

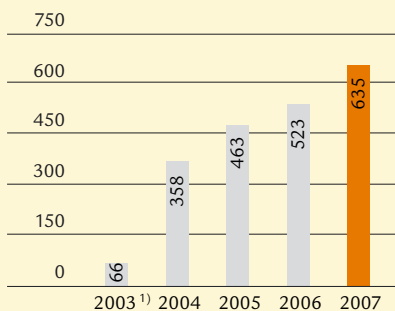


SwissLife

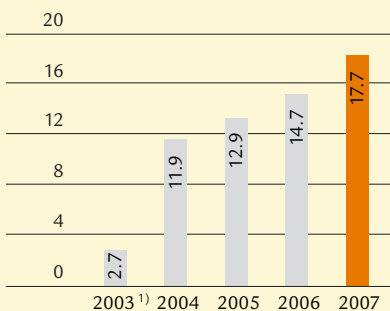
First-Half Financial Report 2007

First-Half Key Figures (unaudited)

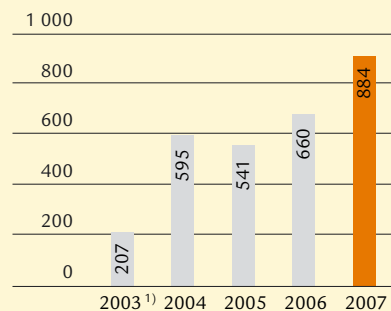
Net profit CHF million



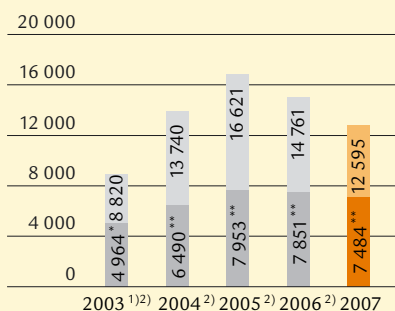
Diluted earnings per share CHF



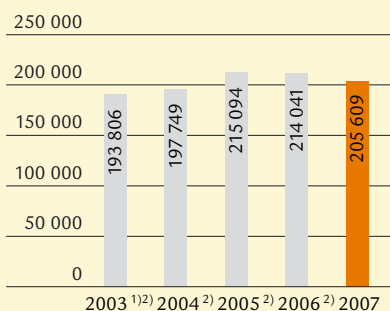
Profit from operations CHF million



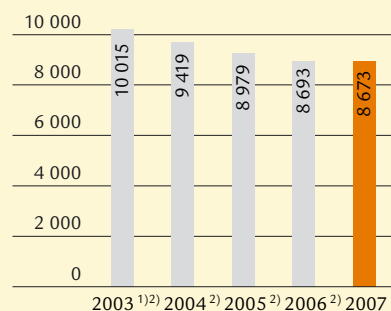
Core capital CHF million



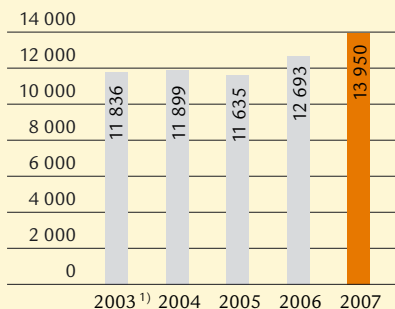
Assets under control CHF million



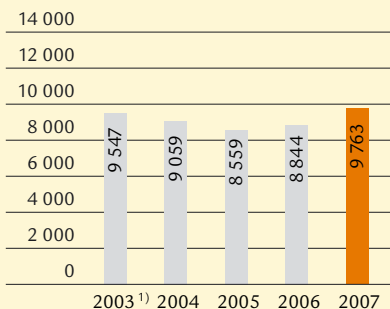
Employees (full-time equivalents)



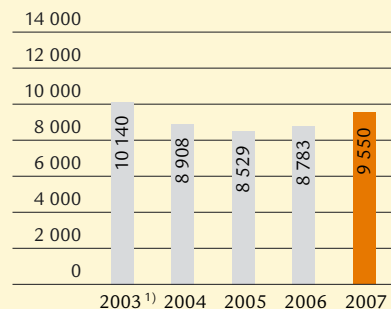
Gross written premiums, policy fees and deposits received CHF million



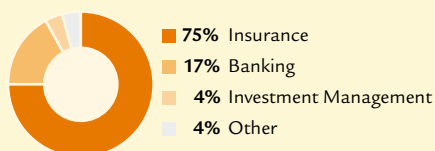
Net earned premiums and policy fees CHF million



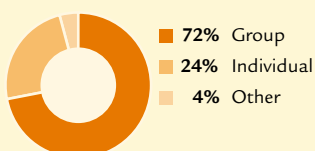
Net insurance benefits and claims CHF million



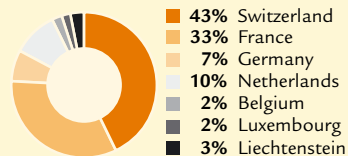
Segment result



Direct written premiums by type of insurance



Gross written premiums, policy fees and deposits received by country



1) 2003 figures not adjusted to the financial reporting requirements as of 1 January 2005

2) As at 31.12.

* Equity

** Equity (incl. minority interest)

Condensed Financial Statements

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Condensed Consolidated Statement of Income (unaudited)

5

Consolidated statement of income for the half-years ended 30 June

In CHF million		2007 HY	2006 HY
	Notes		
Income			
Premiums earned on insurance contracts		9 491	8 677
Premiums earned on investment contracts with discretionary participation		98	69
Premiums ceded to reinsurers	5	-124	-119
Net earned premiums	5	9 465	8 627
Policy fees earned on insurance contracts		34	63
Policy fees earned on investment and unit-linked contracts		264	154
Net earned policy fees	5	298	217
Asset management and other commission income	6	260	246
Investment income	4, 6	3 238	2 652
Net gains/losses on financial assets	4, 6	914	177
Net gains/losses on financial instruments at fair value through profit or loss	4, 6	36	105
Net gains/losses on investment property	4	64	69
Other income	6	-83	122
Total income		14 192	12 215
Expenses			
Benefits and claims under insurance contracts		-9 523	-8 779
Benefits and claims under investment contracts with discretionary participation		-107	-73
Benefits and claims recovered from reinsurers		80	69
Net insurance benefits and claims	6	-9 550	-8 783
Policyholder participation		-1 712	-869
Interest expense	6	-358	-429
Commission expense	6, 21	-381	-330
Employee benefits expense	6, 21	-608	-563
Depreciation and amortisation expense	6	-322	-203
Impairment of property and equipment and intangible assets		-1	0
Other expenses	6, 21	-376	-378
Total expenses		-13 308	-11 555
Profit from operations		884	660
Borrowing costs		-145	-80
Share of results of associates	4	10	8
Profit before income tax		749	588
Income tax expense	7	-114	-65
Net profit		635	523
<i>Net profit attributable to</i>			
equity holders of Swiss Life Holding		615	511
minority interest		20	12
Net profit		635	523
Basic earnings per share for the net profit attributable to equity holders of Swiss Life Holding (in CHF)		18.41	15.26
Diluted earnings per share for the net profit attributable to equity holders of Swiss Life Holding (in CHF)		17.72	14.72

Condensed Consolidated Balance Sheet (unaudited)

6

Consolidated balance sheet

In CHF million		30.06.2007	31.12.2006
	Notes		
Assets			
Cash and cash equivalents		9 546	7 621
Insurance receivables and other receivables		5 243	4 899
Derivatives		699	859
Assets held for sale	19	25 005	14
Financial assets at fair value through profit or loss	8	24 438	29 437
Financial assets available for sale	9	85 566	92 916
Loans	10	27 972	28 883
Financial assets held to maturity	11	3 963	4 090
Financial assets pledged as collateral	8, 9	126	124
Investment property		12 076	11 816
Investments in associates		78	75
Reinsurance assets	15	1 014	969
Property and equipment		1 128	1 159
Intangible assets including intangible insurance assets	12	4 060	3 507
Current income tax assets		18	22
Deferred income tax assets		138	94
Other assets		656	465
Total assets		201 726	186 950

Consolidated balance sheet

In CHF million		30.06.2007	31.12.2006
	Notes		
Liabilities and equity			
Liabilities			
Insurance payables and other payables		4 487	4 268
Derivatives	21	584	817
Liabilities associated with assets held for sale	19	24 522	-
Financial liabilities at fair value through profit or loss	8	14 066	9 538
Investment contracts	13, 21	12 873	30 077
Deposits		8 154	7 356
Borrowings	14	7 893	6 139
Insurance liabilities	15, 21	112 411	109 456
Policyholder participation liabilities		5 204	7 092
Employee benefit liabilities	16	2 594	2 561
Current income tax liabilities		311	232
Deferred income tax liabilities		558	865
Provisions		170	202
Other liabilities		415	496
Total liabilities		194 242	179 099
Equity			
Share capital		1 399	1 385
Share premium		2 491	2 459
Treasury shares		-333	-66
Foreign currency translation differences		132	61
Gains/losses recognised directly in equity		-544	305
Retained earnings		4 050	3 435
Total shareholders' equity		7 195	7 579
Minority interest		289	272
Total equity	17	7 484	7 851
Total liabilities and equity		201 726	186 950

Condensed Consolidated Statement of Cash Flow (unaudited)

8

Consolidated statement of cash flow for the half-years ended 30 June

In CHF million		2007 HY	2006 HY
	Notes		
Cash flow from operating activities			
Profit before income tax		749	588
Adjustments			
Net realised and unrealised gains (-)/losses (+)		-739	-368
Amortisation of premiums/discounts on financial instruments		34	42
Depreciation and amortisation expense		322	203
Impairment of property and equipment and intangible assets		1	0
Interest and bonuses credited to contract holders		289	550
Equity-settled share-based payment expense		5	2
Borrowing costs		145	80
Profit before income tax after adjustments		806	1 097
Net changes in operating assets and liabilities			
Derivatives		523	488
Financial instruments at fair value through profit or loss		2 094	-609
Financial assets available for sale		-7 671	-7 736
Loans		1 302	2 526
Financial assets held to maturity		248	40
Investment property		-154	-61
Deferred acquisition and origination costs		-261	-252
Reinsurance assets		-22	-2
Investment contracts		588	579
Deposits		576	1 202
Insurance liabilities		2 508	826
Other operating assets and liabilities		21	-271
Cash generated from operations		558	-2 173
Income taxes paid		-80	-15
Total net cash flow from operating activities		478	-2 188
Cash flow from investing activities			
Purchases of investments in associates		0	-3
Sales of investments in associates		1	0
Purchases of property and equipment		-44	-46
Sales of property and equipment		2	20
Acquisitions of minority interest		0	-31
Acquisitions of subsidiaries, net of cash and cash equivalents	18	-171	-
Disposals of subsidiaries, net of cash and cash equivalents	18	-	121
Total net cash flow from investing activities		-212	61
Balance carried forward to next page		266	-2 127

Consolidated statement of cash flow for the half-years ended 30 June

In CHF million	2007 HY	2006 HY
Balance carried forward from previous page	266	-2 127
Cash flow from financing activities		
Issuance of guaranteed subordinated perpetual loan notes	1 140	-
Issuance of other debt instruments	813	1 241
Redemption of other debt instruments	-56	-382
Premiums paid/received for options on own shares	-6	0
Purchases of treasury shares	-636	-84
Sales of treasury shares	370	77
Capital contributions from minority interest	0	-
Borrowing costs paid	-102	-66
Dividends paid to minority interest	-8	-8
Total net cash flow from financing activities	1 515	778
Total change in cash and cash equivalents	1 781	-1 349
Cash and cash equivalents as at 1 January	7 445	13 762
Effect of exchange rate differences	39	9
Total change in cash and cash equivalents	1 781	-1 349
Cash and cash equivalents as at 30 June	9 265	12 422
Cash and cash equivalents as at 1 January	7 445	13 762
Cash and cash equivalents for the account and risk of the Swiss Life Group's customers	176	408
Total cash and cash equivalents as at 1 January	7 621	14 170
Cash and cash equivalents as at 30 June	9 265	12 422
Cash and cash equivalents for the account and risk of the Swiss Life Group's customers	281	144
Total cash and cash equivalents as at 30 June	9 546	12 566

Condensed Consolidated Statement of Changes in Equity (unaudited)

10

Consolidated statement of changes in equity for the half-year ended 30 June 2007

In CHF million	Notes									
		Share capital	Share premium	Treasury shares	Foreign currency translation differences	Gains/ losses recognised directly in equity	Retained earnings	Total shareholders' equity	Minority interest	Total equity
Balance as at 1 January		1 385	2 459	-66	61	305	3 435	7 579	272	7 851
Changes in foreign currency translation differences		-	-	-	71	-	-	71	8	79
Changes in gains/losses recognised directly in equity		-	-	-	-	-849	-	-849	-3	-852
Disposals of subsidiaries		-	-	-	-	-	-	-	-	-
Net profit		-	-	-	-	-	615	615	20	635
Total recognised income and expense for the period		-	-	-	71	-849	615	-163	25	-138
Conversion of convertible debt	14	14	50	-	-	-	-	64	-	64
Options on own shares		-	-6	-	-	-	-	-6	-	-6
Obligation to purchase own shares		-	-18	-	-	-	-	-18	-	-18
Equity-settled share-based payments		-	5	-	-	-	-	5	-	5
Purchases of treasury shares		-	-	-636	-	-	-	-636	-	-636
Sales of treasury shares		-	1	369	-	-	-	370	-	370
Acquisitions of minority interest		-	-	-	-	-	-	-	0	0
Capital contributions from minority interest		-	-	-	-	-	-	-	0	0
Dividends		-	-	-	-	-	-	-	-8	-8
Balance as at 30 June		1 399	2 491	-333	132	-544	4 050	7 195	289	7 484

Consolidated statement of changes in equity for the half-year ended 30 June 2006

In CHF million	Notes									
		Share capital	Share premium	Treasury shares	Foreign currency translation differences	Gains/losses recognised directly in equity	Retained earnings	Total shareholders' equity	Minority interest	Total equity
Balance as at 1 January		1 554	2 467	-42	-11	1 185	2 502	7 655	298	7 953
Changes in foreign currency translation differences		-	-	-	8	-	-	8	2	10
Changes in gains/losses recognised directly in equity		-	-	-	-	-967	-	-967	-6	-973
Disposals of subsidiaries		-	-	-	4	0	-	4	1	5
Net profit		-	-	-	-	-	511	511	12	523
Total recognised income and expense for the period		-	-	-	12	-967	511	-444	9	-435
Conversion of convertible debt	14	0	0	-	-	-	-	0	-	0
Options on own shares		-	0	-	-	-	-	0	-	0
Obligation to purchase own shares		-	-32	-	-	-	-	-32	-	-32
Equity-settled share-based payments		-	2	-	-	-	-	2	-	2
Purchases of treasury shares		-	-	-84	-	-	-	-84	-	-84
Sales of treasury shares		-	4	71	-	-	-	75	-	75
Acquisitions of minority interest		-	-	-	-	-	-	-	-45	-45
Capital contributions from minority interest		-	-	-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-	-8	-8
Balance as at 30 June		1 554	2 441	-55	1	218	3 013	7 172	254	7 426

Condensed Notes to the Consolidated Financial Statements (unaudited)

1 General Information

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The Swiss Life Group is one of Europe's leading providers of pension and life insurance products. The Swiss Life Group offers individuals and companies comprehensive advice across a broad range of products via agents, brokers and banks in its domestic market, Switzerland, where it is market leader, and selected European markets. Multi-national companies are serviced with tailor-made solutions by a network of partners in over 60 countries and regions. With Banca del Gottardo, the Swiss Life Group is also active in private banking. The bank, with its head office in Lugano, has an extended national and international network of offices and significant customer assets under management. Additionally, the Group offers non-life insurance products and investment management services in selected countries.

The following events had an influence on the period under review:

Reduction in par value As approved by the shareholders at the General Meeting of Swiss Life Holding on 8 May 2007, a reduction in par value of CHF 7 per registered share was effected in 2007. The payout took place on 3 August 2007.

Conversion of convertible debt In the first half of 2007, convertible bonds were converted into 346 059 Swiss Life Holding shares in total with a corresponding increase of share capital and share premium (2006: conversion into 191 Swiss Life Holding shares).

2 Summary of Significant Accounting Policies

The half-year financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies used in the preparation of the interim financial statements are consistent with those used in the financial statements for the year ended 31 December 2006, except for the changes in accounting policies as described below.

These interim financial statements should be read in conjunction with the 2006 annual financial statements.

Changes in accounting policies In August 2005, the International Accounting Standards Board issued both IFRS 7 Financial Instruments: Disclosures and a complementary amendment to IAS 1 Presentation of Financial Statements. The IFRS introduces new requirements to improve the information on financial instruments. The amendment to IAS 1 introduces requirements for disclosures about capital. IFRS 7 Financial Instruments: Disclosures and the amendment to IAS 1 Presentation of Financial Statements was adopted by the Swiss Life Group for annual periods as of 1 January 2007. For the full-year financial statements 2007, the adoption of the IFRS and the amendment will result in expanded disclosures associated with financial instruments, such as a sensitivity analysis to market risk and the new capital disclosures required by IAS 1 Presentation of Financial Statements.

In January 2006, the International Accounting Standards Board issued IFRIC Interpretation 8 Scope of IFRS 2. The Interpretation clarifies that IFRS 2 Share-based Payment applies to arrangements where an entity makes share-based payments for apparently nil or inadequate consideration. The Swiss Life Group has adopted the IFRIC Interpretation for annual periods as of 1 January 2007. No material financial impact arose from the adoption of this amendment as the Group currently does not have transactions that fall under the scope of the IFRIC Interpretation.

IFRIC 9 Reassessment of Embedded Derivatives comments on the issue of whether IAS 39 requires an assessment to separate any embedded derivatives from the host contract only when the entity first becomes a party to the contract or if an assessment has to be reconsidered throughout the life of the contract. The Interpretation states that the assessment should be made when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which

case reassessment is required. This Interpretation was adopted by the Swiss Life Group for annual periods as of 1 January 2007. No material financial impact arose from the adoption of this Interpretation as the Group currently does not have any significant embedded derivatives that would result in significant modifications of the cash flows under the contract.

The following new International Financial Reporting Interpretations are not relevant to the Swiss Life Group:

IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies. The Swiss Life Group does not have operations in hyperinflationary economies.

IFRIC 12 Service Concession Arrangements. The Interpretation is not relevant to the Group's operations.

Forthcoming changes in accounting policies In November 2006, IFRS 8 Operating Segments was issued by the International Accounting Standards Board. The new Standard replaces IAS 14 Segment Reporting. IFRS 8 Operating Segments requires disclosure of information about an entity's operating segments and about the entity's products and services, the geographical areas in which it operates, and its major customers. In pursuit of the objective to achieve convergence with the US Generally Accepted Accounting Principles (US GAAP), the content and the wording of IFRS 8 Operating Segments is essentially the same as that of SFAS 131 Disclosures about Segments of an Enterprise and Related Information except for changes necessary to make the terminology consistent with that in other IFRS. IFRS 8 Operating Segments will be effective for periods beginning on or after 1 January 2009. No financial impact will arise on the consolidated balance sheet and consolidated statement of income of the Swiss Life Group. The Swiss Life Group is currently analysing the impact of IFRS 8 Operating Segments on its disclosure.

In March 2007, the International Accounting Standards Board issued a revised IAS 23 Borrowing Costs which removes the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The revised Standard applies to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. The revised Standard is not expected to have any impact on the Swiss Life Group as the Group's current accounting policy is to capitalise bor-

2 Summary of Significant Accounting Policies (continued)

rowing costs directly attributable to the construction or acquisition of a qualifying asset as part of the cost of that asset.

In June 2007, IFRIC 13 Customer Loyalty Programmes was issued. The Interpretation addresses accounting by entities that grant loyalty award credits to customers who buy other goods or services. The Interpretation requires entities to allocate some of the proceeds of the initial sale to the award credits and recognise these proceeds as revenue only when the entities have fulfilled their obligations. The Interpretation applies to annual periods beginning on or after 1 July 2008. The Interpretation is not expected to have an impact on the Swiss Life Group as no such programmes are currently in place.

In July 2007, IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction was issued. The Interpretation provides general guidance on how to assess the limit in IAS 19 Employee Benefits on the amount of the surplus that can be recognised as an asset. It also explains how the pensions asset or liability may be affected when there is a statutory or contractual minimum funding requirement. The Interpretation will be effective for annual periods beginning on or after 1 January 2008. The Swiss Life Group is currently analysing the impact of this Interpretation on its financial statements.

Functional and presentation currency Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group's entities operate (the "functional currency"). The consolidated financial statements are presented in millions of Swiss francs (CHF), which is the Group's presentation currency.

Foreign currency exchange rates

	30.06.2007	31.12.2006
1 EUR	1.6570	1.6078
1 GBP	2.4621	2.3949
1 USD	1.2285	1.2207

	Average 2007 HY	Average 2006 HY
1 EUR	1.6320	1.5616
1 GBP	2.4187	2.2729
1 USD	1.2281	1.2712

3 Segment Information

The Group's reportable segments are defined using the "management approach" reflecting the sources and nature of the Group's risks and returns as monitored by management in order to strategically manage the Group and make business decisions. Primary segmentation is based on product lines and services. Secondary segmentation is based on geographical areas.

Under the Group's strategy, primary segmentation is split into four categories: Insurance, Banking, Investment Management and Other. The organisational and management structure within the "Insurance" segment is based on geography, whereas the organisational and management structure of the other segments is primarily based on products/services.

– The "Insurance" segment consists of life and non-life insurance operations. Life insurance operations offer a broad range of life, pension, annuity and investment-type policies to both groups and individuals, including accident, health and disability coverage. Non-life operations principally include property and casualty, liability and motor insurance. The Group's strategy focuses primarily on the life and pension business in a number of key European markets, such as Switzerland, France, Germany, the Netherlands, Belgium, Luxembourg and Liechtenstein. Non-life operations include operations in France and Belgium. The "Insurance" segment also includes a number of companies which hold investments primarily pertaining to life insurance.

- "Banking" involves the management of assets for private banking clients, as well as the provision of corresponding services. "Banking" covers the Group's banking operations.
- "Investment Management" refers to the management of assets for institutional clients and the Group's insurance business, as well as the provision of expert advice for such clients.
- "Other" refers principally to various finance and service companies.

Corporate costs were not allocated to the individual segments as they consist of general administrative expenses and head office expenses that relate to the Swiss Life Group as a whole.

The accounting policies for the segments are the same as those described in the summary of significant accounting policies. Inter-segmental services and transfers of assets and liabilities are treated as if the transactions were with third parties, i.e. at market prices applicable at the time of the transaction. The statement of income and balance sheet for the primary segments are given on the pages below:

3 Segment Information (continued)

Statement of income for the half-year ended 30 June 2007

In CHF million	Insurance	Banking	Investment Management	Other	Eliminations	Total
Income						
Premiums earned on insurance contracts	9 491	–	–	–	0	9 491
Premiums earned on investment contracts with discretionary participation	98	–	–	–	–	98
Premiums ceded to reinsurers	–124	–	–	–	–	–124
Net earned premiums	9 465	–	–	–	0	9 465
Policy fees earned on insurance contracts	34	–	–	–	–	34
Policy fees earned on investment and unit-linked contracts	264	–	–	–	–	264
Net earned policy fees	298	–	–	–	–	298
Asset management and other commission income	86	162	113	4	–105	260
Investment income	3 068	197	1	32	–60	3 238
Net gains/losses on financial assets	813	101	–	–	–	914
Net gains/losses on financial instruments at fair value through profit or loss	–23	56	–	3	0	36
Net gains/losses on investment property	64	–	–	–	–	64
Other income	–43	–45	2	8	–5	–83
Total income	13 728	471	116	47	–170	14 192
<i>of which inter-segment</i>	<i>41</i>	<i>23</i>	<i>75</i>	<i>31</i>	<i>–170</i>	
Expenses						
Benefits and claims under insurance contracts	–9 523	–	–	–	–	–9 523
Benefits and claims under investment contracts with discretionary participation	–107	–	–	–	–	–107
Benefits and claims recovered from reinsurers	80	–	–	–	–	80
Net insurance benefits and claims	–9 550	–	–	–	–	–9 550
Policyholder participation	–1 712	–	–	–	–	–1 712
Interest expense	–292	–103	0	0	37	–358
Commission expense	–422	–24	–17	–2	84	–381
Employee benefits expense	–446	–98	–37	0	0	–581
Depreciation and amortisation expense	–316	–5	–1	–	–	–322
Impairment of property and equipment and intangible assets	–1	–	–	–	–	–1
Other expenses	–283	–77	–26	–5	20	–371
Total expenses	–13 022	–307	–81	–7	141	–13 276
<i>of which inter-segment</i>	<i>–73</i>	<i>–40</i>	<i>–23</i>	<i>–5</i>	<i>141</i>	
Segment result	706	164	35	40	–29	916
<i>of which inter-segment</i>	<i>–32</i>	<i>–17</i>	<i>52</i>	<i>26</i>	<i>–29</i>	
Unallocated corporate costs						–32
Profit from operations						884
Borrowing costs	–87	–63	0	–24	29	–145
Share of results of associates	4	1	–	5	–	10
Income tax expense						–114
Net profit						635

3 Segment Information (continued)

Statement of income for the half-year ended 30 June 2006

In CHF million	Insurance	Banking	Investment Management	Other	Eliminations	Total
Income						
Premiums earned on insurance contracts	8 677	-	-	-	0	8 677
Premiums earned on investment contracts with discretionary participation	69	-	-	-	-	69
Premiums ceded to reinsurers	-119	-	-	-	-	-119
Net earned premiums	8 627	-	-	-	0	8 627
Policy fees earned on insurance contracts	63	-	-	-	-	63
Policy fees earned on investment and unit-linked contracts	154	-	-	-	-	154
Net earned policy fees	217	-	-	-	-	217
Asset management and other commission income	68	157	91	2	-72	246
Investment income	2 536	130	1	24	-39	2 652
Net gains/losses on financial assets	209	-34	-	2	-	177
Net gains/losses on financial instruments at fair value through profit or loss	83	21	-	1	0	105
Net gains/losses on investment property	69	-	-	-	-	69
Other income	13	115	1	-3	-4	122
Total income	11 822	389	93	26	-115	12 215
<i>of which inter-segment</i>	<i>47</i>	<i>-6</i>	<i>50</i>	<i>24</i>	<i>-115</i>	
Expenses						
Benefits and claims under insurance contracts	-8 779	-	-	-	-	-8 779
Benefits and claims under investment contracts with discretionary participation	-73	-	-	-	-	-73
Benefits and claims recovered from reinsurers	69	-	-	-	-	69
Net insurance benefits and claims	-8 783	-	-	-	-	-8 783
Policyholder participation	-869	-	-	-	-	-869
Interest expense	-378	-67	0	0	16	-429
Commission expense	-308	-26	-16	0	20	-330
Employee benefits expense	-406	-100	-37	0	-	-543
Depreciation and amortisation expense	-197	-6	0	-	-	-203
Impairment of property and equipment and intangible assets	0	-	-	-	-	0
Other expenses	-308	-92	-23	-3	53	-373
Total expenses	-11 249	-291	-76	-3	89	-11 530
<i>of which inter-segment</i>	<i>-49</i>	<i>-20</i>	<i>-19</i>	<i>-1</i>	<i>89</i>	
Segment result	573	98	17	23	-26	685
<i>of which inter-segment</i>	<i>-2</i>	<i>-26</i>	<i>31</i>	<i>23</i>	<i>-26</i>	
Unallocated corporate costs						-25
Profit from operations						660
Borrowing costs	-58	-23	0	-25	26	-80
Share of results of associates	4	1	-	3	-	8
Income tax expense						-65
Net profit						523

3 Segment Information (continued)

Balance sheet as at 30 June 2007

In CHF million	Insurance	Banking	Investment Management	Other	Eliminations	Total
Assets						
Cash and cash equivalents	8 420	4 596	58	562	-4 090	9 546
Insurance receivables and other receivables	5 105	161	80	110	-213	5 243
Derivatives	399	312	-	-	-12	699
Assets held for sale	24 993	12	-	-	-	25 005
Financial assets at fair value through profit or loss	21 129	3 293	-	16	-	24 438
Financial assets available for sale	84 424	887	21	234	-	85 566
Loans	21 735	6 693	13	788	-1 257	27 972
Financial assets held to maturity	3 919	42	2	-	-	3 963
Financial assets pledged as collateral	-	126	-	-	-	126
Investment property	12 076	-	-	-	-	12 076
Reinsurance assets	1 014	-	-	-	-	1 014
Property and equipment	987	137	4	-	-	1 128
Intangible assets including intangible insurance assets	3 650	410	0	-	-	4 060
Other assets	681	322	51	5	-403	656
Segment assets	188 532	16 991	229	1 715	-5 975	201 492
Investments in associates						78
Income tax assets						156
Total assets						201 726
Liabilities and equity						
Liabilities						
Insurance payables and other payables	4 420	219	29	28	-209	4 487
Derivatives	244	340	-	12	-12	584
Liabilities associated with assets held for sale	24 522	-	-	-	-	24 522
Financial liabilities at fair value through profit or loss	13 147	919	-	-	-	14 066
Investment contracts	12 873	-	-	-	-	12 873
Deposits	2 349	10 017	-	-	-4 212	8 154
Insurance liabilities	112 772	-	-	-	-361	112 411
Policyholder participation liabilities	5 205	-	-	-	-1	5 204
Employee benefit liabilities	2 200	324	70	-	-	2 594
Provisions	109	54	6	1	-	170
Other liabilities	404	16	1	41	-47	415
Segment liabilities	178 245	11 889	106	82	-4 842	185 480
Borrowings						7 893
Income tax liabilities						869
Equity						7 484
Total liabilities and equity						201 726

3 Segment Information (continued)

Statement of income “Insurance” segment for the half-year ended 30 June 2007

In CHF million	Switzer-land	France	Germany	Nether-lands	Belgium	Luxem-bourg	Other	Elimi-nations	Total
Income									
Premiums earned on insurance contracts	5 797	1 662	941	879	197	24	0	-9	9 491
Premiums earned on investment contracts with discretionary participation	89	9	-	-	-	-	-	-	98
Premiums ceded to reinsurers	-5	-77	-38	-4	-7	-2	-	9	-124
Net earned premiums	5 881	1 594	903	875	190	22	0	0	9 465
Policy fees earned on insurance contracts	6	28	-	-1	1	-	-	-	34
Policy fees earned on investment and unit-linked contracts	7	158	4	67	8	6	14	0	264
Net earned policy fees	13	186	4	66	9	6	14	0	298
Asset management and other commission income	30	28	18	13	0	-	-	-3	86
Investment income	1 514	696	407	351	87	14	1	-2	3 068
Net gains/losses on financial assets	488	88	173	29	35	0	-	-	813
Net gains/losses on financial instruments at fair value through profit or loss	-322	241	46	11	0	1	0	-	-23
Net gains/losses on investment property	39	28	-1	-	-2	0	-	-	64
Other income	-40	-12	14	-	1	-7	1	0	-43
Total income	7 603	2 849	1 564	1 345	320	36	16	-5	13 728
<i>of which inter-subsegment</i>	<i>11</i>	<i>-2</i>	<i>0</i>	<i>-2</i>	<i>0</i>	<i>-2</i>	<i>-</i>	<i>-5</i>	
Expenses									
Benefits and claims under insurance contracts	-6 064	-1 153	-992	-1 103	-203	-8	0	0	-9 523
Benefits and claims under investment contracts with discretionary participation	-96	-11	-	-	-	-	-	-	-107
Benefits and claims recovered from reinsurers	4	38	36	0	2	0	-	0	80
Net insurance benefits and claims	-6 156	-1 126	-956	-1 103	-201	-8	0	0	-9 550
Policyholder participation	-616	-726	-341	-24	-4	-1	-	0	-1 712
Interest expense	-64	-164	-9	-11	-37	-8	-	1	-292
Commission expense	-106	-236	-38	-22	-12	-2	-6	0	-422
Employee benefits expense	-173	-133	-53	-53	-24	-5	-5	-	-446
Depreciation and amortisation expense	-64	-146	-58	-41	-5	-1	-1	-	-316
Impairment of property and equipment and intangible assets	-	-	-1	-	-	-	-	-	-1
Other expenses	-74	-118	-42	-28	-17	-3	-4	3	-283
Total expenses	-7 253	-2 649	-1 498	-1 282	-300	-28	-16	4	-13 022
<i>of which inter-subsegment</i>	<i>3</i>	<i>-1</i>	<i>-2</i>	<i>-2</i>	<i>-1</i>	<i>0</i>	<i>-1</i>	<i>4</i>	
“Insurance” segment result by country	350	200	66	63	20	8	0	-1	706
<i>of which inter-subsegment</i>	<i>14</i>	<i>-3</i>	<i>-2</i>	<i>-4</i>	<i>-1</i>	<i>-2</i>	<i>-1</i>	<i>-1</i>	

In 2007, “Other” relates to the insurance business in Liechtenstein. In 2006, “Other” related to the insurance business in Liechtenstein and the Italian insurance operations, which were sold in December 2006.

3 Segment Information (continued)

Statement of income “Insurance” segment for the half-year ended 30 June 2006

In CHF million	Switzer-land	France	Germany	Nether-lands	Belgium	Luxem-bourg	Other	Elimi-nations	Total
Income									
Premiums earned on insurance contracts	5 280	1 478	945	781	170	21	11	-9	8 677
Premiums earned on investment contracts with discretionary participation	60	9	-	-	-	-	-	-	69
Premiums ceded to reinsurers	-7	-66	-37	-6	-7	-2	-3	9	-119
Net earned premiums	5 333	1 421	908	775	163	19	8	0	8 627
Policy fees earned on insurance contracts	3	32	0	27	1	-	-	-	63
Policy fees earned on investment and unit-linked contracts	8	131	3	-	7	4	1	-	154
Net earned policy fees	11	163	3	27	8	4	1	-	217
Asset management and other commission income	18	21	14	14	2	-	-	-1	68
Investment income	1 133	629	365	318	72	13	6	0	2 536
Net gains/losses on financial assets	18	22	76	85	9	1	-2	-	209
Net gains/losses on financial instruments at fair value through profit or loss	29	21	-9	40	3	0	-1	-	83
Net gains/losses on investment property	45	25	-4	5	-2	-	-	-	69
Other income	6	7	-6	0	8	-2	1	-1	13
Total income	6 593	2 309	1 347	1 264	263	35	13	-2	11 822
<i>of which inter-subsegment</i>	<i>8</i>	<i>-2</i>	<i>0</i>	<i>-2</i>	<i>0</i>	<i>-1</i>	<i>-1</i>	<i>-2</i>	
Expenses									
Benefits and claims under insurance contracts	-5 605	-1 100	-936	-950	-167	-12	-9	0	-8 779
Benefits and claims under investment contracts with discretionary participation	-65	-8	-	-	-	-	-	-	-73
Benefits and claims recovered from reinsurers	7	24	35	-	2	0	1	0	69
Net insurance benefits and claims	-5 663	-1 084	-901	-950	-165	-12	-8	0	-8 783
Policyholder participation	-282	-261	-251	-74	-2	0	-	1	-869
Interest expense	-49	-275	-9	-5	-34	-6	0	0	-378
Commission expense	-37	-200	-40	-19	-9	-2	-1	0	-308
Employee benefits expense	-165	-119	-49	-43	-23	-4	-3	-	-406
Depreciation and amortisation expense	-3	-137	-33	-20	-4	0	0	-	-197
Impairment of property and equipment and intangible assets	-	-	0	-	-	-	-	-	0
Other expenses	-129	-101	-24	-28	-21	-3	-3	1	-308
Total expenses	-6 328	-2 177	-1 307	-1 139	-258	-27	-15	2	-11 249
<i>of which inter-subsegment</i>	<i>-2</i>	<i>1</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1</i>	<i>-2</i>	<i>2</i>	
“Insurance” segment result by country	265	132	40	125	5	8	-2	-	573
<i>of which inter-subsegment</i>	<i>6</i>	<i>-1</i>	<i>0</i>	<i>-2</i>	<i>0</i>	<i>0</i>	<i>-3</i>	<i>-</i>	

4 Contracts for the Account and Risk of the Swiss Life Group's Customers

Certain life insurance and investment contracts are managed for the account and risk of the Swiss Life Group's customers (separate account/unit-linked contracts). The assets relating to these contracts are segregated and managed to meet specific investment objectives of the policyholders. These assets back the insurance liabilities and the financial

liabilities arising from these contracts. The fair values of the liabilities reflect the fair values of the assets. Certain contracts with unit-linking features contain guaranteed minimum insurance benefits. The liabilities relating to this part are included in the insurance liabilities.

Assets for the account and risk of the Swiss Life Group's customers

In CHF million	30.06.2007	31.12.2006
Cash and cash equivalents	281	176
Derivatives	2	1
Financial assets at fair value through profit or loss		
Debt instruments	2 601	2 800
Equity securities	2 577	2 912
Investment fund units	5 876	8 751
Other	5 237	498
Investment property	7	7
Total assets for the account and risk of the Swiss Life Group's customers	16 581	15 145

The financial result has been broken down into items relating to assets for which the investment risk is borne

by the Swiss Life Group and items relating to contracts for which the investment risk is borne by the customers.

In CHF million	2007 HY	2006 HY	2007 HY	2006 HY	2007 HY	2006 HY
	For the account and risk of the Swiss Life Group	For the account and risk of the Swiss Life Group	For the account and risk of the Swiss Life Group's customers	For the account and risk of the Swiss Life Group's customers	Total	Total
Investment income	3 238	2 652	–	–	3 238	2 652
Net gains/losses on financial assets	914	177	–	–	914	177
Net gains/losses on financial instruments at fair value through profit or loss	–7	57	43	48	36	105
Net gains/losses on investment property	64	64	–	5	64	69
Share of results of associates	10	8	–	–	10	8
Financial result	4 219	2 958	43	53	4 262	3 011

5 Premiums, Policy Fees and Deposits Received

Written premiums

In CHF million	2007 HY	2006 HY
Direct	9 485	8 659
Assumed	164	138
Gross written premiums	9 649	8 797
Ceded	-124	-118
Net written premiums	9 525	8 679

Earned premiums

In CHF million	2007 HY	2006 HY
Direct	9 441	8 617
Assumed	148	129
Gross earned premiums	9 589	8 746
Ceded	-124	-119
Net earned premiums	9 465	8 627

Written policy fees

In CHF million	2007 HY	2006 HY
Direct	302	220
Assumed	-	-
Gross written policy fees	302	220
Ceded	-	-
Net written policy fees	302	220

Earned policy fees

In CHF million	2007 HY	2006 HY
Direct	298	217
Assumed	-	-
Gross earned policy fees	298	217
Ceded	-	-
Net earned policy fees	298	217

Under the accounting principles adopted, deposits received under insurance and investment contracts are not recognised as income:

In CHF million	2007 HY	2006 HY
Net earned premiums	9 465	8 627
Net earned policy fees	298	217
Deposits received under insurance and investment contracts	3 999	3 676
Net earned premiums, policy fees and deposits received	13 762	12 520
Gross written premiums, policy fees and deposits received	13 950	12 693

6 Details of Certain Items in the Consolidated Statement of Income

Asset management and other commission income

In CHF million	2007 HY	2006 HY
Fiduciary and portfolio management fees	155	134
Brokerage commissions	35	44
Other commissions and fees	70	68
Total asset management and other commission income	260	246

Investment income

In CHF million	2007 HY	2006 HY
Interest income on financial assets held to maturity and available for sale	1 800	1 568
Interest income on loans	567	534
Other interest income	180	155
Dividend income on financial assets available for sale	432	138
Net income on investment property	259	257
Total investment income	3 238	2 652

Net gains/losses on financial assets

In CHF million	2007 HY	2006 HY
<i>Sale of</i>		
financial assets held to maturity	1	1
financial assets available for sale	195	278
loans	0	-9
Net gains/losses from sales	196	270
<i>Impairment losses on</i>		
financial assets held to maturity	-	-
financial assets available for sale	-4	-12
loans	39	-26
receivables	-1	0
Impairment losses on financial assets	34	-38
Foreign currency gains/losses	684	-55
Total net gains/losses on financial assets	914	177

Net gains/losses on financial instruments at fair value through profit or loss

In CHF million	2007 HY	2006 HY
Net gains/losses on financial instruments held for trading		
Interest rate instruments	77	250
Equity instruments	85	4
Foreign currency and other instruments	-603	-226
Total net gains/losses on financial instruments held for trading	-441	28
Net gains/losses on financial instruments designated as at fair value through profit or loss		
Financial assets	1 571	54
Financial liabilities	-1 094	23
Total net gains/losses on financial instruments designated as at fair value through profit or loss	477	77
Total net gains/losses on financial instruments at fair value through profit or loss	36	105

6 Details of Certain Items in the Consolidated Statement of Income (continued)

Other income

In CHF million	2007 HY	2006 HY
Realised gains/losses on sales of subsidiaries and other assets	-1	62
Other foreign currency gains/losses	-105	66
Other	23	-6
Total other income	-83	122

Net insurance benefits and claims

In CHF million	2007 HY	2006 HY
Net benefits and claims under insurance contracts		
Life benefits and claims	6 228	6 173
Change in future life policyholder benefits	3 050	2 352
Non-life claims	165	185
Benefits and claims under investment contracts with discretionary participation		
Life benefits and claims	90	61
Change in future life policyholder benefits	17	12
Total net insurance benefits and claims	9 550	8 783

Interest expense

In CHF million	2007 HY	2006 HY
Interest expense on deposits	69	66
Interest expense on investment contracts	152	259
Interest expense on deposits under insurance contracts	95	93
Other interest expense	42	11
Total interest expense	358	429

Commission expense

In CHF million	2007 HY	2006 HY
Insurance agent and broker commissions	263	233
Asset management and banking commissions	37	41
Other commissions and fees	81	56
Total commission expense	381	330

Employee benefits expense

In CHF million	2007 HY	2006 HY
Wages and salaries	387	373
Social security	90	83
Defined benefit plans	80	84
Defined contribution plans	2	1
Other employee benefits	49	22
Total employee benefits expense	608	563

6 Details of Certain Items in the Consolidated Statement of Income (continued)

Depreciation and amortisation expense

In CHF million		2007 HY	2006 HY
	Notes		
Depreciation of property and equipment		28	27
Amortisation of present value of future profits	12	0	1
Amortisation of deferred acquisition costs	12	272	158
Amortisation of deferred origination costs	12	15	9
Amortisation of other intangible assets	12	7	8
Total depreciation and amortisation expense		322	203

Other expenses

In CHF million		2007 HY	2006 HY
Marketing and advertising		31	29
Information technology and systems		63	59
Rental, maintenance and repair expenses		40	48
Professional services		121	126
Other		121	116
Total other expenses		376	378

7 Income Taxes

Income tax expense

In CHF million		2007 HY	2006 HY
Current tax expense			
Current tax of the current period		190	141
Adjustments for current tax of prior periods		-33	-121
Total current tax expense		157	20
Deferred tax expense			
Origination and reversal of temporary differences		-43	45
Changes in tax rates		-	-
Total deferred tax expense		-43	45
Total income tax expense		114	65

Based on a ruling by the Dutch tax administration, the Swiss Life Group was able to reduce its tax liability by CHF 29 million in the first half of 2007 (HY 2006: CHF 124 million).

8 Financial Assets and Liabilities at Fair Value through Profit or Loss

In CHF million	30.06.07	31.12.06	30.06.07	31.12.06	30.06.07	31.12.06
	Held for trading	Held for trading	Designated as at fair value through profit or loss	Designated as at fair value through profit or loss	Total	Total
Financial assets at fair value through profit or loss						
Debt securities	1 594	1 491	1 841	3 422	3 435	4 913
Money market instruments	–	–	–	–	–	–
Equity securities	1 654	1 359	608	4 582	2 262	5 941
Investment fund units – debt	–	–	979	1 134	979	1 134
Investment fund units – equity	–	–	1 123	1 035	1 123	1 035
Investment fund units – mixed	35	23	3	1 158	38	1 181
Private equity	–	–	–	–	–	–
Hedge funds	–	–	297	263	297	263
Assets for the account and risk of the Swiss Life Group's customers	4	–	16 291	14 961	16 291	14 961
Other	3	4	10	5	13	9
Total financial assets at fair value through profit or loss	3 286	2 877	21 152	26 560	24 438	29 437
Securities pledged as collateral (reclassified)	75	86	–	–	75	86
Financial liabilities at fair value through profit or loss						
Debt instruments	567	574	131	62	698	636
Equity instruments	221	194	–	–	221	194
Liabilities for the account and risk of the Swiss Life Group's customers (unit-linked contracts)	–	–	12 997	7 175	12 997	7 175
Other	0	–	150	1 533	150	1 533
Total financial liabilities at fair value through profit or loss	788	768	13 278	8 770	14 066	9 538

Financial assets at fair value through profit or loss that have been sold under a repurchase agreement or lent under an agreement to return them, and where the transferee has the right to sell or repledge the financial assets given as collateral, were reclassified to financial assets pledged as collateral.

The financial liabilities at fair value through profit or loss in the line item “Other” mainly comprise liabilities relating to investment funds.

9 Financial Assets Available for Sale

In CHF million	30.06.07	31.12.06	30.06.07	31.12.06	30.06.07	31.12.06
	Cost/ amortised cost	Cost/ amortised cost	Net unrealised gains/losses	Net unrealised gains/losses	Fair value (carrying amount)	Fair value (carrying amount)
Debt securities	71 526	80 649	-3 119	984	68 407	81 633
Money market instruments and loans	58	105	0	0	58	105
Equity securities	8 972	4 612	1 067	876	10 039	5 488
Investment fund units - debt	87	67	4	3	91	70
Investment fund units - equity	810	384	34	25	844	409
Investment fund units - mixed	312	301	15	7	327	308
Private equity	99	93	58	36	157	129
Hedge funds	5 094	4 401	548	312	5 642	4 713
Other	1	61	0	0	1	61
Total financial assets available for sale	86 959	90 673	-1 393	2 243	85 566	92 916
Securities pledged as collateral (reclassified)	51	38	0	0	51	38

Based on detailed assessments with regard to indications of impairment, impairment losses totalling CHF 4 million were recognised in the period under review (HY 2006: CHF 12 million). The impairment losses in the first half of 2007 primarily related to equity securities (HY 2006: primarily equity securities).

No held-to-maturity securities were transferred to the available-for-sale category and no available-for-sale securities were transferred to the held-to-maturity category in the period under review.

Financial assets available for sale that have been sold under a repurchase agreement or lent under an agreement to return them, and where the transferee has the right to sell or repledge the financial assets given as collateral, were reclassified to financial assets pledged as collateral.

10 Loans

In CHF million	30.06.07	31.12.06	30.06.07	31.12.06	30.06.07	31.12.06	30.06.07	31.12.06
	Gross amount	Gross amount	Allowance for impairment losses	Allowance for impairment losses	Carrying amount	Carrying amount	Fair value	Fair value
Mortgages	8 158	8 409	-63	-67	8 095	8 342	8 095	8 315
Policy loans	703	784	-	-	703	784	711	798
Other originated loans	7 666	9 133	-115	-150	7 551	8 983	7 499	9 080
Purchased loans	10 376	9 852	-	-	10 376	9 852	10 241	10 264
Repurchase agreements	1 247	922	-	-	1 247	922	1 247	922
Total loans	28 150	29 100	-178	-217	27 972	28 883	27 793	29 379

11 Financial Assets Held to Maturity

In CHF million	30.06.07	31.12.06	30.06.07	31.12.06	30.06.07	31.12.06
	Cost/ amortised cost (carrying amount)	Cost/ amortised cost (carrying amount)	Net unrecognised gains/losses	Net unrecognised gains/losses	Fair value	Fair value
Debt securities	3 946	4 072	-36	103	3 910	4 175
Money market instruments	17	18	0	-	17	18
Other	-	-	-	-	-	-
Total financial assets held to maturity	3 963	4 090	-36	103	3 927	4 193

12 Intangible Assets

Present value of future profits (PVP) The present value of future profits relates to portfolios of insurance contracts and investment contracts with discretionary participation acquired in a business combination or transfer of portfolios. These amounts, representing the present value of future profits amortised in proportion to gross profits over the effective life of the acquired insurance and investment contracts, primarily relate to contracts acquired in Germany and France.

Deferred acquisition costs (DAC) Certain acquisition costs relating to new and renewed insurance contracts and investment contracts with discretionary participation features are deferred.

Deferred origination costs (DOC) These costs are recoverable and are directly attributable to securing investment management contracts. They primarily relate to costs deferred in the Netherlands, Belgium and Luxembourg.

Intangible insurance assets

In CHF million	2007 HY	2006 YE	2007 HY	2006 YE	2007 HY	2006 YE	2007 HY	2006 YE
	Present value of future profits (PVP)	Present value of future profits (PVP)	Deferred acquisition costs (DAC)	Deferred acquisition costs (DAC)	Deferred origination costs (DOC)	Deferred origination costs (DOC)	Total	Total
Notes								
Balance as at 1 January	17	17	2 526	2 077	246	223	2 789	2 317
Additions	-	-	248	505	13	33	261	538
Amortisation	6	-1	-272	-435	-15	-18	-287	-454
Impairment due to liability adequacy test	-	0	-1	-	-	-	-1	0
Effect of gains/losses recognised directly in equity	0	0	344	318	-	-	344	318
Classification as assets held for sale and other disposals	-	-	-3	-	-	-	-3	-
Foreign currency translation effects	0	1	56	61	6	8	62	70
Total intangible insurance assets as at end of period	17	17	2 898	2 526	250	246	3 165	2 789

12 Intangible Assets (continued)

Other intangible assets

In CHF million	2007 HY	2006 YE	2007 HY	2006 YE	2007 HY	2006 YE	2007 HY	2006 YE
	Goodwill	Goodwill	Customer relationships	Customer relationships	Other intangible assets	Other intangible assets	Total	Total
Notes								
Cost								
Balance as at 1 January	1 430	1 431	18	15	175	184	1 623	1 630
Additions	-	-	-	-	2	5	2	5
Additions from business combinations	18	-	33	2	0	0	182	2
Additions from internal development	-	-	-	-	0	0	0	0
Classification as assets held for sale and other disposals	-	-1	-2	-	-17	-18	-19	-19
Foreign currency translation effects	-	-	0	1	5	4	5	5
Balance as at end of period	1 579	1 430	49	18	165	175	1 793	1 623
Accumulated amortisation and impairment								
Balance as at 1 January	-738	-739	-11	-5	-156	-128	-905	-872
Amortisation recognised in income	6	-	-3	-3	-4	-11	-7	-14
Impairment losses	-	-	-	-2	-	-30	-	-32
Classification as assets held for sale and other disposals	-	1	2	-	17	17	19	18
Foreign currency translation effects	-	-	0	-1	-5	-4	-5	-5
Balance as at end of period	-738	-738	-12	-11	-148	-156	-898	-905
Total other intangible assets as at end of period	841	692	37	7	17	19	895	718

Intangible assets

In CHF million	30.06.2007	31.12.2006
Intangible insurance assets	3 165	2 789
Other intangible assets	895	718
Total intangible assets	4 060	3 507

Goodwill Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities, if applicable, at the date of acquisition. Goodwill on

acquisitions of subsidiaries is included in intangible assets. Goodwill on associates is included in the carrying amount of the investment.

12 Intangible Assets (continued)

In CHF million	30.06.07	31.12.06	30.06.07	31.12.06	30.06.07	31.12.06
	Banca del Gottardo	Banca del Gottardo	Lloyd Continental	Lloyd Continental	CapitalLeben	CapitalLeben
Net carrying amount of goodwill	405	405	287	287	149	-
Impairment losses	-	-	-	-	-	-

Goodwill totalling CHF 149 million on the acquisition of CapitalLeben Versicherung AG, Schaan, was recognised in the period under review and has been allocated to the “Insurance” segment “Other”, which in 2007 comprises the insurance business in Liechtenstein. The cost that led to the recognition of goodwill relates to the anticipated future business of CapitalLeben Versicherung AG, Schaan.

Goodwill relating to Banca del Gottardo has been allocated to the “Banking” segment and goodwill relating to Lloyd Continental has been allocated to the “Insurance” segment in France.

Customer relationships On the acquisition of Capital Leben Versicherung AG, Schaan, a customer relationship asset of CHF 33 million was recognised in the period under review. Other customer relationships relate to Oudart, an asset management group in France which was acquired in 2004.

Other intangible assets Other intangible assets consist of computer software, trademarks and brand names.

13 Investment Contracts

In CHF million	30.06.2007	31.12.2006
Investment contracts with discretionary participation with deposit accounting	11 398	28 626
Investment contracts with discretionary participation with actuarial valuation	730	710
Investment contracts without discretionary participation at amortised cost	537	586
Investment contracts without discretionary participation at fair value through profit or loss	208	155
Total investment contracts	12 873	30 077
<i>of which for the account and risk of the Swiss Life Group's customers</i>	2 528	6 424

For contracts that do not have significant insurance risk but contain discretionary participation features, the Swiss Life Group primarily bases its accounting policies on the requirements of the Generally Accepted Accounting Principles in the United States (US GAAP).

For investment-type contracts, savings premiums collected are reported as deposits (deposit accounting). These amounts primarily relate to contracts issued in France, Belgium and Luxembourg.

For traditional contracts in the life insurance business, future life policy benefit liabilities are determined by using the net-level-premium method on the basis of actuarial assumptions as to mortality, persistency, expenses and

investment return, including a margin for adverse deviation.

For participating contracts where the contribution principle applies to the allocation of the policyholder bonus, future life policy benefit liabilities are determined by using the net-level-premium method on the basis of appropriate mortality and interest rate assumptions.

These amounts primarily relate to contracts issued in Switzerland and France.

Certain contracts that do not contain significant insurance risk and do not have discretionary participation features are carried at amortised cost.

14 Borrowings

In CHF million		30.06.2007	31.12.2006
	Notes		
Money market instruments		52	66
Repurchase agreements		2 113	1 845
Debentures and loans			
Hybrid debt	17	2 937	1 739
Convertible debt		219	279
Subordinated debt		82	131
Other debentures		508	490
Due to banks		1 975	1 579
Finance lease obligations		7	10
Total borrowings		7 893	6 139

Hybrid debt On 12 April 2007, EUR 700 million in 5.849% guaranteed subordinated perpetual fixed to floating rate notes were issued by Swiss Life Insurance and Pension Company.

Convertible debt On 10 June 2004, Swiss Life Holding issued CHF 317 million in 0.625% convertible bonds due in 2010. The bonds may be converted into registered shares of Swiss Life Holding at any time at the option of the holder. Bondholders exercising their conversion right are entitled to receive the number of shares equal to the principal amount of CHF 1000 divided by the conversion price of CHF 209.625 (subject to adjustments).

Swiss Life Holding has the option to redeem all outstanding bonds at their principal amount (together with unpaid accrued interest) at any time on or after 25 June 2007, provided that the closing price of the Swiss Life Holding share was at least 130% of the conversion price for 20 consecutive trading days. The early redemption at the option of Swiss Life Holding is subject to a period of 30 days' notice to the bondholders.

In the first half of 2007, convertible bonds were converted into 346 059 Swiss Life Holding shares (2006: 191 Swiss Life Holding shares) with a corresponding increase in share capital totalling CHF 14 million (2006: CHF 8726) and an increase in share premium totalling CHF 50 million (2006: CHF 24 605).

15 Insurance Liabilities and Reinsurance Assets

In CHF million	30.06.07	31.12.06	30.06.07	31.12.06	30.06.07	31.12.06
	Gross	Gross	Rein- sur- ance assets	Rein- sur- ance assets	Net	Net
Claims under non-life insurance contracts	1 438	1 440	256	243	1 182	1 197
Claims under life insurance contracts	7 513	7 773	123	122	7 390	7 651
Unearned premiums	338	193	3	4	335	189
Future life policyholder benefits	97 279	93 342	632	600	96 647	92 742
Deposits under insurance contracts	5 843	6 708	–	–	5 843	6 708
Total insurance liabilities and reinsurance assets	112 411	109 456	1 014	969	111 397	108 487
<i>of which for the account and risk of the Swiss Life Group's customers</i>						
<i>Future life policyholder benefits</i>	1 502	1 543				
<i>Deposits under insurance contracts</i>	3	354				

Claims under non-life insurance contracts Claims under non-life insurance contracts represent the liability needed to provide for the estimated ultimate cost of settling claims relating to insured events that have occurred on or before the financial reporting date. The estimated liability includes the amount that will be required for future payments on both claims that have been reported to the insurer and claims relating to insured events that have occurred but have not been reported to the insurer as at the date the liability is estimated. Loss development tables are generally used to make these estimates.

Claims under life insurance contracts Represents the liability for all claim payments in individual and group life business which were due in the current or previous reporting periods that are still left unpaid at the reporting date. Measurement at the reporting date is the sum of all payments for claims still left unsettled but which were due in the current or any previous reporting period.

Unearned premiums Represents the portion of the premiums written relating to the unexpired terms of coverage.

Future life policyholder benefits For participating contracts where the contribution principle applies to the allocation of the policyholder bonus, future life policy benefit liabilities are determined by using the net-level-premium method on the basis of appropriate mortality and interest rate assumptions.

The valuation of other long-duration contracts is also based on the net-level-premium method with actuarial assumptions as to mortality, persistency, expenses and investment returns, including provisions for adverse deviation.

Insurance liabilities for which deposit accounting is used For investment-type contracts with significant insurance risk, savings premiums collected are reported as deposits (deposit accounting).

16 Employee Benefits

Amounts recognised in the consolidated balance sheet

In CHF million	30.06.2007	31.12.2006
Present value of wholly and partly funded obligations	-2 673	-2 625
Fair value of plan assets	488	496
Present value of unfunded obligations	-463	-440
Unrecognised actuarial gains (-)/losses (+)	246	194
Unrecognised past service cost	-7	-7
Net defined benefit asset (+)/liability (-)	-2 409	-2 382
<i>The net defined benefit asset/liability consists of</i>		
gross defined benefit liabilities	-2 568	-2 535
gross defined benefit assets	159	153
<i>Employee benefit liabilities consist of</i>		
gross defined benefit liabilities	-2 568	-2 535
other employee benefit liabilities	-26	-26
Total employee benefit liabilities	-2 594	-2 561

17 Core Capital

In CHF million		30.06.2007	31.12.2006
	Notes		
Equity		7 484	7 851
Hybrid capital instruments	14	2 937	1 739
Deferred Group-related funds		2 174	5 171
Total core capital		12 595	14 761

The Group's capital performs several important functions, such as funding future growth and providing a protective cushion for shareholders and policyholders, as well as hedging future risks. The defined Group core capital includes equity, certain liabilities with equity characteristics

(hybrid capital instruments) and deferred Group-related funds (theoretical policyholder participation in surplus under consideration of additional DAC amortisation and deferred taxes).

18 Acquisitions and Disposals of Subsidiaries

Assets and liabilities from acquisition

In CHF million		2007 HY	2007 HY
		Fair value	Carrying amount in accordance with IFRS before combination
	Notes		
Cash and cash equivalents		49	49
Insurance receivables and other receivables		60	60
Financial assets at fair value through profit or loss		4 324	4 324
Property and equipment		0	0
Customer relationships	12	33	–
Other intangible assets	12	0	0
Financial liabilities at fair value through profit or loss		–4 332	–4 332
Insurance liabilities		–23	–23
Deferred income tax liabilities		–5	0
Provisions		–1	–1
Other liabilities		–34	–34
Net assets acquired before goodwill		71	43
Cash used for acquisition		220	
Direct costs relating to the acquisition		0	
Non-cash consideration		–	
Total purchase consideration		220	
Cash and cash equivalents acquired		–49	
Net cash from acquisition		171	
Goodwill	12	149	

On 27 March 2007, the Swiss Life Group acquired Capital Leben Versicherung AG, Schaan, a company headquartered in Liechtenstein, which specialises in structured life insurance solutions. Regulatory approval was obtained on the same date. CapitalLeben Versicherung AG, Schaan, contributed total income of CHF 11 million and net

profit of CHF 3 million to the Group for the period from 27 March 2007 to 30 June 2007. If the acquisition had occurred on 1 January 2007, the contribution to total income would have been CHF 22 million and to net profit CHF 6 million for the period under review.

18 Acquisitions and Disposals of Subsidiaries (continued)

Assets and liabilities from disposals

In CHF million	2006 HY
Cash and cash equivalents	141
Insurance receivables and other receivables	36
Derivatives (assets)	19
Financial assets at fair value through profit or loss	0
Financial assets available for sale	219
Loans	1 774
Financial assets held to maturity	0
Investment property	79
Investments in associates	0
Reinsurance assets	-
Property and equipment	7
Goodwill	47
Present value of future profits on acquired insurance portfolios	-
Customer relationships and other intangible assets	0
Other assets	1
Insurance payables and other payables	-32
Derivatives (liabilities)	-8
Financial liabilities at fair value through profit or loss	-
Investment contracts	-
Deposits	-1 474
Borrowings	-548
Insurance liabilities	-
Policyholder participation liabilities	-
Employee benefit liabilities	-
Provisions	-21
Other liabilities	-38
Minority interest	1
Net assets disposed of	203
Gains/losses recognised directly in equity	0
Foreign currency translation differences	4
Gain on disposals	55
Cash received from disposals	262
Total disposal consideration	262
Cash received from disposals	262
Cash and cash equivalents disposed of	-141
Net cash inflow from disposals	121

No disposals of subsidiaries occurred in the first half of 2007.

In February 2006, the Swiss Life Group sold Banca del Gottardo (Monaco). The sales price amounted to CHF 146 million and the gain realised on the sale was CHF 23 million.

In January 2006, Dreieck Industrie Leasing was sold. The sales price amounted to CHF 97 million and the gain realised on the sale was CHF 27 million.

Additionally, a real estate company in Belgium and a service company in Switzerland were sold in January 2006. The sales prices of these transactions amounted to CHF 19 million in total. The gain realised on the sales amounted to CHF 5 million.

19 Assets Held for Sale and Associated Liabilities

In CHF million	30.06.07	31.12.06	30.06.07	31.12.06	30.06.07	31.12.06
	Disposal groups	Disposal groups	Non-current assets	Non-current assets	Total	Total
Derivatives	93	-	-	-	93	-
Financial assets at fair value through profit or loss	11 034	-	-	-	11 034	-
Financial assets available for sale	13 338	-	-	-	13 338	-
Loans	424	-	-	-	424	-
Investment property	85	-	-	-	85	-
Property and equipment	1	-	-	-	1	-
Foreclosed property	-	-	14	14	14	14
Intangible assets including intangible insurance assets	3	-	-	-	3	-
Other assets	13	-	-	-	13	-
Total assets held for sale	24 991	-	14	14	25 005	14
Investment contracts and other financial liabilities	21 879	-	-	-	21 879	-
Insurance liabilities	1 985	-	-	-	1 985	-
Other liabilities	658	-	-	-	658	-
Total liabilities associated with assets held for sale	24 522	-	-	-	24 522	-
Amounts recognised directly in equity relating to assets held for sale	25	-	-	-	25	-

In March 2007, the Swiss Life Group announced the sale of its majority stakes in ERISA, Paris, and ERISA IARD, Paris, to HSBC, the current minority shareholder. The sale was approved by the regulator and takes effect in the second half of 2007. The group of assets to be disposed of and the

liabilities directly associated with those assets (disposal group) have been presented separately in the balance sheet as at 30 June 2007 under assets held for sale and liabilities associated with assets held for sale.

20 Assets under Management

In CHF million	30.06.2007	31.12.2006
On-balance-sheet assets		
Cash and cash equivalents	9 546	7 621
Derivatives	699	859
Financial assets at fair value through profit or loss	24 438	29 437
Debt securities available for sale	68 407	81 633
Money market instruments and loans available for sale	58	105
Equity securities available for sale	10 039	5 488
Investment funds available for sale	1 262	787
Private equity available for sale	157	129
Hedge funds available for sale	5 642	4 713
Other financial assets available for sale	1	61
Loans	27 972	28 883
Financial assets held to maturity	3 963	4 090
Financial assets pledged as collateral	126	124
Investment property	12 076	11 816
Investments in associates	78	75
Total on-balance-sheet assets	164 464	175 821
Fair value adjustments of assets reported at amortised cost		
Financial assets held to maturity	-36	103
Loans	-179	496
Third-party off-balance-sheet assets	41 360	37 621
Total assets under control	205 609	214 041
Minus externally managed on-balance-sheet assets		
Assets under unit-linked business	-7 796	-2 625
Externally managed alternative investments	-5 975	-5 190
Externally managed other assets	-788	-736
Total assets under management	191 050	205 490

Assets under control are taken to comprise:

- assets stated as investments in the balance sheet and cash and cash equivalents
- assets included in the balance sheet for the account and risk of the Swiss Life Group's customers (separate account/unit-linked investments)
- assets managed for third parties by the Group

For the purpose of determining assets under management, assets managed by third parties and alternative investments managed by third parties have been deducted from assets under control.

21 Reclassifications in the Consolidated Statement of Income and Consolidated Balance Sheet

Reclassifications in the statement of income for the half-year ended 30 June 2006

In CHF million	As disclosed	Reclas- sification	Reclassified
Acquisition and origination costs deferred	252	-252	
Acquisition and origination costs deferred			-
Commission expense	-558	228	
Commission expense			-330
Employee benefits expense	-585	22	
Employee benefits expense			-563
Other expenses	-380	2	
Other expenses			-378

In order to improve the presentation of expenses by their nature, acquisition and origination costs deferred totalling CHF 252 million were reclassified to commission expense, employee benefits expense and other expenses.

Reclassifications in the balance sheet as at 31 December 2006

In CHF million	As disclosed	Reclas- sification	Reclassified
Derivatives	2 262	-1 445	
Derivatives			817
Investment contracts	28 853	1 224	
Investment contracts			30 077
Insurance liabilities	109 235	221	
Insurance liabilities			109 456

Derivatives embedded in investment contracts amounting to CHF 1224 million and derivatives embedded in insurance contracts of CHF 221 million are now included within investment contracts and insurance liabilities, respectively.

22 Events after the Balance Sheet Date

The group of assets and the liabilities directly associated with those assets (disposal group) relating to ERISA, Paris, and ERISA IARD, Paris, were sold with effect from 2 July 2007.

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23 Changes in the Scope of Consolidation

	Segment	Consolidation period	Group share	Direct share	Method of consolidation	Currency	Authorised share capital in 1000
Acquisition							
CapitalLeben Versicherung AG, Schaan	Insurance	from 27.03.2007	100.0%	100.0%	full	CHF	15 000

Review Report

Report on the Review of
condensed consolidated interim financial information
to the Board of Directors of
Swiss Life Holding
Zurich

Introduction

We have reviewed the accompanying condensed consolidated interim financial information (consolidated statement of income, consolidated balance sheet, consolidated statement of cash flow, consolidated statement of changes in equity and notes to the financial statements, pages 5 to 41) of the Swiss Life Group for the period ended 30 June 2007. The Board of Directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Swiss Auditing Standard 910 and International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Swiss Auditing Standards and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers AG

Peter Lüssi

Daniel Häfeli

Zurich, 3 September 2007

Important dates

Investors' Day
4 December 2007

Investors' and Media Conference
Presentation of 2007 results
27 March 2008

Annual General Meeting
8 May 2008

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You can find all financial
publications for the Swiss Life
Group on the internet at
<http://www.swisslife.com/report>

**Caution regarding
forward-looking statements**

This First-Half Financial Report
contains forward-looking
statements about Swiss Life which
involve certain risks and
uncertainties. The reader should
be aware that such statements
represent projections which could
differ materially from actual
outcomes and results. All forward-
looking statements are based on
the data available to Swiss Life at
the time the present First-Half
Financial Report was compiled.

This First-Half Financial Report is
also available in German. The
English version is definitive.

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