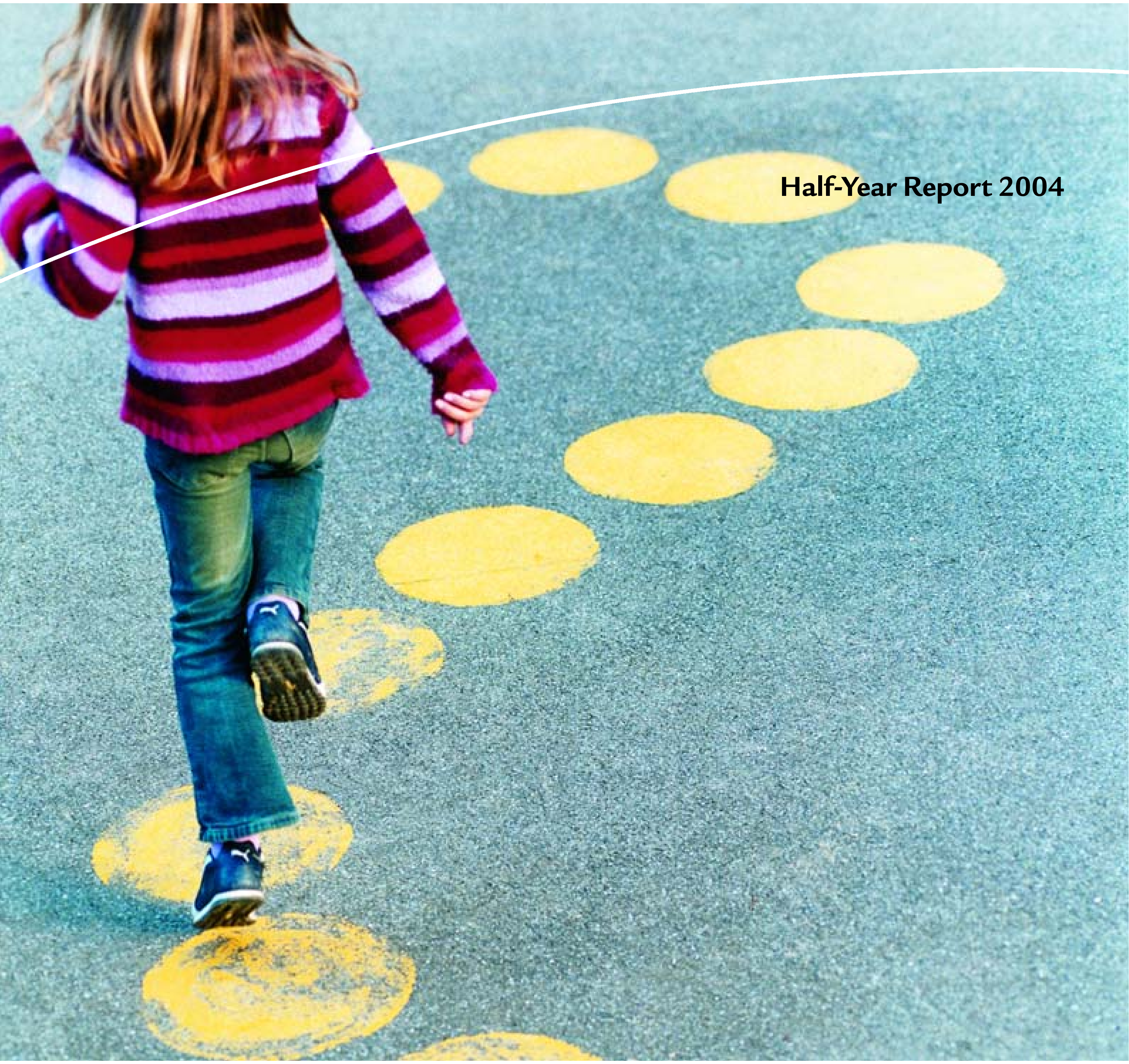
Swiss Life

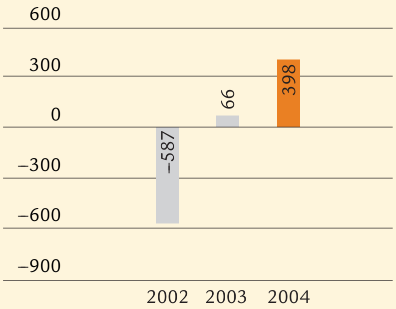


Half-Year Report 2004

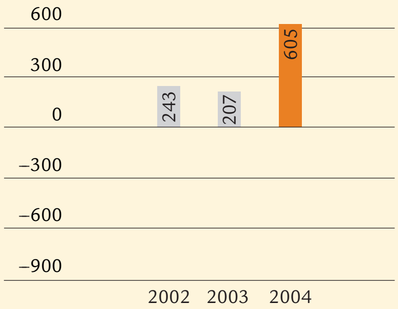
Key Figures

(unaudited)

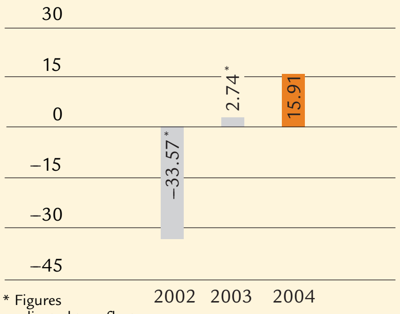
Net result as of 30.6. CHF million



Operating result as of 30.6. CHF million

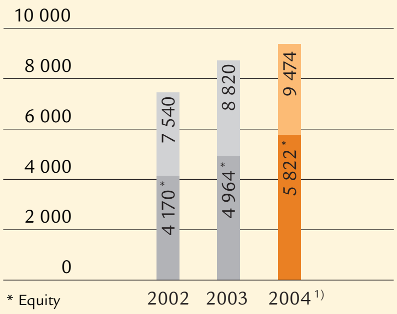


Earnings per share as of 30.6. CHF



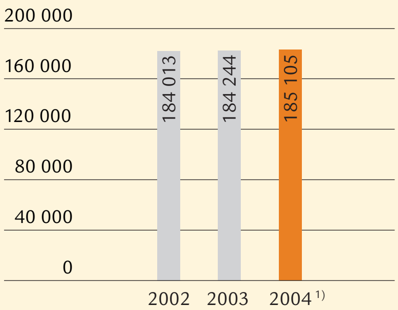
* Figures adjusted to reflect the rights issue of June 2004

Core capital for capital adequacy purposes CHF million

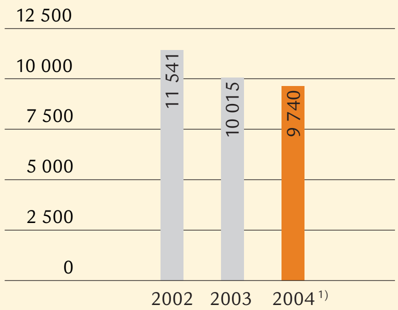


* Equity

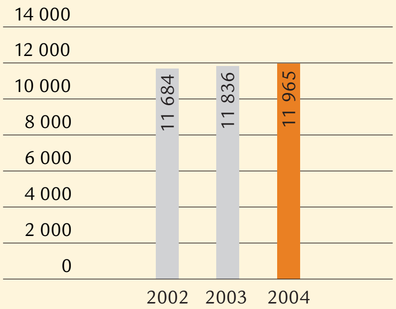
Assets under management CHF million



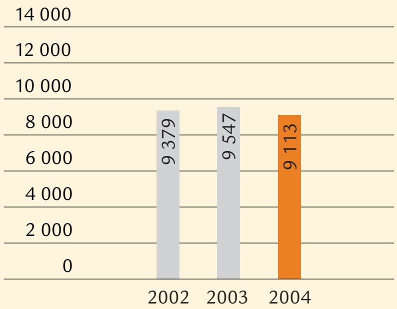
Employees (full-time equivalents)



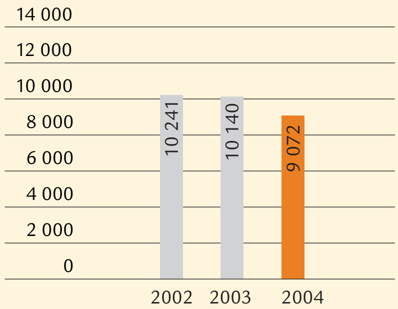
Gross written premiums as of 30.6. [2]
CHF million



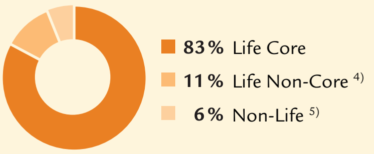
Net earned premiums and policy fees as of 30.6. CHF million



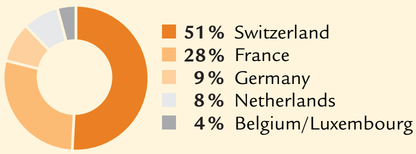
Benefits paid and changes in insurance reserves as of 30.6. CHF million



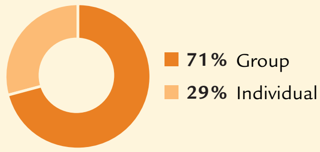
Gross written premiums by segment as of 30.6. [2,3]



Gross written premiums Life Core by country as of 30.6. [2,3]



Direct written premiums and policy fees Life Core as of 30.6. [3]



1) As of 30.6.2004
2) Gross written premiums incl. deposits under investment contracts
3) On consolidated basis
4) Life Non-Core: «La Suisse» Vie, UK, Italy
5) Non-Life: France, «La Suisse» Accidents, Belgium, Italy

First half-year 2004 in overview

– Return to premium growth: increase of 1% to CHF 12 billion
– Net profit of CHF 398 million
(incl. CHF 164 million from one-off impact)
– Operational improvements in all core markets,
operating income of CHF 605 million
– Equity boosted to CHF 5.8 billion through capital increase
and operating performance
– Annualised ROE of 15.3%,
8.9% as adjusted for one-off impact
– Smooth transfer of Banca del Gottardo
to Swiss Life Holding
– Banca del Gottardo turns in encouraging half-year results

Dear Shareholders

The Swiss Life Group resolutely continued along its chosen path in the first half of 2004, notching up further progress in the implementation of its strategy. A profit of CHF 398 million generated an annualised return on equity of 15.3%. This is considerably higher than the target of 10% we set ourselves, but it must be taken into account that the profit figure contains a one-off positive impact totalling CHF 164 million (net). This resulted from the reduction in the pension conversion rate and the introduction of a statutory distribution ratio (often referred to as the “legal quote”) for occupational benefits business in Switzerland. Adjusted for this impact, the annualised return on equity for the first half of 2004 comes to 8.9%. All the core markets and segments made a positive contribution to the Group result.

At the same time Swiss Life recorded premium growth, particularly in France, Germany, Belgium and Luxembourg, but also in its domestic market, Switzerland. Our company has shown it is in a position, thanks to its efficient sales and distribution system and product innovations, to make the most of the opportunities arising from the demographic and regulatory changes. The operating cost base was reduced by a further 6%.

With equity of CHF 5.8 billion, an increase of 17% from 31 December 2003, the Swiss Life Group has a sound financial base. The significant rise in equity is mainly attributable to operating performance, on top of the share issue concluded in June.

We intend to further exploit this positive momentum in the second half of the year in order to reach the targets set for 2004. In our domestic market, Switzerland, a high priority is being given to preparing the way for the new legal bases governing occupational provisions which come into force as of 1 January 2005. The offer for existing customers, launched in May, which involves a phased reduction of the conversion rate for the supplementary portion of such provisions, has attracted considerable interest in the market. We want to successfully conclude this campaign over the coming months. However, the situation regarding the parameters for occupational provisions remains unsatisfactory. For instance, a transparent, binding and economically viable formula has yet to be found for the minimum interest rate. In the individual insurance sector we will optimise our range of products, a move we expect to exert a positive influence on premium growth.

Bruno Gehrig

Rolf Dörig

In its other core markets, France, Germany, the Netherlands and Belgium/Luxembourg, Swiss Life is in a strong competitive position to capitalise on the growing demand for pension products and thus to make additional progress on profitability.

We would like to thank all those shareholders who participated in the capital increase, successfully concluded in June, to finance the acquisition of Banca del Gottardo by Swiss Life Holding. The bank underscored its potential with a satisfactory first-half net result. Now that the bank’s ownership structure has been settled, it can once again exploit this potential to the full. Its transfer from the insurance company to the holding company means that you, as a shareholder, will now directly profit from the expected improvement in returns.

We are confident that the Swiss Life Group will achieve its targets for the 2004 financial year as a whole–barring any unforeseeable events. We therefore anticipate paying out a dividend for the current financial year.

Bruno Gehrig
Chairman of the Board of Directors

Rolf Dörig
Group CEO

Course of business

The Swiss Life Group generated a profit of CHF 398 million for the first half of 2004. This clear improvement over the result for the corresponding period of the previous year was due to operational progress and a one-off impact amounting to CHF 164 million.

Swiss Life boosted its result significantly in the first half of 2004 and saw premium income back on the growth path again. Profit worked out at CHF 398 million (prior-year figure: CHF 66 million). On top of the profit contribution made by operational improvements in all core markets, the combined influence of the reduction in the conversion rate for the supplementary portion of (BVG) occupational pensions coverage in the Swiss business and the introduction of a statutory distribution ratio (known in Switzerland as the "legal quote") represented a one-off impact adding CHF 164 million to profits. Operating income came to CHF 605 million (prior-year figure: CHF 207 million), of which CHF 198 million resulted from the one-off impact just mentioned. The annualised return on equity for the first half of 2004 came in at 15.3%, or 8.9% after adjusting for the one-off impact.

Gross premiums (including deposits made under investment contracts) rose by 1% to CHF 12.0 billion. The premium growth in Swiss Life's three biggest markets Switzerland (3%), France (16%) and Germany (8%) was particularly encouraging.

The financial result came in at CHF 2.7 billion, representing a decline of 7% from first-half 2003. This can mainly be ascribed to currency effects and hedging costs. The direct return on investments for the first half of the year came to 2.1% (not annualised). The total return was a somewhat lower 1.5%, primarily because of the negative impact of higher interest rates on bond performance and currency effects. The net equity exposure was 2.3% as of 30 June 2004, slightly above the figure for 31 December 2003 (2.1%).

Insurance benefits including changes in insurance reserves fell by 11% from the year-ago figure to stand at CHF 9.1 billion. While insurance benefits paid went up 7%, due in particular to contract terminations by several major customers in Switzerland, the change in insurance reserves for future benefits was reduced from CHF 1.6 billion to CHF 108 million. Besides the contract terminations just mentioned and the lowering of the conversion rate in Switzerland, another factor in this reduction was related to the conclusion of a contract with a Dutch construction company for a single premium of EUR 570 million and the corresponding increase in future liabilities. Total policyholder bonuses and participation in surplus rose 39% to CHF 621 million, reflecting higher bonus allocations in France and Germany in particular.

Operating expenses fell by 11% to CHF 1.3 billion from the corresponding period of the previous year. Adjusted for one-off impacts and currency effects this meant a further reduction of 6% in operating costs for the first half of 2004 thanks to strict cost management. As of 30 June 2004 the Swiss Life Group employed a workforce of 9740 on a full-time equivalent basis (end 2003: 10 015).

Equity expanded by CHF 858 million (up 17%) in the first half of 2004 to CHF 5.8 billion. The negative effect of the change in revaluation reserves (CHF 245 million) and of the introduction of the statutory distribution ratio (CHF 197 million) was set against the growth produced by the capital increase (CHF 917 million net) together with the profit for the period.

The operating performance had a positive impact on equity amounting to CHF 352 million. Core capital for capital adequacy purposes, which includes deferred Group-related funds in addition to core capital, improved by 7% to stand at CHF 9.5 billion.

The Swiss Life Group's embedded value rose from CHF 6.9 billion to CHF 8.2 billion (up 18%). Some 70% of the increase was accounted for by the share issue concluded in June (CHF 860 million). New business written contributed CHF 31 million to the increase in embedded value. The net margin on new business came to 7.4% (previous year's period: 4.1%).

Assets under management came to CHF 185.1 billion as of 30 June 2004, for an increase of CHF 861 million in the period under review.

Segment results

Life Core Swiss Life not only achieved a significant increase in the operating result for its Life Core segment, which stood at CHF 327 million (against the year-earlier figure of CHF 93 million), but also generated gratifying premium growth in four out of five core markets with Switzerland up 3%, France up 16%, Germany up 8% and Belgium/Luxembourg up 27%. Premium income declined only in the Netherlands, where it was down 51% from the corresponding period of the previous year, in which premium volume doubled as the result of a single premium of EUR 570 million on a contract with a Dutch construction company's pension fund. Without this one-time impact in the previous year, and after adjustment for the positive currency effect, premium growth in the Life Core segment came to 5%. Overall income from gross written premiums amounted to CHF 9972 million. Operating expenses decreased 6% to CHF 875 million.

Switzerland In Switzerland the measures to improve customer satisfaction started showing results in the first half of 2004. Swiss Life was able to raise its premium volume to CHF 5078 million, an increase of 3% over the same period of the previous year, and captured additional market share in both group and individual insurance business. Group Life premiums expanded by 6% to CHF 4269 million, chiefly as a result of the conclusion of new contracts. Individual Life experienced a further decline, down 11% to CHF 763 million, reflecting the stubbornly low level of interest rates. Single-premium business was particularly affected, recording a 22% drop to CHF 281 million. Income from periodic premiums amounted to CHF 482 million (down 2%).

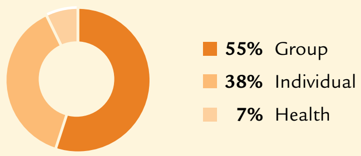
The 4.7% reduction in insurance benefits paid (including the change in insurance reserves), down to CHF 5277 million, had three main causes: the reduction from 3.25% to 2.25% in the minimum interest rate for second pillar (BVG) business, contract terminations by certain major customers and the phased lowering of the pension conversion rate for the supplementary portion of the employee benefits, from the current 7.2% to 5.835% in 2008.

The financial result of CHF 938 million was clearly below the result for the first half of 2003 (down 26%). Direct returns were maintained at a high level, but interest and currency effects had a negative impact on realised and unrealised capital gains. Operating expenses showed another substantial reduction of 17% to CHF 331 million, as serious cost-management efforts continued.

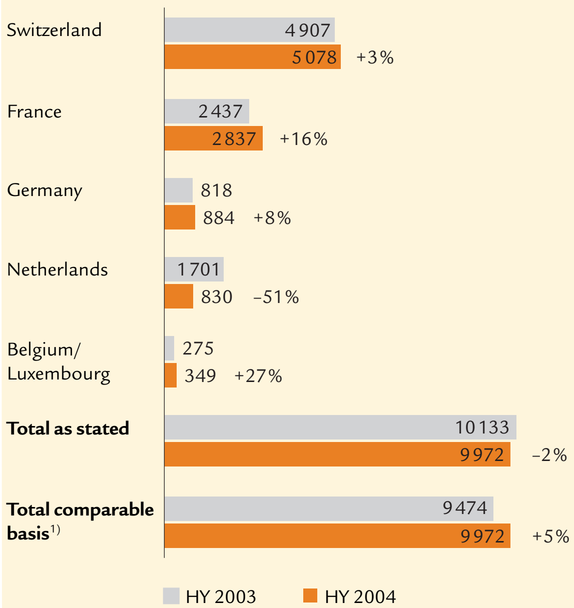
Operating income generated by Swiss Life in Switzerland came to CHF 177 million for the first half of 2004. The one-off impacts of the reduction in the conversion rate and the introduction of a statutory distribution ratio (known in Switzerland as the "legal quote") contributed CHF 148 million to this figure.

For the second half of the year, Swiss Life is focusing on further improvements in earnings power and profitability. A key initiative in this connection is the adjustment of product offerings in the area of occupational pensions. Further priorities are to optimise the portfolio of

Life Core business, premiums by type of insurance



Life Core business, premiums by country
In CHF million



1) HY 2003 adjusted for HBG deal in the Netherlands (-CHF 856 million) and currency effect (+CHF 214 million)

products and achieve further progress in service quality to strengthen customer retention.

France In France, Swiss Life boosted its gross written premiums by 16% from the prior-year figure to a level of CHF 2837 million (up 12% in the local currency). The growth came above all in the life insurance sector, where premium income expanded 13% in the local currency. Declining interest rates on tax-qualified savings products made life insurance products more attractive, which led to a general rise in premium volume in the French market (up 16% in the local currency). Health insurance premiums recorded a growth rate of 9% in local currency terms.

Swiss Life saw a 22% rise in insurance benefits and losses. This increase was due above all to the advance from CHF 79 million to CHF 243 million in outlays for policyholder bonuses and participation in surplus, based on the higher financial result and the fine-tuning of the method for calculating deferred bonus liabilities. The higher operating expenses (up 21%) were mainly due to the growth in premiums and the associated higher expenditure on fees and commissions.

Swiss Life's operating result in France worked out at CHF 28 million (prior-year figure: CHF 93 million).

In the first half of 2004 Swiss Life benefited from the new structure of the sales organisation introduced as of 1 January 2004, permitting systematic exploitation of the synergies between life and health insurance. In the health insurance sector Swiss Life played a pioneering role by launching a new range of products which, among other things, encourage customers to shoulder greater responsibility. For Swiss Life, one emphasis in the second half of the year will be to use the full potential opened up by the introduction of tax incentives for individual saving (Plan d'Épargne-Retraite Populaire, PERP) as of April 2004. Swiss Life has been offering an attractive assortment of PERP products since June 2004.

Germany In Germany, Swiss Life expanded its gross written premiums by 8% from the prior-year figure to a level of CHF 884 million in all (up 4% in the local currency). The increase was largely due to the higher volume of periodic premiums in the individual insurance segment.

Expenditure on insurance benefits went up 8% from the prior-year figure, in tandem with premium growth. The amount for policyholder bonuses and participation in surplus was around 35% higher at CHF 212 million. While bonus payments went down due to Swiss Life's lowering of the level of the surplus at the beginning of 2004, the insured persons' future shares in the bonus rose to a greater degree. Total insurance benefits and losses went up 12% to CHF 1062 million. The clear decline in operating expenses (down 28%) was also due to an adjustment in the assumptions used to calculate the deferred acquisition costs.

Operating income in Germany worked out at CHF 39 million (prior-year figure: CHF 58 million).

Further progress was achieved in the efficiency-drive measures in the first half of 2004. Swiss Life in Germany intends to redouble its sales efforts in the second half of 2004 and seize the opportunities presented by the introduction of the new Retirement Income Act. It is safe to assume that many customers will not want to miss out on the full tax exemption for lump-sum payouts and will therefore decide to enter into a contract before the current year is out. Beyond that, Swiss Life is developing pension products for the beginning of 2005 to take advantage of the expanded possibilities for tax-deductibility in the new provisions of the law. Manfred Behrens has been the new CEO at Swiss Life in Germany since 1 April 2004.

Netherlands Gross written premiums for Swiss Life in the Netherlands came to CHF 830 million. The 51% decline in premium volume compared with the same period of the previous year was related to the January 2003 contract with the pension fund of the HBG construction company which brought in a single premium of around EUR 570 million. If this event is screened out, the decline amounts to 6% in the local currency. Swiss Life generated a 3% higher premium volume in the individual insurance sector thanks to the introduction of a new product, against a 13% decline in group business.

In line with the lower premium volume, insurance benefits also receded by 55% in the local currency. Insurance reserves were down by 2%. Operating expenses edged up by an exchange-rate driven 1%, but showed a 3% decline in local currency terms. Operating income in the Netherlands came to CHF 70 million, representing a clear increase of CHF 31 million compared with the year-ago figure.

Measures introduced in 2003 to tailor processes and systems more closely to customer requirements are showing the first signs of paying off. A survey of insurance brokers found that Swiss Life was felt to have made the greatest progress in the industry in terms of customer satisfaction. New legal requirements and the weakness of the equity markets are prompting many autonomous pension funds to turn to insurance companies for reliable solutions. Swiss Life will keep a sharp focus on the possibilities this creates.

Belgium/Luxembourg In Belgium and Luxembourg Swiss Life recorded an advance of 27% in gross written premiums, to CHF 349 million. The growth was spearheaded by Swiss Life in Luxembourg, with special products for cross-border insurance business. In the process, gross premium income showed a twofold increase in Luxembourg to CHF 131 million. Thanks to the strong surge in premium income and the significantly higher financial result, income for the first half of 2004, at CHF 228 million, was 20% above the figure for the corresponding prior-year period.

Insurance benefits rose 18% in line with premium growth and came to CHF 143 million. The 9% drop in operating expenses bears witness to the effectiveness of the efficiency drive. The operating result came in CHF 6 million higher than in the same period of the previous year, at CHF 13 million.

A new law took effect in Belgium on 1 January 2004 governing occupational benefits for the self-employed and reorganising the system of group coverage for small and medium-sized enterprises. Swiss Life is responding to the additional scope for business with two new products for the self-employed. Swiss Life in Belgium carried out a strategic realignment this summer. It involved a streamlining of both the organisation and the product range as well as a substantial expansion of sales capacity through collaboration with new partners. In Luxembourg, Swiss Life is continuing to forge ahead with the expansion of cross-border insurance business. Another top priority is the further development of collaboration between the Swiss Life organisations in Belgium and Luxembourg.

Life Non-Core Following the sale of the Spanish subsidiary Swiss Life España in the second half of 2003, the Life Non-Core segment now consists of the UK and Italian business along with «La Suisse».

The 28% increase in gross written premiums to a total of CHF 1344 million was a result of the assumption by «La Suisse» of full responsibility for management of the BVG Contingency Fund as of 1 January 2004. The Contingency Fund is a foundation jointly run by employer and employee organisations, primarily to ensure that mandatory occupational benefits are covered for employers who fail to affiliate themselves with an employee benefits institution as required by law. For the Contingency Fund 2004 represents a year of transition: it becomes a fully autonomous foundation as of 1 January 2005. At CHF 833 million, earned premiums in the Life Non-Core segment showed hardly any change from the same period of the previous year. The sale of Swiss Life (España) and a reinsurance contract with Unum covering the group income protection portfolio in the UK had a negative impact on premium volume which offset the positive effect of the Contingency Fund.

Operating expenses fell by 37% to CHF 64 million, primarily due to the sale of operations in Spain and the halt to the writing of new business in the UK. The operating result came to CHF 140 million, or CHF 60 million higher than the figure for the first half of 2003. The reduction in the conversion rate and introduction of the statutory distribution ratio ("legal quote") in Switzerland as of 1 January 2004 had a one-time positive impact of CHF 50 million on the first-half results at «La Suisse».

Non-Life Operating income in the non-life segment amounted to CHF 5 million, representing a decline of CHF 12 million from the corresponding period of the previous year. Operational measures brought about a slight improvement in the combined ratio from 107% to 106%, which however did not quite compensate for the lower financial result (down 34%). Premium volume, at CHF 673 million, remained at the year-ago level due to a conservative underwriting policy and the focus on profitability.

Private Banking In the private banking segment the Swiss Life Group generated a profit of CHF 73 million in the first half of 2004, compared to the loss of CHF 66 million in the same period of 2003 resulting from the loss on the sale of STG Schweizerische Treuhandgesellschaft. Banca del Gottardo turned in an operating profit (before extraordinary items and taxes) of CHF 60 million under local accounting practices, for an improvement of 11 % year-on-year. It is thus on track to achieve its budgeted results for the 2004 financial year. The bank's net revenues rose slightly to CHF 239 million, aided in particular by commission and service fee activities which generated income amounting to CHF 129 million (12% above the prior-year figure). Banca del Gottardo's operating expenses totalled CHF 152 million, about 6% higher than the year-ago figure. This was primarily attributable to the first-time consolidation of its Oudart SA subsidiary in Paris and the further expansion of the bank's presence in Italy. Depreciation and provisions fell by 33% to CHF 28 million. Operating expenses in the private banking segment went down 15% to CHF 189 million as a result of the STG sale. Assets under management increased by 2.6% in the first half of 2004 to stand at CHF 42.6 billion.

Investment Management Swiss Life's Investment Management segment generated a profit of CHF 47 million for the first half of the year. The 22% decline in the operating result, against the corresponding prior-year figure, was due to lower fee income and a lower financial result. The 16% drop in fee income, to CHF 86 million, was a consequence of the liquidation and sale the year before of Swiss Life Asset Management in Spain and the UK, respectively, and the reduced earnings in the real estate sector. The poor stock market performance of the healthcare sector had a negative impact on the financial result.

Operating costs came to CHF 58 million, a contraction of 20% from the corresponding 2003 figure. Divestments were partly responsible for this reduction but it was also due to the success of the efficiency drive.

Assets under management increased by 4% in the first half of 2004 to stand at CHF 100.7 billion.

Consolidated Statement of Income

For the half-years ended 30 June (unaudited)

In CHF million	**2004 HY**	2003 HY
Revenue		
Net earned premiums and policy fees 1)	**9 113**	9 547
Net investment income	**2 696**	2 674
Net realised and unrealised gains/losses on investments	**183**	505
Share of results of associates	**2**	16
Net trading income	**–155**	–279
Investment management, banking and other fee income	**243**	262
Other income	**30**	32
Total revenue	**12 112**	12 757
Benefits, losses and interest expenses		
Benefits paid and changes in insurance reserves	**–9 072**	–10 140
Policyholder bonuses and participation in surplus	**–621**	–448
Interest credited to investment contracts, customer deposits and other funds on deposit	**–420**	–380
Interest on borrowings	**–74**	–105
Other interest expenses	**–26**	–30
Total benefits, losses and interest expenses	**–10 213**	–11 103
Operating expenses		
Investment management and banking expenses	**–270**	–338
Insurance-underwriting and policy-acquisition costs	**–669**	–742
Other operating and administrative expenses	**–355**	–367
Total operating expenses	**–1 294**	–1 447
Operating result	**605**	207
Amortisation of goodwill	**–39**	–45
Net result before tax and minority interests	**566**	162
Income tax expenses	**–153**	–80
Net result before minority interests	**413**	82
Minority interests	**–15**	–16
Net result	**398**	66
Basic earnings per share (in CHF) *	**15.91**	2.74
Diluted earnings per share (in CHF) *	**15.50**	2.68

* Half-year 2003 figures adjusted to reflect the rights issue of June 2004

1) Under the accounting principles adopted, deposits made under investment contracts are not recognised as income

Net earned premiums and policy fees as reported	**9 113**	9 547
Deposits under investment contracts	**2 121**	1 893
Net earned premiums, policy fees and deposits under investment contracts	**11 234**	11 440
Gross written premiums, policy fees and deposits under investment contracts	**11 965**	11 836

Consolidated Balance Sheet

(unaudited)

In CHF million	30.06.2004	31.12.2003
Assets		
Investments		
Held-to-maturity investments	**6 234**	5 317
Available-for-sale investments	**87 752**	88 906
Financial assets held for trading	**3 985**	3 024
Investment property	**11 141**	11 082
Loans originated by the enterprise	**24 171**	25 600
Investments in associates	**53**	64
Total investments	**133 336**	133 993
Other assets		
Cash and cash equivalents	**8 010**	6 250
Insurance and other receivables	**4 903**	4 715
Reinsurance assets	**1 907**	1 608
Deferred acquisition costs	**2 950**	2 793
Property and equipment	**1 344**	1 468
Goodwill and other intangible assets	**1 108**	1 071
Deferred tax assets	**688**	944
Other assets	**698**	978
Separate account (unit-linked) assets	**7 785**	8 658
Total other assets	**29 393**	28 485
Total assets	**162 729**	162 478
Liabilities and equity		
Liabilities		
Financial liabilities held for trading	**1 038**	1 225
Investment contracts, customer deposits and other funds on deposit	**31 011**	29 352
Insurance reserves	**103 588**	103 862
Borrowings	**5 973**	5 802
Deferred tax liabilities	**1 521**	1 825
Insurance and other payables	**4 134**	4 779
Provisions	**207**	258
Other liabilities	**1 407**	1 522
Separate account (unit-linked) liabilities	**7 820**	8 674
Total liabilities	**156 699**	157 299
Minority interests	**208**	215
Equity		
Share capital	**1 689**	1 252
Share premium	**2 425**	1 948
Treasury shares	**–18**	–21
Gains/losses recognised directly in equity, net	**272**	714
Foreign currency translation differences	**–127**	–117
Retained earnings	**1 581**	1 188
Total equity	**5 822**	4 964
Total liabilities and equity	**162 729**	162 478

Important dates

Investors' and Media Conference
Presentation of 2004 results
5 April 2005

Annual General Meeting
10 May 2005
Stadion Schluefweg, Kloten

Contacts

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Caution regarding forward-looking statements
This Half-Year 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 Half-Year Report was compiled.

This Half-Year Report is also available in German, French and Italian. The German text is definitive.