asset Managers	Other	Total before elimi-nations	Elimi-nations	Total
ASSETS									
Cash and cash equivalents	2 009	2 367	476	596	414	25	5 888	–	5 888
Derivatives	2 751	53	26	–	12	1	2 843	–94	2 749
Assets held for sale	1	–	–	–	–	–	1	–	1
Financial assets									
Measured at fair value through profit or loss	17 479	25 022	5 133	17 923	18	157	65 732	–184	65 548
Measured at fair value through other comprehensive income	45 128	10 513	8 709	1 333	–	645	66 329	–	66 329
Measured at amortised cost	15 952	3 612	531	164	423	2 563	23 244	–4 286	18 958
Financial assets pledged as collateral	5 141	1 283	–	–	–	–	6 424	–	6 424
Total financial assets	83 700	40 430	14 373	19 420	441	3 365	161 729	–4 470	157 259
Investment property	34 056	2 810	3 506	–	339	–	40 710	–	40 710
Investments in associates	46	48	50	3	16	–	163	–	163
Insurance contract assets incl. investment contracts with discretionary participation	27	5	–	9	–	–	41	–28	13
Reinsurance contract assets	1	228	15	1 854	–	–	2 098	–19	2 079
Property and equipment	514	136	172	28	58	–	908	–	908
Intangible assets	155	295	435	449	368	–	1 701	–	1 701
Other assets	727	62	24	12	954	5	1 784	–147	1 637
SEGMENT ASSETS	123 988	46 435	19 077	22 371	2 600	3 396	217 867	–4 758	213 108
Income tax assets									336
TOTAL ASSETS									213 445
LIABILITIES AND EQUITY									
LIABILITIES									
Derivatives	849	421	19	–	–	70	1 359	–94	1 265
Investment contracts without discretionary participation	632	504	182	16 882	–	–	18 201	–	18 201
Other financial liabilities	10 377	6 933	1 524	175	842	181	20 032	–1 186	18 846
Insurance contract liabilities incl. investment contracts with discretionary participation	103 451	35 718	16 384	4 335	–	–	159 888	–58	159 830
Reinsurance contract liabilities	0	0	22	18	–	–	40	–23	18
Employee benefit liabilities	681	76	119	23	127	3	1 029	–	1 029
Provisions	14	6	1	6	6	6	40	–	40
Other liabilities	101	147	72	12	18	26	375	0	374
SEGMENT LIABILITIES	116 104	43 805	18 324	21 451	993	286	200 964	–1 361	199 603
Borrowings									4 195
Income tax liabilities									1 348
EQUITY									8 299
TOTAL LIABILITIES AND EQUITY									213 445

Balance sheet as at 31 December 2022 (restated)

In CHF million	Switzerland	France	Germany	International	Asset Managers	Other	Total before eliminations	Eliminations	Total
ASSETS									
Cash and cash equivalents	2 498	2 604	427	1 013	358	9	6 910	–	6 910
Derivatives	5 027	121	57	–	7	12	5 224	–98	5 126
Assets held for sale	1	–	–	–	–	–	1	–	1
Financial assets									
Designated as at fair value through profit or loss	8 092	19 803	3 952	18 130	9	–	49 985	–238	49 747
Available for sale	54 013	14 001	10 052	1 246	19	637	79 968	–	79 968
Loans and receivables	16 459	3 494	769	237	459	2 864	24 283	–4 542	19 741
Financial assets pledged as collateral	1 873	1 362	–	–	–	–	3 234	–	3 234
Total financial assets	80 437	38 660	14 773	19 614	487	3 500	157 471	–4 781	152 690
Investment property	35 135	2 935	3 767	–	323	–	42 160	–	42 160
Investments in associates	27	53	65	3	4	–	152	–	152
Insurance contract assets incl. investment contracts with discretionary participation issued	17	1	–	–	–	–	18	–13	5
Reinsurance contract assets	1	225	11	1 496	–	–	1 732	–40	1 692
Property and equipment	532	132	182	29	58	0	932	–	932
Intangible assets	155	297	408	443	409	–	1 714	–	1 714
Other assets	611	55	23	13	1 140	3	1 846	–82	1 764
SEGMENT ASSETS	124 441	45 084	19 712	22 611	2 787	3 524	218 159	–5 014	213 145
Income tax assets									295
TOTAL ASSETS									213 440
LIABILITIES AND EQUITY									
LIABILITIES									
Derivatives	2 473	656	129	–	–	56	3 316	–98	3 218
Investment contracts without discretionary participation	677	516	181	17 171	–	–	18 545	–	18 545
Other financial liabilities	10 164	7 009	1 570	584	984	208	20 519	–1 382	19 136
Insurance contract liabilities incl. investment contracts with discretionary participation issued	101 485	33 955	16 749	3 994	–	–	156 183	–69	156 115
Reinsurance contract liabilities	0	1	16	9	–	–	26	–12	14
Employee benefit liabilities	514	91	113	22	128	3	869	–	869
Provisions	13	6	2	12	8	24	66	–	66
Other liabilities	118	126	71	18	48	24	404	–2	402
SEGMENT LIABILITIES	115 444	42 360	18 831	21 810	1 168	316	199 928	–1 563	198 366
Borrowings									4 409
Income tax liabilities									1 457
EQUITY									9 209
TOTAL LIABILITIES AND EQUITY									213 440

Revenue from external customers

In CHF million	2023	restated 2022
INSURANCE REVENUE		
Life	**6 272**	5 609
Health and protection	**1 547**	1 468
Non-life	**370**	379
Reinsurance	**608**	560
TOTAL INSURANCE REVENUE	**8 797**	8 017
COMMISSION INCOME		
Brokerage commissions	**873**	879
Asset management commissions	**656**	706
Other commissions and fees	**401**	353
TOTAL COMMISSION INCOME	**1 929**	1 938
POLICY FEES EARNED ON INVESTMENT CONTRACTS WITHOUT DISCRETIONARY PARTICIPATION		
TOTAL POLICY FEES EARNED ON INVESTMENT CONTRACTS WITHOUT DISCRETIONARY PARTICIPATION	**66**	74
TOTAL	**10 793**	10 029

The Swiss Life Group operates in selected countries. The Group's income and non-current assets by geographical location are detailed below.

In CHF million	Total income		Non-current assets	
	2023	restated 2022	31.12.2023	restated 31.12.2022
Switzerland	**4 837**	4 441	**31 449**	32 197
France	**3 182**	3 287	**4 800**	5 256
Germany	**1 783**	1 829	**5 324**	5 681
Other countries	**1 740**	1 259	**1 747**	1 671
TOTAL	**11 542**	10 816	**43 319**	44 806

Non-current assets for this purpose consist of investment property, property and equipment and intangible assets.

Information about major customers

No revenue from transactions with a single external customer amounted to more than 10% of the Group's revenue.

5 Risk Management Policies and Procedures

The Group's core business is life insurance and pensions. A life insurance and pensions contract represents a long-term promise to the policyholder. To fulfil its future payment obligations to the policyholders, the insurance entities of the Group must be financially sound over an extended period of time. The ability to remain financially sound and strong depends on a number of risk factors. The Group's risk map can be broadly divided into financial, insurance, strategic and operational risks. All of these risk categories may affect the financial stability of the Group.

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

The risk appetite is defined and set by the Board of Directors using limit frameworks based on solvency ratios and economic capitalisation. Furthermore, it is allocated by the Group Risk Committee of the Corporate Executive Board to the relevant units in the insurance business. This risk budget at unit level is used as a framework for the asset and liability management process, the objective of which is to define a strategic asset allocation. From this strategic asset allocation a scenario-based expected return is calculated, which forms the basis for the Group's mid-term planning.

Risk management functions are performed at several levels by corresponding bodies within the Swiss Life Group, such as the Investment and Risk Committee at the level of the Board of Directors of the Swiss Life Group and the Group Risk Committee at the level of the Corporate Executive Board of the Swiss Life Group. The risk management functions at the level of the individual operations of the Swiss Life Group are organised accordingly.

Group risk management is responsible for the definition of the Group-wide methodology for the measurement of the risks and produces a consolidated risk report which aggregates the main quantitative elements of the risk management of the Swiss Life Group's operations. Furthermore, Group risk management also produces consolidated views on the strategic and operational risks of the Swiss Life Group.

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

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

5.1 Risk budgeting and limit setting

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

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

5.2 Asset and liability management (ALM)

5.2.1 Consideration of constraints

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

Depending on the regulatory framework in which the Swiss Life Group's insurance operations evolve, the asset portfolios might need to be split to reflect the various categories of insurance products. The asset portfolios of the insurance operations in Switzerland have been separated to distinguish between individual life and group life. As a consequence, such separation is also reflected in the ALM process. Insurance companies are generally obliged to hold tied assets in view of claims arising from insurance contracts. Special rules apply to investments in tied assets. They specify the eligible asset classes as well as requirements to be met in terms of investment organisation and processes.

5.2.2 Strategic asset allocation

Defining the strategic asset allocation is the first major task of the ALM process and aims at achieving an efficient risk capital allocation, i.e. optimising the returns on the asset portfolio for the available risk capital defined within the risk budgeting process, taking into account all known constraints.

The liabilities are largely predefined in terms of amount and timing of the payments and the associated assumptions are regularly reviewed. The corresponding asset portfolios mainly comprise fixed-income instruments. This way, the impact of interest rate fluctuations and the risk capital consumption are strategically optimised under a risk/return point of view, thus ensuring that the policyholders receive the benefits consistent with their products. Policyholders may benefit from the ensuing investment returns in the form of discretionary participation, while shareholders may benefit from an increase in the value of their investment in the Swiss Life Group.

The strategic asset allocation is therefore determined on the basis of the insurance liabilities and the risk capacity of the Swiss Life Group's insurance operations. The strategic asset allocation is reviewed at least once a year and adjusted if necessary.

5.2.3 Distribution policy

The distribution policy seeks to align the interests of the different groups of stakeholders. Holders of traditional life insurance policies favour a minimum guaranteed interest rate coupled with regular and appropriate discretionary participation, whereas shareholders place greater emphasis on returns commensurate with the level of risk they are exposed to. The focus of the Swiss Life Group lies on the sustainability of the business model and should balance the policyholders' and shareholders' expectations.

External constraints must be considered in the definition of the distribution policy. Important elements influencing such policy are minimum guaranteed interest rates and the statutory minimum distribution ratio ("legal quote"), which depend on the regulatory environments of the Swiss Life Group's insurance operations.

5.2.4 Product design

The targets of risk management are supported by product management principles. Product design defines among other things which guarantees and benefits are built into a specific product to respond to the demand from and expectations of customers. The actuarial bases used for this purpose support each individual product generating a sufficient contribution margin. To ensure that the Group's principles are observed, guidelines and directives on product management and underwriting are in place. Since the Group's insurance entities operate in a number of different countries, the local regulatory constraints may have an impact on the business units' product range. These constraints must always be observed.

5.3 Financial risk management objectives and policies

The Group is exposed to financial risk through its financial assets, financial liabilities (primarily investment contracts and borrowings), reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from the financial assets are not sufficient to fund the obligations arising from the insurance and investment contracts, as well as from borrowings and other liabilities. The most important components of the financial risk are interest rate risk, equity and real estate price risk, credit risk, currency risk and liquidity risk.

The risk budgeting and limit setting described above ensures that the corresponding risks remain under control. The market risk capital, interest rate risk capital, credit spread risk capital and credit risk capital limits, as well as exposure limits for currencies and net equity for each large insurance operation, are defined based on the risk appetite per operation.

5.3.1 Interest rate risk relating to financial instruments and insurance contracts

The Group's primary interest rate exposure is to contracts with guaranteed benefits and the risk that the interest rates of the financial assets purchased with the consideration received from the policyholders are insufficient to fund the guaranteed benefits and expected discretionary participation payable to them.

Some life insurance products with a savings component and investment contracts are subject to minimum guaranteed interest rates. The guaranteed rate differs according to the type of contract. In Switzerland for instance the minimum guaranteed interest rate for the occupational pensions segment (mandatory BVG savings account) stood at 1.00% in 2023 (2022: 1.00%).

In addition to these fixed and guaranteed payments, which are exposed to interest rate risk, contractual rights exist for certain contracts to receive additional benefits whose amount and/or timing is contractually at the discretion of the issuer.

The Group manages interest rate and interest rate volatility risk by managing the interest rate sensitivity of its investment portfolio against the corresponding sensitivity of liabilities issued. The interest rate and volatility exposure of the liabilities is determined by projecting the expected cash flows from the contracts using best estimates of mortality, longevity, disability, expenses, surrender and exercise of policyholder options in combination with interest rate and volatility scenarios. The ALM process defines the strategic asset allocation optimising the net interest rate sensitivity of the investment and liability portfolios. Where this is not practicable, swap contracts and other instruments are used to hedge interest rate risk. In certain markets payer swaps are used to hedge the risk of fair value changes of interest-sensitive financial assets. A minimum interest rate risk is accepted, since a perfect interest rate hedge can either not be achieved or may not be targeted.

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

The sensitivity analysis with regard to interest rate risk is as follows.

Interest sensitivity

In CHF million	Net profit impact [1]		Net OCI impact [1]	
	2023	2022	**2023**	2022
20 BASIS POINTS PARALLEL INCREASE IN MARKET INTEREST RATES				
Financial instruments	**–126**	–57	**–1 384**	–1 399
Insurance contracts, investment contracts with DPF and reinsurance contracts	**149**	76	**1 467**	1 494
Income tax	**–5**	–4	**–14**	–18
NET IMPACT AFTER TAXES	**18**	15	**69**	76
20 BASIS POINTS PARALLEL DECREASE IN MARKET INTEREST RATES				
Financial instruments	**128**	59	**1 443**	1 492
Insurance contracts, investment contracts with DPF and reinsurance contracts	**–150**	–79	**–1 529**	–1 586
Income tax	**4**	4	**15**	18
NET IMPACT AFTER TAXES	**–17**	–15	**–72**	–76

[1] + = increase / – = decrease

14.03.2024

5.3.2 Credit spread risk

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

5.3.3 Equity price risk

A decline in the equity market may lead to a reduction of the Swiss Life Group's realised and unrealised gains/losses, which also negatively affects the Swiss Life Group's results of operations and financial condition.

Hedges in place with respect to the Swiss Life Group's equity investments are designed to reduce the exposure to declines in equity values.

A portion of Swiss Life's investment portfolio comprises investments in funds which hold securities issued by non-public companies (e. g. private equity and infrastructure funds). These investments may be illiquid or may only be disposed of over time or at a loss, and they may not produce adequate returns or capital gains.

The sensitivity analysis with regard to equity price risk is as follows.

Equity price sensitivity

In CHF million	Net profit impact [1]		OCI impact [1]	
	2023	2022	**2023**	2022
10% INCREASE IN EQUITY PRICES				
Financial instruments	**1 844**	189	**84**	1 581
Insurance contracts, investment contracts with DPF and reinsurance contracts	**–1 789**	–153	**–1**	–1 432
Tax effect	**–13**	–7	**–17**	–30
NET IMPACT AFTER TAXES	**42**	29	**67**	119
10% DECREASE IN EQUITY PRICES				
Financial instruments	**–1 854**	–177	**–84**	–1 558
Insurance contracts, investment contracts with DPF and reinsurance contracts	**1 799**	140	**1**	1 413
Tax effect	**13**	7	**17**	29
NET IMPACT AFTER TAXES	**–43**	–29	**–67**	–116

[1] + = increase / – = decrease

14.03.2024

5.3.4 Real estate price risk

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

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

The sensitivity analysis with regard to real estate price risk is as follows.

Real estate fair value sensitivity

In CHF million	Net profit impact [1]		OCI impact [1]	
	2023	2022	**2023**	2022
5% INCREASE IN REAL ESTATE FAIR VALUE				
Real estate	**1 988**	2 074	**–**	33
Insurance contracts, investment contracts with DPF and reinsurance contracts	**–1 829**	–1 898	**–**	–32
Income tax	**–30**	–42	**–**	0
NET IMPACT AFTER TAXES	**129**	133	**–**	1
5% DECREASE IN REAL ESTATE FAIR VALUE				
Real estate	**–1 988**	–2 074	**–**	–33
Insurance contracts, investment contracts with DPF and reinsurance contracts	**1 830**	1 897	**–**	32
Income tax	**31**	42	**–**	0
NET IMPACT AFTER TAXES	**–128**	–134	**–**	–1

[1] + = increase / – = decrease

5.3.5 Credit risk

The Group is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Group is exposed to credit risk are:

- Counterparty risk with respect to bonds purchased
- Counterparty risk with respect to loans and mortgages granted
- Counterparty risk with respect to money market and cash positions
- Counterparty risk with respect to derivative transactions
- Reinsurance assets
- Amounts due from reinsurers in respect of claims already paid
- Amounts due from insurance contract holders
- Amounts due from insurance intermediaries

To reduce the credit exposure relating to derivatives a collateral management process is in place. Clearly defined processes ensure that exposure concentrations and limit utilisations are appropriately monitored and managed. Counterparties for derivative transactions, over-the-counter and exchange-traded, have to be approved by both the Group Chief Risk Officer and the Group Chief Investment Officer. Furthermore, the counterparties must fulfil stringent minimum rating requirements for the Swiss Life Group's insurance operations. During periods of market turmoil reliance on ratings is of limited value; therefore an additional qualitative and quantitative counterparty monitoring process has been established to allow for immediate proactive measures.

Counterparty risk is primarily managed by counterparty exposure limits and diversification in a broad debtor universe. The default risk can be managed through the holding of credit default swaps. A credit default swap provides insurance to the debt holder against a default of the debt issuer. It is traded over-the-counter and itself underlies the collateral management process described above.

The Group is also exposed to credit risk associated with reinsurance recoverables. As a consequence, the financial strength of reinsurers is monitored. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength and also prior to any contract being signed. The general policy of the Swiss Life Group is to reinsure its insurance risks only with counterparties rated A– or above (Standard & Poor's or equivalent). In exceptional cases, reinsurers with a lower rating may be considered. Additionally, the Group holds substantial collateral under related reinsurance agreements in the form of deposited funds and securities.

No single reinsurer is a material reinsurer to the Group, nor is the Group's business substantially dependent upon one single reinsurer.

For fixed-income assets the total exposure per counterparty is aggregated and reported to the Group Risk Committee. Ratings and single positions above a certain level with regard to fixed-income assets are reported to management on a regular basis. The exposure to individual counterparties is also managed by other mechanisms, such as the right to offset where counterparties are both debtors and creditors of the Group. In addition, limits regarding single counterparty exposure are in place which depend on the rating and amount of exposure in relation to total investments. Information reported to management includes assessment of bad debts. Where there exists a certain exposure to individual policyholders due to size of the contract, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out.

The non-rated loans primarily comprise mortgages. For the bulk of the mortgages a risk class system is in place which allows the company to identify, measure, monitor and manage the risks at the level of portfolios, borrowers and loans at all times. The risk class system also enables a risk-adequate pricing of the loans. Implementation, parameterisation and control of the system are set out in an internal directive which has been approved by the Head Securities of Swiss Life Asset Management AG.

In certain countries, specific additional guidelines and rules have been defined locally to monitor credit risk. Such guidelines cover investments in fixed-income securities which are mostly based on the average rating of the issuers (calculated by weighting default probabilities). Minimum and maximum thresholds apply with regard to permitted investments in non-government bonds. For investments in government bonds with a rating lower than AA– (according to Standard & Poor's or equivalent), additional exposure limits are in place. For certain businesses, credit risk is monitored and controlled with a risk limit framework whereby maximum limits are reviewed and approved at least annually. The majority of the bond portfolio is invested in government bonds (including supranational and sovereigns) and bonds issued by the financial sector covered by collateral or government guarantees.

Credit risk mitigation – collateral held and other credit enhancements as at 31 December 2023

In CHF million

	Debt securities	Loans and receivables	Cash and cash equivalents	Derivatives (assets)	Reinsurance contracts held	Insurance contracts and investment contracts with discretionary participation issued	Financial guarantees and loan commitments	Total
SECURED BY								
Cash collateral	**–**	**84**	**–**	**2 170**	**–**	**–**	**–**	**2 254**
Securities collateral	**–**	**2 491**	**–**	**–**	**12**	**–**	**15**	**2 518**
Mortgage collateral	**6 292**	**12 670**	**–**	**–**	**–**	**–**	**84**	**19 046**
Other collateral	**–**	**3 570**	**–**	**0**	**65**	**–**	**102**	**3 738**
Guarantees	**149**	**13**	**29**	**–**	**–**	**–**	**5**	**196**
Netting agreements	**–**	**559**	**–**	**277**	**–**	**–**	**–**	**836**
TOTAL SECURED	**6 441**	**19 388**	**29**	**2 447**	**78**	**–**	**205**	**28 588**
UNSECURED								
Governments and supranationals	**35 247**	**2 753**	**4**	**–**	**–**	**–**	**–**	**38 004**
Corporates	**32 928**	**4 029**	**5 855**	**302**	**2 002**	**4**	**107**	**45 226**
Other	**–**	**999**	**–**	**–**	**–**	**9**	**–**	**1 008**
TOTAL UNSECURED	**68 175**	**7 781**	**5 858**	**302**	**2 002**	**13**	**107**	**84 238**
TOTAL	**74 616**	**27 168**	**5 888**	**2 749**	**2 079**	**13**	**312**	**112 826**

Credit risk mitigation – collateral held and other credit enhancements as at 31 December 2022

In CHF million

	Debt securities	Loans and receivables	Cash and cash equivalents	Derivatives (assets)	Reinsurance contracts held	Insurance contracts and investment contracts with discretionary participation issued	Financial guarantees and loan commitments	Total
SECURED BY								
Cash collateral	–	2	–	4 509	186	–	–	4 698
Securities collateral	–	484	–	–	295	–	32	811
Mortgage collateral	6 665	13 245	–	–	–	–	91	20 001
Other collateral	–	5 699	–	–	–	–	41	5 740
Guarantees	590	7	135	–	–	–	–	732
Netting agreements	–	2 206	–	421	1	–	–	2 627
TOTAL SECURED	7 255	21 643	135	4 930	481	–	165	34 610
UNSECURED								
Governments and supranationals	35 099	3 027	399	–	–	–	–	38 524
Corporates	29 454	1 070	6 375	196	1 210	3	227	38 536
Other	29	1 458	–	–	–	2	–	1 489
TOTAL UNSECURED	64 582	5 555	6 774	196	1 210	5	227	78 549
TOTAL	71 836	27 198	6 910	5 126	1 692	5	392	113 160

The loss allowance for expected credit losses developed as follows:

Movement in expected credit losses of debt securities at fair value through other comprehensive income for the year 2023

In CHF million	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Balance as at 1 January	140	12	0	152
Transfers to 12-month ECLs	1	–1	–	–
Transfers to lifetime ECLs – not credit-impaired	–1	1	–	–
New financial assets recognised	20	0	–	20
Net remeasurement of loss allowance	–63	6	–	–57
Financial assets derecognised	–8	–7	–	–15
Foreign currency translation differences	–6	–1	0	–7
LOSS ALLOWANCE AS AT END OF PERIOD	83	10	–	93

Movement in expected credit losses of loans at fair value through other comprehensive income for the year 2023

In CHF million	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Balance as at 1 January	50	18	38	106
Transfers to 12-month ECLs	6	–6	–	–
Transfers to lifetime ECLs – not credit-impaired	–1	1	–	–
New financial assets recognised	9	0	–	9
Net remeasurement of loss allowance	–22	5	–2	–19
Financial assets derecognised	–17	–6	–31	–55
Foreign currency translation differences	–2	–1	–1	–5
LOSS ALLOWANCE AS AT END OF PERIOD	22	12	3	36

Movement in expected credit losses of loans at amortised cost for the year 2023

In CHF million	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Balance as at 1 January	3	1	0	4
Transfers to 12-month ECLs	0	0	–	–
Transfers to lifetime ECLs – not credit-impaired	0	0	–	–
Transfers to lifetime ECLs – credit-impaired	0	0	0	–
New financial assets recognised	0	0	0	0
Net remeasurement of loss allowance	0	0	0	0
Financial assets derecognised	0	–	–	0
Write-offs	0	–	0	0
Foreign currency translation differences	0	0	0	0
LOSS ALLOWANCE AS AT END OF PERIOD	3	0	1	4

Movement in expected credit losses of receivables for the year 2023

In CHF million	2023
Balance as at 1 January	**19**
New financial assets recognised	**0**
Net remeasurement of loss allowance	**7**
Financial assets derecognised	**–**
Write-offs	**–1**
Foreign currency translation differences	**–1**
BALANCE AS AT END OF PERIOD	**24**

To mitigate specific credit risk, the Group purchases credit risk protection in the form of credit default swaps and credit default swap indices. As at 31 December 2023, these derivative contracts provided a notional principal protection of CHF 1348 million (2022: CHF 1319 million).

Allowance for impairment losses of loans and receivables as at 31 December 2022

In CHF million	Individual evaluation of impairment	Collective evaluation of impairment	Total
LOANS			
Balance as at 1 January	1	23	24
Impairment losses/reversals	0	0	0
Write-offs and disposals	–1	–	–1
Foreign currency translation differences	0	–	0
BALANCE AS AT END OF PERIOD	0	23	23
RECEIVABLES			
Balance as at 1 January	11	4	15
Impairment losses/reversals	3	0	3
Write-offs and disposals	–2	0	–2
Foreign currency translation differences	0	0	–1
BALANCE AS AT END OF PERIOD	11	4	16
TOTAL ALLOWANCE FOR IMPAIRMENT LOSSES	12	27	38

Credit quality analysis – financial assets measured at fair value through profit or loss as at 31 December 2023

	AAA	AA	A	BBB	Below BBB	Carrying amount
Debt securities	**284**	**143**	**6 548**	**829**	**2 211**	**10 015**
Loans	**239**	**200**	**–**	**27**	**533**	**999**
Oher debt instruments	**–**	**–**	**18**	**–**	**–**	**18**
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	**523**	**343**	**6 566**	**856**	**2 745**	**11 033**

14.03.2024

Credit quality analysis – financial assets measured at fair value through other comprehensive income as at 31 December 2023

In CHF million	AAA	AA	A	BBB	Below BBB	Carrying amount (fair value)	Credit loss allowance
Debt securities	**24 311**	**15 991**	**8 850**	**13 816**	**1 614**	**64 582**	**–93**
of which 12-month ECL	**24 311**	**15 991**	**8 850**	**13 805**	**1 526**	**64 484**	**–83**
of which lifetime ECL – not credit-impaired	**–**	**–**	**–**	**11**	**88**	**99**	**–10**
of which lifetime ECL – credit-impaired	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Loans	**1 418**	**1 288**	**197**	**540**	**3 770**	**7 212**	**–36**
of which 12-month ECL	**1 418**	**1 288**	**197**	**522**	**3 654**	**7 078**	**–22**
of which lifetime ECL – not credit-impaired	**–**	**–**	**–**	**19**	**108**	**127**	**–12**
of which lifetime ECL – credit-impaired	**–**	**–**	**–**	**–**	**7**	**7**	**–3**
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	**25 729**	**17 279**	**9 047**	**14 356**	**5 384**	**71 794**	**–129**

Credit quality analysis – financial assets measured at amortised cost as at 31 December 2023

In CHF million	AAA	AA	A	BBB	Below BBB	Gross carrying amount	Credit loss allowance	Carrying amount
Debt securities	**–**	**–**	**–**	**–**	**1**	**1**	**0**	**1**
of which 12-month ECL	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
of which lifetime ECL – not credit-impaired	**–**	**–**	**–**	**–**	**1**	**1**	**0**	**1**
of which lifetime ECL – credit-impaired	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Loans	**53**	**1 807**	**11 516**	**1 693**	**371**	**15 440**	**–4**	**15 436**
of which 12-month ECL	**53**	**1 776**	**11 516**	**1 661**	**364**	**15 369**	**–3**	**15 366**
of which lifetime ECL – not credit-impaired	**–**	**31**	**–**	**–**	**–**	**31**	**0**	**31**
of which lifetime ECL – credit-impaired	**–**	**–**	**–**	**32**	**7**	**39**	**–1**	**39**
Receivables	**122**	**446**	**194**	**2 727**	**56**	**3 545**	**–24**	**3 521**
TOTAL FINANCIAL ASSETS MEASURED AT AMORTISED COST	**174**	**2 253**	**11 710**	**4 420**	**428**	**18 985**	**–28**	**18 958**

Credit quality analysis – other assets

In CHF million

	AAA	AA	A	BBB	Below BBB	Total
CREDIT RATING AS AT 31 DECEMBER 2023						
Cash and cash equivalents	**123**	**3 129**	**1 836**	**796**	**4**	**5 888**
Derivatives	**80**	**141**	**2 457**	**72**	**–**	**2 749**
Reinsurance contract assets	**–**	**1 999**	**70**	**10**	**–**	**2 079**
TOTAL	**203**	**5 269**	**4 363**	**877**	**4**	**10 716**
CREDIT RATING AS AT 31 DECEMBER 2022						
Cash and cash equivalents	447	2 032	3 678	723	29	6 910
Derivatives	116	257	4 568	186	–	5 126
Reinsurance contract assets	–	1 626	58	9	–	1 692
TOTAL	563	3 915	8 303	918	29	13 728

At 31 December 2023 and 2022, no reinsurance contract assets were past due.

Credit quality analysis – financial guarantees & loan commitments as at 31 December 2023

In CHF million

	AAA	AA	A	BBB	Below BBB	Total	Credit loss provision
Loan commitments	**23**	**84**	**76**	**41**	**73**	**297**	**0**
of which 12-month ECL	**23**	**84**	**76**	**41**	**73**	**297**	**0**
of which lifetime ECL – not credit-impaired	**–**	**–**	**–**	**–**	**–**	**–**	**–**
of which lifetime ECL – credit-impaired	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Financial guarantees	**–**	**–**	**5**	**10**	**–**	**15**	**0**
of which 12-month ECL	**–**	**–**	**5**	**10**	**–**	**15**	**0**
of which lifetime ECL – not credit-impaired	**–**	**–**	**–**	**–**	**–**	**–**	**–**
of which lifetime ECL – credit-impaired	**–**	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL FINANCIAL GUARANTEES & LOAN COMMITMENTS	**23**	**84**	**81**	**51**	**73**	**312**	**0**

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

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

In CHF million	AAA	AA	A	BBB	Below BBB	Total
DEBT SECURITIES						
Supranationals	1 887	328	41	60	–	2 316
Governments	14 106	14 130	1 904	1 591	465	32 196
Covered/guaranteed	6 667	221	45	210	–	7 143
Corporates	303	1 234	7 105	12 445	538	21 625
Other	–	–	0	–	2	2
TOTAL DEBT SECURITIES	22 964	15 914	9 095	14 306	1 004	63 283
MORTGAGES SECURED BY:						
Commercial property	–	–	2 610	–	–	2 610
Residential property	–	–	9 419	–	5	9 424
TOTAL MORTGAGES	–	–	12 029	–	5	12 034
OTHER LOANS AND RECEIVABLES						
Governments and supranationals	1 191	1 538	180	37	4	2 950
Corporates	449	370	2 286	1 512	4 139	8 756
Other	0	0	47	2 320	37	2 404
TOTAL OTHER LOANS	1 640	1 908	2 513	3 869	4 179	14 109

Exposure to credit risk of debt instruments as at 31 December 2022

In CHF million	AAA	AA	A	BBB	Below BBB	Individual impairment loss allowance	Total
DEBT SECURITIES							
Supranationals	1 909	333	42	60	–	–	2 345
Governments	14 441	14 302	1 921	1 606	484	–	32 754
Covered/guaranteed	6 753	229	54	218	–	–	7 255
Corporates	407	1 717	9 813	16 794	724	–	29 454
Other	–	–	0	27	2	–	29
TOTAL DEBT SECURITIES	23 510	16 580	11 830	18 706	1 210	–	71 836
MORTGAGES							
Commercial	–	–	2 610	–	–	–	2 610
Residential	–	–	9 419	–	5	0	9 424
TOTAL MORTGAGES	–	–	12 029	–	5	0	12 034
OTHER LOANS AND RECEIVABLES							
Governments and supranationals	1 209	1 594	183	37	4	–	3 027
Corporates	845	495	2 287	1 513	4 625	–2	9 763
Other	0	0	46	2 300	36	–9	2 374
TOTAL OTHER LOANS AND RECEIVABLES	2 054	2 090	2 516	3 850	4 665	–11	15 164

Financial assets individually determined as impaired as at 31 December 2022

In CHF million	Gross amount	Impairment loss allowance	Carrying amount
DEBT SECURITIES			
Corporates	1	–1	1
TOTAL	1	–1	1
MORTGAGES			
Residential	3	0	3
TOTAL	3	0	3
OTHER LOANS AND RECEIVABLES			
Corporates	64	–39	25
Other	13	–9	4
TOTAL	77	–48	29

Financial assets past due (not impaired) – age analysis as at 31 December 2022

In CHF million	Up to 3 months	3–6 months	6–12 months	More than 1 year	Total
DEBT SECURITIES					
Governments and supranationals	–	–	–	9	9
TOTAL	–	–	–	9	9
MORTGAGES					
Residential	1	0	–	10	11
TOTAL	1	0	–	10	11
OTHER LOANS AND RECEIVABLES					
Governments and supranationals	0	–	–	–	0
Corporates	29	0	–	–	29
Other	156	5	6	10	177
TOTAL	185	5	6	10	206

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

In CHF million	Balance as at 1 January	Impairment losses/ reversals	Write-offs and disposals	Foreign currency translation differences	Balance as at end of period
DEBT SECURITIES					
Corporates	1	0	0	0	1
Other	–	–	–	–	–
TOTAL	1	0	0	0	1
MORTGAGES SECURED BY:					
Residential property	0	0	0	–	0
TOTAL	0	0	0	–	0
OTHER LOANS AND RECEIVABLES					
Corporates	11	29	–	–1	39
Other	11	0	–1	0	9
TOTAL	22	29	–1	–1	48

5.3.6 Currency risk

The Swiss Life Group operates internationally and its exposures to currency risk primarily arise with respect to the euro, US dollar and British pound. Most of the investments and liabilities are denominated in Swiss francs, euros and US dollars, the values of which are subject to exchange rate fluctuations. The Group operates with various functional currencies (predominantly Swiss francs and euros). Its financial position and earnings could be significantly affected by a weakening of said foreign currencies against the Swiss franc.

The Swiss Life Group's European insurance and investment operations (excluding Switzerland) generally invest in assets denominated in the same currency as their insurance and investment contract liabilities, which mitigates the currency risk for these operations. As a result, currency risk arises from recognised assets and liabilities denominated in other currencies and net investments in foreign operations. Although the Swiss Life Group actively engages in currency management to reduce the effect of exchange rate fluctuations on its assets and liabilities, particularly by hedging against the risk of such movements in relation to part of its investments denominated in euros and in US dollars, significant movements in exchange rates could adversely affect the Swiss Life Group's earnings and financial position, including the value of its investment portfolio. Foreign exchange exposure is hedged in line with the strategic asset allocation. The instruments which the Swiss Life Group uses to hedge exposure may not be perfectly correlated to the related assets, so the Group will still be exposed to losses if the value of the hedge and the value of the underlying asset or liability do not correspond appropriately.

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

Financial instruments and insurance contracts, investment contracts with DPF and reinsurance contracts by currency

In CHF million

	CHF	EUR	USD	Other	Total
CARRYING AMOUNTS AS AT 31 DECEMBER 2023					
Financial assets	**48 092**	**77 950**	**27 447**	**3 770**	**157 259**
Financial liabilities	**–11 700**	**–24 022**	**–6 491**	**–294**	**–42 507**
Insurance contracts, investment contracts with DPF and reinsurance contract assets	**637**	**1 454**	**–**	**0**	**2 092**
Insurance contracts, investment contracts with DPF and reinsurance contract liabilities	**–103 398**	**–55 823**	**–66**	**–561**	**–159 848**
TOTAL	**–66 369**	**–440**	**20 889**	**2 916**	**–43 004**
CARRYING AMOUNTS AS AT 31 DECEMBER 2022					
Financial assets	46 374	78 050	23 030	5 235	152 690
Financial liabilities	–10 346	–27 502	–7 120	–339	–45 308
Insurance contracts, investment contracts with DPF and reinsurance contract assets	536	1 161	0	1	1 697
Insurance contracts, investment contracts with DPF and reinsurance contract liabilities	–101 450	–54 169	–46	–465	–156 129
TOTAL	–64 886	–2 460	15 864	4 432	–47 050

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

Currency sensitivity

In CHF million	Net profit impact[1]		Net OCI impact[1]	
	2023	2022	**2023**	2022
EUR/CHF (5% INCREASE IN RATE)				
Financial instruments	**–2**	–69	**99**	45
Insurance contracts, investment contracts with DPF and reinsurance contracts	**–4**	–6	**–60**	–24
Income tax	**0**	14	**–7**	–4
NET IMPACT AFTER TAXES	**–5**	–60	**31**	17
USD/CHF (5% INCREASE IN RATE)				
Financial instruments	**8**	6	**77**	12
Insurance contracts, investment contracts with DPF and reinsurance contracts	**–3**	–3	**–77**	–12
Income tax	**–1**	–1	**0**	0
NET IMPACT AFTER TAXES	**5**	3	**0**	0
GBP/CHF (5% INCREASE IN RATE)				
Financial instruments	**2**	1	**11**	18
Insurance contracts, investment contracts with DPF and reinsurance contracts	**0**	0	**–15**	–18
Income tax	**0**	0	**1**	0
NET IMPACT AFTER TAXES	**2**	0	**–4**	0
EUR/CHF (5% DECREASE IN RATE)				
Financial instruments	**2**	69	**–99**	–48
Insurance contracts, investment contracts with DPF and reinsurance contracts	**4**	5	**60**	27
Income tax	**0**	–14	**7**	4
NET IMPACT AFTER TAXES	**5**	57	**–31**	–17
USD/CHF (5% DECREASE IN RATE)				
Financial instruments	**–8**	–6	**–75**	–16
Insurance contracts, investment contracts with DPF and reinsurance contracts	**3**	2	**75**	15
Income tax	**1**	1	**0**	0
NET IMPACT AFTER TAXES	**–5**	–3	**0**	–1
GBP/CHF (5% DECREASE IN RATE)				
Financial instruments	**–2**	–1	**–11**	–18
Insurance contracts, investment contracts with DPF and reinsurance contracts	**0**	–1	**15**	19
Income tax	**0**	0	**–1**	0
NET IMPACT AFTER TAXES	**–2**	–1	**4**	0

[1] + = increase / – = decrease

14.03.2024

5.3.7 Liquidity risk

Liquidity risk is the risk that not enough cash resources may be available to pay obligations when due (primarily obligations arising from the insurance business and debt) at a reasonable cost. The Swiss Life Group is exposed to liquidity risk which primarily arises on calls on its cash resources from claims, amounts payable at maturity and surrenders arising from insurance and investment contracts. The Swiss Life Group faces the risk of not being able to refinance its debt obligations due to unexpected long-term market disruptions.

At the operational level, rolling forecasts are in place to address situational liquidity risk, which primarily arises on unexpected calls on cash resources from claims, amounts payable at maturity and surrenders arising from insurance and investment contracts. To overcome unexpected liquidity shortfalls, when asset disposals are not desired, repurchase agreements and mitigating measures on the liability side are used to ensure short-term refinancing at minimal cost.

At the strategic level, the Swiss Life Group holds substantial liquidity and uses active debt maturity planning to ensure financial flexibility and efficient liquidity management.

The liquidity analysis of financial liabilities and commitments is based on undiscounted cash flows by remaining contractual maturities, whereas insurance and policyholder participation liabilities are analysed by estimated timing of net cash outflows. Cash outflows of derivative liabilities designated as cash flow hedging instruments are analysed on the basis of expected settlement dates for forward starting swaps, and on the basis of contractual maturity for forward starting bonds.

Exposure to liquidity risk as at 31 December 2023

In CHF million	Cash flows							Carrying amount
	Up to 1 month	1–3 months	3–12 months	1–5 years	5–10 years	More than 10 years	Total	
FINANCIAL LIABILITIES								
Derivatives designated as cash flow hedges	**1**	**1**	**385**	**913**	**–**	**42**	**1 342**	**436**
Investment contracts without discretionary participation	**1**	**–**	**–**	**627**	**5 497**	**12 076**	**18 201**	**18 201**
Borrowings	**14**	**1**	**206**	**2 585**	**1 821**	**–**	**4 627**	**4 195**
Lease liabilities	**4**	**6**	**29**	**105**	**29**	**114**	**287**	**229**
Other financial liabilities	**11 588**	**1 814**	**1 803**	**2 608**	**833**	**0**	**18 646**	**18 617**
TOTAL	**11 609**	**1 822**	**2 423**	**6 838**	**8 180**	**12 232**	**43 103**	**41 678**
GUARANTEES AND COMMITMENTS								
Financial guarantees	**1**	**0**	**3**	**10**	**1**	**–**	**15**	**–**
Loan commitments	**21**	**108**	**92**	**76**	**0**	**–**	**297**	**–**
Capital commitments	**369**	**3**	**230**	**12**	**11**	**–**	**624**	**–**
TOTAL	**391**	**111**	**325**	**97**	**12**	**–**	**937**	**–**

Exposure to liquidity risk as at 31 December 2022

In CHF million	Cash flows							Carrying amount
	Up to 1 month	1–3 months	3–12 months	1–5 years	5–10 years	More than 10 years	Total	
FINANCIAL LIABILITIES								
Derivatives designated as cash flow hedges	–	–	332	993	–	84	1 409	665
Investment contracts without discretionary participation	–	–	34	810	5 992	12 074	18 910	18 545
Borrowings	–	151	613	2 291	2 049	–	5 103	4 409
Lease liabilities	4	6	29	118	30	121	308	249
Other financial liabilities	9 309	606	5 033	3 179	717	77	18 922	18 887
TOTAL	9 314	763	6 041	7 391	8 788	12 356	44 652	42 755
GUARANTEES AND COMMITMENTS								
Financial guarantees	9	–	5	–	–	–	14	–
Loan commitments	183	90	72	33	0	–	378	–
Capital commitments	757	–	511	49	–	–	1 317	–
TOTAL	949	90	589	82	0	–	1 710	–

14.03.2024

The estimates of the present value of future cash flows of insurance contracts, investment contracts with DPF and reinsurance contracts are as follows:

Estimates of present value of future cash flows of insurance contracts, investment contracts with DPF and reinsurance contracts held as at 31 December 2023

In CHF million	1 year or less	1–2 years	2–3 years	3–4 years	4–5 years	More than 5 years	Total
INSURANCE CONTRACTS AND INVESTMENT CONTRACTS WITH DPF							
Liabilities – direct participating contracts	**4 354**	**4 194**	**4 201**	**4 240**	**4 270**	**119 389**	**140 646**
Liabilities – other	**916**	**538**	**315**	**245**	**213**	**1 632**	**3 858**
REINSURANCE CONTRACTS HELD							
Liabilities	**7**	**4**	**3**	**3**	**2**	**36**	**56**

Estimates of present value of future cash flows of insurance contracts, investment contracts with DPF and reinsurance contracts held as at 31 December 2022

In CHF million	1 year or less	1–2 years	2–3 years	3–4 years	4–5 years	More than 5 years	Total
INSURANCE CONTRACTS AND INVESTMENT CONTRACTS WITH DPF							
Liabilities – direct participating contracts	4 107	4 076	3 919	3 920	3 964	116 376	136 363
Liabilities – other	1 230	209	140	120	119	1 429	3 247
REINSURANCE CONTRACTS HELD							
Liabilities	5	2	2	2	2	36	50

Amounts from insurance contract liabilities that are payable on demand

In CHF million	Amount payable on demand		Carrying amount	
	31.12.2023	31.12.2022	**31.12.2023**	31.12.2022
Direct participating contracts	**64 330**	54 347	**140 646**	136 363
Other insurance contract liabilities	**1 017**	384	**3 858**	3 247
TOTAL	**65 348**	54 731	**144 505**	139 611

5.3.7.1 Current and non-current assets and liabilities

The table below shows the expected realisation or settlement of assets and liabilities. Assets are classified as current if they are expected to be realised within twelve months after the balance sheet date. Liabilities are classified as current if they are expected to be settled within twelve months after the balance sheet date. All other assets and liabilities are classified as non-current.

Current and non-current assets and liabilities

In CHF million	Current		Non-current		Total	
	31.12.2023	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022
ASSETS						
Cash and cash equivalents	**5 888**	6 910	**–**	–	**5 888**	6 910
Derivatives	**2 452**	3 290	**297**	1 836	**2 749**	5 126
Assets held for sale	**1**	1	**–**	–	**1**	1
Financial assets	**36 758**	18 537	**120 501**	134 153	**157 259**	152 690
Investment property	**–**	–	**40 710**	42 160	**40 710**	42 160
Investments in associates	**–**	–	**163**	152	**163**	152
Insurance contracts and investment contracts with discretionary participation issued	**13**	5	**–**	–	**13**	5
Reinsurance contracts held	**936**	1 415	**1 144**	277	**2 079**	1 692
Property and equipment	**–**	–	**908**	932	**908**	932
Intangible assets	**–**	–	**1 701**	1 714	**1 701**	1 714
Current income tax assets	**62**	35	**–**	–	**62**	35
Deferred income tax assets	**–**	–	**274**	260	**274**	260
Other assets	**409**	622	**1 228**	1 142	**1 637**	1 764
TOTAL ASSETS	**46 518**	30 815	**166 927**	182 625	**213 445**	213 440
LIABILITIES						
Derivatives	**699**	1 099	**565**	2 119	**1 265**	3 218
Investment contracts without discretionary participation	**1**	34	**18 200**	18 511	**18 201**	18 545
Borrowings	**179**	650	**4 016**	3 759	**4 195**	4 409
Other financial liabilities	**15 396**	14 988	**3 451**	4 148	**18 846**	19 136
Insurance contracts and investment contracts with discretionary participation issued	**6 056**	24 078	**153 774**	132 037	**159 830**	156 115
Reinsurance contracts held	**6**	5	**12**	10	**18**	14
Employee benefit liabilities	**230**	253	**799**	616	**1 029**	869
Current income tax liabilities	**362**	424	**–**	–	**362**	424
Deferred income tax liabilities	**–**	–	**986**	1 033	**986**	1 033
Provisions	**28**	45	**12**	21	**40**	66
Other liabilities	**338**	373	**35**	29	**374**	402
TOTAL LIABILITIES	**23 295**	41 948	**181 850**	162 283	**205 146**	204 231

5.3.8 Hedging

The Swiss Life Group uses derivatives within the strict limits set by the applicable insurance legislation and by internal guidelines. Derivatives are primarily used to manage the exposure to foreign exchange rates, interest rates, equity securities and counterparties. The main instruments include index futures and option structures in stock markets, bond futures, bond forwards, interest rate swaps and interest rate options used to manage duration, currency forwards and options used to manage currency risk, and credit default swaps or credit default swap indices and options on credit default swap indices used to manage credit spread and counterparty risk. Within certain limits, derivatives are used to enhance returns on the existing portfolio. The types of derivatives generally permitted for usage within the Swiss Life Group, as well as the list of allowed over-the-counter trading partners, have been approved by the Group Risk Committee.

14.03.2024

Hedging strategies involve hedge accounting in accordance with IFRS as well as "economic hedging". "Economic hedges" comprise derivatives in combination with financial assets and financial liabilities which have a common risk factor and give rise to opposite changes in fair value that tend to offset each other.

5.4 Insurance risk management objectives and policies

Insurance contracts are contracts under which one party (the insurer) agrees to compensate the other party (the policyholder) if a specified uncertain future event affects the policyholder. The Group's insurance entities neither generally accept nor generally deny insurance coverage to applicants, but ensure that all the insurance risks are identified and thoroughly assessed, and that the insurance premiums accurately reflect the risk taken. The amount and type of risk taken must be in line with the Group's risk policy and strategy, and must also meet the profitability targets.

5.4.1 Nature of insurance risk

When designing a new product or reviewing an existing one, care has to be taken that the product neither includes systemic risk nor provides incentives for adverse selection. The Swiss Life Group favours transparent and simple product designs with a reliable pricing basis with sufficient statistical data available. Insurance risk arises when biometric parameters deviate adversely from expectations. The uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts is due to the unpredictability of long-term changes in overall levels of mortality, longevity and disability, for instance. Furthermore, deviations from the expected outcome of a portfolio can also arise because of random fluctuations. The impact of random fluctuations depends on the extent of diversification within a portfolio of contracts.

5.4.1.1 Mortality and longevity

Mortality and longevity risks reflect the financial consequences of insured people dying sooner or living longer than expected, respectively. For example, a life insurer with an annuity portfolio making payments to the policyholders until their death is financially exposed to those individuals who live longer than expected. Conversely, an insurer writing life insurance business that pays out amounts contingent on death of the policyholders is exposed to increases in mortality levels.

The Swiss occupational pensions (BVG) business of the group life insurance business in Switzerland is a significant part of the Group's overall life insurance business. The BVG business provides an example of a minimum return guarantee. The guarantee takes the form of the right to convert an assured sum into a life annuity at a guaranteed conversion rate: the prevalent annuity conversion rate for the mandatory part of the BVG business is set at 6.8% for men (retirement age 65) and 6.8% for women (retirement age 64).

5.4.1.2 Disability and morbidity

Disability risk reflects the financial consequences of groups of individuals getting disabled more often and/or recovering less quickly than expected. With regard to morbidity, the most significant risk factors are spreading diseases, mental stress, widespread changes in lifestyle, such as eating, smoking and exercise habits, and economic effects.

5.4.2 Embedded options

The ability of a policyholder to pay reduced or no future premiums under a contract, to terminate the contract completely or to exercise a guaranteed annuity option means that the insurer's liability is also subject to policyholder behaviour to a certain extent. On the assumption that a certain group of policyholders will make decisions rationally, overall insurance risk can be aggravated by such behaviour. For example, it is conceivable that policyholders whose health has deteriorated significantly will be less inclined to terminate contracts insuring disability or death benefits than those policyholders remaining in good health, thus contributing to an increasing trend in the expected mortality of policyholders, as the portfolio of insurance contracts is reduced due to surrender.

5.4.3 Underwriting strategy

Underwriting is the process of selecting and classifying insurable risks. The underwriting strategy attempts to ensure that the risks underwritten are profitable and well diversified in terms of type of risk and level of insured benefits. Life insurance underwriting is performed to ensure that the premiums and the general conditions of the insurance policies are adequate for the risks to be insured. The first step in the underwriting process is to determine which individual risks can be accepted. The second step is to place the accepted risks into groups of similar levels of risk. Both processes must be conducted objectively and consistently. The Group sets limits for the acceptance of insurance coverage arising from new and renewal business. Medical selection is part of the Group's underwriting procedures, whereby premiums are charged to reflect the health condition and family medical history of the applicants, as well as compliance with the environmental, social and governance (ESG) strategy. The limits relate to sums at risk, maximum insured losses or present value of premiums at the contract or insured person level. Depending on the type of business and the limit exceeded, the new or renewed contract must be approved by the corresponding risk committee or senior management. Contracts exceeding the set limits are tested individually for profitability according to predefined procedures and compliance assessments are performed before approval. Certain contracts which include specific risks relating to derivatives or insurance risk factors for which no reliable data is available must be submitted for approval irrespective of the amount of coverage offered. Insurance coverage exceeding set limits is subject to regular internal reporting requirements. Additionally, the underwriting practices must be in line with local laws.

For certain group life business, local law is relevant with regard to medical examinations required before any business is written. For certain individual life business, agreements exist with regard to medical examinations of applicants before business is written. If the risk is assessed as high, exclusion of specific risks, premium adjustments and reinsurance are considered or the application may be rejected.

In the accident and health business, as well as the credit life business in France, the underwriting strategy comprises biometric and financial data of the persons to be insured, type of contract and experience.

The table below analyses how profit or loss and other comprehensive income would have increased (decreased) if changes in underwriting risk exposures that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities both before and after risk mitigation by reinsurance and assumes that all other variables remain constant.

Insurance sensitivity – life

In CHF million	Profit or loss gross of reinsurance, before tax [1]		Profit or loss net of reinsurance, before tax [1]	
	2023	2022	**2023**	2022
Mortality rates (5% increase) – life assurance	**–11**	–10	**–11**	–9
Mortality rates (5% decrease) – life assurance	**11**	10	**11**	9
Mortality rates (5% increase) – life annuities	**22**	16	**19**	15
Mortality rates (5% decrease) – life annuities	**–23**	–17	**–19**	–16
Morbidity rates (5% increase)	**–8**	–8	**–8**	–7
Morbidity rates (5% decrease)	**7**	7	**7**	6

[1] + = profit / – = loss

5.4.4 Non-life

The Swiss Life Group has non-life operations, mainly in France, covering risks associated with accident and health (disability), property and casualty as well as credit life business.

Claims arising from the accident and health business primarily cover refunds for medical treatment, daily allowances in the case of sick leave, annuities and long-term medical care. The factors that could increase the overall liabilities in health insurance are the increase in the claim frequency due to an increase in the average age of the insured persons and negative economic and social factors. The insurance liabilities arising from accident and health insurance contracts must consider outstanding claims and claims incurred but not reported (IBNR). A large part of the insurance liabilities arising from these contracts relates to IBNR, and experience shows that health insurance contracts are sensitive to late reporting of claims in both number of claims and amounts.

The Group manages the risks arising from these contracts by means of its underwriting strategy and reinsurance arrangements.

The development of claims under non-life insurance contracts comprises the non-life business in France. A minor part of the non-life business is very short-tailed. The claims incurred for this minor part are almost completely settled within one year. The amount of unpaid claims as at the balance sheet date is therefore not material and does not underlie any significant variation in its temporal development. The claims data regarding this type of business are not included in the figures above.

Acceptance rules for risks are consistent with both the Code des Assurances and the French regulations. Underwriting guidelines and tariffs are reviewed on an annual basis.

Monitoring of the risks taken is done on a monthly basis with regard to related premiums and claims. An automated claims supervision system is used for the adjustment of tariffs for risks with loss ratios above a certain level.

5.4.5 Reinsurance

Reinsurance is used to limit the Group's exposure to insurance risk. This does not, however, discharge the Group's liability as a primary insurer, and, if a reinsurer fails to pay a claim, the Group remains liable for the payments to the policyholder. A loss allowance would be recognised for any estimated unrecoverable reinsurance.

In addition, the Group holds substantial collateral under related reinsurance agreements in the form of deposited funds and securities. Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for the underlying policy benefits and are presented in the balance sheet as a component of the reinsurance assets.

Management reviews reinsurance programmes covering treaty, type, risks covered and retention on a regular basis. A process, competencies and limits are set up for the approval of reinsurance programmes and their modification. To ensure that the Group's principles are observed, guidelines on reinsurance are in place.

In accordance with its retention policy for mortality and disability benefits, the Group limits its exposure to CHF 5 million per life. Retention limits can be lower for other products (e.g. critical illness or long-term care) or for exposure in international markets. In addition, catastrophe reinsurance is in place to protect against accumulation of losses from a single event or a series of connected events.

The reinsurance team at Group level is responsible for implementing the retention policy by way of intra-group reinsurance. Intra-group reinsurance is transacted at arm's length.

As far as property and casualty insurance is concerned, the reinsurance arrangements mostly include non-proportional coverage on any single risk and/or event, and are adapted to the specific exposure. This includes excess of loss, stop-loss and catastrophe coverage, as well as facultative reinsurance for protection against specific risks.

No single reinsurer is a material reinsurer to the Group, nor is the Group's business substantially dependent upon one single reinsurer.

5.5 Strategic risk management

Swiss Life uses a structured process to ensure that strategic risks are dealt with adequately in what continues to be a very challenging economic environment. In its strategic risk management process, Swiss Life incorporates all the information on risks and corresponding return characteristics in its strategic decisions. An understanding of the interplay of individual risks is essential in order to take into account the factors influencing risks during strategy development and address them accordingly.

5.6 Operational risk management and internal control system

Operational risk management at Swiss Life includes the methods and processes used for the identification, assessment, monitoring and steering of operational risks. Operational risk management defines operational risk as the adverse impacts from shortcomings or failures stemming from internal processes, people, systems or external events. Reliability of information and ensuring confidentiality, availability and integrity of data are integral parts of operational risk management. Swiss Life's internal control system consists of the entirety of procedures, methods and measures prescribed by the Board of Directors and the Corporate Executive Board to ensure the orderly conduct of business. The focus is on the reliability of financial reporting, the effectiveness of business processes and compliance with laws and regulations issued to protect the Swiss Life Group's assets.

5. 7 Risk concentrations

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

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

5.8 Applied instruments for risk mitigation

5.8.1 Reinsurance

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

Risk transfer primarily takes the form of reinsurance. Alternative forms of risk transfer (such as securitisation) require the formal approval of the Group Risk Committee. No significant alternative form of risk transfer is used by the Group at present.

5.8.2 Derivative financial market instruments

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

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

6 Earnings per Share

Basic earnings per share (EPS) are calculated on the weighted average number of shares outstanding during the reporting period, excluding the average number of shares purchased by the Group and held as treasury shares.

Diluted earnings per share include shares contingently issuable under equity compensation plans calculated on the basis of the expected fulfilment of predefined conditions. For further information on the equity compensation plans please refer to note 19 Employee Benefits.

In CHF million (if not noted otherwise)

	2023	2022
BASIC EARNINGS PER SHARE		
Net profit attributable to equity holders of Swiss Life Holding	**1 094**	1 182
Net interest on hybrid equity	**–10**	–10
Net profit attributable to shareholders of Swiss Life Holding after net interest on hybrid equity	**1 083**	1 172
Weighted average number of shares outstanding	**29 171 830**	30 248 426
BASIC EARNINGS PER SHARE FOR THE NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF SWISS LIFE HOLDING (IN CHF)	**37.13**	38.74
DILUTED EARNINGS PER SHARE		
Net profit attributable to shareholders of Swiss Life Holding	**1 083**	1 172
Weighted average number of shares outstanding	**29 171 830**	30 248 426
Adjustments (number of shares)		
Equity compensation plans	**89 658**	90 153
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING FOR DILUTED EARNINGS PER SHARE	**29 261 488**	30 338 579
DILUTED EARNINGS PER SHARE FOR THE NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF SWISS LIFE HOLDING (IN CHF)	**37.01**	38.62

7 Details of Certain Items in the Consolidated Statement of Income

Insurance revenue

In CHF million

	2023	2022
CSM RECOGNISED FOR SERVICES PROVIDED		
from contracts to which the VFA has been applied	1 231	1 155
from contracts to which the BBA has been applied	53	49
TOTAL CSM RECOGNISED FOR SERVICES PROVIDED	1 283	1 204
CHANGE IN RISK ADJUSTMENT FOR NON-FINANCIAL RISK FOR RISK EXPIRED		
from contracts to which the VFA has been applied	18	14
from contracts to which the BBA has been applied	2	3
TOTAL CHANGE IN RISK ADJUSTMENT FOR NON-FINANCIAL RISK FOR RISK EXPIRED	20	17
EXPECTED INCURRED CLAIMS AND OTHER INSURANCE SERVICE EXPENSES		
from contracts to which the VFA has been applied	3 228	3 207
from contracts to which the BBA has been applied	615	590
TOTAL EXPECTED INCURRED CLAIMS AND OTHER INSURANCE SERVICE EXPENSES	3 843	3 797
RECOVERY OF INSURANCE ACQUISITION CASH FLOWS		
from contracts to which the VFA has been applied	283	269
from contracts to which the BBA has been applied	37	43
TOTAL RECOVERY OF INSURANCE ACQUISITION CASH FLOWS	320	312
EXPERIENCE ADJUSTMENTS ON PREMIUMS AND RELATED CASH FLOWS		
from contracts to which the VFA has been applied	–	–
from contracts to which the BBA has been applied	71	54
TOTAL EXPERIENCE ADJUSTMENTS ON PREMIUMS AND RELATED CASH FLOWS	71	54
Insurance revenue from contracts to which the PAA has been applied	3 258	2 633
TOTAL INSURANCE REVENUE	**8 797**	8 017

Expenses

In CHF million

	Notes	2023	2022
EXPENSES FROM INCURRED CLAIMS AND ONEROUS CONTRACTS			
Incurred claims		**5 490**	4 956
Losses and reversal of losses on onerous contracts		**–2**	–23
Adjustments to liabilites for incurred claims		**179**	38
TOTAL EXPENSES FROM INCURRED CLAIMS AND ONEROUS CONTRACTS		**5 667**	4 972
COMMISSION EXPENSE			
Insurance agent and broker commissions		**935**	889
Asset management and banking commissions		**132**	143
Other commissions and fees		**116**	116
TOTAL COMMISSION EXPENSE		**1 183**	1 148
EMPLOYEE BENEFITS EXPENSE			
Wages and salaries		**846**	831
Social security		**175**	173
Defined benefit plans	19	**70**	88
Defined contribution plans		**5**	6
Other employee benefits		**139**	129
TOTAL EMPLOYEE BENEFITS EXPENSE		**1 234**	1 227
DEPRECIATION AND AMORTISATION EXPENSE			
Depreciation of property and equipment [1]		**53**	53
Amortisation of intangible assets	13	**30**	49
Amortisation of investment contract costs		**0**	0
TOTAL DEPRECIATION AND AMORTISATION EXPENSE		**83**	102
IMPAIRMENT OF PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS			
Impairment of property and equipment		**0**	0
Impairment of intangible assets		**2**	–
TOTAL IMPAIRMENT OF PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS		**2**	0
MISCELLANEOUS EXPENSES			
Marketing and advertising		**60**	67
Information technology and systems		**149**	139
Maintenance and repair		**28**	32
Short-term leases		**4**	6
Leases of low-value assets		**2**	1
Professional services		**245**	245
Cost of inventory property sold		**170**	93
Premium taxes and other non-income taxes		**69**	69
Other		**100**	165
TOTAL MISCELLANEOUS EXPENSES		**825**	816
TOTAL EXPENSES BEFORE AMORTISATION OF INSURANCE ACQUISITION CASH FLOWS		**8 995**	8 267
Amortisation of insurance acquisition cash flows		**622**	572
TOTAL EXPENSES		**9 617**	8 839
Thereof:			
Insurance service expenses		**7 445**	6 588
Other expenses		**2 172**	2 251

[1] Including depreciation of right-of-use assets arising from leases of CHF 38 million (2022: CHF 37 million)

14.03.2024

Other items in the income statement

In CHF million

	2023	2022
COMMISSION INCOME		
Brokerage commissions	**873**	879
Asset management commissions	**656**	706
Other commissions and fees	**401**	353
TOTAL COMMISSION INCOME	**1 929**	1 938
OTHER INCOME		
Realised gains/losses on sales of subsidiaries, associates and other assets	**53**	53
Revenue from sale of inventory property	**203**	99
Other foreign currency gains/losses	**345**	106
Other	**44**	16
TOTAL OTHER INCOME	**646**	275
OTHER INTEREST EXPENSE		
Interest expense on deposits	**59**	19
Negative interest on repurchase agreements	**3**	–16
Interest expense on amounts due to banks	**211**	61
Interest expense on lease liabilities	**5**	4
Other interest expense	**6**	19
TOTAL OTHER INTEREST EXPENSE	**284**	87

Investment result

In CHF million

	Notes	2023	2022
INVESTMENT INCOME			
Interest income on financial assets available for sale		–	2 056
Interest income on loans and receivables		–	276
Dividend income on financial assets available for sale		–	450
Interest income on financial assets at fair value through other comprehensive income		**2 310**	–
Interest income on financial assets at amortised cost		**286**	–
Dividend income on financial assets at fair value through other comprehensive income	9	**47**	–
Net income on investment property		**1 106**	1 085
Net income on own-use property (underlying item in VFA)		**0**	–
Other interest income		**101**	24
TOTAL INVESTMENT INCOME		**3 849**	3 891
NET GAINS/LOSSES INCLUDING IMPAIRMENT LOSSES ON FINANCIAL ASSETS			
Financial assets available for sale		–	–57
Loans and receivables		–	12
Financial assets at fair value through other comprehensive income		**–167**	–
Financial assets at amortised cost		**–3**	–
Hedging gains/losses reclassified from other comprehensive income		**97**	228
Foreign currency gains/losses		**–2 133**	–546
Net impairment losses on financial assets	5	**40**	–544
TOTAL NET GAINS/LOSSES INCLUDING IMPAIRMENT LOSSES ON FINANCIAL ASSETS		**–2 165**	–906
NET GAINS/LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Currency derivatives		**1 098**	–65
Interest rate derivatives		**311**	367
Equity derivatives		**–404**	468
Other derivatives		**–28**	4
Financial assets designated as at fair value through profit or loss [1,2]		**311**	–4 519
Financial assets mandatorily measured at fair value through profit or loss [1]		**4 597**	–
Investments in associates [3]		**0**	33
Investment contracts without discretionary participation	15	**–1 845**	1 813
Third-party interests in consolidated investment funds		**–22**	–48
Other financial liabilities		**1**	–
TOTAL NET GAINS/LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS		**4 018**	–1 948
NET GAINS/LOSSES ON INVESTMENT PROPERTY			
Net gains/losses on investment property	10	**–839**	1 047
Net gains/losses on own-use property (underlying item in VFA)	12	**–41**	–13
TOTAL NET GAINS/LOSSES ON INVESTMENT PROPERTY		**–880**	1 034

[1] Includes interest and dividend income of CHF 624 million (2022: CHF 260 million)
[2] Includes changes attributable to credit risk of nil (2022: nil)
[3] Includes dividend income of CHF 1 million (2022: CHF 15 million)

14.03.2024

8 Derivatives and Hedge Accounting

Derivatives

In CHF million	Fair value assets		Fair value liabilities		Notional amount/exposure	
	31.12.2023	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022
CURRENCY DERIVATIVES						
Forward contracts	**1 675**	1 438	**236**	395	**48 791**	49 694
Options (over-the-counter)	**67**	59	**44**	42	**6 208**	3 125
TOTAL CURRENCY DERIVATIVES	**1 741**	1 497	**281**	437	**54 999**	52 819
INTEREST RATE DERIVATIVES						
Forward contracts	**42**	–	**380**	532	**1 358**	1 277
Swaps	**149**	1 747	**240**	1 660	**4 914**	25 485
Futures	**–**	7	**7**	23	**276**	420
Options (over-the-counter)	**107**	118	**–**	–	**780**	830
Other	**5**	5	**3**	3	**3 236**	1 779
TOTAL INTEREST RATE DERIVATIVES	**302**	1 877	**630**	2 218	**10 565**	29 790
EQUITY/INDEX DERIVATIVES						
Futures	**0**	78	**2**	83	**143**	5 874
Options (over-the-counter)	**–**	6	**0**	6	**8**	150
Options (exchange-traded)	**668**	1 655	**324**	462	**6 801**	9 818
Other	**38**	13	**2**	2	**1 884**	1 921
TOTAL EQUITY/INDEX DERIVATIVES	**706**	1 752	**328**	554	**8 836**	17 763
OTHER DERIVATIVES						
Credit derivatives	**–**	–	**26**	9	**1 348**	1 319
TOTAL OTHER DERIVATIVES	**–**	–	**26**	9	**1 348**	1 319
TOTAL DERIVATIVES	**2 749**	5 126	**1 265**	3 218	**75 749**	101 691
of which derivatives designated and accounted for as hedging instruments						
Derivatives designated as fair value hedges	**51**	11	**44**	4	**1 524**	5 031
Derivatives designated as cash flow hedges	**70**	–	**436**	665	**2 800**	2 642
Derivatives designated as net investment hedges	**296**	190	**3**	14	**8 130**	6 776

Derivatives held for risk management

Derivatives held for risk management primarily comprise derivatives that share a risk with other financial instruments and give rise to opposite changes in fair value that tend to offset each other ("economic hedges"). The timing of the offset does not match in all cases.

To manage the risks associated with derivative activity, the Group establishes and monitors exposure and risk limits. Exposure to price risk on both derivatives and their underlyings is managed in accordance with risk limits set by risk committees for buying or selling instruments or closing out positions. The risks arise from open positions in interest rates, currencies and equity instruments, all of which are exposed to general and specific market movements.

Derivatives designated and accounted for as hedging instruments

Derivatives designated and accounted for as hedging instruments comprise derivatives associated with fair value hedges, cash flow hedges and net investment hedges that qualify for hedge accounting.

Hedge accounting in 2023 (IFRS 9)

Fair value hedges for interest rate risk

The risk management strategy and objective is to provide protection against an anticipated increase in the general level of interest rates. Generally, payer swaps are used as hedging instruments. In relation to hedge accounting for interest rate risk, the fair value changes of the hedged debt instruments (bonds) and the fair value changes of the payer swaps move in opposite directions and with a similar magnitude in case of changing interest rates (economic relationship).

The parameters of the payer swap are chosen with the purpose of achieving a best possible hedge of future fair value changes of the bonds. A measure of the change in the fair value of a bond due to changing interest rates is its interest rate sensitivity (dollar duration) per one basis point change in interest rates. Defining the parameters of a payer swap such that its dollar duration equals the dollar duration of the bond at hedge inception ensures that the fair values of the two instruments move in opposite directions for (small) changes in interest rates. An economic relationship exists if the dollar durations of the hedged bond and the payer swap do not diverge more than a certain percentage from each other. The differences in the dollar durations are regularly monitored in order to meet the hedge effectiveness requirements at any time. The main source of hedge ineffectiveness originates from the different interest rate convexity at hedge inception. As only on-market swaps are used for hedging purposes, the convexity of the swap will inevitably be different compared to the convexity of the hedged bond.

Fair value hedges for equity price risk

The risk management strategy and objective is to protect the long-term investment returns on the equity instruments measured at FVOCI (hedged items). For this purpose, equity index options are used as hedging instruments to limit the loss potential and to manage the cost of hedging. The index options may consist of long put, short put and short call options. The long put options provide protection against a decrease of equity prices, while the short put and short call options are used to minimise the cost of hedging. The changes in the intrinsic values of the index options generally move in opposite direction to the fair value changes of the equity instruments (economic relationship).

The intrinsic value of the index options is designated as the hedging instrument. The initial time value at hedge inception of the index options is amortised to profit or loss over the period during which the hedge adjustment for the option's intrinsic value could affect other comprehensive income.

Hedge ineffectiveness occurs when the fair value changes of equity instruments – within the boundary of the intrinsic section of the index options – are not entirely offset with the settlement values of the index options at expiration. The tracking error between the equity instruments for any specific market and the corresponding equity index measures the potential for hedge ineffectiveness. A tracking error within a certain range is accepted.

Fair value hedges for foreign currency risk

The hedged risk is defined as the fair value changes due to changes in foreign currency rates of equity investments that are classified as FVOCI. Foreign currency forwards are used as hedging instruments in their entirety. An overlay approach is applied when hedging the foreign currency risk of investments that are denominated in a foreign currency. Based on aggregated gross foreign currency exposures, a specific notional amount of foreign currency derivatives is determined in order to manage the net foreign currency exposure within predefined limits. Due to the linear pay-off structure of foreign currency forwards, the fair value changes of foreign currency forwards mirror the fair value changes of equity instruments in terms of the hedged risk. Thus, hedge ineffectiveness does not exist in case the exposure of the equity instruments hedged equals the exposure of the foreign currency forwards. However, as the main purpose of foreign currency hedging is to minimise the volatility in profit and loss in local statutory accounting, the hedge notional of the foreign currency forwards will not in any case equal the foreign currency exposure under IFRS Accounting Standards. These deviations are not a sign of hedge ineffectiveness as long as the risk management objective is adhered to.

Hedges of net investments in a foreign operation

Foreign currency risk is managed on an overlay basis. The hedged risk is defined as the fair value changes due to changes in foreign currency rates of net investments in a foreign operation. The hedged items include consolidated real estate funds and bond funds. Foreign currency forward contracts and foreign currency borrowings are used as hedging instruments. The hedge nominal amount of the foreign currency forward or the designated borrowing matches the net asset value of the investment in the foreign operation. Only the change in fair value of the spot element of the forward contract is designated as hedging instrument. Therefore, no hedge ineffectiveness arises.

Derivatives designated as hedging instruments as at 31 December 2023

In CHF million	Nominal amount	Carrying amount		Changes in fair value of hedging instruments	Changes in fair value of hedged items	Hedge ineffectiveness recognised in profit or loss and OCI
		Assets	Liabilities			
Interest rate risk						
Cash flow hedges [1]	2 800	70	–436	92	–92	–
Foreign currency risk						
Fair value hedges of equity securities measured at FVOCI [2]	1 070	28	–20	28	–48	–20
Hedges of net investments in foreign operations [3]	8 130	296	–3	544	–544	–
Equity price risk						
Fair value hedges of equity securities measured at FVOCI [2]	454	23	–24	–51	91	40
TOTAL DERIVATIVES DESIGNATED AS HEDGING INSTRUMENTS	12 454	417	–483	613	–593	19

[1] Hedge ineffectiveness is included in net gains/losses on financial instruments measured at FVPL.
[2] Hedge ineffectiveness is included in fair value hedge reserve of equity instruments measured at FVOCI.
[3] Hedge ineffectiveness is included in foreign currency translation differences.

14.03.2024

Foreign currency borrowings designated as hedging instruments as at 31 December 2023

In CHF million	Nominal amount	Carrying amount	Changes in fair value of hedging instruments	Changes in fair value of hedged items	Hedge ineffectiveness recognised in profit or loss and OCI
Hedges of net investments in foreign operations [1]	**350**	**324**	**14**	**–14**	**–**
TOTAL FOREIGN CURRENCY BORROWINGS DESIGNATED AS HEDGING INSTRUMENTS	**350**	**324**	**14**	**–14**	**–**

[1] Hedge ineffectiveness is included in other income.

Fair value hedges: designated hedged items as at 31 December 2023

In CHF million	Carrying amount	Accumulated amount of fair value hedge adjustments	
		Continuing hedges	Discontinued hedges
Foreign currency risk			
Equity securities measured at FVOCI [1]	**507**	**8**	**–**
Equity price risk			
Equity securities measured at FVOCI [1]	**669**	**0**	**–**
TOTAL	**1 176**	**8**	**–**

[1] Fair value hedge adjustments included in OCI

Fair value hedges: timing of notional amounts of the hedging instruments as at 31 December 2023

In CHF million	Up to 1 year	1–5 years	More than 5 years	Total
Currency risk				
Forward contracts to hedge equity securities measured at FVOCI	**1 070**	**–**	**–**	**1 070**
Equity price risk				
Options to hedge equity securities measured at FVOCI	**454**	**–**	**–**	**454**

Cash flow hedges

The risk management strategy and objective of the cash flow hedges is to hedge the interest income of bonds that are expected to be purchased at a future date. Forward starting interest rate receiver swaps and forward bonds and loans are used as hedging instruments. The hedged items are forecasted future bond and loan purchases that are expected to occur with high probability. Future interest income earned on these purchased bonds and loans is hedged with either interest rate receiver swaps or forward bonds and loans. In relation to the swaps, this implies that the accumulated gains or losses on the swaps are closely related to the change in interest income to be earned on the purchased bonds and loans in the future. Amortisation of the accumulated gains or losses of the swaps to profit or loss closely match the change in interest income of the bonds and loans. In the case of forward bonds and loans, the existence of an economic relationship is inherently assumed as a particular bond and loan is the underlying in a forward bond and loan transaction.

When using swaps as hedging instruments, the bonds and loans that are to be purchased and the timing of the purchases must fulfil specific requirements such as a specified amount, maturity date, currency and rating, and must be compatible with the terms of the swaps to a large extent. This ensures that the interest income of a future bond and loan purchase is consistent with the fair value changes of the swap and no significant hedge ineffectiveness is to be expected. In the case of forward bonds and loans, there is no inherent hedge ineffectiveness as a specific bond and loan is the underlying in a forward bond and loan transaction.

Cash flow hedges: designated hedged items as at 31 December 2023 – interest rate risk

In CHF million	Cash flow hedge reserve	
	Continuing hedges	Discontinued hedges
Debt securities measured at FVOCI	–374	380
TOTAL	–374	380

Cash flow hedges: timing of notional amounts of the hedging instruments as at 31 December 2023 – interest rate risk

In CHF million	Up to 1 year	1–5 years	More than 5 years	Total
Forward contracts	385	917	–	1 302
Forward starting interest rate swaps	93	46	1 359	1 498
TOTAL	478	964	1 359	2 800

Hedges of net investments in foreign operations as at 31 December 2023 – foreign currency risk

In CHF million	Hedge reserve	
	Continuing hedges	Discontinued hedges
Fixed-income funds	729	–
Real estate funds	208	18
Infrastructure funds	58	–
TOTAL	995	18

Hedge accounting in 2022 (IAS 39)

Derivatives designated as fair value hedges as at 31 December 2022

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

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

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

Foreign currency debt designated as fair value hedge as at 31 December 2022

In CHF million (if not noted otherwise)	Fair value	Nominal amount	Hedging instruments		Hedged items	
		EUR	Gains	Losses	Gains	Losses
Foreign currency borrowing to hedge currency risk of non-monetary investments	–	–	3	–	–	–3

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

Derivatives designated as cash flow hedges as at 31 December 2022 – interest rate risk

In CHF million (if not noted otherwise)	Fair value		Contract/ notional amount	Fair value gains (+)/ losses (–)		Hedged cash flows	
	Assets	Liabilities		Effective portion recognised in other comprehensive income	Ineffective portion recognised in profit or loss	Years expected to occur	Years expected to affect profit or loss
Forward loans	–	27	73	–71	–	2023–2024	2023–2057
Forward starting swaps/bonds							
Swiss franc	–	48	1 119	–82	–	2023–2027	2023–2051
Euro	–	589	1 450	–639	–	2023–2027	2023–2063
TOTAL DERIVATIVES DESIGNATED AS CASH FLOW HEDGES	–	665	2 642	–792	–	n/a	n/a

The Group used forward starting swaps, forward bonds and forward loans to hedge the exposure to variability in interest cash flows arising on the highly probable purchase of bonds and loans in order to achieve an adequate yield level for reinvestments.

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

Derivatives designated as hedges of net investments in a foreign operation as at 31 December 2022

In CHF million	Fair value		Contract/ notional amount	Fair value gains (+)/losses (–)	
	Assets	Liabilities		Effective portion recognised in other comprehen-sive income	Ineffective portion recognised in profit or loss
Currency forwards	190	14	6 776	89	–
TOTAL DERIVATIVES DESIGNATED AS NET INVESTMENT HEDGES	190	14	6 776	89	–

In 2022, investments in fixed-income funds of USD 3869 million and EUR 1358 million and investments in real estate funds of EUR 1269 million were hedged.

Debt designated as hedges of net investments in foreign operations as at 31 December 2022

In CHF million	Fair value	Nominal amount	Fair value gains (+)/losses (–)	
		EUR	Effective portion recognised in other comprehensive income	Ineffective portion recognised in profit or loss
Foreign currency borrowing to hedge net investments in foreign entities	172	169	9	–

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

9 Financial Assets

Financial assets at fair value through profit or loss as at 31 December 2023

In CHF million	Designated	Mandatory	Total
Debt securities	**4 199**	**5 834**	**10 033**
Loans	**74**	**925**	**999**
Equity securities	**–**	**10 210**	**10 210**
Investment funds – debt	**–**	**7 116**	**7 116**
Investment funds – equity	**–**	**24 811**	**24 811**
Real estate funds	**–**	**4 226**	**4 226**
Alternative investments	**–**	**8 152**	**8 152**
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	**4 273**	**61 275**	**65 548**

Financial assets at fair value through profit or loss as at 31 December 2022

In CHF million	Designated as at fair value through profit or loss
Debt securities	8 156
Loans	664
Equity securities	3 103
Investment funds – debt	5 003
Investment funds – equity	21 817
Real estate funds	4 045
Alternative investments	6 959
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	49 747

Financial assets at fair value through other comprehensive income as at 31 December 2023

In CHF million	Cost/amortised cost	Net unrealised gains/losses	Fair value (carrying amount)
Debt securities	**60 668**	**–2 379**	**58 289**
Senior secured loans	**3 608**	**–45**	**3 563**
Note loans	**3 137**	**–227**	**2 910**
Corporate and other loans	**752**	**–13**	**739**
Equity securities	**779**	**48**	**827**
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	**68 945**	**–2 616**	**66 329**

Certain equity securities have been measured at fair value through other comprehensive income with the aim to replicate equity indices. Upon derecognition of these equity securities, the cumulative gain or loss in other comprehensive income is reclassified to retained earnings.

Equity securities at fair value through other comprehensive income grouped by geography, held as at 31 December 2023

In CHF million

	Fair value	Dividend income
Switzerland	**166**	**10**
Europe	**215**	**13**
United Kingdom	**151**	**15**
United States	**208**	**5**
Japan	**76**	**3**
Other	**11**	**0**
TOTAL	**827**	**45**

Equity securities at fair value through other comprehensive income grouped by geography, derecognised in 2023

In CHF million

	Fair value at the date of derecognition	Dividend income	Cumulative gain/loss at the date of derecognition
Switzerland	**1**	**0**	**0**
Europe	**16**	**1**	**1**
United Kingdom	**18**	**0**	**1**
United States	**44**	**0**	**0**
Japan	**19**	**1**	**2**
Other	**5**	**0**	**0**
TOTAL	**103**	**2**	**4**

Financial assets available for sale as at 31 December 2022

In CHF million

	Cost/ amortised cost	Net unrealised gains/losses	Fair value (carrying amount)
Debt securities	66 993	–7 280	59 713
Senior secured loans	4 489	–196	4 293
Note loans	3 534	–300	3 233
Equity securities	6 075	1 411	7 486
Investment funds – debt	2 133	–217	1 916
Investment funds – equity	2 421	115	2 536
Real estate funds	590	80	670
Alternative investments	62	59	121
TOTAL FINANCIAL ASSETS AVAILABLE FOR SALE	86 295	–6 327	79 968

Financial assets measured at amortised cost as at 31 December 2023

In CHF million	Gross amortised cost	Credit loss allowance	Carrying amount
DEBT SECURITIES AND LOANS			
Debt securities	**1**	**0**	**1**
Mortgage loans	**11 588**	**–2**	**11 586**
Corporate loans	**1 393**	**–2**	**1 391**
Reverse repurchase agreements	**1 775**	**–**	**1 775**
Other loans	**684**	**0**	**684**
TOTAL DEBT SECURITIES AND LOANS	**15 441**	**–4**	**15 437**
RECEIVABLES			
Accrued investment income	**1 038**	**–**	**1 038**
Settlement accounts	**426**	**–**	**426**
Other receivables	**2 081**	**–24**	**2 057**
TOTAL RECEIVABLES	**3 545**	**–24**	**3 521**
TOTAL FINANCIAL ASSETS MEASURED AT AMORTISED COST	**18 985**	**–28**	**18 958**

Loans and receivables as at 31 December 2022

In CHF million	Gross carrying amount	Allowance for impairment losses	Carrying amount
LOANS			
Debt securities	733	–	733
Mortgage loans	12 057	–23	12 034
Corporate loans	2 329	–	2 329
Reverse repurchase agreements	227	–	227
Other loans	1 550	0	1 550
TOTAL LOANS	16 897	–23	16 874
RECEIVABLES			
Accrued investment income	964	–	964
Settlement accounts	78	–	78
Other receivables	1 841	–16	1 825
TOTAL RECEIVABLES	2 883	–16	2 867
TOTAL LOANS AND RECEIVABLES	19 779	–38	19 741

Financial assets pledged as collateral

In CHF million	Carrying amount	
	31.12.2023	31.12.2022
Debt securities reclassified from		
financial assets measured at fair value through other comprehensive income [1]	**6 293**	3 234
Total debt securities pledged as collateral	**6 293**	3 234
Equity securities reclassified from		
financial assets measured at fair value through profit or loss	**127**	–
financial assets measured at fair value through other comprehensive income [1]	**4**	–
Total equity securities pledged as collateral	**131**	–
TOTAL FINANCIAL ASSETS PLEDGED AS COLLATERAL	**6 424**	3 234

[1] 2022: financial assets available for sale

Certain investments such as financial assets and investment property represent an underlying item in direct participating insurance contracts and investment contracts with discretionary participation. The composition and fair values were as follows.

In CHF million	31.12.2023	31.12.2022
Cash and cash equivalents	**2 687**	2 781
Derivative assets	**2 539**	4 840
Debt securities	**57 373**	62 121
Mortgages	**10 446**	10 113
Note loans	**3 275**	3 833
Corporate and other loans	**3 075**	3 802
Equity securities	**7 362**	6 351
Investment funds including real estate funds	**51 907**	42 165
Alternative investments	**2 830**	3 063
Investment property	**24 529**	26 455
Own-use property	**729**	739
Derivative liabilities	**–1 100**	–3 019
Other	**46**	25
TOTAL	**165 697**	163 269

14.03.2024

10 Investment Property

Investment property

In CHF million

	2023	2022
Balance as at 1 January	**42 160**	41 234
Additions	**1 019**	1 708
Capitalised subsequent expenditure	**219**	250
Disposals	**–1 212**	–1 515
Gains/losses from fair value adjustments	**–839**	1 047
Transfers from own-use property	**–**	6
Transfers to inventory property	**–**	–54
Classification as assets held for sale	**–1**	–1
Foreign currency translation differences	**–635**	–516
BALANCE AS AT END OF PERIOD	**40 710**	42 160
of which pledged as security for mortgage loans	**2 488**	2 528
Investment property consists of		
completed investment property	**39 498**	40 916
investment property under construction	**916**	928
right-of-use investment property	**296**	315
TOTAL INVESTMENT PROPERTY	**40 710**	42 160

Investment property held by the Group includes residential, commercial and mixed-use properties primarily located within Switzerland, and comprises both completed investment property and investment property under construction. Property held for investment purposes comprises land and buildings owned by the Group to earn rentals and/or for capital appreciation. Property that is used by the Group itself or leased to, and occupied by, another entity of the Group is classified as owner-occupied property under property and equipment. Property acquired with a view to its subsequent disposal in the near future is carried under assets held for sale.

Rental income from investment property was CHF 1407 million for the period ended 31 December 2023 (2022: CHF 1391 million). Operating expenses arising from investment property that generated rental income amounted to CHF 301 million for the period ended 31 December 2023 (2022: CHF 306 million).

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

In CHF million

	31.12.2023	31.12.2022
Less than 1 year	**860**	842
1 to 2 years	**817**	799
2 to 3 years	**760**	750
3 to 4 years	**713**	685
4 to 5 years	**681**	634
More than 5 years	**2 271**	2 477
TOTAL UNDISCOUNTED LEASE PAYMENTS	**6 103**	6 186

11 Investments in Associates

Summarised financial information for the year 2023

Amounts in CHF million	Ownership interest	Carrying amount	Dividends received	Share of profit or loss	Share of other comprehensive income	Share of total comprehensive income
EQUITY METHOD ASSOCIATES						
Crédit et Services Financiers (CRESERFI), Paris	**33.4%**	**39**	**0**	**0**	**–**	**0**
ZSC Lions Arena Immo AG, Zürich	**33.3%**	**20**	**–**	**0**	**–**	**0**
Other associates	**n/a**	**37**	**1**	**2**	**0**	**2**
TOTAL	**n/a**	**97**	**2**	**1**	**0**	**1**
ASSOCIATES AT FAIR VALUE THROUGH PROFIT OR LOSS						
Agrippa Quartier GmbH & Co. Geschlossene InvKG, Frankfurt am Main	**35.6%**	**66**	**–**	**n/a**	**n/a**	**n/a**
SCI Tour LM, Marseille	**33.3%**	**0**	**1**	**n/a**	**n/a**	**n/a**
TOTAL	**n/a**	**66**	**1**	**n/a**	**n/a**	**n/a**

Summarised financial information for the year 2022

Amounts in CHF million	Ownership interest	Carrying amount	Dividends received	Share of profit or loss	Share of other comprehensive income	Share of total comprehensive income
EQUITY METHOD ASSOCIATES						
Crédit et Services Financiers (CRESERFI), Paris	33.4%	43	–	0	–	0
ZSC Lions Arena Immo AG, Zürich	33.3%	20	–	0	–	0
Other associates	n/a	18	12	1	0	1
TOTAL	n/a	80	12	0	0	0
ASSOCIATES AT FAIR VALUE THROUGH PROFIT OR LOSS						
Agrippa Quartier GmbH & Co. Geschlossene InvKG, Frankfurt am Main	35.8%	70	–	n/a	n/a	n/a
SCI Tour LM, Marseille	33.3%	2	15	n/a	n/a	n/a
TOTAL	n/a	72	15	n/a	n/a	n/a

Summarised financial information relating to material associates was as follows.

Amounts in CHF million	Crédit et Services Financiers (CRESERFI) Paris		ZSC Lions Arena Immo AG, Zürich		Agrippa Quartier GmbH & Co. Geschlossene InvKG Frankfurt am Main		SCI TOUR LM Marseille	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
SUMMARISED FINANCIAL INFORMATION								
Current assets	**53**	131	**24**	7	**7**	0	**2**	38
Non-current assets	**109**	42	**213**	177	**172**	179	**–**	–
Current liabilities	**–34**	–12	**–29**	0	**–1**	0	**0**	–33
Non-current liabilities	**–10**	–33	**–148**	–124	**–47**	–40	**–**	–
Revenue	**13**	0	**6**	1	**–1**	–1	**0**	5
Profit or loss	**–1**	0	**0**	0	**–1**	55	**–1**	69
Total comprehensive income	**–1**	0	**0**	0	**–1**	55	**–1**	69
RECONCILIATION								
Net assets	**118**	129	**60**	60	**n/a**	n/a	**n/a**	n/a
Ownership interest	**33.4%**	33.4%	**33.3%**	33.3%	**n/a**	n/a	**n/a**	n/a
Share of net assets (carrying amount)	**39**	43	**20**	20	**n/a**	n/a	**n/a**	n/a

12 Property and Equipment

In CHF million

	31.12.2023	31.12.2022
Property and equipment owned	**781**	792
Right-of-use property and equipment	**128**	140
TOTAL PROPERTY AND EQUIPMENT	**908**	932

Property and equipment owned for the year 2023

In CHF million

	Land and buildings	Furniture and fixtures	Hardware	Other equipment	Property (underlying items in direct participating contracts)	Total
Balance as at 1 January	**1**	**26**	**15**	**12**	**739**	**792**
Additions	**0**	**7**	**12**	**23**	**47**	**89**
Additions from business combinations	**–**	**0**	**0**	**0**	**–**	**0**
Disposals	**0**	**–2**	**0**	**–23**	**–1**	**–26**
Depreciation	**0**	**–5**	**–7**	**–3**	**–**	**–15**
Impairment losses	**–**	**0**	**0**	**–**	**–**	**0**
Fair value adjustments	**–**	**–**	**–**	**–**	**–41**	**–41**
Foreign currency translation differences	**0**	**–1**	**–1**	**0**	**–16**	**–18**
BALANCE AS AT END OF PERIOD	**0**	**24**	**18**	**9**	**728**	**781**
Cost/fair value	**204**	**70**	**79**	**33**	**728**	**1 116**
Accumulated depreciation and impairment	**–204**	**–46**	**–61**	**–25**	**–**	**–335**
TOTAL PROPERTY AND EQUIPMENT AS AT END OF PERIOD	**0**	**24**	**18**	**9**	**728**	**781**
of which buildings in the course of construction	**–**					

14.03.2024

Property and equipment owned for the year 2022

In CHF million	Notes	Land and buildings	Furniture and fixtures	Hardware	Other equipment	Property (underlying items in direct participating contracts)	Total
Balance as at 1 January		29	21	15	19	701	785
Additions		0	8	6	2	66	82
Additions from business combinations	24	0	–	2	–	–	2
Disposals		–22	–1	0	–1	–4	–28
Transfers from/to investment property		–6	–	–	–	–	–6
Reclassifications		–	4	–	–4	–	–
Depreciation		0	–5	–7	–4	–	–16
Fair value adjustments		–	–	–	–	–13	–13
Foreign currency translation differences		0	–1	–1	–1	–11	–14
BALANCE AS AT END OF PERIOD		1	26	15	12	739	792
Cost/fair value		205	71	78	36	739	1 129
Accumulated depreciation and impairment		–204	–45	–63	–25	–	–337
TOTAL PROPERTY AND EQUIPMENT AS AT END OF PERIOD		1	26	15	12	739	792
of which buildings in the course of construction		1					

Certain own-use properties represent underlying items in direct participating insurance and investment contracts. These own-use properties are measured at fair value. Changes in the fair value of these properties are recognised in profit or loss.

No borrowing costs were capitalised in property and equipment in 2023 and 2022.

Right-of-use property and equipment

In CHF million		Premises		IT equipment		Vehicles		Other equipment		Total	
	Notes	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Balance as at 1 January		**133**	129	**2**	4	**4**	5	**1**	1	**140**	139
Additions		**28**	45	**1**	1	**3**	2	**0**	1	**32**	49
Additions from business combinations	24	**–**	2	**–**	–	**–**	–	**–**	–	**–**	2
Depreciation		**–34**	–32	**–2**	–2	**–2**	–3	**–1**	–1	**–38**	–37
Impairment		**–**	0	**–**	–	**–**	0	**–**	–	**–**	0
Other changes		**–1**	–7	**0**	–1	**–**	0	**–**	0	**–1**	–8
Foreign currency translation differences		**–5**	–5	**0**	0	**0**	0	**0**	0	**–5**	–5
BALANCE AS AT END OF PERIOD		**121**	133	**2**	2	**5**	4	**1**	1	**128**	140

13 Intangible Assets

Intangible assets for the year 2023

In CHF million

	Notes	Goodwill	Customer relationships	Computer software	Brands and other	Total
Balance as at 1 January		**1 568**	**96**	**40**	**10**	**1 714**
Additions		**–**	**0**	**20**	**0**	**20**
Additions from internal development		**–**	**–**	**6**	**–**	**6**
Additions from business combinations	24	**53**	**6**	**3**	**0**	**62**
Disposals	24	**–**	**–**	**0**	**–**	**0**
Amortisation		**–**	**–17**	**–12**	**–1**	**–30**
Impairment losses		**–**	**–**	**–**	**–2**	**–2**
Foreign currency translation differences		**–60**	**–6**	**–3**	**0**	**–69**
BALANCE AS AT END OF PERIOD		**1 560**	**80**	**54**	**7**	**1 701**
Cost		**1 860**	**274**	**240**	**26**	**2 399**
Accumulated amortisation and impairment		**–299**	**–194**	**–186**	**–18**	**–698**
TOTAL INTANGIBLE ASSETS AS AT END OF PERIOD		**1 560**	**80**	**54**	**7**	**1 701**

Intangible assets for the year 2022

In CHF million

	Notes	Goodwill	Customer relationships	Computer software	Brands and other	Total
Balance as at 1 January		1 575	123	35	25	1 758
Additions		–	0	21	2	23
Additions from internal development		–	–	0	–	0
Additions from business combinations	24	52	17	0	0	71
Disposals	24	–3	0	–3	–16	–22
Amortisation		–	–36	–11	–1	–49
Foreign currency translation differences		–56	–8	–1	0	–66
BALANCE AS AT END OF PERIOD		1 568	96	40	10	1 714
Cost		2 020	300	231	30	2 581
Accumulated amortisation and impairment		–452	–204	–191	–21	–867
TOTAL INTANGIBLE ASSETS AS AT END OF PERIOD		1 568	96	40	10	1 714

Goodwill

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

In September 2023, the Swiss Life Group acquired two financial advisory businesses in the United Kingdom. The acquisitions resulted in goodwill of CHF 8 million in the segment "International".

In January 2023, goodwill of CHF 41 million was recognised in the segment "Germany" in relation to the acquisition of fb research GmbH, based in Hanover, Germany. Due to the acquisition

14.03.2024

of a financial advisory business in Slovakia in the first half of 2023, goodwill of CHF 4 million was recognised in the segment “International”.

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

The calculations relating to the recoverable amounts, which have been determined on a value-in-use basis, use cash flow projections based on financial budgets approved by management. The projection covers a three-year period. The calculations are based on present values that use a single set of estimated cash flows and a single discount rate.

Goodwill

In CHF million	Switzerland		France		Germany		International		Asset Managers	
	31.12.2023	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022
Net carrying amount of goodwill	**152**	152	**294**	294	**413**	399	**381**	379	**320**	344
Impairment	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
KEY ASSUMPTIONS USED FOR IMPAIRMENT TESTS										
Eternal growth rate	**1.5%**	1.0%	**1.6%**	1.6%	**2.0%**	2.0%	**2.0%**	2.0%	**1.9%**	2.0%
Discount rate	**7.4%**	8.3%	**10.5%**	10.8%	**10.8%**	10.4%	**10.0%**	9.9%	**7.8%**	8.6%

The discount rates used for the value-in-use calculations are based on weighted average cost of capital (WACC) derived from the Capital Asset Pricing Model. Peer group comparisons and the beta of the Swiss Life Group are used for determining the beta used in the calculation. Capital structure reflected in the WACC calculation is in line with the target capital structure of the Swiss Life Group.

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

Customer relationships

As at 31 December 2023, the “France” segment comprises customer relationships of CHF 1 million (31.12.2022: CHF 2 million), the “Germany” segment CHF 5 million (31.12.2022: nil) and the “Asset Managers” segment CHF 42 million (31.12.2022: CHF 58 million). The “International” segment comprises customer relationships of CHF 32 million (31.12.2022: CHF 36 million). In relation to the acquisition of fb research GmbH, based in Hanover, Germany, in 2023, customer relationships of CHF 6 million were recognised. Customer relationships are amortised over their useful lives. Customer relationships were included in the impairment test of the respective cash-generating unit.

Brands and other

As at 31 December 2023, “Brands and other” comprises the brands Mayfair and Beos. Brands are amortised over their useful lives.

14 Other Assets and Liabilities

Other assets

In CHF million

	31.12.2023	31.12.2022
Deferred charges and prepaid expenses	**129**	124
Employee benefit assets	**43**	41
Inventory property [1]	**1 260**	1 408
VAT and other tax receivables	**186**	180
Investment contract costs	**0**	0
Sundry assets	**19**	10
TOTAL OTHER ASSETS	**1 637**	1 764

1 Of which CHF 322 million pledged as security for loans (2022: CHF 827 million)

Other liabilities

In CHF million

	31.12.2023	31.12.2022
Deferred income	**137**	133
VAT and other tax payables	**234**	248
Sundry liabilities	**3**	21
TOTAL OTHER LIABILITIES	**374**	402

15 Investment Contracts without Discretionary Participation

Investment contracts without discretionary participation

In CHF million

	2023	2022
Balance as at 1 January	**18 545**	22 611
Deposits received	**509**	990
Fair value changes	**1 845**	–1 813
Interest and bonuses credited	**–1**	0
Policy fees and other charges	**–53**	–60
Deposits released	**–1 617**	–1 612
Other movements	**–33**	–16
Reclassifications	**–**	–897
Foreign currency translation differences	**–995**	–657
BALANCE AS AT END OF PERIOD	**18 201**	18 545

Contracts that do not contain significant insurance risk and do not have discretionary participation features are carried at amortised cost or fair value.

16 Insurance and Investment Contracts with Discretionary Participation

Insurance contracts and investment contracts with DPF issued presented in the consolidated balance sheet

In CHF million	Assets		Liabilities	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
VFA life	4	5	–155 676	–152 467
of which prepaid acquisition costs and premiums	4	5	0	3
BBA life	–	0	–1 148	–995
of which prepaid acquisition costs and premiums	–	–	–	–
PAA life	9	–	–2 213	–1 882
of which prepaid acquisition costs and premiums	–	–	–1	–71
PAA health and protection	–	–	–198	–154
of which prepaid acquisition costs and premiums	–	–	133	124
PAA non-life	–	–	–595	–617
of which prepaid acquisition costs and premiums	–	–	–	–
TOTAL	13	5	–159 830	–156 115
of which prepaid acquisition costs and premiums	4	5	132	57

Reinsurance contracts held presented in the consolidated balance sheet

In CHF million	Assets		Liabilities	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
BBA	623	721	–17	–12
PAA	1 456	971	–1	–2
TOTAL	2 079	1 692	–18	–14

Contractual service margin
The following table shows the contractual service margin of insurance contracts and investment contracts with DPF broken down by measurement model.

Contractual service margin of insurance contracts and investment contracts with DPF issued

In CHF million	31.12.2023	31.12.2022
VFA life	14 753	15 817
BBA life	650	567
TOTAL	15 402	16 385

The following tables illustrate when the Group expects to recognise the remaining CSM in profit or loss.

In CHF million	1–5 years	5–10 years	10–15 years	15–20 years	20–30 years	More than 30 years	Total
FOR THE YEAR 2023							
VFA life	**4 536**	**3 277**	**2 349**	**1 681**	**2 034**	**875**	**14 753**
BBA life	**212**	**146**	**107**	**78**	**80**	**26**	**650**
Reinsurance contracts held	**–32**	**–16**	**–9**	**–6**	**–5**	**–1**	**–69**
TOTAL	**4 716**	**3 407**	**2 448**	**1 753**	**2 109**	**900**	**15 333**
FOR THE YEAR 2022							
VFA life	4 267	3 384	2 565	1 950	2 552	1 099	15 817
BBA life	179	127	93	70	74	24	567
Reinsurance contracts held	–42	–21	–12	–7	–5	–1	–87
TOTAL	4 405	3 490	2 647	2 013	2 621	1 122	16 297

The following table shows total net finance income/expenses from insurance and investment contracts with DPF and reinsurance contracts held. These amounts are primarily recognised in relation to the fair value return of underlying items of the VFA contracts.

In CHF million	Net finance income/expenses from insurance contracts and investment contracts with DPF		Net finance income/expenses from reinsurance contracts held	
	2023	2022	**2023**	2022
Recognised in profit or loss	**–4 757**	–1 564	**38**	4
Recognised in OCI	**–5 272**	23 619	**74**	–85
TOTAL	**–10 029**	22 055	**112**	–82

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts changed during the year as a result of cash flows and amounts recognised in the statement of profit or loss and other comprehensive income. For each measurement model, the Group presents a table that separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the consolidated statement of income and the consolidated statement of other comprehensive income. A second reconciliation is presented for contracts not measured under the PAA, which separately analyses changes in the estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the CSM.

Life insurance contracts and investment contracts with DPF issued under VFA – analysis by measurement component for the year 2023

In CHF million	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM: Contracts under modified retrospective approach	CSM: Contracts under FV approach	CSM: Other contracts	Total
Opening insurance contract assets	**0**	–	–	–	–	**0**
Opening insurance contract liabilities	**–136 363**	**–290**	**–15 075**	–	**–742**	**–152 470**
Net opening balance	**–136 363**	**–290**	**–15 075**	–	**–742**	**–152 470**
Cash flows incurred before or at initial recognition	**5**	–	–	–	–	**5**
Changes that relate to current services						
CSM recognised for services provided	–	–	**1 164**	–	**67**	**1 231**
Change in risk adjustment for non-financial risk for risk expired	–	**18**	–	–	–	**18**
Experience adjustments	–	–	–	–	–	–
Changes that relate to future services						
Contracts initially recognised in the year	**616**	**–15**	–	–	**–601**	–
Changes in estimates that adjust the CSM	**–9 770**	**2**	**8 905**	–	**863**	–
Changes in estimates that result in losses or reversal of losses on onerous contracts	**0**	–	–	–	–	**0**
Changes that relate to past services						
Adjustments to liabilities for incurred claims	**–69**	–	–	–	–	**–69**
Insurance service result	**–9 223**	**4**	**10 068**	–	**331**	**1 180**
Net finance income/expenses from insurance contracts	**2**	–	**–8 521**	–	**–1 101**	**–9 620**
Foreign currency translation differences	**2 999**	**8**	**246**	–	**43**	**3 296**
Total changes in the statement of profit or loss and OCI	**–6 222**	**12**	**1 793**	–	**–727**	**–5 145**
Cash in- and outflows for the period	**1 934**	–	–	–	–	**1 934**
NET CLOSING BALANCE	**–140 646**	**–278**	**–13 283**	–	**–1 470**	**–155 676**
Closing insurance contract assets	**0**	–	–	–	–	**0**
Closing insurance contract liabilities	**–140 646**	**–278**	**–13 283**	–	**–1 470**	**–155 676**

Life insurance contracts and investment contracts with DPF issued under VFA – analysis by measurement component for the year 2022

In CHF million	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM: Contracts under modified retrospective approach	CSM: Contracts under FV approach	CSM: Other contracts	Total
Opening insurance contract assets	0	–	–	–	–	0
Opening insurance contract liabilities	–160 672	–276	–16 965	–	–	–177 913
Net opening balance	–160 672	–276	–16 965	–	–	–177 912
Cash flows incurred before or at initial recognition	3	–	–	–	–	3
Changes that relate to current services						
CSM recognised for services provided	–	–	1 124	–	31	1 155
Change in risk adjustment for non-financial risk for risk expired	–	14	–	–	–	14
Changes that relate to future services						
Contracts initially recognised in the year	554	–15	–	–	–539	–
Changes in estimates that adjust the CSM	21 362	–19	–21 298	–	–45	–
Changes that relate to past services						
Adjustments to liabilities for incurred claims	–24	–	–	–	–	–24
Insurance service result	21 893	–21	–20 174	–	–553	1 144
Net finance income/expenses from insurance contracts	3	–	21 866	–	–196	21 674
Foreign currency translation differences	2 592	7	197	–	7	2 804
Total changes in the statement of profit or loss and OCI	24 488	–14	1 889	–	–742	25 622
Cash in- and outflows for the period	–183	–	–	–	–	–183
NET CLOSING BALANCE	–136 363	–290	–15 075	–	–742	–152 470
Closing insurance contract assets	0	–	–	–	–	0
Closing insurance contract liabilities	–136 363	–290	–15 075	–	–742	–152 470

14.03.2024

Life insurance contracts and investment contracts with DPF issued under VFA – analysis by remaining coverage and incurred claims for the year 2023

In CHF million	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
Opening insurance contract assets	**0**	–	–	**0**
Opening insurance contract liabilities	**–151 254**	–	**–1 216**	**–152 470**
Net opening balance	**–151 254**	–	**–1 216**	**–152 470**
Cash flows incurred before or at initial recognition	**5**	–	–	**5**
Changes in the statement of profit or loss and OCI				
Insurance revenue				
Contracts under the modified retrospective approach	**4 244**	–	–	**4 244**
Other contracts	**516**	–	–	**516**
Insurance service expenses				
Incurred claims and other insurance service expenses	–	–	**–3 228**	**–3 228**
Amortisation of insurance acquisition cash flows	**–283**	–	–	**–283**
Losses and reversal of losses on onerous contracts	–	**0**	–	**0**
Adjustments to liabilities for incurred claims	–	–	**–69**	**–69**
Insurance service result	**4 477**	**0**	**–3 297**	**1 180**
Net finance income/expenses from insurance contracts	**–9 620**	–	–	**–9 620**
Foreign currency translation differences	**3 282**	**0**	**14**	**3 296**
Total changes in the statement of profit or loss and OCI	**–1 862**	**0**	**–3 283**	**–5 145**
Investment components	**12 669**	–	**–12 669**	–
Cash flows				
Premiums received	**–14 442**	–	–	**–14 442**
Claims and other insurance service expenses paid	–	–	**15 821**	**15 821**
Insurance acquisition cash flows	**555**	–	–	**555**
Total cash flows	**–13 888**	–	**15 822**	**1 934**
NET CLOSING BALANCE	**–154 329**	**0**	**–1 347**	**–155 676**
Closing insurance contract assets	**0**	–	–	**0**
Closing insurance contract liabilities	**–154 329**	**0**	**–1 347**	**–155 676**

14.03.2024

Life insurance contracts and investment contracts with DPF issued under VFA – analysis by remaining coverage and incurred claims for the year 2022

In CHF million	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
Opening insurance contract assets	–	–	0	0
Opening insurance contract liabilities	–176 646	–	–1 266	–177 913
Net opening balance	–176 646	–	–1 266	–177 912
Cash flows incurred before or at initial recognition	3	–	–	3
Changes in the statement of profit or loss and OCI				
Insurance revenue				
Contracts under the modified retrospective approach	4 556	–	–	4 556
Other contracts	89	–	–	89
Insurance service expenses				
Incurred claims and other insurance service expenses	–	–	–3 207	–3 207
Amortisation of insurance acquisition cash flows	–269	–	–	–269
Adjustments to liabilities for incurred claims	–	–	–24	–24
Insurance service result	4 375	–	–3 231	1 144
Net finance income/expenses from insurance contracts	21 674	–	–	21 674
Foreign currency translation differences	2 794	–	9	2 804
Total changes in the statement of profit or loss and OCI	28 843	–	–3 222	25 622
Investment components	12 132	–	–12 132	–
Cash flows				
Premiums received	–16 146	–	–	–16 146
Claims and other insurance service expenses paid	–	–	15 403	15 403
Insurance acquisition cash flows	560	–	–	560
Total cash flows	–15 586	–	15 403	–183
NET CLOSING BALANCE	–151 254	–	–1 216	–152 470
Closing insurance contract assets	0	–	–	0
Closing insurance contract liabilities	–151 254	–	–1 216	–152 470

Life insurance contracts issued under BBA – analysis by measurement component for the year 2023

In CHF million	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM: Contracts under modified retrospective approach	CSM: Contracts under FV approach	CSM: Other contracts	Total
Opening insurance contract assets	**0**	–	–	–	–	**0**
Opening insurance contract liabilities	**–395**	**–33**	**–394**	–	**–173**	**–995**
Net opening balance	**–395**	**–33**	**–394**	–	**–173**	**–995**
Additions from business combinations	–	–	–	–	–	–
Changes that relate to current services						
CSM recognised for services provided	–	–	**42**	–	**11**	**53**
Change in risk adjustment for non-financial risk for risk expired	–	**2**	–	–	–	**2**
Experience adjustments	**71**	–	–	–	–	**71**
Changes that relate to future services						
Contracts initially recognised in the year	**42**	**–3**	–	–	**–40**	**–1**
Changes in estimates that adjust the CSM	**118**	**–1**	**–96**	–	**–21**	–
Changes in estimates that result in losses or reversal of losses on onerous contracts	**–2**	**0**	–	–	–	**–2**
Changes that relate to past services						
Adjustments to liabilities for incurred claims	**–36**	**0**	–	–	–	**–36**
Insurance service result	**193**	**–2**	**–55**	–	**–49**	**87**
Net finance income/expenses from insurance contracts	**–64**	**–3**	**–10**	–	**–2**	**–79**
Foreign currency translation differences	**18**	**2**	**21**	–	**12**	**53**
Total changes in the statement of profit or loss and OCI	**146**	**–3**	**–44**	–	**–39**	**61**
Cash in- and outflows for the period	**–213**	–	–	–	–	**–213**
NET CLOSING BALANCE	**–461**	**–36**	**–439**	–	**–211**	**–1 148**
Closing insurance contract assets	–	–	–	–	–	–
Closing insurance contract liabilities	**–461**	**–36**	**–439**	–	**–211**	**–1 148**

Life insurance contracts issued under BBA – analysis by measurement component for the year 2022

In CHF million	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM: Contracts under modified retrospective approach	CSM: Contracts under FV approach	CSM: Other contracts	Total
Opening insurance contract assets	595	–39	–396	–	–89	71
Opening insurance contract liabilities	–419	–3	–75	–	0	–498
Net opening balance	176	–42	–471	–	–89	–427
Additions from business combinations	–511	–3	–	–	–17	–532
Changes that relate to current services						
CSM recognised for services provided	–	–	40	–	9	49
Change in risk adjustment for non-financial risk for risk expired	–	3	–	–	–	3
Experience adjustments	54	–	–	–	–	54
Changes that relate to future services						
Contracts initially recognised in the year	106	–18	–	–	–88	–1
Changes in estimates that adjust the CSM	–17	–1	13	–	5	–
Changes in estimates that result in losses or reversal of losses on onerous contracts	–7	0	–	–	–	–7
Changes that relate to past services						
Adjustments to liabilities for incurred claims	–42	–	–	–	–	–42
Insurance service result	93	–16	53	–	–75	56
Net finance income/expenses from insurance contracts	–55	25	–12	–	–1	–42
Foreign currency translation differences	–26	2	36	–	9	22
Total changes in the statement of profit or loss and OCI	13	12	77	–	–67	36
Cash in- and outflows for the period	–72	–	–	–	–	–72
NET CLOSING BALANCE	–395	–33	–394	–	–173	–995
Closing insurance contract assets	0	–	–	–	–	0
Closing insurance contract liabilities	–395	–33	–394	–	–173	–995

14.03.2024

Life insurance contracts issued under BBA – analysis by remaining coverage and incurred claims for the year 2023

In CHF million	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
Opening insurance contract assets	0	–	–	0
Opening insurance contract liabilities	–709	–14	–273	–995
Net opening balance	–709	–14	–273	–995
Changes in the statement of profit or loss and OCI				
Insurance revenue				
Contracts under the modified retrospective approach	375	–	–	375
Other contracts	403	–	–	403
Insurance service expenses				
Incurred claims and other insurance service expenses	–	–	–615	–615
Amortisation of insurance acquisition cash flows	–37	–	–	–37
Losses and reversal of losses on onerous contracts	–	–3	–	–3
Adjustments to liabilities for incurred claims	–	–	–36	–36
Insurance service result	741	–3	–651	87
Net finance income/expenses from insurance contracts	–74	0	–5	–79
Foreign currency translation differences	38	1	14	53
Total changes in the statement of profit or loss and OCI	706	–2	–643	61
Investment components	12	–	–12	–
Cash flows				
Premiums received	–923	–	–	–923
Claims and other insurance service expenses paid	–	–	655	655
Insurance acquisition cash flows	56	–	–	56
TOTAL CASH FLOWS	–868	–	655	–213
NET CLOSING BALANCE	–858	–16	–274	–1 148
Closing insurance contract assets	–	–	–	–
Closing insurance contract liabilities	–858	–16	–274	–1 148

14.03.2024

Life insurance contracts issued under BBA – analysis by remaining coverage and incurred claims for the year 2022

In CHF million	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
Opening insurance contract assets	253	–6	–175	71
Opening insurance contract liabilities	–379	0	–119	–498
Net opening balance	–126	–6	–295	–427
Additions from business combinations	–532	–	–	–532
Changes in the statement of profit or loss and OCI				
Insurance revenue				
Contracts under the modified retrospective approach	508	–	–	508
Other contracts	231	–	–	231
Insurance service expenses				
Incurred claims and other insurance service expenses	–	–	–591	–591
Amortisation of insurance acquisition cash flows	–43	–	–	–43
Losses and reversal of losses on onerous contracts	–	–8	–	–8
Adjustments to liabilities for incurred claims	–	–	–42	–42
Insurance service result	697	–8	–633	56
Net finance income/expenses from insurance contracts	–55	0	13	–42
Foreign currency translation differences	–9	0	31	22
Total changes in the statement of profit or loss and OCI	633	–8	–590	36
Investment components	10	–	–10	–
Cash flows				
Premiums received	–737	–	–	–737
Claims and other insurance service expenses paid	–	–	621	621
Insurance acquisition cash flows	43	–	–	43
Total cash flows	–694	–	621	–72
NET CLOSING BALANCE	–709	–14	–273	–995
Closing insurance contract assets	0	–	–	0
Closing insurance contract liabilities	–709	–14	–273	–995

14.03.2024

Life insurance contracts issued under PAA – analysis by remaining coverage and incurred claims for the year 2023

In CHF million	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk	
Opening insurance contract assets	–	–	–	–	–
Opening insurance contract liabilities	–21	–	–1 786	–4	–1 811
Net opening balance	–21	–	–1 786	–4	–1 811
Cash flows incurred before or at initial recognition	–36	–	–	–	–36
Additions from business combinations	–	–	–	–	–
Changes in the statement of profit or loss and OCI					
Insurance revenue	1 341	–	–	–	1 341
Insurance service expenses					
Incurred claims and other insurance service expenses	–	–	–1 134	–2	–1 136
Amortisation of insurance acquisition cash flows	–62	–	–	–	–62
Adjustments to liabilities for incurred claims	–	–	–36	0	–36
Insurance service result	1 280	–	–1 170	–1	108
Net finance income/expenses from insurance contracts	–	–	–113	0	–113
Foreign currency translation differences	–1	–	110	0	109
Total changes in the statement of profit or loss and OCI	1 279	–	–1 173	–1	104
Investment components	–	–	–	–	–
Cash flows					
Premiums received	–1 174	–	–	–	–1 174
Claims and other insurance service expenses paid	–	–	653	–	653
Insurance acquisition cash flows	61	–	–	–	61
Total cash flows	–1 113	–	653	–	–459
NET CLOSING BALANCE	109	–	–2 307	–5	–2 203
Closing insurance contract assets	35	–	–26	–	9
Closing insurance contract liabilities	74	–	–2 281	–5	–2 212

Life insurance contracts issued under PAA – analysis by remaining coverage and incurred claims for the year 2022

In CHF million	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk	
Opening insurance contract assets	–	–	–	–	–
Opening insurance contract liabilities	20	–	–1 034	–	–1 014
Net opening balance	20	–	–1 034	–	–1 014
Cash flows incurred before or at initial recognition	–18	–	–	–	–18
Additions from business combinations	–282	–	–797	–	–1 079
Changes in the statement of profit or loss and OCI					
Insurance revenue	786	–	–	–	786
Insurance service expenses					
Incurred claims and other insurance service expenses	–	–	–613	–	–613
Amortisation of insurance acquisition cash flows	–13	–	–	–	–13
Adjustments to liabilities for incurred claims	–	–	45	–4	41
Insurance service result	773	–	–568	–4	202
Net finance income/expenses from insurance contracts	–	–	143	–	143
Foreign currency translation differences	–1	–	59	0	59
Total changes in the statement of profit or loss and OCI	772	–	–365	–4	403
Cash flows					
Premiums received	–527	–	–	–	–527
Claims and other insurance service expenses paid	–	–	410	–	410
Insurance acquisition cash flows	13	–	–	–	13
Total cash flows	–514	–	410	–	–104
NET CLOSING BALANCE	–21	–	–1 786	–4	–1 811
Closing insurance contract assets	–	–	–	–	–
Closing insurance contract liabilities	–21	–	–1 786	–4	–1 811

Health and protection insurance contracts issued under PAA – analysis by remaining coverage and incurred claims for the year 2023

In CHF million	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk	
Opening insurance contract assets	–	–	–	–	–
Opening insurance contract liabilities	203	–17	–456	–8	–278
Net opening balance	203	–17	–456	–8	–278
Cash flows incurred before or at initial recognition	72	–	–	–	72
Changes in the statement of profit or loss and OCI					
Insurance revenue	1 547	–	–	–	1 547
Insurance service expenses					
Incurred claims and other insurance service expenses	–	–	–1 389	0	–1 389
Amortisation of insurance acquisition cash flows	–186	–	–	–	–186
Losses and reversal of losses on onerous contracts	–	5	–	–	5
Adjustments to liabilities for incurred claims	–	–	–13	–1	–13
Insurance service result	1 361	5	–1 401	–1	–35
Net finance income/expenses from insurance contracts	–	–	–27	0	–27
Foreign currency translation differences	–13	1	32	1	20
Total changes in the statement of profit or loss and OCI	1 348	6	–1 396	0	–43
Investment components	–	–	–	–	–
Cash flows					
Premiums received	–1 522	–	–	–	–1 522
Claims and other insurance service expenses paid	–	–	1 326	–	1 326
Insurance acquisition cash flows	114	–	–	–	114
Total cash flows	–1 409	–	1 326	–	–83
NET CLOSING BALANCE	215	–10	–527	–9	–331
Closing insurance contract assets	–	–	–	–	–
Closing insurance contract liabilities	215	–10	–527	–9	–331

Health and protection insurance contracts issued under PAA – analysis by remaining coverage and incurred claims for the year 2022

In CHF million	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk	
Opening insurance contract assets	–	–	–	–	–
Opening insurance contract liabilities	190	–41	–559	–9	–418
Net opening balance	190	–41	–559	–9	–418
Cash flows incurred before or at initial recognition	68	–	–	–	68
Changes in the statement of profit or loss and OCI					
Insurance revenue	1 468	–	–	–	1 468
Insurance service expenses					
Incurred claims and other insurance service expenses	–	–	–1 307	0	–1 307
Amortisation of insurance acquisition cash flows	–187	–	–	–	–187
Losses and reversal of losses on onerous contracts	–	23	–	–	23
Adjustments to liabilities for incurred claims	–	–	21	0	21
Insurance service result	1 282	23	–1 286	0	18
Net finance income/expenses from insurance contracts	–	–	44	1	45
Foreign currency translation differences	–10	2	26	0	18
Total changes in the statement of profit or loss and OCI	1 272	24	–1 217	1	80
Cash flows					
Premiums received	–1 446	–	–	–	–1 446
Claims and other insurance service expenses paid	–	–	1 319	–	1 319
Insurance acquisition cash flows	119	–	–	–	119
Total cash flows	–1 327	–	1 319	–	–8
NET CLOSING BALANCE	203	–17	–456	–8	–278
Closing insurance contract assets	–	–	–	–	–
Closing insurance contract liabilities	203	–17	–456	–8	–278

14.03.2024

Non-life insurance contracts issued under PAA – analysis by remaining coverage and incurred claims for the year 2023

In CHF million	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk	
Opening insurance contract assets	–	–	–	–	–
Opening insurance contract liabilities	–1	–	–610	–6	–617
Net opening balance	–1	–	–610	–6	–617
Cash flows incurred before or at initial recognition	–	–	–	–	–
Changes in the statement of profit or loss and OCI					
Insurance revenue	370	–	–	–	370
Insurance service expenses					
Incurred claims and other insurance service expenses	–	–	–276	0	–276
Amortisation of insurance acquisition cash flows	–54	–	–	–	–54
Losses and reversal of losses on onerous contracts	–	–	–	–	–
Adjustments to liabilities for incurred claims	–	–	–24	0	–25
Insurance service result	315	–	–301	0	14
Net finance income/expenses from insurance contracts	–	–	–31	0	–32
Foreign currency translation differences	0	–	37	0	37
Total changes in the statement of profit or loss and OCI	315	–	–295	0	20
Investment components	–	–	–	–	–
Cash flows					
Premiums received	–369	–	–	–	–369
Claims and other insurance service expenses paid	–	–	316	–	316
Insurance acquisition cash flows	54	–	–	–	54
Total cash flows	–315	–	316	–	1
NET CLOSING BALANCE	0	–	–589	–6	–595
Closing insurance contract assets	–	–	–	–	–
Closing insurance contract liabilities	0	–	–589	–6	–595

Non-life insurance contracts issued under PAA – analysis by remaining coverage and incurred claims for the year 2022

In CHF million	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk	
Opening insurance contract assets	–	–	–	–	–
Opening insurance contract liabilities	–7	–8	–719	–5	–738
Net opening balance	–7	–8	–719	–5	–738
Cash flows incurred before or at initial recognition	–	–	–	–	–
Changes in the statement of profit or loss and OCI					
Insurance revenue	379	–	–	–	379
Insurance service expenses					
Incurred claims and other insurance service expenses	–	–	–285	0	–284
Amortisation of insurance acquisition cash flows	–60	–	–	–	–60
Losses and reversal of losses on onerous contracts	–	8	–	–	8
Adjustments to liabilities for incurred claims	–	–	–32	–2	–34
Insurance service result	320	8	–317	–2	9
Net finance income/expenses from insurance contracts	–	–	111	1	112
Foreign currency translation differences	0	0	33	0	34
Total changes in the statement of profit or loss and OCI	320	8	–172	–1	155
Investment components	–	–	–	–	–
Cash flows					
Premiums received	–471	–	–	–	–471
Claims and other insurance service expenses paid	–	–	280	–	280
Insurance acquisition cash flows	157	–	–	–	157
Total cash flows	–314	–	280	–	–33
NET CLOSING BALANCE	–1	–	–610	–6	–617
Closing insurance contract assets	–	–	–	–	–
Closing insurance contract liabilities	–1	–	–610	–6	–617

The table below illustrates how estimates of cumulative claims for the Group’s non-life business have developed over time for each accident year and reconciles the cumulative claims to the amount included in the consolidated balance sheet. Balances have been translated at the exchange rates prevailing at the reporting date.

Development of claims under non-life insurance contracts

In CHF million

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
ESTIMATES OF UNDISCOUNTED CUMULATIVE CLAIMS GROSS OF REINSURANCE											
At end of accident year	342	296	267	297	331	304	295	321	227	203	**n/a**
One year later	346	322	331	317	352	369	298	270	218	-	**n/a**
Two years later	309	322	276	282	325	306	211	205	-	-	**n/a**
Three years later	324	291	259	269	279	229	186	-	-	-	**n/a**
Four years later	296	273	255	241	219	205	-	-	-	-	**n/a**
Five years later	279	266	228	193	198	-	-	-	-	-	**n/a**
Six years later	271	227	185	173	-	-	-	-	-	-	**n/a**
Seven years later	238	184	162	-	-	-	-	-	-	-	**n/a**
Eight years later	187	187	-	-	-	-	-	-	-	-	**n/a**
Nine years later	182	-	-	-	-	-	-	-	-	-	**n/a**
Cumulative gross claims paid	–164	–160	–144	–147	–166	–170	–148	–158	–159	–79	**n/a**
Gross liabilities – for the current and 9 previous years	18	27	18	26	32	35	38	46	59	124	**422**
Gross liabilities – for prior years beyond 10 years											**225**
Effect of discounting											**–52**
GROSS LIABILITIES FOR INCURRED CLAIMS											**595**

Reinsurance contracts held under BBA – analysis by measurement component for the year 2023

In CHF million

	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM: Contracts under modified retrospective approach	CSM: Contracts under FV approach	CSM: Other contracts	Total
Opening reinsurance contracts held – assets	**668**	**3**	**28**	–	**21**	**721**
Opening reinsurance contracts held – liabilities	**–50**	**0**	**38**	–	–	**–12**
Net opening balance	**618**	**3**	**66**	–	**21**	**708**
Cash flows incurred before or at initial recognition	–	–	–	–	–	–
Additions from business combinations	–	–	–	–	–	–
Changes that relate to current services						
CSM recognised for services provided	–	–	**–9**	–	**–4**	**–13**
Change in risk adjustment for non-financial risk for risk expired	–	**0**	–	–	–	**0**
Experience adjustments	**–35**	–	–	–	–	**–35**
Changes that relate to future services						
Contracts initially recognised in the year	**–4**	**0**	–	–	**4**	–
Changes in estimates that adjust the CSM	**7**	**0**	**6**	–	**–13**	–
Changes in losses and reversal of ceded losses	**4**	–	–	–	–	**4**
Changes that relate to past services						
Changes to incurred claims component	**–16**	–	–	–	–	**–16**
Net expenses from reinsurance contracts	**–43**	**0**	**–3**	–	**–14**	**–60**
Net finance income/expenses from reinsurance contracts	**32**	**0**	**2**	–	**0**	**35**
Effect of changes in non-performance risk of reinsurers	**0**	–	–	–	–	**0**
Foreign currency translation differences	**–22**	**0**	**–4**	–	**–1**	**–27**
Total changes in the statement of profit or loss and OCI	**–34**	**0**	**–4**	–	**–14**	**–52**
Cash flows						
Cash in- and outflows for the period	**–50**	–	–	–	–	**–50**
NET CLOSING BALANCE	**534**	**3**	**62**	–	**7**	**606**
Closing reinsurance contracts held – assets	**590**	**2**	**25**	–	**5**	**623**
Closing reinsurance contracts held – liabilities	**–56**	**1**	**37**	–	**2**	**–17**

Reinsurance contracts held under BBA – analysis by measurement component for the year 2022

In CHF million	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM: Contracts under modified retrospective approach	CSM: Contracts under FV approach	CSM: Other contracts	Total
Opening reinsurance contracts held – assets	–3	1	35	–	–	32
Opening reinsurance contracts held – liabilities	–97	0	60	–	–	–36
Net opening balance	–100	1	95	–	–	–4
Additions from business combinations	505	3	–	–	17	525
Changes that relate to current services						
CSM recognised for services provided	–	–	–10	–	–5	–15
Change in risk adjustment for non-financial risk for risk expired	–	0	–	–	–	0
Experience adjustments	1	–	–	–	–	1
Changes that relate to future services						
Contracts initially recognised in the year	2	0	–	–	2	4
Changes in estimates that adjust the CSM	13	0	–20	–	7	–
Changes that relate to past services						
Changes to incurred claims component	–34	–	–	–	–	–34
Net expenses from reinsurance contracts	–17	–1	–29	–	5	–41
Net finance income/expenses from reinsurance contracts	–10	0	3	–	0	–7
Effect of changes in non-performance risk of reinsurers	0	–	–	–	–	0
Foreign currency translation differences	–4	0	–4	–	0	–9
Total changes in the statement of profit or loss and OCI	–32	–1	–29	–	5	–57
Cash flows						
Cash in- and outflows for the period	245	–	–	–	–	245
NET CLOSING BALANCE	618	3	66	–	21	708
Closing reinsurance contracts held – assets	668	3	28	–	21	721
Closing reinsurance contracts held – liabilities	–50	0	38	–	–	–12

Reinsurance contracts held under BBA – analysis by remaining coverage and incurred claims

In CHF million	Remaining coverage component		Incurred claims component		Total	
	31.12.2023	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022
Opening reinsurance contracts held – assets	**703**	11	**18**	21	**721**	32
Opening reinsurance contracts held – liabilities	**–40**	–67	**27**	30	**–12**	–36
Net opening balance	**663**	–56	**45**	52	**708**	–4
Additions from business combinations	**–**	525	**–**	–	**–**	525
Changes in the statement of profit or loss and OCI						
Net expenses from reinsurance contracts	**–167**	–133	**107**	92	**–60**	–41
Net finance income/expenses from reinsurance contracts	**32**	–5	**2**	–2	**35**	–7
Effect of changes in non-performance risk of reinsurers	**0**	0	**–**	–	**0**	0
Foreign currency translation differences	**–24**	–6	**–3**	–2	**–27**	–9
Total changes in the statement of profit or loss and OCI	**–159**	–144	**107**	87	**–52**	–57
Cash flows						
Premiums paid	**62**	338	**–**	–	**62**	338
Amounts received	**–**	–	**–111**	–93	**–111**	–93
Total cash flows	**62**	338	**–111**	–93	**–50**	245
NET CLOSING BALANCE	**566**	663	**41**	45	**606**	708
Closing reinsurance contracts held – assets	**610**	703	**14**	18	**623**	721
Closing reinsurance contracts held – liabilities	**–44**	–40	**27**	27	**–17**	–12

Reinsurance contracts held under PAA – analysis by remaining coverage and incurred claims

In CHF million	Remaining coverage component		Incurred claims component		Total	
	2023	2022	**2023**	2022	**2023**	2022
Opening reinsurance contracts held – assets	**–128**	9	**1 099**	242	**971**	252
Opening reinsurance contracts held – liabilities	**–2**	–1	**0**	0	**–2**	–1
Net opening balance	**–130**	8	**1 099**	242	**969**	251
Cash flows incurred before or at initial recognition	**80**	78	**–**	–	**80**	78
Additions from business combinations	**–**	327	**–**	750	**–**	1 077
Changes in the statement of profit or loss and OCI						
Net expenses from reinsurance contracts	**–817**	–471	**734**	363	**–83**	–108
Net finance income/expenses from reinsurance contracts	**–**	–	**77**	–75	**77**	–75
Foreign currency translation differences	**1**	2	**–60**	–19	**–58**	–17
Total changes in the statement of profit or loss and OCI	**–815**	–469	**751**	269	**–64**	–200
Cash flows						
Premiums paid	**865**	–75	**–**	–	**865**	–75
Amounts received	**–**	–	**–395**	–162	**–395**	–162
Total cash flows	**865**	–75	**–395**	–162	**470**	–237
NET CLOSING BALANCE	**–1**	–130	**1 456**	1 099	**1 455**	969
Closing reinsurance contracts held – assets	**0**	–128	**1 455**	1 099	**1 456**	971
Closing reinsurance contracts held – liabilities	**–1**	–2	**1**	0	**–1**	–2

Contracts initially recognised in the year
The following tables present the effect on the measurement components of insurance and reinsurance contracts arising from the initial recognition of contracts not measured under the PAA that were initially recognised in the year.

Effect of contracts initially recognised in the year – life

In CHF million	Profitable contracts issued		Onerous contracts issued		Total contracts initially recognised		Contracts acquired from other entities in transfers	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Estimates of present value of future cash outflows								
Insurance acquisition cash flows	**–553**	–530	**–**	–	**–553**	–530	**–**	–
Claims and other insurance service expenses payable	**–7 880**	–8 489	**–3**	–37	**–7 883**	–8 525	**–**	–808
Total estimates of present value of future cash outflows	**–8 433**	–9 019	**–3**	–37	**–8 437**	–9 055	**–**	–808
Estimates of present value of future cash inflows	**9 096**	9 682	**3**	36	**9 100**	9 718	**–**	297
Risk adjustment for non-financial risk	**–18**	–33	**0**	–	**–18**	–33	**–**	–3
Derecognition of pre-coverage assets	**–5**	–3	**–**	–	**–5**	–3	**–**	–
CSM	**–641**	–627	**–**	–	**–641**	–627	**–**	–17
Losses recognised on initial recognition	**–**	–	**–1**	–1	**–1**	–1	**–**	–

Effect of contracts initially recognised in the year – reinsurance contracts held

In CHF million	Contracts originated expected to result in net cost		Contracts originated expected to result in net gain		Total contracts initially recognised		Contracts acquired from other entities in transfers	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Estimates of present value of cash inflows	**10**	11	**–**	4	**10**	15	**–**	512
Cash flows incurred before or at initial recognition	**–**	–	**–**	–	**–**	–	**–**	–
Estimates of present value of cash outflows	**–14**	–13	**–**	0	**–14**	–13	**–**	–7
Risk adjustment for non-financial risk	**0**	0	**–**	0	**0**	0	**–**	3
CSM	**4**	2	**–**	–	**4**	2	**–**	17
Profit or loss recognised at initial recognition	**–**	–	**–**	4	**–**	4	**–**	–

Insurance acquisition cash flows

Insurance acquisition cash flows that the Group pays before the related group of contracts is recognised are presented in the portfolio of insurance contracts to which they relate.

Assets for insurance acquisition cash flows

In CHF million	**2023**	2022
Opening insurance contract assets	**5**	–
Opening insurance contract liabilities	**132**	121
Net opening balance	**136**	121
Cash flows incurred before or at initial recognition	**96**	93
Amounts derecognised and included in the measurement of insurance contracts	**–77**	–72
Foreign currency translation differences	**–9**	–6
NET CLOSING BALANCE	**147**	136
Closing insurance contract assets	**4**	5
Closing insurance contract liabilities	**143**	132

The cash flows are expected to be included in the insurance contract liabilities as follows:

Expected inclusion of insurance acquisition cash flows

In CHF million	1–3 months		3–6 months		6–12 months		More than 12 months		Total	
	31.12.2023	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022
Direct participating contracts under VFA	**14**	12	**0**	0	**–**	–	**–**	–	**14**	12
Other insurance contracts	**17**	15	**17**	17	**33**	30	**66**	62	**133**	124
TOTAL	**31**	27	**17**	18	**33**	30	**66**	62	**147**	136

17 Borrowings

In CHF million

	Notes	31.12.2023	31.12.2022
Hybrid debt		**2 001**	2 089
Senior bonds		**2 194**	2 120
Bank loans		**–**	200
TOTAL BORROWINGS	26	**4 195**	4 409

Liabilities from financing activities

In CHF million	Hybrid debt		Senior bonds		Bank loans		Lease liabilities[1]		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Balance as at 1 January	**2 089**	2 634	**2 120**	1 466	**200**	–	**249**	224	**4 658**	4 323
Cash flows										
Issuance	**–**	–	**598**	678	**620**	200	**–**	–	**1 218**	878
Redemptions	**–**	–470	**–450**	–	**–820**	–	**–38**	–37	**–1 308**	–507
Other changes										
New leases	**–**	–	**–**	–	**–**	–	**33**	77	**33**	77
Premium/discount amortisation	**2**	3	**3**	1	**–**	–	**5**	4	**10**	8
Other movements	**–**	–	**–**	–	**–**	–	**–9**	–8	**–9**	–8
Acquisitions and disposals of subsidiaries	**–**	–	**–**	–	**–**	–	**–**	–2	**–**	–2
Foreign currency translation differences	**–90**	–77	**–76**	–25	**–**	–	**–11**	–10	**–178**	–112
BALANCE AS AT END OF PERIOD	**2 001**	2 089	**2 194**	2 120	**–**	200	**229**	249	**4 424**	4 658

[1] Included in other financial liabilities

Hybrid debt

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

On 22 March 2018, Swiss Life Ltd issued subordinated dated callable bonds in the amount of CHF 175 million. The bonds are guaranteed by Swiss Life Holding, have their maturity date on 25 September 2048 and are first callable on 25 September 2028 or at each interest payment date thereafter at the option of the issuer, upon notice and subject to the consent of the Swiss Financial Market Supervisory Authority. The interest has been fixed at 2.625% p.a. until 25 September 2028. If the bonds are not redeemed on 25 September 2028, the interest resets at a rate fixed for the subsequent five years, consisting of the aggregate of the then-prevailing five-year CHF swap rate and the initial margin of 2.113% p.a.

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

On 24 March 2016, Swiss Life Ltd issued subordinated dated callable bonds in the amount of CHF 150 million. The bonds are guaranteed by Swiss Life Holding, have their maturity date on 24 September 2046 and are first callable on 24 September 2026 or at each interest payment date thereafter at the option of the issuer, upon notice and subject to the consent of the Swiss Financial Market Supervisory Authority. The interest has been fixed at 4.375% p.a. until 24 September 2026. If the bonds are not redeemed on 24 September 2026, the interest resets at a rate fixed for the subsequent five years, consisting of the aggregate of the then-prevailing five-year CHF swap rate and the initial margin of 4.538% p.a.

On 16 June 2015, Demeter Investments B.V., a Dutch repackaging vehicle, issued EUR 750 million in fixed to floating rate subordinated perpetual notes (at an issue price of 99.105%) secured by loan notes granted to Swiss Life Ltd, which are guaranteed by Swiss Life Holding. Swiss Life Ltd may repay the loan notes in full on 16 June 2025 or on any interest payment date thereafter, upon notice and subject to the consent of the Swiss Financial Market Supervisory Authority. The interest has been fixed at 4.375% p.a. until 16 June 2025. If the notes are not redeemed on 16 June 2025, the interest will be the aggregate of three-month Euribor and a margin of 4.30% p.a.

In November 2012, Swiss Life Insurance Finance Ltd. offered to existing lenders under the subordinated perpetual step-up loan placed in 1999 by Swiss Life Ltd, to purchase their loan holdings against a consideration consisting of both a cash component and a credit component. Altogether, EUR 265 million and CHF 290 million were purchased from lenders. The cash component amounted to a total of CHF 139 million. The credit component consists of a tranche of a subordinated dated step-up loan newly issued by Swiss Life Ltd. The subordinated dated step-up loan placed in connection with the offer amounts to CHF 471 million, is guaranteed by Swiss Life Holding, has a tenor of thirty years and is first repayable on 30 November 2022 at the option of the issuer, upon notice and subject to the consent of the Swiss Financial Market Supervisory Authority. The interest rate is six-month Libor plus a margin of 4.20% p.a. until 30 May 2022. The bonds were redeemed on 30 November 2022, their first call date.

In March 1999, Swiss Life Ltd privately placed a subordinated perpetual step-up loan comprising three simultaneous advances of EUR 443 million (at a rate of interest of Euribor plus a margin of 1.05% p.a., increased by 100 basis points as from April 2009), CHF 290 million (at a rate of interest of Libor plus a margin of 1.05% p.a., increased by 100 basis points as from April 2009) and EUR 215 million (at a rate of interest of Euribor plus a margin of 1.05% p.a., increased by 100 basis points as from October 2009). In 2009, Swiss Life Ltd renounced the right to call the loan on its first call date. Following the purchase offer by Swiss Life Insurance Finance Ltd. in 2012, EUR 193 million remain outstanding. Swiss Life Ltd renounced the right to call the loan on the call dates falling in April 2014 and 2019, and can next call it in 2024, or at five-year intervals thereafter, at its discretion, upon notice and subject to the consent of the Swiss Financial Market Supervisory Authority.

Amounts in CHF million (if not noted otherwise)	Nominal value in year of issue	Nominal value at 31.12.2023	Interest rate	Year of issue	Optional redemption	Carrying amount	Carrying amount
Borrower						**31.12.2023**	31.12.2022
Swiss Life AG	CHF 250	CHF 250	2.125%	2021	2031	**249**	249
Swiss Life AG	CHF 175	CHF 175	2.625%	2018	2028	**174**	174
Swiss Life AG	EUR 600	EUR 600	4.500%	2016	2027	**555**	589
Swiss Life AG	CHF 150	CHF 150	4.375%	2016	2026	**150**	150
Swiss Life AG	EUR 750	EUR 750	4.375%	2015	2025	**694**	737
Swiss Life AG	EUR 443	EUR 193	Euribor +2.050%	1999	2024	**179**	190
TOTAL						**2 001**	2 089

Senior bonds

On 10 January 2023, Swiss Life Holding issued three tranches of senior bonds totalling CHF 600 million: one CHF 200 million tranche with a tenor of 3 years and 2.04% coupon, one CHF 200 million tranche with a tenor of 5.5 years and 2.2588% coupon, and one CHF 200 million tranche with a tenor of 9 years and 2.61% coupon.

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

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

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

On 13 March 2019, Swiss Life Holding issued a CHF 250 million senior bond with a tenor of 4.6 years and coupon of 0.25% p.a., which matured and was redeemed on 11 October 2023.

On 21 June 2013, Swiss Life Holding issued two tranches of senior bonds totalling CHF 425 million: one CHF 225 million tranche with a tenor of 6 years and coupon of 1.125% p.a. and one CHF 200 million tranche with a tenor of 10 years and coupon of 1.875% p.a. On 21 June 2019, the CHF 225 million tranche matured and was redeemed and on 21 June 2023, the CHF 200 million tranche matured and was redeemed.

Amounts in CHF million (if not noted otherwise)	Nominal value	Interest rate	Year of issue	Redemption	Carrying amount	Carrying amount
Issuer					**31.12.2023**	31.12.2022
Swiss Life Holding AG	CHF 200	2.610%	2023	2032	**199**	–
Swiss Life Holding AG	CHF 200	2.259%	2023	2028	**199**	–
Swiss Life Holding AG	CHF 200	2.040%	2023	2026	**200**	–
Swiss Life Finance I AG	EUR 700	3.250%	2022	2029	**643**	683
Swiss Life Finance I AG	EUR 600	0.500%	2021	2031	**553**	588
Swiss Life Holding AG	CHF 150	0.350%	2019	2029	**150**	150
Swiss Life Holding AG	CHF 250	0.000%	2019	2025	**250**	250
Swiss Life Holding AG	CHF 250	0.250%	2019	2023	**–**	250
Swiss Life Holding AG	CHF 200	1.875%	2013	2023	**–**	200
TOTAL					**2 194**	2 120

Bank loans

On 3 October 2022, Swiss Life AG entered into a CHF 500 million multicurrency revolving credit facility with a tenor of 5 years and 2 years of extension option (of which a 1-year extension had already been exercised). The interest paid on the drawn part is based on SARON or Euribor plus a margin of up to 30 basis points on the drawn part. The commitment fee on the undrawn part amounts to 15 basis points. As of 31 December 2023, the whole facility was undrawn.

18 Other Financial Liabilities

In CHF million

	Notes	31.12.2023	31.12.2022
Customer deposits		**2 526**	2 611
Repurchase agreements		**3 144**	2 887
Amounts due to banks		**5 069**	6 607
Lease liabilities	17	**229**	249
Third-party interests in consolidated investment funds		**4 789**	4 093
Accrued expenses		**632**	604
Settlement accounts		**803**	314
Other		**1 653**	1 771
TOTAL OTHER FINANCIAL LIABILITIES		**18 846**	19 136

14.03.2024

19 Employee Benefits

Employee benefit liabilities

In CHF million

	31.12.2023	31.12.2022
Employee benefit liabilities consist of		
gross defined benefit liabilities	787	607
other employee benefit liabilities	242	262
TOTAL EMPLOYEE BENEFIT LIABILITIES	1 029	869

Defined benefit plans

Employees are covered under various funded and unfunded pension plans which operate under local regulations and practice. The major part of the defined benefit liability recognised arises from the plans covering employees in Switzerland. The impact on the consolidated financial statements arising from the plans covering employees in Germany and France is far less significant. Generally, the level of benefits is based on years of service and average compensation preceding retirement, and the main benefit is a pension after retirement or a lump-sum payment at the time of retirement. Most plans are funded and the funding is governed by local requirements and with respect to the liability (determined based on actuarial methods) based on the plans' benefit promises. For several plans, contributions are not only made by the employer, but also by the employee (generally as a part of gross salaries).

In Switzerland, France and Germany, insurance contracts have been issued to defined benefit plans covering own employees, which reinsure a part of the benefit promises made by the plans. Due to the requirements of IFRS 17 Insurance Contracts in combination with IAS 19 Employee Benefits, such insurance contracts are eliminated (self-insurance, non-eligibility as plan asset). To the extent the affected plans are funded by self-insurance, the defined benefit liabilities are backed by the investments relating to the eliminated insurance contracts. These investments are part of the investments presented in the consolidated balance sheet of the Swiss Life Group.

Plan descriptions

Switzerland

Pension plans in Switzerland are governed by the Swiss Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (BVG). Pension plans must be managed by independent, legally autonomous entities and are under regulatory supervision. The plans covering the Group's employees in Switzerland are set up as foundations. The foundation board as the most senior governing body must be composed of equal numbers of employee and employer representatives. The main responsibilities of the foundation board are the definition of plan benefits, funding system and the setting of actuarial parameters and investment policies for the plan assets. The BVG defines minimum levels with regard to benefits (including the conversion rate for old-age pensions), employer/employee contributions and the interest rate for the accrual of the employee's pension account. An annual actuarial report according to BVG requirements is prepared which shows the funding level of the respective plan. The measurement basis for the plan's assets and benefit obligations for this purpose is in accordance with BVG rules.

The primary benefit of Swiss Life's plans is an old-age pension after reaching retirement age. The level of the old-age pension is determined by the plan's conversion rate applied to the employee's individual pension account accumulated at retirement age. There are options for early retirement (with actuarially determined reduction of the conversion rate) and for choosing to receive a lump-sum payment instead of a pension. This old-age pension is funded by monthly contributions from the employer and the employee (deducted from salary) to an individual pension account, which in addition is increased by a yearly interest accrual. The contributions are based on age and on a percentage of the contributory salary. Further funding of an individual pension account comprises mandatory transfers of funds made by new employees from plans of their former employers and discretionary contributions from the employees (with restrictions to maximum amounts). As a consequence of plan amendments in the past, certain age groups are granted guarantees of a minimum level of old-age pensions in case of early retirement. The cost with respect to early retirement of members from these age groups is borne by the employer.

Other benefits comprise survivors'/orphans' pensions and/or lump-sum payments in case of death as well as disability pensions (if disabled before retirement age) and transfer of vested benefits in case of job changes. In these plans, which cover nearly all of the Group's employees in Switzerland, the cost of the benefits is funded by payment of insurance premiums to group insurance contracts issued by Swiss Life Ltd (self-insurance) and is borne by the employer. In addition, the administration expenses of the plans are also borne by the employer, since the personnel managing the plans are Swiss Life employees.

France

Pension plans in France are covered by various national agreements. Defined benefit plans in France cover retirement benefits for employees, including executive officers, based on the last salary, length of service, cause of termination and the respective national agreement. Furthermore, service anniversary bonuses are based on employee category and length of service.

Germany

Pension plans in Germany are governed by the Law on Occupational Retirement (BetrAVG). The BetrAVG is part of the general labour legislation, which means that the BetrAVG establishes no rules on funding benefit obligations. It only describes the various possible ways of funding benefit obligations without further details on the practice of funding.

There are various defined benefit plans in place. They provide pension benefits after retirement age is reached.

For some plans, the level of the pension benefits is determined by the years of service and the last salary before retirement according to the benefit formula as defined in the pension plan. Other benefits comprise widows'/widowers' pensions in case of death as well as disability pensions (if disabled before retirement age). The levels of these benefits are determined similarly to the old-age pensions assuming service up to normal retirement age. Widows'/widowers' pensions are 60% of the old age/disability pension benefits.

For some plans, the level of old-age pensions is determined by yearly amounts. Contributions are made in the form of premiums to an individual insurance contract with Swiss Life Germany. The premium is a fixed amount, determined by the rules of the pension plan, and depends on the employee's status. Every three years there is an adjustment of the contribution amount due to the general development of salaries in the German insurance industry. There is a risk that the employer has to make additional payments in case the benefits of the individual insurance contract do not cover the benefits promised by the plan. Other benefits comprise lump-sum payments in case of death as well as disability pensions (if disabled before retirement age). The levels of these benefits are determined as fixed amounts by the plan depending on the employee's status. This part of the plan is also covered by insurance contracts with Swiss Life Germany.

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

Risks covered

With respect to its defined benefit plans the Group faces the risks of adverse development of the prominent actuarial/financial assumptions, such as discount rates, mortality assumptions and future salary growth, inherent in the measurement of plan liabilities. If the high-quality corporate bond yields (which are the basis for assessing the discount rate) decrease, the present value of the defined benefit obligation would increase, which would lead to a higher defined benefit liability in the consolidated balance sheet. However, this effect would be partly offset by the increase in the value of bonds in the plan assets. A higher defined benefit obligation would also result if the average life expectancy (longevity) or the rate of future salary growth were higher than the corresponding values reflected in the financial/actuarial parameters.

With respect to funded plans, the Group faces investment risk. In general, the return of plan assets – together with contributions – must be sufficient to cover the plan's benefit promises. In particular, if the return is below the discount rate, an actuarial loss would be created with negative impact on the net benefit liability/asset and other comprehensive income. The mitigation of this risk depends on the nature of the benefit promises and the regulatory/legal framework of the plan, and is therefore country-specific.

Switzerland

The responsibility for maintaining a sufficient funding status lies with the foundations. In the case of underfunding (as assessed according to BVG rules, not IFRS Accounting Standards) the foundations are required to take appropriate measures to restore a sufficient funding status. Potential measures that could be taken are adjustments to the pension accounts' interest rate, benefit levels and regular employer/employee contributions. Furthermore, the foundations could require additional contributions from the employer and the employees. Because the funding status of the foundations in Switzerland is sufficient, it is not expected that any such additional contributions will be required in the near future.

The investment risk inherent in achieving an adequate return on the plan assets covering the pension accounts of active employees is borne by the foundations. In addition, the investment risk and actuarial risk relating to old-age pensions lie with the foundations. However, for the major plan, all pensions which were already in payout before 1 January 2011 are fully covered under a group insurance contract issued by Swiss Life Ltd. Furthermore, all insurance risk relating to death/survivors'/disability benefits is fully covered by several group contracts issued by Swiss Life Ltd.

The objective of the investment process is to ensure that the return on the plan assets – together with the contributions – will be sufficient to fulfil the benefit promises. The investment strategy must be in line with the related BVG rules and regulations (e.g. requirements regarding diversification). The foundations are responsible for defining the investment strategy taking into account the objectives, benefit obligations and risk capacity. The implementation of the investment policy is delegated to an investment committee.

France

The investment risk inherent in achieving an adequate return on the plan assets in order to pay the promised benefits to employees, as well as the mortality risk, is borne by the company.

Germany

According to the German BetrAVG there are no specific rules regarding funding of pension obligations. The defined benefit plans are funded by individual insurance contracts with Swiss Life Germany that cover the promised benefits. Because of tax limitations, the individual insurance contracts do not cover the whole level of the benefit promises. Therefore, Swiss Life Germany has established a contractual trust arrangement to cover the additional risks from the pension plan. Plan risks mainly arise from salary increases and from an increase in pension payments.

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

Amounts recognised as defined benefit assets/liabilities

In CHF million

	31.12.2023	31.12.2022
Present value of defined benefit obligation	**–3 252**	–3 012
Fair value of plan assets	**2 508**	2 446
Defined benefit asset ceiling	**0**	0
NET DEFINED BENEFIT LIABILITY	**–745**	–566
Insurance contracts not eligible as plan assets under IFRS Accounting Standards	**1 051**	1 088
NET DEFINED BENEFIT SURPLUS (+)/DEFICIT (–) (ECONOMIC VIEW)	**306**	522
The net defined benefit liability consists of		
gross defined benefit liabilities	**–787**	–607
gross defined benefit assets	**42**	41

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 Accounting Standards must be set off against the present value of the defined benefit obligation. The total surplus taking into consideration insurance contracts not eligible as plan assets under IFRS Accounting Standards amounted to CHF 306 million as at 31 December 2023 (2022: surplus of CHF 522 million).

Amounts recognised in profit or loss

In CHF million

	2023	2022
Current service cost	**101**	129
Past service cost	**–4**	–5
Net interest cost	**14**	6
Gains/losses from settlements	**2**	–
Employee contributions	**–43**	–42
TOTAL DEFINED BENEFIT EXPENSE	**70**	88

Amounts recognised in other comprehensive income

In CHF million

	2023	2022
Actuarial gains and losses on the defined benefit obligation	**–250**	785
Return on plan assets excluding interest income	**–21**	–154
TOTAL REMEASUREMENTS OF THE NET DEFINED BENEFIT LIABILITY	**–271**	632

14.03.2024

Defined benefit plans

In CHF million

	2023	2022
CHANGES IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION		
Balance as at 1 January	**–3 012**	–3 796
Current service cost	**–101**	–129
Past service cost including curtailments	**4**	5
Interest cost	**–72**	–16
Contributions by plan participants	**–90**	–69
Actuarial gains (+)/losses (–) arising from		
experience adjustments	**7**	–61
changes in demographic assumptions	**3**	0
changes in financial assumptions	**–260**	846
Benefit payments	**249**	215
Settlements	**0**	–
Effect of business combinations	**–**	–56
Reclassifications and other movements	**4**	33
Foreign currency translation differences	**15**	15
BALANCE AS AT END OF PERIOD	**–3 252**	–3 012
of which amounts owing to		
active plan participants	**–1 825**	–1 644
retired plan participants	**–1 427**	–1 368
CHANGES IN THE FAIR VALUE OF PLAN ASSETS		
Balance as at 1 January	**2 446**	2 490
Interest income	**58**	10
Return on plan assets excluding interest income	**–21**	–154
Contributions by the employer	**120**	111
Contributions by plan participants	**89**	63
Benefit payments	**–170**	–128
Curtailments	**0**	–
Settlements	**–2**	–
Effect of business combinations	**–**	50
Reclassifications and other movements	**–4**	11
Foreign currency translation differences	**–7**	–6
BALANCE AS AT END OF PERIOD	**2 508**	2 446

Plan assets

In CHF million	Quoted market price		Other		Total	
	31.12.2023	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022
Cash and cash equivalents	**–**	–	**33**	45	**33**	45
Debt securities						
Governments	**4**	4	**–**	–	**4**	4
Corporates	**0**	–	**–**	–	**0**	–
Equity securities						
Financials	**1**	1	**–**	–	**1**	1
Investment funds						
Debt	**631**	596	**–**	–	**631**	596
Equity	**750**	721	**–**	–	**750**	721
Balanced	**86**	86	**–**	–	**86**	86
Real estate	**–**	–	**647**	646	**647**	646
Other	**–**	–	**168**	153	**168**	153
Derivatives						
Currency	**–**	–	**2**	–1	**2**	–1
Property						
located in Switzerland	**–**	–	**24**	22	**24**	22
Qualifying insurance policies	**–**	–	**163**	173	**163**	173
TOTAL PLAN ASSETS	**1 471**	1 408	**1 036**	1 038	**2 508**	2 446
Plan assets include						
own equity instruments	**1**	1	**–**	–	**1**	1

Principal actuarial assumptions

	Switzerland/Liechtenstein		Other countries	
	2023	2022	**2023**	2022
Discount rate	**1.6–3.1%**	1.9–2.3%	**1.0–5.5%**	3.8–3.9%
Future salary increases	**1.0–1.5%**	0.9–1.5%	**0.0–3.5%**	1.0–3.5%
Future pension increases	**0.0%**	0.0%	**0.0–3.8%**	1.0–2.0%
Inflation	**0.2–1.2%**	0.2–1.2%	**0.0–3.7%**	0.0–5.9%
Ordinary retirement age (women)	**64**	64	**63–65**	63–65
Ordinary retirement age (men)	**65**	65	**63–65**	63–65
Average life expectancy at ordinary retirement age (women)	**25.7**	25.4–25.5	**25.5–28.6**	25.7–28.5
Average life expectancy at ordinary retirement age (men)	**23**	22.6–23.8	**22.9–25.1**	22.4–25.1

A sensitivity analysis was performed for each significant actuarial assumption showing the impact on the defined benefit obligation of changes in the respective actuarial assumptions that were reasonably possible at the balance sheet date. The calculation is done by leaving all other assumptions unchanged (i.e. at their value used in the calculation of the defined benefit obligation implicit in the net defined benefit asset/liability in the consolidated balance sheet as at end of period). In reality, it is unlikely that a change in assumption would happen in isolation. Some assumptions may well be correlated. In addition, the net effect in the consolidated balance sheet would also be driven by the change in the value of the plan assets.

Defined benefit obligation sensitivity

In CHF million

	31.12.2023	31.12.2022
50 basis points increase in discount rate	–184	–170
50 basis points decrease in discount rate	206	190
50 basis points increase in future expected salary growth	11	9
50 basis points decrease in future expected salary growth	–11	–11
1 year increase in average life expectancy	82	75

+ = increase / – = decrease in defined benefit obligation

Expected benefit payments

Amounts in CHF million (if not noted otherwise)

	2023	2022
Duration of the defined benefit obligation (weighted average no. of years)	11.8	12.1
Benefits expected to be paid (undiscounted amounts)		
within 12 months	198	201
between 1 and 2 years	193	189
between 3 and 5 years	570	561
between 6 and 10 years	917	910

The contributions expected to be paid for the year ending 31 December 2024 are CHF 74 million. These contributions include amounts payable under insurance contracts issued to defined benefit plans covering own employees.

Defined contribution plans

Certain subsidiaries sponsor various defined contribution plans. Participation in the various plans is based either on completion of a specific period of continuous service or on the date of hire. The plans stipulate contributions by both employers and employees. The expenses under these plans amounted to CHF 5 million in 2023 (2022: CHF 6 million).

Equity compensation plans

For 2023, 2022, 2021, 2020 and 2019 participants in the Group share-based payment programme are allocated restricted share units (RSUs). RSUs grant the holder future subscription rights, entitling him or her to receive Swiss Life Holding shares free of charge after a three-year period has elapsed and if certain conditions are fulfilled.

The 2023 and 2022 equity compensation plan is based on the Group-wide programme “Swiss Life 2024”, which was announced on 25 November 2021. The 2019, 2020 and 2021 equity compensation plans are based on the Group-wide programme “Swiss Life 2021”. For the purpose of supporting the achievement of the respective corporate goals, the following performance criteria have been determined by the Board of Directors for the 2019, 2020 and 2021 plans: IFRS profit (50% weighting), risk and fee result (25% weighting) and cash to Swiss Life Holding for further strengthening of the financial substance and payout capacity (25% weighting). For the 2022 equity compensation plan the Board of Directors determined the following performance criteria: IFRS profit (25% weighting), fee result (25% weighting) and cash to Swiss Life Holding (50% weighting).

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

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

After expiry of the three-year period of the plan, the target value for each performance criterion is compared with the actual result achieved. The share allocation corresponds to the number of allocated RSUs (1 RSU = 1 share) if all three performance criteria have been achieved or exceeded after the three-year period has elapsed; overperformance does not lead to a higher share allocation. If the targets are only partly achieved, the share allocation is correspondingly reduced in accordance with the weighting of the performance target concerned, or the RSUs expire worthless.

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

The fair value of the RSUs granted for each programme is determined at the grant date. The fair value was determined by an independent consulting company using the Black-Scholes formula taking into account input factors such as the dividend yield and the historical volatility of the Swiss Life Holding share. The associated expense during the vesting period is recognised under employee benefits expense with a corresponding increase in share premium.

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

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

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

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

In 2023, the number of RSUs granted under the Group plan amounted to 32 326 and the number of AM RSUs granted to the LTI-AM plan amounted to 10 164. The fair value at the measurement date amounted to CHF 483.89. The date of grant was 1 March 2023.

The expense recognised for share-based payment amounted to CHF 20 million in 2023 (2022: CHF 18 million).

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

Number of restricted share units	Balance as at 1 January	Issued	Employee departures	Lapsed	Vested	Balance as at end of period
2023						
Granted in 2020	**41 796**	–	–	–	**–41 796**	–
Granted in 2021	**37 436**	–	–	**–251**	–	**37 185** [1]
Granted in 2022	**31 276**	–	–	–	–	**31 276**
Granted in 2023	–	**32 326**	–	–	–	**32 326**
2022						
Granted in 2019	40 419	–	–	–	–40 419	–
Granted in 2020	41 796	–	–	–	–	41 796
Granted in 2021	37 436	–	–	–	–	37 436
Granted in 2022	–	31 276	–	–	–	31 276
2021						
Granted in 2019	40 419	–	–	–	–	40 419
Granted in 2020	41 796	–	–	–	–	41 796
Granted in 2021	–	37 436	–	–	–	37 436
2020						
Granted in 2019	40 840	–	–421	–	–	40 419
Granted in 2020	–	42 553	–757	–	–	41 796
2019						
Granted in 2019	–	40 840	–	–	–	40 840

[1] Number of restricted share units to be vested on 1 March 2024 based on circumstances as at 31 December 2023

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

Number of restricted share units	Balance as at 1 January	Issued	Employee departures	Lapsed	Vested	Balance as at end of period
2023						
Granted in 2021	**7 206**	–	**–360**	**–808**	–	**6 038** [1]
Granted in 2022	**8 015**	–	**–295**	–	–	**7 720**
Granted in 2023	–	**10 164**	–	–	–	**10 164**
2022						
Granted in 2021	7 480	–	–274	–	–	7 206
Granted in 2022	–	8 431	–416	–	–	8 015
2021						
Granted in 2021	–	7 744	–264	–	–	7 480

[1] Number of restricted share units to be vested on 1 March 2024 based on circumstances as at 31 December 2023

14.03.2024

20 Income Taxes

Income tax expense

In CHF million

	2023	2022
Current income tax expense	**229**	347
Deferred income tax expense	**25**	86
TOTAL INCOME TAX EXPENSE	**254**	433

The expected weighted-average tax rate for the Group in 2023 was 26.9% (2022: 21.4%). This rate was derived by obtaining a weighted average of the expected income tax rates in the various jurisdictions in which the Group operates. The change of the weighted-average tax rate is due to the geographical allocation of the profits and the different tax rates in these jurisdictions. The actual income tax expense differs from the expected amount as follows.

Reconciliation of income tax expense

In CHF million

	2023	2022
PROFIT BEFORE INCOME TAX	**1 366**	1 622
Income tax calculated using the expected weighted-average tax rate	**368**	347
Increase/reduction in taxes resulting from		
lower taxed income	**–184**	–122
non-deductible expenses	**85**	146
other income taxes (incl. withholding taxes)	**61**	40
change in unrecognised tax losses	**32**	27
adjustments for current tax of prior periods	**–82**	24
changes in tax rates	**5**	–2
intercompany effects	**17**	–54
other	**–46**	27
INCOME TAX EXPENSE	**254**	433

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority.

Deferred income tax assets and liabilities

In CHF million	Deferred income tax assets		Deferred income tax liabilities	
	31.12.2023	31.12.2022	**31.12.2023**	31.12.2022
Financial assets	**3 253**	2 579	**3 143**	1 181
Investment property	**14**	14	**1 974**	2 161
Intangible assets	**9**	13	**22**	25
Property and equipment	**6**	4	**57**	62
Financial liabilities	**534**	411	**428**	392
Insurance contracts and investment contracts with DPF	**2 042**	1 896	**1 041**	1 981
Employee benefits	**147**	101	**191**	196
Other	**180**	237	**131**	88
Tax losses	**91**	58	**–**	–
DEFERRED INCOME TAX ASSETS/LIABILITIES	**6 276**	5 313	**6 988**	6 086
Offset	**–6 002**	–5 053	**–6 002**	–5 053
TOTAL DEFERRED INCOME TAX ASSETS/LIABILITIES	**274**	260	**986**	1 033

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

Movements by type of temporary difference during the year 2023

In CHF million	Balance as at 1 January	Adjustment on initial application of IFRS 9	Profit or loss	Other comprehensive income	Acquisitions and disposals of subsidiaries	Foreign currency translation differences	Balance as at end of period
Financial assets	**1 398**	**–16**	**–283**	**–942**	**0**	**–47**	**110**
Investment property	**–2 147**	**–**	**159**	**–2**	**–1**	**31**	**–1 960**
Intangible assets	**–12**	**–**	**1**	**–**	**–3**	**1**	**–13**
Property and equipment	**–58**	**–**	**6**	**–**	**0**	**1**	**–51**
Financial liabilities	**19**	**–9**	**108**	**–10**	**0**	**–2**	**106**
Insurance contracts and investment contracts with DPF	**–85**	**–**	**–13**	**1 071**	**–15**	**43**	**1 001**
Employee benefits	**–95**	**–**	**3**	**49**	**0**	**–2**	**–44**
Other	**149**	**–**	**–43**	**–64**	**15**	**–7**	**49**
Tax losses	**58**	**–**	**38**	**–**	**–**	**–4**	**91**
NET DEFERRED INCOME TAX ASSETS/LIABILITIES	**–773**	**–25**	**–25**	**102**	**–4**	**13**	**–712**

Movements by type of temporary difference during the year 2022

In CHF million	Balance as at 1 January	Adjustment on initial application of IFRS 17	Profit or loss	Other comprehensive income	Acquisitions and disposals of subsidiaries	Foreign currency translation differences	Balance as at end of period
Financial assets	–1 028	–2 759	95	5 047	5	39	1 398
Investment property	–1 200	–750	–219	19	–21	25	–2 147
Intangible assets	–170	158	7	–	–11	2	–12
Property and equipment	–6	–54	0	–	0	1	–58
Financial liabilities	79	–240	31	154	0	–6	19
Insurance contracts and investment contracts with DPF	–125	5 366	–112	–5 177	–	–38	–85
Employee benefits	36	–7	8	–120	–9	–3	–95
Other	6	4	99	22	23	–5	149
Tax losses	48	–1	5	–	8	–2	58
NET DEFERRED INCOME TAX ASSETS/LIABILITIES	–2 358	1 718	–86	–55	–6	14	–773

14.03.2024

Deferred income tax liabilities have not been recognised on the aggregate amount of temporary differences with consolidated investments in subsidiaries to the extent the Group considers such undistributed earnings as being indefinitely reinvested. The amount of such temporary differences was approximately CHF 4.6 billion as at 31 December 2023 (31.12.2022: CHF 5.3 billion). If such amounts from entities controlled by the Group are ever distributed, no material tax liabilities would be incurred due to participation exemption rules, unrecognised tax loss carryforwards and applicable double taxation treaties.

Deferred income tax assets are recognised for tax-loss carryforwards only to the extent that realisation of the related tax benefit is probable. Swiss tax assets are calculated in accordance with cantonal and municipal tax legislation. The uncertainty of the utilisation of tax losses is taken into account in establishing the valuation allowance. For the following tax-loss carryforwards, which will expire as follows, no deferred income tax asset has been recognised.

Unrecognised tax losses

Amounts in CHF million	Tax losses		Tax rate	
	31.12.2023	31.12.2022	**31.12.2023**	31.12.2022
2024	**116**	9	**19.1%**	19.7%
2025	**10**	23	**21.7%**	20.1%
2026	**36**	22	**19.7%**	19.7%
Thereafter	**322**	292	**20.6%**	23.3%
TOTAL	**483**	346	**n/a**	n/a

21 Provisions

In CHF million		Restructuring		Litigation		Other		Total	
	Notes	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Balance as at 1 January		**15**	9	**15**	17	**35**	22	**66**	48
Additions		**0**	1	**7**	4	**4**	16	**11**	21
Additions from business combinations	24	**–**	7	**–**	–	**–**	–	**–**	7
Amounts used		**–1**	–1	**–7**	–2	**–2**	–1	**–10**	–4
Reversals		**–4**	0	**–2**	–3	**–20**	–2	**–26**	–5
Unwinding of discount and effect of change in discount rate		**–**	–	**0**	0	**–**	0	**0**	0
Reclassifications and other disposals		**–**	–	**–**	0	**0**	0	**0**	0
Foreign currency translation differences		**0**	0	**0**	0	**0**	0	**–1**	–1
BALANCE AS AT END OF PERIOD		**10**	15	**12**	15	**17**	35	**40**	66

Restructuring

Provisions for restructuring were set up in 2023 in the segment Germany (2022: Germany). The outflow of the amounts is expected within the following one to two years.

Litigation

“Litigation” relates to several proceedings in several jurisdictions with uncertain outcome including customer claims relating to the distribution units in Germany. Litigation provisions have been set up to cover legal and administrative proceedings that arise in the ordinary course of business. These provisions concern numerous cases that are not of public knowledge or whose detailed disclosure could prejudice the interests of the Group.

Other

“Other” comprises various liabilities of uncertain timing or amount (e.g. indemnification provision relating to property development and management).

22 Equity

Share capital

As at 31 December 2023, the share capital of Swiss Life Holding consisted of 29 517 887 fully-paid shares with a par value of CHF 0.10 each (31.12.2022: 30 825 887 fully-paid shares with a par value of CHF 0.10 each). In exercising voting rights, no shareholder can collect more than 10% of the total share capital directly or indirectly in respect of own shares or shares they represent. Conditional share capital was CHF 385 794.80 as at 31 December 2023 (31.12.2022: CHF 385 794.80).

Share premium

Share premium comprises additional paid-in capital in excess of the par value (net of transaction costs), gains/losses on own equity instruments and equity compensation benefits.

Share buyback programme

As announced on 6 September 2023, Swiss Life started a CHF 300 million share buyback programme in October 2023. By 31 December 2023, 261 800 shares had been purchased for CHF 150 million at an average price of CHF 573.46 per share. The programme will be completed in March 2024.

As announced during the Investor Day on 25 November 2021, Swiss Life started a CHF 1 billion share buyback programme in December 2021. By 30 May 2023, 1 876 368 shares had been purchased at an average price of CHF 532.94 per share, of which 472 487 shares for CHF 262 million were purchased in 2023, 1 335 881 shares for CHF 701 million in 2022 and 68 000 shares for CHF 38 million in 2021. The programme was completed in May 2023.

1 308 000 of the repurchased shares were cancelled in June 2023 and 702 680 shares in July 2022.

Number of shares

The following table shows the development of Swiss Life Holding shares issued and treasury shares held by the Swiss Life Group during the period.

Number of shares

	2023	2022
SHARES ISSUED		
Balance as at 1 January	**30 825 887**	31 528 567
Cancellation of treasury shares	**–1 308 000**	–702 680
BALANCE AS AT END OF PERIOD	**29 517 887**	30 825 887
TREASURY SHARES		
Balance as at 1 January	**1 262 131**	620 842
Purchases of treasury shares	**54 000**	50 000
Share buyback	**734 287**	1 335 881
Allocation under equity compensation plans	**–43 298**	–41 912
Cancellation of treasury shares	**–1 308 000**	–702 680
BALANCE AS AT END OF PERIOD	**699 120**	1 262 131

Accumulated other comprehensive income

Accumulated other comprehensive income comprises items of income and expense that are recognised outside of profit or loss, as required or permitted by certain IFRS Accounting Standards.

Items presented in other comprehensive income are grouped on the basis of whether they will be reclassified subsequently to profit or loss when specific conditions are met, and those that will not be reclassified.

The amounts are presented net of deferred income taxes and non-controlling interests.

Items that may be reclassified to profit or loss comprise:

- Foreign currency translation differences arising on the translation of assets, liabilities, income and expenses of Group entities denominated in foreign currencies into Swiss francs.
- Effective portion of gains and losses on hedging instruments of net investments in a foreign operation.
- Gains and losses from fair value changes of debt instruments measured at FVOCI (2022: gains and losses from financial assets available for sale and reclassified debt instruments).
- Effective portion of gains and losses on hedging instruments in qualifying cash flow hedges.
- Cost of hedging related to hedges of equity instruments measured at FVOCI.
- Net financial income/expenses from insurance contracts and reinsurance contracts held for which the OCI option has been chosen.

Items that will not be reclassified to profit or loss comprise:

- Revaluation surplus on the transfer of owner-occupied property to investment property following a change in use evidenced by the end of owner-occupation.
- Remeasurements of the net defined benefit liability relating to employee benefit plans.
- Gains and losses from fair value changes of equity instruments measured at FVOCI.
- Gains and losses from fair value hedges of equity instruments measured at FVOCI.

The following table provides information relating to amounts recognised in accumulated other comprehensive income.

Accumulated OCI for the year 2023

In CHF million	Items that may be reclassified to the income statement									Items that will not be reclassified to the income statement					Total
	Foreign currency translation differences	Net investment hedges	Gains/ losses of financial assets available for sale and reclassified	Gains/ losses of debt instruments at FVOCI	Cash flow hedges	Cost of hedging	Net finance income/ expenses from insurance contracts and investment contracts with DPF issued	Net finance income/ expenses from reinsurance contracts held	Total	Revaluation surplus investment property	Remeasurements net defined benefit liability	Gains/ losses equity instruments at FVOCI	Fair value hedges of equity instruments at FVOCI	Total	
Balance as at 1 January	–1 987	408	–5 127	–	–45	–	6 308	–43	–486	21	–239	–	–	–219	–705
Adjustment on initial application of IFRS 9	–	–	5 127	–6 180	–	–	870	–	–183	–	–	5	–	5	–179
Balance as at 1 January restated	–1 987	408	–	–6 180	–45	–	7 178	–43	–669	21	–239	5	–	–213	–883
Transfer to retained earnings	–	–	–	–	–	–	–	–	–	–	–	–26	25	–1	–1
Net other comprehensive income	–948	447	–	3 978	81	0	–4 171	40	–572	–3	–219	59	–19	–181	–753
Non-controlling interests	5	–	–	0	0	–	0	0	5	0	0	0	–	0	5
NET BALANCE AS AT END OF PERIOD	–2 930	856	–	–2 202	36	0	3 008	–3	–1 235	18	–457	38	6	–395	–1 632
NET OTHER COMPREHENSIVE INCOME IS COMPOSED OF THE FOLLOWING:															
Revaluation – gross	–875	558	–	4 601	118	–1	–5 085	74	–610	0	–271	76	–23	–219	–829
Reclassification to profit or loss – gross	–	–26	–	114	–138	1	–	–	–49	–	–	–	–	–	–49
Effects of															
income tax	–73	–85	–	–876	82	0	1 051	–35	66	–2	49	–16	4	36	101
disposals of subsidiaries	0	–	–	–	–	–	–	–	0	–	–	–	–	–	0
foreign currency translation differences	–	–	–	139	19	–	–137	2	22	–1	3	0	–	1	23
NET OTHER COMPREHENSIVE INCOME	–948	447	–	3 978	81	0	–4 171	40	–572	–3	–219	59	–19	–181	–753

Accumulated OCI for the year 2022

In CHF million	Items that may be reclassified to the income statement								Items that will not be reclassified to the income statement			Total
	Foreign currency translation differences	Net investment hedges	Gains/losses of financial assets available for sale	Gains/losses of debt securities reclassified to loans and receivables	Cash flow hedges	Net finance income/expenses from insurance contracts and investment contracts with DPF	Net finance income/expenses from reinsurance contracts held	Total	Revaluation surplus investment property	Remeasurements net defined benefit liability	Total	
Balance as at 1 January	–1 520	169	4 066	–9	314	–	–	3 020	45	–261	–216	2 804
Adjustment on initial application of IFRS 17, net of tax	–156	156	8 547	–9	471	–12 120	50	–3 062	10	–490	–480	–3 542
Balance as at 1 January restated	–1 677	325	12 613	–18	784	–12 120	50	–42	55	–751	–696	–738
Transfer to retained earnings	–	–	–	–	–	–	–	–	–46	–3	–50	–50
Net other comprehensive income	–314	83	–17 728	4	–829	18 429	–93	–448	12	515	528	80
Non-controlling interests	4	–	0	–	0	–1	0	4	0	0	0	4
NET BALANCE AS AT END OF PERIOD	–1 987	408	–5 113	–14	–45	6 308	–43	–486	21	–239	–219	–705
NET OTHER COMPREHENSIVE INCOME IS COMPOSED OF THE FOLLOWING:												
Revaluation – gross	–321	89	–23 206	–	–792	23 493	–90	–826	–	632	632	–194
Reclassification to profit or loss – gross	–	1	597	6	–289	–	–	315	–	–	–	315
Effects of												
income tax	6	–7	4 957	–1	258	–5 156	–8	50	15	–120	–106	–56
disposals of subsidiaries	–	–	–	–	–	–	5	5	–	–	–	5
foreign currency translation differences	–	–	–77	–	–6	92	0	9	–2	4	2	10
NET OTHER COMPREHENSIVE INCOME	–314	83	–17 728	4	–829	18 429	–93	–448	12	515	528	80

The reconciliation below shows the movements in accumulated other comprehensive income for the underlying investment assets that relate to the groups of insurance contracts to which the modified retrospective approach was applied on transition.

Accumulated OCI for investments measured at FVOCI related to insurance contracts under the modified retrospective approach

In CHF million	2023	2022
Balance as at 1 January	**–5 551**	15 536
Adjustment on initial application of IFRS 9	**1 055**	–
Balance as at 1 January after adjustment	**–4 495**	15 536
Net change in fair value	**2 713**	–21 144
Net amount reclassified to profit or loss	**5**	210
Foreign currency translation	**157**	–153
BALANCE AS AT END OF PERIOD	**–1 619**	–5 551

14.03.2024

Retained earnings

Retained earnings comprise accumulated retained earnings of the Group entities which have not been distributed to the shareholders. The distribution of profit is subject to restrictions in the various jurisdictions where the Group entities are located.

The Group's insurance subsidiaries are subject to regulatory restrictions on the amount of dividends, cash loans and advances which can be remitted to the Group. Certain foreign jurisdictions have restrictions that allow the payment of dividends but may cause a delay in their remittance. Dividends payable are not accrued until they have been ratified at the General Meeting.

In 2023, a dividend payment of CHF 877 million (CHF 30.00 per registered share) was made to the shareholders of Swiss Life Holding (2022: CHF 764 million or CHF 25.00 per registered share).

Hybrid equity

On 29 March 2021, Swiss Life Ltd placed subordinated perpetual callable bonds in the amount of CHF 250 million, presented in equity. The bonds are guaranteed by Swiss Life Holding and are first callable on 30 September 2026 or at each interest payment date thereafter at the option of the issuer, upon notice and subject to the consent of the Swiss Financial Market Supervisory Authority. The interest has been fixed at 1.75% p.a. until 30 September 2026. If the bonds are not redeemed on 30 September 2031, the interest resets at a rate fixed for the subsequent five years, consisting of the aggregate of the then-prevailing five-year CHF mid-market swap rate vs. SARON and the initial margin of 218.2 bps.

On 22 March 2018, Swiss Life Ltd issued subordinated perpetual callable bonds in the amount of CHF 425 million. The bonds are guaranteed by Swiss Life Holding, have no fixed maturity date and are first callable on 25 September 2024 or at each interest payment date thereafter at the option of the issuer, upon notice and subject to the consent of the Swiss Financial Market Supervisory Authority. The interest has been fixed at 2.00% p.a. until 25 September 2024. If the bonds are not redeemed on 25 September 2024, the interest resets at a rate fixed for the subsequent five years, consisting of the aggregate of the then-prevailing five-year CHF swap rate and the initial margin of 1.842% p.a.

The bonds are classified as equity instruments.

Interest payments for hybrid equity become mandatory depending on other transactions, which are themselves at the discretion of the Swiss Life Group, such as dividend payments. There is no accrual of interest to be recorded for the annual financial statements. The interest net of tax of CHF 11 million in 2023 (2022: CHF 11 million) is accounted for as a deduction from equity.

Non-controlling interests

Summarised financial information for subsidiaries with material non-controlling interests is as follows.

In CHF million	Swiss Life Banque Privée Paris		TECHNOPARK Real Estate LTD Zürich		Swiss Life Asset Managers Holding (Nordic) AS Oslo	
	2023	2022	**2023**	2022	**2023**	2022
Principal place of business	**France**	France	**Switzerland**	Switzerland	**Norway**	Norway
Ownership interests held by non-controlling interests	**40.0%**	40.0%	**33.3%**	33.3%	**10.0%**	10.0%
Voting rights held by non-controlling interests	**40.0%**	40.0%	**33.3%**	33.3%	**10.0%**	10.0%
SUMMARISED FINANCIAL INFORMATION BEFORE INTRAGROUP ELIMINATIONS						
Current assets	**2 360**	2 405	**18**	16	**17**	23
Non-current assets	**613**	597	**231**	232	**103**	116
Current liabilities	**–2 483**	–2 606	**–69**	–69	**–13**	–17
Non-current liabilities	**–346**	–270	**–26**	–25	**–4**	–6
NET ASSETS	**144**	126	**154**	154	**103**	116
Accumulated non-controlling interests	**57**	50	**51**	51	**10**	12
Revenue	**244**	161	**9**	11	**27**	27
Profit or loss	**47**	25	**4**	7	**5**	4
Total comprehensive income	**47**	25	**4**	7	**5**	4
Profit or loss allocated to non-controlling interests	**19**	10	**1**	2	**0**	0
Net cash flows from operating activities	**190**	–408	**5**	7	**0**	3
Net cash flows from investing activities	**–1**	–1	**–**	0	**–3**	0
Net cash flows from financing activities	**–23**	–6	**–2**	–1	**3**	0
NET CHANGE IN CASH AND CASH EQUIVALENTS	**166**	–415	**3**	6	**0**	3
Dividends paid to non-controlling interests	**–7**	–4	**–1**	–1	**–**	–

23 Capital Management

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

Swiss Solvency Test

The Swiss Solvency Test (SST) is the Swiss legislation which governs the capital requirements of insurance companies and groups. It is a principle-based framework whose main objective is the alignment of the required capital with the underlying risks. The SST capital requirement underpins a high level of confidence that insurers will meet their obligations towards policyholders even in adverse circumstances. Since 1 January 2019 Swiss Life has used the SST standard model with some company-specific adjustments for the determination of the regulatory solvency.

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

Regulatory requirements

Swiss Life reports to the Swiss Financial Market Supervisory Authority FINMA. The reporting covers risk management and solvency, liquidity, legal structure, management organisation and intra-group transactions. The reporting is submitted on an ad-hoc, quarterly, half-yearly or yearly basis depending on the topic and is reviewed on a yearly basis by the statutory auditor according to the legal requirements. As at 31 December 2023 and 2022, Swiss Life was compliant with the legal requirements.

In addition to the Group's solvency requirements, constraints at local level such as Solvency II are considered to address the specific situation of each country and business unit.

Economic capital

The value of a life insurance company for its shareholders comprises the economic net worth and the present value of future profits. The optimal amount of economic capital an insurance company needs to hold in order to maximise the company value is based on a risk/reward trade-off. For risk and capital management decisions, Swiss Life uses an integrated approach. The economic risk capital is determined bottom-up for each large business unit and takes into account market risk, credit risk and insurance risk. These risks are calculated on the basis of loss distributions using a specified risk measure. The overall capital requirement is obtained by taking into consideration respective diversification effects.

Economic and statutory capital requirements and the profit target are the main elements determining the risk budgets. Based on the overall risk budget set by the Investment and Risk Committee of the Board of Directors, the Group Risk Committee of the Corporate Executive Board defines the risk limits for the particular business units. Adherence to these limits is checked on an ongoing basis.

Standard & Poor's rating capital

In Standard & Poor's risk-based capital model, the total adjusted capital (TAC) is the measure used for available capital. TAC is set against the capital required given the company's target rating category (target capital). The calculation of target capital takes into account, in particular, insurance risks, asset value volatility and credit risks. Swiss Life has established a target capital level in line with its rating ambition. Within the capital analysis, in addition to assessing capital adequacy, Standard & Poor's also evaluates the quality of capital with respect to its structure. Capital adequacy is monitored on an ongoing basis according to Standard & Poor's capital model.

Managing the capital structure and flows

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

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

Capital planning

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

24 Acquisitions and Disposals of Subsidiaries

Assets and liabilities from acquisitions

In CHF million

	Notes	2023	2022
CONSIDERATION			
Cash consideration		**58**	133
Contingent consideration arrangement(s)		**5**	1
TOTAL CONSIDERATION		**63**	134
ACQUISITION-RELATED COSTS			
Other expenses		**0**	0
TOTAL		**0**	0
IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED			
Cash and cash equivalents		**5**	139
Loans and receivables		**–**	89
Financial assets at amortised cost		**3**	–
Investments in associates		**3**	3
Reinsurance contract assets	16	**–**	1 602
Property and equipment	12	**0**	4
Intangible assets	13	**9**	17
Income taxes and other assets		**–**	10
Other financial liabilities		**–6**	–54
Insurance contract liabilities incl. investment contracts with discretionary participation		**–**	–1 688
Employee benefit liabilities		**0**	–17
Deferred income tax liabilities		**–3**	–
Provisions	21	**–**	–7
Other liabilities		**–1**	–15
TOTAL IDENTIFIABLE NET ASSETS		**10**	83
Goodwill		**53**	51
TOTAL		**63**	134
ACQUIRED FINANCIAL ASSETS AT AMORTISED COST			
Fair value		**3**	89
Gross contractual amounts receivable		**3**	89
Estimated uncollectible cash flows		**0**	0

In September 2023, the Swiss Life Group acquired two financial advisory businesses in the United Kingdom.

In January 2023, the Swiss Life Group acquired 100% of the shares of fb research GmbH, based in Hanover, Germany, and a financial advisory business in Slovakia.

On 10 December 2021 Swiss Life and Swiss Re announced a long-term partnership for European employee benefits solutions. The partnership aims to provide biometric risk solutions to corporates. In this context, on 1 July 2022, Swiss Life acquired 100% of the shares of elipsLife from Swiss Re and simultaneously entered into a long-term reinsurance arrangement with Swiss Re. elipsLife, headquartered in Liechtenstein and other locations in various European countries, is an insurance company for institutional clients such as pension funds and corporates. The company focuses on insurance products that cover the financial consequences of death and disability. With that, Swiss Life International further strengthens its presence in core employee benefits markets and scales its operational platform

Assets and liabilities from disposals

In CHF million

	2023	2022
CONSIDERATION		
Consideration received in cash	**43**	57
TOTAL CONSIDERATION	**43**	57
ASSETS AND LIABILITIES DISPOSED		
Cash and cash equivalents	**6**	4
Financial assets measured at fair value through other comprehensive income	**–**	0
Financial assets measured at amortised cost	**1**	6
Property and equipment	**–**	5
Intangible assets	**–**	6
Inventory property and other assets	**198**	56
Mortgage loans, deposits and other financial liabilities	**–200**	–20
Employee benefit liabilities	**–**	–52
Current income tax liabilities	**0**	–
Provisions	**–**	0
Other liabilities	**–10**	–2
NET ASSETS DISPOSED OF	**–5**	3
GAIN/LOSS ON DISPOSALS		
Consideration received	**43**	57
Net assets disposed of	**5**	–3
Fair value of retained equity interest(s)	**6**	–
Amounts recognised in other comprehensive income	**0**	–1
Non-controlling interests	**0**	–
GAIN (+)/LOSS (–) ON DISPOSALS	**53**	53

In December 2023, Swiss Life sold its share in four real estate project development units in Germany.

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

25 Related Party Transactions

Consolidated statement of income

In CHF million	Associates	Key management personnel	Other	Total 2023	Total 2022
Asset management and other commission income	**1**	–	–	**1**	1
Net investment result	**0**	–	–	**0**	0
Other income	**0**	–	–	**0**	1
Other expenses	**–1**	–	–	**–1**	–

Consolidated balance sheet

In CHF million	Associates	Key management personnel	Other	Total 31.12.2023	Total 31.12.2022
Financial assets	**12**	–	–	**12**	12
Other assets	–	–	–	–	0
Other financial liabilities	**–1**	–	–	**–1**	–1

For the years ended 31 December 2023 and 2022, no impairment allowance has been made for doubtful debts in respect of the amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Guarantees and commitments

In CHF million	Associates	Key management personnel	Other	Total	Total
				31.12.2023	31.12.2022
Financial guarantees issued	**5**	**–**	**–**	**5**	–
Commitments	**–**	**–**	**0**	**0**	0

Key management compensation

In CHF million		
	2023	2022
Short-term employee benefits	**14**	14
Post-employment benefits	**2**	2
Equity-settled share-based payments	**5**	5
TOTAL	**21**	21

Key management comprises the members of the Board of Directors of Swiss Life Holding and the members of the Corporate Executive Board of Swiss Life Holding. These individuals have the authority and responsibility for planning, directing and controlling the activities of the Swiss Life Group, directly or indirectly.

The details regarding key management compensation in accordance with Article 734 – 734f of the Swiss Code of Obligations are set out in the Compensation Report, which forms part of the Corporate Governance section of the Annual Report 2023 of the Swiss Life Group.

26 Fair Value Measurements

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

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

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

26.1 Assets and liabilities measured at fair value on a recurring basis

26.1.1 Financial instruments

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

Fair value hierarchy

In CHF million	Quoted prices (level 1)		Valuation technique - observable inputs (level 2)		Valuation technique - unobservable inputs (level 3)		Total	
	31.12.2023	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022
FINANCIAL ASSETS								
Derivatives								
Currency	**–**	–	**1 741**	1 497	**–**	–	**1 741**	1 497
Interest rate	**0**	7	**302**	1 871	**–**	–	**302**	1 877
Equity	**668**	1 733	**38**	19	**–**	–	**706**	1 752
Total derivatives	**668**	1 740	**2 081**	3 386	**–**	–	**2 749**	5 126
Debt instruments								
Governments and supranationals	**34 060**	34 481	**3 043**	2 825	**–**	–	**37 102**	37 306
Corporates	**41 931**	38 885	**2 708**	2 942	**993**	112	**45 632**	41 939
Other	**–**	2	**–**	27	**93**	20	**93**	49
Total debt instruments	**75 991**	73 368	**5 751**	5 795	**1 086**	132	**82 826**	79 293
Equity instruments								
Equity securities	**10 505**	9 934	**28**	26	**636**	629	**11 168**	10 589
Investment funds	**29 901**	30 408	**2 481**	1 389	**3 772**	4 189	**36 153**	35 987
Alternative investments	**67**	87	**27**	54	**8 058**	6 938	**8 152**	7 080
Total equity instruments	**40 472**	40 429	**2 536**	1 470	**12 466**	11 756	**55 474**	53 655
TOTAL FINANCIAL ASSETS	**117 131**	115 536	**10 368**	10 651	**13 551**	11 888	**141 050**	138 076
INVESTMENTS IN ASSOCIATES								
Associates at fair value through profit or loss	**–**	–	**–**	–	**66**	72	**66**	72
FINANCIAL LIABILITIES								
Derivatives								
Currency	**–**	–	**281**	437	**–**	–	**281**	437
Interest rate	**7**	–	**623**	2 218	**–**	–	**630**	2 218
Equity	**326**	546	**2**	8	**–**	–	**328**	554
Other	**–**	–	**26**	9	**–**	–	**26**	9
Total derivatives	**333**	546	**931**	2 672	**–**	–	**1 265**	3 218
Investment contracts without discretionary participation	**–**	–	**18 162**	18 525	**–**	–	**18 162**	18 525
Third-party interests in consolidated investment funds	**–**	–	**1 162**	1 103	**3 628**	2 991	**4 789**	4 093
Other financial liabilities	**–**	–	**21**	–	**–**	–	**21**	–
TOTAL FINANCIAL LIABILITIES	**333**	546	**20 275**	22 300	**3 628**	2 991	**24 236**	25 837

14.03.2024

The fair value hierarchy of assets for the account and risk of the Swiss Life Group's customers is consistent with the categorisation of assets for the account and risk of the Swiss Life Group.

The following sections outline the valuation techniques and significant inputs used in the fair value measurement of financial instruments categorised within level 2 and level 3 of the fair value hierarchy.

26.1.1.1 Level 2: Valuation techniques and inputs

Level 2 financial instruments carried at fair value include debt instruments, equity securities, investment funds, alternative investments and over-the-counter derivatives.

26.1.1.1.1 Debt instruments

Debt instruments categorised as level 2 of the fair value hierarchy comprise government, supranational and corporate bonds for which prices are only available on an irregular basis or with a significant time lag. The price for such assets is obtained from an independent, acknowledged market data provider, which refers to quotes of recent transactions with the same or similar actively traded bonds and systematically derives a comparable price for those less liquid securities.

26.1.1.1.2 Equity securities

Equity securities categorised as level 2 of the fair value hierarchy comprise unlisted equities for which the prices are not available in the exchange market. The instruments are evaluated by counterparties or third-party independent agencies based on market-consistent valuation parameters.

26.1.1.1.3 Investment funds

Some fair value measurements of fund units, including unlisted fixed income funds, are only available on an irregular basis and are therefore categorised as level 2. Prices are provided by independent external market data providers who measure the fair value using market-consistent parameters.

26.1.1.1.4 Alternative investments

Alternative investments classified as level 2 assets comprise hedge funds of funds and leveraged loans funds based on third-party quotes substantiated by observable market data, such as recent transactions or valuation techniques that reflect the market participants' assumptions. The level 2 classification is chosen because those funds maintain an irregular basis of price and are evaluated with some time lag.

26.1.1.1.5 Over-the-counter derivatives

Level 2 fair values of over-the-counter derivatives on currencies, interest rates and equities are based on theoretical valuations with observable market data from well-known data providers as inputs. The fair value measurement is based on acknowledged, well-established models.

26.1.1.1.5.1 Currency derivatives
- Foreign currency options are valued on the basis of the Garman-Kohlhagen model with the spot foreign exchange rate, the interest rates of the underlying currencies and the foreign exchange rate volatility as main inputs.
- The fair value of foreign currency forwards is derived from the foreign exchange spot rate and actively traded foreign exchange ticks.

26.1.1.1.5.2 Interest rate derivatives
- Interest rate swaps are valued on a discounted cash flow basis. Main inputs used to derive the discount factors and forward curves are the risk-free reference rate curves.
- Swaptions are theoretically valued with a model based on normal distributed interest rates. Main inputs are the current par swap rate and the implied volatility that is derived from observable volatility curves.
- Forward bonds are valued on a cost-of-carry basis using the discounted cash flow method. Main inputs to calculate the current forward rate are the spot price of the underlying bond and the discount factors to coupon payment dates/maturity date.

26.1.1.1.5.3 Equity derivatives
Over-the-counter equity-index options are valued using the Black-Scholes model. Main inputs are the current spot value and the dividend yield of the underlying index. The implied volatility is taken from similar exchange-traded equity index options.

26.1.1.1.5.4 Other derivatives
Other derivatives mainly comprise credit default swap indices. CDS indices are valued using the discounted cash flow method for the fee and the contingent leg. Main inputs for the valuation are the swap curve and the CDS par spreads quoted in the market.

In the exceptional case that a theoretical valuation of an OTC derivative is not available in Swiss Life's asset management system, the fair value is provided by counterparties. The appropriateness of such quotes is validated by Swiss Life based on established models using observable market data as input.

26.1.1.2 Level 3: Valuation techniques and inputs
The exposure of level 3 financial instruments primarily consists of the following categories.

26.1.1.2.1 Debt instruments
Debt instruments categorised as level 3 of the fair value hierarchy mainly comprise infrastructure loans. For these loans the yield-calibration method is applied. The yield for the discounting of the cash flows is adjusted for changes in the risk-free rate, changes in credit markets and changes in credit quality. The adjusted yield is applied to the remaining cash flows to determine the fair value of the infrastructure loans.

26.1.1.2.2 Equity securities
The fair values of equity securities, which are not traded in an active market and are determined using unobservable inputs, classify as level 3 within the fair value hierarchy. These fair values are based on generally accepted valuation techniques. Valuation techniques aim at using a maximum of market inputs and include discounted cash flow analysis (e.g. profit situation, investment plans, investment property) and other valuation techniques commonly used by market participants.

26.1.1.2.3 Investment funds

Level 3 fair values of investment funds are primarily related to real estate funds. The valuation of the underlying property investments is done by independent appraisers using generally accepted valuation techniques (mainly discounted cash flow). The appraisers consider the general economic situation and the individual condition of the property investments. Main input factors applied in the discounted cash flow method are estimates on rental income and vacancies, projections of non-recoverable running costs (e.g. property taxes), maintenance costs and risk-adjusted discount rates, which are determined individually for each property.

26.1.1.2.4 Alternative investments

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

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

26.1.1.2.5 Investments in associates

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

26.1.2 Financial liabilities

26.1.2.1 Investment contracts without discretionary participation

The fair value of investment contracts, which are carried at fair value, is measured using market-consistent, risk-neutral economic option price models, i.e. Monte Carlo simulations based on scenarios of capital market variables (share price and interest rate indices, interest rates and foreign currency rates). These inputs to fair value measurements are generally categorised as level 2 within the fair value hierarchy.

26.1.3 Investment property and owner-occupied property (UI in VFA)

The following table shows the fair value hierarchy of investment property. Own-use property that represents an underlying item in direct participating contracts is also included.

In CHF million	Quoted prices (level 1)		Valuation technique - observable inputs (level 2)		Valuation technique - unobservable inputs (level 3)		Total	
	31.12.2023	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022
Commercial	**–**	–	**–**	–	**20 627**	19 673	**20 627**	19 673
Residential	**–**	–	**–**	–	**11 064**	11 892	**11 064**	11 892
Mixed use	**–**	–	**–**	–	**9 748**	11 334	**9 748**	11 334
TOTAL INVESTMENT PROPERTY AND OWNER-OCCUPIED PROPERTY (UI IN VFA)	**–**	–	**–**	–	**41 438**	42 899	**41 438**	42 899

26.1.3.1 Level 3: Valuation techniques and inputs

Discounted cash flow models used for investment property and own-use property that represents an underlying item in direct participating contracts consider the present value of net cash flows to be generated from the property, taking into account expected rent growth rate, vacancy rate, rent-free periods, other costs not paid by tenants, maintenance costs and investment plans. The expected net cash flows are discounted using risk-adjusted discount rates. Location- and property-related criteria are reflected in the discount rate for each property. The criteria reflect the micro- and macro-location characteristics as well as the relevant parameters of the current management situation.

Trends in fair value are determined by various fundamental parameters. A distinction has to be made between property-specific factors and exogenous factors that relate to the real estate and finance market environments. Changes in the property management situation on both the income and the cost side directly trigger an adjustment in the reported market value. Key determinants are new and expiring leases, change in the vacancy situation, as well as movements in running, maintenance and repair costs. Developments in the relevant local real estate market have an impact on the calculation of potential rental values. Changes in the capital or transaction markets have an influence on discount rates. Property ageing is another key factor.

Significant unobservable inputs

	Switzerland		Other countries	
	2023	2022	**2023**	2022
Rent growth p.a.	**0.5 – 3.0%**	0.4 – 2.8%	**-**	–
Long-term vacancy rate	**2.5 – 4.5%**	3.5 – 6.4%	**-**	–
Discount rate	**1.95 – 3.8%**	1.85 – 3.8%	**2.4 – 5.5%**	2.4 – 5.5%
Market rental value p.a. (price/m²/year)	**CHF 290 – 328**	CHF 277 – 317	**EUR 85 – 740**	EUR 79 – 500

Significant increases or decreases in estimated rental value and rent growth per annum would result in a higher or lower fair value of investment property. Significant decreases or increases in the discount rate would result in a higher or lower fair value. The following sensitivity information shows how the fair value of investment property would have been affected if changes in certain parameters that are used in the discounted cash flow model for the determination of fair value had occurred. At 31 December 2023, if rental income that can be earned in the long term had decreased by 5%, the fair value of investment property would have been CHF 2584 million lower (2022: CHF 2879 million). At 31 December 2023, if discount rates had been 10 basis points higher, the fair value of investment property would have been CHF 1327 million lower (2022: CHF 1564 million).

26.1.4 Deferred application of IFRS 9

Financial assets that on a specific date give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding meet the SPPI criterion. The fair value of such assets and those that do not meet the SPPI criterion as at 31 December 2022 as well as the change in fair value in 2022 are disclosed in the following table.

In CHF million	Change in the fair value	Fair value
DEBT INSTRUMENTS THAT MEET THE SPPI CRITERION		
Governments and supranationals	–15 382	37 468
Corporates	–6 669	40 300
Other	–992	12 406
TOTAL	–23 043	90 173
DEBT INSTRUMENTS THAT DO NOT MEET THE SPPI CRITERION		
Governments and supranationals	–24	57
Corporates	–205	1 387
Other	–5	27
TOTAL	–234	1 471
DEBT INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Debt instruments managed on a fair value basis	–28	374
Debt instruments for the account and risk of the Swiss Life Group’s customers	–515	7 782
TOTAL	–543	8 156

The fair value and gross carrying amount of debt instruments that meet the SPPI criterion and have a credit rating below investment grade as at 31 December 2022 are disclosed in the following table.

In CHF million	Gross carrying amount	Fair value
DEBT SECURITIES		
Governments and supranationals	465	465
Corporates	538	538
Other	2	2
TOTAL	1 004	1 004
MORTGAGES		
Commercial	–	–
Residential	5	5
TOTAL	5	5
OTHER LOANS AND RECEIVABLES		
Governments and supranationals	4	4
Corporates	4 139	4 139
Other	70	37
TOTAL	4 212	4 179

14.03.2024

26.1.5 Reconciliation of fair value measurements categorised within level 3

The following tables show a reconciliation from the opening balances to the closing balances for fair value measurements categorised within level 3 of the fair value hierarchy.

Assets measured at fair value based on level 3 for the year 2023

In CHF million	Derivatives	Debt instruments		Equity securities, investment funds and alternative investments		Investment property and owner-occupied property (UI in VFA)	Total
		At fair value through profit or loss	Fair value through other comprehensive income	At fair value through profit or loss[1]	Fair value through other comprehensive income		
Balance as at 1 January	–	26	106	10 565	1 263	42 899	54 859
Adjustment on initial application of IFRS 9	–	46	621	1 263	–1 263	–	666
Balance as at 1 January after adjustment	–	71	727	11 828	–	42 899	55 525
Total gains/losses recognised in profit or loss	–	5	–13	34	–	–880	–854
Total gains/losses recognised in other comprehensive income	–	–	–12	–	–	–	–12
Additions	–	120	405	2 631	–	1 285	4 442
Disposals	–	–1	–218	–1 407	–	–1 214	–2 839
Transfers into level 3	–	115	–	7	–	–	122
Transfers out of level 3	–	–6	–54	0	–	–	–60
Foreign currency translation differences	–	–10	–46	–561	–	–651	–1 269
BALANCE AS AT END OF PERIOD	–	296	790	12 532	–	41 438	55 055
Unrealised gains/losses recognised in profit or loss for assets held at the end of the period	–	5	–12	172	–	–932	–767

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

Assets measured at fair value based on level 3 for the year 2022

In CHF million	Derivatives	Debt instruments		Equity securities, investment funds and alternative investments		Investment property and owner-occupied property (UI in VFA)	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	–	18	122	9 838	1 232	41 935	53 146
Total gains/losses recognised in profit or loss	–	0	–3	199	–124	1 034	1 106
Total gains/losses recognised in other comprehensive income	–	–	–8	–	189	–	181
Additions	–	9	0	2 348	511	2 030	4 897
Disposals	–	–1	–1	–1 501	–489	–1 574	–3 568
Transfers out of level 3	–	–	–	–	–3	–	–3
Foreign currency translation differences	–	–1	–4	–318	–53	–527	–902
BALANCE AS AT END OF PERIOD	–	26	106	10 565	1 263	42 899	54 859
Unrealised gains/losses recognised in profit or loss for assets held at the end of the period	–	0	–4	207	–7	904	1 101

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

During 2023, debt securities of CHF 740 million (2022: CHF 646 million) were transferred from level 1 into level 2 as prices are based on a model, or due to reduced frequency of price quotations. In addition, debt securities of CHF 516 million (2022: CHF 52 million) and investment funds of CHF 2 million were transferred from level 2 into level 1 due to new liquid price sources. In 2022, assets for the account and risk of the Swiss Life Group's customers of CHF 130 million were transferred from level 2 into level 1 due to available quoted prices.

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

Liabilities measured at fair value based on level 3

In CHF million	Derivatives		Investment contracts without discretionary participation features		Third-party interests in consolidated investment funds		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Balance as at 1 January	**–**	–	**–**	–	**2 991**	3 208	**2 991**	3 208
Total gains/losses recognised in profit or loss	**–**	–	**–**	–	**–33**	137	**–33**	137
Additions	**–**	–	**–**	–	**892**	231	**892**	231
Disposals	**–**	–	**–**	–	**–129**	–494	**–129**	–494
Foreign currency translation differences	**–**	–	**–**	–	**–92**	–92	**–92**	–92
BALANCE AS AT END OF PERIOD	**–**	–	**–**	–	**3 628**	2 991	**3 628**	2 991
Unrealised gains/losses recognised in profit or loss for liabilities held at the end of the period	**–**	–	**–**	–	**–33**	125	**–33**	125

26.1.5.1 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 measured at fair value through other comprehensive income		Financial instruments measured at fair value through profit or loss		Investment property and owner-occupied property (UI in VFA)	
	2023	2022	**2023**	2022	**2023**	2022
ASSETS						
Total gains/losses recognised in profit or loss	**–13**	–127	**39**	199	**–880**	1 034
Unrealised gains/losses recognised in profit or loss for assets held at the end of the period	**–12**	–11	**177**	207	**–932**	904
LIABILITIES						
Total gains/losses recognised in profit or loss	**–**	–	**33**	–137	**–**	–
Unrealised gains/losses recognised in profit or loss for liabilities held at the end of the period	**–**	–	**33**	–125	**–**	–

14.03.2024

26.2 Fair value of financial instruments carried at amortised cost

The following table shows the carrying amounts and fair values of those financial assets and liabilities not measured at fair value in the Group's balance sheet.

In CHF million	Carrying amount		Fair value	
	31.12.2023	31.12.2022	**31.12.2023**	31.12.2022
ASSETS				
Debt securities	**1**	733	**1**	805
Mortgage loans	**11 586**	12 034	**11 071**	10 700
Infrastructure loans	**–**	731	**–**	667
Other loans	**3 850**	3 375	**3 827**	3 375
Receivables [1]	**3 521**	2 867	**3 521**	2 867
LIABILITIES				
Investment contracts without discretionary participation [1]	**39**	20	**39**	20
Borrowings	**4 195**	4 409	**4 239**	4 372
Other financial liabilities [1,2]	**14 057**	15 043	**14 057**	15 043

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

Fair value hierarchy

In CHF million	Quoted prices (level 1)		Valuation technique – observable inputs (level 2)		Valuation technique - unobservable inputs (level 3)		Total fair value	
	31.12.2023	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022
ASSETS								
Debt securities	**–**	719	**1**	86	**–**	–	**1**	805
Mortgage loans	**–**	–	**–**	–	**11 071**	10 700	**11 071**	10 700
Infrastructure loans	**–**	–	**–**	–	**–**	667	**–**	667
Other loans	**–**	–	**2 723**	2 444	**1 104**	931	**3 827**	3 375
LIABILITIES								
Borrowings	**4 057**	2 290	**181**	2 082	**–**	–	**4 239**	4 372

26.2.1 Receivables, investment contracts and other financial liabilities

The carrying amounts of receivables and other financial liabilities represent a reasonable estimate of fair value as the effect of discounting is immaterial and changes in credit risk are not significant. Such instruments include insurance receivables and payables, demand and short-term deposits and repurchase agreements. The carrying amount of investment contracts without discretionary participation approximates the fair value at reporting date. The disclosure of the fair value hierarchy is not applicable for these instruments.

26.2.2 Debt securities

26.2.2.1 Level 1

In 2022, this category consisted of debt securities reclassified from financial assets available for sale due to the disappearance of an active market and where the market has become active again. Additionally, debt securities not quoted in an active market at initial recognition and where the market has become active again were included in this category.

26.2.2.2 Level 2

Debt instruments categorised as level 2 of the fair value hierarchy comprise corporate bonds for which prices are only available on an irregular basis or with a significant time lag. The price for such assets is obtained from an independent, acknowledged market data provider, which refers to quotes of recent transactions with the same or similar actively traded bonds and systematically derives a comparable price for those less liquid securities.

26.2.3 Mortgage loans

26.2.3.1 Level 3

The fair values of mortgage loans are estimated using the discounted cash flow method. The discount factors are derived from the SARON swap curve and a flat spread. Contract-specific spreads are based on an internal model that covers both risk and administration costs. Main inputs to that model are characteristics of the underlying property, the financial situation of the debtor and the duration of the contract. If no contract-specific spread is available, a standard spread is applied that shall cover the marketability disadvantages and the administration costs, as mortgages are less standardised and tradable than exchange-traded bonds.

26.2.4 Infrastructure loans

26.2.4.1 Level 3

For infrastructure loans the yield-calibration method is applied. The yield for the discounting of the cash flows is adjusted for changes in the risk-free rate, changes in credit markets and changes in credit quality. The adjusted yield is applied to the remaining cash flows to determine the fair value of the infrastructure loans.

26.2.5 Other loans

The carrying amount of other loans represents a reasonable estimate of fair value as the effect of discounting is immaterial and changes in credit risk are not significant. They mainly include short-term amounts due from banks and customer loans. The disclosure of the fair value hierarchy is not applicable for these instruments.

26.2.6 Borrowings

26.2.6.1 Level 1

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

26.2.6.2 Level 2

Privately placed hybrid debt is categorised as level 2. The fair value of Swiss Life's privately placed hybrid debt (subordinated step-up loans) is calculated as the present value of the prospective cash flows to the lenders. The discount rate used for the calculation consists of a relevant government bond rate plus a credit spread.

27 Offsetting Financial Assets and Liabilities

The Swiss Life Group enters into separate collateral management and netting agreements with counterparties to manage the credit risks associated with repurchase and reverse repurchase transactions, securities lending and over-the-counter and exchange-traded derivatives transactions. These agreements and similar arrangements generally enable the counterparties to set off liabilities in connection with the respective agreement against assets received in the event that the counterparty to the transaction is unable to fulfil its contractual obligations. The right to setoff is a legal right to settle or otherwise eliminate all or a portion of an amount due by applying an amount receivable from the same counterparty against it to reduce credit exposure.

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

Offsetting financial assets

in CHF million	Derivatives		Reverse repurchase agreements		Other financial instruments		Total	
	31.12.2023	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022
Gross amounts of recognised financial assets before offsetting	**2 749**	5 126	**1 775**	227	**100**	–	**4 624**	5 353
Gross amounts of recognised financial liabilities set off	**–**	0	**–**	–	**–**	–	**–**	0
NET AMOUNTS PRESENTED IN THE BALANCE SHEET	**2 749**	5 126	**1 775**	227	**100**	–	**4 624**	5 353
Related amounts not set off in the balance sheet:								
Financial liabilities	**–277**	–421	**–**	–	**–**	–	**–277**	–421
Collateral received	**–2 170**	–4 509	**–1 775**	–227	**–**	–	**–3 945**	–4 736
Net amounts	**302**	196	**0**	–	**100**	–	**403**	196

Offsetting financial liabilities

In CHF million	Derivatives		Repurchase agreements		Other financial instruments		Total	
	31.12.2023	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022	**31.12.2023**	31.12.2022
Gross amounts of recognised financial liabilities before offsetting	**1 265**	3 218	**3 144**	2 887	**12**	–	**4 421**	6 105
Gross amounts of recognised financial assets set off	**–**	–	**–**	–	**–**	–	**–**	–
NET AMOUNTS PRESENTED IN THE BALANCE SHEET	**1 265**	3 218	**3 144**	2 887	**12**	–	**4 421**	6 105
Related amounts not set off in the balance sheet:								
Financial assets	**–277**	–421	**–**	–	**–**	–	**–277**	–421
Collateral pledged	**–628**	–2 685	**–3 113**	–2 847	**–**	–	**–3 741**	–5 532
Net amounts	**359**	112	**31**	40	**12**	–	**403**	152

28 Guarantees and Commitments

In CHF million

	31.12.2023	31.12.2022
Financial guarantees[1]	15	14
Loan commitments	297	378
Capital commitments for alternative investments	123	568
Capital commitments for real estate investments	378	611
Other capital commitments	123	138
Contractual obligations to purchase or construct investment property	728	1 077
Commitments to construct inventory property	178	261
Other contingent liabilities and commitments	75	147
TOTAL	1 917	3 195
[1]Of which relating to investments in associates	5	–

Financial guarantees

The Group has issued financial guarantees and similar instruments. Financial guarantees provide for specified payments to be made to reimburse the holder for a loss incurred in the event that a client fails to make payment when due.

Loan commitments

The Group has also entered into irrevocable commitments to extend credit in the form of loans and other instruments. They represent undrawn credit lines which are available to clients to secure their liquidity needs. With respect to credit risk, these commitments are contingent upon clients maintaining certain credit standards, and the Group monitors its exposure on a regular basis.

The total amount of credit commitments includes commitments to lend at fixed rates, which expose the Group to interest rate risk. These commitments are entered into for restricted periods of time. As at 31 December 2023, committed principal amounts totalled CHF 75 million for commitments in Swiss francs (31.12.2022: CHF 89 million) and CHF 107 million for commitments in euro (31.12.2022: CHF 158 million). The range of committed interest rates is 0.70% to 3.47% for commitments in Swiss francs and 1.15% to 3.62% for commitments in euro.

Capital commitments for real estate and alternative investments

They represent unfunded commitments to make investments in direct private equity, private equity funds, infrastructure and hedge funds. Such commitments do not involve credit or market risk, as the Group purchases investments at market value at the time the commitments are invoked.

Other capital commitments

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

Contractual obligations to purchase or construct investment property

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

Contractual obligations to construct inventory property

Contractual obligations for repairs and maintenance of inventory property are included in this line item and amounted to CHF 51 million as at 31 December 2023 (31.12.2022: CHF 109 million).

Other contingent liabilities and commitments

The Group is involved in various legal proceedings, claims and litigation generally relating to its insurance operations. The outcome of such current legal proceedings, claims and litigation could have a material effect on operating results or cash flows when resolved in a future period. However, in the opinion of the management these matters are adequately provided for as at the balance sheet date.

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

29 Collateral

Financial assets pledged as collateral

The following table provides details of financial assets which have been sold or otherwise transferred, but which do not qualify for derecognition because substantially all risks and rewards of ownership are retained. Repurchase agreements and securities lending transactions are discussed in notes 2.2.2.5 and 9. Other securities pledged include debt securities pledged as collateral under reinsurance contracts issued and debt securities pledged as collateral under prime broker contracts to cover margins due in respect of derivative transactions.

In CHF million	Pledged amount		Fair value	
	31.12.2023	31.12.2022	**31.12.2023**	31.12.2022
Securities pledged under repurchase agreements[1]	**3 113**	3 234	**3 113**	3 234
Securities lent in exchange for securities received[1]	**3 311**	755	**3 311**	755
Other securities pledged	**540**	543	**540**	543
TOTAL	**6 964**	4 533	**6 964**	4 533
[1] Of which can be sold or repledged by transferee	**6 424**	3 234	**6 424**	3 234

Collateral held

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

In CHF million	Fair value	
	31.12.2023	31.12.2022
Securities received under reverse repurchase agreements[1]	**1 775**	227
Securities received as collateral in exchange for securities lent	**3 340**	755
Securities received for loans and receivables	**759**	291
Securities received for reinsurance assets	**82**	295
Other securities received	**32**	71
TOTAL	**5 987**	1 638
[1] Of which sold or repledged	**–**	–

14.03.2024

30 Events after the Reporting Period

There were no events after the reporting period that would require disclosure.

31 Scope of Consolidation

Switzerland

	Segment[1]	Consolidation period	Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
Adroit Private Equity AG, Zürich	CH		100.0%	100.0%	Private equity	CHF	5 000 000
aXenta AG, Baden	CH		100.0%	100.0%	Information technology	CHF	150 000
Climatch AG, Zürich	AM		100.0%	100.0%	Services	CHF	100 000
Elips Life AG, Vaduz, Zweigniederlassung Schweiz in Zürich (Branch Elips Life AG), Zürich	IN	from 01.07.2022	100.0%	100.0%	Life insurance		n/a
LIVIT AG, Zürich	AM		100.0%	100.0%	Asset management & Real estate	CHF	3 000 000
Livit FM Services AG, Zürich	AM	until 28.10.2022	–	–			
Oscar Weber AG, Zürich	CH		100.0%	100.0%	Real estate	CHF	5 000 000
Rhein-Wiese AG, Zürich	CH		100.0%	100.0%	Real estate	CHF	160 000 000
SLIM Real Estate Beteiligungen AG, Zürich	AM		89.0%	89.0%	Services	CHF	100 000
Swiss Life AG, Zürich	CH		100.0%	100.0%	Life insurance	CHF	587 350 000
Swiss Life Asset Management AG, Zürich	AM		100.0%	100.0%	Finance	CHF	20 000 000
Swiss Life Capital Holding AG, Zürich	Other		100.0%	100.0%	Holding	CHF	5 514 000
Swiss Life Holding AG, Zürich	Other		–	–	Holding	CHF	2 951 789
Swiss Life Intellectual Property Management AG, Zürich	Other		100.0%	100.0%	Services	CHF	250 000
Swiss Life International Holding AG, Zürich	IN		100.0%	100.0%	Holding	CHF	1 000 000
Swiss Life International Services AG, Ruggell, Zweigniederlassung Zürich (Branch Swiss Life International Services AG), Zürich	IN		100.0%	100.0%	Services		n/a
Swiss Life Investment Management Holding AG, Zürich	AM		100.0%	100.0%	Holding	CHF	50 000 000
Swiss Life Lab AG, Zürich	CH		100.0%	100.0%	Information technology	CHF	100 000
Swiss Life Pension Services AG, Zürich	CH	until 16.06.2023	–	–			
Swiss Life Private Equity Partners AG, Zürich	AM		100.0%	100.0%	Asset management	CHF	250 000
Swiss Life REF (CH) ESG European Properties (formerly Swiss Life REF (CH) European Properties), Zürich	CH		44.8%	44.8%	Investment funds	EUR	583 333 100
Swiss Life Schweiz Holding AG, Zürich	CH		100.0%	100.0%	Holding	CHF	250 000
Swiss Life Select Schweiz AG, Zug	CH		100.0%	100.0%	Services	CHF	5 600 000
SwissFEX AG, Zürich	CH		100.0%	100.0%	Information technology	CHF	300 000
TECHNOPARK Immobilien AG, Zürich	CH		66.7%	66.7%	Real estate	CHF	40 000 000

Liechtenstein

	Segment[1]	Consolidation period	Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
Adroit Invest AG & Co. KG, Ruggell (formerly Adroit Partnerships (Offshore) L.P., Grand Cayman)	CH		100.0%	100.0%	Private Equity	CHF	6 579 946
Adroit Invest AG, Ruggell (formerly Adroit Investment (Offshore) Ltd., Grand Cayman)	CH		100.0%	100.0%	Private Equity	CHF	100 000
Elips Life AG, Vaduz	IN	from 01.07.2022	100.0%	100.0%	Life insurance	CHF	12 400 000
SLFS AG, Ruggell (formerly Swiss Life Financial Services (Cayman) Ltd., Grand Cayman)	Other		100.0%	100.0%	Services	CHF	100 000
SLIF AG, Ruggell (formerly Swiss Life Insurance Finance Ltd., Grand Cayman)	Other		100.0%	100.0%	Finance	EUR	100 000
Swiss Life (Liechtenstein) AG, Ruggell	IN		100.0%	100.0%	Life insurance	CHF	5 000 000
Swiss Life Finance I AG, Ruggell	Other		100.0%	100.0%	Finance	CHF	100 000
Swiss Life Finance II AG, Ruggell	CH		100.0%	100.0%	Finance	CHF	100 000
Swiss Life International Services AG, Ruggell	IN		100.0%	100.0%	Services	CHF	100 000

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

14.03.2024

France

	Segment[1]	Consolidation period	Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
AGAMI, Levallois-Perret	FR		100.0%	100.0%	Services and broker	EUR	1 250 055
ATIM Université SCI, Paris	FR		100.0%	100.0%	Real estate	EUR	83 978 851
Cegema, Villeneuve-Loubet	FR	until 15.11.2022	–	–			
CLUB PRIME HOSPITALITY, Paris	FR/CH		100.0%	100.0%	Real estate	EUR	191 328 396
ESG GRAND PARIS HARMONY OPCI, Paris	CH	from 01.04.2022	95.1%	95.1%	Investment funds	EUR	343 500 000
ESG PARIS PRIME OFFICE, Paris	CH		41.6%	55.4%	Real estate	EUR	426 165 000
GRAND PARIS HARMONY HOLDING, Paris	CH	from 01.04.2022	89.3%	100.0%	Investment funds	EUR	21 482 600
MA Santé Facile, Levallois-Perret	FR		100.0%	100.0%	Services and broker	EUR	600 000
Mont Nébo Invest, Paris	AM	from 17.02.2022	90.0%	90.0%	Asset management & Real estate	EUR	31 555 500
OWELLO, Levallois-Perret	FR	until 24.05.2022	–	–			
PAM FR International SAS, Paris	FR	from 01.04.2023	100.0%	100.0%	Real estate	EUR	3 561 000
PARIS PRIME OFFICE 1, Paris	CH		41.6%	100.0%	Real estate	EUR	76 096 000
SAS Placement Direct, Levallois-Perret	FR		100.0%	100.0%	Services and broker	EUR	250 000
SCI SWISSLIFE 148 UNIVERSITE, Paris	FR		100.0%	100.0%	Real estate	EUR	2 570
SL MAP FRENCH FUND, Paris	FR	from 01.04.2023	50.0%	50.0%	Real estate	EUR	251 696 714
Swiss Life (Luxembourg) (Branch SWISS LIFE (LUXEMBOURG) S.A., Luxembourg), Levallois-Perret	FR		100.0%	100.0%	Life insurance		n/a
SWISS LIFE ASSET MANAGERS France, Marseille	AM		100.0%	100.0%	Asset management	EUR	671 167
SwissLife Agence Nationale, Levallois-Perret	FR		100.0%	100.0%	Asset management	EUR	101 000
SwissLife Assurance et Patrimoine, Levallois-Perret	FR		100.0%	100.0%	Life insurance	EUR	169 036 086
SwissLife Assurance Retraite, Levallois-Perret	FR	from 01.10.2022	100.0%	100.0%	Life insurance	EUR	114 877 636
SwissLife Assurances de Biens, Levallois-Perret	FR		100.0%	100.0%	Non-life insurance	EUR	80 000 000
SwissLife Banque Privée, Paris	FR		60.0%	60.0%	Bank	EUR	37 902 080
SwissLife France, Levallois-Perret	FR		100.0%	100.0%	Holding	EUR	267 767 057
SwissLife Gestion Privée, Paris	FR		60.0%	100.0%	Bank	EUR	277 171
SwissLife Prestigimmo, Levallois-Perret	FR		100.0%	100.0%	Real estate	EUR	583 377 121
SwissLife Prévoyance et Santé, Levallois-Perret	FR		99.8%	99.8%	Non-life insurance	EUR	150 000 000

Germany

	Segment[1]	Consolidation period	Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
BCP Adlershof Objektgesellschaft GmbH & Co. KG, Berlin	AM	from 01.04.2022	89.9%	100.0%	Asset management & Real estate	EUR	100 000
BCP Fixture GmbH & Co. KG, Berlin	AM	until 01.01.2022	–	–			
BCP GP GmbH, Berlin	AM		100.0%	100.0%	Asset management & Real estate	EUR	25 000
BCP Siebte Objektgesellschaft GmbH & Co. KG, Berlin	AM		100.0%	100.0%	Asset management & Real estate	EUR	100 000
BCP Steinerne Furt GmbH & Co. KG, Berlin	AM		100.0%	100.0%	Asset management & Real estate	EUR	100 000
BEOS AG, Berlin	AM		100.0%	100.0%	Asset management & Real estate	EUR	500 000
BEOS Berlin Prime Industrial GmbH & Co. Geschlossene Investmentkommanditgesellschaft, Frankfurt	DE		100.0%	100.0%	Investment funds	EUR	105 605 100
BEOS Logistics Dritte Projektgesellschaft GmbH & Co. KG, Berlin	AM	until 29.12.2023	–	–			
BEOS Logistics Erste Projektgesellschaft GmbH & Co. KG, Berlin	AM	until 29.12.2023	–	–			
BEOS Logistics Fünfte Projektgesellschaft GmbH & Co. KG, Berlin	AM	until 29.12.2023	–	–			
BEOS Logistics Sechste Projektgesellschaft GmbH & Co. KG, Berlin	AM	until 29.12.2023	–	–			
BEOS Logistics Siebente Projektgesellschaft GmbH & Co. KG, Berlin	AM	from 01.10.2023	82.5%	100.0%	Asset management & Real estate	EUR	100 000

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

Germany (continued)

	Segment [1]	Consolidation period	Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
BEOS Logistics Vierte Projektgesellschaft GmbH & Co. KG, Berlin	AM	from 01.04.2022	82.5%	100.0%	Asset management & Real estate	EUR	100 000
BEOS Logistics Zehnte Projektgesellschaft GmbH & Co. KG, Berlin	AM	from 01.10.2023	82.5%	100.0%	Asset management & Real estate	EUR	100 000
BEOS Logistics Zweite Projektgesellschaft GmbH & Co. KG, Berlin	AM	from 01.10.2023	82.5%	100.0%	Asset management & Real estate	EUR	100 000
BEREM Property Management GmbH, Berlin	AM		100.0%	100.0%	Asset management & Real estate	EUR	25 300
BVIFG I General Partner GmbH, Berlin	AM		100.0%	100.0%	Asset management & Real estate	EUR	25 000
Climatch GmbH, Frankfurt am Main	AM	from 23.03.2022	100.0%	100.0%	Services	EUR	25 000
DEUTSCHE PROVENTUS AG, Hannover	DE		100.0%	100.0%	Services	EUR	511 292
Elips Life AG, Vaduz, Zweigniederlassung Deutschland (Branch Elips Life AG), Köln	IN	until 08.11.2023	–	–			
fb research GmbH, Hannover	DE	from 01.04.2023	100.0%	100.0%	Information technology	EUR	26 000
Financial Solutions SE Service & Vermittlung (formerly Financial Solutions AG Service & Vermittlung), Garching b. München	DE		100.0%	100.0%	Services	EUR	200 000
Horbach Wirtschaftsberatung GmbH, Hannover	DE		100.0%	100.0%	Services	EUR	260 000
IC Investment Commercial No. 5 GmbH, Köln	AM		100.0%	100.0%	Asset management & Real estate	EUR	250 100
Karriere Campus & Gastronomie GmbH, Hannover	DE		100.0%	100.0%	Staff restaurant/Canteen	EUR	25 000
Kurfürstendamm 47 Grundbesitz GmbH, Berlin	AM		89.9%	89.9%	Real estate	EUR	25 000
Maicor Projektentwicklung Winterhafen GmbH, Mainz	AM		74.2%	74.2%	Asset management & Real estate	EUR	25 600
RheinCOR Projektentwicklung GmbH, Köln	AM		55.0%	55.0%	Asset management & Real estate	EUR	25 000
Schwabengalerie GmbH & Co. Geschlossene Investment-kommanditgesellschaft, Frankfurt am Main	DE		99.9%	100.0%	Real estate	EUR	10 100
SL AM Aurum GmbH & Co. KG, Köln	CH		100.0%	100.0%	Asset management & Real estate	EUR	100 000
SL AM Development Bergedorf 1 GmbH, Köln	AM	from 01.03.2022	100.0%	100.0%	Asset management & Real estate	EUR	25 000
SL AM Development Bergedorf 2 GmbH, Köln	AM	from 01.03.2022	100.0%	100.0%	Asset management & Real estate	EUR	25 000
SL AM Development Commercial GmbH, Köln	AM		100.0%	100.0%	Asset management & Real estate	EUR	25 000
SL AM Development Corporate Real Estate GmbH, Frankfurt am Main	AM		100.0%	100.0%	Asset management & Real estate	EUR	25 000
SL AM Development Logistics GmbH, Frankfurt am Main	AM		100.0%	100.0%	Holding	EUR	25 000
SL AM Development Residential GmbH, Köln	AM		100.0%	100.0%	Asset management & Real estate	EUR	30 000
SL AM Firmwerk GmbH, Köln	AM		100.0%	100.0%	Asset management & Real estate	EUR	25 000
SL AM Immobilien Beteiligungs GmbH, Köln	CH		100.0%	100.0%	Asset management & Real estate	EUR	25 000
SL AM Investment Residential No. 2 GmbH, Köln	AM	until 18.03.2022	–	–			
SL AM Projektentwicklung Firmwerk GmbH & Co. KG, Köln	AM		100.0%	100.0%	Asset management & Real estate	EUR	100 000
SL AM Projektentwicklung Wohnen GmbH, Köln	AM		100.0%	100.0%	Asset management & Real estate	EUR	4 000 000
SL Beteiligungs-GmbH & Co. Immobilien III KG, Garching b. München	DE		100.0%	100.0%	Real estate	EUR	10 000
SL Beteiligungs-GmbH & Co. Immobilien IV KG, Garching b. München	DE	until 18.10.2022	–	–			
SL Beteiligungs-GmbH & Co. Immobilien VII KG, Garching b. München	DE	until 12.12.2022	–	–			
SL Beteiligungs-GmbH & Co. Immobilien VIII KG, Garching b. München	DE	from 25.11.2022	100.0%	100.0%	Real estate	EUR	10 000
SL Immobilien-Beteiligungs-Gesellschaft mbH, Garching b. München	DE		100.0%	100.0%	Holding	EUR	25 000

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

14.03.2024

Germany (continued)

	Segment[1]	Consolidation period	Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
SLP Swiss Life Partner Vertriebs GmbH & Co. KG, Hamburg	DE		51.0%	100.0%	Services	EUR	76 694
SLPM Schweizer Leben PensionsManagement GmbH, Garching b. München	DE		100.0%	100.0%	Services	EUR	150 000
Swiss Compare GmbH, Hannover	DE	until 01.01.2023	–	–			
Swiss Life AG (Branch Swiss Life AG), Garching b. München	DE		100.0%	100.0%	Life insurance		n/a
Swiss Life AG, Niederlassung für Deutschland & Co. Grundstücksverwaltung KG (formerly SL Beteiligungs-GmbH & Co. Grundstücksverwaltung KG), Garching b. München	DE		100.0%	100.0%	Real estate	EUR	50 000
Swiss Life AG, Niederlassung für Deutschland & Co. Immobilien II KG (formerly SL Beteiligungs-GmbH & Co. Immobilien II KG), Garching b. München	DE		100.0%	100.0%	Real estate	EUR	10 000
Swiss Life AG, Niederlassung für Deutschland & Co. Immobilien IX KG, Garching b. München	DE	from 01.10.2023	100.0%	100.0%	Real estate	EUR	10 000
Swiss Life AG, Niederlassung für Deutschland & Co. Immobilien Ost KG (formerly SL Beteiligungs-GmbH & Co. Immobilien Ost KG), Garching b. München	DE		100.0%	100.0%	Real estate	EUR	50 000
Swiss Life AG, Niederlassung für Deutschland & Co. Immobilien V KG (formerly SL Beteiligungs-GmbH & Co. Immobilien V KG), Garching b. München	DE		100.0%	100.0%	Real estate	EUR	10 000
Swiss Life AG, Niederlassung für Deutschland & Co. Immobilien VI KG (formerly SL Beteiligungs-GmbH & Co. Immobilien VI KG), Garching b. München	DE		100.0%	100.0%	Real estate	EUR	10 000
Swiss Life AG, Niederlassung für Deutschland & Co. Immobilien X KG, Garching b. München	DE	from 01.10.2023	100.0%	100.0%	Real estate	EUR	10 000
Swiss Life Asset Managers Deutschland GmbH, Köln	AM		100.0%	100.0%	Holding	EUR	49 230 768
Swiss Life Asset Managers Luxembourg Niederlassung Deutschland (Branch Swiss Life Asset Managers Luxembourg), Frankfurt am Main	AM		100.0%	100.0%	Investment funds		n/a
Swiss Life Deutschland erste Vermögensverwaltung GmbH, Garching b. München	DE		100.0%	100.0%	Services	EUR	50 000
Swiss Life Deutschland Holding GmbH, Hannover	DE		100.0%	100.0%	Holding	EUR	25 000
Swiss Life Deutschland Operations GmbH, Hannover	DE		100.0%	100.0%	Services	EUR	25 000
Swiss Life Deutschland Vertriebsservice GmbH, Hannover	DE		100.0%	100.0%	Services	EUR	25 000
Swiss Life Healthcare Immo I GmbH & Co. Geschlossene Investmentkommanditgesellschaft, Frankfurt am Main	DE/FR/ CH		86.5%	100.0%	Real estate	EUR	30 100
Swiss Life Insurance Asset Managers GmbH, Garching b. München	AM		100.0%	100.0%	Services	EUR	1 000 000
Swiss Life Invest GmbH, München	AM	until 01.09.2023	–	–			
Swiss Life Kapitalverwaltungsgesellschaft mbH, Frankfurt am Main	AM		89.0%	89.0%	Asset management & Real estate	EUR	125 000
Swiss Life Partner Service- und Finanzvermittlungs GmbH, Garching b. München	DE		100.0%	100.0%	Services	EUR	300 000
Swiss Life Pensionsfonds AG, Garching b. München	DE		100.0%	100.0%	Life insurance	EUR	3 000 000
Swiss Life Pensionskasse AG, Garching b. München	DE		100.0%	100.0%	Life insurance	EUR	3 000 000
Swiss Life Select Deutschland GmbH, Hannover	DE		100.0%	100.0%	Services	EUR	2 700 000
Swiss Life Service GmbH, Leipzig	DE		100.0%	100.0%	Services	EUR	50 000
Swiss Life Vermittlungs GmbH, Garching b. München	DE		100.0%	100.0%	Services	EUR	50 000
tecis Finanzdienstleistungen Aktiengesellschaft, Hamburg	DE		100.0%	100.0%	Services	EUR	500 000
Verwaltung SLP Swiss Life Partner Vertriebs GmbH, Hamburg	DE		51.0%	51.0%	Services	EUR	25 600

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

14.03.2024

Luxembourg

	Segment[1]	Consolidation period	Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
EVER.S München S.C.S., Munsbach	DE		99.9%	100.0%	Asset management & Real estate	EUR	1 000
Fontavis Capital Partners, Luxembourg	AM		100.0%	100.0%	Asset management	EUR	12 000
German Office Landmark Properties Partnership S.C.S., Luxembourg	DE/CH		100.0%	100.0%	Life insurance	EUR	150 780 874
Heralux S.A., Luxembourg	FR		99.8%	100.0%	Reinsurance	EUR	3 500 000
SchwabenGalerie Stuttgart S.C.S., Munsbach	DE		99.9%	100.0%	Asset management & Real estate	EUR	1 000
SL Institutional Fund SICAV-SIF, S.A., Luxembourg	CH/FR		100.0%	100.0%	Investment funds	USD	40 000
SLAM Consilium S.à r.l., Luxembourg	AM	from 19.04.2022	100.0%	100.0%	Services	EUR	12 000
SLIC Infra EV S.A., SICAF-SIF, Luxembourg	CH		100.0%	100.0%	Investment funds	CHF	13 930 633
SLIC Infra KV S.A., SICAF-SIF, Luxembourg	CH		100.0%	100.0%	Investment funds	CHF	28 065 256
SLIC Real Estate KV S.A., SICAF-SIF, Luxembourg	CH		100.0%	100.0%	Investment funds	CHF	39 843 369
SWISS LIFE (LUXEMBOURG) S.A., Luxembourg	IN		100.0%	100.0%	Life insurance	EUR	23 000 000
Swiss Life Asset Managers Luxembourg, Luxembourg	AM		100.0%	100.0%	Investment funds	EUR	2 399 300
Swiss Life Funds (Lux) Global Infrastructure Opportunities Management S.à r.l., Luxembourg	AM	until 30.09.2022	–	–			
Swiss Life Funds (Lux) Global Infrastructure Opportunities S.C.A., SICAV-SIF, Luxembourg	AM		82.7%	82.7%	Asset management	EUR	1 015 744 079
Swiss Life High Voltage Holding S.à r.l., Luxembourg	DE/CH	from 07.06.2022	100.0%	100.0%	Investment funds	EUR	41 506 400
Swiss Life Invest Luxembourg S.A., Luxembourg	IN		100.0%	100.0%	Holding	EUR	60 211 000
Swiss Life Loan Fund (LUX) S.A., SICAV-SIF, Luxembourg	CH/DE/ FR		100.0%	100.0%	Investment funds	USD	40 000
Swiss Life Products (Luxembourg) S.A., Luxembourg	CH		100.0%	100.0%	Life insurance/Reinsurance	EUR	86 538 000
Swiss Life Real Estate Funds (LUX) Feeder S.A., SICAV-SIF, Luxembourg	CH		100.0%	100.0%	Investment funds		n/a
Swiss Life Real Estate Funds (LUX) S.A., SICAV-SIF - ESG European Thematic Income & Growth, Luxembourg	CH/DE		89.6%	89.6%	Investment funds	EUR	342 175 000
Swiss Life Real Estate Funds (LUX) Feeder S.A., SICAV-SIF - ESG Grand Paris Harmony Feeder, Luxembourg	CH	from 01.10.2022	100.0%	100.0%	Investment funds	EUR	229 049 445
Swiss Life Real Estate Funds (LUX) S.A., SICAV-SIF - ESG Grand Paris Harmony, Luxembourg	CH	from 01.10.2022	83.2%	83.2%	Investment funds	EUR	282 119 938
Swiss Life REF (LUX) ESG German Core Real Estate SCS, Société en Commandite simple sous la forme d'une SICAV, Luxembourg	AM/DE/ FR/CH		56.7%	56.7%	Real estate	EUR	705 481 000
Swiss Life REF (LUX) European Retail SCS, SICAV-SIF, Luxembourg	FR/DE		56.5%	56.5%	Real estate	EUR	197 251 000
SwissLife Co-Invest, Luxembourg	FR		100.0%	100.0%	Real estate	EUR	2 017 547
SwissLife LuxCo 2, Luxembourg	FR		100.0%	100.0%	Real estate	EUR	936 504
SwissLife LuxCo S.à r.l., Luxembourg	FR		100.0%	100.0%	Holding	EUR	12 000

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

United Kingdom

	Segment [1]	Consolidation period	Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
Chase de Vere Consulting Limited, Manchester	IN		100.0%	100.0%	n/a	GBP	15 000
Chase de Vere IFA Group Plc, London	IN		100.0%	100.0%	Finance	GBP	79 000 000
Chase de Vere Independent Financial Advisers Limited, London	IN		100.0%	100.0%	Broker	GBP	17 000 000
Chase de Vere Private Client Trustees Limited, London	IN		100.0%	100.0%	n/a	GBP	1
Ferguson Oliver Limited, Angus	IN		100.0%	100.0%	Services	GBP	23 000
MAYFAIR CAPITAL PARTNERS LIMITED, London	AM		100.0%	100.0%	n/a	GBP	1
MAYFAIR CAPITAL TGF GENERAL PARTNER LLP, London	AM		100.0%	100.0%	n/a	GBP	1
MAYFAIR CAPITAL TRUST MANAGER (JERSEY) LIMITED, St. Helier	AM		100.0%	100.0%	Asset management	GBP	10 000
MC SELF STORAGE LIMITED (formerly MAYFAIR CAPITAL SELF STORAGE LIMITED), London	AM	from 09.11.2022	100.0%	100.0%	Asset management	GBP	100
MCIM CORPORATE TRUSTEES LIMITED, London	AM		100.0%	100.0%	n/a	GBP	1
Nestor Financial Group Limited, London	IN		100.0%	100.0%	Broker	GBP	1 000
Oakfield Wealth Holdings Limited, London	IN	until 09.08.2022	–	–			
Oakfield Wealth Management Limited, London	IN	until 02.08.2022	–	–			
Principal & Prosper IFA Holdings Ltd, London	IN		100.0%	100.0%	Holding	GBP	4 401 000
Principal & Prosper Ltd, London	IN		100.0%	100.0%	Broker	GBP	193 713
SWISS LIFE ASSET MANAGERS UK LIMITED (formerly MAYFAIR CAPITAL INVESTMENT MANAGEMENT LIMITED), London	AM		100.0%	100.0%	Asset management	GBP	22 123

Austria

	Segment [1]	Consolidation period	Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
Select INVESTMENT GmbH, Wien	IN	until 30.09.2023	–	–			
Swiss Life Select CEE Holding GmbH, Wien	IN		100.0%	100.0%	Holding	EUR	35 000
Swiss Life Select Österreich GmbH, Wien	IN		100.0%	100.0%	Services	EUR	726 728

Belgium

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

Czech Republic

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

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

Denmark

	Segment [1]	Consolidation period	Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
Swiss Life Asset Managers Denmark ApS, København	AM	from 17.01.2023	90.0%	100.0%	Asset management	DKK	40 000

Italy

	Segment [1]	Consolidation period	Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
ELIPS LIFE LTD, SEDE SECONDARIA ITALIANA (Branch Elips Life AG, Vaduz), Milano	IN	from 01.07.2022	100.0%	100.0%	Life insurance		n/a
Swiss Life Asset Managers Luxembourg succursale Italia (Branch Swiss Life Asset Managers Luxembourg), Milano	AM	from 01.10.2023	100.0%	100.0%	Investment funds		n/a

Netherlands

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

Norway

	Segment [1]	Consolidation period	Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
Aker Drift AS, Oslo	AM		90.0%	100.0%	Services	NOK	100 000
Swiss Life Asset Managers Business Management AS, Oslo	AM		90.0%	100.0%	Services	NOK	133 250
Swiss Life Asset Managers Facility Management AS, Oslo	AM		90.0%	100.0%	Services	NOK	30 000
Swiss Life Asset Managers Funds AS, Oslo	AM		90.0%	100.0%	Asset management	NOK	3 587 100
Swiss Life Asset Managers Nordic AS, Oslo	AM		90.0%	90.0%	Holding	NOK	300 000
Swiss Life Asset Managers Property Management AS, Oslo	AM		90.0%	100.0%	Services	NOK	468 300
Swiss Life Asset Managers Transactions AS, Oslo	AM		90.0%	100.0%	Services	NOK	540 926

Singapore

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

Slovakia

	Segment [1]	Consolidation period	Group share	Direct share/ Voting rights	Principal activity	Currency	Subscribed capital
Poinfo SK, s.r.o. (formerly NewCo SLS, s.r.o.), Bratislava	IN	from 01.04.2023	80.0%	80.0%	Services	EUR	7 500
Swiss Life Select Slovensko, a.s., Bratislava	IN		100.0%	100.0%	Services	EUR	33 200

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

List of abbreviations

ALM	Asset and liability management
AM RSU	Asset Managers restricted share units
AmC	Amortised cost
BBA	Building block approach or general model
CSM	Contractual service margin
DPF	Discretionary participation features
EAD	Exposure at default
ECL	Expected credit losses
FVOCI	Fair value through other comprehensive income
FVPL	Fair value through profit or loss
LGD	Loss given default
LIC	Liability for incurred claims
LLP	Last liquid point
LRC	Liability for remaining coverage
LTPD	Lifetime probability of default
OCI	Other comprehensive income
PAA	Premium allocation approach
PD	Probability of default
RA	Risk adjustment
SICR	Significant increase in credit risk
SPPI	Solely payments of principal and interest
UFR	Ultimate forward rate
UI	Underlying items
VFA	Variable fee approach

Contacts

Swiss Life
General-Guisan-Quai 40
P.O. Box 2831
CH-8022 Zurich
Tel. +41 43 284 33 11
www.swisslife.com

Investor Relations
Tel. +41 43 284 52 76
investor.relations@swisslife.ch

Shareholder Services
Tel. +41 43 284 61 10
shareholder.services@swisslife.ch

Media Relations
Tel. +41 43 284 77 77
media.relations@swisslife.ch

Annual Report 2023
The Annual Report is published in German and English and contains information on corporate governance, risk management, sustainability and the annual accounts.
The English text is definitive for the Consolidated Financial Statements; the original German text is binding in all other respects.

The Annual Report can be found online at: www.swisslife.com/ar2023

Publishing details
Publisher — Swiss Life Holding Ltd, Zurich
Editorial responsibility — Swiss Life, Group Communications, Zurich
Concept, design and technical realisation — Management Digital Data AG, Zurich
Production — Management Digital Data AG, Zurich

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

14.03.2024

Important dates

Annual General Meeting 2024
15 May 2024

Q1 2024 Trading Update
22 May 2024

Half-Year Results 2024
3 September 2024

Q3 2024 Trading Update
14 November 2024

Investor Day 2024
3 December 2024

We enable people to lead a self-determined life.

Swiss Life
General-Guisan-Quai 40
P.O. Box 2831
CH-8022 Zurich

Tel. +41 43 284 33 11
www.swisslife.com

14.03.2024