



Annual Report 2019

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 12% in total¹, 13% in Property & Casualty and 10% 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.

AXA Life Ltd is a member of AXA Group, a 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 retail 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

Regardless of many uncertainties, the stock markets performed very positively in the first few months of 2019, catching up on the losses from late 2018 by mid-year. Swiss equities reached new all-time highs during the year, although political challenges such as Brexit and the global trade disputes created uncertainty. Both the Swiss National Bank and the European Central Bank continued with their expansive monetary policies and supplied the markets with cheap money. In 2019, the US central bank FED also reduced their base rate by 75 basis points in three steps.

The life insurance market grew slightly by 0.6%¹. In Group Life the growth amounted to 0.4%. The volume in single premiums increased by 18.3%, whereas annual premiums

declined by 19.4%. These opposing effects are primarily due to AXA's withdrawal from the full-value insurance business at the beginning of 2019. Despite continuing pressure due to low interest rates, premium growth of 2.0% was recorded in the Individual Life business. The single premiums business volume increased by 6.3% while annual premiums remained stable. AXA Life Ltd is one of the leading life insurance companies in Switzerland with a market share of 10% (market share Group Life 9%, market share Individual Life 13%).

Business performance, full-time equivalent employees and risk assessment

Despite the challenging market environment and the persistently low level of interest rates, AXA Life Ltd achieved a sustainable positive result with a net income of CHF 303 million, compared with CHF 302 million in the previous year.

Gross written premiums in 2019 decreased by CHF 4,656 million (-59.4%) to CHF 3,183 million. This decline is almost entirely attributable to Group Life because of the withdrawal from full-value insurance business. In Individual Life, gross written premiums remained stable (-0.2%).

In July 2017, AXA entered the health care market with supplementary health insurance products. In 2019, the corresponding premiums grew threefold. With additional services (such as an automated change service for the basic insurance coverage), the company creates real added value for its customers, underscoring its ambition as a provider of new, attractive and innovative products. Through the combination of personal provision and health care, AXA became the first full-range provider on the Swiss life and health market. To increase the market presence even more, AXA expanded the consultant network and launched new products in 2019.

Employees of AXA Life Ltd are under contract of AXA Insurance Ltd. Hence, no annual average of the full-time employee equivalent 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.

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

¹ Source: Forecast by the Swiss Insurance Association (SIA) as per January 30th, 2020; market shares are based on statutory gross written premiums incl. all Swiss legal entities belonging to the AXA Group

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 and is therefore well prepared for every possible scenario.

Sustainability in asset management

Sustainability criteria play a key role in the management of investments within AXA Life Ltd. In the context of ESG standards (environment, social and governance) AXA Life Ltd weighs up risks and manages opportunities. The ESG standards are systematically implemented and partially or completely exclude investments in certain economic sectors. In line with this approach, no investments are made in companies with the following scope of activity:

- Tobacco production
- Companies related to the development, production, storage or trade of weapons
- Palm oil producers
- Tar sand and shale oil companies
- Coal mining or coal-fired power generation companies (turnover more than 20%)
- Financial assets based on agricultural commodities

In addition to compliance with ESG standards, AXA Life Ltd has set itself the goal of having 75% of its real estate portfolio certified by recognised sustainability labels by 2030. The contribution of AXA and the AXA Group in general to a more sustainable future is constantly being monitored by various independent valuation institutions – for example, AXA has been awarded the top rating "AAA" by MSCI ESG Research.

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 push forward transformation, the company is focusing even more on customer centricity. The companywide strategy, which makes this vision a reality and thereby ensures 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.

In the Group Life business, AXA Life Ltd, together with the responsible foundation councils, decided not to offer full-value insurance anymore as from 2019, but only semi-autonomous solutions. The reorientation will increase the fairness between generations in the second pillar and provide companies and their employees with better conditions. The policyholders could already profit from the semi-autonomous solutions in 2019: Thanks to the higher share of equities in the investment strategy, AXA policyholders benefited due to the strong stock market performance in 2019 from over CHF 600 million additional interest, which was reflected in a significantly higher average interest rate of 3.5% on retirement assets. As part of its corporate strategy, AXA is also increasingly developing services for SMEs which go beyond classic insurance coverage, namely in the areas of fringe benefits, accounting services and employee health.

Within Individual Life business, AXA Life Ltd continues to offer attractive savings and protection products with the aim of meeting its customers' needs. To best cover the needs of our customers, "SmartFlex" was successfully launched mid 2019 – a new product generation proving that life insurance can be very attractive even in a low-interest environment.

Corporate governance

Board of Directors as of December 31, 2019

Name	Year of birth	Nationality	Position	Period of office until
Antimo Perretta ¹	1962	Swiss/Italian	Chairman	AGM 2021
Ruth Metzler-Arnold ^{1,2}	1964	Swiss	Vice-Chairwoman	AGM 2021
Matthieu André ³	1966	French	Member	AGM 2021
Wanda Eriksen-Grundbacher ²	1967	Swiss/American	Member	AGM 2021
Max E. Katz ³	1955	Swiss	Member	AGM 2022
Hans Lauber ^{2,3}	1962	Swiss	Member	AGM 2022
Patrick Lemoine ^{2,3}	1958	French	Member	AGM 2022
Patrick Warnking ¹	1967	German	Member	AGM 2021
Julia Ender Amacker			Secretary (non-member)	

¹ Member of the Nomination & Compensation Committee, chaired by A. Perretta

² Member of the Audit Committee, chaired by W. Eriksen-Grundbacher

³ Member of the Risk Committee, chaired by M. E. Katz

CEO and Executive Committee Members as of December 31, 2019

Name	Year of birth	Nationality	Position
Fabrizio Petrillo	1969	Swiss/Italian	Chief Executive Officer
Mirjam Bamberger	1974	Swiss/German	Head of Customer Experience & Strategy
Michele Bernasconi	1966	Swiss	Head of Distribution
Daniela Fischer	1976	German	Head of HR, Public Affairs & Corporate Responsibility
Thomas Gerber	1964	Swiss	Head of Life, Savings & Health
Dominique Kasper	1971	Swiss	Head of Property & Casualty
Markus Keller	1968	Swiss	Head of Customer Operations
Andreas Maier	1963	Swiss	Head of IT
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	2019	2018
Premiums gross		3,183,085	7,838,790
Premiums ceded		-20,229	-18,731
Premiums written		3,162,856	7,820,059
Change in provisions for unearned premiums		7,892	7,053
Premiums earned	3	3,170,748	7,827,112
Other income from insurance activities		15,769	29,913
Total income from insurance activities		3,186,517	7,857,025
Claims and annuities paid		-29,413,696	-11,255,288
Claims and annuities paid ceded		34,049	8,782
Change in technical provisions		25,706,314	3,532,257
Change in technical provisions ceded		-14,000	-3,789
Policyholder bonus expenses		-186,805	-991,580
Change in technical provisions incurred from unit-linked business		-104,431	149,595
Total claims paid and changes in technical provisions	4	-3,978,569	-8,560,023
Operating expenses	5	-325,562	-349,152
Other expenses from insurance activities		-8,933	-18,219
Total expenses from insurance activities		-4,313,064	-8,927,394
Income from investment activities		3,202,961	5,534,453
Expenses from investment activities		-1,727,422	-3,944,598
Investment result including financial derivatives	6	1,475,539	1,589,855
Capital and interest income from unit-linked business		137,253	-68,680
Other financial income		3,742	2,178
Other financial expenses		-20,071	-36,716
Operating income		469,916	416,268
Interest expenses		-22	-10,358
Other income		13,357	15,430
Other expenses		-14,258	-15,352
Net profit before tax		468,993	405,988
Tax		-166,106	-103,540
Net profit after tax		302,887	302,448

Statement of financial position

Assets

December 31, in CHF 1,000	Notes	2019	2018
Real estate		3,907,173	8,993,207
Participations	18	406,706	406,706
Fixed-income securities		23,791,703	32,349,593
Loans	10	3,074,893	3,472,675
Mortgages	10	7,803,771	9,676,601
Equity securities		1,074,226	2,117,641
Other investments	7/10	5,477,319	6,781,633
Total investments		45,535,791	63,798,056
Investments from unit-linked business	7	2,059,464	1,969,887
Receivables from derivatives		284,633	485,668
Deposits from assumed reinsurance	10	2,899	2,907
Cash and cash equivalents		1,010,761	9,959,774
Technical provisions for ceded reinsurance	8/10	47,309	61,649
Deferred acquisition costs		604,119	570,933
Receivables from insurance activities	9/10	269,569	918,827
Sundry debtors	10	152,178	195,293
Accrued income and prepaid expenses	10	612,174	1,188,411
Total assets		50,578,897	79,151,405

Statement of financial position

Liabilities

December 31, in CHF 1,000	Notes	2019	2018
Technical provisions	8/10	39,785,318	66,298,872
Technical provisions from unit-linked business		1,992,555	1,888,180
Non technical provisions		19,084	23,388
Interest-bearing payables	17	800	800
Liabilities for derivatives		942,731	921,329
Deposits of ceded business	10	47,267	59,162
Payables from insurance activities	9/10	463,541	2,947,120
Other liabilities	10	2,828,867	1,439,821
Accrued expenses and deferred income	10	355,903	342,789
Total liabilities		46,436,066	73,921,461
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		3,522,449	4,602,449
Retained earnings brought forward		1,501	9,054
Net profit		302,887	302,448
Total shareholders' equity		4,142,831	5,229,944
Total liabilities and shareholders' equity		50,578,897	79,151,405

Statement of cash flows

December 31, in CHF 1,000	2019	2018
Cash received from premiums	3,166,363	7,627,745
Cash paid for claims	-30,214,715	-11,095,085
Net cash flow from reinsurance activities	16,401	-7,152
Cash paid for operating expenses	-379,213	-525,867
Cash paid for tax	-77,030	-76,192
Net cash flow on other receivables and payables	-1,905,412	304,516
Net cash flow on investments	1,066,442	1,888,135
Net cash flow provided by operating activities	-28,327,164	-1,883,900
Sale / purchase of real estate	5,238,579	514,311
Sale / purchase of participations	-	-
Sale / purchase of fixed-income securities	9,839,136	8,936,223
Sale / purchase of loans	285,542	289,425
Sale / purchase of mortgages	1,466,021	68,085
Sale / purchase of equity securities	1,156,264	73,750
Sale / purchase of derivatives	318,450	-538,345
Sale / purchase of other investments	2,244,982	750,766
Net cash flow provided by investing activities	20,548,974	10,094,215
Dividends paid	-1,390,000	-270,000
Interest on financing debts paid	-22	-22
Net cash flow provided by financing activities	-1,390,022	-270,022
Change in cash	-9,168,213	7,940,293

Cash reconciliation

December 31, in CHF 1,000	2019	2018
Cash as of January 1	9,455,411	1,515,118
Cash as of December 31	287,198	9,455,411
Change in cash	-9,168,213	7,940,293
December 31, in CHF 1,000	2019	2018
Cash and cash equivalents as in statement of financial position	1,010,761	9,959,774
Bank overdrafts	-36,949	-3,613
Collaterals	-686,614	-500,750
Cash as in statement of cash flows as of December 31	287,198	9,455,411

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, 2017	175,000	53,493	87,500	4,881,502	5,197,495
Ordinary dividend paid				-270,000	-270,000
Net profit				302,448	302,448
As of December 31, 2018	175,000	53,493	87,500	4,913,950	5,229,943
Ordinary dividend paid				-290,000	-290,000
Extraordinary dividend paid				-1,100,000	-1,100,000
Net profit				302,887	302,887
As of December 31, 2019	175,000	53,493	87,500	3,826,837	4,142,830

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. All figures have been rounded individually.

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. 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 indicators framework, is performed with a standard 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 2019. 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 are reflected in risk reports, presented to the Audit and Risk Management Committee and the 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
	2019	2019	2019	2018	2018	2018
Direct business	3,182,754	-20,229	3,162,525	7,838,433	-18,731	7,819,702
Assumed business	331	-	331	357	-	357
Total premiums written	3,183,085	-20,229	3,162,856	7,838,790	-18,731	7,820,059
Direct business	7,892	-	7,892	7,053	-	7,053
Total change in provisions for unearned premiums	7,892	-	7,892	7,053	-	7,053
Total premiums earned	3,190,977	-20,229	3,170,748	7,845,843	-18,731	7,827,112

Premiums written

December 31, in CHF 1,000	Gross	Ceded	Net	Gross	Ceded	Net
	2019	2019	2019	2018	2018	2018
Single premium	123,396	-	123,396	135,349	-	135,349
Annual premium	910,416	-	910,416	900,189	-	900,189
Total Individual Life	1,033,812	-	1,033,812	1,035,538	-	1,035,538
Single premium	1,336,635	-	1,336,635	3,511,371	-	3,511,371
Annual premium	812,639	-20,229	792,410	3,291,881	-18,731	3,273,150
Total Group Life	2,149,274	-20,229	2,129,045	6,803,252	-18,731	6,784,521
Total premiums written	3,183,085	-20,229	3,162,856	7,838,790	-18,731	7,820,059

4 Claims paid and changes in technical provisions

December 31, in CHF 1,000	Gross 2019	Ceded 2019	Net 2019	Gross 2018	Ceded 2018	Net 2018
Direct business	-29,412,659	33,180	-29,379,479	-11,253,682	8,782	-11,244,900
Assumed business	-1,037	869	-168	-1,606	-	-1,606
Total claims and annuities paid	-29,413,696	34,049	-29,379,647	-11,255,288	8,782	-11,246,506
Direct business	23,419	-13,131	10,288	323	-3,789	-3,466
Assumed business	136	-869	-732	2,759	-	2,759
Total change in actuarial provisions	23,555	-14,000	9,556	3,082	-3,789	-707
Direct business	-179,576	-	-179,576	592,106	-	592,106
Total change in other actuarial provisions	-179,576	-	-179,576	592,106	-	592,106
Direct business	25,862,335	-	25,862,335	2,937,069	-	2,937,069
Total change in provisions for annuity reserves	25,862,335	-	25,862,335	2,937,069	-	2,937,069
Policyholder bonus payments	-974,144	-	-974,144	-243,627	-	-243,627
Change in provisions for policyholder bonus fund	787,339	-	787,339	-747,953	-	-747,953
Total policyholder bonus expenses	-186,805	-	-186,805	-991,580	-	-991,580
Change in technical provisions incurred from unit-linked business	-104,431	-	-104,431	149,595	-	149,595
Total claims paid and changes in technical provisions	-3,998,618	20,049	-3,978,569	-8,565,016	4,993	-8,560,023

Claims paid

December 31, in CHF 1,000	Gross 2019	Ceded 2019	Net 2019	Gross 2018	Ceded 2018	Net 2018
Individual Life	-1,386,772	-	-1,386,772	-1,415,592	-	-1,415,592
Group Life	-28,026,924	34,049	-27,992,875	-9,839,696	8,782	-9,830,914
Total claims and annuities paid	-29,413,696	34,049	-29,379,647	-11,255,288	8,782	-11,246,506

5 Operating expenses and employee full-time equivalents

December 31, in CHF 1,000	2019	2018
Commissions - direct business	-123,125	-146,995
Commissions - assumed business	-17	-116
Commissions - ceded business	2,894	3,474
Total commissions	-120,248	-143,637
Personnel expenses	-159,762	-163,337
Other operating expenses	-45,552	-42,178
Total operating expenses	-325,562	-349,152

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	
	2019	2018	2019	2018	2019	2018	2019	2018
Real estate	181,999	441,683	290	26,244	103,387	403,558	285,675	871,485
Participations	-	-	-	-	-	-	-	-
Fixed-income securities	459,765	824,309	545,000	-	52,462	194,451	1,057,227	1,018,760
Loans	46,274	53,487	-	-	-	-	46,274	53,487
Mortgages	142,994	179,793	146	66	444	796	143,585	180,655
Equity securities	56,679	76,108	19,696	2,089	132,283	159,840	208,659	238,037
Other investments ¹	135,890	388,588	53,023	188,556	164,805	301,770	353,718	878,914
Derivative financial instruments	-4,028	27,241	54,207	579,170	1,057,645	1,686,704	1,107,824	2,293,115
Income from investment activities	1,019,574	1,991,209	672,361	796,125	1,511,026	2,747,119	3,202,961	5,534,453

Expenses from investment activities

December 31, in CHF 1,000	Depreciation		Realized losses		Total	
	2019	2018	2019	2018	2019	2018
Real estate	-74,561	-77,428	-2,597	-7,397	-77,158	-84,825
Participations	-	-	-	-	-	-
Fixed-income securities	-	-56,296	-10,612	-291,999	-10,612	-348,295
Loans	-	-	-	-	-	-
Mortgages	-41	-604	-50	-	-91	-604
Equity securities	-3,695	-129,819	-25,151	-65,904	-28,846	-195,723
Other investments ¹	-440,866	-480,984	-168,213	-542,140	-609,079	-1,023,124
Derivative financial instruments	-110,739	-50,470	-808,187	-2,077,507	-918,926	-2,127,977
Total	-629,902	-795,601	-1,014,810	-2,984,947	-1,644,712	-3,780,548
Investment management expenses					-82,711	-164,050
Expenses from investment activities					-1,727,422	-3,944,598

Total investment result including financial derivatives	1,475,539	1,589,855
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¹ including foreign exchange impacts

7 Other investments and investments from unit-linked business

December 31, in CHF 1,000	2019	2018
Asset backed securities	1,463,683	1,862,188
Policy loans	20,007	30,879
Private equity	2,577,896	2,925,971
Hedge funds	1,060,534	1,649,426
Investment funds	355,198	313,169
Total other investments	5,477,319	6,781,633
Investment funds	1,806,858	1,725,589
Fixed-income securities	135,418	149,799
Derivatives - net	102,953	75,048
Equity securities	9,232	5,122
Cash and cash equivalents	5,003	14,329
Total investments from unit-linked business	2,059,464	1,969,887

8 Technical provisions

December 31, in CHF 1,000	Gross 2019	Ceded 2019	Net 2019	Gross 2018	Ceded 2018	Net 2018
Provisions for unearned premiums	274,735	-	274,735	282,658	-	282,658
Actuarial provisions	428,036	-47,309	380,727	451,595	-61,649	389,946
Other actuarial provisions	6,555,772	-	6,555,772	6,347,312	-	6,347,312
Provisions for annuity reserves	31,979,475	-	31,979,475	57,869,793	-	57,869,793
Provisions for contractual bonuses	180,345	-	180,345	181,110	-	181,110
Provisions for bonus fund	366,955	-	366,955	1,166,404	-	1,166,404
Total technical provisions	39,785,318	-47,309	39,738,009	66,298,872	-61,649	66,237,223

9 Receivables and payables from insurance activities

December 31, in CHF 1,000	2019	2018
Receivables from policyholders	163,744	798,514
Receivables from insurance companies	105,824	120,313
Total receivables from insurance activities	269,569	918,827
Payables to policyholders	388,928	2,891,888
Payables to insurance companies	74,613	55,232
Total payables from insurance activities	463,541	2,947,120

10 Related party balances

December 31, in CHF 1,000	Other	Shareholder	Participations	2019
Loans	343,753	708,667		1,052,420
Mortgages	-	-	200,000	200,000
Other investments	2,449	-	-	2,449
Deposits from assumed reinsurance	2,899	-	-	2,899
Technical provisions for ceded reinsurance	15,976	-	-	15,976
Receivables from insurance activities	18,369	-	-	18,369
Sundry debtors	970	211	-	1,181
Accrued income and prepaid expenses	277	1,360	-	1,637
Total receivables from related parties	384,693	710,238	200,000	1,294,931
Technical provisions	3,093	-	-	3,093
Deposits of ceded business	15,934	-	-	15,934
Payables from insurance activities	23,402	-	-	23,402
Other liabilities	108,700	38,087	-	146,787
Accrued expenses and deferred income	-	1,913	-	1,913
Total payables to related parties	151,129	40,000	-	191,129
December 31, in CHF 1,000	Other	Shareholder	Participations	2018
Loans	355,982	940,732	-	1,296,714
Mortgages	-	-	200,000	200,000
Other investments	3,489	-	-	3,489
Deposits from assumed reinsurance	2,907	-	-	2,907
Technical provisions for ceded reinsurance	17,511	-	-	17,511
Receivables from insurance activities	5,097	-	-	5,097
Sundry debtors	311	5,360	-	5,671
Accrued income and prepaid expenses	308	1,352	-	1,660
Total receivables from related parties	385,605	947,444	200,000	1,533,049
Technical provisions	2,925	-	-	2,925
Deposits of ceded business	15,024	-	-	15,024
Payables from insurance activities	15,932	-	-	15,932
Other liabilities	93,300	26,335	-	119,635
Accrued expenses and deferred income	2,250	1,819	-	4,069
Total payables to related parties	129,431	28,154	-	157,585

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, 2019, 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

Since December 2019, a significant number of cases of pneumonia associated with the Coronavirus (COVID-19) has been reported worldwide. Initially reported in the People's Republic of China, it has spread across other countries, resulting in reported infections and deaths in numerous countries, including Switzerland.

Although no material claims have been reported at this stage, AXA is closely monitoring the potential exposure, including (i) the operational impact on its business, (ii) the consequences of a deterioration in macroeconomic conditions or of a slowdown in the flow of people, goods and services, (iii) the extent of insurance coverage impacted, and (iv) change in asset prices and financial conditions (including interest rates).

12 Contingent liabilities

December 31, in CHF 1,000	2019	2018
Guarantees and contingent liabilities	368,206	396,970
Total contingent liabilities	368,206	396,970

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	2019	2018
Fixed-income securities	2,195,073	1,070,564
Total assets pledged	2,195,073	1,070,564

14 Liabilities due to own pension funds

December 31, in CHF 1,000	2019	2018
Liabilities due to own pension funds	132	135

15 Release of management reserves

December 31, in CHF 1,000	2019	2018
Release of management reserves	545,000	-

16 Fees paid to statutory auditors

December 31, in CHF 1,000	2019	2018
Statutory audit and certification of local financial statements	1,500	1,808
Other services	36	220
Total fees paid to statutory auditors	1,536	2,028

17 Long-term interest-bearing payables

December 31, in CHF 1,000	2019	2018
Interest-bearing payables with maturity date 1 - 5 years	800	800
Total interest-bearing payables	800	800

18 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		2019	2019	2018	2018
Zürcher Freilager AG	Zurich	1,000	100%	1,000	100%

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

19 Transfer of assets and liabilities according to Merger Act

This is a information for shareholders according to Merger Act 74 on the transfer of assets and liabilities in the context of the change from the full-value insurance to the semi-autonomous pension solution.

In recent years, persistently low interest rates, increasing redistribution at the expense of the working population and a tight investment corset have led to an increasingly unfavourable cost-benefit ratio for companies and their employees in the full-value insurance model. AXA Life Ltd and the responsible pension boards of the collective foundations thus have decided to no longer offer full-value insurance and to transfer the existing full-value insurance foundations into semi-autonomous foundations at the beginning of 2019.

The new semi-autonomous foundations were able to start operating on January 1st 2019 with a more than solid coverage ratio at transition of around 111%. In addition, from 2019 onwards, our customers will be paying risk premiums that are on average 30% lower than for the full insurance solution. As a result of the transformation, risk capital of around CHF 2.5 billion was reduced at AXA Life Ltd at the beginning of 2019.

The implementation of this strategic decision resulted in an asset and liability transfer of CHF 23.1 billion. The transfer had no consequences for the employees of AXA, as the management and the asset management of the foundations will continue to be carried out by AXA.

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

Proposed appropriation of retained earnings

December 31, in CHF 1,000	2019
Net profit	302,887
Retained earnings brought forward	1,501
Retained earnings available for appropriation	304,389

Motion by Directors Board

Dividends	800,000
Distribution of free profit reserves	-500,000
Carried forward	4,389
Total	304,389

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

Winterthur, April 30, 2020

On behalf of the Board of Directors
and the Executive Board

Antimo Perretta
Chairman of the Board

Fabrizio Petrillo
Chief Executive Officer

Report of the statutory auditor to the General Meeting on the financial statements 2019

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, 2019.

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, 2019 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

Ray Kunz
Audit expert
Auditor in charge

Zurich, April 30, 2020

Mazars Ltd

Severin Merkle
Audit expert

Denise Wipf
Audit expert
Auditor in charge

Daniel Müller
Audit expert



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