

Report of the Statutory Auditor

Report of the statutory auditor

to the General Meeting of Swiss Life Holding Ltd

Zürich

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Swiss Life Holding Ltd, which comprise the statement of income, balance sheet as at 31 December 2020, and notes for the year then ended, including accounting rules.

In our opinion, the financial statements (pages 329-337) as at 31 December 2020 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall materiality: CHF 59 Million

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:

Valuation of participations



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Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 59 Million
How we determined it	1% of sum of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because the company mainly holds participations in areas of insurance and financial services providers, as well as providing loans to group companies.

We agreed with the Audit Committee that we would report to them misstatements above CHF 5 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of participations

Key audit matter	How our audit addressed the key audit matter
<p>Participations represent a significant amount of the balance sheet (CHF 3'221 million, 55% of total assets).</p> <p>Annually, management analyses participations to assess valuation adjustments. For the analysis significant judgement is applied, to determine assumptions, such as new business volume, commission income, cost development applied discount rates on projected cash flows. We consider our audit procedures in this area as particularly important, due to the size of the balance sheet position and level of significant assumptions.</p> <p>In accordance with the Swiss Code of Obligations, participations are valued with deductions for write-downs as necessary.</p> <p>Management test the valuation of individual participations through a comparison of the book value of each participation to the respective IFRS equity value. Management utilize the</p>	<p>Our audit work in the area of participations focused on the audit of management's analysis of valuation adjustments of participations as well as an assessment of assumptions used by management to determine the value in use.</p> <p>As part of our audit procedures, we compared the book value with the IFRS equity value or value in use. For material participations, we audited the IFRS equity value as part of the IFRS group audit. For immaterial participations, we performed an assessment of differences between the IFRS equity value and the statutory equity.</p> <p>For participations where the book value exceeds the IFRS equity value, we audited the underlying valuation analysis.</p> <p>We critically assessed and tested the financial budgets approved by management and the board of directors.</p>



equity value of each participation determined for the IFRS closings. As long as the IFRS equity value exceeds the book value of the participation, the conclusion is drawn that the valuation of the participation is sufficient.

In case that the IFRS equity value is below the book value of the participation, management performs an extensive valuation analysis and the value in use is compared to the book value of the participation. For the calculation of the value in use, an extensive valuation analysis using cash flow projections, based on mid-term planning approved by management and the board of directors, is performed.

As the actual cash flows naturally vary from planned projections, management have created detailed sensitivity analyses. The sensitivity analyses provide insights as to the valuation of the participation, when key assumptions, individually or as a whole, on which planned projections are based, are not met.

We critically assessed the additional sensitivity analyses prepared by management to ascertain the level of prudence used.

In addition, we, together with our valuation experts, assessed the main parameters used in the calculation of the weighted average cost of capital, from which the discount rate is derived. In particular, we identified the market data inputs used by management and compared these against independent data. As for the long-term growth rate used at the end of the mid-term planning period, we compared it to the economic environment and industry trends.

We consider the valuation approach, and the assumptions and parameters used within, as a reasonable and adequate basis for the management assessment of the participation value recorded on the balance sheet. The audit evidence obtained through our audit procedures was sufficient and suitable to assess the valuation of participations.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERT-suisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.



Report on other legal and regulatory requirements

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

Peter Eberli
Audit expert
Auditor in charge

Nebojsa Baratovic
Audit expert

Zürich, 15 March 2021

