

Annual Report 2011 /

AXA Life Ltd

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Corporate governance /

Board of Directors

Name	Year of birth	Nationality	Position	Period of office until
Jacques de Vaucleroy ¹	1961	Belgian	Chairman	AGM 2013
Franz K. von Meyenburg ²	1949	Swiss	Vice Chairman	AGM 2012
Patrick Lemoine ^{1,2}	1958	French	Member	AGM 2013
Felix Gutzwiller ¹	1948	Swiss	Member	AGM 2012
Ulrich Gygi ²	1946	Swiss	Member	AGM 2012
Rodolphe Hottinger ¹	1956	Swiss	Member	AGM 2012
Herbert Lüthy ²	1943	Swiss	Member	AGM 2013
François Robinet ²	1967	French	Member	AGM 2012
Marcel Süsskind			Secretary (non-member)	

¹ Member of the Nomination and Compensation Committee, chaired by J. de Vaucleroy.

² Member of the Audit and Risk Committee, chaired by H. Lüthy.

CEO and Executive Board

Name	Year of birth	Nationality	Position	Remarks
Philippe Egger	1956	Swiss	Chief Executive Officer	
Daniel Bandle	1973	Swiss	Head of Operations	
Matthias Henry	1971	Swiss	Chief Financial Officer	until March 13, 2011 as well Chief Investment Officer
Kamila Horackova	1969	Czech	Chief Investment Officer	as of March 14, 2011
Markus Keller	1968	Swiss	Head of Marketing	
Andreas Krümmel	1968	German	Head of Property & Casualty	
Anders Malmström	1968	Swiss/Finnish	Head of Life Business	
Bruno Müller	1954	Swiss	Chief Information Officer	
Christoph Müller	1961	Swiss	Head of Human Resources	
Antimo Perretta	1962	Swiss/Italian	Head of Distribution	
Urs Widmer Doldinger ¹	1968	Swiss	CEO AXA Bank	
Robert Kesselring ²	1962	Swiss	Run off-Business	

¹ U. Widmer Doldinger is a member of the executive committee of AXA Winterthur and participates in the Executive Board meetings.

² CEO of AXA Liabilities Managers Switzerland AG which is on the basis of a mandate in charge of the Run off-Business of AXA Winterthur. R. Kesselring is not a member of the Executive Board but in his function as a responsible representative he reports directly to the Board of Directors.

Statutory auditors

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

Annual report /

This report contains information about the activities of AXA Life Ltd during the business year 2011.

AXA Life Ltd has performed well again in the 2011 financial year. Net profit reached an amount of CHF 1'283 million. The significant increase compared to 2010 is mainly due to the extraordinary realized gain out of the sale of the participation stake in Taikang Life China. Besides this extraordinary impact the ordinary business in Individual Life and Group Life also showed a solid performance in spite of the volatilities and uncertainties which markets are facing.

AXA Life Ltd will pay no dividend in 2011 and will therefore strengthen its balance sheet for future challenges.

In 2011 gross premiums written increased by CHF 618 million and reached CHF 8'688 million. This premium increase of 7.7% has been achieved due to the ongoing success and growth of our Group Life Business as well as a solid performance in Individual Life in which new products like Protect Plan were well received by our customers.

Driven by the extraordinary gain out of the sale of the Taikang Life participation net investment income increased to CHF 3'003 million. Total investments amounted to CHF 65 billion, a decrease of CHF 3.0 billion in 2011 while cash and cash equivalents increased from CHF 1.2 billion to CHF 6.3 billion as of the end of 2011.

The statutory financial statements are drawn up in accordance with the Swiss Code of Obligations (CO).

Financial statements /

Statement of income

Years ended December 31, in CHF 1,000	Notes	Gross 2011	Reinsurance ceded 2011	Net 2011	Net 2010
Premiums written	3	8,687,602	-28,595	8,659,007	8,048,027
Change in provision for unearned premiums		-5,557	-	-5,557	-3,122
Premiums earned		8,682,045	-28,595	8,653,450	8,044,905
Claims paid	4	-7,368,752	12,803	-7,355,949	-7,085,936
Change in provision for outstanding claims		56,835	-1,921	54,914	50,972
Claims incurred		-7,311,917	10,882	-7,301,035	-7,034,964
Change in actuarial provision		-2,019,508	-	-2,019,508	-1,605,666
Policyholder bonus allocation		-367,803	1,495	-366,308	-233,451
Change in participation fund		-105,505	-	-105,505	-156,025
Policyholder bonus expense		-473,308	1,495	-471,813	-389,476
Operating expenses	5	-378,688	-	-378,688	-388,143
Net investment income	6			3,003,250	1,803,962
Interest received on deposits and bank accounts				49,870	56,891
Interest on policyholder bonus left on deposit				-1,490	-5,508
Other interest paid				-41,273	-38,605
Other expenses				-8,356	-795
Other income				10,549	20,005
Gain/ Loss on currencies (incl. hedging)				-104,978	20,807
Net profit before tax				1,389,978	483,413
Taxes				-106,621	-45,286
Net profit after tax				1,283,357	438,127

³⁻⁶ See notes to the financial statements pages 10-11

Balance sheet

December 31, in CHF 1,000, before allocation of profit	Notes	2011	2010
Assets			
Debt securities	8	36,551,375	34,941,541
Equity securities		6,407,334	5,911,759
Derivatives	8	1,012,439	3,535,907
Loans	8	3,851,624	3,039,618
Mortgages		7,307,440	6,655,750
Real estate		8,098,028	7,808,142
Participations	11	1,342,433	1,480,385
Short-term investments		12,000	4,162,000
Total investments		64,582,673	67,535,102
Cash and cash equivalents		6,305,050	1,176,713
Policy loans		73,302	89,086
Deposits from assumed reinsurance	8	1,177	49,744
Receivables from insurance companies	8	31,334	177,051
Receivables from agents and policyholders		1,054,242	1,038,666
Sundry debtors	9	234,456	247,328
Accrued income and prepaid expenses	8	1,105,091	1,081,125
Total assets		73,387,325	71,394,815
Liabilities and shareholders' equity			
Provision for unearned premiums		291,278	285,811
Actuarial provision		59,075,004	57,069,564
Provision for outstanding claims		475,736	530,708
Participation fund		759,307	654,060
Policyholder bonus left on deposit		193,053	212,507
Total technical provisions	7	60,794,378	58,752,650
Deposits from ceded reinsurance	8	41,347	44,209
Payables to insurance companies	8	40,954	156,298
Payables to agents and policyholders		2,608,514	2,551,881
Accrued expenses and deferred income	8	43,563	65,712
Other short-term liabilities	8, 9	5,820,817	7,046,148 *
Other long-term liabilities		22,778	46,300 *
Total liabilities		69,372,351	68,663,198
Share capital		175,000	175,000
Legal reserves:			
Reserves from capital contributions		53,493	-
Other legal reserves		87,500	87,500
Free reserves		2,409,449	2,022,942
Retained earnings:			
Retained earnings brought forward		6,175	8,048
Net profit		1,283,357	438,127
Total shareholders' equity		4,014,974	2,731,617
Total liabilities and shareholders' equity		73,387,325	71,394,815

⁷⁻⁸ See notes to the financial statements page 12

⁹ See notes to the financial statements page 13

¹¹ See notes to the financial statements page 14

* In 2011 certain „Other long-term liabilities“ have been reclassified to „Other short-term liabilities“. Prior year balance of CHF 52.9 million has been reclassified for comparative purposes.

Changes in shareholders' equity

in CHF 1,000	Share capital	Legal reserves	Free reserves	Retained earnings	Total
As of December 31, 2009	175,000	87,500	1,672,942	358,048	2,293,490
Allocation of prior year profit to reserves			350,000	-350,000	-
Net profit				438,127	438,127
As of December 31, 2010	175,000	87,500	2,022,942	446,175	2,731,617
Allocation of prior year profit to reserves			440,000	-440,000	-
Movement in reserves		53,493	-53,493	-	-*
Net profit				1,283,357	1,283,357
As of December 31, 2011	175,000	140,993	2,409,449	1,289,532	4,014,974

* Reserves from capital contributions (Swiss tax law) booked from free reserves to legal reserves.

Notes to the financial statements /

1 Summary of significant accounting policies

Unless otherwise mentioned in the notes, no legally required disclosures exist for AXA Life Ltd. The following are the most relevant accounting principles for AXA Life Ltd.

Basis for accounting

The financial statements for AXA Life Ltd are prepared in accordance with the Swiss Code of Obligations (CO) and relevant regulatory insurance legislation. The financial year ends on December 31.

Investments

The various investment positions are valued separately, unless otherwise mentioned.

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

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

Mortgages and short-term investments are reported at nominal value, net of any provisions for impairment.

Loans are reported at amortized cost.

Debt securities are valued no higher than according to the scientific amortized cost method. Further credit risks are taken into account by means of depreciation on the individual bonds.

Equity securities listed on a stock exchange are carried at the lower of cost or market value. Unlisted equity securities are valued at cost, net of any provision for impairment as a result of lower market values.

Derivatives are reported at fair value with gains and losses recorded in the profit and loss statement.

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.

Deferred policy 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.

Foreign currency translation

Participations are measured at historical exchange rates; any other balance sheet items requiring translation are measured at closing rates. Transactions in the income statement are recorded at current exchange rates. Foreign exchange rate differences are recognized in the income statement. Foreign exchange rate impacts related to investments (including assignable hedging gains and losses) are reported in net investment income. Any other foreign exchange rate and hedge impacts as well as the hedging costs are shown under gain / loss on currencies.

Tax expenses

Tax expenses comprise income taxes, capital taxes, and non-refundable withholding taxes on majority participations.

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 defence 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) and Solvency I. 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 again in the summer of 2011. Based on individual interviews followed by a workshop, top risks have been described, assessed and assigned to the responsible risk owners, and actions have been defined to address those risks. Actions are being monitored and assessed through the individual annual performance reviews. This also includes risks with respect to financial reporting, which are addressed by the internal control system.

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 written

Years ended December 31, in CHF 1,000	2011	2010
Direct business	8,679,293	8,059,023
Assumed business	8,309	10,967
Ceded business	-28,595	-21,963
Total net premiums written	8,659,007	8,048,027

Gross premiums written – direct business

Individual life		
Annual premium	838,362	834,767
Single premium	499,914	510,699
Total Individual life	1,338,276	1,345,466
Group life		
Annual premium	3,032,997	2,934,492
Single premium	4,308,020	3,779,065
Total Group life	7,341,017	6,713,557
Total gross premiums written – direct business	8,679,293	8,059,023

4 Claims paid

Years ended December 31, in CHF 1,000	2011	2010
Direct business	7,318,714	7,089,101
Assumed business	50,038	10,447
Gross claims paid	7,368,752	7,099,548
Ceded business	-12,803	-13,612
Total net claims paid	7,355,949	7,085,936

Gross claims paid – direct business

Individual life	1,613,754	1,657,128
Group life	5,704,960	5,431,973
Total gross claims paid – direct business	7,318,714	7,089,101

5 Operating expenses

Years ended December 31, in CHF 1,000	2011	2010
Commissions – direct business	114,281	116,857
Commissions – assumed business	-1,351	1,695
Total commissions	112,930	118,552
Personnel expenses	165,868	180,664
Other operating expenses	99,890	88,927
Total operating expenses	378,688	388,143

6 Net investment income

Years ended December 31, in CHF 1,000	2011	2010
Current investment income	2,284,862	2,208,874
Realized gains on real estate	13,133	33,848
Realized losses on real estate	-3,924	-1,467
Realized gains on other investments	5,135,137	1,600,503
Realized losses on other investments	-1,103,712	-1,935,147
Appreciation on investments	990,247	2,834,161
Depreciation on investments	-4,127,728	-2,765,437
Investment expenses	-184,765	-171,373
Total net investment income	3,003,250	1,803,962

7 Technical provisions

December 31, in CHF 1,000	Gross 2011	Ceded 2011	Net 2011	Gross 2010	Ceded 2010	Net 2010
Provision for unearned premiums	291,278	–	291,278	285,811	–	285,811
Actuarial provision	59,075,004	–	59,075,004	57,069,564	–	57,069,564
Provision for outstanding claims	514,083	–38,347	475,736	571,268	–40,560	530,708
Participation fund	759,307	–	759,307	654,060	–	654,060
Policyholder bonus left on deposit	193,053	–	193,053	212,507	–	212,507
Total technical provisions	60,832,725	–38,347	60,794,378	58,793,210	–40,560	58,752,650

8 Related party balances

December 31, in CHF 1,000	2011	2010
Receivables		
Debt securities	20,884	24,657
Derivatives	–	76,078
Loans	517,776	–
Deposits from assumed reinsurance	1,177	49,744
Receivables from insurance companies	5,650	23,841
Accrued income and prepaid expenses	517	50
Total receivables from related parties	546,004	174,370
Payables		
Deposits from ceded reinsurance	6,503	10,288
Payables to insurance companies	6,844	20,674
Accrued expenses and deferred income	6,818	5,418
Other short-term liabilities	123,614	39,071
Total payables to related parties	143,779	75,451

9 Shareholder balances

December 31, in CHF 1,000	2011	2010
Receivables		
Sundry debtors	888	3,393
Total receivables from shareholder	888	3,393
Payables		
Other short-term liabilities	40,568	31,437
Total payables to shareholder	40,568	31,437

10 Additional notes according to the Swiss Code of Obligations (CO Art. 663b)

December 31, in CHF 1,000	2011	2010
Contingent liabilities		
Guarantees, contingent liabilities	676,422	766,629
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 tax debts of the entire group.		
Assets pledged		
Debt securities	2,959,389	2,480,993
Others		
Liabilities due to own pension funds	135	142
Release of management reserves	141,206	-
Fire insurance value		
Fire insurance value of tangible fixed assets	6,837,210	6,760,537

Significant participations

For an overview of subsidiaries and undertakings refer to the table "Significant participations" (see note 11 to the financial statements page 14).

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

11 Significant participations

AXA Life Ltd holds the following significant participations:

	Share held 31.12.2011	Share held 31.12.2010
China		
Taikang Life Insurance Co., Beijing *	0.0%	15.6%
Japan		
AXA Japan Holding Co. Ltd, Tokyo	20.0%	20.0%
Switzerland		
Zürcher Freilager AG, Zurich	80.0%	78.9%
Technopark Immobilien AG, Zurich	33.3%	33.3%
Acron Helvetia VII Immobilien AG, Zürich **	58.4%	0.0%

* Sold in 2011

** Acquisition in 2011

Proposed appropriation of retained earnings /

December 31, in CHF	2011	2010
Net profit	1,283,356,518	438,126,792
Retained earnings brought forward	6,174,380	8,047,588
Retained earnings available for appropriation	1,289,530,898	446,174,380
Motion by Board of Directors		
Free reserves	1,280,000,000	440,000,000
Carried forward	9,530,898	6,174,380
Total	1,289,530,898	446,174,380

Winterthur, April 4, 2012

On behalf of the Board of Directors and
the Executive Board

Jacques de Vaucleroy
Chairman of the Board

Philippe Egger
Chief Executive Officer

Report of the statutory auditors to the general meeting on the financial statements 2011 /

Report of the statutory auditors on the financial statements

As statutory auditors, we have audited the financial statements of AXA Life Ltd, which comprise the balance sheet, income statement and notes (pages 5 to 14), for the year ended December 31, 2011.

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.

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

Opinion

In our opinion, the financial statements for the year ended December 31, 2011 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

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

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

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

PricewaterhouseCoopers Ltd

Rebecca Elliott
Audit Expert
Auditor in charge

Lilla Runco
Partner

Mazars Coresa Ltd

Lionel Cazali
Audit Expert
Auditor in charge

Denise Wipf
Audit Expert

Zurich, April 4, 2012

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