

Swiss Life Holding Financial Statements

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Review of Operations

Swiss Life Holding generated a profit of CHF 106 million in the 2012 financial year compared with CHF 238 million the previous year.

The annual profit largely resulted from interest and fee income. Interest earned on loans to Group companies increased from CHF 38 million to CHF 50 million. Fees on guarantees rose from CHF 21 million to CHF 35 million. Most of the new loans and guarantees were granted to subsidiaries in the previous year. Dividend payouts by subsidiaries declined from CHF 191 million to CHF 24 million. Improved management of liquid funds produced an increase in interest income on fixed-interest securities from CHF 2 million in the previous year to CHF 8 million in 2012. Total expenditure remained unchanged at CHF 11 million.

Swiss Life Holding continued to streamline the Group structure during the reporting period. The establishment of the new subsidiary Swiss Life Schweiz Holding AG has brought the legal structure further into line with the new management structure. This new holding company comprises the Swiss unit of AWD, now known as Swiss Life Select Schweiz. In order to continue to finance the insurance business, CHF 50 million was made available to Swiss Life International Holding AG, including CHF 30 million through the conversion of debt capital into equity capital. The total value of participations grew as a result of these transactions from CHF 3545 million to CHF 3658 million, while internal loans fell by CHF 82 million.

Swiss Life Holding's profit distribution to shareholders in the period under review came to CHF 144 million or CHF 4.50 per share. The distribution was made out of the capital contribution reserve. The par value of the Swiss Life Holding share thus remained the same at CHF 5.10. The company's overall nominal share capital at the end of the year totalled CHF 163.6 million.

Swiss Life Holding paid CHF 0.5 million in interest on an intra-group current account debit balance in 2012. The account was closed at the end of the year; as a result, Swiss Life Holding is financed exclusively by equity.

Swiss Life Holding's liquid assets (liquid funds, time deposits, and bonds and investments) amounted to CHF 316 million on 31 December 2012. Liquid funds and time deposits contracted from CHF 279 million to CHF 88 million, while easily tradable bonds and capital-protected investments accounted for CHF 228 million at the end of the year. These share certificates are all eligible for repos and can generate liquidity at any time.

Statement of Income

STATEMENT OF INCOME FOR THE YEARS ENDED 31 DECEMBER

In CHF million

	2012	2011
Dividends received	24	191
Realised gain/loss on non-current assets	0	1
Unrealised gain/loss on non-current assets	3	5
Other finance income	58	40
Other financial expense	-2	-1
Foreign currency gains/losses	-2	-8
NET INVESTMENT INCOME	82	228
OPERATING EXPENSE	-5	-7
OTHER INCOME	35	21
OTHER EXPENSES	-	-
INCOME TAX	-6	-4
NET PROFIT	106	238

Balance Sheet

BALANCE SHEET

In CHF million

	31.12.2012	31.12.2011
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	88	149
Time deposits and similar investments	–	130
Receivables from Group companies	53	15
Receivables from third parties	0	0
Accrued income	5	4
TOTAL CURRENT ASSETS	146	298
NON-CURRENT ASSETS		
Shares	16	19
Debt securities	175	285
Participations	3 658	3 545
Loans to Group companies	713	795
Other assets	53	60
TOTAL NON-CURRENT ASSETS	4 616	4 704
TOTAL ASSETS	4 762	5 002
LIABILITIES AND EQUITY		
LIABILITIES		
Payables to Group companies	–	200
Liabilities towards third parties	50	52
Total short-term liabilities	50	252
TOTAL LIABILITIES	50	252
EQUITY		
Share capital	164	164
General reserves	32	32
Reserve for treasury shares	17	26
Capital contribution reserve	1 389	1 533
Total legal reserves	1 439	1 591
Free reserves	3 002	2 753
Balance carried forward from previous year	2	4
Net profit	106	238
Total profit shown in the balance sheet	107	242
TOTAL EQUITY	4 712	4 750
TOTAL LIABILITIES AND EQUITY	4 762	5 002

Notes to the Financial Statements

Accounting Rules

Assets and liabilities are stated in the balance sheet in accordance with the provisions of the Swiss Code of Obligations (CO). The Swiss Life Holding's Financial Statements are presented in millions of Swiss francs (CHF), which is the presentation currency. Figures may not add up exactly due to rounding.

EXPLANATIONS ON THE BALANCE SHEET AND STATEMENT OF INCOME

PARTICIPATIONS

	Currency	Authorised share capital in 1000	Direct share	Currency	Authorised share capital in 1000	Direct share
		31.12.2012			31.12.2011	
Swiss Life AG, Zürich	CHF	587 350	100.00%	CHF	587 350	100.00%
Swiss Life Deutschland Holding GmbH, Hannover	EUR	25	100.00%	EUR	25	100.00%
Swiss Life Intellectual Property Management AG, Zürich	CHF	250	100.00%	CHF	250	100.00%
Swiss Life International Holding AG, Zürich	CHF	1 000	100.00%	CHF	1 000	100.00%
Swiss Life Investment Management Holding AG, Zürich	CHF	50 000	100.00%	CHF	50 000	100.00%
Swiss Life Schweiz Holding AG, Zürich	CHF	250	100.00%	-	-	-

LOANS TO GROUP COMPANIES

CHF 331 million of the loans to Group companies is classified as subordinated.

MAJOR SHAREHOLDERS

The following shareholders hold over 5% of Swiss Life Holding's share capital:

As % of total share capital

	31.12.2012	31.12.2011
Talanx AG	9.27%	9.27%

SHARE CAPITAL

As at 31 December 2012, the share capital of Swiss Life Holding consisted of 32 081 054 fully-paid shares with a par value of CHF 5.10 each. In exercising voting rights, no shareholder can collect more than 10% of the total share capital directly or indirectly in respect of his own shares and those he represents. As at 31 December 2011, Swiss Life Holding had 32 081 054 registered shares outstanding with a par value of CHF 5.10 per share. Conditional share capital was CHF 12 032 868.60 as at 31 December 2012 (2011: CHF 12 032 868.60).

LEGAL RESERVES

Legal reserves comprise the general reserves (plus the additional paid-in capital in excess of the par value, net of transaction costs), the reserve for treasury shares (equivalent in value to own Swiss Life Holding shares held by the Swiss Life Group) and the capital contribution reserve of CHF 1389 million. Following the distribution of CHF 4.50 per share, the capital contribution reserve was reduced by CHF 144 million during the year under review from CHF 1533 million to CHF 1389 million as at 31 December 2012. Of this amount CHF 1219 million is recognised by the Federal Tax Administration, while the legal qualification of CHF 170 million is still open and is to be reassessed according to future legal developments.

FREE RESERVES AND RETAINED EARNINGS

Free reserves and retained earnings comprise accumulated retained earnings which have not been distributed to the shareholders, or which have not been allocated to the reserve for treasury shares.

TREASURY SHARES

In the year under review the companies in the Swiss Life Group purchased a total of 10 000 Swiss Life Holding shares at an average price of CHF 122.62. In the same period, they sold 10 000 shares at an average price of CHF 123.95. As at 31 December 2012, the Swiss Life Group held 150 352 treasury shares.

PERSONNEL EXPENSES

No direct personnel expenses are included under operating expenses.

CONTINGENCIES

Swiss Life Holding acts as warrantor for all Swiss Life Ltd liabilities with regard to the various tranches of the subordinated perpetual step-up loan (hybrid debt), which amounted to an equivalent value of CHF 3078 million at the balance sheet date.

Swiss Life Holding further gives several capital guarantees for a maximum net asset value of CHF 1100 million to Swiss Life Ltd, CHF 150 million to Swiss Life Funds, CHF 150 million to Swiss Life Funds (Lux) Management Company and CHF 97 million to Swiss Life Products.

In addition, Swiss Life Holding grants a credit line of CHF 18 million to Swiss Life Products.

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER

In CHF million

	2012	2011
SHARE CAPITAL		
Balance as at 1 January	164	308
Reduction in parvalue	-	-144
TOTAL SHARE CAPITAL	164	164
LEGAL RESERVES		
General reserves		
Balance as at 1 January	32	1 139
Allocation to capital contribution reserve	-	-1 107
Total general reserves	32	32
Reserve for treasury shares		
Balance as at 1 January	26	19
Allocation to reserve for treasury shares	-8	7
Total reserve for treasury shares	17	26
Capital contribution reserve		
Balance as at 1 January	1 533	-
Allocation to capital contribution reserve	-	1 533
Distribution of profit from the capital contribution reserve	-144	-
Total capital contribution reserve	1 389	1 533
TOTAL LEGAL RESERVES	1 439	1 591
FREE RESERVES		
Balance as at 1 January	2 753	2 986
Allocation to free reserves	240	200
Reserve for treasury shares	8	-7
Allocation to capital contribution reserve	-	-426
TOTAL FREE RESERVES	3 002	2 753
PROFIT SHOWN IN THE BALANCE SHEET		
Balance as at 1 January	242	204
Allocation to free reserves	-240	-200
Net profit	106	238
TOTAL PROFIT SHOWN IN THE BALANCE SHEET	107	242
TOTAL EQUITY	4 712	4 750

RISK ASSESSMENT

For information on risk assessment, please refer to Note 5 of the Swiss Life Group's Consolidated Financial Statements.

DISCLOSURE OF COMPENSATION TO THE BOARD OF DIRECTORS AND THE CORPORATE EXECUTIVE BOARD IN ACCORDANCE WITH THE SWISS CODE OF OBLIGATIONS (CO) ART. 663B^{BIS} AND ART. 663C

COMPENSATION IN 2012

The specifications below take into consideration the transparency regulations relating to compensation set out in the Swiss Code of Obligations Art. 663b^{bis} and Art. 663c and the directives on information relating to corporate governance issued by the SIX Swiss Exchange as well as Circular 2010/1 of the Swiss Financial Market Supervisory Authority FINMA on minimum standards for remuneration schemes of financial institutions. Further information on compensation and benefit expenditure can be found in the Corporate Governance section on pages 48 to 59 and in the Consolidated Financial Statements (Notes 24 and 32) on pages 196 to 200 and 211.

The description of the compensation received by the members of the Board of Directors and the Corporate Executive Board and the tables showing the relevant amounts are based on those of previous years. The variable cash compensation to the Corporate Executive Board members (cash bonus and deferred compensation in cash) for the 2012 financial year, which was determined by the Board of Directors at the beginning of 2013, is published in the compensation tables on an accrual basis as compensation for the 2012 financial year. The members of the Board of Directors are granted exclusively fixed compensation, payable 70% in cash and 30% in Swiss Life Holding shares; the allocated shares are subject to a three-year blocking period.

The compensation received by each member of the Board of Directors and the compensation received by the Chairman of the Corporate Executive Board (Group CEO), who received the highest compensation of the members of the Corporate Executive Board during the period under review, is disclosed individually.

COMPENSATION POLICY PRINCIPLES

The Board of Directors as a whole is responsible for establishing guidelines on the Group's compensation policy (incl. variable compensation and equity compensation plans) and on employee benefit institutions. The compensation policy underpins the performance culture required by the corporate strategy and forms part of the HR policy. The aim is to retain well-qualified employees and gain new, highly skilled staff. The compensation system is in line with the market environment and must be competitive. The individual overall compensation takes into account the employee's professional skills, engagement and personal performance. It is made up of the basic salary, a variable bonus based on achievement of the annual objectives, which is generally paid in cash and possibly in shares, if applicable deferred compensation in cash and a mid- to long-term equity compensation plan, as well as contributions for occupational provisions and risk insurance.

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

Salary	
Variable compensation	
Compensation component based on achievement of annual objectives (Bonus in cash and possibly in shares)	Deferred mid- to long-term compensation component (Equity compensation plan and, if applicable, deferred compensation in cash)
Contributions to occupational provisions and risk insurance	

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

The share in the company's success is measured using quantitative Group targets (Key Performance Indicators, KPIs), which are defined in advance for a period of three years as part of medium-term planning. The main KPIs, besides the key figures relating to annual profit, costs, business volume, investment return, return on equity and solvency, are the profitability of in-force and new business, margin performance and the share of non-traditional products in new business. In order to avoid conduct aimed at the short-term achievement of key indicators with a higher weighting, the individual KPIs are not mechanically weighted in advance. Their individual weighting is determined at the end of each financial year by the Board of Directors as a whole on the basis of a proposal by the Nomination and Compensation Committee (NCC) taking all developments into account and consideration (discretionary decision).

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

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

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

Permanent employment contracts in Switzerland contain notice periods of between three and twelve months, depending on position and seniority. All current employment contracts with members of the Corporate Executive Board specify a notice period of twelve months.

PRACTICE AND PROCEDURE

Pursuant to the Organisational Regulations, the Board of Directors as a whole is responsible for determining the level and make-up of compensation for its members, whereas the Nomination and Compensation Committee (NCC) is responsible for putting forward appropriate proposals (for the internal organisation of the Board of Directors see Corporate Governance / Internal Organisational Structure, pages 37 to 40). The Board of Directors as a whole also establishes the guidelines for the Group's compensation policy. In doing so, it takes into consideration the compensation policies of other companies in the financial services industry, drawing its findings from publicly available information and studies by independent external experts. Comparable companies in the insurance sector in Switzerland used for the purposes of providing relevant information for the current compensation policy included Allianz, AXA, Baloise Insurance, Swiss Re and Zurich Insurance Group.

The Board of Directors as a whole sets the level and distribution of the variable compensation pool for all employees on the basis of its compensation policy guidelines and a proposal by the Nomination and Compensation Committee. When determining the level of the allocation to the compensation pool, it takes into consideration the annual result, as well as medium-term planning and the degree of target achievement. The Board of Directors as a whole is also responsible for determining the individual compensation of members of the Corporate Executive Board. It carries out an annual performance assessment of all members of the Corporate Executive Board, based on preparatory work by the Nomination and Compensation Committee. In addition, current aspects of HR policy and, in particular, succession planning are regularly discussed at meetings of the Nomination and Compensation Committee and the Board of Directors as a whole.

The Board of Directors may consult independent professionals where deemed appropriate. In the year under review, Swiss Life was advised by PricewaterhouseCoopers (PwC) on the structuring of the equity compensation plan and the wording of the corresponding plan regulations.

COMPENSATION TO MEMBERS OF THE BOARD OF DIRECTORS

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

The compensation takes into account membership of the Board of Directors of Swiss Life Holding and its subsidiary Swiss Life Ltd, as well as membership of the individual Board Committees, and is commensurate with the individual's function and workload. The compensation is determined annually by the Board of Directors. The amount of compensation granted to members of the Board of Directors on an annual basis takes into consideration compensation paid to board members in comparable companies within the insurance sector (Allianz, AXA, Baloise Insurance, Swiss Re and Zurich Insurance Group).

As Chairman of the Board of Directors, Rolf Dörig is affiliated to the employee benefits institutions of Swiss Life for the purpose of occupational provisions. No such affiliation exists for other members of the Board of Directors and no contributions have been made on their behalf.

COMPENSATION TO MEMBERS OF THE CORPORATE EXECUTIVE BOARD

Compensation remitted to members of the Corporate Executive Board comprises the basic salary, variable compensation in cash and other compensation (child allowances, company cars, premium contributions to 3rd pillar pension plans). The variable compensation in cash is allocated as a bonus

and, if applicable, as deferred compensation in cash. The deferred compensation in cash is paid out after a period of three years has elapsed and provided that the regulatory requirements have been satisfied. In addition, a mid- to long-term compensation component is in place in the form of an equity compensation plan (RSU plan), which is linked to the performance of the Swiss Life Holding share price, respectively to medium-term planning and corresponding target achievement. The equity compensation plan grants an entitlement to Swiss Life Holding shares after a period of three years has elapsed and provided that the relevant requirements are satisfied at the time of allocation.

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

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

The variable compensation in cash (cash bonus and, if applicable, deferred compensation in cash) is set at a maximum of 117% of the fixed basic salary ("bonus cap") and requires that all objectives have been considerably exceeded. In the case of 100% target achievement, variable compensation in cash of 80% of the fixed basic salary is provided for at Corporate Executive Board level ("on-target bonus"), which can be reduced by the Board of Directors in consideration of all the circumstances.

In the same way the allocation of future subscription rights to Swiss Life Holding shares (equity compensation plan, RSU plan) is dependent on the respective target achievement. The cash bonus thereby serves as a reference value, whereby the deferred compensation components (RSU plan and, if applicable, deferred compensation in cash) are considered as a whole. The allocation of future subscription rights to Swiss Life Holding shares is also limited in value to 117% of the fixed basic salary or, if deferred compensation in cash is simultaneously allocated, to 64% of the fixed basic salary.

At Corporate Executive Board level, the amount of the variable compensation depends 60% directly on the company's success. The Key Performance Indicators (KPIs) used to assess company success include, as mentioned above, key figures relating to annual profit, costs, business volume, investment return, return on equity and solvency, as well as the profitability of in-force and new business, margin performance and the share of non-traditional products in new business.

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

Swiss Life achieved significant operational improvements during the year under review. Adjusted annual operating profit significantly exceeded expectations despite a very challenging economic, regulatory and political environment, increasing by 26% compared with the previous year. The reduction in reported profit is primarily due to the one-off effect caused by the writedown in AWD's

intangible assets. Furthermore, Swiss Life generated an investment result of CHF 5.7 billion and a resulting net investment return of 4.8%, as well as an investment performance of 8.5%, which is an excellent result also in a direct peer comparison. The cost targets were surpassed, business volume met expectations, and the share of non-traditional products in new business was increased beyond the target level. Profitability targets were only partly achieved due to the difficult market conditions, whereas return on equity and the solvency ratio came within the target range. As far as the weighting of these KPIs is concerned, the Board of Directors took the very good operating result and above-average investment result of 2012 into particular consideration in view of the very challenging market situation.

Within the framework of the compensation arrangements for members of the Corporate Executive Board, “deferred compensation in cash” was introduced as a new compensation component on 1 January 2012. On the basis of the corresponding regulations, the Board of Directors determines every year from what amount and, if applicable, what portion of the variable cash compensation is not paid immediately but is allocated in the form of “deferred compensation in cash”. As in the previous year, the Board of Directors determined that, for the 2012 financial year, as of a variable cash compensation level of CHF 500 000, a 23% share of the total variable cash compensation will be allocated as deferred compensation.

The allocated deferred compensation in cash represents an entitlement during the three-year deferral period. The underlying “deferred cash plan” also provides for adjustment and reclaiming mechanisms (clawback). Full or partial reduction of the deferred compensation is provided for in the following cases: negative impact of the key figures applying to the allocation of deferred compensation due to a restatement of the annual accounts or damage to Swiss Life as a result of a violation of statutory, regulatory or compliance standards by participants of the plan. If the employment relationship is terminated by a participant during the three-year deferral period, the entitlements expire worthless (retention component).

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

Pursuant to the regulations of the 2010 equity compensation plan, future subscription rights were allocated in the form of so-called Performance Share Units (PSUs), whereby share allocation after expiry of the three-year period was based on two objective performance criteria, each weighted at 50%. The first criterion is the Total Shareholder Return on the Swiss Life Holding share (TSR Swiss Life Holding), requiring a performance of over 20% for a subscription right to shares to arise after three years. The second criterion involves a comparison of the Swiss Life Holding share's TSR with the TSRs of the shares of the companies included in the Dow Jones STOXX 600 Insurance Index (TSR Outperformance). A subscription right arises if the performance on expiry of the three-year term is above the first quartile in comparison with the companies in question. Depending on the fulfilment of the two performance criteria within the three-year period, the number of PSUs under the 2010 equity compensation plan can increase by up to a factor of 2.0 or drop to zero. The number

of PSUs entitling the participant to receive shares after the three-year term is determined in accordance with the following: One half of the PSUs allocated is multiplied by the factor resulting from the TSR Swiss Life Holding target being met, and the other half by the factor resulting from the TSR Outperformance target being met. The factor is 1 or 100% if a performance of 35% is achieved for the first performance criterion, the TSR Swiss Life Holding. Interim values are determined by linear interpolation. In the case of the second performance criterion, TSR Outperformance, the factor is 1 or 100% if the TSR Swiss Life Holding is equal to the median of the benchmark index (Dow Jones STOXX 600 Insurance Index). Here, too, interim values are determined by linear interpolation. The results (TSR Swiss Life Holding factor multiplied by one half of the PSUs and the TSR Outperformance factor multiplied by the other half) are added together. The sum is the number of PSUs, which translates into an entitlement to an equal number of Swiss Life Holding shares.

Since 2011 participants in the equity compensation plan have been allocated Restricted Share Units (RSUs) instead of PSUs. As with PSUs, RSUs grant the holder future subscription rights, entitling them to receive Swiss Life Holding shares free of charge after a three-year period has elapsed, but without any additional leverage effect. The attribution of shares after the expiry of the three-year deferral period is effected on a 1:1 basis (1 RSU = 1 share): the plan is therefore very simple, transparent throughout the whole term and directly linked to the performance of the Swiss Life Holding share price. The value of RSUs during the three-year term develops linear with the Swiss Life Holding share price and thus symmetrically corresponds with shareholder interests. The value of the RSUs allocated equals the fair value as at 1 April of the year of allocation and is determined by an independent consultancy company. 62 members of Swiss Life Group senior management participated in the 2011 equity compensation plan, in which a total of 68 370 RSUs were allocated; 23 630 in total to the Corporate Executive Board, of which 6350 to Bruno Pfister in his capacity as Group CEO. During the period under review, 55 members of Swiss Life Group senior management participated in the 2012 equity compensation plan. A total of 94 040 RSUs were allocated; 28 460 in total to the members of the Corporate Executive Board, of which 7100 RSUs to Bruno Pfister as Group CEO.

The new equity compensation plan, relating to the effective date of 1 April 2013, is based on the Group-wide programme "Swiss Life 2015", which was announced at the Swiss Life Group's Investors' Day on 28 November 2012 (see www.swisslife.com/investorsday2012). On the basis of the medium-term planning 2013-2015, performance criteria relating to cost efficiency (50% weighting), the risk and fee result (25% weighting) and IFRS profit (25% weighting) have been determined by the Board of Directors. After expiry of the three-year period of the RSU plan, the target value for each performance criterion according to the medium-term planning 2013-2015 is compared with the actual result achieved. The share allocation corresponds to the number of allocated RSUs (1 RSU = 1 SLHN) if all three performance targets 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 based on the weighting of the performance target concerned or the RSUs expire worthless.

The attribution of mid- to long-term compensation components (RSU plan) is deferred for a period of three years from the date of allocation, as is the case with the deferred compensation in cash. Likewise, the RSU plans provide for adjustment and reclaiming mechanisms (clawback) in the event of a negative impact of the key figures applying to the allocation of deferred compensation due to a

restatement of the annual accounts or damage to Swiss Life as a result of a violation of statutory, regulatory or compliance standards. If the employment relationship is terminated by a participant during the three-year deferral period, the entitlements expire worthless.

PERSONNEL CHANGES TO THE BOARD OF DIRECTORS AND THE CORPORATE EXECUTIVE BOARD IN 2012

There were no resignations from the Board of Directors in the period under review. On 19 April 2012 Wolf Becke was elected to the Board of Directors of Swiss Life Holding.

There were no personnel changes on the Corporate Executive Board during 2012.

COMPENSATION TO THE BOARD OF DIRECTORS IN 2012

For comparison purposes, the corresponding details of the compensation for 2011, as published in the Annual Report 2011, are shown in a separate table below the compensation table for 2012.

Amounts in CHF	Compensation in cash		Compensation in blocked shares ²		Expenditure for occupational provisions			Aggregate total (amount)
	Amount	Number	Amount	Total compensation in cash and shares (amount) ³	Regular contributions ⁴	Extraordinary contributions		
Rolf Dörig, Chairman of the Board of Directors	1 008 000	4 443	362 767	1 370 767	283 968	-	1 654 735	
Gerold Bühler	244 300	1 077	87 937	332 237				
Frank Schnewlin	244 300	1 077	87 937	332 237				
Wolf Becke ¹	68 250	237	24 575	92 825				
Volker Breckamp	129 500	572	46 697	176 197				
Damir Filipovic	91 000	402	32 814	123 814				
Henry Peter	91 000	402	32 814	123 814				
Peter Quadri	91 000	402	32 814	123 814				
Franziska Tschudi	106 400	470	38 374	144 774				
TOTAL BOARD OF DIRECTORS	2 073 750	9 082	746 729	2 820 479	283 968	-	3 104 447	

¹ Joined 19.04.2012.

² The allocation of shares was effected on 18.06.2012 and 14.12.2012 at economic value, which is equal to the tax value (CHF 67.3375 and CHF 103.6931 respectively), taking into account the blocking period of three years. The share prices (closing prices) on the days of allocation were CHF 80.20 and CHF 123.50 respectively.

³ All contributions are gross contributions, i.e. they include employee contributions to AHV/IV/ALV. Employer contributions to AHV/IV/ALV/FAK amounted to a total of CHF 185 520 in the year under review.

⁴ Pursuant to the fund regulations, occupational provisions were financed by the employer and the employee at a ratio of 70% to 30%.

COMPENSATION TO THE BOARD OF DIRECTORS IN 2011

Amounts in CHF	Compensation in cash		Compensation in blocked shares ⁴		Expenditure for occupational provisions		Aggregate total (amount)
	Amount	Number	Amount	Total compensation in cash and shares (amount) ⁵	Regular contributions ⁶	Extraordinary contributions	
Rolf Dörig, Chairman of the Board of Directors	1 008 000	4 478	362 839	1 370 839	225 504	-	1 596 343
Gerold Bühler	244 300	1 129	88 014	332 314			
Frank Schnewlin	244 300	1 129	88 014	332 314			
Volker Bremkamp	129 500	589	46 653	176 153			
Paul Embrechts ¹	34 167	57	6 332	40 499			
Damir Filipovic ²	60 667	298	21 868	82 535			
Carsten Maschmeyer ³	82 000	172	15 223	97 223			
Henry Peter	91 000	413	32 908	123 908			
Peter Quadri	91 000	413	32 908	123 908			
Franziska Tschudi	106 400	480	38 390	144 790			
TOTAL BOARD OF DIRECTORS	2 091 334	9 158	733 150	2 824 484	225 504	-	3 049 988

¹ Left 05.05.2011.

² Joined 05.05.2011.

³ Resigned 07.12.2011. Swiss Life Ltd, AWD Holding AG and their subsidiaries paid a total of EUR 341 800 in fees for consultancy services to a company in which Carsten Maschmeyer has an important shareholding.

⁴ Allocation and valuation was effected on 23.06.2011 and 15.12.2011 at an economic value of CHF 111.0817 und CHF 73.3828, which is equal to the tax value, taking into account the blocking period of three years. The share prices on the days of allocation were CHF 132.30 and CHF 87.40.

⁵ All contributions are gross contributions, i.e. they include employee contributions to AHV/IV/ALV. Employer contributions to AHV/IV/ALV/FAK amounted to a total of CHF 179 034 in the year under review.

⁶ Pursuant to the pension fund regulations, occupational provisions were financed by the employer and the employee at a ratio of 70% to 30%.

COMPENSATION TO THE CORPORATE EXECUTIVE BOARD IN 2012

The compensation table below shows the variable compensation in cash for the 2012 financial year which was determined by the Board of Directors at the beginning of 2013. It is disclosed on an accrual basis as compensation for 2012.

The members of the Corporate Executive Board did not receive any compensation in shares for the 2012 financial year. They are participating in the current equity compensation plan, which provides for the allocation of Restricted Share Units (RSUs).

For comparison purposes, the corresponding details of the compensation for 2011, as published in the Annual Report 2011, are shown in a separate table below the compensation table for 2012.

Amounts in CHF	Compensation in cash			Compensation in shares		Total compensation in cash and shares (amount)	
	Salary	Bonus for 2012 ² paid in 2013 ²	Other ³ compensation ³	Total compensation in cash	Number		Amount
Bruno Pfister, Group CEO	1 500 000	700 000	67 745	2 267 745	0	0	2 267 745
Other members of Corporate Executive Board ¹	4 238 541	2 916 400	137 555	7 292 496	0	0	7 292 496
TOTAL CORPORATE EXECUTIVE BOARD	5 738 541	3 616 400	205 300	9 560 241	0	0	9 560 241

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

² The bonus paid in 2013 relates to the 2012 financial year.

³ Child allowances (CHF 2400), allowance for years of service (CHF 15 625), company cars (CHF 83 391), premium contributions to 3rd pillar pension plans (CHF 99 056), other (CHF 4828), each in total.

Amounts in CHF	Expenditure for occupational provisions		Aggregate total compensation in cash and in shares and occupational provisions expense ⁵ (amount)
	Regular ⁴ contributions ⁴	Extraordinary contributions	
Bruno Pfister, Group CEO	225 504	0	2 493 249
Other members of Corporate Executive Board	1 208 271	0	8 500 767
TOTAL CORPORATE EXECUTIVE BOARD	1 433 775	0	10 994 016

⁴ Pursuant to the pension fund regulations, occupational provisions were financed by the employer and the employee at a ratio of 70% to 30%.

⁵ All contributions are gross contributions, i.e. they include employee contributions to AHV/IV/ALV. Employer contributions to AHV/IV/ALV/FAK amounted to a total of CHF 689 418 in the year under review.

Amounts in CHF	Deferred compensation in cash		Restricted Share Units (RSUs) ^{7,8}		Aggregate total compensation incl. deferred compensation in cash and RSUs (amount)
	Amount ⁶	Number	Number	Amount	
Bruno Pfister, Group CEO	210 000	7 100		665 767	3 369 016
Other members of Corporate Executive Board	697 000	21 360		2 002 927	11 200 694
TOTAL CORPORATE EXECUTIVE BOARD	907 000	28 460		2 668 694	14 569 710

⁶ The deferred compensation in cash is paid out after a deferral period of three years, provided the requirements are satisfied at that point.

⁷ The RSUs represent future subscription rights that entitle the individuals concerned to receive Swiss Life Holding shares after a period of three years, provided the requirements are satisfied at that point.

⁸ The allocation of RSUs as at 01.04.2012 was effected at a fair value of CHF 93.77, as calculated by an independent consultancy firm.

COMPENSATION TO THE CORPORATE EXECUTIVE BOARD IN 2011

Amounts in CHF	Compensation in cash			Compensation in shares		Total compensation in cash and shares (amount)	
	Salary	Bonus for 2011 paid in 2012 ²	Other compensation ³	Total compensation in cash	Number		Amount
Bruno Pfister, Group CEO	1 437 510	1 200 000	47 996	2 685 506	0	0	2 685 506
Other members of Corporate Executive Board ¹	3 811 229	3 140 500	155 743	7 107 472	0	0	7 107 472
TOTAL CORPORATE EXECUTIVE BOARD	5 248 739	4 340 500	203 739	9 792 978	0	0	9 792 978

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

² The bonus paid in 2012 relates to the 2011 financial year.

³ Child allowances (CHF 4150), company cars (CHF 101 439), premium contributions to 3rd pillar pension plans (CHF 93 762), other (CHF 4388), each in total.

Amounts in CHF	Expenditure for occupational provisions		Aggregate total compensation in cash and in shares and occupational provisions expense (amount) ⁵
	Regular contributions ⁴	Extraordinary contributions	
Bruno Pfister, Group CEO	225 504	0	2 911 010
Other members of Corporate Executive Board	1 052 844	0	8 160 316
TOTAL CORPORATE EXECUTIVE BOARD	1 278 348	0	11 071 326

⁴ Pursuant to the pension fund regulations, occupational provisions were financed by the employer and the employee at a ratio of 70% to 30%.

⁵ All contributions are gross contributions, i.e. they include employee contributions to AHV/IV/ALV. Employer contributions to AHV/IV/ALV/FAK amounted to a total of CHF 503 257 in the year under review.

Amounts in CHF	Deferred compensation in cash		Restricted Share Units (RSUs) ^{7,8}		Aggregate total compensation incl. deferred compensation in cash and RSUs (amount)
	Amount ⁶	Number	Number	Amount	
Bruno Pfister, Group CEO	360 000	6 350	889 318		4 160 328
Other members of Corporate Executive Board	795 500	17 280	2 420 064		11 375 880
TOTAL CORPORATE EXECUTIVE BOARD	1 155 500	23 630	3 309 382		15 536 208

⁶ The deferred compensation in cash is paid out after a deferral period of three years, provided the requirements are satisfied at that point.

⁷ The RSUs represent future subscription rights that entitle the individuals concerned to receive Swiss Life Holding shares after a period of three years, provided the requirements are satisfied at that point.

⁸ The allocation of RSUs as at 01.04.2011 was effected at a fair value of CHF 140.05, as calculated by an independent consultancy firm.

SHARE OWNERSHIP/PARTICIPATION RIGHTS AS AT 31.12.2012

As at the balance sheet date, acting members of the Board of Directors and the Corporate Executive Board (including closely related parties) held the following number of registered Swiss Life Holding shares and future subscription rights to Swiss Life Holding shares in the form of Restricted Share Units (RSUs) and Performance Share Units (PSUs).

BOARD OF DIRECTORS

	SLH shares 31.12.2012
Rolf Dörig, Chairman of the Board of Directors	44 929
Gerold Bühler	5 172
Frank Schnewlin	2 825
Wolf Becke	237
Volker Bremkamp	2 722
Damir Filipovic	700
Henry Peter	4 053
Peter Quadri	2 753
Franziska Tschudi	2 136
TOTAL BOARD OF DIRECTORS	65 527

CORPORATE EXECUTIVE BOARD

	SLH shares 31.12.2012
Bruno Pfister, Group CEO	10 818
Manfred Behrens	900
Thomas Buess	6 900
Patrick Frost	9 200
Ivo Furrer	3 750
Klaus Leyh	1 000
Charles Relecom	1 750
TOTAL CORPORATE EXECUTIVE BOARD	34 318

	Performance Share Units (PSUs) 31.12.2012 ¹	Restricted Share Units (RSUs) 31.12.2012 ²
Bruno Pfister, Group CEO	6 500	13 450
Manfred Behrens	3 200	6 340
Thomas Buess	3 200	6 860
Patrick Frost	3 200	7 520
Ivo Furrer	3 200	6 860
Klaus Leyh	2 500	5 130
Charles Relecom	2 900	5 930
TOTAL CORPORATE EXECUTIVE BOARD	24 700	52 090

¹ Total number of PSUs allocated in the year 2010 in connection with the relevant equity compensation plan. The PSUs represent future subscription rights that entitle the individuals concerned to receive SLH shares after a period of three years, provided that the relevant conditions are then met.

² Total number of RSUs allocated in the years 2011 and 2012 in connection with the relevant equity compensation plan. The RSUs represent future subscription rights that entitle the individuals concerned to receive SLH shares after a period of three years, provided that the relevant conditions are then met.

SHARE OWNERSHIP/PARTICIPATION RIGHTS AS AT 31.12.2011

As at the balance sheet date, acting members of the Board of Directors and the Corporate Executive Board (including closely related parties) held the following number of registered Swiss Life Holding shares and future subscription rights to Swiss Life Holding shares in the form of Restricted Share Units (RSUs) and Performance Share Units (PSUs).

BOARD OF DIRECTORS

	SLH shares
	31.12.2011
Rolf Dörig, Chairman of the Board of Directors	40 486
Gerold Bühler	4 095
Frank Schnewlin	1 748
Volker Bremkamp	2 150
Damir Filipovic	298
Henry Peter	3 651
Peter Quadri	2 351
Franziska Tschudi	1 666
TOTAL BOARD OF DIRECTORS	56 445

CORPORATE EXECUTIVE BOARD

	SLH shares
	31.12.2011
Bruno Pfister, Group CEO	3 068
Manfred Behrens	0
Thomas Buess	4 500
Patrick Frost	2 000
Ivo Furrer	0
Klaus Leyh	53
Charles Relecom	0
TOTAL CORPORATE EXECUTIVE BOARD	9 621

	Performance Share Units (PSUs)	Restricted Share Units (RSUs)
	31.12.2011 ¹	31.12.2011 ²
Bruno Pfister, Group CEO	13 000	6 350
Manfred Behrens	5 800	2 880
Thomas Buess	4 800	2 880
Patrick Frost	5 200	3 390
Ivo Furrer	5 700	2 880
Klaus Leyh	4 000	2 540
Charles Relecom	5 400	2 710
TOTAL CORPORATE EXECUTIVE BOARD	43 900	23 630

¹ Total number of PSUs allocated in the years 2009 and 2010 in connection with the relevant equity compensation plan. The PSUs represent future subscription rights that entitle the individuals concerned to receive SLH shares after a period of three years, provided that the relevant conditions are then met.

² Total number of RSUs allocated in the year 2011 in connection with the relevant equity compensation plan. The RSUs represent future subscription rights that entitle the individuals concerned to receive SLH shares after a period of three years, provided that the relevant conditions are then met.

Appropriation of Profit

Profit and Appropriation of Profit

The net profit for the year amounts to CHF 105 546 993. The Board of Directors proposes to the General Meeting of Shareholders that the profit be appropriated in accordance with the table below. If this proposal is adopted, a distribution of CHF 4.50 per share will be made from the capital contribution reserve.

PROFIT SHOWN IN THE BALANCE SHEET

In CHF

	2012	2011
Balance carried forward from previous year	1 650 317	3 793 683
Net profit	105 546 993	237 856 634
TOTAL PROFIT SHOWN IN THE BALANCE SHEET	107 197 310	241 650 317

APPROPRIATION OF PROFIT

In CHF

	2012	2011
Dividend	-	-
Allocation to legal reserves	-	-
Allocation to free reserves	105 000 000	240 000 000
Balance carried forward to new account	2 197 310	1 650 317
TOTAL PROFIT SHOWN IN THE BALANCE SHEET	107 197 310	241 650 317

Zurich, 13 March 2013

For the Swiss Life Holding Board of Directors

Rolf Dörig

Gerold Bühler

Report of the Statutory Auditor

Report of the Statutory Auditor
to the General Meeting of
Swiss Life Holding Ltd
Zurich

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the financial statements of Swiss Life Holding Ltd, which comprise the statement of income, balance sheet and notes to the financial statements (pages 228 to 246), for the year ended 31 December 2012.

BOARD OF DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements for the year ended 31 December 2012 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Ray Kunz	Christian Schacher
Audit expert	Audit expert
Auditor in charge	

Zurich, 13 March 2013