

Annual Report 2017

AXA Life Ltd



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Management report

Introduction

With 1.9 million clients, AXA is the overall market leader in Switzerland with a market share of approximately 20% in total¹, 13% in Property & Casualty and 26% in Life & Savings. AXA insures around 40% of companies in Switzerland and is positioned as a reliable, innovative partner offering high quality services to its customers. The company offers a broad range of products in core business areas (e.g. motor, property, liability, and workers compensation), specialty lines (e.g. transport and credit & surety), Individual Life, Group Life and Autonomous Markets. AXA has been providing comprehensive financial protection to its customers since 1875.

AXA brand awareness is among the highest in the market, supported by a track record in launching innovative insurance solutions. Moreover, AXA is the only Swiss insurance company with its own accident research center and has been promoting safety in road traffic for many years.

Since 2007 the former Winterthur Life Ltd has been a member of AXA Group, which is the leading global insurance brand. The company has strengthened its position continuously over the last few years by improving cost efficiency and focusing on sustainable and profitable growth. Its large customer base in both the private and the commercial segments, its remarkable market penetration, and the fact that it has the largest and densest distribution network, have been major competitive advantages. Offers, services and processes are underpinned by exceptional expertise, notably in asset management, pricing, risk management, and claims management.

Current market situation

Supported by an expansive monetary policy of various central banks as well as a worldwide positive economic development with consequently lower unemployment, the equity markets performed better than anticipated at the beginning of the year. During the year, the US central bank FED increased the base rates in three steps. This along with the preparation of the markets by the European Central Bank for a less expansive monetary policy let the interest rates rise, but nevertheless they remained low in Europe and especially in Switzerland.

The Swiss economy grew by 1.0% during 2017, according to estimations from the Federal Department of economic

affairs, while long-term interest rates² increased from -0.14% in December 2016 to -0.10% in December 2017, still remaining at a very low level.

The life insurance market contracted by 3.8%¹ in 2017 according to the Swiss Insurance Association (SIA). In Group Life the decrease amounted to 4.2%, whereas single premium market decreased with 7.6% while regular premiums developed stable. The Individual Life market has been adversely affected by persistently low interest rates with premiums falling by 2.9%. Single premiums went down by 17.1%, while regular premiums slightly rose by 0.1%. With a market share of 26%, AXA Life Ltd is one of the leading life insurance companies in Switzerland (market share Group Life 29%, market share Individual Life 14%).

Business performance, full-time equivalent employees and risk assessment

Despite the challenging market environment with a still very low interest rate level, AXA Life Ltd achieved a sustainable positive result with a net income of CHF 310 million, compared with CHF 300 million in 2016.

In 2017 gross written premiums fell by CHF 399 million (-5.0%) to CHF 7,594 million. The decline in Group Life (CHF 291 million or -4.2%) is mainly driven by the selective underwriting of full insurance schemes while regular premiums developed slightly positive. Gross written premiums in Individual Life decreased by CHF 108 million (-9.6%) resulting from lower single premiums consequently to the sales stop of the Protect Star product. This could partially be compensated by successful sales of Protect Plan and Capital Star, the product newly launched in 2016.

In July 2017, AXA entered the healthcare market with supplementary health insurance products. With additional services (such as a basic insurance change service), it creates real added value for its customers, underscoring its ambition as a provider of new, attractive and innovative products to the market and to further grow. Through the combination of personal provision and health care, AXA becomes the first full-range provider on the Swiss life and health market.

Long-term stability is crucial in AXA Life's risk and financial management. Systematic hedging of currency risks

¹ Source: Forecast by the Swiss Insurance Association (SIA) as per January 18th, 2018; market shares are based on statutory gross written premiums incl. all Swiss legal entities belonging to the AXA Group

² 10-year Swiss government bonds

prevented the company from suffering large losses in the past. Future market trends remain unpredictable, but AXA Life Ltd is constantly reviewing and optimising its hedging strategy during recent months and is therefore prepared for every thinkable scenario.

AXA Life Ltd employees are under contract to AXA Insurance Ltd. Consequently, no annual average of fulltime equivalent employees is disclosed.

AXA Life Ltd has performed a risk assessment in compliance with current regulatory and professional standards as outlined in Note 2 to the financial statements.

Challenges and outlook

From a strategic perspective, AXA Life Ltd faces challenges from the prevailing low interest rate environment, further regulatory tightening, changing value propositions towards its customers, and new market players.

Furthermore, technological transformation, smart data, increased demands for transparency in the market, new disruptive competitors, and new values (e.g. sharing economy) are forcing the company to change the way it does business. To fuel transformation, the company is focusing even more on customer-centricity. The companywide strategy, aimed at making this vision a reality and thereby ensuring to remain relevant to its customers in the long run, is intended to add value beyond financial protection and to deliver a positive customer experience at all points of contact.

As far as pension insurance within Group Life business is concerned, AXA Life Ltd's target is to respond to and meet all possible customer requirements. The company is constantly refining its product range in order to enhance its position as a preferred professional provider of employee benefits. In particular offerings in the area of semi-autonomous solutions are planned to be extended. Within Individual Life business AXA Life Ltd continues to offer attractive savings and protection products with the aim of meeting its customers' needs.

Corporate governance

Board of Directors as of December 31, 2017

Name	Year of birth	Nationality	Position	Period of office until
Thomas Buberl	1973	German	Chairman	AGM 2019
Franz K. von Meyenburg ¹	1949	Swiss	Vice Chairman	AGM 2018
Wanda Eriksen-Grundbacher ¹	1967	Swiss/American	Member	AGM 2018
Felix Gutzwiller ²	1948	Swiss	Member	AGM 2018
Max E. Katz ²	1955	Swiss	Member	AGM 2019
Patrick Lemoine ¹	1958	French	Member	AGM 2019
Ruth Metzler-Arnold ²	1964	Swiss	Member	AGM 2018
Marina de Planta ¹	1965	Swiss	Member	AGM 2019
Julia Ender Amacker			Secretary (non-member)	

¹ Member of the Audit & Risk Committee, chaired by W. Eriksen-Grundbacher

² Member of the Nomination & Compensation Committee, chaired by F. Gutzwiller

CEO and Executive Committee Members as of December 31, 2017

Name	Year of birth	Nationality	Position
Fabrizio Petrillo	1969	Swiss/Italian	Chief Executive Officer ad interim and Head of Property & Casualty
Mirjam Bamberger	1974	German	Head of Human Resources & Communications
Michele Bernasconi	1966	Swiss	Head of Distribution
Thomas Gerber	1964	Swiss	Head of Life, Savings & Health
Markus Keller	1968	Swiss	Head of Customer Operations
Andreas Maier	1963	Swiss	Head of IT
Carola Wahl	1968	German	Head of Transformation & Market Management
Alain Zweibrucker	1974	French	Chief Financial Officer

Statutory auditors

The audit mandate was entrusted to PricewaterhouseCoopers Ltd, Zurich and Mazars Ltd, Zurich.

Financial statements

Statement of income

December 31, in CHF 1,000	Notes	2017	2016
Premiums gross		7,594,164	7,992,716
Premiums ceded		-28,895	-22,977
Premiums written		7,565,269	7,969,739
Change in provisions for unearned premiums		4,441	-1,244
Premiums earned	3	7,569,710	7,968,495
Other income from insurance activities		22,872	28,348
Total income from insurance activities		7,592,582	7,996,843
Claims and annuities paid		-8,158,516	-8,577,784
Claims and annuities paid ceded		3,282	998
Change in technical provisions		-97,486	-634,971
Change in technical provisions ceded		2,994	7,217
Policyholder bonus expenses		-154,897	-80,496
Change in technical provisions incurred from unit-linked business		48,584	-19,434
Total claims paid and changes in technical provisions	4	-8,356,039	-9,304,470
Operating expenses	5	-323,388	-319,289
Other expenses from insurance activities		-35,172	-13,298
Total expenses from insurance activities		-8,714,599	-9,637,057
Income from investment activities		6,244,517	5,997,898
Expenses from investment activities		-4,761,964	-3,963,535
Investment result including financial derivatives	6	1,482,553	2,034,363
Capital and interest income from unit-linked business		43,940	-6,456
Other financial income		2,494	4,162
Other financial expenses		-13,046	-4,838
Operating income		393,924	387,017
Interest expenses		-175	-5,668
Other income		10,401	10,880
Other expenses		-10,928	-12,514
Net profit before tax		393,222	379,715
Tax		-83,127	-79,463
Net profit after tax		310,095	300,252

Statement of financial position

Assets

December 31, in CHF 1,000	Notes	2017	2016
Real estate		9,159,526	9,365,801
Participations	17	406,706	349,887
Fixed-income securities		40,659,825	42,523,943
Loans	10	3,775,803	3,534,546
Mortgages	10	9,731,161	9,391,372
Equity securities		2,229,437	1,956,715
Other investments	7/10	8,715,026	9,275,342
Total investments		74,677,484	76,397,606
Investments from unit-linked business	7	2,130,331	2,153,369
Receivables from derivatives		323,490	897,436
Deposits from assumed reinsurance	10	5,420	3,926
Cash and cash equivalents		2,762,344	1,782,134
Technical provisions for ceded reinsurance	8/10	65,694	62,055
Deferred acquisition costs		548,207	521,800
Receivables from insurance activities	9/10	606,879	635,158
Sundry debtors	10	216,122	188,869
Accrued income and prepaid expenses	10	1,201,765	1,439,804
Total assets		82,537,736	84,082,157

Statement of financial position

Liabilities

December 31, in CHF 1,000	Notes	2017	2016
Technical provisions	8/10	69,090,590	68,979,225
Technical provisions from unit-linked business		2,037,778	2,086,457
Non technical provisions		30,431	26,193
Interest-bearing payables	16	800	800
Liabilities for derivatives		1,325,158	1,837,364
Deposits of ceded business	10	63,250	60,435
Payables from insurance activities	9/10	2,803,548	3,563,583
Other liabilities	10	1,623,617	2,031,048
Accrued expenses and deferred income	10	365,069	349,652
Total liabilities		77,340,241	78,934,757
Share capital		175,000	175,000
Legally required capital reserves		53,493	53,493
Legally required profit reserves		87,500	87,500
Free reserves			
Free profit reserves		4,562,449	4,522,449
Retained earnings brought forward		8,958	8,706
Net profit		310,095	300,252
Total shareholders' equity		5,197,495	5,147,400
Total liabilities and shareholders' equity		82,537,736	84,082,157

Statement of cash flows

December 31, in CHF 1,000	2017	2016
Cash received from premiums	7,525,782	7,850,834
Cash paid for claims	-8,084,092	-8,505,911
Net cash flow from reinsurance activities	-26,368	-22,783
Cash paid for operating expenses	-489,447	-512,284
Cash paid for tax	-69,244	-82,338
Net cash flow on other receivables and payables	-768,639	-54,205
Net cash flow on investments	2,022,635	2,033,487
Net cash flow provided by operating activities	110,627	706,800
Sale / purchase of real estate	211,384	-241,363
Sale / purchase of participations	-56,819	29,366
Sale / purchase of fixed-income securities	2,561,052	-648,067
Sale / purchase of loans	-212,203	372,943
Sale / purchase of mortgages	-336,377	-539,954
Sale / purchase of equity securities	-6,459	461,638
Sale / purchase of derivatives	-161,907	-612,064
Sale / purchase of other investments	-845,619	924,693
Net cash flow provided by investing activities	1,153,052	-252,808
Dividends paid	-260,000	-250,000
Cash provided by financial debts issuance	-	800
Interest on financing debts paid	-22	-
Net cash flow provided by financing activities	-260,022	-249,200
Change in cash	1,003,657	204,792

Cash reconciliation

December 31, in CHF 1,000	2017	2016
Cash as of January 1	511,461	306,669
Cash as of December 31	1,515,118	511,461
Change in cash	1,003,657	204,792
December 31, in CHF 1,000	2017	2016
Cash and cash equivalents as in statement of financial position	2,762,344	1,782,134
Bank overdrafts	-18,946	-10,333
Collaterals	-1,228,280	-1,260,340
Cash as in statement of cash flows as of December 31	1,515,118	511,461

Statement of changes in equity

in CHF 1,000	Share capital	Legally required capital reserves	Legally required profit reserves	Free reserves	Total
As of December 31, 2015	175,000	53,493	87,500	4,781,155	5,097,148
Ordinary dividend paid				-250,000	-250,000
Net profit				300,252	300,252
As of December 31, 2016	175,000	53,493	87,500	4,831,407	5,147,400
Ordinary dividend paid				-260,000	-260,000
Net profit				310,095	310,095
As of December 31, 2017	175,000	53,493	87,500	4,881,502	5,197,495

Notes to the financial statements

1 Principles of accounting

The financial statement covers all the minimum requirements in line with the Swiss Code of Obligations (CO). Zero and negative messages are not listed.

The following are the most important accounting principles for AXA Life Ltd.

Basis for accounting

The financial statements for AXA Life Ltd are prepared in accordance with the CO and relevant insurance legislation. The financial year ends on December 31.

Investments

The various investment positions are valued separately.

Real estate is valued at the purchase price, net of any provisions for impairment based on a lower close to the market price.

Participations are valued at the purchase price, net of any provisions for impairment based on a sustainable lower market price.

Fixed income securities are valued no higher than according to the scientific amortized cost method. Further credit risks are taken into account by means of allowance.

Loans are reported at amortized cost. Mortgages are reported at nominal value. Credit risks are taken into account by means of allowance.

Equity securities and other investments (except asset backed securities) are carried at the lower of cost or market value (LOCOM). Asset backed securities are valued no higher than according to the scientific amortized cost method.

Investments from unit-linked business

Investments from unit-linked business are valued at fair value with gains and losses recorded in the statement of income.

Receivables and liabilities from derivatives

Receivables and liabilities from derivatives are reported at fair value with gains and losses recorded in the statement of income.

Deferred acquisition costs

A part of the costs incurred from the acquisition of new insurance contracts is capitalized and amortized over the expected life of the contracts. This applies to individual life products sold in Switzerland beginning in the year 2000.

Single-investor funds

Investments held by single-investor funds are classified directly in the respective balance sheet investment categories, in accordance with article 110 of the Insurance Supervision Ordinance (AVO).

Technical provisions

Technical provisions are determined in such a way that the liabilities for policyholders and the beneficiaries will be sufficient to cover future obligations. The calculation formulae are fixed in the business plan and have been approved by the supervisory authorities.

Non technical provisions

The non technical provisions are recognized at nominal value.

Foreign currency translation

Participations are measured at historical exchange rates; any other balance sheet items requiring translation are measured at closing rates at balance sheet date.

Transactions in the income statement are recorded at current exchange rates. Foreign exchange rate impacts are recognized in the income statement.

2 Risk management and internal control system

Risk management

AXA Life Ltd manages risks employing a three tier approach, with the first tier relying on risk owners in our lines of business, while the second and third tiers are centralized in dedicated risk management functions, and assurance functions, respectively. The local risk policy specifies these comprehensive activities, and defines the various risk measurement, management processes and governance structures across the three tiers and for quantifiable risks (such as insurance, market or credit risks) and other risk categories. AXA Life Ltd takes as its premier risk management objectives the defense of its financial strength and reputation, and the safeguarding policyholders' and shareholders' interests. Of specific importance in this respect is the compliance with regulatory capital under Swiss Solvency Test (SST). The SST, which is embedded in the risk appetite framework, is performed with an internal model.

Risk assessment

Within AXA Life Ltd various risk assessments are being conducted. The Executive Board has performed a comprehensive, structured risk assessment in fall 2017. Based on risk assessments provided by risk control functions, the Executive Board has discussed the risk situation and defined the key risks. The Board of Directors has taken note of the results of the Executive Board's risk assessment. Updates of the risk profile, including mitigation measures and status, are reflected in the quarterly risk reports, presented to the Risk Management Committee and the Audit and Risk Committee.

Internal control system

AXA Life Ltd's internal control system, related to the categories of objective financial reporting, operations, and compliance, contains internally defined, performed and documented procedures, methods and tools that serve to identify and assess risks, to define controls for relevant risks, and to perform these controls.

3 Premiums earned

December 31, in CHF 1,000	Gross	Ceded	Net	Gross	Ceded	Net
	2017	2017	2017	2016	2016	2016
Direct business	7,593,968	-28,895	7,565,073	7,992,512	-22,977	7,969,535
Assumed business	196	-	196	204	-	204
Total premiums written	7,594,164	-28,895	7,565,269	7,992,716	-22,977	7,969,739
Direct business	4,441	-	4,441	-1,244	-	-1,244
Total change in provisions for unearned premiums	4,441	-	4,441	-1,244	-	-1,244
Total premiums earned	7,598,605	-28,895	7,569,710	7,991,472	-22,977	7,968,495

Premiums written

December 31, in CHF 1,000	Gross	Ceded	Net	Gross	Ceded	Net
	2017	2017	2017	2016	2016	2016
Single premium	112,982	-	112,982	229,584	-	229,584
Annual premium	901,992	-	901,992	893,349	-	893,349
Total Individual Life	1,014,974	-	1,014,974	1,122,933	-	1,122,933
Single premium	3,291,154	-	3,291,154	3,585,334	-	3,585,334
Annual premium	3,288,036	-28,895	3,259,141	3,284,449	-22,977	3,261,472
Total Group Life	6,579,190	-28,895	6,550,295	6,869,783	-22,977	6,846,806
Total premiums written	7,594,164	-28,895	7,565,269	7,992,716	-22,977	7,969,739

4 Claims paid and changes in technical provisions

December 31, in CHF 1,000	Gross	Ceded	Net	Gross	Ceded	Net
	2017	2017	2017	2016	2016	2016
Direct business	-8,157,352	3,282	-8,154,070	-8,575,758	998	-8,574,760
Assumed business	-1,164	-	-1,164	-2,026	-	-2,026
Total claims and annuities paid	-8,158,516	3,282	-8,155,234	-8,577,784	998	-8,576,786
Direct business	13,635	2,994	16,629	-58	7,217	7,159
Assumed business	-538	-	-538	1,711	-	1,711
Total change in actuarial provisions	13,097	2,994	16,091	1,653	7,217	8,870
Direct business	-98,377	-	-98,377	-712,737	-	-712,737
Total change in other actuarial provisions	-98,377	-	-98,377	-712,737	-	-712,737
Direct business	-12,206	-	-12,206	76,113	-	76,113
Total change in provisions for annuity reserves	-12,206	-	-12,206	76,113	-	76,113
Policyholder bonus payments	-172,714	-	-172,714	-247,927	-	-247,927
Change in provisions for policyholder bonus fund	17,817	-	17,817	167,431	-	167,431
Total policyholder bonus expenses	-154,897	-	-154,897	-80,496	-	-80,496
Change in technical provisions incurred from unit-linked business	48,584	-	48,584	-19,434	-	-19,434
Total claims paid and changes in technical provisions	-8,362,315	6,276	-8,356,039	-9,312,685	8,215	-9,304,470

Claims paid

December 31, in CHF 1,000	Gross	Ceded	Net	Gross	Ceded	Net
	2017	2017	2017	2016	2016	2016
Individual Life	-1,376,529	-	-1,376,529	-1,318,388	4	-1,318,384
Group Life	-6,781,987	3,282	-6,778,705	-7,259,396	994	-7,258,402
Total claims and annuities paid	-8,158,516	3,282	-8,155,234	-8,577,784	998	-8,576,786

5 Operating expenses and employee full-time equivalents

December 31, in CHF 1,000	2017	2016
Commissions - direct business	-144,389	-143,774
Commissions - assumed business	-21	-79
Total commissions	-144,410	-143,853
Personnel expenses	-149,571	-141,859
Other operating expenses	-29,407	-33,577
Total operating expenses	-323,388	-319,289

AXA Life employees are under contract to AXA Insurance Ltd. Therefore no annual average of employee full-time equivalent is disclosed.

6 Investment result including financial derivatives

Income from investment activities

December 31, in CHF 1,000	Income		Appreciation		Realized gains		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Real estate	451,904	459,819	53,992	140,003	247,311	37,254	753,207	637,076
Participations	-	1,066	-	-	-	-	-	1,066
Fixed-income securities	974,495	1,070,630	-	-	158,153	659,810	1,132,648	1,730,440
Loans	54,586	55,595	-	-	-	-	54,586	55,595
Mortgages	183,201	185,142	792	190	908	370	184,901	185,702
Equity securities	65,032	70,154	18,901	28,138	167,946	118,217	251,879	216,509
Other investments ¹	387,621	288,448	784,490	664,599	91,523	170,711	1,263,634	1,123,758
Derivative financial instruments	7,503	10,047	328,265	328,968	2,267,894	1,708,737	2,603,662	2,047,752
Income from investment activities	2,124,342	2,140,901	1,186,440	1,161,898	2,933,735	2,695,099	6,244,517	5,997,898

Expenses from investment activities

December 31, in CHF 1,000	Depreciation		Realized losses		Total	
	2017	2016	2017	2016	2017	2016
Real estate	-284,266	-22,586	-1,133	-750	-285,399	-23,336
Participations	-	-	-21	-4,475	-21	-4,475
Fixed-income securities	-57,000	-145,300	-54,697	-215,839	-111,697	-361,139
Loans	-	-	-	-	-	-
Mortgages	-829	-642	-294	-323	-1,123	-965
Equity securities	-14,756	-30,453	-12,995	-23,937	-27,751	-54,390
Other investments ¹	-1,105,744	-433,027	-480,958	-470,266	-1,586,702	-903,293
Derivative financial instruments	-245,849	-119,617	-2,349,502	-2,333,562	-2,595,351	-2,453,179
Total	-1,708,444	-751,625	-2,899,600	-3,049,152	-4,608,044	-3,800,777
Investment management expenses					-153,920	-162,758
Expenses from investment activities					-4,761,964	-3,963,535
Total investment result including financial derivatives					1,482,553	2,034,363

¹ including foreign exchange impacts

7 Other investments and investments from unit-linked business

December 31, in CHF 1,000	2017	2016
Asset backed securities	2,867,571	4,028,618
Policy loans	34,190	39,707
Private equity ¹	3,063,784	2,443,332
Hedge funds ¹	2,479,044	2,493,414
Investment funds ¹	270,437	270,271
Total other investments	8,715,026	9,275,342
Investment funds	1,912,485	1,917,289
Fixed-income securities	120,120	130,677
Derivatives - net	85,119	93,739
Equity securities	7,593	7,185
Cash and cash equivalents	5,014	4,479
Total investments from unit-linked business	2,130,331	2,153,369

¹ Alignment of prior year structure to the regulatory reporting requirements

8 Technical provisions

December 31, in CHF 1,000	Gross	Ceded	Net	Gross	Ceded	Net
	2017	2017	2017	2016	2016	2016
Provisions for unearned premiums	289,694	-	289,694	294,027	-	294,027
Actuarial provisions	455,108	-65,694	389,414	467,674	-62,055	405,619
Other actuarial provisions	6,898,916	-	6,898,916	6,815,670	-	6,815,670
Provisions for annuity reserves	60,847,593	-	60,847,593	60,788,014	-	60,788,014
Provisions for contractual bonuses	173,229	-	173,229	170,533	-	170,533
Provisions for bonus fund	426,050	-	426,050	443,307	-	443,307
Total technical provisions	69,090,590	-65,694	69,024,896	68,979,225	-62,055	68,917,170

9 Receivables and payables from insurance activities

December 31, in CHF 1,000	2017	2016
Receivables from policyholders	508,621	540,000
Receivables from insurance companies	98,258	95,158
Total receivables from insurance activities	606,879	635,158
Payables to policyholders	2,740,731	3,502,814
Payables to insurance companies	62,817	60,769
Total payables from insurance activities	2,803,548	3,563,583

10 Related party balances

December 31, in CHF 1,000	Other	Shareholder	Participations	2017
Loans	369,266	954,932	-	1,324,198
Mortgages	-	-	200,000	200,000
Other investments	4,779	-	-	4,779
Deposits from assumed reinsurance	5,420	-	-	5,420
Technical provisions for ceded reinsurance	23,181	-	-	23,181
Receivables from insurance activities	6,379	-	-	6,379
Sundry debtors	338	211	-	549
Accrued income and prepaid expenses	335	1,270	-	1,605
Total receivables from related parties	409,698	956,413	200,000	1,566,111
Technical provisions	5,431	-	-	5,431
Deposits of ceded business	20,736	-	-	20,736
Payables from insurance activities	15,700	-	-	15,700
Other liabilities	91,200	40,263	-	131,463
Accrued expenses and deferred income	2,874	1,162	-	4,036
Total payables to related parties	135,941	41,425	-	177,366
December 31, in CHF 1,000	Other	Shareholder	Participations	2016
Loans	339,002	748,132	-	1,087,134
Mortgages	-	-	152,850	152,850
Other investments	5,714	-	-	5,714
Deposits from assumed reinsurance	3,926	-	-	3,926
Technical provisions for ceded reinsurance	18,257	-	-	18,257
Receivables from insurance activities	8,251	-	-	8,251
Sundry debtors	-	26,772	-	26,772
Accrued income and prepaid expenses	179	36	-	215
Total receivables from related parties	375,329	774,940	152,850	1,303,119
Technical provisions	3,872	-	-	3,872
Deposits of ceded business	16,637	-	-	16,637
Payables from insurance activities	11,222	-	-	11,222
Other liabilities	109,410	25,017	-	134,427
Accrued expenses and deferred income	3,747	1,151	-	4,898
Total payables to related parties	144,888	26,168	-	171,056

Various members of the Company's Board of Directors as well as various other executive officers and directors may purchase insurance, wealth management or other products or services offered by AXA in the ordinary course of its business. As of December 31, 2017, there were no substantial payables or receivables outstanding from the Company to the Company's executive officers or to any member of the Company's Board of Directors.

11 Events after the balance sheet date

There are no material events after the balance sheet date with an impact on the financial statements 2017. Subsequent events for the current reporting period have been evaluated up to April 19, 2018. This is the date on which the annual report and the financial statements are approved by the general assembly of AXA Life Ltd.

12 Contingent liabilities

December 31, in CHF 1,000	2017	2016
Guarantees and contingent liabilities	435,682	416,887
Total contingent liabilities	435,682	416,887

The company belongs to the Swiss value-added tax (VAT) group of AXA Insurance Ltd, and thus carries joint liability to the Swiss federal tax authority for value-added debts of the entire group.

13 Assets pledged

December 31, in CHF 1,000	2017	2016
Fixed-income securities	1,203,929	1,449,158
Total assets pledged	1,203,929	1,449,158

14 Liabilities due to own pension funds

December 31, in CHF 1,000	2017	2016
Liabilities due to own pension funds	141	741

15 Fees paid to statutory auditors

December 31, in CHF 1,000	2017	2016
Statutory audit and certification of local financial statements	1,379	1,300
Total fees paid to statutory auditors	1,379	1,300

The fees invoiced to AXA Insurance Ltd and AXA Life Ltd for legal and regulatory audit services are generally paid by AXA Insurance Ltd, which allocates the cost to the originating entities. The elected audit firms did not supply any services other than audit.

16 Long-term interest-bearing payables

December 31, in CHF 1,000	2017	2016
Long-term interest-bearing payables with maturity date 1 - 5 years	800	800
Total long-term interest-bearing payables	800	800

17 Significant participations and own shares

Participation	Domicile	Capital share CHF	Capital share/ Voting share %	Capital share CHF	Capital share/ Voting share %
December 31, in CHF 1,000		2017	2017	2016	2016
Zürcher Freilager AG ¹	Zurich	1,000	100%	7,104	90%

¹ Capital share reduction as part of a squeeze-out merger

No own shares are held at the reporting date by the company itself or the companies in which it participates.

There are no further legal requirements to the notes of the financial statement.

Proposed appropriation of retained earnings

December 31, in CHF 1,000	2017
Net profit	310,095
Retained earnings brought forward	8,958
Retained earnings available for appropriation	319,053

Motion by Directors Board

Dividends	270,000
Free reserves	40,000
Carried forward	9,053
Total	319,053

Legally required profit reserves equal the legal requirement of 50 % of the share capital. Therefore no further reserve allocation is required.

Winterthur, April 19, 2018

On behalf of the Board of Directors
and the Executive Board

Thomas Buberl
Chairman of the Board

Fabrizio Petrillo
Chief Executive Officer

Report of the statutory auditor to the General Meeting on the financial statements 2017

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of AXA Life Ltd, which comprise the income statement, balance sheet, cash flow statement, change in shareholder's equity and notes to the financial statements (pages 7-21), for the year ended December 31, 2017.

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 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 December 31, 2017 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 (page 23) complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd

Mazars Ltd

Enrico Strozzi
Audit expert
Auditor in charge

Severin Merkle
Audit expert

Denise Wipf
Audit expert
Auditor in charge

Daniel Müller
Audit expert

Zurich, April 19, 2018

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