



Financial Report  
Half-Year 2003

## Swiss Life Group

<b>Group key figures. In CHF million</b>	<b>2003 HY</b>	<b>2002 HY</b>	<b>+/- %</b>
	<b>6 months</b>	<b>6 months</b>	
Gross written premiums, policy fees and deposits under investment contracts	<b>11 836</b>	11 684	+ 1.3
Gross written premiums and policy fees	<b>9 943</b>	9 759	+ 1.9
Net earned premiums and policy fees	<b>9 547</b>	9 379	+ 1.8
Net investment income including net trading income	<b>2 411</b>	3 654	- 34.0
Net realised and unrealised gains/losses on investments	<b>505</b>	- 380	n.a.
Operating result	<b>207</b>	243	- 14.8
Net result before tax and minority interests	<b>162</b>	- 460	n.a.
Net result	<b>66</b>	- 587	n.a.
<b>Group key figures. In CHF million (unless indicated otherwise)</b>	<b>30.06.2003</b>	<b>31.12.2002</b>	<b>+/- %</b>
Assets under management	<b>188 638</b>	184 013	+ 2.5
Equity	<b>4 620</b>	4 170	+ 10.8
Core capital	<b>9 003</b>	7 540	+ 19.4
Number of employees (Full Time Equivalents)	<b>10 726</b>	11 541	- 7.1

## Table of Contents

### **Consolidated Financial Statements Swiss Life Group (unaudited)**

<b>3</b>	<b>Consolidated Statement of Income (unaudited)</b>
<b>4</b>	<b>Consolidated Balance Sheet (unaudited)</b>
<b>6</b>	<b>Consolidated Statement of Cash Flow (unaudited)</b>
<b>8</b>	<b>Consolidated Statement of Changes in Equity (unaudited)</b>
<b>10</b>	<b>Notes to the Consolidated Financial Statements (unaudited)</b>
10	General Information
10	New Holding Structure
10	Accounting Policies
10	Dividends
11	Significant Acquisitions and Disposals of Subsidiaries
12	Segment Information
16	Details of Certain Items in the Income Statement
18	Held-to-Maturity Securities and Available-for-Sale Securities
19	Loans Originated by the Enterprise
20	Investments in Associates
20	Deferred Acquisition Costs
21	Goodwill and Other Intangible Assets
22	Premiums
22	Insurance Liabilities and Reinsurance Assets
23	Borrowings
24	Assets under Management
25	Restructuring Costs, Income Tax Expenses, Contingent Liabilities and Commitments
27	Reclassifications in the Income Statement
27	Events after the Balance Sheet Date
28	Changes in the Scope of Consolidation
<b>29</b>	<b>Review Report</b>



## Consolidated Statement of Income (unaudited)

3

Consolidated statement of income for the half-years ended 30 June. In CHF million		2003 HY	2002 HY
	Notes on page	6 months	6 months
<b>Revenue</b>			
Net investment income	16	2 690	2 834
Net realised and unrealised gains/losses on investments	16	505	- 380
Net trading income	16	- 279	820
Investment management, banking and other fee income	16	262	307
Insurance premiums and policy fees <sup>1</sup>	22	9 547	9 379
Other income	16	32	70
<b>Total revenue</b>		<b>12 757</b>	<b>13 030</b>
<b>Benefits, losses and interest expenses</b>			
Interest credited to investment contracts, customer deposits and other funds on deposit	17	- 380	- 464
Interest on borrowings		- 105	- 210
Other interest expenses		- 30	- 53
Benefits paid and changes in insurance reserves	17	- 10 140	- 10 241
Policyholder bonuses and participation in surplus		- 448	- 176
<b>Total benefits, losses and interest expenses</b>		<b>- 11 103</b>	<b>- 11 144</b>
<b>Operating expenses</b>			
Investment management and banking expenses	17	- 338	- 389
Insurance - underwriting and policy - acquisition costs	17	- 742	- 872
Other operating and administrative expenses	17	- 367	- 382
<b>Total operating expenses</b>		<b>- 1 447</b>	<b>- 1 643</b>
<b>Operating result</b>		<b>207</b>	<b>243</b>
Amortisation of goodwill	21	- 45	- 703
<b>Net result before tax and minority interests</b>		<b>162</b>	<b>- 460</b>
Income tax expenses	25	- 80	- 107
<b>Net result before minority interests</b>		<b>82</b>	<b>- 567</b>
Minority interests		- 16	- 20
<b>Net result</b>		<b>66</b>	<b>- 587</b>
Basic earnings per share (in CHF)		3.07	- 37.54
Diluted earnings per share (in CHF)		3.00	- 37.54

<sup>1</sup> Under the accounting principles adopted, deposits under investment contracts are not recognised as income:

Insurance premiums and policy fees as reported	22	9 547	9 379
Deposits under investment contracts		1 893	1 925
<b>Insurance premiums, policy fees and deposits</b>		<b>11 440</b>	<b>11 304</b>

## Consolidated Balance Sheet (unaudited)

4

Consolidated balance sheet for the half-year ended 30 June and full-year ended 31 December, respectively.		30.06.2003	31.12.2002
In CHF million			
	Notes on page		
<b>Assets</b>			
<b>Investments</b>			
Held-to-maturity securities	18	4 364	4 416
Available-for-sale securities	18	89 477	80 821
Financial assets held for trading		3 239	3 552
Investment property		10 870	10 770
Loans originated by the enterprise	19	27 118	31 650
Investments in associates	20	202	181
Other investments		946	1 003
<b>Total investments</b>		<b>136 216</b>	<b>132 393</b>
<b>Other assets</b>			
Cash and cash equivalents	19	7 285	4 217
Insurance and other receivables		4 982	4 259
Reinsurance assets	22	1 608	1 533
Deferred acquisition costs	20	2 686	2 576
Property and equipment		1 679	1 625
Goodwill and other intangible assets	21	1 131	1 386
Deferred tax assets		1 518	1 721
Other assets		735	1 075
Separate account (unit-linked) assets		9 263	8 781
<b>Total other assets</b>		<b>30 887</b>	<b>27 173</b>
<b>Total assets</b>		<b>167 103</b>	<b>159 566</b>

Consolidated balance sheet for the half-year ended 30 June and full-year ended 31 December, respectively.		30.06.2003	31.12.2002
In CHF million			
	Details on page		
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Financial liabilities held for trading		1 669	1 585
Investment contracts, customer deposits and other funds on deposit		29 283	28 086
Insurance reserves	22	105 789	100 638
Borrowings	23	7 541	6 534
Deferred tax liabilities		2 410	2 516
Insurance and other payables		4 082	3 793
Other liabilities		1 818	3 001
Separate account (unit-linked) liabilities		9 344	8 738
<b>Total liabilities</b>		<b>161 936</b>	<b>154 891</b>
<b>Minority interests</b>		<b>547</b>	<b>505</b>
<b>Equity</b>			
Share capital	8	1 172	1 172
Share premium	8	1 711	1 716
Treasury shares	8	- 24	- 36
Gains/losses recognised directly in equity, net of taxes	9	851	537
Foreign currency translation differences	9	- 111	- 174
Retained earnings	9	1 021	955
<b>Total equity</b>		<b>4 620</b>	<b>4 170</b>
<b>Total liabilities and equity</b>		<b>167 103</b>	<b>159 566</b>

Core capital for capital adequacy purposes. In CHF million		30.06.2003	31.12.2002
	Notes on page		
Total equity		4 620	4 170
Minority interests		547	505
Hybrid debt	23	1 456	1 384
Subordinated debt	23	214	213
Deferred Group-related funds after deduction of minority interests		2 166	1 268
<b>Total core capital for capital adequacy purposes</b>		<b>9 003</b>	<b>7 540</b>

## Consolidated Statement of Cash Flow (unaudited)

6

Consolidated statement of cash flow for the half - years ended 30 June. In CHF million	2003 HY	2002 HY
	6 months	6 months
<b>Cash flow from operating activities</b>		
Net result before tax and minority interests	162	- 460
<i>Adjustments</i>		
Net realised and unrealised gains/losses	- 368	- 745
Depreciation and amortisation	331	377
Net impairment losses	244	774
Net income from investments in associates	- 15	1
Interest credited to investment contracts, customer deposits and other funds on deposit, net of fee income	328	94
Expenses for equity compensation plans	0	-
Other, net	267	- 17
<i>Changes in operating assets and liabilities</i>		
Financial assets and liabilities held for trading	229	219
Deferred acquisition costs	- 187	- 170
Reinsurance assets	- 9	- 5
Insurance reserves	1 844	3 070
Net changes in other operating assets and liabilities	- 1 925	- 994
<b>Cash flow from operating activities</b>	<b>901</b>	<b>2 144</b>
Income taxes paid	12	- 107
<b>Total net cash flow from operating activities</b>	<b>913</b>	<b>2 037</b>
<b>Cash flow from investing activities</b>		
Purchases of held - to - maturity securities	0	- 2
Purchases of available - for - sale securities	- 22 710	- 17 836
Sales of held - to - maturity securities	-	-
Sales of available - for - sale securities	17 794	14 335
Redemptions of held - to - maturity securities	326	282
Redemptions of available - for - sale securities	928	2 432
Purchases of investment property	- 36	- 583
Sales of investment property	81	40
Origination of loans	- 3 777	- 3 909
Redemptions of loans	8 473	3 482
Purchases of investments in associates	- 8	- 12
Sales of investments in associates	7	326
Purchases of other investments	- 275	- 4 466
Sales and redemptions of other investments	313	3 442
Purchases of property and equipment	- 120	- 140
Sales of property and equipment	8	10
Acquisitions and disposals of subsidiaries, net of cash and cash equivalents	- 21	91
<b>Total net cash flow from investing activities</b>	<b>983</b>	<b>- 2 508</b>
<b>Balance carried forward to page 7</b>	<b>1 896</b>	<b>- 471</b>



Consolidated statement of cash flow for the half - years ended 30 June. In CHF million	2003 HY	2002 HY
	6 months	6 months
<b>Balance carried forward from page 6</b>	<b>1 896</b>	<b>- 471</b>
<b>Cash flow from financing activities</b>		
Deposits under investment contracts, other policyholder funds and reinsurance contracts	1 653	1 136
Withdrawals under investment contracts, other policyholder funds and reinsurance contracts	- 1 527	- 12
Deposits under financial reinsurance contracts that do not transfer risk	0	2
Withdrawals under financial reinsurance contracts that do not transfer risk	- 7	- 7
Net change in demand deposits, savings deposits and time deposits	- 443	- 1 758
Issuance of debt instruments	2 380	4 271
Redemption of debt instruments	- 965	- 4 398
Reduction in share capital	-	-
Issuance of shares	-	15
Purchases of treasury shares	- 84	- 191
Sales of treasury shares	90	386
Dividends paid to shareholders and minority interests	- 4	- 20
<b>Total net cash flow from financing activities</b>	<b>1 093</b>	<b>- 576</b>
Effect of exchange rate differences on cash and cash equivalents	79	- 66
<b>Total change in cash and cash equivalents</b>	<b>3 068</b>	<b>- 1 113</b>
Total change in cash and cash equivalents	3 068	- 1 113
Cash and cash equivalents as of 1 January	4 217	6 374
<b>Cash and cash equivalents as of 30 June</b>	<b>7 285</b>	<b>5 261</b>

## Consolidated Statement of Changes in Equity (unaudited)

8

Consolidated statement of changes in equity for the half-years ended 30 June.		2003 HY	2002 HY	2003 HY	2002 HY	2003 HY	2002 HY
In CHF million (except for per share data)		6 months	6 months	6 months	6 months	6 months	6 months
Notes on page		Number of shares	Number of shares	Total recognised gains and losses	Total recognised gains and losses	Cumulative change in equity	Cumulative change in equity
<b>Share capital</b>							
Balance as of 1 January		23 447 943	11 747 000			1 172	587
Reclassification to minority interests due to new structure (unexchanged SL/RA shares)	10		- 912 296				- 45
Balance under new structure			10 834 704				542
Issuance of shares			-				-
Reduction in share capital			-				-
<b>Balance as of 30 June</b>		<b>23 447 943</b>	<b>10 834 704</b>			<b>1 172</b>	<b>542</b>
<b>Share premium</b>							
Balance as of 1 January						1 716	1 780
Reclassification to minority interests due to new structure	10						- 138
Balance under new structure							1 642
Issuance of shares						-	-
Reduction in share premium						-	-
Equity compensation benefits						0	-
Convertible debt and share options						-	8
Gains/losses on sales of SL/RA treasury shares						-	- 240
Gains/losses on sales of SLH treasury shares						- 5	-
Equity transaction costs (capital increase), net of taxes						-	-
<b>Balance as of 30 June</b>						<b>1 711</b>	<b>1 410</b>
<b>Treasury shares</b>							
Balance as of 1 January		1 892 614	614 289			- 36	- 540
Purchases of SL/RA treasury shares		-	317 512			-	- 190
Sales of SL/RA treasury shares		-	- 706 355			-	646
Purchases of SLH treasury shares		870 163	-			- 84	-
Sales of SLH treasury shares		- 865 443	-			96	-
<b>Balance as of 30 June</b>		<b>1 897 334</b>	<b>225 446</b>			<b>- 24</b>	<b>- 84</b>
<b>Balance carried forward to page 9</b>		<b>21 550 609</b>	<b>10 609 258</b>	<b>-</b>	<b>-</b>	<b>2 859</b>	<b>1 868</b>

<b>Consolidated statement of changes in equity for the half-years ended 30 June.</b>		<b>2003 HY</b>	<b>2002 HY</b>	<b>2003 HY</b>	<b>2002 HY</b>	<b>2003 HY</b>	<b>2002 HY</b>
In CHF million (except for per share data)	Notes on page	<b>6 months</b>	6 months	<b>6 months</b>	6 months	<b>6 months</b>	6 months
		<b>Number of shares</b>	Number of shares	<b>Total recognised gains and losses</b>	Total recognised gains and losses	<b>Cumulative change in equity</b>	Cumulative change in equity
<b>Balance carried forward from page 8</b>		<b>21 550 609</b>	10 609 258	-	-	<b>2 859</b>	1 868
<b>Gains/losses recognised directly in equity, net of taxes</b>							
Balance as of 1 January						<b>537</b>	376
Reclassification to minority interests due to new structure	10						- 29
Balance under new structure							347
Change in net unrealised gains/losses				<b>314</b>	- 585	<b>314</b>	- 585
<b>Balance as of 30 June</b>						<b>851</b>	- 238
<b>Foreign currency translation differences</b>							
Balance as of 1 January						- 174	- 93
Reclassification to minority interests due to new structure	10						7
Balance under new structure							- 86
Change for the period				<b>63</b>	- 61	<b>63</b>	- 61
<b>Balance as of 30 June</b>						- 111	- 147
<b>Retained earnings</b>							
Balance as of 1 January						<b>955</b>	2 872
Reclassification to minority interests due to new structure	10						- 223
Balance under new structure							2 649
Net result				<b>66</b>	- 587	<b>66</b>	- 587
Dividend						-	-
<b>Balance as of 30 June</b>						<b>1 021</b>	2 062
<b>Total equity</b>		<b>21 550 609</b>	10 609 258	<b>443</b>	- 1 233	<b>4 620</b>	3 545

**General Information**

The Swiss Life Group is a multinational insurance and financial services group registered in Zurich, Switzerland. Swiss Life is a diversified organisation offering a wide range of services in areas such as insurance, investment management, risk management and banking. Swiss Life is a large life and pension insurer in Switzerland and has operations in various European countries through branch offices, subsidiaries and affiliates. The Group also provides for individualised investment forms of employee benefit plans for large clients and offers solutions in long-term savings protection. The Group offers a broad line of life, pension, annuity, accident and health and investment-type products to both individuals and groups and delivers additional banking services through its banking subsidiaries.

On 9 September 2003, the Board of Directors approved the half-year financial statements and authorised them for issue. The financial statements therefore only reflect events up to this date.

**New Holding Structure**

Swiss Life/Rentenanstalt (SL/RA) established a holding structure and founded a company as a wholly-owned subsidiary for this purpose on 17 September 2002. This company, Swiss Life Holding (SLH), had a share capital of CHF 250 000. On 23 September 2002, Swiss Life Holding launched an exchange offer to all holders of Swiss Life/Rentenanstalt shares. At the end of the exchange offer period, a total of 10 834 704 Swiss Life/Rentenanstalt shares or 92.23% of the total Swiss Life/Rentenanstalt shares had been tendered. In connection with the capital increase resolved by the Extraordinary General Meeting of Shareholders held on 18 November 2002 and its entry in the Register of Companies of the Canton of Zurich on 19 November 2002, the Swiss Life/Rentenanstalt shares were transferred to Swiss Life Holding by way of a contribution in kind in exchange for the issue to the tendering shareholders of 10 834 704 SLH shares. This transaction resulted in an additional share capital of CHF 541 985 200 for Swiss Life Holding after the exchange offer.

Prior-year figures have been adjusted with effect from 1 January 2002 to reflect the new structure.

During the first six months of 2003, Swiss Life Holding acquired an additional 33 772 SL/RA shares on the stock exchange. The equity stake held by Swiss Life Holding amounted to 92.52% as of 30 June 2003.

**Accounting Policies**

The half-year report is prepared in accordance with International Accounting Standard 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 2002. These interim financial statements should be read in conjunction with the 2002 annual financial statements.

**New Accounting Pronouncements**

No new IFRS pronouncements relevant to Swiss Life were issued between 1 January 2003 and 30 June 2003.

**Consolidation Principles**

The consolidation principles underwent no significant changes in the period under review. The major changes in the scope of consolidation are set out on page 28.

**Dividends**

No dividend in respect of 2002 was paid in the period under review.

Foreign currency exchange rates		
	30.06.2003	31.12.2002
1 EUR	1.5520	1.4570
1 GBP	2.2430	2.2320
1 USD	1.3590	1.3925
<b>Average</b>		
	01.01.03-30.06.03	01.01.02-30.06.02
1 EUR	1.4921	1.4690
1 GBP	2.1769	2.3644
1 USD	1.3517	1.6374

### Significant Acquisitions and Disposals of Subsidiaries

In June 2003, Swiss Life sold STG Schweizerische Treuhandgesellschaft and all its subsidiaries to LGT Group. The purchase price was CHF 197 million minus related costs of CHF 1.4 million. The sale of STG represents for Swiss Life a further step in its strategic realignment.

In May 2002, Swiss Life sold its subsidiary Swiss Life Hedge Fund Partners to the RMF Investment Group.

Assets and liabilities of acquisitions and disposals. In CHF million	2003 HY 6 months Acquisitions	2002 HY 6 months Acquisitions	2003 HY 6 months Disposals	2002 HY 6 months Disposals
Investments	-	-	40	17
Cash and cash equivalents	-	-	217	9
Goodwill	-	-	202	-
Present value of profits of acquired insurance portfolios	-	-	-	-
Brand names and other intangible assets	-	-	-	-
Other assets	-	-	65	10
Insurance liabilities	-	-	-	-
Other liabilities	-	-	- 230	- 24
Minority shareholders	-	-	-	- 4
<b>Net assets disposed of</b>	<b>-</b>	<b>-</b>	<b>294</b>	<b>8</b>
Unrealised gains/losses on available-for-sale securities	-	-	3	-
Currency translation differences	-	-	4	0
<b>Loss/profit on disposals</b>	<b>-</b>	<b>-</b>	<b>- 105</b>	<b>92</b>
Cash received from disposals	-	-	196	100
<b>Total disposal consideration</b>	<b>-</b>	<b>-</b>	<b>196</b>	<b>100</b>
Less: Cash and cash equivalents disposed of	-	-	- 217	- 9
Non-cash considerations	-	-	-	-
<b>Net cash outflow (-)/received (+)/ from disposals</b>	<b>-</b>	<b>-</b>	<b>- 21</b>	<b>91</b>

## Segment Information

### Statement of income for the half-year ended 30 June 2003. In CHF million

	Life Core	Life Non- Core	Non- Life	Private Banking	Invest- ment Manage- ment	Other	Elimi- nations	Total
Net investment income	2 295	207	48	139	2	11	- 12	2 690
Net realised and unrealised gains/losses on investments	558	25	22	- 119	5	14	0	505
Net trading income	- 321	6	- 2	17	21	-	0	- 279
Investment management, banking and other fee income	37	0	1	169	102	16	- 63	262
Insurance premiums and policy fees	8 213	828	504	-	-	-	2	9 547
Other income	- 5	9	3	11	4	17	- 7	32
<b>Total revenue</b>	<b>10 777</b>	<b>1 075</b>	<b>576</b>	<b>217</b>	<b>134</b>	<b>58</b>	<b>- 80</b>	<b>12 757</b>
of which inter-segment	- 13	21	- 3	- 1	- 52	- 32	80	-
Interest credited to investment contracts, customer deposits and other funds on deposit	- 321	- 17	- 1	- 41	-	-	0	- 380
Interest on borrowings	- 87	- 6	- 1	- 19	0	- 2	10	- 105
Other interest expenses	- 28	- 2	0	- 1	0	- 1	2	- 30
Benefits paid and changes in insurance reserves	- 8 908	- 841	- 392	-	-	-	1	- 10 140
Policyholder bonuses and participation in surplus	- 414	- 27	- 9	-	-	-	2	- 448
<b>Total benefits, losses and interest expenses</b>	<b>- 9 758</b>	<b>- 893</b>	<b>- 403</b>	<b>- 61</b>	<b>0</b>	<b>- 3</b>	<b>15</b>	<b>- 11 103</b>
of which inter-segment	33	- 29	7	2	0	2	- 15	-
Investment management and banking expenses	- 78	- 3	0	- 225	- 74	- 2	44	- 338
Insurance-underwriting and policy-acquisition costs	- 574	- 72	- 104	-	-	- 2	10	- 742
Other operating and administrative expenses	- 274	- 27	- 52	3	0	- 28	11	- 367
<b>Total operating expenses</b>	<b>- 926</b>	<b>- 102</b>	<b>- 156</b>	<b>- 222</b>	<b>- 74</b>	<b>- 32</b>	<b>65</b>	<b>- 1 447</b>
of which inter-segment	39	7	6	5	7	1	- 65	-
<b>Segment result</b>	<b>93</b>	<b>80</b>	<b>17</b>	<b>- 66</b>	<b>60</b>	<b>23</b>	<b>-</b>	<b>207</b>
of which inter-segment	59	- 1	10	6	- 45	- 29	-	-
Amortisation of goodwill								- 45
Income tax expenses								- 80
<b>Net result before minority interests</b>								<b>82</b>
Minority interests								- 16
<b>Net result</b>								<b>66</b>

The result for the private banking segment includes the loss of CHF 105 million on the sale of STG Schweizerische Treuhandgesellschaft.









### Details of Certain Items in the Income Statement

The components of certain income and expense items for the half-years ended 30 June were as follows:

<b>Net investment income.</b> In CHF million	<b>2003 HY</b>	<b>2002 HY</b>
	<b>6 months</b>	<b>6 months</b>
Interest income on debt securities	1 719	1 576
Dividend income on equity securities, investment fund units and hedge funds	158	303
Interest income on loans	485	539
Income on investment property	223	248
Income on investments in associates	16	2
Income on other investments	39	108
Other	50	58
<b>Total net investment income</b>	<b>2 690</b>	<b>2 834</b>
<b>Net realised and unrealised gains/losses on investments.</b> In CHF million	<b>2003 HY</b>	<b>2002 HY</b>
	<b>6 months</b>	<b>6 months</b>
Sale of:		
Held-to-maturity investments	-	-
Available-for-sale investments	599	- 23
Investment property	4	0
Loans	1	2
Investments in associates	- 1	243
Other investments	- 101	97
<b>Net realised gains/losses</b>	<b>502</b>	<b>319</b>
Fair value gains/losses on investment property	16	8
Foreign currency gains/losses on investments	228	- 512
Impairment losses on investments	- 274	- 400
Reversals of impairment losses on investments	33	205
<b>Total net realised and unrealised gains/losses on investments</b>	<b>505</b>	<b>- 380</b>
<b>Net trading income.</b> In CHF million	<b>2003 HY</b>	<b>2002 HY</b>
	<b>6 months</b>	<b>6 months</b>
Interest and dividend income	61	14
Fair value gains/losses - debt instruments	6	67
Fair value gains/losses - equity instruments, investment fund units and hedge funds	- 223	212
Fair value gains/losses - foreign currency instruments and other	- 123	527
<b>Total net trading income</b>	<b>- 279</b>	<b>820</b>
<b>Investment management, banking and other fee income.</b> In CHF million	<b>2003 HY</b>	<b>2002 HY</b>
	<b>6 months</b>	<b>6 months</b>
Fiduciary and portfolio management fees	133	161
Brokerage fees	46	62
Other service fees and commissions	83	84
<b>Total investment management, banking and other fee income</b>	<b>262</b>	<b>307</b>
<b>Other income.</b> In CHF million	<b>2003 HY</b>	<b>2002 HY</b>
	<b>6 months</b>	<b>6 months</b>
Realised gains/losses on sales of other assets	- 1	- 1
Other foreign currency gains/losses	- 30	36
Other	63	35
<b>Total other income</b>	<b>32</b>	<b>70</b>

The amount of foreign currency differences recognised in the income statement represented a gain of CHF 245 million for the half-year ended 30 June 2003 and a loss of CHF 516 million for the half-year ended 30 June 2002.

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

Interest credited to investment contracts, customer deposits and other funds on deposit. In CHF million	2003 HY	2002 HY
	6 months	6 months
Interest on customer deposits	41	71
Interest on investment contracts	315	368
Other	24	25
<b>Total interest credited to investment contracts, customer deposits and other funds on deposit</b>	<b>380</b>	<b>464</b>
<b>Benefits paid and changes in insurance reserves. In CHF million</b>		
	2003 HY	2002 HY
	6 months	6 months
Claims and life benefits paid	8 420	6 647
Loss adjustment expenses and change in reserve for losses and loss adjustment expenses	168	311
Change in reserve for future life benefits	1 552	3 283
<b>Total benefits paid and changes in insurance reserves</b>	<b>10 140</b>	<b>10 241</b>
<b>Investment management and banking expenses. In CHF million</b>		
	2003 HY	2002 HY
	6 months	6 months
Commission expenses - banking activity	17	26
Investment management expenses	13	13
Staff costs	181	201
Marketing and advertising	6	9
Depreciation and amortisation	31	29
Impairment losses on property and equipment and other intangible assets	-	-
Information technology and systems	13	11
Rental, maintenance and repair expenses	29	25
Other	48	75
<b>Total investment management and banking expenses</b>	<b>338</b>	<b>389</b>
<b>Insurance-underwriting and policy-acquisition costs. In CHF million</b>		
	2003 HY	2002 HY
	6 months	6 months
	Notes on page	
Agent/broker commissions	379	401
Staff costs	282	262
Marketing and advertising	12	17
Depreciation and amortisation	19	23
Impairment losses on property and equipment and other intangible assets	-	-
Information technology and systems	23	20
Rental, maintenance and repair expenses	11	17
Other	78	133
Acquisition costs deferred	20 - 187	- 171
Assumed underwriting and acquisition expenses	5	4
Ceded underwriting and acquisition expenses	- 25	- 48
Retroceded underwriting and acquisition expenses	0	-
Net amortisation of DAC	20 145	214
<b>Total insurance-underwriting and policy-acquisition costs</b>	<b>742</b>	<b>872</b>
<b>Other operating and administrative expenses. In CHF million</b>		
	2003 HY	2002 HY
	6 months	6 months
Staff costs	178	176
Marketing and advertising	14	22
Depreciation and amortisation	18	26
Impairment losses on property and equipment and other intangible assets	1	-
Information technology and systems	24	25
Rental, maintenance and repair expenses	11	16
Other	121	117
<b>Total other operating and administrative expenses</b>	<b>367</b>	<b>382</b>

### Held-to-Maturity Securities and Available-for-Sale Securities

Held-to-maturity securities. In CHF million	30.06.2003	31.12.2002	30.06.2003	31.12.2002	30.06.2003	31.12.2002
	Amortised cost	Amortised cost	Net unrealised gains/ losses	Net unrealised gains/ losses	Fair value	Fair value
As of 30 June 2003/31 December 2002						
Held-to-maturity securities	4 364	4 416	390	280	4 754	4 696
<b>Total held-to-maturity securities, net of impairment losses</b>	<b>4 364</b>	<b>4 416</b>	<b>390</b>	<b>280</b>	<b>4 754</b>	<b>4 696</b>

#### Impairment losses

Balance at the beginning of the reporting period	1	1
Recognition of impairment losses	-	-
Reversal of impairment losses	-	-
Write-off due to disposals	-	-
Foreign currency translation differences	0	0
<b>Total impairment losses at the end of the reporting period</b>	<b>1</b>	<b>1</b>

Available-for-sale securities. In CHF million	30.06.2003	31.12.2002	30.06.2003	31.12.2002	30.06.2003	31.12.2002
	Cost/ amortised cost	Cost/ amortised cost	Net unrealised gains/ losses	Net unrealised gains/ losses	Fair value	Fair value
As of 30 June 2003/31 December 2002						
Debt securities	70 943	64 648	4 041	3 376	74 984	68 024
Equity securities	6 330	5 832	- 272	- 548	6 058	5 284
Investment fund units - debt	1 342	897	58	30	1 400	927
Investment fund units - equity	2 176	2 341	- 251	- 401	1 925	1 940
Investment fund units - mixed	916	853	- 76	- 98	840	755
Private equity	640	556	- 94	- 155	546	401
Hedge funds	3 768	3 729	- 44	- 239	3 724	3 490
<b>Total available-for-sale securities, net of impairment losses</b>	<b>86 115</b>	<b>78 856</b>	<b>3 362</b>	<b>1 965</b>	<b>89 477</b>	<b>80 821</b>

#### Impairment losses

Balance at the beginning of the reporting period	1 014	724
Recognition of impairment losses	260	928
Reversal of impairment losses	- 32	- 371
Write-off due to disposals	- 22	- 265
Foreign currency translation differences	18	- 2
<b>Total impairment losses at the end of the reporting period</b>	<b>1 238</b>	<b>1 014</b>

Based on detailed assessments with regard to indication of impairment an impairment loss totalling CHF 260 million was recognised in the current period. The impairment loss related to equity securities, private equity investments and investment fund units.

### Loans Originated by the Enterprise

Loans originated by the Group consisted of the following as of 30 June 2003 and 31 December 2002, respectively (net of loan origination fees and expenses):

Loans originated by the enterprise. In CHF million	30.06.03	31.12.02	30.06.03	31.12.02	30.06.03	31.12.02	30.06.03	31.12.02
	Receiv- ables	Receiv- ables	Allowance for loan losses	Allowance for loan losses	Carrying value	Carrying value	Fair value	Fair value
Mortgages	11 912	11 524	- 75	- 95	11 837	11 429	11 928	11 576
Policy loans	1 516	1 822	-	-	1 516	1 822	1 532	1 833
Other loans	13 148	17 659	- 128	- 196	13 020	17 463	13 408	17 805
Repurchase agreements	745	936	-	-	745	936	744	936
<b>Total loans originated by the enterprise</b>	<b>27 321</b>	<b>31 941</b>	<b>- 203</b>	<b>- 291</b>	<b>27 118</b>	<b>31 650</b>	<b>27 612</b>	<b>32 150</b>

Allowance for loan losses. In CHF million	2003 HY	2002 YE
Balance as of 1 January	291	324
Amounts recognised as expense	13	20
Write-offs	- 102	- 53
Recoveries	-	-
Effect of disposals	-	-
Foreign currency translation differences	1	0
<b>Balance as of 30 June 2003/31 December 2002</b>	<b>203</b>	<b>291</b>

### Cash and cash equivalents

Due to the increase in short-term bank loans with a maturity of less than 3 months during the period ending 30 June 2003, other loans decreased by CHF 3 billion with a corresponding increase in cash and cash equivalents.

## Investments in Associates

The summary of investments in associates and related activities was as follows:

Investments in associates. In CHF million	2003 HY	2002 YE
Balance as of 1 January	181	410
Additions	9	83
Disposals	- 8	- 448
Realised gains/losses on disposals	- 1	218
Income	16	- 73
Dividends paid	- 1	- 7
Impairment loss	- 1	0
Foreign currency translation differences	7	- 2
<b>Balance as of 30 June 2003/31 December 2002, net of impairment losses</b>	<b>202</b>	<b>181</b>
<b>Impairment losses</b>		
Impairment losses at the beginning of the reporting period	1	1
Recognition of impairment losses	1	0
Reversal of impairment losses	-	0
Effect of disposals	0	-
Foreign currency translation differences	0	0
<b>Impairment losses at the end of the reporting period</b>	<b>2</b>	<b>1</b>

The realised gains on sales disclosed for the period ended 31 December 2002 mainly related to the disposal of the investment in RMF Investment Group. The major changes in the scope of consolidation concerning associates accounted for under the equity method are set out on page 28.

## Deferred Acquisition Costs

Deferred acquisition costs. In CHF million	2003 HY	2002 YE
Balance as of 1 January	2 576	2 815
Acquisition costs deferred	187	361
Amortisation and interest charged to income, including adjustments due to new actuarial assumptions	- 145	- 355
Decrease due to premium deficiencies	-	- 2
Increase/decrease due to unrealised gains/losses on investments	- 51	- 208
Decrease due to disposal of subsidiaries	-	-
Foreign currency translation differences	119	- 35
<b>Balance as of 30 June 2003/31 December 2002</b>	<b>2 686</b>	<b>2 576</b>

In accordance with new actuarial assumptions, the amortisation of deferred acquisition costs was increased by CHF 33 million and by CHF 136 million for the periods ending 30 June 2003 and 31 December 2002, respectively.

## Goodwill and Other Intangible Assets

Changes in intangible assets are shown below:

Goodwill and other intangible assets. In CHF million	2003 HY				2002 YE	
	Goodwill (positive)	Goodwill (negative)	Present value of future profits	Other intangible assets	Total	Total
<b>Cost</b>						
Balance as of 1 January	2 932	- 20	67	15	2 994	3 045
Additions	-	-	0	0	0	1
Additions from acquisitions	-	- 5	-	-	- 5	- 1
Internal developments	-	-	-	-	-	-
Disposals	- 347	-	-	- 1	- 348	- 49
Foreign currency translation differences	0	-	3	0	3	- 2
<b>Balance as of 30 June 2003/31 December 2002</b>	<b>2 585</b>	<b>- 25</b>	<b>70</b>	<b>14</b>	<b>2 644</b>	<b>2 994</b>
<b>Accumulated amortisation</b>						
Balance as of 1 January	- 1 574	15	- 38	- 11	- 1 608	- 544
Amortisation	- 49	4	- 3	- 1	- 49	- 1 059
Disposals	145	-	-	1	146	- 6
Foreign currency translation differences	0	-	- 2	0	- 2	1
<b>Balance as of 30 June 2003/31 December 2002</b>	<b>- 1 478</b>	<b>19</b>	<b>- 43</b>	<b>- 11</b>	<b>- 1 513</b>	<b>- 1 608</b>
<b>Total goodwill and other intangible assets</b>	<b>1 107</b>	<b>- 6</b>	<b>27</b>	<b>3</b>	<b>1 131</b>	<b>1 386</b>
<b>Impairment losses (included in the accumulated amortisation)</b>						
Balance as of 1 January	- 832	-	-	- 3	- 835	- 4
Recognition of impairment losses	0	-	-	- 1	- 1	- 834
Reversal of impairment losses	-	-	-	1	1	3
Effect of disposals	95	-	-	-	95	-
Foreign currency translation differences	-	-	-	0	0	0
<b>Balance as of 30 June 2003/31 December 2002</b>	<b>- 737</b>	<b>-</b>	<b>-</b>	<b>- 3</b>	<b>- 740</b>	<b>- 835</b>

The carrying amount of positive goodwill of CHF 1 107 million includes goodwill on the following acquisitions:

- Banca del Gottardo CHF 581 million
- Lloyd Continental CHF 452 million
- Other CHF 74 million

## Premiums

<b>Written premiums and policy fees.</b>	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
In CHF million.	<b>6 months</b>	6 months	<b>6 months</b>	6 months
Half-years ended 30 June	<b>Short-duration contracts</b>	Short-duration contracts	<b>Long-duration contracts</b>	Long-duration contracts
Direct	1 677	1 593	8 153	7 955
Assumed	102	204	11	7
Ceded	- 162	- 182	- 69	- 51
<b>Net written premiums and policy fees</b>	<b>1 617</b>	1 615	<b>8 095</b>	7 911

  

<b>Earned premiums and policy fees. In CHF million</b>	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>6 months</b>	6 months	<b>6 months</b>	6 months
Half-years ended 30 June	<b>Short-duration contracts</b>	Short-duration contracts	<b>Long-duration contracts</b>	Long-duration contracts
Direct	1 539	2 111	8 117	7 283
Assumed	96	192	11	17
Ceded	- 147	- 175	- 69	- 49
<b>Net earned premiums and policy fees</b>	<b>1 488</b>	2 128	<b>8 059</b>	7 251

## Insurance Liabilities and Reinsurance Assets

The following is a summary of insurance liabilities and reinsurance assets as of 30 June 2003 and 31 December 2002, respectively:

<b>Insurance liabilities and reinsurance assets. In CHF million</b>	<b>30.06.2003</b>			<b>31.12.2002</b>		
	Gross	Rein- surance assets	Net	Gross	Rein- surance assets	Net
Reserve for losses and loss adjustment expenses	9 613	742	8 871	9 330	737	8 593
Reserve for unearned premiums	585	33	552	386	16	370
Reserve for future life policyholder benefits	90 136	608	89 528	86 516	554	85 962
Reserve for policyholder bonuses and other reserves	5 455	6	5 449	4 406	9	4 397
<b>Total insurance reserves</b>	<b>105 789</b>	<b>1 389</b>	<b>104 400</b>	<b>100 638</b>	<b>1 316</b>	<b>99 322</b>
Premiums and other receivables		93			102	
Investment contracts and financial reinsurance deposits		4			1	
Funds deposited with reinsurers		122			114	
Other reinsurance assets		-			-	
<b>Total reinsurance assets</b>		<b>1 608</b>			<b>1 533</b>	
Of which accumulated impairment		5			5	

Reinsurance liabilities consisted of CHF 714 million and CHF 651 million as of 30 June 2003 and 31 December 2002, respectively.



## Borrowings

Borrowings. In CHF million	30.06.2003	31.12.2002
Money market instruments	82	76
Repurchase agreements	978	1 223
Debentures and loans		
Exchangeable debt (GEMMS)	889	1 185
Hybrid debt	1 456	1 384
Convertible debt	-	-
Subordinated debt	214	213
Other debentures	945	1 032
Bank loans	2 863	1 234
Finance lease obligations	34	38
Other	80	149
<b>Total borrowings</b>	<b>7 541</b>	<b>6 534</b>

In May 2003, EUR 300 million (principal amount) of the exchangeable debt (GEMMS Unilever) matured and was repaid.

The increase in bank loans by CHF 1.6 billion was mainly due to a regular way purchase of available-for-sale securities before 30 June 2003, for which settlement occurred after the reporting date.

## Assets under Management

The Group had the following assets under management as of 30 June 2003 and 31 December 2002, respectively:

On-balance-sheet assets. In CHF million	30.06.2003	31.12.2002
Held-to-maturity securities	4 364	4 416
Available-for-sale debt securities	74 984	68 024
Available-for-sale equity securities	6 058	5 284
Available-for-sale investment funds	4 165	3 622
Available-for-sale private equity investments	546	401
Available-for-sale hedge funds	3 724	3 490
Financial assets held for trading	3 239	3 552
Investment property	10 870	10 770
Originated loans	27 118	31 650
Investments in associates	202	181
Other investments	946	1 003
Cash and cash equivalents	7 285	4 217
<b>Total cash and investments</b>	<b>143 501</b>	<b>136 610</b>
Separate account (unit-linked) assets	9 263	8 781
<b>Total on-balance-sheet assets</b>	<b>152 764</b>	<b>145 391</b>
Plus fair value adjustments of assets reported at amortised cost		
Held-to-maturity investments	390	280
Originated loans	494	500
Minus externally managed on-balance-sheet assets		
Assets of unit-linked business	- 3 385	- 4 006
Externally managed alternative investments	- 5 948	- 5 184
Externally managed other assets	- 636	- 606
<b>Total on-balance-sheet assets managed by the enterprise</b>	<b>143 679</b>	<b>136 375</b>
<b>Third party off-balance-sheet assets</b>	<b>44 959</b>	<b>47 638</b>
<b>Total assets under management</b>	<b>188 638</b>	<b>184 013</b>

Assets under management are taken to comprise:

- assets stated as investments in the balance sheet and cash and cash equivalents
- assets stated in the balance sheet as separate account (unit-linked) investments
- assets managed for third parties by the Group
- minus insurance assets managed by third parties and alternative investments managed by third parties

## Restructuring Costs, Income Tax Expenses, Contingent Liabilities and Commitments

### Restructuring Costs

Due to the new Group strategy and the fundamental reorganisation it entails for a number of operations, a provision for restructuring costs totalling CHF 113 million was recognised as of 31 December 2002. The provision was mainly set up to cover costs arising from termination benefits for employees and closure of business locations in Switzerland, Germany, France and Belgium. During the period, CHF 33 million of this was used, mainly for early retirements and costs incurred under redundancy plans.

### Income tax expenses

Income tax expenses included CHF 11 million in deferred income tax income relating to changes in tax rates, mainly in Switzerland.

### Contingent liabilities and commitments

The Group has provided guarantees and commitments to third parties, associates, partnerships and joint ventures. Guarantees represent irrevocable assurances that the Group will make payments in the event that a client cannot meet its obligations to third parties and carry the same credit risk as loans. However, cash requirements under guarantees are considerably less than the amount of the commitment because the Group does not generally expect the third party to draw funds under the agreement.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees and letters of credit. With respect to credit risk, the Group is potentially exposed to losses amounting to the total outstanding commitments. However, the likely amount of loss, which is not easy to quantify, is considerably less than the total outstanding commitments, since these commitments are contingent upon clients maintaining certain credit standards and the Group monitors this exposure.

Contingent liabilities and credit commitments. In CHF million	30.06.2003	31.12.2002
Guarantees and standby letters of credit	694	760
Documentary credits	43	54
Irrevocable credit commitments	322	411
<b>Total</b>	<b>1 059</b>	<b>1 225</b>

The Group has commitments to lend at fixed interest rates which expose it to interest rate risk. These commitments are entered into for restricted periods of time and monitored on a regular basis.

## Restructuring Costs, Income Tax Expenses, Contingent Liabilities and Commitments (continued)

### **Capital commitments**

In the normal course of investment operations, the Group undertakes to either purchase or sell securities at specified future dates and at specified prices or yields. The inability of counterparties to honour these commitments may result in either a higher or a lower replacement cost. Also, there is likely to be a change in the value of the securities underlying the commitments.

### **Unfunded private equity commitments**

Unfunded commitments to purchase private equity investments at their fair value were CHF 541 million and CHF 623 million as of 30 June 2003 and 31 December 2002, respectively.

### **Assets pledged**

Assets are pledged as collateral for liabilities under repurchase agreements, for security deposits relating to certain derivative financial instruments and for other liabilities. Assets pledged as security except for repurchase agreements amounted to CHF 679 million and CHF 920 million as of 30 June 2003 and 31 December 2002, respectively.

### **Legal proceedings**

The Group is involved in various legal proceedings, claims and litigation generally relating to its insurance operations.

The outcome of such current legal proceedings, claims and litigation could have a material effect on operating results or cash flows when resolved in a future period. However, in the opinion of management these matters will not materially affect the Group's consolidated financial position.

The Group has received notices from various tax authorities asserting deficiencies in taxes for various years. The Group believes that it has meritorious legal defences to those purported deficiencies and believes that the ultimate outcome of the cases will not result in a material impact on the Group's consolidated results, operations or financial position.

### **Other commitments**

Cash and short-term investments with a carrying value of CHF 73 million and CHF 29 million were deposited in accordance with regulatory requirements as of 30 June 2003 and 31 December 2002, respectively. Cash to the amount of CHF 45 million and CHF 37 million was restricted as to use and withdrawal as of 30 June 2003 and 31 December 2002, respectively.

### Reclassifications in the Income Statement

Amortisation of other intangible assets which was previously carried under amortisation of goodwill and other intangible assets has been reclassified to the operating expenses.

Impairment losses on other assets have been reclassified from other operating and administrative expenses to other income.

Reclassifications in income statement. In CHF million	2002 HY as disclosed	Reclassification	2002 HY reclassified
Amortisation of goodwill and other intangible assets	- 706	3	
Amortisation of goodwill			- 703
Insurance - underwriting/policy - acquisition costs and other operating expenses	- 870	- 2	
Insurance - underwriting and policy - acquisition costs			- 872
Corporate and other operating and administrative expenses	- 383	1	
Other operating and administrative expenses			- 382
Other income	72	- 2	70

### Events after the Balance Sheet Date

On 9 September 2003 the Board of Directors approved the Half-Year Financial Statements and authorised them for publication on 10 September 2003.

As announced on 7 July 2003, Swiss Life (Belgium) sold its 33.33% stake in Crédit Agricole (Belgium) for EUR 48 million while maintaining its agreement for Crédit Agricole (Belgium) to distribute its products. The regulatory authorities have yet to approve the transaction.

Swiss Life announced on 17 July 2003 that the UK operation would cease to write new individual business. Swiss Life (UK) is also selling its group risk business to UnumProvident. The deal has been structured to facilitate a smooth transfer of business over a two-year period.

The sale of the life insurance business in Spain was announced on 7 August 2003. The purchase price amounts to approximately EUR 55 million. The transaction is expected to be concluded in the fourth quarter of 2003 after the approval of the authorities.

## Changes in the Scope of Consolidation

	Segment (IM = Investment Management PB = Private Banking)	Core/ Non-Core	Consolidation Period (first consolidation)	Group Share	Method of Conso- lidation	Cur- rency	Authorised Share Capital in thousand
<b>Acquisitions and set-ups</b>							
Livit Deutschland Holding, Bonn	IM	Core	from 01.01.03	92.5%	100.0% full	EUR	25
Swiss Life Immo-Techno Center I, Bruxelles	Other	Core	from 02.01.03	92.5%	100.0% full	EUR	583
Swiss Life Immo-Techno Center II, Bruxelles	Other	Core	from 02.01.03	92.5%	100.0% full	EUR	285
Swiss Life Immo-Techno Center III, Bruxelles	Other	Core	from 02.01.03	92.5%	100.0% full	EUR	500
Fafid, Milano	PB	Non-Core	from 11.03.03	73.8%	80.0% full	EUR	20
<b>Disposals</b>							
CAASU, Montevideo	PB	-	until 25.06.03	-	- full	UYU	1 000
Geschäftshaus Spitalgasse, Bern	-	-	until 25.06.03	-	- equity	CHF	1 500
Schweizerische Treuhandgesellschaft, Zug	PB	-	until 25.06.03	-	- full	CHF	12 000
STG Schweizerische Treuhandgesellschaft, Basel	PB	-	until 25.06.03	-	- full	CHF	8 000
STG Asset Management, Basel	PB	-	until 25.06.03	-	- full	CHF	32 000
STG Holding, Basel	PB	-	until 25.06.03	-	- full	CHF	6 500
STG Management, Basel	PB	-	until 25.06.03	-	- full	CHF	250
STG Management Services, Basel	PB	-	until 25.06.03	-	- full	CHF	250
<b>Mergers and liquidations</b>							
Gottardo Asset Management, Wien	PB	-	until 01.05.03	-	- full	EUR	363
MFT Multifin Transactions, Nassau	PB	-	until 17.01.03	-	- full	CHF	1 000
Swiss Life Fund Master, Zürich	IM	-	until 19.06.03	-	- full	CHF	250
Swiss Life Investment Advisers, Luxembourg	IM	-	until 27.01.03	-	- full	EUR	75

During the first six months of 2003, Swiss Life Holding acquired an additional 33 772 SL/RA shares on the stock exchange. The equity stake held by Swiss Life Holding amounted to 92.52% as of 30 June 2003.

The minority interests were adjusted to reflect the increase in the proportion held by the Group.

Review Report  
to the Board of Directors of  
Swiss Life Holding,  
Zurich

According to your request, we have reviewed the half-year consolidated financial statements (consolidated statement of income, consolidated balance sheet, consolidated statement of cash flow, consolidated statement of changes in equity, notes to the consolidated financial statements, pages 3 to 28) of the Swiss Life Group for the period ended 30 June 2003.

These half-year consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to issue a report on these half-year consolidated financial statements based on our review.

Our review was conducted in accordance with auditing standards promulgated by the Swiss profession and with the International Standards on Auditing issued by the International Federation of Accountants (IFAC), which require that a review be planned and performed to obtain moderate assurance about whether the half-year consolidated financial statements are free from material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the half-year consolidated financial statements do not give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS).

PricewaterhouseCoopers AG

Peter Brand

Enrico Strozzi

Zurich, 9 September 2003