

Swiss Life Holding Financial Statements

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Management Report

Swiss Life Holding increased its profit in the 2019 financial year from CHF 460 million to CHF 758 million

The annual profit of Swiss Life Holding in 2019 mainly consisted of dividends, investment income and revenues from guaranteed benefits and commissions. During the year under review, dividend payments from subsidiaries to the holding company increased from CHF 623 million to CHF 670 million, while there was a slight decrease in investment income from CHF 74 million to CHF 72 million and in income from guaranteed benefits and commissions from CHF 47 million to CHF 46 million.

As at the end of the year, Swiss Life Holding had assets (liquid funds, receivables from Group companies, debt securities, investment funds and equities) of CHF 1056 million. Liquid funds declined to CHF 51 million (previous year: CHF 118 million) and debt security, investment fund and equity holdings fell to CHF 937 million (previous year: CHF 1524 million). The main reason for the decrease is the financing of the share buyback programme begun in 2018 and completed in 2019 with a total value of CHF 1 billion. A total of 2 208 715 treasury shares were repurchased, 628 500 of which had already been cancelled by the end of the year under review. As at the end of the year, Swiss Life Holding held 5.12% treasury shares.

Swiss Life Holding's distribution to shareholders in the period under review came to CHF 547 million, or CHF 16.50 per share, of which CHF 83 million (CHF 2.50 per share) was made from the capital contribution reserve and CHF 464 million (CHF 14.00 per share) as an ordinary dividend. The par value of the share remains unchanged at CHF 5.10. The nominal share capital of Swiss Life Holding decreased slightly to CHF 171 million (previous year: CHF 175 million) due to the shares cancelled as part of the share buyback programme.

Long-term debt capital increased by CHF 625 million to CHF 1049 million. Short-term debt capital mainly consists of repo transactions. As of the end of the year, it amounted to CHF 190 million (previous year: CHF 100 million). In the year under review, interest on long-term bonds totalled CHF 6 million. With short-term repo transactions, Swiss Life Holding generated interest income of CHF 2 million.

New loans totalling CHF 682 million were awarded to Group units to finance real estate projects or smaller acquisitions. Including repayments of expired loans and payments under lines of credit granted, the outstanding amount increased to CHF 1637 million (previous year: CHF 986 million).

Statement of Income

Statement of income for the years ended 31 December

In CHF million

	2019	2018
Net income on non-current assets		
Dividends received	670	623
Realised gain/loss on non-current assets	30	-12
Unrealised gain/loss on non-current assets	11	-231
Other finance income	72	74
Other financial expense	-6	-7
Foreign currency gains/losses	-16	-18
Total net income on non-current assets	761	429
Staff costs	-6	-6
Operating expense	-10	-9
Other profit from operations	46	47
Other operating expense	-1	-2
Income tax	-32	0
ANNUAL PROFIT	758	460

Balance Sheet

Balance sheet

In CHF million

	31.12.2019	31.12.2018
ASSETS		
Cash and cash equivalents	51	118
Receivables from Group companies	68	36
Receivables from third parties	3	1
Accrued income	11	14
CURRENT ASSETS	132	169
Financial assets		
Debt securities	857	1 368
Shares	8	15
Investment funds	73	141
Loans to Group companies	1 637	986
Other investments	13	12
Participations	3 216	3 216
NON-CURRENT ASSETS	5 803	5 737
TOTAL ASSETS	5 935	5 906
LIABILITIES AND EQUITY		
Short-term debt capital		
Short-term, interest-bearing liabilities due to third parties	194	100
Other short-term liabilities due to third parties	92	92
Accrued expenses	3	4
Long-term debt capital		
Senior bonds	1 049	424
LIABILITIES	1 338	620
Share capital	171	175
Statutory capital reserve		
Capital contribution reserve	181	263
Statutory retained earnings		
General reserves	33	33
Voluntary retained earnings		
Free reserves	4 242	4 494
Profit shown in the balance sheet		
Balance carried forward from previous year	-	1
Annual profit	758	460
Own capital shares	-787	-140
EQUITY	4 598	5 286
TOTAL LIABILITIES AND EQUITY	5 935	5 906

Notes to the Financial Statements

Accounting Rules

The 2018 Financial Statements were prepared in accordance with the provisions of Swiss accounting law (Title 32 of the Swiss Code of Obligations). 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

	31.12.2019			31.12.2018		
	Currency	Authorised share capital in 1000	Direct share	Currency	Authorised share capital in 1000	Direct share
Swiss Life Ltd, 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%	CHF	250	100.00%

Loans to Group companies

CHF 703 million of the loans to Group companies is classified as subordinated.

Major shareholders

BlackRock Inc., 55 East 52nd Street, New York 10055, USA, reported in a publication of 6 May 2017 that it held through various companies a total of 5.28% of the voting rights for Swiss Life Holding.

In publications dated 23 April 2019, 20 July 2019, 6 August 2019 and 28 November 2019 in the context of a share buyback programme on a scale of around CHF 1 billion (CHF 999 995 716.25) launched at the end of 2018 and completed on 5 December 2019, Swiss Life Holding Ltd, General Guisan-Quai 40, 8002 Zurich, Switzerland, reported several instances in which figures exceeded or fell short of thresholds. According to the last report dated 28 November 2019, at this point in time Swiss Life Holding Ltd held 1 685 005 treasury shares, corresponding to 5.02% of voting rights. As at 31 December 2019, Swiss Life Holding Ltd held a total of 1 721 351 treasury shares, corresponding to 5.12% of voting rights

Share capital

As at 31 December 2019, the share capital of Swiss Life Holding (SLH) consisted of 33 594 606 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 2018, Swiss Life Holding had 34 223 106 registered shares outstanding with a par value of CHF 5.10 per share. Conditional share capital was CHF 19 675 534.80 as at 31 December 2019 (previous year: CHF 19 675 534.80).

Statutory capital reserve

The statutory capital reserve consists of the capital contribution reserve of CHF 181 million (previous year: CHF 263 million). The capital contribution reserve fell by CHF 2.50 per share or CHF 83 million due to the distribution of profit during the year under review. As at 31 December 2019, the capital contribution reserve came to CHF 181 million. Of this amount, CHF 4 million is recognised by the Federal Tax Administration, while the legal qualification of CHF 177 million is still open and is to be reassessed according to future legal developments.

Statutory retained earnings

Statutory retained earnings comprise the general reserves.

Free reserves

This post comprises accumulated retained earnings which have not been distributed to the shareholders. In order to pay the ordinary dividend of CHF 464 million, CHF 3 million was withdrawn from the free reserve in the year under review. In addition, the free reserve was reduced by CHF 249 million due to the cancellation of 628 500 shares, which took place on 15 July 2019.

Issue of senior bonds

Volume	Year of issue	Maturity	Coupon
CHF 200 millions	2013	2023	1.875%
CHF 250 millions	2019	2023	0.250%
CHF 200 millions	2019	2021	variable
CHF 250 millions	2019	2025	0.000%
CHF 150 millions	2019	2029	0.350%

Issue of two senior bonds in 2013

Two senior bonds for a total amount of CHF 425 million were issued on 21 June 2013, split into a tranche of CHF 225 million with a tenor of six years which was repaid on 21 June 2019 (coupon of 1.125%) and a tranche of CHF 200 million with a tenor of ten years until 2023 (coupon of 1.875%).

Issue of four senior bonds in 2019

On 6 December 2019, Swiss Life Holding placed three senior green bond tranches totalling CHF 600 million: a tranche of CHF 200 million with a tenor of two years and variable coupon (floor at 0.00%, cap at 0.05%), a tranche of CHF 250 million with a tenor of 5.5 years and a coupon of 0% and a tranche of CHF 150 million with a tenor of 9.25 years and a coupon of 0.35% p.a.

On 13 March 2019, Swiss Life Holding placed a senior bond amounting to CHF 250 million. The bond has a tenor of 4.6 years and a coupon of 0.25% p.a.

Treasury shares

The Swiss Life Group companies did not purchase any treasury shares during the year under review. In the same period, they did not sell any shares. As at 31 December 2019, the Swiss Life Group held 141 136 treasury shares which are not part of the share buyback programme.

As part of the share buyback programme, the year under review saw Swiss Life Holding purchase a total of 1 981 015 treasury shares at an average price of CHF 461.02. Over the same period, 628 500 shares were cancelled in the first share cancellation programme. The Swiss Life Group therefore held 1 580 215 treasury shares as at 31 December 2019.

Contingent liabilities

Swiss Life Holding acts as warrantor for all Swiss Life Ltd liabilities with regard to the various tranches of the subordinated perpetual step-up loans (hybrid debt), which amounted to an equivalent value of CHF 4139 million at the balance sheet date. The guarantees are classified as subordinated at Swiss Life Holding.

Swiss Life Holding further provides capital guarantees for a maximum net asset value of CHF 1100 million to Swiss Life Ltd, CHF 141 million to Swiss Life Products, CHF 6 million to Swiss Life Liechtenstein, CHF 9 million to Corpus Sireo and CHF 100 million to cover regulatory requirements at the level of subsidiaries.

In addition, under drawn credit lines Swiss Life Holding held liabilities totalling CHF 25 million for Swiss Life Products and credit lines totalling CHF 63 million for Corpus Sireo companies.

Financial assets pledged as collateral

Debt securities of CHF 190 million were pledged on the balance sheet date as part of a repurchase agreement (repo transactions).

Statement of changes in equity for the years ended 31 December

In CHF million

	2019	2018
SHARE CAPITAL		
Balance as at 1 January	175	175
cancellation of treasury shares	-3	-
TOTAL SHARE CAPITAL	171	175
STATUTORY CAPITAL RESERVE		
Balance as at 1 January	263	724
Distribution of profit from the capital contribution reserve	-83	-460
Changes due to conversion of the convertible bond	-	-
TOTAL STATUTORY CAPITAL RESERVE	181	263
STATUTORY RETAINED EARNINGS		
General reserves		
Balance as at 1 January	33	33
Change	-	-
Total general reserves	33	33
TOTAL STATUTORY RETAINED EARNINGS	33	33
VOLUNTARY RETAINED EARNINGS		
Free reserves		
Balance as at 1 January	4 494	4 181
Allocation to free reserves	-	313
Distribution of profit from free reserves	-3	-
cancellation of treasury shares	-249	-
Total free reserves	4 242	4 494
Profit shown in the balance sheet		
Balance as at 1 January	461	314
Allocation to free reserves	-	-313
Dividend	-461	-
Annual profit	758	460
Total profit shown in the balance sheet	758	461
TOTAL VOLUNTARY RETAINED EARNINGS	5 000	4 955
OWN CAPITAL SHARES		
Balance as at 1 January	-140	-26
Change in own capital shares	-647	-114
TOTAL OWN CAPITAL SHARES	-787	-140
TOTAL EQUITY	4 598	5 286

Number of full-time positions

As in the previous year, the number of full-time positions is not above 50 employees on average over the year.

Disclosure of compensation to the Board of Directors and the Corporate Executive Board in accordance with Art. 663b^{bis} of the Swiss Code of Obligations (CO) and Art. 14–16 of the Federal Ordinance against Excessive Compensation in Listed Stock Companies, and disclosure of the shareholdings of members of the Board of Directors and the Corporate Executive Board in accordance with Art. 663c of the CO

Compensation in 2019

The Board of Directors is responsible for drawing up a written compensation report each year to include the information required by Articles 14–16 of the Federal Ordinance against Excessive Compensation in Listed Stock Companies (Compensation Ordinance). This compensation report supersedes the details in the notes to the balance sheet according to Art. 663b^{bis} CO. Swiss Life's compensation report for the 2018 financial year is provided on pages 53 to 70.

The following tables contain information on the share ownership and participation rights of members of the Board of Directors and the Corporate Executive Board in accordance with Art. 663c CO.

Share ownership/participation rights as at 31 December 2019

As at 31 December 2018, acting members of the Board of Directors and the Corporate Executive Board (including closely linked 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).

Board of Directors

	SLH shares 31.12.2019
Rolf Dörig, Chairman of the Board of Directors	31 108
Frank Schnewlin	5 627
Thomas Buess ¹	24 224
Adrienne Corboud Fumagalli	794
Ueli Dietiker	1 156
Damir Filipovic	1 777
Frank W. Keuper	1 014
Stefan Loacker	848
Henry Peter	12 405
Martin Schmid	374
Franziska Tschudi Sauber	3 231
Klaus Tschütscher	1 037
TOTAL BOARD OF DIRECTORS	83 595

Corporate Executive Board

	SLH shares 31.12.2019
Patrick Frost, Group CEO	22 071
Matthias Aellig	2 623
Jörg Arnold	250
Nils Frowein	2 008
Markus Leibundgut	5 805
Stefan Mächler	4 807
Charles Relecom	1 644
TOTAL CORPORATE EXECUTIVE BOARD	39 208

	Restricted Share Units (RSUs) 31.12.2019 ¹
Patrick Frost, Group CEO	8 341
Matthias Aellig	3 934
Jörg Arnold	3 740
Nils Frowein	4 000
Markus Leibundgut	4 479
Stefan Mächler	4 307
Charles Relecom	4 205
TOTAL CORPORATE EXECUTIVE BOARD	33 006

¹ Total number of RSUs allocated in the years 2017, 2018 and 2019 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 met at that point. In addition to the reported shareholding, Thomas Buess held a total of 4512 RSUs as at the balance sheet date of 31 December 2019, which were allocated to him in 2017, 2018 and 2019 in the context of his former function as Group CFO and Member of the Corporate Executive Board of Swiss Life.

Share ownership/participation rights as at 31 December 2018

As at 31 December 2017, acting members of the Board of Directors and the Corporate Executive Board (including closely linked 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).

Board of Directors

	SLH shares 31.12.2018
Rolf Dörig, Chairman of the Board of Directors	35 365
Frank Schnewlin	5 410
Adrienne Corboud Fumagalli	707
Ueli Dietiker	1 013
Damir Filipovic	1 690
Frank W. Keuper	927
Stefan Loacker	728
Henry Peter	11 682
Martin Schmid	287
Franziska Tschudi Sauber	3 179
Klaus Tschütscher	937
TOTAL BOARD OF DIRECTORS	61 925

Corporate Executive Board

	SLH shares 31.12.2018
Patrick Frost, Group CEO	18 593
Jörg Arnold	250
Thomas Buess	22 002
Nils Frowein	2 842
Markus Leibundgut	4 866
Stefan Mächler	3 091
Charles Relecom	1 644
TOTAL CORPORATE EXECUTIVE BOARD	53 288

	Restricted Share Units (RSUs) 31.12.2018 ¹
Patrick Frost, Group CEO	9 323
Jörg Arnold	2 557
Thomas Buess	5 355
Nils Frowein	4 533
Markus Leibundgut	4 812
Stefan Mächler	4 656
Charles Relecom	4 540
TOTAL CORPORATE EXECUTIVE BOARD	35 776

¹ Total number of RSUs allocated in the years 2016, 2017 and 2018 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 met at that point.

Appropriation of Profit

Profit and Appropriation of Profit

Annual profit amounts to CHF 758 292 876. 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, an ordinary dividend of CHF 15.00 per share will be made from profit. In addition, if this proposal is adopted, a distribution of CHF 5.00 per share will be made in the form of a reduction in par value. This amounts to a total distribution of CHF 20.00 per share.

The proposal of the Board of Directors to the General Meeting of Shareholders on 28 April 2020 is based on shares entitled to a dividend as at 31 December 2019. The actual total amount of distribution depends on the number of shares entitled to a dividend on 2 May 2019. Swiss Life Holding Ltd waives a corresponding dividend in respect of treasury shares it holds at the time of distribution.

Profit shown in the balance sheet

In CHF	2019	2018
Balance carried forward from previous year	0	695 784
Annual profit	758 292 876	460 147 097
TOTAL PROFIT SHOWN IN THE BALANCE SHEET	758 292 876	460 842 881

Appropriation of profit

In CHF	2019	2018
Dividend	503 919 090	479 123 484
Allocation to legal reserves	-	-
Allocation to free reserves	254 000 000	-
Withdrawal from the free reserves	-	-18 280 603
Balance carried forward to new account	373 786	-
TOTAL PROFIT SHOWN IN THE BALANCE SHEET	758 292 876	460 842 881

Zurich, 10 March 2020

For the Swiss Life Holding Board of Directors

Rolf Dörig

Frank Schnewlin

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 2019, and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 313 - 321) as at 31 December 2019 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 3'216 million, 54% of total assets). We refer to page 314 of the financial statements of Swiss Life Holding Ltd.</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>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 tested the financial budgets approved by management and the board of directors. The financial budgets include details on certain planned activities supporting the expected business development. In particular, we challenged</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 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.

management as to the feasibility of reaching the planned cash flow projections.

An element of placing trust in planned cash flow projections is the extend they were reached in the past. Where actual results varied from planned results, we inquired as to the reasons and potential impact they may have in reaching future goals and assessed the key drivers which contributed to the deviation.

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, 10 March 2020

