



SwissLife

**First-Half Financial Report 2008**

**Condensed Financial Statements**

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## Condensed Consolidated Statement of Income (unaudited)

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

In CHF million	Notes	2008 HY	2007 HY
<b>Continuing operations</b>			
<b>Income</b>			
Premiums earned on insurance contracts		8 544	8 414
Premiums earned on investment contracts with discretionary participation		166	98
Premiums ceded to reinsurers		-153	-116
Net earned premiums	5	8 557	8 396
Policy fees earned on insurance contracts		26	34
Policy fees earned on investment and unit-linked contracts		100	190
Net earned policy fees	5	126	224
Asset management and other commission income	6	350	104
Investment income	4, 6	2 400	2 606
Net gains/losses on financial assets	4, 6	-2 266	746
Net gains/losses on financial instruments at fair value through profit or loss	4, 6	1 040	-21
Net gains/losses on investment property	4	99	66
Other income	6	112	-37
<b>Total income</b>		<b>10 418</b>	<b>12 084</b>
<b>Expenses</b>			
Benefits and claims under insurance contracts		-8 393	-8 217
Benefits and claims under investment contracts with discretionary participation		-166	-107
Benefits and claims recovered from reinsurers		100	78
Net insurance benefits and claims	6	-8 459	-8 246
Policyholder participation		-77	-1 685
Interest expense	6	-199	-248
Commission expense	6	-385	-328
Employee benefits expense	6	-477	-434
Depreciation and amortisation expense	6	-231	-271
Impairment of property and equipment and intangible assets		-5	-1
Other expenses	6	-358	-261
<b>Total expenses</b>		<b>-10 191</b>	<b>-11 474</b>
<b>Profit from operations</b>		<b>227</b>	<b>610</b>
Borrowing costs		-93	-81
Share of results of associates	4	8	8
<b>Profit before income tax</b>		<b>142</b>	<b>537</b>
Income tax expense	7	10	-112
<b>Net profit from continuing operations</b>		<b>152</b>	<b>425</b>
<b>Discontinued operations</b>			
<b>Net profit from discontinued operations</b>	19	<b>1 485</b>	<b>210</b>
<b>Net profit</b>		<b>1 637</b>	<b>635</b>
<i>Net profit attributable to</i>			
equity holders of Swiss Life Holding Ltd		1 638	615
minority interest		-1	20
<b>Net profit</b>		<b>1 637</b>	<b>635</b>
Earnings per share from continuing operations attributable to equity holders of Swiss Life Holding Ltd			
Basic earnings per share (in CHF)		4.65	12.15
Diluted earnings per share (in CHF)		4.62	11.75
Earnings per share attributable to equity holders of Swiss Life Holding Ltd			
Basic earnings per share (in CHF)		49.71	18.41
Diluted earnings per share (in CHF)		49.06	17.72

## Condensed Consolidated Balance Sheet (unaudited)

### Consolidated balance sheet

In CHF million	Notes	30.06.2008	31.12.2007
<b>Assets</b>			
Cash and cash equivalents		8 492	4 555
Insurance receivables and other receivables		4 577	4 152
Derivatives		1 194	463
Assets held for sale		4	40 468
Financial assets at fair value through profit or loss	8	17 658	19 399
Financial assets available for sale	9	65 272	68 588
Loans	10	19 036	20 652
Financial assets held to maturity	11	3 232	3 624
Investment property		12 458	12 252
Investments in associates		101	72
Reinsurance assets	15	991	975
Property and equipment		985	864
Intangible assets including intangible insurance assets	12	5 057	3 151
Current income tax assets		4	1
Deferred income tax assets		187	118
Other assets		588	423
<b>Total assets</b>		<b>139 836</b>	<b>179 757</b>

## Consolidated balance sheet

In CHF million	Notes	30.06.2008	31.12.2007
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Insurance payables and other payables		2 790	3 350
Derivatives		249	213
Liabilities associated with assets held for sale		–	37 502
Financial liabilities at fair value through profit or loss	8	11 007	11 427
Investment contracts	13	12 932	12 907
Deposits		3 406	2 622
Borrowings	14	3 215	3 621
Insurance liabilities	15	93 460	94 492
Policyholder participation liabilities		2 228	3 388
Employee benefit liabilities	16	2 004	1 980
Current income tax liabilities		379	245
Deferred income tax liabilities		363	485
Provisions		95	116
Other liabilities		422	75
<b>Total liabilities</b>		<b>132 550</b>	<b>172 423</b>
<b>Equity</b>			
Share capital		1 189	1 189
Share premium		2 600	2 612
Treasury shares		–742	–618
Foreign currency translation differences		21	123
Gains/losses recognised directly in equity		–2 246	–809
Retained earnings		6 418	4 780
<b>Total shareholders' equity</b>		<b>7 240</b>	<b>7 277</b>
Minority interest		46	57
<b>Total equity</b>	18	<b>7 286</b>	<b>7 334</b>
<b>Total liabilities and equity</b>		<b>139 836</b>	<b>179 757</b>

## Condensed Consolidated Statement of Cash Flow (unaudited)

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

In CHF million	2008 HY	2007 HY
<b>Total net cash flow from operating activities</b>	<b>1 734</b>	<b>1 288</b>
<b>Cash flow from investing activities</b>		
Purchases of investments in associates	-31	0
Sales of investments in associates	-	1
Dividends received from associates	9	8
Purchases of property and equipment	-141	-42
Sales of property and equipment	2	2
Purchases of computer software and other intangible assets	-3	-2
Acquisitions of minority interest	-	0
Acquisitions of subsidiaries, net of cash and cash equivalents	-977	-171
Disposals of subsidiaries	4 112	-
<b>Total net cash flow from investing activities</b>	<b>2 971</b>	<b>-204</b>
<b>Cash flow from financing activities</b>		
Issuance of guaranteed subordinated perpetual loan notes	-	1 140
Issuance of other debt instruments	28	37
Redemption of debt instruments	-521	-56
Premiums paid/received for options on own shares	-	-6
Purchases of treasury shares	-286	-636
Sales of treasury shares	142	370
Capital contributions from minority interest	-	0
Borrowing costs paid	-109	-40
Dividends paid to minority interest	-5	-8
<b>Total net cash flow from financing activities</b>	<b>-751</b>	<b>801</b>
<b>Total change in cash and cash equivalents</b>	<b>3 954</b>	<b>1 885</b>
Cash and cash equivalents as at 1 January	4 555	7 621
Effect of exchange rate differences	-17	40
Total change in cash and cash equivalents	3 954	1 885
<b>Cash and cash equivalents as at 30 June</b>	<b>8 492</b>	<b>9 546</b>

## Condensed Consolidated Statement of Changes in Equity (unaudited)

### Consolidated statement of changes in equity for the half-year ended 30 June 2008

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
<b>Balance as at 1 January</b>		1 189	2 612	-618	123	-809	4 780	7 277	57	7 334
Changes in foreign currency translation differences		-	-	-	-95	-	-	-95	3	-92
Changes in gains/losses recognised directly in equity		-	-	-	-	-1 576	-	-1 576	-1	-1 577
Disposals of subsidiaries		-	-	-	-7	139	-	132	-4	128
Net profit		-	-	-	-	-	1 638	1 638	-1	1 637
<b>Total recognised income and expense for the period</b>		-	-	-	-102	-1 437	1 638	99	-3	96
Conversion of convertible debt	14	0	2	-	-	-	-	2	-	2
Obligation to purchase own shares		-	-12	-	-	-	-	-12	-	-12
Equity-settled share-based payments		-	6	-	-	-	-	6	-	6
Purchases of treasury shares		-	-	-286	-	-	-	-286	-	-286
Sales of treasury shares		-	-8	150	-	-	-	142	-	142
Disposals of subsidiaries		-	-	12	-	-	-	12	-17	-5
Acquisitions of subsidiaries		-	-	-	-	-	-	-	14	14
Dividends		-	-	-	-	-	-	-	-5	-5
<b>Balance as at 30 June</b>		1 189	2 600	-742	21	-2 246	6 418	7 240	46	7 286

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

In CHF million	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
<b>Balance as at 1 January</b>	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
Net profit	-	-	-	-	-	615	615	20	635
<b>Total recognised income and expense for the period</b>	-	-	-	71	-849	615	-163	25	-138
Conversion of convertible debt	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
<b>Balance as at 30 June</b>	1 399	2 491	-333	132	-544	4 050	7 195	289	7 484

## Condensed Notes to the Consolidated Financial Statements (unaudited)

### 1 General Information

The Swiss Life Group is one of Europe's leading providers of life insurance and pension solutions. The company offers individuals and companies a broad range of products combined with comprehensive advice through its own sales force as well as brokers and banks in Switzerland, France and Germany. It provides internationally operating corporations with employee benefits solutions from a single source, and is among the global leaders in structured life and pension products for high net worth individuals. Swiss Life is the majority shareholder of the Hanover-based AWD Group, one of Europe's top financial services providers for the medium and high-income customer segments. AWD offers its clients independent financial advisory services.

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 Ltd on 8 May 2008, a reduction in par value of CHF 17 per registered share was effected in 2008. The payout took place on 29 July 2008.

**SHARE BUYBACK PROGRAMME** | In the period under review, 903 500 Swiss Life Holding shares were repurchased for CHF 261 million under the share buyback programme.

**CONVERSION OF CONVERTIBLE DEBT** | In the first half of 2008, convertible bonds were converted into 14 472 Swiss Life Holding shares in total with a corresponding increase in share capital and share premium (2007: conversion into 1 184 170 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 2007, except for the changes in accounting policies as described below.

These interim financial statements should be read in conjunction with the 2007 annual financial statements.

**CHANGES IN ACCOUNTING POLICIES** | 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 has been adopted by the Swiss Life Group for annual periods as of 1 January 2008. It has no impact on the Swiss Life Group as no defined benefit asset has been recognised where the availability of refunds or reductions in future contributions are restricted by the Interpretation. No defined benefit asset or liability are affected by a statutory or contractual minimum funding requirement.

**RELATED PARTY TRANSACTIONS** | Transactions with subsidiaries have been eliminated on consolidation. No major transactions with other related parties have been entered into in the period under review.

**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

	30.06.2008	31.12.2007	Average 2008 HY	Average 2007 HY
1 British pound (GBP)	2.0265	2.2561	2.0745	2.4187
1 Croatian kuna (HRK)	0.2210	n. a.	0.2212	n. a.
1 Czech koruna (CZK)	0.0673	n. a.	0.0639	n. a.
1 Euro (EUR)	1.6054	1.6552	1.6060	1.6320
100 Hungarian forint (HUF)	0.6793	n. a.	0.6350	n. a.
100 Polish zloty (PLN)	47.7940	n. a.	46.0960	n. a.
1 Romanian new leu (RON)	0.4376	n. a.	0.4395	n. a.
1 Singapore dollar (SGD)	0.7477	0.7825	0.7569	n. a.
1 Slovak koruna (SKK)	0.0529	n. a.	0.0500	n. a.
1 US dollar (USD)	1.0156	1.1249	1.0506	1.2281

### 3 Segment Information

The Swiss Life Group has adopted IFRS 8 Operating Segments in advance of its effective date, with effect from 1 January 2007. Comparative information has been re-presented to conform with the requirements of IFRS 8 Operating Segments.

Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the management in deciding how to allocate resources and in assessing performance. The predecessor Standard IAS 14 Segment Reporting required identification of two sets of segments – one based on related products and services, and the other on geographical areas. IAS 14 regarded one set as primary segments and the other as secondary segments. The adoption of IFRS 8 Operating Segments has resulted in a changed identification of reportable segments.

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.

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 reportable segments have been identified based on the information about the components of the entity that management uses to make decisions about operating matters. The information that is provided to management is focused on the category of product lines and services. The organisational and management structure within the insurance business is based on geography. The reportable segments have therefore been identified as follows:

- Insurance Switzerland
- Insurance France
- Insurance Germany
- Insurance Other
- Investment Management
- AWD
- Other
- Insurance (Discontinued)
- Banking (Discontinued)

The insurance businesses primarily consist of life insurance operations. These operations offer a broad range of life, pension, annuity and investment-type policies to both groups and individuals, including accident, health and disability coverage. The Group's strategy focuses primarily on the life and pension business in a number of key European markets, such as Switzerland, France, Germany, Luxembourg and Liechtenstein. The insurance businesses also include a number of companies which hold investments primarily pertaining to life insurance.

Non-life operations consist of operations in France and Belgium and principally include property and casualty, liability and motor insurance.

“Insurance Other” comprises the insurance operations in Liechtenstein and Luxembourg.

“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.

“AWD” comprises the Hanover-based AWD Group which was acquired by the Swiss Life Group on 19 March 2008. The AWD Group specialises in financial advisory services for medium and high-income customer segments.

“Other” refers principally to various finance and service companies.

The insurance operations in the Netherlands and Belgium, which were disposed of on 29 April 2008, are presented as a separate segment “Insurance (Discontinued)”.

Banca del Gottardo, Lugano, was disposed of on 7 March 2008. For the purposes of segment reporting Banca del Gottardo, Lugano, is presented as a separate segment “Banking (Discontinued)”.

The statement of income and balance sheet for the segments are given on the pages below:

### 3 Segment Information (continued)

#### Statement of income for the half-year ended 30 June 2008

In CHF million	Insurance Switzerland	Insurance France	Insurance Germany	Insurance Other	Investment Management
<b>Income</b>					
Premiums earned on insurance contracts	5 635	2 025	855	40	-
Premiums earned on investment contracts with discretionary participation	162	4	-	-	-
Premiums ceded to reinsurers	-7	-96	-37	-22	-
Net earned premiums	5 790	1 933	818	18	-
Policy fees earned on insurance contracts	5	21	-	-	-
Policy fees earned on investment and unit-linked contracts	7	50	9	34	-
Net earned policy fees	12	71	9	34	-
Asset management and other commission income	24	18	14	0	131
Investment income	1 576	373	434	14	3
Net gains/losses on financial assets	-2 173	-6	-91	0	0
Net gains/losses on financial instruments at fair value through profit or loss	1 185	-192	49	-1	-
Net gains/losses on investment property	77	26	-4	0	-
Other income	102	15	2	-2	1
<b>Total income</b>	<b>6 593</b>	<b>2 238</b>	<b>1 231</b>	<b>63</b>	<b>135</b>
<i>of which inter-segment</i>	<i>64</i>	<i>-1</i>	<i>0</i>	<i>-4</i>	<i>85</i>
<b>Expenses</b>					
Benefits and claims under insurance contracts	-5 829	-1 584	-959	-22	-
Benefits and claims under investment contracts with discretionary participation	-160	-6	-	-	-
Benefits and claims recovered from reinsurers	4	49	36	14	-
Net insurance benefits and claims	-5 985	-1 541	-923	-8	-
Policyholder participation	-74	75	-80	2	-
Interest expense	-76	-110	-9	-7	0
Commission expense	-103	-158	-51	-23	-20
Employee benefits expense	-159	-125	-52	-22	-46
Depreciation and amortisation expense	-5	-148	-62	-2	-1
Impairment of property and equipment and intangible assets	-2	-	-2	-	-
Other expenses	-69	-131	-33	-24	-20
<b>Total expenses</b>	<b>-6 473</b>	<b>-2 138</b>	<b>-1 212</b>	<b>-84</b>	<b>-87</b>
<i>of which inter-segment</i>	<i>-88</i>	<i>-2</i>	<i>-17</i>	<i>-17</i>	<i>-13</i>
<b>Segment result</b>	<b>120</b>	<b>100</b>	<b>19</b>	<b>-21</b>	<b>48</b>
<i>of which inter-segment</i>	<i>-24</i>	<i>-3</i>	<i>-17</i>	<i>-21</i>	<i>72</i>
Unallocated corporate costs					
<b>Profit from operations</b>					
Borrowing costs	-89	-5	-1	-5	-
Share of results of associates	1	5	0	0	-
Income tax expense					
<b>Net profit</b>					

AWD	Other	Insurance (Discontinued)	Banking (Discontinued)	Eliminations	Total	Less: discontinued operations	Continuing operations
-	-	782	-	-11	9 326	-782	8 544
-	-	-	-	-	166	-	166
-	-	-7	-	11	-158	5	-153
-	-	775	-	0	9 334	-777	8 557
-	-	4	-	-	30	-4	26
-	-	53	-	-	153	-53	100
-	-	57	-	-	183	-57	126
253	5	15	35	-101	394	-44	350
3	27	275	63	-31	2 737	-337	2 400
0	4	9	-118	-	-2 375	109	-2 266
0	-1	27	28	-	1 095	-55	1 040
-	-	0	-	-	99	0	99
7	-11	1 038	690	0	1 842	-1 730	112
263	24	2 196	698	-132	13 309	-2 891	10 418
2	-17	-2	5	-132			
-	-	-919	-	1	-9 312	919	-8 393
-	-	-	-	-	-166	-	-166
-	-	2	-	-3	102	-2	100
-	-	-917	-	-2	-9 376	917	-8 459
-	-	2	-	-1	-76	-1	-77
0	0	-34	-49	10	-275	76	-199
-122	-1	-24	-4	96	-410	25	-385
-56	-2	-61	-30	-1	-554	91	-463
-13	-	-28	-	-	-259	28	-231
-1	-	0	-	-	-5	0	-5
-66	-5	-36	-20	7	-397	53	-344
-258	-8	-1 098	-103	109	-11 352	1 189	-10 163
0	40	-2	-10	109			
5	16	1 098	595	-23	1 957	-1 702	255
2	23	-4	-5	-23			
					-28	-	-28
					1 929	-1 702	227
-	-14	-2	-1	23	-94	1	-93
-	2	1	-	-	9	-1	8
					-207	217	10
					1 637	-1 485	152

### 3 Segment Information (continued)

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

In CHF million	Insurance Switzerland	Insurance France	Insurance Germany	Insurance Other	Investment Management
<b>Income</b>					
Premiums earned on insurance contracts	5 797	1 662	940	24	-
Premiums earned on investment contracts with discretionary participation	89	9	-	-	-
Premiums ceded to reinsurers	-5	-77	-38	-2	-
Net earned premiums	5 881	1 594	902	22	-
Policy fees earned on insurance contracts	6	28	-	-	-
Policy fees earned on investment and unit-linked contracts	7	158	4	20	-
Net earned policy fees	13	186	4	20	-
Asset management and other commission income	31	20	18	-	126
Investment income	1 514	698	407	15	1
Net gains/losses on financial assets	484	88	173	1	-
Net gains/losses on financial instruments at fair value through profit or loss	-322	241	46	1	-
Net gains/losses on investment property	39	28	-1	0	-
Other income	-41	-10	13	-6	13
<b>Total income</b>	<b>7 599</b>	<b>2 845</b>	<b>1 562</b>	<b>53</b>	<b>140</b>
<i>of which inter-segment</i>	<i>49</i>	<i>0</i>	<i>0</i>	<i>-2</i>	<i>84</i>
<b>Expenses</b>					
Benefits and claims under insurance contracts	-6 064	-1 153	-992	-10	-
Benefits and claims under investment contracts with discretionary participation	-96	-11	-	-	-
Benefits and claims recovered from reinsurers	4	38	36	1	-
Net insurance benefits and claims	-6 156	-1 126	-956	-9	-
Policyholder participation	-616	-726	-341	-1	-
Interest expense	-66	-166	-9	-8	0
Commission expense	-106	-234	-46	-8	-22
Employee benefits expense	-173	-132	-51	-10	-41
Depreciation and amortisation expense	-64	-146	-58	-2	-1
Impairment of property and equipment and intangible assets	-	-	-1	-	-
Other expenses	-74	-117	-43	-6	-29
<b>Total expenses</b>	<b>-7 255</b>	<b>-2 647</b>	<b>-1 505</b>	<b>-44</b>	<b>-93</b>
<i>of which inter-segment</i>	<i>-65</i>	<i>-2</i>	<i>-12</i>	<i>-1</i>	<i>-26</i>
<b>Segment result</b>	<b>344</b>	<b>198</b>	<b>57</b>	<b>9</b>	<b>47</b>
<i>of which inter-segment</i>	<i>-16</i>	<i>-2</i>	<i>-12</i>	<i>-3</i>	<i>58</i>
Unallocated corporate costs					
<b>Profit from operations</b>					
Borrowing costs	-72	-8	0	-3	-
Share of results of associates	1	3	0	0	-
Income tax expense					
<b>Net profit</b>					

First-Half Financial Report 2008  
Condensed Financial Statements  
**Condensed Notes to the Consolidated Financial Statements (unaudited)**

AWD	Other	Insurance (Discontinued)	Banking (Discontinued)	Eliminations	Total	Less: discontinued operations	Continuing operations
-	-	1 077	-	-9	9 491	-1 077	8 414
-	-	-	-	-	98	-	98
-	-	-11	-	9	-124	8	-116
-	-	1 066	-	0	9 465	-1 069	8 396
-	-	0	-	-	34	0	34
-	-	75	-	0	264	-74	190
-	-	75	-	0	298	-74	224
-	4	14	154	-107	260	-156	104
-	32	438	195	-62	3 238	-632	2 606
-	-	67	101	-	914	-168	746
-	3	11	56	0	36	-57	-21
-	-	-2	-	-	64	2	66
-	9	0	-48	-13	-83	46	-37
-	48	1 669	458	-182	14 192	-2 108	12 084
-	32	-3	22	-182			
-	-	-1 305	-	1	-9 523	1 306	-8 217
-	-	-	-	-	-107	-	-107
-	-	2	-	-1	80	-2	78
-	-	-1 303	-	0	-9 550	1 304	-8 246
-	-	-28	-	0	-1 712	27	-1 685
-	0	-48	-160	36	-421	173	-248
-	-2	-34	-19	90	-381	53	-328
-	0	-78	-96	0	-581	174	-407
-	-	-46	-5	-	-322	51	-271
-	-	-	-	-	-1	-	-1
-	-5	-45	-76	24	-371	115	-256
-	-7	-1 582	-356	150	-13 339	1 897	-11 442
-	-3	-3	-38	150			
-	41	87	102	-32	853	-211	642
-	29	-6	-16	-32			
					-32	-	-32
					821	-211	610
-	-26	-2	-3	32	-82	1	-81
-	4	-	2	-	10	-2	8
					-114	2	-112
					635	-210	425

### 3 Segment Information (continued)

#### Balance sheet as at 30 June 2008

In CHF million	Insurance Switzerland	Insurance France	Insurance Germany
<b>Assets</b>			
Cash and cash equivalents	4 289	381	415
Insurance receivables and other receivables	2 456	1 363	562
Derivatives	818	41	211
Assets held for sale	3	–	1
Financial assets at fair value through profit or loss	2 355	7 355	792
Financial assets available for sale	47 119	11 399	6 057
Loans	7 823	246	11 570
Financial assets held to maturity	–	3 143	87
Investment property	10 397	1 335	700
Reinsurance assets	33	365	588
Property and equipment	530	187	182
Intangible assets including intangible insurance assets	1 361	553	1 638
Other assets	612	19	–
<b>Segment assets</b>	<b>77 796</b>	<b>26 387</b>	<b>22 803</b>
Investments in associates			
Income tax assets			
<b>Total assets</b>			
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Insurance payables and other payables	1 763	588	323
Derivatives	155	28	66
Liabilities associated with assets held for sale	–	–	–
Financial liabilities at fair value through profit or loss	1 169	435	320
Investment contracts	1 085	11 395	–
Deposits	1 797	648	970
Insurance liabilities	62 903	11 239	19 119
Policyholder participation liabilities	433	751	1 038
Employee benefit liabilities	1 826	40	55
Provisions	23	31	33
Other liabilities	219	36	2
<b>Segment liabilities</b>	<b>71 373</b>	<b>25 191</b>	<b>21 926</b>
Borrowings			
Income tax liabilities			
<b>Equity</b>			
<b>Total liabilities and equity</b>			





### 3 Segment Information (continued)

#### Balance sheet as at 31 December 2007

In CHF million	Insurance Switzerland	Insurance France	Insurance Germany
<b>Assets</b>			
Cash and cash equivalents	2 378	142	273
Insurance receivables and other receivables	2 107	1 340	746
Derivatives	340	5	87
Assets held for sale	4	-	1
Financial assets at fair value through profit or loss	3 557	7 372	913
Financial assets available for sale	49 754	11 450	6 387
Loans	8 925	241	11 873
Financial assets held to maturity	-	3 529	93
Investment property	10 171	1 334	720
Reinsurance assets	31	367	584
Property and equipment	564	194	101
Intangible assets including intangible insurance assets	1 079	553	1 329
Other assets	445	21	2
<b>Segment assets</b>	<b>79 355</b>	<b>26 548</b>	<b>23 109</b>
Investments in associates			
Income tax assets			
<b>Total assets</b>			
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Insurance payables and other payables	2 585	516	341
Derivatives	214	0	2
Liabilities associated with assets held for sale	-	-	-
Financial liabilities at fair value through profit or loss	1 345	385	355
Investment contracts	1 027	11 450	-
Deposits	1 283	377	970
Insurance liabilities	64 069	11 087	19 446
Policyholder participation liabilities	815	1 120	1 442
Employee benefit liabilities	1 815	38	53
Provisions	32	38	38
Other liabilities	52	22	2
<b>Segment liabilities</b>	<b>73 237</b>	<b>25 033</b>	<b>22 649</b>
Borrowings			
Income tax liabilities			
<b>Equity</b>			
<b>Total liabilities and equity</b>			



### 3 Segment Information (continued)

#### Premiums and policy fees from external customers

In CHF million	2008 HY	2007 HY	2008 HY	2007 HY
	Net earned premiums	Net earned premiums	Policy fees earned	Policy fees earned
<b>Life</b>				
Individual life	2 634	2 317	174	291
Group life	6 407	6 839	9	7
<b>Total life</b>	<b>9 041</b>	<b>9 156</b>	<b>183</b>	<b>298</b>
<b>Non-life</b>				
Accident and health	9	25	-	-
Property, casualty and other	284	284	-	-
<b>Total non-life</b>	<b>293</b>	<b>309</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>9 334</b>	<b>9 465</b>	<b>183</b>	<b>298</b>

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

The assets relating to 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, private placement life insurance). These assets 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	30.06.2008	31.12.2007
Cash and cash equivalents	1 837	1 818
Derivatives	149	60
Financial assets at fair value through profit or loss		
Debt instruments	2 082	2 825
Equity securities	1 408	1 794
Investment fund units	6 902	7 028
Other	1 547	2 049
<b>Total assets for the account and risk of the Swiss Life Group's customers</b>	<b>13 925</b>	<b>15 574</b>

The financial result for the half-years ended 30 June for the account and risk of the Swiss Life Group and the Swiss Life Group's customers was as follows:

In CHF million	2008 HY	2007 HY	2008 HY	2007 HY	2008 HY	2007 HY
	<b>For the account and risk of the Swiss Life Group</b>	For the account and risk of the Swiss Life Group	<b>For the account and risk of the Swiss Life Group's customers</b>	For the account and risk of the Swiss Life Group's customers	<b>Total</b>	<b>Total</b>
Investment income	2 400	2 606	-	-	2 400	2 606
Net gains/losses on financial assets	-2 266	746	-	-	-2 266	746
Net gains/losses on financial instruments at fair value through profit or loss (FVPL)	974	-59	66	38	1 040	-21
Net gains/losses on investment property	99	66	-	-	99	66
Share of results of associates	8	8	-	-	8	8
<b>Financial result</b>	<b>1 215</b>	<b>3 367</b>	<b>66</b>	<b>38</b>	<b>1 281</b>	<b>3 405</b>
<i>The financial result for the account and risk of the Swiss Life Group's customers consists of</i>						
net gains/losses on financial assets at FVPL			-1 119	912		
net gains/losses on financial liabilities at FVPL			1 185	-874		

## 5 Premiums, Policy Fees and Deposits Received

### Written premiums

In CHF million	2008 HY	2007 HY
Direct	8 176	8 407
Assumed	614	164
<b>Gross written premiums</b>	<b>8 790</b>	<b>8 571</b>
Ceded	-152	-116
<b>Net written premiums</b>	<b>8 638</b>	<b>8 455</b>

### Earned premiums

In CHF million	2008 HY	2007 HY
Direct	8 121	8 365
Assumed	589	147
<b>Gross earned premiums</b>	<b>8 710</b>	<b>8 512</b>
Ceded	-153	-116
<b>Net earned premiums</b>	<b>8 557</b>	<b>8 396</b>

### Written policy fees

In CHF million	2008 HY	2007 HY
Direct	128	225
Assumed	-	-
<b>Gross written policy fees</b>	<b>128</b>	<b>225</b>
Ceded	0	-
<b>Net written policy fees</b>	<b>128</b>	<b>225</b>

### Earned policy fees

In CHF million	2008 HY	2007 HY
Direct	126	224
Assumed	-	-
<b>Gross earned policy fees</b>	<b>126</b>	<b>224</b>
Ceded	0	-
<b>Net earned policy fees</b>	<b>126</b>	<b>224</b>

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

In CHF million	2008 HY	2007 HY
Net earned premiums	8 557	8 396
Net earned policy fees	126	224
Deposits received under insurance and investment contracts	1 970	3 469
<b>Net earned premiums, policy fees and deposits received</b>	<b>10 653</b>	<b>12 089</b>
<b>Gross written premiums, policy fees and deposits received</b>	<b>10 888</b>	<b>12 265</b>

## 6 Details of Certain Items in the Consolidated Statement of Income

### Asset management and other commission income

In CHF million	2008 HY	2007 HY
Fiduciary and portfolio management fees	48	52
Brokerage commissions	253	2
Fees earned on loans and deposits	1	0
Other commissions and fees	48	50
<b>Total asset management and other commission income</b>	<b>350</b>	<b>104</b>

### Investment income

In CHF million	2008 HY	2007 HY
Interest income on financial assets held to maturity and available for sale	1 271	1 394
Interest income on loans	414	442
Other interest income	105	121
Dividend income on financial assets available for sale	336	395
Net income on investment property	274	254
<b>Total investment income</b>	<b>2 400</b>	<b>2 606</b>

### Net gains/losses on financial assets

In CHF million	Notes	2008 HY	2007 HY
<i>Sale of</i>			
financial assets held to maturity		-	-
financial assets available for sale		-300	133
loans		15	0
<b>Net gains/losses from sales</b>		<b>-285</b>	<b>133</b>
<i>Impairment losses on</i>			
financial assets held to maturity		-	-
financial assets available for sale	9	-847	-3
loans		10	3
receivables		-2	-1
<b>Impairment losses on financial assets</b>		<b>-839</b>	<b>-1</b>
Foreign currency gains/losses		-1 142	614
<b>Total net gains/losses on financial assets</b>		<b>-2 266</b>	<b>746</b>

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

In CHF million	2008 HY	2007 HY
Net gains/losses on derivatives and other financial instruments held for trading		
Interest rate instruments	10	47
Equity instruments	309	73
Foreign currency and other instruments	1 015	-607
<b>Total net gains/losses on derivatives and other financial instruments held for trading</b>	<b>1 334</b>	<b>-487</b>
Net gains/losses on financial instruments designated as at fair value through profit or loss		
Financial assets	-1 495	1 391
Financial liabilities	1 201	-925
<b>Total net gains/losses on financial instruments designated as at fair value through profit or loss</b>	<b>-294</b>	<b>466</b>
<b>Total net gains/losses on financial instruments at fair value through profit or loss</b>	<b>1 040</b>	<b>-21</b>

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

### Other income

In CHF million	2008 HY	2007 HY
Realised gains/losses on sales of subsidiaries and other assets	1	-3
Other foreign currency gains/losses	80	-52
Other	31	18
<b>Total other income</b>	<b>112</b>	<b>-37</b>

### Net insurance benefits and claims

In CHF million	2008 HY	2007 HY
Net benefits and claims under insurance contracts		
Life benefits and claims	7 868	5 613
Change in future life policyholder benefits	243	2 381
Non-life claims	182	145
Benefits and claims under investment contracts with discretionary participation		
Life benefits and claims	97	90
Change in future life policyholder benefits	69	17
<b>Total net insurance benefits and claims</b>	<b>8 459</b>	<b>8 246</b>

### Interest expense

In CHF million	2008 HY	2007 HY
Interest expense on deposits	24	20
Interest expense on investment contracts	70	122
Interest expense on deposits under insurance contracts	74	82
Other interest expense	31	24
<b>Total interest expense</b>	<b>199</b>	<b>248</b>

### Commission expense

In CHF million	2008 HY	2007 HY
Insurance agent and broker commissions	224	234
Asset management and banking commissions	23	24
Other commissions and fees	138	70
<b>Total commission expense</b>	<b>385</b>	<b>328</b>

### Employee benefits expense

In CHF million	2008 HY	2007 HY
Wages and salaries	303	264
Social security	82	74
Defined benefit plans	58	55
Defined contribution plans	1	1
Other employee benefits	33	40
<b>Total employee benefits expense</b>	<b>477</b>	<b>434</b>



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

### Depreciation and amortisation expense

In CHF million	Notes	2008 HY	2007 HY
Depreciation of property and equipment		22	22
Amortisation of present value of future profits	12	0	0
Amortisation of deferred acquisition costs	12	193	243
Amortisation of deferred origination costs	12	1	1
Amortisation of other intangible assets	12	15	5
<b>Total depreciation and amortisation expense</b>		<b>231</b>	<b>271</b>

### Other expenses

In CHF million	2008 HY	2007 HY
Marketing and advertising	54	20
Information technology and systems	47	38
Rental, maintenance and repair expenses	35	27
Professional services	107	84
Other	115	92
<b>Total other expenses</b>	<b>358</b>	<b>261</b>

## 7 Income Taxes

### Income tax expense

In CHF million	2008 HY	2007 HY
<b>Current tax expense</b>		
Current tax of the current period	57	152
Adjustments for current tax of prior periods	-61	-3
<b>Total current tax expense</b>	-4	149
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	-6	-37
Changes in tax rates	-	-
<b>Total deferred tax expense</b>	-6	-37
<b>Total income tax expense</b>	-10	112

Due to an internal restructuring, the Swiss Life Group realised a tax benefit amounting to CHF 61 million.

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

In CHF million	Notes	30.06.2008	31.12.2007
		Designated as at fair value through profit or loss	Designated as at fair value through profit or loss
<b>Financial assets at fair value through profit or loss</b>			
Debt securities		1 841	1 814
Equity securities		435	874
Investment fund units – debt		1 951	1 665
Investment fund units – equity		1 206	1 051
Investment fund units – mixed		37	30
Private equity		16	-
Hedge funds		229	267
Assets for the account and risk of the Swiss Life Group's customers	4	11 939	13 696
Other		4	2
<b>Total financial assets at fair value through profit or loss</b>		<b>17 658</b>	19 399
<b>Financial liabilities at fair value through profit or loss</b>			
Liabilities for the account and risk of the Swiss Life Group's customers		10 581	11 042
Share of net assets of investment funds attributable to minority unitholders		426	385
<b>Total financial liabilities at fair value through profit or loss</b>		<b>11 007</b>	11 427

## 9 Financial Assets Available for Sale

In CHF million	30.06.08	31.12.07	30.06.08	31.12.07	30.06.08	31.12.07
	Cost/ amortised cost	Cost/ amortised cost	Net unrealised gains/losses	Net unrealised gains/losses	Fair value (carrying amount)	Fair value (carrying amount)
Debt securities	59 114	57 326	-4 370	-2 576	54 744	54 750
Money market instruments and loans	61	21	-	-	61	21
Equity securities	3 709	6 123	-174	93	3 535	6 216
Investment fund units – debt	136	157	-1	3	135	160
Investment fund units – equity	1 581	1 418	-261	21	1 320	1 439
Investment fund units – mixed	283	234	20	16	303	250
Private equity	144	93	6	20	150	113
Hedge funds	4 831	5 310	191	328	5 022	5 638
Other	2	1	-	0	2	1
<b>Total financial assets available for sale</b>	<b>69 861</b>	<b>70 683</b>	<b>-4 589</b>	<b>-2 095</b>	<b>65 272</b>	<b>68 588</b>

Based on detailed assessments with regard to indications of impairment, impairment losses totalling CHF 847 million were recognised in the period under review (HY 2007: CHF 3 million). The impairment losses in the first half of 2008 primarily related to equity securities and hedge funds (HY 2007: 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.

## 10 Loans

In CHF million	30.06.08	31.12.07	30.06.08	31.12.07	30.06.08	31.12.07	30.06.08	31.12.07
	Gross amount	Gross amount	Allowance for impairment losses	Allowance for impairment losses	Carrying amount	Carrying amount	Fair value	Fair value
Mortgages	5 813	5 974	-36	-47	5 777	5 927	5 569	5 784
Policy loans	605	671	-	-	605	671	610	679
Other originated loans	2 328	3 511	-7	-7	2 321	3 504	2 287	3 483
Purchased loans	10 333	10 550	-	-	10 333	10 550	10 012	10 462
Repurchase agreements	-	0	-	-	-	0	-	0
<b>Total loans</b>	<b>19 079</b>	<b>20 706</b>	<b>-43</b>	<b>-54</b>	<b>19 036</b>	<b>20 652</b>	<b>18 478</b>	<b>20 408</b>

## 11 Financial Assets Held to Maturity

In CHF million	30.06.08	31.12.07	30.06.08	31.12.07	30.06.08	31.12.07
	Cost/ amortised cost (carrying amount)	Cost/ amortised cost (carrying amount)	Net unrecognised gains/losses	Net unrecognised gains/losses	Fair value	Fair value
Debt securities	3 232	3 624	-127	-49	3 105	3 575
Money market instruments	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total financial assets held to maturity</b>	<b>3 232</b>	<b>3 624</b>	<b>-127</b>	<b>-49</b>	<b>3 105</b>	<b>3 575</b>

## 12 Intangible Assets including Intangible Insurance Assets

In CHF million	30.06.2008	31.12.2007
Intangible insurance assets	2 814	2 644
Other intangible assets	2 243	507
<b>Total intangible assets</b>	<b>5 057</b>	<b>3 151</b>

### Intangible insurance assets

In CHF million	Notes	2008 HY	2007 YE	2008 HY	2007 YE	2008 HY	2007 YE	2008 HY	2007 YE
		<b>Present value of future profits from acquired insurance portfolios (PVP)</b>	Present value of future profits from acquired insurance portfolios (PVP)	<b>Deferred acquisition costs (DAC)</b>	Deferred acquisition costs (DAC)	<b>Deferred origination costs (DOC)</b>	Deferred origination costs (DOC)	<b>Total</b>	Total
Balance as at 1 January		24	17	2 612	2 526	8	246	2 644	2 789
Additions		–	–	265	452	1	5	266	457
Additions from business combinations		–	8	–	–	–	–	–	8
Amortisation	6	0	–1	–193	–388	–1	–2	–194	–391
Impairment due to liability adequacy test		–	–	–2	–1	–	–	–2	–1
Effect of gains/losses recognised directly in equity		0	0	148	326	–	–	148	326
Changes from discontinued operations		–	–	–	27	–	–11	–	16
Classification as assets held for sale and other disposals		–	–	–	–372	–	–231	–	–603
Foreign currency translation differences		–1	0	–47	42	0	1	–48	43
<b>Balance as at end of period</b>		<b>23</b>	<b>24</b>	<b>2 783</b>	<b>2 612</b>	<b>8</b>	<b>8</b>	<b>2 814</b>	<b>2 644</b>

**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.

On the acquisition of Meeschaert Assurances, Paris, in November 2007, present value of future profits amounting to CHF 8 million was recognised.

**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 contracts in Luxembourg.

Intangible insurance assets of CHF 600 million relating to the insurance operations in the Netherlands and Belgium were reclassified to assets held for sale in 2007.

## 12 Intangible Assets including Intangible Insurance Assets (continued)

### Other intangible assets

In CHF million	Notes	2008 HY	2007 YE	2008 HY	2007 YE	2008 HY	2007 YE	2008 HY	2007 YE
		Goodwill	Goodwill	Customer relationships	Customer relationships	Brands and other	Brands and other	Total	Total
<b>Cost</b>									
Balance as at 1 January		599	1 430	60	18	134	175	793	1 623
Additions		–	–	–	–	3	3	3	3
Additions from business combinations	19	1 300	165	317	60	133	0	1 750	225
Additions from internal development		–	–	–	–	–	0	–	0
Classification as assets held for sale and other disposals		–	–996	–	–19	–1	–52	–1	–1 067
Changes from discontinued operations		–	–	–	0	–	3	–	3
Foreign currency translation differences		0	–	–1	1	–4	5	–5	6
<b>Balance as at end of period</b>		<b>1 899</b>	<b>599</b>	<b>376</b>	<b>60</b>	<b>265</b>	<b>134</b>	<b>2 540</b>	<b>793</b>
<b>Accumulated amortisation and impairment</b>									
Balance as at 1 January		–163	–738	–2	–11	–121	–156	–286	–905
Amortisation recognised in income	6	–	–	–9	–4	–6	–7	–15	–11
Impairment losses		–	–	–	–	0	–	0	–
Classification as assets held for sale and other disposals		–	575	–	16	1	48	1	639
Changes from discontinued operations		–	–	–	–3	–	–2	–	–5
Foreign currency translation differences		–	–	–2	0	5	–4	3	–4
<b>Balance as at end of period</b>		<b>–163</b>	<b>–163</b>	<b>–13</b>	<b>–2</b>	<b>–121</b>	<b>–121</b>	<b>–297</b>	<b>–286</b>
<b>Total other intangible assets as at end of period</b>		<b>1 736</b>	<b>436</b>	<b>363</b>	<b>58</b>	<b>144</b>	<b>13</b>	<b>2 243</b>	<b>507</b>

**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.

Goodwill totalling CHF 1300 million on the acquisition of AWD Holding AG, Hanover, was recognised in the period under review. The cost that led to the recognition of goodwill relates to the anticipated future business of AWD.

Goodwill totalling CHF 149 million on the acquisition of CapitalLeben Versicherung AG, Schaan, was recognised in 2007. The cost that led to the recognition of goodwill related to the anticipated future business of the Liechtenstein operation. Goodwill on the acquisition of CapitalLeben Versicherung AG, Schaan, has been allocated to the segment "Insurance Other".

In 2007, goodwill amounting to CHF 16 million was recognised on the purchase of additional shares of Banca del Gottardo Italia, Bergamo. The proportion of ownership interest increased by 19% to 90%.

## 12 Intangible Assets including Intangible Insurance Assets (continued)

Goodwill relating to Lloyd Continental has been allocated to the segment “Insurance France”.

The net carrying amount of goodwill totalling CHF 1736 million as at 30 June 2008 (YE 2007: CHF 436 million) relates to:

In CHF million	30.06.08	31.12.07	30.06.08	31.12.07	30.06.08	31.12.07
	Lloyd Continental	Lloyd Continental	CapitalLeben	CapitalLeben	AWD	AWD
Net carrying amount of goodwill	287	287	149	149	1 300	-
Impairment losses	-	-	-	-	-	-

Goodwill amounting to CHF 421 million relating to Banca del Gottardo (including CHF 16 million relating to the purchase of additional shares of Banca del Gottardo Italia, Bergamo) has been reclassified to assets held for sale in 2007.

**CUSTOMER RELATIONSHIPS** | The acquisition of AWD Holding AG, Hanover, led to the recognition of a customer relationship asset of CHF 312 million. The acquisition of Placement Direct, France, led to a customer relationship asset amounting to CHF 5 million.

On the acquisition of CapitalLeben Versicherung AG, Schaan, a customer relationship asset of CHF 33 million was recognised in 2007. In August 2007, the Swiss Life Group acquired the banking activities of Fideuram Wargny, France, which led to the recognition of a customer relationship asset of CHF 12 million. In November 2007, Meeschaert Assurances, Paris, was acquired and a customer relationship asset amounting to CHF 15 million was recognised.

**BRANDS AND OTHER** | Consist of brands, trademarks, computer software and other intangible assets.

The acquisition of AWD Holding AG, Hanover, led to the recognition of the brand name of “AWD” of CHF 120 million and computer software of CHF 13 million.

### 13 Investment Contracts

In CHF million	30.06.2008	31.12.2007
Investment contracts with discretionary participation with deposit accounting	11 393	11 414
Investment contracts with discretionary participation with actuarial valuation	808	743
Investment contracts without discretionary participation at amortised cost	427	440
Investment contracts without discretionary participation at fair value through profit or loss	304	310
<b>Total investment contracts</b>	<b>12 932</b>	<b>12 907</b>
<i>of which for the account and risk of the Swiss Life Group's customers</i>	<b>3 318</b>	3 567

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 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	Notes	30.06.2008	31.12.2007
Money market instruments		28	37
Hybrid debt	18	2 857	2 936
Convertible debt		61	63
Other debentures		183	494
Bank loans		85	86
Finance lease obligations		1	5
<b>Total borrowings</b>		<b>3 215</b>	<b>3 621</b>

**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 Ltd issued CHF 317 million in 0.625% convertible bonds due in 2010. The bonds may be converted into registered shares of Swiss Life Holding Ltd 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 original conversion price of CHF 209.625 (subject to adjustments, with effect from 29 July 2008 conversion price of CHF 200.20).

Swiss Life Holding Ltd has the option to redeem all outstanding bonds at their principal amount (together with unpaid accrued interest) 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 Ltd is subject to a period of 30 days' notice to the bondholders.

In the first half of 2008, convertible bonds were converted into 14 472 Swiss Life Holding shares (2007: 1 184 170 Swiss Life Holding shares) with a corresponding increase in share capital totalling CHF 0.4 million (2007: CHF 49 million) and an increase in share premium totalling CHF 2.2 million (2007: CHF 173 million).

**OTHER DEBENTURES** | On 30 June 2008, EUR 300 million in 4.375% bonds matured and were repaid.

## 15 Insurance Liabilities and Reinsurance Assets

In CHF million	30.06.08	31.12.07	30.06.08	31.12.07	30.06.08	31.12.07
	Gross	Gross	Reinsurance assets	Reinsurance assets	Net	Net
Claims under non-life insurance contracts	1 264	1 284	222	230	1 042	1 054
Claims under life insurance contracts	6 680	7 155	130	119	6 550	7 036
Unearned premiums	252	169	1	2	251	167
Future life policyholder benefits	80 573	80 846	638	624	79 935	80 222
Deposits under insurance contracts	4 691	5 038	-	-	4 691	5 038
<b>Total insurance liabilities and reinsurance assets</b>	<b>93 460</b>	<b>94 492</b>	<b>991</b>	<b>975</b>	<b>92 469</b>	<b>93 517</b>
<i>of which for the account and risk of the Swiss Life Group's customers</i>						
<i>Future life policyholder benefits</i>	<b>196</b>	924	-	-	<b>196</b>	924
<i>Deposits under insurance contracts</i>	<b>8</b>	7	-	-	<b>8</b>	7

**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 unpaid portions of claims incurred. It includes an estimate of the liability for claims incurred but not reported (IBNR). The measurement at reporting date is a best estimate of ultimate future claim payments (such as disability annuities).

**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	30.06.2008	31.12.2007
Present value of wholly and partly funded obligations	-2 218	-2 242
Fair value of plan assets	375	371
Present value of unfunded obligations	-85	-78
Unrecognised actuarial gains (-)/losses (+)	99	138
<b>Net defined benefit asset (+)/liability (-)</b>	<b>-1 829</b>	<b>-1 811</b>
<i>The net defined benefit asset/liability consists of</i>		
gross defined benefit liabilities	-1 992	-1 969
gross defined benefit assets	163	158
<i>Employee benefit liabilities consist of</i>		
gross defined benefit liabilities	-1 992	-1 969
other employee benefit liabilities	-12	-11
<b>Total employee benefit liabilities</b>	<b>-2 004</b>	<b>-1 980</b>

## 17 Equity

### Number of shares

Number of shares	2008 HY	2007 YE
<b>Shares issued</b>		
Balance as at 1 January	34 960 439	33 776 269
Conversion of convertible debt	14 472	1 184 170
<b>Balance as at end of period</b>	<b>34 974 911</b>	34 960 439
<b>Treasury shares</b>		
Balance as at 1 January	2 153 802	335 517
Purchases of treasury shares	983 536	4 233 778
Sales of treasury shares	-575 434	-2 415 493
Disposals of subsidiaries	-41 246	-
<b>Balance as at end of period</b>	<b>2 520 658</b>	2 153 802

In the period under review, convertible bonds were converted into 14 472 SLH shares (2007: 1 184 170 SLH shares) with a corresponding increase in share capital totalling CHF 0.4 million (2007: CHF 49 million) and an increase in share premium totalling CHF 2.2 million (2007: CHF 173 million).

903 500 SLH shares were repurchased for CHF 261 million under the share buyback programme in the period under review.

## 18 Core Capital

In CHF million	Notes	30.06.2008	31.12.2007
Equity		7 286	7 334
Hybrid capital instruments	14	2 857	2 936
Deferred Group-related funds		363	1 324
<b>Total core capital</b>		<b>10 506</b>	11 594

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).

## 19 Acquisitions and Disposals of Subsidiaries

### Assets and liabilities from acquisitions

In CHF million	Notes	2008 HY	2008 HY	2007 HY	2007 HY
		Fair value	Carrying amount in accordance with IFRS before combination	Fair value	Carrying amount in accordance with IFRS before combination
Cash and cash equivalents		287	287	49	49
Insurance receivables and other receivables		191	191	60	60
Financial assets at fair value through profit or loss		-	-	4 324	4 324
Other financial assets		36	36	-	-
Property and equipment		81	81	0	0
Customer relationships and other intangible assets		445	13	33	0
Other assets		16	16	-	-
Insurance payables and other payables		-343	-343	-	-
Financial liabilities at fair value through profit or loss		-	-	-4 332	-4 332
Insurance liabilities		-	-	-23	-23
Provisions		0	0	-1	-1
Deferred income tax liabilities		-123	-3	-5	0
Other liabilities		-166	-166	-34	-34
<b>Net identifiable assets acquired</b>		<b>424</b>	<b>112</b>	<b>71</b>	<b>43</b>
Cash used for acquisitions		1 516		220	
Direct costs relating to the acquisitions		12		0	
Non-cash consideration		182		-	
<b>Total purchase consideration</b>		<b>1 710</b>		<b>220</b>	
Net identifiable assets acquired		-424		-71	
Minority interest		14		-	
<b>Goodwill</b>	12	<b>1 300</b>		<b>149</b>	
Consideration paid in cash		-1 528		-220	
Cash and cash equivalents acquired		287		49	
<b>Net cash outflow from acquisitions</b>		<b>-1 241<sup>1</sup></b>		<b>-171</b>	

<sup>1</sup> of which paid in 2007: CHF 264 million

On 19 March 2008, 96.7% of the AWD Holding shares (including 10.46% shares under option) were acquired by the Swiss Life Group. The AWD Group specialises in independent financial advisory services and is one of Europe's top financial services providers for the medium and high-income customer segments. The acquisition cost amounted to CHF 1710 million.

On 27 March 2007, the Swiss Life Group acquired CapitalLeben Versicherung AG, Schaan, a company headquartered in Liechtenstein, which specialises in structured life insurance solutions. Regulatory approval was obtained on the same date.

## 19 Acquisitions and Disposals of Subsidiaries (continued)

### Assets and liabilities from disposals

In CHF million	2008 HY		
	Insurance (Discontinued)	Banking (Discontinued)	Total
Cash and cash equivalents	1 050	3 332	4 382
Derivatives (assets)	78	547	625
Financial assets at fair value through profit or loss	3 957	2 551	6 508
Financial assets available for sale	19 721	683	20 404
Loans and receivables	1 359	5 949	7 308
Financial assets held to maturity	111	41	152
Investment property	210	–	210
Investments in associates	0	9	9
Reinsurance assets	47	–	47
Property and equipment	101	138	239
Intangible assets including intangible insurance assets	577	424	1 001
Other assets	46	331	377
Insurance payables and other payables	-1 261	-119	-1 380
Derivatives (liabilities)	-2	-720	-722
Financial liabilities at fair value through profit or loss	-245	-438	-683
Investment contracts and other financial liabilities	-2 613	-11 217	-13 830
Insurance liabilities	-20 789	–	-20 789
Policyholder participation liabilities	-427	–	-427
Employee benefit liabilities	-304	-307	-611
Provisions	-6	-34	-40
Other liabilities	-345	-55	-400
<b>Net assets disposed of</b>	<b>1 265</b>	<b>1 115</b>	<b>2 380</b>
Cash received from disposals	2 446	1 773	4 219
Direct costs relating to the disposals	-58	-49	-107
<b>Total disposal consideration</b>	<b>2 388</b>	<b>1 724</b>	<b>4 112</b>
Transfer to financial assets at fair value through profit or loss	16	–	16
Net assets disposed of	-1 265	-1 115	-2 380
Foreign currency translation differences	12	-5	7
Gains/losses recognised directly in equity	-131	-8	-139
Treasury shares	–	-12	-12
Minority interest	14	7	21
<b>Gain (+)/loss (-) on disposals</b>	<b>1 034</b>	<b>591</b>	<b>1 625</b>

On 29 April 2008, the Swiss Life Group sold the Dutch and Belgian businesses. The disposal consideration amounted to CHF 2388 million. The gain realised on the sale was CHF 1034 million. For the purposes of segment reporting the Dutch and Belgian businesses have been presented as a separate segment “Insurance (Discontinued)”.

On 7 March 2008, Banca del Gottardo was disposed of for a total consideration of CHF 1724 million. The gain realised on the sale amounted to CHF 591 million. Banca del Gottardo has been presented as a separate segment “Banking (Discontinued)”.

## 19 Acquisitions and Disposals of Subsidiaries (continued)

### Results from discontinued operations

In CHF million	2008 HY	2007 HY	2008 HY	2007 HY	2008 HY	2007 HY
	Insurance (Discontinued)	Insurance (Discontinued)	Banking (Discontinued)	Banking (Discontinued)	Total	Total
Income	1 164	1 672	103	438	1 267	2 110
Expenses	-1 095	-1 577	-95	-321	-1 190	-1 898
Gain/loss on remeasurement to fair value less costs to sell	-	-	-	-	-	-
Gain/loss on disposal of operations	1 034	-	591	-	1 625	-
<b>Profit before income tax</b>	<b>1 103</b>	95	<b>599</b>	117	<b>1 702</b>	212
Income tax expense on profit from ordinary activities from discontinued operations	-62	20	-3	-22	-65	-2
Income tax expense on the gain/loss on remeasurement to fair value less costs to sell/disposal of operations	-150	-	-2	-	-152	-
<b>Net profit from discontinued operations</b>	<b>891</b>	115	<b>594</b>	95	<b>1 485</b>	210

## 20 Assets under Management

In CHF million	30.06.2008	31.12.2007
<b>On-balance-sheet assets</b>		
Cash and cash equivalents	8 492	4 555
Derivatives	1 194	463
Financial assets at fair value through profit or loss	17 658	19 399
Debt securities available for sale	54 744	54 750
Money market instruments and loans available for sale	61	21
Equity securities available for sale	3 535	6 216
Investment funds available for sale	1 758	1 849
Private equity available for sale	150	113
Hedge funds available for sale	5 022	5 638
Other financial assets available for sale	2	1
Loans	19 036	20 652
Financial assets held to maturity	3 232	3 624
Investment property	12 458	12 252
Investments in associates	101	72
<b>Total on-balance-sheet assets</b>	<b>127 443</b>	<b>129 605</b>
Fair value adjustments of assets reported at amortised cost		
Financial assets held to maturity	-127	-49
Loans	-558	-244
Third-party off-balance-sheet assets	10 611	9 634
<b>Total assets under control</b>	<b>137 369</b>	<b>138 946</b>
Minus externally managed on-balance-sheet assets		
Assets under unit-linked/private placement life insurance business	-9 418	-9 991
Externally managed alternative investments	-5 469	-6 107
Externally managed other assets	-867	-1 681
<b>Total assets under management</b>	<b>121 615</b>	<b>121 167</b>

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, private placement life insurance)
- assets managed for third parties by the Group

For the purposes 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 Events after the Balance Sheet Date

On 25 July 2008, the Swiss Life Group entered into a contractual agreement for a syndicated credit facility totalling EUR 500 million with an international banking consortium.

On 14 August 2008, the Swiss Life Group announced the exercise of the option to purchase additional AWD shares (10.46% owned by Carsten Maschmeyer). These shares were accounted for as an anticipated acquisition of the underlying minority interest.

On 14 August 2008, the Swiss Life Group announced the acquisition of a significant stake in MLP.

## 22 Significant Changes in the Scope of Consolidation

	Segment <sup>1</sup>	Consolidation period	Group share	Direct share	Method of consolidation	Currency	Authorised share capital in 1000
<b>Acquisition</b>							
AWD Holding AG, Hannover	AWD	from 19.03.2008	96.7%	96.7%	full	EUR	38 639
<b>Disposals</b>							
Banca del Gottardo, Lugano	Bank. Dis.	until 07.03.2008	-	-	full		
Swiss Life Belgium SA, Bruxelles	Ins. Dis.	until 29.04.2008	-	-	full		
Zwitzerleven, Amstelveen (branch Swiss Life/Rentenanstalt)	Ins. Dis.	until 29.04.2008	-	-	full		

<sup>1</sup> Segment (Bank. Dis. = Banking (Discontinued), Ins. Dis. = Insurance (Discontinued))



## Review Report

Report on the Review of the  
condensed financial statements  
to the Board of Directors of  
Swiss Life Holding Ltd  
Zurich

**INTRODUCTION** | We have reviewed the accompanying condensed financial statements (consolidated statement of income, consolidated balance sheet, consolidated statement of cash flow, consolidated statement of changes in equity and notes to the consolidated financial statements, pages 3 to 41) of Swiss Life Holding Ltd and its subsidiaries (Swiss Life Group) for the period ended 30 June 2008. The Board of Directors is responsible for the preparation and presentation of these condensed financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on these condensed financial statements 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 financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers AG

Peter Lüssi

Daniel Häfeli

Zurich, 27 August 2008

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## Caution regarding forward-looking statements

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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 text is definitive.

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## Important dates

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**Interim Statement**  
12 November 2008

**Investors' Day**  
2 December 2008

**Investors' and Media Conference**  
Presentation of 2008 results  
24 March 2009

**Annual General Meeting**  
7 May 2009  
Hallenstadion Zurich

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## Financial publications

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You can find all financial publications for the Swiss Life Group on the internet at [www.swisslife.com/report](http://www.swisslife.com/report)